

FINANCIAL SERVICES EQUITY RESEARCH

SINGAPURA FINANCE LTD

SGX: S23

Bloomberg: SBD:SP

ISIN code: SG1M01001924

Country: Singapore

Industry: Financial Services

5 March 2026

RECOMMENDATION: HOLDCurrent price: **S\$0.785**Target price: **S\$0.859**Issued shares: **158.7 million (31 December 2025)**Market capitalisation: **S\$123.8 million**52-week range: **S\$0.655 – S\$0.825**

PRICE PERFORMANCE



COMPANY DESCRIPTION

Singapura Finance ("SF") is a Singapore-based financial services firm that offers loans for both consumers and corporates. Other services include savings and fixed deposits. The firm has seven branches located in populous areas to serve its client base that's spread throughout Singapore.

SF is a firm licensed by the Monetary Authority of Singapore ("MAS") as a "Finance Company". Additionally, SF is a scheme member of the Singapore Deposit Insurance Corporation, and all deposits are protected under the Singapore Deposit Insurance Scheme for up to S\$100,000.

As at 31 December 2025, SF has total assets of approximately S\$1.53 billion and deposits & savings accounts of customers of S\$1.25 billion.

SUMMARY

For FY2025 ended 31 December 2025, SF's net interest income rose by 25.8% to S\$29.2 million in FY2025 from S\$23.2 million in FY2024. The increase in net interest income was largely driven by loan growth, coupled with lower cost of funds. Profit after tax rose by 50.2% to S\$9.2 million in FY2025 from S\$6.1 million in FY2024. Basic and diluted Earnings Per Share ("EPS") rose by 50.2% to 5.77 cents in FY2025 from 3.84 cents in FY2024. In FY2025, SF declared a Dividend Per Share ("DPS") of 3.50 cents.

RECOMMENDATION

SF delivered a strong set of results in FY2025, with net profit rising 50.2% to S\$9.2 million, supported by healthy loan growth and an expansion in net interest margin. However, the company has highlighted that the operating environment is likely to remain challenging amid elevated geopolitical risks, ongoing trade disruptions and continued financial market volatility.

Looking ahead, the interest-rate backdrop is expected to remain soft, with UOB projecting SORA to bottom out around 1% in 2026 before gradually rising towards 1.39% by year-end. Although lower interest rates typically support loan demand, MAS expects loan growth to remain resilient only in the early part of 2026 before moderating later in the year. Together, this suggests that slower loan growth combined with a subdued rate environment could weigh on asset yields, potentially softening earnings momentum for SF.

Based on the peer average P/E multiple of 13.95x and Trailing Twelve Months ("TTM") diluted EPS of 5.77 cents, we estimate a target price of S\$0.804. Based on the peer average P/B multiple of 0.56x and Net Asset Value ("NAV") per share of S\$1.66, we estimate a target price of S\$0.931. Based on the peer average yield of 4.17% and current dividend yield of 4.46%, we estimate a target price of S\$0.840. By averaging the estimated target prices, we derive an overall target price of S\$0.859.

The overall target price of S\$0.859 represents an upside potential of 9.4% from the current share price of S\$0.785. In addition, there remains potential upside from a possible privatisation offer by the Teo family. Based on premiums seen in recent privatisation deals among SGX-listed companies, such an offer could imply a potential premium of 32.8%, which would value SF's shares at approximately S\$1.042 (S\$0.785 × 132.8%).

Further upside potential is supported by catalysts such as better-than-expected economic growth in Singapore, higher interest rates, and lower-than-expected credit defaults. Taking all factors into account, we believe the stock is fairly valued at current levels and recommend a hold. However, downside risks include the escalating Middle East conflict, U.S. tariffs and an economic slowdown.

KEY FINANCIALS	Interest	Earnings ⁽¹⁾	EPS ⁽²⁾	P/E	DPS	Dividend Yield	NAV per share	P/B
Year ended 31 December	(S\$ million)	(S\$ million)	(cents)	(x)	(cents)	(%)	(S\$)	(x)
2024 Actual	54.0	6.1	3.8	17.84	3.0	4.38%	1.6	0.43
2025 Actual	56.7	9.2	5.8	13.86	3.5	4.38%	1.7	0.48
2026 Projection	50.6	10.3	6.5	12.08	4.0	5.10%	-	-
2027 Projection	53.7	10.5	6.6	11.82	4.0	5.10%	-	-

Figures have been rounded. FY2026 & FY2027 P/E, P/B and dividend yield are based on the current share price of S\$0.785. FY2024 & FY2025 PE, PB and dividend yield are based on the share price after the release of their financial results (FY2024: S\$0.685, FY2025: S\$0.800)

⁽¹⁾ Profit after tax attributable to owners of the Company.

⁽²⁾ Earnings Per Share (basic & diluted).

Source: SF, FPA

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TABLE OF CONTENTS

MARKET OUTLOOK.....	3
(I) SINGAPORE ECONOMY	3
(II) FINANCIAL SERVICES	4
(III) INTEREST RATES.....	5
(IV) LOAN GROWTH.....	7
RECENT SHARE PRICE DEVELOPMENTS	8
FINANCIAL ANALYSIS	9
(I) FINANCIAL REVIEW	9
(II) CAPITAL MANAGEMENT.....	20
FINANCIAL PROJECTIONS.....	21
(I) NET INTEREST INCOME PROJECTION	21
(II) EARNINGS PROJECTION	25
VALUATION ANALYSIS	31
(I) PEER COMPARISON ANALYSIS.....	31
(II) PRIVATISATION OFFER	34
POTENTIAL CATALYSTS	35
(I) BETTER-THAN-EXPECTED ECONOMIC GROWTH IN SINGAPORE	35
(II) HIGHER INTEREST RATES	35
(III) LOWER-THAN-EXPECTED CREDIT DEFAULTS	35
INVESTMENT RECOMMENDATION	36
RISKS TO TARGET PRICE	37
(I) ESCALATING MIDDLE EAST CONFLICT	37
(II) U.S. TARIFFS	37
(III) ECONOMIC SLOWDOWN	38
DISCLOSURES/DISCLAIMERS.....	39

MARKET OUTLOOK

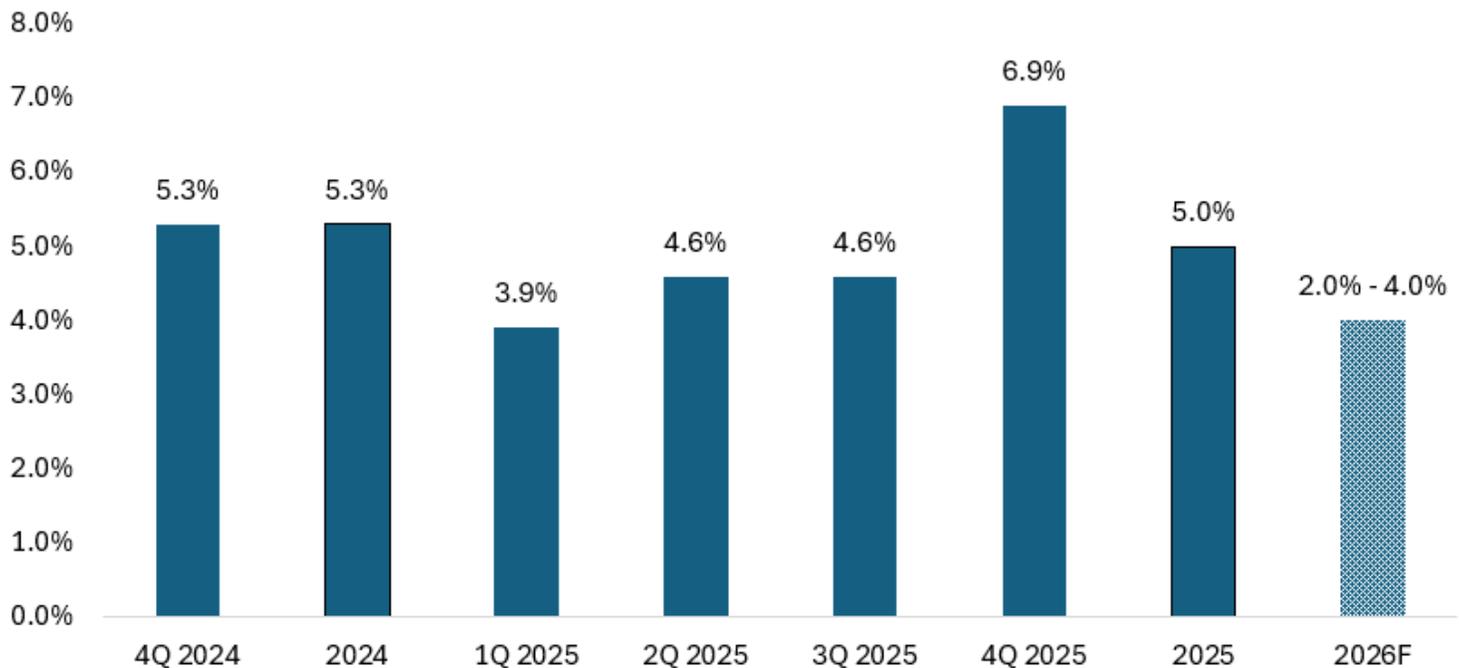
(I) SINGAPORE ECONOMY

On 10 February 2026, the Ministry of Trade and Industry (“MTI”) reported that the Singapore economy expanded by 5.0% in 2025, moderating from 5.3% in 2024, as shown in **Exhibit 1**. In Q4 2025, GDP grew 6.9% year-on-year (“y-o-y”), accelerating from 4.6% y-o-y in Q3 2025.

Growth in 2025 was driven primarily by the manufacturing, wholesale trade, and finance & insurance sectors. Within manufacturing, the electronics cluster saw robust expansion supported by strong AI-related electronics demand. The machinery, equipment & supplies segment within wholesale trade also recorded strong growth on the back of similar demand drivers. Meanwhile, the finance & insurance sector posted broad-based gains across all segments amid largely accommodative financial conditions.

In contrast, the food & beverage services sector contracted, partly due to weaker restaurant sales as consumers shifted their dining preferences.

Exhibit 1: Singapore Economic Y-o-Y Growth



Source: MTI, FPA

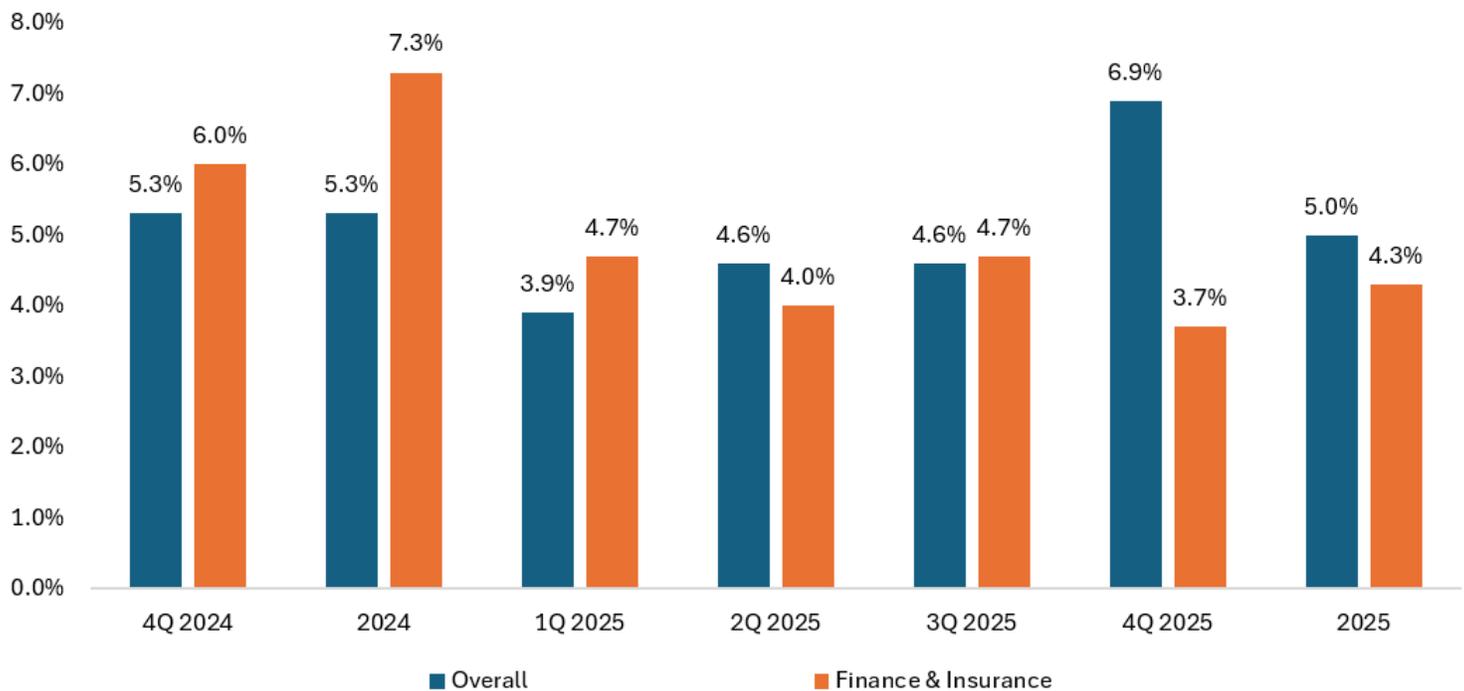
Looking ahead, MTI has revised Singapore’s 2026 GDP forecast upward from 1.0–3.0% to 2.0–4.0%. Complementing this, the Monetary Authority of Singapore’s (“MAS”) latest Quarterly Survey of Professional Forecasters projects GDP growth of 3.6% in 2026 and a moderation to 2.5% in 2027.

(II) FINANCIAL SERVICES

The finance & insurance sector grew by 3.7% y-o-y in Q4 2025, moderating from the 4.7% expansion recorded in Q3 2025, as shown in **Exhibit 2**. Growth in the sector was driven mainly by the banking and insurance segments, even as the fund management segment delivered a more subdued performance. Banks benefited from sustained credit intermediation activity amid accommodative financial conditions, while growth in the insurance segment was supported by strong performance in life insurance. In contrast, the fund management segment was weighed down by the pullback in global equity markets in November.

For the full year, the finance & insurance sector expanded by 4.3% in 2025, easing from the 7.3% growth recorded in 2024.

Exhibit 2: Finance & Insurance Y-o-Y Growth



Source: MTI, FPA

MTI noted that key outward-oriented services sectors are expected to register healthy growth. In particular, the finance and insurance sector will benefit from supportive macroeconomic and financial conditions.

Separately, Market Research Singapore¹ reported that the Singapore financial services sector is projected to expand at a Compound Annual Growth Rate (“CAGR”) of 4.0% from 2024 to 2029. This projected growth underscores the sector’s continued importance and resilience, supported by advances in digital banking, fintech innovation, and sustained regulatory support.

¹ Market Research Singapore is a firm that provides advisory services across Asian markets for large companies and government agencies.

(III) INTEREST RATES

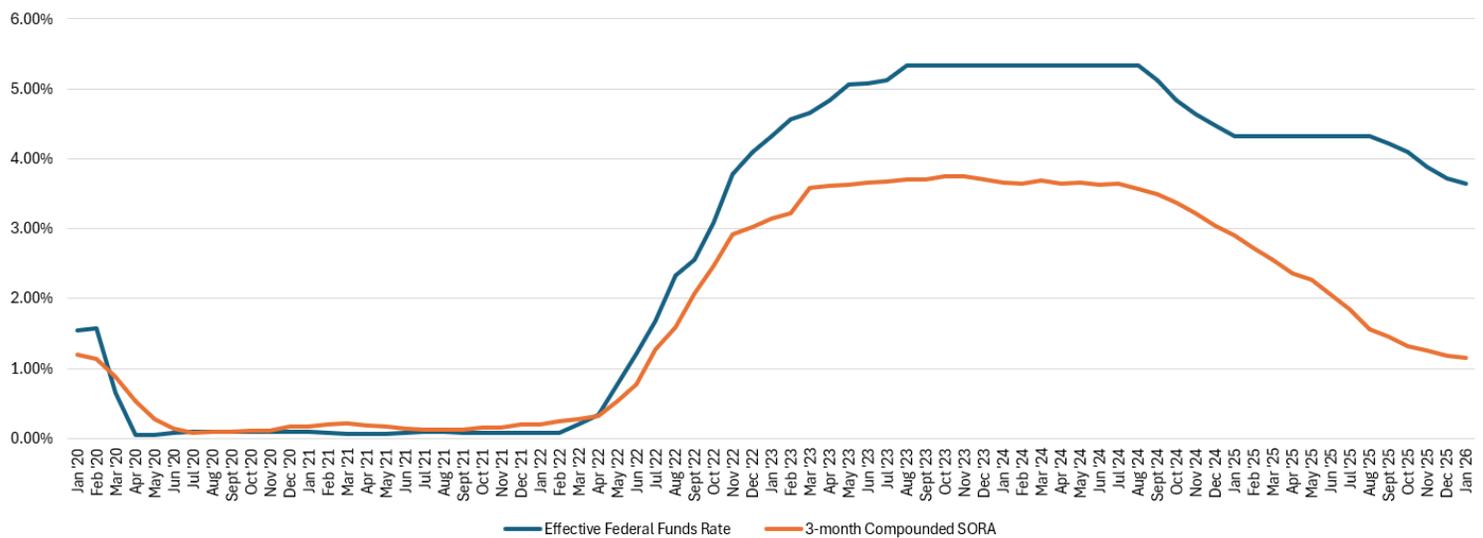
Interest rates play a critical role in shaping borrowing behaviour and spending decisions among households and businesses. When interest rates are low, borrowing becomes more affordable. This typically encourages households to take up mortgages or vehicle loans and prompts businesses to invest in expansion. Stronger borrowing activity contributes to loan growth, which in turn supports higher interest income for banks and other lenders.

Conversely, when interest rates are high, borrowing costs increase for both consumers and businesses, which typically dampens loan demand. Even so, lenders such as SF can still benefit in a high-interest-rate environment. Higher interest rates widen the spread between what lenders earn on their loans and what they pay on deposits, resulting in stronger net interest margins¹. In such conditions, lenders often generate more income from their lending activities relative to their funding costs.

Central banks typically set a country’s policy interest rates. However, unlike most central banks that target interest rates, MAS conducts monetary policy by managing the nominal exchange rate. This approach reflects the structure of Singapore’s small and highly open economy, where gross exports and imports exceed 300% of GDP. In such an economy, the exchange rate has a much stronger influence on domestic inflation than interest rates.

As a result, domestic interest rates in Singapore are largely determined by global interest rates and by foreign market expectations of the Singapore dollar. Domestic benchmarks such as the Singapore Overnight Rate Average (“SORA”) tend to move in line with the U.S. federal funds rate, as shown in **Exhibit 3**.

Exhibit 3: Effective Federal Funds Rate against 3-Month Compounded SORA²



Source: MAS, Federal Reserve Bank of St. Louis, FPA

¹ Net interest margin measures the difference between the income generated by banks and the amount of interest paid out to their lenders, relative to the amount of their (interest-earning) assets.

² The 3-month compounded SORA is widely used as a benchmark interest rate for determine floating-rate home loans.

On 28 January 2026, the U.S. Federal Reserve (“Fed”) kept its policy rate unchanged at 3.50%–3.75%. J.P. Morgan¹ Global Research no longer expects the Fed to cut rates in 2026, noting that the U.S. economy appears to have settled into a slower but stable equilibrium, with both labour supply and demand growing at a moderated pace. As a result, the Fed is projected to maintain the federal funds rate at 3.50%–3.75% for the rest of 2026.

Looking further ahead, J.P. Morgan expects a 0.25% rate hike in Q3 2027, which would bring the federal funds rate to 3.75%–4.00%.

Therefore, if Singapore’s interest rates continue to move in line with the U.S. federal funds rate, domestic interest rates are likely to remain low in 2026. UOB expects the SORA to bottom out at around 1% before gradually rising towards 1.39% by the end of 2026. A sustained low interest-rate environment would support borrowing demand by making loans more affordable for both consumers and businesses, potentially strengthening overall credit growth.

A summary of the projected federal funds rate is shown in **Exhibit 4**, and we have also included our estimate that the 2027 rate cut will occur in July (within Q3 2027).

Exhibit 4: Estimated Federal Funds Rate

	Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate
Jan 2025	4.25%	4.50%	4.38%	Jan 2026	3.50%	3.75%	3.63%	Jan 2027	3.50%	3.75%	3.63%
Feb 2025	4.25%	4.50%	4.38%	Feb 2026	3.50%	3.75%	3.63%	Feb 2027	3.50%	3.75%	3.63%
Mar 2025	4.25%	4.50%	4.38%	Mar 2026	3.50%	3.75%	3.63%	Mar 2027	3.50%	3.75%	3.63%
Apr 2025	4.25%	4.50%	4.38%	Apr 2026	3.50%	3.75%	3.63%	Apr 2027	3.50%	3.75%	3.63%
May 2025	4.25%	4.50%	4.38%	May 2026	3.50%	3.75%	3.63%	May 2027	3.50%	3.75%	3.63%
Jun 2025	4.25%	4.50%	4.38%	Jun 2026	3.50%	3.75%	3.63%	Jun 2027	3.50%	3.75%	3.63%
Jul 2025	4.25%	4.50%	4.38%	Jul 2026	3.50%	3.75%	3.63%	Jul 2027	3.75%	4.00%	3.88%
Aug 2025	4.25%	4.50%	4.38%	Aug 2026	3.50%	3.75%	3.63%	Aug 2027	3.75%	4.00%	3.88%
Sept 2025	4.00%	4.25%	4.13%	Sept 2026	3.50%	3.75%	3.63%	Sept 2027	3.75%	4.00%	3.88%
Oct 2025	3.75%	4.00%	3.88%	Oct 2026	3.50%	3.75%	3.63%	Oct 2027	3.75%	4.00%	3.88%
Nov 2025	3.75%	4.00%	3.88%	Nov 2026	3.50%	3.75%	3.63%	Nov 2027	3.75%	4.00%	3.88%
Dec 2025	3.50%	3.75%	3.63%	Dec 2026	3.50%	3.75%	3.63%	Dec 2027	3.75%	4.00%	3.88%
2025	-	-	4.21%	2026	-	-	3.63%	2027	-	-	3.75%

Source: Federal Reserve Bank of St. Louis, FPA estimates

¹ J.P. Morgan is a global investment bank.

(IV) LOAN GROWTH

Loans play a central role in the profitability of the financial services industry, particularly for lenders such as banks and finance companies. These institutions earn interest income from borrowers, and naturally, a larger loan book contributes to higher revenues.

According to The Business Times, Singapore's bank lending in December 2025 recorded the strongest monthly increase since December 2024, driven primarily by business loans. Loans and advances, including bills financing by commercial banks to residents, rose 1.5% month-on-month ("m-o-m") to S\$886.1 billion in December, up from S\$873.1 billion in November. Business loans increased 2% m-o-m to S\$538.7 billion, while consumer loans grew 0.8% m-o-m to S\$347.4 billion. Loan growth may have been supported by the lower interest rate environment and the easing U.S. tariff concerns in the second half of 2025.

Independent economist Song Seng Wun observed that growth in business loans remained consistent as Singapore's economy performed better than expected in 2025. However, he expects Singapore's economic growth to be slower in 2026 following the stronger-than-anticipated performance in 2025.

MAS also projects that loan growth in Singapore will remain resilient in the early part of 2026 before moderating later in the year. While lower interest rates are expected to continue supporting loan demand, this momentum may ease as the economic outlook becomes more cautious in 2026.

RECENT SHARE PRICE DEVELOPMENTS

Over the past year, SF's share price rose by 15.4% to S\$0.785 on 5 March 2026 from S\$0.680 on 5 March 2025 as shown in Exhibit 5.

Exhibit 5: Share Price Performance (Past Year)



Source: Investing.com, FPA

On 2 April 2025, US President Trump announced universal & “reciprocal tariffs” on US trading partners. Share price rose by 0.7% to S\$0.685 on 9 April 2025 from S\$0.680 on 2 April 2025.

On 21 July 2025, MAS announced the appointment of the first batch of asset managers under the S\$5 billion Equity Market Development Programme (“EQDP”). MAS plans to place an initial amount of S\$1.1 billion for management with these managers to improve the liquidity in the bourse. Since the announcement, the share price has risen by 2.9% to S\$0.720 on 28 July 2025 from S\$0.700 on 21 July 2025.

On 8 August 2025, SF released its H1 FY2025. Net interest income rose by 18.9% to S\$13.3 million in H1 FY2025 from S\$11.2 million in H1 FY2024. Profit after tax rose by 20.5% to S\$3.3 million in H1 FY2025 from S\$2.8 million in H1 FY2024. However, share price fell by 2.11% to S\$0.695 on 15 August 2025 from S\$0.710 on 8 August 2025.

Between 1 and 8 September 2025, the share price rose by 9.9%, rising to S\$0.780 from S\$0.710. Notably, this movement occurred without any accompanying news or disclosures.

On 20 February 2026, SF released its full-year FY2025 results. Net interest income rose by 25.8% to S\$29.2 million in FY2025 from S\$23.2 million in FY2024. Profit after tax rose by 50.2% to S\$9.2 million in FY2025 from S\$6.1 million in FY2024. Share price remained unchanged at S\$0.800 on 27 February 2026, compared to S\$0.800 on 20 February 2026.

FINANCIAL ANALYSIS

In this section, we review the financial performance of Singapura Finance Ltd (“SF”) for the full year ended 31 December 2025 (FY2025).

(I) FINANCIAL REVIEW

Net interest income & hiring charges:

SF’s interest income & hiring charges rose by 5.1% to S\$56.7 million in FY2025 from S\$54.0 million in FY2024 as shown in **Exhibit 6**. Interest expense fell by 10.5% to S\$27.5 million in FY2025 from S\$30.7 million in FY2024. Net interest & hiring charges rose by 25.8% to S\$29.2 million in FY2025 from S\$23.2 million in FY2024. SF noted that the increase in net interest income was largely driven by loan growth, coupled with a lower cost of funds.

Exhibit 6: Net Interest & Hiring Charges (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Interest income & hiring charges	53,971	56,742	2,771	5.13%
Interest expense	(30,723)	(27,506)	3,217	(10.47%)
Net interest & hiring charges	23,248	29,236	5,988	25.76%

Source: SF, FPA

Average interest-earning assets rose by 14.8% to S\$1,377 million in FY2025 from S\$1,200 million in FY2024 as shown in **Exhibit 7**. Asset yield fell from 4.50% to 4.12%, in line with global interest rate trends.

Exhibit 7: Asset Yield (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Average ⁽¹⁾				
Cash & balances with banks	90,624	96,731	6,107	6.74%
Singapore Government Securities	205,837	206,060	223	0.11%
Loans & advances	903,564	1,074,526	170,962	18.92%
Average interest-earning assets	1,200,025	1,377,316	177,292	14.77%
Interest income & hiring charges	53,971	56,742	2,771	5.13%
Asset yield*	4.50%	4.12%	-	-

⁽¹⁾Average is calculated based on the simple average of the opening and closing balances for the period.

Note: Asset yield figures are based on our own estimates.

Interest-earning assets = Cash & balances with banks + Singapore Government Securities + Loans & advances

Asset yield = (Interest income & hiring charges) ÷ (Average interest-earning assets)

Source: SF, FPA

Average “deposits & savings accounts of customers” or interest-bearing liabilities rose by 19.3% to S\$1,139 million in FY2025 from S\$955 million in FY2024 as shown in **Exhibit 8**. Cost of funds fell to 2.42% from 3.22%, in line with global interest rate trends.

Exhibit 8: Interest Expense Margin (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Average ⁽¹⁾				
Deposits & savings accounts of customers	954,787	1,138,540	183,753	19.25%
Interest expense	(30,723)	(27,506)	3,217	(10.47%)
Cost of funds*	(3.22%)	(2.42%)	-	-

⁽¹⁾Average is calculated based on the simple average of the opening and closing balances for the period.

Note: Cost of funds figures are based on our own estimates.

Cost of funds = (Interest expense) ÷ (Average interest-bearing liabilities)

Source: SF, FPA

Based on our estimates, net interest margin rose to 2.12% from 1.94% as shown in **Exhibit 9**. Despite falling global interest rates, SF managed to increase their net interest margin, as the cost of funds fell faster than asset yield, which resulted in net interest margin increasing.

Exhibit 9: Net Interest Margin (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Average interest-earning assets	1,200,025	1,377,316	177,292	14.77%
Net interest & hiring charges	23,248	29,236	5,988	25.76%
Net interest margin*	1.94%	2.12%	-	-

Note: Net interest margin figures are based on our own estimates.

Net interest margin = (Net interest & hiring charges) ÷ (Average interest-earning assets)

Source: SF, FPA

From FY2021 to FY2025, net interest margin declined slightly to 2.12% in FY2025 from 2.15% in FY2021 as shown in **Exhibit 10**.

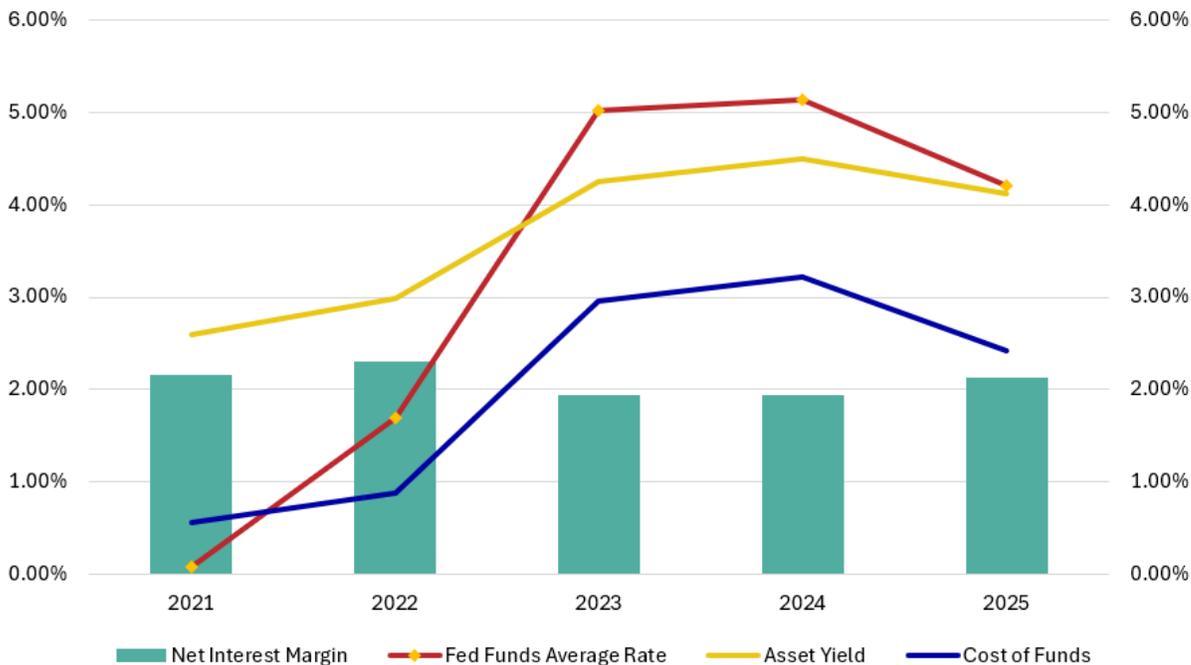
Exhibit 10: Net Interest Margin (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Average					
Cash & balances with banks	147,911	107,514	99,854	90,624	96,731
Singapore Government Securities	127,952	161,215	197,719	205,837	206,060
Loans & advances	866,926	870,215	834,380	903,564	1,074,526
Average interest-earning assets	1,142,789	1,138,944	1,131,952	1,200,025	1,377,316
Interest income & hiring charges	29,623	34,078	48,150	53,971	56,742
Asset yield	2.59%	2.99%	4.25%	4.50%	4.12%
Cost of funds					
Average deposits & savings accounts of customers	907,731	900,907	885,768	954,787	1,138,540
Interest expense	(5,027)	(7,859)	(26,144)	(30,723)	(27,506)
Cost of funds	(0.55%)	(0.87%)	(2.95%)	(3.22%)	(2.42%)
Net interest margin					
Average interest-earning assets	1,142,789	1,138,944	1,131,952	1,200,025	1,377,316
Net interest & hiring charges	24,596	26,219	22,006	23,248	29,236
Net interest margin	2.15%	2.30%	1.94%	1.94%	2.12%

Source: SF, FPA

Exhibit 11 illustrates the trends in asset yield, cost of funds and net interest margin relative to the U.S. Federal Funds Rate. In FY2025, cost of funds declined more sharply than asset yields, leading to a widening of the net interest margin.

Exhibit 11: SF's Financial Ratios against Federal Funds Rate



Source: SF, Federal Reserve Bank of St. Louis, FPA

Non-interest income:

Non-interest income fell by 15.4% to S\$0.8 million in FY2025 from S\$1.0 million in FY2024 as shown in **Exhibit 12**. The decline in non-interest income was largely due to higher loan commissions paid.

Exhibit 12: Non-interest Income (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Fee and commission income	542	461	(81)	(14.94%)
Other operating income	441	371	(70)	(15.87%)
Non-interest income	983	832	(151)	(15.36%)

Source: SF, FPA

Non-interest income from FY2021 to FY2025 is shown in **Exhibit 13**.

Exhibit 13: Non-interest Income (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Fee and commission income	372	301	478	542	461
Other operating income	939	458	453	441	371
Non-interest income	1,311	759	931	983	832

Source: SF, FPA

Operating expenses:

Staff costs rose by 14.3% to S\$10.7 million in FY2025 from S\$9.4 million in FY2024 as shown in **Exhibit 14**. Depreciation of property, plant and equipment (“PP&E”) rose by 33.6% to S\$1.9 million in FY2025 from S\$1.4 million in FY2024. Other operating expenses rose by 25.9% to S\$7.1 million in FY2025 from S\$5.6 million in FY2024 as the Group upgraded IT equipment and software.

Total operating expenses rose by 19.9% to S\$19.7 million in FY2025 from S\$16.4 million in FY2024.

Exhibit 14: Operating Expenses (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Staff costs	(9,352)	(10,685)	(1,333)	14.25%
Depreciation of property, plant and equipment	(1,415)	(1,891)	(476)	33.64%
Other operating expenses	(5,633)	(7,091)	(1,458)	25.88%
Total operating expenses	(16,400)	(19,667)	(3,267)	19.92%

Source: SF, FPA

Total operating expenses from FY2021 to FY2025 is shown in **Exhibit 15**.

Exhibit 15: Operating Expenses (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Staff costs	(8,015)	(9,111)	(8,326)	(9,352)	(10,685)
Depreciation of property, plant and equipment	(1,201)	(1,330)	(1,402)	(1,415)	(1,891)
Other operating expenses	(3,974)	(4,986)	(5,634)	(5,633)	(7,091)
Total operating expenses	(13,190)	(15,427)	(15,362)	(16,400)	(19,667)

Source: SF, FPA

Profit from operations before allowances:

Profit from operations before allowances rose by 32.8% to S\$10.4 million in FY2025 from S\$7.8 million in FY2024 as shown in Exhibit 16.

Exhibit 16: Profit from Operations before Allowances (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Net interest & hiring charges	23,248	29,236	5,988	25.76%
Non-interest income	983	832	(151)	(15.36%)
Total operating expenses	(16,400)	(19,667)	(3,267)	19.92%
Profit from operations before allowances	7,831	10,401	2,570	32.82%

Source: SF, FPA

Profit from operations before allowances from FY2021 to FY2025 is shown in Exhibit 17.

Exhibit 17: Profit from Operations before Allowances (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Net interest & hiring charges	24,596	26,219	22,006	23,248	29,236
Non-interest income	1,311	759	931	983	832
Total operating expenses	(13,190)	(15,427)	(15,362)	(16,400)	(19,667)
Profit from operations before allowances	12,717	11,551	7,575	7,831	10,401

Source: SF, FPA

Profit before tax:

There was a net write back of allowances for loan losses amounting to S\$0.6 million in FY2025, compared with a net charge of S\$0.5 million in FY2024 as shown in **Exhibit 18**. This was attributed to lower allowances on both credit-impaired and non-credit-impaired loans. A net write back generally indicates that the company expects lower default risks within its loan portfolio.

Exhibit 18: Profit before Tax (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit from operations before allowances	7,831	10,401	2,570	32.82%
Write back/(Allowances) for impairment losses on loans and advances	(494)	582	1,076	n.m.
Profit before tax	7,337	10,983	3,646	49.69%

Source: SF, FPA

Profit before tax from FY2021 to FY2025 is shown in **Exhibit 19**.

Exhibit 19: Profit before Tax (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit from operations before allowances	12,717	11,551	7,575	7,831	10,401
Write back/(Allowances) for impairment losses on loans and advances	(1,184)	(1,422)	(54)	(494)	582
Profit before tax	11,533	10,129	7,521	7,337	10,983

Source: SF, FPA

Profit after tax:

Profit after tax rose by 50.2% to S\$9.2 million in FY2025 from S\$6.1 million in FY2024 as shown in **Exhibit 20**.

Exhibit 20: Profit after Tax (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit before tax	7,337	10,983	3,646	49.69%
Tax expense	(1,243)	(1,832)	(589)	47.39%
Profit after tax	6,094	9,151	3,057	50.16%
<i>Calculated tax rate</i>	16.94%	16.68%	-	-

Source: SF, FPA

Profit after tax from FY2021 to FY2025 is shown in **Exhibit 21**.

Exhibit 21: Profit after Tax (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit before tax	11,533	10,129	7,521	7,337	10,983
Tax expense	(1,915)	(1,785)	(1,365)	(1,243)	(1,832)
Profit after tax	9,618	8,344	6,156	6,094	9,151

Source: SF, FPA

Earnings per share (“EPS”):

Basic & diluted EPS rose by 50.2% to 5.77 cents in FY2025 from 3.84 cents in FY2024.

SF's EPS is summarised in **Exhibit 22**.

Exhibit 22: EPS (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Profit after tax	6,094	9,151	3,057	50.16%
Weighted average number of ordinary shares	158,685,890	158,685,890	-	-
Basic & diluted EPS (cents)	3.84	5.77	1.93	50.16%

Source: SF, FPA

SF's EPS from FY2021 to FY2025 is summarised in **Exhibit 23**.

Exhibit 23: EPS (FY2021 – FY2025)

S\$'000	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Profit after tax	9,618	8,344	6,156	6,094	9,151
Weighted average number of ordinary shares	158,685,890	158,685,890	158,685,890	158,685,890	158,685,890
Basic & Diluted EPS (cents)	6.06	5.26	3.88	3.84	5.77

Source: SF, FPA

Dividend per share (“DPS”):

On 20 February 2026, SF recommended a final dividend of 2.0 cents per share and a special dividend of 1.5 cents per share for FY2025. The total dividend for FY2025 amounts to 3.5 cents per share.

SF’s dividend schedule is shown in **Exhibit 24**.

Exhibit 24: DPS Schedule (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Interim dividend	-	-	-	-	-
Final dividend	2.00	2.00	2.00	2.00	2.00
Special dividend	2.00	1.25	1.00	1.00	1.50
DPS	4.00	3.25	3.00	3.00	3.50

Source: SF, FPA

According to SF’s annual report (“AR”), the Group does not have a fixed payout ratio. Instead, SF aims to provide shareholders with sustainable dividend returns over the long term by balancing growth with prudent capital management, and subject to the Group’s profitability.

A summary of SF’s payout ratio between FY2021 and FY2025 is shown in **Exhibit 25**.

Exhibit 25: Payout Ratio (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	FY2025
Diluted EPS	6.06	5.26	3.88	3.84	5.77
DPS	4.00	3.25	3.00	3.00	3.50
<i>Payout ratio</i>	<i>66.00%</i>	<i>61.81%</i>	<i>77.33%</i>	<i>78.12%</i>	<i>60.69%</i>

Note: Payout ratio = DPS/EPS

Source: SF, FPA

SF's financial performance for FY2024 and FY2025 are summarised in **Exhibit 26**.

Exhibit 26: Financial Performance (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Interest income & hiring charges	53,971	56,742	2,771	5.13%
Interest expense	(30,723)	(27,506)	3,217	(10.47%)
Net interest & hiring charges	23,248	29,236	5,988	25.76%
Fee and commission income	542	461	(81)	(14.94%)
Other operating income	441	371	(70)	(15.87%)
Income before operating expenses	24,231	30,068	5,837	24.09%
Staff costs	(9,352)	(10,685)	(1,333)	14.25%
Depreciation of property, plant and equipment	(1,415)	(1,891)	(476)	33.64%
Other operating expenses	(5,633)	(7,091)	(1,458)	25.88%
Profit from operations before allowances	7,831	10,401	2,570	32.82%
Write back/(Allowances) for impairment losses on loans and advances	(494)	582	1,076	n.m.
Profit before tax	7,337	10,983	3,646	49.69%
Tax expense	(1,243)	(1,832)	(589)	47.39%
Profit after tax	6,094	9,151	3,057	50.16%
Weighted average number of ordinary shares ('000)	158,685,890	158,685,890	-	-
Basic EPS (cents)	3.84	5.77	1.93	50.16%
Diluted EPS (cents)	3.84	5.77	1.93	50.16%
DPS (cents)	3.00	3.50	0.50	16.67%
Payout ratio	78.12%	60.69%	-	-

Source: SF, FPA

(II) CAPITAL MANAGEMENT

SF's total loans & advances rose by 18.7% to S\$1,166.2 million in FY2025 from S\$982.8 million in FY2024 as shown in **Exhibit 27**. In line with higher loan balance, deposits and savings accounts of customers also rose by 20.7% to S\$1,245.2 million in FY2025 from S\$1,031.9 million in FY2024.

Exhibit 27: Summary of SF's Balance Sheet (FY2024 vs FY2025)

S\$'000	Actual		FY2024 vs FY2025	
	FY2024 (ended 31 Dec)	FY2025 (ended 31 Dec)	Absolute Change	Change (%)
Loans & advances	982,832	1,166,219	183,387	18.66%
Total assets	1,313,720	1,530,047	216,327	16.47%
Deposits and savings accounts of customers	1,031,864	1,245,215	213,351	20.68%
Total liabilities	1,059,159	1,265,864	206,705	19.52%
Equity attributable to owners of the Company	254,561	264,183	9,622	3.78%
No. of shares in issue	158,685,890	158,685,890	-	-
Net asset value per share (S\$)	1.60	1.66	0.06	3.75%

Source: SF, FPA

SF's Capital Adequacy Ratio ("CAR") fell to 20.82% in FY2025 from 24.91% in FY2024, as shown in **Exhibit 28**. However, despite the decline, SF noted that its CAR remains well above the regulatory minimum requirement. According to the MAS, a finance company must at all times maintain a minimum total CAR of at least 10%.

The CAR reflects how much capital a lender holds relative to its risk-weighted assets and is closely monitored by regulators to assess financial soundness. A lower CAR generally indicates that risk-weighted assets have grown faster than capital. In SF's case, the decline, while still comfortably above regulatory requirements, could suggest expansion in higher-risk or higher-weight loans consistent with loan growth initiatives. This may be positive for SF if these loans deliver stronger yields and support profitability, provided asset quality remains stable.

Exhibit 28: Capital Adequacy Ratio

	Actual	
	FY2024	FY2025
Capital adequacy ratio	24.91%	20.82%

Source: SF, FPA

FINANCIAL PROJECTIONS

In this section, we will be providing our projections for SF's revenue, earnings and dividend distribution for FY2026 & FY2027.

(I) NET INTEREST INCOME PROJECTION

In its FY2025 results, SF noted that despite Singapore's GDP growth forecast of 2.0–4.0%, uncertainties in the global economic environment persist. As a highly open economy, Singapore remains sensitive to external headwinds such as geopolitical tensions, trade volatility and uneven global demand, all of which could weigh on growth if conditions worsen.

SF expects the operating environment to remain challenging, given elevated geopolitical risks, ongoing global trade disruptions and financial market volatility. The company stated that it will continue to adopt a prudent and conservative approach to managing risk exposure.

As such, we forecast loan and deposit growth to track Singapore's GDP outlook, at 3.6% in 2026 and 2.5% in 2027 (as referenced on page 5). Average interest-earning assets are projected to increase to S\$1,426.9 million in FY2026 and S\$1,462.6 million in FY2027. Average "deposits & savings accounts of customers"/interest-bearing liabilities are forecast to rise to S\$1,179.5 million in FY2026 and S\$1,209.0 million in FY2027.

Projections for interest-earning assets & interest-bearing liabilities are shown in **Exhibit 29**.

Exhibit 29: Forecasted Interest-Earning Assets & Interest-Bearing Liabilities for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Average interest-earning assets	1,377,316	1,426,899	1,462,572
<i>Growth</i>		3.60%	2.50%
Average deposits & savings accounts of customers	1,138,540	1,179,527	1,209,015
<i>Growth</i>		3.60%	2.50%

Source: SF, FPA

U.S. interest rates are projected to remain at 3.50%–3.75% through 2026, with a rate hike expected in Q3 2027 (as referenced on page 6). Based on these projections, we derived the average federal funds rate for each year, as shown in **Exhibit 30**. Given that SORA is influenced by global interest rate trends, we expect it to remain steady in 2026 and rise in 2027. Accordingly, asset yields and cost of funds are projected to move in line with SORA.

Exhibit 30: Estimated Fed Funds Rate for FY2026 & FY2027

	Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate		Lower bound	Upper bound	Average Rate
Jan 2025	4.25%	4.50%	4.38%	Jan 2026	3.50%	3.75%	3.63%	Jan 2027	3.50%	3.75%	3.63%
Feb 2025	4.25%	4.50%	4.38%	Feb 2026	3.50%	3.75%	3.63%	Feb 2027	3.50%	3.75%	3.63%
Mar 2025	4.25%	4.50%	4.38%	Mar 2026	3.50%	3.75%	3.63%	Mar 2027	3.50%	3.75%	3.63%
Apr 2025	4.25%	4.50%	4.38%	Apr 2026	3.50%	3.75%	3.63%	Apr 2027	3.50%	3.75%	3.63%
May 2025	4.25%	4.50%	4.38%	May 2026	3.50%	3.75%	3.63%	May 2027	3.50%	3.75%	3.63%
Jun 2025	4.25%	4.50%	4.38%	Jun 2026	3.50%	3.75%	3.63%	Jun 2027	3.50%	3.75%	3.63%
Jul 2025	4.25%	4.50%	4.38%	Jul 2026	3.50%	3.75%	3.63%	Jul 2027	3.75%	4.00%	3.88%
Aug 2025	4.25%	4.50%	4.38%	Aug 2026	3.50%	3.75%	3.63%	Aug 2027	3.75%	4.00%	3.88%
Sept 2025	4.00%	4.25%	4.13%	Sept 2026	3.50%	3.75%	3.63%	Sept 2027	3.75%	4.00%	3.88%
Oct 2025	3.75%	4.00%	3.88%	Oct 2026	3.50%	3.75%	3.63%	Oct 2027	3.75%	4.00%	3.88%
Nov 2025	3.75%	4.00%	3.88%	Nov 2026	3.50%	3.75%	3.63%	Nov 2027	3.75%	4.00%	3.88%
Dec 2025	3.50%	3.75%	3.63%	Dec 2026	3.50%	3.75%	3.63%	Dec 2027	3.75%	4.00%	3.88%
2025	-	-	4.21%	2026	-	-	3.63%	2027	-	-	3.75%

Source: Federal Reserve Bank of St. Louis, FPA estimates

We calculated the proportional decline or increase in the average Fed Funds Rate, as shown in **Exhibit 31**.

Exhibit 31: Forecasted Average Fed Funds Rate for FY2026 & FY2027

	FY2025	FY2026	FY2027
Average Fed Funds Rate	4.21%	3.63%	3.75%
<i>Proportion of (decline)/increase</i>	-	(13.86%)	3.45%

Source: US Federal Reserve, FPA

We then calculated the proportionate impact that potential U.S. rate cuts and hikes could have on SORA, as shown in **Exhibit 32**. The SORA level on 31 December 2025 was used as a reference point. This analysis illustrates how movements in U.S. interest rates may translate into changes in the SORA.

Exhibit 32: Forecasted 3-Month Compounded SORA

	31 Dec '25	FY2026	FY2027
3-Month Compounded SORA	1.19%	1.02%	1.06%
<i>Proportion of (decline)/increase</i>	-	(13.86%)	3.45%

Source: MAS, FPA

We assume that when the SORA falls or increases, SF's asset yield will also move by the same proportion as shown in **Exhibit 33**.

Exhibit 33: Forecasted Asset Yield for SF in FY2026 & FY2027

	FY2025	FY2026	FY2027
SF Asset Yield	4.12%	3.55%	3.67%
<i>Proportion of (decline)/increase</i>	-	(13.86%)	3.45%

Source: SF, FPA

SF noted that the increase in net interest income was driven by loan growth and lower cost of funds (as referenced on page 9). As shown in **Exhibit 11**, during periods of falling interest rates, the cost of funds declined more sharply than asset yields, leading to an expansion in net interest margin (as referenced on page 11). This suggests that the cost of funds is more sensitive to rate movements than asset yields. In a falling-rate environment, deposit rates tend to adjust downward more quickly, while loan rates reprice more slowly due to contractual terms and repricing lags. As a result, funding costs fall faster than asset yields, widening the interest spread and enhancing net interest margins.

From FY2024 to FY2025, asset yield fell by 8.4% to 4.1% from 4.5%, while the cost of funds declined by 24.9% to 2.42% from 3.22% as shown in **Exhibit 34**. As such, from FY2024 to FY2025, declines in asset yields were accompanied by proportionally larger declines in the cost of funds, approximately 2.97x larger.

Exhibit 34: SF Historical Asset Yield & Cost of Funds (FY2024 – FY2025)

	FY2024	FY2025
SF Asset Yield	4.50%	4.12%
<i>Proportion of (decline)/increase</i>		(8.40%)
SF Cost of Funds	(3.22%)	(2.42%)
<i>Proportion of (decline)/increase</i>		(24.92%)
Ratio		2.97x

Source: SF, FPA

However, we forecast net interest margin to remain stable at 2.08% in FY2026 and FY2027, consistent with the level reported in SF's FY2025 financial statements. As a result, net interest income is expected to reach S\$29.7 million in FY2026 and S\$30.4 million in FY2027.

We use net interest income to derive interest expense and cost of funds for FY2026 and FY2027 as follows:

$$\begin{aligned} \text{Interest expense for FY2026} &= \text{Interest income} - \text{Net interest income} \\ &= \text{S\$50.6 million} - \text{S\$29.7 million} \\ &\approx \text{S\$21.0 million} \end{aligned}$$

$$\begin{aligned} \text{Cost of funds for FY2026} &= \text{Interest expense} \div \text{Average deposits \& savings accounts of customers} \\ &= \text{S\$21.0 million} \div \text{S\$1.2 billion} \\ &= 1.78\% \end{aligned}$$

$$\begin{aligned} \text{Interest expense for FY2027} &= \text{S\$53.7 million} - \text{S\$30.4 million} \\ &= \text{S\$23.3 million} \end{aligned}$$

$$\begin{aligned} \text{Cost of funds for FY2027} &= \text{S\$23.3 million} \div \text{S\$1.2 billion} \\ &= 1.92\% \end{aligned}$$

Our projections are summarised in **Exhibit 35**.

Exhibit 35: Forecasted Net Interest Margin for FY2026 and FY2027

S\$'000	Actual	Forecast	
	FY2025	FY2026	FY2027
Average interest-earning assets	1,377,316	1,426,899	1,462,572
Interest income & hiring charges	56,742	50,636	53,692
Asset yield	4.12%	3.55%	3.67%
Average deposits & savings accounts of customers	1,138,540	1,179,527	1,209,015
Interest expense	(27,506)	(20,957)	(23,270)
Cost of funds	(2.42%)	(1.78%)	(1.92%)
Average interest-earning assets	1,377,316	1,426,899	1,462,572
Net interest & hiring charges	29,236	29,680	30,421
Net interest margin	2.12%	2.08%	2.08%

Source: SF, FPA

(II) EARNINGS PROJECTION**Fee & commission income/Other operating income:**

We project fee & commission income, as well as other operating income, to remain at FY2025 levels in FY2026 and FY2027.

As a result, income before operating expenses is projected to be S\$30.5 million in FY2026 and S\$31.3 million in FY2027.

Our projections are summarised in **Exhibit 36**.

Exhibit 36: Forecasted Income before Operating Expenses for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Net interest & hiring charges	22,006	23,248	29,236	29,680	30,421
Fee & commission income	478	542	461	461	461
Other operating income	453	441	371	371	371
Income before operating expenses	22,937	24,231	30,068	30,512	31,253

Source: SF, FPA

Staff costs:

At the 2024 Annual General Meeting (“AGM”), SF attributed the rise in staff costs to S\$9.3 million in FY2024 (from S\$8.3 million in FY2023) to market-based salary adjustments and performance-linked bonuses to support staff retention. Given the Ministry of Manpower’s reported 4.3% increase in real median income in 2025, we apply the same rate as a proxy and forecast staff costs to grow 4.3% annually in 2026 and 2027, in line with our expectations that SF will continue adjusting salaries to remain competitive with market trends.

As a result, staff costs are projected to grow to S\$11.1 million in FY2026 and S\$11.6 million in FY2027.

Our projections are summarised in **Exhibit 37**.

Exhibit 37: Forecasted Staff Costs for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Staff costs	(8,326)	(9,352)	(10,685)	(11,144)	(11,624)
<i>Growth</i>		12.32%	14.25%	4.30%	4.30%

Source: SF, FPA

Depreciation of PP&E:

For FY2026 and FY2027, we expect PP&E to remain at FY2025 levels of S\$1.9 million. Given the recent upgrades to IT equipment and software, depreciation expenses are also expected to remain elevated.

Our projections are summarised in **Exhibit 38**.

Exhibit 38: Forecasted Depreciation of PP&E for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Depreciation of property, plant and equipment	(1,402)	(1,415)	(1,891)	(1,891)	(1,891)

Source: SF, FPA

Other operating expenses:

In FY2025, other operating expenses rose to S\$7.1 million due to upgrades to IT equipment and software, office renovations and a rebranding exercise. Given the one-off nature of these costs, we project other operating expenses to normalise to S\$5.6 million in FY2026, based on the average from FY2023 to FY2024. We expect expenses to remain at this level in FY2027.

Our projections are summarised in **Exhibit 39**.

Exhibit 39: Forecasted Other Operating Expenses for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Other operating expenses	(5,634)	(5,633)	(7,091)	(5,634)	(5,634)

Source: SF, FPA

Profit from operations before allowances:

Profit from operations before allowances is projected to be S\$11.8 million in FY2026 and S\$12.1 million in FY2027 as shown in Exhibit 40.

Exhibit 40: Forecasted Profit from Operations before Allowances for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Income before operating expenses	22,937	24,231	30,068	30,512	31,253
Staff costs	(8,326)	(9,352)	(10,685)	(11,144)	(11,624)
Depreciation of property, plant and equipment	(1,402)	(1,415)	(1,891)	(1,891)	(1,891)
Other operating expenses	(5,634)	(5,633)	(7,091)	(5,634)	(5,634)
Profit from operations before allowances	7,575	7,831	10,401	11,843	12,105

Source: SF, FPA

Impairment losses/write backs:

In FY2025, SF recorded a net write back of S\$0.6 million in allowances for loan losses, driven by lower provisions on both credit-impaired and non-credit-impaired loans. We assume this trend will continue, and project write backs of S\$0.6 million in both FY2026 and FY2027.

Our projections are summarised in Exhibit 41.

Exhibit 41: Forecasted Allowance for Impairment Losses on Loans and Advances for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Write back/(Allowances) for impairment losses on loans and advances	(54)	(494)	582	582	582

Source: SF, FPA

Profit before tax:

Given the above projections, we project profit before tax to be S\$12.4 million in FY2026 and S\$12.7 million in FY2027 as shown in **Exhibit 42**.

Exhibit 42: Forecasted Profit before Tax for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Profit from operations before allowances	7,575	7,831	10,401	11,843	12,105
Allowances for impairment losses on loans and advances	(54)	(494)	582	582	582
Profit before tax	7,521	7,337	10,983	12,425	12,687

Source: SF, FPA

Profit after tax:

We assume a tax rate of 17% for FY2026 & FY2027, in line with Singapore's corporate income tax rate. Profit after tax is projected to be S\$10.3 million for FY2026 and S\$10.5 million for FY2027, as shown in **Exhibit 43**.

Exhibit 43: Forecasted Profit after Tax for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Profit before tax	7,521	7,337	10,983	12,425	12,687
Tax expense	(1,365)	(1,243)	(1,832)	(2,112)	(2,157)
Profit after tax	6,156	6,094	9,151	10,312	10,530
<i>Effective tax rate</i>	<i>(18.15%)</i>	<i>(16.94%)</i>	<i>(16.68%)</i>	<i>(17.00%)</i>	<i>(17.00%)</i>

Source: SF, FPA

Earnings per share (“EPS”):

We assume that the weighted average number of ordinary shares in issue (basic & diluted) in FY2026 and FY2027 will remain the same as FY2025. Thus, we project that basic & diluted EPS to be 6.50 cents for FY2026 and 6.64 cents for FY2027 as shown in **Exhibit 44**.

Exhibit 44: Forecasted EPS for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Profit after tax	6,156	6,094	9,151	10,312	10,530
Weighted average number of ordinary shares	158,685,890	158,685,890	158,685,890	158,685,890	158,685,890
Basic & diluted EPS (cents)	3.88	3.84	5.77	6.50	6.64

Source: SF, FPA

Dividend per share (“DPS”):

SF does not have a fixed payout ratio; instead, it aims to provide shareholders with sustainable dividend returns over the long term. As such, we project a payout ratio of 61.6% in FY2026 and 60.3% in FY2027. Correspondingly, we forecast DPS of 4.00 cents in FY2026 and 4.00 cents in FY2027, as shown in **Exhibit 45**.

Exhibit 45: Forecasted DPS for FY2026 and FY2027

S\$ cents	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Basic & diluted EPS	3.88	3.84	5.77	6.50	6.64
Dividends	3.00	3.00	3.50	4.00	4.00
Payout ratio	77.33%	78.12%	60.69%	61.55%	60.28%

Source: SF, FPA

Our projections are summarised in **Exhibit 46**.

Exhibit 46: Forecasted Financial Performance for FY2026 and FY2027

S\$'000	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Interest income & hiring charges	48,150	53,971	56,742	50,636	53,692
Interest expense	(26,144)	(30,723)	(27,506)	(20,957)	(23,270)
Net interest & hiring charges	22,006	23,248	29,236	29,680	30,421
Fee and commission income	478	542	461	461	461
Other operating income	453	441	371	371	371
Income before operating expenses	22,937	24,231	30,068	30,512	31,253
Staff costs	(8,326)	(9,352)	(10,685)	(11,144)	(11,624)
Depreciation of property, plant and equipment	(1,402)	(1,415)	(1,891)	(1,891)	(1,891)
Other operating expenses	(5,634)	(5,633)	(7,091)	(5,634)	(5,634)
Profit from operations before allowances	7,575	7,831	10,401	11,843	12,105
Allowances for impairment losses on loans and advances	(54)	(494)	582	582	582
Profit before tax	7,521	7,337	10,983	12,425	12,687
Tax expense	(1,365)	(1,243)	(1,832)	(2,112)	(2,157)
Profit after tax	6,156	6,094	9,151	10,312	10,530
Weighted average number of ordinary shares	158,685,890	158,685,890	158,685,890	158,685,890	158,685,890
Basic EPS (cents)	3.88	3.84	5.77	6.50	6.64
Diluted EPS (cents)	3.88	3.84	5.77	6.50	6.64
Dividend per share (cents)	3.00	3.00	3.50	4.00	4.00
Payout ratio	77.33%	78.12%	60.69%	61.55%	60.28%

Source: SF, FPA

VALUATION ANALYSIS

(I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how SF is faring against industry peers in terms of current valuation metrics. We selected peer companies that are like SF in terms of industry and business operations. Then, we compared SF against its peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the selected peer companies to compare with SF (along with a brief description of each company) as follows:

i. Hong Leong Finance Limited (“HLF”; SGX:S41)

HLF is a Singapore-based financial services company and a member of the Hong Leong Group Singapore. Its core business includes accepting public deposits & savings and offering a range of financing solutions such as corporate & consumer loans, government assistance for small and medium-sized enterprises (“SME”), corporate finance & advisory services. HLF operates through a network of 28 branches, and 13 SME centres located island wide.

ii. Sing Investments & Finance Limited (“SIF”; SGX:S35)

SIF is a Singapore-based financial services company. The firm provides a range of financial products and services, including deposits, personal financing, and corporate financing specifically tailored for SMEs in Singapore. SIF has four branches island wide.

iii. IFS Capital Limited (“IFS”; SGX:I49)

IFS is a regional financial service company. The firm is a provider of commercial financing services such as property financing, term loans, working capital loans and government-assisted schemes to business enterprises. IFS also manages a diversified business portfolio from asset management to insurance and fintech.

The results of our peer comparison analysis are shown in **Exhibit 47**.

Exhibit 47: Peer Comparison Analysis

Company	Currency	Stock Symbol	Price (S\$) as at 05 Mar '26	Market Cap (S\$ million)	Diluted EPS (cents) ⁽¹⁾	P/E	DPS (cents) ⁽²⁾	Dividend Yield (%)	NAV per share (S\$) ⁽³⁾	P/B
Singapura Finance	SGD	S23	0.785	123.78	5.77	13.61	3.50	4.46%	1.66	0.47
Peer companies:										
Hong Leong Finance	SGD	S41	2.520	1,220.33	13.95	18.06	8.90	3.53%	4.71	0.54
Sing Investments & Finance	SGD	S35	1.600	394.85	17.90	8.94	7.50	4.69%	2.10	0.76
IFS Capital	SGD	I49	0.187	66.17	1.26	14.84	0.80	4.28%	0.48	0.39
Peer average:		-	-	-	-	13.95	-	4.17%	-	0.56

(1) & (2) Trailing Twelve-Months ("TTM"). (3) Most recent financial statement.

Source: SGX Stock Screener, respective companies, FPA

(a) P/E multiple

Based on the results in **Exhibit 47**, SF is currently trading at a P/E multiple of 13.61x which is lower than the peer average P/E of 13.95x. This suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.804 if SF is to trade at the peer average P/E of 13.95x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{Peer average P/E} \times \text{TTM diluted EPS} \\
 &= 13.95 \times \text{S\$}0.0577 \\
 &\approx \text{S\$}0.804
 \end{aligned}$$

The estimated target price of S\$0.804 represents an upside potential of 2.5% from the current share price of S\$0.785.

(b) P/B multiple

Based on the results in **Exhibit 47**, SF is currently trading at a P/B multiple of 0.47x which is lower than the peer average P/B of 0.56x. This suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.931 if SF is to trade at the peer average P/B of 0.56x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per share} \\
 &= 0.56 \times \text{S\$}1.66 \\
 &\approx \text{S\$}0.931
 \end{aligned}$$

The estimated target price of S\$0.931 represents an upside potential of 18.7% from the current share price of S\$0.785.

(c) Dividend yield

Based on the results in **Exhibit 47**, SF's current dividend yield of 4.46% is more attractive than the peer average yield of 4.17%, which suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.840 if SF is to trade at the peer average yield of 4.17% as follows:

$$\begin{aligned} \text{Estimated target price (Dividend yield)} &= \frac{\text{Current yield}}{\text{Peer average yield}} \times \text{Current share price} \\ &= \frac{4.46\%}{4.17\%} \times \text{S\$}0.785 \\ &\approx \text{S\$}0.840 \end{aligned}$$

The estimated target price of S\$0.840 represents an upside potential of 7.0% from the current share price of S\$0.785.

(d) Target price

From our analysis, SF seems to be undervalued in terms of its P/E multiple, P/B multiple and dividend yield. By averaging target prices based on P/E multiple, P/B multiple and dividend yield, we derive an overall target price of S\$0.859 as follows:

$$\begin{aligned} \text{Overall target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$}0.804 + \text{S\$}0.931 + \text{S\$}0.840] \\ &\approx \text{S\$}0.859 \end{aligned}$$

The overall target price of S\$0.859 represents an upside potential of 9.4% from the current share price of S\$0.785.

(II) PRIVATISATION OFFER

However, a potential privatisation of SF may provide upside potential for SF's share price.

We note that:

- Estate of Teo Chiang Long (deceased), the former Chairman of SF holds 52.3% total interest in SF as at 18 March 2025
- SF's current P/B multiple is 0.47x, which represents a discount of approximately 53% to NAV.
- SF's cash & cash equivalents were S\$111.7 million as at 31 December 2025

Accordingly, we consider possibility of a privatisation offer by the Teo Family.

To estimate the potential privatisation cost for SF, we review the recent privatisation offers for SGX-listed companies as shown in **Exhibit 48**. We note that the average price premium of the selected privatisation offers was 32.8%.

The Teo family holds 52.3% total interest in SF. Thus, they would need to acquire the remaining 47.6% total interest to privatise Metro. At the market capitalisation of S\$123.8 million as at 5 March 2026, this equates to S\$58.9 million (S\$123.8 million × 47.6%).

Based on the average price premium of the selected privatisation offers, we also estimate that any privatisation offer may need to have a price premium of 32.8% from the current share price of S\$0.785 to have a chance to be successful. Thus, the Teo family may need to offer a minimum offer price of S\$1.042 (at full privatisation cost of S\$78.2 million). Given that SF's cash balance exceeds the estimated privatisation cost (S\$111.7 million > S\$78.2 million), the likelihood of a privatisation offer appears reasonably high.

Exhibit 48: Privatisation Offers for SGX-listed Companies

Target	Code	Acquirer	Currency	Last undisturbed price		Offer price per share	Price premium
				Date	Price		
Low Keng Huat	F1E	Consistent Record Pte. Ltd.	SGD	28 Nov '25	0.615	0.78	26.8%
Mandarin Oriental International Ltd	M04	Jardine Strategic Limited	USD	29 Sept '25	2.20	3.35	52.3%
Olive Tree Estates	1H2	Advansory Investment Pte Ltd	SGD	29 Sept '25	0.112	0.12	7.1%
Spindex Industries Ltd	564	Skyline II Pte Ltd	SGD	31 Jul '25	1.12	1.43	27.7%
Alpina Holdings Ltd	ZXY	K&T Investment Pte Ltd	SGD	03 Jun '25	0.25	0.37	48.0%
Grand Venture Technology	JLB	Aalberts Advanced Mechatronics B.V.	SGD	30 May '25	0.840	0.940	11.9%
Ossia International	O08	Goh Ching Wah, Goh Ching Huat, and Goh Ching Lai	SGD	13 May '25	0.113	0.160	41.6%
Fraser Hospitality Trust	ACV	Frasers Property Hospitality Trust Holdings Pte. Ltd.	SGD	13 May '25	0.665	0.710	6.8%
Ban Leong Technologies Ltd	B26	Epicsoft Asia Pte Ltd	SGD	29 Apr '25	0.375	0.6029	60.8%
Procurri Corporation Ltd	BVQ	Exeo Global Asset Holdings Pte Ltd	SGD	25 Apr '25	0.18	0.32	77.8%
Amara Holdings	A34	DRC Investments Pte. Ltd.	SGD	23 Apr '25	0.705	0.895	27.0%
ICP Ltd	514	ICP Ltd & Mr Aw Cheok Huat	SGD	01 Apr '25	0.007	0.009	28.6%
Sinarmas Land	A26	Lyon Investments Limited	SGD	24 Mar '25	0.275	0.375	36.4%
Sin Heng Heavy Machinery	BKA	TAL United Pte Ltd	SGD	13 Mar '25	0.545	0.58	6.4%
Average							32.8%

Note: "Last undisturbed price" based on last available share price before takeover announcement.

Source: respective companies, SGX Stock Screener, FPA

POTENTIAL CATALYSTS

(I) BETTER-THAN-EXPECTED ECONOMIC GROWTH IN SINGAPORE

Singapore's economy outperformed expectations in 2025, with actual GDP growth of 5.0% exceeding MTI's earlier forecast of around 4.0%. This outperformance underscores Singapore's resilience amid geopolitical uncertainties and tariff-related tensions.

If Singapore continues to outperform expectations in 2026 and beyond, this could further lift business and consumer confidence. With improved sentiment, households are more willing to commit to large-ticket purchases such as property, while businesses are more inclined to invest and expand. This leads to stronger loan demand, which in turn supports higher interest income for lenders like Singapura Finance, driving profitability.

(II) HIGHER INTEREST RATES

J.P. Morgan currently expects the Federal Reserve to keep the federal funds rate at 3.50%–3.75% throughout 2026. However, if inflation proves more persistent than anticipated, the Fed may be forced to resume tightening to keep price pressures under control. Any hikes in U.S. interest rates would likely lead to an expansion in net interest margins for lenders like SF, supporting stronger profitability.

(III) LOWER-THAN-EXPECTED CREDIT DEFAULTS

In FY2025, SF recorded a net write-back of S\$0.6 million in allowances for loan losses, reflecting an improvement in credit quality. If asset quality continues to strengthen, SF could recognise further write-backs in the coming years, which would reduce credit costs and lift profit after tax.

INVESTMENT RECOMMENDATION

SF delivered a strong set of results in FY2025, with net profit rising 50.2% to S\$9.2 million, supported by healthy loan growth and an expansion in net interest margin. However, the company has highlighted that the operating environment is likely to remain challenging amid elevated geopolitical risks, ongoing trade disruptions and continued financial market volatility.

Looking ahead, the interest-rate backdrop is expected to remain soft, with UOB projecting SORA to bottom out around 1% in 2026 before gradually rising towards 1.39% by year-end. Although lower interest rates typically support loan demand, MAS expects loan growth to remain resilient only in the early part of 2026 before moderating later in the year. Together, this suggests that slower loan growth combined with a subdued rate environment could weigh on asset yields, potentially softening earnings momentum for SF.

Based on the peer average P/E multiple of 13.95x and TTM diluted EPS of 5.77 cents, we estimate a target price of S\$0.804. Based on the peer average P/B multiple of 0.56x and NAV per share of S\$1.66, we estimate a target price of S\$0.931. Based on the peer average yield of 4.17% and current dividend yield of 4.46%, we estimate a target price of S\$0.840. By averaging the estimated target prices, we derive an overall target price of S\$0.859 as follows:

$$\begin{aligned} \text{Overall target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [S\$0.804 + S\$0.931 + S\$0.840] \\ &\approx S\$0.859 \end{aligned}$$

The overall target price of S\$0.859 represents an upside potential of 9.4% from the current share price of S\$0.785. In addition, there remains potential upside from a possible privatisation offer by the Teo family. Based on premiums seen in recent privatisation deals among SGX-listed companies, such an offer could imply a potential premium of 32.8%, which would value SF's shares at approximately S\$1.042 (S\$0.785 × 132.8%).

Further upside potential is supported by catalysts such as better-than-expected economic growth in Singapore, higher interest rates, and lower-than-expected credit defaults. Taking all factors into account, we believe the stock is fairly valued at current levels and recommend a hold.

However, there are risks to our target price which we discuss on the next page.

RISKS TO TARGET PRICE

(I) ESCALATING MIDDLE EAST CONFLICT

On 28 February 2026, the U.S. and Israel launched an assault against Iran, triggering a sharp rise in oil prices given Iran's role as one of the world's major oil producers. The resulting spike in oil prices is likely to push inflation higher, making goods and services more expensive and weighing on consumer sentiment.

With no clear indication that the conflict will ease, the heightened uncertainty could lead households to delay large-ticket purchases such as homes, while businesses may also become more cautious about taking on new loans. A slowdown in loan demand would directly affect SF's interest income, placing pressure on earnings.

Exhibit 49: WTI Crude Oil Prices (September 2025 – March 2026)



Source: Trading Economics

(II) U.S. TARIFFS

On 20 February 2026, the U.S. announced a 10% tariff under Section 122 of the Trade Act of 1974 on all U.S. imports for 150 days, following the Supreme Court's decision to strike down earlier reciprocal tariffs imposed under the International Emergency Economic Powers Act. On 21 February 2026, President Donald Trump indicated that the tariff rate would be raised to 15%, although an official directive has yet to be issued.

Singapore's Ministry of Trade and Industry has noted that the immediate impact of the 10% tariff is "not expected to be significant," as it is broadly unchanged from the reciprocal tariffs imposed on Singaporean imports since April 2025.

However, an increase to 15% would pose a downside risk to Singapore's economy, potentially dampening growth momentum. Slower economic activity could lead to a moderation in both loan growth and loan sizes, weighing on overall credit demand. For SF, weaker loan demand would likely reduce interest income and put pressure on earnings.

(III) ECONOMIC SLOWDOWN

MTI forecasts Singapore's GDP growth at 2.0–4.0% in 2026. However, if growth comes in below expectations, a broader economic slowdown could emerge. In such an environment, households may delay major purchases such as property, while businesses could scale back investment and expansion plans. This would translate into slower loan demand and smaller loan sizes, weighing on SF's core lending activity and interest income.

A weaker economy also raises the risk of higher credit defaults. Rising delinquencies would require SF to increase allowances for loan losses, putting further pressure on earnings. Combined with softer loan growth, heightened credit costs could dampen profitability.

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