FINANCIAL SERVICES EQUITY RESEARCH

SINGAPURA FINANCE LTD

SGX: S23
Bloomberg: SBD:SP
ISIN code: SG1M01001924

Country: Singapore
Industry: Financial Services

11 September 2026
RECOMMENDATION: HOLD

Current price: S$0.790
Target price: S$0.865
Issued shares: 158.7 million (30 June 2026)
Market capitalisation: S$125.4 million
52-week range: S$0.740 – S$0.850

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 30 June 2026, SF had loans & advances of approximately S$1.37 billion and deposits & savings accounts of customers of S$1.42 billion.

SUMMARY

For H1 FY2026 ended 30 June 2026, SF's net interest income rose by 31.6% to S$17.5 million in H1 FY2026 from S$13.3 million in H1 FY2025. The increase was attributable to a combination of a lower interest rate environment and a larger loan book. Profit after tax rose by 76.2% to S$5.9 million in H1 FY2026 from S$3.3 million in H1 FY2025. Basic and diluted Earnings Per Share ("EPS") rose by 76.2% to 3.69 cents in H1 FY2026 from 2.09 cents in H1 FY2025. No interim dividend was declared for H1 FY2026.

RECOMMENDATION

Despite a lower interest rate environment, SF delivered a strong set of H1 FY2026 results, with net interest margin expanding to 2.24% from 1.99% in H1 FY2025 and net profit rising 76.2% y-o-y to S$5.9 million. The improved performance demonstrates management's ability to grow the loan book while effectively managing funding costs. Looking ahead, we expect continued loan growth, supported by Singapore's favourable economic outlook, which should underpin further growth in net interest income and earnings.

Based on the peer average P/E multiple of 12.60x and Trailing Twelve-Months ("TTM") diluted EPS of 7.36 cents, we estimate a target price of S$0.927. Based on the peer average P/B multiple of 0.53x and Net Asset Value ("NAV") per share of S$1.67, we estimate a target price of S$0.886. Based on the peer average yield of 4.48% and current dividend yield of 4.43%, we estimate a target price of S$0.781. By averaging the estimated target prices, we derive an overall target price of S$0.865.

The target price of S$0.865 represents an upside potential of 9.4% from the current share price of S$0.790. 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 20.7%, which would value SF's shares at approximately S$0.954 (S$0.790 × 120.7%).

We adopt S$0.865 as our final target price, as it represents our assessment of SF's fair value relative to its listed peers. While a potential privatisation remains speculative at this stage, it could provide additional upside. Further upside potential may also be supported by catalysts such as better-than-expected economic growth in Singapore, faster-than-expected loan growth, and lower-than-expected credit defaults. Nevertheless, with our target price implying an upside of 9.4% from the current share price, we maintain a Hold recommendation on SF. However, downside risks include the escalating Middle East conflict, regulatory risk and rise in credit defaults.

KEY FINANCIALS Year ended 31 December	Interest (S$ million)	Earnings [1] (S$ million)	EPS [2] (cents)	P/E (x)	DPS (cents)	Dividend Yield (%)	NAV per share (S$)	P/B (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	55.1	12.6	8.0	9.91	4.8	6.08%	1.7	0.47
2027 Projection	56.8	13.1	8.2	9.60	5.0	6.33%	-	-

Figures have been rounded. FY2026 & FY2027 P/E, P/B and dividend yield are based on the current share price of S$0.790. 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

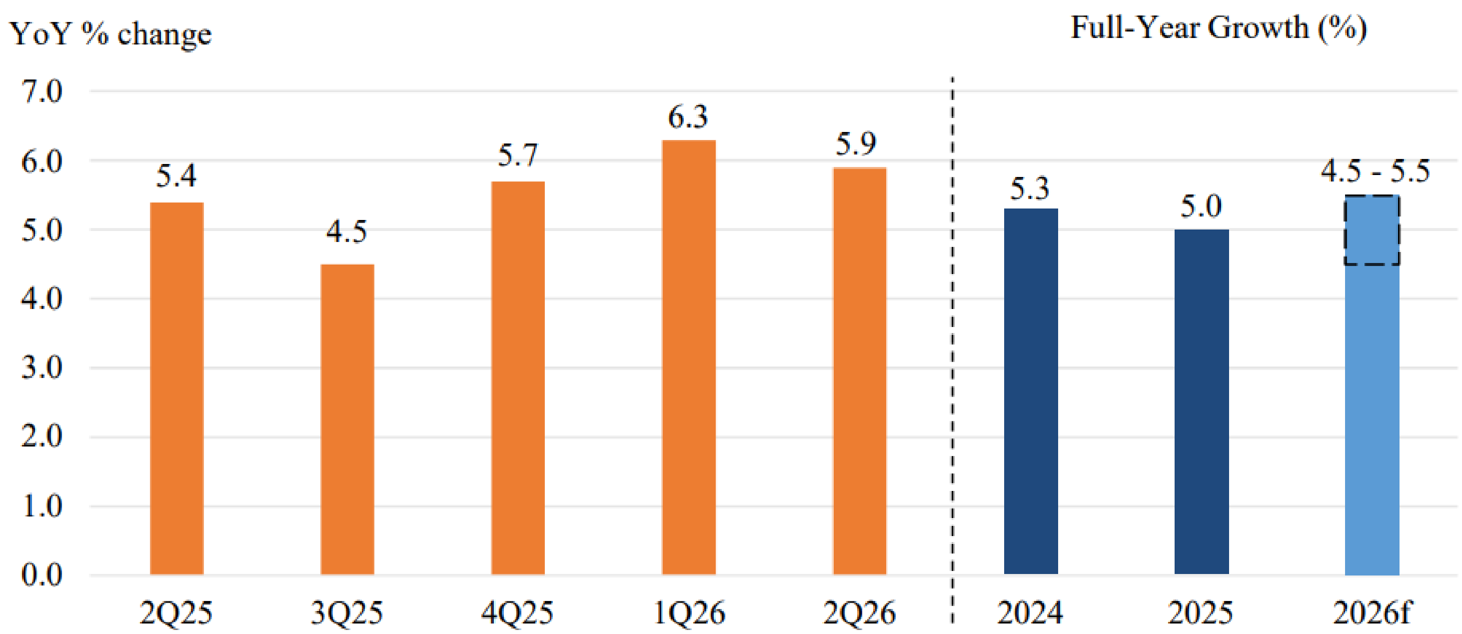
(I) SINGAPORE ECONOMY

On 11 August 2026, the Ministry of Trade and Industry ("MTI") reported that Singapore's economy expanded by 5.9% year-on-year ("y-o-y") in Q2 2026, moderating from the 6.3% y-o-y growth recorded in Q1 2026, as shown in **Exhibit 1**.

Economic growth in Q2 2026 was supported by the strong performance of the manufacturing, wholesale trade, and finance & insurance sectors. In particular, robust global demand for AI-related products drove growth in the electronics and precision engineering clusters within the manufacturing sector, as well as the machinery, equipment and supplies segment of the wholesale trade sector.

Meanwhile, expansion in the finance & insurance sector was underpinned by the banking segment, supported by strong credit growth and higher fee-generating activities. In contrast, the food & beverage services sector contracted, partly due to sustained outbound travel by local residents and lower visitor arrivals during the quarter.

Exhibit 1: Singapore Economic Y-o-Y Growth



Source: MTI, FPA

Looking ahead, MTI has upgraded its 2026 GDP growth forecast for Singapore to 4.5%-5.5%, from the previous range of 2.0%-4.0%. The upward revision reflects the better-than-expected performance of the Singapore economy in H1 2026, as well as an improved outlook for the remainder of the year, supported by the acceleration in global AI-related capital expenditure.

Separately, the Monetary Authority of Singapore's ("MAS") latest Survey of Professional Forecasters projects Singapore's GDP growth at 5.0% in 2026, moderating to 3.1% in 2027.

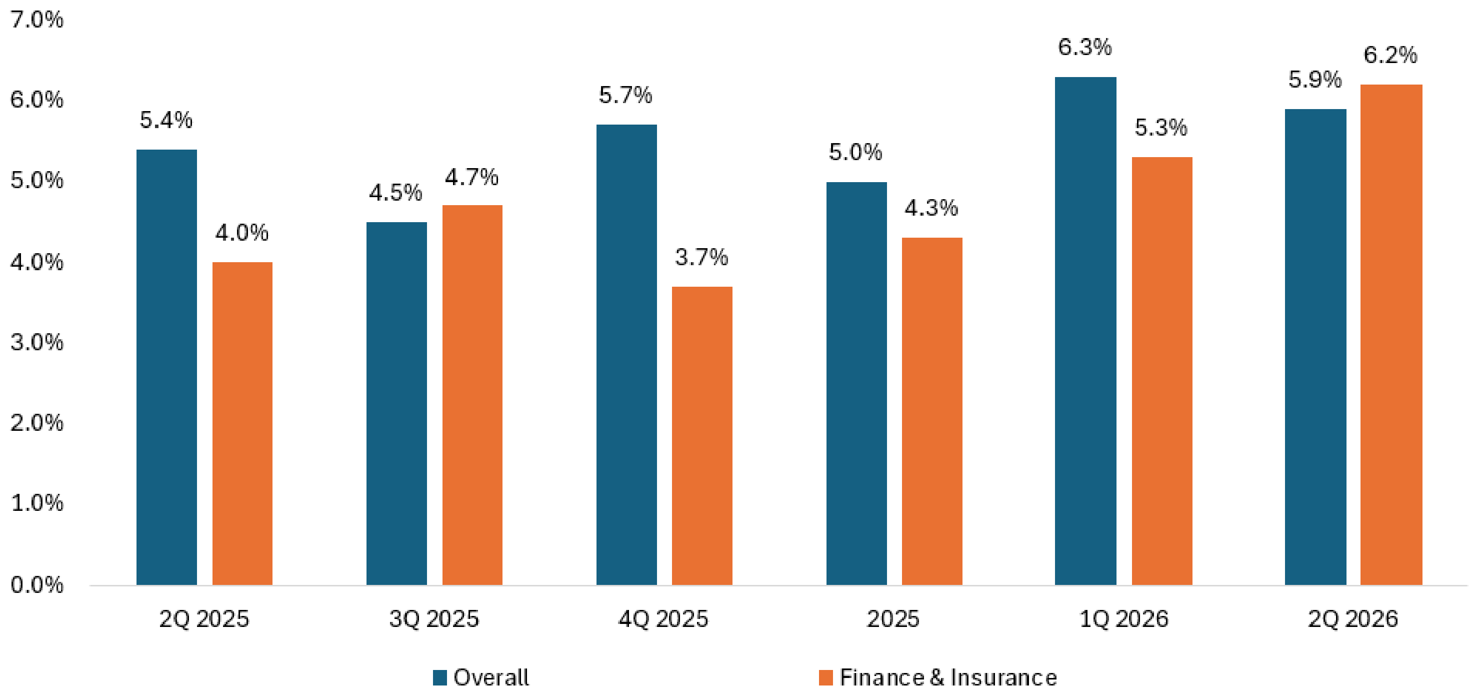
(II) FINANCIAL SERVICES

The finance & insurance sector expanded by 6.2% y-o-y in Q2 2026, accelerating from the 5.3% y-o-y growth recorded in Q1 2026, as shown in **Exhibit 2**.

Growth during the quarter was largely driven by the banking segment, supported by strong credit growth and robust fee-generating activities. Sentiment-sensitive segments also performed well, underpinned by the fund management industry, which recorded double-digit y-o-y growth in net fees and commissions.

Looking ahead, MTI expects the finance & insurance sector to maintain firm growth momentum. Sector growth is likely to be supported by continued credit expansion alongside growth in domestic and regional economic activities. In addition, ongoing efforts to deepen Singapore's capital markets and broaden investor access to international listings are expected to sustain demand for wealth management services.

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



Source: MTI, FPA

Separately, Market Research Singapore[1] 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

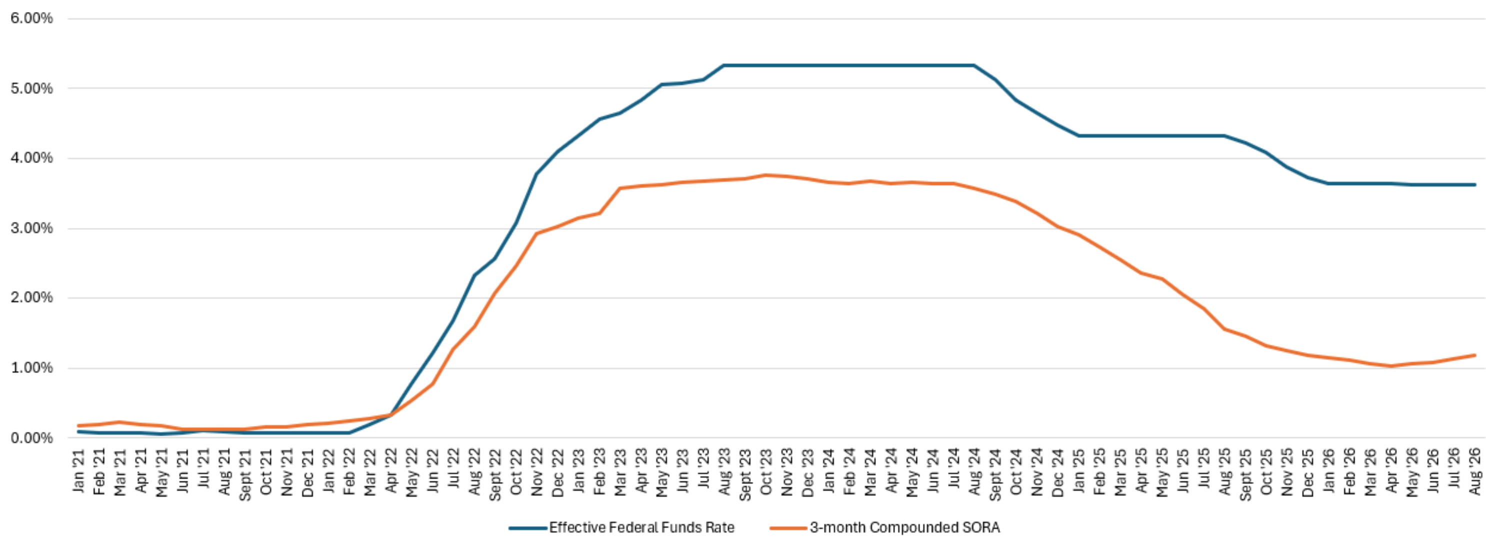
Interest rates play a critical role in shaping borrowing behaviour and spending decisions among households and businesses. When interest rates are low, borrowing becomes more affordable. This typically encourages households to take up mortgages or vehicle loans and prompts businesses to invest in expansion. 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 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 margins[1]. 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 SORA[2]



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.

According to the U.S. Federal Reserve's Summary of Economic Projections released in June 2026, the median projected forecast for the federal funds rate was 3.8% by end-2026 and 3.6% by end-2027. While the Federal Reserve kept the target federal funds rate at 3.50%-3.75% in July 2026, recent comments from policymakers suggest inflationary pressures remain a concern.

Despite ongoing market debate regarding the timing and direction of future rate moves, we assume the Federal Reserve will raise the federal funds rate by 25 basis points in September 2026. We further assume a 25 basis points rate cut in June 2027, in line with Citigroup[1]'s forecast.

A summary of the interest rate forecast is shown in **Exhibit 4**.

Exhibit 4: Estimated Federal Funds Rate

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

	Lower bound	Upper bound	Average Rate
Jan 2026	3.50%	3.75%	3.63%
Feb 2026	3.50%	3.75%	3.63%
Mar 2026	3.50%	3.75%	3.63%
Apr 2026	3.50%	3.75%	3.63%
May 2026	3.50%	3.75%	3.63%
Jun 2026	3.50%	3.75%	3.63%
Jul 2026	3.50%	3.75%	3.63%
Aug 2026	3.50%	3.75%	3.63%
Sept 2026	**3.75%**	**4.00%**	**3.88%**
Oct 2026	3.75%	4.00%	3.88%
Nov 2026	3.75%	4.00%	3.88%
Dec 2026	3.75%	4.00%	3.88%
2026	-	-	**3.71%**

	Lower bound	Upper bound	Average Rate
Jan 2027	3.75%	4.00%	3.88%
Feb 2027	3.75%	4.00%	3.88%
Mar 2027	3.75%	4.00%	3.88%
Apr 2027	3.75%	4.00%	3.88%
May 2027	3.75%	4.00%	3.88%
Jun 2027	**3.50%**	**3.75%**	**3.63%**
Jul 2027	3.50%	3.75%	3.63%
Aug 2027	3.50%	3.75%	3.63%
Sept 2027	3.50%	3.75%	3.63%
Oct 2027	3.50%	3.75%	3.63%
Nov 2027	3.50%	3.75%	3.63%
Dec 2027	3.50%	3.75%	3.63%
2027	-	-	**3.73%**

Source: FPA

[1] Citigroup is an American multinational investment bank and financial services company.

RECENT SHARE PRICE DEVELOPMENTS

Over the past year, SF's share price rose by 2.6% to S$0.790 on 11 September 2026 from S$0.770 on 11 September 2025 as shown in **Exhibit 5**.

Exhibit 5: Share Price Performance (Past Year)

Source: Yahoo Finance, FPA

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 rose by 1.9% to S$0.815 on 23 February 2026 from S$0.800 on 20 February 2026.

On 7 April 2026, SF released its 2025 Annual Report ("AR"). Share price rose by 1.9% to S$0.825 on 8 April 2026 from S$0.810 on 7 April 2026.

On 7 August 2026, SF released its H1 FY2026 results. Net interest income rose by 31.6% to S$17.5 million in H1 FY2026 from S$13.3 million in H1 FY2025. Profit after tax rose by 76.2% to S$5.9 million in H1 FY2026 from S$3.3 million in H1 FY2025. Share price remain unchanged at S$0.800 on 10 August 2026, compared with S$0.800 on 7 August 2026.

From 10 August 2026 to 11 September 2026, share price fell by 1.3% to S$0.790 from S$0.800. The weakness may have been attributable to broader market uncertainty arising from escalating tensions in the Middle East and the corresponding increase in oil prices.

FINANCIAL ANALYSIS

In this section, we review the financial performance of Singapura Finance Ltd ("SF") for the half-year ended 30 June 2026 (H1 FY2026).

(I) FINANCIAL REVIEW

Net interest income & hiring charges:

SF's interest income & hiring charges fell by 5.7% to S$26.6 million in H1 FY2026 from S$28.2 million in H1 FY2025, as shown in **Exhibit 6**. Interest expense fell by 39.1% to S$9.1 million in H1 FY2026 from S$14.9 million in H1 FY2025. As a result, net interest income & hiring charges rose by 31.6% to S$17.5 million in H1 FY2026 from S$13.3 million in H1 FY2025. SF noted that the increase was attributable to a combination of a lower interest rate environment and a larger loan book.

Exhibit 6: Net Interest & Hiring Charges (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Interest income & hiring charges	28,216	26,605	(1,611)	(5.71%)
Interest expense	(14,889)	(9,068)	5,821	(39.10%)
Net interest income & hiring charges	**13,327**	**17,537**	**4,210**	**31.59%**

Source: SF, FPA

Average interest-earning assets rose by 16.9% to S$1.56 billion in H1 FY2026 from S$1.34 billion in H1 FY2025, as shown in **Exhibit 7**. Asset yield fell to 3.40% from 4.22%, in line with global interest rate trends.

Exhibit 7: Asset Yield (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Average[(1)]				
Cash & balances with banks	85,242	106,130	20,888	24.50%
Singapore Government Securities	205,473	189,457	(16,016)	(7.79%)
Loans & advances	1,046,915	1,268,187	221,272	21.14%
Average interest-earning assets	1,337,630	1,563,773	226,144	16.91%
Interest income & hiring charges	28,216	26,605	(1,611)	(5.71%)
Asset yield (annualised)	**4.22%**	**3.40%**	**-**	**-**

(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 21.0% to S$1.33 billion in H1 FY2026 from S$1.10 billion in H1 FY2025, as shown in **Exhibit 8**. Cost of funds fell to 1.36% from 2.71%, in line with global interest rate trends.

Exhibit 8: Cost of funds (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Average[1]				
Deposits & savings accounts of customers	1,098,991	1,330,116	231,125	21.03%
Interest expense	(14,889)	(9,068)	5,821	(39.10%)
Cost of funds (annualised)	**(2.71%)**	**(1.36%)**	-	-

[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 2.24% from 1.99% 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 (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Average interest-earning assets	1,337,630	1,563,773	226,144	16.91%
Net interest income & hiring charges	13,327	17,537	4,210	31.59%
Net interest margin (annualised)	**1.99%**	**2.24%**	-	-

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**.

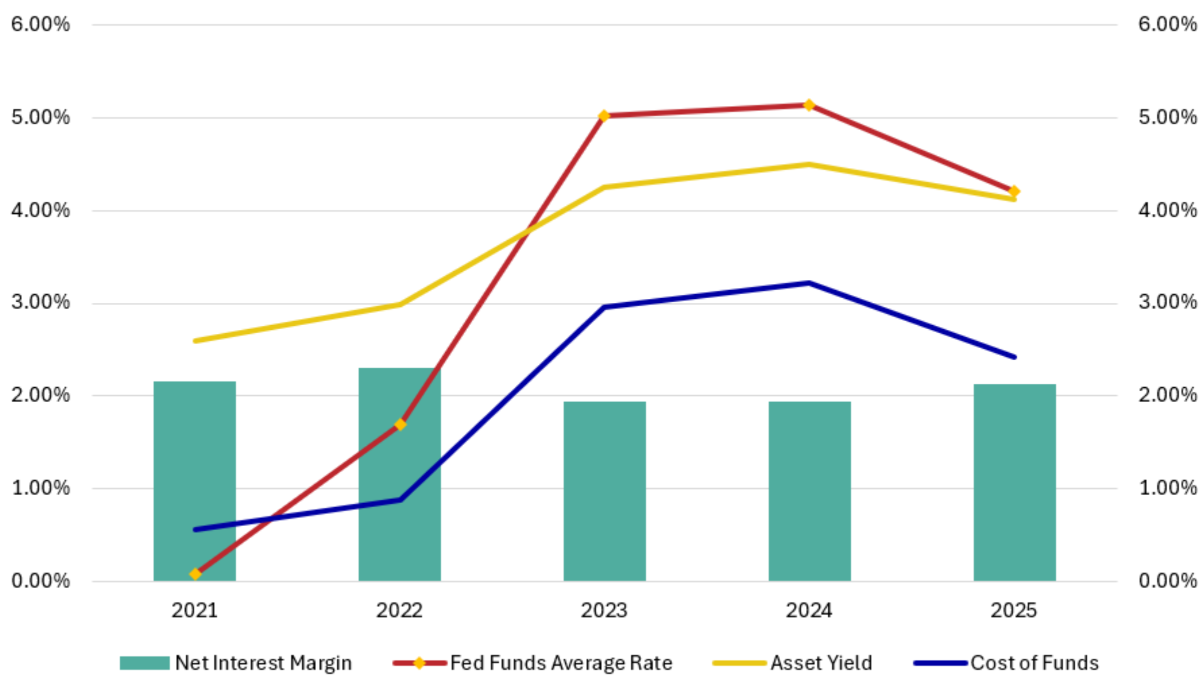
Exhibit 10: Net Interest Margin (FY2021 – FY2025)

	Actual				
S$'000	**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%**
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%)**
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 rose by 94.7% to S$592,000 in H1 FY2026 from S$304,000 in H1 FY2025, as shown in **Exhibit 12**. The increase was mainly due to higher loan processing fee.

Exhibit 12: Non-interest Income (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Fee and commission income	172	429	257	149.42%
Other operating income	132	163	31	23.48%
Non-interest income	**304**	**592**	**288**	**94.74%**

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 fell by 1.6% to S$5.8 million in H1 FY2026 from S$5.9 million in H1 FY2025, as shown in **Exhibit 14**. Depreciation of property, plant and equipment ("PP&E") rose by 34.7% to S$958,000 in H1 FY2026 from S$711,000 in H1 FY2025. Other operating expenses fell by 25.5% to S$3.2 million in H1 FY2026 from S$4.3 million in H1 FY2025.

Total operating expenses fell by 8.5% to S$10.0 million in H1 FY2026 from S$10.9 million in H1 FY2025.

Exhibit 14: Operating Expenses (H1 FY2025 vs H1 FY2026)

	Actual		H1 FY2025 vs H1 FY2026	
S$'000	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Staff costs	(5,934)	(5,842)	92	(1.55%)
Depreciation of property, plant and equipment	(711)	(958)	(247)	34.74%
Other operating expenses	(4,250)	(3,165)	1,085	(25.53%)
Total operating expenses	**(10,895)**	**(9,965)**	**930**	**(8.54%)**

Source: SF, FPA

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

Exhibit 15: Operating Expenses (FY2021 – FY2025)

	Actual				
S$'000	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 198.4% to S$8.2 million in H1 FY2026 from S$2.7 million in H1 FY2025, as shown in **Exhibit 16**.

Exhibit 16: Profit from Operations before Allowances (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Net interest & hiring charges	13,327	17,537	4,210	31.59%
Non-interest income	304	592	288	94.74%
Total operating expenses	(10,895)	(9,965)	930	(8.54%)
Profit from operations before allowances	**2,736**	**8,164**	**5,428**	**198.39%**

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 allowance for impairment losses on loans and advances of S$1.2 million in H1 FY2026, compared with a net write back for impairment losses on loans and advances of S$1.2 million in H1 FY2025, as shown in **Exhibit 18**. This was largely attributed to higher allowances on credit impaired loans and lower write back in allowances on non-credit impaired loans.

Exhibit 18: Profit before Tax (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Profit from operations before allowances	2,736	8,164	5,428	198.39%
Write back/(Allowances) for impairment losses on loans and advances	1,222	(1,157)	(2,379)	n.m.
Profit before tax	**3,958**	**7,007**	**3,049**	**77.03%**

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 76.2% to S$5.9 million in H1 FY2026 from S$3.3 million in H1 FY2025, as shown in **Exhibit 20**. SF noted that the stronger performance was largely attributed to higher net interest income and lower operating expenses.

Exhibit 20: Profit after Tax (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Profit before tax	3,958	7,007	3,049	77.03%
Tax expense	(634)	(1,151)	(517)	81.55%
Profit after tax	**3,324**	**5,856**	**2,532**	**76.17%**
Calculated tax rate	*16.02%*	*16.43%*	-	-

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 76.2% to 3.69 cents in H1 FY2026 from 2.09 cents in H1 FY2025.

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

<u>Exhibit 22: EPS (H1 FY2025 vs H1 FY2026)</u>

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Profit after tax	3,324	5,856	2,532	76.17%
Weighted average number of ordinary shares	158,685,890	158,685,890	-	-
Basic & diluted EPS (cents)	**2.09**	**3.69**	**1.60**	**76.17%**

Source: SF, FPA

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

<u>Exhibit 23: EPS (FY2021 – FY2025)</u>

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"):
SF did not declare an interim dividend for H1 FY2026.

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

Exhibit 24: DPS Schedule (FY2022 – FY2026)

S$ cents	Actual				
	FY2022	FY2023	FY2024	FY2025	FY2026
Interim dividend	-	-	-	-	-
Final dividend	2.00	2.00	2.00	2.00	NA
Special dividend	1.25	1.00	1.00	1.50	NA
DPS	**3.25**	**3.00**	**3.00**	**3.50**	**0.00**

Source: SF, FPA

According to SF's 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 FY2022 and H1 FY2026 is shown in **Exhibit 25**.

Exhibit 25: Payout Ratio (FY2022 – H1 FY2026)

S$ cents	Actual				
	FY2022	FY2023	FY2024	FY2025	H1 FY2026
Diluted EPS	5.26	3.88	3.84	5.77	3.69
DPS	3.25	3.00	3.00	3.50	0.00
Payout ratio	*61.81%*	*77.33%*	*78.12%*	*60.69%*	*0.00%*

Note: Payout ratio = DPS/EPS
Source: SF, FPA

SF's financial performance for H1 FY2025 and H1 FY2026 are summarised in **Exhibit 26**.

Exhibit 26: Financial Performance (H1 FY2025 vs H1 FY2026)

S$'000	Actual		H1 FY2025 vs H1 FY2026	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Interest income & hiring charges	28,216	26,605	(1,611)	(5.71%)
Interest expense	(14,889)	(9,068)	5,821	(39.10%)
Net interest & hiring charges	**13,327**	**17,537**	**4,210**	**31.59%**
Fee and commission income	172	429	257	149.42%
Other operating income	132	163	31	23.48%
Income before operating expenses	**13,631**	**18,129**	**4,498**	**33.00%**
Staff costs	(5,934)	(5,842)	92	(1.55%)
Depreciation of property, plant and equipment	(711)	(958)	(247)	34.74%
Other operating expenses	(4,250)	(3,165)	1,085	(25.53%)
Profit from operations before allowances	**2,736**	**8,164**	**5,428**	**198.39%**
Write back/(Allowances) for impairment losses on loans and advances	1,222	(1,157)	(2,379)	n.m.
Profit before tax	**3,958**	**7,007**	**3,049**	**77.03%**
Tax expense	(634)	(1,151)	(517)	81.55%
Profit after tax	**3,324**	**5,856**	**2,532**	**76.17%**
Weighted average number of ordinary shares ('000)	158,685,890	158,685,890	-	-
Basic EPS (cents)	**2.09**	**3.69**	**1.60**	**76.17%**
Diluted EPS (cents)	**2.09**	**3.69**	**1.60**	**76.17%**
DPS (cents)	**0.00**	**0.00**	**0.00**	**n.m.**
Payout ratio	***0.00%***	***0.00%***	**-**	**-**

Source: SF, FPA

(II) CAPITAL MANAGEMENT

SF's total loans & advances rose by 17.5% to S$1.37 billion in H1 FY2026 from S$1.17 billion in H2 FY2025, as shown in **Exhibit 27**. Customer deposits also increased by 13.6% to S$1.42 billion in H1 FY2026 from S$1.25 billion in H2 FY2025.

Exhibit 27: Summary of SF's Balance Sheet (H1 FY2025 vs H1 FY2026)

	Actual		H2 FY2025 vs H1 FY2026	
S$'000	H2 FY2025 (ended 31 Dec)	H1 FY2026 (ended 30 Jun)	Absolute Change	Change (%)
Loans & advances	1,166,219	1,370,154	203,935	17.49%
Total assets	1,530,047	1,695,385	165,338	10.81%
Deposits and savings accounts of customers	1,245,215	1,415,016	169,801	13.64%
Total liabilities	1,265,864	1,429,915	164,051	12.96%
Equity attributable to owners of the Company	264,183	265,470	1,287	0.49%
No. of shares in issue	158,685,890	158,685,890	-	-
Net asset value per share (S$)	1.66	1.67	0.01	0.60%

Source: SF, FPA

SF's Capital Adequacy Ratio ("CAR") fell to 17.97% in H1 FY2026 from 22.06% in H2 FY2025, as shown in **Exhibit 28**. 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	
	H1 FY2025 (ended 30 June)	H1 FY2026 (ended 30 Jun)
Capital adequacy ratio	22.06%	17.97%

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

MTI noted that the finance & insurance sector grew 6.2% y-o-y in Q2 2026, largely driven by the banking segment's strong credit growth and fee-generating activities. Looking ahead, MTI expects the sector to maintain firm growth momentum, supported by continued credit expansion and growth in domestic and regional economic activity (as referenced on page 4).

Against this backdrop, we assume SF's loan and deposit growth broadly tracks Singapore's economic growth outlook. Specifically, we forecast loan and deposit growth of 5.5% in FY2026, based on the upper end of MTI's GDP growth forecast range, followed by 3.1% growth in FY2027, in line with the MAS Survey of Professional Forecasters (as referenced on page 3).

For interest-earning assets, we assume cash and balances with banks, as well as Singapore Government Securities, remain at H1 FY2026 levels throughout H2 FY2026 and FY2027. We forecast loans and advances to grow by 2.75% in H2 FY2026, based on half of our full-year growth assumption of 5.5%, followed by growth of 3.1% in FY2027. Accordingly, we project loans and advances to increase to S$1.30 billion by FY2026 and S$1.34 billion by FY2027. Consequently, total interest-earning assets are forecast to reach S$1.60 billion in FY2026 and S$1.64 billion in FY2027.

We also forecast deposits and savings accounts of customers to grow in line with loans and advances. Accordingly, deposits and savings accounts of customers are projected to increase to S$1.37 billion by FY2026 and S$1.41 billion by 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		
	H1 FY2026	H2 FY2026	FY2026	FY2027
Average				
Cash & balances with banks	106,130	106,130	106,130	106,130
Growth		*0.00%*		*0.00%*
Singapore Government Securities	189,457	189,457	189,457	189,457
Growth		*0.00%*		*0.00%*
Loans & advances	1,268,187	1,303,062	1,303,062	1,343,457
Growth		*2.75%*		*3.10%*
Average interest-earning assets	**1,563,773**	**1,598,648**	**1,598,648**	**1,639,043**
Growth		***2.23%***		***2.53%***
Average deposits & savings accounts of customers	**1,330,116**	**1,366,694**	**1,366,694**	**1,409,061**
Growth		***2.75%***		***3.10%***

Source: SF, FPA

According to our projections, U.S. interest rates are expected to rise by 25 basis points in September 2026 and fall by 25 basis points in June 2027 (as referenced on page 6). Our projections are summarised in **Exhibit 30**.

Given that SORA is influenced by global interest rate trends, we expect it to rise modestly following the anticipated rate hike in September 2026 before falling slightly in June 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
Jan 2025	4.25%	4.50%	4.38%
Feb 2025	4.25%	4.50%	4.38%
Mar 2025	4.25%	4.50%	4.38%
Apr 2025	4.25%	4.50%	4.38%
May 2025	4.25%	4.50%	4.38%
Jun 2025	4.25%	4.50%	4.38%
Jul 2025	4.25%	4.50%	4.38%
Aug 2025	4.25%	4.50%	4.38%
Sept 2025	**4.00%**	**4.25%**	**4.13%**
Oct 2025	**3.75%**	**4.00%**	**3.88%**
Nov 2025	3.75%	4.00%	3.88%
Dec 2025	**3.50%**	**3.75%**	**3.63%**
2025	-	-	**4.21%**

	Lower bound	Upper bound	Average Rate
Jan 2026	3.50%	3.75%	3.63%
Feb 2026	3.50%	3.75%	3.63%
Mar 2026	3.50%	3.75%	3.63%
Apr 2026	3.50%	3.75%	3.63%
May 2026	3.50%	3.75%	3.63%
Jun 2026	3.50%	3.75%	3.63%
Jul 2026	3.50%	3.75%	3.63%
Aug 2026	3.50%	3.75%	3.63%
Sept 2026	**3.75%**	**4.00%**	**3.88%**
Oct 2026	3.75%	4.00%	3.88%
Nov 2026	3.75%	4.00%	3.88%
Dec 2026	3.75%	4.00%	3.88%
2026	-	-	**3.71%**

	Lower bound	Upper bound	Average Rate
Jan 2027	3.75%	4.00%	3.88%
Feb 2027	3.75%	4.00%	3.88%
Mar 2027	3.75%	4.00%	3.88%
Apr 2027	3.75%	4.00%	3.88%
May 2027	3.75%	4.00%	3.88%
Jun 2027	**3.50%**	**3.75%**	**3.63%**
Jul 2027	3.50%	3.75%	3.63%
Aug 2027	3.50%	3.75%	3.63%
Sept 2027	3.50%	3.75%	3.63%
Oct 2027	3.50%	3.75%	3.63%
Nov 2027	3.50%	3.75%	3.63%
Dec 2027	3.50%	3.75%	3.63%
2027	-	-	**3.73%**

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

	H1 FY2026	H2 FY2026	FY2026	FY2027
Average Fed Funds Rate	3.63%	3.79%	3.71%	3.73%
Proportion of (decline)/increase		*4.60%*		*0.56%*

Source: US Federal Reserve, FPA

We then calculated the proportionate impact that potential U.S. rate hikes could have on SORA, as shown in **Exhibit 32**. The SORA level on 30 June 2026 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

	30 Jun 2026	H2 FY2026	FY2026	FY2027
3-Month Compounded SORA	1.08%	1.13%	1.13%	1.14%
Proportion of (decline)/increase		*4.60%*		*0.56%*

Source: MAS, FPA

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

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

	Actual	Forecast		
	H1 FY2026	H2 FY2026	FY2026	FY2027
SF asset yield (annualised)	3.40%	3.56%	3.56%	3.58%
Proportion of (decline)/increase		*4.60%*		*0.56%*
SF cost of funds (annualised)	(1.36%)	(1.43%)	(1.43%)	(1.43%)
Proportion of (decline)/increase		*4.60%*		*0.56%*

Source: SF, FPA

Based on our assumptions for asset yields, funding costs and balance sheet growth, we forecast net interest income to reach S$18.7 million in H2 FY2026, bringing FY2026 net interest income to S$36.2 million. We further project net interest income to increase to S$37.3 million in FY2027.

Net interest margin is forecasted to be 2.27% in FY2026 and 2.27% in FY2027.

Our projections are summarised in **Exhibit 34**.

Exhibit 34: Forecasted Net Interest Margin for FY2026 and FY2027

	Actual	Forecast		
S$'000	H1 FY2026	H2 FY2026	FY2026	FY2027
Average interest-earning assets	1,563,773	1,598,648	1,598,648	1,639,043
Interest income & hiring charges	26,605	28,449	55,054	56,762
Asset yield (annualised)	**3.40%**	**3.56%**	**3.44%**	**3.46%**
Proportion of (decline)/increase		*4.60%*		*0.56%*
Average deposits & savings accounts of customers	1,330,116	1,366,694	1,366,694	1,409,061
Interest expense	(9,068)	(9,746)	(18,814)	(19,506)
Cost of funds (annualised)	**(1.36%)**	**(1.43%)**	**(1.38%)**	**(1.38%)**
Proportion of (decline)/increase		*4.60%*		*0.56%*
Average interest-earning assets	1,563,773	1,598,648	1,598,648	1,639,043
Net interest income & hiring charges	17,537	18,703	36,240	37,256
Net interest margin (annualised)	**2.24%**	**2.34%**	**2.27%**	**2.27%**

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 H1 FY2026 levels in H2 FY2026. Thereafter, we expect both income streams to remain broadly unchanged in FY2027.

As a result, income before operating expenses is projected to be S$37.4 million in FY2026 and S$38.4 million in FY2027.

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

Exhibit 35: Forecasted Income before Operating Expenses for FY2026 and FY2027

S$'000	Actual	Forecast		
	H1 FY2026	H2 FY2026	FY2026	FY2027
Net interest & hiring charges	17,537	18,703	36,240	37,256
Fee & commission income	429	429	858	858
Other operating income	163	163	326	326
Income before operating expenses	**18,129**	**19,295**	**37,424**	**38,440**

Source: SF, FPA

Staff costs:

We project staff costs to remain at H1 FY2026 levels in H2 FY2026. Accordingly, staff costs are forecast to reach S$11.7 million in FY2026. For FY2027, we project staff costs to increase by 4.0%, in line with WTW[1]'s forecast for salary growth in 2027. As a result, staff costs are expected to rise to S$12.2 million in FY2027.

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

Exhibit 36: Forecasted Staff Costs for FY2026 and FY2027

S$'000	Actual	Forecast		
	H1 FY2026	H2 FY2026	FY2026	FY2027
Staff costs	(5,842)	(5,842)	(11,684)	(12,151)
Growth				*4.00%*

Source: SF, FPA

[1] Willis Towers Watson is a British American multinational advisory, broking and solutions company. Its operations span commercial insurance brokerage and risk advisory, employee benefits and rewards consulting, retirement and actuarial services, and investment advice for pension funds and institutional investors.

Depreciation of PP&E:

We project depreciation of PP&E to remain at H1 FY2026 levels in H2 FY2026. Accordingly, depreciation of PP&E are forecast to reach S$1.9 million in FY2026, and we expect it to remain broadly stable in FY2027.

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

Exhibit 37: Forecasted Depreciation of PP&E for FY2026 and FY2027

	Actual	Forecast		
S$'000	H1 FY2026	H2 FY2026	FY2026	FY2027
Depreciation of property, plant and equipment	(958)	(958)	(1,916)	(1,916)

Source: SF, FPA

Other operating expenses:

We project other operating expenses to remain at H1 FY2026 levels in H2 FY2026. Accordingly, other operating expenses are forecast to reach S$6.3 million in FY2026, and we expect it to remain broadly stable in FY2027.

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

Exhibit 38: Forecasted Other Operating Expenses for FY2026 and FY2027

	Actual	Forecast		
S$'000	H1 FY2026	H2 FY2026	FY2026	FY2027
Other operating expenses	(3,165)	(3,165)	(6,330)	(6,330)

Source: SF, FPA

Profit from operations before allowances:

Profit from operations before allowances is projected to reach S$9.3 million in H2 FY2026, S$17.5 million in FY2026, and S$18.0 million in FY2027, as shown in **Exhibit 39**.

Exhibit 39: Forecasted Profit from Operations before Allowances for FY2026 and FY2027

S$'000	Actual	Forecast		
	H1 FY2026	H2 FY2026	FY2026	FY2027
Income before operating expenses	18,129	19,295	37,424	38,440
Staff costs	(5,842)	(5,842)	(11,684)	(12,151)
Depreciation of property, plant and equipment	(958)	(958)	(1,916)	(1,916)
Other operating expenses	(3,165)	(3,165)	(6,330)	(6,330)
Profit from operations before allowances	**8,164**	**9,330**	**17,494**	**18,043**

Source: SF, FPA

Impairment losses/write backs:

In H1 FY2026, SF recorded an allowance for impairment losses of S$1.2 million. This was largely attributable to higher allowances on credit-impaired loans and lower write-backs on non-credit-impaired loans.

For H2 FY2026, we forecast an impairment charge of S$1.2 million, consistent with the level recorded in H1 FY2026. Our forecast adopts a conservative stance, reflecting the potential for elevated credit costs amid continued loan book expansion. As a result, we project total allowances for impairment losses of S$2.3 million in FY2026 and maintain the same level in FY2027, as we expect credit provisioning requirements to remain elevated.

Our projections are summarised in **Exhibit 40**.

Exhibit 40: Forecasted Allowance for Impairment Losses on Loans and Advances for FY2026 and FY2027

S$'000	Actual					Forecast		
	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025	H1 FY2026	H2 FY2026	FY2026	FY2027
Write back/(Allowances) for impairment losses on loans and advances	(715)	221	1,222	(640)	(1,157)	(1,157)	(2,314)	(2,314)

Source: SF, FPA

Profit before tax:

Given the above projections, we project profit before tax to be S$8.2 million in H2 FY2026, S$15.2 million in FY2026 and S$15.7 million in FY2027, as shown in **Exhibit 41**.

Exhibit 41: Forecasted Profit before Tax for FY2026 and FY2027

	Actual	Forecast		
S$'000	H1 FY2026	H2 FY2026	FY2026	FY2027
Profit from operations before allowances	8,164	9,330	17,494	18,043
Allowances for impairment losses on loans and advances	(1,157)	(1,157)	(2,314)	(2,314)
Profit before tax	**7,007**	**8,173**	**15,180**	**15,729**

Source: SF, FPA

Profit after tax:

We assume a tax rate of 17% for H2 FY2026 & FY2027, in line with Singapore's corporate income tax rate. Profit after tax is projected to reach S$6.8 million in H2 FY2026, S$12.6 million in FY2026, and S$13.1 million in FY2027, as shown in **Exhibit 42**.

Exhibit 42: Forecasted Profit after Tax for FY2026 and FY2027

	Actual	Forecast		
S$'000	H1 FY2026	H2 FY2026	FY2026	FY2027
Profit before tax	7,007	8,173	15,180	15,729
Tax expense	(1,151)	(1,389)	(2,540)	(2,674)
Profit after tax	**5,856**	**6,784**	**12,640**	**13,055**
Effective tax rate	*(16.43%)*	*(17.00%)*	*(16.74%)*	*(17.00%)*

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 4.28 cents in H2 FY2026 and 7.97 cents in FY2026 and 8.23 cents in FY2027, as shown in **Exhibit 43**.

Exhibit 43: Forecasted EPS for FY2026 and FY2027

S$'000	Actual	Forecast		
	H1 FY2026	H2 FY2026	FY2026	FY2027
Profit after tax	5,856	6,784	12,640	13,055
Weighted average number of ordinary shares	158,685,890	158,685,890	158,685,890	158,685,890
Basic & diluted EPS (cents)	3.69	4.28	7.97	8.23

Source: SF, FPA

Dividend per share ("DPS"):

SF does not maintain a fixed dividend payout ratio. Instead, the company seeks to provide shareholders with sustainable dividend returns over the long term. Accordingly, we project a payout ratio of 60.3% in FY2026 and 60.8% in FY2027. Based on these assumptions, we forecast DPS of 4.80 cents in FY2026 and 5.00 cents in FY2027. Given that no interim dividend was declared for H1 FY2026, we expect SF to declare a final dividend of 4.80 cents in H2 FY2026.

Our dividend projections are shown in **Exhibit 44**.

Exhibit 44: Forecasted DPS for FY2026 and FY2027

S$ cents	Actual			Forecast	
	FY2023	FY2024	FY2025	FY2026	FY2027
Basic & diluted EPS	3.88	3.84	5.77	7.97	8.23
Dividends	3.00	3.00	3.50	4.80	5.00
Payout ratio	*77.33%*	*78.12%*	*60.69%*	*60.26%*	*60.78%*

Source: SF, FPA

Our projections are summarised in **Exhibit 45**.

Exhibit 45: 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	55,054	56,762
Interest expense	(26,144)	(30,723)	(27,506)	(18,814)	(19,506)
Net interest & hiring charges	**22,006**	**23,248**	**29,236**	**36,240**	**37,256**
Fee and commission income	478	542	461	858	858
Other operating income	453	441	371	326	326
Income before operating expenses	**22,937**	**24,231**	**30,068**	**37,424**	**38,440**
Staff costs	(8,326)	(9,352)	(10,685)	(11,684)	(12,151)
Depreciation of property, plant and equipment	(1,402)	(1,415)	(1,891)	(1,916)	(1,916)
Other operating expenses	(5,634)	(5,633)	(7,091)	(6,330)	(6,330)
Profit from operations before allowances	**7,575**	**7,831**	**10,401**	**17,494**	**18,043**
Allowances for impairment losses on loans and advances	(54)	(494)	582	(2,314)	(2,314)
Profit before tax	**7,521**	**7,337**	**10,983**	**15,180**	**15,729**
Tax expense	(1,365)	(1,243)	(1,832)	(2,540)	(2,674)
Profit after tax	**6,156**	**6,094**	**9,151**	**12,640**	**13,055**
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**	**7.97**	**8.23**
Diluted EPS (cents)	**3.88**	**3.84**	**5.77**	**7.97**	**8.23**
Dividend per share (cents)	**3.00**	**3.00**	**3.50**	**4.80**	**5.00**
Payout ratio	***77.33%***	***78.12%***	***60.69%***	***60.26%***	***60.78%***

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 46**.

Exhibit 46: Peer Comparison Analysis

Company	Currency	Stock Symbol	Price (S$) as at 11 Sept '26	Market Cap (S$ million)	Diluted EPS (cents)[1]	P/E	DPS (cents)[2]	Dividend Yield (%)	NAV per share (S$)[3]	P/B
Singapura Finance	SGD	S23	0.790	125.36	7.36	10.73	3.50	4.43%	1.67	0.47
Peer companies:										
Hong Leong Finance	SGD	S41	2.470	1,115.97	14.56	16.97	9.00	3.64%	4.72	0.52
Sing Investments & Finance	SGD	S35	1.560	368.84	19.46	8.02	7.50	4.81%	2.14	0.73
IFS Capital	SGD	I49	0.160	62.04	1.25	12.80	0.80	5.00%	0.47	0.34
Peer average:		-	-	-	-	**12.60**	-	**4.48%**	-	**0.53**

(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 46**, SF is currently trading at a P/E multiple of 10.73x which is lower than the peer average P/E of 12.60x. This suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S$0.927 if SF is to trade at the peer average P/E of 12.60x as follows:

$$\begin{aligned}\text{Estimated target price (P/E multiple)} \quad &= \text{Peer average P/E} \times \text{TTM diluted EPS}\\ &= 12.60 \times \text{S\$}0.0736\\ &\approx \text{S\$}0.927\end{aligned}$$

The estimated target price of S$0.927 represents an upside potential of 17.4% from the current share price of S$0.790.

(b) P/B multiple

Based on the results in **Exhibit 46**, SF is currently trading at a P/B multiple of 0.47x which is lower than the peer average P/B of 0.53x. This suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S$0.886 if SF is to trade at the peer average P/B of 0.53x as follows:

$$\begin{aligned}\text{Estimated target price (P/B multiple)} \quad &= \text{Peer average P/B} \times \text{NAV per share}\\ &= 0.53 \times \text{S\$}1.67\\ &\approx \text{S\$}0.886\end{aligned}$$

The estimated target price of S$0.886 represents an upside potential of 12.1% from the current share price of S$0.790.

(c) Dividend yield

Based on the results in **Exhibit 46**, SF's current dividend yield of 4.43% is less attractive than the peer average yield of 4.48%, which suggests that SF is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S$0.781 if SF is to trade at the peer average yield of 4.48% as follows:

$$\text{Estimated target price (Dividend yield)} = \frac{\text{Current yield}}{\text{Peer average yield}} \times \text{Current share price}$$

$$= \frac{4.43\%}{4.48\%} \times \text{S\$0.790}$$

$$\approx \text{S\$0.781}$$

The estimated target price of S$0.781 represents a downside potential of 1.2% from the current share price of S$0.790.

(d) Target price

From our analysis, SF seems to be undervalued in terms of its P/E multiple, P/B multiple but overvalued in terms of its 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$0.865 as follows:

$$\text{Overall target price} = \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \text{Estimated target price (Dividend yield)}]$$

$$= \frac{1}{3} \times [\text{S\$0.927} + \text{S\$0.886} + \text{S\$0.781}]$$

$$\approx \text{S\$0.865}$$

The overall target price of S$0.865 represents an upside potential of 9.4% from the current share price of S$0.790.

(II) PRIVATISATION OFFER

We also consider the possibility of a privatisation of SF.

Based on the shareholdings disclosed in the 2025 AR, we estimate that the Teo family, through the Estate of Teo Chiang Long, the former Chairman of SF, holds a total interest of 52.35% in the company, as shown in **Exhibit 47**.

Exhibit 47: Substantial Shareholders and Disclosed Interests

Substantial shareholders	Direct interest		Deemed interest		Total interest		As at
	No. of shares	%	No. of shares	%	No. of shares	%	
See Hoy Chan (1988) Pte Ltd ("See Hoy Chan")	74,442,000	46.91%	-	-	74,442,000	46.91%	17 Mar '26
Teo Soo Chuan Pte Ltd	106,874	0.07%	74,442,000	46.91%	74,548,874	46.98%	17 Mar '26
Teo Hang Sam Realty Sdn Bhd	8,379,000	5.28%	-	-	8,379,000	5.28%	17 Mar '26
Teo Soo Chuan (M) Sdn Bhd	-	-	8,379,000	5.28%	8,379,000	5.28%	17 Mar '26
Estate of Goh Siok Cheng, Deceased ("Goh Siok Cheng")	-	-	82,927,874	52.26%	82,927,874	52.26%	17 Mar '26
Estate of Teo Chiang Long, Deceased ("Teo Chiang Long")	133,872	0.08%	82,933,496	52.26%	83,067,368	52.35%	17 Mar '26

Source: SF, FPA

We further note that:

- SF is currently trading at a P/B of 0.47x, representing a discount of approximately 53% to its NAV
- Cash & balances with banks stood at S$100.6 million as at 30 June 2026
- SF's market capitalisation was S$125.4 million as at 11 September 2026

Given these factors, we believe there is a possibility that the Teo family may consider privatising SF.

Based on our estimates, the Teo family currently holds a 52.35% interest in SF and would therefore need to acquire the remaining 47.65% stake to take the company private. Based on SF's market capitalisation of was S$125.4 million, the acquisition of the remaining stake would imply a consideration of approximately S$59.8 million (was S$125.4 million × 47.65%).

To estimate a potential privatisation offer price, we reviewed privatisation offers for SGX-listed companies over the last twelve months, as shown in **Exhibit 48**. We note that the average offer premium was 20.7%.

Exhibit 48: Privatisation Offers for SGX-listed Companies

Target	Code	Acquirer	Currency	Last undisturbed price		Offer price	Price
				Date	Price	per share	premium
OUE Healthcare Limited	5WA	Treasure International Holdings Pte. Ltd.	SGD	21 Aug 2026	0.039	0.05	28.2%
Avarga Limited	X5N	TKO Pte. Ltd.	SGD	12 Mar 2026	2.35	2.7	14.9%
Alpha Integrated Reit Management Pte. Ltd.	M1GU	Mindarie Investment Pte. Ltd.	SGD	22 Dec 2025	0.47	0.48	2.1%
Low Keng Huat (Singapore) Limited	F1E	Consistent Record Pte. Ltd.	SGD	28 Nov 2025	0.615	0.78	26.8%
Shengrong Holding Ltd.	P74	Hong Kong Sheng Yuan Holding Co., Limited	HKD	17 Oct 2025	0.228	0.265	16.2%
Bromat Holdings Ltd	9I7	Mr. Frank Liu Tao	SGD	6 Oct 2025	0.027	0.031	14.8%
AF Global Limited	L38	AFG Investment Pte. Ltd.	SGD	29 Sept 2025	0.089	0.11	23.6%
Evologic International Limited	1H2	Advansory Investment Pte. Ltd.	SGD	29 Sept 2025	0.112	0.12	7.1%
Mandarin Oriental International Ltd	M04	Jardine Strategic Limited	USD	29 Sept 2025	2.2	3.35	52.3%
Average							**20.7%**

Note: "Last undisturbed price" based on last available share price before takeover announcement.
Source: respective companies, FPA

Applying the average privatisation premium of 20.7% to SF's share price of S$0.790 implies a potential offer price of approximately S$0.954 per share (S$0.790 × 120.7%). At this offer price, the implied cost of acquiring the remaining 47.65% stake would be approximately S$72.2 million (S$59.8 million × 120.7%).

POTENTIAL CATALYSTS

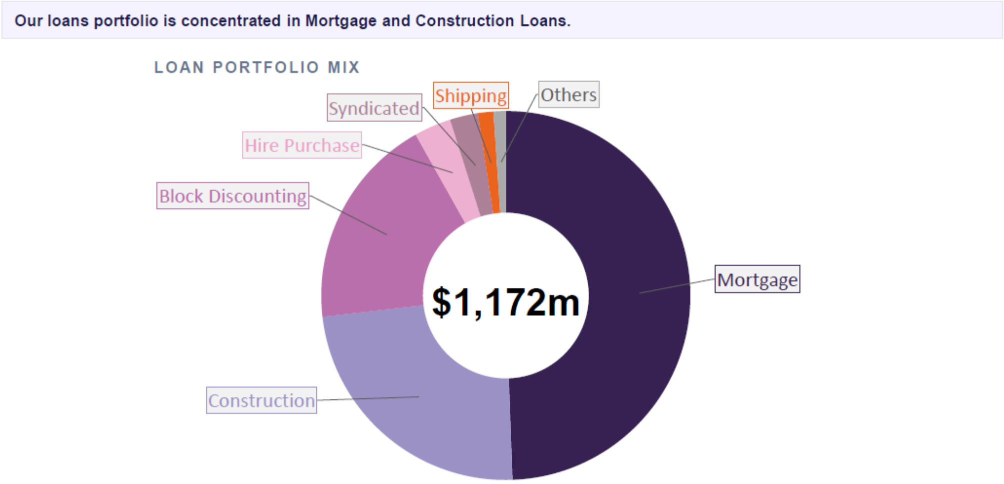
(I) BETTER-THAN-EXPECTED ECONOMIC GROWTH IN SINGAPORE

Singapore's economy expanded by 5.9% y-o-y in Q2 2026, supported by the strong performance of the manufacturing, wholesale trade, and finance & insurance sectors. Looking ahead, MTI has raised its 2026 GDP growth forecast to 4.5%-5.5% from 2.0%-4.0%. Should Singapore's economic growth exceed the revised forecast, business and consumer confidence could improve further, encouraging higher spending and investment activity. This could, in turn, drive stronger demand for loans from both consumers and businesses, supporting loan growth and higher interest income for SF.

(II) FASTER-THAN-EXPECTED LOAN GROWTH

In H1 FY2026, loans & advances grew 17.5% to S$1.37 billion as at 30 June 2026 from S$1.17 billion as at 31 December 2025. Should loan demand prove stronger than expected, particularly within the mortgage and construction loan segments which account for a significant portion of SF's loan portfolio (as shown in **Exhibit 49**), loan growth could exceed our forecasts. This would support higher interest income and earnings growth.

Exhibit 49: FY2025 Loan Portfolio Composition



Source: SF

(III) LOWER-THAN-EXPECTED CREDIT DEFAULTS

In H1 FY2026, SF recorded a net allowance for impairment losses of S$1.2 million, largely attributable to higher allowances on credit-impaired loans and lower write-backs on non-credit-impaired loans. Should credit quality improve, SF could record write-backs on loan loss allowances, which would support higher profitability.

INVESTMENT RECOMMENDATION

Despite a lower interest rate environment, SF delivered a strong set of H1 FY2026 results, with net interest margin expanding to 2.24% from 1.99% in H1 FY2025 and net profit rising 76.2% y-o-y to S$5.9 million. The improved performance demonstrates management's ability to grow the loan book while effectively managing funding costs. Looking ahead, we expect continued loan growth, supported by Singapore's favourable economic outlook, which should underpin further growth in net interest income and earnings.

Based on the peer average P/E multiple of 12.60x and TTM diluted EPS of 7.36 cents, we estimate a target price of S$0.927. Based on the peer average P/B multiple of 0.53x and NAV per share of S$1.67, we estimate a target price of S$0.886. Based on the peer average yield of 4.48% and current dividend yield of 4.43%, we estimate a target price of S$0.781. By averaging the estimated target prices, we derive an overall target price of S$0.865 as follows:

$$\begin{aligned}\text{Overall target price} \quad &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$}0.927 + \text{S\$}0.886 + \text{S\$}0.781] \\ &\approx \text{S\$}0.865\end{aligned}$$

The target price of S$0.865 represents an upside potential of 9.4% from the current share price of S$0.790. 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 20.7%, which would value SF’s shares at approximately S$0.954 (S$0.790 × 120.7%).

We adopt S$0.865 as our final target price, as it represents our assessment of SF’s fair value relative to its listed peers. While a potential privatisation remains speculative at this stage, it could provide additional upside. Further upside potential may also be supported by catalysts such as better-than-expected economic growth in Singapore, faster-than-expected loan growth, and lower-than-expected credit defaults. Nevertheless, with our target price implying an upside of 9.4% from the current share price, we maintain a Hold recommendation on SF.

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

RISKS TO TARGET PRICE

(I) ESCALATING MIDDLE EAST CONFLICT

According to the Financial Times, oil prices rose above US$100 per barrel for the first time since July on 9 September 2026, following an escalation of hostilities in the Middle East that heightened concerns over global oil supplies. Brent crude increased by as much as 3.7% to reach US$101.55 per barrel. The latest escalation comes amid growing concerns among market participants that a drawdown in strategic petroleum reserves could lead to renewed supply tightness in global oil markets.

Sustained geopolitical tensions and higher energy prices could exacerbate inflationary pressures, weakening consumer and business confidence. As a result, households and businesses may defer discretionary spending and investment decisions, leading to weaker borrowing demand. This could dampen loan growth and, consequently, slow the growth of SF's interest income.

(II) REGULATORY RISK

As at H1 FY2026, SF's CAR stood at 17.97%, comfortably above the regulatory minimum requirement of 10.0% imposed by MAS. CAR serves as an important measure of a finance company's ability to absorb potential losses, particularly during periods of economic or financial stress.

Should MAS raise the minimum CAR requirement for finance companies, SF may be required to maintain a larger capital buffer to support its lending activities. This could constrain the pace of loan book expansion, resulting in slower loan growth and, consequently, weaker growth in interest income.

(III) RISE IN CREDIT DEFAULTS

A deterioration in credit quality remains a key risk for SF. Should economic conditions weaken or borrowers face difficulties servicing their debt obligations, the company may be required to increase provisions for impairment losses on its loan portfolio. Higher credit provisioning would directly reduce profitability and could weigh on earnings growth.

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