

FINANCIAL SERVICES EQUITY RESEARCH

SINGAPURA FINANCE LTD

SGX: S23

Bloomberg: SBD:SP

ISIN code: SG1M01001924

Country: Singapore

Industry: Financial Services

12 September 2025

RECOMMENDATION: HOLD

Current price: S\$0.770

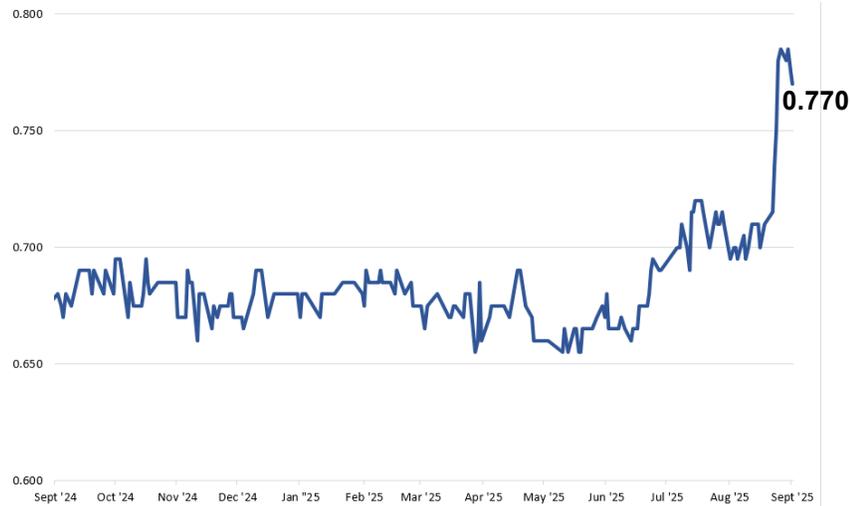
Target price: S\$0.829

Issued shares: 158.7 million (30 June 2025)

Market capitalisation: S\$122.2 million

52-week range: S\$0.655 – S\$0.785

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 as an "Exempt Capital Markets Services Entity". The firm is licensed to provide "Product Financing" and "Providing Custodial Services". 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 30th June 2025, SF has total assets of approximately S\$1.45 billion and deposits & savings accounts of customers of S\$1.17 billion.

SUMMARY

For the six months ended 31 June 2025 (1H FY2025), SF's revenue rose by 8.8% from S\$25.9 million in 1H FY2024 to S\$28.2 million in 1H FY2025. Net interest income rose by 18.9% from S\$11.2 million in 1H FY2024 to S\$13.3 million in 1H FY2025 mainly attributed to loan growth, coupled with lower cost of funds amidst a declining interest rate environment. Net profit for the period rose by 20.5% from S\$2.8 million in 1H FY2024 to S\$3.3 million in 1H FY2025. Basic and diluted Earnings Per Share ("EPS" in cents) rose by 20.5% from 1.74 in 1H FY2024 to 2.09 in 1H FY2025. In 1H FY2025, SF declared a Dividend Per Share ("DPS") of 3 cents.

RECOMMENDATION

Based on the peer average P/E multiple of 15.51x and Trailing Twelve-Month ("TTM") diluted EPS (cents) of 4.20, we estimate a target price of S\$0.651. Based on the peer average P/B multiple of 0.59x and NAV per share of S\$1.62, we estimate a target price of S\$0.955. Based on the peer average yield of 3.40% and TTM DPS (cents) of 3.00, we estimate a target price of S\$0.882. By averaging the estimated target prices, we derive a target price of S\$0.829. The overall target price of S\$0.829 represents an upside potential of 7.7% from the current share price of S\$0.770.

While the company demonstrates a solid liquidity position and a long-standing presence in Singapore's financial landscape, it continues to face challenges that limit near-term upside. SF has struggled to gain market share in a highly competitive environment, particularly against larger players. To remain competitive, it has had to offer more attractive deposit rates, which has led to rising interest expenses and pressure on net interest margins. This dynamic is likely to persist, especially in a low-rate environment where lending yields may decline further.

Nonetheless, the company's robust capital adequacy and liquidity position provide resilience against macroeconomic shocks, allowing it to weather potential downturns. Additionally, there remains speculative upside from potential privatisation offers by the Teo family, which could act as a catalyst for share price appreciation. If the Teo family were to make a privatisation offer, there could be a potential premium of 33.7%, based on recent privatisation offers for SGX-listed companies. This would bring the share price to S\$1.029 (S\$0.770 × 133.7%). Further upside could be driven by macroeconomic improvements, including the unwinding of U.S. tariffs, sustained demand for COEs in Singapore, and stronger domestic economic growth. However, risks remain from a potentially prolonged weakness in the job market, rising credit default risks, and possible economic slowdown in Singapore. Taking all factors into account, we believe the stock is fairly valued at current levels and recommend a hold.

KEY FINANCIALS	Revenue	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)
2023 Actual	48.2	6.2	3.9	17.65	3.0	4.38%	1.6	0.43
2024 Actual	54.0	6.1	3.8	17.84	3.0	4.38%	1.6	0.43
2025 Projection	55.5	5.7	3.6	21.51	3.0	3.90%	-	-
2026 Projection	50.2	4.6	2.9	26.74	3.0	3.90%	-	-

Figures have been rounded. P/E, P/B and dividend yield are based on the current share price of S\$0.770. FY2023 & FY2024 PE, PB and dividend yield are based on the share price after the release of their financial results.

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

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

Source: SF, FPA

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COMPANY OVERVIEW

(I) CORPORATE PROFILE

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SF is a firm licensed by the Monetary Authority of Singapore (“MAS”) as an “Exempt Capital Markets Services Entity”. The firm is licensed to provide “Product Financing” and “Providing Custodial Services”. 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 30th June 2025, SF has total assets of approximately S\$1.45 billion and deposits & savings accounts of customers of S\$1.17 billion.

(II) OPERATIONS

SF’s core business involves taking deposits and lending them out to consumers and corporations.

The services provided by SF are shown in **Exhibit 1**.

Exhibit 1: Services provided by Singapura Finance

Services

Personal Savings

- Vivid Savings Account
- Vivid Fixed Deposit
- Singapura Blue Sky Junior Savers Savings Account
- Singapura Blue Sky Adult Savers Savings Account
- Singapura Blue Sky Gold Savers Savings Account
- Singapura Blue Sky Fixed Deposit

Corporate Deposit

- Fixed Deposit
- Business Account (Current Account)

Consumer Loan

- Purchase of HDB apartments
- Purchase of Private Residential property
- Purchase of Commercial and Industrial property
- Purchase of Share and for Share Trading
- Purchase of Motor Car and Motor Cycles
- Purchase of Commercial Vehicle
- Purchase of Pleasure Craft

Source: SF, FPA

Corporate Loan

- Purchase of Equipment and Machinery
- Purchase of Motor Vehicle
- Purchase of Commercial and Industrial Property
- Land and Construction Loan
- Vessel Loan
- Block Discounting/Floor Stock for Bikes/Commercial/ Passenger Vehicles Loans
- Unsecured Working Capital Loan for Medical Practitioner
- Purchase of Electric Vehicle and Financing of Sustainable/Green Equipment
- Business Loans (Secured and Unsecured)
- Syndicated Loans

Other Services

- Safe Deposit Boxes (City HQ* & Bedok Customer Centre)
- * Safe Deposit Box Service at City HQ will cease on 31 May 2025

SF has seven customer centres located in Singapore. The locations of the customer centres are shown in **Exhibit 2**.

Exhibit 2: Locations of Customer Centres

Customer Centres

City HQ

150 Cecil Street, #01-00
Singapore 069543
Tel: 6880 0633

Ang Mo Kio

Blk 711 Ang Mo Kio Ave 8 #01-3501D
Singapore 560711
Tel: 6458 4222

Serangoon

Blk 101 Towner Road #01-230
Singapore 322101
Tel: 6299 8855

East Coast

212 East Coast Road
Singapore 428911
Tel: 6348 8262

Jurong Gateway

Blk 130 Jurong Gateway Road #01-227
Singapore 600130
Tel: 6467 1918

Woodlands

302 Woodlands Street 31 #01-271
Singapore 730302
Tel: 6368 0113

Bedok

Blk 202 Bedok North Street 1 #01-471
Singapore 460202
Tel: 6445 8011

Source: SF, FPA

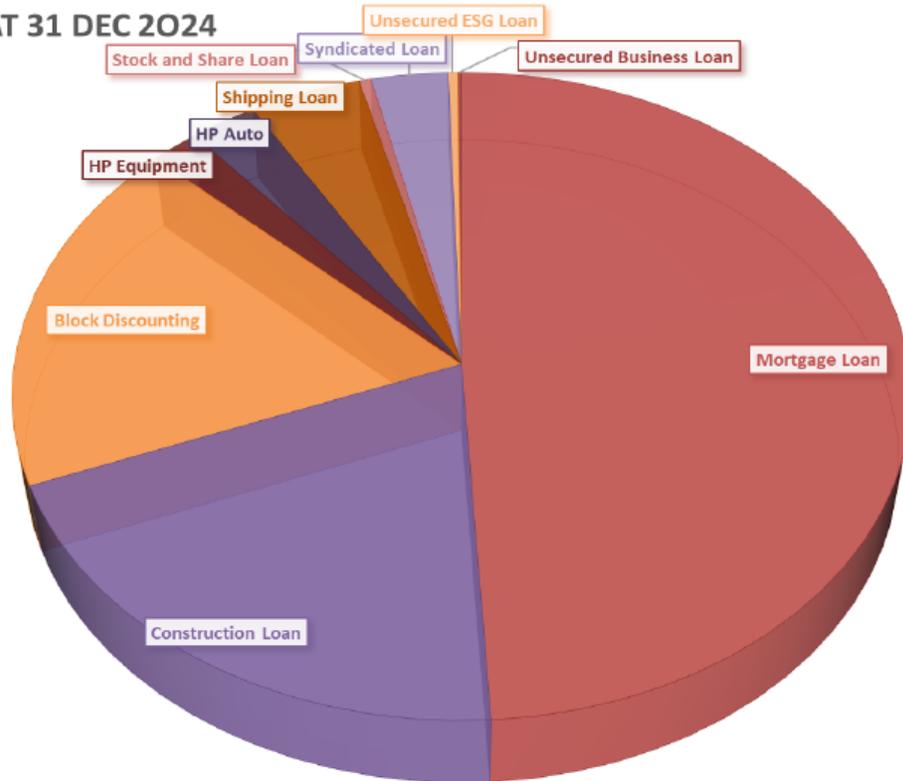
(III) OVERVIEW OF SF'S LOAN PORTFOLIO

In the most recent Annual General Meeting (“AGM”) presentation, SF showed the breakdown of its loan portfolio as shown in **Exhibit 3**.

Based on our estimates¹, mortgage loans account for 48.5% of the loan portfolio, construction loans make up 20.6%, and block discounting represents 15.2%. Block discounting refers to financing solutions commonly used by automotive dealers.

Exhibit 3: Loan Portfolio as at 31st December 2024

LOANS PORTFOLIO AS AT 31 DEC 2024



Source: SF, FPA

¹ As estimated using Plot Digitizer, an online tool that allows one to estimate values from charts (e.g., pie charts).

(IV) SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The substantial shareholders are summarised in **Exhibit 4**.

Exhibit 4: Substantial Shareholders

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	46.9%	-	-	74,442,000	46.9%	18 Mar '25
Teo Soo Chuan Pte Ltd	106,874	0.1%	74,442,000	46.9%	74,548,874	47.0%	18 Mar '25
Teo Hang Sam Realty Sdn Bhd	8,379,000	5.3%	-	-	8,379,000	5.3%	18 Mar '25
Teo Soo Chuan (M) Sdn Bhd	-	-	8,379,000	5.3%	8,379,000	5.3%	18 Mar '25
Estate of Goh Siok Cheng, Deceased ("Goh Siok Cheng")	142,500	0.1%	82,927,874	52.3%	83,070,374	52.3%	18 Mar '25
Estate of Teo Chiang Long, Deceased ("Teo Chiang Long")	5,622	0.004%	82,933,496	52.3%	82,939,118	52.3%	18 Mar '25

Source: SF, FPA

Teo Chiang Long, the former Chairman of SF, holds the largest total interest of 52.3% in SF as at 18th March 2025.

As at 18th March 2025, all substantial shareholders are, in one way or another, related to Dato' Teo Hang Sam, founder of See Hoy Chan. The relationships are as follows:

- See Hoy Chan: Holding company of the Teo Family; founded by Dato' Teo Hang Sam
- Teo Soo Chuan: Real estate company named after Teo Soo Chuan, son of Dato' Teo Hang Sam
- Teo Hang Sam Realty Sdn Bhd: Property company owned by the Teo Family
- Teo Soo Chuan (M) Sdn Bhd: Investment holding company owned by the Teo Family
- Goh Siok Cheng: Wife of Teo Soo Chuan
- Teo Chiang Long: Son of Teo Soo Chuan; former Chairman of SF

Approximately 47.6% of the issued ordinary shares of the company are held by the public.

MARKET OUTLOOK

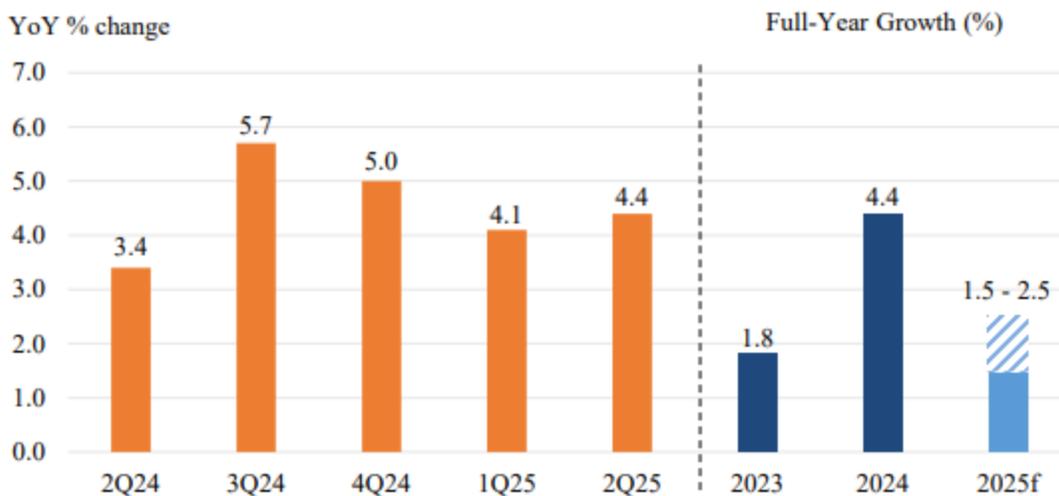
With SF being a Singapore-based financial services firm, it is important to consider the macro-outlook of the country. Economic health and interest rates will determine net interest income.

(I) SINGAPORE ECONOMY

On 12th August 2025, the Ministry of Trade and Industry (“MTI”) announced that it has upgraded Singapore’s GDP growth forecast for 2025 from 0.0%–2.0% to 1.5%–2.5%. As mentioned by MTI, the upgrade reflects the better-than-expected performance of the Singapore economy in the first half of 2025. However, the economic outlook for the rest of the year remains clouded by uncertainty.

In Q2 2025, the Singapore economy grew by 4.4% year-on-year (“y-o-y”), extending the 4.1% growth in Q1 2025 as shown in **Exhibit 5**. This growth was primarily driven by wholesale trade, manufacturing, finance & insurance, and transportation & storage sectors. The wholesale trade and transportation & storage sectors were boosted by front-loading activities ahead of the implementation of US tariff measures.

Exhibit 5: Singapore’s Real GDP Growth



Source: MTI

In particular, the finance & insurance sector expanded by 4.2% y-o-y in Q2 2025, as noted by MTI. This rise extends the 4.1% gain in Q1 2025.

MTI forecasted that the growth in the finance & insurance sector would likely be dampened by weaker credit demand and lower payment transaction volumes due to fragile business and tepid consumer spending.

(II) SINGAPORE'S REAL ESTATE MARKET

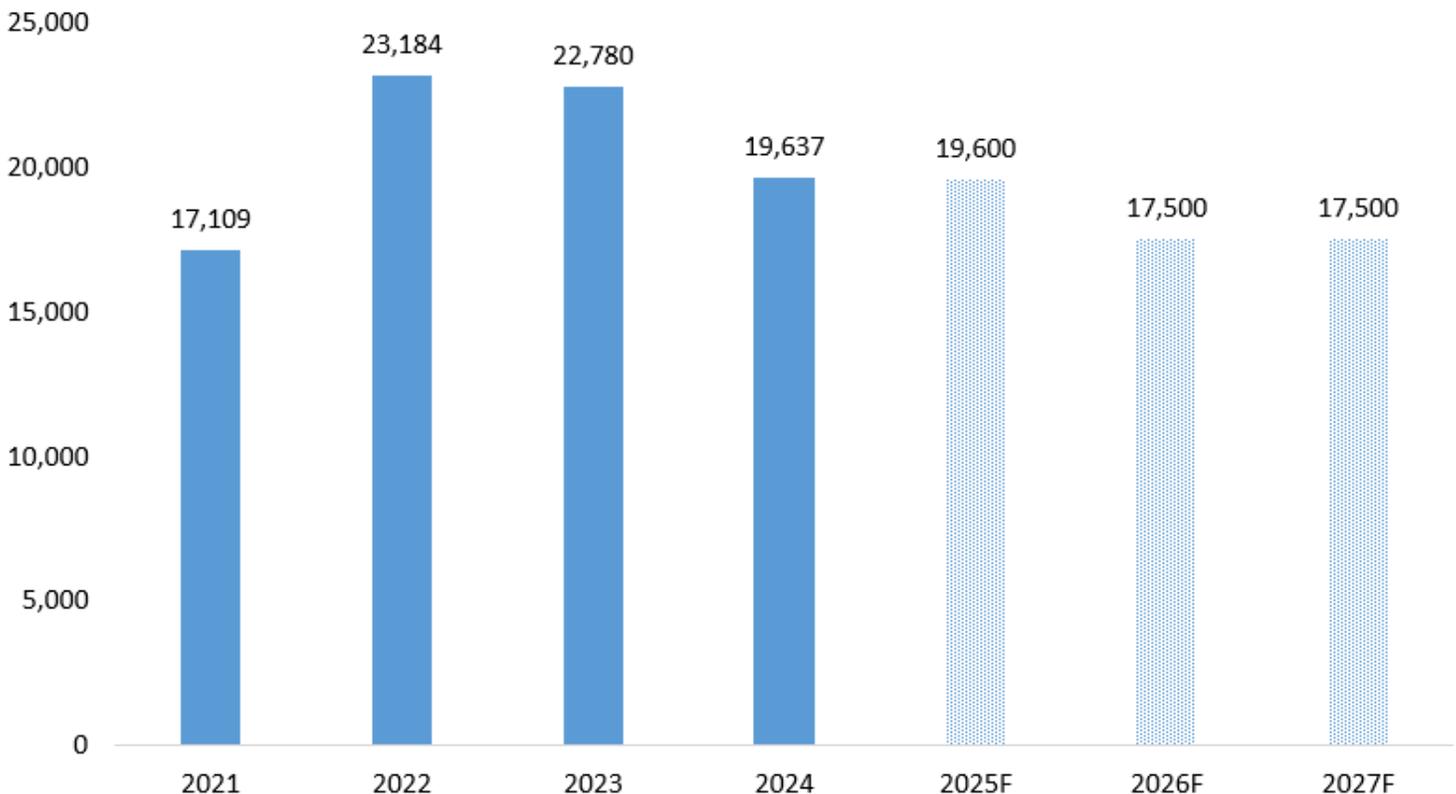
Given that a large portion of SF's loans is tied to the real estate sector as shown in **Exhibit 3** (page 5), we shall analyse Singapore's real estate market as it could heavily weigh on SF's earnings.

According to MTI, the real estate sector expanded by 5.2% y-o-y in Q2 2025, following the 7.5% growth in Q1 2025 y-o-y. Total private residential property sales rose by 4.3% from 4,915 units in Q2 2024 to 5,128 units in Q2 2025. The construction sector also grew by 6.0% y-o-y in Q2 2025, extending the 4.9% growth in Q1 2025. Both public and private sector construction output increased during the quarter. Construction demand in terms of contracts awarded rose by 12.7% y-o-y in Q2 2025.

On 5th August 2025, Minister of National Development, Chee Hong Tat, announced that 55,000 Build-To-Order ("BTO") units will be launched between 2025 and 2027. The increased supply will not only help to meet demand for new housing flats, but also moderate resale flat prices by reducing demand in the resale market.

The number of flats that are expected to be launched from 2025 to 2027 is shown in **Exhibit 6**.

Exhibit 6: BTO Flat Supply (2021 – 2027)



Source: Ministry of National Development, FPA

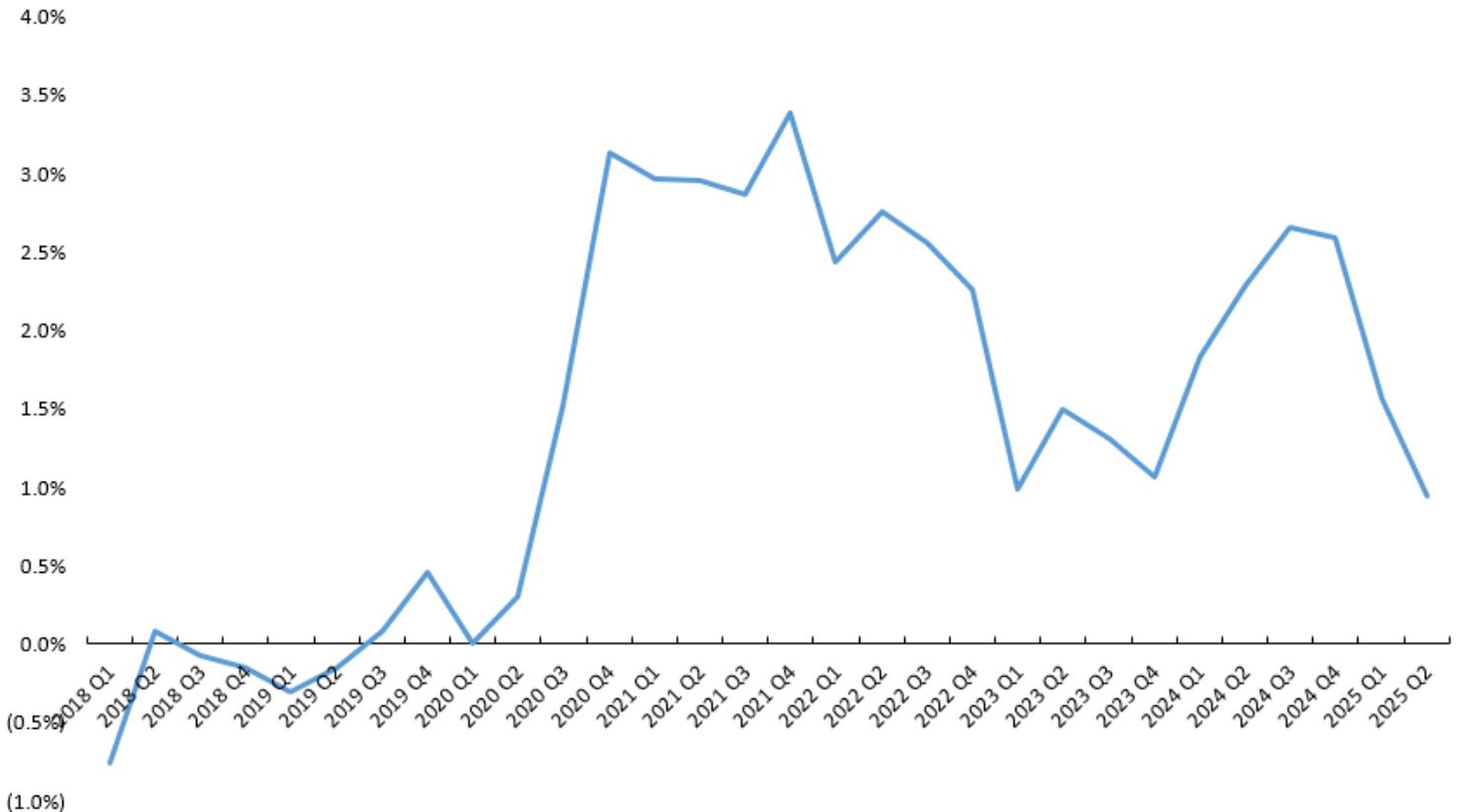
Minister Chee has also mentioned that there have been recent signs of price growth moderation. The quarter-on-quarter (“q-o-q”) Resale Price Index growth for Q2 2025 for instance, was 0.9% as shown in **Exhibit 7**.

“As more BTO flats reach their minimum occupation period starting 2026, we expect the supply of resale flats to increase, and there could be a further stabilisation of resale flat prices,” said Minister Chee.

8,000 BTO flats will reach the minimum occupation period in 2025, 13,500 will do so in 2026, 15,000 in 2027 and 19,500 in 2028. This would add to the supply of flats available for sale.

With an increased supply to tackle demand for housing, prices are expected to moderate which will in turn stabilise loan sizes.

Exhibit 7: Resale Price Index Q-o-Q change (2018 – 2025)

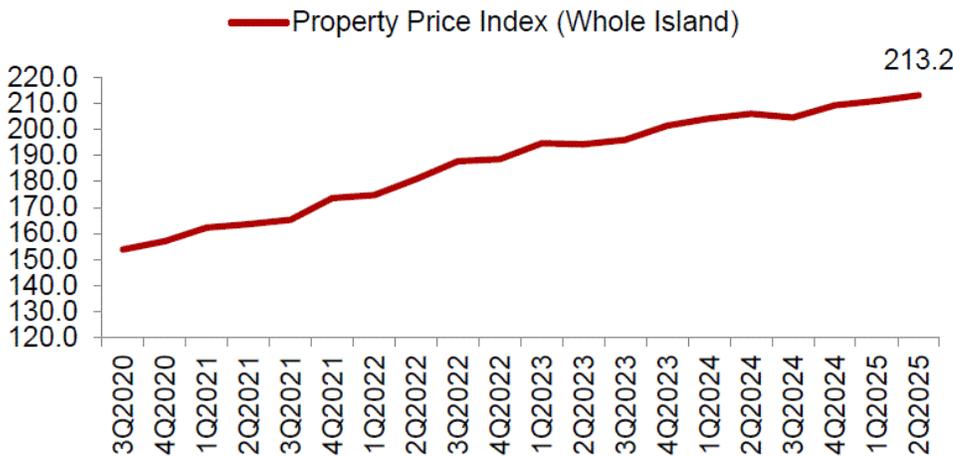


Source: Housing Development Board (“HDB”), FPA

The Urban Redevelopment Authority (“URA”) announced on 25th July 2025 that the overall private residential price index rose by 1.0% q-o-q in Q2 2025 as shown in **Exhibit 8**. This 1.0% increase is similar to the 0.8% increase q-o-q in Q1 2025.

About 3,000 private residential units were completed in the first half of 2025. More supply totalling about 57,000 units is coming on stream over the next few years to cater to housing needs. These comprise about 22,700 units (including ECs) expected to be completed between 2025 and 2027. More supply amounting to 34,300 units is expected to be completed in 2028 and beyond. The Singapore government noted that it is sustaining a high level of private housing supply.

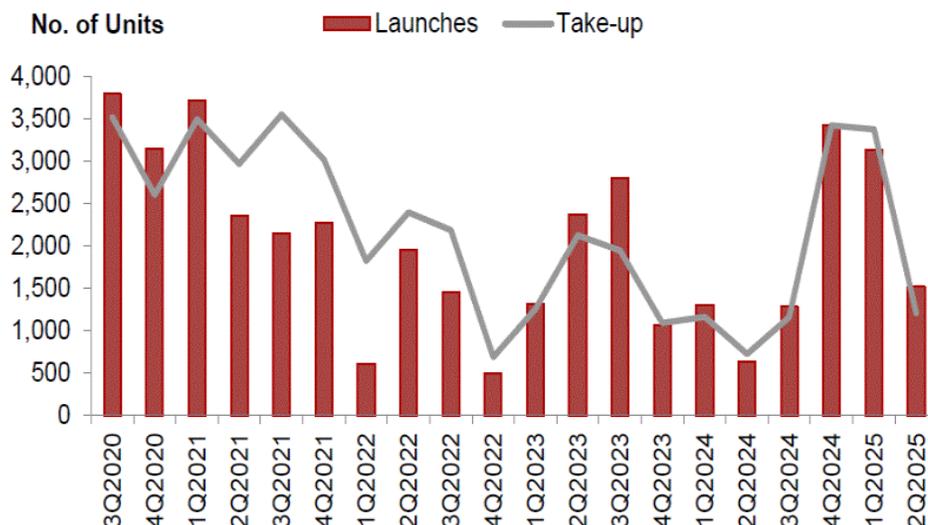
Exhibit 8: Property Price Index of Private Residential Properties



Source: URA

Developers launched 1,520 uncompleted private residential units for sale in Q2 2025 as compared with 3,139 units in Q1 2025 as shown in **Exhibit 9**. Developers sold 1,212 private residential units (excluding ECs) in Q2 2025 compared with the 3,375 units sold in Q1 2025.

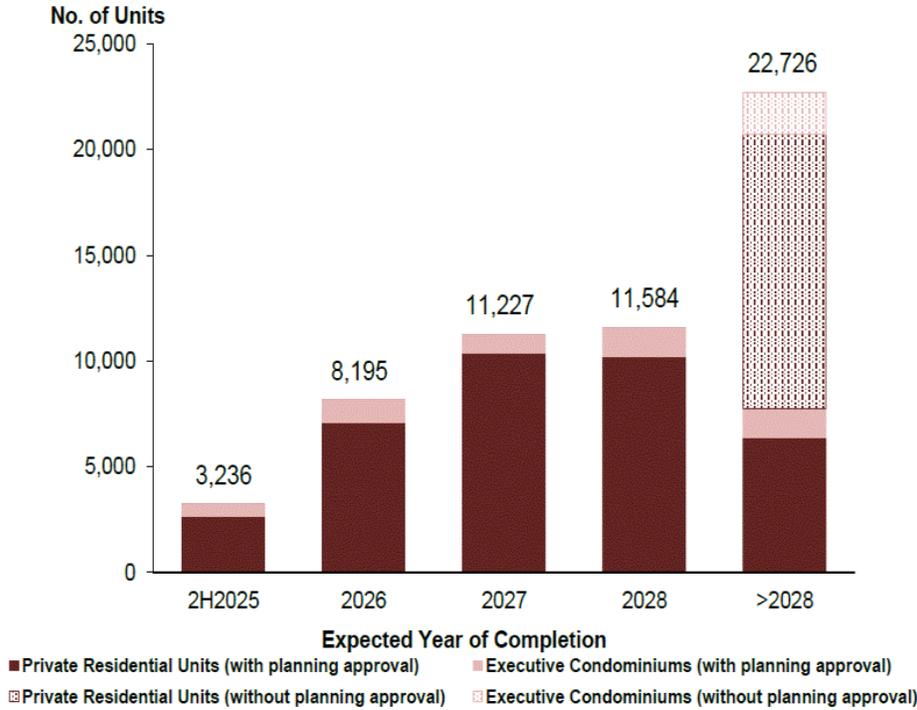
Exhibit 9: Number of Private Housing Units Launched and Sold by Developers (excluding ECs)



Source: URA

URA has mentioned that there is a total of about 57,000 private housing units expected to be completed in the coming few years, based on the expected completion dates reported by developers. These comprise about 22,700 units (including ECs) expected to be completed between 2025 and 2027 as shown in **Exhibit 10**. More supply amounting to about 34,300 units is expected to be completed in 2028 and beyond.

Exhibit 10: Pipeline Supply of Private Residential Units and ECs by Expected Year of Completion



Source: URA

With a steady supply of HDB flats – driven by both new BTO launches and the resale market – alongside ongoing government efforts to ensure sufficient availability of private residential properties, the housing market is expected to remain well-balanced. This sustained supply is likely to meet continued demand, helping to prevent sharp price increases.

Cushman & Wakefield (“C&W”) noted in their H2 FY2025 outlook that prevailing uncertainty continues to weigh on overall property demand. However, demand is expected to rebound once uncertainty subsides, unlocking pent-up interest and driving market activity.

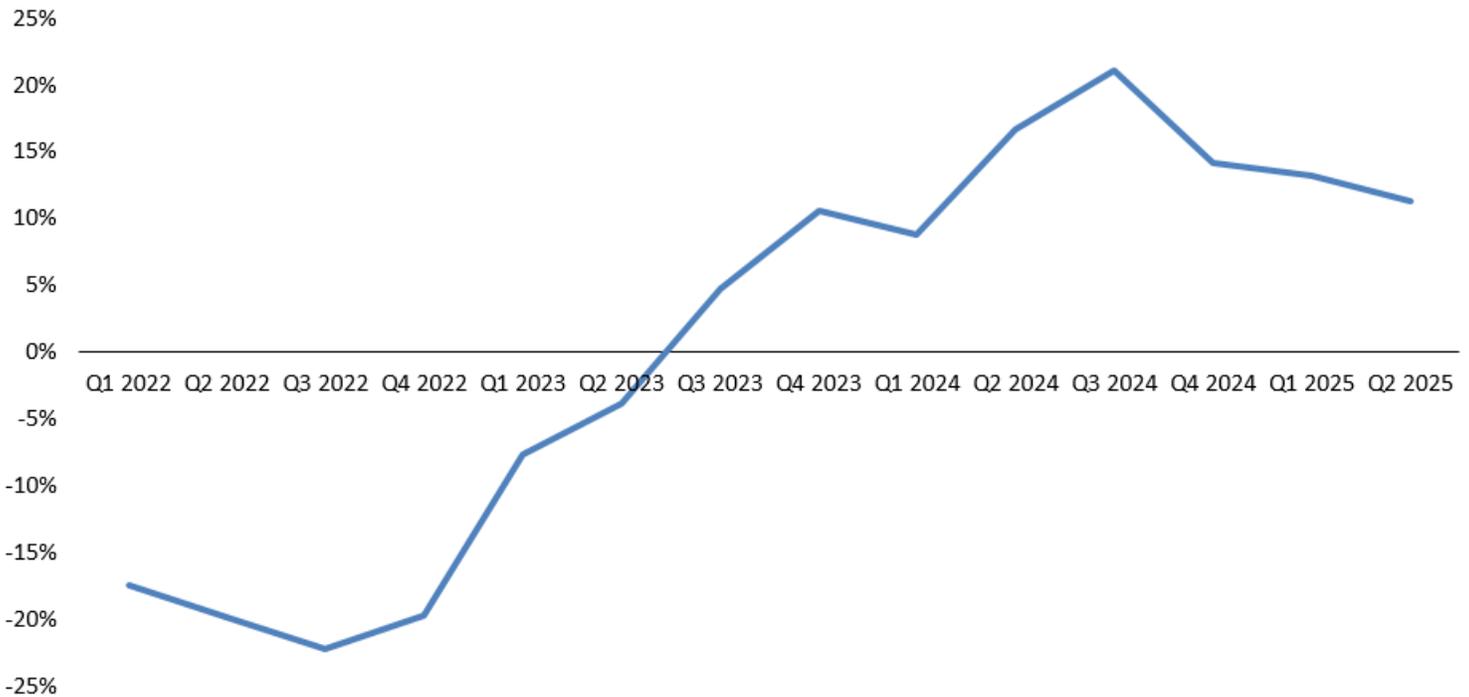
As a result, mortgage loan activity is projected to grow moderately in 2025 and may accelerate once geopolitical tensions ease. In the near term, SF’s earnings are likely to grow steadily, with stronger momentum expected in 2026.

(III) CAR DEMAND & SALES

About a quarter of SF’s loan portfolio is for “Hire purchase/block discounting” as shown in **Exhibit 3** (page 5). This financing solution is used by automotive dealers; hence we need to analyse the vehicle market in Singapore.

According to MTI, motor vehicle sales rose by 11.3% y-o-y in Q2 2025 as shown in **Exhibit 11**. The growth in the automotive sector signals strong demand, highlighting the resilience and momentum of the industry.

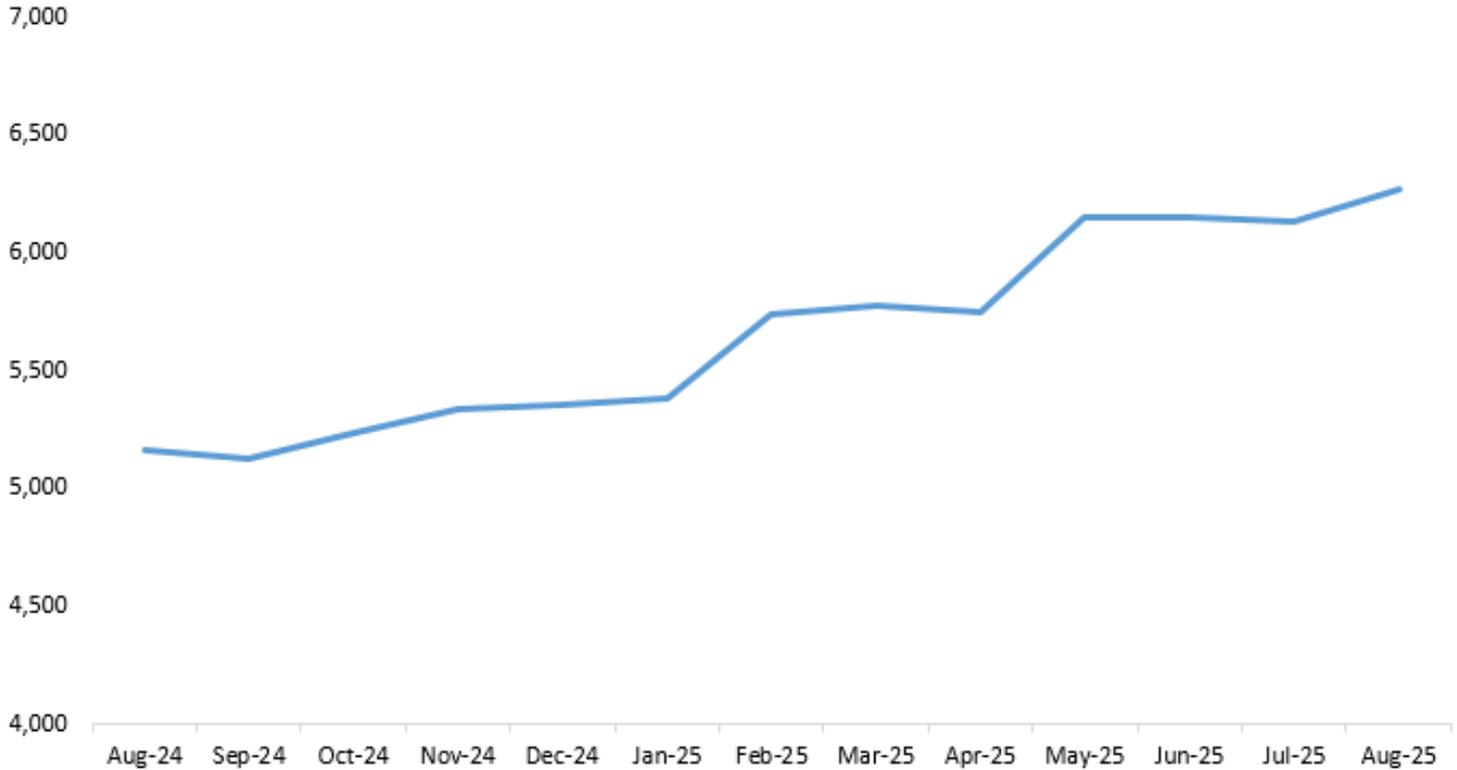
Exhibit 11: Retail Sales Index; Motor Vehicle Sales Y-o-Y Change (2022 – 2025)



Source: Singapore Department of Statistics, FPA

The Land Transport Authority (“LTA”) has announced that the Certificate of Entitlement (“COE”) quota will be 18,701 for the August to October 2025 period, representing a 3% increase from the 18,232 COEs available in the previous quarter (May to July). This upward adjustment aligns with LTA’s broader initiative to inject up to 20,000 additional COEs across vehicle categories from February 2025 onwards. The gradual increase in quotas is shown in **Exhibit 12**.

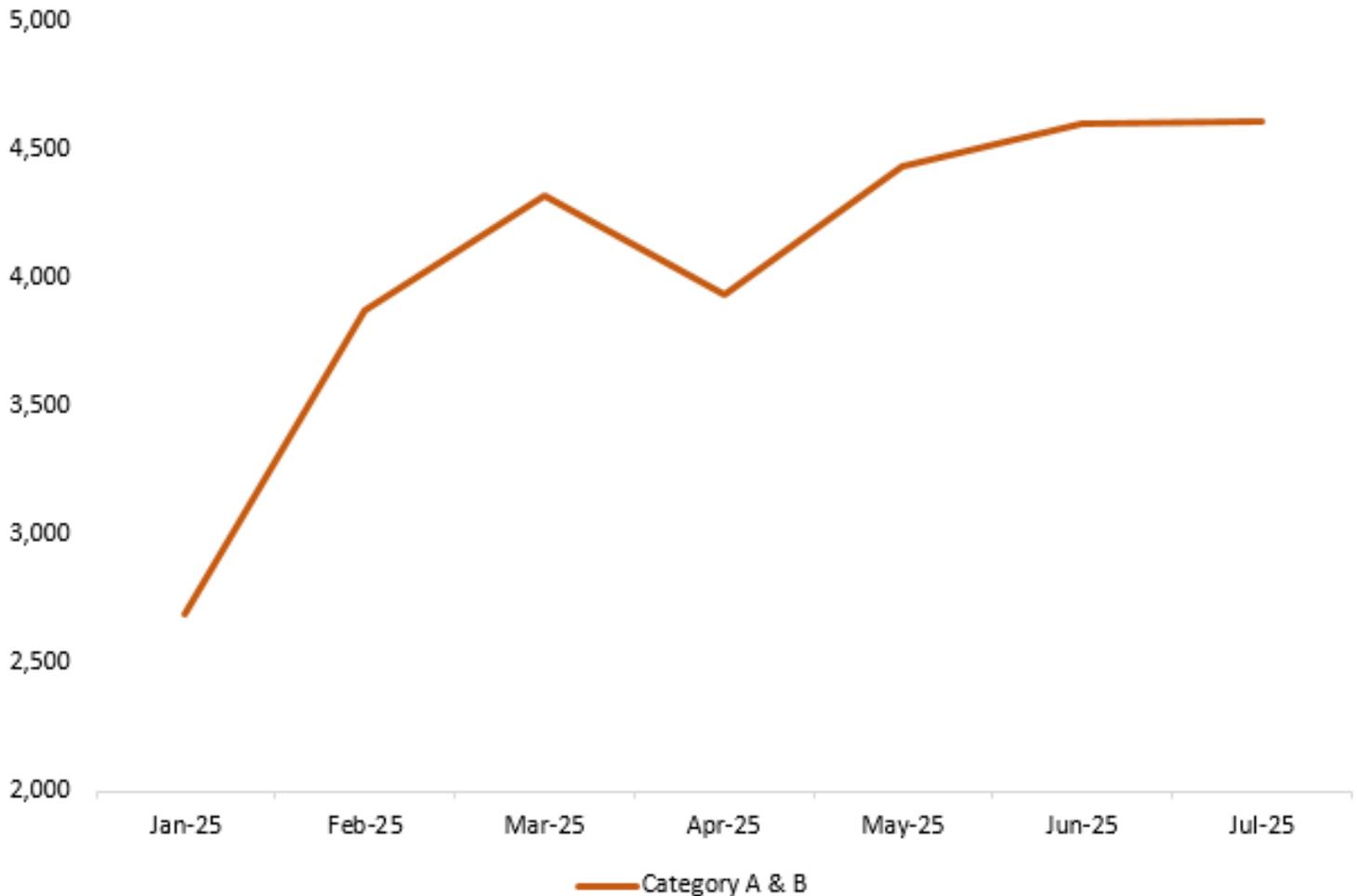
Exhibit 12: COE Quota from Aug 2024 to Aug 2025



Source: LTA, FPA

The number of new car registrations for Category A and B vehicles year-to-date has risen as shown in **Exhibit 13**, reflecting a clear surge in consumer demand.

Exhibit 13: New Registration of Category A & B Motor Vehicles, Monthly (Year-To-Date)



Source: LTA, FPA

With both strong demand and a rising supply of vehicles – reflected in the increased COE quotas, including 20,000 additional COEs over the next few years – and robust motor vehicle sales, the outlook for vehicle financing remains positive. This environment is likely to support higher volumes of vehicle loans, which could place upward pressure on SF's interest income, contributing positively to its financial performance.

(IV) INTEREST RATES

Interest rates, particularly the Singapore Overnight Rate Average (SORA), play a key role in shaping mortgage demand, especially for floating-rate loans where the 3-month compounded SORA is closely monitored. Recently, SORA has been on a downward trend, as shown in **Exhibit 14**.

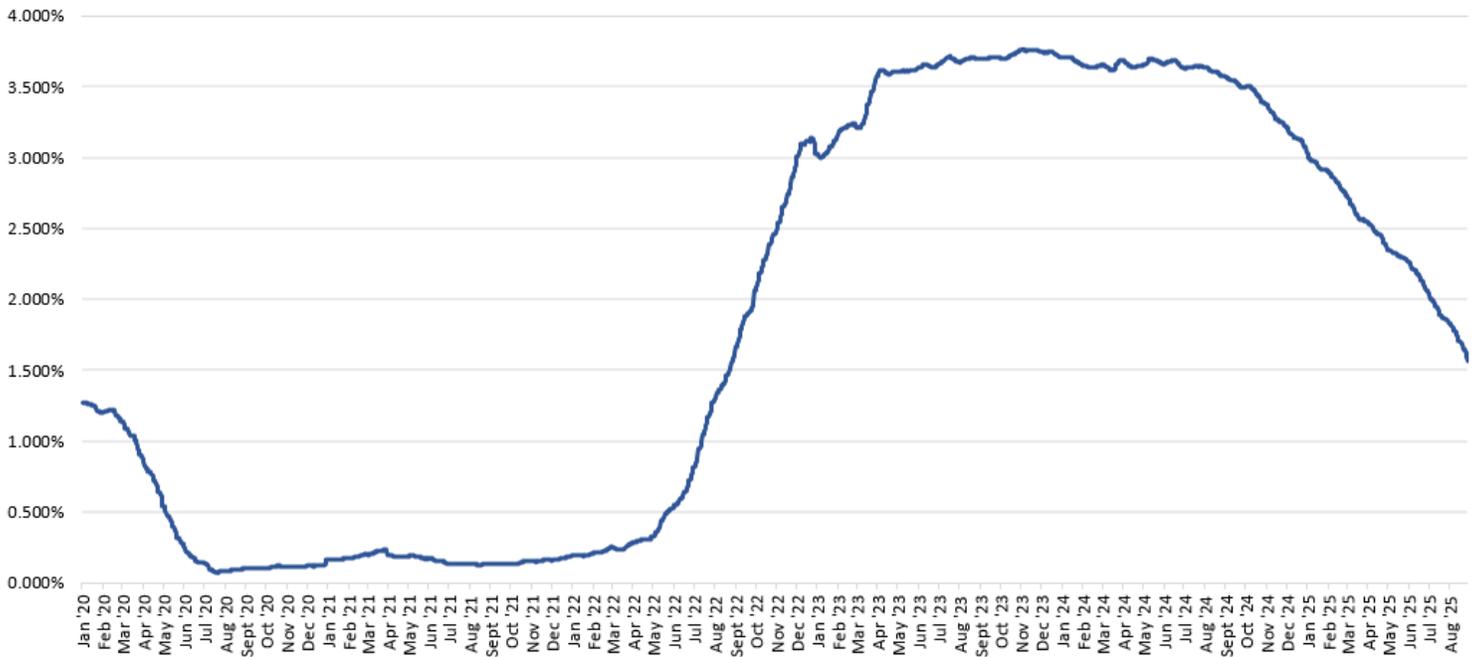
According to The Business Times, this sharp decline in 2025 was driven by domestic liquidity and safe-haven inflows, as investors increasingly turned to Singapore to diversify away from US assets. The resulting lower cost of financing has made mortgage loans more attractive, potentially encouraging both new homebuyers and existing borrowers to take up or refinance loans.

Moreover, with the U.S. unemployment rate rising to 4.3% in August – the highest level since October 2021, there is a growing consensus that the Federal Reserve will cut rates by 25 basis points in both September and December from the current rate of 4.25%–4.50% . Wall Street firms also expect the Fed policy rate to reach 3.00%–3.25% by the end of 2026.

This anticipated easing in U.S. interest rates is likely to influence global rates, including Singapore’s. A decline in the Fed funds rate could eventually lead to a lower SORA, which would reduce lending rates and put pressure on SF’s interest income in H1 FY2025 & FY2026.

For SF, this low-interest rate environment is expected to expand its mortgage portfolio. While lower rates may exert some pressure on net interest margins, the anticipated growth in loan volumes is expected to support overall interest income, contributing positively to SF’s earnings trajectory.

Exhibit 14: 3-Month Compounded SORA (2020 – 2025)

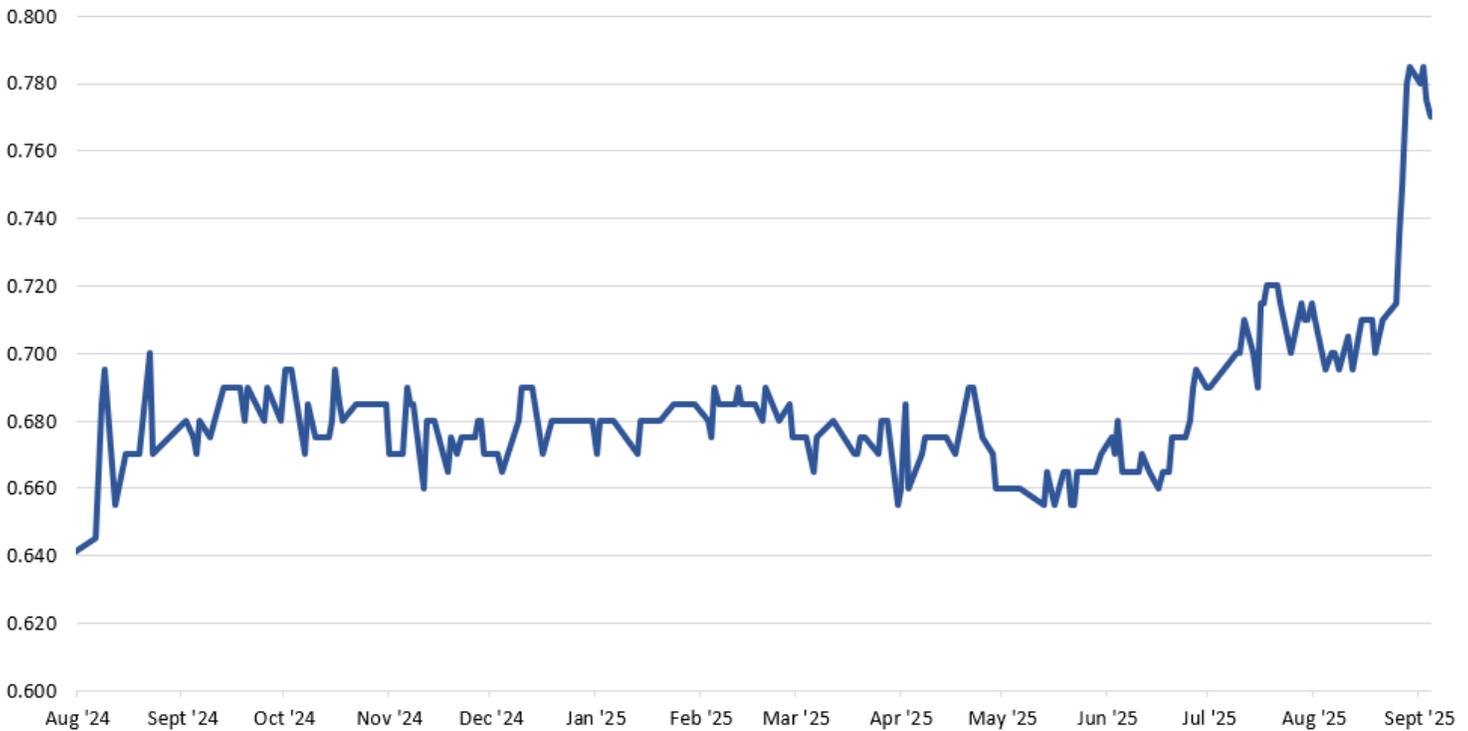


Source: MAS, FPA

RECENT SHARE PRICE DEVELOPMENTS

Over the past year, SF's share price rose by 14.1% from S\$0.675 on 11th September 2024 to S\$0.770 on 11th September 2025 as shown in **Exhibit 15**.

Exhibit 15: Share Price Performance (Past Year)



Source: *Investing.com, FPA*

On 8th August 2024, SF released its H1 FY2024 results. Revenue rose by 7.5% from S\$24.1 million in H1 FY2023 to S\$25.9 million in H1 FY2024. Net profit fell by 30.1% from S\$3.9 million in H1 FY2023 to S\$2.8 million in H1 FY2024. However, share price rose by 7.0% from S\$0.640 on 8th August 2024 to \$0.685 on 15th August 2024.

On 18th September 2024, the US Federal Reserve cut rates by 50 basis points, bringing the Federal Funds rate to 4.75% - 5.00%. Share price rose by 2.2% from S\$0.675 on 18th September 2024 to S\$0.690 on 25th September 2024.

On 7th November 2024, the US Federal Reserve further cut rates by 25 basis points, bringing the Federal Funds rate to 4.50% - 4.75%. Share price remained unchanged at S\$0.685 on 7th November 2024 & 14th November 2024.

On 18th December 2024, the US Federal Reserve again cut rates by 25 basis points, bringing the Federal Funds rate to 4.25% - 4.50%. Share price fell by 1.4% from S\$0.690 on 18th December 2024 to S\$0.680 on 26th December 2024.

On 24th January 2025, MAS decided to reduce the slope of the S\$NEER policy band amid slower economic growth momentum. This adjustment is consistent with a modest and gradual appreciation path of the S\$NEER policy band to ensure medium-term price stability. Share price rose by 0.7% from S\$0.680 on 24th January 2025 to S\$0.685 on 31st January 2025.

On 21st February 2025, SF released its full-year FY2024 results. Revenue rose by 12.1% from S\$48.2 million in FY2023 to S\$54.0 million in FY2024. Net profit fell by 1.0% from S\$6.2 million in FY2023 to S\$6.1 million in FY2024. However, share price rose by 0.7% from S\$0.685 on 21st February 2025 to S\$0.690 on 28th February 2025.

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

On 21st 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% from S\$0.700 on 21st July 2025 to S\$0.720 on 28th July 2025s.

On 8th August 2025, SF released its H1 FY2025. Revenue rose by 8.8% from S\$25.9 million in H1 FY2024 to S\$28.2 million in H1 FY2025. Net profit rose by 20.5% from S\$2.8 million in H1 FY2024 to S\$3.3 million in H1 FY2025. However, share price fell by 2.11% from S\$0.710 on 8th August 2025 to S\$0.695 on 15th August 2025.

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

FINANCIAL ANALYSIS

In this section, we will provide a review of SF's financial performance and capital management.

(I) FINANCIAL REVIEW

Net interest & hiring charges:

SF's interest income & hiring charges rose by 8.8% from S\$25.9 million in H1 FY2024 to S\$28.2 million in H1 FY2025 as shown in **Exhibit 16**. Interest expense rose by 1.0% from S\$14.7 million in H1 FY2024 to S\$14.9 million in H1 FY2025. Net interest & hiring charges rose by 18.9% from S\$11.2 million in H1 FY2024 to S\$13.3 million in H1 FY2025. SF noted that the rise in net interest income was largely attributed to loan growth, coupled with lower cost of funds amidst a declining interest rate environment.

Exhibit 16: Net Interest & Hiring Charges (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Interest income & hiring charges	25,940	28,216	2,276	8.77%
Interest expense	(14,736)	(14,889)	(153)	1.04%
Net interest & hiring charges	11,204	13,327	2,123	18.95%

Source: SF, FPA

Interest-earning assets rose by 15.3% from S\$1.22 billion in H1 FY2024 to S\$1.40 billion in H1 FY2025 as shown in **Exhibit 17**. Interest margin fell from 2.13% in H1 FY2024 to 2.01% in H1 FY2025.

Exhibit 17: Interest Margin (H1 FY2024 vs H1 FY 2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Cash & balances with banks	100,891	88,683	(12,208)	(12.10%)
Singapore Government Securities	190,384	203,182	12,798	6.72%
Loans & advances	925,815	1,110,998	185,183	20.00%
Interest-earning assets	1,217,090	1,402,863	185,773	15.26%
Interest income & hiring charges	25,940	28,216	2,276	8.77%
Interest margin	2.13%	2.01%	-	-

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

Interest margin = (Interest income & hiring charges) ÷ (Interest-earning assets)

Source: SF, FPA

“Deposits and savings accounts of customers” or interest-bearing liabilities rose by 18.3% from S\$0.99 billion in H1 FY2024 to S\$1.17 billion in H1 FY2025 as shown in **Exhibit 18**. Interest expense margin fell from 1.49% in H1 FY2024 to 1.28% in H1 FY2025.

Exhibit 18: Interest Expense (H1 FY2024 vs H1 FY 2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Deposits & savings accounts of customers	985,766	1,166,118	180,352	18.30%
Interest expense	(14,736)	(14,889)	(153)	1.04%
Interest expense margin	(1.49%)	(1.28%)	-	-

Interest expense margin = (Interest expense) ÷ (Deposits & savings accounts of customers)

Source: SF, FPA

Net interest margin improved from 0.92% in H1 FY2024 to 0.95% in H1 FY2025 as shown in **Exhibit 19**.

Exhibit 19: Net Interest Margin (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Interest-earning assets	1,217,090	1,402,863	185,773	15.26%
Net interest & hiring charges	11,204	13,327	2,123	18.95%
Net interest margin	0.92%	0.95%	-	-

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

Source: SF, FPA

Interest margin improved from 2.59% in FY2021 to 4.27% in FY2023, before dipping slightly to 4.24% in FY2024. In FY2021, low interest rates contributed to lower interest margins and interest expense margins. As rates rose in FY2022 and peaked in FY2023, both interest margin and interest expense margin increased accordingly.

However, the interest expense margin increased at a faster rate than that of interest margin, which may have led to a compression in net interest margin. According to the most recent AGM, this was attributed to SF offering more competitive deposit rates to attract and retain funds, resulting in higher interest expenses. While rising interest rates have supported margin expansion, the faster growth in funding costs has begun to weigh on overall profitability.

Net interest margin fell from 2.15% in FY2021 to 1.83% in FY2024 as shown in **Exhibit 20**.

Exhibit 20: Net Interest Margin (FY2021 – FY2024)

S\$'000	Actual			
	FY2021	FY2022	FY2023	FY2024
Cash & balances with banks	114,768	100,260	99,447	81,801
Singapore Government Securities	130,902	191,527	203,911	207,763
Loans & advances	895,966	844,464	824,295	982,832
Interest-earning assets	1,141,636	1,136,251	1,127,653	1,272,396
Interest income & hiring charges	29,623	34,078	48,150	53,971
Interest margin	2.59%	3.00%	4.27%	4.24%
Deposits & savings accounts of customers	907,987	893,826	877,710	1,031,864
Interest expense	(5,027)	(7,859)	(26,144)	(30,723)
Interest expense margin	(0.55%)	(0.88%)	(2.98%)	(2.98%)
Interest-earning assets	1,141,636	1,136,251	1,127,653	1,272,396
Net interest & hiring charges	24,596	26,219	22,006	23,248
Net interest margin	2.15%	2.31%	1.95%	1.83%

Source: SF, FPA

Non-interest income:

Non-interest income fell by 44.2% from S\$0.5 million in H1 FY2024 to S\$0.3 million in H1 FY2025 as shown in **Exhibit 21**.

Exhibit 21: Non-Interest income (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Fee and commission income	269	172	(97)	(36.06%)
Other operating income	276	132	(144)	(52.17%)
Non-interest income	545	304	(241)	(44.22%)

Source: SF, FPA

Operating Expenses:

Total operating expenses rose by 41.3% from S\$7.7 million in H1 FY2024 to S\$10.9 million in H1 FY2025 as shown in **Exhibit 22**. Staff costs rose by 40.6% y-o-y as SF aims to benchmark salaries against the market to retain talent. Other operating expenses rose by 51.2% y-o-y as SF engaged in office renovation and a rebranding exercise.

Exhibit 22: Operating Expenses (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Staff costs	(4,220)	(5,934)	(1,714)	40.62%
Depreciation of property, plant and equipment	(681)	(711)	(30)	4.41%
Other operating expenses	(2,811)	(4,250)	(1,439)	51.19%
Total operating expenses	(7,712)	(10,895)	(3,183)	41.27%

Source: SF, FPA

Profit from operations before allowances:

Profit from operations before allowances fell by 32.2% from S\$4.0 million in H1 FY2024 to S\$2.7 million in H1 FY2025 as shown in **Exhibit 23**.

Exhibit 23: Profit from Operations before Allowances (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Net interest & hiring charges	11,204	13,327	2,123	18.95%
Non-interest income	545	304	(241)	(44.22%)
Total operating expenses	(7,712)	(10,895)	(3,183)	41.27%
Profit from operations before allowances	4,037	2,736	(1,301)	(32.23%)

Source: SF, FPA

Profit before tax:

There was a net write back for loan impairment losses amounting to S\$1.2 million in H1 FY 2025 compared to a net charge of S\$0.7 million in H1 FY2024 as shown in **Exhibit 24**. This write back was attributed to lower loan allowances on non-credit impaired loans.

Exhibit 24: Profit before Tax (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Profit from operations before allowances	4,037	2,736	(1,301)	(32.23%)
Allowances for impairment losses on loans and advances	(715)	1,222	1,937	n.m.
Profit before tax	3,322	3,958	636	19.15%

n.m. = not meaningful

Source: SF, FPA

Profit after tax:

Profit after tax rose by 20.5% from S\$2.8 million in H1 FY2024 to S\$3.3 million in H1 FY2025 as shown in **Exhibit 25**. The stronger performance was attributed to higher net interest income and write back of allowances for impairment losses for loans and advances.

Exhibit 25: Profit after Tax

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Profit before tax	3,322	3,958	636	19.15%
Tax expense	(564)	(634)	(70)	12.41%
Profit after tax	2,758	3,324	566	20.52%
<i>Calculated tax rate</i>	<i>16.98%</i>	<i>16.02%</i>	-	-

Source: SF, FPA

Earnings per share (“EPS”):

Basic and diluted EPS rose by 20.5% from 1.74 cents in H1 FY2024 to 2.09 cents in H1 FY2025 as shown in **Exhibit 26**.

Exhibit 26: EPS (H1 FY2024 vs H1 FY2025)

S\$ cents	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Basic EPS	1.74	2.09	0.36	20.5%
Diluted EPS	1.74	2.09	0.36	20.5%

Source: SF, FPA

Dividend per share (“DPS”):

On 8th April 2025, SF announced a dividend per share of 3.0 cents. The dividends SF has distributed from FY2021 to H1 FY2025 are shown in **Exhibit 27**.

Exhibit 27: DPS (FY2021 – FY2025)

S\$ cents	Actual				
	FY2021	FY2022	FY2023	FY2024	H1 FY2025
Dividend per share	4.00	3.25	3.00	3.00	3.00

Source: SF, FPA

SF's financial performances for H1 FY2024 and H1 FY2025 are summarised in **Exhibit 28**.

Exhibit 28: Financial Performances (H1 FY2024 vs H1 FY2025)

S\$'000	Actual		H1 FY2024 vs H1 FY2025	
	H1 FY2024 (ended 30 Jun)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Interest income & hiring charges	25,940	28,216	2,276	8.77%
Interest expense	(14,736)	(14,889)	(153)	1.04%
Net interest & hiring charges	11,204	13,327	2,123	18.95%
Fee and commission income	269	172	(97)	(36.06%)
Other operating income	276	132	(144)	(52.17%)
Income before operating expenses	11,749	13,631	1,882	16.02%
Staff costs	(4,220)	(5,934)	(1,714)	40.62%
Depreciation of property, plant and equipment	(681)	(711)	(30)	4.41%
Other operating expenses	(2,811)	(4,250)	(1,439)	51.19%
Profit from operations before allowances	4,037	2,736	(1,301)	(32.23%)
Allowances for impairment losses on loans and advances	(715)	1,222	1,937	n.m.
Profit before tax	3,322	3,958	636	19.15%
Tax expense	(564)	(634)	(70)	12.41%
Profit after tax	2,758	3,324	566	20.52%
Weighted average number of ordinary shares ('000)	158,686	158,686	-	-
Basic EPS (cents)	1.74	2.09	0.36	20.52%
Diluted EPS (cents)	1.74	2.09	0.36	20.52%

n.m. = not meaningful

Source: SF, FPA

(II) CAPITAL MANAGEMENT

SF's loans & advances rose by 13.0% from S\$0.98 billion in H2 FY2024 to S\$1.11 billion in H1 FY2025 as shown in **Exhibit 29**. Accordingly, total assets also rose by 10.1% from S\$1.31 billion in H2 FY2024 to S\$1.45 billion in H1 FY2025. During the most recent AGM, the CEO mentioned that SF's goal is to expand the loan book to between S\$1.5 billion - S\$2.0 billion in the longer term.

Deposits & savings accounts of customers rose by 13.0% in tandem with loan growth from S\$1.03 billion in H2 FY2024 to S\$1.17 billion in H1 FY2025. Total liabilities rose by 12.3% from S\$1.06 billion in H2 FY2024 to S\$1.19 billion in H1 FY2025.

Equity attributable to owners of the Company rose by 1.2% from S\$254.6 million in H2 FY2024 to S\$257.5 million in H1 FY2025.

Net asset value per share rose by 1.3% from S\$1.60 in H2 FY2024 to S\$1.62 in H1 FY2025.

Exhibit 29: Summary of SF's Balance Sheet (H2 FY2024 vs H1 FY2025)

S\$'000	Actual		H2 FY2024 vs H1 FY2025	
	H2 FY2024 (ended 31 Dec)	H1 FY2025 (ended 30 Jun)	Absolute Change	Change (%)
Loans & advances	982,832	1,110,998	128,166	13.04%
Total assets	1,313,720	1,446,491	132,771	10.11%
Deposits and savings accounts of customers	1,031,864	1,166,118	134,254	13.01%
Total liabilities	1,059,159	1,189,000	129,841	12.26%
Equity attributable to owners of the Company	254,561	257,491	2,930	1.15%
No. of shares in issue	158,685,890	158,685,890	-	-
Net asset value per share (S\$)	1.60	1.62	0.02	1.25%

Source: SF, FPA

SF aims to maintain a strong capital position to ensure market confidence, to support its ongoing business and to meet the expectations of depositors, customers and investors alike. SF is also required to comply with regulatory standards of capital requirements through the maintenance of a minimum capital adequacy ratio at all times.

In their 2024 Annual Report, SF has noted that its Capital Adequacy Ratio ("CAR") remains well above the minimum regulatory requirement of 10%. During the most recent AGM, the CEO shared that SF aims to reduce their CAR over time. The objective to reduce CAR however is constrained by the loan volumes they undertake. SF's CAR is shown in **Exhibit 30**.

Exhibit 30: Capital Adequacy Ratio (FY2023 – H1 FY2025)

	Actual		
	FY2023	FY2024	H1 FY2025 (ended 30 Jun)
Capital adequacy ratio	29.31%	24.91%	22.06%

Source: SF, FPA

FINANCIAL PROJECTIONS

In this section, we will be providing our projections for SF's revenue, earnings and dividend distribution for FY2025 & FY2026.

(I) NET INTEREST PROJECTION

In its H1 FY2025 results, SF noted a cautious outlook amid ongoing geopolitical tensions. Despite this, MTI noted that the finance and insurance sector expanded by 4.2% y-o-y in Q2 2025. However, MTI also forecasted weaker credit demand ahead, citing fragile business sentiment and subdued consumer spending, as firms adopt a wait-and-see approach.

As such, we expect loan growth to moderate in H2 FY2025, with an estimated slowdown of 25% compared to Q2 2025 levels.

$$\text{Semiannual loan growth for H2 FY2025} = [4.2\% \times (1-25\%)] \div 2 = 1.58\%$$

For FY2026, we expect macroeconomic conditions to stabilise, with loan growth returning to Q2 2025 levels of 4.2%.

Accordingly, we project that interest-earning assets and deposits & "savings accounts of customers"/interest-bearing liabilities will grow in tandem with loan growth in H2 FY2025 & FY2026. Interest-earning assets and interest-bearing liabilities are projected to be S\$1.42 billion and S\$1.18 billion, respectively, for H2 FY2025 as shown in **Exhibit 31**. For FY2026, these are projected to increase to S\$1.48 billion and S\$1.23 billion, respectively.

Exhibit 31: Forecasted Interest-Earning Assets & Interest-Bearing Liabilities for FY 2025 and FY2026

S\$'000	Actual	Forecast			
	H1 FY2025	Semiannual Growth (%)	H2 FY2025	Growth (%)	FY2026
Interest-earning assets	1,402,863	1.58%	1,424,958	4.20%	1,484,806
Deposits & savings accounts of customers	1,166,118	1.58%	1,184,484	4.20%	1,234,233

Source: SF, FPA

With the anticipated easing of U.S. interest rates, a decline in SORA is expected (as referenced on page 15), which will result in lower interest income for SF. Interest margins are projected to compress in H2 FY2025 and FY2026 to reflect the impact of rate cuts. The current policy rate is 4.25%–4.50% and two rate cuts are anticipated in H2 FY2025, with the policy rate expected to reach 3.00%–3.25% by FY2026. Accordingly, interest margin for H2 FY2025 and FY2026 will be adjusted to account for the full effect of these cuts.

We first calculated the average federal funds rate for H2 FY2025 and FY2026, assuming the expected rate cuts materialise as outlined in **Exhibit 32**. These include two cuts in 2025—one in September and another in December. Although three rate cuts are expected in 2026, we estimate only two will occur—one in June and another in December.

Exhibit 32: Estimated Fed Funds Rate for H2 FY2025 & FY2026

	Upper bound	Lower bound	Average Rate
H1 FY2025	4.25%	4.50%	4.38%
July	4.25%	4.50%	4.38%
August	4.25%	4.50%	4.38%
September	4.00%	4.25%	4.13%
October	4.00%	4.25%	4.13%
November	4.00%	4.25%	4.13%
December	3.75%	4.00%	3.88%
H2 FY2025	-	-	4.17%
FY2025	-	-	4.27%
January	3.75%	4.00%	3.88%
February	3.75%	4.00%	3.88%
March	3.75%	4.00%	3.88%
April	3.75%	4.00%	3.88%
May	3.75%	4.00%	3.88%
June	3.50%	3.75%	3.63%
July	3.50%	3.75%	3.63%
August	3.50%	3.75%	3.63%
September	3.50%	3.75%	3.63%
October	3.50%	3.75%	3.63%
November	3.50%	3.75%	3.63%
December	3.25%	3.50%	3.38%
FY2026	-	-	3.71%

Source: US Federal Reserve, FPA estimates

We then calculated the proportion of decline it could have on the Fed Funds Rate as shown in **Exhibit 33**.

Exhibit 33: Forecasted Average Fed Funds Rate for FY2025 & FY2026

	H1 FY2025	H2 FY2025	FY2025	FY2026
Average Fed Funds Rate	4.38%	4.17%	4.27%	3.71%
<i>Proportion of decline</i>	-	(4.76%)	-	(13.17%)

Source: US Federal Reserve, FPA

We then calculated the proportion of decline it could have on the SORA as shown in **Exhibit 34**. We took the rate as of 29th August 2025 as reference. This calculation was done to illustrate the impact of the US rate cuts on the SORA.

Exhibit 34: Forecasted 3-Month Compounded SORA

	29 Aug' 25	H2 FY2025	FY2025	FY2026
3-Month Compounded SORA	1.56%	1.49%	1.49%	1.29%
<i>Proportion of decline</i>	-	(4.76%)	-	(13.17%)

Source: MAS, FPA

We assume that when the SORA falls, SF's interest margin will also fall by the same proportion as shown in **Exhibit 35**.

Exhibit 35: Forecasted Interest Margin for SF in FY2025 & FY2026

	H1 FY2025	H2 FY2025	FY2025	FY2026
SF Interest Margin	2.01%	1.92%	3.90%	3.38%
<i>Proportion of decline</i>	-	(4.76%)	-	(13.17%)

Source: SF, FPA

As SORA falls, SF's interest expense margin also falls. However, we assume the decline will not be proportional, as SF continues to offer competitive interest rates to attract deposits. Specifically, we expect the extent of the decline in interest expense margin to be reduced by 25% relative to the fall in SORA.

$$\text{Proportion of decline for H2 FY2025} = 4.76\% \times (1-25\%) = 3.57\%$$

$$\text{Proportion of decline for FY2026} = 13.17\% \times (1-25\%) = 9.88\%$$

Our forecast for interest expense margin is shown in **Exhibit 36**.

Exhibit 36: Forecasted Interest Expense Margin for SF in FY2025 & FY2026

	H1 FY2025	H2 FY2025	FY2025	FY2026
SF Interest Expense Margin	(1.28%)	(1.23%)	(2.49%)	(2.24%)
<i>Proportion of decline</i>	-	(3.57%)	-	(9.88%)

Source: SF, FPA

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

For H2 FY2025, the projected interest income will be S\$27.3 million. Total interest income for FY2025 is projected to be S\$55.5 million – representing a rise of 2.9% y-o-y. For FY2026, the projected revenue will be S\$50.2 million.

We project that interest margin will be 3.9% for FY2025 and dip to 3.4% in FY2026.

For H2 FY2025, projected interest expense will be S\$14.6 million. Total Interest expense for FY2025 is projected to be S\$29.5 million, with a dip to S\$27.7 million projected for FY2026.

Interest expense margin is projected to be 2.5% for FY2025 and dip to 2.2% in FY2026.

Net interest margin is projected to be 1.83% for FY2025 and drop to 1.52% for FY2026.

Exhibit 37: Forecasted Net Interest Margin for FY2025 and FY2026

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Interest-earning assets	1,402,863	1,424,958	1,424,958	1,484,806
Interest income & hiring charges	28,216	27,296	55,512	50,225
Interest margin	2.01%	1.92%	3.90%	3.38%
Deposits & savings accounts of customers	1,166,118	1,184,484	1,184,484	1,234,233
Interest expense	(14,889)	(14,583)	(29,472)	(27,677)
Interest expense margin	(1.28%)	(1.23%)	(2.49%)	(2.24%)
Interest-earning assets	1,402,863	1,424,958	1,424,958	1,484,806
Net interest & hiring charges	13,327	12,712	26,039	22,548
Net interest margin	0.95%	0.89%	1.83%	1.52%

Source: SF, FPA

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

We project that fee & commission income as well as other operating income will maintain at H1 FY2025 levels as shown in **Exhibit 38**. As a result, fee & commission income will remain at S\$0.34 million and other operating income will remain at S\$0.26 million for FY2025 and FY2026.

Income before operating expenses is projected to be S\$13.0 million in H2 FY2025. For FY2025 and FY2026, it is expected to reach S\$26.6 million and S\$23.2 million, respectively.

Exhibit 38: Forecasted Income before Operating Expenses for FY2025 and FY2026

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Net interest & hiring charges	13,327	12,712	26,039	22,548
Fee & commission income	172	172	344	344
Other operating income	132	132	264	264
Income before operating expenses	13,631	13,016	26,647	23,156

Source: SF, FPA

Operating expenses:

In H1 FY2025, staff costs rose by 40.6% y-o-y, driven by SF's decision to benchmark salaries against market rates. According to the Ministry of Manpower's ("MOM") forward-looking survey conducted in Q1 2025, the proportion of firms planning pay increments declined to 22% in March 2025, down from 32% in December 2024. Based on this trend, we project that staff costs will remain at S\$5.9 million for H2 FY2025. For FY2026, as macroeconomic conditions stabilise, we forecast a 5.6% increase in wages, using the nominal wage growth rate for FY2024 as a proxy.

- Staff costs in FY2026 = S\$11.868 million (projected FY2025) × 105.6% = S\$12.533 million

We projected depreciation of property, plant and equipment for H2 FY2025 by taking the average of the last four half-year results. Projected depreciation for FY2025 is S\$1.4 million. We project that this depreciation will maintain in FY2026.

For other operating expenses, we project that they will remain at H1 FY2025 levels for H2 FY2025, primarily due to ongoing construction costs. SF has noted that one of its customer centres is temporarily closed for renovation from August 2025 to November 2025. As such, we expect elevated expenses to persist through the second half of the year. Projected other operating expenses for FY2025 is S\$8.5 million.

For FY2026, we project that other operating expenses will taper downwards, as renovation works conclude, and return to FY2024 levels. Projected other operating expenses for FY2026 is S\$5.6 million.

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

Exhibit 39: Forecasted Operating Expenses for FY2025 and FY2026

S\$'000	Actual				Forecast		
	H2 FY2023	H1 FY2024	H2 FY2024	H1 FY2025	H2 FY2025	FY2025	FY2026
Staff costs	(4,294)	(4,220)	(5,132)	(5,934)	(5,934)	(11,868)	(12,533)
Depreciation of property, plant and equipment	(759)	(681)	(734)	(711)	(721)	(1,432)	(1,432)
Other operating expenses	(2,949)	(2,811)	(2,822)	(4,250)	(4,250)	(8,500)	(5,633)

Source: SF, FPA

Profit from operations before allowances is forecasted to be S\$4.8 million for FY2025 and S\$3.6 million for FY2026 as shown in **Exhibit 40**.

Exhibit 40: Forecasted Profit from Operations before Allowances for FY2025 and FY2026

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Income before operating expenses	13,631	13,016	26,647	23,156
Staff costs	(5,934)	(5,934)	(11,868)	(12,533)
Depreciation of property, plant and equipment	(711)	(721)	(1,432)	(1,432)
Other operating expenses	(4,250)	(4,250)	(8,500)	(5,633)
Profit from operations before allowances	2,736	2,111	4,847	3,558

Source: SF, FPA

Impairment losses/write backs:

SF noted that there was a net write back for loan impairment losses amounting to S\$1.2 million in H1 FY 2025. This write back was attributed to lower loan allowances on non-credit impaired loans.

The Department of Statistics Singapore (“DOS”) reported that personal disposable income grew by 2.5% y-o-y in Q2 2025, moderating from the 4.4% y-o-y in Q1 2025. This slowdown was attributed to weaker growth in compensation. Given the continued growth in disposable income, we expect allowances for impairment losses on loans to remain positive in H2 FY2025, as customers are better able to service their loans, allowing for potential writebacks. However, the magnitude of these writebacks is likely to be lower due to prevailing economic uncertainty.

As such, we project allowances for H2 FY2025 to moderate by taking the average of the last two half-year results as shown in **Exhibit 41**. We would assume it to be the same in FY2026 as macroeconomic conditions stabilise.

Exhibit 41: Forecasted Allowance for Impairment Losses on Loans and Advances for FY2025 and FY2026

S\$'000	Actual		Forecast		
	H2 FY2024	H1 FY2025	H2 FY2025	FY2025	FY2026
Allowances for impairment losses on loans and advances	221	1,222	722	1,944	1,944

Source: SF, FPA

Profit before tax:

Given the above projections, we project profit before tax of S\$6.8 million in FY2025 and S\$5.5 million in FY2026 as shown in Exhibit 42.

Exhibit 42: Forecasted Profit before Tax for FY2025 and FY2026

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Profit from operations before allowances	2,736	2,111	4,847	3,558
Allowances for impairment losses on loans and advances	1,222	722	1,944	1,944
Profit before tax	3,958	2,832	6,790	5,502

Source: SF, FPA

Profit after tax:

We assume a tax rate of 17% for H2 FY2025 & FY2026, in line with Singapore's corporate income tax rate. Profit after tax is projected to be S\$5.7 million for FY2025 and S\$4.6 million for FY2026, as shown in Exhibit 43.

Exhibit 43: Profit after Tax for FY2025 and FY2026

S\$'000	Actual	Forecast		
	H1 FY2025	H2 FY2025	FY2025	FY2026
Profit before tax	3,958	2,832	6,790	5,502
Tax expense	(634)	(482)	(1,116)	(935)
<i>Effective tax rate</i>	16.02%	17.00%	16.43%	17.00%
Profit after tax	3,324	2,351	5,675	4,566

Source: SF, FPA

Earnings per share (“EPS”):

We assume that the weighted average number of ordinary shares in issue (basic & diluted) in FY2025 and FY2026 will remain the same as FY2024. Thus, we project that EPS (basic & diluted in cents) will be 3.58 cents for FY2025 and 2.88 cents for FY2026 as shown in **Exhibit 44**.

Dividend per share (“DPS”):

Looking at FY2023 and FY2024, SF has been declaring a dividend of 3.0 cents per share. We assume that the firm will continue to distribute dividend of 3.0 cents per share for FY2025 and FY2026 as shown in **Exhibit 44**.

Our projections are summarised in **Exhibit 44**.

Exhibit 44: Forecasted Financial Performance for FY2025 and FY2026

S\$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Interest income & hiring charges	34,078	48,150	53,971	55,512	50,225
Interest expense	(7,859)	(26,144)	(30,723)	(29,472)	(27,677)
Net interest & hiring charges	26,219	22,006	23,248	26,039	22,548
Fee and commission income	301	478	542	344	344
Other operating income	458	453	441	264	264
Income before operating expenses	26,978	22,937	24,231	26,647	23,156
Staff costs	(9,111)	(8,326)	(9,352)	(11,868)	(12,533)
Depreciation of property, plant and equipment	(1,330)	(1,402)	(1,415)	(1,432)	(1,432)
Other operating expenses	(4,986)	(5,634)	(5,633)	(8,500)	(5,633)
Profit from operations before allowances	11,551	7,575	7,831	4,847	3,558
Allowances for impairment losses on loans and advances	(1,422)	(54)	(494)	1,944	1,944
Profit before tax	10,129	7,521	7,337	6,790	5,502
Tax expense	(1,785)	(1,365)	(1,243)	(1,116)	(935)
Profit after tax	8,344	6,156	6,094	5,675	4,566
Weighted average number of ordinary shares	158,686	158,686	158,686	158,686	158,686
Basic EPS (cents)	5.26	3.88	3.84	3.58	2.88
Diluted EPS (cents)	5.26	3.88	3.84	3.58	2.88
Dividend per share (cents)	3.25	3.00	3.00	3.00	3.00

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 12 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 45**.

Exhibit 45: Peer Comparison Analysis

Company	Stock Symbol	Price (S\$) as at 11 Sept '25	Market Cap (S\$ million)	Diluted EPS (cents) ⁽¹⁾	P/E	DPS (cents) ⁽²⁾	Dividend Yield (%)	NAV per share (S\$) ⁽³⁾	P/B
Singapura Finance	S23	0.770	122.19	4.20	18.35	3.00	3.90%	1.62	0.48
Peer companies:									
Hong Leong Finance	S41	2.610	1,170.76	18.65	13.99	12.75	4.89%	4.67	0.56
Sing Investments & Finance	S35	1.730	409.04	17.74	9.75	6.50	3.76%	2.01	0.86
IFS Capital	I49	0.164	61.66	0.72	22.78	0.50	3.05%	0.47	0.35
Peer average:	-	-	-	-	15.51	-	3.40%	-	0.59

⁽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 45**, SF is currently trading at a P/E multiple of 18.35x which is higher than the peer average P/E of 15.51x. This suggests that SF is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.651 if SF is to trade at the peer average P/E of 15.51x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{Peer average P/E} \times \text{TTM diluted EPS} \\
 &= 15.51 \times \text{S\$}0.0420 \\
 &\approx \text{S\$}0.651
 \end{aligned}$$

The estimated target price of S\$0.651 represents a downside potential of 15.5% from the current share price of S\$0.770.

(b) P/B multiple

Based on the results in **Exhibit 45**, SF is currently trading at a P/B multiple of 0.48x which is lower than the peer average P/B of 0.59x. This suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.955 if SF is to trade at the peer average P/B of 0.59x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per share} \\
 &= 0.59 \times \text{S\$}1.62 \\
 &\approx \text{S\$}0.955
 \end{aligned}$$

The estimated target price of S\$0.955 represents an upside potential of 24.1% from the current share price of S\$0.770.

(c) Dividend yield

Based on the results in **Exhibit 45**, SF's current dividend yield of 3.90% is more attractive than the peer average yield of 3.40%, which suggests that SF is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.882 if SF is to trade at the peer average yield of 3.40% as follows:

$$\begin{aligned} \text{Estimated target price (Dividend yield)} &= \frac{\text{Current yield}}{\text{Peer average yield}} \times \text{Current share price} \\ &= \frac{3.90\%}{3.40\%} \times \text{S\$0.770} \\ &\approx \text{S\$0.882} \end{aligned}$$

The estimated target price of S\$0.882 represents an upside potential of 14.5% from the current share price of S\$0.770.

(d) Target price

From our analysis, SF seems to be overvalued in terms of its P/E multiple but undervalued in terms of its 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\$0.829 as follows:

$$\begin{aligned} \text{Overall target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} + \\ &\quad \text{Estimated target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$0.651} + \text{S\$0.955} + \text{S\$0.882}] \\ &\approx \text{S\$0.829} \end{aligned}$$

The overall target price of S\$0.829 represents an upside potential of 7.7% from the current share price of S\$0.770.

(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 18th March 2025
- SF's current P/B multiple is 0.48x, which represents a discount of approximately 57% to NAV.

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 46**. We note that the average price premium of the selected privatisation offers was 33.7%.

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\$122.2 million as at 11th September 2025, this equates to S\$58.2 million (S\$122.2 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 33.7% from the current share price of S\$0.770 to have a chance to be successful. Thus, the Teo family may need to offer a minimum offer price of S\$1.029 (at full privatisation cost of S\$77.8 million).

Exhibit 46: Privatisation Offers for SGX-listed Companies

Target	Code	Acquirer	Currency	Last undisturbed price		Offer price per share	Price premium
				Date	Price		
Singapore Paincare Holdings Ltd	FRQ	Advance Bridge Healthcare Pte Ltd	SGD	26 May '25	0.126	0.160	27.0%
Grand Venture Technology	JLB	Aalberts Advanced Mechatronics B.V.	SGD	30 May '25	0.840	0.940	11.9%
Cosmosteel Holdings Ltd	B9S	3HA Capital Pte Ltd	SGD	14 May '25	0.135	0.25	85.2%
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	Fraser's Property Hospitality Trust Holdings Pte. Ltd.	SGD	13 May '25	0.665	0.710	6.8%
Amara Holdings	A34	DRC Investments Pte. Ltd.	SGD	23 Apr '25	0.705	0.895	27.0%
Sinarmas Land	A26	Lyon Investments Limited	SGD	24 Mar '25	0.275	0.375	36.4%
Average							33.7%

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

Source: respective companies, SGX Stock Screener, FPA

SWOT ANALYSIS

In this section, we undertake a SWOT analysis as shown in **Exhibit 47** to further evaluate SF.

Exhibit 47: SWOT Analysis

SWOT Analysis	
Strengths <ul style="list-style-type: none"> Brand recognition Strong liquidity 	Weaknesses <ul style="list-style-type: none"> Uncompetitive rates Struggling market share
Opportunities <ul style="list-style-type: none"> Regional expansion 	Threats <ul style="list-style-type: none"> Falling interest rates Rise of digital banks

Strengths:

SF has been serving Singapore since 1950, making it a 75-year-old institution. Its long-standing presence has cultivated strong brand recognition, especially among retail customers and SMEs, positioning it as a reliable and stable financial partner.

As of H1 FY2025, SF reported a CAR of 22.1%, well above the regulatory minimum. This reflects a robust financial position, enabling the company to withstand economic shocks even in uncertain environments. Strong liquidity also provides flexibility to pursue strategic opportunities, such as expanding its auto and mortgage financing portfolios.

Weaknesses:

During the most recent AGM, the board acknowledged that the fixed deposit market in FY2024 was highly competitive, resulting in only a slight increase in customer deposits. To remain competitive, SF had to offer higher interest rates, which led to increased interest expenses.

As shown in **Exhibit 48**, SF's fixed deposit rates were on par and even higher than those offered by banks. SF has had to maintain high interest rates to attract deposits. However, this strategy has led to elevated interest costs and weakened overall profitability.

Exhibit 48: Comparison of Fixed Deposit Rates

Fixed Deposit Rates			
Financial Institution	Interest rate per annum	Tenure	Minimum amount
Hong Leong Finance	1.20%	12 months	20,000
Singapura Finance	1.15%	12 months	20,000
OCBC	1.15%	12 months	20,000
DBS	0.05%	12 months	20,000

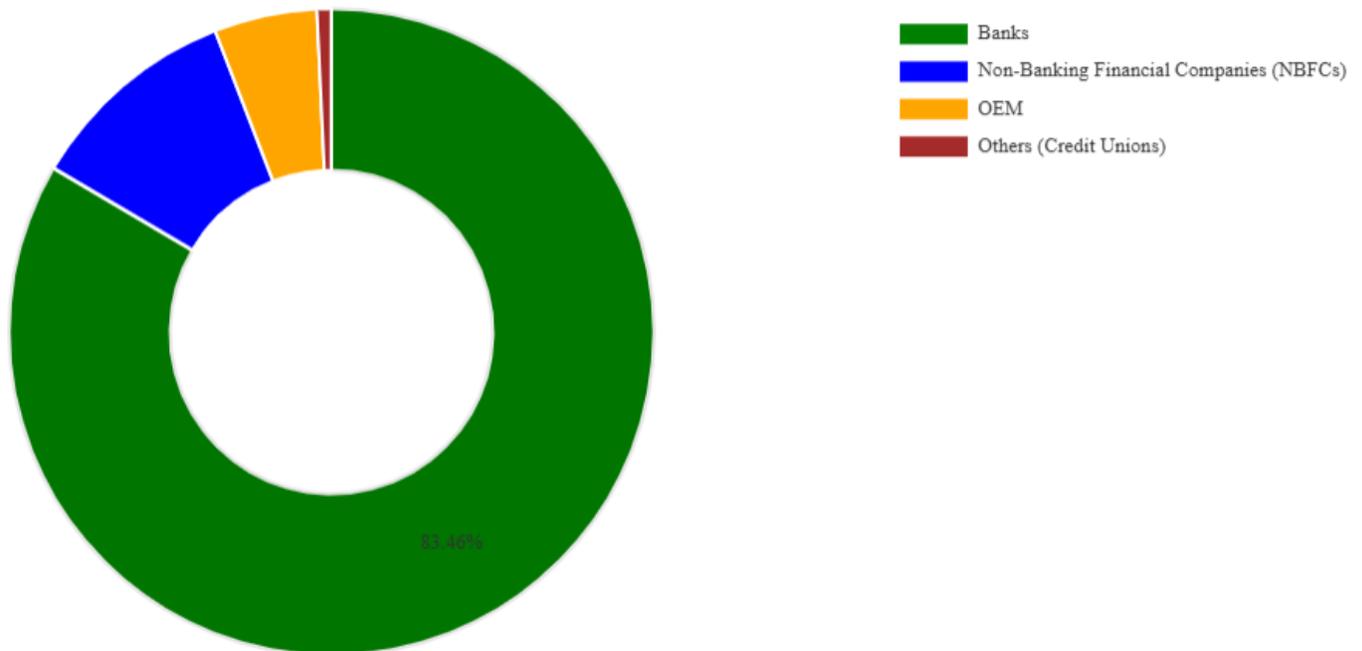
Fixed Deposit Rates			
Financial Institution	Interest rate per annum	Tenure	Minimum amount
Hong Leong Finance	1.20%	9 months	20,000
Singapura Finance	1.20%	9 months	20,000
OCBC	1.15%	9 months	20,000
DBS	0.05%	9 months	20,000

Note: Information as at 9th September 2025

Source: respective companies, FPA

Another weakness of SF is its limited market share in the automotive financing segment. According to Astute Analytica¹, the market is heavily dominated by banks, which collectively hold 83.46% of the total share, as shown in **Exhibit 49**. As a Non-Banking Financial Company (“NBFC”), SF occupies only a small portion of this market and faces stiff competition even within the NBFC space. For instance, Hong Leong Finance, one of its key peers, has a market capitalization nearly ten times larger than SF’s, giving it greater scale and pricing power. This highlights SF’s ongoing struggle to establish a foothold in the automotive financing sector, limiting its ability to grow loan volumes.

Exhibit 49: Singapore Automotive Financing Market by Service Provider 2024



Source: Astute Analytica

Opportunities:

SF currently operates exclusively within Singapore. However, given its track record and strong brand reputation, the company is well-positioned to explore regional growth opportunities. Expanding into neighbouring markets such as Malaysia or Indonesia could unlock access to larger customer bases. Strategic partnerships or joint ventures with local institutions could further mitigate entry risks and accelerate market penetration.

¹ Astute Analytica is a market research and consulting firm founded in 2020.

Threats:

According to Reuters, Wall Street firms expect the U.S. Federal Reserve to cut rates by 25 basis points in both September and December. This anticipated easing could influence global interest rates, including in Singapore, where a decline in SORA would likely lead to lower lending rates and reduced interest income for financial institutions like SF.

At the same time, SF continues to face high interest expenses as it offers competitive deposit rates to retain market share. This combination of falling yields and elevated funding costs could compress net interest margins, impacting profitability. In a prolonged low-rate environment, SF may also struggle to price loans competitively while maintaining returns.

Another growing threat to SF is the rise of digital banks in Singapore, such as Trust Bank and GXS Bank. These new entrants offer fully digital experiences and seamless onboarding, appealing especially to younger, tech-savvy consumers. Their ability to operate with lower overhead costs allows them to offer cheaper fees and incorporate other perks, putting pressure on traditional financial institutions like SF. As digital banks continue to scale and expand their product offerings, SF may face increasing challenges in retaining customer deposits.

POTENTIAL CATALYSTS

(I) UNWINDING OF U.S. TARIFFS

A US appeals court has ruled that most tariffs issued by US President Donald Trump are illegal. The decision affects Trump's so-called "reciprocal" tariffs, which targeted most countries around the world. The ruling will not take effect until 14th October, allowing the Trump administration time to petition to the US Supreme Court, as reported by the BBC.

If these tariffs are ultimately removed, it could significantly ease global trade tensions and reduce the perceived risk of a recession or prolonged economic slowdown. For Singapore, a trade-dependent economy, the removal of tariffs would likely restore business confidence and improve macroeconomic stability. This shift could uplift consumer sentiment, encouraging households to resume discretionary spending on big-ticket items such as vehicles and residential properties.

As consumers regain confidence, demand for auto loans and mortgage financing is likely to increase. SF, as a provider of both, stands to benefit from this trend. Higher loan volumes and larger loan sizes could translate into stronger earnings growth.

(II) CONTINUED DEMAND FOR COE

COE premiums have continued to climb as shown in **Exhibit 50**, with Category A COEs reaching S\$107,889 in the 3rd September 2025 tender. This breaks the S\$106,000 record set in October 2023 and reflects strong demand for motor vehicles, supported by an 11.3% y-o-y increase in Q2 2025 sales.

The Straits Times has noted that a major factor behind rising COE prices is the growing adoption of electric vehicles ("EVs"), boosted by government incentives. Buyers can receive up to S\$40,000 in tax rebates, allowing dealers to bid higher for COEs while keeping retail prices attractive. These incentives are scheduled to expire on December 31, 2025.

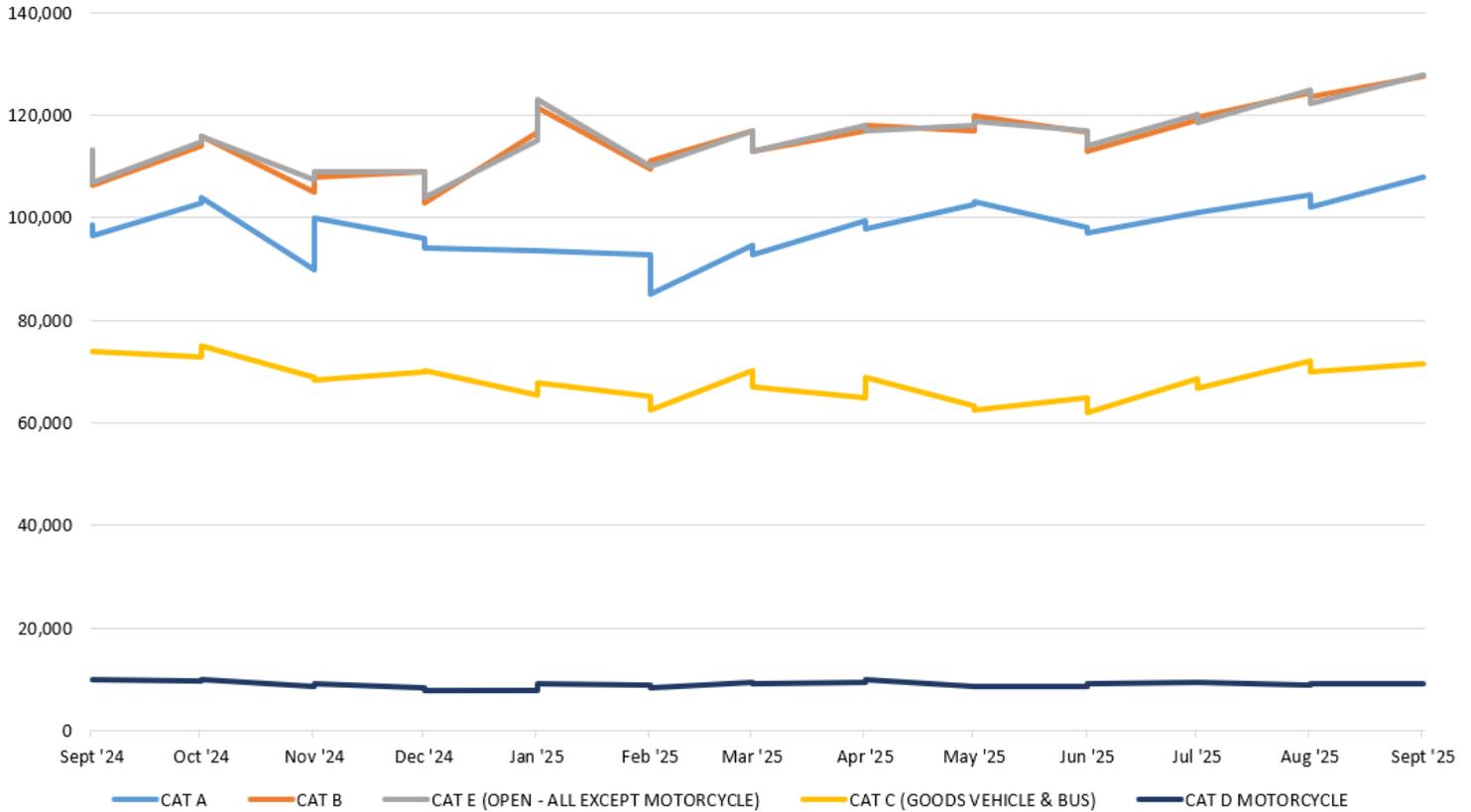
On 8th September 2025, the LTA and National Environment Agency ("NEA") announced that the rebates would be reduced from \$40,000 to \$30,000 in 2026. This change may trigger a surge in vehicle purchases before year-end, as buyers seek to take advantage of the full rebate. However, the reduction in incentives does not necessarily imply a drop in COE prices, as demand could remain strong.

A sustained demand in COE is likely to result in:

- Higher loan volumes, as more vehicles are financed
- Larger loan sizes, driven by elevated COE premiums

As a provider of auto financing, this trend is expected to support SF's earnings growth.

Exhibit 50: COE Premiums for each Category¹ (September 2024 – September 2025)



Source: LTA, FPA

(III) HIGHER ECONOMIC GROWTH IN SINGAPORE

Singapore’s economy outperformed expectations in H1 2025, growing 4.3% y-o-y, prompting the MTI to upgrade its full-year GDP growth forecast from 0.0–2.0% to 1.5–2.5%. This upward revision reflects robust expansion in key sectors such as wholesale trade, manufacturing, finance & insurance and transportation & storage, despite ongoing global tariff uncertainties.

This resilience has important implications for consumer sentiment. While many households have remained cautious about taking on large financial commitments, stronger economic performance could shift sentiment toward greater optimism. As confidence improves, consumers may become more willing to commit to big-ticket purchases such as homes and vehicles.

If Singapore’s economic growth continues to exceed expectations, it could further encourage discretionary spending. Households may feel more secure in their financial outlook, leading to increased demand for property upgrades, new vehicle purchases, and other lifestyle-related investments.

For SF, this environment presents a compelling growth opportunity. Rising consumer confidence is likely to drive demand for both mortgage and vehicle loans. Higher loan volumes and larger average loan sizes would translate into stronger interest income and earnings momentum for the company.

¹ Category A: Up to 1,600cc; Category B: Above 1,600cc; Category C: Goods vehicle & bus; Category D: Motorcycle; Category E: Open – all except motorcycles

INVESTMENT RECOMMENDATION

Based on our relative valuation, we estimate SF's target price to be S\$0.829, implying an upside potential of 7.7% from the current share price of S\$0.770.

While the company demonstrates a solid liquidity position and a long-standing presence in Singapore's financial landscape, it continues to face challenges that limit near-term upside.

SF has struggled to gain market share in a highly competitive environment, particularly against larger players. To remain competitive, it has had to offer more attractive deposit rates, which has led to rising interest expenses and pressure on net interest margins. This dynamic is likely to persist, especially in a low-rate environment where lending yields may decline further.

Nonetheless, the company's robust capital adequacy and liquidity position provide resilience against macroeconomic shocks, allowing it to weather potential downturns. Additionally, there remains speculative upside from potential privatisation offers by the Teo family, which could act as a catalyst for share price appreciation. If the Teo family were to make a privatisation offer, there could be a potential premium of 33.7%, based on recent privatisation offers for SGX-listed companies. This would bring the share price to S\$1.029 ($S\$0.770 \times 133.7\%$).

Further upside could be driven by macroeconomic improvements, including the unwinding of U.S. tariffs, sustained demand for COEs in Singapore, and stronger domestic economic growth. However, risks remain from a potentially prolonged weakness in the job market, rising credit default risks, and possible economic slowdown in Singapore.

Taking all factors into account, we believe the stock is fairly valued at current levels and recommend a hold.

RISKS TO TARGET PRICE

(I) PROLONGED WEAKNESS IN THE JOB MARKET

Singapore's labour market remains fragile amid macroeconomic headwinds. According to the Ministry of Manpower ("MOM"), total employment rose by 8,400 in Q2 2025 – higher than 2,300 in Q1 2025 and 7,700 in Q4 2024. Resident employment expanded in Financial Services and Health & Social Services, but outward-oriented sectors like Professional Services and Information & Communications continued to decline. MOM noted that global uncertainty may dampen hiring and wage growth in the coming months. Business sentiment is cautious, with expectations for hiring and wages in Q3 2025 softening slightly.

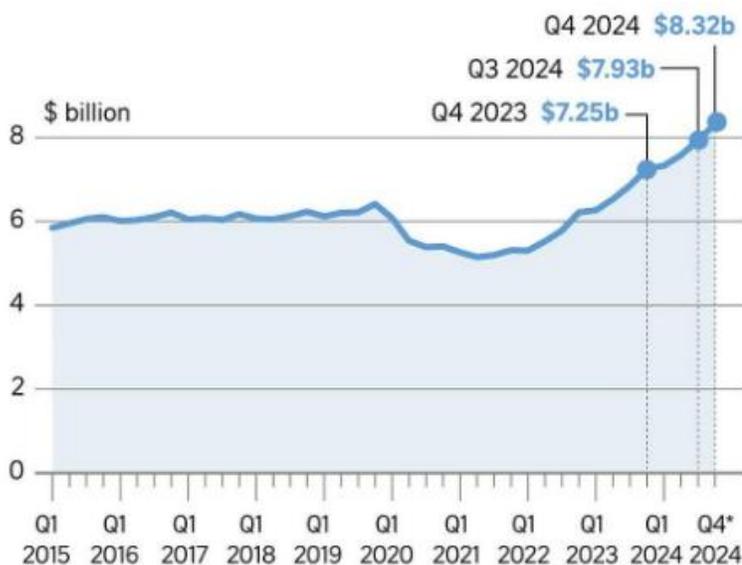
A prolonged slowdown in the job market could tighten household budgets, as wage growth stalls and job security weakens. This would likely lead to reduced discretionary spending, with consumers delaying or downsizing major purchases. As a result, demand for consumer loans may decline not only in volume but also in average loan size. For SF, this translates into slower loan book growth and reduced interest income. If sustained, this trend could weigh on profitability and exert downward pressure on its earnings.

(II) CREDIT DEFAULT RISK

Credit default risk—the possibility that borrowers fail to repay their loans—is a persistent concern for financial institutions in Singapore. According to The Straits Times, the amount of credit card debt not paid by the due date hit a record high in 2024. Rollover balances, which refer to outstanding card amounts, reached S\$8.32 billion in Q4 2024, up 4.9% from Q3 2024 as shown in **Exhibit 51**. Among age groups, those aged 40 to 44 had the highest delinquency rate at 3.8%, while the 21 to 29 cohort recorded the lowest at 1.98%. The rising cost of living has led many individuals to take on debt just to get by.

If macroeconomic conditions continue to deteriorate, default rates are likely to rise. Lenders would have to write down losses, which could erode profitability. For SF, which has exposure to both retail and SME lending, a deterioration in credit quality could result in tighter margins and downward pressure on its target price.

Exhibit 51: Credit Card Rollover Balances (2015 – 2024)



NOTE: *Preliminary figure for Q4 2024.

Source: The Straits Times, MAS

(III) ECONOMIC SLOWDOWN

Singapore's economic growth is expected to moderate in the second half of 2025, weighed down by global headwinds such as trade tensions, slowing demand from major economies. As business activity softens, financing needs—particularly among SMEs—may decline, leading to slower loan growth and reduced fee income for financial institutions like SF. At the same time, cautious consumer sentiment and rising costs are likely to dampen spending on big-ticket items, further weakening demand for personal and renovation loans. In a slower-growth environment, lower loan volume and smaller loan size, puts downward pressure on SF's earnings outlook and target price.

CORPORATE GOVERNANCE

(I) BOARD OF DIRECTORS

As of 1st July 2025, the Board comprises eight directors:

- Mrs Yu-Foo Yee Shoon: Non-Independent Non-Executive Chairman
- Mr Jamie Teo Miang Yeow: Executive Director & Chief Executive Officer (“CEO”)
- Mr Adam Tan Chin Han: Lead Independent Director
- Mr Terence Khoo Chi Siang: Independent Director
- Mr Lucas Tran Phuoc: Independent Director
- Mr Loh Ching Soo: Independent Director
- Mr Lionel Yeo Hung Tong: Independent Director
- Dr Christopher Teo Miang Chneh: Non-Independent Non-Executive Director

Mrs Yu-Foo Yee Shoon joined the Board on 1st November 2011. With effect from 29th February 2024, she has been appointed Non-Independent Non-Executive Chairman of SF. She is also a member of the Audit, Risk, Nominating and Remuneration Committees. Mrs Yu-Foo is also an Independent Director of ESR Trust Management (Suntec) Limited.

Mr Jamie Teo Miang Yeow joined the Board on 8th November 2002 and has served as CEO since 11th September 2007. He is the Chairman of the Executive Committee and a member of the Nominating, Risk Management and Digitalisation Committees. Mr Teo is the son of SF’s former Chairman, Teo Chiang Long, and the brother of Dr Christopher Teo Miang Chneh.

Mr Adam Tan Chin Han joined the Board on 3rd January 2017. He is the Lead Independent Director and Chairman of the Nominating Committee. He is also a member of the Audit, Remuneration, Risk Management, Executive and Digitalisation Committees. Mr Tan is a director of Agrimax Pte Ltd and Plasticscommerce Pte Ltd.

Mr Terence Khoo Chi Siang joined the Board on 2nd July 2018. He is the Chairman of the Digitalisation and Risk Management Committees. He is also a member of the Audit, Nominating and Remuneration Committees. He is the Managing Director of Enterprise Sports Group Pte. Ltd, a diversified marketing company which he founded.

Mr Lucas Tran Phuoc joined the Board on 1st June 2023. He is the Chairman of the Audit Committee and is also a member of the Nominating, Risk Management, Remuneration and Executive Committees. He is a partner at WLT Assurance LLP and is an Independent Director of Kim Heng Ltd, Olam Group Limited and Natural Cool Holding Ltd.

Mr Loh Ching Soo joined the Board on 1st June 2023. He is the Chairman of the Remuneration Committee and Deputy Chairman of the Digitalisation Committee. He is also a member of the Audit, Nominating and Risk Management Committees.

Mr Lionel Yeo Hung Tong joined the Board on 1st July 2025. He is a member of the Audit, Nominating, Remuneration, Risk Management and Digitalisation Committees.

Dr Christopher Teo Miang Chneh joined the Board on 1st July 2023. He is a member of the Audit, Risk Management, Nominating and Remuneration Committees. Dr Teo sits on the School Management Committee of Ngee Ann Primary and Ngee Ann Secondary schools and is a director of various private companies in Singapore.

Audit Committee

- Mr Lucas Tran Phuoc: Chairman, Independent Director
- Mrs Yu-Foo Yee Shoon: Member, Non-Independent Non-Executive Director
- Mr Adam Tan Chin Han: Member, Lead Independent Director
- Mr Terence Khoo Chi Siang: Member, Independent Director
- Mr Loh Ching Soo: Member, Independent Director
- Mr Lionel Yeo Hung Tong: Member, Independent Director
- Dr Christopher Teo Miang Chneh: Member, Non-Independent Non-Executive Director

Nominating Committee

- Mr Adam Tan Chin Han: Chairman, Lead Independent Director
- Mr Jamie Teo Miang Yeow: Member, Executive Director & CEO
- Mrs Yu-Foo Yee Shoon: Member, Non-Independent Non-Executive Director
- Mr Terence Khoo Chi Siang: Member, Independent Director
- Mr Lucas Tran Phuoc: Member, Independent Director
- Mr Loh Ching Soo: Member, Independent Director
- Mr Lionel Yeo Hung Tong: Member, Independent Director
- Dr Christopher Teo Miang Chneh: Member, Non-Independent Non-Executive Director

Remuneration Committee

- Mr Loh Ching Soo: Chairman, Independent Director
- Mrs Yu-Foo Yee Shoon: Member, Non-Independent Non-Executive Director
- Mr Adam Tan Chin Han: Member, Lead Independent Director
- Mr Terence Khoo Chi Siang: Member, Independent Director
- Mr Lucas Tran Phuoc: Member, Independent Director
- Mr Lionel Yeo Hung Tong: Member, Independent Director
- Dr Christopher Teo Miang Chneh: Member, Non-Independent Non-Executive Director

Risk Management Committee

- Mr Terence Khoo Chi Siang: Chairman, Independent Director
- Mr Jamie Teo Miang Yeow: Member, Executive Director & CEO
- Mrs Yu-Foo Yee Shoon: Member, Non-Independent Non-Executive Director
- Mr Adam Tan Chin Han: Member, Lead Independent Director
- Mr Lucas Tran Phuoc: Member, Independent Director
- Mr Loh Ching Soo: Member, Independent Director
- Mr Lionel Yeo Hung Tong: Member, Independent Director
- Dr Christopher Teo Miang Chneh: Member, Non-Independent Non-Executive Director

Executive Committee

- Mr Jamie Teo Miang Yeow: Chairman, Executive Director & CEO
- Mr Adam Tan Chin Han: Member, Lead Independent Director
- Mr Lucas Tran Phuoc: Member, Independent Director

Digitalisation Committee

- Mr Terence Khoo Chi Siang: Chairman, Independent Director
- Mr Loh Ching Soo: Deputy Chairman, Independent Director
- Mr Jamie Teo Miang Yeow: Member, Executive Director & CEO
- Mr Adam Tan Chin Han: Member, Lead Independent Director
- Mr Lionel Yeo Hung Tong: Member, Independent Director
- Mr Melvin Yeo: Member, Chief Operating Officer

SUSTAINABILITY INFORMATION

Sustainability governance:

According to SF, the Board plays a pivotal role in reviewing and approving SF's sustainability strategies. SF's sustainability governance structure is shown in **Exhibit 52**.

The Sustainability Steering Committee ("SSC"), chaired by the CEO and comprising members of the management team, drives the formulation of sustainability objectives and strategies. The SSC ensures alignment with the Board's approved objectives and oversees progress toward achieving these targets. It is also responsible for recommending sustainability-related policies and procedures for Board approval, monitoring material ESG factors, and engaging stakeholders to incorporate their perspectives and effectively communicate sustainability-related information.

Supporting the SSC is the Sustainability Task Force ("STF"), a cross-functional team that implements sustainability strategies across the Group. STF members, drawn from various divisions, ensure the integration of sustainability initiatives into daily operations and oversee the execution of controls, plans, and programmes aligned with SF's sustainability objectives.

Exhibit 52: Sustainability Governance Structure



Source: SF

Stakeholder engagement:

SF recognises that sustainable growth is built on collaborative relationships with their diverse stakeholders. To ensure informed and transparent communication, they maintain open and accessible channels for sharing key information with stakeholder.

Exhibit 53 shows an overview of SF's stakeholder engagement approach.

Exhibit 53: Overview of Stakeholder Engagement

Stakeholder Group	Key Topics and Concerns	Engagement Methods	Frequency
 Customers	<ul style="list-style-type: none"> • Customer privacy • Comprehensive range of services available • Quality of service • Pricing of services 	<ul style="list-style-type: none"> • Contact form on Company website • Feedback channel via email, social media and phone 	<ul style="list-style-type: none"> • Throughout the year
 Employees	<ul style="list-style-type: none"> • Training • Fair compensation and benefits • Personal development • Work environment 	<ul style="list-style-type: none"> • Meetings with employees • Training and development programmes • Employee events & Newsletters • Employee Engagement Survey • Online meetings or email with employees • Online training and development programmes 	<ul style="list-style-type: none"> • Throughout the year
 Shareholders	<ul style="list-style-type: none"> • SFL's financial performance • Operational strategy • Shareholders' returns 	<ul style="list-style-type: none"> • Annual General Meeting • Announcements on Company website • Annual Reports 	<ul style="list-style-type: none"> • Periodically
 Government and Regulators	<ul style="list-style-type: none"> • Financial performance stability • Compliance • Cyber/security threats • Prevention of financial fraud 	<ul style="list-style-type: none"> • Meetings and consultations • Online meetings and consultations via Webex 	<ul style="list-style-type: none"> • Throughout the year
 Membership of Associations ¹	<ul style="list-style-type: none"> • Sustainable business • Responsible employers 	<ul style="list-style-type: none"> • Dialogue sessions • Online dialogue sessions via Zoom • Direct email 	<ul style="list-style-type: none"> • Throughout the year

Source: SF

Materiality assessment:

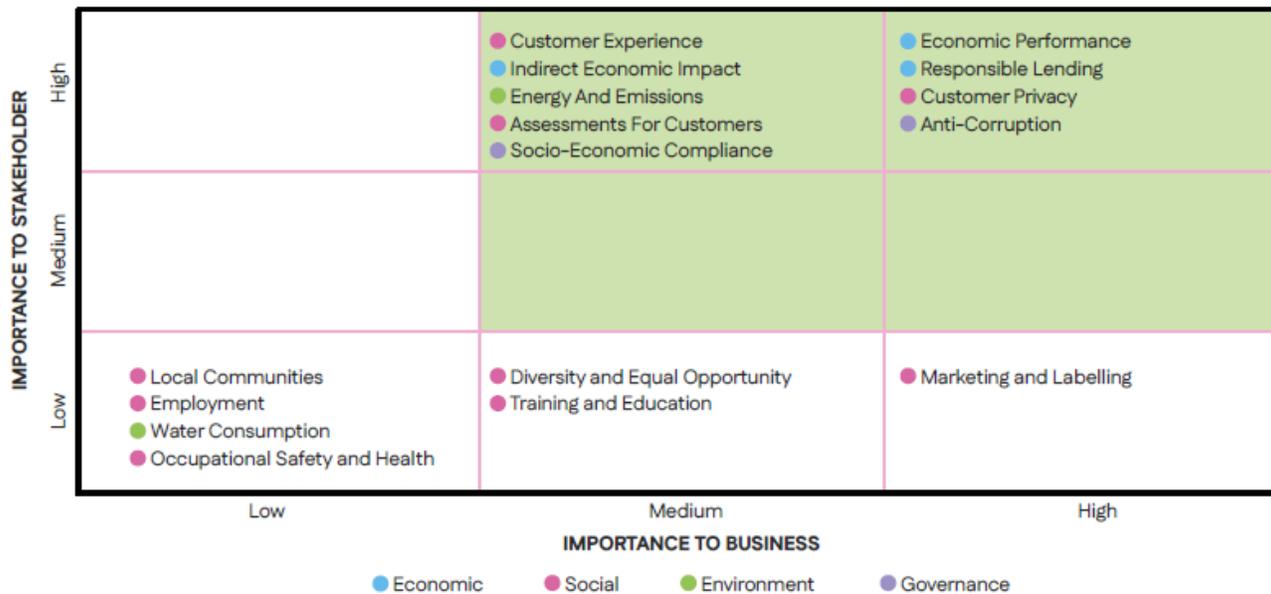
A formal materiality assessment was first conducted in FY2017 to identify the ESG factors most critical to SF and its stakeholders. The process adhered to the Global Reporting Initiative’s (“GRI”) definition of materiality, which considers the impacts on both the organisation and its stakeholders. Over the years, this assessment has been updated periodically to reflect emerging trends, industry challenges and stakeholder expectations.

The outcome of FY2024’s materiality assessment is shown in **Exhibit 54**.

The key ESG factors that we will focus on in the report are:

Environmental	Social	Governance
<ul style="list-style-type: none"> Energy & Emissions 	<ul style="list-style-type: none"> Customer Experience Customer Privacy Assessment for Customers 	<ul style="list-style-type: none"> Anti-Corruption Socio-Economic Compliance

Exhibit 54: SF’s FY2024 Materiality Assessment Outcome



Economical	Environmental	Social	Governance
<ul style="list-style-type: none"> Economic Performance Responsible Lending Indirect Economic Impact 	<ul style="list-style-type: none"> Energy and Emissions Water Consumption 	<ul style="list-style-type: none"> Customer Privacy Customer Experience² Assessment for customers² Marketing and labelling Diversity and equal opportunity Training and education Local communities Employment Occupational safety and health 	<ul style="list-style-type: none"> Anti-corruption Socio-economic compliance

Material Topics

² Non-GRI Material Factors

Source: SF

A summary of SF's key targets is shown in **Exhibit 55**.

Exhibit 55: Summary of SF's Key Targets

Sustainability Categories	ESG Factors	Targets
 Economic	Economic performance	<ul style="list-style-type: none"> Achieve sustainable growth
	Responsible lending	<ul style="list-style-type: none"> Support energy transition by financing green energy products
	Indirect economic impact	<ul style="list-style-type: none"> 98% of Group's spending on goods and services from local suppliers
 Environment	Energy and emissions	<ul style="list-style-type: none"> Limit the year's energy consumption intensity to no more than 2% increase from the previous year
 Social	Customer privacy	<ul style="list-style-type: none"> Zero substantiated complaints concerning breaches of customer privacy and losses of customer data
	Marketing and labelling	<ul style="list-style-type: none"> No reported incidents of non-compliance with voluntary codes nor non-compliance with regulations resulting in a significant fine
	Customer experience	<ul style="list-style-type: none"> 100% of call back requests (at Customer Centres) addressed in a timely manner 100% of customers' feedback and complaints addressed in accordance with the Feedback and Complaint Handling Process
	Assessment for customers	<ul style="list-style-type: none"> Screen 100% of new customers
	Occupational safety and health	<ul style="list-style-type: none"> No cases of work-related injuries and ill-health in our operations
 Governance	Anti-corruption	<ul style="list-style-type: none"> 100% employees attend AML/ CFT training 100% employees attend anti-corruption training No incidents of corruption or whistleblowing reports
	Socio-economic compliance	<ul style="list-style-type: none"> Zero significant fines or non-monetary sanctions for non-compliance with laws and regulations

Source: SF

(I) ENVIRONMENTAL**Energy & Emissions:**

SF remains committed to measuring and monitoring its energy consumption and associated emissions as part of our environmental stewardship efforts. In FY2024, the total energy consumption of SF was 229,996 KWh, representing more than a 7% decrease as compared to FY2023. Energy intensity per employee for FY2024 was recorded at 2,035 kWh per person, continuing SF's efforts to enhance energy efficiency. SF's target is to limit the year's energy consumption intensity to no more than 2% increase from the previous year.

SF's energy consumption and energy intensity results are shown in **Exhibit 56 & Exhibit 57** respectively.

Exhibit 56: SF's Energy Consumption (FY2017 – FY2024)

Energy consumption		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
SFL Group's energy consumption	kWh	321,804	315,588	308,075	290,018	294,680	260,354	247,917	229,996
Year-on-year changes	%	NA	-1.93	-2.38	-5.86	1.61	-11.65	-4.78	-7.23

Source: SF

Exhibit 57: SF's Energy Intensity (FY2017 – FY2024)

Energy intensity		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Energy consumption per employee	kWh/person	3,094	2,768	2,679	2,762	2,861	2,552	2,407	2,035
Year-on-year changes	%	NA	-10.54	-3.22	3.10	3.58	-10.78	-5.68	-15.44

Source: SF

SF continues to track its emissions and report on its Scope 1 and Scope 2 emissions, while also developing robust systems to measure Scope 3 emissions. In FY2024, Scope 1 emissions were recorded at 4 tonnes CO₂e. Scope 2 emissions, derived from purchased electricity, amounted to 95 tonnes CO₂e, as shown in **Exhibit 58**.

SF remains focused on improving its energy and emissions management capabilities and will continue to pursue initiatives to drive energy efficiency and lower its environmental footprint. Future plans include expanding emissions tracking to cover Scope 3 categories and exploring renewable energy solutions for its operations.

Exhibit 58: SF's GHG Emissions (FY2017 – FY2024)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Percentage change (%) compared to base year of 2019
Scope 1 emissions ⁶	NA	3	4	33.3						
Scope 2 emissions ⁷	143	136	132	129	119	120	106	103	95	-26.4
Total annual GHG emission (tonnes of CO ₂ e) (Scope 1 + Scope 2)	143	136	132	129	119	120	106	106	99	-23.3
GHG emission intensity by number of employees (tonnes of CO ₂ e/ employee)	1.34	1.31	1.16	1.12	1.13	1.17	1.04	1.03	0.88	-21.8

Source: SF

(II) SOCIAL**Customer Experience:**

SF prioritises customer focus and efficiency as core values, striving to deliver a seamless and positive experience. Their primary engagement channels include their website and customer service teams.

SF is committed to addressing customer feedback promptly and have set a target to ensure all call-back requests received via feedback channels are addressed in a timely manner as shown in **Exhibit 59**.

Exhibit 59: Percentage of Call Back Requests Addressed in a Timely Manner (FY2022 – FY2024)

	FY2022		FY2023		FY2024	
	Target	Actual	Target	Actual	Target	Actual
Percentage of call back requests (at Customer Centres) addressed in a timely manner	100%	100%	100%	100%	100%	100%

Source: SF

SF has a feedback & complaint handling process that outlines procedures and timelines for acknowledging, investigating and resolving customer feedback or complaints.

In FY2024, SF successfully met their target of promptly acknowledging and resolving all customer feedback and complaints in accordance with the feedback & complaint handling process as shown in **Exhibit 60**.

Exhibit 60: Percentage of Customers' Feedback and Complaints Addressed in accordance with the Feedback & Complaint Handling Process (FY2022 – FY2024)

	FY2022		FY2023		FY2024	
	Target	Actual	Target	Actual	Target	Actual
Percentage of customers' feedback and complaints addressed in accordance with the Feedback and Complaint Handling Process	100%	100%	100%	100%	100%	100%

Source: SF

Customer Privacy:

At SF, safeguarding customer data and ensuring its confidentiality remains a key priority. SF is committed to preventing data and system breaches while ensuring that customers' information is managed in compliance with applicable personal data privacy laws and regulations, including the Personal Data Protection Act ("PDPA").

In FY2024, SF successfully maintained its target of zero substantiated complaints concerning breaches of customer privacy and losses of customer data, as shown in **Exhibit 61**.

Exhibit 61: Substantiated Complaints Concerning Breaches of Customer Privacy & Losses of Customer Data (FY2022 – FY2024)

	FY2022		FY2023		FY2024	
	Target	Actual	Target	Actual	Target	Actual
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0	0	0	0

Source: SF

Assessment for customers:

SF is committed to maintaining a responsible lending approach that prioritises financial well-being of their customers while ensuring compliance with regulatory requirements. Their comprehensive customer assessment frameworks include due diligence procedures and risk evaluations to safeguard both individual and corporate clients.

Know Your Customer (“KYC”): To ensure the legitimacy and financial standing of their customers, they have established robust KYC and creditworthiness evaluation processes. These include:

- Screening customers against regulatory and internal databases, including:
 - World Check for global sanctions and adverse media screening.
 - Accounting and Corporate Regulatory Authority (ACRA) searches for corporate entities.
 - Internal blacklist database checks covering borrowers, guarantors, directors, shareholders, and ultimate beneficial owners for corporate clients.
 - Credit Bureau Singapore (CBS) search for individual borrowers, principals, and guarantors.

Creditworthiness Evaluation: To ensure customers are financially capable of managing debt obligations responsibly, SF conducts comprehensive credit assessments, which include:

- Reviewing financial standing through submitted documents such as signed application forms, income substantiation (income evidence and/or financial statements), the latest 3 to 6 months’ bank statements and others where applicable.
- Evaluating credit history and risk profile using CBS reports for individuals and CBS FICO for corporate clients.

Customer Engagement and Loan Advisory: For residential property loans, Relationship Managers (“RMs”) engage with borrowers before the submission of loan applications to ensure they are well-informed about the key features of the credit facility. These discussions cover:

- Loan tenor, interest rates, credit amount, repayment schedules, and applicable fees and charges.
- A mandatory Loan Factsheet that must be acknowledged by both the borrower and the RM, confirming that all relevant details have been explained.

ESG Considerations: As part of SF’s commitment to responsible lending, borrowers with total credit exposure of S\$10 million or more (on a group basis) are required to complete an ESG checklist. This evaluation helps SF assess the borrower’s alignment with sustainability practices and responsible business conduct.

In FY2024, SF achieved its target to screen 100% of new customers.

(III) GOVERNANCE

Anti-corruption:

SF has robust policies to address transactions that could facilitate bribery, including:

- Gifts and Entertainment: Strict guidelines on acceptance thresholds and declaration requirements.
- Business Commissions and Kickbacks: Prohibited unless fully documented and approved within prescribed limits.
- Facilitation Payments: Explicitly treated as bribes and strictly prohibited.
- Donations and Sponsorships: Allowed only under defined circumstances, with clear approvals and documentation.

To instil a culture of ethics, SF provides regular training for all employees. New joiners complete mandatory sessions on anti-bribery, Anti-Money Laundering (“AML”), Combating the Financing of Terrorism (“CFT”) and ethical business conduct, while refresher courses reinforce these principles.

Regular monitoring ensures adherence to ethical practices, including reviews of employee transactions to detect conflicts of interest and compliance with blackout periods for trading in SF securities.

SF’s anti-corruption achievements are shown in **Exhibit 62**.

Exhibit 62: SF’s Anti-corruption Achievements (FY2022 – FY2024)

	FY2022		FY2023		FY2024		FY2025
	Target	Actual	Target	Actual	Target	Actual	Target
Percentage of employees who attended AML/CFT training	100%	100%	100%	100%	100%	100%	100%
Percentage of employees who attended anti-corruption training	100%	100%	100%	100%	100%	100%	100%

	FY2022		FY2023		FY2024		FY2025
	Target	Actual	Target	Actual	Target	Actual	Target
Confirmed incidents of corruption	0	0	0	0	0	0	0

FY2024 Achievements

- All employees completed AML/CFT and anti-corruption training.
- No incidents of corruption or whistleblowing reports were recorded.
- No breaches of AML/CFT regulations occurred.
- SFL maintained full compliance with enhanced due diligence measures for high-risk customers.

Source: SF

Socio-economic compliance:

SF’s approach to compliance is guided by its Compliance Risk Management Framework, which provides a structured methodology for identifying, assessing and mitigating compliance risks.

This framework outlines:

- Governance and Oversight: Roles and responsibilities of the Board of Directors, Management, Compliance Department and all employees in managing compliance risks.
- Processes and Procedures: Clear policies and controls to guide operational activities and mitigate risks effectively.

Key Compliance Measures	
Risk Assessments and Policies	<ul style="list-style-type: none"> • Annual Enterprise-Wide Risk Assessments (“EWRA”) are conducted to evaluate risks related to AML and CFT. • Comprehensive Standard Operating Procedures (“SOPs”) ensure consistency in operational processes, embedding compliance requirements at every stage.
Employee Training and Awareness	<ul style="list-style-type: none"> • Employees receive regular training on AML/CFT, compliance policies and SOPs. • New employees attend mandatory training conducted by the Compliance Department, emphasizing the importance of compliance from the outset.
Monitoring and Reporting	<ul style="list-style-type: none"> • The Compliance Department performs periodic compliance checks to ensure adherence to policies and SOPs. • Updates to regulations are tracked through alerts from the MAS and other regulatory bodies. • Implications of regulatory updates are assessed and reported to the Operational and Technology Risk Committee and the Risk Management Committee.
Zero-Tolerance Approach	<ul style="list-style-type: none"> • SFL upholds a zero-tolerance policy for non-compliance. Measures are implemented promptly to address any gaps, ensuring the Group remains fully aligned with regulatory standards.

SF achieved its target of zero significant fines or non-monetary sanctions for non-compliance with laws and regulations.

SF’s compliance achievements are shown in **Exhibit 63**.

Exhibit 63: SF’s Compliance Achievements (FY2022 – FY2024)

	FY2022		FY2023		FY2024		FY2025
	Target	Actual	Target	Actual	Target	Actual	Target
Cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations	0	0	0	0	0	0	0

Source: SF

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