



Monetary Authority of Singapore

FSDF Financial Statements 2025/2026

FINANCIAL STATEMENTS

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STATEMENT BY MANAGEMENT

For The Financial Year Ended 31 March 2026

In the opinion of the Management, the financial statements of the Fund as set out on pages 7 to 36 are drawn up so as to present fairly the state of affairs of the Fund as at 31 March 2026, and the results, changes in equity and cash flows of the Fund for the financial year ended on that date.

GAN KIM YONG

Minister-in-charge

Monetary Authority of Singapore

CHIA DER JIUN

Managing Director

Monetary Authority of Singapore

24 June 2026

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE FINANCIAL SECTOR DEVELOPMENT FUND

For The Financial Year Ended 31 March 2026

Opinion

The financial statements of the Financial Sector Development Fund (the Fund), set out on pages 7 to 36, have been audited under my direction. These financial statements comprise the balance sheet as at 31 March 2026, and the statement of comprehensive income, statement of changes in equity, and cash flow statement for the financial year then ended, and notes to the financial statements, including material accounting policies.

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Monetary Authority of Singapore Act 1970 (the Act) and Singapore Financial Reporting Standards (International) [SFRS(I)s] so as to present fairly, in all material respects, the state of affairs of the Fund as at 31 March 2026 and the results, changes in equity and cash flows of the Fund for the financial year ended on that date.

Basis for Opinion

The audit was conducted in accordance with Singapore Standards on Auditing (SSAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. As the Auditor-General, I am independent of the Fund and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore and the Audit Act 1966. Ethical requirements that are relevant to the audit and in line with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The management of the Monetary Authority of Singapore is responsible for the other information. The other information comprises the information included in the Fund's Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed, there is a material misstatement of this other information, that fact will be reported. I have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE FINANCIAL SECTOR DEVELOPMENT FUND

For The Financial Year Ended 31 March 2026

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management of the Monetary Authority of Singapore is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SFRS(I)s, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Fund is constituted based on the Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Fund or for the Fund to cease operations.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE FINANCIAL SECTOR DEVELOPMENT FUND

For The Financial Year Ended 31 March 2026

- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I will draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit are communicated to those charged with governance.

NG WAI CHOONG
AUDITOR-GENERAL
SINGAPORE

24 June 2026

FINANCIAL SECTOR DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	2026	2025
		\$'000	\$'000
Interest Income		68,539	47,917
Dividend Income		111,603	97,915
Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss		142,781	16,347
Foreign Exchange Gain/(Loss)		(21,851)	(9,764)
Government Grant		-	2,000,000
Other Income		456	67
Total Income		301,528	2,152,482
<u>Less:</u>			
Investment Expenses		2,006	1,679
Grant Expenses		121,925	136,113
Other Expenses	10	266	176
Total Expenditure		124,197	137,968
Net Surplus/(Deficit) and Total Comprehensive Income/(Loss) for the Year	3	177,331	2,014,514

The accompanying notes form an integral part of these financial statements.

FINANCIAL SECTOR DEVELOPMENT FUND

BALANCE SHEET

	Note	31 March 2026	31 March 2025
		\$'000	\$'000
EQUITY			
Capital Account		471,635	471,635
Accumulated Surplus		2,827,614	2,650,283
	4	3,299,249	3,121,918
 <u>Represented by:</u>			
ASSETS			
Cash and Cash Equivalents	5	75,491	153,951
Financial Assets at Fair Value through Profit or Loss	6	3,270,178	3,043,269
Pledged Financial Assets at Fair Value through Profit or Loss		7,143	4,579
Receivables		1,305	158
Grants Disbursed in Advance		37,487	25,284
		3,391,604	3,227,241
 <u>Less:</u>			
LIABILITIES			
Financial Liabilities at Fair Value through Profit or Loss		24,129	10,917
Accruals and Other Liabilities		68,226	94,406
		92,355	105,323
NET ASSETS OF THE FUND		3,299,249	3,121,918

The accompanying notes form an integral part of these financial statements.

FINANCIAL SECTOR DEVELOPMENT FUND

STATEMENT OF CHANGES IN EQUITY

	Capital Account	Accumulated Surplus	Total Equity
	\$'000	\$'000	\$'000
Balance as at 1 April 2024	471,635	635,769	1,107,404
Total Comprehensive Income/(Loss) for the Year	-	2,014,514	2,014,514
Balance as at 31 March 2025	471,635	2,650,283	3,121,918
Total Comprehensive Income/(Loss) for the Year	-	177,331	177,331
Balance as at 31 March 2026	471,635	2,827,614	3,299,249

The accompanying notes form an integral part of these financial statements.

FINANCIAL SECTOR DEVELOPMENT FUND

CASH FLOW STATEMENT

For the year ended 31 March	Note	2026 \$'000	2025 \$'000
Cash Flows from Operating Activities			
Net Surplus/(Deficit) for the Year		177,331	2,014,514
Adjustments for:			
Interest Income		(68,539)	(47,917)
Dividend Income		(111,603)	(97,915)
(Gain)/Loss from Financial Instruments at Fair Value through Profit or Loss		(142,781)	(16,347)
Foreign Exchange (Gain)/Loss		21,851	9,764
Operating Cash Flows before Changes in Working Capital		(123,741)	1,862,099
Changes in operating assets and liabilities			
(Increase)/Decrease in Receivables		(1,282)	3,454
(Increase)/Decrease in Grants Disbursed in Advance		(12,203)	5,813
Increase/(Decrease) in Accruals and Other Liabilities		(31,204)	(38,890)
Dividends Received on Singapore Exchange Limited Shares		103,121	88,747
Interest Received from Bank Balances and Deposits		1,647	2,757
Net Cash generated from/(used in) Operating Activities		(63,662)	1,923,980
Cash Flows from Investing Activities			
Net (Increase)/Decrease in Financial Instruments		(92,141)	(1,932,362)
Dividends Received		8,583	9,159
Interest Received		69,253	40,059
Net Cash generated from/(used in) Investing Activities		(14,305)	(1,883,144)
Net Increase/(Decrease) in Cash and Cash Equivalents		(77,967)	40,836
Cash and Cash Equivalents as at beginning of the year		153,951	113,181
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(493)	(66)
Cash and Cash Equivalents as at end of the year	5	75,491	153,951

The accompanying notes form an integral part of these financial statements.

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL

- 1.1 The Financial Sector Development Fund (the “Fund”) is established under Section 127 of the Monetary Authority of Singapore Act 1970 (the “MAS Act”). It is controlled and administered by the Monetary Authority of Singapore (“MAS” or the “Authority”), located at 10 Shenton Way, MAS Building, Singapore 079117. The Authority provides administrative and accounting support to the Fund. The Fund shall be used for the objects and purposes set out in Section 128 of the MAS Act, namely,
- a) the promotion of Singapore as a financial centre;
 - b) the development and upgrading of skills and expertise required by the financial services sector;
 - c) the development and support of educational and research institutions, research and development programmes and projects relating to the financial services sector; and
 - d) the development of infrastructure to support the financial services sector in Singapore.
- 1.2 The Fund shall be deemed not to be a fund of the Authority for the purposes of any written law.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

- a) The financial statements have been prepared in accordance with the provisions of the MAS Act and the Singapore Financial Reporting Standards (International) [“SFRS(I)s”].
- b) New or revised accounting standards and interpretations of existing standards effective in the current financial year do not have a material impact on the Fund’s financial statements.
- c) The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Fund’s accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates.

FINANCIAL SECTOR DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2026

- d) The financial statements are presented in Singapore dollars, the Fund's functional currency, and rounded to the nearest thousand, unless otherwise stated. The financial statements have been prepared under the historical cost convention and on an accrual basis, except as otherwise disclosed.
- e) The Fund's assets and liabilities are classified as current assets and liabilities as they could be recovered or settled no more than 12 months after the reporting date.

2.2 Income Recognition

- a) Interest income
Interest income is recognised using the effective interest method.
- b) Dividend income
Dividend income, including dividend income from shares held by SEL Holdings Pte Ltd ("SEL") for the benefit of the Fund, is recognised when the right to receive payment is established.
- c) Government Grant
Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The grant is recognised in the statement of comprehensive income on a systematic basis over the periods in which the related costs are recognised. Where there is no basis for allocating it to specific periods, it is recognised in the period in which it was received.

2.3 Financial Assets

a) Classification

The Fund classifies its financial assets as measured at amortised cost or financial assets at fair value through profit or loss.

- i) Financial assets at amortised cost are assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They include bank balances and deposits, and receivables.
- ii) Financial assets at fair value through profit or loss are financial derivatives or financial assets that are not measured at amortised cost. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to MAS management. They include bank balances and deposits (investment-related), other receivables (investment-related), fixed income securities, equities, commodities and an infrastructure fund held within the Fund's investment portfolio.

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

b) Recognition and Derecognition

Purchases and sales of investments are recognised on the date when the Fund commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

c) Initial and Subsequent Measurements

Financial assets are initially recognised at fair value, where fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses on the transaction dates.

Financial assets at fair value through profit or loss are subsequently measured at fair value, with changes in fair value and profit/loss on disposal included in the statement of comprehensive income in the period in which they arise. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

d) Impairment

i) Measurement of Expected Credit Losses ("ECL")

The Fund recognises loss allowances for ECL on financial assets measured at amortised cost at each reporting date. The Fund measures loss allowances at an amount equal to 12-month ECL for financial assets for which credit risk has not increased significantly since initial recognition and financial assets that are determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Fund considers a financial asset to have low credit risk when it has an external credit rating of 'investment grade'. The Fund measures lifetime ECL for financial assets for which credit risk has increased significantly.

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Fund's historical experience and informed credit assessment and includes forward-looking information. In addition, the Fund assumes that the credit risk on a financial instrument has increased significantly if it is more than 30 days past due.

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

ECL is a probability-weighted estimate of credit loss. Credit loss is measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Fund in accordance with the contract and cash flows that the Fund expects to receive).

The Fund considers a financial asset to be in default when the counterparty fails to make contractual payments within 120 days after the credit period granted.

12-month ECL is the portion of ECL that results from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the asset is less than 12 months). Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Any adjustment in the loss allowance at each reporting date is recognised in the statement of comprehensive income as an impairment gain or loss in the period in which they arise.

ii) Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

iii) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no reasonable expectation of recovering its contractual cash flows. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets that are written off could still be subject to enforcement activity.

2.4 Financial Liabilities

The Fund classifies its financial liabilities in the following categories: (a) financial derivatives and (b) accruals and other liabilities. Financial derivatives, classified as fair value through profit or loss, are carried at fair value, with changes in fair value recognised in fair value gain/loss through profit or loss in the statement of comprehensive income. Accruals and other liabilities are carried at amortised cost using the effective interest method.

A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

FINANCIAL SECTOR DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2026

2.5 Offsetting of Financial Assets/Liabilities and Income/Expenditure

Financial assets and liabilities are set off and the net amount is presented in the balance sheet when, and only when, there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenditure are netted only when permitted by the accounting standards.

2.6 Foreign Currency Translation

Transactions in a foreign currency are measured using the exchange rate prevailing at the date of the transaction. Foreign exchange gain/loss resulting from the settlement of such transactions and the translation of assets and liabilities denominated in foreign currencies, into Singapore dollars, at the exchange rate prevailing at the balance sheet date, are recognised in the statement of comprehensive income.

FINANCIAL SECTOR DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2026

3 INCOME AND EXPENDITURE

This note presents the income, expense, gains or losses by the classification of financial instruments, and other items recognised on the statement of comprehensive income.

For the year ended 31 March		2026	2025
		\$'000	\$'000
3.1	Net Income/(Loss) from		
a)	Financial Assets and Liabilities at Fair Value through Profit or Loss	195,536	59,505
b)	Accruals and Other Liabilities	15	(13)
		195,551	59,492
3.2	Interest Income/(Expense) from Financial Assets or Liabilities at Amortised Cost		
a)	Bank Balances and Deposits	1,512	2,773
b)	Accruals and Other Liabilities	(76)	(91)
	Total Net Income/(Loss) from Financial Assets and Liabilities	196,987	62,174
3.3	Dividend Income from Singapore Exchange Limited Shares held by SEL for the benefit of the Fund	103,121	88,747
3.4	Government Grant	-	2,000,000
3.5	Grant Expenses	(121,925)	(136,113)
3.6	Other Net Income/(Expenditure)	(852)	(294)
	Total Comprehensive Income/(Loss) for the Year	177,331	2,014,514

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

4 CAPITAL AND ACCUMULATED SURPLUS

- 4.1 The Fund's Capital Account consists of the net sale proceeds of the Singapore Exchange Limited's ("SGX") shares, in accordance with Section 127 of the MAS Act.
- 4.2 As at 31 March 2026 and 2025, SEL holds 249,991,184 SGX shares for the benefit of the Fund as stipulated under Section 11(2) of the Exchanges (Demutualisation and Merger) Act 1999. These SGX shares have a market valuation of \$4.88 billion as at 31 March 2026 (31 March 2025: \$3.34 billion). In the event of a sale, net sale proceeds of these shares (after deducting expenses allowed under Section 10(1)) shall be paid by SEL into the Fund under Section 10(2) of the Exchanges (Demutualisation and Merger) Act 1999.
- 4.3 The Fund seeks to generate good long-term returns subject to liquidity and risk parameters in support of its objects and purpose under Section 128 of the MAS Act. The liquidity and risk parameters set for the Fund takes into account its long term investment horizon and ability to ride through short-term volatility in market valuations.
- 4.4 Periodic reviews are conducted on the adequacy of the Fund's capital and its grant commitments, taking into consideration the risks applicable to the Fund and its expected returns. Regular updates are provided to the MAS management and the Minister-in-charge.

5 CASH AND CASH EQUIVALENTS

These comprise the following:

As at 31 March	<u>2026</u> \$'000	<u>2025</u> \$'000
Bank Balances	46,211	31,821
Deposits placed with the Authority	29,280	122,130
	<u>75,491</u>	<u>153,951</u>

FINANCIAL SECTOR DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2026

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This includes investments in funds with a focus on Singapore public equities under the Equity Market Development Programme (the “Programme”). The Programme forms part of a set of measures introduced by the Equities Market Review Group in 2025 to strengthen Singapore’s equity market.

Under the Programme, the Fund and the Authority appoint asset managers with the capabilities to implement investment mandates aligned with the Programme's objectives. As at 31 March 2026, the total outstanding amount to be placed with appointed asset managers was \$2,820 million (31 March 2025: nil).

7 FINANCIAL RISK MANAGEMENT

- 7.1 The MAS Markets and Investment Committee manages the Fund’s investment and risk management strategies.
- 7.2 The Fund’s investments are mainly in financial instruments, which are exposed to various specific risks outlined below. These risks are managed by establishing specific controls at the aggregate and individual portfolio levels, through diversification and regular monitoring. The Fund is managed by external fund managers, who assess the macroeconomic outlook and market developments in formulating investment strategies.

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

7.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency, interest rate, equity, commodity and other price risks. Market risks are managed through the diversification of the Fund's investments across various asset classes, countries, regions and sectors.

Sensitivity analysis is performed for reasonably possible movements in each key variable with all other variables held constant, to demonstrate the impact on profit or loss and equity resulting from the change in each key variable. The correlation of variables will have a significant effect in determining the ultimate fair values and/or amortised costs of financial assets and liabilities.

As at 31 March	<u>Profit or Loss and Equity Impact</u>	
	<u>2026</u> \$'000	<u>2025</u> \$'000
Change in Market Risk:		
a) Foreign Currency		
US Dollar (USD) by 5%	18,256	16,059
b) Interest Rate		
by 1%	39,747	33,796
c) Equity		
by 10%	87,439	34,647
d) Commodity		
by 10%	23,669	6,117

7.3a) Currency Risk

- i) Currency risk is the risk of loss from foreign assets and liabilities due to changes in foreign exchange rates. The table below summarises the Fund's currency risk exposure based on the net carrying amounts of the foreign currency denominated assets and liabilities.

As at 31 March	<u>2026</u>		<u>2025</u>	
	\$'000	%	\$'000	%
USD	365,126	99.8	321,170	66.6
Developed Market Currencies excluding USD	234	0.1	21,409	4.4
Emerging Market Currencies	201	0.1	140,051	29.0
	365,561	100.0	482,630	100.0

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

7.3b) Interest Rate Risk

- i) Interest rate risk is the risk of loss from a financial instrument due to changes in market interest rates. The Fund manages interest rate risks by setting duration limits on its investments. The tables below summarise the Fund's financial instruments that have exposure to interest rate repricing risks, categorised by the earlier of repricing or contractual maturity dates.

As at 31 March		Earlier of Repricing/Contractual Maturity Date				2026
	Non-Interest Bearing	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Bank Balances and Deposits	46,211	29,280	-	-	-	75,491
Financial Assets at Fair Value through Profit or Loss (Pledged and Unpledged)						
Bank Balances and Deposits (Investment-related)	23,929	1,464,489	-	-	-	1,488,418
Other Receivables (Investment-related)	16,156	3,294	-	-	-	19,450
Financial Derivatives	37,663	-	39	-	-	37,702
Fixed Income Securities	204,642	175,219	165,827	119,845	275,077	940,610
Equities	784,046	-	-	-	-	784,046
Infrastructure Fund (Unquoted)	7,095	-	-	-	-	7,095
	1,073,531	1,643,002	165,866	119,845	275,077	3,277,321
Receivables	1,305	-	-	-	-	1,305
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives	24,129	-	-	-	-	24,129
Accruals and Other Liabilities						
Accounts Payable - Grants	57,458	-	-	-	-	57,458
Other Payables	10,768	-	-	-	-	10,768
	68,226	-	-	-	-	68,226

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

7.3b) Interest Rate Risk (continued)

As at 31 March	Earlier of Repricing/Contractual Maturity Date					2025
	Non-Interest Bearing	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Bank Balances and Deposits	31,821	122,130	-	-	-	153,951
Financial Assets at Fair Value through Profit or Loss (Pledged and Unpledged)						
Bank Balances and Deposits (Investment-related)	27,589	2,098,605	-	-	-	2,126,194
Other Receivables (Investment-related)	14,843	1,757	-	-	-	16,600
Financial Derivatives	4,894	-	12	-	-	4,906
Fixed Income Securities	226,253	179,695	63,178	106,040	202,518	777,684
Equities	116,725	-	-	-	-	116,725
Infrastructure Fund (Unquoted)	5,739	-	-	-	-	5,739
	396,043	2,280,057	63,190	106,040	202,518	3,047,848
Receivables	158	-	-	-	-	158
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives	10,789	119	9	-	-	10,917
Accruals and Other Liabilities						
Accounts Payable - Grants	88,679	-	-	-	-	88,679
Other Payables	5,727	-	-	-	-	5,727
	94,406	-	-	-	-	94,406

- ii) The carrying amounts of receivables and accruals and other liabilities approximate their fair values.
- iii) The carrying amount of financial assets pledged as collateral for financial derivatives amounted to \$7.1 million as at 31 March 2026 (31 March 2025: \$4.6 million).

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2026

7.4 Credit Risk

- a) Credit risk is the risk of loss arising from a party's failure to discharge an obligation under a financial contract and includes counterparty and issuer credit risk.
- b) The Fund's credit risks are managed by transacting with entities of acceptable creditworthiness within assigned limits. Credit risks are also mitigated by diversifying credit exposures across counterparties and issuers.
- c) The Fund enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to set off the transactions is conditional upon default. These netting arrangements include derivative master agreements such as International Swaps and Derivatives Association (ISDA) Master Agreement and Global Master Repurchase Agreements (GMRA).

The collateral received and posted under these agreements are subject to terms that are in accordance with market practice. In these agreements, the counterparty is typically allowed to sell or re-pledge non-cash collateral (i.e. securities) transferred, but has an obligation to return the securities at maturity. If the securities received decrease in value, the Fund may, in certain circumstances, call for additional collateral.

- d) The Fund manages issuer credit risk by imposing minimum credit rating requirements on the investment of its fixed income securities. Single issuer limits are placed to control the credit exposure to any one issuer and to mitigate the extent of loss resulting from a default.

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7.4 Credit Risk (continued)

e) *Credit risk exposure*

- i) The tables below contain an analysis of the credit risk exposure of financial assets measured at amortised cost that are subject to impairment. The gross carrying amount of financial assets below also represents the Fund's maximum exposure to credit risk on these assets, without taking into account the use of master netting or collateral agreements or other credit enhancements.

As at 31 March			2026
	Investment Grade \$'000	Unrated and others \$'000	Total \$'000
Bank Balances and Deposits	75,491	-	75,491
Receivables	1,227	78	1,305
	76,718	78	76,796

As at 31 March			2025
	Investment Grade \$'000	Unrated and others \$'000	Total \$'000
Bank Balances and Deposits	153,951	-	153,951
Receivables	158	-	158
	154,109	-	154,109

- ii) The loss allowances for these financial assets are measured at an amount equal to 12-month ECL as they are determined to have low credit risk at reporting date. No loss allowance was recognised for the financial years ended 31 March 2026 and 2025.
- iii) The total carrying amount of financial assets at fair value through profit or loss (which are not subject to impairment) represents the Fund's maximum credit risk exposure.

FINANCIAL SECTOR DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
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7.4 Credit Risk (continued)

- f) The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the Fund's balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the evaluation of the potential effect of netting arrangements on the Fund's financial position.

As at 31 March 2026	Gross amounts on balance sheet	Gross amounts subject to netting arrangements but not set off in the balance sheet	Related amounts not set off		Net amount
			Financial instruments	Cash collateral	
	\$'000	\$'000 (A)	\$'000 (B)	\$'000 (C)	\$'000 (A)-(B)-(C)=(D)
Financial Assets					
Financial Assets at Fair Value through Profit or Loss (Pledged and Unpledged)	3,277,321				
Financial Derivatives		4,616	723	-	3,893
Financial Liabilities					
Financial Liabilities at Fair Value through Profit or Loss	24,129				
Financial Derivatives		14,774	3,113	3,294	8,367
As at 31 March 2025					
	Gross amounts on balance sheet	Gross amounts subject to netting arrangements but not set off in the balance sheet	Related amounts not set off		Net amount
	\$'000	\$'000 (A)	Financial instruments	Cash collateral	\$'000 (A)-(B)-(C)=(D)
Financial Assets					
Financial Assets at Fair Value through Profit or Loss (Pledged and Unpledged)	3,047,848				
Financial Derivatives		2,075	1,315	-	760
Financial Liabilities					
Financial Liabilities at Fair Value through Profit or Loss	10,917				
Financial Derivatives		9,661	3,690	1,757	4,214

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7.4 Credit Risk (continued)

g) *Securities Pledged and Transferred*

The Fund enters into transactions like repurchase agreements where financial assets are sold or transferred to counterparties under terms that are in accordance with normal market practice.

The Fund retains substantially all the risks and rewards of these securities and has not derecognised them. In these transactions, the counterparty is typically allowed to sell or re-pledge those securities transferred, but has an obligation to return securities at maturity.

For repurchase agreements, the securities transferred are classified as “fair value through profit or loss”.

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7.5 Liquidity Risk

- a) Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The tables below analyse the financial liabilities of the Fund based on undiscounted cash flows by remaining contractual maturities.

As at 31 March					2026
	No Specific Maturity	Contractual Maturity Date			Total
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES					
Financial Liabilities at Fair Value through Profit or Loss					
Financial Derivatives					
Net Settled	-	11,535	1,822	-	-
Gross Settled					
Outflow	-	1,096,588	-	-	-
Inflow	-	(1,084,710)	-	-	-
	-	23,413	1,822	-	-
					25,235
Accruals and Other Liabilities					
Accounts Payable -	57,458	-	-	-	-
Grants					
Other Payables	176	10,592	-	-	-
	57,634	10,592	-	-	-
					68,226

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7.5 Liquidity Risk (continued)

As at 31 March						2025
	Contractual Maturity Date					Total
	No Specific Maturity	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives						
Net Settled	-	7,225	108	121	9	7,463
Gross Settled						
Outflow	-	392,739	16,136	-	-	408,875
Inflow	-	(389,313)	(15,789)	-	-	(405,102)
	-	10,651	455	121	9	11,236
Accruals and Other Liabilities						
Accounts Payable -	88,679	-	-	-	-	88,679
Grants						
Other Payables	159	5,568	-	-	-	5,727
	88,838	5,568	-	-	-	94,406

- b) In alignment with *SFRS(I) 7 Financial Instruments: Disclosures*, the Fund has refined its liquidity risk disclosure to present undiscounted cash flows for liabilities only. This refinement has been applied consistently to both current year and comparative disclosures.

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For The Year Ended 31 March 2026

7.6 Concentration Risk

Concentration risk is the risk of loss arising due to a disproportionate exposure to specific countries, regions and sectors. Investment limits are set to provide diversification of financial assets across countries, regions and sectors to mitigate concentration risk. The tables below summarise the Fund's exposure to concentration risk.

As at 31 March	2026				
	Americas	Asia & Oceania	Europe, the Middle East & Africa (EMEA)	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>FIXED INCOME SECURITIES</u>					
Government	330,127	-	-	-	330,127
Government Related	4,107	-	4,879	-	8,986
Securitised	21,765	-	4,528	-	26,293
Corporates	237,803	7,933	124,826	-	370,562
Funds	-	204,642	-	-	204,642
Total	593,802	212,575	134,233	-	940,610
<u>EQUITIES</u>					
Funds	-	770,349	-	13,697	784,046
Total	-	770,349	-	13,697	784,046

As at 31 March	2025				
	Americas	Asia & Oceania	Europe, the Middle East & Africa (EMEA)	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>FIXED INCOME SECURITIES</u>					
Government	275,539	24,240	36,726	-	336,505
Government Related	491	1,269	3,232	9,388	14,380
Securitised	-	-	4,838	-	4,838
Corporates	135,710	7,735	52,263	-	195,708
Funds	-	226,253	-	-	226,253
Total	411,740	259,497	97,059	9,388	777,684
<u>EQUITIES</u>					
Consumer Discretionary	1,083	9,688	-	-	10,771
Consumer Staples	2,253	6,405	1,492	-	10,150
Financials	2,932	6,724	660	-	10,316
Industrials	318	877	1,158	-	2,353
Information Technology	-	16,561	-	-	16,561
Communication Services	763	12,033	1,070	-	13,866
Energy	395	3,027	-	-	3,422
Healthcare	202	-	-	-	202
Materials	1,912	-	-	-	1,912
Real Estate	639	-	-	-	639
Funds	-	7,614	-	38,919	46,533
Total	10,497	62,929	4,380	38,919	116,725

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7.7 Fair Values of Financial Assets and Liabilities

- a) The Fund assesses and classifies its financial assets and liabilities measured at fair value into three levels of fair value hierarchy based on the availability of observable market prices, data or inputs:
- i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
 - ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Where the fair value of the financial instrument is measured by a valuation technique that uses independently sourced broker, dealer quotes and observable market parameters such as foreign exchange rates, yield curves and volatilities, it is disclosed at this level; and
 - iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). Where no market data can be observed and judgement is required, the valuation of the financial instrument takes into account factors such as the illiquidity and price volatility of the asset class as well as adjustments for uncertainties in the input parameters and valuation modelling methods.

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7.7b) Assets and Liabilities Measured at Fair Value

The following tables summarise the financial assets and liabilities recorded at fair value by level of the fair value hierarchy.

As at 31 March				2026
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets at Fair Value through Profit or Loss (Pledged and Unpledged)				
Bank Balances and Deposits (Investment-related)	-	1,488,418	-	1,488,418
Other Receivables (Investment-related)	-	19,450	-	19,450
Financial Derivatives	32,144	5,558	-	37,702
Fixed Income Securities	534,770	405,840	-	940,610
Equities	-	784,046	-	784,046
Infrastructure Fund (Unquoted)	-	-	7,095	7,095
	566,914	2,703,312	7,095	3,277,321

Financial Liabilities at Fair Value through Profit or Loss

Financial Derivatives	9,355	14,774	-	24,129
	9,355	14,774	-	24,129

As at 31 March				2025
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets at Fair Value through Profit or Loss (Pledged and Unpledged)				
Bank Balances and Deposits (Investment-related)	-	2,126,194	-	2,126,194
Other Receivables (Investment-related)	-	16,600	-	16,600
Financial Derivatives	2,820	2,086	-	4,906
Fixed Income Securities	478,992	298,692	-	777,684
Equities	77,806	38,919	-	116,725
Infrastructure Fund (Unquoted)	-	-	5,739	5,739
	559,618	2,482,491	5,739	3,047,848

Financial Liabilities at Fair Value through Profit or Loss

Financial Derivatives	1,123	9,794	-	10,917
	1,123	9,794	-	10,917

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Following a review of the fair value hierarchy classification, an equity investment fund amounting to \$13.7 million (31 March 2025: \$38.9 million) is classified as Level 2 instead of Level 1 of the fair value hierarchy to better reflect the nature of the inputs used to measure fair value. Prior year comparatives have been restated for consistency.

7.7c) Transfers from/to Level 1 and 2

There are no transfers from/to Level 1 and 2 within the fair value hierarchy during the financial years ended 31 March 2026 and 2025.

d) Assets Measured at Fair Value under Level 3

Movements in the Fund's Level 3 financial assets are as follows:

As at 31 March	2026
	Infrastructure Fund (Unquoted) \$'000
Financial Assets at Fair Value through Profit or Loss	5,739
Balance at beginning of financial year	
- Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss	1,697
- Foreign Exchange Gain/(Loss)	(233)
Total Unrealised Gains/(Losses) recognised in Profit/Loss	1,464
Return of Capital	(223)
Drawdown	115
Balance at end of financial year	7,095

FINANCIAL SECTOR DEVELOPMENT FUND
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7.7d) Assets Measured at Fair Value under Level 3 (continued)

As at 31 March		2025
	Equities \$'000	Infrastructure Fund (Unquoted) \$'000
Financial Assets at Fair Value through Profit or Loss	-	6,422
Balance at beginning of financial year		
- Gain/(Loss) from Financial Instruments at Fair Value through Profit or Loss	-	(383)
- Foreign Exchange Gain/(Loss)	-	(15)
Total Unrealised Gains/(Losses) recognised in Profit/Loss	-	(398)
Gain/(Loss) on disposal of investment	95	-
Sales	(95)	-
Return of Capital	-	(351)
Drawdown	-	66
Balance at end of financial year	-	5,739

Financial assets are transferred into Level 3 when their valuation inputs are no longer based on observable market data. Transfers of financial assets out of Level 3 are made when their valuation inputs can be based on observable market data.

e) Effect of Changes in Significant Unobservable Inputs of Level 3 Financial Instruments

Financial Assets at Fair Value through Profit or Loss	Fair Value as at 31 March 2026 \$'000	Fair Value as at 31 March 2025 \$'000	Valuation Technique	Unobservable Input	Range of Inputs
Infrastructure Fund (Unquoted)	7,095	5,739	Net asset value	Adjusted net asset value of the Fund	N/A

The fair value of the investment in the unquoted infrastructure fund has been estimated by the Fund's share of the net asset value of the infrastructure fund.

FINANCIAL SECTOR DEVELOPMENT FUND

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8 FINANCIAL DERIVATIVES

Derivative financial instruments are financial instruments whose values fluctuate in response to changes in the values of the underlying assets, interest or exchange rates or indices. These include forwards, swaps, futures and options.

Forward foreign exchange contracts are agreements to purchase or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Foreign exchange futures are exchange-traded agreements to purchase or sell a standard amount of a specified currency at an agreed rate of exchange on a specified future date.

Currency options give the buyer the right, but not the obligation, to purchase or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Interest rate futures are typically exchange-traded agreements to purchase or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a specified future date.

Interest rate swaps are agreements that involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate forwards are contracts to purchase or sell an underlying fixed income security at an agreed price on a specified future date.

Equity-related futures are typically exchange-traded agreements to purchase or sell a standard amount of a specified equity index at an agreed price or level on a specified future date.

Equity-related swaps are agreements to exchange payments based on an equity-linked return against a reference interest rate for a specified period.

Commodity-related futures are exchange-traded agreements to purchase or sell a standard amount of a specified commodity or commodity index at an agreed price on a specified future date.

Credit default swaps involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for the seller's obligation to make a payment to the buyer contingent upon the occurrence of a pre-defined credit event related to a specified reference entity or an underlying pool of liquid corporate issuers.

FINANCIAL SECTOR DEVELOPMENT FUND

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- 8.1 The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instrument and, therefore, do not indicate the Fund's exposure to credit or price risks. The fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (derivative assets) or unfavourable (derivative liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate notional amount of derivative financial instruments, the extent to which the instruments are favourable and unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.
- 8.2 The notional amounts of the derivative financial instruments and their corresponding gross positive (derivative receivable) and negative (derivative payable) fair values at balance sheet date, are analysed below. The following table summarises the notional amounts of derivative financial instruments held at the balance sheet date:

As at 31 March	2026			2025		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Receivable	Payable		Receivable	Payable
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Foreign exchange contracts						
Forwards	1,833,650	4,616	10,772	951,900	2,073	3,508
Interest rate contracts						
Futures	125,838	816	915	46,599	333	61
Swaps	1,276	39	-	5,662	12	128
Forwards	-	-	-	720	2	-
Equity-related contracts						
Swaps	87,774	-	4,002	216,542	-	6,158
Commodity-related contracts						
Futures	251,847	31,328	8,440	64,277	2,486	1,062
Other derivatives						
Credit default swaps	50,097	903	-	-	-	-
	<u>2,350,482</u>	<u>37,702</u>	<u>24,129</u>	<u>1,285,700</u>	<u>4,906</u>	<u>10,917</u>

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9 TRANSACTIONS WITH THE MONETARY AUTHORITY OF SINGAPORE AND OTHER GOVERNMENT-RELATED ENTITIES

The following transactions took place between the Fund and the Authority or other government-related entities:

- 9.1 The Fund placed deposits with the Authority, in the ordinary course of business and at arm's length, earning interest income disclosed below:

For the year ended 31 March	<u>2026</u> \$'000	<u>2025</u> \$'000
Interest Income	33,961	18,212

The Fund's deposit balance with the Authority as at 31 March 2026 was \$651.9 million (31 March 2025: \$2,220.7 million). This includes deposits classified as cash and cash equivalents (as disclosed in Note 5) of \$29.3 million (31 March 2025: \$122.1 million) and deposits classified as financial assets at fair value through profit or loss of \$622.6 million (31 March 2025: \$2,098.6 million).

- 9.2 The Fund also had the following significant transactions and/or outstanding balances, including outstanding commitments, with the Authority and other government-related entities. The transactions are made on terms agreed between the parties. Other government-related entities include ministries, statutory boards and universities.

	Note	<u>2026</u> \$'000	<u>2025</u> \$'000
Transactions during the financial year ended 31 March			
The Authority			
Grant Expenses	9.3	737	-
Other Government-related Entities			
Grant Expenses		24,008	23,786
Government Grant		-	2,000,000
Balances as at 31 March			
Other Government-related Entities			
Grants Paid in Advance	9.4	1,626	1,700
Outstanding Grants Payable	9.4	11,310	17,502
Outstanding Grants Receivable	9.5	1,204	-
Outstanding Grants Committed		107,001	121,261

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- 9.3 During the financial year ended 31 March 2026, the Fund incurred grants expenses of \$0.7 million arising from a grant to the Authority to conduct a consumer education campaign, to guide consumers on protecting themselves from investment scams.
- 9.4 Grants paid in advance and outstanding grants payable are set off and presented on a net basis for the same government-related entities.
- 9.5 Outstanding grants receivable from other government-related entities arose from co-funding arrangements for grants disbursed.
- 9.6 In Budget 2026, it was announced that the Government will top up the Fund by \$1.5 billion in the financial year ended 31 March 2027. This will enable the Fund to develop Singapore's fund management industry and increase investor participation in the Singapore equity market, through an expansion of the Equity Market Development Programme.

10 OTHER EXPENSES

Other expenses include audit fees amounting to \$0.2 million (31 March 2025: \$0.2 million) payable by the Fund.

11 COMMITMENTS

- 11.1 The Fund has outstanding grant commitments, totalling \$522.8 million as at 31 March 2026 (31 March 2025: \$486.1 million).
- 11.2 As at 31 March 2026, the Fund has a remaining commitment to invest up to US\$0.1 million [\$0.2 million] (31 March 2025: US\$10.2 million [\$13.7 million]) in an infrastructure fund.

12 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New or revised accounting standards and interpretations of existing standards effective for accounting periods beginning after 1 April 2025 do not have a material impact on the Fund's financial statements.

13 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2026 were authorised for issue by the Minister-in-charge and signed by the Minister and Managing Director of Monetary Authority of Singapore on 24 June 2026.

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