

Address by Mr Andrew Yeo, CEO, Income Insurance Limited at the Annual General Meeting on June 24, 2025

Introduction

Thank you, Ronald, and good evening, ladies and gentlemen. A warm welcome to our Annual General Meeting.

In my address today, I will provide an update on the company's key performance and business highlights. Thereafter, our Chief Financial Officer, Ury Gan, will share details about our financial results for the financial period 1 January 2024 to 31 December 2024.

Addressing the Conflict of Interest

However, before I take you through the performance and business highlights, I want to take the time to clarify Income Insurance Board's and Management's stance on the questions raised around a potential conflict of interest in appointing Income Insurance's financial advisor, Morgan Stanley, in relation to the now withdrawn Income-Allianz deal.

For a transaction of this size, it was imperative that we appoint the best financial advisor that was deemed to have the deepest and most relevant M&A experience in the insurance industry in Asia.

Such a financial advisor would have strong knowledge of the insurance business and would understand the complexities of the industry. We made such an appointment pursuant to our duty to act in the best interests of Income Insurance and all our stakeholders, including our policyholders and shareholders.

The appointment of the financial advisor underwent a considered selection process. Two financial advisors including Morgan Stanley were identified for consideration.

Morgan Stanley was selected for their strong record in the insurance space and M&A, particularly in Asia. More specifically, Morgan Stanley ranked first in insurance M&A in Asia, ex-Japan, and was supported by a well-regarded team that had deep industry expertise.

The appointment of Morgan Stanley was first tabled by a steering committee to the Audit Committee for review before the ratification by Income's full Board.

It is important to note that Mr Ronald Ong was not part of the steering committee which tabled Morgan Stanley's appointment to the Audit Committee, and he had also recused himself from the Board's decision to appoint Morgan Stanley.

Finally, a separate Board-level transaction steering committee chaired by an Independent Director and comprised a majority of independent directors was responsible to provide oversight on the execution of the transaction.

This transaction steering committee, which included Mr Ronald Ong, tabled recommendations to the full Board for decision.

Mr Ong also recused himself from all discussions, decisions and processes related to the appointment and engagement of Morgan Stanley, including the terms of their appointment and engagement.

However, as Chairman of the Income Insurance Board, he could participate in discussions relating to the transaction.

I would like to close this update by reminding our shareholders that the Income Insurance Board and Management are always committed to upholding good corporate governance, to ensure that the interests of Income Insurance and all our stakeholders including policyholders and shareholders, are considered and safeguarded.

In the same breath, we always look to learn from our experiences, going forward.

I will now move ahead and provide an update on the financial performance and business highlights.

First Year Adopting SFRS (I) 17 Insurance Contracts Accounting Standard

2024 was our first year of adopting the SFRS (I) 17 Insurance Contracts accounting standard.

This accounting standard has changed the way we recognise operating profit in our financial statements. Accordingly, we had restated our 18-month comparative prior period. Hence, the financial period that we will refer to throughout my address is from 1 January 2024 to 31 December 2024.

2024 Business Performance

I will now turn your attention to our business performance during this financial period.

Firstly, S&P Global Ratings continued to rate the company 'AA-' with a stable outlook. We have held this rating since 2009, which marks the continued confidence in our financial strength, solid business position in Singapore's insurance market, and the company's long-term growth prospects.

Our Capital Adequacy Ratio was also above the minimum regulatory requirements last year, which underscored our strong capital position, diversified portfolio, and business mix.

Additionally, confidence in Income Insurance remained high as we ended 2024 as Singapore's most trusted insurer. This result was based on a survey of over 5,800 respondents aged between 21 and 65 years old last year.

We have held the position as Singapore's most trusted insurer for the past decade, and it is a testament to our long-standing heritage as a financial safety net for people in Singapore.

Overall, our solid standing on these fronts reflected our reliability and resilience as a company, and our customers' trust in us is reflected in our business performance accordingly.

More specifically, new business premiums across all lines of business performed better in 2024 compared to the year before, except for our single premium and health offerings.

Our Investment-Linked Plans, or ILPs, and protection products are two bright spots in our regular premium offerings in our life and health businesses.

Notably, our protection products garnered encouraging growth and ILPs grew exponentially. In 2024, we launched many new funds and a product, InvestFlex Vantage, to enhance our competitive advantage in ILPs.

The results exceeded our expectations, proving that our strategies for ILPs are working.

For Health, we achieved strong premium growth in Incomeshield, outpacing the industry.

However, we were impacted by higher claims costs which were driven by medical inflation, higher incident and severity rates due to an aging population.

While these are external factors that were not within our control, we are already taking active measures to manage them.

Our strength in general insurance remains steadfast, driven primarily by personal lines and motor which brought about significant growth.

In travel and motor, we continued to maintain our market leadership position, with results that surpassed industry players despite intense competition.

We also ended 2024 strongly with our pet and personal accident insurances recording exponential growth.

Corporate business also saw double-digit growth, particularly for Employee Benefit. However, Group Health experienced similar claims challenges as Incomeshield.

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Additionally, we were also recognised as being industry leading in multiple facets and have received numerous accolades across various aspects of the business.

Overall, 2024 performance saw growth, in terms of premium and revenue.

Having said that, Income Insurance continues to face intense competition in the industry especially in the life and health business.

Hence, it was no easy feat to regain our sixth market position in Life insurance, which is a core business for us.

2024 Financial Highlights

Let me share key highlights of our financial performance for this financial period.

While the macroeconomic landscape found steadier footing as the global economy continued to expand – led by the United States – and inflationary pressures receded, the optimistic economic outlook was tempered by growing geopolitical tensions and conflicts that dominated headlines.

On the domestic front, medical inflation was our biggest challenge, which together with an ageing population, had increased the cost of health services.

Despite these challenges, we continued improving our insurance offerings to keep pace with changing needs so that we remain relevant to optimise our value to our customers.

Our efforts to focus on what really matters paid off as we closed the 2024 financial year with a credible set of financial results despite the ongoing macroeconomic and industry challenges.

Our profit after tax for the financial year ended 31 December 2024 stood at S\$44.8 million, which reflected the benefit of maintaining a diverse insurance business as improved investment returns and continued strong performance from our general insurance business, moderated the impact of high medical inflation across our health portfolio.

Our total assets grew 2.5% year-on-year to S\$43.4 billion while our net asset value per share was S\$31.97.

I am pleased to share that the Board of Directors has proposed, subject to shareholders' approval today, an ordinary dividend payment of 20.8 Singapore cents per share for the period ended 31 December 2024.

In celebration of the company's 55th anniversary, the Board of Directors is also pleased to recommend a special dividend of 20.8 Singapore cents per share.

This will bring the total dividend for the financial year ended 31 December 2024 to 41.6 Singapore cents per share.

To determine the dividend recommendations, the Board of Directors had considered a variety of factors. They included the company's performance, future growth and investment plans, as well as regulatory factors and general market conditions.

Clear Strategic Business Priorities to Drive Growth

In 2025, we are keeping our focus on growth so that we continue to deliver value to all our stakeholders, including our policyholders and shareholders.

For Consumer Business, we are focusing on doubling down on ILP, drive recovery in the health business, and to expand our distribution footprint. Let me elaborate.

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Expanding our Sales Force

As you may already know, our competitors are operating with sales forces that are several times larger than us. Thus, to compete equitably, it is essential that we grow our sales force.

Today, despite a highly competitive and limited talent pool, our recruitment efforts have shown promising results. Last year, our sales force recorded the highest number of new hires in recent years, which included new-to-industry and experienced advisors.

Notably, Income Advisory Group Holdings, which is IAG for short, was established last August.

As a wholly owned subsidiary of Income Insurance, IAG is the holding company for Financial Advisory firms like Income Advisory FA (formerly trading as Infinitum FA) and others that we plan to set up in our bid to grow our sales force.

Doubling Down on ILPs

We have grown our ILP business exponentially and the growth is ahead of the industry. To maintain our competitiveness and to drive productivity, we are planning to introduce more funds and products in the months ahead.

We continue to upskill our sales force to engage customers on ILPs as part of their financial planning dialogues, where relevant and suitable. Similarly, we are engaging more business partners to distribute our ILPs.

Driving Recovery of Health Business

To support the recovery of our health business, we will continue to exercise prudence in claims management and work alongside healthcare providers to better manage costs across the ecosystem.

This is in addition to managing sustainable health insurance premiums and enhanced product benefits that better protect current policyholders, while also being attractive to younger, newer policyholders.

This is essential in keeping our health insurance renewals stable especially in view of our large base of aging customers, medical inflation and evolving health regulation.

As such, we have been intentional in extending value to our policyholders through our health insurance.

For example, we are offering higher claim benefits for cancer and advanced cancer treatments through Enhanced Incomeshield.

We are also protecting policyholders with higher non-Cancer Drug List coverage for those with multiple primary cancers and higher inpatient psychiatric treatment benefit limits.

Maintaining Leadership in General Insurance

While we have been doing well in GI, we must not rest on our laurels and risk our competitors overtaking our position, especially in motor and travel insurance. We are continuing to push ahead with innovation and expansion of our product suite.

Our entry into targeted insurance for electric vehicles, or EVs, has been promising and our eDrivo Car Insurance is winning over EV drivers.

For Travel, we are defending our leadership by maintaining healthy margins and continuing to focus on delivering value to customers who seek differentiated options that also offer good value for money, such as our industry's first hourly travel insurance to Asia, FlexiTravel Plus, and post-departure travel protection.

Growing Profitability of our Corporate Business

Our Corporate Business has grown its portfolio over the years. Similar to Incomeshield, medical inflation has impacted the profitability of Group Health business, however, recovery efforts are in motion.

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To ensure profitability, we are prioritising higher-margin products and driving efficiencies such as repricing and claims management to enhance our business across our Corporate Business portfolios.

For Employee Benefit, one major initiative is the consolidation of Third-Party Administrators. This will help streamline costs and enable economies of scale.

Commercial Lines is also strategically managing the types of businesses we are bringing in on top of growing its corporate agent channels.

Accelerating our Digital Business

With the continued rise of e-commerce, Digital Business is complementing the consumer business lines by driving sales through direct-to-customer channels such as the MyIncome app and Income Insurance website. This remains central to accelerating the growth of our digital business.

Through Ekko, our online-to-offline platform that facilitates lead generation and an omni-channel experience, we have been able to enhance distribution capabilities and support offline sales. The platform saw a double-digit year-on-year growth in 2024.

We are also growing and scaling our pipeline of commercial partnerships across Asia, including Japan and the Middle East through HIVE, our insurance-as-a-Service platform.

With all that I have shared, I hope to have provided you confidence that we have clear priorities for growth that are set on fulfilling our fundamental purpose to empower better financial well-being for all in Singapore.

Building Resilience as a Responsible and Thriving Corporate Citizen

As an insurer, we understand the importance of resilience for society and the environment since we are in the business of addressing risks.

In 2024, we strengthened our efforts to support important community causes, aligned to the United Nations' Sustainable Development Goals, or SGDs, as part of the S\$100 million we have committed to investing in Singapore communities by 2030.

For example, we disbursed S\$5 million to the Health for Life Fund in 2024, making a total donation of S\$30 million to date to help make essential eldercare more accessible and affordable.

In addition to providing financial assistance to seniors who require long-term care support in nursing homes or other eldercare facilities, our contributions to HLF also support research work, pilot projects, and community-based services related to eldercare.

Through these efforts, we help seniors achieve better health outcomes, lead more independent, active lives, and become more resilient in their golden years. This is especially meaningful and impactful as Singapore gears up for a super-aged society.

We are also standing firm in our climate ambition and commitments as we recognise that climate change poses material and existential threats to individuals and businesses.

In 2024, we continued our transition to a lower carbon company by setting a 2030 target to reduce our Scope 1 and 2 operational emissions by 42%, baselined to our 2023 emissions.

This is in addition to our commitment to reduce 20% financed emissions from our public assets portfolio by 2025, baselined to our 2022 emissions.

In advancing our net zero agenda, we also co-anchored the Fullerton Carbon Action Fund, which will invest in companies that are at the forefront of accelerating decarbonisation regionally.

We are also staying the course to influence inclusive climate-positive transition through innovations and advocacy.

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Our tentpole event, Income Eco Run, saw a 40% increase in participation in 2024 compared to 2023 and raised awareness about zero-waste practices by scaling up tangible outcomes. These included cutting general waste per participant by 25% and recycling 60% more recyclables.

Sharing our Successes Beyond Income 55

To conclude, as we celebrate our 55th year of protecting and serving Singapore, we are confident that we can continue to shape and build a better tomorrow for people in Singapore and are excited to embark on this new phase of growth together with our shareholders.

We remain committed to building a lasting relationship with you and look forward to sharing our future successes as we continue to create and deliver sustainable value for all our stakeholders in the long run. We look forward to your continued partnership and trust in us.

I will now pass the time to Ury, our Chief Financial Officer, to share more about our financial performance.

Thank you.