

Participating Fund Update for 2022

As a valued policyholder of a participating policy from Income Insurance Limited ("Income"), we are pleased to update you on the performance of our Life Participating Fund ("the Fund") for the year ended 31 December 2022.

As your trusted partner, we believe that it is important to keep you updated on how the Fund has performed in 2022 as policyholders share the profits and losses of the Fund through bonuses that are non-guaranteed. Bonuses are determined yearly based on the Fund's investment performance, claims and surrender experiences, as well as the cost to manage the Fund.

This update also outlines the outlook of the Fund based on our latest actuarial investigation of policy liabilities and market analysis. It also serves to inform you about major business developments at Income that have significant impact on the Fund. It does not, however, address any participating policy specifically.

Fund performance in 2022

The investment return and total expense ratio of the Fund for the past three years are as follows.

| | 2020 | 2021 | 2022 ¹ |
|---|--------------------|-------|-------------------|
| Net Investment Return of Life Participating Fund (S\$) | 9.14% | 0.54% | -8.73% |
| Net Investment Return of Life Participating Fund (US\$) | 7.88% ² | 2.17% | -13.49% |
| Total Expense Ratio | 0.82% | 1.01% | 1.07% |

¹ Based on unaudited figures as of February 2023

² Life Participating Fund US\$ was setup in June 2020

Participating plans by currency

| Singapore Dollar Participating Plans | US Dollar Participating Plans |
|--------------------------------------|-------------------------------|
| All S\$ Participating plans | Grandeur Solitaire (US\$) |

Factors that affected the fund performance in 2022

1. Performance of the global financial markets

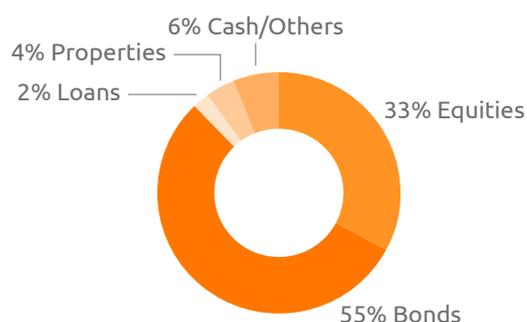
2022 was a trying year for financial markets. Russia's invasion of Ukraine in February sent the prices of energy, commodities, and food skyrocketing globally. In addition, the reopening of the international borders and pent-up demand after the pandemic also contributed to a high inflationary environment.

To manage high inflation, major central banks tightened monetary policies by aggressively raising interest rates. Under the pressures of tight monetary policies, equity markets corrected sharply, while bond yields rose substantially.

2. Investment mix of the Fund

The investment mix of the Fund, with a total market value of \$31.5 billion as of 31 December 2022, is as appended.

Asset mix of the Fund



The asset mix in 2022 remained largely similar to 2021 with a higher exposure to properties and other assets.

Asset mix of the Fund by currency

| Asset Mix ¹ | Equities | Bonds | Loans | Properties | Cash/Others |
|---|----------|-------|-------|------------|-------------|
| Singapore Dollar Participating Plans | | | | | |
| 2021 | 34% | 57% | 2% | 3% | 4% |
| 2022 | 33% | 55% | 2% | 4% | 6% |
| US Dollar Participating Plans | | | | | |
| 2021 | 21% | 71% | 0% | 0% | 8% |
| 2022 | 28% | 67% | 0% | 0% | 5% |

¹ Figures may not be additive due to rounding.

The top five equity holdings of the Fund are listed below.

| Top 5 Equity Holdings of the Fund | % of Equity Holdings |
|---|----------------------|
| Parkway Parade Partnership Pte. Ltd. | 4.0% |
| JPMorgan Liquidity Funds - US Dollar Liquidity Fund | 2.5% |
| DBS Group Holdings Ltd | 2.3% |
| Blackstone Property Partners Asia (Lux) SCSp | 2.1% |
| STREET SQUARE PTE LTD | 2.0% |

3. Non-investment factors

For the year ended 31 December 2022, the cost to manage the Fund, as well as, claims and surrender experience, were consistent with our expectation. The table below illustrates the total benefits paid to policyholders by the Fund in 2022.

| Deaths and Other Benefits ¹ | Saving Proceeds ² | Annuity Payments |
|--|------------------------------|------------------|
| \$192 million | \$1,304 million | \$36 million |

¹ Other Benefits include dread disease and total permanent disability (TPD) claims.

² Saving Proceeds include surrender and maturity pay-outs.

Some non-participating and investment-linked businesses were also written in the Fund. These businesses continued to enjoy guaranteed benefits and did not participate in the experience of the Fund. However, these businesses were subjected to mortality, lapses and other insurance-related risks, which were accounted for as profits or losses in the surplus of the Fund.

Determining the level of bonuses

The level of bonuses is determined by the actual experience and the outlook of the Fund's performance. The factors that can affect the Fund's outlook include its investment performance and outlook, its claims and surrender experience, as well as the cost to manage the Fund. Bonus allocations are smoothed over time to avoid large short-term fluctuations in the bonuses declared.

Most participating policies have two types of bonuses. The first is annual bonus and the other is terminal or special bonus. An annual bonus is added to your policy each year. Once declared and added to your policy, an annual bonus is guaranteed. A terminal or special bonus is an additional amount added to your policy when money is paid out on your policy upon death, surrender or maturity. With bonuses, the money invested in your participating policy is expected to grow over a medium to long-term period.

Bonus allocation

The Board of Directors of Income has approved the bonuses for 2022 based on the written recommendation made by the Appointed Actuary. The bonuses declared on your participating policy will be vested either on 1 April 2023 or at the policy anniversary, whichever is later. Please refer to your bonus statement for details on the bonus rates declared on your participating policy.

Investment outlook for 2023

2023 is expected to be a volatile year for financial markets. Amidst this global landscape, China should remain a bright spot as it is bolstered by the relaxation of its zero-covid policy and supportive economic policies. However, in a higher interest rate environment, many economies will struggle to promote growth, which in turn, will cause volatility in equities and bond markets. Against this uncertain market environment, Income's strategy will be to diversify our investment portfolios by seeking pockets of opportunities to enhance portfolio resiliency. This strategy aims to deliver sustainable, long-term investment returns to policyholders.

Finding out more about participating policies and bonuses

If you would like to know more about participating policies, bonuses and how we manage the Fund, please refer to the industry's guide for customers, "Your Guide to Participating Policies" that you can download from our website, www.income.com.sg. Alternatively, you may request for an updated policy illustration from your insurance adviser or get in touch with us through your preferred mode of contact at www.income.com.sg/contact-us.