INCOME INSURANCE LIMITED

Equity Valuation & Exit Analysis

Shareholder Perspective

Based on FY2025 Actuals & Milliman Actuarial Consultant Report

CONFIDENTIAL

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EXECUTIVE SUMMARY

This independent report presents a realistic intrinsic valuation estimate of INCOME INSURANCE Limited (Income Insurance), a Domestic Systemically Important Insurer (DSII) in Singapore, for the purpose of assisting shareholders in assessing a fair exit valuation range. The analysis draws upon FY2025 audited financials as disclosed in the Equity Analyst Presentation (April 2026), the Milliman Actuarial Consultant Report (Valuation as of 31 December 2025) and publicly available comparable company data.

INCOME INSURANCE is a public non-listed composite insurer majority-owned (73%) by NTUC Enterprise Co-operative Ltd, with 27% held by dispersed minority shareholders. Following the failed Allianz bid at $40.58 per share in 2024 and the cessation of trading of Income Insurance shares on Alta Exchange in October 2024, existing shareholders currently face significant liquidity constraints. This report aims to provide a multi-methodology fair value assessment to inform exit discussions.

INCOME INSURANCE is a multi-line composite insurer operating across Life & Health (L&H), General Insurance (GI), Group Business (GB) and Investment-Linked Plans (ILP). No single valuation methodology can accurately capture the full portfolio value of such a diversified insurer. In particular, the (FY2025) Milliman Traditional Embedded Value (TEV) of $4,773.8mil (or $44.54 per share) explicitly covers only long-term life insurance business and excludes GI franchise value, GB franchise value and asset management fee of Income Insurance. A whole-company valuation anchored solely on EV therefore systematically undervalues INCOME INSURANCE. 6Σ Research Sum-of-the Parts (SOTP) framework decomposes intrinsic value into three additive phases: Phase 1 captures the actuarially-determined value of existing in-force life policies plus adjusted net worth less estimated GI capital; Phase 2 separately values the GI business using earnings-based multiple appropriate for short-tail general insurance; and Phase 3 adds a franchise premium for the life platform's ability to generate and underwrite future new business.

Figure ES-1: Key Valuation Dashboard

	FY2024	FY2025
IFRS 17 PAT ($mil)	45	119
Shareholder Equity / Share*	$31.97	$32.66
Comprehensive S/H Equity / Share*	$34.98	$37.57
Milliman TEV – Life Only ($mil)	n/a	4,773.8
L&H New Business Premium ($mil)	183	257
GI+GB GWP ($mil)	685	700
L&H NBEV ($mil)	82	99
VNB Margin (%)	39%	38.5%
GI+GB COR (%)	90%	96%
Total AUM ($bn)	n/a	45
S&P Rating	AA- (Stable)	AA- (Stable)

*Source: Company, Milliman ACR (8 Apr 2026). * based on 107.19mil shares outstanding.*

Fig ES-1 illustrates the current INCOME INSURANCE key financial metrics which forms the basis for all our valuation methodologies.

ES-2 shows the various relevant methodologies applied by capital markets practitioners. The variability is significant: Comprehensive Shareholder equity estimates at $37.57 (fig ES-1) describes the equivalent book value of INCOME INSURANCE incorporating Present Value of net contractual service earnings. Embedded Value $44.54 (fig ES-1) goes a few steps further by incorporating potential investment surpluses and adjusting its Net Worth to reflect other business lines like General Insurance (GI) at the capital level. Appraisal value builds on potential of Continuing New Business generated as an ongoing Franchise for the Life Business. All these considers largely the Life Insurance part of the portfolio while ascribing little standalone valuation for INCOME INSURANCE's significant General Insurance and General Business (GB) lines. Our SOTP valuation incorporates this last part, adjusting for the appropriate level of GI capital from EV calculation (to avoid double counting) and applying capital markets current GI valuation to obtain a market equivalent GI business value.

Figure ES-2: INCOME INSURANCE Fair Value Range $22.54 to $31.50 [implied 0.6xEV]

#	Figure	Description	$ mil	$ per share [o/s 107.19mil]	Applied Multiple (Σ)	(λ)
					0.6x [B[1]]	0.7x [B]
A	4-B	Comprehensive Shareholder equity	4,027	37.57	**22.54**	26.30
B	4-E	Embedded Value[1]	4,774	44.54	**26.72**	31.18
C	4-J	Appraisal Value[1]	5,269	49.16	**31.34**	35.79
D	4-K	SOTP Intrinsic Value[1]	5,126	47.82	**31.50**	35.58

1. see Note below, Source: Company, 6Σ estimates

Valuing INCOME INSURANCE involves a comprehensive analytical framework, first to assess potential valuation range by employing relevant capital markets methodologies and secondly, applying an appropriate multiplier (based on previous transactions, fig 2-12) to reflect INCOME INSURANCE's status as (i) non-listed entity, (ii) newly introduced legislation that requires prior regulatory approval involving substantial change of ownership (iii) over-capitalised entity that compromises shareholder value maximization. Lastly, based on OCBC-GEH minority shareholders' bid of 0.7xEV, we use a lower **applied multiple @ 0.6xEV** to reflect (i) the illiquidity of INCOME INSURANCE shares and also (ii) the structural over-capitalisation depressing ROEs (GEH has significantly higher ROE vs INCOME INSURANCE). Applying 0.6xEV (column **Σ**) to the above methodologies to derive **INCOME INSURANCE's implied valuation range of $22.54 to $31.50.**

[1]Note: For Appraisal Value (AV) and SOTP methodologies, we apply the 0.6 on EV (or adjusted EV) and for the other multiples (e.g. 6x VNB and 8x GI PE), we use the bottom of comparables' range. Hence for AV (section 4-5) and SOTP (section 4-6) the overall multiple applied is not strictly 0.6x but a blended collective.

Figure ES-3: Assumptions for Appraisal Valuation and SOTP and 0.6EV

	$mil	$/share	Methodology
EV @ 0.6x	2,864	26.72	0.6 x 4,774
Life Franchise Premium	495	4.62	FY25 VNB $99mil @ 5x
Appraisal Value (AV)	**3,359**	**31.34**	
Phase 1: 0.6x Life EV (adj. ANW + VIF)	2,624	24.48	Adj ANW (less est.GI capital)+Life VIF [0.6x 4,374]
Phase 2: GI Franchise Value	258	2.40	GI Net Profit @ 8x [P/E]
Phase 3: Life Franchise Premium	495	4.62	FY25 VNB $99mil @ 5x
SOTP INTRINSIC VALUE	**3,377**	**31.50**	

Source: Milliman, Company, 6Σ estimates

Figure ES-3 shows the various assumptions in deriving Appraisal Value $31.34 and SOTP $31.50 on a per share basis. In particular OCBC's offer for minorities shareholders of Great Eastern Holdings (2024) at 0.7x EV (fig 2-12) is the closest relative Asia-Pacific transaction comparables (fig 2-12). Based on Milliman's EV, assuming 0.7x multiple this is equivalent to $31.18 [ES-2 cell **B-λ**]. However, GEH's tighter capital structure and hence higher ROE (12.8% vs INCOME INSURANCE 3.4% [fig 2-11]) justify a lower multiple approach when valuing INCOME INSURANCE and **at 0.6x EV** (column **Σ**) this implies **Equity Shareholders fair exit value range** of **$22.54 to $31.50**.

CONTENT

2. COMPANY OVERVIEW & INVESTMENT THESIS

Income Insurance Limited (INCOME INSURANCE) is one of Singapore's leading composite insurers, it operates across four business segments offering Life, Health, General Insurance and Group Business products. With 1.86 mil customers representing approximately 1 in 2 Singaporeans and total assets under management of $45 bn as at December 2025, the company holds a dominant market position reinforced by an S&P 'AA-' (Stable) credit rating and Domestic Systemically Important Insurer (DSII) designation from MAS. Built over 55 years since its founding in 1970 as NTUC Income Insurance Co-operative Limited under the National Trades Union Congress (NTUC). INCOME INSURANCE has 2 full service branches and 9 lite branches across Singapore, as well as commercial partnerships in Thailand and Vietnam.

Corporatisation Sept-2022

Formerly known as NTUC Income Insurance Co-operative Limited ("NTUC Income Insurance"), the company now operates as Income Insurance Limited ("Income Insurance"), a public non-listed company limited by shares following the successful transfer of the insurance business on 1 Sep 2022.

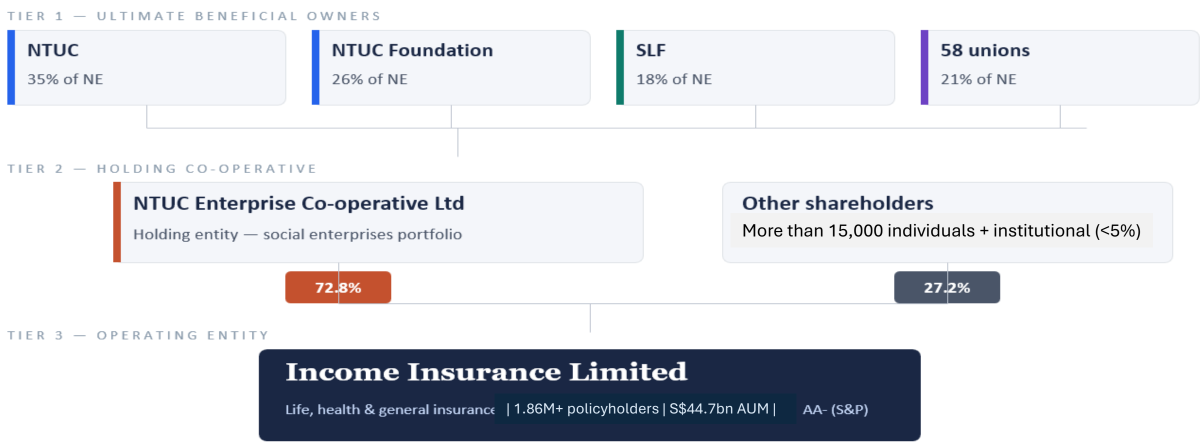
Purpose & Mission of INCOME INSURANCE

INCOME INSURANCE purpose to empower **a resilient future for all** with its Mission **to provide inclusive & value-friendly financial solutions that help people and communities feel secure**.

Ownership Structure

NTUC Enterprise is itself owned by four NTUC-affiliated entities: the National Trade Union Congress (35%), NTUC Foundation (26%), Singapore Labour Foundation (18%), and 58 individual unions (21%).

Figure 2-1: Shareholding structure of Income Insurance



Source: Income Insurance Annual Report FY2025, MAS Insurance Statistics, Corporatisation disclosures

As reflected by S&P Global Ratings that AA- rating affirmation reflects S&P's view that Income Insurance Ltd. is highly likely to receive extraordinary support from the Singapore government should the need arise. This stems from NTUC Enterprise's status as majority shareholder and the government's commitment to ensuring that the insurer continues fulfilling its social mission of providing affordable insurance to the public and insurance coverage to the vulnerable and underserved communities within Singapore. The Singapore government further demonstrated its commitment through an exceptional intervention to a proposed shareholding transaction in the last quarter of 2024.

Figure 2-2: Profile summary of Tier 1 shareholders

35% **National Trades Union Congress (NTUC)** *Labour / tripartite governance*

Singapore's sole national trade union centre. 58 affiliated unions, 1.4M+ members across all GDP sectors (manufacturing, services, construction, finance, public admin). Symbiotic relationship with PAP since 1961. Quasi-governmental influence on governance.

26% **NTUC Foundation** *Philanthropy / endowment*

S$250M endowment incorporated Apr 2021. Funds worker welfare, education bursaries, hardship grants. Complements existing U Care initiatives. Investment in social mission alignment, not financial return maximisation.

18% **Singapore Labour Foundation (SLF)** *Government statutory board*

Statutory board under Ministry of Manpower (est. 1977). Funds NTUC and union activities — education, rehabilitation, welfare. Gives Singapore Government an indirect governance interest in Income Insurance.

21% **58 Affiliated Unions** *Cross-sector labour*

Individual holdings <5% each. Spans AUPE (public sector), BFSU (banking/finance), UWEEI (electronics, 65K members), SMMWU (private services). Covers every GDP-contributing sector. Collective voice in co-operative governance.

Source: NTUC website, SLF Act 1977, Income Insurance corporatisation disclosures

The Tier 1 shareholders as shown in fig 2-2 are largely quasi-government entities.

Figure 2-3: NTUC Enterprise – portfolio of social enterprises

73% majority shareholder of Income Insurance | Cradle-to-grave ecosystem | 2M+ customers

FairPrice Group F&B / Retail

~50% grocery market share | 570+ touchpoints | Rev ~S$3.7bn

Largest supermarket chain (FairPrice, Kopitiam, Foodfare, Cheers, NTUC Link). Trust Bank JV with Std Chartered. 1.7M app users.

Income Insurance Financial services

S$44.7bn AUM | AA- (S&P) | 1.86M policyholders

Leading composite insurer — life, health, general. Corporatised Sep 2022. FY24 NP S$44.8M. Allianz VGO blocked Oct 2024.

Mercatus Co-operative Real estate

Portfolio ~S$4.6bn (pre-divestments) | AMK Hub | One Marina Blvd

Property arm. Divested S$3.8bn+ in 2022-23 (Jurong Point, Swing By → Link REIT; NEX 50% → Frasers). Retained AMK Hub, HQ, strata HDB.

NTUC Health Healthcare / eldercare

~20,000 seniors served | 25 day centres | 6 nursing homes

Among largest eldercare providers. Senior day care, home care, rehab, 25 active ageing centres, family medicine clinic. 50+ years.

NTUC First Campus Early childhood education

My First Skool | Little Skool-House | 184 centres

Largest childcare operator. Infant care through pre-school. Child support services incl. speech therapy. Affordable care for working families.

NTUC LearningHub Adult education / skills

Infocomm, AI, cloud, healthcare, retail, F&B courses

Workforce upskilling platform. LXP mobile app. Partnered with UTAP (union training subsidies). SkillsFuture aligned.

Source: NTUC Enterprise, FairPrice Group AR 2025, NTUC Health, Mercatus, Income Insurance FY2025

Key Investment Implications for INCOME INSURANCE shareholders

1. "National interest" governance overlay

   The Allianz VGO ($2.2bn @ $40.58/share) was blocked in Oct 2024 by the Singapore Government on grounds of public interest and social mission. This established a precedent that constrains potential M&A and in 6Σ Research view, substantially reduces optionality and/or capital optimisation for any future acquirer or investor.

2. Quasi-governmental ultimate ownership

   Ultimate beneficial ownership traces to Singapore's labour-political establishment (NTUC + SLF statutory board). This is unique globally in the insurance sector and is reflected in S&P Ratings agency views for strong credit rating of AA-.

3. Equity shareholder liquidity trap

   There are more than 15,000 equity shareholders hold non-listed shares with no clear exit path. Allianz failed bid was offered at $40.58 per share based on FY23 NAV $29.55/share. No SGX listing on the horizon. AltaX private exchange provides limited liquidity only.

4. Major shareholder is a social enterprise conglomerate

   NTUC Enterprise's portfolio is mission-driven (FairPrice, NTUC Health, First Campus).

Key Products & Services

INCOME INSURANCE distributes insurance through a multi-channel network comprising approximately 900 tied financial advisers, 220 agents from its wholly-owned subsidiary IAFA (Income Insurance Advisory Financial Advisers), 2 Business Centres, 9 retail "Lite" branches, 7 of which are co-located in FairPrice supermarkets, bancassurance partnerships, independent financial advisors (IFAs), corporate agents/brokers, telesales, and digital/mobile platforms.

The product suite spans: Life Insurance (whole life, term, savings/endowment, investment-linked plans including the flagship ILP range), Health Insurance (critical illness, long-term care, disability, medical indemnity, Income InsuranceShield hospitalisation plans), General Insurance (motor including eDrivo for EVs, personal accident, travel including Enhanced PreX, home & lifestyle, commercial lines, pet insurance via Happy Tails), and Group Insurance (employee benefits, affinity schemes).

The company is the only Singapore insurer offering SpecialCare products designed for children with autism and Down syndrome and has covered vulnerable populations through initiatives like JetStar closure coverage and Middle East conflict travel coverage.

Figure 2-4: Life and Health Product Suites & Thrust areas

Life Insurance
- Whole Life Insurance
- Term Insurance
- Savings Plan
- Investment-Linked Plans

Health Insurance
- Critical illness
- Long Term Care Plan
- Disability
- Medical indemnity
- Hospitalisation plan

Source: Company

INCOME INSURANCE's near-term focus centres on maintaining strong growth in ILP products, which carry higher margins, while continuing steady growth in Participating Life fund products. Health Insurance also remains a priority. Management additionally mentioned strengthening their Protection segment, which has historically not been a core strength for INCOME INSURANCE.

Figure 2-5: Consumer General Insurance Product Suites & Thrust areas

General Insurance
- Motor Insurance
- Personal Accident Insurance
- Travel Insurance
- Home & Lifestyle Insurance
- Commercial Insurance

Source: Company

INCOME INSURANCE maintains a strong presence in Auto Insurance, with a particularly dominant position in the motorcycle segment. Going forward, INCOME INSURANCE is expected to focus on Electric Vehicles given the Singapore Government's push for EV adoption by 2030. INCOME INSURANCE also saw good sales volume in Personal Accident. In Travel

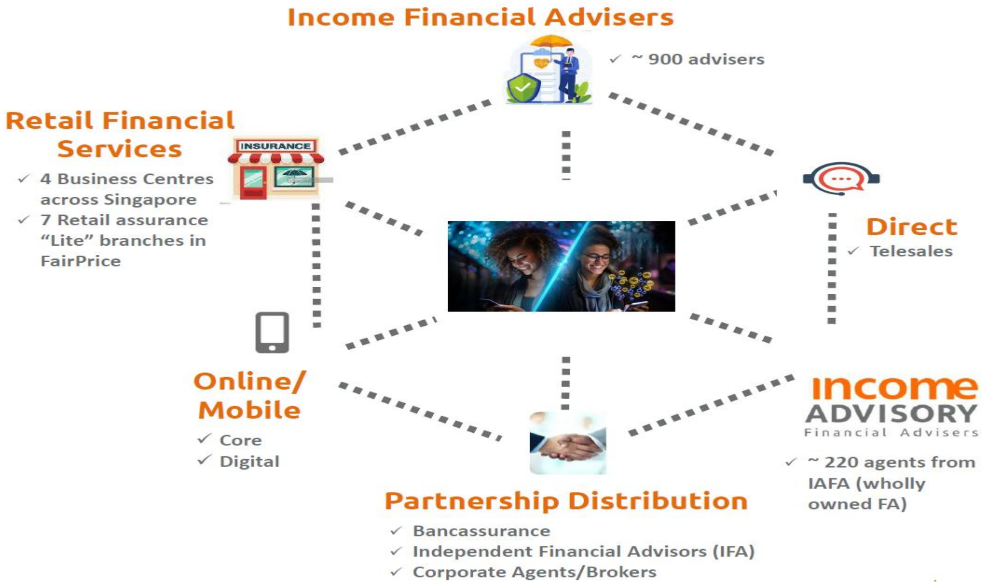
Insurance, INCOME INSURANCE holds a leading position and management seeks to maintain this while increasing profitability. Pet Insurance is another area of focus as a newer product line.

Figure 2-6: Group Insurance Product Suites & Thrust areas

Source: Company

Corporate insurance businesses are highly competitive with thin margins. Challenge for INCOME INSURANCE is to steer consumption towards a sustainable health portfolio within.

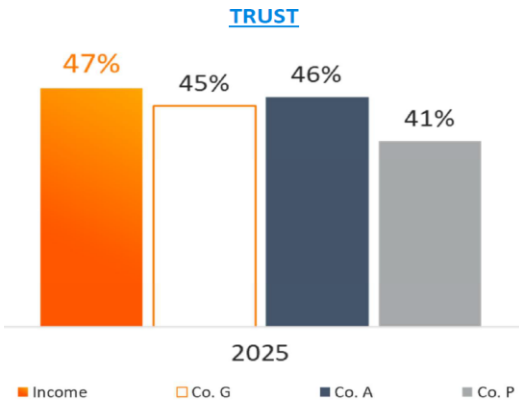
Figure 2-7: Multi-channel distribution support diverse product suites



Source: Company

INCOME INSURANCE continues to operate a multi-channel distribution to support its diverse portfolio, which saw management delivered a strong +11.6% combined volume uptick (from 2023-2025) with stable margins in L&H but GI & GB saw sharp margin contraction (fig 2-18).

Figure 2-8: TRUST rating by consumers



Source: Company

Despite vocal discontent against the failed Allianz bid, Income Insurance retains its top "Trust" [1]ranking in the industry in a survey conducted by Nielsen IQ Brand Health Tracker with sample size 6,500.

1. A key metric which management tracks closely.

Figure 2-9: Portfolio Composition by Net Premiums & Margins

Segment	FY2023	FY2024	FY2025	CAGR (2-Yr)
L&H New Business Premium ($mil)	146	183	257	+32.6%
% of total NEP	*19.0%*	*21.1%*	*26.9%*	*Average 22.3%*
GI+GB GWP ($mil)	623	685	700	+6.0%
Total New Business Premium[1] ($mil)	769	868	957	+11.6%

1. Short term new business is on GWP. L&H new business excludes renewal and Single Premium Endowment premiums, based on 100% of annual premium weighted with premium payment terms (i.e. single premium is weighted at 10%). Source: Company, Milliman ACR (FY2025 data)

L&H product mix (FY2025): ILP is the dominant and fastest-growing category, followed by participating (par) endowment/whole life, with non-par protection products contributing a growing share. The strategic pivot from par to ILP has been the key driver of margin expansion — ILP is capital-light and generates higher NBEV margins.

2-1 Failed Allianz bid: Control Premium vs illiquidity discount

Figure 2-10: Allianz bid (FY2023 basis) vs est. CURRENT (FY2025)

$ mil	At Allianz Bid (FY2023 basis)	Current (YE2025)	Change (Absolute)	Change (%)	$ Per Share (FY2023)	$ Per Share (YE2025)
ANW	3,132	3,329	197	6.3%	29.22	31.06
VIF after CoC	1,144	1,445	301	26.3%	10.67	13.48
Embedded Value	**4,276**	**4,774**	**498**	**11.6%**	**39.90**	**44.54**
VNB — 1yr	80	99	19	23.8%	0.75	0.92
EV + 1yr VNB	**4,356**	**4,873**	**517**	**11.9%**	**40.64**	**45.46**
Shareholder Equity	3,168	3,545	377	11.9%	29.55	32.66*
RDR	7.0%	6.5%				
S&P SACP	a	a+	Upgraded			
Allianz bid $share FY23 vs FY25 basis	40.58	44.54		+9.8%		

*Source: *Company, Milliman, S&P, 6Σ estimates*

Allianz offered $40.58/share for ≥51% of Income Insurance, implying a 100% equity value of ~$4,350mil (107.19mil shares). The bid was announced 17 July 2024 and formulated on audited FY2023 (31 Dec 2023) financials. The key valuation anchors at the time of bid formulation:

At-bid multiples (FY2023 basis):

- Implied P/EV:1.02x (on Milliman FY2023 EV of $4,276mil, ANW $3,132mil + VIF $1,144mil at 7.0% RDR)
- Implied P/BV: 1.37x (on NAV/share of $29.55)
- Implied P/(EV + 1-yr VNB): 1.0x (on $4,356mil)

How much has the floor moved since?

- Milliman FY2025 EV grew to $4,774mil (+11.6%), ANW to $3,329mil, VIF to $1,445mil (+26.3%) and VNB to $99mil. Applying the same 1.0x P/EV benchmark, a comparable bid today would need to be $44.55/share (implied +9.8%)
- Against our SOTP Intrinsic Valuation (at 1x) of $47.82 (fig ES-2 row D) the adjusted Allianz bid @ FY25 of $44.54 implies a 6.9% discount. Notwithstanding the proposed capital reduction post acquisition, as the proposed bid was for 51% control, it should offset the illiquidity discount.

2-1-1 Over-capitalisation depressing ROE & Relative Valuation

The Structural ROE Deficit

Income Insurance's FY2025 ROE of 3.4% (PAT $119mil on average equity $3,486mil) is structurally inadequate versus peers: AIA ROE targets 13–15%, Great Eastern achieves 12.8%. This is a denominator problem, not an earnings problem; the balance sheet carries an estimated $1.0–1.5bn of excess capital inherited from the co-operative era's accumulated surplus. INCOME INSURANCE remains structurally over-capitalized and capital management via existing levels of dividend payouts [in our view] will take a substantially long time to meaningfully impact INCOME INSURANCE's capital structure and hence boost ROE levels from current 3.4%. At exit price of $31.50, post corporatisation average total dividend implies 2.2% yield and latest FY2025 at 3.4% yield (appendix B).

Figure 2-11: Asia-Pacific Insurer Comparable Valuation Snapshot (FY2025)

Insurer [ticker]	ROE (%)	EV (bn est.)	P/EV (x)	P/BV (x)	S&P Rating	Comments
AIA Group [HK: 1299	15.5	US$79.7	1.1x	2.1x	AA-	Pan-Asian life franchise; record 15.8% ROEV; 221% solvency ratio; US$4.7bn capital returned to shareholders in FY2025 via dividends and buybacks
Prudential plc [HK: 2378 / LSE: PRU]	12–14	US$37.8 (TEV)	0.7x	1.0x	AA	42% NBP margin; US$7bn+ shareholder returns planned 2024–27; S&P upgraded to AA in 2026; Asia-focused post-Jackson demerger
Great Eastern Holdings [SGX: G07]	12.8	$20.1	0.7x	1.5x	AA-	FY2025 PAT $1.21bn (+21% YoY); 93.7% OCBC-controlled; OCBC privatisation bid at 0.7x P/EV (May24); relisted Aug25 post bonus issue at $13.21
Income Insurance [Unlisted]	3.4	$4.8	N/A	0.96[a]	AA-	Overcapitalised (est $1.0–1.5bn excess); strong franchise undermined by sub-4% ROE

a: Income Insurance P/BV computed at implied exit value of $31.50 against reported book value of $32.66. All data as at FY2025. Note: P/EV and P/BV for AIA and Prudential are approximate market-implied figures based on latest available share prices and reported EV. Great Eastern P/EV anchored on OCBC VGO offer range. Source: Company AR (AIA FY2025, Prudential plc FY2025, Great Eastern FY2025), BBG, 6Σ estimates

Key Takeaways from Peer Comparison

1. As no single valuation methodology could adequately capture the complexity of insurance business, we apply ROE as one (of many) key performance variables to establish relative insurer valuation multiples. AIA's 15.5% ROE commands 1.1x P/EV and 2.1x P/BV; Income Insurance's 3.4% ROE would not command par even if listed as the market does not pay a premium for equity generating returns below the cost of capital.

2. The 0.7x P/EV minority exit benchmark is calibrated to a 12.8% ROE company. Great Eastern's OCBC privatisation offer (0.7x P/EV) was for a company generating nearly 4x Income Insurance's ROE. Applying the same multiple to Income Insurance is arguably generous and reflects the conservatism of the 6Σ exit framework.

3. Capital efficiency, not franchise quality, explains Income Insurance's valuation discount. INCOME INSURANCE's operations are fundamentally sound (38.5% VNB margins, S&P AA-, 1-in-2 market penetration). The 34% gap between 1x SOTP intrinsic value ($47.82) and the recommended exit ceiling ($31.50 with 0.6xEV) is a capitalisation discount driven by sub-optimal capital structure on existing balance sheet.

2-2 Asia-Pac Insurance M&A Transactions

Figure 2-12: Asia Pacific Insurance M&A Transactions (2015-2025)

#	Acquirer-Target, Country (Transaction stake) [Announced-Completion]	Portfolio Type | Stake Acquired	Deal Value (US$ mil)	Implied 100% Equity (US$ mil)	P/EV (x)	P/BV (x)	P/E (x)	Deal Zone [Fig2-14]
1	**Allianz → Income Insurance, Singapore (51%, Withdrawn) Jul2024 – Withdrawn Dec2024**	Composite (Life + GI + GB) ≥51%	1,650	3,280	1.02x	1.37x	N/A	Zone B
2	**OCBC → Great Eastern, Singapore (11.56% VGO) May24 – Jul24**	Composite (~85% Life) 11.56% (Minority buyout)	1,030	8,900	0.70x	1.54x	15.6x	Zone A
3	**OCBC → Great Eastern, Singapore (6.28% Exit Offer) Jun25 – Pending EGM**	Composite (~85% Life) 6.28% (Delisting exit)	700	10,740	0.80x	1.60x	14.3x	Zone A
4	**Woori FG → Tong Yang Life + ABL Life, Korea (>51%) Jun24 - Jul25**	100% Life Insurance 75.34% TY + 100% ABL	1,100	1,450	0.8–1.0x	0.7x	N/A	Zone B
5	**Bajaj → Bajaj Allianz JV Exit, India (26%) Mar25 – Jan26**	Composite(GI + Life JV) 26% stake (Minority exit)	2,400	9,200	N/A(not disclosed)	>2.0x(est.)	N/A	Zone C
6	**Anbang → Tong Yang Life, Korea (63%) Sep15**	100% Life Insurance 63.01%	870	1,380	0.9–1.0x (est.)	~0.7x (est.)	N/A	Zone B
7	**FWD Group, HK (IPO 7% float) Jul25**	~95% Life Insurance IPO (~7% float)	380 (IPO)	6,000 (mkt cap)	N/A	1.2–1.5x (est.)	250x+ (early profit)	Zone C
8	**FWD → ING Asia Units, HK-Macau-Thailand (100%) 2013**	100% Life Insurance	2,100	2,100	1.0–1.2x	N/A	N/A	Zone C (growth mkt)
9	**IAG → RACQ Insurance, Australia (90%) Nov24 – 2H2025**	100% General Insurance 90% (+ 10% option)	555	617	N/A (GI only)	1.1x (est.)	12x (est.)	Zone A/B
10	**MeijiYasuda → L&G America, USA (100%) Feb25 – 2H25**	Life + Pension Risk Transfer 100%	2,280	2,280	N/A	N/A	N/A	Zone B/C
11	**DB Insurance → Fortegra Group, USA (100%) Sep25 – pending**	Specialty P&C + MGA 100%	1,700	1,700	N/A	N/A	N/A	Zone C

Source: Respective companies' announcements, BBG, 6Σ estimates

<u>Observations from fig 2-12;</u>

[#2,3] OCBC → Great Eastern Holdings (Singapore, 2024–2025)

- May 2024 VGO: $25.60/share for 11.56% minority → implied P/EV of 0.7x on FY2023 EV of $36.59/share, P/BV of 1.54x, P/E of 15.6x
- June 2025 exit offer: $30.15/share → FY2024 P/EV of 0.8x, P/NAV of 1.6x, P/E of 14.3x
- The $30.15 offer was still at a discount to Great Eastern's 2024 embedded value of $38.08/share

- Context: Parent buying out minority; no control premium required. Listed insurer (subsequently suspended). Ernst & Young opined "fair and reasonable" at 0.8x P/EV.

OCBC → Great Eastern Historical Offers (2004, 2006)

- Multiple earlier attempts at 0.5–0.7x P/EV — all rejected by minority shareholders as too low.

[4] Woori Financial → Tong Yang Life + ABL Life (Korea, 2024–2025)

- KRW 1.5 trn (US$1.1bn) for 75.34% of Tong Yang Life + 100% of ABL Life
- Woori acquired the majority stake for approximately $956mil
- Tong Yang was Korea's 8th-largest life insurer; previously controlled by Anbang/Dajia (Chinese). K-ICS ratio of 155.5% (FY2024). Implied P/BV estimated at 0.6–0.8x based on publicly available equity data — though exact EV multiples are not publicly disclosed.

[5] Allianz → Bajaj JV Exit (India, 2025–2026)

- Allianz sold its 23% stake in Bajaj General Insurance and Bajaj Life Insurance to Bajaj Promoter Group for €2.1bn ($2.4bn)
- Allianz expects to recognize a non-operating IFRS gain of approximately €1.1B, implying the sale price was substantially above carrying value
- A **minority** exit, not a control deal. But Bajaj Allianz General + Life are leading Indian private insurers; this is premium franchise pricing in India's high-growth market. Implied valuations likely well above 2.0x P/BV given the gain magnitude.

[6] Anbang → Tong Yang Life (Korea, 2015)

- Anbang Insurance Group acquired a controlling stake of 63.01% for approximately KRW 1.2 trn in September 2015
- At the time, this was considered a full-price acquisition by a Chinese buyer aggressively expanding offshore.

[7] FWD Group IPO (Hong Kong, July 2025)

- FWD Group raised HK$2.95bn in net proceeds, priced at HK$38.00/share
- Implied valuation of $6bn; a pan-Asian life insurer across 10 markets with $63bn AUM
- This gives a benchmark for what public markets assign to a fast-growing Asian life platform. FWD was first profitable under IFRS 17 only in 2024, so the valuation is heavily growth/franchise-driven.

[8] FWD's Own Acquisition History

- FWD's inception was marked by the acquisition of ING Group's insurance units in Hong Kong, Macau, and Thailand for US$2.1B (2013). This was 1.0–1.2x P/EV at the time, a benchmark for mature Asian life book acquisitions.

[9] IAG → RACQ Insurance (Australia, Nov 2024)

- IAG agreed to acquire a 90% stake in RACQ Insurance for US$554.8mil, a mutual GI underwriter. Predominantly P&C, not directly comparable to composite, but shows the appetite for controlled distribution platforms.

2-2-1 Illiquidity discount, Control bid & Franchise Premium

Figure 2-13: Transaction Zone classification

Zone A: Minority Exit Targeted stake <50%	P/EV circa 0.7x. Parent/majority buying out trapped minority. Significant illiquidity discount circa 30% discount to EV.
Zone B: Control Bid Targeted stake >51%	P/EV 0.8x–1.1x. Strategic acquirer bidding for control (≥51%). Reflects embedded value floor with minimal franchise premium.
Zone C: Franchise Premium Targeted stake >75%	P/EV >1.1x or P/BV >1.5x. Full recognition of distribution, brand, growth optionality. Typically high-growth markets (India, SEAsia).

Source: 6Σ estimates, BBG

Summary of the three zones with observed P/EV and P/BV ranges; the core argument being that Allianz paid Zone B (control) pricing that was barely above Zone A (minority exit) levels, for a franchise that arguably warrants Zone C recognition.

- Minority Exit zone: The pattern that emerges: **0.7–0.8x P/EV** appears to be the " minority exit" zone (OCBC/GEH). **1.0x P/EV** is the floor for a control deal on a mature composite insurer.
- Franchise-rich platforms with growth (India, pan-Asian) command substantially more, often 1.5–2.5x P/BV. Allianz's bid at 1.0x P/EV for a *control* stake in Income Insurance with its AA- rating, $45bn AUM, 1.86mil customers and Singapore regulatory moat; was arguably **conservative to the point of being an implied discount** of at least 30–40% to full intrinsic value, even before accounting for the operational turnaround (EV growth +11.6%, VIF +26.3%) that has since materialized.

2-3 Strategic Direction (INCOME INSURANCE 2028 Targets)

The company has successfully delivered on its Income Insurance 2025 strategic plan, achieving a 10% CAGR in new business premiums (1.8x over 2020–2025), a 20% CAGR in new business embedded value (3.0x), and a 14% CAGR in insurance operating results (2.2x). The 2028 targets include total new business premiums exceeding $1bn, L&H NBEV above $110mil, GI+GB COR below 95% and IFRS 17 PAT above $110mil.

Figure 2-14: Product margins

	FY2023[1]	FY2024	FY2025	2028 Target
L&H NBEV Margin (%)	32%	39%	38.5%	>30%+
GI+GB COR (%)	87%	90%	**96%**	<95%
GI+GB Margin (%)	13%	10%	4%	>5%
IFRS 17 PAT ($mil)	26*	45	119	>110+

1. FY2023 on 18-month entity basis. Source: Company

The L&H NBEV margin of 38.5% is best-in-class for a Singapore domestic insurer (Great Eastern reported circa 30% NBEV margin in 2024). However, the GI+GB COR deterioration from 87% to 96% over two years is a notable concern, driven by adverse claims experience and a competitive landscape; management targets reversing this to below 95% by 2028.

Figure 2-15: 2028 Targets & Implied CAGRs (FY2025 to FY2028)

KPI	2020-2025 Delivered Results	FY2025 Actual	2028 Target	Implied 3-Yr Forward CAGR, Comments
New Business Premiums (NBP)	1.8x 10% CAGR	$957mil	>$1,000mil+	1.5%+ Able to achieve NBP due to Higher margin business despite lower growth volume
L&H NBEV	3.0x 20% CAGR	$99mil	>$110mil+	3.6%+ Pivot to ILP and longer tenure endowment products
Insurance Operating Results [IFRS 17 PAT]	2.2x 14% CAGR	$119mil[a]	>$110mil+	Target is a floor, not growth. Driven by ILP and increased Consumer GI profitability
GI+GB COR		96%	<95%	Improvement, not growth metric
Customer coverage	1 in 2 resident population	1.86mil	Maintain 1 in 2	Steady state Continued market penetration

a: Exceptional Investment return $165mil FY25 (vs $84mil FY24) Source: Company

Management's FY2028 targets, as outlined in Figure 2-14, project a moderation in growth intensity relative to the FY2020–2025 delivery period, with New Business Premiums (NBP) targeting >$1bn (implying a 1.5% forward CAGR versus the 10% CAGR achieved historically) and Life & Health NBEV targeting >$110mil (3.6% CAGR versus 20% delivered).

However, 6Σ Research believes these headlines figures structurally understate INCOME INSURANCE's franchise value on several dimensions.

- First, NBP by definition captures only first-year premiums and excludes renewal streams; particularly significant for the Life & Health book, where policy persistency translates into a compounding embedded value that is not reflected in the NBP metric alone.

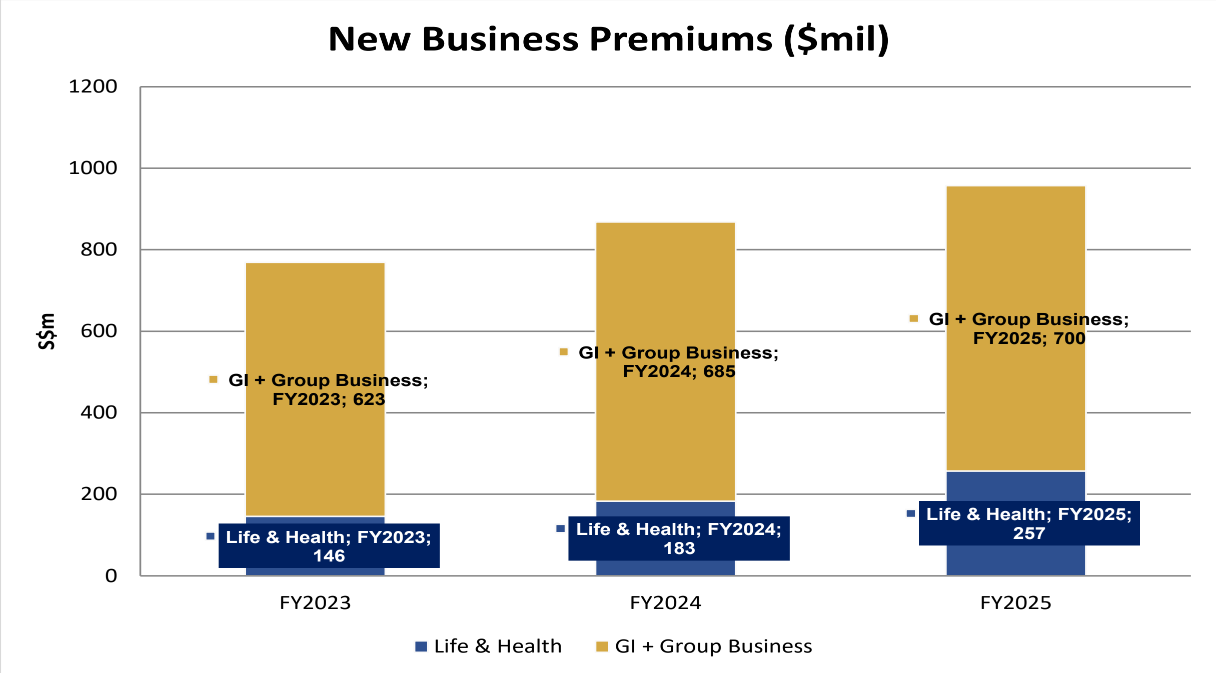
- Second, management's pivot toward Investment-Linked Products (ILP) and longer-tenure endowment products simultaneously enhances NBEV margins and positions INCOME INSURANCE to capture Singapore's structural shift toward SGD-denominated long-term savings instruments.

- Third, and perhaps most critically, INCOME INSURANCE's broad-based distribution model; covering approximately 1-in-2 Singapore residents, stands in marked contrast to MNC insurers' focus on the High Net Worth segment. 6Σ contends that this mass-market franchise is systematically undervalued by the market, given Singapore's rising GDP per capita trajectory, which implies higher per-policy monetisation potential across INCOME INSURANCE's captive customer base without the corresponding customer acquisition costs borne by HNW-focused competitors.

- The Insurance Operating Results target of >$110mil+ (from $119mil in FY2025, the latter flattered by an exceptional $165mil investment return versus $84mil in FY2024) is best interpreted as a floor rather than an aspirational growth target, underpinned by improving Consumer GI profitability and the increasing ILP contribution to the product mix. The combined GI+GB COR target of <95% further signals disciplined underwriting, positioning this as an efficiency metric rather than a growth lever.

Figure 2-16: New Business Premiums ($ mil)

$mil	FY2023[2]	FY2024	FY2025	2028 Target	FY23-25 CAGR	6Σ Comment
Life & Health NBP	146	183	257	>$1b+	32.7%	*Strong +32% CAGR; ILP-led*
GI + Group Business GWP	623	685	700		6.0%	*Moderate +6% CAGR*
Total New Business Premiums	**769**	**868**	**957**		**11.6%**	**+11.6% CAGR**
L&H NBEV ($m)	72	82	99	>$110m+	17.3%	*Approaching >$110m target*
L&H NBEV Margin %	32.0%	39.0%	38.5%	>30%+		*Stable; >30% target achievable*
GI+GB Underwriting Margin %	13.0%	10.0%	4.0%	>5%		*Deteriorating — watch closely*
GI+GB COR %	87.0%	90.0%	96.0%	<95%		*Trending toward breakeven*

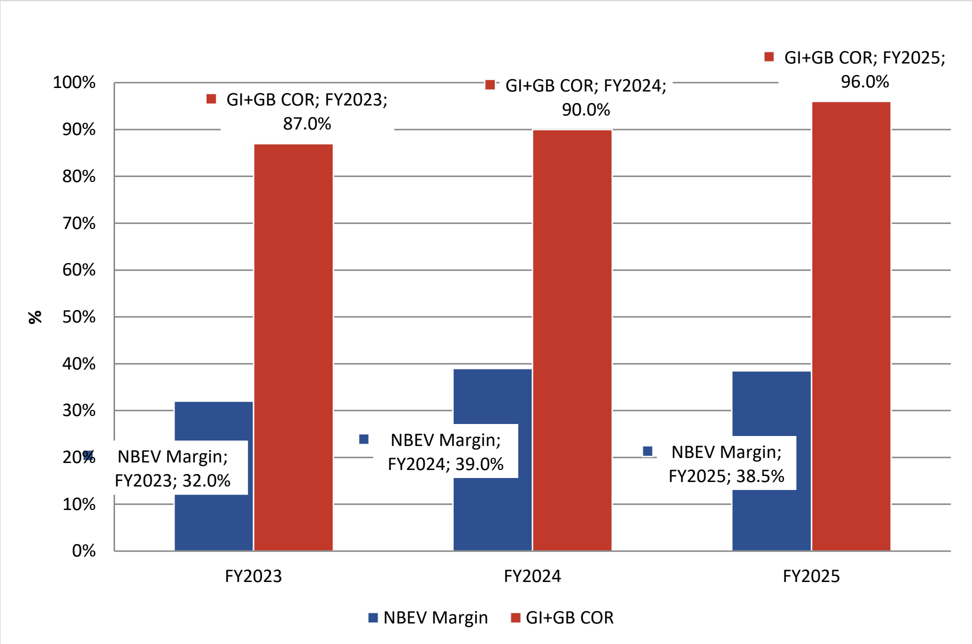


Note: 1. Short term new business is on GWP. L&H new business excludes renewal and Single Premium Endowment premiums, based on 100% of annual premium weighted with premium payment terms (i.e. single premium is weighted at 10%). 2. FY2023 on 18-month entity basis 3. L&H new business excludes renewal and Single Premium Endowment premiums, based on 100% of annual premium weighted with premium payment terms (i.e. single premium is weighted at 10%). L&H NBEV excludes Group Business. Source: Company, 6Σ

Figure 2-16 shows **Structural Mix Shift Toward Life & Health.** Total New Business Premiums grew at an 11.6% CAGR from $769mil (FY2023) to $957mil (FY2025), with the Life & Health segment (excl. Group Business) emerging as the primary growth engine: expanding from $146mil to $257mil, a 76% increase over two years.

By contrast, the GI + Group Business segment grew more modestly from $623mil to $700mil. This divergence is intentional: management articulated that Life & Health carries significantly more headroom for growth, while General Insurance (encompassing personal lines such as travel, pet and accidental) operates in a highly competitive Singapore market where the strategic imperative is to maintain market share and progressively improve margins rather than pursue aggressive volume growth. The FY2028 target of >$1bn+ in NBP therefore implies a continued tilt toward higher-value, longer-tenure L&H products.

Figure 2-17: NBEV Margins vs GIGB COR Trend (%)



Note: L&H NBEV excludes Group Business, FY2023 on 18-month entity basis. Source: Company

Value: Margin Expansion Through Product Mix Optimisation. The L&H NBEV margin improved markedly from 32% (FY2023) to 39% (FY2024–2025), a +17.3% uplift driven by a deliberate mix shift toward Investment-Linked Products (ILP) and Non-Participating Critical Illness and Long-Term Care products: both of which carry structurally superior value creation characteristics. Management indicated that industry NBEV margins in Life Insurance typically range in the high-30% to low-40% range. The FY2028 NBEV target of >$110mil+ (from $99mil in FY2025) implies continued absolute value growth even if margins moderate from current levels.

On the GI side, margins compressed from 13% (FY2023) to 4% (FY2025) with the Combined Operating Ratio deteriorating from 87% to 96%; though management's FY2028 targets of >5% margin and <95% COR reflect a realistic floor for Singapore's competitive GI landscape, where a sub-100% COR represents underwriting profitability and a sustained 5%+ margin would be a creditable outcome in our view.

Life & Health: The Franchise Value Inflection Point

The Life & Health segment represents the most compelling [and most systematically underappreciated] value driver within INCOME INSURANCE's portfolio. Figure 2-17 illustrates the remarkable volume trajectory: L&H New Business Premiums compounded at 32% CAGR from $146mil (FY2023) to $257mil (FY2025), with the product mix visibly shifting toward ILP and Non-Participating products, while Participating business maintains a steady base. This composition shift is strategically significant: ILP products generate fee-based economics with lower capital intensity, Non-Par Critical Illness and Long-Term Care products carry structurally higher margins due to sharper risk pricing and the absence of bonus obligations. The FY2028 bar chart suggests management expects all three product categories to expand, maintaining this diversified mix rather than concentrating on any single product type.

Figure 2-17 quantifies the value creation consequences of this mix shift. L&H NBEV margins stepped up from 32% to 39% between FY2023 and FY2025 [a 700bps expansion] while absolute NBEV grew from $72mil to $99mil, representing a 37.5% increase. Critically, L&H's share of total firm-wide NBP rose from 19.0% to 26.9% over the same period, demonstrating that the segment is growing its share of the corporate wallet, not merely benefiting from a rising tide.

The FY2028 targets embed a notable conservatism: the >30% NBEV margin target is actually below the 39% achieved in FY2024–2025, while the >$110mil NBEV target implies only modest absolute growth. 6Σ Research interprets this as management signalling a willingness to trade margin for volume; allocating a larger share of NBP toward L&H (the FY2028 implied average is 22.3% of a $1bn total NBP base, broadly in line with the three-year average) while accepting some margin normalisation from the current cyclical highs. However, 6Σ contends that the market is undervaluing the compounding nature of this franchise: unlike GI premiums which renew annually and are subject to competitive re-pricing, L&H policies [particularly the longer-tenure endowment and ILP products that Income Insurance is actively pivoting toward] generate recurring premium streams and persistency-driven embedded value that accumulate over the policy lifetime but are invisible in the NBP metric, which by definition captures only first-year premiums.

General Insurance & Group Business: Margin Defence as the Strategic Imperative

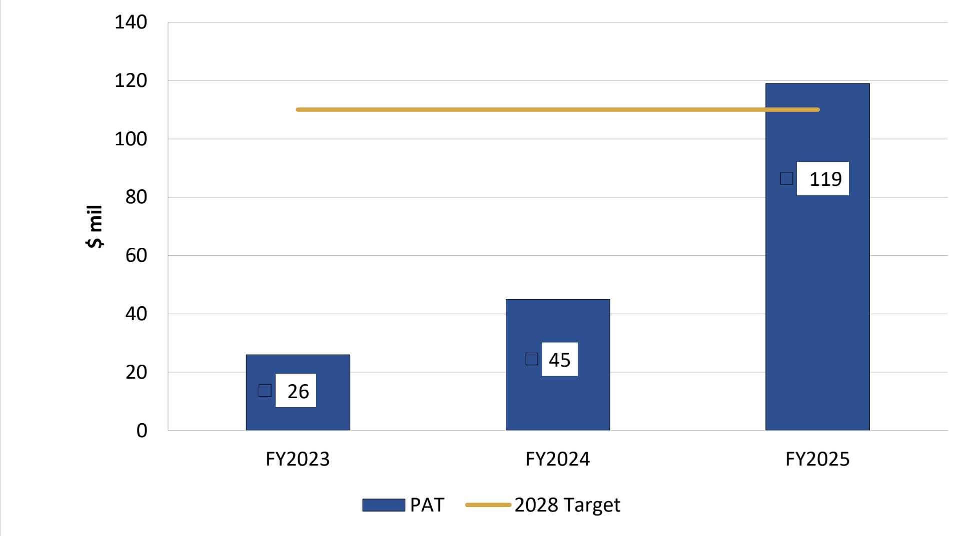
GI + GB segment [Fig 2-17 & 2-18]; the volume anchor of Income Insurance's portfolio, but increasingly the source of margin pressure that warrants close scrutiny. GI+GB Gross Written Premiums grew at a modest 6% CAGR from $623mil (FY2023) to $700mil (FY2025), with the FY2024-to-FY2025 increment decelerating to just $15mil (2.2% YoY), suggesting the segment is approaching near-term volume saturation in Singapore's competitive general insurance landscape. The FY2028B bar chart indicates management expects continued growth in both GI and GB, with Group Business appearing to take a marginally larger share of the mix; consistent with INCOME INSURANCE's broad-based distribution advantage in corporate and SME employee benefit schemes.

However, the more pressing narrative lies in Figure 2-17's profitability metrics, which reveal a sustained and concerning margin compression trajectory. The Combined Operating Ratio deteriorated from 87% (FY2023) to 96% (FY2025): a 900bps erosion over two years with operating margins correspondingly contracting from 13% to just 4%. The Insurance Service Result (ISR) declined sharply from $66mil (FY2024) to $25mil (FY2025), underscoring the severity of the underwriting margin squeeze. This deterioration likely reflects a combination of competitive pricing pressure in personal GI lines (motor, travel, pet, accidental), rising claims inflation and the structural challenge inherent in Group Business [particularly Integrated Shield Plans and employee benefit schemes] where the insurer must manage healthcare utilisation patterns to maintain a sustainable health portfolio. The parallels with the broader Singapore health insurance market are instructive: much as MediShield Life and Integrated Shield Plan providers grapple with the tension between coverage expansion and claims management, Income Insurance faces the fundamental question of how it can effectively steer consumption behaviour within its group portfolios to arrest margin erosion.

Management's FY2028 targets of <95% COR and >5% margin represent a stabilization objective rather than a growth ambition: essentially targeting a partial reversal of the FY2023–2025 deterioration without aspiring to restore historical peak margins. 6Σ Research notes that the group-level NBP target of >$1bn by FY2028 implies a blended CAGR of approximately 4.5% from FY2025's $957mil base, a target that appears readily achievable and could plausibly be reached as early as FY2026F, given that the L&H segment alone grew 40% YoY in FY2025. The low bar on volume growth reinforces our reading that management's true challenge [and the market's true concern] is not top-line expansion but the restoration of underwriting discipline in GI+GB. This assessment is directly reflected in 6Σ Research's valuation methodology, where we apply a mid-point average multiple of 10x (vs global range 8-13x) to the GI+GB segment to capture the risk that margin compression may prove structural rather than cyclical, particularly if competitive intensity in Singapore's GI market persists and healthcare utilisation trends in the Group Business book remain unfavourable.

The segment's contribution to the SOTP valuation is therefore driven primarily by its volume base and market position, the 1-in-2 customer coverage franchise, rather than any expectation of meaningful earnings growth, positioning GI+GB as a steady-state cash contributor while Life & Health assumes the role of the firm's primary value creation engine.

Figure 2-18: IFRS 17 Profit after tax FY2023 to FY2025 ($ mil)



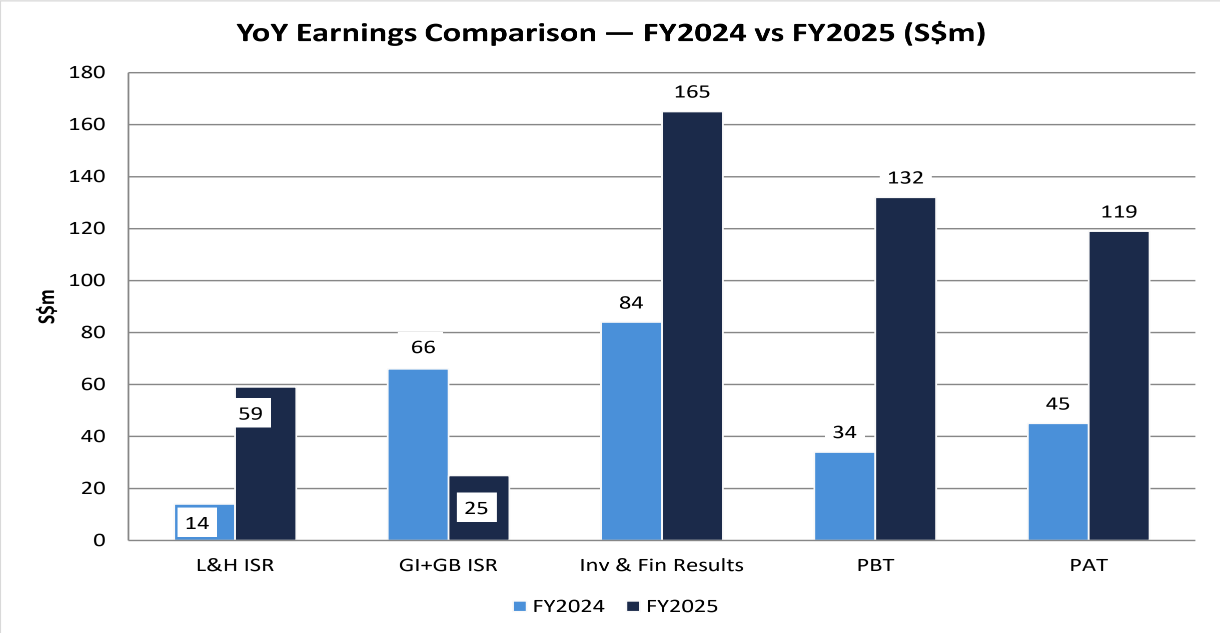
IFRS17 PAT is on entity level with 2023 represents 18-months underlying result. Source: Company

Earnings: Normalising for Investment Return Volatility. IFRS 17 PAT expanded dramatically from $26mil in FY2023 (noting that this was the first year of corporatisation, reported on an 18-month transitional basis at entity level) to $119mil in FY2025. However, 6Σ Research highlights that the FY2028 PAT target of ">$110mil+" is deliberately calibrated below the FY2025 actual: a signal that management recognises the FY2025 result was flattered by exceptionally strong net investment and financial results of $165mil (versus $84mil in FY2024). The >$110mil target therefore represents management's view of a sustainable, normalised earnings run-rate, underpinned by the diversified product base across L&H, GI and Group Business rather than reliance on investment return tailwinds. This conservative target-setting is consistent with the broader strategic philosophy evident across the KPI framework: prioritising franchise durability and margin quality over headline growth.

INCOME INSURANCE FY2025 Earnings Decomposition & Intrinsic Value Implications

Figure 2-19 presents INCOME INSURANCE's IFRS 17 earnings waterfall for FY2024–2025 and reveals a business whose headline PAT growth [from $45mil to $119mil, a 164% YoY increase] masks a fundamentally divergent underlying narrative across its three earnings pillars.

Figure 2-19: INCOME INSURANCE Earnings



1. L&H Insurance Service Results includes PAR's underlying profit before tax net results. 2 Other Income Insurance/(Expenses) mainly represents SHF non-attributable expenses.3. Comprehensive Shareholders' Equity excluding non-controlling interest and proposed dividend plus Net CSM for Net Asset Valuation purpose. Source: Company

The Insurance Service Result (ISR) grew only modestly from $80mil to $84mil (+5%), but the compositional shift within ISR is telling: Life & Health ISR surged from $14mil to $59mil (a 4.2x increase), while GI + Group Business ISR collapsed from $66mil to $25mil, a 62% decline driven by adverse claims experience and competitive pricing pressure, as detailed in our GI+GB analysis (Figures 2-18/2-19). This earnings crossover within ISR quantifies the strategic pivot we identified earlier: INCOME INSURANCE's insurance profitability is rapidly migrating from the GI book toward L&H, powered by the ILP and Non-Par product mix shift that lifted NBEV margins from 32% to 39% over FY2023–2025. The critical question [whether management can arrest the GI margin compression and restore the COR toward the <95% FY2028 target] remains the principal risk to the ISR trajectory.

The dominant earnings driver in FY2025, however, was not underwriting performance but Net Investment & Financial Results, which nearly doubled from $84mil to $165mil. This investment outperformance, underpinned by favourable market conditions, single-handedly accounts for the bulk of the PAT improvement and is precisely why management's FY2028 PAT target of ">$110mil+" is set below the FY2025 actual of $119mil, as we highlighted in our earlier analysis (Figure 2-15). The Other Income Insurance/(Expenses) line [primarily representing Shareholders' Fund (SHF) non-attributable expenses] improved modestly from negative $130mil to negative $118mil, providing a minor tailwind.

3. EXECUTIVE MANAGEMENT TEAM

Corporate Governance & Management Quality

NTUC Income Insurance Co-operative Limited was established in 1970 to fulfil a social mission of providing affordable insurance to working Singaporeans. Following a corporatisation exercise effective 1 September 2022, the Co-operative transitioned into a corporate entity, Income Insurance Limited, marking a structural shift in governance and accountability standards.

Income Insurance has adopted robust corporate governance practices befitting its status as a newly corporatised institution as Income Insurance strives for commercial excellence while fulfilling its social purpose. The Board of Directors comprises 11 members [all non-executive] and 36% female representation, providing appropriate diversity of perspective across capital markets, insurance, technology, legal, and public-sector domains (Figure 3-1).

Figure 3-1: INCOME INSURANCE's Board of Directors

#	Officer Name	Position	Date of BOD Appointment	Selected experience
1	Ms Joy Tan	*Chairperson*	1-Aug-22	WongPartnership LLP
2	Adeline Sum	*Deputy Chairperson*	3-Nov-23	CEO NTUC Enterprise Co-Op
3	Ms Sim Hwee Hoon	*Independent Director*	1-Aug-22	CEO Morgan Stanley (Singapore) >20yrs Capital Markets
4	Ms Neo Chin	*Independent Director*	1-Aug-22	CIO Singapore University of Technology & Design, >20yrs PM Government of Singapore Investment Corp (GIC)
5	Vincent Lien	*Independent Director*	13-Oct-21	>20 yrs Capital Markets
6	Robert Charles	*Independent Director*	1-Aug-22	Hd Actuarial Coherent, CEO Willis Tower Watson
7	Mak Keat Meng	*Independent Director*	1-Aug-22	Ernst & Young LLP
8	Dr Chen Peng	*Independent Director*	1-Aug-22	CEO Dimensional Fund Advisors >20yrs Capital Markets
9	Richard Koh	*Independent Director*	1-Aug-22	CTO Microsoft Corp
10	Craig Ellis	*Independent Director*	12-Oct-22	CEO MSIG Insurance Singapore
11	Chew Sutat	*Independent Director*	21-Oct-22	MD Singapore Exchange >20yrs Capital Markets

Source: Company

The board composition is notably credentialed: it includes former C-suite leaders from Morgan Stanley, GIC, Dimensional Fund Advisors, Microsoft, Willis Tower Watson, MSIG Insurance and the Singapore Exchange, collectively bringing several hundred years of institutional experience across investment management, actuarial science, audit, technology, and regulatory oversight.

Succession planning represents a medium-term governance risk that warrants monitoring. As a recently corporatised entity (with the majority of board appointments dating to August 2022, coinciding with the corporatisation itself) INCOME INSURANCE must demonstrate its ability to effect orderly board and management transitions while preserving institutional purpose, operational rigour, and the cultural DNA that underpins its 1-in-2 customer coverage franchise. In this regard, 6Σ Research takes comfort in the depth of the executive bench: the leadership team features several long-tenured executives with deep industry expertise across L&H, GI, and investment management, providing reasonable confidence in Income Insurance's capacity to maintain strategic coherence across business cycles and to execute opportunistic M&A should attractive targets emerge.

Ultimately, management quality manifests itself in the numbers. As evidenced in the FY2025 financials analysed throughout this report, the quality of execution is observable across several key metrics: the deliberate L&H product mix re-composition that drove NBEV margins from 32% to 39% (Figure 2-15); the 2.2x growth in L&H Insurance Service Results despite GI headwinds (Figure 2-16); the disciplined FY2028 target-setting that prioritises sustainable earnings over headline growth (Figures 2-15/2-16); and the accumulation of $482mil in Net CSM representing locked-in future profits from the in-force book (Figure 4-B). These are not the hallmarks of a management team optimising for short-term optics but reflect a considered, franchise-building approach.

3-1. Leadership Depth: A Deep Bench Built for Continuity

6Σ Research believes Income Insurance's Board of Directors actively oversees a comprehensive succession planning process for key executive roles, and Figure 3-2 provides compelling evidence of the resulting leadership bench. The executive committee as of 31 December 2025 reflects a deliberate architecture balancing deep institutional tenure with specialist external expertise recruited from tier-one insurance and financial services franchises.

Figure 3-2: INCOME INSURANCE's executive committee as of 31-Dec-2025

Officer Name	Position	Selected experience
Andrew Yeo	Chief Executive Officer	• Has been with INCOME INSURANCE for 11 years, serving as the CEO for the last 7 years • Over 27 yrs in the insurance industry (including 5 years in Vietnam)
Michael Fang	Chief Financial Officer	• Deputy GM and CFO at CITIC Prudential Life Ins • Held senior roles at Manulife Sinochem Life Insurance, Manulife Financial Asia, Genworth Financial (insurance subsidiary of GE Capital) • Over 30 years in life insurance industry across North America and Asia • Fellow of the Society of Actuaries
Lau Sok Hoon	Chief Actuary	• Appointed Actuary after working for 15 years at Prudential before becoming the Vice President for Group & Health of INCOME INSURANCE • Subsequently, in 2014, was appointed as INCOME INSURANCE Chief Actuary
David Chua	Chief Investment Officer	• Former Chief of Staff and Chief Investment Officer at Prudential • Vice President (Investment) at Ergo Group AG
Mark Shi	Chief Risk Officer	• Former Chief Investment Officer, Head of Investment Strategy of the Investment Department, and Head of Capital and Solvency Management of the Risk Management department at INCOME INSURANCE
Chen Boon Khing	Chief Technology Officer	• Started at INCOME INSURANCE in 2017 as the Head of Digitisation, and became a CTO in 2018 • Held various senior positions at NCS Group and was briefly with EY's Advisory Services
Colin Chu	Chief Strategy Officer	• Chartered P&C Underwriter and former Head of Distribution in Singapore at Liberty insurance • Formerly held the position of Regional Head of Strategy and Transformation in Asia at Liberty mutual Insurance
Susan Ong	General Manager (GM) – Corporate Business	Worked at AXA for 19 years
Dhiren Amin	Chief Customer Officer	CCO since 2023, previously as Chief Marketing Officer at Kraft Heinz for 5 years before joining Income Insurance as the CMO in 2022
Angie Ng	Chief People Officer	Experienced Human Resources Practitioner in the insurance sector, having held key HR roles at Manulife and AIA prior to joining INCOME INSURANCE
Michael Saunders	GM - Consumer General Insurance	• Over 25 years of international experience in the insurance industry, spanning leadership roles in Singapore, Hong Kong, Vietnam, and Malaysia, working across multiple global markets • Head of General Insurance at HSBC Life Singapore

		Global Head of General Insurance Product Development & Governance, HSBC (Hong Kong)
Grace Tng	Chief Consumer Distribution Officer	Leads Income Insurance's consumer distribution business, overseeing key channels to strengthen customer reach, engagement and experience
Peter Tay	Chief Digital Platform Officer	• More than 15 years in Income Insurance led the Corporate Office, Branch Services, Contact Centre, and the Life and Health Operations • Leads the building and scaling of Income's digital platforms and ecosystem partnerships in Singapore and the region
Joshua Margolis	Chief Legal and Compliance Officer	• Senior legal roles in leading international financial institutions across Singapore, Korea and Hong Kong • Leads legal and compliance function, providing strategic counsel, regulatory oversight, and governance to support sustainable and compliant business growth
Santosh Gon	Chief Operations Officer	• 25 years of diverse experience from across different industries, which include insurance, telecommunications, and automotive • Chief Operations Officer at HSBC Life Singapore • Led two complex mergers, Aviva/Singlife and AXA/HSBC Life, successfully steering integration efforts to strengthen organisational efficiencies and business impact

Source: INCOME INSURANCE 2025 AR, Company

At the apex, CEO Andrew Yeo brings 11 years at Income Insurance (seven as CEO) and over 27 years of insurance industry experience including five years in Vietnam, providing both operational continuity and regional perspective.

The senior leadership team is anchored by several long-tenured executives with decade-plus institutional knowledge: Chief Actuary Lau Sok Hoon (with Income Insurance since 2014, following 15 years at Prudential), CTO Chen Boon Khing (joined 2017, promoted to CTO in 2018), and Chief Risk Officer Mark Shi, who progressed through multiple internal roles spanning investment strategy, capital management, and solvency oversight, precisely the cross-functional fluency required to navigate IFRS 17's integrated risk-return framework.

This internal bench is complemented by externally recruited specialists who bring global franchise experience: CFO Michael Fang (30+ years across Manulife, CITIC Prudential, and Genworth Financial, and a Fellow of the Society of Actuaries), CIO David Chua (former Chief of Staff and CIO at Prudential, with subsequent investment leadership at Ergo Group AG), and Chief Strategy Officer Colin Chu (formerly Regional Head of Strategy at Liberty Mutual, with chartered P&C underwriting credentials). The recent appointments of Chief Customer Officer Dhiren Amin (2023, ex-Kraft Heinz CMO) and GM Corporate Business Susan Ong (19 years at AXA) signal management's intent to professionalise customer engagement and deepen the corporate/SME distribution channel, directly supporting the Group Business growth ambitions outlined in our GI+GB analysis (Figure 2-18).

The combination of long-tenured executives who carry INCOME INSURANCE's institutional memory and culture with externally recruited leaders who bring global best practices and competitive benchmarking represents a succession-ready leadership structure. This deliberate blend [rather than over-reliance on any single individual] underpins 6Σ Research's confidence in Income Insurance's ability to maintain strategic coherence, execute its L&H-led product pivot, and pursue opportunistic M&A across multiple business cycles.

4. VALUATION SYNTHESIS: FAIR VALUE RANGE

This section quantifies the implied valuation range and 6Σ Research's estimate of Income Insurance's intrinsic value. We also examine relative comparable transactions (section 2-2) to assess the appropriate multiple (section 2-2-1) to reflect illiquidity concerns and structural ROE disadvantage (section 2-1-1) in deriving a fair-value range for potential equity shareholder exits. Insurance company valuation requires specialised frameworks that differ materially from standard corporate finance approaches: the long-tail nature of life insurance liabilities, the different nature of policyholder funds (Par/Non-Par), shareholder funds and the embedded optionality within in-force books all necessitate purpose-built methodologies. Accordingly, we employ four complementary methods appropriate for a multi-line composite insurer.

Figure 4-A: Estimating Equity Exit Fair-Valuation range

#	Section [Fig]	Description	Applied Multiple	$ mil	$ per share[a]
A	4-1 [4-B]	Comprehensive Shareholder Equity	0.6 x CSE	2,416	22.54
B	4-2 [4-E]	Embedded Value	0.6 x EV	2,864	26.73
C	4-5 [4-J]	Appraisal Value	0.6xEV + 5xVNB	3,359	31.34
D	4-6 [4-K]	SOTP Intrinsic Value	Adj AV + 8x(GI_PE)	3,377	31.50

a: based on 107.19mil outstanding shares unless stated by Company. Source: Milliman, Company, 6Σ estimates

Recommended Exit Valuation Range $22.54 - $31.50

Triangulating across all four methodologies with applied 0.6 multiple produces an assessable valuation range for Equity shareholders of INCOME INSURANCE between $2,416mil to $3,377mil, or $22.54 to $31.50 per share (Figure 4-A).

Each methodology yields a different result, this is expected and indeed desirable, as the dispersion reflects the inherent complexity in apportioning Income Insurance's diversified portfolio across L&H, GI and Group Business segments based on publicly disclosed financial information. For context, the Allianz bid (July 2024) was for majority stake (>50%) and priced at $40.58 per share (with capital management optimisation proposal), which 6Σ estimates would adjust to approximately $44.55 (figure 2-10) on a present-day basis using FY2025 data.

The four methodologies map to progressively richer layers of value, each with a direct analogue in standard corporate finance:

> **(A) Comprehensive Shareholder Equity** — analogous to adjusted net book value. This represents the IFRS balance sheet equity inclusive of Net CSM: the book value if the

business is operating on going concern basis without future new business. Only contractual obligations from existing business is honoured.

(B) Embedded Value takes into account the long-tail nature of life insurance by incorporating the present value of in-force business (VIF) based on actuarial assumptions, layered on top of Adjusted Net Worth (ANW). This is the industry-standard metric for life insurer valuation, as independently assessed by Milliman.

(C) Appraisal Value goes a step further by estimating the franchise value of Income Insurance's future new business generation capacity, expressed as a multiple of Value of New Business (VNB). The applied formula of 0.6×EV + 5×VNB captures not only the existing book but the economic value of Income Insurance's distribution network, brand and customer franchise: the same 1-in-2 market penetration we identified as systematically undervalued in our earlier analysis.

(D) SOTP Intrinsic Value 6Σ Research's proprietary methodology, which assigns differentiated valuation frameworks to each operating line according to its distinct risk profile. This approach strips out the General Insurance business (typically short-tail, valued on an earnings multiple basis) while adjusting ANW within the Embedded Value to avoid double-counting and overstate the firm's value.

4-1 Comprehensive S/H Equity $22.54

This is an IFRS 17 accounting construct, defined by Income Insurance as "Comprehensive Shareholders' Equity excluding non-controlling interest and proposed dividend plus Net CSM for Net Asset Valuation purpose." As shown in Figure 4-B, it is derived by adding the Net Contractual Service Margin (CSM) of $482mil back to reported Shareholder Equity of $3,545mil ($32.66 per share), yielding $4,027mil ($37.57 per share). Applying the appropriate 0.6 multiple [column C per share] yields the implied CSE value of $22.54 for INCOME INSURANCE shares.

Figure 4-B: Comprehensive Shareholder Equity

	[A] $ mil	[B] $ per share	[C = 0.6x A]	[C] $ per share[1]
Shareholder Equity	3,545	32.66*	2,127	19.84
net Contractual Service Margin (CSM)	482	4.50	289	2.70
Comprehensive Shareholder equity	4,027	37.57*	2,416	22.54

*1. Based on 107.19mil shares. Source: *Company, 6Σ estimates*

Understanding the CSM Component

The Contractual Service Margin is an IFRS 17 liability-side item that represents the unearned profit embedded in insurance contracts at inception. It sits within insurance contract liabilities on the balance sheet and is released to the P&L over the coverage period as services are provided to policyholders; effectively a deferred profit reserve that converts into recognised earnings over time.

Several features of the CSM methodology are critical to understanding why the Comprehensive Shareholder Equity figure is inherently conservative:

- First, the CSM uses discount rates locked in at the date of initial recognition of each contract, not current market rates. In a rising-rate environment, this means the present value of future profits may be understated relative to what the portfolio would generate at prevailing yields. Similarly, the CSM does not project future investment returns above the locked-in discount rate, any investment outperformance (such as the $165mil net investment result achieved in FY2025 versus $84mil in FY2024, as discussed under figure 2-19) accrues entirely outside the CSM framework and is not captured in this valuation floor.
- Second, the CSM only exists for contracts that are profitable at inception, onerous contracts carry no CSM, as their expected losses are recognised immediately in the P&L. The $482mil Net CSM therefore represents exclusively the profitable portion of Income Insurance's in-force book, further reinforcing its conservatism as a valuation anchor.

4-2 Embedded Value $26.72

The Embedded Value (EV) represents the second layer of Income Insurance's valuation hierarchy and is an actuarial construct assessed independently by Milliman using the Traditional Embedded Value (TEV) methodology. As reported at 31 December 2025 (figure 4-C), the EV comprises two components: Adjusted Net Worth (ANW) of $3,329.2mil and Value of In-Force Business after Cost of Capital (VIF after CoC) of $1,444.6mil, totalling $4,773.8mil at the base case Risk Discount Rate (RDR) of 6.5%. **Applying the 0.6x multiple yields the estimated EV at $26.72 (figure 4-E) and the adjusted EV as part of SOTP methodology at $24.48 (figure 4-F).**

Figure 4-C: Embedded Value

EV Component ($m)	YE2025 EV	% of Total
Adjusted Net Worth (ANW)	3,329.2	69.7%
Value of In-Force after CoC (VIF)	1,444.6	30.3%
Embedded Value	**4,773.8**	100.0%

2025 VNB Analysis

VNB Metric	Value $mil
VNB after CoC	99.1
NB APE	257.2
VNB Margin %	38.5%

EV Sensitivity Analysis (see fig 4-D)

Scenario	EV ($ mil)	Δ from Base	% Change
Base case	4,773.8		
RDR +100bp	4,546.7	-227.1	-4.8%
RDR -100bp	5,076.7	302.9	6.3%
Inv return +50bp	4,897.5	123.7	2.6%
Inv return -50bp	4,659.1	-114.6	-2.4%

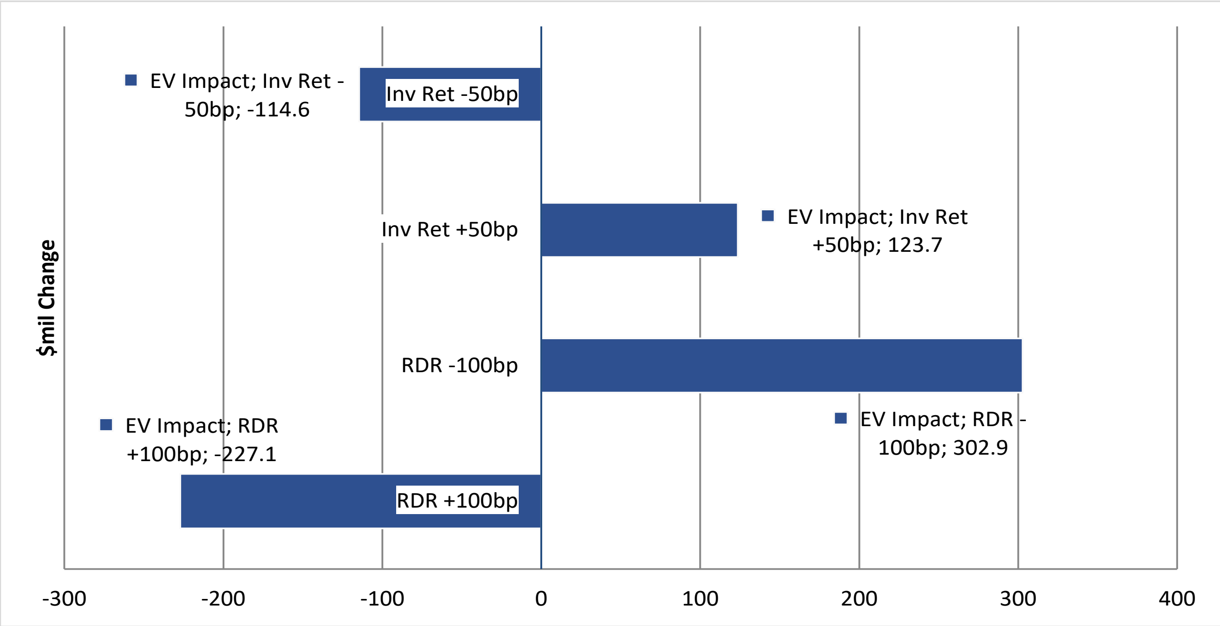
VNB Sensitivity Analysis

Scenario	VNB ($ mil)	Δ from Base	% Change
Base case	99.1		
RDR +100bp	87.0	-12.1	-12.2%
RDR -100bp	115.4	16.3	16.5%
Inv return +50bp	104.1	5.1	5.1%
Inv return -50bp	95.1	-4.0	-4.0%

Source: Company, Milliman

The distinction between the EV and the Comprehensive Shareholder Equity discussed in Section 4-1. The VIF employs best-estimate actuarial assumptions for mortality, morbidity, persistency, expenses and projects profits over the full remaining lifetime of every policy (extending up to 100 years for Participating fund estate releases).

Figure 4-D: EV RDR Sensitivity



Source: Company, Milliman

Milliman's sensitivity analysis (figure 4-D) quantifies the EV's exposure to key assumption changes. A 100bps increase in RDR reduces the base case EV by $227.1mil (−4.8%) to $4,546.7mil, while a 100bps decrease inflates it by $302.9mil (+6.3%) to $5,076.7mil, showing moderate but asymmetric sensitivity with downside risk smaller than upside potential.

Investment return sensitivities show a comparable pattern: a 50bps increase in investment returns adds $123.7mil (+2.6%), while a 50bps decrease subtracts $114.6mil (−2.4%). The 2025 VNB sensitivity analysis reveals that new business value creation is more sensitive to discount rate assumptions: a 100bps RDR increase reduces VNB by 12.2% (to $87.0mil from $99.1mil), while a 100bps decrease increases it by 16.5% (to $115.4mil). The base case VNB margin of 38.5% (VNB of $99.1mil on New Business APE of $257.2mil) is consistent with the NBEV margin trajectory analysed in Figures 2-16 and 2-17.

Figure 4-E: EV under various RDR scenarios

	Input	Bear	Base	Bull	Source / Rationale
A	Milliman ANW (entity-level) $mil	3,329	3,329	3,329	Milliman
B	RDR	7.5%	6.5%	5.5%	
C	Milliman VIF after CoC @ various RDR scenarios $mil	1,218	1,445	1,748	Milliman
D=A+C	Milliman EV (ANW+VIF) $mil	**4,547**	**4,774**	**5,077**	ACR Table 4.3:
E=0.6xD	**Fair-value EV at 0.6x**		**2,864**		**$26.72 per share**

Source: Milliman

6Σ use base case of Figure 4-E formalises 6Σ Research's three-scenario EV framework. The VIF component is directly driven by the Milliman RDR sensitivity analysis: the base case uses the reported 6.5% RDR (VIF of $1,445mil), the entity-level ANW of $3,329mil is fixed across all three scenarios, as it represents the current balance sheet position and does not vary with discount rate assumptions.

However, for 6Σ Research's SOTP Intrinsic Valuation (Phase 1), the entity-level ANW requires decomposition to isolate the Life-attributable component and avoid double-counting with the GI+GB segment valued separately in Phase 2.

Figure 4-F: ANW DECOMPOSITION [Life-adj ANW (less GIGB)] under SOTP methodology

	Component $mil	Bear	Base	Bull		Note
A	Total ANW (Milliman, fixed)	3,329	3,329	3,329		
B	Less: GI+GB allocated capital	-400	-400	-400		Fig 4-F, GIGB capital $400mil
C=A-B	**Life-adjusted ANW (less GIGB capital)**	**2,929**	**2,929**	**2,929**		Incl. Life + Corporate + Strategic capital
	PHASE 1: LIFE EMBEDDED VALUE					
D	+ VIF after CoC (RDR-dependent) $mil		1,445			Bear/Bull from EV scenario; Base from Milliman direct
E=D+C	**PHASE 1: LIFE EV $mil**		4,374			Contrast with Milliman original EV $4,774mil Fig: 4-C/D
F=0.6E	**At 0.6x EV**		**2,624**			
F / share	Phase 1 per share $/share at 0.6x EV		**24.48**			

Source: Milliman, Company, 6Σ estimates

For simplicity, 6Σ opts to use only the base case for the above EV adjustment under the SOTP methodology or adjusted EV of $4,374mil (EV less $400mil estimated GIGB related capital). Figure 4-F details this critical adjustment. Total ANW of $3,329mil is reduced by GI+GB allocated capital of $400mil (sourced from Figure 4-H, to be valued independently in Phase 2), yielding a Life-adjusted ANW of $2,929mil. This Life-adjusted ANW [which encompasses Life segment capital, corporate capital and strategic capital] is held constant across all three scenarios, as the GI+GB capital allocation of $400mil does not vary with RDR assumptions.

Combining the Life-adjusted ANW with the RDR base case VIF produces the Phase 1 Life Embedded Value: $4,374mil (base). Compared to the Milliman entity-level EV of $4,774mil, the $400mil difference is not value destruction but rather the GI+GB capital that has been carved out for separate valuation in Phase 2, ensuring methodological consistency and eliminating the double-counting risk inherent in applying an earnings multiple to GI+GB while simultaneously including its capital within the Life EV.

4-3 Adjusting ANW Capital allocation & GI Capital Strip-Out

The Double-Counting Issue

A critical methodological challenge in any SOTP valuation of a composite insurer is the treatment of capital that supports different business segments. Milliman's entity-level ANW of $3,329.2mil (fig4-C) is derived from the statutory balance sheet, which consolidates all insurance funds ; the Life Participating Fund, Life Non-Participating Fund, the Shareholders' Own Fund (SHOF), and the General Insurance Fund, into a single entity-level shareholders' equity figure. This consolidation is consistent with MAS Notice 133 reporting requirements, which mandate fund-level (not product-level) capital adequacy disclosure. However, since Phase 2 of 6Σ Research's SOTP framework values the GI+GB franchise separately as GI Net Profit × P/E Multiple, this earnings capitalisation implicitly assumes a capital base supporting those GI earnings. If we were to include the full $3,329.2mil ANW in the Life EV (Phase 1) while simultaneously applying a P/E multiple to GI earnings (Phase 2), we would be double-counting the GI-allocated capital, once within the Life ANW and again implicitly within the GI earnings multiple. The ANW must therefore be decomposed to isolate the Life-attributable component.

Figure 4-G: Estimating GI(+GB) capital [$400mil]

		Base	Comments
A	GI+GB GWP $mil	700	Fig 2-9 [FY2025]
B	Retention ratio (assumed)	85%	SG GI industry avg retention ~85%
C=AxB	GI Net Premiums	595	GWP × retention
Method 1: Premium-to-Surplus Ratio			
D	Net premium-to-surplus ratio (x)	1.5	SG GI industry range 1.0–2.0x
E=C/D	**M1: Implied GI capital ($mil)**	**397**	**Net premiums / ratio**
Method 2: MAS RBC2 Approach			
F	GI Total Risk Requirement (% of net prem)	30%	MAS RBC2; diversified GI portfolio 25–35%
G	Estimated CAR (Income Insurance)	2.0x	Est. ~200% CAR; S&P 99.80% confidence
H=CxFxG	**M2: Implied GI capital ($mil)**	**357**	**Net prem × TRR% × CAR**
Method 3: GI Fund AUM-Based			
J	GI Fund AUM ($mil)	1,215	2.7% of $45bn
K	Est. GI technical provisions	70%	Short-tail GI reserves 60–80% GWP
L=AxK	Est. GI technical provisions $mil	490	
M=J-L	**M3: Implied GI net assets ($mil)**	**725**	**GI AUM less reserves; risks of overstating S/H capital**
N=Avg(E,H)	**GIGB CAPITAL ESTIMATE ($mil)**	**400**	Rounding-up: Average of Methods 1&2. Discard Method 3
	GIGB capital as % of ANW	12.0%	Fig 4-F [400/3,329]

Source: Milliman, Company, 6Σ estimates

Since Income Insurance does not publicly disclose segment-level capital allocation, 6Σ Research estimates the GI+GB allocated capital using three independent methodologies, triangulated to produce a robust central estimate (Figure 4-G).

The starting point across all three methods is GI+GB Gross Written Premiums of $700mil (FY2025, per Figure 2-18), adjusted for an assumed retention ratio of 85% to yield GI Net Premiums of $595mil. The 85% retention assumption reflects the Singapore domestic GI industry average: MAS Quarterly Unaudited Statistics indicate that domestic GI retention typically ranges 80–90%, with motor and personal accident lines at the higher end (90%+) and property/liability at the lower end (75–85%). The 85% blended mid-point is appropriate for Income Insurance's motor-heavy, domestically oriented GI portfolio.

Method 1: Premium-to-Surplus Ratio applies the standard capital adequacy metric (adapted from the US NAIC framework) to Singapore's more conservative regulatory environment. The NAIC benchmark flags regulatory concern at 3.0× net premium-to-surplus; Singapore's tighter regime suggests a range of 1.0–2.0×. At the 1.5× mid-point, implied GI capital is S397mil ($595mil ÷ 1.5). The full range spans $298mil (at 2.0×, implying higher leverage) to $595mil (at 1.0×, implying full capital backing).

Method 2: MAS RBC2 Approach builds from regulatory first principles. Under MAS Notice 133, the Total Risk Requirement (TRR) for GI comprises C1 (insurance risk) and C2 (asset risk) charges. The C1 component is product-line dependent: motor attracts 15–20% risk charges on net premiums, property 20–25%, liability 25–35%, and health/PA 10–15%. 6Σ applies a blended TRR of 30% of net premiums, reflecting Income Insurance's diversified GI portfolio mix. At an estimated CAR of approximately 200%; above the industry floor of 150% but below AIA Singapore's 275% and consistent with Income Insurance's S&P-implied 'AA' capital adequacy at the 99.80% confidence level, the required capital is TRR × CAR = 30% × 2.0× = 60% of net premiums, yielding an implied GI capital of $357mil.

Method 3: GI Fund AUM-Based takes a fund management approach, estimating GI net assets as GI Fund AUM ($1,215mil, representing 2.7% of Income Insurance's total $45bn AUM) less estimated technical provisions (60–80% of GWP, mid-point 70%, or $490mil), yielding implied GI net assets of $725mil. However, 6Σ Research identifies significant risks of overstating GI-allocated capital under this approach: the GI Fund AUM may include upstream asset allocations and investment pools that do not represent solvency capital in the regulatory sense. We therefore exercise judgement to omit Method 3 from the final estimate, in favour of the more conservative and regulatorily grounded Methods 1 and 2.

Central Estimate: $400mil Averaging Methods 1 ($397mil) and 2 ($357mil); omitting Method 3's $725mil: produces a central GI+GB capital estimate of $400mil (rounding-up), representing 12.0% of the total entity-level ANW of $3,329mil. This $400mil is the amount reversed out of the Life-adjusted ANW in Figure 4-F, reducing it to $2,929mil for Phase 1 of the SOTP valuation, with the GI+GB capital implicitly recaptured through the earnings multiple applied in Phase 2.

The robustness of the $400mil estimate is supported by its consistency across independent approaches: it falls within the Method 1 range ($298–595mil), aligns closely with the Method 2 mid-range ($298–417mil), and is conservatively below the Method 3 AUM-implied figure ($725mil). This convergence provides confidence that the ANW decomposition neither materially overstates the Life component (which would inflate the SOTP) nor understates it (which would penalise minority shareholders in any exit valuation).

4-4 GI and GB Franchise Valuation

Rationale for Separate Valuation & applied 8x PE multiple

General Insurance and Group Business operate on fundamentally different economic principles from Life & Health: policies are predominantly short-tail (annual renewal cycles for motor, travel, pet, accidental, and employee benefit schemes), earnings are driven by underwriting margin and investment Income Insurance allocation rather than embedded value accumulation, and there is no meaningful VIF equivalent. The franchise value resides in the renewal book, distribution network, market share, and pricing power rather than in locked-in future cash flows. Accordingly, an earnings-based valuation methodology (GI+GB Net Profit × P/E multiple) is the appropriate framework, in contrast to the actuarial EV-based approach applied to the Life book in Phase 1. As shown in **figure 2-15, INCOME INSURANCE's COR at 96%** is a concern as its New Business Premium struggle to growth amidst margin pressure. Current competitors are trading between 8-13x PE and as such, we think it **justifies** applying **8x PE** multiple (rather than average) to estimate INCOME INSURANCE's GI Franchise Value.

As established in Section 4-3, the $400mil of GI+GB allocated capital has been stripped from the entity-level ANW and excluded from Phase 1's Life-adjusted ANW of $2,929mil. This capital is implicitly recaptured through the P/E capitalisation in Phase 2: the earnings multiple applied to GI net profits already assumes a capital base generating those returns, thereby eliminating the double-counting risk identified in our earlier analysis.

Figure 4-H: Phase 2 GI Franchise Value

Component $mil	Bear	Base	Bull	Source
GI+GB GWP	700	700	700	FY2025
GIGB Net Premiums @ 85% retention	595	595	595	Fig 4-G row B
Combined Ratio (COR) assumption	96.0%	93.0%	90.0%	**Bear=FY25 actual** / Base=normalised / Bull=target
UW Profit	24	42	60	
+ Investment Income Insurance allocation	15	20	30	ESTIMATED: SHOF ~$6B x ~3.5% x GI share (~7%)
GI+GB Pre-Tax Profit	39	62	90	
Tax @ 17%	-7	-10	-15	SG corporate rate 17%
GI+GB Net Profit	32	51	74	
GI P/E Multiple	**8.0x**	10.0x	13.0x	Tokio Marine fwd P/E 9.2x; global GI 8–13x
PHASE 2: GI+GB FRANCHISE	**258**	**512**	**966**	**Using $258m for SOTP**
Phase 2 per share	**$2.40**	$4.77	$9.01	
GI+GB ROIC (Net Profit / Capital)	8.1%	12.8%	18.6%	Capital efficiency cross-check

Source: Company, 6Σ estimates

Deriving GI+GB Pre-Tax and Net Profit: Figure 4-H details the Phase 2 earnings build across bear, base, and bull scenarios. The starting point across all three scenarios is GI+GB GWP of $700mil (FY2025 actual, per Figure 2-18). INCOME INSURANCE's GI+GB GWP represents approximately 11.7% of Singapore's domestic GI market, which stood at $6.0bn in 2024 and is projected to grow at a 6.2% CAGR to $8.1bn by 2029, implying that Income Insurance can sustain its GWP base through market share maintenance alone, without requiring aggressive competitive expansion. Next assuming retention ratio of 85% (figure 4-G row B), we apply Combined Operating Ratio to derive Underwriting Profit.

The critical variable is the Combined Operating Ratio assumption, which drives underwriting profit as the residual (GWP × (1 − COR)). 6Σ Research calibrates three scenarios reflecting the observed COR trajectory and management's FY2028 target:
The bear case (**current 96.0% COR**) assumes the FY2025 trough persists, reflecting continued adverse claims experience and competitive pricing pressure as analysed in Figures 2-18/2-19, yielding underwriting profit of $24mil. The base case (93.0% COR) assumes a normalised margin recovery toward management's FY2028 target of <95%, representing a realistic mid-cycle outcome as competitive intensity moderates and claims trends stabilise, yielding underwriting profit of $42mil. The bull case (90.0% COR) assumes a return to near-FY2023 levels of underwriting discipline, yielding $60mil: achievable if management successfully steers healthcare utilisation within the Group Business portfolio and competitive dynamics in personal lines normalise.

To underwriting profit, 6Σ adds an estimated investment Income Insurance allocation attributable to the GI+GB segment. This is derived from Income Insurance's Shareholders' Own Fund (SHOF) of approximately $6bn, earning an estimated 3.5% return, with the GI segment's approximately 2.7% share of total AUM ($1,215mil GI Fund AUM out of $45bn total) implying an investment Income Insurance attribution of $15mil (bear), $20mil (base) and $30mil (bull). The resulting GI+GB Pre-Tax Profit of $39mil (bear), $62mil (base) and $90mil (bull) is then taxed at the Singapore corporate rate of 17% (per SG corporate tax rate 2025), yielding GI+GB Net Profit of $32mil, $51mil and $74mil respectively.

Applied P/E Multiple: 8x as our base case
The P/E multiple range is calibrated to Singapore GI peer multiples and global listed comparables. No Singapore-listed pure-play GI insurer exists for a direct comparable: the closest domestic references are MSIG Singapore and Tokio Marine Singapore, both unlisted subsidiaries of Japanese parent groups. 6Σ therefore takes reference from the parent company multiples and global GI peers:

> Tokio Marine Holdings (parent of MSIG Singapore and Tokio Marine Singapore) trades at a forward P/E of approximately 9.2× with a P/B of 2.48×. The broader Japanese GI group universe (Tokio Marine, MS&AD/MSIG, Sompo) has traded in a P/E range of 8–12× over FY2023–2025, though these are diversified pan-Asian and global groups

whose multiples reflect geographic and product diversification premiums not directly applicable to a single-market GI franchise. Global listed GI comparables provide additional anchoring: Travelers (US) trades at approximately 11×, Zurich Insurance at approximately 12×, and QBE at approximately 10×.

6Σ Research applies a P/E of 8× (bear) given INCOME INSURANCE's current struggles with COR at 96% (figure 2-15). The 8× bear case reflects the compressed earnings quality at a 96% COR and the structural challenges of Singapore's highly competitive GI market.

Phase 2 GI+GB Franchise Value $2.40
Applying the P/E multiples to the net profit scenarios yields the Phase 2 GI+GB franchise values shown in Figure 4-H yields $258mil ($32mil × 8) or $2.40.

The capital efficiency cross-check validates these valuations: the implied GI+GB ROIC (Net Profit ÷ GI allocated capital of $400mil) ranges from 8.1% (bear) to 12.8% (base) to 18.6% (bull). The base case ROIC of 12.8% [achieved at a normalised 93% COR with modest investment Income Insurance attribution] should be close if not above reasonable cost of equity estimate (*6Σ Research estimate circa 10-12% for SG Financial Institutions*). Assuming that the GI+GB segment creates economic value above its capital charge when operating at mid-cycle margins, this would justify a P/E multiple at or slightly above 1× book value. By contrast, the bear case **ROIC of 8.1% at the FY2025 trough COR of 96% is highly likely below cost of equity, which would be consistent with the compressed 8× multiple applied.**

This ROIC framework also contextualises the earlier observation from Figure 2-19 that GI margin restoration is the principal risk factor: the difference between value creation (base/bull) and value destruction (a scenario where COR exceeds 96% and ROIC falls below the cost of capital) is narrow, underscoring why 6Σ Research assigns a structurally lower multiple to GI+GB relative to competitors.

4-5 Life Franchise Premium VNB - AV $31.34

The Appraisal Value represents the going-concern value of a life insurer — what the business is worth if it continues to operate and write new policies, as opposed to a closed-book run-off. It is expressed as:
Appraisal Value = Embedded Value + Capitalised Value of New Business (VNB)

Phase 1 (Life EV) of $4,374mil represents the run-off value: what the existing in-force book would generate if Income Insurance never sold another policy. Phase 3 captures the additional value a buyer pays above EV for the right to access Income Insurance's distribution network, brand, customer base, and regulatory licences to write future profitable business. This is the franchise premium: the capitalised value of future new business generation.

The franchise value captures Income Insurance's economic moat: its ability to generate VNB at a 38.5% margin year after year, underpinned by durable competitive advantages that a new entrant cannot replicate. These include Income Insurance's trusted brand (47% trust score, ranked number one in Singapore), its network of over 900 tied advisers, its 7 FairPrice branch touchpoints embedded within the NTUC cooperative ecosystem, its 1.86 million customer base providing 1-in-2 resident population coverage, and the DSII regulatory licence that confers operating authority in a market with high barriers to entry. As demonstrated in our analysis of Figures 2-16 and 2-17, the L&H product pivot toward ILP and Non-Par products has structurally enhanced the margin quality of this new business engine, with NBEV margins expanding from 32% to 39% over FY2023–2025.

Figure 4-I: Value of New Business

Component	Base	Source / Rationale
Milliman FY2025 VNB after CoC (actual)	99	Milliman ACR Table 4.2; on NB APE $257.2M, 38.5% margin
VNB Capitalisation Multiple	5.0x	AIA 12–15x, Prudential 6–10x, Great Eastern 5–8x
PHASE 3: LIFE FRANCHISE PREMIUM	**495**	
Phase 3 per share	$4.62	

Source: Company, 6Σ estimates

Figure 4-I details the Value of New Business Life franchise premium, using the actual FY2025 VNB baseline and applying a 5x capitalisation multiple.

<u>VNB Capitalisation Multiple 5x for INCOME INSURANCE</u>

The capitalisation multiple represents the number of years of future VNB generation that the market ascribes to the franchise. The multiple is a function of the expected duration over which the franchise's competitive advantages will persist and generate above-market returns, the growth trajectory of future VNB, and the perceived risk to franchise durability.

6Σ Research calibrates the multiple range to observable Asia-Pacific life insurance trading multiples: AIA Group trades at approximately 12–15× VNB, reflecting the market's belief that its pan-Asian, multi-market franchise will sustain profitable growth for well over a decade. Prudential plc trades at approximately 6–10× VNB, reflecting its exposure to higher-growth but higher-risk emerging Asian markets. Great Eastern Holdings, the closest Singapore domestic comparable: trades at approximately 5–8× VNB, reflecting its single-market concentration and controlled-company governance structure.

While the bear case of 5× implies the market expects Income Insurance's franchise advantages to erode within five years [perhaps through competitive disruption from digital insurers, adverse regulatory change, or sustained margin compression], our view is premised on the **over-capitalized book at INCOME INSURANCE structurally lowers business ROEs and as a result, the lower multiple reflects the lower return profile.**

Figure 4-J: Appraisal value

	$ mil	$ per share	Methodology
EV @ 0.6x	2,864	26.72	0.6 x 4,774
Life Franchise Premium	495	4.62	FY25 VNB $99mil @ 5x
Appraisal Value	**3,359**	**31.34**	

Source: Company, 6Σ estimates

INCOME INSURANCE's estimated Appraisal Value (adjusted for 0.6x EV) is $3,359mil or $31.34 per share. This methodology reflects the meaningful franchise premium that the market should ascribe to Income Insurance's proven ability to generate approximately $100mil+ of VNB annually at near-40% margins.

4-6 SOTP INTRINSIC VALUATION $31.50

Valuing INCOME INSURANCE involves a comprehensive analytical framework, first to assess potential valuation range by employing relevant capital markets methodologies and secondly, applying an appropriate multiplier (based on previous transactions, fig 2-12) to reflect INCOME INSURANCE's status as (i) non-listed entity, (ii) newly introduced legislation in 6Σ Research view implies higher regulatory hurdles regarding potential M&A (or Partnership) (iii) over-capitalised entity that compromises shareholder value maximization. Lastly, based on OCBC-GEH minority shareholders' bid of 0.7xEV, we use a lower **applied multiple @ 0.6x** to reflect (i) the illiquidity of INCOME INSURANCE shares and also (ii) the structural over-capitalisation depressing ROEs.

Figure 4-K: SOTP INTRINSIC VALUE

Figure		$ mil	$ / share	Methodology
4-F	Phase 1: Life EV (adj. ANW + VIF)	2,624	24.48	0.6x4,374 [GI-adj ANW + Life VIF]
4-H	Phase 2: GI Franchise Value	258	2.40	GI Net Profit × 8xP/E (high COR/poor profitability)
4-I	Phase 3: Life Franchise Premium	495	4.62	FY25 VNB $99mil @ 5x (Structurally low ROE)
	SOTP / INTRINSIC VALUE	**3,377**	**31.50**	

Source: 6Σ estimates

Figure 4-K brings together the three valuation phases developed in Sections 4-2 through 4-5 into a unified SOTP framework. Each phase employs a distinct methodology calibrated to the risk profile and economic characteristics of the underlying business segment, producing a total intrinsic value, adjusted for 0.6xEV, to derive **SOTP Intrinsic Value of $31.50.**

Assumptions on base case EV and bottom of range multiples for GI and VNB for SOTP

- We applied the base case for adjusted EV (to maintain a consistent approach with AV).
- Bottom of range multiples applied to both VNB and GI to reflect structurally low ROEs for both businesses and for GI its current high COR supports a more conservative approach.

Value Composition: What the SOTP Reveals

Phase 1 (Adjusted Life EV) contributes $2,624mil ($24.48 per share) or 77.7% of total intrinsic value, confirming that Income Insurance is fundamentally a life insurance franchise whose value is anchored in the actuarially assessed present value of its in-force book and the Life-adjusted capital base supporting it.

Phase 2 (GI Franchise) contributes $258mil or 7.6% of total intrinsic value at $2.40 per share. This relatively modest contribution is consistent with our analysis throughout this report: the GI+GB segment is a steady-state cash contributor valued on normalised earnings at a 8× P/E, reflecting the structural margin challenges (96% current COR) and highly competitive Singapore GI landscape analysed in Figures 2-17 and 2-18. The GI franchise's primary strategic contribution [providing the 1-in-2 customer coverage platform and cross-selling conduit into the higher-margin L&H pipeline] is partially captured within Phase 3's franchise premium rather than being fully capitalised within Phase 2.

Phase 3 (Life Franchise Premium) contributes $495mil or 14.7% of total intrinsic value at $4.62 per share. This represents the capitalised value of Income Insurance's ability to generate $99mil of current VNB annually valued at 5× capitalisation multiple to reflect the structurally lower ROEs due to INCOME INSURANCE's excess capitalisation.

6Σ Research's base case of $31.50 per share represents our assessment of the most probable outcome under current circumstances.

Implications for Minority Exit

As established in Figure ES-2, the SOTP intrinsic value of $31.50 implies a significant 34% (relative to 1x Intrinsic Value) discount under a minority exit scenario. This discount represents the franchise premium, growth optionality and control value that would accrue to the continuing majority shareholders or a future acquirer. This is the price of illiquidity and structural over-capitalisation of the business and 6Σ Research maintains that $31.50 represents a fair and defensible floor.

Absent a potential buyer seeking a controlling stake (>51%) of Income Insurance [which would trigger a full SOTP negotiation and potential multiple re-rating towards 1x$47.82 base case or higher] 6Σ Research believes the probability of a minority exit above $31.50 per share remains low given: (1) structural illiquidity of the unlisted shares, (2) the regulatory precedent established by the blocked Allianz transaction in 2024 [risks of obtaining regulatory approval] and (3) current capital structure not optimized to maximize returns. Furthermore, the implied low dividend yield between 1.3% to 3.4% (Appendix B, FY2023 to FY2025) suggests little incentive to keep the shares if there is an Exit Offer @ SOTP level of $31.50.

4-7 Investment Portfolio

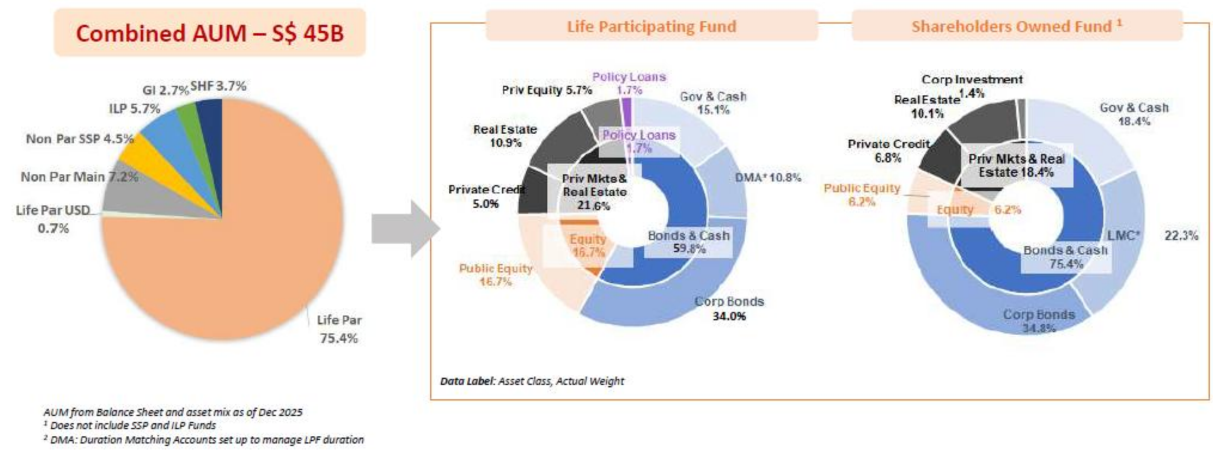
Portfolio Structure

Income Insurance manages a combined $45bn AUM (as of December 2025), the composition of which reflects the distinct liability profiles and regulatory requirements of each insurance fund (Figure 4-L). The Life Participating Fund (LPF) dominates at $35bn (75.4%), followed by the Shareholders' Own Fund (SHOF) at $1.67bn (3.7%), Non-Par Main at $3.2bn (7.2%), ILP Funds at $3bn (5.7%), Non-Par SSP at $2bn (4.5%), and the GI Fund at $1.2bn (2.7%)."

The asset allocation philosophy diverges materially between the two principal funds. The LPF [which backs long-duration participating life policies with liability durations extending decades] is allocated across Corporate Bonds (34.0%), Private Markets & Real Estate (21.6%), Public Equity (16.7%), Government & Cash (15.1%), Duration Matching Accounts (10.8%), Private Credit (5.0%), Private Equity (5.7%) and Policy Loans (1.7%). This allocation reflects the LPF's dual mandate: generating sufficient investment returns to support policyholder bonus declarations while managing the inherent duration mismatch between long-tail liabilities and available fixed Income Insurance instruments (the LPF's duration gap of −3.3 years indicates that asset duration of 9.8 years falls short of liability duration, a structural feature of life insurance portfolios where 30–40 year policy terms exceed available bond maturities).

The SHOF [which backstops the shareholders' capital position and supports the S&P AA- rating] adopts a materially more conservative posture: Bonds & Cash comprise 75.4% of the portfolio (Corporate Bonds 34.8%, Government & Cash 18.4%, Liability Matching Credit 22.3%), with Private Markets & Real Estate at 18.4% and Public Equity at just 6.2%. The shorter asset duration of 3.0 years, near-zero duration gap of −0.5 years, and S&P Liquidity Ratio of 3.4× (Favourable) confirm that the SHOF is managed primarily for capital preservation and liquidity rather than return maximisation.

Figure 4-L: Assets Under Management



Source: Company

Fixed Income Insurance Credit Quality

Figure 4-L provides the credit quality decomposition of fixed Income Insurance holdings across both funds. Government and Investment Grade bonds form over 95% of the total fixed

Income Insurance assets; a credit quality profile consistent with Income Insurance's S&P AA- rating and the conservative investment posture expected of a composite insurer with a 1-in-2 customer coverage mandate.

Within the LPF, Singapore Government and Statutory Board bonds comprise 47% of fixed Income Insurance assets ($4,209mil and $4,803mil respectively), with the remaining allocation spread across AAA (6%), AA (7%), A (11%), BBB (25%), and Non-Investment Grade (4%), totalling $19,417mil in market value. The weighted average credit rating of BBB+ and Value at Risk at the 10th percentile of 6.2% reflect the LPF's modestly higher risk tolerance relative to the SHOF, consistent with the longer investment horizon afforded by participating policy liabilities.

The SHOF fixed Income Insurance portfolio of $4,983mil is concentrated more heavily in Singapore Government (22%, $1,083mil) and Statutory Board (8%, $376mil) securities, with a larger BBB allocation (43%, $2,164mil) that reflects the Liability Matching Credit strategy. The average credit rating of BBB (versus BBB+ for the LPF) is somewhat counterintuitive for a shareholders' fund but is explained by the LMC component — structured credit instruments designed to match specific liability cash flows that carry lower credit ratings but are held to maturity, reducing mark-to-market volatility. The S&P Liquidity Ratio of 3.4× (Favourable) provides comfort that the SHOF can meet claims and capital calls without forced asset sales.

Valuation Implications

The investment portfolio analysis has three direct implications for the SOTP framework developed in this report.

First, the FY2025 Net Investment & Financial Results of $165mil, which we identified in Figure 2-16 as the dominant driver of PAT growth and the reason management's FY2028 PAT target of ">$110mil+" is set below the FY2025 actual, is contextualised by the portfolio's risk positioning. The 16.7% public equity allocation within the $35bn LPF (approximately $5.8bn in equities) means that a 10% equity market rally or correction would generate approximately $580mil of unrealised gains or losses, sufficient to swing investment results by multiples of the FY2024/FY2025 differential. The FY2025 investment outperformance should therefore be viewed as a favourable market outcome rather than a structural earnings improvement, reinforcing the conservatism of the FY2028 target.

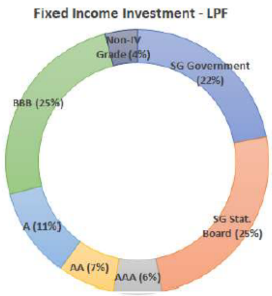
Second, the Milliman EV sensitivity to investment returns (±50bps shifting the EV by $115–124mil, or ±2.4–2.6%) is grounded in the portfolio's actual composition. The LPF's 9.8-year asset duration means that a 50bps parallel shift in yields would generate approximately $950mil in mark-to-market impact on the $19.4bn fixed Income Insurance book alone; though the duration matching strategy and held-to-maturity classification of the LMC component would mute the reported impact. The Milliman sensitivity range is therefore reasonable and, if anything, understates the economic sensitivity to interest rate movements.

Third, the credit quality profile [over 95% investment grade, with 47% of LPF fixed Income Insurance in sovereign and quasi-sovereign Singapore securities] provides a margin of safety for the ANW component of the EV. Credit losses that would materially impair the $3,329mil ANW would require a systemic event affecting Singapore Government creditworthiness, a tail risk that is reflected in S&P's AA- rating with Stable outlook rather than a base-case valuation adjustment.

Figure 4-M: Portfolio Market Risks

Life Par Fund (LPF)

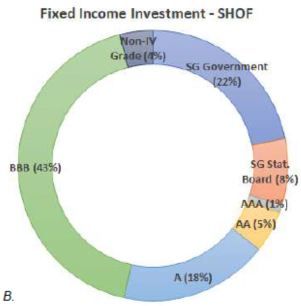
Value at Risk - 10th Percentile	6.2%
Asset Duration in years	9.8
Duration Gap in years	-3.3
Average Credit Rating [2]	BBB+
S&P Liquidity Ratio	2.0x (Adequate)



Rating [1]	AUM %	Market Value (S$m)
SG Government	22%	4,209
SG Stat. Board	25%	4,803
AAA	6%	1,199
AA	7%	1,316
A	11%	2,221
BBB	25%	4,927
Non-IV Grade	4%	742
Total	**100%**	**19,417**

Shareholders Owned Fund (SHOF)

Value at Risk - 10th Percentile	3.3%
Asset Duration in years	3.0
Duration Gap in years	-0.5
Average Credit Rating [2]	BBB
S&P Liquidity Ratio	3.4x (Favorable)



Rating [1]	AUM %	Market Value (S$m)
SG Government	22%	1,083
SG Stat. Board	8%	376
AAA	1%	40
AA	5%	227
A	18%	909
BBB	43%	2,164
Non-IV Grade	4%	184
Total	**100%**	**4,983**

Statistics as of 2025 Dec
[1] Based on Income internal rating hierarchy
[2] Based on Weighted Average Rating Factor (WARF).
WARF scores range from 1 – AAA, 20 – AA, 120 – A, 360 – BBB, 350 – BB, 2720 – B.

Source: Company

INCOME INSURANCE's investment portfolio reveals a deliberate credit quality divergence between its two principal funds. The Life Par Fund (LPF), with $19.4bn in fixed Income Insurance assets, maintains a BBB+ average credit rating and longer 9.8-year asset duration, reflecting the liability-matching requirements of participating policies, though the negative 3.3-year duration gap warrants monitoring in a rising rate environment. The credit allocation is well-diversified, with 53% in sovereign and quasi-sovereign holdings (SG Government 22%, Statutory Board 25%) and the remainder spread across investment-grade corporates.

The Shareholders' Owned Fund (SHOF), at $5.0bn, runs a shorter 3.0-year duration with a modest -0.5-year duration gap and an average BBB rating, consistent with its role as a capital buffer rather than a liability-matching vehicle. Notably, the SHOF carries higher BBB concentration at 43% versus the LPF's 25%, and its S&P Liquidity Ratio of 3.4x (Favorable) versus the LPF's 2.0x (Adequate) suggests management is prioritising liquidity optionality in the shareholder fund; a prudent posture given the GI+GB combined ratio's deterioration toward 96% in FY2025, which may require capital flexibility for reserve strengthening.

4-8 Risks, Discounts & Premium Considerations

Illiquidity Discount (est 15-30%)

Income Insurance shares are not listed on any recognised exchange and the AltaX private market trading platform ceased operations in October 2024 following Allianz's withdrawal. Shares can only be transacted on a willing-buyer/willing-seller basis with no transparent price discovery mechanism. Academic literature (Damodaran, 2005; Pratt & Grabowski) and M&A precedent suggest illiquidity discounts of 15–30% for private company equity. However, Income Insurance's status as a Domestic Systemically Important Insurer (DSII), its government-linked provenance through NTUC, and the heightened regulatory scrutiny following the Allianz episode collectively reduce information asymmetry risk relative to a typical private entity. We apply a 30% illiquidity discount, at the higher end of the empirical range.

Minority Discount (est 15-25%)

The 27.2% free float (figure 2-1) is dispersed among individual shareholders, none holding above 5%. This fragmented minority position has limited governance influence. Standard minority discounts of 15–25% are typical in insurance transactions.

Structural Over-capitalisation Discount (est 10-20%)

INCOME INSURANCE's capital position, with shareholder equity of $3.5bn and comprehensive shareholder equity of $4.0bn against FY2025 PAT of $119m, implies a return on equity of approximately 3.0–3.4%; well below the cost of equity for a composite insurer and substantially lagging regional peers. This over-capitalisation while benefiting from rating agencies assigning higher credit rating to Income Insurance, directly impacts shareholder returns in 6Σ Research view and in the absence of any significant capital optimisation plans, the result is a permanent drag on per-share returns; the $45bn AUM platform generates investment Income Insurance, but the marginal return on the excess capital cushion dilutes equity returns to levels that would be unacceptable for any listed peer. Until a credible pathway emerges for capital rationalisation [whether through a revised transaction structure, regulatory relaxation, or accelerated organic deployment into higher-returning lines] equity shareholders bear the cost of a balance sheet sized for institutional comfort rather than shareholder efficiency. We estimate a **10-20% structural over-capitalisation discount** appropriate, applied independently of the illiquidity and minority discounts, reflecting the embedded ROE suppression with no near-term catalyst for resolution.

Key Risk Factors

Investment portfolio concentration and duration mismatch. The $45bn AUM base is heavily weighted toward the Life Par Fund (75.4%), which carries a negative duration gap of -3.3 years between asset duration (9.8 years) and liability duration. While the Shareholders' Owned Fund maintains a more conservative -0.5 year gap, the LPF exposure leaves embedded value sensitive to interest rate movements; a 100bp increase in the risk discount rate reduces EV by $227m (4.8%).

GI profitability deterioration. The GI+GB combined operating ratio deteriorated from 87% in FY2023 to 96% in FY2025, driven by adverse claims experience and competitive pricing pressure. Management targets a return to sub-95% by 2028, but the trajectory suggests limited margin for error. A breach above 100% would shift GI from a profit contributor to a capital consumer, directly impacting shareholder returns.

Regulatory and political overhang. The unprecedented government intervention to block the Allianz transaction and the subsequent Insurance Act amendments [while protective of minority interests] introduce uncertainty regarding future transaction structures. Any prospective acquirer must now navigate a more onerous regulatory approval process, which could suppress both the probability and the magnitude of future control premium realisations.

Earnings quality and investment return dependency. FY2025 PAT of $119m was substantially underpinned by net investment and financial results of $165m, which are inherently market-dependent and non-recurring in nature. Insurance service results contributed only S$84m, of which GI+GB accounted for just $25m (down from $66m in FY2024). A normalisation of investment returns would expose the underlying softness in core underwriting profitability.

Appendix A – Tables and Charts

APPENDIX B – DIVIDEND PAYOUT SUMMARY

Company structure	**Co-Op[1,2]**	**Corporate[2,3]**	***Corp/Coop***			
Period	**2014-2021**	**2023[3]-2025**	***% chg***	**2023[3]**	**2024**	**2025**
Total DPS[1,2,3] $	0.6 - 0.75	0.416 - 1.063		0.647[3]	0.416	1.063
Average DPS[1,2,3] $	0.6375	0.7087	*11.2%*			
Implied yield @ SOTP $31.50	**2.0%**	**2.2%**		**2.1%**	**1.3%**	**3.4%**

1. Based on historical DPS declared, not adjusted for # shares. 2. Total DPS includes both Ordinary and Special. 3: FY2023 is based on 18month financial period. Source: Company, 6Σ estimates

Appendix C – Disclaimers

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