



IFS Capital Limited

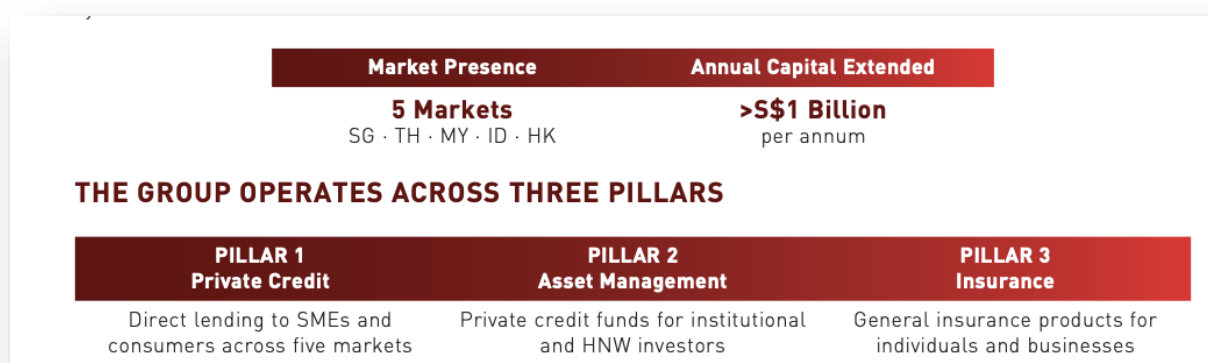
(Incorporated in the Republic of Singapore)
(Company Registration No. 198700827C)

39TH ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2026 (“AGM”) RESPONSES TO QUESTIONS RECEIVED FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

IFS Capital Limited (the “**Company**” or together with its subsidiaries, the “**Group**”), has received the following questions from Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Annual Report for the financial year ended 31 December 2025.

The Company’s responses to the questions are set out below:

Q1. The group has reorganised its business into three pillars, namely private credit, asset management, and insurance, all sharing the same foundation of risk management over market cycles.



(Source: company annual report)

Recent developments in global private credit markets, particularly in developed markets, have raised concerns around credit quality and potential systemic risks. Within the group’s portfolio, a credit event in Thailand resulted in provisions of \$4.2 million.

(i) Can management provide a detailed assessment of current conditions in the Asian private credit market? To what extent does management see emerging systemic risks, or does it believe that the underlying drivers of growth remain intact across the five key markets identified?

Company’s Response:

The recent concerns, especially in US and European private credit, are largely centred on loans to sponsor-backed leveraged buyouts as well as highly leveraged middle-market borrowers. Our private credit business is mainly focused on direct lending to

small and medium-sized enterprises across Singapore, Thailand, Malaysia, Indonesia, and soon Hong Kong through asset-based financing using trade receivables, production and IT equipment, and real estate. Our risks are more granular and more amenable to the relationship-based monitoring that our local teams conduct every day.

While we do not currently observe systemic risks across our businesses, we have noted a softening in the credit profiles of certain SME segments where operating margins are being challenged by broader inflationary pressures, supply chain cost volatility and general macro environment uncertainties.

The S\$4.2 million provision in Thailand for FY2025 reflects these localised pressures on certain SME clients and is not currently viewed as broad-based. We have taken a proactive and conservative approach to provisioning for these non-performing accounts, and recovery processes are ongoing. The Group's fundamental resilience remains intact, supported by our diversified regional presence and portfolio, which allows us to absorb localised volatility while maintaining overall segment profitability.

Despite these near-term headwinds, we believe the underlying long-term drivers of growth remain intact across our key markets – the credit gap for small and medium-sized enterprises in our region is structural and large. As regional economies formalise, our addressable market will expand and we see opportunities to support these enterprises as they grow.

We continue to adopt a cautious and prudent approach, anchored on disciplined risk management, as we pursue business growth.

- (ii) **With respect to Hong Kong, what is the group's strategy to build a meaningful presence from a standing start? What specific market gaps or client segments has management identified, and how does the group intend to compete against established incumbents? How do the risk characteristics of the Hong Kong market differ from Singapore and Thailand, and what frameworks are in place to identify, price and manage these risks?**

Geographical information	Operating income \$'000	Total assets \$'000
2025		
Singapore	16,545	343,136
Thailand	16,708	169,254
Malaysia	3,123	22,868
Indonesia	1,357	21,423
Hong Kong	6	18
	<u>37,739</u>	<u>556,699</u>

(Source: company annual report)

Company's Response:

For Hong Kong, we have a twofold approach - (i) launch our Lendingpot digital loan marketplace platform to bring together borrowers and lenders in the highly fragmented private lending market that largely operates offline, and (ii) extend our asset-based direct lending business model to the Hong Kong market, leveraging our existing technology and processes.

We will start our direct lending business with property-backed loans, focusing on segments where traditional lenders have retreated and where speed, structuring flexibility, and certainty of execution matter more than just rates. We believe this opportunity has emerged from the multi-year correction in Hong Kong real estate: residential prices fell close to 30% from their 2021 peak before showing signs of stabilisation in 2025, while commercial property values, particularly offices, corrected much more sharply. This has created dislocation in the financing market, creating opportunities for non-bank bridging solutions.

Rather than compete head-on with incumbents on scale or headline pricing, we intend to complement them by focusing on narrower areas where disciplined underwriting and responsiveness are differentiators. The target segment is primarily fundamentally sound small and medium-sized enterprises with liquidity needs, where we can underwrite asset quality, borrower repayment capacity, and exit visibility. The objective is to build presence gradually through carefully selected transactions, not volume for its own sake.

From a risk perspective, Hong Kong differs from Singapore mainly in current market cycle conditions. While both markets benefit from a strong rule-of-law environment and established secured lending frameworks, Hong Kong is coming off a deep property market correction. That creates opportunity, but also requires tighter control over valuation, liquidity and borrower selection. In Thailand, we are primarily focused on accounts receivable purchase and leasing, which presents a different target segment and risk profile from property-backed loans.

For Hong Kong, we intend to apply a framework broadly consistent with Singapore: conservative valuation methodology, focus on property liquidity, prudent loan-to-value thresholds, clear assessment of loan purpose and repayment capability, and disciplined structuring around downside protection and exit routes. We believe that by incorporating an appropriate margin of safety in our approach, we can contain loss severity even in stressed scenarios. This is particularly important in Hong Kong, where the correction has created financing demand and opportunities but also requires more conservative underwriting assumptions than in a normal market environment.

Q2. Under its asset management segment, the group launched the IFSAM Private Credit Income Fund and has grown asset under management to over \$50 million.

- (i) Can management elaborate on the investor base of the fund, including the mix between institutional and high-net-worth investors? What is the target fund size, and what is the timeline and strategy to achieve scale?**

Company's Response:

As of December 2025, the investor base comprises approximately 87% institutional and corporate investors and 13% high-net-worth investors (by AUM), providing a stable foundation for the fund's growth.

In the near term, the fund is targeting a fund size of S\$100 million. Growth will be driven by (i) distribution expansion, through strengthening partnerships with distributor and wealth platforms, external asset managers and broadening the investor base, and (ii) building out our track record through delivering consistent, resilient performance across market cycles and strengthening investor understanding of private credit as a core portfolio allocation.

- (ii) What are the fund's differentiated capabilities in sourcing, underwriting and risk management? What specific performance or risk metrics does management use to demonstrate its competitive positioning to investors?**

Company's Response:

The fund leverages IFS Capital's credit expertise of close to 40 years and the deal flow and credit infrastructure that has been built over the decades. This structural differentiation can be seen across origination, credit decisioning, client relationship management, collections, and governance.

On sourcing: we originate loans through multiple channels – direct relationships with business owners and operators, brokers and intermediaries, as well as partner networks such as PhillipCapital. Our ecosystem provides us with access to both primary and secondary deal flows.

On underwriting: all loans in the IFSAM Private Credit Income Fund are asset-backed, secured by Singapore real estate with first legal mortgage protection. Loan tenors are typically one to two years. Our underwriting process combines rigorous property valuation discipline, borrower loan purpose and repayment capacity analysis, and collateral stress-testing. We apply conservative loan-to-value ratios and require tangible collateral coverage throughout the loan life. All investments are approved through a Credit Committee.

On risk management: we monitor our portfolio actively, not just at origination. This includes ongoing review of collateral values, borrower repayment performance,

and macro conditions that might affect specific sectors or property types. Our active engagement with borrowers enables early identification of credit risks.

The fund's competitive positioning is demonstrated through our ability to deliver consistent and stable returns, largely uncorrelated to public markets. To date, we have not experienced any losses since inception.

Separately, the insurance segment remains loss-making, although losses have narrowed to \$(2.2) million in FY2025 from \$(5.1) million in FY2024. Earned premiums increased from \$7 million to \$14.8 million while the overall loss ratio improved from 115% to 69%. The chairman noted that the segment lacks sufficient scale to achieve profitability.

(iii) With the loss ratio still at 69%, how did management assess that the group's underwriting performance is sufficiently robust to support further scaling up at this juncture? In addition, to what extent has the growth in premiums been driven by pricing decisions, and is there a risk that pursuing scale through more competitive pricing could place renewed pressure on loss ratios and overall profitability?

Company's Response:

There are three main factors for our assessment:

First, the improvement in overall loss ratio from 115% to 69% reflected genuine improvements in the portfolio mix, underwriting criteria, and pricing discipline in ECICS. We discontinued structurally underperforming motor insurance schemes and premium rates across new and renewal business were adjusted to better reflect underlying risk.

Second, the growth in earned premiums from \$7 million to \$14.8 million was driven by volume growth in segments where we have acceptable loss histories and through distribution partnerships that have been built. We are not chasing market share by underpricing risk.

Third, we are realistic that the insurance business requires patience and a longer time horizon to complete a sustainable turnaround. Our operating efficiency will continue to improve with technology upgrades. Insurance companies of the type and scale that ECICS aspires to be typically do not achieve profitability until they reach a meaningful premium base. We believe that base is within reach over the next few years if we continue our current trajectory.

The risk identified – that pursuing scale through more competitive pricing could damage loss ratios – is real. We watch this actively and our focus is to grow ECICS through product expansion and distribution, not through pricing pressure on existing products. If we are unable to grow fast without compromising underwriting, we will grow slowly.

Q3. According to SGX StockFacts, the company trades at a discount of more than 55% to its book value even though the share price has recovered over the past year. The company is trading at approximately \$0.21 per share, compared to a net tangible asset per share of \$0.48. The board has also proposed a dividend of 0.8 Singapore cents per share, an increase of 60% from 0.5 Singapore cents in 2024.

IFS Capital (I49)

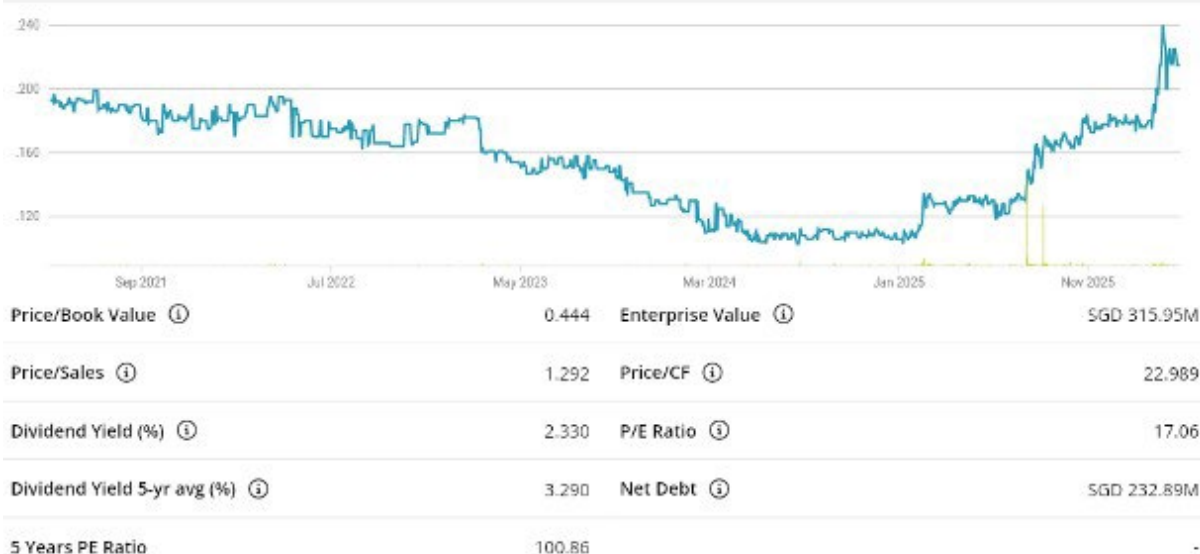
Industry: Financial Services, Credit Services

0.215

0.000 (0.000%)

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(Source: <https://investors.sgx.com/market/securities?code=I49&type=stocks>)

(i) What has been the total shareholder return over the last 5, 10 and 15 years?

Company's Response:

Based on the closing price of S\$0.22 on 16 April 2026, the estimated Total Shareholder Return and dividends paid are as follows:

Period	Total Shareholder Return	Annualised Total Shareholder Return	Total Dividend Paid (Accumulative)
Last 5 years	31.74%	5.67%	3.03 cents
Last 10 years	3.63%	0.36%	5.98 cents
Last 15 years	(24.53%)	(1.87%)	14.98 cents

- (ii) **Given the persistent and significant discount to book value, has the board undertaken a formal review to identify the key drivers of this valuation gap? What specific and measurable actions are being taken to narrow the discount?**

Company's Response:

The Board is cognisant of the discount at which the Company's share price (currently approximately around S\$0.22) is trading against its net tangible asset per share of \$0.48 as at end of FY2025.

The Board has undertaken reviews to assess the key drivers of this valuation gap, including the Group's return on equity, market liquidity, evolving business mix, and investor understanding of its strategy and earnings profile. The Board is focused on strengthening the underlying fundamentals of the business and drivers of business growth.

These fundamental drivers include:

- **Improving Return on Equity** through disciplined capital allocation and execution across the company's three pillars - private credit, asset management, and insurance.
- **Enhancing shareholder returns** with dividends aligned to sustainable profitability, while balancing the capital requirements necessary to fund its growth.
- **Driving real synergies across** its private credit, asset management, and insurance pillars to improve earnings quality, capital efficiency and scalability.

The Board believes that consistent execution of these business fundamentals, together with clear communication to the market, will support a narrowing of the valuation gap over time.

- (iii) **How is the board assessing capital management options such as share buybacks, special distributions, asset monetisation or portfolio restructuring to enhance capital efficiency and unlock value for shareholders?**

Company's Response:

The Board regularly reviews capital management options as part of its overall capital allocation framework to ensure the Group's resources are deployed efficiently and in a manner that supports long-term shareholder value creation.

In assessing such options, the Board considers the Group's regulatory capital requirements, growth funding needs, earnings stability, and return on equity. This

assessment is undertaken alongside the Group's strategic priorities under its three pillars.

At present, the Board's priority is to allocate capital towards strengthening core business growth and improving sustainable returns, while continuing to return value to shareholders through a disciplined dividend policy.

By Order of the Board

Chionh Yi Chian/Angeline Ng

Company Secretary/Assistant Company Secretary

22 April 2026