Minutes of the Extraordinary General Meeting of NTUC Income Insurance Co-operative Limited held on Friday, 18 February 2022, at 5.30 pm via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Charities, Co-operative Societies and Mutual Benefit Organisations) Order 2020.

ATTENDANCE

Mr Ronald Ong, Chairman of the Board of Directors (in the Chair), and 277 members and delegates of the Co-operative.

The meeting commenced at 5.30 pm after the Chairman confirmed that there was sufficient quorum to conduct the business of the Extraordinary General Meeting (EGM). He also informed that the members of the Board of Directors as well as auditors from KPMG LLP and legal advisors from Allen and Gledhill were in attendance via the webcast. In addition, representatives from BDO Corporate Services Pte Ltd were also present and will act as the scrutineers for the electronic voting during the meeting.

In his opening, the Chairman mentioned that the EGM took on a virtual format and the necessary adjustments had been made to ensure compliance with the relevant regulations under the COVID-19 (Temporary Measures) Act 2020. In this regard, alternative meeting arrangements were made on the manner of delivery of the formal proceedings of the EGM.

As part of the alternative arrangements, in addition to the Notices of EGM that were published on 14 January 2022 and 6 February 2022 in four vernacular newspapers, members were given access to the EGM documents from 14 January 2022 which provided the details of each resolution. Members were also invited to submit questions on the resolutions and submit their votes on the resolutions prior to the EGM by way of a proxy form, appointing the Chairman of the meeting to vote on their behalf. In addition, members could raise questions during the 'live' Q&A session during the proceedings, and participate in the electronic voting for the resolutions.

Before proceeding to the agenda proper, the Chairman said a few words about NTUC Income's corporatisation (attached). He then called on the CEO, Mr Andrew Yeo, to make his presentation (attached).

At the conclusion of the CEO's presentation and prior to commencing the formal proceedings of the EGM, the Chairman informed that questions were received from the following six members:

1. Tan Kin Lian
2. Ang Kok Tioh
3. Yee Yon Wai
4. Colette Marie d/o A Amalanathan
5. Ong Ak Huk @ Ong Ah Huat
6. Ho Keng Hoong.

The questions and responses were duly uploaded to the EGM portal. A copy of the response was also sent to the respective member who had raised the question.

The Chairman commenced the formal proceedings of the EGM.

AGENDA ITEMS 1 & 2

The Chairman said that Agenda items 1 and Agenda 2 will be addressed concurrently as they are related. The first agenda item was to pass the following resolution:

"To approve the transfer (the "Transfer") of the insurance business of NTUC Income and all business ancillary thereto to Income Insurance Limited pursuant to a scheme of transfer under Section 117 of the Insurance Act 1966 and other agreements."

The second agenda item was to pass the following resolution:

"Subject to and conditional upon completion of the Transfer, to approve the proposed voluntary winding up of NTUC Income under section 83(1) of the Co-operative Societies Act 1979 and to distribute the assets of NTUC Income in cash or in specie to the shareholders of NTUC Income."

The Chairman mentioned that members have had access to the detailed resolutions prior to the meeting and opened the floor to questions on the two resolutions. He reminded members that only questions pertinent to the two resolutions and corporatisation will be addressed. At this juncture, the facilitator briefed members on how to raise questions remotely.

Mr S. Nallakaruppan thanked the Chairman and the Board for taking the time and effort to arrange an Information Session to brief members on the corporatisation before the EGM. He reiterated the points which he had raised at the Information Session for the benefit members who were not present then. He said that corporatisation is a good move and it would help to unlock value for members versus a co-operative where members' shareholdings were not treated as equity but as liability.

Mr Nallakaruppan highlighted two points. The first was on the proposed transfer of shares after corporatisation on a willing buyer and willing seller basis. He said that from the practical perspective, Income's help will be required to create a platform for the exchange of shares. He understood that it was not part of Income's business to act as an exchange but Income can act as a middleman and work out a process, since it would be difficult for the older shareholders to find a willing buyer for their shares. If there is a transparent mechanism or platform where the highest and lowest prices are displayed, members can do a matching. He added that this cannot be done on a day-to-day basis but it can be done on a monthly or quarterly basis. This will help the members, especially those who are more senior in age.

Mr Nallakaruppan's second point was on the treatment of members' shareholding as liability and not equity because the shares can be redeemed at any time. He had raised this issue in 2018 and suggested then that if Income needed irredeemable capital, it could offer to the individual shareholders as well as long as it is made clear that the shares are irredeemable and they are agreeable to it. However, the irredeemable shares were only issued to institutional members. This hugely diluted the individual shareholders who used to own two-thirds of the share capital.

Mr Nallakaruppan added that in the earlier years, there were bonus share declarations every five years and this was probably done to hedge against inflation since shareholders could only redeem at the par value of $10. Subsequently, there were no further declarations of bonus shares and shareholders only enjoyed the dividend yield. He remarked that the dividend yield was respectable but there were some years when the dividend was low due to financial performance. He also mentioned that individual shareholders only had one vote each irrespective of the number of shares held. He requested the Board to reconsider the options on the basis of fairness to the shareholders.

The Chairman thanked the member for his question and said that he was particularly concerned about liquidity issues for members who have been with Income for many years and are of senior age. The Board will work closely with management to ensure that there is an opportunity and mechanism to allow for realization of value and liquidity. However, this can only be done post-corporatisation and not before. He gave all members the assurance that this is a matter that the Board took seriously and management will explore a solution.

The CEO shared that management was exploring options but it was still early to provide details. An update on the feasible options that can be offered post-corporatisation will be provided at the upcoming AGM. On the question pertaining to dilution, he had shared during his presentation that because of the nature of the co-operative share, members enter at par and exit at the lower of par or the Net Asset Value (NAV). Any capital injection that is made does not affect the price of the co-operative share and hence, there was no dilution for this reason. Since 2005, with the introduction of FRS 32, co-operative shares were classified as financial liability. Prior to 2005, when bonus shares were issued as mentioned by Mr Nallakaruppan, it was before FRS 32 and the shares counted as capital. Post-2005, with the change in regulations, co-operative shares could no longer contribute to the capital of Income. This is the reason why Income did not issue any additional shares since 2005. He had shared at the Information Session that insurance is a very capital-intensive business. Since the early days, Income has been on a capitalization journey and, whilst on this journey, it would be irresponsible for management to issue more liability for the co-operative.

Mr Nallakaruppan asked if Income will be an unlisted entity post-corporatisation, or there are plans to convert to a listed entity. The CEO replied that there are no immediate plans for an IPO. The member further queried on how Income will raise capital as a corporatized entity and at what value since there are no plans at the moment to list Income. He said that he understood that the main reason for corporatization was to raise more capital and asked about the process to raise capital as well as the terms. The Chairman clarified that corporatization provides a platform to raise capital. At the current moment, there is no need for Income to raise capital but there may be a need to do so in the future. If we start embarking on the corporatization journey only then, it will take about a year to complete the whole process. If we corporatise now, it will give us the flexibility and the platform so that we are ready when we need to raise capital.

Mr Kee Teck Koon, the Deputy Chairman, thanked Mr Nallakaruppan for supporting the corporatization. In terms of the timeline, he shared that if the two resolutions are approved at the EGM, the Board was looking at late Q3 or early Q4 2022 for the corporatization to take effect. This will also depend on the time needed to execute the process on the Scheme of Transfer and to change from a co-operative to a company. This requires time as it involves engagement with the regulators as well as a court process.

The CEO referred to the member's question on why permanent shares were not offered to the ordinary members in 2018 and said that under the Co-operative Societies Act (CSA), permanent shares can only be issued to institutional members. The rationale for this is to maintain the co-operative value for individual members by retaining the redeemable feature of the co-operative share.

The next question was from Mdm Wong Ai Cheng who asked if the NAV was $39, and how much a shareholder will receive if he/she were to redeem the shares. The CEO replied that the redemption of the co-operative share will be based on $10 per share. Post-corporatisation, the shares will not be redeemable but the shareholder can find a transferee who is willing to purchase the shares. The price will be on a willing buyer-willing seller basis. Since it is a non-listed public company, the share price will not be listed or pegged to the market.

Mr Burhanuddin s/o Kamaruddin asked if the dividend for financial year 2021 will be paid to the shareholders before the corporatisation. The CEO assured members that the 2021 dividend will be declared at the AGM scheduled on 27 May 2022 and paid thereafter.

The final question from Ms Yong Lai Leng was whether members could still buy Income shares now at $10 per share. The CEO replied that Income had stopped issuing new shares since 2005 and will not be issuing any new shares going into corporatization.

As no further questions were submitted, the Q&A session came to an end. The Chairman thanked members for their questions and proceeded with the electronic voting of the resolutions. He informed that the voting for Resolution 1 will be conducted first, followed by Resolution 2.

VOTING FOR RESOLUTION 1

The facilitator read out Resolution 1 as follows:

"To approve the transfer (the "Transfer") of the insurance business of NTUC Income and all business ancillary thereto to Income Insurance Limited pursuant to a scheme of transfer under Section 117 of the Insurance Act 1966 and other agreements."

He also briefed members on how to cast their votes and explained that members who had submitted proxy forms prior to the EGM, nominating the Chairman of the meeting to vote on their behalf, will not be able to vote again.

The voting for Resolution 1 commenced. At the end of the voting, the Chairman announced the results. He informed members that in addition to the electronic votes cast, the results included the votes cast by way of the proxy forms which were submitted to the independent scrutineer, BDO, prior to the EGM. The input of the proxy votes had been verified by the scrutineer.

Based on the votes cast, the results for Resolution 1 were:

Votes for – 99.99%
Votes against – 0.01%

The Chairman declared the resolution unanimously passed.

VOTING FOR RESOLUTION 2

The facilitator read out Resolution 2 as follows:

"Subject to and conditional upon completion of the Transfer, to approve the proposed voluntary winding up of NTUC Income under section 83(1) of the Co-operative Societies Act 1979 and to distribute the assets of NTUC Income in cash or in specie to the shareholders of NTUC Income."

He reminded members on how to cast their votes and that members who had submitted proxy forms prior to the EGM, nominating the Chairman of the meeting to vote on their behalf, will not be able to vote again.

The voting for Resolution 2 commenced. At the end of the voting, the Chairman announced the results. He informed members that in addition to the electronic votes cast, the results included the votes cast by way of the proxy forms which were submitted to the independent scrutineer, BDO, prior to the EGM. The input of the proxy votes had been verified by the scrutineer.

Based on the votes cast, the results for Resolution 2 were:

Votes for – 99.99%
Votes against – 0.01%

END OF PROCEEDINGS

At the end of the proceedings, the Chairman informed that no notice had been received in writing from any member wishing to discuss other business not included in the agenda of the EGM. The Chairman declared that the meeting had ended and thanked all members and delegates for their attendance.

The meeting ended at 7.30 pm.

NTUC INCOME INSURANCE CO-OPERATIVE LTD
EXTRAORDINARY GENERAL MEETING (VIRTUAL EGM)
FRIDAY, 18 FEBRUARY 2022 AT 5.30PM

ADDRESS BY MR RONALD ONG, CHAIRMAN OF THE BOARD, NTUC INCOME

Since the announcement of our plans to corporatise Income in early January, we have been engaging our stakeholders on multiple platforms on the proposed corporatisation exercise.

This is to provide our stakeholders with the confidence that, as part of this strategic move to further strengthen Income's competitiveness for long-term success, their interests are also being looked after.

Some of you attended our Information Session on 21 January to gain a better appreciation for the reasons that Income embark on this journey, and some of you have also written to us seeking clarification on matters related to the corporatisation.

We hope that the information and responses we provided have been reassuring.

Before hand over to Income's CEO, Andrew Yeo, to make his presentation, I would like to share some thoughts with you and set the context for this proposed corporatisation exercise.

Back in 1970, Income was established to plug an underserved social gap in Singapore by providing life insurance for the working class at an affordable cost.

The formation of Income was one of the many initiatives of the late Dr Goh Keng Swee, who mooted the idea of setting up a life insurance co-operative to advance the cause of the labour movement and to fulfil a genuine social need.

Today, we remain focused on keeping insurance accessible to people from all walks of life, and by doing so, empower our customers and community with better financial well-being.

As the only insurance co-operative in Singapore, Income is subject to similar regulatory demands, sector competition and challenges like any other commercial insurers.

Over the years, the Board and the Management of Income have worked closely to ensure that Income stays agile and continues to adapt to constant market shifts and changing consumer needs, while staying focused on its purpose to empower the financial well-being of all Singaporeans.

Such efforts include Income's digital transformation journey, which began in 2017 and has proven to be successful. Our overall digitalisation efforts and market-first insurance innovations have gained recognition locally and abroad – a testament to Income's strength as one of Singapore's leading digital insurers.

Income's recent foray overseas further affirms that digitalisation is indeed a growth thrust for us.

However, we continue to witness significant shifts in the operating environment even as Income continues to deliver on its business strategy.

The Singapore market is a small and mature one. Factors that compound slow sector growth domestically include the entry of insurtech players, evolving regulatory demands, and changing customer expectations.

Across the region, insurers are also increasingly engaging in capital-raising activities to fund strategic business objectives, as well as to scale and better position themselves in the market. This can only signal more intensive competition ahead as insurers become better capitalised to steer more ambitious business and growth trajectories.

Thus, the need for Income to future proof our business becomes even more timely and crucial.

Income's growth thus far would have been much more difficult without the capital injections and support from NTUC Enterprise, or NE in short, over the years.

As Income's majority shareholder, NE has been a steadfast financial steward. It had stepped up on several occasions in the past and committed funds to anchor Income's business sustainability and growth.

However, it would be unrealistic to rely on NE for our capital requirements, and the Board of Income recognises the need for other sources of capital to support and drive Income's strategic business growth plans.

Andrew will be explaining this in more detail as part of his presentation shortly, but I would like to emphasise that we see the corporatisation exercise as an impetus to strengthening Income's long-term financial strength and resilience.

As a corporate entity, we believe that Income will be strategically positioned to access capital via diverse strategic growth options to compete effectively in the market and do well in our business in the long run.

Only then will we be able to continue serving our customers better while staying true to our purpose.

The future of Income is an exciting one, and we look forward to more years of innovation, delivering value, and making a positive difference to the people we serve.

I will now hand the time over to Andrew. Thank you.

NTUC INCOME INSURANCE CO-OPERATIVE LTD
EXTRAORDINARY GENERAL MEETING (VIRTUAL EGM)
FRIDAY, 18 FEBRUARY 2022 AT 5.30PM

ADDRESS BY MR ANDREW YEO, CHIEF EXECUTIVE, NTUC INCOME

Thank you, Ronald and good evening, ladies and gentlemen.

Thank you for taking the time to join us at today's Extraordinary General Meeting or EGM.

To begin, I would like to thank members for taking a keen interest in the proposed corporatisation exercise and submitting questions to us ahead of the EGM.

Since our announcement on 6 Jan, we have received a total of 128 questions from our members, customers, and shareholders. Amongst them, six members submitted questions specifically to the EGM. The questions and responses had been duly uploaded to the EGM portal. We had also sent the responses to the respective member who raised the question.

The questions that were raised cut across a few key themes of information about the proposed corporatisation exercise that members are most keen to learn about. As such, I have included relevant content in my address today so that all members have the same information to make informed decisions when you vote for the EGM resolutions later.

To start, let me share what it means to corporatise Income. By embarking on the corporatisation exercise, Income will be changing its legal form from a co-operative that comes under the jurisdiction of the Co-operative Societies Act to a corporate entity that is governed by the Companies Act.

We have successfully registered the new company, Income Insurance Limited, with ACRA. The change of name signals Income's shift to a corporate entity. However, there will be no change to the new company's logo to emphasise our lineage to the NTUC. The new company will also remain as a social enterprise under the NTUC Enterprise's network of organisations.

Members have asked if the new company will be listed publicly. Let me clarify that currently, we have no plans for an IPO and the new company will be a non-listed public company.

As part of the proposed corporatisation exercise, the insurance business of the co-op, NTUC Income Insurance Co-operative Limited, including its assets, liabilities, surpluses, and all business ancillaries will be transferred to the new company via a 'Scheme of Transfer' under Section 117 of the Insurance Act and other transfer agreements.

The Monetary Authority of Singapore or MAS has approved the 'Scheme of Transfer', which will be effective only upon the approval of the High Court.

After the transfer is completed, likely in the second half of 2022, the co-op will be voluntarily wound up under section 83(1) of the Co-operative Societies Act.

As part of the transfer, the co-op will hold shares in the new company, which will be distributed to ordinary and institutional members of the co-op who are shareholders according to the number of co-op shares that they hold on a one-for-one basis.

As such, co-op shareholders will become shareholders of the new company and they will hold the same number of shares in the new company as in the co-op. Their co-op shares will then be cancelled.

The new company will issue physical share certificates to all shareholders, and this can be anticipated in the second half of 2022 when the corporatisation exercise is completed, subject to regulatory approvals and other customary closing conditions, including today's EGM.

Post corporatisation, there will be no change to Income's organisation structure and shareholdings. Its shareholding remains unchanged and NTUC Enterprise will remain as the majority shareholder of the new company.

The proposed corporatisation exercise also will not change Income's business operations. Its current Board and management team will continue to steer and grow the new company by aligning to Income's purpose and leveraging its strong brand equity and strategic growth plans.

Now, let me share more about the decision to corporatise Income. The rationale is two-fold. Firstly, there is urgency to empower Income to compete more equitably with other insurers in the market as we are operating in a business landscape that is vastly different from before.

The intensifying headwinds that we foresee in the insurance sector include a mature domestic market with slowing growth, evolving regulatory requirements, and more stringent expectations, as well as increased competition from insurers with extensive distribution scale and access to growth channels and markets, both locally and regionally. The latter is further compounded by technology players entering the insurance sector and playing to customers' increasing demand for more diverse and targeted products and solutions that are embedded in their digital-first lifestyles.

Globally, mutuals or co-operatives echoed similar challenges for converting to a corporate entity. Prudential Financial, John Hancock and Aviva are examples of such successful corporatisation.

Their strategic shift to become a corporate entity shed light on the hard truth that co-ops, including Income, face the same stiff competition, sector challenges, demanding customers, and stringent regulatory environment like any other insurers in the market.

Although Income's legal form, whether as a co-operative or company, holds no bearing in a competitive business landscape, being a corporate entity that is governed by the Companies Act, will offer Income greater strategic flexibility to access capital and more growth options to compete more equitably with other insurers.

This leads me to the second reason for corporatising Income. Let me elaborate. By strategic flexibility and more growth options, we mean that under the Companies Act, the new company will have no restriction on the types of investors holding corporate shares and in turn, will have more flexibility in accessing the necessary capital to grow its business.

Currently, under the Co-operative Societies Act, institutional members of Income must be co-operatives and trade unions.

Post corporatisation, existing institutional and ordinary members of Income who currently hold co-op shares will receive an equivalent number of shares in the new company on a one-for-one basis and become shareholders of the new company. The co-op shares will subsequently be cancelled.

Under the Companies Act, the new company shares are equity or commercial shares that can count towards the new company's capital position and solvency. What this means is that the new company will have more capital to fund business activities and growth initiatives as all its shareholders can participate in its economic interest. This is unlike co-op shares, which due to their redeemable feature, are classified as financial liability and according to regulations, cannot count towards Income's capital and solvency position.

Thus, to have all its shareholders contribute to Income's capital post corporatisation is a strategically significant change for Income especially when the insurance business is capital intensive.

For the co-op's ordinary shareholders, the opportunity to hold equity shares in Income is also a much welcome development as it has been their wish for many years.

Under the Companies Act, Income will also be able to extend these attractive propositions to shareholders and potential investors.

Firstly, shareholders of the new company will have the potential to unlock the value of their shareholding as the value of the new company shares will not be capped at par value like co-op shares, which is currently $10 per share.

Secondly, the new company will have flexibility when distributing net surpluses and is not subject to a statutory cap on dividends that it declares to shareholders under the corporate structure. Currently, under the Co-operative Societies Act, dividends are capped at 10% of par value.

Finally, all shareholders of the new company will have one vote per share. This is unlike ordinary members of the co-op who have only one vote per member, regardless of the number of co-operative shares they hold.

Thus, by becoming a corporate entity, Income is taking the deliberate step to break away from status quo to ensure that it is well-placed to attract strategic growth options and gain access to capital to compete equitably with other insurers in Singapore and overseas. This, in turn, will enable Income to achieve sustainable growth and to protect the long-term interest of all our stakeholders.

To better appreciate the significance of achieving strategic flexibility via corporatisation, members must first be aware of the pressure to capitalise Income and the challenges that it faces to do so as a co-op. Let me give some colour on this front.

To start, members must recognise that our success, thus far, would not have been possible without capital injections over the years to grow the business and to count towards Income's solvency in turbulent times. This is especially so when the insurance business is a capital intensive one.

However, Income's co-operative structure poses inherent challenges to its capital position and its ability to raise capital.

Most significantly, members must first be aware that Income's co-op shares cannot be counted towards Income's regulatory capital position and solvency, under the Risk Based Capital Framework, which the Monetary Authority of Singapore or MAS introduced in 2004, due to their redeemable feature.

Income's co-op shares have also been classified as financial liability by the Financial Reporting Standard 32 or FRS32 in 2005. Consequently, the FRS32 qualified our financial statements on this matter since 2005. This is the reason why Income ceased the issuance of ordinary shares to members since 2005 as they are classified as financial liability and not capital that can count towards Income's solvency.

The pressure to better capitalise Income is compounded by the introduction of RBC2 in 2020, which intensified Income's capital requirements to meet mandated financial impact stress tests in the event of volatile market conditions to ensure its solvency and responsibility towards policyholders.

Additionally, Income is required to undertake MAS mandated stress-test scenarios and report its performance to support its solvency position in the prescribed scenarios.

As such, NTUC Enterprise's or NE's capital injections over the years were significant against the backdrop of stricter regulatory requirement for solvency management and greater demand for capitalisation to thrive in an increasingly competitive market.

NE's commitment to Income was demonstrated by its letter of responsibility to the MAS in 2012, indicating that it would meet Income's present and future obligations and liabilities, as well as provide adequate funds to meet any liquidity shortfall.

Soon after, NE offered not to redeem its shares by providing a letter of undertaking to the authorities. This was done in the hope to provide an expedient solution to have NE's capital contribution recognised immediately as Tier-1 capital, which was and still is, crucial in shoring up Income's capital adequacy and solvency position.

As this was technically not feasible, NE was advised that this requires an amendment of the Co-operative Societies Act or CSA to formalise NE's capital contribution as Tier-1 capital. Thus, NE worked expeditiously with the Ministry of Culture, Community & Youth or MCCY to do so. The CSA was subsequently amended to offer a new class of irredeemable shares.

In anticipation of the changes to the CSA to introduce irredeemable shares, NE injected $200 million and $330 million in 2015 and 2017 respectively. NE injected another $100 million in 2020 in view of challenges in the pandemic year, and this capital was critical in supporting Income's solvency at the peak of the pandemic crisis when Income's capital adequacy ratio came under pressure.

NE's commitment to back Income's long-term growth was further strengthened when NE converted its co-op shares to irredeemable shares in 2018 after this new class of permanent shares was introduced.

The conversion to permanent shares is only open to institutional members, and not ordinary members, as the CSA aims to uphold the co-operative value, under Section 48 of the CSA, by maintaining ordinary members' flexibility to enter and exit the co-op membership by retaining the redeemable feature of their shares.

Today, only NE's shareholding in Income can count towards Income's capital and solvency position as NE was the only institutional member who chose to convert their shares to permanent status.

With improved financial strength, Income has been empowered to pursue diverse strategic business initiatives that have been pivotal to our growth and market competitiveness.

However, we are keenly aware that regular capital injections from NE, as Income's only source of Tier-1 capital under the co-operative structure, is not a sustainable solution to capitalise Income in the long-term.

While Income can raise Tier-2 capital via debt issuance, we must take a balanced approach as a high debt ratio will impact our S&P ratings. It is a fine balancing act to ensure that Income has the right capital mix to achieve a healthy capital position sustainably.

To compete equitably with other insurers in the market, Income must seek other strategic options to ease the pressure to raise capital sustainably.

Increasingly, there is an urgency to do so as capital raising amongst insurers in Asia Pacific has been rife in the last decade. This can only signal more intense market competition ahead as such transaction activities have grown exponentially.

The decision to corporatise Income has not been an easy one to make. However, we are guided by a clear vision of our strategic ambition and how we will be bringing Income to greater heights.

Over the last 5 decades since Income's inception in the 1970 to protect workers with essential insurance till today, where we insure close to 1.7 million lives in Singapore across life, health, and general insurance, we have shown resilience and foresight in changing with the times and have pivoted the business to achieve our goals.

As you can see, we had achieved many milestones along the way.

We have also gained good traction with insurance innovations that are not only ground-breaking and industry-firsts but have also won us industry accolades and recognitions.

We have also embedded design-thinking and customer-centricity in our way of working so that we continue to stay relevant to our customers.

Our recent regional foray to Malaysia, Indonesia, and Vietnam through strategic partnerships with leading players in the insurance, broker and insurtech arenas via our Insurance-as-a-Service model is testament that digitalisation has been an effective growth driver for Income.

The proposed corporatisation exercise is again a demonstration of Income's agility to pivot strategically and our foresight to thrive.

Now, I would like to take some time to elaborate on the benefits that the proposed corporatisation exercise will bring to our stakeholders and to address the key concerns that stakeholders have.

For policyholders, they will continue to have accessible, competitive, and comprehensive products and services as Income scales its business alongside growth options.

There will be **no change**, I repeat - no change, to policyholders existing policy coverage, benefits, and terms due to the corporatisation exercise.

At this juncture, I would like to address policyholders' concern that shareholders may stand to gain at the expense of policyholders post corporatisation.

I want to reassure members that you need not be concerned about this matter.

I would like to emphasise that shareholder benefits, in the form of dividends and benefits to policyholders, in the form of bonus declaration on participating life policies, are two separate matters.

The former is a function of Income's financial performance while the latter is part of our fiduciary duty and is strictly guided by regulations.

I would also like to emphasise that change in insurance premiums, across all insurers, is influenced by a myriad of factors which include the insurer's claims experience, claims inflation, and cost of business, amongst others.

To reiterate, co-op shareholders will become shareholders of the new company and they will hold the same number of shares in the new company as in the co-op. Their co-op shares will then be cancelled.

Again, I want to reiterate the significance of this move to ordinary members.

Unlike co-op shares which are considered financial liabilities since 2005, the new company shares that ordinary members will hold post corporatisation are equity or commercial shares, which can be counted towards the new company's capital and solvency position.

This means that shareholders of the new company will be participating in its economic interest and stand to benefit from new company shares which are not capped at S$10 per share, unlike co-op shares.

There will also be no more statutory cap on the dividends that the new company can issue to shareholders and there will be no restrictions on institutional shareholders holding corporate shares. These are benefits to both ordinary and institutional shareholders post corporatisation.

Shareholders will also have one vote for each new company share that they hold. Correspondingly, ordinary shareholders' vote count will rise to about 26%. Currently, it is less than 1%.

To thank ordinary members of Income for their support for the past 52 years, Income will be issuing ordinary members a Personal Accident policy that covers accidental death and total and permanent disabilities at a sum assured of $52,000 for three years.

The commencement date of the policy will likely be in the second half of 2022, aligning to the completion date of the corporatisation exercise.

Against the backdrop of shareholders' benefits in the new company, some co-op members have raised concerns about unfair share dilution.

I would like to reassure members that there is no unfair dilution of ordinary members' shareholding arising from capital injections simply because co-op members can only enter and exit their membership of NTUC Income at a par value of $10 per share or at Net Asset Value or NAV per share, whichever is lower.

This is stipulated in Income's By-Laws 8.7. It states specifically that the value of the member's shares at withdrawal shall be the lesser of the nominal value of the shares or at what they are worth as disclosed by the last audited balance sheet of the co-op.

Thus, the par value of the co-op share remains unchanged even with capital injections.

As shared earlier, the capital injections since 2015 were for the sole purpose of capitalising Income amidst challenging times, including in 2020 where the world struggled to deal with the effects of the COVID-19 pandemic.

Income cannot rely on ordinary members for such capital as Section 48 of the Corporative Societies Act or CSA requires that ordinary members be able to withdraw their membership subject to Income's By-Laws, which stipulates a three months' notice in writing to withdraw from the co-op membership. So far, co-op members of Income have been able to exit their membership by redeeming their shares any time.

Therefore, ordinary shares cannot count towards Income's capital requirement. Only permanent shares that are irredeemable can count towards Income's capital and solvency position.

And in this regard, NE's capital injections are significant as their shares, which are irredeemable, are classified as Tier-1 capital by regulation and can contribute to Income's capital adequacy ratio.

To help members appreciate the significance of NE's permanent shares, I would like to bring your attention to the specific section of the CSA and Income's By-Laws that you are now seeing on the screen. Essentially, they stipulate that once shares are converted to permanent shares, they are not reversible to redeemable again. It is a one-way no-return conversion.

I also want to clarify that, under the CSA, co-op members have no right to any surplus in liquidation, which will be vested in the Registrar of Co-operative Societies.

However, over the years, certain ordinary members appear to have developed a misconception that they are entitled to an equity participation in Income akin to shareholders of a company, and hence, have enquired about the issuance of bonus shares as part of the corporatisation exercise to ordinary members for their support of Income over the years.

I would like to highlight again that the co-op shares that ordinary members hold are redeemable and have been classified as financial liabilities by regulations since 2005 and hence, do not count towards Income's regulatory capital position and business performance.

In essence, members of the co-op do not participate in the economic interest of Income.

Members can only participate in the economic interest of the new company post corporatisation as they will hold new company shares that are equity or commercial shares under the Companies Act.

I would like to emphasise that no bonus shares will be allocated as part of the corporatisation exercise as all shareholders will be issued new company shares fairly on a one-for-one basis according to the shares that they hold in the co-op. Shareholders of the new company will also be entitled to one vote for each share that they hold.

In short, there will not be a distinction between ordinary and institutional members in the new company, and all members who hold shares in the new company will have the same voting and dividend rights based on the number of shares that they hold.

Shareholders will also be treated fairly in accordance with applicable law, regulations and guidelines such as the Companies Act and the Guidelines on Corporate Governance for financial institutions, including insurers.

For example, the new company will be required to facilitate the participation of shareholders during general meetings and other dialogues to communicate their views on matters affecting the new company, as well as treat all shareholders fairly and equitably to enable them to exercise their shareholders' rights.

Most of our ordinary members have been shareholders of Income for about 20 to 30 years. These members would have gained at least 7% p.a. on the capital of $10 that they had initially invested per share vis a vis the actual returns from dividends and bonus shares that they had received over the years.

For shareholders who have been with Income longer, their return would have been between 9% p.a. to nearly 13% p.a. In comparison, the 20-year annualised total returns of the Straits Times Index were only 5.2%.

We hope, with this information, shareholders will appreciate better the value that their co-op shareholding has brought to them. In the context of co-op shares that are redeemable, we hope members also find their gains attractive and that they have been rewarded for their loyalty with Income.

With corporatisation, ordinary members will now have the opportunity to participate in the economic interest of the new company, unlock the value of their shares and increase their voting rights. As such, we hope ordinary members will find many aspects of corporatisation favourable and in their interests.

Many members have enquired about the procedure to sell and buy the new company shares post corporatisation. Let me share the information here so that all members are on the same page.

First, unlike co-op shares, shares of the new company are not redeemable at will.

As with all non-listed companies, shareholders of the new company may transfer their shares to a willing transferee in accordance with the Companies Act and the constitution of the new company. The transaction price of the new company shares will be based on the agreement between the share transferor and transferee as the shares are not traded real-time and hence, are not pegged to market.

To value shares of the new company, there are different methods, and they include discounted cash-flow models and valuations for comparable companies.

Shareholders may also use the new company's Net Asset Value or NAV per share to get an indicative value of their shares.

Based on Income's NAV (net of non-controlling interest) in the 2020 audited financial statements, shares of the new company would be approximately S$39/share. I would like to stress that this is but one of the many ways to value a company and this just provides an indication for our members.

Currently, there are no immediate plans for the new company to implement a share buyback programme.

Some shareholders have expressed a desire for Income to facilitate the transfer of shares amongst willing transferors and transferees. We will explore this request to identify various options to support shareholders in their share transfers.

Shareholders are also encouraged to consult their own financial and legal advisors on the actions that they may take with regards to the transfer of their shares.

Co-op shareholders who wish to redeem their co-op shares at par value may choose to do so between now and prior to the liquidation of the co-op.

To redeem co-op shares successfully, it is important that co-op shareholders take note of the window during which redemption of co-op shares will not be facilitated.

This blackout period will be a month prior to the effective date of corporatisation. This date will be published on Income's website once it is confirmed.

We are also aware that some are concerned that Income will lose focus on its social purpose and mission post corporatisation.

I want to emphasise that shifting from a co-op to a corporate entity will have no bearing on Income's commitment to deliver positive impact through our products, services, and people.

The new company will remain a social enterprise of NTUC Enterprises and our lineage to the NTUC will ensure that we stay true to our purpose to improve the financial well-being of Singaporeans via accessible and quality insurance solutions, including those who are underserved.

Today, Income offers insurance products that cater to underserved segments and this will continue post corporatisation.

Income will remain committed to drive financial inclusion via more comprehensive and accessible insurance innovations, as well as initiatives that build social inclusion.

Through Income OrangeAid and other philanthropic efforts, Income supports diverse community causes including NTUC UCare Fund and other union-related initiatives.

As part of our renewed sustainability strategy, Income is committing S$100 million over 10 years to sustainability causes that champion the low-income including education for youths and children in-need, the elderly and the environment.

I have come to the end of my sharing. I would like to pass the time back to the Chairman to proceed with the formal proceedings of the EGM.

Thank you.