

MEDIA RELEASE

NTUC Income Corporatises to Further Strengthen its Competitiveness for Long-term Growth

Move offers access to strategic options and to serve customers better

SINGAPORE, 6 January 2022 – NTUC Income (Income) announced today a proposed corporatisation exercise to convert its legal form from a co-operative (co-op) to a company that is governed by the Companies Act.

As part of the proposed corporatisation exercise, Income will transfer its existing insurance business and assets to the new company (NewCo), Income Insurance Limited, and, thereafter, the co-op will be liquidated. The proposed corporatisation exercise is expected to be completed in the second half of 2022, subject to regulatory approvals and other customary closing conditions.

Corporatisation levels Income's playing field and sharpens its competitive edge to serve customers better

Over the years, Income's operating environment has undergone significant shifts. These include a mature domestic market, evolving regulatory expectations and requirements, as well as increased competition from insurers with extensive distribution scale and access to growth channels and markets 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.

While Income has been agile in responding to these market shifts, it is looking to the proposed corporatisation exercise to achieve operational flexibility and gain access to strategic growth options to compete on an equal footing with other insurers locally and regionally. This will build on Income's recent foray into Indonesia, Malaysia, and Vietnam through strategic local partnerships with leading players in the insurance, broker and insurtech arenas via the Insurance-as-a-Service model. With corporatisation accelerating such growth momentum locally and abroad, Income will be better placed to address not only current market shifts, but also future challenges to ensure long-term growth and its ability to serve customers better.

Ronald Ong, Income's Chairman, said, "We see corporatisation as a strategic and essential pivot for Income to scale its business quicker locally and regionally, invest in growth channels and markets, as well as digital capabilities to effectively compete more equitably with other insurers. More significantly, we will be even more responsive to changing customer needs via insurance solutions that speak to today's digital-first lifestyles and customers."

"Since its inception, Income has consistently shown agility to adapt and stay relevant amidst evolving customer needs and market changes over the years. By embarking on the corporatisation exercise, Income is demonstrating foresight to be future-ready and sustainable in an increasingly dynamic and complex insurance landscape. More significantly, it marks our commitment to further drive long-term business and customer value in Singapore and beyond, while strengthening our competitive position as a leading homegrown insurer," **Mr Ong added.**

Income remains committed to its purpose and mission – pledges S\$100 million over 10 years to sustainability causes, including environmental and social ones

Income was set up in 1970 to plug a social need in Singapore by providing essential insurance to underserved workers. It remains steadfast today in its purpose to empower all Singaporeans to improve their financial well-being, including those who are underserved in Singapore.

Today, Income's insurance offerings include a Silver suite of products that enhances seniors' access to insurance, SpecialCare products for children and youths with special needs, Prolonged Medical Leave, which is health insurance for self-employed persons, as well as Care4MigrantWorkers that covers migrant workers for non-work related death, total and permanent disability alongside critical illnesses.

Through micro-insurance propositions such as SNACK and TRIBE, Income continues to extend access to insurance and financial inclusion to all in Singapore.

For NTUC members, Income offers bespoke and affordable Term Life insurance plans that provide coverage for death and permanent disability.

Through Income OrangeAid and other philanthropic efforts, Income supports diverse community causes including NTUC UCare Fund. As part of its renewed sustainability strategy, Income is committing S\$100 million over 10 years to support causes that champion the low-income including education for youths and children in need, the elderly and the environment.

Andrew Yeo, Income's Chief Executive, said, "Income's purpose to improve Singaporeans' financial well-being will remain a beacon for our way of business. Thus, shifting from a co-operative to a corporate entity will have no bearing on our commitment to deliver positive customer impact through our products, services, and people. Income remains committed to driving financial inclusion via more comprehensive and accessible insurance innovations, as well as initiatives that build social inclusion."

Corporatisation has no impact on Income's policyholders, distribution channels and business partners

The proposed corporatisation exercise will only change Income's legal form. There will be no change to Income's organisational structure or its business operation following the corporatisation exercise, save that NewCo will take the place of the co-op.

For current policyholders, there will be no change to their existing policy coverage, benefits, and terms due to the corporatisation exercise. Income's distribution channels and business partners are also expected to continue on the same contractual terms and conditions following the corporatisation.

"We are heartened by the strong support and trust that our distribution channels, partners and business associates have given to Income for the past 52 years. We look forward to embarking on this new chapter with all our stakeholders and bringing Income to new heights. As with all important business initiatives, we will work closely with stakeholders to ensure a smooth transition and execution of the corporatisation exercise," **added Mr Yeo.**

Members who own co-op shares will hold the same number of NewCo shares post corporatisation

Post corporatisation, existing institutional and ordinary members of Income who hold co-op shares will receive an equivalent number of shares in the NewCo, Income Insurance Limited, on a one-for-one basis, and their co-op shares will be cancelled. Shareholders of the NewCo will have one vote per share.

To preserve the co-operative identity, under the Co-operative Societies Act, institutional members must be co-ops and trade unions. The NewCo, under the Companies Act, will have more flexibility in accessing capital to grow its business.

Unlike co-op shares, the value of the NewCo shares will not be capped at par value (S\$10/share). Under the corporate structure, the NewCo will have flexibility when distributing net surpluses and is not subject to a statutory cap on dividends that it declares to shareholders.

Employees can look forward to more growth and development opportunities

For employees, there will be no changes to existing employment contracts, benefits, and roles arising from corporatisation.

In fact, employees can look forward to more career growth opportunities as the proposed corporatisation exercise potentially opens diverse strategic growth paths for Income, including accelerating regionalisation opportunities.

Mr Yeo said, “We want to reassure all employees that we will continue to create and provide meaningful jobs at Income as we pivot to become a company. As Income embarks on an ambitious growth trajectory, retaining and nurturing employees will hold even more importance. The future is exciting with Income, and we are looking forward to embark on this journey with all employees.”

Extraordinary General Meeting (EGM) will be held to seek members’ approval for corporatisation

Income will be organising an EGM to seek members’ approval for the proposed transfer of the insurance business by the co-op to the NewCo and liquidation of the co-op.

Income will also be holding information sessions for members to provide more information about the proposed corporatisation exercise and to help members make informed decisions before the EGM.

A notice of intention will also be published to inform members about the transfer of the insurance business by the co-op to the NewCo.

For more information about the proposed corporatisation exercise, EGM and information sessions, including registration details, please visit <https://www.income.com.sg/Corporatisation>.

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About NTUC Income

Established in 1970, NTUC Income Insurance Co-operative Ltd (Income) is a leading composite insurer in Singapore, serving more than two million policyholders. Our ambition is to protect every life and every home by making insurance simple, accessible and personal for individuals from all walks of life.

Income's innovative, data-driven and omni-channel approach puts us at the forefront of customer-centric solutions to meet rapidly evolving needs and help empower better financial well-being.

Our financial strength and diversified investment portfolio is reflected by our strong credit rating which underpins the delivery of our commitment to customers.

For more information about Income, visit www.income.com.sg