

GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199903008M)

ANNUAL GENERAL MEETING TO BE HELD ON 21 APRIL 2023
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM THE
SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND SHAREHOLDERS

Great Eastern Holdings Limited (“GEH” or the “Company”) would like to thank the Securities Investors Association (Singapore) (“SIAS”) and GEH’s shareholders for submitting their questions in advance of GEH’s Twenty-Fourth Annual General Meeting (“2023 AGM”) which will be convened and held at 1 Pickering Street, #02-02 Great Eastern Centre, Singapore 048659 on Friday, 21 April 2023 at 3.00 p.m. (Singapore time).

Responses to questions from SIAS

Please refer to Appendix I for GEH’s responses to the questions from SIAS.

Responses to questions from GEH’s shareholders

Please refer to Appendix II for GEH’s responses to the questions received from shareholders up till 14 April 2023, which are relevant to the resolutions to be tabled for approval at the 2023 AGM and grouped by financial performance, outlook and competitive landscape, market share / industry performance, gender diversity and annual general meeting.

For substantial and relevant questions received from shareholders after 14 April 2023 but which are not addressed in the Appendix, GEH will either address these questions during the 2023 AGM or update the Appendix to include its responses to subsequent questions received from shareholders through further announcement.

Issued by
Great Eastern Holdings Limited

19 April 2023

APPENDIX I

Responses to Questions Received from SIAS

GEH's responses to the questions from SIAS are set out below.

Question 1

- (i) **Product Proposition: Can Management provide more detailed insights into the process of approving new products?**

Product approvals are governed by Great Eastern's Group Product Management Policy. It stipulates the key principles and minimum standards that the approving management committee (Group Product Management and Approval Committee) will take into account, such as customer proposition and business case, comprehensive risk assessments and the competitive and regulatory landscape. In addition, the policy covers checks for readiness prior to launch, as well as the ongoing monitoring of products launched and management of the product shelf. The policy applies across all Great Eastern's markets.

Specifically, how does Management balance market feedback, innovation, pricing, and underwriting experience and how agile is the group in adapting to changes in the market and regulatory environment?

Management strives to offer good value in compelling propositions to customers while, at the same time, balancing the delivery of robust financials to the Company and our shareholders.

Great Eastern carries out multifaceted research, such as thematic market and consumer insights research to better understand our customers across different segments. This can go to the extent of developing a proposition that aligns to their specific needs, prototyping the product to test within specific market segments.

The companies in the group work with partners such as reinsurers, academic and consultancy researchers to stay abreast of developments not just in our markets but globally too.

Great Eastern regularly conducts studies of the experience on our large customer and product portfolio across a multitude of financial and demographic factors. This is complemented with the review of corresponding experiences across our markets, which is done in collaboration with key partners regionally and globally, such as reinsurers.

Leveraging on our strengths and our scale, we combine these to optimise the alignment of

- compelling customer propositions that are competitively priced and resonate with customers; and
- delivering on the Company's financial and risk targets.

Great Eastern has been agile in responding to customer needs, the market landscape as well as the regulatory environment. To protect our customers against life's uncertainties across a wide range of domains, it is essential that we closely monitor the changing situation in all our markets. Our consistent financial results over many years bear testimony to these efforts.

Here are a few recent examples of products we have launched or enhanced:

Integrated Shield Plans: Great Eastern is a pioneer for Integrated Shield Plans in the Singapore market, having constantly reviewed our plans to ensure they keep abreast with advancements in medicine. In the most recent regulatory changes implemented by the Ministry of Health on outpatient cancer drugs and services, Great Eastern's response was a revised product from 1 April 2023 that is one of the most competitive in the market. We balanced on the one hand the need for regulatory change and sustainable growth in healthcare costs and, on the other hand, our customers' need to be adequately covered and to have the peace of mind associated with it.

mySalam, Mikrosayang, Mikrosayang+: In addition to a similar COVID fund in Malaysia for customers of Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern Takaful Berhad ("GETB") and Great Eastern General Insurance (Malaysia) Berhad, GETB responded to the Ministry of Finance's nationwide health protection scheme, mySalam, which provides financial assistance for the B40 group to cope when facing critical illnesses or any health related issues; as well as the broader shift in the market towards greater inclusivity and sustainability, developing a microtakaful product – Mikrosayang – to complement the scheme. Additionally, Mikrosayang+ was subsequently developed under Malaysia's Perlindungan Tenang initiative. It was launched to provide the B40 and medium 40% (M40¹) segments with additional personal protection at very cost effective rates, thereby enabling individuals not eligible for the mySalam scheme, or those eligible but requiring more, to acquire affordable protection.

GREAT SP Series: Great SP is another reflection of Great Eastern Singapore's agility and strength. The Company continues to respond to market appetite for short-term capital guaranteed savings insurance, launching an average of four tranches each year. The most recent tranche was oversubscribed and closed within five days. As a large, financially stable insurer, we are the first insurer in Singapore to offer this type of product and the only insurer that can do so on such a large scale. In Malaysia, we launched a comparable product – the GREAT Saver 3.2.

Critical Illness Protection: Across the Group, we launched innovative solutions to help our customers close their protection gaps. In Singapore, we launched two new critical illness products under the GREAT Critical Cover series which provides coverage for up to three critical illness episodes. In Malaysia, we introduced GREAT Multi Cancer Care and GREAT Multi Cancer Care Special. We also launched GREAT Critical Care Relief that provides

¹ According to the household income classification in Malaysia, B40 represents the bottom 40% whereas M40 represents the middle 40%.

coverage against the five prevalent critical illnesses of cancer, heart attack, stroke, kidney failure and other serious coronary artery diseases, as well as coverage against both hospital and Intensive Care Unit admission events.

Partnerships to reach more customers: Partnering Singtel, Axiata, Malindo, Traveloka and Tiket.com, we expanded our reach to new retail segments. These channels yielded success with demand from these customer bases for our travel, home, fire and motor products. Tapping the rise of e-commerce and the high usage of mobile devices in Indonesia, we also launched a Gadget Protection plan via our insurtech partners' platforms, namely Qoala, JD ID and Gojek. We expanded our gadget insurance portfolio to provide lifestyle insurance solutions for people with multiple devices for work, life and play.

COVID Fund and GREAT COVID Care: Great Eastern Singapore was one of the first insurers to provide a COVID Fund to financially support our customers, financial representatives and their family members at the outbreak of the pandemic. Additionally, we launched GREAT COVID Care within 2 weeks of conceptualisation, a complimentary post-vaccination protection plan available to all Singapore residents, as part of our continued efforts to protect the community and support the phased national recovery.

- (ii) **Digital tools: Can Management share some of the feedback received from users of updated Great Eastern mobile app? How has the app been rated on the Apple App Store and Google Play? Has the app been benchmarked against similar mobile apps from other insurers? What are some metrics tracked by Management to monitor the level of user engagement, such as monthly active users (“MAU”)? Has the group provided self-help/automation features in the app to allow for greater operational efficiency and has the growth in online transactions been encouraging?**

User feedback for our updated Great Eastern mobile app (“GE App”) has been encouraging. As of end 2022, the GE App has garnered ratings of 4.7 in both Apple App and Google Play Store. In addition, users have given their in-app user experience a rating of 4.6 in the surveys performed at the end of each login. The GE App has received better user ratings than similar mobile apps from other insurers in the Singapore App store. Besides monitoring user ratings on the GE App, Management also looks closely at user engagement through the tracking of monthly active users and will be implementing new features to increase user engagement.

There are self-help features on the GE App for customers. These servicing features, which are predominantly straight through processing, include the ability to update personal particulars, the management of investment linked products such as fund switches, withdrawals, changes of fund apportionment, as well as, changes of payment methods and frequency. Transactions on the GE App grew more than 20% in 2022 as compared to 2021. Recent updates to the GE App include the incorporation of SGFinDex data, allowing our customers to view their complete insurance portfolio across various insurers, greatly enhancing the financial planning experience with our financial representatives. In addition, Great Eastern customers can now submit claims through the GE App for death, accident and total permanent disability for all relevant GE insurance policies.

Question 2

- (i) **Can the audit committee (AC) explain to shareholders, in layman's term, the key differences between SFRS(I) 17 and SFRS(I) 4 Insurance Contracts?**

- (a) Change in the pattern of profit recognition

Under SFRS(I) 17, profit will be recognised over the life of the contracts as services are provided. This will be primarily driven by the amortisation of the Contractual Service Margin, which is a new liability account capturing future profit.

Under SFRS(I) 4, profit was recognised at these two points: (1) initial difference between premium, expenses; and reserves; and (2) subsequent differences between actual and expected experiences.

- (b) Accounting choice on mark-to-market valuation of insurance contract liabilities

Under SFRS(I) 17, insurers can elect to disaggregate the impact of mark-to-market valuation of insurance contract liabilities and include them in Other Comprehensive income instead of the Income statement. Under SFRS(I) 4, there is no such option and the mark-to-market valuation of insurance contract liabilities are captured in the Income statement.

- (ii) **Would the AC also discuss the potential impact on the income statement, balance sheet and equity?**

The Group has adopted SFRS(I) 17 for the first time on 1 January 2023 and will report on this accounting standard in our upcoming 1Q23 results announcement.

This accounting standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and will impact the Group's profit and total equity together with the Group's financial statements' presentation and disclosures.

We expect the underlying insurance profit to be less volatile due to the reclassification of insurance assets and liabilities to Fair Value through Other Comprehensive Income, eliminating a significant portion of mark-to-market valuation noise from Profit after Tax.

Comprehensive disclosure on the financial impact of SFRS(I) 17, including transition balances, will be made in the 2023 interim financial statements, using current and comparative reported financial numbers.

- (iii) To what extent has the AC and the independent auditors been involved in the implementation of SFRS(I) 17? How familiar is the AC with the new standard?**

Our AC and Board have been deeply involved in the implementation. Our directors have undergone several training sessions to build and strengthen their knowledge of the new accounting policy. Regular ad hoc meetings have been convened, in addition to the usual quarterly meetings, to facilitate discussions and provide progress updates. Our independent auditor, PricewaterhouseCoopers LLP has full access to the implementation team with the authority to conduct review, assessment, and validation of the project output to provide progressive assurance to the AC.

- (iv) Will the adoption of the new accounting standard have any impact on the Board's strategic decision-making and management's day-to-day operations?**

Being an accounting change, we expect the impact to our underlying business fundamentals, earnings prospects and financial strength to be neutral. As such, the strategic objectives and strategy for GEH remains unchanged.

Finance processes have undergone significant transformation as part of our implementation of the new accounting standard. Day-to-day operations for non-finance related functions will not be impacted.

Question 3

- (i) Can the Board help shareholders better understand the robustness of the embedded value calculation and whether reasonable changes in assumptions and Management's judgment can impact the value?**

Our Embedded Value ("EV") methodology is set out in detail on pages 36 and 37 of our 2022 Annual Report. Our methodology is in line with traditional EV methodologies and is reviewed annually by an external independent reviewer. For 2022, the independent reviewer was PricewaterhouseCoopers Consulting (Singapore) Pte Ltd.

The calculation of EV involves a number of assumptions and estimates, many of which require expert professional judgement. These assumptions include future investment returns, mortality rates, claims, expenses and lapses, among others. For example, in determining future investment returns, Management considers the assets type, macro-economic environment and investment strategy. Similarly, in determining future claims experience, Management considers a variety of factors such as changes in medical technology and regulatory developments. Assumptions set have to be in line with local regulatory framework based on the prevailing experience and is also subjected to annual independent review.

We have disclosed on page 37 in our 2022 Annual Report results of our scenario testing. The scenario adjusts for two key variables which are the investment return and risk-adjusted

discount rates. This is to give shareholders a sense of the sensitivity and variability of our embedded value.

Lastly, as there is no universal methodology across the industry, the basis of comparison between insurers will not be consistent.

(ii) Has the Board reviewed the possible reasons for the divergence between the Group's embedded value and the market capitalisation?

Share prices depend on many factors, some of which are outside the control of the Company. These include the liquidity of the shares, the profile of the investor base, and the market in which the shares are traded. One contributing factor could be our small free float (around 12%), resulting in a low trading volume, impacting our share price.

APPENDIX II

Responses to Questions Received from GEH Shareholders

GEH's responses to the questions from shareholders are set out below.

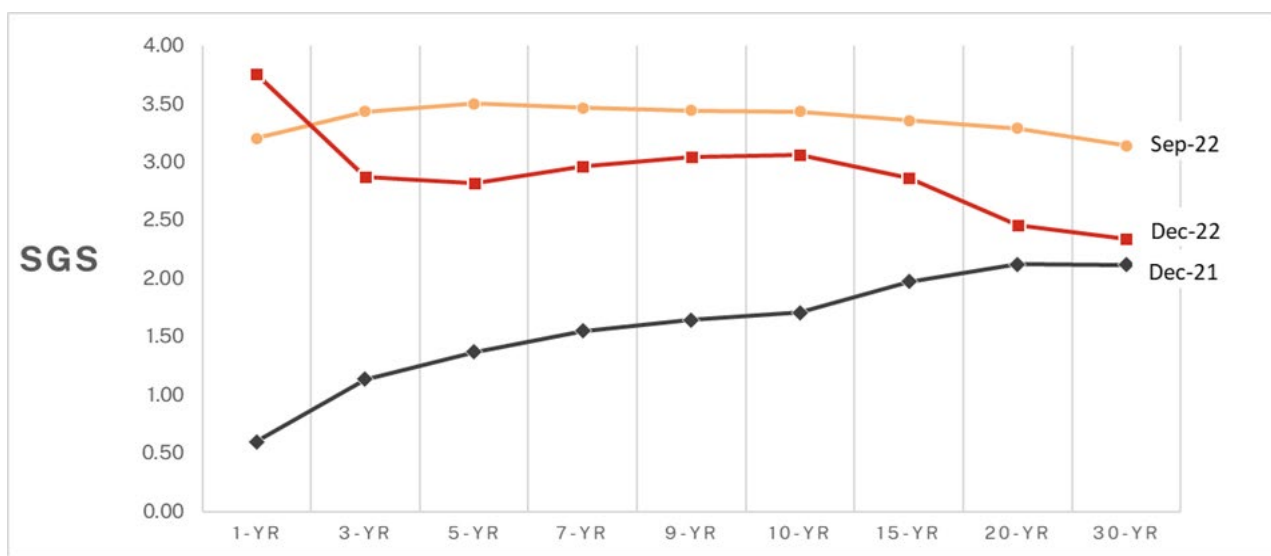
A. FINANCIAL PERFORMANCE

1. **Please advise if GEH is exposed to Credit Suisse AT1 Perps. If yes, the amount and % relative to portfolio.**

We have an insignificant exposure to Credit Suisse AT1 holdings. GEH's prudent approach towards our investments puts us in good stead given the current market uncertainty. We will continue to monitor and proactively manage our market exposure.

2. **2022Q4 registered a non-operating mark-to-market loss due to asset-liability mismatch as a result of inverted yield curve. Please explain more as we were under the impression that RBC2 Framework should generally match durations of asset and liability. Now, when yield curve normalise, will the non-operating losses be reversed?**

Asset-Liability mismatch is present as there are limited assets in the market that are able to support our significant longer-end insurance contract liabilities. The mismatch has improved under the RBC2 Framework, but will not be totally eliminated. In particular, the inversion of the Singapore yield curve impacted the valuation of longer-end insurance contract liabilities, resulting in the unrealised Non-Operating loss in 4Q22. We have also appended the graph of the SGS yield curve to visualise the rate change for better understanding. The unrealised valuation losses is expected to reverse once the Singapore yield curve normalises to become upward sloping.



B. OUTLOOK AND COMPETITIVE LANDSCAPE

1. How will these valuation issues pan-out for FY2023?

We expect continued volatility in financial markets, resulting in fluctuations in the mark-to-market valuation of our assets and liabilities, which will have an impact on our Profit and Total Comprehensive Income.

C. MARKET SHARE / INDUSTRY PERFORMANCE

1. Is the poor profitability mainly attributable to paper losses in revaluation (i.e. mark to market)?

FY2022 Profit Attributable to Shareholders fell 30% to S\$784.2 million, largely reflecting the lower valuation of investments (in the Singapore Non-participating business and Shareholders Funds) given the challenging global investment climate.

For the year, losses from these investments stemmed from a decline in major equity indices, rising interest rates and widening credit spreads. These losses were largely unrealised and should reverse when market conditions improve. Our investment portfolio remains sound.

2. Are we ranked top in Singapore and Malaysia in terms of market share?

There is no publicly available information specifically relating to new business market share. However, based on publicly available information, we are the largest insurer in both Singapore and Malaysia in terms of Gross Premiums and Total Assets.

3. Your share price continues to be deeply depressed. What are your plans to enhance shareholder value? Will the Board consider:

- **increasing dividend payout**
- **share split exercise**
- **share buyback exercise**
- **increasing free float liquidity**
- **linking management remuneration to share price through GEH stock options**
- **communication plan to raise stock profile among investors**

We acknowledge shareholders' concerns and thank you for taking the time to send in your suggestions. We appreciate the continued support received from many long-term shareholders and remain mindful of your interests. However, we must balance this with ensuring that we are operating prudently.

We believe that the near term headwinds warrant a strong and sound capital base. In the near term, concerns of higher inflation, rising bonds yields and slower economic growth have made financial markets and our business operating landscape extremely challenging and volatile to navigate.

While we have proactively reduced our risk exposures, a solid capital buffer will allow us the confidence to weather financial markets volatility, as well as give us the flexibility to capitalise on attractively valued long-term opportunities that provide sustainable shareholders returns. It will also ensure that we have adequate financial strength to maintain our credit rating, so that it is comparable or better than major international insurers, which is key for us to gain the confidence of customers who intend to place long term commitments with the company.

Also, we are strengthening our business model and prudently managing our costs, further reinforcing our position to potentially invest in areas that fit our strategic business needs.

As part of the Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) franchise, a substantial part of the Group’s business is done in collaboration with OCBC Bank. Hence, granting our executives shares in OCBC Bank would align our interests with that of the larger OCBC Group. Through this collaboration, Great Eastern has been able to derive many benefits, such as access to a dedicated Bancassurance channel and significant cost efficiencies.

We believe that if we continue to grow and perform well, investors will eventually recognise this through our share price. This has motivated us to work harder and continue to perform better.

D. GENDER DIVERSITY

1. As a company that prides itself on diversity and inclusion, I would urge the board to take immediate action to increase female representation on the Board to 30%.

The Board has approved the adoption of the Council for Board Diversity’s gender diversity targets (namely 25% by end 2025 and 30% by end 2030).

Female representation on the Board is currently 20% (2/10) and we remain committed in moving towards the gender diversity targets set. Further progress made towards these targets will be disclosed in future corporate governance reports.

E. ANNUAL GENERAL MEETING

1. Why is there no option for virtual AGM? Other corporations here provide this option.

In view of the transition to DORSCON Green, we felt that it is timely to resume our annual general meeting (“AGM”) in a wholly physical format. By holding a wholly physical AGM, we aim to provide shareholders and other stakeholders with the ability to meet with our Board and Management in a more conducive and engaging setting and to vote thereafter.