

Media Release | 04 May 2010

Great Eastern Achieves Good Results in Q1 2010 with Net Profit of \$179.1 million

New Business Embedded Value grew by 37% and new sales by 20%

Singapore, 4 May 2010: Great Eastern Holdings Limited today announced a net profit of \$179.1 million for the first quarter of 2010, a hefty 332% increase over the same quarter last year after excluding a one-time profit contribution (after tax) of \$195.5 million in Q1-09. The one-time profit arose from the move to a new risk-based regulatory capital framework in Malaysia and a portfolio matching exercise in Singapore. This higher profit was due to improved underwriting results and strong investment performance from the continued recovery of the global financial markets. Compared with \$148.4 million in Q4-09, profit increased by 21% due to improving market conditions and decreased by 24% from \$237.0 million in Q1-09 (if the one-time profit contribution (after tax) in Q1-09 is included).

For the first time, total assets for the Group crossed the \$50 billion mark to \$50.9 billion as at 31 March 2010.

Profit from insurance operations was \$151.9 million (Q1-09: \$277.6 million). If the one-time profit contributions in Q1-09 (related to the move to the new risk based capital framework in Malaysia and the portfolio matching exercise in Singapore) were excluded, recurring profit from the Group's insurance operations would have more than doubled from last year. The increase in profit was mainly due to better investment performance in the Non-Participating Fund. For the same period last year, investment performance was negative due to the weak equity market. Underwriting profit of the Non-Participating Fund also improved as a result of lower claims payouts.

Total weighted new sales for the Group rose 20% to \$134.9 million, compared with \$112.4 million in Q1-09. Singapore contributed the lion's share of sales growth with an increase of 61% to \$81.3 million. The Group's operations in its new markets also demonstrated healthy growth, albeit from a low base, with total weighted new sales in the first quarter more than doubling that of Q1-09, led by China and Indonesia. Sales in Malaysia dropped by 21% to \$46.2 million due to a change in product mix this year as well as a special one-time product promotion last year. Sales for the Group were however 29% lower than the previous quarter (Q4-09), in line with the industry seasonal trend of higher sales in the second half of the year.

In the first quarter, New Business Embedded Value (NBEV) grew 37% year-on-year, much higher than sales growth of 20%, led by Singapore with \$33.6 million, followed by Malaysia with \$22.9 million. Compared with the previous quarter, Q1-10 NBEV was 25% lower due to seasonal factors.

In line with improving market conditions, profit from investments in the Shareholders' Fund of \$47.2 million in the first quarter was higher than Q1-09 and Q4-09, primarily due to mark-to-market gains from the Group's investments and higher interest and dividend income.

Fees and other income increased 16% year-on-year to \$16.9 million compared with \$14.6 million in Q1-09 due to the growth in assets under management (AUM) of Lion Global Investors Limited (\$28.0 billion as at 31 March 2010 compared with \$26.0 billion as at 31 March 2009). The increase in AUM was due to the recovery in equity markets.

The Group continues to be strongly capitalised. The Capital Adequacy Ratios of its insurance subsidiaries in both Singapore and Malaysia exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively.

Group CEO Mr Ng Keng Hooi commented, "We are very pleased with the Group's good performance in the first quarter. Our Singapore business was particularly impressive, with over 60% growth in New Business Embedded Value and sales, driven by higher productivity of the bancassurance and agency channels. In Malaysia, New Business Embedded Value grew by 7%, although sales fell by 21%.

"We will continue to grow our business in tandem with the improving economic conditions in the markets in which we operate and build on this good start. We will seize opportunities to capitalise on improved consumer confidence and step up efforts to expand and improve our product mix to better cater to the needs of our customers. In the new markets, we will focus on growing our distribution channels. Another key area of focus for the Group will be to strengthen our agency force and further raise productivity levels."

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With \$50.9 billion in assets and 3.8 million policyholders, it has two successful distribution channels - the tied agency force and bancassurance. The Company also operates in China, Indonesia, Vietnam and Brunei. Great Eastern's asset management subsidiary, Lion Global Investors Limited, is one of the largest private sector asset management companies in Southeast Asia.

Great Eastern is a subsidiary of OCBC Bank. Established in 1912, OCBC Bank is the second largest financial services group in Southeast Asia by assets. It is among the world's highest rated banks, with a long term credit rating of Aa1 from Moody's. OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of more than 500 branches and representative offices in 15 countries and territories, including 382 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

[Financial Highlights](#)

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