

Media Release | 28 Jul 2010

Great Eastern Achieves Strong Results in First Half of 2010 with Group Profit Attributable to Shareholders of \$253.5 million

Singapore, 28 July 2010: Great Eastern Holdings Limited today reported profit attributable to shareholders of \$253.5 million for the first half of 2010 (1H-10), an increase of 86% over the same period last year after excluding a one-time profit contribution (after tax) of \$198.5 million in 1H-09. The one-time profit contribution last year arose from the move to a new risk-based regulatory capital framework in Malaysia and a portfolio matching exercise in Singapore. The good performance was driven by continued strong underwriting profits arising from the Group's focus on protection products as well as lower management expenses.

The Group profit attributable to shareholders for Q2-10 declined 24% year-on-year to \$74.4 million due to the poor investment performance arising from concerns relating to Eurozone debt. However, this was offset by a stronger performance in Q1-10 which resulted in a better overall performance for 1H-10.

For 1H-10, profit from the Group's insurance operations was \$226.9 million (1H-09: \$408.9 million which included one-time profit contributions before tax of \$210.4 million). If the one-time profit contributions in 1H-09 were excluded, recurring profit from the Group's insurance operations would have been 14% higher compared with last year. Growth was mainly due to improved profits from underwriting arising from lower expenses and claims.

Profit from insurance operations for the second quarter decreased 43% year-on-year to \$75.0 million (Q2-09: \$131.3 million) due to poor investment performance.

Total Weighted New Sales for the Group in 1H-10 rose 25% to \$301.3 million compared with \$240.5 million in 1H-09. The growth was driven primarily by the Singapore business which increased by 43% to \$154.7 million. The new markets, in particular Indonesia and China, also registered good growth, although from a low base.

New Business Embedded Value (NBEV) grew 33% year-on-year from \$96.4 million to \$127.9 million against sales growth of 25% for the same period. The higher growth of NBEV is due to sales of a higher proportion of investment-linked regular premium products in Malaysia.

Overall, 1H-10 profit from investments in Shareholders' Fund was \$62.1 million, 24% higher than last year (1H-09: \$49.9 million).

In 1H-10, fees and other income were 20% higher at \$35.3 million (1H-09: \$29.5 million) due to the growth in assets under management (AUM) of Lion Global Investors Limited.

Mr Ng Keng Hooi, Group CEO, Great Eastern Holdings commented: "We are pleased with the Group's overall performance in the first half of the year, in particular the 25% growth in new business and the 33% growth in NBEV. Moving forward, the second half of the year is traditionally where we would expect sales to pick up, although we are mindful of the possible challenges arising out of the economic conditions in Europe, USA and China. We will continue to focus our strategy on selling more protection products. We will also strengthen our agency force, widen our distribution channels and raise productivity levels. "

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.

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$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, which is established in 1912 and 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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