

**Media Release** | 04 May 2011

**Great Eastern Achieves Net Profit of S\$158.7 million in First Quarter 2011**

*Earnings underpinned by strong underwriting performance and 33% sales growth across markets New business embedded value grew 30% compared with a year ago*

Great Eastern Holdings Limited today reported profit attributable to shareholders of S\$158.7 million for the quarter ended 31 March 2011 (Q1-11). Net profit in Q1-11 was underpinned by strong underwriting performance and broad-based year-on-year sales growth of 33% across markets. Long-term economic profitability, as measured by new business embedded value, grew 30% compared with the year before.

During the quarter, the Group registered total weighted new sales of S\$176.5 million, a year-on-year increase of 33%. In Singapore, the successful marketing of regular premium products through the bancassurance channel contributed significantly to the strong sales expansion. In Malaysia, new sales for the Group's conventional business were spurred by the promotion of regular premium, investment-linked products by the agency force. In Indonesia, total weighted new sales posted a two-fold increase, reflecting the continued success of our initiatives to increase the size and productivity of the agency force.

The strong underwriting performance in Q1-11 compensated for the lower investment profit. Compared with early 2010, the investment climate during the quarter was weaker, as a combination of economic uncertainties in the developed economies, political turmoil in the Middle East, and the recent natural catastrophe in Japan together gave rise to credit concerns and a softer equity market. This led to unrealised mark-to-market losses in asset valuations, affecting investment performance. All in, profit from the Group's insurance operations rose 3% to S\$155.7 million.

Profit from investments in Shareholders' Fund came in lower at S\$25.6 million compared with Q1-10, as the fair values of held-for-trading investments remained relatively unchanged during the quarter. This stood in contrast to the larger fair value gains recognised for the same period last year, which had been driven by the recovery of the global financial markets.

Expenses were higher by 53% year-on-year at S\$19.8 million. The bulk of the increase in costs was due to the introduction of interest expense arising from the inaugural debt-raising exercise in January this year. Management and other expenses in Q1-11 rose as well due to the increases in headcount and staffing costs.

Overall, the Group reported profit attributable to shareholders of S\$158.7 million, an increase of 86% against Q4-10, but an 11% decline from Q1-10. Earnings were higher this quarter against Q4-10 owing to the stronger profit from insurance operations and lower expenses. On a year-on-year basis, while net profit for this quarter was lower, it is important to highlight that the results in Q1-10 had benefited from a strong recovery of global financial markets, which boosted investment performance.

New business embedded value (NBEV), a widely used measure of the long-term profitability of new sales, grew strongly across markets by 30% to S\$74.6 million from a year ago. The steady year-on-year growth in NBEV over the past few quarters demonstrates the increasing economic profitability of Great Eastern's new business, achieved through the strategy of promoting higher sales of regular premium and protection products in response to market

demand.

Great Eastern continues to be strongly capitalised. The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively. In the emerging markets, the insurance subsidiaries of the Group have complied with the capital ratios prescribed by the insurance regulations of the respective jurisdictions.

Commenting on Great Eastern's Q1-11 financial results, Group CEO Chris Wei said: "We are very pleased with the Group's good performance in Q1-11. The fundamentals of our business remain sound, as demonstrated by the strong underwriting performance as well as the 30% growth in NBEV. Moreover, the 33% rise in total weighted new sales is especially encouraging, considering that the first quarter is commonly a period characterised by lower sales numbers. This is testament to the productivity of our distribution channels in the various markets, our comprehensive product offerings, and the confidence our customers place in the Great Eastern brand.

"The economic outlook for Singapore and Asia remains promising and consumer sentiments are strong, even though downside risks exist in the form of inflationary pressures which could lead to rising interest rates, especially in Asia, and the ongoing global economic uncertainties. We will build on this set of good results and grow the business by continuing with the strategy of providing insurance solutions that meet the evolving financial needs of our customers. In Singapore, our recent launch of Great Eastern Financial Advisers is an additional boost to our established distribution channels of the tied agency force and bancassurance partnership with OCBC Bank. In Malaysia, we expect our takaful operations to be a new growth engine to take our market-leading franchise there to greater heights. We are also encouraged by the progress achieved in Indonesia and other emerging markets, and we will continue to expand our regional presence there."

### **About Great Eastern**

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With \$55 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 Life Assurance Company Limited has been assigned the financial strength and counterparty credit ratings of 'AA-' by Standard & Poor's, which is one of the highest among Asian life insurance companies. 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, the second largest financial services group in Southeast Asia by assets. It is one of the world's most highly-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 over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

### **[Financial Highlights](#)**

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