

# GREAT EASTERN HOLDINGS LIMITED

## FINANCIAL RESULTS FOR Q1-2013 Supplementary Information

24 April 2013

# Introduction

- Disclosure of operating and non-operating profit from insurance business starting from Q1-13 to improve transparency and investor understanding of GEH's business
- Long term nature of life insurance business calls for premiums collected to be invested substantially in fixed income instruments
- Fair value reporting of both assets and liabilities at the end of each financial period subjects the Group to the impact of mark-to-market gains or losses and changes in liability discount rates
- Segregating out fair value changes arising from movements in global financial markets and other non-recurring items into non-operating profit gives investors a better appreciation of Great Eastern's underlying insurance business

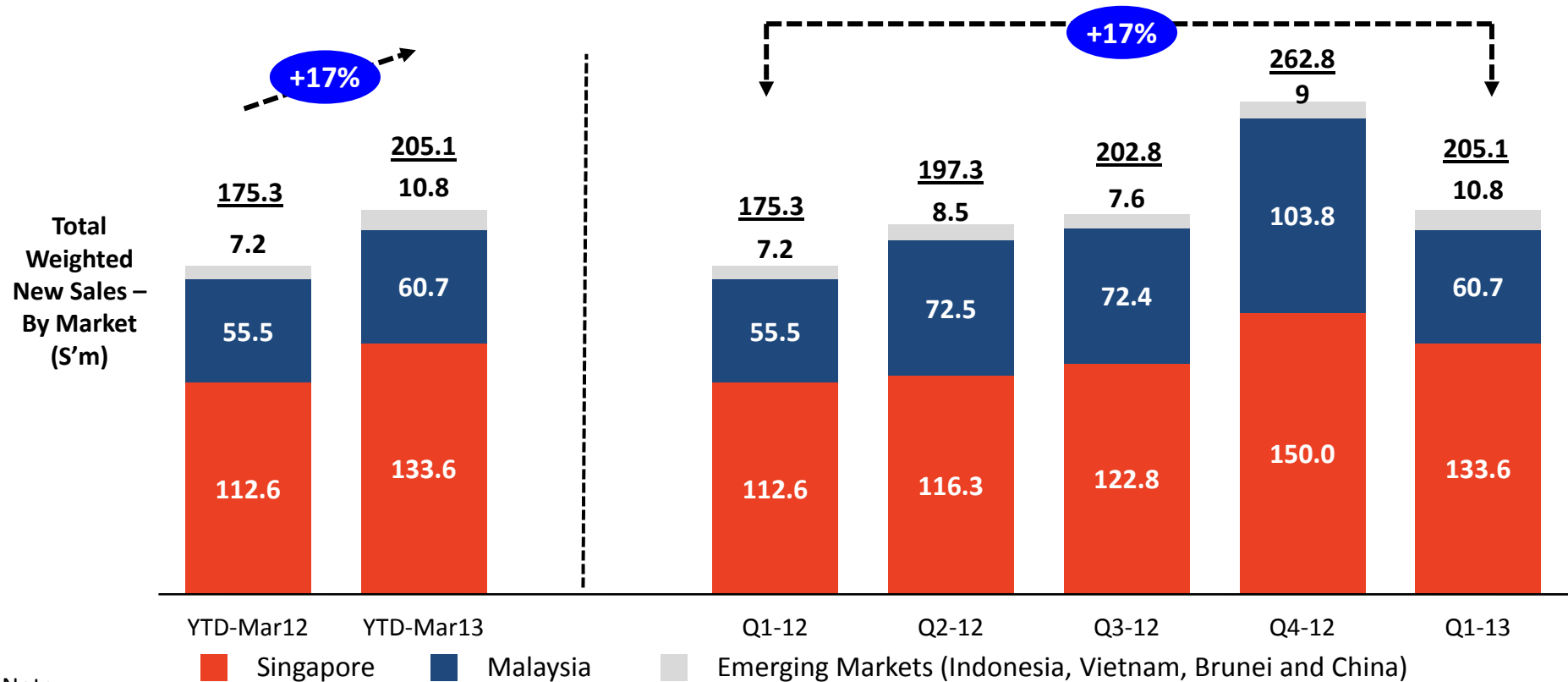
# Key Highlights

- Total Weighted New Sales up 17% Y-o-Y to S\$205.1m in Q1-13 on:
  - Strong growth in regular premium sales in Singapore, particularly through bancassurance
  - Continued growth of agency sales in Malaysia
- Operating profit grew 25% Y-o-Y to S\$131.2m in Q1-13, mainly attributed to:
  - Healthy growth in operating profit from Non-participating Fund
  - Better performance from Investment-linked business across various markets
- However, net profit attributable to shareholders decreased Y-o-Y to S\$207.5m, mainly a result of lower mark-to-market investment gains in the Non-participating Fund and Shareholders' Fund
- Great Eastern Life maintained Standard & Poor's 'AA-' rating for the third consecutive year - one of the highest among Asian life insurance companies

## Total Weighted New Sales (TWP) – By Market

Sales up 17% Y-o-Y to S\$205.1m in Q1-13, driven by growth across markets:

- Strong bancassurance sales in Singapore
- Continued growth of agency sales in Malaysia
- Higher contribution from Indonesia as the strategic collaboration with Bank OCBC NISP continued to deliver healthy growth in bancassurance sales



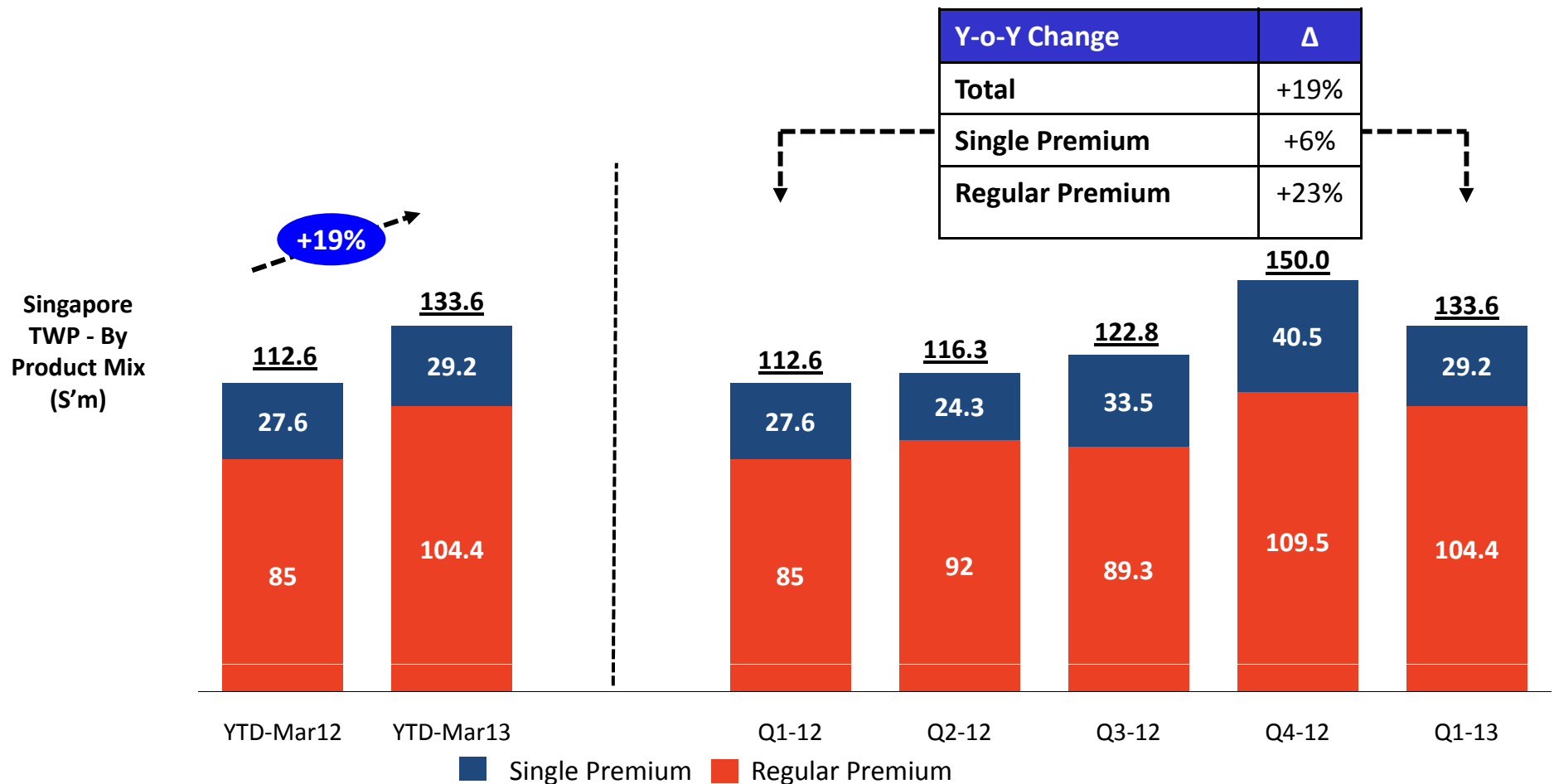
Note:

-TWP figures for periods prior to Q1-13 have been restated for comparative reasons

-QoQ comparison not relevant given seasonality of insurance sales

## Singapore TWP – By Product Mix

- Singapore sales up 19% Y-o-Y, benefiting from strong demand for regular premium savings products, particularly through the bancassurance channel

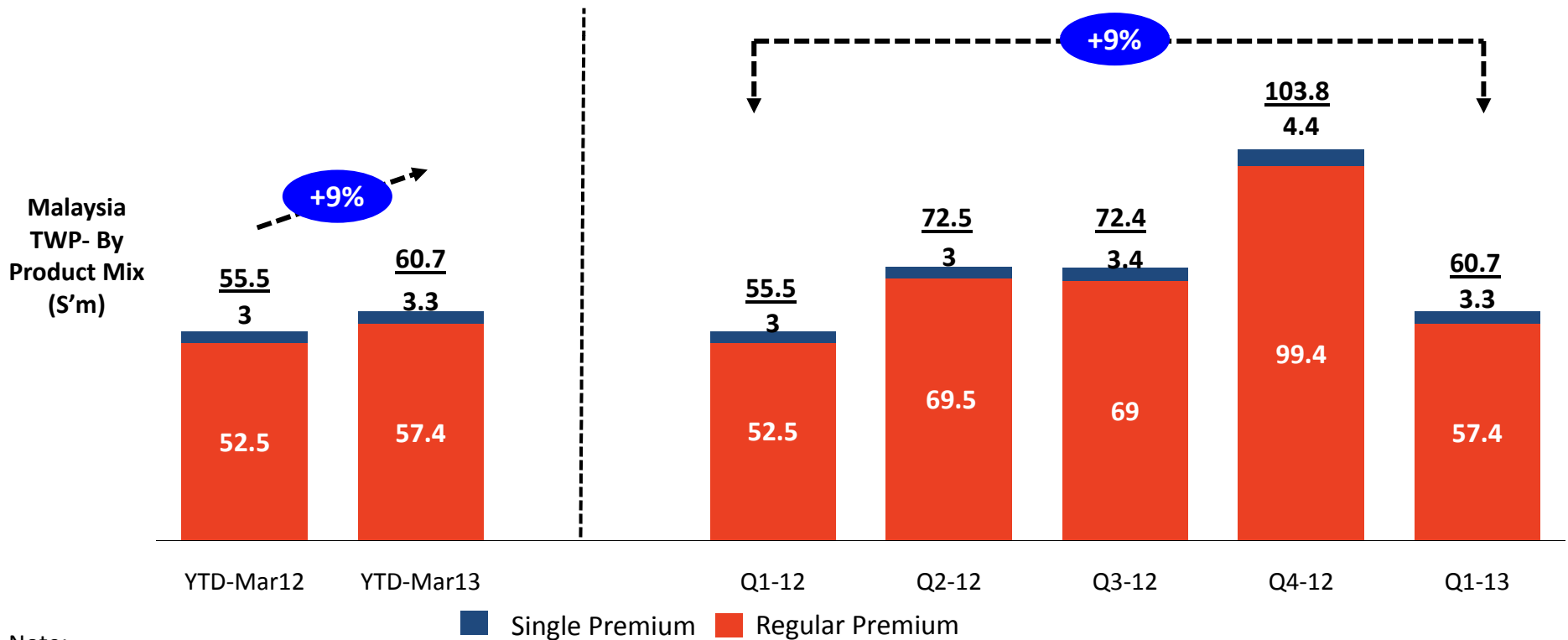


Note: QoQ comparison not relevant given seasonality of insurance sales

## Malaysia TWP – By Product Mix

Malaysia sales up 9% Y-o-Y:

- Growth in takaful sales, particularly through the agency channel
- Continued sales momentum in conventional business, especially for regular premium investment-linked products



Note:

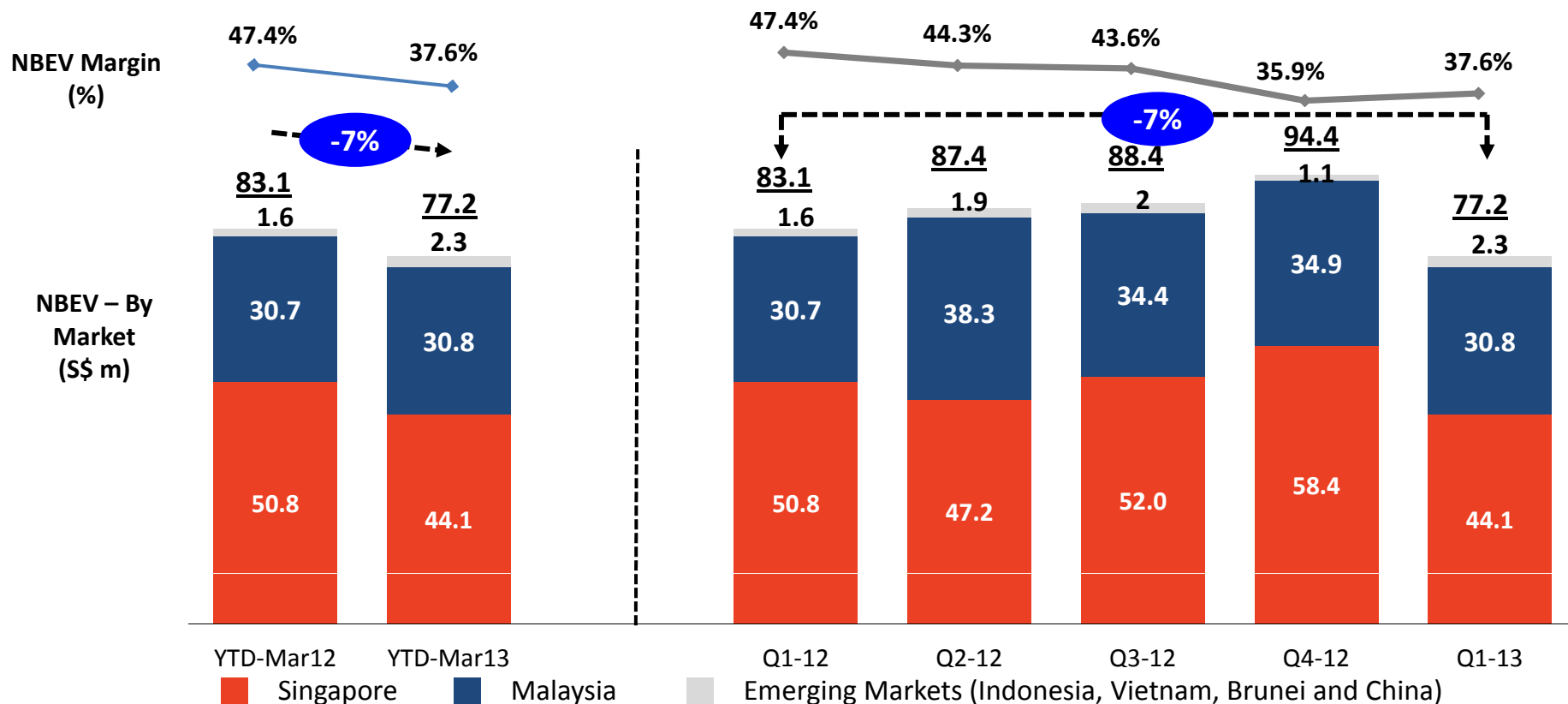
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# New Business Embedded Value (NBEV)- By Market

NBEV of S\$77.2m, lower Y-o-Y:

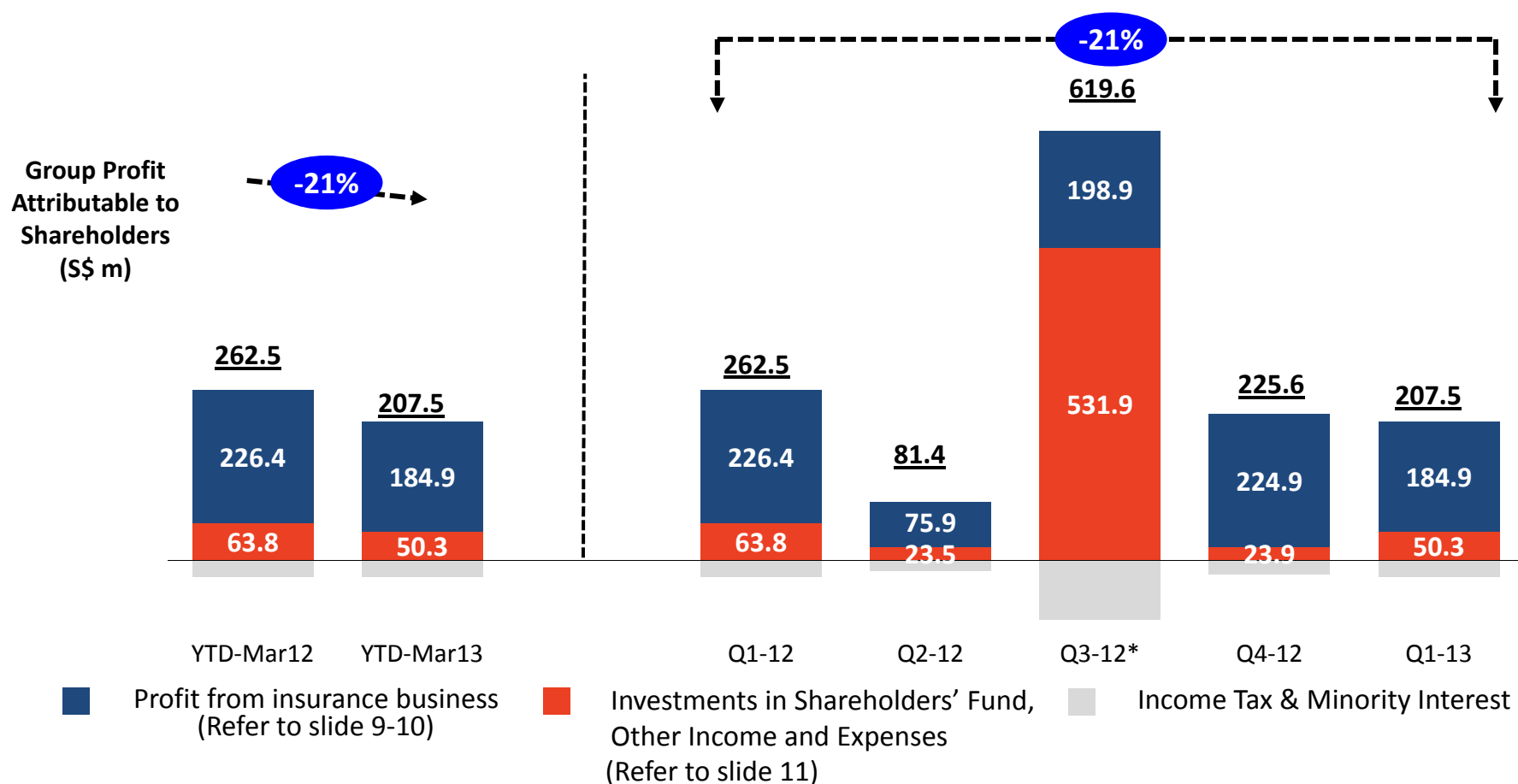
- Strong demand for savings products through the bancassurance channel
- Deliberately held back of sales of certain Accident and Health products in anticipation of revisions to the CPF Medishield Plans, sales have since normalised
- Q1-13 was computed based on revised investment return assumptions, a decision taken in Q4-12 in view of a prolonged low interest rate environment



Note: NBEV figures for periods prior to Q1-13 have been restated for comparative reasons

## Group Profit Attributable to Shareholders

- Profit of S\$207.5m in Q1-13 was lower Y-o-Y, mainly a result of lower mark-to-market investment gains in the Non-participating Fund and Shareholders' Fund versus Q1-12
- The Group continued to deliver healthy underwriting performance



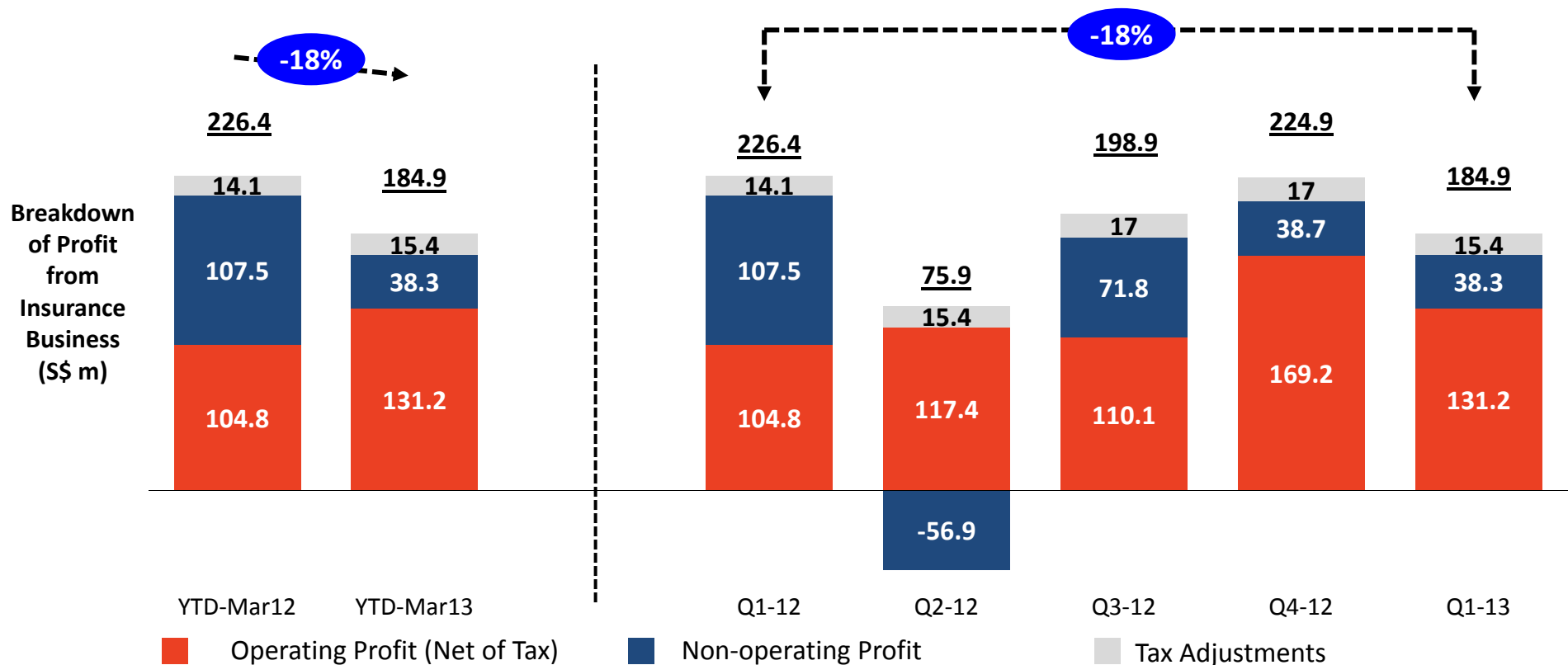
\*Q3-12 net profit included a S\$421.6m post-tax gain from sale of the Group's shareholdings in APB and F&N



## Breakdown of Profit from Insurance Business

Profit from insurance business lower Y-o-Y; the net result of:

- Strong growth in operating profit\*
- Lower non-operating profit\*\* Y-o-Y, as Q1-12 benefited from a stronger recovery in global financial markets from the lows in 2011



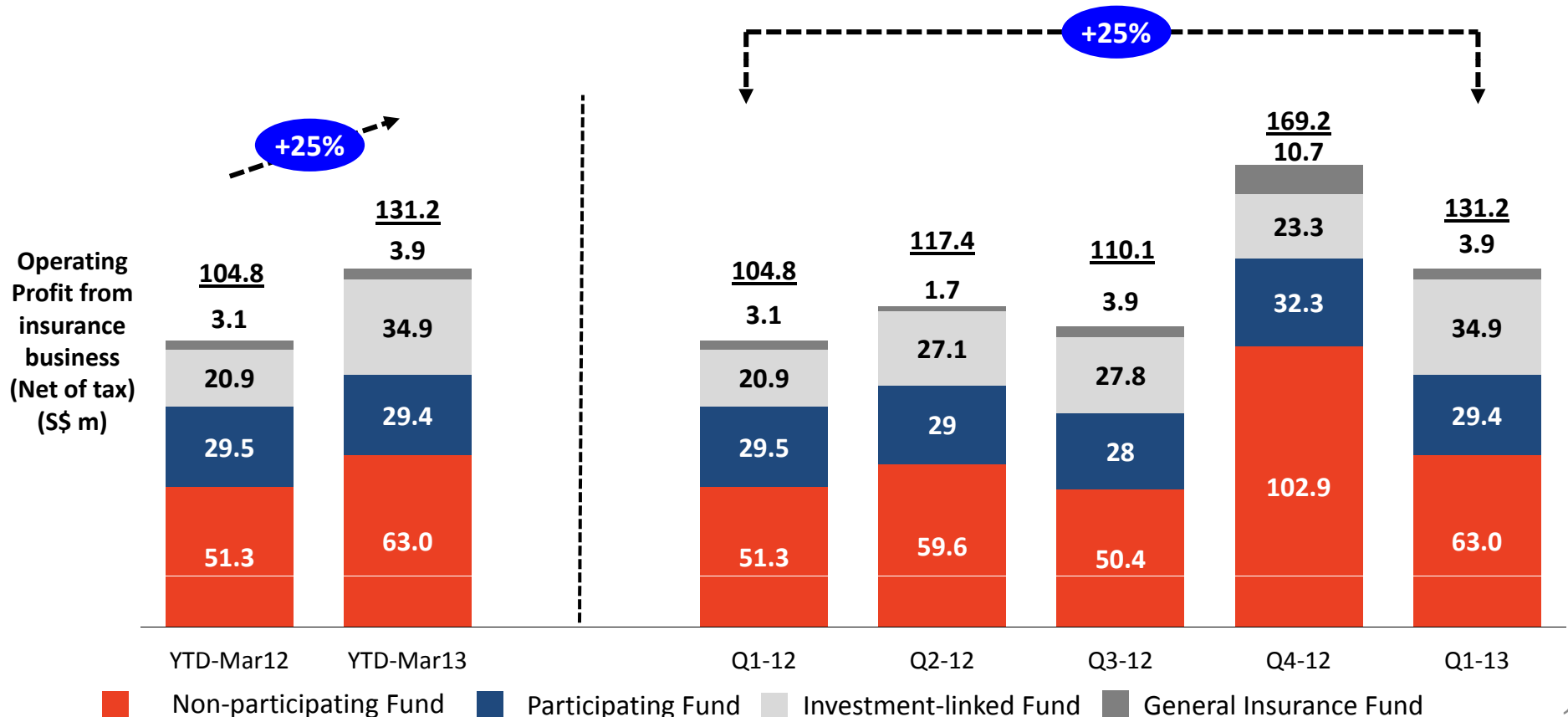
\*Operating Profit is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc)

\*\*Non-operating Profit comprises mark-to-market changes in fair value of assets and liabilities, changes in liability discount rates and other non-recurring items

## Operating Profit from Insurance Business – by Fund

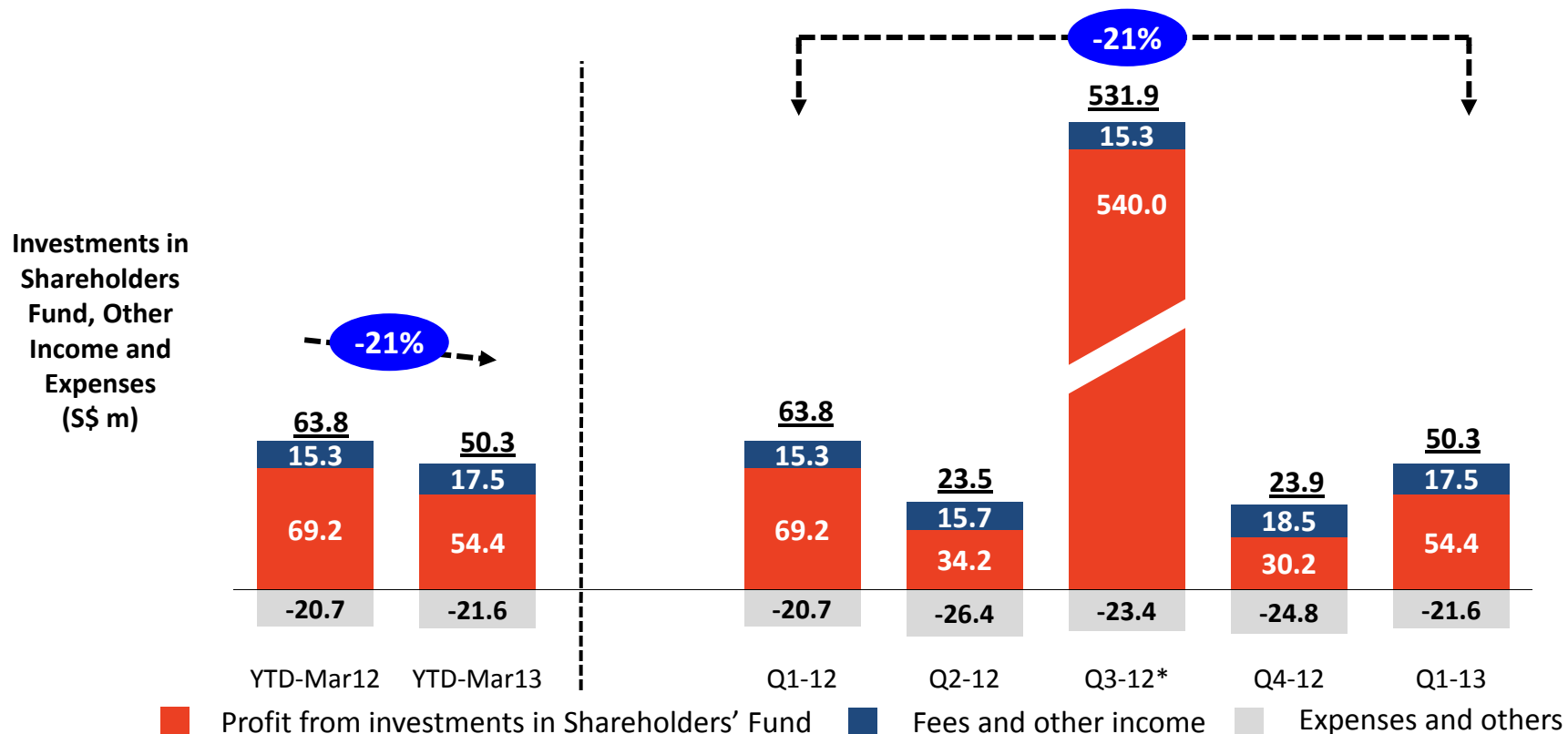
Q1-13 operating profit grew 25% Y-o-Y to S\$131.2m, mainly attributed to:

- 23% Y-o-Y growth in operating profit from Non-participating Fund, led by higher investment income, improvement in claims ratio and lower expenses in Singapore
- Better performance from Investment-linked business across various markets



# Investments in Shareholders' Fund, Other Income and Expenses

- Q1-13 performance decreased Y-o-Y, mainly arising from lower profit from investments in Shareholders' Fund, attributed to:
  - lower mark-to-market gains in held-for-trading instruments
  - lower net investment income arising from the disposal of shareholdings in Asia Pacific Breweries Limited ("APB") and Fraser and Neave, Limited ("F&N") in Q3-12
- Fees and other income was stable



\*Q3-12 Shareholders' Fund profit includes disposal gains from sale of stakes in APB and F&N

## Overview of Q1-13 Performance

S\$ m	Q1-13	Q1-12	Δ
<b>Total Weighted New Sales</b>	<b>205.1</b>	175.3	+17%
<b>New Business Embedded Value*</b>	<b>77.2</b>	83.1	-7%
<b>Operating Profit from Insurance Business</b>	<b>131.2</b>	104.8	+25%
<b>Group Profit Attributable to Shareholders</b>	<b>207.5</b>	262.5	-21%

•NBEV is a measure of the long term profitability of new sales  
 Note: TWP/ NBEV figures for Q1-12 have been restated for comparative reasons

**Thank You**