

**MEDIA RELEASE**  
**(For Immediate Release)**

**Great Eastern Reports Q2-15 Financial Results**

Singapore, 28 July 2015 – Great Eastern Holdings Limited (the “Group”) today announced its financial results for the quarter (“Q2-15”) and half year (“6M-15”) ended 30 June 2015.

Highlights of Financial Results

<b>S\$ million</b>	<b>Q2-15</b>	<b>Q2-14</b>	<b>Δ</b>	<b>6M-15</b>	<b>6M-14</b>	<b>Δ</b>
Total Weighted New Sales	203.9	213.0	-4%	410.5	434.0	-5%
New Business Embedded Value	82.1	94.1	-13%	166.0	178.4	-7%
Operating Profit from Insurance Business	132.2	142.9	-7%	282.9	286.2	-1%
Non-Operating Profit from Insurance Business	-8.8	72.2	nm	32.3	105.6	-69%
Profit from investments in Shareholders’ Fund	180.3	41.9	nm	225.9	111.5	103%
Group Profit Attributable to Shareholders	277.7	244.6	14%	498.2	476.2	5%

Operating Profit from Insurance Business

Operating profit of S\$132.2 million for Q2-15 was 7% lower than the same quarter last year, as the profit for Q2-14 was boosted by a release of tax provisions from the Investment-linked Fund in Singapore. Excluding this, operating profit for Q2-15 was higher compared with the same quarter last year, contributed by lower claims from the Non-participating Fund in Singapore.

On a half year basis, operating profit of S\$282.9 million was comparable to the same period last year.

Total Weighted New Sales (“TWNS”) and New Business Embedded Value (“NBEV”)

TWNS of S\$203.9 million and S\$410.5 million for Q2-15 and 6M-15 respectively, were 4% and 5% lower compared with the same periods last year. The decline for the quarter was mainly caused by lower sales of single premium Participating products through the agency channel in Singapore. On a half year basis, lower sales from the

Singapore bancassurance channel in Q1-15 also contributed to the overall decline. In Malaysia, sales for the quarter and half year were stable compared to the same periods last year.

NBEV, a measure of long-term economic profitability, of S\$82.1 million for Q2-15, was lower than the same quarter last year, a result of lower sales and margins. In Singapore, a shift in channel mix led to a lower margin, while in Malaysia, a downward adjustment was made to factor in the impact of changes in tax regulations. On a half year basis, NBEV of S\$166.0 million was lower compared with the same period last year for the same reasons.

#### Non-Operating Profit from Insurance Business

Unrealised mark-to-market losses from equity investments and a widening of swap spreads in Q2-15 led to a non-operating loss of S\$8.8 million for the quarter. In contrast, the same quarter last year benefited from net unrealised mark-to-market gains from the valuation of assets and liabilities, brought about by rising long term interest rates and a narrowing of credit and swap spreads then. This has also contributed to the lower non-operating profit of S\$32.3 million for 6M-15, compared with S\$105.6 million for the same period last year.

#### Profit from Shareholders' Fund's Investments

Profit from Shareholders' Fund's Investments was S\$180.3 million for Q2-15, compared with S\$41.9 million for Q2-14. This was mainly attributed to the gain from the sale of part of the Group's investment in New China Life Insurance Company Ltd ("New China Life"). The gain also accounted for the higher profit from the Shareholders' Fund for 6M-15 compared with the same period last year.

#### Group Profit Attributable to Shareholders

Group profit attributable to shareholders for Q2-15 and 6M-15 rose to S\$277.7 million and S\$498.2 million respectively, mainly contributed by the gain of S\$119.9 million (post-tax) from the sale of part of the Group's investment in New China Life.

## Regulatory Capital

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remained well above the minimum regulatory levels of 120% and 130% respectively, reflecting the strong capital position of the Group.

## Dividend

The Board of Directors has declared an interim tax exempt (one-tier) dividend of 10 cents per ordinary share for the financial year ending 31 December 2015, to be paid on 2 September 2015.

Commenting on the Group's Q2-15 financial results, Director and Acting Group CEO, Mr Norman Ip said:

"Q2-15 was a relatively slow quarter for Great Eastern, particularly in the Singapore market where the launch of single premium Participating products was curtailed in view of anticipated rise in interest rates. Declines in the equity markets and the widening of swap spreads also led to unrealised mark-to-market losses in our portfolio this reporting quarter which resulted in a lower non-operating profit from the insurance business for 6M-15.

Looking ahead, volatility in the global financial markets will continue as uncertainties linger over the Greek crisis, US interest rate hike, and slowdown in the Chinese economy. The operating environment is also expected to be increasingly challenging, with stiffer competition from both new and existing players, changes in government schemes and new regulatory requirements. To bolster sales, Great Eastern has stepped up its sales initiatives by launching more products in the second half of the year."

-End-

## **About Great Eastern**

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$65.7 billion in assets and around 4.7 million policyholders, it has three successful distribution channels - a tied agency force, bancassurance, and a financial advisory firm, Great Eastern Financial Advisers. The Group also operates in Indonesia, Vietnam and Brunei and has a joint venture in China as well as a representative office in Myanmar.

It was named Life Insurance Company of the Year at the Asia Insurance Industry Awards in 2011 and 2013 by Asia Insurance Review. The Great Eastern Life Assurance Company Limited has been assigned the financial strength and counterparty credit ratings of "AA-" by Standard and Poor's since 2010, 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 longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It was ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 630 branches and representative offices in 18 countries and territories. These include the more than 330 branches and offices in Indonesia operated by subsidiary Bank OCBC NISP, and 95 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

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## **Notes**

1. Operating profit from insurance business (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons etc).
2. Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items.
3. For comparative reasons, TWNS/NBEV figures for Q2-14 and 6M-14 have been restated using exchange rates as at 30 June 2015. NBEV figures for periods prior to Q4-14 have been restated to take into account revised actuarial assumptions implemented in Q4-14.