

Great Eastern Reports Q2-13 and YTD-June13 Financial Results

Financial Results

- 32% year-on-year growth in operating profit from insurance business to S\$154.5 million for Q2-13
- Total Weighted New Sales up 34% year-on-year to S\$263.9 million for Q2-13
- New Business Embedded Value of S\$101.5 million for Q2-13, an increase of 20% year-on-year
- Non-operating loss of S\$155.6 million for Q2-13, mainly from unrealised mark-to-market impact as financial markets reacted to the potential tapering of the US quantitative easing programme
- Overall, Group profit attributable to shareholders declined 77% year-on-year to S\$18.6 million in Q2-13 and 34% year-on-year to S\$226.1 million for YTD-June13

Great Eastern Holdings Limited (the "Group") today reported a year-on-year increase in operating profit from insurance business of 32% to S\$154.5 million for the quarter ended 30 June 2013 ("Q2-13") and 29% to S\$285.7 million for the half year ended 30 June 2013 ("YTD-June13"), on the back of healthy underwriting performances across its life assurance funds. However, towards the end of the quarter, financial markets reacted to the potential tapering of the US quantitative easing programme, resulting in a significant unrealised mark-to-market loss in the Singapore Non-participating Fund. Consequently, the Group registered profit attributable to shareholders of S\$18.6 million for Q2-13 and S\$226.1 million for YTD-June13, a 77% and 34% year-on-year decline respectively.

In Q2-13, the Group recorded a 34% year-on-year rise in total weighted new sales to S\$263.9 million on better performance across all geographic markets. Sales were driven by a robust quarterly performance in Singapore, which experienced growth across all its distribution channels. The Singapore business benefited from sustained sales momentum in the bancassurance channel, growth through the agency and advisory channels, and recapture of maturing policies. In Malaysia, sales of conventional regular premium investment-linked products continued to grow, further strengthening its market leading position. There was also an increase in the sales of takaful products. On a half year basis, total weighted new sales for the Group grew 26% year-on-year to S\$468.6 million.

New business embedded value ("NBEV"), a measure of its long-term economic profitability, registered a healthy 20% year-on-year increase to S\$101.5 million in Q2-13 on the stronger sales performance. YTD-June13 NBEV rose 11% to S\$178.5 million, compared with S\$160.7 million a year before.

Operating profit from insurance business increased 32% year-on-year to S\$154.5 million in Q2-13, mainly attributed to a strong performance across its life assurance funds. The quarter saw higher operating profits from its Singapore Non-participating Fund, contributed by business growth, better claims experience and a release of tax provisions. The Group's operating profit also benefited from a higher number of Participating Fund policies maturing during the quarter. However, the unrealised mark-to-market impact from market reactions to the potential tapering of the US quantitative easing programme resulted in a significant non-operating loss from insurance business of S\$155.6 million in Q2-13. This led to the Group's profit from insurance business declining 80% year-on-year to S\$15.2 million for the quarter, and 34% year-on-year to S\$200.1 million for YTD-June13.

Commenting on the Group's non-operating loss, Group Chief Executive Officer Chris Wei said:

"The non-operating loss this quarter was the result of the exceptional market conditions towards the end of the quarter when long term interest rates fell, while short to medium term rates rose. This had an impact on the valuation of assets as well as liabilities. The investment portfolio of the insurance business remains sound, safeguarded by Great Eastern's strict investment discipline to invest in high quality fixed income instruments and prudent risk management practices. There were no material impairments, and the portfolio delivered a healthy 10% year-on-year growth in investment income for the quarter.

Looking ahead, higher interest rates would generally bode well for the insurance business given its long term nature, as it presents opportunities to re-allocate our investment portfolio towards longer term assets to garner higher returns and further expand our range of products available to customers."

Profit from investments in Shareholders' Fund was stable at S\$34.1 million in Q2-13. YTD-June13 profit from investments in Shareholders' Fund decreased 14% year-on-year to S\$88.5 million, largely a result

of a lower unrealised mark-to-market gain in held for trading investments. The Group's total assets increased from S\$59.7 billion as at 31 December 2012 to S\$60.1 billion as at 30 June 2013.

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain well above the minimum regulatory ratios of 120% and 130% in Singapore and Malaysia respectively, reflecting the strong capital position of the Group. As an indication of the underlying strength of our business, The Great Eastern Life Assurance Co Ltd and The Overseas Assurance Corporation Ltd, were both awarded the 'AA-' rating with stable outlook following Standard & Poor's insurance rating criteria change in May 2013.

The Board of Directors has declared an interim tax exempt (one-tier) dividend of 10 cents per ordinary share for financial year 2013, payable on 4 September 2013.

Commenting on the Group's Q2-13 financial results, Group Chief Executive Officer Chris Wei said:

"I am pleased to note that key operating metrics like operating profit, total weighted new sales and NBEV, have all shown improvements year-on-year. In particular, we see sustained sales momentum in our established markets as we align our product strategies to the Live Great Programme, the industry's first integrated health and wellness programme. We continued to deepen our customer engagement and made further enhancements to our customer value proposition through fresh initiatives with key partners and the setting up of the Live Great Advisory Council.

The Live Great Advisory Council is another major step in our evolution as a LIFE company, giving us access to a renowned team of academics and industry experts who will provide expert best-in-class advice to Great Eastern and help us identify health and wellness trends as well as develop programmes for our customers in their journey to better health."

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$60.1 billion in assets and around 4.0 million policyholders, it has three successful distribution channels - a tied agency force, bancassurance and a financial advisory firm, Great Eastern Financial Advisers. 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 since 2010, one of the highest among Asian life insurance companies. It was voted Life Insurer of the Year at the Asia Insurance Industry Awards 2011 by Asia Insurance Review. 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 an Aa1 rating from Moody's. It is also 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 a network of over 470 branches and representative offices in 15 countries and territories, including about 350 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

For media inquiries, please contact:

Tan Seck Geok
Head, Group Corporate Communications
Tel: + (65) 6248 2215
email: tanseckgeok@greateasternlife.com

Claudia Soh
Head, Group Strategies & Investor Relations
Tel: + (65) 6248 2000
email: Investor-relations@greateasternlife.com

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 mainly comprises changes in the fair value of assets and liabilities, changes in liability discount rates and other non-recurring items
3. Profit from insurance business = Operating profit + Non-operating Profit + Tax Adjustments
4. For comparative reasons, total weighted new sales figures for periods prior to Q2-13 have been restated using exchange rates as at 30 June 2013
5. For comparative reasons, NBEV figures for periods prior to Q2-13 have been restated using exchange rates as at 30 June 2013 and revised investment return assumptions implemented in Q4-12