

Great Eastern Reports Q3-13 and 9M-13 Financial Results

Great Eastern Holdings Limited (the "Group") today announced its unaudited financial results for the quarter ("Q3-13") and nine months ended ("9M-13") 30 September 2013.

Highlights of Financial Results

S\$ million	Q3-13	Q3-12	Δ	9M-13	9M-12	Δ
Total Weighted New Sales	274.7	199.4	38%	736.6	565.6	30%
New Business Embedded Value	100.8	85.1	18%	276.5	243.4	14%
Operating Profit from Insurance Business	138.6	110.1	26%	424.3	332.3	28%
Non-Operating Profit from Insurance Business	91.1	71.8	27%	-26.2	122.4	<i>n.m.</i>
Group Profit Attributable to Shareholders excluding one-off disposal gain*	282.8	198.0	43%	508.9	541.9	-6%
Group Profit Attributable to Shareholders	282.8	619.6	-54%	508.9	963.5	-47%

*One-off disposal gain relates to the S\$421.8 million post-tax gain from the sale of the Group's shareholdings in Asia Pacific Breweries Limited and Fraser and Neave, Limited in Q3-12

Operating Profit from Insurance Business

In Q3-13, the Group recorded operating profit from insurance business of S\$138.6 million, a 26% increase over the corresponding quarter the year before. The improved performance was built on better underwriting performance and higher net investment income across all insurance funds. In Singapore, the Non-participating Fund benefited from the emerging profitability of its in-force business while the Participating Fund posted strong year-on-year growth as the number of maturing policies peaked during the quarter. In Malaysia, the sustained business growth also led to higher operating profit from the Investment-linked Fund. In 9M-13, operating profit from insurance business rose by 28% against last year to S\$424.3 million.

Total Weighted New Sales and New Business Embedded Value

The Group's total weighted new sales in Q3-13 rose 38% year-on-year to S\$274.7 million, led by the continued growth in Singapore and Malaysia operations. During the quarter, the business in Singapore saw a peak in the maturity of policies sold during the Group's centennial celebrations in 2008 and recorded strong take-up of various insurance products offered to customers with these policies. The Singapore business also benefited from the continued demand for regular premium savings products distributed through the bancassurance channel, supported by the successful launch of new products tailored for specific customer segments. Sales in Malaysia were driven by investment-linked plans, against the backdrop of a rising demand for flexible and affordable protection products in the market. At the same time, the Group's takaful business continued to deliver growth through its agency distribution network and new bancatakal partnership. On a year-to-date basis, total weighted new sales grew a healthy 41% in Singapore and 12% in Malaysia, compared to a year before. Better performance from the bancassurance tie-up with PT Bank OCBC NISP in Indonesia also contributed towards the year-on-year increase in the Group's total weighted new sales in 9M-13. Overall, total weighted new sales rose 30% year-on-year to S\$736.6 million in 9M-13.

In Q3-13, the Group's new business embedded value ("NBEV"), a measure of its longterm economic profitability, increased 18% year-on-year to S\$100.8 million, reflecting the stronger sales performance. In 9M-13, NBEV strengthened by 14% year-on-year to S\$276.5 million.

Non-Operating Profit from Insurance Business

During the quarter, non-operating profit from insurance business rose by 27% year-on-year to S\$91.1 million. This was largely contributed by unrealised mark-to-market gains brought about by the partial recovery in financial markets following the US Federal Reserve's decision in September 2013 to maintain its quantitative easing programme. This resulted in a decline in interest rates, as well as other market factors such as the narrowing of credit and swap spreads. The improved investment sentiments this quarter stood in contrast to the exceptional market conditions in the previous quarter, which saw an adverse mark-to-market impact on the valuation of both assets and liabilities, resulting in a significant non-operating loss of S\$155.6 million. Taking into account the differing market conditions of the two successive quarters, the Group recorded a lower non-operating loss of S\$26.2 million in 9M-13. In comparison, market conditions were more favourable in the same period a year ago, and the Group registered a non-operating profit of S\$122.4 million in 9M-12.

Group Profit Attributable to Shareholders

Overall, Q3-13 Group profit attributable to shareholders of S\$282.8 million was 54% lower year-on-year, as there was a one-off post-tax gain of S\$421.6 million from the sale of shareholdings in Asia Pacific Breweries Limited and Fraser and Neave, Limited in Q3-12. Excluding this one-off gain, Group profit attributable to shareholders for the quarter would be 43% higher year-on-year on better profit from insurance business. In 9M-13, Group profit attributable to shareholders was S\$508.9 million, a decline of 47% year-on-year. Even after excluding the one-off gain, Group profit attributable to shareholders in 9M-13 was still 6% lower year-on-year as a result of the significant nonoperating loss in Q2-13 amid exceptional market conditions.

Regulatory Capital

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

Commenting on the Group's Q3-13 financial results, Group Chief Executive Officer Chris Wei said:

"I am delighted to see the healthy growth trend in key operating metrics such as operating profit, total weighted new sales and NBEV. As we prepare for 2014, regulatory changes including the implementation of the Financial Advisory Industry Review recommendations, the Personal Data Protection Act and the Technology Risk Management Guidelines do require changes to existing processes and the deployment of additional resources. We are supportive of all efforts to improve consumer confidence in the industry and are optimistic that through these efforts, consumers will recognize the importance of insurance as an effective financial planning tool. On our end, we have been enhancing our systems and processes in preparation for these regulatory changes.

"At the same time, we are constantly exploring new ways to better engage our customers and enrich their experience with Great Eastern. Some of these initiatives have begun to bear fruit, as we recently clinched five accolades at Marketing Magazine's Loyalty & Engagement Awards, including the coveted Brand of the Year Award. This is a further testament to our proactive customer engagement efforts, built upon our flagship Live Great Programme."

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$59.5 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 group also operates in China, Indonesia, Vietnam, and Brunei. 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. 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.

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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, total weighted new sales figures for periods prior to Q3-13 have been restated using exchange rates as at 30 September 2013.

4. For comparative reasons, new business embedded value figures for periods prior to Q3-13 have been restated using exchange rates as at 30 September 2013, as well as revised investment and actuarial assumptions implemented in Q4-12.