

Great Eastern Reports Q4-13 and FY-13 Financial Results

Singapore, 7 February 2014 - Great Eastern Holdings Limited (the "Group") today announced its financial results for the quarter ("Q4-13") and year ended ("FY-13") 31 December 2013.

Highlights of Financial Results

S\$ million	Q4-13	Q4-12	Δ	FY-13	FY-12	Δ
Total Weighted New Sales	306.5	257.9	+19%	1,043.0	823.3	+27%
New Business Embedded Value	146.3	103.7	+41%	422.7	347.1	+22%
Operating Profit from Insurance Business	135.3	169.2	-20%	559.6	501.5	+12%
Non-Operating Profit from Insurance Business	15.3	38.7	-60%	-10.9	161.1	nm
Group Profit Attributable to Shareholders excluding one-off disposal gain*	165.9	225.6	-26%	674.8	767.5	-12%
Group Profit Attributable to Shareholders	165.9	225.6	-26%	674.8	1,189.1	-43%

*One-off disposal gain relates to the S\$421.6 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

On a full-year basis, operating profit from insurance business rose 12% year-on-year to S\$559.6 million as a result of better performance across all its life assurance funds. For the quarter, year-on-year operating profit performance was affected by the combined effect of two one-off items, namely a release of tax provisions in Q4-12 which benefited the Singapore Non-participating Fund, and a negative impact in Q4-13 from a change in the timing of terminal bonus recognition for the Malaysia Participating Fund. The net impact of these two items resulted in a 20% year-on-year decline in operating profit this quarter to S\$135.3 million. Excluding the impact of these two one-off items, the Group's operating profit in Q4-13 registered healthy year-on-year growth in Q4-13.

Total Weighted New Sales and New Business Embedded Value

Total weighted new sales increased 27% year-on-year to S\$1,043.0 million in FY-13. Sales in Singapore rose 36% year-on-year, riding on the strength of its multi-channel distribution strategy. Other than receiving a boost from the successful recapture of the high volume of Participating Fund policies that matured during the year, the agency and financial advisory channels also registered higher sales of protection products and made further inroads into the affluent and high net worth customer segments. At the same time, the bancassurance channel experienced sustained sales momentum in regular premium savings policies, along with an increase in the sales of protection products. Sales in Malaysia also recorded a healthy 13% year-on-year increase, driven by stable sales of its conventional regular premium Investment-linked products and strong growth in takaful sales from new strategic distribution tie-ups and an expanded bumiputera agency force. In Indonesia, the bancassurance tie-up with PT Bank OCBC NISP and the introduction of a Group insurance business line contributed to growth in new sales.

For the quarter, total weighted new sales rose 19% year-on-year to S\$306.5 million, with growth across all channels in Singapore, a pick-up in sales of savings and retirement products in Malaysia, as well as continuing growth in takaful sales.

New business embedded value ("NBEV"), a measure of long-term economic profitability, rose by 22% to S\$422.7 million in FY-13 and 41% year-on-year to S\$146.3 million for the quarter. Growth for the quarter was the result of a shift in distribution channel and product mix towards higher margin sales, as well as a change in risk-adjusted discount rates to better reflect market conditions. Excluding the impact of the change in risk-adjusted discount rates, NBEV for FY-13 and Q4-13 would have improved 15% and 20% year-on-year to S\$400.8 million and S\$124.4 million respectively.

Non-Operating Profit from Insurance Business

Compared with a non-operating profit from insurance business of S\$161.1 million in FY-12, the Group recorded a non-operating loss of S\$10.9 million in FY-13 from the mark-to-market valuation of its assets and liabilities. In 2012, financial markets registered a strong recovery following steep declines in 2011, and saw credit and swap spreads narrowing significantly. In contrast, news of the potential tapering of the US quantitative easing ("QE") programme in Q2-13 affected financial markets adversely, and the quarter saw an unusual inversion of the 30-year and 20-year interest rates, which led to a significant unrealised mark-to-market non-operating loss of S\$155.6 million for the Group. While the Group

recorded non-operating profit from better investment sentiments in the later half of the year, when the QE programme was first maintained and then gradually tapered but with the affirmation of an accommodative monetary policy stance, full-year non-operating performance still ended in a loss position as the unusual inversion of interest rates in Q2-13 remained.

Group Profit Attributable to Shareholders

FY-13 Group profit attributable to shareholders was 43% lower year-on-year at S\$674.8 million, resulting from 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 was 12% lower year-on-year in FY-13 because of the unrealised mark-to-market losses from the valuation of assets and liabilities brought about by the less favourable financial market conditions. Group profit attributable to shareholders in Q4-13 was down 26% year-on-year to S\$165.9 million.

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.

Embedded Value

The Group's Embedded Value, an estimate of the long-term economic value of a life insurance company for the existing blocks of business, rose consecutively for the fifth year, recording a 7% year-on-year growth to S\$9.2 billion in FY-13. Excluding the impact of the change in the risk-adjusted discount rates, the Group's Embedded Value would have increased 5% year-on-year to S\$9.0 billion for the full-year.

Dividend

The Directors have recommended, for Shareholders' approval at the Annual General Meeting, the payment of a final tax exempt (one-tier) dividend of 40 cents plus a special tax exempt (one-tier) dividend of 5 cents per ordinary share. Upon approval, the final and special dividends will be payable on 8 May 2014. Including the interim tax exempt (one-tier) dividend of 10 cents paid in September 2013, total dividends for the financial year 2013 would amount to 55 cents per ordinary share.

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

"We are pleased to present a strong set of operating results for the full year. Besides sales that crossed the billion dollar mark, we also registered a steadily improving NBEV and growth in operating profit across all our life assurance funds. This has been achieved despite the increasingly challenging operating environment, and is testament to Great Eastern's unwavering commitment to meet the evolving needs of our customers. Our focus on launching innovative products meeting a broad range of needs, distributed by our high quality, multi-channel advisory sales force and supported by our unique Live Great Programme positions us well to tap into the opportunities of Asia's favourable demographic in 2014."

"That said, we are aware of the challenges posed by upcoming regulatory developments and increasingly intense competition. As such, we continue to invest in expertise, systems and processes to ensure the transition into the new regulatory environment occurs smoothly, while actively exploring new ways to engage consumers and meet their evolving needs. Having pioneered initiatives like the Live Great Advisory Council and Live Great Healthy Rewards last year, our customers can look forward to more initiatives and we are excited to play our part in helping them live healthier and longer lives."

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$60.9 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 Indonesia, Vietnam, Brunei and China. 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 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 450 branches and representative offices in 15 countries and territories, including about 330 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 Q4-13 have been restated using exchange rates as at 31 December 2013.
4. For comparative reasons, new business embedded value figures for periods prior to Q4-13 have been restated using exchange rates as at 31 December 2013. NBEV figures for periods prior to Q4-12 have been restated to take into account revised investment and actuarial assumptions implemented in Q4-12.
5. The risk-adjusted discount rate was changed from 8% to 7.5% for Singapore, and from 9.5% to 9% for Malaysia.