

Great Eastern Reports Q4-14 and FY-14 Financial Results

Singapore, 6 February 2015 – Great Eastern Holdings Limited (the “Group”) today announced its financial results for the quarter (“Q4-14”) and year (“FY-14”) ended 31 December 2014.

**Highlights of Financial Results**

S\$ million	Q4-14	Q4-13	Δ	FY-14	FY-13	Δ
Total Weighted New Sales	296.3	304.5	-3%	950.3	1,037.4	-8%
New Business Embedded Value	114.5	126.8	-10%	394.3	420.0	-6%
Operating Profit from Insurance Business	155.5	135.3	+15%	590.7	559.6	+6%
Non-Operating Profit from Insurance Business	25.5	15.3	+67%	145.2	-10.9	nm
Profit from investments in Shareholders' Fund	48.6	34.3	+42%	204.5	169.1	+21%
Group Profit Attributable to Shareholders	207.8	165.9	+25%	878.6	674.8	+30%

nm – not meaningful / exceeding 300%

**Operating Profit from Insurance Business**

Operating profit from insurance business for Q4-14 and FY-14 was S\$155.5 million and S\$590.7 million respectively, 15% and 6% higher than for the same periods last year, mainly driven by a growing in-force business, particularly from the Investment-linked Fund in Malaysia.

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

TWNS for Q4-14 and FY-14 amounted to S\$296.3 million and S\$950.3 million respectively compared with S\$304.5 million and S\$1.0 billion for the same periods last year. In Singapore, the agency channel continued to deliver stable performance in Q4-14. The bancassurance channel saw a recovery in sales from earlier quarters, though overall sales for Q4-14 were still lower than the same period last year. For the full year, sales in Singapore were lower than last year as 2013 saw a high volume of maturities from policies sold during the Group’s centennial celebrations and sales were boosted by strong take-up of new products by customers with those policies. In Malaysia, TWNS continued to grow over the same periods last year, driven by continued demand for regular premium Investment-linked products in the conventional business.

NBEV, a measure of long-term economic profitability, of S\$394.3 million for FY-14 was 6% lower than last year, mainly the result of lower sales.

**Non-Operating Profit from Insurance Business**

For Q4-14, the Group recorded non-operating profit of S\$25.5 million compared with S\$15.3 million for Q4-13 because of higher unrealised mark-to-market gains. For FY-14, non-operating profit was S\$145.2 million, mainly comprising unrealised mark-to-market gains from lower interest rates and higher equity prices. In contrast, FY-13 recorded a non-operating loss of S\$10.9 million as Q2-13 suffered significant unrealised mark-to-market losses mainly due to an unusual inversion of the 30-year and 20-year interest rates.

### **Profit from investments in Shareholders' Fund**

Profit from investments in Shareholders' Fund for Q4-14 grew 42% from the same period last year, driven by higher investment income and gains from sale of investments.

FY-14 profit from investments in Shareholders' Fund of S\$204.5 million was 21% higher than last year, boosted by a one-off gain of S\$31.9 million in Q1-14 from the Group's reduction of its stake in its China joint venture from 50% to 25%.

### **Group Profit Attributable to Shareholders**

Group profit attributable to shareholders for Q4-14 and FY-14 rose 25% and 30% from the same periods last year to S\$207.8 and S\$878.6 million respectively, largely a result of higher unrealised mark-to-market gains from favourable financial market conditions and growth in operating profit from insurance business.

### **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% 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 significantly by 13% from S\$9.2 billion in FY-13 to S\$10.4 billion in FY-14, driven by an increase in the value of adjusted shareholders' fund from strong investment performance, as well as growth in the value of the in-force business.

### **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 7 May 2015. Including the interim tax exempt (one-tier) dividend of 10 cents per ordinary share paid in September 2014, total dividends for the financial year 2014 would amount to 55 cents per ordinary share.

Commenting on the Group's FY-14 financial results, Director and Acting Group CEO, Mr Norman Ip said:

"The Group has achieved a strong set of results for 2014 compared with 2013. In addition to growth in operating profit, the strong performance was due to significant unrealised mark-to-market gains from the valuation of assets and liabilities as global financial markets performed better in 2014 compared with more volatile market conditions in 2013. Looking ahead, the Group will continue to invest in expertise, systems and processes to position ourselves to compete more effectively in an increasingly dynamic operating environment with new regulatory developments, and continued uncertainties over global financial market conditions."

## **About Great Eastern**

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$65.6 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, total weighted new sales figures for periods prior to Q4-14 have been restated using exchange rates as at 31 December 2014.

4. For comparative reasons, NBEV figures for periods prior to Q4-14 have been restated using exchange rates as at 31 December 2014. NBEV figures for periods prior to Q4-13 have been restated to take into account revised actuarial assumptions implemented in Q4-13.