

GREAT EASTERN HOLDINGS LIMITED

Unaudited Financial Summary for Q1-20

5 May 2020

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Overview of Q1-20 Financial Results

S\$m	Q1-20	Q1-19	Δ%
Total Weighted New Sales	298.8	247.4	+21
New Business Embedded Value	126.1	109.8	+15
Operating Profit (net of tax) from Insurance Business	298.6	148.7	+101
Non-Operating Profit (net of tax) from Insurance Business	-222.8	75.9	nm
Profit (net of tax) from Shareholders' fund	-41.9	124.2	nm
Non-Controlling Interest	-	-6.1	nm
Profit Attributable to Shareholders	33.9	342.7	-90

nm: not meaningful

For more details on:

- a. Operating and Non-Operating Profit from Insurance business, refer to slide 8.
- b. Profit from Shareholders' fund, refer to slide 9.

Q1-20 Financial Results

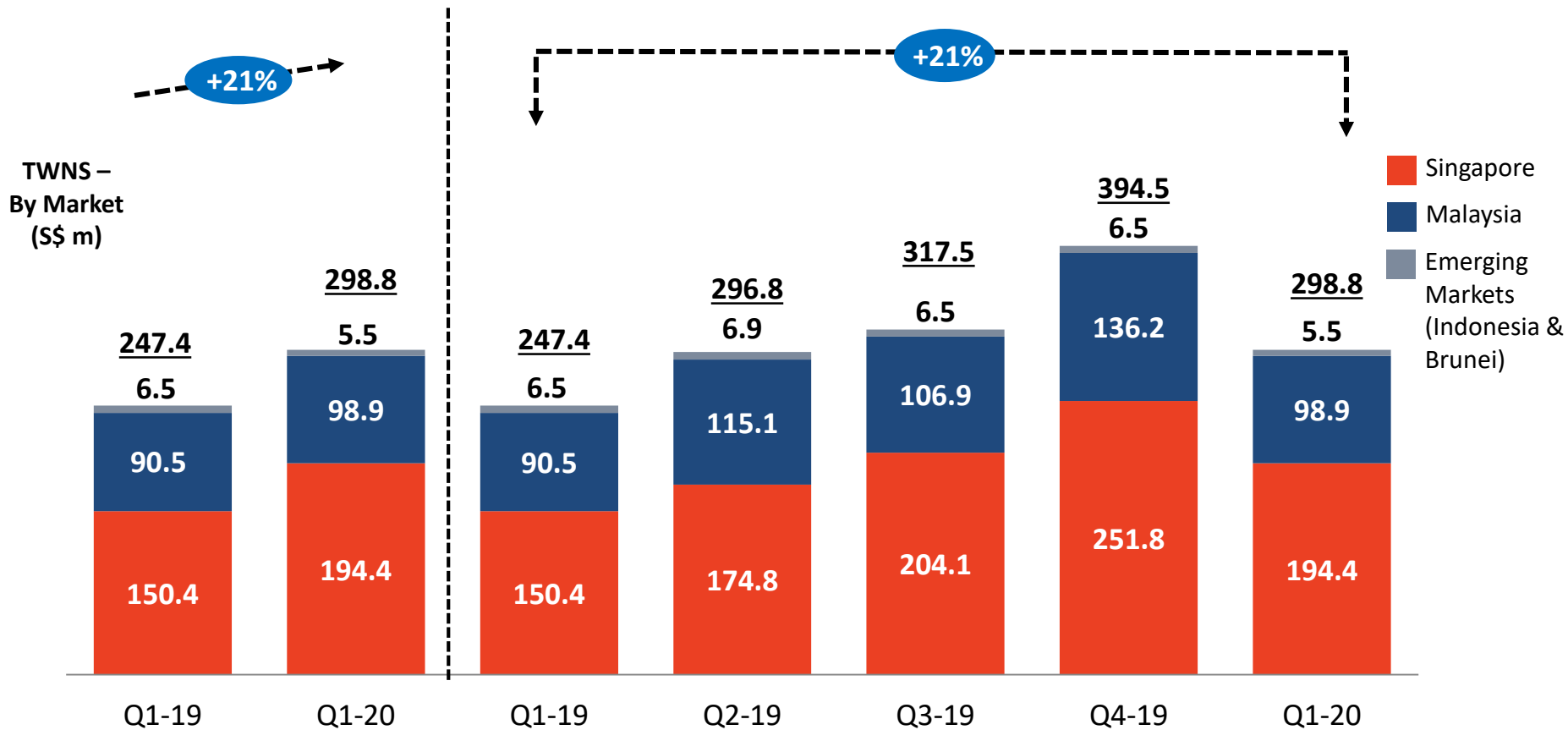
<p>Total Weighted New Sales</p>	<p>Q1-20: S\$298.8m; +21% (Q1-19: S\$247.4m) Higher sales for the quarter contributed by the core markets.</p>
<p>New Business Embedded Value</p>	<p>Q1-20: S\$126.1m; +15% (Q1-19: S\$109.8m) Growth in NBEV contributed by higher sales.</p>
<p>Profit Attributable to Shareholders</p> <div data-bbox="185 786 504 953" style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <p>S\$33.9m ↓ 90%</p> </div>	<p>Operating Profit: S\$298.6m; +101% (Q1-19: S\$148.7m) Driven by increased contribution from the core markets and reduction in insurance contract liabilities in both Singapore and Malaysia.</p> <p>Non-Operating Profit: -S\$222.8m; nm (Q1-19: S\$75.9m) Mark-to-market losses from unfavorable market conditions, partially offset by reduction in insurance contract liabilities in Singapore.</p> <p>Loss/Profit from Shareholders' fund¹: -S\$41.9m; nm (Q1-19: S\$118.1m) Mark-to-market losses from unfavorable market conditions.</p>

Note:

1. Includes Non-Controlling Interest

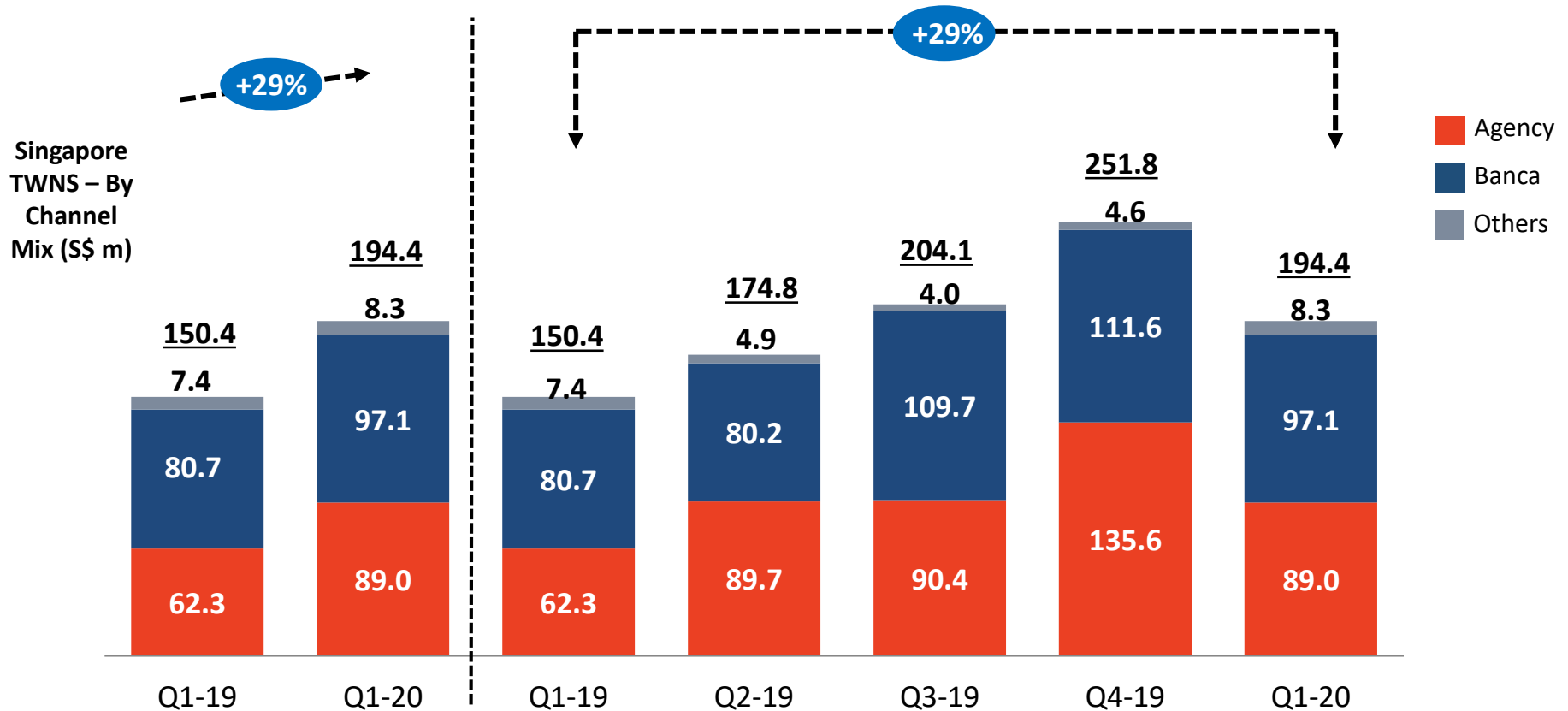
TWNS Performance by Market

Group TWNS was up 21% compared to the same period last year, driven by momentum from Singapore and Malaysia.



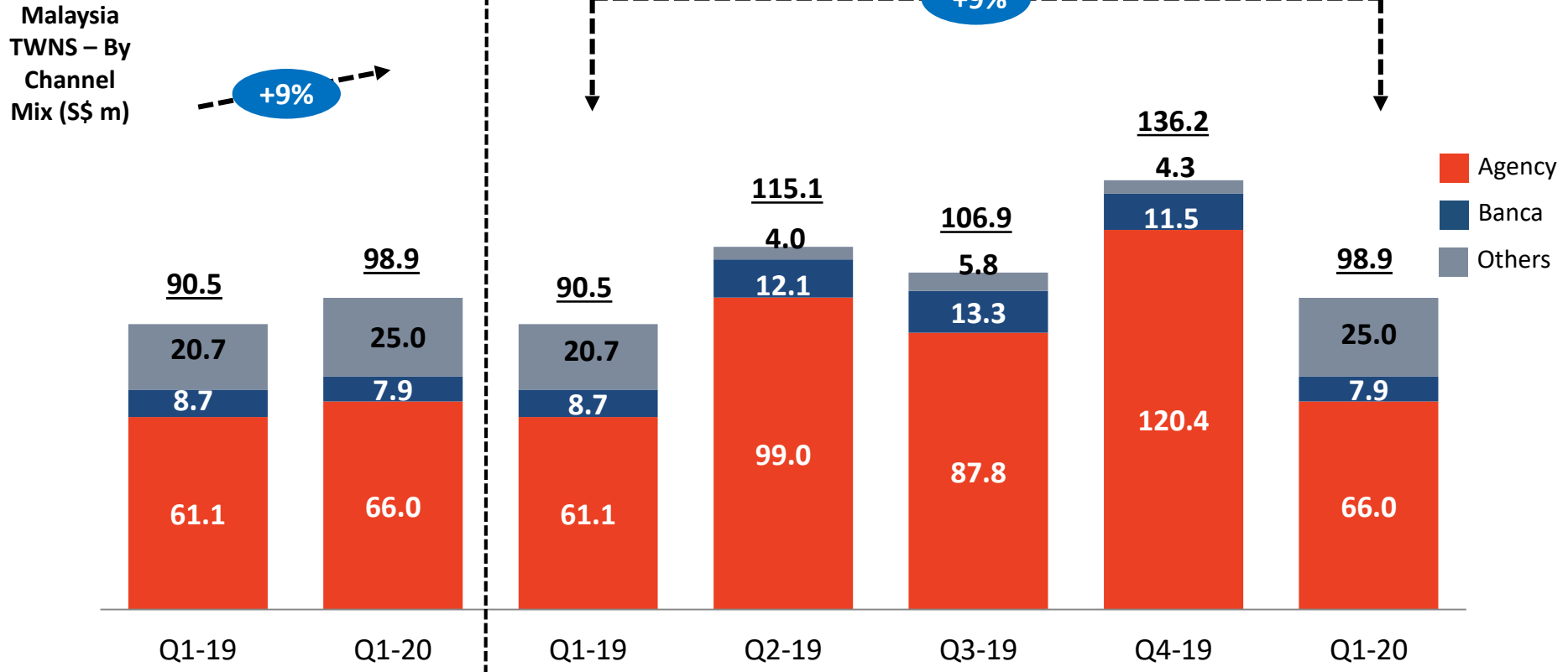
Singapore TWNS – By Channel Mix

TWNS increased 29% for Q1-20 contributed by all channels.



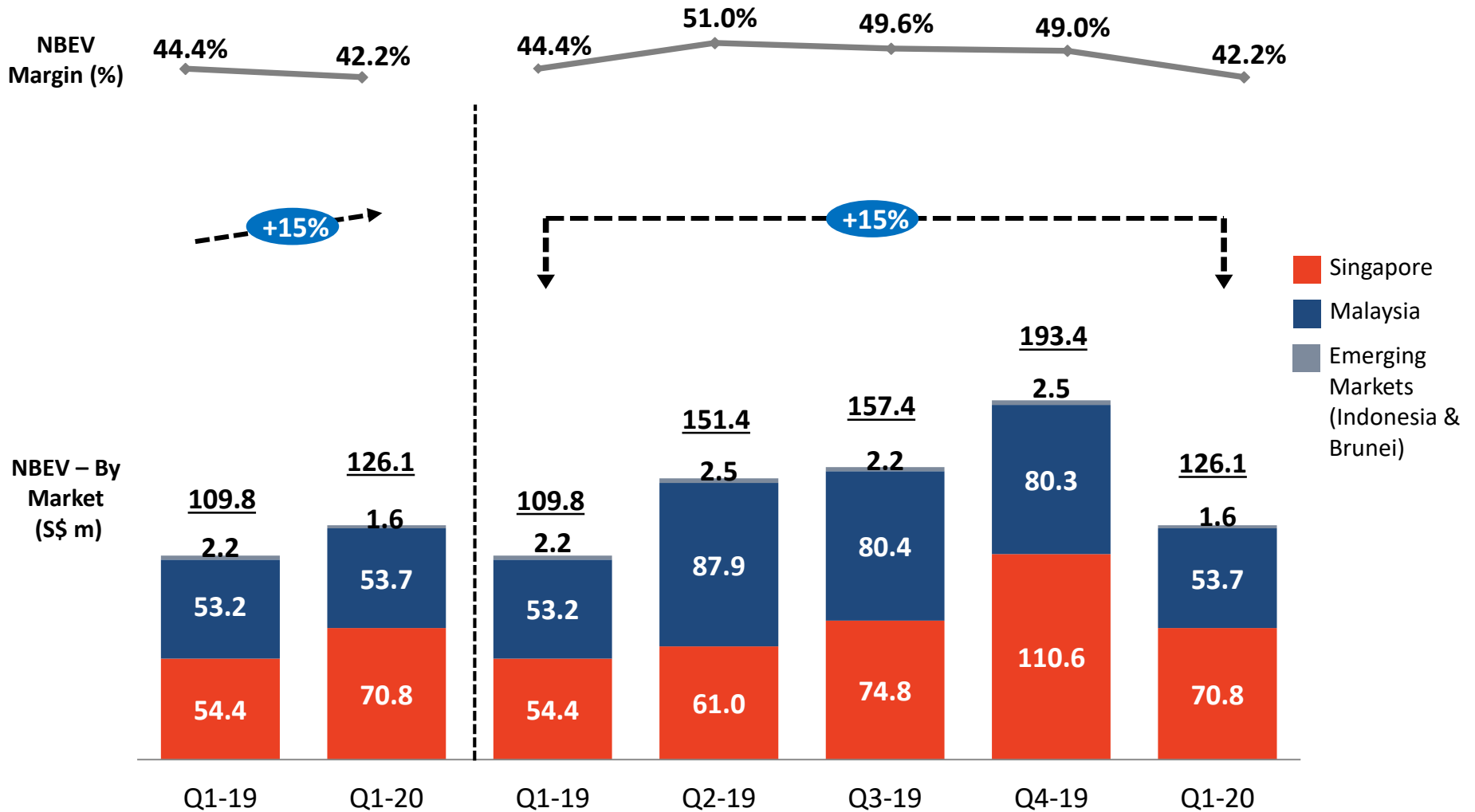
Malaysia TWNS – By Channel Mix

Q1-20 recorded growth, with downward pressure from Movement Control Order in March-20.



NBEV – By Market

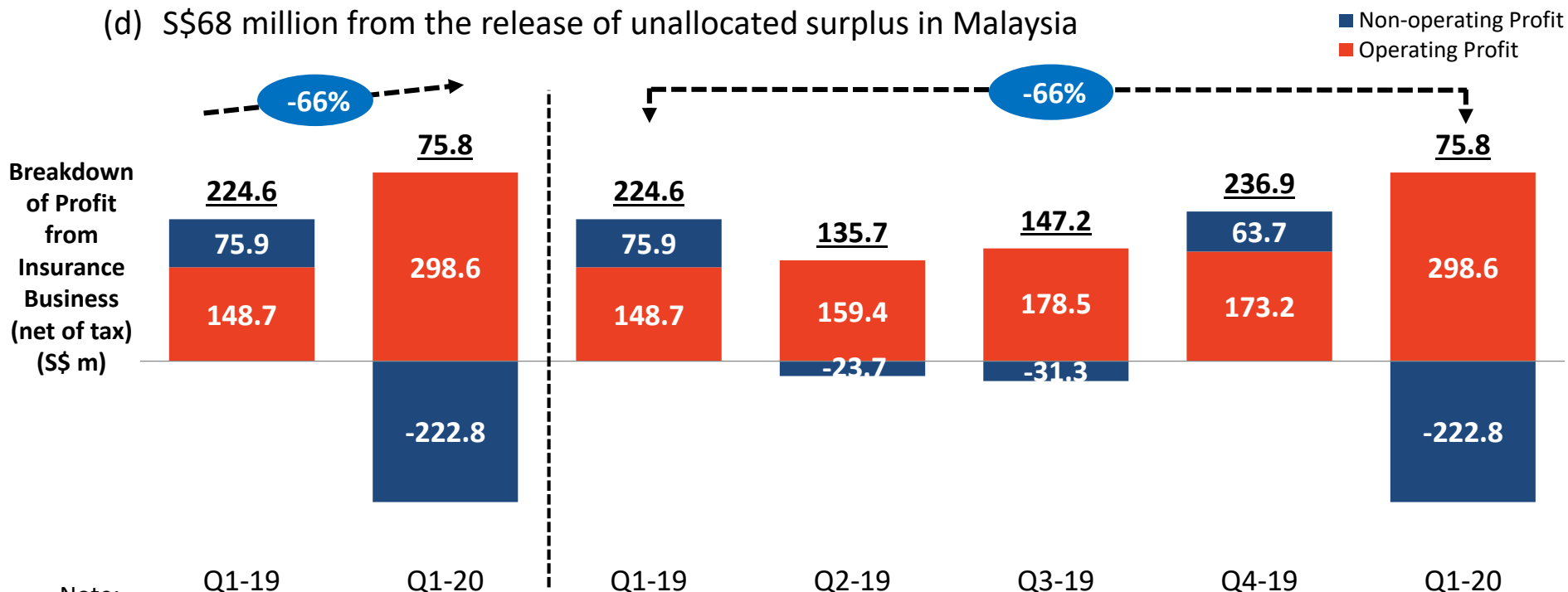
Group's NBEV increased 15% to S\$126.1 million for the quarter, contributed by higher sales. NBEV margin was lower at 42.2% as a result of lower margins in Malaysia.



Breakdown of Profit from Insurance Business

Q1-20 Profit from Insurance Business impacted by:

- Mark-to-market losses on fixed income assets of the Singapore Non-participating business from widening of credit spreads (-S\$203 million).
- Mark-to-market losses on asset-liability mismatch of the Singapore Non-participating business from declining interests rates (-S\$210 million).
- Adoption of the RBC 2 framework in Singapore (+S\$245 million), primarily from the application of matching adjustment (+S\$208 million) which offsets the impact of declining interest rates.
- S\$68 million from the release of unallocated surplus in Malaysia



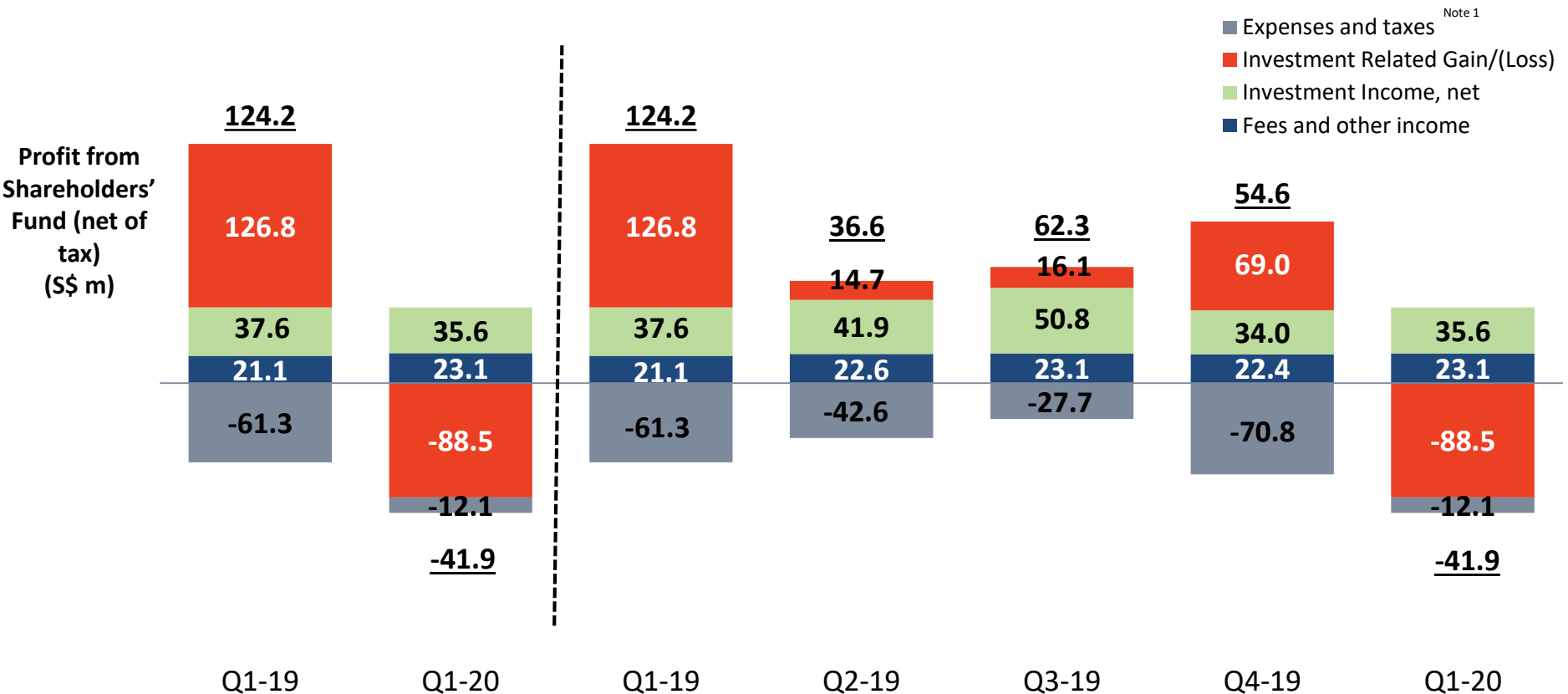
Note:

MAS Notice 133 on Valuation and Capital Framework for Insurers and Insurance (Valuation and Capital) (Amendment) Regulations 2020 came into effect on 31 March 2020, which formalized the RBC 2 enhanced valuation and capital framework for insurers in Singapore. Further impact on the financial results of the Group is expected for the remaining of 2020 as the Singapore insurance subsidiaries of the Group continue to take asset-liability management actions permissible under the RBC 2 framework. This impact remains uncertain depending on the movements in interest rates and credit spreads.

Profit from Shareholders' Fund

Profit from Shareholders' Fund for Q1-20 was lower than Q1-19 due to:

- Mark-to-market losses in equities



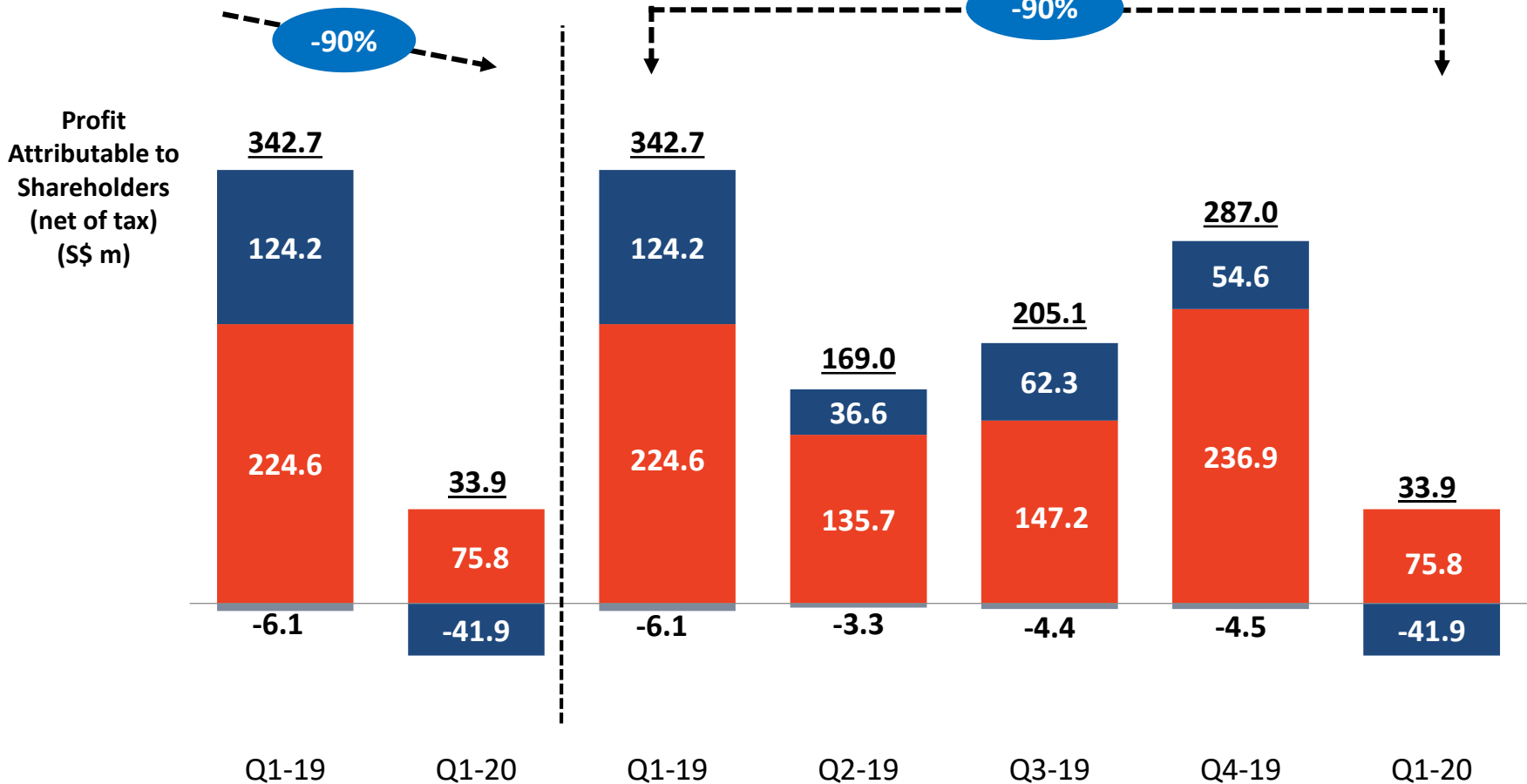
Note 1:

Includes release of unallocated surplus in Malaysia and contribution to the National B40 Protection Trust Fund of RM2.37 billion in satisfaction of the local shareholding requirements applicable to insurance companies in Malaysia.

Profit Attributable to Shareholders

Profit Attributable to Shareholders down 90% for Q1-20.

- Profit from Insurance business
- Profit (net of tax) from Shareholders' fund
- Non-Controlling Interest



Business update

Business Update in Response to COVID-19

Situation Update

- Strict social distancing measures have restricted movements and face-to-face interactions, resulting in:
 - Restricted number of employees are able to work on premises in Singapore, Malaysia and Indonesia.
 - Full closure of our customer service branches in Singapore and Indonesia, and partial closure in Malaysia.
 - Closure of some bank branches of our bancassurance distribution partners or continuation of operations with restricted services or shortened operating hours in Singapore, Malaysia and Indonesia.
- Increased uncertainty and volatility in the global financial markets.
- Economic disruptions are expected to persist in the near term.

Business Update in Response to COVID-19

Situation Update

Business Continuity:

- Contingency plans have been activated, allowing all operations regionally to continue operating as per normal. Split locations and telecommuting arrangements have been activated to ensure full compliance with social distancing and movement control measures imposed by the respective governments.
- On premises, temperature screening, safe distancing and other health safety measures are observed.

Interactions with Our Customers:

- Broad based digital capabilities have been activated, facilitating:
 - Non face-to-face sales and servicing by our financial representatives.
 - Straight through digital submission for new policy applications.
 - Expanded product suite for direct purchase online or through our digital affinity partners.
- Alternative contact points such as call centre and digital policy servicing platform are in place.
- Service standards for all customer interactions such as enquiries, claims processing, new policy applications and policy renewals have been maintained.

Business Update in Response to COVID-19

Looking forward

- In the near term, new business volume may slow down amid the weakened demand and restricted face-to-face interactions. Sales from the bancassurance channel may see a more significant impact as sales activity is largely at bank branches. New business volume may decline further if the economic slowdown and circuit breaker / movement control persists.
- Based on current statistics, the COVID-19 mortality rate is relatively low. We do not expect any material impact on our Operating Profit arising from significant worsening of mortality risks.
- We expect continued volatility in the financial markets, resulting in fluctuations in the mark-to-market valuation of our assets and liabilities, which will impact our Non-Operating Profit and Profit from Shareholders' Fund. Key factors are the direction of interest rates, credit spreads and equity prices. As our bonds are mostly investment grade, the default risk is likely to be low.
- We expect the Capital Adequacy Ratios of the Group's insurance subsidiaries in Singapore, Malaysia and Indonesia to remain above their respective minimum regulatory levels.
- We will monitor market developments closely to assess the level of dividend payment.

Reference Notes

1. Total Weighted New Sales (TWNS) = (Single Premium x 10%) + New Regular Premium
2. New Business Embedded Value (NBEV) is a measure of the long-term profitability of new sales.
3. NBEV figures for periods prior to Q4-19 have been restated to take into account revised actuarial assumptions implemented in Q4-19.
4. 2020 TWNS, NBEV and Operating Profit in foreign currencies are translated using the monthly spot rate for 2019 for comparison on constant currency. In applying the constant currency translation for Q1-20, TWNS has decreased by \$0.3m and NBEV has decreased by \$0.1m.
5. Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc).
6. 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, other non-recurring items.

THANK YOU