

GREAT EASTERN HOLDINGS LIMITED

Financial Results for FY-20 Supplementary Information

23 February 2021

Disclaimer: This material should be read as an overview of GEH's current business activities and operating environment. It should not be solely relied upon by investors or potential investors when making an investment decision. GEH accepts no liability whatsoever with respect to the use of this document or its content.

Overview of FY-20 Financial Results

| S\$m | FY-20 | FY-19 | Δ% | Q4-20 | Q4-19 | Δ% |
|--|----------------|---------|-----|--------------|-------|------|
| Total Weighted New Sales | 1,545.3 | 1,256.2 | +23 | 527.6 | 394.5 | +34 |
| New Business Embedded Value | 670.2 | 612.0 | +10 | 274.8 | 193.4 | +42 |
| Operating Profit (net of tax) from Insurance Business | 732.2 | 659.8 | +11 | 76.5 | 173.2 | -56 |
| Non-Operating Profit (net of tax) from Insurance Business | -90.2 | 84.6 | nm | 47.6 | 63.7 | -25 |
| Profit (net of tax) from Shareholders' fund | 346.4 | 277.7 | +25 | 228.1 | 54.6 | +318 |
| Non-Controlling Interest | -27.8 | -18.3 | nm | -10.9 | -4.5 | nm |
| Profit Attributable to Shareholders | 960.6 | 1,003.8 | -4 | 341.3 | 287.0 | +19 |

nm: not meaningful

FY-20 Financial Results

| | |
|--|--|
| <p>Total Weighted New Sales</p> | <p>TWNS: S\$1,545.3m; +23% (FY-19: S\$1,256.2m) Robust growth for FY-20 was driven by Singapore, while strong results for Q4-20 was underpinned by higher sales contribution across all markets.</p> |
| <p>New Business Embedded Value</p> | <p>NBEV: S\$670.2m; +10% (FY-19: S\$612.0m) FY-20 NBEV up against last year driven by higher TWNS.</p> |
| <p>Profit Attributable to Shareholders</p> <div data-bbox="193 743 510 909" style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <p>S\$960.6m ↓ 4%</p> </div> | <p>Operating Profit: S\$732.2m; +11% (FY-19: S\$659.8m) Increase driven by higher contribution across core markets.</p> <p>Non-Operating Profit: -S\$90.2m; nm (FY-19: S\$84.6m) Mark-to-market losses from unfavourable market conditions in Q1-20, with partial recovery in the subsequent quarters.</p> <p>Profit from Shareholders' fund¹: S\$318.6m; +23% (FY-19: S\$259.4m) Higher profit in Q4-20 and FY-20 contributed by one-off tax credit arising from finalization of prior years' tax assessment.</p> |

The Board of Directors has recommended a final one-tier tax exempt dividend of 50 cents, payable on 5 May 2021. Total dividend for FY-20 amounts to 60 cents per ordinary share.

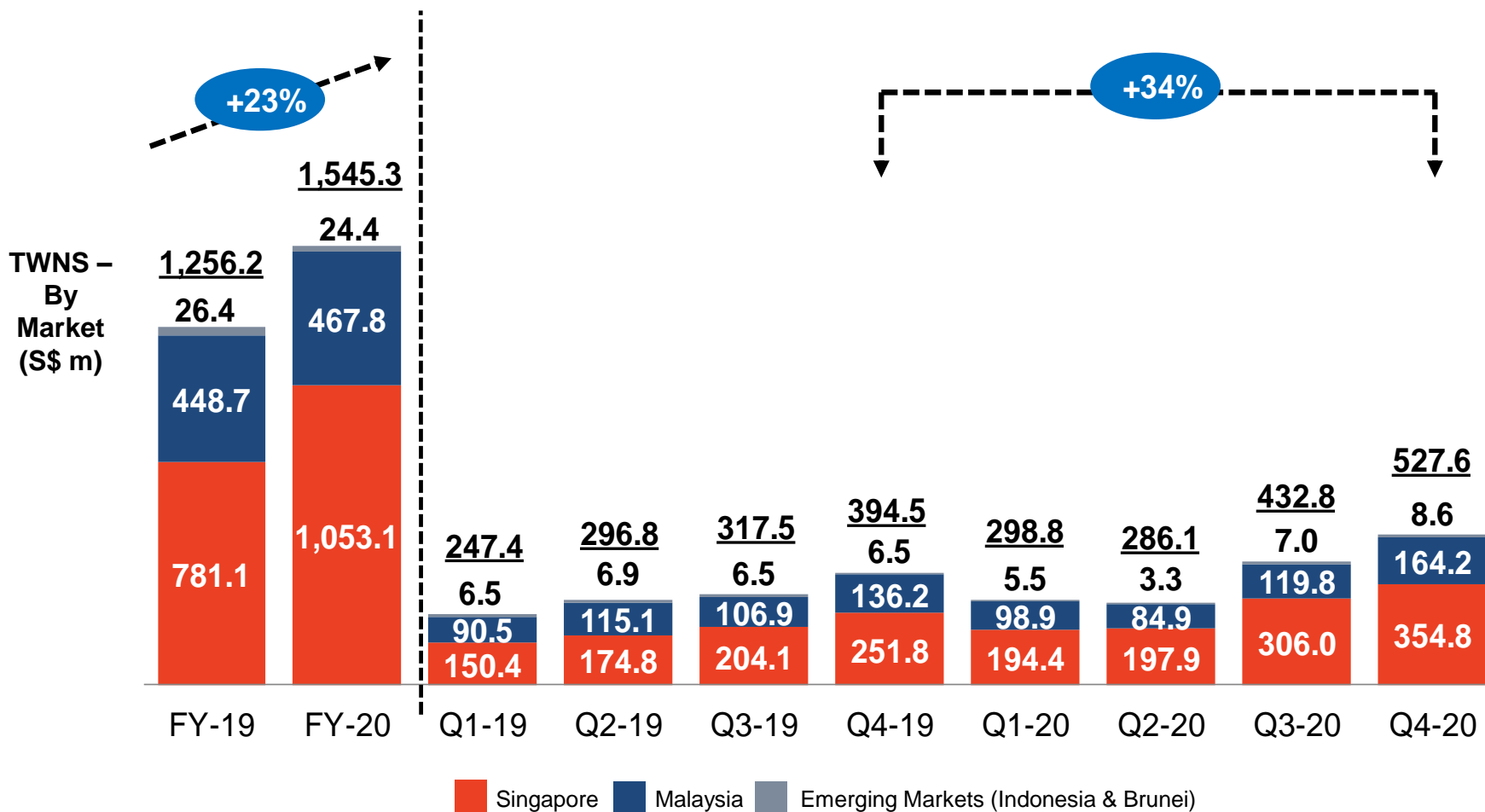
Note:

1. Includes Non-Controlling Interest

nm: not meaningful

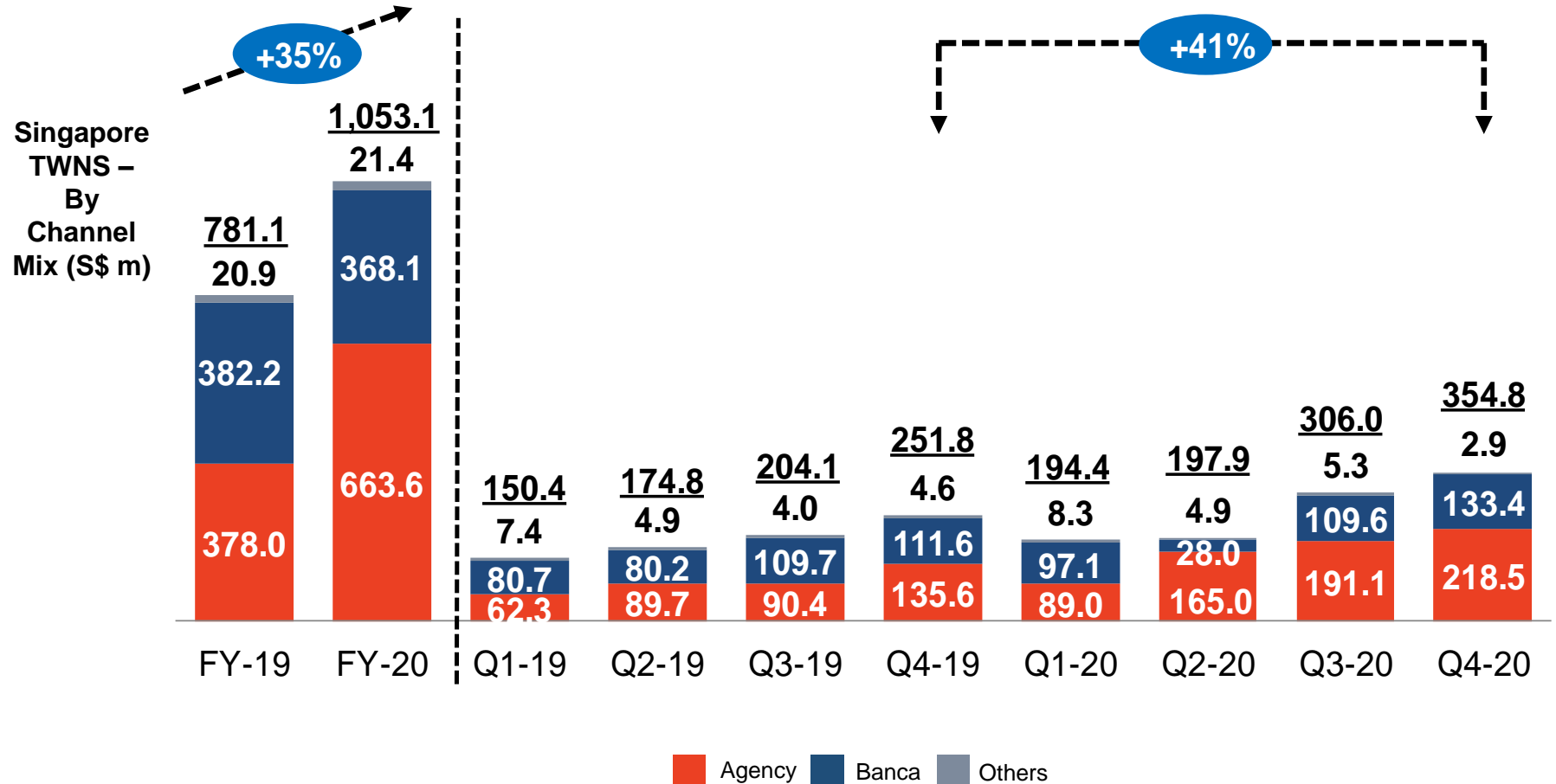
TWNS Performance by Market

Group TWNS achieved 23% growth in FY-20 on the back of strong 2H-20 performance across all markets after resumption of business activities.



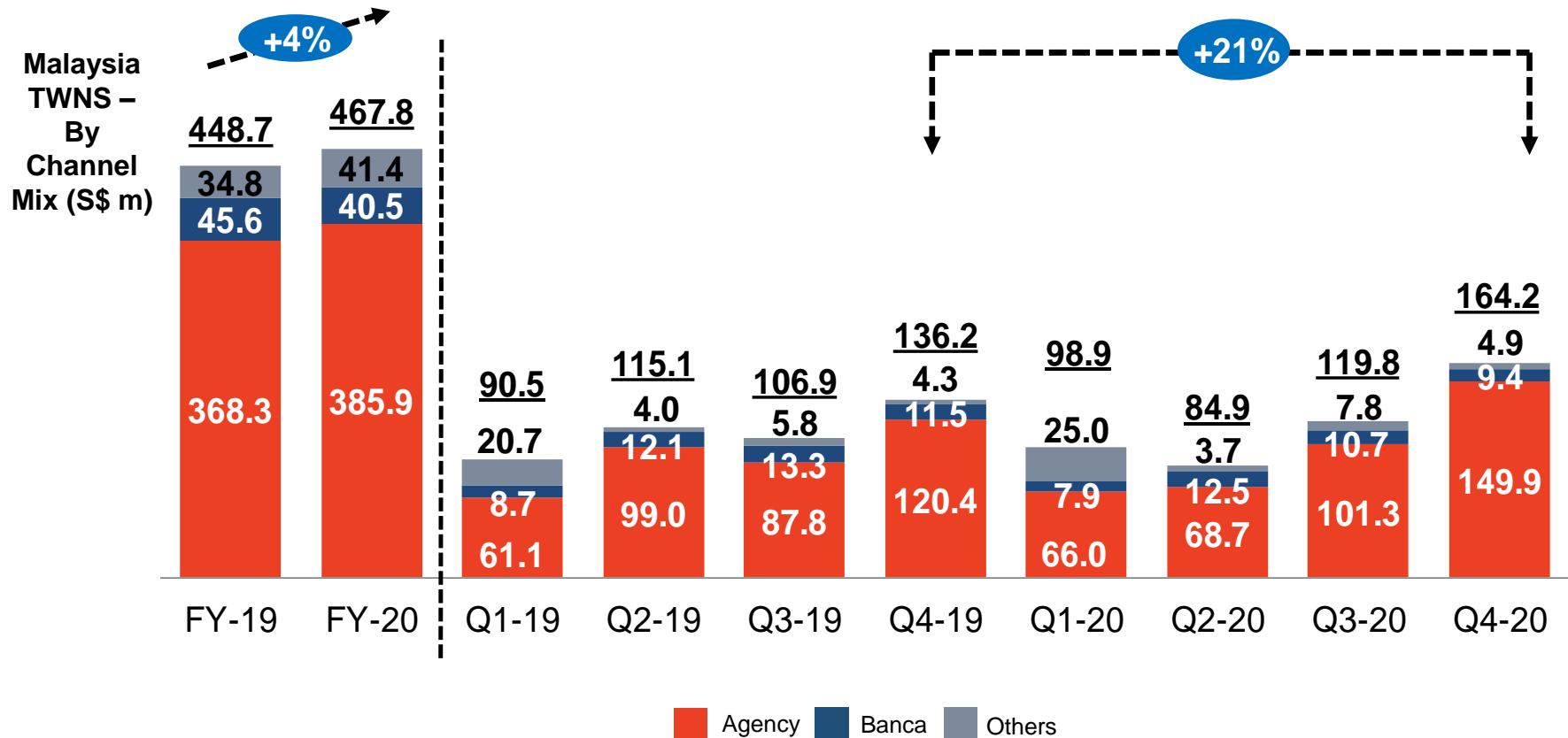
Singapore TWNS – By Channel Mix

Strong sales growth from the agency channel, bolstered by accelerated adoption of digital tools and successful product campaigns to boost sales activity. Sales activity in bancassurance channel continues to recover through Q4-20.



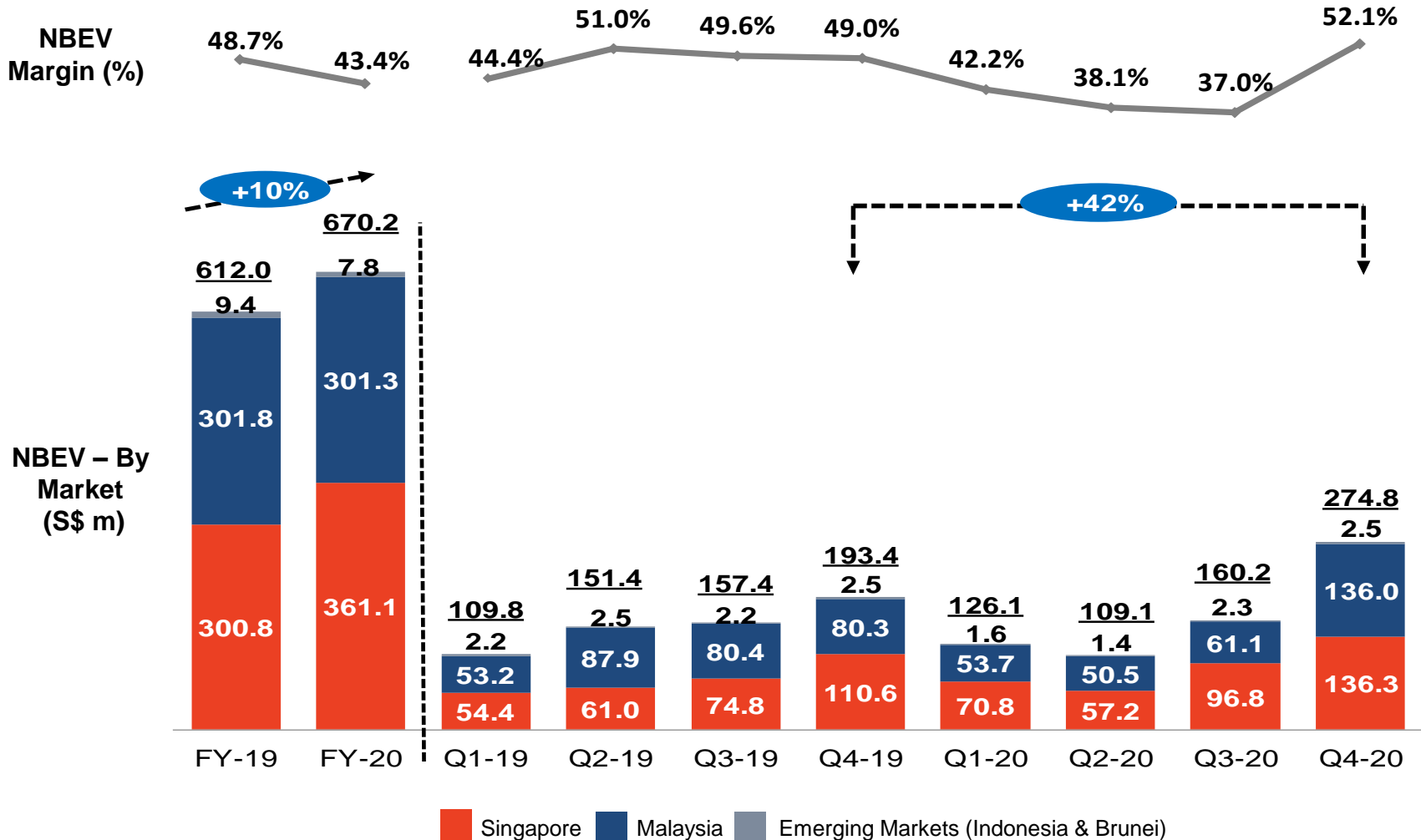
Malaysia TWNS – By Channel Mix

FY-20 TWNS contributed by Malaysia remained resilient amid challenges from restricted sales activities. Growth in Q4-20 was driven by the agency channel.



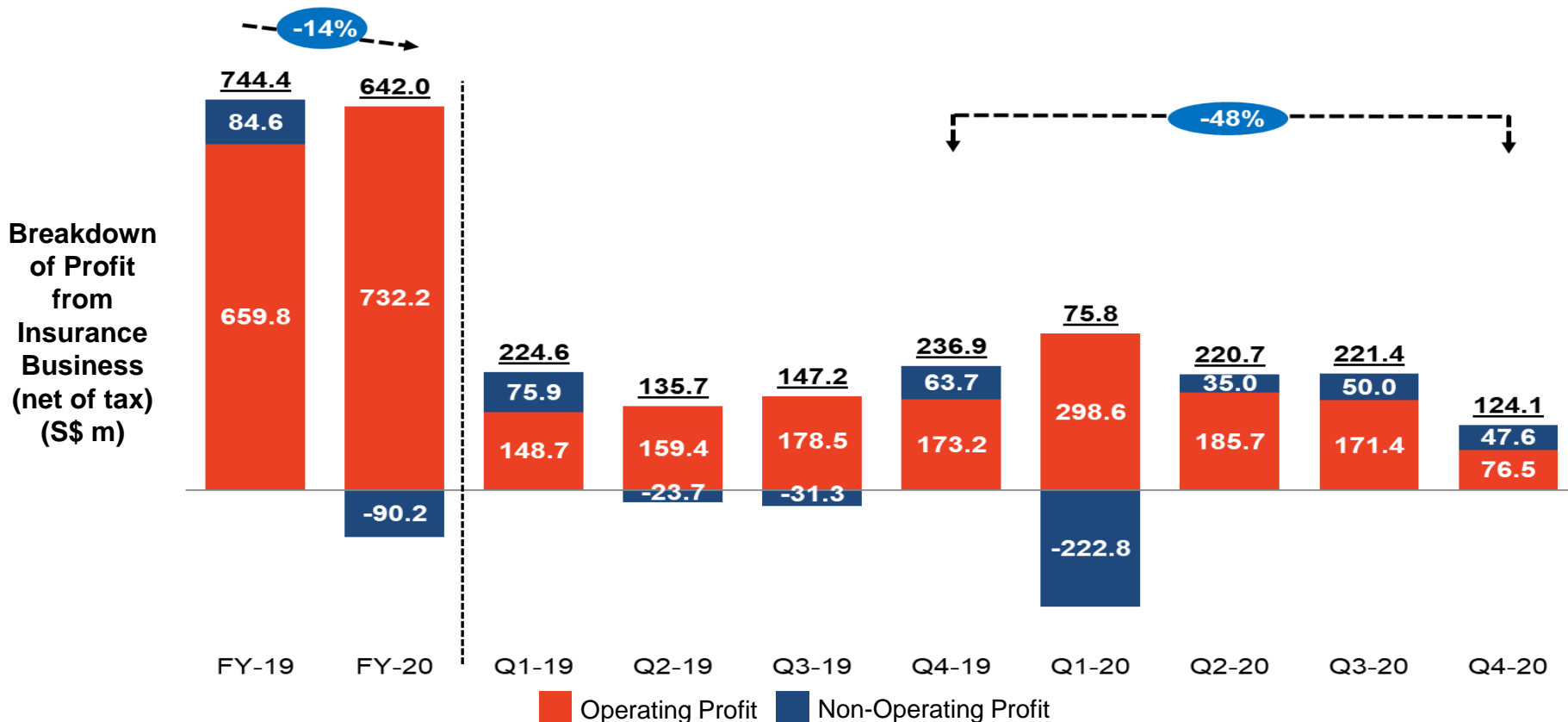
NBEV – By Market

Group's NBEV increased 10% to S\$670.2 million for FY-20; with lower NBEV margin for Q2-20 and Q3-20 as a result of product and distribution strategy shift in light of the challenging operating environment amid COVID-19.



Breakdown of Profit from Insurance Business

Lower Profit from Insurance Business in FY-20 largely driven by unfavourable market conditions. However, Operating Profit was resilient, reporting a 11% year-on-year increase. Decrease in Operating Profit in Q4-20 was due to provision for higher expected future insurance claims.



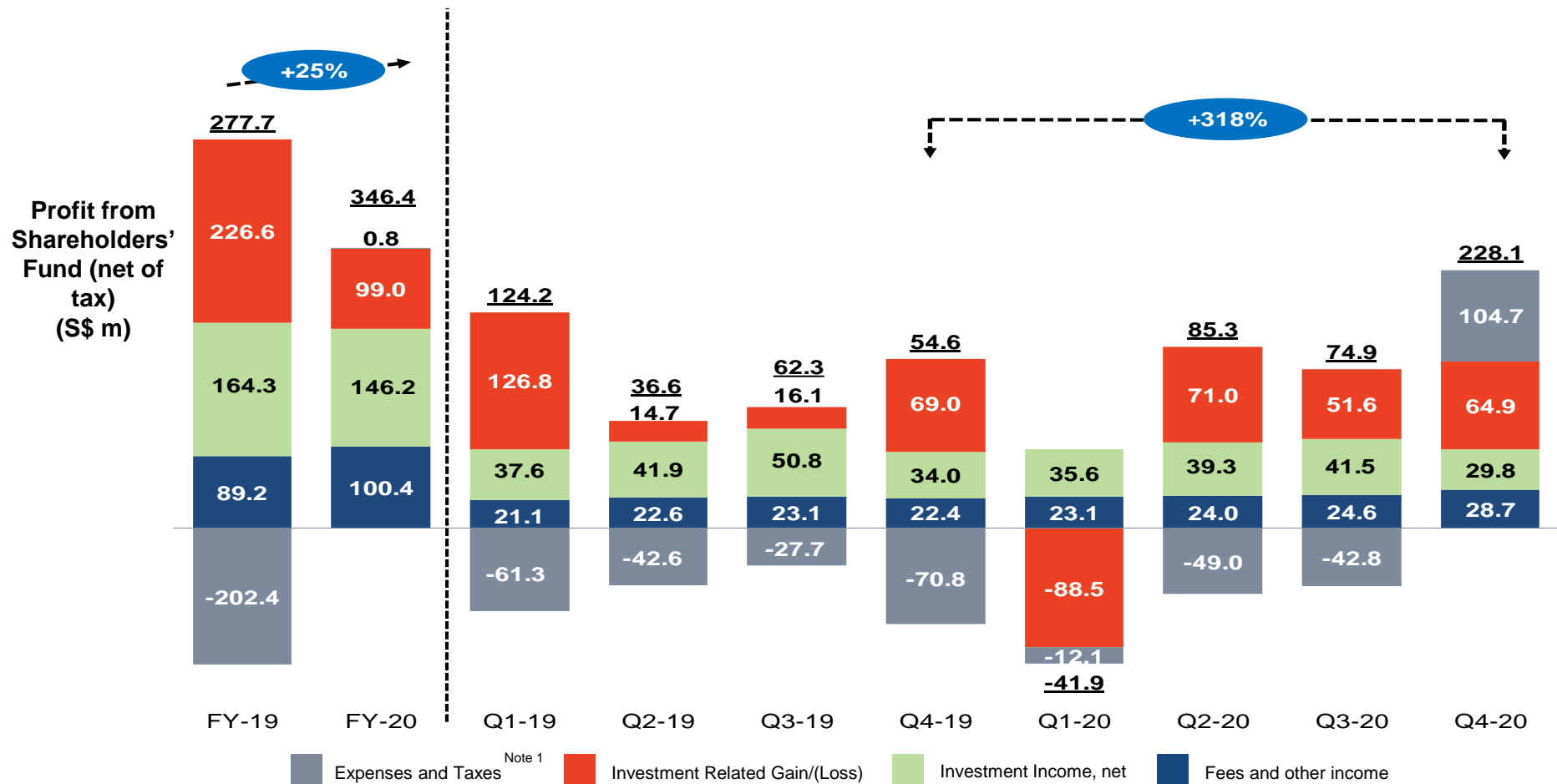
Note:

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. There was impact on the financial results of the Group as the Singapore insurance subsidiaries of the Group took asset-liability management actions permissible under the RBC 2 framework. This impact was S\$245 million in Q1-20; S\$18 million in Q2-20; Nil in Q3-20 and Q4-20.

Profit from Shareholders' Fund

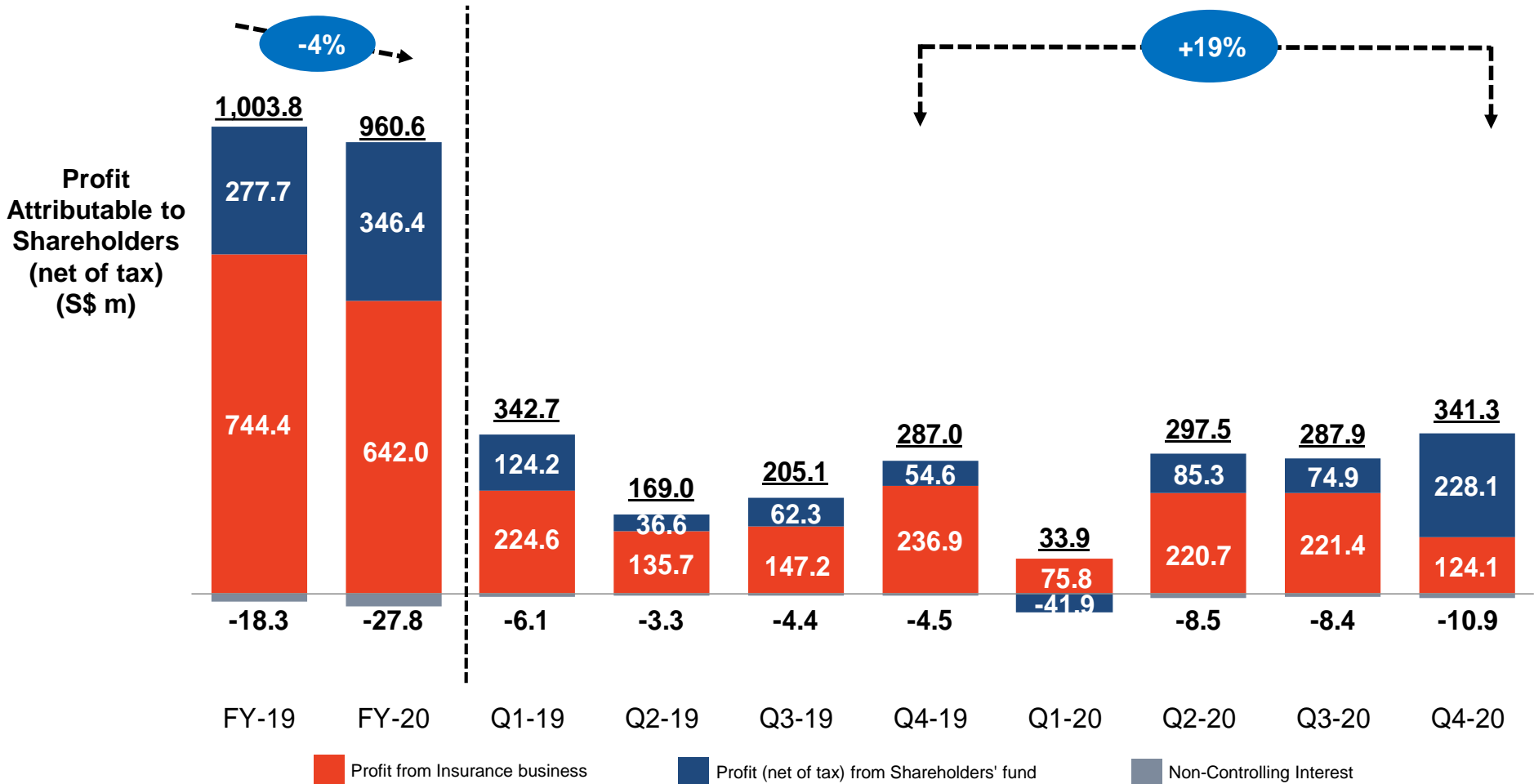
Higher Profit from Shareholders' Fund for FY-20 and Q4-20 was due to:

- One-off positive tax impact arising from the finalization of prior years' tax assessments



Note 1:
Q1-20 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.

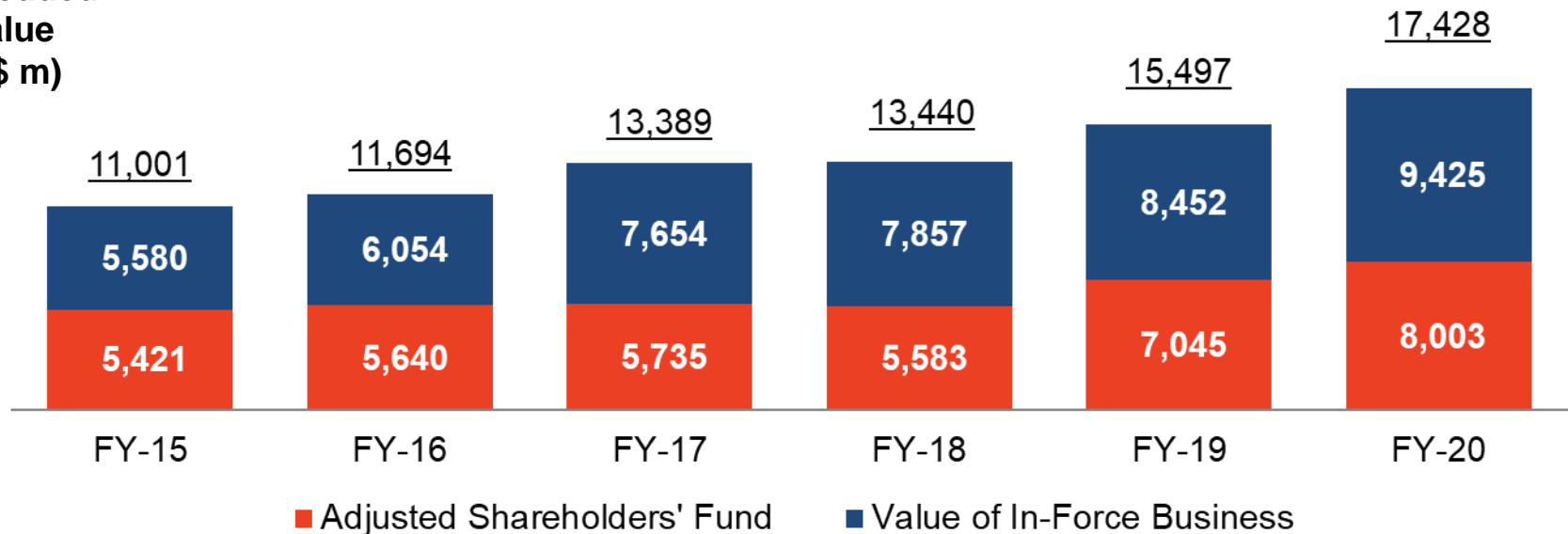
Profit Attributable to Shareholders



Embedded Value

- FY-20 embedded value of S\$17.4b or an embedded value per share of S\$36.82 was a 12% growth from FY-19.
- Value of In-Force Business increased by 12% over FY-19.
- 5 year Compound Annual Growth Rate of 10%.

Embedded Value
(S\$ m)



Note:

- Embedded value per share is calculated using the Group's embedded value divided by the total number of issued shares.
- For FY-20 embedded value, risk-adjusted discount rate is 6.0% (FY-19: 7.0%) for Singapore, 7.75% (FY-19: 8.75%) for Malaysia and 12.5% (FY-19: 13.5%) for Indonesia.

Business update in response to COVID-19

Business Update in Response to COVID-19

Situation Update

Further easing of social distancing measures in Singapore, with re-imposition of measures in certain parts of Malaysia and Indonesia.

Business Continuity:

- Our regional operations continue to operate under contingency plans, with various measures observed to keep work and public places safe.
- Flexible work arrangements, allowing a mix of telecommuting and working on premise, have been adopted across our entities.
- Customer service branches have resumed full operations, exception for branches in impacted areas in Indonesia and Malaysia that are closed or are operating with limited services.
- Full resumption of services at bank branches of our bancassurance distribution partners across the region, with shorter operating hours observed in Malaysia.

Interactions with Our Customers:

- Digital tools have been actively used to engage customers to supplement in-person activities.
- Multiple points of contact are available for policy servicing and enquiries, such as call centre, digital platform and customer service centre.

Business Update in Response to COVID-19

Reflecting on the past year

Impact on new business volume:

- Social distancing measures impacted new business volume in the initial phase of implementation, with sales from the bancassurance channel experiencing a more significant impact as sales activity was largely at the bank branches. However, sales regained momentum in 2H-20 after relaxation of social distancing measures.
- General insurance sales declined mostly due to the drop in travel insurance.

Impact on Profit:

- Weakened and volatile financial markets amid COVID-19 uncertainty resulted in NOPAT loss of \$90m in FY-20, compared to a gain of \$85m in FY-19. Recovery in 2H-20 had mitigated the loss in Q1-20.
- Provision of doubtful debts was up \$3m / 1% as a percentage of outstanding premiums due, driven by increased expected credit losses mainly as a result of slightly higher receivables outstanding for more than 3 months.

Business Update in Response to COVID-19

Looking forward

- We view the COVID-19 pandemic as an evolving situation with continued uncertainties that could impact the performance of the Group. There are still many unknowns surrounding the pandemic and the timing of its eradication remains uncertain. The impact to our business operations would hinge on each government's response to manage the health and economic effects of the pandemic.
- 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 profit. 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.

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, TWNS has decreased \$0.3m and increased \$1.6m for Q4-20 and FY-20 respectively; NBEV has decreased \$0.3m and increased \$0.7m for Q4-20 and FY-20 respectively; and Operating Profit has decreased \$0.3mil and increased \$1.5mil for Q4-20 and FY-20 respectively, which have been offset in Non-Operating Profit.
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 and changes in liability discount rates due to interest rates fluctuation.

THANK YOU