

MEDIA RELEASE
(For Immediate Release)

Great Eastern Reports Q2-14 and 6M-14 Financial Results

Singapore, 31 July 2014 – Great Eastern Holdings Limited (the “Group”) today announced its financial results for the quarter (“Q2-14”) and half year (“6M-14”) ended 30 June 2014.

Highlights of Financial Results

S\$ million	Q2-14	Q2-13	Δ	6M-14	6M-13	Δ
Total Weighted New Sales	219.9	260.8	-16%	446.0	462.9	-4%
New Business Embedded Value	99.1	106.0	-7%	188.5	186.3	+1%
Operating Profit from Insurance Business	142.9	154.5	-8%	286.2	285.7	-
Non-Operating Profit from Insurance Business	72.2	-155.6	nm	105.6	-117.3	nm
Group Profit Attributable to Shareholders	244.6	18.6	nm	476.2	226.1	+111%

Operating Profit from Insurance Business

Operating profit from insurance business of S\$142.9 million in Q2-14 was 8% lower than the same quarter last year, as profit in Q2-13 was boosted by a larger release of tax provisions following greater clarity over the treatment of specific items by the tax authorities. Excluding the impact of tax provisions released, operating profit in Q2-14 was higher than the same quarter last year. The increase was driven by the Group’s growing in-force business, a better product sales mix during the period and lower claims.

On a half year basis, operating profit grew marginally to S\$286.2 million, driven by higher contributions from the Investment-linked and General Insurance Funds.

Total Weighted New Sales and New Business Embedded Value

Total weighted new sales for Q2-14 and 6M-14 decreased 16% and 4% compared with the same period last year to S\$219.9 million and S\$446.0 million respectively, as agency sales in Singapore in 2013 benefited from the recapture of a high volume of maturing Participating policies. During the quarter, sales through the Singapore

bancassurance channel were also lower. This was partially offset by sustained demand for regular premium Investment-linked products in the Malaysian conventional business.

Q2-14 new business embedded value (“NBEV”), a measure of long-term economic profitability, registered a decline of 7% to S\$99.1 million compared with the same period last year. However, there was an improvement in the Group’s NBEV margin to 45.1% in Q2-14 from 40.6% in Q2-13 due to a positive shift in product and channel mix in Singapore. On a half year basis, NBEV increased 1% to S\$188.5 million despite a 4% decline in sales, also owing to an improvement in product mix in both Singapore and Malaysia.

Non-Operating Profit from Insurance Business

Non-operating profit from insurance business of S\$72.2 million was recorded in Q2-14, mainly from unrealised mark-to-market gains brought about by rising long term interest rates and a narrowing of credit and swap spreads. This stood in contrast to Q2-13 when news of the potential tapering of the US quantitative easing programme affected financial markets adversely, and the quarter saw an unusual inversion of the 30-year and 20-year interest rates, which led to significant unrealised mark-to-market losses of S\$155.6 million. The swing in non-operating performance also accounted for the non-operating profit of S\$105.6 million in 6M-14 against a non-operating loss of S\$117.3 million in 6M-13.

Profit from investments in Shareholders’ Fund

The Group registered profit from investments in Shareholders’ Fund of S\$41.9 million in Q2-14, up 23% over the same quarter last year. This was mainly attributed to higher dividend income and unrealised mark-to-market gains in held-for-trading instruments. For the half year, profit from investments in Shareholders’ Fund was 26% higher at S\$111.5 million, boosted by a one-off gain of S\$31.9 million from the Group’s divestment of its stake in its China joint venture from 50% to 25% in Q1-14.

Group Profit Attributable to Shareholders

Group profit attributable to shareholders for Q2-14 and 6M-14 rose to S\$244.6 million and S\$476.2 million respectively, largely a result of the significantly higher unrealised

mark-to-market gains in the insurance funds from more favourable financial 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 levels of 120% and 130% respectively, reflecting the strong capital position of the Group.

Dividend

The Board of Directors has declared an interim tax exempt (one-tier) dividend of 10 cents per ordinary share for financial year 2014, payable on 3 September 2014.

Commenting on the Group's Q2-14 performance, Chairman, Mr Norman Ip said:

"The Group has made good progress in improving its product mix, which has led to an improvement in margins. Sales-wise, the Group's performance in 2013 was boosted by the successful recapture of a high volume of policies which matured during that year. While the rate of recapture was maintained in 2014, sales volume was not replicated as there were fewer policies maturing this year. Looking ahead, Great Eastern will be launching new products, along with fresh sales initiatives to bolster sales in the second half of the year."

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About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$63.3 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 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 over 530 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 Wing Hang Bank's 70 branches in Hong Kong, China and Macau. Wing Hang Bank became a subsidiary of OCBC Bank on 15 July 2014.

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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 Q2-14 have been restated using exchange rates as at 30 June 2014.
4. For comparative reasons, NBEV figures for periods prior to Q2-14 have been restated using exchange rates as at 30 June 2014. NBEV figures for periods prior to Q4-13 have been restated to take into account revised actuarial assumptions implemented in Q4-13.