

GREAT EASTERN HOLDINGS LIMITED

Financial Results for Q2-14 and 6M-14 Supplementary Information

30 July 2014

Overview of Q2-14 and 6M-14 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 (net of tax)[#] from Insurance Business	142.9	154.5	-8%	286.2	285.7	-
Non-Operating Profit (net of tax)[#] 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%

[^]Total Weighted New Sales (TWNS) = (Single Premium x 10%) + New Regular Premium

^{*}New Business Embedded Value (NBEV) is a measure of the long term profitability of new sales

[#] Profit from insurance business in the Group Profit and Loss Statements are presented gross of tax for all life assurance funds in Malaysia and the Participating Fund in Singapore. Reconciling tax adjustment is S\$13.7m for Q2-14 (Q2-13: S\$16.3m), and S\$29.1m for 6M-14 (6M-13: S\$31.7m).

Note:

-For comparative reasons, TWNS/ NBEV figures for Q2-13 and 6M-13 have been restated using exchange rates as at 30 June 2014

-Q2-13 and 6M-13 NBEV figures have been restated to take into account revised investment and actuarial assumptions implemented in Q4-13

-nm: Not meaningful

Q2-14 Key Highlights

Key highlights of Q2-14 performance compared with the same quarter last year:

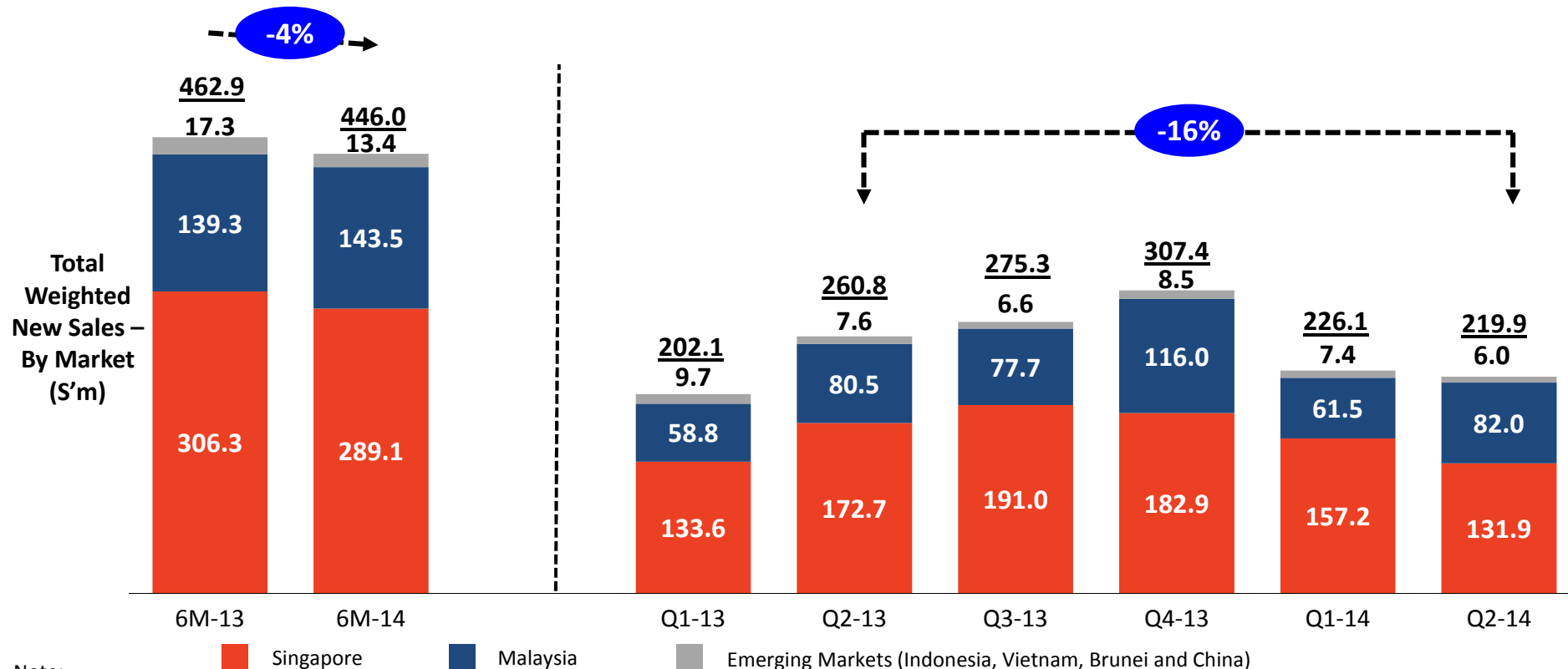
- TWNS of S\$219.9m was 16% lower:
 - Sales volume in Singapore in 2013 benefited from the recapture of a high volume of maturing Participating policies
 - Stable performance in Malaysia from sustained demand for regular premium Investment-linked products in the conventional business
- NBEV declined 7% to S\$99.1m. However, NBEV margin* improved to 45.1% from 40.6% due to the positive impact of a shift in product and channel mix in Singapore
- Operating profit of S\$142.9m was lower, as Q2-13 was boosted by a larger release of tax provisions in Singapore following greater clarity over treatment of specific items by the tax authorities. Excluding the impact of tax provisions released, operating profit was up, driven by profits from the Group's growing in-force business, a better product sales mix during the period and lower claims
- Higher non-operating profit of S\$72.2m mainly from unrealised mark-to-market gains brought about by rising long term interest rates and narrowing of credit and swap spreads
- Group profit attributable to Shareholders of S\$244.6m, largely a result of the significantly higher unrealised mark-to-market gains from more favourable financial market conditions
- The Board of Directors has declared an interim tax exempt (one-tier) dividend of 10 cents per share for financial year 2014, payable on 3 September 2014

*NBEV margin = NBEV/ TWNS

Total Weighted New Sales (TWNS) – By Market

Q2-14 TWNS of S\$219.9m was 16% lower:

- Sales volume in Singapore in 2013 benefited from the recapture of a high volume of maturing Participating policies
- Stable sales through the agency channel in Malaysia



Note:

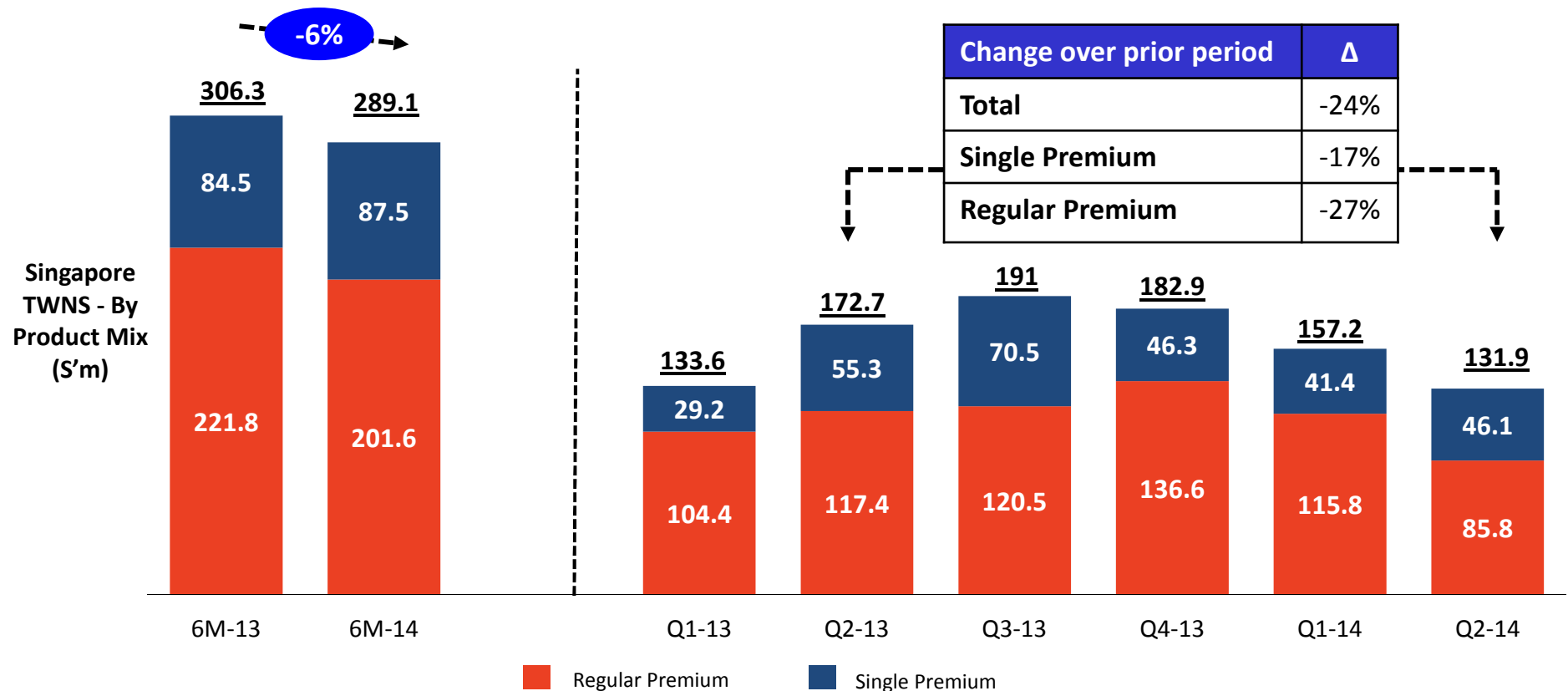
-For comparative reasons, TWNS figures for periods prior to Q2-14 have been restated using exchange rates as at 30 June 2014

-QoQ TWNS comparison not relevant given seasonality of insurance sales

- Following completion of the disposal of 25% stake in the Great Eastern's joint venture in China, TWNS of emerging markets from Q1-14 reflects reduced stake of 25%

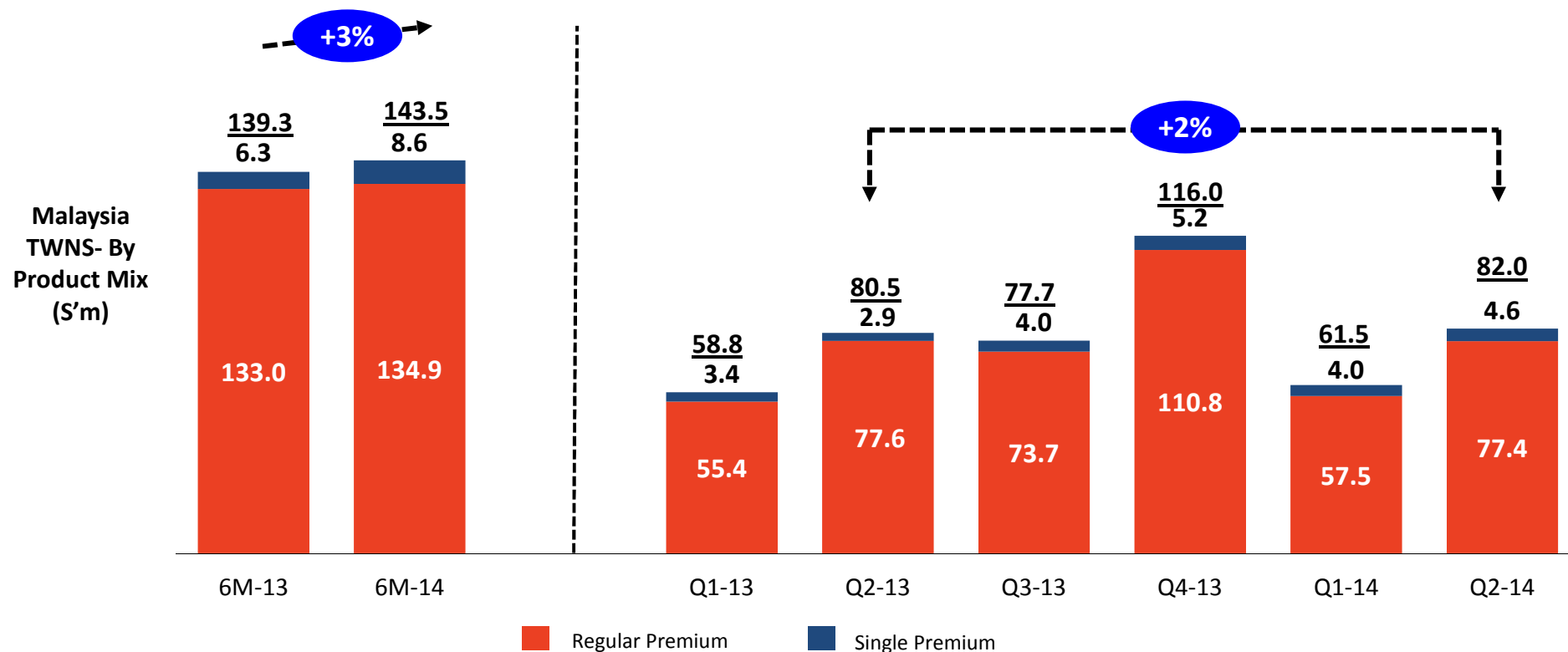
Singapore TWNS – By Product Mix

- Q2-14 Singapore sales of S\$131.9m showed a decline of 24% as the agency channel benefited from the recapture of a high volume of maturing policies in Q2-13
- Sales through the bancassurance channel were also lower during the quarter



Malaysia TWNS – By Product Mix

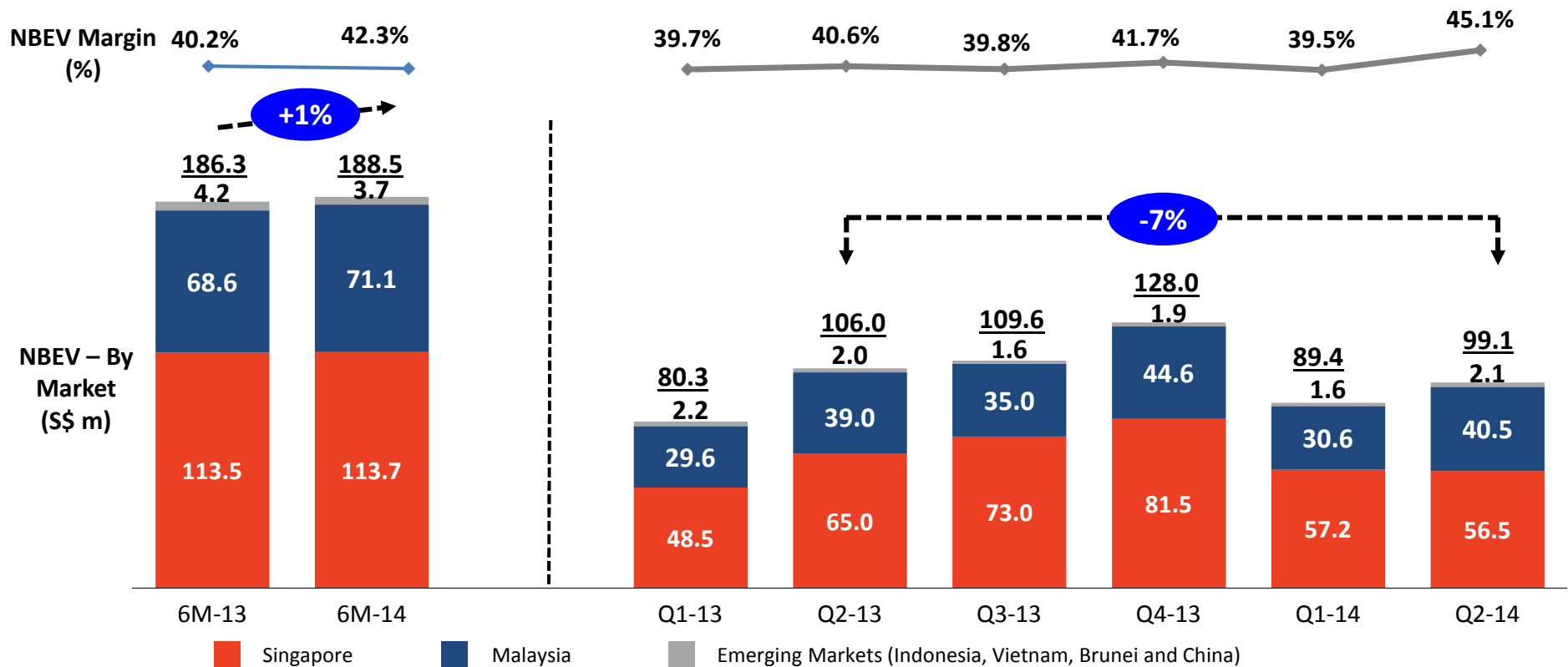
- Sales in Malaysia up 2% to S\$82.0m in Q2-14, driven mainly by sustained demand for regular premium Investment-linked products in the conventional business



Note: For comparative reasons, TWNS figures for periods prior to Q2-14 have been restated using exchange rates as at 30 June 2014

New Business Embedded Value (NBEV)- By Market

- NBEV margin improved to 45.1% in Q2-14 due to a positive shift in product and channel mix in Singapore



Note:

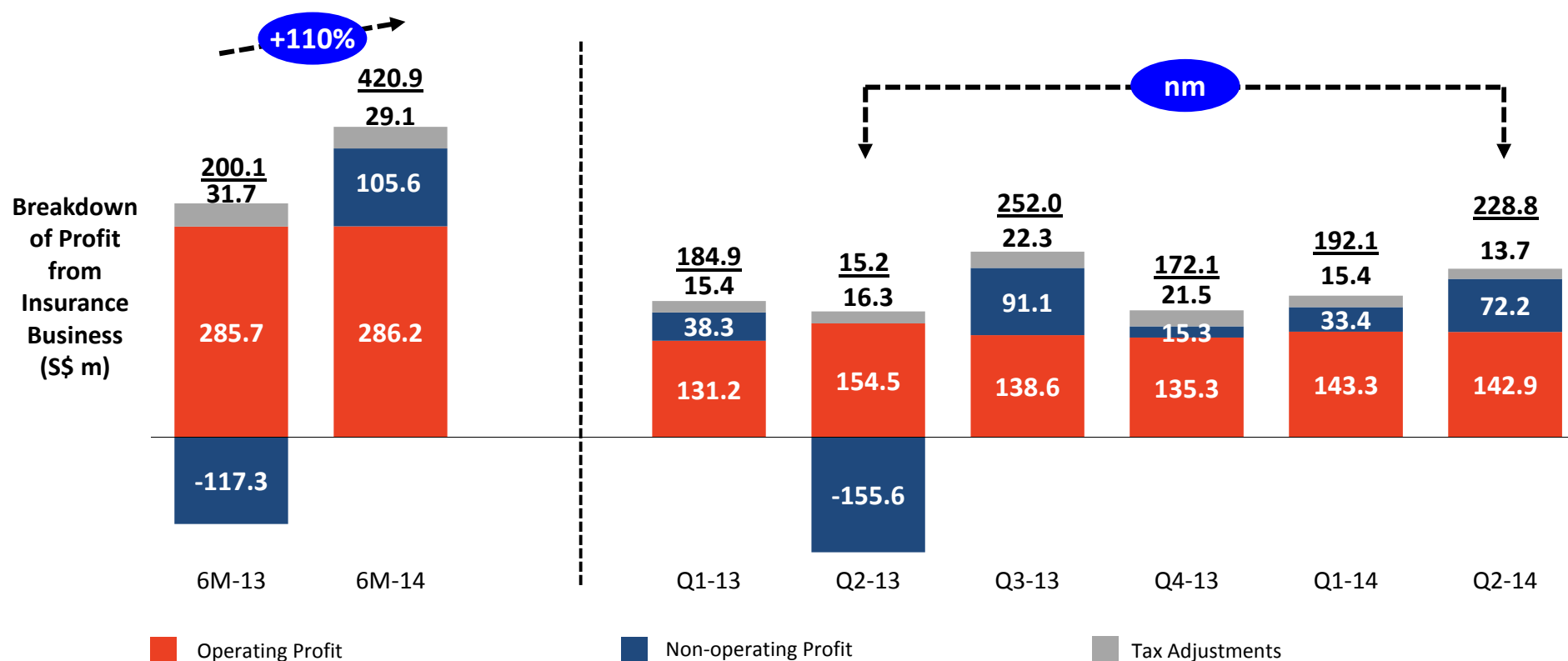
-For comparative reasons, NBEV figures for periods prior to Q2-14 have been restated using exchange rates as at 30 June 2014. NBEV figures for periods prior to Q4-13 have been restated to take into account revised actuarial assumptions implemented in Q4-13

- Following completion of the disposal of 25% stake in the Great Eastern's joint venture in China , NBEV of emerging markets from Q1-14 reflects reduced stake of 25%

Breakdown of Profit from Insurance Business

Higher profit from insurance business of S\$228.8m in Q2-14, net impact of:

- Lower operating profit*, as profit in the same quarter last year was boosted by a larger release of tax provisions in Singapore following greater clarity over treatment of specific items by the tax authorities
- Higher non-operating profit** of S\$72.2m mainly from unrealised mark-to-market gains brought about by rising long term interest rates and narrowing of credit and swap spreads



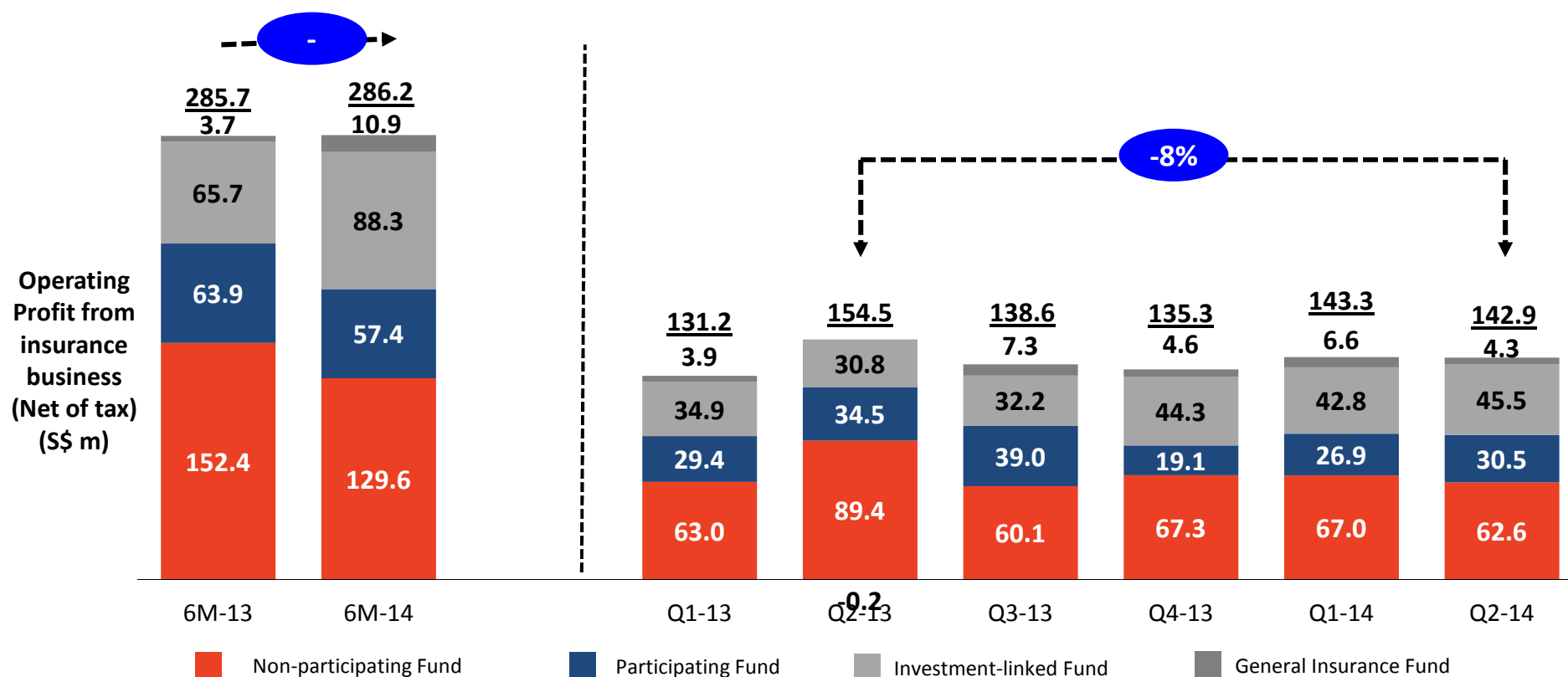
*Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc)

** 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

Operating Profit from Insurance Business – by Fund

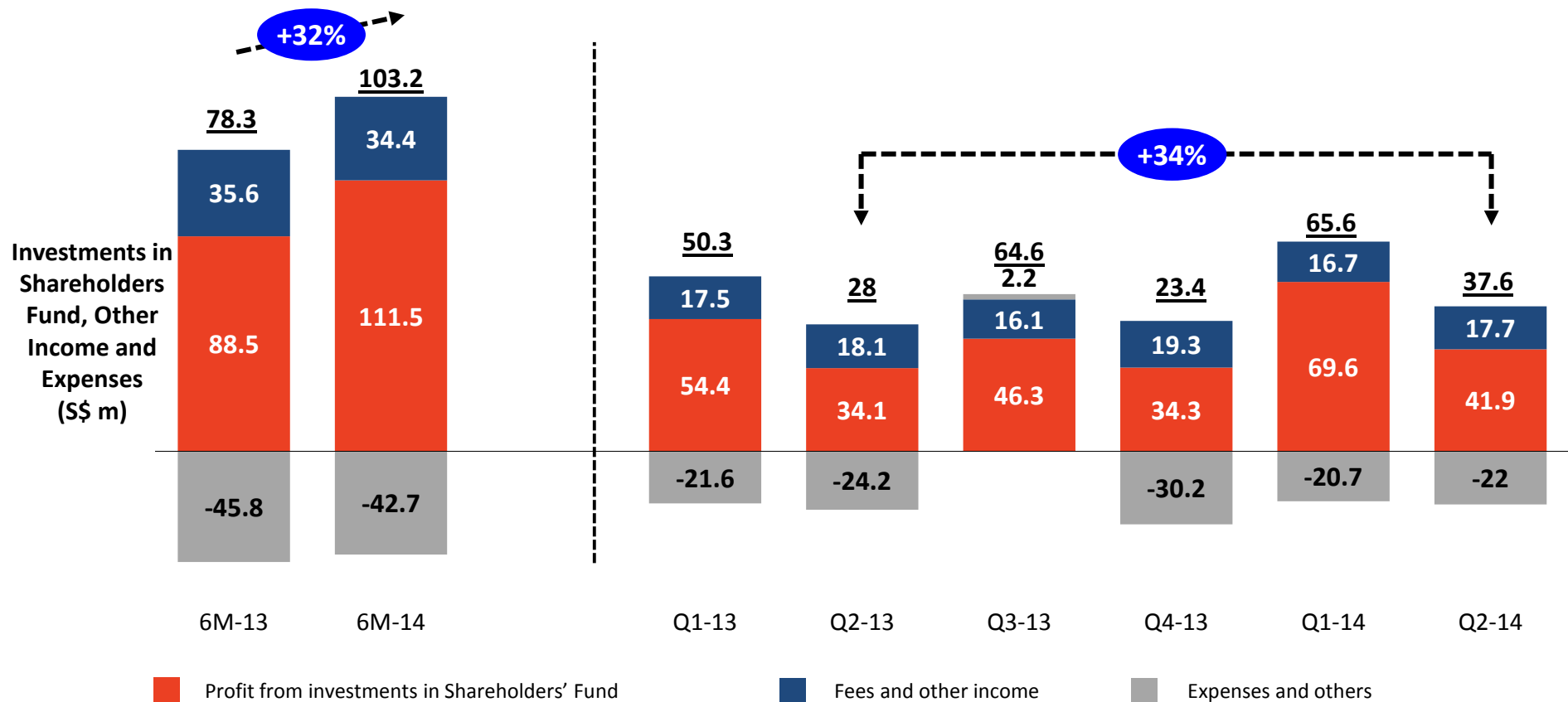
Q2-14 operating profit of S\$142.9m:

- Excluding the impact of tax provisions released, operating profit from Singapore Non-participating fund was higher than last year, driven by profits from a growing in-force business and a better product sales mix during the period
- Higher profit from the Investment-linked fund, driven by lower claims in Malaysia



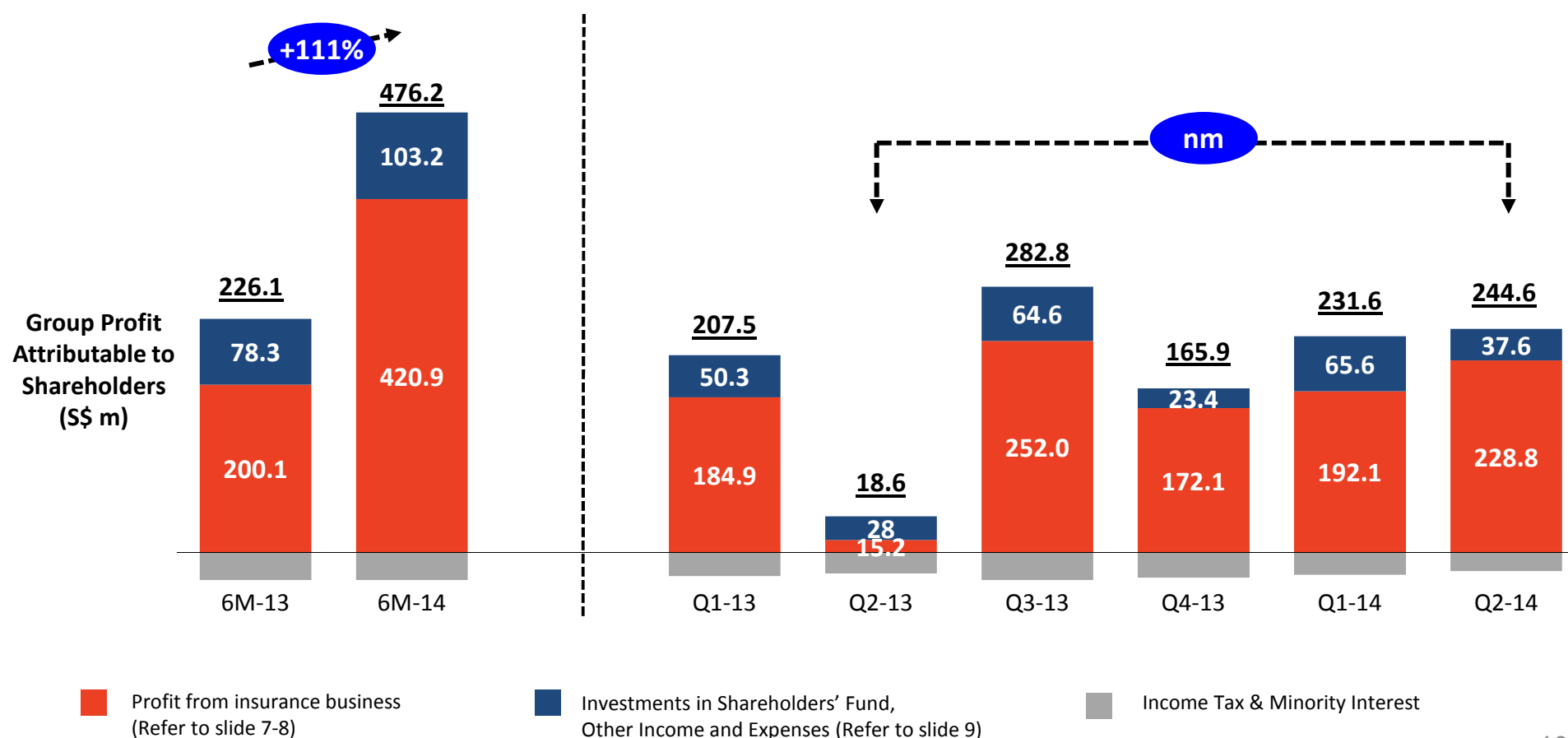
Investments in Shareholders' Fund, Other Income and Expenses

- Q2-14 profit from investments in Shareholders' Fund increased 34% to S\$37.6m, mainly brought about by higher dividend income and mark-to-market gains in held-for-trading instruments
- Expenses remained stable



Group Profit Attributable to Shareholders

- Q2-14 Group profit attributable to Shareholders of S\$244.6m, largely a result of the significantly higher unrealised mark-to-market gains from more favorable financial market conditions



Thank You