GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199903008M

RESPONSES TO QUERIES OF SECURITIES INVESTORS ASSOCIATION (SINGAPORE) OF 7 MARCH 2024

Great Eastern Holdings Limited ("**GEH**" or the "**Company**", and together with its subsidiaries, the "**Group**") refers to the letter from the Securities Investors Association (Singapore) ("**SIAS**") to the Board dated 7 March 2024 and has set out its responses to SIAS' queries in Annexure A.

Issued by
GREAT EASTERN HOLDINGS LIMITED

28 March 2024

ANNEXURE A

Q1: With SFRS(I) 17 Insurance Contracts replacing SFRS (I) 4 Insurance Contracts, can management clarify the primary impact areas of SFRS(I) 17 adoption on the P&L and the financial position? How has the embedded value been affected by SFRS(I) 17?

GEH's response:

The Group has applied SFRS (I) 17 Contracts from 1 January 2023, replacing SFRS (I) 4 Insurance Contracts. This accounting change impacts the timing of profit recognition and the initial shareholders' equity but has little to no impact on our business operations and strategies, earning prospects, capital adequacy, dividend-paying ability and embedded value framework.

Under SFRS (I) 4, profit from insurance contracts was recognised at two points: (1) new business profits which represent the difference between premium, expenses and reserves, are recognised immediately on the profit and loss statement; and (2) subsequent differences between actual and expected experiences. Under SFRS (I) 17, the new business profits are recognised in the Contract Service Margin (CSM) on balance sheet and released over the life of the insurance contract.

At transition, as at 1 January 2022, the Group's Shareholders Equity reduced by S$2.2 billion, or 22%, from S$10.0 billion to S$7.8 billion. NAV per share was reduced from S$21.19 to S$16.50 per GEH share.

In terms of financial strength, the Group's and its subsidiaries' Capital Adequacy Ratios are not affected by the new accounting standard as these are governed by the local regulatory capital frameworks in the respective countries.

Embedded value remains unaffected under the adoption of SFRS (I) 17 as it represents the estimated economic value of the insurance business based on the net present value of the projected future distributable profits to shareholders plus the NAV of the Group.

Q2: To evaluate the company's performance over recent years, can the company disclose the total shareholder return (TSR) trends over the past 3 years, 5 years, and since 2015 (which also roughly correlates with the tenure of the current Group CEO)?

GEH's response:

Period	TSR (% p.a.)
Since 31 Dec 2020 (past 3+ years)	0.66%
Since 31 Dec 2018 (past 5+ years)	-2.47%
Since 31 Dec 2015 (past 8+ years)	1.79%

Since 31 Dec 2013 (past 10+ years)	3.15%

Note: TSR is calculated against the closing share price as at 26 March 2024.

Q3: Has the board benchmarked the company's performance against peer insurance companies?

GEH's response:

The Board is kept abreast of business performance and key developments of other insurance companies in the region and of prevailing industry trends. Statistics of our market share in our core markets are provided to the Board on a regular basis.

Q4: What are the key performance criteria used in the formal assessment of the board, including the weightages assigned to TSR and return on equity?

GEH's response:

Please refer to our response to Q5.

Q5: Similarly, how are TSR and embedded value factored into the performance assessment of the Group CEO and key senior management executives, and what are their respective weightages?

GEH's response:

The Board has an annual performance evaluation process, carried out by the Nominating Committee, to assess the effectiveness of the Board, Board Committees and each Director's contributions. The evaluation covers areas such as competency and independence, information quality and timeliness, conduct of meetings, sustainability and corporate social responsibility, managing the Company's performance, succession planning, Directors' development, internal controls and risk management, culture and conduct, and Board Committees.

Additionally, an external party is engaged after every three years to facilitate the Board evaluation process and to provide the Board with an independent perspective of the Board's performance, including benchmarks against peer boards and industry best practices.

The evaluation of individual Directors focuses on competency and independence, as well as contributions, integrity, knowledge and abilities, among other factors.

Similarly, for the senior management team, they are assessed based on competency and contributions, including relevant operating and financial metrics of each senior management executive's area of responsibility, as well as the progress made against the Group's overall strategy. Profitability, value of new businesses and return on equity are amongst the performance criteria which the Board would take into consideration in assessing management's performance holistically.

More details can be found in our Corporate Governance Report in the Annual Report.

Q6: In FY2022, the Group CEO received $1.9 million in bonuses and $1.4 million in long-term incentives, out of the total remuneration package of $4.9 million. As detailed in the footnote, long term incentives are the fair value of share options under the OCBC Share Option Scheme 2001, award of deferred shares under the OCBC Deferred Share Plan and long-term incentive take-out. Can the remuneration committee disclose the total value of OCBC shares and OCBC share options received by the Group CEO since his appointment in November 2015?

GEH's response:

The details are as follows:

Annual Report for financial year	Page of Annual Report	Long-term incentives* ($'000)
2015	page 50	-
2016	page 59	1,180
2017	page 81	2,522
2018	page 94	2,750
2019	page 87	992
2020	page 96	1,203
2021	page 77	1,198
2022	page 76	1,422

* Represents value of the award of deferred shares (OCBC shares) and/or long term incentive take out. Long term incentives prior to 2019 also included the award of OCBC share options which practice has stopped since 2019.

Q7: The chart below shows the share price trends of the company and of OCBC over the past 10 years. Considering the significant divergence observed in share prices between Great Eastern and OCBC over the past three years, does the board view this as an area of concern?

GEH's response:

Share price is a function of market forces which are affected by multiple factors, many of which are not within the Company's control.

Management continues to grow the Group's businesses and improve their operational and financial performance. Management also takes steps to strengthen capital management, improve dividend payout and its consistency, and increase investor relations activities, with a view to enhance market recognition of the valuation of Great Eastern's shares.

While the GEH Group is a significant part of the OCBC group, the larger part of the OCBC group's business is in banking. The Board is not in a position to comment on the share price trend of OCBC or of any other banking groups.

Q8: Is the board actively exploring measures to strengthen the group's remuneration and incentive practices, particularly regarding the allocation of OCBC shares to the Group CEO, considering his role primarily focuses only on the overall strategic direction and business growth of the Great Eastern Group?

GEH's response:

The GEH Group's remuneration and incentive practices are periodically assessed as part of the reviews of the overall remuneration framework by the Board Remuneration Committee. The Group CEO's total compensation takes into account both market competitiveness and benchmarks, as well as GCEO's performance which include the Group's overall operational and financial performance as well as the fulfilment of his other key performance indicators.