Great Eastern
Life is Great
A member of the OCBC Group

GREAT STARTS SMALL

GREAT EASTERN HOLDINGS LIMITED
ANNUAL REPORT 2013

Great starts small. As a LIFE company, Great Eastern champions small changes which change life for the better.

Life's big picture is made up of many small choices we make which shape and transform our journey in life.

At Great Eastern, every day, in many ways, we encourage the people who matter most to us – our valued customers, employees, distribution representatives, partners and other stakeholders – to take small steps to Live Great and enrich the lives of others.

OUR MISSION

To make life great by providing financial security, and promoting good health and meaningful relationships.

OUR VISION

To be the leading financial service provider in Asia, recognised for our excellence.

OUR CORE VALUES

- Integrity
- Initiative
- Involvement

ETHOS

Great Eastern is always acting in the best interests of our customers with Fair Dealing as the basis of our business.

KEY FIGURES

Performance Highlights FY2013

S$675 million
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

S$7,978 million
GROSS PREMIUMS

S$60,911 million
TOTAL ASSETS

GREAT IS GOING THE EXTRA MILE FOR OUR CUSTOMERS AND BEING RECOGNISED FOR IT

Great Eastern is honoured to be named **Life Insurance Company of the Year 2013** by Asia Insurance Review.

S$5,077 million
SHAREHOLDERS' FUND

55[1] cents
DISTRIBUTION PER SHARE

S$423 million
ECONOMIC VALUE OF ONE YEAR'S NEW BUSINESS

S$9,214 million
EMBEDDED VALUE

S$8,435[2] million
MARKET CAPITALISATION

(1) This includes the interim tax exempt (one-tier) dividend of 10 cents per ordinary share and a final tax exempt (one-tier) dividend of 40 cents per ordinary share and a special tax exempt (one-tier) dividend of 5 cents per ordinary share.

(2) This is calculated using Shares Outstanding of 473,319,069 shares and last traded price in FY2013 of $17.82 (31 December 2013).

GREAT
STARTS WITH A PROMISE

Great things are done by a series of small things brought together.

• Vincent Van Gogh •

Often times, relationships and partnerships are built on simple promises. As a LIFE company, we are committed to helping our customers Live Great in many ways so that they can enjoy moments that matter. We champion little changes which change life for the better. We provide solutions to secure our customers' financial future as well as offer programmes and tools to promote healthy living and wellness. These small efforts contribute to the larger picture that is our promise to help our customers live healthier, better and longer so that they can make the most of life.

GREAT
BEGINS WITH ME

I long to accomplish a great and noble task but it is my chief duty to accomplish small tasks as if they were great and noble.

• Helen Keller •

People are what makes an organisation great, which is why we value and recognise our employees and distribution representatives as our greatest assets. We value talent, and aspire to bring out the best in our people. In doing so, we continue to create a holistic and nurturing environment that motivates them to realise their fullest potential and become the best that they can be. This spurs them to perform every task, whether big or small, with care and dedication, knowing that their actions will impact the lives of our customers.

GREAT
IS GOING THE EXTRA MILE

Great acts are made up of small deeds.

• Lao Tzu •

A small act of kindness can make a great difference. Be it befriending the elderly or simply lending a helping hand to children in need, we believe in every small act that gives back to the communities we live in. We believe life is truly greater when we make someone else's life better. By walking our talk with every small deed, we hope to inspire others to go the extra mile for the good and betterment of society.

CHAIRMAN'S STATEMENT

The disciplined execution of our strategies and our concerted focus on customers enabled us to build on our growth momentum from the previous year.

FANG AI LIAN
Chairman

On behalf of the Board of Directors, I am pleased to report that we registered another year of good growth for the business, despite an increasingly competitive environment in the markets that we operate in.

For the first time, total weighted new sales for the Group crossed the billion-dollar mark, driven primarily by higher sales across all channels in Singapore and the continued strong showing of conventional and takaful business in Malaysia.

Our overall performance underscores the solid fundamentals of our business and our strong customer franchise in our key markets of Singapore and Malaysia, as well as our growing franchise in Indonesia.

The disciplined execution of our strategies and our concerted focus on customers enabled us to build on our growth momentum from the previous year.

We closed the year strongly and maintained our position as the leading insurer in Singapore and Malaysia. In Singapore, for a record 13th year, we occupied the pole position in bancassurance as we continued our highly successful collaboration with our parent company, OCBC Bank.

New dimensions were added to our Live Great programme and innovative products introduced to meet our customers' evolving and varied protection and investment needs.

Central to our customer-centric culture is our belief in making insurance more meaningful, simpler to understand and seamless. During the year, our efforts and initiatives were firmly focused on achieving that, guided by our core values of integrity, initiative and involvement.

We made good strides in growing our multi-channel distribution network while our strategic partnership with OCBC Bank in our various markets continued to yield positive results. On the takaful front, we forged new partnerships with one of Malaysia's largest Islamic banks and other financial institutions which boosted our market position and widened our customer base.

To deepen our engagement with customers and reach out to the digitally-savvy, we further developed our digital capabilities. We engaged the public across a wide spectrum of social media channels, not only around their financial planning needs but also their health and wellness aspirations.

In our markets, regulations continue to tighten, with the push for enhanced professionalism, fair dealing and tighter personal data protection practices. In anticipation of these regulations which will come into full force in 2014, we introduced robust systems and processes as well as training to equip our people with the necessary knowledge and tools.

We remain committed to the highest standards of corporate governance. Our sound financial position, strong capital and prudent approach to business risk management are reflected in our 'AA-' credit rating by Standard & Poor's for the fourth consecutive year, one of the highest ratings for a life insurer in Asia-Pacific.

FINANCIAL PERFORMANCE

The Group reported full-year 2013 net profit attributable to shareholders of S$674.8 million compared with S$1,189.1 million in 2012. Excluding the one-off gain of S$421.6 million from the sale of the Group's shareholdings in Asia Pacific Breweries Limited and Fraser and Neave, Limited in 2012, net profit decreased by 12%, mainly as a result of unrealised mark-to-market losses arising from less favourable financial market conditions.

As another step towards improving transparency and investor understanding of our business, we are disclosing the split between operating and non-operating profit from insurance business for the first time so that investors will have a better appreciation of the earnings arising from our underlying insurance business.

In 2013, operating profit from insurance business rose 12% year-on-year to S$559.6 million as a result of better performance across the Group's life assurance funds. Total weighted new sales for the Group rose 27% to S$1,043.0 million in 2013 compared with S$823.3 million in 2012 and New Business Embedded Value (NBEV), a measure of the Group's long-term economic profitability, was S$422.7 million in 2013, a 22% increase from S$347.1 million in the previous year.

The Group's total assets increased from S$59.7 billion as at 31 December 2012 to S$60.9 billion as at 31 December 2013.

The Group continued to be well capitalised. Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain well above the minimum regulatory ratios of 120% and 130% in Singapore and Malaysia respectively, reflecting the strong capital position of the Group.

DIVIDENDS

The Directors have recommended, for Shareholders' approval at the Annual General Meeting, the payment of a final tax exempt (one-tier) dividend of 40 cents plus a special tax exempt (one-tier) dividend of 5 cents per ordinary share. Upon approval, the final and special dividends will be payable on 8 May 2014. Including the interim tax exempt (one-tier) dividend of 10 cents paid in September 2013, total dividends for the financial year 2013 will be 55 cents per ordinary share.

REGULATORY DEVELOPMENTS

In Singapore, to comply with the Personal Data Protection Act, which also provides for the establishment of a national Do Not Call (DNC) Registry, we established a Data Protection Governance Office to actively manage and closely oversee these areas.

During the year, the Financial Advisory Industry Review (FAIR), set up by the Monetary Authority of Singapore, announced recommendations to raise the standards and professionalism of the financial advisory industry and enhance the market efficiency for the distribution of life insurance and investment products in Singapore. These recommendations will be implemented in stages from mid-2014 to January 2015.

In Malaysia, Bank Negara recently completed its initial public consultation on the concept paper on life insurance and the family takaful framework.

We are fully supportive of measures taken to enhance industry standards and safeguard customers' interests, and will work closely with the authorities and industry associations in Singapore and Malaysia on the execution and effective implementation of the initiatives.

New guidelines were also announced in Singapore for MediShield, Technology Risk Management and Risk-based Capital 2 Review, to name a few. We have taken proactive steps to comply with these new requirements.

CARING FOR OUR COMMUNITY

As a LIFE company, we believe in being a force for good in the communities in which we operate and making a positive difference. We are committed to fostering the spirit of volunteerism across the Group as well as raising funds for the underprivileged.

In Singapore, the Great Eastern team was the largest corporate contingent at the National Kidney Foundation Sit-A-Thon held to promote awareness of the plight of kidney patients. We donated three kidney dialysis machines to the Foundation as our way of giving 'life' back to the community. We also made use of our social media platforms to raise awareness for worthy causes. Our inaugural #liveGreat for a cause initiative raised S$20,000 for children with special needs in less than two months.

In Malaysia, we contributed cash rewards to 500 needy children for their academic excellence under the Aspirasi Gemilang 'A' Programme, while in Vietnam, the public benefit daily from our well-equipped outdoor fitness spaces in selected parks in Ho Chi Minh City.

Across our markets, we continued to support education for needy students through scholarships and bursaries.

ACCOLADES

During the year, the Group garnered a good number of accolades and awards, chief of which was the prestigious Life Insurance Company of the Year 2013 Award at the 17th Asia Insurance Industry Awards.

Great Eastern was ranked among the top 10 most valuable brands by Brand Finance. We topped the corporate reputation rankings in a survey by Reputation Management Associates as well as the Life and Health categories in the Customer Satisfaction Index of Singapore 2012 Survey. In the inaugural Loyalty and Engagement Awards, we garnered five accolades, including Brand of the Year.

In Malaysia, we won the Reader's Digest Trusted Brand Gold Award for the 10th consecutive year. Our Singapore business also received similar recognition. We were also named the Private Health Insurance Provider of the Year at the 2013 Frost & Sullivan Malaysia Excellence Awards.

For the third year running, Great Eastern Takaful Berhad captured the Best Takaful Operator (Asia) Award at the Islamic Business & Finance Awards in Dubai.

LOOKING AHEAD

While the global economic outlook is expected to improve, the Group's non-operating performance may be impacted by volatility in the financial markets, which may be brought about by factors such as the tapering of the US Federal Reserve's quantitative easing programmes and possible risks of contagion from events in emerging markets.

Nonetheless, Asia remains an attractive region. The prospects for insurance business in Southeast Asia, with its population of 600 million, rising affluence, a growing middle class and ageing populace, remain bright. We are optimistic of our business in the markets we operate in.

Competition in these markets is expected to intensify as more insurers are keen to tap into the growth opportunities in the region. At the same time, changing demographic trends and the growing use of technology as well as changes in the regulatory environment and the provision of healthcare will reshape the insurance landscape.

To stay ahead, we will need to be nimble and proactive, and respond speedily.

A key focus will be to take advantage of our strong capabilities in data analytics to capture our consumers' evolving needs and to provide innovative products to a new generation of customers.

Our close collaboration and synergistic partnership with OCBC Bank will continue to be an important enabler to broaden our reach to serve new market segments in the region.

Our Live Great programme will remain a key differentiator. We will continue to strengthen our digital and IT capabilities to deliver greater value and a superior experience for our customers.

High on our agenda will also include providing further training for our distribution force to raise advisory and competency standards so that we can better serve our customers and protect their interests.

Priority will also be placed on investing in people development and tap recruitment and retention of talent to drive growth. It is important to build on our legacy and strong corporate culture as these are crucial to our long-term success.

Across the Group, we will optimise synergies, maximise operational efficiency, manage costs efficiently and adhere to good governance.

Taking into account these factors, coupled with our strong balance sheet and robust fundamentals, we are well-placed to grow our business as we strive to create and deliver long-term value for our shareholders.

ACKNOWLEDGEMENTS

We recognise that our success depends largely on the contributions of every member of the Great Eastern family. I would like to express my appreciation to the Board of Directors for their guidance and wise counsel. It has been a privilege for me to have served on the Board of Great Eastern as Chairman for the past six years. During this time, the Group recorded strong financial growth, enhanced its capital management and risk management practices, expanded our regional footprint and increased returns to our shareholders. The Group has also strengthened the Great Eastern brand, grown its franchise and maintained its market-leading position in Singapore and Malaysia. Great Eastern is well-placed to seize new opportunities and face all challenges.

Under Article 91 of Great Eastern Holdings' Articles of Association, I will be retiring by rotation at the forthcoming Annual General Meeting and I have decided not to seek re-election. Mr Norman Ip, who has been on the Board since 2010, will take over as the Chairman of the Great Eastern Group. Mr Norman Ip has over 32 years of experience in business, management, investment and finance, and also holds other major board appointments. I congratulate him on his appointment and wish him and the Group every success in its next phase of growth.

My heartfelt thanks also go to our management team and staff for their dedication and for always going the extra mile to deliver the Great Eastern experience. Special thanks also go to our partners – the agency and bancassurance sales force and Great Eastern Financial Advisers – the Union and other stakeholders for their unwavering support.

Above all, I would like to express my sincere gratitude to our valued shareholders and loyal customers for their continued confidence and trust.

FANG AI LIAN (MRS)
Chairman
21 March 2014

As industry dynamics change, the future belongs to insurers who are able to find new ways to engage with consumers, design products that meet their changing needs and evoke a sense of trust through strong professional advisory capabilities.

CHRISTOPHER WEI
Group Chief Executive Officer

Can a butterfly flapping its wings in South America cause a hurricane in New York? Commonly termed the 'butterfly effect', this unlikely scenario is often used to describe a phenomenon where a small change in circumstances can cause a large change in outcome. This proverbial butterfly also presents an ideal analogy of our efforts in encouraging customers to Live Great, acknowledging that the journey to a better life indeed starts from the smallest of steps.

In 2013, we took many small steps as we continued our evolution as a LIFE company. Entering the second year of our Live Great integrated health and wellness programme, we made further progress in aligning our engagement platforms, products and distribution capabilities towards the simple goal of helping customers live healthier, better and longer. We believe that as we continue to champion these little changes that have the potential to impact our customers in a big way, we will be rewarded with greater customer loyalty and shareholder value.

The efforts have begun to bear fruit as we won an unprecedented number of accolades that reaffirmed customers' satisfaction in us, our brand was accorded higher value and we were recognised for our novel approach towards engaging customers. This has flowed through to our business performance, where we are seeing an increase in the activity and productivity of our distribution force across markets.

ANOTHER STRONG OPERATING PERFORMANCE

With this, I would like to present the Group's 2013 financial results. For the full year, the Group recorded net profit of S$674.8 million. Excluding the one-off disposal gain from the sale of stakes in Asia Pacific Breweries and Fraser & Neave, Limited in 2012, 2013 net profit was 12% lower year-on-year because of unrealised mark-to-market losses from the valuation of assets and liabilities as financial market conditions differed between the two periods.

Fair value reporting of both assets and liabilities at the end of each financial period exposes us to unrealised mark-to-market impact arising from market movements and changes in liability discount rates. As such, we made the decision to segregate out fair value changes in the assets and liabilities arising from movements in global financial markets and other non-recurring items into non-operating profit from insurance business, so that the additional disclosure of operating profit can provide investors a better reflection of our underlying insurance business. We believe this has enhanced transparency and overall understanding of Great Eastern's business.

On this basis, I am happy to report that our 2013 operating profit rose 12% year-on-year to S$559.6 million as a result of better performance across all our life assurance funds. On the sales front, having broken a number of quarterly sales records, we saw sales for the full year cross the billion-dollar mark for the first time from growth across markets. In addition, we recorded a steady rise in New Business Embedded Value, a measure of the Group's long-term economic profitability, as we continue to optimise our distribution channel and product mix.

CHANGING FACE OF INSURANCE

That said, the increasing importance of insurance in supporting an individual's health and retirement needs, has prompted governments worldwide to place greater scrutiny on insurers to ensure that the interests of consumers are well protected. Recommendations put forth by the Financial Advisory Industry Review Committee will soon be implemented in Singapore, while Malaysia is set to follow suit with its recently issued Life Insurance & Family Takaful Framework Concept Paper.

These developments do call for a rethink of how insurers engage and interact with consumers. As industry dynamics change, the future belongs to insurers who are able to find new ways to engage with consumers, design products that meet their changing needs and evoke a sense of trust through strong professional advisory capabilities.

ENGAGING CUSTOMERS WITH LIVE GREAT

Having started in Singapore and Malaysia, we have since extended our landmark Live Great programme to our emerging markets where it has proven to be just as popular amongst customers keen to improve their lives. The programme has evolved into one that takes a holistic approach to helping our customers Live Great, anchored on a broader definition of health and wellness.

Over the past year, Great Eastern has pioneered a number of new initiatives. This includes the formation of the Live Great Advisory Council, made up of a renowned local academic institution, along with industry experts in the health and wellness field. The Council plays a pivotal role in providing expert best-in-class advice to Great Eastern and helping us identify health and wellness trends, as well as develop programmes for our customers to aid them in their journey to better health.

Efforts were also made to expand the array of content on our Live Great portal, including the creation of the Live Great Guides, a series of handy booklets aimed at delivering sound and practical advice on a variety of topics, from preparing for a baby to dealing with diabetes. Our digital footprint has been further extended with the launch of a second Live Great Health & Wellness App, as well as establishing a presence on Instagram and Twitter. In addition, our Facebook followership across the region has grown by more than 100% to over 250,000 likes.

For corporate customers in Singapore, Malaysia and Indonesia, Great Eastern launched its Group Life programme, the first of its kind integrated employee health incentive benefits programme. The programme encourages employees to take steps to improve their health and well-being on a collective basis by rewarding them with LIFE points. The LIFE points can be used to purchase products and services from participating Live Great merchants, purchase insurance policies from Great Eastern or pay for medical, dental and optical services for themselves or their immediate family members.

We are encouraged by the success the Live Great programme has achieved thus far and are ramping up our efforts in 2014 to deepen these customer touch points even further, while developing new and cutting edge approaches to promote health and wellness.

EVOLVING TO MEET CUSTOMER NEEDS

With Asia's demographics shifting rapidly, there is a greater need for insurers to keep abreast with the needs and expectations of consumers when designing today's products. This was the primary motivation behind our setting up of the imaGEnation Studio in 2012. Through the work done at the Studio, we have been able to obtain new insights into our customers' lives, providing an opportunity to re-imagine and re-design the insurance experience so that it can be more meaningful for our customers.

Taking the lead in product innovation, we have launched 'Live Great Healthy Rewards' where customers are directly rewarded for their efforts to stay healthy. *Supreme Term* policyholders who attain a good Live Great Health Assessment score will be rewarded with cash rewards for keeping healthy. This has been replicated in Malaysia with the introduction of *Smart Premier Health*, a comprehensive product that rewards customers for staying healthy by both reducing premiums and enhancing annual coverage.

Other product breakthroughs include *PayAssure*, the first plan in Asia to provide a simplified definition on occupational disability. Knowing the importance of education in the Asian context, we also launched *Great EduScholar* in Malaysia. Going beyond traditional education plans, the plan incorporates unique features like internship opportunities and scholarships if the child is accepted into any of the top five universities in the world.

Further inroads were made in penetrating the affluent market, as we launched *Prestige Life Gold*, a single premium whole life plan that fulfils the legacy planning, estate creation, estate distribution and retirement planning needs of our growing group of affluent customers. We also successfully launched *Great Premier Wealth*, an endowment plan that offers generous yearly survival benefits in Malaysia, as well as G*reat Life Heritage*, a USD-denominated Universal Life product in Indonesia, to increase our penetration into Asia's fast growing affluent population.

ENHANCING DISTRIBUTION CAPABILITIES

Besides product innovation, we recognise the importance of enhancing our distribution capabilities to meet the growing demands of our customers. As such, we are investing in systems and processes to improve customer experience, while building up our distribution channels.

On the technological front, Great Eastern has made significant enhancements to its financial planning and point of sale systems. Our revamped financial planning system allows customers to map out their life goals in a creative and stylistically beautiful manner. In addition, the enhanced functionalities of our new point of sale system will provide our clients with a seamless financial planning experience from needs analysis, quotations and product illustrations to policy purchase. Together, these enhancements allow us to further improve efficiency, provide greater mobility and productivity for our life planners whilst delivering a superior customer experience.

Our takaful business in Malaysia made strides in reinforcing its distribution network over the past year. Besides stepping up recruitment of its agency force, we established an alternative business channel for generating prospects via affiliate businesses. Furthermore, we welcomed new channel tie-ups with one of the nation's largest Islamic banks and other financial institutions, which helped boost our market standing.

Greater collaboration with our parent, OCBC Bank, remains a priority given the many untapped opportunities available. One area that benefited from the closer working relationship has been our General Insurance business, which was able to tap into the Bank's vast customer base to boost sales of Travel Insurance and other Personal Lines. We are also looking to strengthen our collaboration in the area of customer analytics and this will allow us to better position our products and distribution force.

EARNING THE CONSUMER'S TRUST

Having put in place products that match consumers' varied needs and strengthening our delivery systems, another core tenet of our operating philosophy is to build the most trusted and professional advisory capability. As such, we continue to devote sizable resources towards training and upgrading of our sales force.

In Malaysia, we instituted our agency transformation plan which involved a major upgrade of training facilities, new training curriculum and agency support services. Through this strategic plan, we hope to better recruit and retain talents, as well as enhance the professionalism of our advisors and improve their productivity. We also extended our Centre for Excellence concept into Indonesia, which now boasts a qualified team to provide best-in-class training to our growing distribution force.

In addition, we are in the midst of forming Great Eastern Financial Advisers Premier Client Group (PCG) to meet the specialised needs of affluent customers in Singapore. To prepare them, PCG representatives are being put through customised training programmes that will instil deeper and broader product knowledge and sharpen their advisory skills. Furthermore, PCG representatives will be able to work closely with OCBC Wealth Specialists, offering clients the chance to benefit from both professional insurance and wealth management advice.

LOOKING AHEAD TO 2014

The efforts of Great Eastern over the last year and its wide geographic reach have laid the foundation for us to tap Southeast Asia's favourable demographics in 2014. Indeed, rising per capita incomes, aging populations, fast emerging middle class, coupled with a low level of insurance penetration and rising healthcare costs, are perfect conditions for the insurance industry to flourish.

For Singapore, we are optimistic about the retirement space and plan to launch products that match the specific needs of customers. We are also seeing more opportunities for our medical and protection products, given the increasing affluence, longer life expectancy as well as concerns over rising medical costs in Singapore. In Malaysia, the increasing number of working adults provides us an avenue to extend our market lead in Investment-linked products, while relatively low penetration rate of the Muslim segment presents opportunity for our takaful business to expand into. The continued strength of these markets grants us the flexibility to expand into burgeoning market spaces.

For our emerging markets, we are focused on replicating our success in Singapore and Malaysia by building a full-time professional agency force to tap into their under-insured and increasingly affluent populace. OCBC's wide footprint across the markets we operate in also represents potentially lucrative areas for growth, especially Bank OCBC NISP's wide network of about 330 branches and offices across Indonesia. We also celebrated the opening of a Myanmar representative office in March 2014, which will serve as an outpost for knowledge sharing amongst the local operators and education efforts to raise awareness of the importance of insurance. While the country's low insurance penetration rate presents strong potential, the industry is still in its infancy and until foreign equity participation is allowed, we will continue to watch developments in that market.

That said, we are mindful of the challenges posed by upcoming regulatory developments and increasingly intense competition. However, we believe that by maintaining a disciplined approach towards building a strong product suite, distribution capability and quality sales force, as well as creating a unique customer experience through the Live Great programme, our business model will ultimately differentiate us from the competition and deliver sustainable value for all stakeholders.

IN APPRECIATION

In closing, I would like to extend my appreciation to all the management, colleagues and staff whose hard work has been instrumental in helping us rise above the challenging environment to post a strong set of operating results. On behalf of management, I would also like to thank our Chairman Mrs Fang Ai Lian and the Board of Directors for another year of strategic leadership and guidance. Finally, I wish to express my thanks to our sales force, business partners and shareholders who have supported Great Eastern as we continue our evolution into a LIFE company. Our award for Life Insurance Company of the Year at Asia Insurance Review's 17th Asia Insurance Industry Awards is truly a testament to all your effort and support this year.

CHRISTOPHER WEI
Group Chief Executive Officer
21 March 2014

BOARD OF DIRECTORS

1 FANG AI LIAN
CHAIRMAN

Mrs Fang was first appointed to the Board of Great Eastern Holdings Limited (the "Company") on 1 April 2008 as a non-executive Director and was appointed as Chairman of the Company upon her re-appointment as a Director on 15 April 2008. She was last re-elected as the Company's Director on 18 April 2012. She was appointed Chairman of the Company's principal insurance subsidiaries, namely, The Great Eastern Life Assurance Company Limited ("Great Eastern Life") and The Overseas Assurance Corporation Limited ("OAC") on 15 April 2008, and Great Eastern Life Assurance (Malaysia) Berhad ("GELM") and Overseas Assurance Corporation (Malaysia) Berhad ("OACM") on 3 June 2008. She also serves as a Director in several companies, including Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Banyan Tree Holdings Limited, Singapore Telecommunications Limited, Metro Holdings Limited and MediaCorp Pte Ltd. She is the Chairman of the Singapore Business Federation's Board of Trustees and a Member of the Singapore University of Technology and Design's Board of Trustees. She was previously a Member of the Governing Board of Duke-NUS Graduate Medical School of Singapore (until 1 January 2012). Mrs Fang was formerly Chairman of Ernst & Young, from which she retired after a 34-year career.

Mrs Fang is a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore and a Member of the Malaysian Institute of Certified Public Accountants.

2 CHRISTOPHER WEI
GROUP CHIEF EXECUTIVE OFFICER

Mr Wei was appointed to the Company's Board on 10 February 2011 upon his appointment as the Group Chief Executive Officer of the Company, Great Eastern Life and OAC with effect from 10 February 2011. He was last re-elected as the Company's Director on 14 April 2011. He is also a Director of its subsidiaries including Great Eastern Life, OAC, GELM, OACM, Great Eastern Financial Advisers Private Limited and Deputy Chairman of the Company's asset management subsidiary, Lion Global Investors Limited. Mr Wei is also a Director of Singapore Reinsurance Corporation Ltd.

Since joining the Company, Mr Wei has set new strategic directions for the Great Eastern Group and refreshed the Company's customer value proposition and brand ambition to be a LIFE company. He is a staunch champion of Great Eastern's Live Great Programme which helps customers live a healthy lifestyle and has been instrumental in spearheading the Company's foray into the social media space. In addition, Mr Wei is committed to sustaining Great Eastern's track record in building the most trusted and professional advisory capability, and maximising the revenue and operational synergies with its parent, OCBC Bank.

Among his varied experience in the industry, Mr Wei was the Executive Vice President and Group Chief Marketing Officer of American International Assurance Company Limited. He also held the position of Chief Executive Officer at AIG United Guaranty Insurance (Asia) Limited in Hong Kong. His previous experience in the insurance industry included working at ING Canada Inc. and Allstate Insurance Company of Canada where he held various positions including Chief Risk Officer. Aside from risk management, Mr Wei also led the development of strategic planning, customer segmentation and data analytics capabilities for the companies he worked in.

Mr Wei graduated with a Bachelor of Science (Hons) from the University of Toronto in 1991 where he completed a specialist programme in actuarial science. He is an associate of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

3 CHEONG CHOONG KONG

Dr Cheong was first appointed to the Board of the Company on 7 January 2005 and was last re-appointed as the Company's Director on 17 April 2013. He was a Director of OAC until 1 January 2014 and Great Eastern Life until 15 April 2008. He is the Patron of the Movement for the Intellectually Disabled of Singapore, Chairman of OCBC Bank and a Board Director of OCBC Management Services Pte Ltd. He was formerly a Director of Singapore Press Holdings Limited (until 4 December 2007) and Singapore Airlines Limited until June 2003, where he last held the position of Deputy Chairman and Chief Executive Officer.

Dr Cheong holds a Bachelor of Science (First Class Honours in Mathematics) from the University of Adelaide and a Master of Science and Ph.D. in Mathematics and (Honorary) Doctor of Science from the Australian National University, Canberra.

4 NORMAN IP

Mr Ip was first appointed to the Board of the Company on 5 March 2010 and was last re-elected as the Company's Director on 17 April 2013. He is a Director of OAC. Mr Ip is the Chairman of WBL Corporation Limited and Malaysia Smelting Corporation Berhad. He is also a Director of United Engineers Limited, AIMS AMP Capital Industrial REIT Management Limited and UE E&C Ltd, and a Board Member of the Building and Construction Authority. He was previously a Director of Australia Oriental Minerals NL, a company listed on the Australian Securities Exchange (until 22 June 2011). He retired as the President and Group CEO and Executive Director of The Straits Trading Company Limited group of companies on 31 October 2009.

Mr Ip graduated with a BSc (Econs) from the London School of Economics and Political Science. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Certified Public Accountants of Singapore.

5 KOH BENG SENG

Mr Koh was appointed to the Board of the Company on 2 January 2008 and was last re-elected as the Company's Director on 18 April 2012. Mr Koh is the Chief Executive Officer of Octagon Advisors Pte Ltd. He is also a Director of Singapore Technologies Engineering Limited, BOC Hong Kong (Holdings) Limited, Bank of China (Hong Kong) Limited, Sing-Han International Financial Services Limited, Hon Sui Sen Endowment CLG Limited and United Engineers Limited. He was previously Deputy President of United Overseas Bank Ltd ("UOB") (until 31 January 2005) and a Director of UOB, Far Eastern Bank Ltd (until 15 February 2005), Japan Wealth Management Securities Inc. (until December 2011) and Fraser and Neave, Limited (until 26 February 2013). Mr Koh was previously, for 24 years until 1998 with the Monetary Authority of Singapore ("MAS"), his last appointment being Deputy Managing Director, Banking and Financial Institution Group. After he left MAS in 1998, he was an advisor to the International Monetary Fund (from 1998 to 2000) to reform Thailand's financial sector.

Mr Koh holds a Bachelor of Commerce (First Class Hons) from the former Nanyang University, Singapore, and a Master of Business Administration from Columbia University, USA.

6 LAW SONG KENG

Mr Law was first appointed to the Board of the Company on 1 January 2013 and was last re-elected as the Company's Director on 17 April 2013. He is Chairman of Asia Capital Reinsurance Group Pte Ltd and also a Director of IFS Capital Limited, ECICS Limited and ACR Capital Holdings Pte Ltd. Mr Law was previously Deputy Managing Director (Administration and Insurance) at the Monetary Authority of Singapore (until August 1992), Managing Director and Chief Executive Officer of OAC (until June 2003), a member of Central Provident Fund (until June 2012) and Director of Manulife (Singapore) Pte Ltd (until September 2012).

Mr Law holds a Bachelor of Science (First Class Honours in Mathematics) from the University of Singapore and a Master of Science (Actuarial Science) from the Northeastern University, USA. He is a Fellow of the Society of Actuaries, USA, and was awarded the Public Service Star (BBM) in 2001.

7 LEE CHIEN SHIH

Mr Lee was first appointed to the Board of the Company on 7 July 2005 and was last re-elected as the Company's Director on 17 April 2013. He was a Director of OAC until 1 January 2014 and Great Eastern Life until 15 April 2008. He is a Director of the Lee Rubber Group of companies, Lee Foundation and Bukit Sembawang Estates Limited.

Mr Lee holds a MBBS from the National University of Singapore.

8 TAN YAM PIN

Mr Tan was first appointed to the Board of the Company on 7 January 2005 and was last re-appointed as the Company's Director on 17 April 2013. He was a Director of Great Eastern Life and OAC until 1 January 2014. Mr Tan is also a Director of Singapore Post Limited, Keppel Land Limited and an Advisory Board Member of Leighton Asia Limited (Hong Kong). He has been a Member of the Singapore Public Service Commission since 1990. He was previously non-executive Chairman of Singapore Food Industries Limited (until April 2009), Chairman of Power Seraya Limited (until early March 2009) and Director of Blue Scope Steel Limited (Australia) (until 4 November 2013).

Mr Tan holds a Bachelor of Arts (Hons) from the University of Singapore and a Master of Business Administration from the University of British Columbia, Canada. He is a Fellow of the Canadian Institute of Chartered Accountants, Canada.

9 SAMUEL N TSIEN

Mr Tsien was first appointed to the Board of the Company on 15 April 2012 and was last re-elected as the Company's Director on 18 April 2012. He was a Director of OAC until 1 January 2014.

Mr Tsien is the Chief Executive Officer of OCBC Bank. He is the Chairman of OCBC Bank (China) Ltd and a Commissioner of PT Bank OCBC NISP Tbk. He is a Director of OCBC Bank, OCBC Bank (Malaysia) Bhd, OCBC Al-Amin Bank Bhd and Bank of Singapore. He is also Chairman of the Association of Banks in Singapore since June 2013 and is a Director of Mapletree Commercial Trust. He serves as a Member of the Malaysia-Singapore Business Council, the Advisory Committee of the MAS Financial Sector Development Fund, the Asian Pacific Bankers Club and The f-Next Council of Institute of Banking & Finance. Prior to joining OCBC Bank, Mr Tsien was the President and Chief Executive Officer of China Construction Bank (Asia), and prior to that President and Chief Executive Officer of Bank of America (Asia) from 1995 to 2006.

Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles (UCLA).

KEY EXECUTIVES

1 Tony Cheong
2 David Chiang Boon Kong
3 Yoon Mun Thim

4 Andrew Lee
5 Dr Khoo Kah Siang
6 Ho Ming Heng

1 Christopher Wei
2 Jennifer Wong Pakshong
3 Ng Yoh Thai
4 Ronnie Tan

5 Dato Koh Yaw Hui
6 Loo Boon Teik
7 Chin Wee Cheak

KEY EXECUTIVES

CHRISTOPHER WEI
GROUP CHIEF EXECUTIVE OFFICER
(Mr Wei's profile can be found on page 17 of this report.)

TONY CHEONG
GROUP CHIEF FINANCIAL OFFICER
With Great Eastern since 2009. Oversees the finance and actuarial functions of the Group. Also responsible for driving the Group's corporate strategy.

Qualifications: BSc (1st Class Hons) in Actuarial Science, London School of Economics & Political Science; Fellow of the Institute and Faculty of Actuaries, UK.

ANDREW LEE
GROUP CHIEF MARKETING AND DISTRIBUTION OFFICER
With Great Eastern since 2010 and OCBC Bank since October 1999. Responsible at the Group level for brand management, strategic marketing, product management and distribution management.

Qualifications: BSocial Science (Hons) in Economics, University of Singapore.

KHOO KAH SIANG (DR)
CHIEF EXECUTIVE OFFICER (SINGAPORE), THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED
With Great Eastern since 2006. Responsible for managing and growing the life, group and general insurance business, Net Profit After Tax and New Business Embedded Value for Great Eastern Life and Overseas Assurance Corporation in Singapore.

Qualifications: Ph.D Statistics, University of Kent, Canterbury, UK; Fellow of the Institute and Faculty of Actuaries, UK.

DATO KOH YAW HUI
CHIEF EXECUTIVE OFFICER, GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
With Great Eastern since 2002. Responsible for the operations and business growth, Net Profit After Tax and New Business Embedded Value for Great Eastern Life and Overseas Assurance Corporation in Malaysia.

Qualifications: BSocial Science (Hons) in Economics, Universiti Sains Malaysia; Fellow of Life Management Institute, USA; Registered Financial Planner (RFP); Shariah RFP.

YOON MUN THIM
GROUP CHIEF INVESTMENT OFFICER
With Great Eastern since 2009. Responsible for the formulation of the Group's investment strategies and management of all investments within the Group.

Qualifications: BArts and Master of Arts, University of Cambridge; Master of Business Administration (Distinction), Warwick Business School, University of Warwick; Chartered Financial Analyst.

HO MING HENG
MANAGING DIRECTOR, GROUP OPERATIONS
With Great Eastern since 2008. Responsible for managing the Group's operations, from the formulation and implementation of operations policy and strategy to alignment of processes as well as optimisation of synergies across the Group. Also oversees the Business Transformation Office.

Qualifications: BSc (1st Class Hons) in Engineering, King's College, London University, UK.

CHIN WEE CHEAK
HEAD, GROUP AUDIT
With Great Eastern since 2009 and the OCBC Group since 1999. Responsible for the independent and objective assessment of the Group's network of risk management, control and governance processes through internal audits.

Qualifications: BAccountancy (2nd Upper Class Hons), National University of Singapore.

JENNIFER WONG PAKSHONG
GROUP COMPANY SECRETARY AND GENERAL COUNSEL
With Great Eastern since 2009 and the Group since 1999. Oversees the corporate secretarial and legal functions of the Group.

Qualifications: LLB (Hons), University of Bristol (UK); LLM (with Merit), University College London; Degree of an Utter Barrister, Gray's Inn (UK); admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

RONNIE TAN
GROUP CHIEF RISK OFFICER
With Great Eastern since 2002. Responsible for the management of the various risks of the Group, including market, credit, liquidity, insurance, operational, technology and compliance risks.

Qualifications: BSc in Business Administration (Highest Distinction), University of Nebraska-Lincoln; Chartered Financial Analyst; Fellow of the Society of Actuaries; Member of The American Academy of Actuaries.

LOO BOON TEIK
GROUP ACTUARY
With Great Eastern since 2009. Assists the Group Chief Financial Officer to oversee the actuarial function of the Group.

Qualifications: BSc (1st Class Hons) in Actuarial Science, London School of Economics & Political Science; Fellow of the Institute and Faculty of Actuaries, UK.

DAVID CHIANG BOON KONG
MANAGING DIRECTOR, GROUP HUMAN CAPITAL
With Great Eastern since 1997. Responsible for the change programmes and development of human capital within the Group.

Qualifications: BBA (1st Class Hons), National University of Singapore.

NG YOH THAI
MANAGING DIRECTOR, GROUP INFORMATION TECHNOLOGY
With Great Eastern since December 2013 and OCBC Bank since 2003. Responsible at the Group level for all areas within IT – from IT strategy formulation to delivery of optimal technology services to the Group.

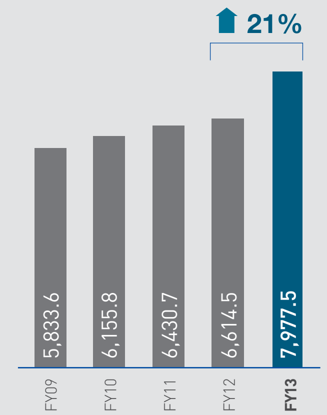
Qualifications: BSc (Hons) in Computer Science and Master of Science in Computer Science, University of Manitoba, Canada.

FINANCIAL HIGHLIGHTS

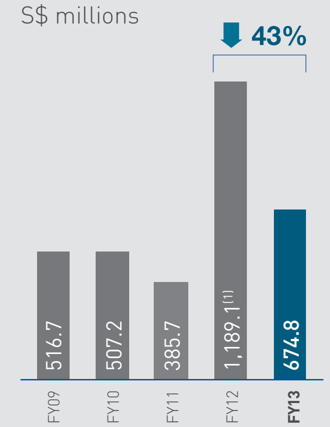
Financial year ended 31 December		2013	2012	2011	2010	2009
GROUP STATISTICS						
Gross Premiums	(S$millions)	**7,977.5**	6,614.5	6,430.7	6,155.8	5,833.6
Profit Attributable to Shareholders	(S$millions)	**674.8**	1,189.1[1]	385.7	507.2	516.7
Total Assets	(S$millions)	**60,910.6**	59,701.0	55,602.6	53,373.0	48,531.2
Shareholders' Fund	(S$millions)	**5,076.9**	4,797.0	3,912.3	4,024.0	3,566.3
Stock Exchange Prices[2]	(S$)	**17.82**	15.66	12.60	15.62	13.54
Market Capitalisation[2]	(S$millions)	**8,434.5**	7,412.2	5,963.8	7,393.2	6,408.7
Embedded Value	(S$millions)	**9,213.7**	8,604.8	7,465.3	7,074.9	6,232.1
Economic Value of One Year's New Business	(S$millions)	**422.7**	352.7	364.8	304.9	234.6
GROUP FINANCIAL RATIOS						
Return on Equity[3]		**13.7%**	27.3%	9.7%	13.4%	15.7%
Gross Premium Growth		**20.6%**	2.9%	4.5%	5.5%	-17.0%
Basic Earnings per share[4]	(S$)	**1.43**	2.51	0.81	1.07	1.09
Diluted Earnings per share	(S$)	**1.43**	2.51	0.81	1.07	1.09
Net Asset Value per share	(S$)	**10.73**	10.13	8.27	8.50	7.53
Embedded Value per share	(S$)	**19.466**	18.180	15.772	14.947	13.167
Economic Value of One Year's New Business per share	(S$)	**0.893**	0.745	0.771	0.644	0.496
Gross Dividend per share paid during the year	(cents)	**64.0**	37.0	10.0	45.0	21.0

(1) FY12 profit attributable to shareholders includes a one-off disposal gain of S$421.6 million from the sale of the Group's shareholdings in Asia Pacific Breweries Limited and Fraser and Neave, Limited.
(2) The Stock Exchange Prices and Market Capitalisation were obtained from Bloomberg.
(3) The average of the opening (1 January) and closing (31 December) balances of Shareholders' Fund has been used in the computation of Return on Equity.
(4) The Basic Earnings per share were based on the Group's Profit Attributable to Shareholders divided by total paid-up shares.
(5) Excluding the impact of foreign exchange movements, FY13 economic value of one year's new business would have registered a growth of 22% over FY12.

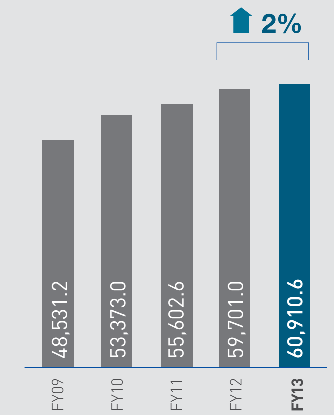
Gross premiums
S$ millions



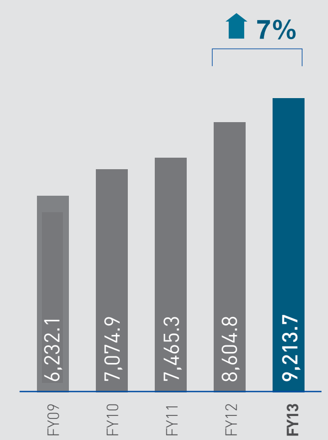
Profit attributable to shareholders
S$ millions



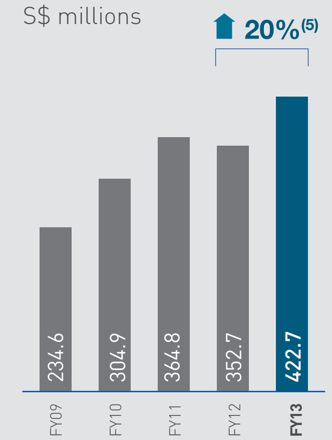
Total assets
S$ millions



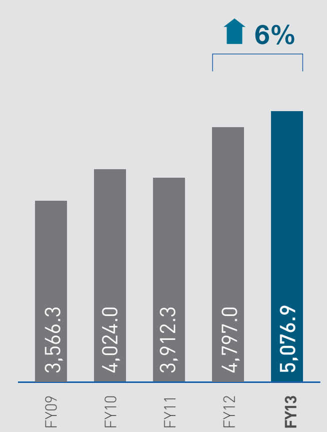
Embedded value
S$ millions



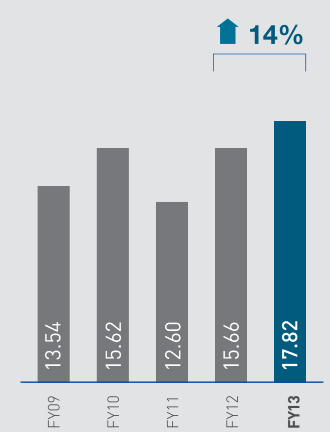
Economic value of one year's new business
S$ millions



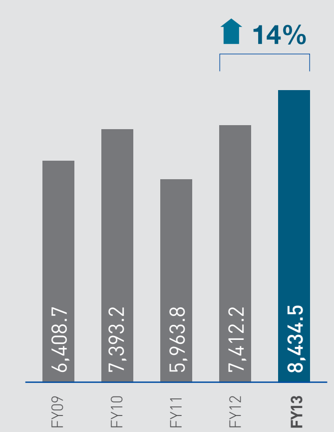
Shareholders' fund
S$ millions



Stock exchange prices
S$



Market capitalisation
S$ millions



EMBEDDED VALUE

An actuarial embedded value is a commonly used technique to estimate the economic value of the existing business of a life insurance company. Looking at a company's distributable profits for a year, or even a few years, is not a reliable guide to its long-term economic value. This is because the timing of distributable profits arising from a policy, even for a profitable business, may result in losses in the first policy year even though there may be profits in later years that will make the policy profitable overall. The loss in the first year is due to the initial expenses of writing new business, combined with the need to meet capital requirements. As a result, in any one year, high growth of business may tend to lower distributable profits. Embedded values have therefore been developed as a way to estimate the long-term economic value of a life insurance company for the existing blocks of business.

The embedded value of Great Eastern Holdings Limited ("the Group") has been determined using the traditional deterministic cash flow methodology that has been adopted historically for embedded value reporting, and comprises the sum of the value of In-Force Business and the value of the adjusted Shareholders' Funds.

VALUE OF IN-FORCE BUSINESS

This represents an estimate of the economic value of projected distributable profits to shareholders, i.e. after-tax cash flows less increases in statutory reserves and capital requirements attributable to shareholders, from the In-Force Business at the valuation date, i.e. 31 December 2013. The cash flows represent a deterministic projection, using best estimate assumptions as to future operating experience and are discounted at a risk-adjusted discount rate. The use of a risk-adjusted discount rate, together with an allowance for the cost of holding statutory reserves and meeting capital requirements represents the allowance for risk in the value of In-Force Business together with an implicit allowance for the cost of options and guarantees provided to policyholders. It should be noted that this allowance for risk is approximate and may not correspond precisely with the allowance determined using capital market consistent techniques.

In projecting the value of In-Force Business, the statutory reserve valuation bases and capital requirements are based on the Risk Based Capital framework and minimum Capital Adequacy Requirement bases as set out in local regulations for Singapore and Malaysia.

In Singapore, the Group's asset management company Lion Global Investors Ltd ("LGI") manages a proportion of the Singapore Life Funds' assets for which fees are payable from each Fund. In line with generally accepted traditional embedded valuation methodologies in respect of services provided by asset management companies, the present value of benefits arising from the fees paid to LGI is included in the embedded value and new business value of the Group for the year ended 31 December 2013.

ADJUSTED SHAREHOLDERS' FUND

This represents the value of the Shareholders' Funds from the various entities of the Group that can be distributed to shareholders, after allowing for tax. These are the amounts over and above the assets required to meet statutory reserves and other liabilities. Included in this are surpluses from the non-life funds.

ASSUMPTIONS USED

The assumptions adopted for the calculations have been determined taking into account the recent experience of, and expected future outlook for, the life insurance business of the companies involved, i.e. The Great Eastern Life Assurance Company Limited ("GEL") and The Overseas Assurance Corporation Limited ("OAC") in Singapore and Great Eastern Life Assurance (Malaysia) Berhad ("GELM") in Malaysia.

Investment returns assumed are based on the long term strategic asset mix and their expected future returns. For both GEL and OAC, the returns assumed, after investment expenses, are 5.25%, 4.0% and 6.0% for participating fund, non-participating fund and linked fund respectively. For GELM, the returns assumed, after investment expenses, are 6.0%, 5.0% and 7.0% for participating fund, non-participating fund and linked fund respectively. The risk-adjusted discount rate used is 7.5% for Singapore and 9.0% for Malaysia.

EMBEDDED VALUE CALCULATION

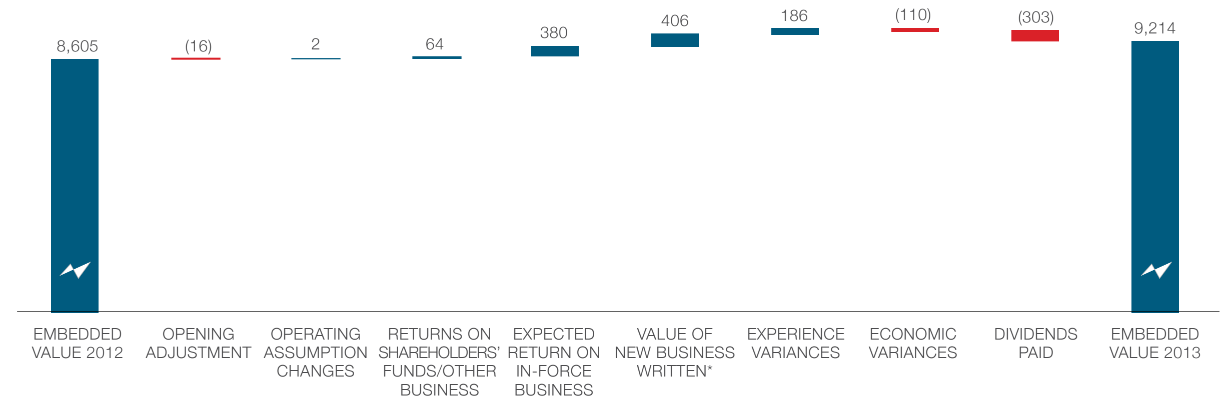
The value of In-Force Business has been calculated for the life insurance business of GEL and OAC in Singapore and GELM in Malaysia, along with the adjusted Shareholders' Funds for the Group. The results of the calculations as at 31 December 2013 are shown in Table 1.

ECONOMIC VALUE OF ONE YEAR'S NEW BUSINESS

The economic value of one year's new business, defined as the value of projected shareholder distributable profits from new business sold in the year, is used to determine the estimated value of future distributable profits from new sales. Using the same best estimate, reserving and capital requirement assumptions as those used for the In-Force Business, the economic value of business written for the year ended 31 December 2013 has been calculated as shown in Table 2.

ANALYSIS OF CHANGE IN EMBEDDED VALUE (S$ MILLIONS)

The chart shows various components accounting for the change in embedded value from the start to the end of the year. The table below the chart provides comparison of the individual components against 2012 analysis results.



	Embedded Value 2012	Opening Adjustment	Operating Assumption Changes	Returns on Shareholders' Funds/Other Business	Expected Return on In-Force Business	Value of New Business Written*	Experience Variances	Economic Variances	Dividends Paid	Embedded Value 2013
2013	8,605	(16)	2	64	380	406*	186	(110)	(303)	9,214
2012	7,465	(24)	14	428	366	340*	62	129	(175)	8,605

* Excludes values of new business from GETB and the Group's other regional operations in Brunei, China, Indonesia and Vietnam.

INDEPENDENT REVIEW

The embedded value, the value of one year's new business and the analysis of change in embedded value during the year were determined by the Group. EY performed a review of the methodology used (based on the traditional deterministic embedded value reporting approach), the assumptions adopted, and performed a high level review of the results of the Group's calculations.

SCENARIO TESTING

In addition, some scenario tests were conducted using different investment return assumptions and risk-adjusted discount rates. The results are summarised in Table 3.

Table 1

Embedded Value (S$ millions)	Singapore	Malaysia	Total
Life Business			
Value of In-Force Business	2,791	1,980	4,771
Shareholders' Funds and Non-Life Business			
Adjusted Shareholders' Funds	4,046*	397^	4,443
Total Embedded Value	6,837	2,377	9,214

* Includes businesses in Brunei, China, Hong Kong, Indonesia, Sri Lanka and Vietnam.
^ Includes Great Eastern Takaful Berhad (GETB).

Table 2

Values (S$ millions)	Singapore	Malaysia*	Other Asia** and GETB	Total
Economic Value of One Year's New Business	268	138	17	423

* Excludes GETB.
** Includes Group's regional operations in Brunei, China, Indonesia and Vietnam.

Table 3

Values (S$ millions)	Base Scenario	Investment +0.50%	Investment -0.50%	Discount Rate +1%	Discount Rate -1%
Total Embedded Value	9,214	9,589	8,857	8,762	9,750
Economic Value of One Year's New Business	423	448	399	382	472

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1. With SynerGE, distribution representatives can better engage customers and provide a seamless experience.
2. Taking pride that Great Eastern is the oldest and most established life insurance group in Singapore.
3. The Live Great Space is the embodiment of our commitment to help our customers Live Great.
4. Drumming up the Team GE spirit.

SINGAPORE

Our Singapore operations, comprising Great Eastern Life Assurance Co Ltd (GELS) and Overseas Assurance Corporation Ltd (OAC), continued to register good growth.

Collectively, these businesses registered S$680.2 million in total weighted new business premiums (TWP), an increase of 36% over 2012.

Regular premium business, including accident and health products, grew 27% to S$479.0 million, while single premium business saw accelerated growth of 60% to S$201.2 million compared with 2012. General Insurance business grew by 5% to S$100.5 million in gross written premium. New Business Embedded Value for the year grew by 29% to S$268.0 million.

The robust results were driven primarily by our successful recapture of a significant volume of Participating Fund policies which matured during the year. Our strategy to offer an exclusive product – *Single Premium Rewards* – to these policyholders bore good fruit. Higher sales of protection products by our agency and financial advisory channels, which made further inroads into the affluent and high net worth customer segments, as well as increased sales of regular premium savings policies and protection products by our bancassurance channel, also contributed to the good performance.

We capitalised on the combined strength of our three successful distribution channels to pull ahead of the competition and further cemented our market leadership position. Our bancassurance channel stamped its position at the top for a record 13th consecutive year.

As the market leader in Singapore, we continued to set the pace for the industry and took customer-centricity to a new high.

TAKING LIVE GREAT TO THE NEXT LEVEL

During the year, we raised our Live Great programme to the next level with the launch of 'Live Great Healthy Rewards'. We were the first in the industry to reward customers with lower premiums upon them attaining better health.

Great Eastern *Supreme Term* and *PayAssure* customers with a good Live Great Health Assessment score will be rewarded with cash rewards of up to 15% for the first two years and if they continue to keep healthy, they will enjoy a one-time 30% cash rewards on the third year. This has seen good take-up.

To further reinforce our commitment to policyholders to help them in their Live Great journey, we also announced that Great Eastern will pay for the cost of the follow-up consultation for policyholders who do not score well in their health assessment so that they can better understand their results and seek medical advice on how they can improve their health.

Another significant initiative during the year was the launch of the Live Great Space at Great Eastern Centre. The dedicated venue, with its interactive features, is a further embodiment of our commitment to enhancing the Live Great programme for the benefit of our customers. Customers and staff alike have benefited from talks and workshops by health and wellness experts held at the Space.

Another new exciting dimension to the Live Great programme was the introduction of the LIFE programme early in the year. Targeted at staff, the programme is the first-of-its-kind integrated employee health incentive benefits programme, inspired by our LIFE company purpose. For keeping healthy, staff are rewarded with LIFE points which they can use for a wide range of benefits.

INNOVATIVE PRODUCTS

We continued to build on our suite of products to meet our customers' evolving needs.

PayAssure was the first disability income plan in Asia to cover up to 75% of the policyholder's average monthly salary if the policyholder is unable to work in his own occupation due to an injury or illness, and suffer a loss or reduction of income, up to retirement age of 65. Policyholders will also have their rehabilitation expenses covered and their income supplemented when they return to work in a reduced capacity.

A pioneer in early payouts for critical illnesses, we further reinforced our leadership in this sphere with the launch of *Critical Care Advantage* which offers one of the highest payouts in the market for early and intermediate stages of critical illnesses as well as the highest number of special benefits for such a plan.

Recognising the trend of a fast-ageing Singapore population, we launched *Supreme Retirement*, a regular premium endowment plan, which provides policyholders with a guaranteed lump sum bonus as well as a guaranteed monthly payout, which increases to counter inflation.

During the year, we added *Prestige Life Gold* to our successful Prestige suite of products to cater to the needs of our mass affluent customers looking for a combination of protection, legacy and retirement planning solutions.

In tandem with the government's enhancements to MediShield, we also enhanced our *SupremeHealth* plan. With the introduction of our *TotalShield Platinum Lite* which offers an additional choice for our customers price-wise, we now have one of the widest ranges of health insurance solutions to cater to our customers' varying budgets.

STRENGTHENING DISTRIBUTION CAPABILITIES

To better tap the growing segment of affluent customers in the region, Great Eastern Financial Advisers (GEFA), our financial advisory arm, will be setting up GEFA Premier Client Group to meet their specialised needs.

As part of our efforts to promote continuous learning and to provide courses relevant to different segments of the force, the training curriculum was restructured to address competency gaps that were identified.

On the bancassurance front, we leveraged our synergistic partnership with OCBC Bank to grow our AssureBanking business and successfully harnessed cross-selling opportunities. The introduction of innovative products such as *MaxFamily Cover*, the first and only critical illness term life insurance plan in the market that combines both features in one plan; *Max EduChoice* for children; as well as *Premier Life Legacy* for the high net worth, also contributed to the channel's strong performance. Good progress was made in streamlining processes to enhance our straight-through

5. On their way to better health through the LIFE Programme.
6.&7. The Live Great Health and Wellness App is the first integrated app to provide a simple health assessment and personalised programmes.

platform. With its completion, we will be able to deliver a more consistent and seamless customer experience.

GENERAL AND GROUP INSURANCE

Our general insurance business registered double digit growth in the Personal Lines business, in particular *Travel Wise*, our travel insurance product developed for OCBC Bank customers. Good progress was also made in enhancing our e-commerce capabilities as we strive to deliver greater convenience and accessibility to our customers to purchase our products through our GI eXchange web portal.

Under Group Insurance, we further enhanced our employee benefits product for small and medium enterprises. The Enhanced Employee Comprehensive Benefits Care comes with attractive new benefits and features.

Good strides were made in GroupAsia, our IT project to better integrate multi-sales channels. With its completion, this will boost operational efficiency and provide greater insights into our corporate clientele requirements.

STRENGTHENING CUSTOMER ENGAGEMENT AND ENHANCING CUSTOMER EXPERIENCE

In 2013, we ramped up our engagement level with our customers via multiple touch points.

Our signature Great Eastern Women's Run continued to be the largest all-women run in Singapore and also in Asia, attracting over 14,000 participants, including elite runners from the region. Deliberate efforts were made to reach out to family and friends of the participants through exciting events such as the Live Great Fitness Fiesta, a movie-screening under the stars and a family-themed carnival on race day.

Live Great Seminars were also organised for our women and parents segments. To raise greater awareness of the importance of insurance to the community, we were strong supporters of the inaugural Life Insurance Week organised by the Life Insurance Association of Singapore.

Under the umbrella of our S.League sponsorship, our community outreach initiatives included the Live Great Kids Soccer Tournament where 160 children learnt about the importance of leading a healthy lifestyle and values such as teamwork and perseverance.

We leveraged technology to enhance customer experience. iDream is the first-of-its-kind electronic financial planning toolkit which helps customers map out their life goals vis-à-vis their personal financial planning needs, while SynerGE is a 'one-stop-shop' point-of-sales system. Used in tandem, they offer the customer a seamless experience.

Online and digital media ranked high in our customer engagement strategy. We injected our Live Great Health and Wellness portal with richer online content, which included a series of Live Great Guides which provided practical advice on a wide range of health and wellness topics. Our Live Great Health and Wellness App was the first-of-its-kind integrated app to combine a simple health assessment with suggested programmes on how the user can make changes to improve their health in the long run.

Service Ambassadors at our Customer Service Centre are now equipped with tablet computers to assist customers with simple transactions and enquiries during peak periods while backend processes were streamlined to achieve faster turnaround times for underwriting and claims.

8. Live Great starts young.
9. *Critical Care Advantage* offers one of the highest payouts in the market for early and intermediate stages of critical illnesses.
10. The 2013 Great Eastern Women's Run attracted over 14,000 participants.
11. Our dedicated distribution force all ready to face ChallenGEs and ChanGEs … and CharGE ahead.
12. Promoting the importance of exercise through football.
13. Fully embracing our LIFE company purpose at work and at play.

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1. *Smart Premier Health* rewards customers for staying healthy.
2. Happy 105th Birthday Great Eastern!
3. Living Great, Running Great.
4. Promoting health and wellness at the Great Eastern-Star Health Fair.
5. United we stand.
6. LIFE programme was launched to GELM employees in April 2013.

MALAYSIA

Our Malaysian business continued to register steady growth in 2013. Total weighted new business from Great Eastern Life Assurance (Malaysia) Berhad (GELM) and Great Eastern Takaful Berhad (GETB) grew 13% to RM856.1 million (S$329.9 million) compared with RM758.0 million (S$292.2 million) in 2012, with our conventional business outperforming the industry.

The strong performance was driven by stable sales of conventional regular premium Investment-Linked products, our successful bancassurance partnership with OCBC Bank and good growth in our takaful business from new strategic distribution tie-ups and an expanded bumiputera agency force.

STRENGTHENING CUSTOMER ENGAGEMENT WITH LIVE GREAT PROGRAMME

We leveraged the Live Great programme to organise initiatives and events during the year to drive greater customer engagement and build brand loyalty.

For the second year, we organised the Great Eastern-Star Health Fair to promote health and wellness to the community. The three-day Fair featured over 100 exhibitors and attracted 40,000 visitors.

Highlights of the Fair included a 'Live Great Day', which took visitors on a fun journey to experience a daily health routine; as well as a 'Live Great Mall' where visitors utilised their Live Great card to enjoy a myriad of services, including health checks.

Many also participated in the 'Live Great Challenge' to test their physical and mental fitness, nutritional knowledge and financial health.

The second edition of our Live Great Run in the city attracted good participation. Some 4,500 runners took part in the 12km category and the 3km Fun Run, where participants ran in pairs, donned in oversized t-shirts with punchy catchy health and wellness phrases. Our inaugural Great Eastern JB 10K Run was also a good success.

To encourage Malaysians to kick start their way to a healthier lifestyle by making small, simple changes to their everyday life, we introduced the 'Live Great Challenge' on Facebook. This saw good take up.

As part of our efforts to support our agency force and to enable them to engage their customers more effectively on-the-go, further enhancements were made to our StarBuddy Insights mobile app.

To reach out to the young and their parents, a 'Colour Me Up' contest was held across 5,000 primary schools. The contest garnered 45,000 entries, bringing the Great Eastern brand closer to this important segment.

We ramped up our Customer Relationship Marketing campaigns and successfully reached out to over 1.2 million customers with our marketing and product collaterals.

REVOLUTIONARY PRODUCTS

Our product strategy continued to centre on delivering superior value propositions to our different customer segments.

Our *Smart Premier Health* was the first health insurance plan to reward customers on two levels for staying healthy – by reducing their premium and by enhancing the annual coverage they enjoy every three years. The reduction in premium is up to a maximum of 25%, with the triennial increase in coverage at 10%. Another innovative feature was the plan's high minimum lifetime coverage which starts from RM2 million (S$771,000) compared with other insurers who cap coverage at RM2 million (S$771,000).

Another first was *Great EduScholar*, an education plan to support parents and children throughout the important milestones in the child's education journey with guaranteed cash payments up to the university level. Other unique benefits are an internship programme with GELM during the varsity years as well as a guaranteed scholarship to the top five universities in the world should the child qualify.

We also launched a new range of endowment plans – *Great Wealth Accumulator* and *Great Premier Wealth* – to cater to the mass and affluent markets.

ENHANCING PROFESSIONALISM AND DISTRIBUTION CAPABILITIES

We are committed to building the most trusted and professional agency force in Malaysia.

As part of our strategy to transform our agency force, we invested RM20 million (S$7.7 million) in a strategic plan which included significant enhancements to our training infrastructure and programmes. Foremost of these was the major upgrading of our Centre for Excellence. This revitalised state-of-art centre embodies our commitment to boost professionalism and productivity.

The centre will provide comprehensive training programmes for all levels of our distribution force, from new recruits to leaders. A key initiative will be GELM's partnership with an established private university as well as with well-known industry practitioners to develop a best-in-class competency-based training curriculum. The curriculum includes aspirational, functional and leadership modules to equip planners with the required skills.

Agency leaders benefited from our Professional Leadership Series and LIMRA Agency Management Training Course, while life planners developed and honed their professional skills through our Life Planning Advisor Programme.

We leveraged our close collaboration with OCBC Bank to penetrate the Small and Medium Enterprises segment with our suite of life and general insurance products.

GROWING GROUP AND GENERAL INSURANCE

During the year, our group insurance business introduced the Live Great Corporate Medical Card. Employees of corporations which signed up for our employee benefit programme not only enjoyed access to comprehensive medical care from over 100 hospitals and 1,700 clinics but also a wide range of health and wellness benefits from Live Great merchant partners.

Overseas Assurance Corporation (Malaysia) Berhad (OACM), our general insurance arm, achieved RM384.4 million (S$148.2 million) in gross written premiums, with business from our OCBC Bank bancassurance tie-up registering double-digit growth.

OACM was the first general insurance provider in Malaysia to comply with the full requirements of the Foreign Workers' Compensation Scheme. Our insurance product for foreign workers saw good take up, notching up over 300% growth during the year.

7. GETB expanded its suite of products with i-Great Idaman, a Family Takaful Term Plan.
8. Taking the first steps to better health.

The impending launch of the GI eXchange portal (GIX) in early 2014 will provide a seamless transaction platform for our agency force and further boost their productivity.

Together with the existing Financial Link Agency System, the force will benefit from the enhanced online straight-through system from which they can access information on products and transact online anytime of the day. GIX will facilitate the growth of OACM's Personal Lines products, ranging from motor to personal accident to foreign workers' insurance.

The introduction of Six Sigma will further strengthen our work processes as we strive for greater operational efficiency.

EXTENDING OUR TAKAFUL REACH

We expanded and further strengthened our takaful distribution network during the year. We grew the agency force and established an alternative business channel for generating prospects via affiliate businesses.

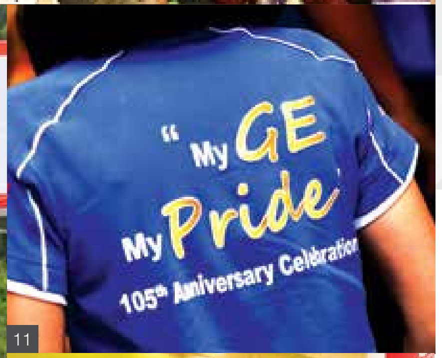
A major development was new channel tie-ups – with one of Malaysia's largest Islamic banks and other financial institutions – which broadened our customer reach and boosted our market share.

Together with OCBC Al-Amin, our bancatakaful partner, we launched *Entrepreneur Takaful Plan* to cater to business owners.

We also launched *i-Great Idaman*, a Family Takaful Term Plan, which provides not only basic coverage but also biennial cash payouts to meet lifestyle needs.

Our close collaboration with Koperasi Angkatan Tentera Malaysia Berhad in managing its Group Takaful scheme for its over 130,000 members continued at a steady pace.

GETB also extended its presence with the setting up of its fourth agency office in the country at Alor Star, Kedah.



9. 1 Great Eastern Family.
10. The Live Great Run is a key initiative under our Live Great Programme.
11. Instilling greater pride in GELM employees.
12.&15. Taking the Live Great physical fitness challenge.
13. Go Great Eastern!
14. The offical opening of the GETB Agency Synergy Station in Alor Star, Kedah.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1. Reaching for greater heights.
2. Training at GELI's Centre for Excellence will focus on building professionalism and increasing productivity.
3. Launch of Vui Song (Live Great) fitness space in Ho Chi Minh City.
4. Our business in Brunei registered steady growth.

EMERGING MARKETS

In 2013, total weighted new business premiums from emerging markets saw a healthy year-on-year increase to S$32.9 million.

We continued to shore up our distribution capabilities and scaled up our operations to widen and deepen our footprint. In our major emerging markets, we capitalised on our Live Great programme to engage new and existing customers with a differentiated value proposition.

INDONESIA

PT Great Eastern Life Indonesia (GELI), our Indonesian subsidiary, leveraged the strength of our legacy and the Great Eastern brand as well as our synergistic partnership with OCBC NISP to grow its business and market share.

Bancassurance was key to our growth strategy. Our close collaboration with OCBC NISP bore good fruit and contributed significantly to our performance. Our two business models – one leveraging the strength of our Financial Advisors and the other harnessing OCBC NISP's Relationship Managers – stood us well as we made good inroads in penetrating the emerging affluent customer segment.

On the agency front, our strategy to grow the force organically by building a full-time professional agency force saw steady progress with the recruitment of full-time Financial Planning Specialists to better serve our target segments.

GELI's tied agency recruitment strategy focused on attracting young talents and graduates to further boost the professionalism and productivity of the force. GEAR UP – Great Eastern Advanced Recruitment Program – was the first recruitment support programme of its kind in the local insurance industry.

To better penetrate the affluent customer segment, we launched *Great Life Heritage*, a USD-denominated Universal Life product as well as *MaxPrestige Heritage*, the first such legacy product in the market. With our innovative *Credit Life*, bundled with OCBC NISP's consumer loans, we successfully captured significant market share in this area of business in Metro Jakarta, Surabaya and Medan.

Our new group insurance products included *Great Protection Guard*, *Great Health Guard* and *Great Life Guard* which focused on employee benefits for corporations.

During the year, we opened our Centre for Excellence. Equipped with a library, training rooms and helmed by a team of experienced trainers, the centre will be the focal point for the distribution force and GELI staff in their continuous learning journey.

On the group insurance front, we built on the success of our Great Employees Benefits scheme for over 15,000 OCBC NISP employees and their families and extended it to the bank's corporate clients.

In Indonesia's highly competitive insurance landscape, our Live Great programme is a key differentiator and we continued to capitalise on the programme to grow our group insurance business. Our Live Great card provides customers access to 800 cashless medical providers, one of the highest in the market. Customers also benefited from our Live Great Health Talks in major cities where our Live Great partners, now numbering over 200 establishments throughout Indonesia, provided expert advice and health assessments.

We ramped up our digital initiatives and harnessed Facebook, Twitter, YouTube and LinkedIn to grow the brand and drive customer engagement. We launched a series of social media campaigns to increase public awareness of our LIFE company purpose and Live Great programme. This included the Great Ramadhan campaign which created 129,000 impressions on Twitter and attracted a new pool of Facebook fans. Our YouTube video campaign also attracted good traction.

Emphasis was also placed on cultivating stronger relations with the media to provide them greater insights into our business. Journalists from major local media, including Kompas, Bisnis Indonesia, Kontan and Tempo were invited to a press briefing in Singapore for the launch of Live Great Healthy Rewards.

VIETNAM

In Vietnam, our focus centred on building a quality and sustainable agency force, providing a meaningful suite of insurance solutions, and harnessing Vui Song (Live Great) to serve the community.

We introduced solutions targeted at different customer segments and their varied needs. These were namely Flexi 3-in-1, an enhanced Universal Life plan; Savings 360, a comprehensive endowment-anchored plan; Education 360 to help parents plan for their children's university education as well as healthcare; and Protection 360, for customers keen on term and whole life protection with additional benefits. With this, our customers can accumulate cash value for wealth enhancement and preserve their wealth for the next generation. We also enhanced Healthcare 360 such that it can be attached to the various endowment and whole life plans.

To raise advisory standards, the agency force were provided with more comprehensive training and equipped with revamped sales tool kits and product collaterals.

During the year, we launched vuisong.org, a micro site for wellness information and also a CSR portal.

BRUNEI

Brunei enjoyed strong year-on-year growth in 2013, with total weighted new business premiums reaching a new high.

This was driven by good performance from our agency channel. During the year, we expanded our suite of products with *Supreme Term, Prestige Protector* series, *Critical Care Advantage, AccidentCare* riders and *Single Premium Rewards*.

A major initiative to support our Live Great programme was our sponsorship of the Great Eastern Women 10K category in the 2013 Standard Chartered Half Marathon.

CHINA

We completed the disposal of a 25% stake in our joint venture, Great Eastern Life Assurance (China) Company, Ltd ("GELC"), for RMB303 million (S$62.8 million) in January 2014, registering a net gain of approximately S$30.7 million. After the disposal, we continue to hold 25% of the paid up capital of GELC.

With the sale of our stake to Chongqing City Construction Investment (Group) Co., Ltd., a leading state-owned enterprise in Chongqing with a strong network, this will allow greater penetration of the local market and help us better serve our customers.

CORPORATE SOCIAL RESPONSIBILITY

1. Our donation of three kidney dialysis machines will benefit 18 patients a day for eight years.
2. The Great Eastern team was the largest corporate contingent at the National Kidney Foundation Sit-A-Thon.
3. GELV's Blood Drive was a good success.
4. Children turned chefs for a day during the ChildrenCare Junior Chef Programme.

5.&6. Our Vui Song (Live Great) outdoor fitness spaces in Ho Chi Minh City encouraged an active lifestyle.

Great Eastern is committed to be a good corporate citizen in the communities we operate in. Year round, our community and corporate social responsibility (CSR) efforts centred on our Live Great philosophy where we championed healthy living and wellness.

Our employees and distribution partners rallied together to volunteer their time and experience to organise activities and raise funds for the underprivileged.

LIVING GREAT THROUGH SPORTS

In Singapore, our popular Great Eastern Women's Run, the largest all-women run in Asia, attracted over 14,000 women of all ages. The 21.1km Elite Category was won by Kim Hye Gyong from North Korea who pipped her twin sister and 14 other contenders from eight Asian countries for the top position.

Recognising that support from family and friends are important, for the first time, fringe activities were also organised for them. Family carnivals were held during the launch as well as on the day of the Run. Highlights included mini-soccer, face painting, movie under the stars, Telematch and a healthy Live Great Sunrise Breakfast.

To help participants prepare for the Run, a series of Live Great Fitness Fiesta activities were held, including Tahiti and Bokwa dance sessions as well as a kickboxing and running clinic.

In conjunction with the Run, S$38,730 was raised for causes closely associated with women, namely the Breast Cancer Foundation, Singapore Heart Foundation, Singapore Cancer Society and Singapore Council of Women's Organisations.

To promote the importance of keeping fit through sports and to impart values of teamwork and dedication to the young, we organised the Great Eastern Live Great Kids Soccer Tournament. One hundred and sixty children from schools across Singapore and football academies participated in the friendly competition.

In Malaysia, our Live Great Run continued to attract good participation. In the 3km Fun Run, participants ran in pairs in over-sized t-shirts with Live Great sporty slogans. The 12km category featured obstacle courses where runners tested their fitness and endurance. Prizes were also given for the 'Best Headgear' and 'Best Dance Moves'.

In Vietnam, to promote the importance of regular exercise, we installed several Vui Song (Live Great) outdoor fitness spaces in selected parks in Ho Chi Minh City. These have proven popular with the community.

HELPING OUR YOUNG AND ELDERLY LIVE GREAT

Across the markets, funds were raised and activities organised for needy children and our elderly beneficiaries.

Singapore

In conjunction with the Great Eastern Charity Shield, S$62,224 was raised for our ChildrenCare and GoldenCare beneficiaries – MINDS Fernvale Gardens School for children with special needs and AWWA Community Home for Senior Citizens for the needy elderly. The funds were raised from a 5-a-side charity tournament as well as donations from employees, distribution force and corporate partners.

About S$111,000 was also raised for our ChildrenCare programme. The fund supports a multitude of projects including sports and wellness activities for the children.

For the first time, we leveraged our social media platforms, including Facebook, Twitter and Instagram, to raise awareness and funds for worthy causes. Our inaugural #liveGreat for a cause initiative raised S$20,000 for our ChildrenCare beneficiary in under two months. In tandem with our 'Great Starts Small' campaign where we champion little changes that change life for the better, the public were invited to share their most meaningful moments in life and hashtag them with #liveGreat. For each hashtag, Great Eastern donated S$5.

Employee volunteers also organised outings. Eighty children from Thye Hua Kwan Educare Centre and Fei Yue Family Service Centre were treated to a visit to the S.E.A Aquarium on Sentosa, while children from low-income families visited the zoo with colleagues from Group Risk Management and Singapore Risk Management & Compliance.

To promote active ageing and good exercise habits, we harnessed our Making Life Great Workshops to organise weekly activities for the elderly at St Luke's Eldercare and AWWA Community Home for Senior Citizens. In total, 1,200 employees chalked up 3,600 community service hours over a five-month period.

Our annual Christmas Charity Bazaar raised S$42,000 for the OCBC-TODAY Children's Fund, in support of the Singapore Children's Society. The funds will be used for the cost of counselling and therapy intervention for children from distressed families.

Malaysia

Since the inception of our ChildrenCare Programme in Malaysia in 1995, over RM1.9 million (S$732,450) has been raised for over 180 children charities across the country.

In 2013, our I-Pledge volunteers visited homes, raised funds and organised activities, which included a movie outing and camp, for underprivileged children.

Among others, children from Rainbow Home received daily necessities and a new water-filtration system, while children from Rumah Hope and Rumah Baitul Fiqh had the opportunity to turn chefs for a day during which they learnt how to prepare a well-balanced meal with recipes from Great Eastern's Live Great Food Blog.

EMPOWERING THROUGH EDUCATION

In Malaysia, Great Eastern Supremacy Scholarships were awarded to 15 deserving undergraduates, bringing the total value of scholarships, since its inception, to over RM7.9 million (S$3.0 million) for 117 recipients.

GELM was the first to support the government's Aspirasi Gemilang 'A' Programme where 500 needy children who excelled academically in public examinations were awarded cash rewards. I-Pledge volunteers also visited Sekolah Integriti Kajang and provided 300 young offenders educational books to encourage them on their learning journey.

In Indonesia, we organised a Live Great Day at Universitas Bakrie. In cognizance that education is key to raising awareness of leading a healthy lifestyle, we worked with VivaMedika, one of our Live Great partners, to conduct health talks and provide free comprehensive health checks to the university students. We also set up a Digital Corner where students learnt about our wellness tools and obtained health tips.

7. Our Christmas Charity Bazaar raised S$42,000 for the OCBC-TODAY Children's Fund.
8. GETB celebrated Ramadan with elderly friends at Rumah Al-Fikrah.

In Vietnam, we engaged the community online to help those in need by sharing their life's lessons. For every lesson shared, GELV will make a donation to the Great Life Lessons Fund which grants scholarships to underprivileged deserving students. For a start, scholarships will be granted to 12 students to study at Ho Chi Minh City Foreign Trade University. This partnership provides GELV the opportunity to reach out to a large pool of young talent from one of Vietnam's top three universities.

OTHER COMMUNITY INITIATIVES

We also championed other CSR initiatives which brought the Great Eastern brand closer to the community.

Singapore

Three kidney dialysis machines were donated to the National Kidney Foundation (NKF) as our way of giving 'life' back to the community. One hundred and five employees and distribution representatives volunteered a total of 420 hours to participate in the NKF Sit-A-Thon to promote awareness of the plight of kidney patients. We were the largest corporate contingent supporting the event.

Great Eastern was one of the major institutional donors which partnered the Insurance and Financial Practitioners Association of Singapore (IFPAS) to jointly donate a total of S$100,000 to The Straits Times School Pocket Money Fund to help financially disadvantaged school children.

We were also a strong proponent of the inaugural Life Insurance Week organised by the Life Insurance Association (LIA) in Singapore to raise public awareness on the importance of life insurance. Great Eastern employees helped out at health screening booths and roadshows. Together with other LIA member companies, we raised over S$50,000 for the Singapore Heart Foundation.

Vietnam

GELV organised a campaign to educate the public and dispel myths about the side effects of blood donation. A 'Vui Song' blood donation drive was held in our offices in Ho Chi Minh City and Hanoi which attracted over 200 donors, including GELV management, employees, agents and their families. The initiative was a good success.

We launched 'Helping Hands' in support of the government's call to provide insurance coverage for those living near the poverty line. For every Healthcare 360 plan we sold, we contributed 50% of the premium towards a policy for the needy poor, with the government matching the other 50%. With this initiative, the poor were able to enjoy free insurance coverage.

JOINT CSR WITH OCBC BANK

We collaborated with our parent company OCBC Bank on several joint initiatives to help the less fortunate. These included spring cleaning and painting homes for low-income families in Chai Chee, tree planting near the Marina Bay Cruise Centre as well as a farm visit to Bollywood Veggies with elderly beneficiaries from AWWA Community Home for Senior Citizens.

9. Free spinal checks at a Live Great event in Indonesia.
10.&11. Promoting active ageing at St. Luke's Eldercare.
12. Donating blood to give life in Vietnam.
13. Great Eastern Charity Shield raised over S$60,000 for ChildrenCare and GoldenCare in Singapore.
14. GELM iPledge volunteers lend a helping hand at the Malaysian Association for the Blind.
15. Joint CSR activities were also held in Singapore with OCBC Bank.


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1. to 5. Across the Group, activities were held to build teamwork and foster a stronger Great Eastern culture.

At Great Eastern, we believe in nurturing an engaging and positive environment to bring forth the best in our people and help them realise their fullest potential. We are committed to being an employer of choice and to promoting open two-way communication. Across the Group, regular townhalls and feedback sessions were held.

GEvolution, the Group's five-year corporate strategic roadmap to unify us in our vision and to align our teams and corporate goals, continued to be the buzzword as we made steady progress in the 'Best People' branch of our Strategy Tree. This year's thrust focused on strengthening our Employer Value Proposition through programmes aimed at building a stronger employer brand identity in tandem with our LIFE company purpose.

REINFORCING OUR EMPLOYER BRAND IDENTITY THROUGH CORPORATE CULTURE BUILDING

Great Eastern continued to be ranked amongst the best employers in Asia in Aon Hewitt's employee engagement survey, with a consistent year-on-year employee engagement score which is ahead of the industry. In Singapore, we were a finalist in the prestigious HRM Awards for 'Best Employer Branding'. In Malaysia, we were conferred the '100 Leading Graduate Employers 2013' award for the fifth consecutive year.

A strong corporate culture is fundamental to the success and sustainability of the organisation. Our core values of integrity, initiative and involvement continued to be our compass as we worked hard to create a more connected culture across the Group.

In Singapore, our employee engagement strategy continued to be anchored by our Making Life Great (MLG) Workshops for corporate culture-building and to drive open communication. We incorporated corporate social responsibility into the workshops, with employees engaging the elderly during MLG to promote active ageing and healthy living.

In Malaysia, our popular 1 Great Eastern Family Carnival provided the platform for culture building and strengthening of team bonds across departments and divisions, while in Indonesia, employees learnt the importance of good communication and the value of team work through an 'Amazing Race' on Belitung Island.

In Vietnam, 'S.C.O.R.E.' (Start Counting On Responsibility and Excellence) further reinforced the culture where each employee is encouraged to take ownership and responsibility for their work to drive the company forward.

TYING TOTAL REWARDS TO OUR EMPLOYER BRAND IDENTITY

Great Eastern adopts a holistic Total Rewards Strategy which strongly ties performance to rewards, while at the same time ensuring that the longer-term welfare needs of employees are taken care of in line with our LIFE company purpose. This approach optimises the balance between achieving corporate goals, meeting employee needs and managing the cost-risk structure of the business.

To drive performance, remuneration and other incentives are positioned on a total rewards view rather than individual compensation components.

Apart from monetary rewards, top achievers in the company are also recognised through employee recognition programmes such as Chairman's Awards and GEvolution Heroes.

In Singapore and Malaysia, we introduced the LIFE programme, the first-of-its-kind integrated employee health incentive benefits programme. This is a key component of our Employee Value Proposition and helps employees better understand and internalise what the brand means to them so that they can in turn contribute more proactively and positively to the company's vision.

The LIFE programme was one of five finalists out of 89 entries from 11 Asian countries in the prestigious Asian Human Capital Awards, jointly organised by the Human Capital Leadership Institute, Ministry of Manpower, INSEAD and CNBC Asia. It was also runner-up in the 'Innovation in Compensation and Benefits Programmes' at the inaugural Benefits Asia Awards.

The programme has successfully shaped a collaborative and high-performing work culture, with the significant increase in employee participation in the programme generating greater internal buzz and awareness of our LIFE company purpose and Live Great programme.

In Singapore and Malaysia, monthly LIFE activities centring on health and wellness were held. These included vertical (stairs-climbing) and horizontal (road runs) challenges, Zumba and aerobic classes, as well as talks on nutrition. In Malaysia, each employee was also given a 'MyLIFE, MyBMI' booklet which served as a guide and reminder to keep fit.

In Singapore, after the first full year of implementation, the programme has made a positive impact and achieved good results. The overall health profile of the company has improved, with over 50% of employees who participated improving their health profile status from high risk to moderate.

INVESTING IN TALENT MANAGEMENT

In today's competitive and dynamic environment, good talent management is paramount for long-term success and to building a robust bench strength. Our talents are identified and nurtured through our Group Exceptional Talent Programme. We also have in place customised developmental tracks to address the needs of different roles and responsibilities.

As a member of the OCBC Group, our employees have opportunities to learn and be exposed to the larger financial services arena. During the year, we worked closely with OCBC to offer job rotations across different levels, functions, businesses and geographies for identified talents.

OUR DEDICATED DISTRIBUTION FORCE

The Great Eastern family also comprises 20,000 dedicated distribution representatives who consistently deliver quality and professional advice.

In Singapore, Malaysia and Indonesia, best-in-class training programmes are conducted regularly at our Centres for Excellence to update our force on product knowledge and to sharpen their soft skills to better meet the evolving needs of our customers. Courses are also held on new and upcoming regulations to equip our distribution representatives so that they are able to comply with the requirements while at the same time, deliver exceptional service.

To facilitate customer engagement, we continued to invest in developing tools to enable our distribution representatives to identify customers' needs and propose appropriate solutions in a seamless and transparent manner.

AWARDS & ACCOLADES

1. The Life Insurance Company of the Year Award capped a momentous year of accolades for Great Eastern.
2. A proud moment for GELI at the Rebi (Rekor Bisnis) Awards.
3. GETB won the Islamic Business & Finance Best Takaful Operator (Asia) award.
4. GELM clinched the Private Health Insurance Provider of the Year award for the second year in a row.
5. GELV's fourth consecutive Golden Dragon Award.

In 2013, we garnered a good number of awards and accolades. The recognition is a testament to the hard work and commitment of all in Great Eastern and, just as importantly, a firm affirmation of the trust that our customers and industry peers have in us and our brand.

With each validation and achievement, we are encouraged to blaze new trails of excellence as we continue to deliver the Great Eastern promise.

GROUP

Life Insurance Company of the Year 2013
17th Asia Insurance Industry Awards, Asia Insurance Review

Top 10 Most Valuable Singapore Brands 2013
Brand Finance

Hermes Creative Awards 2013 (Platinum)
Great Eastern Holdings Limited 2012 Annual Report
Association of Marketing and Communication Professionals (USA)

SINGAPORE

Top Insurer for Life and Health
Customer Satisfaction Index Singapore 2012
Institute of Service Excellence, Singapore Management University

Top Life Insurer
Corporate Reputation Survey 2013
Reputation Management Associates

Brand of the Year
Best Use of Social/Mobile (Gold)
Best Use of Experiential/Live Marketing (Gold)
Loyalty Programme of the Year (Silver)
Best Engagement Strategy for a Female Audience (Silver)
Loyalty & Engagement Awards, Marketing Magazine

Trusted Brand Gold Award 2013
Reader's Digest

Best Brand Awareness Campaign (Gold)
MOB-EX (Mobile Excellence) Awards 2013, Marketing Magazine

Excellence in Loyalty Marketing (Bronze)
Marketing Excellence Awards 2013, Marketing Magazine

Excellence in Public Relations (Bronze)
Marketing Excellence Awards 2013, Marketing Magazine

Innovation in Compensation and Benefits Programmes (Runner-Up)
Benefits Asia 2013, HumanResources Magazine

MALAYSIA

Private Health Insurance Provider of the Year 2013
Frost & Sullivan

Best Takaful Operator (Asia)
Islamic Business & Finance Awards in Dubai

Trusted Brand Gold Award 2013
Reader's Digest

BestBrands Most Established Brand Award 2012-2013
The BrandLaureate

Educational Achievement Award 2013
LOMA

Malaysia's 100 Leading Graduate Employers 2013 (Insurance Category)
GTI Media

Best Cause, Charity Marketing or Public Sector Campaign (Gold Award) -- Yoga For Life
Promotion Marketing Awards of Asia (PMAA) Dragons of Malaysia

INDONESIA

Rekor Bisnis Award
Live Great Programme
Koran Sindo and Tera Foundation

Best Life Insurance Company (IDR200 billion - IDR1 trillion asset category)
Best Overall Insurance Company
Most Competitive Life Insurance CEO
Indonesia Insurance Awards 2013, Economic Review

2nd Rank, The Best Islamic Life Insurance for category asset < IDR100bio
1st Rank, The Most Profitable Investment for category asset < IDR100bio
9th Islamic Finance Awards 2013, Karim Business Consulting (Sharia Business)

VIETNAM

Award for Insurance Solution (Education 360)
Family & Kids Magazine

Golden Dragon Award
Vietnam Economic Times Magazine and Ministry of Planning & Investment

INTEGRITY

INVOLVEMENT

GREAT STARTS SMALL

Life is not about milestones, but moments. Life's big picture is made up of many small choices which shape and transform our journey.

At Great Eastern, we champion little changes which change life for the better. As a LIFE company, every day, in many ways, we encourage those who matter most to us to Live Great.

INITIATIVE

2013

1. The 2013 Great Eastern Women's Run Elite Half Marathon Category was won by North Korea's Kim Hye Gyong.
2. *Great Eduscholar* is the first-of-its-kind education plan in Malaysia.
3. Great Eastern won the prestigious Life Insurance Company of the Year Award for the second time.
4. Celebrating good teamwork at GELB.
5. Triple joy for Great Eastern at the 2013 Indonesia Insurance Awards.
6. 'Think Big & Make A Difference' was the theme for GELV's agency force in 2013.
7. Life is Great at 105!

JANUARY

- GELS launched LIFE programme, the first-of-its-kind integrated employee health incentive benefits programme.
- GELM held '1 Great Eastern Family' carnival to promote the GE team spirit.
- GELV launched Helping Hands to provide healthcare insurance to the needy.
- GELB held a media conference on the Live Great programme.

FEBRUARY

- The 2013 Great Eastern Charity Shield raised over S$60,000 for ChildrenCare and GoldenCare.
- GELM launched *Great Premier Wealth* and *Great Wealth Accumulator*.

MARCH

- Great Eastern garnered Gold for Best Brand Awareness Campaign at the inaugural Mobile Excellence Awards 2013.
- GELS topped the life and health insurance sectors in the Customer Satisfaction Index of Singapore.
- GELM launched *Smart Premier Health*.
- GELI opened its Centre for Excellence.
- LionGlobal Japan Growth Fund and LionGlobal Singapore Balanced Fund won accolades at The Edge-Lipper Singapore Fund Awards.

APRIL

- Live Great Healthy Rewards was launched in Singapore and Malaysia to reward customers with lower premiums and increased coverage for keeping healthy.
- GELS introduced *Critical Advantage Care*.
- The Great Eastern-Star Health Fair attracted over 40,000 in Malaysia.
- GELI's GEAR UP – Great Eastern Advanced Recruitment Programme – commenced.
- GELB sponsored the Great Eastern Women 10K category in Brunei.
- GETB launched *i-Great Idaman*, a Family Takaful Term Plan.
- LionGlobal Japan Growth Fund won an accolade at the Lipper Taiwan Fund Awards.

MAY

- Great Eastern Holdings was ranked among top 10 most valuable brands in Singapore by Brand Finance.
- GELS topped the 2013 Corporate Reputation Survey by Reputation Management Associates.
- GELM launched *Great EduScholar*.
- GELM was awarded Private Health Insurance Provider of the Year by Frost & Sullivan.
- GELI launched *Great Life Heritage*.

JUNE

- The Great Eastern Live Great Advisory Council was formed.
- GELS introduced *PayAssure* and *Supreme Retirement*.
- GELM received a BrandLaureate award for Most Established Brand.
- GELM announced its RM20 million (S$7.7 million) Agency Transformation Plan.
- GELV launched VuiSong.Org.
- The Great Life Lessons Fund was launched by GELV to help deserving students.

JULY

- The 2013 Great Eastern Women's Run was launched in Singapore.
- GELS donated three dialysis machines to the National Kidney Foundation.
- GELM awarded 15 Supremacy Scholarships to needy students.
- GELI won three awards at the Indonesian Insurance Awards organised by Economic Review.
- GELV introduced Flexi 3-in-1, Savings 360, Education 360 and Protection 360 product solutions.
- GELV launched its Outdoor Fitness Spaces at selected prime parks in Ho Chi Minh City.

AUGUST

- Great Eastern turned 105.
- The Live Great Health and Wellness App was introduced.
- GELM launched Aspirasi Gemilang 'A' Programme for needy school children.
- GETB opened its fourth agency office in Alor Star, Kedah.

SEPTEMBER

- GELS opened new Service Centre at GE@Changi.
- GELM's Live Great Run continued to attract good participation.

OCTOBER

- Great Eastern clinched five awards, including the prestigious overall Brand of the Year, at the Loyalty & Engagement Awards by Marketing Magazine.
- GELS supported the inaugural Life Insurance Week to raise public awareness on the importance of life insurance.

NOVEMBER

- Great Eastern was named Life Insurance Company of the Year at the 17th Asia Insurance Industry Awards by Asia Insurance Review.
- In Singapore, over 14,000 women participated in the Great Eastern Women's Run.
- GELS raised S$20,000 for ChildrenCare in its inaugural #liveGreat for a Cause campaign.
- GELM clinched Malaysia's 100 Leading Graduate Employers title for the fifth consecutive year.
- GELM reopened its upgraded Kota Kinabalu Branch.
- Great Eastern Johor Bahru 10K was held.

DECEMBER

- Great Eastern was granted a permit to open a representative office in Myanmar.
- GETB won the Islamic Business & Finance Best Takaful Operator (Asia) 2013 Award.
- GELS raised S$42,000 for OCBC-TODAY Children's Fund at its Christmas Charity Bazaar.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Fang Ai Lian (Mrs), Chairman
Christopher Wei, Group CEO
Cheong Choong Kong
Norman Ip
Koh Beng Seng
Law Song Keng
Lee Chien Shih
Tan Yam Pin
Samuel N Tsien

NOMINATING COMMITTEE
Cheong Choong Kong, Chairman
Fang Ai Lian (Mrs)
Norman Ip
Koh Beng Seng
Lee Chien Shih

EXECUTIVE COMMITTEE
Fang Ai Lian (Mrs), Chairman
Cheong Choong Kong
Law Song Keng

AUDIT COMMITTEE
Norman Ip, Chairman
Fang Ai Lian (Mrs)
Law Song Keng

REMUNERATION COMMITTEE
Fang Ai Lian (Mrs), Chairman
Koh Beng Seng
Lee Chien Shih

RISK MANAGEMENT COMMITTEE
Koh Beng Seng, Chairman
Law Song Keng
Tan Yam Pin
Samuel N Tsien
Christopher Wei

GROUP COMPANY SECRETARY
Jennifer Wong Pakshong

REGISTERED OFFICE
1 Pickering Street #16-01
Great Eastern Centre
Singapore 048659
Telephone: +65 6248 2000
Facsimile: +65 6438 3889
Website: greateasternlife.com
Email: wecare-sg@greateasternlife.com

SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Telephone: +65 6227 6660

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner In Charge: Mak Keat Meng
(since financial year 2013)

The Board of Directors and Management of Great Eastern Holdings Limited ("GEH" or the "Company") place great importance on high standards of corporate conduct and are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Company and its subsidiaries (collectively, the "Group").

Following the approval of GEH as a financial holding company by the Monetary Authority of Singapore ("MAS") on 27 April 2012, GEH now adopts corporate governance practices that conform with the Banking (Corporate Governance) Regulations 2005 and the Banking (Corporate Governance) (Amendment) Regulations 2010, and any exemptions thereto (collectively, the "CG Regulations"), as well as the corporate governance guidelines issued by MAS on 3 April 2013 which are applicable to financial holding companies that are incorporated in Singapore (the "MAS CG Guidelines"). The Company also observes the Code of Corporate Governance 2012 (the "Code") as part of its listing obligations. Where differences exist between the requirements of the above, the Company follows the CG Regulations.

THE BOARD'S CONDUCT OF AFFAIRS

Board's responsibilities and accountability

The Company's Board provides strategic direction to the Company and the Group and its principal role and functions include the following:

(a) reviewing and approving the overall business strategy as well as organisation structure of the Company and the Group, developed and recommended by Management;

(b) ensuring that decisions and investments are consistent with the long-term strategic goals for the Company and the Group;

(c) ensuring that obligations to shareholders and others are understood and met;

(d) ensuring that the necessary human resources are in place for the Company to meet its objectives;

(e) ensuring that the Company is operated so as to preserve its financial integrity and in accordance with policies approved by the Board;

(f) reviewing any transaction for the acquisition or disposal of assets that is material to the Company and to the Group;

(g) providing oversight in ensuring that the risk appetite and activities of the Company and Group are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;

(h) overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls;

(i) overseeing, through the Risk Management Committee (formerly known as the Risk and Investment Committee), the establishment and operation of an independent risk management system, the adequacy of the risk management function and the quality of the risk management processes and systems;

(j) overseeing the succession planning for key senior executive positions within the Group and selection and appointment of executive officers, as deemed necessary;

(k) establishing corporate values and standards, emphasising integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interests;

(l) providing a balanced and understandable assessment of the performance, position and prospects of the Company and the Group, and this extends to interim and other price-sensitive public reports, and reports to regulators;

(m) overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework and ensuring that the remuneration practices are aligned and accord with the remuneration framework;

(n) reviewing Management's performance and ensuring that Management formulates policies and processes to promote fair practices and high standards of business conduct by staff; and

(o) maintaining records of all Board and Board Committee meetings, in particular, records of discussions on key deliberations and decisions taken.

The Company has adopted internal guidelines on matters which require Board approval. Matters requiring Board approval include overall business strategy and direction, significant policies governing the operations of the Group, strategic or significant acquisitions, investments and divestments by the Group, corporate restructuring, major corporate initiatives and other Group activities of a significant nature, dividend policy and dividend declaration, the quarterly and year-end financial reporting and announcement of financial results and financial statements of the Company and the Group.

Board Committees

The Board has established a number of Board committees ("Board Committees") to assist it in carrying out more effectively its oversight of the operations and business affairs of the Company and the Group. These Board Committees consist of the Nominating Committee, Remuneration Committee, Audit Committee, Executive Committee and the Risk Management Committee. All the Board Committees have been constituted with clear Board-approved written terms of reference.

The Company's Board Committees in carrying out their responsibilities in accordance with their respective terms of reference are also actively engaged in assisting the Board to ensure compliance with good corporate governance practices by the Company. Details of the roles and principal responsibilities of the Board Committees are set out in the relevant sections on the respective Board Committees in this Report. Minutes of all Board Committee meetings, which provide a fair and accurate record of the discussions and the key deliberations and decisions taken during the meetings, are maintained, and are circulated to the Board on a regular basis.

Meetings and Directors' attendance

The Board meets regularly during the year, to review the business performance and key activities of the Group presented by Management, and to consider business proposals of a significant nature. Decisions are taken objectively in the interests of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board. Where warranted by particular circumstances, *ad hoc* Board or Board Committee meetings will be convened. In 2013, the Board held seven scheduled Board meetings. Meetings of the Board and Board Committees via telephone or video conference are permitted by the Company's Articles of Association.

The number of meetings of the Board and Board Committees held in 2013 and the attendance of the Directors at those meetings are tabulated on the next page.

Directors' attendance at Board and Board Committee meetings in 2013

	Board		Nominating Committee			Audit Committee	
	No. of Meetings Scheduled		No. of Meetings Scheduled		*Ad hoc*	No. of Meetings Scheduled	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Attended**	**Held**	**Attended**
Fang Ai Lian	7	7	2	2	1	4	4
Christopher Wei	7	7	–	–	–	–	–
Cheong Choong Kong	7	7	2	2	1	–	–
Norman Ip[1]	7	7	1	1	–	4	4
Koh Beng Seng	7	7	–	–	–	–	–
Law Song Keng[2]	7	7	–	–	–	4	4
Lee Seng Wee[3]	2	2	1	1	1	–	–
Lee Chien Shih[4]	7	7	1	1	–	–	–
Tan Yam Pin	7	7	2	2	1	4	4
Samuel N Tsien	7	6	–	–	–	–	–

	Remuneration Committee		Executive Committee		Risk Management Committee	
	No. of Meetings Scheduled		No. of Meetings Scheduled		No. of Meetings Scheduled	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Fang Ai Lian	2	2	6	6	6	6
Christopher Wei	–	–	–	6[5]	6	6
Cheong Choong Kong	–	–	6	6	–	–
Norman Ip[1]	–	–	–	–	2	2
Koh Beng Seng	2	2	–	–	6	5
Law Song Keng[2]	–	–	–	–	6	6
Lee Seng Wee[3]	–	–	–	–	–	–
Lee Chien Shih[4]	2	2	–	–	–	–
Tan Yam Pin	–	–	6	6	–	–
Samuel N Tsien	–	2[5]	–	6[5]	6	6

Notes:

(1) Appointed as Member of Nominating Committee with effect from 17 April 2013 and ceased as Member of Risk Management Committee with effect from 17 April 2013.
(2) Appointed as Director and Member of Audit Committee and Risk Management Committee, all with effect from 1 January 2013.
(3) Retired as Director and ceased as Member of Nominating Committee with effect from 17 April 2013.
(4) Appointed as Member of Nominating Committee with effect from 17 April 2013.
(5) By invitation.

Directors' attendance at the annual general meeting of the Company is not included in the above table.

Directors' attendance at two Board sessions without Management is not included in the above table.

The number of meetings indicated in "Held" above reflects the number of meetings held during the time the respective Directors held office.

Total number of *ad hoc* meetings held in 2013 – Nominating Committee: 1.

BOARD COMPOSITION AND GUIDANCE

Board Membership

The Company's present Board of nine Directors comprises a non-executive Chairman, Mrs Fang Ai Lian, seven other non-executive Directors and an Executive Director and Group Chief Executive Officer ("Group CEO"), Mr Christopher Wei. The seven other non-executive Directors are Dr Cheong Choong Kong, Mr Norman Ip, Mr Koh Beng Seng, Mr Law Song Keng, Mr Lee Chien Shih, Mr Tan Yam Pin and Mr Samuel N Tsien.

Mr Law Song Keng joined the Board on 1 January 2013 and was subsequently re-appointed at the Company's annual general meeting ("AGM") on 17 April 2013 ("2013 AGM"). Mr Lee Seng Wee retired as a Director under Section 153 of the Companies Act (Chapter 50) at the 2013 AGM.

All appointments and re-appointments of Directors of the Company have to be approved by MAS. A formal letter of appointment is sent to every new Director.

Key information on Directors

The key information on each Director is set out under the "Board of Directors" section of the Company's Annual Report, and details of their membership in the various Board Committees are set out in this Report. Directors' interests in shares and share options in the Company and in the Company's parent company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and other related corporations are disclosed in the Directors' Report. The Company does not grant share options to non-executive Directors of the Company. The Directors do not hold shares in the Company's subsidiaries.

Board Composition and Independence

The Company determines the independence of its Directors in accordance with the requirements under the CG Regulations. Under the CG Regulations, an independent Director of the Company is one who is independent from the substantial shareholders of the Company, and management and business relationships with the Company, and has not served for more than nine years on the Board.

The Board is required to have at least one-third of Directors who are independent Directors and at least a majority of Directors who are independent from management and business relationships.

The Company's Board comprises at least one-third of independent Directors. The Nominating Committee determines annually whether a Director is independent. Taking into consideration the definition of "independence" of a director under the CG Regulations, the Nominating Committee has determined that the Company's independent Directors are currently Mr Norman Ip, Mr Koh Beng Seng and Mr Law Song Keng.

Mrs Fang Ai Lian and Dr Cheong Choong Kong sit on the board of OCBC Bank and hence under the CG Regulations, are not independent from substantial shareholder, but have been determined by the Nominating Committee to be independent from management and business relationships with the Company and its subsidiaries. Mr Lee Chien Shih is deemed non-independent from substantial shareholder, but is independent from management and business relationships.

Mr Samuel N Tsien and Mr Christopher Wei are non-independent Directors. Mr Samuel N Tsien is the CEO and Executive Director of OCBC Bank and Mr Christopher Wei is the Group CEO and Executive Director of the Company.

Although a non-executive Director, Mr Tan Yam Pin would be considered a non-independent Director from January 2014 because he has served for more than nine years on the Board.

The current Board complies with the requirements on board composition and board independence under the CG Regulations as three out of nine Directors are independent Directors and seven out of nine Directors are independent from management and business relationships with the Company and its subsidiaries.

The Board, through its Nominating Committee, is of the view that the current Board size facilitates effective decision making, taking into account the scope and nature of the operations of the Company and the Group.

The Board members of the Company are from diverse backgrounds and qualifications, and bring a wide range of commercial and financial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company and the Group, including industry knowledge in insurance (including key products and customers) and actuarial science, investment and asset management (including real estate and property), knowledge in banking, accounting, finance, strategy formulation, management experience, risk management and familiarity with regulatory requirements. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities.

With the knowledge, objectivity and balance contributed by the non-executive Directors, they constructively challenge and help develop proposals on strategy and review the performance of Management against agreed goals and objectives and monitor the reporting of performance.

The non-executive Directors met twice during the year without the presence of Management to discuss matters such as the performance and effectiveness of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman, Mrs Fang Ai Lian, and the Group CEO, Mr Christopher Wei, are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision making. The Company has Board-approved internal guidelines setting out the scope of authority of the Chairman and the Group CEO. The Chairman and the Group CEO are not related to each other.

The principal responsibilities of the Chairman include leading the Board to ensure its effectiveness on various aspects of the Board's role, approving the meeting agenda of the Board, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between executive and non-executive Directors and between the Board and Management and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

The Group CEO manages the Company and oversees the Group's operations and implementation of the Group's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Group's businesses, including implementing the Board's decisions, is carried out with the assistance of the senior management executives of the Group. Collectively, they are responsible for the day-to-day operations and administration of the Company and the Group, ensuring, *inter alia*, operational and organisational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management.

The Board has not appointed a Lead Independent Director as the Chairman and Group CEO are already separate persons, are not related to each other and are not both part of the same executive management team. The Chairman, a non-executive Director, performs an effective check and balance on management. As part of its continuous assessment of corporate governance standards, the Board will appoint one when the board situation warrants it.

PROCESS FOR APPOINTMENT OF NEW DIRECTORS

NOMINATING COMMITTEE

The Nominating Committee is required to comprise at least five Directors, with at least one-third of Directors being independent Directors and at least a majority being independent from management and business relationships.

The Company's Nominating Committee comprises five Directors, being Dr Cheong Choong Kong (Chairman), Mrs Fang Ai Lian, Mr Norman Ip, Mr Koh Beng Seng and Mr Lee Chien Shih. Dr Cheong Choong Kong was appointed the Chairman of the Nominating Committee on 1 January 2014 and Mrs Fang Ai Lian continued to be a member of the Nominating Committee. Mr Norman Ip and Mr Lee Chien Shih were both appointed as members of the Nominating Committee with effect from 17 April 2013. Mr Koh Beng Seng was appointed as a member of the Nominating Committee with effect from 1 January 2014. Mr Lee Seng Wee and Mr Tan Yam Pin ceased to be members of the Nominating Committee with effect from 17 April 2013 and 1 January 2014 respectively. All the Nominating Committee members are independent from management and business relationships and at least one-third, being Mr Norman Ip and Mr Koh Beng Seng, are independent Directors under the CG Regulations.

The appointment of Nominating Committee members is subject to the prior written approval of MAS.

The responsibilities of the Nominating Committee are set out in its Board-approved terms of reference. The Nominating Committee is responsible for identifying candidates, reviewing and recommending nominations and/or re-nominations of Directors on the Board and Board Committees. It also reviews nominations and makes recommendations to the Board for key senior management positions in the Company and the Group.

The Nominating Committee has a key role in carrying out the formal and transparent process established for the appointment of new Directors to the Board. Having regard to the competencies and skills collectively required by the Board, the Nominating Committee establishes annually the profile required of the Board members, before making any recommendations on the appointment of new Directors, where necessary. The Nominating Committee may engage external search consultants to source for potential candidates. Proposals for the appointment of new Directors are reviewed by the Nominating Committee. The Nominating Committee meets with the short-listed candidates to assess their suitability and commitment. Competent individuals are nominated for Board approval after the Nominating Committee has assessed their suitability taking into consideration, amongst others, their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Group, potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.

In addition, the Nominating Committee further determines the proposed candidate's independence under the CG Regulations and ensures that the proposed candidate would satisfy the criteria under the CG Regulations in that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he/she is a fit and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Nominating Committee. Such reviews are also conducted on an annual basis.

The Nominating Committee held a total of three meetings (including one *ad hoc* meeting) in 2013.

Re-nomination of Directors

All Directors of the Board are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors, being those who have served longest in office since their re-election, are required to retire by rotation in accordance with the Company's Articles of Association. In accordance with the Company's Articles of Association, newly appointed Directors will hold office until the next AGM, and if eligible, can stand for re-election. Retiring Directors are eligible for re-election when re-nominated by the Nominating Committee, taking into account the Directors' attendance at meetings, their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

Board Orientation and Training

Newly-appointed Directors will be apprised of their statutory duties and obligations and issued a Director's orientation kit which will include key information on the Company and the Group and terms of reference of the Board and Board Committees. As part of the induction programme for new Directors, Management will brief new Directors on the Group's principal activities, in particular, the insurance business and the induction programme will be tailored to the specific development needs of the new Director. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which affect the Directors and to enable them to have a more comprehensive understanding of the Group, the insurance business and practices, and the Group's financial statements.

The Nominating Committee ensures there is a continuous professional development programme for all Directors, to ensure that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. The Directors are continually updated on developments affecting the insurance industry. From time to time, the Company organises talks, seminars or presentations by external professionals, consultants or Management on topics relevant to the insurance industry and provides updates on developments in the industry locally and in other developed countries. A reference library containing publications and materials relating to the insurance industry and other relevant publications has been set up for Directors and industry-related or topical articles are regularly circulated to Directors as part of the Company's continuous development programme for Directors. Continued training and development programmes for Directors are more flexible and Directors may attend appropriate courses, conferences and seminars conducted by professional bodies within the industry or other external professional organisations including programmes conducted by the Singapore Institute of Directors where relevant.

The Company funds the training and development programmes for existing and new Directors that it arranges.

BOARD PERFORMANCE

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. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees and conducts a self-assessment and a peer-assessment of the other members of the Board. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year. Aon Hewitt Singapore Pte Ltd is engaged to facilitate the process, provide industry benchmarks and maintain confidentiality of results.

Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Company has established guidelines on meeting attendance and the extent of other appointments outside the Company that a Director may assume. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who does not have any full-time employment shall have appointments in no more than six other listed companies. The Nominating Committee annually assesses each Director's attendance record and degree of participation at meetings.

ACCESS TO INFORMATION

The Board members are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. In respect of matters for approval, information furnished by Management usually includes background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, risk analysis and mitigating strategies, the budget (if applicable) and Management's recommendation. The senior management executives who can provide additional information and insight or provide clarifications to queries raised are usually present at the meeting during discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. All Board and Board Committee members have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

Information furnished to the Board on an ongoing basis includes the monthly Group financials and the quarterly reports on the financial results and performance of the Group and principal subsidiaries within the Group, with explanations of material variances between actual results and the business plan/budget. Management also provides the Board with information on potentially material risks facing the business including credit, market, liquidity and operational risks.

Directors have separate and independent access to the Company Secretary and to senior management executives of the Company and the Group at all times.

The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, she ensures good information flows within the Board and Board Committees and between senior management and non-executive Directors. The Company Secretary also facilitates the orientation of new Directors and professional development of Directors as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

The Directors may take independent professional advice as and when necessary to enable them to discharge their duties effectively, at the expense of the Company or the Group, as applicable. Similarly, the Board and each Board Committee may obtain the professional advice that it requires to assist in its work.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION AND DISCLOSURE ON REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee is required to comprise at least three Directors, with at least one-third of Directors being independent Directors and at least a majority being independent from management and business relationships.

The Company's Remuneration Committee comprises three non-executive Directors, being Mrs Fang Ai Lian (Chairman), Mr Koh Beng Seng and Mr Lee Chien Shih. All the members of the Remuneration Committee are independent from management and business relationships and Mr Koh Beng Seng is an independent Director under the CG Regulations.

The Remuneration Committee ensures that the Company implements formal and transparent procedures for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors and senior management executives.

The principal responsibilities of the Company's Remuneration Committee are as follows:

(1) recommending to the Board for endorsement a framework of Directors' fees, as well as remuneration of Executive Directors and senior management executives. For Executive Directors and senior management, the framework covers all aspects of remuneration including salaries, allowances, bonuses, share options and other incentives and benefits;

(2) recommending specific remuneration packages for the Group CEO and respective CEOs of the Company's principal insurance subsidiaries; and

(3) ensuring that the Group's remuneration policies and practices are aligned with the approved framework and that remuneration packages are appropriate to attract, retain and motivate the Executive Director and senior management executives without being excessive.

In considering its recommendations to the Board and in approving remuneration, the Remuneration Committee ensures that remuneration policies are in line with the Group's strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and interests of individual Directors and key executives.

The Remuneration Committee members are well-versed in executive compensation matters, given their extensive experience in senior corporate positions and major appointments. They also have access to expert advice from external independent compensation consultants, where necessary. The Remuneration Committee will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

In 2013, Towers Watson provided independent advisory services on the Group's compensation framework to ensure greater alignment of pay policies and practices with market and regulatory standards, and on its staff benefits program. Towers Watson is not related to the Company and the Company is not aware of any business or personal relationships between Towers Watson and the Company's Directors and key management executives.

The Remuneration Committee held two meetings in 2013.

Remuneration of non-executive Directors

The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and the frequency of meetings, the respective responsibilities of the Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors. No Director is involved in deciding his own remuneration.

The Remuneration Committee performs an annual review of the fee structure for Directors' fees and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure, before recommending any proposed changes to the Board for endorsement and approval. The Directors' fees proposed by the Board each year are subject to shareholders' approval at the Company's AGM.

The Remuneration Committee has considered the market practices for non-executive director compensation and, on its recommendation, the Board has decided to use the same fee structure for computing the fee for each non-executive Director for the financial year ended 31 December 2013 ("FY2013") as that used in the previous financial year:

		Annual retainer
Board	Chairman	$300,000
	Member	$75,000
Board Committees	Chairman: • Audit Committee • Executive Committee • Risk Management Committee	$60,000
	Chairman: • Nominating Committee • Remuneration Committee	$30,000
	Member: • Audit Committee • Executive Committee • Risk Management Committee	$30,000
	Member: • Nominating Committee • Remuneration Committee	$15,000
Attendance fees per Board or Board Committee meeting		$3,000

The attendance fee is paid to non-executive Directors to recognise their commitment and time spent in attending meetings.

Remuneration policy in respect of Executive Director and key senior management executives

The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality personnel.

The Group CEO, being an Executive Director of the Company, is not paid a Director's fee, but receives a remuneration package comprising a basic component, a variable performance-related component, long-term incentives and benefits-in-kind. The remuneration of the Group CEO, the respective CEOs of the Company's principal insurance subsidiaries and the key senior management executives who report directly to the Group CEO are reviewed annually by the Remuneration Committee, based on the overall remuneration framework approved by the Board.

In such annual reviews, the Remuneration Committee takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution. The Remuneration Committee also takes into account the time horizon of risks, such as ensuring that variable compensation payments shall not be finalised over short periods when risks are realised over long periods.

The basic component of the remuneration package comprises a monthly basic salary. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Remuneration Committee and the Board. Such components comprise a performance-based variable bonus and long-term incentives, which are generally paid/awarded once a year.

In awarding long-term incentives, including the grant of share options to the Executive Director and senior executives, the Remuneration Committee also takes into account their potential for future development and contribution to the Group.

The annual budget for salary increment, performance-related variable bonus and long-term incentives, reviewed and approved by the Remuneration Committee, is submitted to the Board for endorsement and approval.

As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it continues to review its compensation practices on an ongoing basis to further ensure that decisions made are conducive to sustained business performance. In its deliberations, the Remuneration Committee also takes into account the remuneration principles, practices and standards that may be specified by the MAS from time to time.

The Company does not provide any termination, retirement and post-employment benefits to its Executive Director and key management personnel.

Disclosure on Directors' remuneration

The total Directors' remuneration from the Company in respect of FY2013 is shown in the table on the next page. Non-executive Directors will be paid Directors' fees totalling $1,937,000 in respect of FY2013, subject to shareholders' approval at the forthcoming AGM. For the financial year ended 31 December 2012, non-executive Directors were paid Directors' fees totalling $1,905,000.

Directors' remuneration for FY2013

Name of Director	Total Remuneration $'000	Salary and Fees $'000	Bonuses[1] $'000	Long-term incentives[2] $'000	Benefits-in-kind[3] $'000
Non-executive Directors					
Fang Ai Lian	646	632	-	-	14
Cheong Choong Kong	171	171	-	-	-
Norman Ip	169	169	-	-	-
Koh Beng Seng	165	165	-	-	-
Law Song Keng[4]	213	213	-	-	-
Lee Seng Wee[5]	39	39	-	-	-
Lee Chien Shih	134	134	-	-	-
Tan Yam Pin	246	246	-	-	-
Samuel N Tsien[6]	168	168	-	-	-
Executive Director					
Christopher Wei	4,265	1,100	1,417	1,417	331

Notes:

(1) Bonuses comprise variable bonus paid in 2013 and long-term incentive take-out.
(2) Represents fair value of share options granted under the OCBC Share Option Scheme 2001 and award of deferred shares under the OCBC Deferred Share Plan.
(3) Represents non-cash component and comprises housing, car, club, insurance benefits and employer's contribution to the Central Provident Fund ("CPF").
(4) Appointed as Director with effect from 1 January 2013.
(5) Retired as Director with effect from 17 April 2013.
(6) The Director's fee attributable to Mr Samuel N Tsien is paid to OCBC Bank.

After careful consideration, the Company has decided not to disclose information on the names and remuneration of the top five key management executives as the disadvantages to the Group's business interests would far outweigh the benefits of such disclosure, in view of the disparities in remuneration in the industry and the competitive pressures that are likely to result from such disclosure.

None of the Directors or the Group CEO had immediate family members who were employees of the Company and whose remuneration exceeded $50,000 in 2013.

Share-based incentives

The Company does not have any share option scheme or share plan in place. Instead, the Company's holding company, OCBC Bank, grants share options pursuant to the OCBC Share Option Scheme 2001 and awards shares pursuant to the OCBC Deferred Share Plan to selected senior executives of the Group, based on recommendations of the Remuneration Committee.

Details of the share options and share awards to the Company's eligible executives are disclosed in the financial statements. Further details of the above share option scheme and share plan are set out in Note 31 of the Notes to the Financial Statements and in OCBC Bank's Annual Report.

ACCOUNTABILITY

The Board is responsible for providing to shareholders a balanced and understandable assessment of the performance, position and prospects of the Group, including financial statements and other reports.

The Board provides to shareholders, on a quarterly basis, the financial statements of the Group for the first, second and third quarters of the year and for the full year, as applicable, together with a balanced review of the Group's performance, position and prospects. These financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET to the Singapore Exchange Securities Trading Limited ("SGX-ST"), then posted on the Company's website and are also made available in press releases. The Company's Annual Report is sent to all shareholders and the contents are also accessible from the Company's website.

To keep Board members informed and updated, Management provides the Board with monthly financial updates on the performance and position of the Group. The Board is also updated on any significant events that have occurred or affected the industry during the year.

AUDIT COMMITTEE

The Audit Committee is required to comprise at least three non-executive Directors, all of whom are independent from management and business relationships, and at least a majority of Directors (including the Audit Committee Chairman) who are independent Directors.

The Audit Committee comprises three Directors, being Mr Norman Ip (Chairman), Mrs Fang Ai Lian and Mr Law Song Keng. Mr Norman Ip was appointed Chairman of the Audit Committee with effect from 1 January 2014 and Mr Law Song Keng was appointed to the Audit Committee on 1 January 2013. Mr Tan Yam Pin ceased to be Chairman and member of the Audit Committee with effect from 1 January 2014. All the Audit Committee members are independent from management and business relationships and a majority, being Mr Norman Ip and Mr Law Song Keng, are independent Directors under the CG Regulations.

Members of the Audit Committee are appropriately qualified to discharge their responsibilities. In particular, Mr Norman Ip and Mrs Fang Ai Lian have relevant accounting and auditing experience and all the Audit Committee members have financial management knowledge and experience. The Audit Committee members keep abreast of relevant changes through regular updates from the external auditor, on changes to accounting standards and issues which have a direct impact on the financial statements. The Audit Committee carries out functions prescribed in Section 201B(5) of the Companies Act (Chapter 50), the Code, the SGX-ST Listing Manual, the CG Regulations and the MAS CG Guidelines and operates within Board-approved written terms of reference which set out the Audit Committee's authority and duties.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has the full co-operation of and access to Management. The Audit Committee has full discretion to invite any Director or senior management executive to attend its meetings. It has resources to enable it to discharge its functions properly.

The Audit Committee held four meetings in 2013, and its members' attendance at these meetings is disclosed in this Report. The Audit Committee meetings were attended by the internal and external auditors, the Group CEO and certain senior management executives, including the Group Chief Financial Officer.

The functions performed by the Audit Committee and details of the Audit Committee's activities during FY2013 included the following:

1. Reviewed with the internal auditor –

    1.1 their audit plans, their evaluation of the system of internal controls and their audit reports;

    1.2 the scope and results of the internal audits; and

    1.3 the assistance given by the officers of the Company and the Group to the auditors.

2. Reviewed with the external auditor –

    2.1 the audited financial statements of the Company and the Group for the financial year for submission to the Board for consideration and approval thereafter;

    2.2 their scope and overall audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them;

    2.3 the implications and impact on the financial statements of proposed implementation of new financial reporting standards and any changes in accounting policies and regulatory requirements; and

    2.4 any significant financial reporting issues, to ensure the integrity of the financial statements of the Company and the Group, and reviewed the draft announcement relating to the financial performance of the Company and the Group.

3. Reviewed the findings of the internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls of the Company and its principal subsidiaries, including financial, operational, compliance and information technology controls and systems established by Management.

4. Reviewed the effectiveness of the internal audit functions of the Company and its principal subsidiaries.

5. Performed the review of the independence of the external and internal auditors.

6. Made recommendations to the Board on the re-appointment of the external auditor and approved the remuneration and terms of engagement of the external auditor.

The Audit Committee undertook a review of all relationships between the Group and the external auditor (including non-audit services provided by the external auditor) for FY2013, and is satisfied that the provision of such non-audit services would not, in its opinion, affect the independence of the external auditor. Please refer to Note 8 of the Notes to the Financial Statements for details of fees payable to the external auditor in respect of audit and non-audit services.

Taking into account the aforesaid and other factors such as the size and complexity of the Group and the adequacy of resources and experience of the external auditor, Messrs Ernst & Young LLP, the Audit Committee has nominated the re-appointment of Messrs Ernst & Young LLP at the forthcoming AGM. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The Group has also instituted a whistle-blowing policy whereby staff of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. Concerns expressed anonymously will be considered and investigated on the basis of their merits. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. If fraud is determined, appropriate remedial action will be taken and the Audit Committee updated regularly on its status. The whistle-blower will have protection against reprisals provided he has acted in good faith.

The Audit Committee, in performing its functions, met at least annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately. The auditors, both internal and external, have unrestricted access to the Audit Committee, and to information and such persons within the Group as necessary to conduct the audit.

INTERNAL CONTROLS

The Company has in place, self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their internal controls, and their level of compliance with applicable rules and regulations. The results of evaluations are reviewed by senior management. The Board has received assurance from the Group CEO and Group Chief Financial Officer on the effectiveness of the Company's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board, with the concurrence of the Audit and Risk Management Committees, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management systems, were adequate as at 31 December 2013, to address the risks which the Group considers relevant and material to its operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT

The internal audit function ("Group Audit") serves to provide the Board and Management with an independent appraisal of the reliability, adequacy and effectiveness of the internal controls established by Management, to ensure that transactions are promptly and accurately recorded and that the Group's assets are safeguarded. Group Audit resides in-house and is independent of the activities it audits. Its terms of reference are approved by the Audit Committee.

Group Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work undertaken by Group Audit involves the assessment of the adequacy and effectiveness of the Group's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. Reviews conducted by Group Audit also focus on the Group's compliance with relevant laws and regulations, adherence to established policies and whether management has taken appropriate measures to address control deficiencies.

The Head of Group Audit reports primarily to the Chairman of the Audit Committee and administratively to the Group CEO. His annual remuneration, appointment and removal is approved by the Audit Committee.

Group Audit is staffed by executives with the relevant qualifications and experience, and the Audit Committee ensures that Group Audit is adequately resourced. Group Audit has unfettered access to the Board, the Audit Committee and senior management, where necessary, and has the right to seek information and explanations. Group Audit meets or exceeds the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

During the year, Group Audit carried out audits on selected significant business units in the Group, including an audit review of the IT systems. Group Audit's summary of major findings and recommendations and Management's related responses were discussed at the Audit Committee meetings. The Audit Committee ensures that procedures are in place to follow up on the recommendations by Group Audit in a timely manner and to closely monitor any outstanding issues. The Audit Committee also reviews annually the adequacy and effectiveness of the internal audit function.

RISK MANAGEMENT COMMITTEE AND RISK MANAGEMENT

The Risk Management Committee is required to comprise at least three Directors, a majority of whom (including the Chairman of the Risk Management Committee) are non-executive Directors. The MAS CG Guidelines further stipulate that the members of this committee should be appropriately qualified to discharge their duties, with at least two having the relevant technical financial sophistication in risk disciplines or business experiences.

The Risk Management Committee comprises five Directors. They are Mr Koh Beng Seng (Chairman), Mr Law Song Keng, Mr Tan Yam Pin, Mr Samuel N Tsien and Mr Christopher Wei. Except for the Group CEO, Mr Christopher Wei, the other four members are all non-executive Directors and all members have the relevant technical financial sophistication in risk disciplines or business experience to enable them to discharge their duties effectively. Mr Koh Beng Seng was appointed the Chairman of the Risk Management Committee with effect from 1 January 2014. Mrs Fang Ai Lian ceased to be the Chairman and member of the Risk Management Committee with effect from 1 January 2014. Mr Law Song Keng and Mr Tan Yam Pin were appointed to the Risk Management Committee with effect from 1 January 2013 and 1 January 2014 respectively.

The Risk Management Committee is responsible for the oversight of market, credit, liquidity, insurance, operational, technology, regulatory and compliance risks. It reviews the overall risk management philosophy, being the risk profile, risk tolerance level and risk and capital management strategy, guided by the overall corporate strategy and risk appetite as set and approved by the Board. The Risk Management Committee also assists the Board in monitoring the effectiveness and adequacy of the risk management processes and systems set up by the Company and its principal subsidiaries.

The Risk Management Committee performs its functions pursuant to its Board-approved written terms of reference. Such terms of reference include the review and approval or endorsement of frameworks, major policies, charters and strategies for effective risk management relating to risk management, investment management, asset-liability management and liability management activities. The terms of reference also include major risk management initiatives, and approval of significant investment, property and other financial transactions that exceed the authorisation limits of the Management Committees that the Risk Management Committee oversees – the Group Management Team and Group Asset-Liability Committee. Material investment-related activities and transactions are reviewed and approved by the Risk Management Committee and reported to the Board for information or for endorsement or approval, as applicable.

The Risk Management Committee endorses the appointment and annual appraisal of the Group Chief Risk Officer, who reports directly to the Risk Management Committee and the Group CEO. The appointment of the Group Chief Risk Officer also requires the prior approval of MAS.

The Group Chief Risk Officer is responsible for managing the Group's risk management systems and establishing processes of identifying, assessing, measuring, controlling, mitigating, monitoring and reporting risks.

The Group Risk Management Department has adequate resources and is staffed by experienced and qualified employees who are sufficiently independent to perform their duties objectively. The Group Risk Management Department regularly engages senior management to develop enterprise-wide risk controls and risk mitigation procedures.

The Risk Management Committee held a total of six meetings in 2013.

The Group's enterprise risk governance, risk management objectives and policies and other pertinent details are disclosed in Note 35 to the Financial Statements.

EXECUTIVE COMMITTEE

The Executive Committee is required to comprise at least one-third of Directors who are independent Directors and at least a majority who are independent from management and business relationships.

The Executive Committee comprises three non-executive Directors, being Mrs Fang Ai Lian (Chairman), Dr Cheong Choong Kong and Mr Law Song Keng. All the members of the Executive Committee are independent from management and business relationships and Mr Law Song Keng is considered an independent Director under the CG Regulations. Mr Law Song Keng was appointed as a member of the Executive Committee with effect from 1 January 2014. Mr Tan Yam Pin ceased to be a member of the Executive Committee on 1 January 2014.

The Executive Committee carries out the functions set out in its Board-approved written terms of reference. Such functions consist principally of overseeing the management of the business and affairs of the Company and the Group within the parameters and scope of authority delegated by the Board and include the review of the Group's policies, strategies, objectives and performance targets, proposed transactions or initiatives of a material nature and any major proposed investment or divestment. The Executive Committee does not take on the functions of Management. Major decisions of the Executive Committee are submitted to the Board for endorsement and approval.

The Executive Committee held a total of six meetings in 2013.

COMMUNICATION WITH SHAREHOLDERS

The Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company. The Company announces quarterly and full year results within the time frame prescribed in the Listing Manual of the SGX-ST. All pertinent material and price-sensitive information is disclosed promptly via SGXNET and no unpublished price-sensitive information is disclosed on a selective basis.

The Company's Annual Report containing the financial statements of the Company and the Group for the financial year also contains other pertinent information and disclosures including a review of the annual operations and activities, to enable shareholders and investors to have a better understanding of the Group's business and performance.

Shareholders and the public can access the website of the Company for media releases, financial results, quarterly results presentation materials, annual reports and other corporate information on the Company. The Company has investor relations personnel who communicate with the Company's investors and attend to their queries on published information. One of the key roles of the Group's Corporate Communications and Investor Relations Departments is to keep the market and investors apprised of the Group's major corporate developments and financial performance through regular media releases, briefings and meetings with the media, analysts and fund managers.

SHAREHOLDER RIGHTS AND CONDUCT OF SHAREHOLDER MEETINGS

All registered shareholders of the Company receive the Company's Annual Report containing the Notice of AGM, within the statutory timeline before the AGM. The Notice of AGM is also announced via SGXNET and published in the press. At the AGM, shareholders are encouraged to raise any questions on the Company's financial statements or on the resolutions to be passed at the AGM. Shareholders may vote in person at the Company's AGM or at any extraordinary general meeting ("EGM") or by proxy if they are unable to attend. The Company's Articles of Association provide that shareholders may appoint one or two proxies to attend the Company's AGM and/or EGM and to vote in their stead. To ensure authenticity of shareholder identity and other related security issues, the Company currently does not allow voting in absentia by mail, email or fax. The Company also allows investors, who hold shares through nominees such as CPF and custodian banks to attend the AGM and/or EGM as observers when they comply with prescribed procedures for attendance.

Since 2012, the Company has conducted electronic poll voting for all the resolutions passed at the AGM, for greater transparency in the voting process. Detailed results of the votes, showing the number of votes cast for and against each resolution and the respective percentages, are announced.

For the Company's AGM, separate resolutions are set out on distinct issues, such as the proposed re-appointment or re-election of Directors, proposed Directors' fees and recommendation of final dividend. For the Company's EGM, the proposed corporate action or transaction, as applicable, and the rationale and other pertinent details for such proposal are set out in a separate circular to shareholders, with the proposed resolution set out for approval by shareholders at the EGM. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

At the Company's AGM, the Board members, the chairpersons of all Board Committees, Management and the Company's professional advisors, where necessary, are present and available to address queries from shareholders. The external auditor is also present to address any shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

The Company Secretary prepares minutes of general meetings that include responses from the Board and Management to the relevant comments or queries from shareholders. The minutes are available to shareholders upon their request.

DEALINGS IN SECURITIES

The Company has adopted internal codes and policy on dealings in securities of the Company in line with the relevant rule set out in the Listing Manual of SGX-ST. The Directors and executives of the Company and of the Group are advised, and periodically reminded, not to deal in the Company's shares for the period commencing one month before the Company's announcement of financial results for the year (and ending on the date of the announcement of the results), and for the period of two weeks before the announcement of the Company's quarterly results during the financial year ("black-out period"). The Company will notify Directors and employees of the commencement date for each black-out period. The Company also has a policy against insider trading. Employees are regularly reminded not to deal in securities of the Company and/or other listed companies at all times if they are privy to unpublished material price-sensitive information and not to deal in the securities of the Company on short-term considerations. Employees with access to price-sensitive information in the course of their duties are instructed to conduct all personal securities transactions through OCBC Bank's stockbroking subsidiary.

RELATED PARTY TRANSACTIONS

The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving and monitoring such transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflicts of interest are excluded from the approval process of granting and managing related party transactions. Material related party transactions are reported to the Audit Committee for review and to the Board for approval.

The Company also complies with the SGX-ST Listing Manual on interested person transactions.

Details of the Company's related party transactions and interested person transactions during FY2013 are respectively set out in Note 33 of the Notes to the Financial Statements and page 66 of this Annual Report.

ETHICAL STANDARDS

The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Group. The Company has adopted a Code of Conduct which sets out the guiding principles and minimum standards expected of its employees such as the highest standards of ethical conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet.

As the Company treats feedback and complaints from its customers seriously, the Company has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1. INTERESTED PERSON TRANSACTIONS

Interested person transactions (excluding transactions of less than $100,000 each) carried out during the financial year under review:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of Listing Manual) $ million	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of Listing Manual (excluding transactions less than $100,000) $ million
LGlobal Funds - Additional subscription of shares in LGlobal Funds – Asia High Dividend Equity Fund	33.00	NA
LGlobal Funds - Redemption of interests in LGlobal Funds – Asia Local Currency Bond Fund and Asia High Yield Bond Fund	27.00	NA
e2Power Pte Ltd - Data centre facilities, technical infrastructure services, database administration, network facilities and infrastructure support	7.88	NA
e2Power Sdn Bhd - Data centre facilities, technical infrastructure services and network facilities	2.10	NA
OCBC Square Private Limited - Lease of premises at OCBC Centre	1.08	NA
OCBC Bank (Malaysia) Bhd – Cost of telemarketing service, and payment of commission and management fee	0.95	NA
Lion Global Investors Limited - Provision of internal audit services	0.19	NA

2. OTHER INFORMATION

Since the end of the previous financial year, no material contract involving the interest of any Director or any controlling shareholder of the Company has been entered into by the Company or any of its subsidiary companies, and no such contract subsisted as at 31 December 2013, save as disclosed above, in the Directors' Report and in the financial statements for FY2013.

FINANCIAL STATEMENTS

The Directors present their report to the members together with the audited consolidated financial statements of Great Eastern Holdings Limited ("GEH" or the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2013.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Mrs Fang Ai Lian, Chairman
Mr Christopher Wei, Group Chief Executive Officer
Dr Cheong Choong Kong
Mr Norman Ip
Mr Koh Beng Seng
Mr Law Song Keng (appointed on 1 January 2013)
Mr Lee Chien Shih
Mr Tan Yam Pin
Mr Samuel N Tsien

Mrs Fang Ai Lian, Mr Christopher Wei and Mr Koh Beng Seng will retire by rotation in accordance with Article 91 of the Company's Articles of Association at the forthcoming annual general meeting ("AGM") of the Company and, being eligible, will offer themselves for re-election at the AGM.

Dr Cheong Choong Kong and Mr Tan Yam Pin will retire pursuant to Section 153 of the Companies Act, Chapter 50 (the "Companies Act") at the forthcoming AGM of the Company. Resolutions will be proposed at the forthcoming AGM of the Company for their re-appointment under Section 153(6) of the Companies Act to hold office until the next AGM of the Company.

Mr Lee Seng Wee retired as a Director of the Company with effect from 17 April 2013.

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this report.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings, none of the Directors who held office at the end of the financial year had any interest in shares in, or debentures of, the Company as at the end of the financial year and as at 21 January 2014. Directors' interests in shares in, or debentures of, the Company's holding company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and its related corporations were as follows:

		Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
		As at 1.1.2013 or date of appointment	**As at 31.12.2013**	As at 1.1.2013 or date of appointment	**As at 31.12.2013**
(i)	**Ordinary shares in the capital of OCBC Bank**				
	Mrs Fang Ai Lian	68,671	**74,671**	–	**–**
	Mr Christopher Wei	–	**–**	62,021[2]	**119,796[2]**
	Dr Cheong Choong Kong	378,373	**584,373**	10,831[1]	**10,831[1]**
	Mr Norman Ip	3,383	**3,383**	–	**–**
	Mr Law Song Keng	97,379	**97,379**	13,555[1]	**13,555[1]**
	Mr Lee Chien Shih	1,999,134	**1,999,134**	–	**–**
	Mr Samuel N Tsien	121,555	**183,029**	222,139[3]	**344,227[4]**
(ii)	**4.2% non-cumulative non-convertible Class G preference shares in OCBC Bank**				
	Dr Cheong Choong Kong	15,000	**15,000**	–	**–**
	Mr Norman Ip	2,000	**2,000**	–	**–**
	Mr Lee Chien Shih	176,000	**176,000**	–	**–**
(iii)	**5.1% non-cumulative non-convertible Class B preference shares in OCBC Bank**				
	Mrs Fang Ai Lian	1,700	**–**	–	**–**
(iv)	**OCBC Capital Corporation (2008) 5.1% non-cumulative non-convertible guaranteed preference shares**				
	Dr Cheong Choong Kong	10,000	**10,000**	–	**–**
	Mr Tan Yam Pin	–	**–**	2,000[1]	**2,000[1]**
(v)	**OCBC Bank 5.6% Subordinated Notes Due 2019**				
	Mr Tan Yam Pin	–	**–**	500,000[1]	**500,000[1]**

Notes
(1) Held by spouse.
(2) Comprises deemed interest in ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan.
(3) Comprises deemed interest in 214,084 ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan and subscription rights over 8,055 ordinary shares granted under the OCBC Employee Share Purchase Plan.
(4) Comprises deemed interest in 336,451 ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan and subscription rights over 7,776 ordinary shares granted under the OCBC Employee Share Purchase Plan.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

(vi) Share options

According to the register of Directors' shareholdings, as at the beginning and as at the end of the financial year, the following Directors had interests in share options to subscribe for ordinary shares in the capital of OCBC Bank under the OCBC Share Option Scheme 2001, as follows:

	Options held by Directors		Options in which Directors are deemed to have an interest	
	As at 1.1.2013	**As at 31.12.2013**	As at 1.1.2013	**As at 31.12.2013**
Mr Christopher Wei	562,441	**1,600,290**	–	**–**
Dr Cheong Choong Kong	1,778,711	**2,030,736**	–	**–**
Mr Samuel N Tsien	1,125,538	**1,827,201**	–	**–**

Save as disclosed above, the Directors did not have any interest in shares in, or debentures of, the Company or any related corporation either at the beginning of the financial year, date of appointment or at the end of the financial year.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received, or become entitled to receive, benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, save as disclosed in this report, and except for employment remuneration/benefits received by the Company's Group Chief Executive Officer as disclosed in the financial statements, and further except for employment remuneration/benefits received by another Director in his capacity as the Chief Executive Officer of the Company's holding company, OCBC Bank.

5. SHARE OPTIONS

The Company does not have any share option scheme in place.

6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises three non-executive Directors. The AC members at the date of this report are Mr Norman Ip (AC Chairman), Mrs Fang Ai Lian and Mr Law Song Keng. The AC convened four meetings during the financial year under review.

The AC performs the functions specified under Section 201B(5) of the Companies Act, Chapter 50, including reviewing with the auditor its audit plan, its evaluation of the system of internal accounting controls and its audit report, reviewing the assistance given by the Company's officers to the auditor, reviewing the scope and results of the internal audit procedures, reviewing the financial statements of the Company and of the Group and the auditor's report thereon prior to their submission to the Company's Board of Directors. Details of the functions performed by the AC, including functions specified in the SGX-ST Listing Manual, Banking (Corporate Governance) Regulations 2005, Banking (Corporate Governance) (Amendment) Regulations 2010, MAS Guidelines on Corporate Governance and the Code of Corporate Governance 2012, are set out in the Report on Corporate Governance included in the Company's Annual Report for the financial year ended 31 December 2013.

The AC has nominated Ernst & Young LLP for re-appointment as auditor at the forthcoming AGM of the Company.

7. AUDITOR

The auditor, Ernst & Young LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Fang Ai Lian
Chairman

Christopher Wei
Director

Singapore
6 February 2014

STATEMENT BY DIRECTORS

Pursuant to Section 201(15) of the Companies Act, Chapter 50

We, Fang Ai Lian and Christopher Wei, being two of the Directors of Great Eastern Holdings Limited (the "Company"), do hereby state that, in the opinion of the Directors:

(i) the accompanying financial statements of the Company and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and of the Company as at 31 December 2013, the profit and loss statements, the statements of changes in equity and the statements of comprehensive income of the Group and of the Company and the statement of cash flows, the life assurance revenue statement and general insurance revenue statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity of the Group and of the Company and the cash flows and results of the insurance operations of the Group for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Fang Ai Lian
Chairman

Christopher Wei
Director

Singapore
6 February 2014

INDEPENDENT
AUDITOR'S REPORT
To the Members of Great Eastern Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 74 to 189, which comprise the balance sheets of the Group and the Company as at 31 December 2013, the profit and loss statements, statements of comprehensive income and the statements of changes in equity of the Group and the Company, the consolidated statement of cash flows, the life assurance revenue statement and general insurance revenue statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet, profit and loss statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity of the Group and of the Company and the cash flows of the Group and results of the insurance operations of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
6 February 2014

PROFIT & LOSS STATEMENTS

for the financial year ended 31 December

in Singapore Dollars (millions)	Note	Group 2013	Group 2012	Company 2013	Company 2012
Gross Premiums		**7,977.5**	6,614.5	**–**	–
Life assurance profit from:					
Participating Fund		**145.5**	144.0	**–**	–
Non-participating Fund		**279.2**	422.5	**–**	–
Investment-linked Fund		**174.0**	125.2	**–**	–
Profit from life assurance		**598.7**	691.7	**–**	–
Profit from general insurance		**25.5**	34.4	**–**	–
Profit from insurance business		**624.2**	726.1	**–**	–
Dividend from subsidiaries		**–**	–	**356.3**	515.7
Investment income, net	4	**112.0**	111.4	**–**	–
Gain on sale of investments and changes in fair value	5	**52.8**	562.9	**–**	–
Increase in provision for impairment of assets		**(0.7)**	(0.2)	**–**	–
Gain/(loss) on exchange differences		**5.0**	(0.5)	**–**	–
Profit from investments in Shareholders' Fund		**169.1**	673.6	**356.3**	515.7
Fees and other income		**71.0**	64.8	**0.9**	0.8
Profit before expenses		**864.3**	1,464.5	**357.2**	516.5
less:					
Management and other expenses		**45.5**	71.6	**10.6**	10.7
Interest expense		**18.3**	18.3	**–**	–
Depreciation		**2.1**	2.2	**–**	0.1
Expenses		**65.9**	92.1	**10.6**	10.8
Profit after expenses		**798.4**	1,372.4	**346.6**	505.7
Share of loss after income tax of joint ventures		**(7.9)**	(3.2)	**–**	–
Profit before income tax	8	**790.5**	1,369.2	**346.6**	505.7
Income tax		**(106.7)**	(173.9)	**–**	–
Profit after income tax		**683.8**	1,195.3	**346.6**	505.7
Attributable to:					
Shareholders		**674.8**	1,189.1	**346.6**	505.7
Non-controlling interests		**9.0**	6.2	**–**	–
		683.8	1,195.3	**346.6**	505.7
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	10	**$1.43**	$2.51		

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December

		Group		Company	
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012
Profit after income tax for the year		**683.8**	1,195.3	**346.6**	505.7
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Exchange differences arising on translation of overseas entities attributable to non-controlling interests		**(0.4)**	2.1	**–**	–
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of overseas entities		**(23.4)**	(17.6)	**–**	–
Share of other comprehensive income of associates and joint ventures		**3.5**	(3.3)	**–**	–
Available-for-sale financial assets:					
Changes in fair value		**(51.8)**	364.2	**–**	–
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	5	**(35.7)**	(493.7)	**–**	–
Tax on changes in fair value	9	**14.9**	22.3	**–**	–
Other comprehensive income for the year, after tax		**(92.9)**	(126.0)	**–**	–
Total comprehensive income for the year		**590.9**	1,069.3	**346.6**	505.7
Total comprehensive income attributable to:					
Shareholders		**582.8**	1,059.8	**346.6**	505.7
Non-controlling interests		**8.1**	9.5	**–**	–
		590.9	1,069.3	**346.6**	505.7

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET – GROUP

as at 31 December

in Singapore Dollars (millions)	Note	Group Total 2013	Total 2012	Shareholders' and General Insurance Funds 2013	Shareholders' and General Insurance Funds 2012	Life Assurance Fund 2013	Life Assurance Fund 2012
Share capital	11	**152.7**	152.7	**152.7**	152.7	**–**	–
Reserves							
Currency translation reserve	12	**(82.9)**	(63.7)	**(82.9)**	(63.7)	**–**	–
Fair value reserve	12	**(31.0)**	41.8	**(31.0)**	41.8	**–**	–
Accumulated profit		**5,038.1**	4,666.2	**5,038.1**	4,666.2	**–**	–
SHAREHOLDERS' FUND		**5,076.9**	4,797.0	**5,076.9**	4,797.0	**–**	–
NON-CONTROLLING INTERESTS		**50.4**	42.5	**50.4**	42.5	**–**	–
TOTAL EQUITY		**5,127.3**	4,839.5	**5,127.3**	4,839.5	**–**	–
LIABILITIES							
Insurance payables	13	**3,087.9**	2,791.2	**44.7**	24.3	**3,043.2**	2,766.9
Other creditors and interfund balances	14	**2,330.3**	2,461.5	**153.8**	115.9	**2,176.5**	2,345.6
Unexpired risk reserve	16	**121.8**	120.3	**121.8**	120.3	**–**	–
Derivative financial liabilities	23	**188.1**	42.0	**3.8**	0.2	**184.3**	41.8
Income tax		**599.8**	487.8	**216.3**	145.1	**383.5**	342.7
Provision for agents' retirement benefits	7	**258.6**	245.2	**–**	–	**258.6**	245.2
Deferred tax	9	**1,011.0**	1,069.9	**41.2**	62.5	**969.8**	1,007.4
Debt issued	15	**399.3**	399.2	**399.3**	399.2	**–**	–
General insurance fund	17	**209.2**	186.5	**209.2**	186.5	**–**	–
Life assurance fund	18	**47,577.3**	47,057.9	**–**	–	**47,577.3**	47,057.9
TOTAL EQUITY AND LIABILITIES		**60,910.6**	59,701.0	**6,317.4**	5,893.5	**54,593.2**	53,807.5
ASSETS							
Cash and cash equivalents		**3,727.1**	4,212.6	**583.6**	588.5	**3,143.5**	3,624.1
Other debtors and interfund balances	19	**1,908.1**	1,902.6	**1,401.8**	1,402.9	**506.3**	499.7
Insurance receivables	20	**2,604.3**	2,582.4	**160.4**	130.8	**2,443.9**	2,451.6
Loans	22	**1,863.6**	1,604.8	**40.6**	50.1	**1,823.0**	1,554.7
Derivative financial assets	23	**242.2**	490.7	**0.9**	2.1	**241.3**	488.6
Investments	24	**48,106.0**	46,304.9	**4,013.1**	3,594.7	**44,092.9**	42,710.2
Assets held for sale	25	**–**	3.0	**–**	3.0	**–**	–
Associates and joint ventures	26	**152.5**	322.9	**70.1**	74.6	**82.4**	248.3
Goodwill	28	**33.6**	34.1	**33.6**	34.1	**–**	–
Investment properties	29	**1,561.0**	1,531.6	**–**	–	**1,561.0**	1,531.6
Property, plant and equipment	30	**712.2**	711.4	**13.3**	12.7	**698.9**	698.7
TOTAL ASSETS		**60,910.6**	59,701.0	**6,317.4**	5,893.5	**54,593.2**	53,807.5

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET – COMPANY

as at 31 December

		Company	
in Singapore Dollars (millions)	**Note**	**2013**	2012
Share capital	11	**152.7**	152.7
Reserves			
Merger reserve	12	**419.2**	419.2
Accumulated profit		**1,200.8**	1,157.1
TOTAL EQUITY		**1,772.7**	1,729.0
LIABILITIES			
Other creditors	14	**6.5**	6.4
Income tax		**0.1**	0.1
TOTAL EQUITY AND LIABILITIES		**1,779.3**	1,735.5
ASSETS			
Cash and cash equivalents		**32.5**	57.8
Amounts due from subsidiaries	21	**1,060.5**	1,000.3
Subsidiaries	27	**686.1**	677.3
Property, plant and equipment		**0.2**	0.1
TOTAL ASSETS		**1,779.3**	1,735.5

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY – GROUP

for the financial year ended 31 December

in Singapore Dollars (millions)	Note	Attributable to shareholders of the Company: Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit [1]	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2013		152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5
Profit for the year		–	–	–	674.8	674.8	9.0	683.8
Other comprehensive income								
Exchange differences arising on translation of overseas entities		–	(23.4)	–	–	(23.4)	(0.4)	(23.8)
Share of other comprehensive income of associates and joint ventures		–	4.2	(0.7)	–	3.5	–	3.5
Available-for-sale financial assets:								
Changes in fair value		–	–	(51.3)	–	(51.3)	(0.5)	(51.8)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement		–	–	(35.7)	–	(35.7)	–	(35.7)
Tax on changes in fair value		–	–	14.9	–	14.9	–	14.9
Other comprehensive income for the year, after tax		–	(19.2)	(72.8)	–	(92.0)	(0.9)	(92.9)
Total comprehensive income for the year		–	(19.2)	(72.8)	674.8	582.8	8.1	590.9
Contributions by and distributions to shareholders								
Dividends paid during the year:								
Final and special tax exempt (one-tier) dividends for the previous year	37	–	–	–	(255.6)	(255.6)	–	(255.6)
Interim tax exempt (one-tier) dividend	37	–	–	–	(47.3)	(47.3)	–	(47.3)
Dividends paid to non-controlling interests		–	–	–	–	–	(4.0)	(4.0)
Total contributions by and distributions to shareholders		–	–	–	(302.9)	(302.9)	(4.0)	(306.9)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Changes in non-controlling interests		–	–	–	–	–	3.8	3.8
Total changes in ownership interests in subsidiaries		–	–	–	–	–	3.8	3.8
Total transactions with shareholders in their capacity as shareholders		–	–	–	(302.9)	(302.9)	(0.2)	(303.1)
Balance at 31 December 2013		152.7	(82.9)	(31.0)	5,038.1	5,076.9	50.4	5,127.3

[1] Included in Accumulated Profit are non-distributable reserves of $1,141.7 million (2012: $1,018.2 million), which arises from regulatory risk charges in Singapore and Malaysia. Refer to Notes 12 and 35 for more details.

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY – GROUP

for the financial year ended 31 December

in Singapore Dollars (millions)	Note	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit	Total	Non-Controlling Interests	Total Equity
		Attributable to shareholders of the Company						
Balance at 1 January 2012		152.7	(42.6)	150.0	3,652.2	3,912.3	30.2	3,942.5
Profit for the year		–	–	–	1,189.1	1,189.1	6.2	1,195.3
Other comprehensive income								
Exchange differences arising on translation of overseas entities		–	(17.6)	–	–	(17.6)	2.1	(15.5)
Share of other comprehensive income of associates and joint ventures		–	(3.5)	0.2	–	(3.3)	–	(3.3)
Available-for-sale financial assets:								
Changes in fair value		–	–	363.0	–	363.0	1.2	364.2
Reclassification of realised gain on disposal of investments to Profit and Loss Statement		–	–	(493.7)	–	(493.7)	–	(493.7)
Tax on changes in fair value		–	–	22.3	–	22.3	–	22.3
Other comprehensive income for the year, after tax		–	(21.1)	(108.2)	–	(129.3)	3.3	(126.0)
Total comprehensive income for the year		–	(21.1)	(108.2)	1,189.1	1,059.8	9.5	1,069.3
Contributions by and distributions to shareholders								
Dividends paid during the year:								
Final tax exempt (one-tier) dividend for the previous year	37	–	–	–	(127.8)	(127.8)	–	(127.8)
Interim tax exempt (one-tier) dividend	37	–	–	–	(47.3)	(47.3)	–	(47.3)
Dividends paid to non-controlling interests		–	–	–	–	–	(2.5)	(2.5)
Total contributions by and distributions to shareholders		–	–	–	(175.1)	(175.1)	(2.5)	(177.6)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of subsidiary		–	–	–	–	–	5.3	5.3
Total changes in ownership interests in subsidiaries		–	–	–	–	–	5.3	5.3
Total transactions with shareholders in their capacity as shareholders		–	–	–	(175.1)	(175.1)	2.8	(172.3)
Balance at 31 December 2012		152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY – COMPANY

for the financial year ended 31 December

in Singapore Dollars (millions)	Note	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2013		**152.7**	**419.2**	**1,157.1**	**1,729.0**
Profit for the year		**–**	**–**	**346.6**	**346.6**
Total comprehensive income for the year		**–**	**–**	**346.6**	**346.6**
<u>Contributions by and distributions to shareholders</u>					
Dividends paid during the year:					
Final and special tax exempt (one-tier) dividends for the previous year	**37**	**–**	**–**	**(255.6)**	**(255.6)**
Interim tax exempt (one-tier) dividend	**37**	**–**	**–**	**(47.3)**	**(47.3)**
Total contributions by and distributions to shareholders		**–**	**–**	**(302.9)**	**(302.9)**
Total transactions with shareholders in their capacity as shareholders		**–**	**–**	**(302.9)**	**(302.9)**
Balance at 31 December 2013		**152.7**	**419.2**	**1,200.8**	**1,772.7**
Balance at 1 January 2012		152.7	419.2	826.5	1,398.4
Profit for the year		–	–	505.7	505.7
Total comprehensive income for the year		–	–	505.7	505.7
<u>Contributions by and distributions to shareholders</u>					
Dividends paid during the year:					
Final tax exempt (one-tier) dividend for the previous year	37	–	–	(127.8)	(127.8)
Interim tax exempt (one-tier) dividend	37	–	–	(47.3)	(47.3)
Total contributions by and distributions to shareholders		–	–	(175.1)	(175.1)
Total transactions with shareholders in their capacity as shareholders		–	–	(175.1)	(175.1)
Balance at 31 December 2012		152.7	419.2	1,157.1	1,729.0

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December

in Singapore Dollars (millions)	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**790.5**	1,369.2
Life assurance (loss)/profit before income tax		**(38.0)**	1,492.3
General insurance profit before income tax		**34.1**	42.3
Adjustments for non-cash items:			
Surplus transferred from life assurance fund but not yet withdrawn		**(598.7)**	(691.7)
Profit transferred from general insurance fund but not yet withdrawn		**(25.5)**	(34.4)
Share of loss/(profit) of associates and joint ventures		**13.6**	(36.6)
Gain on sale of investments and changes in fair value		**(499.2)**	(3,087.8)
Increase in provision for impairment of assets	6	**78.4**	9.8
Increase in provision for agents' retirement benefits	7	**29.4**	34.4
Gain on disposal of property, plant and equipment, assets held for sale and investment properties	8	**(0.2)**	(1.1)
Depreciation	30	**58.5**	49.9
Unrealised (gain)/loss on exchange differences		**(287.4)**	84.5
Change in life assurance contract liabilities	18	**2,709.0**	2,573.5
Change in general insurance contract liabilities	17	**17.0**	1.9
Change in unexpired risk reserve	16	**(3.6)**	13.4
Amortisation of capitalised transaction fees		**0.1**	0.1
Dividend income	4	**(433.9)**	(451.8)
Interest income	4	**(1,583.5)**	(1,486.5)
Interest expense		**18.3**	18.3
Interest expense on policy benefits	8	**114.8**	100.5
Share-based payments	8	**4.1**	2.4
		397.8	2.6
Changes in working capital:			
Insurance receivables		**0.3**	(31.4)
Other debtors and interfund balances		**5.8**	(304.9)
Insurance payables		**296.7**	273.7
Other creditors and interfund balances		**(135.3)**	93.1
Cash generated from operations		**565.3**	33.1
Income tax paid		**(200.3)**	(295.1)
Interest paid on policy benefits		**(114.8)**	(100.5)
Agents' retirement benefits paid	7	**(6.4)**	(14.6)
Net cash flows from/(used in) operating activities		**243.8**	(377.1)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December

in Singapore Dollars (millions)	Note	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		**19,768.0**	20,516.6
Purchase of investments		**(21,507.2)**	(24,330.5)
Proceeds from reduction of interests in associates	26	**59.8**	24.0
Repayment of loans to joint ventures		**–**	(0.1)
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties		**3.5**	8.0
Purchase of property, plant and equipment and investment properties	29, 30	**(71.1)**	(45.6)
Net cash outflow from acquisition of a subsidiary	28	**–**	(2.4)
Interest income received		**1,560.0**	1,374.2
Interest expense paid		**(18.3)**	(18.3)
Dividends received		**425.9**	450.3
Net cash flows from/(used in) investing activities		**220.6**	(2,023.8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	37	**(302.9)**	(175.1)
Dividends paid to non-controlling interests		**(4.0)**	(2.5)
Changes in non-controlling interests		**3.8**	–
Net cash flows used in financing activities		**(303.1)**	(177.6)
Net effect of currency translation reserve adjustment		**(646.8)**	(457.8)
Net decrease in cash and cash equivalents		**(485.5)**	(3,036.3)
Cash and cash equivalents at the beginning of the year		**4,212.6**	7,248.9
Cash and cash equivalents at the end of the year		**3,727.1**	4,212.6
Cash and cash equivalents comprise:			
Cash and bank balances		**566.1**	914.0
Cash on deposit		**2,775.9**	1,942.3
Short term instruments		**385.1**	1,356.3
		3,727.1	4,212.6

Included in the cash and cash equivalents are bank deposits amounting to $2.1 million (2012: $2.5 million) which are lodged with the regulator as statutory deposits, which are not available for use by the Group.

LIFE ASSURANCE REVENUE STATEMENT

for the financial year ended 31 December

		Group	
in Singapore Dollars (millions)	**Note**	**2013**	2012
Income			
Gross premiums		**7,725.0**	6,368.2
less: Premiums ceded to reinsurers		**125.0**	113.7
Net premiums		**7,600.0**	6,254.5
Commissions received from reinsurers		**17.0**	12.4
Investment income, net	4	**1,791.4**	1,718.2
Rental income, net		**54.9**	57.4
Gain on sale of investments and changes in fair value	5	**444.3**	2,521.5
Gain/(loss) on exchange differences		**164.6**	(54.3)
		10,072.2	10,509.7
less: **Expenses**			
Gross claims, surrenders and annuities		**6,213.0**	5,437.4
Claims, surrenders and annuities recovered from reinsurers		**(78.4)**	(61.0)
Commissions and agency expenses		**775.0**	706.7
Increase in provision for impairment of assets	6	**77.6**	9.6
Management expenses		**323.6**	309.9
Agents' retirement benefits	7	**29.4**	34.4
Depreciation	30	**55.3**	46.7
Change in life assurance fund contract liabilities	18	**2,709.0**	2,573.5
		10,104.5	9,057.2
Life assurance (loss)/profit before share of (loss)/profit of associates and joint ventures		**(32.3)**	1,452.5
Share of (loss)/profit of associates		**(5.7)**	40.1
Share of loss of joint ventures		**–**	(0.3)
Life assurance (loss)/profit before income tax		**(38.0)**	1,492.3
Income tax	9	**(228.5)**	(308.2)
Life assurance (loss)/profit after income tax	18	**(266.5)**	1,184.1
Retained in life assurance fund		**(865.2)**	492.4
Transferred to Profit and Loss Statement	18	**598.7**	691.7
		(266.5)	1,184.1

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

GENERAL INSURANCE REVENUE STATEMENT

for the financial year ended 31 December

		Group	
in Singapore Dollars (millions)	**Note**	**2013**	2012
Income			
Gross premiums		**252.5**	246.3
less:			
Premiums ceded to reinsurers		**90.4**	89.3
Increase in unexpired risk reserve during the year	16	**1.1**	7.7
Net premiums		**161.0**	149.3
Commissions received from reinsurers		**28.5**	25.7
Investment income, net	4	**13.0**	12.9
Rental income, net		**–**	0.1
Gain on sale of investments and changes in fair value	5	**2.3**	4.5
Gain on exchange differences		**0.1**	0.1
Total income		**204.9**	192.6
less: **Expenses**			
Gross claims and increase in loss reserve		**137.6**	94.9
Claims ceded to reinsurers and changes in loss reserve ceded to reinsurers		**(45.0)**	(19.3)
Commissions and agency expenses		**43.2**	41.6
Increase in provision for impairment of assets		**0.1**	–
Management expenses		**33.8**	32.1
Depreciation		**1.1**	1.0
Total expenses		**170.8**	150.3
General insurance profit before income tax		**34.1**	42.3
Income tax		**(8.6)**	(7.9)
Profit from general insurance transferred to Profit and Loss Statement		**25.5**	34.4

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL

Great Eastern Holdings Limited (the "Company" or "GEH") is a limited liability company which is incorporated and domiciled in the Republic of Singapore. The notes refer to the Company and the Group unless otherwise stated. The registered office and principal place of business of the Company is located at 1 Pickering Street, #16-01, Great Eastern Centre, Singapore 048659.

The principal activity of the Company is that of an investment holding company. The principal activities of the significant subsidiaries within the Group are stated in Note 3. There have been no significant changes in the nature of these activities during the financial year.

The Company's immediate and ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), which prepares financial statements for public use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standard ("FRS") and Interpretations of FRS ("INT FRS") as required by the Companies Act, Chapter 50. The basis for preparation of the financial statements is fund accounting and the insurance fund profit that is transferred to the Group Profit and Loss Statements is determined in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous financial year, except as disclosed below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest $0.1 million except as otherwise stated.

2.2 Changes in Accounting Policies

2.2.1 The Group and the Company have applied the following FRS with effect from 1 January 2013:

FRS	Title	Effective date (Annual periods beginning on or after)
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	Employee Benefits	1 January 2013
FRS 113	Fair Value Measurement	1 January 2013
FRS 107	Amendments to FRS 107 Disclosures – Offsetting of Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012	– Amendment to FRS 1 – Presentation of Financial Statements – Amendment to FRS 16 – Property, Plant and Equipment – Amendment to FRS 32 – Financial Instruments: Presentation	1 January 2013

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group, except as disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies (continued)

2.2.1 The Group and the Company have applied the following FRS with effect from 1 January 2013: (continued)

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

On 1 January 2013, the Group adopted the amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI).

The Amendments to FRS 1 change the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentation of items that are already recognised in OCI, there is no impact on the financial position or performance of the Group upon adoption of these amendments.

FRS 113 Fair Value Measurement

On 1 January 2013, the Group adopted FRS 113 Fair Value Measurement.

FRS 113 Fair Value Measurement provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. FRS 113 expanded the required disclosures related to fair value measurements to help users understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurements on profit or loss.

According to the transition provisions of FRS 113, FRS 113 has been applied prospectively by the Group on 1 January 2013 and its application did not have any impact on the financial position of the Group.

2.2.2 FRS not yet effective

The Group and the Company have not applied the following FRS that have been issued but which are not yet effective:

FRS	Title	Effective date (Annual periods beginning on or after)
FRS 27	Separate Financial Statements	1 January 2014
FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
FRS 32	Amendments to FRS 32 – Offsetting of Financial Assets and Financial Liabilities	1 January 2014
FRS 36	Amendments to FRS 36 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
FRS 39	Amendments to FRS 39 – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies (continued)

2.2.2 FRS not yet effective (continued)

Except for FRS 110 and revised FRS 27 and FRS 112, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 110 and revised FRS 27 and FRS 112 are described below.

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements
FRS 110 and the revised FRS 27 are effective for financial periods beginning on or after 1 January 2014.

FRS 110 establishes a single control model that applies to all entities (including special purpose entities). The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

Upon application of FRS110, the Group will reassess its investments in accordance with the new definition of control. The Group expects that there will be no significant impact upon adoption of FRS 110 in 2014.

FRS 112 Disclosure of Interests in Other Entities
FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact on the financial position and financial performance of the Group when implemented in 2014.

2.3 Basis of Consolidation and Business Combinations

2.3.1 Basis of Consolidation

Basis of consolidation from 1 January 2010
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. A list of the Company's significant subsidiaries is shown in Note 3.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of Consolidation and Business Combinations (continued)

2.3.1 Basis of Consolidation (continued)

Basis of consolidation from 1 January 2010 (continued)
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010
Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

2.3.2 Business Combinations

Business combinations from 1 January 2010
Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of Consolidation and Business Combinations (continued)

2.3.2 Business Combinations (continued)

Business combinations from 1 January 2010 (continued)
The Group elects for each individual business combination, whether a non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.23. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010
In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

2.4 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, if any.

2.5 Associates and Joint Ventures

Associates are entities over which the Group has significant influence. Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence. Joint ventures are equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control.

The Group's investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investments in associates and joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Associates and Joint Ventures (continued)

The profit or loss reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates and joint ventures is the profit attributable to equity holders of the associate or joint venture and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the respective carrying value and recognises the amount in the profit or loss.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.6 Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Company, and is presented separately in the Consolidated Profit and Loss Statement, Consolidated Statement of Comprehensive Income and within equity in the Consolidated Balance Sheet, separately from Shareholders' Equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

2.7 Foreign Currency Conversion and Translation

2.7.1 Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign Currency Conversion and Translation (continued)

2.7.2 Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Profit and Loss Statement or Revenue Statements except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation. Exchange differences on non-monetary items such as equity investments classified as available-for-sale financial assets are included in the fair value reserve in equity.

2.7.3 Consolidated Financial Statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period. The Profit and Loss Statement and Revenue Statements are translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising from the translation are recognised in the Statement of Comprehensive Income, Life Assurance Fund or General Insurance Fund as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to that particular foreign operation is recognised in the Profit and Loss Statement or Revenue Statements as gain or loss on disposal of the operation.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in profit and loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the Profit and Loss Statement or Revenue Statements.

2.8 Insurance Contracts

2.8.1 Product Classification

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance Contracts (continued)

2.8.1 Product Classification (continued)

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the issuer; and contractually based on the:
  - Performance of a specified pool of contracts or a specified type of contract,
  - Realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
  - The profit or loss of the company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through the Revenue Statement. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through the Revenue Statement.

For the purpose of FRS 104, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at the balance sheet date.

The insurance subsidiaries within the Group write insurance contracts in accordance with the local Insurance Regulations prevailing in the jurisdictions in which the insurance subsidiaries operate.

2.8.2 Types of Insurance Contracts

Insurance contract liabilities are classified into principal components as follows:

(a) Life Assurance Fund contract liabilities; comprising
  – Participating Fund contract liabilities;
  – Non-Participating Fund contract liabilities; and
  – Investment Linked Fund contract liabilities.

(b) General Insurance Fund contract liabilities.

(c) Reinsurance contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance Contracts (continued)

2.8.3 Deferred Acquisition Costs

The Group does not defer acquisition costs relating to its insurance contracts.

2.8.4 Life Assurance Contract Liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the Revenue Statements of the respective insurance funds.

Life assurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating policy, appropriate level of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate risk margin allowance for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and liabilities of non-unit investment-linked policies.

The liability in respect of a participating insurance contract is based on the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of life policies where part of, or all the premiums are accumulated in a fund, the accumulated amounts, as declared to policyholders are shown as liabilities if the accumulated amounts are higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, together with provision for claims outstanding, including an estimate of the incurred claims that have not yet been reported to the Group.

Adjustments to liabilities at each reporting date are recorded in the respective Revenue Statements. Profits originating from margins for adverse deviations on run-off contracts are recognised in the Revenue Statements over the lives of the contracts, whereas losses are fully recognised in the Revenue Statements during the first year of run-off.

The liability is extinguished when the contract expires, is discharged or is cancelled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance Contracts (continued)

2.8.4 Life Assurance Contract Liabilities (continued)

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Group. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholders accrue directly to the policyholders.

A significant portion of insurance contracts issued by subsidiaries within the Group contain discretionary participating features. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contracts entitle the policyholder to receive benefits, which could vary according to investment performance of the fund. The Group does not recognise the guaranteed components separately from the discretionary participating features.

The valuation of insurance contract liabilities is determined according to:

(a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore ("MAS Regulations"); and
(b) Risk-Based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Each insurance subsidiary within the Group is required by the Insurance Regulations and accounting standards to carry out a liability adequacy test using current estimates of future cash flows relating to its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed benefits and the discretionary participating features; the assumptions are based on best estimates, the basis adopted is prescribed by the Insurance Regulations of the respective jurisdiction in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the Revenue Statement.

The Group issues investment linked contracts as an insurance contract which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment linked fund set up by the insurance subsidiary. As an embedded derivative meets the definition of an insurance contract it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies in accordance with the terms and conditions of the insurance contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance Contracts (continued)

2.8.4 Life Assurance Contract Liabilities (continued)

TABLE 2.8 below provides the key underlying assumptions used for valuation of life insurance contract liabilities.

	SINGAPORE	MALAYSIA
Valuation Method	Gross Premium Valuation For Participating Fund, the method that produces the higher reserves of: (i) Total assets backing policy benefits; (ii) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (iii) Guaranteed cashflows discounted using the interest rate outlined under (i) below.	Gross Premium Valuation For Participating Fund, the method that produces the higher reserves of: (i) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (ii) For guaranteed cashflows, Malaysia Government Securities zero coupon spot yields (as outlined below).
Interest Rate	(i) Singapore Government Securities zero coupon spot yields for cash flows up to year 15, an interpolation of the 15-year Singapore Government Securities zero coupon spot yield and the Long Term Risk Free Discount Rate (LTRFDR) for cash flows between 15 to 20 years, and the LTRFDR for cash flows year 20 and after. (ii) For the fair value hedge portfolio, Singapore Government Securities zero coupon spot yields for cash flows up to year 30, the 30 year rate for cash flows beyond 30 years. Interpolation for years where rates are unavailable. *Data source: MAS website and Bloomberg*	Malaysia Government Securities yields determined based on the following: (i) For cashflows with duration less than 15 years, Malaysia Government Securities zero coupon spot yields of matching duration. (ii) For cashflows with duration 15 years or more, Malaysia Government Securities zero coupon spot yields of 15 years to maturity. *Data source: Bond Pricing Agency Malaysia*
Mortality, Disability, Dread disease, Expenses, Lapse and surrenders	Best estimates plus provision for adverse deviation (PADs). *Data source: internal experience studies*	Participating Fund, the method that produces the higher reserves of: (i) Best estimates for total benefits (i.e. guaranteed and non-guaranteed cashflows), and (ii) Best estimates plus provision for risk of adverse deviation (PRADs) for guaranteed cashflows only. Non-Participating and Non-Unit reserves of Investment Linked Fund: Best estimates plus provision for risk of adverse deviation (PRADs). *Data source: internal experience studies*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance Contracts (continued)

2.8.5 General Insurance Fund Contract Liabilities

The Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contracts and/or business interruption contracts; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contracts. The Group also issues short term medical and personal accident general insurance contracts.

General insurance contract liabilities include liabilities for outstanding claims and unearned premiums.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other receivables. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liability is calculated at the reporting date using a range of standard actuarial projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when contracts expire, are discharged or are cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the terms of the contracts and is recognised as premium income.

The valuation of general insurance contract liabilities at balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. For both Singapore and Malaysia, as required by the local Insurance Regulations, the provision for adverse deviation is set at 75% sufficiency. For Singapore, the valuation methods used include the Paid Claim Development method, the Incurred Claim Development method, the Paid Bornhuetter-Ferguson Method and the Incurred Bornhuetter-Ferguson Method. For Malaysia, the valuation methods used include the Paid Claim Development Method, the Incurred Claim Development Method, the Paid Bornhuetter-Ferguson Method and the Loss Ratio Method.

2.8.6 Reinsurance Contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurers. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive part or all outstanding amounts due under the terms of the contract. The impairment loss is recorded in the Revenue Statement. Gains or losses on reinsurance are recognised in the Revenue Statement immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance Contracts (continued)

2.8.6 Reinsurance Contracts (continued)

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.9 Profit from Insurance Funds

Profit derived from the insurance funds is categorised as follows:

2.9.1 Life Assurance – Participating Fund

Profits to shareholders from the participating fund are allocated from the surplus or surplus capital, determined from the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund) parameters which are set out in the Insurance Regulations of the respective jurisdiction in which the insurance subsidiaries operate. The provisions in the Articles of Association of the insurance subsidiaries within the Group are applied in conjunction with the prescriptions in the respective Insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. The annual declaration of the quantum of policyholder bonus and correspondingly the profits to shareholders to be distributed out of the participating fund is approved by the Board of Directors of each insurance subsidiary under the advice of the Appointed Actuary of the respective insurance subsidiary, in accordance with the Insurance Regulations and the Articles of Association of the respective insurance subsidiaries.

2.9.2 Life Assurance – Non-Participating Fund

Revenue consists of premiums, investment and interest income; including fair value movements of certain assets as prescribed by the appropriate Insurance Regulations. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit or loss from the non-participating fund is determined from the revenue and expenses of the non-participating fund and the results of the annual actuarial valuation of the liabilities in accordance with the requirements of the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate. In addition, profit transfers from the Singapore and Malaysia non-participating funds include the fair value change of asset values measured in accordance with the Insurance Regulations of the respective insurance subsidiaries.

2.9.3 Life Assurance – Investment-Linked Fund

Revenue essentially consists of bid-ask spread and fees for mortality and other insured events, asset management, policy administration and surrender charges. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit is derived from revenue net of expenses and provision for the annual actuarial valuation of liabilities in accordance with the requirements of the Insurance Regulations, in respect of the non-unit-linked part of the fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Profit from Insurance Funds (continued)

2.9.4 General Insurance Fund

Revenue consists of premiums and investment income. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Loss reserves or reserves for claims incurred but not reported are reviewed and provisions made at each reporting date. The sum of premium, expenses and reserves is underwriting performance for the period. Investment and interest income include changes in fair value of assets valued in accordance with the requirements of the appropriate Insurance Regulations. Profit or loss from the General Insurance Fund is derived from the sum of underwriting and investment performance.

2.10 Recognition of Income and Expense

2.10.1 Premiums and Commissions

Life Assurance Business

Recurring premiums from policyholders are recognised as revenue on their respective payment due dates. Single premiums are recognised on the dates on which the policies are effective. Premiums from the investment-linked business are recognised as revenue when payment is received.

General Insurance Business

Premiums from the general insurance business are recognised as revenue upon commencement of insurance cover, in the General Insurance Revenue Statement. Premiums pertaining to periods outside of the financial reporting period are adjusted through the movement in unexpired risk reserve. Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from general insurance contracts are recognised in the General Insurance Revenue Statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods outside of the financial reporting period are adjusted through the movement in unexpired risk reserve.

2.10.2 Interest Income

Interest income is recognised using the effective interest method.

2.10.3 Dividend Income

Dividend income is recognised as investment income when the Group's right to receive the payment is established. Dividend income from the Company's subsidiaries is recognised when the dividend is declared payable.

2.10.4 Rental Income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.10.5 Gain/Loss on Sale of Investments

Gains or losses on sale of investments are derived from the difference between net sales proceeds and the purchase or amortised cost. They are recognised on trade date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Recognition of Income and Expense (continued)

2.10.6 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment test for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses on continuing operations are recognised in the Revenue Statements or Profit and Loss Statement.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Reversal of an impairment loss is recognised in the Revenue Statements or Profit and Loss Statement.

2.10.7 Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Recognition of Income and Expense (continued)

2.10.7 Impairment of Financial Assets (continued)

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the Profit and Loss Statement or Revenue Statements.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the Revenue Statements or Profit and Loss Statement.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Recognition of Income and Expense (continued)

2.10.7 Impairment of Financial Assets (continued)

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, which indicates that the cost of the investment in the equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period for which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the Revenue Statements or Profit and Loss Statement, is transferred from other comprehensive income and recognised in the Revenue Statements or Profit and Loss Statement. Reversals of impairment losses in respect of equity instruments are not recognised in the Revenue Statements or Profit and Loss Statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Revenue Statements or Profit and Loss Statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Revenue Statements or Profit and Loss Statement, the impairment loss is reversed in the Revenue Statements or Profit and Loss Statement.

2.10.8 Fees and Other Income

Fees and other income comprise mainly of management and advisory fee income. Management and advisory fee income includes income earned from the provision of administration services, investment management services, surrenders and other contract fees. This fee income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, then they are deferred and recognised over those periods.

2.10.9 Employee Benefits

Defined Contribution Plans under Statutory Regulations

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Malaysia companies in the Group make contributions respectively to the Central Provident Fund and Employees' Provident Fund, which are defined contribution pension schemes. These contributions are recognised as an expense in the period in which the service is rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Recognition of Income and Expense (continued)

2.10.9 Employee Benefits (continued)

Employee Leave Entitlements

An employee's entitlement to annual leave and long-service leave is estimated and accrued according to the Group's Human Resource policy.

Share Options

Senior executives of the Group are granted share options in the OCBC Bank's Share Option Scheme as consideration for services rendered. Options granted generally vest in one-third increments over a 3-year period and expire between 5 and 10 years from date of grant. The cost of these equity-settled share based payment transactions with the senior executives is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. The cost is recognised in the Profit and Loss Statement or Revenue Statements of the respective insurance funds, with a corresponding increase in the intercompany balance with the holding company, over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the senior executives, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the Profit and Loss Statement or Revenue Statements upon cancellation.

Deferred Share Plan

In addition to the OCBC Bank's Share Option Scheme, certain employees within the Group are granted OCBC shares under the OCBC Deferred Share Plan ("DSP"). There are 2 types of deferred share awards. Deferred share awards granted as part of long term incentive compensation will vest three years from the grant date and will lapse if the staff ceases employment during the vesting period. For deferred share awards granted as part of variable performance bonus, half of the share awards will vest two years from the grant date and the remaining half will vest at the end of three years from the grant date. The cost of the DSP is recognised in the Profit and Loss Statement or Revenue Statements on the straight-line basis over the vesting period of the DSP.

At each balance sheet date, the cumulative expense is adjusted for the estimated number of shares granted under the DSP that have vested and/or lapsed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Recognition of Income and Expense (continued)

2.10.10 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. The accounting policy for rental income is set out in Note 2.10.4.

As Lessee

Operating lease payments are recognised as an expense in the Profit and Loss Statement or Revenue Statements on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.11 Taxes

2.11.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.11.2 Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Exceptions include:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Taxes (continued)

2.11.2 Deferred Tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to taxable income in the year when the asset is realised or the liability is settled, based on tax rates (and applicable tax laws and jurisdictions) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in insurance funds and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2.11.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Unexpired Risk Reserve

Unexpired Risk Reserve ("URR") represents the portion of the written premiums of general insurance policies, gross of commission payable to intermediaries attributable to periods after the financial period, in the form of unearned premium. The change in the provision for unearned premium is taken to the Revenue Statements in order that revenue is recognised over the period of risk exposure. Further provisions are made for claims anticipated under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

URR is computed using the 1/24th method and is reduced by the corresponding percentage of gross direct business, commissions and agency related expenses not exceeding limits specified by regulators in the respective jurisdictions in which the Group operates.

2.14 Policy Benefits

Policy benefits are recognised when the policyholder exercises the option to deposit the survival benefits with the life assurance subsidiary companies when the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life assurance subsidiary companies. Interest payable on policy benefits is recognised in the Revenue Statements as incurred.

2.15 Claims Admitted or Intimated

Full provision is made for the estimated cost of all life assurance claims notified but not settled at balance sheet date. Provision is made for estimated claims incurred but not reported for all classes of general insurance business written.

2.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments with maturity of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 Insurance Receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recognised in the Revenue Statements. Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.18 has been met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial Assets

Initial recognition and measurement
Financial assets are recognised when, and only when, the Group becomes a party to the contractual obligations of the financial asset. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

2.18.1 Financial Assets at Fair Value through Revenue Statements of Insurance Funds and Profit and Loss Statement

Financial assets at fair value through Revenue Statements of Insurance Funds and Profit and Loss Statement include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets classified as held for trading are derivatives, financial instruments with embedded derivatives or assets acquired principally for the purpose of selling in the short term and which are not designated as hedging instruments in hedge relationships as defined by FRS 39.

Investments held by the investment-linked funds are designated as fair value through profit and loss at inception as they are managed and evaluated on a fair value basis, in accordance with the respective investment strategy and mandate.

Derivatives are financial instruments or contracts where the values vary according to changes in interest rate, foreign exchange rate, credit spreads or other variable. The Group uses derivatives such as interest rate swaps and foreign exchange contracts for risk mitigation. Financial instruments with embedded derivatives are hybrid financial instruments that include also a non-derivative host contract.

Subsequent to initial recognition, financial assets at fair value through Revenue Statements of Insurance Funds and Profit and Loss Statement are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the Revenue Statements of the Insurance Funds or Profit and Loss Statement.

2.18.2 Loans and Receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Revenue Statements of the Insurance Funds and Profit and Loss Statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.18.3 Available-for-sale Financial Assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial Assets (continued)

2.18.3 Available-for-sale Financial Assets (continued)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in the fair value reserve in the Statement of Comprehensive Income or Insurance Funds, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the Revenue Statements of Insurance Funds or Profit and Loss Statement accordingly. The cumulative gain or loss previously recognised in equity is recognised in the Revenue Statements of Insurance Funds and Profit and Loss Statement when the financial asset is derecognised.

Unquoted equity securities whose fair value cannot be reliably measured are measured at cost less impairment losses.

Derecognition
A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the Revenue Statements of Insurance Funds and Profit and Loss Statement.

Regular way purchase or sale of a financial asset
All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.19 Hedge Accounting

The Group applies hedge accounting for hedges of net investments in foreign operations. At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For hedges of net investments in foreign operations, gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the Profit and Loss Statement or Revenue Statements. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the Profit and Loss Statement or Revenue Statements.

The Group uses forward currency contracts as hedges of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when the Group becomes a party to the contractual obligations of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

The Group's financial liabilities include other creditors and interfund payables, insurance payables and insurance contract liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

2.20.1 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term and include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the Profit and Loss Statement or Revenue Statements.

2.20.2 Financial Liabilities at Amortised Cost

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Profit and Loss Statement or Revenue Statements.

2.21 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Determination of Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted or published bid prices on the balance sheet date. If quoted prices are not available over the counter, broker or dealer price quotations are used.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual, and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with financial institutions is their carrying value. The carrying cost is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.23 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Revenue Statements or Profit and Loss Statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Goodwill (continued)

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

2.24 Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

2.25 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment. The cost is recognised as an asset, if and only if, it can be reliably measured and it is probable that future economic benefits associated with the item will flow to the Group.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives.

Freehold land has an unlimited useful life and is not depreciated. No depreciation is provided for 999-year leasehold land. No depreciation is provided on capital works in progress as the assets are not yet available for use.

Depreciation of an asset begins when it is available for use and is calculated on a straight-line basis over the estimated useful life of an asset. The useful lives are as follows:

Leasehold land	Term of lease, up to 99 years
Buildings	50 years
Office furniture, fittings and equipment	5 to 10 years
Renovation	3 to 5 years
Computer equipment and software development costs	3 to 10 years
Motor vehicles	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate. This is to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the Profit and Loss Statement or Revenue Statements in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Investment Properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Profit and Loss Statement or Revenue Statements in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the retirement or disposal of an investment property are recognised in the Profit and Loss Statement or Revenue Statements in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.25 up to the date of change in use.

2.27 Provision for Agents' Retirement Benefits

Provision for agents' retirement benefits is set aside for agents from the Malaysian operations and is calculated in accordance with the terms and conditions in the respective Life Assurance Sales Representative's Agreement. The terms and conditions of the Agreement stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the agent shall be allocated a deferred benefit/retirement benefit. The deferred benefit/retirement benefit accumulated at Balance Sheet date includes accrued interest. The accrued deferred benefit shall only become payable provided the Agreement has been in force for certain continuous contract years and the agent has attained the minimum retirement age stipulated in the Agreement.

2.28 Related Parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
   - (i) Has control or joint control over the Company;
   - (ii) Has significant influence over the Company; or
   - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Related Parties (continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In the Company's financial statements, loans to subsidiaries are interest-free and stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in the Profit and Loss Statement over the expected repayment period.

2.29 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Share Capital and Share Issuance Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.31 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:
- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Critical Accounting Estimates and Judgments

In the preparation of the Group's financial statements, management makes estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Estimates, assumptions and judgments are continually evaluated and based on internal studies of actual or historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.32.1 Critical Accounting Estimates and Assumptions

(a) Liabilities of insurance business

The estimation of the ultimate liability arising from claims made under life and general insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, lapses, voluntary terminations, investment returns and administration expenses. The Group relies on standard industry reinsurance and national mortality tables which represent historical mortality experience, and makes appropriate adjustments for its respective risk exposures in deriving the mortality and morbidity estimates. These estimates provide the basis for the valuation of the future benefits to be paid to policyholders and to ensure adequate provisions which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures. At each reporting date, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance fund contract liabilities. The carrying value of life insurance contract liabilities as at 31 December 2013 amounted to $43,574.2 million (31 December 2012: $41,484.0 million).

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date ("IBNR").

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Critical Accounting Estimates and Judgments (continued)

2.32.1 Critical Accounting Estimates and Assumptions (continued)

(a) Liabilities of insurance business (continued)

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved. The carrying value of general insurance contract liabilities as at 31 December 2013 amounted to $129.5 million (31 December 2012: $115.9 million).

(b) Share option costs

The Group calculates the fair value of share options using the binomial model which requires input of certain variables which are determined based on assumptions made. Further details are provided in Note 31.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made. The carrying amount of the income tax and deferred tax provisions as at 31 December 2013 amounted to $1,610.8 million (31 December 2012: $1,557.7 million).

(d) Provision for agents' retirement benefits

Provision for agents' retirement benefits is calculated in accordance with the terms and conditions of the agreement, which stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Group shall allocate to the agent a deferred benefit/retirement benefit. Interest is accrued based on an estimated rate at the end of the financial year on the accumulated deferred benefit/retirement benefit with an adjustment made subsequent to year end for changes in certain statutory dividend rates. Additional provision is made to cover estimated liability for future benefits payable in the event of death, disability, investment returns and benefits payable. The agents' retirement benefit becomes vested and payable upon fulfillment of the stipulated conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Critical Accounting Estimates and Judgments (continued)

2.32.1 Critical Accounting Estimates and Assumptions (continued)

(d) Provision for agents' retirement benefits (continued)

Judgment is required to estimate the provision to be made, based upon the likely fulfillment of the conditions and occurrence of the claimable event. At each reporting year, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the provision. The carrying amount of agents' retirement benefits as at 31 December 2013 amounted to $258.6 million (31 December 2012: $245.2 million).

2.32.2 Critical Judgments in Applying Accounting Policies

(a) Impairment of goodwill

The Group conducts impairment tests on the carrying value of goodwill in accordance with the accounting policy stated in Note 2.23. The recoverable amounts of cash-generating units are determined based on the value-in-use method, which adopts a discounted cash flow approach on projections, budgets and forecasts over a 5-year period. Cash flows beyond the fifth year are extrapolated using estimated terminal growth rates not exceeding the long-term average growth of the industry and country in which the cash-generating unit operates. The discount rates applied to the cash flow projections are derived from the Group's weighted average cost of capital at the date of assessment. Changes to the assumptions, particularly the discount rate and terminal growth rate, may significantly affect the results of the impairment test. Further details of the key assumptions applied in the impairment assessment of goodwill are provided in Note 28.

(b) Impairment of loans and receivables

The Group determines impairment of loans by calculating the present value of future recoverable cash flows and the fair value of the underlying collaterals for impaired loans against the carrying value of the loans. The future recoverable cash flows are determined based on credit assessment on a loan-by-loan basis for impaired loans.

(c) Impairment of available-for-sale financial assets

The Group reviews its debt securities classified as available-for-sale investments at each balance sheet date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Critical Accounting Estimates and Judgments (continued)

2.32.2 Critical Judgments in Applying Accounting Policies (continued)

(d) Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group. The Group exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Group is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

(e) Property classification

The Group adopts certain criteria based on FRS 40, Investment Property in determining whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased separately under a finance lease), the Group would account for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

		Country of Incorporation	Principal Activities	Effective interest held by GEH 2013 %	Effective interest held by GEH 2012 %
(i)	**SIGNIFICANT SUBSIDIARIES**				
	Held by the Company				
	The Great Eastern Life Assurance Company Limited[3.1]	Singapore	Life assurance	**100.0**	100.0
	The Overseas Assurance Corporation Limited[3.1]	Singapore	Composite insurance	**100.0**	100.0
	Lion Global Investors Limited[3.1]	Singapore	Asset management	**70.0**	70.0
	The Great Eastern Trust Private Limited[3.1]	Singapore	Investment holding	**100.0**	100.0
	Held through subsidiaries				
	Great Eastern Life Assurance (Malaysia) Berhad[3.2]	Malaysia	Life assurance	**100.0**	100.0
	Overseas Assurance Corporation (Malaysia) Berhad[3.2]	Malaysia	General insurance	**100.0**	100.0
	P.T. Great Eastern Life Indonesia[3.2]	Indonesia	Life assurance	**99.2**	99.2
	Straits Eastern Square Private Limited[3.1]	Singapore	Property development and investment	**100.0**	100.0
	Great Eastern Life (Vietnam) Company Limited[3.2]	Vietnam	Life assurance	**100.0**	100.0
	218 Orchard Private Limited[3.1]	Singapore	Property development and investment	**100.0**	100.0
	Great Eastern Takaful Bhd[3.2] & [3.4]	Malaysia	Family Takaful business	**70.0**	70.0
(ii)	**SIGNIFICANT ASSOCIATES**				
	Held through subsidiaries				
	Fairfield Investment Fund Ltd[3.5]	British Virgin Islands	Collective investment scheme	**45.8**	45.8
	Ascendas China Commercial Fund[3.2]	Singapore	Real Estate Investment Trust	**28.5**	28.5
	Lion Indian Real Estate Fund[3.3]	Cayman Islands	Real Estate Investment Trust	**45.5**	45.5
(iii)	**SIGNIFICANT JOINT VENTURES**				
	Held through subsidiaries				
	Great Eastern Life Assurance (China) Company Limited[3.3]	People's Republic of China	Life assurance	**50.0**	50.0

(3.1) Audited by Ernst & Young LLP, Singapore.

(3.2) Audited by member firms of EY Global in the respective countries.

(3.3) Audited by PricewaterhouseCoopers.

(3.4) Previously known as Great Eastern Takaful Sdn Bhd.

(3.5) Currently under liquidation.

4 INVESTMENT INCOME, NET

in Singapore Dollars (millions)	Note	Group Total 2013	Group Total 2012	Shareholders' and General Insurance Funds 2013	Shareholders' and General Insurance Funds 2012	Life Assurance Fund 2013	Life Assurance Fund 2012	Company 2013	Company 2012
4.1 Profit and Loss Statements									
Dividend income									
– Investments									
Available-for-sale financial assets		**40.4**	39.5	**40.4**	39.5	**–**	–	**–**	–
		40.4	39.5	**40.4**	39.5	**–**	–	**–**	–
Interest income									
– Investments									
Available-for-sale financial assets		**66.6**	65.3	**66.6**	65.3	**–**	–	**–**	–
Financial assets at fair value through profit and loss statements		**1.7**	2.5	**1.7**	2.5	**–**	–	**–**	–
– Loans and receivables		**4.7**	5.4	**4.7**	5.4	**–**	–	**–**	–
		73.0	73.2	**73.0**	73.2	**–**	–	**–**	–
		113.4	112.7	**113.4**	112.7	**–**	–	**–**	–
less: Investment related expenses		**(1.4)**	(1.3)	**(1.4)**	(1.3)	**–**	–	**–**	–
		112.0	111.4	**112.0**	111.4	**–**	–	**–**	–
4.2 Life Assurance Revenue Statement									
Dividend income									
– Investments									
Available-for-sale financial assets		**315.7**	328.1	**–**	–	**315.7**	328.1	**–**	–
Financial assets at fair value through profit and loss statements		**77.2**	83.8	**–**	–	**77.2**	83.8	**–**	–
		392.9	411.9	**–**	–	**392.9**	411.9	**–**	–
Interest income									
– Investments									
Available-for-sale financial assets		**1,115.8**	1,047.6	**–**	–	**1,115.8**	1,047.6	**–**	–
Financial assets at fair value through profit and loss statements		**131.9**	131.4	**–**	–	**131.9**	131.4	**–**	–
– Loans and receivables		**250.1**	221.5	**–**	–	**250.1**	221.5	**–**	–
		1,497.8	1,400.5	**–**	–	**1,497.8**	1,400.5	**–**	–
		1,890.7	1,812.4	**–**	–	**1,890.7**	1,812.4	**–**	–
less: Investment related expenses		**(99.3)**	(94.2)	**–**	–	**(99.3)**	(94.2)	**–**	–
		1,791.4	1,718.2	**–**	–	**1,791.4**	1,718.2	**–**	–

4 INVESTMENT INCOME, NET (CONTINUED)

in Singapore Dollars (millions)	Note	Group: Total 2013	Group: Total 2012	Group: Shareholders' and General Insurance Funds 2013	Group: Shareholders' and General Insurance Funds 2012	Group: Life Assurance Fund 2013	Group: Life Assurance Fund 2012	Company 2013	Company 2012
4.3 General Insurance Revenue Statement									
Dividend income									
– Investments									
Available-for-sale financial assets		**0.6**	0.4	**0.6**	0.4	**–**	–	**–**	–
		0.6	0.4	**0.6**	0.4	**–**	–	**–**	–
Interest income									
– Investments									
Available-for-sale financial assets		**11.6**	12.3	**11.6**	12.3	**–**	–	**–**	–
Financial assets at fair value through profit and loss statements		**0.6**	0.1	**0.6**	0.1	**–**	–	**–**	–
– Loans and receivables		**0.5**	0.4	**0.5**	0.4	**–**	–	**–**	–
		12.7	12.8	**12.7**	12.8	**–**	–	**–**	–
		13.3	13.2	**13.3**	13.2	**–**	–	**–**	–
less: Investment related expenses		**(0.3)**	(0.3)	**(0.3)**	(0.3)	**–**	–	**–**	–
		13.0	12.9	**13.0**	12.9	**–**	–	**–**	–

During the year ended 31 December 2013, the total dividend and interest income for financial assets that are not classified at fair value through profit and loss amounted to $111.7 million, $1,681.6 million and $12.7 million for the Profit and Loss Statement, Life Assurance Revenue Statement and General Insurance Revenue Statement respectively (2012: $110.2 million, $1,597.2 million and $13.1 million).

5 GAIN ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE

in Singapore Dollars (millions)	Note	Group: Total 2013	Group: Total 2012	Group: Shareholders' and General Insurance Funds 2013	Group: Shareholders' and General Insurance Funds 2012	Group: Life Assurance Fund 2013	Group: Life Assurance Fund 2012	Company 2013	Company 2012
5.1 Profit and Loss Statements									
Realised gain from sale of investments		**15.0**	0.9	**15.0**	0.9	**–**	–	**–**	–
Amount transferred from Statement of Comprehensive Income on sale of investments		**35.7**	493.7	**35.7**	493.7	**–**	–	**–**	–
Changes in fair value of held-for-trading investments		**2.1**	68.3	**2.1**	68.3	**–**	–	**–**	–
		52.8	562.9	**52.8**	562.9	**–**	–	**–**	–

5 GAIN ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE (CONTINUED)

in Singapore Dollars (millions)	Note	Group: Total 2013	Group: Total 2012	Group: Shareholders' and General Insurance Funds 2013	Group: Shareholders' and General Insurance Funds 2012	Group: Life Assurance Fund 2013	Group: Life Assurance Fund 2012	Company 2013	Company 2012
5.2 Life Assurance Revenue Statement									
Realised gain from sale of investments		**318.6**	87.4	**–**	–	**318.6**	87.4	**–**	–
Amount transferred from Fair Value Reserve on sale of investments	18	**403.1**	1,817.9	**–**	–	**403.1**	1,817.9	**–**	–
Changes in fair value of investments									
– fair value through revenue statement		**119.4**	300.7	**–**	–	**119.4**	300.7	**–**	–
– held-for-trading		**(429.3)**	186.0	**–**	–	**(429.3)**	186.0	**–**	–
		(309.9)	486.7	**–**	–	**(309.9)**	486.7	**–**	–
Changes in fair value of investment properties	29	**32.5**	129.5	**–**	–	**32.5**	129.5	**–**	–
		444.3	2,521.5	**–**	–	**444.3**	2,521.5	**–**	–

in Singapore Dollars (millions)	Note	Group: Total 2013	Group: Total 2012	Group: Shareholders' and General Insurance Funds 2013	Group: Shareholders' and General Insurance Funds 2012	Group: Life Assurance Fund 2013	Group: Life Assurance Fund 2012	Company 2013	Company 2012
5.3 General Insurance Revenue Statement									
Realised gain from sale of investments		**2.5**	3.3	**2.5**	3.3	**–**	–	**–**	–
Amount transferred from Fair Value Reserve on sale of investments	17	**0.5**	1.4	**0.5**	1.4	**–**	–	**–**	–
Changes in fair value of held-for-trading investments		**(0.7)**	(0.2)	**(0.7)**	(0.2)	**–**	–	**–**	–
		2.3	4.5	**2.3**	4.5	**–**	–	**–**	–

6 PROVISIONS

in Singapore Dollars (millions)	Note	Group: Total 2013	Group: Total 2012	Group: Shareholders' and General Insurance Funds 2013	Group: Shareholders' and General Insurance Funds 2012	Group: Life Assurance Fund 2013	Group: Life Assurance Fund 2012	Company 2013	Company 2012
6.1 Provision for impairment of secured loans									
Balance at the beginning and end of the year	22	**2.1**	2.1	**2.1**	2.1	**–**	–	**–**	–

6 PROVISIONS (CONTINUED)

in Singapore Dollars (millions)	Note	Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
		2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
6.2 Provision for impairment of quoted equity securities									
Balance at the beginning of the year		**53.9**	64.4	**1.6**	1.4	**52.3**	63.0	**–**	–
Increase in provision for the year		**2.8**	9.0	**0.1**	0.2	**2.7**	8.8	**–**	–
Utilised during the year		**(15.0)**	(19.5)	**–**	–	**(15.0)**	(19.5)	**–**	–
Balance at the end of the year	24	**41.7**	53.9	**1.7**	1.6	**40.0**	52.3	**–**	–
6.3 Provision for impairment of unquoted equity securities									
Balance at the beginning of the year		**34.3**	34.2	**–**	–	**34.3**	34.2	**–**	–
Increase in provision for the year		**0.1**	0.4	**–**	–	**0.1**	0.4	**–**	–
Utilised during the year		**(6.2)**	(0.3)	**–**	–	**(6.2)**	(0.3)	**–**	–
Balance at the end of the year	24	**28.2**	34.3	**–**	–	**28.2**	34.3	**–**	–
6.4 Provision for impairment of quoted debt securities									
Balance at the beginning and end of the year	24	**0.2**	0.2	**–**	–	**0.2**	0.2	**–**	–
6.5 Provision for impairment of unquoted debt securities									
Balance at the beginning of the year		**2.8**	2.8	**2.8**	2.8	**–**	–	**–**	–
Increase in provision for the year		**46.4**	–	**0.7**	–	**45.7**	–	**–**	–
Balance at the end of the year	24	**49.2**	2.8	**3.5**	2.8	**45.7**	–	**–**	–

6 PROVISIONS (CONTINUED)

in Singapore Dollars (millions)	Note	Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
		2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
6.6 Provision for impairment of collective investment schemes									
Balance at the beginning of the year		**3.2**	4.3	**1.0**	1.2	**2.2**	3.1	**–**	–
Increase in provision for the year		**29.1**	0.4	**–**	–	**29.1**	0.4	**–**	–
Utilised during the year		**(1.5)**	(1.5)	**(0.2)**	(0.2)	**(1.3)**	(1.3)	**–**	–
Balance at the end of the year	24	**30.8**	3.2	**0.8**	1.0	**30.0**	2.2	**–**	–
6.7 Provision for impairment of unsecured loan to subsidiary companies									
Balance at the beginning and end of the year	21	**–**	–	**–**	–	**–**	–	**7.0**	7.0
Increase in provision for impairment of assets for the year		**78.4**	9.8	**0.8**	0.2	**77.6**	9.6	**–**	–

7 PROVISION FOR AGENTS' RETIREMENT BENEFITS

in Singapore Dollars (millions)	Note	Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
		2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Balance at the beginning of the year		**245.2**	231.3	**–**	–	**245.2**	231.3	**–**	–
Currency translation reserve adjustment		**(9.6)**	(5.9)	**–**	–	**(9.6)**	(5.9)	**–**	–
Increase in provision for the year		**29.4**	34.4	**–**	–	**29.4**	34.4	**–**	–
Paid during the year		**(6.4)**	(14.6)	**–**	–	**(6.4)**	(14.6)	**–**	–
Balance at the end of the year		**258.6**	245.2	**–**	–	**258.6**	245.2	**–**	–

As at 31 December 2013, $69.6 million (2012: $63.8 million) of the above provision for agents' retirement benefits is payable within one year.

8 ADDITIONAL PROFIT & LOSS DISCLOSURES

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	Note	2013	2012	2013	2012	2013	2012	2013	2012
Fees paid to auditors		**2.0**	1.7	**0.8**	0.8	**1.2**	0.9	**0.2**	0.2
Audit fees paid to Auditor of the Company		**0.9**	0.7	**0.5**	0.4	**0.4**	0.3	**0.2**	0.2
Audit fees paid to other auditors		**0.6**	0.7	**0.2**	0.2	**0.4**	0.5	**–**	–
Non-audit fees paid to Auditor of the Company		**0.3**	0.2	**0.1**	0.1	**0.2**	0.1	**–**	–
Non-audit fees paid to other auditors		**0.2**	0.1	**–**	0.1	**0.2**	–	**–**	–
Staff costs and related expenses (including executive directors and key management personnel compensation)		**267.8**	246.1	**96.2**	87.7	**171.6**	158.4	**1.3**	1.4
Salaries, wages, bonuses and other costs		**239.0**	220.7	**86.7**	79.9	**152.3**	140.8	**1.2**	1.3
Central Provident Fund / Employee Provident Fund		**24.7**	23.0	**6.7**	6.3	**18.0**	16.7	**0.1**	0.1
Share-based payments		**4.1**	2.4	**2.8**	1.5	**1.3**	0.9	**–**	–
Rental expense		**22.6**	22.0	**8.5**	7.8	**14.1**	14.2	**0.3**	0.3
Fee income		**68.9**	62.1	**68.9**	62.1	**–**	–	**–**	–
Fund management fee		**68.5**	61.8	**68.5**	61.8	**–**	–	**–**	–
Financial advisory fee		**0.4**	0.3	**0.4**	0.3	**–**	–	**–**	–
Gain on disposal of property, plant and equipment, assets held for sale and investment properties		**(0.2)**	(1.1)	**(0.2)**	(0.4)	**–**	(0.7)	**–**	–
Assets held for sale		**(0.2)**	(0.4)	**(0.2)**	(0.4)	**–**	–	**–**	–
Investment properties		**–**	(0.7)	**–**	–	**–**	(0.7)	**–**	–
Depreciation		**58.5**	49.9	**3.2**	3.2	**55.3**	46.7	**–**	0.1
Interest expense on policy benefits		**114.8**	100.5	**–**	–	**114.8**	100.5	**–**	–

9 INCOME TAX

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Profit and Loss or Revenue Statements:									
Current income tax:									
– Current income taxation		**354.4**	454.5	**118.4**	192.3	**236.0**	262.2	**–**	–
– Over provision in respect of previous years		**(42.1)**	(89.7)	**(0.4)**	(8.5)	**(41.7)**	(81.2)	**–**	–
		312.3	364.8	**118.0**	183.8	**194.3**	181.0	**–**	–
Deferred income tax:									
– Origination and reversal of temporary differences		**31.5**	125.2	**(2.7)**	(2.0)	**34.2**	127.2	**–**	–
		31.5	125.2	**(2.7)**	(2.0)	**34.2**	127.2	**–**	–
Total tax charge for the year recognised in Profit and Loss or Revenue Statements		**343.8**	490.0	**115.3**	181.8	**228.5**	308.2	**–**	–
Deferred tax for the year, on fair value changes on available-for-sale investments, charged directly to other comprehensive income and to the Insurance Funds:									
– equity		**14.9**	22.3	**14.9**	22.3	**–**	–	**–**	–
– insurance funds	17, 18	**62.3**	(29.3)	**1.7**	(0.3)	**60.6**	(29.0)	**–**	–

9 INCOME TAX (CONTINUED)

Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 is as follows:

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Profit before income tax		**798.4**	1,372.4	**798.4**	1,372.4	**–**	–	**346.6**	505.7
General insurance profit before income tax		**34.1**	42.3	**34.1**	42.3	**–**	–	**–**	–
Life assurance (loss)/profit before income tax		**(38.0)**	1,492.3	**–**	–	**(38.0)**	1,492.3	**–**	–
Tax at the domestic rates applicable to profits in the countries where the Group operates		**227.9**	409.0	**170.7**	265.8	**57.2**	143.2	**58.9**	86.0
Adjustments:									
Tax effect of net surplus transferred to Shareholders' Fund		**(42.6)**	(69.5)	**(42.6)**	(69.5)	**–**	–	**–**	–
Tax effect of provision against future policyholders' bonus		**32.0**	130.1	**–**	–	**32.0**	130.1	**–**	–
Foreign tax paid not recoverable		**15.4**	17.0	**2.5**	2.1	**12.9**	14.9	**–**	–
Permanent differences		**430.8**	318.1	**25.7**	8.2	**405.1**	309.9	**1.8**	1.7
Tax exempt income		**(280.8)**	(230.0)	**(42.0)**	(18.4)	**(238.8)**	(211.6)	**(60.7)**	(87.7)
Deferred tax assets not recognised		**3.2**	5.0	**1.4**	2.1	**1.8**	2.9	**–**	–
Over provision in respect of previous years		**(42.1)**	(89.7)	**(0.4)**	(8.5)	**(41.7)**	(81.2)	**–**	–
Income tax expense recognised in the Profit and Loss or Revenue Statements		**343.8**	490.0	**115.3**	181.8	**228.5**	308.2	**–**	–

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Deferred Tax									
Balance at the beginning of the year		**1,069.9**	945.9	**62.5**	87.8	**1,007.4**	858.1	**–**	–
Currency translation reserve adjustments		**(13.2)**	(8.2)	**(2.0)**	(1.3)	**(11.2)**	(6.9)	**–**	–
Deferred tax charge taken to Profit and Loss or Revenue Statements:									
Other temporary differences		**6.4**	(7.8)	**(2.2)**	(2.0)	**8.6**	(5.8)	**–**	–
Fair value changes		**(6.9)**	2.9	**(0.5)**	–	**(6.4)**	2.9	**–**	–
Provision against future policyholders' bonus		**32.0**	130.1	**–**	–	**32.0**	130.1	**–**	–
Deferred tax on fair value changes on available-for-sale investments		**(77.2)**	7.0	**(16.6)**	(22.0)	**(60.6)**	29.0	**–**	–
Balance at the end of the year		**1,011.0**	1,069.9	**41.2**	62.5	**969.8**	1,007.4	**–**	–

9 INCOME TAX (CONTINUED)

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	Note	2013	2012	2013	2012	2013	2012	2013	2012
Deferred taxes at 31 December related to the following:									
		Balance Sheets							
Deferred tax liabilities:									
Differences in depreciation for tax purposes		**8.0**	7.6	**0.5**	0.7	**7.5**	6.9	**–**	–
Accrued investment income		**0.6**	1.0	**0.2**	0.1	**0.4**	0.9	**–**	–
Net unrealised gains on investments		**195.6**	277.6	**–**	15.4	**195.6**	262.2	**–**	–
Net accretion on fixed income investments		**11.8**	11.0	**–**	0.1	**11.8**	10.9	**–**	–
Undistributed bonus to policyholders		**764.6**	735.4	**–**	–	**764.6**	735.4	**–**	–
Differences in insurance items		**48.8**	50.6	**48.8**	50.6	**–**	–	**–**	–
Deferred tax liabilities		**1,029.4**	1,083.2	**49.5**	66.9	**979.9**	1,016.3	**–**	–
Deferred tax assets:									
Net unrealised loss on investments		**2.9**	0.1	**2.4**	0.1	**0.5**	–	**–**	–
Unutilised tax losses carried forward		**3.0**	–	**0.3**	–	**2.7**	–	**–**	–
Net amortisation on fixed income investments		**10.7**	9.8	**3.8**	3.3	**6.9**	6.5	**–**	–
Other accruals and provisions		**1.8**	3.4	**1.8**	1.0	**–**	2.4	**–**	–
Deferred tax assets		**18.4**	13.3	**8.3**	4.4	**10.1**	8.9	**–**	–
Net deferred tax liabilities		**1,011.0**	1,069.9	**41.2**	62.5	**969.8**	1,007.4	**–**	–
		Profit and Loss Statements and Revenue Statements							
Deferred tax liabilities:									
Differences in depreciation for tax purposes		**0.4**	(1.3)	**(0.2)**	0.4	**0.6**	(1.7)	**–**	–
Accrued investment income		**(0.4)**	0.4	**0.1**	–	**(0.5)**	0.4	**–**	–
Net unrealised gains on investments		**2.4**	7.0	**–**	–	**2.4**	7.0	**–**	–
Net accretion on fixed income investments		**0.8**	–	**(0.1)**	–	**0.9**	–	**–**	–
Undistributed bonus to policyholders	18	**32.0**	130.1	**–**	–	**32.0**	130.1	**–**	–
Deferred tax assets:									
Net unrealised loss on investments		**(1.4)**	(0.5)	**(0.9)**	(0.5)	**(0.5)**	–	**–**	–
Unutilised tax losses carried forward		**(3.0)**	1.9	**(0.3)**	–	**(2.7)**	1.9	**–**	–
Net amortisation on fixed income investments		**(0.9)**	(9.0)	**(0.5)**	(0.9)	**(0.4)**	(8.1)	**–**	–
Other accruals and provisions		**1.6**	(3.4)	**(0.8)**	(1.0)	**2.4**	(2.4)	**–**	–
Deferred tax (benefit)/expense		**31.5**	125.2	**(2.7)**	(2.0)	**34.2**	127.2	**–**	–

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately $24.1 million (2012: $20.9 million) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no unrecognised temporary differences relating to investments in subsidiaries and joint ventures.

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted and basic earnings per share are the same as there are no dilutive potential ordinary shares.

The following reflects the profit for the year attributable to ordinary shareholders and the weighted average number of shares outstanding during the year, used in the computation of basic and diluted earnings per share for the years ended 31 December:

		Group	
		2013	2012
Profit attributable to ordinary shareholders for computation of basic and diluted earnings per share	(in millions of Singapore Dollars)	**674.8**	1,189.1
Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share	(in millions)	**473.3**	473.3
Basic and diluted earnings per share	(in Singapore Dollars)	**$1.43**	$2.51

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

11 SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares	**Amount $'mil**	Number of shares	Amount $'mil
Ordinary shares: Issued and fully paid				
Balance at the beginning and end of the year	**473,319,069**	**152.7**	473,319,069	152.7

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

In accordance with the Companies Act Cap. 50, the shares of the Company have no par value.

12 RESERVES

Merger reserve represents the difference between the fair value and nominal value of shares issued for the acquisition of a subsidiary. The merger reserve had been utilised in part in prior years to write-off the goodwill on acquisition of the subsidiary.

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The currency translation reserve is also used to record the effect of hedging of net investment in foreign operations.

The fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale investments until they are disposed of or impaired.

As at 31 December 2013, non-distributable reserves of $1,141.7 million (2012: $1,018.2 million) have been set aside by the Group's insurance entities to meet risk-based capital requirements for regulatory reporting purposes. These reserves are deemed statutory reserves and are not available for distribution to shareholders. These statutory reserves are measured according to the regulatory prescriptions and are subject to changes in line with the underlying risks underwritten by the respective businesses. Refer to Note 35 for more details.

13 INSURANCE PAYABLES

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Claims admitted or intimated		**209.4**	206.9	**–**	–	**209.4**	206.9	**–**	–
Policy benefits		**2,789.7**	2,512.5	**–**	–	**2,789.7**	2,512.5	**–**	–
Reinsurance liabilities		**88.8**	71.8	**44.7**	24.3	**44.1**	47.5	**–**	–
		3,087.9	2,791.2	**44.7**	24.3	**3,043.2**	2,766.9	**–**	–

Policy benefits bear interest at 3% per annum (2012: 3% per annum) for the Group's insurance subsidiaries in Singapore and at 5% per annum (2012: 5% per annum) for the Group's insurance subsidiaries in Malaysia.

14 OTHER CREDITORS AND INTERFUND BALANCES

Other creditors and interfund balances comprise the following:

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Financial Liabilities:									
Accrued expenses and other creditors		**768.5**	639.4	**126.8**	93.0	**641.7**	546.4	**6.5**	6.4
Investment creditors		**230.2**	475.9	**6.3**	10.7	**223.9**	465.2	**–**	–
Interest payable		**9.2**	9.2	**9.2**	9.2	**–**	–	**–**	–
Amount due to holding company[1]		**3.7**	2.6	**3.7**	2.6	**–**	–	**–**	–
Interfund balances		**1,278.0**	1,304.1	**–**	–	**1,278.0**	1,304.1	**–**	–
		2,289.6	2,431.2	**146.0**	115.5	**2,143.6**	2,315.7	**6.5**	6.4
Non Financial Liabilities:									
Premiums in suspense[2]		**40.7**	30.3	**7.8**	0.4	**32.9**	29.9	**–**	–
		2,330.3	2,461.5	**153.8**	115.9	**2,176.5**	2,345.6	**6.5**	6.4

(1) Amount due to holding company is unsecured, interest-free and repayable upon demand.

(2) Amounts will be recognised within one year.

15 DEBT ISSUED

			Group	
in Singapore Dollars (millions)	**Issue Date**	**Maturity Date**	**2013**	2012
Issued by The Great Eastern Life Assurance Company Limited ("GELS"):				
$400.0 million 4.6% subordinated fixed rate notes	19 Jan 2011	19 Jan 2026	**399.3**	399.2
			399.3	399.2

On 19 January 2011, one of the Group's subsidiaries issued $400.0 million subordinated fixed rate notes ("Notes") due 2026 callable in 2021. The Notes will initially bear interest at the rate of 4.6% per annum, payable semi-annually on 19 January and 19 July each year up to 19 January 2021. If the Notes are not redeemed or purchased and cancelled on 19 January 2021, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing 5-year SGD Swap Offer Rate and 1.35%, payable semi-annually in arrears. The subordinated notes qualify as Tier 2 capital for the Group.

16 UNEXPIRED RISK RESERVE

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012
Balance at the beginning of the year		**80.8**	74.2	**80.8**	74.2	**–**	–
Currency translation reserve adjustment		**(1.9)**	(1.1)	**(1.9)**	(1.1)	**–**	–
Increase in unexpired risk reserve during the year, gross		**(3.6)**	13.4	**(3.6)**	13.4	**–**	–
Movement in reinsurers' share of unexpired risk reserve during the year		**4.7**	(5.7)	**4.7**	(5.7)	**–**	–
Balance at the end of the year		**80.0**	80.8	**80.0**	80.8	**–**	–
Unexpired risk reserve, gross		**121.8**	120.3	**121.8**	120.3	**–**	–
Reinsurers' share of unexpired risk reserve	20	**(41.8)**	(39.5)	**(41.8)**	(39.5)	**–**	–
Unexpired risk reserve, net		**80.0**	80.8	**80.0**	80.8	**–**	–

17 GENERAL INSURANCE FUND

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012
Balance at the beginning of the year		**123.0**	121.9	**123.0**	121.9	**–**	–
Currency translation reserve adjustment		**(3.5)**	(2.2)	**(3.5)**	(2.2)	**–**	–
Fair value reserve movement		**(6.0)**	1.4	**(6.0)**	1.4	**–**	–
Increase/(decrease) in loss reserve during the year, gross		**32.9**	(1.0)	**32.9**	(1.0)	**–**	–
Movement in reinsurers' share of loss reserve during the year		**(15.9)**	2.9	**(15.9)**	2.9	**–**	–
Balance at the end of the year		**130.5**	123.0	**130.5**	123.0	**–**	–
General Insurance Fund comprises:							
General Insurance Fund Contract Liabilities, net		**129.5**	115.9	**129.5**	115.9	**–**	–
Reinsurers' share of loss reserve	20	**78.7**	63.5	**78.7**	63.5	**–**	–
General Insurance Fund Contract Liabilities, gross		**208.2**	179.4	**208.2**	179.4	**–**	–
Fair Value Reserve		**1.0**	7.1	**1.0**	7.1	**–**	–
		209.2	186.5	**209.2**	186.5	**–**	–

17 GENERAL INSURANCE FUND (CONTINUED)

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012
Represented by:							
General Insurance Fund Contract Liabilities							
Balance at the beginning of the year		**115.9**	116.1	**115.9**	116.1	**–**	–
Currency translation reserve adjustment		**(3.4)**	(2.1)	**(3.4)**	(2.1)	**–**	–
Increase/(decrease) in loss reserve during the year, gross		**32.9**	(1.0)	**32.9**	(1.0)	**–**	–
Movement in reinsurers' share of loss reserve during the year		**(15.9)**	2.9	**(15.9)**	2.9	**–**	–
Balance at the end of the year		**129.5**	115.9	**129.5**	115.9	**–**	–
Fair Value Reserve [1]							
Balance at the beginning of the year		**7.1**	5.8	**7.1**	5.8	**–**	–
Currency translation reserve adjustment		**(0.1)**	(0.1)	**(0.1)**	(0.1)	**–**	–
Fair value changes on remeasuring available-for-sale investments		**(7.2)**	3.1	**(7.2)**	3.1	**–**	–
Transfer of fair value reserve to General Insurance Revenue Statement on sale of investments	5	**(0.5)**	(1.4)	**(0.5)**	(1.4)	**–**	–
Deferred tax on fair value changes	9	**1.7**	(0.3)	**1.7**	(0.3)	**–**	–
Balance at the end of the year		**1.0**	7.1	**1.0**	7.1	**–**	–

[1] The above fair value reserve is deemed equity of General Insurance Fund.

18 LIFE ASSURANCE FUND

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012
Balance at the beginning of the year		**47,057.9**	44,420.8	**–**	–	**47,057.9**	44,420.8
Currency translation reserve adjustment		**(795.2)**	(498.4)	**–**	–	**(795.2)**	(498.4)
Fair value reserve movement		**(529.2)**	69.6	**–**	–	**(529.2)**	69.6
Change in life assurance fund contract liabilities							
– Due to assumptions change		**12.7**	(414.6)	**–**	–	**12.7**	(414.6)
– Due to change in discount rate		**(726.0)**	588.2	**–**	–	**(726.0)**	588.2
– Due to movement during the year		**3,454.3**	2,530.0	**–**	–	**3,454.3**	2,530.0
Provision for deferred tax on future policyholders' bonus	9	**(32.0)**	(130.1)	**–**	–	**(32.0)**	(130.1)
Transferred from Life Assurance Revenue Statement		**(266.5)**	1,184.1	**–**	–	**(266.5)**	1,184.1
Transferred to Profit and Loss Statement		**(598.7)**	(691.7)	**–**	–	**(598.7)**	(691.7)
Balance at the end of the year		**47,577.3**	47,057.9	**–**	–	**47,577.3**	47,057.9
Represented by:							
Life Assurance Fund Contract Liabilities							
Balance at the beginning of the year		**41,484.0**	39,289.7	**–**	–	**41,484.0**	39,289.7
Currency translation reserve adjustment		**(618.8)**	(379.2)	**–**	–	**(618.8)**	(379.2)
Change in life assurance fund contract liabilities							
– Due to assumptions change		**12.7**	(414.6)	**–**	–	**12.7**	(414.6)
– Due to change in discount rate		**(726.0)**	588.2	**–**	–	**(726.0)**	588.2
– Due to movement during the year		**3,454.3**	2,530.0	**–**	–	**3,454.3**	2,530.0
Provision for deferred tax on future policyholders' bonus	9	**(32.0)**	(130.1)	**–**	–	**(32.0)**	(130.1)
Balance at the end of the year		**43,574.2**	41,484.0	**–**	–	**43,574.2**	41,484.0

Life assurance fund contract liabilities at 31 December comprised the following:

Contracts with Discretionary Participating Features ("DPF")	**34,729.5**	32,990.8	**–**	–	**34,729.5**	32,990.8
Contracts without Discretionary Participating Features ("DPF")	**4,054.3**	3,978.2	**–**	–	**4,054.3**	3,978.2
Investment-linked contracts	**4,790.4**	4,515.0	**–**	–	**4,790.4**	4,515.0
	43,574.2	41,484.0	**–**	–	**43,574.2**	41,484.0

18 LIFE ASSURANCE FUND (CONTINUED)

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012
Unallocated Surplus							
Balance at the beginning of the year		**2,521.9**	2,097.1	**–**	–	**2,521.9**	2,097.1
Currency translation reserve adjustment		**(99.8)**	(67.6)	**–**	–	**(99.8)**	(67.6)
Transferred from Life Assurance Revenue Statement		**(266.5)**	1,184.1	**–**	–	**(266.5)**	1,184.1
Transferred to Profit and Loss Statement		**(598.7)**	(691.7)	**–**	–	**(598.7)**	(691.7)
Balance at the end of the year		**1,556.9**	2,521.9	**–**	–	**1,556.9**	2,521.9
Fair Value Reserve [1]							
Balance at the beginning of the year		**3,052.0**	3,034.0	**–**	–	**3,052.0**	3,034.0
Currency translation reserve adjustment		**(76.6)**	(51.6)	**–**	–	**(76.6)**	(51.6)
Fair value changes on remeasuring available-for-sale investments		**(186.7)**	1,916.5	**–**	–	**(186.7)**	1,916.5
Transfer of fair value reserve to Life Assurance Revenue Statement on sale of investments	5	**(403.1)**	(1,817.9)	**–**	–	**(403.1)**	(1,817.9)
Deferred tax on fair value changes	9	**60.6**	(29.0)	**–**	–	**60.6**	(29.0)
Balance at the end of the year		**2,446.2**	3,052.0	**–**	–	**2,446.2**	3,052.0

[1] The above fair value reserve is deemed equity of Life Assurance Fund.

As at 31 December 2013, $4.4 million (2012: $261.2 million) of the life fund fair value reserves pertains to the Life Insurance Non-Participating Fund. This arose as a result of the life fund investments being classified as available-for-sale under FRS. As mentioned in Note 2.1, insurance fund profit that is transferred to the Profit and Loss Statement is determined in accordance with the Insurance Regulations of the respective jurisdictions. Under the Insurance Regulations, investments are carried at market value or net realisable value. As such, the Non-Participating Fund profit recognised in the Profit and Loss Statement includes the changes in the fair value of the Non-Participating Fund investments and the fair value reserves of the Non-Participating Fund that are not distributable to the shareholders.

19 OTHER DEBTORS AND INTERFUND BALANCES

Other debtors and interfund balances comprise the following:

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012
Financial Assets:							
Accrued interest receivable		**400.4**	392.0	**23.9**	25.7	**376.5**	366.3
Investment debtors		**97.6**	115.1	**17.6**	17.5	**80.0**	97.6
Other receivables		**41.0**	32.8	**4.4**	7.3	**36.6**	25.5
Deposits collected		**4.5**	4.6	**1.1**	1.2	**3.4**	3.4
Interfund balances		**1,278.0**	1,304.3	**1,278.0**	1,304.3	**–**	–
	22	**1,821.5**	1,848.8	**1,325.0**	1,356.0	**496.5**	492.8
Non-Financial Assets:							
Prepayments and others		**86.6**	53.8	**76.8**	46.9	**9.8**	6.9
		1,908.1	1,902.6	**1,401.8**	1,402.9	**506.3**	499.7

20 INSURANCE RECEIVABLES

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Due from policyholders:									
Outstanding premiums		**224.3**	201.9	**33.6**	19.8	**190.7**	182.1	**–**	–
Policy loans		**2,249.5**	2,268.2	**–**	–	**2,249.5**	2,268.2	**–**	–
Due from reinsurers:									
Reinsurance assets		**130.5**	112.3	**126.8**	111.0	**3.7**	1.3	**–**	–
	22	**2,604.3**	2,582.4	**160.4**	130.8	**2,443.9**	2,451.6	**–**	–
Reinsurance assets comprise the following:									
Unexpired risk reserve	16	**41.8**	39.5	**41.8**	39.5	**–**	–	**–**	–
Loss reserve	17	**78.7**	63.5	**78.7**	63.5	**–**	–	**–**	–
Amounts due from reinsurers		**10.0**	9.3	**6.3**	8.0	**3.7**	1.3	**–**	–
Total assets arising from reinsurance contracts		**130.5**	112.3	**126.8**	111.0	**3.7**	1.3	**–**	–

21 AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND JOINT VENTURES

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Amounts due from subsidiaries		**–**	–	**–**	–	**–**	–	**1,058.4**	998.2
Loans to subsidiaries		**–**	–	**–**	–	**–**	–	**9.1**	9.1
Provision for impairment of unsecured loan to subsidiary	6	**–**	–	**–**	–	**–**	–	**(7.0)**	(7.0)
	22	**–**	–	**–**	–	**–**	–	**1,060.5**	1,000.3

The amounts due from subsidiaries and loans to subsidiaries are unsecured, interest-free and repayable on demand.

22 LOANS AND RECEIVABLES

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Loans comprise the following:									
Secured loans [1]		**1,864.7**	1,606.1	**42.7**	52.2	**1,822.0**	1,553.9	**–**	–
Unsecured loans		**1.0**	0.8	**–**	–	**1.0**	0.8	**–**	–
		1,865.7	1,606.9	**42.7**	52.2	**1,823.0**	1,554.7	**–**	–
less: Provision for impairment of secured loans	6	**2.1**	2.1	**2.1**	2.1	**–**	–	**–**	–
		1,863.6	1,604.8	**40.6**	50.1	**1,823.0**	1,554.7	**–**	–
If loans were carried at fair value, the carrying amounts would be as follows:									
Loans		**1,883.8**	1,637.0	**41.0**	50.3	**1,842.8**	1,586.7	**–**	–
Loans and receivables:									
Cash and cash equivalents		**3,727.1**	4,212.6	**583.6**	588.5	**3,143.5**	3,624.1	**32.5**	57.8
Other debtors and interfund balances	19	**1,821.5**	1,848.8	**1,325.0**	1,356.0	**496.5**	492.8	**–**	–
Insurance receivables	20	**2,604.3**	2,582.4	**160.4**	130.8	**2,443.9**	2,451.6	**–**	–
Loans [1]		**1,863.6**	1,604.8	**40.6**	50.1	**1,823.0**	1,554.7	**–**	–
Amounts due from subsidiaries and joint ventures	21	**–**	–	**–**	–	**–**	–	**1,060.5**	1,000.3
Total loans and receivables at amortised cost		**10,016.5**	10,248.6	**2,109.6**	2,125.4	**7,906.9**	8,123.2	**1,093.0**	1,058.1

[1] Comparatives have been restated to conform to current year's presentation.

23 DERIVATIVE FINANCIAL INSTRUMENTS

in Singapore Dollars (millions)	**Notional Principal 2013**	**Derivative Financial Assets 2013**	**Derivative Financial Liabilities 2013**	Notional Principal 2012	Derivative Financial Assets 2012	Derivative Financial Liabilities 2012
23.1 Total						
Foreign exchange:						
Forwards	**5,108.8**	**14.8**	**(68.5)**	4,793.2	23.7	(8.4)
Currency swaps	**2,369.4**	**185.9**	**(99.9)**	2,405.2	320.6	(32.7)
Interest rates:						
Swaps	**836.3**	**39.4**	**(19.6)**	1,306.2	146.1	(0.8)
Exchange traded futures	**–**	**2.1**	**(0.1)**	–	0.2	(0.1)
Equity:						
Options	**–**	**–**	**–**	0.2	0.1	–
	8,314.5	**242.2**	**(188.1)**	8,504.8	490.7	(42.0)
23.2 Shareholders' and General Insurance Funds						
Foreign exchange:						
Forwards	**283.1**	**0.5**	**(3.5)**	243.2	0.9	(0.2)
Currency swaps	**17.1**	**0.4**	**(0.3)**	13.2	1.2	–
	300.2	**0.9**	**(3.8)**	256.4	2.1	(0.2)
23.3 Life Assurance Fund						
Foreign exchange:						
Forwards	**4,825.7**	**14.3**	**(65.0)**	4,550.0	22.8	(8.2)
Currency swaps	**2,352.3**	**185.5**	**(99.6)**	2,392.0	319.4	(32.7)
Interest rates:						
Swaps	**836.3**	**39.4**	**(19.6)**	1,306.2	146.1	(0.8)
Exchange traded futures	**–**	**2.1**	**(0.1)**	–	0.2	(0.1)
Equity:						
Options	**–**	**–**	**–**	0.2	0.1	–
	8,014.3	**241.3**	**(184.3)**	8,248.4	488.6	(41.8)

The table above shows the fair value of derivative financial instruments, recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and the basis upon which changes in the value of derivatives are measured.

The fair value of derivatives shown above represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the changes in value.

24 INVESTMENTS

in Singapore Dollars (millions)	Note	Group Total 2013	Total 2012	Shareholders' and General Insurance Funds 2013	Shareholders' and General Insurance Funds 2012	Life Assurance Fund 2013	Life Assurance Fund 2012
24.1 Available-for-sale financial assets							
Equity securities							
(i) Quoted equity securities		**10,435.4**	8,987.2	**1,455.4**	969.4	**8,980.0**	8,017.8
(ii) Unquoted equity securities		**661.3**	647.1	**0.4**	0.4	**660.9**	646.7
		11,096.7	9,634.3	**1,455.8**	969.8	**9,640.9**	8,664.5
less: Provision for impairment of quoted equity securities	6	**41.7**	53.9	**1.7**	1.6	**40.0**	52.3
Provision for impairment of unquoted equity securities	6	**28.2**	34.3	**–**	–	**28.2**	34.3
		11,026.8	9,546.1	**1,454.1**	968.2	**9,572.7**	8,577.9
Debt securities							
(iii) Quoted debt securities [1]		**17,115.9**	17,171.2	**1,562.6**	1,801.4	**15,553.3**	15,369.8
(iv) Unquoted debt securities [4]		**11,176.8**	12,125.4	**401.8**	439.1	**10,775.0**	11,686.3
		28,292.7	29,296.6	**1,964.4**	2,240.5	**26,328.3**	27,056.1
less: Provision for impairment of quoted debt securities	6	**0.2**	0.2	**–**	–	**0.2**	0.2
Provision for impairment of unquoted debt securities	6	**49.2**	2.8	**3.5**	2.8	**45.7**	–
		28,243.3	29,293.6	**1,960.9**	2,237.7	**26,282.4**	27,055.9
Other investments							
(v) Collective investment schemes [2]		**2,605.8**	1,559.2	**517.5**	181.6	**2,088.3**	1,377.6
less: Provision for impairment of collective investment schemes	6	**30.8**	3.2	**0.8**	1.0	**30.0**	2.2
		2,575.0	1,556.0	**516.7**	180.6	**2,058.3**	1,375.4
Total Available-for-sale financial assets		**41,845.1**	40,395.7	**3,931.7**	3,386.5	**37,913.4**	37,009.2

24 INVESTMENTS (CONTINUED)

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	2013	2012	2013	2012	2013	2012
24.2 Securities at fair value through profit or loss							
Equity securities							
(i) Quoted equity securities		**2,079.3**	2,151.3	**–**	–	**2,079.3**	2,151.3
(ii) Unquoted equity securities		**0.4**	–	**–**	–	**0.4**	–
		2,079.7	2,151.3	**–**	–	**2,079.7**	2,151.3
Debt securities							
(iii) Quoted debt securities		**340.7**	388.1	**–**	–	**340.7**	388.1
(iv) Unquoted debt securities		**402.0**	435.6	**–**	–	**402.0**	435.6
		742.7	823.7	**–**	–	**742.7**	823.7
Other investments							
(v) Collective investment schemes [2]		**1,713.8**	1,038.5	**–**	–	**1,713.8**	1,038.5
Total securities at fair value through profit or loss [3]		**4,536.2**	4,013.5	**–**	–	**4,536.2**	4,013.5
24.3 Financial instruments held-for-trading							
(i) Financial instruments with embedded derivatives		**1,724.7**	1,895.7	**81.4**	208.2	**1,643.3**	1,687.5
Total financial instruments held-for-trading		**1,724.7**	1,895.7	**81.4**	208.2	**1,643.3**	1,687.5
TOTAL INVESTMENTS		**48,106.0**	46,304.9	**4,013.1**	3,594.7	**44,092.9**	42,710.2

[1] Included in quoted debt securities are quoted government securities amounting to $3.6 million (2012: $5.2 million) which are lodged with the regulator as statutory deposits.
[2] Collective investment schemes include but are not limited to unit trusts, hedge funds and real estate investment funds.
[3] These securities are designated as fair value through Profit and Loss Statement or Revenue Statements on initial recognition.
[4] Comparatives have been restated to conform to current year's presentation.

25 ASSETS HELD FOR SALE

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	2013	2012	2013	2012	2013	2012
Carrying Value:							
At 1 January		**3.0**	4.4	**3.0**	4.4	**–**	–
Reclassification from investment properties	29	**–**	3.0	**–**	3.0	**–**	–
Disposals		**(3.0)**	(4.4)	**(3.0)**	(4.4)	**–**	–
At 31 December		**–**	3.0	**–**	3.0	**–**	–

26 ASSOCIATES AND JOINT VENTURES

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012
Associates	26.1	**89.5**	255.4	**7.1**	7.1	**82.4**	248.3
Joint ventures	26.2	**63.0**	67.5	**63.0**	67.5	**–**	–
Carrying amount at 31 December		**152.5**	322.9	**70.1**	74.6	**82.4**	248.3

26.1 Associates

Investment in shares, at cost		**150.5**	210.3	**9.3**	9.3	**141.2**	201.0
Share of post-acquisition results		**(60.0)**	53.6	**(2.2)**	(2.2)	**(57.8)**	55.8
Currency translation adjustment		**(1.0)**	(8.5)	**–**	–	**(1.0)**	(8.5)
		(61.0)	45.1	**(2.2)**	(2.2)	**(58.8)**	47.3
Carrying amount at 31 December	26	**89.5**	255.4	**7.1**	7.1	**82.4**	248.3
Fair value of investment in associates for which there is published price quotation		**89.7**	252.3	**7.1**	7.1	**82.6**	245.2

For the current financial period, the Group recognised its share of the associates' operating results based on unaudited records available up to 30 November 2013.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

in Singapore Dollars (millions)	Total Assets	Total Liabilities	Revenue	Profit/(loss) for the year
Total as at 31 December 2013	**307.7**	**(84.7)**	**39.6**	**(39.0)**
Total as at 31 December 2012	1,281.0	(480.8)	202.3	120.5

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012

26.2 Joint Ventures

Investment in shares, at cost		**102.8**	102.8	**102.8**	102.8	**–**	–
Share of post-acquisition results		**(40.8)**	(32.2)	**(40.8)**	(32.2)	**–**	–
Currency translation adjustment		**1.0**	(3.1)	**1.0**	(3.1)	**–**	–
		(39.8)	(35.3)	**(39.8)**	(35.3)	**–**	–
Carrying amount at 31 December	26	**63.0**	67.5	**63.0**	67.5	**–**	–

26 ASSOCIATES AND JOINT VENTURES (CONTINUED)

26.2 Joint Ventures (continued)

The aggregate amounts of each of non-current assets, current assets, non-current liabilities, current liabilities, revenue and expenses related to the Group's interests in the jointly-controlled entities are as follows:

in Singapore Dollars (millions)	Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities	Revenue	Expenses
Total as at 31 December 2013	**72.5**	**188.3**	**(100.6)**	**(97.1)**	**39.1**	**(46.8)**
Total as at 31 December 2012	45.3	151.2	(90.9)	(38.1)	38.6	(41.7)

As at balance sheet date, there are no outstanding capital commitments or guarantees relating to the above associates and joint ventures.

There are no restrictions placed on the ability of the associates or joint ventures to transfer funds to the parent company in the form of cash dividends or for the repayment of loans when due.

27 SUBSIDIARIES

		Group						Company	
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	Note	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Investment in shares, at cost		**–**	–	**–**	–	**–**	–	**967.9**	959.1
Distribution from pre-acquisition reserve		**–**	–	**–**	–	**–**	–	**(281.8)**	(281.8)
		–	–	**–**	–	**–**	–	**686.1**	677.3

28 GOODWILL

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	Note	2013	2012	2013	2012	2013	2012
Cost:							
At 1 January		**40.9**	32.9	**34.1**	26.1	**6.8**	6.8
Additions – acquisition of a subsidiary		**–**	8.1	**–**	8.1	**–**	–
Currency translation reserve adjustment		**(0.5)**	(0.1)	**(0.5)**	(0.1)	**–**	–
At 31 December		**40.4**	40.9	**33.6**	34.1	**6.8**	6.8
Impairment:							
At 1 January and 31 December		**(6.8)**	(6.8)	**–**	–	**(6.8)**	(6.8)
Net carrying amount:							
At 1 January		**34.1**	26.1	**34.1**	26.1	**–**	–
Additions – acquisition of a subsidiary		**–**	8.1	**–**	8.1	**–**	–
Currency translation reserve adjustment		**(0.5)**	(0.1)	**(0.5)**	(0.1)	**–**	–
At 31 December		**33.6**	34.1	**33.6**	34.1	**–**	–

The acquisition of an additional stake of 9.6% in Lion Global Investors Limited group in 2005, the acquisition of certain assets and liabilities of the general insurance business of Tahan Insurance Malaysia Berhad in 2011 and the acquisition of a subsidiary, Pacific Mutual Fund Berhad, in 2012 gave rise to $18.7 million, $7.3 million and $8.1 million of goodwill respectively in Shareholders' Fund, while the acquisition of an additional 51% of the ordinary shares in Straits Eastern Square Pte Ltd ("SESPL") in 2006 gave rise to an amount of $6.8 million of goodwill in the Life Assurance Fund.

28.1 Acquisition of a subsidiary

On 30 October 2012 (the "acquisition date"), the Group's subsidiary company, Lion Global Investors Limited ("LGI") acquired 70% of the share capital of Pacific Mutual Fund Berhad ("PMFB"), a fund management company in Malaysia, for a cash consideration of $13.2 million. Upon the acquisition, PMFB became a subsidiary of the Group.

The Group has acquired PMFB to provide a direct foothold in the Malaysia fund management industry through an established locally-licensed entity.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of PMFB's net identifiable assets.

28 GOODWILL (CONTINUED)

28.1 Acquisition of a subsidiary (continued)

The fair value of the identifiable assets and liabilities of PMFB as at the acquisition date were:

in Singapore Dollars (millions)	Note	Fair value recognised on acquisition
Cash and cash equivalents		10.8
Loans		0.3
Property, plant and equipment	30	0.6
Income tax recoverable		0.2
		11.9
Other creditors		1.5
		1.5
Total identifiable net assets at fair value		10.4
Non-controlling interest measured at the non-controlling interest's proportionate share of PMFB's net identifiable assets		(5.3)
Goodwill arising from acquisition		8.1
Cash consideration paid		13.2
Effect of the acquisition of PMFB on cash flows		
Total consideration for 70% equity interest acquired settled in cash		13.2
Less: Cash and cash equivalents of subsidiary acquired		(10.8)
Net cash outflow on acquisition		(2.4)

Goodwill arising from acquisition

The goodwill of $8.1 million arises from the excess of the fair value of the consideration over the fair value of the identifiable net asset less the non-controlling interest's proportionate share of PMFB's net identifiable assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

The purchase price allocation exercise was completed in 2013 and it was concluded that no adjustments were required to be made to the fair value of the assets acquired, liabilities assumed and goodwill previously recognised.

28.2 Acquisition of a business

On 1 January 2011 (the "acquisition date"), the Group's subsidiary company, Overseas Assurance Corporation (Malaysia) Berhad ("OACM") acquired certain assets and liabilities of the general insurance business of Tahan Insurance Malaysia Berhad ("Tahan") for a cash consideration of $6.1 million.

The Group acquired Tahan in order to consolidate and create a stronger general insurance industry presence in Malaysia.

Goodwill arising from acquisition

The goodwill of $7.4 million arises from the excess of the fair value of the consideration over the fair value of the identifiable net liabilities. Goodwill is allocated entirely to the business of OACM. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair values of the assets acquired, liabilities assumed, and goodwill recognised would be subject to revision pending the outcome of arbitration proceeding on the valuation of the claims liabilities transferred from Tahan to the Group on 1 January 2011.

28 GOODWILL (CONTINUED)

28.3 Impairment test for goodwill

In accordance with FRS 36, the carrying value of the Group's goodwill on acquisition of subsidiaries and businesses was assessed for impairment. In respect of the acquisition of the additional interest in Lion Global Investors Limited group and Pacific Mutual Fund Berhad, goodwill is allocated for impairment testing purposes to the individual entity which is also the cash-generating unit. Goodwill arising from the acquisition of Straits Eastern Square Pte Ltd is allocated for impairment testing to the investment property held which is also the cash-generating unit. Goodwill arising from the acquisition of the business of Tahan Insurance Malaysia Berhad is allocated for impairment testing purposes to the business of Overseas Assurance Corporation (Malaysia) Berhad, which is also the cash-generating unit.

Subsidiary – Lion Global Investors Limited	
Carrying value of capitalised goodwill as at 31 December 2013	$18.7 million
Basis on which recoverable values are determined [1]	Value in use
Terminal growth rate [2]	2%
Discount rate [3]	11%
Subsidiary – Straits Eastern Square Pte Ltd	
Carrying value of capitalised goodwill as at 31 December 2013	nil
Basis on which recoverable values are determined [4]	Fair value of investment property held, less cost of disposal
Business acquired – Tahan Insurance Malaysia Berhad	
Carrying value of capitalised goodwill as at 31 December 2013	$7.0 million
Basis on which recoverable values are determined [1]	Value in use
Terminal growth rate [2]	4%
Discount rate [3]	12%
Subsidiary – Pacific Mutual Fund Berhad	
Carrying value of capitalised goodwill as at 31 December 2013	$7.9 million
Basis on which recoverable values are determined [1]	Value in use
Terminal growth rate [2]	6%
Discount rate [3]	12%

(1) The value-in-use calculation applies a discounted cash flow model using cash flow projections based on financial budget and forecast approved by management covering a five-year period. Cash flows beyond the fifth year are extrapolated using the estimated growth rate stated above.

(2) The terminal growth rates used do not exceed the long term average past growth rates of the industries and countries in which Lion Global Investors Limited, Pacific Mutual Fund Berhad and Overseas Assurance Corporation (Malaysia) Berhad operate.

(3) The discount rate applied to the cash flow projections is pre-tax and is derived from the cost of capital plus a reasonable risk premium. This is the benchmark used by management to assess the operating performance.

(4) The fair value of investment property held is determined based on objective valuations undertaken by independent valuers. The fair value is supported by market evidence and represents the amount at which assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. Valuations are performed on an annual basis.

No impairment loss was required to be recognised for the financial year ended 31 December 2013 (2012: nil) against the amounts of goodwill recorded above as the recoverable values were in excess of the carrying values. A reasonably possible change in key assumptions will not cause the carrying values above to materially exceed the recoverable amounts.

29 INVESTMENT PROPERTIES

		Group					
		Total		Shareholders' and General Insurance Funds		Life Assurance Fund	
in Singapore Dollars (millions)	**Note**	**2013**	2012	**2013**	2012	**2013**	2012
Balance sheet:							
At 1 January		**1,531.6**	1,411.8	**–**	5.1	**1,531.6**	1,406.7
Additions (subsequent expenditure)		**0.9**	0.5	**–**	–	**0.9**	0.5
Net gain from fair value adjustments	5	**32.5**	129.5	**–**	–	**32.5**	129.5
Disposals/assets written off		**–**	(1.9)	**–**	(1.9)	**–**	–
Reclassification from property, plant and equipment	30	**3.5**	–	**–**	–	**3.5**	–
Reclassification to assets held for sale	25	**–**	(3.0)	**–**	(3.0)	**–**	–
Currency translation reserve adjustment		**(7.5)**	(5.3)	**–**	(0.2)	**(7.5)**	(5.1)
At 31 December		**1,561.0**	1,531.6	**–**	–	**1,561.0**	1,531.6
Revenue statements:							
Rental income from investment properties:							
– Minimum lease payments		**79.4**	79.8	**–**	0.1	**79.4**	79.7
Direct operating expenses (including repairs and maintenance) arising from:							
– Rental generating properties		**(23.2)**	(22.1)	**–**	–	**(23.2)**	(22.1)
– Non-rental generating properties		**(1.3)**	(0.2)	**–**	–	**(1.3)**	(0.2)
		(24.5)	(22.3)	**–**	–	**(24.5)**	(22.3)

Investment properties within the Life Assurance Funds collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life assurance business.

Fair value of the investment properties as at 31 December 2013 is determined based on objective valuations undertaken by independent valuers at the balance sheet date. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

30 PROPERTY, PLANT AND EQUIPMENT

		Group						
in Singapore Dollars (millions)	Note	Freehold Land [1]	Leasehold Land [1]	Capital Works in Progress	Buildings [1]	Computer Equipment and Software Development Costs	Other Assets [2]	Total
30.1 Total								
Cost								
At 1 January 2012		66.3	39.8	19.5	625.9	318.5	91.3	1,161.3
Additions		–	–	16.5	0.6	22.6	5.4	45.1
Acquisition of a subsidiary	28	–	–	–	–	0.4	0.2	0.6
Disposals/assets written off		–	(0.3)	–	(0.4)	(1.3)	(0.2)	(2.2)
Reclassification		–	–	(5.4)	0.5	–	4.9	–
Currency translation reserve adjustment		(0.2)	(0.2)	(0.1)	(4.2)	(4.0)	(1.7)	(10.4)
At 31 December 2012 and 1 January 2013		66.1	39.3	30.5	622.4	336.2	99.9	1,194.4
Additions		**–**	**–**	**35.3**	**1.5**	**29.1**	**4.3**	**70.2**
Disposals/assets written off		**–**	**–**	**(0.1)**	**–**	**(2.1)**	**(0.4)**	**(2.6)**
Reclassification		**–**	**–**	**(2.9)**	**–**	**0.1**	**2.8**	**–**
Reclassification to investment properties	**29**	**–**	**–**	**(4.0)**	**–**	**–**	**0.5**	**(3.5)**
Currency translation reserve adjustment		**(0.3)**	**(0.3)**	**(0.1)**	**(6.1)**	**(6.0)**	**(2.3)**	**(15.1)**
At 31 December 2013		**65.8**	**39.0**	**58.7**	**617.8**	**357.3**	**104.8**	**1,243.4**
Accumulated Depreciation and Impairment Loss								
At 1 January 2012		(1.4)	(2.2)	–	(181.8)	(190.7)	(63.2)	(439.3)
Depreciation charge for the year		–	(0.1)	–	(13.5)	(29.0)	(7.3)	(49.9)
Disposals/assets written off		–	–	–	0.1	1.3	0.2	1.6
Currency translation reserve adjustment		–	0.2	–	0.9	2.4	1.1	4.6
At 31 December 2012 and 1 January 2013		(1.4)	(2.1)	–	(194.3)	(216.0)	(69.2)	(483.0)
Depreciation charge for the year		**–**	**–**	**–**	**(19.7)**	**(31.2)**	**(7.6)**	**(58.5)**
Disposals/assets written off		**–**	**–**	**–**	**–**	**2.0**	**0.3**	**2.3**
Reclassification		**–**	**–**	**–**	**–**	**(0.1)**	**0.1**	**–**
Currency translation reserve adjustment		**–**	**–**	**–**	**1.9**	**4.1**	**2.0**	**8.0**
At 31 December 2013		**(1.4)**	**(2.1)**	**–**	**(212.1)**	**(241.2)**	**(74.4)**	**(531.2)**
Net Book Value								
At 31 December 2012		64.7	37.2	30.5	428.1	120.2	30.7	711.4
At 31 December 2013		**64.4**	**36.9**	**58.7**	**405.7**	**116.1**	**30.4**	**712.2**

30 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

in Singapore Dollars (millions)	Note	Group Freehold Land [1]	Leasehold Land [1]	Capital Works in Progress	Buildings [1]	Computer Equipment and Software Development Costs	Other Assets [2]	Total
30.2 Shareholders' and General Insurance Funds								
Cost								
At 1 January 2012		4.0	–	–	0.9	11.5	7.1	23.5
Additions		–	–	–	–	1.7	0.5	2.2
Acquisition of a subsidiary	28	–	–	–	–	0.4	0.2	0.6
Disposals/assets written off		–	–	–	–	(0.1)	(0.1)	(0.2)
Currency translation reserve adjustment		(0.1)	–	–	–	(0.2)	(0.2)	(0.5)
At 31 December 2012 and 1 January 2013		3.9	–	–	0.9	13.3	7.5	25.6
Additions		**–**	**–**	**0.7**	**–**	**2.9**	**0.5**	**4.1**
Disposals/assets written off		**–**	**–**	**–**	**–**	**(1.6)**	**(0.2)**	**(1.8)**
Reclassification		**–**	**–**	**–**	**–**	**0.4**	**(0.4)**	**–**
Currency translation reserve adjustment		**(0.1)**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**(0.3)**
At 31 December 2013		**3.8**	**–**	**0.7**	**0.9**	**14.9**	**7.3**	**27.6**
Accumulated Depreciation and Impairment Loss								
At 1 January 2012		–	–	–	–	(6.8)	(3.3)	(10.1)
Depreciation charge for the year		–	–	–	–	(2.0)	(1.2)	(3.2)
Disposals/assets written off		–	–	–	–	0.1	0.1	0.2
Currency translation reserve adjustment		–	–	–	–	0.1	0.1	0.2
At 31 December 2012 and 1 January 2013		–	–	–	–	(8.6)	(4.3)	(12.9)
Depreciation charge for the year		**–**	**–**	**–**	**–**	**(2.1)**	**(1.1)**	**(3.2)**
Disposals/assets written off		**–**	**–**	**–**	**–**	**1.6**	**0.1**	**1.7**
Reclassification		**–**	**–**	**–**	**–**	**(0.1)**	**0.1**	**–**
Currency translation reserve adjustment		**–**	**–**	**–**	**–**	**(0.1)**	**0.2**	**0.1**
At 31 December 2013		**–**	**–**	**–**	**–**	**(9.3)**	**(5.0)**	**(14.3)**
Net Book Value								
At 31 December 2012		3.9	–	–	0.9	4.7	3.2	12.7
At 31 December 2013		**3.8**	**–**	**0.7**	**0.9**	**5.6**	**2.3**	**13.3**

30 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

in Singapore Dollars (millions)	Note	Group Freehold Land [1]	Leasehold Land [1]	Capital Works in Progress	Buildings [1]	Computer Equipment and Software Development Costs	Other Assets [2]	Total
30.3 Life Assurance Fund								
Cost								
At 1 January 2012		62.3	39.8	19.5	625.0	307.0	84.2	1,137.8
Additions		–	–	16.5	0.6	20.9	4.9	42.9
Disposals/assets written off		–	(0.3)	–	(0.4)	(1.2)	(0.1)	(2.0)
Reclassification		–	–	(5.4)	0.5	–	4.9	–
Currency translation reserve adjustment		(0.1)	(0.2)	(0.1)	(4.2)	(3.8)	(1.5)	(9.9)
At 31 December 2012 and 1 January 2013		62.2	39.3	30.5	621.5	322.9	92.4	1,168.8
Additions		**–**	**–**	**34.6**	**1.5**	**26.2**	**3.8**	**66.1**
Disposals/assets written off		**–**	**–**	**(0.1)**	**–**	**(0.5)**	**(0.2)**	**(0.8)**
Reclassification		**–**	**–**	**(2.9)**	**–**	**(0.3)**	**3.2**	**–**
Reclassification to investment properties	**29**	**–**	**–**	**(4.0)**	**–**	**–**	**0.5**	**(3.5)**
Currency translation reserve adjustment		**(0.2)**	**(0.3)**	**(0.1)**	**(6.1)**	**(5.9)**	**(2.2)**	**(14.8)**
At 31 December 2013		**62.0**	**39.0**	**58.0**	**616.9**	**342.4**	**97.5**	**1,215.8**
Accumulated Depreciation and Impairment Loss								
At 1 January 2012		(1.4)	(2.2)	–	(181.8)	(183.9)	(59.9)	(429.2)
Depreciation charge for the year		–	(0.1)	–	(13.5)	(27.0)	(6.1)	(46.7)
Disposals/assets written off		–	–	–	0.1	1.2	0.1	1.4
Currency translation reserve adjustment		–	0.2	–	0.9	2.3	1.0	4.4
At 31 December 2012 and 1 January 2013		(1.4)	(2.1)	–	(194.3)	(207.4)	(64.9)	(470.1)
Depreciation charge for the year		**–**	**–**	**–**	**(19.7)**	**(29.1)**	**(6.5)**	**(55.3)**
Disposals/assets written off		**–**	**–**	**–**	**–**	**0.4**	**0.2**	**0.6**
Currency translation reserve adjustment		**–**	**–**	**–**	**1.9**	**4.2**	**1.8**	**7.9**
At 31 December 2013		**(1.4)**	**(2.1)**	**–**	**(212.1)**	**(231.9)**	**(69.4)**	**(516.9)**
Net Book Value								
At 31 December 2012		60.8	37.2	30.5	427.2	115.5	27.5	698.7
At 31 December 2013		**60.6**	**36.9**	**58.0**	**404.8**	**110.5**	**28.1**	**698.9**

30 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at year end, the Company held furniture and fittings with a net book value of $0.1 million (2012: $0.1 million) and computer equipment with a net book value of $0.1 million (2012: nil). Depreciation for the year on motor vehicles was nil (2012: $0.1 million).

[1] If the freehold land, leasehold land and buildings were measured using market value, the carrying amount would be as follows:

	Group	
in Singapore Dollars (millions)	**2013**	2012
Freehold land, Leasehold land and Buildings	**727.6**	721.1

[2] Other assets include motor vehicles, office furniture, fittings and equipment.

31 EXECUTIVES' SHARE OPTION SCHEME

31.1 OCBC Share Option Scheme

In April 2005, the GEH Optionholders were nominated to participate in the OCBC Bank Share Option Scheme (2001) ("OCBC Option Scheme"). The acquisition price of the options granted is equal to the average of the last traded price of the ordinary shares of OCBC Bank over five consecutive days immediately prior to the date of the grant. The options vest in one-third increments over a period of three years, and are exercisable after the first anniversary of the date of grant up to the date of expiration of the options. The share options have a validity period of 10 years from date of grant.

The fair value of the share options is recognised by the GEH Group as staff costs in the Profit and Loss Statement or Revenue Statements of the respective insurance funds, as appropriate. The Group uses the binomial model to derive the fair value of share options granted by OCBC Bank. The value of the share options is recognised in the Profit and Loss Statement or Revenue Statements over the vesting period of the share options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable, and the impact of the change to the original estimates, if any, is recognised in the Profit and Loss Statement or Revenue Statements accordingly.

At the Extraordinary General Meeting of OCBC Bank held on 19 April 2007, certain alterations proposed by OCBC Bank's Remuneration Committee to OCBC Option Scheme were approved by its shareholders. These alterations enable option holders to select one of the following alternatives when exercising their options:

(i) All share election – an election to receive in full the number of ordinary shares upon full payment of the aggregate acquisition cost in respect of options exercised;
(ii) Partial share election – an election to receive ordinary shares representing the notional profit which would have been derived if the ordinary shares in respect of the options exercised had been sold; or
(iii) Cash election – an election to receive in cash the profit derived from the sale of OCBC Bank's share in respect of the options exercised.

In March 2013, OCBC Bank granted 3,030,378 options (2012: 1,666,700) to GEH Optionholders to acquire ordinary shares in OCBC Bank ("OCBC shares") pursuant to 2001 scheme. 1,037,849 options which were granted to directors of the Company (2012: 562,441). The fair value of share options granted during the year ended 31 December 2013, determined using the binomial valuation model, was $3.1 million (2012: $2.4 million). Significant inputs that were used to determine the fair value of options granted are set out below.

31 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

31.1 OCBC Share Option Scheme (continued)

	2013	2012
Acquisition price ($)	**10.30**	8.80
Average share price from grant date to acceptance date ($)	**10.51**	8.89
Expected volatility based on last 250 days historical price volatility as of acceptance date (%)	**13.77**	20.53
Risk-free rate based on SGS bond yield at acceptance date (%)	**1.37**	1.61
Expected dividend yield (%)	**3.14**	3.38
Exercise multiple (times)	**1.57**	1.57
Option life (years)	**10**	10

Information with respect to the number of options granted under the OCBC Option Scheme to GEH Optionholders is as follows:

	2013		2012	
	Number of Options	**Average Price**	Number of Options	Average Price
Number of shares comprised in options:				
At beginning of year	**4,095,007**	**$8.152**	3,453,170	$7.482
Granted during the year	**3,030,378**	**$10.302**	1,666,700	$8.798
Lapsed during the year	**(129,680)**	**$9.319**	(108,738)	$9.045
Exercised during the year	**(1,070,946)**	**$7.603**	(916,125)	$6.679
Outstanding at end of year	**5,924,759**	**$9.325**	4,095,007	$8.152
Exercisable at end of year	**1,751,018**	**$7.980**	2,015,491	$7.405
Weighted average share price underlying the options exercised during the financial year		**$10.363**		$9.009

Details of the options outstanding as at 31 December 2013 are as follows:

				2013	
Grant Year	**Grant Date**	**Exercise Period**	**Acquisition Price**	**Outstanding**	**Exercisable**
2004	15.03.2004	16.03.2005 – 14.03.2014	$5.142	**7,800**	**7,800**
2005	14.03.2005	15.03.2006 – 13.03.2015	$5.767	**13,200**	**13,200**
2005A	08.04.2005	09.04.2006 – 07.04.2015	$5.784	**122,800**	**122,800**
2006B	23.05.2006	24.05.2007 – 22.05.2016	$6.580	**209,000**	**209,000**
2007B	14.03.2007	15.03.2008 – 13.03.2017	$8.590	**227,000**	**227,000**
2008	14.03.2008	15.03.2009 – 13.03.2018	$7.520	**190,640**	**190,640**
2009	16.03.2009	17.03.2010 – 15.03.2019	$4.138	**74,809**	**74,809**
2010	15.03.2010	16.03.2011 – 14.03.2020	$8.762	**238,860**	**238,860**
2011	14.03.2011	15.03.2012 – 13.03.2021	$9.350	**355,691**	**213,160**
2012	14.03.2012	15.03.2013 – 13.03.2022	$8.798	**1,508,142**	**453,749**
2013	14.03.2013	15.03.2014 – 13.03.2023	$10.302	**2,976,817**	**–**
				5,924,759	**1,751,018**

The carrying amount of the liability recognised on the Group's balance sheet related to the above equity-settled options at 31 December 2013 is $3.7 million (31 December 2012: $2.6 million).

As at 31 December 2013, the weighted average remaining contractual life of outstanding options was 7.8 years (2012: 6.9 years). There were 1,600,290 outstanding number of options held by directors of the Company (2012: 562,441).

31 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

31.2 OCBC Deferred Share Plan ("DSP")

The DSP is a share-based plan implemented in 2003 and administered by the OCBC Remuneration Committee. The DSP is a discretionary share-based incentive and retention award program extended to executives of OCBC's subsidiaries at the discretion of the Remuneration Committee. The awards are granted at no cost to the grantees, on a deferred basis as part of their performance bonus. Such awards shall lapse by reason of cessation of service but may be preserved at the discretion of the Remuneration Committee. The DSP does not involve the issue of new shares. Instead, existing shares will be purchased from the market for release to the grantees at the end of the respective vesting periods.

During the financial year, total awards of 174,124 (2012: 224,092) OCBC ordinary shares were granted to eligible executives of GEH Group under the DSP, of which 53,977 (2012: 59,905) were granted to the directors of the Company. The fair value of the shares at grant date was $1.8 million (2012: $2.0 million). In addition, total awards of 7,563 OCBC shares (of which 1,767 were granted to directors of the Company) were awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2012 (2012: 7,822 OCBC shares (of which 2,116 were granted to directors of the Company) awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2011).

31.3 OCBC Employee Share Purchase Plan ("ESP")

All employees of OCBC Bank and their subsidiaries who have attained the age of 21 years and have been employees for a period of not less than six months are eligible to participate in the ESP Plan unless they are also controlling shareholders of the Bank or their associates. The purpose of the ESP Plan is to provide employees with an opportunity to increase their personal equity interest in the Bank. The Bank will either issue new shares or transfer treasury shares to employees upon the exercise or conversion of acquisition rights. The ESP Plan is administered by the OCBC Bank Remuneration Committee.

The acquisition price is equal to the average of the last traded price of the ordinary shares of OCBC Bank on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the price fixing date for the acquisition price of the ordinary shares (as determined by the OCBC Bank Remuneration Committee).

A participant may participate in the ESP Plan for an offering period by making contributions in cash by means of monthly deductions from his monthly base salary and/or his designated account; and/or by monthly debits from his CPF Ordinary Account to his ESP Plan account.

In June 2013, the eighth offering of the ESP Plan was launched, commencing on 1 July 2013 and expiring on 30 June 2015. Under the offering, OCBC Bank granted 899,075 (2012: 843,422) rights to acquire ordinary shares in the Bank. The fair value of the rights, determined using the binomial valuation model was $0.8 million (2012: $0.8 million). Significant inputs to the valuation model are set out below.

	2013	2012
Acquisition price ($)	**9.92**	8.68
Closing share price at valuation date ($)	**10.13**	8.70
Expected volatility based on last 250 days historical price volatility as of acceptance date (%)	**13.79**	20.59
Risk-free rate based on 2-year swap rate (%)	**0.26**	0.15
Expected dividend yield (%)	**2.61**	2.76

31 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

31.3 OCBC Employee Share Purchase Plan ("ESP") (continued)

A summary of the movement in the number of acquisition rights of the ESP Plan issued to GEH Group's employees is as follows:

	2013		2012	
	Number of Subscription Rights	**Weighted Average Subscription Price**	Number of Subscription Rights	Weighted Average Subscription Price
At 1 January	**1,354,919**	**$8.898**	1,106,826	$9.038
Subscriptions on commencement of plan	**899,075**	**$9.920**	843,422	$8.680
Exercised	**(566,754)**	**$9.162**	(171,657)	$8.809
Lapsed / Forfeited	**(189,213)**	**$9.213**	(423,672)	$8.867
At 31 December	**1,498,027**	**$9.371**	1,354,919	$8.898
Average share price underlying acquisition rights exercised during the year		**$10.308**		$9.185

As at 31 December 2013, the weighted average remaining contractual life of outstanding acquisition rights was 1.1 years (2012: 1.1 years). No director of GEH Group has acquisition rights under the ESP Plan (2012: nil).

32 COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Capital commitments

	Group						Company	
	Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Commitments for capital expenditure not provided for in the financial statements:								
– investment properties	**39.0**	62.4	**–**	–	**39.0**	62.4	**–**	–
– property, plant and equipment	**37.8**	20.7	**4.0**	2.0	**33.8**	18.7	**–**	–
	76.8	83.1	**4.0**	2.0	**72.8**	81.1	**–**	–

32 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

32.2 Operating lease commitments

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases are as follows as of 31 December:

	Group						Company	
	Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Within one year	**31.1**	27.3	**–**	0.3	**31.1**	27.0	**–**	–
After one year but not more than five years	**32.6**	47.8	**–**	–	**32.6**	47.8	**–**	–
More than five years	**0.2**	0.2	**–**	–	**0.2**	0.2	**–**	–
	63.9	75.3	**–**	0.3	**63.9**	75.0	**–**	–

The Group has entered into operating lease agreements for computer equipment. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 4 years. Operating lease payments recognised in the consolidated Profit and Loss Statement and Revenue Statements during the year amounted to $0.4 million (2012: $0.4 million).

Future minimum lease payments payable under non-cancellable operating leases contracted for as at 31 December but not recognised as liabilities, are payable as follows:

Within one year	**3.4**	5.1	**1.8**	3.1	**1.6**	2.0	**–**	–
After one year but not more than five years	**2.4**	4.3	**0.4**	1.7	**2.0**	2.6	**–**	–
	5.8	9.4	**2.2**	4.8	**3.6**	4.6	**–**	–

33 RELATED PARTY TRANSACTIONS

The Group enters into transactions with its related parties in the normal course of business. Transactions are carried out on an arm's length basis.

33.1 Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group						Company	
	Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Management and performance fees paid by insurance funds to subsidiaries	**47.4**	44.9	**6.8**	5.4	**40.6**	39.5	**–**	–
Fees and commission and other income received from:								
– holding company	**5.9**	6.5	**5.9**	6.5	**–**	–	**–**	–
– related parties of the holding company	**2.0**	1.9	**2.0**	1.8	**–**	0.1	**–**	–
Premiums received from key management personnel	**3.5**	0.4	**0.1**	–	**3.4**	0.4	**–**	–
Fees and commission expense paid to:								
– holding company	**124.3**	93.7	**4.6**	4.2	**119.7**	89.5	**–**	–
– related parties of the holding company	**12.8**	11.0	**4.5**	2.3	**8.3**	8.7	**–**	–
Interest income received from:								
– holding company	**1.1**	4.4	**0.1**	3.4	**1.0**	1.0	**–**	–
– related parties of the holding company	**31.7**	27.0	**1.1**	0.8	**30.6**	26.2	**–**	–
Rental income received from related parties of the holding company	**0.3**	0.3	**–**	–	**0.3**	0.3	**–**	–
Other expenses paid to:								
– holding company	**3.5**	2.6	**1.1**	0.7	**2.4**	1.9	**–**	–
– related parties of the holding company	**21.9**	20.2	**3.3**	4.0	**18.6**	16.2	**–**	–

33 RELATED PARTY TRANSACTIONS (CONTINUED)

33.2 Balance sheet balances with related parties

Balance sheet balances with related parties as at 31 December are as follows:

	Group						Company	
	Total		Shareholders' and General Insurance Funds		Life Assurance Fund			
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Cash and cash equivalents held with:								
– holding company	**369.4**	453.8	**76.1**	65.1	**293.3**	388.7	**17.3**	32.9
– related parties of the holding company	**465.5**	643.6	**30.8**	27.5	**434.7**	616.1	**–**	–
Amount due to holding company	**3.7**	2.6	**3.7**	2.6	**–**	–	**–**	–
Investments in debt securities and preference shares of:								
– holding company	**10.3**	11.9	**–**	–	**10.3**	11.9	**–**	–
– related parties of the holding company	**584.6**	197.1	**14.0**	–	**570.6**	197.1	**–**	–
Derivative financial assets held with:								
– holding company	**113.6**	180.0	**0.6**	1.0	**113.0**	179.0	**–**	–
Derivative financial liabilities held with:								
– holding company	**71.9**	4.4	**2.5**	0.2	**69.4**	4.2	**–**	–
– related parties of the holding company	**13.5**	7.8	**–**	–	**13.5**	7.8	**–**	–

Outstanding balances at balance sheet date are unsecured and interest free. Settlement will take place in cash.

There was no provision for doubtful debts at the balance sheet date and no bad debt expense for the year (2012: Nil).

33.3 Compensation of key management personnel

Short-term employee benefits	**17.3**	19.8	**5.8**	8.2	**11.5**	11.6	**1.5**	1.5
Other long-term benefits	**1.7**	1.4	**0.5**	0.2	**1.2**	1.2	**–**	–
Central Provident Fund/Employee Provident Fund	**0.5**	0.6	**0.1**	0.2	**0.4**	0.4	**–**	–
Share-based payments	**2.1**	1.7	**0.2**	0.2	**1.9**	1.5	**–**	–
	21.6	23.5	**6.6**	8.8	**15.0**	14.7	**1.5**	1.5
Comprise amounts paid to:								
Directors of the Company	**6.6**	6.5	**2.1**	2.1	**4.5**	4.4	**1.5**	1.5
Other key management personnel	**15.0**	17.0	**4.5**	6.7	**10.5**	10.3	**–**	–
	21.6	23.5	**6.6**	8.8	**15.0**	14.7	**1.5**	1.5

34 SEGMENTAL INFORMATION

Business Segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products for the different markets. The Group's principal operations are organised into the Life Assurance, General Insurance and Shareholders segments. The results of these segments are reported separately in internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

a. Life Assurance Segment

The Life Assurance segment provides different types of products, comprising life insurance, long-term health and accident insurance, annuity business written and includes the unit-linked business. The Life Assurance segment is further organised into three reportable segments based on the type of product provided – the Participating Business, Non-participating Business and Linked Business segments. All revenues in the Life Assurance segment are from external customers.

Under the Participating Business segment, the insurance contracts issued by subsidiaries within the Group contain a discretionary participating feature. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contract entitles the policyholder to receive benefits, commonly referred to as a policyholder bonus, which is derived from the investment performance of the pool of assets and operating experience of all the participating policies managed by each insurance subsidiary within the Group.

Under the Non-participating Business segment, the insurance contracts issued by insurance subsidiaries within the Group transfer both insurance and investment risks from policyholders to the insurance subsidiaries within the Group. Other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Under the Linked Business segment, the insurance subsidiaries within the Group issue contracts which transfer insurance risk alone from policyholders to the insurance subsidiaries within the Group. The net investment returns derived from the variety of investment funds as selected by the policyholder accrue directly to the policyholder.

b. General Insurance Segment

Under the General Insurance business, the Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contract and/or business interruption contract; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contract. The Group also issues short term medical and personal accident general insurance contracts.

c. Shareholders Segment

The Shareholders segment comprises two reportable segments, the Fund Management and Financial Advisory Business, and Other Shareholders segments.

The Fund Management and Financial Advisory Business segment provides fund management services for absolute return/balanced mandates with different risk-return characteristics and manages a range of products, including Asia Pacific equities, Asian and global fixed income securities portfolios. Clients include Singapore statutory boards, government-linked corporations, public and private companies, insurance companies and charity organisations.

The Other Shareholders segment comprises activities not related to the core business segments, and includes general corporate income and expense items.

34 SEGMENTAL INFORMATION (CONTINUED)

Geographical Segments

The Group's risks and rewards are affected by operating conditions in different countries and geographical areas. Therefore, for management purposes, the Group is also organised on a geographical basis into Singapore, Malaysia and Other Asia, based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the respective location of its customers.

Segment Accounting Policies, Allocation Basis and Transfer Pricing

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, interest-bearing loans and related expenses. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to an unrelated third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(1) By Business Segments

	Group							Group	
	Fund Management and Financial Advisory Business		Others		Adjustments and Eliminations		Note	Consolidated	
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012		**2013**	2012
(a) Shareholders' Fund									
Investment income, net	**1.8**	0.1	**112.5**	111.8	**(2.3)**	(0.5)	(1)	**112.0**	111.4
Gain on sale of investments and changes in fair value	**3.2**	–	**49.6**	562.9	**–**	–		**52.8**	562.9
Increase in provision for impairment of assets	**–**	–	**(0.7)**	(0.2)	**–**	–		**(0.7)**	(0.2)
(Loss)/gain on exchange differences	**(0.3)**	0.9	**5.3**	(1.4)	**–**	–		**5.0**	(0.5)
Profit/(loss) from investments in Shareholders' Fund	**4.7**	1.0	**166.7**	673.1	**(2.3)**	(0.5)		**169.1**	673.6
Fees and other income	**75.5**	67.3	**2.0**	2.7	**(6.5)**	(5.2)	(1)	**71.0**	64.8
Profit/(loss) before expenses	**80.2**	68.3	**168.7**	675.8	**(8.8)**	(5.7)		**240.1**	738.4
Management and other expenses	**43.2**	36.5	**2.3**	35.1	**–**	–		**45.5**	71.6
Interest expense	**–**	–	**18.3**	18.3	**–**	–		**18.3**	18.3
Depreciation	**1.0**	0.9	**1.1**	1.3	**–**	–		**2.1**	2.2
Total expenses	**44.2**	37.4	**21.7**	54.7	**–**	–		**65.9**	92.1
Profit/(loss) after expenses	**36.0**	30.9	**147.0**	621.1	**(8.8)**	(5.7)		**174.2**	646.3
Share of loss of joint ventures	**–**	–	**(7.9)**	(3.2)	**–**	–		**(7.9)**	(3.2)
Segment profit/(loss) before income tax	**36.0**	30.9	**139.1**	617.9	**(8.8)**	(5.7)		**166.3**	643.1
Income tax	**(5.5)**	(4.3)	**(101.2)**	(169.6)	**–**	–		**(106.7)**	(173.9)
Segment profit/(loss) after income tax	**30.5**	26.6	**37.9**	448.3	**(8.8)**	(5.7)		**59.6**	469.2
Reconciliation to consolidated Profit & Loss Statement:									
Profit from insurance business								**624.2**	726.1
Profit per Profit & Loss Statement								**683.8**	1,195.3

(1) Inter-segment dividend and management fee income are eliminated on consolidation.

34 SEGMENTAL INFORMATION (CONTINUED)

(1) By Business Segments (continued)

	Group							Group	
	Fund Management and Financial Advisory Business		Others		Adjustments and Eliminations		Note	Consolidated	
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012		**2013**	2012
(a) Shareholders' Fund (continued)									
Other material items:									
Interest income	**0.4**	0.1	**72.6**	73.1	**–**	–		**73.0**	73.2
Staff costs and related expenses (including executive directors and key management personnel compensation)	**35.0**	30.0	**39.2**	37.1	**–**	–		**74.2**	67.1
Rental expense	**2.5**	2.3	**3.8**	3.7	**–**	–		**6.3**	6.0
Interest expense	**–**	–	**18.3**	18.3	**–**	–		**18.3**	18.3
Non-cash items:									
Depreciation	**1.0**	0.9	**1.1**	1.3	**–**	–		**2.1**	2.2
Impairment of assets	**–**	–	**0.7**	0.2	**–**	–		**0.7**	0.2
Changes in fair value of investments:									
– through Profit & Loss Statement	**–**	–	**(2.1)**	(68.3)	**–**	–		**(2.1)**	(68.3)
– through equity	**(1.2)**	2.4	**(50.6)**	361.8	**–**	–		**(51.8)**	364.2
in Singapore Dollars (millions)	**31 Dec 13**	31 Dec 12	**31 Dec 13**	31 Dec 12	**31 Dec 13**	31 Dec 12		**31 Dec 13**	31 Dec 12
Assets and liabilities:									
Segment assets	**138.3**	106.2	**5,680.6**	5,332.6	**14.3**	14.2		**5,833.2**	5,453.0
Investments in associates and joint ventures	**–**	–	**70.1**	74.6	**–**	–		**70.1**	74.6
Total assets	**138.3**	106.2	**5,750.7**	5,407.2	**14.3**	14.2		**5,903.3**	5,527.6
Segment liabilities	**18.7**	15.2	**503.5**	473.0	**–**	–		**522.2**	488.2
Income tax and deferred tax liabilities	**5.6**	4.8	**248.2**	195.1	**–**	–		**253.8**	199.9
Total liabilities	**24.3**	20.0	**751.7**	668.1	**–**	–		**776.0**	688.1
Other segment information:									
Additions to non-current assets									
– property, plant and equipment	**1.2**	1.4	**0.6**	0.3	**–**	–		**1.8**	1.7
– goodwill	**–**	8.1	**–**	–	**–**	–		**–**	8.1

34 SEGMENTAL INFORMATION (CONTINUED)

(1) By Business Segments (continued)

(b) General Insurance Fund

The segment profit/(loss) information for general insurance fund has not been presented below as it is considered a single business segment and disclosure of the information can be found in the General Insurance Revenue Statement. All revenues in the General Insurance Fund are from external customers. Material non-cash items consist of depreciation and impairment of assets, which can be found in the General Insurance Revenue Statement.

	Group	
	General Insurance Fund	
in Singapore Dollars (millions)	**2013**	2012
Other material items:		
Interest income	**12.7**	12.8
Staff costs and related expenses (including executive directors and key management personnel compensation)	**22.0**	20.6
Rental expense	**2.2**	1.8
Loss on disposal of property, plant and equipment and investment properties	**(0.2)**	(0.4)
in Singapore Dollars (millions)	**31 Dec 13**	31 Dec 12
Assets and liabilities:		
Total assets	**414.1**	365.9
Segment liabilities	**410.4**	358.2
Income tax and deferred tax liabilities	**3.7**	7.7
Total liabilities	**414.1**	365.9
Other segment information:		
Additions to non-current assets		
– property, plant and equipment	**2.3**	1.1

34 SEGMENTAL INFORMATION (CONTINUED)

(1) By Business Segments (continued)

in Singapore Dollars (millions)	Group									
	Participating Business		Non-Participating Business		Linked Business		Adjustments and Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
(c) Life Assurance Fund										
Premiums less reassurances	**5,135.3**	3,983.7	**1,190.1**	1,173.0	**1,274.6**	1,097.8	**–**	–	**7,600.0**	6,254.5
Commissions received from reinsurers	**5.2**	8.5	**10.3**	2.4	**1.5**	1.5	**–**	–	**17.0**	12.4
Investment income, net	**1,485.9**	1,436.5	**196.6**	174.9	**108.9**	106.8	**–**	–	**1,791.4**	1,718.2
Rental income, net	**50.8**	53.2	**4.5**	4.6	**–**	–	**(0.4)**	(0.4)	**54.9**	57.4
Gain/(loss) on sale of investments and changes in fair value	**165.1**	2,053.1	**(31.1)**	155.6	**310.3**	312.8	**–**	–	**444.3**	2,521.5
Gain/(loss) on exchange differences	**148.0**	(22.9)	**30.6**	(28.7)	**(14.0)**	(2.7)	**–**	–	**164.6**	(54.3)
Segment revenue	**6,990.3**	7,512.1	**1,401.0**	1,481.8	**1,681.3**	1,516.2	**(0.4)**	(0.4)	**10,072.2**	10,509.7
Gross claims, surrenders and annuities	**4,892.8**	4,106.6	**513.6**	734.9	**806.6**	595.9	**–**	–	**6,213.0**	5,437.4
Claims, surrenders and annuities recovered from reinsurers	**(13.2)**	(15.4)	**(52.0)**	(35.6)	**(13.2)**	(10.0)	**–**	–	**(78.4)**	(61.0)
Commissions and agency expenses	**387.6**	347.1	**171.1**	148.9	**216.3**	210.7	**–**	–	**775.0**	706.7
Increase in provision for impairment of assets	**54.3**	9.6	**23.3**	–	**–**	–	**–**	–	**77.6**	9.6
Management expenses	**173.3**	170.7	**69.4**	63.0	**81.3**	76.6	**(0.4)**	(0.4)	**323.6**	309.9
Agents' retirement benefits	**19.9**	25.0	**1.6**	2.2	**7.9**	7.2	**–**	–	**29.4**	34.4
Depreciation	**46.5**	41.0	**5.9**	3.6	**2.9**	2.1	**–**	–	**55.3**	46.7
Change in life assurance fund contract liabilities	**2,235.1**	1,835.1	**97.1**	255.9	**376.8**	482.5	**–**	–	**2,709.0**	2,573.5
Segment expense	**7,796.3**	6,519.7	**830.0**	1,172.9	**1,478.6**	1,365.0	**(0.4)**	(0.4)	**10,104.5**	9,057.2
Segment (loss)/profit before share of profit of associates and joint ventures	**(806.0)**	992.4	**571.0**	308.9	**202.7**	151.2	**–**	–	**(32.3)**	1,452.5
Share of (loss)/profit of associates	**(4.8)**	38.5	**(0.9)**	1.6	**–**	–	**–**	–	**(5.7)**	40.1
Share of loss of joint ventures	**–**	(0.3)	**–**	–	**–**	–	**–**	–	**–**	(0.3)
Segment (loss)/profit before income tax	**(810.8)**	1,030.6	**570.1**	310.5	**202.7**	151.2	**–**	–	**(38.0)**	1,492.3
Income tax	**(156.8)**	(287.6)	**(50.2)**	2.5	**(21.5)**	(23.1)	**–**	–	**(228.5)**	(308.2)
Segment (loss)/profit after income tax	**(967.6)**	743.0	**519.9**	313.0	**181.2**	128.1	**–**	–	**(266.5)**	1,184.1

34 SEGMENTAL INFORMATION (CONTINUED)

(1) By Business Segments (continued)

in Singapore Dollars (millions)	Group									
	Participating Business		Non-Participating Business		Linked Business		Adjustments and Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
(c) Life Assurance Fund (continued)										
Retained in life assurance fund	**(1,113.1)**	599.0	**240.7**	(109.5)	**7.2**	2.9	**–**	–	**(865.2)**	492.4
Transferred to Profit and Loss Statement	**145.5**	144.0	**279.2**	422.5	**174.0**	125.2	**–**	–	**598.7**	691.7
	(967.6)	743.0	**519.9**	313.0	**181.2**	128.1	**–**	–	**(266.5)**	1,184.1
Other material items:										
Interest income	**1,220.5**	1,156.9	**197.0**	173.4	**80.3**	70.2	**–**	–	**1,497.8**	1,400.5
Staff costs and related expenses (including executive directors and key management personnel compensation)	**99.4**	92.6	**37.6**	31.5	**34.6**	34.3	**–**	–	**171.6**	158.4
Rental expense	**8.2**	8.5	**3.4**	3.2	**2.9**	2.9	**(0.4)**	(0.4)	**14.1**	14.2
Gain on disposal of property, plant and equipment and investment properties	**–**	0.7	**–**	–	**–**	–	**–**	–	**–**	0.7
Interest expense on policy benefits	**114.6**	100.4	**0.2**	0.1	**–**	–	**–**	–	**114.8**	100.5
Non-cash items:										
Depreciation	**46.5**	41.0	**5.9**	3.6	**2.9**	2.1	**–**	–	**55.3**	46.7
Impairment of assets	**54.3**	9.6	**23.3**	–	**–**	–	**–**	–	**77.6**	9.6
Changes in fair value of investments:										
– through Profit & Loss Statement	**293.2**	(65.9)	**134.6**	(117.1)	**(117.9)**	(303.7)	**–**	–	**309.9**	(486.7)
– through life assurance fund	**64.7**	1,758.6	**(251.4)**	157.9	**–**	–	**–**	–	**(186.7)**	1,916.5

34 SEGMENTAL INFORMATION (CONTINUED)

(1) By Business Segments (continued)

	Group									
	Participating Business		Non-Participating Business		Linked Business		Adjustments and Eliminations		Consolidated	
in Singapore Dollars (millions)	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
(c) Life Assurance Fund (continued)										
Assets and liabilities:										
Segment assets	**43,877.1**	43,143.9	**5,349.0**	5,488.5	**5,284.7**	4,926.8	**–**	–	**54,510.8**	53,559.2
Investments in associates and joint ventures	**78.7**	243.9	**3.7**	4.4	**–**	–	**–**	–	**82.4**	248.3
Total assets	**43,955.8**	43,387.8	**5,352.7**	5,492.9	**5,284.7**	4,926.8	**–**	–	**54,593.2**	53,807.5
Segment liabilities	**42,814.9**	42,288.5	**5,187.8**	5,273.3	**5,237.2**	4,895.6	**–**	–	**53,239.9**	52,457.4
Income tax and deferred tax liabilities	**1,140.9**	1,099.3	**164.9**	219.6	**47.5**	31.2	**–**	–	**1,353.3**	1,350.1
Total liabilities	**43,955.8**	43,387.8	**5,352.7**	5,492.9	**5,284.7**	4,926.8	**–**	–	**54,593.2**	53,807.5
Other segment information:										
Additions to non-current assets										
– property, plant and equipment	**62.1**	38.5	**3.8**	3.1	**0.2**	1.3	**–**	–	**66.1**	42.9
– investment properties	**0.8**	0.4	**0.1**	0.1	**–**	–	**–**	–	**0.9**	0.5

34 SEGMENTAL INFORMATION (CONTINUED)

(2) By Geographical Segments

	Group									
	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
in Singapore Dollars (millions)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
(a) Shareholders' Fund										
Investment income, net	**97.1**	94.3	**13.1**	13.7	**1.8**	3.4	**–**	–	**112.0**	111.4
Gain on sale of investments and changes in fair value	**48.7**	558.4	**4.1**	4.5	**–**	–	**–**	–	**52.8**	562.9
Fees and other income	**64.7**	63.6	**6.3**	1.2	**–**	–	**–**	–	**71.0**	64.8
Total revenue from external customers	**210.5**	716.3	**23.5**	19.4	**1.8**	3.4	**–**	–	**235.8**	739.1
Dividend from subsidiaries	**224.7**	214.1	**–**	–	**–**	–	**(224.7)**	(214.1)	**–**	–
Total revenue	**435.2**	930.4	**23.5**	19.4	**1.8**	3.4	**(224.7)**	(214.1)	**235.8**	739.1
Profit/(loss) after income tax	**644.2**	1,180.6	**275.8**	241.1	**(11.5)**	(12.3)	**(224.7)**	(214.1)	**683.8**	1,195.3
<u>As at 31 December:</u>										
Non-current assets	**22.2**	22.2	**15.3**	16.0	**0.8**	0.9	**–**	–	**38.3**	39.1
(b) General Insurance Fund										
Total revenue from external customers	**73.2**	65.0	**131.7**	127.6	**–**	–	**–**	–	**204.9**	192.6
<u>As at 31 December:</u>										
Non-current assets	**0.7**	0.6	**7.9**	7.1	**–**	–	**–**	–	**8.6**	7.7
(c) Life Assurance Fund										
Total revenue from external customers	**6,002.5**	6,060.3	**3,927.6**	4,328.3	**142.1**	121.1	**–**	–	**10,072.2**	10,509.7
<u>As at 31 December:</u>										
Non-current assets	**1,865.3**	1,817.0	**389.0**	408.4	**5.6**	4.9	**–**	–	**2,259.9**	2,230.3

Non-current assets information presented above consist of goodwill, investment properties and property, plant and equipment as presented in the consolidated balance sheet.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES

Governance framework

Managing risk is an integral part of the Group's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Group shall:

- Always operate within the risk appetite set by the Board; and
- Ensure reward commensurate for any risk taken.

Group Risk Management department spearheads the development and implementation of the ERM Framework for the Group.

The Risk Management Committee ("RMC") is constituted to provide oversight on the risk management initiatives. At the group level, detailed risk management and oversight activities are undertaken by the following group management committees comprising the Group Chief Executive Officer and key Senior Management Executives:

- Group Management Team ("GMT")
- Group Asset-Liability Committee ("Group ALC")
- Group Information Technology Steering Committee ("Group ITSC")

GMT is responsible for providing leadership, direction and oversight with regards to all matters of the Group. The GMT is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMT is supported by the local Senior Management Team ("SMT") and Product Development Committee ("PDC").

Group ALC is responsible for assisting GMT in balance sheet management. Specifically, Group ALC reviews and formulates technical frameworks, policies and methodology relating to balance sheet management. Group ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. Group ALC is supported by the local Asset-Liability Committee ("ALC").

Regulatory framework

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors ("Board"). The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

Capital management

GEH's capital management policy is to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

The Group has had no significant changes in the policies and processes relating to its capital structure during the year.

<u>Regulatory Capital</u>
The insurance subsidiaries of the Group are required to comply with capital ratios prescribed by the Insurance Regulations of the jurisdiction in which the subsidiaries operate. The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remained well above the minimum regulatory ratios of 120% and 130% under the Risk based Capital Frameworks regulated by the Monetary Authority of Singapore and Bank Negara, Malaysia respectively.

The Group's approach to capital management requires sufficient capital to be held to cover statutory requirements, including any additional amounts required by the respective regulators. This involves managing assets, liabilities and risks in a coordinated way by assessing and monitoring available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking suitable actions to influence the capital position of the Group in light of changes in economic conditions and risk characteristics.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management *(continued)*

Regulatory Capital (continued)

The primary source of capital used by the Group is share capital and issued debt. Available capital of the consolidated Singapore insurance subsidiaries as at 31 December 2013 amounted to $9.2 billion (31 December 2012: $8.6 billion) while available capital of the consolidated Malaysia insurance subsidiaries as at 31 December 2013 amounted to $0.7 billion (31 December 2012: $0.7 billion).

Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

The following sections provide details regarding the Group's and Company's exposure to insurance and key financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Insurance Risk

The principal activities of the Group are the provision of financial advisory services coupled with insurance protection against risks such as mortality, morbidity (health, disability, critical illness, personal accident), and property and casualty.

The Group's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

Risks inherent in the Group's activities include but are not limited to the following:

Insurance Risks of Life Insurance Contracts

Insurance risks arise when the Group underwrites insurance contracts. A mis-estimation of the assumptions used in pricing the insurance products as well as subsequent setting of the technical provisions may give rise to potential shortfalls when actual experience is different from expected experience. Sources of assumptions affecting insurance risks include policy lapses and policy claims such as mortality, morbidity and expenses. These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

The Group utilises reinsurance to manage the mortality and morbidity risks. The Group's reinsurance management strategy and policy are reviewed annually by RMC and Group ALC. Reinsurance structures are set based on the type of risk. Retention limits for mortality risk per life are limited to a maximum of $700,000 in Singapore and RM825,000 in Malaysia. Retention limits for critical illness per life are limited to a maximum of $400,000 in Singapore and RM595,000 in Malaysia. Catastrophe reinsurance is procured to limit catastrophic losses. The Group's exposure to group insurance business is not significant, thus there is no material concentrations in insurance risk.

Only reinsurers meeting a minimum credit rating of S&P A- are considered when deciding on which reinsurers to reinsure the Group's risk. The Group limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

Insurance Risks of Life Insurance Contracts (continued)

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses to ensure that the policies, guidelines and limits put in place to manage the risks remain adequate and appropriate.

A substantial portion of the Group's life assurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus and dividends payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment markets perform poorly, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for the Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing ("ST") is performed at least once a year. The purpose of the ST is to test the solvency of the life fund under various scenarios according to prescribed statutory valuation basis, simulating drastic changes in major parameters such as new business volume, investment environment, expense patterns, mortality/morbidity patterns and lapse rates.

TABLE 35(A): The table below sets out the concentration of the life insurance risk as at the balance sheet date, net of reinsurance:

	Life Assurance	
in Singapore Dollars (millions)	**As at 31 December 2013 Insurance liabilities**	As at 31 December 2012 Insurance liabilities
(i) by Class of business:		
Whole life	**25,638.0**	23,526.6
Endowment	**14,760.2**	14,900.5
Term	**391.2**	383.2
Accident and health	**1,186.7**	1,087.7
Annuity	**572.8**	648.0
Others	**1,025.3**	938.0
Total	**43,574.2**	41,484.0
(ii) by Country:		
Singapore	**26,128.3**	25,779.6
Malaysia	**17,139.0**	15,399.8
Others	**306.9**	304.6
Total	**43,574.2**	41,484.0

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

The sensitivity analysis below shows the impact of change in key parameters on the value of policy liabilities, and hence on the profit and loss statement and shareholders' equity.

Sensitivity analysis produced are based on parameters set out as follows:

		Change in assumptions
(a)	Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b)	Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c)	Scenario 3 – Health and Disability	+ 25% for all future years
(d)	Scenario 4 – Health and Disability	– 25% for all future years
(e)	Scenario 5 – Lapse and Surrender rates	+ 25% for all future years
(f)	Scenario 6 – Lapse and Surrender rates	– 25% for all future years
(g)	Scenario 7 – Expenses	+ 30% for all future years

TABLE 35(B1): Profit/(Loss) After Tax and Shareholders' Equity sensitivity for the Singapore segment:

Impact on 1-year's profit/(loss) after tax and Shareholders' Equity

in Singapore Dollars (millions)	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2013							
Gross impact	**(45.2)**	**(7.8)**	**63.7**	**(104.0)**	**41.1**	**(51.9)**	**(28.0)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(45.2)**	**(7.8)**	**63.7**	**(104.0)**	**41.1**	**(51.9)**	**(28.0)**
2012							
Gross impact	(74.8)	19.9	71.8	(82.8)	53.9	(67.8)	(27.4)
Reinsurance ceded	–	–	–	–	–	–	–
Net impact	(74.8)	19.9	71.8	(82.8)	53.9	(67.8)	(27.4)

TABLE 35(B2): Profit/(Loss) After Tax and Shareholders' Equity sensitivity for the Malaysia segment:

Impact on 1-year's profit/(loss) after tax and Shareholders' Equity

in Singapore Dollars (millions)	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2013							
Gross impact	**(50.5)**	**46.0**	**(13.3)**	**10.8**	**(4.7)**	**6.6**	**(7.7)**
Reinsurance ceded	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(50.5)**	**46.0**	**(13.3)**	**10.8**	**(4.7)**	**6.6**	**(7.7)**
2012							
Gross impact	(63.6)	55.7	(14.1)	11.6	1.3	(1.2)	(7.5)
Reinsurance ceded	–	–	–	–	–	–	–
Net impact	(63.6)	55.7	(14.1)	11.6	1.3	(1.2)	(7.5)

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

The above table demonstrates the sensitivity of the Group's profit and loss after tax to a reasonably possible change in actuarial valuation assumptions on an individual basis with all other variables held constant.

The effect of sensitivity analysis on reinsurance ceded for the Singapore and Malaysia segments are not material.

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Insurance Risk of Non-Life Insurance Contracts

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities, as set out under Notes 16 and 17 of the financial statements. The premium liabilities comprise reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

TABLE 35(C1): The table below sets out the concentration of the non-life insurance risk as at the balance sheet date:

(i) by Class of business:

	Non-life Insurance Contracts					
	As at 31 December 2013			As at 31 December 2012		
in Singapore Dollars (millions)	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
Fire	22.5	(14.0)	8.5	21.2	(13.6)	7.6
Motor	36.4	(1.7)	34.7	39.1	(3.1)	36.0
Marine & aviation	1.1	(0.7)	0.4	1.4	(0.8)	0.6
Workmen's compensation	8.7	(3.0)	5.7	7.9	(2.5)	5.4
Personal accident & health	22.0	(1.7)	20.3	23.1	(2.0)	21.1
Miscellaneous	31.1	(20.7)	10.4	27.6	(17.5)	10.1
Total	121.8	(41.8)	80.0	120.3	(39.5)	80.8

in Singapore Dollars (millions)	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
Fire	34.1	(26.8)	7.3	23.2	(17.6)	5.6
Motor	85.4	(10.1)	75.3	87.0	(15.2)	71.8
Marine & aviation	3.0	(1.2)	1.8	4.9	(2.7)	2.2
Workmen's compensation	20.8	(7.1)	13.7	14.1	(4.8)	9.3
Personal accident & health	12.8	(1.4)	11.4	11.7	(1.7)	10.0
Miscellaneous	52.1	(32.1)	20.0	38.5	(21.5)	17.0
Total	208.2	(78.7)	129.5	179.4	(63.5)	115.9

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

TABLE 35(C1): The table below sets out the concentration of the non-life insurance risk as at the balance sheet date: (continued)

(ii) by Country:

	Non-life Insurance Contracts					
	As at 31 December 2013			As at 31 December 2012		
in Singapore Dollars (millions)	**Gross premium liabilities**	**Reinsured premium liabilities**	**Net premium liabilities**	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
Singapore	**59.4**	**(23.1)**	**36.3**	55.9	(20.0)	35.9
Malaysia	**62.4**	**(18.7)**	**43.7**	64.4	(19.5)	44.9
Total	**121.8**	**(41.8)**	**80.0**	120.3	(39.5)	80.8

in Singapore Dollars (millions)	**Gross claims liabilities**	**Reinsured claims liabilities**	**Net claims liabilities**	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
Singapore	**73.0**	**(28.9)**	**44.1**	61.7	(29.1)	32.6
Malaysia	**135.2**	**(49.8)**	**85.4**	117.7	(34.4)	83.3
Total	**208.2**	**(78.7)**	**129.5**	179.4	(63.5)	115.9

Key Assumptions

Non-life insurance contract liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by emphasizing diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, e.g. hurricanes, earthquakes and flood damages.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before tax and equity.

in Singapore Dollars (millions)	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
As at 31 December 2013					
Provision for adverse deviation margin	**+20%**	**1.9**	**1.9**	**(1.9)**	**(1.4)**
Loss ratio	**+20%**	**44.5**	**31.7**	**(31.7)**	**(24.6)**
Claim handling expenses	**+20%**	**0.4**	**2.7**	**(2.7)**	**(2.0)**
As at 31 December 2012					
Provision for adverse deviation margin	+20%	1.8	1.1	(1.1)	(0.9)
Loss ratio	+20%	39.1	30.0	(30.0)	(23.0)
Claim handling expenses	+20%	0.5	2.3	(2.3)	(1.7)

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year. However, the loss ratio methodology has been refined to better reflect the nature of the non-life insurance business. Comparative figures have been revised using the new methodology.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

TABLE 35(C2): The table below shows the cumulative claims estimates, including both claims notified and IBNR for each successive accident year, at each balance sheet date, together with cumulative payments to date.

Gross non-life insurance contract liabilities for 2013:

in Singapore Dollars (millions)	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of cumulative claims									
Accident Year	48.1	59.8	56.2	73.0	74.9	123.6	114.9	154.2	
One year later	50.3	63.0	56.9	78.5	93.5	101.8	109.3	–	
Two years later	48.5	58.0	57.0	103.5	90.5	105.8	–	–	
Three years later	47.5	58.1	81.4	100.0	87.2	–	–	–	
Four years later	47.4	84.4	79.4	97.1	–	–	–	–	
Five years later	85.9	83.3	77.2	–	–	–	–	–	
Six years later	84.4	81.8	–	–	–	–	–	–	
Seven years later	83.7	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**83.7**	**81.8**	**77.2**	**97.1**	**87.2**	**105.8**	**109.3**	**154.2**	
Cumulative payments									
Accident Year	19.0	21.8	22.9	31.4	30.2	38.9	35.5	43.0	
One year later	36.7	42.5	44.3	55.9	64.7	71.5	71.5	–	
Two years later	41.0	47.7	49.0	83.2	73.7	83.2	–	–	
Three years later	42.9	49.6	71.0	87.0	76.8	–	–	–	
Four years later	43.4	74.8	72.7	89.9	–	–	–	–	
Five years later	80.7	78.1	73.2	–	–	–	–	–	
Six years later	81.4	78.9	–	–	–	–	–	–	
Seven years later	81.6	–	–	–	–	–	–	–	
Cumulative payments	**81.6**	**78.9**	**73.2**	**89.9**	**76.8**	**83.2**	**71.5**	**43.0**	
Non-life gross claim liabilities	**2.1**	**2.9**	**4.0**	**7.2**	**10.4**	**22.6**	**37.8**	**111.2**	**198.2**
Reserve for prior years									**6.0**
Unallocated surplus									**4.0**
General Insurance Fund Contract Liabilities, gross									**208.2**

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Insurance Risk *(continued)*

TABLE 35(C2): The table below shows the cumulative claims estimates, including both claims notified and IBNR for each successive accident year, at each balance sheet date, together with cumulative payments to date. (continued)

Non-life insurance contract liabilities, net of reinsurance of liabilities, for 2013:

in Singapore Dollars (millions)	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of cumulative claims									
Accident Year	28.2	31.0	35.5	42.2	50.7	81.3	85.2	103.9	
One year later	28.4	31.8	36.2	45.6	66.3	65.0	77.7	–	
Two years later	27.4	30.7	36.0	66.0	64.4	67.9	–	–	
Three years later	26.9	30.7	54.9	63.5	62.8	–	–	–	
Four years later	26.6	53.5	52.2	61.5	–	–	–	–	
Five years later	59.3	51.8	50.7	–	–	–	–	–	
Six years later	57.4	50.5	–	–	–	–	–	–	
Seven years later	56.4	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**56.4**	**50.5**	**50.7**	**61.5**	**62.8**	**67.9**	**77.7**	**103.9**	
Cumulative payments									
Accident Year	12.0	13.0	16.2	21.2	23.7	27.5	29.5	33.9	
One year later	21.4	24.3	28.6	35.0	48.8	49.0	55.3	–	
Two years later	23.3	26.7	31.1	52.8	54.0	54.7	–	–	
Three years later	24.4	27.7	47.0	55.5	56.0	–	–	–	
Four years later	24.7	48.1	47.9	56.7	–	–	–	–	
Five years later	54.9	48.5	48.1	–	–	–	–	–	
Six years later	55.4	48.9	–	–	–	–	–	–	
Seven years later	55.7	–	–	–	–	–	–	–	
Cumulative payments	**55.7**	**48.9**	**48.1**	**56.7**	**56.0**	**54.7**	**55.3**	**33.9**	
Non-life net claim liabilities	**0.7**	**1.6**	**2.6**	**4.8**	**6.8**	**13.2**	**22.4**	**70.0**	**122.1**
Reserve for prior years									**3.5**
Unallocated surplus									**3.9**
General Insurance Fund Contract Liabilities, net									**129.5**

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk

Market risk arises when the market values of assets and liabilities do not move consistently as financial markets change. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future earnings of the insurance operations as well as shareholders' equity.

The Group is exposed to market risk in the investments of the Shareholders' Fund as well as in the mismatch risk between the assets and liabilities of the Insurance Funds. In the case of the funds managed by Lion Global Investors, investment risks are borne by investors and the Group does not assume any liability in the event of occurrence of loss or write-down in market valuation.

Group ALC and local ALCs actively manage market risks through setting of investment policy and asset allocation, approving portfolio construction and risk measurement methodologies, approving hedging and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with the Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework. Management of market risks resulting from changes in interest rates and currency exchange rates; volatility in equity price; as well as other risks like credit and liquidity risks are briefly described as follows:

(a) ***Interest rate risk (including asset liability mismatch).*** The Group is exposed to interest rate risk through (i) investments in fixed income instruments in both the Shareholders' Fund as well as the Insurance Funds and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur an economic loss when interest rates rise. Given the long duration of policy liabilities and the uncertainty of the cash flows of the Insurance Funds, it is not possible to hold assets that will perfectly match the policy liabilities. This results in a net interest rate risk or asset liability mismatch risk which is managed and monitored by Group ALC and the local ALCs. The Insurance Funds will incur an economic loss when interest rates drop since the duration of policy liabilities is generally longer than the duration of the fixed income assets.

Under Singapore regulations governed by the Monetary Authority of Singapore (MAS), the liability cash flows with durations less than 20 years are discounted using zero-coupon spot yield of Singapore Government Securities (SGS) while liability cash flows with duration more than 20 years for Singapore funds are discounted using the Long Term Risk Free Discount Rate ("LTRFDR"). As a result, the Singapore Non Participating funds could have negative earnings impact when the LTRFDR decreases.

In 2009, the Group commenced an exercise to achieve portfolio matching of the assets and liabilities of GEL Non Participating fund's long dated liabilities. These long dated liabilities are discounted using the zero-coupon spot yield of SGS of a matching duration (and not the LTRFDR mentioned above). The long dated liabilities which do not fall within the matching program will still be subject to the LTRFDR requirement.

Under Malaysia regulations governed by Bank Negara Malaysia (BNM), the liability cash flows with durations less than 15 years are discounted using zero-coupon spot yield of Malaysia Government Securities (MGS) with matching duration while the liability cash flows with durations of 15 years or more are discounted using zero-coupon spot yield of MGS with 15 years term to maturity. As a result, the Malaysia non-participating fund could have negative earnings impact when the zero-coupon spot yield of MGS decreases.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(b) ***Foreign currency risk.*** Hedging through currency forwards and swaps is typically used for the fixed income portfolio. Internal limits on foreign exchange exposure ranging from 15% to 35% are applied to investments in fixed income portfolios at a fund level. Currency risk derived from investments in foreign equities is generally not hedged.

The Group is also exposed to foreign exchange movement on net investment in its foreign subsidiaries. The major item for the Group is in respect of its Malaysia subsidiaries. The Insurance and Shareholders' Funds in Malaysia are predominantly held in Malaysian Ringgit, as prescribed by Bank Negara, Malaysia.

TABLE 35(D): The tables below show the foreign exchange position of the Group's financial assets and liabilities by major currencies:

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
As at 31 December 2013					
FINANCIAL ASSETS					
Available-for-sale securities					
Equity securities	2,169.4	4,465.8	844.3	3,547.3	11,026.8
Debt securities	9,682.2	12,622.8	5,749.8	188.5	28,243.3
Other investments	542.4	138.6	1,609.7	284.3	2,575.0
Securities at fair value through profit or loss					
Equity securities	101.0	1,320.0	199.8	458.9	2,079.7
Debt securities	13.0	293.7	261.0	175.0	742.7
Other investments	1,316.2	26.4	191.0	180.2	1,713.8
Financial instruments with embedded derivatives	539.4	1,011.8	85.8	87.7	1,724.7
Derivative financial assets	237.5	–	3.5	1.2	242.2
Loans	643.1	1,205.2	15.2	0.1	1,863.6
Insurance receivables	924.7	1,655.3	2.1	22.2	2,604.3
Other debtors and interfund balances	1,224.6	656.5	3.9	23.1	1,908.1
Cash and cash equivalents	2,502.6	735.5	340.6	148.4	3,727.1
	19,896.1	24,131.6	9,306.7	5,116.9	58,451.3
FINANCIAL LIABILITIES					
Other creditors and interfund balances	1,511.9	784.4	7.7	26.3	2,330.3
Insurance payables	792.1	2,279.3	2.1	14.4	3,087.9
Derivative financial liabilities	59.1	–	120.4	8.6	188.1
Provision for agents' retirement benefits	–	258.6	–	–	258.6
Debt issued	399.3	–	–	–	399.3
General insurance fund contract liabilities	73.0	135.2	–	–	208.2
Life assurance fund contract liabilities	25,611.7	17,139.0	549.8	273.7	43,574.2
	28,447.1	20,596.5	680.0	323.0	50,046.6

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(b) Foreign currency risk. *(continued)*

TABLE 35(D): The tables below show the foreign exchange position of the Group's financial assets and liabilities by major currencies: (continued)

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
As at 31 December 2012					
FINANCIAL ASSETS					
Available-for-sale securities					
Equity securities	1,710.7	3,967.6	870.4	2,997.4	9,546.1
Debt securities	10,433.0	13,430.2	5,231.7	198.7	29,293.6
Other investments	434.6	168.3	717.2	235.9	1,556.0
Securities at fair value through profit or loss					
Equity securities	249.7	839.5	148.0	914.1	2,151.3
Debt securities	26.8	337.9	277.0	182.0	823.7
Other investments	608.6	71.4	161.6	196.9	1,038.5
Financial instruments with embedded derivatives	829.3	783.6	115.6	167.2	1,895.7
Derivative financial assets	488.8	0.2	0.7	1.0	490.7
Loans	645.9	958.9	–	–	1,604.8
Insurance receivables	941.3	1,619.0	2.8	19.3	2,582.4
Other debtors and interfund balances	1,366.1	512.2	3.6	20.7	1,902.6
Cash and cash equivalents	2,812.2	808.9	463.8	127.7	4,212.6
	20,547.0	23,497.7	7,992.4	5,060.9	57,098.0
FINANCIAL LIABILITIES					
Other creditors and interfund balances	1,758.7	664.0	5.4	33.4	2,461.5
Insurance payables	841.8	1,935.7	1.8	11.9	2,791.2
Derivative financial liabilities	24.7	–	13.6	3.7	42.0
Provision for agents' retirement benefits	–	245.2	–	–	245.2
Debt issued	399.2	–	–	–	399.2
General insurance fund contract liabilities	61.8	117.6	–	–	179.4
Life assurance fund contract liabilities	25,414.9	15,399.8	395.8	273.5	41,484.0
	28,501.1	18,362.3	416.6	322.5	47,602.5

The Group has no significant concentration of foreign currency risk.

(c) Equity price risk. Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity investment, where the Group, through investments in both Shareholders' Fund and Insurance Funds, bears all or most of the volatility in returns and investment performance risk. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the value of the underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of equity holdings.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(d) ***Credit spread risk.*** Exposure to credit spread risk exists in the Group's investments in bonds. Credit spread is the difference between the quoted rates of return of two different investments of different credit quality. When spreads widen between bonds with different quality ratings, it implies that the market is factoring more risk of default on lower grade bonds. A widening in credit spreads will result in a fall in the values of the Group's bond portfolio.

(e) ***Alternative investment risk.*** The Group is exposed to alternative investment risk through investments in direct real estate that it owns in Singapore and Malaysia and through real estate, private equity, infrastructure and hedge funds for exposures in other countries. A monitoring process is in place to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and Group ALC.

(f) ***Commodity risk.*** The Group does not have a direct or significant exposure to commodity risk.

(g) ***Cash flow and liquidity risk.*** Cash flow and liquidity risk arises when a company is unable to meet its obligations associated with financial instruments when required to do so. This typically happens when the investments in the portfolio are illiquid. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(g) Cash flow and liquidity risk. *(continued)*

Maturity Profile

TABLE 35(E1): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Group's financial liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities.

in Singapore Dollars (millions)	Carrying Amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
As at 31 December 2013						
FINANCIAL ASSETS						
Available-for-sale securities						
Equity securities	11,026.8	–	–	–	11,026.8	11,026.8
Debt securities	28,243.3	2,179.9	8,376.8	29,376.2	–	39,932.9
Other investments	2,575.0	–	–	–	2,575.0	2,575.0
Securities at fair value through profit or loss						
Equity securities	2,079.7	–	–	–	2,079.7	2,079.7
Debt securities	742.7	138.8	303.8	524.5	–	967.1
Other investments	1,713.8	–	–	–	1,713.8	1,713.8
Financial instruments with embedded derivatives	1,724.7	157.4	915.8	1,171.8	0.1	2,245.1
Loans	1,863.6	406.5	1,065.9	713.3	–	2,185.7
Insurance receivables	2,604.3	337.4	4.5	–	2,262.4	2,604.3
Other debtors and interfund balances	1,908.1	1,839.5	30.3	11.5	26.8	1,908.1
Cash and cash equivalents	3,727.1	3,727.1	–	–	–	3,727.1
	58,209.1	8,786.6	10,697.1	31,797.3	19,684.6	70,965.6
FINANCIAL LIABILITIES						
Other creditors and interfund balances	2,330.3	2,084.1	182.9	63.3	–	2,330.3
Insurance payables	3,087.9	2,718.5	352.9	2.0	14.5	3,087.9
Provision for agents' retirement benefits	258.6	69.6	50.3	138.7	–	258.6
Debt issued	399.3	18.4	73.6	446.0	–	538.0
General insurance fund contract liabilities	208.2	192.0	(4.5)	(0.4)	21.1	208.2
Life assurance fund contract liabilities	43,574.2	6,948.0	4,579.7	32,046.5	–	43,574.2
	49,858.5	12,030.6	5,234.9	32,696.1	35.6	49,997.2

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(g) Cash flow and liquidity risk. *(continued)*

TABLE 35(E1): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Group's financial liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities. (continued)

in Singapore Dollars (millions)	Carrying Amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
As at 31 December 2012						
FINANCIAL ASSETS						
Available-for-sale securities						
Equity securities	9,546.1	–	–	–	9,546.1	9,546.1
Debt securities	29,293.6	2,671.2	9,231.7	26,617.2	–	38,520.1
Other investments	1,556.0	–	–	–	1,556.0	1,556.0
Securities at fair value through profit or loss						
Equity securities	2,151.3	–	–	–	2,151.3	2,151.3
Debt securities	823.7	127.9	239.2	754.5	–	1,121.6
Other investments	1,038.5	–	–	–	1,038.5	1,038.5
Financial instruments with embedded derivatives	1,895.7	434.0	1,282.5	592.5	11.7	2,320.7
Loans	1,604.8	185.6	1,192.9	519.6	–	1,898.1
Insurance receivables	2,582.4	264.4	1.0	–	2,317.0	2,582.4
Other debtors and interfund balances	1,902.6	1,793.8	26.6	38.2	44.0	1,902.6
Cash and cash equivalents	4,212.6	4,212.6	–	–	–	4,212.6
	56,607.3	9,689.5	11,973.9	28,522.0	16,664.6	66,850.0
FINANCIAL LIABILITIES						
Other creditors and interfund balances	2,461.5	2,250.4	175.2	35.9	–	2,461.5
Insurance payables	2,791.2	2,365.2	408.3	1.7	16.0	2,791.2
Provision for agents' retirement benefits	245.2	63.8	47.4	134.0	–	245.2
Debt issued	399.2	18.4	73.6	464.4	–	556.4
General insurance fund contract liabilities	179.4	159.1	4.2	–	16.1	179.4
Life assurance fund contract liabilities	41,484.0	5,674.4	5,721.7	30,087.9	–	41,484.0
	47,560.5	10,531.3	6,430.4	30,723.9	32.1	47,717.7

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(g) ***Cash flow and liquidity risk.*** *(continued)*

TABLE 35(E2): The following tables show the current/non-current classification of assets and liabilities:

in Singapore Dollars (millions)	Current*	Non-Current	Unit-linked	Total
As at 31 December 2013				
ASSETS				
Cash and cash equivalents	3,458.1	–	269.0	3,727.1
Other debtors and interfund balances	1,799.8	33.0	75.3	1,908.1
Insurance receivables	350.3	2,254.0	–	2,604.3
Loans	306.1	1,557.5	–	1,863.6
Derivative financial assets	91.4	148.6	2.2	242.2
Investments	6,954.8	36,599.8	4,551.4	48,106.0
Associates and joint ventures	–	152.5	–	152.5
Goodwill	–	33.6	–	33.6
Property, plant and equipment	–	712.2	–	712.2
Investment properties	–	1,561.0	–	1,561.0
	12,960.5	43,052.2	4,897.9	60,910.6
LIABILITIES				
Insurance payables	2,698.5	369.3	20.1	3,087.9
Other creditors and interfund balances	1,960.9	193.5	175.9	2,330.3
Unexpired risk reserve	121.8	–	–	121.8
Derivative financial liabilities	63.6	119.5	5.0	188.1
Income tax	585.7	–	14.1	599.8
Provision for agents' retirement benefits	69.6	189.0	–	258.6
Deferred tax	–	991.9	19.1	1,011.0
Debt issued	–	399.3	–	399.3
General insurance fund	192.0	17.2	–	209.2
Life assurance fund	2,161.2	40,625.8	4,790.3	47,577.3
	7,853.3	42,905.5	5,024.5	55,783.3

* expected recovery or settlement within 12 months from the balance sheet date.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(g) Cash flow and liquidity risk. *(continued)*

TABLE 35(E2): The following tables show the current/non-current classification of assets and liabilities: (continued)

in Singapore Dollars (millions)	Current*	Non-Current	Unit-linked	Total
As at 31 December 2012				
ASSETS				
Cash and cash equivalents	3,766.6	–	446.0	4,212.6
Other debtors and interfund balances	1,222.1	609.6	70.9	1,902.6
Insurance receivables	313.2	2,269.2	–	2,582.4
Loans	140.9	1,463.9	–	1,604.8
Derivative financial assets	74.6	414.7	1.4	490.7
Investments	6,985.5	35,200.5	4,118.9	46,304.9
Assets held for sale	3.0	–	–	3.0
Associates and joint ventures	–	322.9	–	322.9
Goodwill	–	34.1	–	34.1
Property, plant and equipment	–	711.4	–	711.4
Investment properties	–	1,531.6	–	1,531.6
	12,505.9	42,557.9	4,637.2	59,701.0
LIABILITIES				
Insurance payables	2,362.8	409.9	18.5	2,791.2
Other creditors and interfund balances	2,065.1	236.1	160.3	2,461.5
Unexpired risk reserve	120.3	–	–	120.3
Derivative financial liabilities	3.7	33.9	4.4	42.0
Income tax	479.9	–	7.9	487.8
Provision for agents' retirement benefits	63.8	181.4	–	245.2
Deferred tax	–	1,057.4	12.5	1,069.9
Debt issued	–	399.2	–	399.2
General insurance fund	159.1	27.4	–	186.5
Life assurance fund	1,167.7	41,375.4	4,514.8	47,057.9
	6,422.4	43,720.7	4,718.4	54,861.5

* expected recovery or settlement within 12 months from the balance sheet date.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(h) ***Credit risk.*** Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a credit default by the borrower or counterparty. For investments in bonds, financial loss may also materialise as a result of the widening of credit spreads or a downgrade of credit rating.

The task of evaluating and monitoring credit risk is undertaken by the local ALCs. Group wide credit risk is managed by Group ALC. The Group has internal limits by issuer or counterparty and by investment grades. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year.

Credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

The Group issues unit-linked investment policies. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk on unit-linked financial assets.

The loans in the Group's portfolio are generally secured by collateral, with a maximum loan to value ratio of 70% predominantly. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair value of collateral, held by the Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

in Singapore Dollars (millions)	Type of Collateral	Carrying Amount of Loans	Fair Value of Collateral
As at 31 December 2013			
Secured loans	**Properties**	**1,227.8**	**2,911.1**
	Others	**634.8**	**24.8**
Policy loans	**Cash value of policies**	**2,249.5**	**4,452.8**
		4,112.1	**7,388.7**
As at 31 December 2012			
Secured loans	Properties	1,081.2	2,624.9
	Others	522.8	1.3
Policy loans	Cash value of policies	2,268.2	4,443.4
		3,872.2	7,069.6

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(h) Credit risk. *(continued)*

There were no investments lent and collateral received under securities lending arrangements as at 31 December 2013 (31 December 2012: nil).

As at the balance sheet date, no investments (2012: nil) were placed as collateral for currency hedging purposes.

Transactions are conducted under terms and conditions that are usual and customary for standard securities borrowing and lending activities.

The tables below show the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For derivatives, the fair value shown on the balance sheet represents the current risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in value. The tables also provide information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties.

	Neither past-due nor impaired						
in Singapore Dollars (millions)	Investment Grade* (BBB to AAA)	Non Investment Grade* (C to BB)	Not Rated	Unit-linked	Not subject to credit risk	Past due**	Total
As at 31 December 2013							
Available-for-sale securities							
Equity securities	–	–	–	–	11,026.8	–	11,026.8
Debt securities	24,748.4	199.4	3,295.5	–	–	–	28,243.3
Other investments	–	–	–	–	2,575.0	–	2,575.0
Securities at fair value through profit or loss							
Equity securities	–	–	–	2,079.7	–	–	2,079.7
Debt securities	–	–	2.7	740.0	–	–	742.7
Other investments	–	–	–	1,713.8	–	–	1,713.8
Financial instruments with embedded derivatives	977.7	–	728.8	18.0	0.2	–	1,724.7
Derivative financial assets	236.8	–	3.2	2.2	–	–	242.2
Loans	630.1	–	1,233.5	–	–	–	1,863.6
Insurance receivables	0.2	–	2,583.8	–	–	20.3	2,604.3
Other debtors and interfund balances	–	–	1,832.0	75.3	–	0.8	1,908.1
Cash and cash equivalents	3,299.1	–	159.1	268.9	–	–	3,727.1
	29,892.3	199.4	9,838.6	4,897.9	13,602.0	21.1	58,451.3

* Based on public ratings assigned by external rating agencies including S&P, Moody's, RAM and MARC.

** An aging analysis for financial assets past due is provided below.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(h) Credit risk. *(continued)*

in Singapore Dollars (millions)	Neither past-due nor impaired Investment Grade* (BBB to AAA)	Non Investment Grade* (C to BB)	Not Rated	Unit-linked	Not subject to credit risk	Past due**	Total
As at 31 December 2012							
Available-for-sale securities							
Equity securities	–	–	–	–	9,546.1	–	9,546.1
Debt securities	25,637.0	192.6	3,464.0	–	–	–	29,293.6
Other investments	–	–	–	–	1,556.0	–	1,556.0
Securities at fair value through profit or loss							
Equity securities	–	–	–	2,151.3	–	–	2,151.3
Debt securities	–	–	2.2	821.5	–	–	823.7
Other investments	–	–	–	1,038.5	–	–	1,038.5
Financial instruments with embedded derivatives	685.0	2.4	1,099.2	107.6	1.5	–	1,895.7
Derivative financial assets	488.8	–	0.5	1.4	–	–	490.7
Loans	520.8	–	1,084.0	–	–	–	1,604.8
Insurance receivables	0.9	–	2,547.1	–	–	34.4	2,582.4
Other debtors and interfund balances	–	–	1,831.1	70.9	–	0.6	1,902.6
Cash and cash equivalents	3,584.7	–	182.1	445.8	–	–	4,212.6
	30,917.2	195.0	10,210.2	4,637.0	11,103.6	35.0	57,098.0

* Based on public ratings assigned by external rating agencies including S&P, Moody's, RAM and MARC.

** An aging analysis for financial assets past due is provided below.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(h) Credit risk. *(continued)*

Aging analysis of financial assets past due:

in Singapore Dollars (millions)	Past due but not impaired < 6 months	Past due but not impaired 6 months to 12 months	Past due but not impaired > 12 months	Past due but not impaired Total	Past due and impaired	Total
As at 31 December 2013						
Insurance receivables	**14.5**	**5.2**	**0.6**	**20.3**	**12.5**	**32.8**
Other debtors and interfund balances	**0.7**	**–**	**0.1**	**0.8**	**–**	**0.8**
	15.2	**5.2**	**0.7**	**21.1**	**12.5**	**33.6**
As at 31 December 2012						
Insurance receivables	27.3	6.4	0.7	34.4	8.2	42.6
Other debtors and interfund balances	0.4	–	0.2	0.6	0.1	0.7
	27.7	6.4	0.9	35.0	8.3	43.3

For assets to be classified as "past due and impaired", contractual payments must be in arrears for more than 90 days. These receivables are not secured by any collateral or credit enhancements.

(i) Concentration risk. An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Group's exposures are within the concentration limits set by the respective local regulators.

The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

(j) Sensitivity analysis on financial risks. The analysis below is performed for reasonably possible movements in key variables with all other variables constant. The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables have to be changed on an individual basis. It should be noted that the movements in these variables are non-linear.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the Profit and Loss Statement, and changes in valuation of insurance contract liabilities. The impact on equity represents the impact on net profit after tax and the effect on changes in fair value of financial assets held in Shareholders' Funds.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market and Credit Risk *(continued)*

(j) Sensitivity analysis on financial risks. *(continued)*

Market risk sensitivity analysis:

in Singapore Dollars (millions)	Impact on Profit After Tax		Impact on Equity	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
Change in variables:				
(a) Interest Rate				
+ 100 basis points	**(86.6)**	(117.3)	**(160.7)**	(214.2)
– 100 basis points	**35.4**	49.0	**118.5**	157.8
(b) LTRFDR[1]				
+ 10 basis points	**12.9**	16.9	**12.9**	16.9
– 10 basis points	**(13.5)**	(17.5)	**(13.5)**	(17.5)
(c) Foreign Currency				
5% increase in market value of foreign currency denominated assets	**13.7**	13.3	**78.5**	51.2
5% decrease in market value of foreign currency denominated assets	**(13.7)**	(13.3)	**(78.5)**	(51.2)
(d) Equity				
20% increase in market indices:				
– STI	**13.8**	14.6	**54.9**	34.9
– KLCI	**0.8**	0.4	**23.9**	16.9
20% decrease in market indices:				
– STI	**(13.8)**	(14.6)	**(54.9)**	(34.9)
– KLCI	**(0.8)**	(0.4)	**(23.9)**	(16.9)
(e) Credit				
Spread + 100 basis points	**(197.1)**	(204.3)	**(241.7)**	(249.2)
Spread – 100 basis points	**230.3**	241.0	**278.6**	290.0
(f) Alternative Investments[2]				
10% increase in market value of all alternative investments	**14.6**	15.9	**35.5**	22.5
10% decrease in market value of all alternative investments	**(14.6)**	(15.9)	**(35.5)**	(22.5)

[1] LTRFDR refers to Long Term Risk Free Discount Rate formulated under the Singapore regulations governed by the Monetary Authority of Singapore.

[2] Alternative Investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The method for deriving sensitivity information and significant variables is enhanced from previous year to more accurately estimate the change in asset value due to changes in interest rate and credit spread. Comparative figures have been revised using the new computation method.

35 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Operational and Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed internal processes and systems, human factors, or external events.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives, via legal or regulatory sanctions or financial losses, as a result of its failure to comply with applicable laws, regulations, rules and standards, which are defined as:

- laws, regulations and rules governing insurance business and financial activities undertaken by Great Eastern
- codes of practice promoted by industry associations
- internal standards and guidelines.

The day-to-day management of operational and compliance risk is through the maintenance of comprehensive internal controls, supported by an infrastructure of systems and procedures to monitor processes and transactions. GMT reviews operational and compliance issues on a group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. The Internal Audit team reviews the systems of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Audit Committee.

36 FAIR VALUE OF ASSETS AND LIABILITIES

36.1 Fair Value Hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

<u>Transfers between levels of the fair value heirarchy</u>
Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

36 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

36.2 Assets and Liabilities Measured at Fair Value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	2013			
	Fair value measurements at the end of the reporting period using			
in Singapore Dollars (millions)	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
As at 31 December 2013				
Recurring Fair Value Measurements				
FINANCIAL ASSETS				
Derivative financial assets				
Foreign exchange				
Forwards	–	14.8	–	14.8
Currency swaps	–	185.9	–	185.9
Interest rates				
Swaps	–	39.4	–	39.4
Exchange traded futures	–	2.1	–	2.1
	–	242.2	–	242.2
Available-for-sale financial assets				
Equity securities				
Quoted equity securities	10,393.7	–	–	10,393.7
Unquoted equity securities	–	633.1	–	633.1
Debt securities				
Quoted debt securities	17,108.2	7.5	–	17,115.7
Unquoted debt securities	–	11,127.6	–	11,127.6
Other investments				
Collective investment schemes	1,074.7	1,500.3	–	2,575.0
	28,576.6	13,268.5	–	41,845.1
Financial assets designated at fair value through profit or loss				
Equity securities				
Quoted equity securities	2,079.3	–	–	2,079.3
Unquoted equity securities	–	0.4	–	0.4
Debt securities				
Quoted debt securities	340.7	–	–	340.7
Unquoted debt securities	–	402.0	–	402.0
Other investments				
Collective investment schemes	1,546.6	167.2	–	1,713.8
	3,966.6	569.6	–	4,536.2
Financial assets held-for-trading				
Financial instruments with embedded derivatives	1,564.8	159.9	–	1,724.7
Financial assets as at 31 December 2013	34,108.0	14,240.2	–	48,348.2

36 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

36.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (continued)

	Group			
	2013			
	Fair value measurements at the end of the reporting period using			
in Singapore Dollars (millions)	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
NON-FINANCIAL ASSETS				
Investment properties	–	1,561.0	–	1,561.0
Non-financial assets as at 31 December 2013	–	1,561.0	–	1,561.0
FINANCIAL LIABILITIES				
Derivative financial liabilities				
Foreign exchange				
Forwards	–	68.5	–	68.5
Currency swaps	–	99.9	–	99.9
Interest rates				
Swaps	–	19.6	–	19.6
Exchange traded futures	–	0.1	–	0.1
Financial liabilities as at 31 December 2013	–	188.1	–	188.1

36.3 Level 2 Fair Value Measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value heirarchy:

Derivatives

Forward currency contracts and interest rate swap contracts are valued using a valuation techinique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Investment Properties

The valuation of investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

36 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

36.4 Assets and Liabilities Not Carried at Fair Value but for which Fair Value is Disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2013:

	Group				
	2013				
	Fair value measurements at the end of the reporting period using				
in Singapore Dollars (millions)	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Carrying Amount**
Assets					
Loans	–	1,883.8	–	**1,883.8**	**1,863.6**
Freehold land, leasehold land and buildings	–	583.2	144.4	**727.6**	**507.0**
Investment in associates	89.7	–	–	**89.7**	**89.5**

36.5 Fair Value of Financial Instruments by Classes that are not Carried at Fair Value and whose Carrying Amounts are not Reasonable Approximation of Fair Value

The carrying amounts of the Group's and the Company's financial assets and liabilities approximate their fair value, either due to their short-term nature or because they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date, except as disclosed below:

	Group				Company			
	2013		2012		**2013**		2012	
in Singapore Dollars (millions)	**Carrying amount**	**Fair Value**	Carrying amount	Fair Value	**Carrying amount**	**Fair Value**	Carrying amount	Fair Value
Financial assets								
Available-for-sale financial assets								
Unquoted equity securities	**50.1**	**#**	51.8	#	**–**	**–**	–	–
Financial liabilities								
Debt issued	**399.3**	**417.2**	399.2	426.3	**–**	**–**	–	–

Unquoted equity securities
It is not practicable to determine the fair values of the above unquoted equity investments because of the lack of unquoted market prices and the assumptions used in the valuation models to value these investments cannot be reasonably determined. However, the cash flows from these investments are expected to be in excess of their carrying amounts.

The Group does not intend to dispose of these investments in the foreseeable future. The Group intends to eventually dispose of these investments through sale to institutional investors.

Debt issued
Fair value is determined directly by reference to the published market bid price at the end of the reporting period.

37 DIVIDENDS

	Group and Company	
in Singapore Dollars (millions)	**2013**	2012
Final tax exempt (one-tier) dividend for the previous year of 27 cents per ordinary share (2012: 27 cents per ordinary share)	**127.8**	127.8
Special tax exempt (one-tier) dividend for the previous year of 27 cents per ordinary share (2012: nil)	**127.8**	–
Interim tax exempt (one-tier) dividend of 10 cents per ordinary share (2012: 10 cents per ordinary share)	**47.3**	47.3
	302.9	175.1

The Directors proposed a final tax exempt (one-tier) dividend of 40 cents per ordinary share and a special tax exempt (one-tier) dividend of 5 cents per ordinary share, totalling 45 cents per ordinary share amounting to $213.0 million (2012: $255.6 million) be paid in respect of the financial year ended 31 December 2013. These have not been recognised as distributions to shareholders.

There are no income tax consequences attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

38 EVENTS AFTER THE REPORTING PERIOD

On 8 January 2014, the Group's subsidiary, The Great Eastern Life Assurance Company Limited ("GEL"), completed the disposal of a 25% stake in its joint venture, Great Eastern Life Assurance (China) Company, Ltd ("GELC"), for a cash consideration of RMB303 million ($62.8 million). The net gain is approximately $30.7m. After the disposal, GEL continues to hold 25% of the paid up capital of GELC.

39 AUTHORISATION OF FINANCIAL STATEMENTS

At the Board of Directors' Meeting held on 6 February 2014, the Board authorised these financial statements for issue and that two Directors of the Board, Mrs Fang Ai Lian and Mr Christopher Wei, sign the Directors' Report on behalf of the Board.

LIST OF MAJOR PROPERTIES

SINGAPORE PROPERTIES – 100% HELD BY THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED:

Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
Great Eastern Centre 1 Pickering Street	99 years leasehold (Expiry date: 31 August 2096)	6,600	21,515 (strata area excluding voids)	Commercial – Offices
Orchard Gateway @ Emerald 216 & 218 Orchard Road	Freehold	1,444	9,733 (subject to survey)	Commercial – Retail & Offices Under redevelopment Estimated completion : Q1 2014
Great Eastern @ Changi 200 Changi Road	Freehold	3,503	10,891	Commercial – Offices
Great Eastern House 49 Beach Road	999 years leasehold (Expiry date: 29 January 2834)	730	3,334	Commercial – Offices
Holland GEMS 1, 3 & 5 Taman Nakhoda	Freehold	8,685	13,895	Residential – 64-unit condominium
Gallop Court 6, 6A, 6B Gallop Road	Freehold	8,225	5,565	Residential – 25-unit condominium
Gallop Gardens 1, 1A, 1B, 1C, 3, 3A, 3B, 3C Tyersall Road	Freehold	12,636	4,805	Residential – 8-unit-Good Class Bungalows
Newton GEMS 50, 52 & 54 Newton Road Lot 660 TS 28, Newton Road and Lot 56 TS 28, Lincoln Road	Freehold 999 years leasehold (Expiry date: 12 February 2884)	2,809 6,945	28,819	Residential – 190-unit condominium
3 Pickering Street	99 years leasehold (Expiry date: 31 August 2096)	7,086	15,004 (strata area excluding voids)	Commercial – Retail & Offices 65-unit shop houses

MALAYSIA PROPERTIES – 100% HELD BY GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD:

Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
Menara Great Eastern / Great Eastern Mall 303 Jalan Ampang Kuala Lumpur	Freehold	25,600	149,464	Commercial – Retail and Offices
40, 44, 50 & 68 Jln Ampang Kuala Lumpur	Freehold	2,880	10,673	Commercial – Offices
Seri Hening Residence 28, Jln Ampang Hilir, K.Lumpur	Freehold	21,484	53,111	Residential – Condominiums
Shell Garden, Port Dickson Negeri Sembilan	Freehold	16,349	–	Residential land
65 Jalan Gaya, Kota Kinabalu, Sabah	99 years leasehold (Expiry date: 31 December 2093)	718	8,853	Commercial – Offices
25, Light Street, Penang	Freehold	4,842	14,629	Commercial – Offices
No. 103, 105, 107 & 109 Jalan Yam Tuan, Seremban Negeri Sembilan	Freehold	980	5,821	Commercial – 5-storey Retail & Offices
Lot Q169-Q173 Plz Mahkota Melaka	99 years leasehold (Expiry date: 18 July 2101)	531	2,127	Commercial – 4-storey Retail & Offices
25 Jalan Dato Lim Hoe Lek Kuantan	99 years leasehold (Expiry date: 2 September 2093)	507	1,525	Commercial -3-storey Shop Office
Menara Weld / The Weld 76 Jln Raja Chulan, Kuala Lumpur	Freehold	6,404	75,126	Commercial – 30-storey building with a 4 levels basement, 5 levels of shopping & 26 floors of office.
113, Jalan Tun Haji Openg, Kuching, Sarawak	837 years leasehold (Expiry date: 31 December 2774)	3,359	335	Residential – 1 storey detached house
Nos. 10a to 10i, Jln Brooks Drive Sibu, Sarawak	Leasehold (Expiry date: 31 December 2923)	1,015	3,850	9 units of 4-storey shophouses
Lot 48, 49, 50 & 51 Greentown Avenue, Ipoh	99 years leasehold (Title pending)	strata title	3,095	4 units of 4-storey shopoffices
Lot 72342 Mutiara Damansara	Freehold	4,490	–	Vacant commercial land
52 & 54 Jalan Ampang Kuala Lumpur	Freehold	1,209	3,268	Commercial – Offices

LIST OF MAJOR PROPERTIES

MALAYSIA PROPERTIES – 100% HELD BY OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD:

Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
Nos 17 – 21 Jalan Medan Tuanku Satu Medan Tuanku 50300 Kuala Lumpur	Freehold	613	2,973	Commercial – Offices
INDONESIA PROPERTIES – 100% HELD BY P.T. GREAT EASTERN LIFE INDONESIA:				
Menara Karya Building Jl.HR.Rasuna Said Blok X-5, Kav. 1-2 Setiabudi Kuningan, Jakarta Selatan 12950	Freehold	6,109	1,318	Commercial – Offices

SHAREHOLDING STATISTICS

as at 3 March 2014

Total Number of Issued Shares	:	473,319,069 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	The Articles of Association provide for: (a) on a show of hands: 1 vote (b) on a poll: 1 vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 999	79	4.33	18,923	0.00
1,000 – 10,000	1,471	80.69	3,773,805	0.80
10,001 – 1,000,000	263	14.43	20,243,328	4.28
1,000,001 and above	10	0.55	449,283,013	94.92
Total	1,823	100.00	473,319,069	100.00

TWENTY LARGEST SHAREHOLDERS (ACCORDING TO THE REGISTER OF MEMBERS)

	Shareholders (Members)	No. of Shares	%
1	Oversea-Chinese Bank Nominees Private Limited	412,596,108	87.17
2	HSBC (Singapore) Nominees Private Limited	10,682,375	2.26
3	DBS Nominees (Private) Limited	6,466,980	1.37
4	Citibank Nominees Singapore Private Limited	6,353,962	1.34
5	Wong Hong Sun	3,185,000	0.67
6	Kuchai Development Berhad	3,032,000	0.64
7	Wong Hong Yen	2,988,668	0.63
8	Sungei Bagan Rubber Company (Malaya) Berhad	1,733,120	0.37
9	Shaw Vee Meng	1,208,000	0.26
10	Shaw Vee Foong	1,036,800	0.22
11	Yeo Kok Seng	805,000	0.17
12	Lee Hak Heng	728,150	0.15
13	DBSN Services Private Limited	712,000	0.15
14	United Overseas Bank Nominees (Private) Limited	557,875	0.12
15	Raffles Nominees (Private) Limited	550,122	0.11
16	Eng Siu-Sien Lisa	522,546	0.11
17	Yeap Holdings (Private) Limited	487,238	0.10
18	The Estate of Alan Loke (Deceased)	455,094	0.10
19	The Bank of East Asia (Nominees) Private Limited	437,000	0.09
20	Mrs Svasti Nellie nee Wong Nellie or Svasti Daniel Y K P	415,880	0.09
	Total	454,953,918	96.12

SUBSTANTIAL SHAREHOLDER
(ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 3 MARCH 2014)

	DIRECT INTEREST	DEEMED INTEREST	TOTAL INTEREST	
	No. of Shares	No. of Shares	No. of Shares	Percentage of issued shares
Oversea-Chinese Banking Corporation Limited	412,581,108[1]	–	412,581,108	87.17

Note:
[1] Shares registered in the name of Oversea-Chinese Bank Nominees Private Limited

Based on information available to the Company as at 3 March 2014, approximately 12% of the issued ordinary shares of the Company is held by the public, and therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

MANAGEMENT TEAM

GROUP

Great Eastern Holdings Limited

Christopher Wei
Group Chief Executive Officer

Tony Cheong
Group Chief Financial Officer

Andrew Lee
Group Chief Marketing & Distribution Officer

Khoo Kah Siang (Dr)
Chief Executive Officer, Singapore

Dato Koh Yaw Hui
Chief Executive Officer, Malaysia

Yoon Mun Thim
Group Chief Investment Officer

Ho Ming Heng
Managing Director,
Group Operations

Ng Yoh Thai
Managing Director,
Group Information Technology

Chin Wee Cheak
Head, Group Audit

Jennifer Wong Pakshong
Group Company Secretary
and General Counsel

Ronnie Tan
Group Chief Risk Officer

Loo Boon Teik
Group Actuary

David Chiang Boon Kong
Managing Director,
Group Human Capital

SINGAPORE

The Great Eastern Life Assurance Company Limited

The Overseas Assurance Corporation Limited

Khoo Kah Siang (Dr)
Chief Executive Officer

Koo Chung Chang
Chief Financial Officer

Ben Tan
Chief Distribution Officer

Colin Chan
Chief Marketing Officer

Jesslyn Tan
Chief Executive Officer,
Great Eastern Financial Advisers

Lee Swee Kiang
Chief Product Officer

Patrick Kok
Chief Operations Officer

Leow Yung Khee (Dr)
Head, Group Insurance and Claims

Andrew Lim
Head, General Insurance

Jerry Ng
Head, Life Bancassurance

Koh Peck Hoon
Head, Human Capital

Tan Seck Geok
Head, Corporate Communications

Cheung Kwok Kei
Appointed Actuary & Head of Actuarial

Teh Kor Lak
Chief Information Officer

Sainava Bee Bee Bte Sulaiman
Head, Risk Management &
Compliance

Joys Wiraatmadja
Chief Internal Auditor

Tan Mui Jun
Head, Investment Management

Wendy Anne Teo
Deputy General Counsel

MALAYSIA

Great Eastern Life Assurance (Malaysia) Berhad

Dato Koh Yaw Hui
Chief Executive Officer

Raymond Ong Eng Siew
Chief Financial Officer

Richard Lin Kwok Wing
Chief Investment Officer

Song Hock Wan
Chief Distribution Officer

Nicholas Kua Choo Ming
Chief Marketing Officer

Jeffrey Yem Voon Cheat
Chief Operations Officer

Chan Chee Wei
Head, Bancassurance

Loke Chang Yueh
Appointed Actuary

Cheong Soo Ching
Head, Risk Management & Compliance

Vincent Chin Kok Lean
Head, Information Technology

Puan Liza Hanim Binti Zainal Abidin
Company Secretary, Company Secretariat & Legal

Datin Nancy Lim
Head, Human Capital

Audra Chung Kit Li
Chief Internal Auditor

Overseas Assurance Corporation (Malaysia) Berhad

Ng Kok Kheng
Chief Executive Officer

Lee Pooi Hor
Chief Operations Officer

Kevin Choong Wui Teck
Chief Distribution Officer

Chong Kah Lay
Head, General Operations

Tang Yoke Kuen
Head, Claims Management

Khoo Sook Hooi
Head, Finance & Administration

Great Eastern Takaful Berhad (916257-H) *(formerly known as Great Eastern Takaful Sdn Bhd)*

Zafri Ab Halim
Chief Executive Officer

Shizal Fisham Ramli
Head, Actuarial & Product

Ariff Azhan Abd Ghani
Head, Agency Distribution

Mohd Hanafi Mohd Isa
Head, Partnership Distribution

Razali Kipli
Head, Human Capital

Rozita Binti Ali
Head, Finance & Administration

Wan Ahmad Najib Wan Ahmad Lotfi
Head, Strategic Management & Shariah

Shapini Abdul Halim
Head, Legal & Secretarial

INDONESIA

PT Great Eastern Life Indonesia

Ivan Chak
Chief Executive Officer

Windawati Tjahjadi
Chief Financial Officer

Yannes Chandra
Chief Operations Officer

Ahmad Miswandi Sudin
Chief Agency Officer

Yungki Aldrin
Head, Human Capital

Sariniatun
Head, Risk Management & Compliance

VIETNAM

Great Eastern Life (Vietnam) Co Ltd

Laurence Wong Yuen Tin
Chief Executive Officer

Ong Khai Sheong
Chief Operations Officer

Lao Tri Duong
Chief Agency Officer

Lee Kok San
Appointed Actuary

Ng Eng Wan
Finance Director

Nguyen Hoang Thuy Trang
Head, Marketing & Corporate Communications

BRUNEI

The Great Eastern Life Assurance Company Limited

Caroline Sim
Head

CHINA

The Great Eastern Life Assurance Company Limited Beijing Representative Office

Ji Chunyan
Chief Representative

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Chief Representative

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Bandar Indah, Phase 7
Mile 4, North Road
90000 Sandakan, Sabah
Malaysia
Fax: +6089 271 343

Seremban
101 & 103 Jalan Yam Tuan
70000 Seremban
Negeri Sembilan
Malaysia
Fax: +606 763 1480

Sibu
No. 10 A-F, Wisma Great Eastern
Persiaran Brooke
96000 Sibu, Sarawak
Malaysia
Fax: +6084 333 925

Taiping
60 Jalan Barrack
34000 Taiping, Perak
Malaysia
Fax: +605 805 1023

Tawau
Ground Floor, Wisma Great Eastern
Jalan Billian
91000 Tawau, Sabah
Malaysia
Fax: +6089 762 341

Overseas Assurance Corporation (Malaysia) Berhad

Level 18, Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: +603 4259 7888
Fax: +603 4813 2737
Website: www.oac.com.my
E-mail: enquiry@oac.com.my

Branch Offices

Kuala Lumpur
Level 18, Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: +603 4259 7888
Fax: +603 4813 0088

17-21, Jalan Medan Tuanku Satu
Medan Tuanku
50300 Kuala Lumpur
Tel: +603 2786 1000
Fax: +603 2713 6001

Alor Setar
Level 1, 69 & 70
Jalan Teluk Wanjah
05200 Alor Setar, Kedah
Malaysia
Tel: +604 734 6515
Fax: +604 734 6516

Ipoh
Level 2, Wisma Great Eastern
No.16, Persiaran Tugu
Greentown Avenue
30450 Ipoh, Perak
Malaysia
Tel: +605 253 6649
Fax: +605 255 3066

Johor Bahru
Suite 13A-1, Level 13A
Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor
Malaysia
Tel: +607 334 8988
Fax: +607 334 8977

Klang
3rd Floor, No. 10 Jalan Tiara 2A
Bandar Baru Klang
41150 Klang, Selangor
Malaysia
Tel: +603 3345 1027
Fax: +603 3345 1029

Kota Bharu
No. S25 / 5252-S Tingkat 1
Jalan Sultan Yahya Petra
15200 Kota Bharu, Kelantan
Malaysia
Tel: +609 748 2698
Fax: +609 744 8533

Kota Kinabalu
Suite 6.3, Level 6
Wisma Great Eastern Life
No. 65 Jalan Gaya
88000 Kota Kinabalu, Sabah
Malaysia
Tel: +6088 235 636
Fax: +6088 248 879

Kuantan
Level 1, No. 25, Jalan Dato' Lim
Hoe Lek
25000 Kuantan, Pahang
Malaysia
Tel: +609 516 2849
Fax: +609 516 2848

Kuching
No. 51, Level 3, Wisma Great Eastern
Lot 435, Section 54 KTLD
Travilion Commercial Centre
Jalan Padungan
93100 Kuching, Sarawak
Malaysia
Tel: +6082 420 197
Fax: +6082 248 072

Melaka
No. 2-23, Jalan PM 15
Plaza Mahkota
75000 Melaka
Malaysia
Tel: +606 284 3297
Fax: +606 283 5478

Penang
Suite 2-3 Level 2
Wisma Great Eastern
25 Lebuh Light
10200 Penang
Malaysia
Tel: +604 261 9361
Fax: +604 261 9058

Seremban
103-2 Jalan Yam Tuan
70000 Seremban
Negeri Sembilan
Malaysia
Tel: +606 764 9082
Fax: +606 761 6178

Sibu
Level 2, No. 10 A-F
Wisma Great Eastern
Persiaran Brooke
96000 Sibu Sarawak
Tel: +6084 328 392
Fax: +6084 326 392

Great Eastern Takaful Berhad (916257-H)
(formerly known as Great Eastern Takaful Sdn Bhd)

Level 3, Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: +603 4259 8338
Fax: +603 4259 8808
Website: www.i-great.com
Email: i-greatcare@i-great.com.my

Agency Synergy Stations

Wangsa Maju
4th Floor Menara Kausar,
Jalan 3/27A, Seksyen 1,
Bandar Baru Wangsa Maju,
53300 Kuala Lumpur
Tel: +603 4142 0575

Alor Star
No. 18-D1 & D2,
Lebuhraya Darulaman,
05100 Alor Star, Kedah
Tel: +604 730 2290

Butterworth
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Taman Selat,
12000 Butterworth Penang
Tel: +604 323 3529

Kota Bharu
Lot 360 tingkat 1,
Jalan Seri Cemerlang,
Seksyen 27,
15300 Kota Bharu Kelantan
Tel: +609 741 7077

INDONESIA

PT Great Eastern Life Indonesia

Menara Karya, 5th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav.1-2
Jakarta 12950
Indonesia
Tel: +6221 2554 3888
Fax: +6221 5794 4717
Website: greateasternlife.com
Email: wecare-ID@greateasternlife.com

Sales Offices

Bandung
Jl. Gatot Subroto No. 91 A
Bandung 40262
Tel: +6222 732 2890
Fax: +6222 732 2910

Yogyakarta
Jl. Raya Magelang No. 6, Jetis
Yogyakarta 55233
Tel: +62274 585 494
Fax: +62274 553 298

Surabaya
Jl. Raya Gubeng No 24
Surabaya 60281
Tel: +6231 505 1155
Fax: +6231 505 1166

Medan
Kompleks Taman Juanda Blok D
Jl. Juanda No. 16-I
Medan 20157
Tel: +6261 451 1710
Fax: +6261 452 0988

Pekanbaru
Jl. Jend. Sudirman No. 498 A/B
Kel. Wonorejo, Kec. Sukajadi
Pekanbaru
Tel: +62761 27 343
Fax: +62761 789 1615

Palembang
Komp. Ruko Balayudha
Jl. Jend. Sudirman No. 6
Palembang
Sumatera Selatan 30128
Tel: +62711 411 098
Fax: +62711 411 435

Denpasar
Jl. Gatot Subroto Tengah No. 85 XX
Kel. Tonja, Kec. Denpasar Utara
Tel: +62361 895 7075 / 76
Fax: +62361 239 983

Makassar
Ruko Metro Square No. F 11
Jl. Veteran Utara
Makassar 90153
Tel: +62411 361 9658 / 362 7929
/ 362 8082
Fax: +62411 319 836

VIETNAM

Great Eastern Life (Vietnam) Co Ltd

HD Tower, Level 8
25 Bis Nguyen Thi Minh Khai Street
District 1, Ho Chi Minh City
Vietnam
Tel: +848 6288 6338
Fax: +848 6288 6339
Website: greateasternlife.com
E-mail: wecare-vn@greateasternlife.com

Hanoi Branch
Viet Tower, Level 11
1 Thai Ha Street,
Dong Da District, Hanoi
Vietnam
Tel: +844 3938 6757
Fax: +844 3936 3902

Sales Office
Tan Da Court, Level M
86 Tan Da, District 5
Ho Chi Minh City
Vietnam
Tel: +848 6256 3688
Fax: +848 6256 3689

BRUNEI

Great Eastern Life Assurance Co Ltd

Unit 17/18, Block B
Bangunan Habza
Spg 150, Kpg. Kiarong
Bandar Seri Begawan BE1318
Negara Brunei Darussalam
Tel: +6732 23 3118
Fax: +6732 23 8118
Website: greateasternlife.com
E-mail: wecare-bn@greateasternlife.com

CHINA

The Great Eastern Life Assurance Company Limited

Beijing Representative Office

No. 26 North Yue Tan Street
Heng Hua International Business Centre
710A Beijing Xi Cheng District
Beijing 100045
People's Republic of China
Tel: +8610 5856 5501
Fax: +8610 5856 5502

Great Eastern Life Assurance (China) Company Ltd

Head Office
27th Floor, Building Saturn B1
No. 92, Xingguang Road
New North Zone
Chongqing 401121
People's Republic of China
Tel: +8623 6381 6666
Fax: +8623 6388 5566
Website: www.lifeisgreat.com.cn
E-mail: gelc@lifeisgreat.com.cn

MYANMAR

The Great Eastern Life Assurance Co., Ltd.

(Myanmar Representative Office)

Level 3, Unit No. 03-09
Union Business Centre
Nat Mauk Road, Bo Cho Quarter
Bahan Township, Yangon, Myanmar
Website: greateasternlife.com
(Contact details will be available from April 2014)

NOTICE OF
ANNUAL GENERAL MEETING

GREAT EASTERN HOLDINGS LIMITED

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 199903008M)

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Great Eastern Holdings Limited (the "Company") will be held at 1 Pickering Street #02-02, Great Eastern Centre, Singapore 048659 on Wednesday, 16 April 2014 at 3.00 pm to transact the following business:

AS ORDINARY BUSINESS

1 To receive and adopt the Directors' Report and the audited Financial Statements for the financial year ended 31 December 2013 and the Auditor's Report thereon.

2 To approve a final tax exempt (one-tier) dividend of 40 cents per ordinary share and a special tax exempt (one-tier) dividend of 5 cents per ordinary share in respect of the financial year ended 31 December 2013.

3(a) To re-appoint pursuant to Section 153(6) of the Companies Act, Chapter 50, the following Directors, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

(i) Dr Cheong Choong Kong

(ii) Mr Tan Yam Pin

(Please refer to the "Board of Directors" section and the "Board Composition and Guidance" section of the Corporate Governance Report on pages 17 and 54 respectively of the Annual Report 2013 for more information on these Directors.)

(b) To re-elect the following Directors retiring by rotation under Article 91 of the Company's Articles of Association and, who being eligible, offer themselves for re-election:

(i) Mr Christopher Wei

(ii) Mr Koh Beng Seng

(Please refer to the "Board of Directors" section and the "Board Composition and Guidance" section of the Corporate Governance Report on pages 17 and 54 respectively of the Annual Report 2013 for more information on these Directors.

Mrs Fang Ai Lian is also due to retire by rotation at the Fifteenth Annual General Meeting but has decided not to seek re-election thereat.)

4 To approve Directors' fees of $1,937,000 for the financial year ended 31 December 2013 (2012: $1,905,000).

5 To re-appoint Messrs Ernst & Young LLP as Auditor and authorise the Directors to fix its remuneration.

AS SPECIAL BUSINESS

6 To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution to empower the Directors to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to the limit specified therein from the date of this Annual General Meeting up to the next Annual General Meeting.

Mandate to issue shares

That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

on a pro rata basis to shareholders of the Company, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares in the capital of the Company excluding treasury shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7 That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares as may be required to be allotted and issued pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme.

8 To transact any other ordinary business.

By Order of the Board

JENNIFER WONG PAKSHONG
Company Secretary

Singapore
31 March 2014

EXPLANATORY NOTES

Ordinary Resolution in item 6

The Ordinary Resolution set out in item 6 authorises the Directors of the Company from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares on a pro rata basis to shareholders of the Company, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares in the capital of the Company excluding treasury shares. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares in the capital of the Company excluding treasury shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this proposed Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this proposed Ordinary Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. For the avoidance of doubt, any consolidation or subdivision of shares in the capital of the Company will require shareholders' approval. The Directors will only issue shares under this Resolution if they consider it necessary and in the interests of the Company.

Ordinary Resolution in item 7

The Ordinary Resolution set out in item 7 authorises the Directors of the Company to issue shares pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Note: A member of the Company entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Company's registered office at 1 Pickering Street #16-01, Great Eastern Centre, Singapore 048659 not less than 48 hours before the time fixed for holding the Meeting.

BOOKS CLOSURE DATE AND PAYMENT DATE FOR DIVIDENDS

Subject to the approval of the shareholders to the final and special tax exempt (one-tier) dividends at the Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 25 April 2014 for the purpose of determining the entitlement of shareholders to the recommended final tax exempt (one-tier) dividend of 40 cents per ordinary share and special tax exempt (one-tier) dividend of 5 cents per ordinary share. Duly completed registrable transfers of shares received by the Company's Share Registrar, M & C Services Pte Ltd at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 pm on 24 April 2014 will be registered to determine shareholders' entitlements to the proposed dividends. Subject to the aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 pm on 24 April 2014 will be entitled to the proposed dividends.

The final and special tax exempt (one-tier) dividends, if approved by shareholders, will be paid on 8 May 2014.

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PROXY FORM

GREAT EASTERN HOLDINGS LIMITED

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 199903008M)

IMPORTANT:

1. For investors who have used their CPF monies to buy Great Eastern Holdings Limited shares, this Annual Report is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____

NRIC/Passport No. ______________________ of ____

____

being a member/members of Great Eastern Holdings Limited, hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 1 Pickering Street #02-02, Great Eastern Centre, Singapore 048659 on Wednesday, 16 April 2014 at 3.00 pm and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	Resolutions	For	Against
	AS ORDINARY BUSINESS		
1	Adoption of Directors' Report, 2013 audited Financial Statements and Auditor's Report		
2	Approval of a final tax exempt (one-tier) dividend of 40 cents per ordinary share and a special tax exempt (one-tier) dividend of 5 cents per ordinary share		
3(a)(i)	Re-appointment of Dr Cheong Choong Kong		
3(a)(ii)	Re-appointment of Mr Tan Yam Pin		
3(b)(i)	Re-election of Mr Christopher Wei		
3(b)(ii)	Re-election of Mr Koh Beng Seng		
4	Approval of Directors' fees of $1,937,000 in respect of financial year 2013		
5	Re-appointment of Messrs Ernst & Young LLP as Auditor and to authorise Directors to fix its remuneration		
	AS SPECIAL BUSINESS		
6	Authority for Directors to allot and issue shares		
7	Authority for Directors to allot and issue shares pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme		

Dated this __________ day of __________________ 2014

Total Number of Shares held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.

NOTES TO PROXY FORM:

1. (a) A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.

   (b) Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person.

2. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 Pickering Street #16-01, Great Eastern Centre, Singapore 048659, not less than 48 hours before the time fixed for holding the Annual General Meeting.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Great Eastern
Life is Great
A member of the OCBC Group

GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Reg. No. 199903008M)

1 Pickering Street #13-01
Great Eastern Centre
Singapore 048659

Tel: +65 6248 2000
Fax: +65 6532 2214
Website: greateasternlife.com
E-mail: wecare-sg@greateasternlife.com