

Media Release | 27 Oct 2010

Great Eastern Achieves Strong Results in Third Quarter of 2010 with Group Profit Attributable to Shareholders of \$168.6 million

Great Eastern Holdings Limited today reported Group profit attributable to shareholders of \$168.6 million in Q3-10 compared to \$33.6 million in the same period last year.

In the first nine months of 2010, Group profit was \$422.1 million, an increase of 15% over the same period last year (9M-09: \$368.3 million). The improved performance was driven by strong underwriting profit from the Group's strategy to focus on regular premium and protection products in response to the needs of the market.

Total weighted new sales for the Group in Q3-10 rose by 12% to \$191.7 million compared to \$171.9 million in Q3-09. In Singapore, sales of regular premium products were 30% higher with both the agency and bancassurance channels performing strongly. In Malaysia, ongoing promotions of investment-linked products helped boost sales of regular premium products, which grew by 55% in Q3-10. Indonesia registered a six-fold growth from initiatives to increase the number and the productivity of agents.

New Business Embedded Value (NBEV), a measure of the long term profitability of new sales, grew strongly by 29% or \$77.6 million in Q3-10 from \$60.3 million in Q3-09.

Year-on-year, NBEV grew 31% from \$156.7 million to \$204.8 million against sales growth of 19% for the same period.

Other Financial Highlights

For Q3-10, profit from the Group's insurance operations registered \$159.2 million (Q3-09: \$211.5 million). Underwriting profit continued to grow at a healthy pace as a result of sales of protection products, better claims experience and lower management expenses. Investment returns in Q3-10 were the strongest in 2010 and more than compensated for the dip in financial markets during Q2-10. On the other hand, Q3-09 returns were much higher in comparison as the performance was skewed positively by strong recovery of credit markets after the financial turmoil in 2008.

Profit from investments in Shareholders' Fund in Q3-10 was \$34.4 million whereas in Q3-09, a loss of \$195.3 million was incurred which was largely due to a loss of \$213.3 million related to Great Eastern's one-time redemption offer to GreatLink Choice policyholders.

Fees and other income amounted to \$16.3 million in Q3-10, similar to Q3-09.

In Singapore and Malaysia, the Capital Adequacy Ratios of the insurance subsidiaries both exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively. In the emerging markets, the insurance subsidiaries of the Group have complied with the capital ratios prescribed by the insurance regulations of the respective jurisdictions.

Mrs Fang Ai Lian, Chairman, Great Eastern Holdings, commented: "We are pleased with the Group's overall performance in the third quarter as well as the first nine months of the year. Our strategy is bearing fruit, as indicated by a 31% growth in NBEV against total weighted

sales growth of only 19%. We remain optimistic that the strong momentum we have seen so far will continue into the last quarter of the year.

Our investments have also performed well against choppy markets this year and we will continue to keep a watchful eye on currency and interest rate developments going forward. Our agency force continues to improve both in terms of numbers as well as productivity and we are making progress in deepening the relationship with OCBC Bank.

We were pleased to be awarded the Takaful Family licence by Bank Negara Malaysia. The Takaful business will be a significant engine of growth for us. In conjunction with this, we have recently signed an agreement with Koperasi Angkatan Tentera Malaysia Berhad, a well established co-operative with a membership of 140,000 and strong financial credentials, to establish Great Eastern Takaful Sdn Bhd. This joint-venture company will drive our Takaful operations in Malaysia. We have an experienced management team on board and they are gearing up for the launch in January next year."

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With \$53.1 billion in assets and 3.8 million policyholders, it has two successful distribution channels - the tied agency force and bancassurance. The Company also operates in China, Indonesia, Vietnam and Brunei. Great Eastern's asset management subsidiary, Lion Global Investors Limited, is one of the largest private sector asset management companies in Southeast Asia.

Great Eastern is a subsidiary of OCBC Bank. Established in 1912, OCBC Bank is the second largest financial services group in Southeast Asia by assets. It is among the world's highest rated banks, with a long term credit rating of Aa1 from Moody's. OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of more than 500 branches and representative offices in 15 countries and territories, including 400 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

[Financial Highlights](#)

For more information, please contact

Tony Cheong
Group Chief Financial Officer
Tel: 6248 2317
email: TonyCheongJK@lifeisgreat.com.sg

or

Tan Seck Geok
Head (Group Corporate Communications)
Tel: 6248 2215
email: tanseckgeok@lifeisgreat.com.sg