

## Great Eastern Reports Net Profit of S\$81.4 million in Second Quarter

Strong first-half earnings of S\$343.9 million, a 24% year-on-year increase

Great Eastern Holdings Limited today reported profit attributable to shareholders of S\$81.4 million for the quarter ended 30 June 2012 (Q2-12), compared with S\$117.7 million the year before. Underwriting profit in Q2-12 achieved healthy growth over the same period last year, driven by the continued profitability of protection-based products in Singapore and investment-linked products in Malaysia. However, earnings were significantly impacted by weaker investment performance resulting from less favourable market conditions in the quarter.

The Group's net profit for 1H-12 was S\$343.9 million, an increase of 24% against the same period last year. The strong performance benefited from higher mark-to-market gains booked in Q1-12.

In Q2-12, total weighted new sales for the Group rose 4% year-on-year to S\$197.4 million. On a half-year basis, total weighted new sales increased by 2% year-on-year to S\$372.7 million as the sales of single premium endowment products fell across the Group, resulting from the lack of appropriate underlying investments. In Singapore, sales growth was supported by sustained demand for regular premium products from all channels. In Malaysia, sales performance was anchored by the continued demand for regular premium investment-linked products as well as single premium credit-related products.

The Group's long-term economic profitability, as measured by new business embedded value (NBEV), rose by 4% year-on-year in Q2-12 to S\$87.3 million. On a half-year basis, NBEV grew by 8% year-on-year to S\$170.3 million. The positive growth trend in NBEV was accomplished by meeting the needs of customers through the sales of regular premium protection-based products.

Q2-12 profit from insurance operations was S\$75.9 million, 33% lower than the corresponding period a year ago. During the quarter, falling interest rates, widening credit spreads and decreases in equity prices impacted both liability and asset valuations, resulting in overall mark-to-market losses. However, underwriting performance continued to be strong, offsetting these losses. 1H-12 profit from insurance operations increased by 12% year-on-year to S\$302.3 million, benefitting from the strong performance in Q1-12.

Q2-12 profit from investments in Shareholders' Fund was 7% lower year-on-year at S\$34.2 million as Q2-11 benefited from gains from the sales of investments under more favourable market conditions than. 1H-12 profit from investments in Shareholders' Fund rose 66% year-on-year to S\$103.4 million, largely arising from mark-to-market gains in held-for-trading investments recorded in Q1-12.

The 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.

The Board of Directors has declared an interim tax exempt (one-tier) dividend of 10 cents per

ordinary share for financial year 2012, payable on 5 September 2012.

Commenting on the Group's Q2-12 financial results, Group CEO Chris Wei said:

"Capitalising on our multi-dimensional distribution network comprising agency, bancassurance and financial advisory channels, we achieved steady growth in our underwriting business in the first half of the year and increased NBEV by a healthy 8%. Going forward, we will continue to intensify our efforts across all distribution channels in order to deliver quality growth.

This quarter, we launched the Live Great Programme, the first integrated Health and Wellness programme by an insurance company in the region. Customers can leverage on key initiatives within this unique programme to help them live healthier, better and longer.

We are pleased to note that our efforts in putting customers first and our innovative spirit were recognised by Brand Finance - the world's leading independent brand valuation firm. In the latest announcement by Brand Finance, our ranking improved to 7th out of 100 top Singapore brands. The Great Eastern brand is now valued at US\$1.41 billion (S\$1.79 billion), a rise of 22%. Moving ahead, we will continue to build on our strong brand equity, coupled with new customer engagement initiatives to meet the holistic needs of policyholders."

#### **About Great Eastern**

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With \$56 billion in assets and around 4.0 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 Life Assurance Company Limited has been assigned the financial strength and counterparty credit ratings of 'AA-' by Standard & Poor's, one of the highest among Asian life insurance companies. It was voted Life Insurer of the Year at the Asia Insurance Industry Awards 2011 by Asia Insurance Review. Great Eastern's asset management subsidiary, Lion Global Investors Limited, is one of the largest private sector asset management companies in Southeast Asia.

Great Eastern is a subsidiary of OCBC Bank, the second largest financial services group in Southeast Asia by assets. It is one of the world's most highly-rated banks, with a long-term credit rating of Aa1 from Moody's. It is also ranked by Bloomberg Markets as the world's strongest bank. OCBC Bank's key markets are Singapore, Malaysia, Indonesia, and Greater China. It has a network of over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

#### **[Financial Highlights](#)**

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