

Great Eastern Reports Q3-14 and 9M-14 Financial Results

Singapore, 29 October 2014 - Great Eastern Holdings Limited (the "Group") today announced its financial results for the quarter ("Q3-14") and nine months ("9M-14") ended 30 September 2014.

Highlights of Financial Results

S\$ million	Q3-14	Q3-13	Δ	9M-14	9M-13	Δ
Total Weighted New Sales	213.9	275.4	-22%	660.1	738.5	-11%
New Business Embedded Value	94.3	109.6	-14%	282.8	296.0	-4%
Operating Profit from Insurance Business	149.0	138.6	+8%	435.2	424.3	+3%
Non-Operating Profit from Insurance Business	14.1	91.1	-85%	119.7	-26.2	nm
Group Profit Attributable to Shareholders	194.6	282.8	-31%	670.8	508.9	+32%

Operating Profit from Insurance Business

For Q3-14, the Group's operating profit from insurance business of S\$149.0 million was 8% higher than in the same quarter last year, driven by higher contributions from the Non-participating Funds and Investment-linked Funds. The better performance was underpinned by the Group's growing in-force business, as well as higher investment income in the Singapore Non-participating Fund. For 9M-14, operating profit from insurance business was 3% higher than in the same period last year.

Total Weighted New Sales and New Business Embedded Value

Total weighted new sales for Q3-14 and 9M-14 amounted to S\$213.9 million and S\$660.1 million respectively. Compared with the same periods last year, overall sales in Singapore were lower this year, particularly for the reporting quarter, as the number of maturing policies sold during the Group's centennial celebrations peaked in Q3-13 and sales were boosted by strong take-up of new products offered to customers with those policies. The lower sales this year was also partially caused by a drop in sales of regular premium savings products through the bancassurance channel. In Malaysia, sustained demand for regular premium Investment-linked products continued to drive sales.

New business embedded value ("NBEV"), a measure of long-term economic profitability, of S\$94.3 million for Q3-14 and S\$282.8 million for 9M-14, was 14% and 4% lower than in the respective periods last year. However, a positive shift in product mix in Singapore brought about an improvement in NBEV margins from 40% for Q3-13 to 44% for Q3-14 and from 40% for 9M-13 to 43% for 9M-14. The improvement in Q3-14 NBEV margin over the same period last year was largely driven by a shift in channel mix.

Non-Operating Profit from Insurance Business

For Q3-14, the Group recorded non-operating profit of S\$14.1 million, a result of unrealised mark-to-market gains from a narrowing of swap spreads and an appreciation in the value of US Dollar denominated assets. This was lower than the non-operating profit of S\$91.1 million in the same quarter last year, during which there were higher unrealised mark-to-market gains brought about by the partial recovery in financial markets following the US Federal Reserve's decision in September 2013 to maintain its quantitative easing programme. For 9M-14, non-operating profit of S\$119.7 million was mainly contributed by unrealised mark-to-market gains from rising long term interest rates and a narrowing of credit and swap spreads in Q2-14. In contrast, there was a non-operating loss of S\$26.2 million in 9M-13 as Q2-13 suffered significant unrealised mark-to-market losses from an unusual inversion of the 30-year and 20-year interest rates.

Profit from investments in Shareholders' Fund

Despite higher investment income and unrealised foreign exchange gains, Q3-14 profit from investments in Shareholders' Fund of S\$44.4 million was 4% lower compared with the same quarter last year as a result of lower gains from sale of investments.

For 9M-14, profit from investments in Shareholders' Fund of S\$155.9 million was 16% higher than in the same period last year, boosted by a one-off S\$31.9 million gain from the Group's reduction of its stake in its China joint venture from 50% to 25% in Q1-14.

Group Profit Attributable to Shareholders

Q3-14 Group profit attributable to shareholders of S\$194.6 million was lower compared with the same

period last year because of lower unrealised mark-to-market gains. For 9M-14, Group profit attributable to shareholders of S\$670.8 million was 32% higher than in the same period last year, a result of significantly higher unrealised mark-to-market gains in the insurance funds for Q2-14 from more favourable financial market conditions, and growth in operating profit from the insurance business for Q3-14.

Regulatory Capital

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% respectively, reflecting the strong capital position of the Group.

Commenting on the Group's Q3-14 performance, Acting Group CEO, Mr Norman Ip said:

"The Group has continued to deliver growth in operating profit. We also achieved improvement in margins through shifting its channel and product mix. Nonetheless, we are aware of the challenges posed by upcoming regulatory developments and increasingly intense competition. As such, we will continue to invest in expertise, systems and processes to enable us to operate more efficiently in this new environment."

About Great Eastern

Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S\$64.7 billion in assets and around 4.7 million policyholders, it has three successful distribution channels - a tied agency force, bancassurance, and a financial advisory firm, Great Eastern Financial Advisers. The Group also operates in Indonesia, Vietnam and Brunei and has a joint venture in China as well as a representative office in Myanmar.

It was named Life Insurance Company of the Year at the Asia Insurance Industry Awards in 2011 and 2013 by Asia Insurance Review. The Great Eastern Life Assurance Company Limited has been assigned the financial strength and counterparty credit ratings of "AA-" by Standard and Poor's since 2010, one of the highest among Asian life insurance companies. 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 longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It was ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has over 630 branches and representative offices in 18 countries and territories. These include the more than 330 branches and offices in Indonesia operated by subsidiary Bank OCBC NISP and OCBC Wing Hang's 95 branches in Hong Kong, China and Macau.

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Notes:

1. Operating profit from insurance business (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons etc).
2. Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items.

3. For comparative reasons, total weighted new sales figures for periods prior to Q3-14 have been restated using exchange rates as at 30 September 2014.

4. For comparative reasons, NBEV figures for periods prior to Q3-14 have been restated using exchange rates as at 30 September 2014. NBEV figures for periods prior to Q4-13 have been restated to take into account revised actuarial assumptions implemented in Q4-13.