

The background features a stylized, light-colored illustration of a woman's face with traditional Japanese hair ornaments, set against a red gradient. The Japanese characters '生命' (Shinsei) are visible behind the face. The bottom of the slide has a white wavy border.

PT Prudential Life Assurance Business Review

Jakarta, 4 December 2014

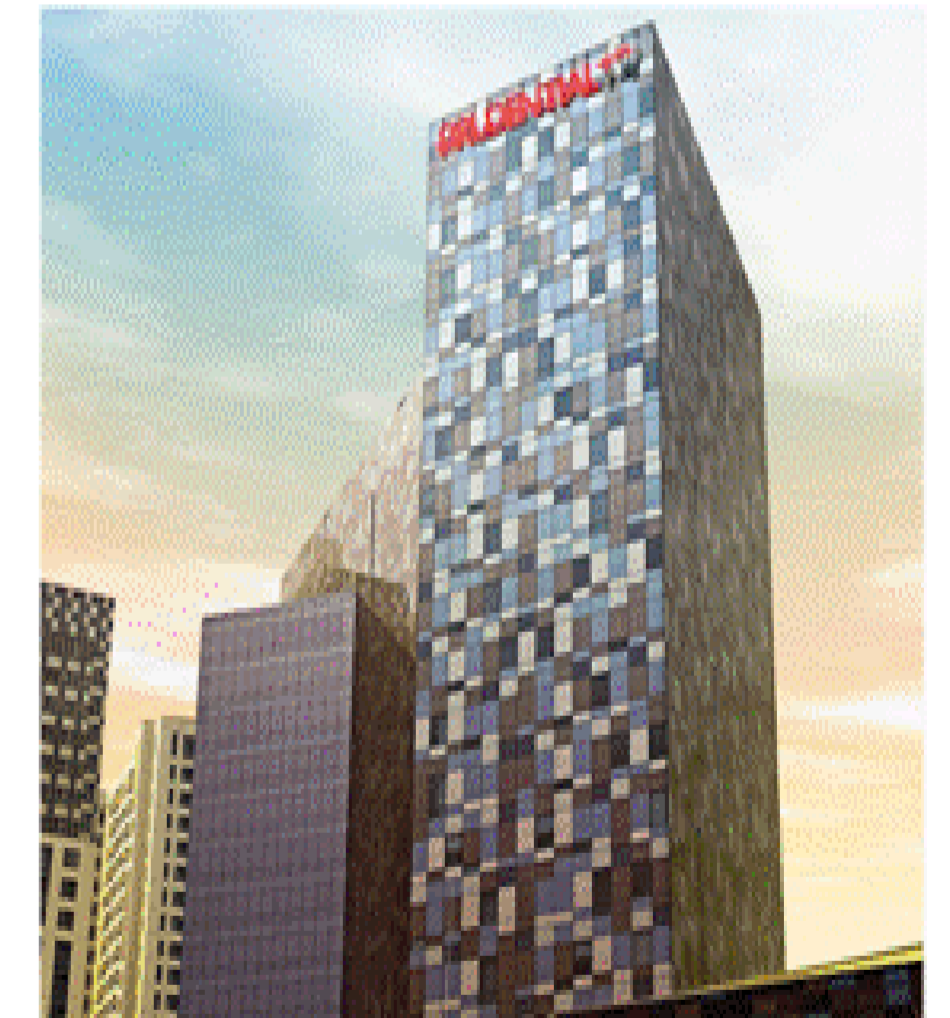
Key Messages

Prudential's key strengths:

- **Distribution:** leading agency force and fast-growing partnership distribution
- **Meeting customer needs:** unit linked products for protection and savings
- **Infrastructure:** best in class back office capabilities
- **Brand:** most recognized and highly trusted insurance company
- **People:** best team in the industry



Prudential Tower, Jakarta



Prudential Centre, Jakarta

Our Senior Leadership Team

Strong & highly experienced management team

Board has 50+ years combined experience with Prudential



Rinaldi Mudahar
President Director



Eveline Kusumowidagdo
Chief Operations Officer - Director



Nini Sumohandoyo
Chief Marketing Officer - Director



John Oehmke
Chief Financial Officer - Director



Nick Holder
*Chief Corporate Development Officer
- Director Designate*



Simon Hirst
Chief Risk Officer



Kamariah Chan
Financial Controller



Eng Kim Yeoh
Chief Actuary



Adriani Sukmoro
Chief HR Officer



David Nugroho
Chief PD Officer



Agusdin Tri Rahmanto
Head, Legal & Compliance

Agenda

- Market and Business Overview
- Business Priorities
- Summary

Political Landscape has stabilized

- President Joko Widodo and Vice President Jusuf Kalla inaugurated on 20 October
- “Working Cabinet” members of 34 Ministers announced on 27 October
- The right policies to deliver promises
- A market-friendly government

NAWACITA: Jokowi-JK’s nine priorities:

1. Returning the state to its task of **protecting all citizens** and providing a safe environment.
2. Developing clean, effective, trusted and **democratic governance**
3. Developing Indonesia’s **rural areas**
4. **Reforming law enforcement** agencies.
5. Improve **quality of life**
6. **Increasing productivity** and competitiveness.
7. Promoting **economic independence** by developing domestic strategic sectors.
8. Overhauling the **character of the nation**.
9. Strengthening the spirit of “**unity in diversity**” and **social reform**



Political Landscape: engaging with business leaders



Regulatory Landscape: positive developments

- New OJK regulations to drive thriving financial services industry
- Revised Insurance Law #40 to strengthen industry's foundations
- Indonesia's Roadmap towards a Universal Social Security System
- ASEAN Economic Community



Macroeconomic Environment

Cautious outlook in the short term **but significant longer term prospects**

Key Economic Indicators								
	2007	2008	2009	2010	2011	2012	2013	2014F
Real GDP Growth (%)	6.3	6.0	4.6	6.8	6.5	6.1	5.8	5.3
Nominal GDP (USD bn)	432	511	538	707	834	876	904	863
GDP per Capita (USD)	1,916	2,237	2,327	2,974	3,446	3,575	3,660	3,411
Inflation Rate (%)	6.6	10.2	2.8	6.9	3.8	4.3	8.4	7.9
Population (mn)	226	229	237	240	242	245	247	253
Insurance Penetration (%)¹	1.2	1.0	1.1	1.2	1.3	1.3	1.4	1.6

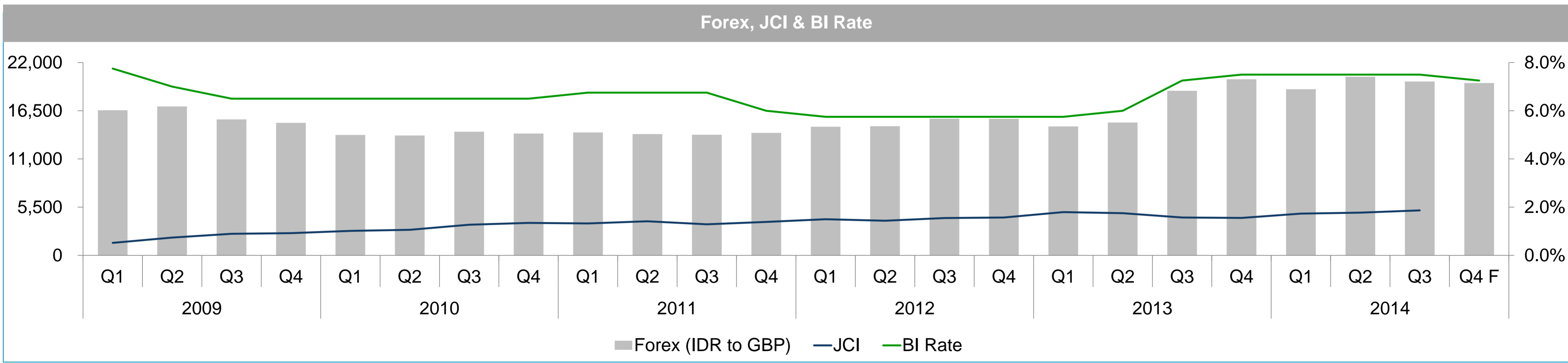
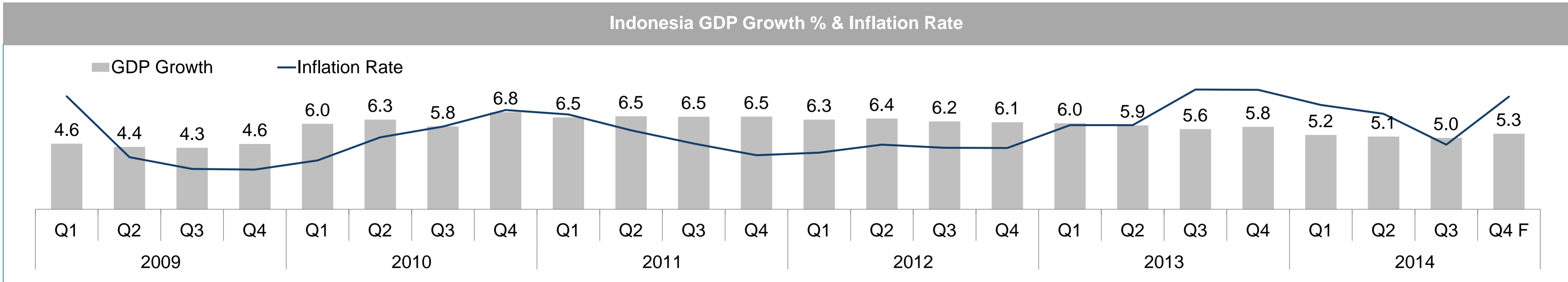
1. As % of GDP

Source: IMF, Swiss Re, Asian Development Bank, World Bank, BMI Insurance Report, Swiss Re Indonesia Report

- GDP growth, largely driven by domestic demand (infrastructure, automotive, oil & gas, mining)
- World's 4th most populous country (247m) with increasing urbanization and growing household incomes
- Low insurance penetration at 1.4%
- Recent economic volatility has put some pressure on near terms
- We are very confident on the longer term fundamentals of the country

Macroeconomic Environment

Cautious outlook in the short term **but significant longer term prospects**



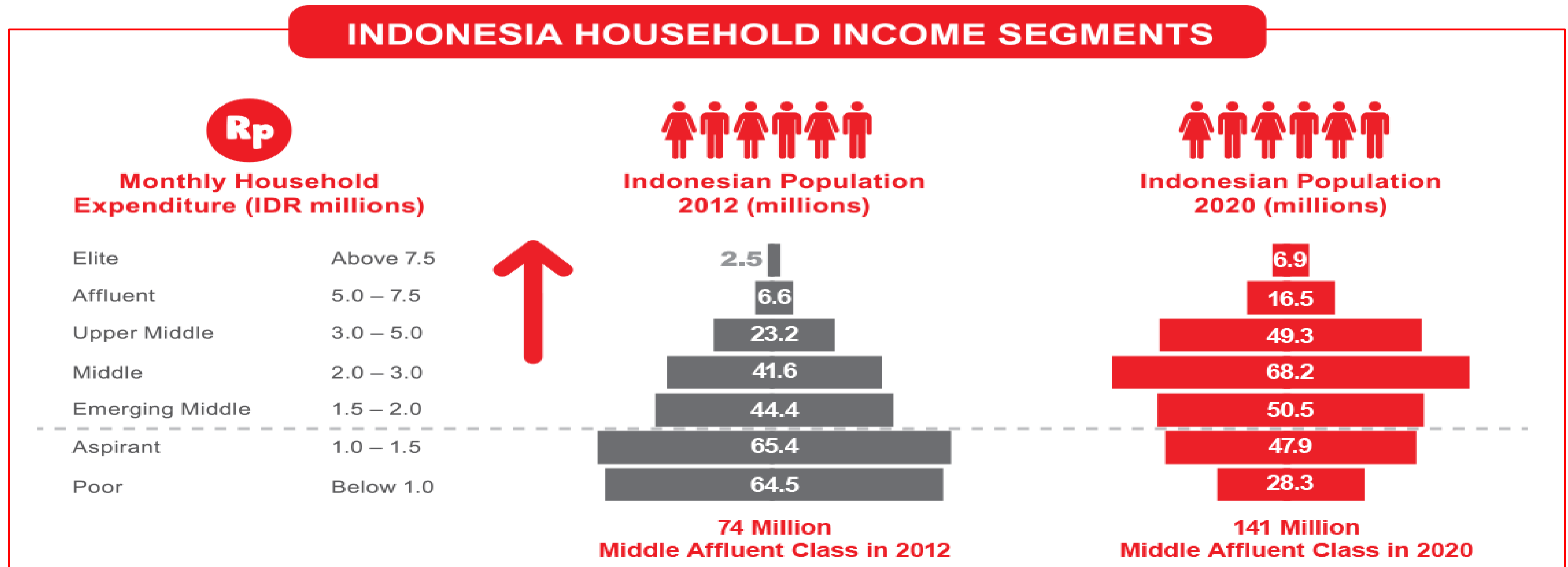
Optimistic Economic Outlook

Indonesia has already implemented one of its most important macro adjustments: reducing subsidies

- Real GDP is likely to be around 5% in 2015, similar to 2014, before picking up again in 2016 as policy settings ease and trade balance improves
- Fuel subsidies reduced and focus is on infrastructure spending and social programs; The fuel price hike of 2,000 rupiah per litre will narrow current account deficit
- Infrastructure development and government reform may prove more politically challenging given regional politics and the composition of parliament.
- Inflation likely to reach 7% in the near term, but moderate next year. The current account should improve in 2015.

Demographics

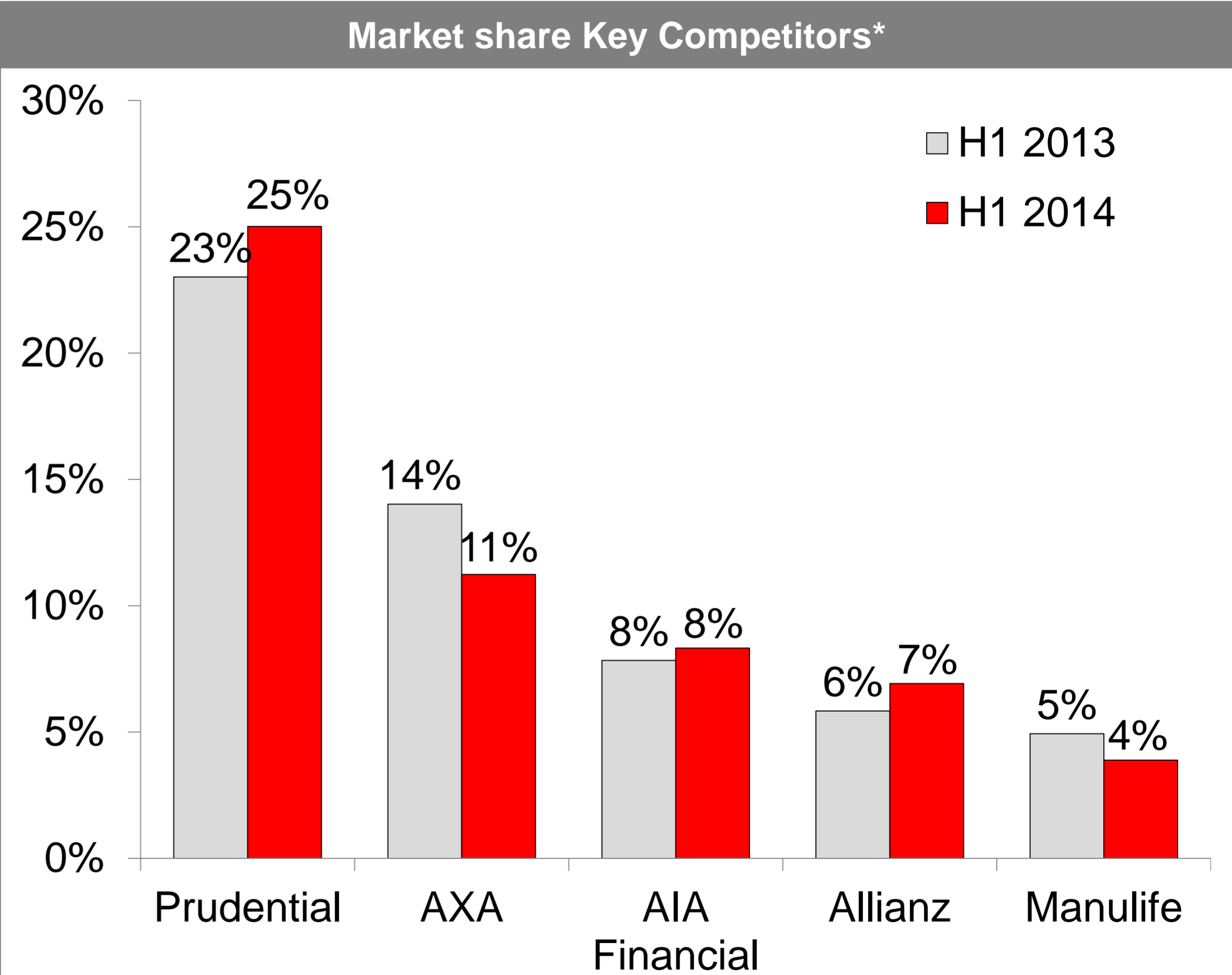
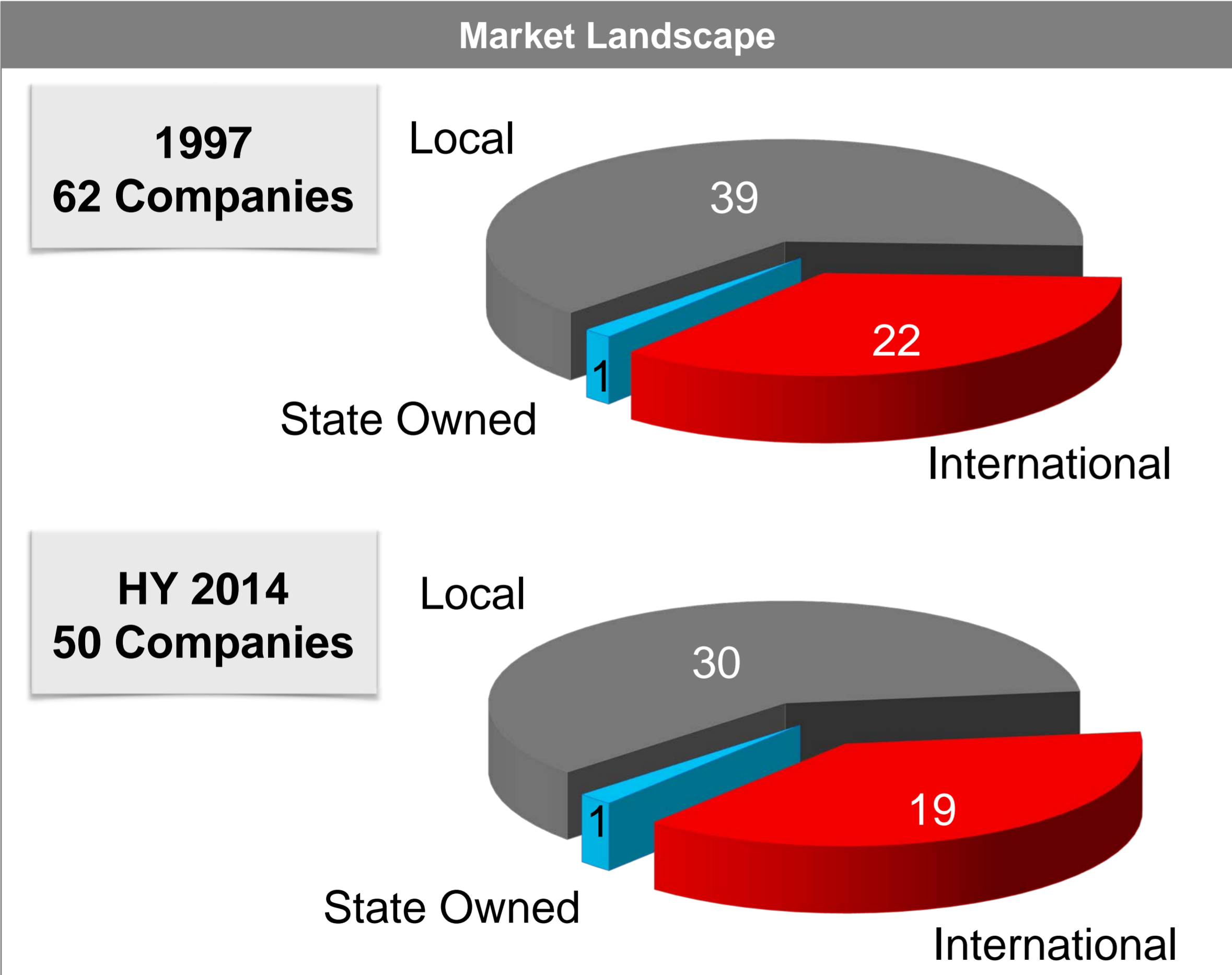
Increasing wealth creation to
Support growth in the middle class



Source: Boston Consulting Group

Market Landscape

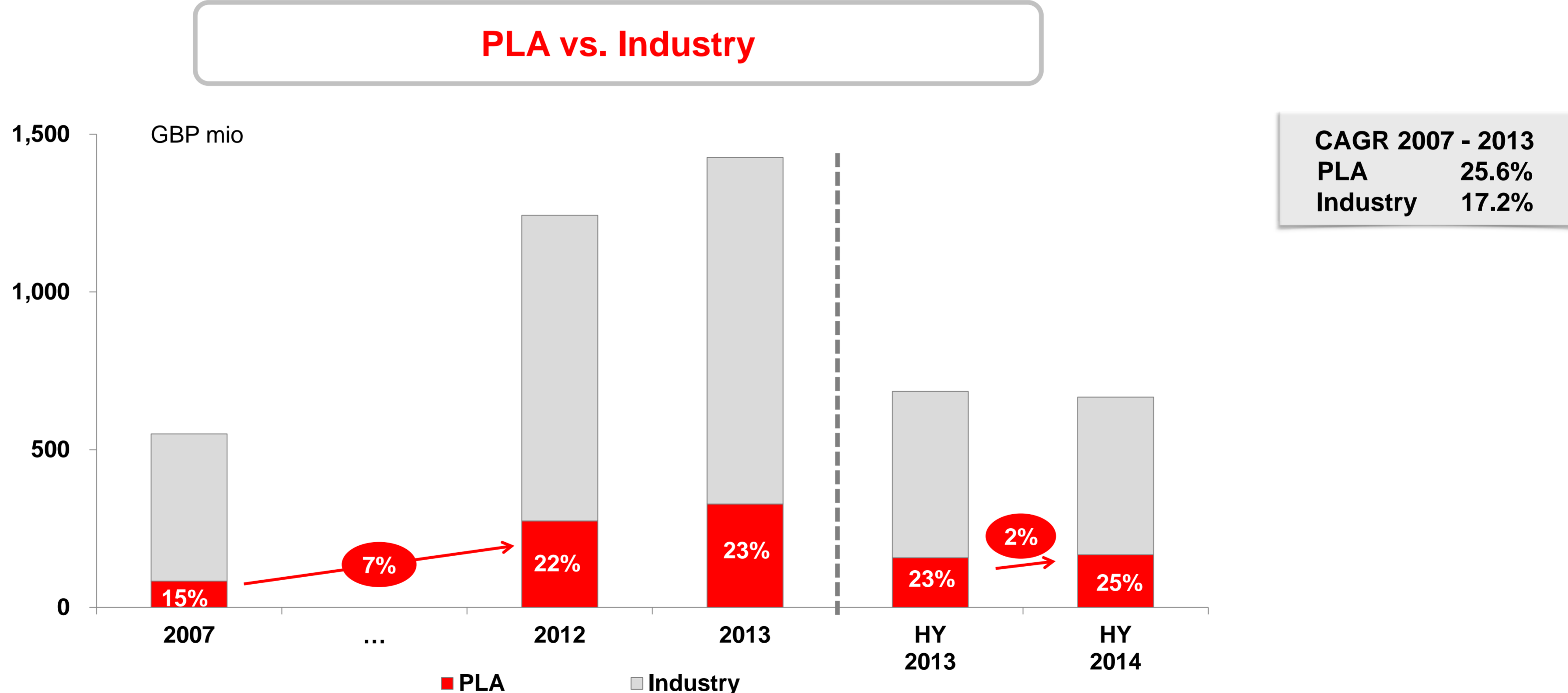
International companies have more than 50% market share of the industry



* Based on Weighted NB, source: AAJI Report (unaudited) HY 2014 with an assumption 0% growth for Bumiputera

Market Share: Weighted New Premiums¹

PLA continues to maintain No. 1 ranking and has strengthened its market share to 25.0% (up 2.0% points) as a result of **5.8% growth on weighted new business**



¹New weighted premiums are industry reporting metric derived from new premiums *received rather than annualized*
 Source: AAJI Report (unaudited) year 2007- 2013 and HY 2014 with an assumption 0% growth for Bumiputera



About Prudential Indonesia

Prudential consistently ranked the #1 life insurance company driven by **sustained growth**

Prudential Indonesia - Key Highlights						
in GBP mio	2008	2013	CAGR	HY 2013	HY 2014	Growth
APE	160	399	20%	185	184	0%
NBP	92	401	34%	175	183	4%
IFRS Profits	50	249	38%	114	142	24%
AUM	461	2,128	36%	2,149	2,451	14%

- Established in 1995
- #1 in life industry
- Received 33 Awards until Oct 2014
- As at 30 June:
 - 1,972 staff
 - 226,700 agents
 - 371 General Agency offices in 147 cities
 - 3.2mn policies in force policies

* Using constant GBP Rate HY 2014 = 19,573.46

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Agency Strategy: Follow the Money...

The islands of Java and Sumatera contribute **83% of the GDP & 85% APE (H1 2014)**



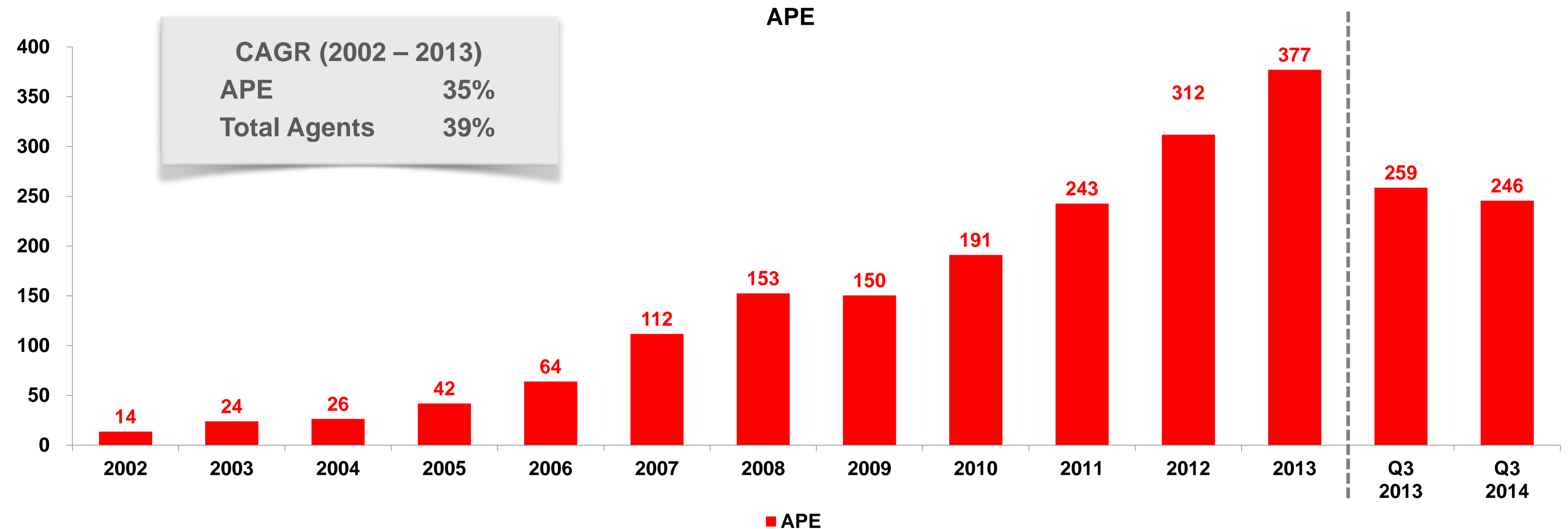
Source: Badan Pusat Statistik Indonesia per Q1 2014

1995		2000		H1 2014	
# Sales Offices	: 3	# Sales/Agency Offices	: 14	# Agency Offices	: 371
# Total Agents	: 251	# Total Agents	: 1,526	# Total Agents	: 226,662
- # Agents	: 247	- # Agents	: 1,385	- # Agents	: 213,940
- # Leaders	: 4	- # Leaders	: 141	- # Leaders	: 12,722
# Cities	: 1	# Cities	: 10	# Cities	: 152

Agency Growth

Agency market outperformance driven by **developing the right people, products, GA model, training and technology**

GBP mio



All Financials are in GBP'mn and based on a Constant Exchange Rate HY 2014: 1 GBP = IDR 19,573.46

Agency Distribution: Recruitment

Robust and scalable recruitment model

GRAND BUSINESS OPPORTUNITY

- Opportunities and career path presentation
- Agent get agent
- Selection Interview and Blueprint



PRU*sales academy* & GA TRAINING

- PRU*sales academy* in 6 cities
- Training facilities in 371 GA offices



FAST START TRAINING

- 24 hours training for new agent (3 days/4 night)
- Focus on PLA product, selling skill and quality business
- Guest lectures 2,134



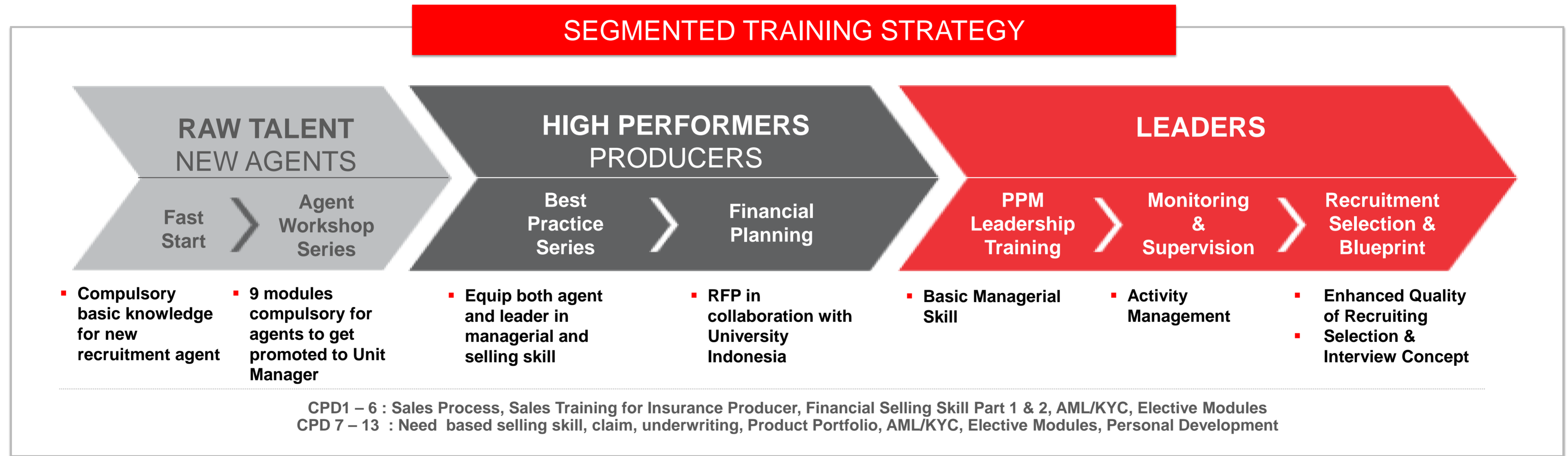
E-LICENSING

- E-testing AAJI Exam:
 - 54 cities (7 in PLA office and 47 in GA offices)
 - 707 seats



Agency Training & Development

Segmented training approach throughout the agents career to ensure high-performing and professional sales force



Class room training supported by Trainer & PRU***bright*** (Multi Media Training)

Agency and Leader Conventions, Unit Linked Road Show, Kick Off

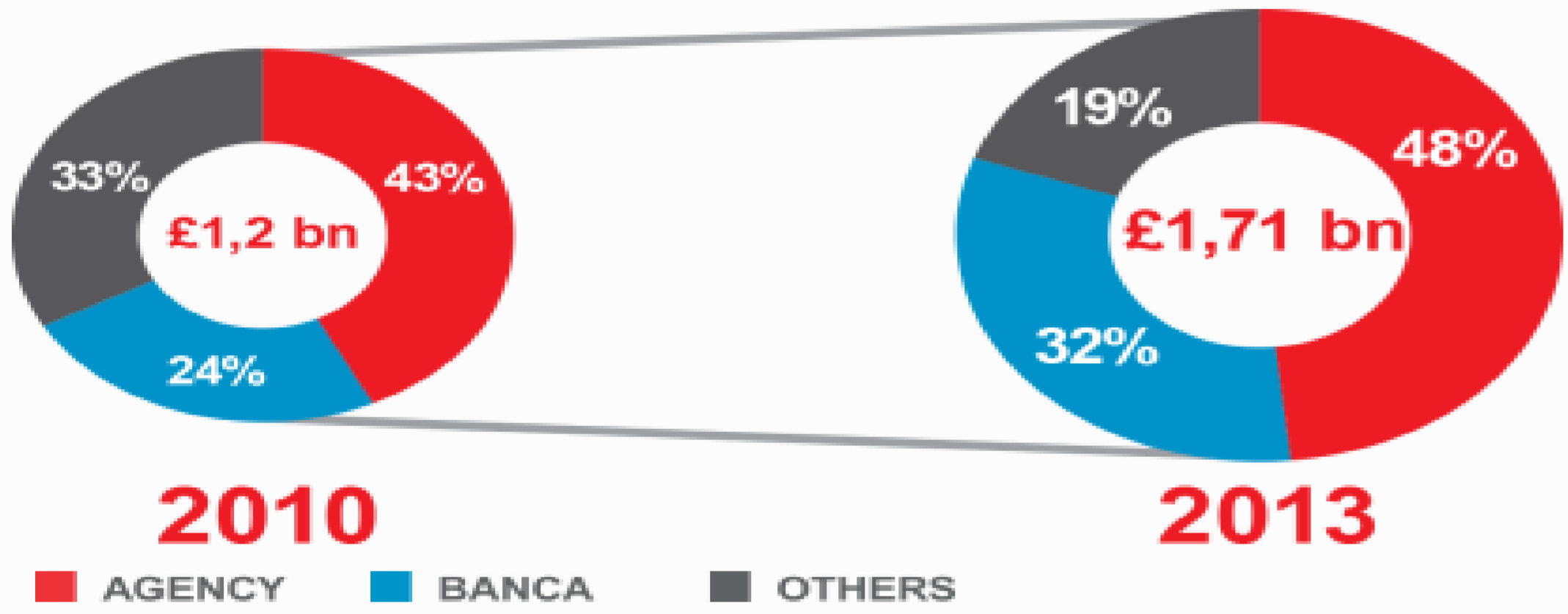
Sales Force Convention



Market Landscape for Bancassurance

Bancassurance continues to grow in new business (NB) weighted premium with CAGR 23% (Industry 12%)

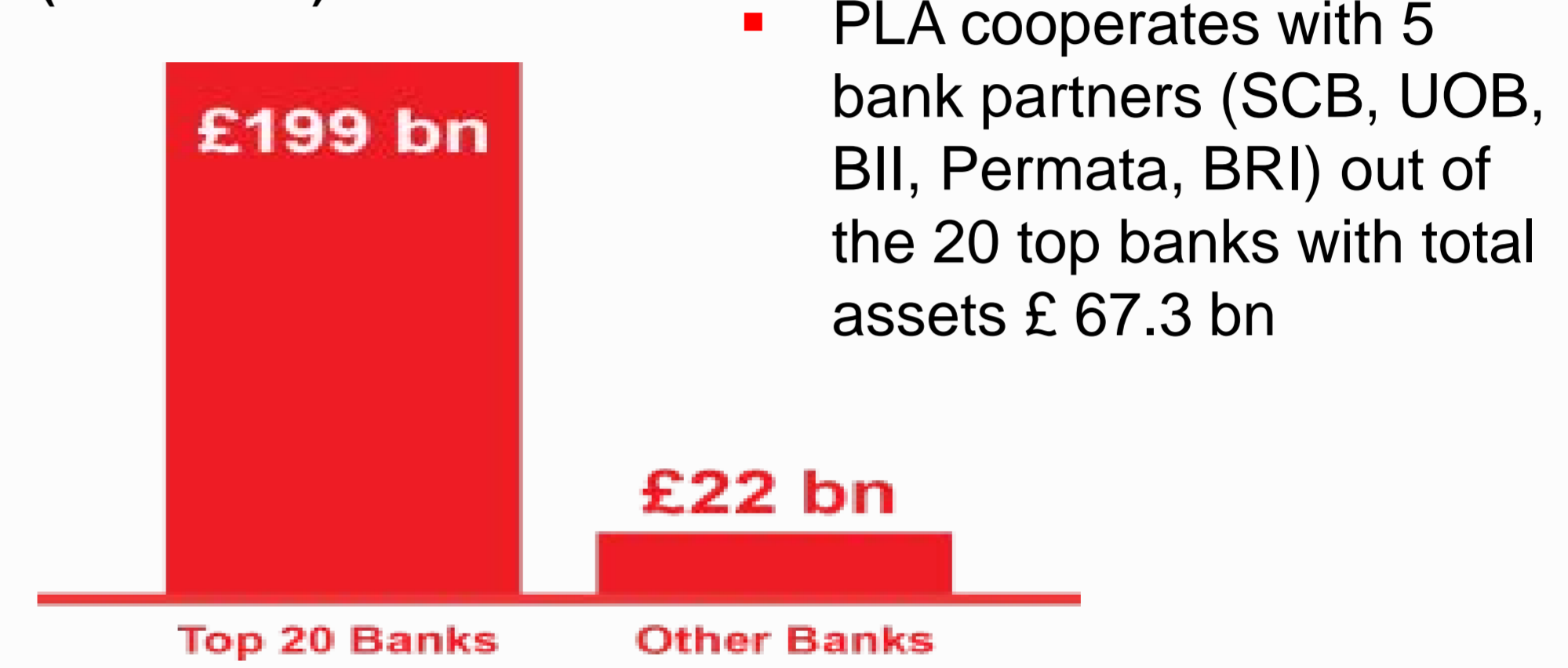
(NB Weighted Premium)



Source : AAJI Q4'10 & Q4'13. Assumption: 1 GBP = IDR 19,573.46

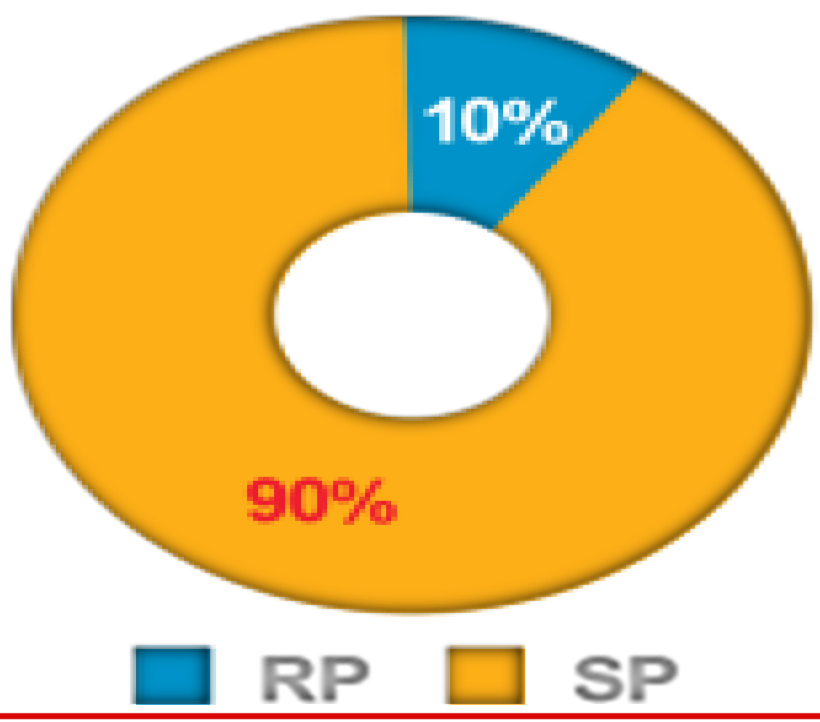
The opportunity in bancassurance is at Top 20 Banks. It represents 90% of total industry assets

(Total Assets)

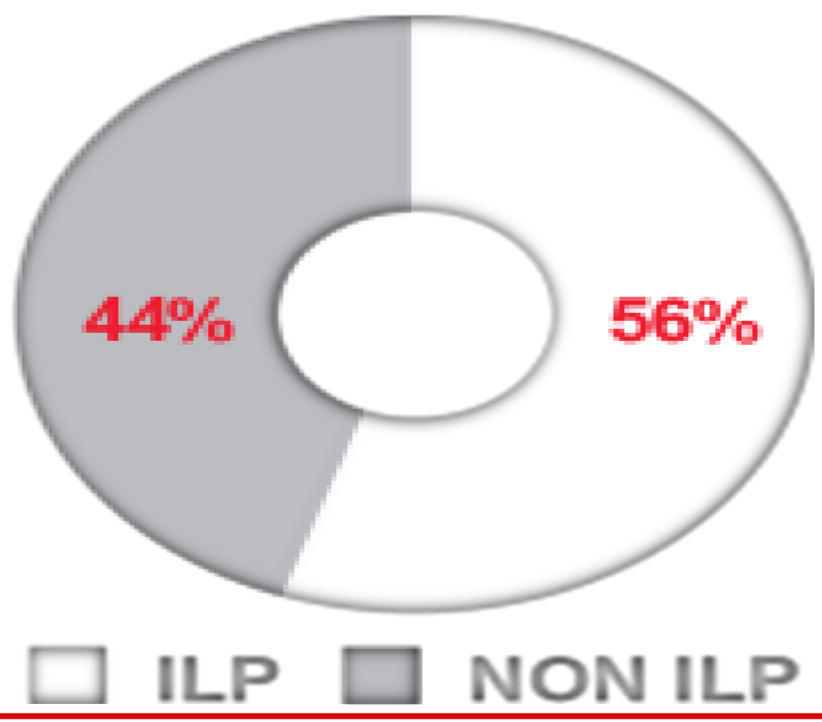


- PLA cooperates with 5 bank partners (SCB, UOB, BII, Permata, BRI) out of the 20 top banks with total assets £ 67.3 bn

Source : Indonesian Bank Statistics, Dec'12



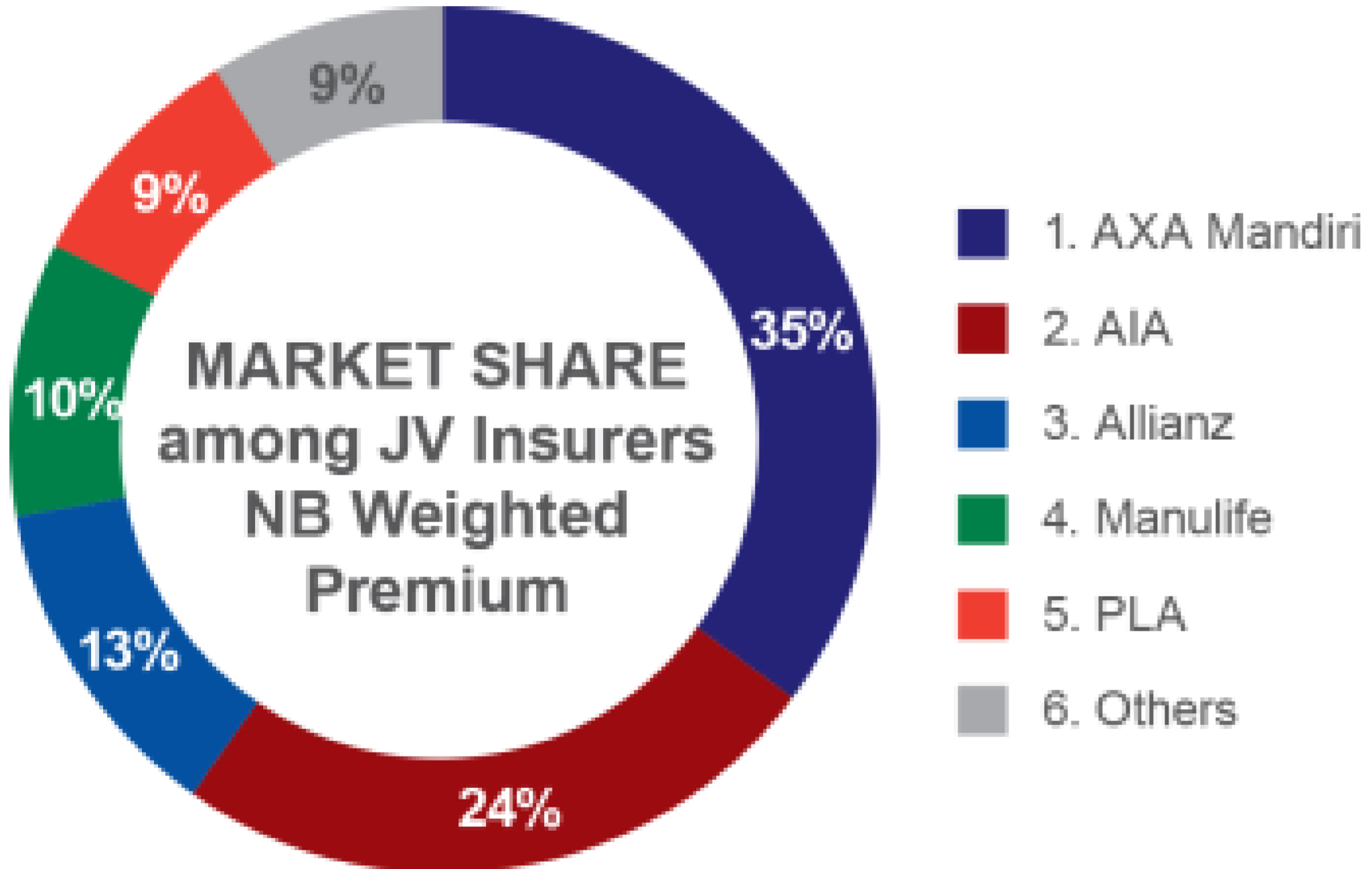
RP & SP Mix



ILP & Non ILP Mix

- Bancassurance is SP driven market
- Only 3 JV companies selling RP in a meaningful way

Market Landscape for Bancassurance



- PD has grown from a non existent market share in 2007 to 9% of NB Weighted Premium amongst JV Insurers today within 7 years
- As of H1'14 PD PLA is ranked #3 (NB Premium) or ranked #5 (NB Weighted Premium) amongst JV Insurers

Customer Value – PRUlink assurance account

Prudential customers buy protection-linked products

- Regular premium
- Basic plan offers life and TPD (total and permanent disability) cover equals to sum assured
- Enhanced coverage with additional riders



INSURANCE

15 optional riders that can tailor-make an insurance solution for individual, spouse and child to meet the needs in different life stages

1. Child birth
2. Child Education
3. Productive working life
4. Marriage
5. Retirement

INVESTMENT

9 FUND CHOICES

RISK	RUPIAH	USD
<div style="writing-mode: vertical-rl; transform: rotate(180deg);"> HIGH ↑ LOW </div>	Greater China	Greater China
	Equity Plus	-
	Equity	-
	Managed Plus	-
	Managed	-
	Fixed Income	Fixed Income
	Cash	-

Syariah Market Leadership

Prudential is the #1 Syariah player in Indonesia with 36% market share



- Syariah product launched in 2007
- Syariah premiums have grown at CAGR (2007 – 2013) of 37%
- Prudential is market leader in Syariah with 36% market share
- Syariah contributes 11% of total premiums to PLA



Micro-insurance

Important and growing opportunities in Micro-Insurance.



PRUDENTIAL

Apapun pekerjaannya,
semua sama perlindungannya.

PRU_{aman}

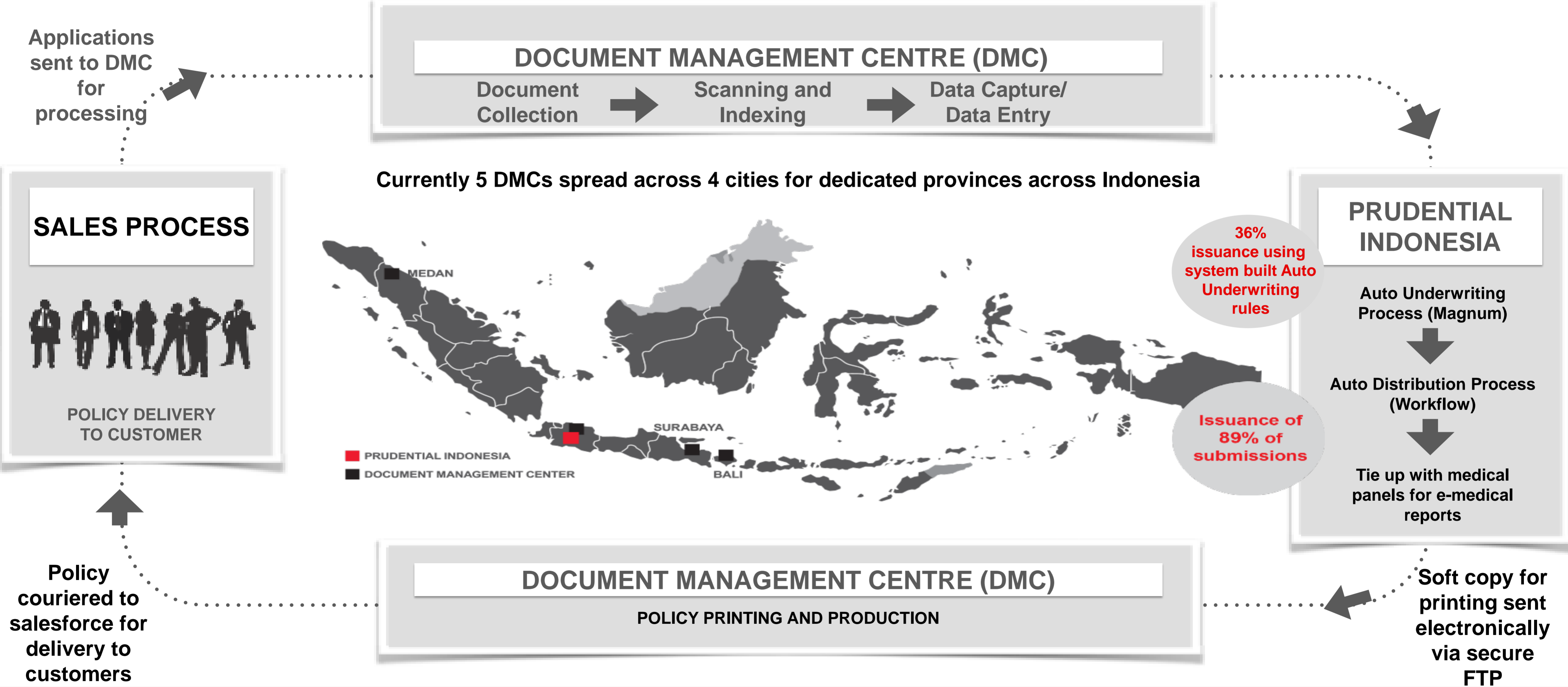
Small text describing the product: Kami menggali rasa aman dalam hal semua orang, karena kami bekerja PRU_{aman} dan pengaplikasiannya dengan tingkat premi yang rendah. Kami juga menawarkan layanan dan layanan keuangan lainnya dengan biaya yang sangat rendah dengan perlindungan yang sama. PRU_{aman} adalah salah satu produk kami.

PRU_{aman} is a micro-insurance product.



- Government's "Financial Inclusion" initiative expects and requires industry to offer products to lower middle income segment
- PLA has launched a Micro-Insurance product called **PRU_{aman}**:
 - Supports regulator's objectives
 - This segment is well positioned to transition to our target market
 - Product has positive margins

Operations: Highly efficient, integrated back office



Operational Capabilities: Technology enabled

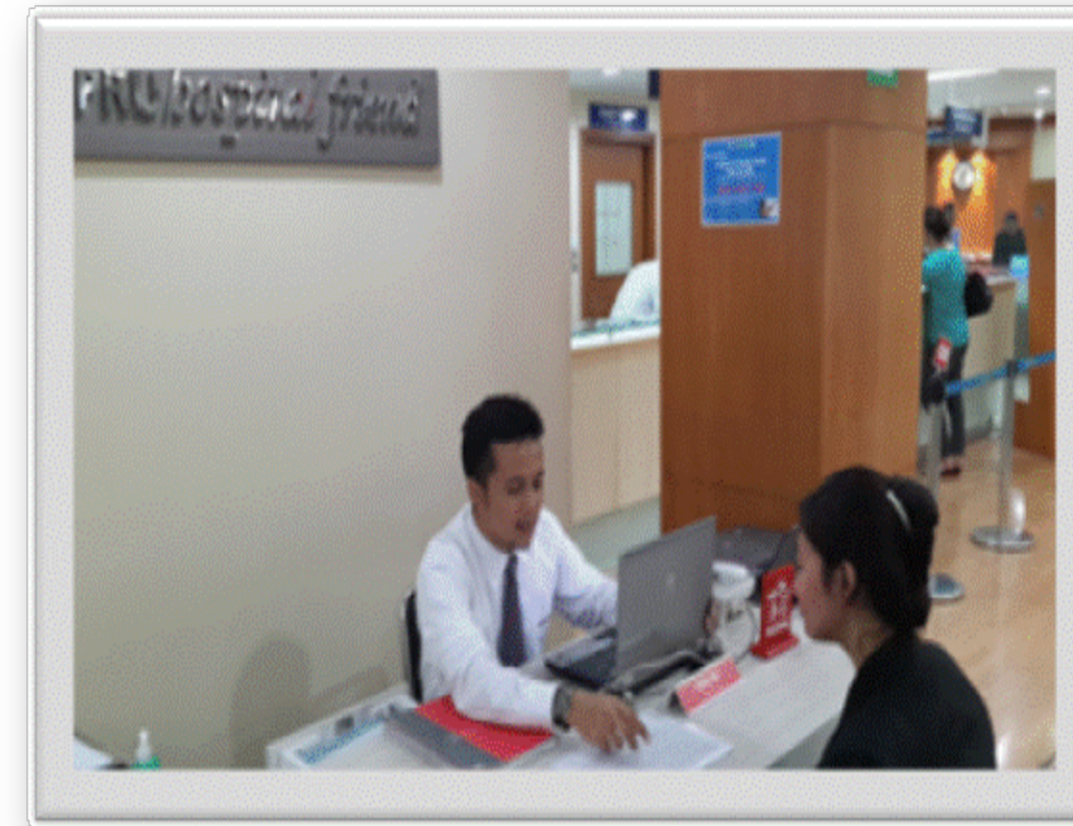
Enhanced experience to customer and salesforce with availability of various technology platforms while interacting and transacting



Operational Capabilities: Customer service orientated

Prudential Indonesia was the 1st Insurance Company to set up **the hospital concierge service in Indonesia**

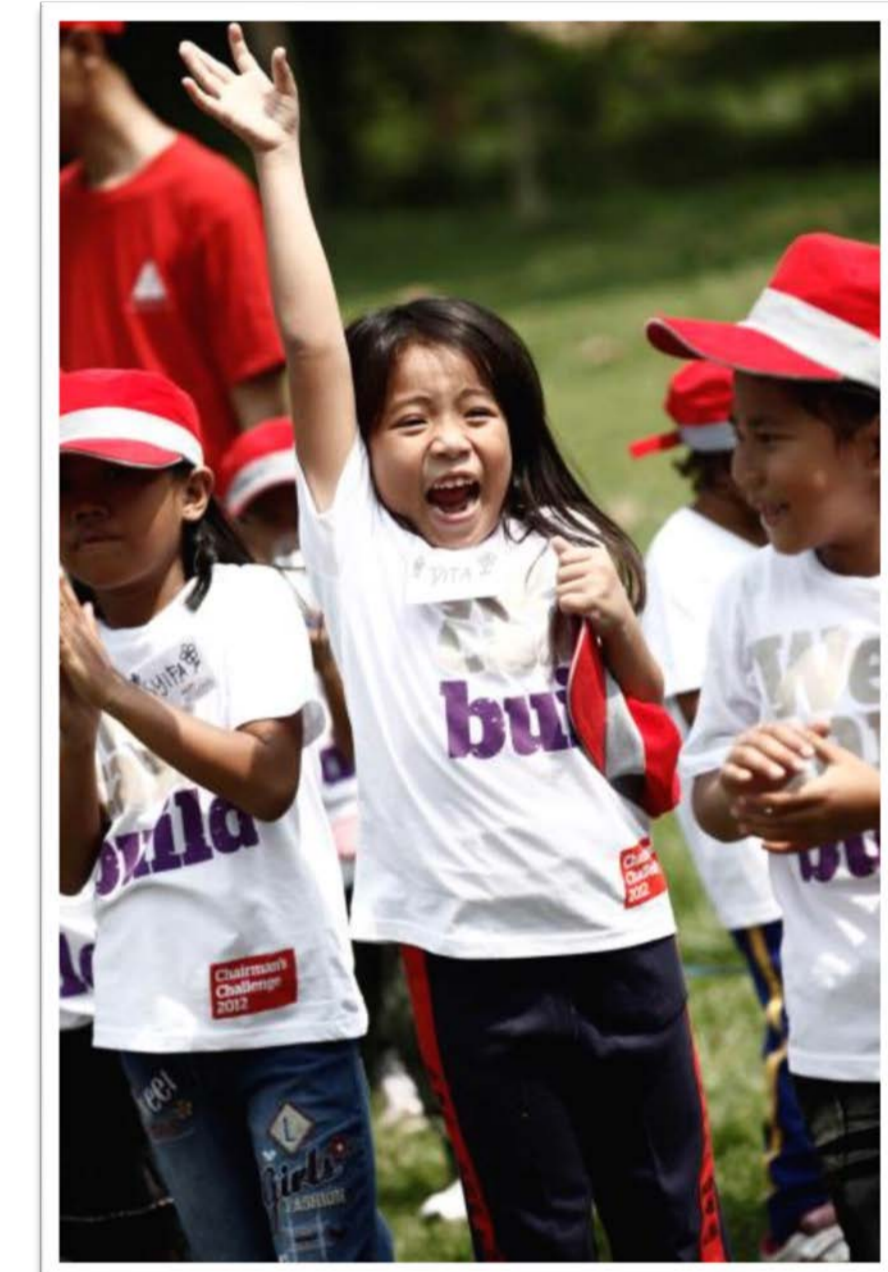
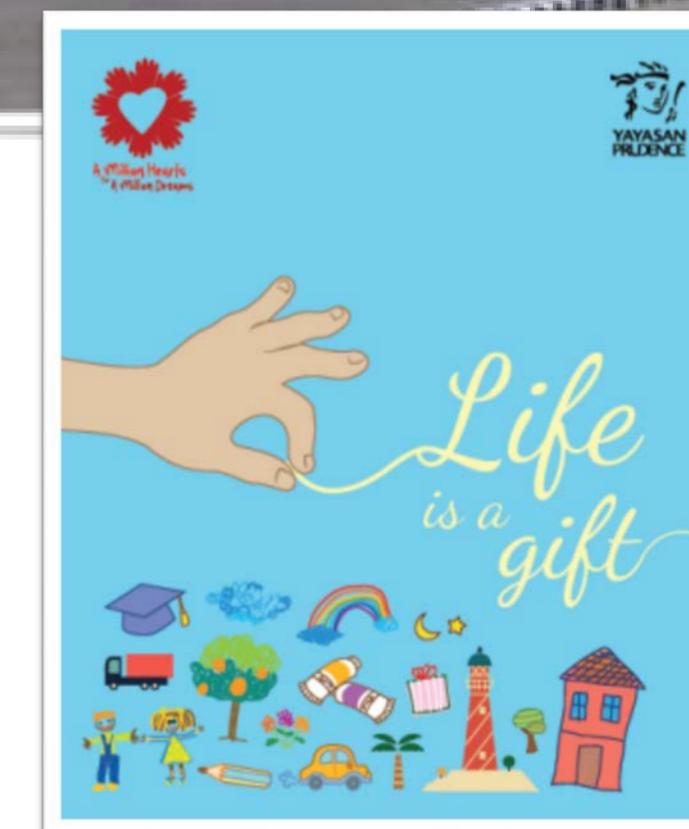
- *PRUhospital friend* is our hospital concierge service for PLA customers
- Available in 49 hospitals covering 15 cities and services more than 50% of guaranteed claims processes
- Assists with hospitalization claims and other claims
- A leading tabloid in Indonesia has published an article which positively commented on this service



Prudential Brand Leadership & Giving Back

The most recognized and trusted insurance brand

- 97% Brand Awareness
- Rank 1st in all brand attributes that matter to consumers
- Maintain brand leadership by highlighting agents' role & consumer education
- Giving Back in various CSR programs through the "Yayasan Prudence" and OJK-alignment



Awards and Recognition

PLA has received 33 awards this year up to October



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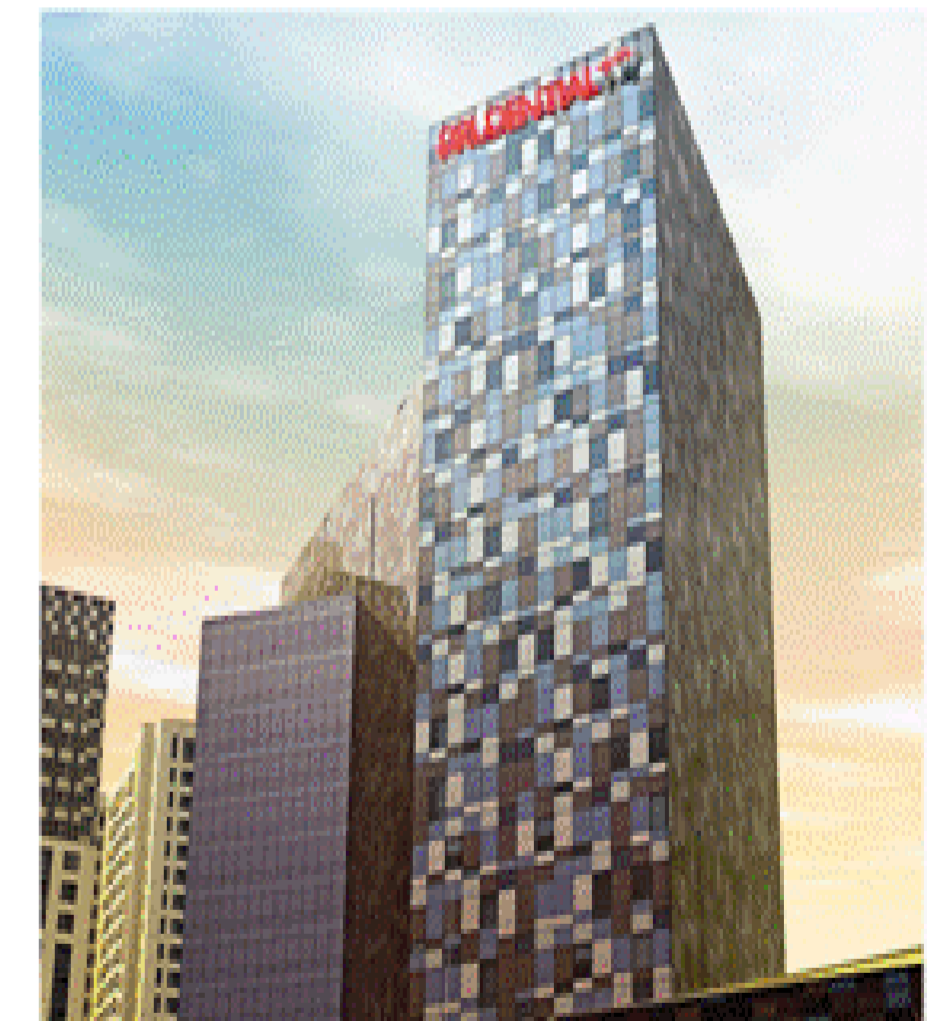
Summary

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- **Distribution:** leading agency force and fast-growing partnership distribution
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- **Infrastructure:** best in class back office capabilities
- **Brand:** most recognized and highly trusted insurance company
- **People:** best team in the industry



Prudential Tower, Jakarta



Prudential Centre, Jakarta

Thank You.

