

Prudential plc - Conversation with the Prudential Vietnam CEO Phuong Tien Minh

Wednesday, 5th October 2022

Introduction

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Welcome

Thank you very much, and welcome to all. Thank you for joining us for this the third of our series of snapshot webcast sessions, designed to further introduce you to some of the leadership teams of our operations.

Joining us today in Ho Chi Minh City, is Mark FitzPatrick, Group CEO. And he's joined by Minh, CEO of the Vietnamese operations. We have just put up on the web some slides, which includes some background information on the industry.

We will have about 30 minutes of discussion between Mark and Minh. And then following that we will have about another 30 minutes, where there is time for questions and answers as we have done before. The conference call host will repeat how you can ask questions via the conference call, or on the webcast in much the same way as we have done on previous results calls.

So over to you, Mark.

Management Q&A

Mark FitzPatrick: Patrick, thank you, and good day, everyone. Glad to have you join us here in Ho Chi Minh City. It is great to be here. And I am delighted to be joined by Minh, CEO of our Vietnamese business. And Minh maybe just to kick off maybe just a few words in terms of your background.

Phuong Tien Minh: Thank you, Mark. Greeting from Ho Minh City to everyone. My name is Minh. I'm a CEO of Prudential Vietnam since June 2020. Before this role, I was the Chief Marketing Officer and Chief Distribution Officer including agency for Prudential. Prior to that, I have in total more than 13 years of experience in financial services with the expertise in customer value management.

Mark FitzPatrick: And Minh, you are the first Vietnamese CEO the business has, how does that feel?

Phuong Tien Minh: I would say I have great pride ~~to~~ [editor's comment - "with"] it, at the same time with [editor's comment - "a sense of"] huge responsibility. And that probably coming from my agenda is to improve the profile and support for the growth path of life insurance in Vietnam, especially for Prudential. And being a local Vietnamese and I have an advantage of understanding the customers' behaviour and needs, and also I have a feeling and a trend and pulse of the life insurance in Vietnam. And that helped me to arrive quick decision responding to the dynamic and complex situation.

Mark FitzPatrick: And Minh, it has been a busy few years. Can you talk to us a little bit about what you have seen and what you have done in the first couple of years since you have been in the role?

Phuong Tien Minh: It is actually a very unique experience for me. My entire two-and-a-half year as a CEO falls directly within the COVID period in Vietnam, I took the role of a CEO in June and then COVID happened in July.

The way I look at it is an opportunity rather than a drawback. So me and my team actually use it opportunity to reconnect with our customer and our people. We have rolled out a series of initiatives to call our customer to check with them to see if they are okay. And we provided support for them. At the end of that initiative, there are 3,000 customers receive medical support from our e-doctor programme.

At the same time, we also used that opportunity to encourage Prudential staff to call our customer just to check in and make sure that they got the support they need. For Prudential employee, we also provided a lot of support for our employee to make sure that they coped with pandemic well by supplying them the vaccination, food and an effective remote working policy.

Mark FitzPatrick: Minh, there are very few CEOs who have done that actually connected with customers. So I am really pleased that directed by you, your team took the time to do that. Looking forward, post COVID, what are your priorities for the business?

Phuong Tien Minh: Thank you for that. We feel that together with the reconnection with the customer and people, I also focus on strengthen the people capability. The people element is extremely important since life insurance in Vietnam as such an early and young industry. So the majority of the priority is focused on people capability and developing a pipeline of talents so that we could drive through the challenge and move forward.

The second priority is also digitalisation. COVID just made digitalisation become a must. And the way I look at it is we use digital transformation to enhance customer experience and sale experience. For customer experience, during COVID time we introduced virtual office. During a lockdown to serve customers, we improved our auto loan, I mean auto claim to 77%, auto underwriting to 81%.

We also promote electronic payments. For sale experience, we also launch online sales generating room, where we connect our agents from across the country. In one other event, 16,000 have participated in the core [editor's comment - "sales"] room. We also introduced more than 9,400 [editor's comments - "online sales presentation events"] to the way we do our selling online.

Mark FitzPatrick: Now, Minh, I have been amazed in my few days here about the volume of cranes that are up and the amount of construction that is going up. Maybe you could spend a minute just talking a little bit how you are adapting your business to the rapid urbanisation that we are seeing in Ho Chi Minh City and the other major cities around Vietnam?

Phuong Tien Minh: I think what you see is actually happening at the moment already urbanisation. It is happening in Vietnam, and we see that it is a quick opportunity for us to expand. Just to put into perspective, in 1986, less than 20% of our population equivalent to about 13 million people were living in urban areas.

At the end of 2021, this number amounted to 36.6 million, which is about 37% of the population. And the government has an agenda to reach 50% of the urbanisation rate. So urbanisation rate is actually happening. And the opportunity that we see it because when

urbanisation happen and people who live in an urban area become richer, more educated and resulting in higher servicing expectation, yet they still lack investment and protection solutions.

And beyond these differences, our strategy continue to expand our network with focus in urban area, and diversifying our product switch and solutions so that we can catering to the customer segment.

Mark FitzPatrick: Minh, if we now pivot to the market, it is a very, very competitive market. And I am delighted to see that you and the team have regained the number two slot. How did you do that?

Phuong Tien Minh: And this actually due to the team. Thank you, Mark, for asking that question. I think the key winning strategy for us is to understand the opportunity of urbanisation. We strike the right balance between a banca and agency mix. We focus on rebuilding the agency component, and making them more relevant to urban by upskilling them and helping them to score better.

Both channel, bancassurance and agency are improving and contributing to the growth trajectory of Prudential Vietnam. And that actually is helping us to have a very fast recovery.

Mark FitzPatrick: And Minh, what was there – particularly around for example, the distribution strategy that you brought about in terms of being able to regain the market share and really focus on that urbanisation that we are seeing play through at the moment?

Phuong Tien Minh: For Prudential Vietnam, I would think agency continue to be our core strategy. Agency continue to be our core distribution channel. What we did in the past year is that we continue to focus on a top agency producers and we foster their success journey and we want to do that as a influence on the other groups of agency. And by doing this, we invest a lot into training them, helping them to score better during the COVID period, and also serve customers in urban city better. As a result of which at the end of 2021, we managed to achieve 1,245 MDRTs. We are ranking number two in Vietnam and other Prudential LBUs (local business units) as well. Our agent productivity improved with case per active agent improved by 11% and case size also grew by 9% due to the focus on top core agents.

Having said that, we are also to try to help the other group of agents to score better with the changes in the customer segment as well by uplifting agent capabilities. There are actually a few different digital tools that we use. We help them to use social media. Social media become a must in nowadays life. We use social media. We help them to use to social media. We help them to use PRUForce and PRULeads to manage their sales activity. This gives them the confidence to combine online and offline sale. So make it become an effective sale process when they meet customer face-to-face. And my big method actually works for them, we currently try not to push the agenda, but at the same time provide them an additional tool.

At the moment, I think we have more than ten thousand agents use PRUForce on a monthly basis. And that actually worked very well for us. At the same time, we also want to experiment the new type of agents. We recently introduced PRUVenture.

PRUVenture is an initiative for us to actually promoting full time professional agent. We recruited about 270 young agent, and we put them through an intensive 24-month programme. And at the end of our programme, we want them to become a new generation of leaders.

At the moment, in an early stage of it, we observe the improvement in activity and productivity.

Mark FitzPatrick: And I had the benefit of being at PRUVentures for a bit yesterday. And I was blown away by the energy and the enthusiasm of these young agents. And then speaking to them about their focus and their commitment to creating a career and the energy they are putting in not just to kind of learning more about the products but being able to work with some of the agency leaders who come in and see them every month to be able to provide them real world support to make the whole thing less theoretical, more practical and give them the selling skills that they will need for the future.

Phuong Tien Minh: I think the initial response from PRUVenture have been positive, because the new recruited agents, they are looking at PRUVenture as a new career rather than a short-term solution. PRUVenture for us is a new initiative to address urbanisation. At the same time, we continue to leverage on our banca partners, who have a customer base, who have the wide network, who have the infrastructure there in order for us to tap into the customer base and improve our penetration in urban as well.

But at the end of it, PRUVenture, the new initiative, our agents model and banca is part of urbanisation focus for us.

Mark FitzPatrick: Good. Thank you. Minh, when you think about customer and customer segments, how are you looking at that? And how are you looking at it vis-à-vis product and how we enrich our product offering for the changing needs of the consumer here in Vietnam?

Phuong Tien Minh: Thank you, Mark. The customer segment in reality and in a nutshell are quite simple for Vietnam. It had three different groups. In the provincial area, we have an element of mass customer segment. In a little bit more urban city [editor's note - "areas"], we have more middle income and affluent segment. For each of the segments, their needs are different. For mass customer segment, they are looking for a protection needs with the affordable solution. And that is when we provide an affordable simple solution. For a middle-income segment, we are more concerned about the savings, education and a protection needs. Then we have a protection and savings product for them. For a more affluent customer, they are more interested in investment, managing their assets, managing growth, then we have an investment linked product for them, all of this attached with the rider, make it a comprehensive solution.

Having said that, the way we look at customer segment is also different in the sense that the urban and non-urban segment are little bit different. For example, the highest segment in the urban city, they behave a little bit different than the affluent segment in a non-urban city. They are more social aware. They are more concerned about the status quo. And because of that, we could offer them an investment linked with a very specific additional fund focused on ESG or helping them to reach or explore the investment [editor's comments: "and healthcare"] needs to another country by leveraging on our connectivity in Thailand,

Singapore or other country. And that is an opportunity that we are looking at, at the moment in order to create a unique opportunity and a unique proposition for this segment.

Mark FitzPatrick: Great. Thank you. Now, Minh, Vietnam has a population of about 100 million people. And I think the average age is about 30 years old. So it is a very young, a very vibrant population. How would you articulate the opportunity for growth that investors should be interested in from a Prudential perspective?

Phuong Tien Minh: Vietnam, at the moment, we are the third largest population in ASEAN with more than 100 million people. And yes, the average age is 30 years old. At the moment, we have like half of the population is around 20 to 59 years old. In Vietnam, we call it a golden age. Very fast-growing middle-class population. And together with the urbanisation, we are looking for a prospect of population which has a really huge potential for us to increase the coverage.

At the moment, the life premium are only 1.6% of the GDP, and compare with the average of 2.1% from emerging Asia markets. And the protection gap for the country is also about US\$36 billion. And this presented a huge opportunity for us. Recently, the government also is openly promoting and advocating for an increase the penetration of life insurance in Vietnam. And that is actually a real opportunity not only for us and for the entire industry.

Mark FitzPatrick: Now, I had the opportunity earlier this morning to spend time with a very senior adviser to the Prime Minister talking about the economy in Vietnam. It would be useful to get your take on the economic outlook for Vietnam. If I recall correctly, the World Bank has just increased the expected GDP for Vietnam. How do you see that helping? How do you see that supporting? What do you see the key drivers, Minh?

Phuong Tien Minh: I think Vietnam is among a very few countries to have a positive GDP growth during the two consecutive years of COVID. I think 2.9% in 2020 and 2.6% in 2021. Vietnam has very fast recovery after COVID, and we managed COVID very well. And you are right, World Bank did update the forecast for us to achieve about 7-7.5% GDP growth for this year. And I personally feel that as this is achievable, given that Vietnam have a track record of a very good growth GDP in the last few years, and at the same time in Vietnam, due to seasonality, in last quarter of year, a lot of activity has happened. And that is a good potential for us.

And this economic recovery, tends to allow government's effectiveness in terms of managing inflation, very effectively reducing it by controlling matters such as credit growth rate and monetary policy. And that helping us riding through the challenges here and put that into a very good position to achieve such a massive GDP growth this year.

And for us at Prudential the last quarter of the year is also a quarter that we have a lot of activity to happen. We have very good result in the first nine months of the year. We managed to grow 20% compared to last year. And therefore, we feel that this is an opportunity for us to take the growth to the next level.

Mark FitzPatrick: And Minh, when you talk about looking forward then, what should we expect from 2023? What changes, what additional focus are you going to be encouraging your team, the agents and some of our bancassurance partners who we met earlier today? How are you going to be encouraging all of them to operate in a slightly different way?

Phuong Tien Minh: I think from a longer-term perspective, Mark, at Prudential, we have a lot of advantages of being the first entrant in this market, very strong foundations and very strong brand visibility. In the next few years, well, I am going to leverage on that strength to improve the brand visibility, particularly in the urban city.

We are going to invest in urban city in the sense that we will open a lot more outlets to serve customers, engage with the customer. And that investment, I think it is handy for next year to focus on urban.

We also focus on capitalise on the agency digital transformation because a lot of good work and foundation have been done with PRUforce and PRULeads with the engagement rate from the agent are very positive. So I think it is going to be capitalised in the next few years, that keep us the organic growth of the business.

From banca partner perspective, we continue to deepen that relationship with bank partners. At the moment, the level of customer penetration with the bank, customer profile is still very low. And that is actually open up for an opportunity for us. So we want to strengthen our relationship with banks. At the same time, we continue to look for a new partnership, if that available next year and onward.

While we are doing all of that, I am only just trying to experiment few new things in the market. I think last year, we did an experiment with the bite sized product, which you very positive response from the consumer. And now we are going to continue to explore that by view an omnichannel approach, a lot of good work have been done. And next year, we are going to focus on working with e-commerce site like Shopee. Shopee is the number one e-commerce platform in Vietnam. We work with them and try to explore new thing, introduce buy side products so that we can reach customer faster.

And we are also working on our partner at the moment, Viettel, the number one telecom company in Vietnam with 23 million customers. I think that there is still a potential there for us to tap into.

So those are the few things that we are going to focus in order for us to prepare for a long ago.

Mark FitzPatrick: Minh, thank you. And I think off the back of this trip and off the back of this conversation, and from some of the interactions over the course of the last few days, whether it is with the Chair and the Head of Retail of the largest retail bank in Vietnam, and also meeting with some of our most senior agents, it is clear, they have a massive enthusiasm and massive passion and a massive desire to do more with us. And they believe that there is a lot more to be done and a lot more that we can do collectively. So I think this feels like a very, very promising market, very exciting prospects. Delighted that we have regained the number two position and look forward to reclaiming number one in due course. But we will talk about that at next year's objective setting.

With that, why do not we open up for Q&A. Thank you.

Patrick Bowes: Thank you very much for that session. Just to flag that the slides are up on the Business Presentation tab of the IR site. I know they have just recently gone up. So as we go through the process of Q&A, you got some time to have a look at the materials. And we could also bring them up on the screen if you have got any particular questions on those.

Let me hand back to Nadia to give you the instructions as to how to submit your questions both on the webcast and on the phones.

Audience Q&A

Andrew Crean (Autonomous Research): Thank you very much for the presentation. I was just going to ask a couple of questions. One, on the urbanisation theme, is there an element to which Prudential is not represented in all the cities in Vietnam? And therefore, you need to develop and expand both functions from agents into new cities? Or is it just deepening penetration in all cities?

And secondly, just to get a sense of it, could you give us a split of your new business by banca versus agents? Could you give us a sense as to what you think the long-term growth rate in new business sales is for the industry over, say, a five-year period?

Mark FitzPatrick: Andrew, thank you for those questions. So Minh, the first question, urbanisation. Given urbanisation, are we in all the major cities in Vietnam, or is it just a question of going deeper into the cities if we have the elements? So maybe we start with that one, please.

Phuong Tien Minh: Thank you for that question. At the moment, now Prudential presence is spread across the country. We have our presence across the country. The only thing different is because the strategy that we used in Vietnam in previous years is to sell to the customer in each of the city as soon as possible and as far as possible and provide them the right consultancy so that they can have a protection policy.

However, due to the fast urbanisation it requires us to have a different approach to target on the urban city. And that is the area where we are focusing at the moment. And the way we target an urbanisation in different ways. And number one is improve our presence and upskill our agents in the urban cities so that they are more relevant for urban customer.

And secondly, through the partnership with bank, we also help us to tap into the urban customer segment as well. And lastly, we explore the new agent model, the PRUventure, which I briefly explained earlier, by introducing a full-time professional agent, which is more suitable for the urban customer segment.

Mark FitzPatrick: Thank you. So the second of Andrew's questions was around new business. Andrew, we do not disclose the NBP component. But I think in terms of the slides, you will see the [Editor's comment: "industry"] breakdown between the bank and the agency. I think it is [Editor's comments: "similar for us at"] about 50-50 from last year in terms of APE.

And Andrew's last question, Minh, was around thoughts around long-term growth rate for the industry over the next five years, whether you have a sense of where the industry broadly is going and what the industry is setting up for itself?

Phuong Tien Minh: Actually, the Ministry of Finance has predicted, that in the next five year, the life insurance industry in Vietnam continue to enjoy a double-digit growth. And that it actually is a good opportunity for us to focus in on urban and rich customer in different segments.

Mark FitzPatrick: Great. Minh, thank you very much. Thank you for those questions, Andrew.

Greig Paterson (KBW): I see on the slide, you have given the agent numbers, 25,000. I am just wondering if you could tell us what your year-on-year growth rate in agents?

The second question is, if I understand correctly, your traditional product is a with-profit 60-40 rule product. I see that you have given the percentage. I was wondering how that percentage has changed, year on year, and what is it a higher or lower margin relative to the other products you sell within Vietnam?

And the third thing is I am trying to get a feel for how far Pulse has been rolled out in the market. So, I wonder if you could sort of give us a feel for what percentage of your APE in the first half of this year was a consequence of leads that were generated via Pulse?

Mark FitzPatrick: Greig, thank you. All right, so let us start on the first one, Minh, in terms of the elements of agency numbers, 25,000. And a sense of the scale of growth and the scale that is changed over the last year.

Phuong Tien Minh: I think in terms of number of agents, in my previous sharing, we focused a lot more on highly productive agents. And therefore, we are just more selective in terms of recruiting the right agent for us rather than looking at a mass recruitment strategy.

Having said that, the focusing on better quality agents, it had a certain challenge, but at the same time, through the experiment of different segment, particular in the key city and provincial, we expect to continue to enjoy growth in the next few years. But we do not think that we are going to go through the mass recruitment strategy.

Mark FitzPatrick: And, Greig, unless I am mistaken, I think about two thirds of our agents are effectively urban agents. And that is the area I think going forward, you are going to see our greatest focus. And as Minh said, with PRUVenture, it really is about getting a greater number of agents where it is a full time career, creates a full time role. And actually, therefore, and from the experiments that the pilot that we have done so far, we have seen quite a material uptick in terms of productivity through both case size and number of cases per agent.

And then, Minh, the second question was in terms of the traditional product, the with-profits type product, the margins, the profitability on that, vis-à-vis the other products in the suite, any comments that you can give any colour?

Phuong Tien Minh: I do not think we should.

Mark FitzPatrick: So at this stage, I do not think there is anything particularly we have got out in the public on that element, Greig. I think, overall, the element of the business has been ~~pivoting more~~ [editor's comment: "pivoted"] towards a ILP type of business. We are seeing huge demand from customers in their particular piece. The with-profit style, and it was a kind of an old UK style with-profit style, but it was not a 90/10. I think it was more like a 70/30 rather than a 60/40.

So it is a very important backbone to the business [editor's comment: "however with-profits products now makes up a tiny proportion of our new business sales"]. That being said, the

ILP is where the consumer interest is. And that is where we are spending a little bit more product.

And then the final question from Greig.

Greig Paterson: I am just trying to get a feel. I am aware of that trend. I am just trying to feel, get a feel if that is a headwind or a tailwind in terms of margin.

Mark FitzPatrick: So I think in terms of margin, the ILP business is producing a good margin, not expecting the mix of business per se to give rise to a major increase in terms of the margin. I think the guys are going to continue to keep very close in terms of customer demand. And therefore, I think and I would expect the element of the margin to be pretty in line with where we are at.

I think if you look at the overall picture in terms of the growth segment, as a whole, we had reported margins of about 38%. And you can see just the size and scale of the Vietnamese business, that was, say, were meaningful contributor to the element and aspect of that margin. But at this stage, we have not disclosed any of the particulars. But the shift in the mix between the with-profits, because it was 70/30 and the ILP, I do not think you are going to see a major [Editor's comment "further"] shift in terms of the margin coming through from that.

And then the last question was in terms of the Pulse rollout, and just a sense of how pervasive is that and how well is that going?

Phuong Tien Minh: For Prudential Vietnam, we have about 2.5 million registered users for Pulse. And the way we embrace Pulse is slightly different. We use Pulse as a way to engage with customer, which the agent, our agents are very much receptive of the idea. At the same time, Pulse is used by the agent to engage with the customer and as well as to help a customer to perform self service in there.

We have been doing a lot of enhancement in the feature, allowing customers to use Pulse as a one platform to serve the policy and maintaining the policy. And we continue to use Pulse as a way to actually improving the buying experience, the customer service element of it and also trying to get the more data inside from the customer so that we can serve and retain customer better. In a sense, it is very well received by our agents.

Mark FitzPatrick: Greig, thank you very much for those questions.

Greig Paterson: I mean, I am trying to get a sense of how complete the rollout of Pulse is.

Mark FitzPatrick: So is there much more to do in Pulse in Vietnam at the moment? Or have we done as much as we think we are going to do with Pulse for the time being?

Phuong Tien Minh: We are actually focusing on Pulse at the moment. We have done the engagement. We have done the branding. We have done all of the customer-facing part already and that completes. We are now into the first phase of using Pulse at a place for a customer to conduct self-service and PRUServices at Pulse has been successfully introduced a few basic feature. And the next feature it will actually allow customer to do payments. So yes, it is quite in line with the roadmap that we want it to be.

Mark FitzPatrick: Yes. So Greig, in essence, as Minh says, there is some great examples of where it has been used. There is still quite a way to go yet in terms of rolling out Pulse.

PRUforce is in play. PRUServices is becoming into play more and more, which is where the consumer actually decides how they wish to interact and be able to self-serve to a degree. And then the element of PRULEads as was discussed is a component and we are looking to activate it even further, especially for the younger agents, are certainly engaging with it. And from speaking to some of the senior agents earlier on today, there is something that they have got a huge interest in engaging with even further.

Tianjiao (Bernstein): Thank you for the introduction. It is quite helpful. I guess, obviously, Vietnam is growing very fast, probably be one of the fastest country in Asia. I am just wondering if you can talk about the competition dynamics in the markets, and especially after COVID, and if any behaviour change in agency numbers changed? And also I see somewhere in the slides, you are ranking number two in terms of the overall company's sales numbers. I am just wondering if we just look at the agency channel, how is the competition looks like and who are your direct competitors in terms of the agency recruitment? And, yeah, how is the market dynamics looks like?

Mark FitzPatrick: Perfect.

Phuong Tien Minh: Thank you for the question. Yeah, in Vietnam at the moment, there are 18 insurance players in the country. And due to the very good growth opportunity, the market is extremely competitive.

Prudential is one of the first entrants in 1999. Our success factor are meaningful in terms of, I think, we have a key unique advantage compared to other insurer, our ability to invest in training and development. And we spend a lot of investment on helping the agents to upskill and engage with the customer rather than focusing on the compensation element only.

And by doing that, our agents become one of the most sought after from competitor. And therefore, we frequently receive a very and healthy competition by the other player to approach our agent, approach our staff at some point at one point and until now, Prudential Vietnam is considered a university of life insurance in Vietnam due to this factor.

Having said that, we have been able to have a very loyal agency force and they have been very loyal to us. Our compensation work, our training and development continues to be a big priority for us. And because of that, we will manage to improve our ranking position in agency in a very short period of time.

At the moment, at the end of June 2022, agency channel of Prudential Vietnam is the only agency channel that enjoyed double-digit growth compared to other big five in the market and for the most part due to our focus in upskilling their capability last year.

On the other hand, bancassurance is also extremely competitive. We have seven partner at the moment. Our partners, are mid-sized banks, and they have very good focus in retail banking. We give them the opportunity of a very good quality customer portfolio. And the particular area is also present a risk for us as well, because the other insurers in the market tend to approach the partner and try to take away that partnership from us.

However, again, our key strength is providing the support not only in terms of financial support but in terms of the investment in training, development and digitalisation. And we make ourselves become part of the bank strategy and that is our key strength at the moment.

The competition is fierce, is aggressive. However, we pride ourselves in the way we invest in agency and banca to the right area, instead of only dependent on the financial support. And I mentioned earlier, we also recognise the importance of trying new thing, experiment new model. And the PRUVenture model is a model that we experiment and we observe to see initial success coming up. And that is the area where we will fine-tune and scale up in the next few years.

Tianjiao: Can I just follow up on the agency business in Vietnam? Can you give us some colours in terms of the agency monthly salary in Vietnam? And how does that compare with your competitors?

Mark FitzPatrick: So I am not sure I caught the question. How does the what compare?

Tianjiao: Yes, I am just trying to get a sense of the monthly average salary for the agents and how does that compare with the market? Or maybe compared with the average salary in Vietnam?

Mark FitzPatrick: Okay, got it. So how does an agent average salary compare with the average salary of a normal employee in Vietnam?

Phuong Tien Minh: The agents are not our employee, and therefore, they would earn the income coming from the commission, support for incentive and contests. At the moment, because of the way that we change our focus into top producer, and therefore our top producer, when they reaching a certain range of the top tier of agent, their salary are very competitive. And I think we are one of the top three in terms of competitiveness in terms of top producer.

Nasib Ahmed (UBS): My first question is on slide six. I notice there is only one domestic player within the top 10. Just thinking about how the regulator thinks about this. Are they encouraging more domestic involvement in life insurance within Vietnam, and also in terms of professionals that are working within the companies as well. You mentioned, Minh as the first local CEO, as well. Is the regulator kind of pushing more local professional involvement in the insurance industry?

And then secondly, again on slide six, you have got the industry product mix is, presumably Prudential is similar to that. And just following up from Greig's question, within traditional, it is only that with-profits products. There is no guaranteed business as well.

Mark FitzPatrick: Right. So in terms of domestic players, Minh, if you want to cover off the element of any kind of government or regulatory flavour to try and strengthen the domestic players, and then we can cover off the element of the team, which actually is by and large kind of local.

Phuong Tien Minh: I think at the moment, the regulator and the government have not had any specific agenda to prove a domestic player in the market. I think at the moment, due to the fact that life insurance industry is still very young in the market, and therefore, the Ministry of Finance is constantly reaching out for international players like us, in order for them to build a much better legal framework, and ensuring lot to support growth in the country.

So simply put, there is absolutely no agenda to push for domestic player to be the dominant in the market.

Mark FitzPatrick: And then the lion's share of your top team, your executive and the next team down are local.

Phuong Tien Minh: Yes, we have altogether including myself, we have ten members, and I am a local Vietnamese and I have two foreigners in the team and holding important roles in the company, and that is very well received by the regulator.

Mark FitzPatrick: Actually, an interesting way, the agents, when I met them earlier on today, the senior agency leaders said how delighted they were actually that the Chief Agency Officer and the CEO are both local Vietnamese just from an element of understanding the culture, understanding the market and having a much closer contact with the customer.

And then for your second question, Nasib, the element of the industry of product mix. Yes, our product mix is very similar. And there is not anything really in our product mix of any size or scale at all vis-à-vis [editor's comment – "onerous"] guarantees. So it is a quality book in that regard. It is one that has been built over carefully over a number of years. And that discipline is something that we are going to ensure that we hold them to. Thank you.

Patrick Bowes: Thank you, Nadia. We have a large list of web questions. I will start please with Edwin Liu of CLSA. And I will just read out the question, which I think we have actually answered the channel mix and the product mix of Prudential Vietnam compared to industry mix. So I think probably the question, Minh, is our product mix similar to the rest of the industry or not?

Phuong Tien Minh: I think in terms of product mix and channel mix in Vietnam, Prudential is very in line with the industry norm. At the moment, I think, for internal products, due to the fact that all of our products need to go through the approval from the regulator, and therefore they have a very clear framework to control what sort of product available in the market and that makes all product in the market from all insurance players quite aligned with each other. And that is why we feel that the products that we have is very much in line. In Prudential, the way that we make it different is the way that we bundle with the riders and the protection rider that we have. And the way we market it in terms of the proposition and the service element of it to make it differentiated. And that method is also copied by other insurers as well.

In terms of channel mix, we are also quite similar to the industry norm in the recent year only – let me go back a little bit. Prior to 2016, the channel mix in Vietnam is pretty much 90% agency, 10% banca and other channel. Prudential is leading that type of channel mix. And we were the first company that actually focusing on diversify concentration reach in terms of channel mix by moving ahead in the banca space from 2016.

Now the market followed in 2017 and at this moment, the entire market is quite similar in terms of channel mix, which is very equal in terms of banca and agency, 50-50.

Patrick Bowes: Thank you. Got a question here from Dexter at Macquarie. The health and protection products that you are selling, is that the primary product, or are they riders to savings products?

Phuong Tien Minh: The health and protection product that we have at the moment are riders. They are very good riders and supplement the basic products that we have. So we offer a product like investment or universal life for customer, then we also bundle in the

different health and protection riders to it and make it a comprehensive product solution for entire customer segments.

Patrick Bowes: Thank you. Okay, next one is from Kailesh at HSBC asking on bancassurance. If you can give a bit of a colour on the market share that PRU has in the bank branches in Vietnam? Are the other deals exclusive or non-exclusive? And is there any great difference between the urban and rural market shares within banca? I think you highlighted in your statement that it was mainly in urban areas that use banks. And is there any difference in particular in product mix between agency and banca, typically you would expect more protection to come through agency?

Phuong Tien Minh: From our banca perspective, we have seven exclusive partners. And the partner that we have a midsize commercial bank and they are very large in terms of their network and coverage for the country. But the nature of the commercial bank is in the urban city, and therefore the customer base is actually very urban type customer.

Because of that the product mix that they have is quite similar to the product mix the agency customer in the urban city has. It is quite similar with a little bit leaning towards your investment linked due to the fact that the customer segment on the bank and usually is a higher segments.

At the moment, we hold a position of number one in terms of market share of banca business in the country, and there is no differentiation between that market share in the urban or provincial. We only measure in total bancassurance business only.

Patrick Bowes: Okay. And then a couple of questions from Thomas Wang at Goldman's. The PRU market share was around 14% in financial year '21. And which channel was the source of the market share gain? And what kind of product was the source of your success? And can you provide some colour on the solvency position of the domestic business?

Phuong Tien Minh: At the end of 2021, the market share reach at 14%. I think for the most part, it contributes from the – we enjoyed that a lot coming from the banca business. Because due to the COVID situation in Vietnam, in 2021, the agency channel suffered a little bit of setback due to the lockdown situation.

At the end of the year, that market share that we have due to the growth in banca. However, that position have been changed since November 2021 until June 2022. At the moment, our market share has improved from 14% to 18%, thanks to the fast recovery of the agency channel. In reality, for the last ten months, we were able to regain our market share for agency up to 6-7ppts. And that is a part of recovery in the market at the moment.

In terms of the product mix last year, it is divided into two different products. It is the investment-linked and a universal life. But however, for the most part, because it is driven by the investment-linked product, and the riders that we have attached to the product, and then the number of rider we saw last year have been very positive as well.

Patrick Bowes: Thank you. Mark, it is a question for you. This one is from Thomas Harmer, Mackenzie Investments. How important is Vietnam to Prudential now? And how important do you expect it to be in the next five years? And how has this evolved over the last few years?

Mark FitzPatrick: So quite simply, it is important with the level of growth rate that we are seeing in the economy, with the fact that you have got a government and a regulator that is

massively behind the growth and evolution of the industry. Given our number two position in the market, given the footprint that we have and our growing focus on urbanisation, given the fantastic agency and banca partners and support that we have, Vietnam has been important.

What you have seen is Vietnam growing in importance, the size and scale of the back book, the size and scale of the profitability coming through, the size and scale of the sales all are beginning to matter more and more. So I can really see, and in many ways, I suppose, like the world economy is seeing, Vietnam is playing a bigger role. So I do expect Vietnam to continue to play a large role and to be playing a larger role as we look forward and as we look into the future. Thank you.

Patrick Bowes: Thank you. And you touched on the profit trajectory. Blair Stewart has got a question, which is obviously you had APE growth, which was material in the first half when profits growth which was appreciable, but not of the same order of magnitude. Can you give any guidance in terms of the development of how profitability will develop in future? And connected question, which Ashik at Morgan Stanley was asking, which is, to what extent is the IFRS profit a function of sales growth rather than fee, spread and insurance margin?

Mark FitzPatrick: So let me give a first stab at that and then, Minh anything else you want to add. So I think in terms of profitability and growth to profitability, I think as we do more ILP sales as the agency business really starts coming back online, as the strength and scale of the in-force book continues to grow, ceteris paribus, which we know will not prevail because of IFRS 17, but notwithstanding, actually, we would expect to see the IFRS profitability of the business continuing to grow and continue to go quite well.

In terms of the sales growth with ILP, in terms of the profit signature component of that, it has a different profit signature than the with-profits business by definition. So as we pivot more to that, as the market does more that, would expect the IFRS profit trajectory to continue to grow and to continue to support the business. That being said, that is going to have a shelf life for you of kind of less than 12 months, because sometime in the course of the first half of next year, James is going to be sharing with you IFRS 17 numbers. And the team will also then be able to just give you a cut of IFRS numbers and the impact of that for the Vietnamese business. And I know they have been making good progress on their preparation around that. I did not know, Minh, was there anything else you wanted to say?

Phuong Tien Minh: No, there is nothing else. That is absolutely what happened because the channel mix that we have strike the right balance between banca and agency and with the fast recovery in agency, we feel that that the profitability, we will need to get it actually in a positive trend.

Patrick Bowes: Thank you. I will conflate a couple of the last questions, as conscious of time. Could you give us an idea of the sort of returns that are available on the traditional products? You mentioned that there were not significant guarantees, but for those that are - can you give us an idea of what the sort of returns are? And then on the unit-linked side, what is the popular client demand? What sort of assets are people wanting to put into the unit-linked product? And what was the next one? Those are the two on products.

Mark FitzPatrick: Okay. So I do not think we are necessarily going to go into the detail of the traditional product. Specific returns, suffice to say, actually, we have a general mantra and a general discipline of being very committed to high IRRs and fast paybacks. So continue

to see that component playing through. And as for the element of ILPs, candidly, I am not sighted on that. Minh, I wonder if you have a lens on that in terms of the type of components that there is customer demand for?

Phuong Tien Minh: Yes, thank you for that question, because of the fact that of the customer segment that we are attracting in the past two years have been urban customer coming from bank who has investment needs and certain needs. And therefore, when they bought an ILP product, they have a tendency to choose equity funds with elements that ~~guarantee them a certain~~ [editor's comment: "provides a"] return on a saving. So those are the two types of funds that I think is popular for Vietnam at the moment to satisfy the investment needs.

Mark FitzPatrick: Okay, so the majority, nearly two thirds, are effectively kind of equity focused ILP. And that is the key component that investors are focusing on having an appetite for. And the exchange is doing well unlike many other markets. So it is supporting that level of appetite for the consumers.

Patrick Bowes: And one further one on the traditional business. Could you just give us an idea of the duration of the products for that traditional business? Is it two year pay, five year pay, ten year pay? That is from the Ashik of Morgan Stanley again.

Mark FitzPatrick: Okay. So I think it is quite lengthy in terms of duration. I think it is what, it will be in the five to ten-plus, yeah, in terms of that type of scope. So they are lengthy contracts. And the policy payment period is effectively recurring premium, and therefore that component will continue for some time.

Patrick Bowes: And then the final one I have is; Greig Paterson slipped in a question on both the webcast and orally. But his question is, you refer to potential bancassurance, an interest in bancassurance developments next year. Are you able to give us any colour on that and timing and size and so forth?

Mark FitzPatrick: I think at this stage, Greig, the cheeky question deserves a cheeky answer, which is, we continue to keep ourselves open for possibilities in the future as things evolve as against anything specific at this stage.

Patrick Bowes: Okay, Nadia, that concludes the web questions.

Mark FitzPatrick: That is great. Nadia, thank you very much indeed. And everyone, thank you very, very much for joining us. And I would like to take an opportunity to thank, Minh and the and the team for hosting us today and for giving you a chance to glance inside the business. Just be reminded how fantastically well Vietnam is doing. And also, just get a sense in terms of how well in the momentum that our business here in Vietnam is doing.

Just some high-level broad comments, just to remind everybody, now we are exclusively Asia, Africa focused. We have a multi-channel distribution. We have a good geographic footprint in terms of Southeast Asia effectively being 50% of our APE, NBP and IFRS op profit earnings. We continue to focus hugely on the digitisation opportunities, and you heard that from Minh. And agency continues to be a very, very important part of the business. And it was great to see the agents today and how excited, how motivated, how ambitious they were to be able to grow their business even further.

So I think as we look forward, as Minh and the team continue to try and outperform the market, we look forward to being able to bring you further updates in terms of the Vietnamese business. But thank you very much everybody for your time and attention. And I look forward to hosting another one of these before the end of the year. So thank you very much and enjoy the rest of your day. Thank you. Minh, thank you once again.

Phuong Tien Minh: Thank you, Mark. Thank you.

[END OF TRANSCRIPT]