

Prudential Investor Day Video China and Hong Kong

Seizing Growth Opportunity Through Exceptional Customer Experience

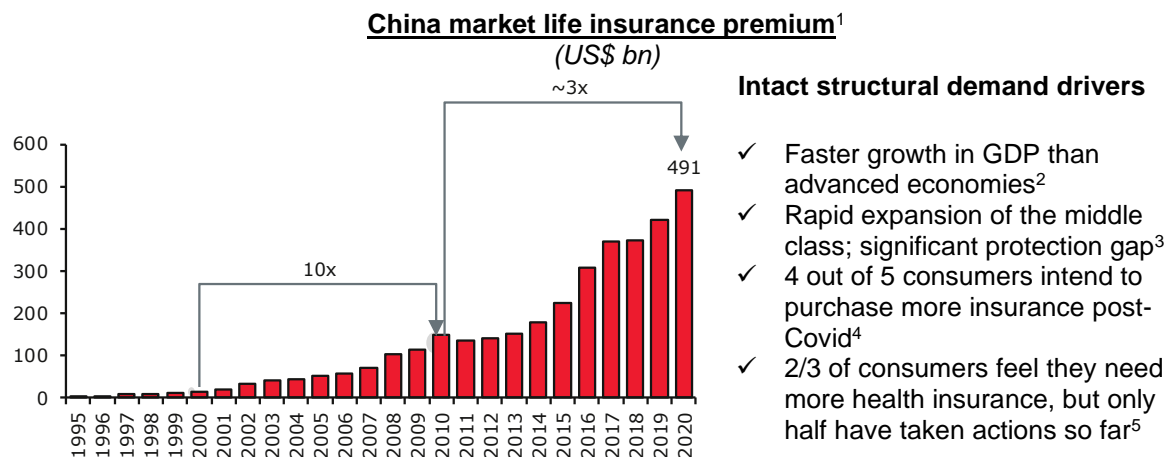
Lilian Ng

*Chief Executive, Insurance, Prudential Corporation Asia
Chairman, Prudential Hong Kong*

Family is important in China. Family in Chinese is 家 *jia* and Country is 国家 *guo jia*. There are 2 significant meanings of 家 *jia*... the Family is the smallest Country, and the Country is tens of thousands of Families.

China's traditional, bottom-heavy, multi-generation household family structure was disrupted by the one child policy. One child is supported by two parents and four grandparents. They devote full, emotional and financial resources upon the child. These family values have helped China overcome many adversities, including the disruption of Covid-19. And with the everyday digital lifestyle, the disruption was short-lived, and connections continue.

China's life insurance industry is experiencing strong growth given the low penetration, aging population, emerging middle class, and rapid urbanisation. To ride on this growth journey, the customer offer strategy for a business must consider both family values and digital lifestyles.



Source: 1. CBIRC, Swiss Re; 2. IMF, World Economic Outlook (June 2020), Real GDP growth; 3. Swiss Re Asia's health protection gap: insights for building greater resilience. October 2018 Represents China, India, Japan, Korea, Indonesia, Malaysia, Taiwan, Vietnam, the Philippines, Singapore, Hong Kong and Thailand; 4. McKinsey report, titled: "How Covid-19 is accelerating 5 key trends shaping the Chinese economy"; 5. Morgan Stanley report: "Key trends shaping the Chinese economy"

Our insurance presence in China is via CITIC Prudential Life, or CPL, and we just celebrated our 20th anniversary last year. The 2020 report card presented to customers highlighted a total premium growth of 9.5%; net profits of RMB 2.4 billion; 19 consecutive "A" risk ratings, and a solvency ratio of 249%.... all solid results.

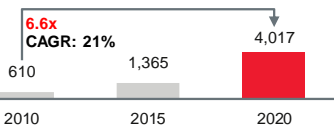
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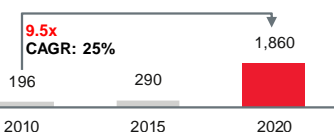
Scale of CPL

3rd largest market to PCA by APE (50% basis)
while continuing to grow margins

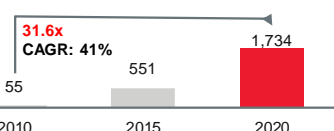
APE (RMB m, 50% basis)



NBP (RMB m, 50% basis)



IFRS Profit (RMB m, 50% basis)



Business Profile of CPL

RP APE Mix **82%**
FY 2020

Agency:
Partnerships **40:60**
Avg 2018-20 (APE)

Yr1
Persistency **>90%**
FY 2020

Total
Assets
Growth **24% CAGR**
2015-20

Solvency
Ratio **249%**
FY 2020

But, the set of numbers that caught the eye of the customers was on "Claims". We paid RMB1.4 billion in claims to 700,000 policyholders. This result is a testament to CPL's customer-oriented culture and keeping to our claims promise.

CPL Report Card FY2020



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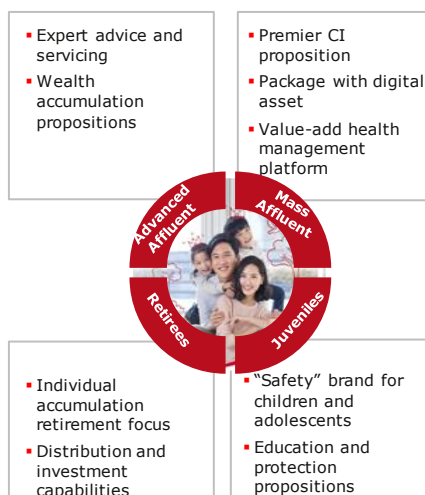
Behind two “giant” shareholders, the heritage of Prudential, and the diverse conglomerate of CITIC, CPL has built a trusted brand that has attracted over 1.6 million customers.

There are 2 Chinese phrases that capture what CPL does for our customers.

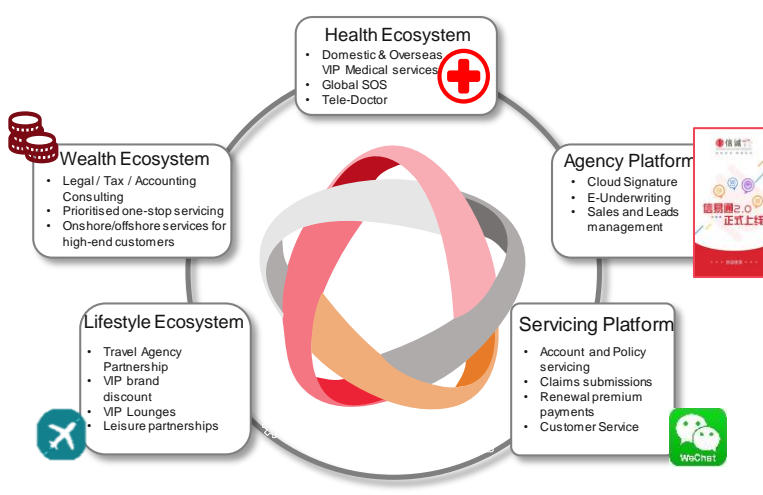
- First, **生老病死** (“sheng lao bing si”): From birth to old age, sickness to death. As a life insurer, we have the responsibility to present solutions that address the financial security and well-being for families, during these life stages.
- The second is **衣食住行** (“yi shi zhu xing”): Clothing, food, shelter and transportation. The built-in related services of CPL’s solutions enhance the experience of this basic and material needs of the consumers.

Our solutions and services are combined in an ecosystem that provides an integrated experience. Meeting the full demands of customers, strengthens our relationships with them.

Comprehensive Propositions



Integrated Experience



We have upgraded our award-winning critical illness solution to be more relevant. Beyond protection, we offer a health concierge that provides preventive healthcare, green lane hospital access and rehabilitation services. Our aim is to make healthcare affordable and accessible to all.

Value Adding Services of CPL around Critical Illness Product



With children being the focus of the modern family, parents are more willing to channel financial resources into their education and protection. Expectant parents could pre-purchase our critical illness plan during the gestation of their child, to enjoy protection at birth.

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Juvenile Version of Award-Winning Huikang Critical Illness



产品特点
Product Features

轻症疾病保障 40种轻症 最高6次赔付，最高累计给付120%基本保险金额	中症疾病保障 20种中症 最高6次赔付，最高累计给付300%基本保险金额	重大疾病保障 120种重疾 给付100%基本保险金额	少儿特定重度恶性肿瘤保障 18周岁前确诊5种少儿特定重度恶性肿瘤额外给付100%基本保险金额
少儿特定疾病保障 10种少儿特定疾病给付100%基本保险金额	少儿特定疾病豁免保险费 确诊10种少儿特定疾病，豁免本主险合同余下各期保险费	生命特别关爱 严重疾病末期且符合给付条件，给付100%基本保险金额	身故/全残保障 最高给付100%基本保险金额

Our popular education plan accumulates an insurance fund, covering from kindergarten to post-graduate studies. We partnered with the China Children and Teenagers' Fund, to offer travel insurance and healthcare for youngsters studying overseas.

To cater for the digital lifestyle, engagement, fulfilment and servicing with customers and distributors, are carried out through our mobile first 信易通(xin yi tong) app. We launched the "Virtual lounge" last July, leveraging technology to humanise connection between the agent and the customer. This was very well recognised by the digital media for our customer centricity.

Xin Yi Tong



CPL Virtual Lounge

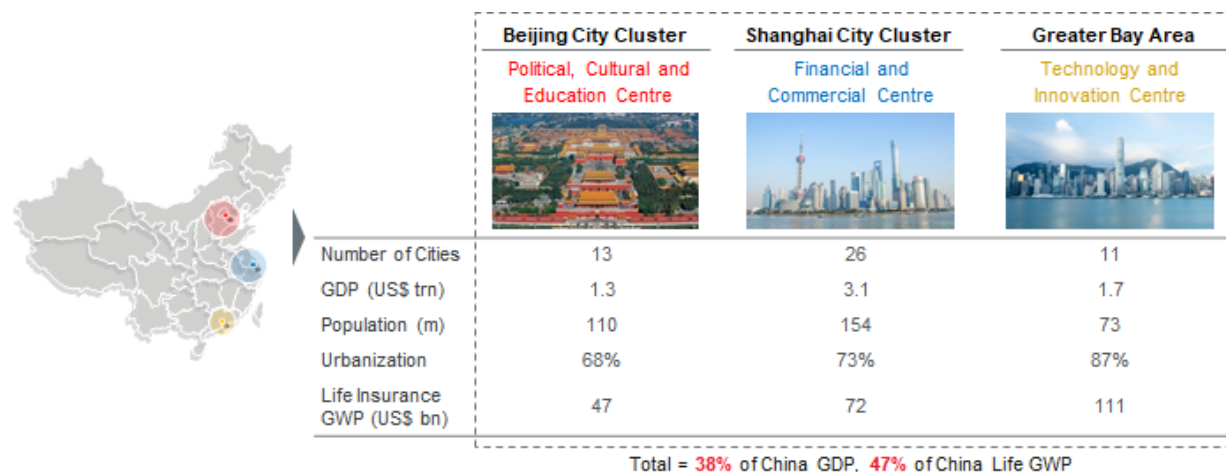


A video call between an agent and a customer. The agent shares the screen on mobile while explaining product features.

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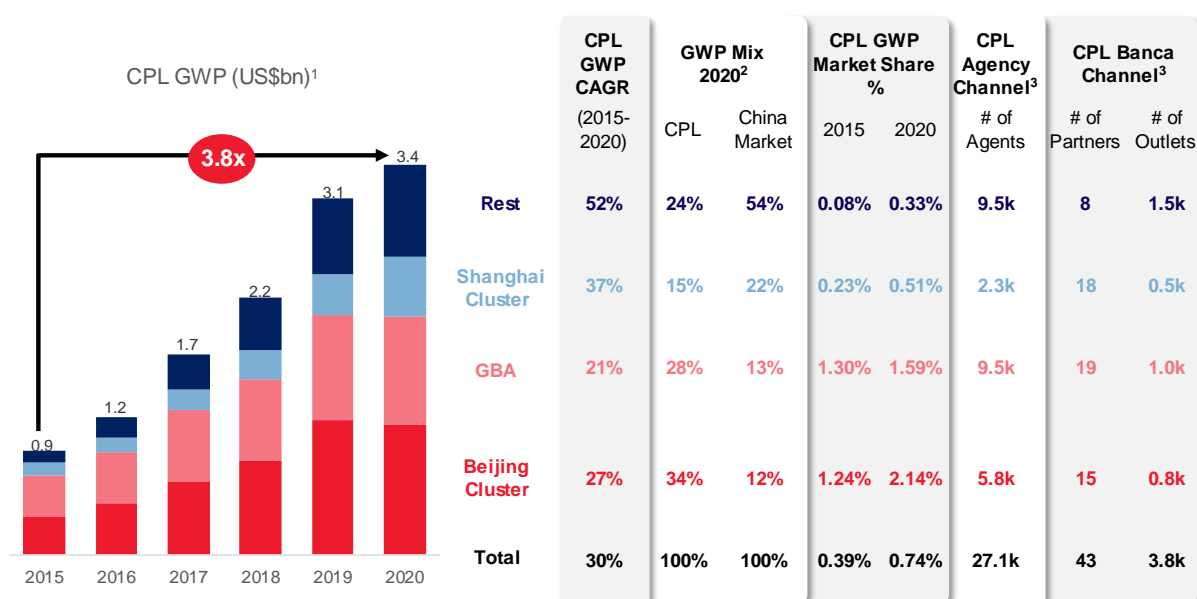
We have oriented our customer segmentation strategy to align with the State Policy of driving growth and development by city clusters.

Three Leading City Clusters in China



Source: Government disclosure and CBIRC. Life GWP for the city clusters estimated based on provincial level data

Views of Premiums by City Cluster



Beijing Cluster includes Beijing, Tianjin and Hebei branches

GBA includes Guangdong and Shenzhen branches, excludes Hong Kong and Macau

Shanghai Cluster includes Jiangsu, Zhejiang, Shanghai and Anhui

Rest represents CPL's presence in the rest of China (not included in the above clusters)

Notes: 1. 100% CPL GWP under constant exchange rate basis; 2. Based on 2020 internal and CBIRC data; 3. As at end of 2020

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Beijing is the political and cultural hub and home to the High Net Worth households in China.

Our wealth management platform 传家 *chuan jia*, offers advice on legacy planning and inter-generational insurance solutions. These are ideal for the high net worth families in Beijing. As these customers prefer to deal with trusted advisors, they are served by our elite agents. Our 3% market share in Beijing is a testament to the strengths of the agency force as they establish trusting relationships with customers.

Our 26,000 agents serve over 1 million customers across China. And our Million Dollar Round Table or MDRT agents tripled in 2020 to over 1,600 qualifiers¹. MDRT is symbolic of agents providing sound advice and excellent service.

CPL: Enabling Agency with Technology

- Building quality in agency, with **MDRT** +3x to **>1,600**
- Agency H&P APE mix **53%** (up from 38%)
- Digital products launched in Feb; Agency profiling /assessment / recruitment / training all **moved online**
- **62%** of new agency cases sold virtually in FY20

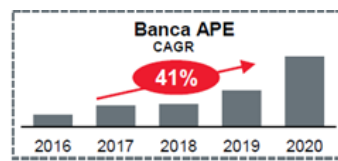
Note: figures quoted above refer to whole of CPL in FY20

Shanghai is the financial hub for China; and the city with style. Being rated as the best city for business by Forbes, it is also a city for entrepreneurs. Solutions for business owners, such as group life and group health, are in demand. As the population gets older, we have a range of pre-retirement and annuity products available to business owners and their employees. We have a stronghold on bancassurance in Shanghai. We work with both national and regional banks to penetrate their retail and business banking segments.

Bancassurance is an extension of our growth engine. We have access to 3,700 outlets across China, supported by 2,300 insurance specialists catering to the customers of the banks.

Strength of CPL's Partnership Distribution

- Banca APE **+41%**(2016-20)
- Supported by **43** bank partners,
3,700+ bank outlets;
2,300+ Insurance Specialists (**+22%** 2019-20)



Note: figures quoted above refer to whole of CPL in FY20, unless otherwise stated

The **Greater Bay Area**, or GBA, is a technological and innovation centre attractive to the youthful workforce. It is not surprising that the two most in-demand services are healthcare and childcare. Our health and education solutions are primed for this target segment.

We also work with digital platform giants such as AirStar by Xiaomi and LU.com, to offer unique wealth and protection propositions. We are giving the young mass affluent customers more avenues to obtain affordable insurance.

¹ Represents whole of CPL across all branches in mainland China

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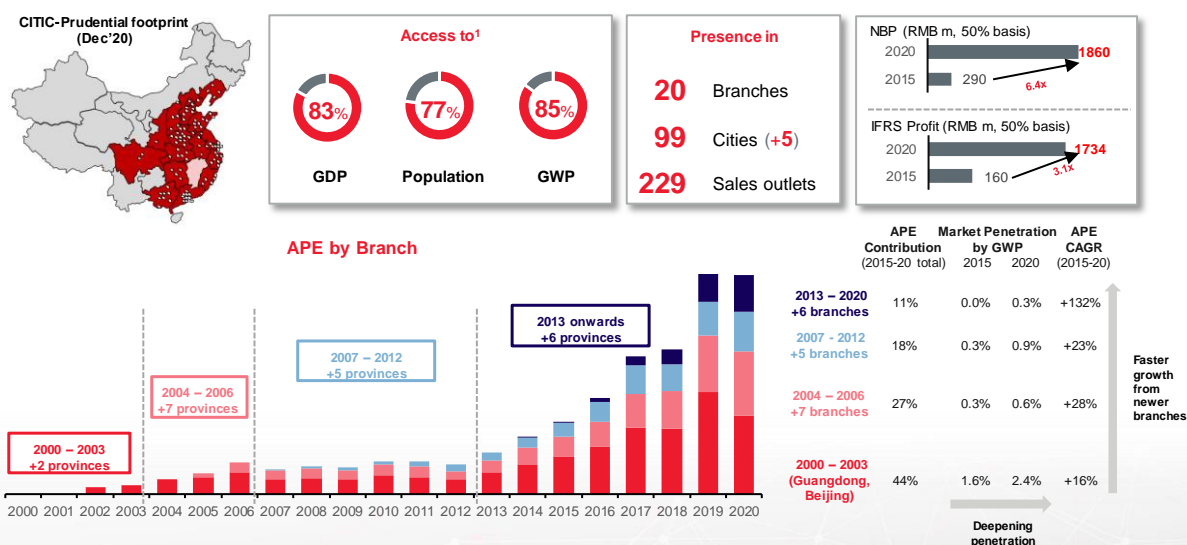
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Propositions offered via LU.com



We continue to innovate our platform, to broaden our franchise across the provinces and cities in China. Our purpose is to ensure our customers purchase solutions that meet their needs and are served by the channel of their choice.

CPL Geographical Franchise



1. 2020 data for GDP and GWP; 2019 for population. Sources from National Bureau of Statistics and CBIRC

2. On a constant exchange rate basis

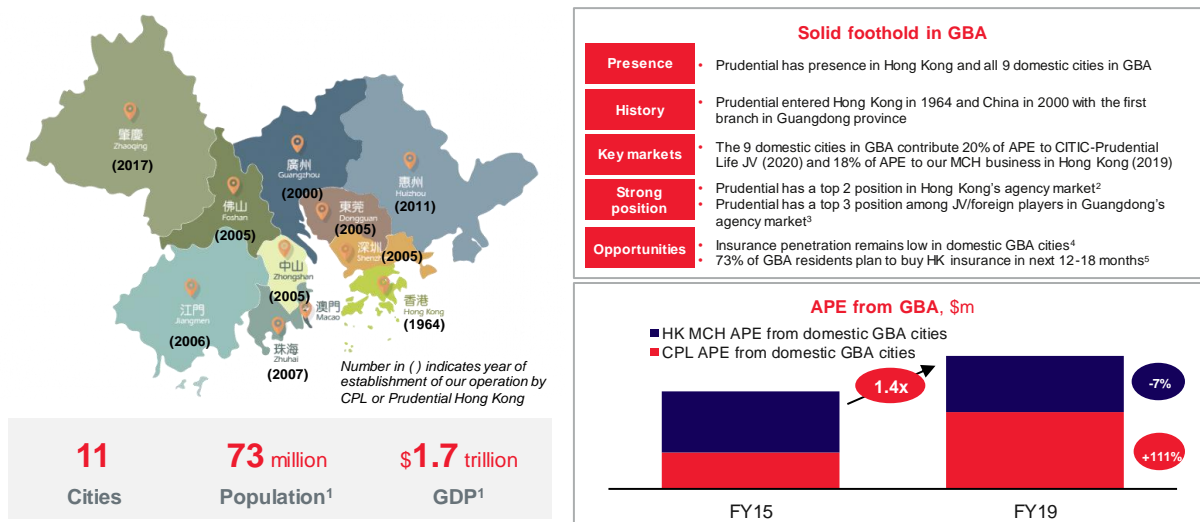
Source: 2020 data for GDP and GWP; 2019 for population. Sources from National Bureau of Statistics and CBIRC, constant exchange rate basis

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The “Insurance Connect” scheme was announced to enhance the connectivity of cross-boundary insurance services, as a next step in the financial integration of the GBA. The initial phase enables Hong Kong insurers to establish service centres in Mainland GBA cities for after-sales services.

Well Positioned in Greater Bay Area



Notes: 1. 2019 figures; source from HKSAR government (bayarea.gov.hk); 2. By FY2020 APE based on HKIA disclosure; 3. By unweighted new premiums; as of first 11 months of 2020; 4. Source: “Are You Ready for the Financial Services Opportunities of China’s GBA” (Bain & Co); 5. Source: Greater Bay Area (GBA) Customer Opportunity joint studies with BCG as of January 2021

There have been continuous cross-fertilisation of product concepts, distribution knowledge, and servicing solutions between our two businesses across the border for over 20 years. With Insurance Connect, we are leveraging capabilities to create synergies for both CPL in China and Prudential Hong Kong.

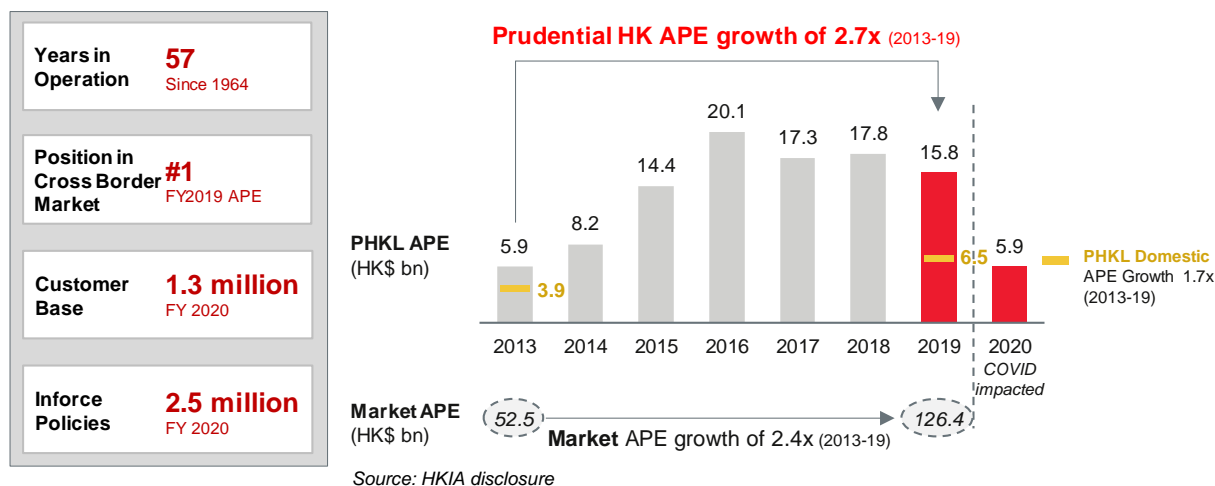
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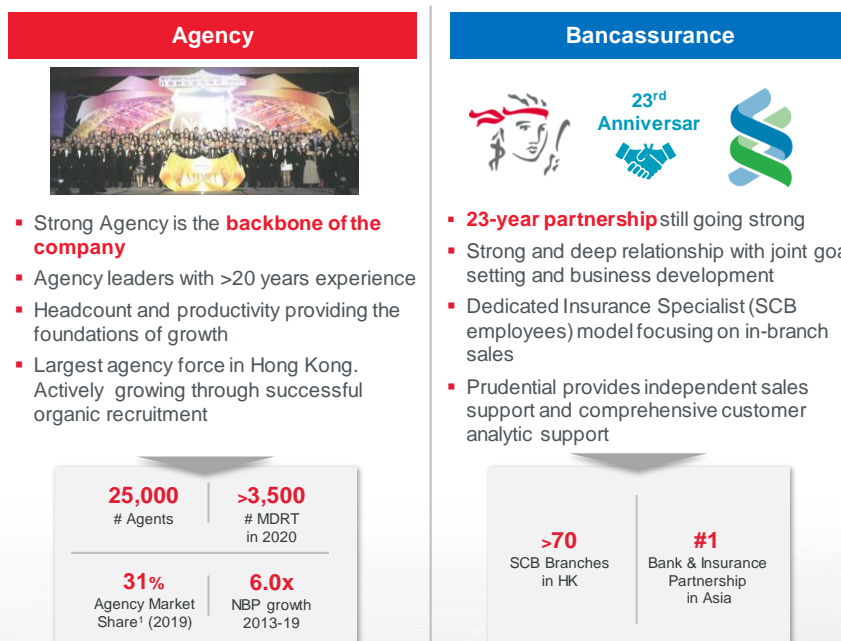
Derek Yung
CEO, Prudential Hong Kong

The insurance market is sizeable in Hong Kong and saw a 141% growth (2.4x) between 2013 to 2019. HK\$120 billion of new business premiums were written in 2019². Mainland Chinese visitors to Hong Kong drove the growth of the industry, contributing more than 40% of new premiums³. Over the same period, Prudential Hong Kong grew 167% (2.7x), faster pace than the market.

Prudential HK: Business Profile



Prudential Hong Kong operates on a multi-distribution platform and provides customers choice on how they prefer to be served. We have the largest agency force. 30% of our 25,000 agents are post-graduates. And over 3,500 MDRTs are trusted advisors. Our long-standing strategic alliance with Standard Chartered Bank has grown from strength to strength for more than 20 years.



Note: 1) HKIA disclosure

² Based on HKIA disclosure

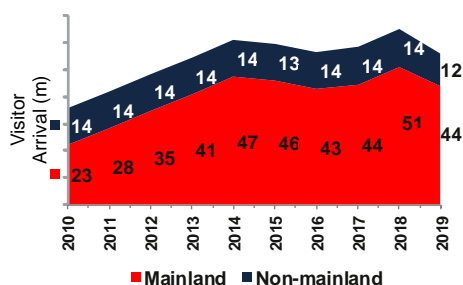
³ For 2016-2019, based on HKIA disclosure

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Prudential is ranked first in Net Promoter Score, a clear reflection of our customer approach, and why we are a trusted brand.

Buying insurance products is one of key activities for Mainlanders while in the city. They frequently travel to and from Hong Kong for business, higher education, and access private healthcare facilities. The key reasons attracting these visitors to purchase Hong Kong insurance products are diversification in currency and asset class; while brand and trust are also important considerations.

Number of Visitors to Hong Kong



- Number of Mainland Chinese visitors increased steadily
- Affluent middle class segment (frequent business travellers) with propensity to purchase range of financial products

Attractiveness of Hong Kong Policies



- Purchase drivers of insurance by mainland Chinese customers are:
 - Multiple currencies
 - Globally diversified asset classes
 - More trustworthy reputation
 - Better customer service
 - More attractive product features

Source: Census & Statistics Department, Hong Kong Tourism Board

Our unique and capital-efficient, With-Profits Fund, enables us to offer propositions with basic guarantee for policyholders to diversify their portfolio of assets. Our critical illness products provide financial freedom to customers during difficult times, and open doors to premium healthcare facilities, when needed. So far, over half a million Mainland customers have purchased our critical illness products.

Selected Solutions of Prudential Hong Kong

Savings



Evergreen Growth Saver Plus II

- PHKL's leading saving product
- Provides a long-term savings solution
- Unique 90/10 participating products

Retirement



PRURetirement Deferred Annuity Plan

- 20 years of monthly annuity income
- Tax relief for premiums
- Sign and go - no need for health information

Health & Protection



PRUHealth Critical Illness Extended Care II

- PHKL's leading protection product
- Provides protection against critical illnesses
- More comprehensive coverage, with long-term savings returns

Medical









PRUHealth Medical Plan Series

- Medical plan providing affordable cover
- Covers from diagnosis to recovery

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Hong Kong's limited availability of social security and employer contributions have resulted in people having to purchase savings and insurance products for themselves.

Domestic Market Insurance Demand Drivers

Retirement Savings	 Social Security <ul style="list-style-type: none"> Government Pensions <ul style="list-style-type: none"> A safety net Maximum support for 60+ is ~HKD6,500 per month provided asset <HKD50,000¹ 	 Mandatory Savings & Corporate Pensions <ul style="list-style-type: none"> MPF (Mandatory Provident Fund) <ul style="list-style-type: none"> Employee/employer contributes 5%; ~HKD 1,500 max each per month² 4.5m members², average balance ~HKD 255k² 	 Voluntary Savings & Insurance <ul style="list-style-type: none"> Insurance Bank deposits Mutual funds
Health and Protection Needs	 Aging but inadequately covered HK population <ul style="list-style-type: none"> Widespread incidence of low benefit Group Medical schemes means a significant % of HK population needs a complementary medical product 	 HKSAR Govt. medical funding reform <ul style="list-style-type: none"> HKSAR long term plan to manage down medical expenditure as % of GDP Increasing public awareness of need to bear a larger proportion of medical expenses personally 	 Medical inflation <ul style="list-style-type: none"> Advancement of medical technology driving rapid increase in diagnosis and treatment costs of approximately 8-9% p.a.³

Note: 1) Standard rates, eligible supplements and special grant provided by the HK social security under the CSSA (Comprehensive Social Security Assistance) Scheme; 2) Mandatory Provident Fund Schemes Statistical Digest as at Dec 2020; 3) Mercer MMB Health Trends: 2020 Insurer Survey

To extend access to affordable healthcare, the Voluntary Health Insurance Scheme or VHIS was introduced. Prudential offers a full range of VHIS products. Our market share is at 22% in the mid-tier segment.

Prudential is a market leader in critical illness solutions, and we on-boarded more than 525,000 Hong Kong customers. Cancer is one of the major diseases in the city.

We have fully embraced the government's "Qualified Deferred Annuity Plan" for retirement, making Prudential one of the leading players with over 15% of the market in 2020.

We are collaborating with regulators to deploy the "Protection Linked Plan" providing insurance coverage with flexible investment choices.

Product Innovation and Focus on Quality

- ✓ QDAP: **Top 3** with **over 15%** market share¹
- ✓ **13** new standalone and revamped products;
Business@Pulse launched in April; **PRUHealth VHIS VIP** launched in September
- ✓ Domestic H&P NBP in 2H20 **+8%** YoY (FY20: -1% YoY)

98%
Regular
premium mix

97%
customer
retention ratio

Note: 1) Since launch in April 2019

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Sam Lim
Chief Transformation Officer, Prudential Hong Kong

The pandemic has prompted people to be more health conscious. Demand has increased for priority access to healthcare products and services. To this end, we are connecting customers and families with a range of relevant health and wellness services, through our digital engagement platform, **Pulse**. The app has seen over 700,000 downloads. In the first 24 hours of launch, Pulse was downloaded 200,000 times.

Value Added Services with Pulse at Centre



- ✓ All-in-one, AI-powered, holistic health and wellness proposition



- ✓ **Smart Appoint:** Appointment of a Designated Person to facilitate medical claims when policyholder is unable to do so



Treatment Sure

- ✓ Medical Advisory Service, offering independent medical opinions



Business @Pulse

Digital ecosystem for SMEs

Mobile doctor

- ✓ Search for panel doctors nearby

WorknPlay

- ✓ Wellness programs to improve employees' health and well-being beyond work

Privilege

- ✓ Privileges on health, family and lifestyle related products

Employee privileges

- ✓ Discounts on health offers

Lilian Ng
*Chief Executive, Insurance, Prudential Corporation Asia
Chairman of Prudential Hong Kong*

For the Chinese, Family signifies responsibility and care. It is often said that parents live for their children, and children also live for their parents.

Our scalable platforms, and best-in-class management teams will deliver sustainable growth for our customers, and for our business.

Our customer centric approach, in both China and Hong Kong, aligns to the goals and aspirations of families, as we partner with them to unlock their dreams.