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
Our Senior Leadership Team

Strong & highly experienced management team
Board has 50+ years combined experience with Prudential
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
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**

- 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

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

1. As % of GDP
Source: IMF, Swiss Re, Asian Development Bank, World Bank, BMI Insurance Report, Swiss Re Indonesia Report
Macroeconomic Environment

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

**Indonesia GDP Growth % & Inflation Rate**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6</td>
<td>4.4</td>
<td>4.3</td>
<td>4.6</td>
<td>4.6</td>
<td>6.0</td>
<td>6.3</td>
<td>5.8</td>
<td>6.8</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
<td>6.3</td>
<td>6.4</td>
<td>6.2</td>
<td>6.1</td>
<td>6.0</td>
<td>6.0</td>
<td>5.9</td>
<td>6.6</td>
<td>5.8</td>
<td>5.2</td>
<td></td>
</tr>
</tbody>
</table>


**Forex (IDR to GBP), JCI & BI Rate**

Source:
- [www.tradingeconomics.com](http://www.tradingeconomics.com)
- [www.bi.go.id](http://www.bi.go.id)
- BPS (Biro Pusat Statistik, the Indonesia statistics bureau)
- Yahoo Finance

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.
Increasing wealth creation to 
Support growth in the middle class

INDONESIA HOUSEHOLD INCOME SEGMENTS

<table>
<thead>
<tr>
<th>Monthly Household Expenditure (IDR millions)</th>
<th>Indonesian Population 2012 (millions)</th>
<th>Indonesian Population 2020 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elite</td>
<td>Above 7.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Affluent</td>
<td>5.0 – 7.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Upper Middle</td>
<td>3.0 – 5.0</td>
<td>23.2</td>
</tr>
<tr>
<td>Middle</td>
<td>2.0 – 3.0</td>
<td>41.6</td>
</tr>
<tr>
<td>Emerging Middle</td>
<td>1.5 – 2.0</td>
<td>44.4</td>
</tr>
<tr>
<td>Aspirant</td>
<td>1.0 – 1.5</td>
<td>65.4</td>
</tr>
<tr>
<td>Poor</td>
<td>Below 1.0</td>
<td>64.5</td>
</tr>
</tbody>
</table>

74 Million Middle Affluent Class in 2012
141 Million Middle Affluent Class in 2020

Source: Boston Consulting Group
International companies have more than 50% market share of the industry

**Market Landscape**

- **1997**
  - 62 Companies
  - Local: 39
  - State Owned: 22
  - International: 1

- **HY 2014**
  - 50 Companies
  - Local: 30
  - State Owned: 19
  - International: 1

**Market share Key Competitors**

- Prudential: 25% (H1 2014), 23% (H1 2013)
- AXA: 14% (H1 2014), 11% (H1 2013)
- AIA Financial: 8% (H1 2014), 8% (H1 2013)
- Allianz: 6% (H1 2014), 7% (H1 2013)
- Manulife: 5% (H1 2014), 4% (H1 2013)

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

Market Share: Weighted New Premiums

New weighted premiums are industry reporting metric derived from new premiums received rather than annualized.

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

### About Prudential Indonesia

- **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

---

<table>
<thead>
<tr>
<th>Prudential Indonesia - Key Highlights</th>
<th>2008</th>
<th>2013</th>
<th>CAGR</th>
<th>HY 2013</th>
<th>HY 2014</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>APE</td>
<td>160</td>
<td>399</td>
<td>20%</td>
<td>185</td>
<td>184</td>
<td>0%</td>
</tr>
<tr>
<td>NBP</td>
<td>92</td>
<td>401</td>
<td>34%</td>
<td>175</td>
<td>183</td>
<td>4%</td>
</tr>
<tr>
<td>IFRS Profits</td>
<td>50</td>
<td>249</td>
<td>38%</td>
<td>114</td>
<td>142</td>
<td>24%</td>
</tr>
<tr>
<td>AUM</td>
<td>461</td>
<td>2,128</td>
<td>36%</td>
<td>2,149</td>
<td>2,451</td>
<td>14%</td>
</tr>
</tbody>
</table>

* Using constant GBP Rate HY 2014 = 19,573.46
Agenda

- Market and Business Overview
- Business Priorities
- Summary
The islands of Java and Sumatera contribute **83% of the GDP & 85% APE (H1 2014)**

### Agency Strategy: Follow the Money…

**Source:** Badan Pusat Statistik Indonesia per Q1 2014

<table>
<thead>
<tr>
<th>Year</th>
<th># Sales Offices</th>
<th># Total Agents</th>
<th>- # Agents</th>
<th>- # Leaders</th>
<th># Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>3</td>
<td>251</td>
<td>247</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>14</td>
<td>1,526</td>
<td>1,385</td>
<td>141</td>
<td>10</td>
</tr>
<tr>
<td>H1 2014</td>
<td>371</td>
<td>226,662</td>
<td>213,940</td>
<td>12,722</td>
<td>152</td>
</tr>
</tbody>
</table>
Agency market outperformance driven by developing the right people, products, GA model, training and technology.

CAGR (2002 – 2013)
APE  35%
Total Agents  39%

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

### Segmented Training Strategy

**Raw Talent**
- **New Agents**
  - Fast Start
  - Agent Workshop Series
  - Compulsory basic knowledge for new recruitment agent
  - 9 modules compulsory for agents to get promoted to Unit Manager

**High Performers**
- **Producers**
  - Best Practice Series
  - Financial Planning
  - Equip both agent and leader in managerial and selling skill
  - RFP in collaboration with University Indonesia

**Leaders**
- **PPM Leadership Training**
- **Monitoring & Supervision**
- **Recruitment Selection & Blueprint**
  - Basic Managerial Skill
  - Activity Management
  - Enhanced Quality of Recruiting
  - Selection & Interview Concept

### Training Modules

- **CPD 1 – 6**: Sales Process, Sales Training for Insurance Producer, Financial Selling Skill Part 1 & 2, AML/KYC, Elective Modules
- **CPD 7 – 13**: Needs based selling skill, claim, underwriting, Product Portfolio, AML/KYC, Elective Modules, Personal Development

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%)

- **2010**
  - AGENCY: 24%
  - BANCA: 33%
  - OTHERS: 32%
  - Total: £1.2 bn

- **2013**
  - AGENCY: 32%
  - BANCA: 48%
  - OTHERS: 19%
  - Total: £1.71 bn

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

- **Top 20 Banks**
  - Total Assets: £199 bn

- **Other Banks**
  - Total Assets: £22 bn

Source: Indonesian Bank Statistics, Dec’12

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

- 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.
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**

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

**INVESTMENT**

<table>
<thead>
<tr>
<th>9 FUND CHOICES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RISK</strong></td>
</tr>
<tr>
<td><strong>RUPIAH</strong></td>
</tr>
<tr>
<td><strong>USD</strong></td>
</tr>
<tr>
<td>Greater China</td>
</tr>
<tr>
<td>Equity Plus</td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>Managed Plus</td>
</tr>
<tr>
<td>Managed</td>
</tr>
<tr>
<td>Fixed Income</td>
</tr>
<tr>
<td>Cash</td>
</tr>
</tbody>
</table>

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

- Child birth
- Child Education
- Productive working life
- Marriage
- Retirement

Customer Value – PRUlink assurance account
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.

- 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 PRUaman:
  - Supports regulator’s objectives
  - This segment is well positioned to transition to our target market
  - Product has positive margins
Currently 5 DMCs spread across 4 cities for dedicated provinces across Indonesia

Operations: Highly efficient, integrated back office

SALES PROCESS

POLICY DELIVERY TO CUSTOMER

Applications sent to DMC for processing

Policy couriered to salesforce for delivery to customers

DOCUMENT MANAGEMENT CENTRE (DMC)

Document Collection → Scanning and Indexing → Data Capture/Data Entry

PRUDENTIAL INDONESIA

Auto Underwriting Process (Magnum)

Auto Distribution Process (Workflow)

Tie up with medical panels for e-medical reports

Soft copy for printing sent electronically via secure FTP

POLICY PRINTING AND PRODUCTION

Applications sent to DMC for processing

36% issuance using system built Auto Underwriting rules

Issuance of 89% of submissions

PRUDENTIAL INDONESIA

Applications sent to DMC for processing

36% issuance using system built Auto Underwriting rules

Issuance of 89% of submissions

PRUDENTIAL INDONESIA
Enhanced experience to customer and salesforce with availability of various technology platforms while interacting and transacting.
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
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
Agenda

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Summary

Prudential’s key strengths:

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- **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
Thank You.