



# **Prudential Corporation Asia**

Investor Presentation

June 2020

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty.

A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, future market conditions, including fluctuations in interest rates and exchange rates, the continuance of a sustained low-interest rate environment, and the impact of economic uncertainty, asset valuation impacts from the transition to a lower carbon economy, inflation and deflation and the performance of financial markets generally; global political uncertainties; the policies and actions of regulatory authorities, including, in particular, the policies and actions of the Hong Kong Insurance Authority, as Prudential's new Group-wide supervisor, as well as new government initiatives generally; the impact of continuing application of Global Systemically Important Insurer or 'G-SII' policy measures on Prudential; the impact on Prudential of systemic risk policy measures adopted by the International Association of Insurance Supervisors; the impact of competition and fast-paced technological change; the effect on Prudential's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates; the physical impacts of climate change and global health crises on Prudential's business and operations; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of internal transformation projects and other strategic actions failing to meet their objectives; the risk that Prudential's operational resilience (or that of its suppliers and partners) may prove to be inadequate, including in relation to operational disruption due to external events; disruption to the availability, confidentiality or integrity of Prudential's IT, digital systems and data (or those of its suppliers and partners); any ongoing impact on Prudential of the demerger of M&G plc; the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; the impact of legal and regulatory actions, investigations and disputes; and the impact of not adequately responding to environmental, social and governance issues. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk Factors' in Prudential's Full Year 2019 Results Regulatory News Release. Prudential's Full Year 2019 Results Regulatory News Release is available on its website at [www.prudentialplc.com](http://www.prudentialplc.com).

Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.

## Key messages

High quality franchise; well positioned for profitable growth

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- ✓ Structural long-term trends intensifying in current environment
- ✓ Diverse, high-quality platform aligned to opportunities
- ✓ Accelerating digital development amplifying current franchise and strengths
- ✓ Resilient earnings progression underpinned by recurring premiums
- ✓ Strong capital position and low balance sheet risk
- ✓ Well positioned to deliver sustainable, profitable growth

## **Agenda**

**Context and performance**

**Strategic priorities and progress**

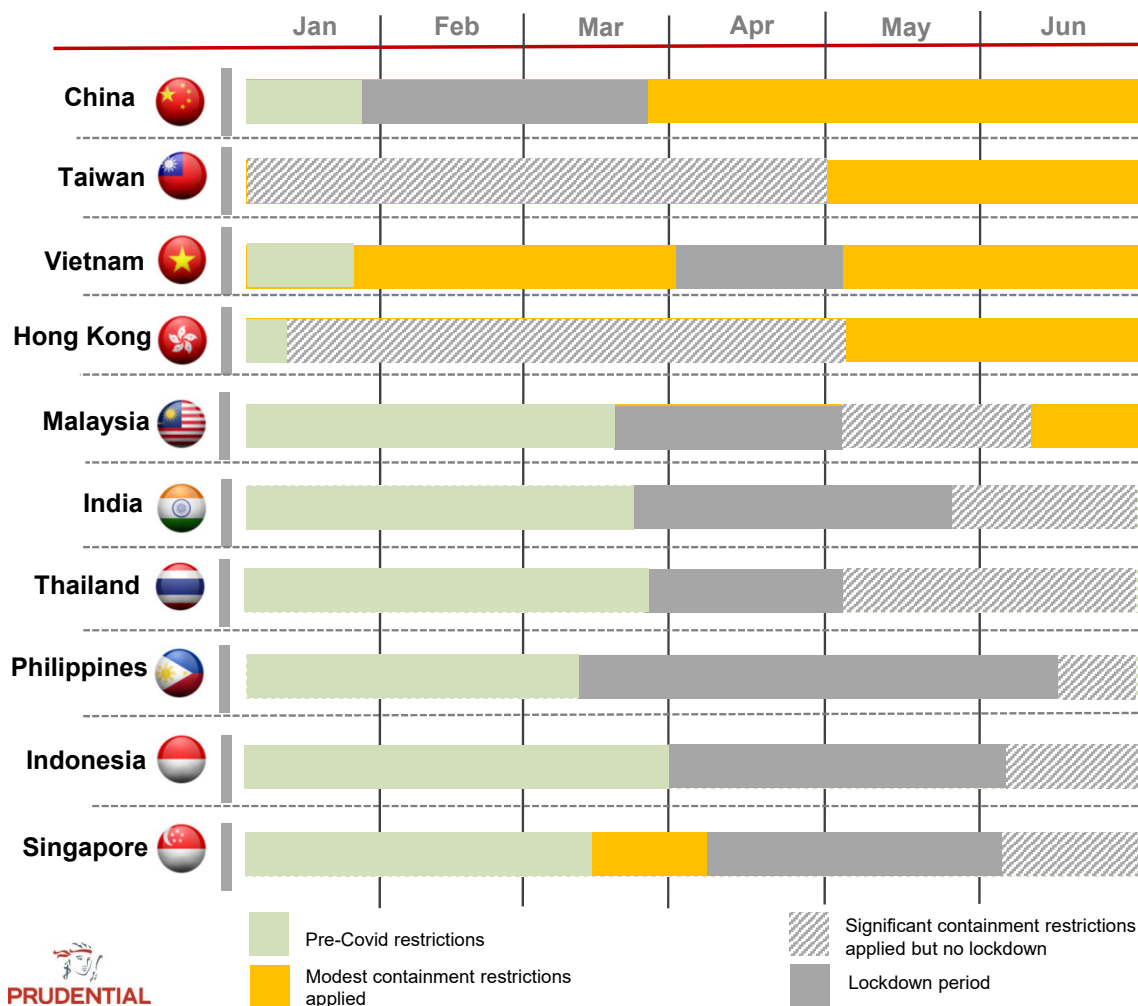
**Track record of disciplined execution**

**Appendix**

# Operating context

Several markets in restart mode with planned easing measures

## Restriction measures & timeline



## Current status of measures

Easing measures; internal travel and business activity resumed nationwide from 26 March with strict measures in place to respond and contain any spikes

Internal travel and normal business activity resumed from 1 May with strict measures in place to contain any infection spikes

Internal travel and normal business activity resumed from 4 May with disease prevention restrictions in place

Restrictions eased and business activity resumed from 4 May. Border with Shenzhen restricted until 7 July and non-resident foreigners restricted until 18 Sept

Mandatory Movement Control Order (MCO) eased from 4 May to allow business to resume under strict disease prevention measures till 9 June

Eased in low-risk areas with shops opening from 4 May; domestic flights resuming and business restrictions easing from 25 May; national controls remain till 30 June

Easing to allow movement and business activity to resume from 3 May; although State of Emergency with curfew, social distancing restrictions remain till 30 June

Eased in low-moderate risk regions; measures allow business sectors to operate with reduced staff & social distancing in high risk regions both from 15 June

Large scale social restrictions in Jakarta eased on 5 June, but restrictions for the rest of the country extended to end of June

A three-phase plan to resume business began on 2 June. In Phase 1, businesses with low Covid-risk re-opened. In Phase 2, retail services and most businesses will resume. In Phase 3, social and cultural activities will return to normal.

Note: Lockdown definition varies among markets but generally refers to date non-essential businesses were ordered to shut down. Easing of lockdown comes with certain restrictions in all the markets; PCA Analysis.

# 1Q20 performance

Diversity and quality underpins execution

## Financial performance

### In-force

- **14%** profit<sup>3</sup> growth in Asia driven by growth in renewal premiums ; **8** markets growing at double digits
- **Claims** patterns better than expected
- **Retention** of **97%** in line with expectation

### New business

- APE declined 24% due to Covid containment measures in China and Hong Kong
- **Ex-HK CN**: **23% NBP** growth (APE +1%) driven by **19% H&P** growth led by **ID/PH/SG/IN** sales growth
- **China**: **Banca** APE up by double digits; **75%** of agency case counts from **virtual sales**; **normalisation** since Mar
- **HK**: Domestic sales declined 8%, supported by non-F2F sales and **QDAP** (**28%** of APE)

### Eastspring

- **FUM** fell 13% to **\$209bn** from YE19 level, reflecting net third-party outflows (2% of opening FUM) and lower equity markets

## Operational highlights

### Investing for growth

- 15-year strategic partnership with **TMB**, strengthening our distribution capabilities and complementing our top-5 position in Thailand's mutual fund market
- Partnership with BFL in **Laos**; MOU with Yoma Bank to establish exclusive partnership in **Myanmar**
- **4m Pulse** downloads<sup>1</sup> vs 0.5m at year-start

### Virtualising operation

- Significant growth in **monthly usage of health services** (**135K** in Apr vs 9K in Jan & 7K in FY19), e.g. health assessment, symptom checker, telemedicine
- **1.2m** policies<sup>1</sup> sold through **Pulse** and partners
- Products equivalent to **2/3** of APE<sup>2</sup> are capable of **virtual sales**. All products in CN, MY, SG, IN, VT, PH, ID can be sold virtually
- Agent management moving **online**, supporting **11%** growth in **agent recruits** to **40K**

All growth rates based on constant exchange rates unless otherwise stated

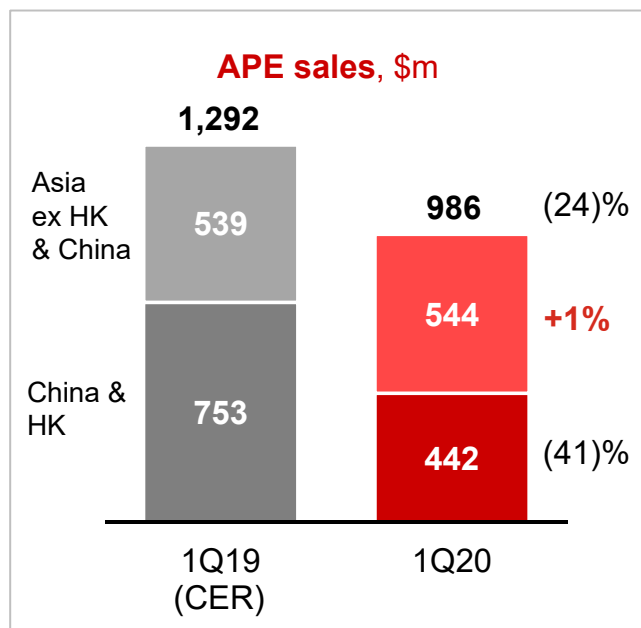
1 As of 8 May

2 Based on 1Q20 sales mix

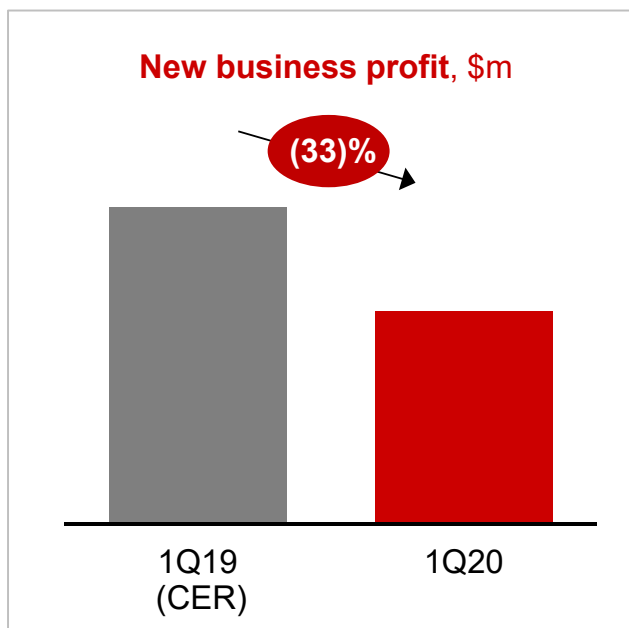
3 Pretax IFRS operating profit

# 1Q20 performance

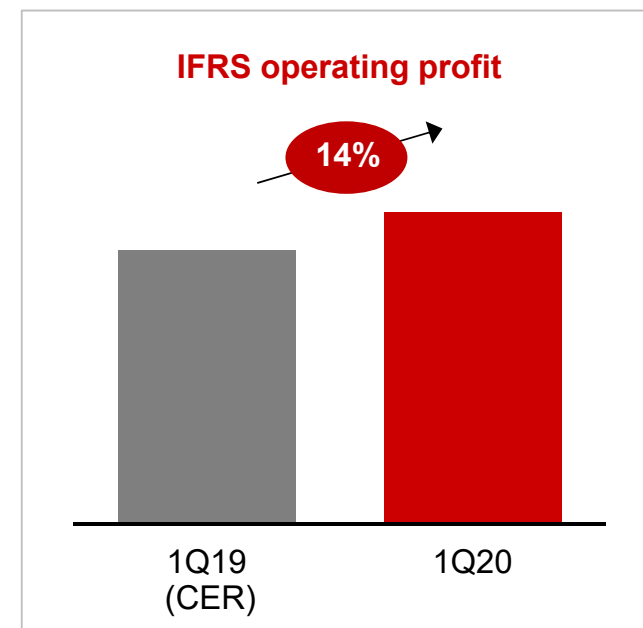
## Financial highlights



- Asia ex-HK & China sales up +1%
- Structural demand for products & Covid-19 social restrictions imposed mid-March
- 4 markets grew sales, 3 with double-digit growth (Indonesia/Singapore/Thailand)



- Asia ex-HK & China NBP up +23%, supported by +19% H&P sales growth
- 5 markets with double-digit NBP growth
- Overall NBP decline reflects lower volume, adverse economics, country mix, offset by mix/other

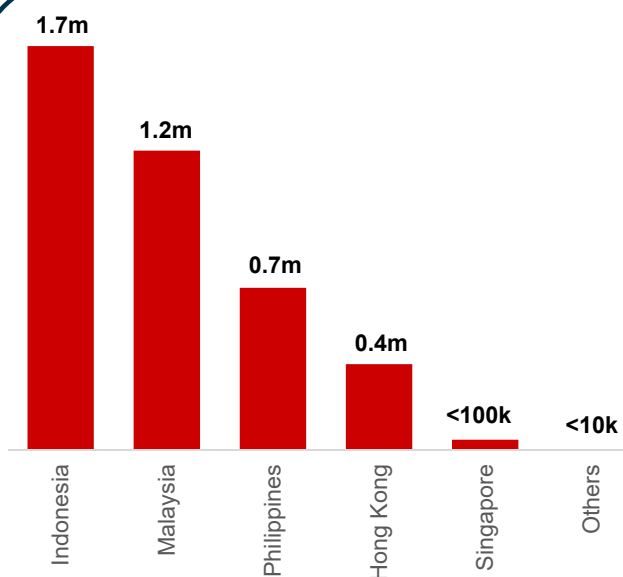


- Earnings underpinned by recurring premiums, strong customer retention & focus on protection products
- 9 markets grew earnings, 8 with double-digit growth

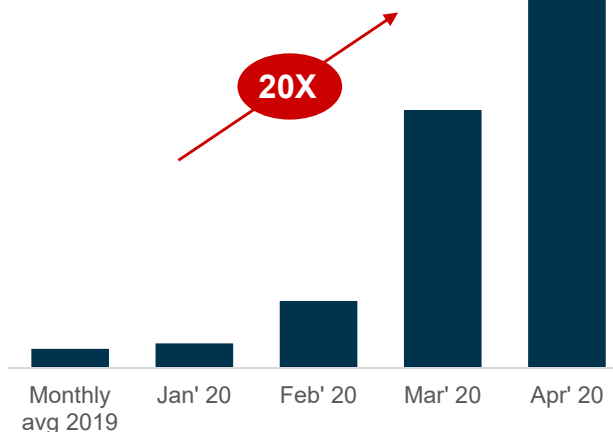
# PCA performance

## Accelerating Pulse development

### Downloads by market



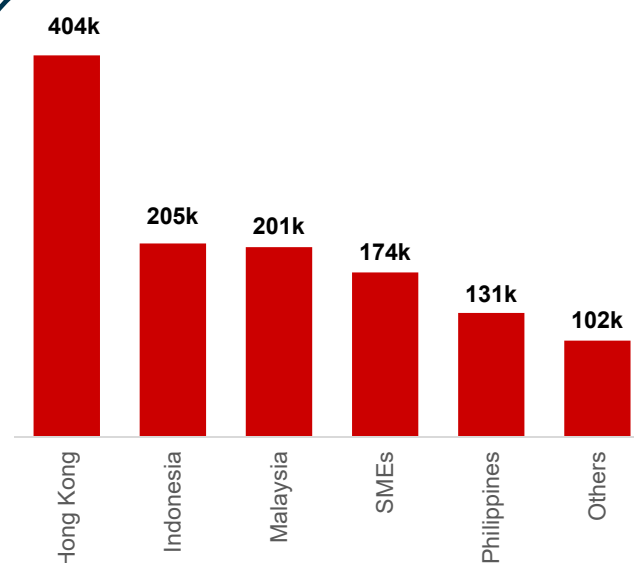
### Monthly usage of Babylon services



Key health services:



### Digital policies issued by market<sup>1</sup>



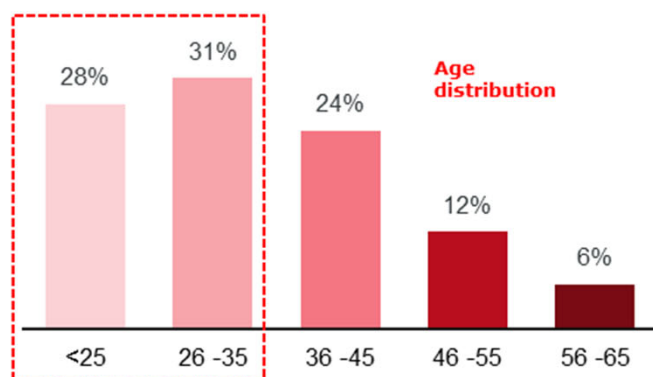


# PCA performance

Pulse is broadening our customer base, gathering new data and converting into sales

## Broadening customer base

Majority of Pulse users are in 18-35 age group<sup>2</sup>



### Existing PCA Customer Profile

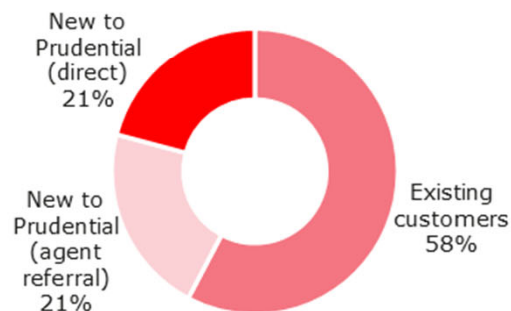
- Mass affluent
- Average age: 40

vs

### Pulse User Profile

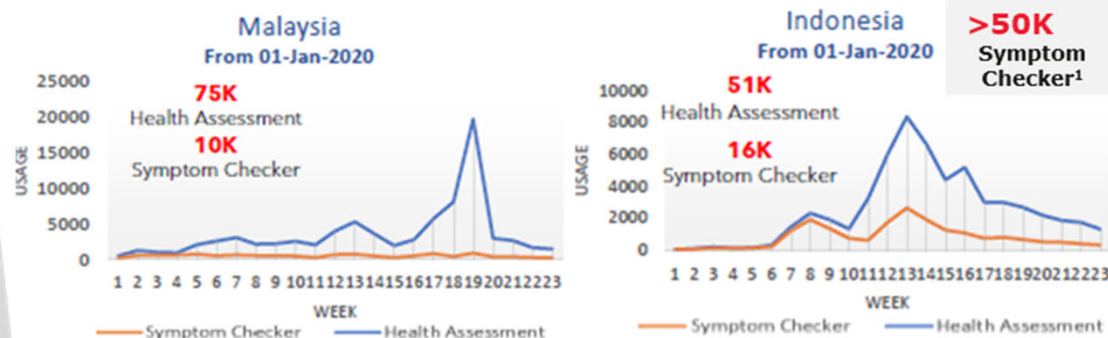
- Digitally savvy
- Average age: 30

42% of users are new to Prudential customers<sup>2</sup>



## Acquiring customer knowledge...

Over a quarter million users have used the Babylon Healthcheck

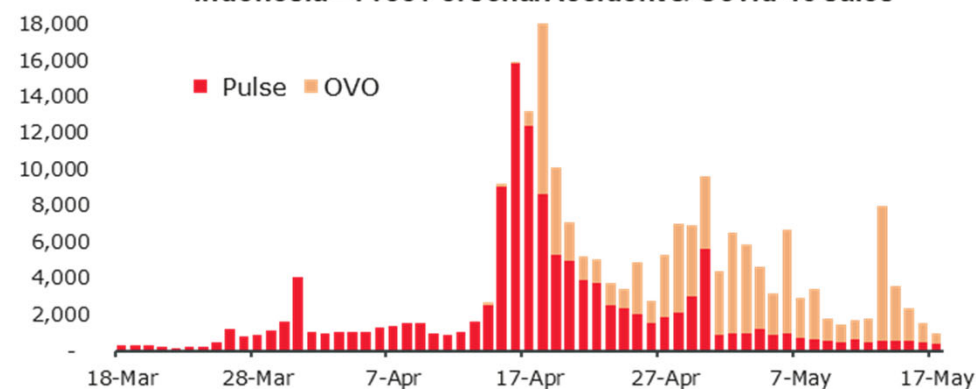


>300K Health check<sup>1</sup>

>50K Symptom Checker<sup>1</sup>

... and converting knowledge into sales

Indonesia – Free Personal Accident & Covid-19 sales



1. Data as of 6 Jun. 2. Aggregate of HK, SG and MY.

# PCA performance

Wide range of measures to support our customers, agents and staff



## Agents and staff

- Established **Incident Management Teams** at regional and local levels; flexible working arrangement for staff with **12K** staff WFH at the peak; laptops supplied to virtually all staff; all VPN/VDI connections configured
- **Digital agent management** – profiling, recruitment, onboarding, communication, training moved on line
- **Virtual sales** enabled for all markets by early April. Products equivalent to **2/3** of APE (based on 1Q sales mix) are capable of being sold virtually
- **c.40%** of agency cases sold virtually through April



## Customers

- Free **Covid-19 lump-sum** or **per-diem cover** on diagnosis/hospitalisation/death for new and existing customers across the region
- Dedicated **hotlines** for customer inquiries and **green channels** to simplify claims process and accelerate claims payment
- Lengthened grace period to 2-6 months (incl. HK, SG, MY, ID, VT, PH, TW, TH) for renewal **premium payment**
- Leveraging **Pulse** to offer products and services

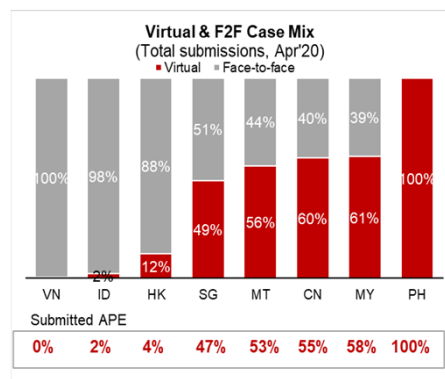
1 QDAP = Qualifying Deferred Annuity Policy; ILP = investment linked products

# PCA performance

## Virtualising our business model

### Virtual sales of products

- Virtual sales enabled in all markets; products equivalent to **2/3 of APE** are capable of being sold virtually
- c.40%** of agency cases sold virtually through April
- Free Covid cover to customers through Pulse and partners



### Digital agent management

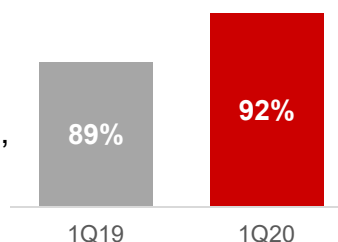
- Agency management moving online aides profiling, recruitment, training, assessment and engagement
- 11%** increase in **new recruits** to 40K
- Notable decline in agent **attrition**
- 5%** growth in **agent counts**



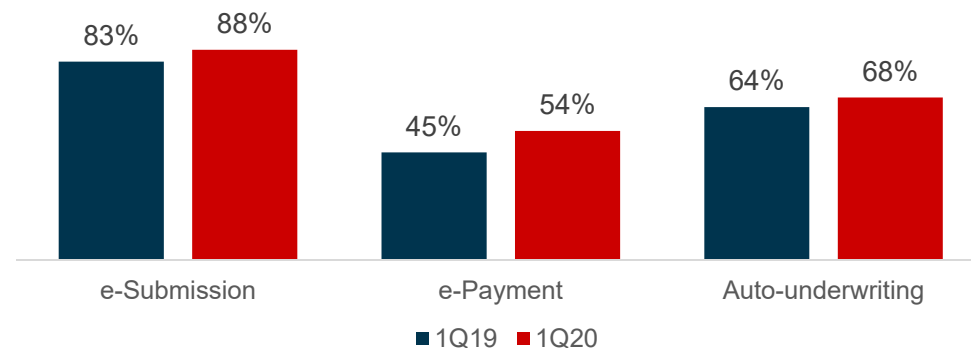
### Premium payment

- Growing electronic premium payment, with all markets improving year-on-year
- >75%** electronic premium payment in China, Hong Kong, Malaysia, Singapore, Philippines, Taiwan, Thailand

Electronic payment of renewal premiums in HK



### Rising level of automation

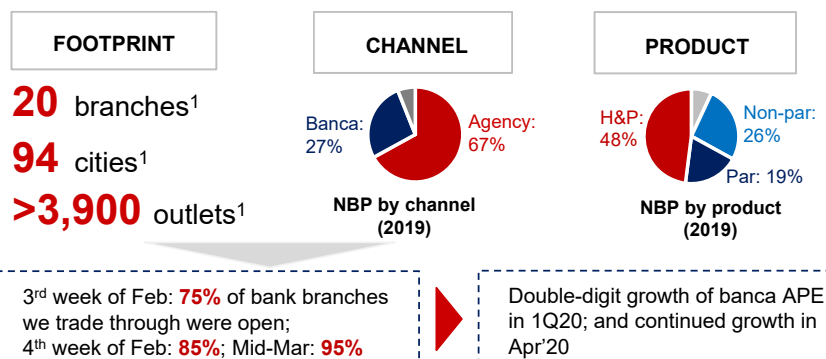


# PCA performance – China playbook

Rapidly virtualizing our business; good signs of business recovery

## Strengths of Our Business in China

### Diverse Platform



### Product Innovation

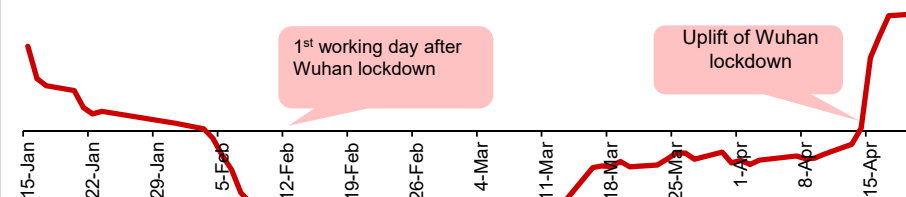
- Launched a digital mini-medical product, **Anxin** in early Feb, alongside a virtual sales process through XinYiTong & Wechat
- Strong consumer demand: **165k** Anxin mini-policies were issued virtually, **c.50%** of which were issued to new customers
- Anxin** improved agent activity: average active rate up 16ppts and no. of active agents up **+19%** in 1Q20
- Upselling** to new customers acquired from Anxin, helped deliver strong double-digit agency APE growth in April



- Agency Profiling / Assessment / Recruitment / Training all moved **online**
- Agency recruits** grew strongly from February through April
- 75%** of agency sales in 1Q20 were done virtually

### Digital Sophistication

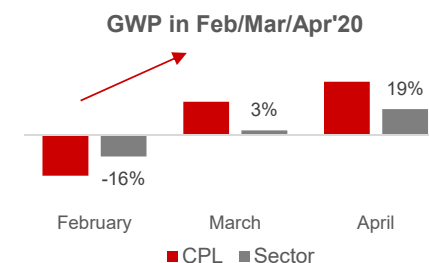
## Recovery of CPL's APE growth<sup>2</sup> (10-day moving average)



### Apr'20 momentum

- APE: +28%**
- Double-digit growth in both **agency** and **banca** channels
- H&P mix:** up 1.3ppt y-y (YTD)

### Outgrowing the industry<sup>3</sup>



### Rising protection awareness and demand for insurance products

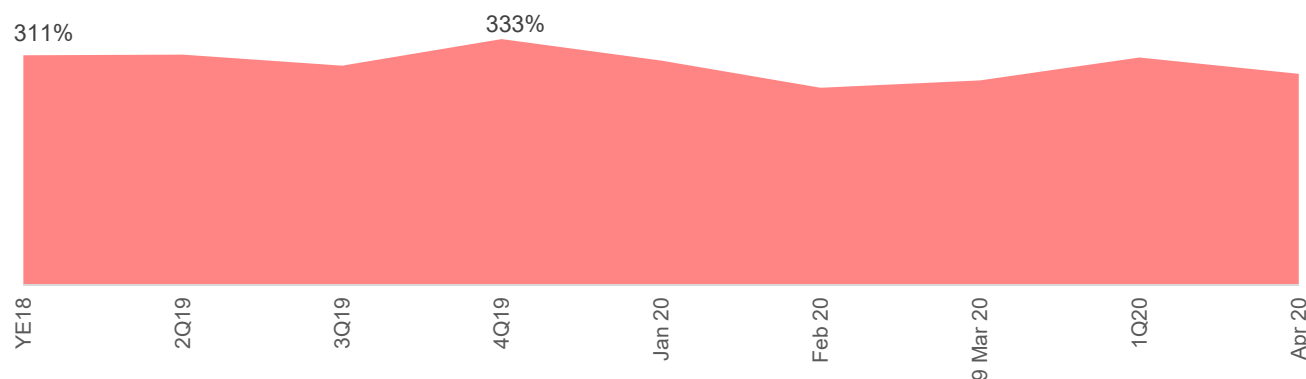
- Morgan Stanley** survey<sup>4</sup> suggests **2/3** of consumers feel they need more health insurance, but only **half** of them have taken action so far
- McKinsey & Company** report suggests **four out of five** Chinese consumers intend to purchase more insurance products post Covid crisis<sup>5</sup>

<sup>1</sup> As of 2019. <sup>2</sup> 10-day moving average excluding weekends. <sup>3</sup> GWP = Gross written premium. Source: Company announcements; CBIRC. JV GWP data is not yet available. <sup>4</sup> MS report dated 11 May 2020. <sup>5</sup> McKinsey report, titled: "Fast forward China: How Covid-19 is accelerating 5 key trends shaping the Chinese economy".

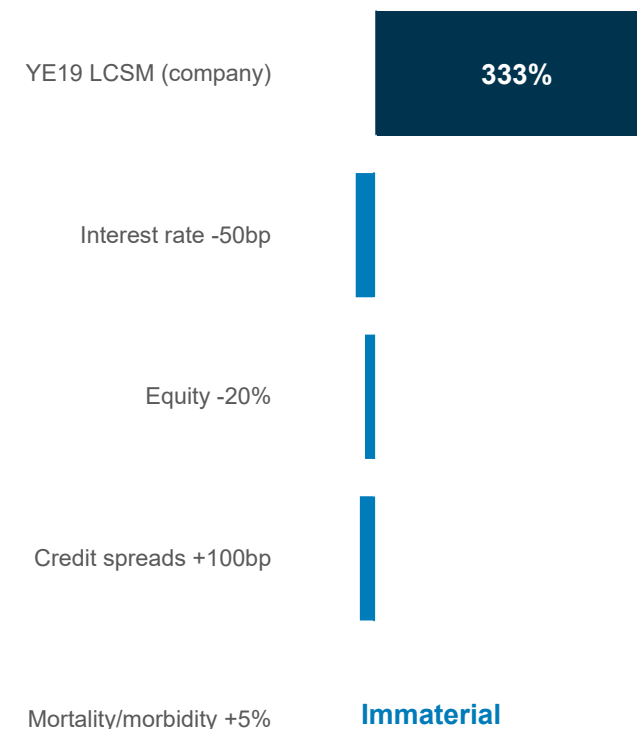
# PCA performance

Robust and consistent solvency, low sensitivities, ample actions and buffer

## Resilient PCA LCSM<sup>1</sup> progression



## Low LCSM<sup>1</sup> sensitivity



## Ample actions and buffer to withstand adverse conditions

### Management actions

- Improvement in product mix
- Shift to government bonds from equities and corporate bonds
- Active medical & product repricing

### Reinsurance

- Reinsurance in place for mortality/morbidity risk transfer, capital relief, investment solutions across the region.
- All LBUs have Catastrophe reinsurance

### Regulatory tailwind

- Tailwind to solvency as various LBUs shift to RBC or new RBC regimes
- Transitional adjustment in Singapore
- Reduced interest rate risk charge in Malaysia
- Reinvestment rate averaging available in HK

# Asia invested assets

## Conservative investment approach

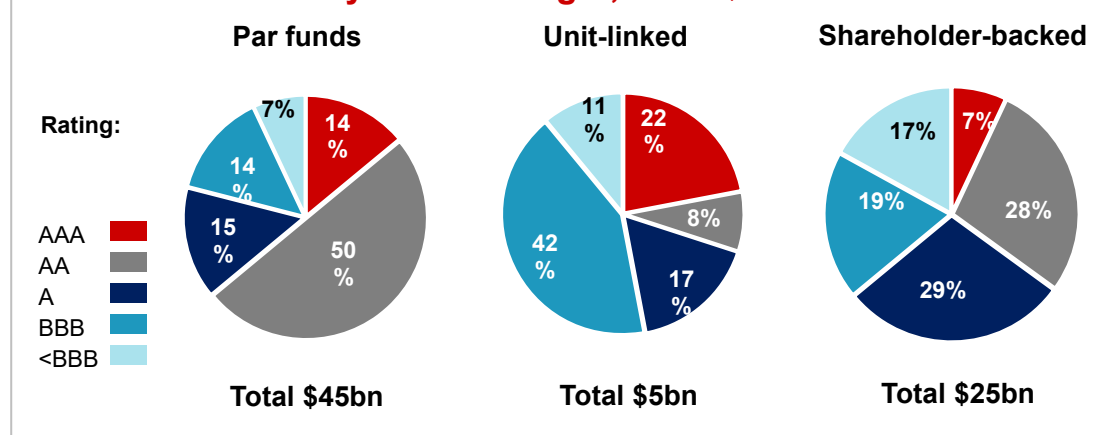
### Breakdown of Asia invested assets<sup>1,2</sup>, FY19 \$bn

	Par funds	Unit linked	Shareholder-backed Asia Life	Total
<b>Debt</b>	44.8	5.2	<b>24.6</b>	<b>74.6</b>
Equity	29.4	19.0	3.6	<b>52.0</b>
Property	0.0	0.0	0.0	<b>0.0</b>
Mortgage	0.0	0.0	0.2	<b>0.2</b>
Deposits	0.8	0.4	1.3	<b>2.5</b>
Other Loans	1.4	0.0	0.3	<b>1.7</b>
Other	0.2	0.0	1.3	<b>1.5</b>
<b>Total</b>	<b>76.6</b>	<b>24.6</b>	<b>31.3</b>	<b>132.5</b>

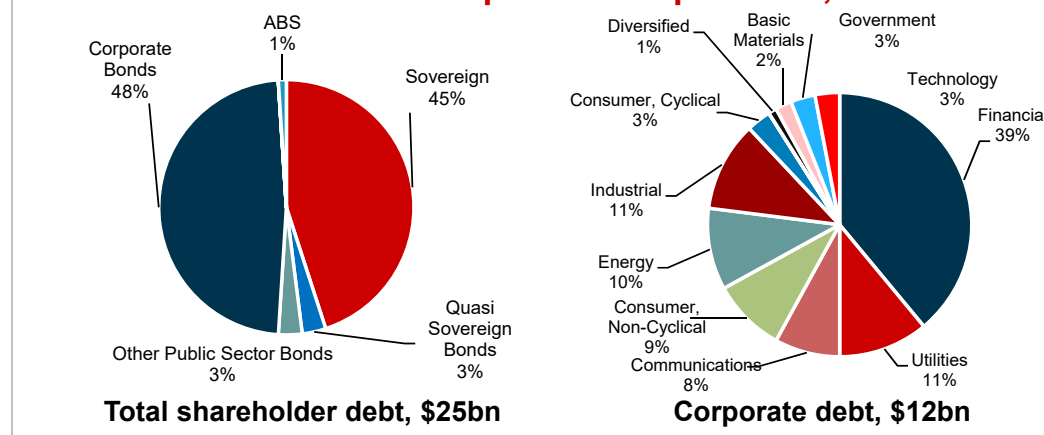
### Shareholder debt portfolio, FY19 \$bn

	Portfolio \$bn	No. Issuers	Holding by issuer		
			Av. \$m	Max \$m	<BBB
<b>Sovereign debt</b> <sup>3</sup>	10.4	12	866.7	2,900.5	11.8%
<b>Other debt</b>	14.2	659	21.5	137.1	5.3%
	<b>24.6</b>				<b>17.1%</b>
<b>Investment grade</b>	12.9	499	25.9	137.1	n/a
<b>High Yield</b>	1.3	160	8.1	129.4	5.3%
	<b>14.2</b>	<b>659</b>			

### By credit rating<sup>4,5</sup>, FY19 \$bn



### Shareholder debt portfolio exposure<sup>4,6</sup>, FY19



## Agenda ●

Context and performance

**Strategic priorities and progress**

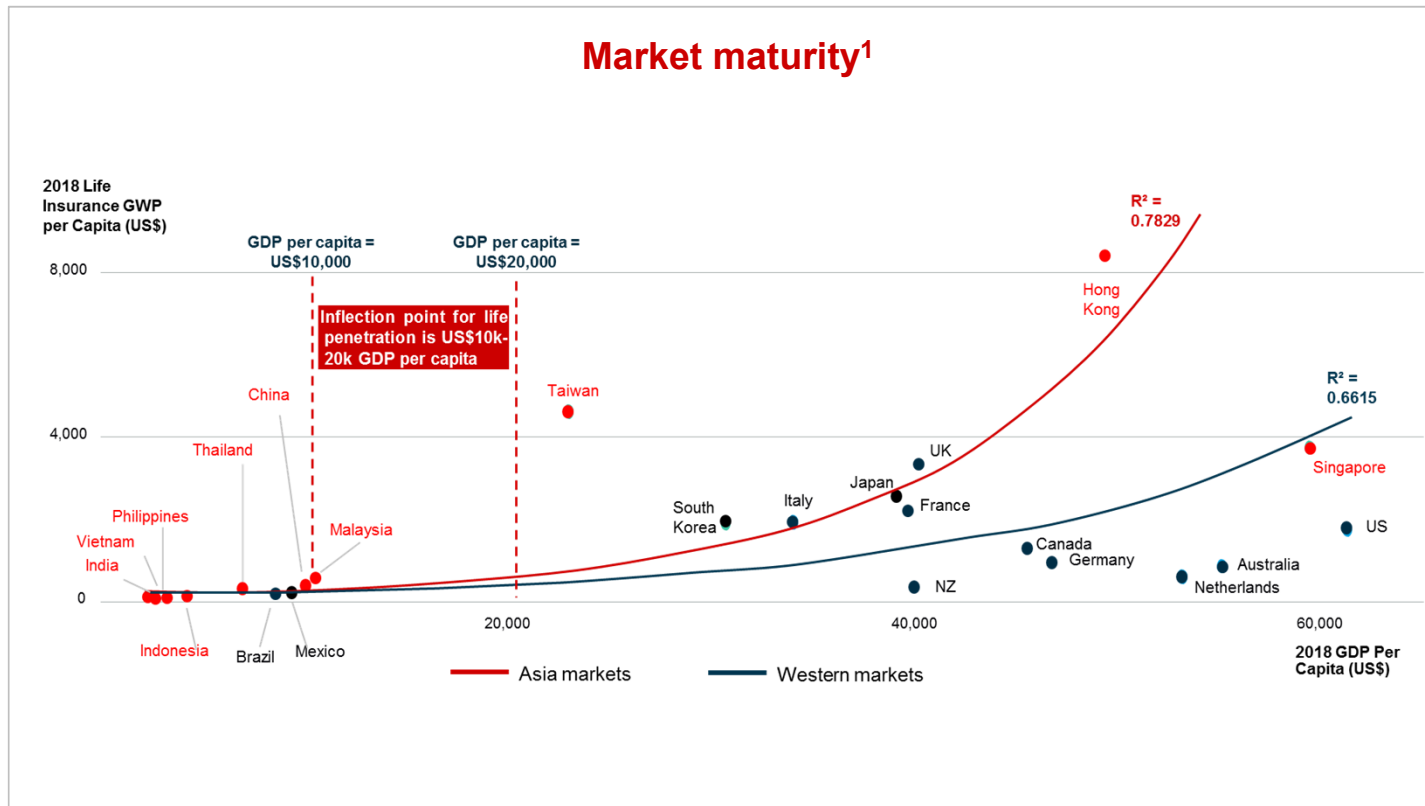
Track record of disciplined execution

Appendix

# Structural trends

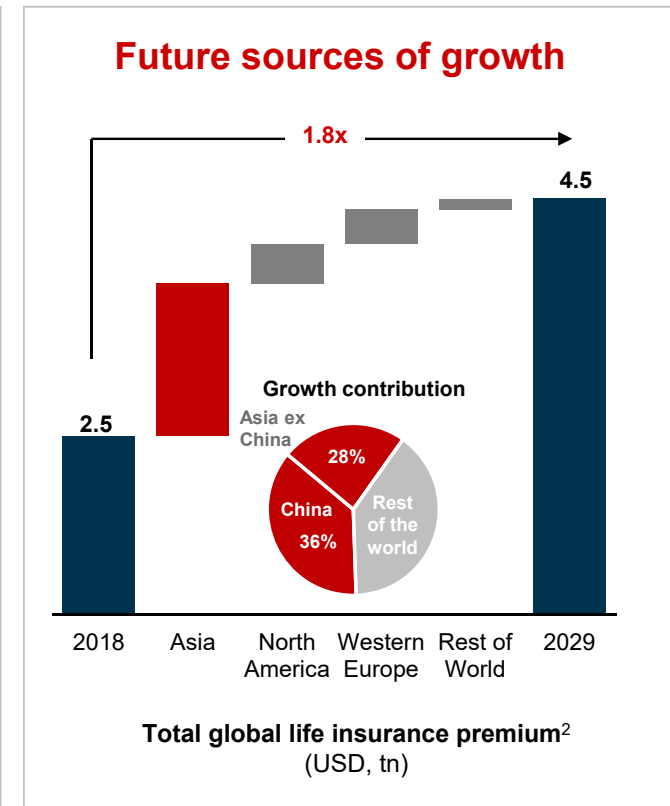
## Most Asian life markets still below the inflection point

Majority of Asian markets remain below the inflection point, US\$10k to US\$20k GDP per capita, for life insurance penetration



<sup>1</sup> Source: Sigma Swiss Re.

<sup>2</sup> Source: Allianz Global Insurance Market at a crossroads, May 2019. Global life insurance premium derived from total insurance premium.







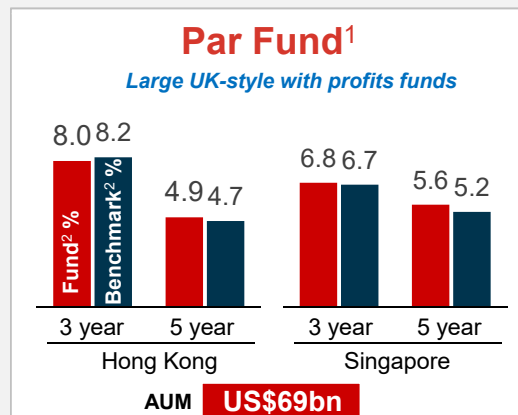
# Unique capabilities to capture structural growth opportunities

## Key success factors driving growth

### Structural demand drivers

-  Low insurance & mutual fund penetration
-  Rapid growth of underinsured middle-class population
-  Ageing population & growing need for retirement income
-  Protection gap with limited social welfare provision
-  Large proportion of wealth held in deposits

### Capabilities/Competitive advantages



**Eastspring<sup>3</sup>**

**\$241bn** of AUM

**Top 10** in 7 out of 11 territories

**Well diversified** platform

**Reliable & stable** flows from life business

**Unrivalled Platform**

**600,000+** Agents

**300+** Life & AM distribution partnerships

**>15m** customers

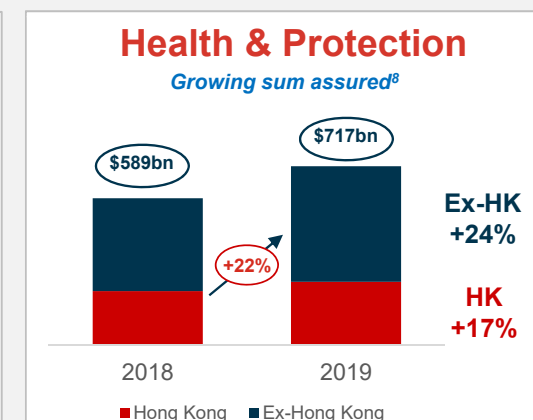
**China**

**Access to:**  
**c.80%**  
**GWP, GDP & Population<sup>4</sup>**

**Established in 2000**

**1<sup>st</sup> 2 branches** contributing **c.50%** of APE

Beijing  
Guangdong



Note: Data as per the FY19 disclosures, unless stated otherwise

<sup>1</sup> Total par funds from Hong Kong and Singapore as at 31 Dec 2019

<sup>2</sup> Investment performance (%)

<sup>3</sup> Sources: Singapore, Malaysia, Thailand and Hong Kong (Morningstar), Korea (Korea Financial Investment Association), India (Association of Mutual Funds in India), Japan (Investment Trusts Association, Japan), Taiwan (Securities Investment Trust & Consulting Association of R.O.C.), China (Z-Ben), Indonesia (Otoritas Jasa Keuangan), Vietnam (State Securities Commission of Vietnam), as at Dec 2019

<sup>4</sup> Source: National Bureau of Statistics China. CBIRC. As of FY18

<sup>5</sup> Markets determined by regulatory and business requirements

<sup>6</sup> Top 3 in 9 of 13 markets. Source: Based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on the availability of data). Data as of FY19 except for Hong Kong (FY18).

<sup>7</sup> Source: Asia Asset Management – Fund Manager Surveys. Based on assets sourced in Asia ex- Japan, Australia and New Zealand. Ranked according to participating firms only. Data as of FY18.

<sup>8</sup> Inforce sum assured. Excluding China and India

# Clear strategy

## Strategic priorities

### Strategic priorities

#### Enhance the core

- ▶ Broaden flagship product range
- ▶ Expand distribution and drive efficiency
- ▶ Collaborate with non-traditional partners
- ▶ Increase automation and embed digital capability

#### Create 'best-in-class' health capability

- ▶ Narrow mortality protection gap
- ▶ Grow participation in health and medical segments
- ▶ Build-out presence in SME segment
- ▶ Expand value added services

#### Accelerate Eastspring

- ▶ Strengthen and expand investment offering
- ▶ Diversify investment styles
- ▶ Enhance distribution capabilities
- ▶ Build digital enablers

#### Expand presence in China

- ▶ Grow into footprint
- ▶ Preserve leading edge operational capabilities
- ▶ Deepen asset management presence
- ▶ Pursue optionality to increase participation

# Strategic progress

## 2019 achievements

### Strategic priorities

1

#### Enhance the core



- Reboot of Indonesian distribution and product set
- Leader in banca<sup>1</sup> – enhanced with UOB (APE +24%)<sup>2</sup> & SeABank (20Y exclusive)<sup>3</sup>
- Broadening product offering: developed **>160** products, contributing **c.16%** of NBP
- **#1** agency force in HK; **35%** increase in MDRT qualifiers ex-HK

2

#### Create best-in-class health capability



- **Pulse by Prudential** is live in **8** markets
- **18** digital partnerships secured; **c.1.3m** Pulse installs<sup>4</sup>
- H&P NBP ex-Hong Kong grew **23%**
- Group sales up **13%**; **PRUworks** launched in Singapore & Indonesia

3

#### Accelerate Eastspring



- Net inflows of **\$18bn** supported **25%** growth in AUM to **\$241bn**
- Continued innovation with **55%** of external flows from new initiatives<sup>5</sup>
- Expanded TMBAM Eastspring AUM<sup>5</sup> by **35%** to **\$15bn**
- Completed TFund acquisition; now **4<sup>th</sup>** largest AM in Thailand (12% m/s<sup>6</sup> & AUM<sup>5,6</sup> of \$22bn)

4

#### Expand presence in China



- Presence expanded to **20** branches (+1); **94** cities (+7) and **229** SSOs (+14)<sup>7</sup>
- GWP<sup>8</sup> growth of **39%**; outgrowing China's life market **3x**
- Established WFOE<sup>9</sup>, sourced **>RMB1bn** funds in its first year of operation<sup>10</sup>

<sup>1</sup> By access to bank branches

<sup>2</sup> Renewal of UOB bancassurance alliance to 2034, expanding scope to include Vietnam and UOB's digital bank TMRW

<sup>3</sup> Entered into 20 year exclusive bancassurance partnership with SeABank in January 2020. SeABank has 1.2m retail customers and almost 170 branches in Vietnam

<sup>4</sup> As of 5 March 2020

<sup>5</sup> Excludes Money Market Funds

<sup>6</sup> Mutual fund market shares through combined holdings in Thanachart Fund Eastspring and TMBAM

Eastspring; Mutual fund assets under management as at 31 December 2019.

<sup>7</sup> Increase compared to 2018. SSO = Sales and Servicing Offices

<sup>8</sup> GWP = Gross written premium. Source: CBIRC.

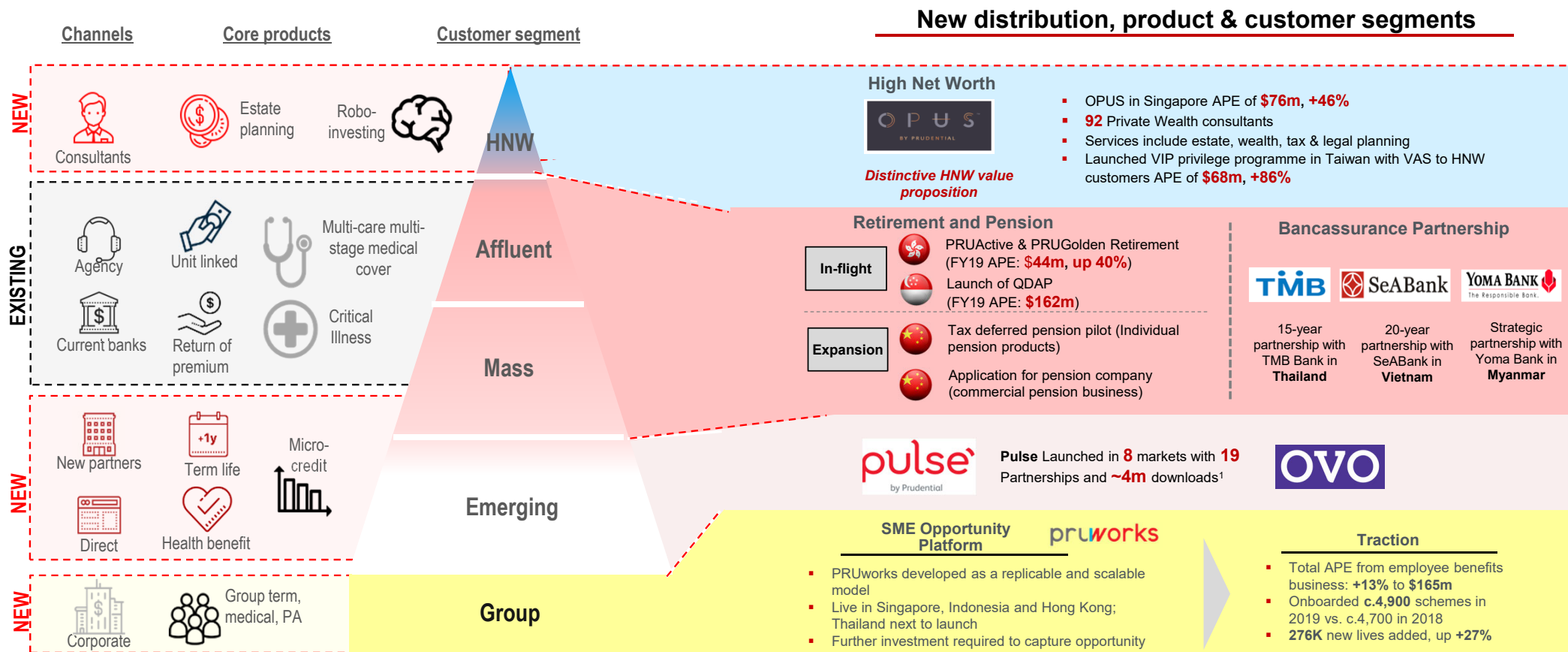
<sup>9</sup> WFOE – Wholly Foreign Owned Enterprise

<sup>10</sup> Total inbound and outbound funds raised or sub-advised since launched of WFOE

# Enhance the Core

Diversifying into new distribution partners, customer segments and products

1



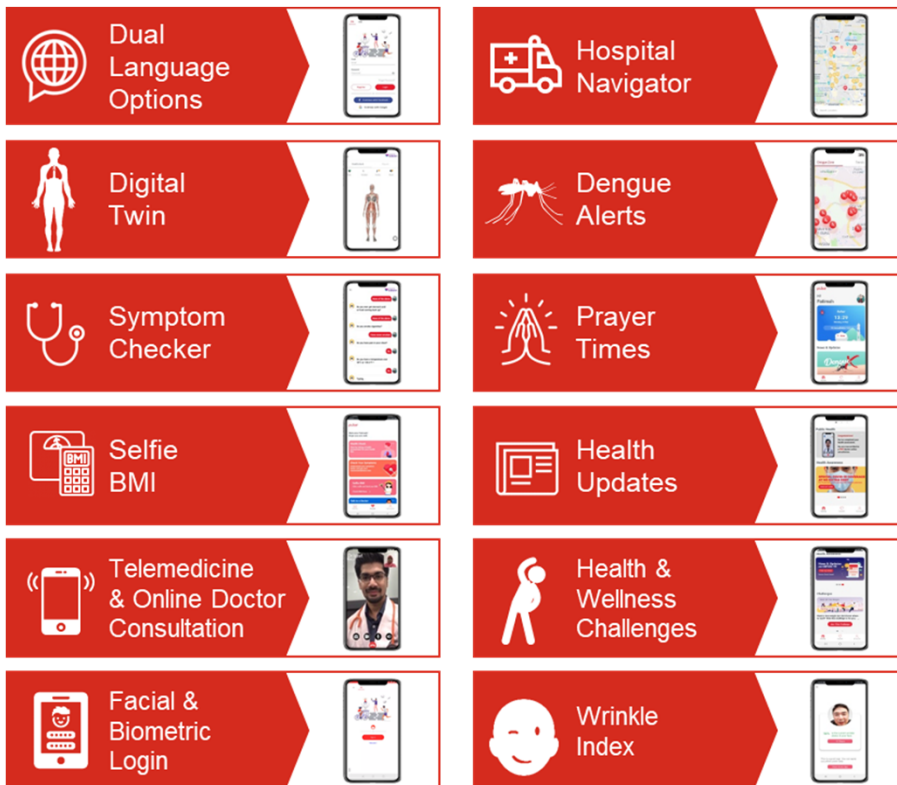
1 As of 8 May

# Accelerating digital buildout

## Attractive services in current environment

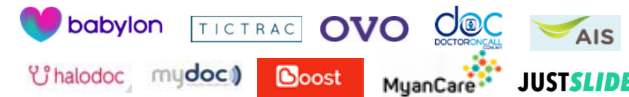
2

### Pulse: First-of-its-kind, all-in-one and AI-powered app



### Pulse: Access and adoption

- **4m** installs<sup>1</sup>, up from 0.5m at start of year
- **19** new digital partnerships secured<sup>1</sup>



- Launched **online products**: Covid-19 cover, Dengue Fever, Credit Shield, Personal Accident
- **1.2m** policies sold and majority are new customers acquired through the digital channels<sup>1</sup>

#### Benefits include:

- New customer acquisition
- Lower cost severity
- Reduced claims frequency
- Higher loyalty and retention

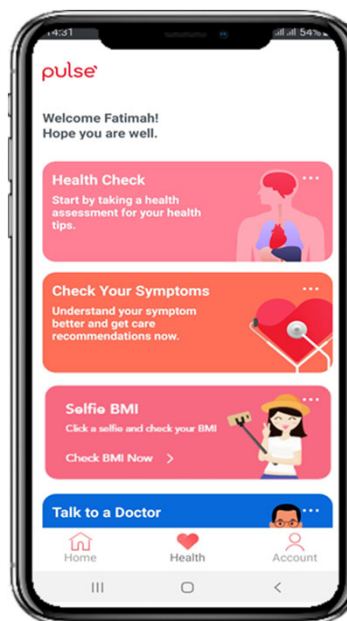
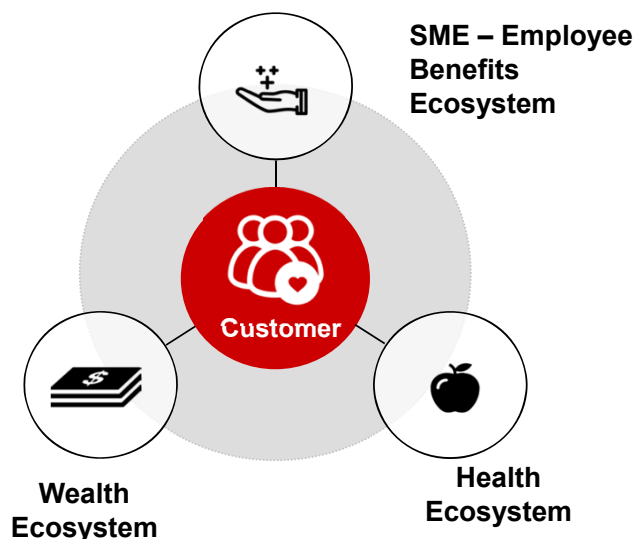
1 As of 8 May

# Accelerating digital buildout

2

Pulse ecosystem helps customers become healthier and wealthier






Using a suite of **Health + Wealth + SME** products and services to acquire customers at scale



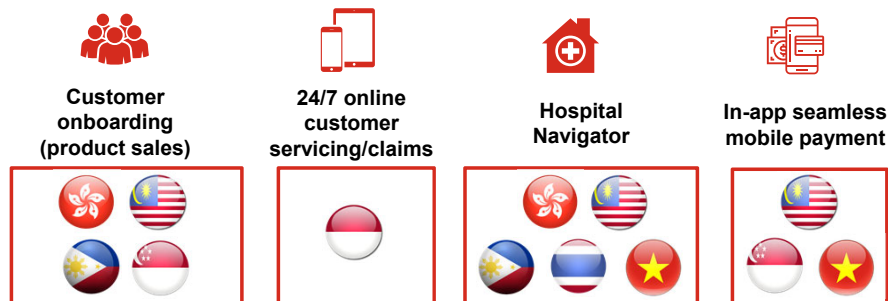
## Help customers become healthier

- AI assessment and triage  
- Lifestyle management and wellness  
- Telemedicine consultations and medicine delivery  
- Chronic disease management 
- Manage health records 

## Help customers become wealthier

- Aggregated view of finances 
- Asset allocation engine 
- Financial planning and budget management 
- Digital vault document storage  

## Integration with life value chain





# Accelerate Eastspring

Proven track record; expanding into new capabilities

3

## Strengths of Our Business in China

### Unique platform

- **Top 10** in 7 out of 11 markets
- **Asia's largest** retail asset manager (ex Japan)
- Structurally advantaged due to **reliable and predictable annual flows** (c\$10bn) from life operations
- Multiple-times winner of "**Asia Fund House of the Year**"<sup>4</sup> and of "**Asia Bond House of the Year**"<sup>5</sup> awards

### Innovation and new products launches in 2019

- **55%** of external net flows<sup>1</sup> from new initiatives
- Strong net inflows<sup>1</sup> of **\$18bn**

### Completed portfolio gap-fills

- Completed **TMBAM and TFund acquisitions** in Thailand, **gaining a foothold** in the second largest economy and **leading mutual fund market** in ASEAN
- **Launched China WFOE; >RMB 1bn** AUM (incl. advisory) with significant equity investment outperformance:
  - PFM Fund 1: +33%(relative) since inception Apr-19
  - SICAV China A: +17%(relative) since inception Apr-19

### Leveraging technology

- Launched **eTrading** platform in Malaysia
- Implemented **Blackrock's** Aladdin system

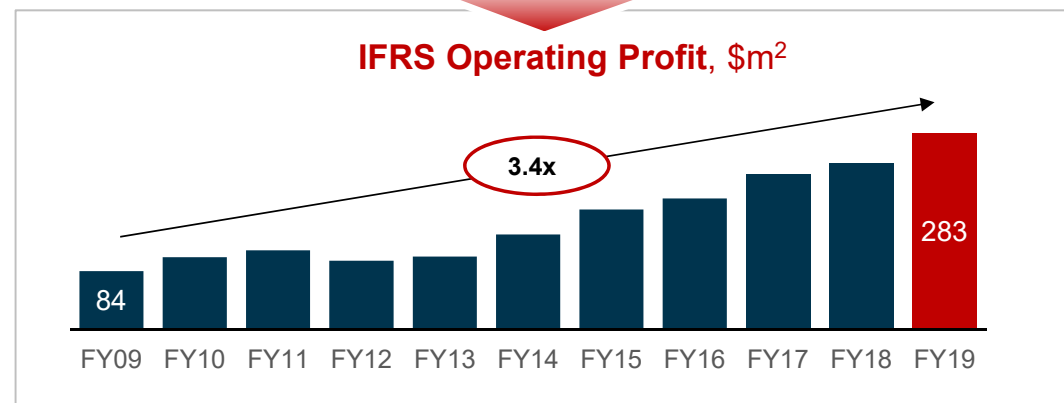
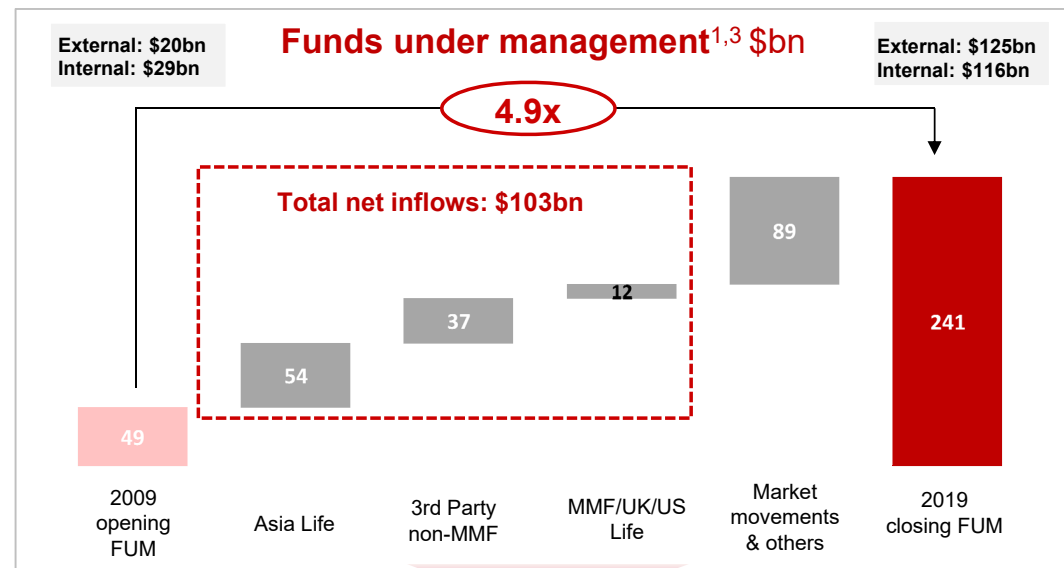


PRUDENTIAL

<sup>1</sup> Converted from GBP into USD using yearend 2019 exchange rate of 1.32475

<sup>2</sup> CER basis

<sup>3</sup> Eastspring funds under management presented includes Money Market Funds (MMF). Amounts may not add due to rounding.



<sup>4</sup> Awarded by Asian Investor's Asset Management Awards (2015, 2017, 2018);

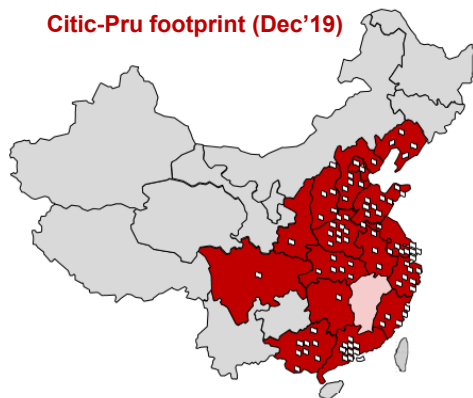
<sup>5</sup> Awarded by Asia Asset Management Fund Manager Surveys (2019, 2020)



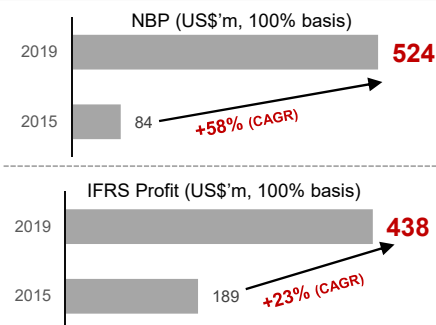
# Expand Presence in China

Significant growth potential from higher penetration

Citic-Pru footprint (Dec'19)



- Citic-Prudential has significantly expanded its footprint since 2000
- Now with a presence in 21 branches & 94 cities we have access to c. 80% of the population and GDP
- Penetration (% of GWP) is however less than 1% with higher penetration attributed to provinces with a well established presence
- By growing into our footprint, increasing penetration in new provinces, we can generate significant increases to all metrics

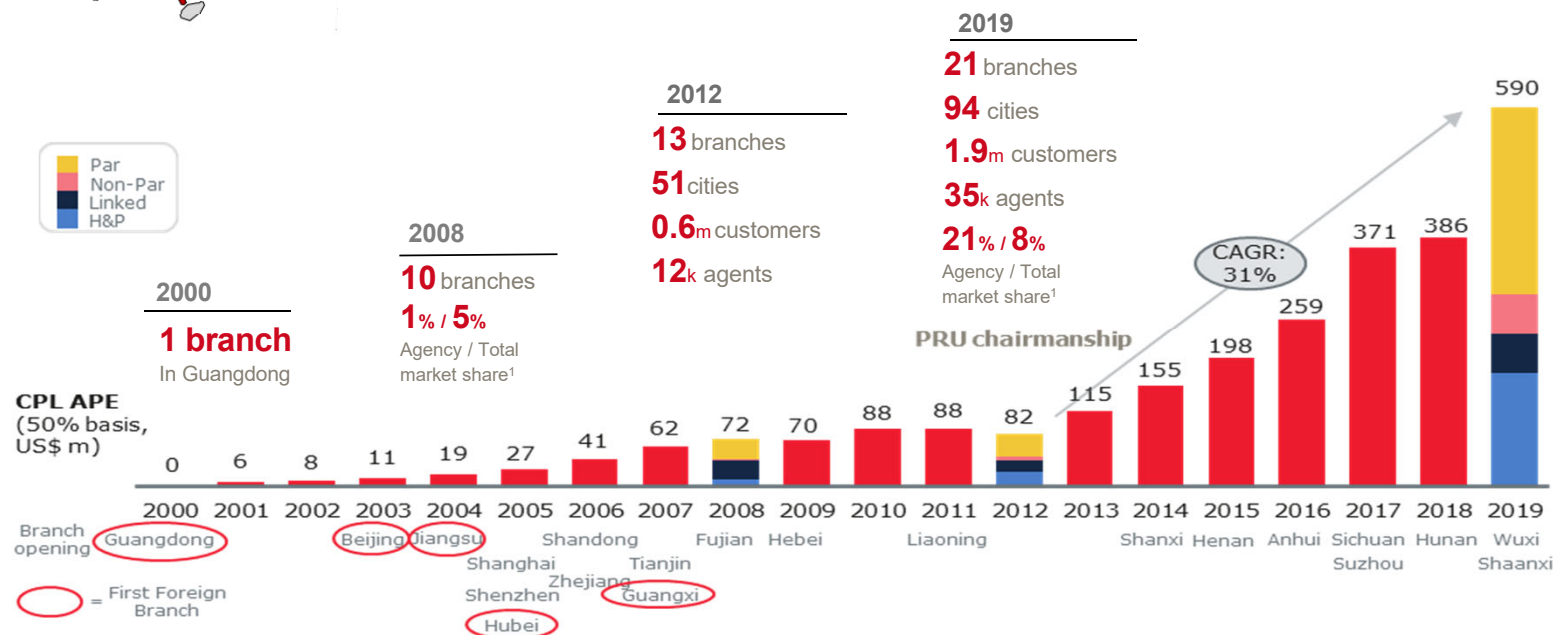


**17** Straight 'A' score for CBIRC Integrated Risk Rating since 2016 (only JV)

**Top 10** ranked Chinese Life Insurers by California State University since 2016 (only JV)

**1st FIE** to deliver local GAAP profits in under 10 years (AIA: 13 years, Allianz: 17 years)

Note: FIE = Foreign invested entities



## Multi-dimensional delivery



## Agenda ●

Context and performance

Strategic priorities and progress

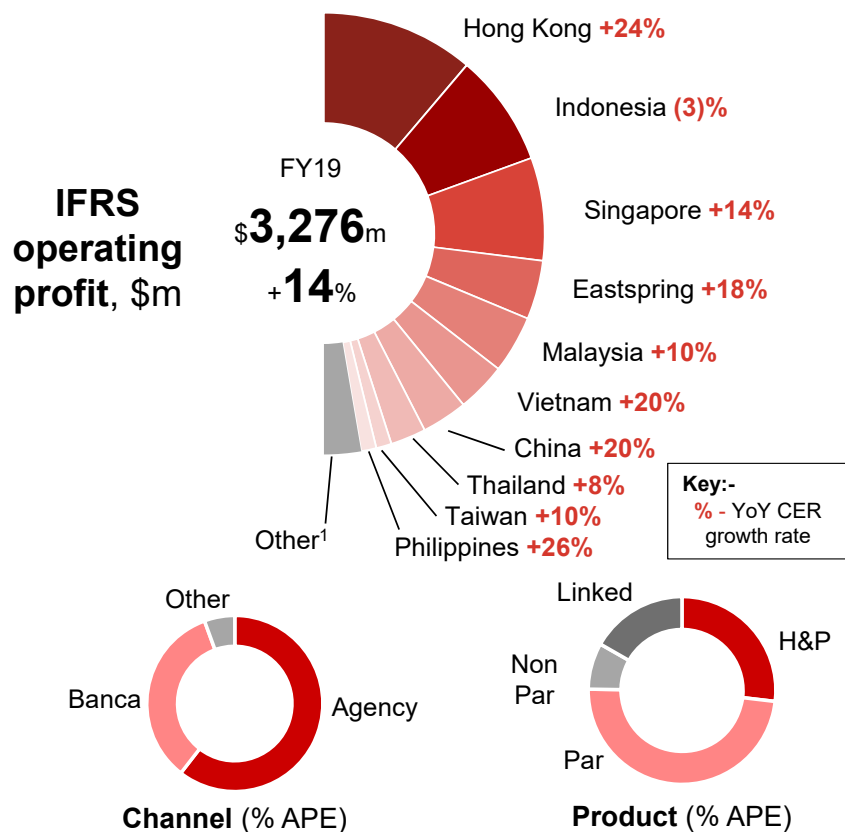
**Track record of disciplined execution**

Appendix

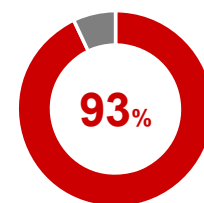
# Track record of disciplined execution

Diversified portfolio, high-quality drivers, conservative assumptions

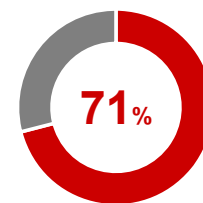
## Diversified portfolio, 2019



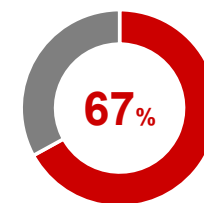
## High quality drivers, 2019



Regular premium  
as % of APE

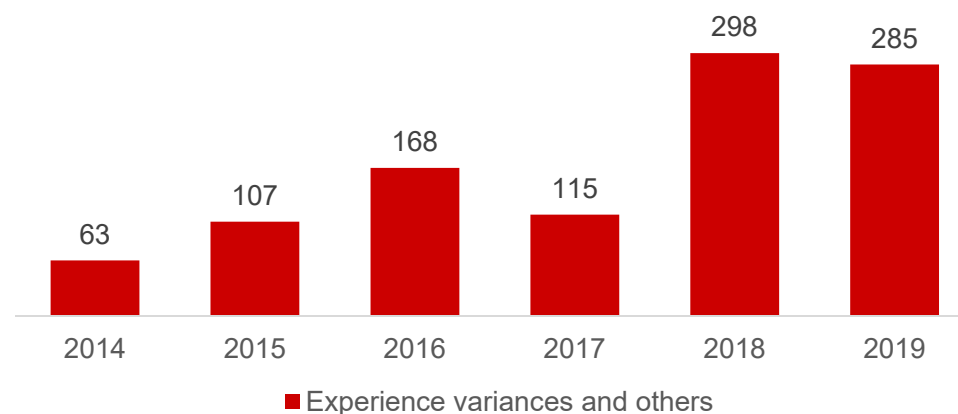


Insurance income as %  
of Asia's total income



H&P mix in NBP

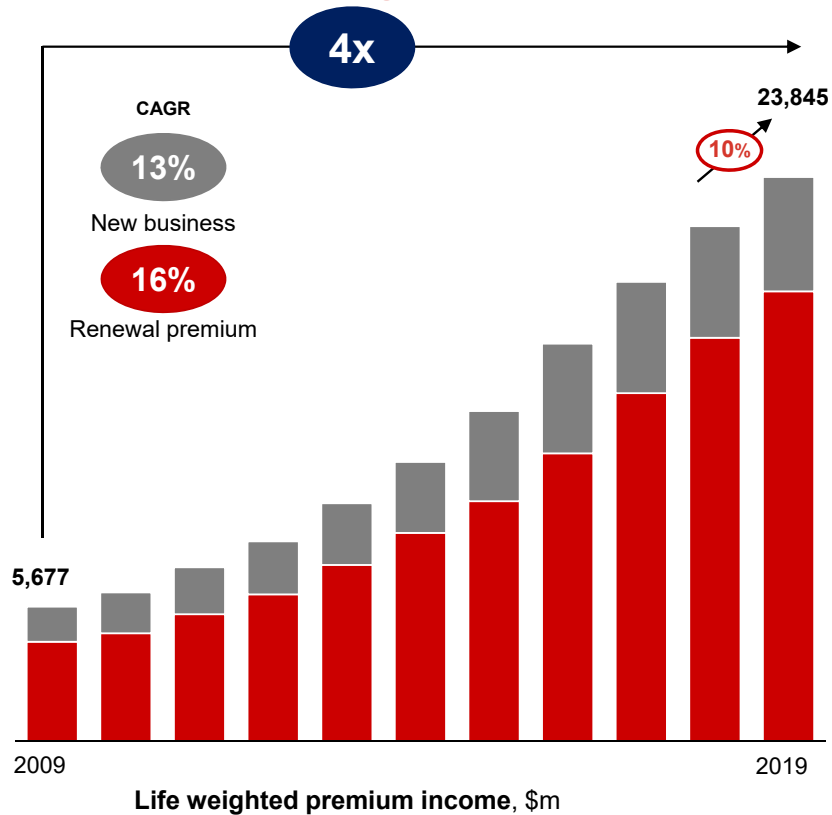
## Consistently positive experience variances, \$m



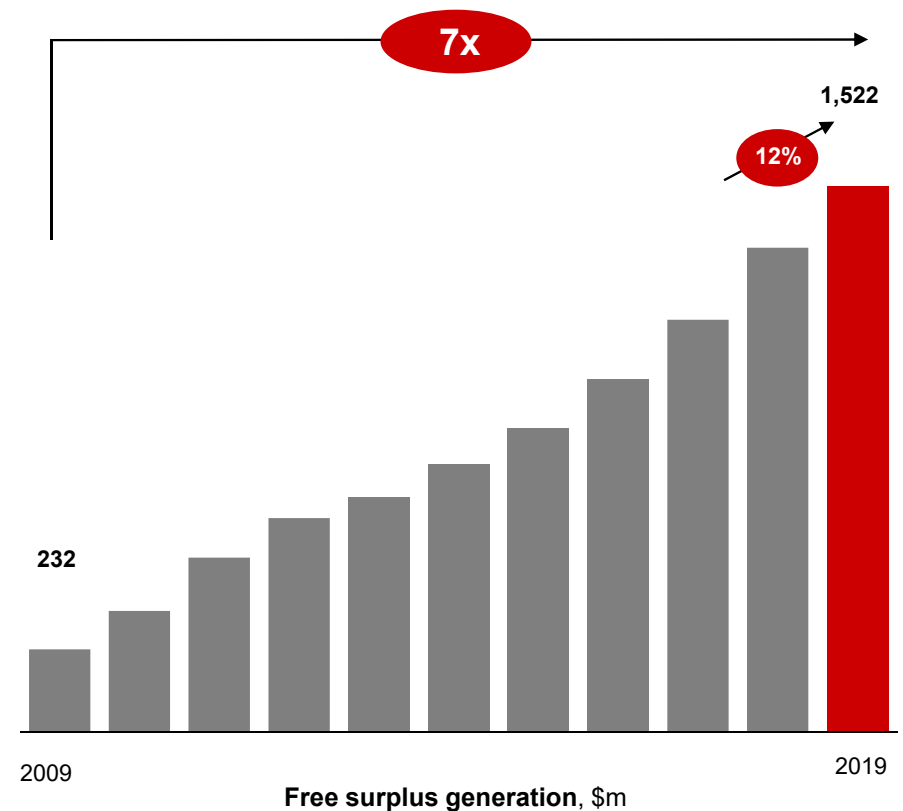
# Track record of disciplined execution

Resilient and compounding life business at PCA

## Compounding business<sup>1,2,3</sup>



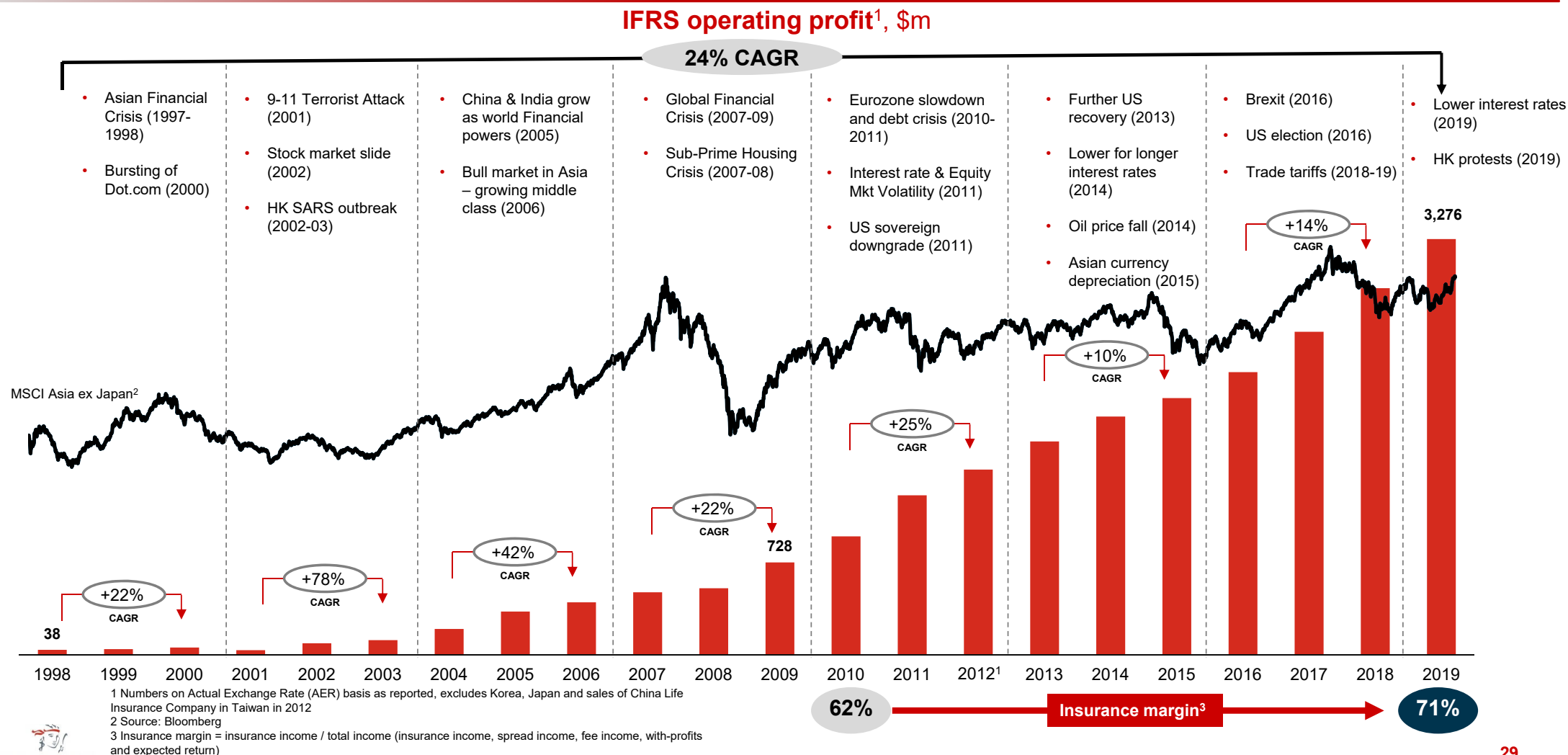
## Resilient growth in OFSG<sup>1,2,3</sup>



1 On a constant exchange rate basis  
2 For long-term business  
3 Excludes Japan and Korea businesses and after development costs

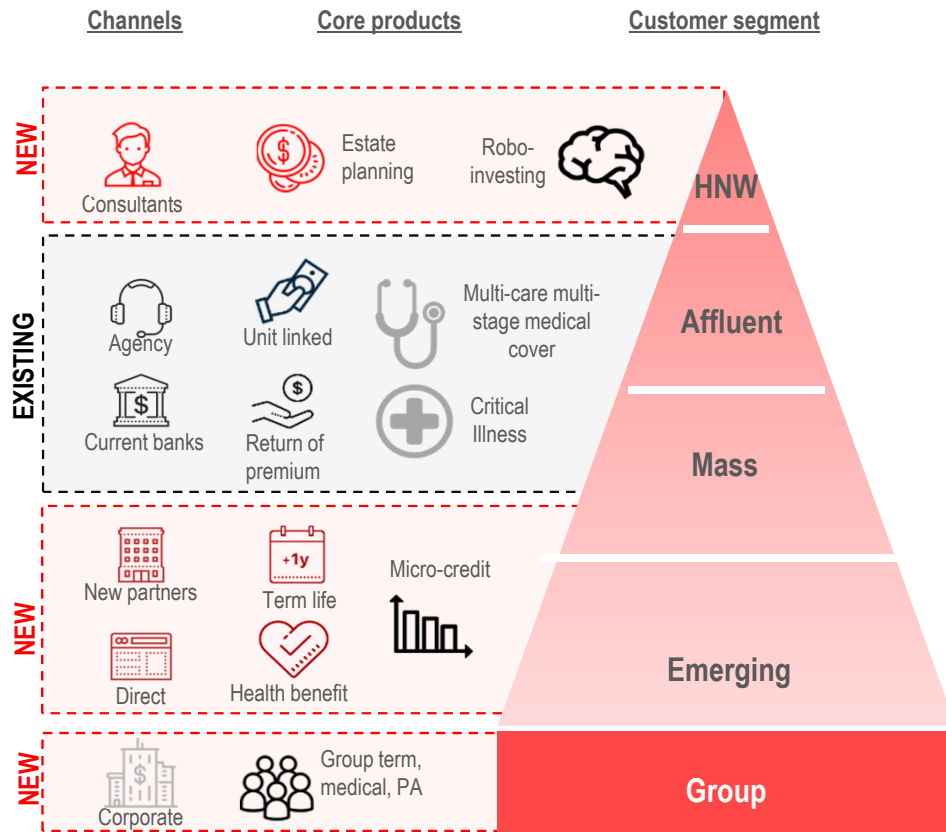
# Track record of disciplined execution

## Consistent in-force earnings growth across cycles



# Summary

## Resilient platform; significant growth runway



Unlocking new customer segments through broader proposition set and new channels

- Structural long-term trends intensifying in current environment
- Diverse, high-quality platform aligned to opportunities
- Accelerating digital development amplifying current franchise and strengths
- Resilient earnings progression underpinned by recurring premiums
- Strong capital position and low balance sheet risk
- Well positioned to deliver sustainable, profitable growth

## **Agenda**

**Context and performance**

**Strategic priorities and progress**

**Track record of disciplined execution**

**Appendix**

# China

## Market highlights – 2019

### Structural demand drivers remain intact

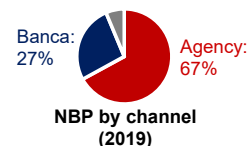
- Faster growth in GDP than advanced economies<sup>1</sup>
- Significant protection gap<sup>2</sup>
- **350million<sup>3</sup>** entrants into the middle class will be in China

### Expansion of our platform

- Operationalised Hunan, established **20<sup>th</sup>** branch Shaanxi (population<sup>4</sup> of 38m)
- Presence in **94** cities (+7) and **231** SSOs (+16)<sup>5</sup>
- Obtained new licence for **Insurance Asset Management Co.**

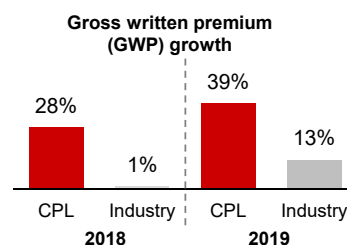
### Enhancing our distribution capabilities

- Agency productivity up<sup>6</sup> **+47%**
- # of MDRT members up **+9%**
- Agency new recruits contributed to **34%** of NBP (27% in 2018)
- Successful strategy to drive branch activation, **>3,900** outlets



### Quality execution and consistent outperformance

- +39%** Regular premium growth
- 94%** Customer retention ratio
- 1.4m** Customers, up +12%
- +37%** EEV growth<sup>7</sup>



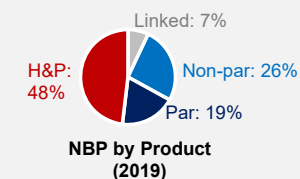
### 1Q20 update

- Preparing for **21<sup>st</sup>** provincial license
- Rapid rollout of **virtual sales**
- Life JV approved to set up **AMC**
- Agent **recruits** up 28% in 1Q20

### Execution<sup>7</sup>

**APE (@ 50%)**  
**+53% to \$590m**

**NBP (@ 50%)**  
**+38% to \$262m**



**Earnings (@ 50%)**  
**+20% to \$219m**

<sup>1</sup> IMF, World Economic Outlook (October 2019), Real GDP growth

<sup>2</sup> 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

<sup>3</sup> Brookings Institution. Global Economy & Development Working Paper 100. February 2017. 'Asia' represents Asia Pacific. 350m of the next billion entrants into the middle class

<sup>4</sup> National Bureau of Statistics of China, Shaanxi population. 2018

<sup>5</sup> Sales Service Offices (SSOs); change covering FY19 and 1Q20

<sup>6</sup> Agency NBP per active agent.

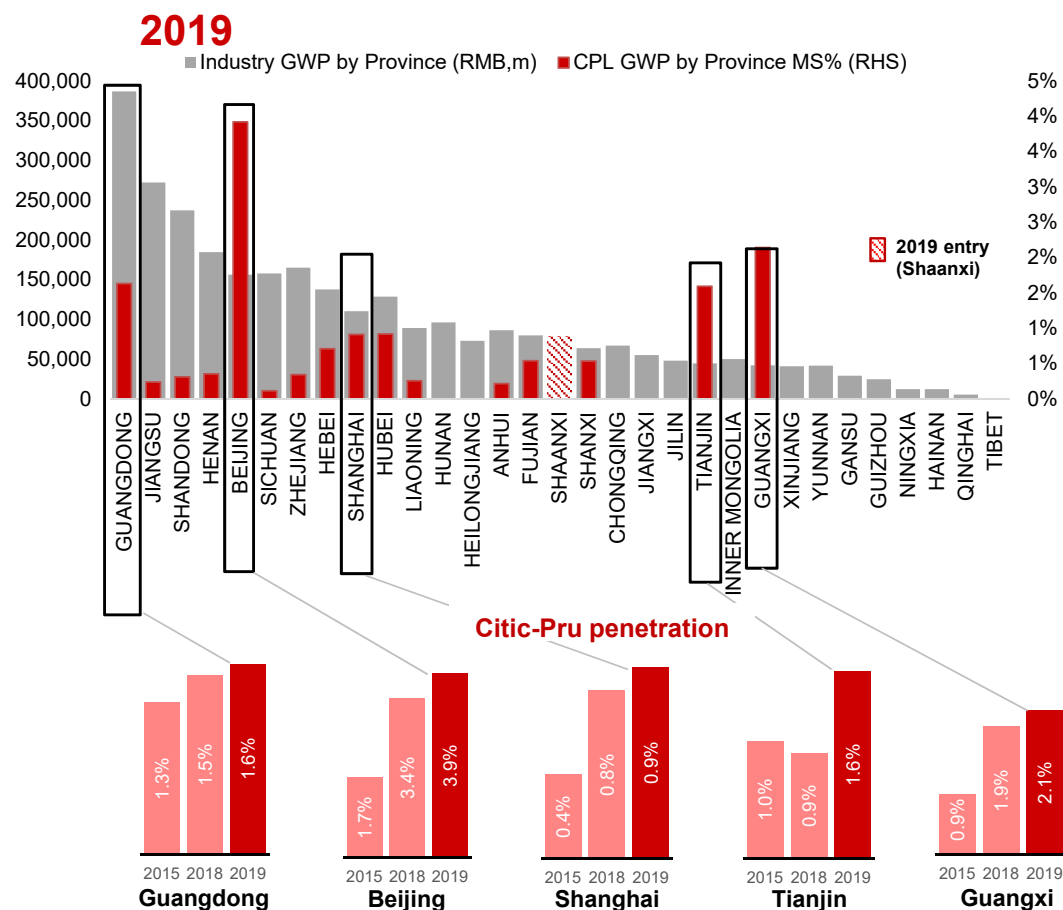
<sup>7</sup> On a constant exchange rate basis



# China

## Broadening and deepening presence

No	Branch	Year Established	CPL Penetration (% GWP)		Change Y-Y (bps)
			2018	2019	
1	Guangdong	2000	1.5%	1.6%	10
2	Beijing	2003	3.4%	3.9%	54
3	Jiangsu	2004	0.2%	0.2%	4
4	Suzhou	2005	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
5	Shanghai	2005	0.8%	0.9%	11
6	Shenzhen	2005	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
7	Hubei	2005	0.8%	0.9%	16
8	Shandong	2006	0.3%	0.3%	4
9	Zhejiang	2006	0.3%	0.3%	2
10	Tianjin	2007	0.9%	1.6%	69
11	Guangxi	2007	1.9%	2.1%	27
12	Fujian	2008	0.4%	0.5%	16
13	Hebei	2009	0.6%	0.7%	11
14	Liaoning	2011	0.2%	0.3%	2
15	Shanxi	2014	0.3%	0.5%	26
16	Henan	2015	0.2%	0.4%	15
17	Anhui	2016	0.1%	0.2%	8
18	Sichuan	2017	0.1%	0.1%	6
19	Hunan	2018	0.0%	0.0%	0
20	Shaanxi	2019	0.0%	0.0%	0
Total			0.6%	0.7%	13



<sup>1</sup> Shenzhen and Suzhou incorporated in Guangdong and Jiangsu market GWP penetration

# Hong Kong

## Market highlights – 2019

### Resilient performance supported by structural demand drivers

### Enhancing our distribution capabilities

### Product innovation, strong focus on quality & needs of our customers

### Core earnings drivers improved despite challenging environment

#### Domestic

- Ageing population
- Significant protection gap
- Government initiatives: QDAP<sup>3</sup> and VHIS<sup>4</sup>

#### Mainland

- Attractiveness of HK policies
- Government initiatives: Greater Bay Area

- **#1** agency force with 31% m/s, increased by c. **15%** to **24k** agents
- **#1** position in agency APE in Hong Kong
- **Leading** regional partnership with Standard Chartered Bank

**98%** Regular premium mix

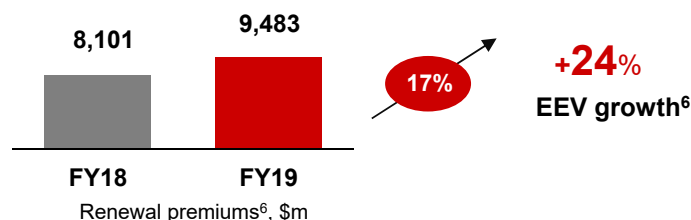
**97%** Customer retention ratio

**1.3m** Customers, up 8% y-y

**QDAP** 合資格延期年金保單  
Qualifying Deferred Annuity Policy  
APE **\$162m**

**20%** Domestic APE<sup>5</sup> (launched in 2Q)

**18%** Market share in HK<sup>5</sup>



### 1Q20 update

- **QDAP** 28% of domestic sales
- **Agent** count up 11% yoy
- **PRUworks** launched in April
- 0.4m **Pulse** users

### Execution<sup>6</sup>

**APE** **-11%** to **\$2,016m**

	<u>1H19</u>	<u>2H19</u>
Domestic	<b>+5%</b>	<b>+12%</b>
Mainland visitors	<b>+6%</b>	<b>-41%</b>

Mainland visitors to HK<sup>2</sup> **+16%** **-41%**

**NBP** **-12%** to **\$2,042m**

**Earnings<sup>1</sup>** **+24%** to **\$734m**

<sup>1</sup> IFRS pre-tax operating profit

<sup>2</sup> Source: Hong Kong tourist board

<sup>3</sup> Qualifying Deferred Annuity Policy (QDAP)

<sup>4</sup> Voluntary Health Insurance Scheme (VHIS)

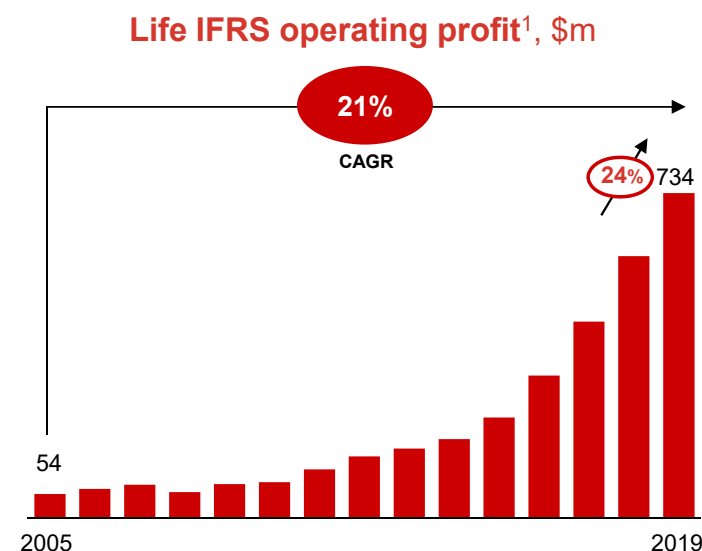
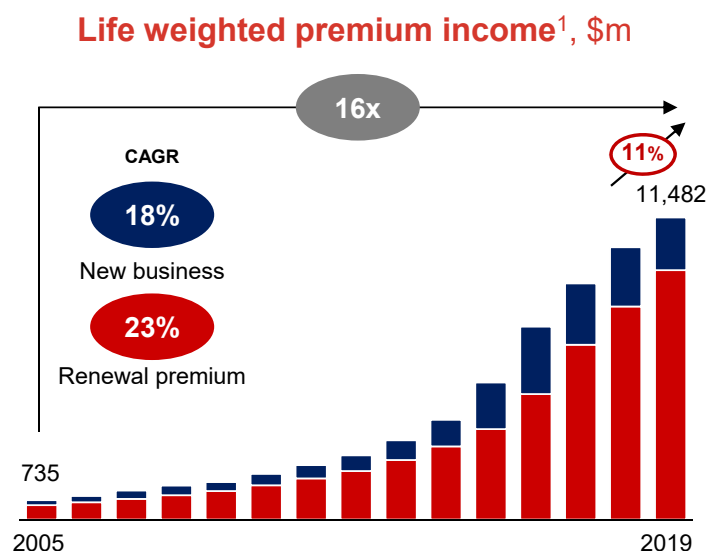
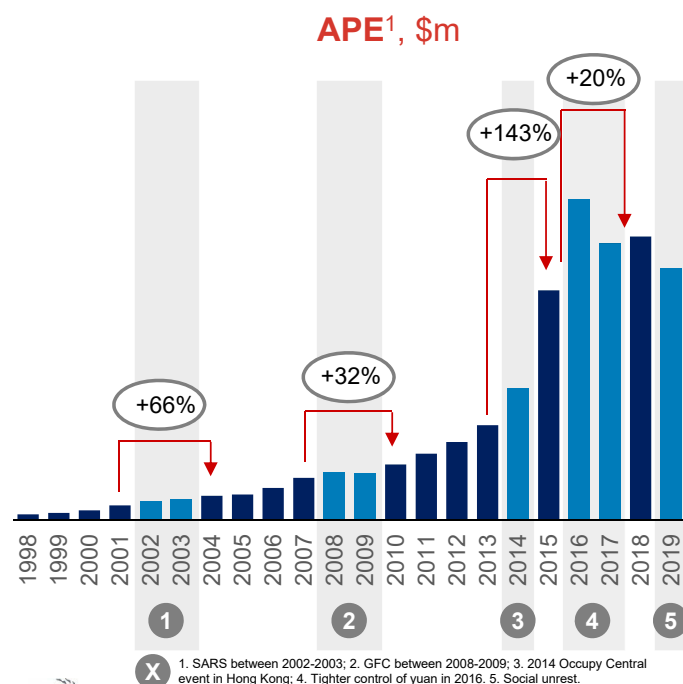
<sup>5</sup> Statements refer to QDAP. From April to October 2019. Source: HKEJ

<sup>6</sup> On a constant exchange rate basis

# Hong Kong

## Resilient performance; proven track record

- **Strong persistency**, with **customer retention** and **premium collection** in line with same period last year
- Track record of recovery from periods of disruption and consistent earnings growth
- Underpinned by recurring premium business model, attractive product proposition and structural trends



1 On a constant exchange rate basis.

# Indonesia

## Market highlights – 2019

**Enhancing distribution capabilities – Quality and sustainable delivery**

- Agency APE **+25%**; highest sales since 2015
- Elite agents growing sales by **+57%**, contributing **25%** of agency APE
- MDRT **+31%** to **1,061** qualifiers; largest in Indonesia

**Broadening product range - New product offerings & upgrades**

- **PRUPrime Healthcare+** (HNW medical): contributed **40%** of APE
- **Top 7** in Traditional Agency sales<sup>1</sup>; first time in history; 6% of mix in 4Q<sup>2</sup>
- **PRUCritical Benefit 88** accounted for 1/10 of new agent case count
- **PRUworks** (EB proposition<sup>3</sup>); **IDR 5.8bn** of APE<sup>4</sup>, **>5K** insured lives

**Future-proof - Modernise platform to realise full potential**

- **PRUmedical** network expanded by **3.6x** to **1,493**
- **Pulse by Prudential** launched, **480K+** installs<sup>5</sup> in 2 months
- Strategic partnership with **OVO**; launched **Pay Later Protect** **OVO**
- Automation: **97%** e-Submission rate<sup>6</sup>  
**87%** e-Policy rate  
**75%** Auto-underwriting

**PRUPaylink & Tokopedia**  
Additional ePayment options to pay premiums

### 1Q20 update

- **PRUworks** winning 64 schemes and adding >22k lives insured
- **Agent** count up 7% yoy
- Expanding offering of standalone protection and Sharia products
- 1.7m **Pulse** users

### Execution<sup>8</sup>

#### APE

**+23%** to **\$390m**

	<b>1H19</b>	<b>2H19</b>
APE growth	<b>+4%</b>	<b>+41%</b>

#### NBP

**+39%** to **\$227m**

#### Earnings<sup>7</sup>

**-3%** to **\$540m**

<sup>1</sup> Based on weighted new business premium as of FY 2019. Source: AAJI

<sup>2</sup> Data based on APE as of 4Q2019

<sup>3</sup> Employee Benefit proposition

<sup>4</sup> Since inception to 31 December 2019. IDR5.8bn is equivalent to \$0.5m.

<sup>5</sup> Data updated as of 5 March 2020.

<sup>6</sup> Agency e-Submissions

<sup>7</sup> IFRS pre-tax operating profit

<sup>8</sup> On a constant exchange rate basis.



# Singapore, Malaysia and the Philippines

## Market highlights – 2019

### Singapore



#### Strong market positioning

- **Top 3** market share & in regular premium
- Best ever 4Q19 APE, up **+11%**

#### Leading distribution platform

- **Largest** agency force in the market; increasing no. of MDRT qualifiers by **+39%**
- Agency Protection APE **+8%**
- Strong banca sales **+18%**

#### Broadening product offerings

- HNW getting traction; **\$76m APE, +46%**
- **Top 5** player in **Group NB**<sup>2</sup>, acquired **c.117k** new lives assured, +42% vs 2018

### Malaysia



#### Strong market positioning

- **#1** market share in conventional & takaful
- Best ever 4Q19 APE, up **+28%**

#### Enhancing distribution capabilities

- Increasing MDRT members by **+25%**
- UOB APE **+33%**

#### Continued to focus on quality

- **94%** of APE from regular premiums
- **42%** of the APE mix is H&P
- **+31%** increase in NB sum insured

#### Building digital capabilities

- e-Submission rate **+98%** (vs. 93% in 2018)
- **Dengue X**, 1st digital product in Pulse

### Philippines



#### Pivot to H&P

- Product mix shift to H&P **+5ppts** to **27%**
- NBP margin up **14ppts** to **35%**

#### Enhancing distribution capabilities

- Agent new recruits **+39%**
- Number of active agents **+44%**
- Agency NBP more than doubled

#### Continued to focus on quality

- **88%** customer retention
- **97%** of APE from regular premiums

#### Leveraging technology

- **98%** auto processing
- Auto-underwriting **+7ppts** to **69%**

APE<sup>4</sup>

**+8% to**  
**\$660m**

NBP<sup>4</sup>

**+10%**

Earnings<sup>1,4</sup>

**+14%**  
**\$493m**

APE<sup>4</sup>

**+9% to**  
**\$355m**

NBP<sup>4</sup>

**+10%**

Earnings<sup>1</sup>

**+10%**  
**\$276m**

APE<sup>4</sup>

**+34% to**  
**\$158m**

NBP<sup>4</sup>

**+123%**

Earnings<sup>1,4</sup>

**+26%**  
**\$73m**

1 IFRS pre-tax operating profit  
2 Top 5 in group new business sales. Source: LIA as of 3Q19  
3 Total FUM as at 31 Dec 2019  
4 On a constant exchange rate basis  
5 On an actual exchange rate basis  
6 Excluding Money Market Funds

# India, Vietnam, Thailand

## Market highlights – 2019

### India



#### Pivot to H&P

- Product mix shift to H&P +5ppts to **15%**
- NBP margin up 2ppts to **19%**

#### Enhancing distribution capabilities

- No. of active agents **+4%**
- Agency case size **+6%**

#### Growing scale

- AUM **+14%** to **\$25bn<sup>5</sup>**; EV reached **₹ 226.8bn<sup>6</sup>**

#### Leveraging technology

- AI powered virtual assistant '**Chat Buddy**'
- 67%** of NB policies issued within 2 days
- 94%** of NB applications initiated via digital platform

#### APE<sup>1,8</sup>

**+4%** to  
**\$260m**

#### Protection APE

**+33%** to  
**\$38m**

### Vietnam



#### Enhancing distribution capabilities

- 20-year exclusive** partnership with **SeABank**
- Strong momentum in banca sales **+167%**
- Optimising partnerships with **VIB**
- 9%** new agents converted to Elite (6% in 2018)

#### Pivot to more balanced efficient mix

- Product mix shift to ILP<sup>3</sup> +8ppt to **56%**

#### Focus on quality

- +30%** increase in NB sum insured
- 99%** regular premium
- 91%** customer retention ratio

#### APE<sup>8</sup>

**+12%** to  
**\$217m**

#### LWPI<sup>7</sup>

**+17%** to  
**\$936m**

#### Earnings<sup>2</sup>

**+20%**  
**\$237m**

### Thailand



#### Enhancing distribution capabilities

- Thanachart Bank APE: **+22%**
- Best ever 4Q19 APE, up **+18%**

#### Focus on quality

- H&P APE growth **+2%**
- 83%** customer retention ratio
- +286K** new customers to **1.6m**

#### Leveraging technology

- ePOS 2.0** for UOB, SCB and Agency
- E-Submission rate **64%** (vs. 5% in 2018)
- Smart Reflexive Underwriting** launched
- Launched **Chatbot**, 9% reduction in inbound call

#### APE<sup>4,8</sup>

**-2%** to  
**\$159m**

#### LWPI<sup>7</sup>

**+8%** to  
**\$619m**

#### Earnings<sup>2,8</sup>

**+8%** to  
**\$170m**

1 India JV ownership changed from 25.7% to 22.1% on 27 March 2019. Reported APE was -7%

2 IFRS pre-tax operating profit

3 Investment-Linked Products (ILP)

4 APE +12% excluding Siam Commercial Bank

5 Figures representative of Prudential Plc share in joint ventures

6 As of September 2019 (FY2020). Figures represent the whole company, not just Prudential shareholding. Translates to \$2.6bn using September 2019 spot rate

7 LWPI = Life weighted premium income = 10% single premium + 100% regular premium and 100% renewal

8 On a constant exchange rate basis

