



# Asia

Continued progress towards our strategic priorities.

## 2019 performance highlights

- Continued strong performance in key earnings and value metrics: adjusted operating profit up 14 per cent<sup>1</sup> and European Embedded Value up 23 per cent<sup>2</sup> to \$39,235 million
- We expanded our presence in China with a new branch in Shaanxi, the addition of seven cities and a strong start to our wholly owned private fund manager
- We renewed our successful regional strategic bancassurance alliance with United Overseas Bank Limited (UOB) to 2034 and expanded its coverage
- We secured one of a few 100 per cent licences in Myanmar, our 13th life market in Asia
- Eastspring total funds under management grew to \$241 billion, up 25 per cent<sup>2</sup>
- We developed over 160 products in 2019, contributing 16 per cent of life new business profit
- Our digital health SuperApp, branded Pulse by Prudential, is live in eight markets and over one million people have downloaded the app



## Our business

Our business model is underpinned by the breadth and quality of our operations in the life insurance and asset management sectors. We have an outstanding reputation with customers and regulators alike and we operate in markets with compelling structural drivers that support sustained future growth. We have a top-three position in nine insurance markets in the region and have built an Asian asset management business with one of the largest regional market footprints. This diversity, combined with our continued focus on customer outcomes and profitability, has provided protection from cyclical headwinds.

We have made significant investments during 2019 to strengthen further and grow our Asia business. We renewed our successful regional bancassurance partnership with UOB until the end of 2034 and expanded its coverage to include Vietnam as well as UOB's digital bank, TMRW. We extended our life insurance footprint to Myanmar, our 13th life market, and acquired a controlling stake in Thanachart Fund which makes us the fourth largest mutual fund manager in the attractive Thailand market with a 12 per cent market share. To date, over one million people have downloaded the 'Pulse by Prudential' app since its launch. Our focus on growing our presence in China saw our reach expand to a further seven cities, bringing our footprint to 94 cities, while our wholly owned private fund manager established in Shanghai in December 2018 has secured over one billion Yuan in its first year of operation.

We are able to translate these hallmarks of our business into financial success, with diversified growth in 2019 maintaining our strong track record of high-quality performance. We achieved a 14 per cent<sup>1</sup> increase in adjusted operating profit, with eight markets growing at a double-digit rate. This is supported by a 12 per cent<sup>1</sup> expansion in renewal premiums<sup>3</sup>, which reflects the long-term nature of our insurance business, and a 25 per cent<sup>2</sup> increase in funds under management at Eastspring helped by strong third party net-inflows of \$8.9 billion<sup>4</sup>. We also delivered 29 per cent<sup>1</sup> growth in new business profit outside Hong Kong, with eight markets expanding at a double-digit rate, which underpinned a 23 per cent<sup>2</sup> increase in European Embedded Value to \$39,235 million.

### Market opportunities

We seek to enhance the health and wealth of consumers in Asia by providing life insurance and asset management solutions to address their protection and savings needs at all ages. The industry remains in the early stages of development, as characterised by the low penetration rates across the region for both insurance and asset management, and low levels of financial inclusion. In particular, most of our markets are approaching the level of per capita annual income when demand increases sharply. As a consequence, Asia is predicted to contribute about two-thirds of the global life insurance growth in the next 10 years<sup>5</sup> and achieve a share of 42 per cent of the global insurance market by 2029 compared with just 32 per cent currently<sup>6</sup>. The Asia Pacific asset and wealth management industry is also expected to add about \$13 trillion of assets under management between 2020 and 2025<sup>7</sup>.

There are many structural drivers supporting the significant growth potential in Asia. The health protection gap, estimated at \$1.8 trillion<sup>8</sup>, is already substantial as consumers in Asia are under-insured and social safety nets remain limited. Meanwhile, medium-term economic growth prospects are superior to those of developed markets in the west, with continued income growth and rising wealth levels expected to raise the awareness of, and demand for, protection and wealth management solutions. Similarly, demographic trends are also favourable, as youthful emerging markets with growing working-age populations remain a core source of demand for traditional protection and savings products and more mature markets with ageing populations create demand for retirement and wealth management solutions.

While these secular trends offer attractive prospects, we remain vigilant and focused in our execution. We have carefully managed our businesses through a range of unforeseen external events during 2019, including heightened capital market volatility arising from trade tensions between the US and China, a slowdown in the growth of the Chinese economy, suppressed yields on US dollar and other Asian currency fixed-income instruments, and social unrest in Hong Kong that led to a notable decline in mainland China visitor arrivals.

We have also embraced the opportunities brought about by government initiatives. Our widening product offerings and new partnerships support many Asian regulators' vision to provide greater financial inclusion and promote the health and wellbeing of the people. For example, in Hong Kong we have seen strong demand for our annuity and medical reimbursement products that are eligible for tax incentives that were newly introduced by the government. We also successfully refreshed products of our Malaysia conventional business to comply with the new regulations on minimum allocation rate. In addition, our expertise in economic capital reporting, protection-focused business mix and conservative balance sheet position us well for the migration to risk-based solvency frameworks across the region.

### Strategic priorities

We run our business with a focus on customers, quality growth and profitability. We favour health and protection products due to their resilience to market cycles and healthy margins. Collectively, such products produced 67 per cent of our new business profit in 2019 and contributed to our high mix of regular premiums, which comprised 93 per cent of our APE sales in 2019 and 99 per cent of our life weighted premium income<sup>9</sup>. This results in 86 per cent<sup>10</sup> of our life IFRS operating income (excluding other income) arising from insurance margin and fee income, which in turn supports stable profit progression across market cycles and strong returns on equity.

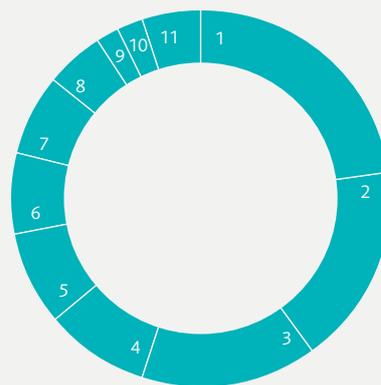
This performance also reflects the disciplined execution of our four strategic priorities, which align with the evolving sources of demand across the region and help position our business for continued growth.

### Diversification Adjusted operating profit by region

Full year 2019

**\$3,276m**

+14%



Market	Adjusted operating profit	Share of total Asia	Growth
1 Hong Kong	\$734m	23%	+24%
2 Indonesia	\$540m	17%	-3%
3 Singapore	\$493m	15%	+14%
4 Eastspring	\$283m	9%	+18%
5 Malaysia	\$276m	8%	+10%
6 Vietnam	\$237m	7%	+20%
7 China	\$219m	7%	+20%
8 Thailand	\$170m	5%	+8%
9 Taiwan	\$74m	2%	+10%
10 Philippines	\$73m	2%	+26%
11 Others	\$177m	5%	+30%

Growth rate vs 2018 constant exchange rates

First, we seek to enhance the core of our existing business and made excellent progress in this regard in 2019. Significantly, our sales in Indonesia grew 23 per cent<sup>1</sup> in the full year and this growth accelerated to 41 per cent<sup>1</sup> in the second half from 4 per cent<sup>1</sup> in the first half, following a substantial reform of our agency channel and new product launches. We made successful business mix improvements in the Philippines by shifting towards higher-margin health and protection products, which resulted in a 5 percentage point increase in APE sales mix<sup>11</sup> for these products and supported the more than doubling of new business profit. On the distribution side, we have extended our exclusive partnership with UOB until the end of 2034 with an expanded scope to include Vietnam and UOB's digital bank, TMRW, and have established an exclusive 20-year partnership with SeAbank who have 1.2 million retail customers and almost 170 branches in Vietnam.

Secondly, we aim to create 'best-in-class' health capabilities. This is being delivered by enhancing customer access to healthcare products and services. Through our digital health SuperApp branded Pulse by Prudential, which is live in 8 markets, we collaborate with various digital partners and use artificial intelligence technology to offer users a wide range of affordable and easy-to-access consumer services such as health assessments, risk factor identification, triage, telemedicine, wellness and digital payment. Meanwhile, we have launched new protection products to meet the evolving needs of our customers, including two certified VHIS plans in Hong Kong and PRUCritical Benefit 88, our first standalone critical illness product in Indonesia. In 2019, we increased our new business profit from health and protection products by 23 per cent in Asia ex-Hong Kong, as we expanded our APE sales of such products in seven markets with notable success in India, where such sales saw 50 per cent underlying growth<sup>12</sup>.

Thirdly, we plan to accelerate growth in Eastspring by expanding its product and distribution capabilities. We have continued to develop new solutions, including our first fund offerings in China and Thailand as well as fixed maturity plans in Taiwan, Singapore, Malaysia and India. We maintained our strong investment performance with 60 per cent of retail and institutional funds outperforming over the past year, collectively helping to attract strong net flows from third parties. This in turn raised our funds under management by 25 per cent<sup>2</sup> to \$241.1 billion. Further streamlining of our front and middle-office operations was delivered in 2019, following the completion of BlackRock's Aladdin system implementation across 10 markets. Meanwhile, our disciplined focus on costs has led to further improvement in the cost-income ratio, which fell three percentage points to 52 per cent in 2019, and contributed to the 18 per cent growth in adjusted operating profit for the year to \$283 million. Following our acquisition of majority stakes in Thanachart Fund and TMB Asset Management, Eastspring is now Thailand's fourth largest mutual fund manager, with a market share of 12 per cent<sup>13</sup> and combined assets under management of \$22 billion<sup>4</sup>.

Finally, we continue to expand our presence in China across both the insurance and asset management sectors. We recently established a new branch in Shaanxi, our 20th in the country, and have added seven cities and 14 sales services offices in 2019, extending our reach to 94 cities and 229 sales offices. Our current presence gives us access to 77 per cent of China's population<sup>14</sup> and 83 per cent of the insurance market<sup>15</sup>. Coupled with our continued strong focus on execution, our geographic expansion has helped us achieve strong NBP growth of 38 per cent, with strong double-digit growth across both the agency and bancassurance channels. Our life joint venture also recently received regulatory approval to establish its own asset management company, which will further strengthen our capabilities in savings and retirement products. Furthermore, our wholly owned private fund manager established in Shanghai in December 2018 has secured over one billion Yuan in its first year of operation.

### Customers

We believe that excellent customer service has been key to our strong reputation and leading pan-Asia franchise. During 2019, we added a further 1.4 million new life customers<sup>18</sup>, bringing the total to over 15 million life customers, of which about one-third are our health customers. Customer loyalty is high, as reflected by our strong retention ratio which has consistently remained in excess of 90 per cent. The satisfaction and trust our customers have in our business also translates into a high proportion of repeat sales, which comprised 45 per cent of APE sales in 2019. The result of these dynamics is a portfolio of close to 25 million in-force policies, with each policyholder holding 1.6 policies on average.

At Eastspring, the expansion in assets under management was driven by strong underlying growth of 26 per cent in external client funds, excluding the M&G related assets that were reclassified following the demerger. Overall external client funds reached \$124.7 billion and contributed to 52 per cent of the total funds under management at the end of 2019.

Our customer centric health ecosystem, which empowers consumers to take control of their personal health and wellbeing in an affordable way any time and anywhere, has made a promising start. The number of individuals who have downloaded the Pulse by Prudential app has exceeded one million since launch in August 2019. Pulse will help us acquire and retain users at pace as we enhance its reach by expanding the scope of service and onboard new partners.

We continue to identify and target new customer groups and segments outside our traditional focus in the mass and affluent space in order to accelerate our future growth. We first expanded into the high net worth segment in 2018 with Opus in Singapore, which provided a differentiated experience for our customers, including a dedicated service team, wealth planners and external experts covering trust and legal matters. APE sales in this segment delivered impressive growth of 46 per cent in 2019 to \$76 million. Similarly, we also developed tailored offerings for SMEs, a segment that remains under-served and offers significant growth potential. This strategy is advanced through our all-inclusive platform, PRUworks, which provides a digitally-enabled HR solution for business owners and their employees, providing access to employee benefits and lifestyle programmes. In 2019, we achieved 22 per cent growth in our employee benefits APE in Singapore<sup>17</sup> and leveraged this experience to extend our coverage to Indonesia. We have also developed strategies to reach the digitally-savvy millennial segment through TMRW, UOB's digital bank, and new partners such as OVO in Indonesia.

### Products

We offer a wide range of insurance products that are tailored to local market requirements and fast-changing individual needs, with 67 per cent of new business profit contributed by health and protection solutions and the rest by savings products that include participating, linked and other traditional products. The diversity and resilience of our business is supported by the continued enhancements we make to our product range, which include broadening coverage for new risks and adding innovative features. Indeed, last year 16 per cent of new business profit and 55 per cent of external net inflows<sup>4</sup> arose from the 166 products and 109 funds<sup>4</sup> that were developed in 2019.

In Hong Kong, our new and innovative product offerings have contributed to the resilience of the domestic segment, which achieved 8 per cent APE sales growth in the full year. This growth accelerated to 12 per cent in the second half from 5 per cent in the first half despite the economic slowdown and social unrest. Our new qualified deferred annuity product was well received by customers in both the agency and bancassurance channels, and with sales of \$162 million accounted for 11 per cent of our Hong Kong APE sales since its launch on 1 April 2019. PruActive retirement marked our entry into the annuity market in Singapore, contributing 6 per cent to our Singapore APE sales since its launch in August. We also launched PRUHealth Cancer ReCover in Hong Kong, a first-in-market cancer protection plan tailored for cancer survivors and which also offers holistic homecare services to support in-home recovery.

The improvement of our Indonesia business, whose new business profit rose strongly by 39 per cent<sup>1</sup> in 2019, was also helped by the broadening of our product offering. Following the success of our upgraded unit-linked product, PRUlink Generasi Baru, that was launched in late 2018, we offered a number of new and refreshed products in 2019. To raise the productivity of our trainee agents we launched PRUCritical Benefit 88, our first standalone critical illness product, which accounted for around 10 per cent of the case count in this agent segment. Similarly, we refreshed our medical product, PRUprime Healthcare Plus, offering customers a simpler and faster process to upgrade health protection, and this was our best-selling product in Indonesia last year. We also plan to introduce new offerings to our critical illness and Shariah products, which we expect will help sustain the growth momentum in 2020.

### Distribution

We believe in a multi-channel strategy for our business which can adapt and respond flexibly depending on local market conditions. Our distribution network is one of the strongest and most diversified in the Asia region. We have over 600,000 licensed tied agents across our life insurance markets, and this proprietary distribution channel is the core component of our success, comprising 83 per cent of our new business profit. We also have a leading bancassurance franchise that provides access to over 18,000 bank outlets through our strategic partnerships with multi-national banks and prominent domestic banks, which grew new business profit by 12 per cent in 2019. In recent years, we have also established non-traditional partnerships to broaden our reach further, with partners added in 2019 including Viettel, the largest telecommunications service provider in Vietnam. In total, we have more than 300 life insurance and asset management distribution partnerships in Asia.

Our focus on the agency channel positions us well for sustainable growth, as customers continue to have a strong preference for face-to-face advice from a trusted financial adviser, especially regarding complex protection and wealth solutions. We have created a culture whereby agents aspire to attain membership of the Million Dollar Round Table (MDRT), an industry-recognised indicator of quality. We place great emphasis on agent professionalism and promote career progression by providing tailored training programmes that share experience and best practice across different markets. In addition, to further assist our agents during the sales process and enhance productivity we continually upgrade the tools at their disposal.

We currently boast a number one position in agency APE sales in Hong Kong and have increased MDRT qualifiers by 35 per cent in our markets outside Hong Kong, reflecting our focus on agent recruitment, training and productivity across different markets. For example, in Indonesia, our segmented agency strategy is delivering positive early results and played a key role in driving APE sales growth in 2019, with the Elite segment growing APE sales by 57 per cent to account for 25 per cent of total agency APE sales for the year.

Our partnerships also made exceptional progress last year. The bancassurance channel achieved APE sales growth of 14 per cent<sup>1</sup>, with particularly strong performances in China JV and Vietnam and 24 per cent growth from UOB following the renewal of the strategic partnership at the beginning of the year. Meanwhile, we also extended our collaboration with new partners to widen our access to new customer segments, underlined by our new strategic partnership with OVO, the largest digital payment platform in Indonesia with access to 115 million devices. We anticipate that this partnership will significantly enhance our reach to digitally-savvy consumers in the country through the joint development of digital propositions that encompass health, wellness and wealth products. The experience will also help us in designing and managing distribution strategies in our existing markets as well as in targeting new or recent points of entry.

## Cambodia



### Life insurance

Market ranking <sup>19</sup>	1st
Population <sup>20</sup>	16m
Penetration <sup>6</sup>	0.1%

## China



### Life insurance

Market ranking <sup>19,21</sup>	4th
Population <sup>20</sup>	1.4bn
Penetration <sup>6</sup>	2.3%
Average health protection gap per household <sup>8</sup>	\$1,724

### Eastspring

Funds under management <sup>22</sup>	\$7.8bn
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## Hong Kong



### Life insurance

Market ranking <sup>19</sup>	2nd
Population <sup>20</sup>	7m
Penetration <sup>6</sup>	16.8%
Average health protection gap per household <sup>8</sup>	\$9,156

### Eastspring

Funds under management <sup>22</sup>	\$5.0bn
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## India



### Life insurance

Market ranking <sup>19</sup>	2nd
Population <sup>20</sup>	1.4bn
Penetration <sup>6</sup>	2.7%
Average health protection gap per household <sup>8</sup>	\$1,382

### Eastspring

Funds under management <sup>22</sup>	\$25.3bn
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## Indonesia



### Life insurance

Market ranking <sup>19</sup>	1st
Population <sup>20</sup>	271m
Penetration <sup>6</sup>	1.5%
Average health protection gap per household <sup>8</sup>	\$1,230

### Eastspring

Funds under management <sup>22</sup>	\$5.6bn
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## Japan



### Eastspring

Funds under management <sup>22</sup>	\$6.7bn
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## Korea



### Eastspring

Funds under management <sup>22</sup>	\$12.2bn
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## Laos



### Life insurance

Market ranking <sup>19</sup>	Top 3
Population <sup>20</sup>	7m
Penetration <sup>6</sup>	0.0%

## Malaysia



### Life insurance

Market ranking <sup>19</sup>	1st
Population <sup>20</sup>	32m
Penetration <sup>6</sup>	3.3%
Average health protection gap per household <sup>8</sup>	\$6,864

### Eastspring

Funds under management <sup>22</sup>	\$11.8bn
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## Philippines



### Life insurance

Market ranking <sup>19</sup>	3rd
Population <sup>20</sup>	108m
Penetration <sup>6</sup>	1.3%
Average health protection gap per household <sup>8</sup>	\$1,406

## Singapore



### Life insurance

Market ranking <sup>19</sup>	3rd
Population <sup>20</sup>	6m
Penetration <sup>6</sup>	6.2%
Average health protection gap per household <sup>8</sup>	\$13,776

### Eastspring

Funds under management <sup>22</sup>	\$129.2bn
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## Taiwan



### Life insurance

Market ranking <sup>19</sup>	12th
Population <sup>20</sup>	24m
Penetration <sup>6</sup>	17.5%
Average health protection gap per household <sup>8</sup>	\$4,823

### Eastspring

Funds under management <sup>22</sup>	\$8.0bn
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## Thailand



### Life insurance

Market ranking <sup>19</sup>	8th
Population <sup>20</sup>	70m
Penetration <sup>6</sup>	3.6%
Average health protection gap per household <sup>8</sup>	\$287

### Eastspring

Funds under management <sup>22</sup>	\$23.3bn
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## Vietnam



### Life insurance

Market ranking <sup>19</sup>	3rd
Population <sup>20</sup>	96m
Penetration <sup>6</sup>	1.6%
Average health protection gap per household <sup>8</sup>	\$1,251

### Eastspring

Funds under management <sup>22</sup>	\$4.4bn
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### New business profit by product Full year 2019 %



### New business profit by channel Full year 2019 %



### Digital

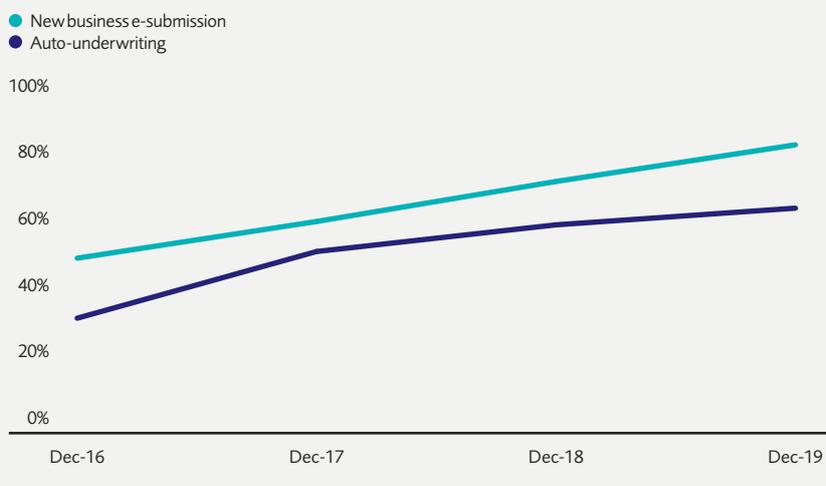
In the face of rapidly evolving customer needs and technological disruption, we actively embrace change and the latest technology. Our digital strategy is being executed in two waves. The first focuses on increasing automation and improving digital capabilities in our current business model for better customer experience leading to better business results. The second adds a new business model based on a customer centric digital ecosystem which is manifested in our SuperApp branded Pulse by Prudential.

#### First wave: Enhancing our current business model

In the first wave we are continually increasing the automation of our operations so as to improve both business efficiency and customer experience. For example, 83 per cent of all new business was submitted through e-point-of-sale technology in 2019, representing an increase of 11 percentage points year-on-year, with the enhancement particularly pronounced in our bancassurance partners in Thailand, Taiwan and Malaysia. Our smart underwriting tool, which is now used in 64 per cent of all new sales, offers dynamic underwriting that streamlines the application process and communicates instant underwriting decisions to customers. We provide our rapidly growing digital-savvy customer-base with efficient and secure digital payment solutions, for example, through our recent partnership with Boost, a leading lifestyle e-wallet in Malaysia. We have established a strategic relationship with the global technology services company Tech Mahindra to leverage their scale and expertise in Cloud and Mobile to ensure faster deliveries across all markets.

At Eastspring, in addition to embedding BlackRock's Aladdin system, we have also made other digital advancements, with our Malaysian entity winning the 'Fintech Innovation in Asset Management' award in Asia Asset Management's '2020 Best-of-the-Best awards'. This reflected the continued enhancements to our online platform, myEastspring, which enables our clients to access, monitor and transact online and includes tools for our agents to help clients predict their future savings needs. We also launched a new digital facility that empowers members of the Employees Provident Fund to take control of their investments and make transactions at nearly zero cost.

**Prudential Corporation Asia automation rates trend**



#### Second wave: Building an ecosystem-based business model

In the second wave, to aid the expansion of our role from providing protection to making customers healthier, we have added an ecosystem-based business model which is manifested in our Pulse by Prudential app. Built on the latest architecture, Pulse is scalable and is based on real data and artificial intelligence (AI) technology focusing on positive outcomes for customers and our businesses. This business model also uses a wide range of partnerships and the latest trends in health and wealth technology, allowing us to fulfil our strategic imperative to add prevention and postponement to our protection business. So far we have secured 18 market-leading partners across an array of different elements. We believe this will help us to acquire users at pace and gain access to new data, whilst enabling our customers to enjoy a wide range of affordable healthcare and value-added services to help them live longer and healthier lives. Currently live in eight markets, Pulse will continuously improve as we roll out new functionalities, increase partnerships and learn from direct user feedback over time.

The component of Pulse designed for the fast-growing small and medium enterprise (SME) segment in Asia is known as PruWorks. Following its launch in Singapore and Indonesia, we are now enhancing this further with a fully integrated, new administration system as well as direct connectivity to enhance customer experience for SMEs and their employees.

#### Corporate responsibilities

We have a large number of staff and agents across our life and asset management businesses across Asia, and an explicit inclusive approach to hiring and monitoring diversity. Progressively, we seek to ensure that mobility is not just seen as part of the opportunity provided to improve our individuals' skills but is also a source of key competitive advantage as we take learnings from one operation and apply them in another. The change in the method of managing agents in Indonesia using techniques developed in Vietnam is a prime example of this.

## Highlights of key ecosystems partners

Ecosystem partners	Markets (to be) covered	Ecosystem elements
 <b>babylon</b>	Regional	Health assessment, triage, AI symptom checker
 <b>doc</b>	Malaysia	Online consultation, telemedicine
 <b>halodoc</b>	Indonesia	Telemedicine
 <b>mydoc</b>	Regional	Telemedicine
 <b>TICTRAC</b>	Regional	Wellness, engagement and rewards
 <b>Prenetics</b>	Hong Kong	DNA testing
 <b>OVO</b>	Indonesia	e-payment, alternative distribution channel
 <b>Boost</b>	Malaysia	e-payment
 <b>IME</b>	Malaysia	Dengue alert
 <b>HæalthTech</b>	Regional	SME cloud computing
 <b>FreedomPop</b>	Regional	Data analytics and lead generation
 <b>TMRW</b>	Regional	UOB's digital bank
 <b>MyanCare</b>	Myanmar	Digital healthcare
 <b>FLEXIBLE PASS</b>	Myanmar	Wellness, engagement and rewards
 <b>AIS</b>	Thailand	Digital service provider, Group business
 <b>VIETTEL</b>	Vietnam	Telecommunication and e-payment
 <b>CENTRAL Group</b>	Thailand	Customers and behavioural data, alternative distribution
 <b>Chiiwii</b>	Thailand	Telemedicine

We have long-standing and strong relationships with the regulators in the markets we operate in. This is built on a culture of compliance with the rules and our promotion of financial services in the context of public policy. To drive the insurance penetration rates in protection and savings products which are desired by governments and regulators in the region, we support the process of deepening capital markets, building robust regulatory and legal frameworks and enhancing financial literacy in the markets in which we operate, which in turn supports economic

growth and stability. We see our investment appetite and risk management approach as contributing to the development and stability of the capital markets for the markets in which we operate. We actively engage with fellow market counterparties and governments to foster greater depth, transparency and liquidity of markets.

The responsible and sustainable management of our tax affairs also helps us to maintain constructive relations with our stakeholders and play a positive role

in the economy. We take a long-term perspective and balance our responsibility to support our business strategy with our responsibility to the communities in which we operate, which need sustainable tax revenues. We understand the importance of paying the right amount of tax on time. We manage our tax affairs transparently and seek to build constructive relationships with tax authorities in all the countries in which we operate.

### COVID-19 update

We continue to monitor closely the development of the coronavirus outbreak. Our priority is the health and wellbeing of our customers and staff during this challenging time. In China and Hong Kong, we were one of the first insurance companies to launch extra free protection and coverage against this disease. Similarly, in another eight Asian markets we are offering additional free hospital cash benefits and other lump sum benefits to customers diagnosed with this disease, alongside a series of measures and services to support affected customers in a timely manner, such as dedicated hotlines and simplified claims procedures. For our staff, we have put in place flexible work arrangements, for example on work hours and work location, as well as enhanced hygienic tools in the office.

While the coronavirus outbreak has slowed down economic activities in the year-to-date and dampened our sales momentum in Hong Kong and China, we remain confident in the medium to long-term prospects of these economies and their respective insurance sectors. Our broad geographic spread across the region and the strength of our recurring premium business model lends considerable resilience to our earnings. We will continue to collaborate actively with the relevant governments and uphold our corporate and social responsibilities. This is exemplified by the recent donation of RMB15 million to support efforts in fighting against the disease by our joint ventures in China<sup>18</sup>. We will also continue to stand by our customers steadfastly and make them healthier with our 'best-in-class' health and protection capabilities.

### Business outlook

Asia's growth fundamentals and demographic trends remain robust and we expect will continue to support strong growth for the insurance and asset management industries in Asia.

We are well placed to capture these structural prospects given our market-leading positions, focused strategic priorities, high-quality execution and expanding digital capabilities.

We have built a track record of consistent and resilient expansion across cycles over the past decades, and we are confident in continuing to replicate our past success and to make our customers in Asia healthier and wealthier in the years to come.



**Nic Nicandrou**  
Chief Executive  
Prudential Corporation Asia

#### Notes

- 1 Increase stated on a constant exchange rate basis.
- 2 Increase stated on an actual exchange rate basis.
- 3 See note II of the Additional unaudited financial information for definition and reconciliation to IFRS balances.
- 4 Excludes Money Market Fund.
- 5 Source: Allianz Global Insurance Market at a crossroads, May 2019. Global life insurance premium derived from total insurance premium.
- 6 Market penetration: Swiss Re (Sigma) – based on insurance premiums as a percentage of GDP in 2018 (estimated).
- 7 Source: PWC Asset & Wealth Management 2025 report.
- 8 Swiss Re Institute: The health protection gap in Asia, October 2018. Average gap per household is calculated as 'total health protection gap divided by estimated number of households hospitalised under the mentioned gap range'. Report excludes Cambodia and Laos.
- 9 Weighted premium income comprises gross earned premiums at 100 per cent of renewal premiums, 100 per cent of first-year premiums and 10 per cent of single premiums.
- 10 Total insurance margin (\$2,244 million) and fee income (\$286 million) of \$2,530 million divided by total life income excluding other income of \$2,958 million (Comprised of total life income of \$6,187 million less other income of \$3,229 million). For discussion on the basis of preparation of the sources of earnings see note I(iv) of the Additional unaudited financial information.
- 11 APE sales mix refers to the proportion of total market APE sales accounted for by each product type.
- 12 Assuming no change in our shareholding.
- 13 Mutual fund market shares; mutual fund assets under management as at 31 December 2019.
- 14 Source: National Bureau of Statistics of China.
- 15 By life and health GWP in 2019.
- 16 Excluding India.
- 17 Excluding broker channel.
- 18 RMB10 million by CPL and RMB5 million by Citic Pru FMC.
- 19 Based on full year 2019 or the latest information available. Sources include formal (eg competitors results release, local regulators and insurance association) and informal (industry exchange) market share data. Ranking based on new business (APE sales, weighted full year premium or full year premium depending on availability of data). Full year 2019 data is not yet available for Hong Kong; full year 2018 has been used instead.
- 20 United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects 2019 Revision.
- 21 Total joint venture/foreign players only.
- 22 Full year 2019 FUM reported based on the country where the funds are managed.
- 23 IFRS gross premiums earned for Asia segment.
- 24 Excludes Jiwassraya.
- 25 Includes Takaful sales and excludes Group business.

## Driving our business

### Customers

In Asia, we focus our efforts on helping new and existing customers build better futures for themselves and their families, by helping to fill the savings and protection gap that exists in many markets in the region.

### Products

We listen to our customers to help us understand their changing needs and tailor our design of product solutions and services.

### Distribution

We are well-positioned in terms of the scale and diversity of our distribution to reach and serve our customers' needs. At the core of our distribution model is face-to-face customer interaction that delivers high-quality, needs-based advice.

### Investment for growth

Building on our strong track record, we are building for future growth by investing in new opportunities and capabilities.

## Creating value and benefiting our stakeholders

**+15m** life customers

**93%**  
of APE sales in regular premium

**83%**  
of all new business submitted through e-point-of-sale technology

**+600,000** agents  
Access to over **18,000** bank outlets

Now in **94** cities in China  
Launched over **160** insurance products and more than **100** funds

**\$241bn**  
Eastspring Investments' total funds under management

