

Growth, Future Potential and Investment Opportunities for Takaful Insurance

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PT Prudential Life Assurance

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Agenda

- Market Overview
- Consumer Trends
- Prudential Indonesia Business Review
- Summary



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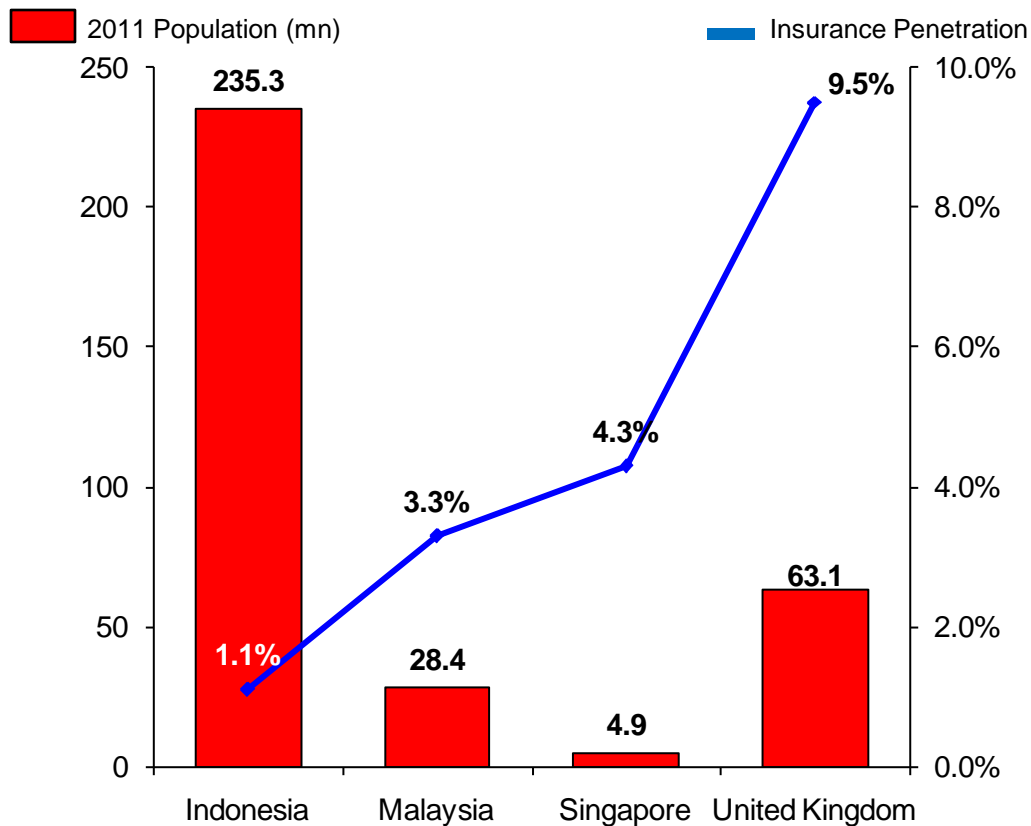
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Macroeconomic Indicators

Positive and robust economic outlook is favorable for the industry

Country Comparison



Observations

- Strong GDP growth over the 5-year period (6%+) mainly driven by commodity exports and domestic demand
- Steadily growing insurance penetration, but well below other large emerging markets (China: 3%, India: 4%) – represents significant growth opportunity
- One of the best performing stock markets from developing countries leading to high investor confidence
- 4th most populous country in the world (235 million) with increasing urbanization and growing household income levels
- Largest Muslim population in the world – significant Syariah opportunity

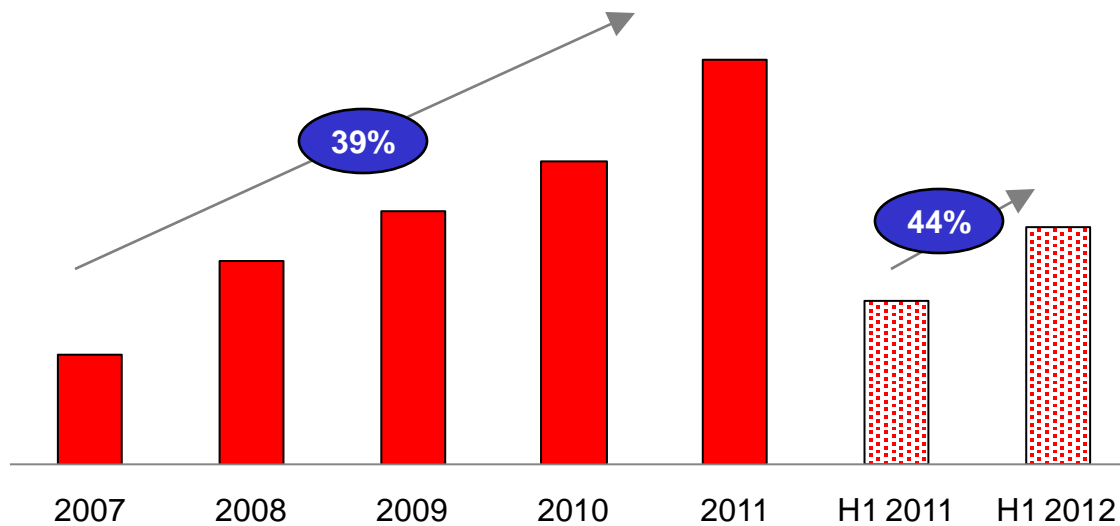
2011 GDP Growth	Indonesia	Malaysia	Singapore	United Kingdom
	6.5%	5.1%	5.0%	0.8%

Source: Sigma Insurance Report 2012, BMI Q3 2012 Indonesia Report, World Bank

Indonesia Syariah Contribution

The syariah insurance CAGR growth of 39% continues to outperform conventional insurance

Syariah Total Contribution Growth



C4.5% of total industry

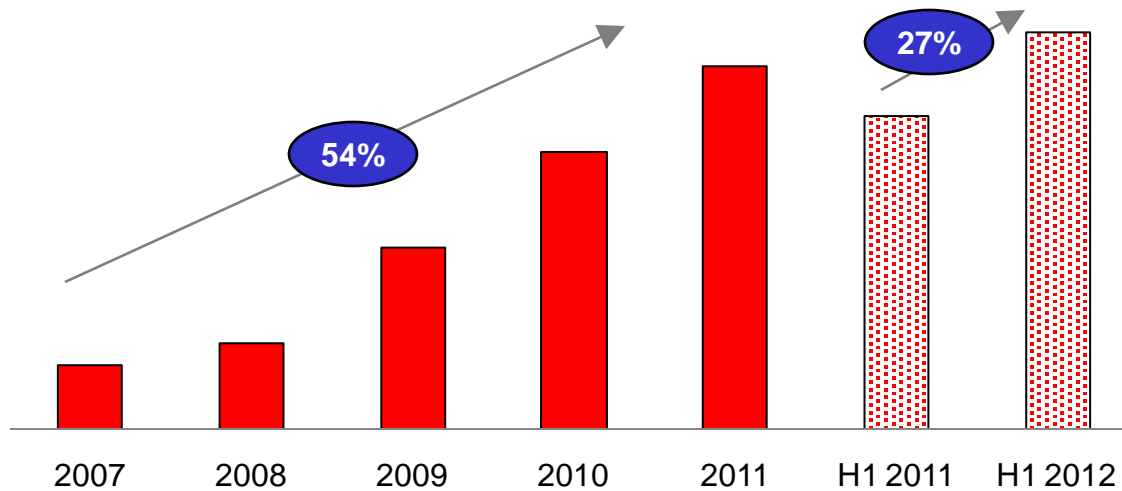
Observation

- Syariah contributions have grown at a CAGR of 39% since inception
- Syariah contributions are now c4.5% of the total industry
- With the significant Muslim population, there are significant opportunities for the growth of syariah insurance in Indonesia

Indonesia Syariah Investments

The syariah investments continues to perform well despite the challenging environment across the region

Syariah Investments Growth



Observation

- Syariah Investments have grown at 54% CAGR since inception – 2.5times growth of conventional investments
- At half year 2012, investments grew at 27%

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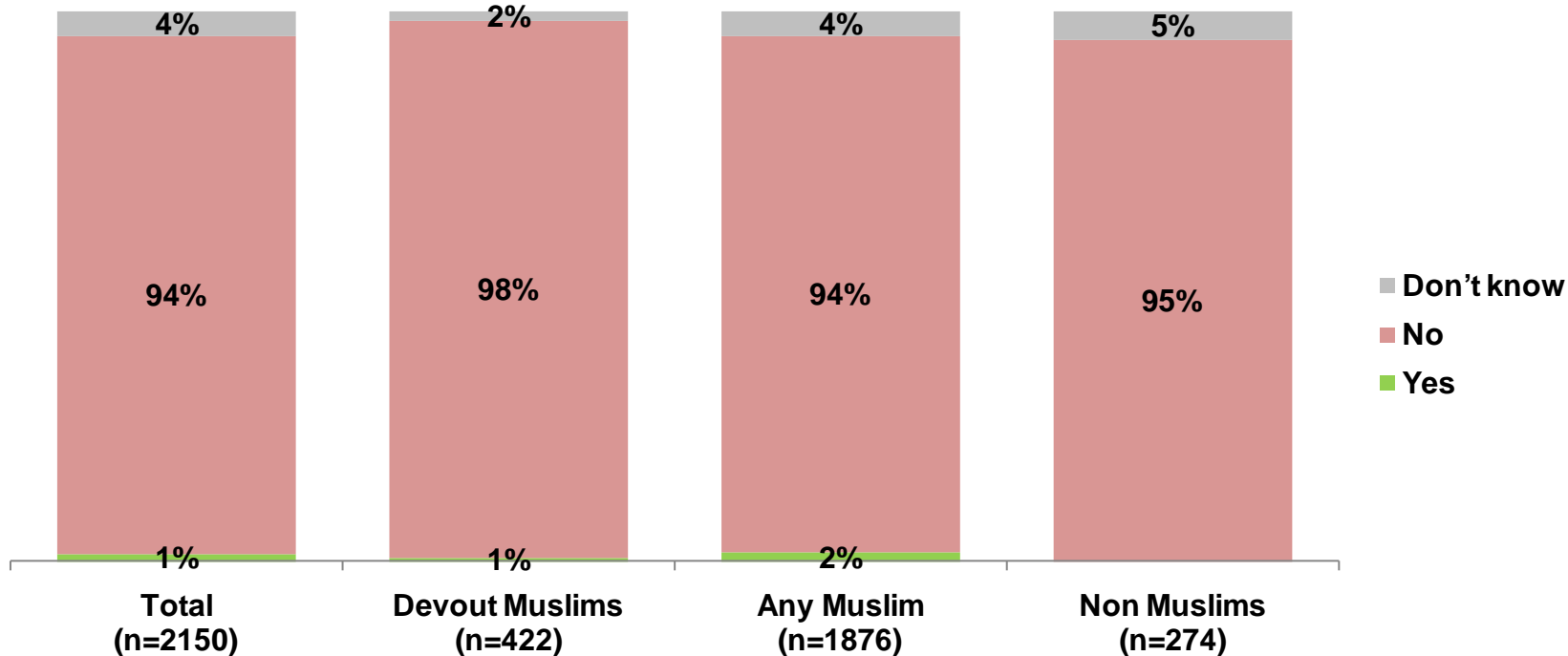
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Ownership of Syariah Life Insurance

Only 1% of total respondents had syariah life insurance

Do you have any syariah life insurance? (n=2150)



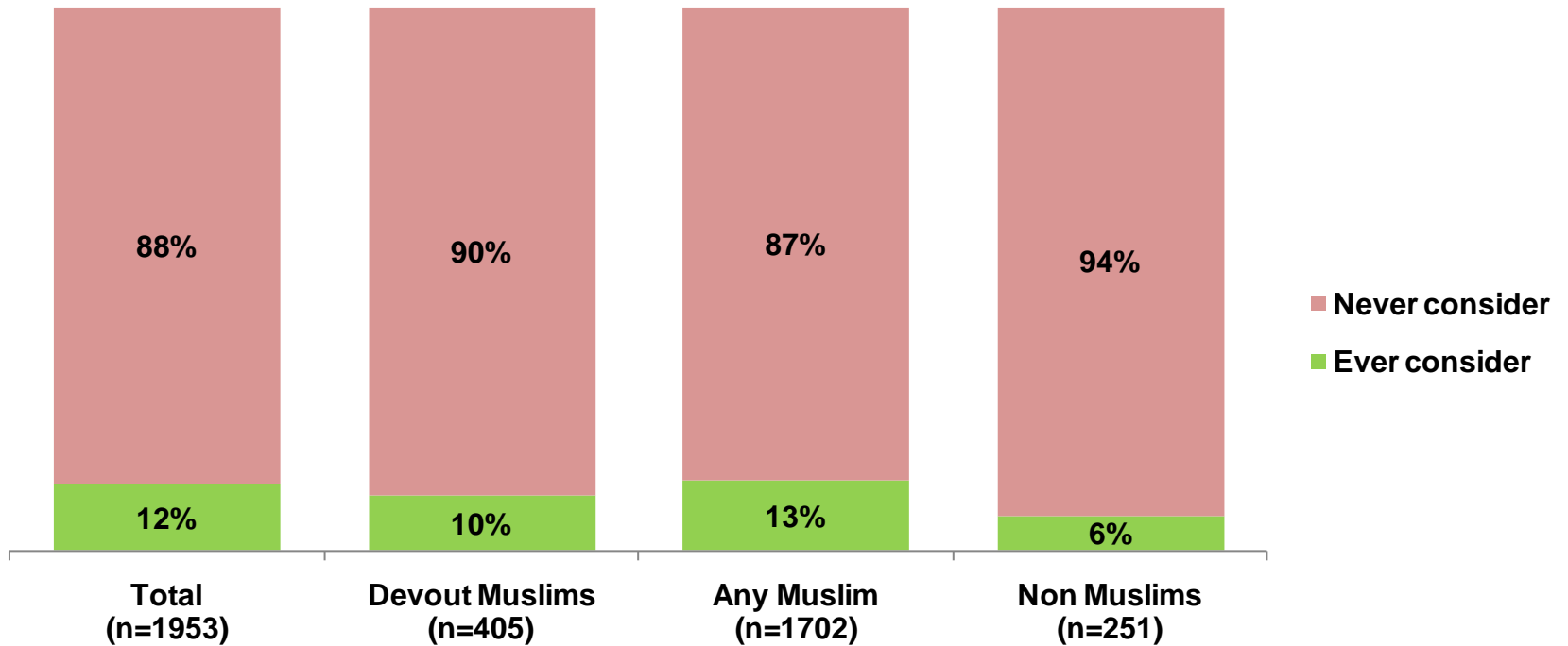
- Only 1% of total respondents have syariah life insurance.
- Same number among devout Muslims, 2% among any Muslims, while no one among non Muslims have syariah life insurance.

Source: Syariah Consumer Survey conducted by Kadence International

Consider to Purchase Syariah Life Insurance

12% of total respondents considered to purchase a syariah life insurance policy

Did you ever consider purchasing Shariah Life Insurance? (n=1953)

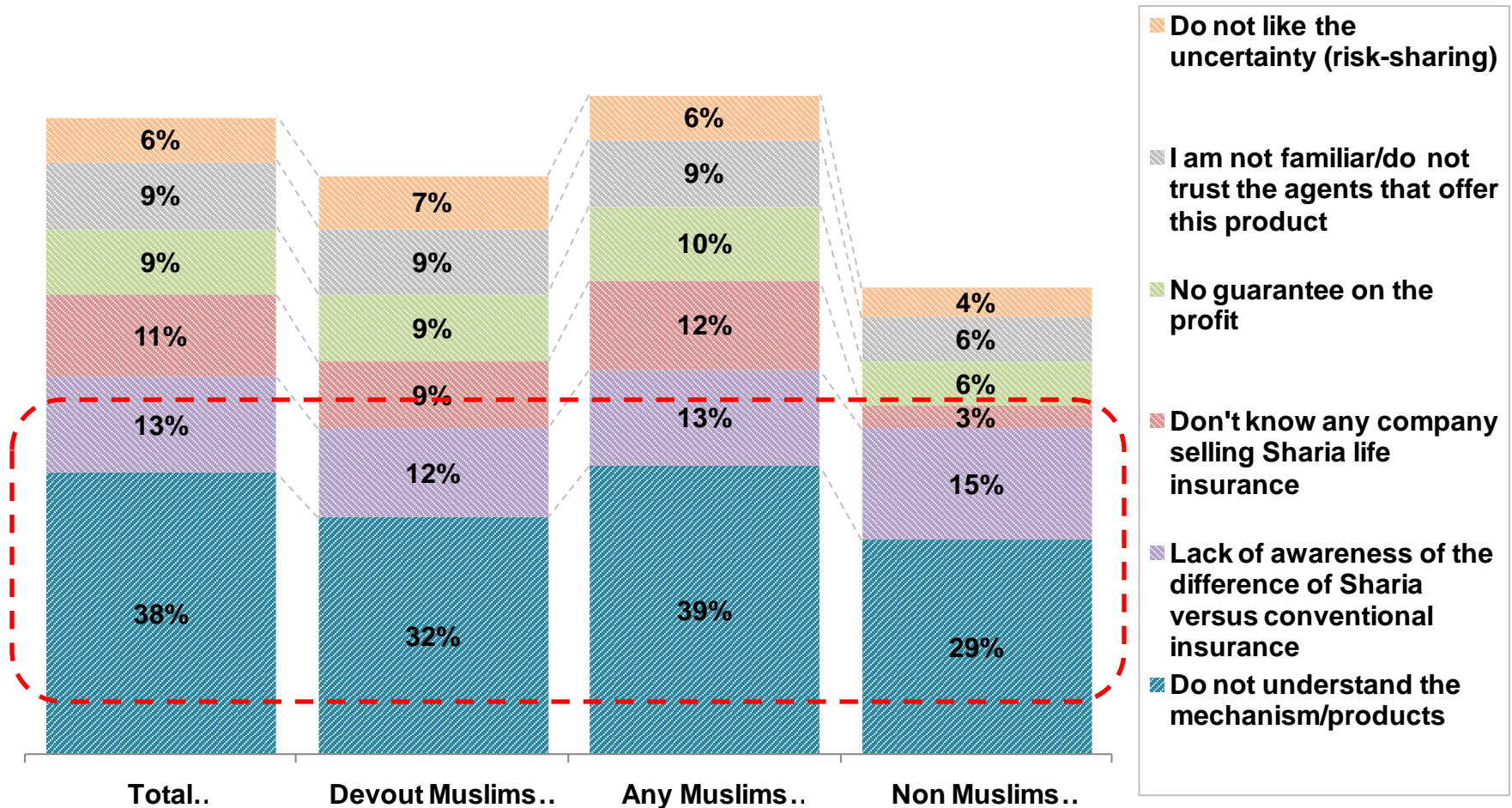


- 12% of total respondents ever considered to purchase a syariah life insurance policy.

Reasons to Not Ever Consider Syariah Life Insurance

Not understanding the product and difference are the main reason why people never consider buying syariah life insurance

Are there any barriers that make you to hesitate from buying Sharia life insurance?



Source: Syariah Consumer Survey conducted by Kadence International

SWOT Analysis

Strengths

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- A sustained boom in life insurance, which has been in place for over five years, continues, with premiums rising at double-digit rates
- Life insurance is a product that about 90% of Indonesians do not have
- Takaful has been growing quickly, though from a low base.

Opportunities

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- Government legislation on syariah insurance companies spin-off would further boost the focus on companies on syariah
- With the worlds largest Muslim population and low insurance penetration, there are significant opportunities for Takaful Insurance
- Indonesia's ambition is to be the leader in Islamic Finance. Over the past five years, Islamic banking growth has averaged more than 65%

Weaknesses

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- There are increasing number of Regulatory changes as the industry matures
- Generally low awareness in
 - Financial literacy
 - Financial planning
 - Life insurance
 - Syariah life insurance

Threats

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- With changing regulations insurers will need massive injections of new capital if they are going to be able to maintain the speed of expansion of recent years
- Indonesia is perceived as one of Asia's riskier destinations. This leaves the economy vulnerable to sudden capital outflows at times of risk aversion, which can lead to sharp swings in the currency



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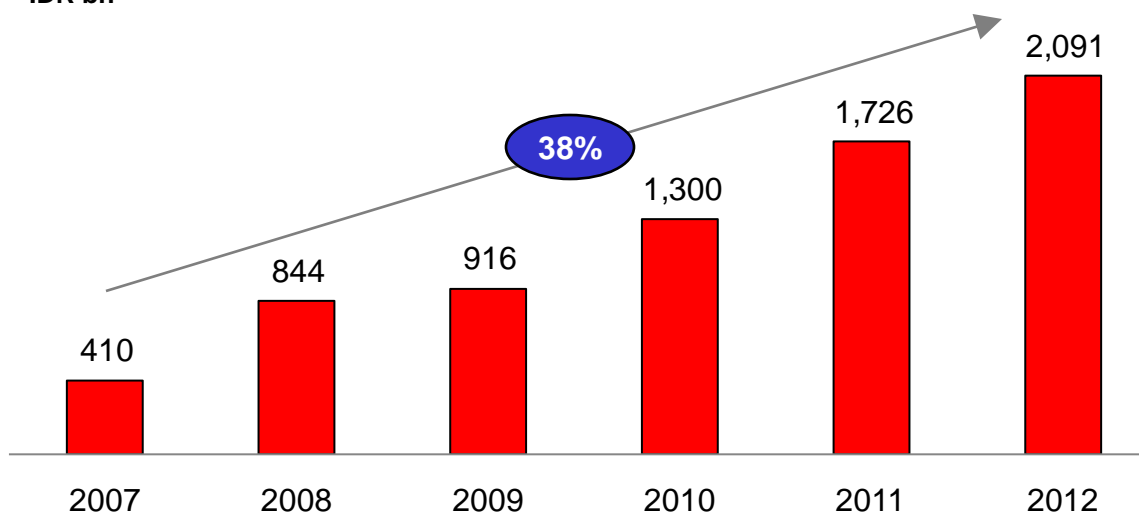


Strong Growth in Syariah Contributions

PLA continues to lead and steer the Indonesia syariah industry with several 'first to market' initiatives

PLA Syariah Contributions

IDR'bn



Observation

- 86%¹ of Indonesian population are Muslims, representing a large untapped market
- Prudential is the market leader in syariah with c40% market share. Syariah product is well received by both agents and customers, strongly supported by proven ILP track record and branding
- Able to gain 'quick to market' advantage by leveraging on current agency scale and extensive geographic footprint.

Source: 1 CIA World Handbook – www.cia.gov

...through Distribution support

2006

2012

Agency

Number of Agents: 33,000



Number of Agents: 196,000

Bancassurance

2 Bank Partners



6 Bank Partners

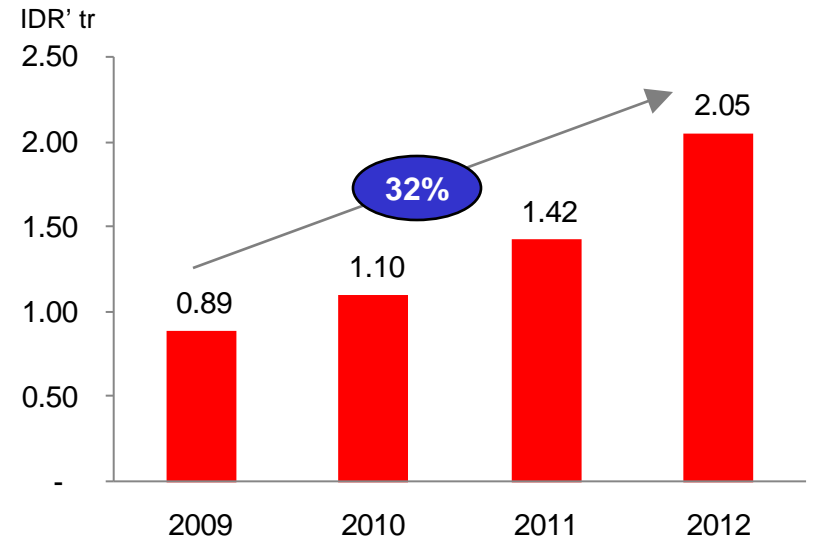


Top Performing Funds

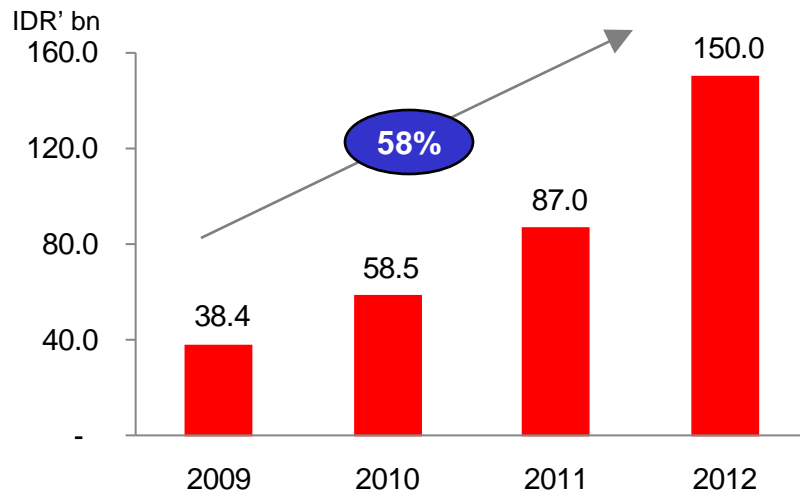
Prudential Syariah Funds Under Management are growing between 32% - 56% CAGR



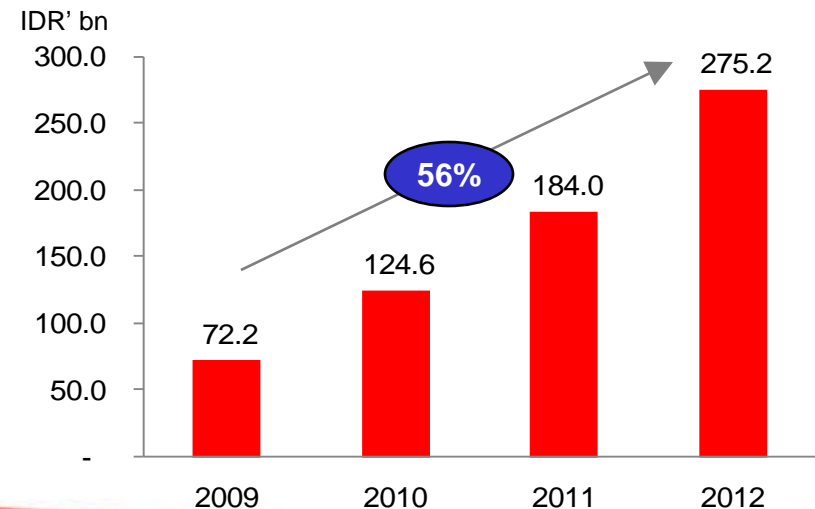
Prudential Syariah Rupiah Equity Fund



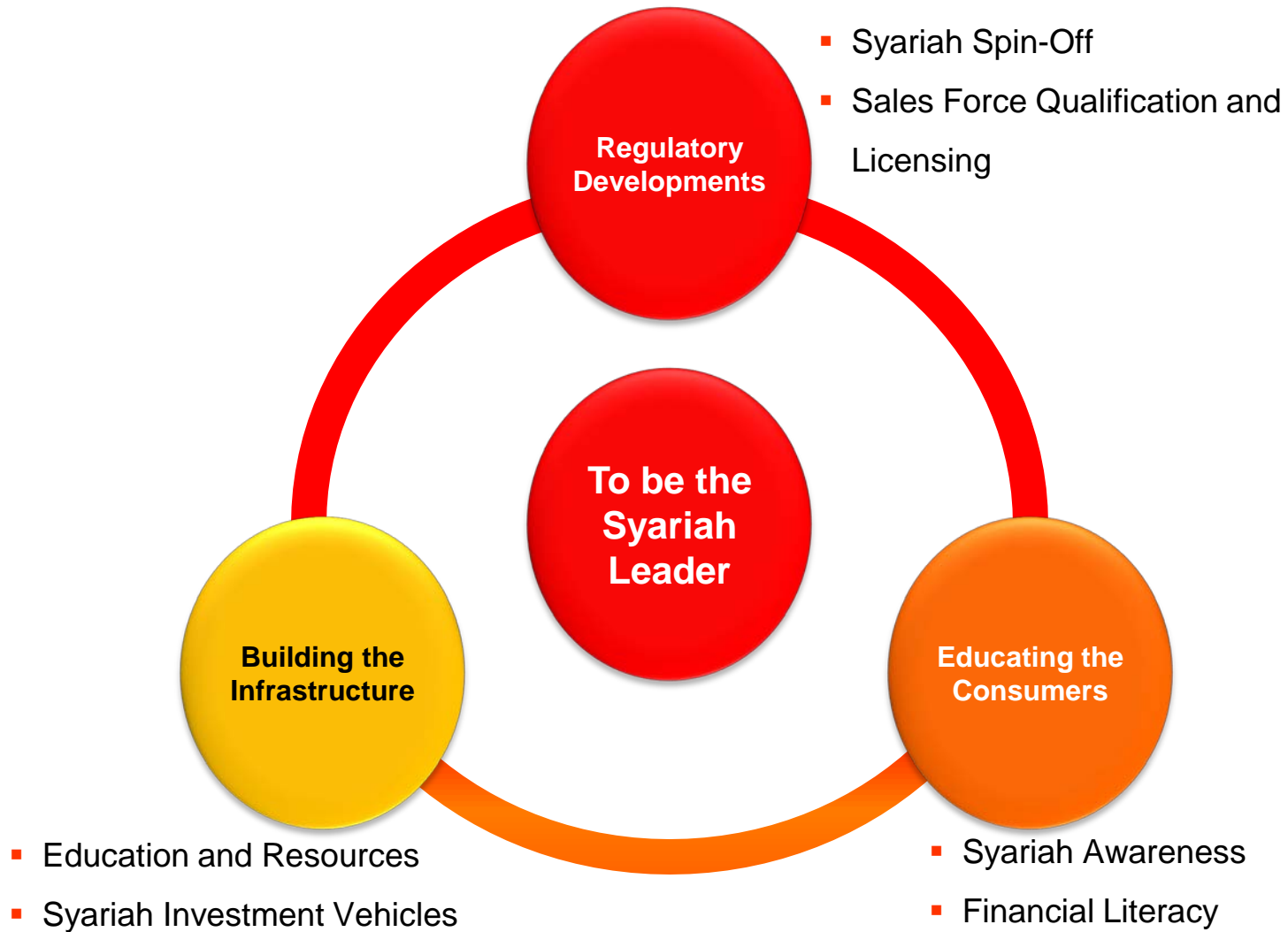
Prudential Syariah Rupiah Cash and Bond Fund



Prudential Syariah Rupiah Managed Fund



Industry Changes / Issues

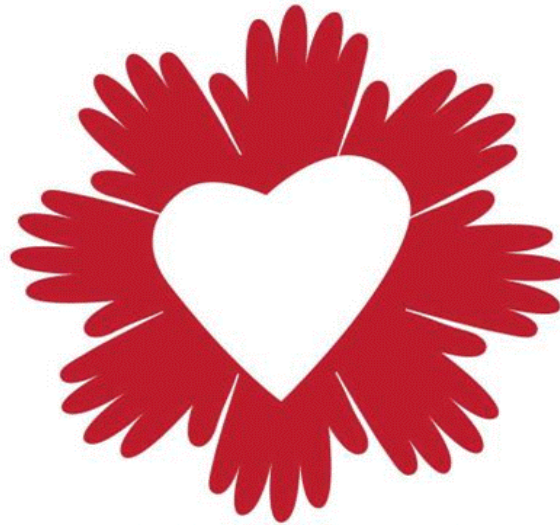


Being a Responsible Corporate Citizen

The Chairman's Challenge



YPAC School Building



A Million Hearts
for A Million Dreams

Donation of Apheresis machine to YOAI



Mosaic



Chevening Scholarship



Awards and Recognition

PLA has received 37 awards in 2012 (34 awards in 2011)



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Summary

- Huge potential for syariah industry growth driven by highly positive economic & demographic indicators and largely untapped syariah insurance market
- Prudential Indonesia continues to deliver strong results and remains the leader for syariah insurance in Indonesia
- Well positioned to continue market out-performance with strengths in branding, distribution, operational effectiveness and investment linked product offering in the syariah segments



End of Presentation.
Thank You.

