



# Prudential plc

## 2015 Half Year Results

11 August 2015

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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.

# Prudential plc 2015 half year results

## Agenda

**Business Review**

Mike Wells

**Financial Review**

Nic Nicandrou

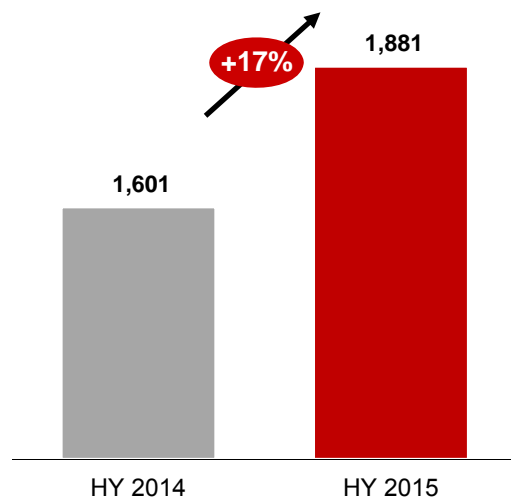
**Outlook**

Mike Wells

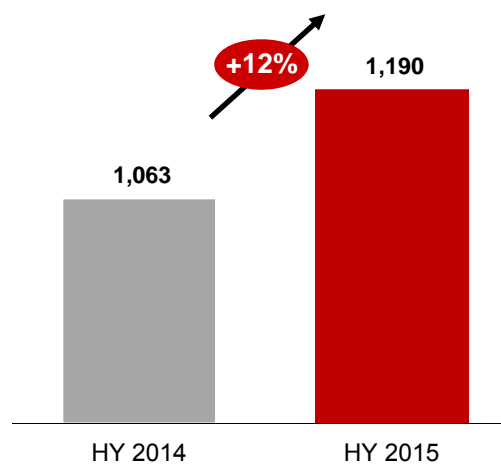


# Group Profitable growth

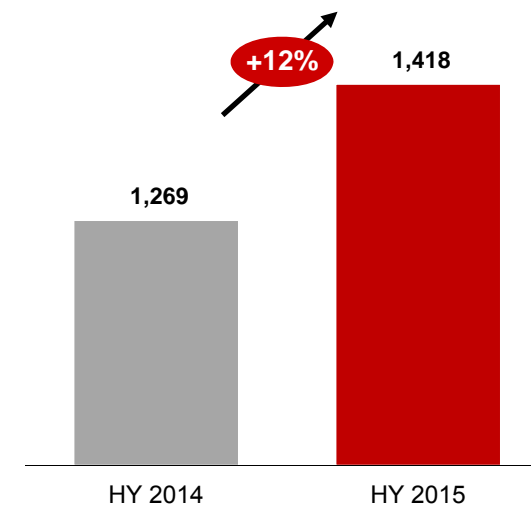
## IFRS operating profit<sup>1</sup>, £m



## New Business Profit<sup>1,2</sup>, £m



## Free surplus generation<sup>1</sup>, £m

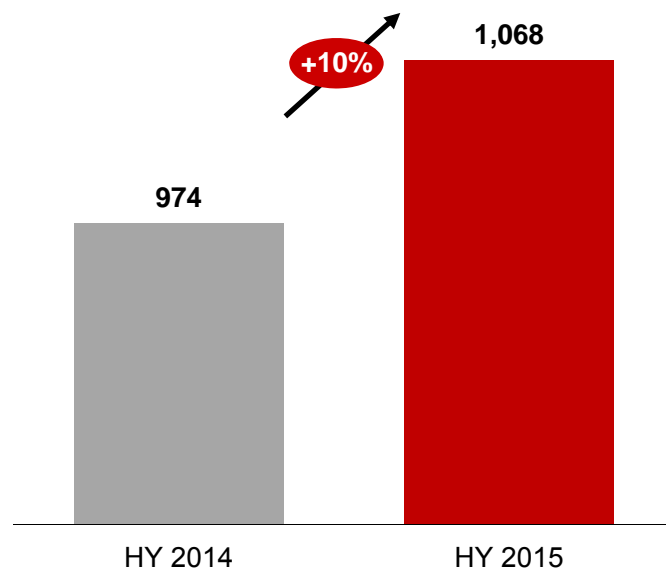


<sup>1</sup> Comparatives have been stated on a constant exchange rate basis

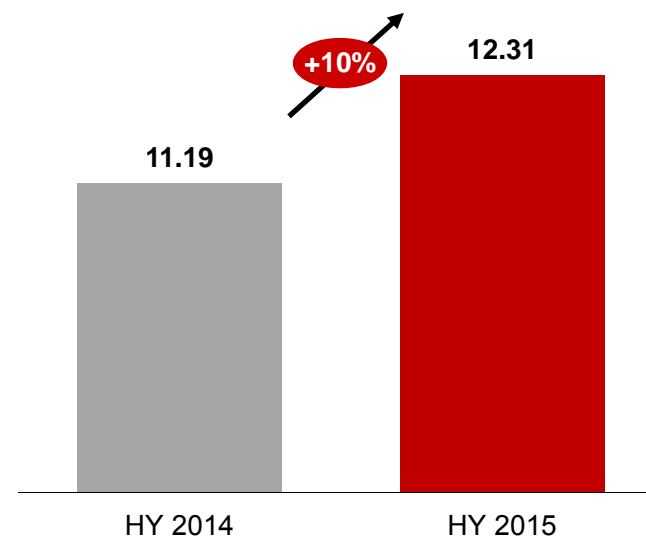
<sup>2</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014

# Group Delivering cash

Cash remittances<sup>1</sup>, £m



Interim dividend, pence per share

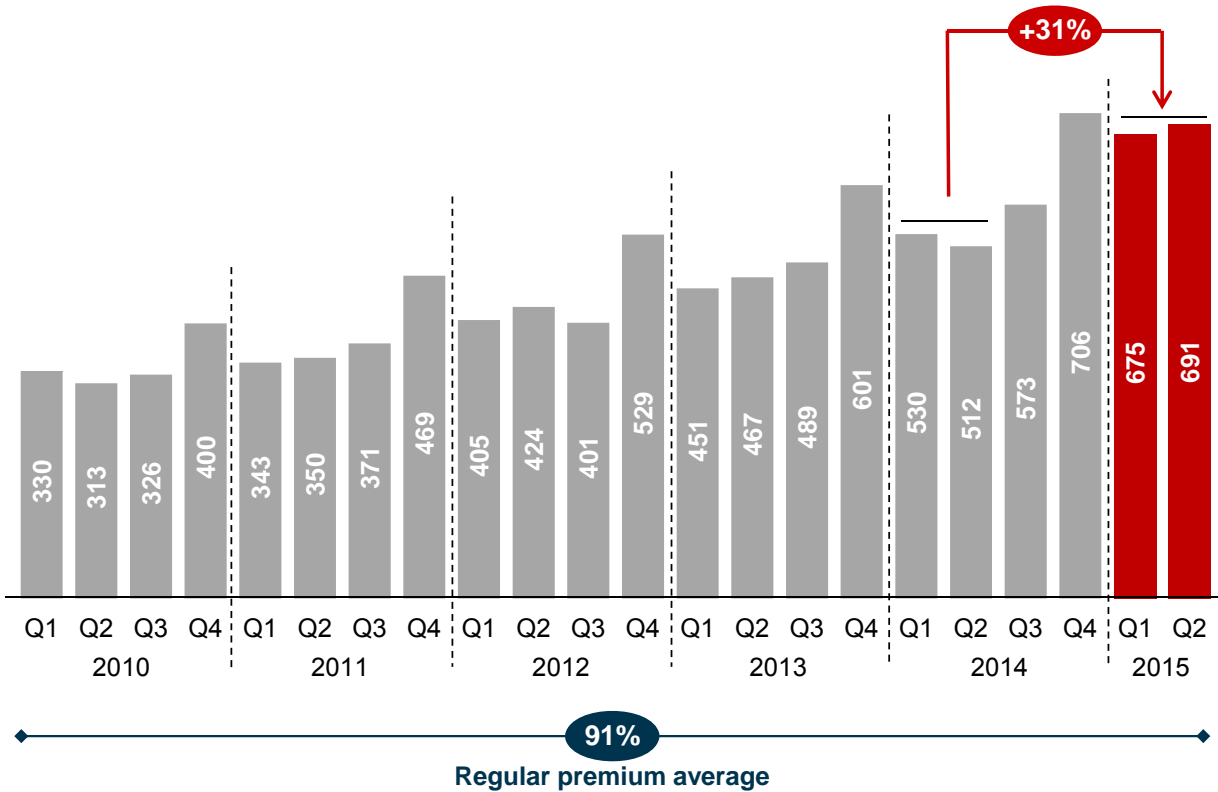


<sup>1</sup> HY 2015 includes £42 million of proceeds from the sale of Japan

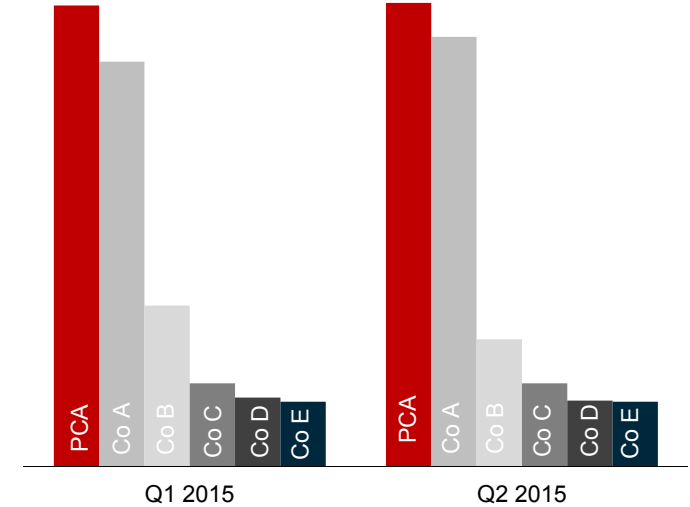
# Asia

## Consistent delivery

Sales<sup>1,2</sup>, £m



Relative performance – sales<sup>3</sup>, £m

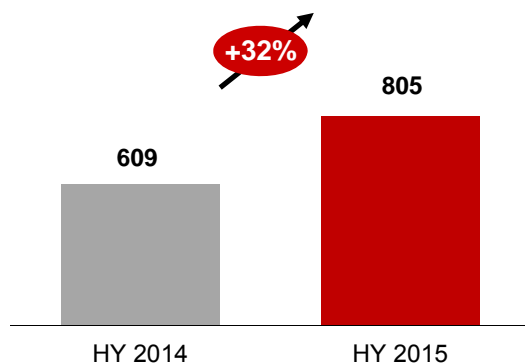


1 Comparatives have been stated on a constant exchange rate basis  
 2 PCA averaging 17 per cent year on year quarterly growth over 23 consecutive quarters from Q4 2009 to Q2 2015  
 3 Reported APE or equivalent (Ex Japan). Source: Competitors' results release; local insurance regulator and association and Prudential estimates

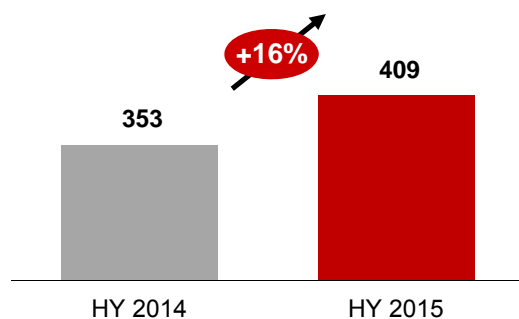
# Asia

## Broad based performance

### Agency APE<sup>1</sup>, £m



### Bancassurance APE<sup>1</sup>, £m



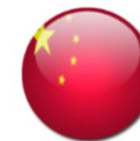
#### Hong Kong<sup>1</sup>

- IFRS operating profit up 23%
- #1 agency sales force
- H&P sales up 67%
- Regular premium (95% of APE) up 88%



#### China<sup>1</sup>

- APE up 44%; H&P sales up 90%
- Agency activity up 34%
- Increasing CITIC Bank penetration
- Operating in 58 cities, 3<sup>rd</sup> largest PCA business<sup>2</sup>



#### Indonesia<sup>1</sup>

- IFRS operating profits up 21%
- Growing agency scale
- SCB exclusivity delivering results
- #1 ranked with 24% market share<sup>3</sup>



#### Malaysia<sup>1</sup>

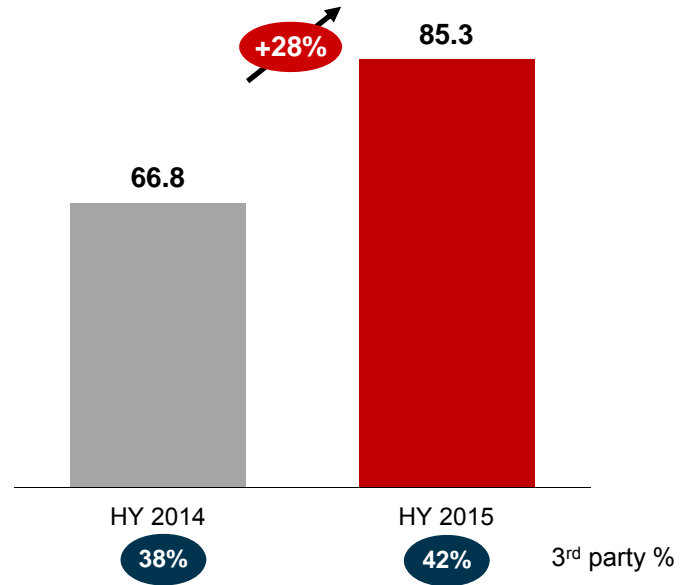
- APE up 18%
- Market leader in bancassurance
- Largest Bumi agency sales force
- #1 ranked with 28% market share<sup>3</sup>



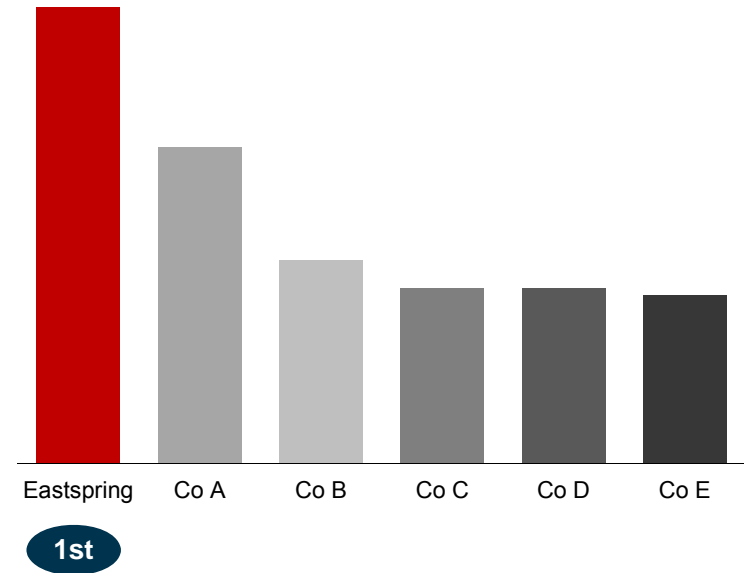
<sup>1</sup> Comparatives have been stated on a constant exchange rate basis  
<sup>2</sup> 3<sup>rd</sup> largest business unit calculated on a 100% APE basis  
<sup>3</sup> Ranking based on New Business (APE or WFYP depending on availability of data)

# Asia Eastspring

Funds under management<sup>1</sup>, £bn



Largest retail fund manager – FUM<sup>2</sup>, US\$bn



<sup>1</sup> Comparatives have been stated on a constant exchange rate basis

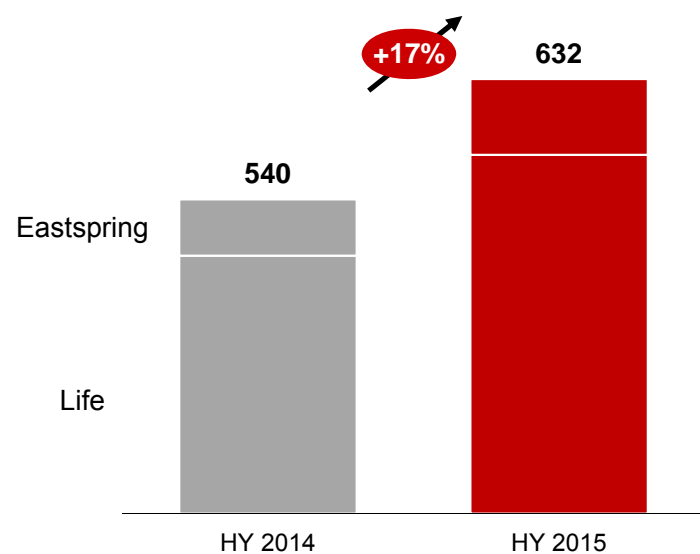
<sup>2</sup> Based on assets sourced from the region. Excluding Japan, Australia and New Zealand as at Jun 2014. Source Asia Asset Management September 2014 (Ranked according to participating regional players only)



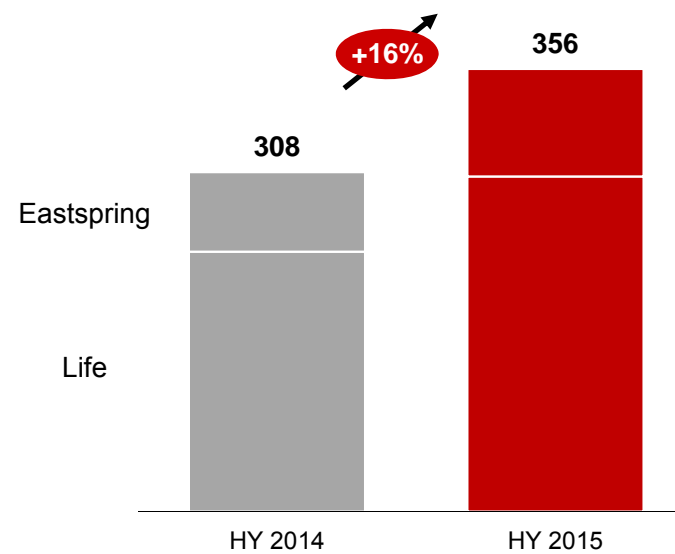
# Asia

## Profitable growth

### IFRS operating profit<sup>1</sup>, £m



### Free surplus generation<sup>1</sup>, £m

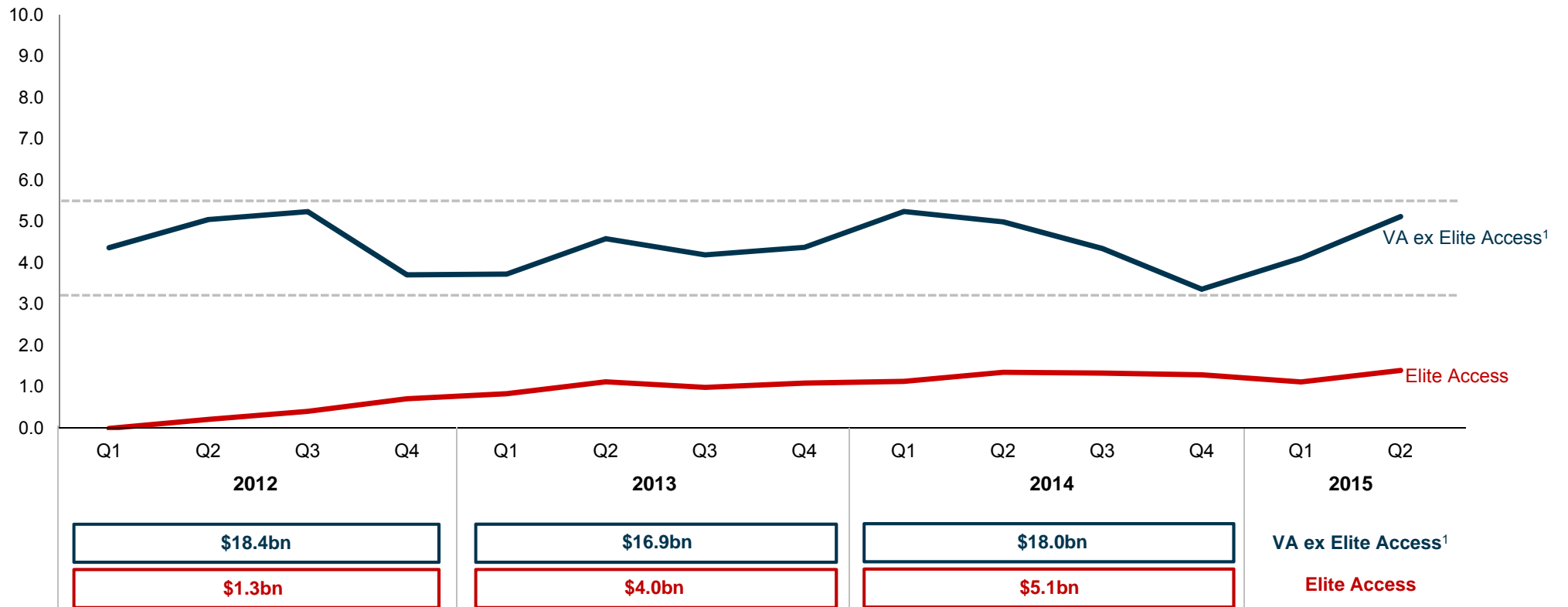


<sup>1</sup> Comparatives have been stated on a constant exchange rate basis

# US

## Disciplined execution

VA sales, \$bn

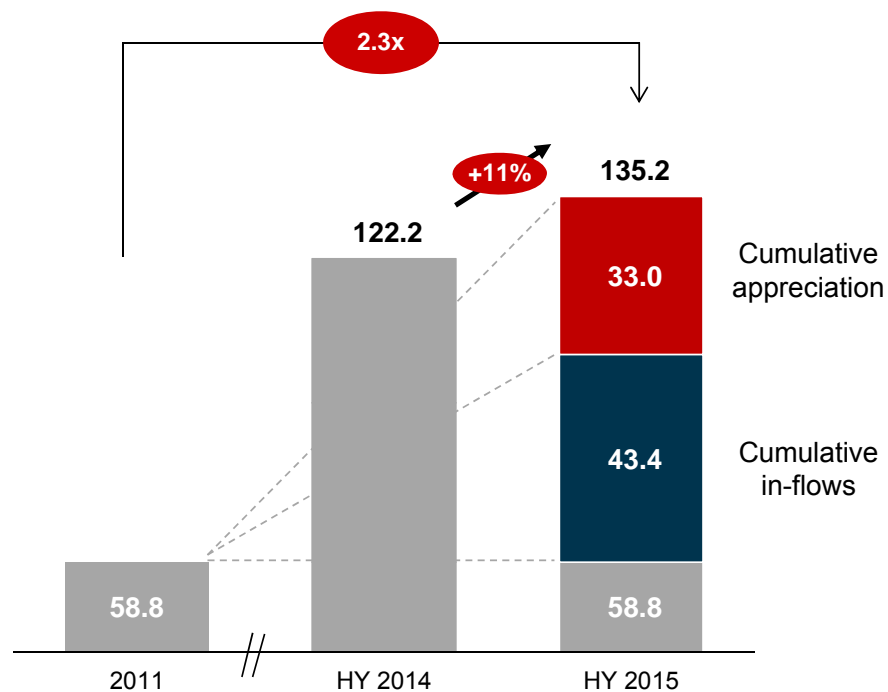


<sup>1</sup> VA ex Elite Access sales includes VA with living benefit and VA without living benefit

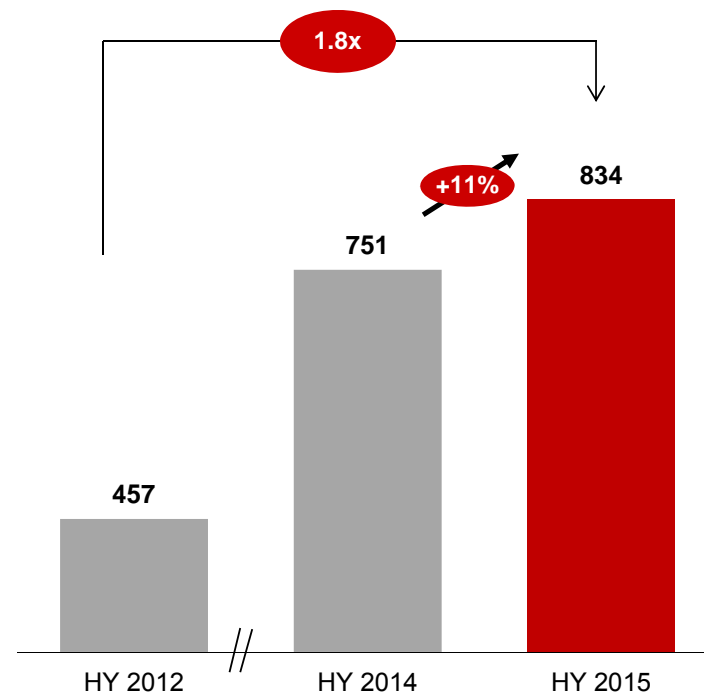
# US

## Delivering value

Separate account FUM, \$bn



Life IFRS operating profit<sup>1</sup>, £m



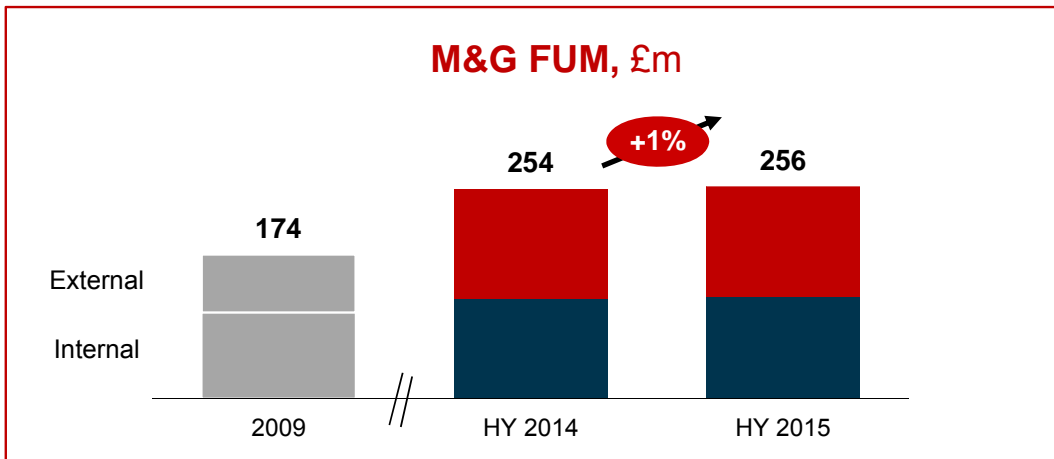
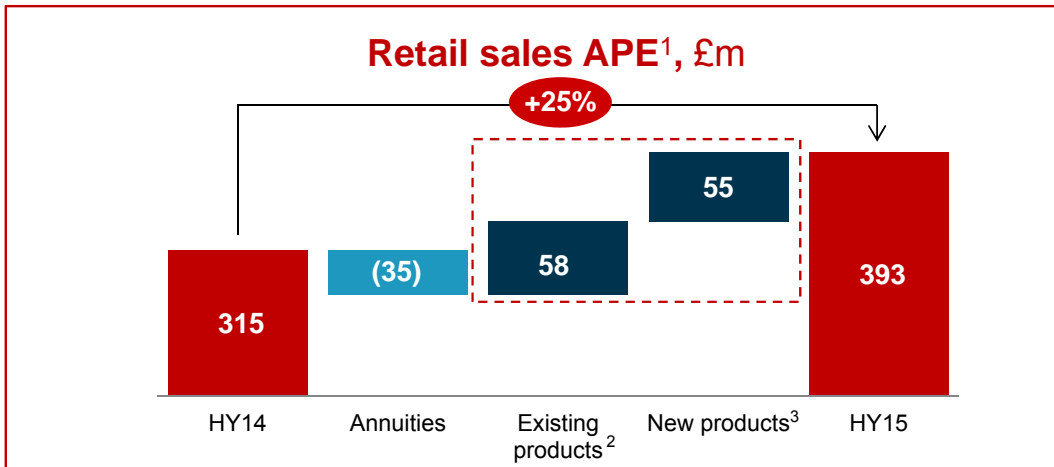
Cumulative cash remittances  
2008 – HY 2015

\$3.2bn

<sup>1</sup> Comparatives have been stated on a constant exchange rate basis

# UK

## Strong progress



<sup>1</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014  
<sup>2</sup> Existing products includes bonds, corporate pension, individual pension, income drawdown and other  
<sup>3</sup> New products includes sales from Flexible Drawdown, PruFund ISA and Platform Bonds

### UK Insurance

- Successfully transitioning into 'Pensions freedoms' landscape
- Maintaining selective approach to bulks
- Well positioned for the future

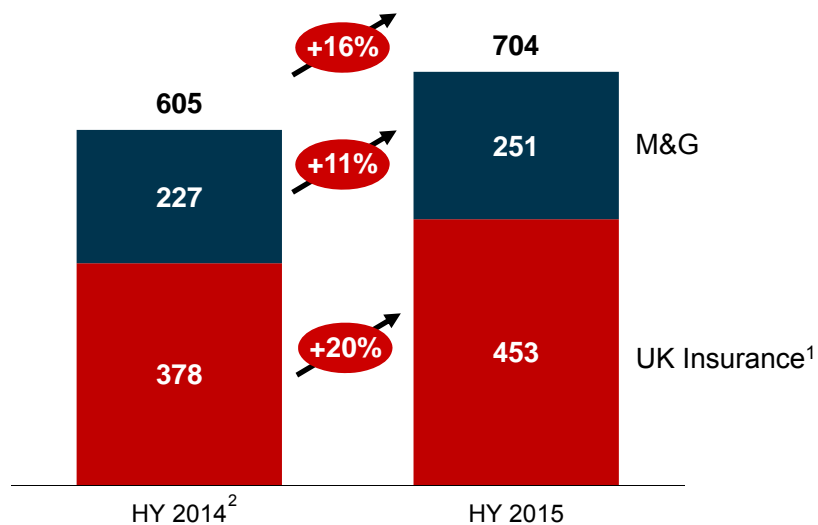
### M&G

- Exceptional financial performance history
- Multi-asset and institutional strength offset by retail outflows
- Proven capabilities and track record

# UK

## Strong progress

### IFRS operating profit, £m



<sup>1</sup> HY2015 UK Insurance includes GI business of £17m (1H14: £12m) and £61m benefit from longevity reinsurance.

<sup>2</sup> HY2014 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014

### UK Insurance

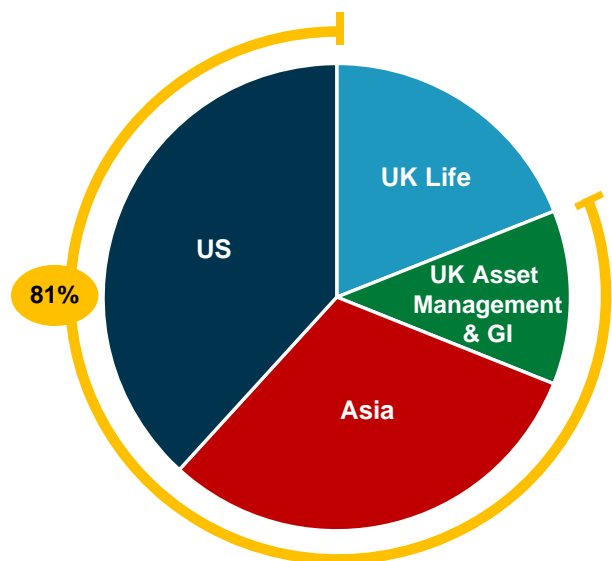
- Successfully transitioning into 'Pensions freedoms' landscape
- Maintaining selective approach to bulks
- Well positioned for the future

### M&G

- Exceptional financial performance history
- Multi-asset and institutional strength offset by retail outflows
- Proven capabilities and track record

# Group Capital

## In-force free surplus generation, % HY15



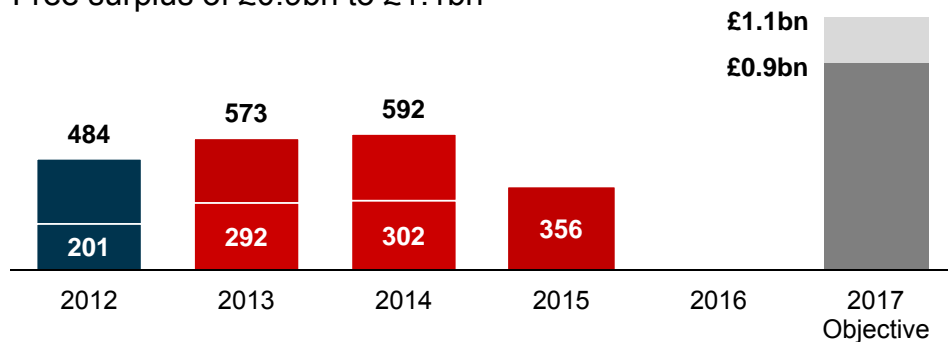
— Contribution from international, asset management and GI businesses

- Diversified sources of earnings and cash
- Strongly capitalised and cash generative business
- Solvency II internal model submitted in June
- PRA decision expected in December

# Group 2017 objectives

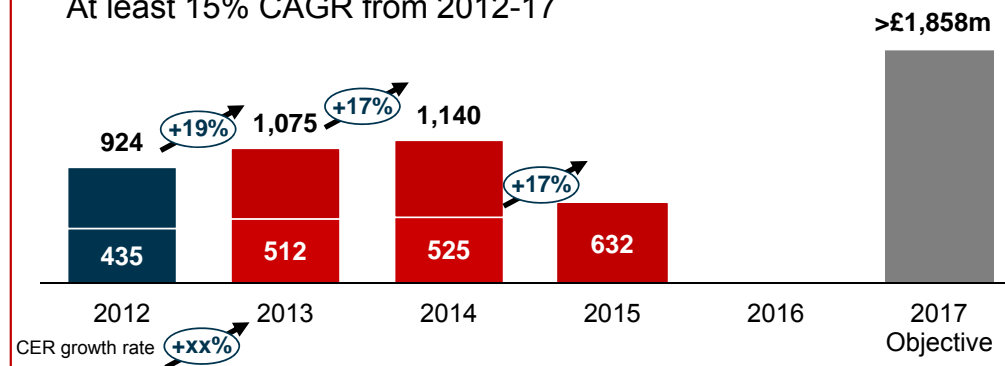
## Asia underlying free surplus<sup>1</sup>, £m

Free surplus of £0.9bn to £1.1bn



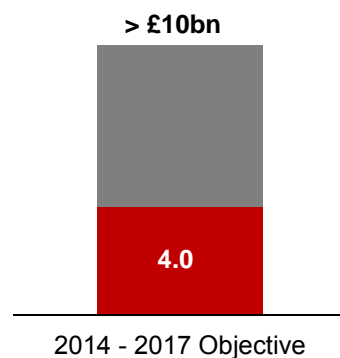
## Asia IFRS operating profit<sup>2</sup>, £m

At least 15% CAGR from 2012-17



## Group cumulative underlying free surplus<sup>1</sup>, £bn

At least £10bn



Note:

The objectives assume exchange rates at December 2013 and economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2013, and are based on regulatory and solvency regimes applicable across the Group at the time the objectives were set. The objectives assume that the existing EEV, IFRS and Free Surplus methodology at December 2013 will be applicable over the period.

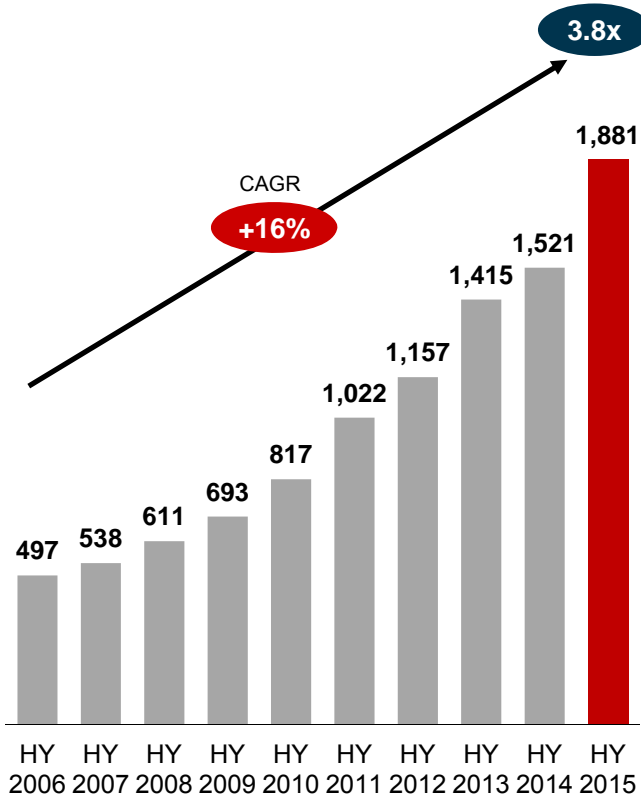
<sup>1</sup> Underlying free surplus generated comprises underlying free surplus generated from long-term business (net of investment in new business) and that generated from asset management operations. The 2012 comparative is based on the retrospective application of new and amended accounting standards and excludes the one-off gain on sale of our stake in China Life of Taiwan of £51 million.

<sup>2</sup> Asia 2012 IFRS operating profit of £924 million, as reported at HY 2013, is based on the retrospective application of new and amended accounting standards, and excludes the one-off gain on sale of our stake in China Life of Taiwan of £51 million. Excludes Japan.

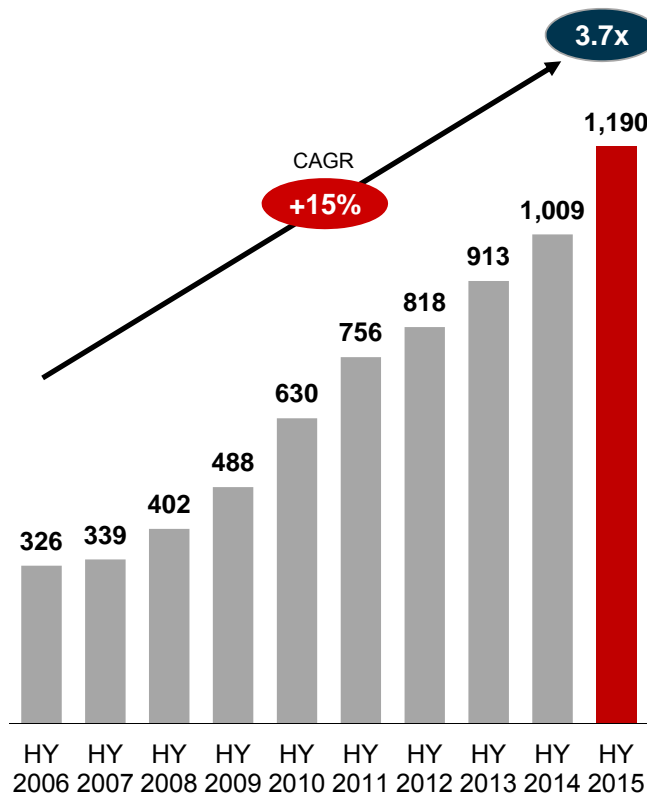
# Group

## Long term value creation

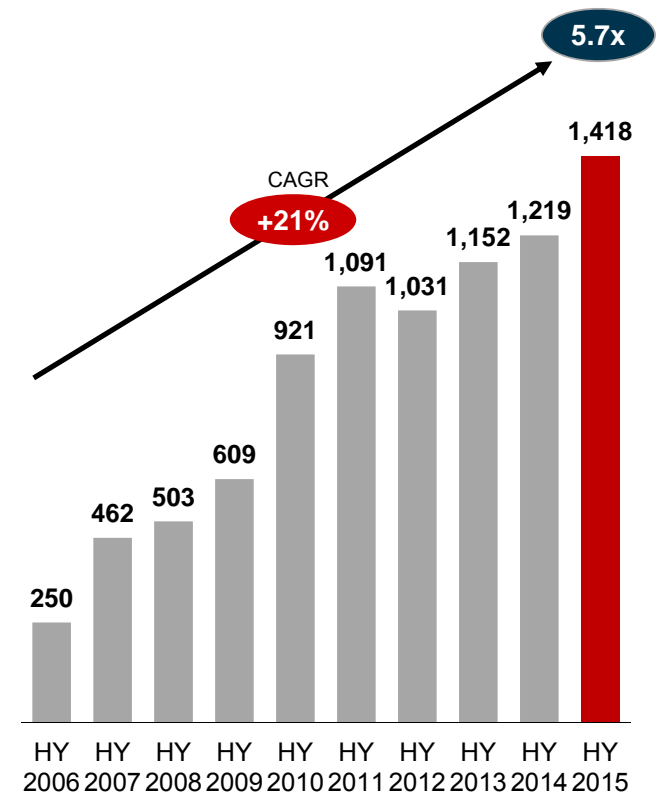
IFRS operating profit<sup>1,2</sup>, £m



New business profit<sup>1,2,3</sup>, £m



Free surplus generation<sup>1,2,4</sup>, £m



1 Comparatives have been stated on an actual exchange rate basis

2 Comparatives are adjusted for new and amended accounting standards and excludes Japan and Taiwan agency

3 HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014

4 2012 includes £51m gain from sale in China Life of Taiwan



# Prudential plc 2015 half year results

## Agenda

**Business Review**

Mike Wells

**Financial Review**

Nic Nicandrou

**Outlook**

Mike Wells

# Key financial highlights

## HY15 continued strong performance



		HY15 vs HY14			
£m		HY15	HY14	CER <sup>2</sup>	AER <sup>2</sup>
<b>Growth</b>	<b>IFRS operating profit</b>	<b>1,881</b>	1,521	<b>17%</b>	24%
	<b>New business profit<sup>1</sup></b>	<b>1,190</b>	1,009	<b>12%</b>	18%
	<b>EEV operating profit</b>	<b>2,278</b>	1,943	<b>11%</b>	17%
<b>Cash</b>	<b>Free surplus generation</b>	<b>1,418</b>	1,219	<b>12%</b>	16%
	<b>Remittances<sup>3</sup></b>	<b>1,068</b>	974	<b>n/a</b>	10%
	<b>Dividend per share (pence)</b>	<b>12.31</b>	11.19	<b>n/a</b>	10%
<b>Capital</b>	<b>IGD (£bn)</b>	<b>5.2</b>	4.1	<b>n/a</b>	27%
	<b>EEV per share (pence)</b>	<b>1,170</b>	1,009	<b>n/a</b>	16%

<sup>1</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014.

<sup>2</sup> AER: Actual exchange rates. CER: Constant exchange rates.

<sup>3</sup> HY15 includes £42 million of proceeds from the sale of Japan

# IFRS operating profit

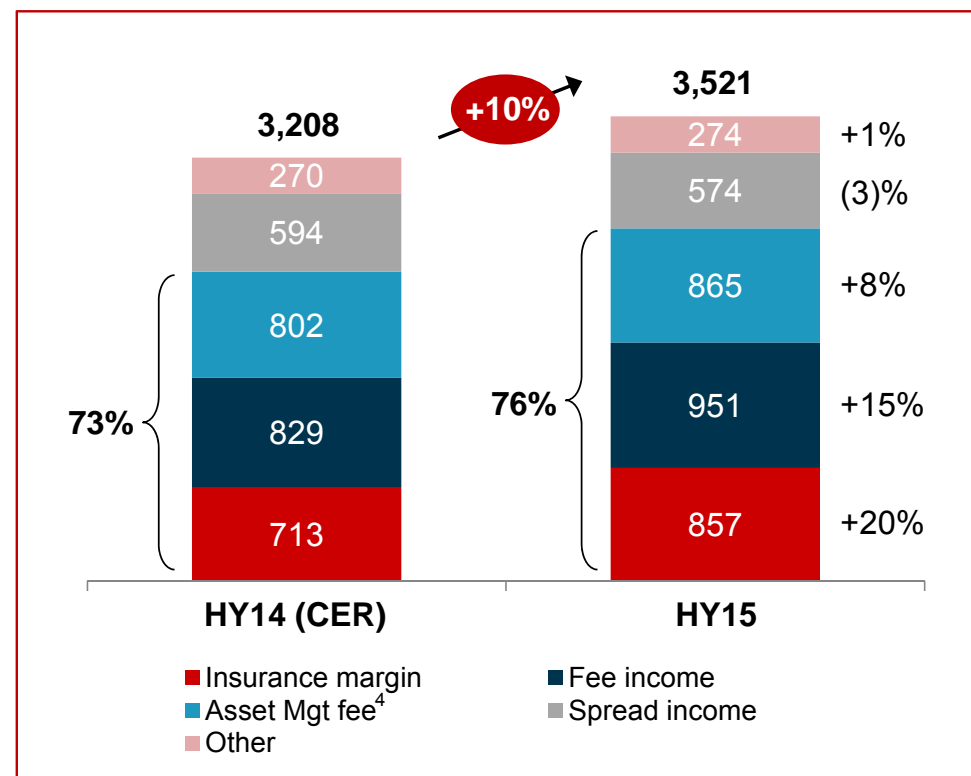
## Growing profit and improving quality



IFRS operating profit by business unit, £m

	HY15	HY14	CER <sup>2</sup>	AER
Asia	632	525	+17%	+20%
US	846	681	+13%	+24%
UK <sup>1</sup>	453	378	+20%	+20%
M&G	251	227	+11%	+11%
<b>Other<sup>3</sup></b>	<b>2,182</b>	<b>1,811</b>	<b>+15%</b>	<b>+20%</b>
	<b>(301)</b>	<b>(290)</b>	<b>(4)%</b>	<b>(4)%</b>
	<b>1,881</b>	<b>1,521</b>	<b>+17%</b>	<b>+24%</b>

IFRS operating income by source, £m (CER<sup>2</sup>)



<sup>1</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014.

<sup>2</sup> HY14 restated on constant exchange rate basis, increasing IFRS operating profit by £80 million, Asia IFRS operating profit by £15 million, US IFRS operating profit by £65 million, operating income by £165 million, Insurance margin by £41 million, fee income by £65 million and spread income by £37 million

<sup>3</sup> Includes PruCap, head office costs, Solvency II costs and restructuring costs

<sup>4</sup> Relates to fee income for M&G, Eastspring, PruCap and US non life operations

# Net free surplus generation

## Increasing scale of cash generation



### Free surplus generation, £m, (CER<sup>2</sup>)

	HY15	HY14	Change
Expected return from in-force	1,366	1,184	15%
Experience result	153	204	(25)%
Investment return on free surplus	52	42	24%
Life in-force result <sup>1</sup>	1,571	1,430	10%
Asset management and Other	281	240	17%
<b>Gross free surplus generation</b>	<b>1,852</b>	<b>1,670</b>	<b>11%</b>
Less: new business strain <sup>1</sup>	434	401	8%
<b>Net free surplus generation</b>	<b>1,418</b>	<b>1,269</b>	<b>12%</b>

### Life in-force result, £m (CER<sup>2</sup>)

	HY15	HY14	Change
Asia	519	447	16%
US	700	694	1%
UK <sup>1</sup>	352	289	22%

### New business strain, £m (CER<sup>2</sup>)

	HY15	HY14	Change
Asia	213	176	21%
US	164	189	(13)%
UK <sup>1</sup>	57	36	58%

<sup>1</sup> HY14 has been restated to exclude Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014.

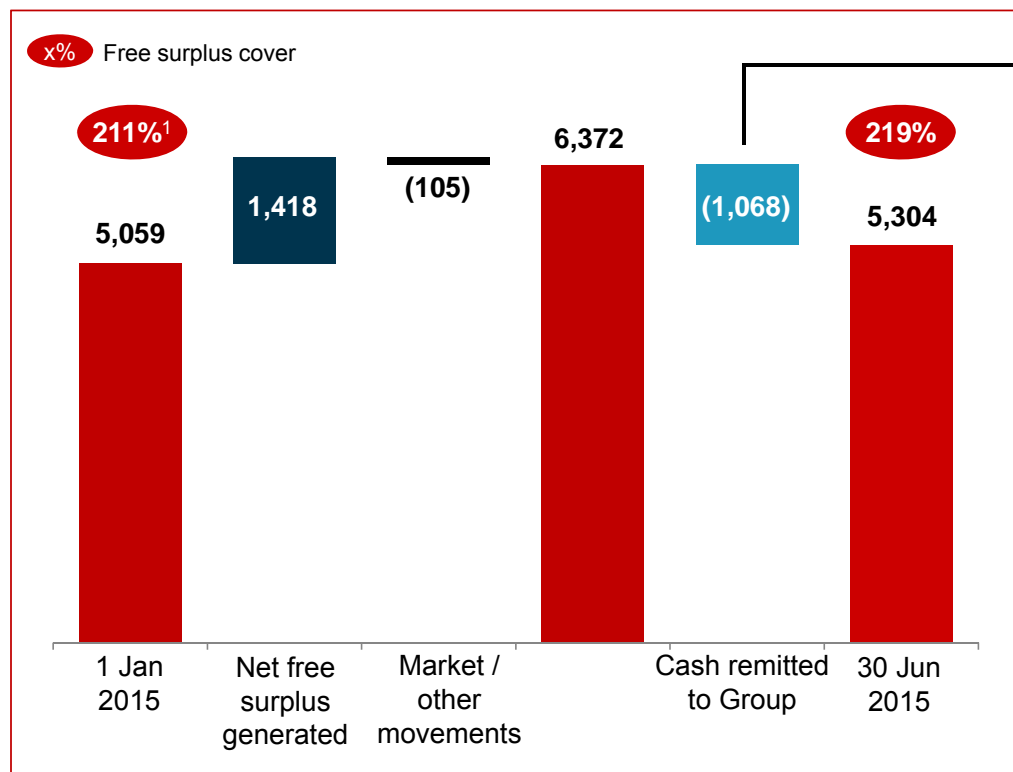
<sup>2</sup> HY14 restated on constant exchange rate basis, increasing net free surplus generation by £50 million, Asia life in-force result by £14 million, US life in-force result by £60 million, Asset management by £1 million, Asia new business strain by £9 million and US new business strain by £16 million

# Balance sheet

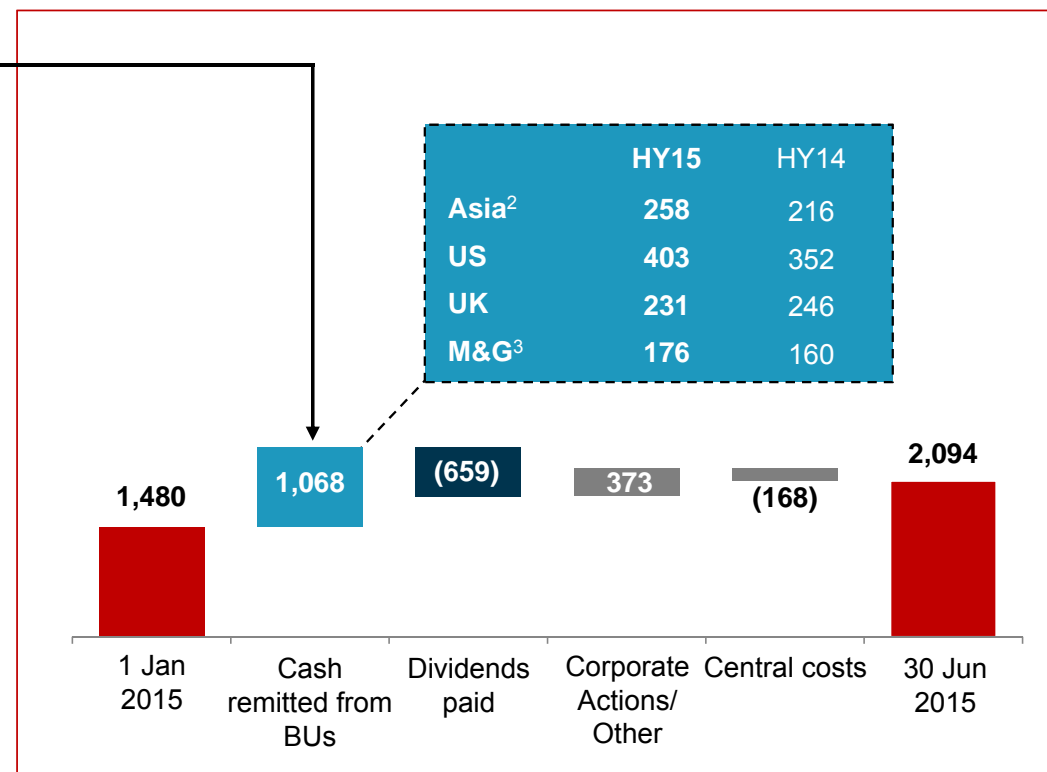
## Positive evolution in free surplus and central cash



### Movement in free surplus, £m



### Movement in central cash, £m



1 As at 31 December 2014.  
 2 Includes £42 million of proceeds from the sale of Japan  
 3 Includes Prudential Capital.

# EEV operating profit (post-tax)

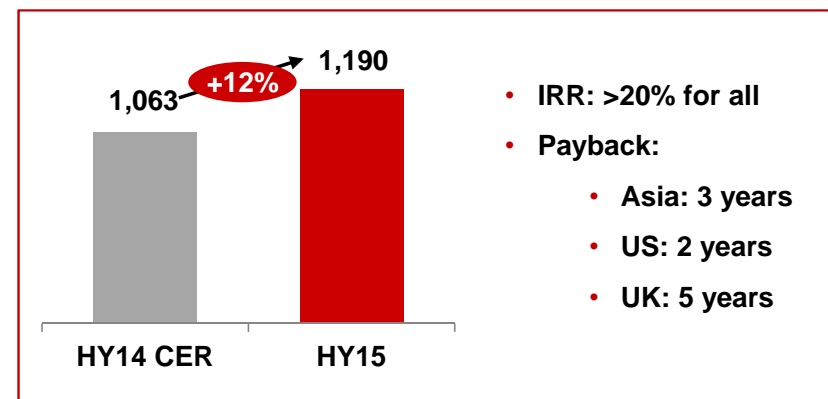
Operating return on EEV of 16%<sup>1</sup>



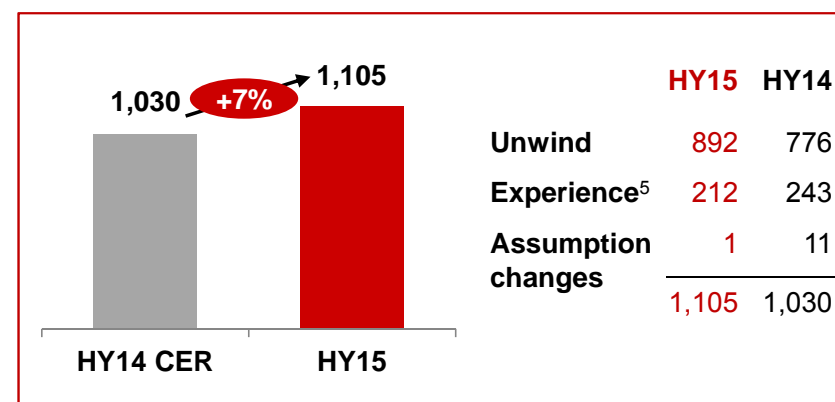
## EEV operating profit by business unit, £m (CER)

	<b>HY15</b>	<b>vs HY14<sup>4</sup></b>
<b>Asia Life</b>	<b>1,072</b>	<b>+24%</b>
<b>US Life</b>	<b>812</b>	<b>(5)%</b>
<b>UK Life<sup>2</sup></b>	<b>411</b>	<b>+8%</b>
<b>Asset Management<sup>3</sup></b>	<b>281</b>	<b>+17%</b>
	<b>2,576</b>	<b>+10%</b>
<b>Other</b>	<b>(298)</b>	<b>(3)%</b>
<b>Total</b>	<b>2,278</b>	<b>+11%</b>

## New business profit<sup>2</sup>, £m (CER<sup>4</sup>)



## In-force profit<sup>2,5</sup>, £m (CER<sup>4</sup>)



<sup>1</sup> Annualised  
<sup>2</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014.  
<sup>3</sup> Includes post-tax operating profit from M&G, PruCap, Eastspring, Curian and US broker-dealers, and UK general insurance commission  
<sup>4</sup> HY14 restated on constant exchange rate basis, increasing Asia new business profit by £18 million, UK new business profit by £36 million, Asia in-force profit by £12 million and US in-force profit by £38 million  
<sup>5</sup> Includes Asia development expenses of £(2) million in HY15 and £(1) million in HY14

# Asia

## Strong growth momentum



### Financial performance, £m (CER)

	HY15	vs HY14
<b>APE sales</b>	<b>1,366</b>	<b>+31%</b>
<b>New business profit</b>	<b>664</b>	<b>+30%</b>
<b>IFRS operating profit</b>	<b>632</b>	<b>+17%</b>
<b>Net free surplus generation</b>	<b>356</b>	<b>+16%</b>
<b>Remittances<sup>1</sup> (AER)</b>	<b>258</b>	<b>+19%</b>
<b>Eastspring FUM<sup>2</sup> (£bn)</b>	<b>85.3</b>	<b>+28%</b>

### Life

- **New business growth**
  - APE growth >15% for 7 countries
  - APE growth >30% for agency and regular premium
  - H&P NBP +27%
- **Strong IFRS growth in Life +15%**
  - Shareholder backed reserves +17%
  - Insurance margin +20%
  - Hong Kong +23% and Indonesia +21%
- **Free surplus driven by in-force**
  - In-force expected return +16%
  - Positive mix effects benefit strain

### Eastspring<sup>2</sup>

- **IFRS operating profit up 35% to £58m**
  - Net flows +79%, at £4.6bn
  - Revenue growth of 31% in line with average AUM
  - Fee margin 37bp (2014: 37bp)
  - Cost income ratio at 58% (2014: 59%)

<sup>1</sup> Includes £42 million of proceeds from the sale of Japan  
<sup>2</sup> Relates to total business including internal and external funds

# US

## Growth in earnings and cash



### Financial performance, £m (CER)

	HY15	vs HY14
<b>APE sales</b>	<b>857</b>	(10)%
<b>New business profit</b>	<b>371</b>	(10)%
<b>IFRS operating profit</b>	<b>846</b>	+13%
<b>Net free surplus generation</b>	<b>544</b>	+9%
<b>Remittances (AER)</b>	<b>403</b>	+14%
<b>Separate accounts assets (£bn)</b>	<b>85.9</b>	+11%

### Life

- **New business in line with strategy**
  - APE consistent with volume discipline
  - NBP reflects lower volume of VA with LB
  - Economics remain strong with IRRs >20%
- **IFRS growth driven by fee income**
  - Fee income +15%, in line with growth in average separate account assets +16%
  - Spread margin 14bp lower at 244bp
- **Free surplus benefit from reduced strain**
  - In-force sustained despite lower yields
  - Reduced strain on lower APE / mix effects
- **Other**
  - Approach to hedging unchanged
  - Policyholder behaviour in line
  - Strong capital formation supports higher remittance



# UK

## Strong response to changes in environment



### Financial performance, £m

	HY15	vs HY14
<b>APE sales<sup>1</sup></b>	<b>510</b>	<b>+22%</b>
<b>New business profit<sup>1</sup></b>	<b>155</b>	<b>+12%</b>
<b>IFRS operating profit<sup>1,2</sup></b>	<b>453</b>	<b>+20%</b>
<b>Net free surplus generation<sup>1</sup></b>	<b>309</b>	<b>+18%</b>
<b>Remittances</b>	<b>231</b>	<b>(6)%</b>
<b>PruFund assets (£bn)</b>	<b>13.7</b>	<b>+34%</b>

### Life

- **Strong new business growth**
  - Retail NBP +14%, driven by PruFund sales
  - Selective approach to bulks; NBP of £75m (2014: £69m)
- **IFRS growth**

	HY15	HY14	vs HY14
<b>New business</b>	<b>66</b>	<b>85</b>	<b>(22)%</b>
Bulks annuities	49	60	(18)%
Individual annuities	17	25	(32)%
<b>In-force</b>	<b>370</b>	<b>281</b>	<b>+32%</b>
Longevity reinsurance	61	-	n/a
Other	309	281	+10%
<b>Total Life IFRS<sup>1</sup></b>	<b>436</b>	<b>366</b>	<b>+19%</b>

- **Free surplus higher**
  - In-force growth and longevity reinsurance
  - Capital efficient new business investment
  - Remittances underpinned by durable with-profits transfer

<sup>1</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014.  
<sup>2</sup> HY15 includes £17 million of general insurance commission (HY14: £12 million).

# M&G

## Cash-rich earnings growth



### Financial performance, £m

	HY15	vs HY14
<b>Net flows</b>	<b>(2,375)</b>	<b>(156)%</b>
<b>Total external FUM (£bn)</b>	<b>133.4</b>	<b>-</b>
<b>Total FUM (£bn)</b>	<b>256.5</b>	<b>+1%</b>
<b>Revenues</b>	<b>491</b>	<b>+6%</b>
<b>IFRS operating profit</b>	<b>251</b>	<b>+11%</b>
<b>Remittances</b>	<b>151</b>	<b>+12%</b>

### IFRS growth

- **Profit up 11% on:**
  - Higher revenues
    - Fee income +6% on average FUM growth of +7%
    - Fee margin stable at 38bp
  - Flat costs year-on-year
- **Cost income ratio improved**
  - Lower at 51% (2014: 54%)
  - Pace of investment in infrastructure maintained

### New business flows

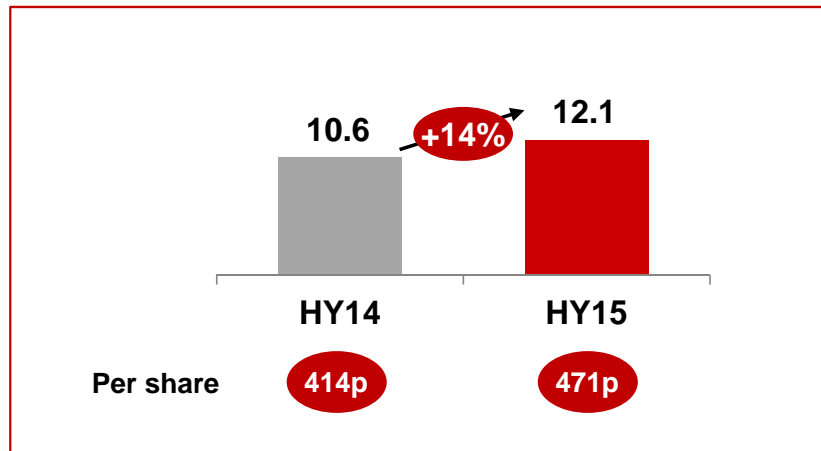
- **Retail:** £4bn net outflows in 2Q15
  - Principally from Optimal Income fund (Europe)
  - Trend continued in July
- **Institutional:** good net inflows and healthy pipeline

# Balance sheet

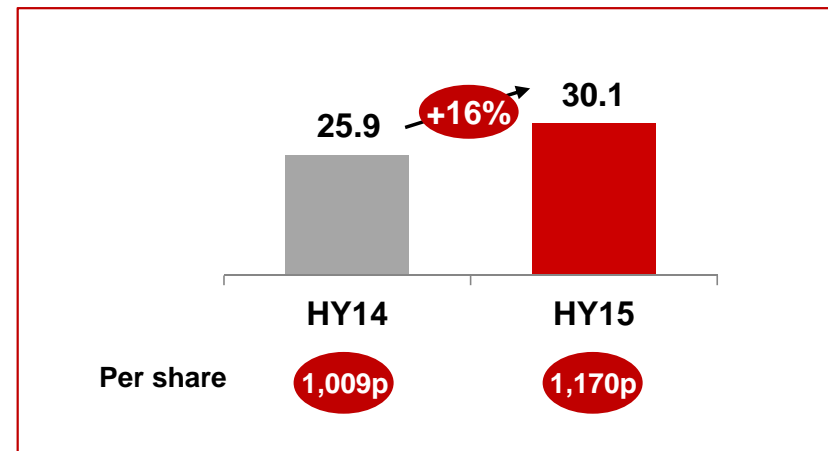
## Well capitalised and defensively positioned



IFRS shareholders' funds, £bn



EEV shareholders' funds, £bn



- IGD surplus £5.2bn equivalent to cover of 2.5 times
- With-profits estate of £7.4bn
- £2.1bn of central cash resources / £2.6bn of untapped liquidity facilities
- Nil default losses and minimal impairments across all fixed income portfolios
- Strong operating capital formation on all measures

# Solvency II

## Prudential well capitalised and highly cash generative



- Internal model submitted in June
- PRA decision expected in December
- Strong 1H15 Solvency II capital generation

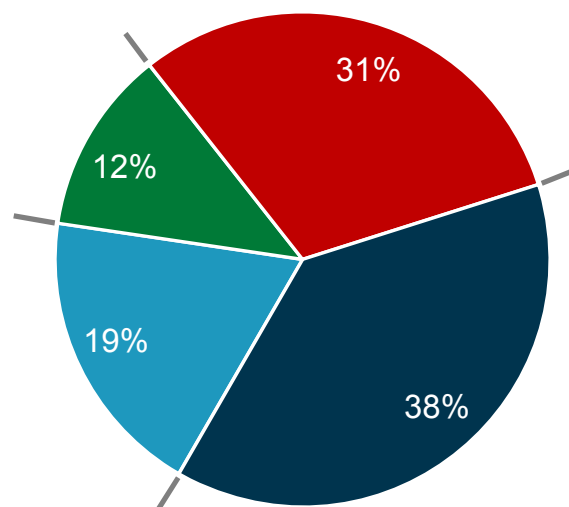
### UK Asset Management & GI

- Unaffected by Solvency II
- Continue to adopt existing sectoral rules
- Cash / capital driven by earnings

### UK Life

- Risk margin and transitional broadly offset
- PRA confirmed transitional 'good' capital for UK remittances
- Capital generation underpinned by resilient with-profit transfer
- Selective approach to bulks, with reinsurance

**In-force free surplus generation, % HY15**



### Asia

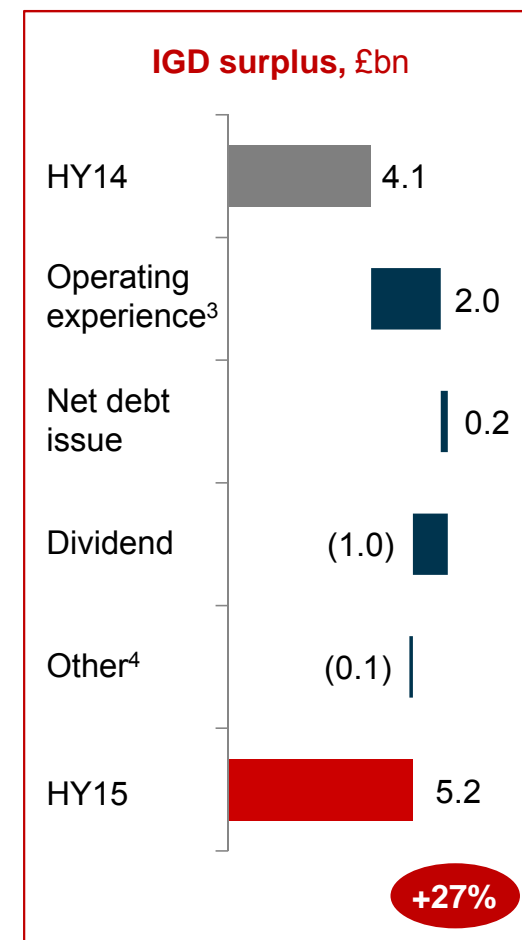
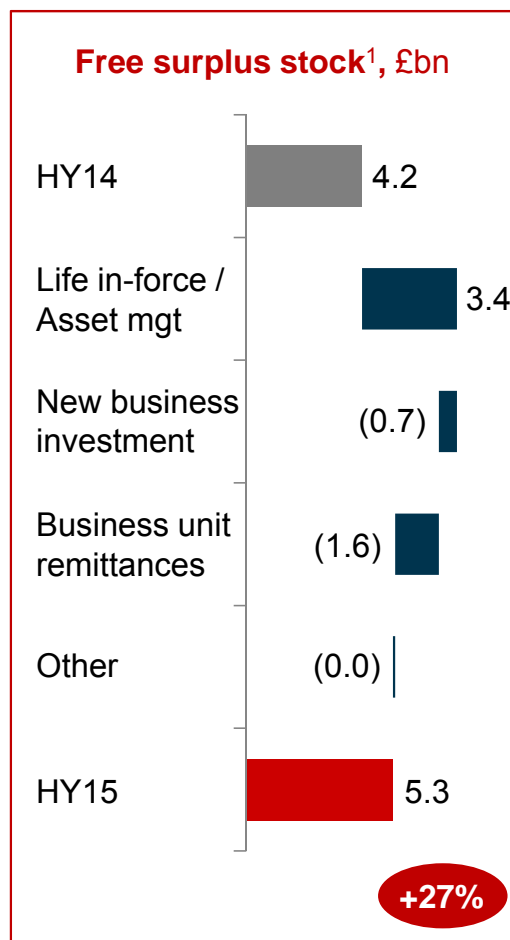
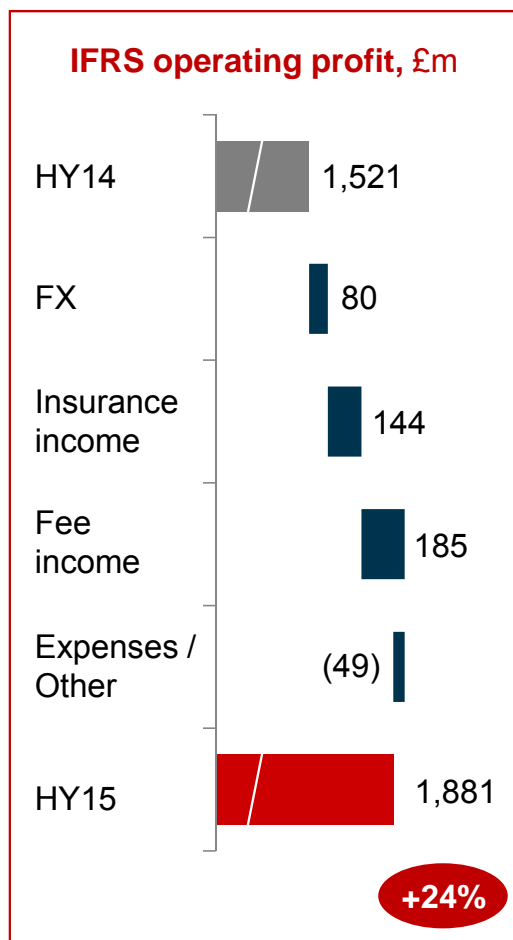
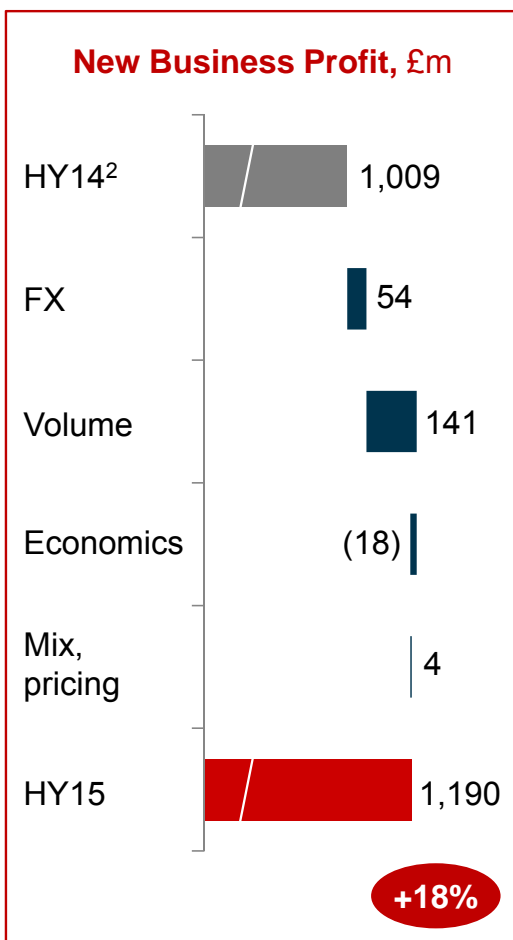
- Health and Protection business Solvency II 'friendly'
- 'Prudent' local statutory basis remains 'biting' constraint
  - £1.4bn of free surplus 'stock'
- Key question is how much of the £10bn VIF can be included additionally
  - Based on Solvency II methodology
  - After 1-200 event
- Cash / capital movement will continue to be driven by free surplus generation

### US

- US statutory (RBC) treated as equivalent
- Deduction and Aggregation gives no credit for diversification benefit between Jackson and Group
- Cash / capital management unaffected

# 2015 half-year summary

## Delivering 'Growth and Cash'



1 For life and asset management only  
 2 HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014  
 3 Including economic impacts and FX movements, estimated to be immaterial  
 4 Other miscellaneous and one-off items

# Prudential plc 2015 half year results

## Agenda

**Business Review**

Mike Wells

**Financial Review**

Nic Nicandrou

**Outlook**

Mike Wells

## Group

### Clear, unchanged strategy



Significant protection gap and investment needs of the Asian middle class



Transition of US 'baby-boomers' into retirement



UK 'savings gap' and ageing population in need of returns / income

# Group Priorities



## Asia

- Build agency scale and quality
- Leverage bancassurance relationships
- Invest in asset management



## US

- Focus on profitable growth
- Bolt-ons to leverage platform
- Disciplined management of in-force



## UK / M&G

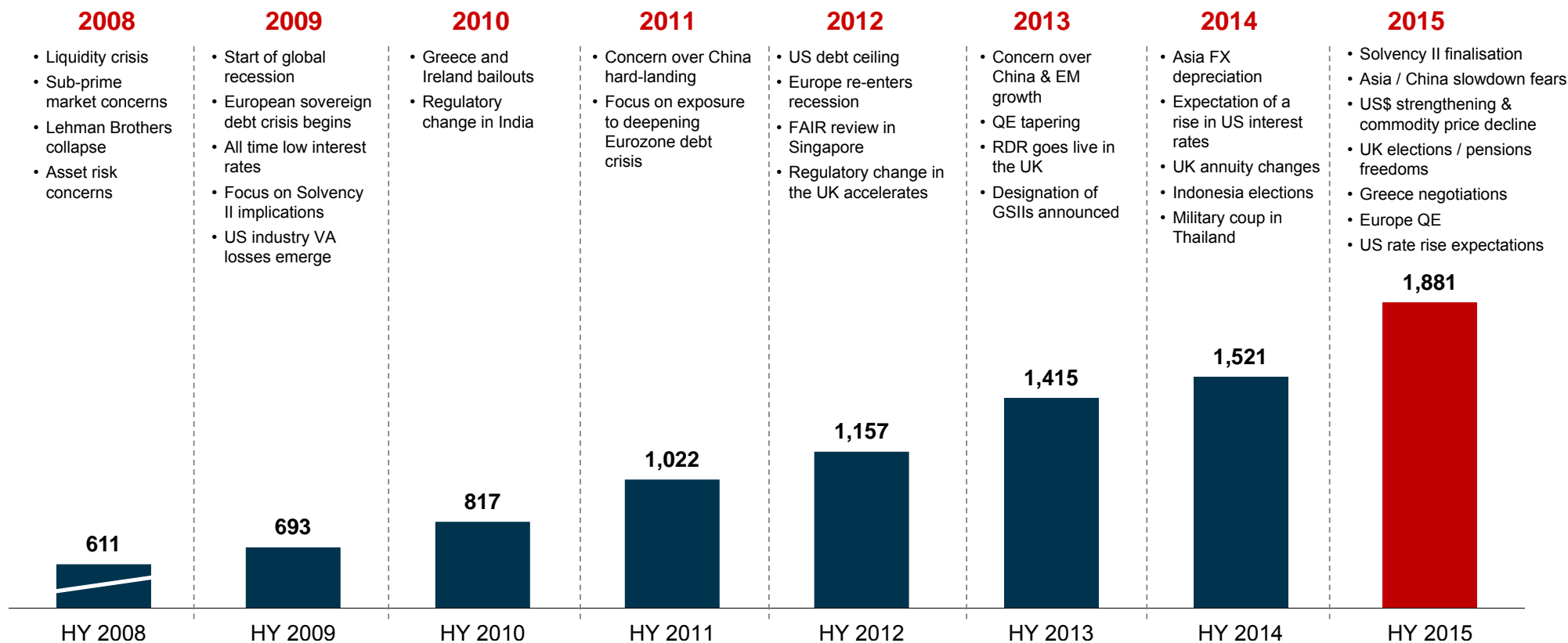
- Continue to evolve product propositions to align with market reforms
- Ongoing build-out of digital capabilities
- **M&G:** Maintain long-term focus and build on institutional / multi-asset strength



# Group

## Effective response to challenges

### IFRS operating profit<sup>1,2</sup>, £m



#### 2008

- Liquidity crisis
- Sub-prime market concerns
- Lehman Brothers collapse
- Asset risk concerns

#### 2009

- Start of global recession
- European sovereign debt crisis begins
- All time low interest rates
- Focus on Solvency II implications
- US industry VA losses emerge

#### 2010

- Greece and Ireland bailouts
- Regulatory change in India

#### 2011

- Concern over China hard-landing
- Focus on exposure to deepening Eurozone debt crisis

#### 2012

- US debt ceiling
- Europe re-enters recession
- FAIR review in Singapore
- Regulatory change in the UK accelerates

#### 2013

- Concern over China & EM growth
- QE tapering
- RDR goes live in the UK
- Designation of GSIs announced

#### 2014

- Asia FX depreciation
- Expectation of a rise in US interest rates
- UK annuity changes
- Indonesia elections
- Military coup in Thailand

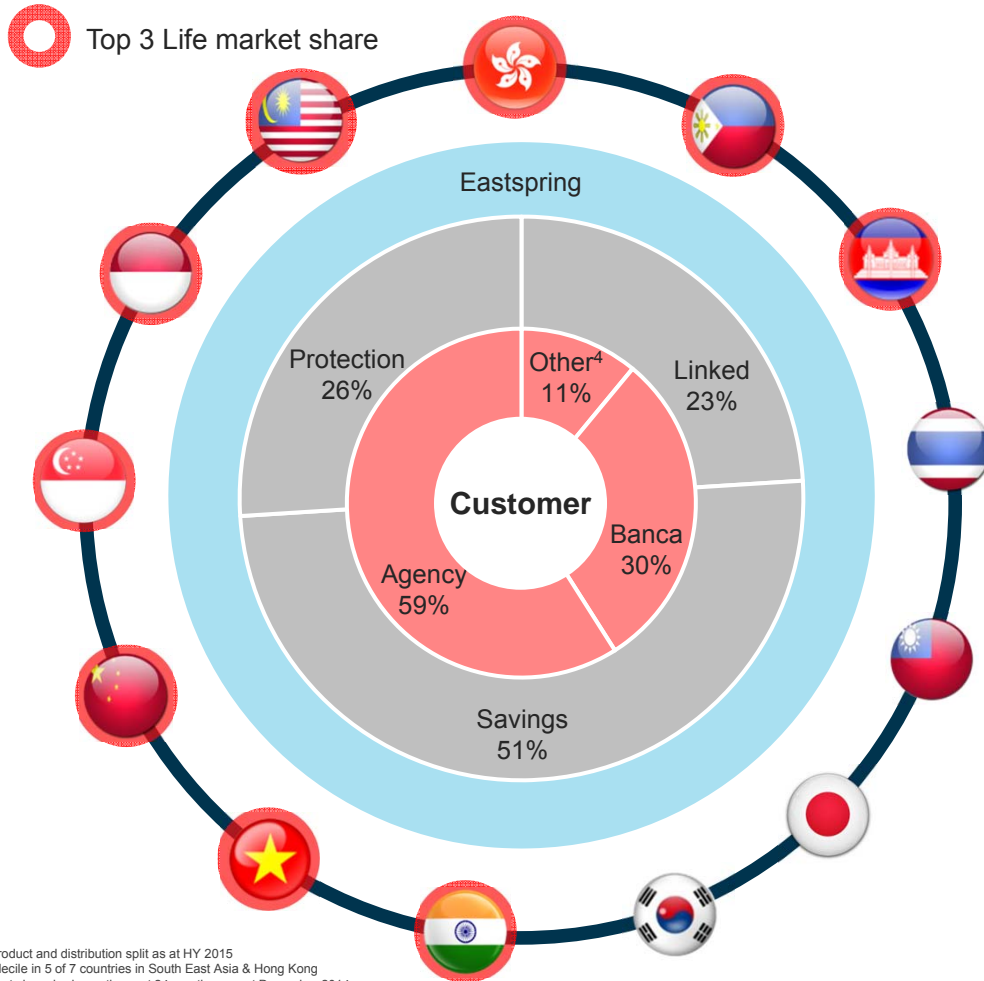
#### 2015

- Solvency II finalisation
- Asia / China slowdown fears
- US\$ strengthening & commodity price decline
- UK elections / pensions freedoms
- Greece negotiations
- Europe QE
- US rate rise expectations

<sup>1</sup> Adjusted for new and amended accounting standards and excludes Japan Life  
<sup>2</sup> Comparatives have been stated on an actual exchange rate basis

# Asia

## Market leading franchise



### Platform

- In Asia since 1923
- Top 3 position in 9 out of 12 life markets
- Top decile brand awareness<sup>1</sup>

### Distribution

- Proven multi-channel model
- Over 560,000 agents
- Selling through over 12,000 bank branches

### Product

- All season product solutions
- 25% APE from new products<sup>2</sup>
- Pioneering servicing proposition

### Asset Management

- Asia's largest retail fund manager<sup>3</sup>
- Over £85 billion funds under management
- Operating in 10 major Asian markets<sup>5</sup>

Note: Product and distribution split as at HY 2015

<sup>1</sup> Top decile in 5 of 7 countries in South East Asia & Hong Kong

<sup>2</sup> Products launched over the past 24 months – as at December 2014

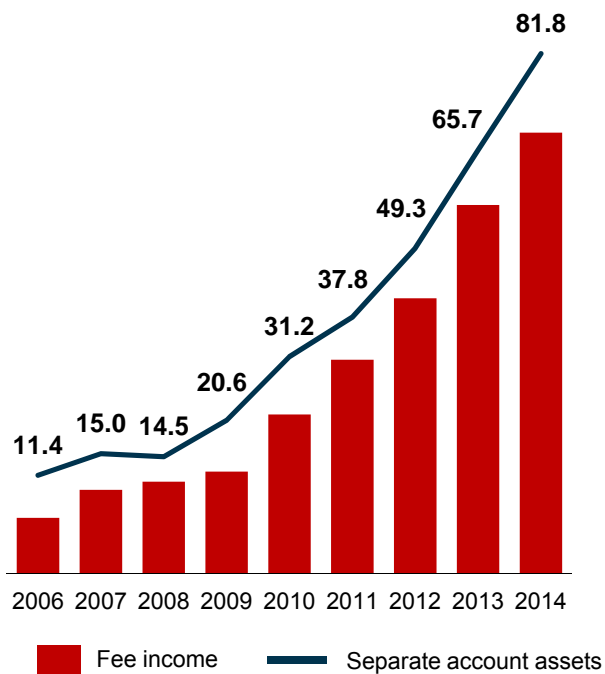
<sup>3</sup> Based on assets sourced from the region. Excluding Japan, Australia and New Zealand as at Jun 2014. Source Asia Asset Management September 2014 (Ranked according to participating regional players only)

<sup>4</sup> Other mainly includes DMTM and GA sales

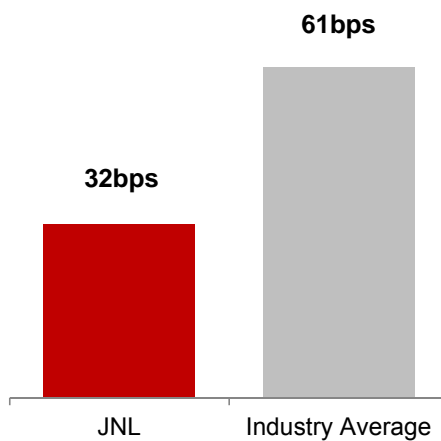
<sup>5</sup> Markets include: S.Korea, China, Japan, India, Taiwan, Hong Kong, Vietnam, Malaysia, Singapore and Indonesia

# US High quality platform

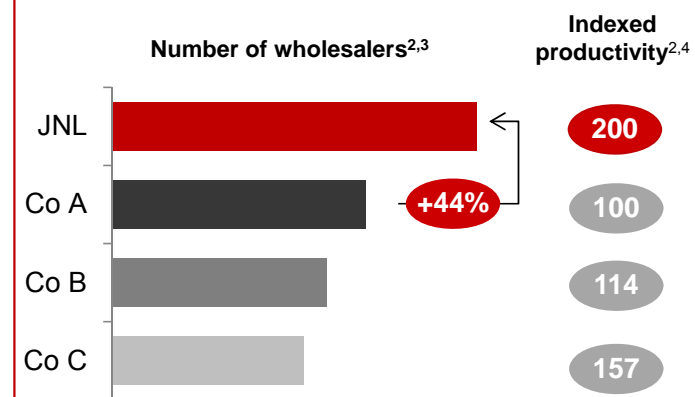
## Fee income (£m) & separate account assets (£bn)



## Expenses<sup>1</sup>, % of assets



## Distribution



## Product innovation

**Elite Access**  
4<sup>th</sup> best-selling VA product in the US<sup>5</sup>



<sup>1</sup> Expenses / Asset (Statutory). Source: SNL Financial LC. As at Q1 2015

<sup>2</sup> Source: Market Metrics (A Factset company)

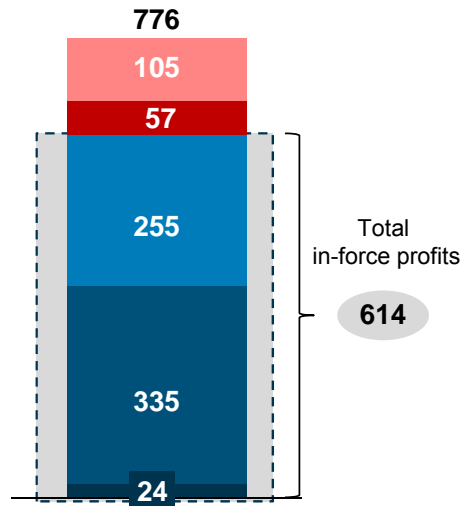
<sup>3</sup> Field and Internal wholesalers Q1 2015

<sup>4</sup> Field sales force productivity based on Gross VA sales per VA field wholesaler (SMM). Productivity calculation relative to peers, rebased to 100

<sup>5</sup> Source: Morningstar Annuity Research Center (MARC). As at Q1 2015

# UK Solid base

## Life operating profit, FY14 £m



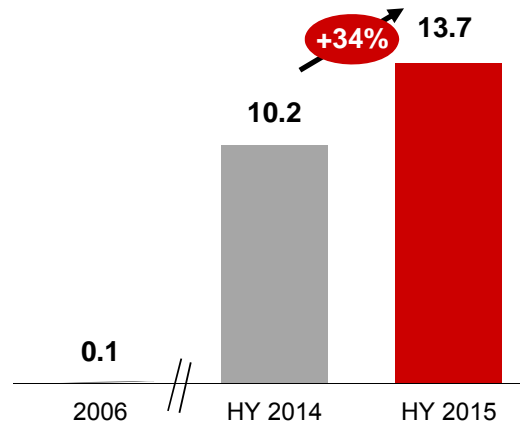
### New business

- Bulk annuities
- Retail annuities

### In-force

- With Profits
- Annuities and other<sup>1</sup>
- GI

## PruFund FUM (£bn) & performance

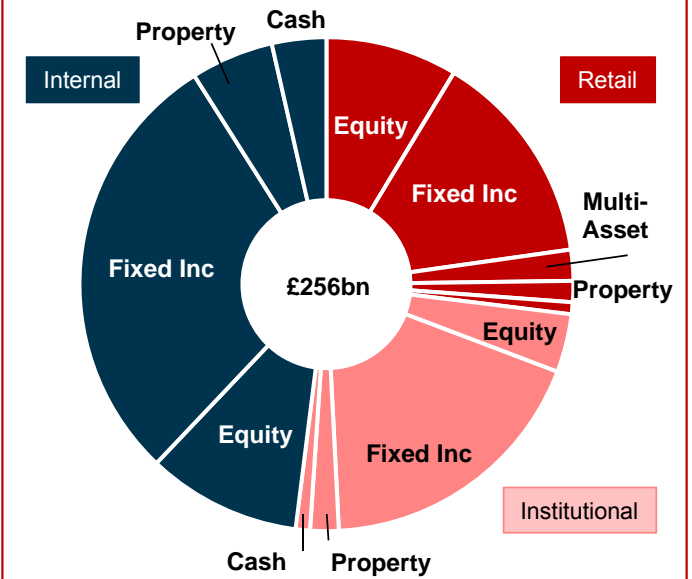


Out performance vs index<sup>2</sup> (from 2006)

1.9x

2.1x

## M&G FUM by client and asset class, HY15 %



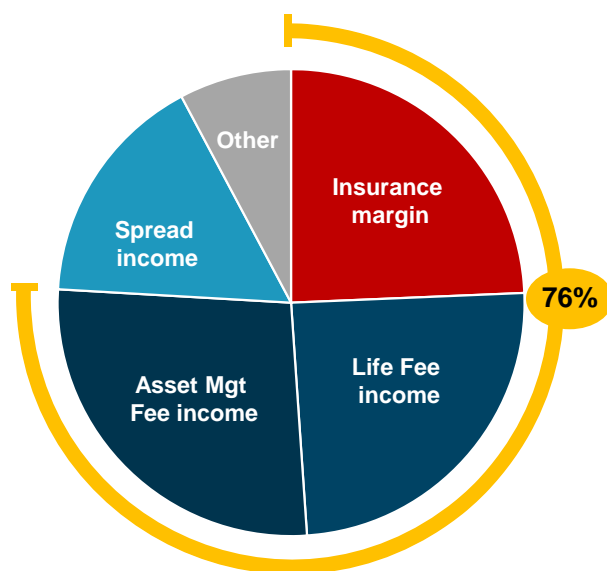
<sup>1</sup> Includes PruHealth & PruProtect business sold in November 2014. IFRS profit was £23m for 2014.

<sup>2</sup> Index based on fund comparator: ABI Mixed Investment 20%-60% Shares TR

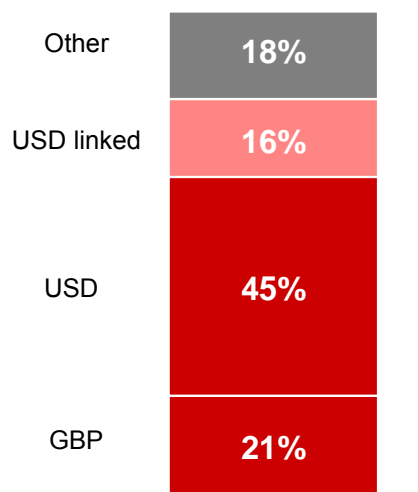
# Group

## Well positioned to deliver across cycles

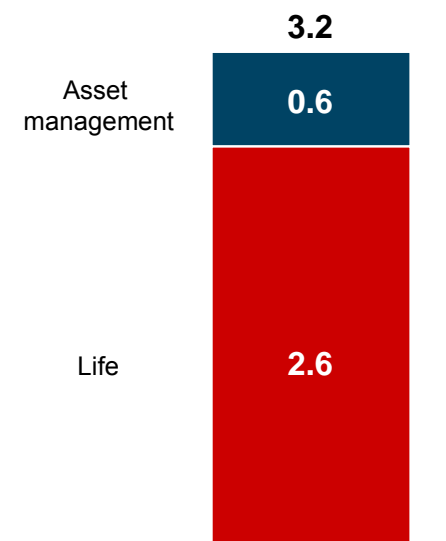
**IFRS income by revenue source, HY15 %**



**IFRS earnings split by currency<sup>1,2,3</sup>, HY15 %**



**In-force IFRS earnings<sup>4</sup>, FY14 £bn**



<sup>1</sup> USD linked includes Hong Kong and Vietnam where currencies are pegged to the USD, and Malaysia and Singapore where currencies are managed against a basket of currencies including the USD

<sup>2</sup> Includes long-term, asset management business and other businesses

<sup>3</sup> For operating profit UK sterling includes amounts in respect of central operations as well as UK insurance operations and M&G.

<sup>4</sup> Operating profit comprises the following: Asia life as disclosed in note 1(b) of the 'additional financial information', after deducting development expenses. Jackson IFRS operating profit after adding back acquisition costs expensed (and not deferred) in the period of £209m. UK operating profit excluding both the new business profit of £162m arising on bulk and individual annuities sales in 2014 and £23m from PruHealth & PruProtect business sold in 2014. Asset management operating profit for M&G, PruCap, Eastspring and US broker-dealer and asset management

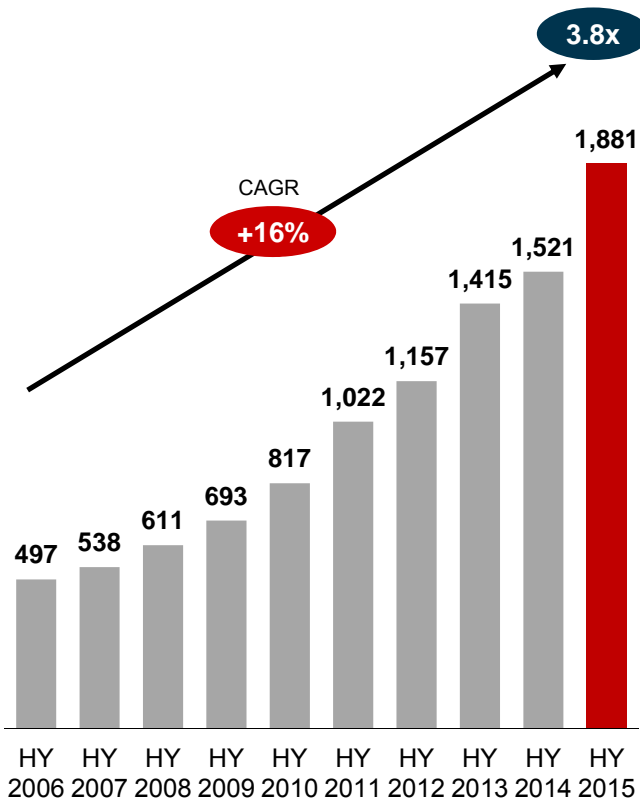
## Group Summary

- Clear, unchanged strategy focused on three secular growth opportunities
- Leading franchise, 'best in class' capabilities
- Experienced, proven management team
- Strongly capitalised and cash generative businesses
- Well positioned to deliver long term profitable growth

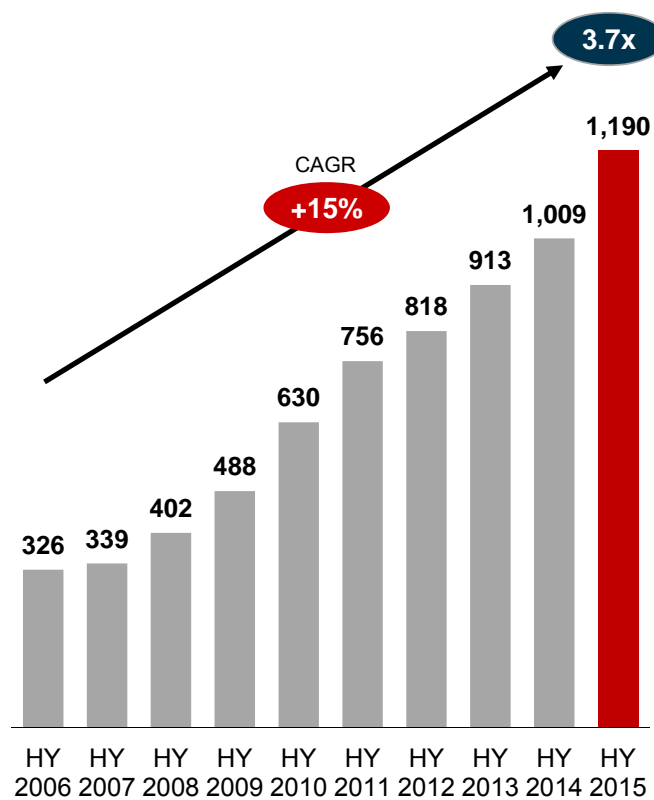
# Group

## Long term value creation

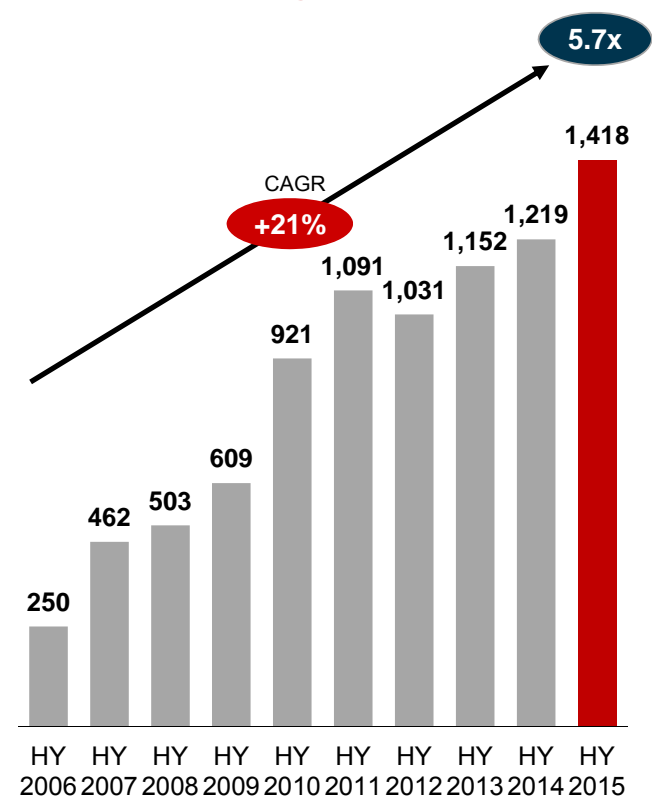
### IFRS operating profit<sup>1,2</sup>, £m



### New business profit<sup>1,2,3</sup>, £m



### Free surplus generation<sup>1,2,4</sup>, £m



<sup>1</sup> Comparatives have been stated on an actual exchange rate basis

<sup>2</sup> Comparatives are adjusted for new and amended accounting standards and excludes Japan and Taiwan agency

<sup>3</sup> HY14 results have been restated to exclude contributions from Prudential's 25% equity stake in PruHealth / PruProtect, which was sold in November 2014

<sup>4</sup> 2012 includes £51m gain from sale in China Life of Taiwan

# Appendix

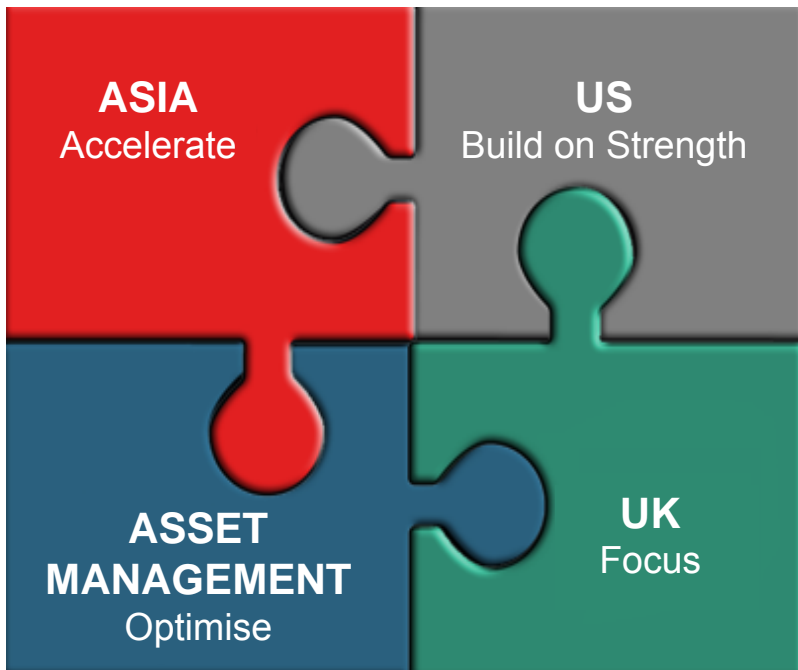




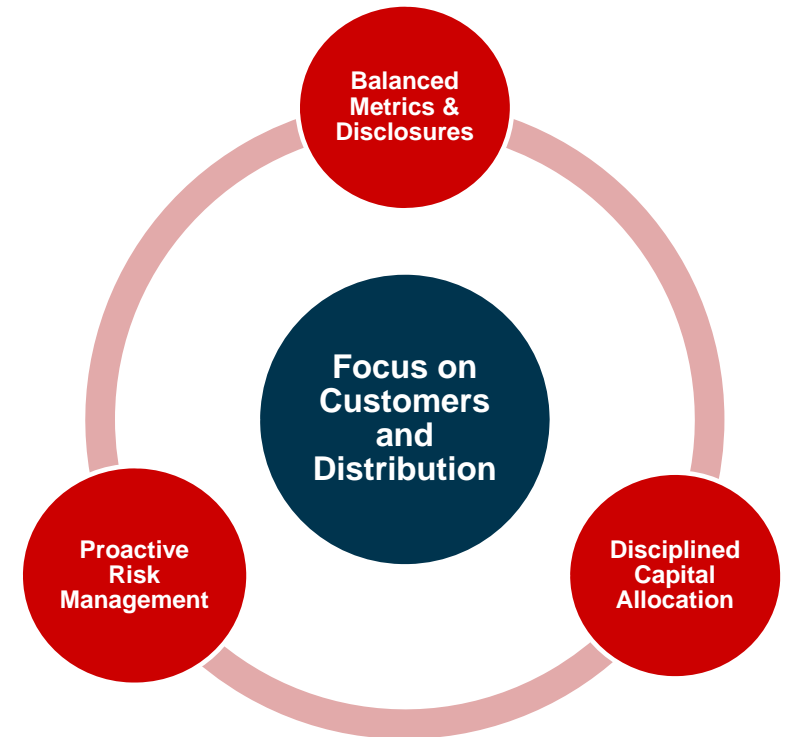
# Strategy

A clear strategy underpinned by clear operating principles

## Strategy

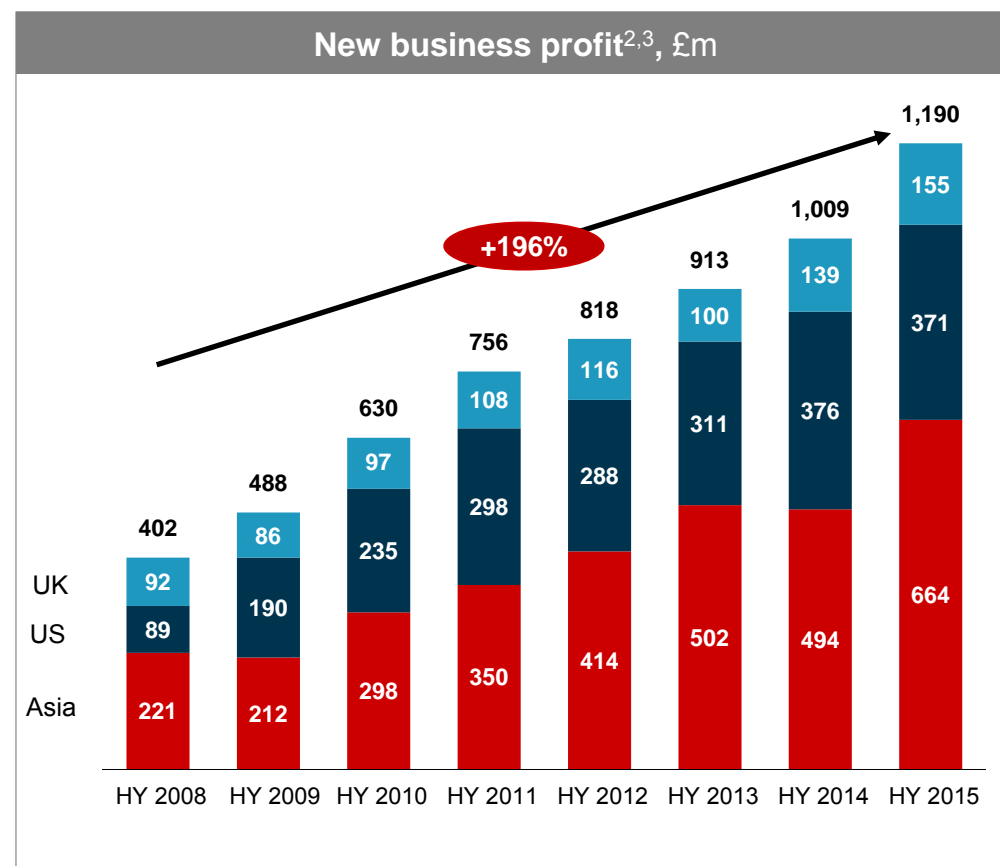
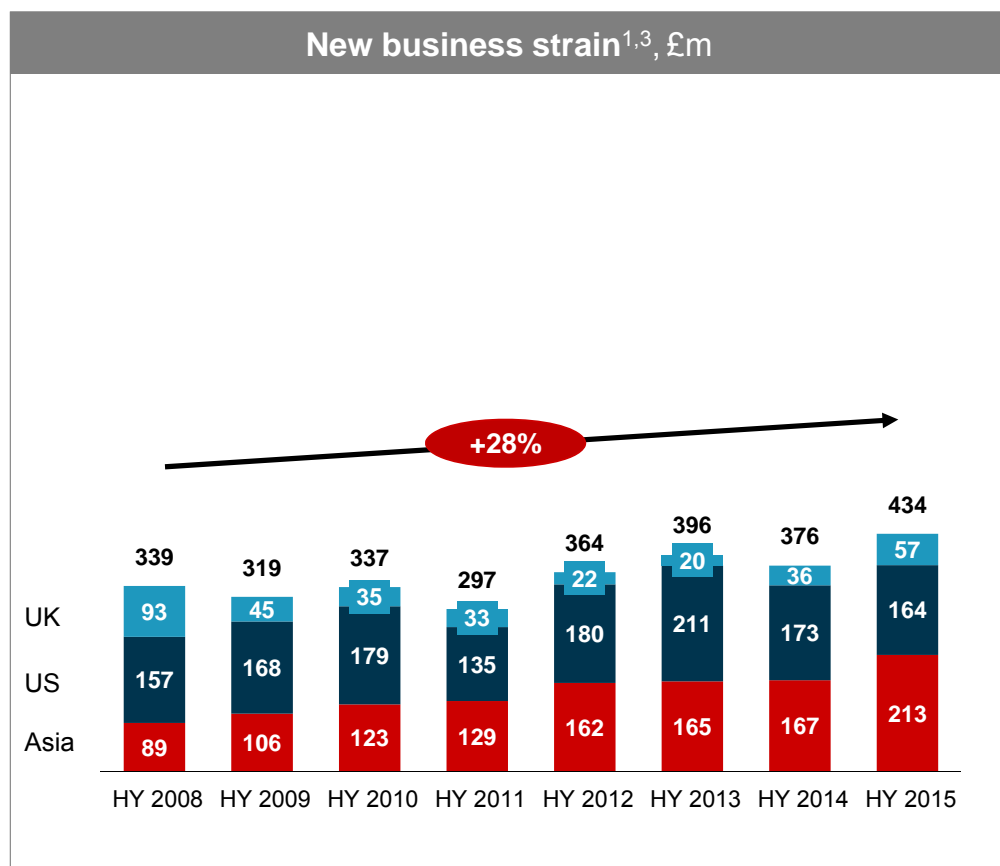


## Operating Principles



# Disciplined capital allocation

## New business profit growth



1 Free surplus invested in new business.

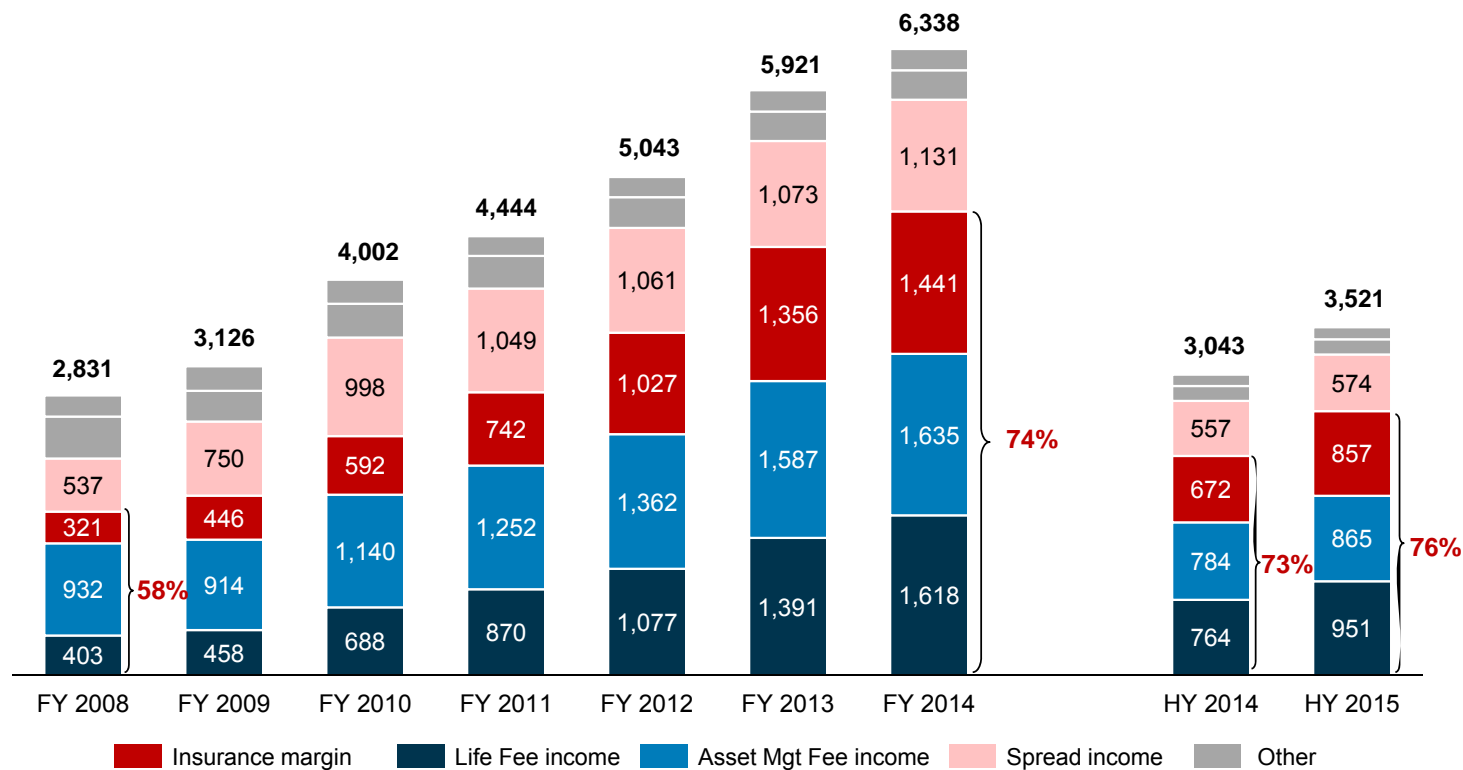
2 On a post tax basis.

3 Excludes Japan Life and Taiwan agency. HY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives include the results of PruHealth and PruProtect.

# Group

## Higher quality and growing earnings

Sources of IFRS operating income<sup>1,2</sup>, £m

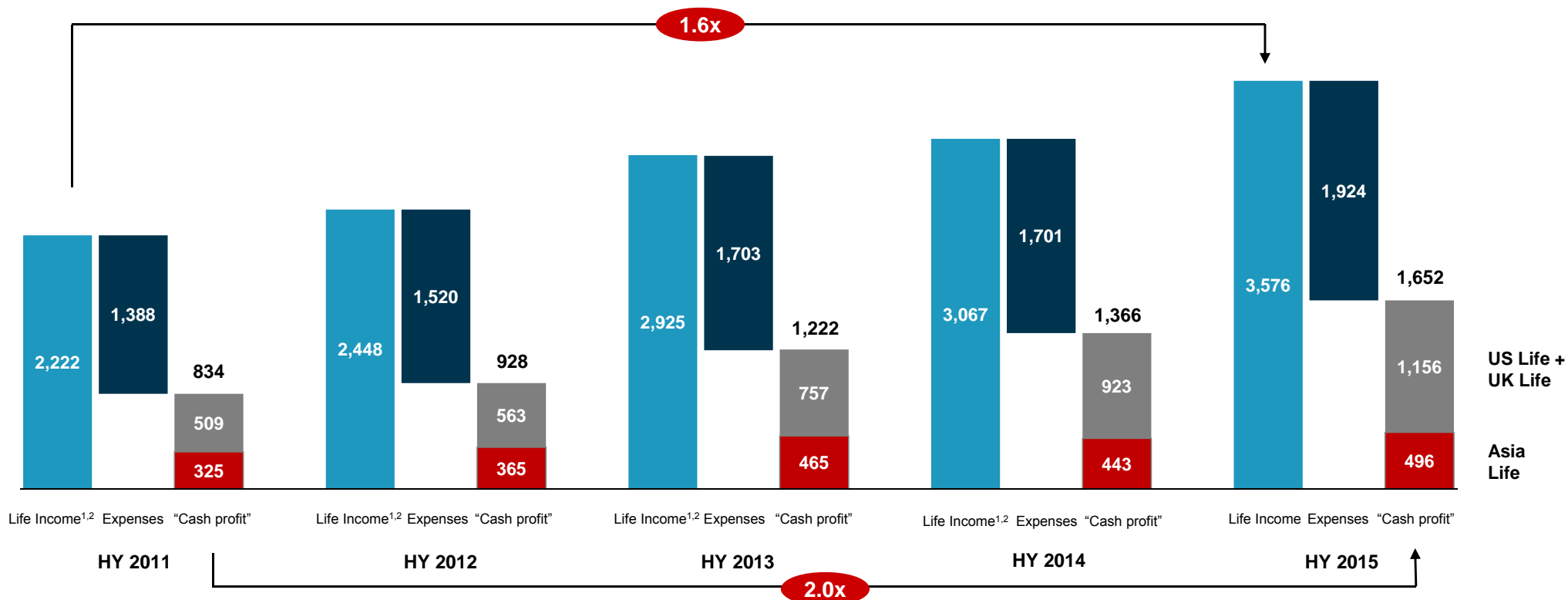


<sup>1</sup> Comparatives adjusted for new and amended accounting standards and excludes Japan Life.  
<sup>2</sup> Comparatives have been stated on an actual exchange rate basis

# Life IFRS operating income

## Higher quality earnings

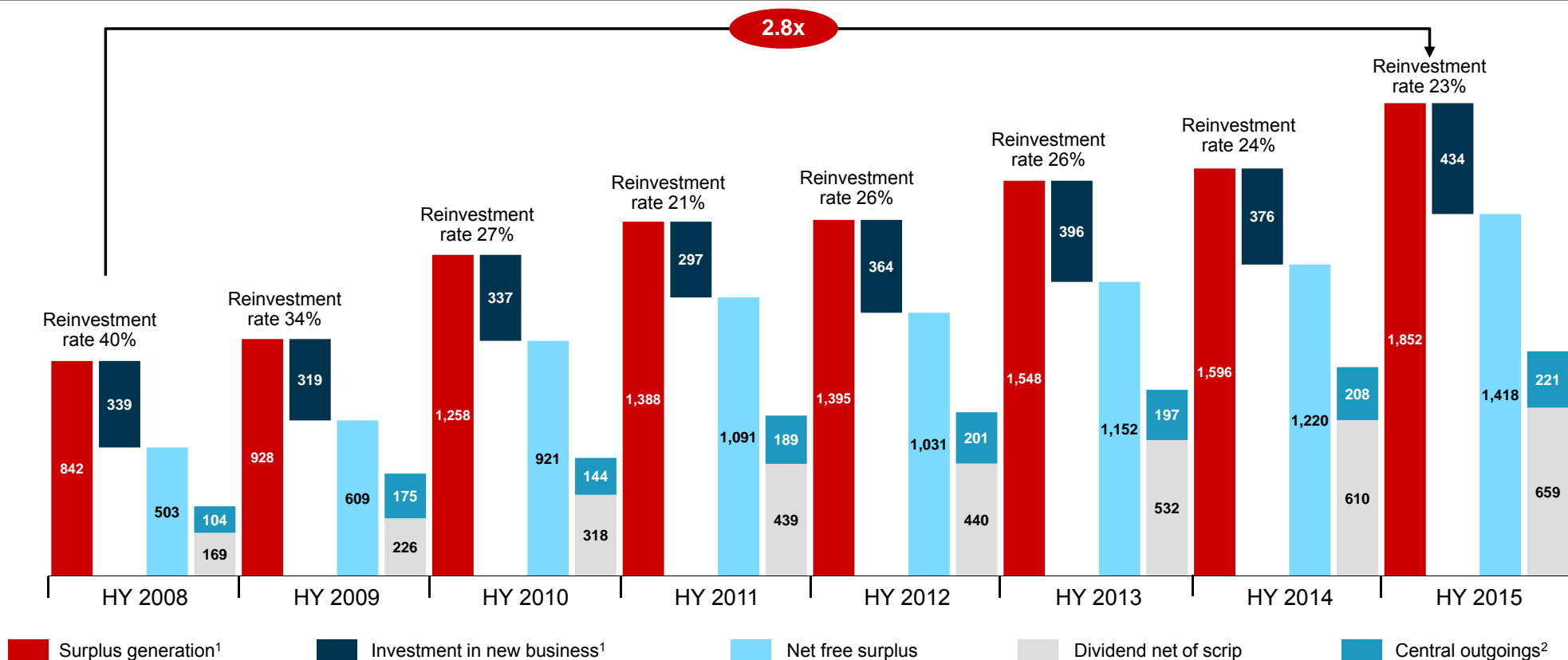
“Cash profit”<sup>1,2</sup>: Income<sup>3</sup> – Expenses (before impact of DAC adjustment), £m



1 Comparatives adjusted for new and amended accounting standards and excludes Japan Life.  
 2 HY2014 comparative has been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2011 to HY2013 comparatives include the results of PruHealth and PruProtect.  
 3 Life income is sum of spread income, fee income, technical and other margin, with-profits and expected returns.

# Delivering cash Free surplus generation

Free surplus and dividend, £m

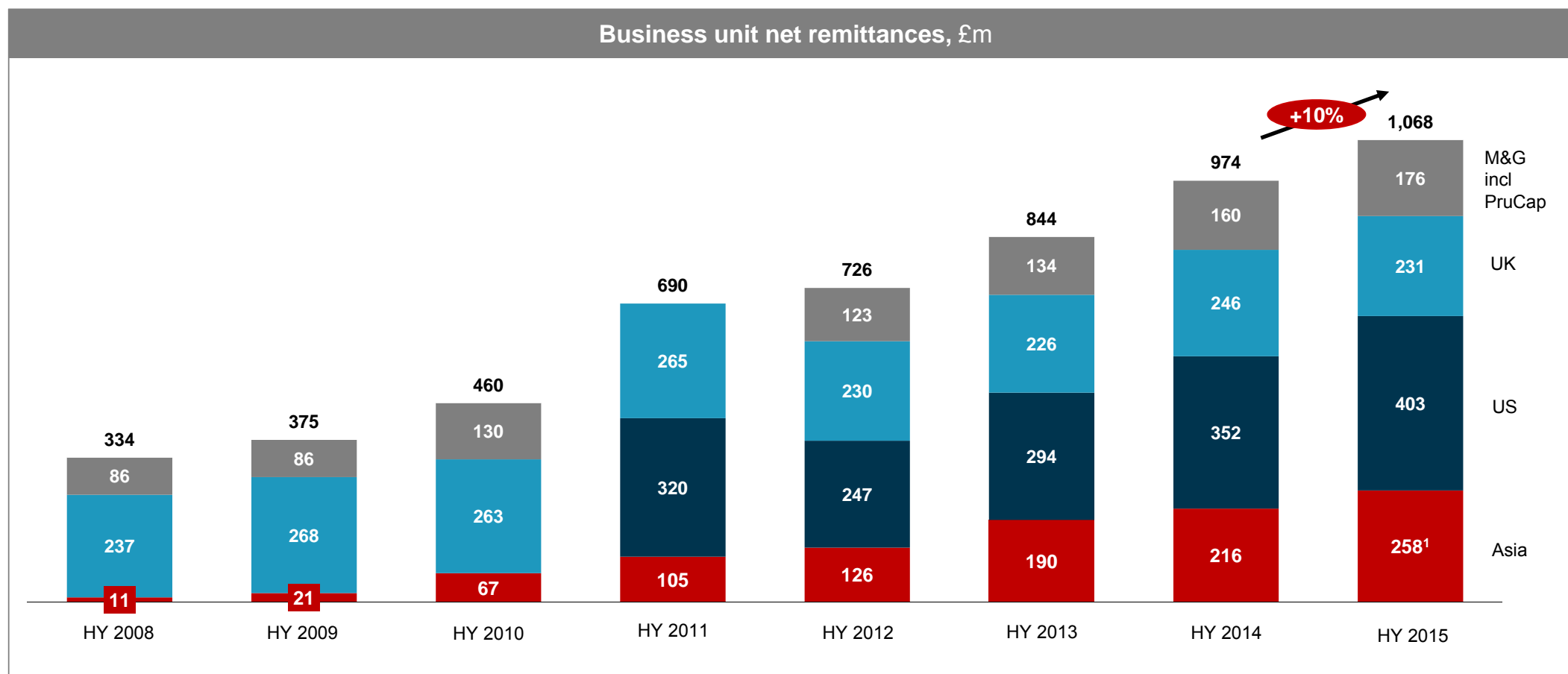


<sup>1</sup> Comparatives adjusted for new and amended accounting standard and excludes Japan Life. HY2014 comparative has been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives include the results of PruHealth and PruProtect.

<sup>2</sup> Central outgoings includes RHO costs.

# Delivering cash

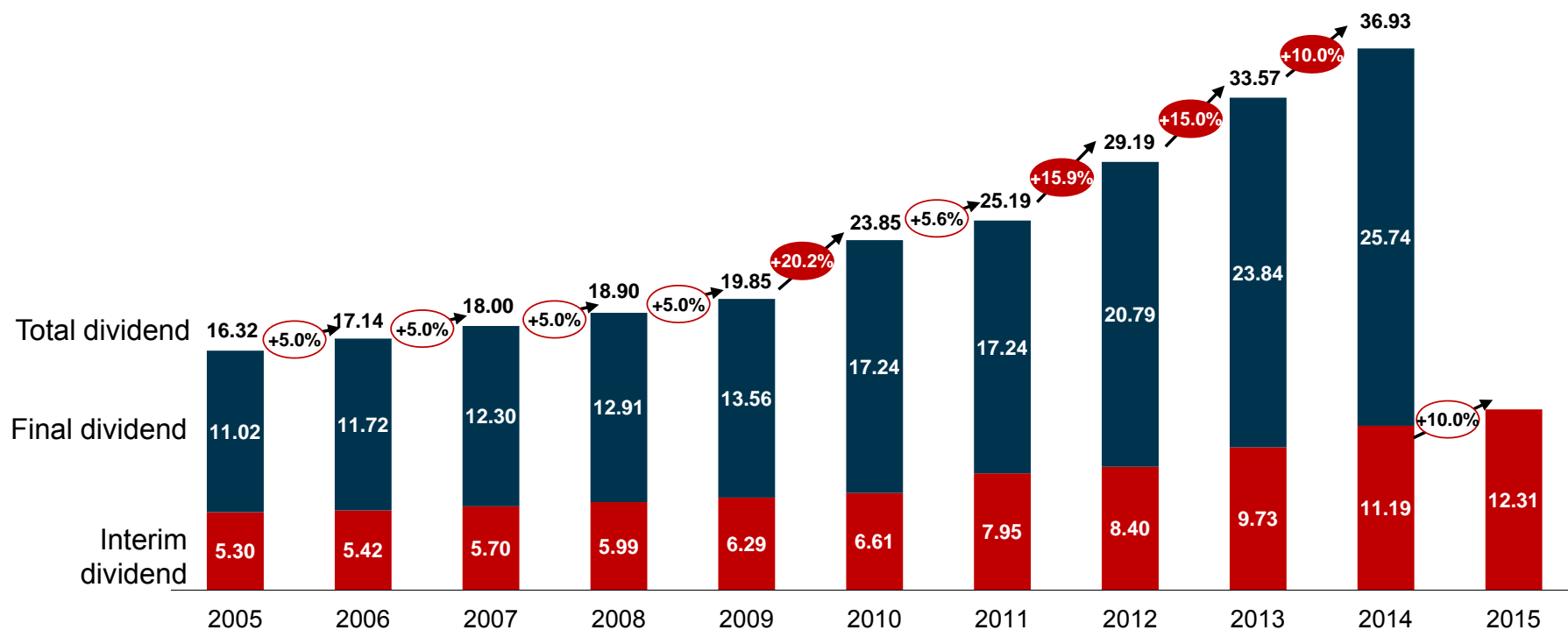
## Cash remittances to Group



<sup>1</sup> Includes £42 million of proceeds from the sale of Japan.

# Group Delivering cash

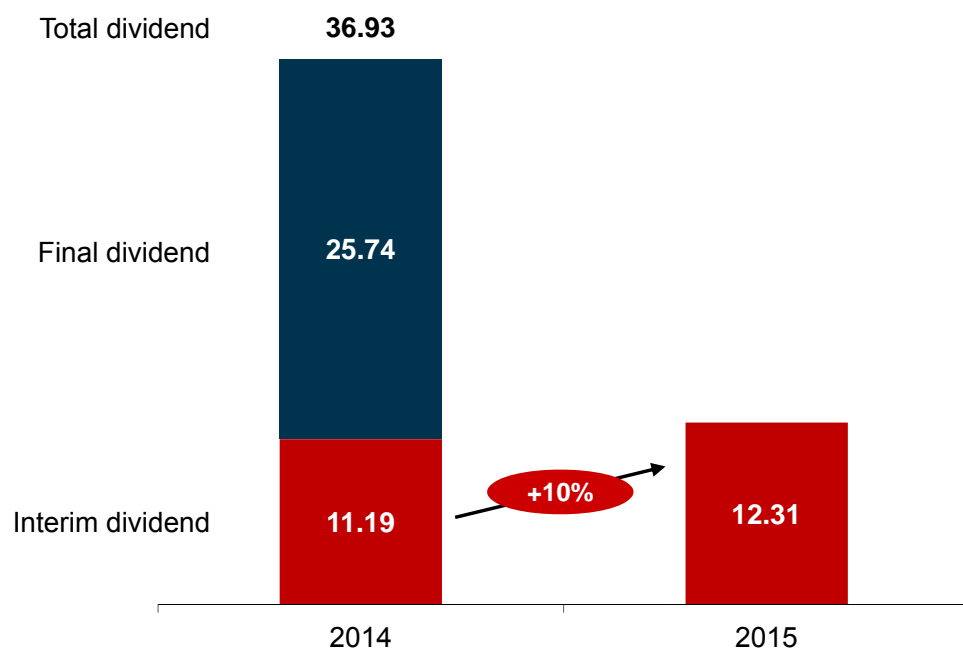
Dividend, pence per share



## Dividend

2015 Interim dividend increased by 10%

Dividend, pence per share



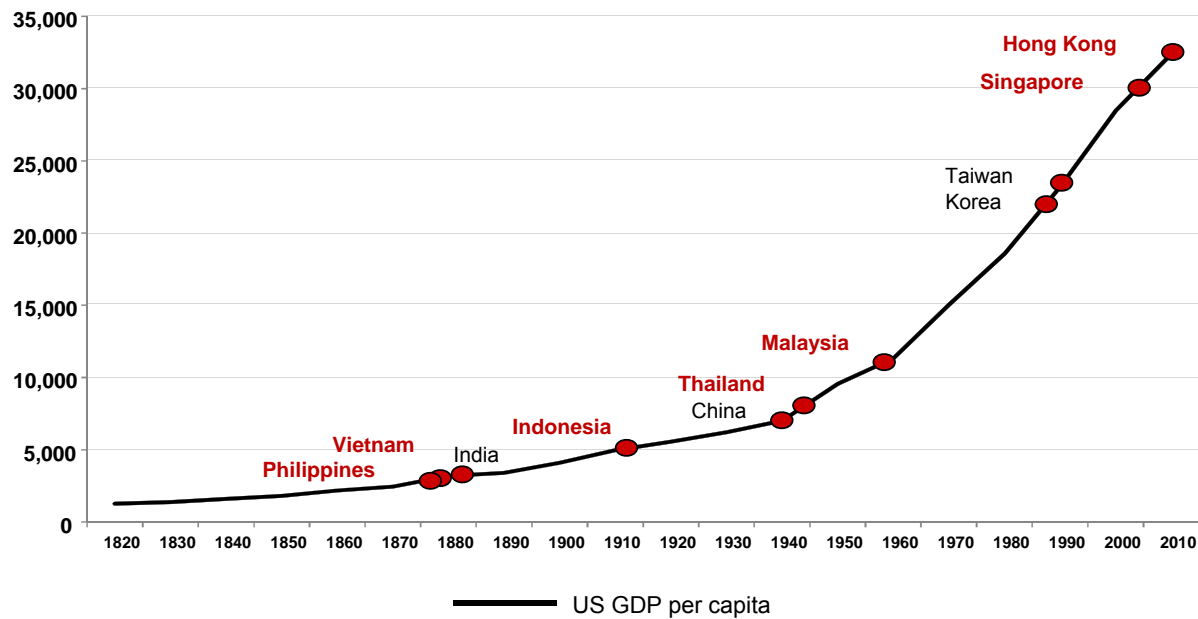
- Interim dividend increased by 10 per cent to 12.31 pence per share
- Ex-dividend date: 20 August 2015
- Record date: 21 August 2015
- Payment of dividend: 24 September 2015



# Asia

## Long term opportunity

GDP per capita in 2010, against the US GDP per capita, 1990 US\$<sup>1</sup>
















- Pan Asian leader: #1 by NBP<sup>2</sup>
- Top 3 in 9 /12 Asian countries<sup>3</sup>
- Market leading platform
  - Over 560,000 agents
  - Access to over 12,000 bank branches
  - 14.1 million customers

<sup>1</sup> Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates.  
<sup>2</sup> NBP = New Business Profit; Prudential estimates based on information disclosed in company reports. Amongst pan Asian international (private) insurers.  
<sup>3</sup> Source: based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Excludes Myanmar and Japan. Market Share data as of latest; India and China ranking and market share among foreign / JV / Private only. Singapore includes onshore only. Thailand Market share is post acquisition of Thanachart Life.

# Asia

## Favourable dynamics

		Population (m)	Prudential customers as a % of total population <sup>2</sup>	GDP (\$bn) <sup>2</sup>	2015 GDP growth (%) <sup>2</sup>	Market penetration <sup>3</sup> (%)
ASEAN and Hong Kong	 Indonesia (1995) <sup>1</sup>	255	1.0%	935	5.2	1.1%
	 Philippines (1996)	101	0.2%	304	6.7	1.6%
	 Thailand (1995)	69	2.2%	388	3.7	3.6%
	 Vietnam (1999)	92	1.5%	197	6.0	0.7%
	 Hong Kong (1964)	7	13.0%	298	2.8	12.7%
	 Malaysia (1924)	31	6.6%	343	4.8	3.1%
	 Singapore (1931)	6	15.2%	317	3.0	5.0%
JV's	 India (2000)	1,276	0.3%	2,202	7.5	2.6%
	 China (2000)	1,375	0.06%	11,082	6.8	1.7%
Mature Markets	 Taiwan (1999)	23	1.0%	550	3.8	15.6%
	 Korea (2002)	51	0.6%	1,463	3.3	7.2%
Nascent Markets	 Cambodia (2013)	16	0.1%	18	7.2	-
	 Myanmar (2013)	52	-	68	8.3	-

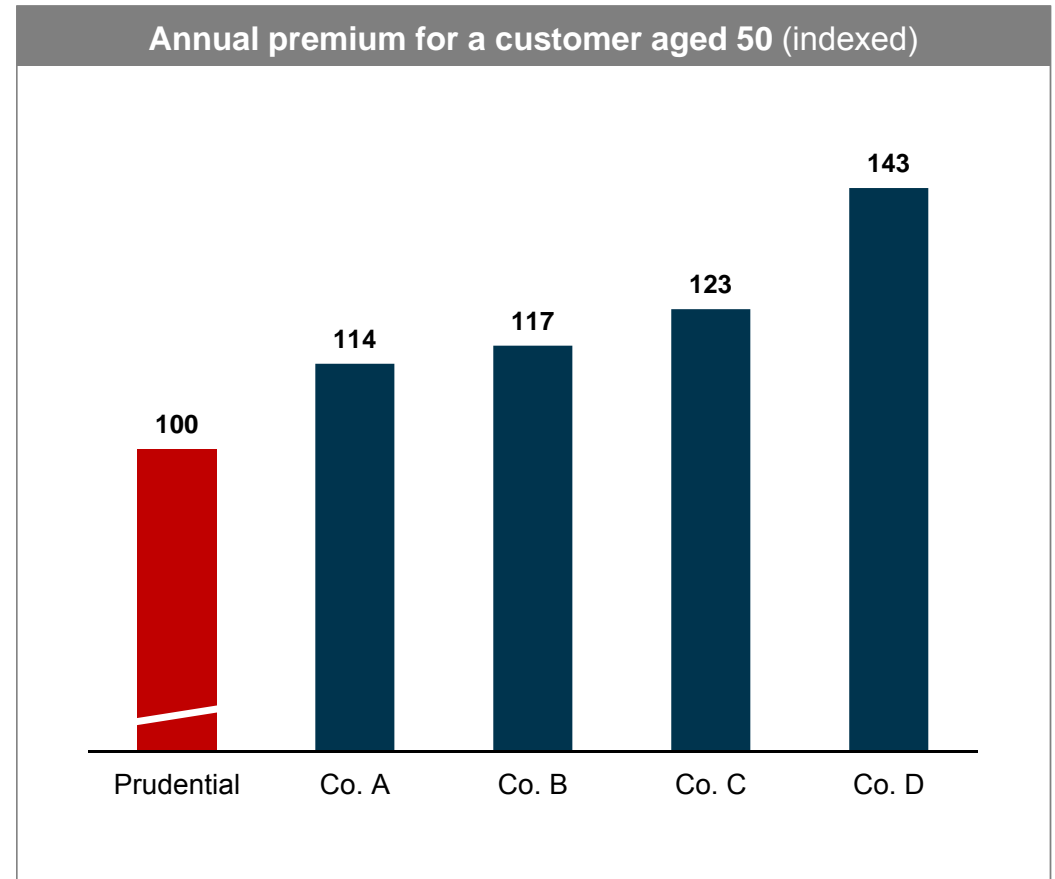
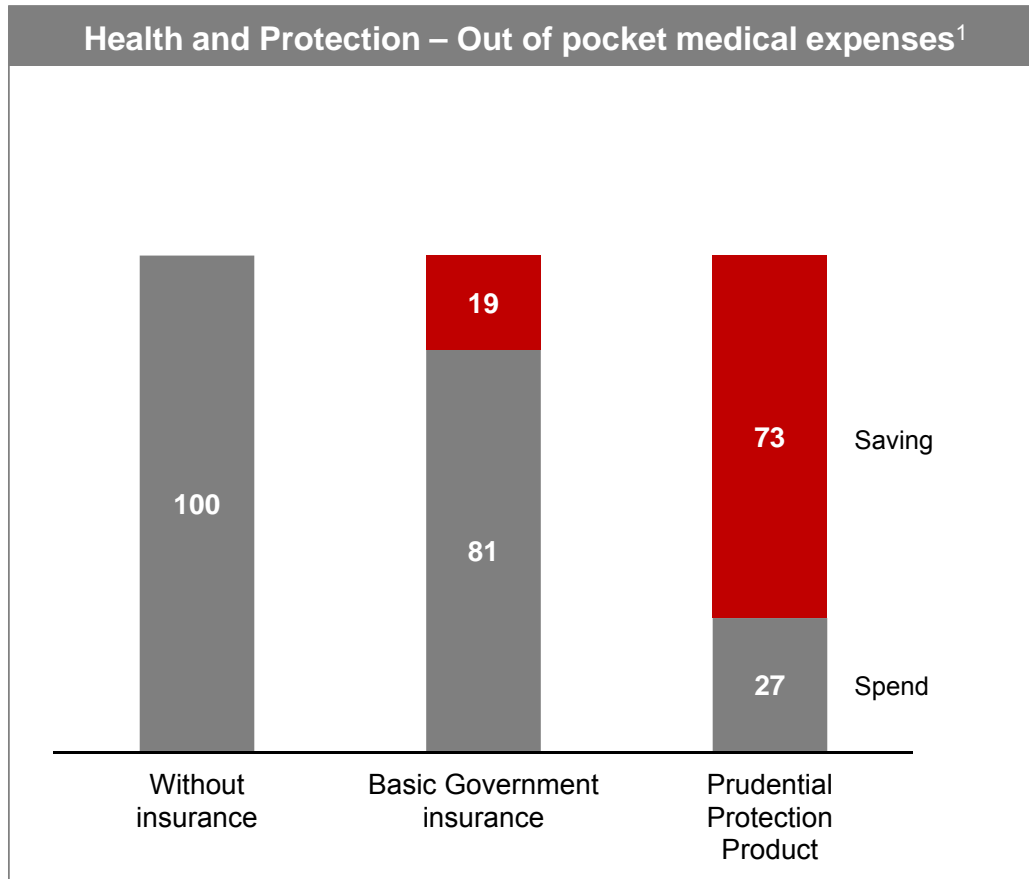
<sup>1</sup> Year in bracket denotes start of operation.

<sup>2</sup> Source: IMF. GDP in \$bn for 2015 (estimated). Penetration rate based on customers at June 2015.

<sup>3</sup> Source: Swiss Re. Market penetration based on insurance premiums as a percentage of GDP in 2014 (estimated).

# Asia Life

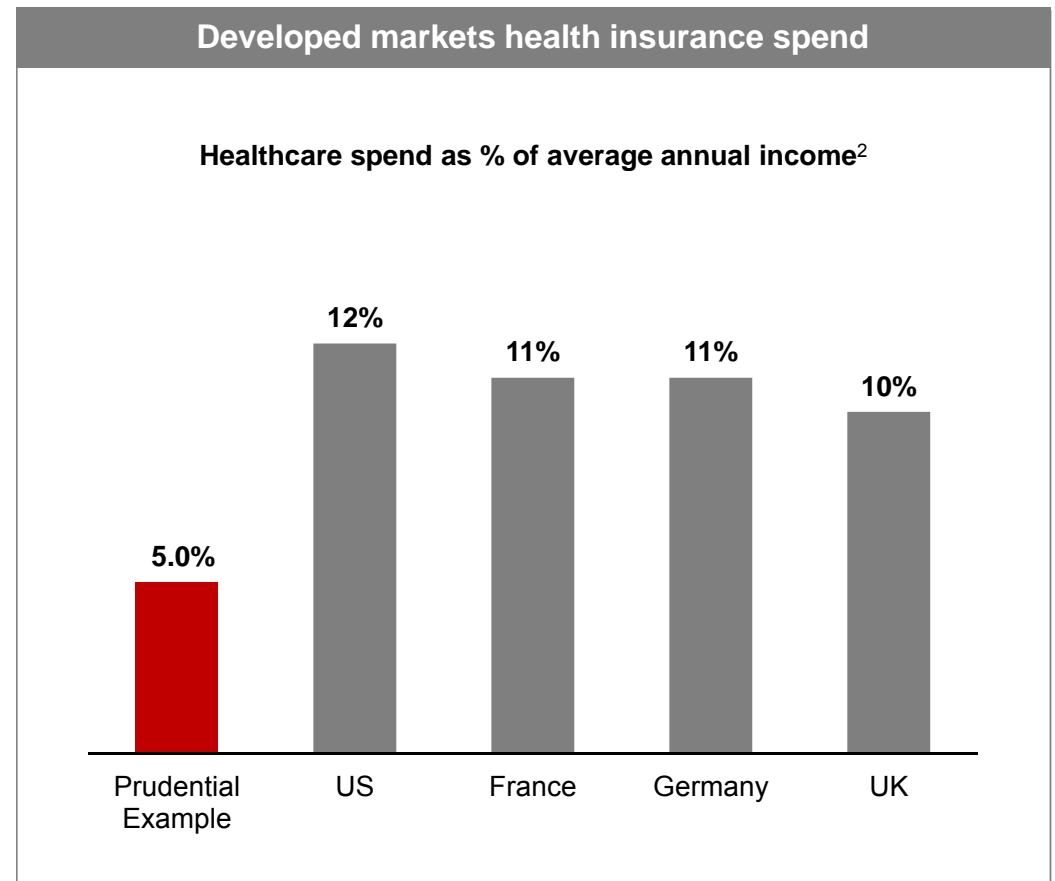
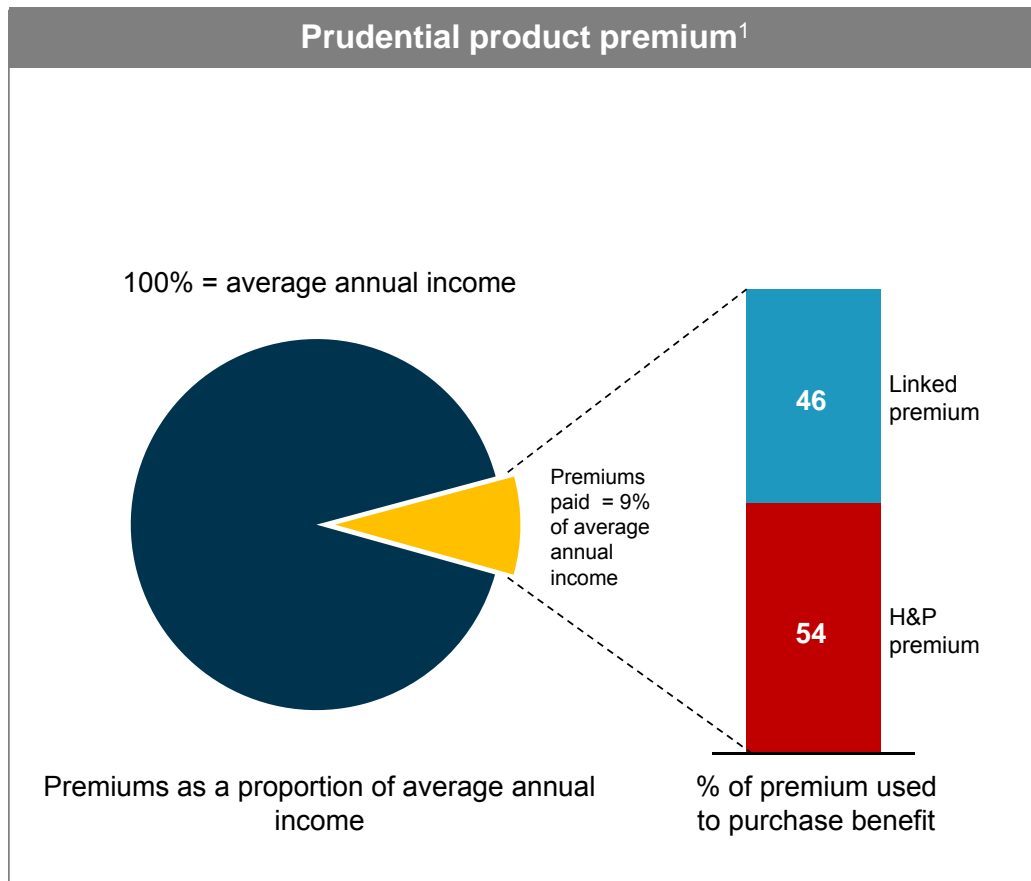
## Products meet customer needs and create shareholder value



<sup>1</sup> Expenses for a male aged 50 for heart diseases and heart surgery treatment.

# Asia

## Affordable products underpin consumer demand



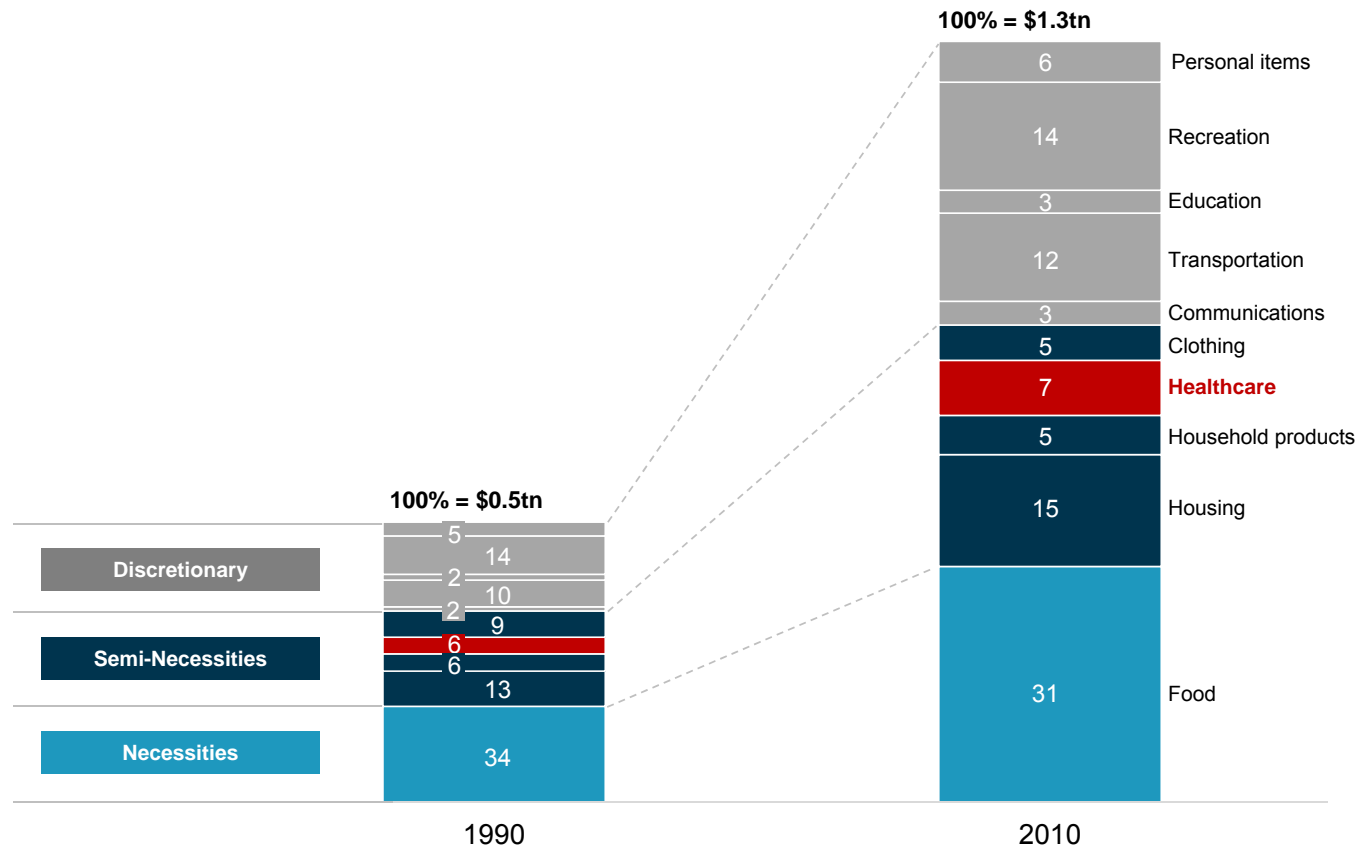
<sup>1</sup> Average Prudential customer spend on insurance products.

<sup>2</sup> Source: OECD, UN population stats, Prudential estimates. Premium spend includes healthcare expenditure by private and public sources except for the US. Healthcare spend data adjusted for working age population and unemployment rates.

# Asia

## Growing demand for healthcare

Household consumption by category<sup>1</sup>, %

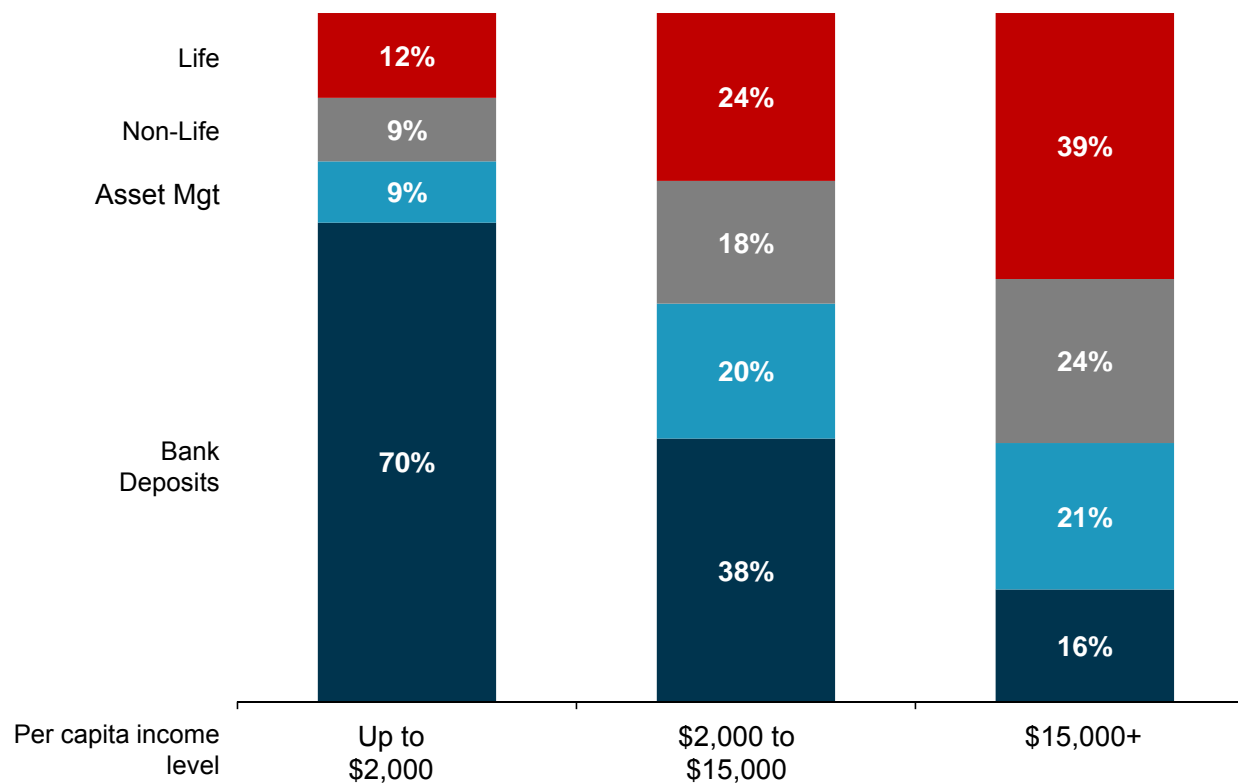


<sup>1</sup> Euromonitor, McKinsey, Prudential estimates.

# Asia distribution

## Wealth and financial assets ownership

Breakdown of personal financial assets

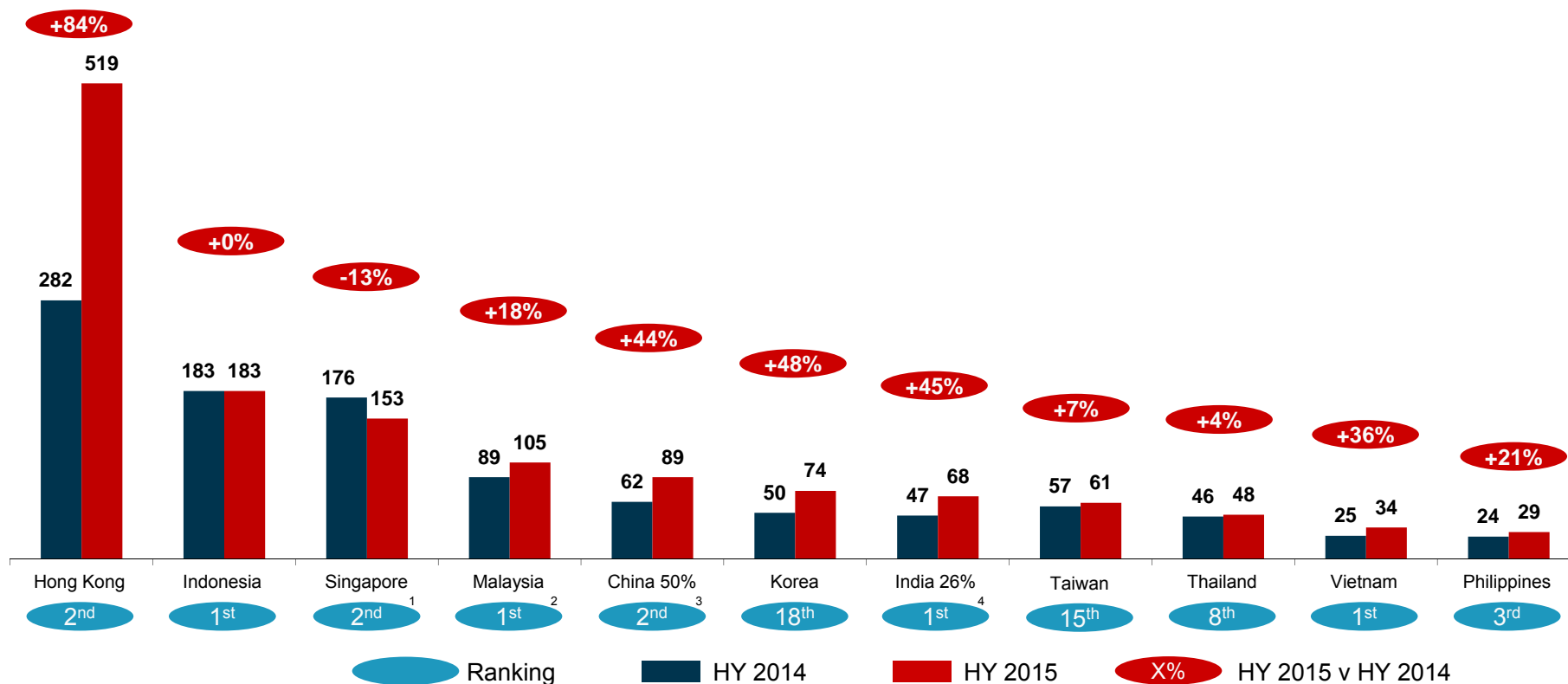


Source: Oliver Wyman analysis; Prudential analysis.

# Asia Life

## APE by market

Asia APE by market, £m (Constant Exchange Rate)



1 Singapore includes onshore only, excluding Eldersfield and DPS.

2 Includes Takaful sales @100%.

3 Ranking amongst foreign JVs.

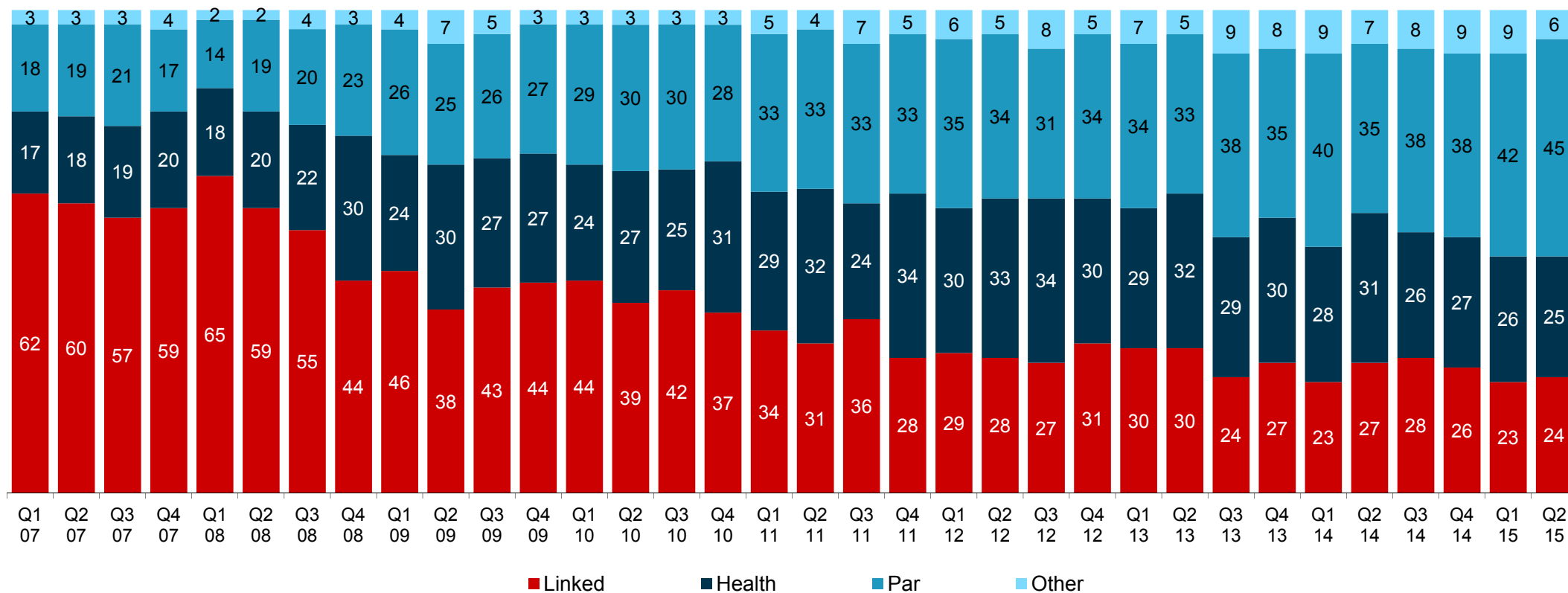
4 Ranking amongst private players.

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).

# Asia Life

## APE sales by product - percent

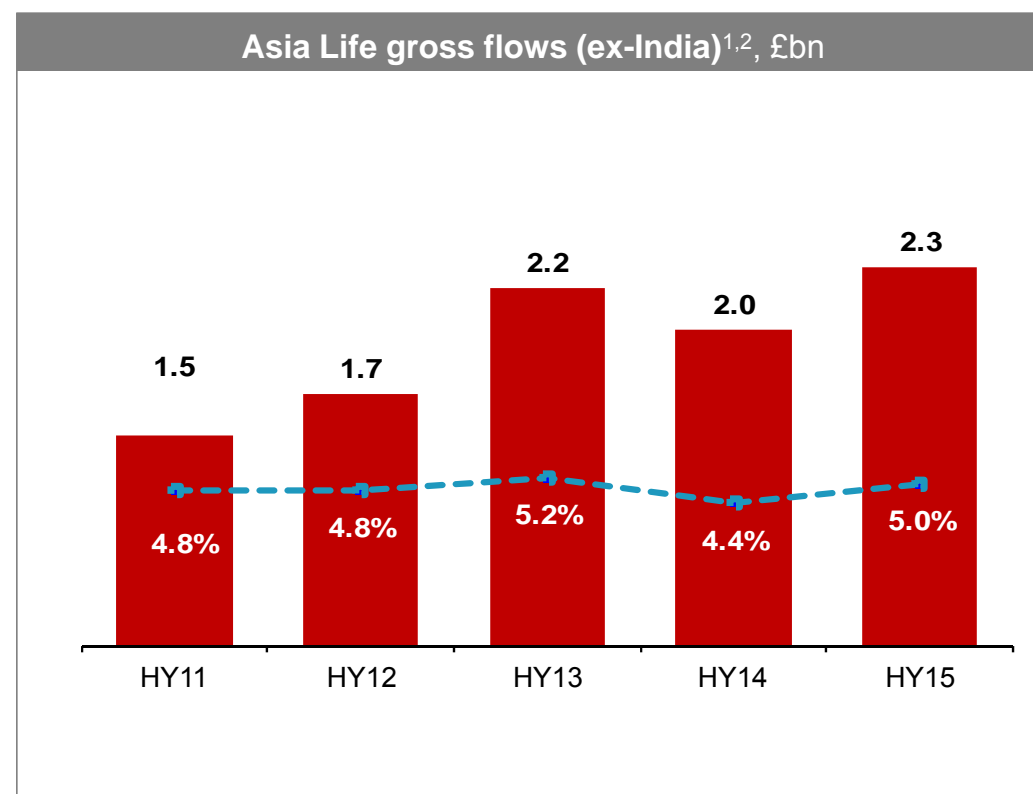
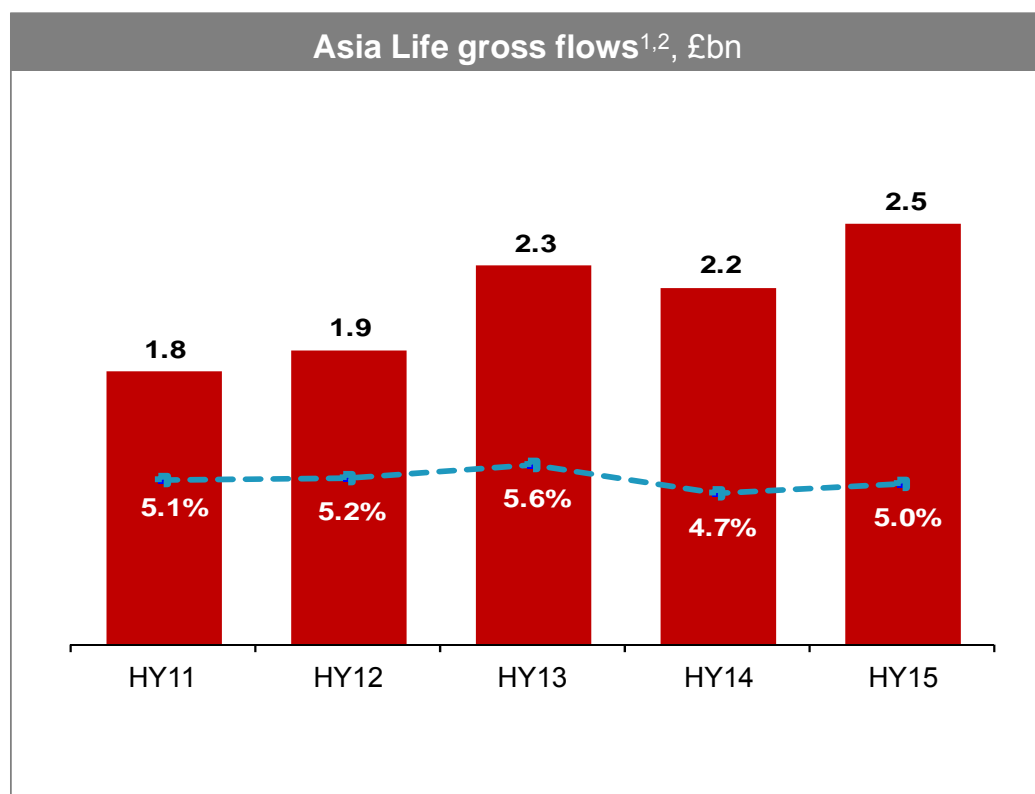
Asia APE by product, %





# Asia Life

## Flows and persistency



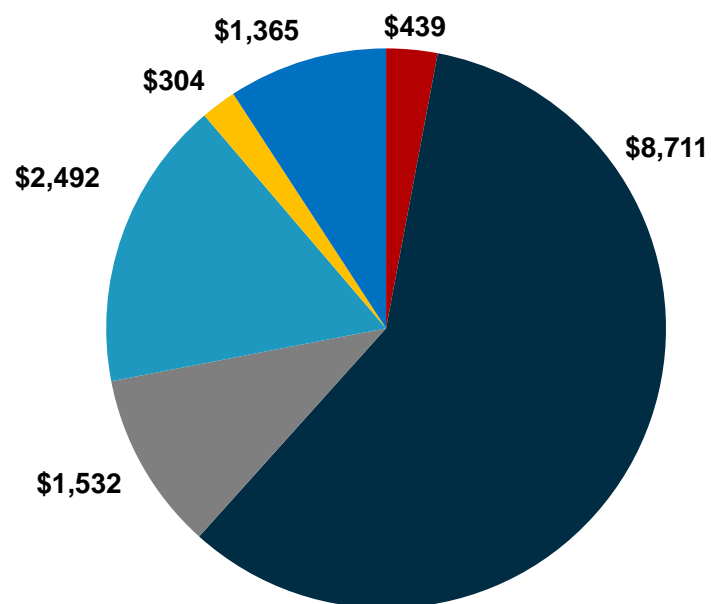
----- Surrenders/withdrawals as % of opening liabilities

<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins).  
<sup>2</sup> Excludes Japan and Taiwan agency.

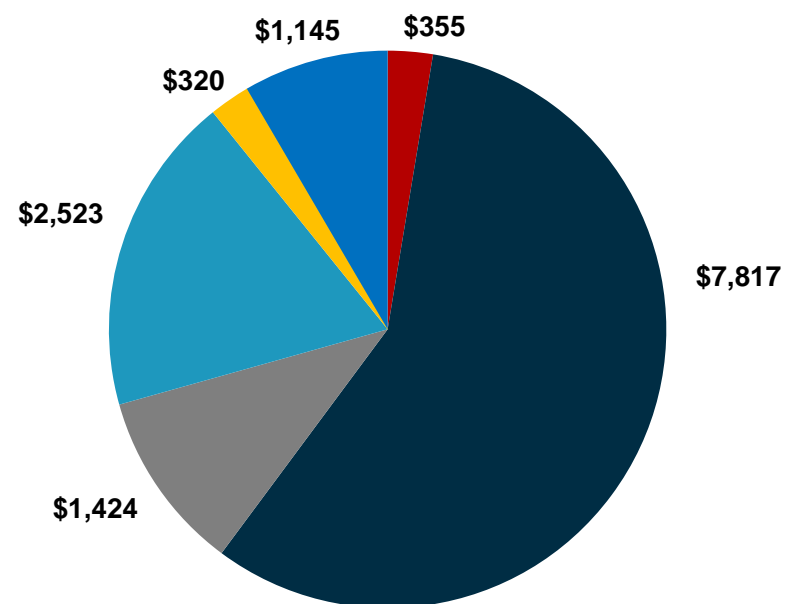
# US retail sales and deposits HY 2015

Retail sales and deposits, \$m

HY 2014 = \$14,843m



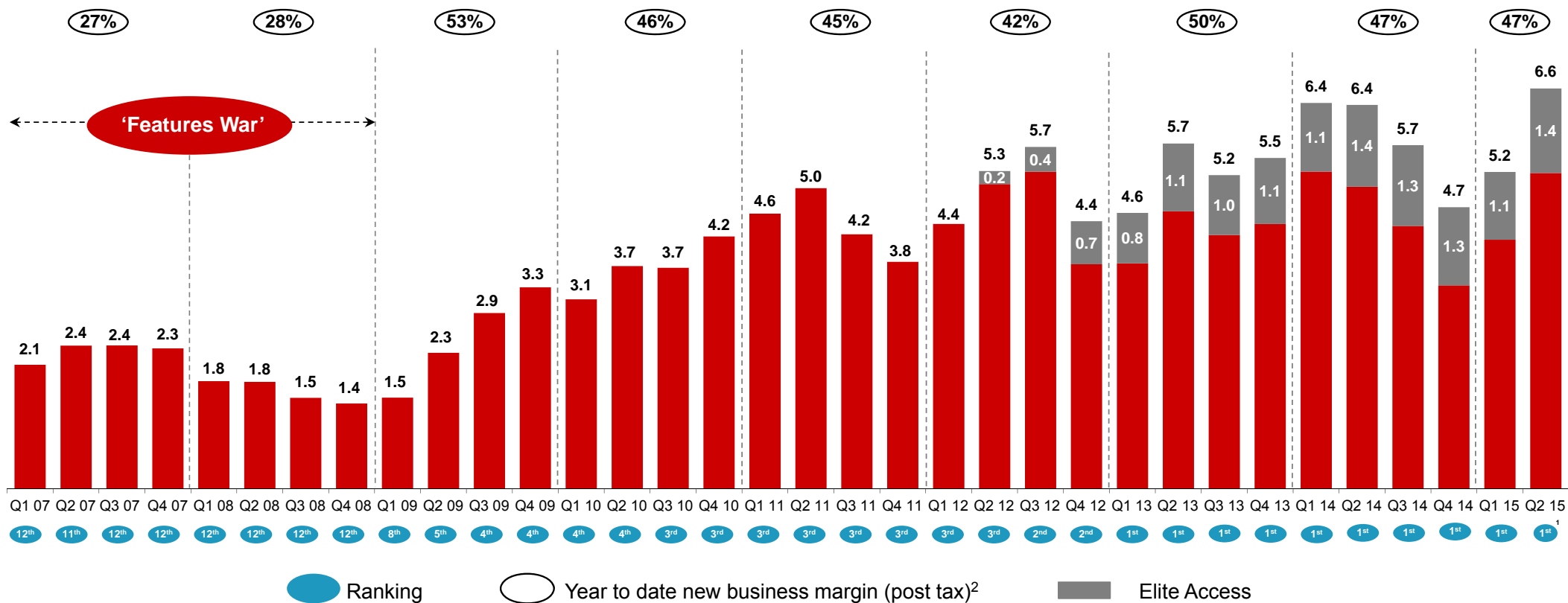
HY 2015 = \$13,584m



- Fixed Annuities
- Variable Annuities – with living benefits
- Variable Annuities – w/o living benefits, non EA
- Elite Access
- Fixed Index Annuities
- Curian

# US Life VA volumes

VA volumes by quarter, sales US\$bn

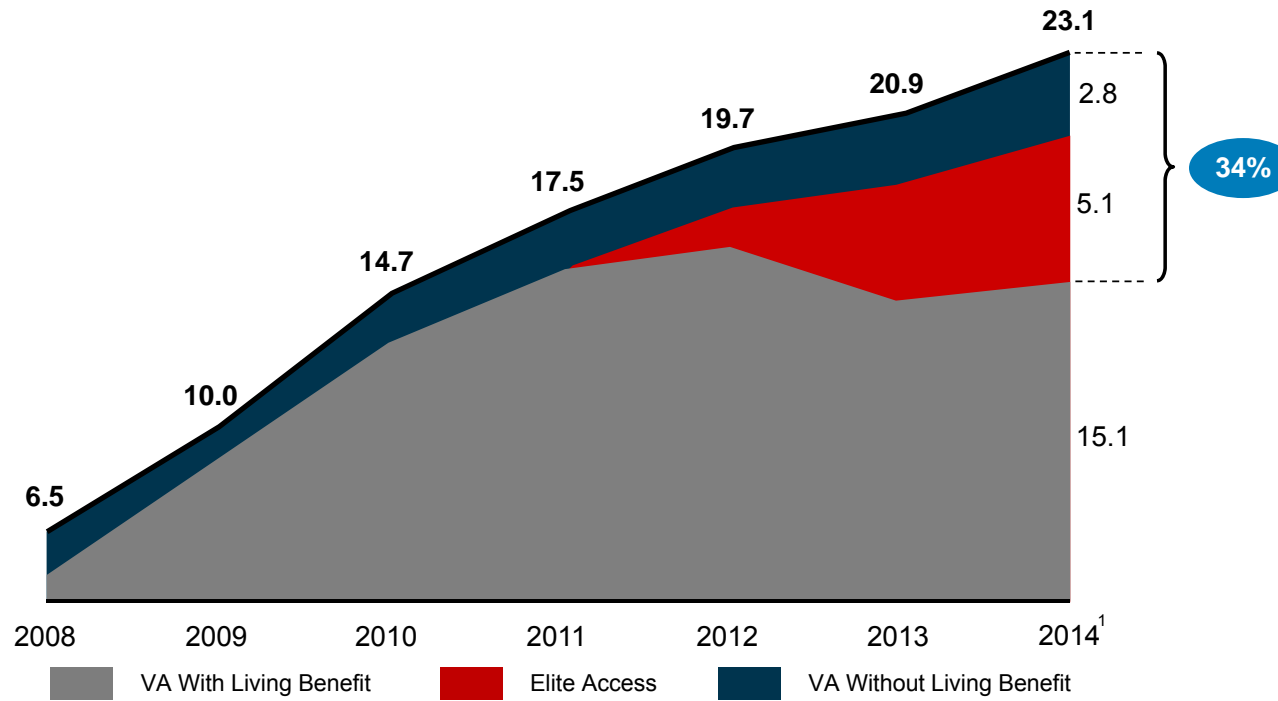


<sup>1</sup> Estimated.  
<sup>2</sup> Previously disclosed pre-tax margins have been adjusted at a notional tax rate of 35%, and are now presented as post tax.

# US

## Successful diversification

Jackson VA sales mix, \$bn



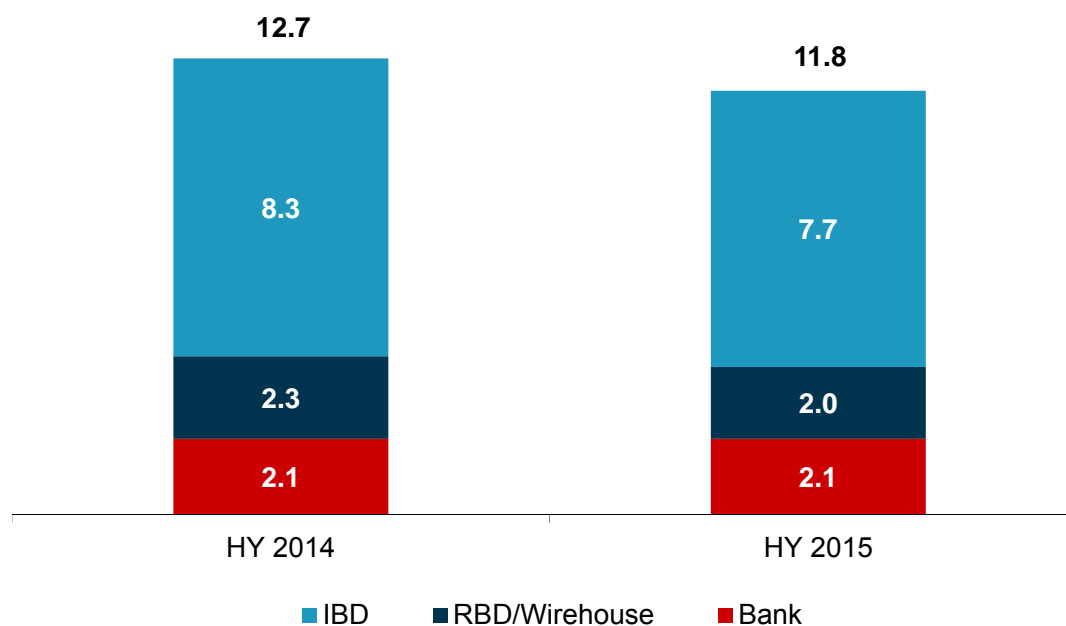
<sup>1</sup> Values may not cast to total due to rounding.

# US Life

## Variable annuity distribution

Variable annuity sales by distribution channel, US\$bn

HY 2015 includes \$2.5bn of Elite Access sales (HY 2014, \$2.5bn)

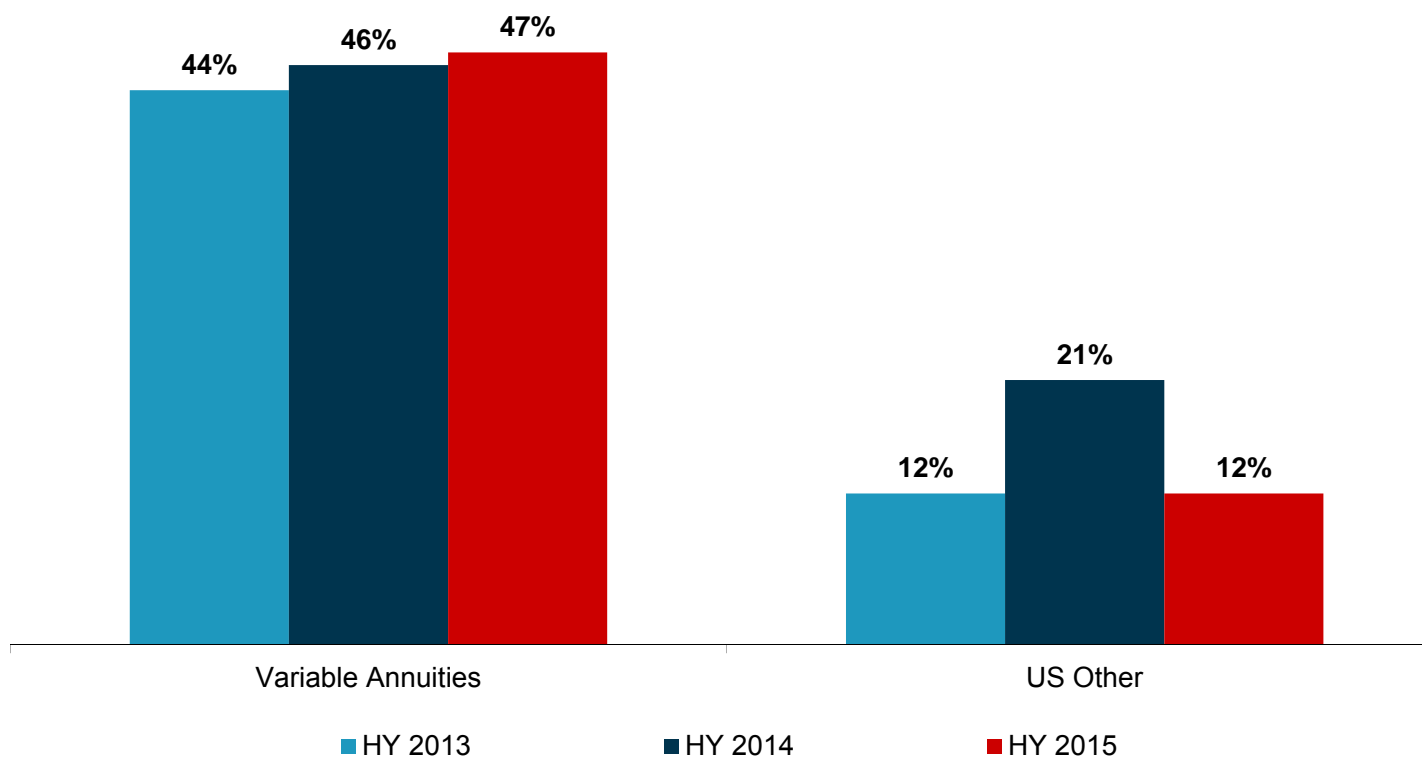


IBD: Independent Broker/Dealer, RBD: Regional Broker Dealer.

# US Life

## New business margin

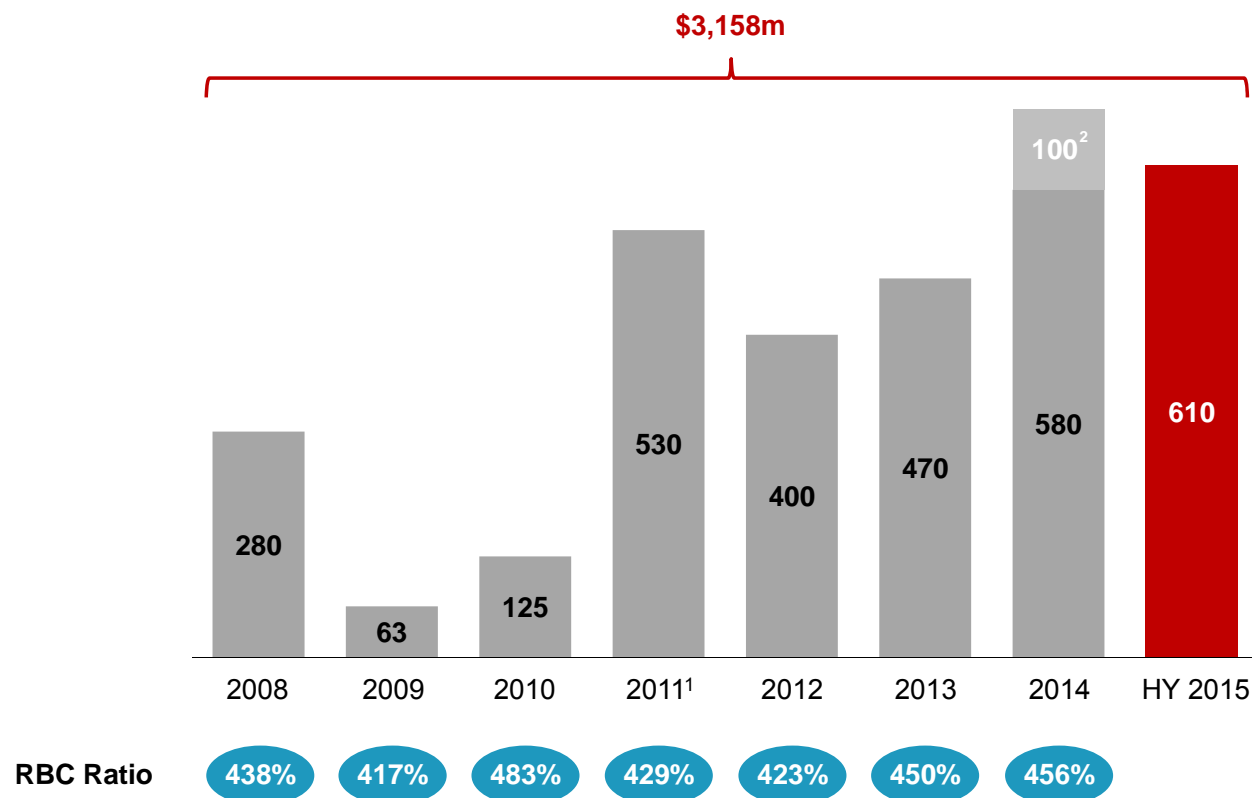
New business margin (post tax), % APE



# US

## Successful execution

Cumulative cash remittances, \$m



<sup>1</sup> Net remittances from Jackson include \$197m in 2011 representing release of excess surplus to the Group.  
<sup>2</sup> Net remittances in second half of 2014.

# US IFRS profit

## DAC impact on results

### Impact on results of DAC amortisation, £m

	2014	HY 2014	HY 2015
<b>Gross profits<sup>1</sup></b>	1,944	948	1,113
<b>New business strain<sup>2</sup></b>	(209)	(103)	(110)
<b>DAC Amortisation</b>			
- Core	(474)	(249)	(275)
- (Acceleration) / deceleration	(13)	10	20
<b>Operating result</b>	1,248	606	748
<b>Core as % of Gross profits</b>	<b>24%</b>	<b>26%</b>	<b>25%</b>

<sup>1</sup> Gross profits equals IFRS operating profit pre acquisition costs and pre DAC, excluding REALIC.

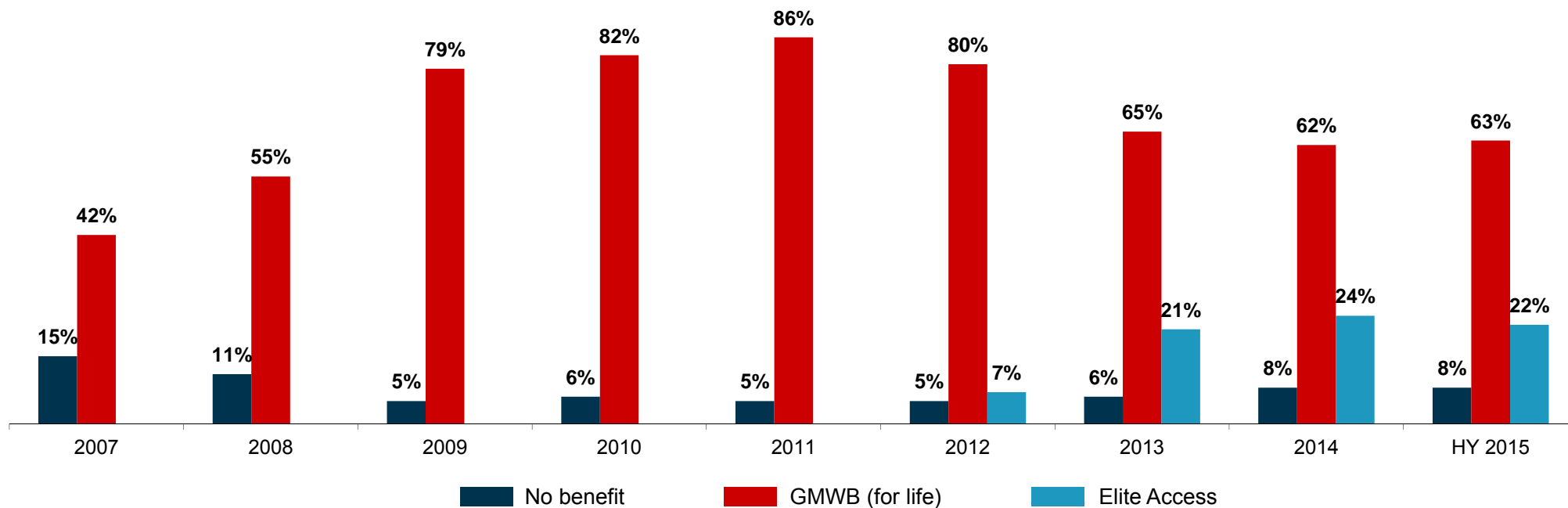
<sup>2</sup> Represents acquisition costs no longer deferrable following the adoption of altered US GAAP principles for deferred acquisition costs.



# US Life

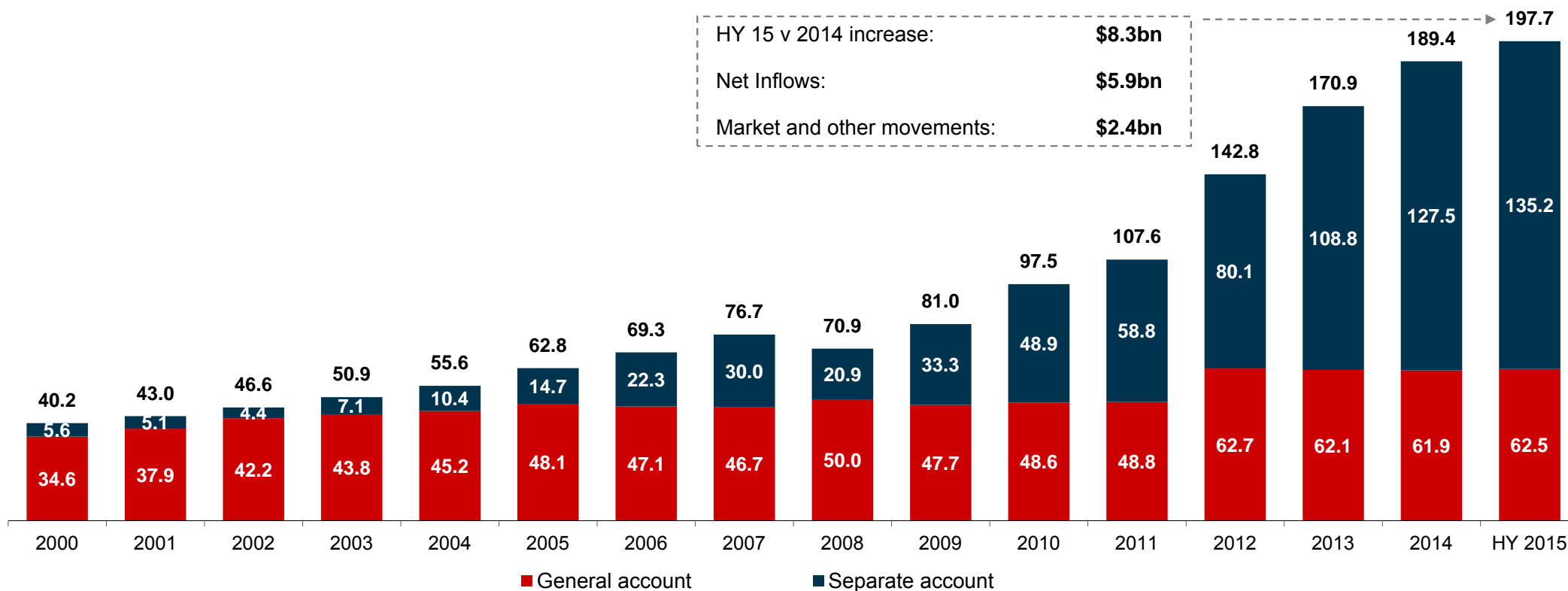
## Policyholder behaviour

Optional benefits elected, % of initial benefits elected (New business)



# US Life Asset growth

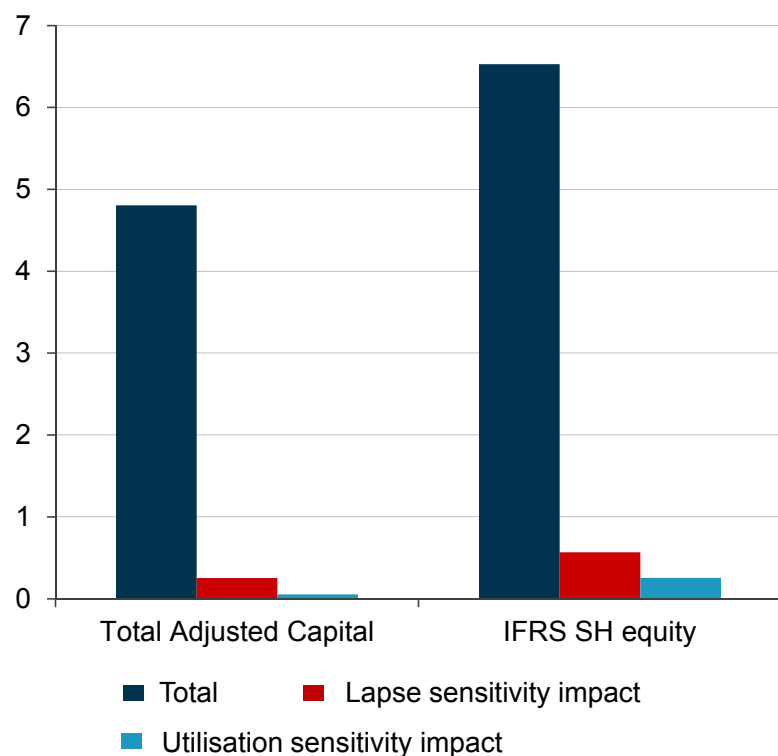
Growth in statutory admitted assets, \$bn



# Resilient balance sheet

## GMWB policyholder behaviour sensitivities

GMWB policyholder behaviour sensitivities, HY 2015 \$bn

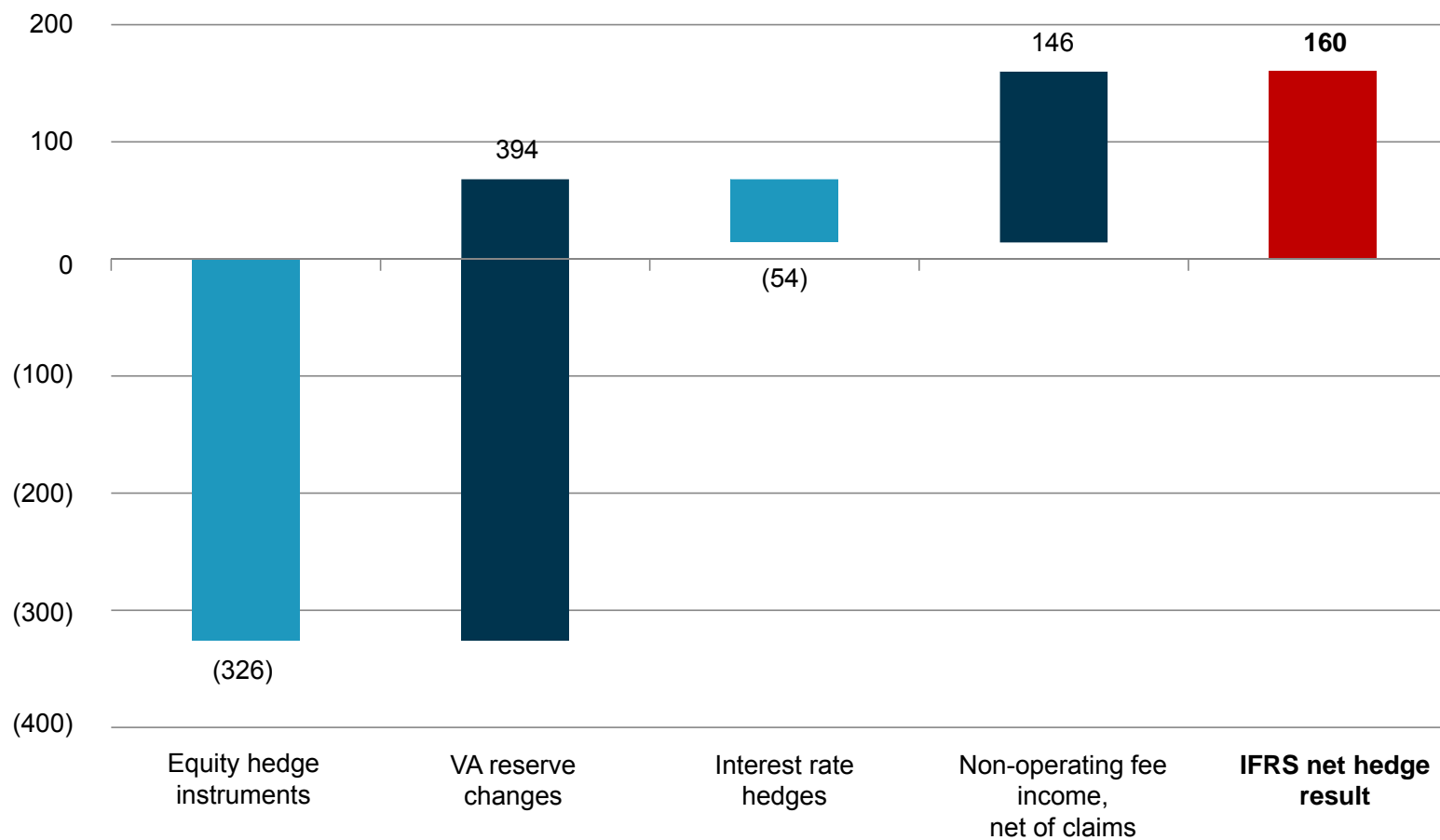


- Policyholder behaviour experience is continuously monitored and a comprehensive study is conducted on an annual basis
- For IFRS and Statutory accounting purposes, assumptions remain conservative. For example,
  - Surrender – GMWB ultimate surrender assumptions at significantly ITM levels are assumed to be 33% of the base surrender assumptions
  - Utilisation – For-Life GMWB utilisation assumptions at attained ages 65+ are 60-80% (with special provisions for benefits with incentives to delay withdrawals)
- To measure the sensitivity to these assumptions, IFRS Equity and Statutory Capital were computed under severe shocks to these already conservative assumptions. The shocks were as follows:
  - Surrender – surrender rates for ITM policies were reduced to half the assumed levels. For example, ultimate surrender rates on significantly ITM policies were reduced from 33% to 17% of the base surrender level, resulting in ultimate surrender rates of less than 2% for most plan types
  - Utilisation – utilisation rates beyond the bonus period, if applicable, were increased by an absolute 10%. For example, utilisation rates of 60-80% on For-Life contracts at attained ages 60+ were increased to 70%-90%

# Hedging result

## IFRS impact 'below-the-line'

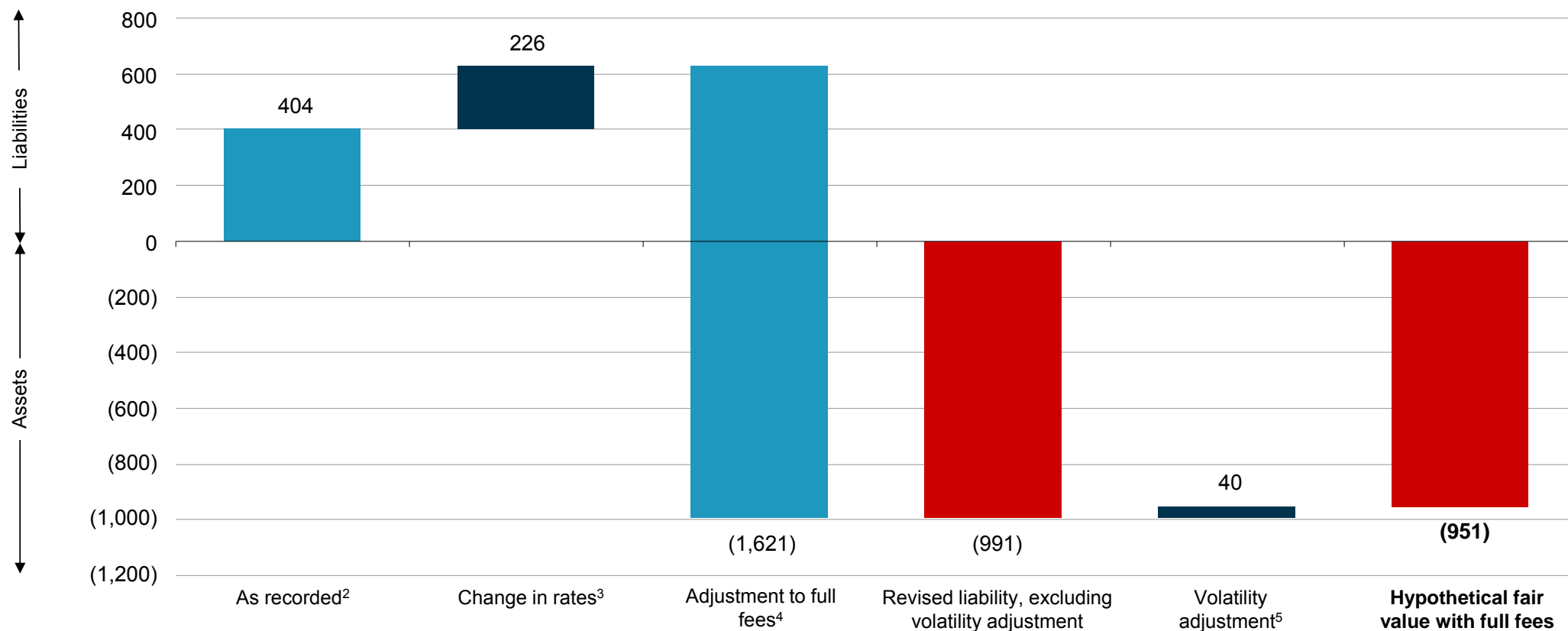
HY 2015 VA hedge results, net of related DAC, £m



# VA hedging

## Moving reserves to 'fair value'

Guarantee Benefit Liability Supplemental Disclosure<sup>1</sup>, net of DAC, £m



<sup>1</sup> A positive number indicates liability while a negative number indicates an asset.

<sup>2</sup> GMWB and GMDB IFRS basis.

<sup>3</sup> Application of market based (30.06.15) swap curve earned rates (2.5% representative 10 year rate) and AA corporate bond discount rates (3.7% representative 10 year rate) in place of long-term rate of 7.4% for IFRS (8.4% discount rate used for pre-2013 issues).

<sup>4</sup> Value of fees over and above those in reserve calculations.

<sup>5</sup> Application of market based (30.06.15) volatility curve (22.1% representative 5 year rate) instead of long-term 15% level for IFRS.

# Jackson

## Capital, hedging and policyholder behaviour

	Total adjusted Capital
	\$bn
<b>31 Dec 2014</b>	<b>4.9</b>
Operating profit	0.5
Dividend	(0.6)
Reserves net of hedging and other effects	-
<b>30 June 2015</b>	<b>4.8</b>

- Hedging programme continues to effectively mitigate risks
- Total adjusted capital excludes gains on interest rate swaps: \$289m at June 2015 (Dec 2014: gain of \$555m)
- Earned guarantee fees of 118 bps per annum (c\$0.8bn in HY 2015). Expected guarantee fees of \$1.5bn for 2015 continue to be sufficient to cover cost of hedging
- Equity allocations remain below our 82% pricing assumption

# IFRS operating profit – source of earnings

## Life insurance - Asia

				Total operating profit			Source																												
				574	497	15%	HY15	HY14 (CER)	+/-																										
				=																															
Total Life income			-	Total Life expenses			+/-	DAC adjustments																											
1,424	1,258	13%		(928)	(804)	(15)%	78	43	81%																										
<table border="1"> <thead> <tr> <th colspan="3">Spread income</th> </tr> </thead> <tbody> <tr> <td>65</td> <td>65</td> <td>-</td> </tr> </tbody> </table>			Spread income			65	65	-	<table border="1"> <thead> <tr> <th colspan="3">Fee income</th> </tr> </thead> <tbody> <tr> <td>86</td> <td>76</td> <td>13%</td> </tr> </tbody> </table>			Fee income			86	76	13%	<table border="1"> <thead> <tr> <th colspan="3">Technical and other margin</th> </tr> </thead> <tbody> <tr> <td>1,219</td> <td>1,069</td> <td>14%</td> </tr> </tbody> </table>			Technical and other margin			1,219	1,069	14%	<table border="1"> <thead> <tr> <th colspan="3">With-profits</th> </tr> </thead> <tbody> <tr> <td>21</td> <td>16</td> <td>31%</td> </tr> </tbody> </table>			With-profits			21	16	31%
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<p>Spread income remains in line with prior year with margins declining due to change in product and country mix</p>			<p>Higher fee income driven by growth in unit-linked reserves</p>			<p>Increase in technical margin due to growth in H&amp;P book. Insurance margin also benefits from claims controls and pricing actions.</p>																													

£m except reserves £bn

# IFRS operating profit – source of earnings

## Life insurance - US

					Source						
					HY15	HY14 (CER)	+/-				
<b>Total operating profit</b>					834	751	11%				
=											
<b>Total Life income</b>			-	<b>Total Life expenses</b>			+	<b>Expense deferrals</b>			
1,607	1,492	8%		(887)	(888)	-	369	409	(10)%		
					-						
<b>Spread income</b>			<b>Fee income</b>			<b>Expected returns</b>			<b>DAC amortisation</b>		
372	398	(6)%	832	721	15%	20	13	54%	(255)	(262)	3%
<b>Spread (bps)</b>			<b>AMF (bps)</b>			<b>Technical and other margin</b>					
244	258	(14)	193	193	-	383	360	6%			
<b>Average reserves</b>			<b>Average reserves</b>								
30.5	30.8	(1)%	86.3	74.5	16%						
<p>Decrease in spread income primarily due to lower investment yields, reflecting the lower interest rate environment</p>			<p>Increase reflects impact of net flows (including Elite Access) and positive markets on separate account balances</p>			<p>Increase in technical and other margin reflects positive net flows from variable annuity business with life contingent and other guarantee fees</p>					

£m except reserves £bn



# IFRS operating profit – source of earnings

## Life insurance - UK

				Total operating profit			Source																																			
				436	366	19%	HY15	HY14	+/-																																	
				=																																						
Total Life income			-	Total Life expenses			-	DAC adjustments																																		
545	486	12%		(109)	(114)	4%		0	(6)	n/a																																
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133	135	(1)%																																								
<p>Increase in spread income is primarily driven by higher profits from the in-force business partly offset by a lower contribution from bulk and individual annuity sales in the period</p>				<p>Increase in insurance margin is driven by the positive impact from a longevity reinsurance transaction</p>																																						

£m except reserves £bn

# IFRS operating profit – source of earnings

## Asset management

Asset Management Operating profit <sup>1</sup>		
309	270	14%

Source		
HY 2015	HY 2014 (CER)	+/-

£m except average assets £bn

M&G Operating profit		
251	227	11%

Eastspring investments		
58	43	35%

Underlying income		
491	463	6%

Other income <sup>2</sup>		
8	13	(38)%

Total expenses		
(248)	(249)	-

Total income <sup>2</sup>		
151	115	31%

Total expenses		
(93)	(72)	(29)%

Average fees (bps)	38	38	-
Average assets (£bn)	260	243	7%

Cost / income ratio <sup>3</sup>		
51%	54%	(3)ppt

Average fees (bps)	37	37	-
Average assets (£bn)	82	62	32%

Cost / income ratio <sup>3</sup>		
58%	59%	(1)ppt

<sup>1</sup> Excludes PruCap and US asset management business.

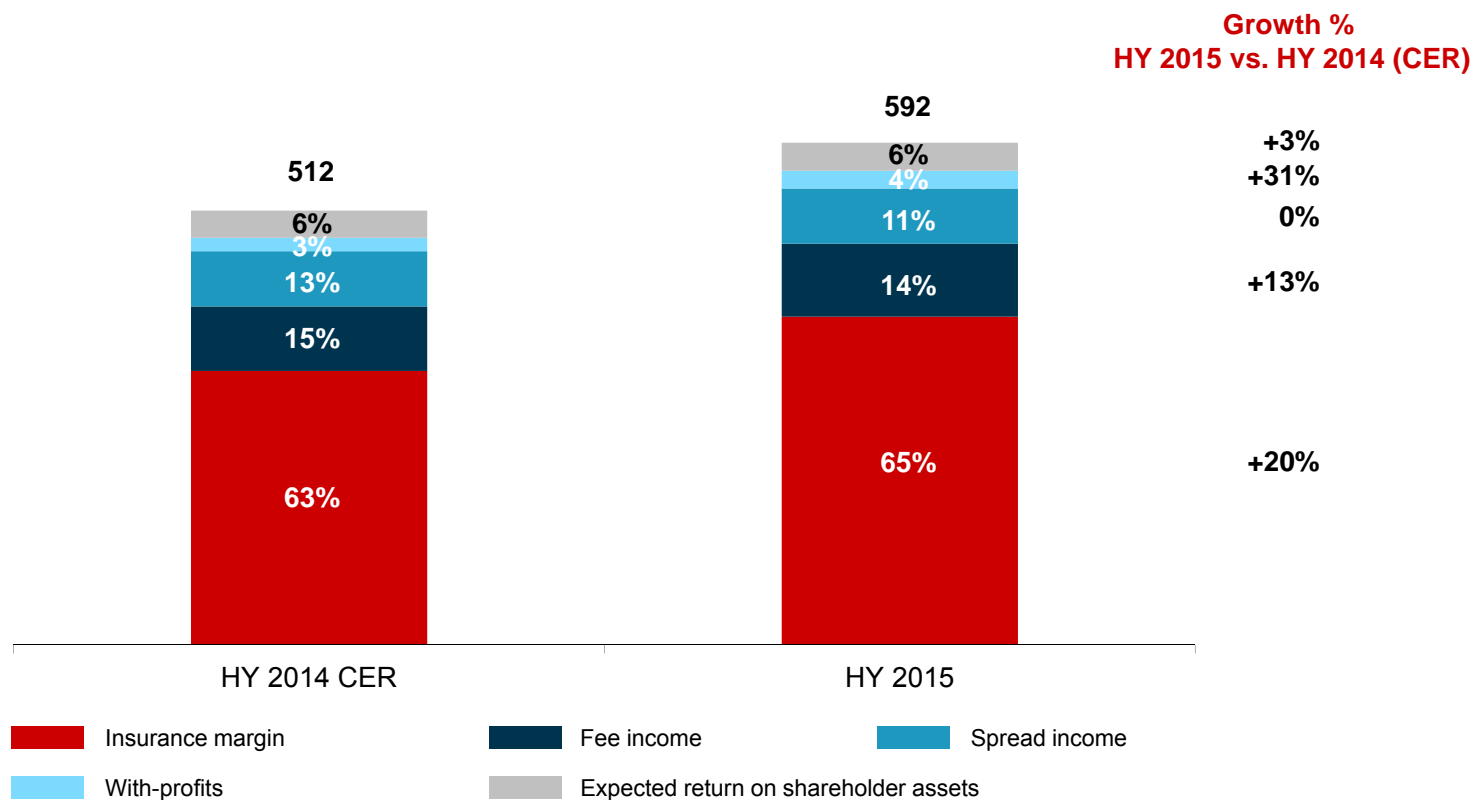
<sup>2</sup> Includes performance-related fees and for M&G, carried interest and its share of operating profit from PPMSA.

<sup>3</sup> Cost/income ratio excludes performance-related fees, carried interest and profit from associate, and for Eastspring, taxes on JV operating profit.

# Life IFRS operating income – Asia

## Sources of income

Asia IFRS operating income<sup>1,2</sup>, £m

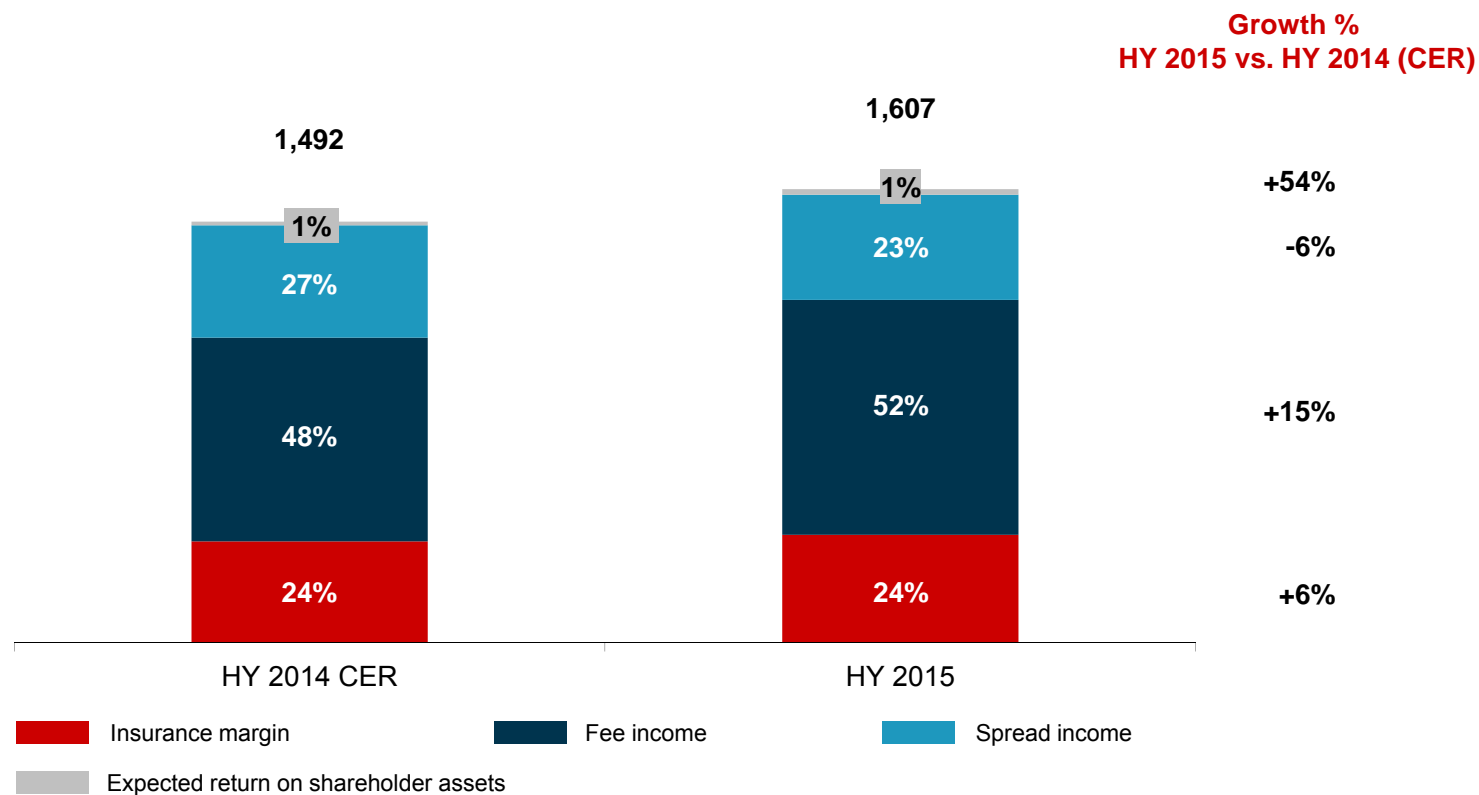


<sup>1</sup> Excludes margin on revenues, acquisition and administration expenses and DAC adjustments.  
<sup>2</sup> Comparatives adjusted for new and amended accounting standard and excludes Japan Life.

# Life IFRS operating income – US

## Sources of income

US IFRS operating income<sup>1</sup>, £m

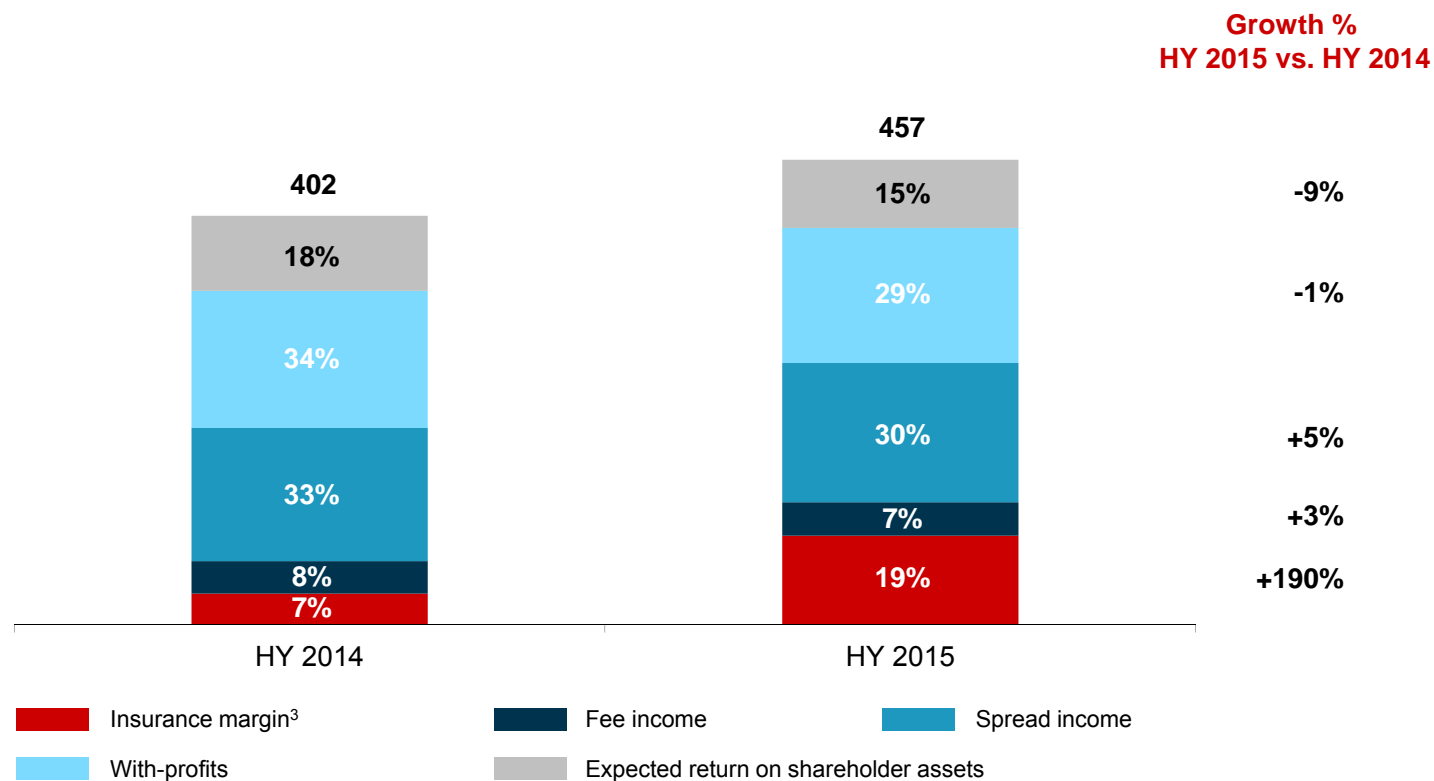


<sup>1</sup> Excludes acquisition and administration expenses and DAC amortisation.

# Life IFRS operating income – UK

## Sources of income

UK IFRS operating income<sup>1,2</sup>, £m



<sup>1</sup> Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

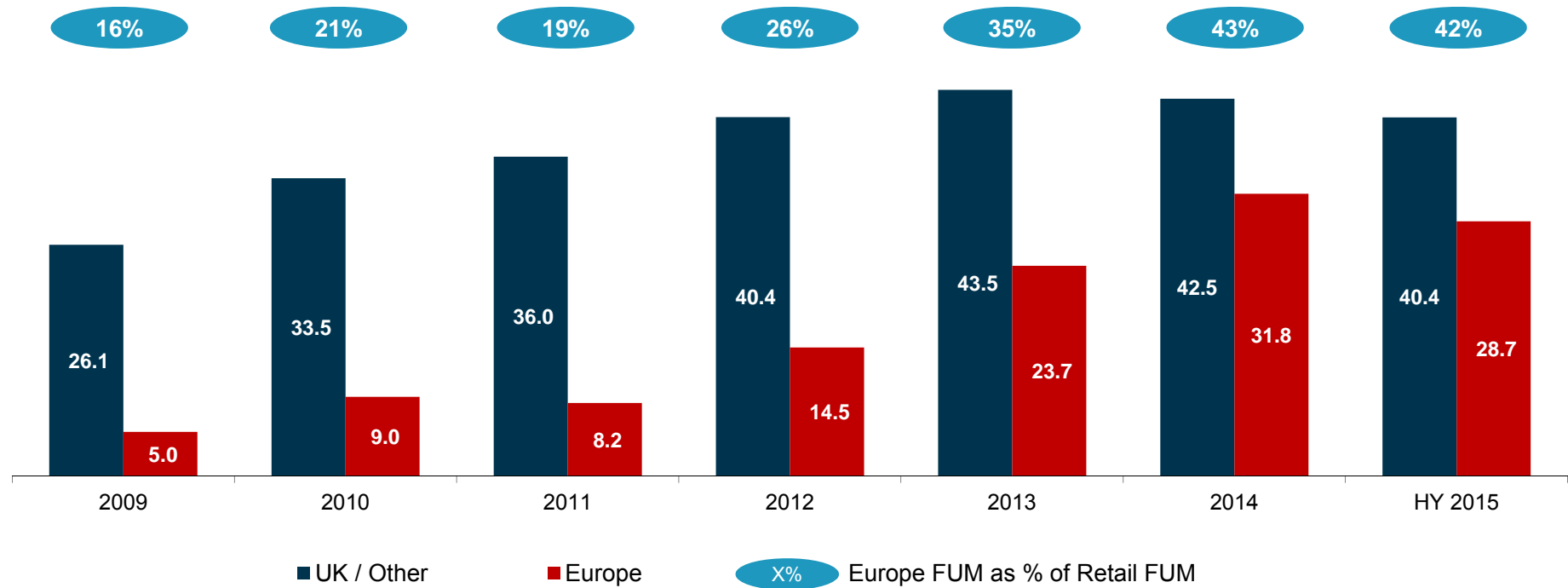
<sup>2</sup> HY2014 comparative has been restated to exclude the contribution from the sold PruHealth and PruProtect businesses.

<sup>3</sup> HY2015 includes a £61m benefit from longevity reinsurance.

# Asset Management

## M&G – retail FUM

Retail funds under management, £bn

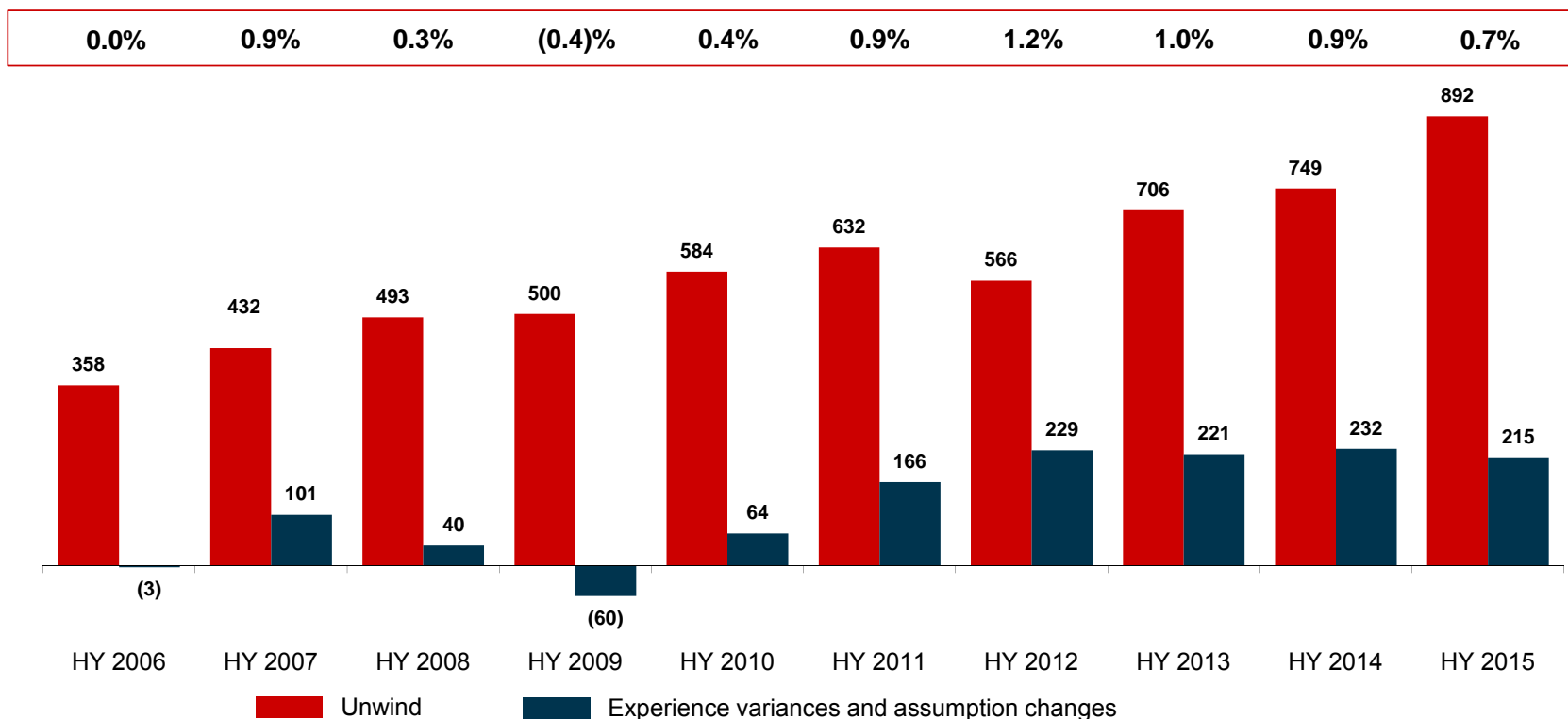


# EEV operating profit

## Life operating variances – Group

### Group Life operating variances<sup>1</sup>, £m

Experience variances and assumption changes % opening EEV<sup>2</sup>



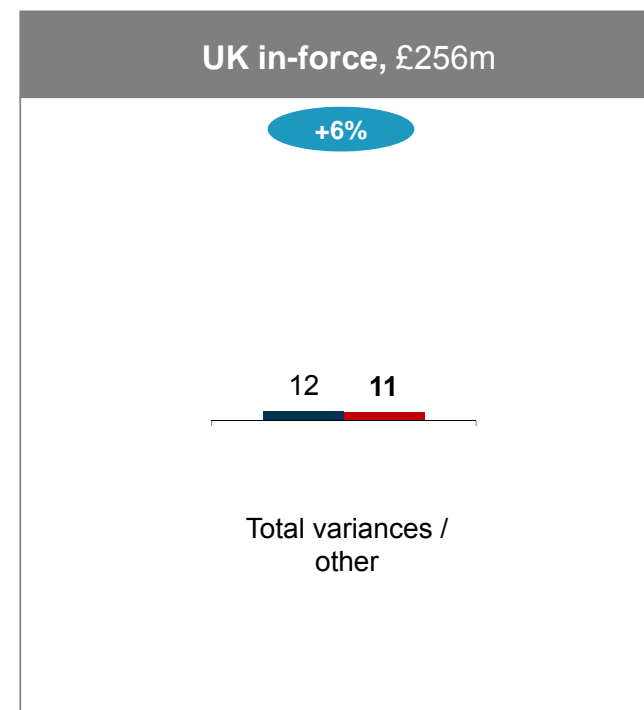
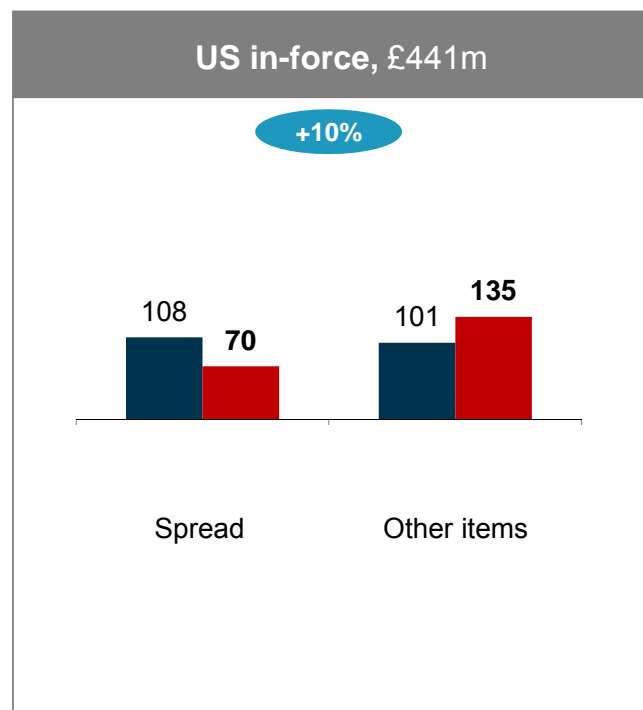
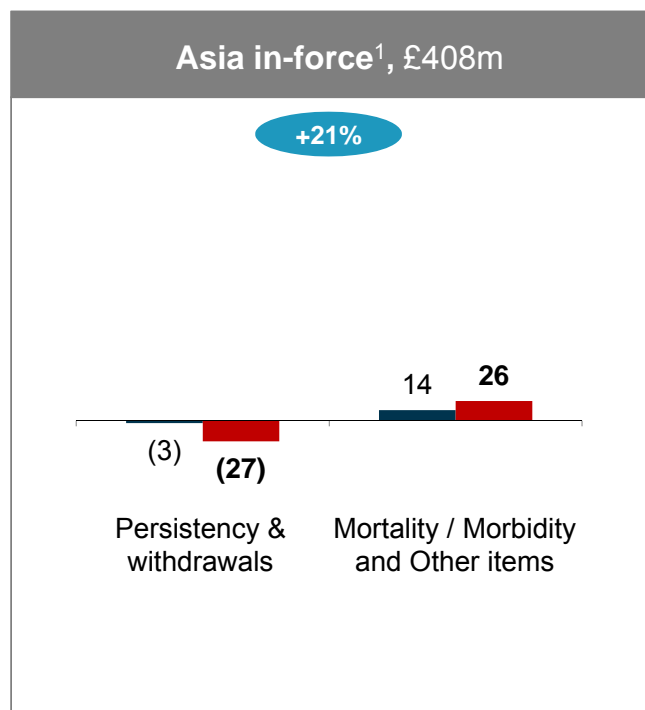
<sup>1</sup> HY2014 comparative has been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2006 to HY2013 comparatives include the results of PruHealth and PruProtect.

<sup>2</sup> Opening EEV of Life operations, excluding goodwill.

Note: Unwind & Experience variances / assumption changes are on a post tax basis and excludes Japan.

# EEV operating profit

## In-force performance



■ HY14 ■ HY15 ○ X% In-force change from HY14 to HY15

<sup>1</sup> Net of Asia development expenses (HY2014: £(1)m, HY 2015: £(2)m). Excludes Japan Life.

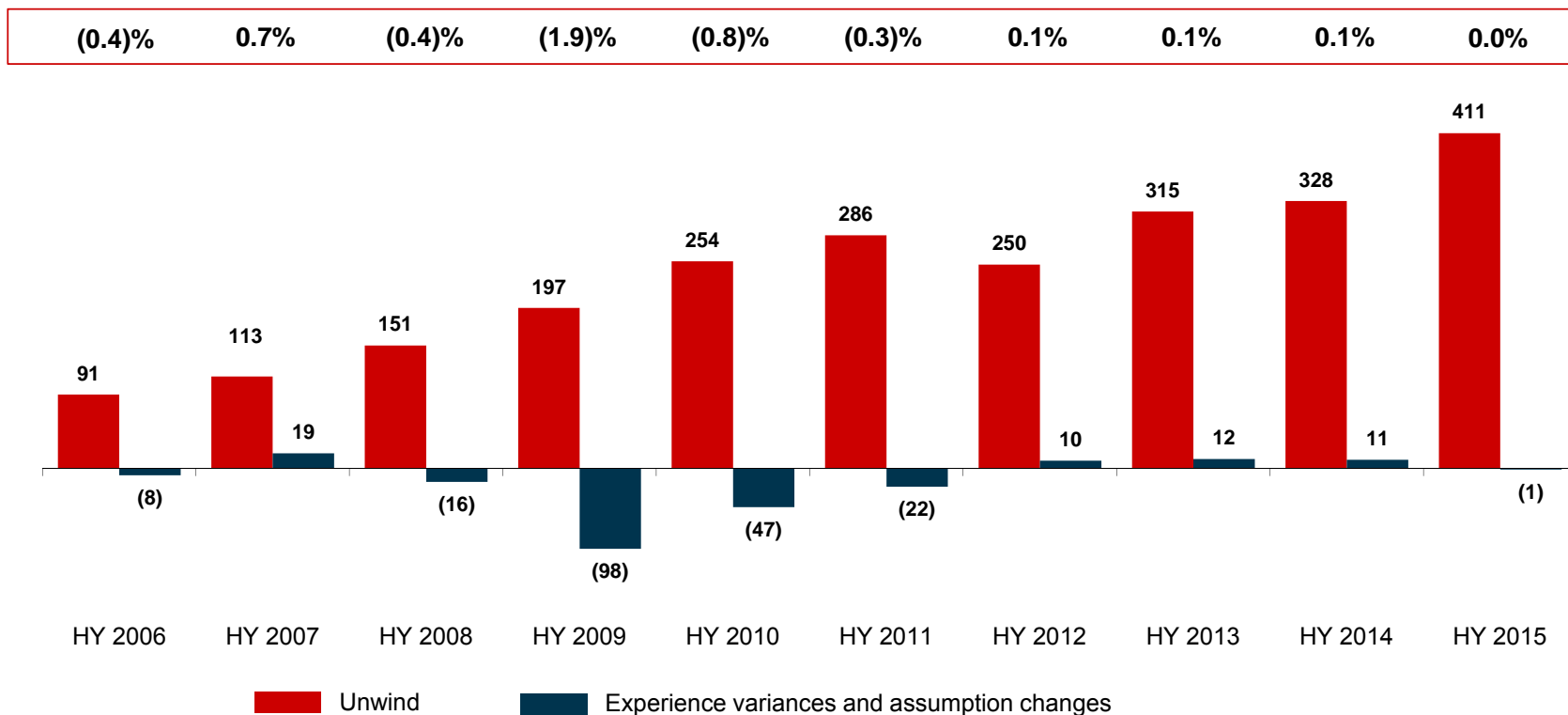


# EEV operating profit

## Life operating variances – Asia

### Asia Life operating variances, £m

Experience variances and assumption changes % opening EEV<sup>1</sup>



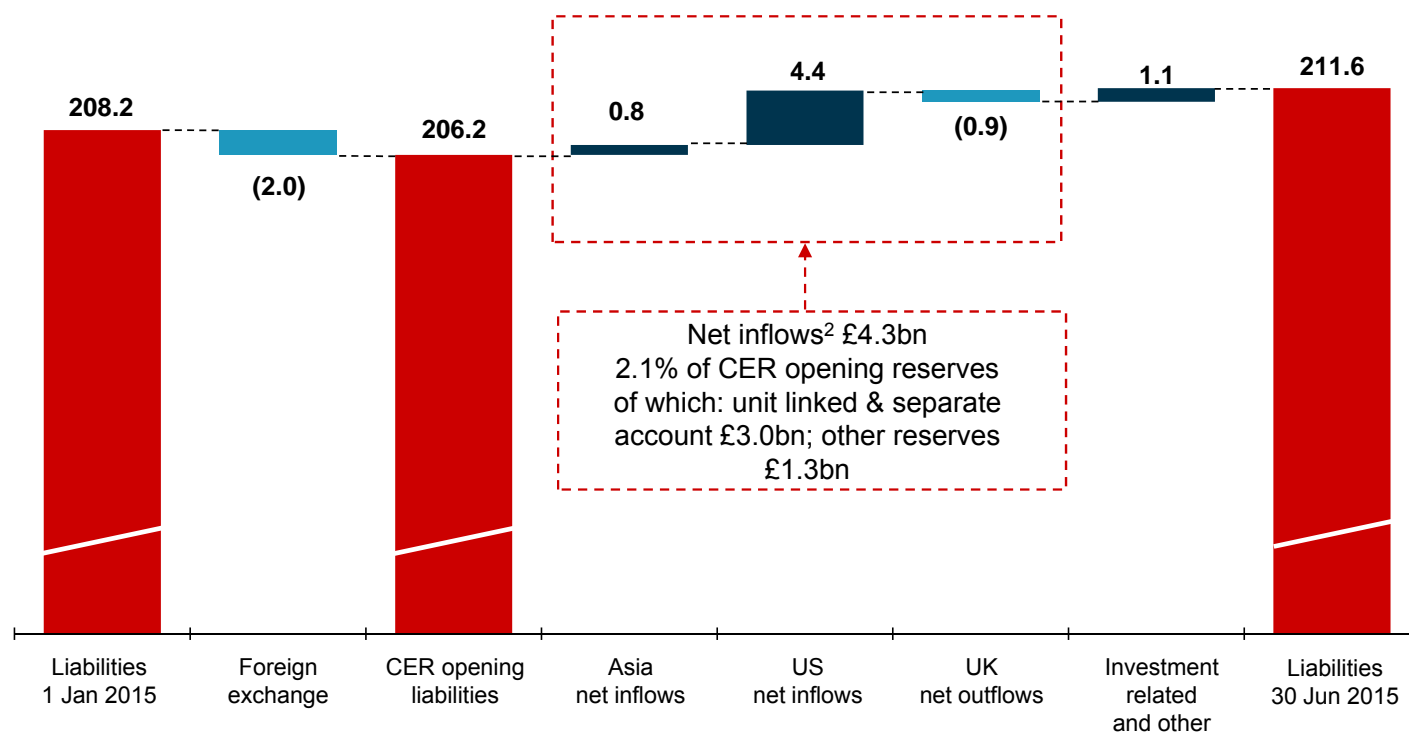
<sup>1</sup> Opening EEV of Life operations, excluding goodwill.

Note: Unwind & Experience variances / assumption changes are on a post tax basis and excludes Japan.

# Policyholder liabilities

## Shareholder backed business - Group

Policyholder liabilities<sup>1</sup> roll-forward, £bn



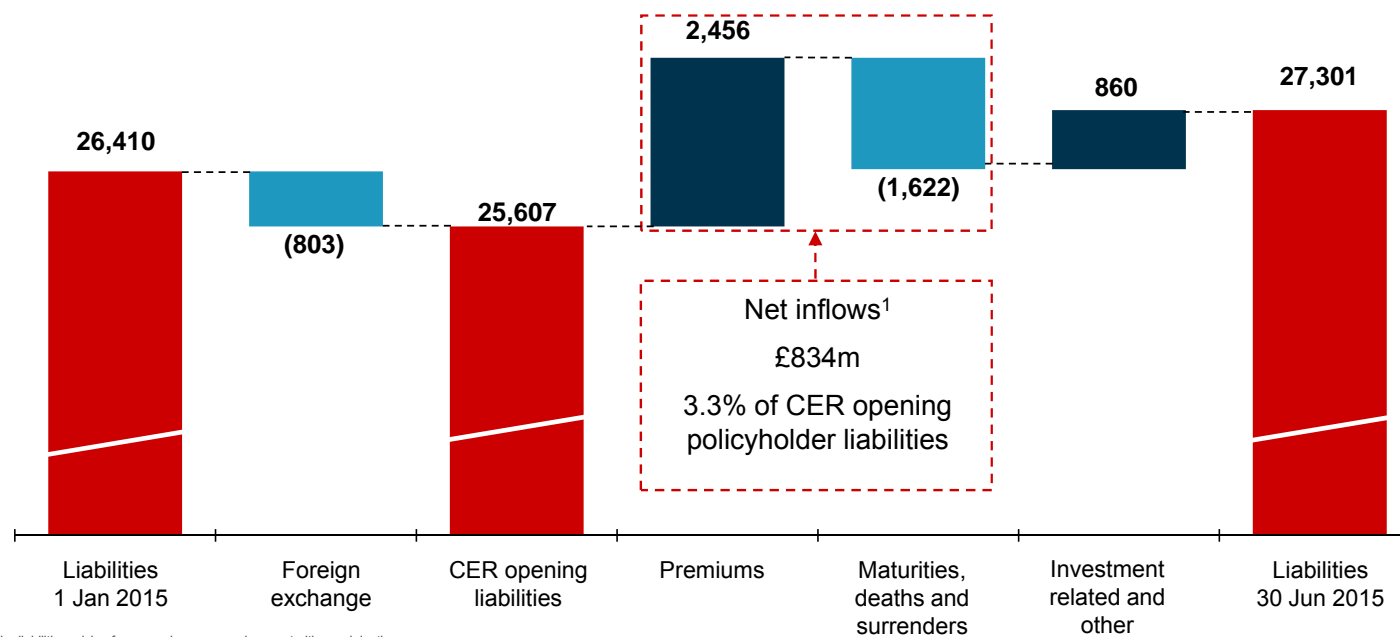
<sup>1</sup> Shareholder-backed business.

<sup>2</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Policyholder liabilities

## Shareholder backed business - Asia

Policyholder liabilities<sup>1</sup> roll-forward, £m

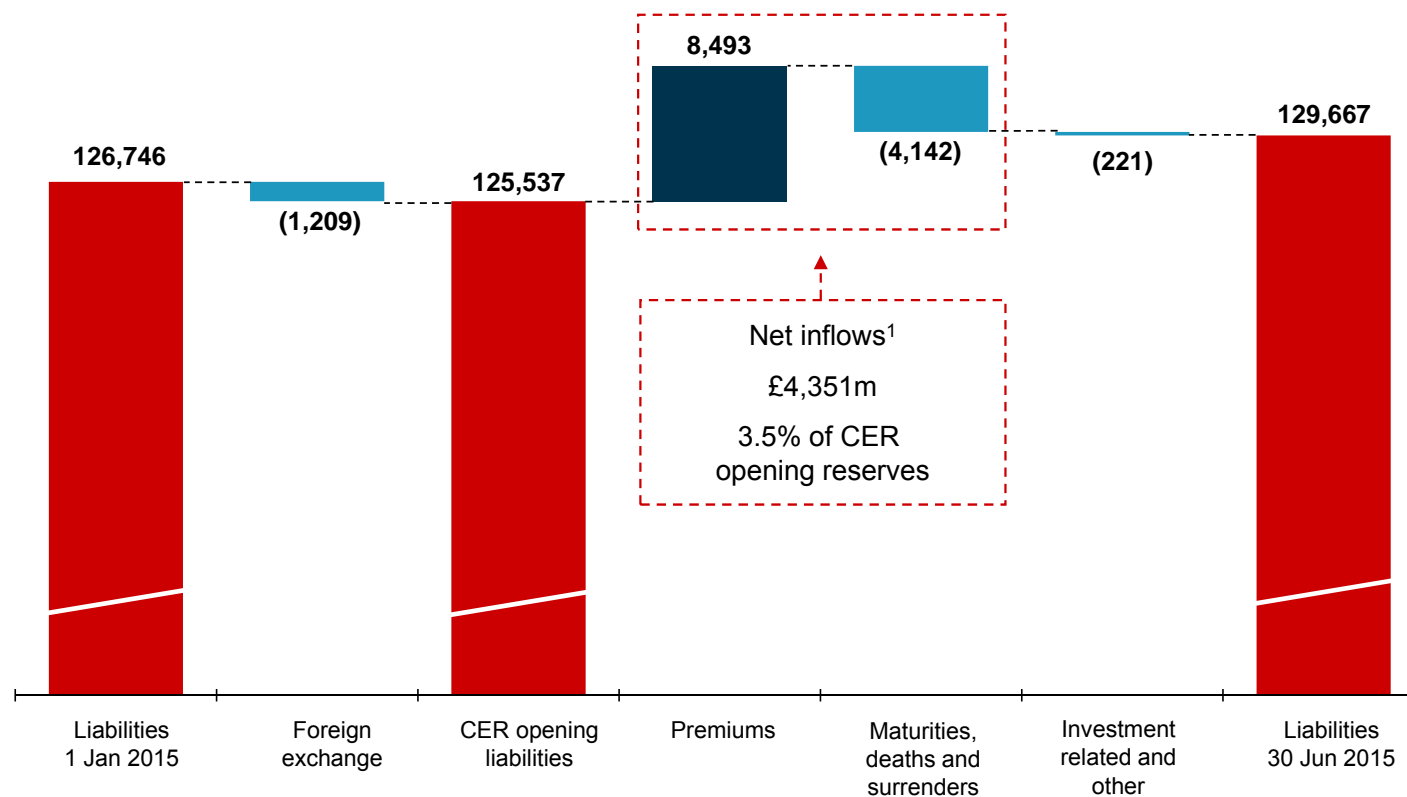


<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Policyholder liabilities

## Shareholder backed business - US

Policyholder liabilities<sup>1</sup> roll-forward, £m

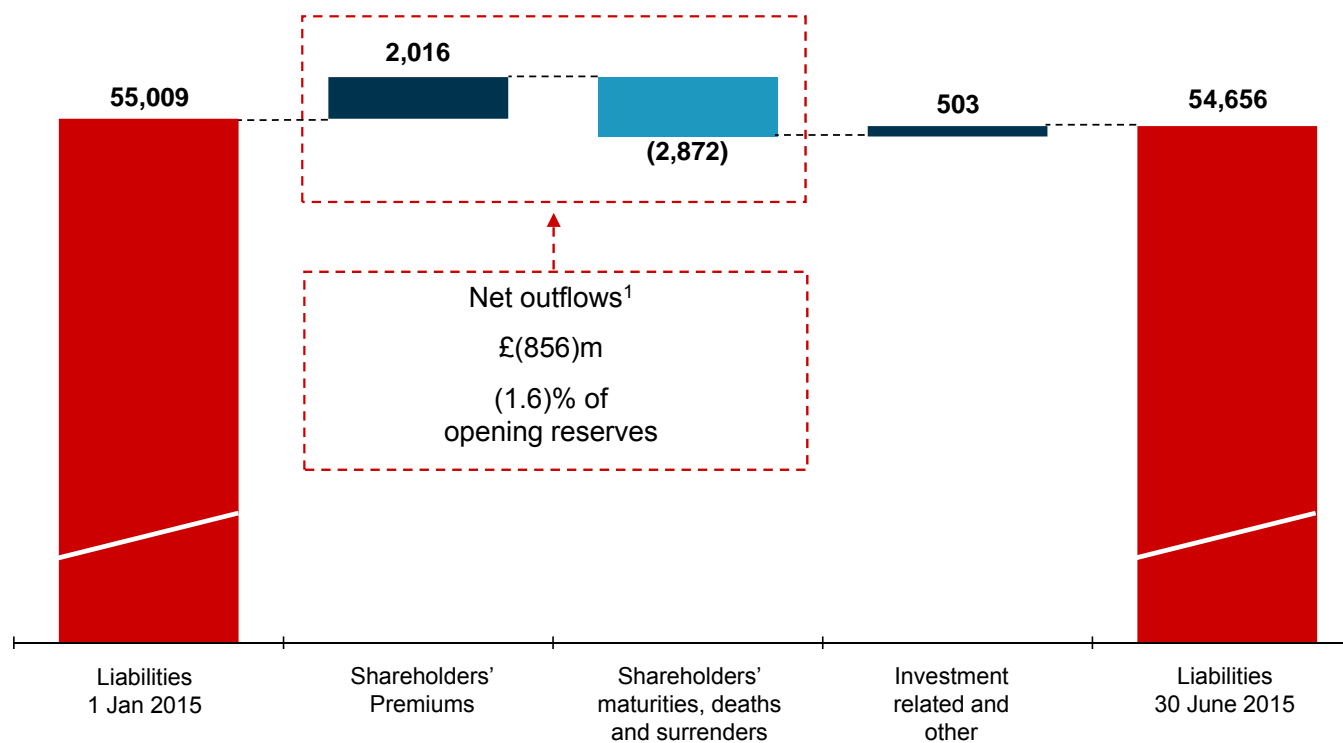


<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Policyholder liabilities

## Shareholder backed business - UK

Policyholder liabilities<sup>1</sup> roll-forward, £m



<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Equity shareholders' funds

## Summary of movement

### Movement in shareholders' funds

	IFRS Equity			EEV Equity		
	HY15 £bn	% vs HY14	HY15 per share	HY15 £bn	% vs HY14	HY15 per share
After-tax operating profit	1.5	26%	57	2.3	17%	89
Investment variance and other	(0.1)		(1)	(0.2)		(6)
<b>Profit for the period</b>	<b>1.4</b>	<b>26%</b>	<b>56</b>	<b>2.1</b>	<b>9%</b>	<b>83</b>
Unrealised gain on AFS <sup>1</sup>	(0.4)		(15)	0.0		-
Foreign exchange and other <sup>2</sup>	0.0		(4)	(0.5)		(23)
Dividend	(0.7)		(26)	(0.7)		(26)
	<b>0.3</b>		<b>11</b>	<b>0.9</b>		<b>34</b>
Opening shareholders' equity	11.8		460	29.2		1,136
<b>Closing shareholders' equity</b>	<b>12.1</b>		<b>471</b>	<b>30.1</b>		<b>1,170</b>
<b>Movement in period</b>	<b>+2%</b>		<b>+2%</b>	<b>+3%</b>		<b>+3%</b>

<sup>1</sup> For IFRS relates to JNL fixed income portfolio accounted as available for sale. For EEV, represents mark to market movements on JNL assets backing surplus and required capital.

<sup>2</sup> For per share amounts includes effect of change in number of shares in issue.

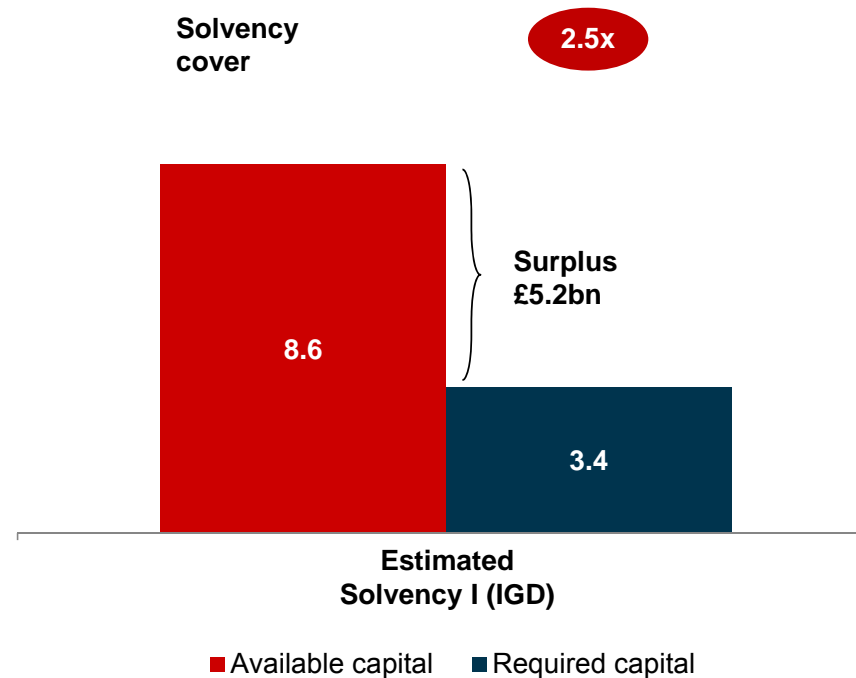
# IGD capital

## Movement during the period

### IGD capital – movement in first half of 2015, (£bn)

<b>IGD surplus 31 December 2014</b>	<b>4.7</b>
Net capital generation	0.8
Sub Debt issuance	0.6
2014 year-end dividend payment	(0.7)
External financing and other central costs (net of tax)	(0.2)
<b>IGD surplus 30 June 2015</b>	<b>5.2</b>

### Capital position at 30 June 2015, (£bn)



# Invested assets

## Group overview

### Breakdown of invested assets – HY 2015, £bn

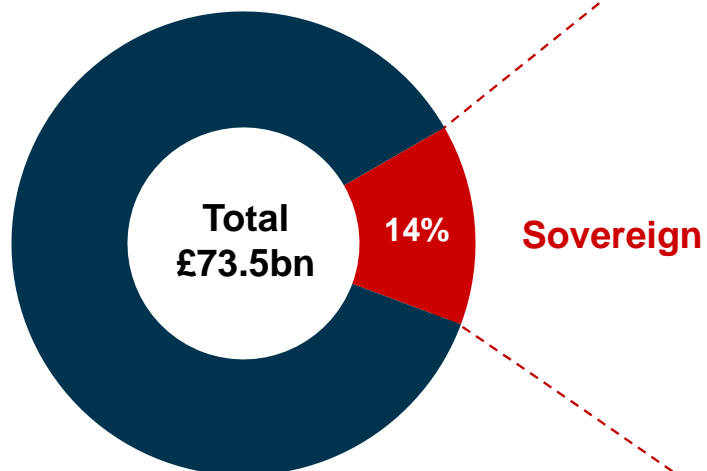
	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	142.3	59.0	9.8	8.3	32.1	31.1	2.0	<b>73.5</b>	
Equity	155.3	39.8	114.2	0.8	0.3	0.0	0.2	<b>1.3</b>	
Property Investments	13.3	10.8	0.7	0.0	0.0	1.8	0.0	<b>1.8</b>	
Mortgage loans (commercial & retail)	6.4	0.8	0.0	0.1	3.9	1.6	0.0	<b>5.6</b>	
Other loans	6.2	2.0	0.0	0.4	2.9	0.0	0.9	<b>4.2</b>	
Deposits	11.0	7.9	1.1	0.3	0.0	1.7	0.0	<b>2.0</b>	
Other Investments	8.6	6.0	0.0	0.4	1.6	0.4	0.2	<b>2.6</b>	
<b>Total</b>	<b>343.1</b>	<b>126.3</b>	<b>125.8</b>	<b>10.3</b>	<b>40.8</b>	<b>36.6</b>	<b>3.3</b>	<b>91.0</b>	



# Invested assets

## Group shareholder exposures – Sovereign debt

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings<sup>1</sup>, £m

	US	UK	Europe	Asia	Other	Total
AAA	-	3,735	347	171	4	4,257
AA-BBB	3,522	-	79	1,995	102	5,698
Below BBB	-	-	-	618	-	618
<b>Total</b>	<b>3,522</b>	<b>3,735</b>	<b>426</b>	<b>2,784</b>	<b>106</b>	<b>10,573</b>

Europe by key countries, £m

	Germany	"PIIGS"	Other	Total
Europe	347	56	23	426

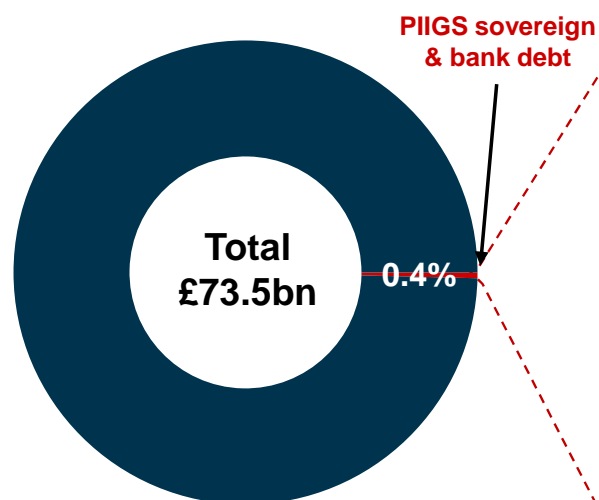
	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	55	-	-	1	56

<sup>1</sup> Includes Credit Default Swaps.

## Resilient balance sheet

Total PIIGS sovereign and bank debt of only £264m

### Breakdown of the shareholder debt securities portfolio, %



### Shareholder invested assets – PIIGS countries as at 30 June 2015, £m

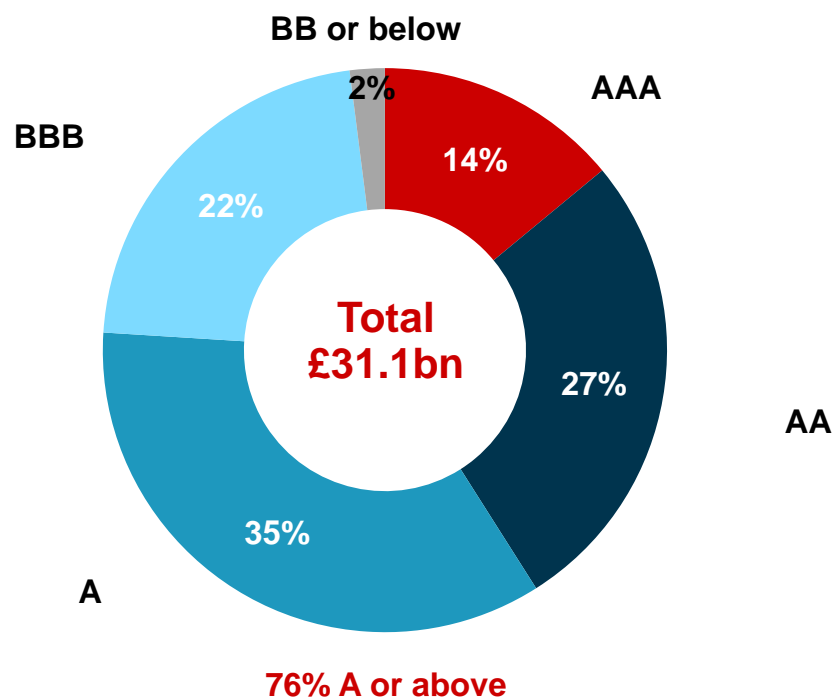
	Sovereign		Bank debt				Total
		Institution	Covered	Senior	Tier II	Tier I	
<b>Portugal</b>	-	Banco Espirito Santo	-	24	-	-	24
<b>Ireland</b>	-	-	-	-	-	-	-
<b>Italy</b>	55	Intesa SanPaolo	-	29	-	-	29
<b>Greece</b>	-	-	-	-	-	-	-
<b>Spain</b>	1	Santander	132	11	12	-	155
<b>Total</b>	<b>56</b>		<b>132</b>	<b>64</b>	<b>12</b>	<b>-</b>	<b>208</b>

Total PIIGS sovereign & bank debt = £264m

# Invested assets

## UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating<sup>1</sup>



Strength of the £2.2bn credit reserve

- No defaults of shareholder-backed debt securities
- Allowance for credit risk as at 30 June 2015 materially in line with prior year<sup>2</sup>
  - Pillar 1 (IGD) 59 bps (FY 2014: 58 bps)
  - IFRS 46 bps (FY 2014: 46 bps)
- Pillar 1 assumptions equivalent to 39% of current spread over swaps (FY 2014: 41%)<sup>2</sup>

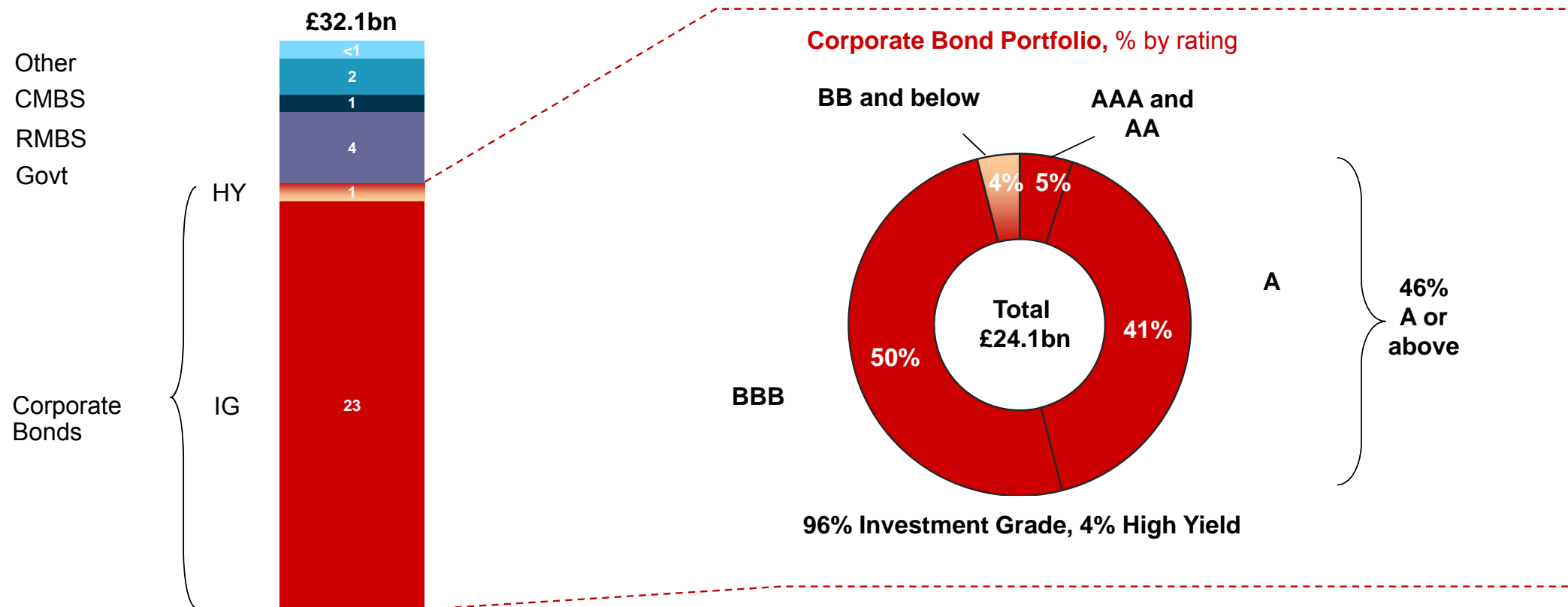
<sup>1</sup> Ratings from different agencies aggregated for presentational purpose. Also includes internal ratings.

<sup>2</sup> For Prudential Retirement Income Limited (PRIL).

# Invested assets

## US asset quality – corporate debt portfolio (1/3)

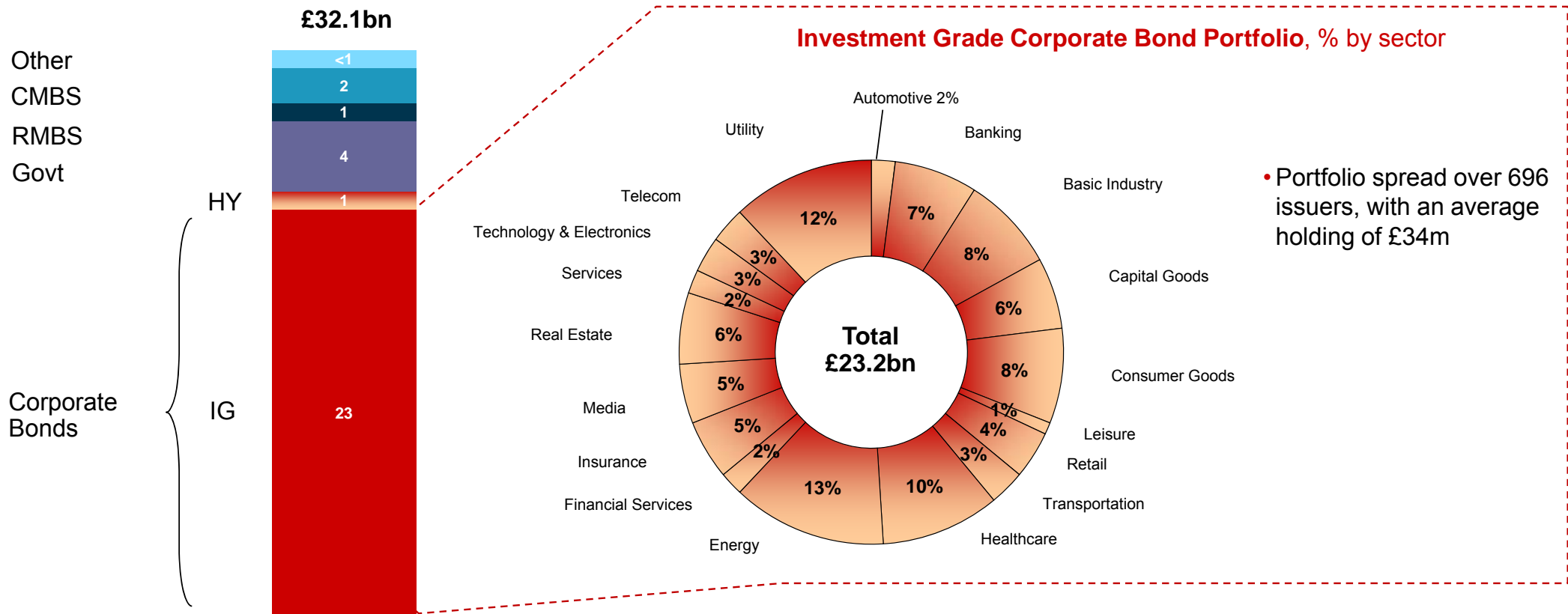
US Shareholder Debt Securities Portfolio Market value, £bn



# Invested assets

## US asset quality – corporate debt portfolio (2/3)

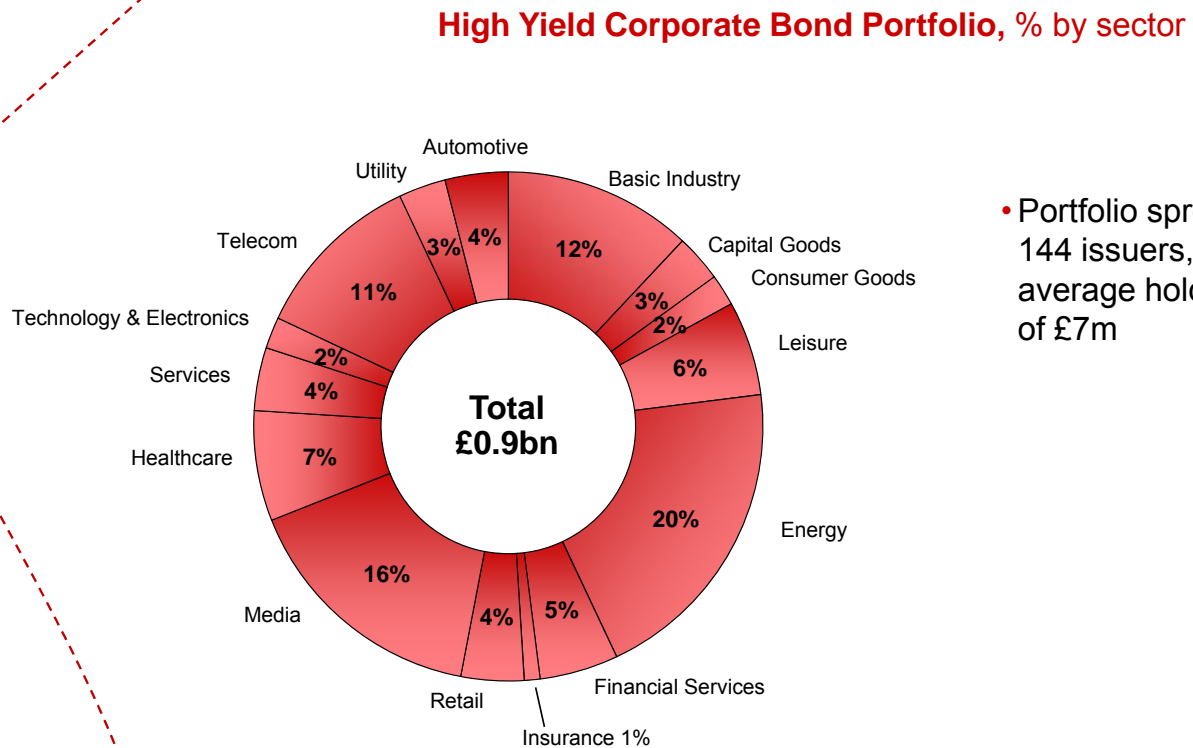
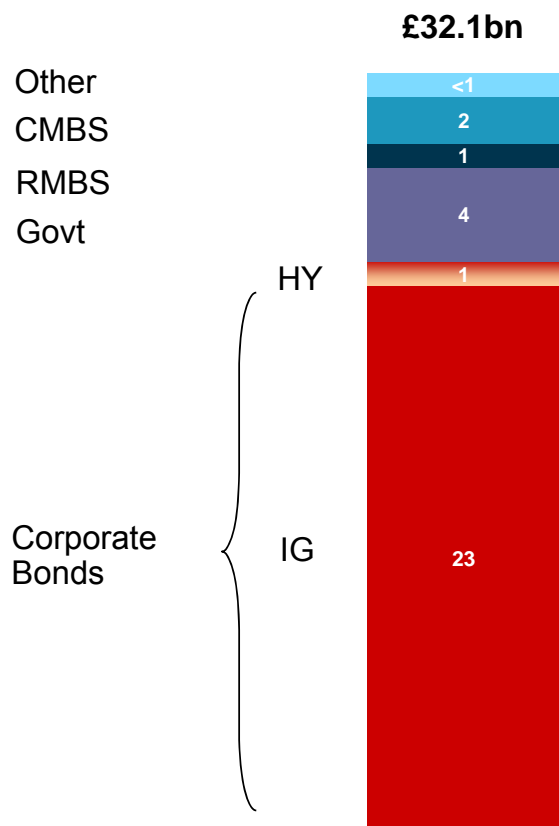
US Shareholder Debt Securities Portfolio Market value, £bn



# Invested assets

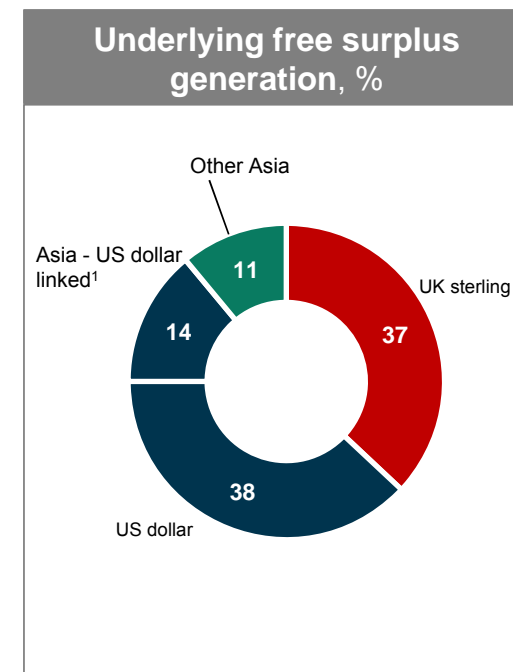
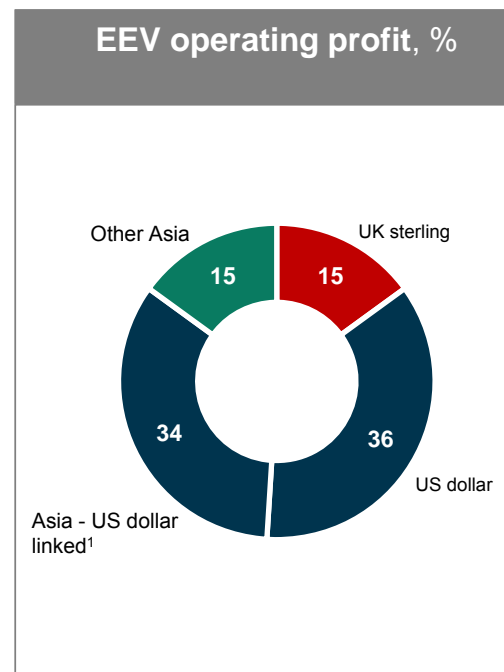
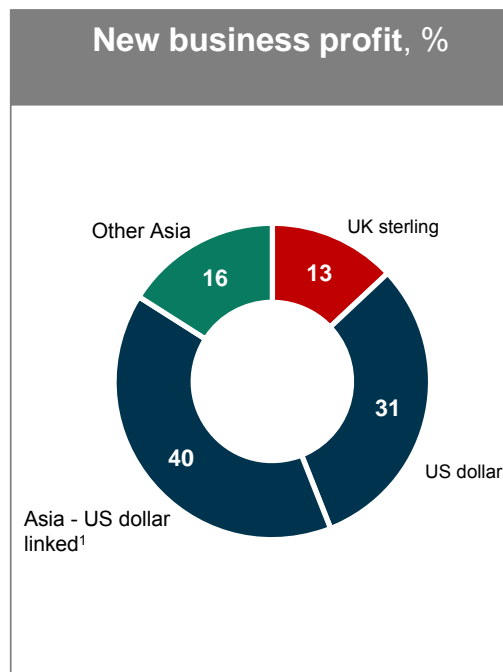
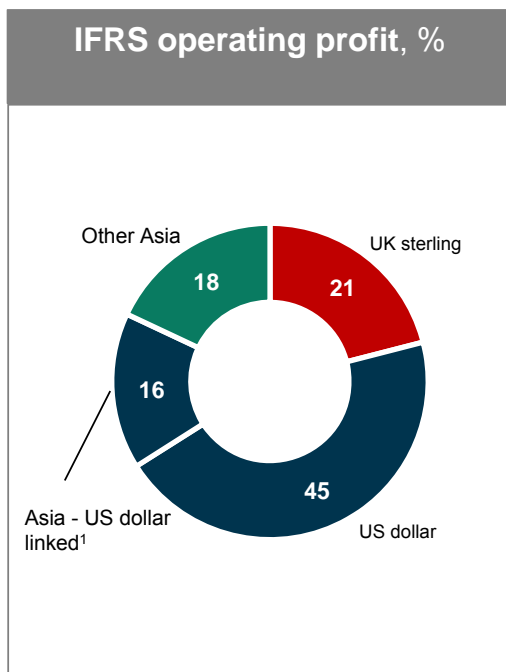
## US asset quality – corporate debt portfolio (3/3)

US Shareholder Debt Securities Portfolio Market value, £bn



- Portfolio spread across 144 issuers, with an average holding of £7m

# Currency mix 2015 half year



<sup>1</sup> US\$ linked, comprising the Hong Kong and Vietnam operations where the currencies are pegged to the US dollar and the Malaysia and Singapore operations where the currencies are managed against a basket of currencies including the US dollar.



# Prudential plc 2015 Half Year Results

## Delivering 'Growth and Cash'

11 August 2015