



CFO Perspective

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Key Messages

- **Prudential Asia has delivered outstanding financial and strategic performance since our last Analyst Day (Dec '06)**
- **Our focus on profitable products and channels, and geographical diversity, have differentiated us from the competition**
- **We are continuing to enhance and strengthen our advantaged platform across Asia**
- **The business is well positioned to outperform the market in growth and profitability moving forward**



Strong Overall Performance

(£m)	2005	2006	2007	CAGR '05-'07
• APE Sales ¹	695	909	1,306	37%
• EEV New Business Profit ¹	393	487	653	29%
• Asset Management FUM ² (£b)	26	29	37	19%
• EEV Shareholders' Funds ³	2,242	2,809	4,009	34%
• IFRS Operating Profit ¹	158	177	208	15%
• Cashflow ³	(95)	28	37	N.A.



1. Constant average '07 exchange rates; 2. Funds managed by Prudential Asia, excluding life funds managed by 3rd parties; spot exchange rates at end of '07;
3. Reported exchange rates; Cashflow is net capital remittances to the Group

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- All metrics have shown strong performance, across both the top-line as measured by APE Sales and Funds Under Management, and the bottom-line as measured by New Business Profit, IFRS Profit, and Embedded Value.
- IFRS Profit and Cashflow have delivered healthy growth, despite strong top-line growth of the business.
- These six measures effectively show the health of the business and are the most important metrics for us to manage and measure our performance.

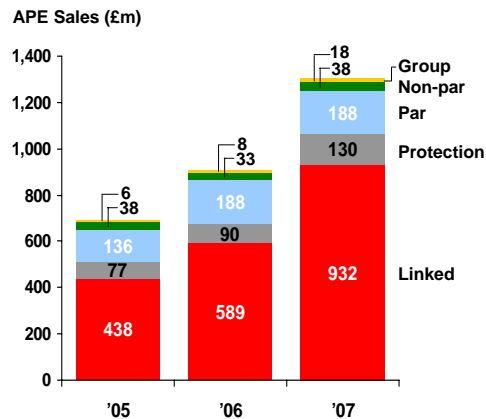
Agenda

- **Key Economic Drivers**
 - Insurance
 - Asset Management
- **Financial Performance**
- **Outlook And Summary**



Insurance : Product Economics

Our product mix is weighted towards the most profitable products



- Clear focus on Linked: 71% of our product mix vs. ~40% for key multinational peers¹ and ~35% for the average mix in the market
- Nearly 90% of our growth on absolute terms (£547m out of £612m from '05 to '07) has come from Linked and Protection products



1. ING and AXA

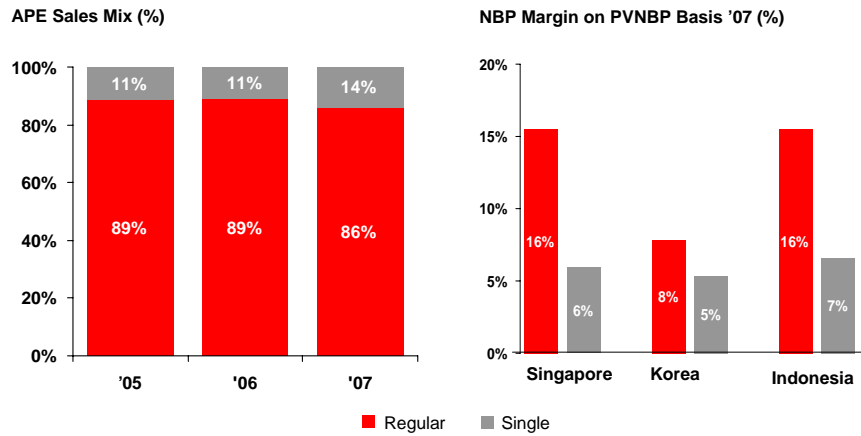
Note: Constant average '07 exchange rates; Par = Participating; Non-Par = Non-Participating

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- In Dec '06 we talked about the relative economics of the different product types and the reasons why Linked & Protection products are economically more attractive.
- Linked and Protection products continue to increase in their relative contribution. Almost 90% of the absolute pound growth in APE Sales from 2005 to 2007 has come from these two product categories.

Insurance : Product Economics

Regular premium products, which have higher profitability, represent the majority of our sales mix



Note: Constant average '07 exchange rates

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- On the PVNBP basis, regular premium products are more profitable.
- However, single is also profitable. In fact we have the luxury in Asia of having most of the product segments being profitable.
- While single has grown marginally faster than regular, regular premium sales still account for over four-fifths of our new business.

Insurance : Product Economics

Most of the products show an initial IFRS strain, despite healthy profitability

(For every £100 of APE Sales)

	Product ¹	EEV New Business Profit	IFRS New Business Strain	Avg. Years to Breakeven	New Business Profit Realized in 0-5 yrs	New Business Profit Realized after 6-10 yrs	New Business Profit Realized after 10 yrs
Country A	SP ILP	33	(23)	7	(4)	17	21
	RP ILP	108	(18)	3	19	18	71
	Health	104	(35)	9	(16)	23	97
Country B	SP VUL	43	(9)	3	9	13	20
	RP VUL	54	(31)	8	(14)	30	38
	RP VA	31	2	0	12	4	15
	RP WL	50	(102)	12	(39)	29	60
Country C	RP ILP 1	55	(15)	3	32	13	10
	RP ILP 2	26	1	0	6	7	13
	SP ILP	56	29	0	37	9	9

Note: Details of other significant country products are in the Appendix (Pg. 31)



1. SP = Single Premium; RP = Regular Premium; ILP = Investment-Linked Product; VUL = Variable Universal Life; VA = Variable Annuity; WL = Whole Life

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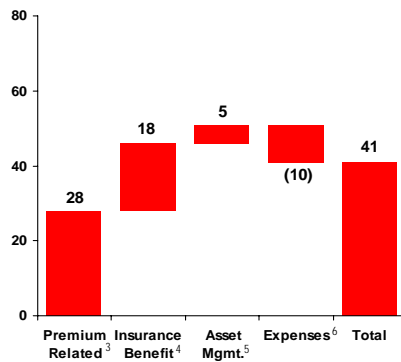
- This is new data. To provide more details and insights into the product dynamics, we've selected products from several of our larger markets that account for the bulk of the business.
- This will show you the linkages between IFRS emergence, New Business Profit and APE Sales.
- As our new business continues to grow fast, IFRS Profit, and ultimately, Cash, lag the top-line growth.

Insurance : Sources of Profit

Majority of the profit comes from protection-related charges

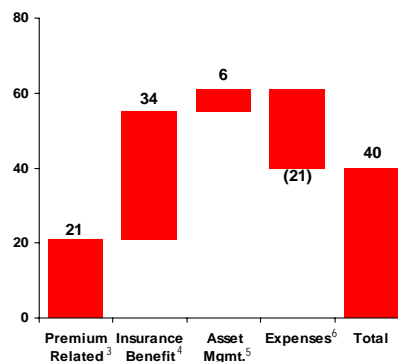
Regular Premium ILP Example One¹

EEV New Business Profit Margin (first 10 years)
(for every £100 of APE Sales)



Regular Premium ILP Example Two²

EEV New Business Profit Margin (first 10 years)
(for every £100 of APE Sales)



Note: ILP = Investment-Linked Product

1. Issued for policyholders at the age of 35; 2. Based on a pool of policies issued in 2007; 3. Reduced policyholder allocation offset by commissions; 4. Insurance charges less insurance claims; 5. Fund management charges; 6. Insurance related costs and policy fees

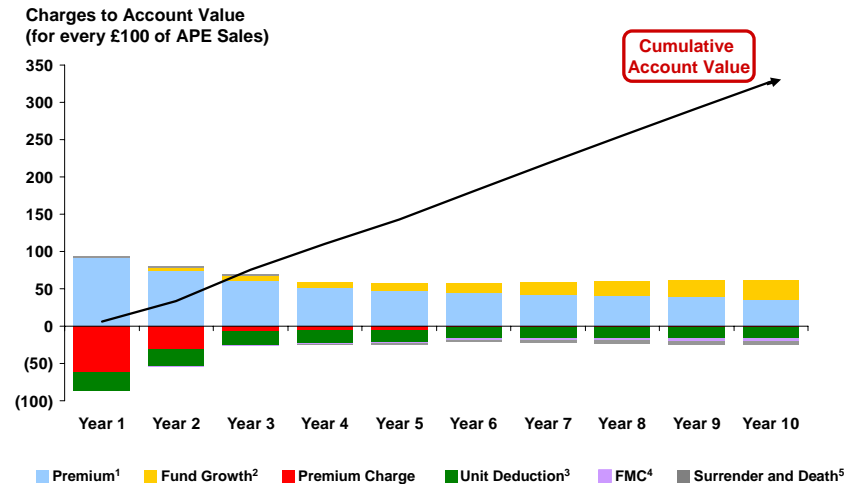


- We are showing sources of profit for two representative linked products – the one on the left from South-East Asia, and the one on the right from North Asia.
- In both situations, for the first ten years, asset management charges represent only a relatively small portion of the profit. Majority of the profit still comes from premium changes and protection benefits.
- Customers understand this is a bundled product. They are buying the product for both protection and savings, and their premiums cover both protection and investment charges.

Insurance : Policy Account Value

Account value builds up over time but lags the cumulative premiums paid by policyholders

Account Value for a Typical Regular Premium ILP



1. Premium collected from customers; 2. Amount generated from FUM; 3. Insurance benefits and administration expenses; 4. Fund management charges; 5. Release in account value for surrender and death
Note: ILP = Investment-Linked Product

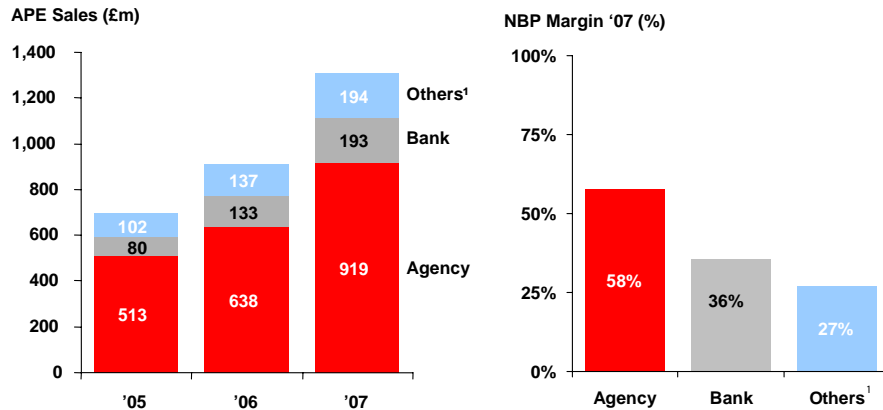


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- This represents how account value builds up over time for a typical regular premium linked product.
- The premiums in the initial years are used to cover premium charges and protection benefits; account value lags cumulative premiums
- Fund growth for customers, and fund charges only become relatively bigger gradually over time
- Two key takeaways: (1) customers are buying these products with a long-term mindset, and (2) the bundling of protection and savings fills a real customer need

Insurance : Distribution Economics

All channels have demonstrated strong growth; the more profitable agency channel accounts for 70% of the sales mix



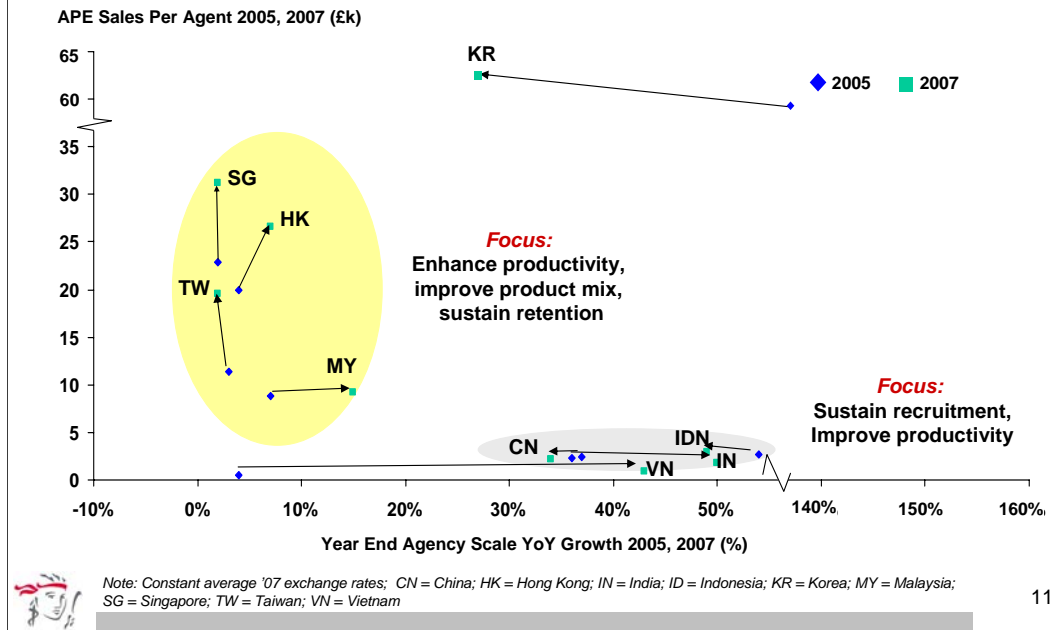
¹. Includes Direct/Tele-marketing, Brokers, Independent Financial Advisors
Note: Constant average '07 exchange rates

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- The agency channel, with high profitability, accounts for the bulk of our business and has been growing fast. Non-agency channels, which are also highly profitable, are growing even faster.
- As other channels such as banking develop alongside and complementary to agency, we are well-positioned to proactively participate in all of them.

Insurance : Distribution Economics

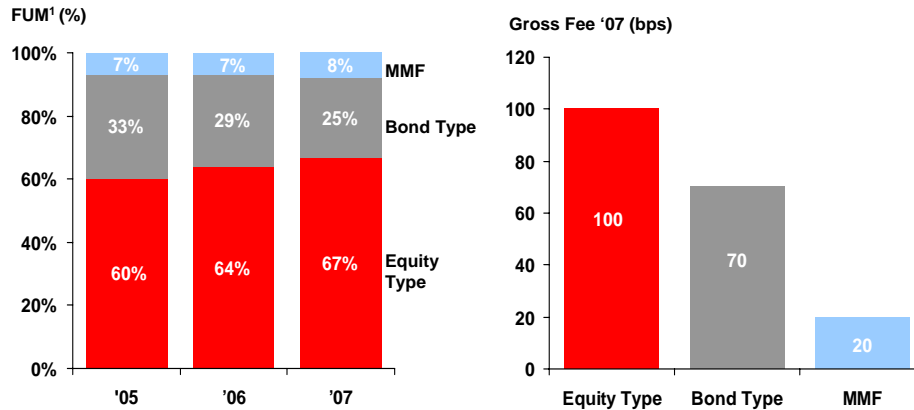
We have tailored our agency growth strategy by the stage of development within each market



- The blue dots indicate where each of our businesses was in 2005 in terms of agency scale growth on the X-axis and APE Sales per agent on the Y-axis. The green dots show where the countries have moved from 2005 to 2007.
- For countries like China, Indonesia, India, which are in the emerging phase we have maintained high growth rates in scale. The growth rates on productivity levels are relatively stable.
- For the other more developed markets like Singapore, Hong Kong and Taiwan, we do not expect high growth in the number of agents. Our growth in scale in these countries is already higher than overall market agency scale growth. We emphasize productivity improvement and over this time period there has been a significant up-tick in APE Sales per agent.

Asset Management : Product Economics

Equities, generating higher fees, have increased to two-thirds of our portfolio



1. Spot exchange rates at end of '07, Funds managed by Prudential Asia, excluding life funds managed by 3rd parties

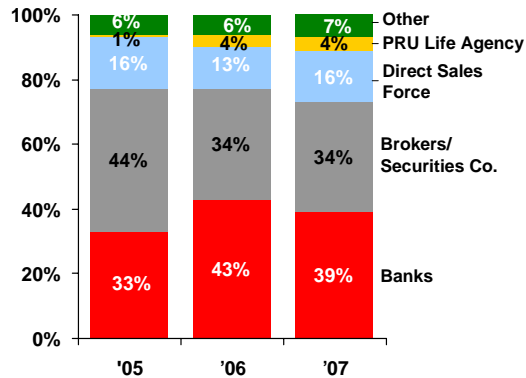
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- Our mind-set and strategies for our asset management business are highly analogous to those for our insurance business. Our product mix is weighted towards equity type which has higher gross fees and margins.
- The fact that we have been in a equity market bull run helped. Given what we are experiencing in the capital markets, we would expect this ratio to be volatile in the near term and potentially come down for 2008.

Asset Management : Distribution Economics

Our distribution mix continues to be balanced and diverse

Mutual Fund Distribution (FUM¹, %)



- Continue to develop new partners and diversify our distribution
- Strengthen our relationships with major regional distributors
- Selectively develop and leverage direct sales force



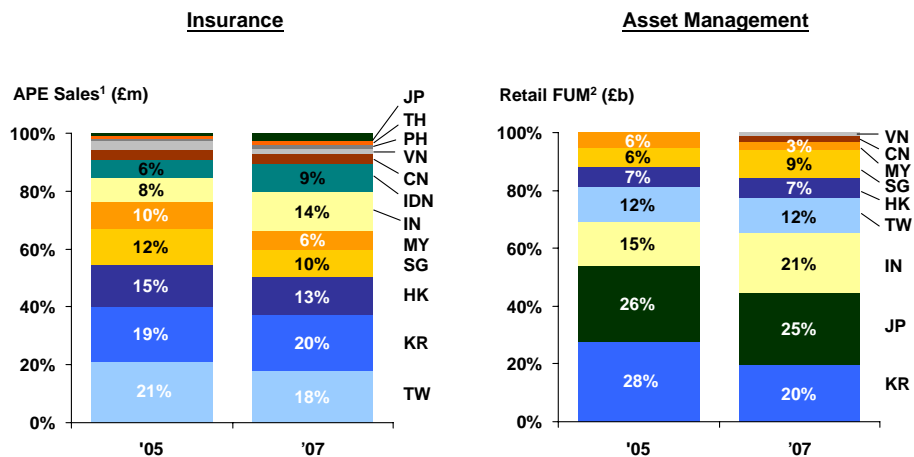
1. Spot exchange rates at end of '07

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- Our funds distribution is well diversified across a number of channels. We have a good balance of channels through banks, brokers/securities firms, our tied agents and direct sales force.
- The diversity has increased slightly from 2005 to 2007.

Geographical Mix

Our portfolio is highly diversified for both the insurance and asset management businesses



1. Constant average '07 exchange rates; 2. Spot exchange rates at end of '07
 Note: CN = China; HK = Hong Kong; IN = India; ID = Indonesia; KR = Korea; JP = Japan; MY = Malaysia; SG = Singapore; PH = Philippines;
 TW = Taiwan; TH = Thailand; VN = Vietnam

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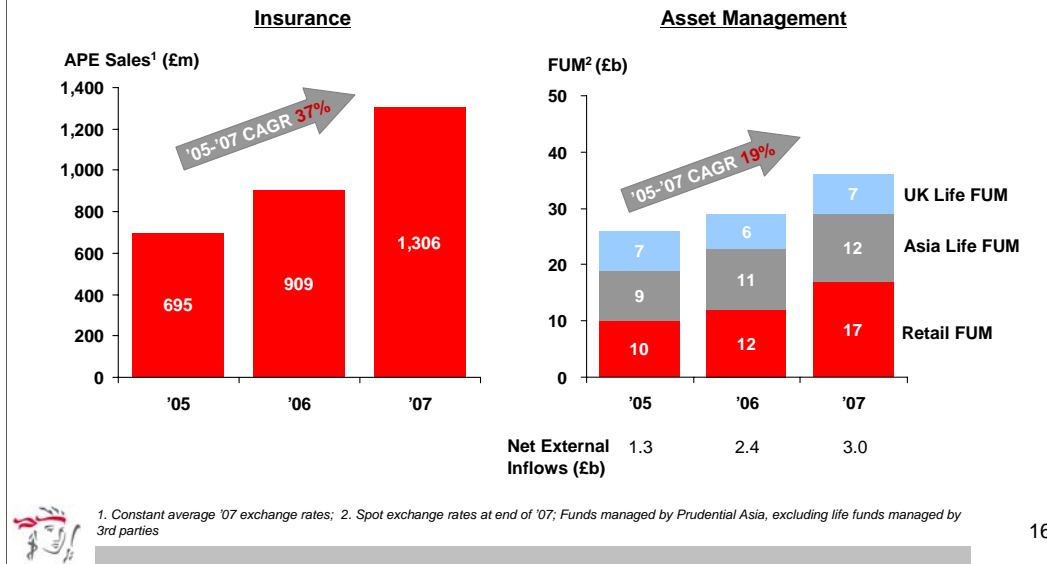
- Our portfolio, which was already well diversified geographically in 2005, has continued to be even more diversified in 2007.
- On the insurance side, the collective businesses from the more developed markets of Taiwan, Korea, Hong Kong, Singapore and Malaysia have gone from being 77% of the portfolio in 2005 to 67% in 2007, with the emerging markets now having a larger share of the portfolio.

Financial Performance



Strong Top-Line Momentum

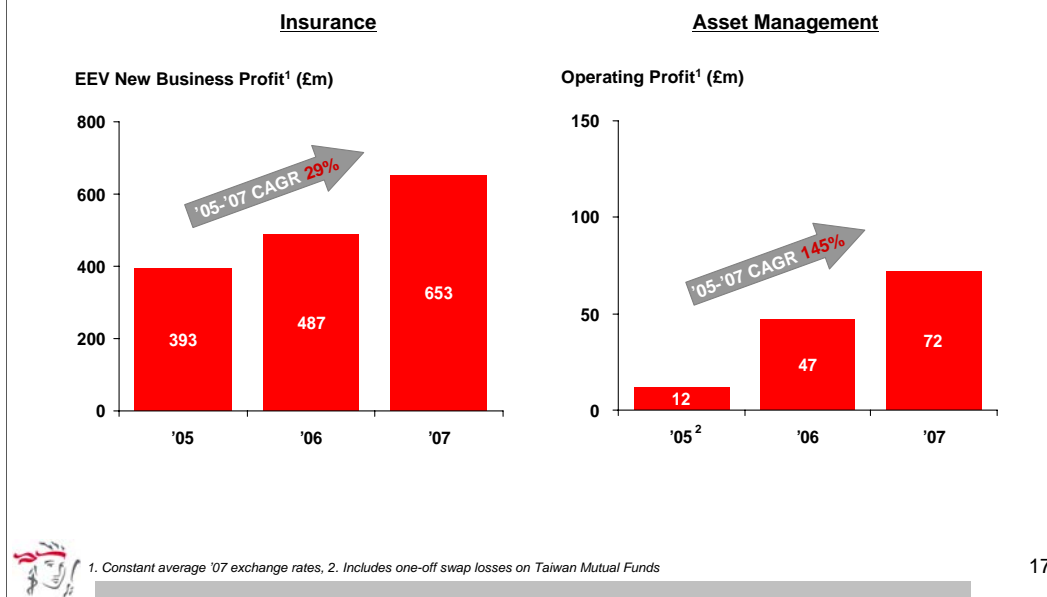
2007 was another strong year for our insurance and asset management businesses



- Both our insurance and asset management businesses have demonstrated strong top-line growth on APE and FUM terms respectively.

Profitable Growth

Strong profit growth in both insurance and asset management businesses

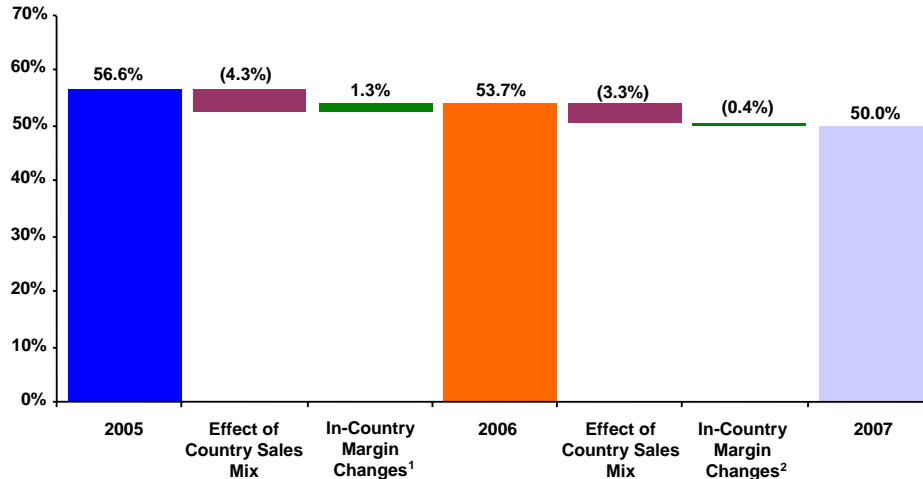


- New Business Profit on the insurance business has been growing at a rapid pace.
- Operating Profit for the asset management business has been growing even faster as benefits of scale and the rich equity mix have continued to deliver strong profitability. Note that there was a negative one-off write-down in 2005 for asset management profit.

Insurance : NBP Margins

Country mix changes have deteriorated the overall margin; in-country margins have been relatively stable

NBP Margin '05-'07 (%)



1. Driven by margin improvement in countries like Hong Kong (+1.2%), Taiwan (+0.5%) and Singapore (+0.3%); 2. Driven mainly by change in margin assumption in India (-1.5% decrease in margin), offset by margin increases in other countries including Taiwan (+0.5%) and Hong Kong (+0.5%)
Note: Constant average '07 exchange rates

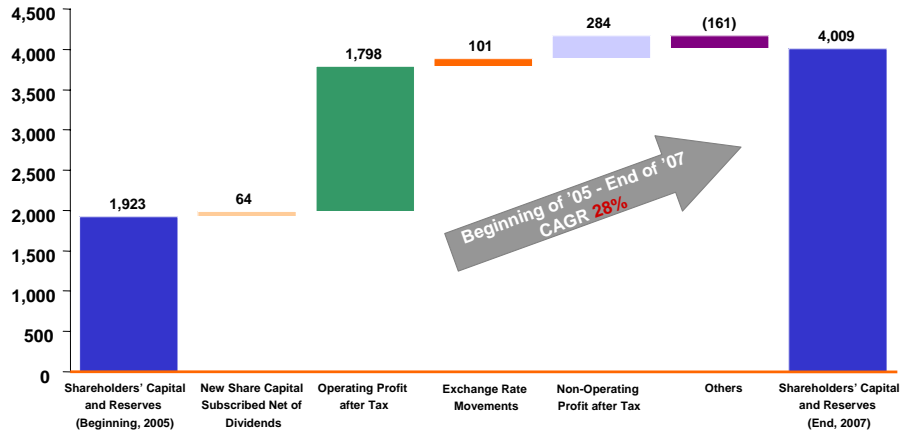


- Margins for the insurance business decreased from 57% in 2005 to 54% in 2006, and then to 50% in 2007.
- Almost all of the drop in margins can be explained by the change in the country mix: lower-margin countries growing faster than higher-margin countries.
- On a like-to-like country basis, margins moved slightly up from 2005 to 2006, driven by margin improvement in Hong Kong, Taiwan and Singapore. Then like-to-like country margins decreased slightly from 2006 to 2007, driven by a change in margin assumption for India, offset by margin improvement in Hong Kong.

EEV Shareholders' Funds

Strong increase in EEV Shareholders' Funds, driven by growth in operating profit after tax

EEV Shareholders' Funds '05-'07 (£m)



Note: Reported exchange rates; includes goodwill

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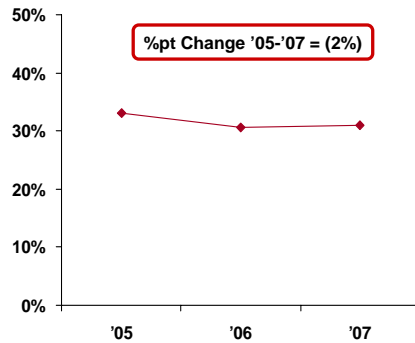
- EEV Shareholders' Funds have more than doubled from the beginning of 2005 to the end of 2007.
- Most of the increase has been driven by Operating Profit, which in turn has been driven by New Business Profit.

Costs

We continue to see the benefits of scale emerging over time in both businesses

Insurance

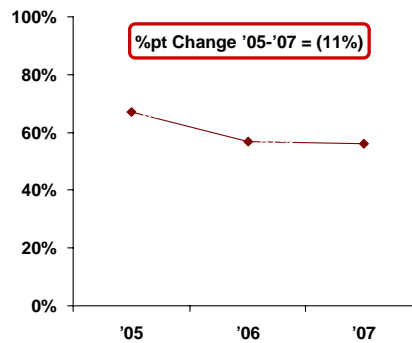
Costs¹ as a % of Gross Weighted Premiums



Total Cost (£m)	'05	'06	'07
	699	812	1,035

Asset Management

Costs² as a % of Net Revenue



Operating Expense (£m)	'05	'06	'07
	47	58	82

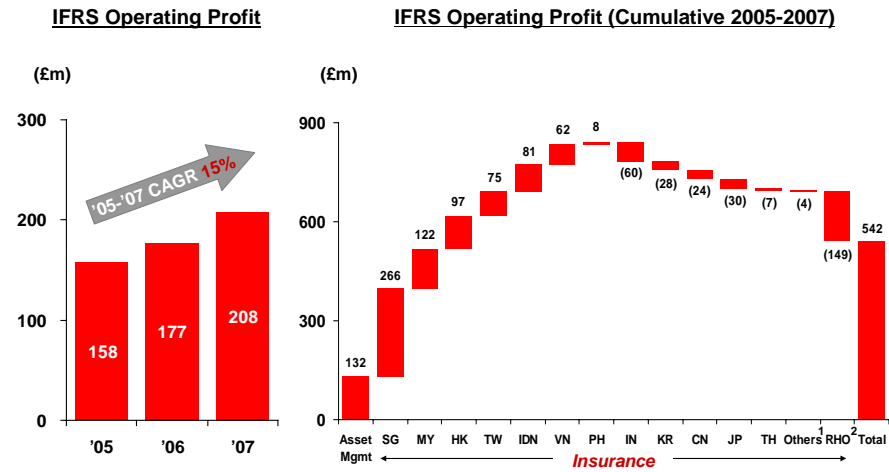


1. Include distribution commissions, 2. Excludes sales and commission costs
Note: constant average '07 exchange rates

- Cost ratios continue to come down, although in absolute terms costs are going up.
- The business will continue to benefit from larger economies of scale.

IFRS Operating Profit

IFRS operating profit has grown 15% annually over the last three years, reflecting the increasing strain from new business



1. Includes general insurance and consumer finance operations; 2. Regional Head Office and Regional Operations Hub
 Note: CN = China; HK = Hong Kong; IN = India; ID = Indonesia; KR = Korea; JP = Japan; MY = Malaysia; SG = Singapore; PH = Philippines;
 TW = Taiwan; TH = Thailand; VN = Vietnam; constant average '07 exchange rates

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- We've seen a healthy increase in IFRS Operating Profit, especially given the rapid level of business growth and the New Business IFRS strain.
- The established businesses of Singapore, Malaysia, Hong Kong have been generating strong IFRS Profit. Some of the emerging markets like Indonesia and Vietnam are also starting to deliver IFRS Profit. The other emerging businesses, particularly India, Korea, China, together with the regional head office, are consuming the profit.

IFRS Operating Profit : Country Details

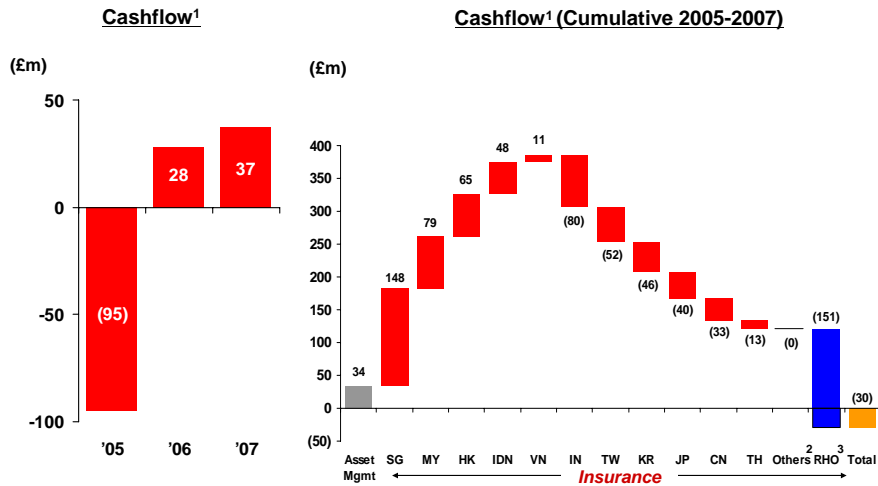
(£m)	2005	2006	2007	
Insurance				
Singapore ¹	132	61	73	<ul style="list-style-type: none"> • Strong IFRS profits from established markets of Hong Kong, Singapore, Malaysia, and from our Asset Management business • Emerging countries like Indonesia, Vietnam are increasing their contributions • Other growth markets like China, India and Korea have been a drag to profits
Malaysia	39	40	43	
Hong Kong	27	33	37	
Taiwan ¹	0	31	45	
Indonesia	18	28	35	
Vietnam	15	15	32	
Philippines	2	3	3	
India	(7)	(11)	(43)	
Korea	0	(15)	(13)	
China	(9)	(9)	(6)	
Japan ¹	(19)	4	(16)	
Thailand	(1)	(4)	(2)	
Total Insurance	197	176	189	
Asset Management²	12	47	72	
Others³	(2)	(1)	(1)	
RHO⁴	(50)	(46)	(53)	
TOTAL	158	177	208	



1. 2005 numbers include gain on Singapore Life RBC release, loss on Taiwan Life US GAAP provisions, and restructuring charge on Japan Life; 2. Includes PSIT Swap loss; 3. Includes general insurance and consumer finance operations; 4. Regional Head Office and Regional Operations Hub
 Note: Includes development expenses, constant average '07 exchange rates

Sources and Uses of Cash¹

PCA has been able to self-fund its strong growth since 2006



1. Net capital remittances to the Group; 2. Includes general insurance and consumer finance operations; 3. Regional Head Office and Regional Operations Hub. Note: Reported exchange rates; CN = China; HK = Hong Kong; IN = India; ID = Indonesia; KR = Korea; JP = Japan; MY = Malaysia; SG = Singapore; PH = Philippines; TW = Taiwan; TH = Thailand; VN = Vietnam; reported exchange rates

- The established businesses, the asset management business, and some of the emerging markets like Indonesia and Vietnam are producing net positive cash.
- Some of the growth markets like India, China and Korea continue to consume cash.

Cashflow¹ : Country Details

(£m)

Insurance	2005	2006	2007
Singapore	19	77	53
Malaysia	26	26	27
Hong Kong	18	22	25
Indonesia	3	13	32
Vietnam	0	0	11
India	(12)	(19)	(49)
China	(7)	(14)	(12)
Korea	(10)	(11)	(25)
Taiwan	(29)	(23)	0
Japan	(40)	0	0
Thailand	(3)	(3)	(6)
Philippines	0	0	0
Total Insurance	(35)	67	56
Asset Management	(18)	21	31
Others²	0	1	(1)
RHO³	(42)	(61)	(48)
TOTAL	(95)	28	37

- Strong cash contribution from established markets of Hong Kong, Singapore, Malaysia and Asset Management
- Indonesia and Vietnam are scaling up rapidly and generating positive cash
- Emerging markets of China, India and Korea, at an early investment phase, continue to consume cash



1. Net capital remittances to the Group; 2. Includes general insurance and consumer finance operations; 3. Regional Head Office and Regional Operations Hub
Note: Reported exchange rates

Outlook and Summary



Outlook for the Business

Prudential Asia is well positioned to sustain superior performance

Economic Drivers

- Maintaining **leading position in Linked** products
- Growing **Protection** products will improve margins
- Pushing **agency channel** to reach **new levels of productivity and growth**
- Strengthening existing and developing new **distribution partnerships**

Financial Performance

- Delivering **strong top-line growth**, outperforming the market
- **Sustaining in-country margins**, while higher growth in low-margin countries will affect average margins
- Accelerating **growth in IFRS profits** as book-in-force grows
- Ability to **self-fund strong growth** and invest in key emerging markets (e.g. China, India)



Key Messages

- **Prudential Asia has delivered outstanding financial and strategic performance since our last Analyst Day (Dec '06)**
- **Our focus on profitable products and channels, and geographical diversity, have differentiated us from the competition**
- **We are continuing to enhance and strengthen our advantaged platform across Asia**
- **The business is well positioned to outperform the market in growth and profitability moving forward**



Appendix



Glossary and Additional Notes

- **Glossary**

- **Annual Premium Equivalent (APE Sales):** APE is calculated as total new business regular premium plus 10% of new business single premium
- **Single Premium:** A single premium contract involves the payment of one premium at inception with no obligation for the policyholder to make subsequent, additional payments
- **Regular Premium:** A regular premium contract is a contract where the policyholder accepts to pay a premium on a regular basis over a number of years (e.g. annually)
- **Investment Linked Product (ILP):** A type of life insurance policy that offers a combination of investment and protection and the value of ILP is linked to the prevailing value of the units invested in the fund
- **Protection Product:** A type of life insurance policy that offers accident and health coverage to the policyholder
- **Participating Product (Par):** A type of life insurance policy where the policyholder shares profits with the company's owners
- **Non-Participating Product (Non-Par):** A type of life insurance policy where the policyholder is not entitled to a share of the company's profits and surplus, but receives certain guaranteed benefits. Also known as non-profit in the UK

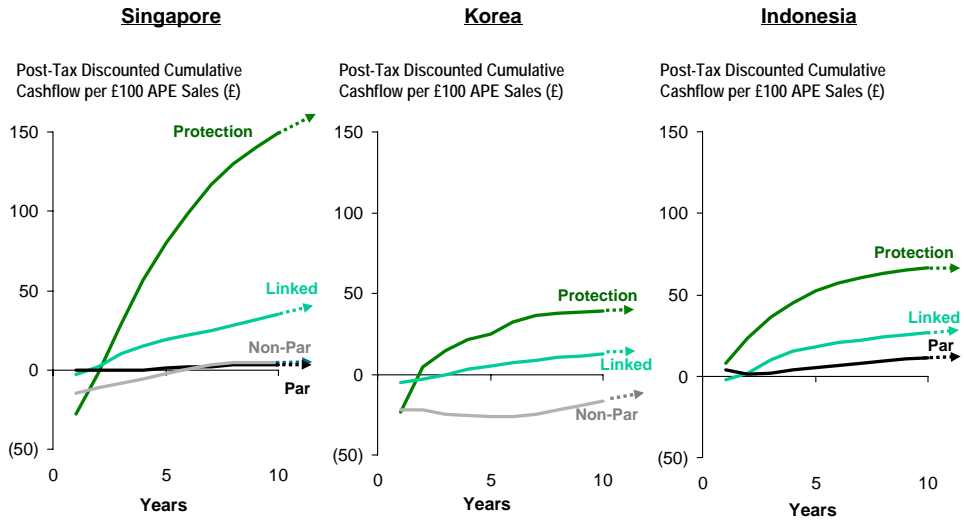
- **Additional Notes**

- APE Sales, EEV New Business Profit and IFRS Operating Profit are shown at constant average '07 exchange rates; Asset Management FUM is presented at spot rates at the end of FY'07; EEV shareholders' Funds and Cashflow are presented at reported exchange rates
- China is presented at 100% interest except 2007 4Q at 50%; India is presented at 26% interest
- Cash or Cashflow refers to net capital remittances to the Group



Insurance : Product Economics (Recap)

There are considerable differences in profitability, capital efficiency and returns across product types and markets



Insurance : Product Economics

(select examples)

(For every £100 of APE Sales)

	Product ¹	EEV New Business Profit	IFRS New Business Strain	Avg. Years to Breakeven	New Business Profit Realized in 1st 5 yrs	New Business Profit Realized in 6-10 yrs	New Business Profit Realized after 10yrs
Country A	SP ILP	33	(23)	7	(4)	17	21
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Country B	SP VUL	43	(9)	3	9	13	20
	RP VUL	54	(31)	8	(14)	30	38
	RP VA	31	2	0	12	4	15
	RP WL	50	(102)	12	(39)	29	60
Country C	RP ILP 1	55	(15)	3	32	13	10
	RP ILP 2	26	1	0	6	7	13
	SP ILP	56	29	0	37	9	9
Country D	RP ILP	12	(16)	3	6	6	0
Country E	RP ILP 1	42	2	0	11	5	26
	RP ILP 2	71	2	0	18	18	35
	RP ILP 3	90	6	0	21	19	50
	RP ILP 4	118	(4)	2	17	26	75
	SP ILP	64	7	0	35	14	15
	RP Health 1	257	27	0	106	66	85
	RP Health 2	193	17	0	72	51	70
Country F	RP ILP	32	(13)	3	5	9	19
	SP ILP	58	17	0	17	32	9
	RP Par	20	1	0	3	4	13
Country G	RP TL	278	(6)	2	58	97	123
	RP ILP	102	3	0	34	21	47
	SP VA	69	7	0	32	23	14

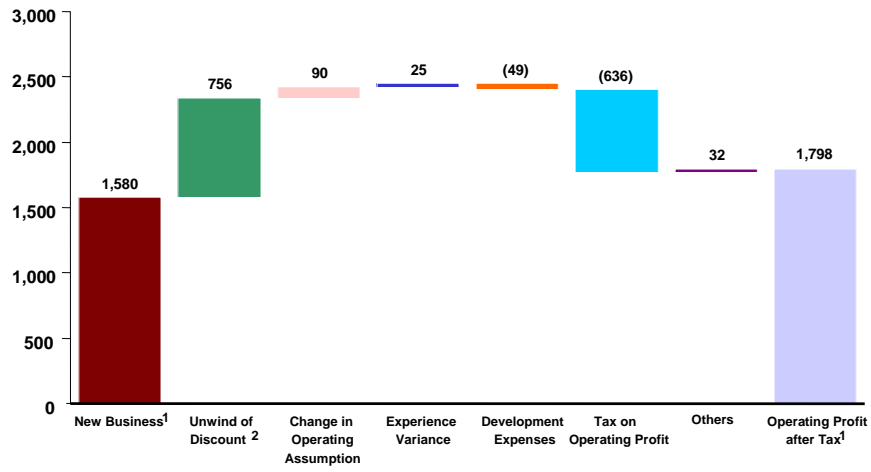


1. SP = Single Premium; RP = Regular Premium; ILP = Investment-Linked Product; VUL = Variable Universal Life; VA = Variable Annuity; WL = Whole Life; Par = Participating; TL = Term Life

EEV Operating Profit

Growth in new business is the key driver of improving operating profit

Operating Profit '05-'07 (£m)

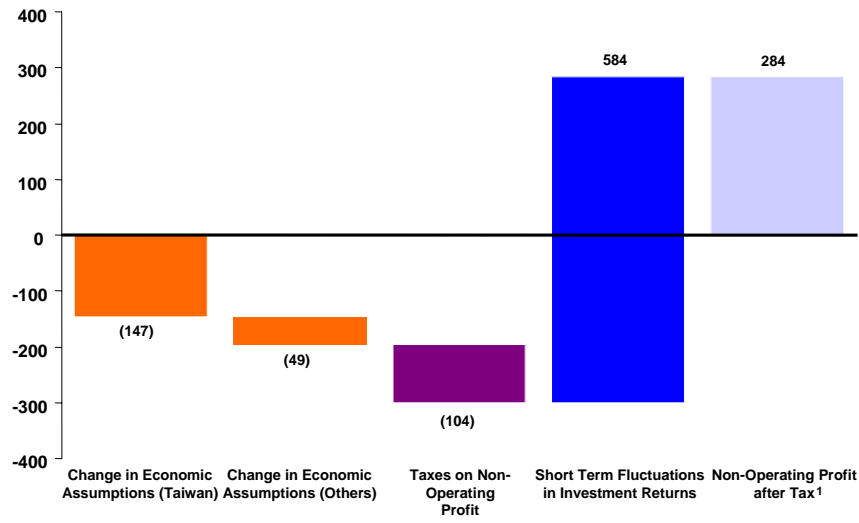


Note: Reported exchange rates; excludes goodwill; 1. On EEV basis; 2. Includes other expected returns

EEV Non-Operating Profit

Strong growth in investment returns helped offset losses in economic assumption changes and tax effects

Non-Operating Profit '05-'07 (£m)



Note: Reported exchange rates; excludes goodwill; 1. On EEV basis

Accounting Standards

Key IFRS accounting policies

	DAC	Policyholder Reserves	Measurement of Financial Assets	
<ul style="list-style-type: none"> Given the lack of specific accounting standards for insurance contracts under IFRS, PCA has continued existing practices in each country market 	Singapore	Local Basis	Local Basis	FV through P&L
	Malaysia	Local Basis	Local Basis	FV through P&L
	Hong Kong	Local Basis	Local Basis	FV through P&L
<ul style="list-style-type: none"> In most markets, substantially less than the full acquisition cost (US GAAP definition) is being deferred and amortised 	Taiwan	US GAAP	US GAAP	FV through P&L
	Indonesia	Local Basis	Local Basis	FV through P&L
	Vietnam	US GAAP	US GAAP	FV through P&L
<ul style="list-style-type: none"> For reserving, most countries adopt a net premium valuation method but differ from each other in the basis used (such as valuation interest rate or the basis of assumptions). Coupled with different product designs in various countries, the profit emergence can be diverse. 	Philippines	Local Basis	Local Basis	FV through P&L
	India	Local Basis	Local Basis	FV through P&L
	Korea	Local Basis	Local Basis	FV through P&L
	China	Local Basis	Local Basis	FV through P&L
	Japan	US GAAP	US GAAP	FV through P&L
Thailand	Local Basis	Local Basis	FV through P&L	

