



Generating Cash through Focused Participation

UK & Europe

Agenda

- Current strategy and key financials
- External outlook and industry trends
- Strengthening our position
- Looking towards the long term

Agenda

- Current strategy and key financials
- External outlook and industry trends
- Strengthening our position
- Looking towards the long term

Current strategy

Selective participation

- ✓ Disciplined and active management of our product portfolio and routes to market
- ✓ Focus on annuities and With-Profits

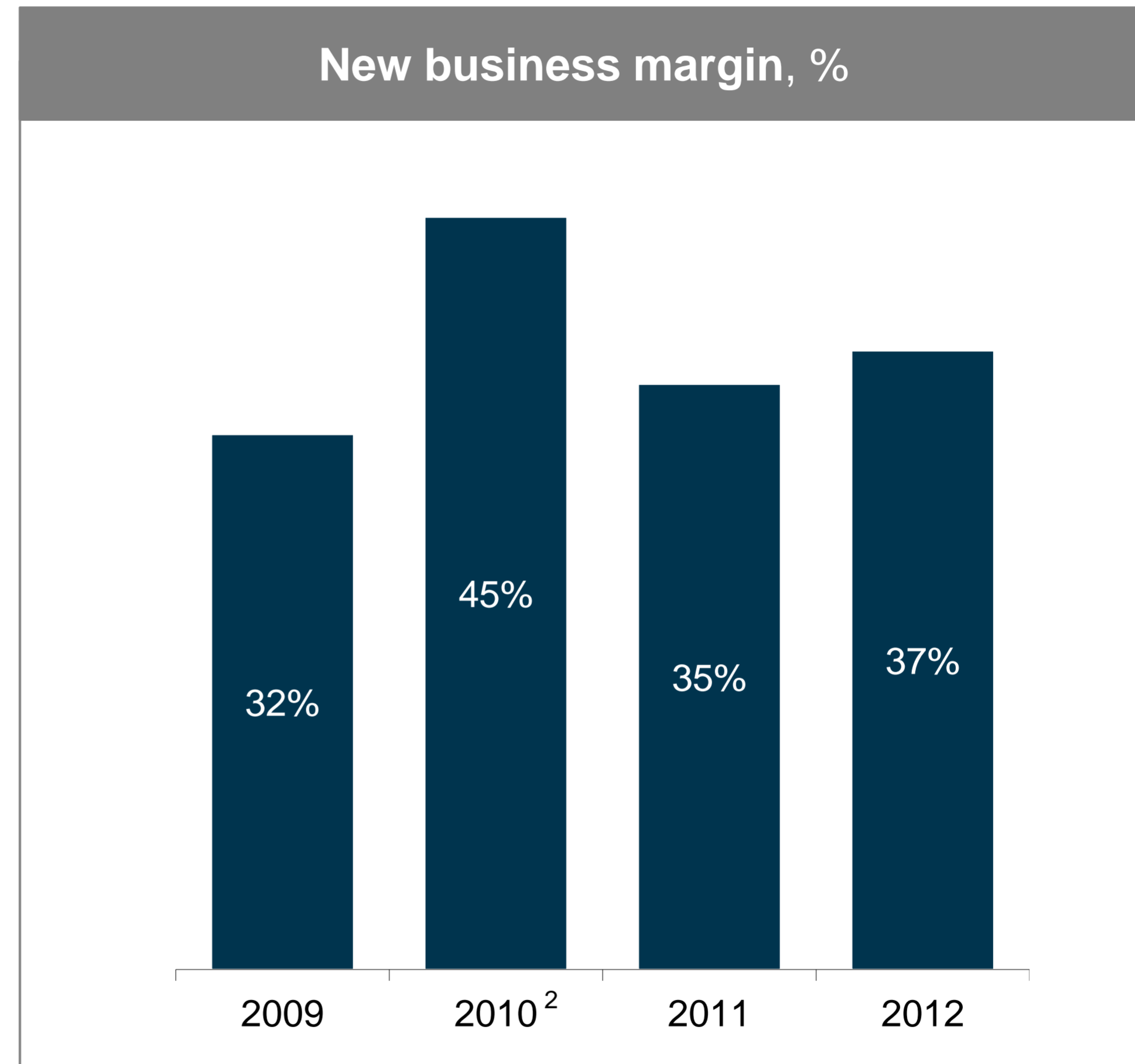
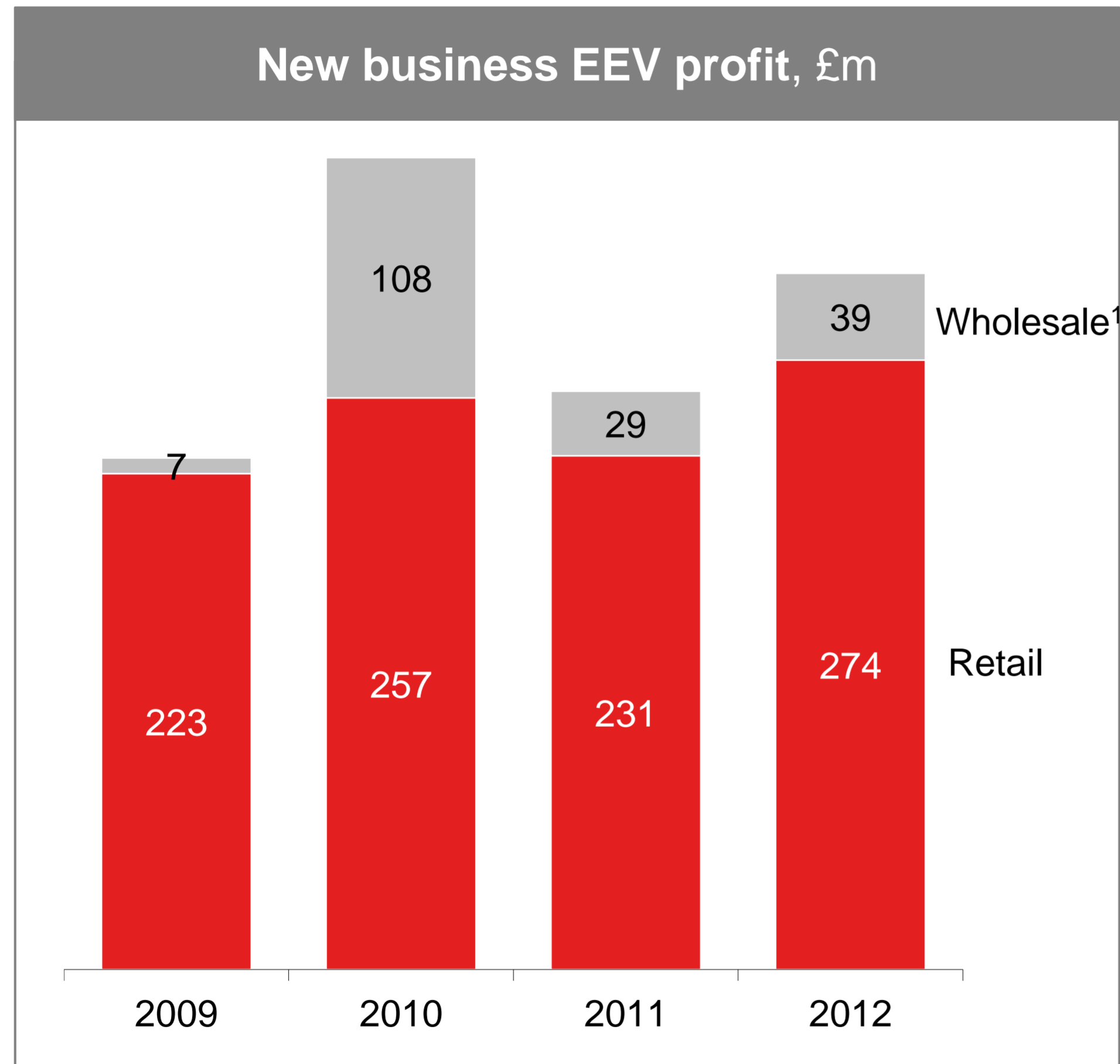
Capital discipline

- ✓ Rigorous approach to new business pricing
- ✓ Capital strength supports group balance sheet

Cash generation

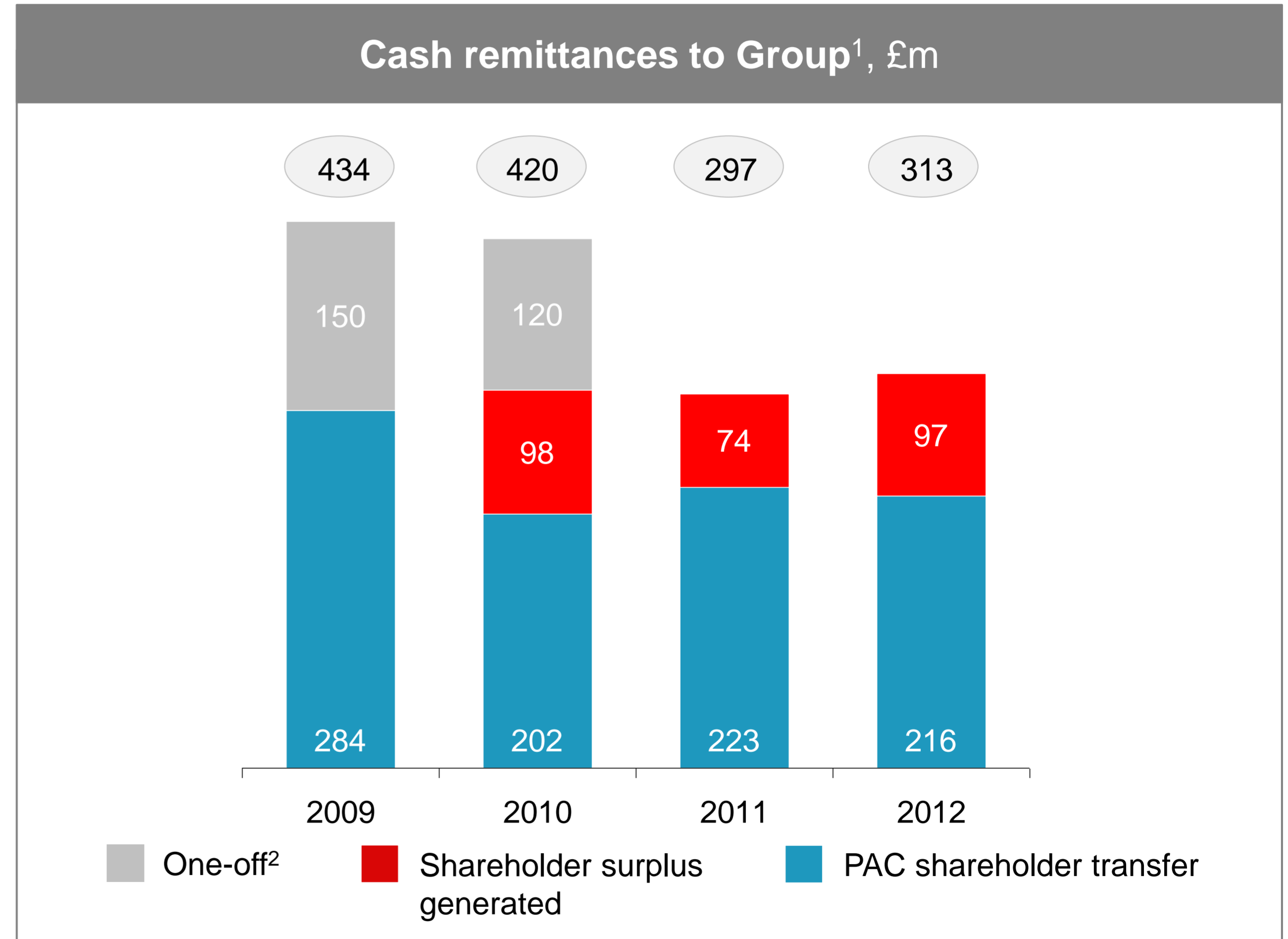
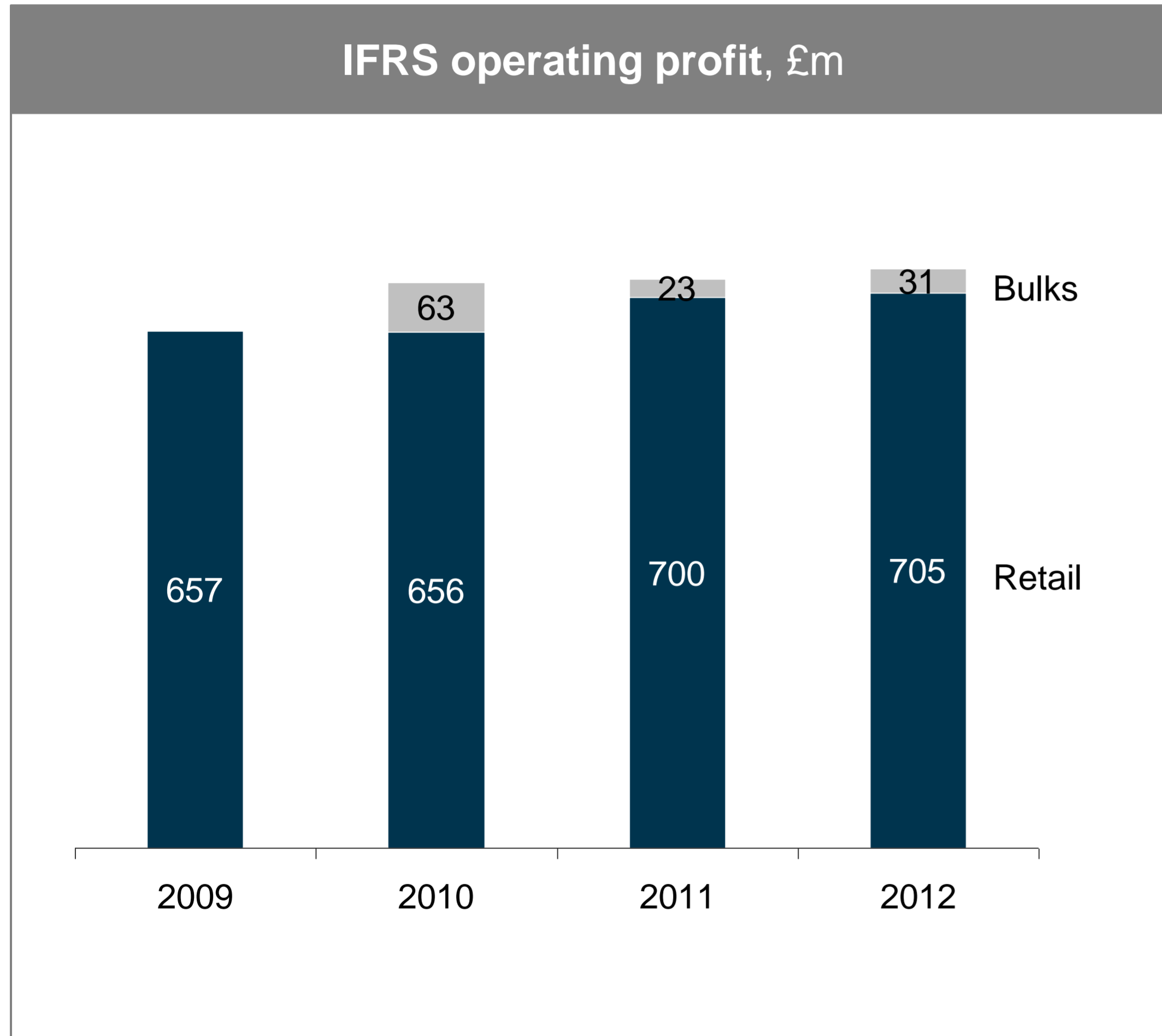
- ✓ Sustainable cash generation
- ✓ Delivering the embedded value of the in-force book through cost and persistency management

Sustained performance



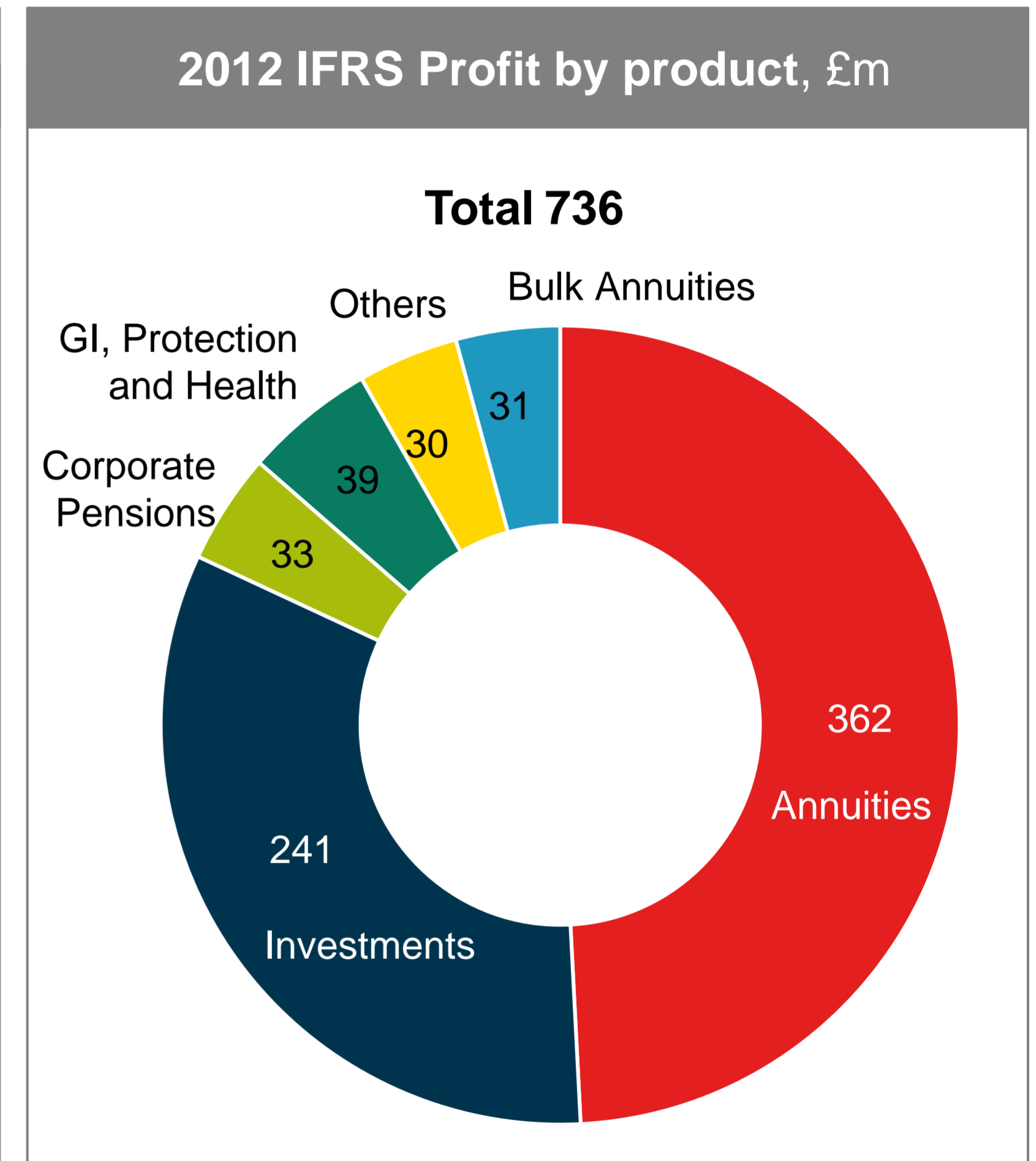
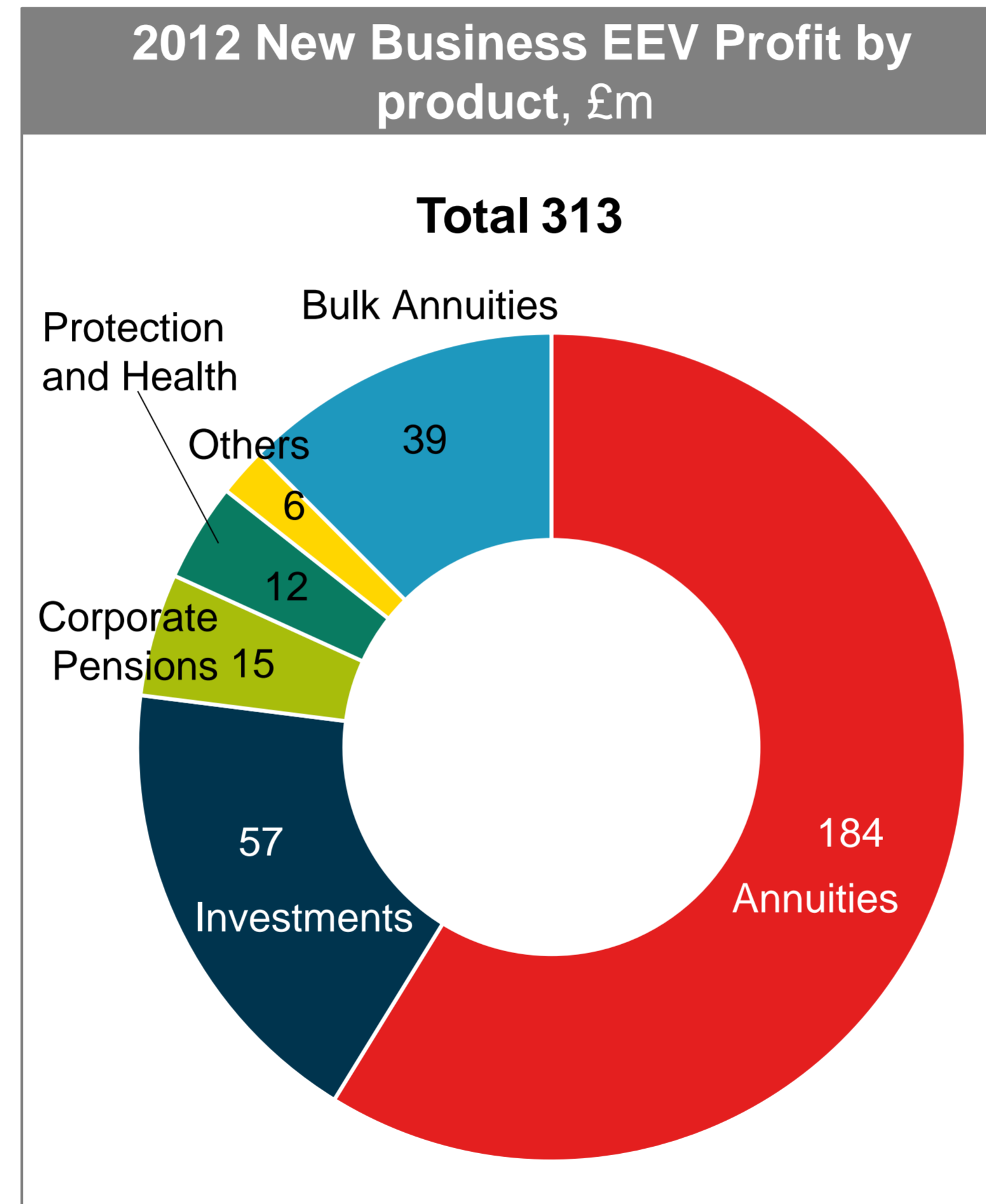
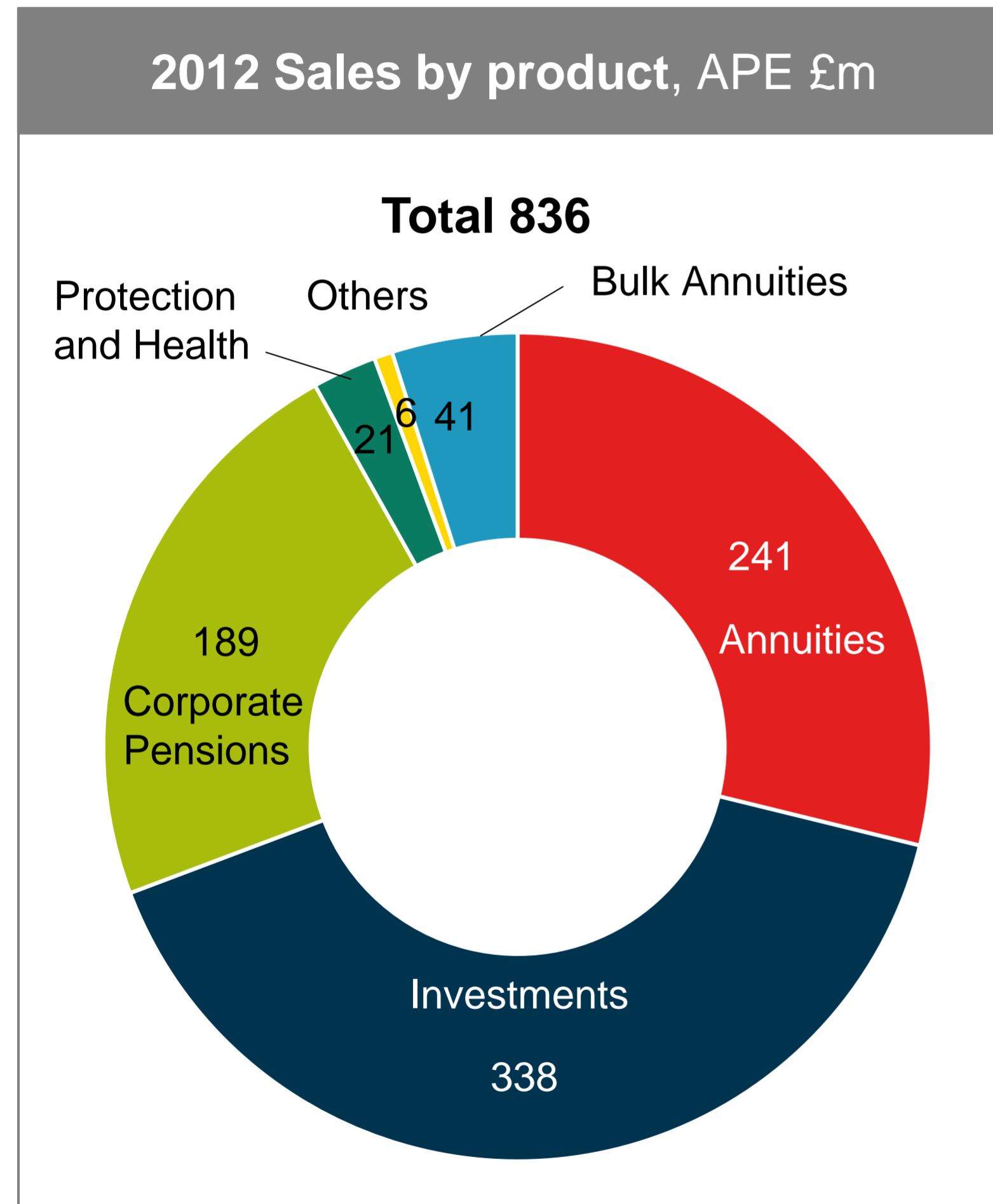
Note: 1. Wholesale includes bulks and credit life; 2. The peak during 2010 is due to the profitable bulk annuity business written in the last quarter of 2010

Stable IFRS profit and strong cash delivery



Notes: 1. Includes net impact of restructuring costs; 2. One-offs include net impact of financing arrangements

Delivered through a range of products

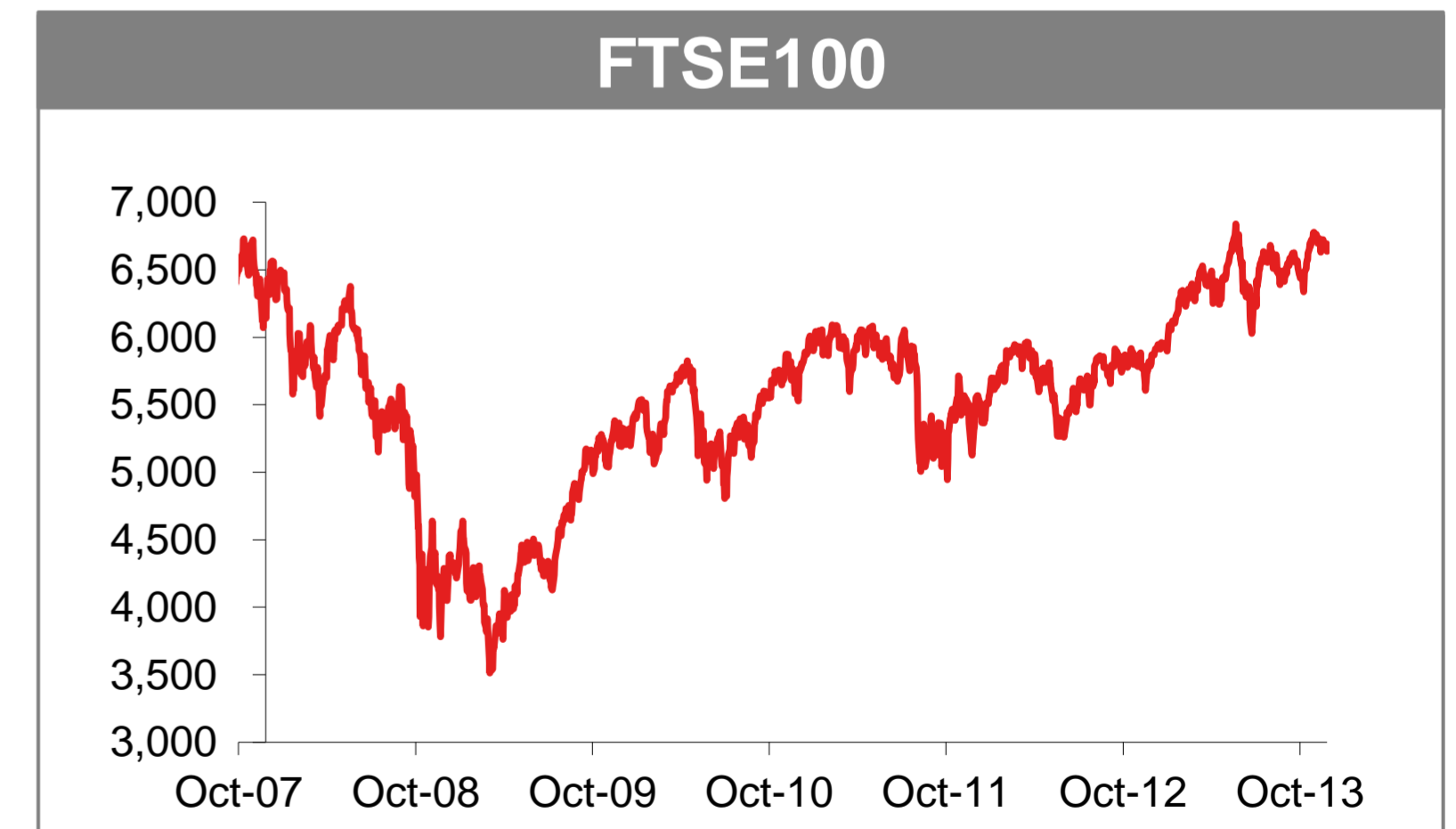
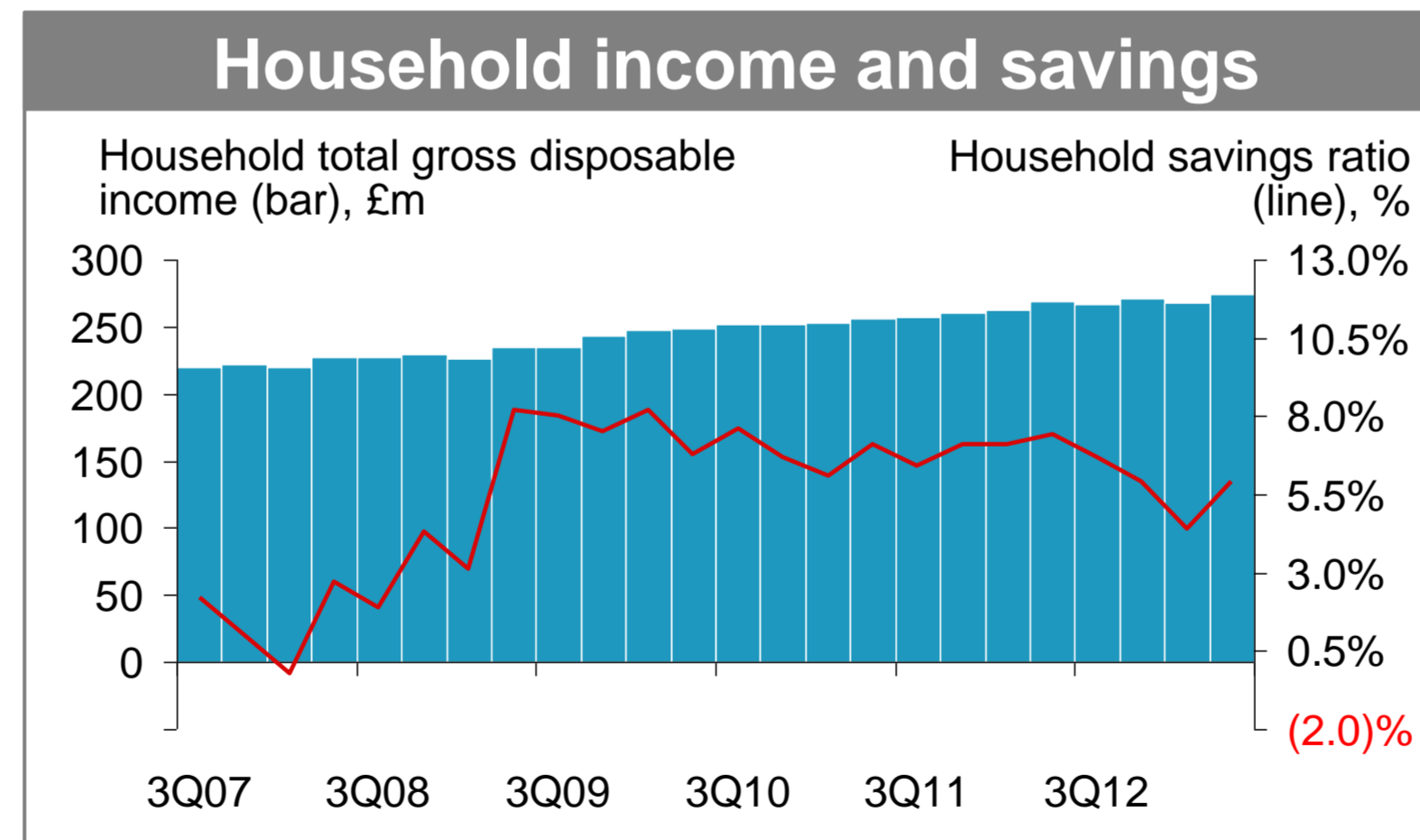
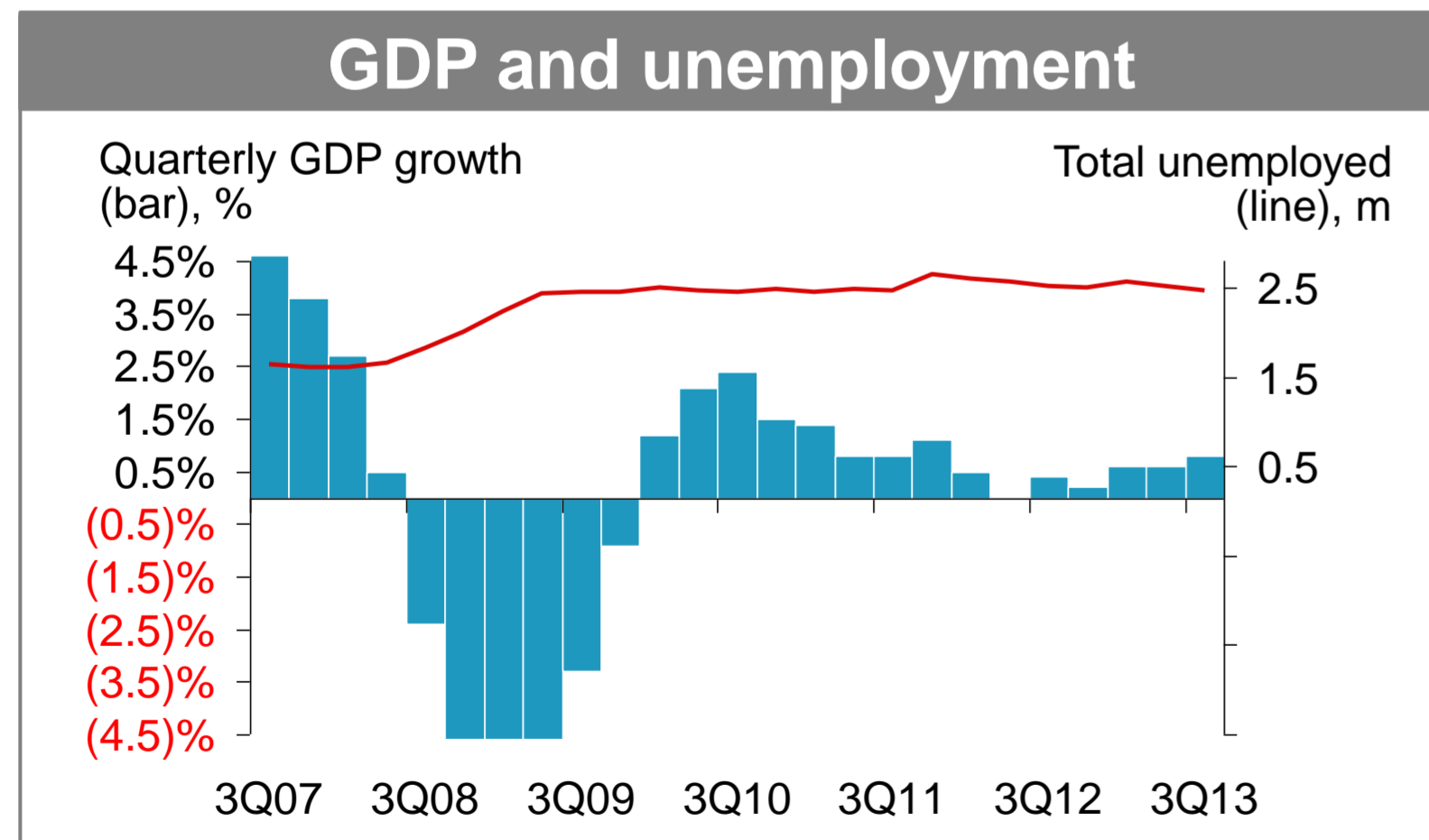
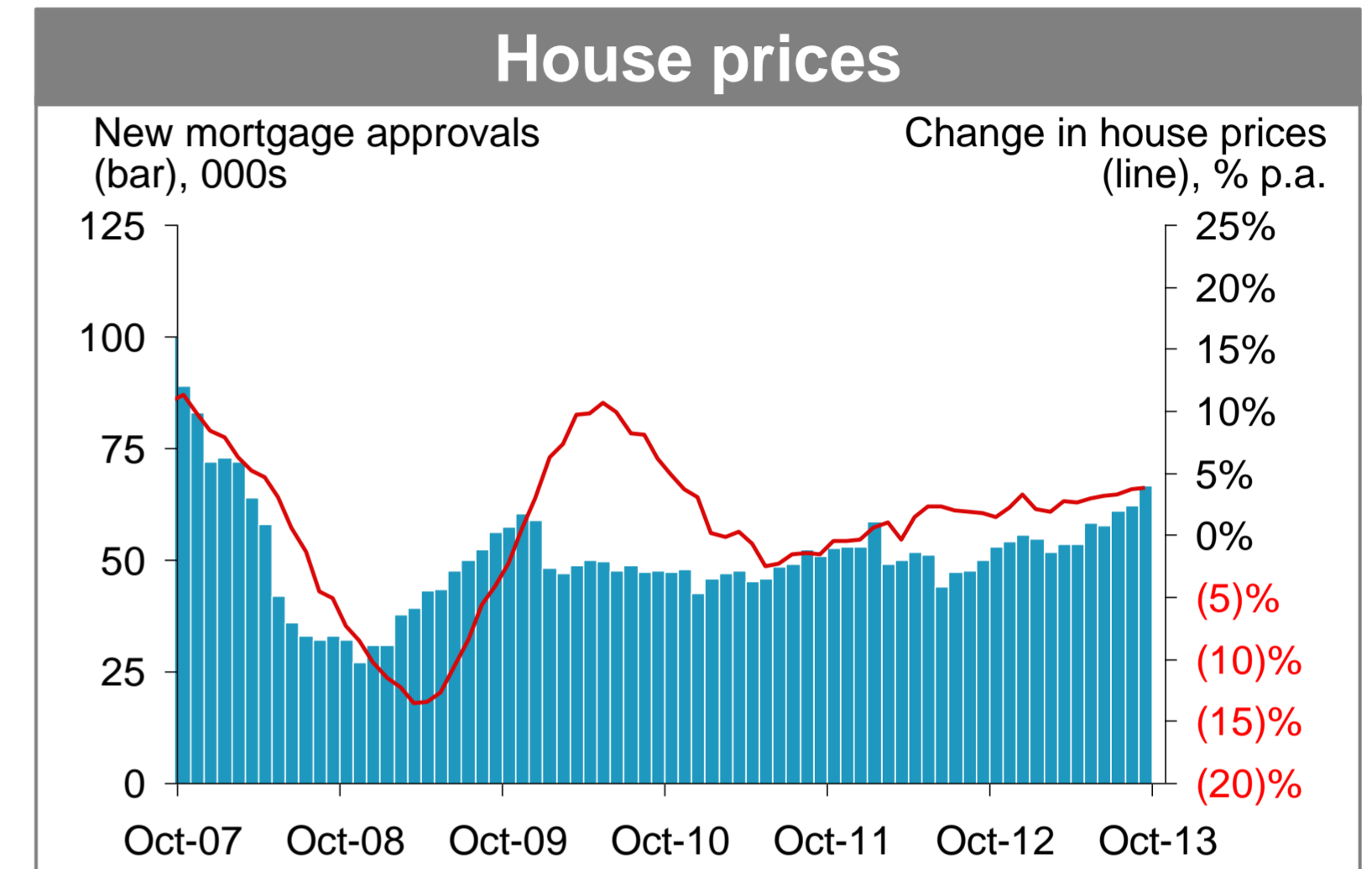
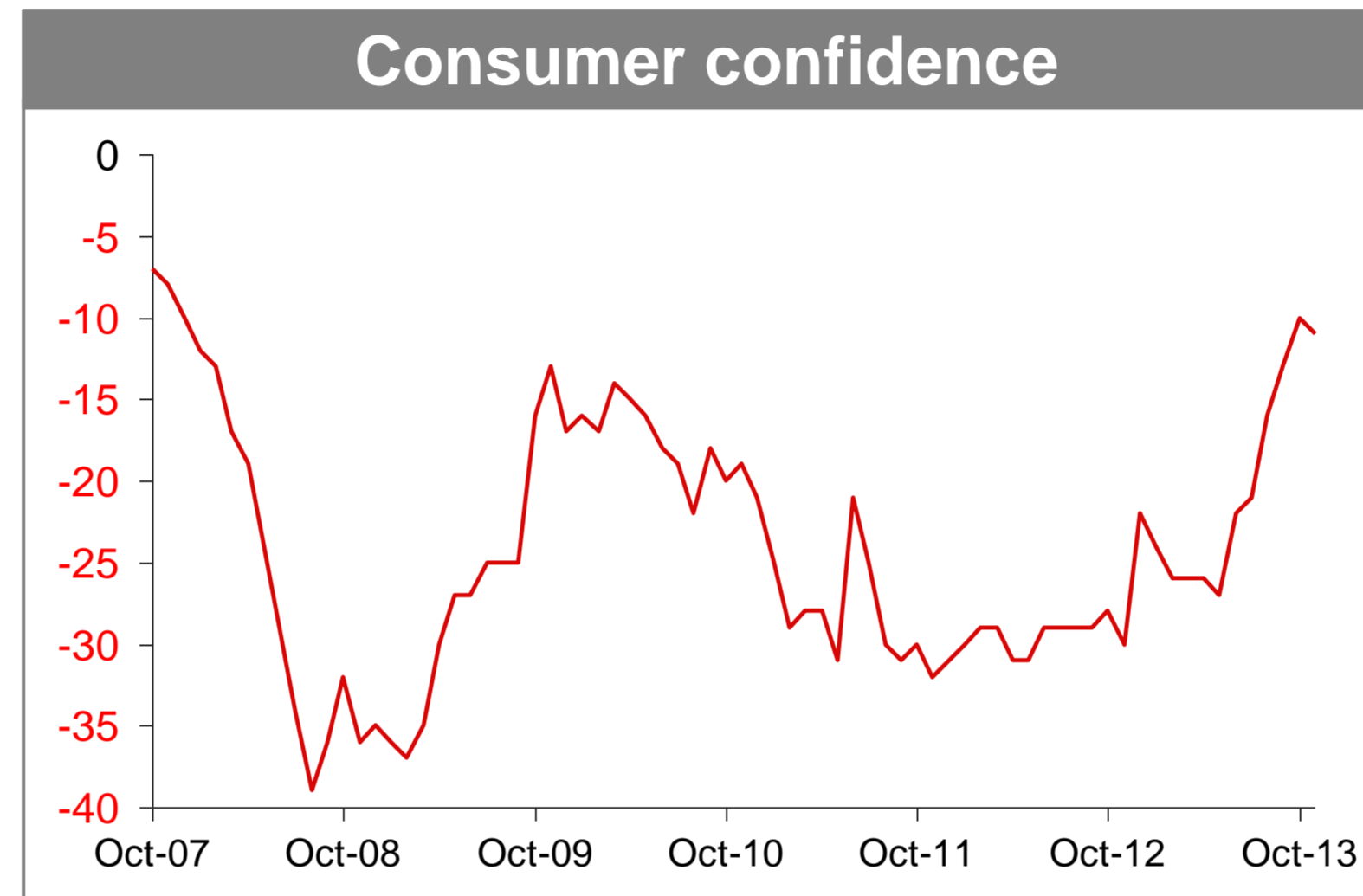
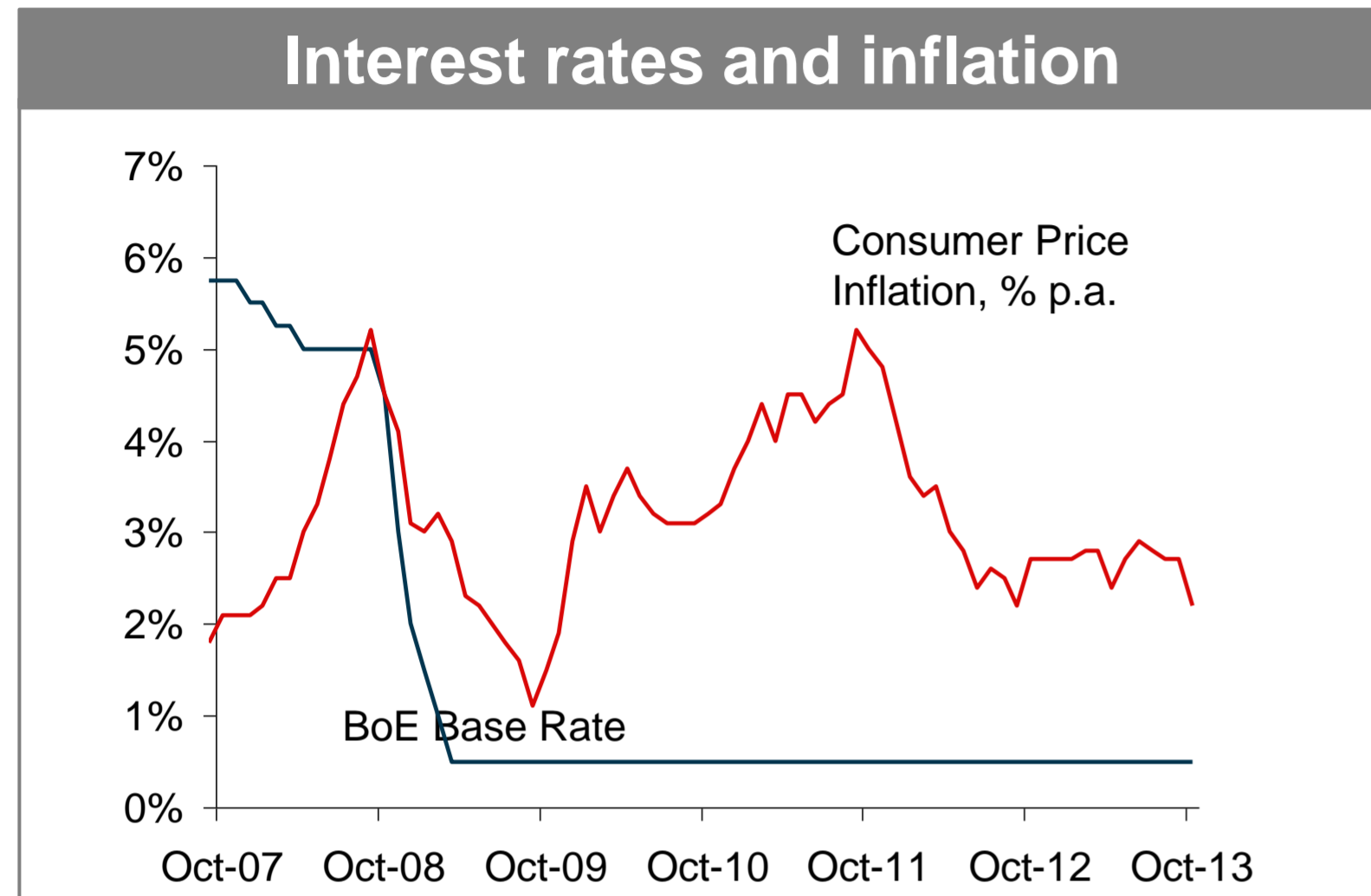


Note: The EEV & IFRS segmental analysis is an internal analysis and is not externally audited. Investments includes with profits bonds, unit linked bonds, offshore bonds and individual pensions; Protection and Health includes PruHealth and PruProtect; Others (sales/NBP) includes Credit Life, lifetime mortgages, Poland; Others (IFRS) includes Credit Life, lifetime mortgages, Poland, various legacy entities, service and other companies.

Agenda

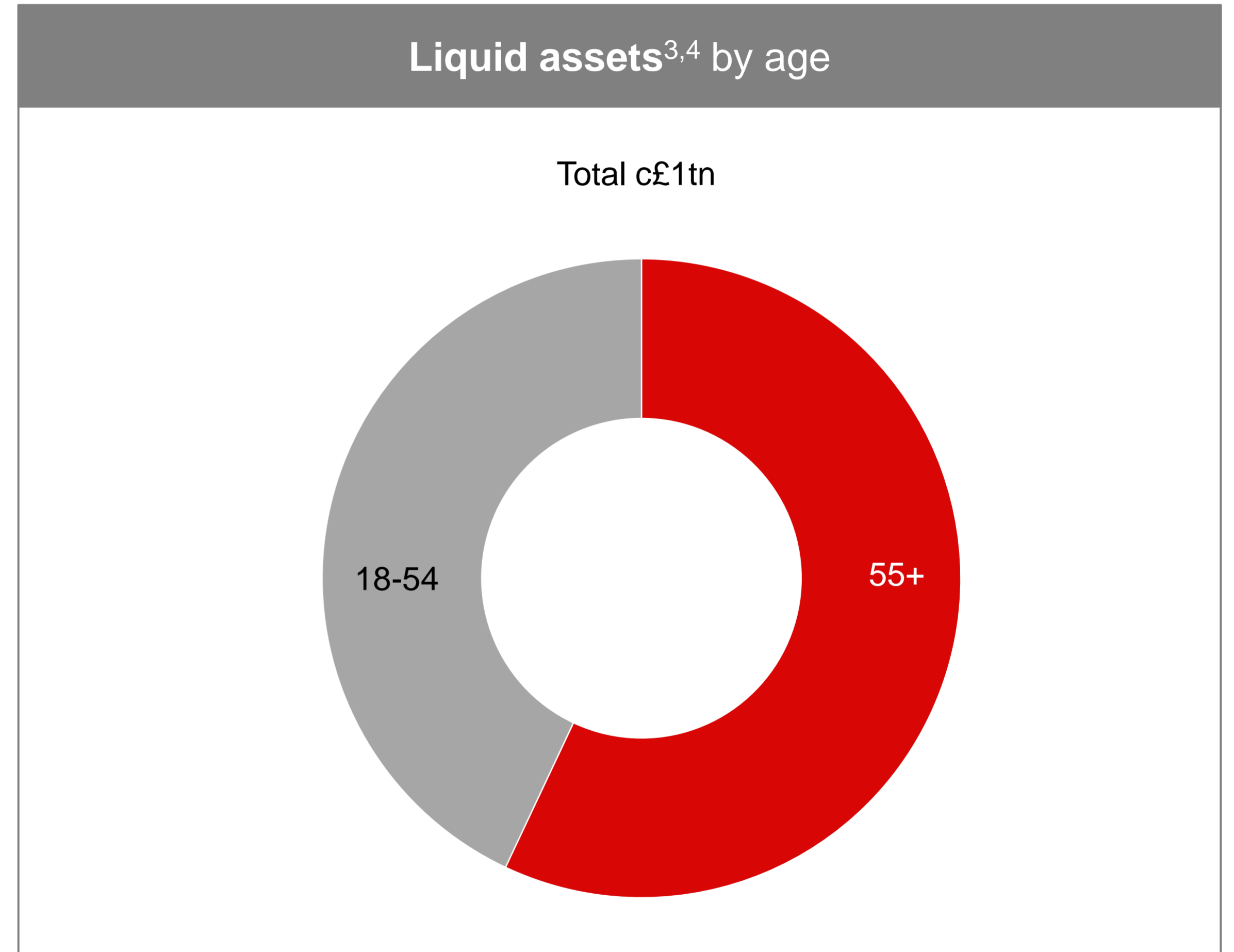
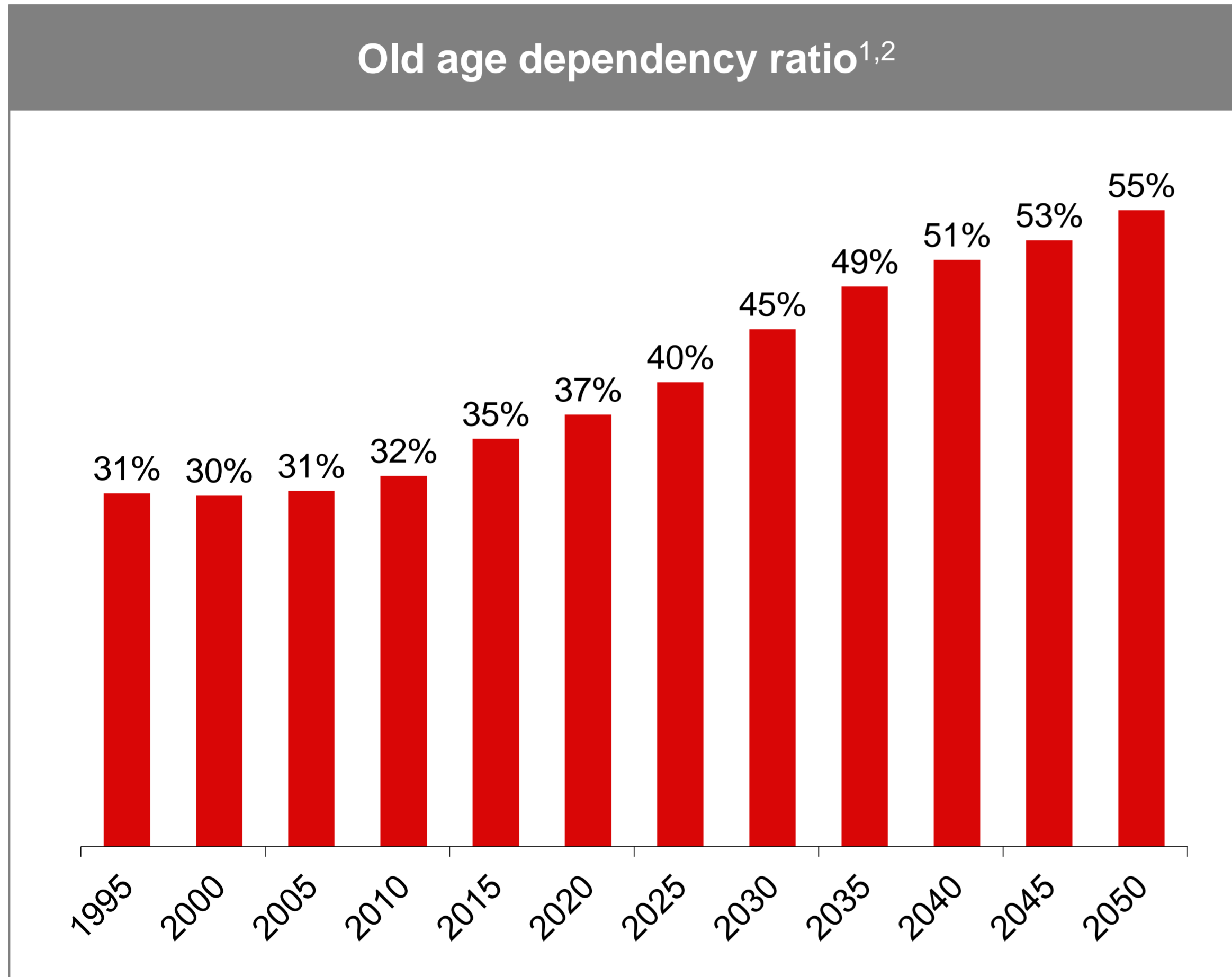
- Current strategy and key financials
- External outlook and industry trends
- Strengthening our position
- Looking towards the long term

Economic outlook remains cautious with recent positive signs



Source: ONS, HM Treasury, Bank of England, GfK.

Ageing population with 57% of liquid assets held by over 55s



Sources and notes: 1. UN Population Statistics, Prudential analysis; 2. Old Age Dependency Ratio = (Population Above the Age of 65)/(Population within the age bracket of 15-64)*100; 3. HMRC UK Personal Wealth Statistics based on 2008-2010 ONS Wealth and Asset Survey WAVE 2, and ONS Population data statistics; 4. Liquid wealth consists of the wealth held in cash, banks, building societies or shares; the 18-54 segment also includes liquid wealth not attributed to any particular age bracket

The environment has changed significantly

- Increased pace of regulatory change
- Evolution of intermediary market post RDR
- Rapid growth of enhanced annuities
- Consolidation in corporate pensions
- Shift towards a platform world

Increased pace of regulatory change

Prudential Regulation Authority

- Financial stability
- Policyholder protection

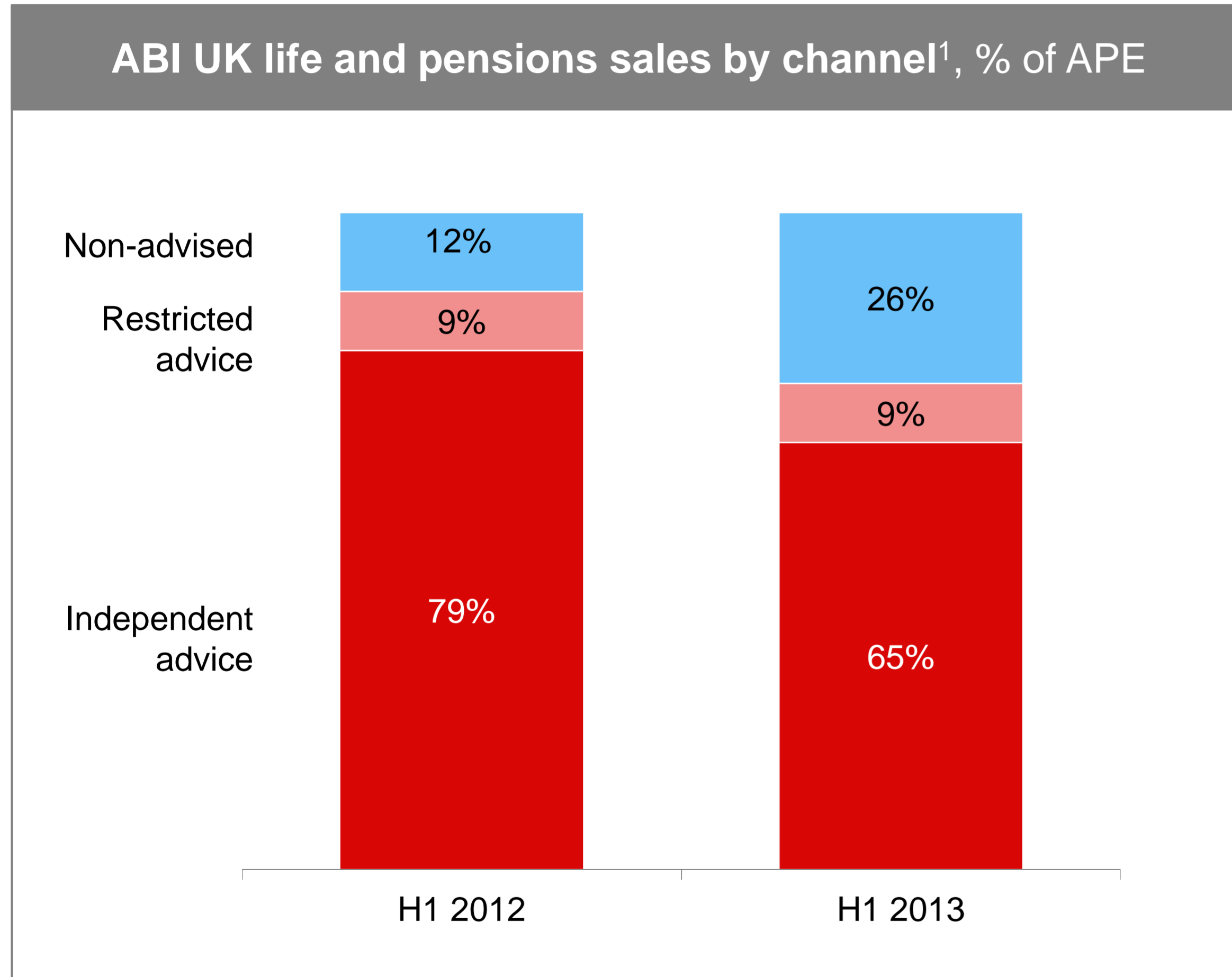
Financial Conduct Authority

- Consumer protection
- Integrity
- Competition
- Thematic reviews

International Regulatory Standards

- Solvency II
- IFRS 4 Phase II
- G-SII

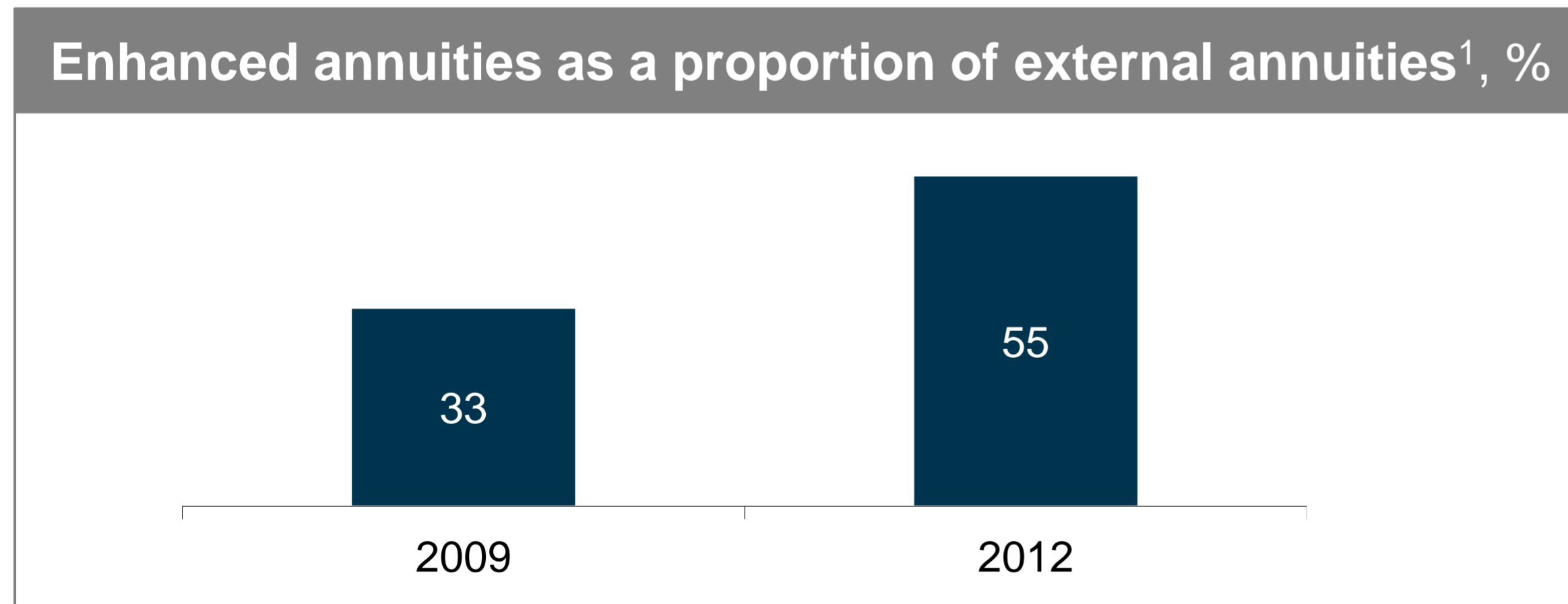
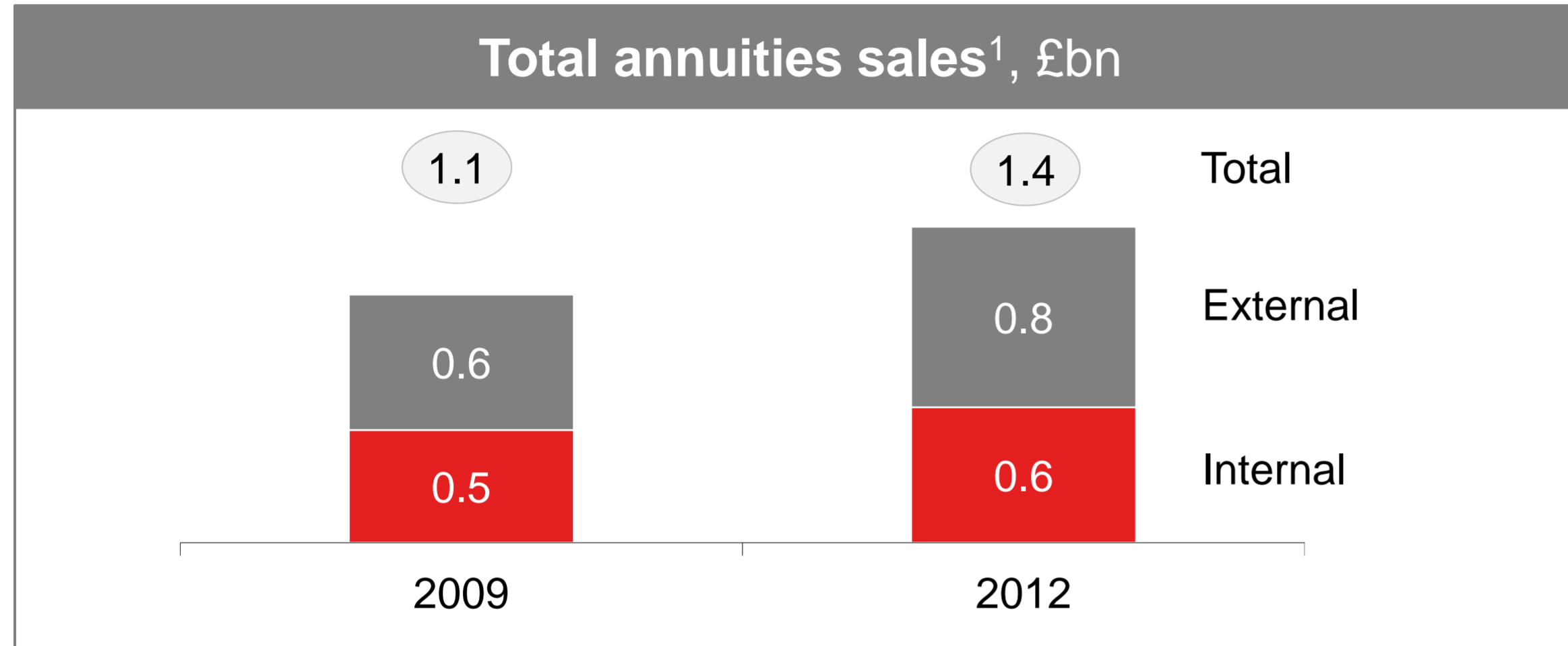
Evolution of intermediary market post RDR



Source: 1. 2013 ABI data

- Several banks have quit mass market advice
- Restricted advice models expected to grow
- Significant increase of non-advised models

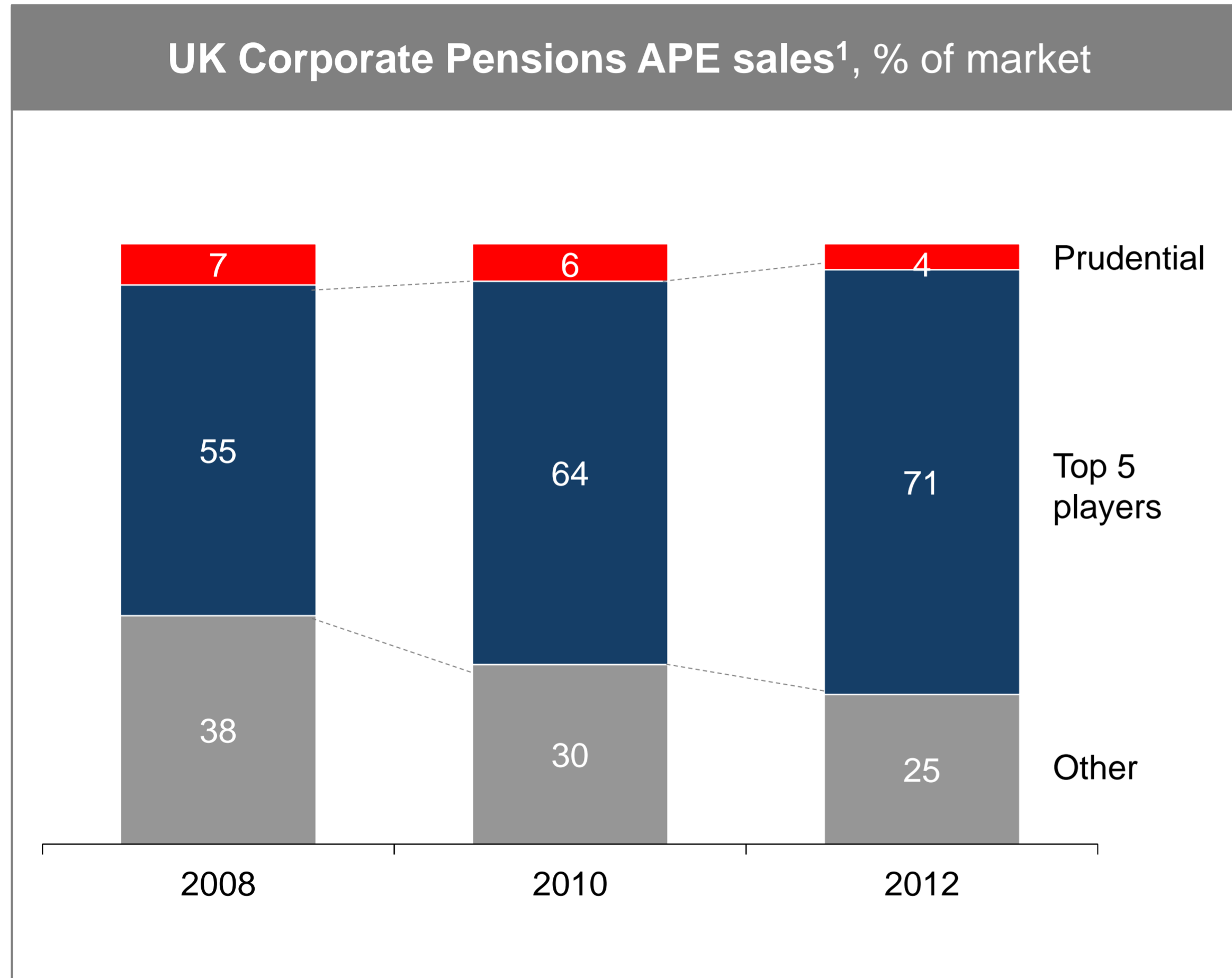
Growth of annuities



Source: 1. 2013 ABI data, Internal analysis

- Annuity market remains attractive
- Rapid growth of enhanced annuities
- Current volumes impacted by the low interest rate environment
- Market expected to grow due to an ageing population

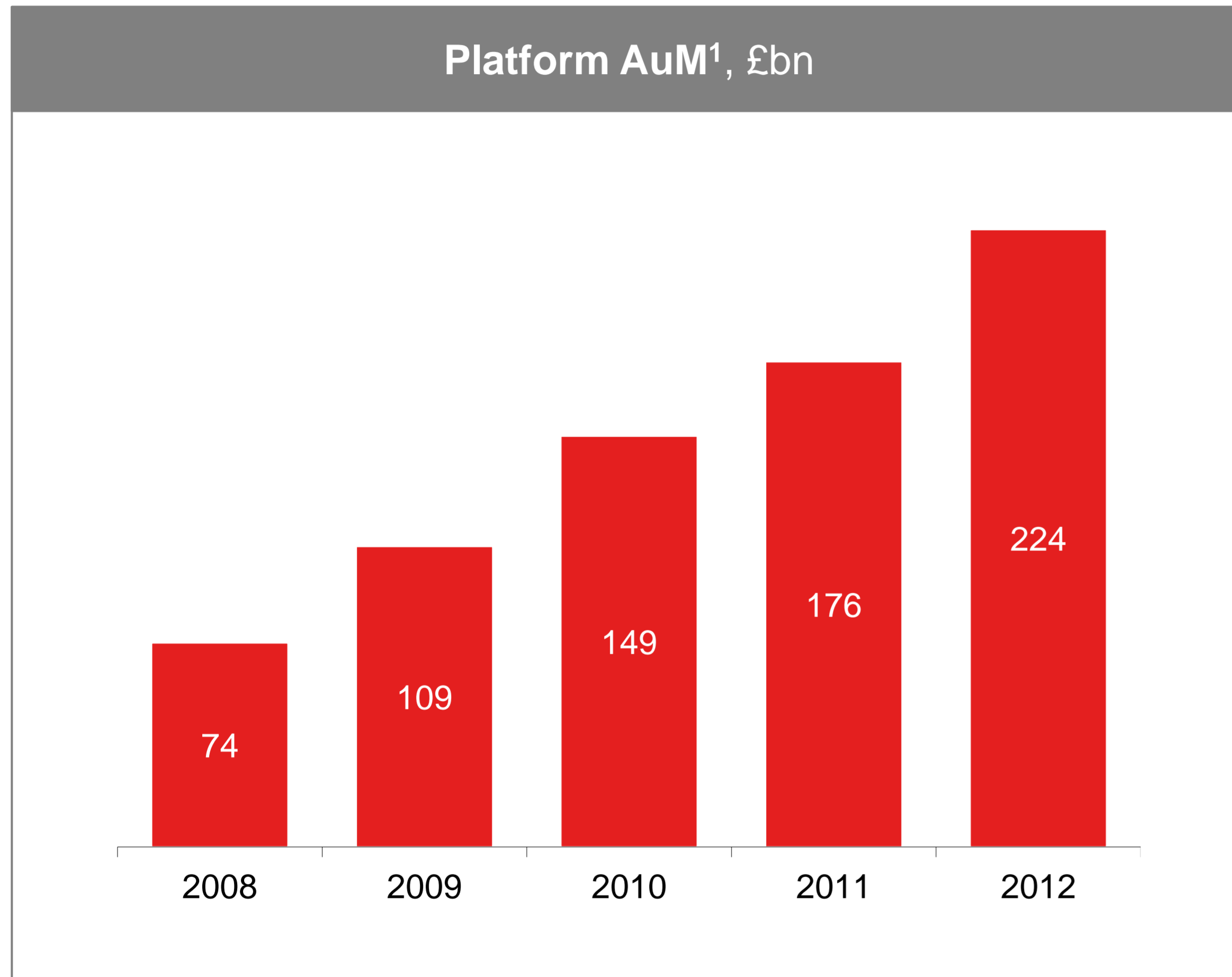
Consolidation in corporate pensions



Source: 1. 2013 ABI data

- Strong regulatory and competitive pressure driving down revenue
- Those who remain in the market compete aggressively on price to build scale
- As a consequence the market has witnessed significant consolidation over the last few years

Shift towards a platform world



Source: 1. Platform data

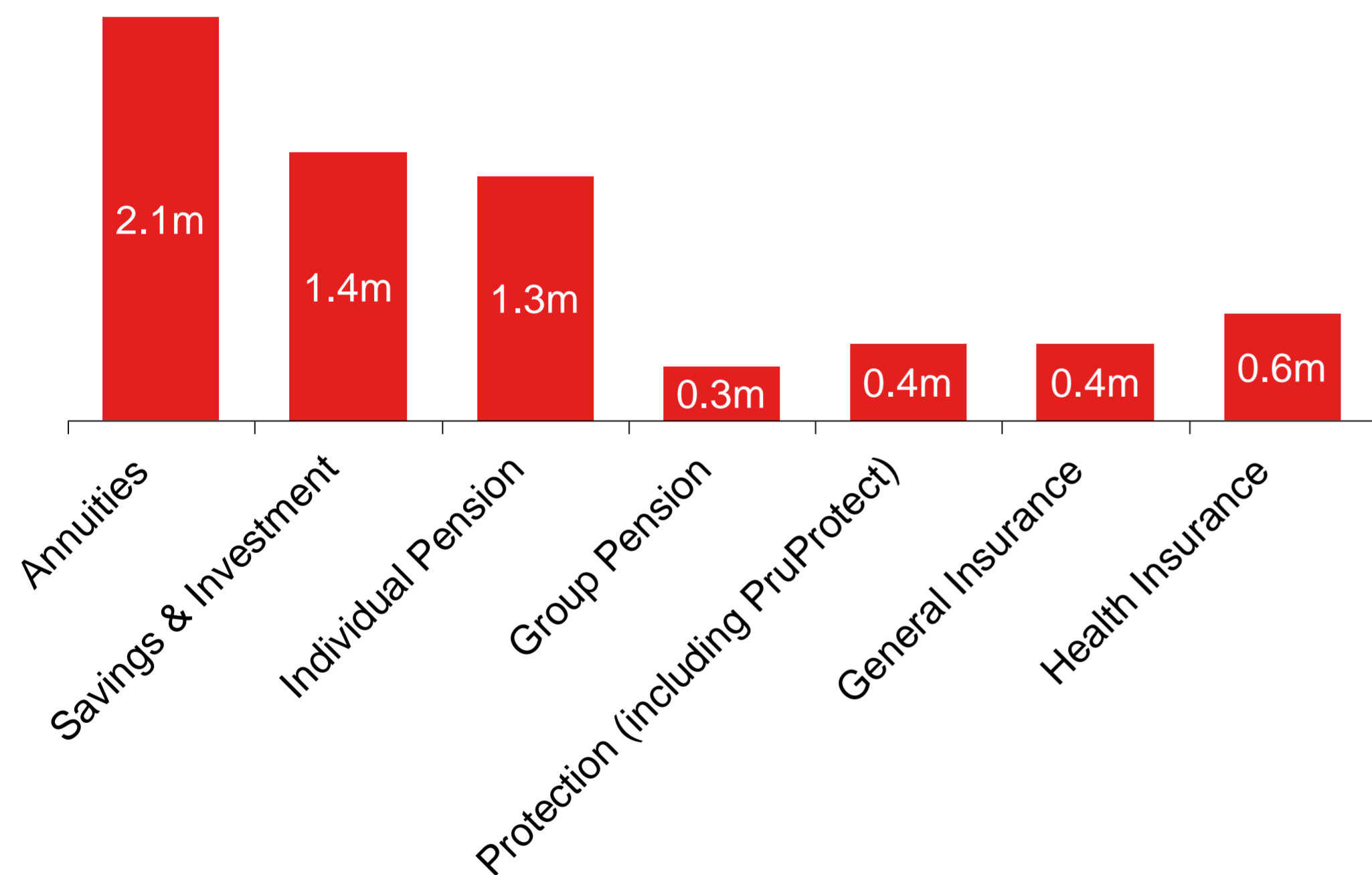
- Platforms gaining significant traction
- Success built on achieving scale
- RDR impacting advisors behaviour

Agenda

- Current strategy and key financials
- External outlook and industry trends
- Strengthening our position
- Looking towards the long term

Large customer franchise and valuable brand

Prudential policies by product line¹

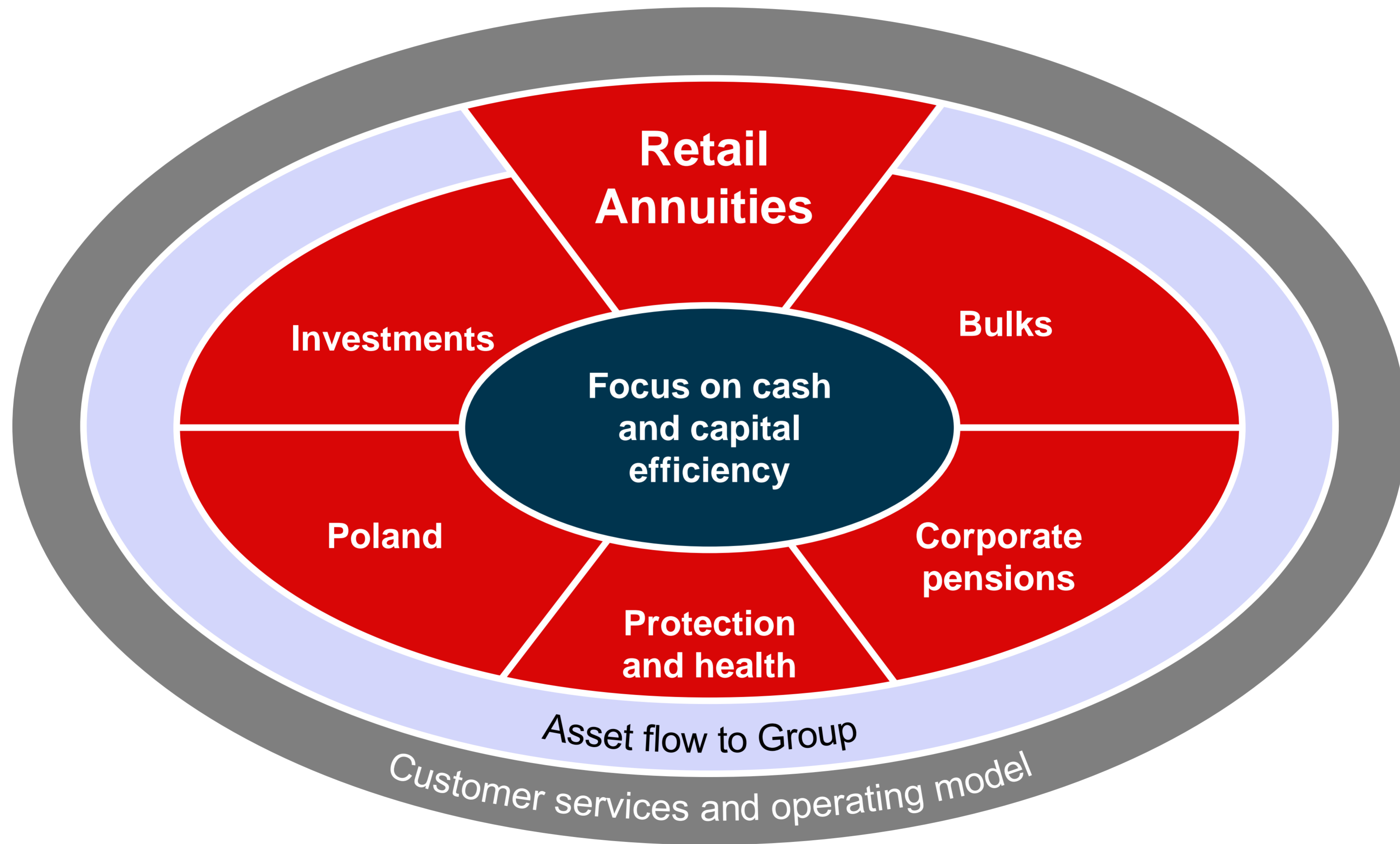


Strong brand recognition²

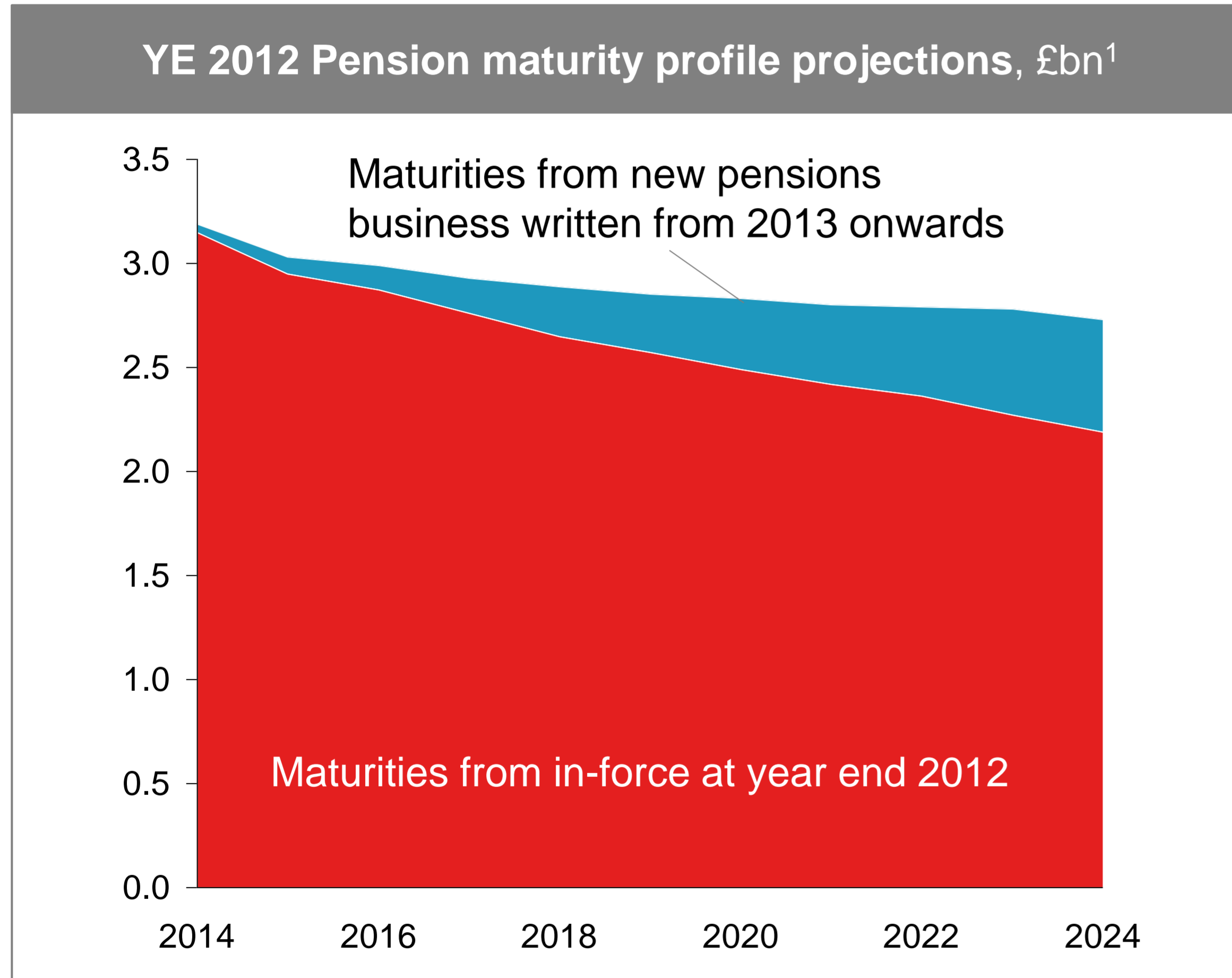
| Measure | Prudential | Average of the other Top 5 UK Insurance Brands | Gap |
|---|------------|--|------|
| Spontaneous awareness | 28% | 22% | +6% |
| Happy to place long term investments with | 62% | 55% | +7% |
| Delivers good returns to customers | 43% | 35% | +8% |
| Is a leader in the retirement market | 50% | 35% | +15% |
| Cares about its customers | 47% | 39% | +8% |

Note: 1. Source: FSA returns 2012, exclude Industrial Branch policies, health insurance as per number of PruHealth lives reported in Discovery 2013 annual report, GI customer at January 2013; 2. Source: Prudential Brand Tracker (September 2013) provided by Opinion Leader Research. Base – Measures 1-4: all respondents, aged 45+. (1153) Measures 5-10: respondents aged 45+ who know a moderate amount or more about each company (68-271). Data is weighted to be representative of age, gender, SEG and Prudential customer.

Strengthening our position



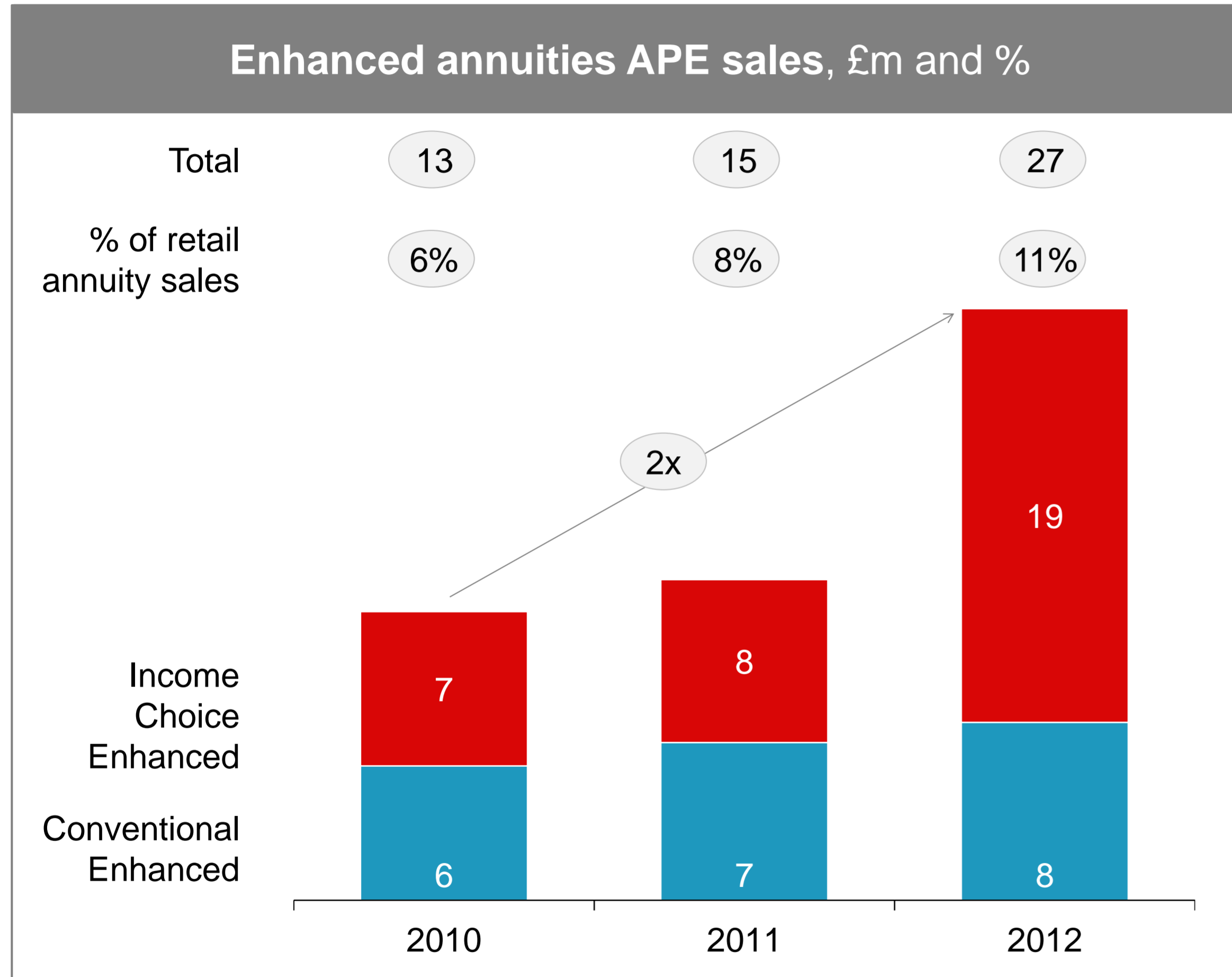
Existing strength in annuities



Source: 1. EEV modelling based on year-end 2012 in-force and latest Business Plan sales. 2016 sales are assumed to repeat for subsequent years.

- Comprehensive product proposition
 - Income Choice Annuity provides flexibility in a low interest rate environment
 - Competitive severe medical condition enhanced proposition
- Strong customer and IFA relationships

Growing contribution by enhanced annuities

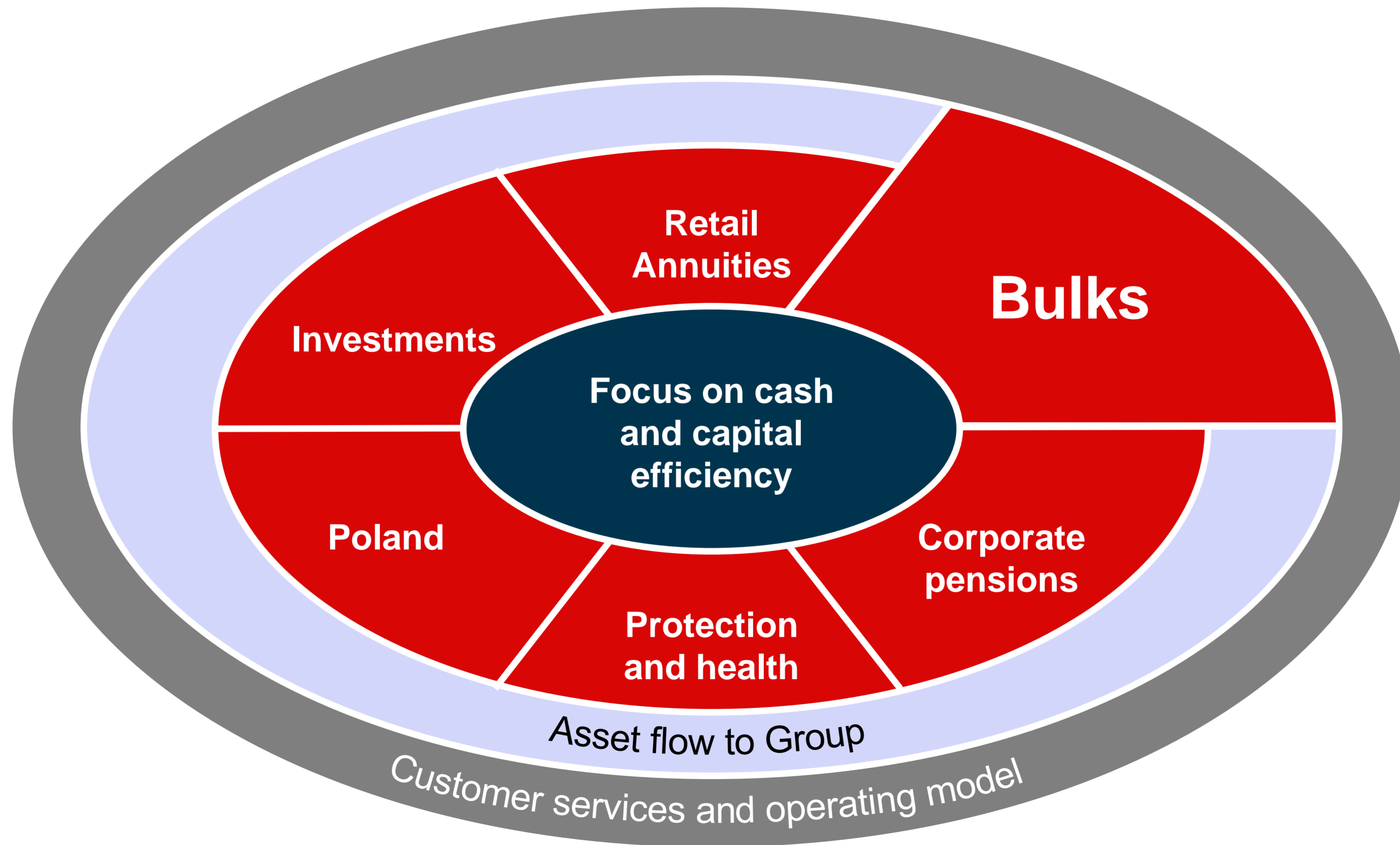


- Existing capabilities in enhanced annuities
- On-going effort to increase presence in this space
- Combining strength of Income Choice Annuity with enhanced proposition

Evolution of our retail annuities offering

- Move to individual underwriting
- Explore dynamic pricing capabilities
- Consider refining investment strategy

Strengthening our position

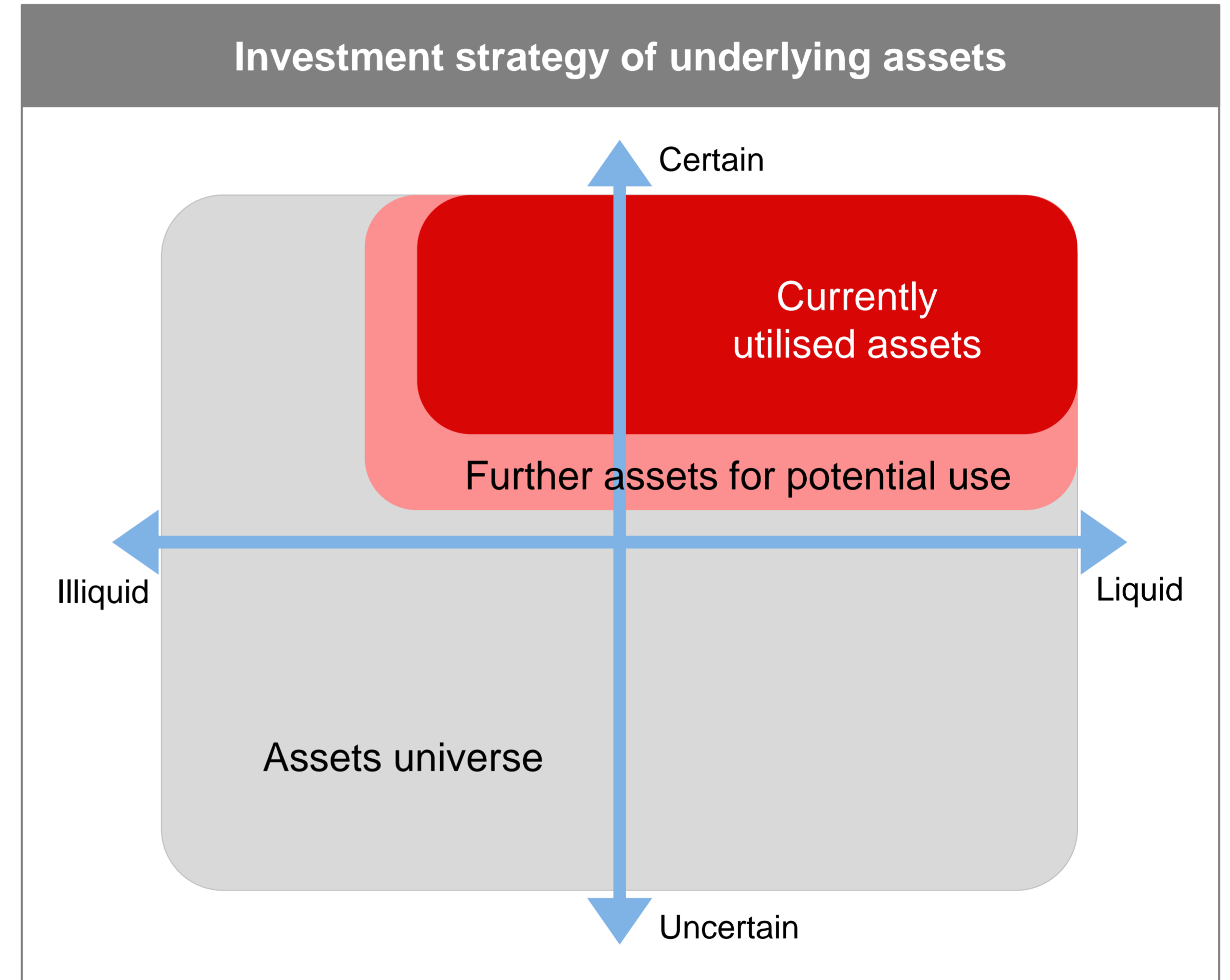
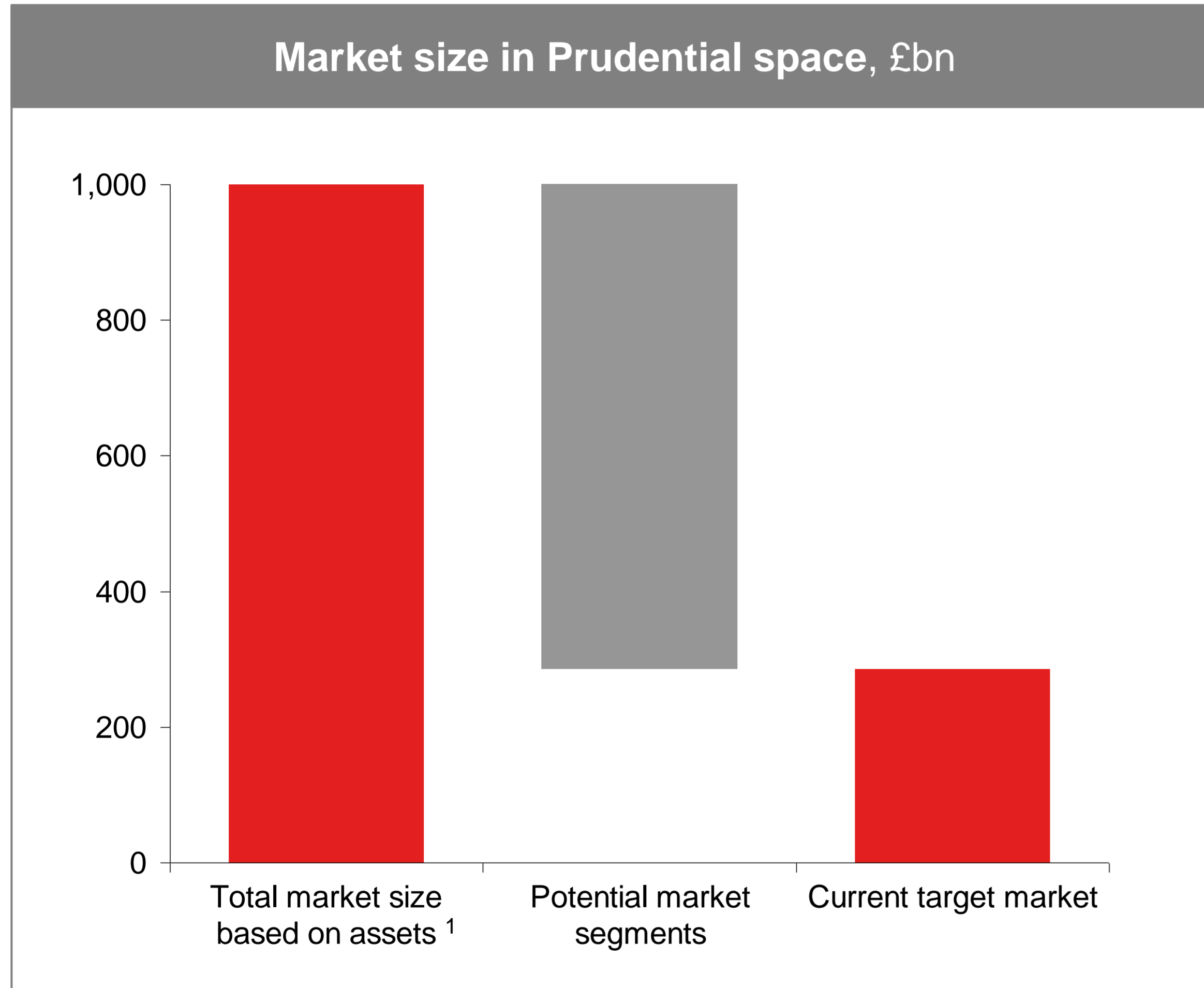


Selective approach to bulk annuities

- Significant proportion of £1tn de-risking market is within our target range
- Financial strength, recognised market brand and deal execution capability
- The extent and type of selection could vary as market characteristics evolve
- Continue to explore opportunities which meet our strict hurdle rate
- Bulk annuity transactions in 2013 generated £19m of APE sales¹

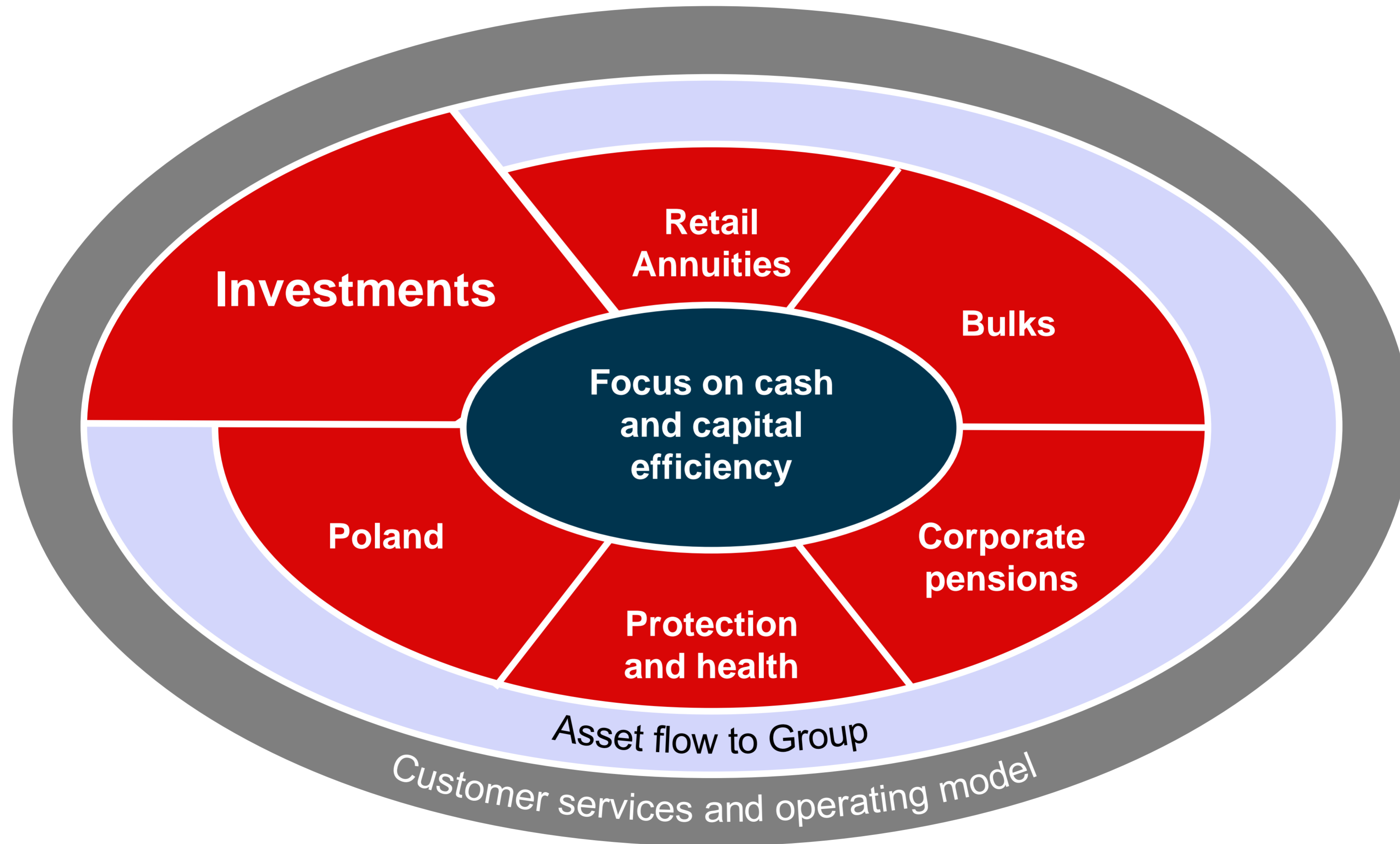
Note: 1. Bulk annuity sales are as per November YTD data

Evolution of our bulks approach



Source: 1. Purple Book 2012 produced by the Pensions Regulator covering information on 6,316 schemes

Strengthening our position



Core set of competitive advantages to compete in the fast-growing investment market

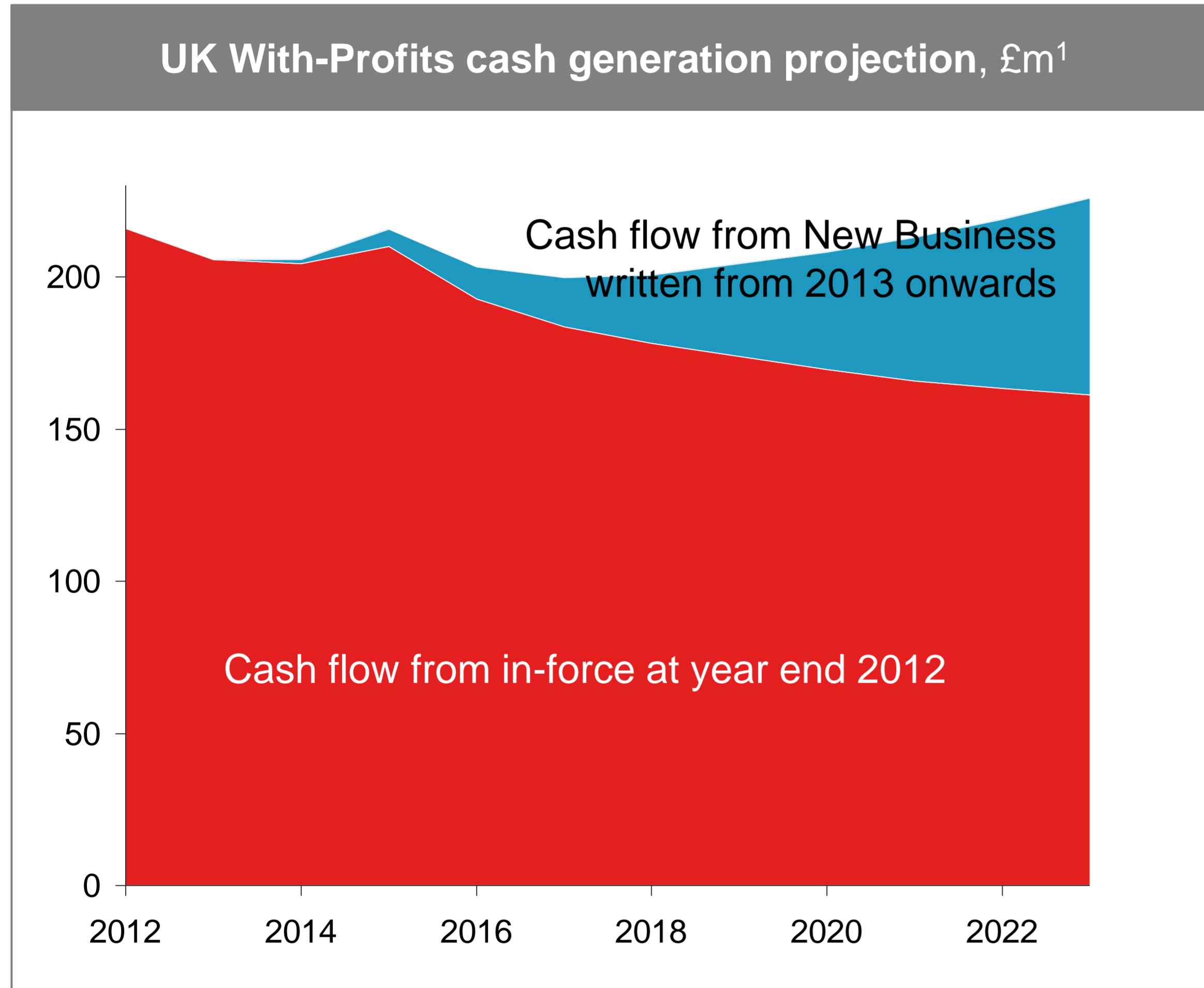
Market opportunity

- **Increasing need for lower risk products**
- Growing collectives investment market
- Increasing flow of funds into online platforms

Prudential capability

- Large, well-capitalised with-profits fund
- Strong track-record of performance
- Valuable consumer brand
- Diverse distribution
- Differentiated smoothed / guaranteed investment solutions

With-Profits remains core to our offering



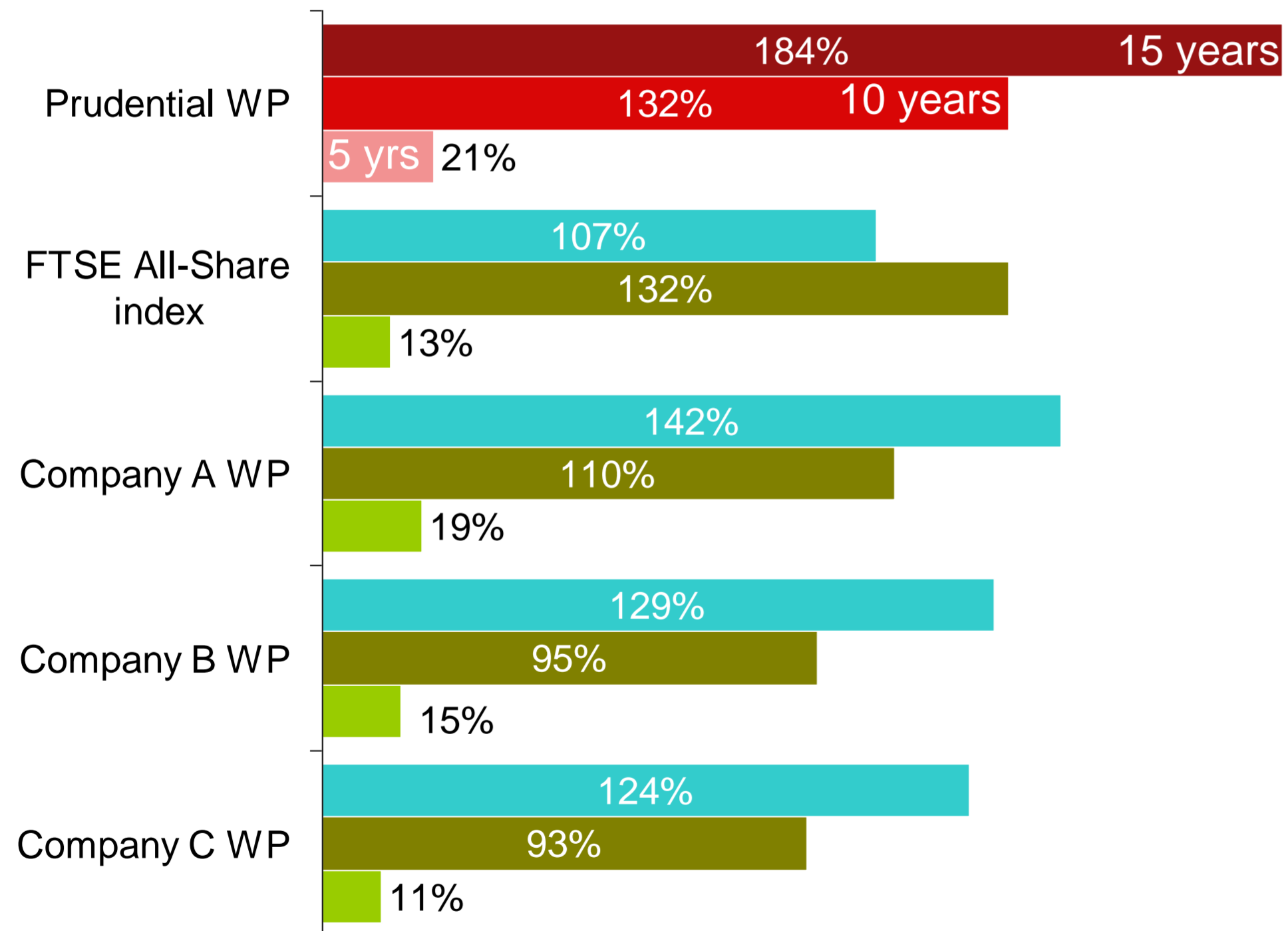
Source: 1. EEV projections. Note: 1. UK only, projections show the shareholder transfer (i.e. after tax) in the year paid (transfers are paid annually in arrears)

- Substantial With-Profits cash-flow
- Meets customer needs and delivers value to policyholders
- AA PAC rating and strong inherited estate
- Hong Kong domestication on track

Compelling proposition

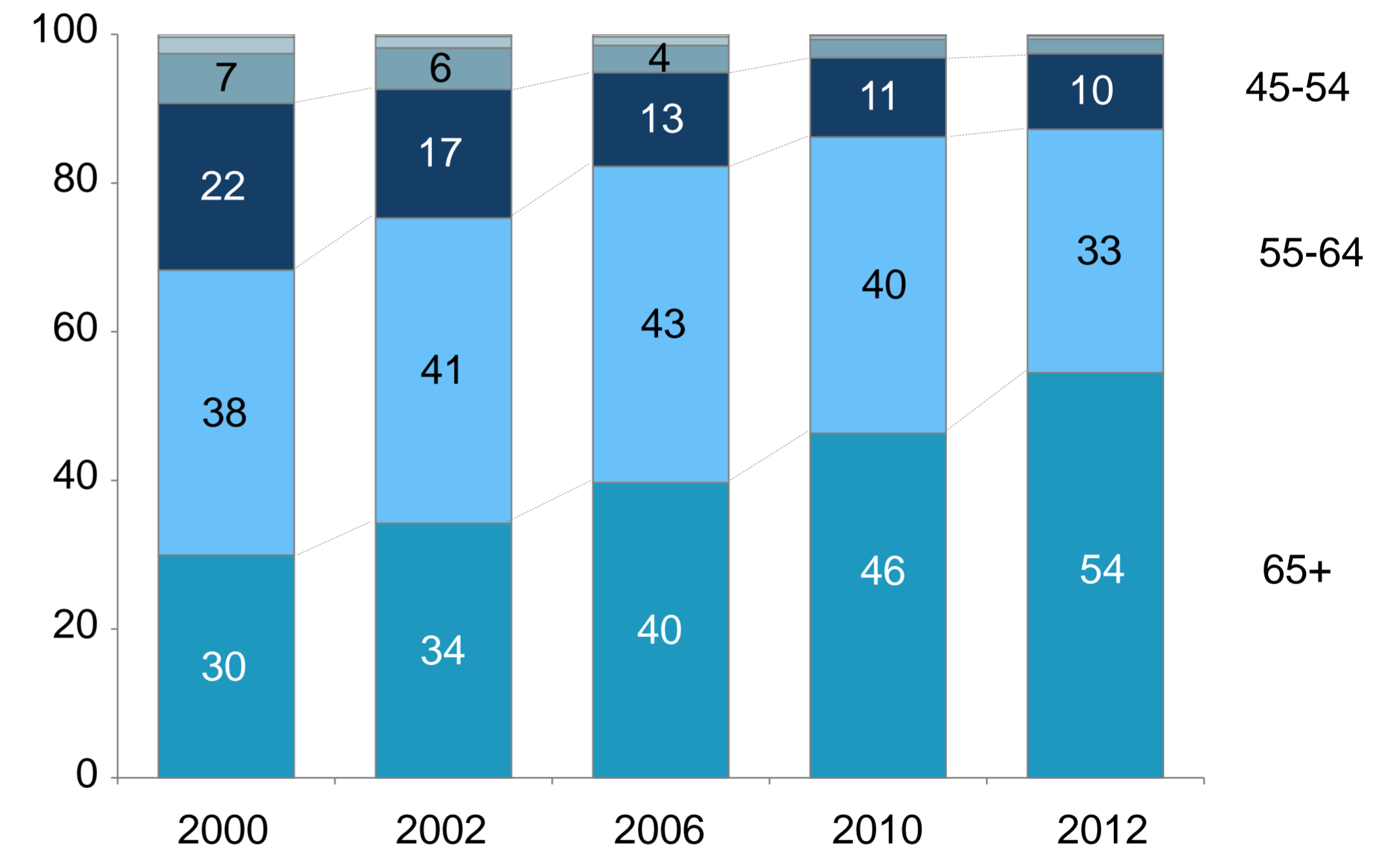
WP fund outperforming competitors

5, 10 and 15 year cumulative return to end 2012¹, %



Pru propositions appealing to the older segments

Share of new Prudential bonds policy holders, %

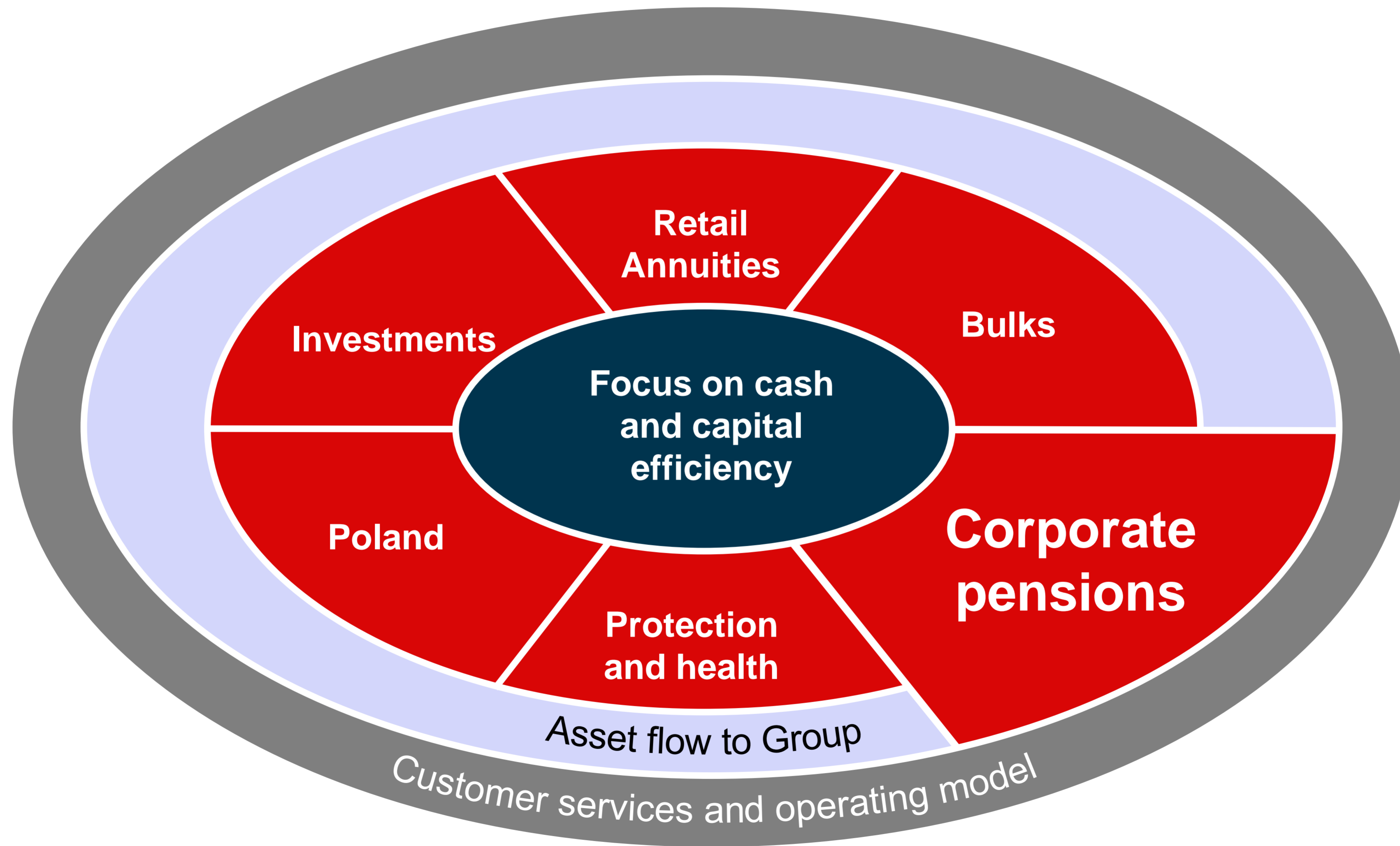


Sources: 1. Financial express. Notes: 1. WP gross performance is gross of tax, charges and effects of smoothing. Cumulative returns for Company A, B and C have been calculated internally based on annual returns gathered from publicly available sources; these may differ from figures quoted by the company

Evolution of our investments offering

- Deploy PruFund range of funds into tax wrappers (eg ISA)
- Expand our on-shore bonds proposition
- Enhance the range of features of our product proposition (meeting customer and advisor needs)

Strengthening our position



Positive contribution from corporate pensions

Market opportunity

- Growth in market due to auto-enrolment, shift from DB to DC, and asset growth
- Leading providers are focused on large employer segment
- Certain providers developing self-service propositions for SMEs

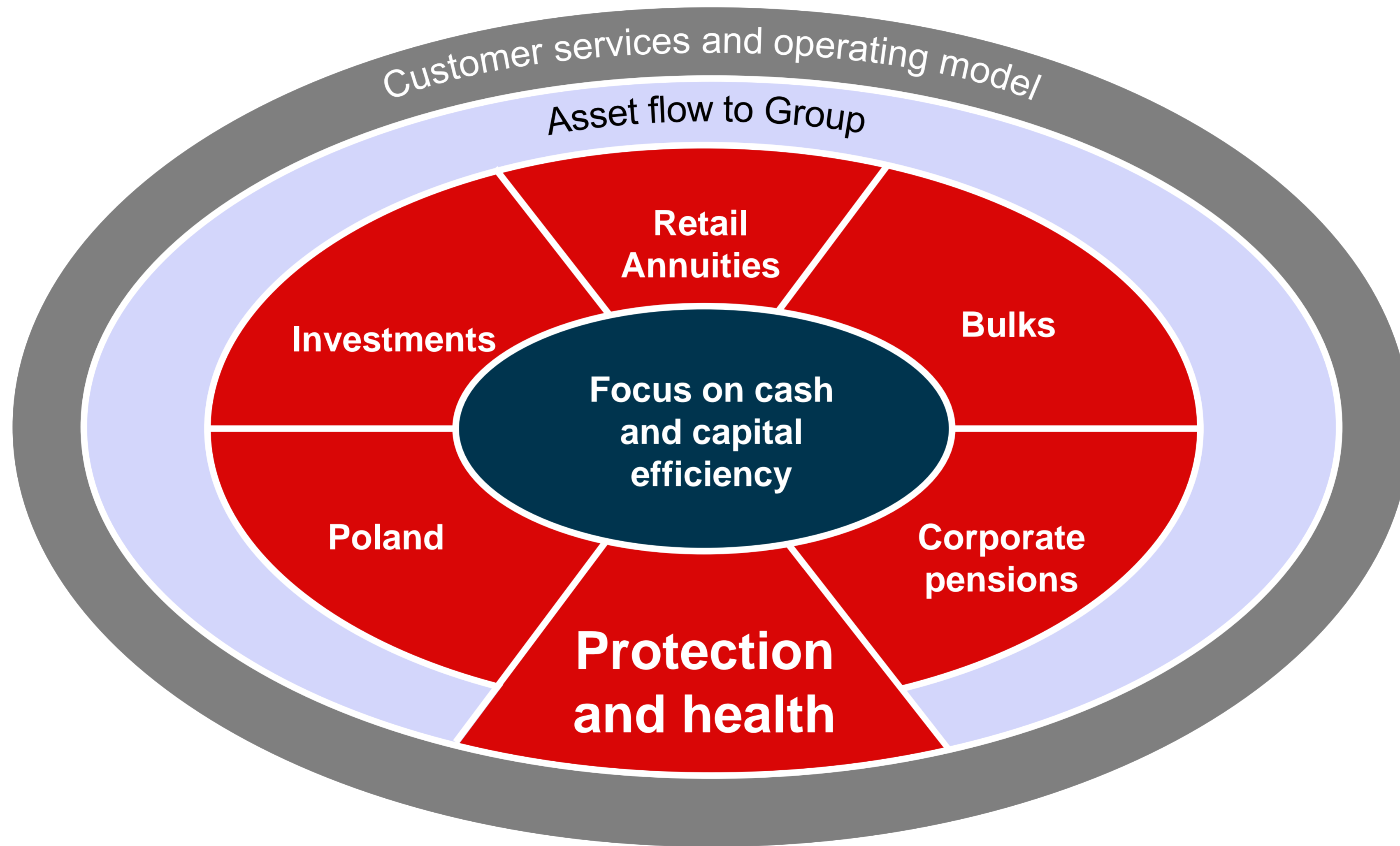
Prudential capability

- Strong contribution across almost all schemes
- Strategic platform which largely supports AE already in place – enabling retention opportunity
- Small investment in propositions and team enables value maximising strategy

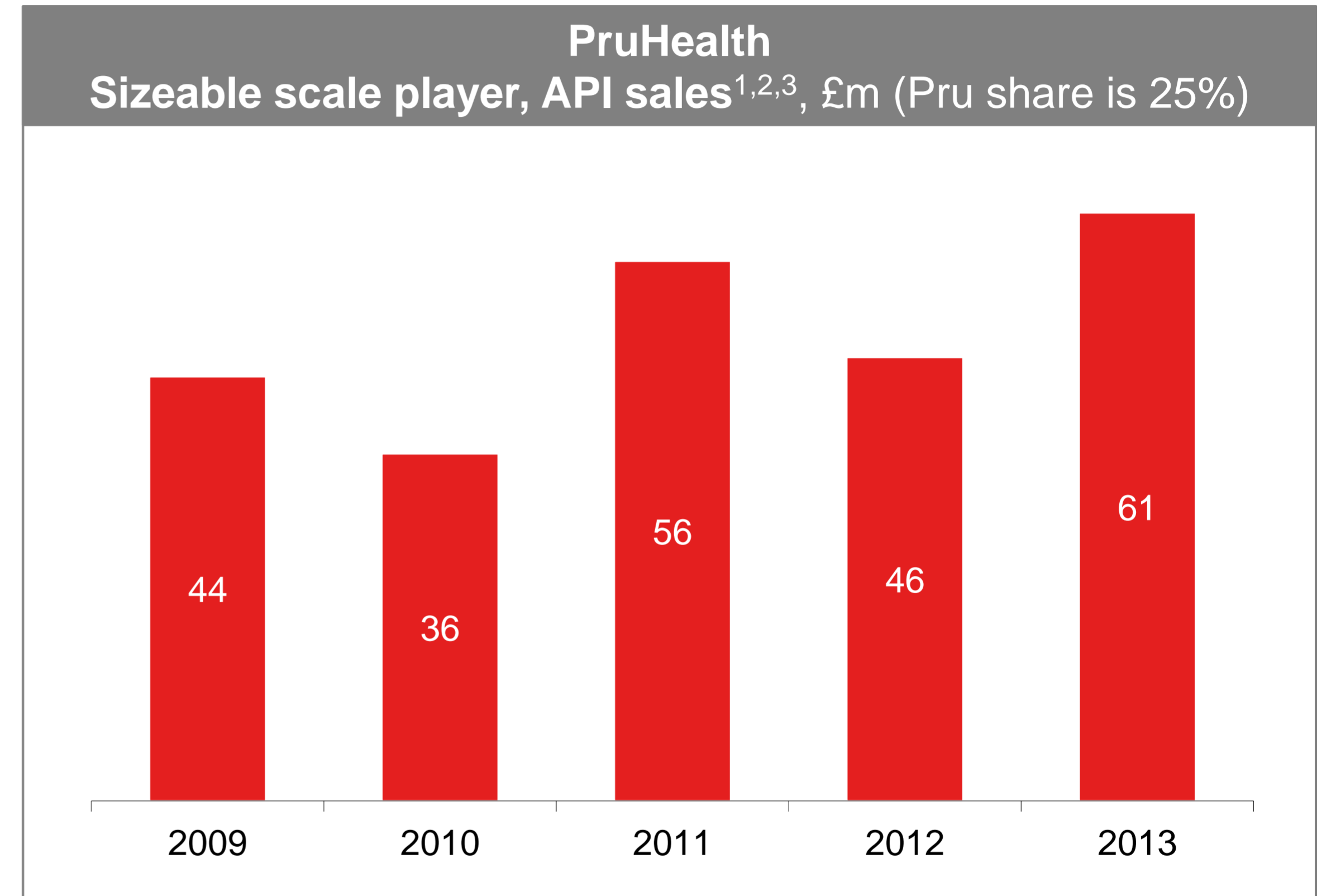
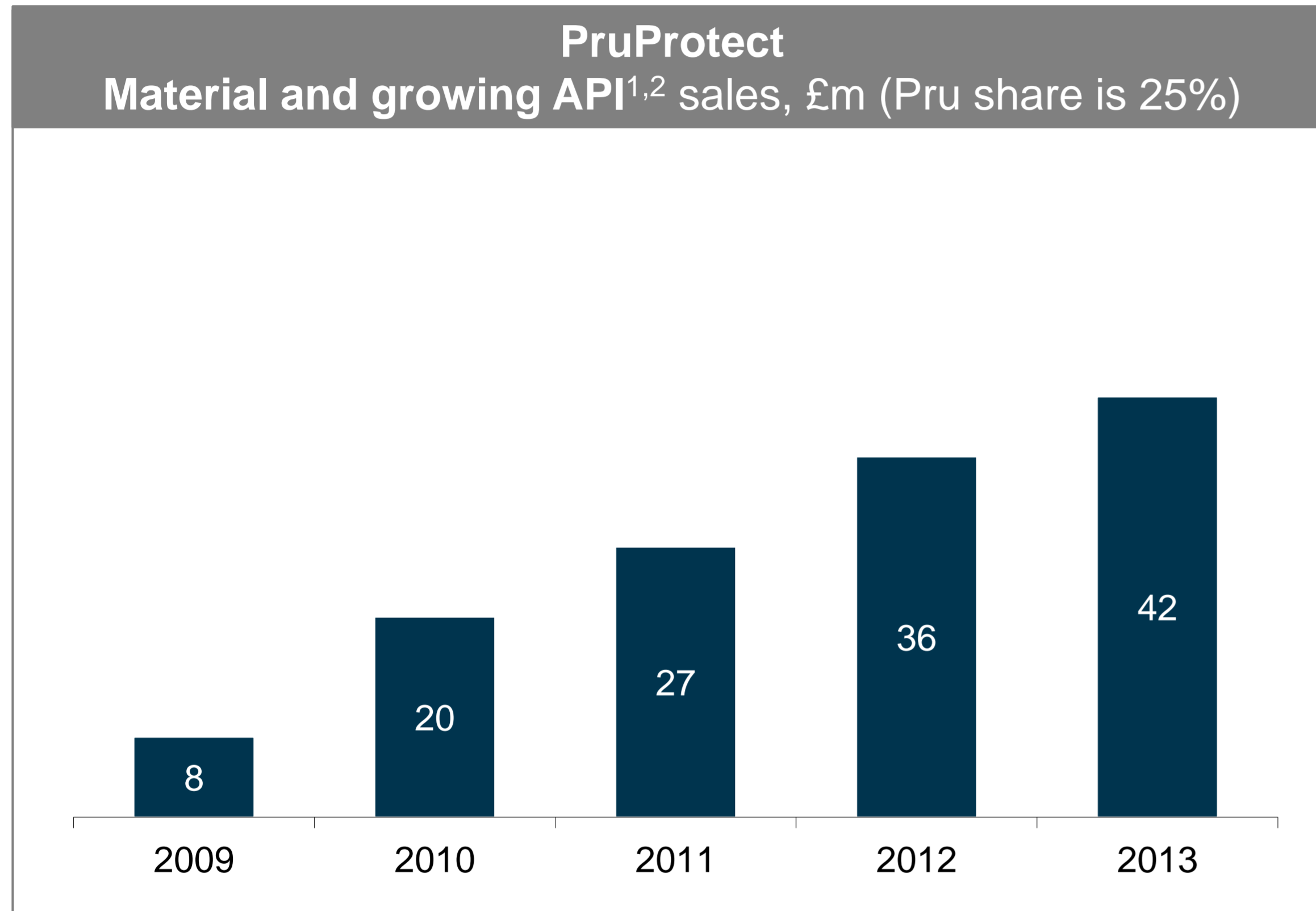
Maintain current approach

- Maintain market-leading presence in Public Sector through AVCs
- Maximise cross-selling opportunities
- Not actively seeking to compete with large scale providers for new schemes

Strengthening our position

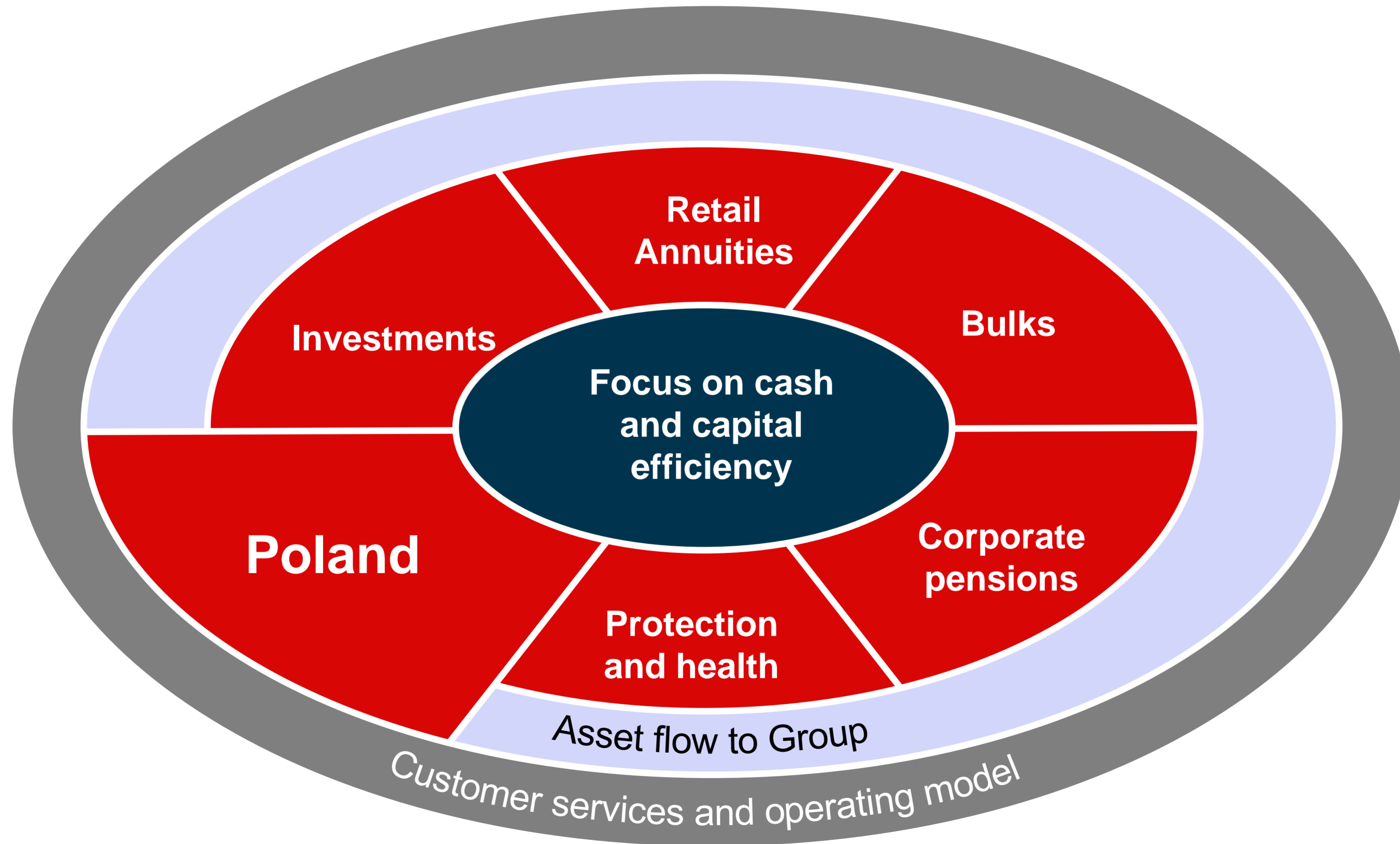


Successfully entered protection and health in recent years

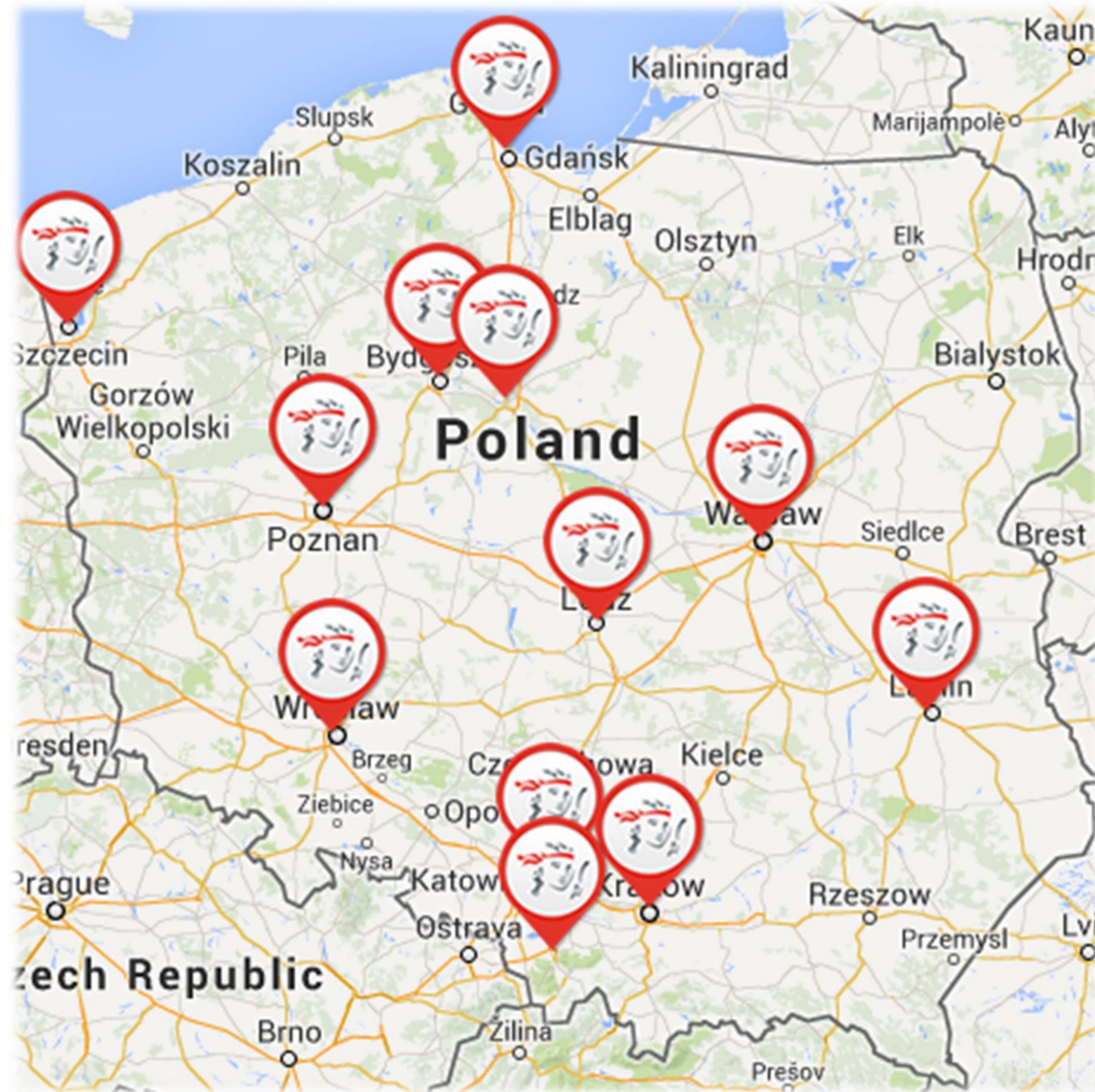


Note: 1. As reported in Discovery annual report and converted in GBP according to the exchange rate reported by Discovery. 2. New business annualised premium income (API) is calculated at 12 times the monthly premium for new recurring premium policies and 10% of the value of new single premium. 3. 2012 sales as reported by Discovery in annual report. 2012 comparative increased from £46m to £47m in 2013 to reflect a change in basis.

Strengthening our position

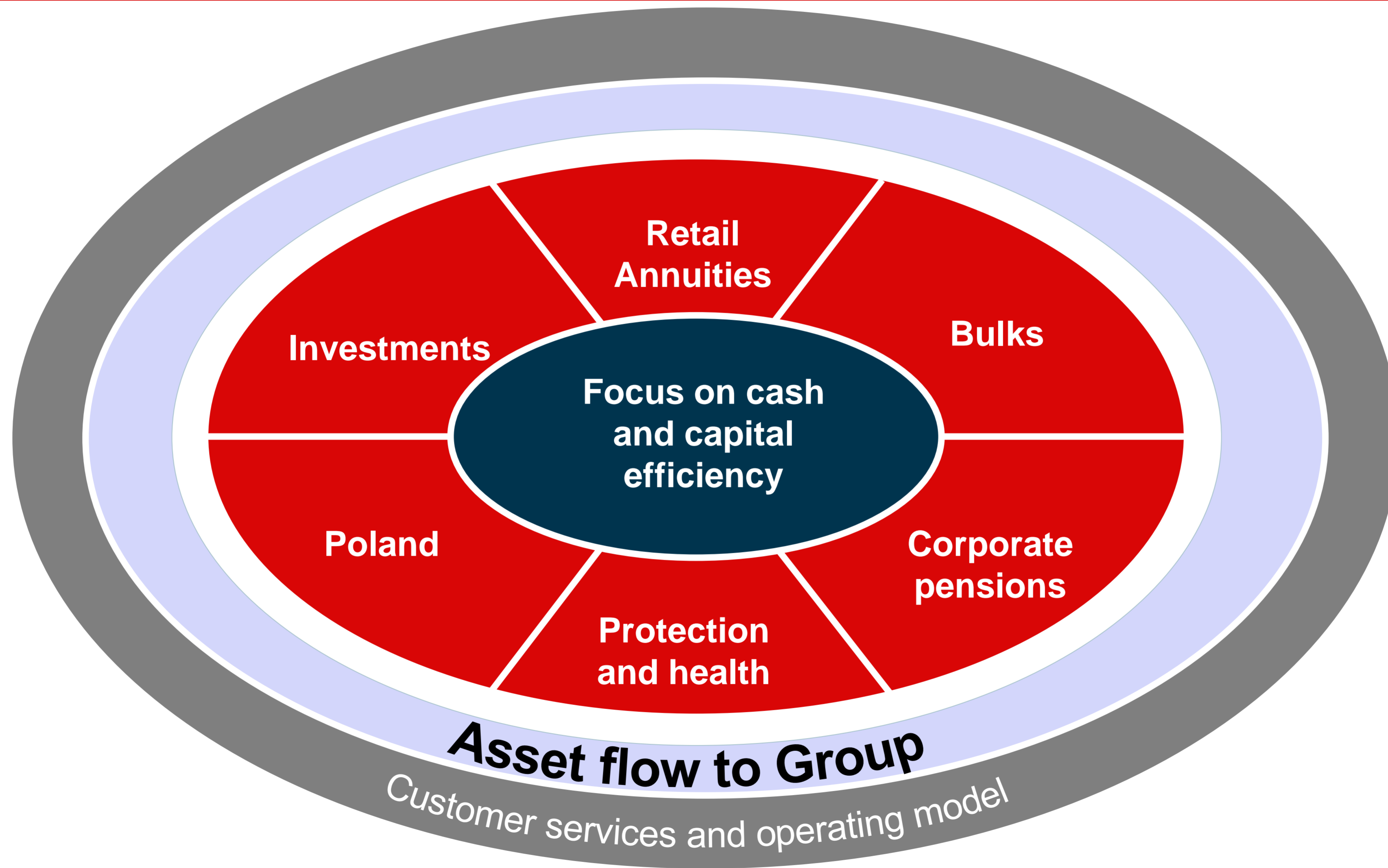


Strong start of Prudential Polska



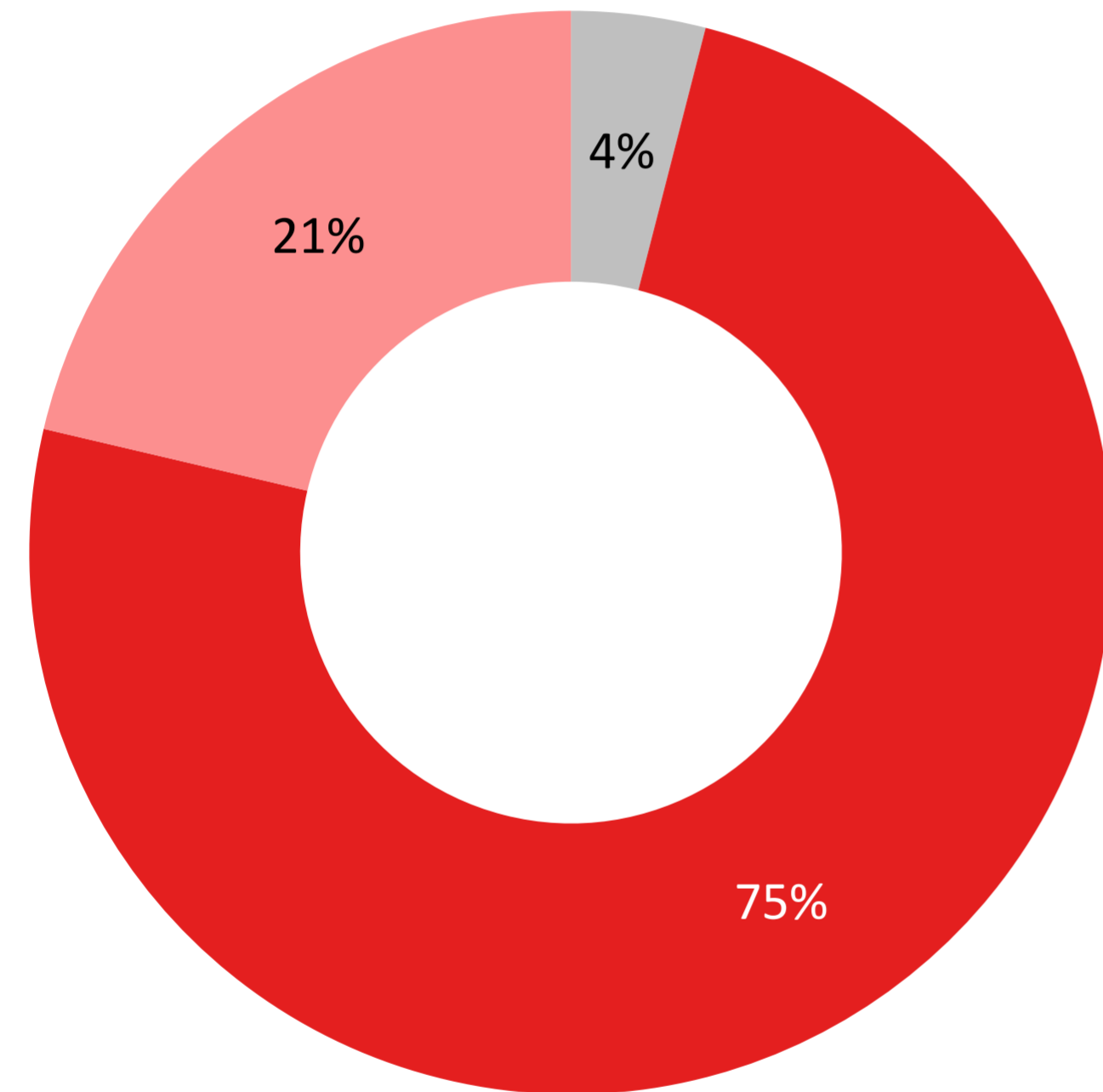
- 12 branches active as of November 2013
- Agents' recruitment and training is ahead of Plan
- Sales ahead of Plan

Strengthening our position



Largest contributor of assets to M&G

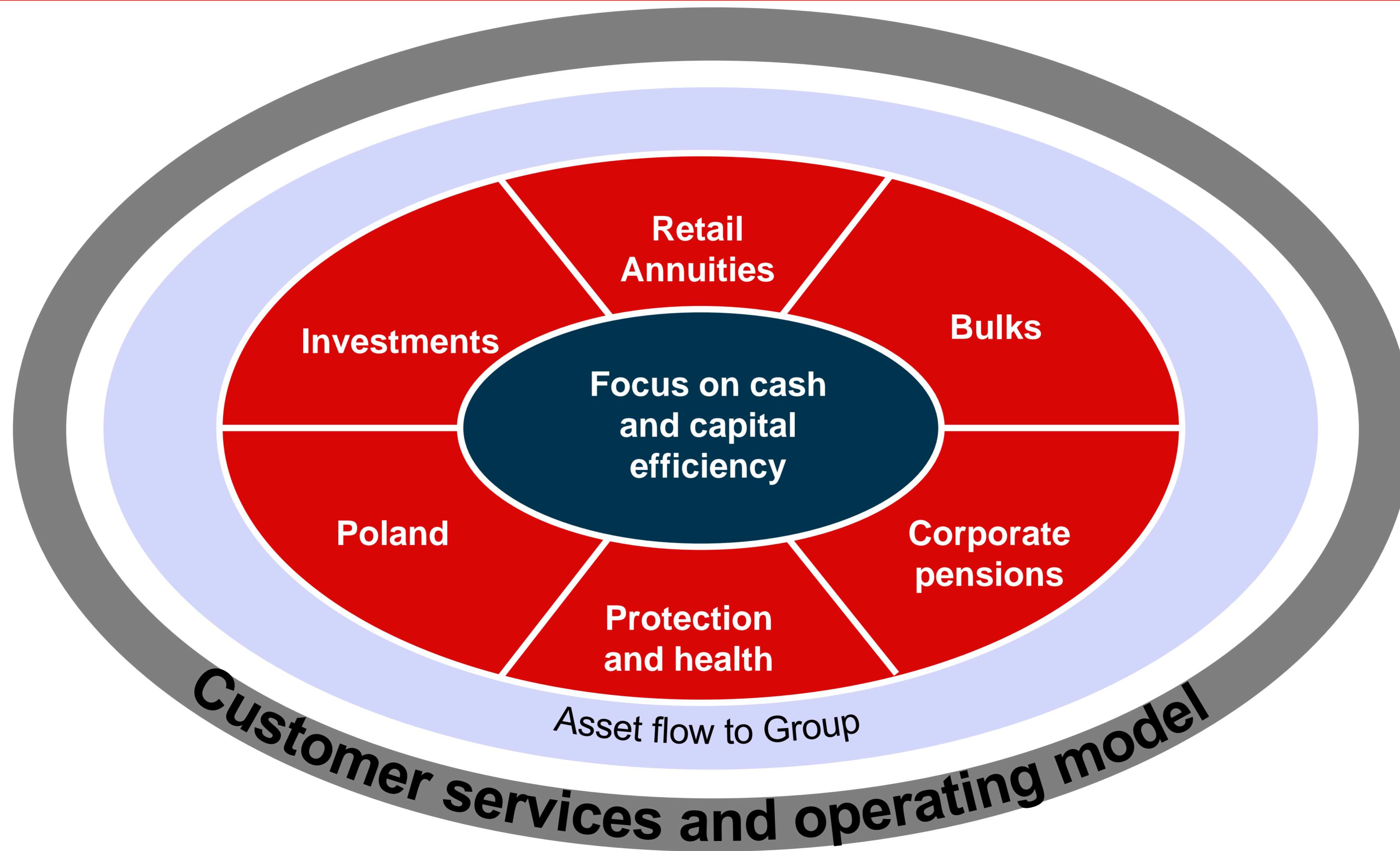
Prudential assets managed internally and externally, £bn



■ External ■ M&G ■ Other Group Asset Managers

- UKIO total investments at 30 June 2013 = £152bn
- 96% of assets managed by Prudential Group
- Majority of funds invested via M&G
- Pru UK assets represent over 50% of Group investments and approximately 50% of M&G's total FUM

Strengthening our position

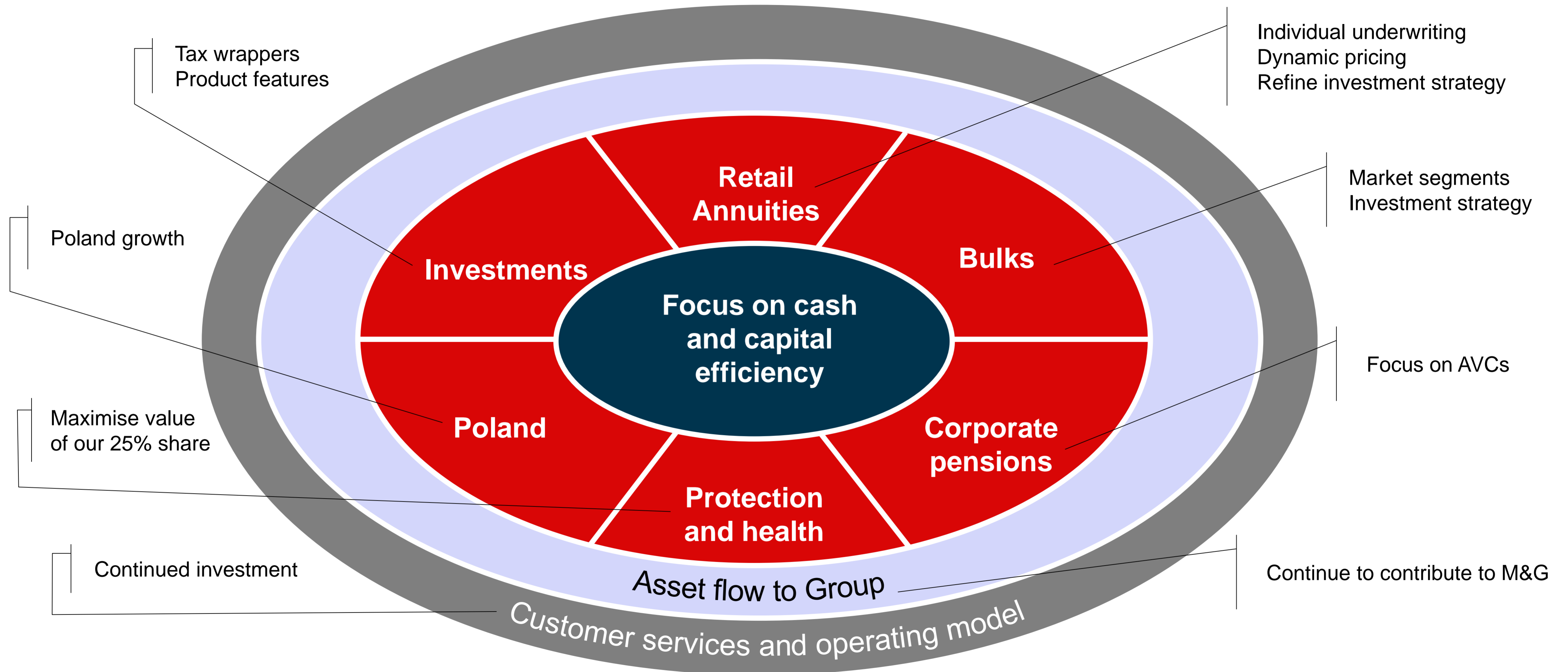


Evolution of our customer services capability



- Existing strong focus on customer services
- Continued investment in advisors support
- Exploring digital opportunities

Broadening our approach and optimising our capabilities



Agenda

- Current strategy and key financials
- External outlook and industry trends
- Strengthening our position
- Looking towards the long term

Delivering profitable growth

- Continue to develop the business from a position of strength
- Robust balance sheet and valuable franchise
- Clear focus on execution of identified opportunities
- On-going emphasis on generating cash and creating shareholder value