



Cash, capital and earnings

Nic Nicandrou
Chief Financial Officer

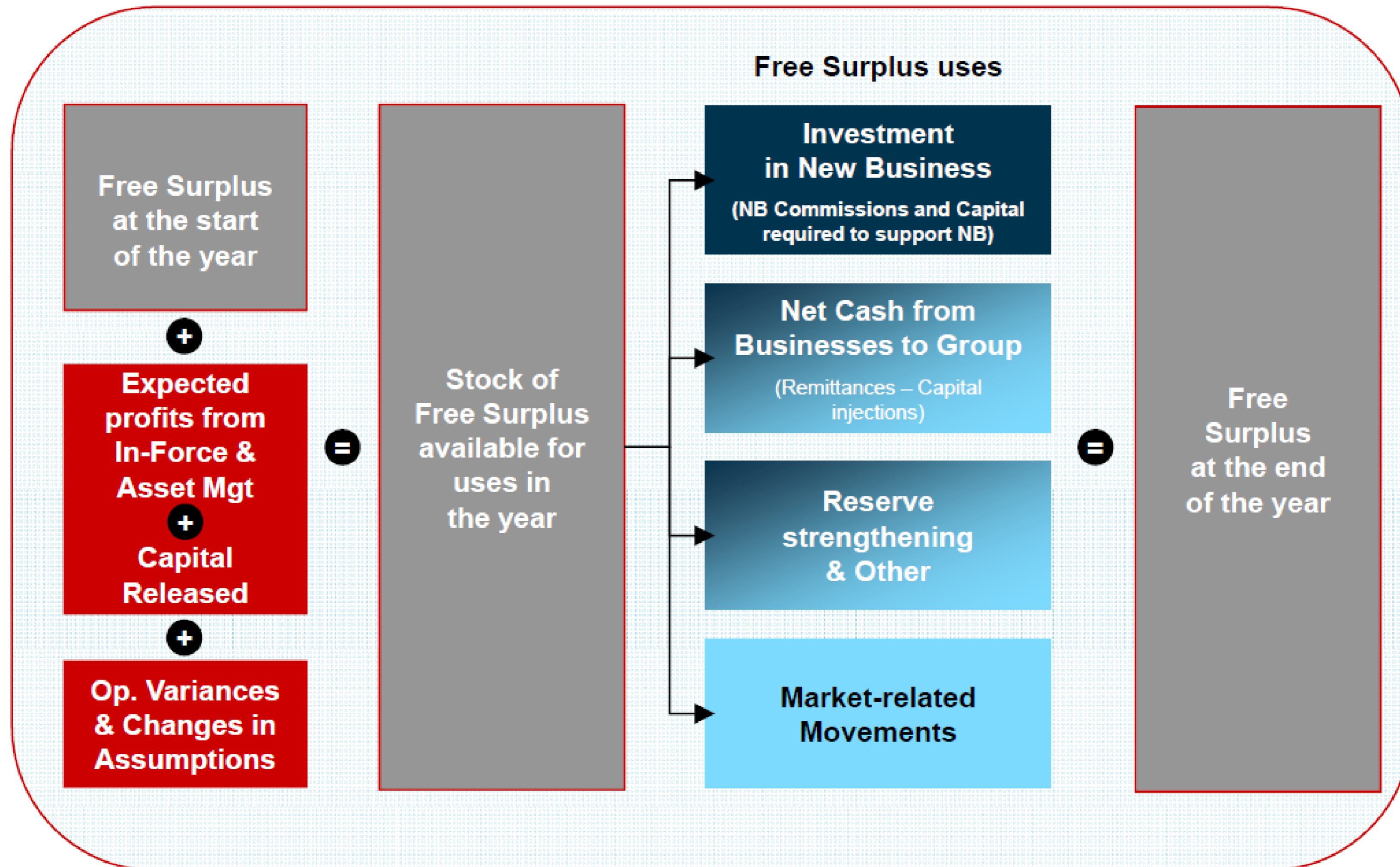
Free surplus generation

A key area of management focus

Free Surplus

Asia IFRS

Other Items



2008 FY results presentation

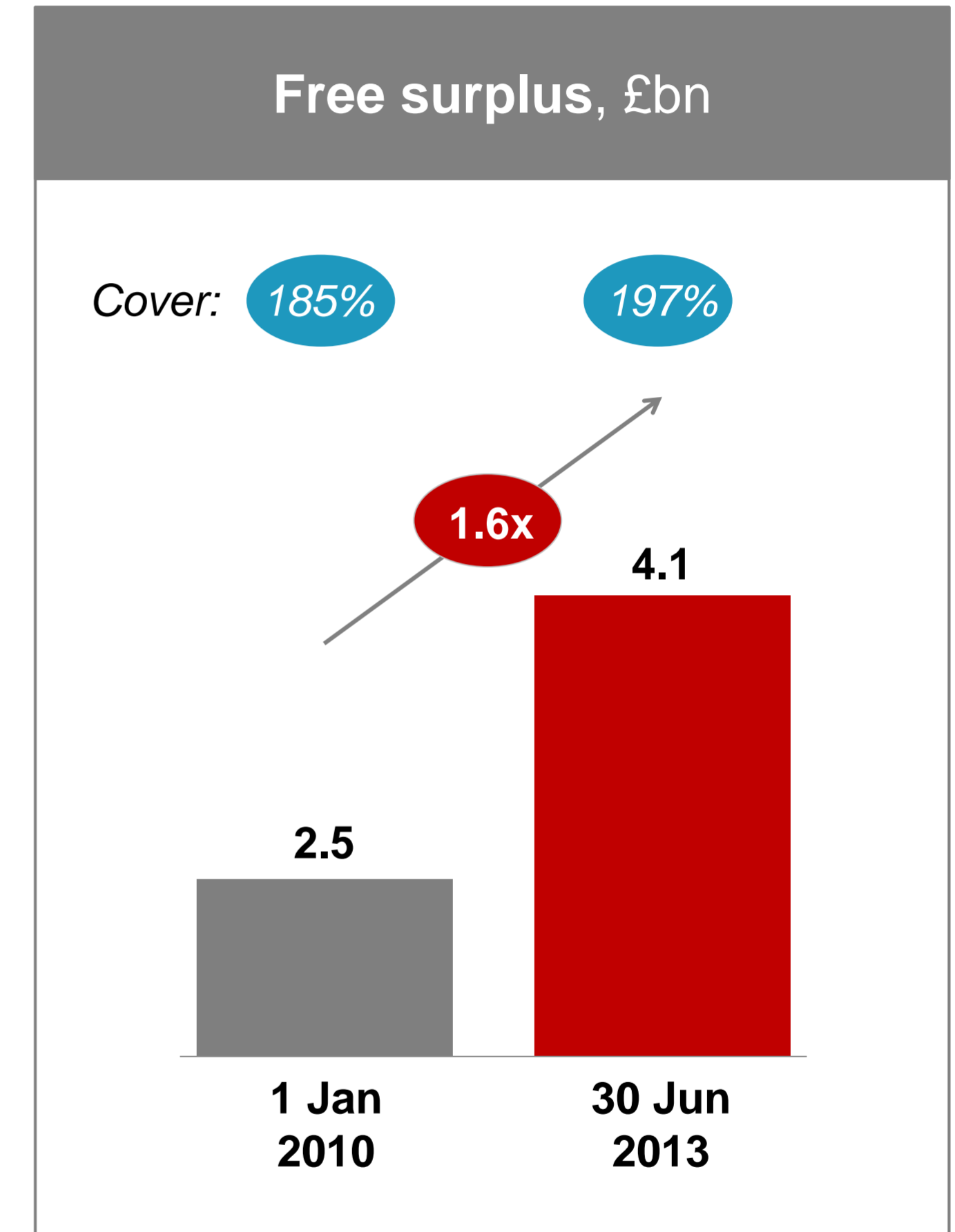
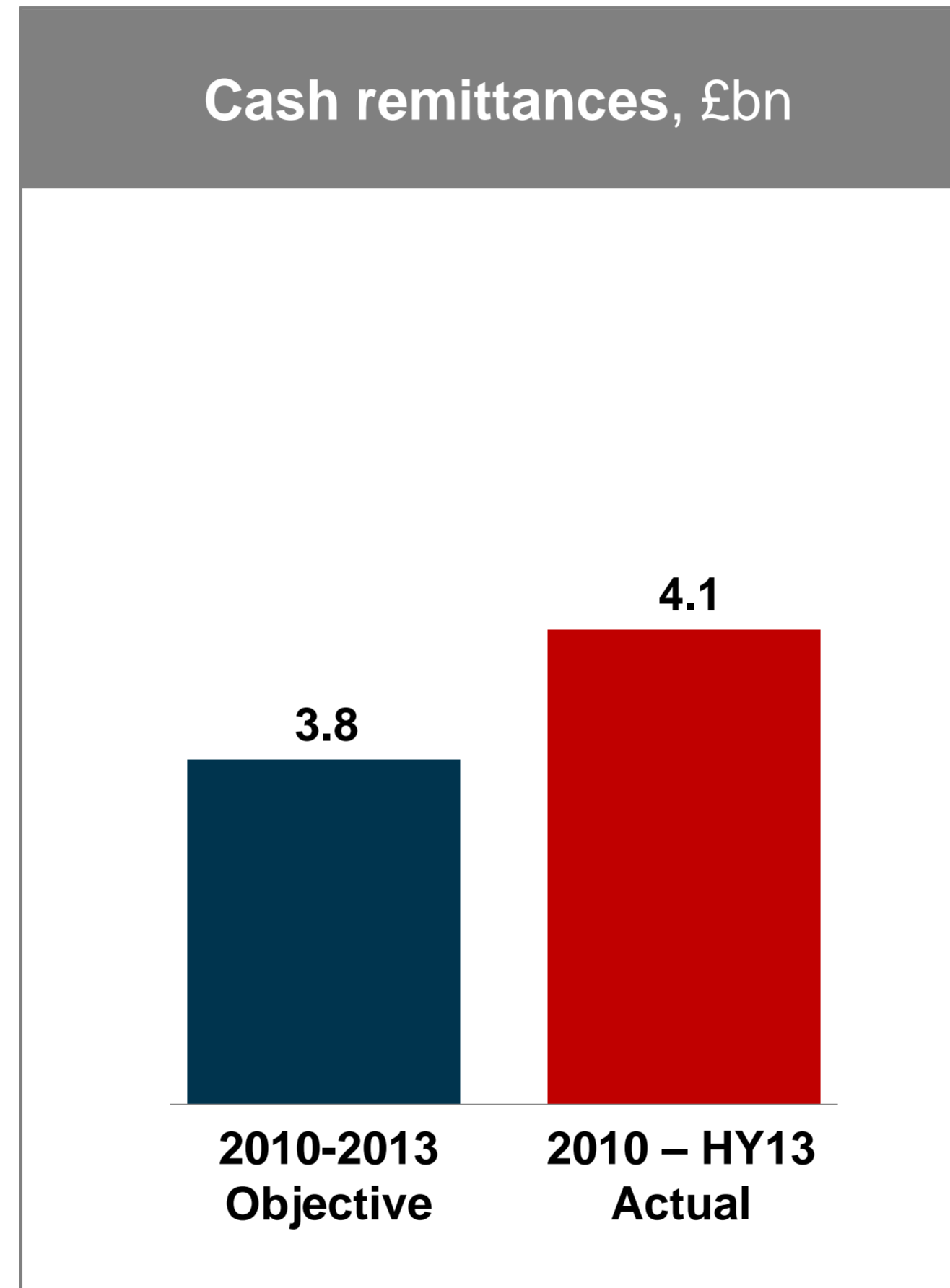
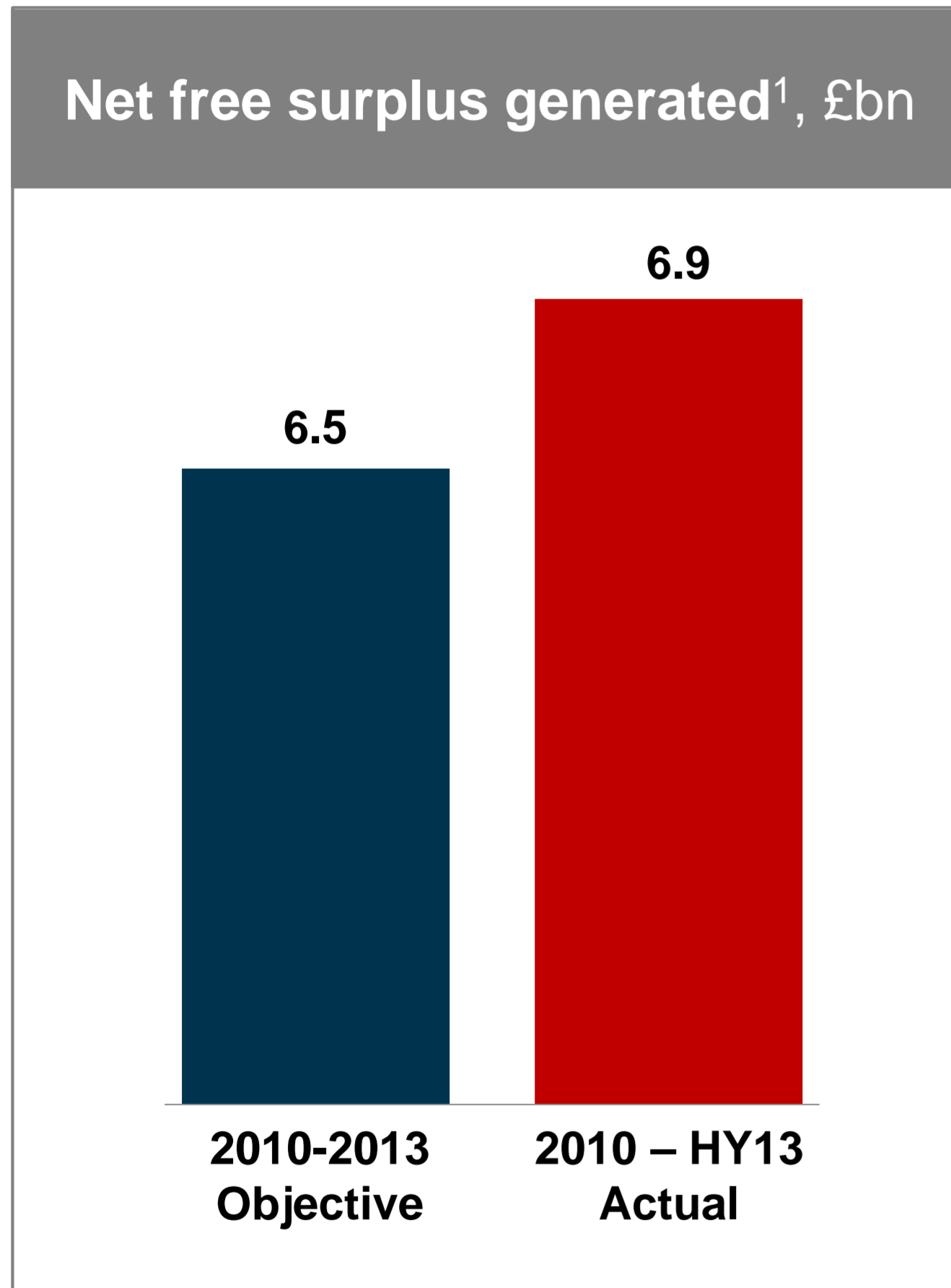
Free surplus generation

A strong track record of delivery

Free Surplus

Asia IFRS

Other Items

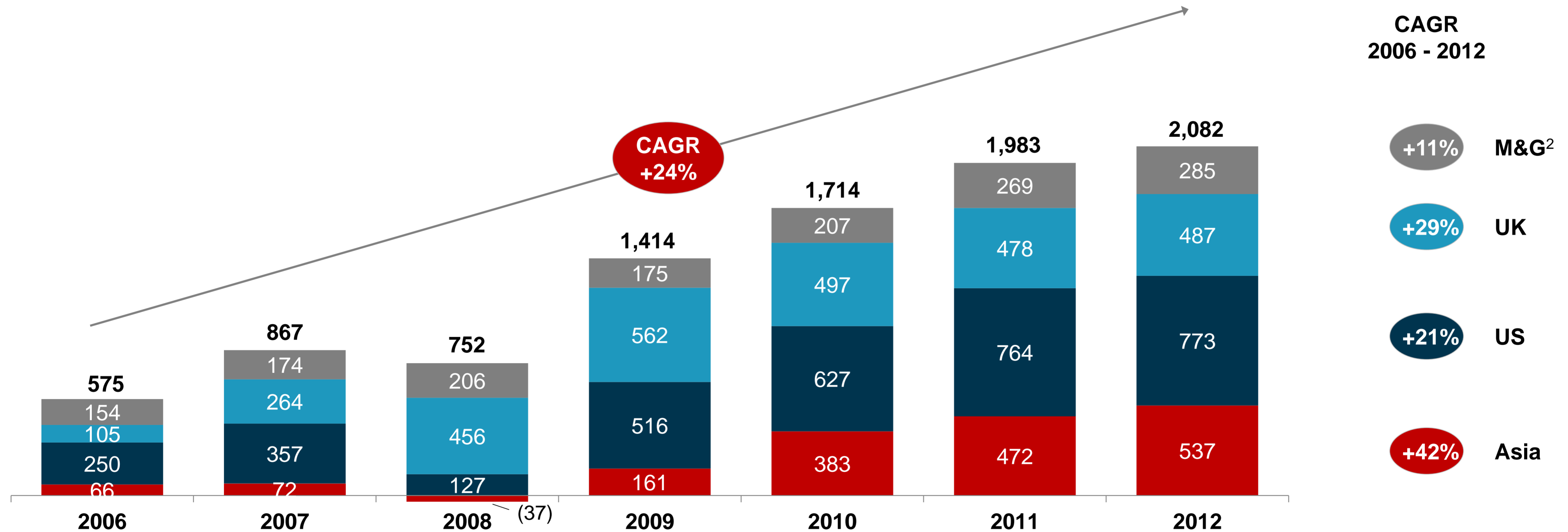


¹ expected profits from in-force and asset management, capital released, operational variances and changes in assumptions, less investment in new business

Growth in net free surplus generated

Broad-based growth has driven free surplus generation

Net free surplus generated¹, £m

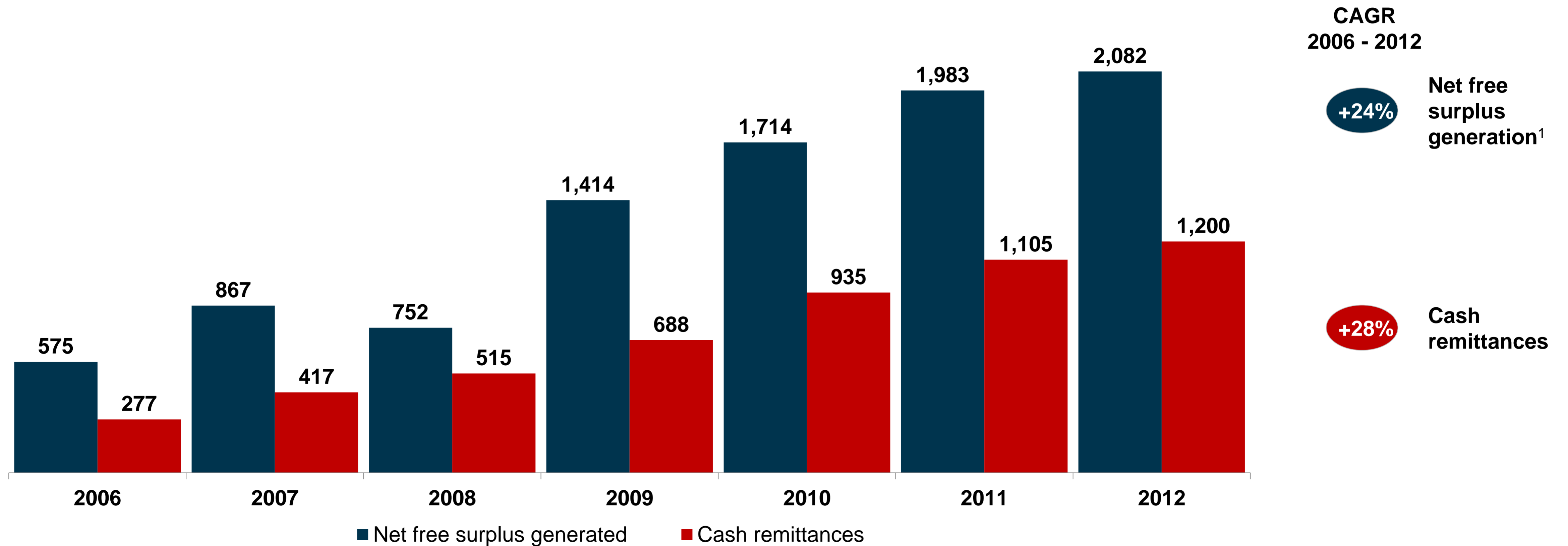


¹ expected profits from in-force and asset management, capital released, operational variances and changes in assumptions, less investment in new business
² including Prudential Capital

Growth in cash remittances

Driven by increase in free surplus generation

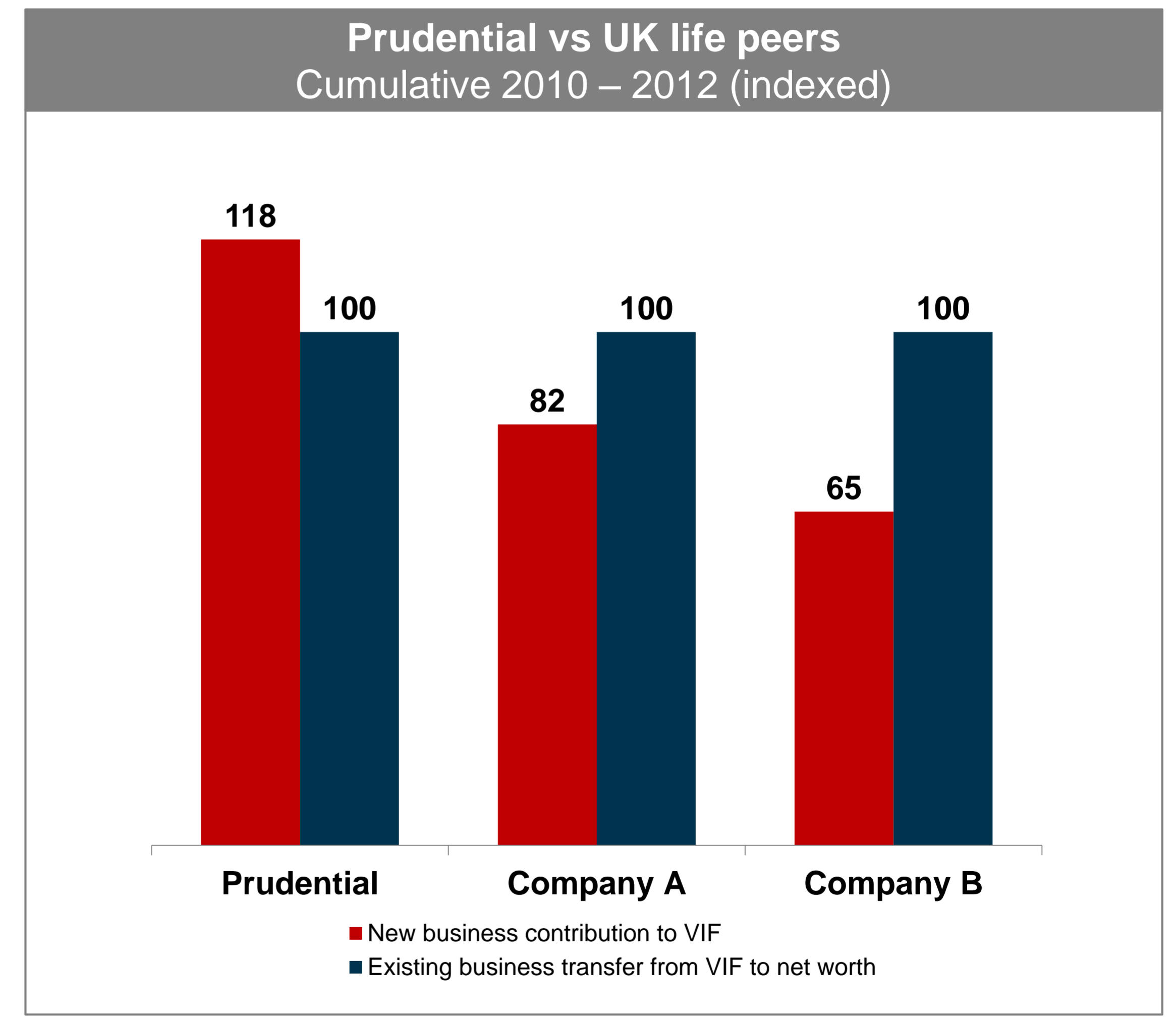
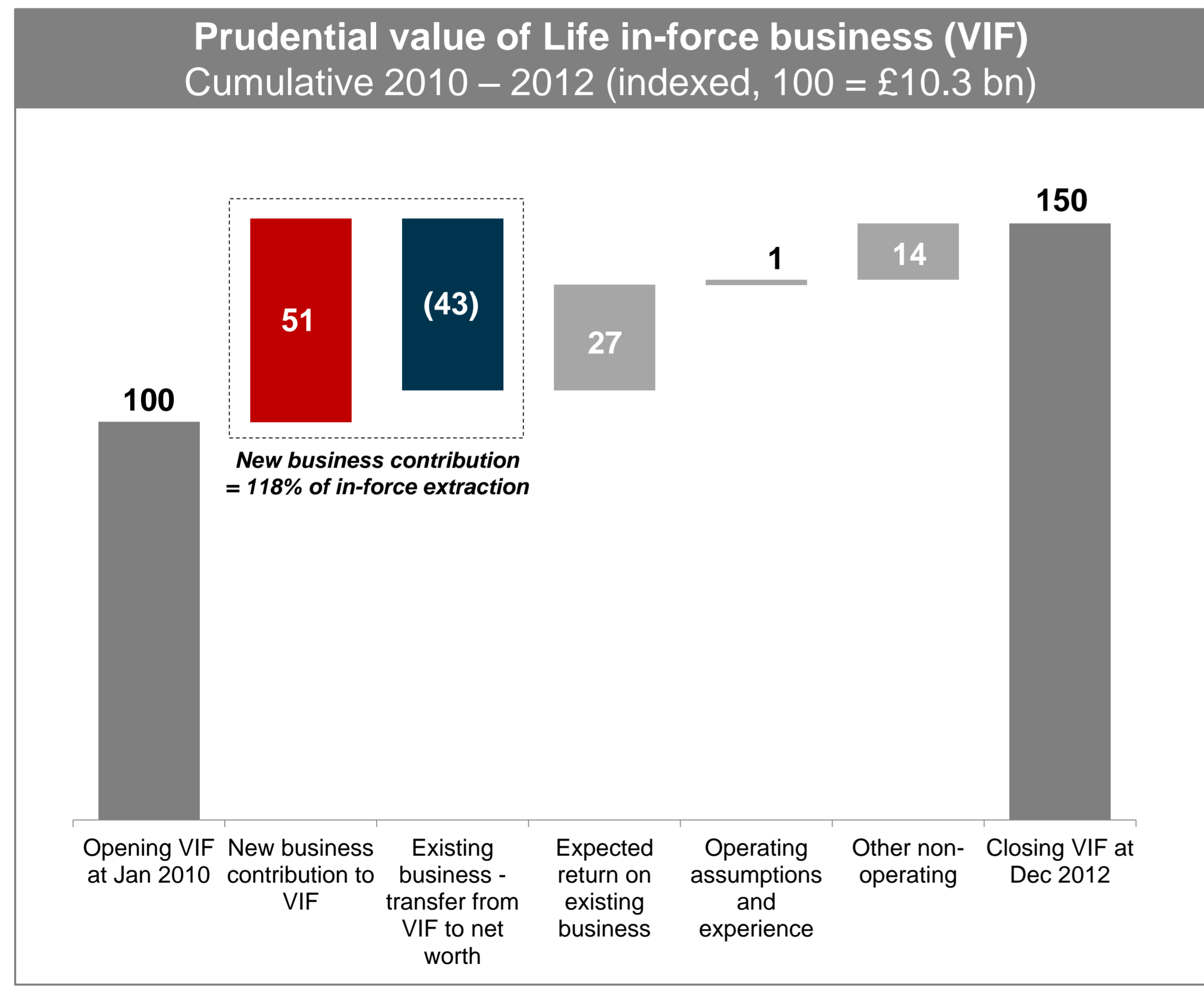
Net free surplus generated¹ and cash remittances, £m



¹ expected profits from in-force and asset management, capital released, operational variances and changes in assumptions, less investment in new business

Growth in in-force portfolio

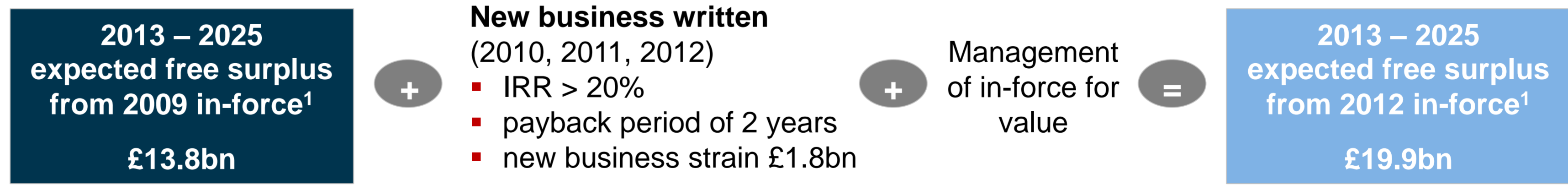
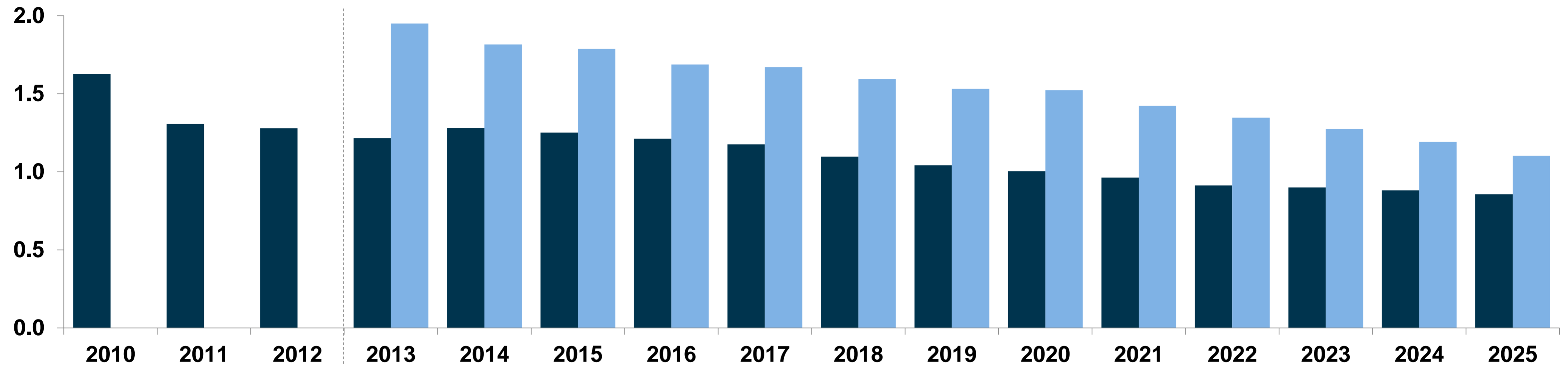
New business contribution building in-force portfolio



Life free surplus generation

High quality new business enhances future generation

Group expected Life free surplus generation, 2010 – 2025, £bn
(undiscounted, before investment in new business)



¹ expected profits from in-force and capital released, before investment in new business, excludes asset management

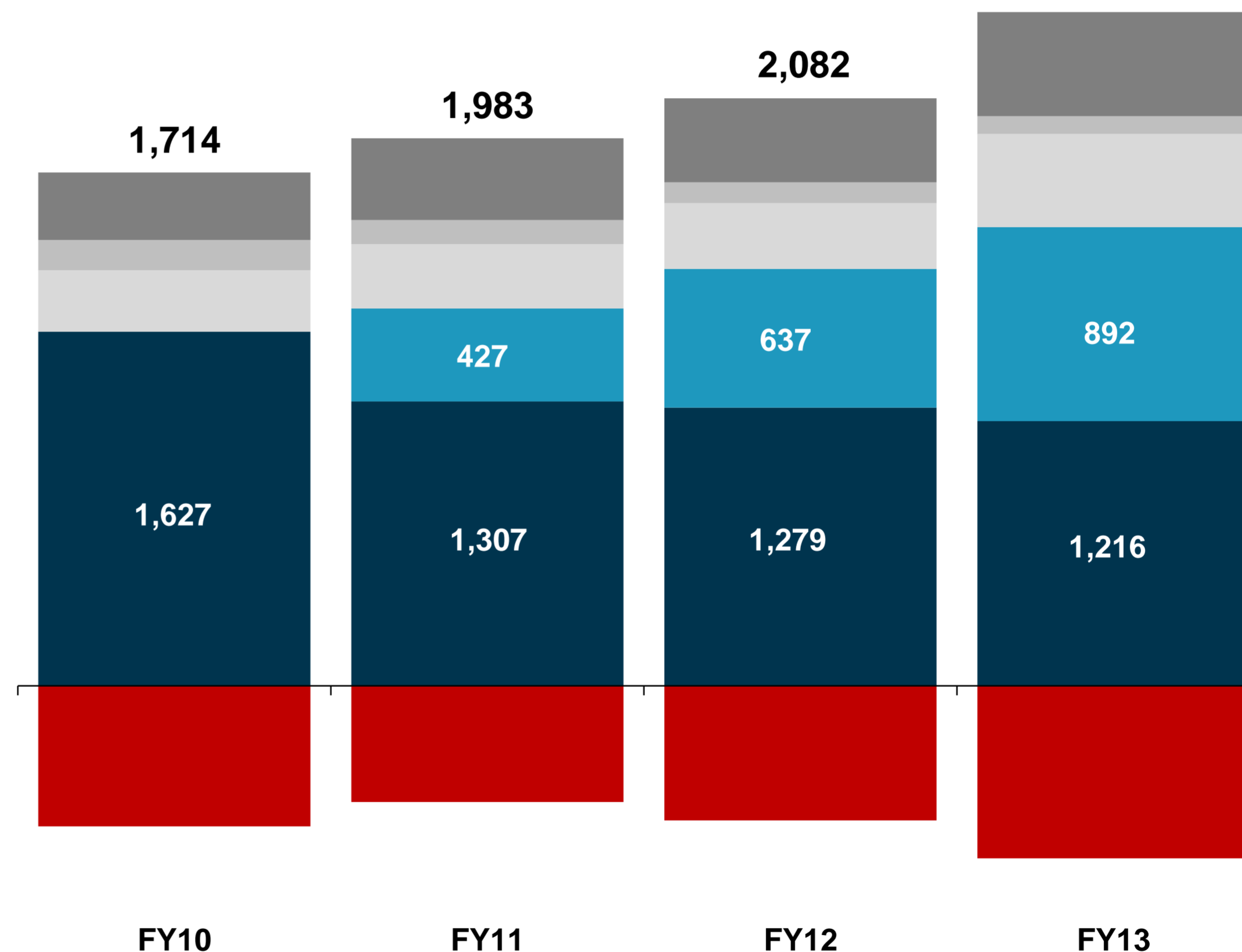
Group free surplus generation

High capital velocity

Cumulative net free surplus generated 2010 – 2013 HY, £m

Expected free surplus from 2009 in-force	4,821
	-
New business strain	(2,192)
	+
Expected free surplus from new business	1,510
	+
Positive experience	1,095
	+
Investment return on free surplus	386
	+
Asset management	1,311
	=
Net free surplus generation	6,931

Net free surplus generated¹, £m



¹ FY13 new business strain, return on net worth, assumptions / experience and asset management reflect annualised HY13 numbers

Group free surplus generation

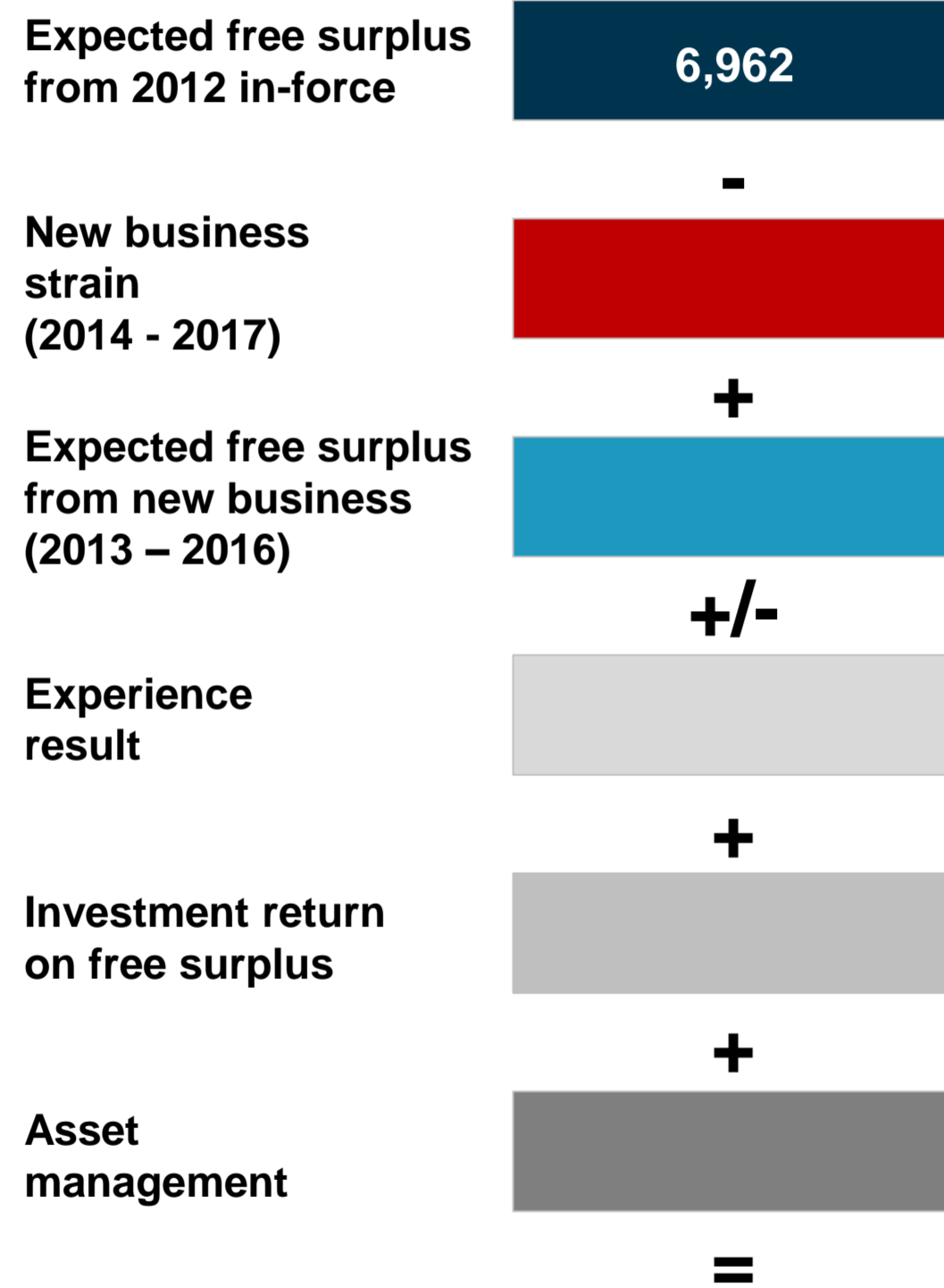
Group cumulative 2014 – 2017 objective

Free Surplus

Asia IFRS

Other Items

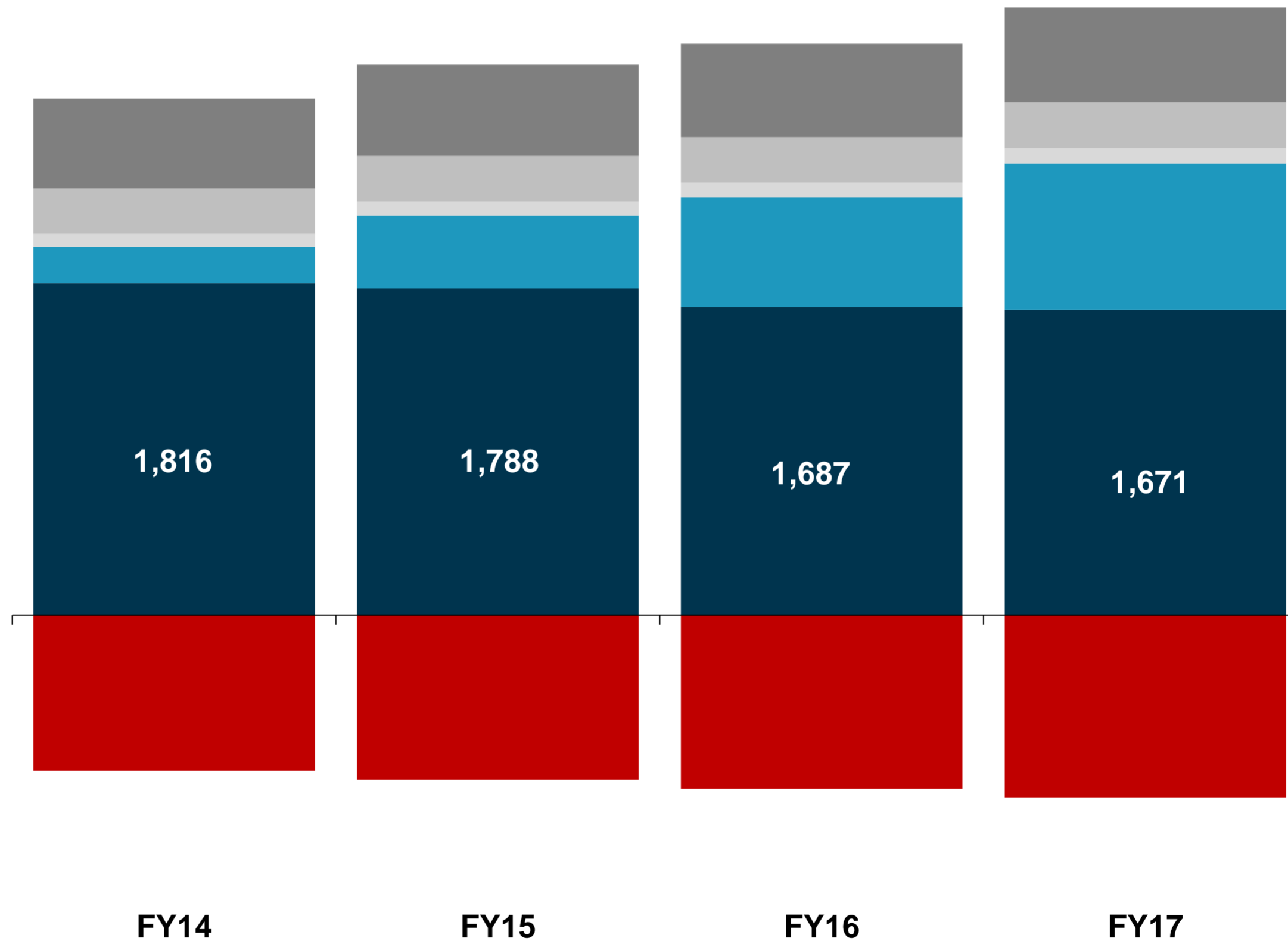
Net free surplus generated Cumulative 2014 – 2017 objective¹, £m



Net free surplus generation at least £10bn

Net free surplus generated, £m

ILLUSTRATIVE
NOT TO SCALE



¹ The objectives assume current exchange rates 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 current regulatory and solvency regimes applicable across the Group. The objectives assume that the current EEV, IFRS and Free Surplus methodology will be applicable over the period

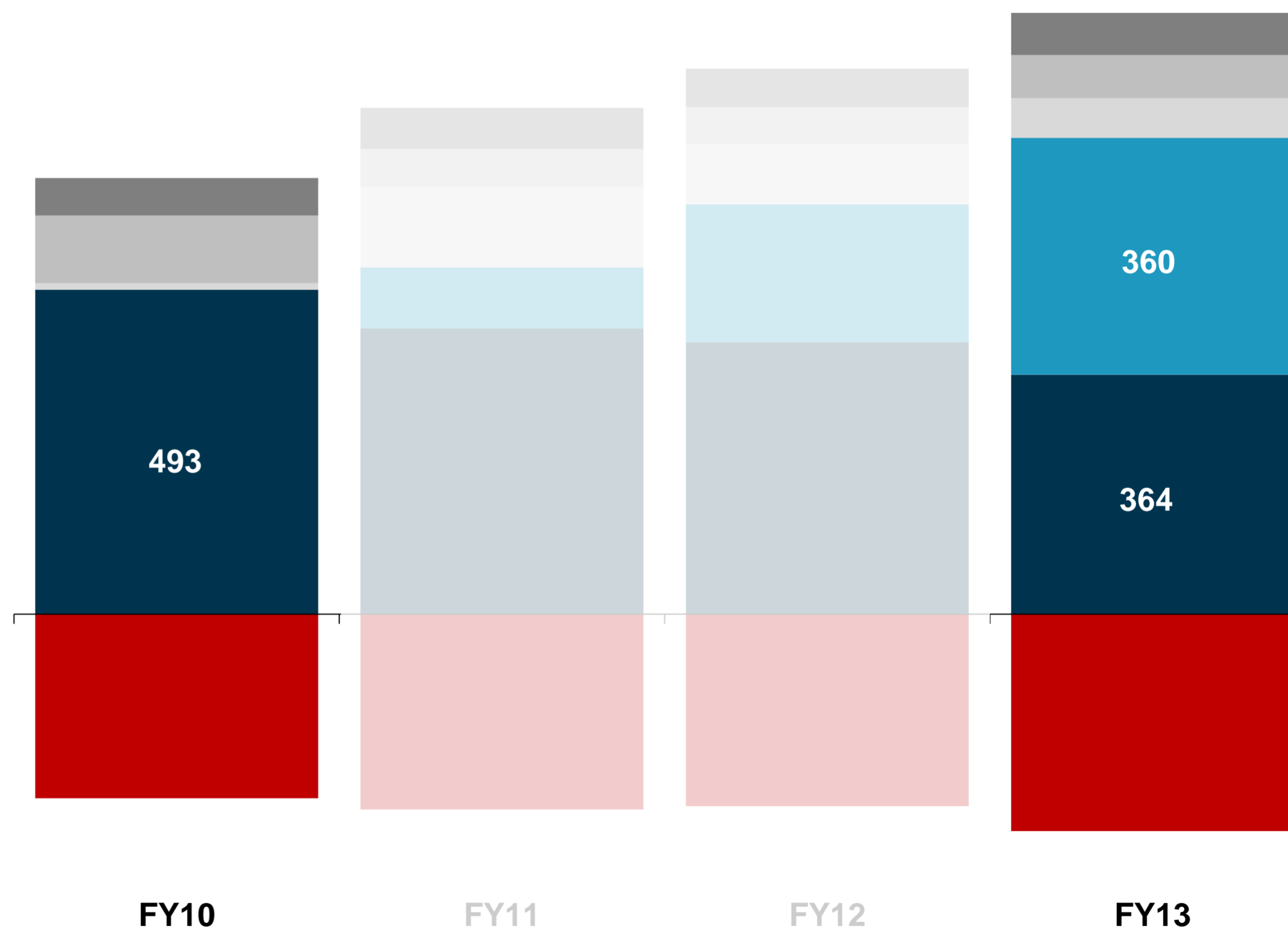
Asia free surplus generation

Strong growth with high returns and fast payback

Asia cumulative net free surplus generated 2010 – 2013 HY, £m

Expected free surplus from 2009 in-force	1,522
	-
New business strain	(1,034)
	+
Expected free surplus from new business	483
	+
Positive experience	254
	+
Investment return on free capital	250
	+
Asset management	209
	=
Net free surplus generation	1,684

Asia net free surplus generated¹, £m

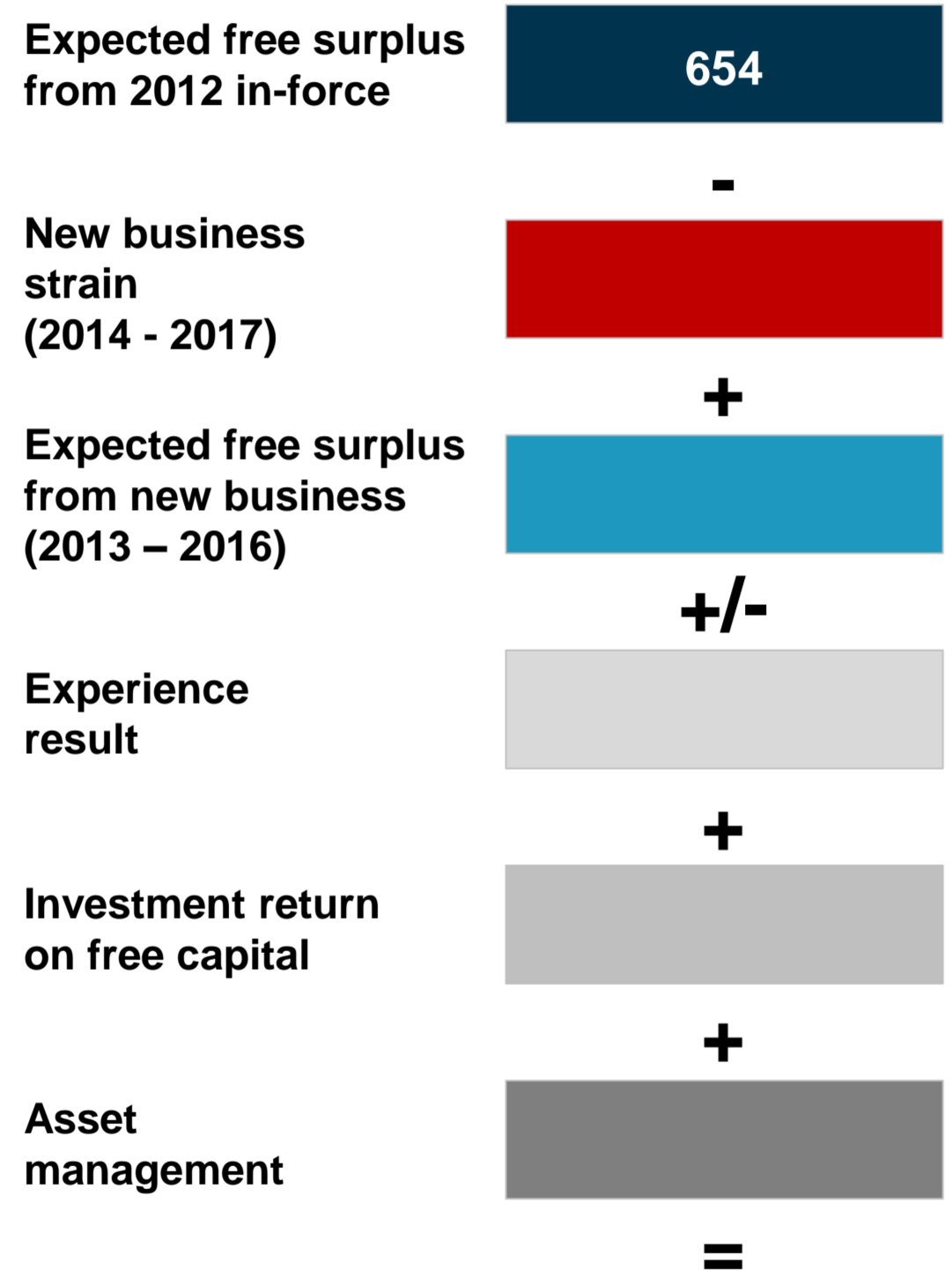


¹ FY13 new business strain, return on net worth, assumptions / experience and asset management reflect annualised HY13 numbers. FY12 includes the one-off gain on sale of our stake in China Life of Taiwan of £51 million.

Asia free surplus generation

Asia 2017 objective

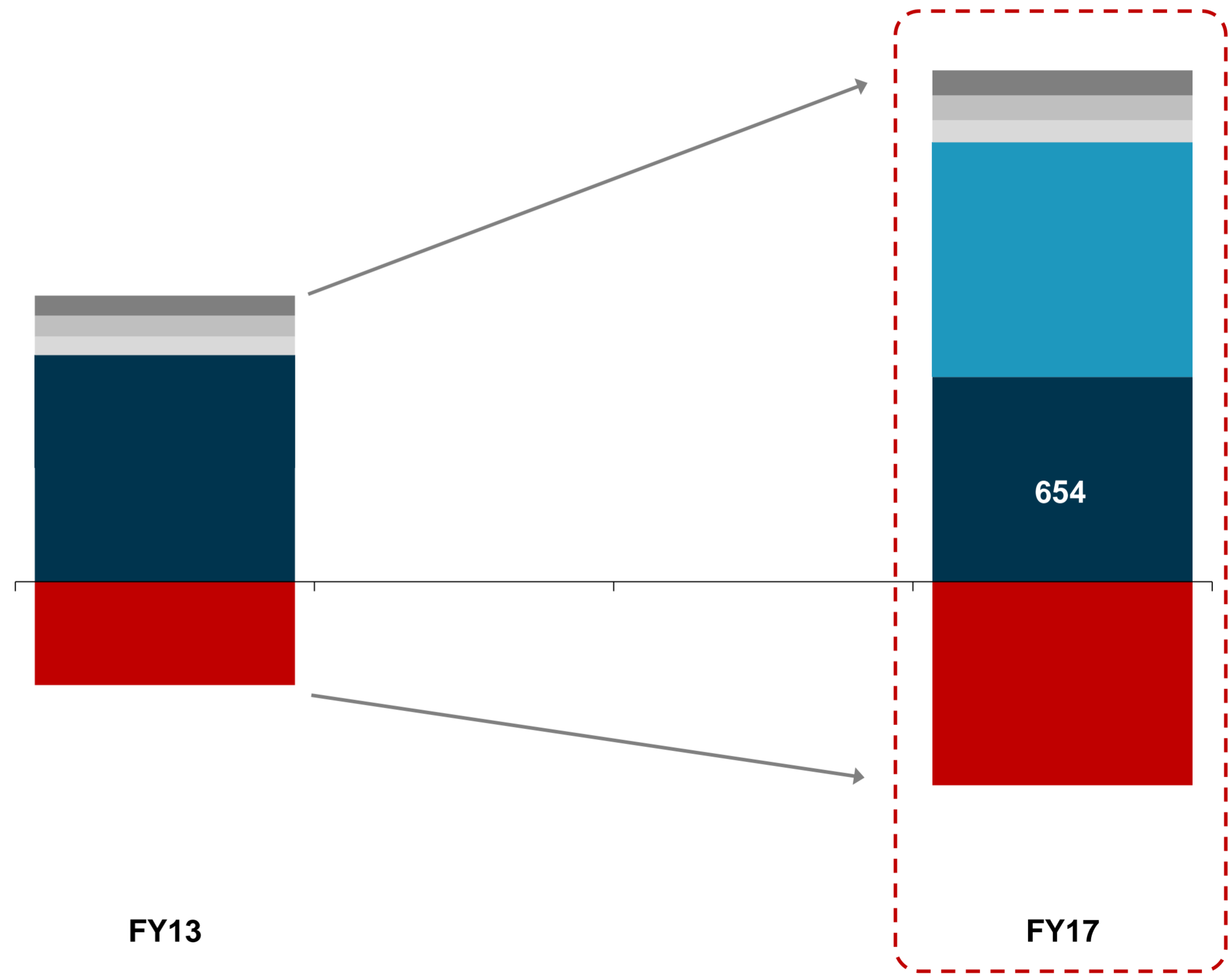
Asia net free surplus generated 2017 objective¹, £m



Net free surplus generation £0.9bn to £1.1bn

Asia net free surplus generated, £m

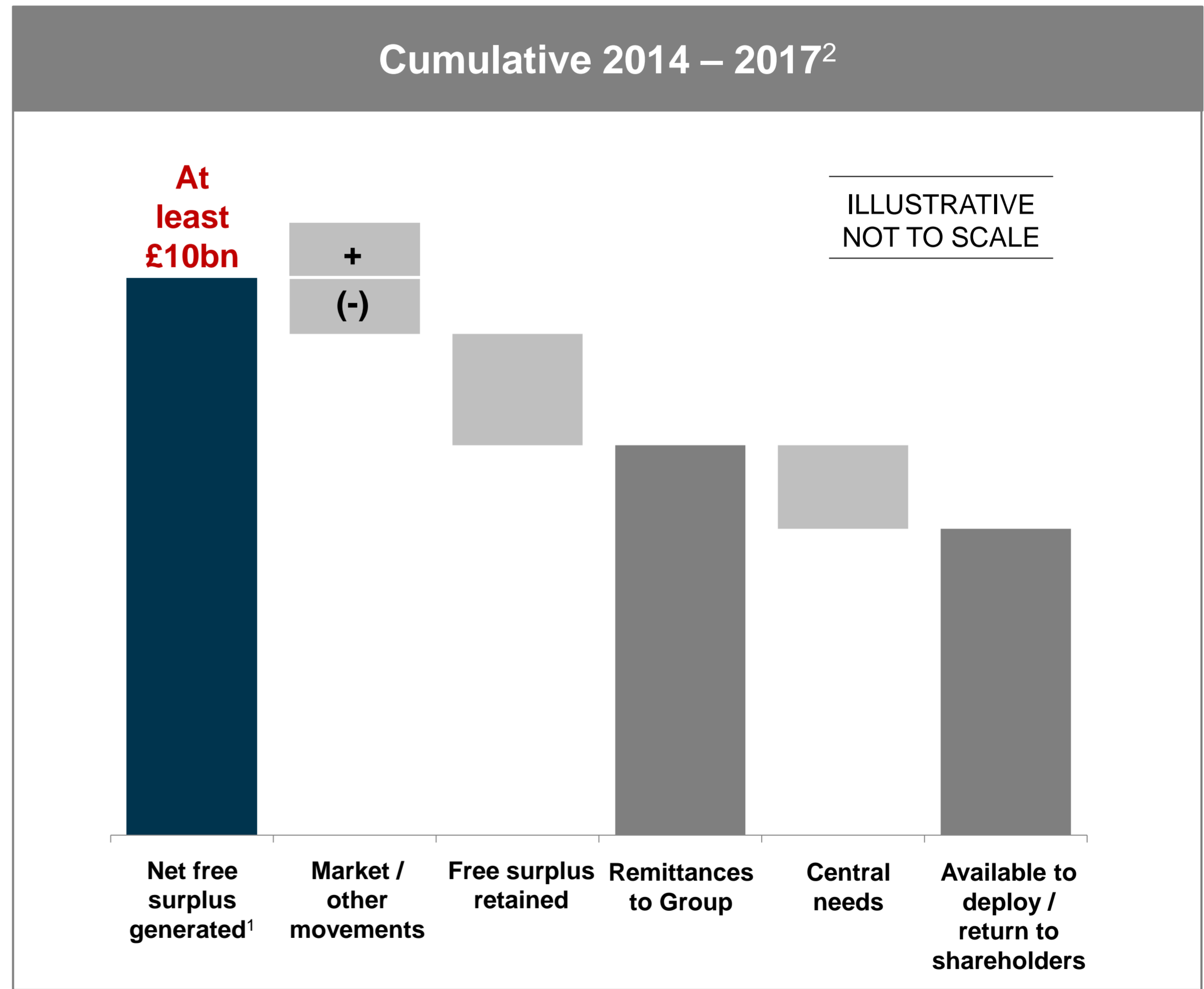
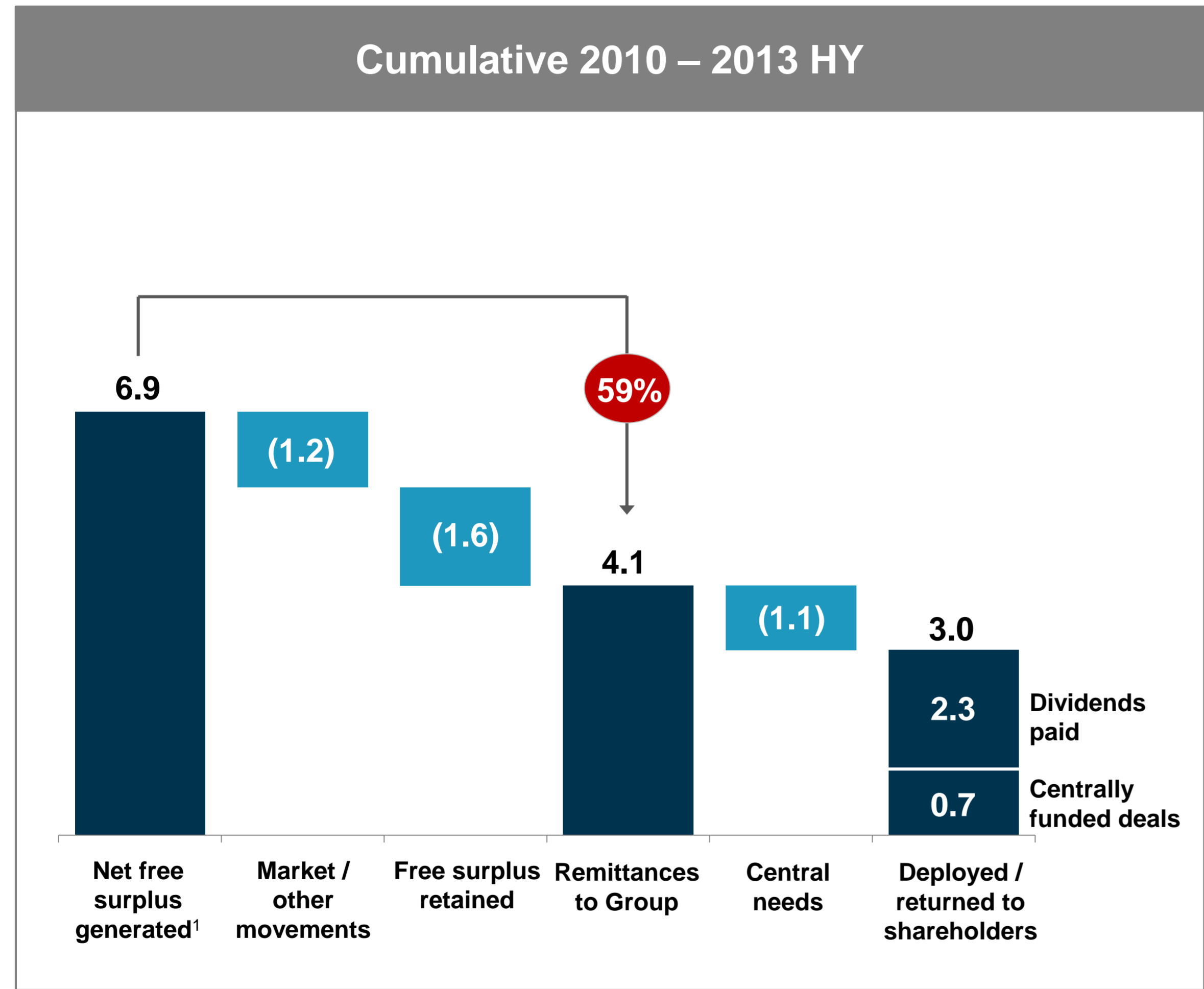
ILLUSTRATIVE NOT TO SCALE



1 The objectives assume current exchange rates 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 current regulatory and solvency regimes applicable across the Group. The objectives assume that the current EEV, IFRS and Free Surplus methodology will be applicable over the period

Free surplus and cash

Enhancing our financial flexibility

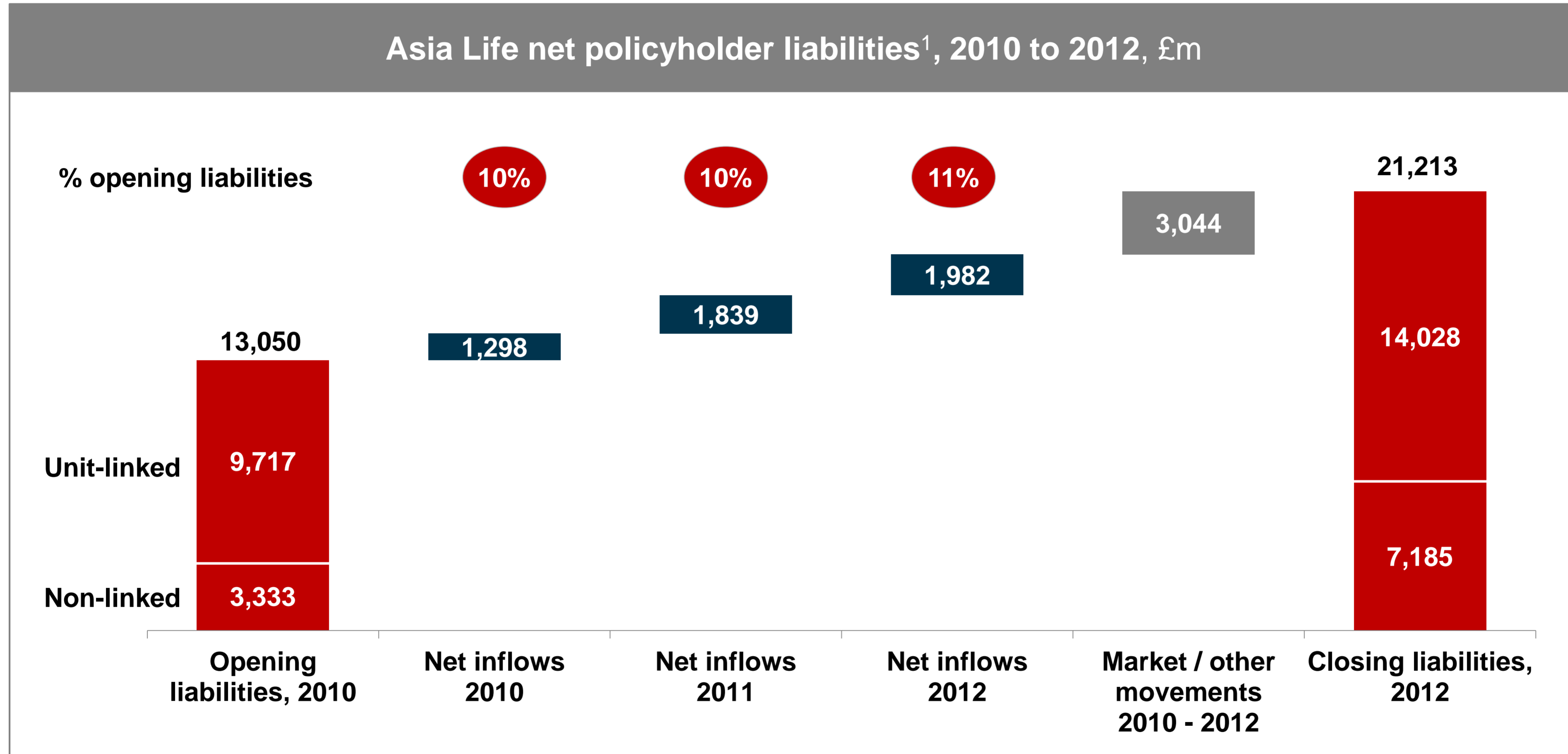


¹ expected profits from in-force and asset management, capital released, operational variances and changes in assumptions, less investment in new business

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Asia net flows

Net flows underpin IFRS profits



¹ Shareholder-backed business. Net inflows are defined as movements in shareholder-backed policyholder liabilities arising from premiums (net of upfront charges), surrenders, maturities and deaths

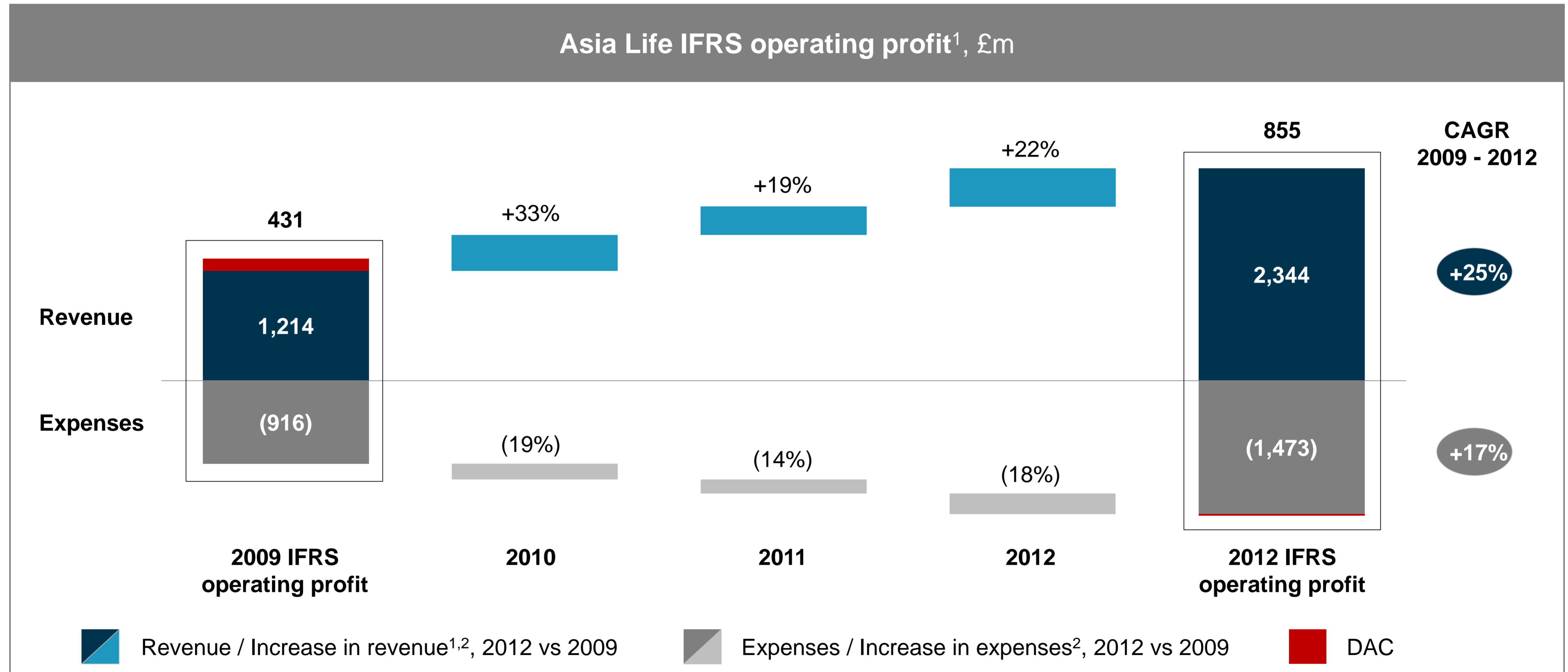
Asia Life IFRS operating profit

Growing revenues while controlling costs

Free Surplus

Asia IFRS

Other Items



¹ Asia IFRS operating profit restated for the retrospective application of new and amended accounting standards and excludes Japan. 2012 excludes the gain on sale of stake in China Life of Taiwan of £51 million.

² Revenue comprises technical and other margin, fee income, spread income, with-profits income and expected returns on shareholder assets. Expenses comprise administration expenses, acquisition costs, excluding DAC.

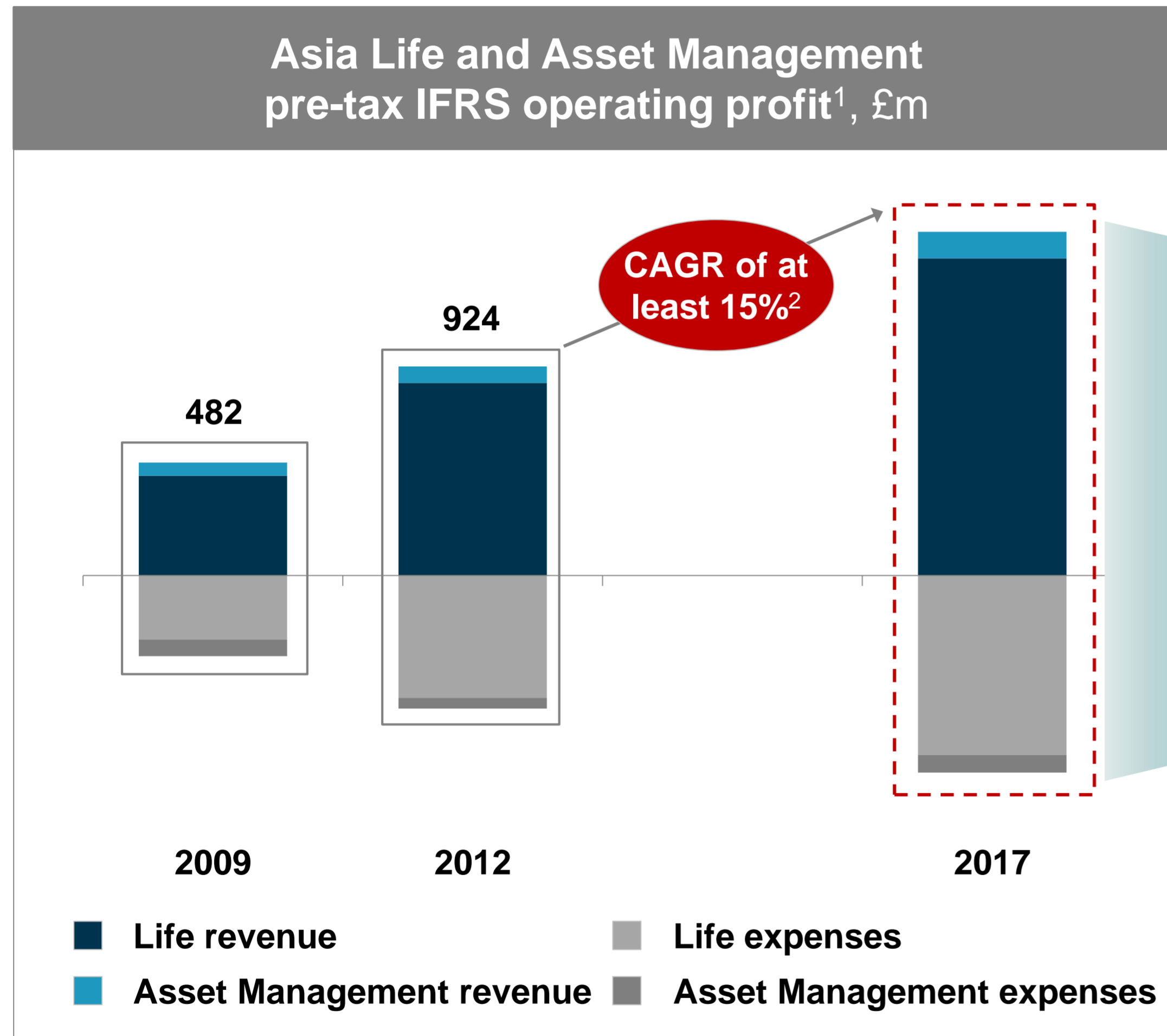
Asia Life and Asset Management IFRS operating profit

Objective CAGR of at least 15% to 2017²

Free Surplus

Asia IFRS

Other Items



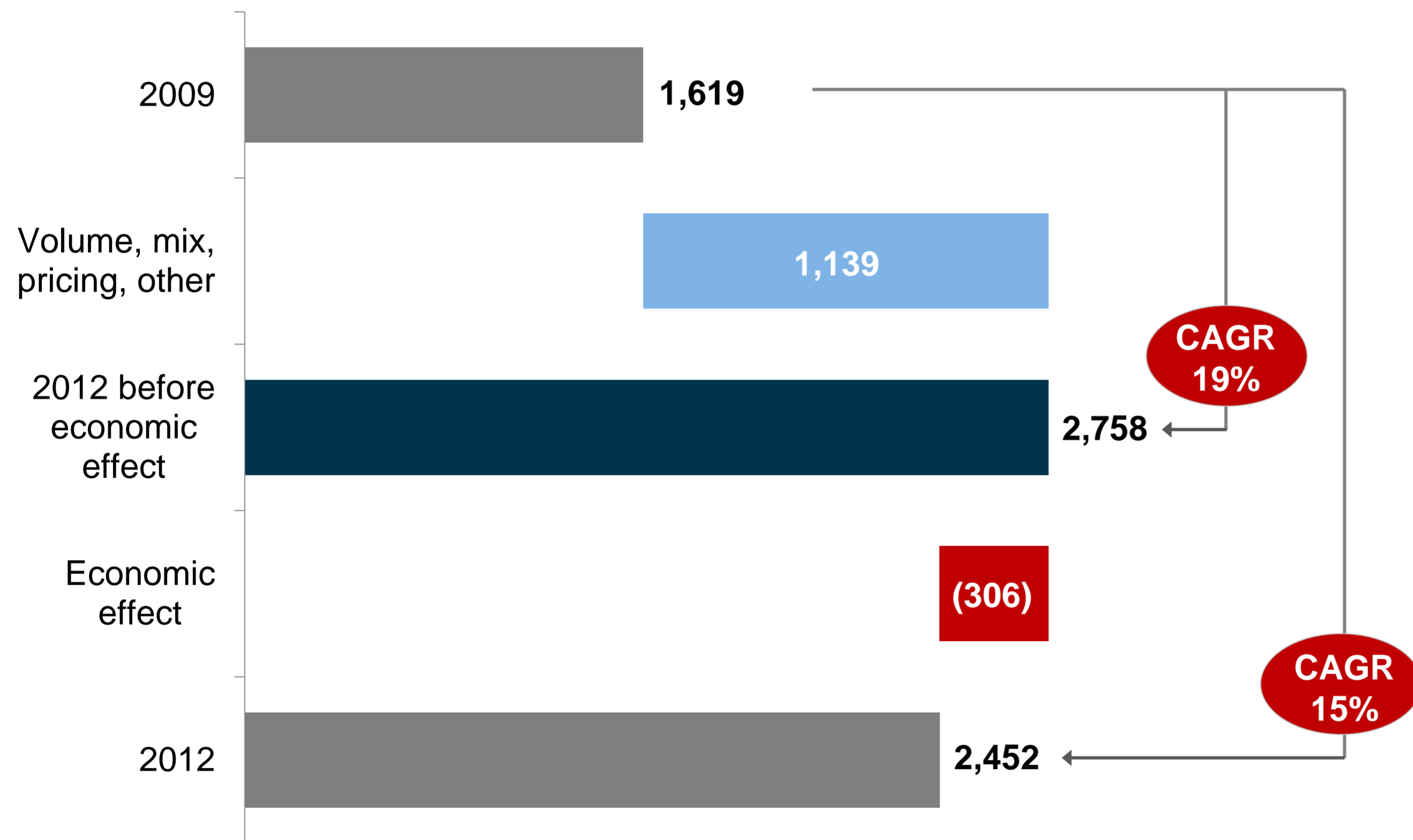
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New business profit

Remains a useful metric, but more sophisticated alternatives exist

Group new business profit, £m



Captures both volume and value of new business added



Sensitive to changes in economic conditions

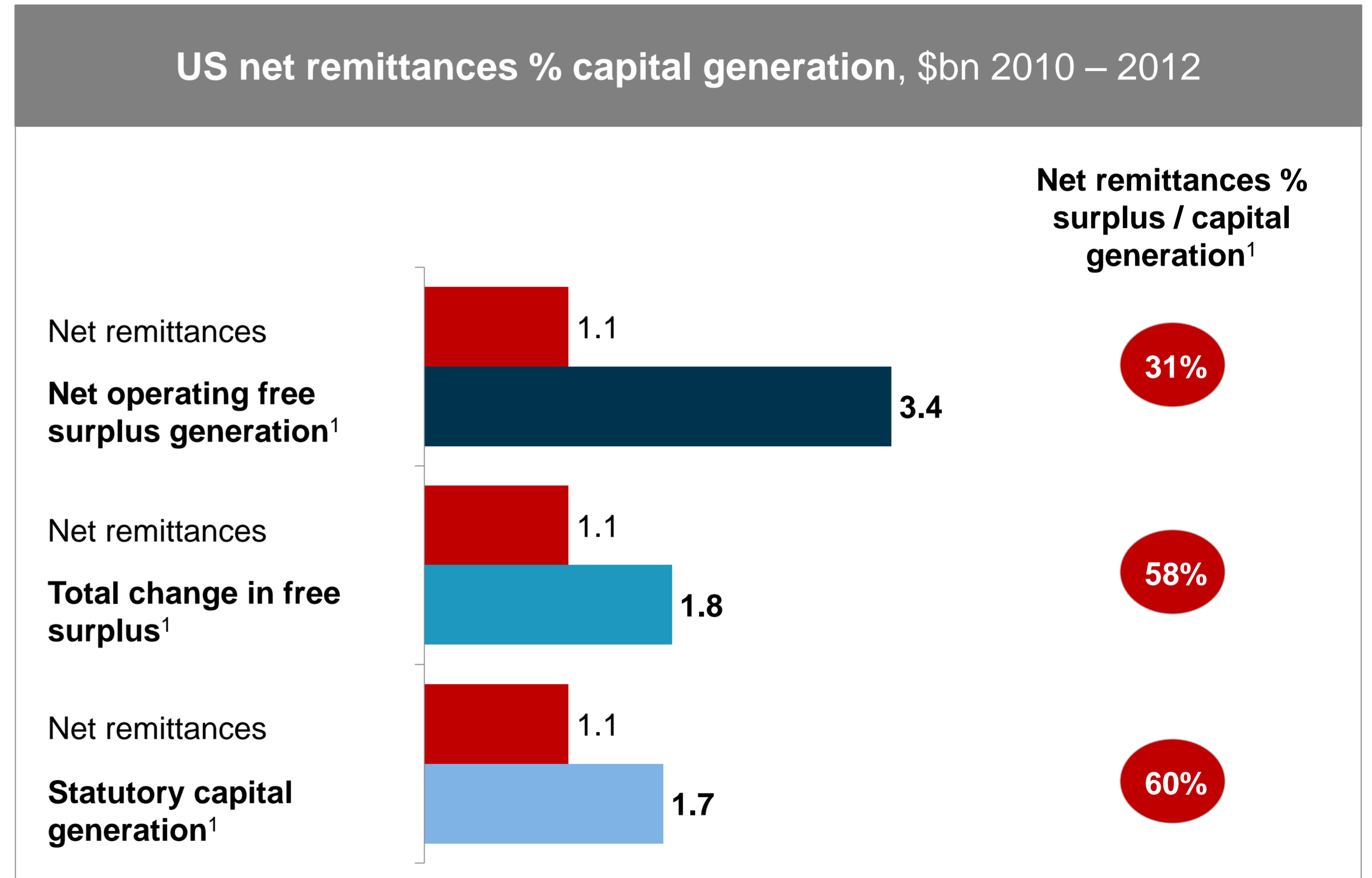
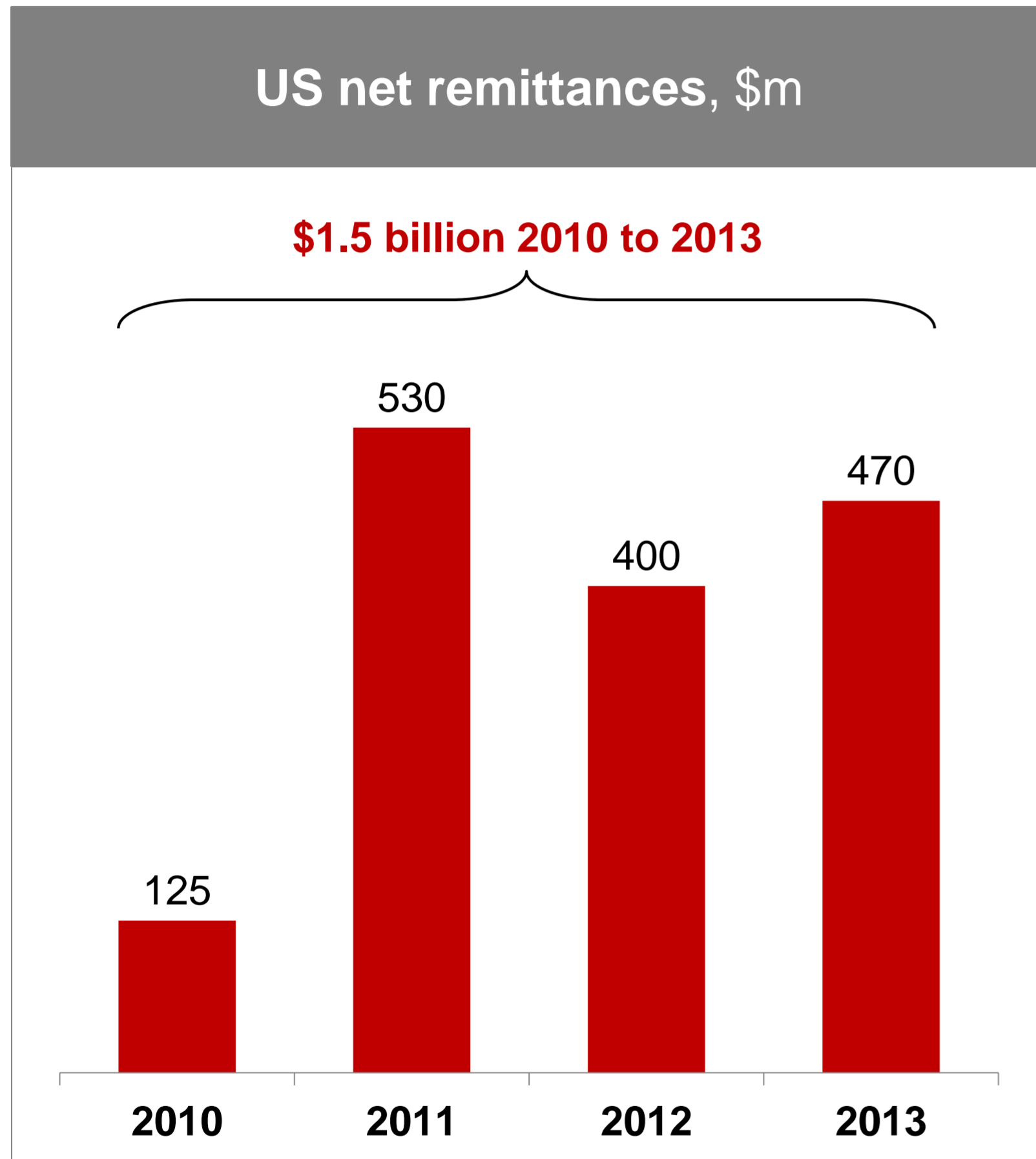
- 2009 – 2012 negative impact of £306m (4ppts of growth)



Does not demonstrate the timing of earnings emergence

US cash generation

Strong record of cash remittances to Group



¹ before remittances

Reporting considerations

- Presentation changes to EEV reporting
 - Report on post-tax basis with effect from 2014
 - No changes for the 2013 preliminary results

- Solvency II
 - Estimate based on Prudential internal model to be published with 2013 preliminary results
 - 2013 results based on:
 - US equivalence (250% RBC ratio)
 - UK annuity credit allowance benchmarked to ICA and QIS5
 - No artificial restrictions on overseas surplus
 - To be updated on an annual basis through formal adoption in 2016 reflecting:
 - matching adjustment for UK annuities as detailed calibration develops
 - impact of transitional arrangements
 - evolving Level 2 requirements and feedback from regulator