

A stylized calligraphic graphic in the background, featuring a central face-like shape composed of grey and red brushstrokes. The red strokes form a prominent horizontal band across the top of the face, while grey strokes define the eyes, nose, and mouth. Additional grey strokes radiate from the top and sides, suggesting a crown or a dynamic, expressive style.

Prudential plc

Capital Markets Update

March 2018

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, the timing, costs and successful implementation of the demerger described herein; the future trading value of the shares of Prudential plc and the trading value and liquidity of the shares of the to-be-listed M&G Prudential business following such demerger; future market conditions, including fluctuations in interest rates and exchange rates the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives; the political, legal and economic effects of the UK's decision to leave the European Union; the impact of continuing designation as a Global Systemically Important Insurer or 'G-SII'; the impact of competition, economic uncertainty, inflation and deflation; the effect on Prudential's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of internal projects and other strategic actions failing to meet their objectives; disruption to the availability, confidentiality or integrity of Prudential's IT systems (or those of its suppliers); the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal and regulatory actions, investigations and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk Factors' heading in Prudential's Full Year 2017 Results Regulatory News Release and the 'Risk Factors' heading in its most recent Annual Report and the 'Risk Factors' heading of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, as well as under the 'Risk Factors' heading of any subsequent Prudential Half Year Financial Report. Prudential's most recent Annual Report, Form 20-F and any subsequent Half Year Financial Report are available on its website at www.prudential.co.uk.

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.

Agenda

- FY 17 Results**
- Strategic Update
- Appendix

Group FY17 results

Key financial highlights

				FY17 vs FY16	
	£m	FY16	FY17	AER ¹	CER ¹
Growth	IFRS operating profit	4,256	4,699	+10%	+6%
	New business profit	3,088	3,616	+17%	+12%
	EEV operating profit	5,497	6,598	+20%	+15%
Cash	Free surplus generation	3,566	3,640	+2%	(1)%
	Remittances	1,718	1,788	+4%	n/a
	Ordinary dividend per share (pence)	43.50	47.00	+8%	n/a
		FY16	FY17	FY17 vs FY16	
Capital	Solvency II surplus^{2,3} (£bn)	12.5	13.3	+0.8	n/a
	EEV per share (pence)⁴	1,510	1,728	+14%	n/a

¹ AER: Actual exchange rates. CER: Constant exchange rates

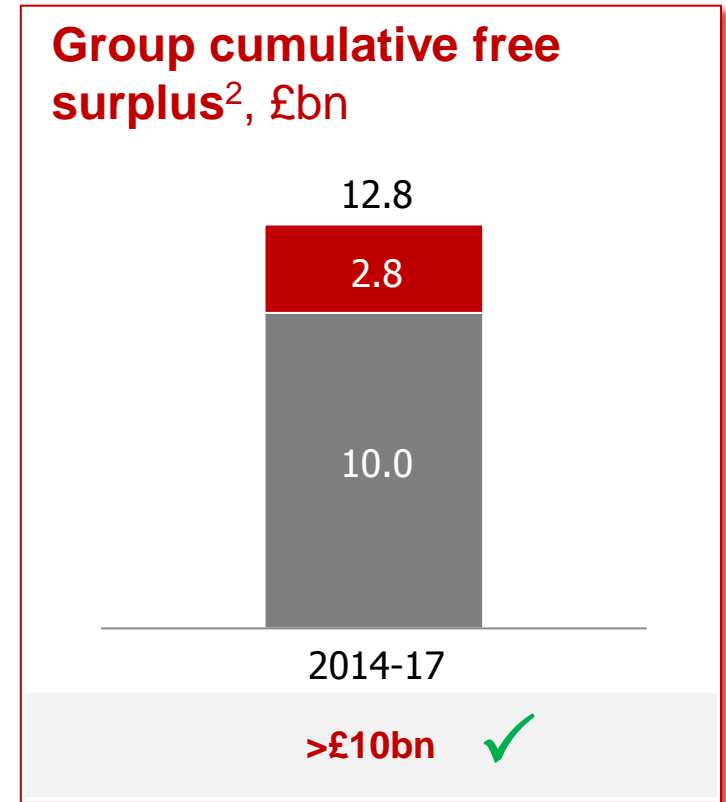
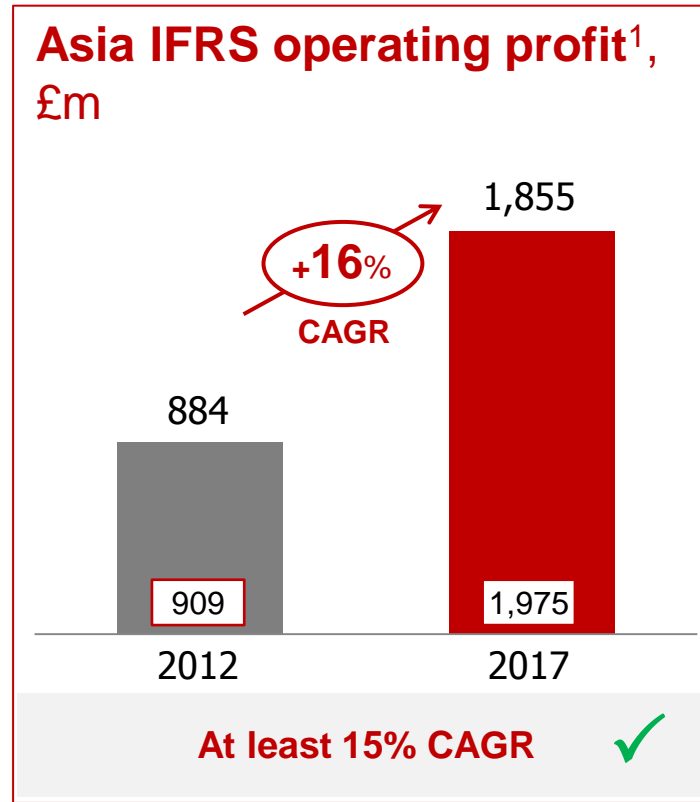
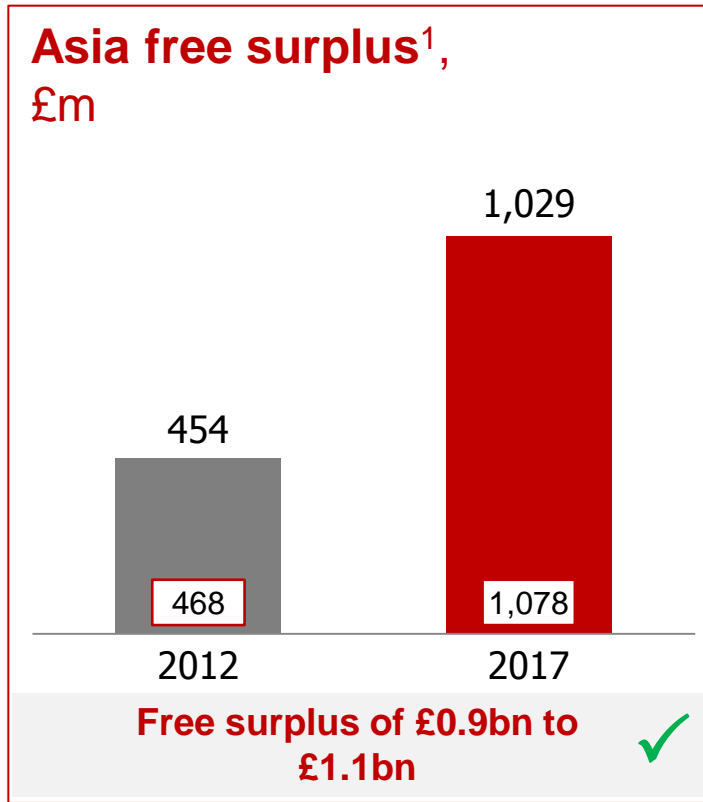
² Before allowing for the 2017 second interim ordinary dividend (FY16: before allowing for the 2016 second interim ordinary dividend)

³ The Group Shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring fenced With-Profit Funds and staff pension schemes in surplus. The solvency positions include management's estimates of UK transitional measures reflecting operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December 2017 has been approved by the Prudential Regulation Authority

⁴ Includes goodwill

Group financial objectives

All 2017 objectives achieved



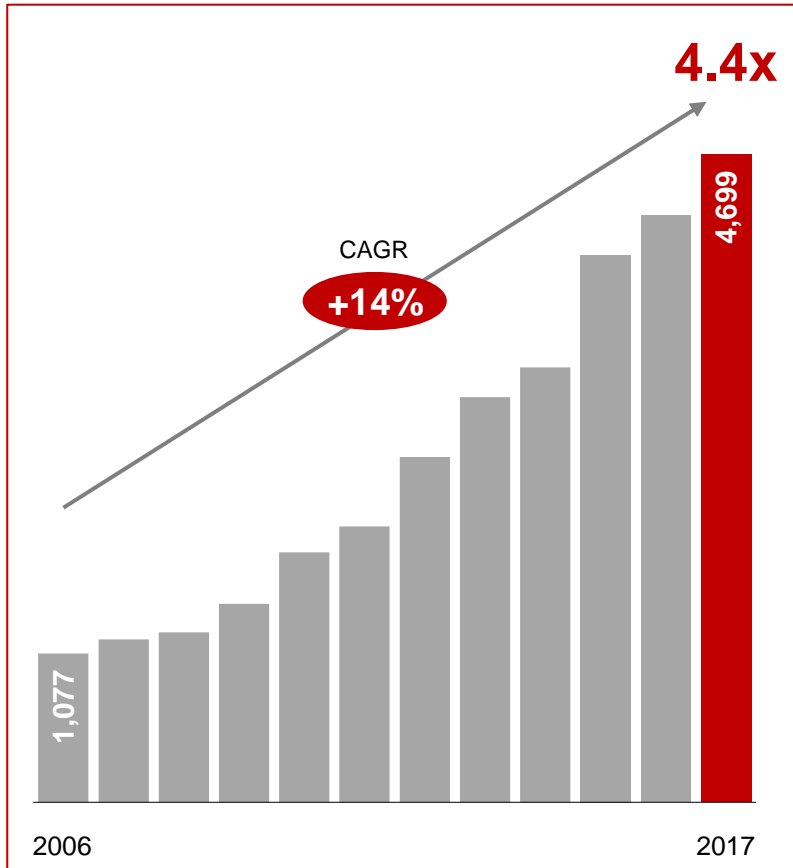
XX As reported
 XX Expressed at December 2013 FX rates

1. All amounts presented (including the objectives) exclude contributions from Korea Life which was sold in 2017. 2012 comparative amounts include the one-off gain on sale of stake in China Life of Taiwan of £51 million.
 2. For the purpose of the Group Objective, cumulative underlying free surplus generation includes the free surplus relating to Prudential Capital.

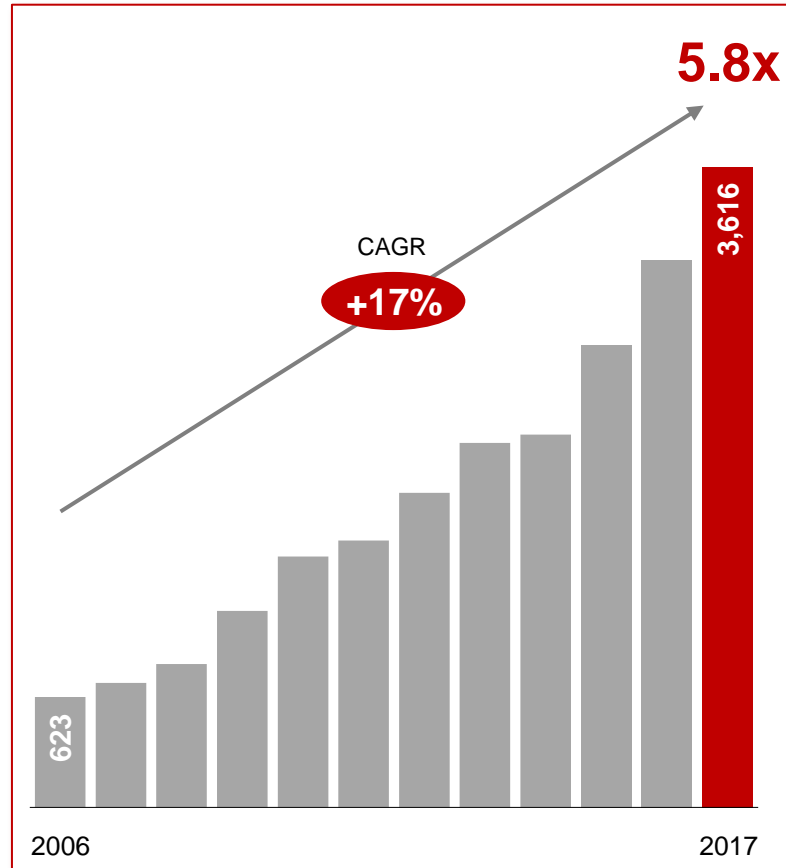
Group financial performance

Long-term track record

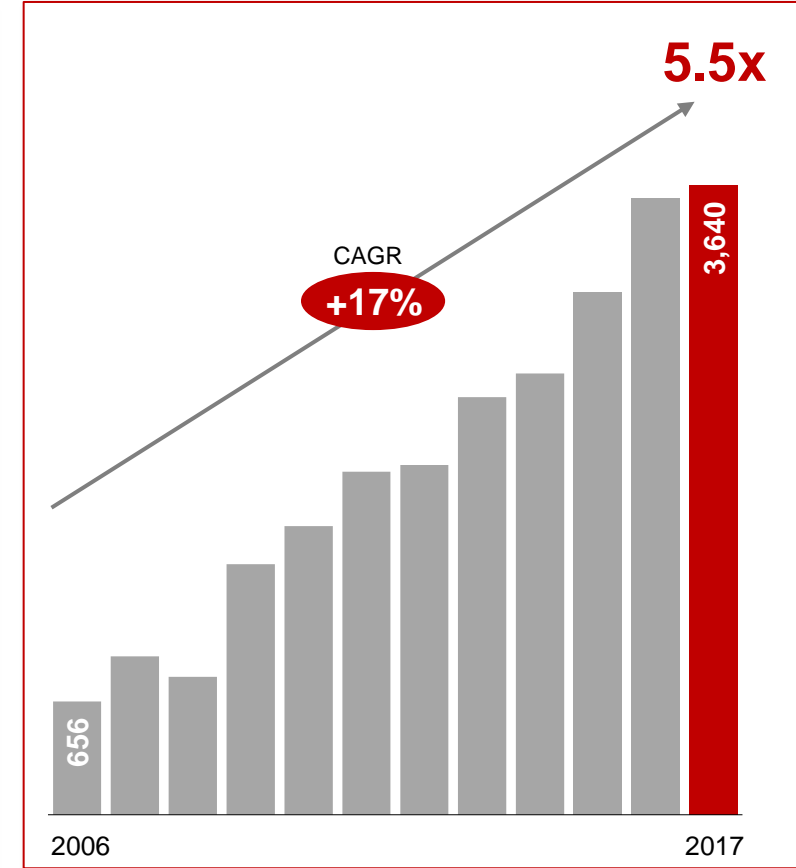
IFRS operating profit^{1,2}, £m



New business profit^{1,2}, £m



Free surplus generation^{1,2,3,4}, £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. Comparatives have also been restated to exclude the contribution from the held for sale Korea Life
3. 2012 includes £51m gain from sale in China Life of Taiwan
4. Note 2012 – 2017 excludes contribution from Prudential Capital. 2011 and prior includes contribution from Prudential Capital.

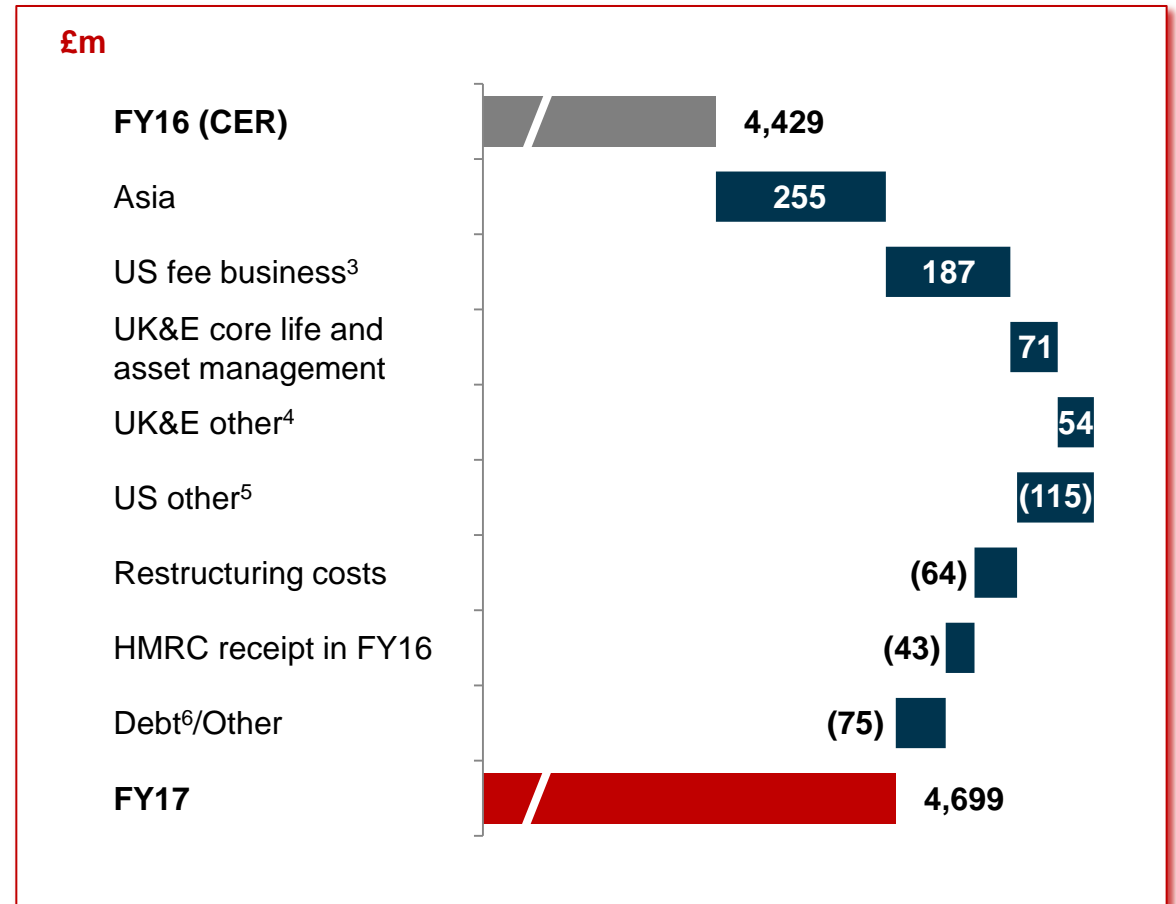
Group IFRS

Key drivers of earnings momentum

Group IFRS operating profit

£m	FY16 ¹	FY17	Change (CER)
Asia	1,644	1,975	+15%
US	2,048	2,224	+3%
UK&E	1,253	1,378	+10%
Central	(694)	(775)	+11%
Other ²	5	(103)	n/a
Total	4,256	4,699	+6%

Group IFRS operating profit



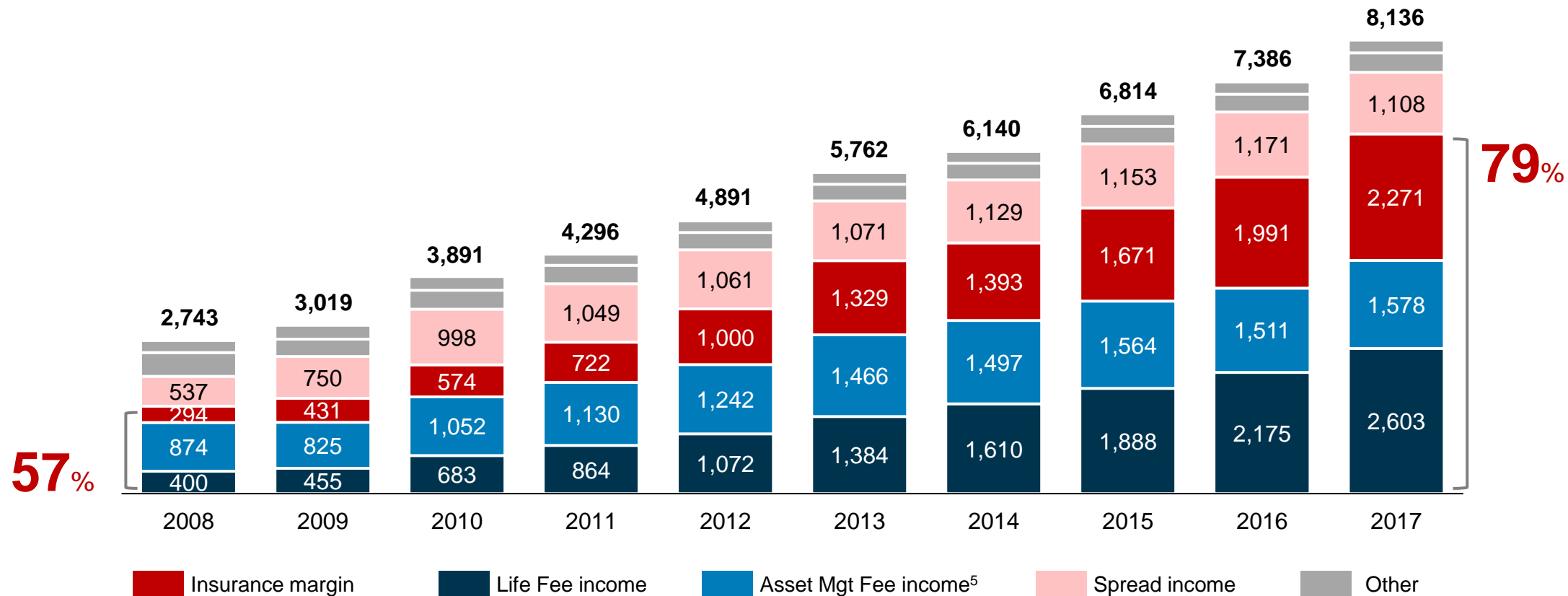
1. On an actual exchange rate basis
2. Other includes restructuring costs of £(103)m in 2017 and £(38)m in 2016. 2016 also includes £43m of interest received from an HMRC tax settlement
3. Fee business represents profits from variable annuity products. As well as fee income, revenue for this product line includes spread income from investments directed to the general account and other variable annuity fees included in insurance margin

4. Includes amounts relating to UK & Europe management actions relating to shareholder-backed annuity new business of £9m (2016: £41m), GI commission of £17m (2016: £29m), longevity reinsurance of £31m (2016: £197m), other optimisation actions of £245m (2016: £135m), changes in longevity assumptions £204m (2016: £nil) and provision for the cost of undertaking a review of past non-advised annuity sales practices and related potential redress of £(225)m (2016: £(175)m)
5. Includes spread business operating profit for fixed annuity, fixed indexed annuity and Guaranteed Investment Contracts and largely comprises spread income less costs, and life and other business.
6. Includes increase in debt costs of £65m from £360m in FY16 to £425m in FY17

Group IFRS

Growing high quality sources of earnings

Sources of IFRS operating income^{1,2,3,4}, £m



1. Comparatives adjusted for new and amended accounting standards.

2. Comparatives have been stated on an actual exchange rate basis.

3. Excludes Japan Life and Taiwan agency. All comparatives have been restated to exclude the contribution from the held for sale Korea Life insurance business. FY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. FY2008 to FY2013 comparatives include the results of PruHealth and PruProtect.

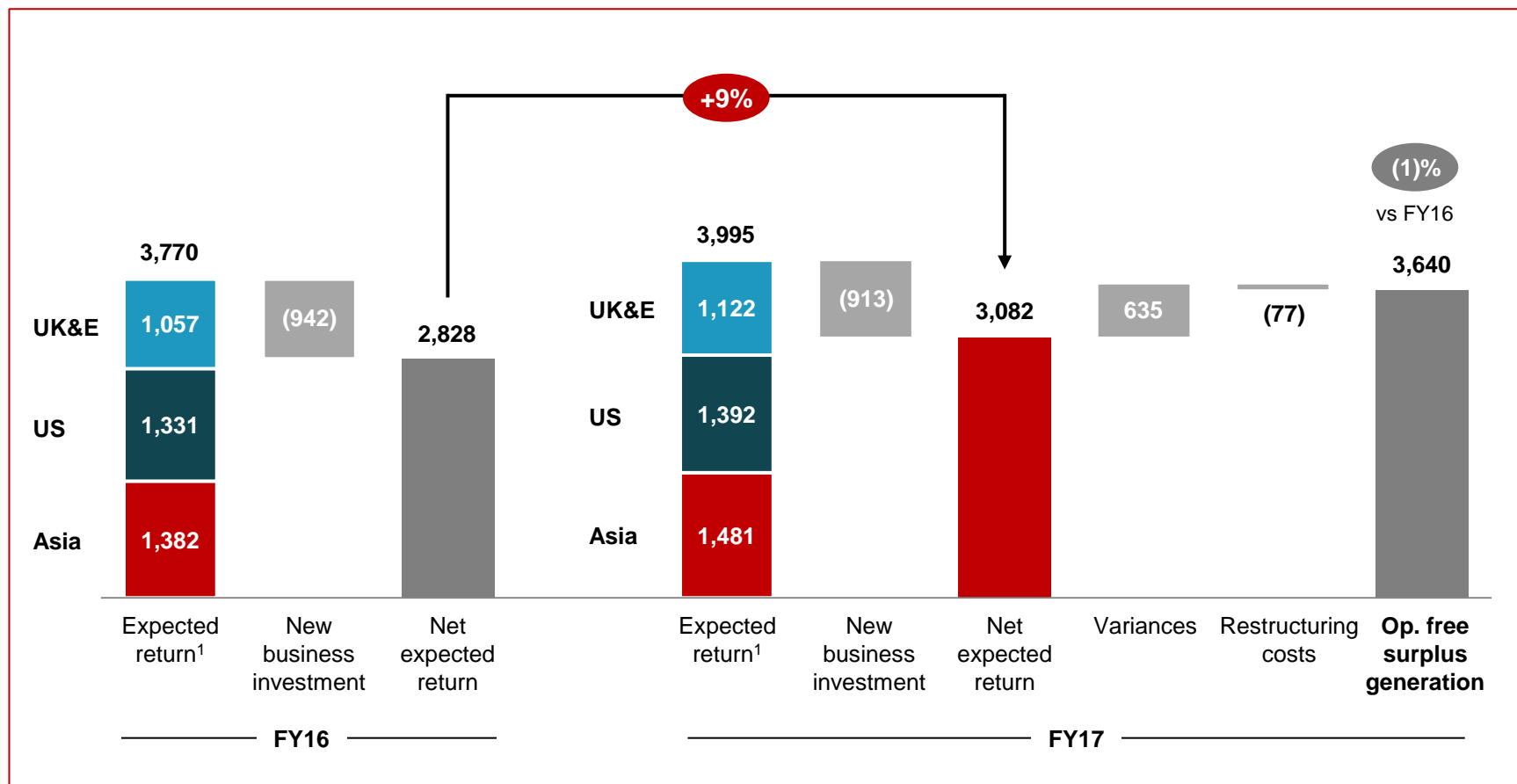
4. Excludes longevity reinsurance and other management actions to improve solvency of FY17: £276m (FY16: £332m). Mortality assumption change of FY17: £204m (FY16: nil), and provision for the review of past annuity sales FY17: £(225)m (FY16: £(175)m).

5. 2017 Asset management excludes contribution from PruCap. All historic comparatives have been restated to exclude the contribution from PruCap.

Group free surplus generation

Growing contributions from in-force life portfolios and asset management

Operating free surplus generation, £m (CER)



Variances

£m	FY16	FY17
US reserve financing ²	247	-
Other variances	632	635
	879	635

New business investment

£m	FY16	FY17
Asia	500	484
US	313	254
UK&E	129	175
	942	913

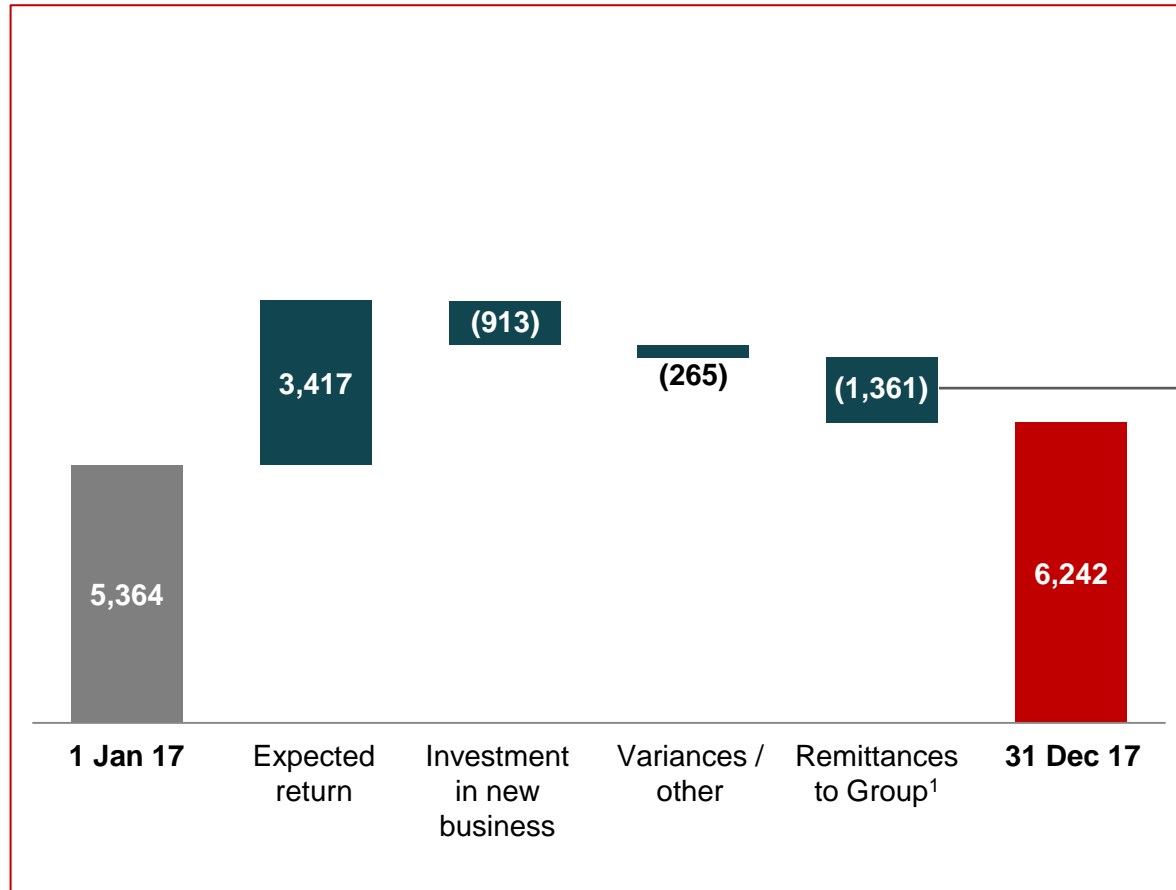
¹ For life: expected transfer from in-force to free surplus and expected return on opening free surplus; for asset management and other: post-tax IFRS profit for the period.

² Contingent financing transaction on specific US statutory life reserves

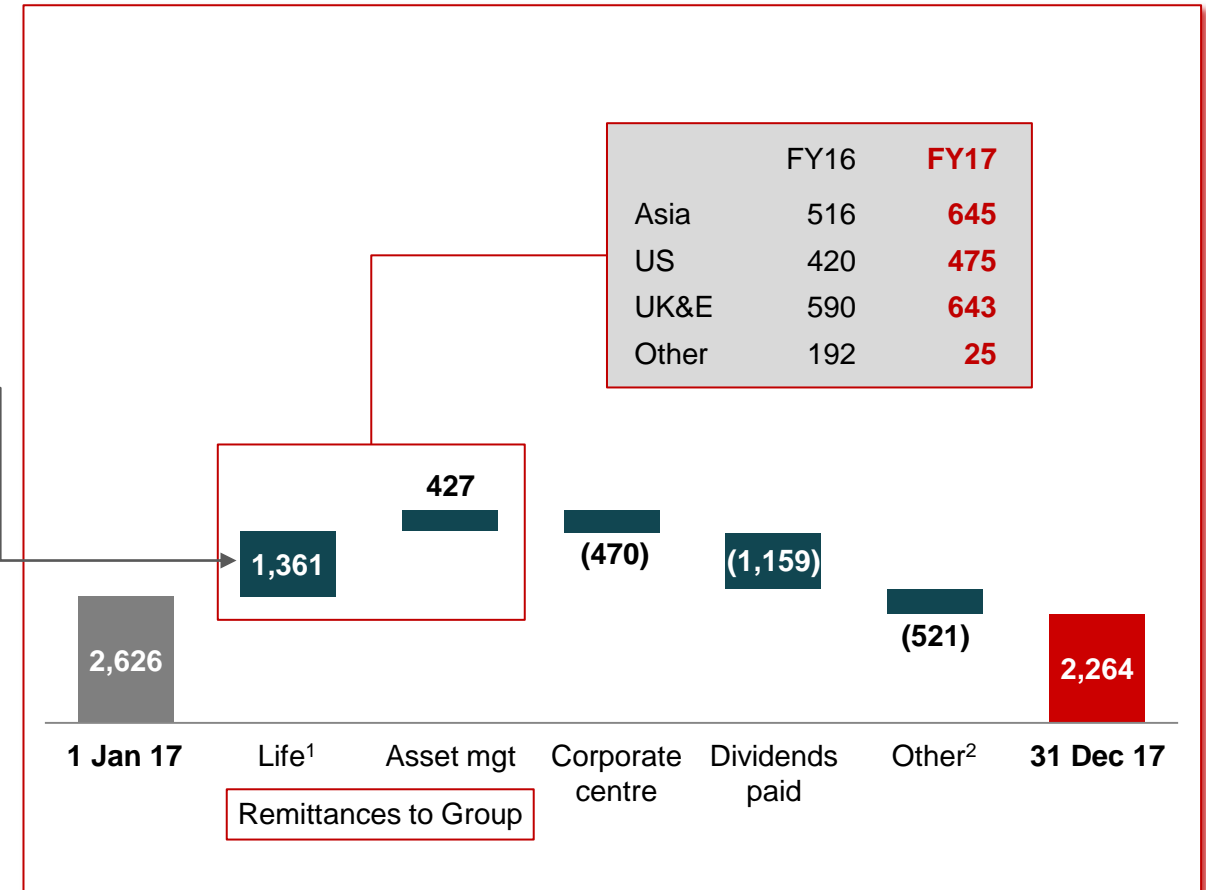
Holding company cash

Free surplus generation underpins cash to centre

Movement in life free surplus, £m



Movement in holding company cash, £m



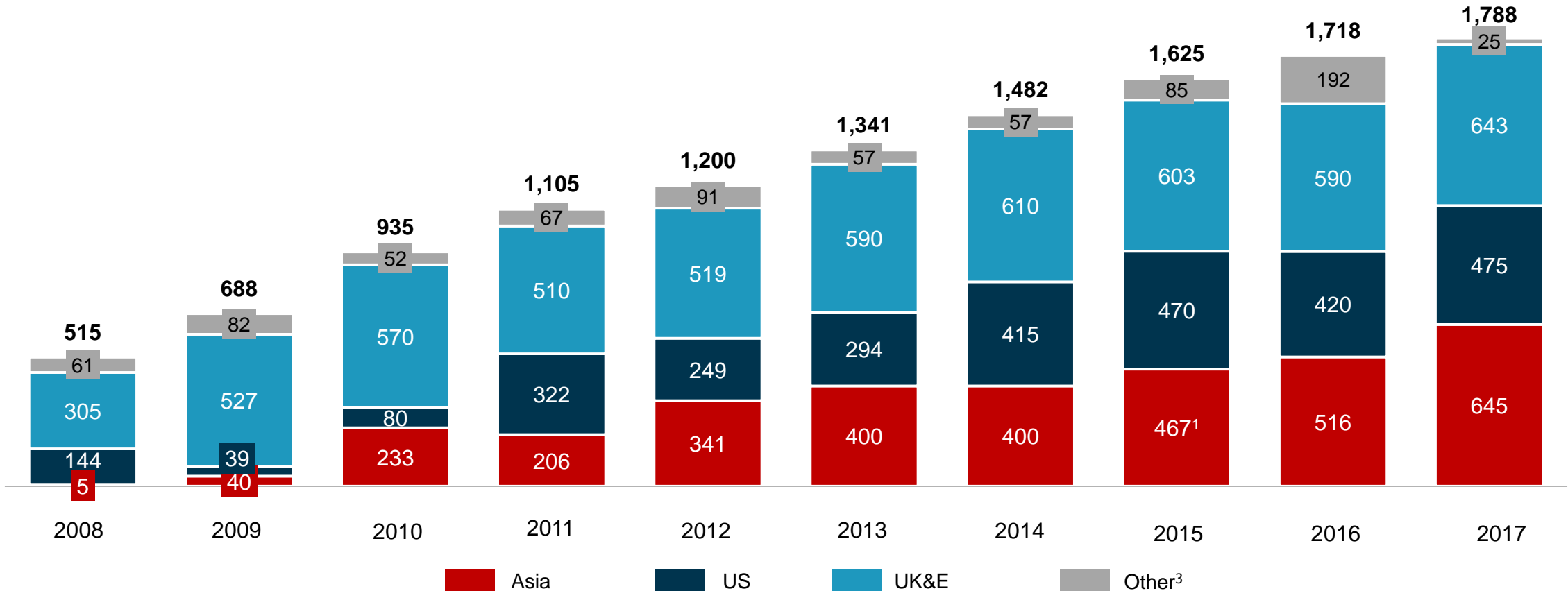
¹ Includes Prudential Capital remittances of £25m

² Other items principally relates to the repayment of subordinated debt net of proceeds from that issued in the year, payments for distribution rights and acquisition of subsidiaries and foreign exchange rate movements

Group cash

Growing cash remittances from business units

Business unit net remittances², £m

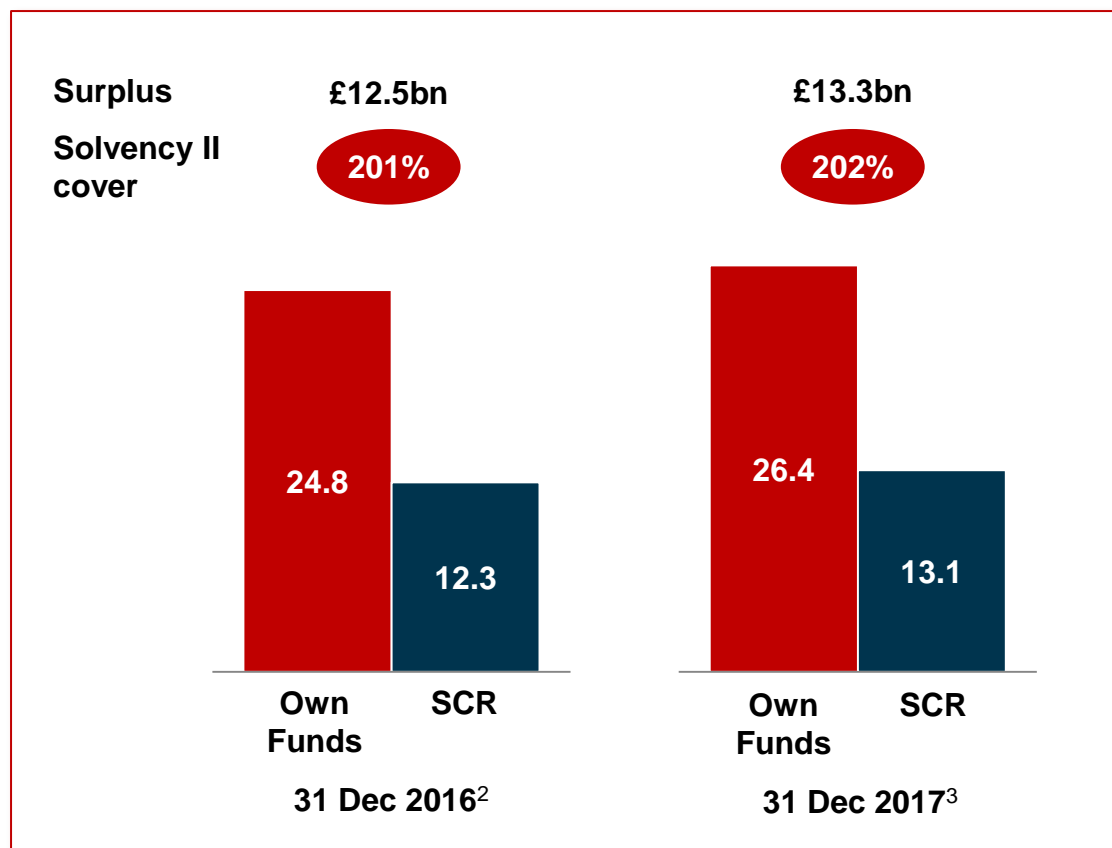


1. Includes £42 million of proceeds from the sale of Japan
2. As reported RER
3. Includes remittances from Prudential Capital

Group Solvency II

Strong solvency capital position

Group Shareholder Solvency II capital position¹, £bn



Local solvency capital position

	2016	2017
Asia⁴ <i>Local regulatory basis</i>	251%	244%
US⁵ <i>Risk Based Capital</i>	485%	409%
excl Permitted Practice	524%	454%
UK&E <i>Solvency II</i>		
Shareholder-backed ⁶	163%	178%
With-profits	179%	201%

¹ The Group Shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring-fenced With-Profit Funds and staff pension schemes in surplus. The solvency positions include management's estimates of UK transitional measures reflecting operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December 2017 has been approved by the Prudential Regulation Authority

² Before allowing for the 2016 second interim ordinary dividend and special dividend

³ Before allowing for the 2017 second interim ordinary dividend

⁴ 2017 based on estimated total available capital over total minimum capital requirements across Asian life businesses. 2016 based on actuals and excludes Korea.

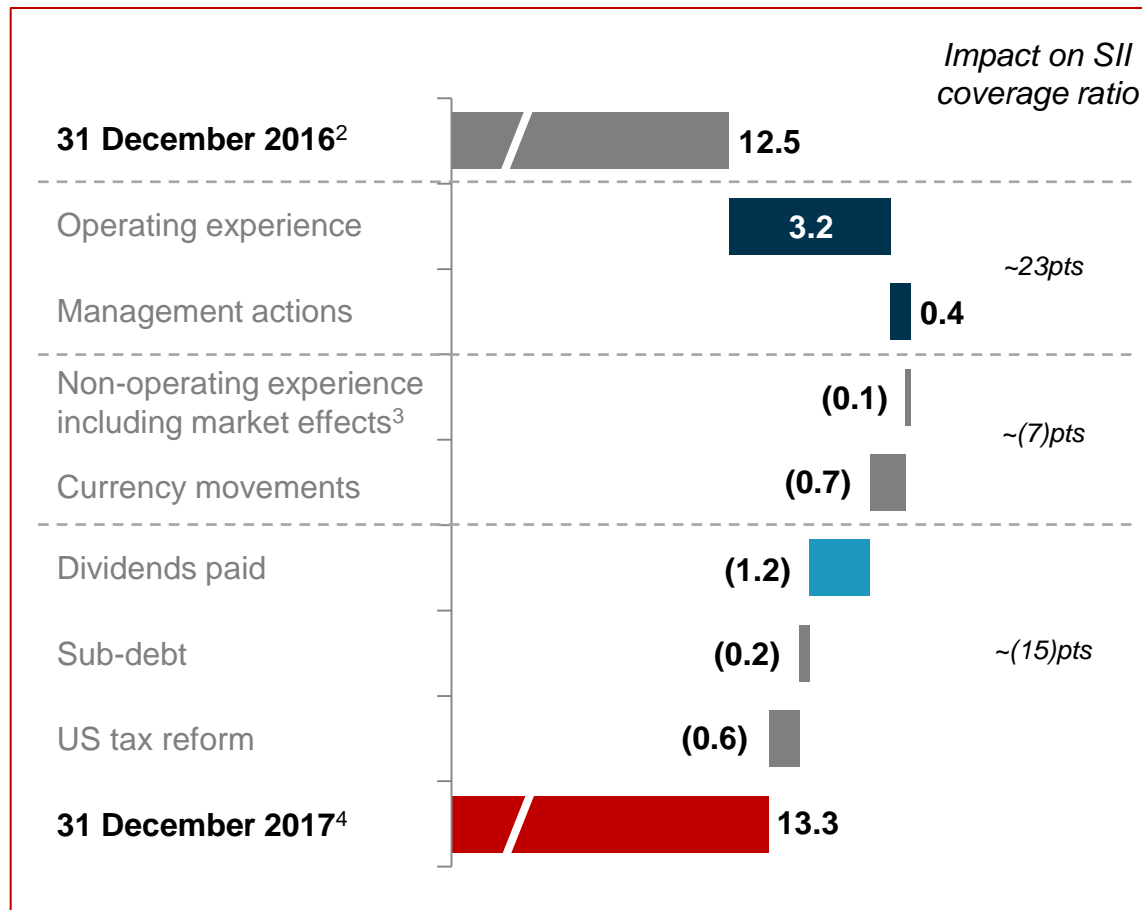
⁵ Relates to Jackson National Life

⁶ Relates to PAC Ltd

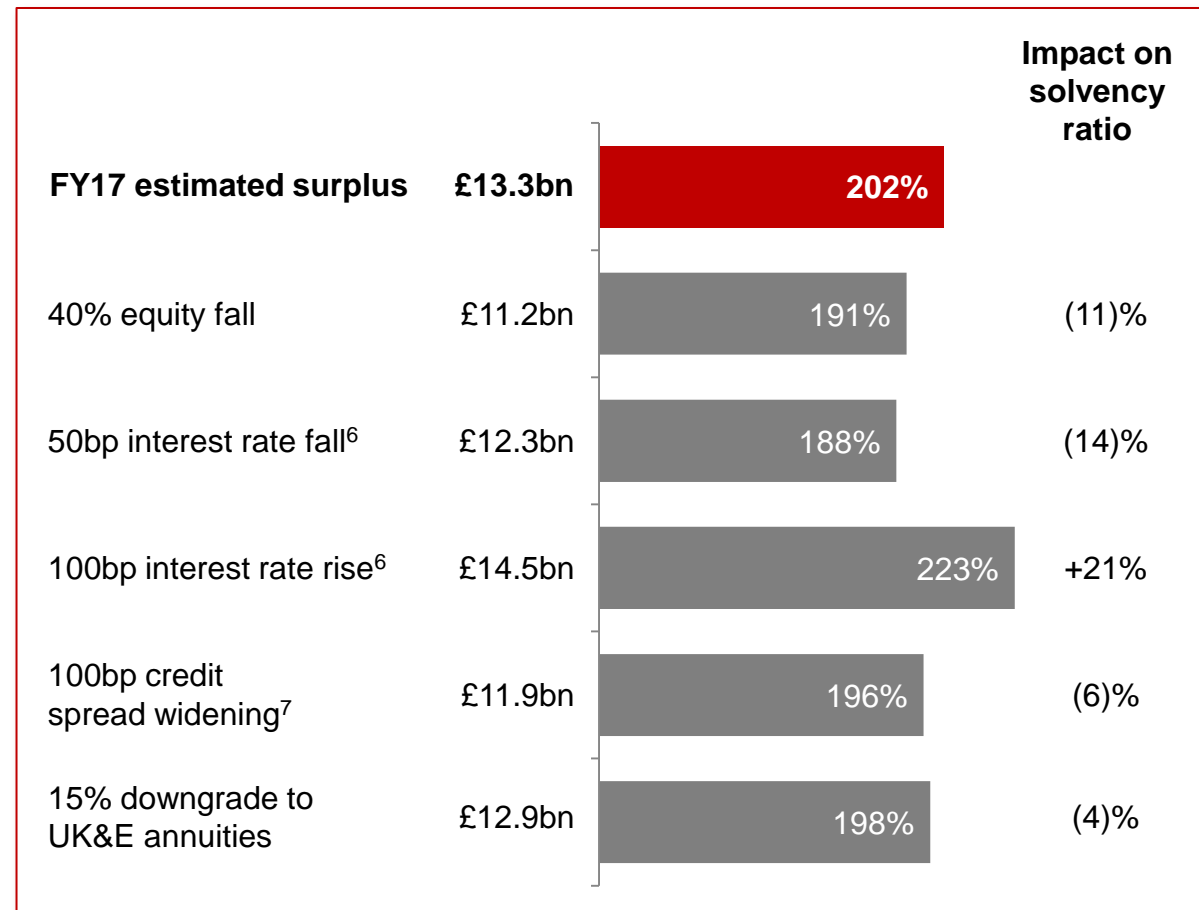
Group Solvency II

Underpinned by organic capital generation

FY17 movement in Solvency II capital¹, £bn



Solvency II surplus estimated sensitivities^{1,3,5}



¹ The Group Shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring-fenced With-Profit Funds and staff pension schemes in surplus. The solvency positions include management's estimates of UK transitional measures reflecting operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December 2017 has been approved by the Prudential Regulation Authority

² Before allowing for 2016 second interim ordinary and special dividend

³ Includes an impact of model refinements of £(0.1)bn and the completion of the sale of the Korea life business and the US broker-dealer network in 2017 of £0.1bn

⁴ Before allowing for 2017 second interim ordinary dividend

⁵ Before the impact of the partial sale of the UK annuity portfolio announced on 14 March 2018

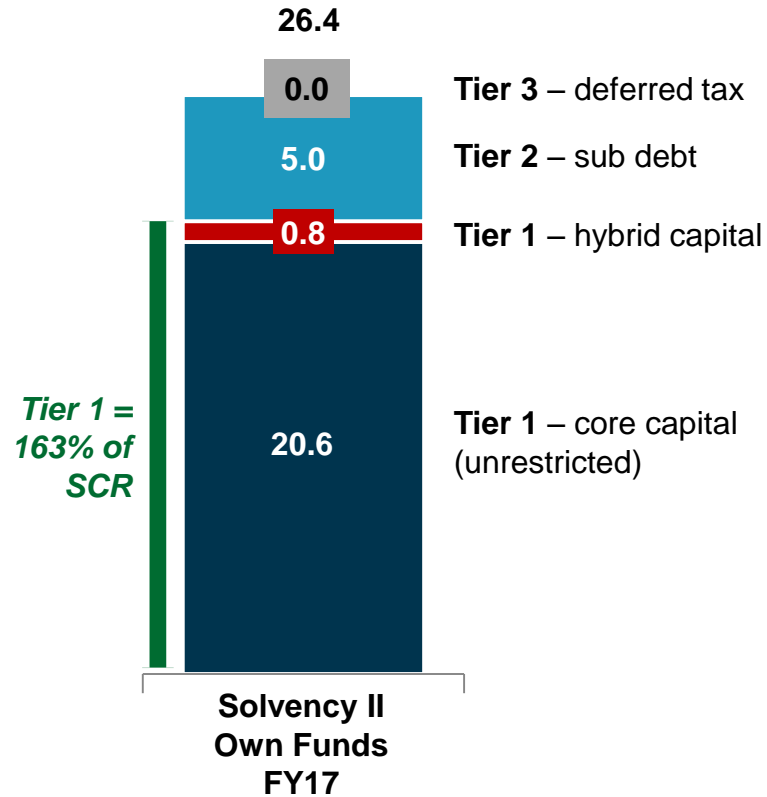
⁶ Allowing for further transitional recalculation after the interest rate stress

⁷ For Jackson, includes credit defaults of 10 times the expected level

Group Solvency II

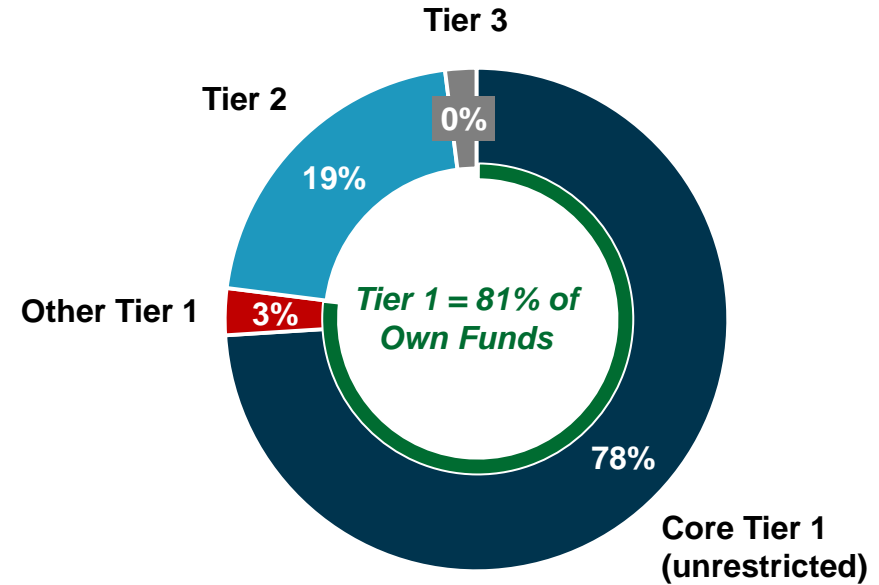
Capital quality

Solvency II Own Funds by capital tier^{1,2,3}



Share of Solvency II Own Funds by capital tier^{1,2,3}

FY17, 100% = £26.4bn



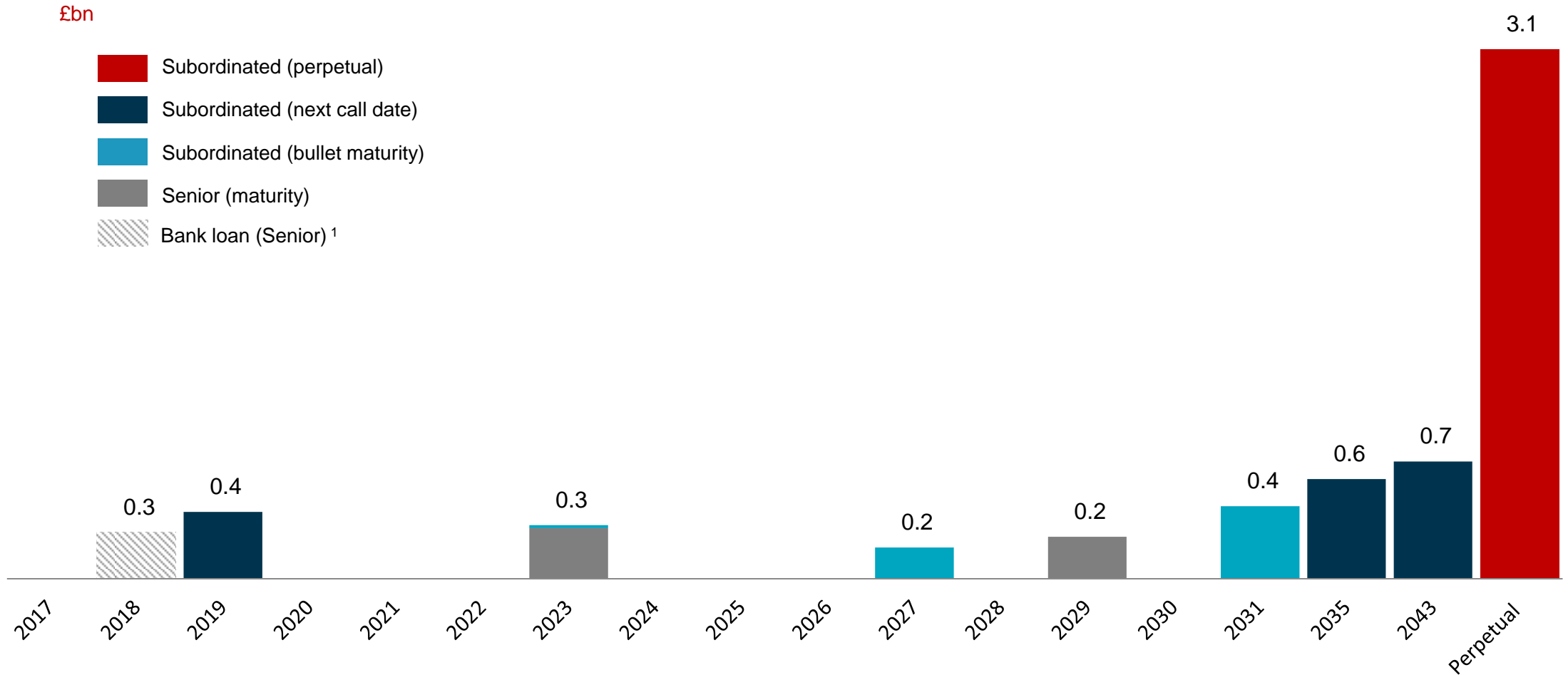
1. The Group shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring fenced With-Profit Funds and staff pension schemes in surplus
 2. The Group shareholder position includes management's estimate of transitional measures reflecting operating and market conditions at the valuation date
 3. Before allowing for the 2017 second interim dividend

Group debt maturity profile

No refinancing pressure in BAU

Group debt maturity profile

(As at 31 December 2017)



Group equity shareholders' funds

Operating profit remains key driver of growth

£m	IFRS Pre-tax	EEV Post-tax
Operating profit	4,699	6,598
Investment variance and other	(1,404)	2,152
Tax ¹	(906)	-
Net income	2,389	8,750
Unrealised gain on AFS ¹	486	n/a
Currency movements	(470)	(2,045)
Dividend	(1,159)	(1,159)
Other movements	175	184
Increase in shareholders' equity	1,421	5,730
Opening shareholders' equity	14,666	38,968
Closing shareholders' equity	16,087	44,698
	+10%	+15%

IFRS

Operating profit

- Includes M&G Prudential merger and transformation costs of £44m
- Debt costs up £65m due to debt issued in 2016 and FX effects

Investment variance and other

- Investment variance driven by negative marks on US VA hedges protecting against downside equity market risks
- Gain on sale of NPH of £162m before tax

EEV

Investment variance and other

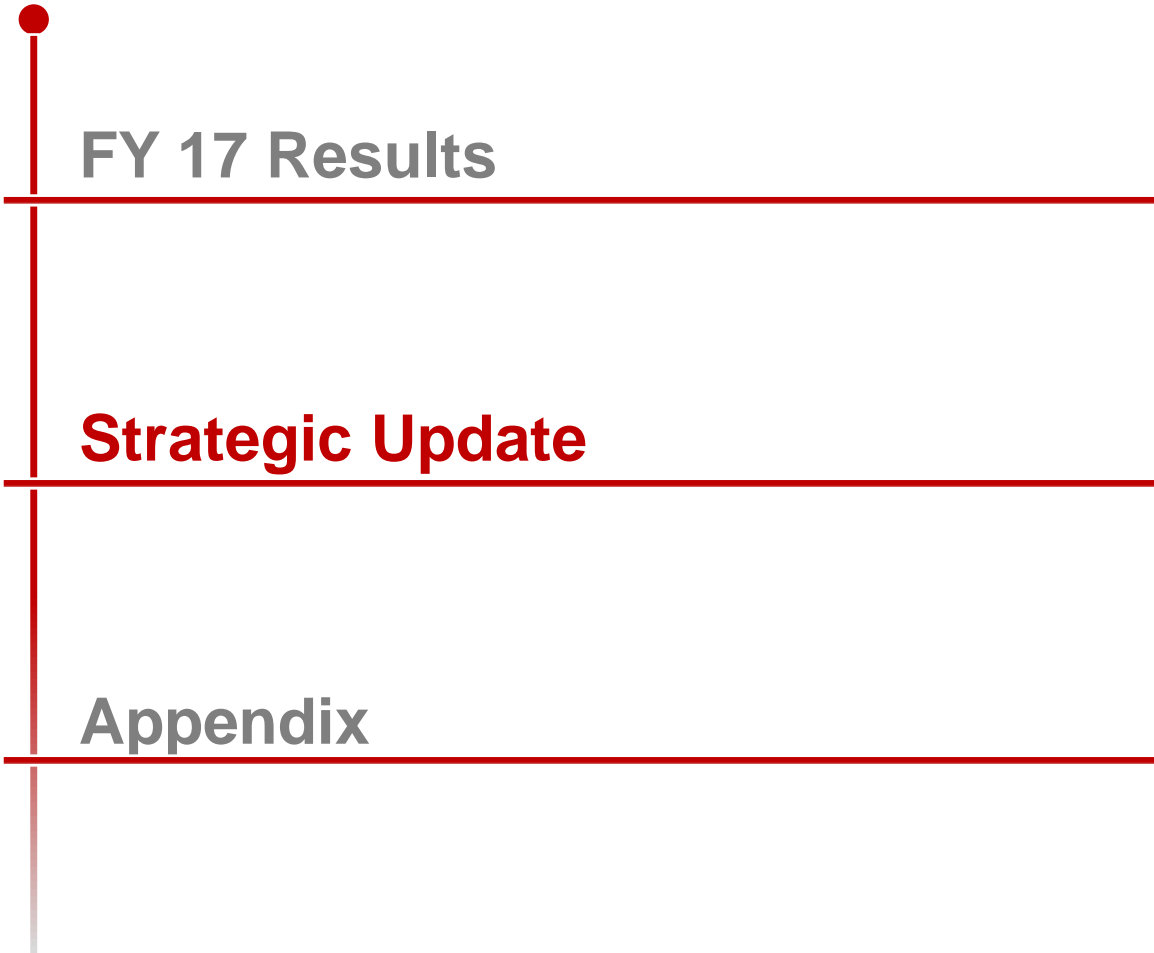
- Investment variance reflects benefit of future fees on higher US separate account balances
- Also includes impact of lower yields on Asia and UK fixed income securities

Currency movements

- FX impact primarily reflects weaker USD (down 9% vs GBP)

¹ Includes a charge of £(445)m in post tax income and a benefit of £134m in unrealised gains on AFS in relation to the impact of the US tax reform

Agenda

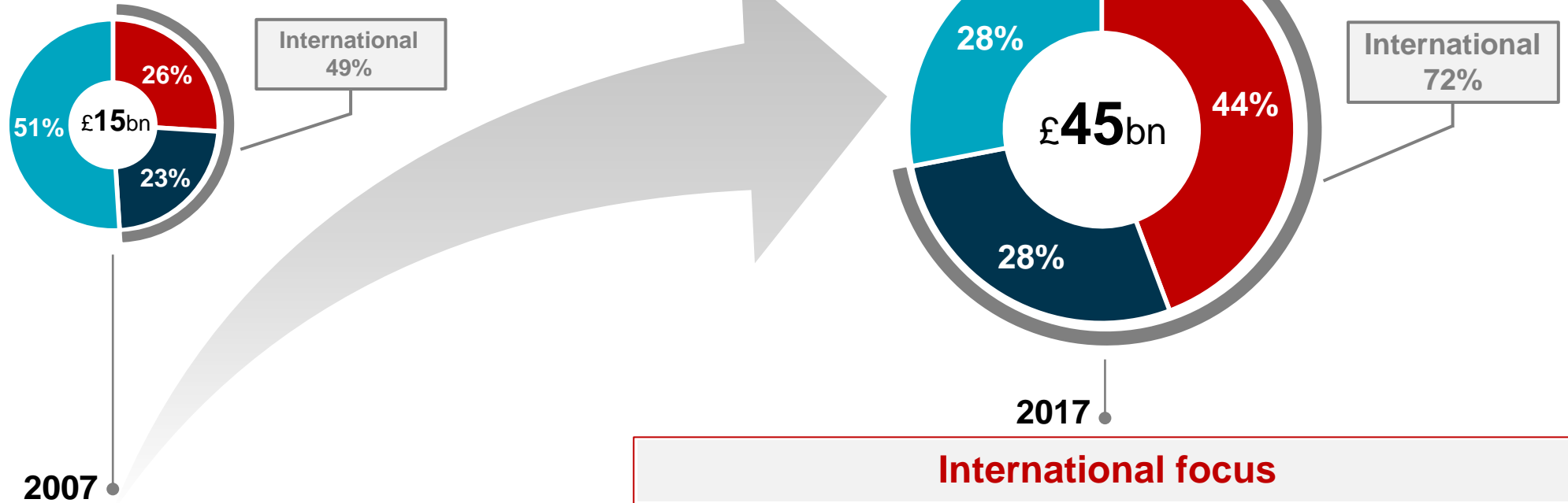


Group

Continued transformation of Group portfolio

Evolution of mix

EEV shareholders' funds¹,
%



UK centric

- Emerging Asia business reliant on Group funding
- US business yet to define a strategic focus
- Pru UK wrote 1 in 4 of the country's individual annuities

International focus

- Leading Pan-regional Asia business delivering expansive growth with 15m Life customers
- Market leading US retirement business
- Integrated UK savings platform generating significant cash flows
- UK annuity sale accelerates capital efficient transition

1. Mix percentages exclude Other operations and are based on reported numbers.

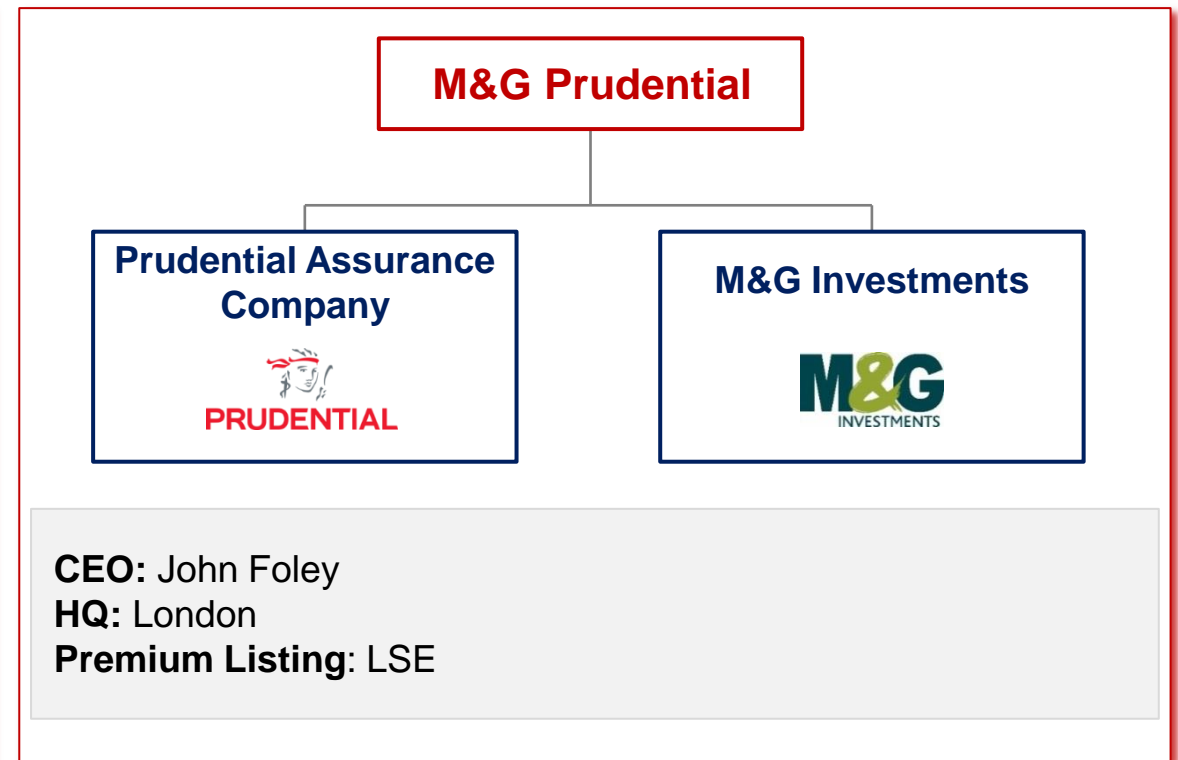
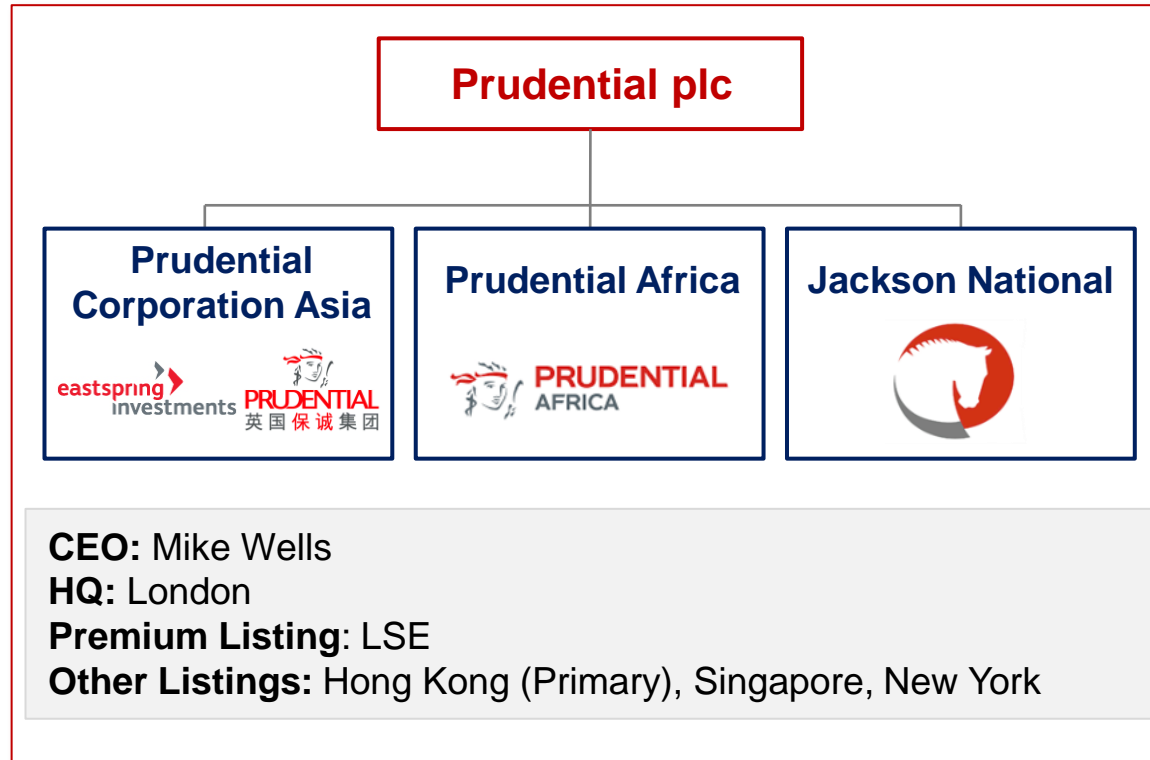
Group

Intention to demerge M&G Prudential from Prudential plc



Group

Target structure: two separately listed companies



Dividend policy unchanged through the separation process

Group

Target structure: two separately listed companies

Prudential plc

- Market leading franchises, in world's largest insurance and savings markets
- Sustainable competitive advantages in markets with long-term structural growth drivers
- Long-term track record of profitable growth
- High quality diversified earnings and cash
- Robust capital adequacy and conservative investment profile
- Strong liquidity position
- High quality, proven management team delivering superior execution

M&G Prudential

- Market leading insurance and asset management business, two regulated entities.
- Strong distribution capability, diversified customer base and well-recognised brands
- Leverages competitive strengths, greater agility to respond to evolving market opportunities
- High quality diversified earnings generating sustainable cashflows
- Robust capitalisation and rebalanced financial profile
- Strong liquidity position
- High quality proven management team delivering superior execution

Extremely strong ERM and culture of disciplined execution to remain unchanged

Ratings

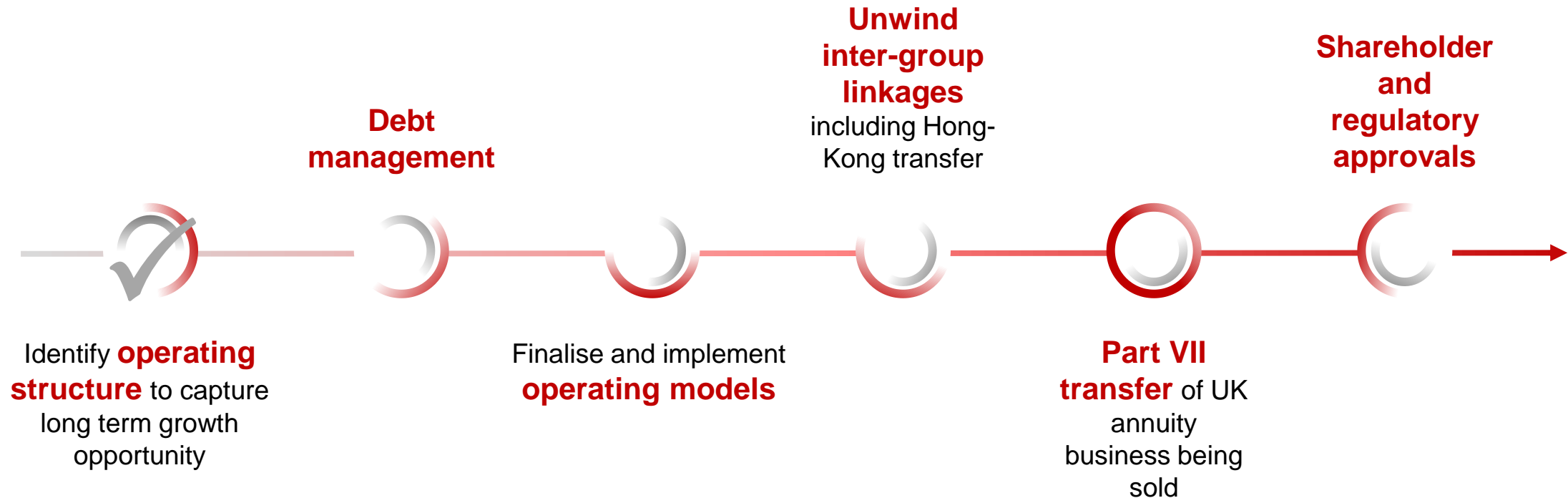
Very strong credit and financial strength maintained

	S&P Global	MOODY'S	FitchRatings
Prudential plc Financial strength Senior unsecured (LT/ST)	AA- A / A-1	Aa3 A2 / P-1	AA- A- / F1
Prudential Assurance Company Financial strength	A+	Aa3	AA-

****All ratings on stable outlook****

M&G Prudential demerger

Separation process – next steps



Summary

- ✚ Continued delivery of growth and cash
- ✚ Sustained momentum in earnings drivers underpins positive outlook
- ✚ Well capitalised with defensive balance sheet
- ✚ Demerging M&G Prudential from a position of financial strength

Appendix

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Group History

Providing financial security since

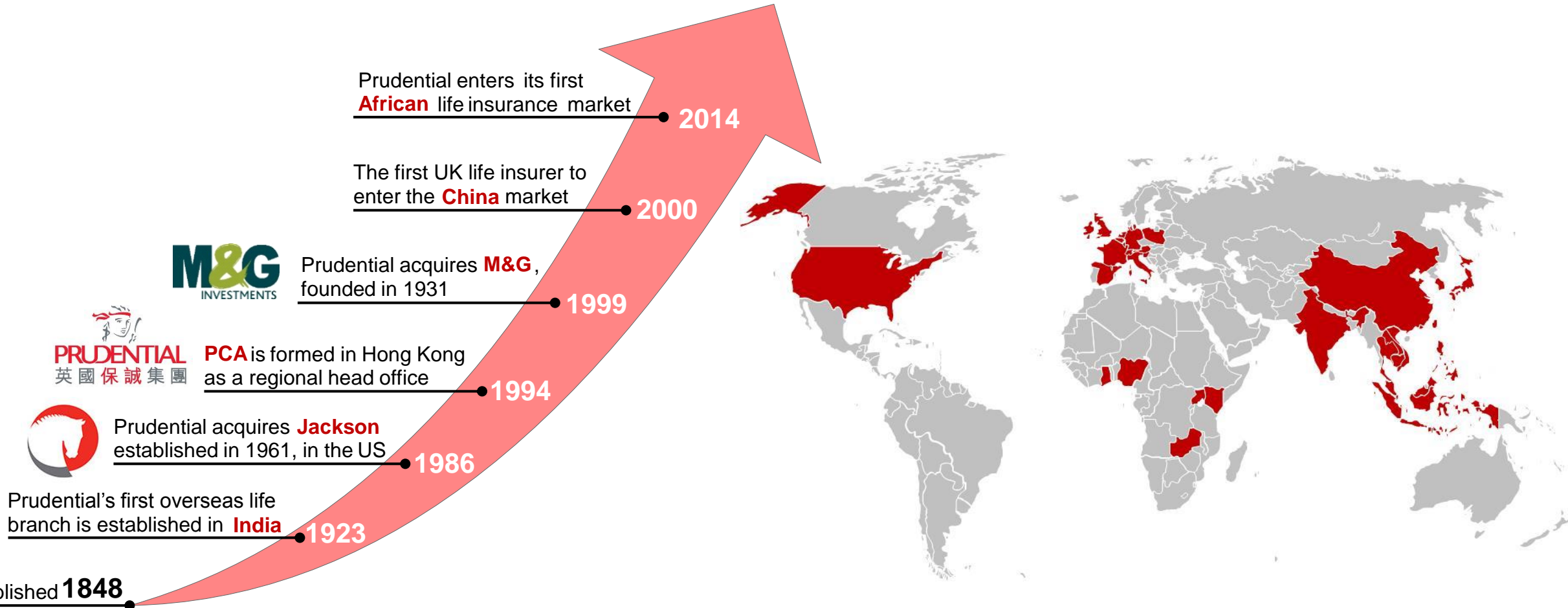
1848

Life insurance customers worldwide

26_m

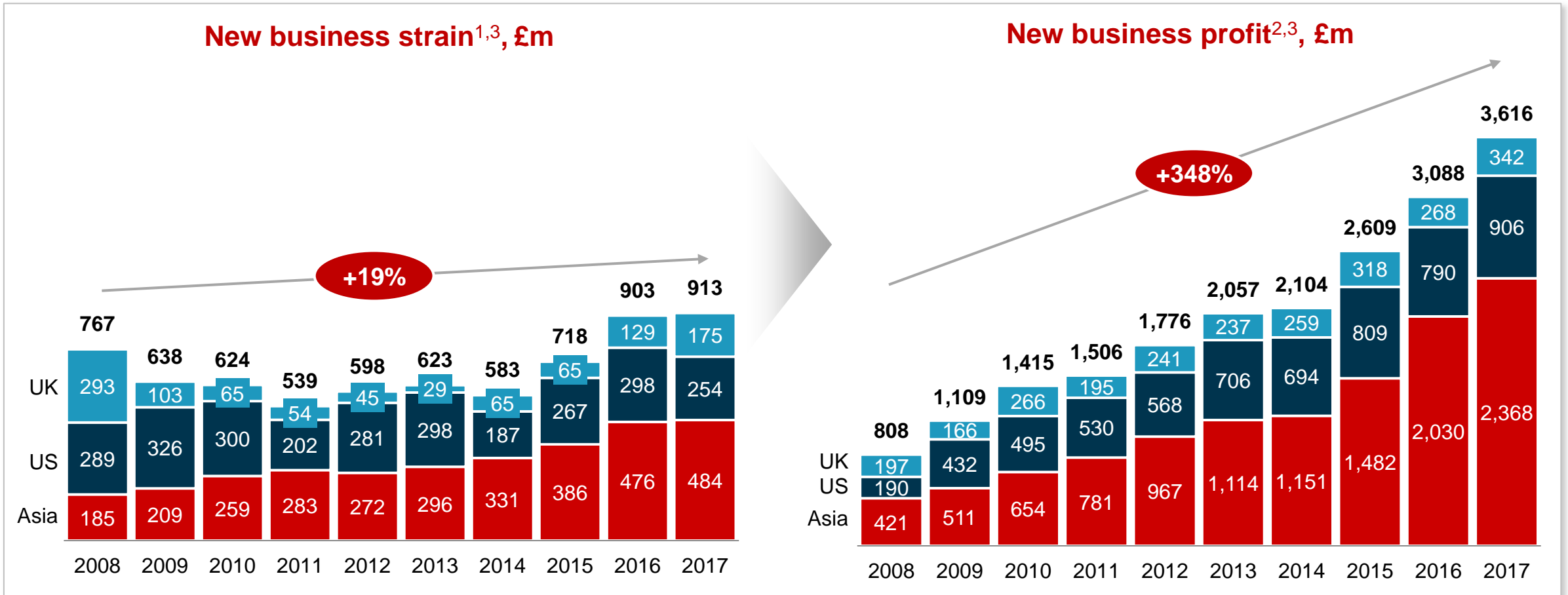
Total funds under management

£ **669_{bn}**



Group

Disciplined capital allocation to high-return new business



1 Free surplus invested in new business.

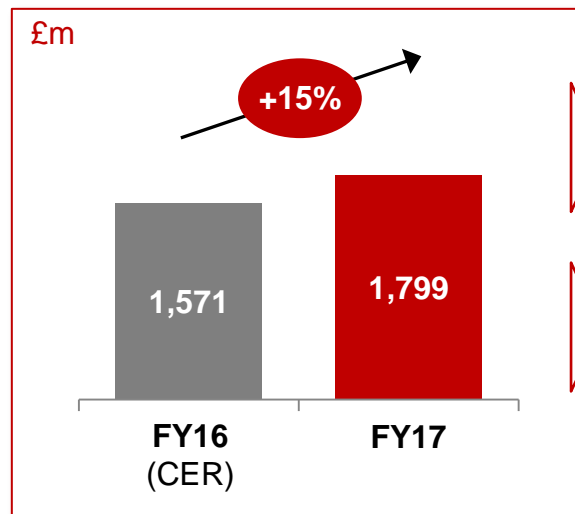
2 On a post tax basis.

3 Comparatives back to 2008 have been restated to exclude the contribution from the held for sale Korea Life insurance business. FY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. FY2008 to FY2013 comparatives include the results of PruHealth and PruProtect. Excludes Japan Life and Taiwan agency. As reported (RER)

Asia IFRS

Strong and consistent growth

Life IFRS operating profit



Renewal premiums

£11.6bn

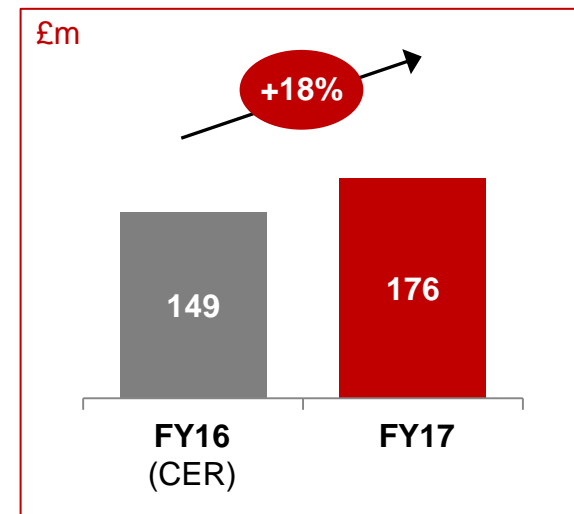
+22%

Insurance income

£1.3bn

+21%

Asset management IFRS operating profit



Average AUM¹

£128bn

+20%

External net inflows

vs £1.8bn
2016

£3.1bn

➤ Improved result in all countries, with 8 growing by more than 10%

➤ IFRS operating profit up 15%, driven by:

- Hong Kong +38%
- Singapore +10%
- China +38%
- Malaysia +15%
- Vietnam +15%

➤ Underlying profits² +12%

- Revenue +13%; revenue margin 33bp (FY16 35bp)
- Cost / income ratio 56% (FY16 56%)

➤ Closing AUM³ +18% to £139bn

- External AUM^{3,4} +22% to £47bn

¹ Percentage change shown on a constant exchange rate basis

² Excludes performance-related fees of £17m (2016: £7m)

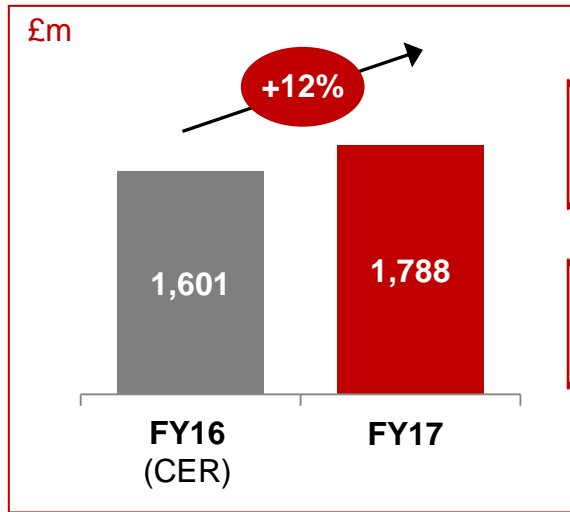
³ Percentage change shown on an actual exchange rate basis

⁴ Excludes Money Market Funds of £9.3bn (2016: £7.7bn)

US IFRS

Driven by fee earnings from VA business

Fee-based¹ IFRS operating profit



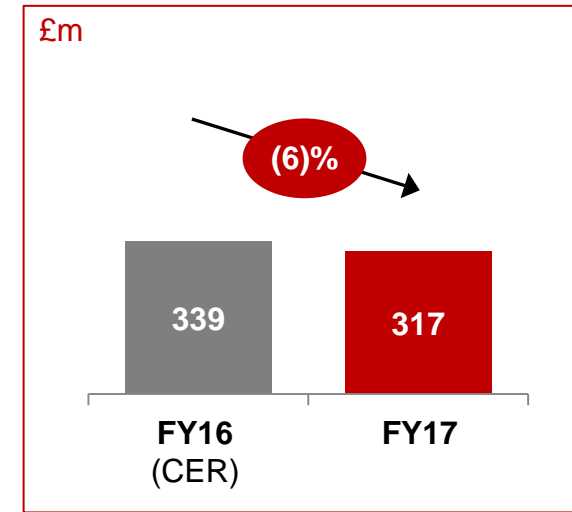
Av. separate
account AUM
£125bn

Fee
margin
187bp

+17%

(3)bp

Spread-based² IFRS operating profit



Spread
margin
193bp

(24)bp

- Higher separate account assets driving revenue growth
 - Net flows remain strongly positive
 - Favourable market movements
- Stable fee margins
- Higher levels of asset-based trail commission

- Ongoing decline in spread margin
 - Lower reinvestment yields
 - Reducing contribution from swaps
- Fixed annuity portfolio 23% of total av. liabilities (2016: 25%)

¹ Fee business represents profits from variable annuity products. As well as fee income, revenue for this product line includes spread income from investments directed to the general account and other variable annuity fees included in insurance margin
² Spread business is the net operating profit for fixed annuity, fixed indexed annuity and Guaranteed Investment Contracts and largely comprises spread income less costs

Impact of US tax reform

Net positive long-term impact

- Materially lower US corporate effective tax rate expected to enhance Jackson's future earnings and capital generation from 2018
- US effective tax rate expected to be c.18% compared to c.28% previously
- Group effective tax rate expected to reduce to between 16% and 18%

Immediate balance sheet impacts are manageable

- YE17 US Statutory RBC ratio >400%
- YE17 Group Solvency II cover ratio >200%

IFRS

- **YE17:** reduction in net DTA of £(311)m, recognised in:
 - Post-tax profit of £(445)m
 - Comprehensive income of £134m
- **Longer-term outlook:** lower effective tax rate expected to enhance post-tax earnings

EEV

- **YE17:** Non-operating gain of £390m, reflecting:
 - Gain on value of in-force
 - Reduction in net DTA / DRD benefit
- **FY17:** new business profit cash flows from 2018 onward, recognise a lower tax rate

Capital

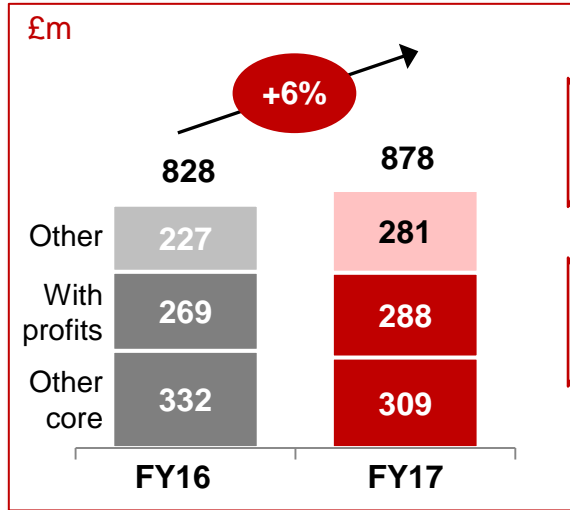
- **YE17:** £(628)m reduction in US Statutory Total Available Capital due to impact on net DTA of lower corporate tax rate and loss of NOL¹ carryback
- **YE17:** Group Solvency II cover ratio (5)ppts
- **Longer-term outlook:** lower effective tax rate expected to enhance capital generation

¹ NOL - Net operating losses

UK & Europe IFRS

Stable core life profits and strong asset management growth

Insurance IFRS operating profit



**Core¹
earnings**

£597m

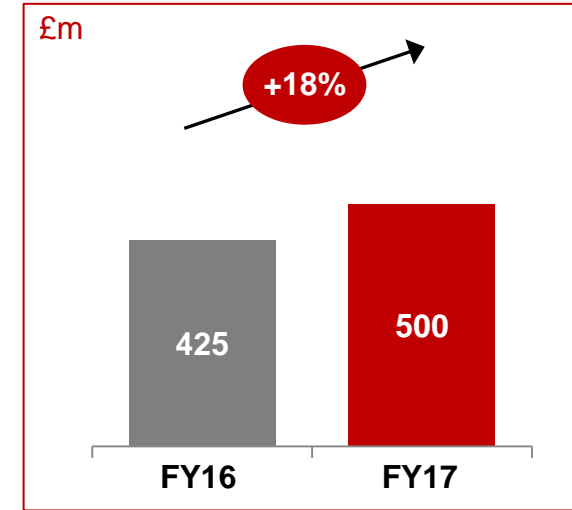
(1)%

**With profits
transfer**

£288m

+7%

Asset management IFRS operating profit



**Average
external AUM³**

£144bn

+15%

**External net
inflows**

£17bn
vs £(8)bn
2016

£17bn

- Stable level of core life earnings c.£600m
 - Includes PruFund transfer £42m (2016: £28m)
- Other movements include:
 - Management actions² £276m
 - Mortality assumptions change £204m
 - Provision for review of past annuity sales £(225)m

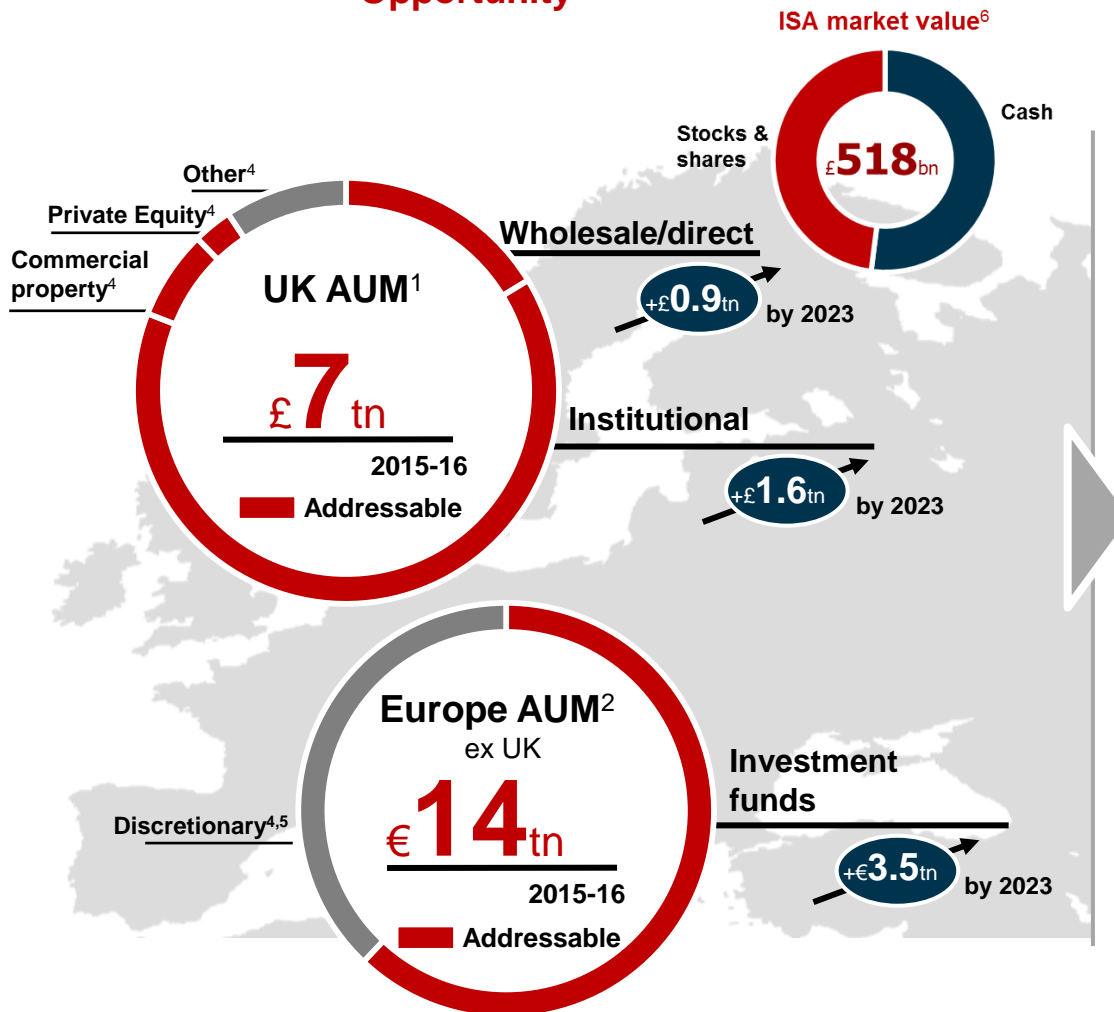
- Underlying profits⁴ +14%
 - Revenue +12%; revenue margin 37bp (FY16 37bp)
 - Cost / income ratio 58% (FY16 59%)
- Closing external AUM +20% to £164bn
 - Equating to 55% of total AUM (FY16 52%)
 - European AUM £42bn, up 57%
- Multi-billion Institutional capital queue

¹ UK Life core IFRS operating profit refers to the underlying profit of the UK & Europe business excluding the effect of, for example, management actions to improve solvency and material assumption changes
² Relates to specific asset and liability management actions taken in 2016 and 2017 to improve the solvency position of our UK life businesses and further mitigate market risk
³ Excludes South Africa
⁴ Excludes performance related fees of £53m (2016: £33m) and share of associate's results of £15m (2016: £13m)

M&G Prudential

Creating a market leading savings and investments business

Opportunity^{1,2,3}



Better alignment

Enhanced execution

Value creation



Accelerate current initiatives; better placed to capture distinct opportunity sets



Appropriate capital allocation and enhanced focus



Value created by broader opportunity set and better execution

1. Source: The Investment Association – Asset management in the UK 2015-2016.

2. Source: EFAMA Asset Management report, data as at 2015

3. Growth rates source: PWC Asset Management 2020, BCG and Prudential calculations. Retail growth rate sourced from BCG, Europe and remaining UK using PWC Europe forecast CAGR of 4.4%

4. UK AUM consists of Commercial Property, Private Equity and Other of £1.3tn growing by £0.5tn by 2023. European AUM consists of Discretionary of Eur5.2tn growing by Eur2.0tn.

5. Discretionary includes mandates and could be included within M&G Institutional addressable market.

6. Source: HMRC – Individual Savings Account (ISA) Statistics April 2017. HMRC, BoE, ONS, ABI

M&G Prudential

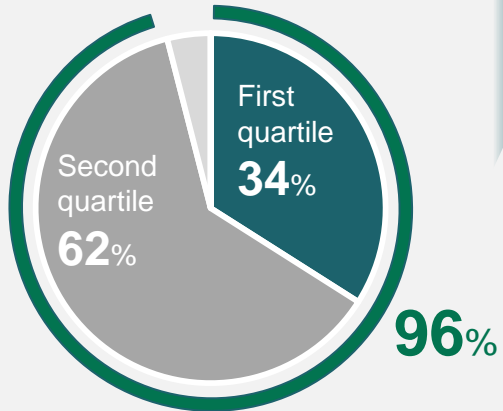
Attracting strong net flows

Wholesale/direct:

- ▶ Net flows £11bn
- ▶ 64% wholesale and direct funds above median²

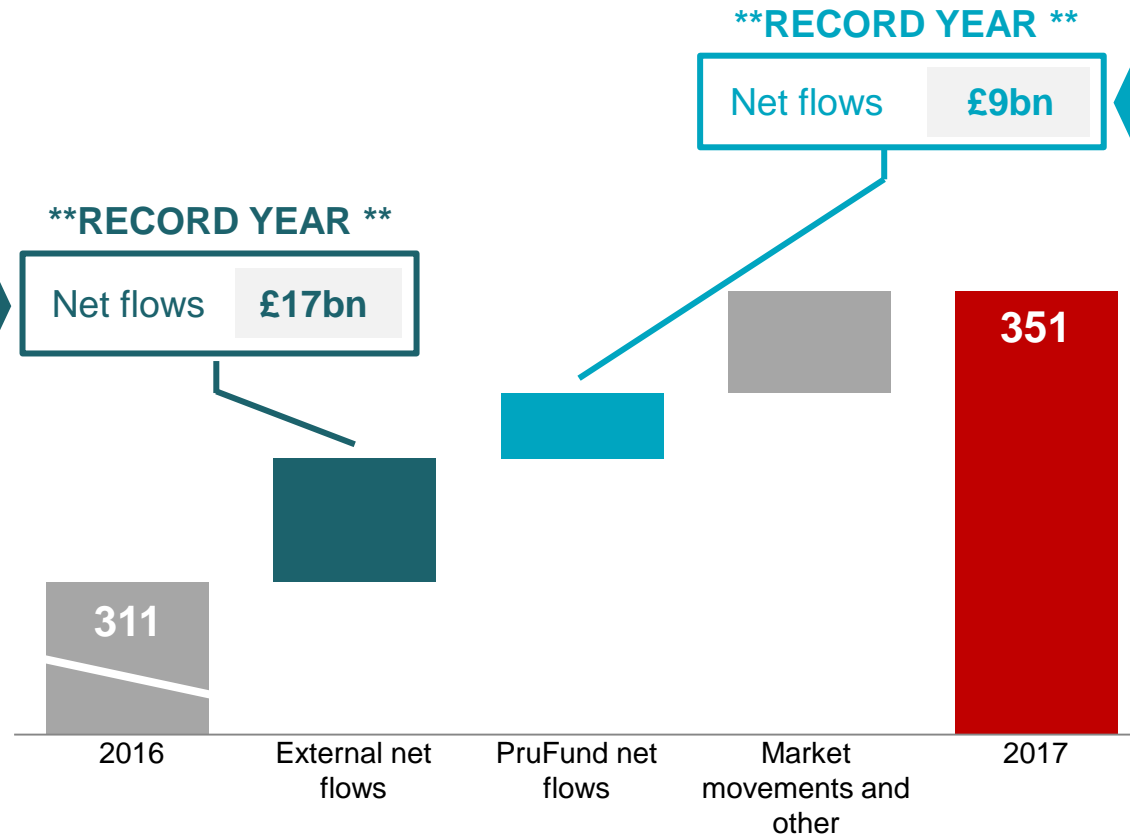
Institutional:

- ▶ Net flows £6bn

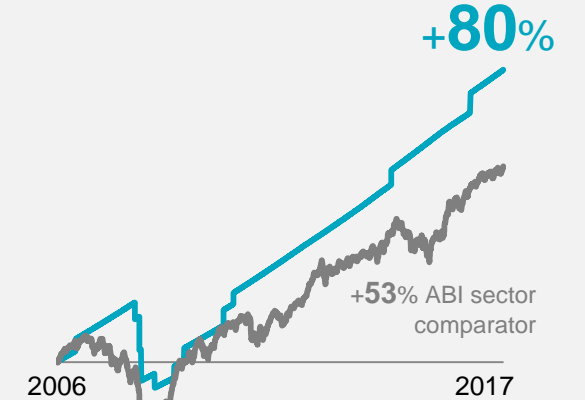


Institutional performance 3 years to December 2017¹

M&G Prudential Funds under management (£bn)



PruFund growth investment performance³, %



Earnings

+10%

Increase in 2017 IFRS operating profit

1. Represents £29.3bn (35%) of total Institutional AUM as at end December 2017 for mandates measured gross of fees.

2. On a 1 and 3 year view to December 2017. Performance quartile ranking based on ranking of the fund's representative share class, net of fees, within their respective Investment Association or Morningstar sectors. Closed funds excluded. Total mutual fund AUM as at 31 December 2017 was £79.7bn, representing 23% of the total M&G Prudential AUM. 1 year figures represent £78.1bn AUM, 3 year figures represent £76.1bn AUM. Performance figures in GBP, bid to bid, net income reinvested. Source: M&G Prudential, IA and Morningstar Inc. combined UK and Pan-European peer groups as at 31 December 2017.

3. ABI Mixed Investment 20 per cent – 60 per cent Shares (performance is net of charge). PruFund returns are also net of charge (0.65 per cent).

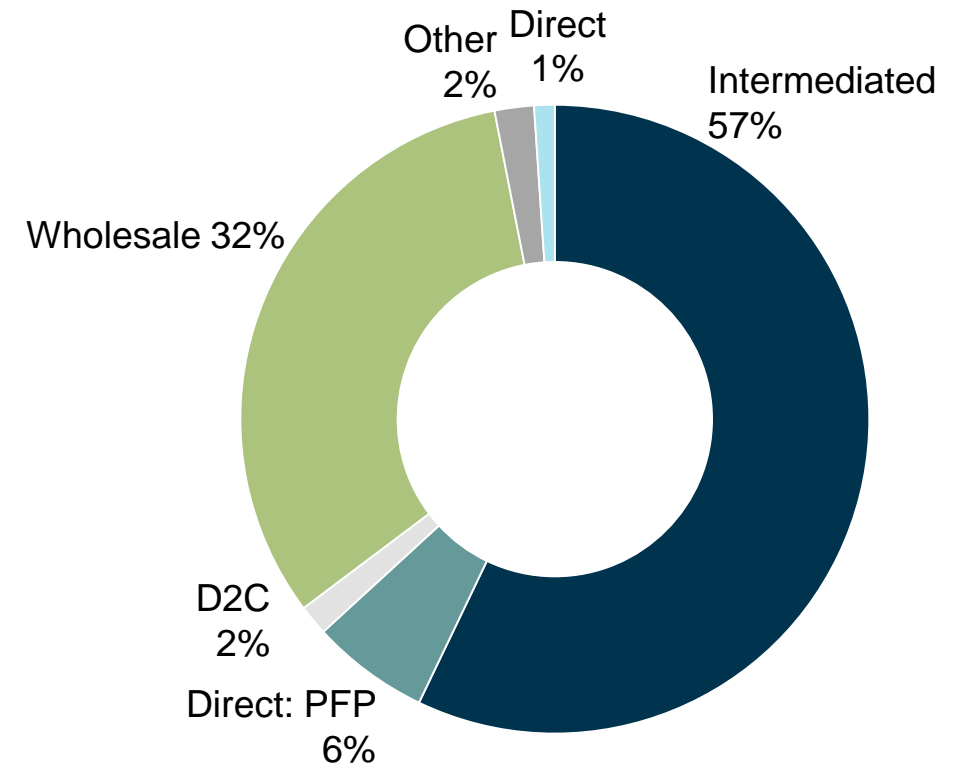
M&G Prudential

Broad UK distribution mix

Distribution channel (UK Customers)

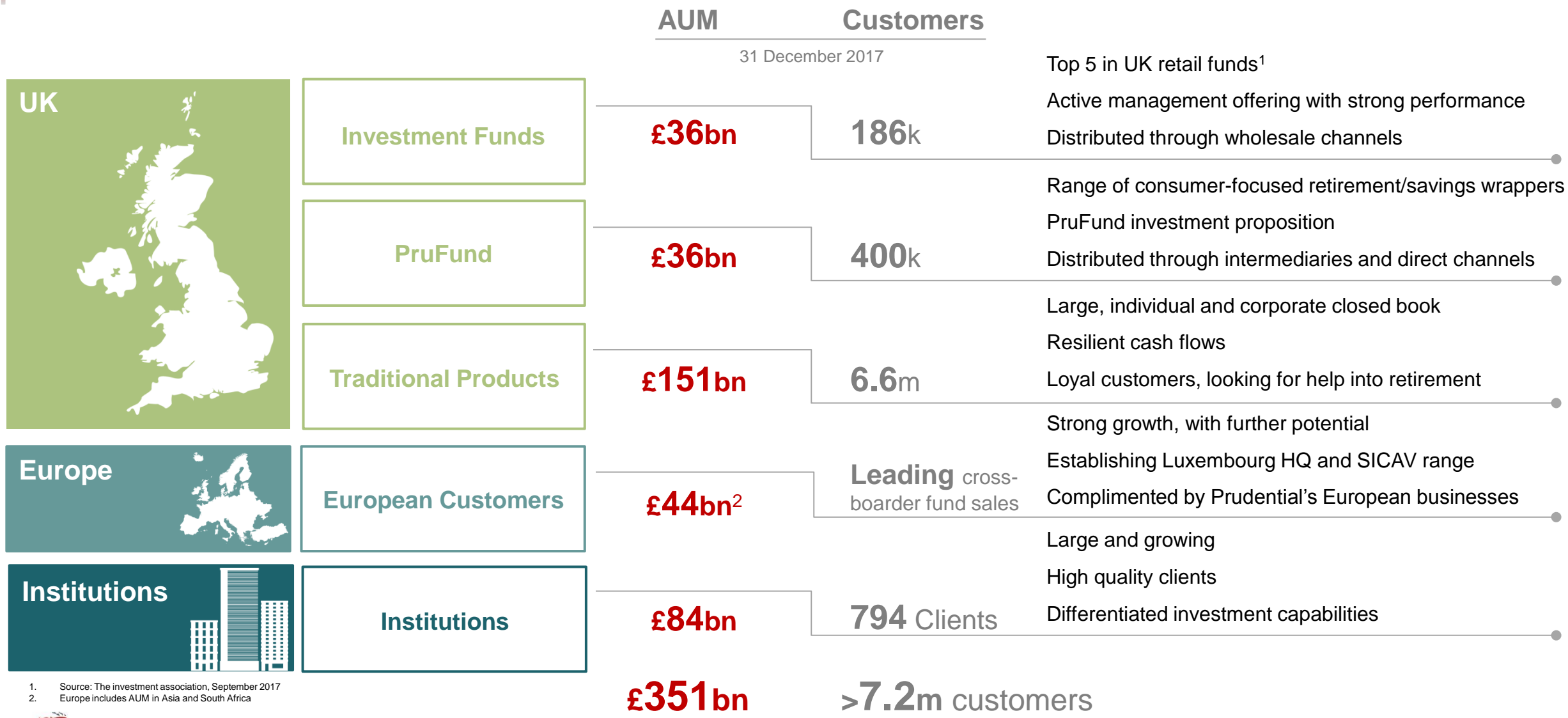
Wholesale	Advisers via platforms, wealth managers and banks	Individual funds within adviser portfolios
	Working directly with Independent and Restricted advisers	Customer solutions for advisers leveraging unique investment capability
Intermediary	SRS & M&G	Customer solutions addressing financial needs
	Advised (PFP)	
Direct to customer		

Channel Mix (UK Customers, 31 December 2017)



M&G Prudential

Diversified products and customers



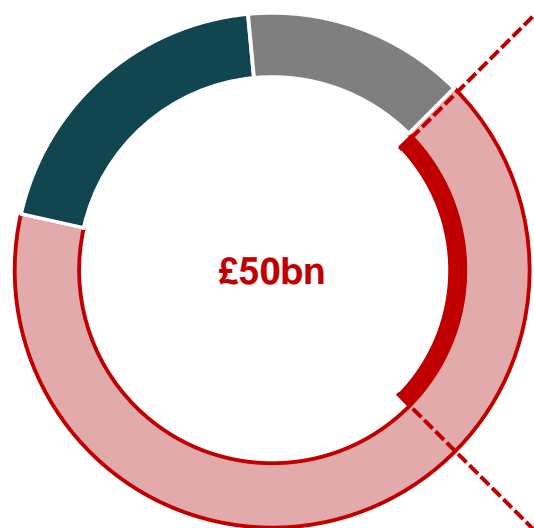
1. Source: The investment association, September 2017

2. Europe includes AUM in Asia and South Africa

M&G Prudential

De-risking shareholder annuity exposure through partial sale

UK IFRS annuity liabilities



£33bn	Shareholder-backed
£11bn	With-profits (non-participating)
£6bn	With-profits (participating)

- Sale of £12.0bn UK annuity liabilities to Rothesay
- 37% of UK shareholder backed annuity portfolio
- 31% reduction in UK credit exposure
- Two-step process
 - i. Reinsured to Rothesay
 - ii. Part VII transfer

Estimated proforma shareholder Solvency II impact on PAC Ltd¹

Own Funds	↓ £0.2bn	• Premium > SII BEL
SCR	↓ £1.3bn	• Portfolio de-risking
Surplus	↑ £1.1bn	
➤ Capital benefit retained to support demerger process		

IFRS impact

- IFRS pre-tax loss of approximately £500m
- Annuities being sold contributed around £140m towards UK&E Life core IFRS² operating profit of £597m in FY17

EEV impact

- Group EEV of £44.7bn expected to reduce by c.£300m

¹ The proforma estimate assumes that the partial sale of the UK annuity portfolio and the transfer of Prudential plc's Hong Kong subsidiaries to Asia had both completed as at 31 December 2017. The estimated proforma impact of both of these actions as at 31 December 2017 is to reduce the PAC Solvency II surplus from £6.1bn to £2.8bn.

² UK&E Life core IFRS operating profit refers to the underlying profit of the UK and Europe business excluding the effect of, for example, management actions to improve solvency and material assumption changes

Prudential plc

A pre-eminent global insurer, capturing structural growth

Asian growth

+1 million

People entering the working population every month^{1,2}

US wealth

More than

\$15 trillion³

Total advisor distributed assets

Better alignment

Enhanced execution

Value creation



Complementary operating markets, with ability to leverage experience and expertise



Diversification across risk characteristics - mortality, spread, longevity, investment, credit



Global operating profile and partner of choice, giving scale to invest in tech and R&D

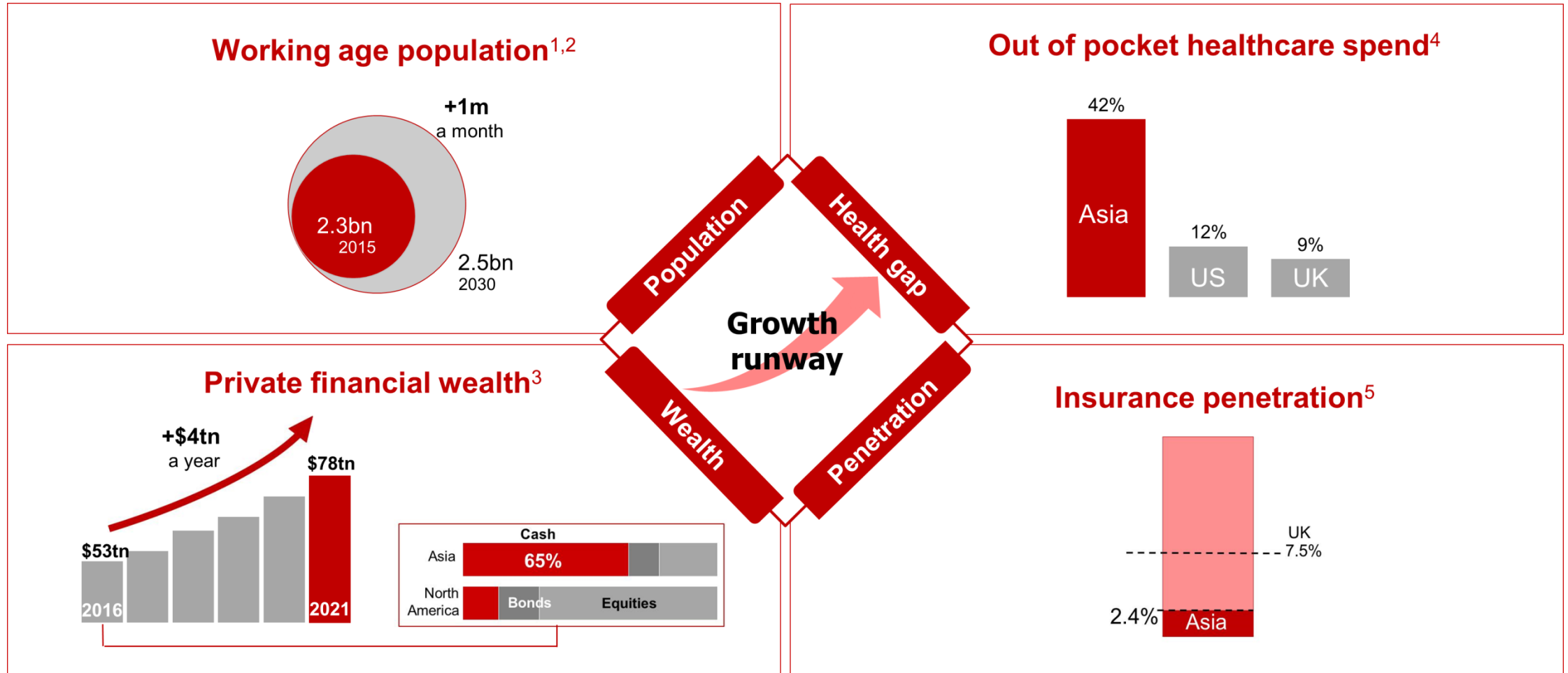


Capability to deliver differentiated products at each stage of a customer's savings and investment journey

1. United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.15
2. Working age population: 15-64 years
3. The 2017 Cerulli reports, IRI Fact Book, Federal Reserve – 2016 Survey of Consumer Finances

Prudential plc - Asia

Significant long term growth opportunity



1. United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.15
 2. Working age population: 15-64 years
 3. Source BCG Global Wealth 2017. Navigating the New Client Landscape
 4. World Health Organisation - Global Health Observatory data repository (2013). Out of pocket as % of Total Health Expenditure. Asia calculated as average out of pocket
 5. Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums in % of GDP. Asia penetration calculated on a weighted population basis

Prudential plc - Asia

Regional footprint

15m

Pru life customers

Access to:

3.3billion

Population

Top 3

Position in 9 of 12 life markets¹

 Cambodia (2013)	1 st	 Malaysia (1924)	1 st
 China (2000) ²	4 th	 Philippines (1996)	3 rd
 Hong Kong (1964)	2 nd	 Singapore (1931)	2 nd
 India (2000) ³	1 st	 Taiwan (1999)	12 th
 Indonesia (1995)	1 st	 Thailand (1995)	10 th
 Laos (2015)	3 rd	 Vietnam (1999)	2 nd

(YYYY) Operations start date

#1 Asian Retail Fund Manager

As at June 2017⁴

1. 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 availability of data)
 2. Total JV / foreign players only
 3. Ranking among private players, share among all players on fiscal year basis
 4. Retail Fund Manager - based on assets sourced from the region at June 2017. Excludes Japan, Australia and New Zealand. Source: Asia Asset Management, September 2017. Ranked according to participating regional players only.

Prudential plc - Asia

High quality, diversified growth

Eighth consecutive year of double-digit growth

New business profit¹ +12%

IFRS operating profit¹ +15%

Free surplus generation¹ +19%

IFRS

8 Countries with at least double digit growth

4 Countries generating >£150m IFRS

✓ Eastspring IFRS >£150m

IFRS contribution by entity² (inc Eastspring)

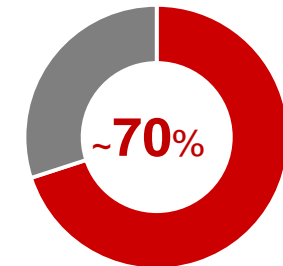
£'m	2013	2015	2017
>350		●	●
250-350	●		●●
150-250	●	●●	●●
50-150	●●●●●	●●●●●	●●●●●
<50	●●●●	●●●●	●●

NBP

NBP (ex HK)¹ +20%

H&P NBP¹ +26%

Health & Protection % NBP



NBP Margin 62%

1. Growth rates indicate variances against prior year on a constant exchange rate basis.

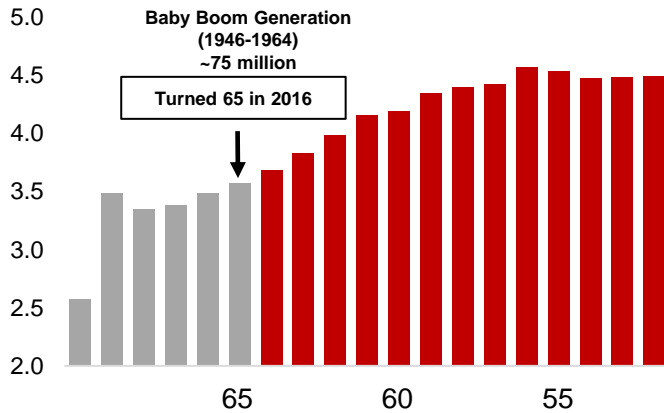
2. Presentation consistent with the 'IFRS Operating profit by territory' disclosure. Excludes Korea and non-recurring items. 'Other' is shown as a separate item and includes India, Cambodia and Laos. As reported (RER basis).

Prudential plc - US

US retirement opportunity

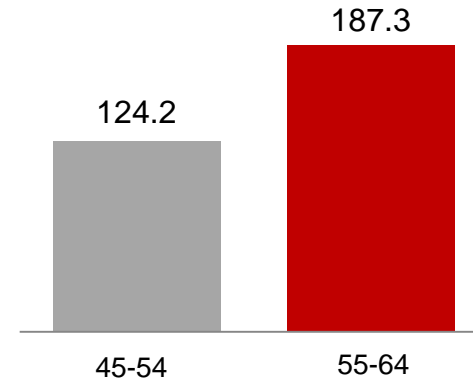
Retirement wave

Baby Boomer population by age¹



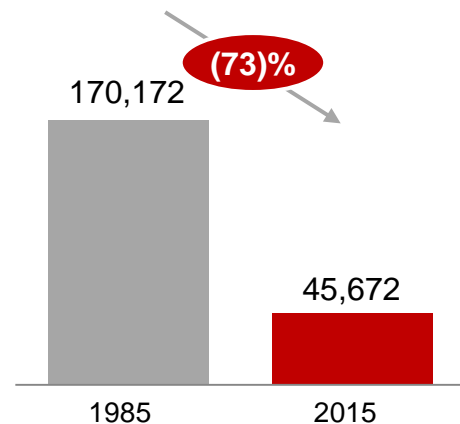
Under-saved

Median Net Worth² (\$ thousands)



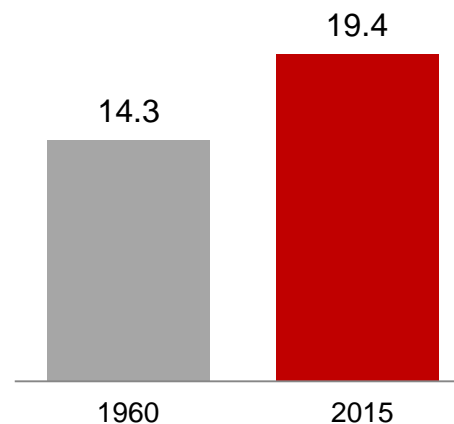
Declining pensions

of defined benefit pension plans³



Increased longevity

Life expectancy at 65⁴



Jackson National Life



▶ **Market Leading** retirement income provider

▶ **6.8x** premium growth since 1995

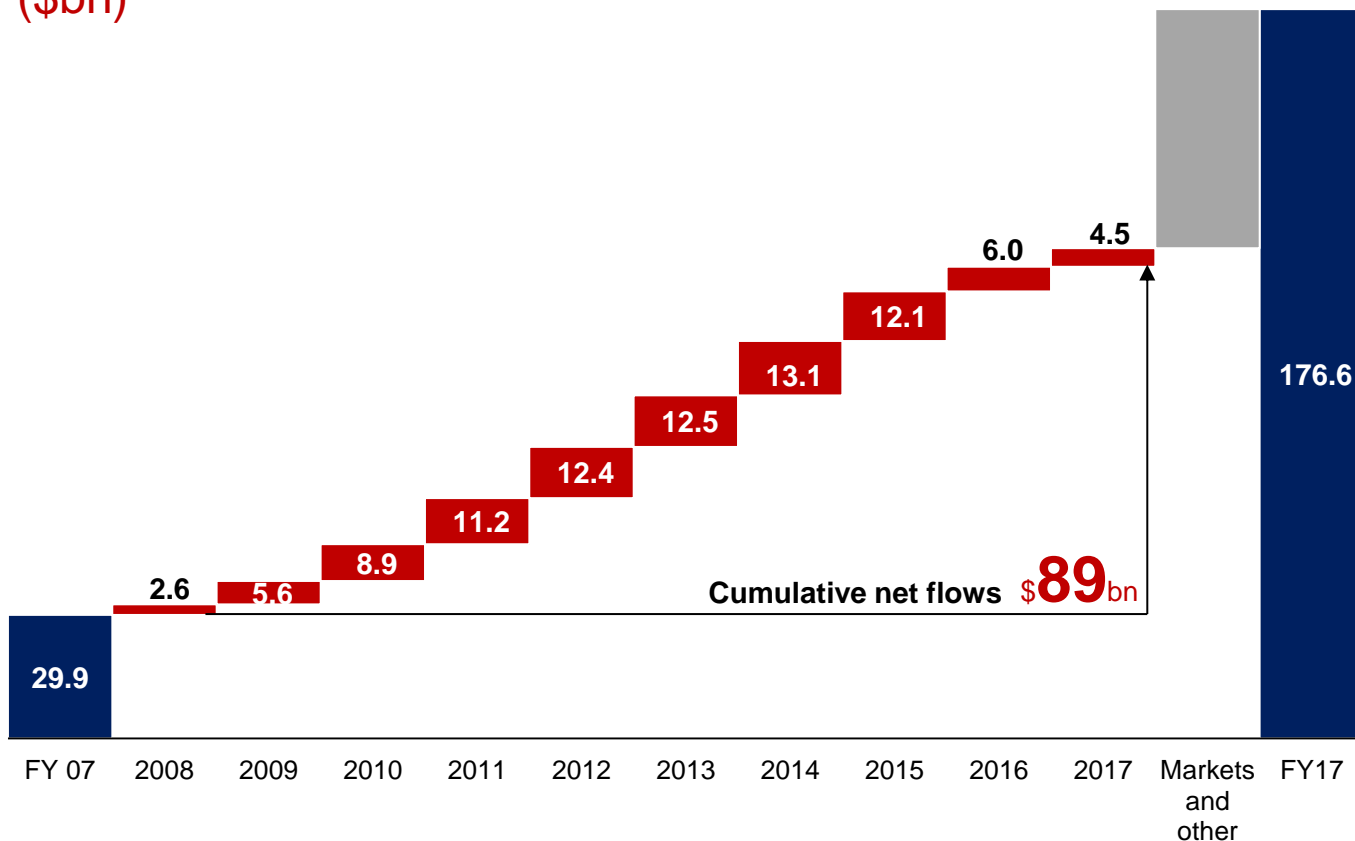
▶ **4 million** life customers

1. U.S. Census Bureau, Population Division, 2014 estimate of population. Generations as defined by Pew Research Center, 2014.
 2. 2016 Federal Reserve Board's Triennial Survey of Consumer Finances.
 3. U.S. Department of Labor, "Private Pension Plan Bulletin Historical Tables and Graphs 1975 - 2015." February 2018
 4. U.S. Department of Health and Human Services, "Health, United States 2016"

Prudential plc - US

Superior customer proposition, generating high quality earnings

Movement in separate account (\$bn)



Quality sources of income

+15% → £2.3bn

FY17 Increase in fee income (CER)

Superior customer proposition

42

Jackson LGWB funds with 7% or greater 3 year annualised performance

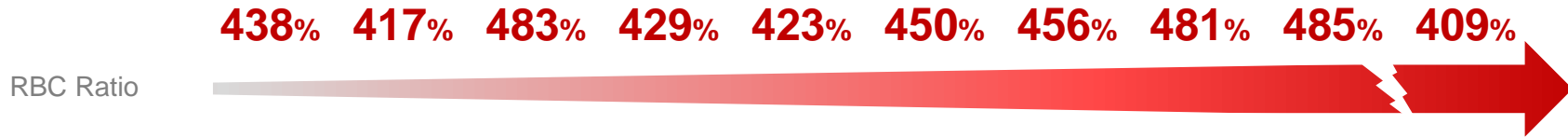
Adapting to change

113

Number of firms with fee based VA selling agreements.

Prudential plc - US

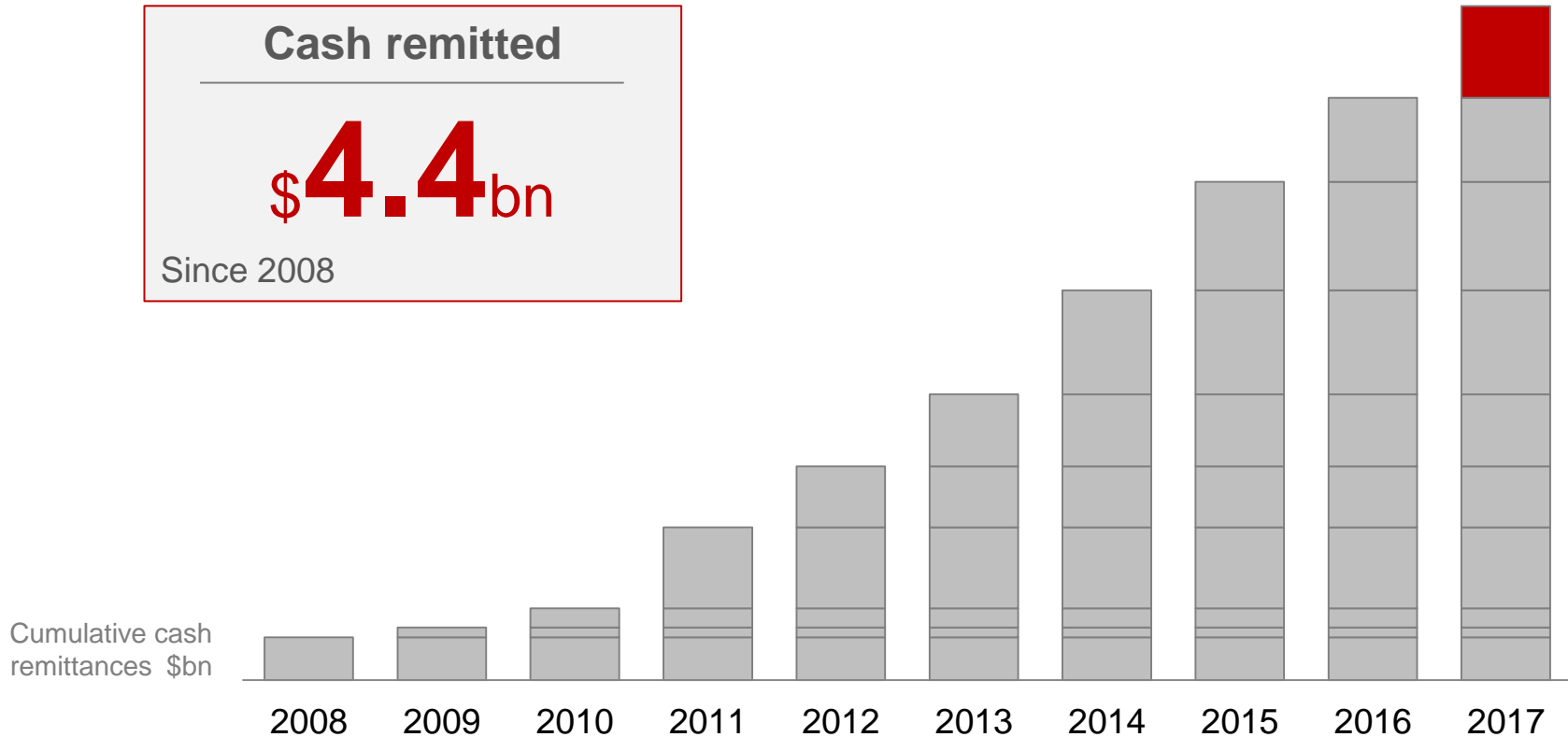
Delivery and resilience



Cash remitted

\$4.4bn

Since 2008



RBC remains resilient

>400%

Tax reform provides long-term economic **tailwind**

Protected against downside risks

Prudential plc - US

Strong statutory capital position

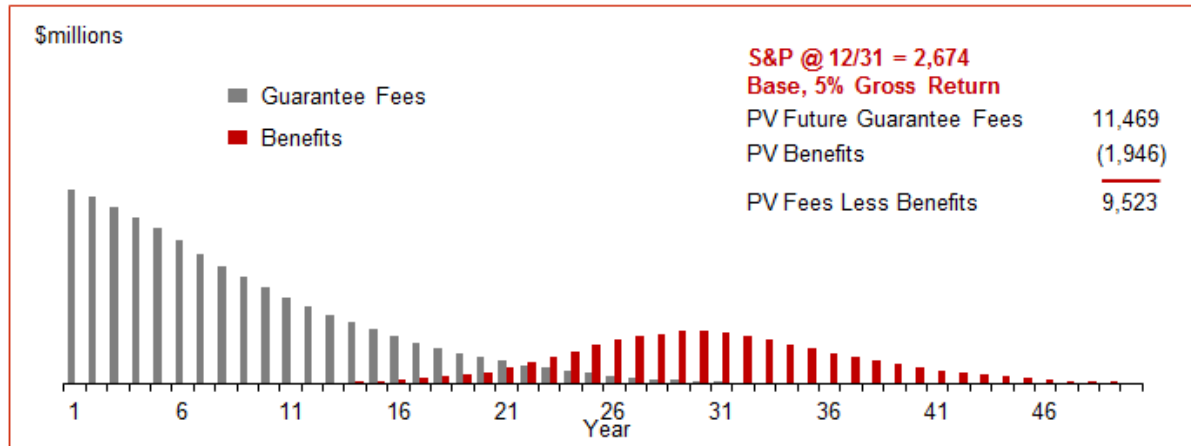
	Jackson total adjusted capital
	US\$bn
31 December 2016	5.3
Operating profit	1.1
Dividend	(0.6)
Reserves net of hedging and other effects	(0.4)
Change in DTA / other	(1.1)
31 December 2017	4.3

- ▶ Hedging programme continues to effectively mitigate risks
- ▶ Earned guarantee fees of 126 bps per annum
- ▶ Equity allocations remain below our 83% pricing assumption
- ▶ Total adjusted capital excludes:
 - ▶ Gains on interest rate swaps: \$480m net of tax at 31 December 2017 (31 December 2016: gain of \$413m)
- ▶ Change in DTA / other includes \$(0.8)bn from tax reform

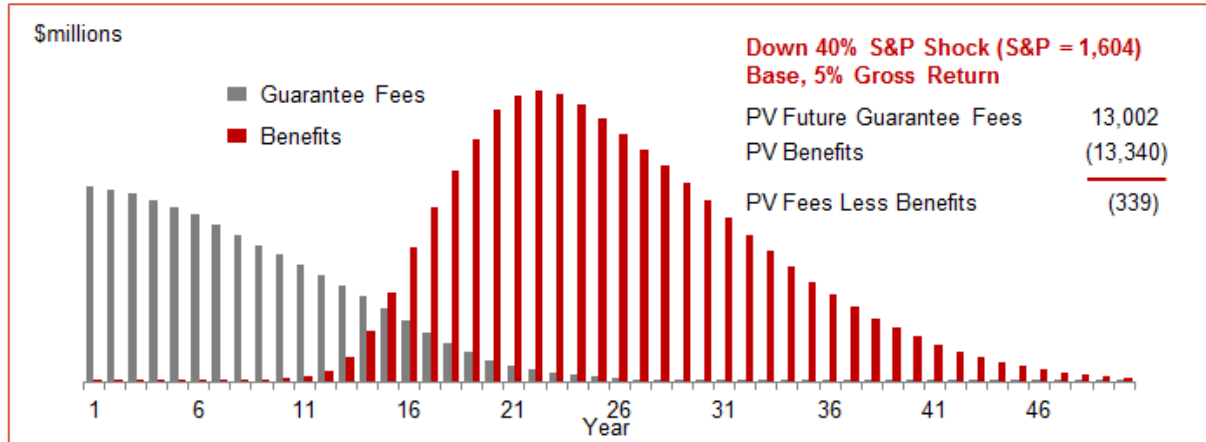
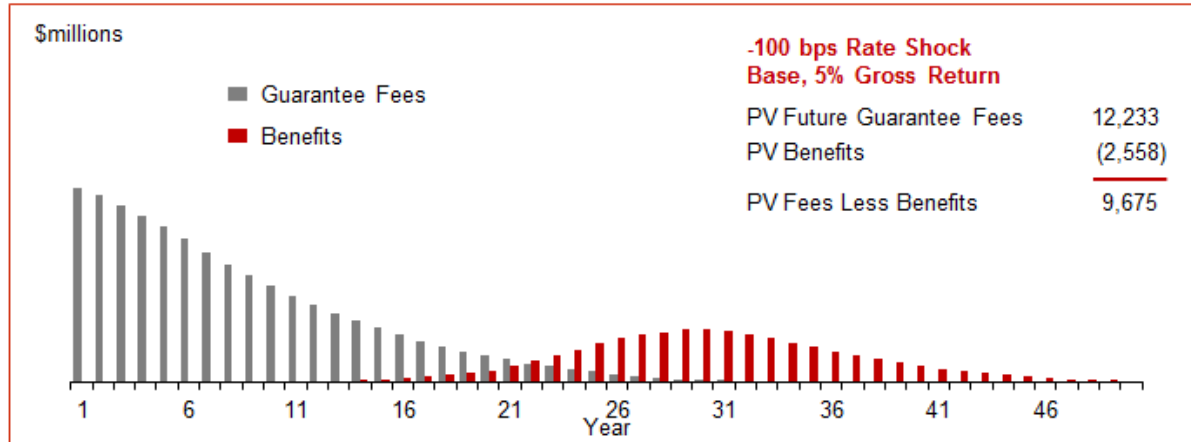
Prudential plc - US

Unhedged economic profile of GMWB guarantees

Jackson unhedged GMWB cash flow exposure, as at 31 December 2017



- Includes guarantee fees only
- Uses prudent best estimate assumptions (AG43, C3P2)
- 5% gross return is well below historical average market return
- Ignores guarantee fees collected to date as well as reserves
- PV of future GMWB fees exceeds PV of benefits over a wide range of market shocks
- Negative cash flow is far into future even in bad scenarios
- No material strain on liquidity in any given year
- Under the base scenario, the net PV increased by \$1.6bn from 2016 to 2017. If we include the full VA cash flows in the analysis, the base scenario net PV increased by \$3.6bn from 2016 to 2017.



Prudential plc - Africa

Regional footprint

1 billion people

Population of Sub-Saharan Africa¹

2.7 billion people

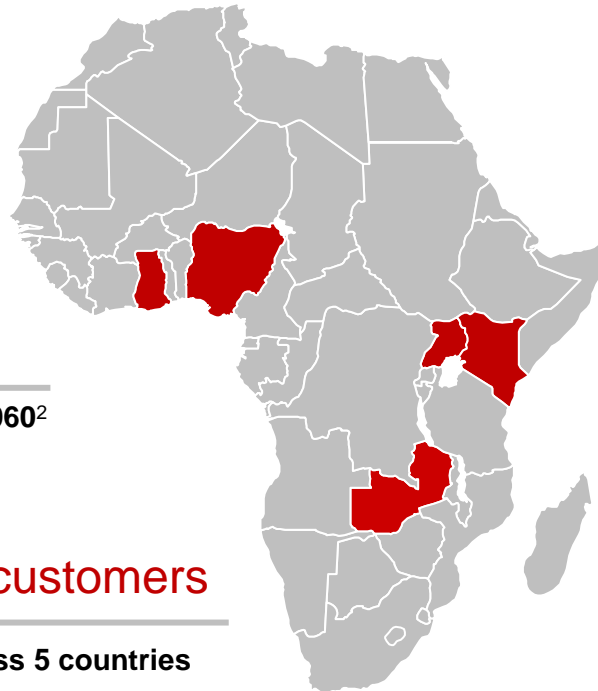
Population forecast by 2060²

~700 thousand Prudential customers

Across 5 countries

£23 million of APE sales

In 2017



Ghana 2014

Acquisition of Express Life

2015: Distribution partnership with Societe Generale

2015: Distribution partnership with Fidelity Bank

2016: Distribution partnership with CAL Bank

Kenya 2014

Acquisition of Shield Assurance

2015: Distribution partnership with Standard Chartered

Uganda 2015

Acquisition of Goldstar Life Assurance

Zambia 2016

Acquisition of Professional Life Assurance

Nigeria 2017

Acquisition of majority stake in Zenith Life of Nigeria

2017: Distribution partnership with Zenith Life

1. Source: "World Population Prospects: The 2017 Revision". As of 2015.
2. Source: The World Bank. '7 facts about population in Sub-Saharan Africa', 2015.

Group invested assets

Asset portfolio

Breakdown of invested assets¹, FY17, £bn

	Total Group	PAR funds	Unit linked	Shareholder-backed				Total
				Asia Life	US Life	UK Life	Other	
Debt	171.4	75.1	10.2	13.0	35.4	35.3	2.4	86.1
Equity	223.4	62.2	159.1	1.8	0.1	0.0	0.2	2.1
Property	16.5	14.2	0.6	0.0	0.0	1.7	0.0	1.7
Mortgage	10.5	2.4	0.0	0.2	6.2	1.7	0.0	8.1
Deposits	11.2	7.4	1.6	0.5	0.0	1.2	0.5	2.2
Other loans	6.5	2.6	0.0	0.4	3.4	0.0	0.1	3.9
Other	11.8	7.7	0.0	0.8	2.5	0.5	0.3	4.1
Total	451.3	171.6	171.5	16.7	47.6	40.4	3.5	108.2

Shareholder debt portfolio, FY17, £bn

	Portfolio £bn	No. issuers	Holding by issuer		High yield % debt portfolio
			Av. £m	Max £m	
Sovereign debt	16.5	46	359	3,895	1.9%
Corporate debt					
Investment grade	67.6	1,729	39	505	n/a
High yield	2.0	269	7	128	2.3%
	69.6	1,998	35	505	n/a

- Conservative asset mix: ~97% credit portfolio is rated investment grade or sovereign
- Minimal default losses, and minimal impairments across all credit portfolios
- Additional cash and equivalents of £10.7bn, of which shareholder exposure is £5.0bn

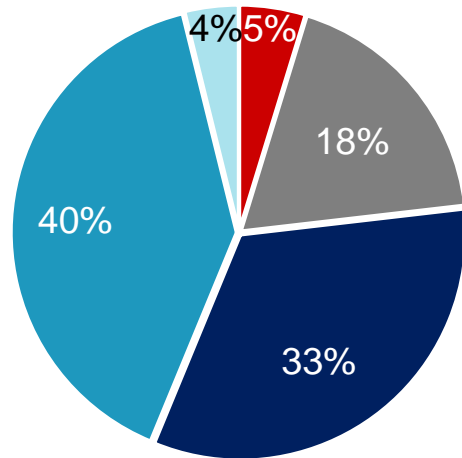
1. Excludes £1.4 billion of investments in joint ventures and associates accounted for using the equity method.

Group invested assets

Shareholder total debt securities

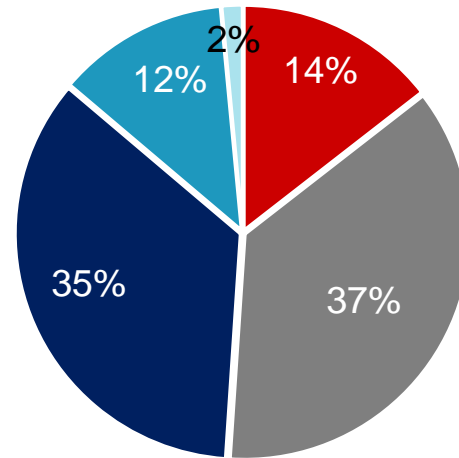
By credit rating

US



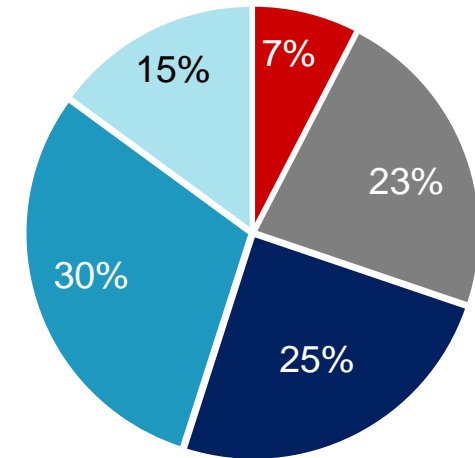
Total £35bn

UK



Total £35bn

Asia



Total £13bn

Rating:



Note: Pie charts exclude other operations totalling £2.3bn, of which 32% AAA, 55% AA, 8% A, 3% BBB and 2% BB or below
Note: Based on hierarchy of Standard and Poor's Moody's and Fitch, where available and if unavailable, internal ratings have been used.

Group Solvency II

SII treatment of hybrid capital classification

Hybrid capital outstanding, 31 December 2017

Issue Date	Amount	Coupon	Maturity Date	1st Call Date	SII Classification
19-Dec-01	GBP 435m	6.125%	19-Dec-31	None	Tier 2*
10-Jul-03	EUR 20m	20 yr CMS rate	10-Jul-23	None	Tier 2*
30-Jul-04	USD 250m	6.75%	Perp	23-Sep-09	Tier 1*
12-Jul-05	USD 300m	6.50%	Perp	23-Sep-10	Tier 1*
29-May-09	GBP 400m	11.375%	29-May-39	29-May-19	Tier 2*
21-Jan-11	USD 550m	7.75%	Perp	23-Jun-16	Tier 1*
15-Jan-13	USD 700m	5.25%	Perp	23-Mar-18	Tier 2
16-Dec-13	GBP 700m	5.70%	19-Dec-63	19-Dec-43	Tier 2*
09-Jun-15	GBP 600m	5.00%	20-Jul-55	20-Jul-35	Tier 2
07-Jun-16	USD 1,000m	5.25%	Perp	20-Jul-21	Tier 2
13-Sept-16	USD 725m	4.375%	Perp	20-Oct-21	Tier 2
24-Oct-17	USD 750m	4.875%	Perp	20-Jan-23	Tier 2

*Grandfathered under Solvency II transitional provisions until 31 December 2025.

Group currency mix

Translation sensitivities

