



Prudential plc 2011 Full Year Results

Delivering 'Growth and Cash'

13 March 2012

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Prudential plc 2011 full year results

Agenda

Business Review

- Overview of results
- Business update

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

Growth

- Group new business profit¹ £2,151m (2010: £2,028m)
- Asset Management net inflows £4.5bn (2010: £8.9bn)

Profitability

- IFRS operating profit £2,070m (2010: £1,941m)
- EEV operating profit £3,978m (2010: £3,696m)

Cash and Capital

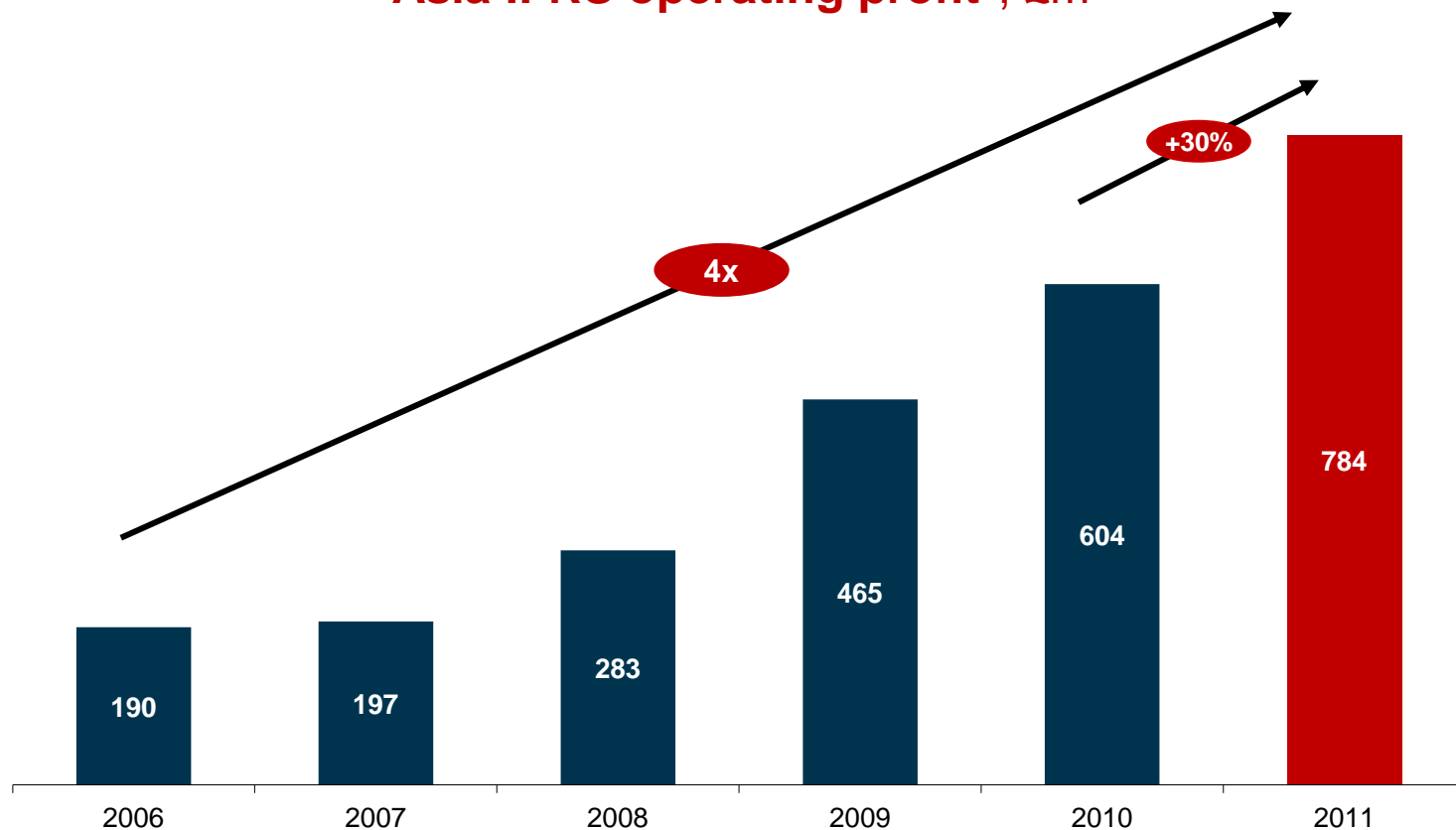
- Net remittances from business units £1,105m (2010: £935m)
- IGD surplus of £4.0bn, coverage ratio of 275%
- Full year dividend up 5.6% at 25.19 pence per share
- EEV shareholders' funds of £19.6bn, £7.71 per share (2010: £18.2bn)

¹ Excludes Japan

Key Milestones Achieved in 2011

Asia is the largest contributor to IFRS profits

Asia IFRS operating profit¹, £m

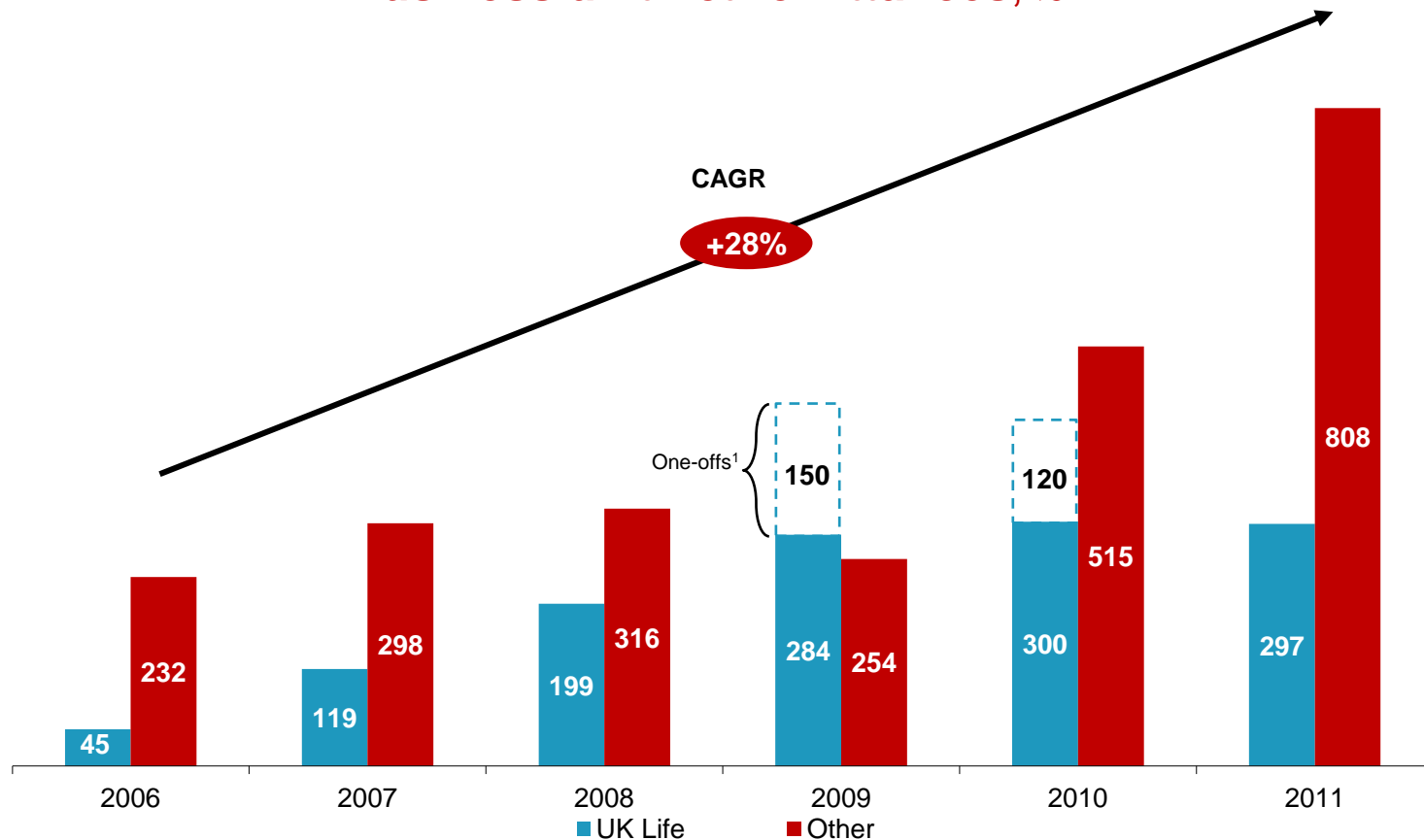


¹ Life and Eastspring Investments. Net of development costs

Key Milestones Achieved in 2011

Strong net remittances now from ALL businesses

Business unit net remittances, £m

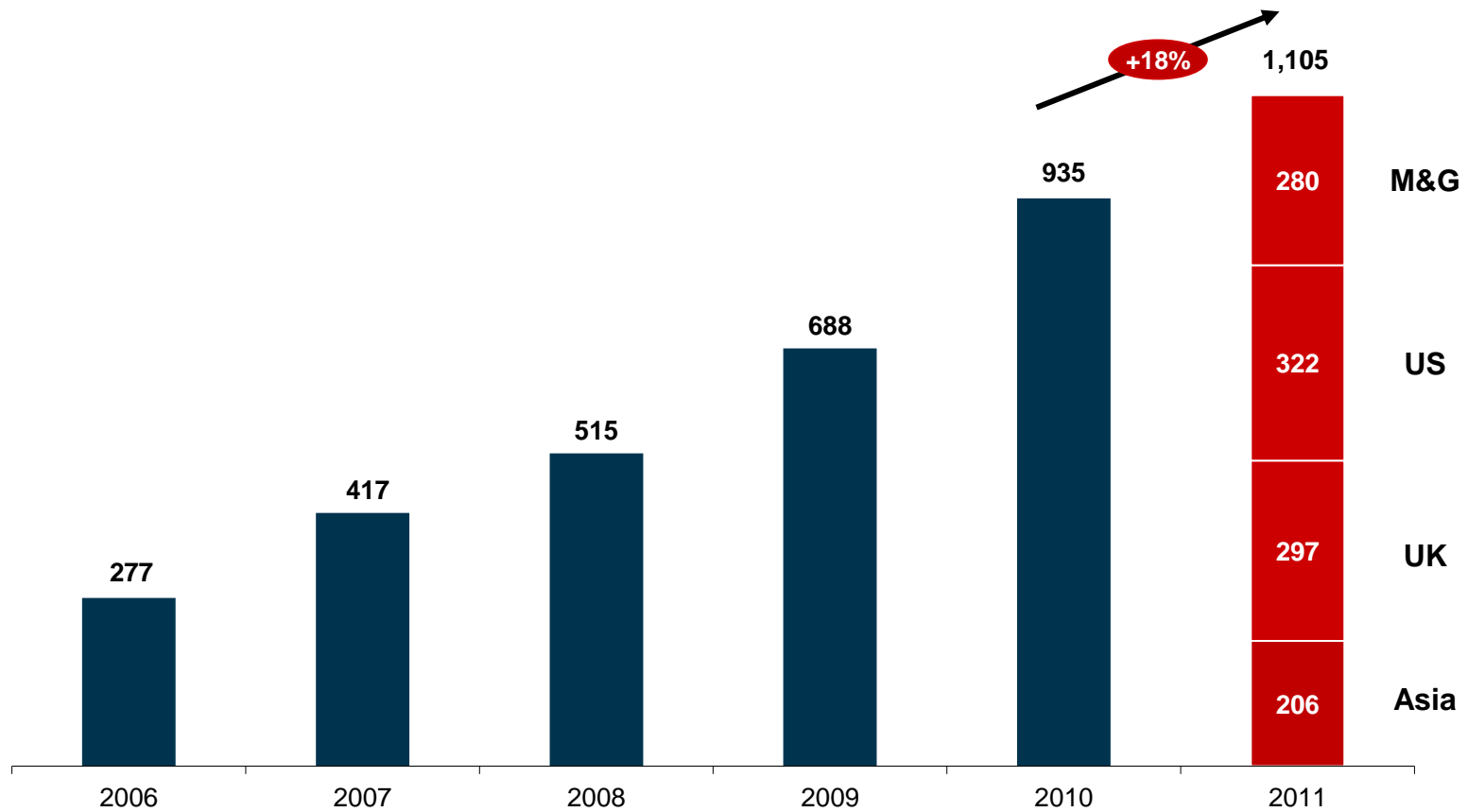


¹ The net remittances from the UK include the £150m in 2009 arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances include an amount of £120m representing the release of surplus and net financing repayments

Key Milestones Achieved in 2011

Over £1 billion of net remittances in 2011

Business unit net remittances, £m



2013 Growth and Cash objectives

Half-time update

Overview

Business
update

	£m	2009	2011	Objective ¹ 2013	% Achieved ²	
Asia	IFRS operating profit	465	784	930	+69%	1
	New business profit¹	713	1,076	1,426	+51%	2
	Net Remittance	40	206	300	+69%	3
Jackson	Net Remittance	39	322	200	+161%	4
UK	Net Remittance	434 ³	297	350	+85%	5
Group	Net Remittance (Cumulative)	-	2,040	3,800	+54%	6

¹ The objectives assume current exchange rates and normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2010, is based on the current solvency regime and does not pre-judge the outcome of Solvency II, which remains uncertain

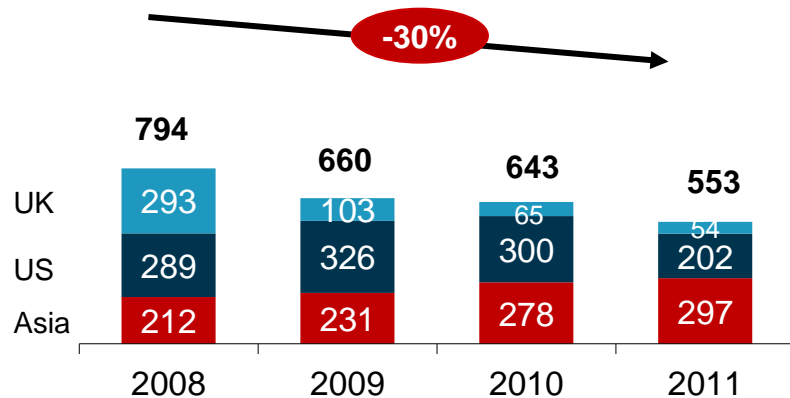
² % Achieved for Asia IFRS and new business profit is the % of the uplift achieved at the end of 2011 from the 2009 level

³ The net remittances from the UK include the £150m in 2009 arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis

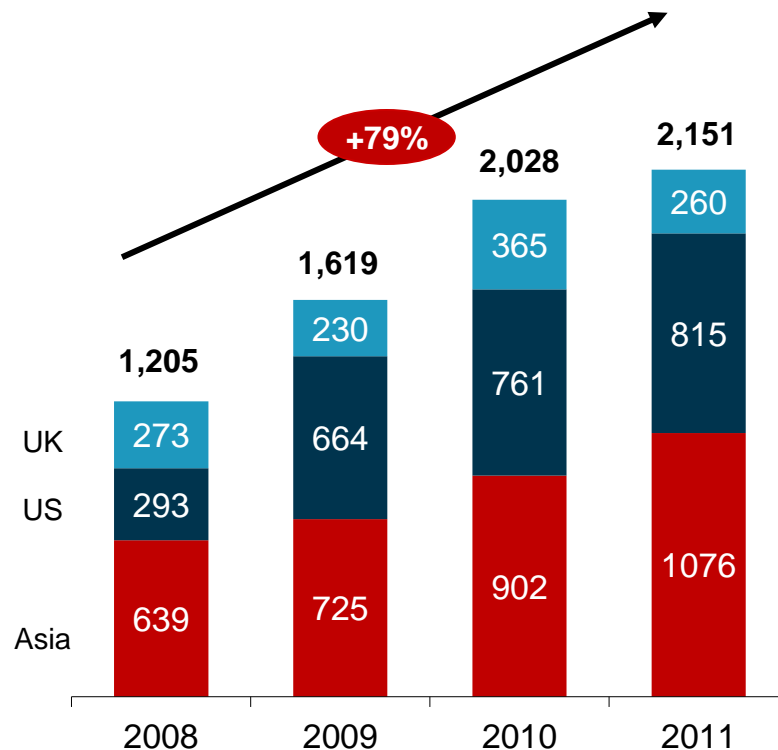
Returns on capital invested

Continuing to generate 'more for less'

New business strain^{1,2}, £m

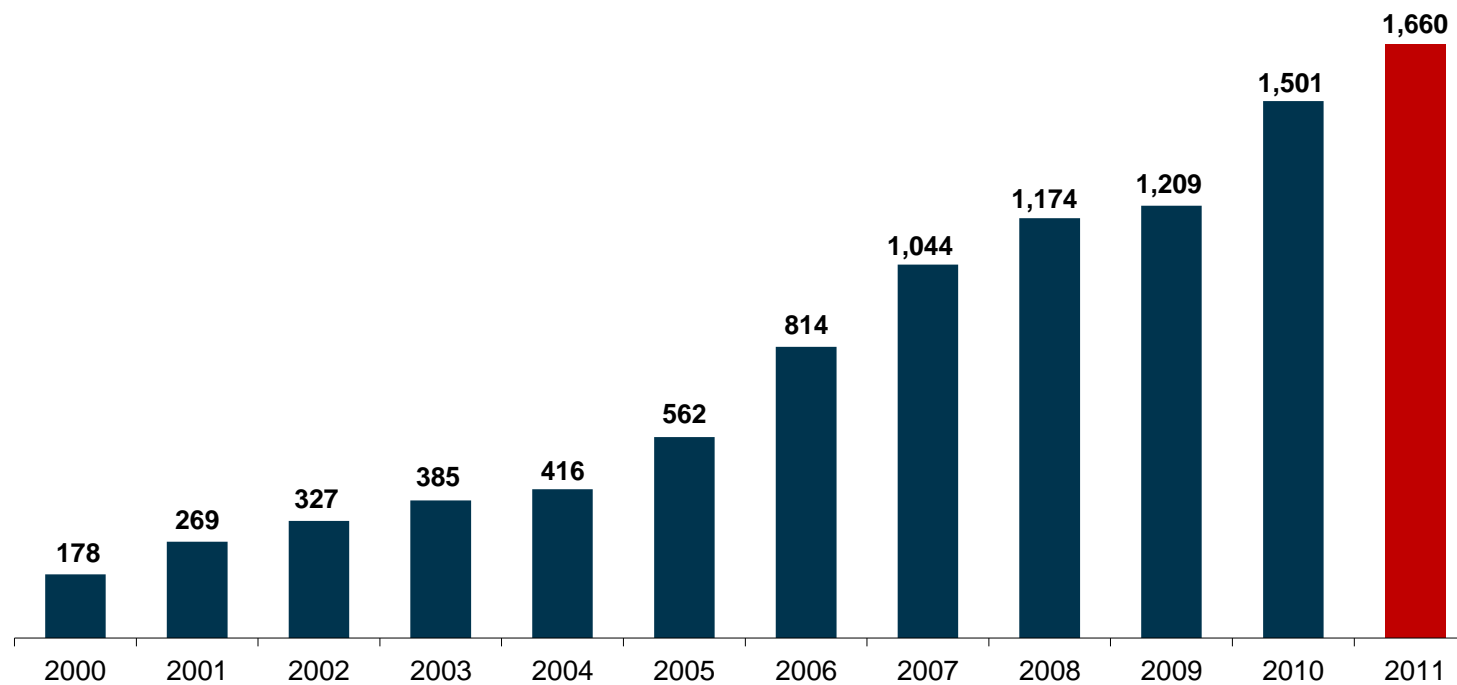


New business profit², £m








¹ Free surplus invested in new business
² Excludes Japan and Taiwan agency

APE¹, £m



¹ Excludes Japan and Taiwan agency

Operating in 11 countries with material scale and market leadership

	Vietnam APE: £42m Market Share: 28% Rank: 1
	Indonesia APE: £363m Market Share: 23% Rank: 1
	Malaysia APE: £223m Market Share: 25% Rank: 1
	Singapore APE: £235m Market Share: 20% Rank: 1
	Philippines APE: £30m Market Share: 14% Rank: 1
	India APE: £101m Market Share: 8% Rank: 1



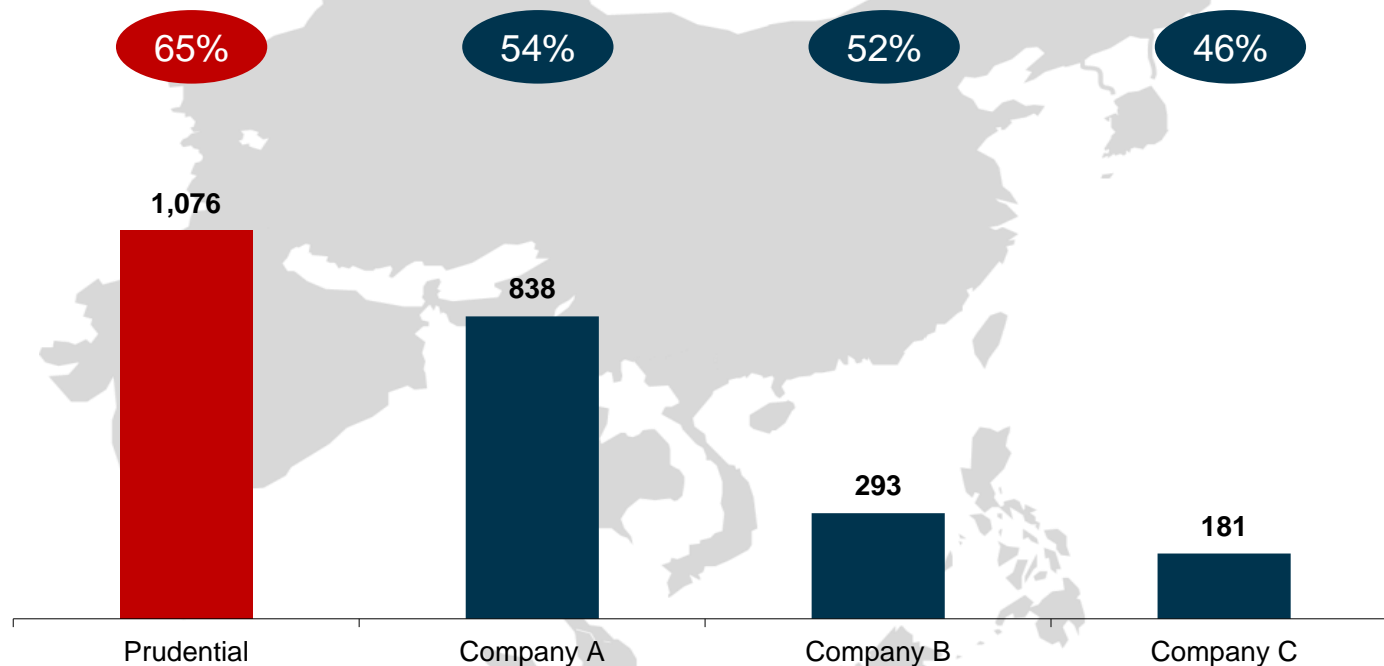
	Hong Kong APE: £331m Market Share: 9% Rank: 3
	China APE: £59m Market Share: 10% Rank: 4
	Taiwan APE: £148m Market Share: 2% Rank: 11
	Thailand APE: £27m Market Share: 1.6% Rank: 11
	Korea APE: £101m Market Share: 0.7% Rank: 18

- Operating in all key and high potential markets
- Long-term growth of nascent markets will further enhance diversification

Note: Malaysia includes Takaful sales @100%; India ranking amongst foreign JVs; China ranking and market share among foreign players / JV only

Source: Based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on the availability of data)

New business margin



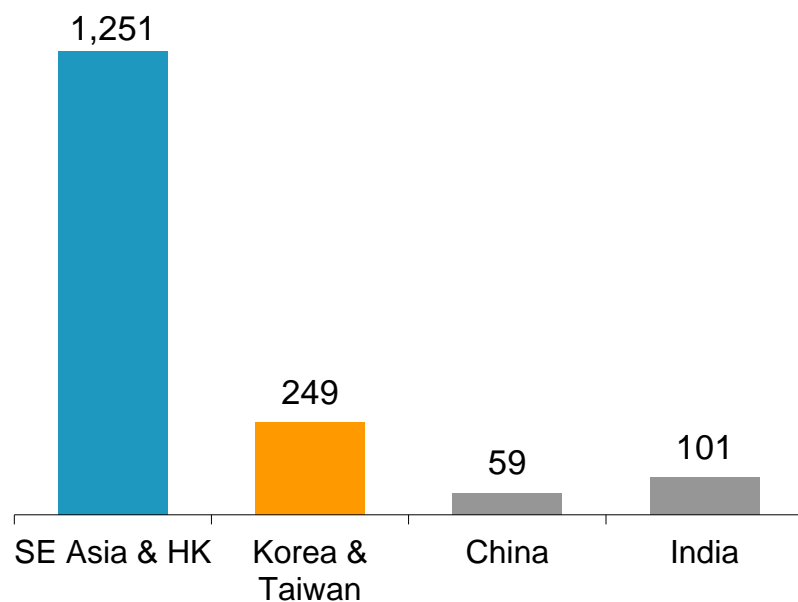
New business profit, £m

Source: Prudential estimates based on NBP and NBP margin data disclosed by respective companies

APE 2011¹, £m

APE growth, 2011 vs 2010

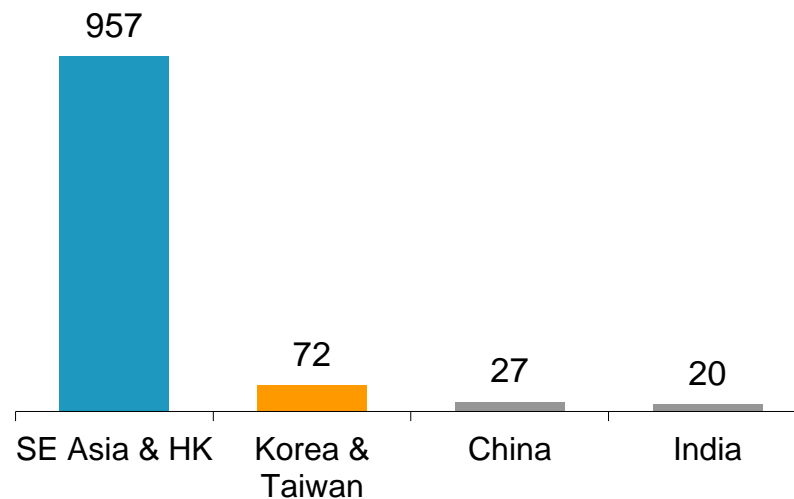
+20%	+15%	+2%	-46%
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New business profit 2011, £m

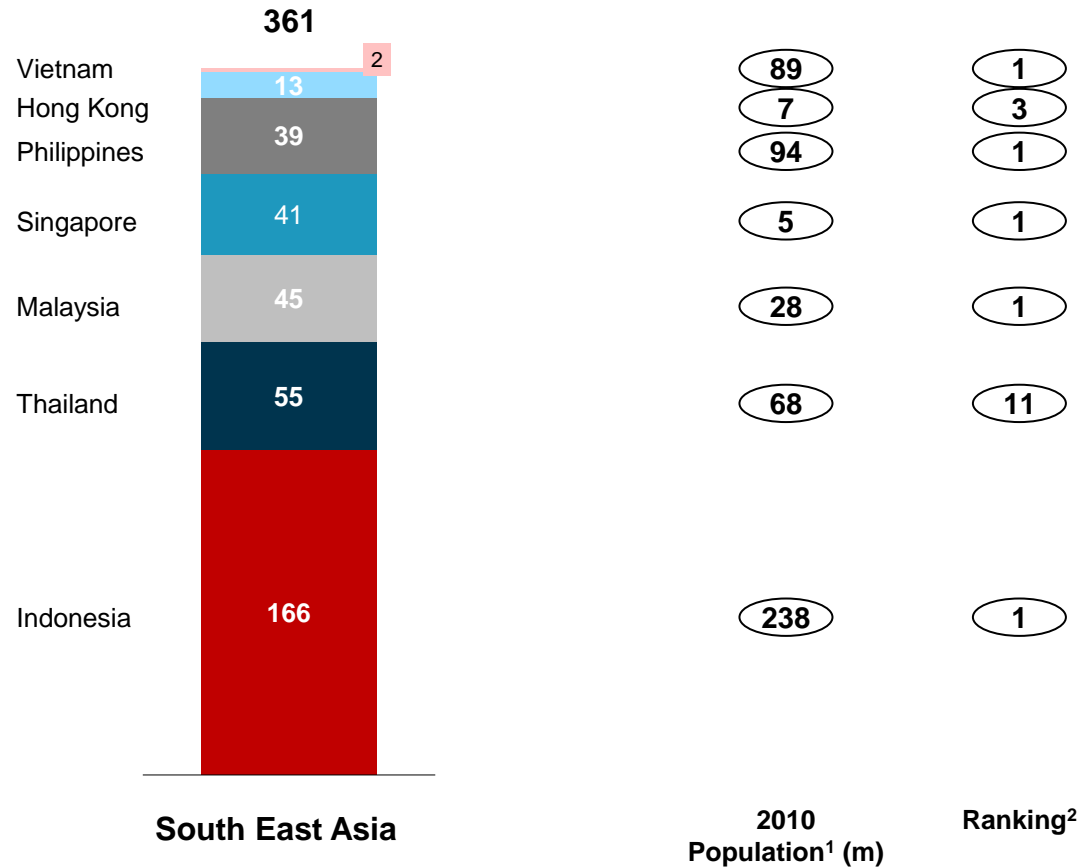
NBP margin, % of APE

76%	29%	46%	20%
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¹ Excludes Japan

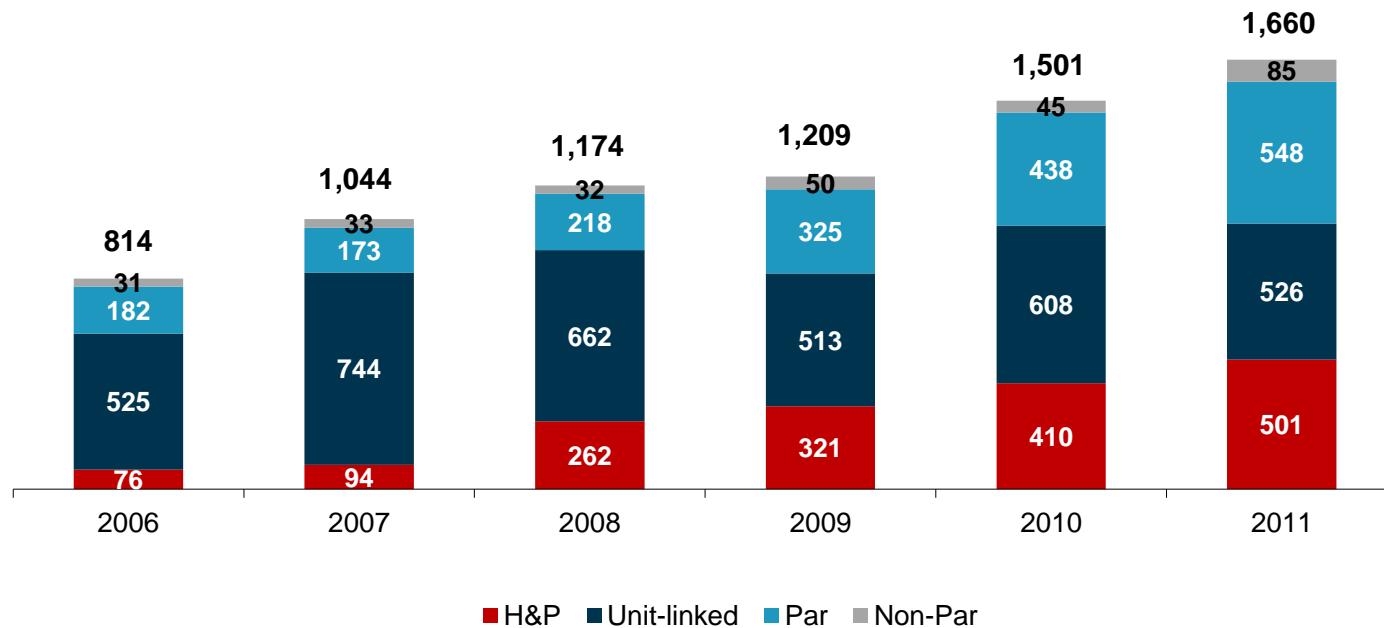
Absolute GDP¹ increase in 2010, in US\$bn



¹ Swiss Re 2009 and 2010 reports, Prudential estimates

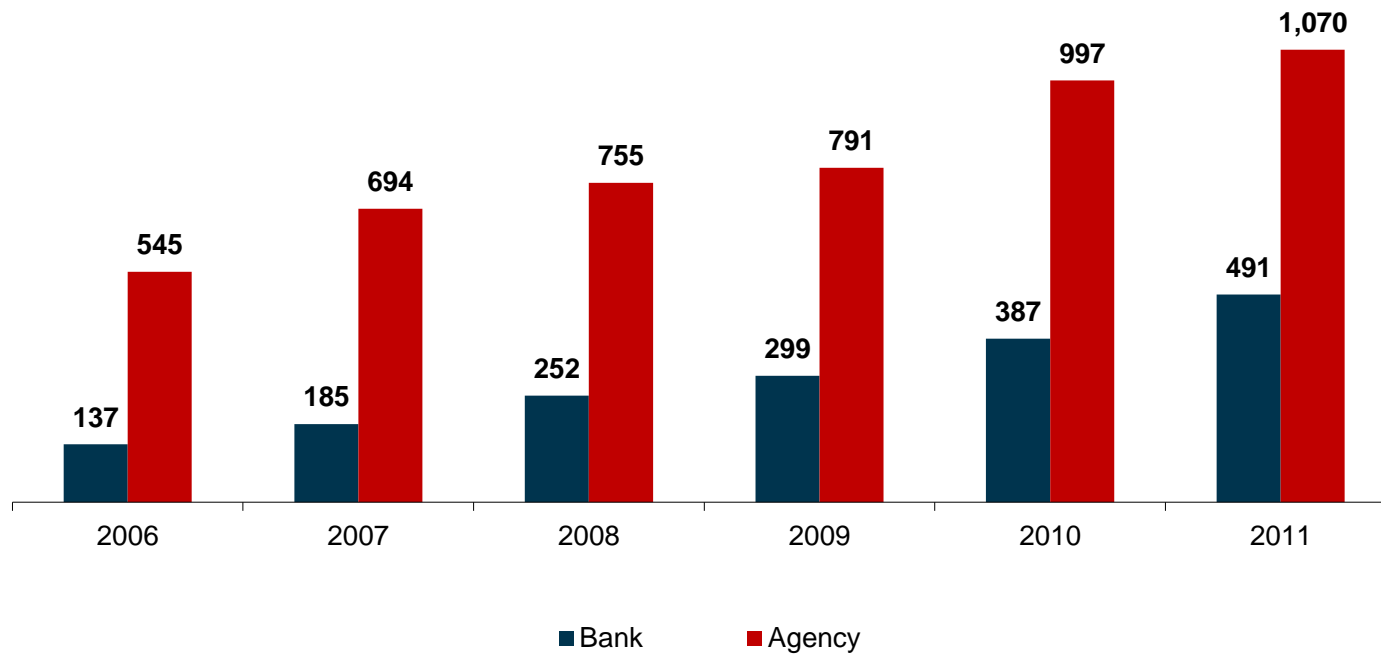
² Based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data

Comprehensive Product Range¹ (APE, £m)



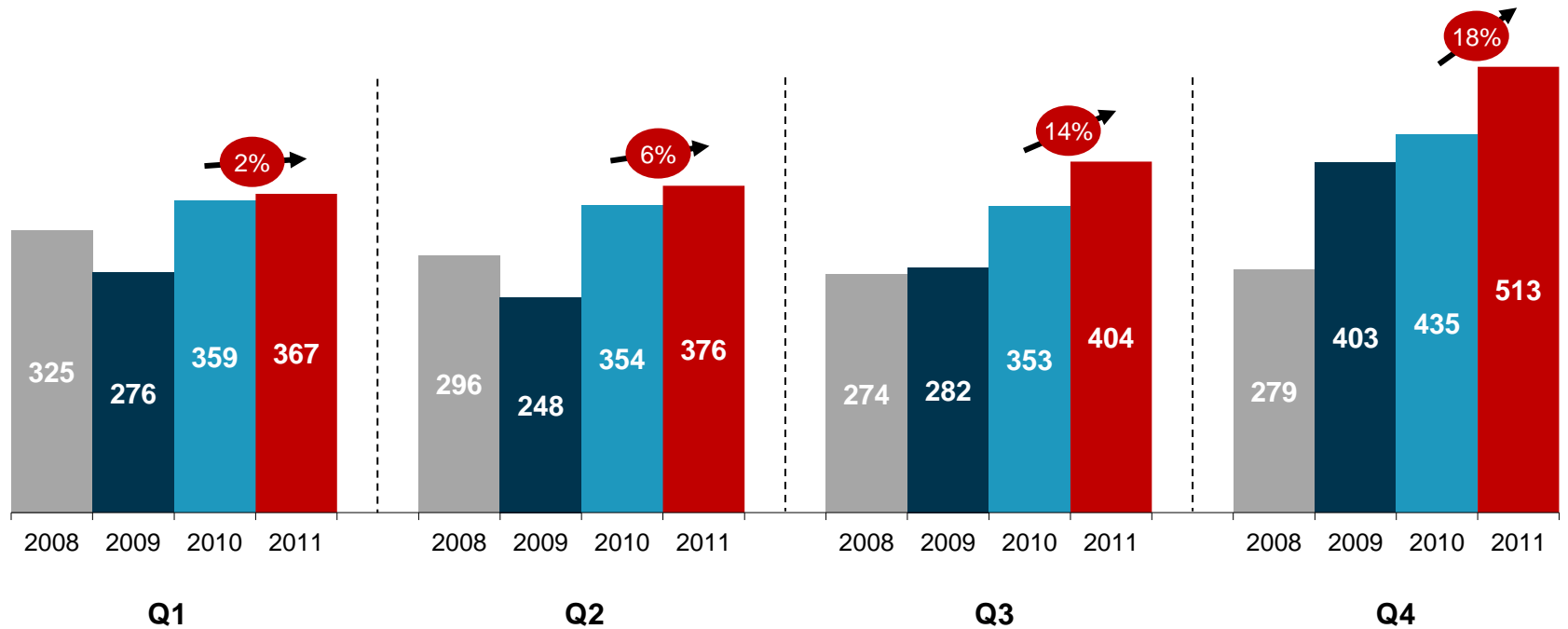
¹ Excludes Japan and Taiwan agency

Multi-channel¹ (APE, £m)



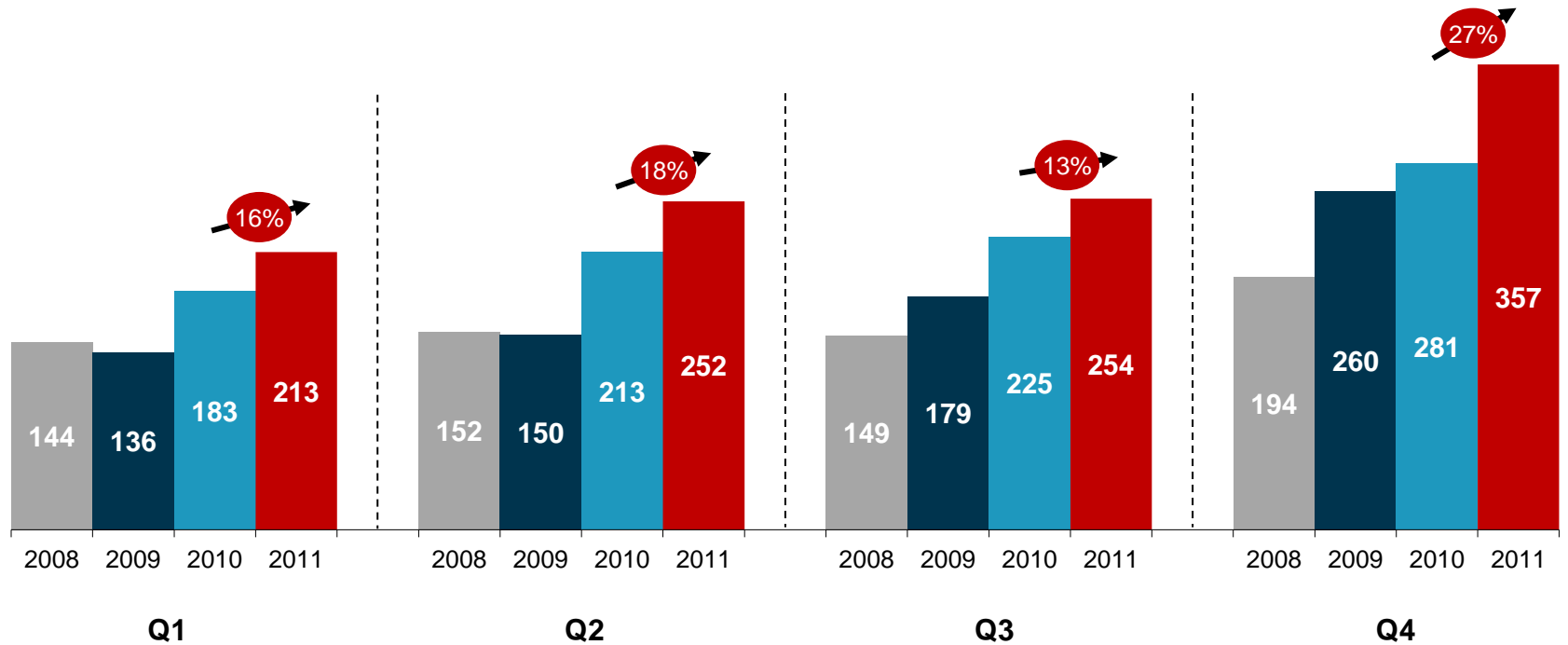
¹ Excludes Japan and Taiwan agency

Asia APE¹ trend by quarter, £m

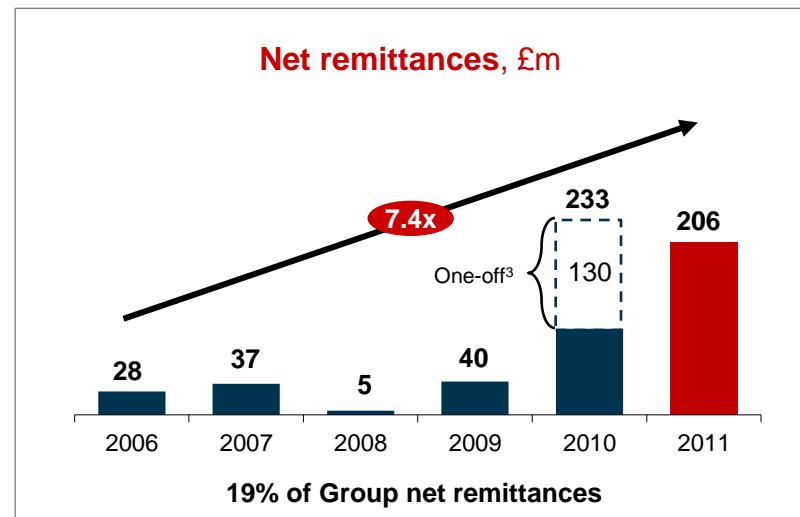
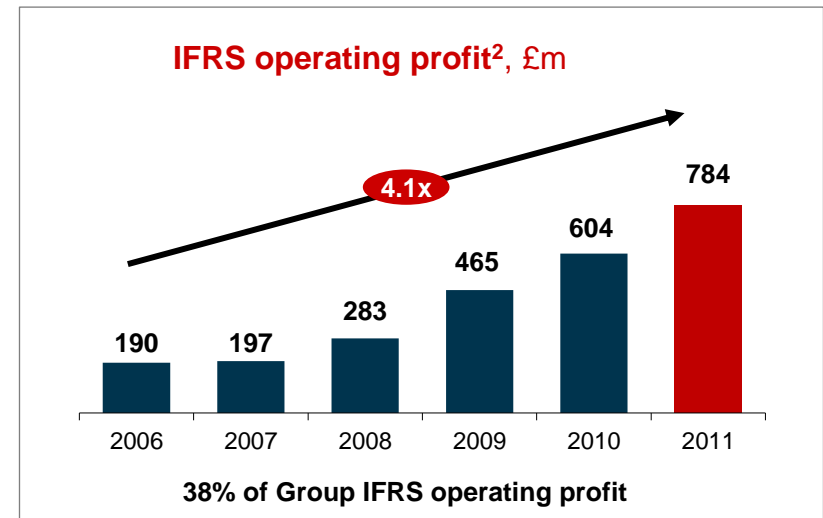
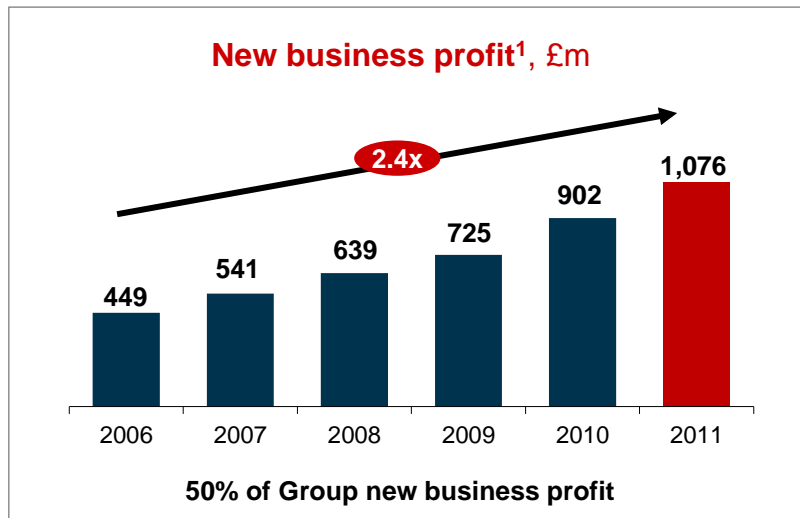


¹ Excludes Japan and Taiwan agency; prepared on an AER basis

Asia NBP¹ trend by quarter, £m



¹ Excludes Japan and Taiwan agency

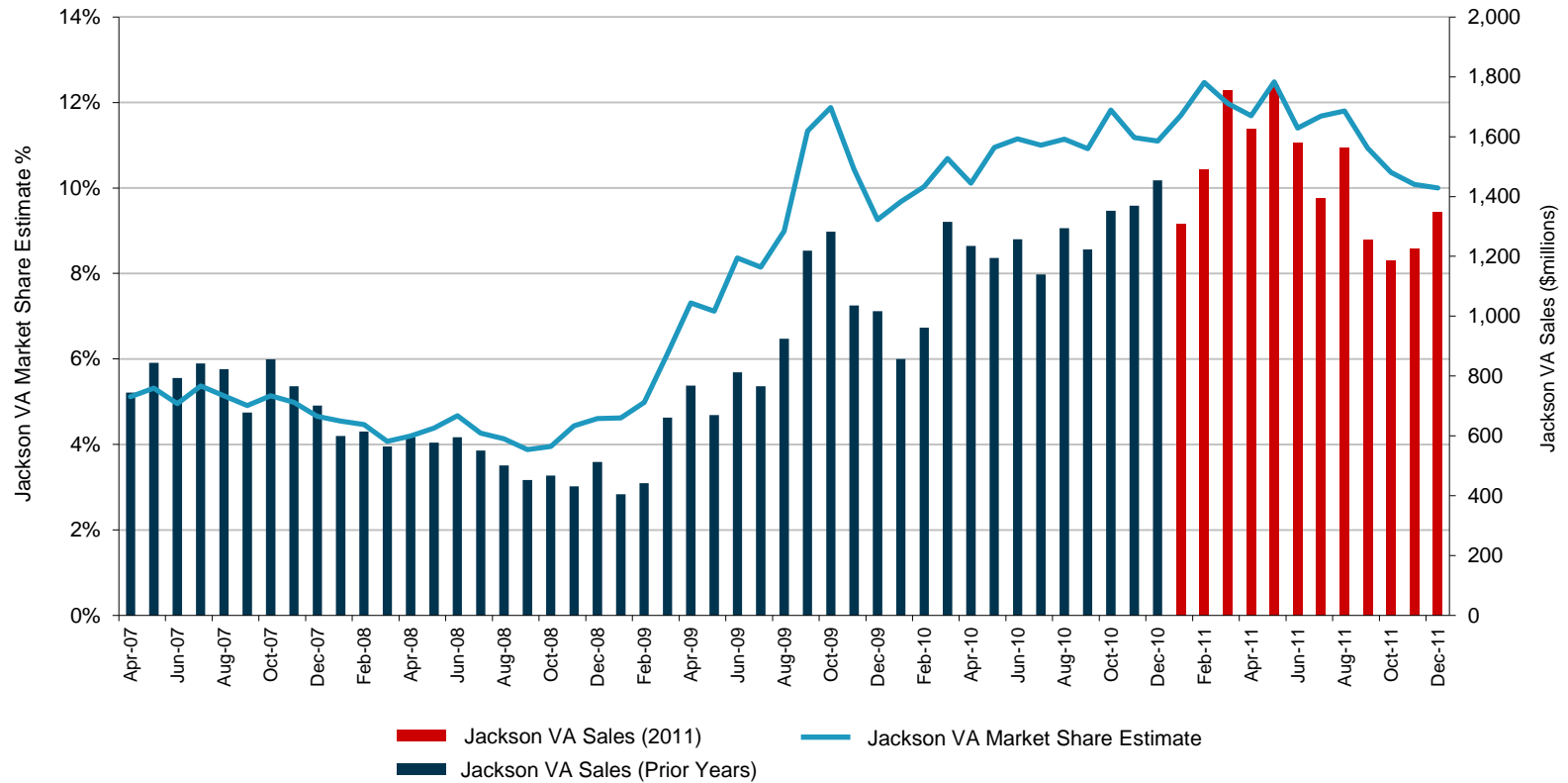


¹ Excludes Taiwan agency. 2006 and 2007 exclude Taiwan

² Net of development costs

³ One-off from Malaysia representing the remittance of distributable earnings accumulated over recent years

Jackson Monthly VA Market Share¹, US\$m



¹ Market share based on MARC December 2011 VA Sales Estimate Report. Jackson sales per internal reports

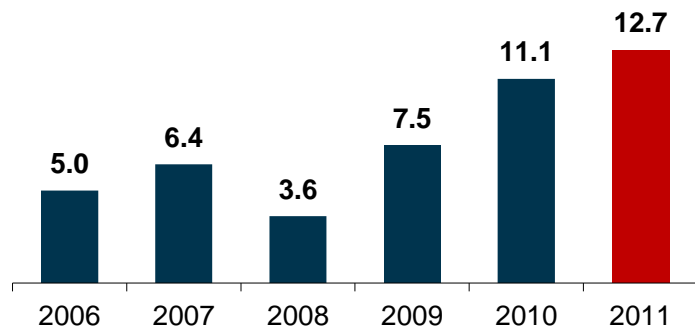


Jackson

Delivering on our 'Cash' objectives

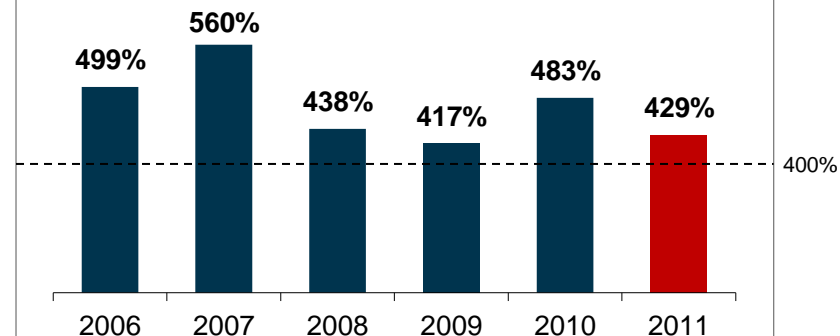
Opportunistic expansion

Variable annuity netflows, US\$bn



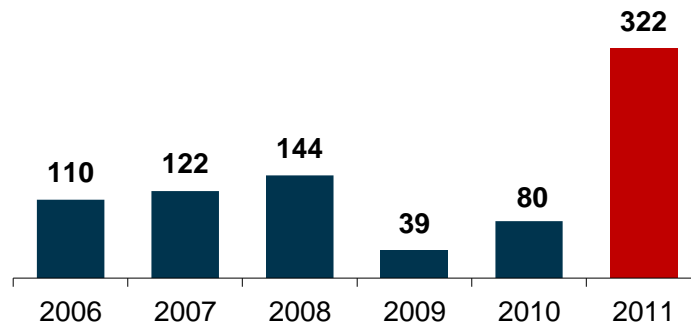
Robust capital strength

RBC ratio, %

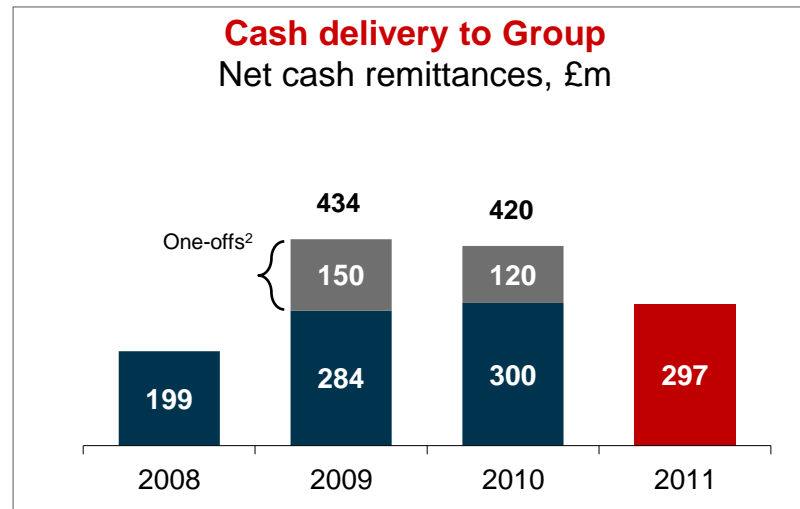
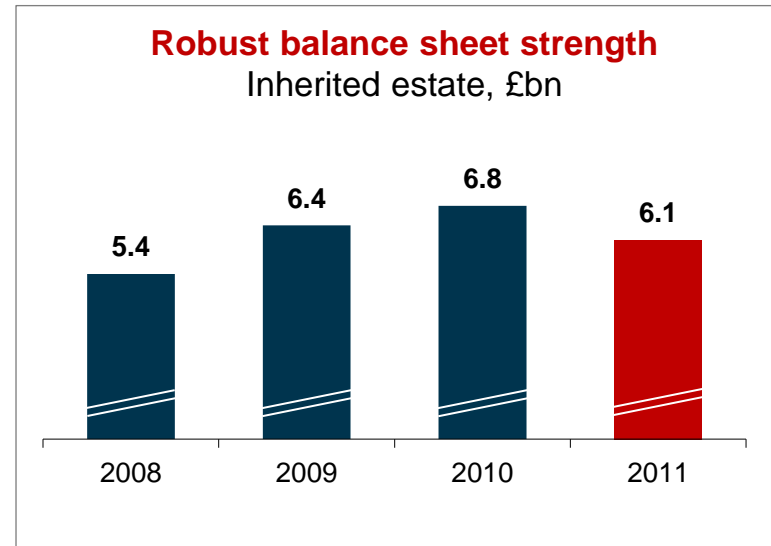
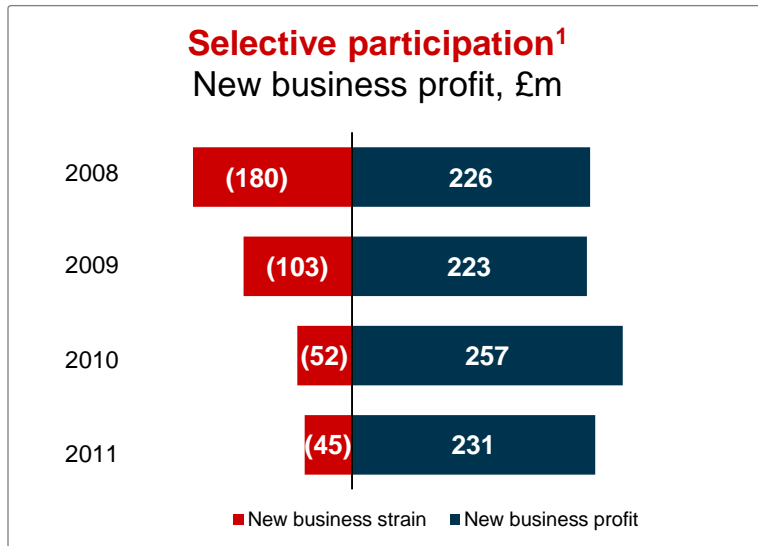


Cash delivery to Group

Net cash remittances, £m



**On-track for 2013
'Cash' objectives**



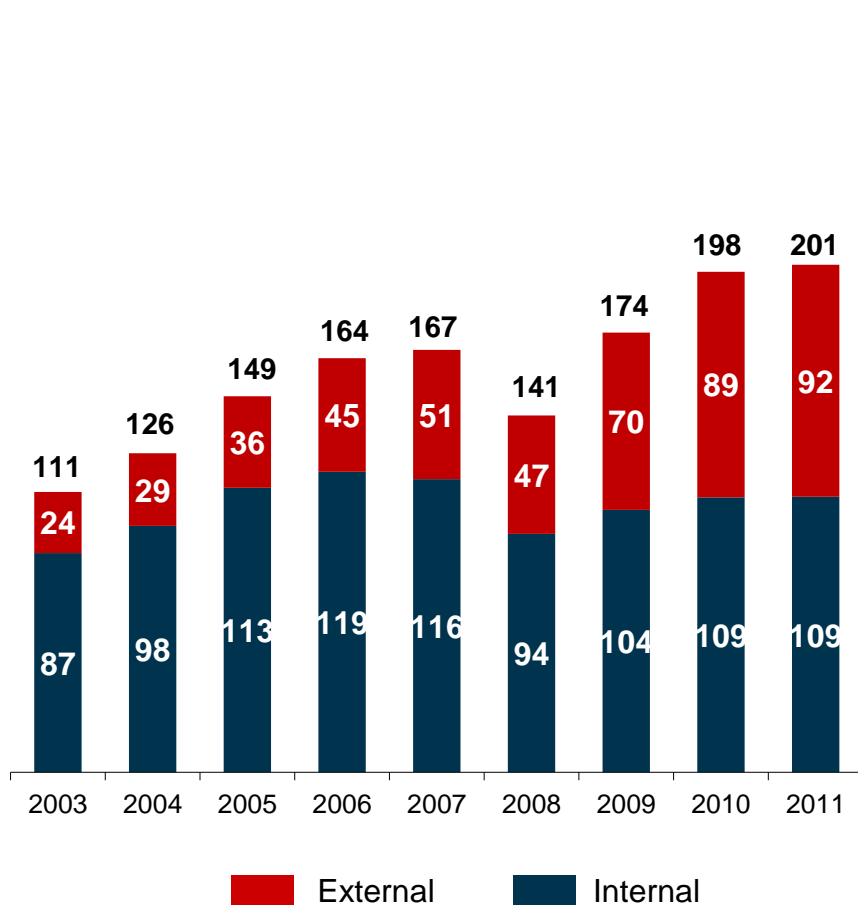
On-track for 2013 'Cash' objectives

¹ Retail business only

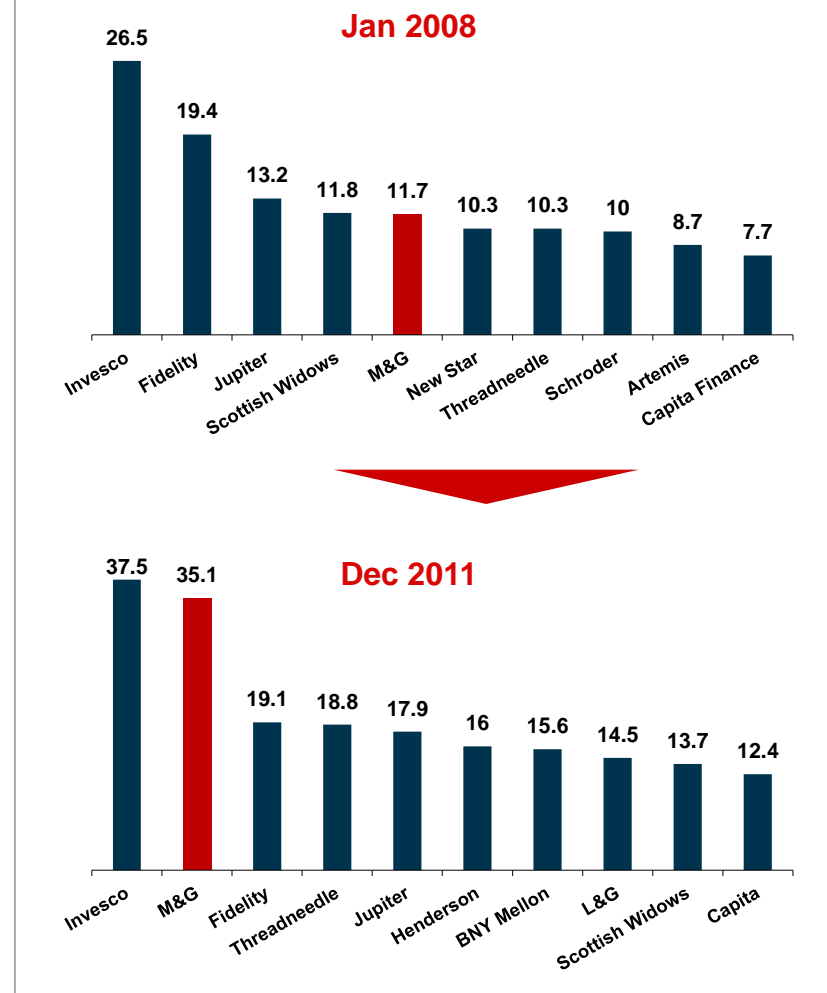
² The net remittances from the UK include the £150m in 2009 arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances include an amount of £120m representing the release of surplus and net financing repayments



Total M&G Group FUM, £bn

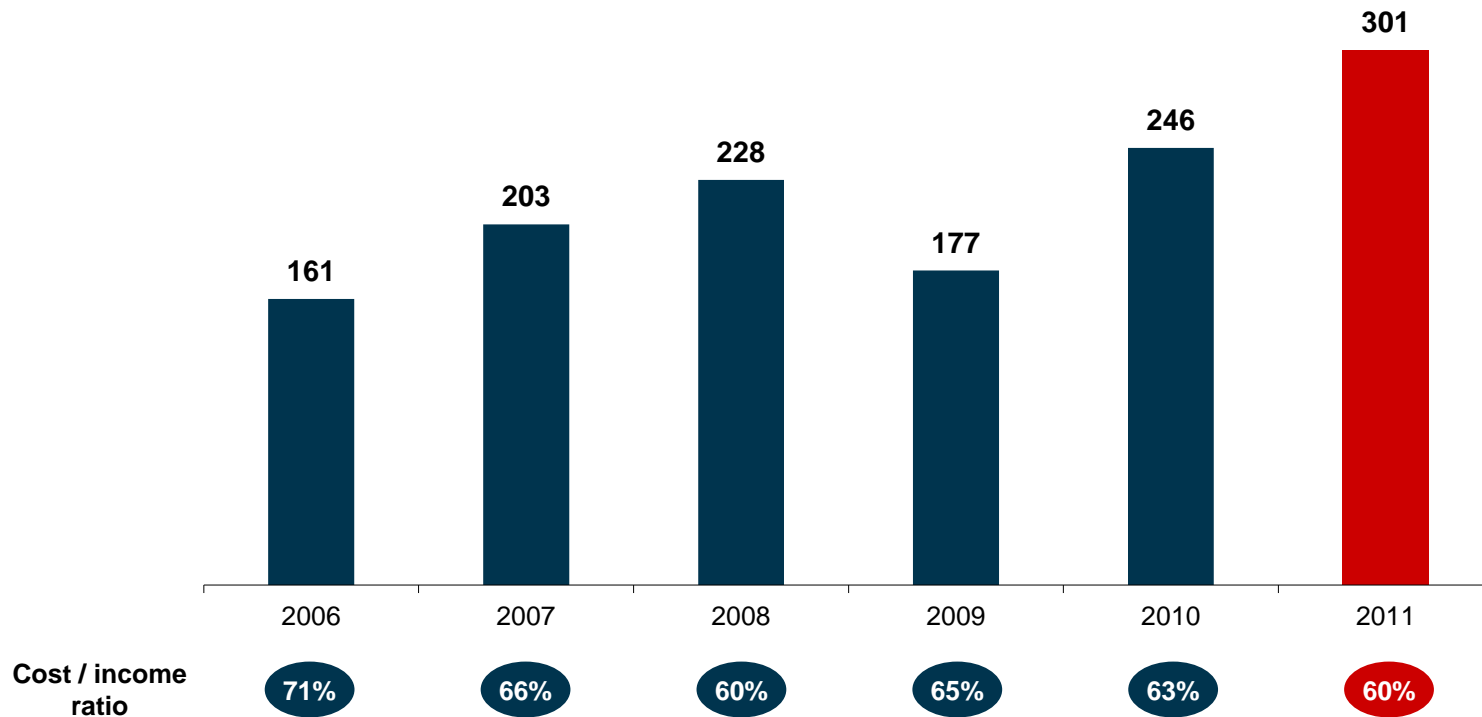


UK Retail FUM, £bn



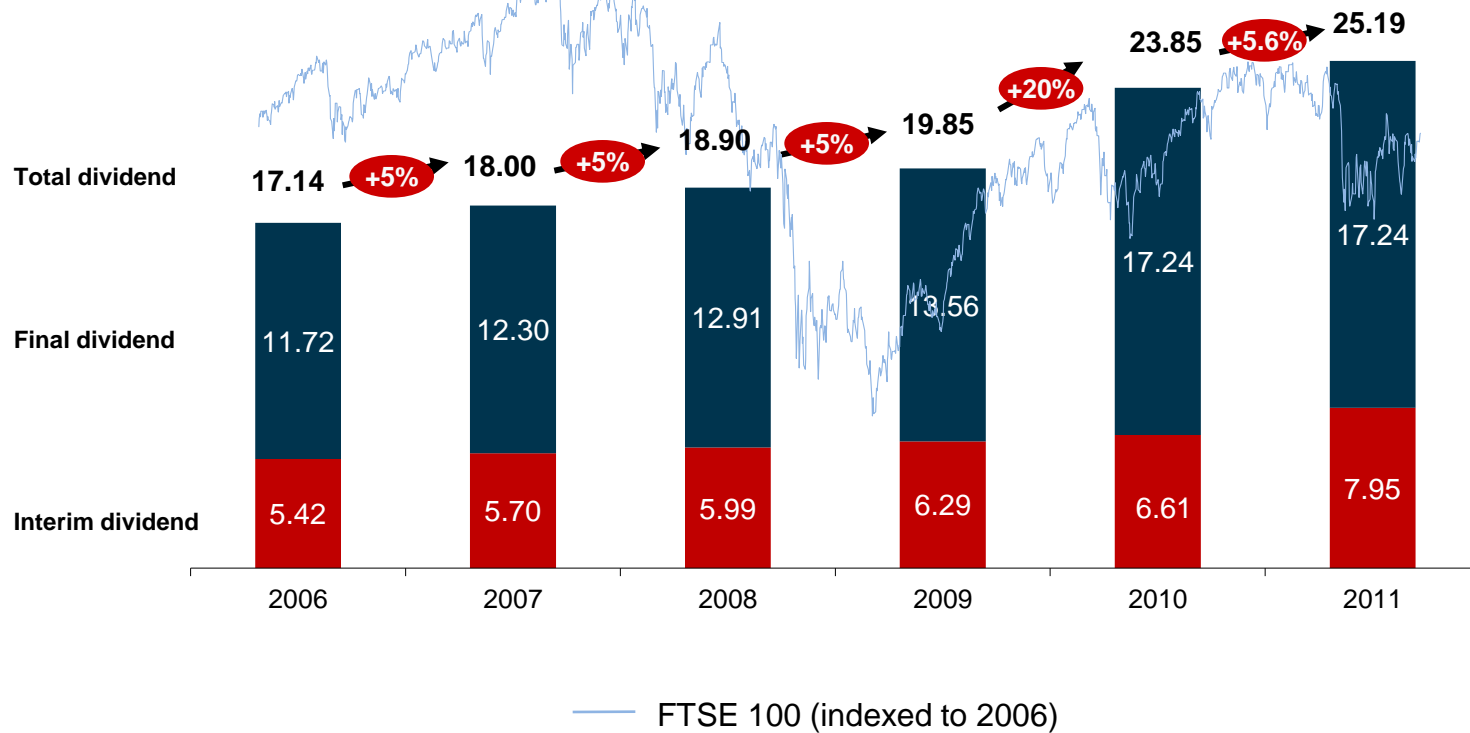
Source: Investment Management Association, monthly company rankings January 2008 – December 2011 editions

IFRS operating profit¹, £m



¹ Excludes Prudential Capital

Dividend, pence per share



Prudential plc 2011 full year results

Agenda

Business Review

Tidjane Thiam

Financial Review

- Growth and Profitability
- Cash and Capital

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

Delivering 'Growth and Cash'

2011 builds on recent strong performance

Overview

Growth & Profitability

Cash & Capital

Growth

Cash

£m	2011	2010	Δ 2011 vs 2010
New business profit¹	2,151	2,028	+6%
IFRS operating profit	2,070	1,941	+7%
EEV operating profit	3,978	3,696	+8%
EEV per share (pence)	771	715	+8%
Free surplus generation	1,983	1,714	+16%
Net remittance	1,105	935	+18%
Dividend per share (pence)	25.19	23.85	+5.6%

¹ Excluding Japan



Overview of 2011 results

Navigating successfully in a low interest rate environment

Overview

Growth &
Profitability

Cash &
Capital

New business profit



- Balancing capital and value
- Maintaining IRR hurdles

IFRS operating profit



- Diversifying source of earnings
- Achieving high positive net flows

Free surplus and cash



- Optimising “value and cash creation”
- Raising free surplus “stock”

Capital



- Effective hedging
- Minimal direct exposure to eurozone

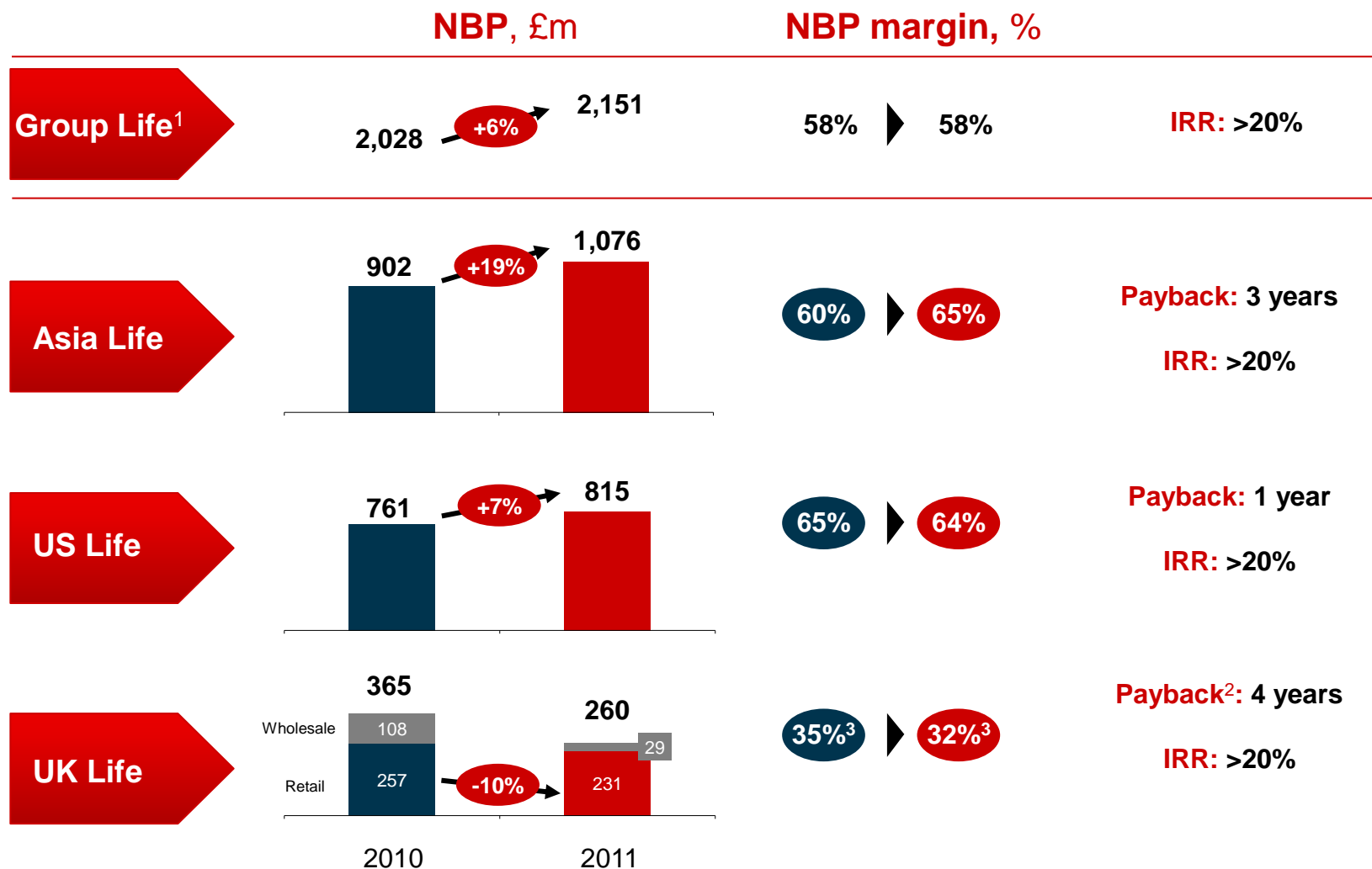
Growth in value and volume

Balancing value creation and capital consumption

Overview

Growth & Profitability

Cash & Capital



¹ Excluding Japan

² Shareholder-backed business Payback: Expected period over which future undiscounted free surplus generation recoups initial new business investment

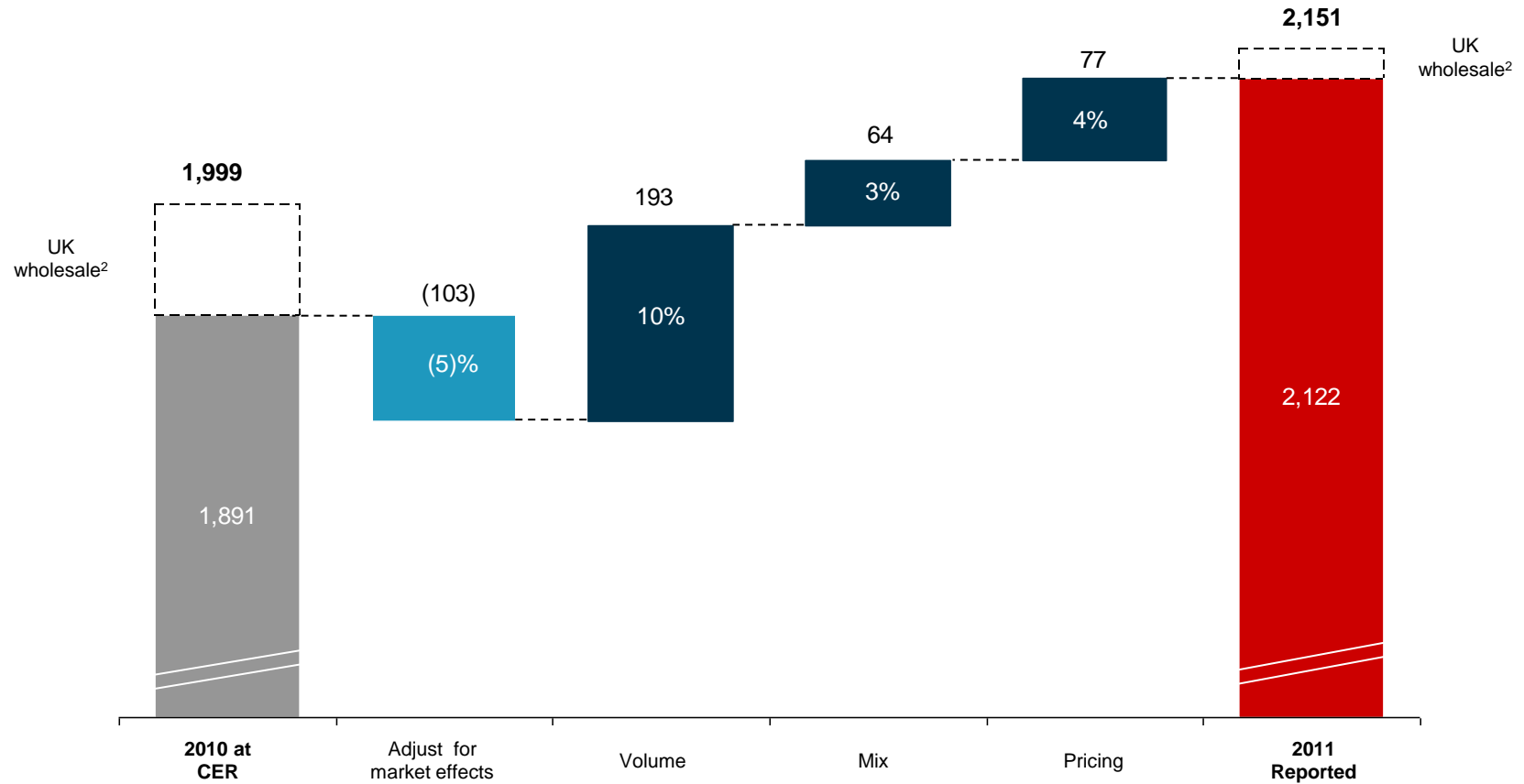
³ New business margin for retail business



Life new business profit

Driving value creation

New business profit¹, £m



¹ Excluding Japan

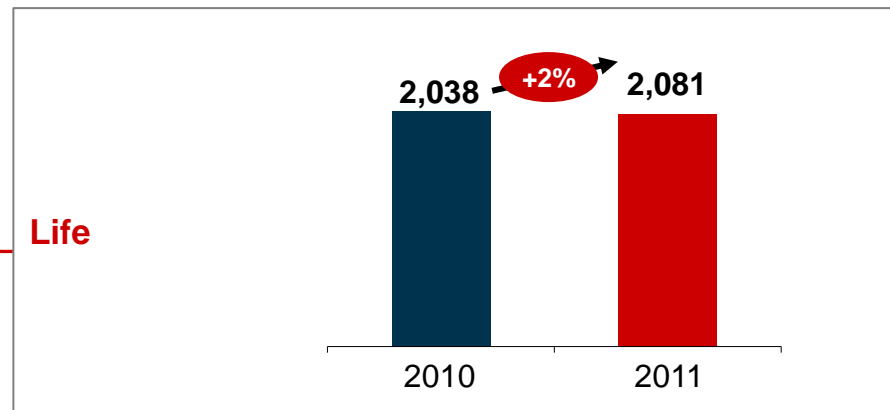
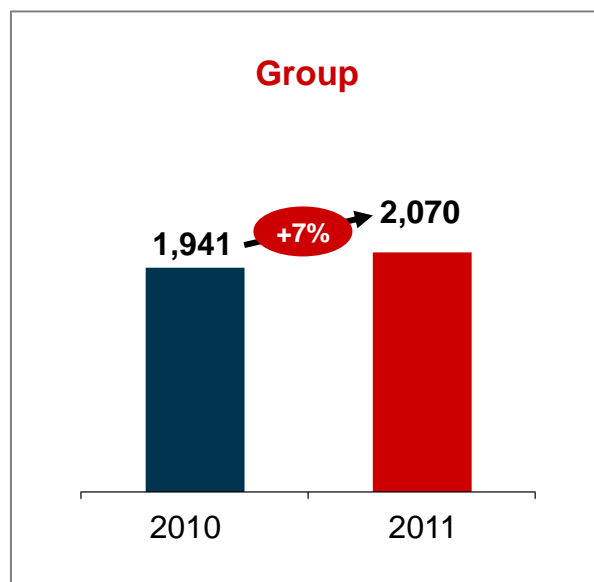
² UK wholesale principally related to bulk annuity



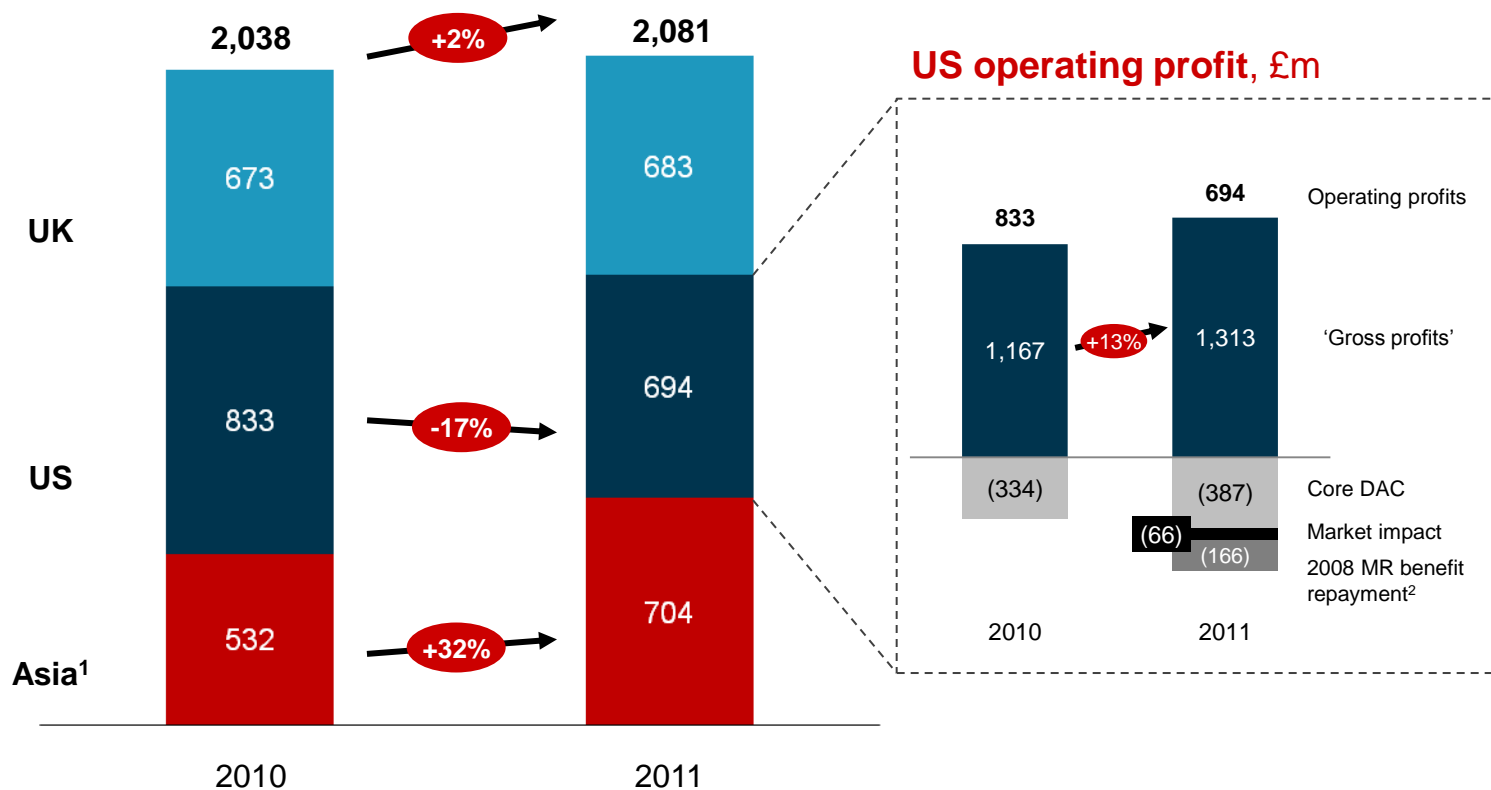
Profitability – IFRS

IFRS profits up 7%

IFRS operating profit, £m



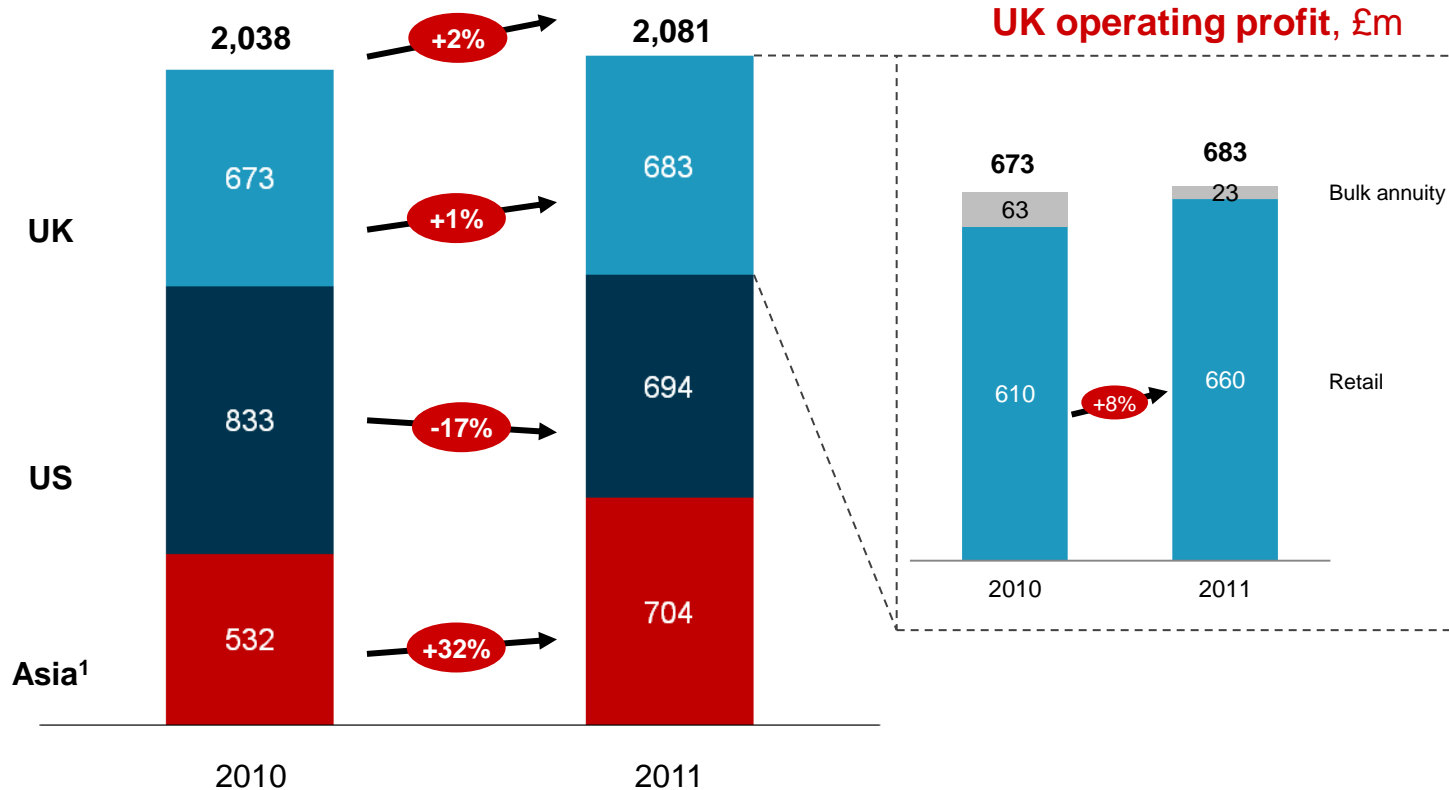
Life operating profit by region, £m



¹ Net of development costs

² Mean Reversion(MR) assumption for 2011 = 6.3%

Life operating profit by region, £m

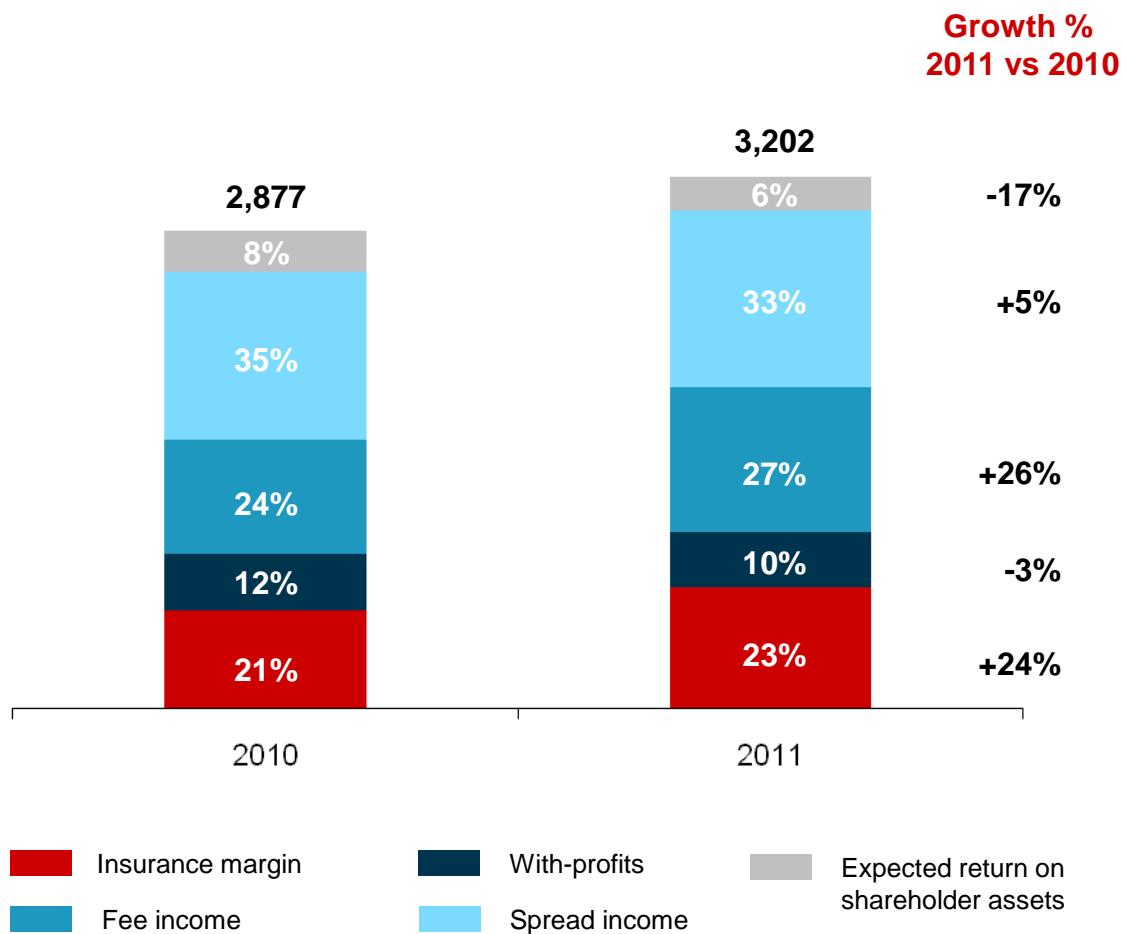


¹ Net of development costs

Life IFRS operating income

Diversified and resilient earnings

IFRS operating income¹, £m



¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation

IFRS operating profit – source of earnings

Life insurance - Asia

2011	2010	+/-
------	------	-----

£m except reserves £bn

Total operating profit		
704	532	32%

=

Total Life income		
1,959	1,653	19%

-

Total Life expenses		
(1,269)	(1,123)	13%

+/-

DAC adjustments		
14	2	nm

Spread income		
88	70	26%

Fee income		
131	122	7%

Technical and other margin		
1,676	1,410	19%

With-profits		
38	32	19%

Spread (bps)	157	159	(2)
Average reserves	5.6	4.4	27%

AMF (bps)	106	109	(3)
Average reserves	12.4	11.2	11%

Margin on revenues	1,199	1,018	18%
Insurance margin	477	392	22%

Expected returns		
26	19	nm

Increase reflects higher base reserves

Increase in fee income in-line with growth in unit-linked business

Continued growth in the in-force book and higher H&P sales

IFRS operating profit – source of earnings

Life insurance - US

2011 | 2010 | +/-
 £m except reserves £bn

Total operating profit		
694	833	(17)%

=

Total Life income		
1,725	1,511	14%

-

Total Life expenses		
(1,302)	(1,195)	9%

+

2011 Expense deferrals		
890	851	5%

-

DAC amortisation		
(619)	(334)	85%

Spread income		
730	692	5%

Fee income		
680	506	34%

Technical and other margin		
232	188	23%

Spread (bps)	258	243	15
Average reserves	28.3	28.5	(1)%

AMF (bps)	197	200	(3)
Average reserves	34.5	25.2	37%

Expected returns		
83	125	(34)%

Benefit from lower crediting rates

Income increasing with growth in separate account balances

Changes to US DAC accounting will reduce Group earnings by 3-5% & IFRS equity by 6%

IFRS operating profit – source of earnings

Life insurance - UK

2011 2010 +/-
£m except reserves £bn

Total operating profit		
683	673	1%

=

Total Life income		
943	925	2%

-

Total Life expenses		
(255)	(251)	2%

+/-

DAC adjustments		
(5)	(1)	nm

Spread income		
247	251	(2)%

Fee income		
59	60	(2)%

Technical and other margin		
253	206	23%

With-profits		
293	310	(5)%

Spread (bps)	105	120	(15)
Average reserves	23.5	21.0	12%

AMF (bps)	27	29	(2)
Average reserves	21.5	20.4	5%

Margin on revenues	226	194	16%
Insurance margin	27	12	-

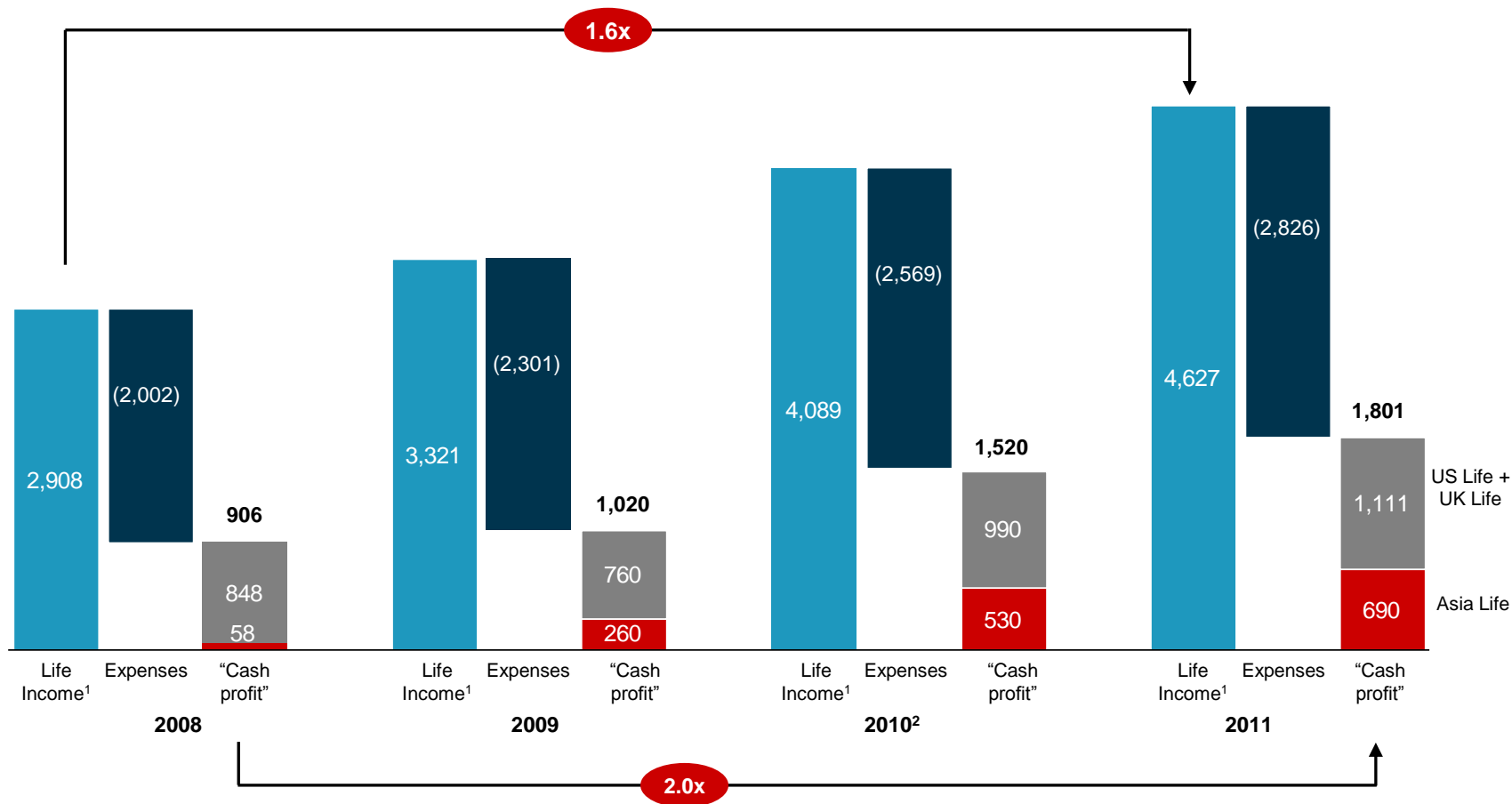
Expected returns		
91	98	(7)%

Lower contribution from bulks offset by higher yield on new individual business

Life IFRS operating income

Higher quality earnings

“Cash profit”: Income - Expenses
(before impact of DAC adjustment), £m

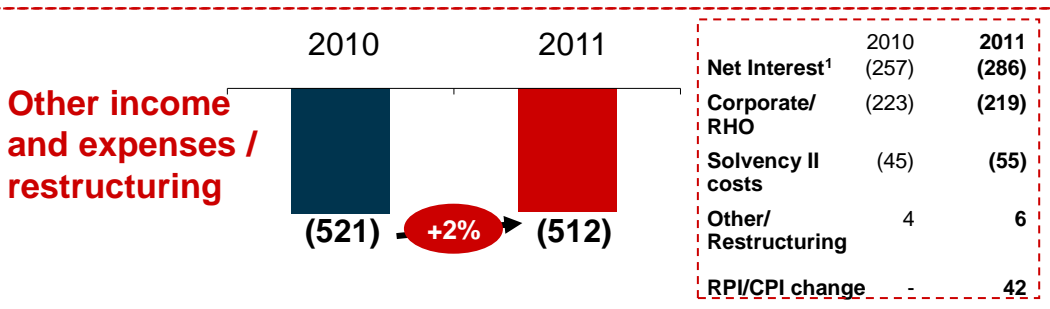
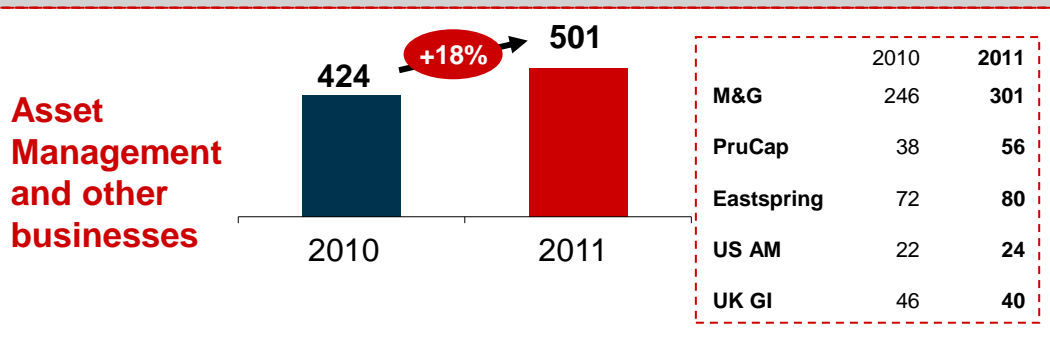
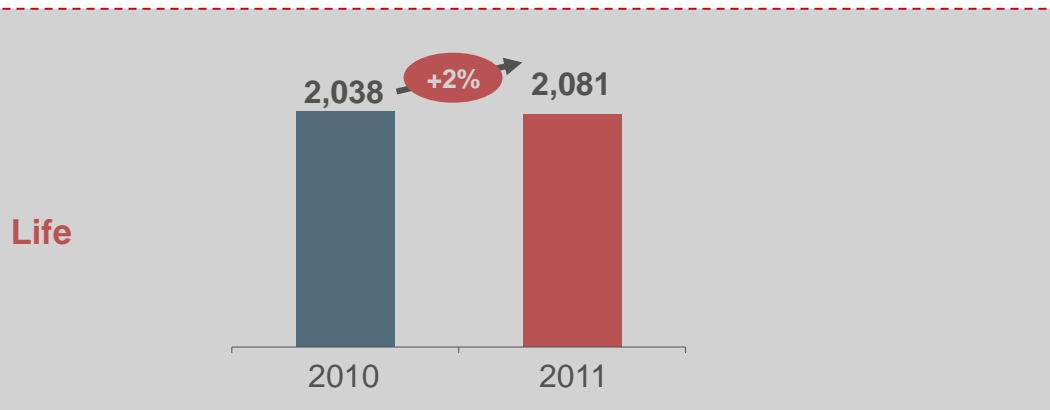
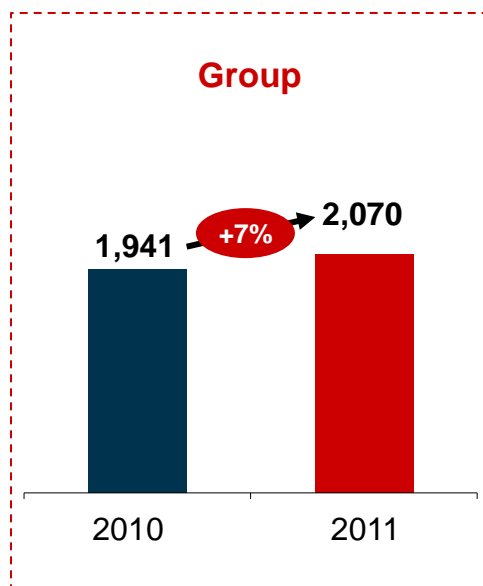


¹ Life income is sum of spread income, fee income, technical and other margin, with-profits and expected returns
² As amended to show PruHealth and PruProtect operating profits in a single line. 2009 and 2008 are as reported

Profitability – IFRS

IFRS profits up 7%

IFRS operating profit, £m

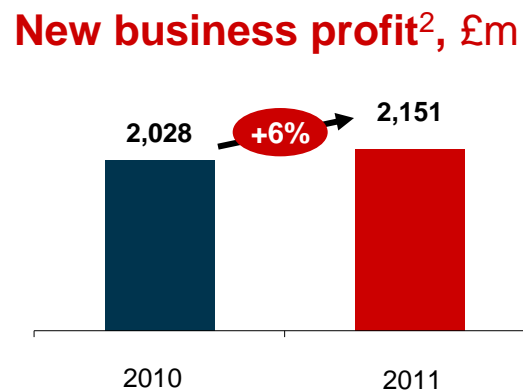
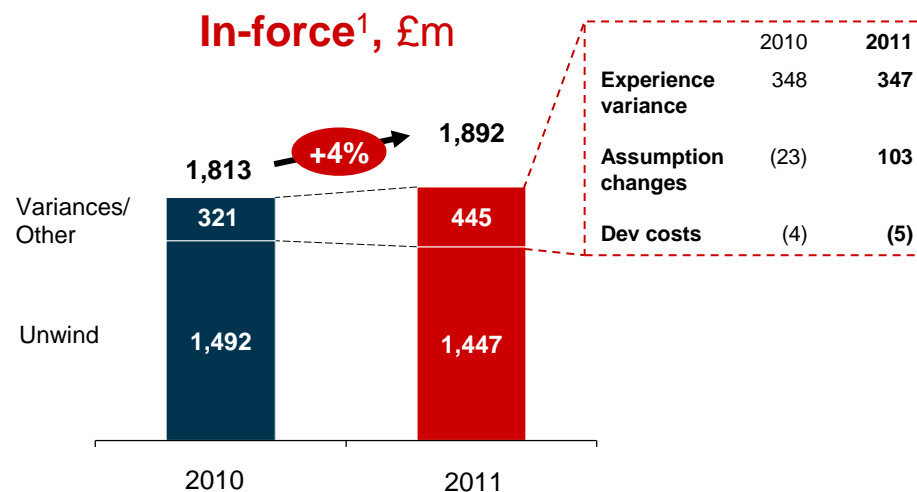
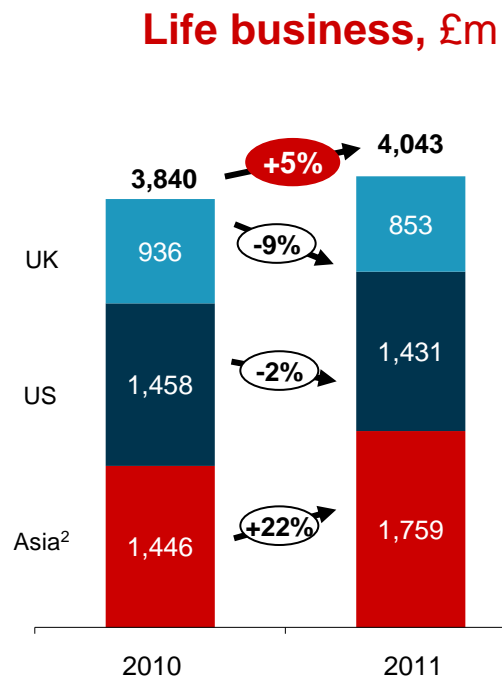


¹ Net interest paid in 2011 includes £25m of interest on the USD550m hybrid issued in January 2011 and £7m of interest (being £25m coupon less the benefit from related interest rate swaps) on the €500m hybrid debt that was redeemed in December 2011



Profitability – EEV

Return on Embedded Value of 16%



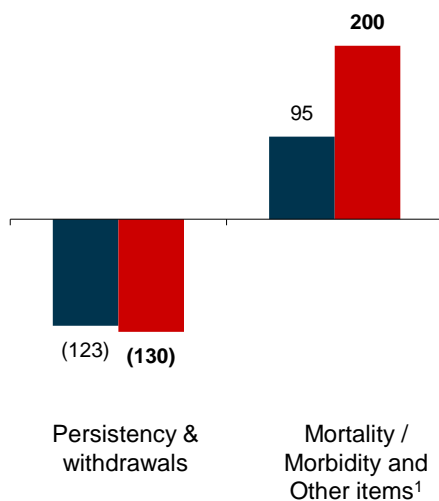
¹ Net of Asia development expenses (2010: £(4)m, 2011: £(5)m)

² Excluding Japan

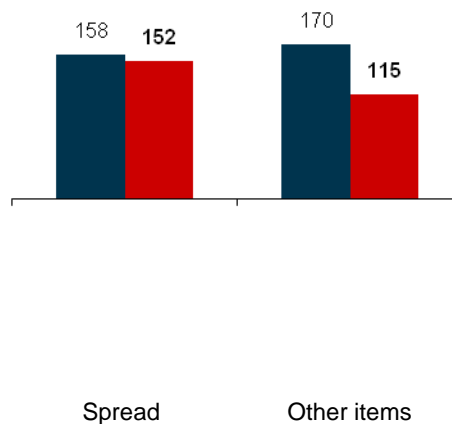
Profitability – EEV

Strong in-force performance

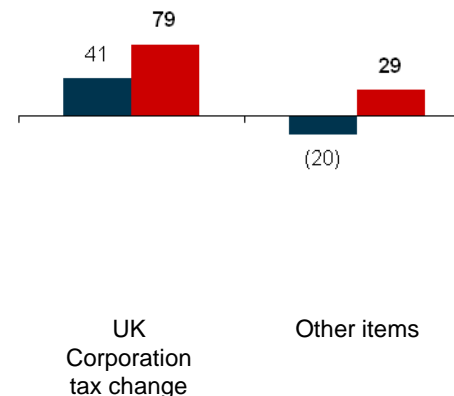
Asia in-force¹, £m (up 25% to £683m)



US in-force, £m (down 12% to £616m)



UK in-force, £m (up 4% to £593m)



■ 2010 ■ 2011

¹ Net of Asia development expenses (2010: £(4)m, 2011: £(5)m)

Equity shareholders' funds

Resilient performance

Overview

Growth & Profitability

Cash & Capital

	IFRS Equity		EEV Equity	
	£bn	EPS (p)	£bn	EPS (p)
After-tax operating profit	1.6	64	2.9	116
Investment variance	(0.1)	(5)	(0.8)	(31)
Profit for year	1.5	59	2.1	85
Unrealised gain on AFS ¹	0.3	10	0.1	2
Foreign exchange	(0.1)	(2)	(0.2)	(6)
Dividend	(0.6)	(25)	(0.6)	(25)
Retained earnings	1.1	42	1.4	56
Opening shareholders' equity	8.0	317	18.2	715
Closing shareholders' equity	9.1	359	19.6	771
		+14%		+8%

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

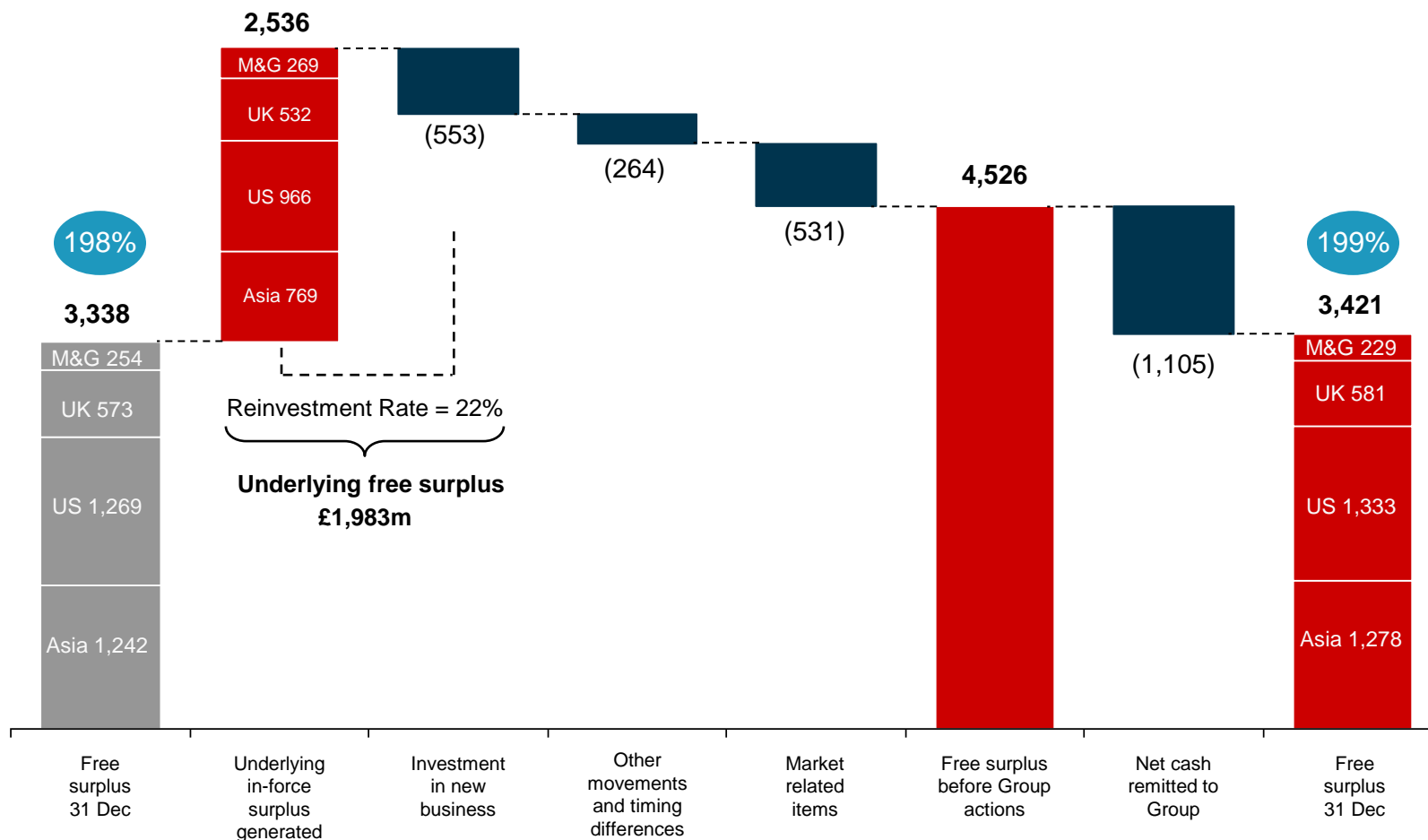


Cash and capital generation

Free surplus stock

Evolution of free surplus, £m

x% Free surplus cover

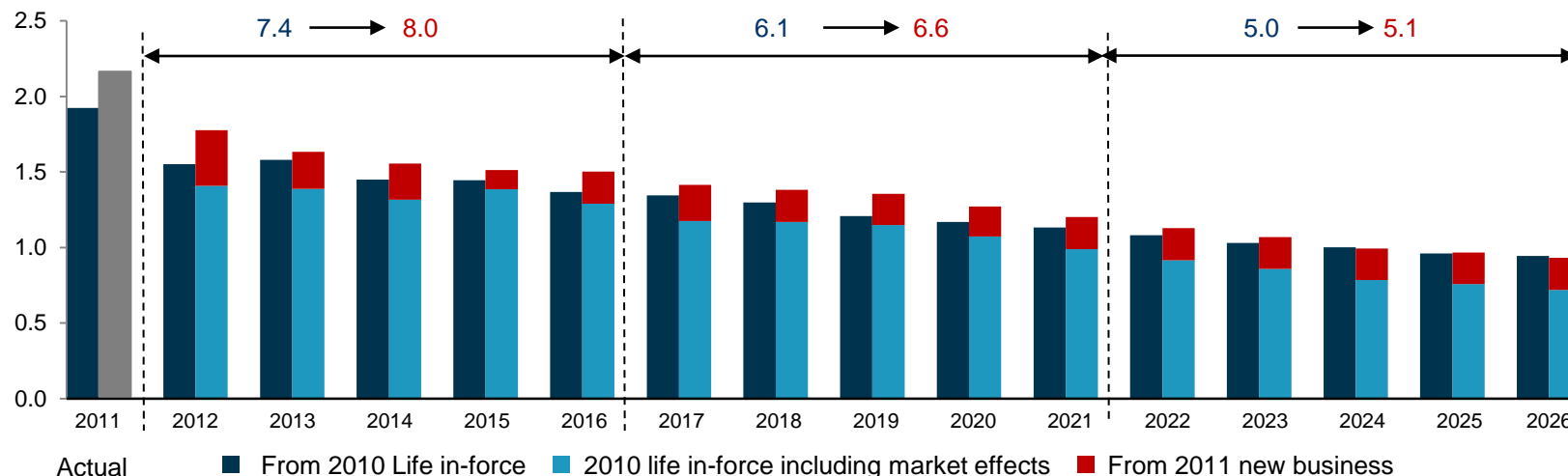


Note: Asia and US include asset management and UK includes GI commission

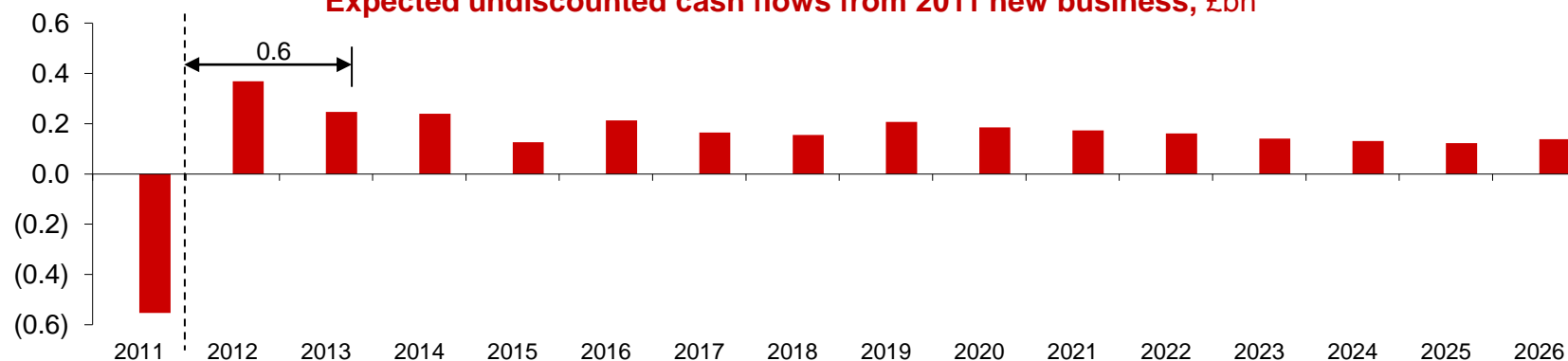
Delivering cash and capital generation

Future free surplus emergence

Expected undiscounted free surplus from Life in-force, £bn



Expected undiscounted cash flows from 2011 new business, £bn



Maintained capital strength

- IGD surplus £4.0bn equivalent to a cover of c275%
- With-profits estate £6.1bn

Strong liquidity position

- £1.2bn of central cash resources and £2.1bn of untapped liquidity facilities
- €500m Tier 2 call in Dec 2011, next call date Dec 2014 for \$750m T1 perpetual bond.

Credit position improved

- Unrealised gains on US debt securities of £2.1bn (2010: £1.2bn). US impairments of £62m at 2011
- UK: £2.0bn default provision maintained

Continued balance sheet conservatism

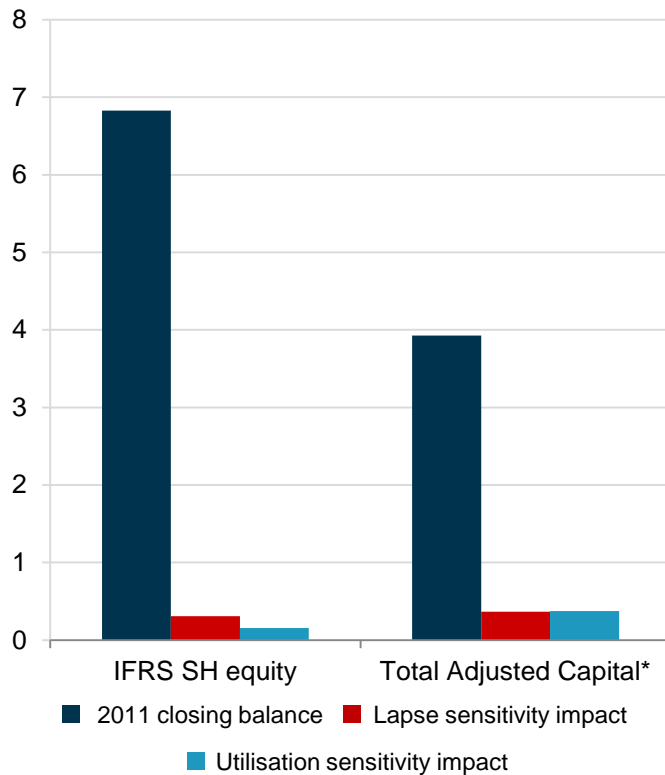
- Variable annuity hedging remains robust
- Minimal direct shareholder exposure to PIIGS sovereign and bank debt

- Jackson ended 2011 with robust RBC of 429%
- Resilient hedging performance mitigated impact of market movements
- Strong capital generation facilitated:
 - \$0.53bn remittance
 - Balance sheet growth over 10%
- 2011 reported RBC was impacted by permitted practice on interest rate swaps
 - 2010 capital impact: +\$130m¹
 - 2011 capital impact: \$(475)m²
 - Excluding permitted practice RBC grew from 470% to 482%
 - Total adjusted capital was flat at \$4.4bn

¹ Reflecting the fact that \$130m of unrealised value on interest rate swaps were excluded from the reported RBC at end 2010

² Reflecting the fact that \$475m of unrealised value gains on interest rate swaps were excluded from the reported RBC at end 2011

GMWB policyholder behaviour sensitivities, FY 2011 US\$bn



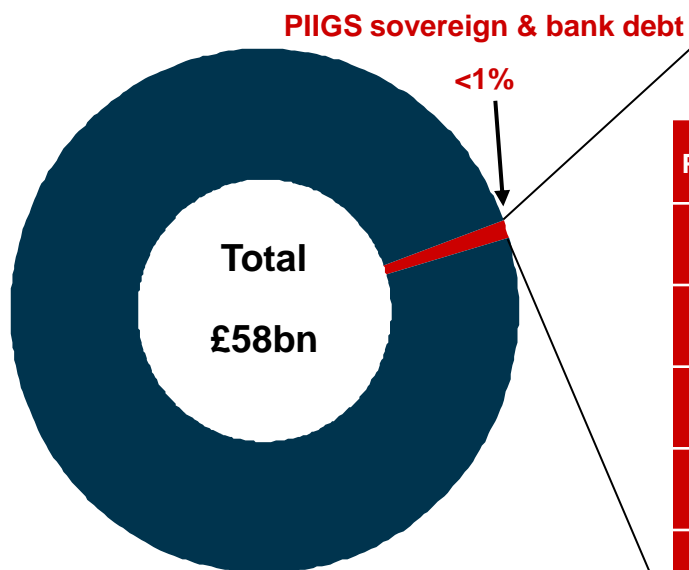
- Policyholder behaviour assumptions are set prudently with an explicit margin for conservatism
- Analysis and tracking of GMWB utilisation is considered best practice in the industry
- Experience continues to track in-line with pricing and reserving assumption
- Severe stress scenario:
 - Lapse: Reduce by ½ the lapses assumption of significantly ITM policies
 - Utilisation: Increase by 10% utilisation for all policyholders
- Manageable impact on shareholders' equity and statutory capital

* Total Adjusted Capital (TAC) impacts based on estimated impact on CTE component (ignoring standard scenario). Actual year-end impacts would have been lower due to the interaction with the standard scenario component

Resilient balance sheet

Total PIIGS sovereign and bank debt of only £372m

Breakdown of the shareholder debt securities portfolio, %



Shareholder invested assets – PIIGS countries as at 31 December 2011, £m

	Sovereign		Bank debt				Total
		Institution	Senior	Tier I	Tier II	Covered	
Portugal	-	Espirito Santo Financial Group Banco Comercial Portugues	12 12	- -	- -	- -	12 12
Ireland	-	Bank of Ireland	13	-	-	-	13
Italy	43	Intesa SanPaolo Unicredit	11 -	- 14	45 11	- -	56 25
Greece	-	-	-	-	-	-	-
Spain	1	Banco Santander Banco Bilbao Vizcaya	11 -	2 -	44 46	107 -	164 46
Total	44		59	16	146	107	328

Total PIIGS sovereign & bank debt = £372m

Prudential plc 2011 full year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

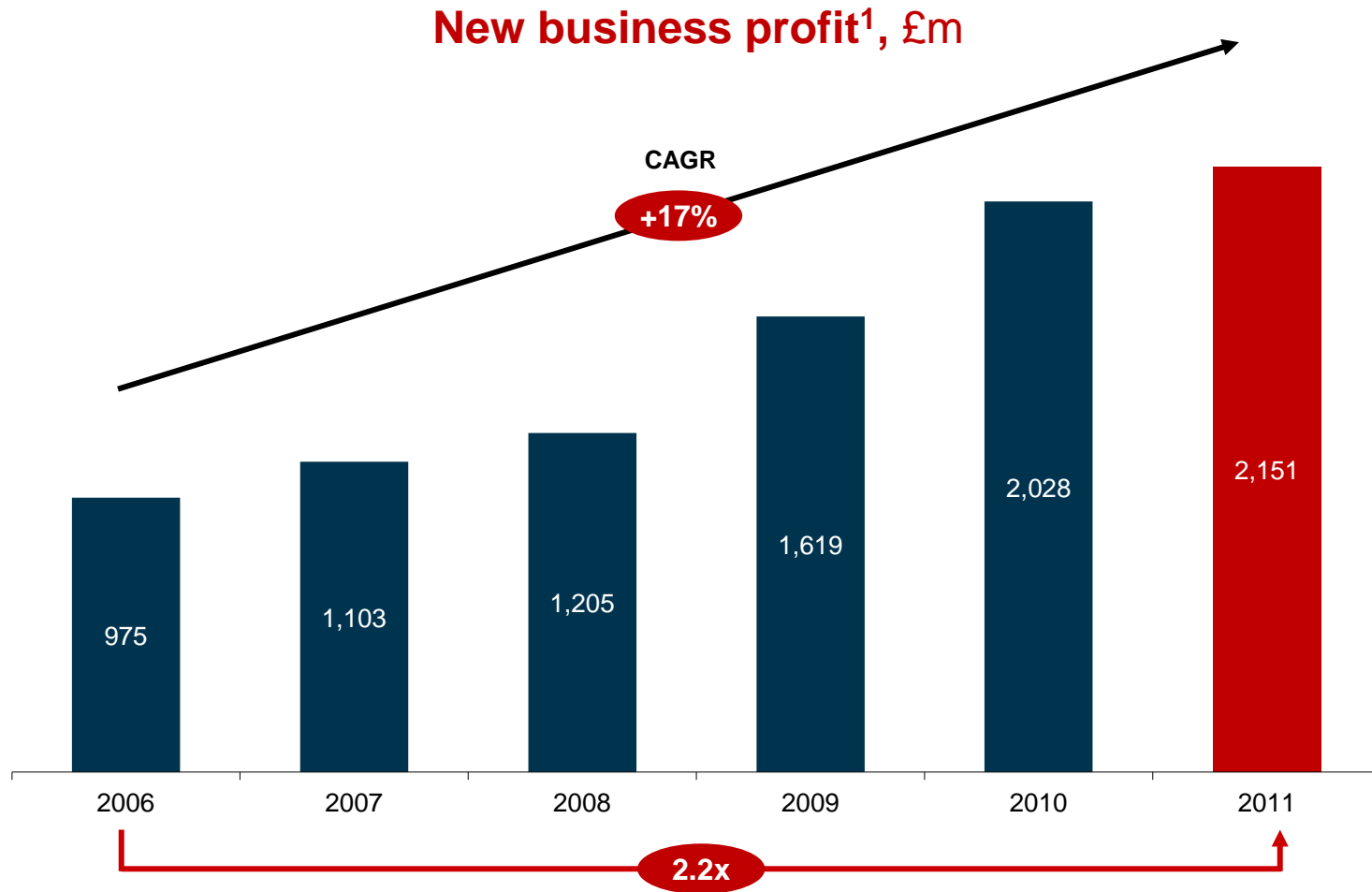
Tidjane Thiam



Outlook

Group KPIs

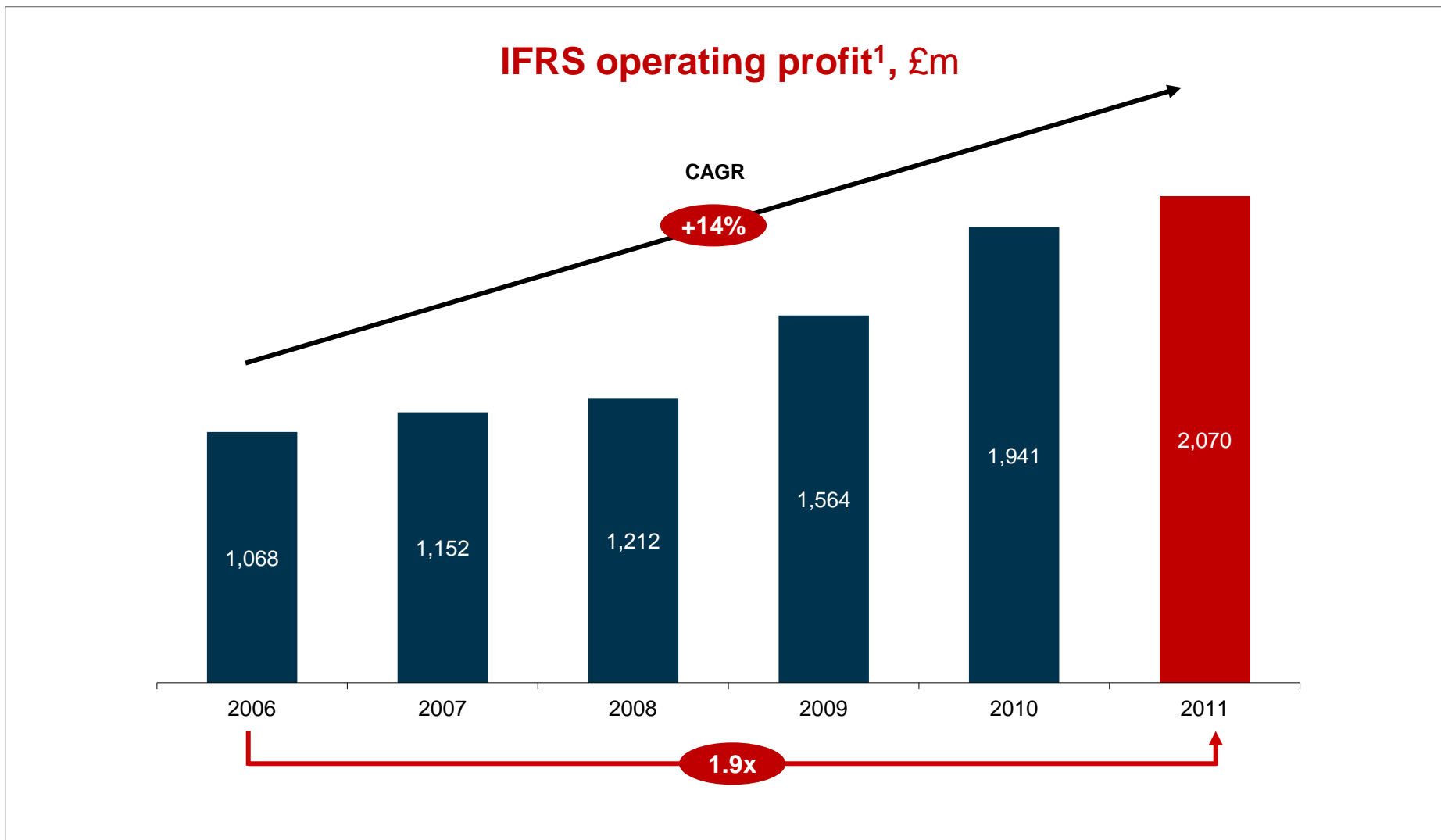
A long-term track record of growth across our key metrics



¹ Excludes Japan and Taiwan agency

Group KPIs

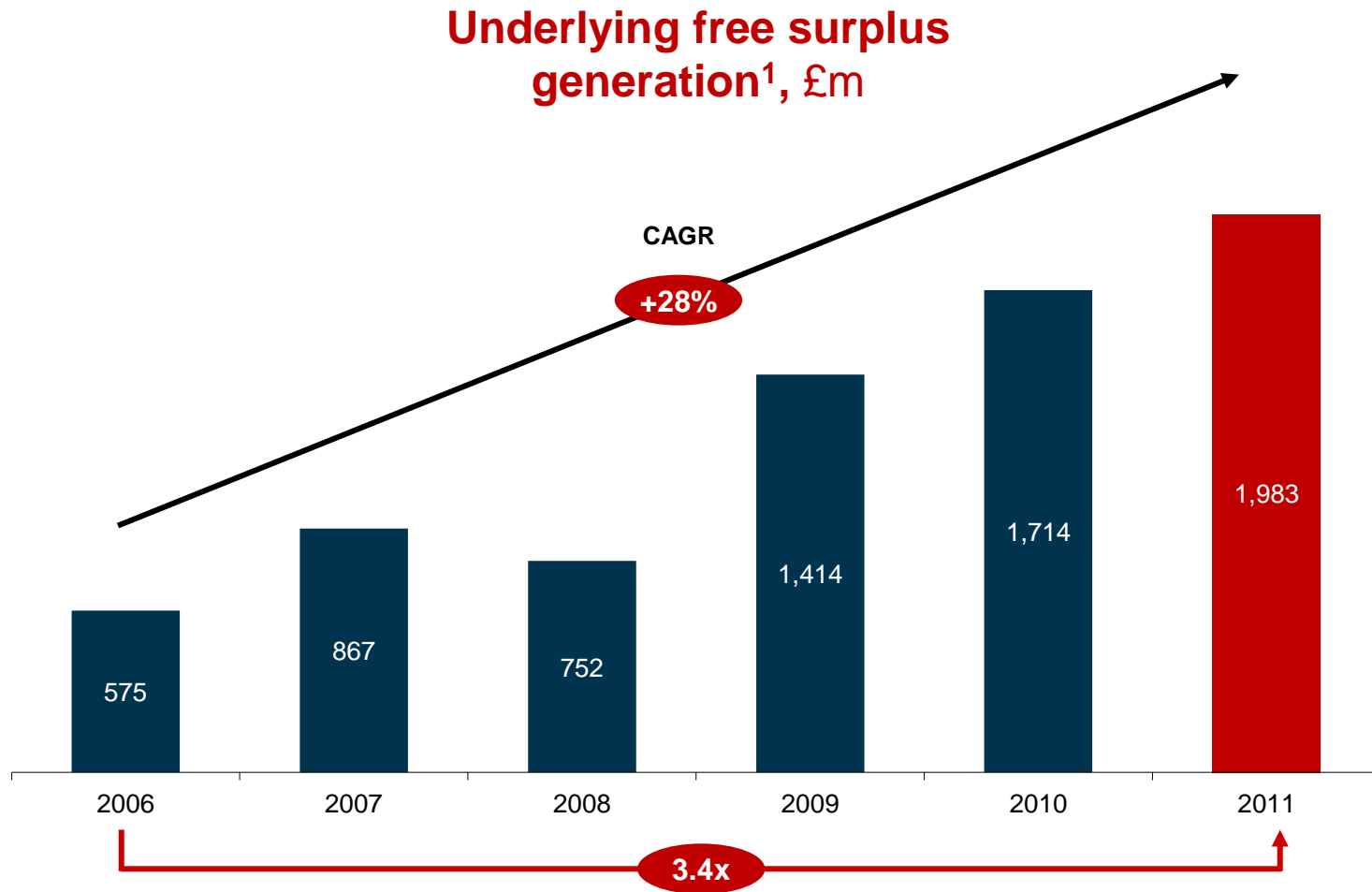
A long-term track record of growth across our key metrics



¹ In 2010, the Group amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. The prior period comparatives for 2009 and 2008 have been amended accordingly. Excludes Taiwan agency

Group KPIs

A long-term track record of growth across our key metrics



¹ Life and asset management businesses, net of new business strain. Excludes Taiwan agency



Q&A

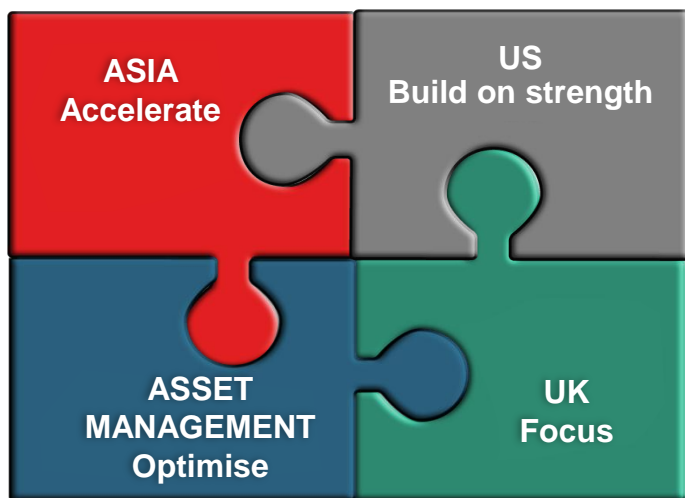


Appendix

Strategy

Our strategy is working

Strategy



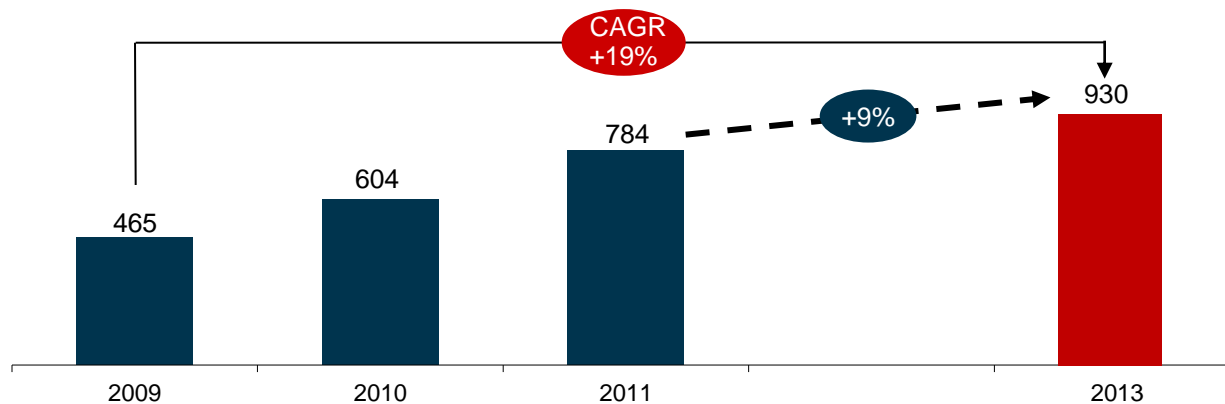
Operating principles



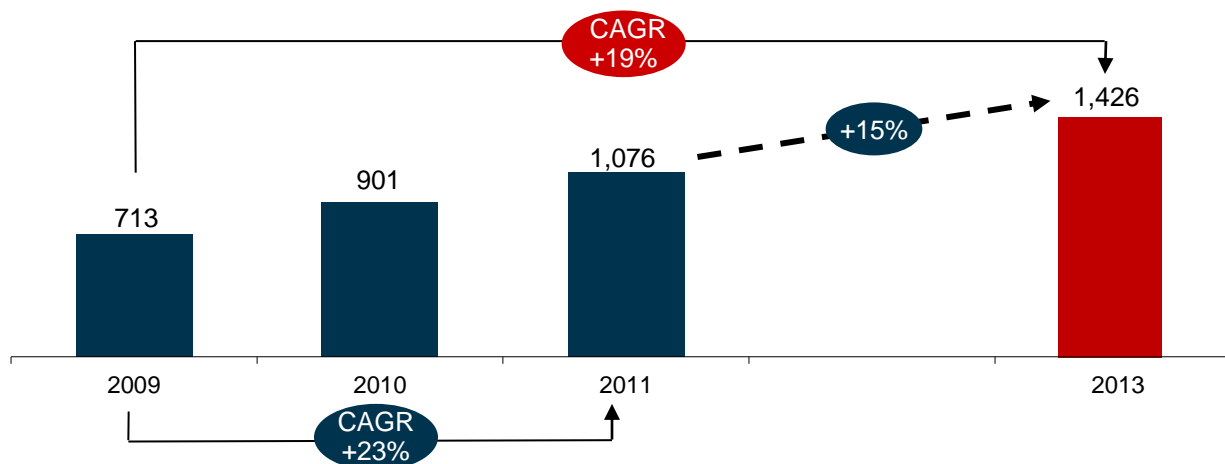
Financial objectives

Growth - On track to 'Double Asia'

Doubling Asia Life and Asset Management IFRS operating profit¹, £m



Doubling Asia value of new business¹, £m

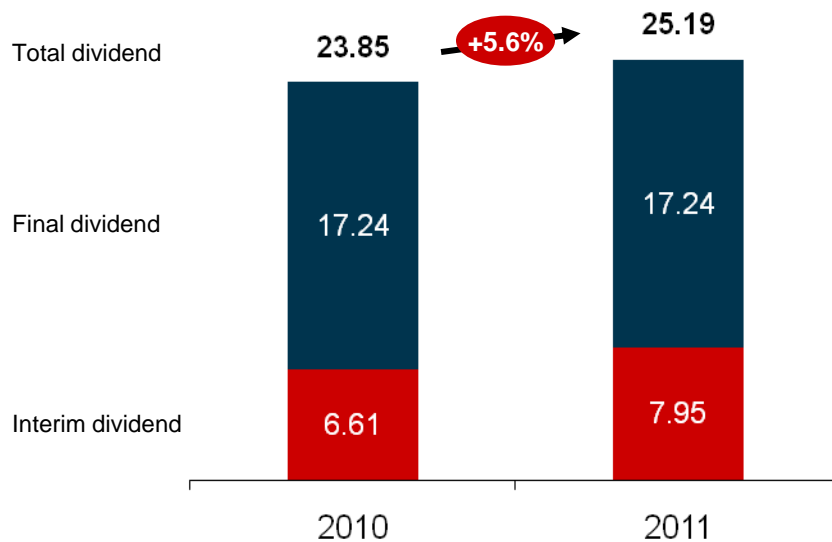


¹ The objectives assume current exchange rates and a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2010, is based on the current solvency regime and does not pre judge the outcome of Solvency II, which remains uncertain.

Dividend

Full year dividend increased by 5.6%

Dividend, pence per share

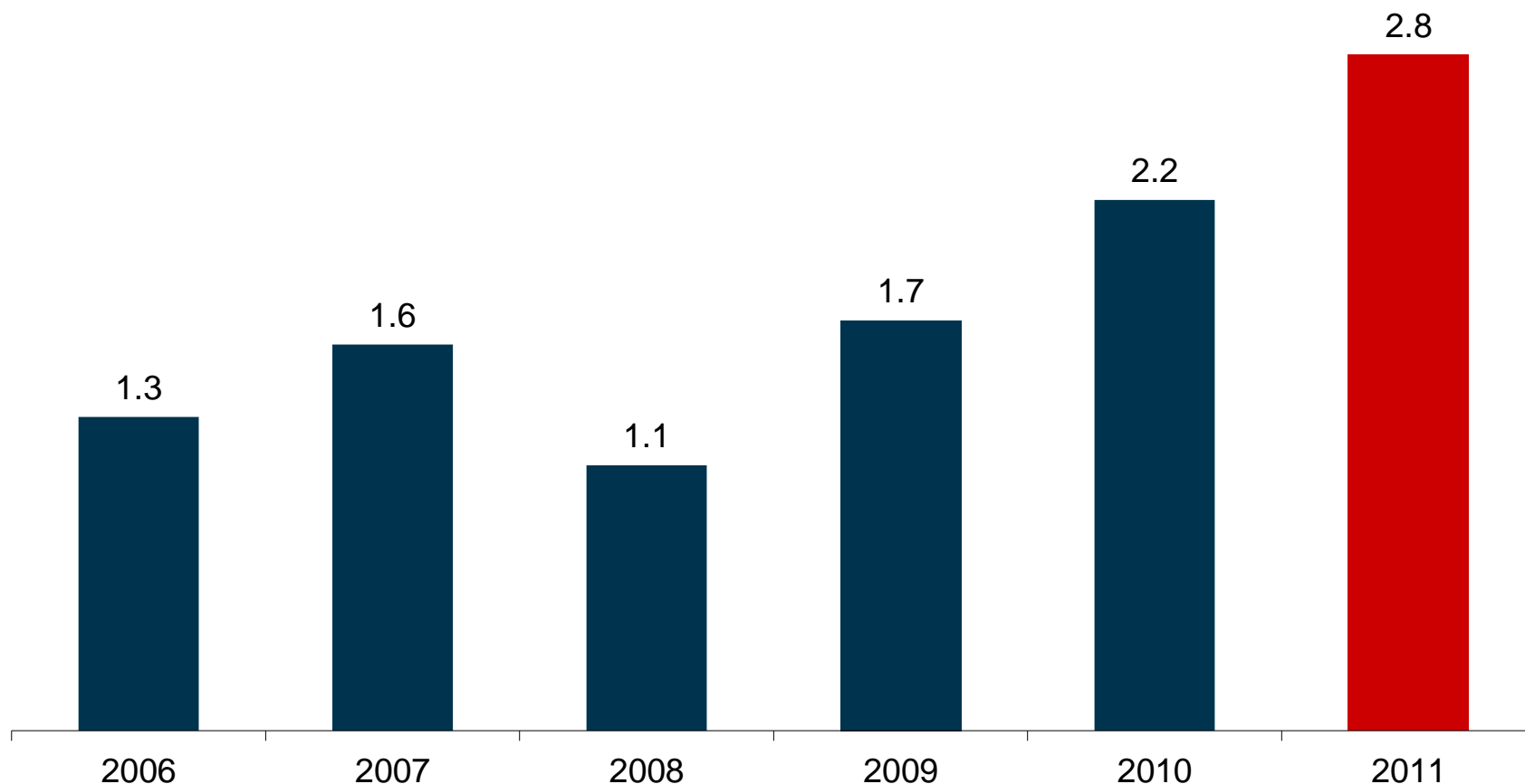


- Full year dividend increased by 5.6 per cent to 25.19 pence per share
- Conscious decision to avoid decline in Final dividend
- Ex-dividend date: 28 March 2012
- Record date: 30 March 2012
- Payment of dividend : 24 May 2012

Leading to increasing returns on new business investment

Controlling investment and focusing on the highest returns

Post-tax new business profit per £ of new business strain¹

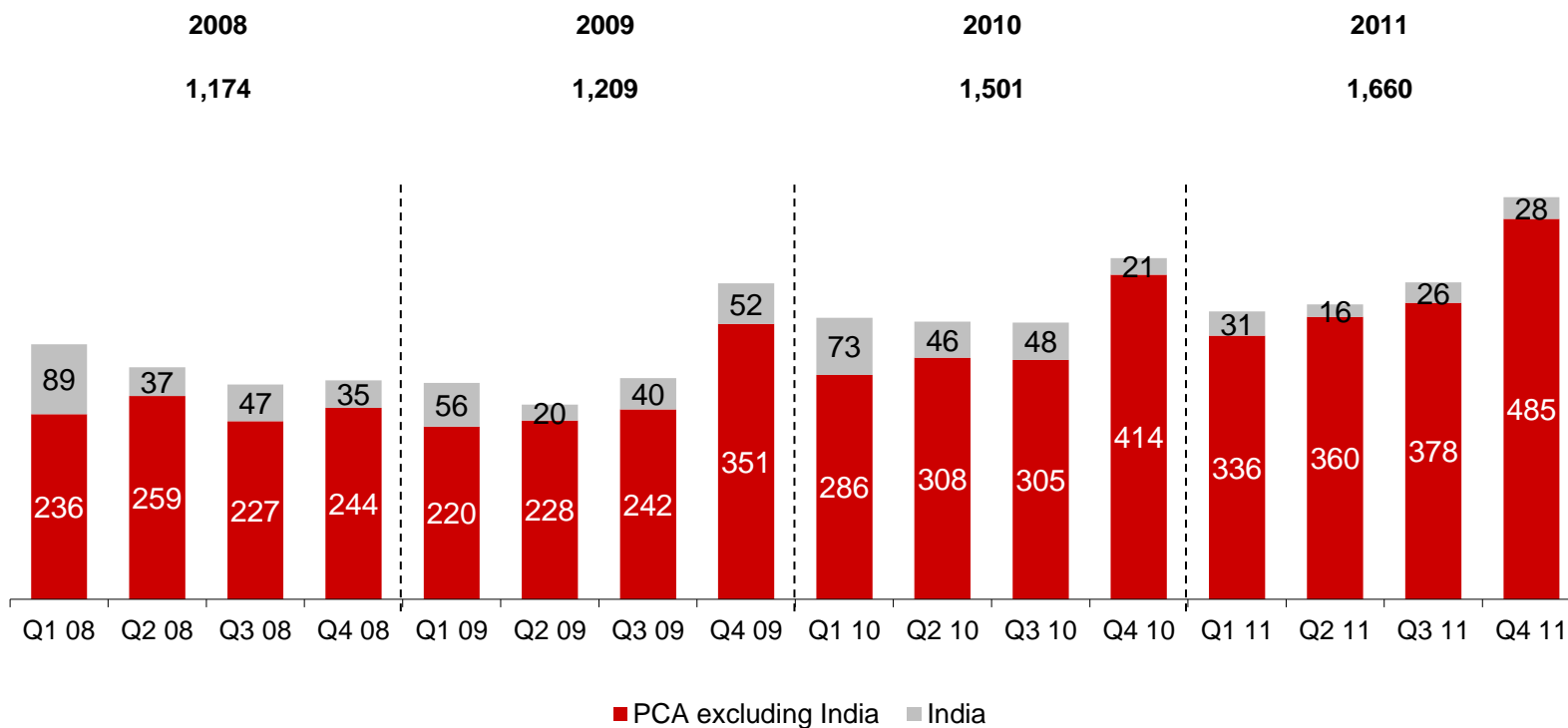


¹ Free surplus invested in new business; excludes Japan

Asia Life

APE by quarter

Asia APE¹ trend by quarter, £m

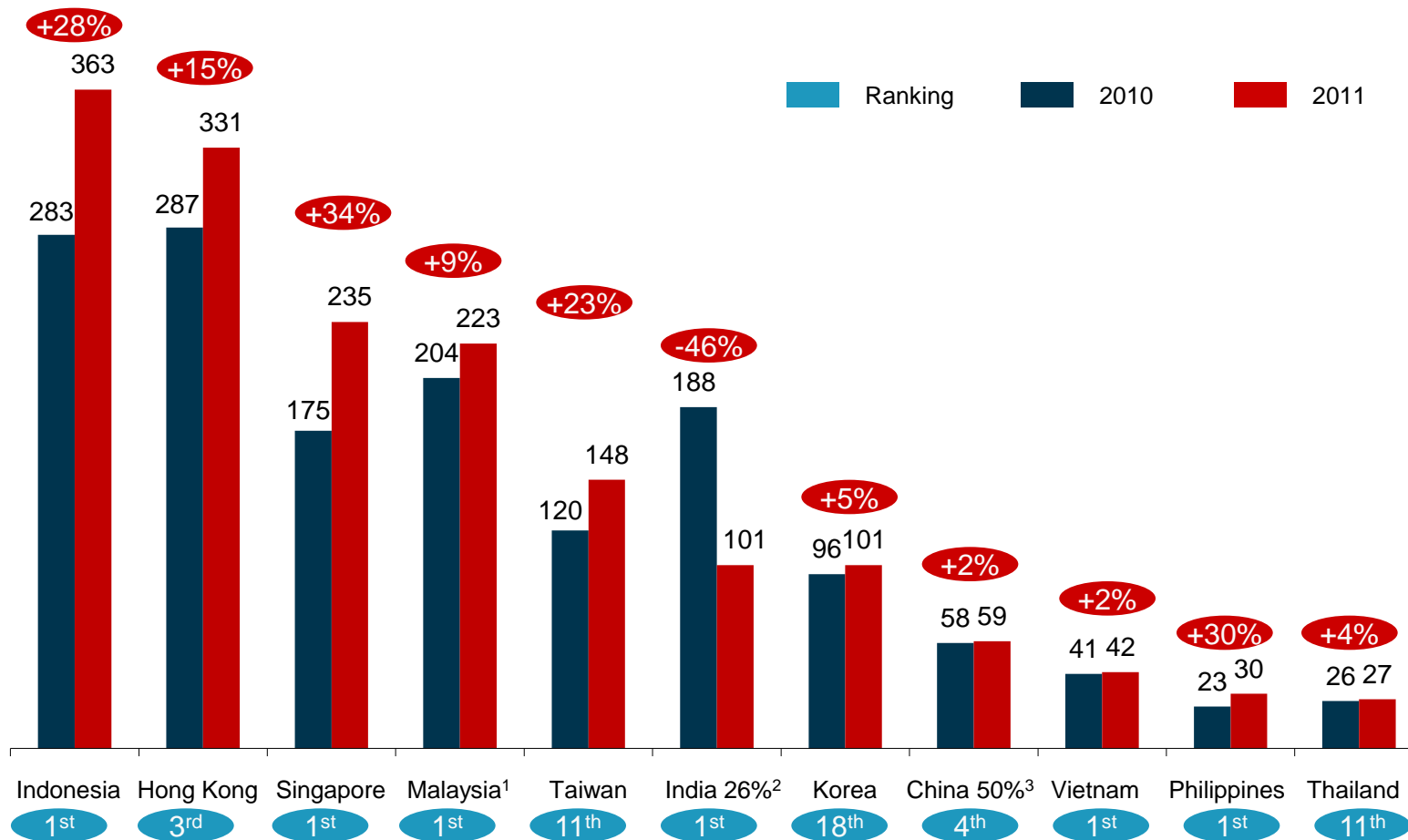


¹ Excludes Japan and Taiwan agency; prepared on an AER basis

Asia Life

APE by market

Asia APE by market, £m



¹ Includes Takaful sales @100%

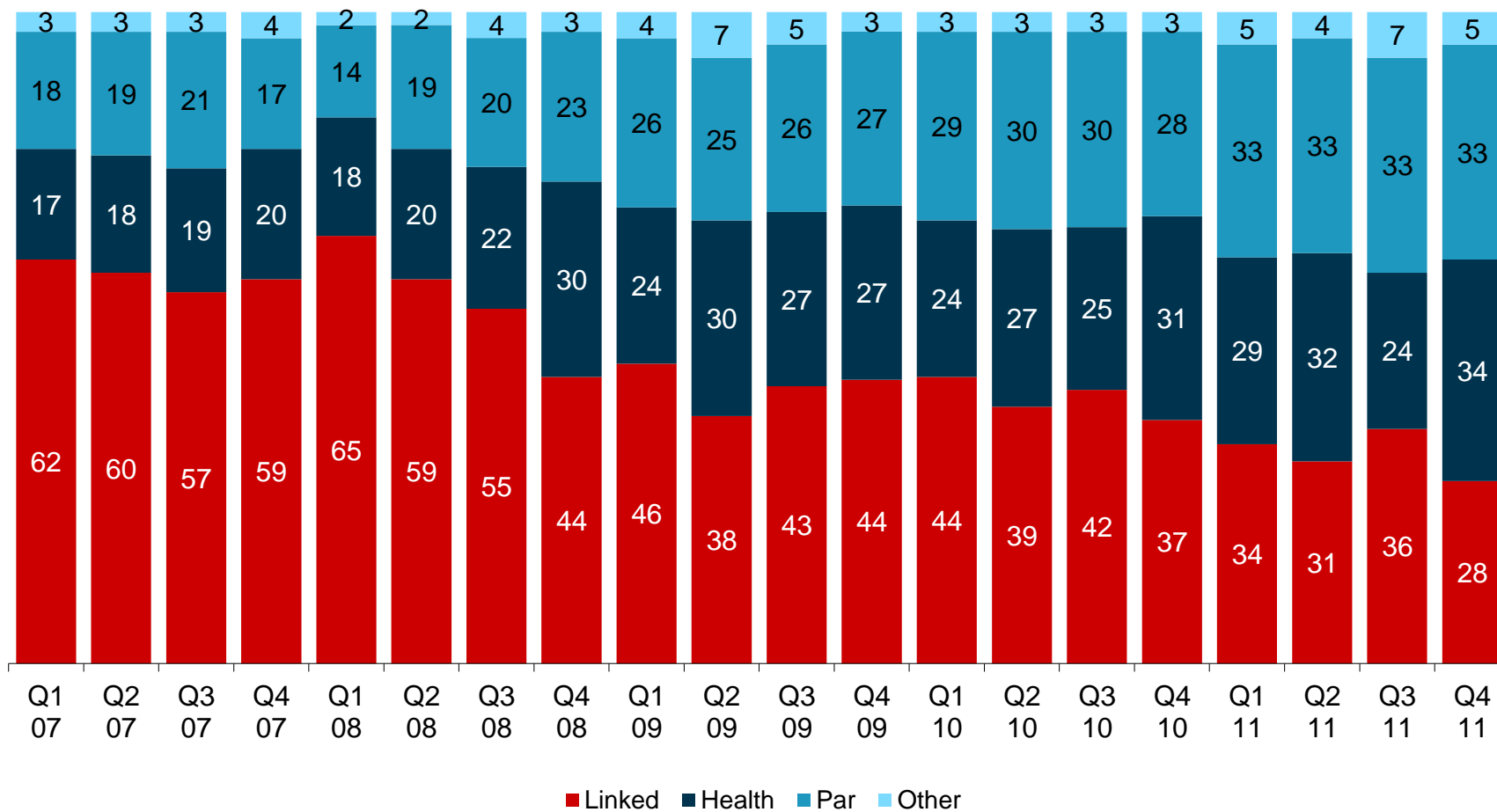
² Ranking amongst foreign JVs; market share amongst all insurers

³ Ranking amongst foreign JVs, market share amongst all foreign and JVs



Asia Life

APE sales by product



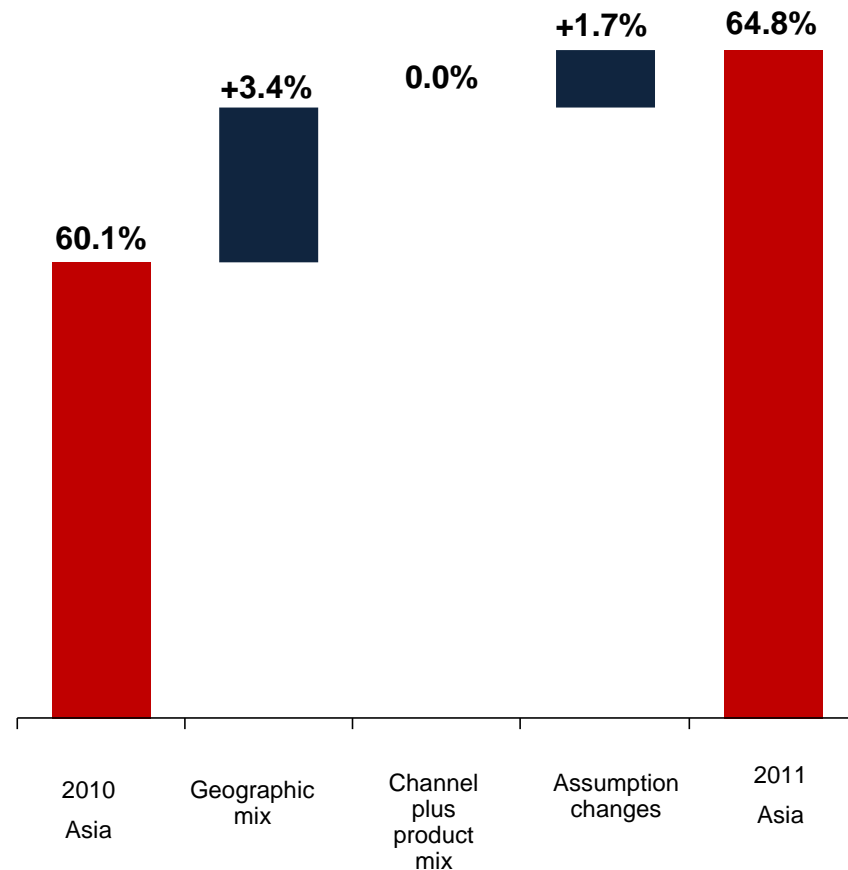
Asia

New business margins

**New business margin by country
as % of APE**

	2010	2011
China	47%	46%
Hong Kong	74%	66%
India	20%	20%
Indonesia	75%	87%
Korea	31%	43%
Taiwan	13%	19%
Others ¹	79%	76%
Total¹	60%	65%

**Analysis of movement in Asia
New business profit margin¹, %**

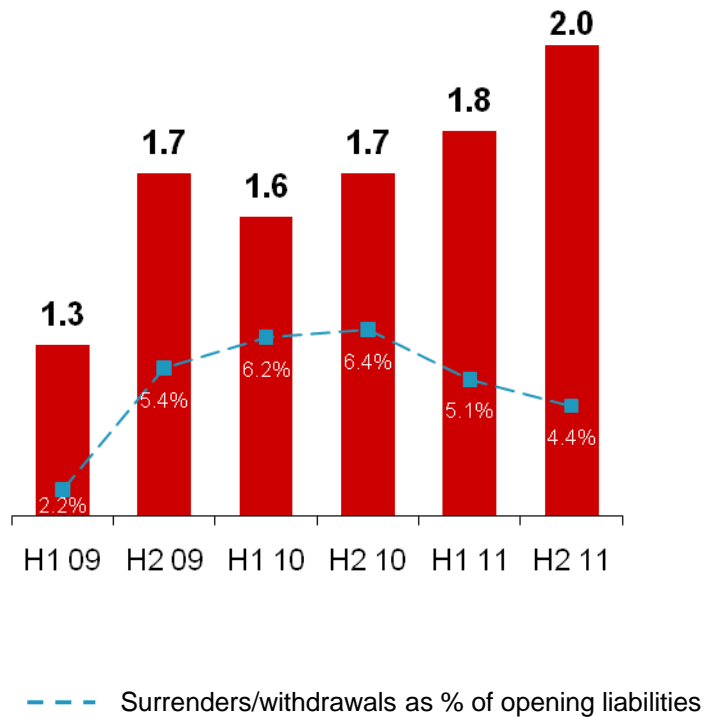


¹ 2010 excludes Japan

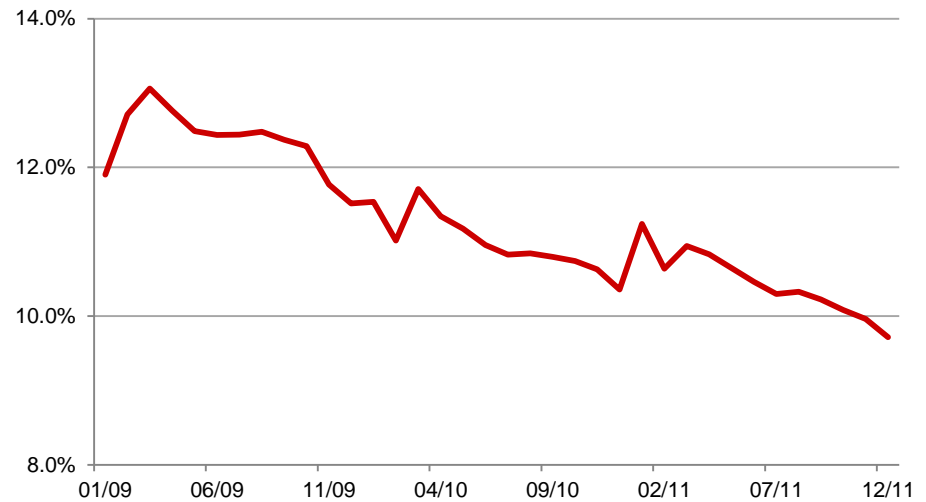
Asia Life net inflows

High and improving persistency

Asia Life inflows¹, £bn



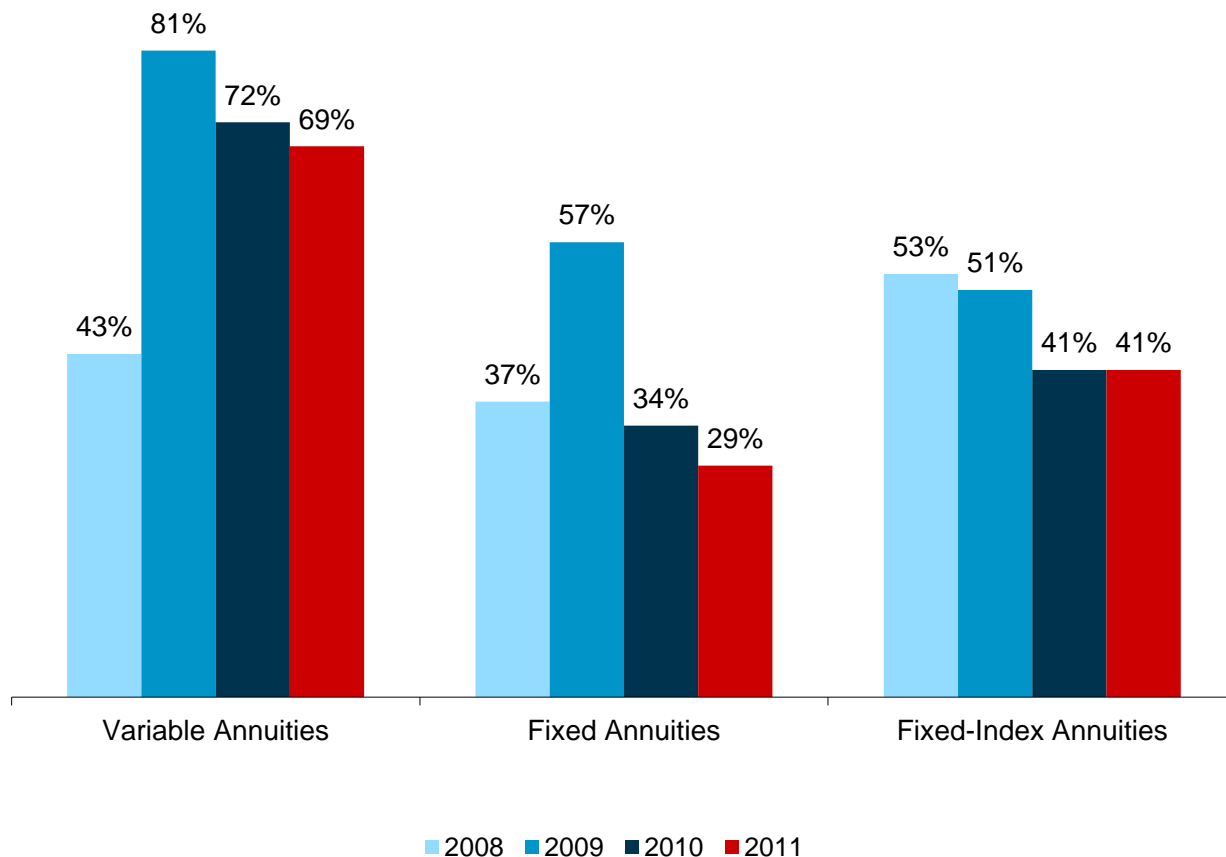
Annualised lapse rates, %



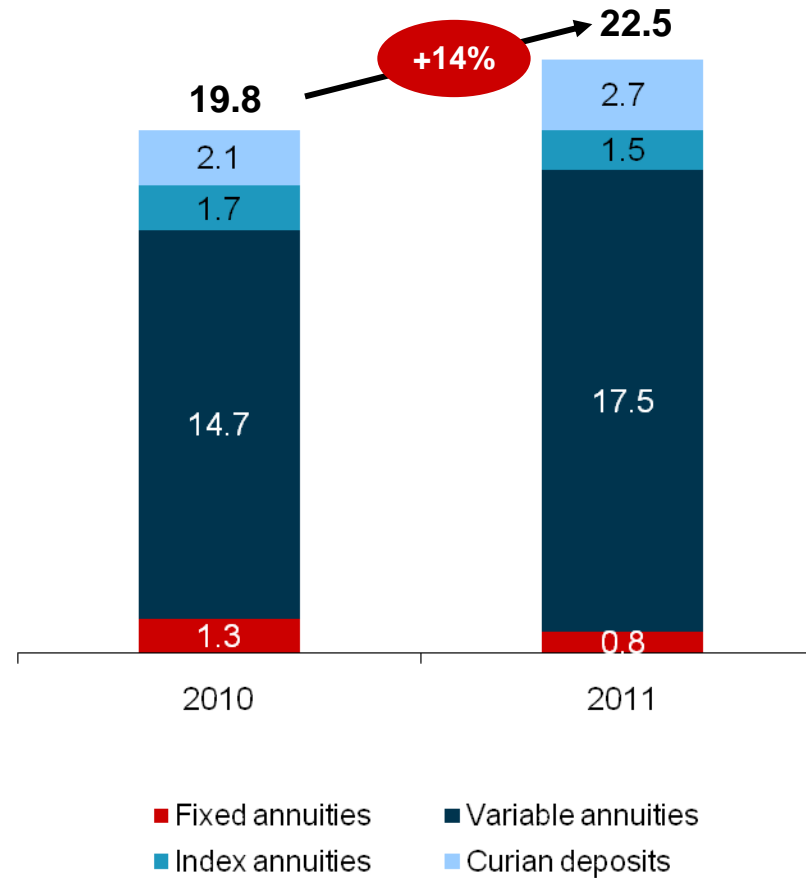
¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins)

US – New business margin

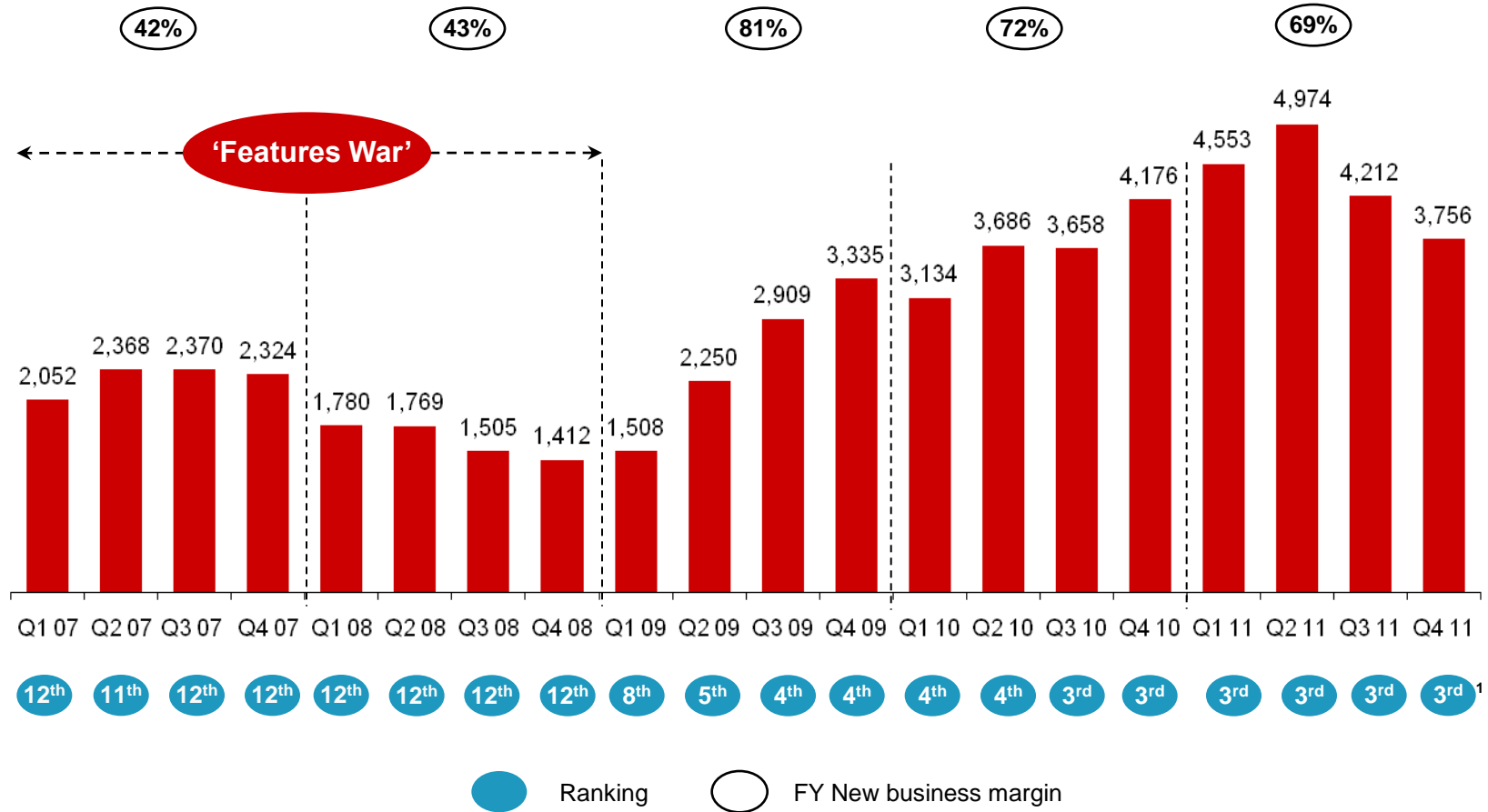
New business margin – % APE



Total retail sales, US\$bn



VA volumes by quarter, sales US\$m



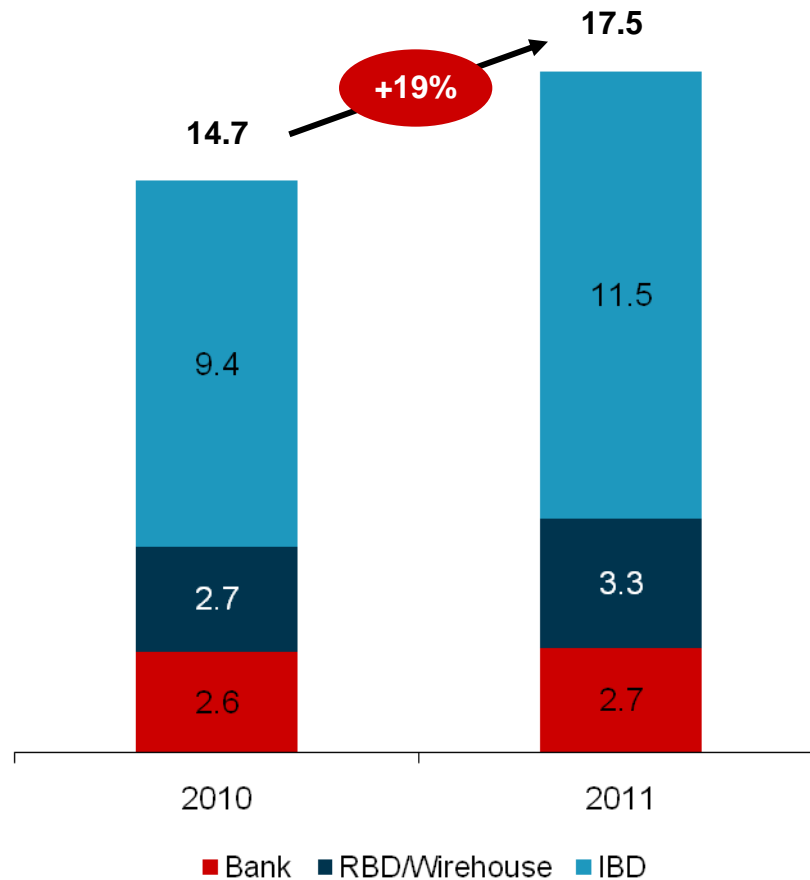
1 Estimated



US Life

Continued VA sales growth

Variable annuity sales by distribution channel, US\$bn



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

Profitability – IFRS

DAC impact on results

Impact on results of DAC amortisation, £m

	2009	2010	2011
Gross profits¹	841	1,167	1,313
DAC Amortisation			
- Core	(223)	(334)	(387)
- repay 2008 MR benefit	n/a	n/a	(166)
- market impact			(66)
Operating result	618	833	694
Core as % of Gross profits	27%	29%	29%

2009-2010:

- Core includes modest impact from assumption unlocking and market movements
- Lowers Core % of 'Gross profits' ~ 3-4%.

For 2011:

- Core DAC charge equivalent to 29% of 'Gross profits'; ~ 3% unlocking benefit included
- 2011 market movements have added £66m (without mean reversion ~ double the £66m)

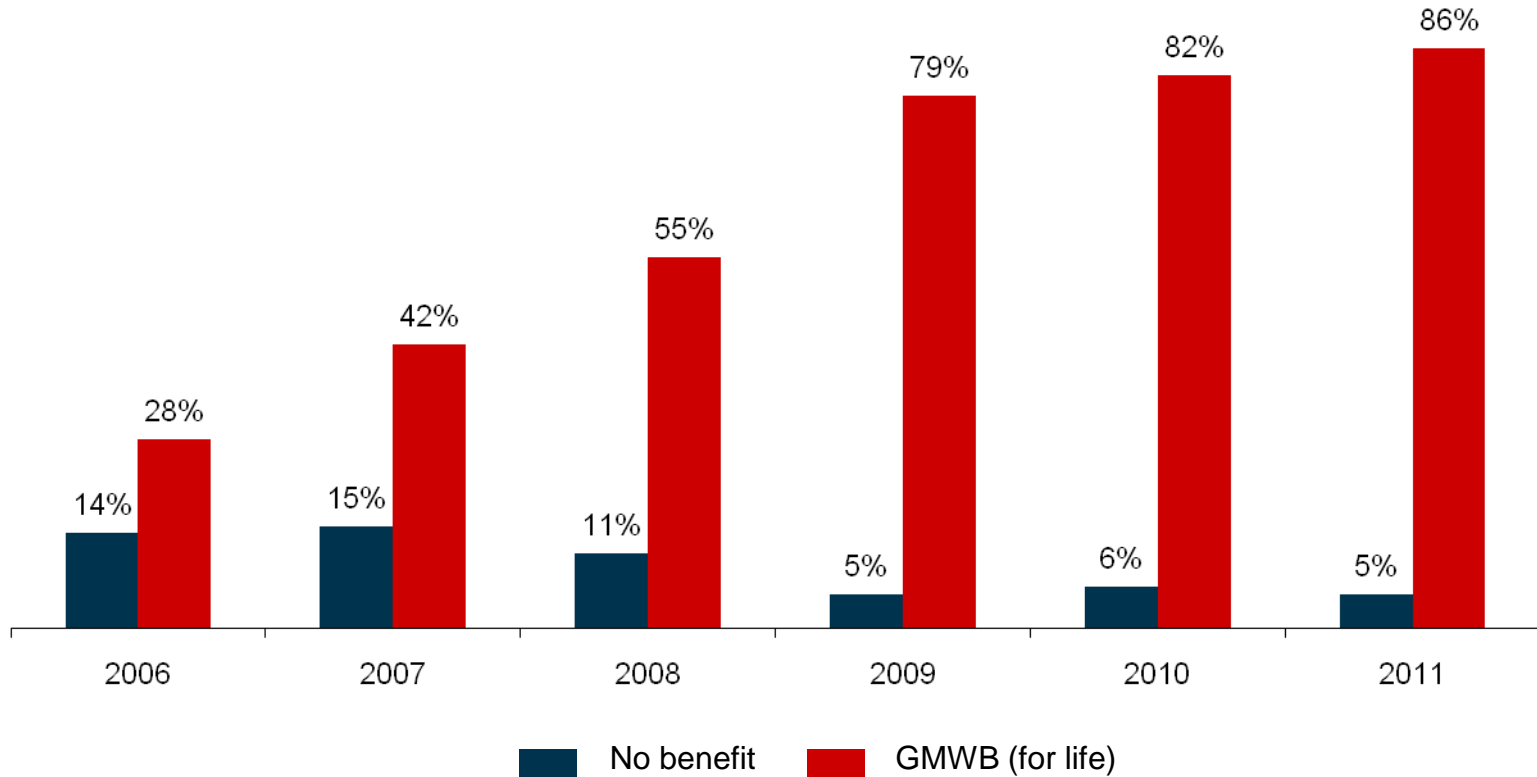
Going forward²:

- Core amortization will drive DAC charge in the absence of significant market movements.
- Sensitivity: Separate account returns of -15% and +15% would result in a DAC acceleration and deceleration of DAC charge of £(100)m and £100m respectively.

¹ Gross profits equals IFRS operating profit pre acquisition costs and pre DAC

² On basis of new DAC accounting rules

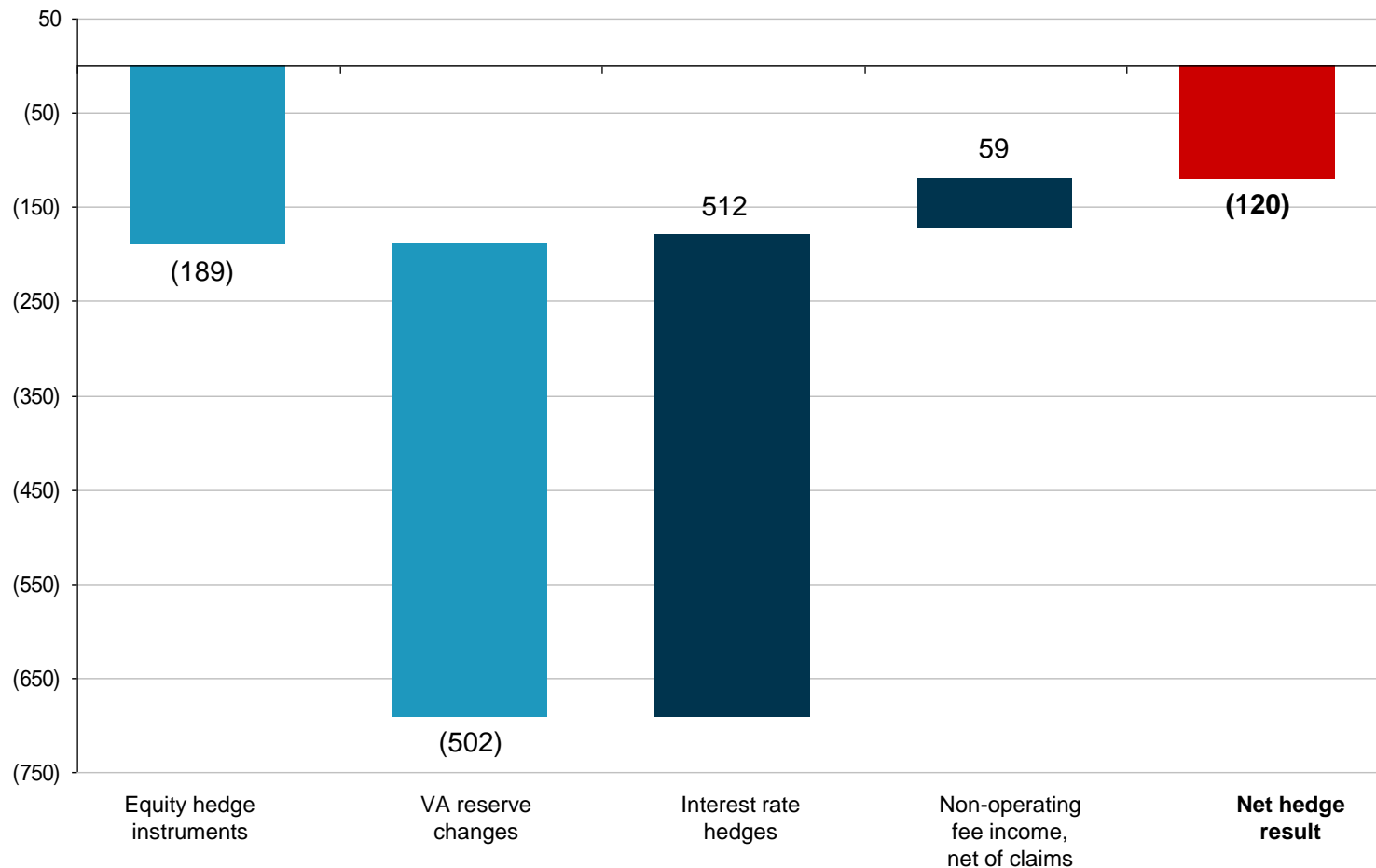
Optional benefits elected, % of initial benefits elected (New business)



VA hedging

IFRS impact 'below-the-line'

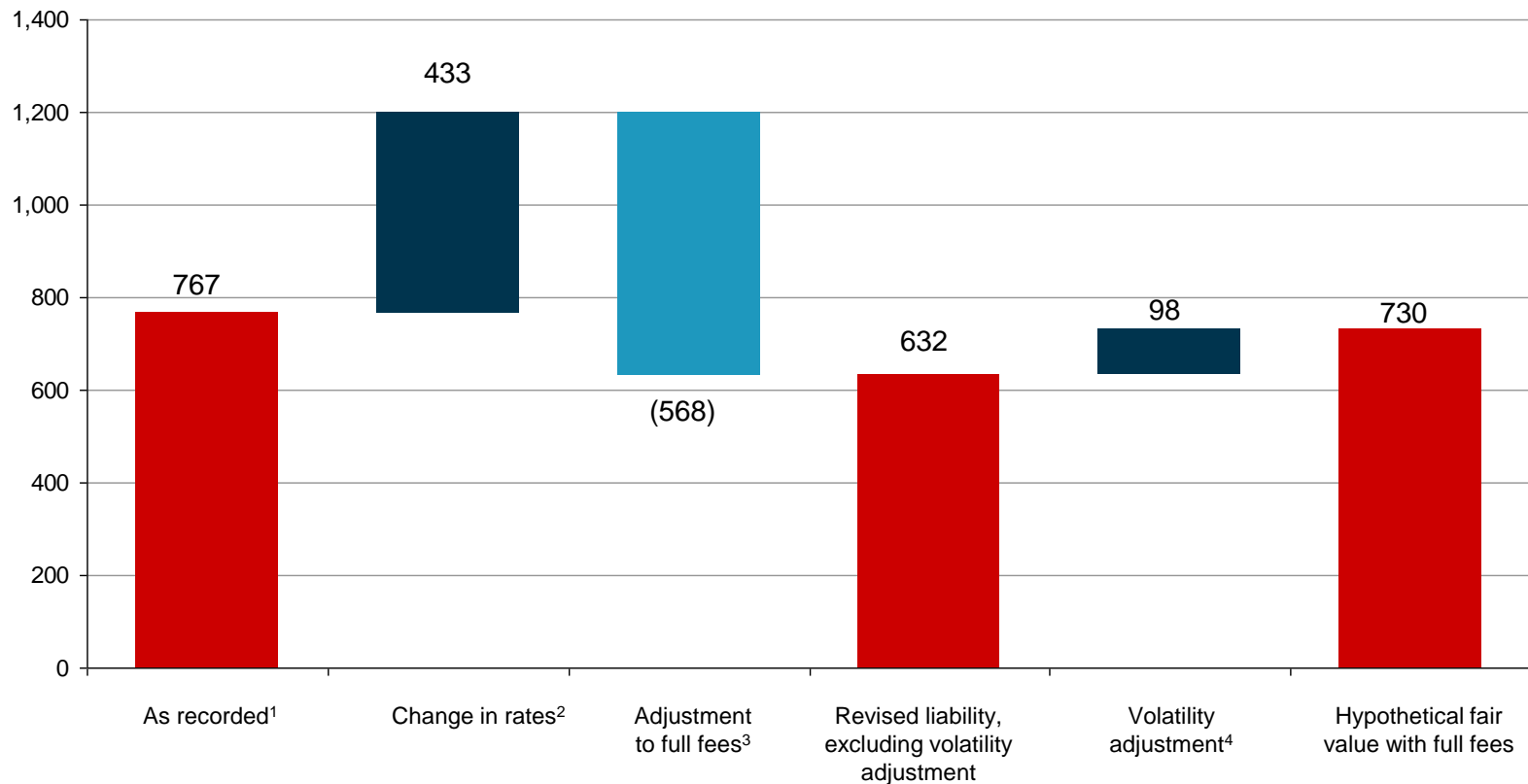
2011 full year VA hedge results, net of related DAC, £m



VA hedging

Moving reserves to 'fair value'

Guarantee Benefit Liability Supplemental Disclosure, net of DAC, £m



¹ GMWB and GMDB IFRS basis

² Application of market based (31.12.11) 2% swap curve earned rate and 4.2% AA corporate bond discount rate in place of long-term rate of 8.4% for IFRS

³ Value of fees over and above those in reserve calculations

⁴ Application of market based (31.12.11) 28.1% level instead of long-term 15% for IFRS



Life IFRS operating profit

Source of earnings

Spread income

The investment return we make primarily on annuity and other spread based business

Fee income

The fees net of investment expenses charged on our linked and separate account business for managing the assets

Technical and other margin

Profits derived from the insurance risks of mortality, morbidity and persistency

With-profits

Our share of bonus declared by the with-profits fund in the period

Expected return on shareholder assets

The operating return we make on shareholder net assets

Acquisition costs

Acquisition costs incurred on shareholder-backed new business including commission

Administration expense

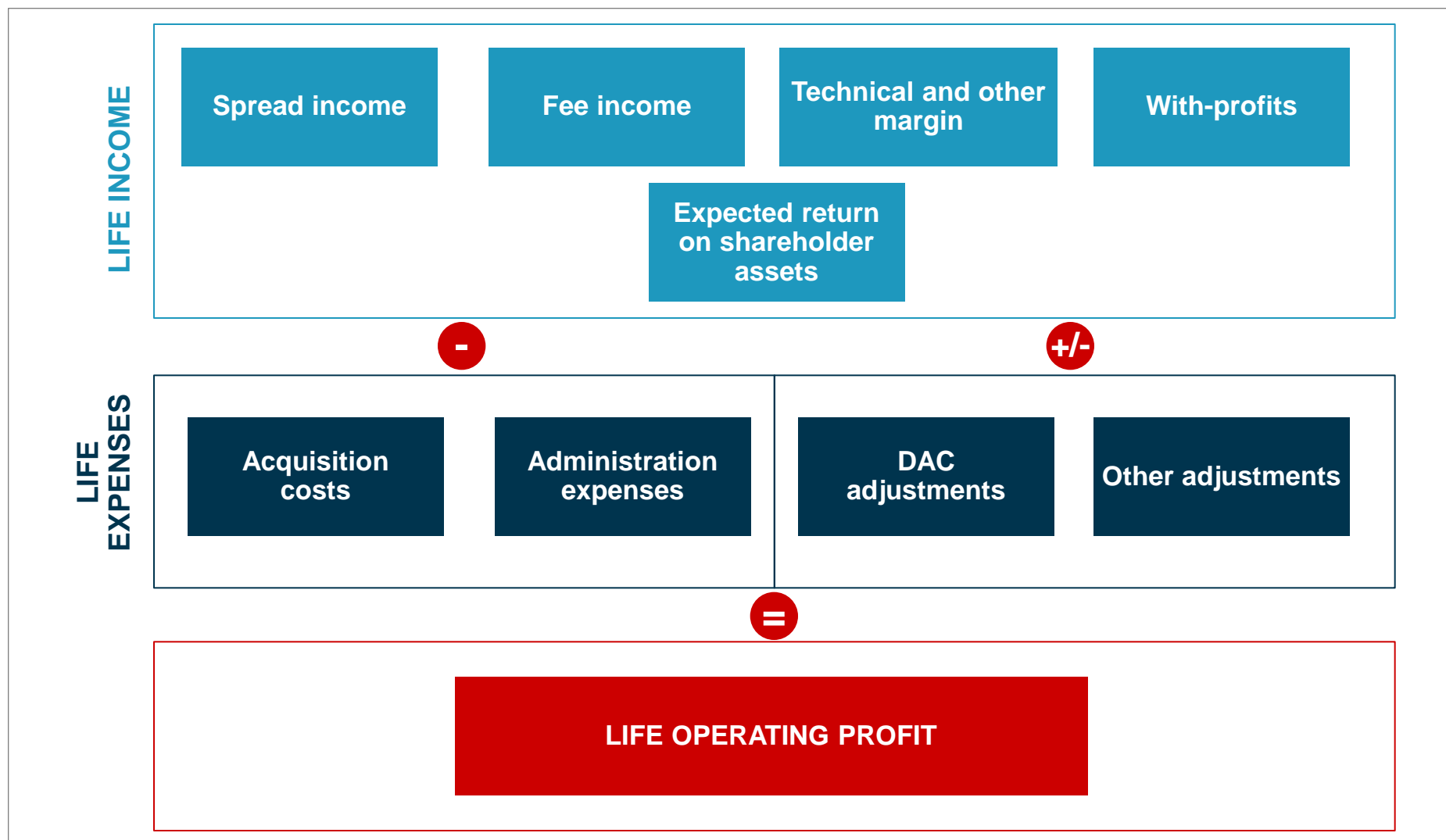
Expenses and renewal commissions incurred by the shareholder in managing the in-force book

DAC and other adjustment

Costs deferred at inception net of costs amortised during life of contract and one off items

Delivering profitability – IFRS

Source of earnings - Life insurance



Profitability – IFRS

Life insurance – Group

LIFE INCOME

Total Life income		
4,627	4,089	13%

Source		
2011	2010	+/-

£m

-

+/-

LIFE EXPENSES

Total Life expenses		
(2,826)	(2,569)	10%

DAC adjustments		
280	518	(46)%

=

Total Life operating profit

2,081	2,038	2%
-------	-------	----

IFRS operating profit – source of earnings

Life insurance - Group

Source		
2011	2010	+/-

£m

Total Life income			-	Total Life expenses			+/-	DAC adjustments		
4,627	4,089	13%		(2,826)	(2,569)	10%		280	518	(46)%

Spread income		
1,065	1,013	5%

Fee income		
870	688	26%

Technical and other margin		
2,161	1,804	20%

With-profits		
331	342	(3)%

Spread (bps)	185	188	(3)
Average reserves	57.4	53.9	6%

AMF (bps)	127	121	6
Average reserves	68.3	56.8	20%

Margin on revenues	1,425	1,212	18%
Insurance margin	736	592	24%

Bonus (bps)	36	38	(2)
Average reserves	93.1	89.7	4%

Expected returns		
200	242	(17)%

IFRS operating profit – source of earnings

Life insurance – Group expenses

				Total Life expenses											
				2011	2010	+/-									
				(2,826)	(2,569)	10%									
				<table border="1"> <thead> <tr> <th colspan="3">Source</th> </tr> <tr> <th>2011</th> <th>2010</th> <th>+/-</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Source			2011	2010	+/-			
Source															
2011	2010	+/-													
				£m											
				<table border="1"> <thead> <tr> <th colspan="3">Acquisition costs¹</th> </tr> </thead> <tbody> <tr> <td>(1,783)</td> <td>(1,645)</td> <td>8%</td> </tr> </tbody> </table>			Acquisition costs ¹			(1,783)	(1,645)	8%			
Acquisition costs ¹															
(1,783)	(1,645)	8%													
				<table border="1"> <thead> <tr> <th colspan="3">Administration expenses¹</th> </tr> </thead> <tbody> <tr> <td>(1,043)</td> <td>(924)</td> <td>13%</td> </tr> </tbody> </table>			Administration expenses ¹			(1,043)	(924)	13%			
Administration expenses ¹															
(1,043)	(924)	13%													
				<table border="1"> <tbody> <tr> <td>APE²</td> <td>3,681</td> <td>3,492</td> <td>5%</td> </tr> <tr> <td>Acquisition cost ratio</td> <td>48%</td> <td>47%</td> <td>1 ppt</td> </tr> </tbody> </table>			APE ²	3,681	3,492	5%	Acquisition cost ratio	48%	47%	1 ppt	
APE ²	3,681	3,492	5%												
Acquisition cost ratio	48%	47%	1 ppt												
				<table border="1"> <tbody> <tr> <td>Admin expense ratio (bps)</td> <td>83</td> <td>83</td> <td>-</td> </tr> <tr> <td>Average reserves (£bn)</td> <td>125.7</td> <td>110.7</td> <td>14%</td> </tr> </tbody> </table>			Admin expense ratio (bps)	83	83	-	Average reserves (£bn)	125.7	110.7	14%	
Admin expense ratio (bps)	83	83	-												
Average reserves (£bn)	125.7	110.7	14%												

¹ Relate to shareholder-backed business only

² For shareholder-backed and with-profits business, including Japan 2010 new business of £7m APE

IFRS operating profit – source of earnings

M&G and Eastspring Investments

Asset management operating profit ¹		
381	318	20%

Source		
2011	2010	+/-

£m

M&G ¹ operating profit		
301	246	22%

Eastspring Investments		
80	72	11%

Total income ²		
727	632	15%

Total expenses		
(426)	(386)	10%

Total income ²		
202	191	6%

Total expenses		
(122)	(119)	3%

Average fees (bps)	36	34	2
Average assets (£bn)	200	187	7%

Cost / income ratio ³		
60%	63%	(3)ppt

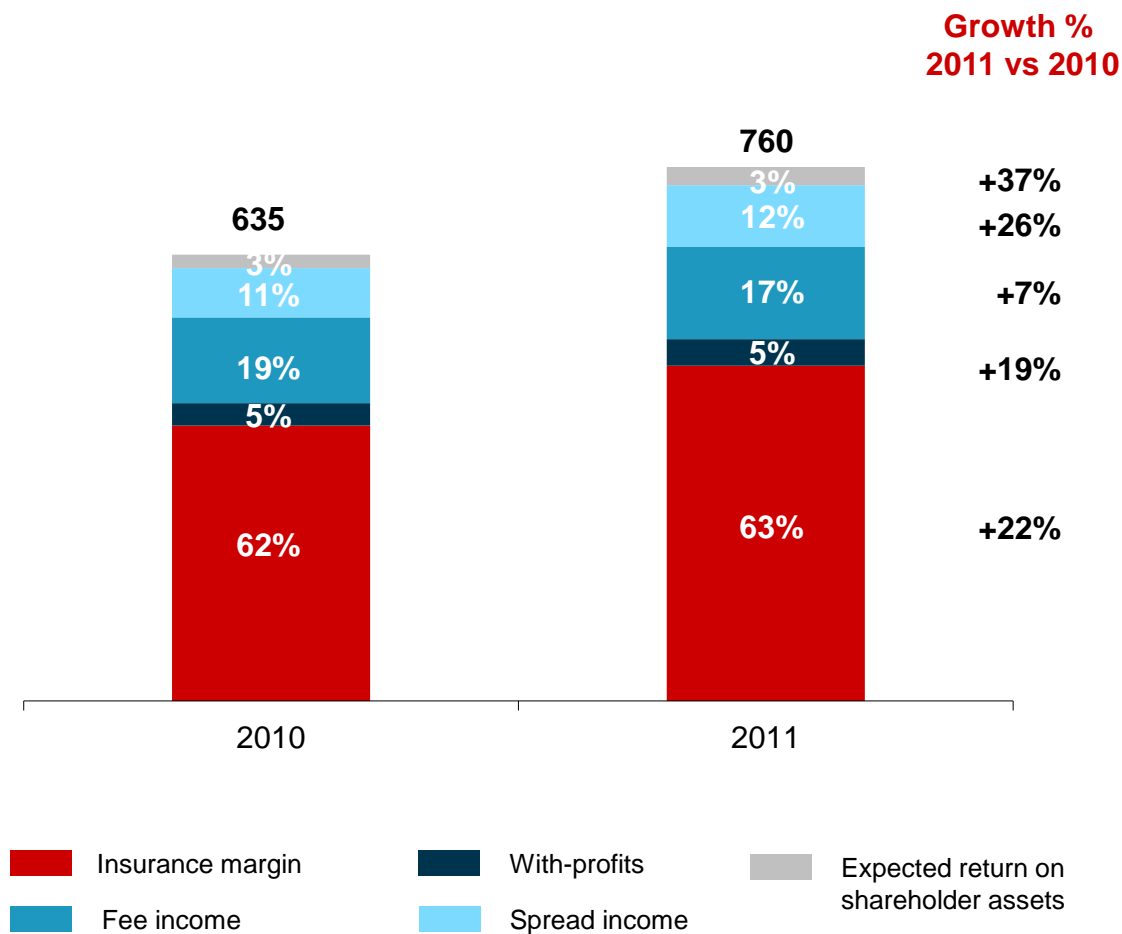
Average fees (bps)	40	40	0
Average assets (£bn)	51	47	9%

Cost / income ratio ³		
62%	64%	(2)ppt

¹ Excludes PruCap and US asset management business
² Includes performance-related fees
³ Cost / income ratio calculated excluding performance-related fees

Life IFRS operating income - Asia

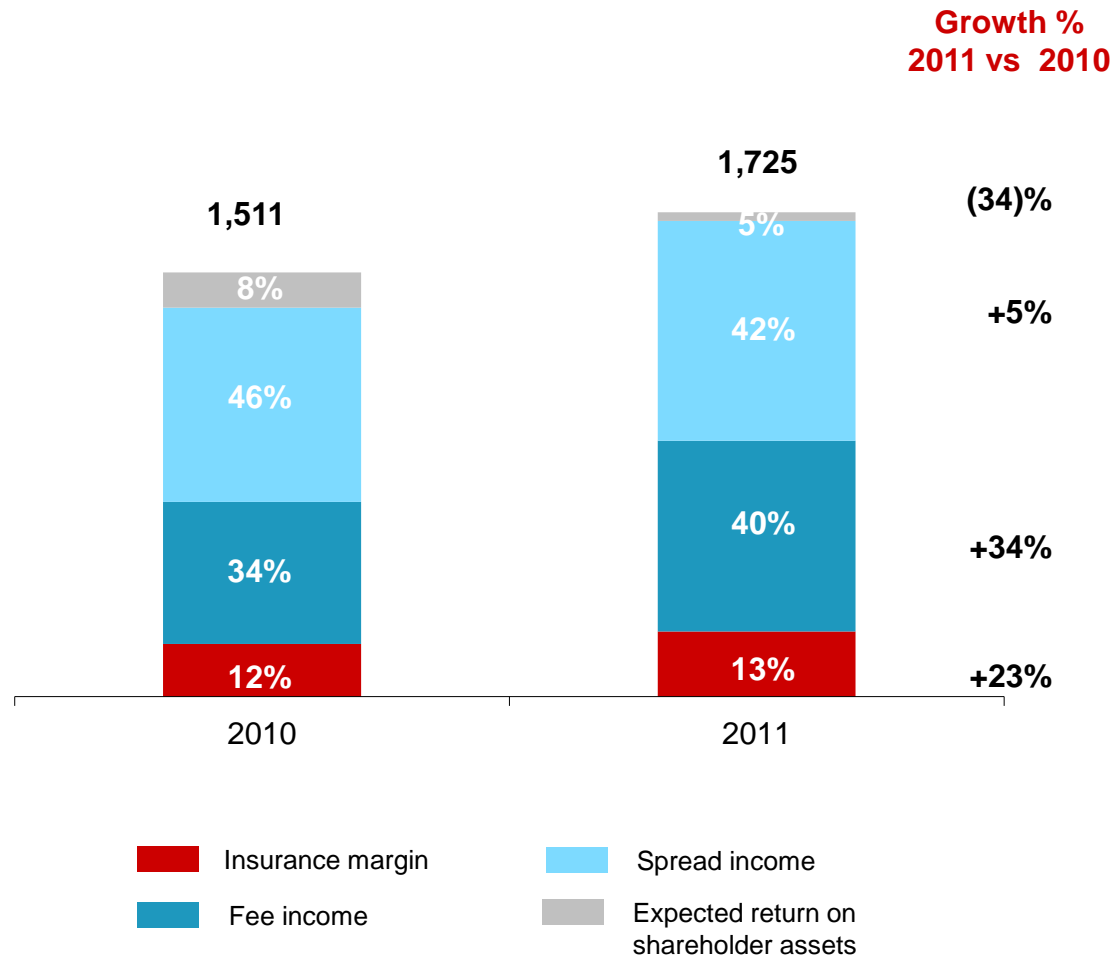
Asia IFRS operating income¹, £m



¹ Excludes margin on revenues, acquisition and administration expenses and DAC adjustments

Life IFRS operating income - US

US IFRS operating income^{1,2}, £m

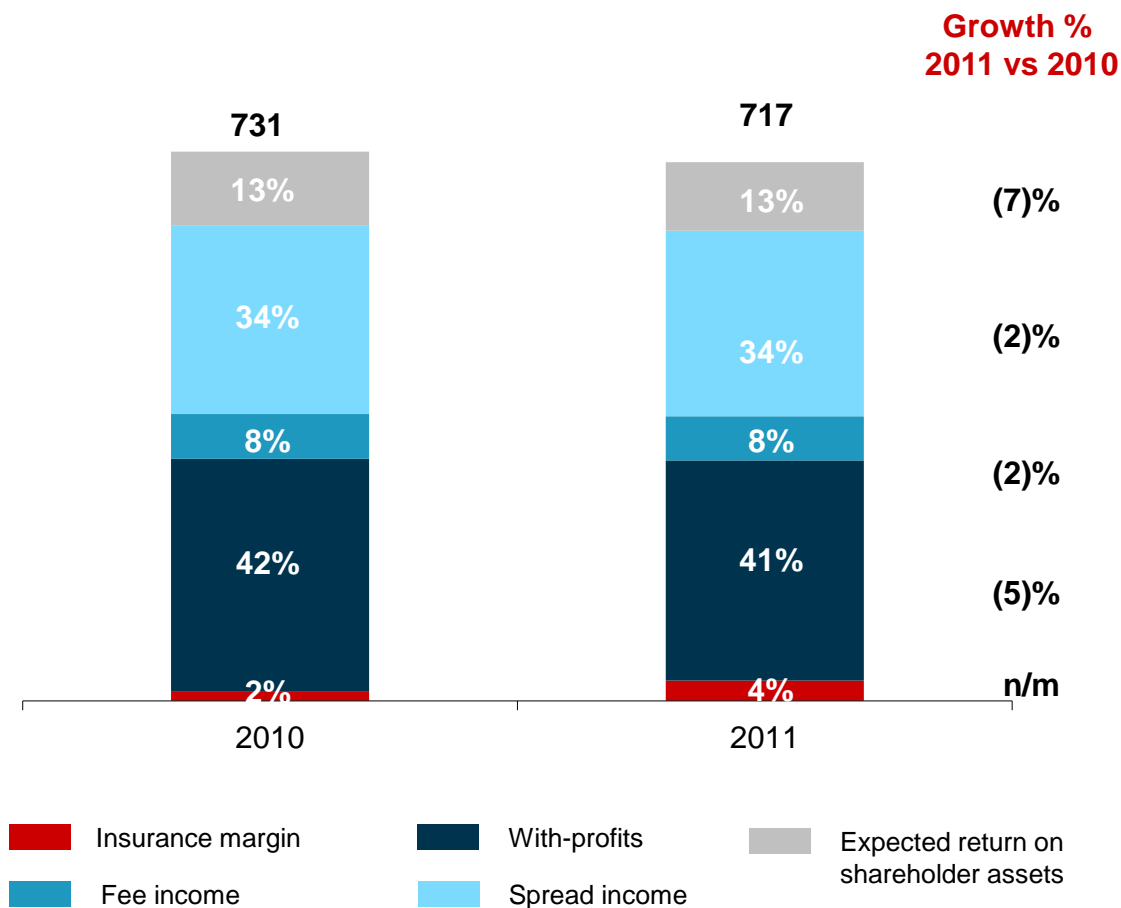


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation

² In 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations

Life IFRS operating income - UK

UK IFRS operating income¹, £m

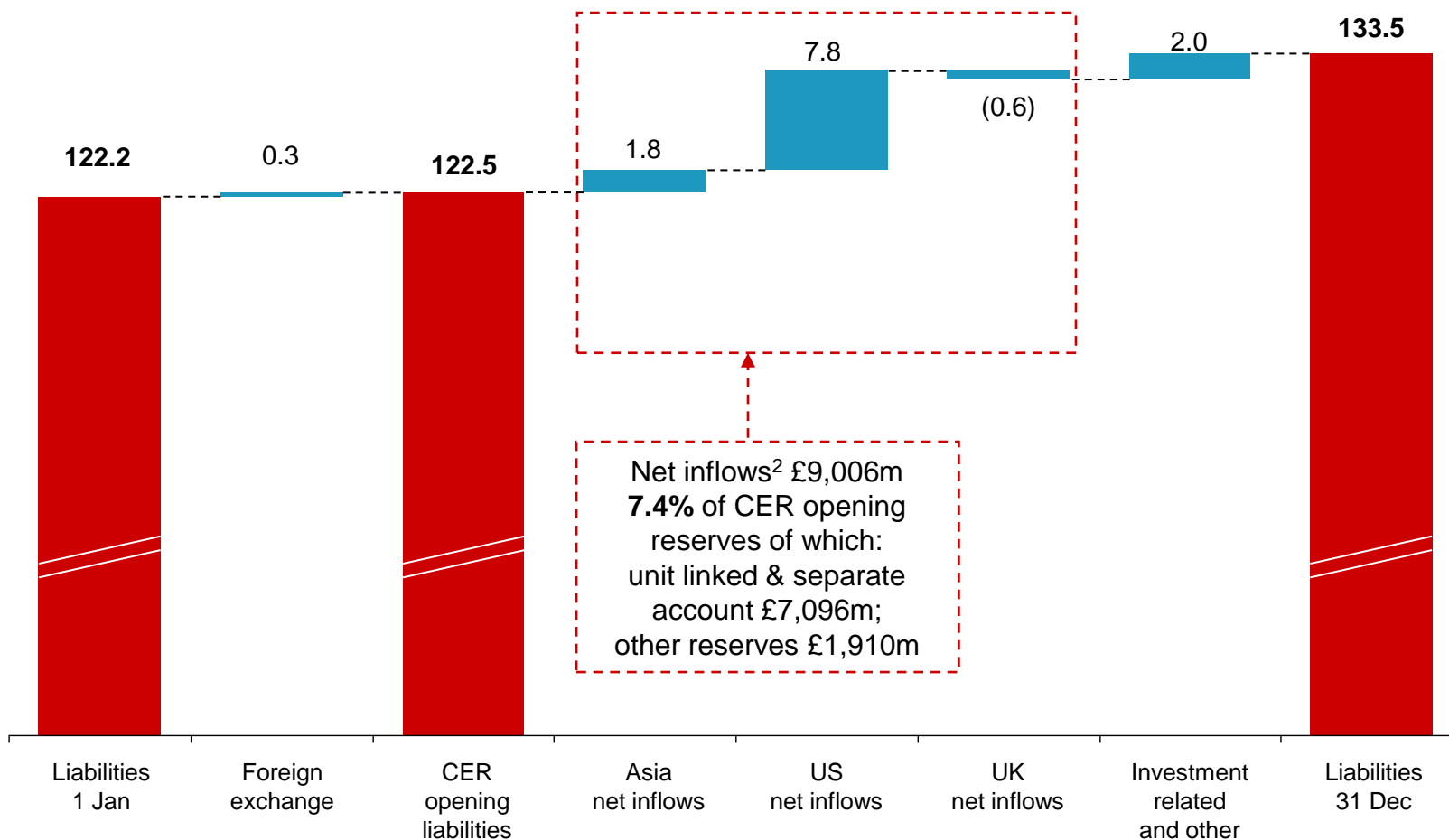


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation

Profitability – IFRS

Growing reserves

Policyholder liabilities¹ roll-forward, £bn



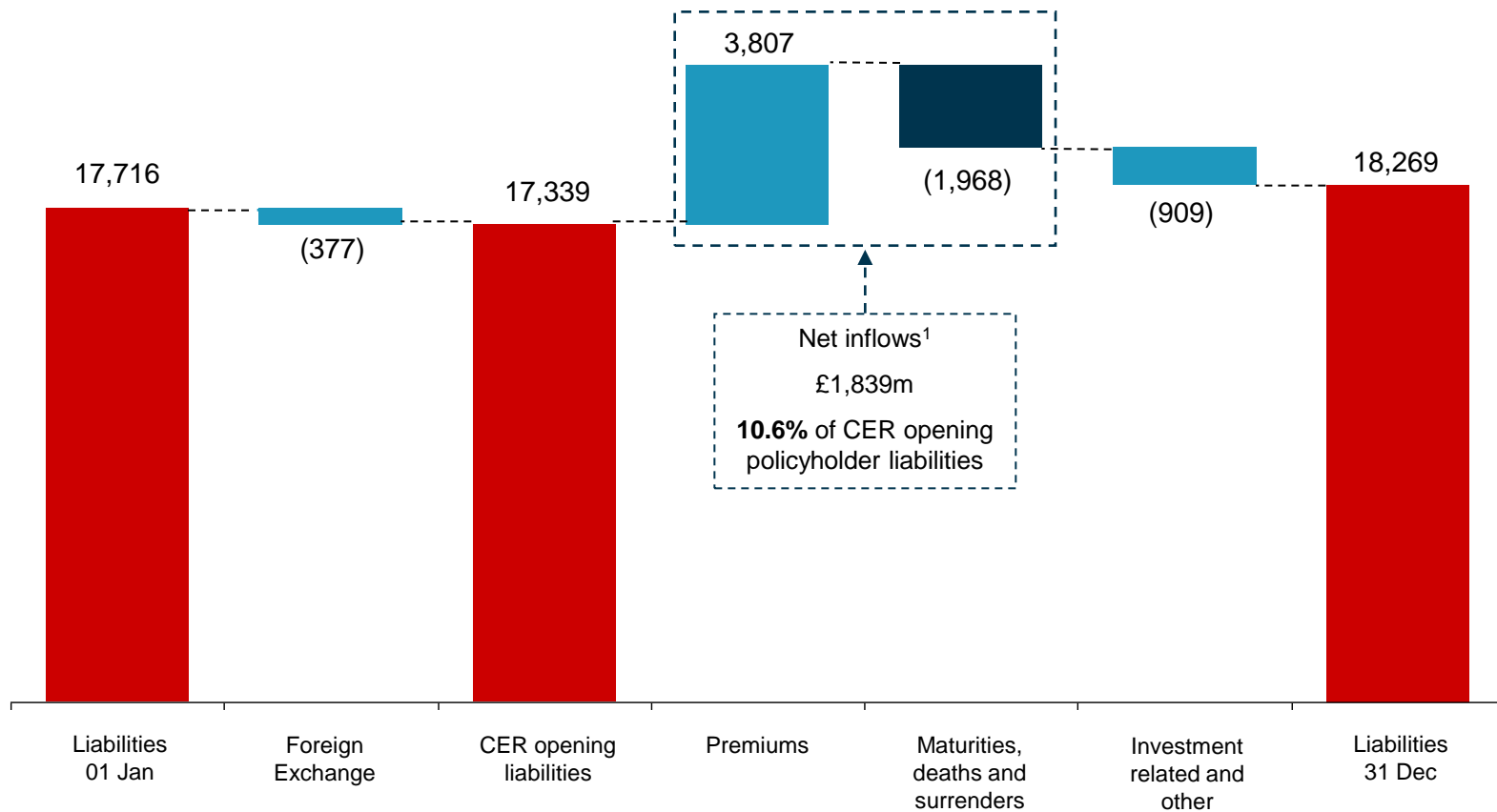
¹ Shareholder-backed business

² Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths

Policyholder liabilities

Shareholder-backed business – Asia

Policyholder liabilities roll-forward, £m

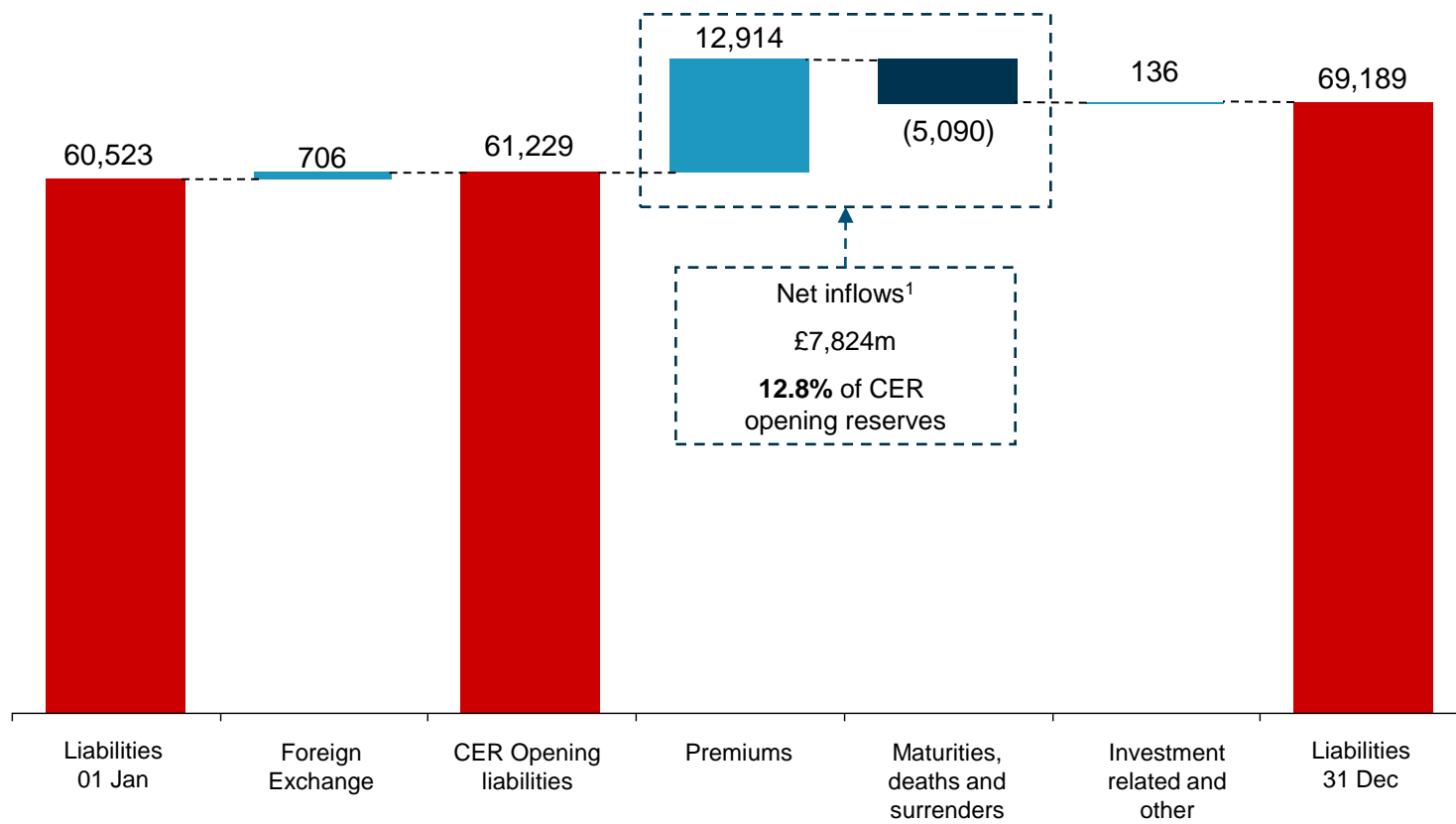


¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths

Policyholder liabilities

Shareholder-backed business – US

Policyholder liabilities roll-forward, £m

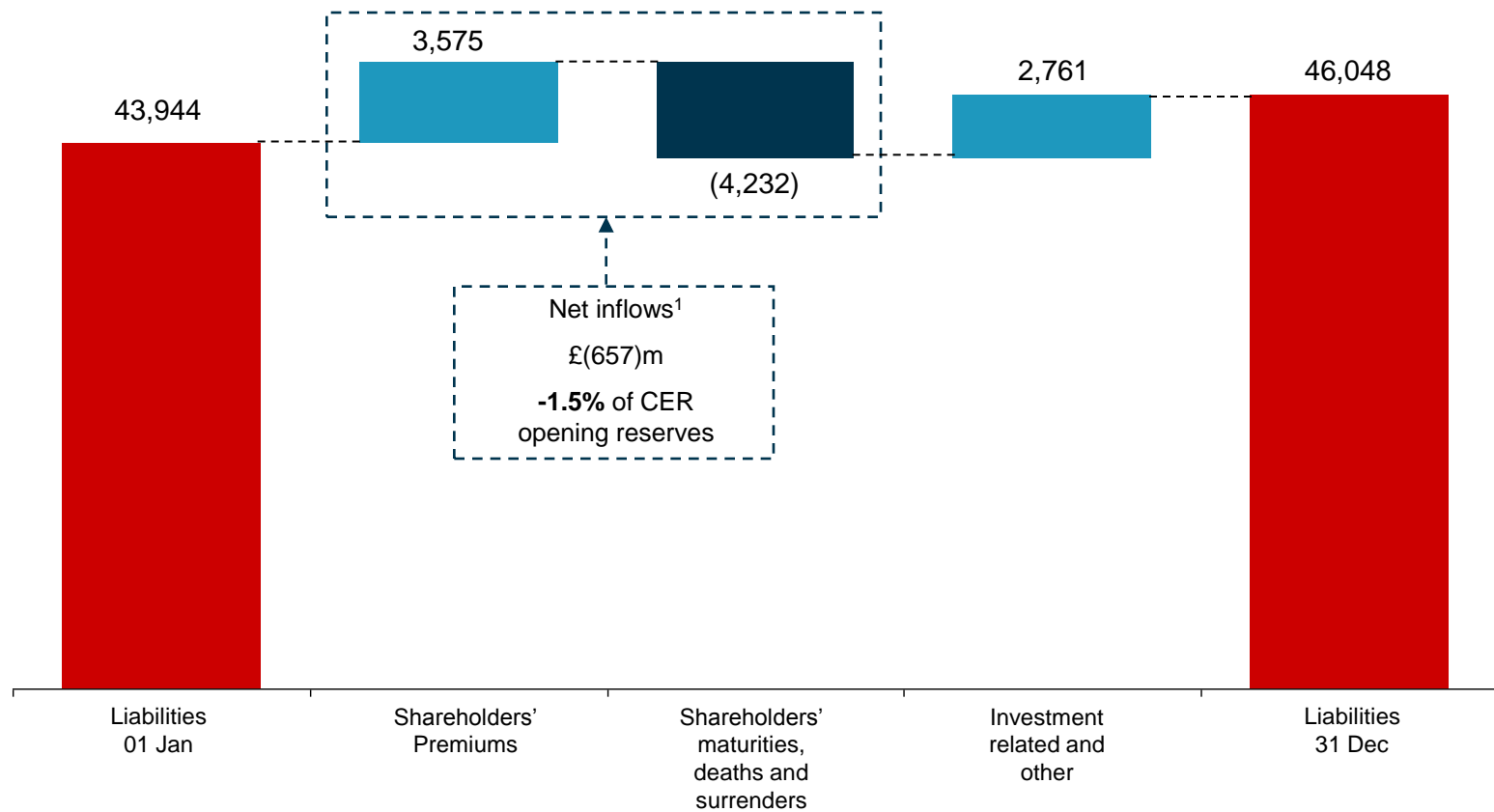


¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths

Policyholder liabilities

Shareholder-backed business – UK

Policyholder liabilities roll-forward¹, £m

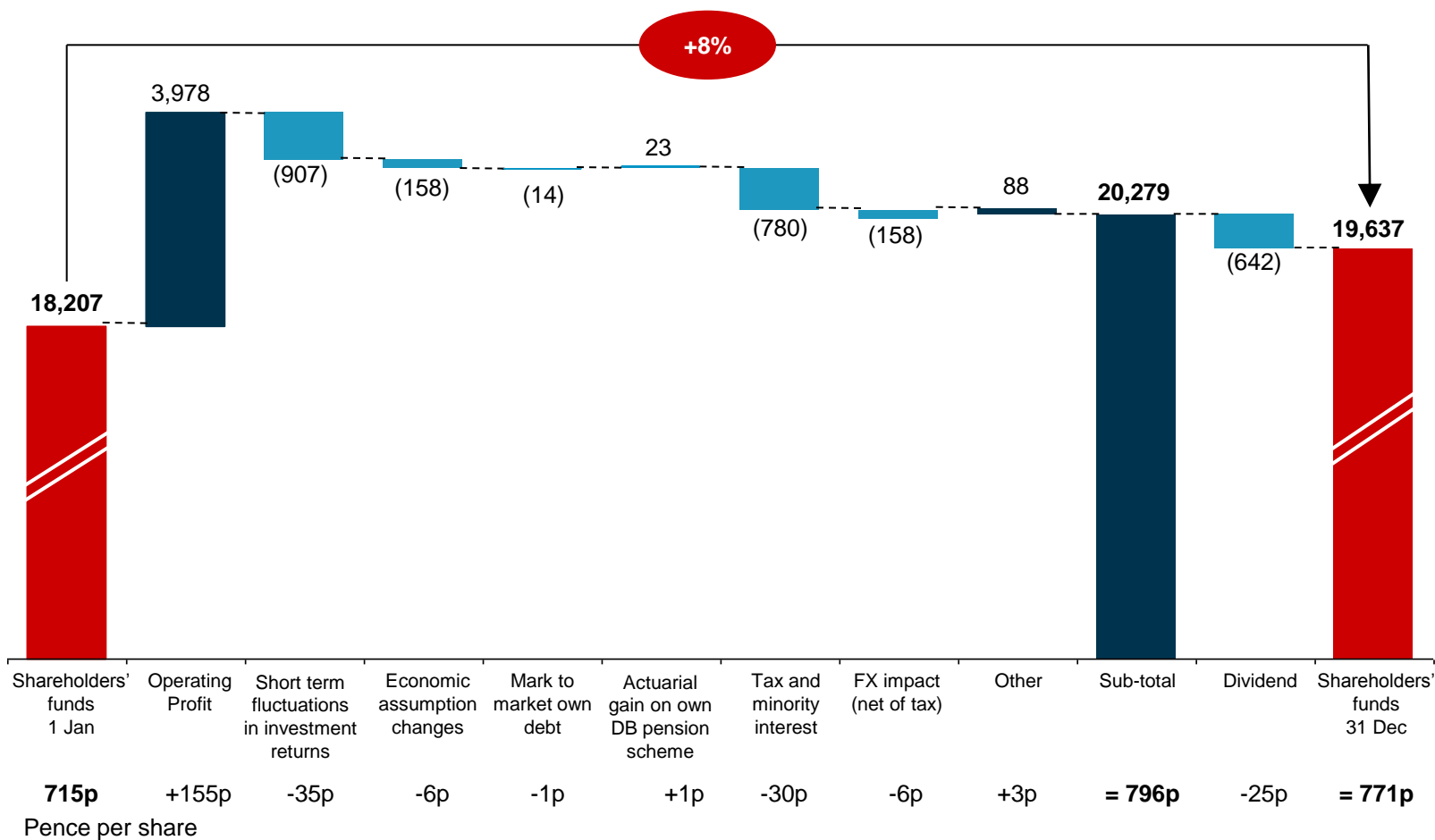


¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths



EEV shareholders' funds

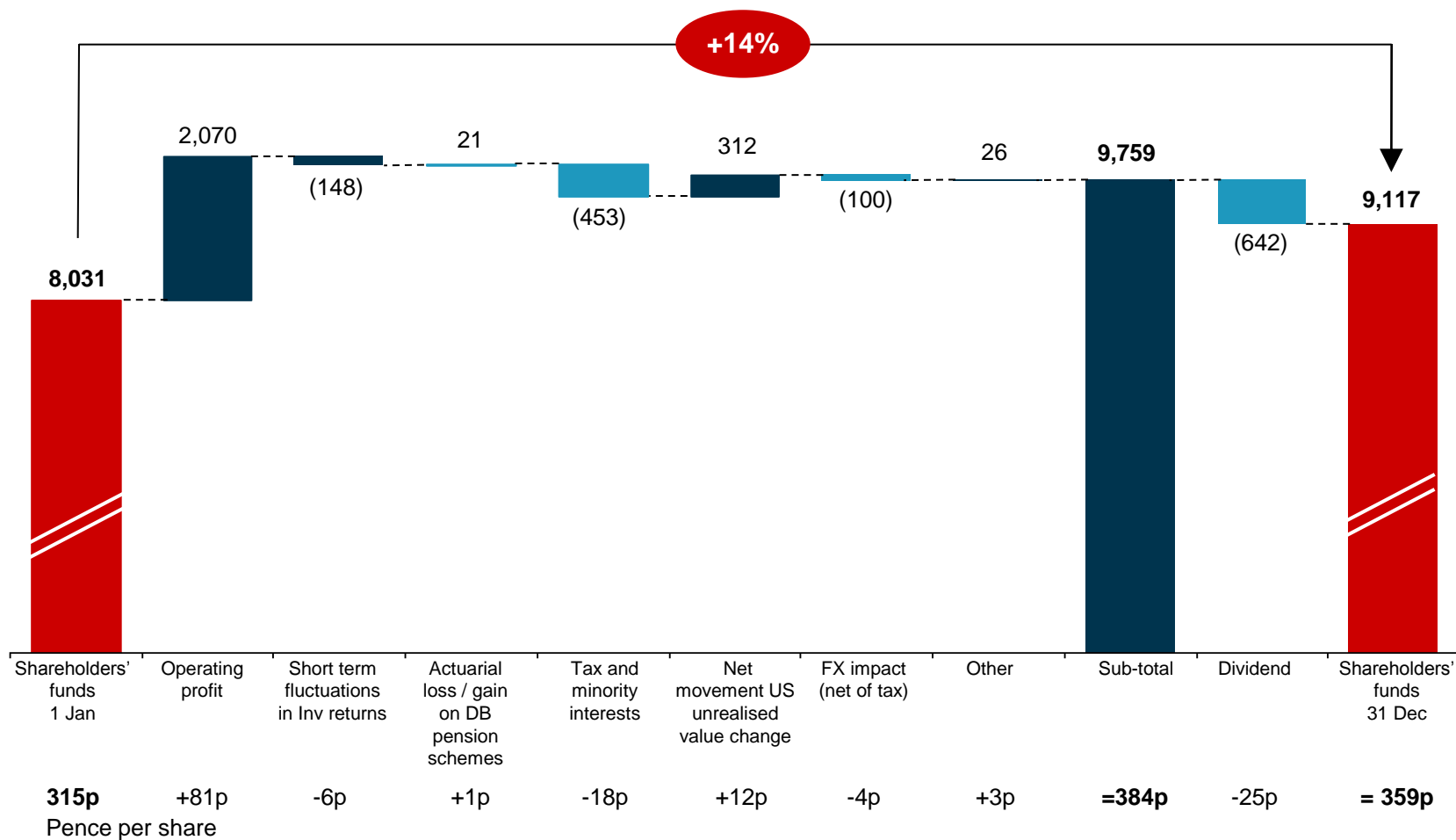
Analysis of movement in EEV shareholders' funds, £m



Note: No. of shares in issue 31 Dec 2011: 2,548m, 31 Dec 2010: 2,546m; movement in pence per share has been applied on a pro-rata basis

IFRS shareholders' funds

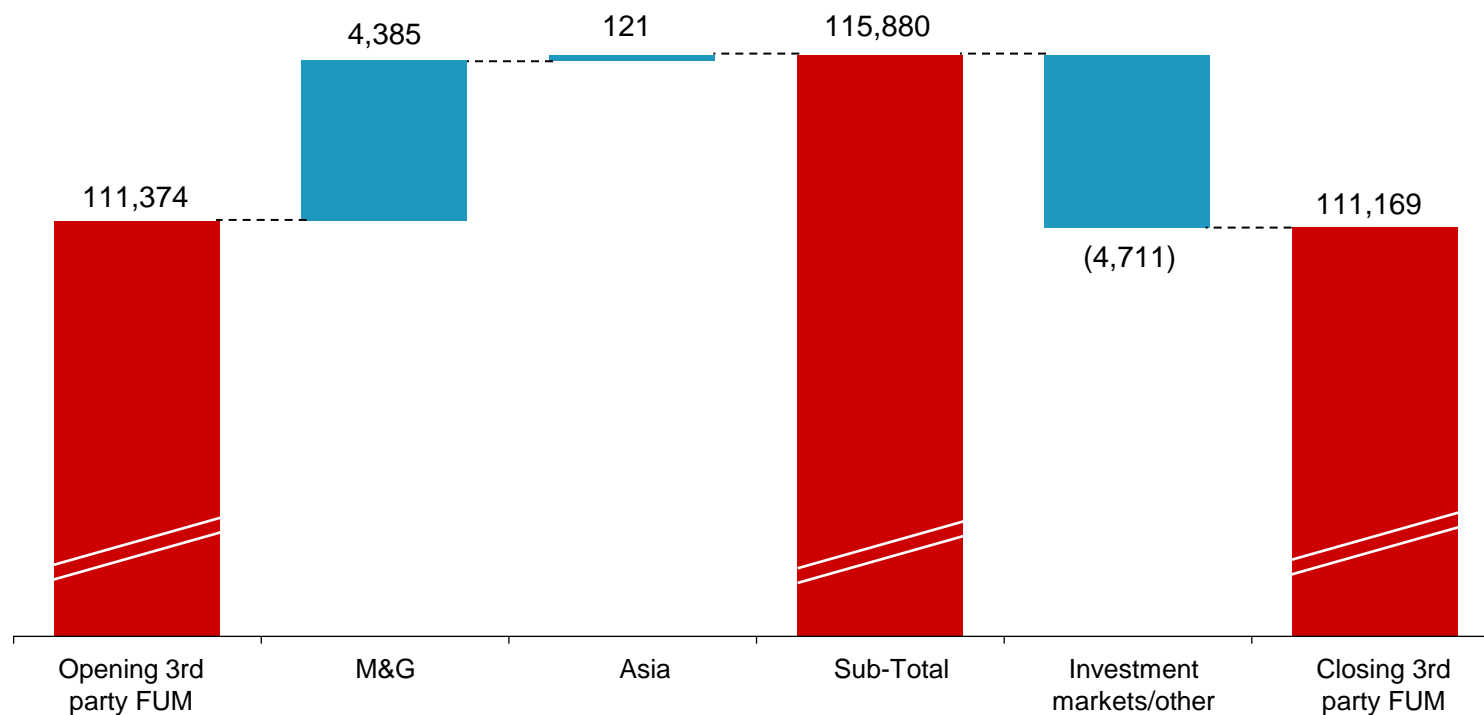
Analysis of movement in IFRS shareholders' funds, £m



Note: No. of shares in issue 31 Dec 2011: 2,548m, 31 Dec 2010: 2,546m; movement in pence per share has been applied on a pro-rata basis

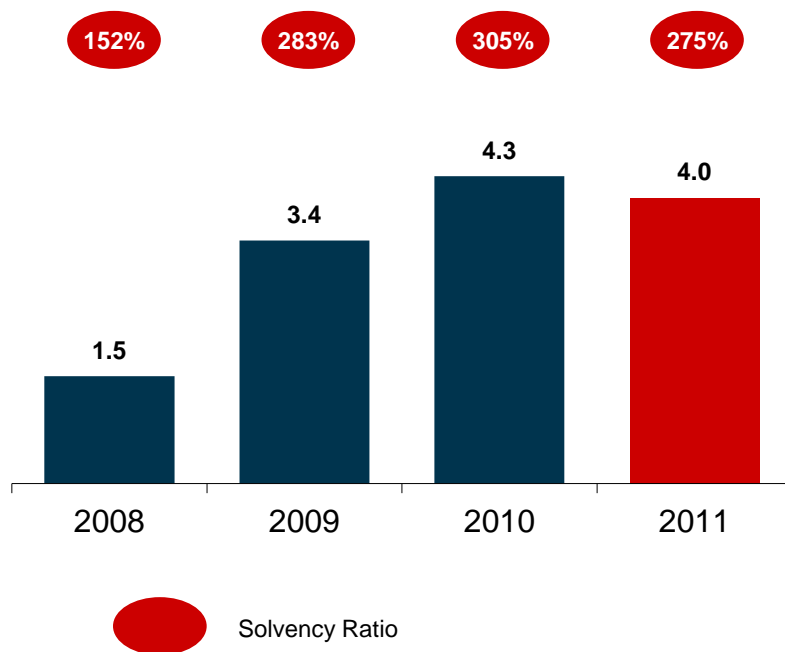
Group net inflows 3rd party asset management

Asset Management movement in 3rd party FUM, £m



IGD capital – Base and sensitivities

IGD surplus, £bn



IGD sensitivity analysis¹

40% fall in equity markets £(900)m

100bps fall in interest rates £(650)m

10x expected defaults £(500)m

¹ All sensitivities measured as at 31 December 2011. The 40% fall in equity markets assumes a 20% immediate fall followed by a 20% fall over the next 20-trading days

IGD capital – Movement during the year

IGD capital – movement in 2011 (£bn)

IGD surplus 31 December 2010	4.3
Net capital generation	1.5
Market movement impact	(0.6)
Dividend payment (final and interim)	(0.6)
Corporate activities (inc. debt interest)	(0.5)
Sub debt replacement impact ¹	(0.1)
IGD surplus 31 December 2011	4.0

1. A net impact of £0.1bn arising from repayment of €500m T2 note at its first call in December 2011 and \$550m T1 hybrid issued in January 2011

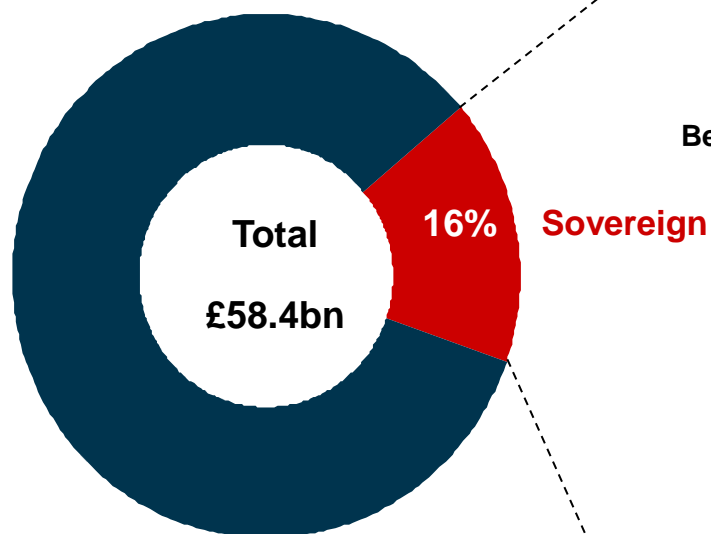
Invested assets – Group overview

Breakdown of invested assets – FY 2011, £bn

	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	124.5	57.2	8.9	5.4	27.0	24.2	1.8	58.4	
Equity	87.3	26.0	59.9	0.6	0.2	0.0	0.6	1.4	
Property Investments	10.8	8.5	0.7	0.0	0.0	1.6	0.0	1.6	
Commercial mortgage loans	5.7	1.0	0.0	0.0	3.6	1.1	0.0	4.7	
Other loans	4.0	1.7	0.0	0.4	0.6	0.0	1.3	2.3	
Deposits	10.7	7.2	1.5	0.5	0.2	1.2	0.1	2.0	
Other Investments	7.6	4.5	0.1	0.2	2.4	0.4	0.0	3.0	
Total	250.6	106.1	71.1	7.1	34.0	28.5	3.8	73.4	

Group shareholder sovereign exposures

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings¹, £m

	US	UK	Europe	Asia	Other	Total
AAA	-	3,254	598	142	1	3,995
AA-BBB	2,448	-	92	2,086	24	4,650
Below BBB	-	-	-	597	-	597
Total	2,448	3,254	690	2,825	25	9,242

Europe by key countries, £m

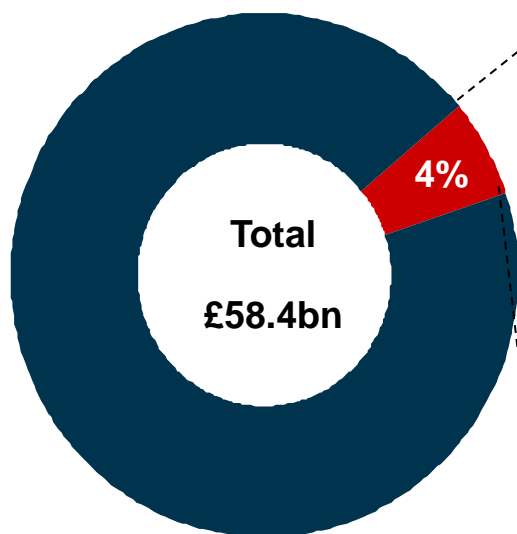
	Germany "PIIGS"	Other	Total
Europe	598	44	690

	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	43	-	-	1	44

¹ Includes Credit Default Swaps

Exposure to hybrid bank debt

Breakdown of the shareholder debt securities portfolio, %



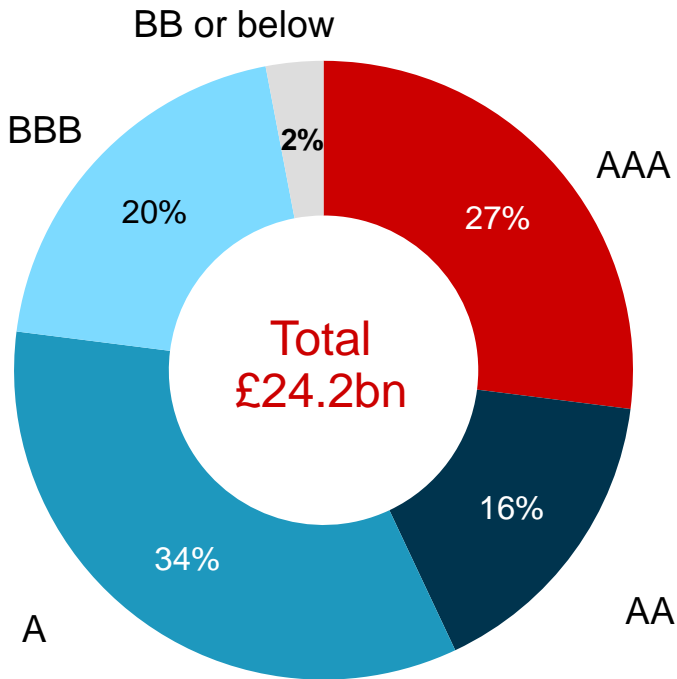
Exposure to Tier 1 and Tier 2 hybrid bank debt, £m

Banks

	US	UK	France	Germany	"PIIGS"	Eurozone	Other	Total
Tier 1	2	95	35	-	16	64	33	245
Tier 2	352	615	78	1	146	90	562	1,844

UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating¹



78% A or above

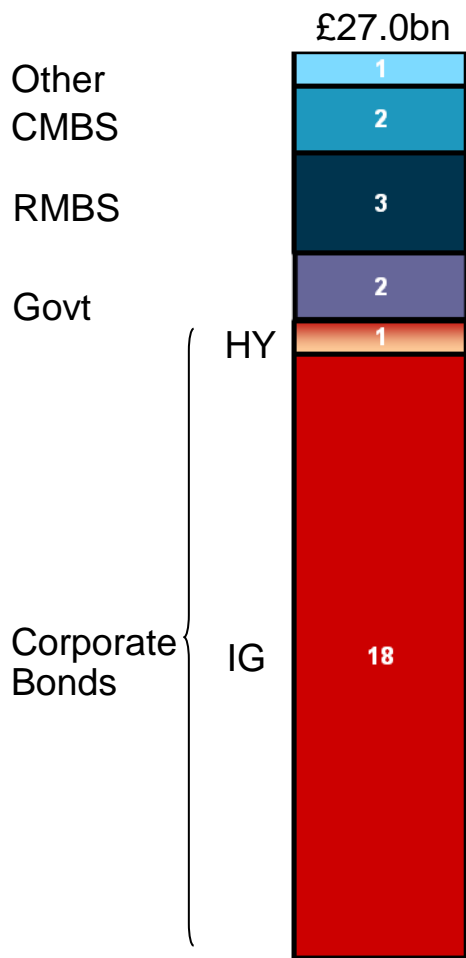
Strength of the £2.0bn credit reserve

- No defaults of shareholder-backed debt securities
- Continued sale of financial subordinated debt holdings in 2011
- Allowance for credit risk as at 31 December 2011 materially in line with prior year²
 - Pillar 1 (IGD) 66 bps (2010: 68 bps)
 - IFRS 42 bps (2010: 42 bps)
- Pillar 1 and EEV assumptions equivalent to 33% of current spread over swaps (2010: 43%)²

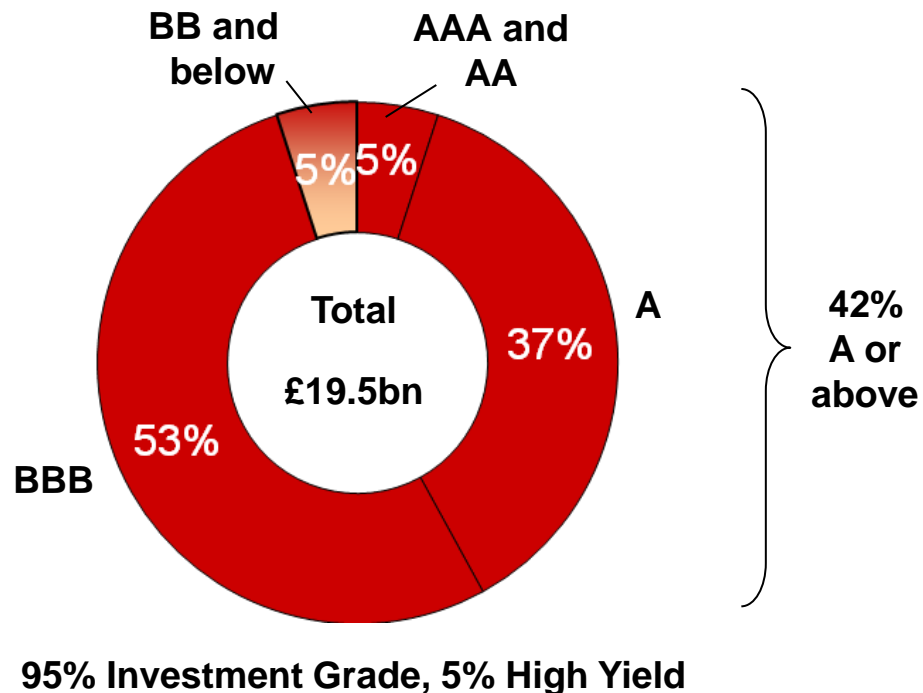
¹ Ratings from different agencies aggregated for presentational purpose. Also includes internal ratings.
² For Prudential Retirement Income Limited (PRIL)

US Asset Quality – Corporate Debt Portfolio (1/3)

US Shareholder Debt Securities Portfolio – Market value, £bn

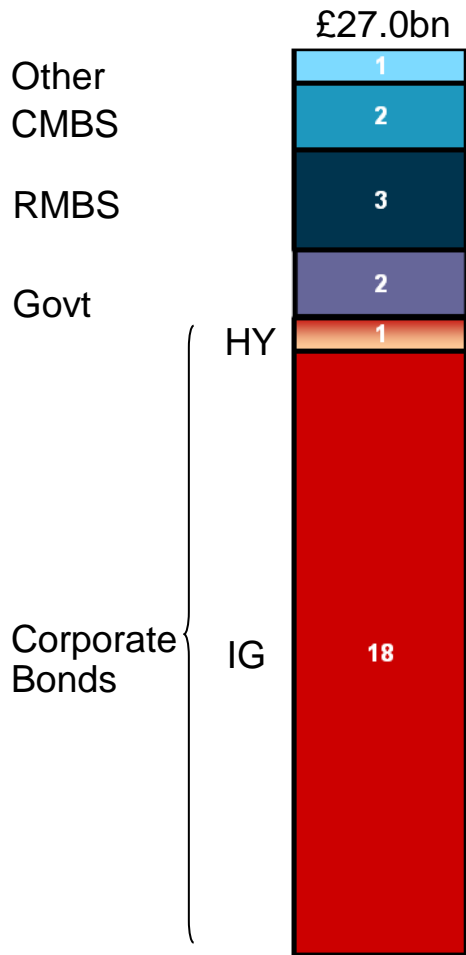


Corporate Bond Portfolio, % by rating

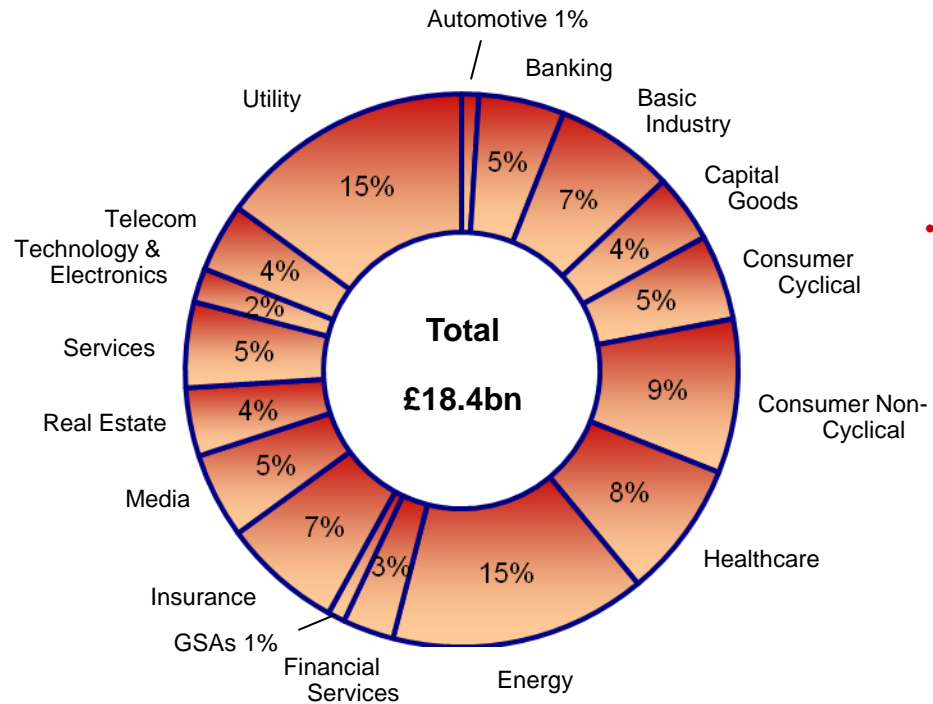


US Asset Quality – Corporate Debt Portfolio (2/3)

US Shareholder Debt Securities Portfolio – Market value, £bn



Investment Grade Corporate Bond Portfolio, % by sector

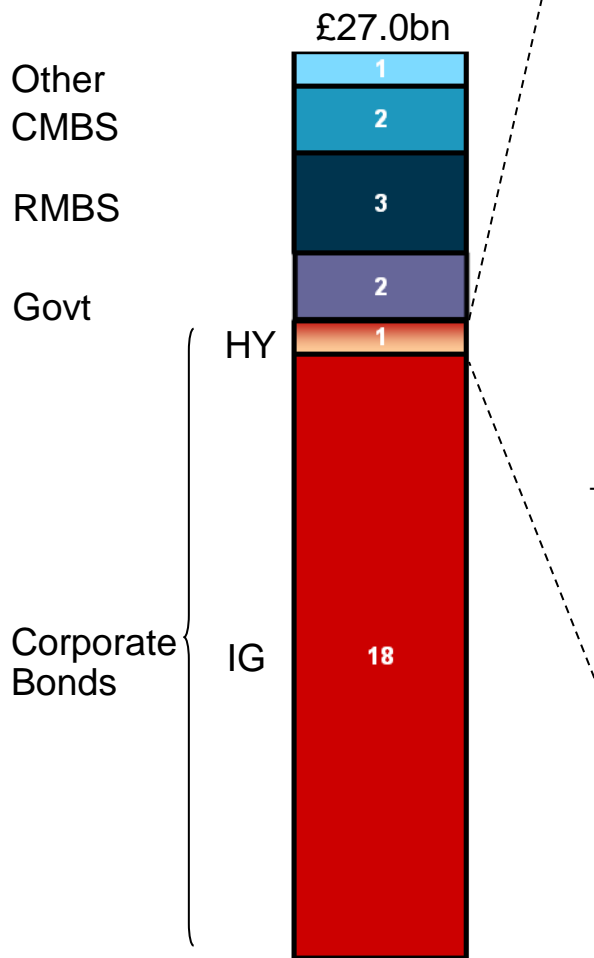


- Portfolio spread over 555 issuers, with an average holding of £33m

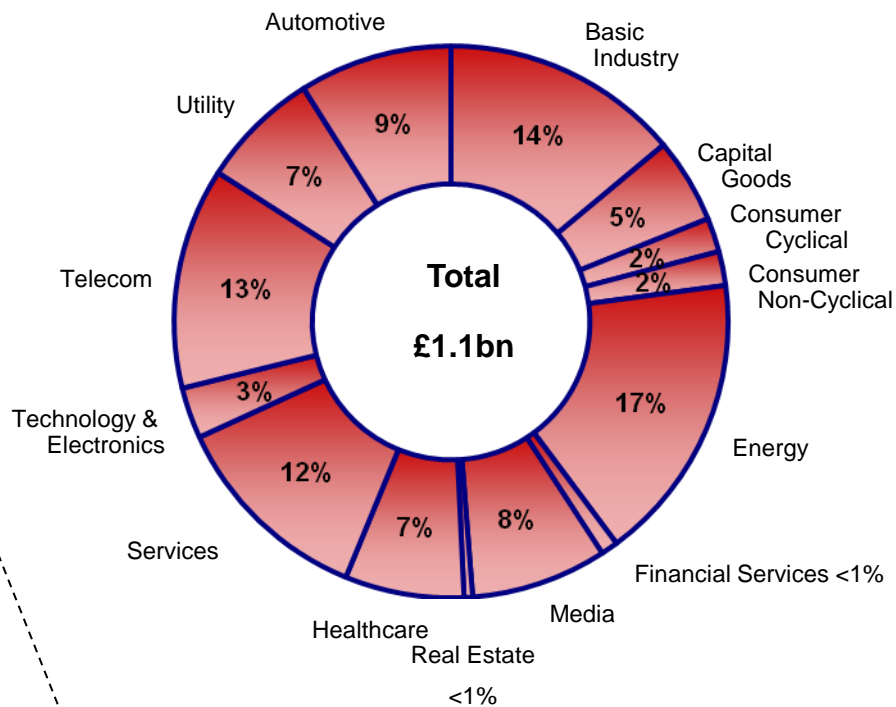


US Asset Quality – Corporate Debt Portfolio (3/3)

US Shareholder Debt Securities Portfolio – Market value, £bn



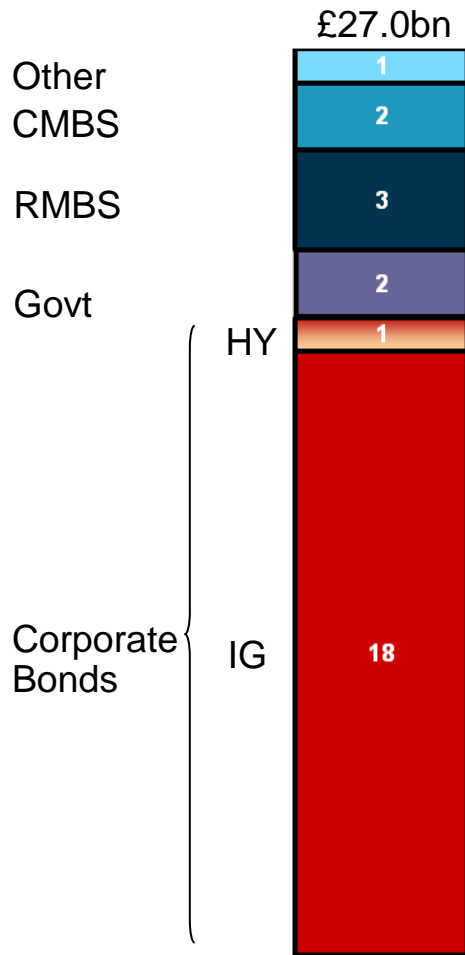
High Yield Corporate Bond Portfolio, % by sector



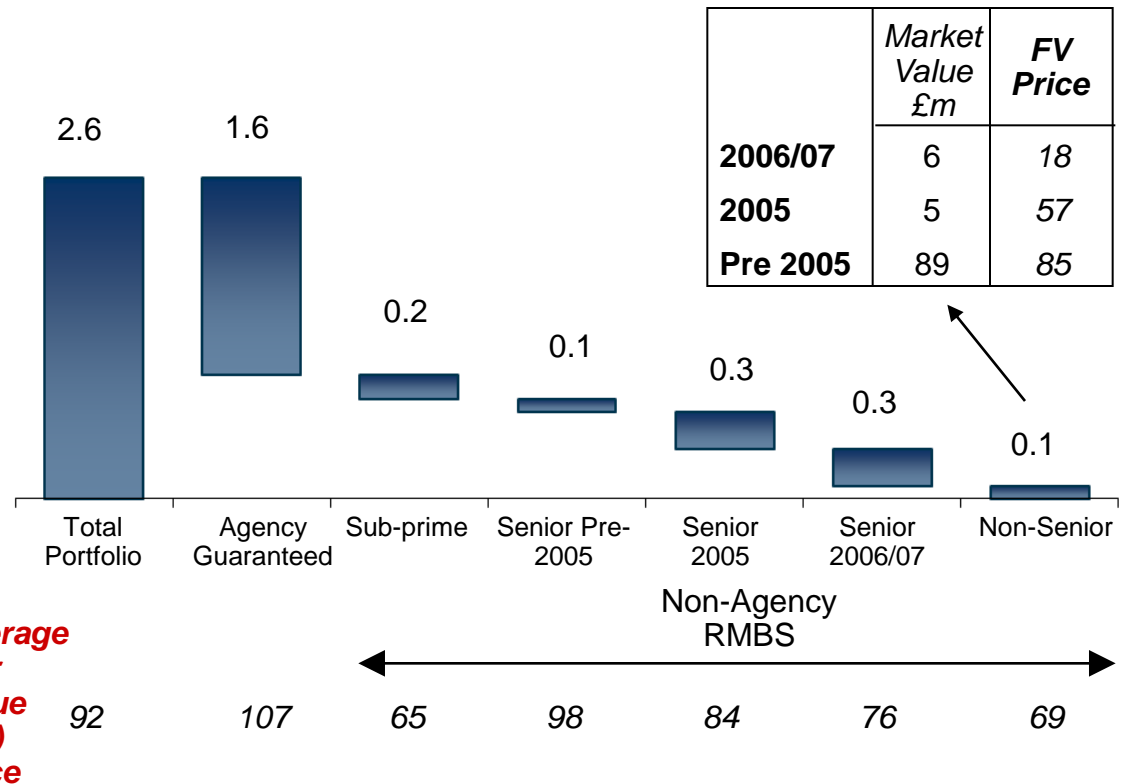
- Portfolio spread across 127 issuers, with an average holding of £8m

US Asset Quality – RMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn



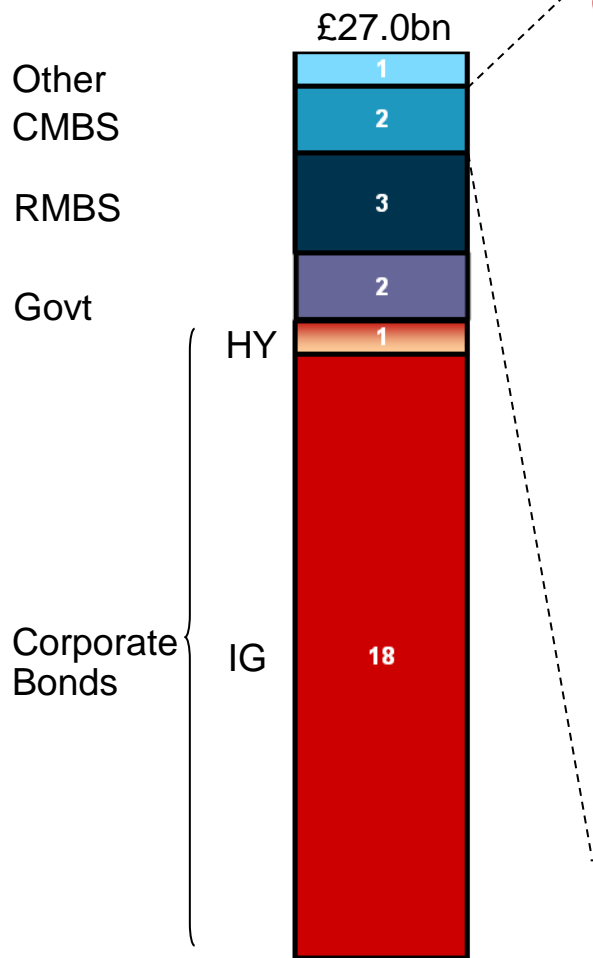
Breakdown of the RMBS portfolio – £bn



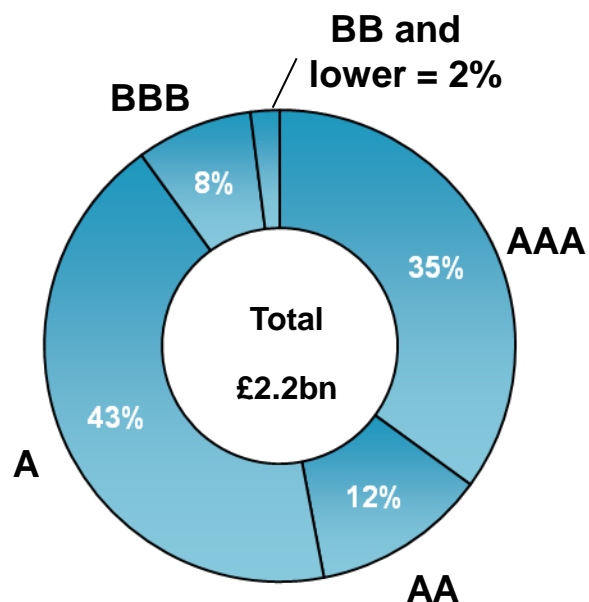
	Market Value £m	FV Price
2006/07	6	18
2005	5	57
Pre 2005	89	85

US Asset Quality – CMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn



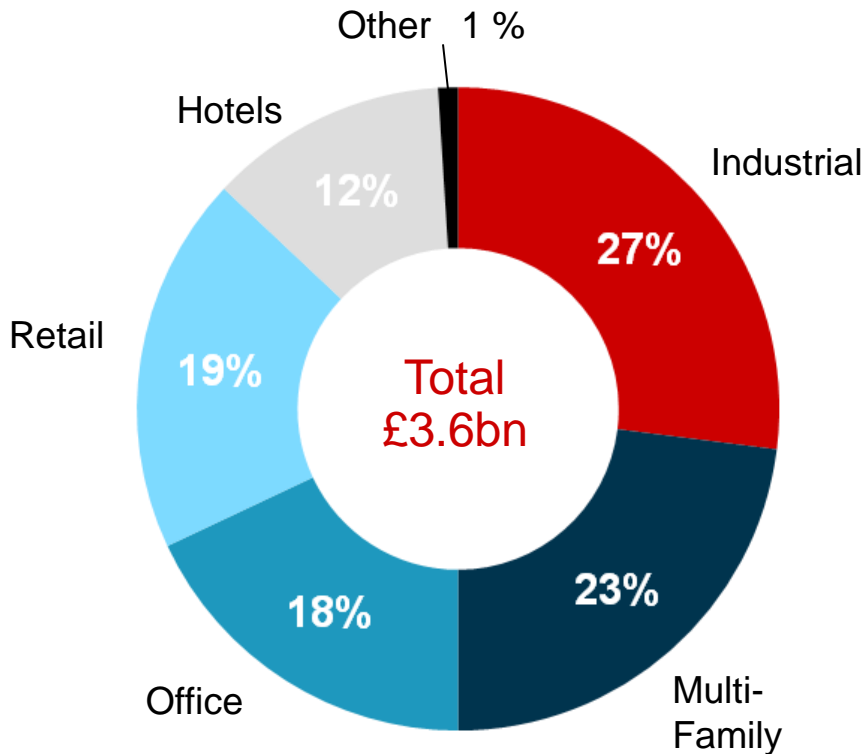
CMBS portfolio, % by rating



- Average credit enhancement of the portfolio is 30%
- 73% of the portfolio is super senior tranches
- Virtually all of the 2005-08 vintages are in super tranches

US commercial mortgage loan portfolio

Breakdown by property type, %

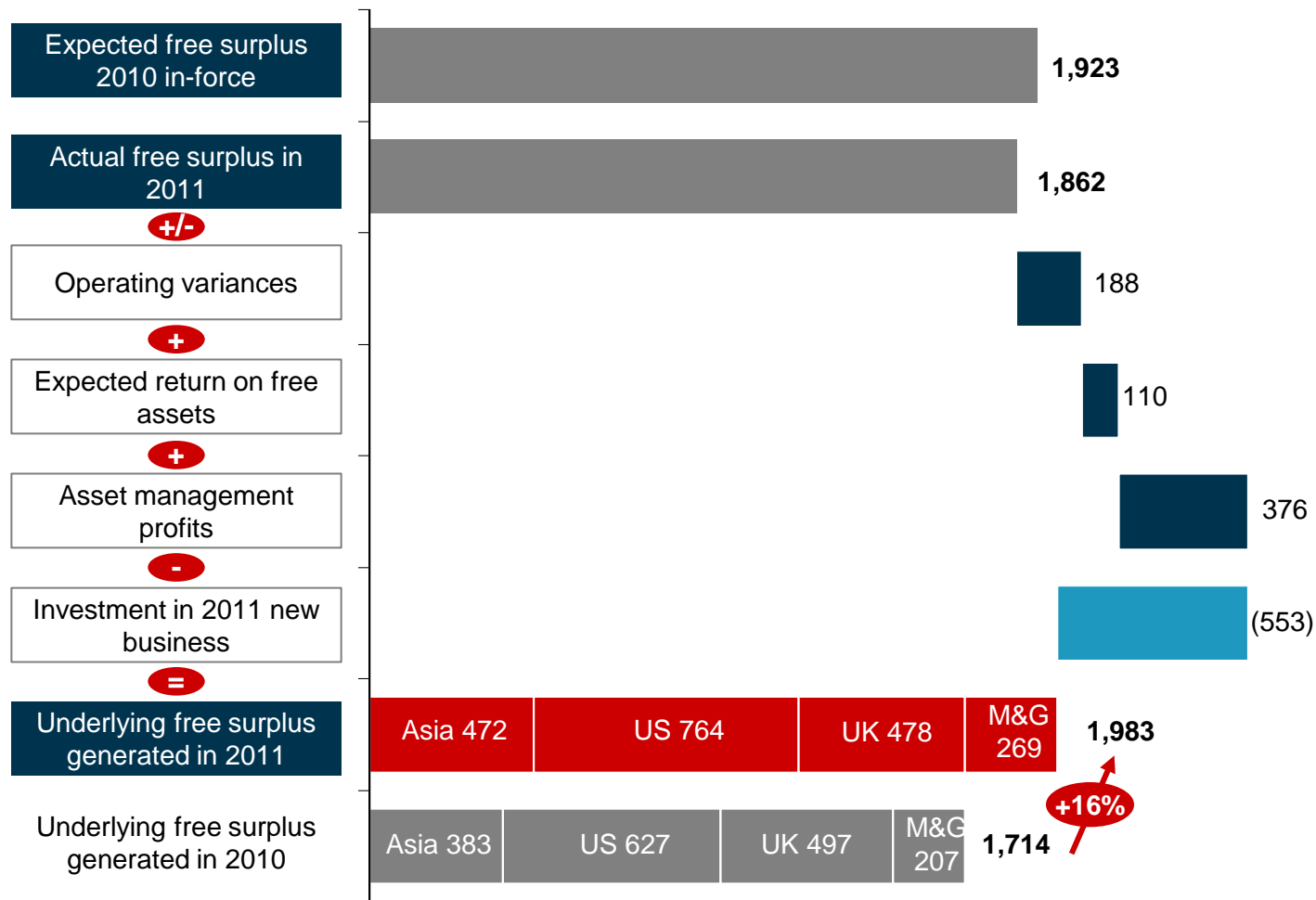


- **High level of diversification**
 - average loan size of £6.6m
 - spread across property type
 - geographic diversification
- **Strong underwriting discipline**
 - portfolio performing well in current environment
 - current average LTV of 68%
 - problem loan balances at 31 Dec 2011
 - Loans with restructured terms £86.0m
 - Loans 90+ days delinquent £5.8m
 - £28m of write-downs
 - £8.2m reduction of specific reserves

Underlying Free Surplus generation

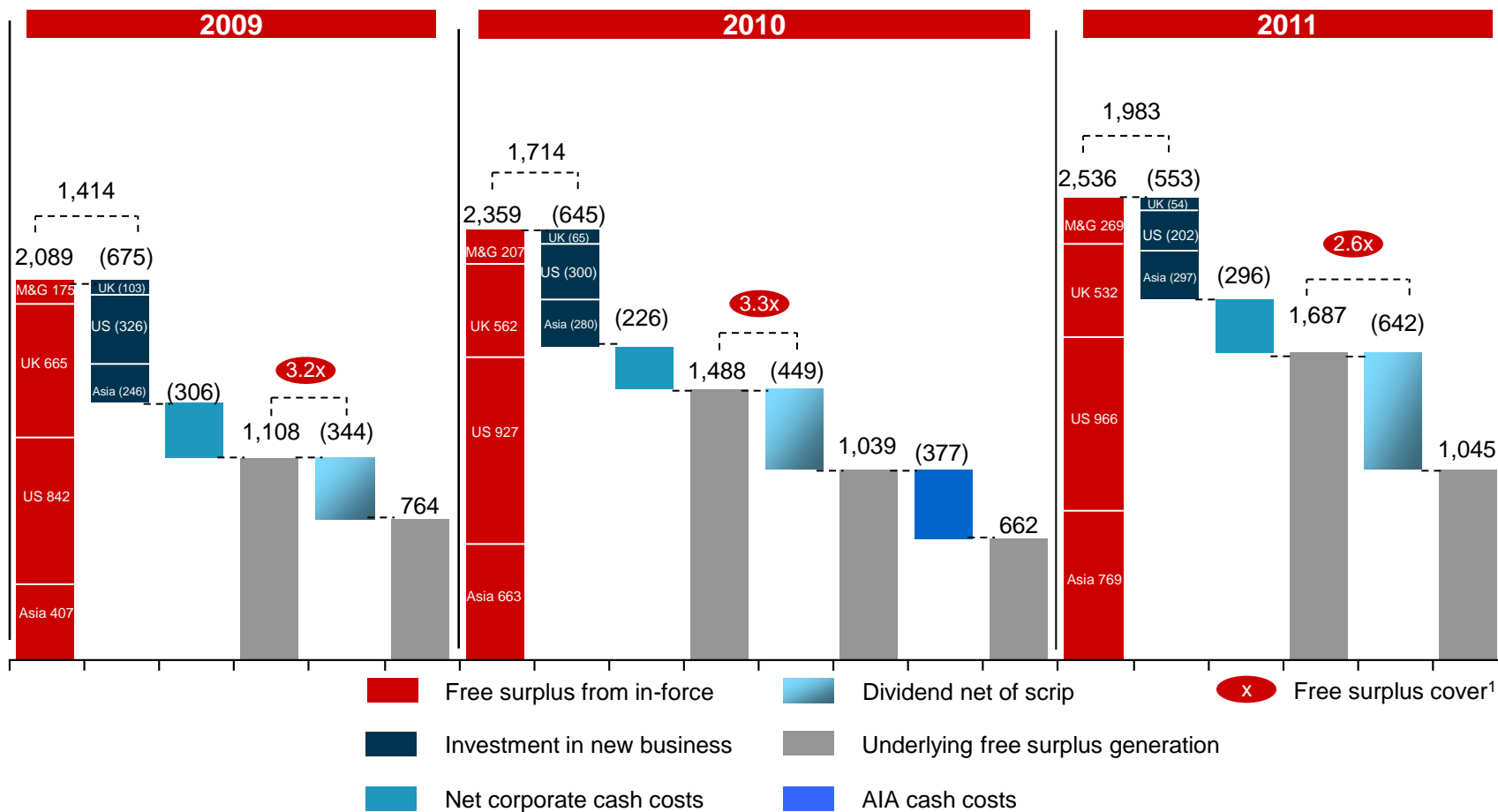
Life and asset management +16%

Evolution of free surplus, £m



Underlying free surplus

Underlying free surplus generation, £m

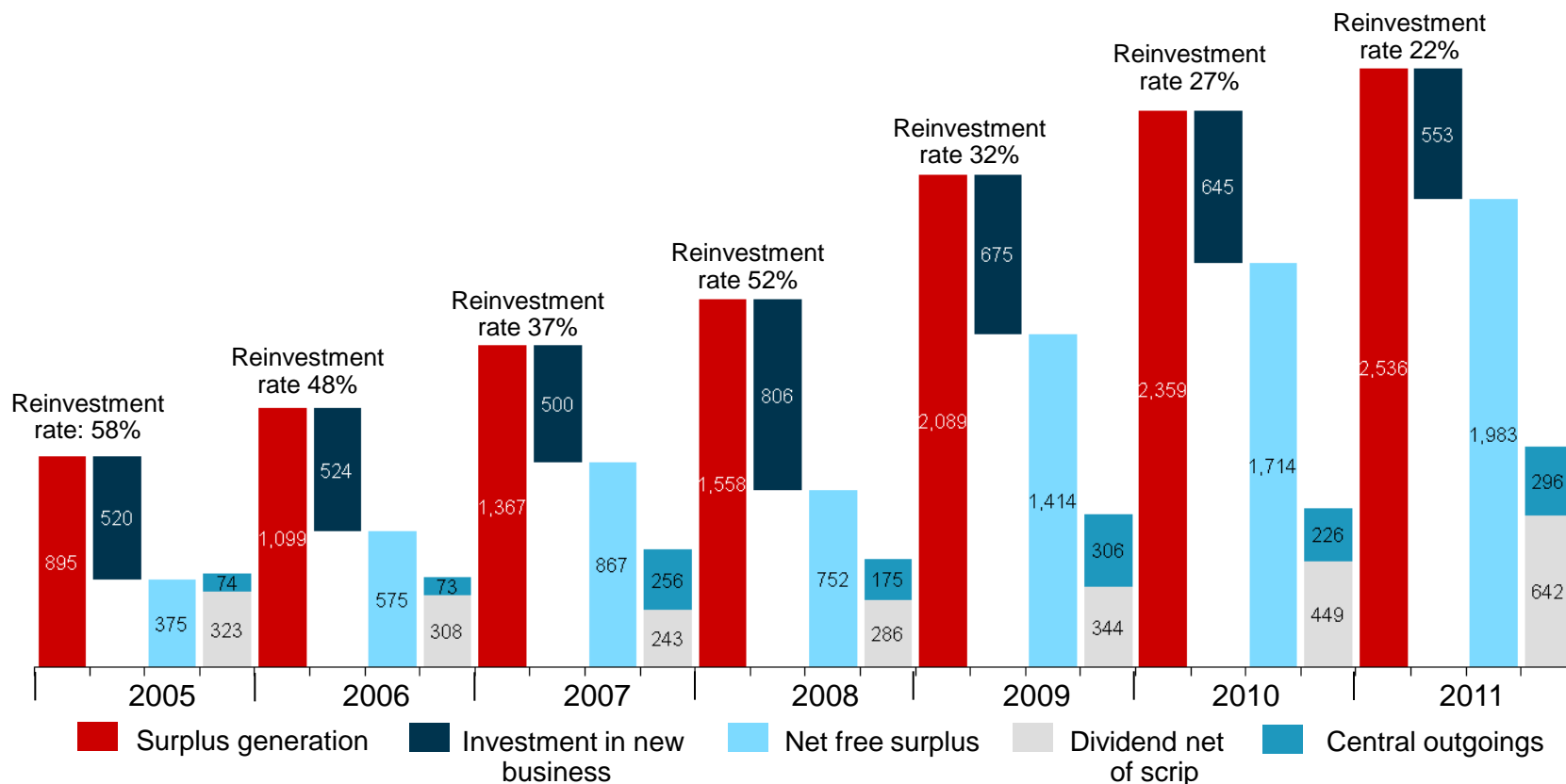


¹ Ratio of Operating underlying free surplus generated by life and asset management businesses net of investment of new business and corporate cash costs to cash dividend paid in the period

Cash and capital generation

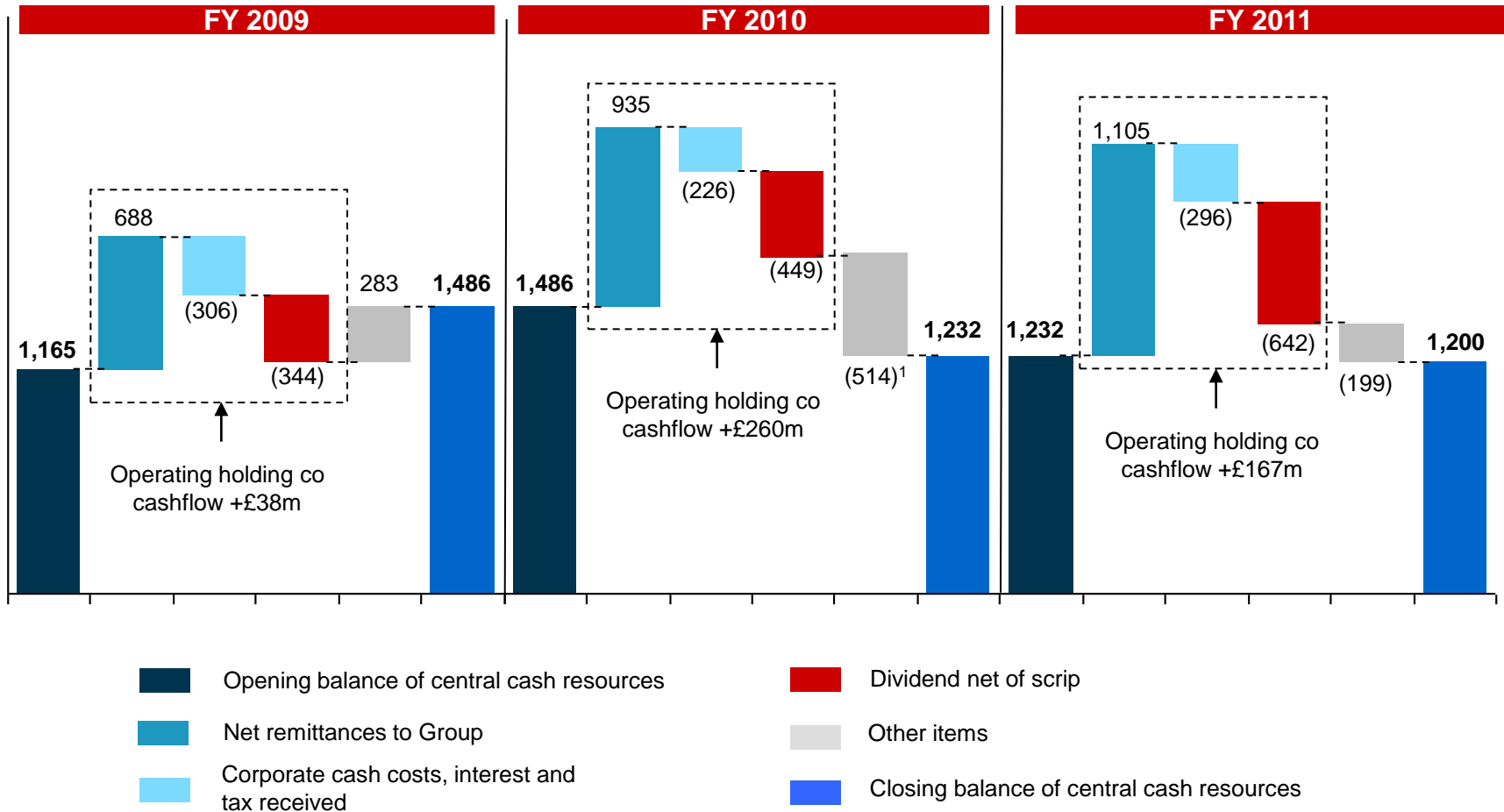
Increasing free surplus generation

Free surplus and dividend, £m



Robust central cash position

Development of central cash resources, £m



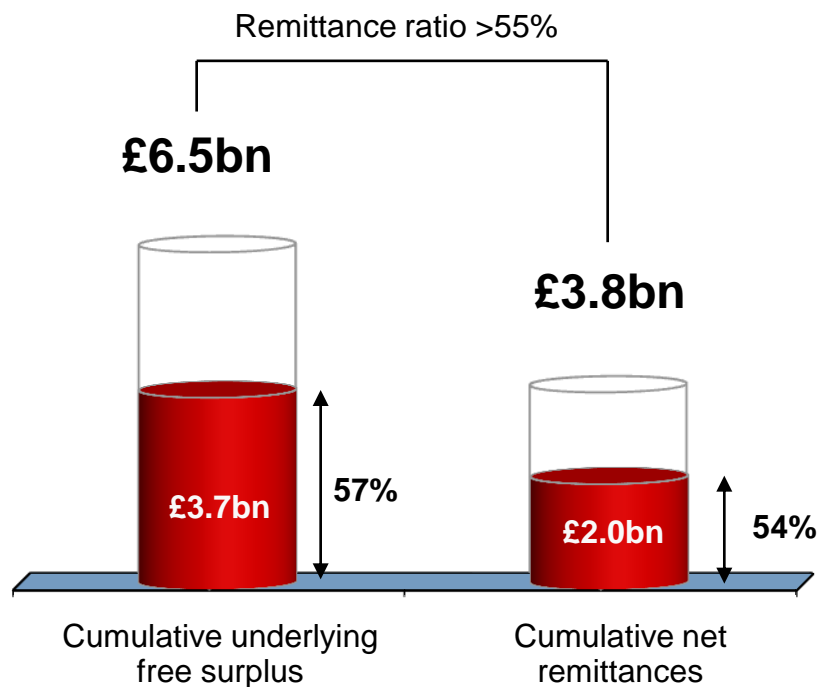
¹ Including £377m of costs of terminated AIA transaction

Cash and capital generation

Net remittances - 54% of Group objectives achieved

	2009 £m	2010 £m	2011 £m	Target 2013
UK with-profit	284	202	223	350
UK shareholder-backed ¹	150	218	74	
US	39	80	322	200
Asia ²	40	233	206	300
M&G ³	175	202	280	
Net remittances to group	688	935	1,105	

Group objectives 2010-13, £bn



¹ In 2009, net remittances from the UK include the £150m arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances include an amount of £120m representing the release of surplus and financing payments

² Asia's 2010 net remittance includes a one-off remittance of £130m from Malaysia representing the accumulation of historic distributable reserves

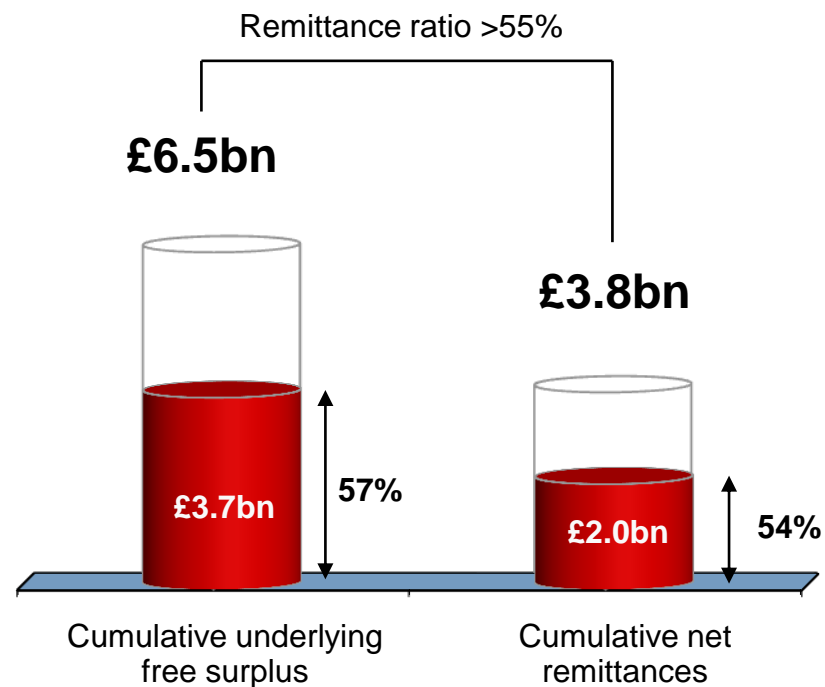
³ Includes Prudential Capital

Cash and capital generation

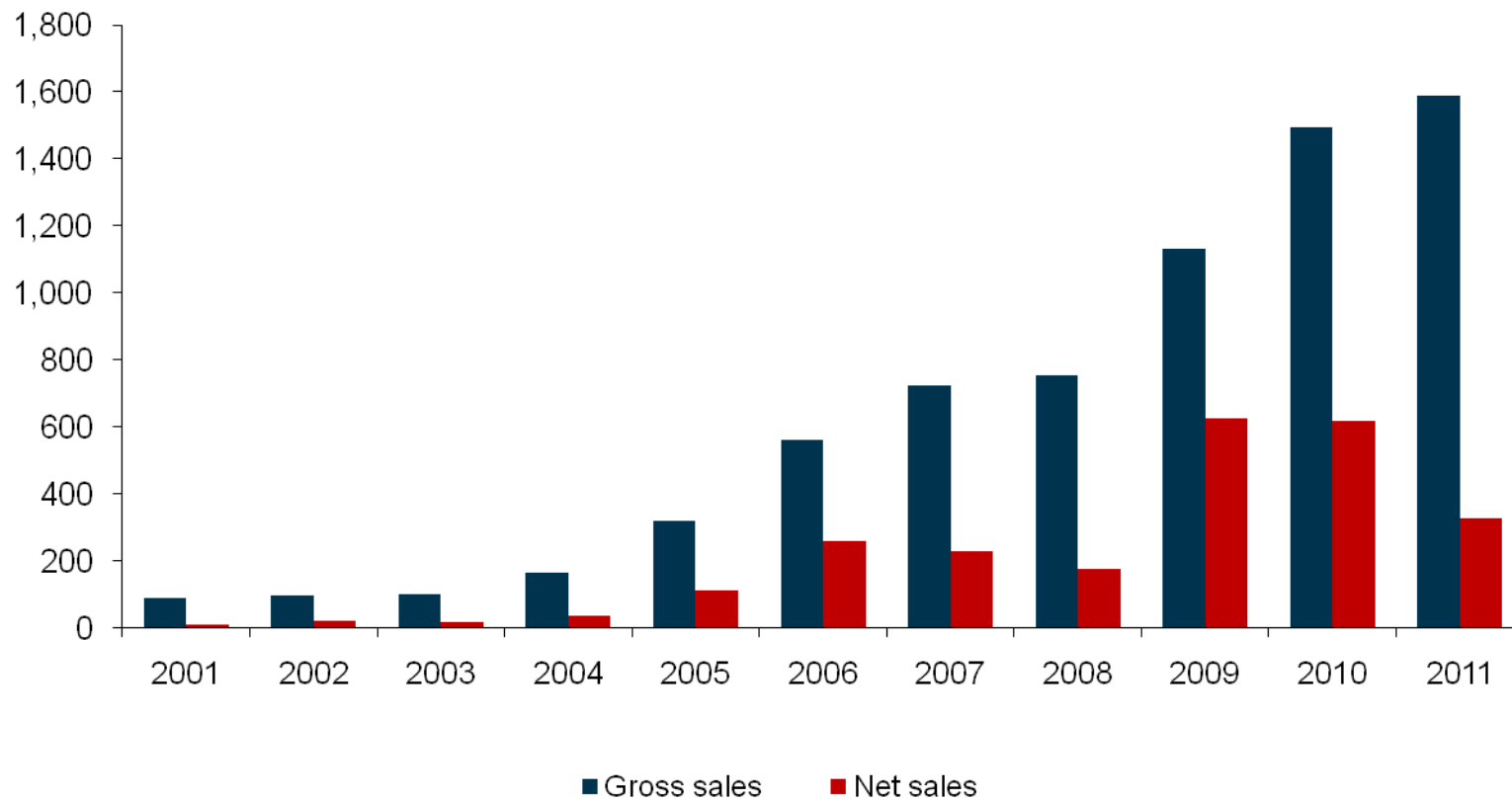
Net remittances – Ahead of target

Group objectives 2010-13, £bn

£m	2010	2011	2010-13 Total
Actual free surplus	1,690	1,862	
Operating variances	220	188	
Expected return on free assets	139	110	
Asset management profits	310	376	
Investment in new business	(645)	(553)	
Underlying free surplus generated	1,714	1,983	
Remittance	935	1,105	3,800
Remittance ratio	55%	56%	



Average monthly gross and net retail sales, £m



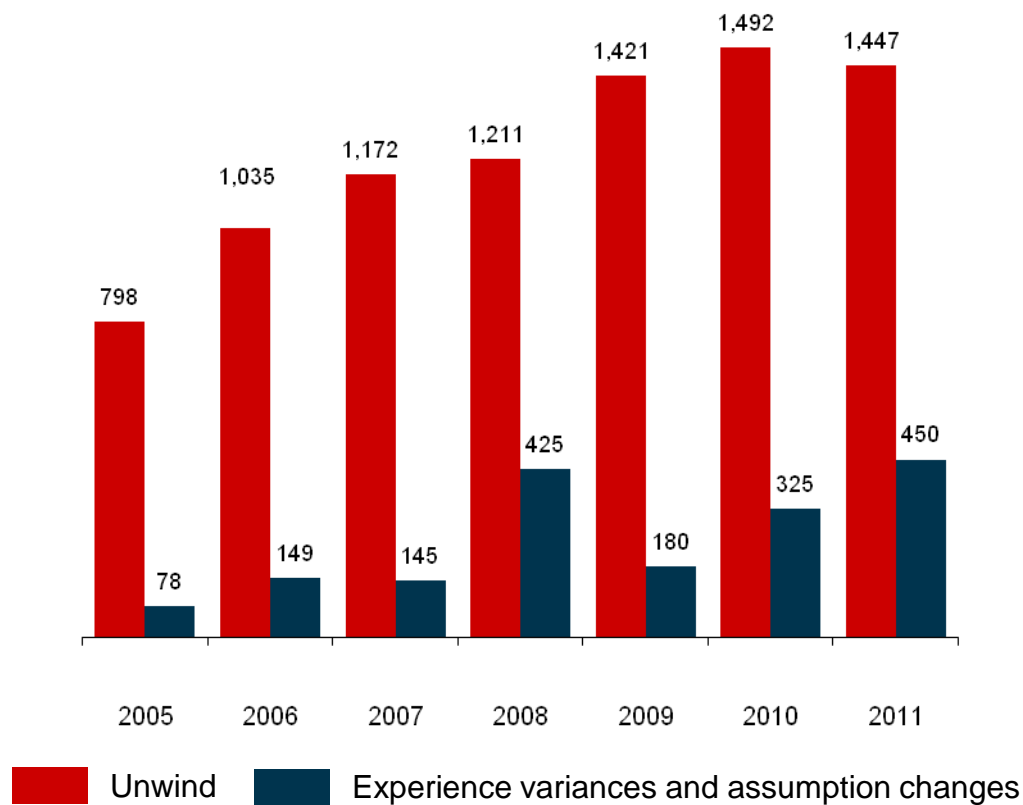
EEV operating profits

History of Life operating variances

Group Life operating variances, £m

% of experience variances and assumption changes over opening EEV¹

0.9% 1.4% 1.2% 3.1% 1.2% 2.1% 2.5%



¹ Opening EEV of Life operations, excluding goodwill

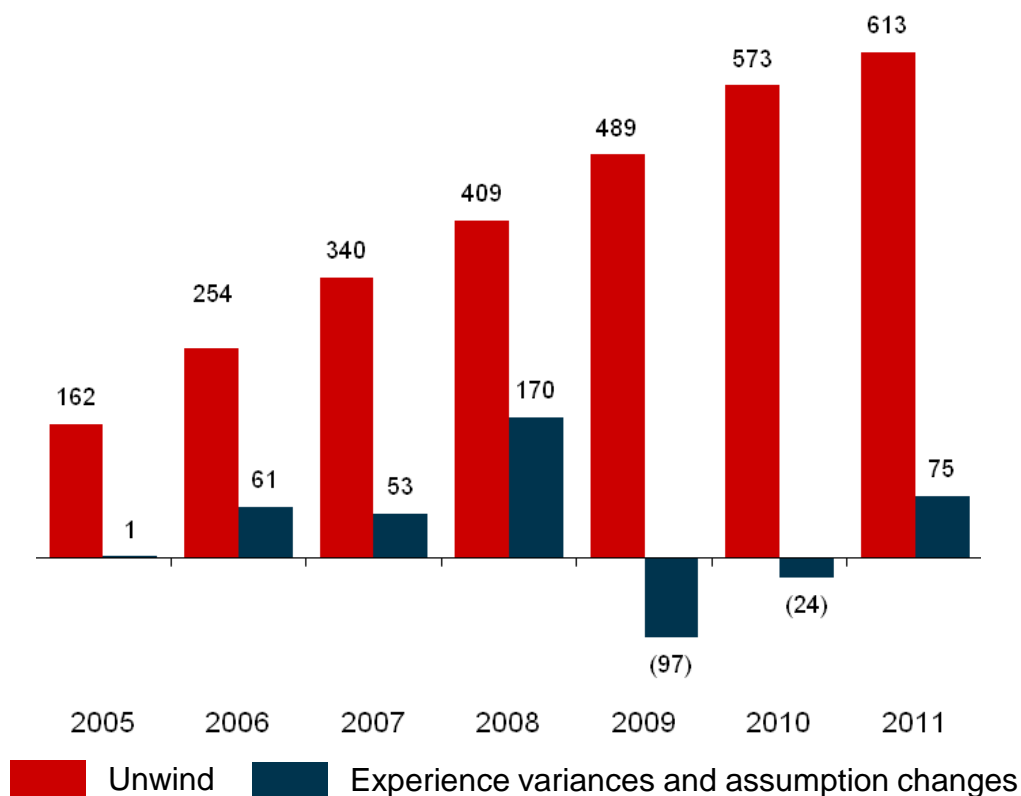
Delivering profitability – EEV

History of Life operating variances

Asia Life operating variances, £m

Experience variances and assumption changes as a % of opening EEV¹

0.1%	3.1%	2.1%	4.6%	(1.8)%	(0.4)%	1.0%
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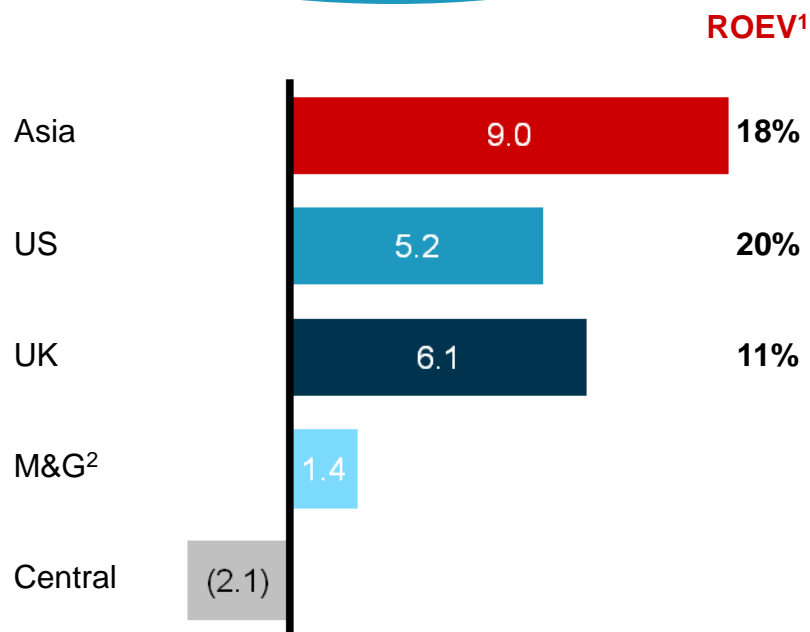
¹ Opening EEV of Life operations, excluding goodwill

EEV shareholders' funds

Asia 46% of EEV and delivering high return

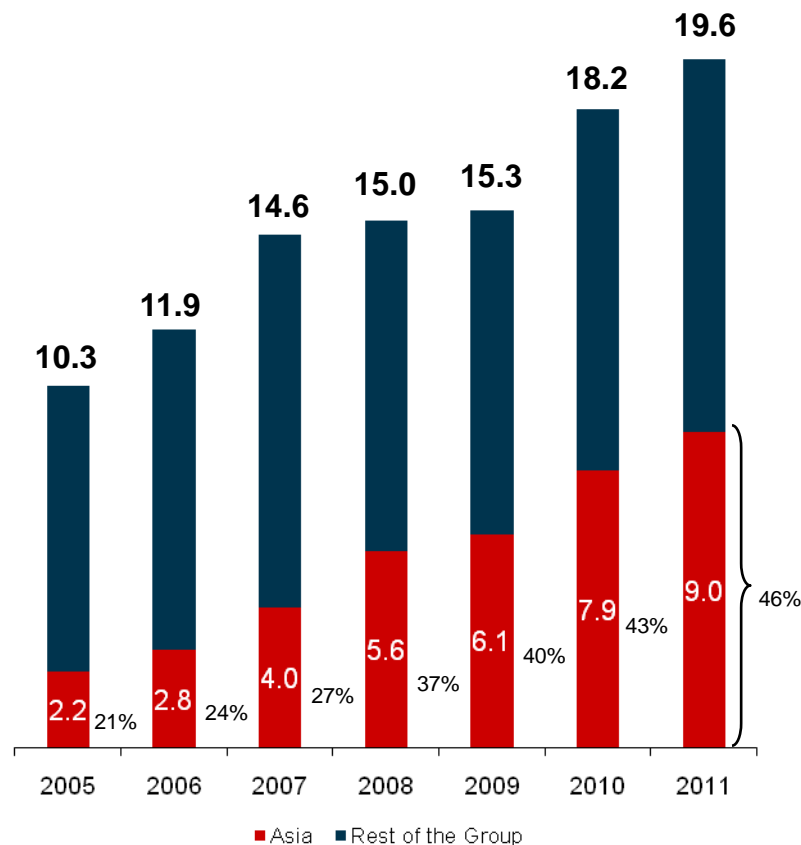
Geographical split December 2011, £bn

Total Group EEV = 19.6



EEV shareholders' funds, £bn

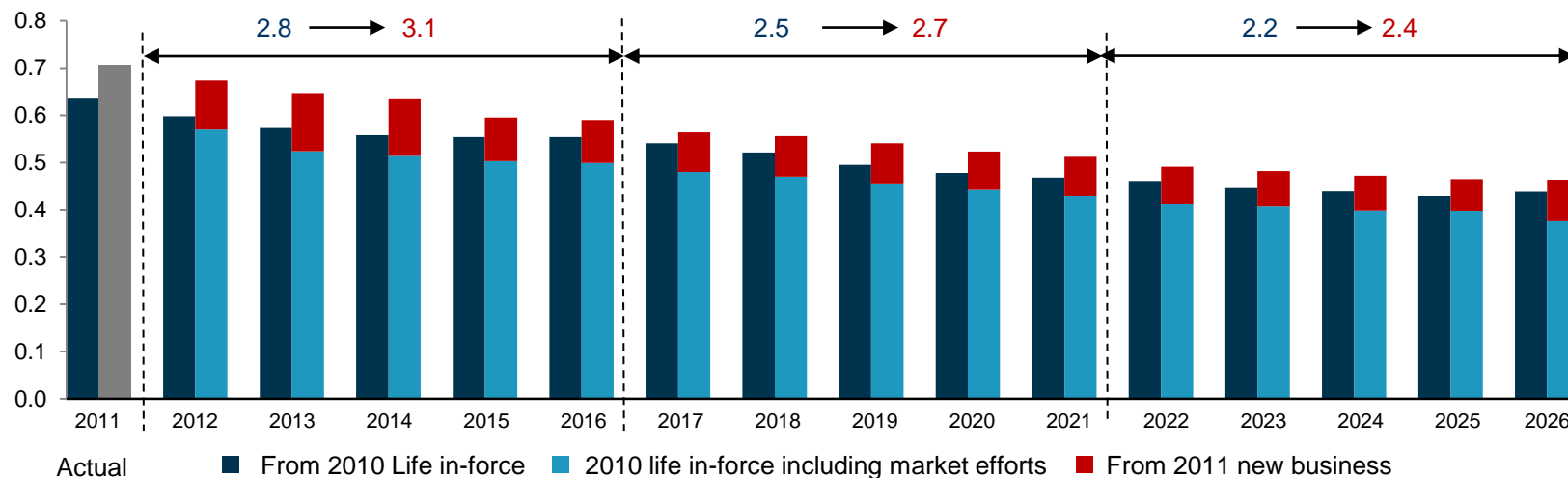
Group EEV growth : +11% CAGR
Asia EEV growth : +26% CAGR



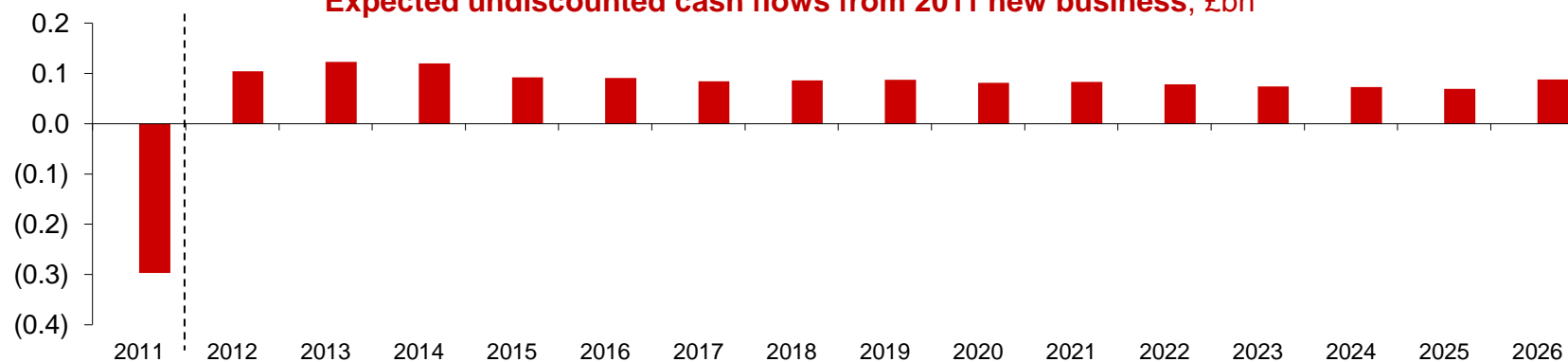
¹ ROEV is based on opening shareholders' funds
² Including acquired goodwill

Future free surplus emergence Asia

Expected undiscounted free surplus from Life in-force, £bn

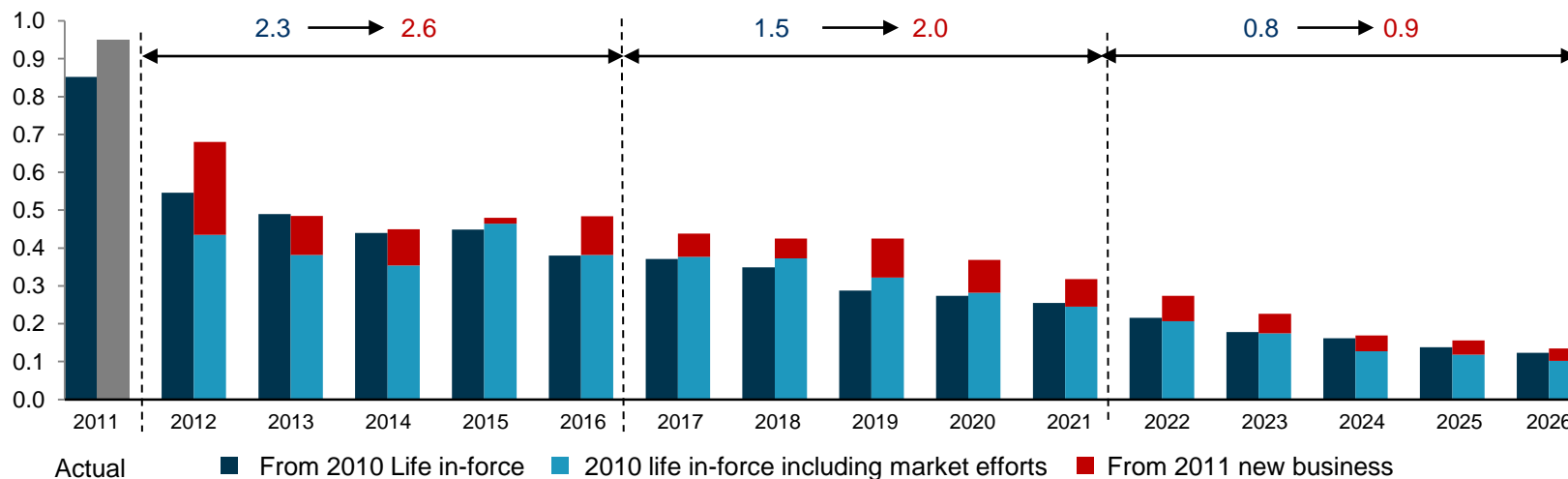


Expected undiscounted cash flows from 2011 new business, £bn

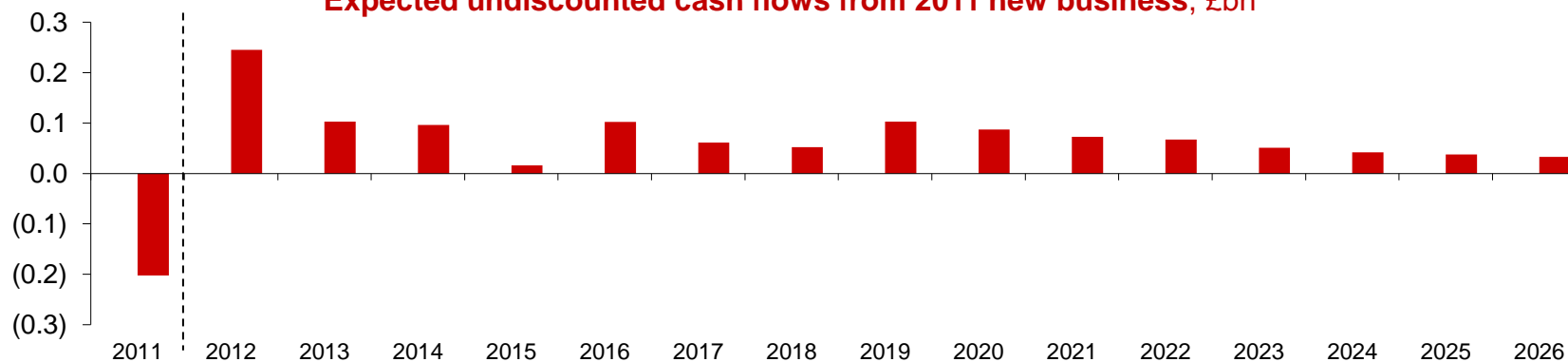


Future free surplus emergence US

Expected undiscounted free surplus from Life in-force, £bn

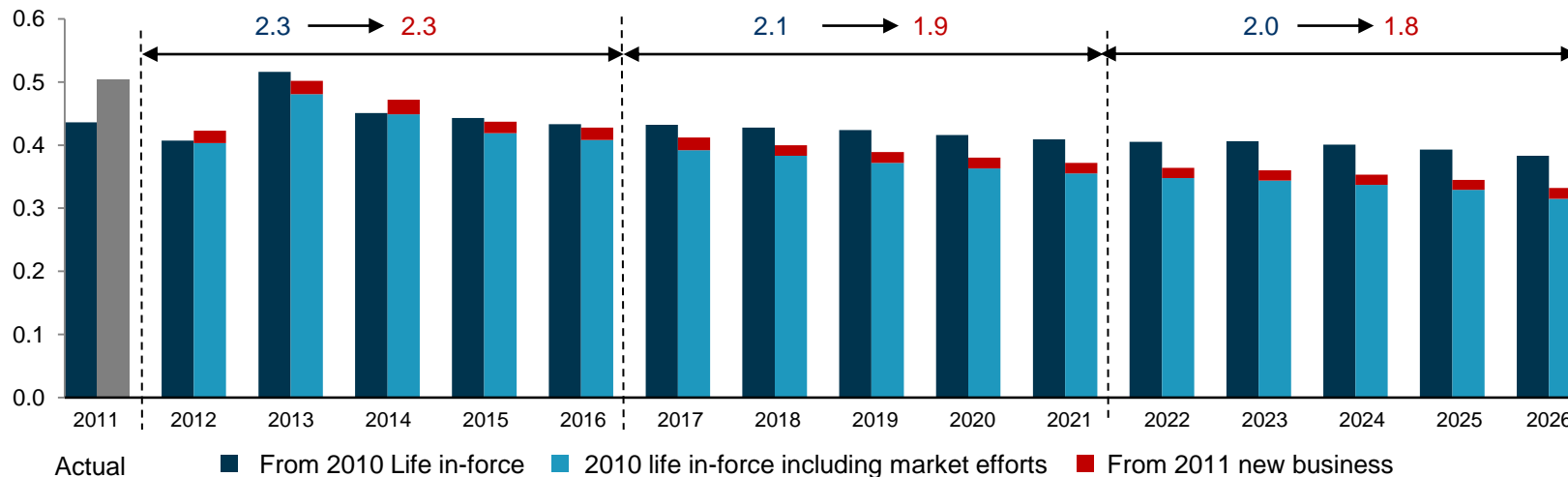


Expected undiscounted cash flows from 2011 new business, £bn

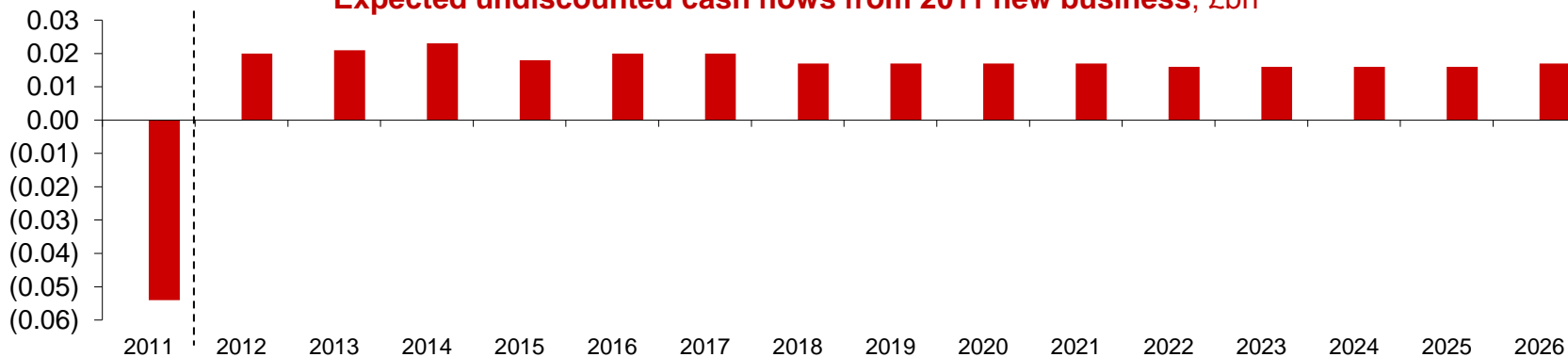


Future free surplus emergence UK

Expected undiscounted free surplus from Life in-force, £bn



Expected undiscounted cash flows from 2011 new business, £bn





Prudential plc 2011 Full Year Results

Delivering 'Growth and Cash'

13 March 2012