



# Prudential plc

## 2016 Full Year Results

14 March 2017

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# Mike Wells

Group Chief Executive

# Group

## 2016 headline results



- ✓ Record IFRS operating profits<sup>1</sup> of £4.3 billion; cash generation<sup>2</sup> up 10% to £3.6 billion
- ✓ Asia earnings up 15% to £1.6 billion and cash generation<sup>2</sup> up 15% to £859 million
- ✓ Strong progress on 2017 objectives
- ✓ £12.5 billion Solvency II surplus<sup>3</sup> at 201% cover
- ✓ 12% increase in 2016 full year ordinary dividend

<sup>1</sup> Excludes the result attributable to the held for sale Korea life business

<sup>2</sup> Cash generation equates to underlying free surplus generation

<sup>3</sup> The Group and UK Shareholder positions excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9 billion to £12.5 billion

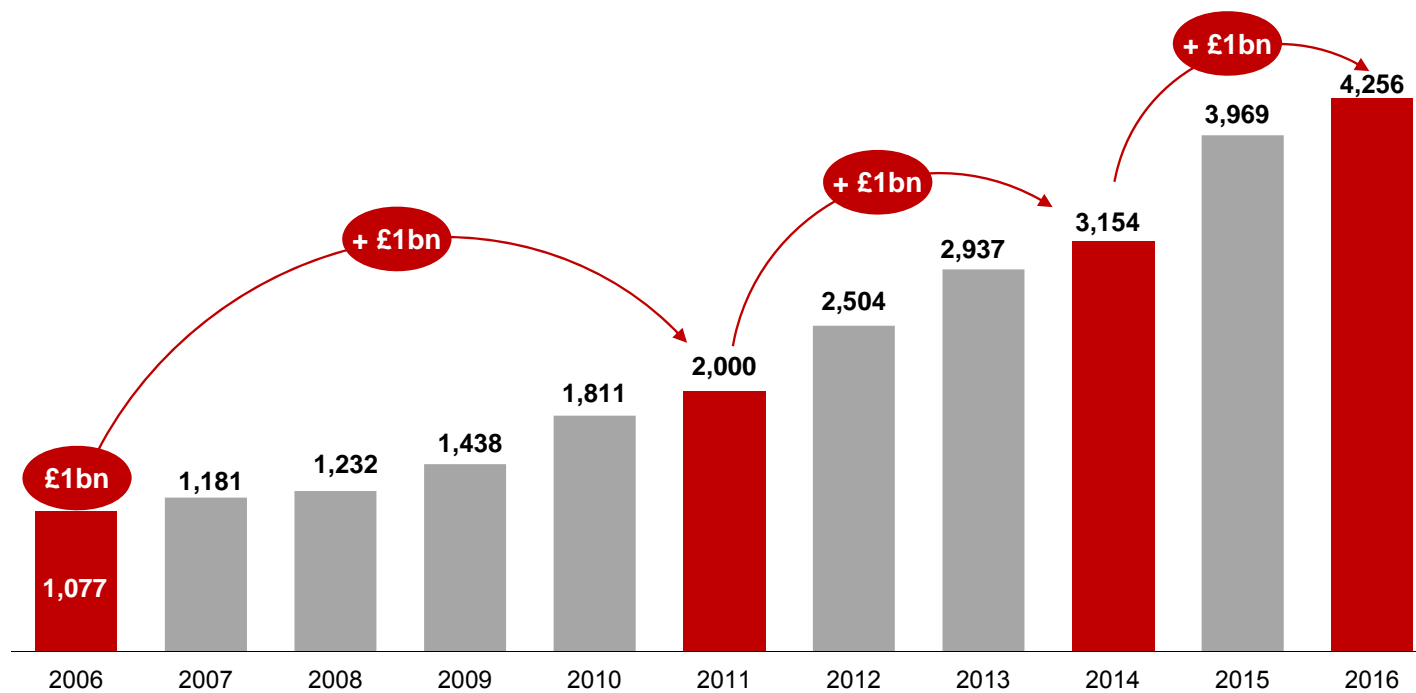
Note: Growth rates have been stated on a constant exchange rate basis

# Group

Delivering profitable growth at scale



IFRS operating profit<sup>1,2</sup>, £m



1 Comparatives have been stated on an actual exchange rate basis

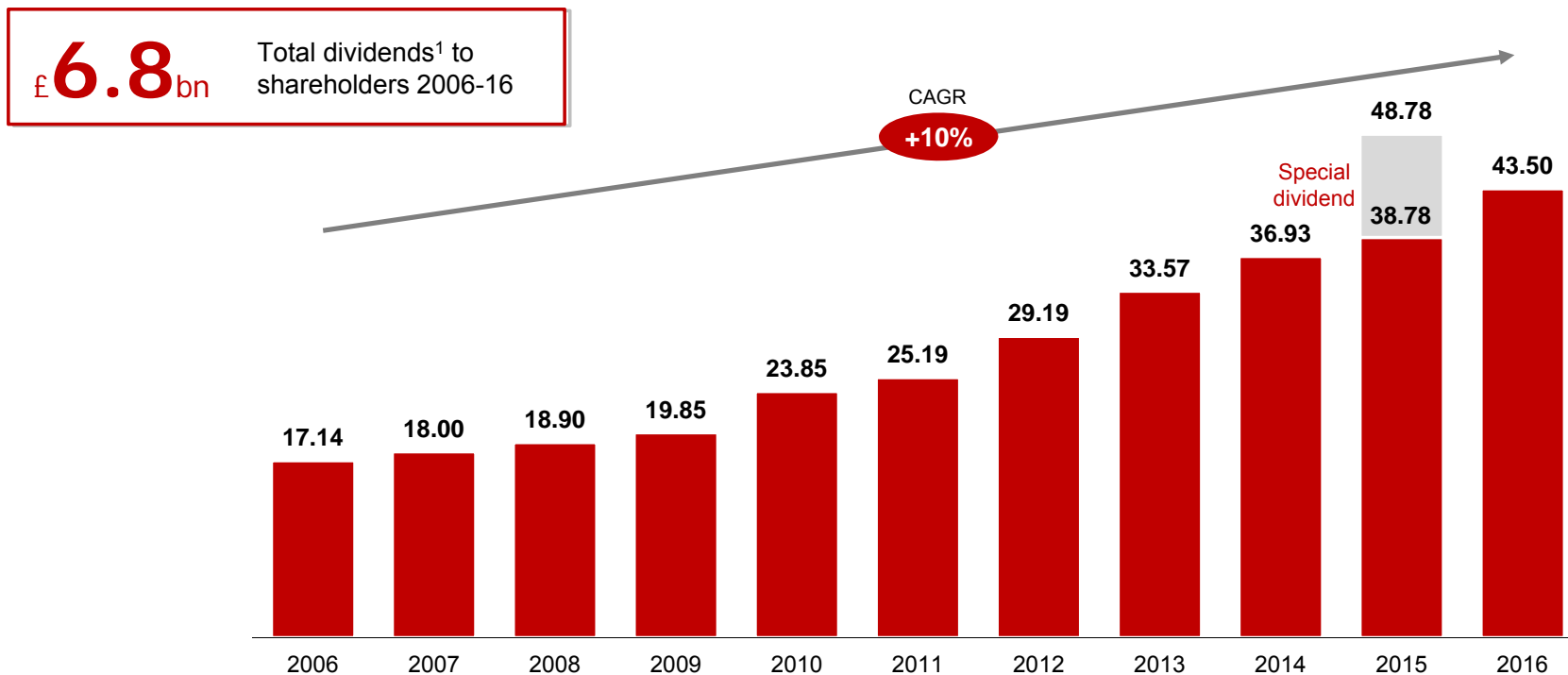
2 Comparatives are adjusted for new and amended accounting standards and excludes Japan and Taiwan agency. Comparatives have also been restated to exclude the contribution from the held for sale Korea Life.

# Group

Translating into strong shareholder returns



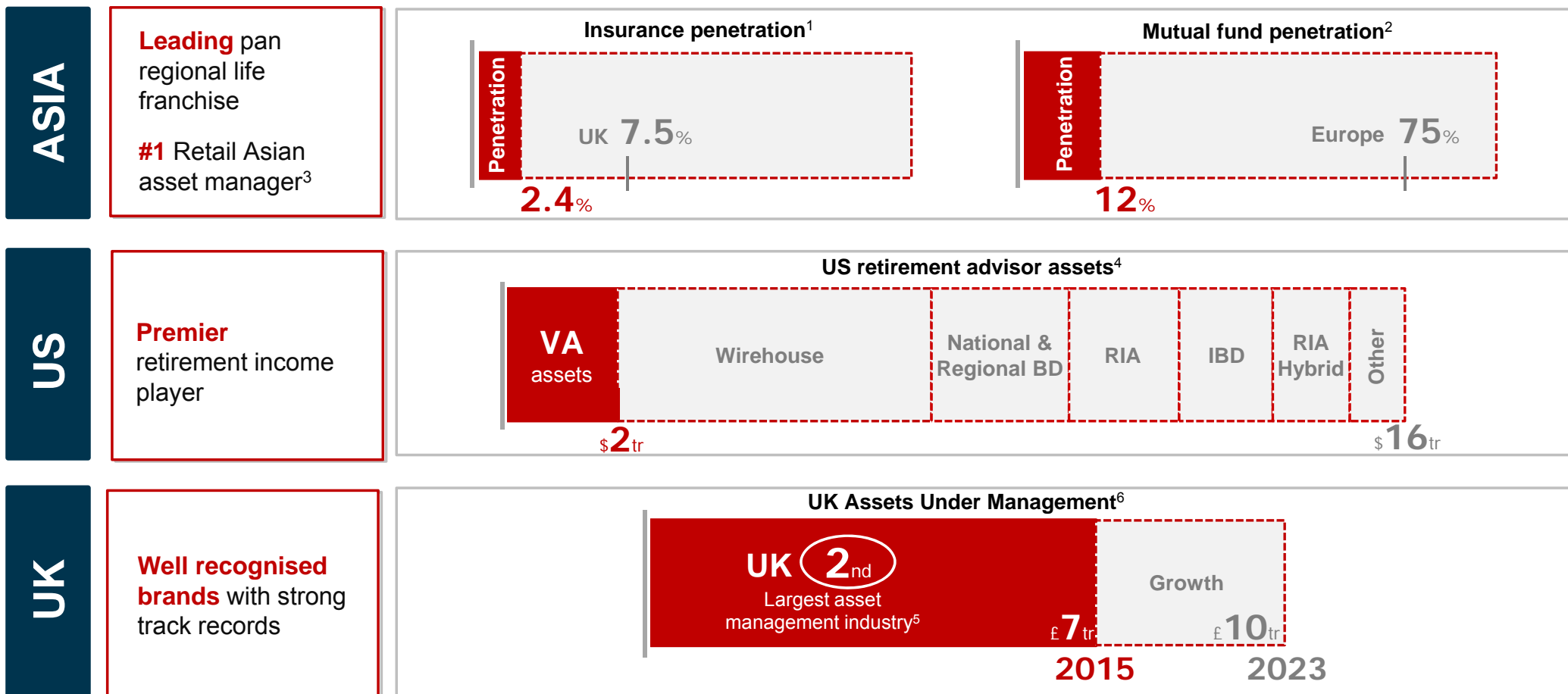
Dividend, pence per share



<sup>1</sup> Amounts paid 2006-10 net of scrip dividends

# Group

Geographic footprint aligned to significant demand



<sup>1</sup> Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums as % of GDP. Asia penetration calculated on a weighted population basis

<sup>2</sup> Mutual fund penetration: FUM as % of GDP. Source: Investment Company Institute, industry associations and Lipper as of 1Q'16. Datastream as of Jun 2016

<sup>3</sup> Source: Asia Asset Management – Fund Manager Surveys. Based on assets sourced in Asia ex-Japan, Australia and New Zealand. Ranked according to participating firms only.

<sup>4</sup> Source: Cerulli Associates – advisor metrics 2015

<sup>5</sup> Source: The CityUK

<sup>6</sup> Source: The Investment Association. PWC Asset Management 2020. Prudential calculations. Growth rate based off Europe forecast CAGR of 4.4%

# Group

Disciplined execution delivering strong returns



## Strategic choices

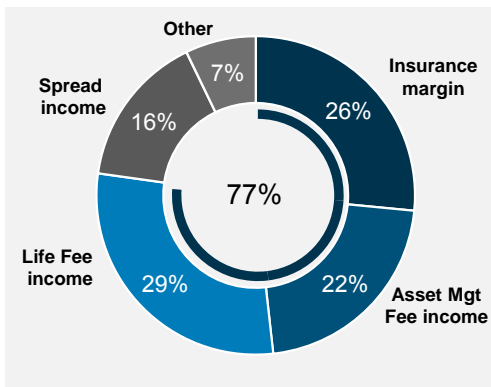
▶ Value over volume

▶ Leveraging strengths

▶ Disciplined capital allocation

## High quality earnings

IFRS income by revenue source, %



## Strong returns

**26%**  
2016 IFRS ROE<sup>1</sup>

<sup>1</sup> Operating profit after tax and non-controlling interests, as a percentage of opening IFRS shareholders' funds.

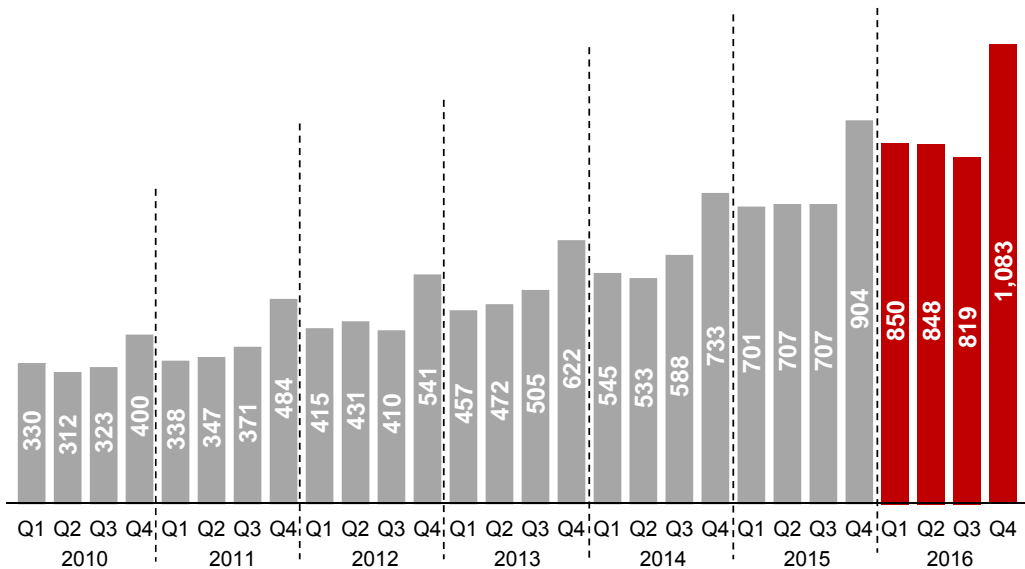


# Asia

## Consistent new business growth



**New business sales<sup>1</sup>**  
APE, £m CER



**+19%**

Average quarterly growth (year on year)

**Consistent growth**

**30**

Consecutive quarters of growth (year on year)

**High quality**

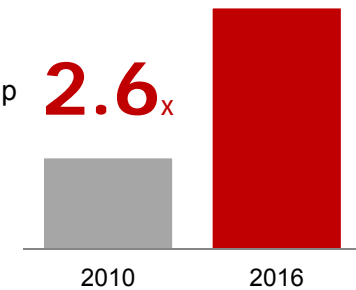
**93%**

Regular premium<sup>2</sup>

**At scale**

APE sales up

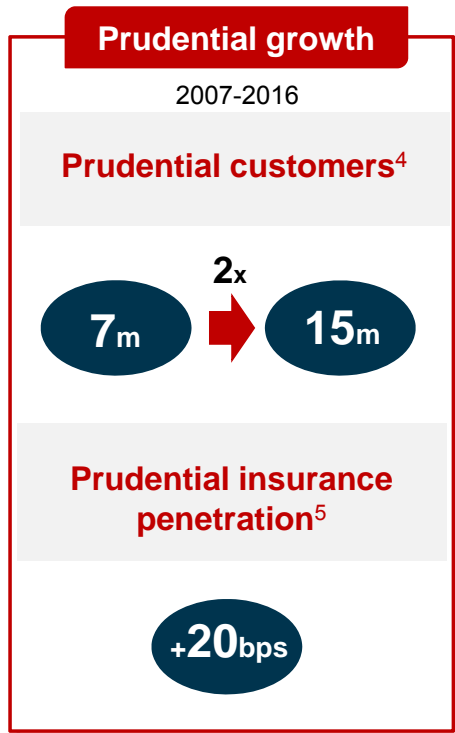
**2.6x**



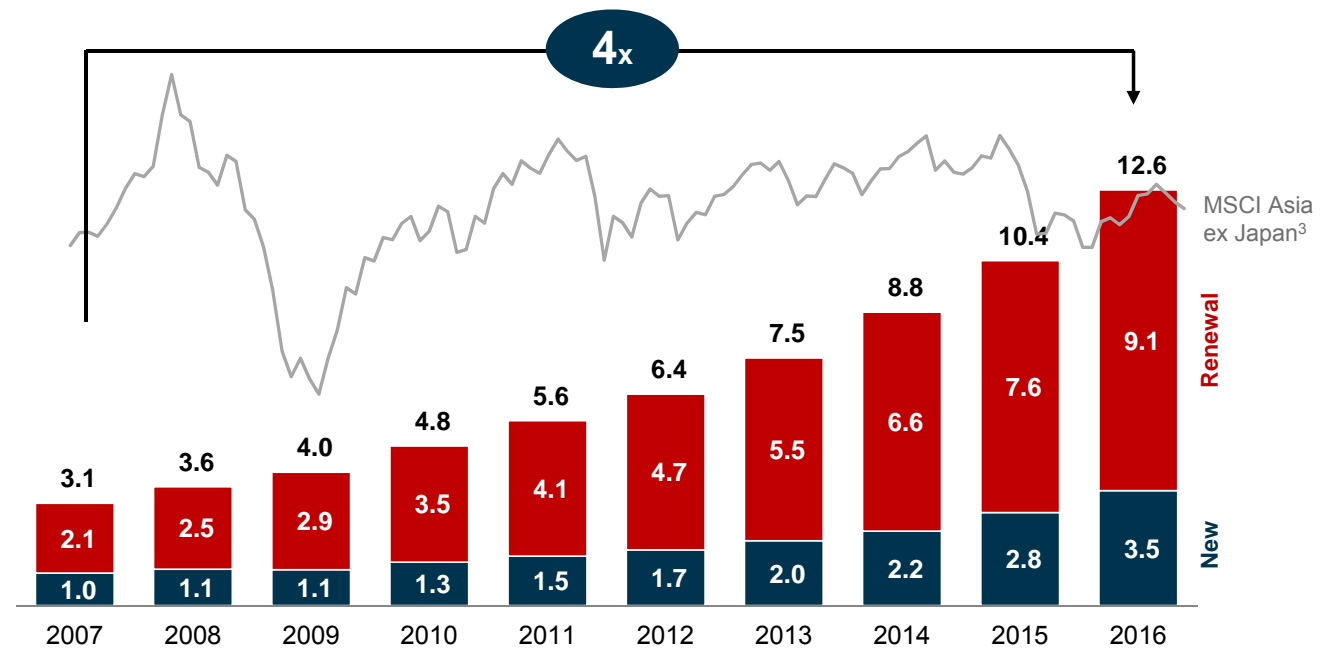
<sup>1</sup> Comparatives have been stated on an constant exchange rate basis  
<sup>2</sup> 2016 regular premium APE percentage

# Asia

## Compounding revenues



**New & renewal premiums**  
Life weighted premium income<sup>1,2</sup>, £bn CER



1 Weighted premium income comprises gross earned premiums at 100% of renewal premiums, 100% of first year premiums and 10% of single premiums  
2 Comparatives have been stated on an constant exchange rate basis. Historic have been restated to exclude sales from Korea Life, classified as held for sale. 2014 excludes intra-group reinsurance contracts between the UK and Asia with-profits businesses  
3 Source: Datastream.

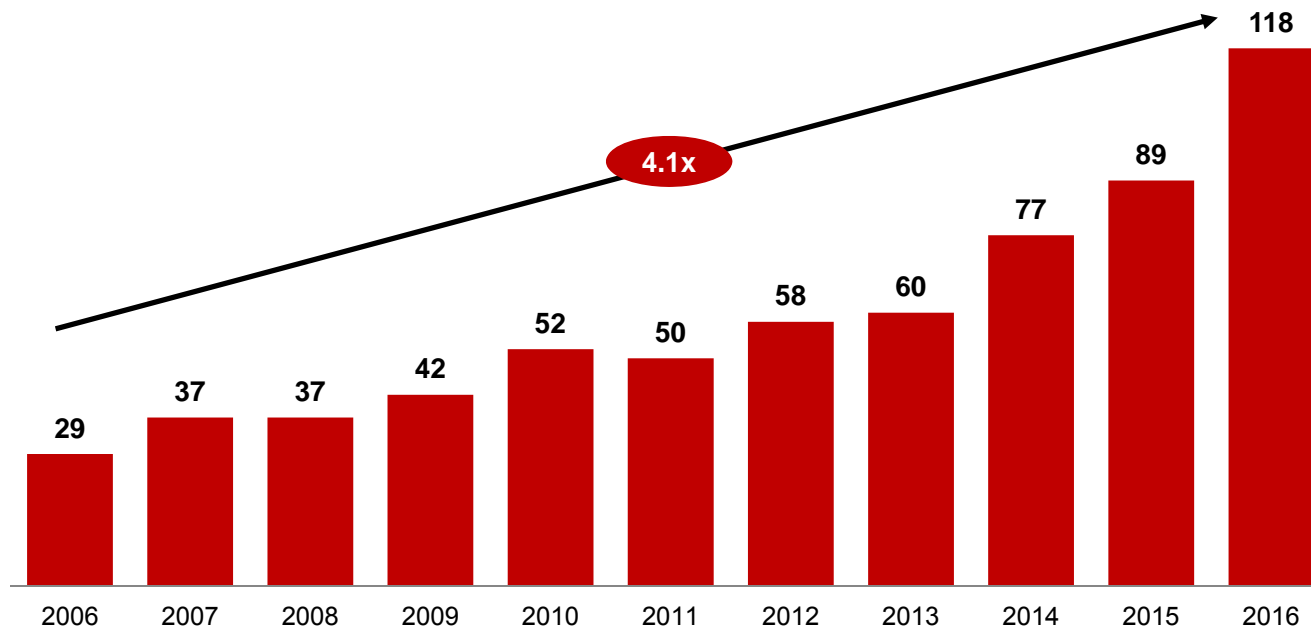
4 Change in customer numbers from 7m in December 2006 to 15m in December 2016.  
5 Prudential opening insurance penetration (2006-2015) calculated by dividing Prudential total premium by total GDP (Source: IMF). Prudential total premium determined by Prudential market share multiplied by total market life premium (Source: Swiss Re). Calculated for HK, IDN, MY, SG, TH, PH, VN, TW. Excludes China and India as a result of restricted market access. Prudential insurance penetration increased from 0.4% in 2006 to 0.6% in 2015.

# Asia

## Growing assets



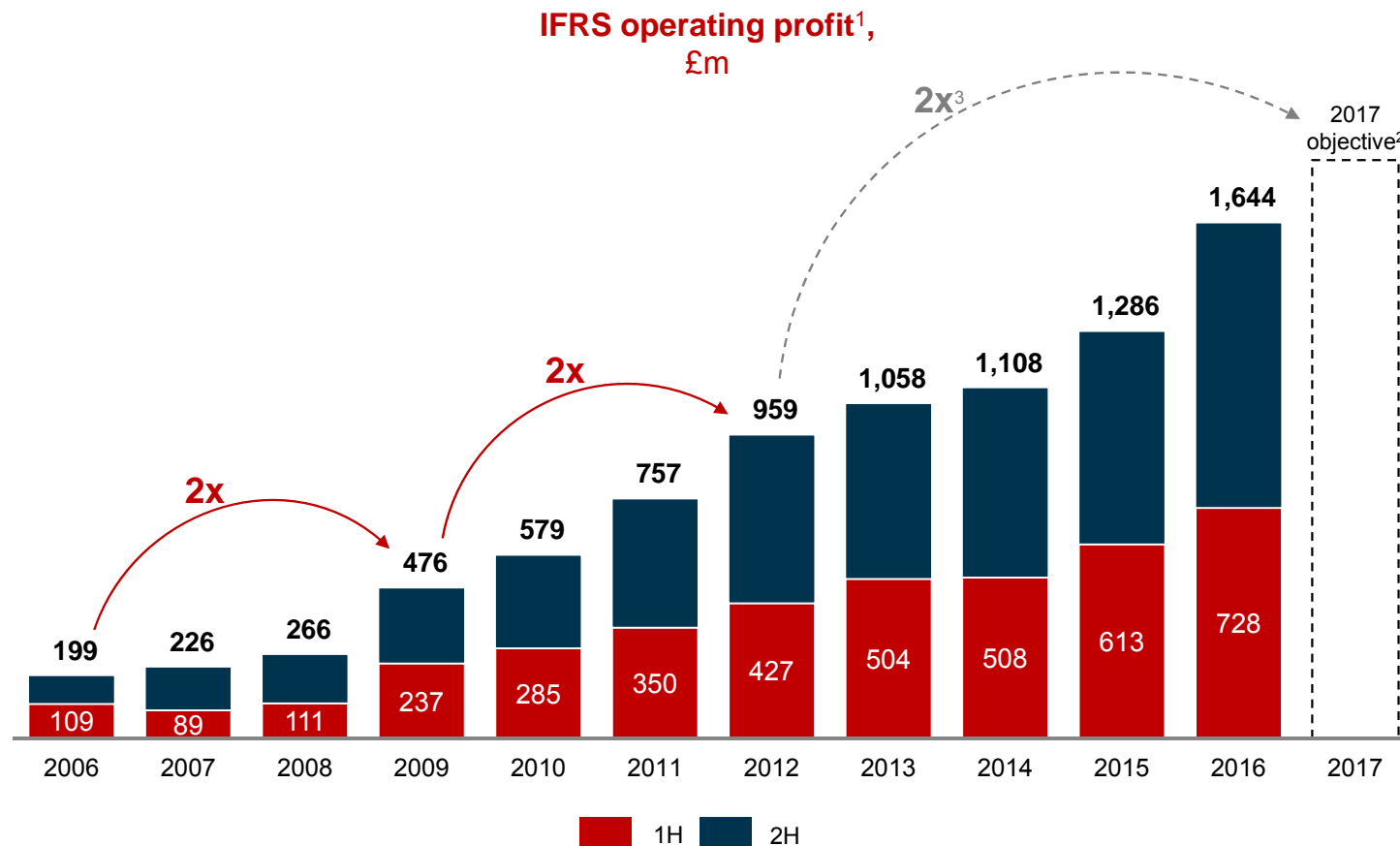
Eastspring FUM<sup>1,2</sup>, £bn



<sup>1</sup> Comparatives have been stated on an actual exchange rate basis  
<sup>2</sup> Funds under management includes both internal and external FUM.

# Asia

Delivering compounding growth



1. Comparatives have been stated on an actual exchange rate. Comparatives have also been restated to exclude the contribution from 'Held for sale' Korea. 2012 includes the one off gain on sale of stake in China Life of Taiwan of £51m.  
 2. 2017 objective is defined as at least 15% CAGR from 2012-17 based on an Asia 2012 IFRS operating profit of £909m (excluding one off of £51m) assuming exchange rates at December 2013.  
 3. 2x based on implied multiple using 2012 IFRS operating profit of £909m increasing at a 15% CAGR to 2017

# US

## Disciplined execution



- ▶ Delivering VA net inflows in an evolving environment
- ▶ Increasing separate account assets underpin 8% earnings<sup>1</sup> growth
- ▶ Strong capital position

**VA net inflows** **\$ 6.0** bn

**Separate account assets<sup>2</sup>** + **11** %

**RBC ratio** **485** %

1. Life IFRS operating profit  
2. Growth rates have been stated on an constant exchange rate basis

# UK

## Navigating change



- ▶ Capital light business model
- ▶ Strong demand for PruFund product range
- ▶ Improving M&G fund performance and growing FUM

**PruFund**  
**10yr return<sup>1</sup>** + **75%**  
(ABI mixed investment 20%-60%: +39%)

**PruFund**  
**AUM** + **50%**

**M&G**  
**Performance<sup>2</sup>** + **67%**  
(Funds above median – 1 year)

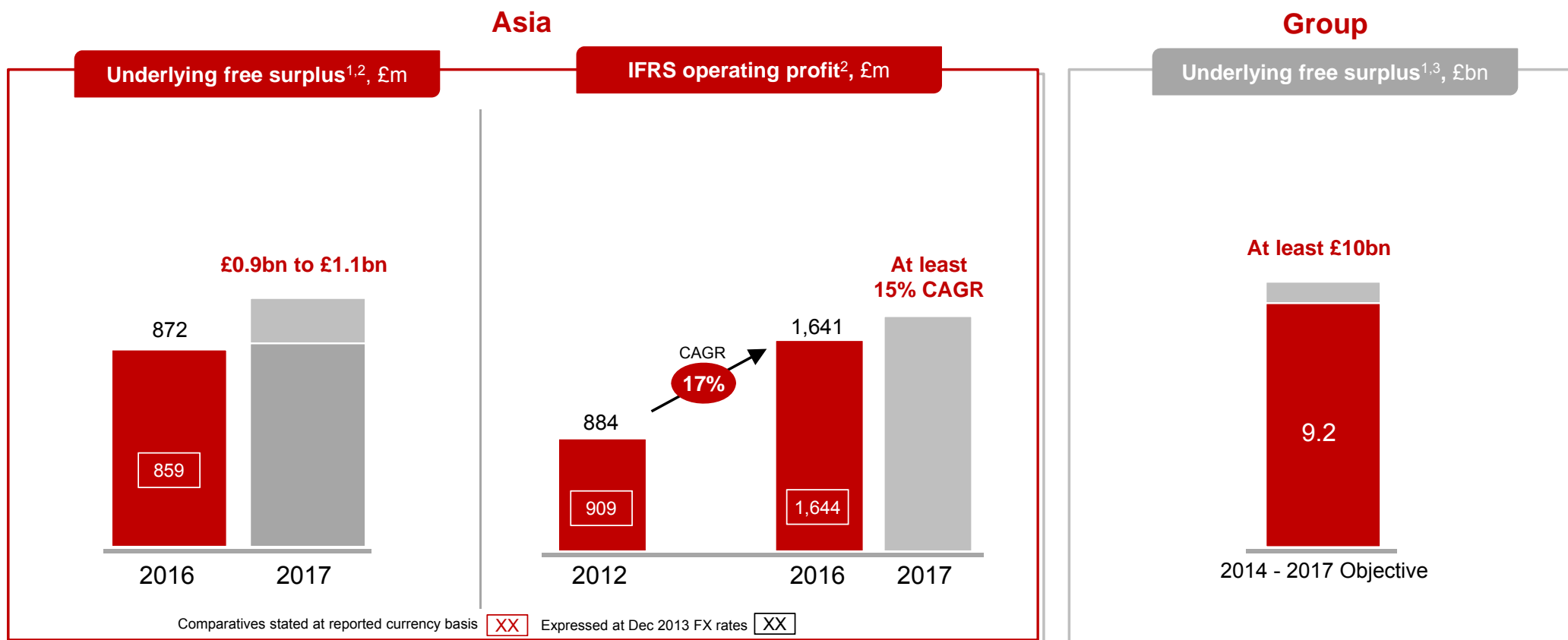
**M&G**  
**FUM** + **8%**  
(External)

1. ABI Mixed Investment 20%-60% Shares TR; performance from 29 December 2006 to 30 December 2016

2. Over the one year to the end of December 2016, 34 retail funds accounting for 67% of M&G retail funds and representing 76% of M&G retail funds under management have delivered top or upper quartile performance. Quartile rankings are based on returns which are net of fees.

# Group

## Strong progress on 2017 objectives



Note:

The objectives assume exchange rates at December 2013 and economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2013, and are based on regulatory and solvency regimes applicable across the Group at the time the objectives were set. The objectives assume the existing EEV, IFRS and Free Surplus methodology at December 2013 will be applicable over the period.

Following the announcement of the proposed sale of the Korea life business in November 2016, reported amounts exclude the results of the Korea life business. As this sale is expected to complete in 2017, the relevant 2017 objective (Asia IFRS operating profit) has been adjusted.

1 Underlying free surplus generated comprises underlying free surplus generated from long-term business (net of investment in new business) and that generated from asset management operations. The 2012 comparative is based on the retrospective application of new and amended accounting standards and excludes the one-off gain on sale of our stake in China Life of Taiwan of £51 million.

2 Constant exchange rates results translated using exchange rates at December 2013.

3 Underlying free surplus generated comprises underlying free surplus generated from the Group's long-term business (net of investment in new business) and that generated from asset management operations. Further information is set out in notes 9 of the EEV basis results.

# Group

## Key take-aways



- ✓ Results reinforce structural growth drivers
- ✓ Asia continues to underpin growth
- ✓ Disciplined execution to offset known headwinds
- ✓ Strong balance sheet, defensive positioning
- ✓ Well positioned to deliver long-term value



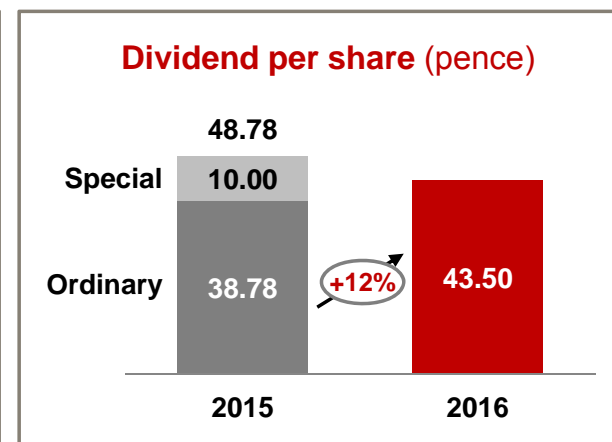
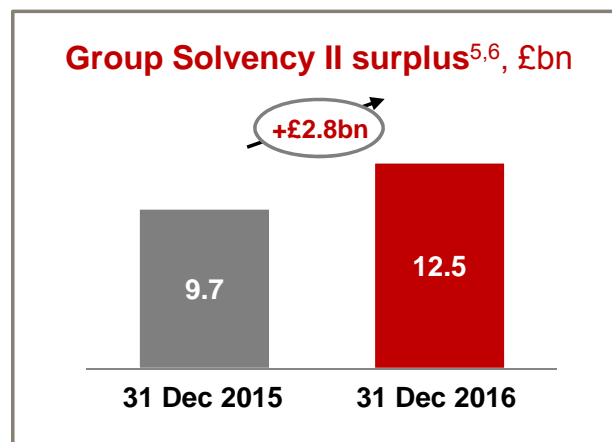
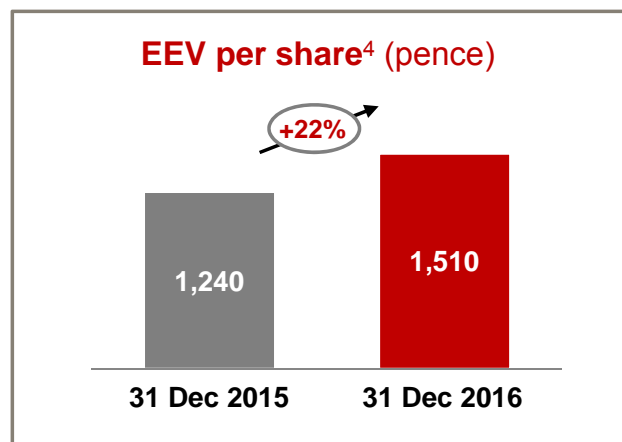
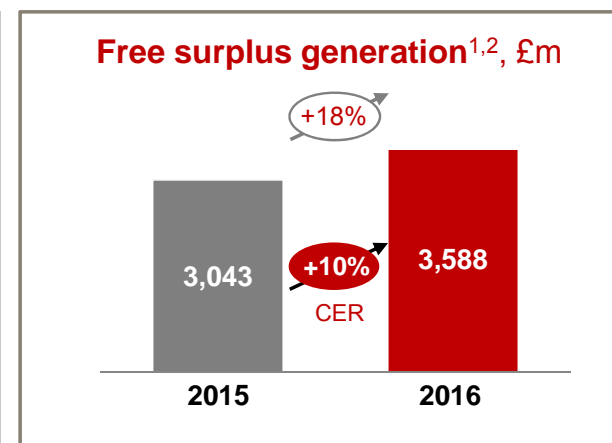
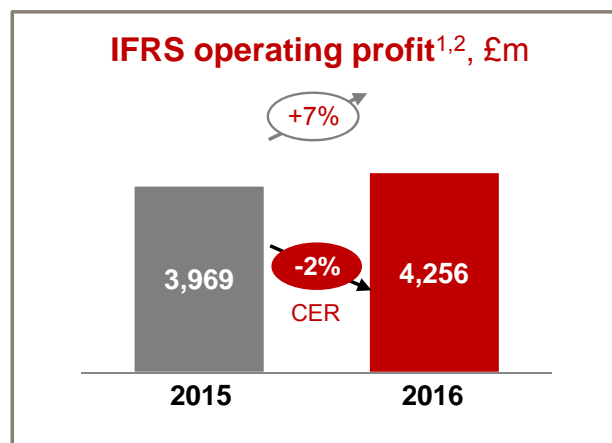
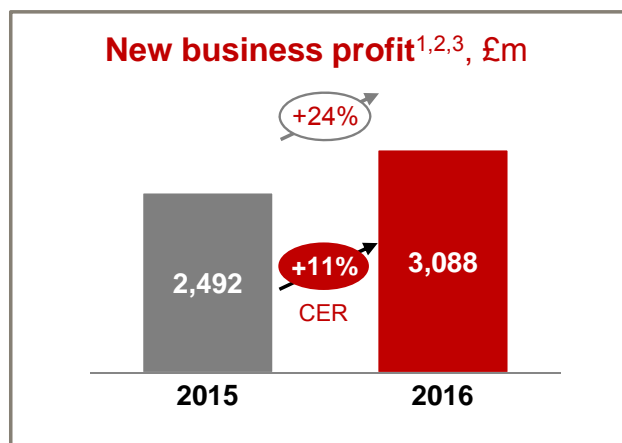


# Nic Nicandrou

Chief Financial Officer

# Key financial highlights

Continued delivery of “Growth and Cash”



<sup>1</sup> Comparatives have been stated on an actual exchange rate basis

<sup>2</sup> Excludes the results attributable to the held for sale Korea life business

<sup>3</sup> Excludes contribution from UK bulk annuities

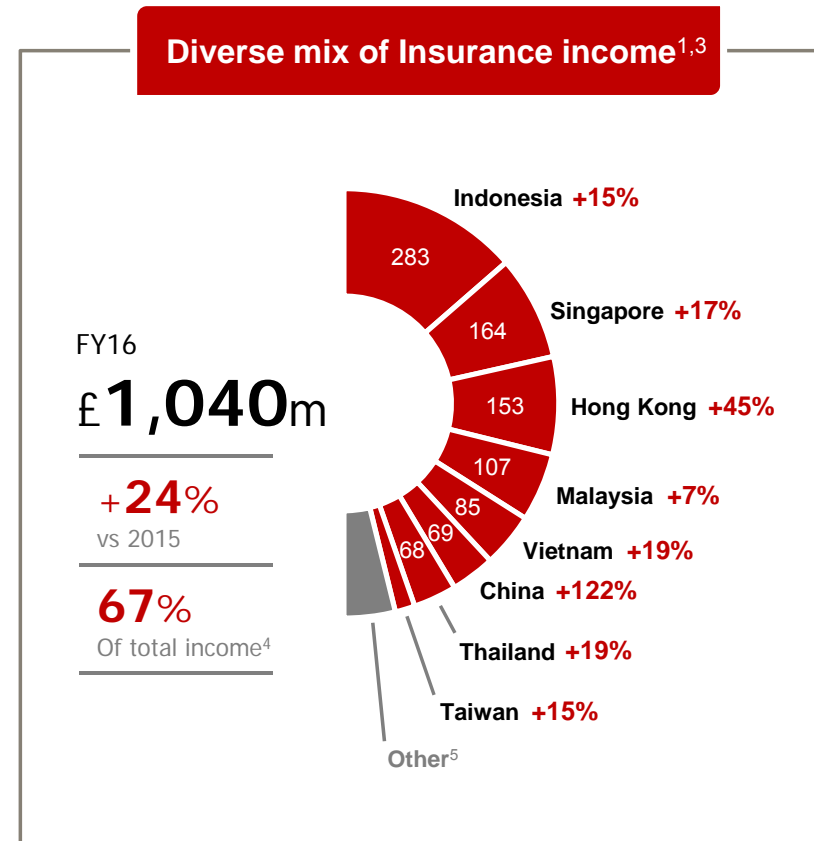
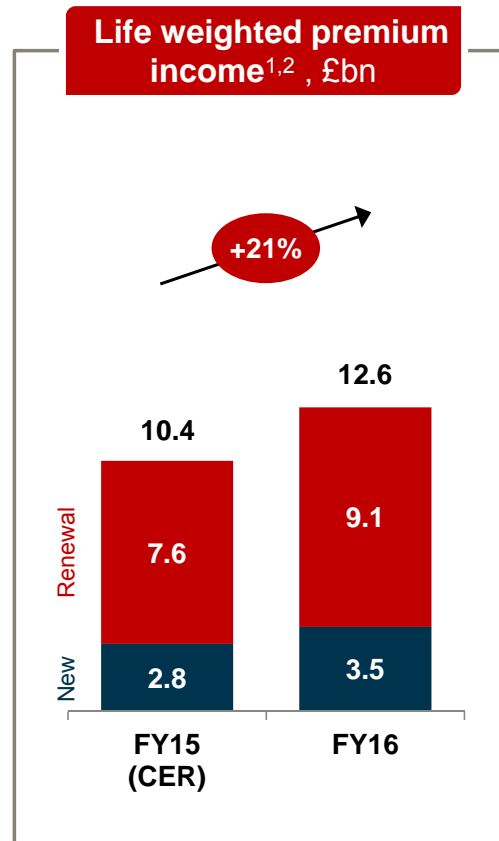
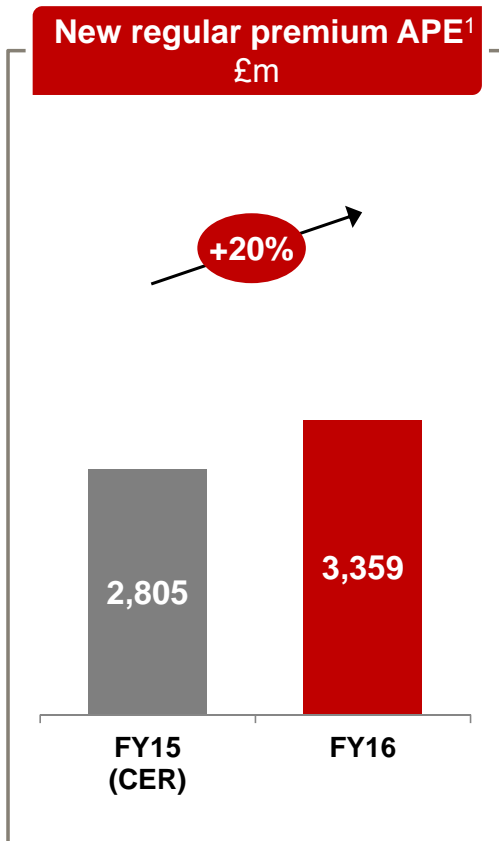
<sup>4</sup> Includes goodwill. Comparative based on opening EEV shareholders' funds after £(0.5)bn adjustment for the impact of Solvency II on UK insurance

<sup>5</sup> Before allowing for second interim ordinary dividend (2015: before allowing for second interim ordinary dividend and special dividend)

<sup>6</sup> The Group shareholder position excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9bn to £12.5bn

# Strong progression in key earnings drivers

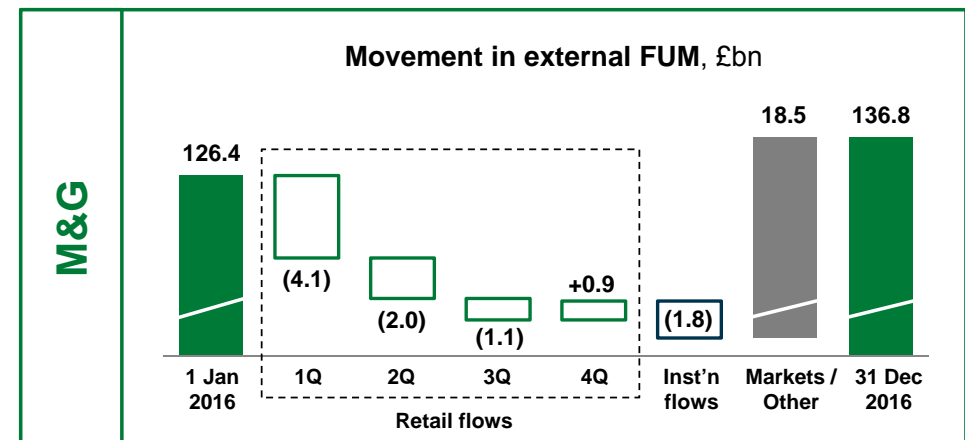
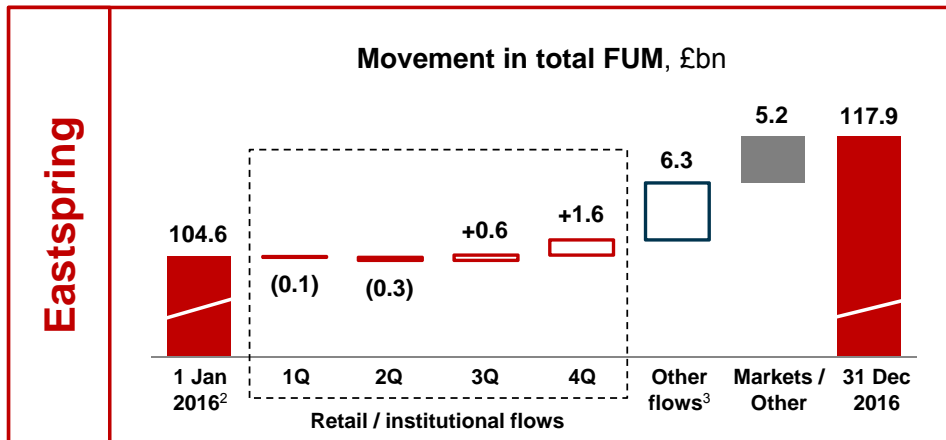
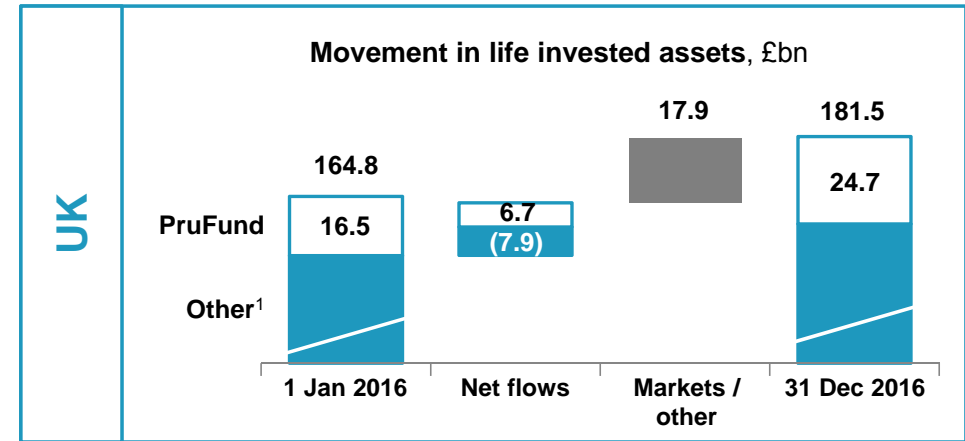
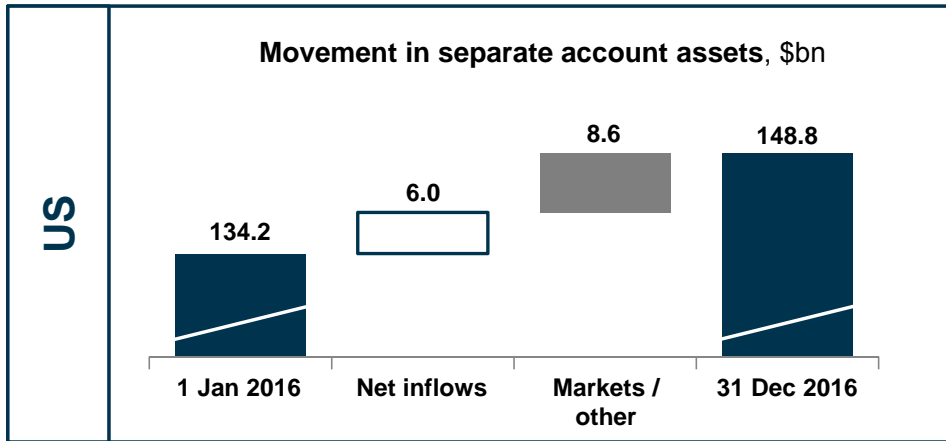
Asia Life growing in scale and quality



1 Excludes the results attributable to the held for sale Korea life business  
 2 Weighted premium income comprises gross earned premiums at 100% of renewal premiums, 100% of first year premiums and 10% of single premiums  
 3 Growth based on constant exchange rates  
 4 Total income includes insurance income, spread income, fee income, with profits income and expected returns on shareholder assets and excludes margin on revenues  
 5 Other represents Philippines, India, Cambodia and non-recurring

# Strong progression in key earnings drivers

Asset management businesses building fee earning base



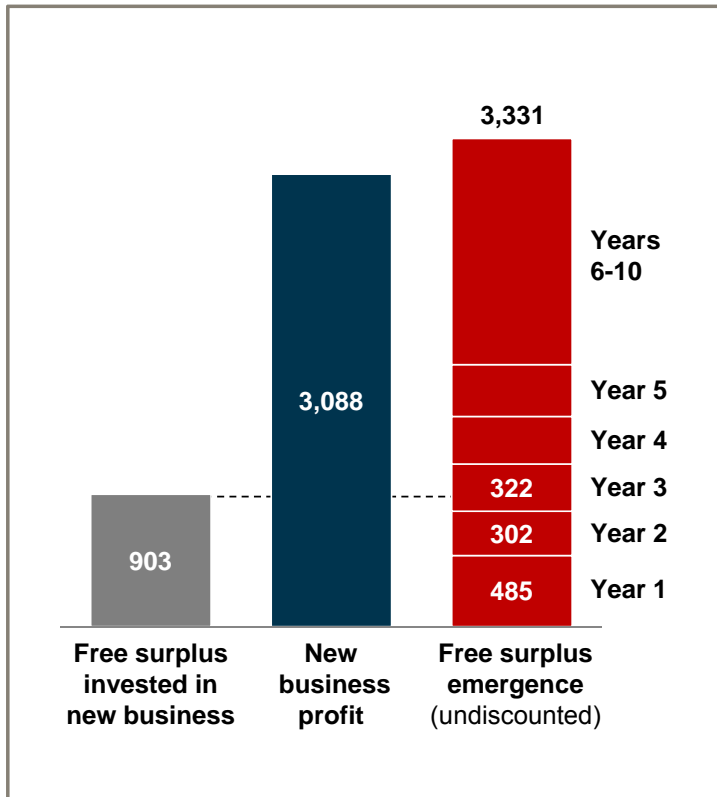
<sup>1</sup> Includes corporate pension, legacy with-profits and annuity business  
<sup>2</sup> Comparative has been stated on a constant exchange rate basis  
<sup>3</sup> Represents internal flows (£5.9bn) and third party money market funds (£0.4bn)

# Capital allocation

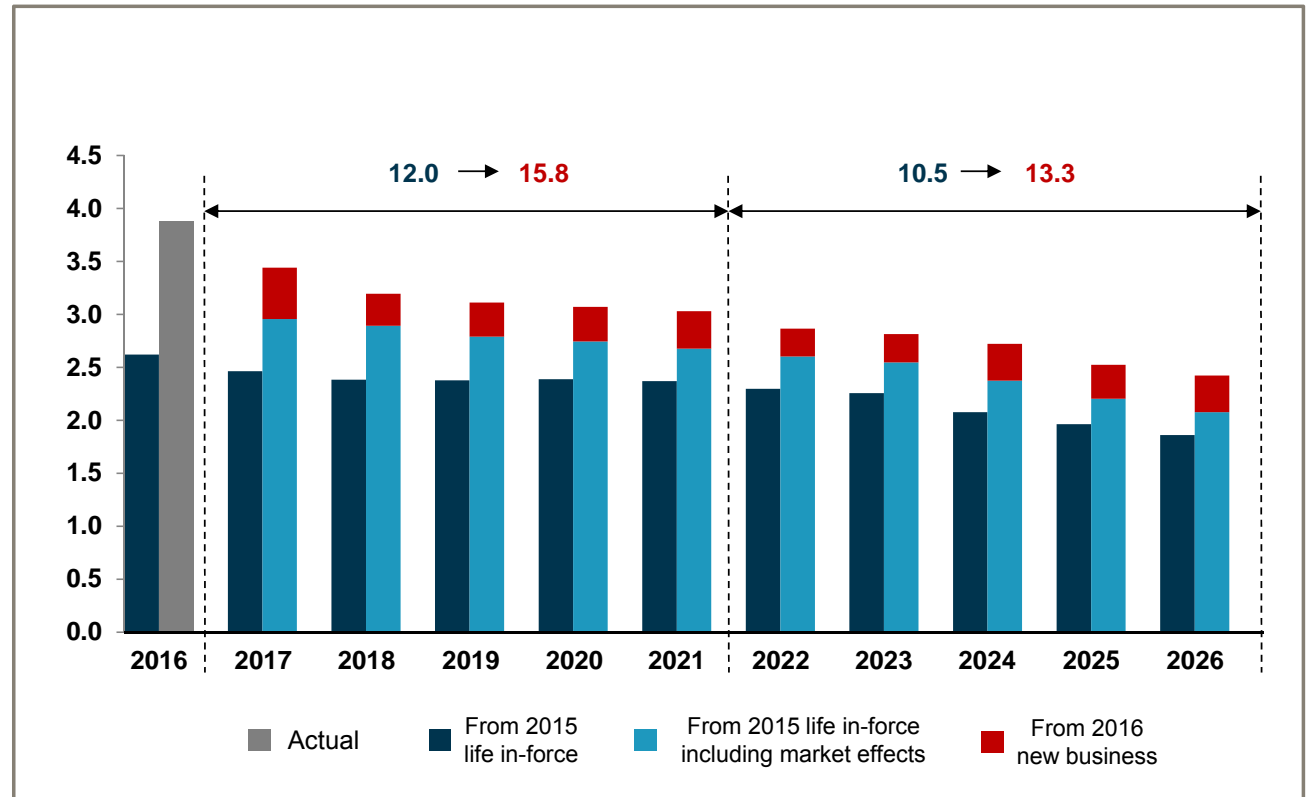
High capital velocity



Capital velocity, £m



Expected undiscounted free surplus from life in-force<sup>1</sup>, £bn



<sup>1</sup> For life business, represents the undiscounted expected transfer of in-force business and required capital to free surplus as at FY16

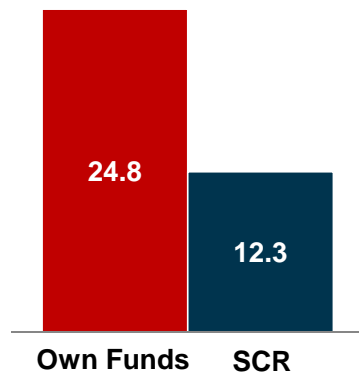
# Group solvency position

## High quality and resilient capital



### Solvency II capital position<sup>1,2</sup> 31 December 2016, £bn

Surplus **£12.5bn**  
 Operating capital generation<sup>3</sup> **£2.7bn**  
 Cover **201%**



### Solvency II capital sensitivities<sup>1,2</sup> 31 December 2016

YE16 surplus cover **201%**

Equities -40% **(7)%**

Interest rates -50bp<sup>4</sup> **(9)%**

Interest rates +100bp<sup>4</sup> **+13%**

Credit spreads +100bp<sup>5</sup> **(3)%**

15% UK downgrades **(5)%**

### Sources of capital excluded from Solvency II

- ✓ Shareholder share of estate
- ✓ With-profit capital
- ✓ Permitted practice in the US
- ✓ Asia de-recognition
- ✓ US diversification benefit



Surplus<sup>6</sup> **~£21bn**

Cover<sup>6</sup> **~240%**

<sup>1</sup> The Group and UK Shareholder positions excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9bn to £12.5bn

<sup>2</sup> Before allowing for 2016 second interim ordinary dividend

<sup>3</sup> Includes £0.4bn from specific asset and liability actions taken in 2016 to improve the solvency position and de-risk the balance sheet

<sup>4</sup> Assumes transitional recalculation which is subject to PRA approval

<sup>5</sup> For Jackson, includes credit defaults of 10 times the expected level

<sup>6</sup> This adjusted surplus / ratio does not comply with Solvency II rules and has not been reviewed by the PRA

# Group IFRS profit

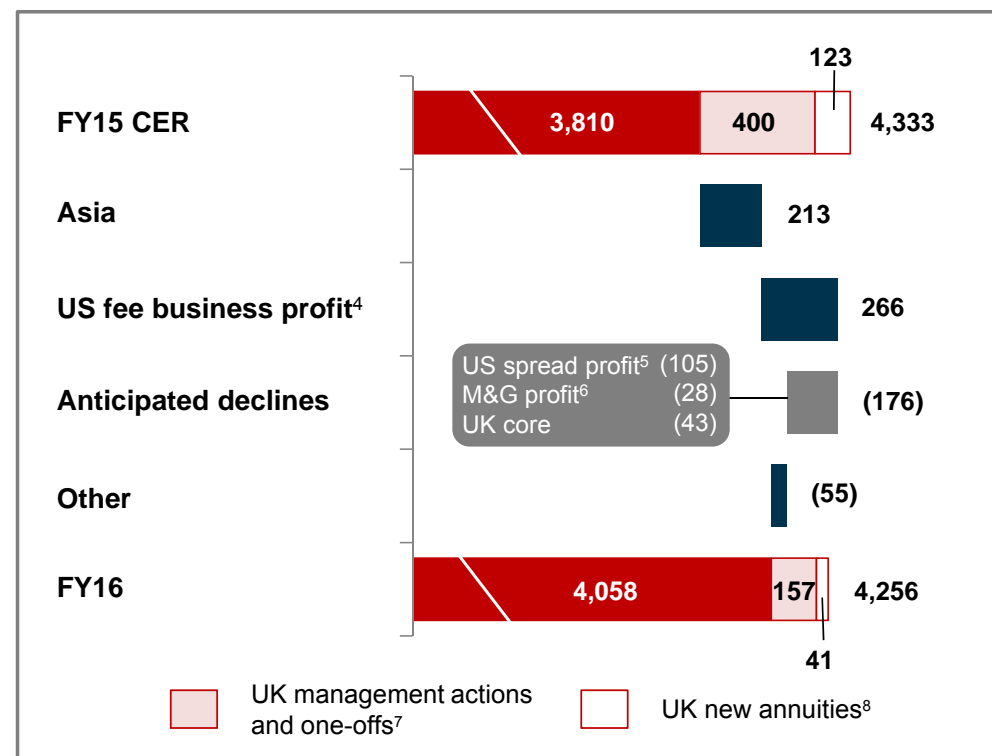
Growth in Asia and US fee business underpin 2016 earnings



IFRS operating profit by business unit<sup>1</sup>, £m

	FY16	FY15 <sup>2</sup>	CER	AER
Asia	1,644	1,286	+15%	+28%
US	2,048	1,702	+7%	+20%
UK	828	1,195	(31)%	(31)%
M&G	425	442	(4)%	(4)%
Other <sup>3</sup>	(689)	(656)	(5)%	(5)%
	4,256	3,969	(2)%	+7%

IFRS operating profit<sup>1</sup> 2016 vs 2015, £m



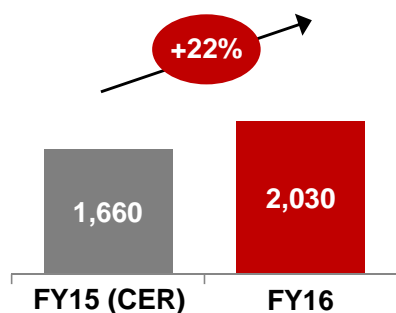
1 Excludes the result attributable to the held for sale Korea life business  
 2 On an actual exchange rate basis  
 3 Includes PruCap, head office costs, interest received from a tax settlement, Solvency II costs and restructuring costs  
 4 Fee business represents profits from variable annuity products. 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  
 5 Spread business is the net operating profit for fixed annuity, fixed indexed annuity and Guaranteed Investment Contracts and largely comprises spread income less costs  
 6 Excludes M&G performance-related fees of £33m (2015: £22m)  
 7 Includes amounts relating to UK management actions relating to longevity reinsurance of £197m (2015: £231m), other optimisation actions of £135m (2015: £169m) and provision for the cost of undertaking a review of past non-advised annuity sales practices and related potential redress of £(175)m (2015: £nil)  
 8 Comprises contribution from retail annuities of £41m (2015: £34m) and bulk annuities £nil (2015: £89m)

# Asia Life

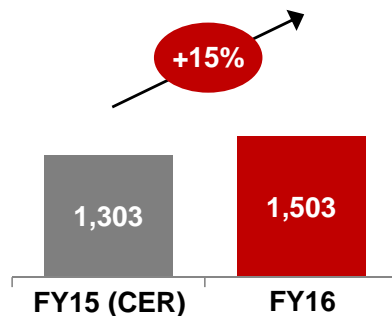
Strong and consistent growth across key metrics



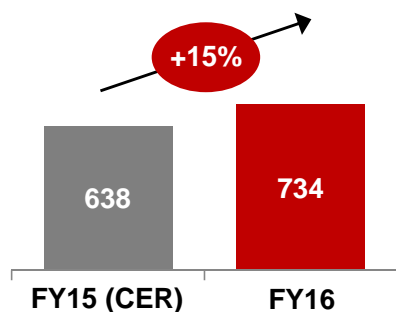
**New business profit<sup>1</sup>, £m**



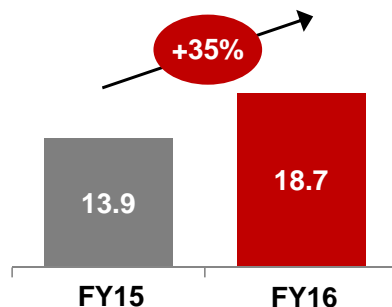
**IFRS operating profit<sup>1</sup>, £m**



**Free surplus generation<sup>1</sup>, £m**



**EEV shareholders' funds, £bn**



## New business

- APE growth of 19% to £3,599m
- 4Q APE > £1bn, with >20% growth in 8 countries<sup>2</sup>

Hong Kong	+21%	China	+47%
Philippines	+27%	Taiwan	+23%
Singapore	+24%	India	+58%
Vietnam	+30%	Cambodia	+46%
- NBP growth exceeds APE increase
  - Driven by business mix
  - H&P +22%

## IFRS operating profit

- Contribution from life in-force: +19% to £1,469m
- 6 countries with > 15% growth
- Increasing contribution from smaller countries

## Embedded value

- RoEV<sup>3</sup> of 22%
- EEV increased c.2x from end of 2012

<sup>1</sup> Excludes the results attributable to the held for sale Korea life business  
<sup>2</sup> On a constant exchange rate basis  
<sup>3</sup> Based on opening shareholders' funds including goodwill

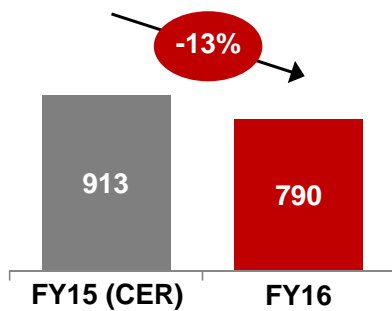


# US

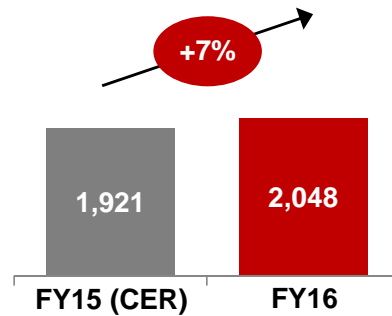
## Disciplined execution of fee-based strategy



New business profit, £m



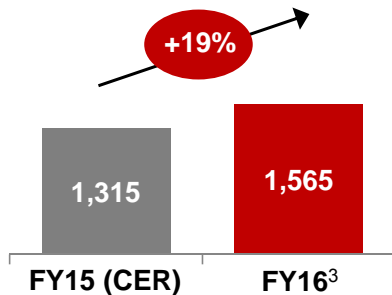
IFRS operating profit, £m



### New business

- Lower APE consistent with industry disruption following DOL reforms
- NBP positively impacted by mix effects

Free surplus generation, £m



IFRS operating profit by product, £m

	FY16	Change <sup>4</sup>
Fee business <sup>1</sup>	1,523	+21%
Spread business <sup>2</sup>	323	(25)%

### IFRS operating profit

- Fee income up +3%
  - 5% growth in av. separate account assets
- Spread margin 24bps lower at 217bps

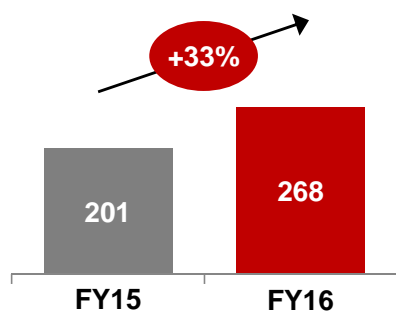
<sup>1</sup> Fee business represents profits from variable annuity products. As well as fee income, revenue for this product line includes spread income from investments directed to the general account and other variable annuity fees included in insurance margin  
<sup>2</sup> Spread business is the net operating profit for fixed annuity, fixed indexed annuity and Guaranteed Investment Contracts and largely comprises spread income less costs  
<sup>3</sup> Includes a benefit of £238m from contingent financing of specific US statutory reserves  
<sup>4</sup> On a constant exchange rate basis

# UK Life

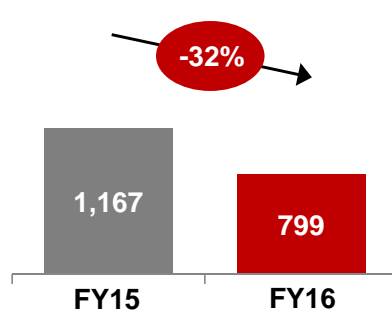
## Retail propositions driving growth in new environment



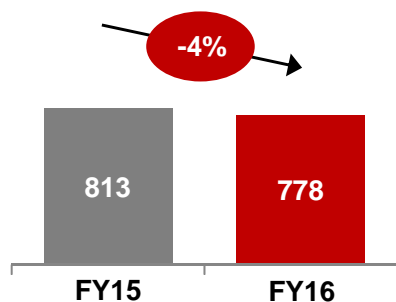
New business profit<sup>1</sup>, £m



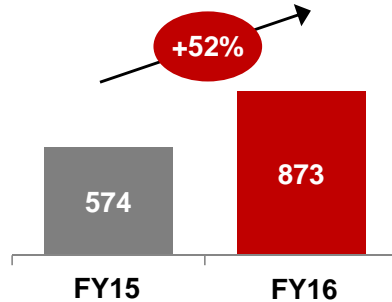
IFRS operating profit, £m



Free surplus generation<sup>2</sup>, £m



PruFund APE, £m



Life IFRS operating profit, £m

	FY15	FY16
In-force annuities	375	332
With-profits transfer	269	269
<b>Core in-force</b>	<b>644</b>	<b>601</b>
<b>Other activities</b>		
Longevity reinsurance <sup>3</sup>	231	197
Other optimisation actions <sup>4</sup>	169	135
UK provision	-	(175)
New bulk annuities	89	-
New individual annuities	34	41
<b>Total Life</b>	<b>1,167</b>	<b>799</b>

<sup>1</sup> Relates to retail business only

<sup>2</sup> Net free surplus generation includes amounts relating to specific asset and liability management actions taken in 2016 to improve the solvency position of our UK life businesses and further mitigate market risk. These actions generated an overall positive effect of £351m (2015: £275m). 2016 also includes a provision for the cost of undertaking a review of past non-advised annuity sales practices and related potential redress of £(145)m net of tax (2015: £nil)

<sup>3</sup> Transactions executed in 2016 extended the longevity reinsurance programme to cover £14.4bn of IFRS annuity liabilities (31 December 2015 on a Pillar 1 basis: £8.7bn)

<sup>4</sup> Relates to specific asset and liability management actions taken in 2016 to improve the solvency position of our UK life businesses and further mitigate market risk

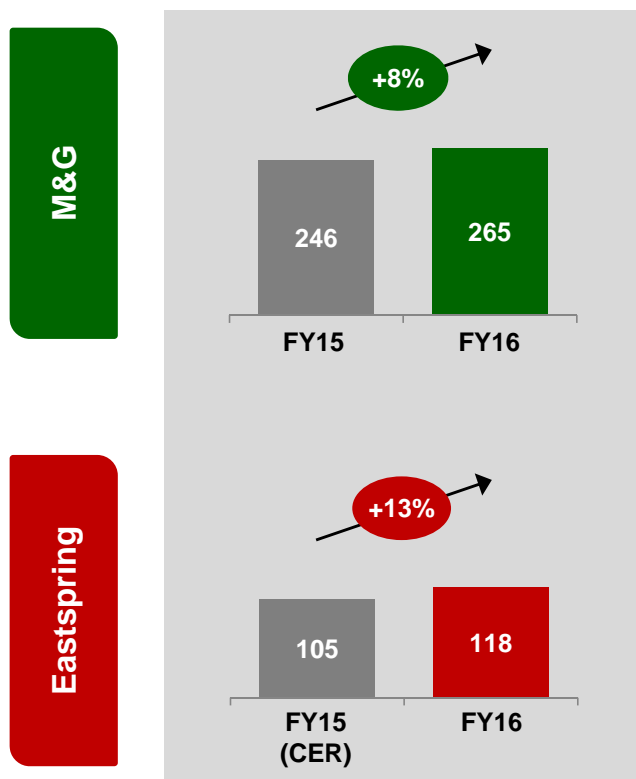
# Asset management

Improved performance in second half



Total FUM, £bn

IFRS operating profit, £m



- FY16 external retail net outflows of £6.3bn
- 4Q16 retail net inflows of £0.9bn
- Revenue<sup>1</sup> down 2% at £923m
  - Retail (13)%, av. Retail AUM<sup>2</sup> (13)%
  - Institutional +17%, shift in mix to third party assets
- Cost income ratio +2pt to 59%

- 
- FY16 net inflows of £1.8bn
  - 2H16 net inflows of £2.2bn
  - Revenue up 5%, weaker mix
    - Stronger institutional flows
    - Higher internal asset growth
  - Cost income ratio down 2pts to 56%

<sup>1</sup> Excluding performance-related fees  
<sup>2</sup> Excludes South Africa

# Group

## Free surplus generation momentum maintained



### Life and asset management free surplus generation<sup>1</sup>, £m (CER)

	FY16	FY15	Change
Expected return from in-force	3,060	2,817	9%
Experience result <sup>3,4</sup>	824	609	35%
Investment return on free surplus	99	124	(20)%
Life in-force result	3,983	3,550	12%
Asset management and Other	508	518	(2)%
<b>Gross free surplus generation</b>	<b>4,491</b>	<b>4,068</b>	<b>10%</b>
Less: new business strain <sup>5</sup>	903	792	14%
<b>Net free surplus generation</b>	<b>3,588</b>	<b>3,276</b>	<b>10%</b>

### Life in-force result<sup>1</sup>, £m (CER<sup>2</sup>)

	FY16	FY15	Change
Asia	1,210	1,064	14%
US <sup>3</sup>	1,866	1,608	16%
UK <sup>4</sup>	907	878	3%

### New business strain<sup>1</sup>, £m (CER<sup>5</sup>)

	FY16	FY15	Change
Asia	476	426	12%
US	298	301	(1)%
UK retail <sup>6</sup>	129	42	207%
UK bulks	-	23	(100)%

<sup>1</sup> The FY16 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime, effective from 1 January 2016. The 2015 comparative results for UK insurance reflect the Solvency I basis. Free surplus generation excludes central costs of £(666)m (2015: £(588)m) and the results attributable to the held for sale Korea Life business

<sup>2</sup> FY15 restated on constant exchange rate basis, increasing Asia life in-force result by £113m and increasing US life in-force result by £162m

<sup>3</sup> Includes a benefit of £236m from contingent financing of specific US statutory reserves

<sup>4</sup> Includes amounts relating to specific asset and liability management actions taken in 2016 to improve the solvency position of our UK life businesses and further mitigate market risk. These actions generated an overall positive effect of £351m (2015: £275m). 2016 also includes a provision for the cost of undertaking a review of past non-advised annuity sales practices and related potential redress of £(145)m net of tax (2015: £nil)

<sup>5</sup> FY15 restated on constant exchange rate basis, increasing Asia new business strain by £40m and US new business strain by £34m

<sup>6</sup> Includes new business strain on retail non-profit annuities of £110m (2015: £2m)

# Group

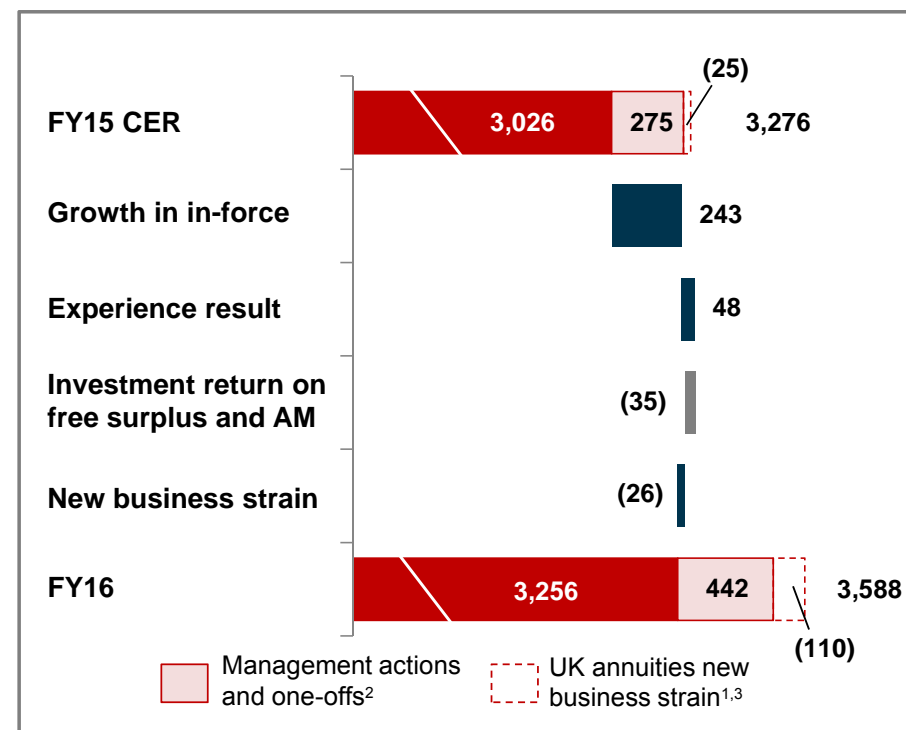
## Free surplus generation momentum maintained



### Life and asset management free surplus generation<sup>1</sup>, £m (CER)

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<b>Net free surplus generation</b>	<b>3,588</b>	3,276	10%

### Free surplus generation<sup>1</sup> 2016 vs 2015, £m (CER)



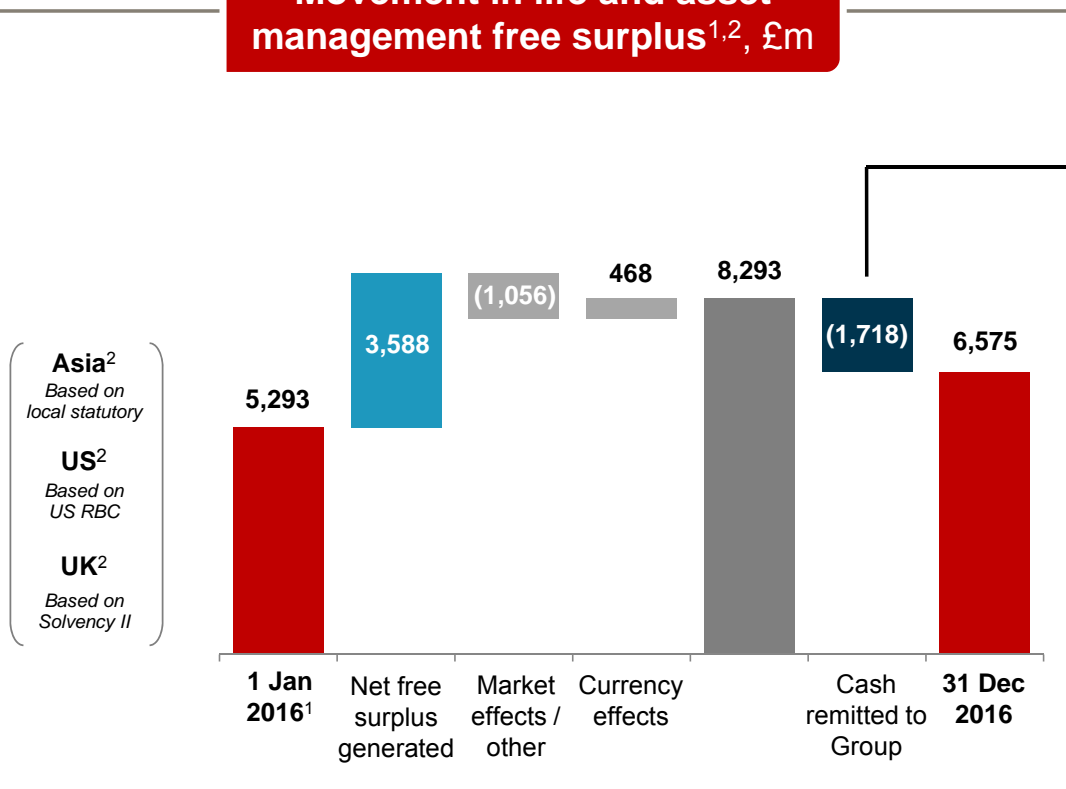
<sup>1</sup> The FY16 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime, effective from 1 January 2016. The 2015 comparative results for UK insurance reflect the Solvency I basis. Free surplus generation excludes central costs of £(666)m (2015: £(588)m) and the results attributable to the held for sale Korea Life business  
<sup>2</sup> Comprises amounts relating to specific asset and liability management actions taken in 2016 to improve the solvency position of our UK life businesses and further mitigate market risk. These actions generated an overall positive effect of £351m (2015: £275m). 2016 also includes a provision for the cost of undertaking a review of past non-advised annuity sales practices and related potential redress of £(145)m net of tax (2015: £nil) and a benefit of £236m from contingent financing of specific US statutory reserves.  
<sup>3</sup> Comprises £110m (2015: £2m) in respect of non-profit retail annuities and £nil (2015: £23m) in respect of bulk annuities

# Group

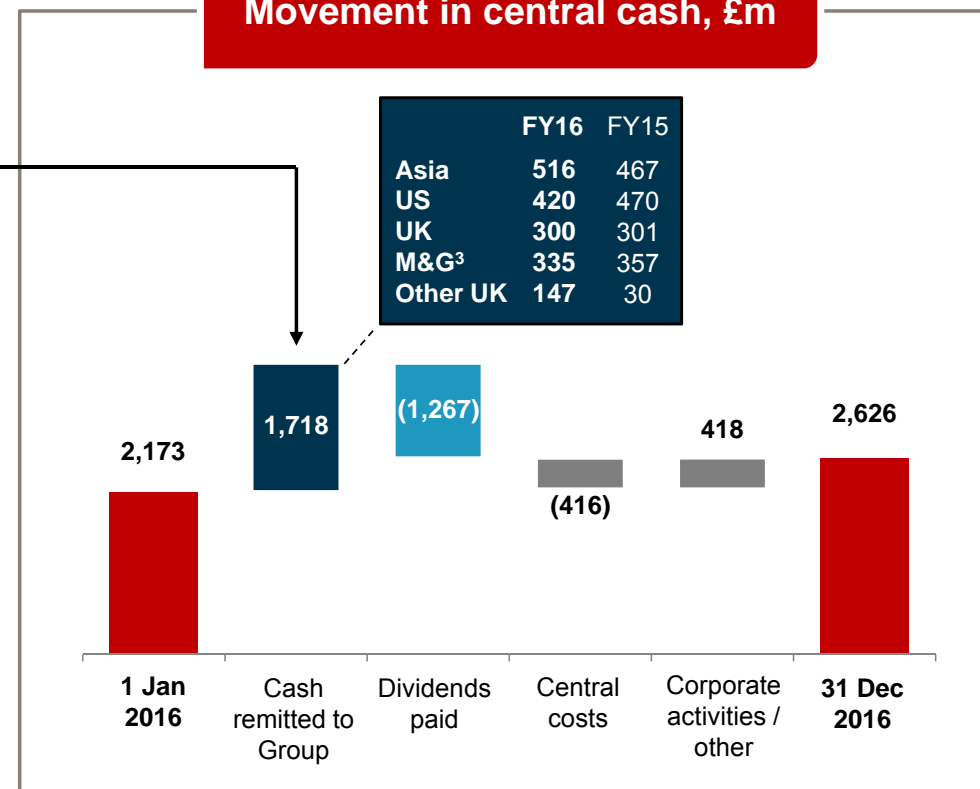
## Resilient free surplus and strong central cash



**Movement in life and asset management free surplus<sup>1,2</sup>, £m**



**Movement in central cash, £m**



<sup>1</sup> Free surplus as at 1 January 2016 restated for Solvency II effects.

<sup>2</sup> UK free surplus is based on excess over Solvency II capital requirements; US free surplus is based on surplus in excess of 250% RBC Company Action Level; Asia free surplus is based on excess over own assessment of local required capital, based on a 1/25 year stress event. Asset management and other operations are included on an IFRS net assets basis (net of goodwill)

<sup>3</sup> Includes PruCap

# Equity shareholders' funds

Operating performance drives positive movement



	IFRS Equity		EEV Equity <sup>1</sup>	
	£bn	Per share (p)	£bn	Per share (p)
Operating profit after tax	3.4	131	5.5	215
Investment variance and other	(1.2)	(47)	(0.6)	(22)
Unrealised gain on AFS	0.0	1	n/a	n/a
Foreign exchange and reserve movements	1.0	40	3.8	148
Dividend	(1.3)	(49)	(1.3)	(49)
Held for sale Korea life business	(0.2)	(9)	(0.4)	(16)
Retained earnings FY16	1.7	67	7.0	276
Opening shareholders' equity	13.0	504	32.4	1,258
Adjustment for impact of Solvency II <sup>2</sup>	-	-	(0.5)	(18)
Closing shareholders' equity	14.7	568	39.0	1,510
		<b>+13%</b>		<b>+22%<sup>3</sup></b>

Note: totals may not sum due to rounding and differences in shares in issue between 31 December 2015 and 31 December 2016

<sup>1</sup> The 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime, effective from 1 January 2016. The 2016 opening shareholders' equity results for UK insurance reflect the Solvency I basis

<sup>2</sup> Reflects the effect of adopting Solvency II in the calculation of the UK insurance EEV shareholders' funds

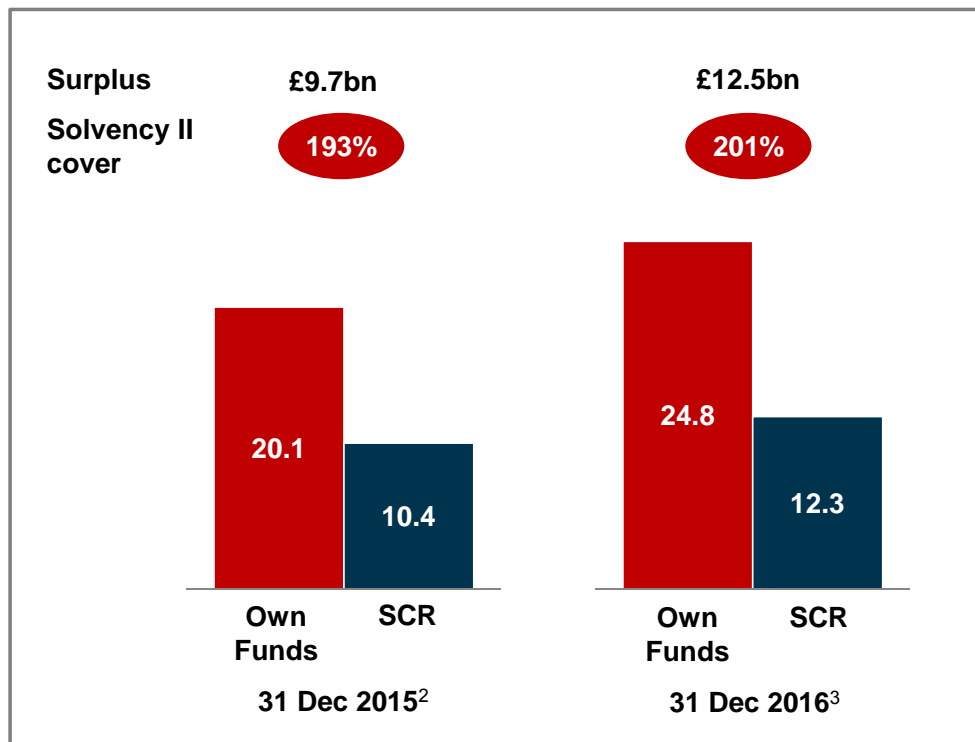
<sup>3</sup> Based on opening EEV shareholders' funds after £(0.5)bn adjustment for the impact of Solvency II on UK insurance

# Solvency II

Strong capital position at Group and local level



## Group Shareholder Solvency II capital position<sup>1</sup>, £bn



## Local solvency capital position

	2015	2016
<b>Asia<sup>4</sup></b> <i>Local regulatory basis</i>	229%	<b>250%</b>
<b>US<sup>5</sup></b> <i>Risk Based Capital</i>	481%	<b>485%</b>
<b>UK</b> <i>Solvency II</i>		
Shareholder-backed <sup>6</sup>	146%	<b>163%</b>
With-profits	175%	<b>179%</b>

<sup>1</sup> The Group Shareholder position excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9bn to £12.5bn

<sup>2</sup> Before allowing for the 2015 second interim ordinary dividend and special dividend

<sup>3</sup> Before allowing for the 2016 second interim ordinary dividend

<sup>4</sup> Based on a total aggregated available capital over total aggregated capital requirements across Asian life businesses

<sup>5</sup> Relates to Jackson National Life

<sup>6</sup> Relates to PAC Ltd

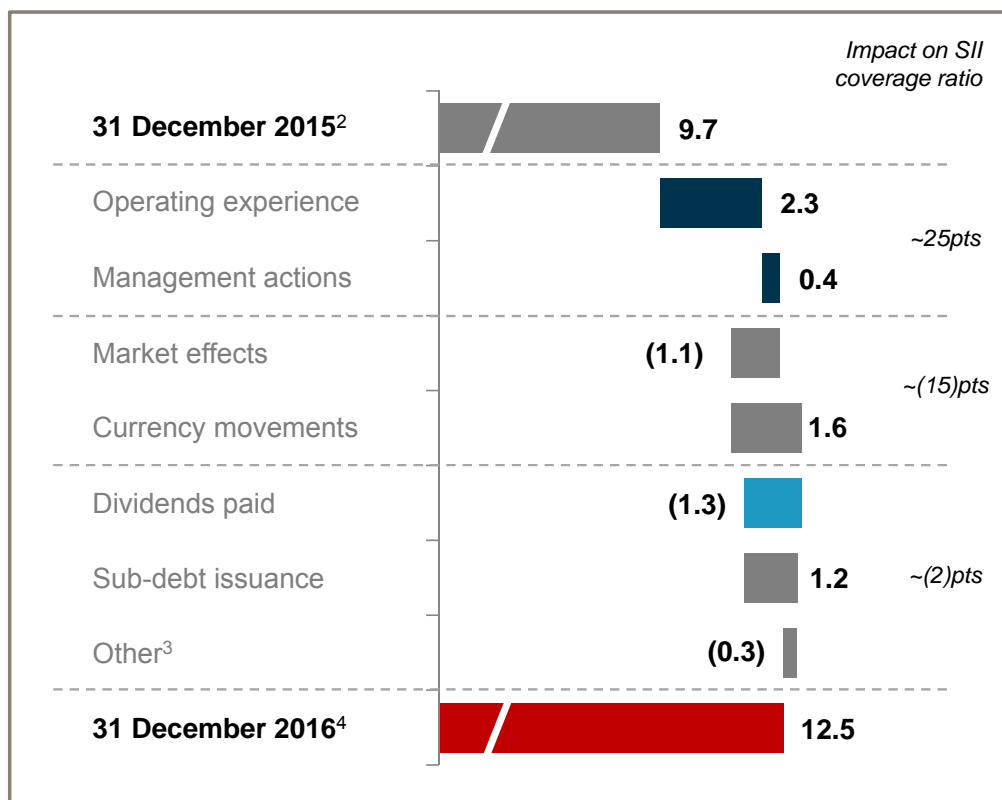


# Solvency II

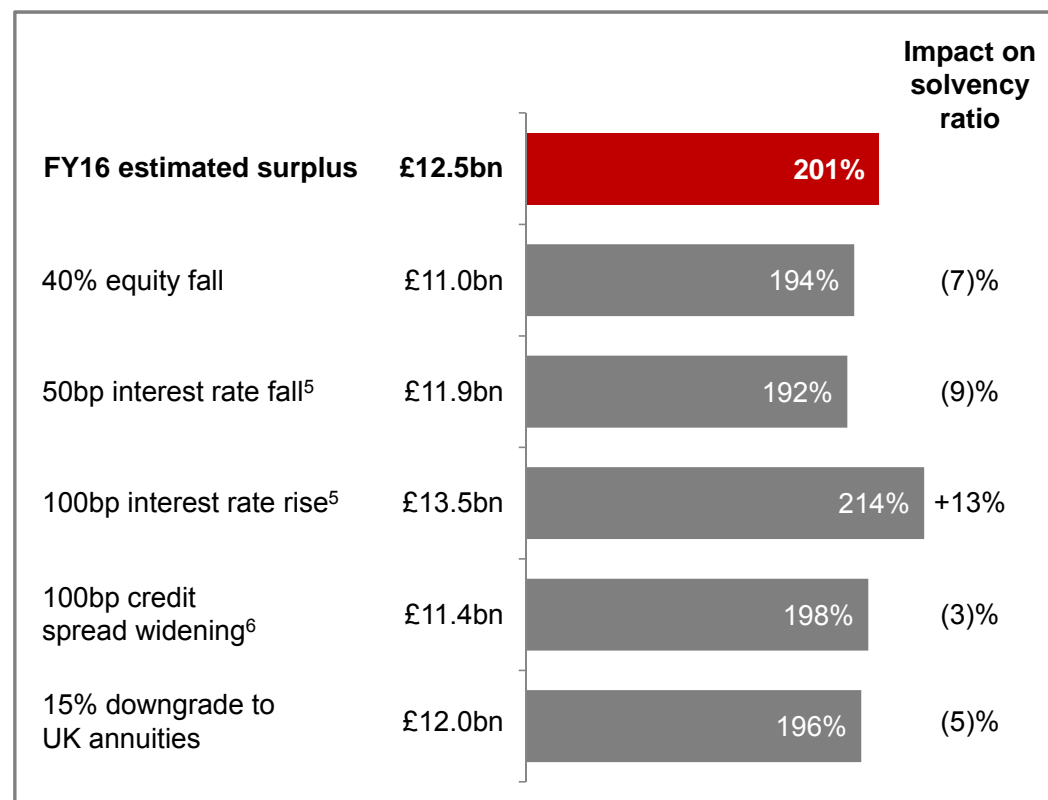
## Strong Group capital position and lowered sensitivities



FY16 movement in Solvency II capital<sup>1</sup>, £bn



Solvency II surplus estimated sensitivities<sup>1,3</sup>



<sup>1</sup> The Group Shareholder position excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9bn to £12.5bn

<sup>2</sup> Before allowing for 2015 second interim ordinary and special dividend

<sup>3</sup> Includes adjustments to opening balance sheet of £(0.1)m and impact of model refinements

<sup>4</sup> Before allowing for 2016 second interim ordinary dividend

<sup>5</sup> Assumes transitional recalculation which is subject to PRA approval

<sup>6</sup> For Jackson, includes credit defaults of 10 times the expected level

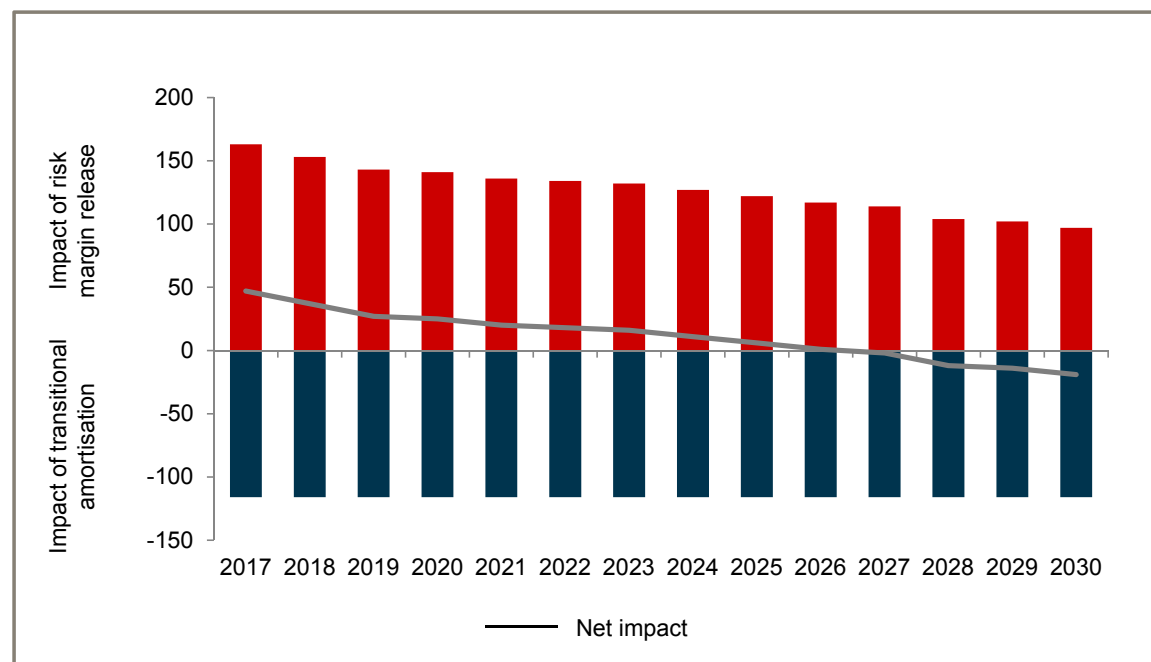
# Solvency II

## Transitional amortisation not expected to impact capital generation



Risk margin release vs transitional amortisation for UK annuity business<sup>1</sup> (£m)

- Contribution of transitionals £2.5bn
- Impact on Group Solvency II ratio ~20ppts
- Represents core capital – no impact on dividend
- Offsets impact of risk margin established on business in-force at 1 January 2016, primarily on UK annuities



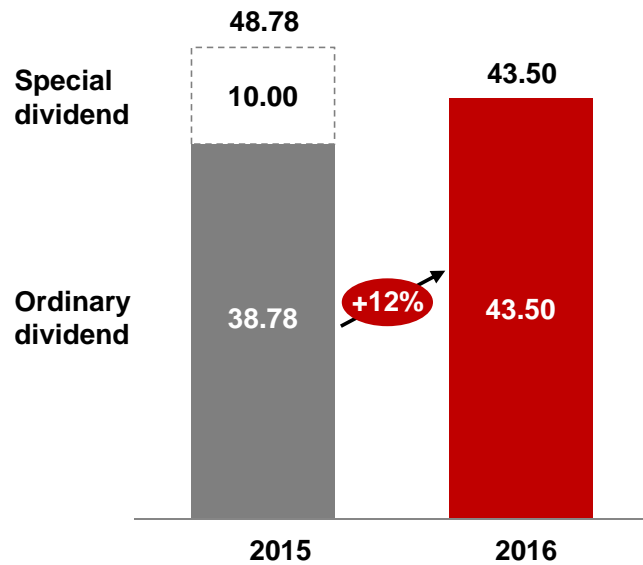
<sup>1</sup> Net of tax

# Group

## Dividend rebased



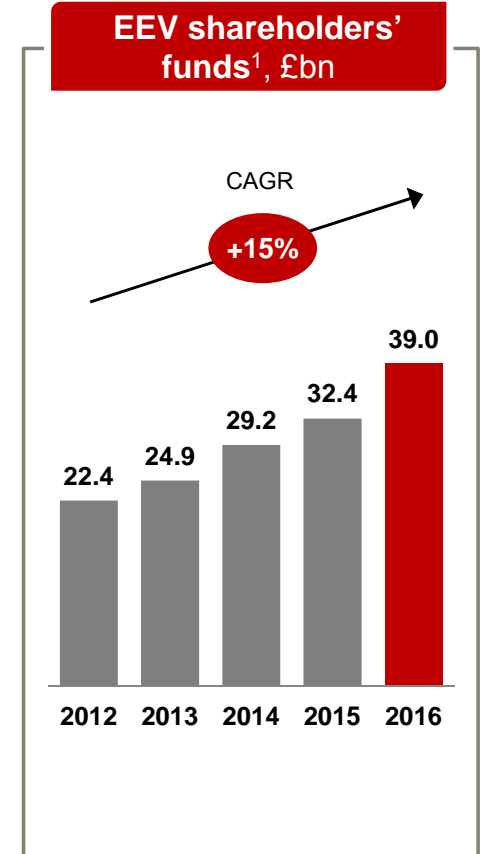
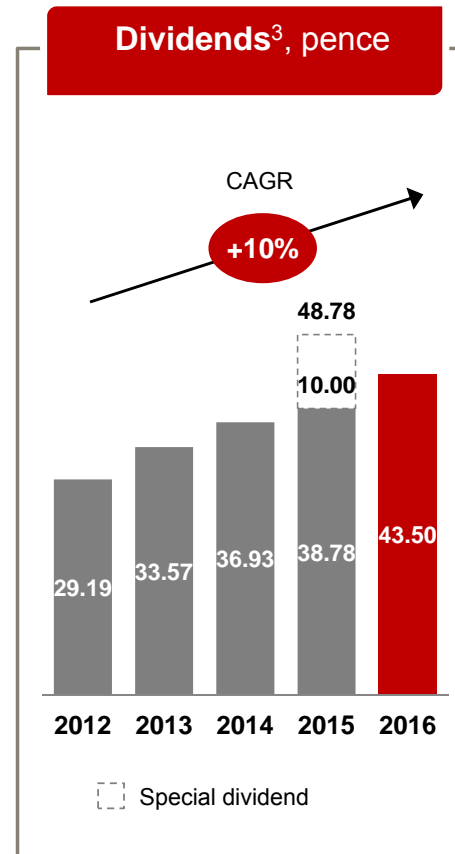
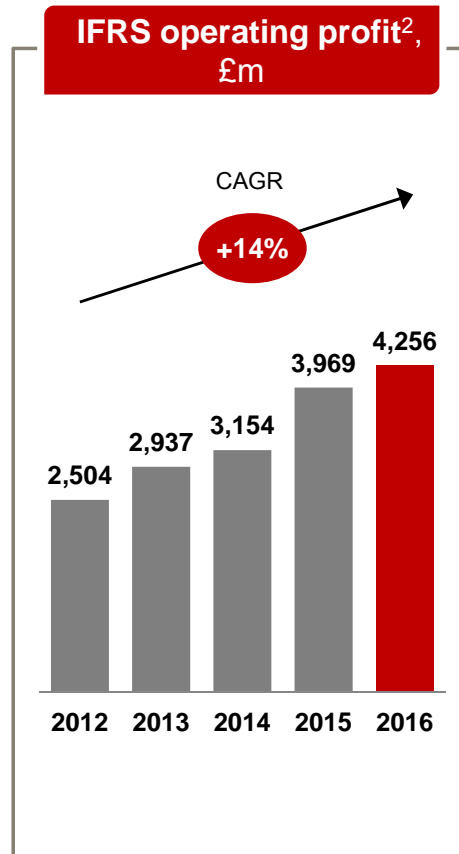
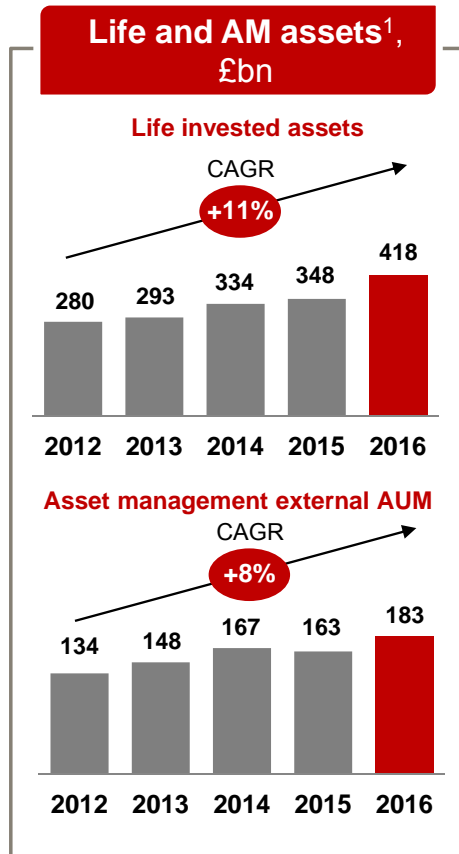
### Dividend per share (pence)



- Full year ordinary dividend +12% to 43.50p per share
- Progressive dividend policy, balancing security and retention for investment in growth
- Second interim ordinary dividend of 30.57p (2015 second interim ordinary dividend of 26.47p)
- Ex-dividend date: 30 March 2017
- Record date: 31 March 2017
- Payment of 2016 second interim ordinary dividend
  - 19 May 2017 (UK, Ireland and Hong Kong)
  - On or about 26 May 2017 (Singapore and ADR holders)

# Group

## Long-term value creation



<sup>1</sup> Comparatives are as reported

<sup>2</sup> 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.

<sup>3</sup> Ordinary dividend per share

# Group Summary



- Growth and Cash metrics at new highs, led by Asia
- On track for 2017 financial objectives
- Strong progression in performance drivers
  - Continued Asia new business momentum
  - Resilient VA net inflows
  - Growth in PruFund assets
  - Positive 4<sup>th</sup> quarter for asset management
- Balance sheet and solvency robust
- 12% increase in annual ordinary dividend

**New business profit<sup>1,2</sup>** £ **3,088**<sub>m</sub>  
+24%

**IFRS operating profit<sup>1</sup>** £ **4,256**<sub>m</sub>  
+7%

**Free surplus generation<sup>1</sup>** £ **3,588**<sub>m</sub>  
+18%

**Solvency II surplus** £ **12.5**<sub>bn</sub>  
201%

**Ordinary dividend** **43.50**<sub>p</sub>  
+12%

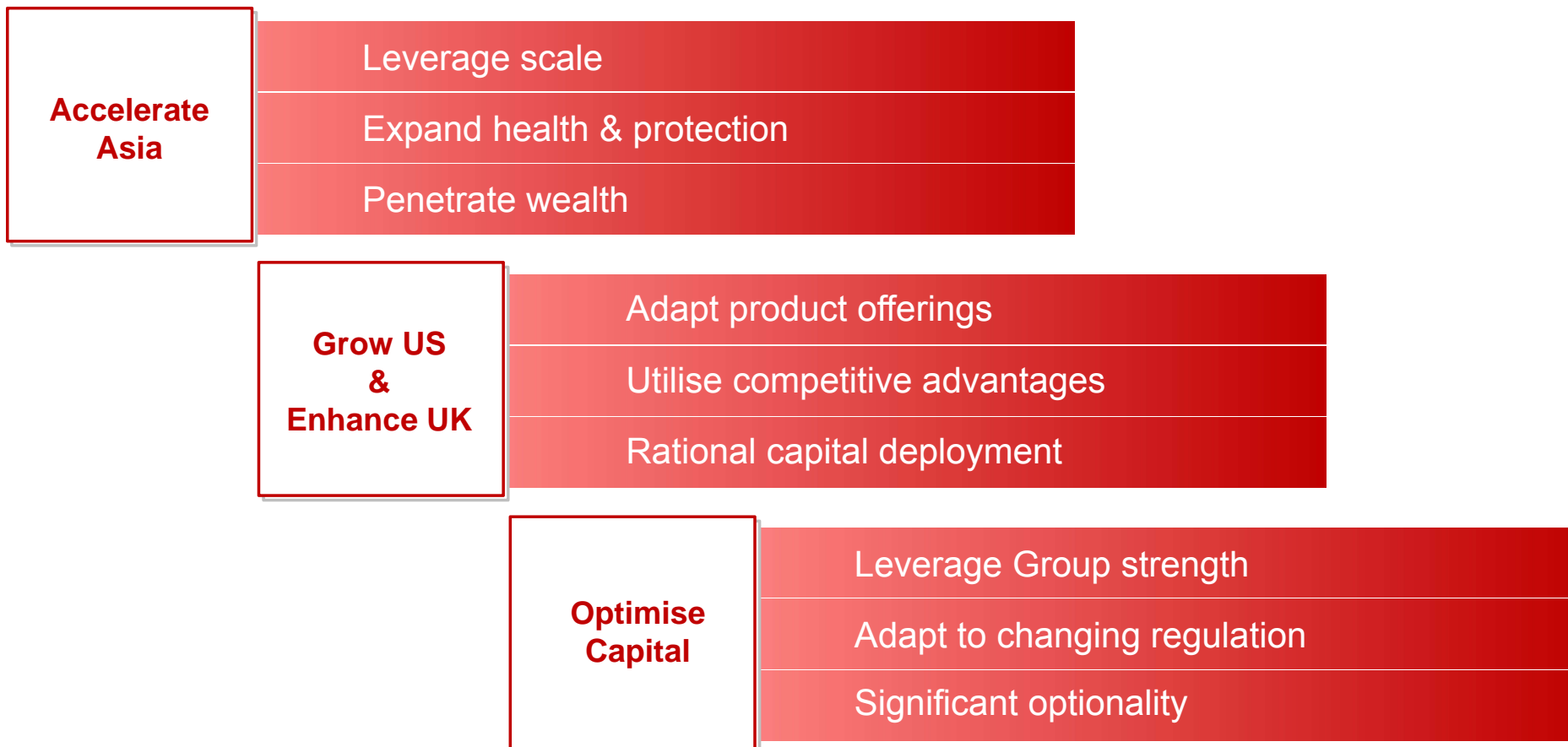
1 Growth rates based on actual exchange rates. Excludes the results attributable to the held for sale Korea business  
2 Excludes contribution from UK bulk annuities



# Mike Wells

Group Chief Executive

# Group Priorities



# Asia Accelerate



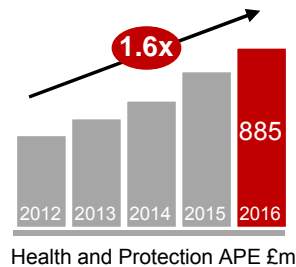
## Leverage scale

Over **500k** agents  
**10k** branches  
 Top 3 position in  
**9 of 12** countries<sup>4</sup>  
 With access to **3.3bn** population

- ▶ Expand and evolve agency model
- ▶ Leverage bancassurance
- ▶ Embed digital capability

**2.4%** Life insurance penetration<sup>1</sup>

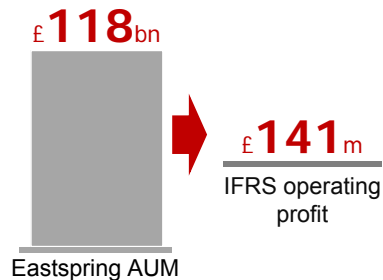
## Expand health & protection



- ▶ Premier Health Insurance provider
- ▶ Significant protection gap driving growing health spend
- ▶ Grow participation

**42%** Out of pocket healthcare spend<sup>2</sup>

## Penetrate wealth



- ▶ #1 Retail Fund manager<sup>5</sup>
- ▶ Growing wealth and financial deepening
- ▶ Expand products, distribution and processes

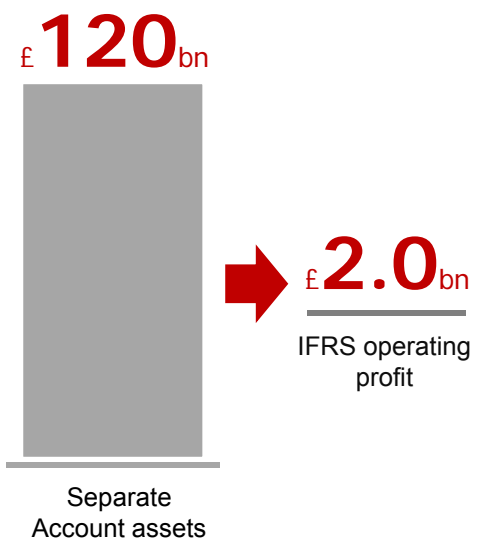
**\$2.5tr** Mutual funds AUM<sup>3</sup>

<sup>1</sup> Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums in % of GDP. Asia penetration calculated on a weighted population basis  
<sup>2</sup> World Health Organisation - Global Health Observatory data repository (2013). Out of pocket as % of Total Health Expenditure. Asia calculated as average out of pocket  
<sup>3</sup> Source: Investment Company Institute, industry associations and Lipper as of 1Q'16. Datastream as of Jun 2016. Mutual fund AUM calculated by multiplying 12% penetration with footprint GDP

<sup>4</sup> 12 markets excludes Korea and includes Laos  
<sup>5</sup> Source: Asia Asset Management - Fund Manager Surveys. Based on assets sourced in Asia ex-Japan, Australia and New Zealand. Ranked according to participating firms only.



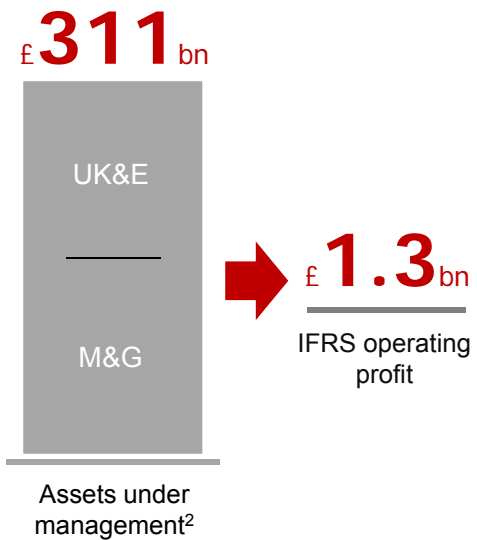
# US Grow



- ▶ Premier retirement income player
- ▶ Largest retirement asset pool in the world<sup>2</sup>
- ▶ Leverage cost, performance & technology advantage to access new asset pools
- ▶ Launched fee based VA and EA



1. Source: Cerulli Associates – advisor metrics 2015  
2. Source: 2016 Willis Towers Watson Global Pension Assets Study 2016



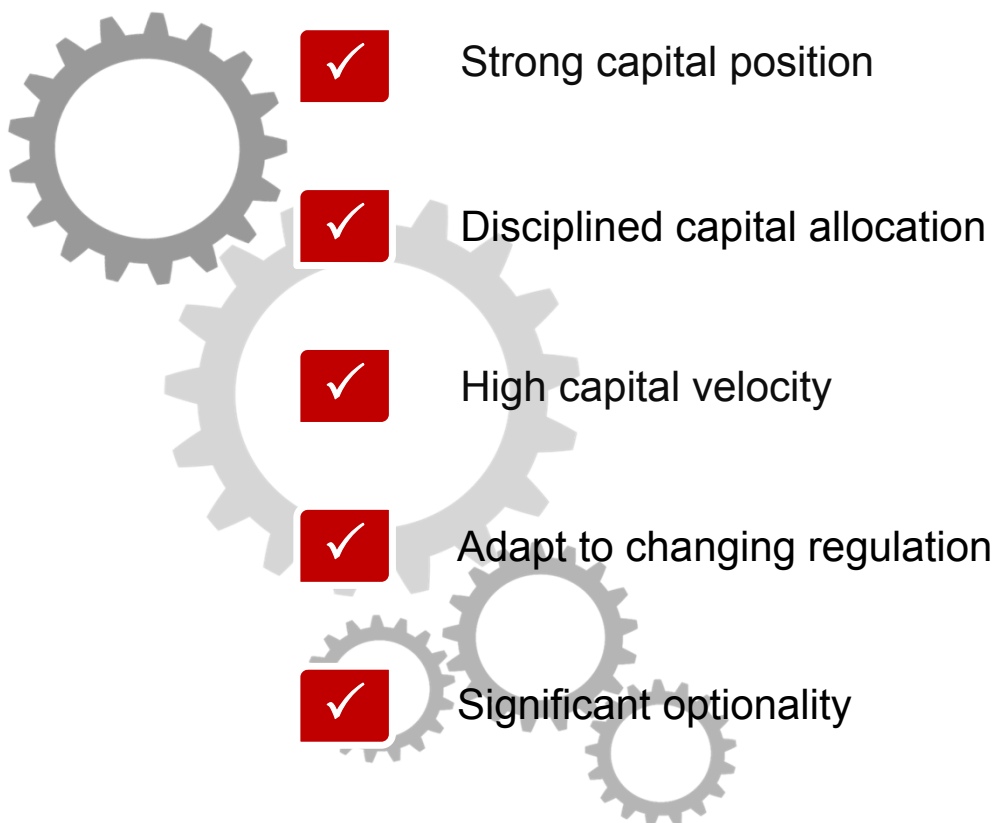
- ▶ Well known brands with strong investment bias
- ▶ Second largest asset management market in the world<sup>3</sup>
- ▶ Accelerate transition to capital light business



1. Source: The Investment Association, PWC Asset Management 2020, Prudential calculations. Growth rate based off Europe forecast CAGR of 4.4%. Increased in AUM from 2015 to 2023.  
 2. UK funds under management of £185bn plus M&G external funds under management of £137bn less cross holdings of £11bn.  
 3. Source: The CityUK

# Group

## Optimise capital



### Strong capital position

£ **12.5** bn  
2016 SII surplus<sup>1</sup>  
Ratio **201%**

### Strong returns

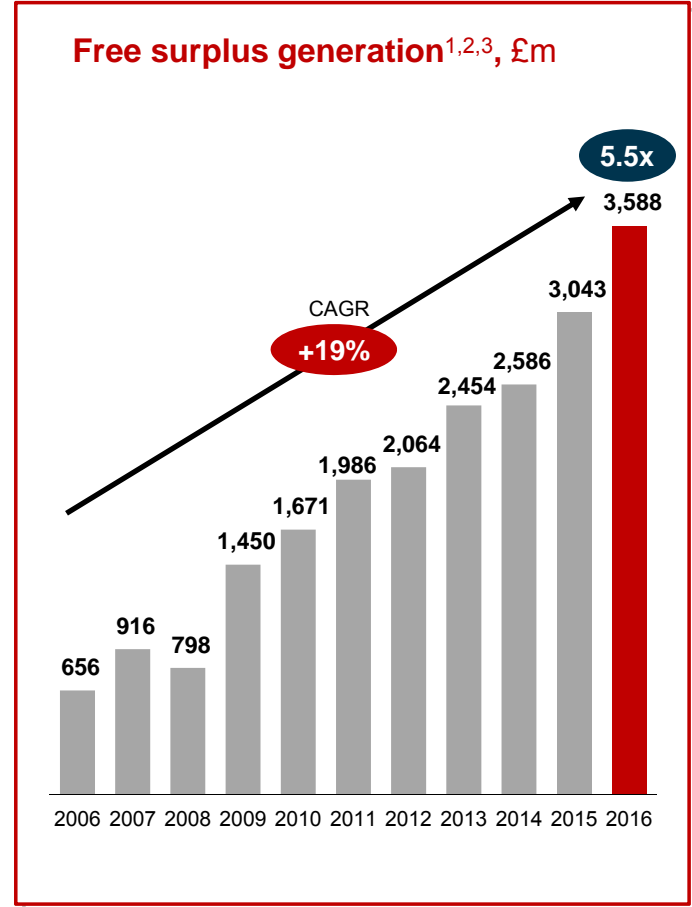
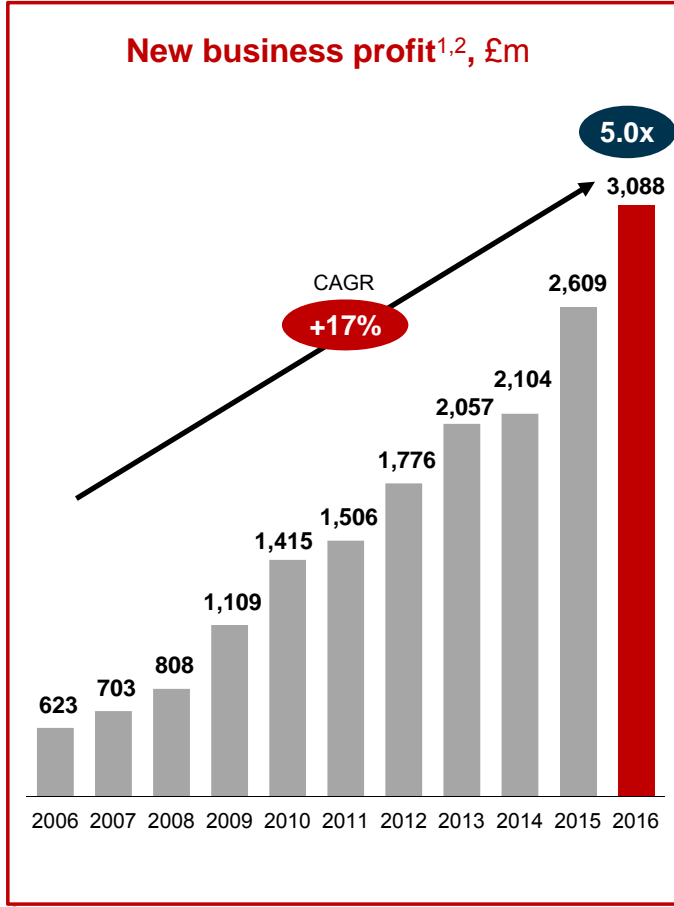
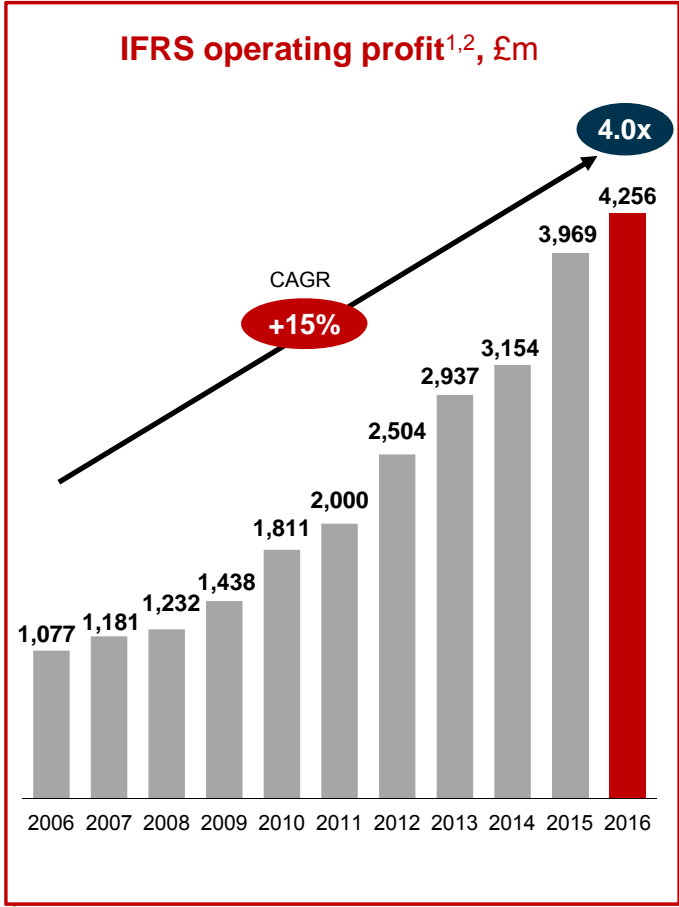
**26%**  
2016 IFRS ROE<sup>2</sup>

<sup>1</sup> The Group and UK Shareholder positions excludes the contribution to the Group SCR and Own Funds of ring fenced With-Profit Funds and staff pension schemes in surplus. The 31 December 2016 estimated solvency position includes the impact of recalculated transitionals at the valuation date which has reduced the Group shareholder surplus from £12.9 billion to £12.5 billion

<sup>2</sup> Operating profit after tax and non-controlling interests, as a percentage of opening IFRS shareholders' funds.

# Group

## Long-term track record



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

## Group Summary



- ✓ Clear strategy focused on significant structural growth opportunities
- ✓ Leadership positions and capabilities underpin peer / market outperformance
- ✓ Resilient operating model with clear value discipline
- ✓ Significant headroom from leveraging scale, efficiencies and skills
- ✓ Well positioned to deliver profitable growth



# Prudential plc

## 2016 Full Year Results

14 March 2017

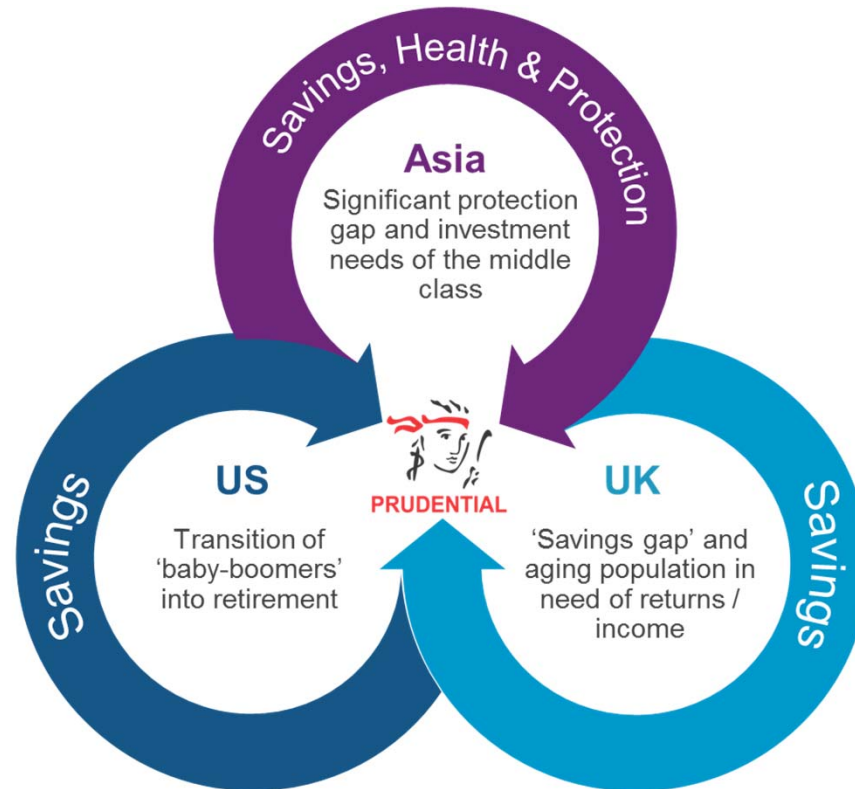


# Appendix

## 2016 Full Year Results

# Group

Clear strategy








# Group

## Premium franchises



Asia	US	UK
		
<p><b>Leading</b> pan regional franchise</p>	<p><b>Premier</b> retirement income player</p>	<p><b>Well recognised brands</b> with strong track record</p>
<p>In Asia since <b>1923</b></p> <p><b>15m</b> life customers</p> <p><b>Top 3 position</b> in 9 out of 12 life markets<sup>1</sup></p> <p><b>Leading</b><sup>2</sup> Asian asset manager with <b>+20 years</b> operating history</p> <p><b>£118bn</b> funds under management<sup>4</sup></p>	<p>Founded in <b>1961</b></p> <p><b>4m</b> life customers</p> <p><b>16% market share</b> Variable Annuities<sup>3</sup></p> <p><b>\$215bn</b> of statutory admitted assets<sup>4</sup></p>	<p><b>168 years</b> of providing financial security</p> <p><b>6m</b> life customers</p> <p>Over <b>£24bn</b> PruFund funds under management<sup>4</sup></p> <p><b>£265bn</b> funds under management<sup>4</sup></p>

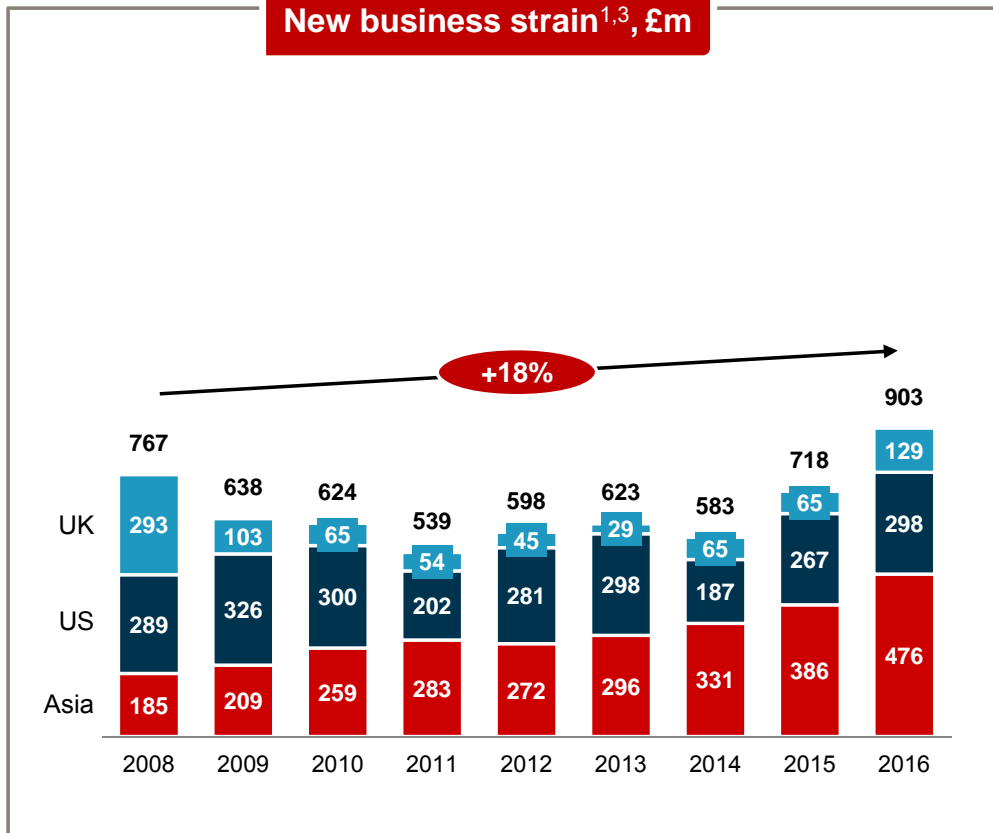
1. Source: Based on formal (competitors results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on availability of data).  
 2. Based on assets sourced from the region. Excluding Japan, Australia and New Zealand as at September 2016. Source: Asia Asset Management September 2016 (Ranked according to participating regional players only).  
 3. Source: LIMRA 3Q 2016.  
 4. As at 31 December 2016.

# Group

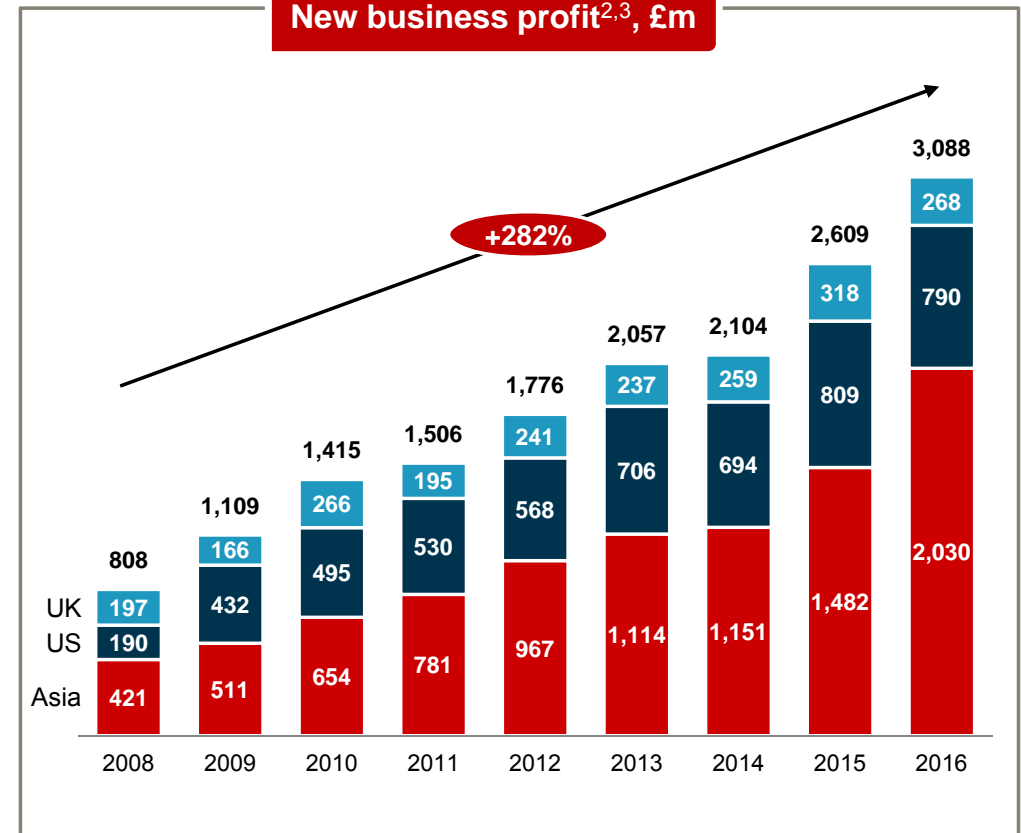
## Disciplined capital allocation



**New business strain<sup>1,3</sup>, £m**



**New business profit<sup>2,3</sup>, £m**



<sup>1</sup> Free surplus invested in new business.

<sup>2</sup> On a post tax basis.

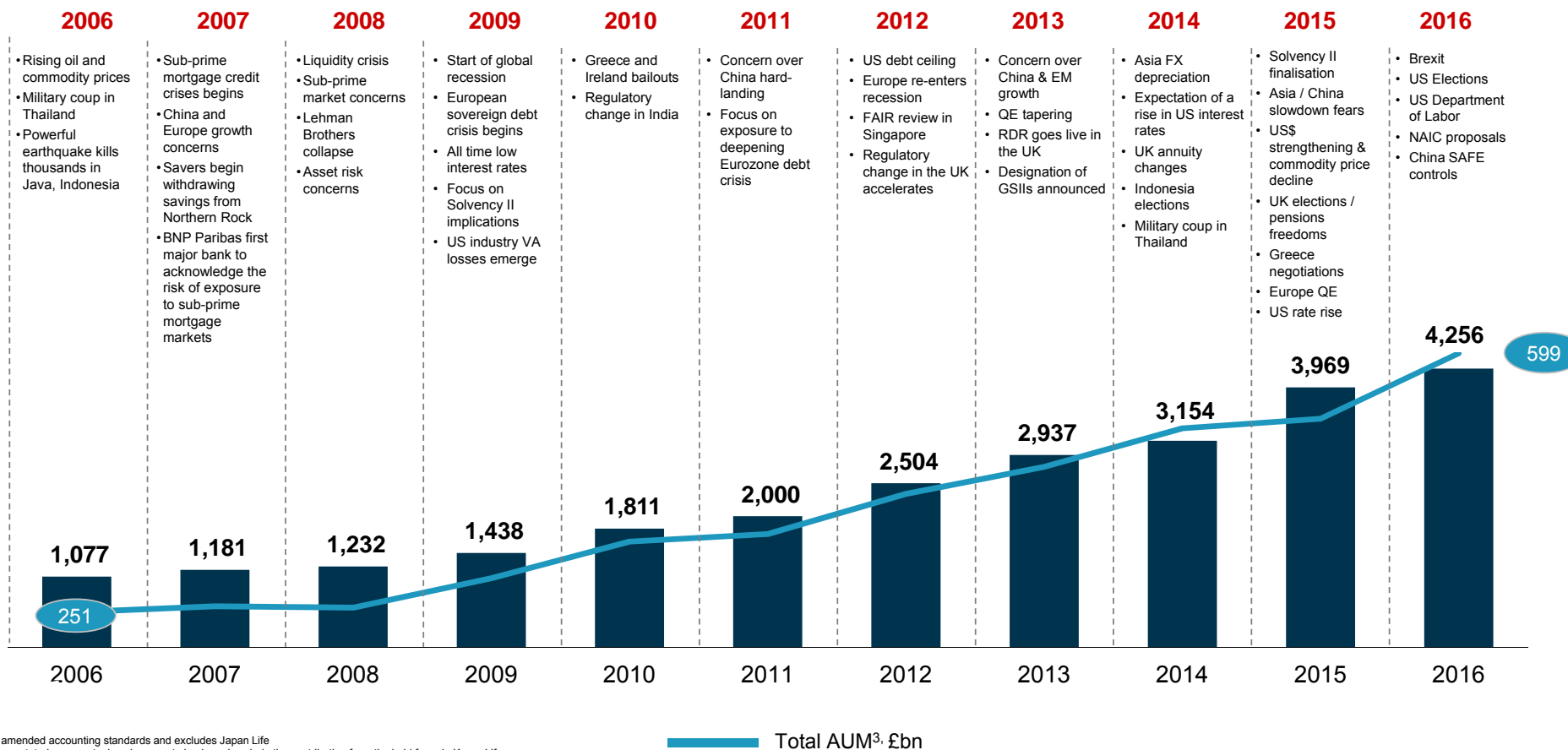
<sup>3</sup> Comparatives back to 2008 have been restated to exclude the contribution from the held for sale Korea Life insurance business. FY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. FY2008 to FY2013 comparatives include the results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

# Group

## Effective response to challenges



### IFRS operating profit<sup>1,2</sup>, £m



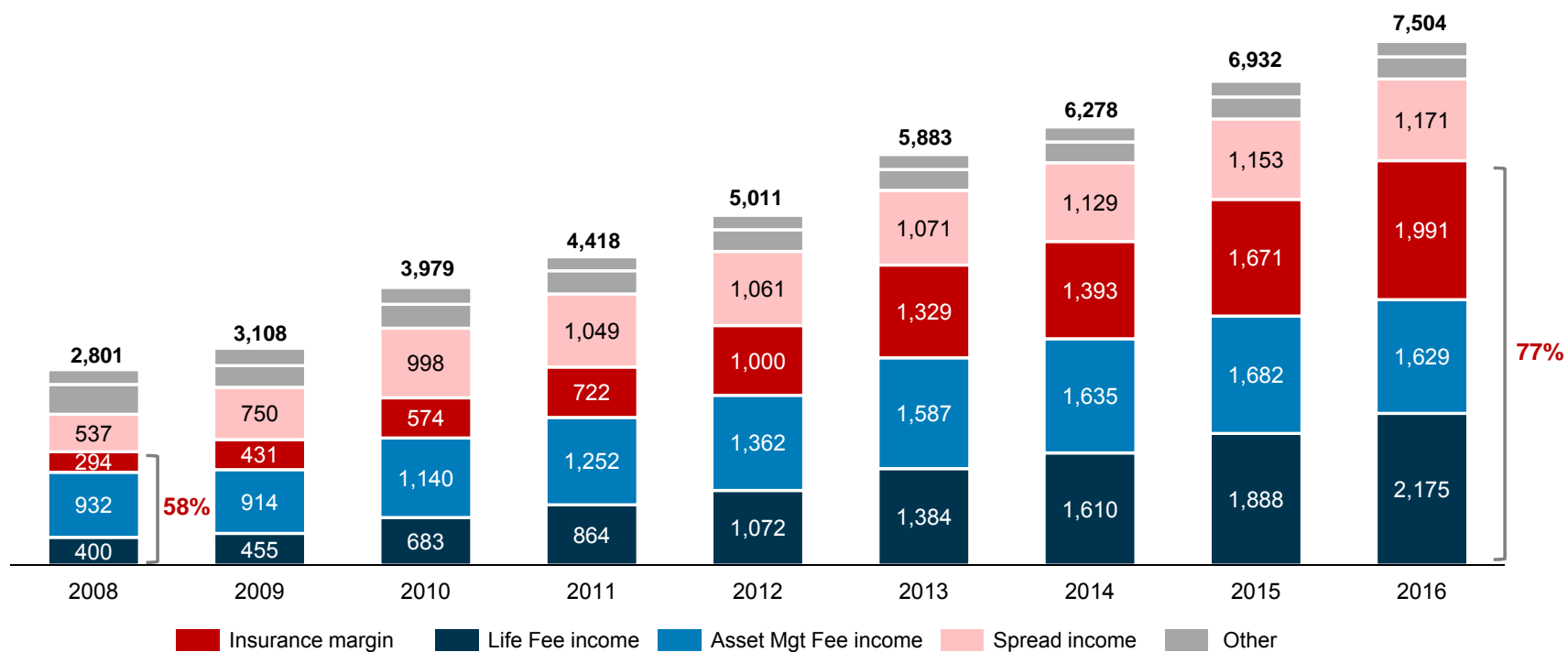
1 Adjusted for new and amended accounting standards and excludes Japan Life  
 2 Comparatives have been stated on an actual exchange rate basis and exclude the contribution from the held for sale Korea Life  
 3 Total AUM based on Total Funds Under Management at FY2008- FY2016

# Group

## High quality and growing earnings



Sources of IFRS operating income<sup>1,2,3,4</sup>, £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.

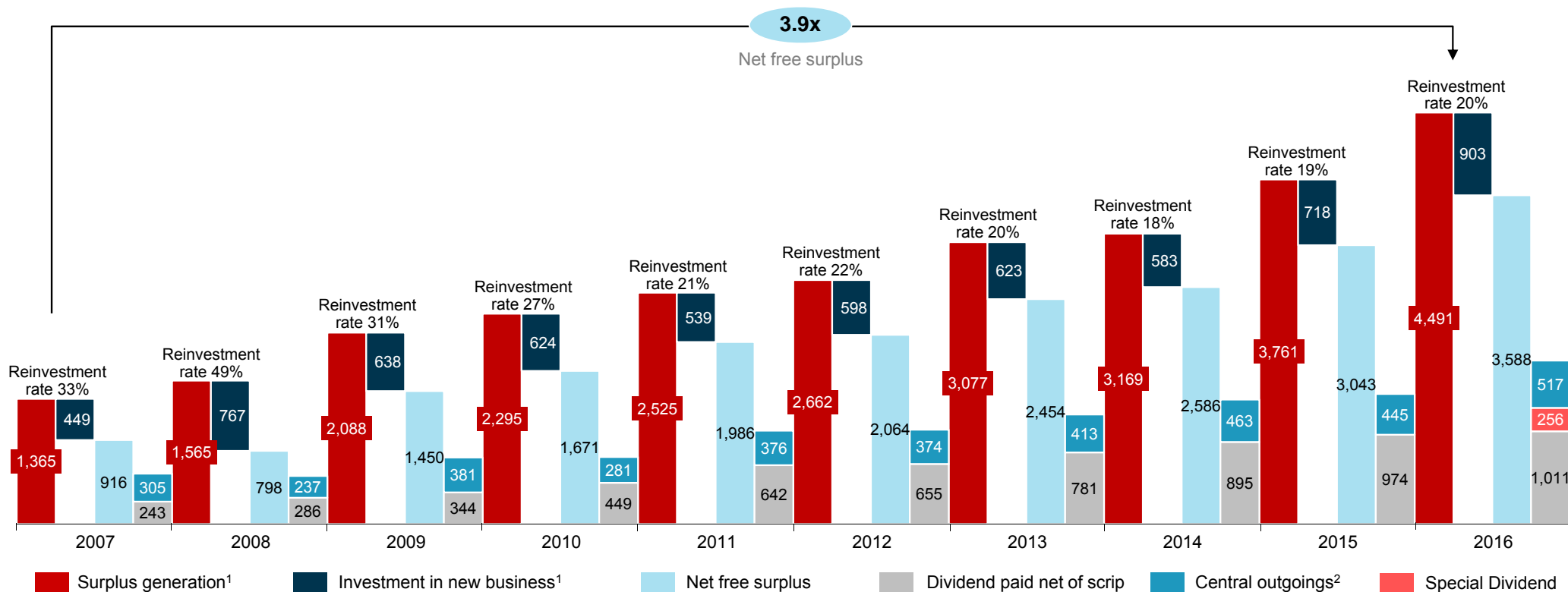
4 2016 and 2015 excludes Longevity reinsurance and other management actions to improve solvency FY16 £332m (FY15: £400m), and £175m provision in 2016 for review of past annuity sales.

# Group

## Free surplus generation



### Free surplus and dividend, £m



<sup>1</sup> Excludes Japan Life and Taiwan agency. All comparative surplus generation and investment in new business figures have been adjusted to exclude the contribution from the held-for-sale Korea life, central outgoings have not been restated to exclude Korea Life. FY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. FY2007 to FY2013 comparatives include the results of PruHealth and PruProtect. As reported (RER).

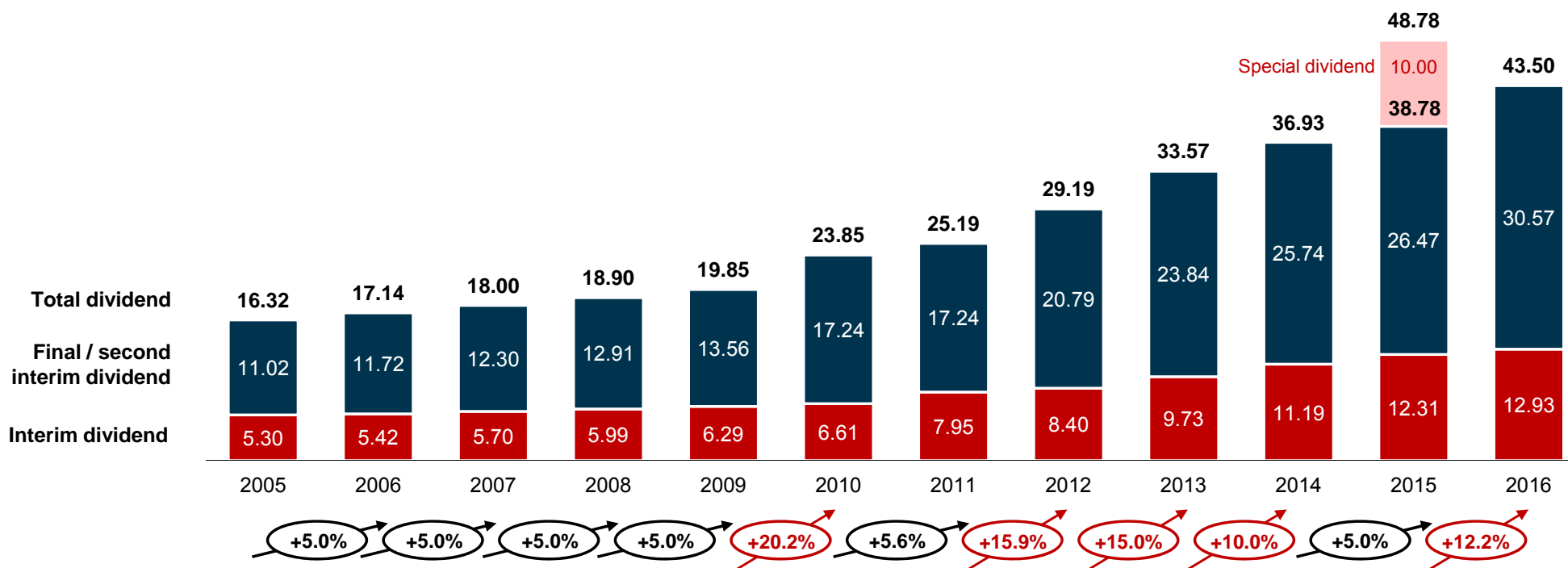
<sup>2</sup> Central outgoings includes Asia RHO costs.

# Group

## Delivering cash

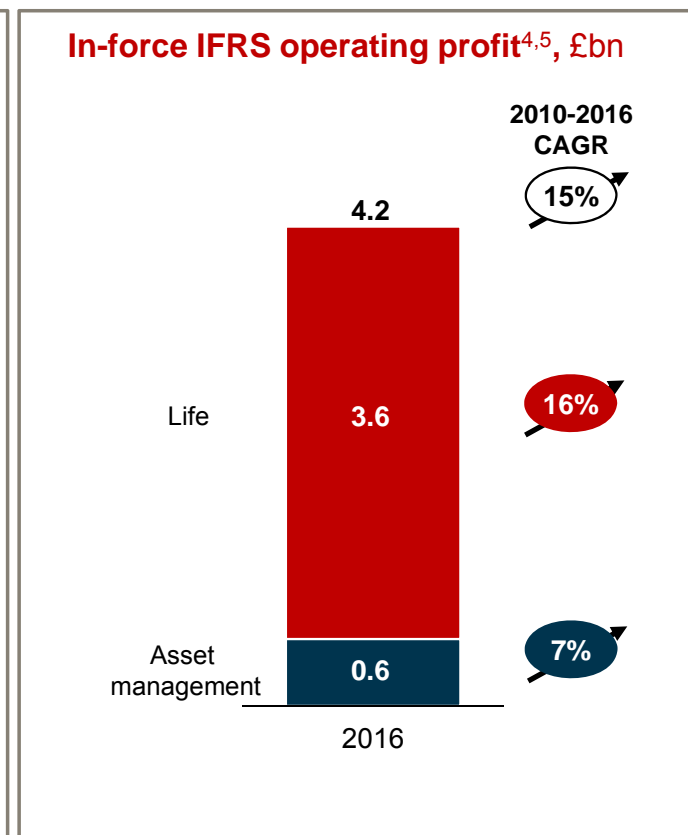
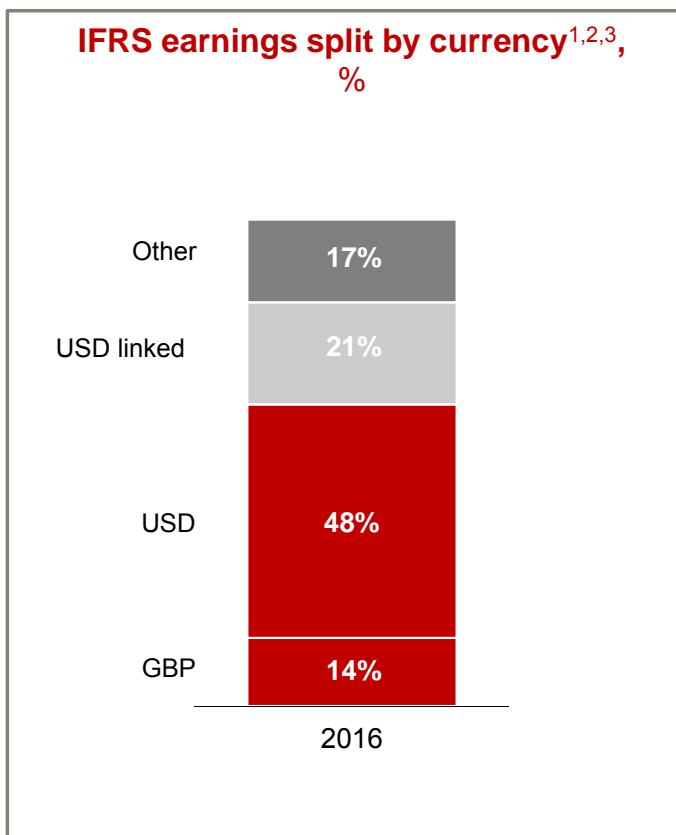
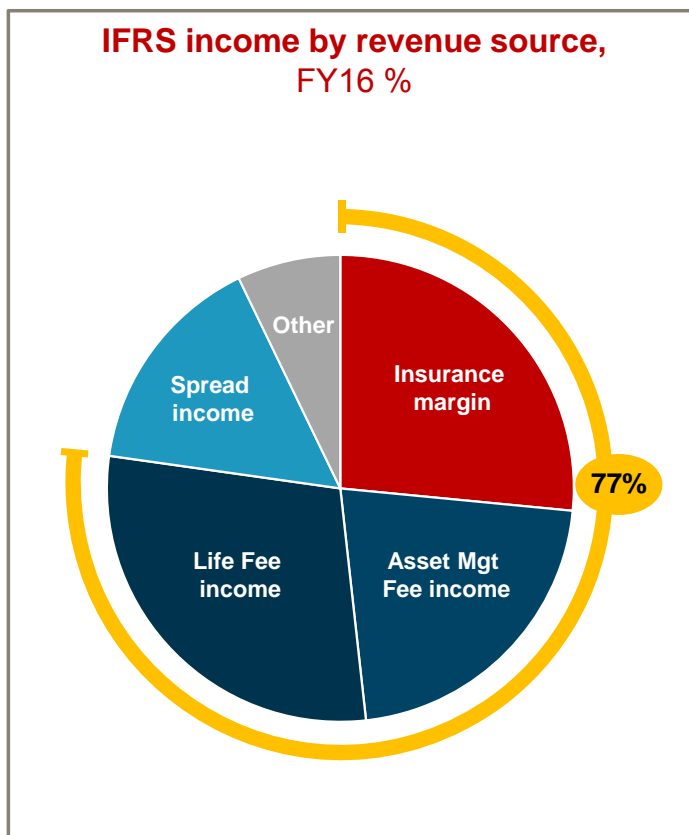


Dividend, pence per share



# Group

Well positioned to deliver across cycles



1. USD linked includes Hong Kong and Vietnam where currencies are pegged to the USD, and Malaysia and Singapore where currencies are managed against a basket of currencies including the USD

2. Includes long-term, asset management business and other businesses

3. For operating profit UK sterling includes amounts in respect of central operations as well as UK insurance operations and M&G

4. Operating profit comprises the following: Asia life as disclosed in note 1(b) of the 'additional financial information', after deducting development expenses. Jackson IFRS operating profit after adding back acquisition costs expensed (and not deferred) in the period of £195m. UK operating profit excluding both the new business profit of £41m arising on bulk and individual annuities sales in 2016, £332m from management actions in 2016 and excluding the £175m provision for the review of past annuity sales. Asset management operating profit for M&G, PruCap, Eastspring and US broker-dealer and asset management

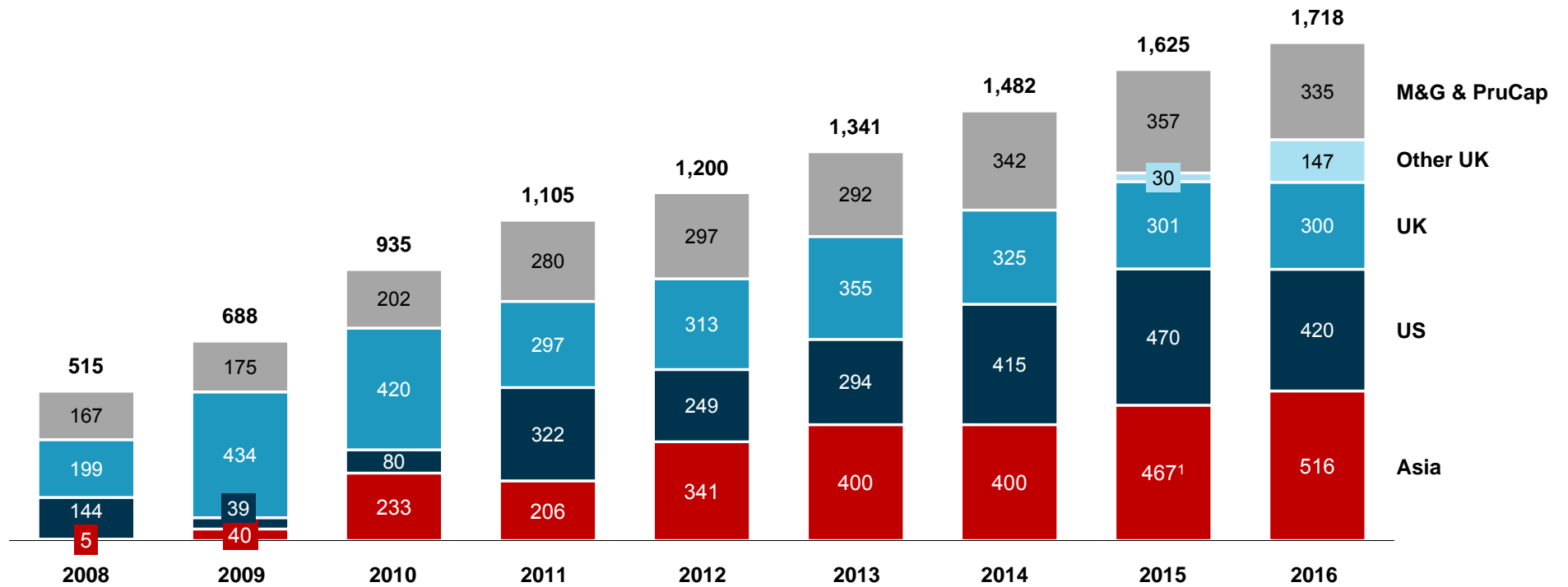
5. As reported (RER)

# Group

## Cash remittances to Group



Business unit net remittances, £m



<sup>1</sup> Includes £42 million of proceeds from the sale of Japan Life.

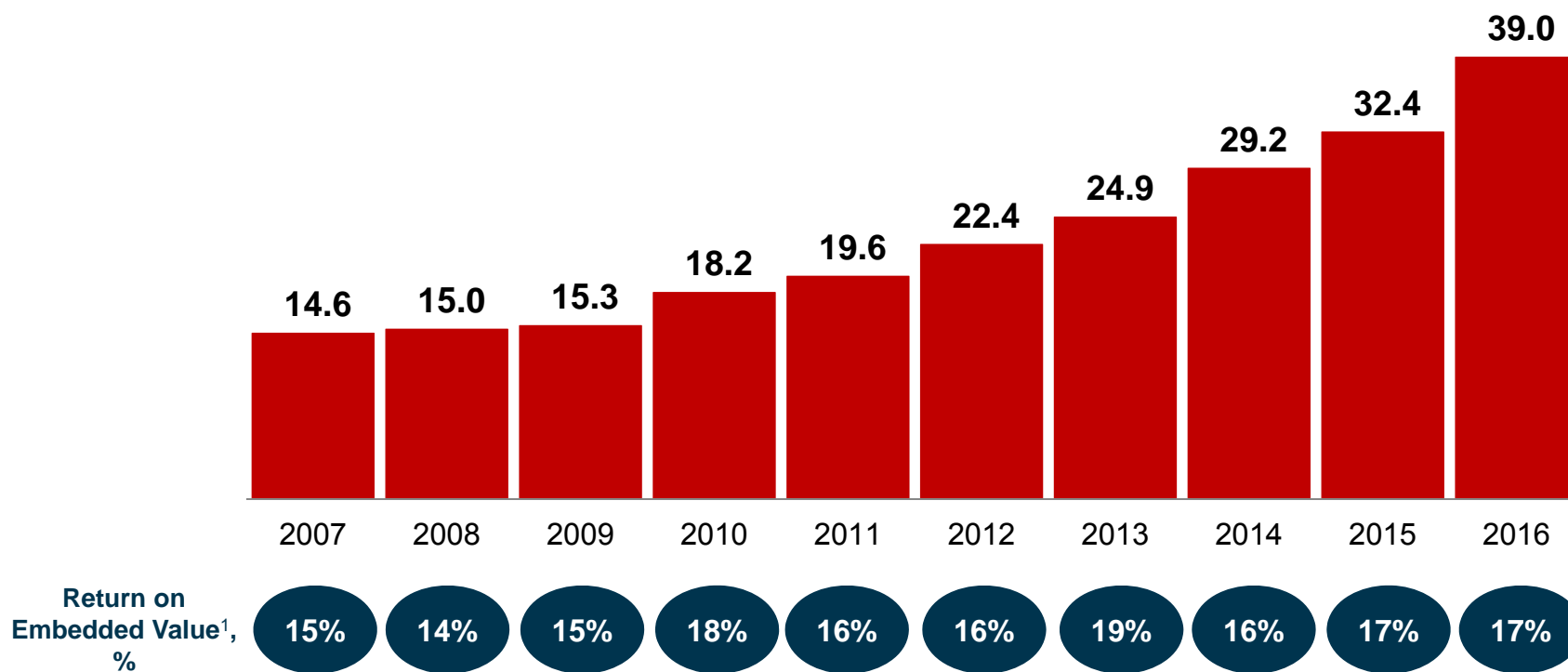


# Group

## Growing value at consistent returns



Shareholders' equity (EEV), £bn



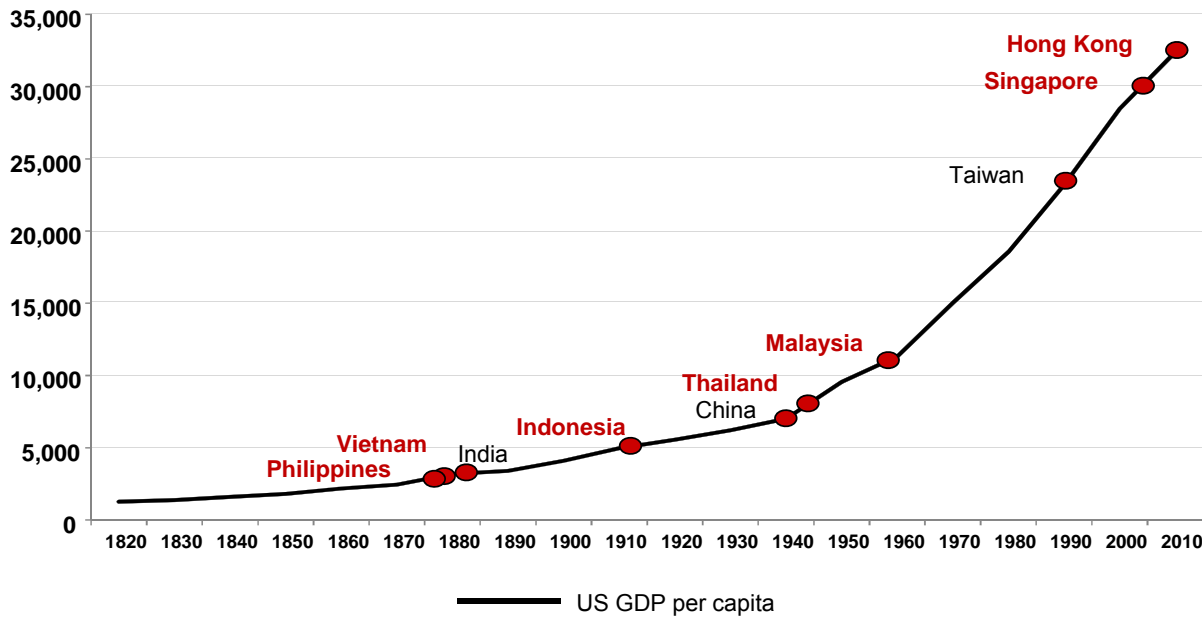
<sup>1</sup> Return on embedded value is based on EEV post-tax operating profit, as a percentage of opening EEV basis shareholders' equity.

# Asia

## Long term opportunity



GDP per capita in 2010, against the US GDP per capita, 1990 US\$<sup>1</sup>



- Pan Asian leader: #1 by NBP<sup>2</sup>
- Top 3 in 9 /12 Asian countries<sup>3</sup>
- Market leading platform
  - Over 500,000 agents
  - Access to over 10,000 bank branches
  - 14.6 million customers

<sup>1</sup> Geany-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates.














<sup>2</sup> NBP = New Business Profit; Prudential estimates based on information disclosed in company reports. Amongst pan Asian international (private) insurers.

<sup>3</sup> 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).

# Asia

## Favourable dynamics



		Population <sup>2</sup> (m)	Market penetration <sup>3</sup> (%)	GDP (\$bn) <sup>2</sup>	2016 GDP growth <sup>2</sup>
ASEAN and Hong Kong	 Indonesia (1995) <sup>1</sup>	259	1.3%	901	4.9%
	 Philippines (1996)	104	1.4%	311	6.4%
	 Thailand (1995)	69	3.7%	408	3.2%
	 Vietnam (1999)	93	0.8%	203	6.1%
	 Hong Kong (1964)	7	13.3%	314	1.4%
	 Malaysia (1924)	32	3.4%	309	4.3%
	 Singapore (1931)	6	5.6%	298	1.7%
JV's	 India (2000)	1,310	2.7%	2,231	7.6%
	 China (2000)	1,379	2.0%	11,918	6.6%
Mature Markets	 Taiwan (1999)	24	15.7%	528	1.0%
Nascent Markets	 Cambodia (2013)	16	-	19	7.0%
	 Laos (2015)	7	-	14	7.5%
	 Myanmar <sup>4</sup> (2013)	52	-	68	8.1%

<sup>1</sup> Year in bracket denotes start of operation.

<sup>2</sup> Source: IMF data, October 2016.

<sup>3</sup> Source: Swiss Re. Market penetration based on life insurance premiums as a percentage of GDP in 2015 (estimated).

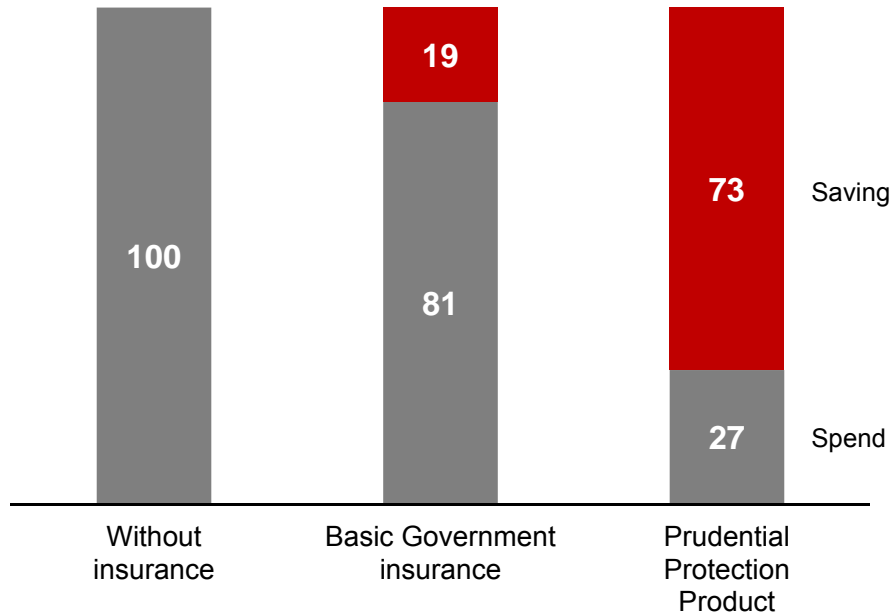
<sup>4</sup> Myanmar rep office only.

# Asia

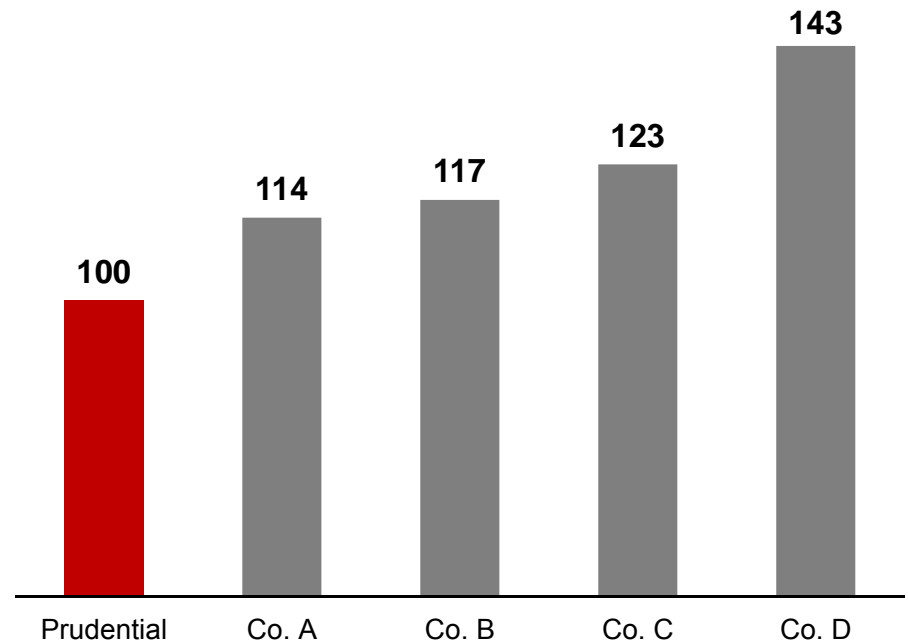
Products meet customer needs and create shareholder value



Health and Protection – Out of pocket medical expenses<sup>1</sup>



Annual premium for a customer aged 50 (indexed)



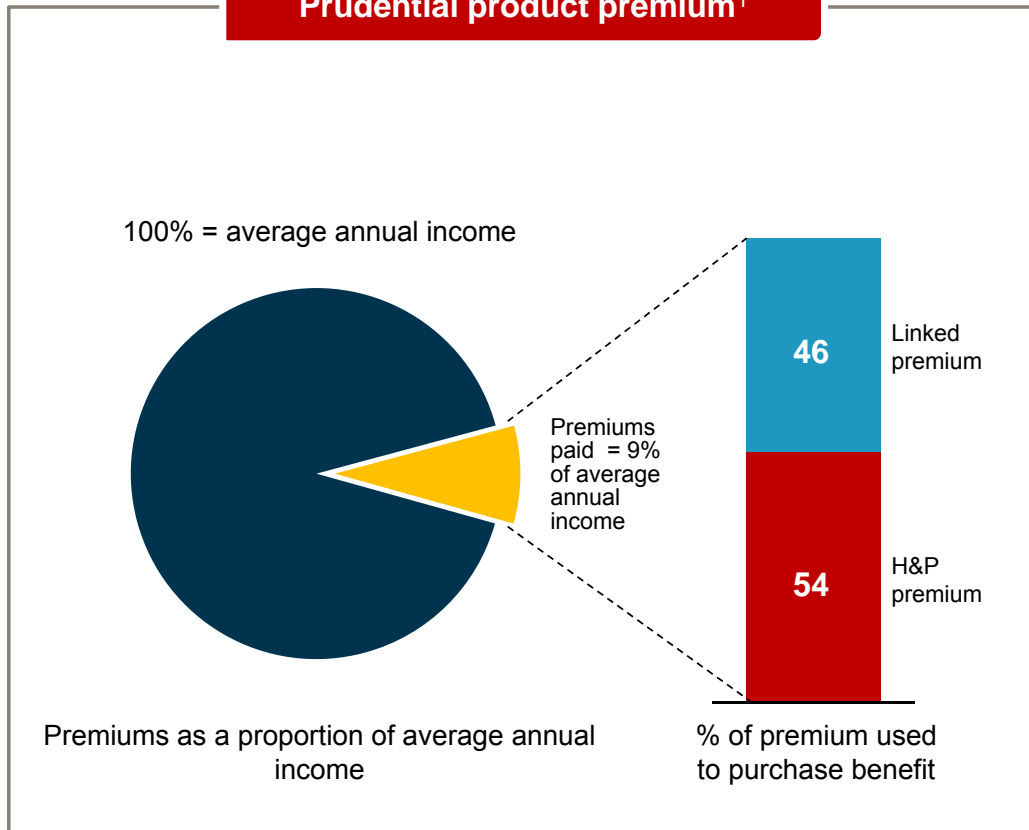
<sup>1</sup> Expenses for a male aged 50 for heart diseases and heart surgery treatment.

# Asia

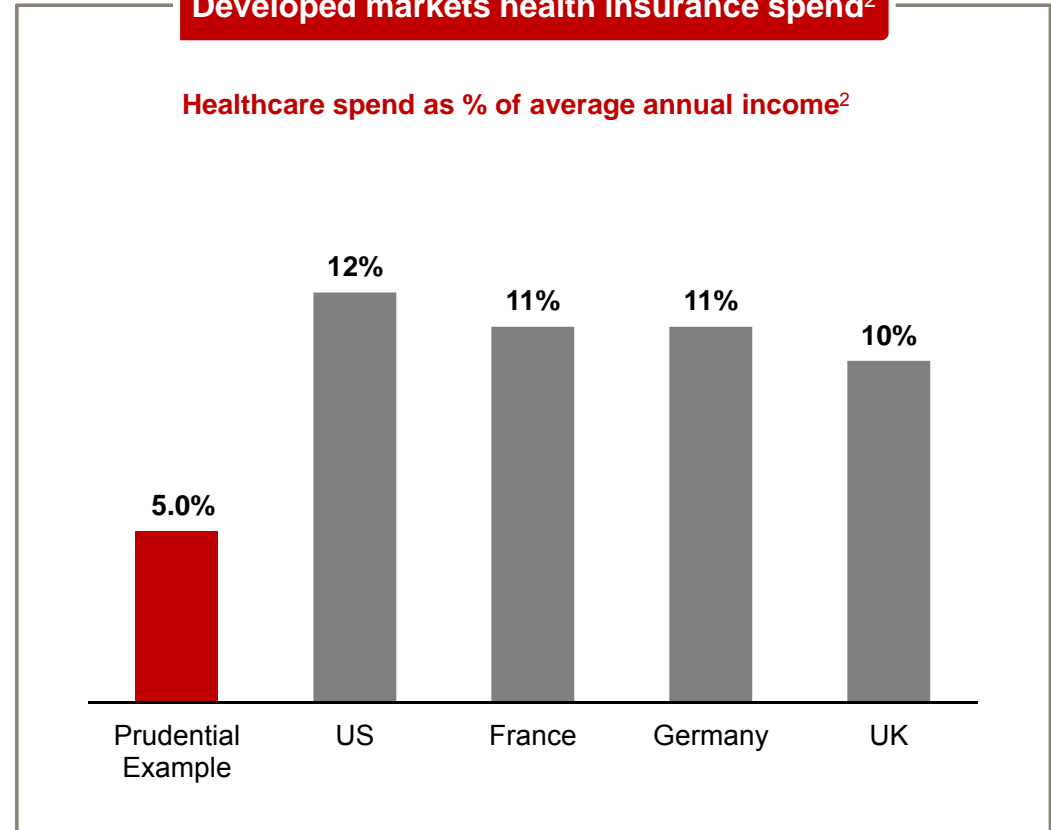
## Affordable products underpin consumer demand



### Prudential product premium<sup>1</sup>



### Developed markets health insurance spend<sup>2</sup>



<sup>1</sup> Average Prudential customer spend on insurance products.

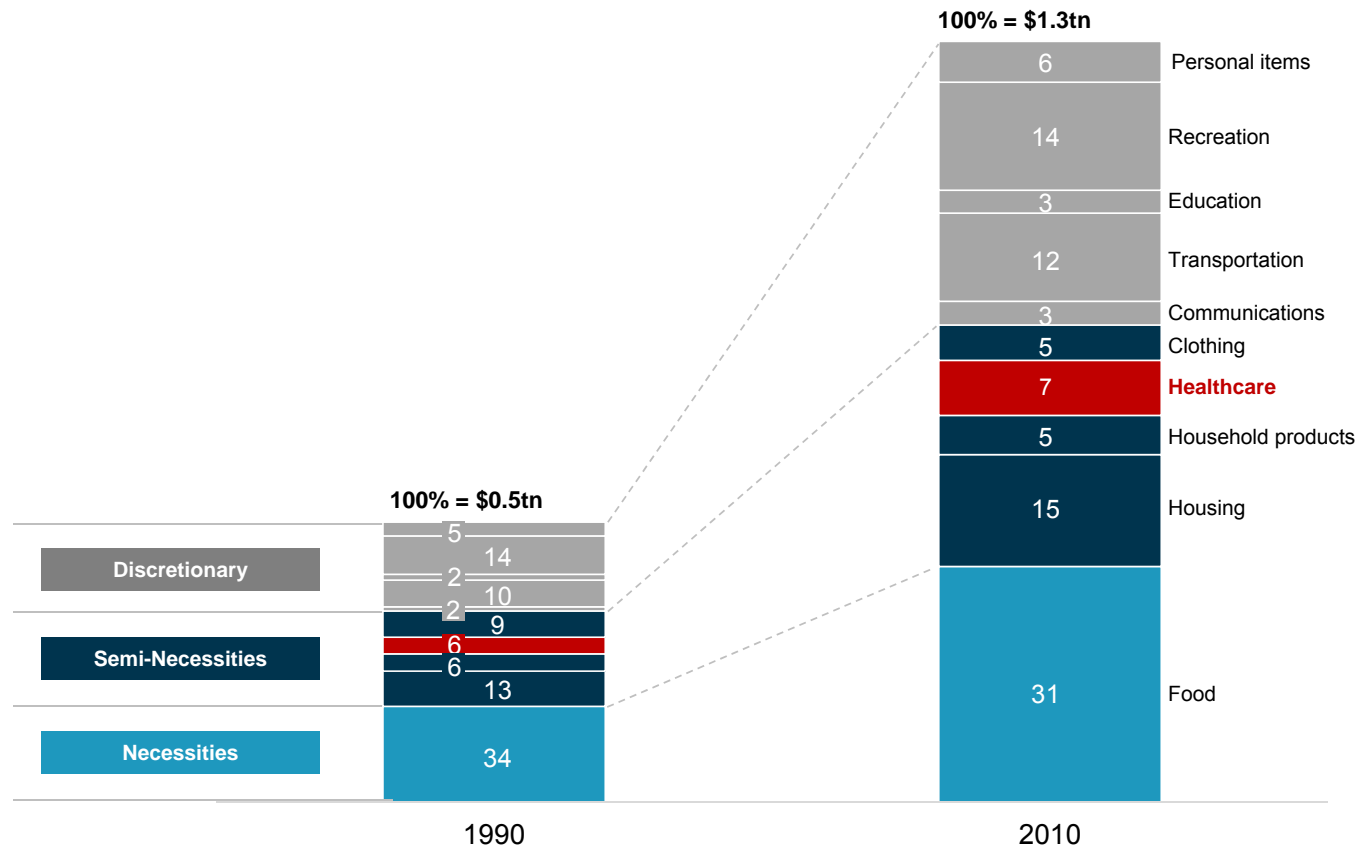
<sup>2</sup> Source: OECD, UN population stats, Prudential estimates. Premium spend includes healthcare expenditure by private and public sources except for the US. Healthcare spend data adjusted for working age population and unemployment rates.

# Asia

## Growing demand for healthcare



Household consumption by category<sup>1</sup>, %



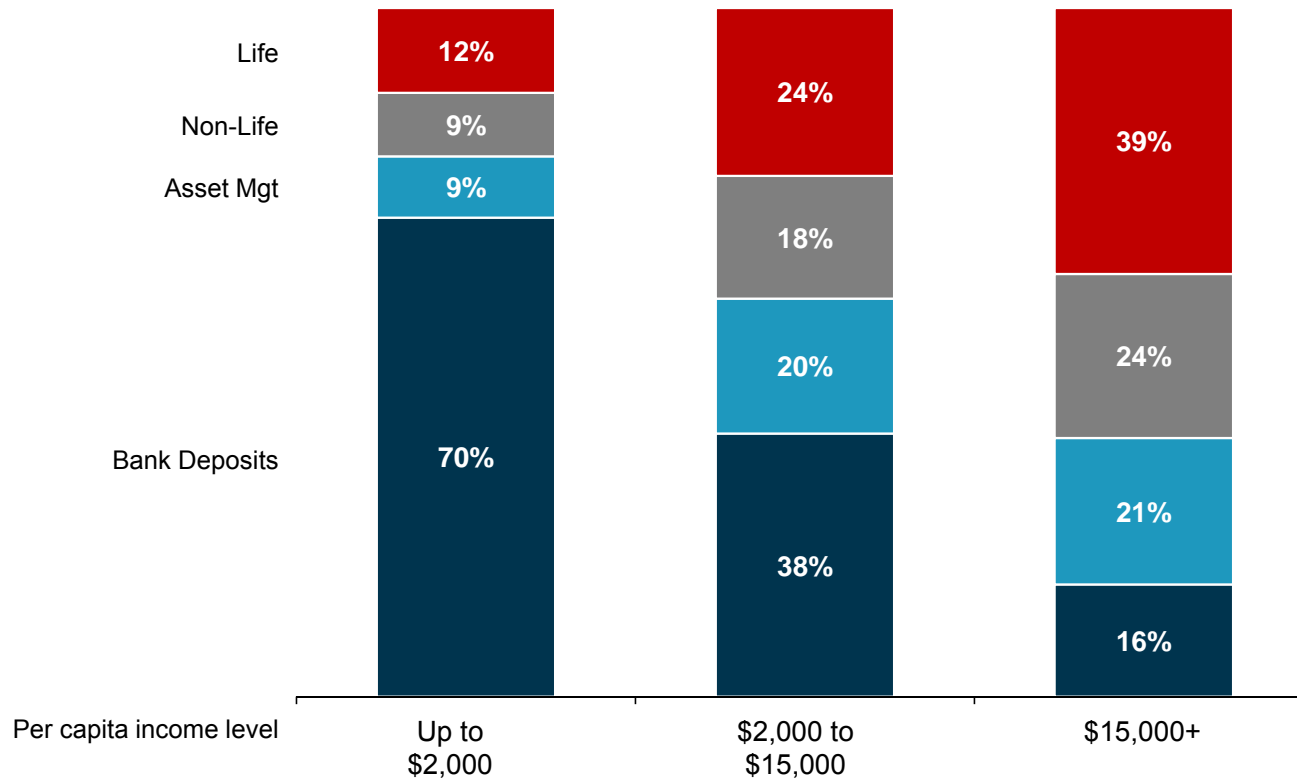
<sup>1</sup> Euromonitor, McKinsey, Prudential estimates.

# Asia

## Wealth and financial assets ownership



Breakdown of personal financial assets



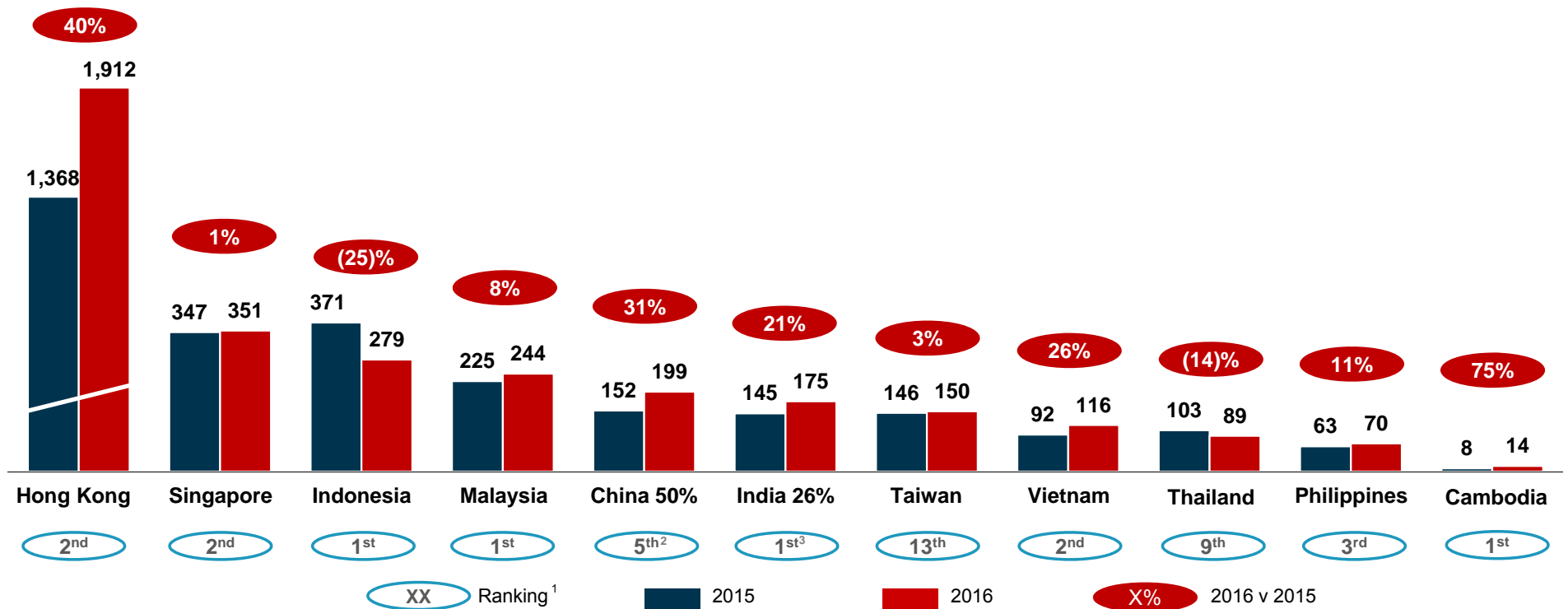
Source: Oliver Wyman analysis; Prudential analysis.

# Asia

## Life APE by market



Asia APE by market, £m (Constant Exchange Rate)



<sup>1</sup> 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).  
<sup>2</sup> Total JV / foreign players only  
<sup>3</sup> Ranking among private players, share among all players on Fiscal year basis

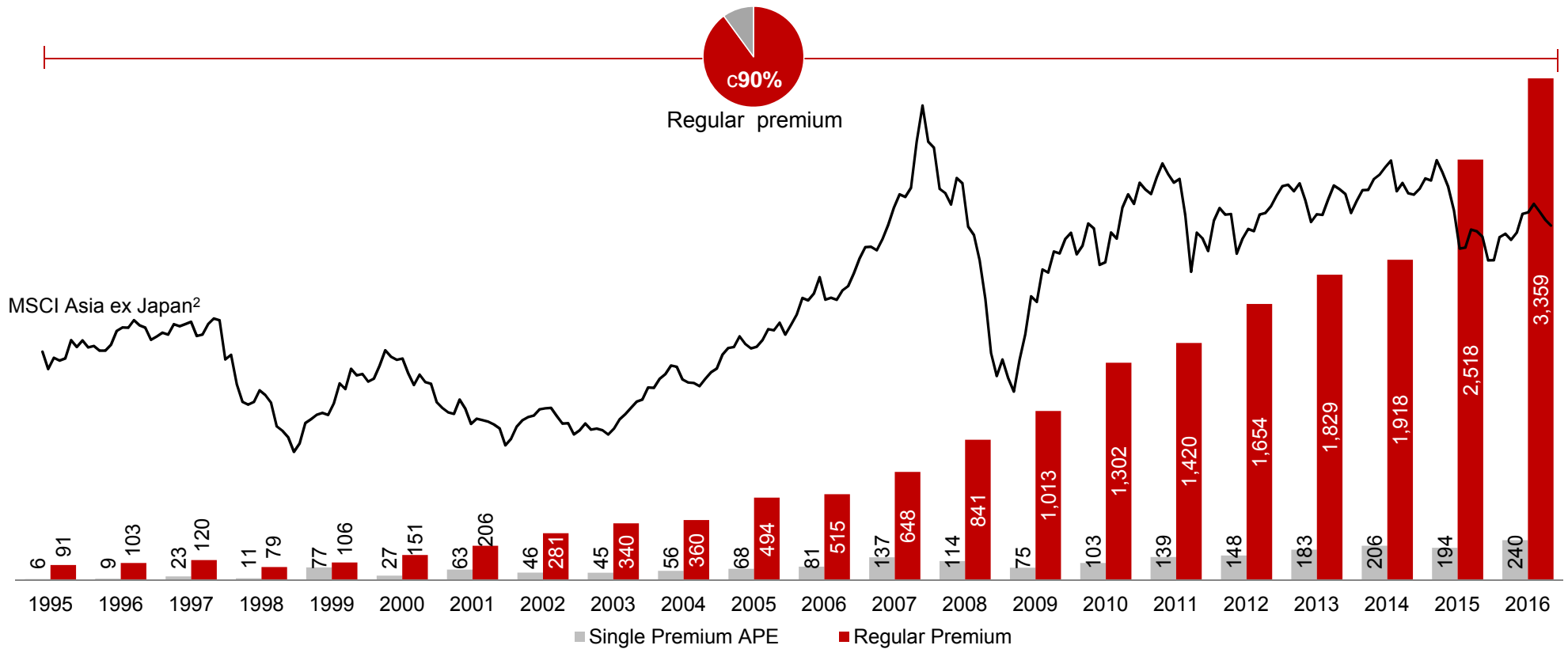


# Asia

High quality, defensive growth



Regular and Single Premium APE<sup>1</sup>, £m



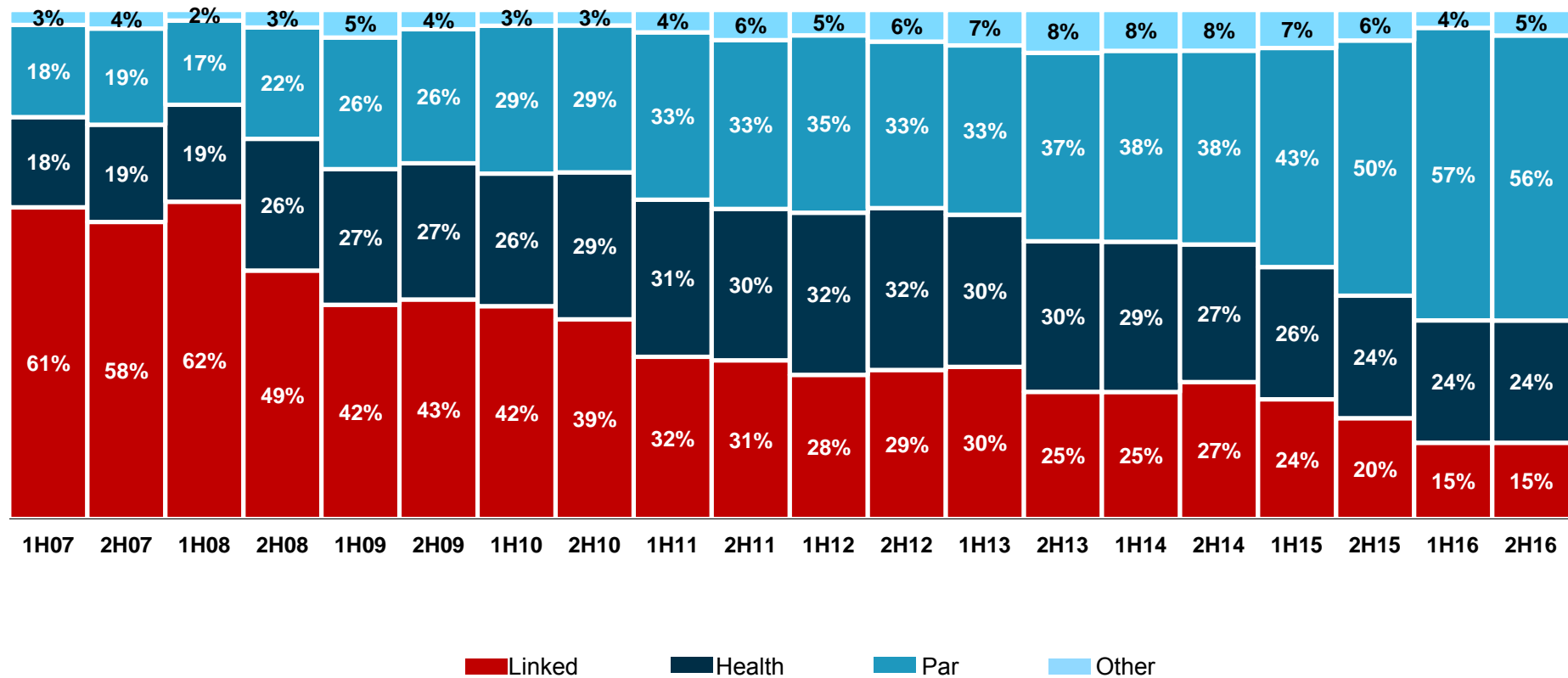
1. Comparatives have been stated on a reported exchange rate. Comparatives from 2006-2016 exclude the contribution from the held for sale Korea life  
 2. Source: Datastream.

# Asia

## Life APE sales by product - percent



Asia APE by product, %

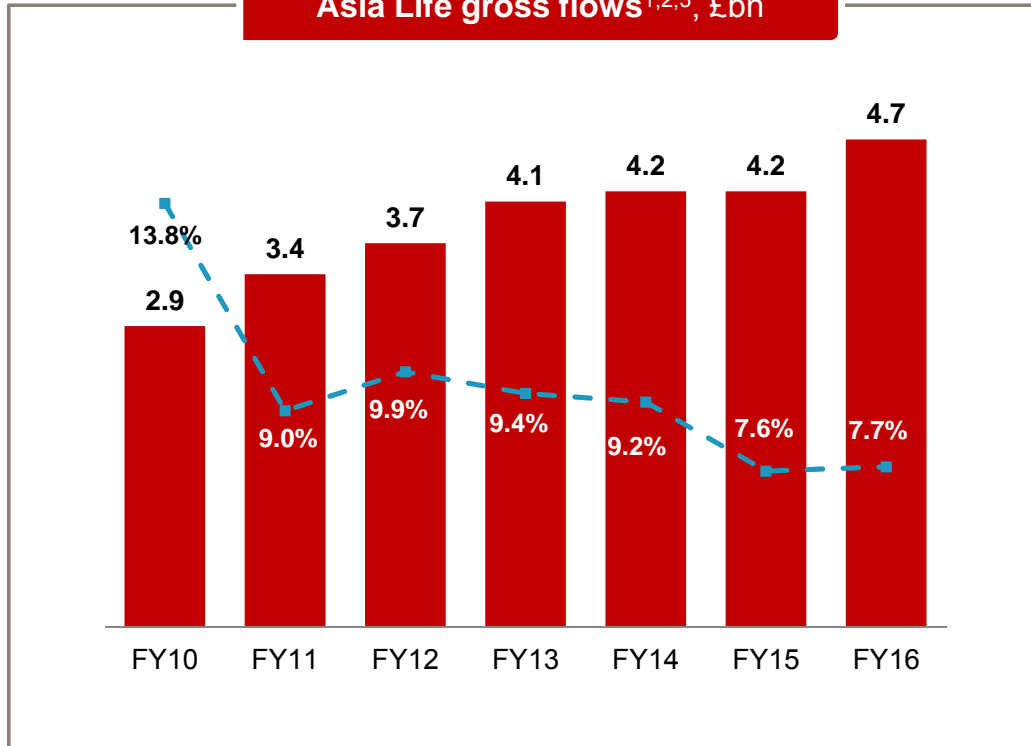


# Asia

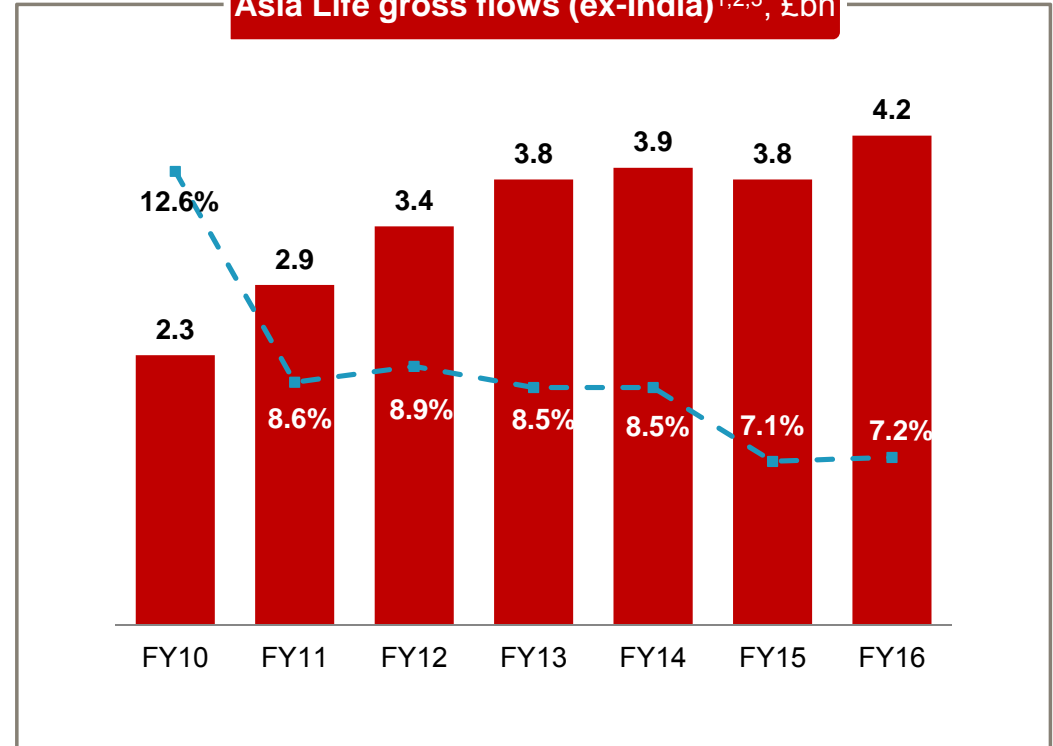
## Life Flows and persistency



Asia Life gross flows<sup>1,2,3</sup>, £bn



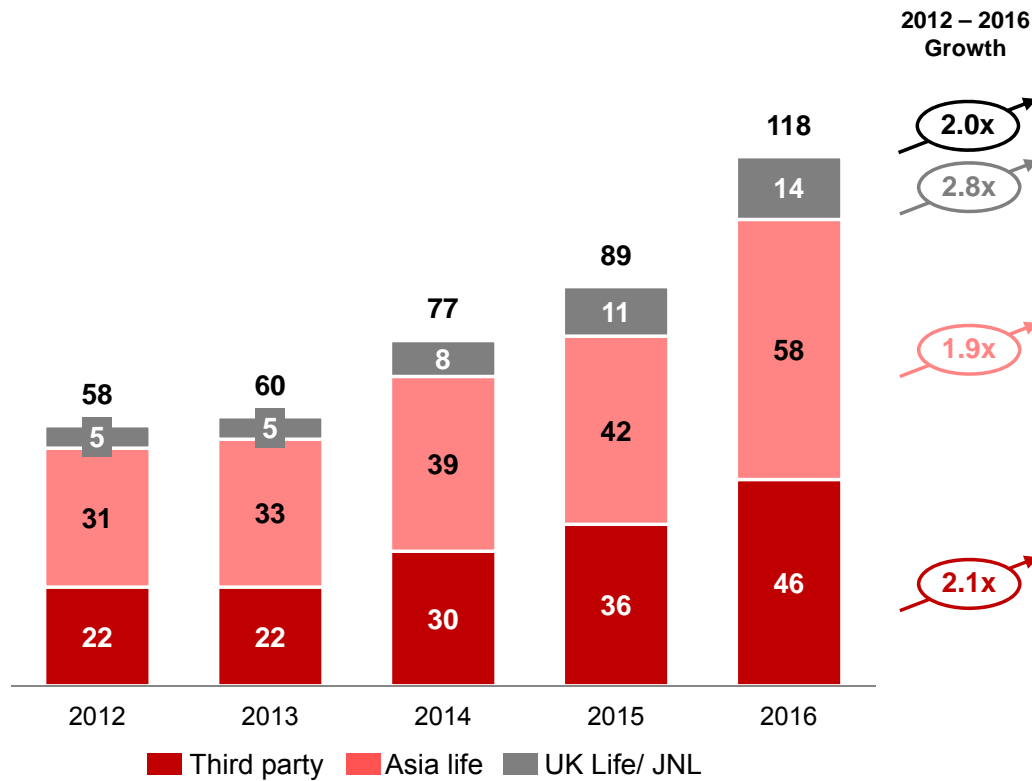
Asia Life gross flows (ex-India)<sup>1,2,3</sup>, £bn



----- Surrenders/withdrawals as % of opening liabilities<sup>3</sup>

<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins).  
<sup>2</sup> Excludes Japan and Taiwan agency.  
<sup>3</sup> All comparatives have been restated to exclude the contribution from the held for sale Korea Life.

## Funds under management<sup>2</sup>, £bn



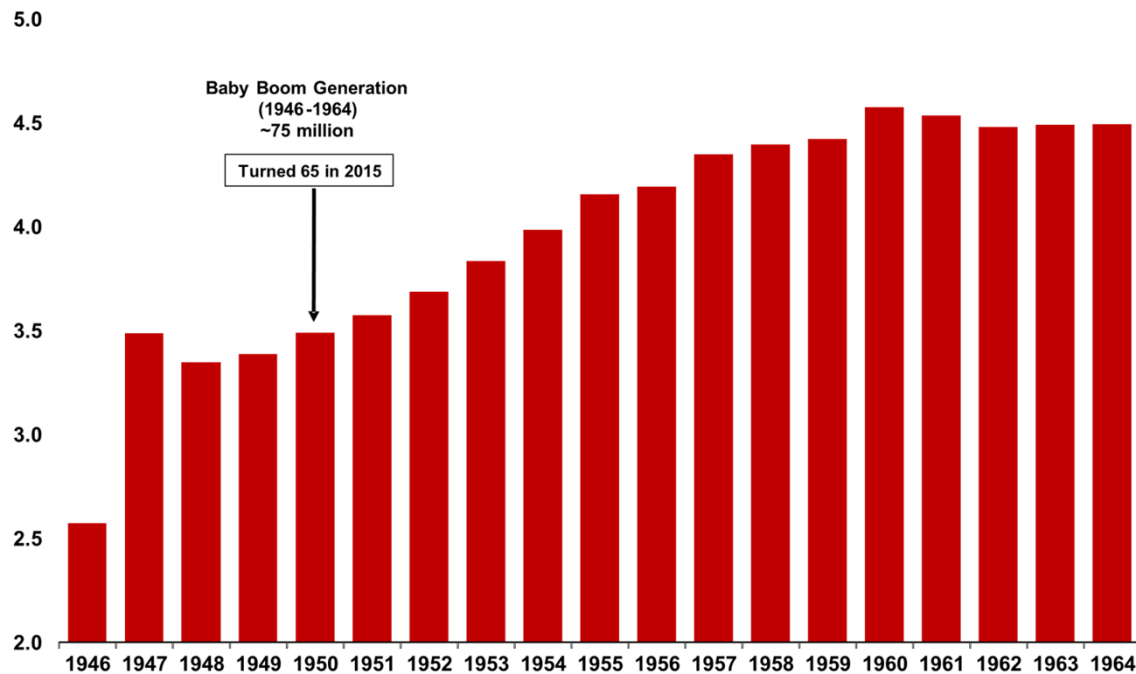
**#1** Retail Fund Manager  
September 2016<sup>1</sup>

**£ 118bn**  
Funds under management

<sup>1</sup> Based on assets sourced from the region. Excluding Japan, Australia and New Zealand as at Sept 2016. Source Asia Asset Management Sept 2016 (Ranked according to participating regional players only)  
<sup>2</sup> As reported (RER)

# US

## The Baby Boomer Retirement Wave is Picking up Steam

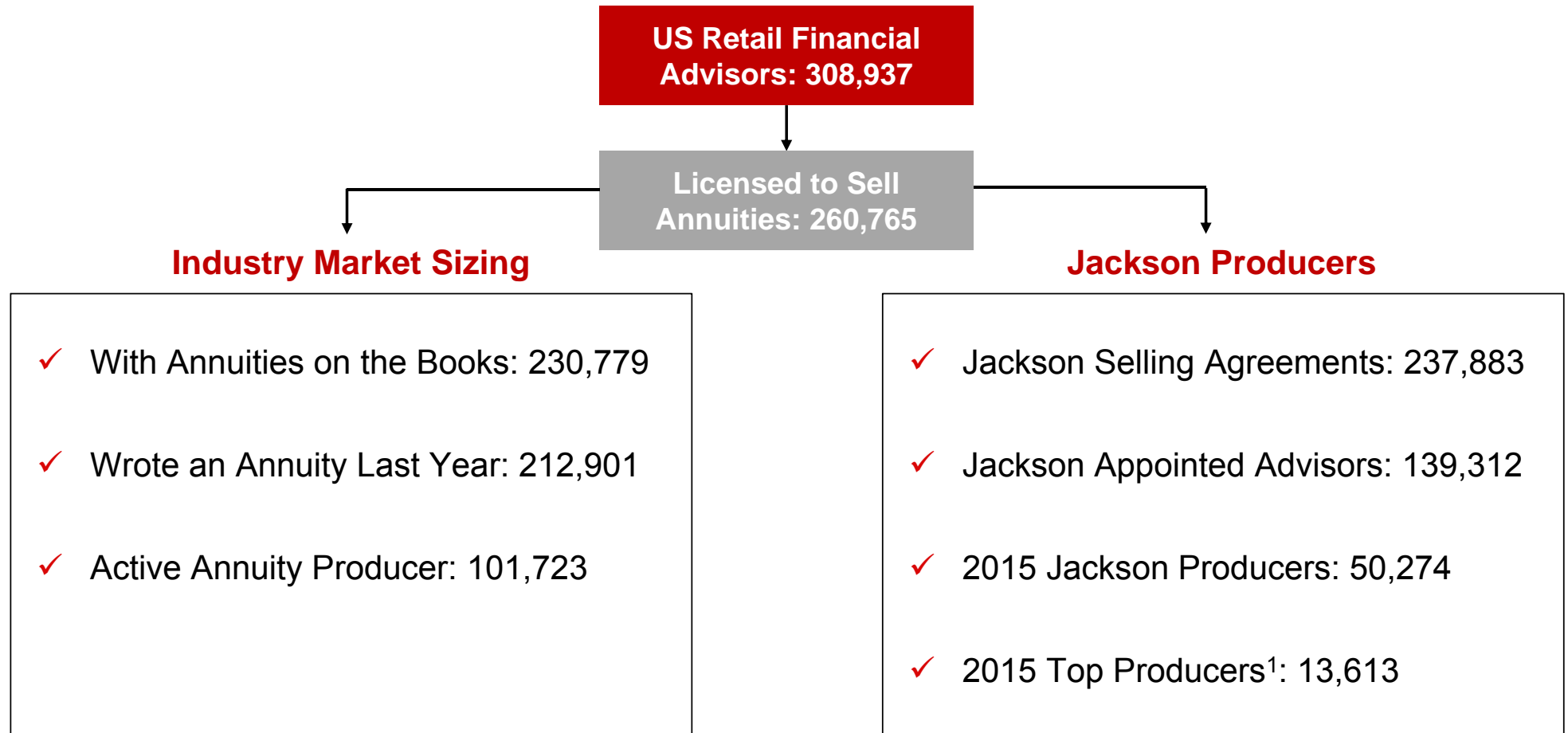


- Over 40 million people will reach retirement age in the next decade
- Private defined benefit plans are disappearing and government plans are underfunded
- Social Security was never intended to be the primary retirement plan and its long-term status is in question
- Life expectancy at age 65 has increased significantly
- Due to low interest rates, investors are forced to seek out equity markets in order to earn adequate returns
- Individual investors struggle to capture market returns and are exposed to volatile equity markets

Source: U.S. Census Bureau, Population Division. 2014 estimate of population. Generations as defined by Pew Research Center, 2014

**US**

# Opportunities Measured by Advisors



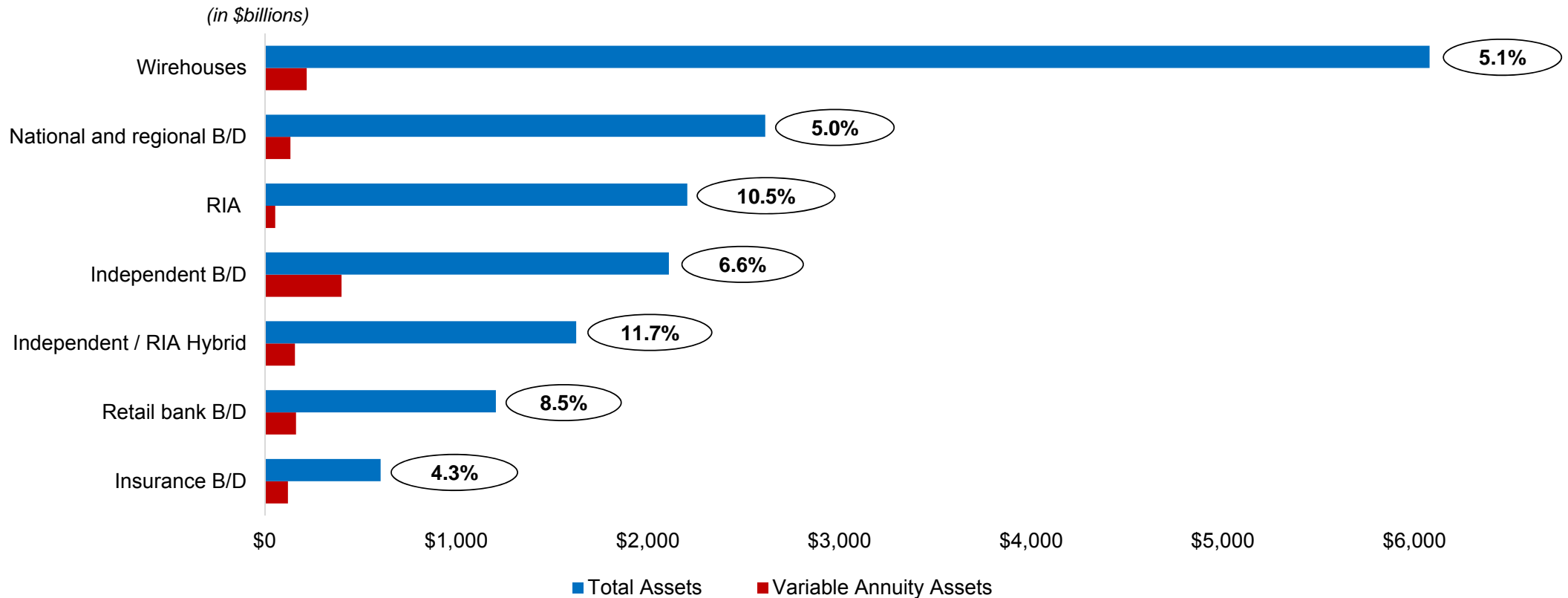
Source: Morningstar, Cerulli Associates, in partnership with the Investment Management Consultants Association, WealthManagement.com, the Financial Planning Association, and OnWallStreetAnalyst  
Note: Advisors who are licensed to sell variable annuities must hold both an insurance license and either a Series 6 or Series 7 license as defined by Cerulli.  
<sup>1</sup> Top Producers defined as more than \$500,000 variable annuity sales in 2015.

# US

## More than \$16 trillion in assets across existing channels



### Advisor Distributed Assets



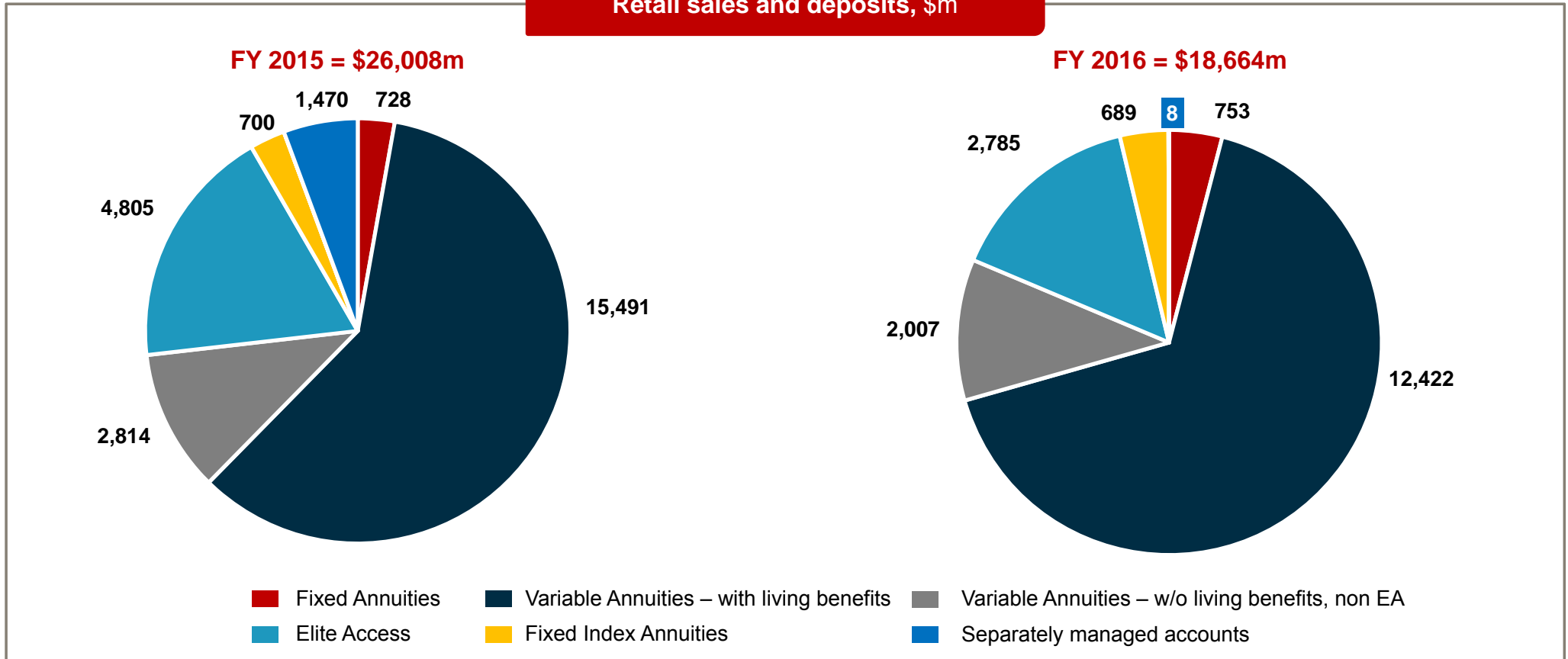
Source: Cerulli Associates, The State of US Retail and Institutional Asset Management 2016  
Bubbles represent 5-year growth CAGR as of December 31, 2015

US

# FY 2016 retail sales and deposits



Retail sales and deposits, \$m

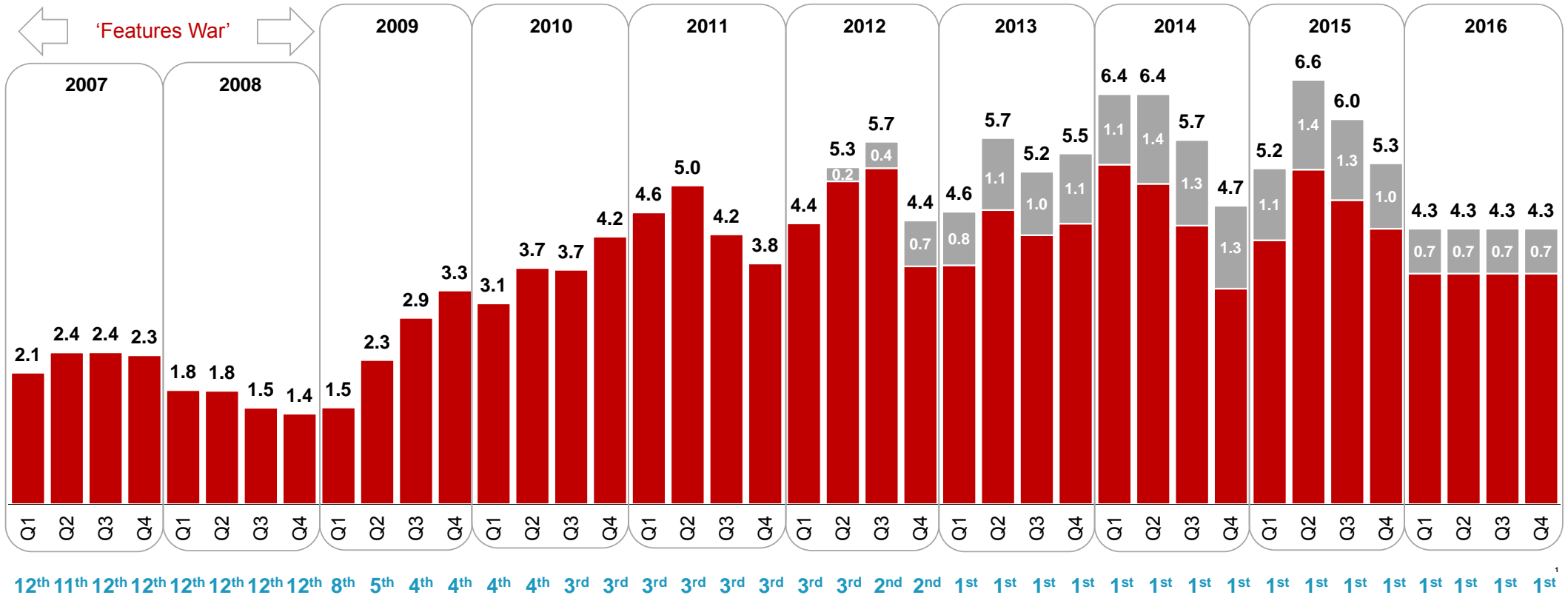




# US VA volumes



VA volumes by quarter, sales US\$bn



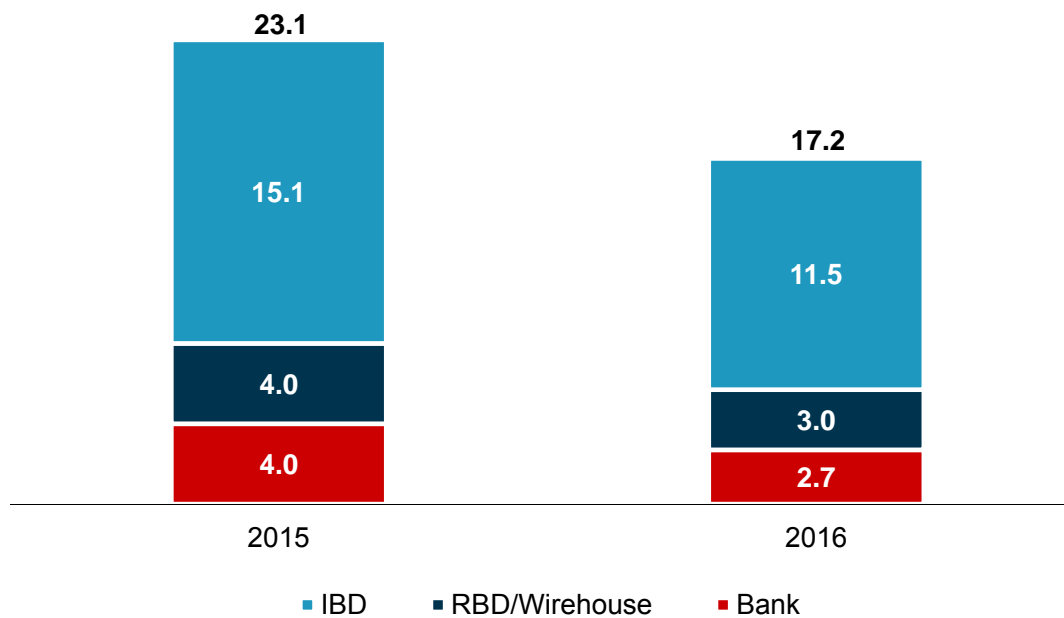
<sup>1</sup> Estimated.  
<sup>2</sup> Morningstar Annuity Research Center.

XX Ranking<sup>2</sup> ■ Elite Access

# US Variable annuity distribution



Variable annuity sales by distribution channel, US\$bn

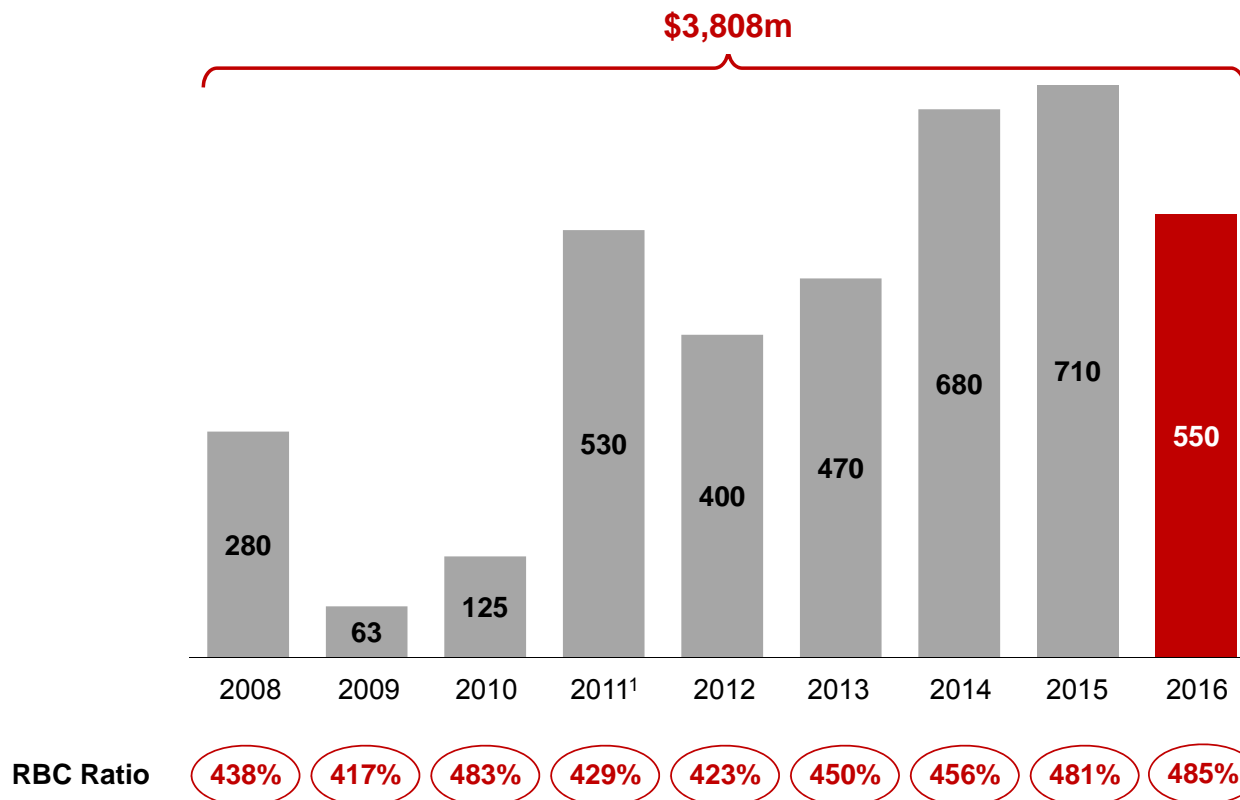


IBD: Independent Broker/Dealer, RBD: Regional Broker Dealer.

# US Cash remittances



Cash remittances, \$m



<sup>1</sup> Net remittances from Jackson include \$197m in 2011 representing release of excess surplus to the Group.

# US

## DAC impact on IFRS profit



### Impact on results of DAC amortisation, £m

	2015 <sup>3</sup>	2016
Gross profits <sup>1</sup>	2,231	2,510
New business strain <sup>2</sup>	(205)	(195)
DAC Amortisation		
- Core	(514)	(527)
- (Acceleration) / deceleration	(2)	93
Operating result	1,510	1,881
<b>Core as % of Gross profits</b>	<b>23%</b>	<b>21%</b>

- Core amortisation will drive DAC charge in the absence of significant market movements
- Core amortisation includes modest impacts from assumption unlockings (approx. £15m)
- The deceleration of amortisation is driven by 2 causes:
  - Removing 2013 returns decelerated the amortisation by £71m
  - 2016 returns decelerated amortisation by £22m

<sup>1</sup> Gross profits equals IFRS operating profit pre acquisition costs and pre DAC, excluding REALIC.

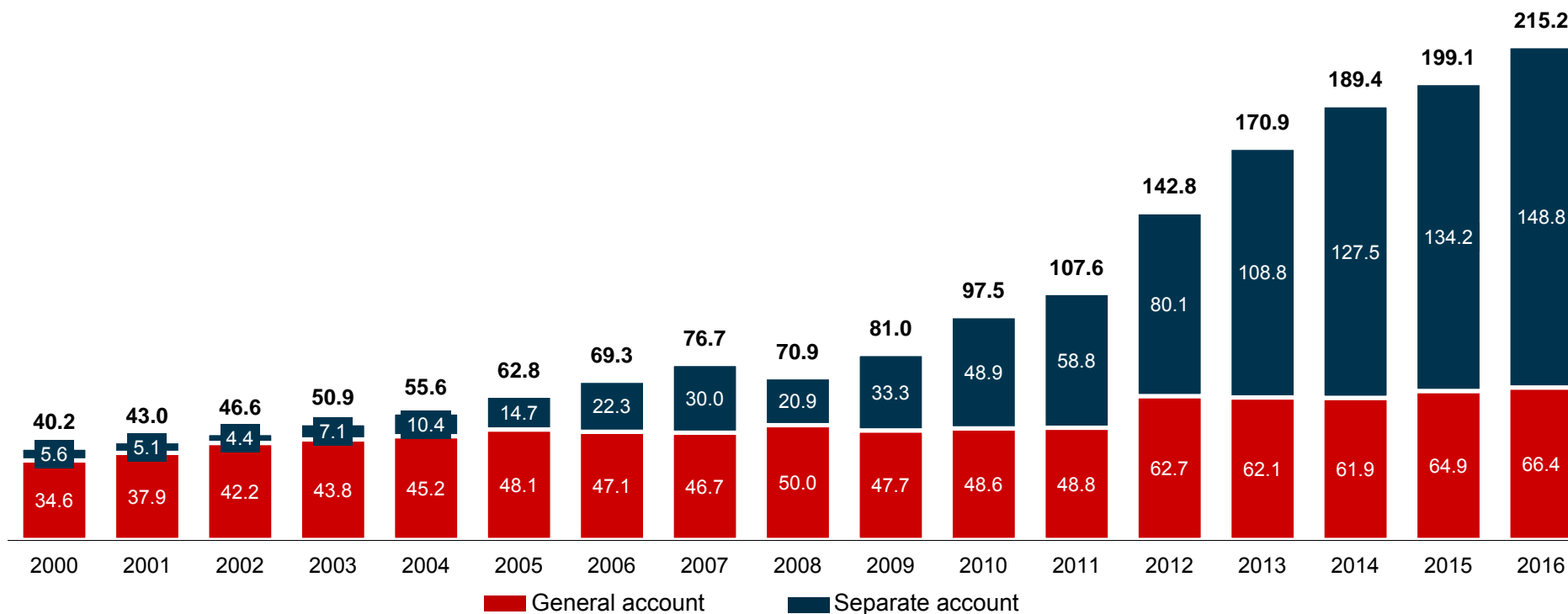
<sup>2</sup> Represents acquisition costs no longer deferrable following the adoption of altered US GAAP principles for deferred acquisition costs.

<sup>3</sup> As reported (RER)

# US Asset growth



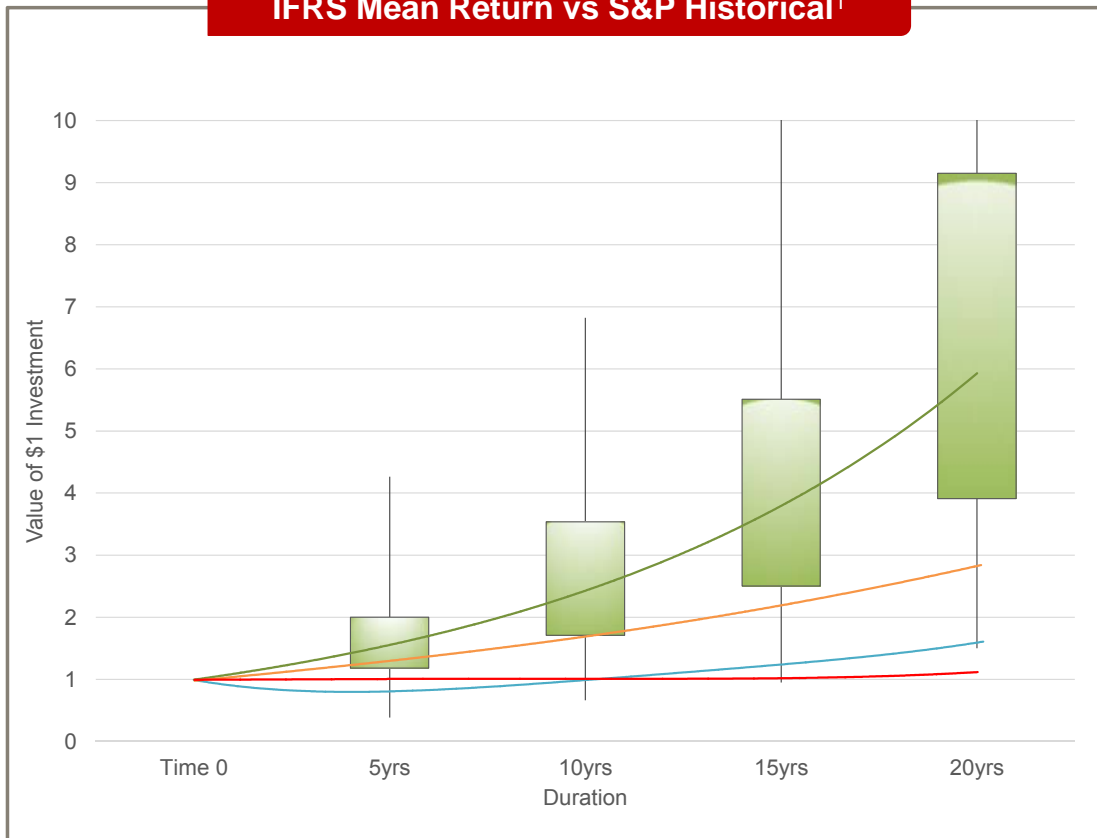
Growth in statutory admitted assets, US\$bn



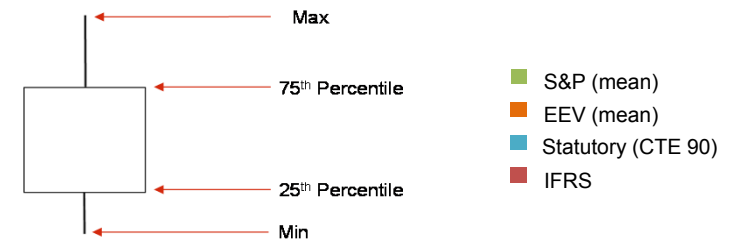
# US Reserves Return Assumptions



IFRS Mean Return vs S&P Historical<sup>1</sup>



- All accounting bases assume 20-year equity market returns well below the mean returns posted by the S&P 500
- IFRS return assumptions are especially punitive. There has never been a 20-year period for the S&P with as weak a return profile as what is used in the mean IFRS scenario.

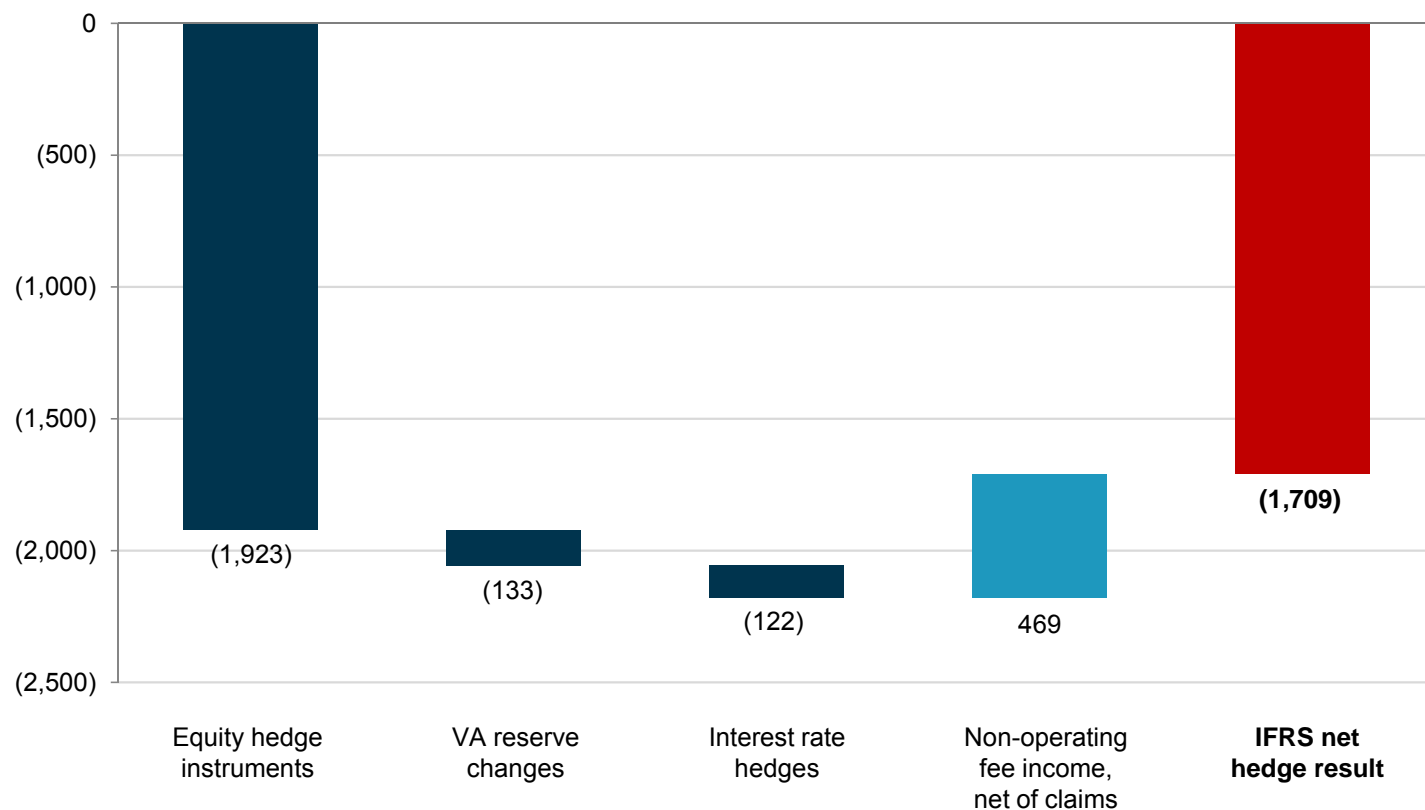


<sup>1</sup> As shown at the Group's November 2016 Investor Day, except IFRS and EEV, which has been updated to as at 31 December 2016

# US IFRS impact 'below-the-line'



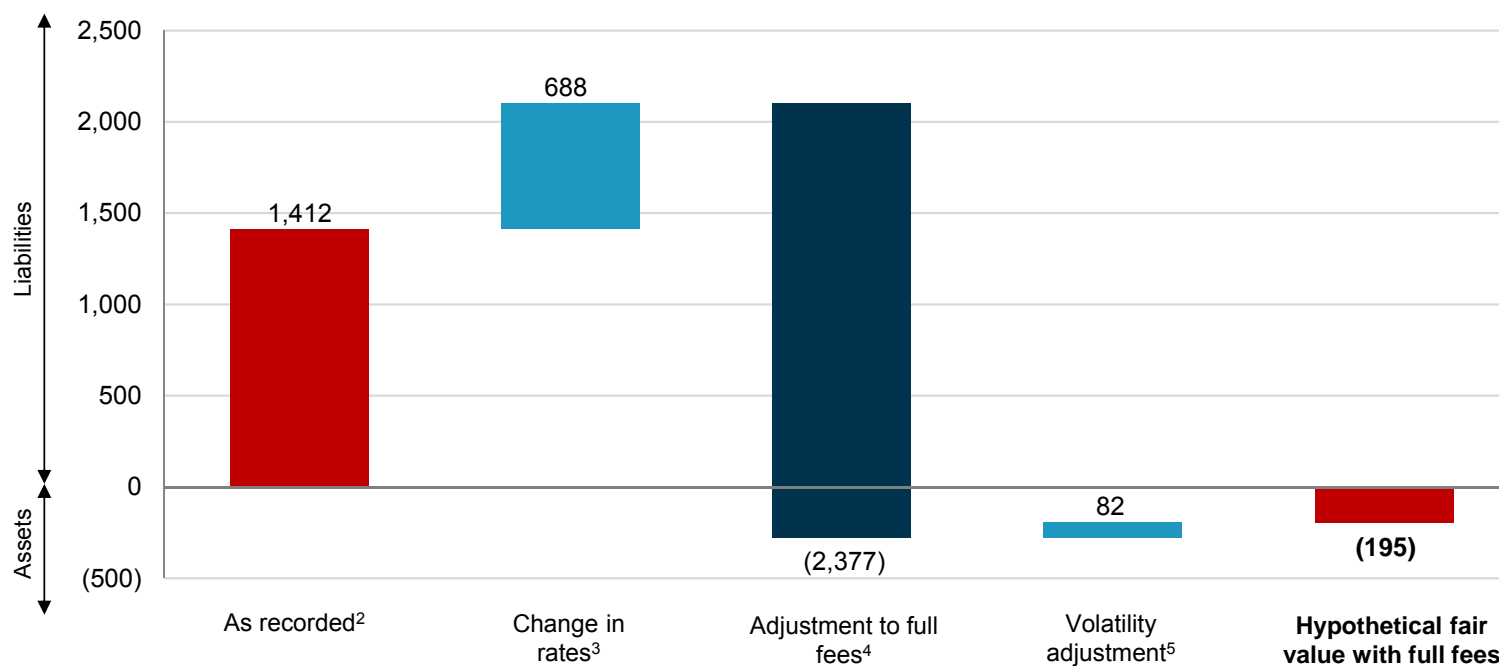
FY2016 VA hedge results, net of related DAC, £m



# US Moving reserves to 'fair value'



Guarantee Benefit Liability Supplemental Disclosure<sup>1</sup>, net of DAC, £m



<sup>1</sup> A positive number indicates liability while a negative number indicates an asset.

<sup>2</sup> GMWB and GMDB IFRS basis.

<sup>3</sup> For GMDB and GMWD liabilities only. Excludes adjustment for volatility, which is shown separately. Includes application of market based (31.12.16) earned rates based on the greater of the swap and treasury curves (2.4% representative 10-year rate) and AA corporate bond discount rates (3.9% representative 10-year rate) in place of long-term rate of 7.4% for IFRS (8.4% discount rates used for pre-2013 issues).

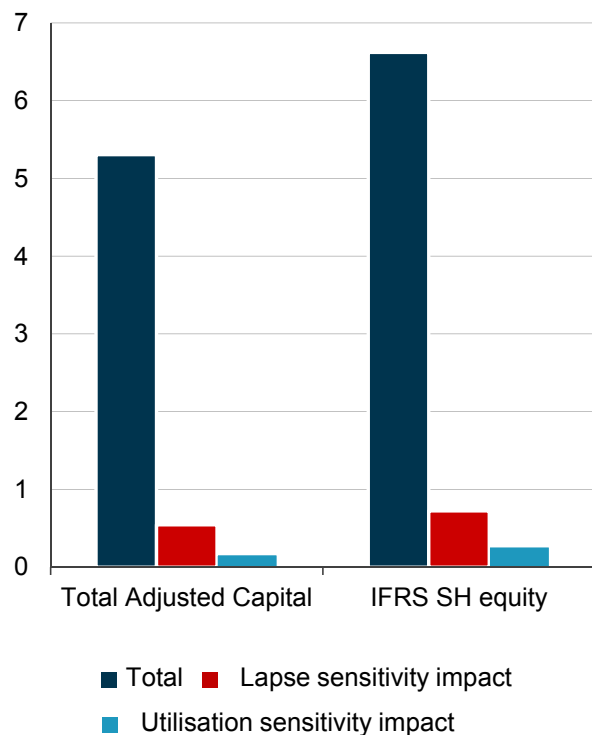
<sup>4</sup> Value of fees over and above those in reserve calculations.

<sup>5</sup> For GMDB and lifetime GMWB liabilities only. Application of market based (31.12.16) volatility curve (21.6% representative 5-year rate) instead of long-term 15% level rate for IFRS.





GMWB policyholder behaviour sensitivities, FY 2016 US\$bn



- Policyholder behaviour experience is continuously monitored and a comprehensive study is conducted on an annual basis.
- For IFRS and Statutory accounting purposes, assumptions are set at the conservative end of the plausible range (i.e. best estimate with an explicit margin for conservatism). For example;
  - Lapse - Lifetime GMWB ultimate lapse assumptions at significantly ITM levels are assumed to be 35% of the base lapse assumption
  - Utilisation - For-Life GMWB utilisation assumptions at attained ages 65+ are 50-85% (with special provisions for benefits with incentives to delay withdrawals)
- To measure the sensitivity to these assumptions, IFRS Equity and Statutory Total Adjusted Capital (TAC) were computed under severe shocks to these already conservative assumptions. The shocks were as follows:
  - Lapse - lapse rates for ITM policies were reduced to half the assumed levels. For example, ultimate lapse rates on significantly ITM Lifetime GMWB policies were reduced from 35% to 17.5% of the base lapse level, resulting in ultimate lapse rates of less than 1.5% for utilising policyholders
  - Utilisation - utilisation rates beyond the bonus period, if applicable, were increased by 10% (i.e. 110% of the best estimate assumption).

# US

## Capital, hedging and policyholder behavior



	Total Adjusted Capital US\$bn
<b>31 December 2015</b>	<b>5.1</b>
Operating profit	1.2
Dividend	(0.6)
Reserves net of hedging and other effects	(0.7)
Contingent financing of specific US statutory reserves	0.3
<b>31 December 2016</b>	<b>5.3</b>

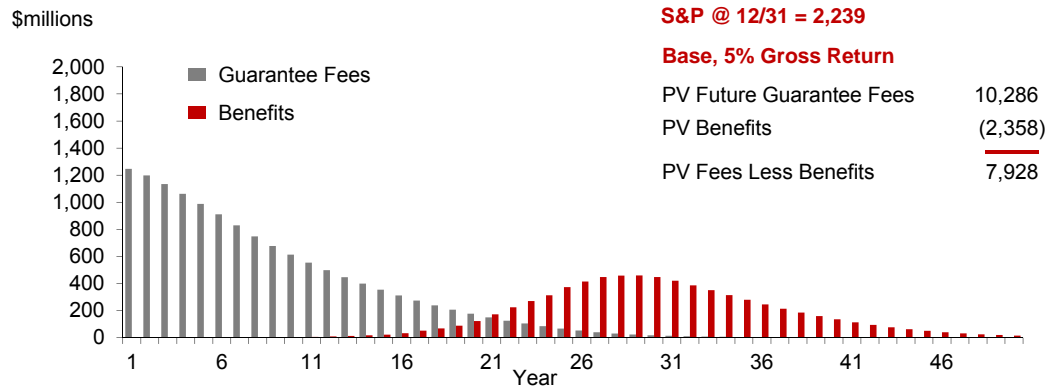
- Hedging programme continues to effectively mitigate risks
- Earned guarantee fees of 130 bps per annum (c\$1.8bn in FY 2016). Expected guarantee fees of \$2.0bn for 2017
- Equity allocations remain below our 84% pricing assumption
- Total adjusted capital excludes gains on interest rate swaps: \$413m net of tax at 31 Dec 2016 (31 Dec 2015: gain of \$356m)

# US

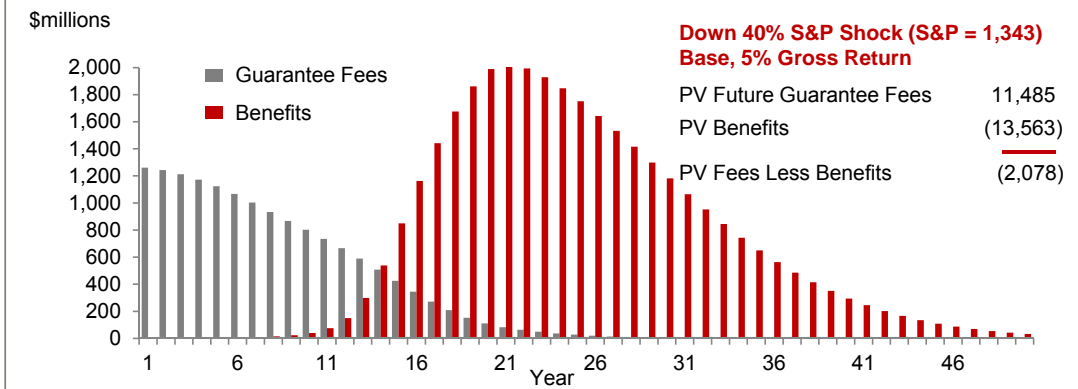
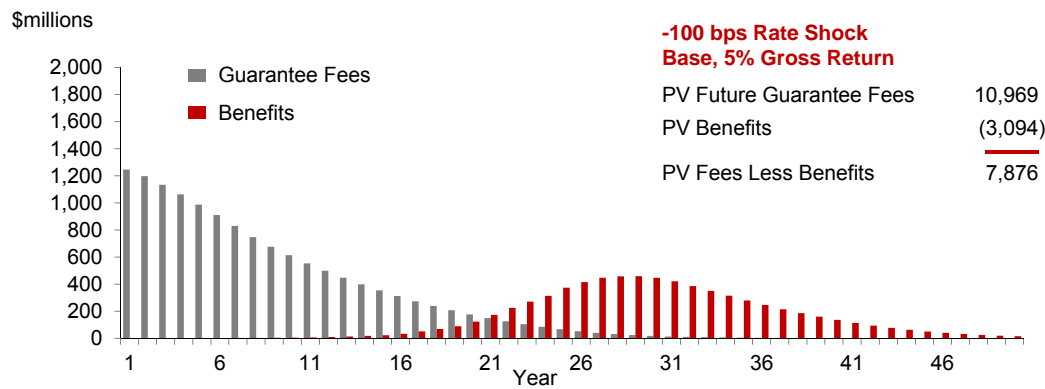
## GMWB unhedged cash flow



### Unhedged GMWB Cash Flow Exposure, 31 December 2016



- 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

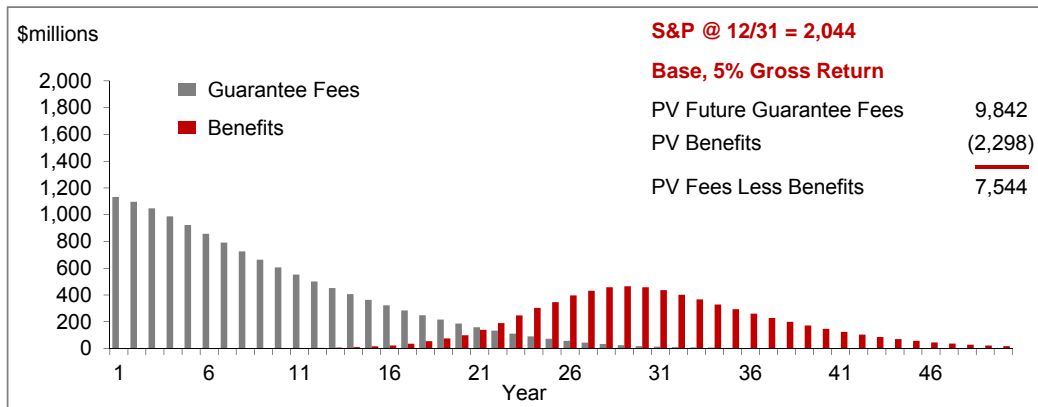


# US

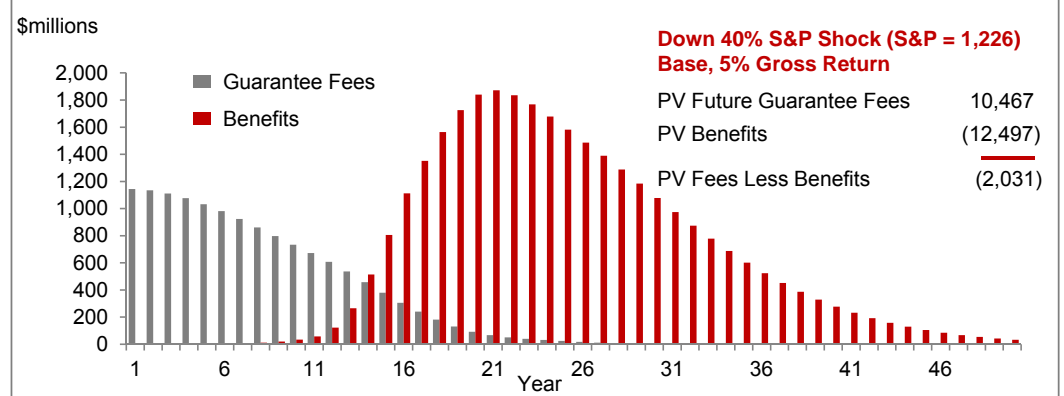
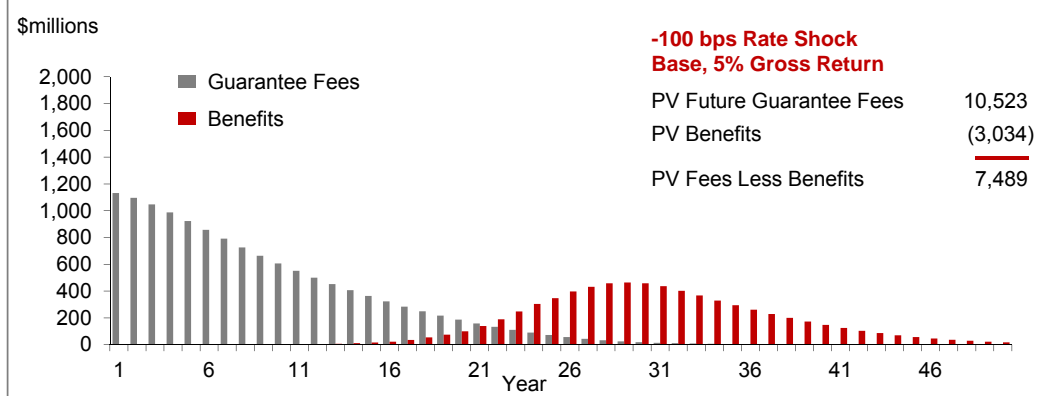
## GMWB unhedged cash flow



### Unhedged GMWB Cash Flow Exposure, 31 December 2015

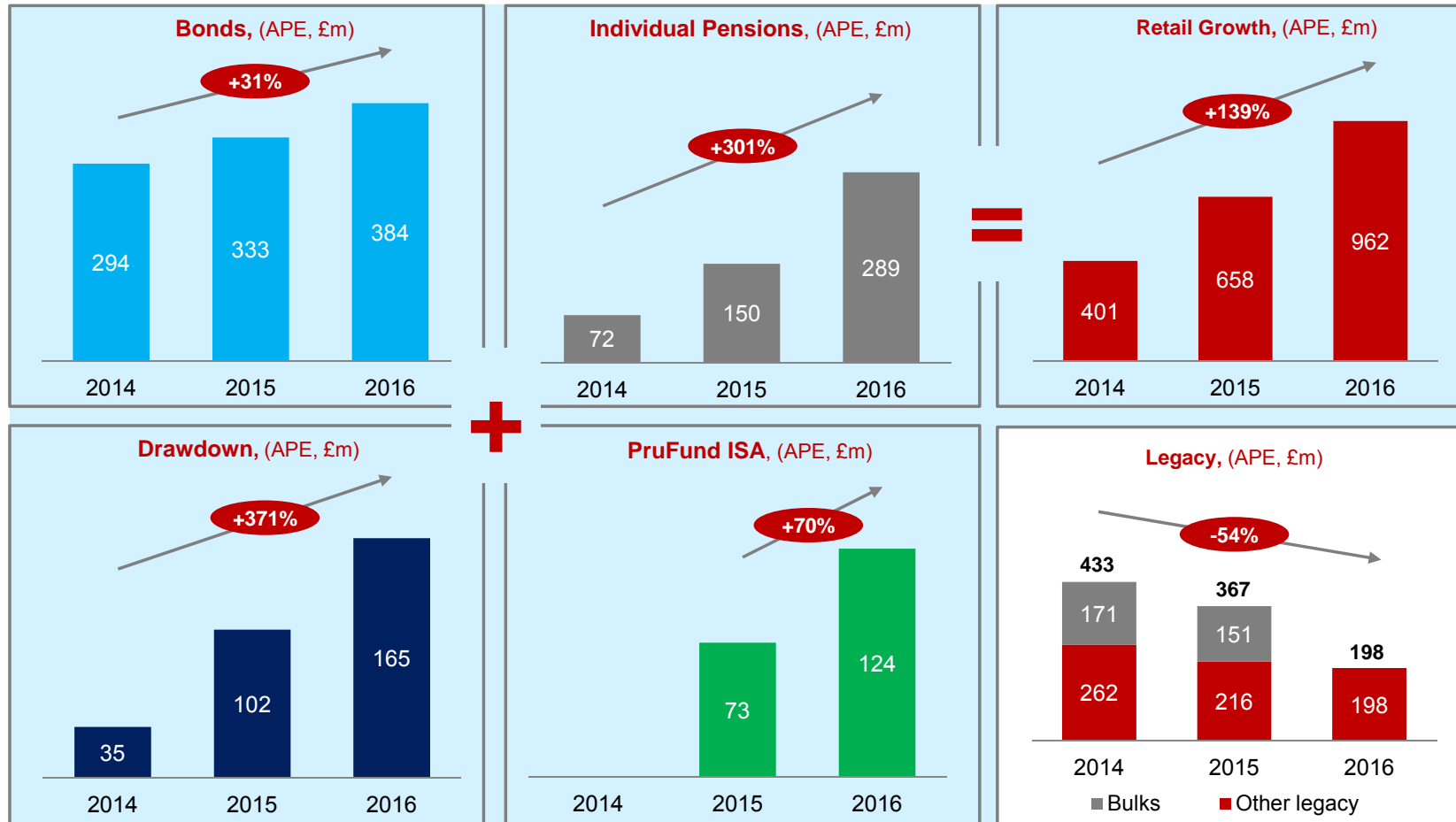


- Includes guarantee fees only
- Uses prudent best estimate assumptions (AG43, C3P2)
- 5% gross return is well below historical average market return
- Ignores guarantee fees collected to date as well as reserves
- PV of future GMWB fees exceeds PV of benefits over a wide range of market shocks
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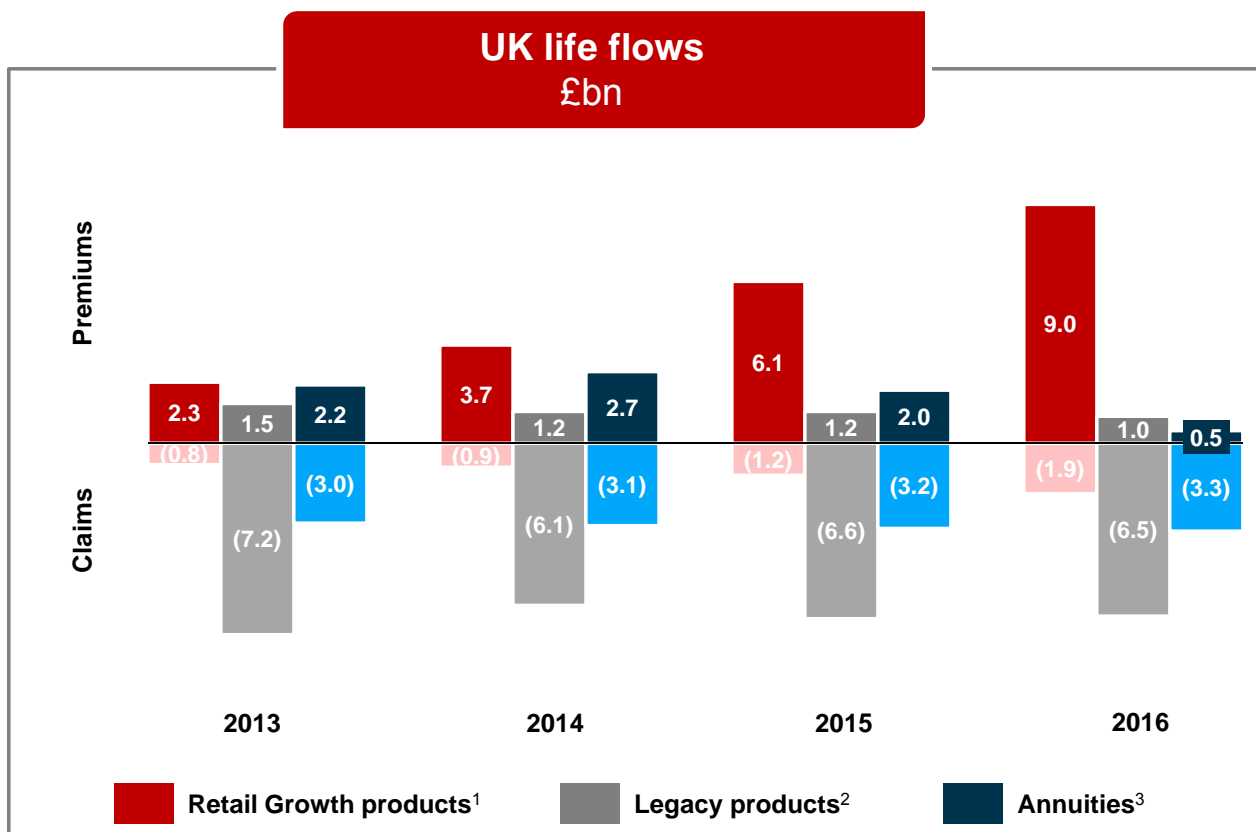
# UK Life

## Growth across wrappers and new propositions



# UK Life

Improved asset gathering capability



**With-profits**

31 December 2016

**£118bn**

invested assets

YoY  
Change

**+13%**

**Shareholder backed**

31 December 2016

**£64bn**

invested assets

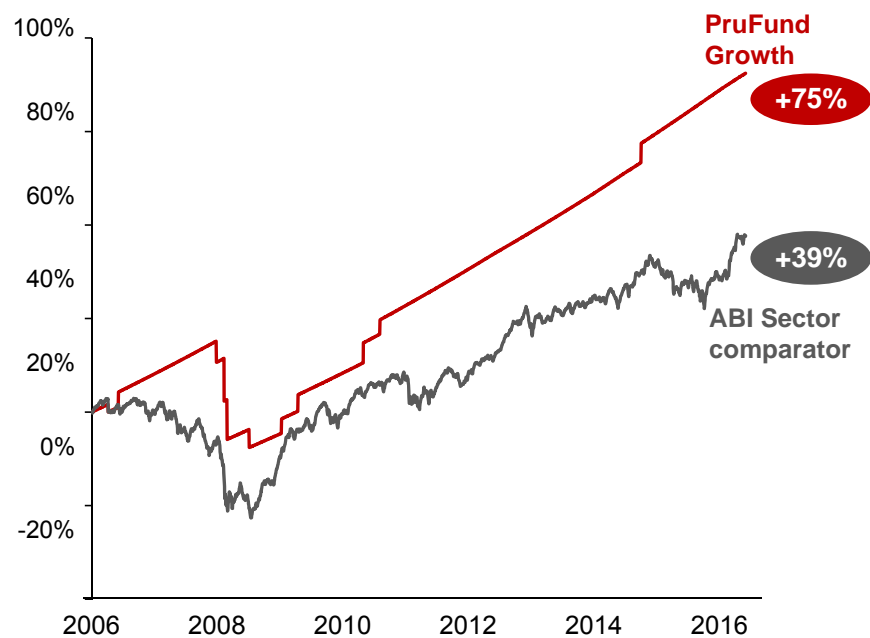
**+5%**

<sup>1</sup> Includes investment bonds, individual pensions, drawdown and PruFund ISA  
<sup>2</sup> Includes corporate pensions and other  
<sup>3</sup> Includes retail and bulk annuities

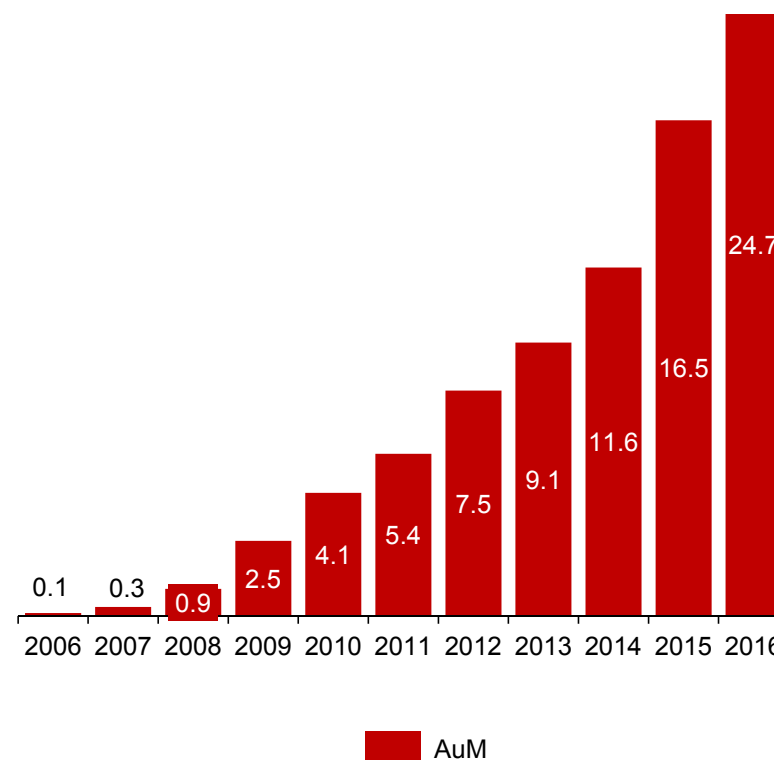
# UK Life PruFund Range



## PruFund Investment Performance<sup>1</sup>

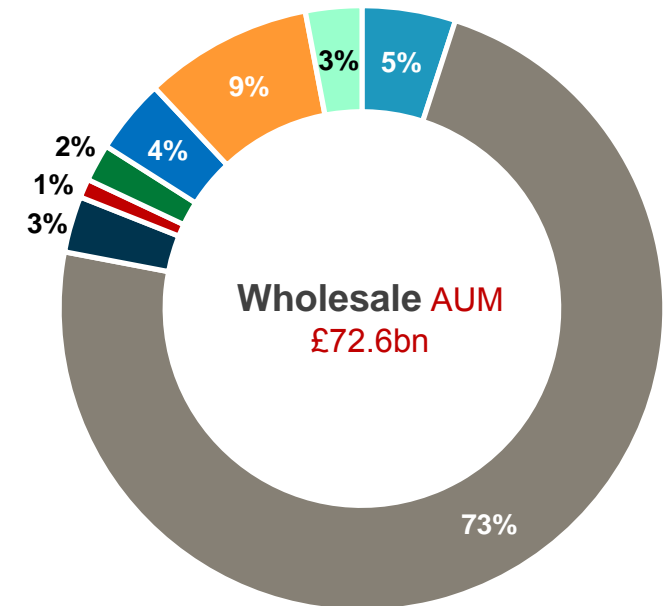
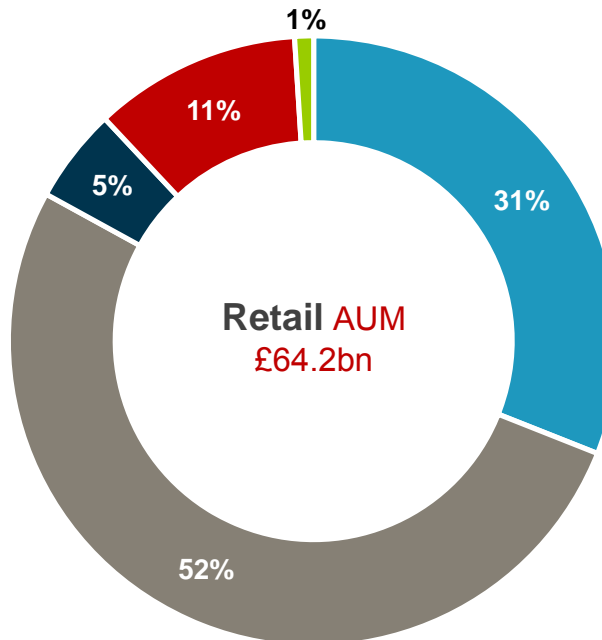
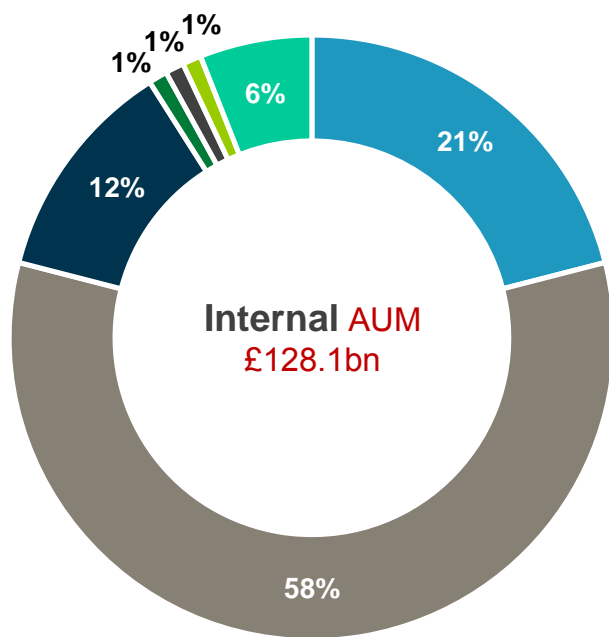


## Growth in PruFund AuM (£bn)



1. ABI Mixed Investment 20%-60% Shares TR; performance from 29 December 2006 to 30 December 2016

M&G Group assets under management by client type and asset class (%), 31 December 2016<sup>1</sup>



- Equities
- Fixed Income
- Real Estate
- Multi-asset
- Infrastructure
- Real estate mortgages/debt
- Private equity
- Other debt/private finance lending
- Structures products
- Other alternative investments
- Cash

<sup>1</sup> Asset class splits exclude assets from Prudential Investment Managers South Africa business.

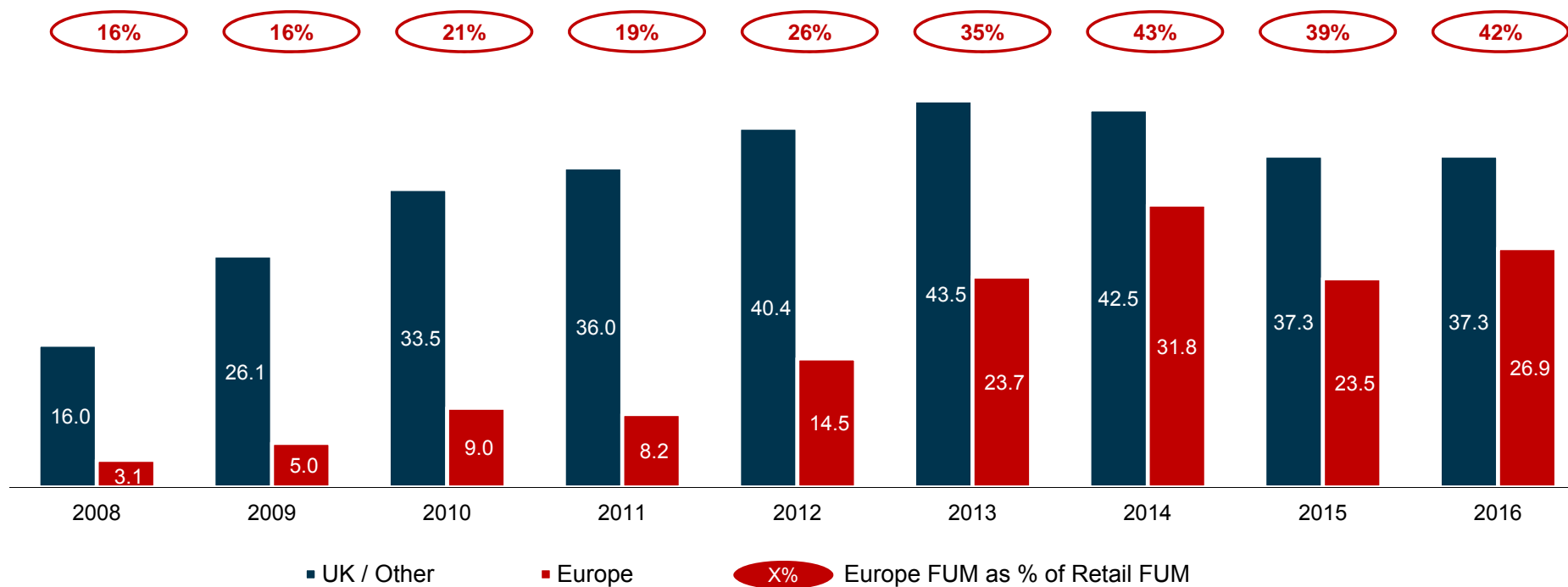


# Asset Management

## M&G – retail FUM



Retail funds under management, £bn

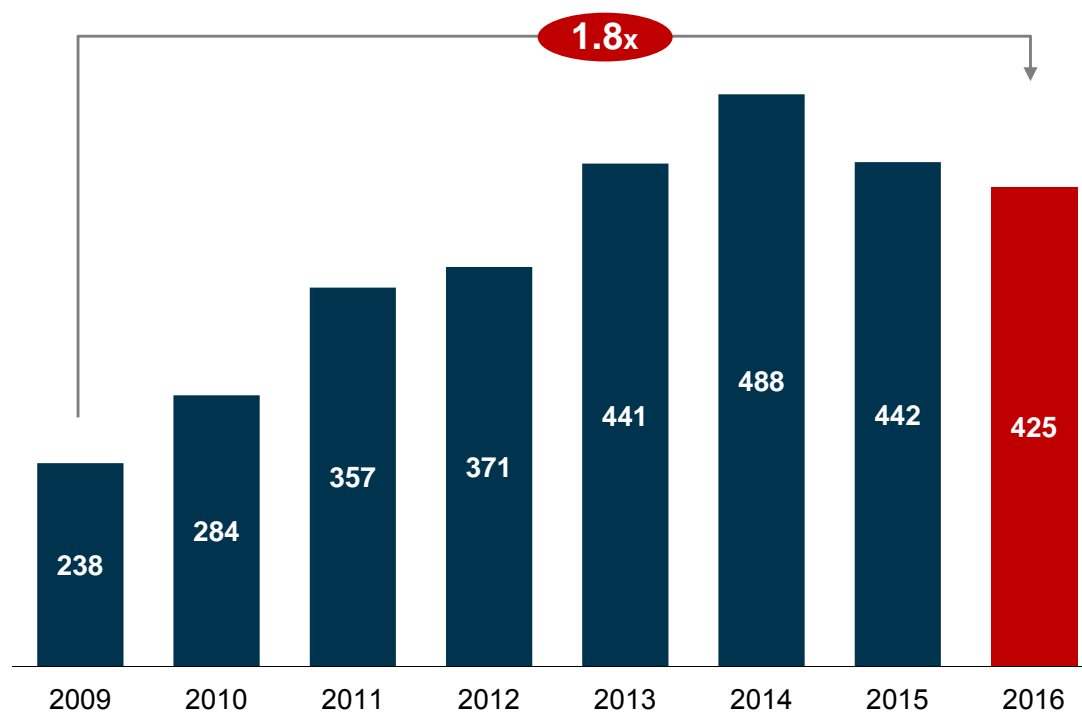


# M&G

## Operating profit



M&G IFRS operating profit, £m



# IFRS operating profit – sources of earnings

## Life insurance - Asia



Source		
FY 2016	FY 2015 (CER)	+/-
£m except reserves £bn		

Total operating profit <sup>1</sup>			
1,503	1,303	15%	

=

Total Life income				Total Life expenses				DAC adjustments			
3,472	3,125	11%	-	(2,117)	(1,930)	(10)%	+	148	108	37%	

Spread income				Fee income				Technical and other margin				With-profits			
192	164	17%		174	170	2%		2,959	2,662	11%		48	50	(4)%	

Spread (bps)				AMF (bps)				Margin on revenues				Expected returns			
144	143	1		111	114	(3)		1,919	1,821	5%		99	79	25%	
Average reserves				Average reserves				Insurance margin							
13.3	11.5	16%		15.6	14.9	5%		1,040	841	24%					

<sup>1</sup> 2015 comparatives have been restated to exclude the contribution from the held Korea Life.

# IFRS operating profit – sources of earnings

## Life insurance - US



Source		
FY 2016	FY 2015 (CER)	+/-
£m except reserves £bn		

			<b>Total operating profit</b>								
			2,052	1,908	8%						
			<b>=</b>								
<b>Total Life income</b>			<b>Total Life expenses</b>			<b>DAC amortisation</b>					
3,644	3,655	-	-	(1,836)	(1,993)	8%	+	244	246	(1)%	
<b>Spread income</b>			<b>Fee income</b>			<b>Technical and other margin</b>			<b>Expected returns</b>		
802	845	(5)%	1,942	1,886	3%	888	898	(1)%	12	26	(54)%
Spread (bps)	217	241	(24)	AMF (bps)	190	192	(2)				
Average reserves	37.0	35.0	6%	Average reserves	102.0	98.4	4%				

# IFRS operating profit - sources of earnings

## Life insurance - UK



Source		
FY2016	FY2015	+/-
£m except reserves £bn		

Total operating profit		
799	1,167	(32)%

=

Total Life income		
885	1,014	(13)%

-

Total Life expenses <sup>1</sup>		
(243)	(247)	2%

-

Management actions/ other <sup>2</sup>		
157	400	(61)%

Spread income				Fee income				Technical and other margin				Expected returns			With-profits		
177	258	(31)%		59	62	(5)%		270	298	(9)%		110	127	(13)%	269	269	-

Spread (bps)	54	82	(28)
Average reserves	32.7	31.5	4%

AMF (bps)	27	28	(1)
Average reserves	21.8	22.4	(3)%

Margin on revenues	207	179	16%
Insurance margin	63	119	(47)%

<sup>1</sup> Includes DAC adjustment of -£2m (FY15: -£2m)

<sup>2</sup> Includes amounts relating to UK management actions relating to longevity reinsurance of £197m (2015: £231m) and other optimisation actions of £135m (2015: £169m) and provision of £(175)m (2015: £nil)

# IFRS operating profit – sources of earnings

## Asset management



Asset Management operating profit <sup>1</sup>		
566	570	(1)%

Source		
FY2016	FY2015 (CER)	+/-
£m except average assets £bn		

M&G		
425	442	(4)%

Eastspring Investments		
141	128	10%

Underlying income		
923	939	(2)%

Other income <sup>2</sup>		
46	36	28%

Total expenses		
(544)	(533)	(2)%

Total income <sup>2</sup>		
360	342	5%

Total expenses		
(219)	(214)	(2)%

Average fees <sup>4</sup> (bps)	37	37	-
Average assets (£bn)	250.4	252.5	(1)%

Cost / income ratio <sup>3</sup>		
59%	57%	2ppt

Average fees <sup>4</sup> (bps)	32	34	(2)
Average assets (£bn)	109.0	100.0	9%

Cost / income ratio <sup>3</sup>		
56%	58%	(2)ppt

<sup>1</sup> Excludes PruCap and US asset management business.

<sup>2</sup> Includes performance-related fees and share of associates results.

<sup>3</sup> Cost/income ratio excludes performance-related fees, carried interest and profit from associate, and for Eastspring, taxes on JV operating profit.

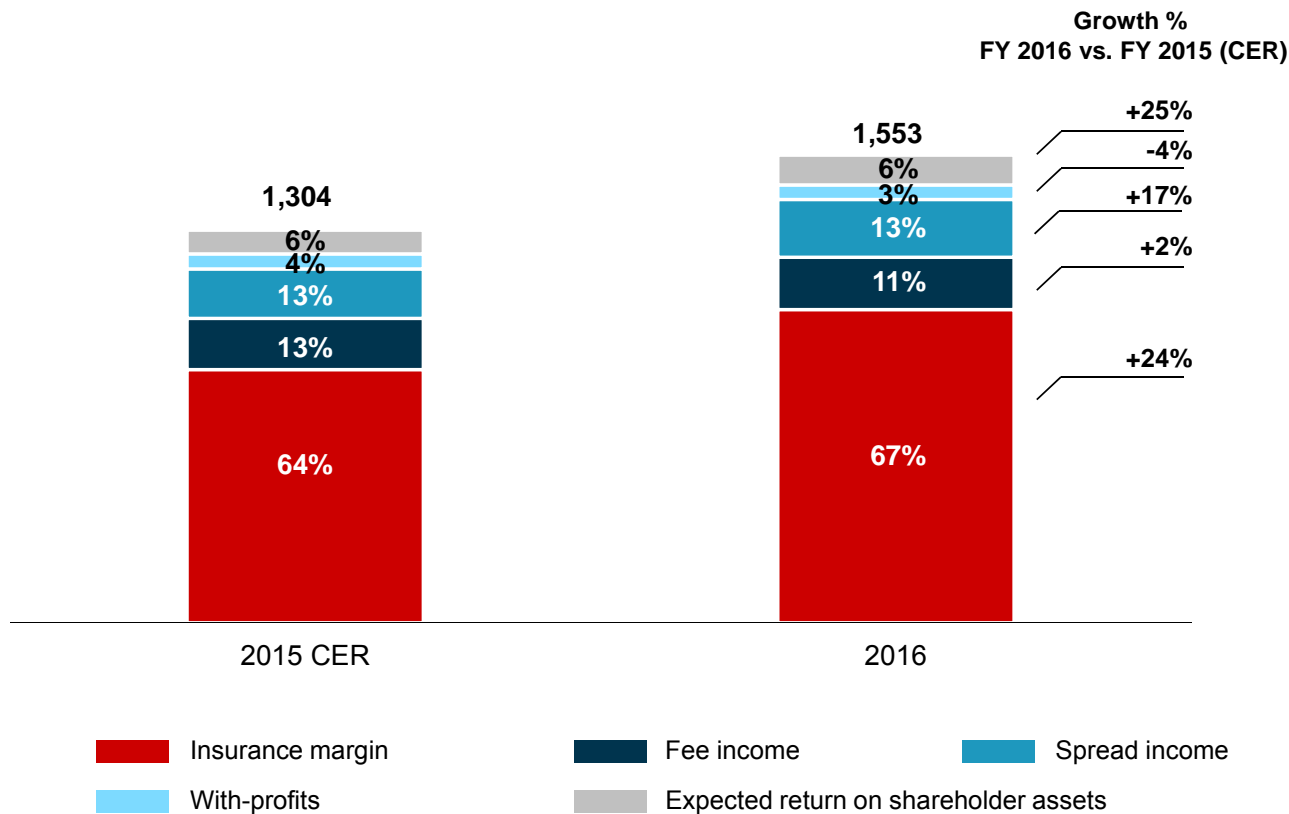
<sup>4</sup> Average fees exclude performance-related fees (PRF) and M&G's share of operating profit from PPMISA.

# IFRS operating profit sources of income

## Life insurance - Asia



Asia IFRS operating income<sup>1,2</sup>, £m



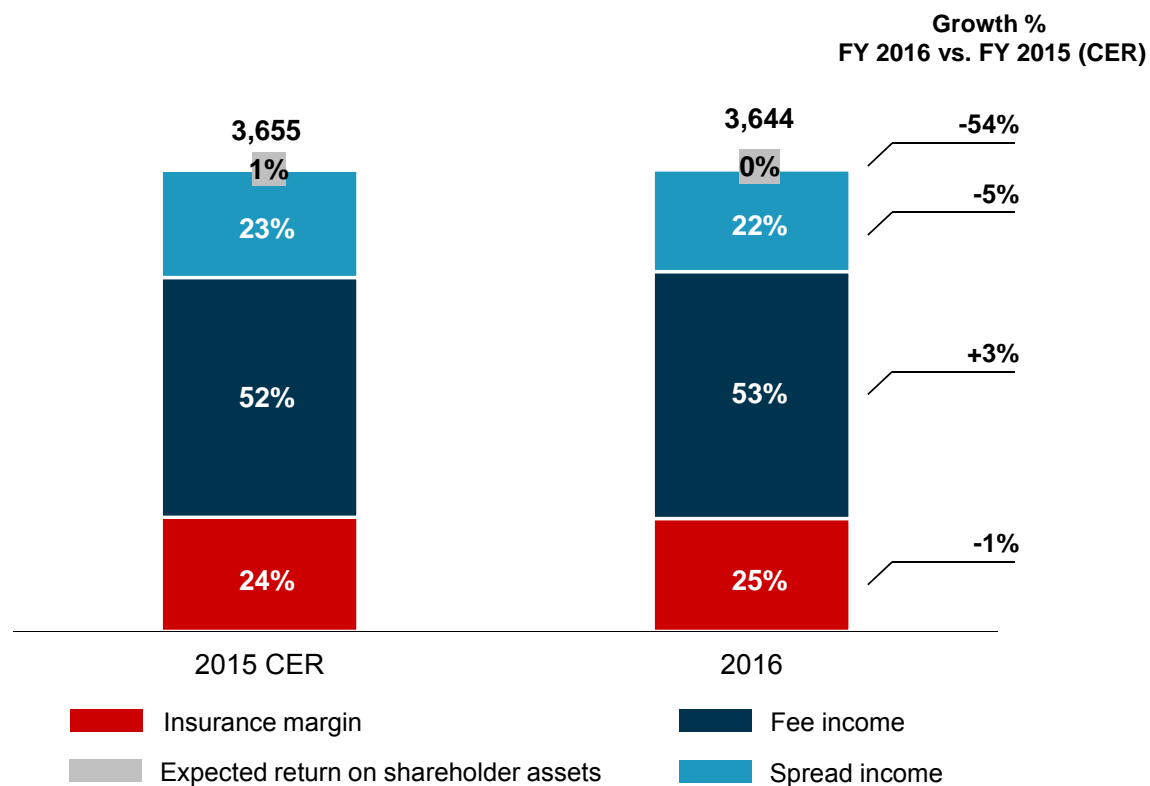
<sup>1</sup> Excludes margin on revenues, acquisition and administration expenses and DAC adjustments.  
<sup>2</sup> 2015 comparatives restated to exclude the held for sale Korea Life.

# IFRS operating profit sources of income

## Life insurance - US



US IFRS operating income<sup>1</sup>, £m



<sup>1</sup> Excludes acquisition, administration expenses and DAC amortisation.

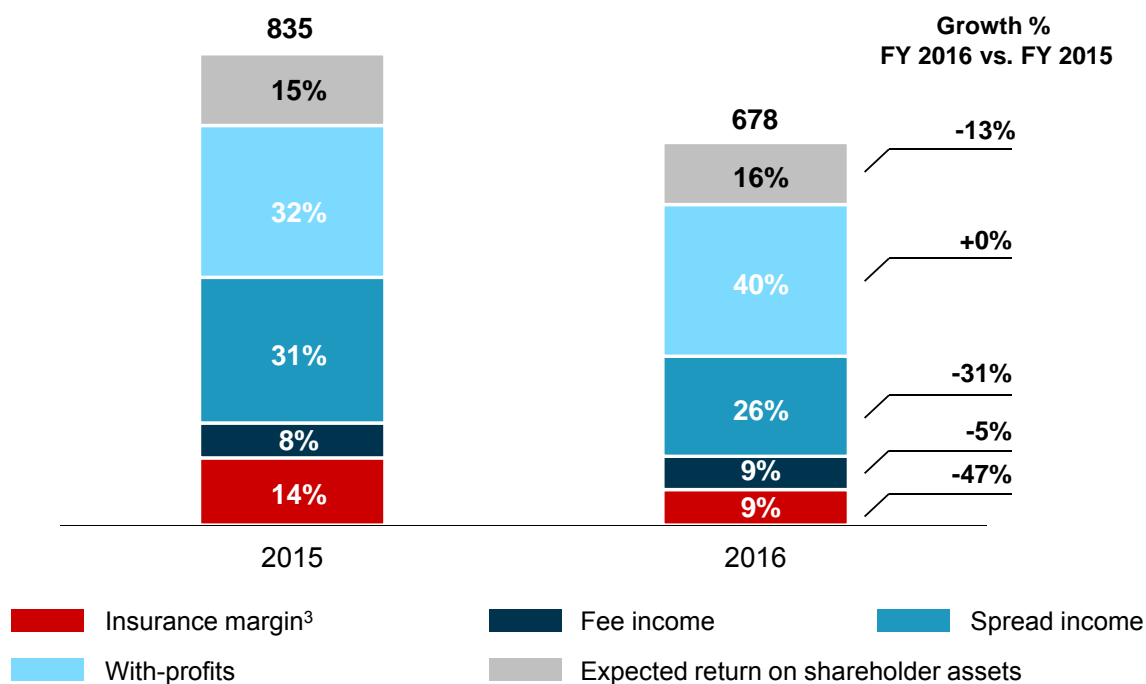


# IFRS operating profit sources of income

## Life insurance - UK



UK IFRS operating income<sup>1,2</sup>, £m



<sup>1</sup> Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

<sup>2</sup> Excludes earnings from longevity reinsurance and other management actions of £332m (2015: £400m) and the provision for review of past annuity sales £175m.

# EEV operating profit (post-tax)

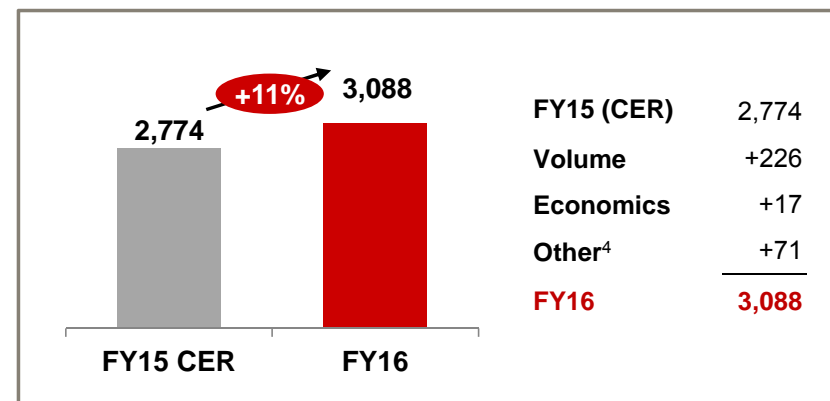
Operating return on EEV of 17%



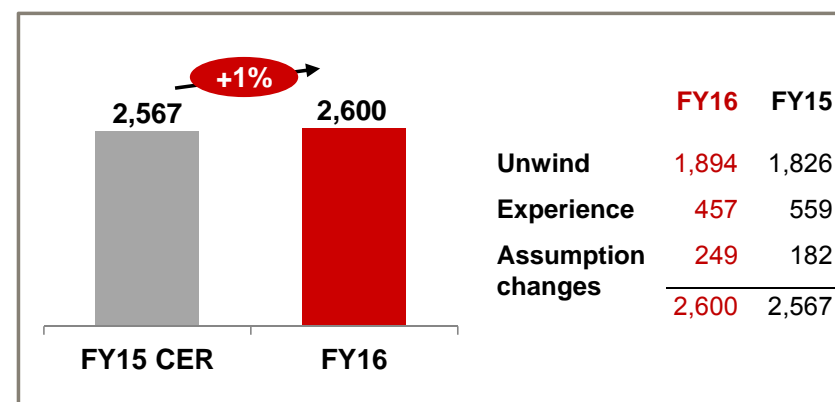
## EEV operating profit by business unit, £m (CER)

	<b>FY16</b>	vs FY15 <sup>2</sup>
Asia Life	<b>3,074</b>	+20%
US Life	<b>1,971</b>	(3)%
UK Life	<b>643</b>	(25)%
Asset Management <sup>1</sup>	<b>508</b>	(2)%
	<b>6,196</b>	+4%
Other	<b>(699)</b>	(13)%
<b>Total</b>	<b>5,497</b>	+3%

## New business profit, £m (CER<sup>2,3</sup>)



## In-force profit, £m (CER<sup>2</sup>)



<sup>1</sup> Includes post-tax operating profit from M&G, PruCap, Eastspring, Curian and US broker-dealers, and UK general insurance commission.

<sup>2</sup> FY15 restated on constant exchange rate basis, increasing Asia new business profit by £178 million, US new business profit by £104 million, Asia in-force profit by £97 million and US in-force profit by £128 million. 2015 comparatives have also been restated to exclude the held for sale Korea Life business.

<sup>3</sup> 2015 restated to exclude contribution from bulk annuities.

<sup>4</sup> Other includes operating assumption changes, channel mix, geographic mix, product mix and pricing actions.

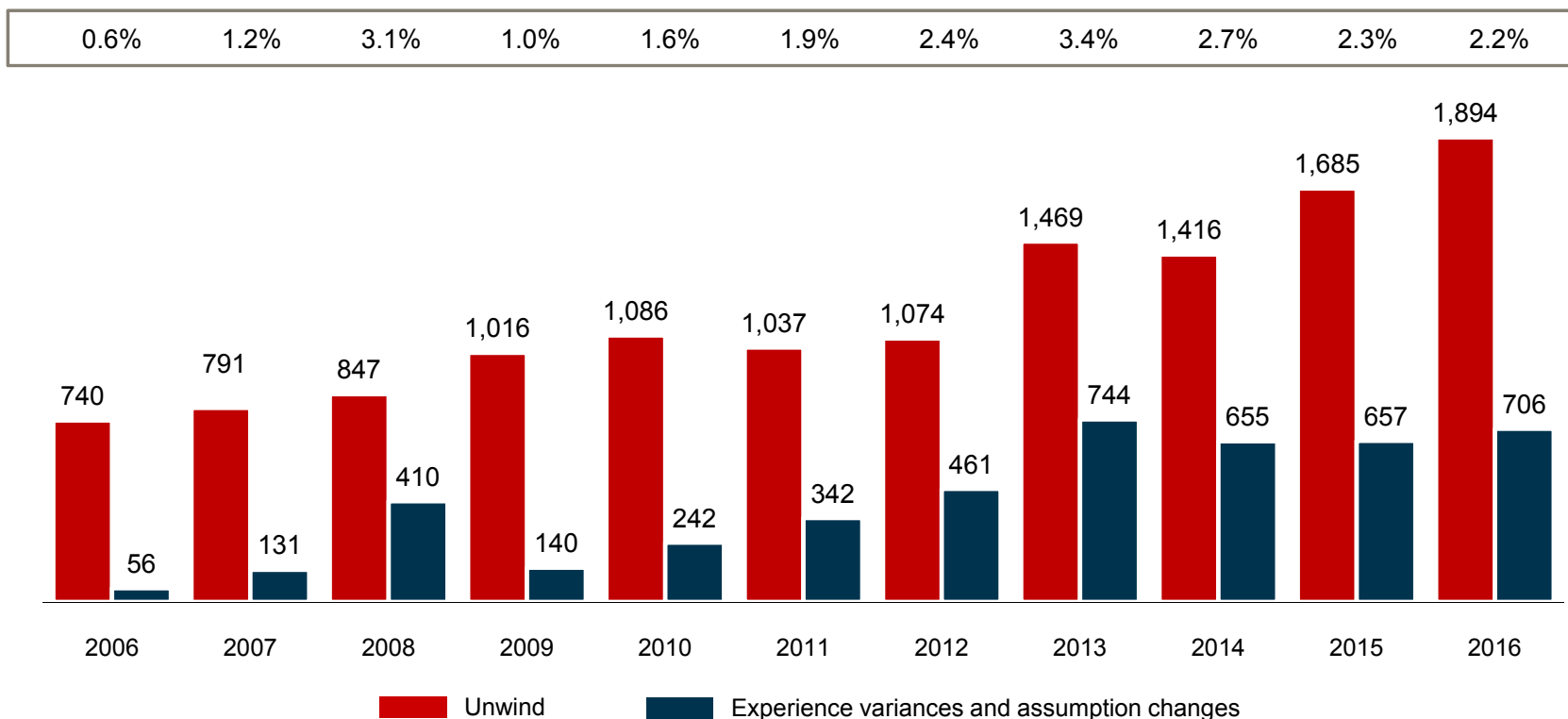
# EEV operating profit

## Life operating variances - Group



### Group Life operating variances<sup>1,2</sup>, £m

Experience variances and assumption changes % opening EEV<sup>3</sup>

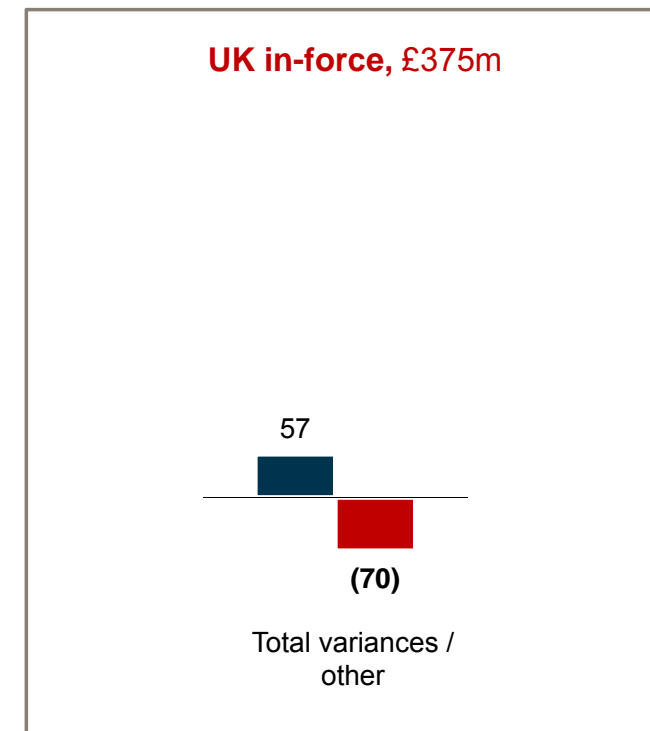
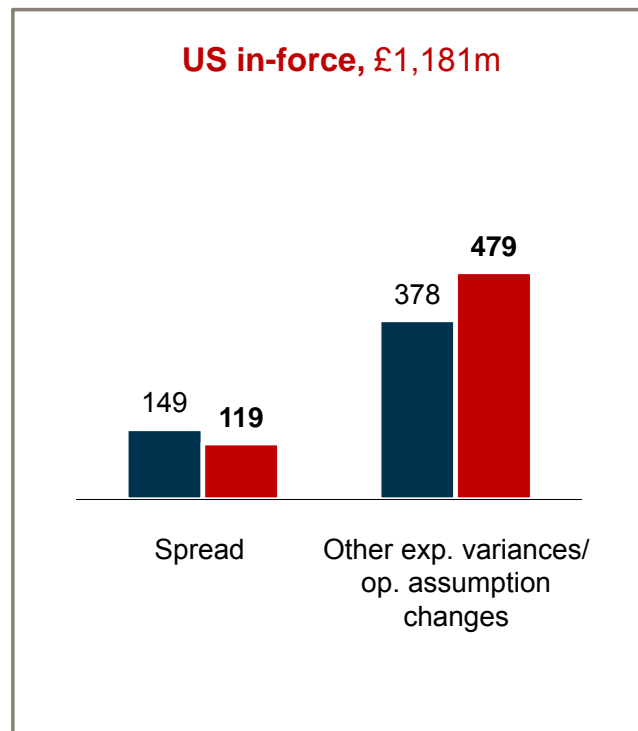
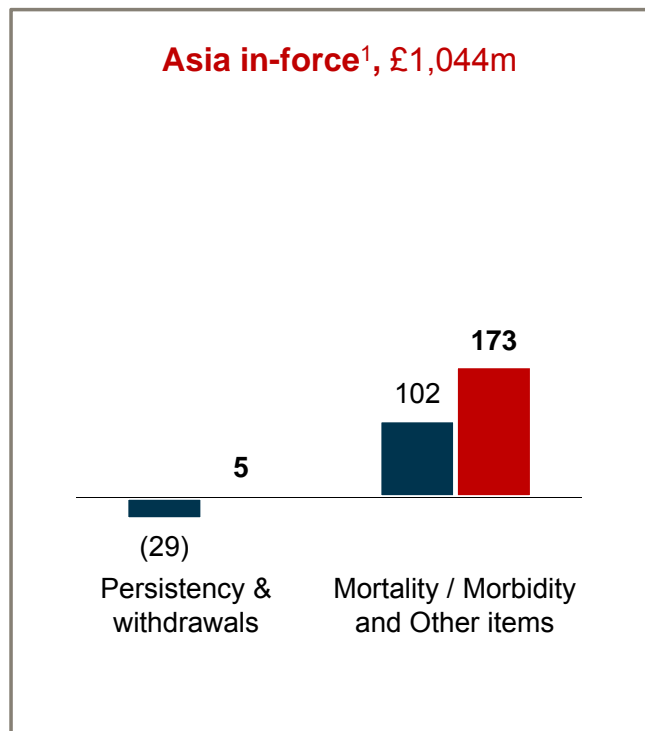


1 Excludes Japan Life and Taiwan agency. The comparative results have been adjusted to exclude the held for sale Korea life. FY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. FY2006 to FY2013 comparatives include the results of PruHealth and PruProtect.  
 2 2016 - 2014 Experience variances and assumption changes are shown pre development costs. 2006 - 2013 are shown post development costs.  
 3 Opening EEV of Life operations, excluding goodwill.

Note: Unwind & Experience variances / assumption changes are on a post tax basis.

# EEV operating profit

## In-force performance



■ FY15   ■ FY16

<sup>1</sup> The 2015 comparative results have been adjusted from those previously published for the reclassification of the results attributable to the held-for-sale Korea life business.

# EEV operating profit

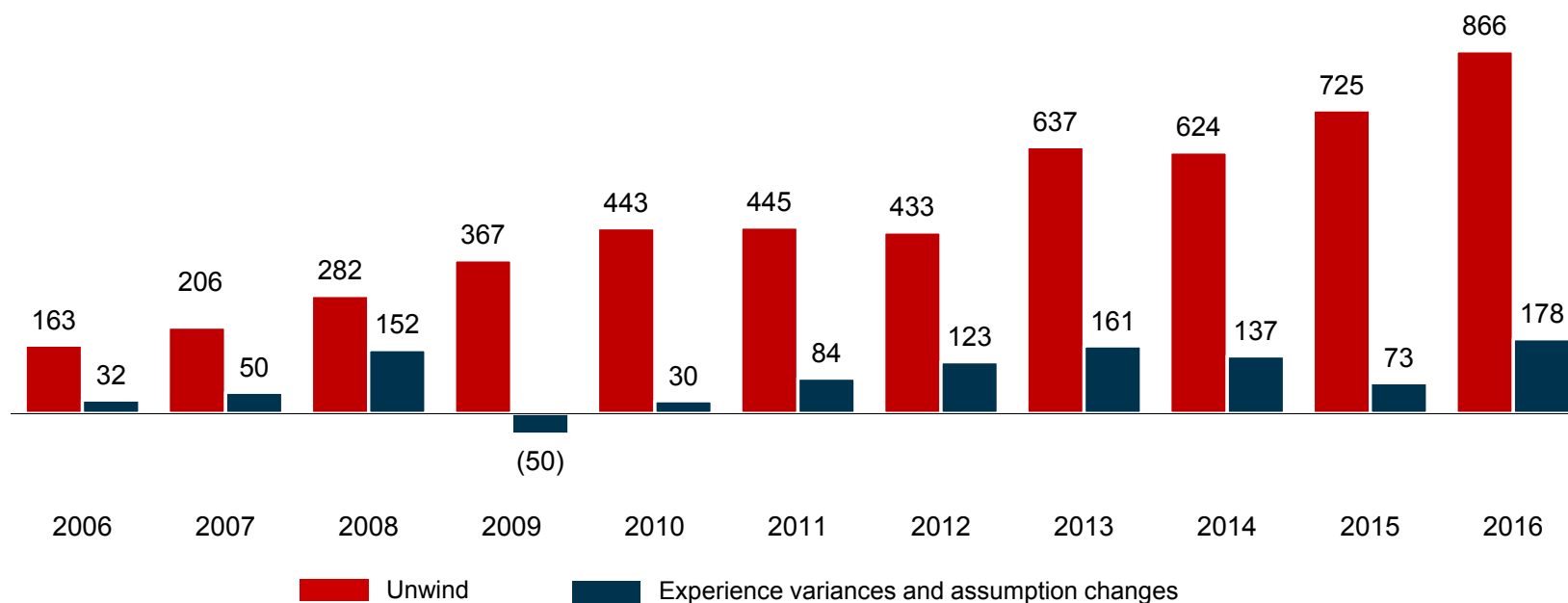
## Life operating variances - Asia



### Asia Life operating variances<sup>1,3</sup>, £m

Experience variances and assumption changes % opening EEV<sup>2</sup>

2.0%	2.4%	4.8%	(1.1)%	0.6%	1.2%	1.5%	1.8%	1.4%	0.6%	1.3%
------	------	------	--------	------	------	------	------	------	------	------



<sup>1</sup> 2015 and 2014 Experience variances and assumption changes are shown pre development costs. 2006 to 2013 are shown post development costs.

<sup>2</sup> Opening EEV of Life operations, excluding goodwill.

<sup>3</sup> All comparative results have been adjusted from those previously published for the reclassification of the results attributable to the held-for-sale Korea life business

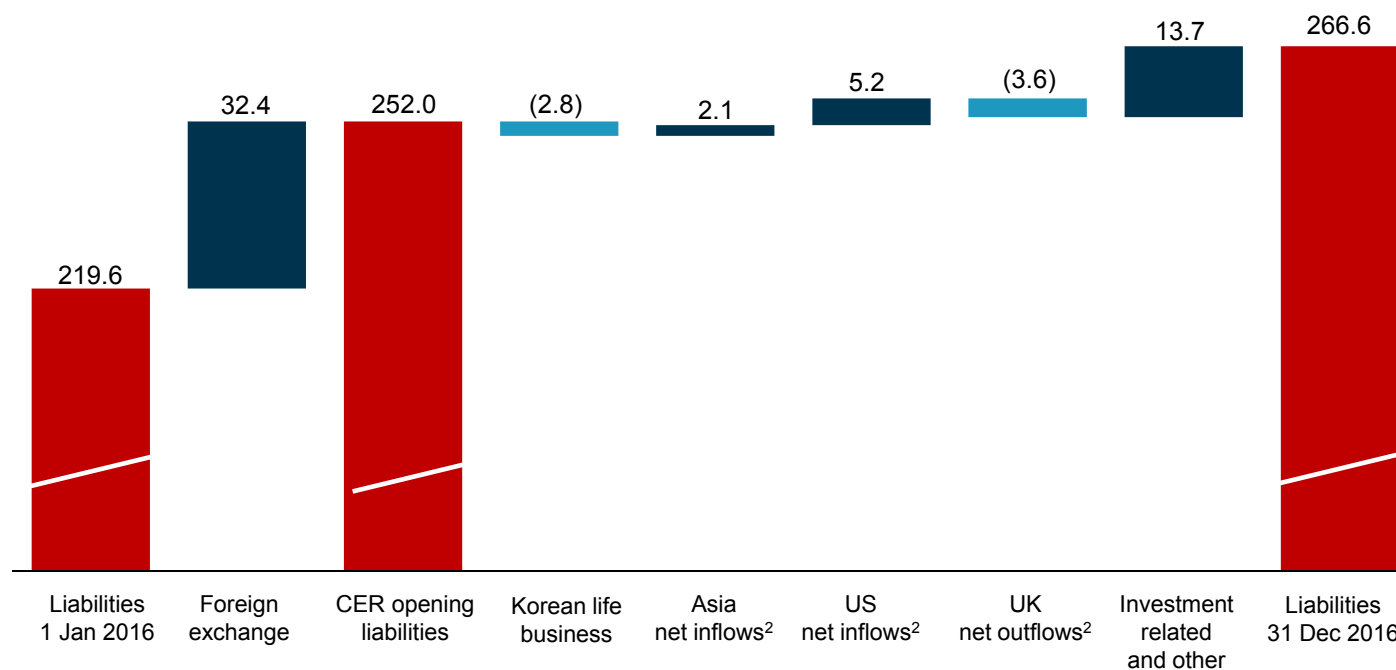
Note: Unwind & Experience variances / assumption changes are on a post tax basis and excludes Japan.

# Policyholder liabilities

## Shareholder backed business - Group



Policyholder liabilities<sup>1</sup> roll-forward, £bn



<sup>1</sup> Shareholder-backed business.

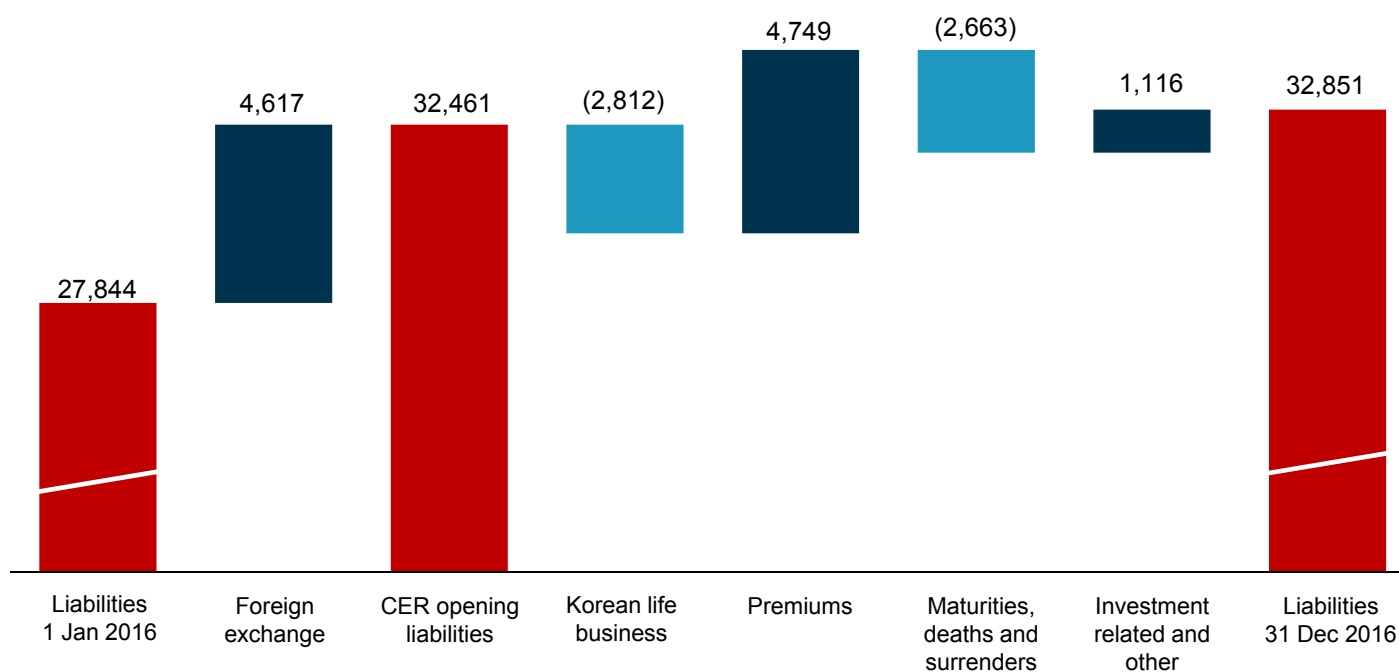
<sup>2</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Policyholder liabilities

## Shareholder backed business - Asia



Policyholder liabilities roll-forward, £m



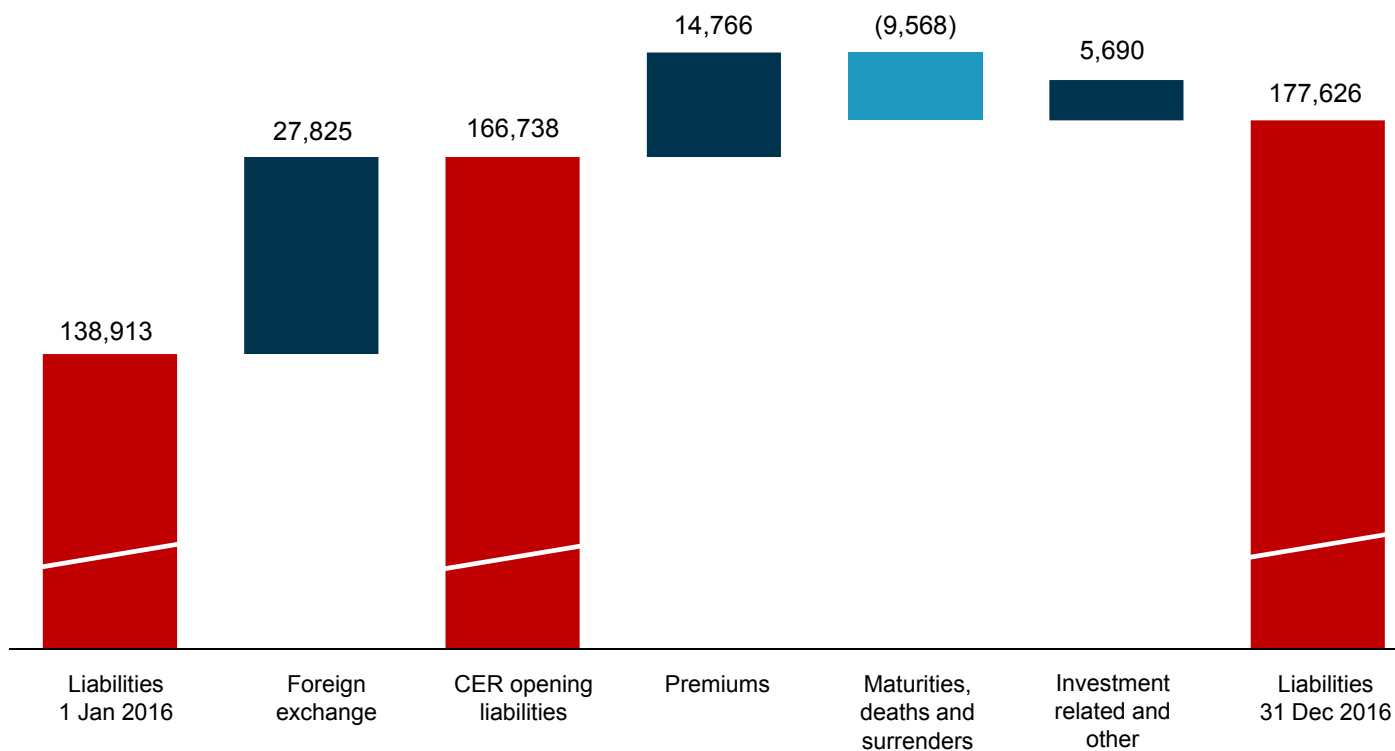
<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Policyholder liabilities

## Shareholder backed business - US



Policyholder liabilities roll-forward, £m



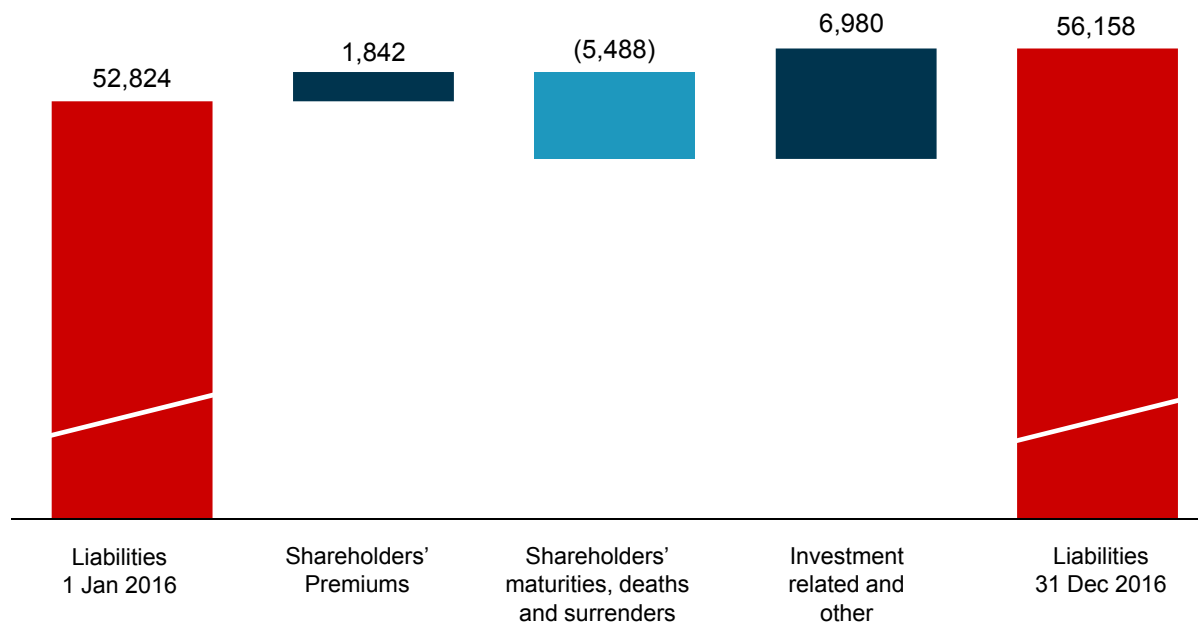


# Policyholder liabilities

## Shareholder backed business - UK



Policyholder liabilities roll-forward, £m



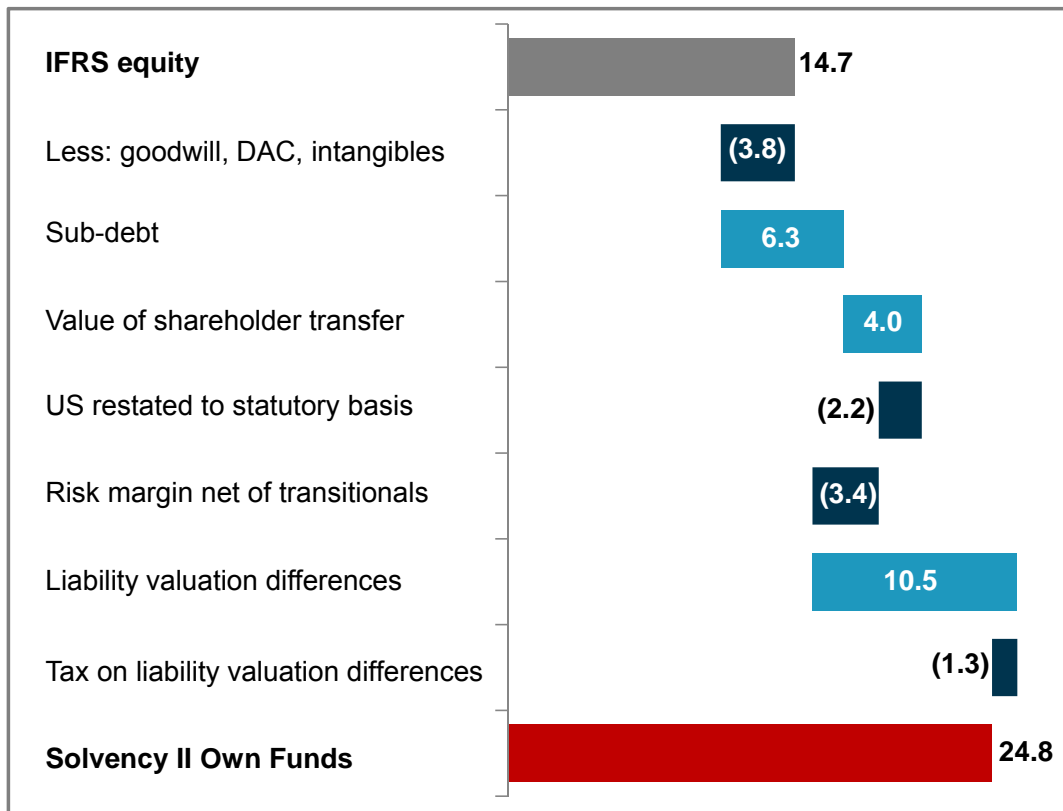
<sup>1</sup> Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

# Solvency II

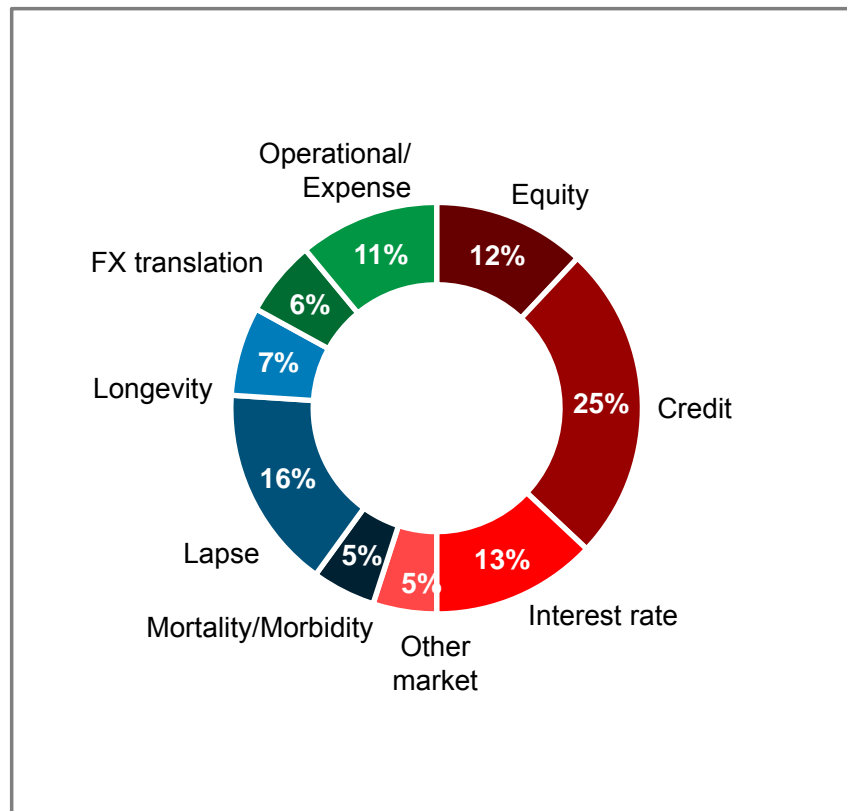
## Well-diversified risks



Reconciliation of IFRS equity to Solvency II Own Funds<sup>1,2</sup>, FY16 £bn



SCR by risk type<sup>3</sup>, FY16



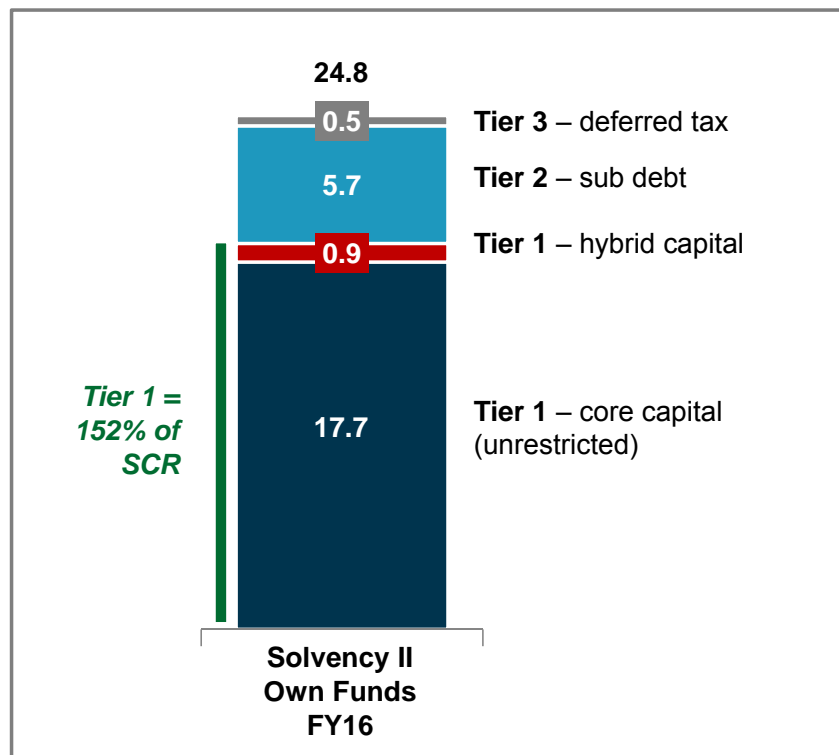
<sup>1</sup> The Group Shareholder position excludes the contribution to the Group SCR and Own Funds of ring fenced With Profit Funds and staff pension schemes in surplus.  
<sup>2</sup> Before allowing for the 2016 second interim dividend  
<sup>3</sup> Solvency II undiversified solvency capital requirement

# Solvency II

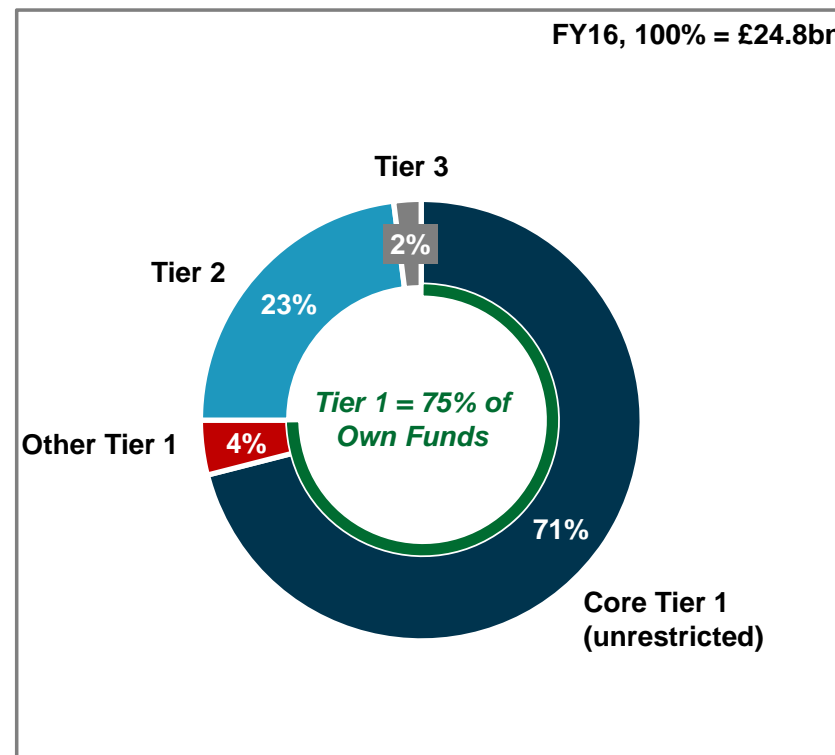
## High quality capital



Solvency II Own Funds by capital tier<sup>1,2</sup>



Share of Solvency II Own Funds by capital tier<sup>1,2</sup>

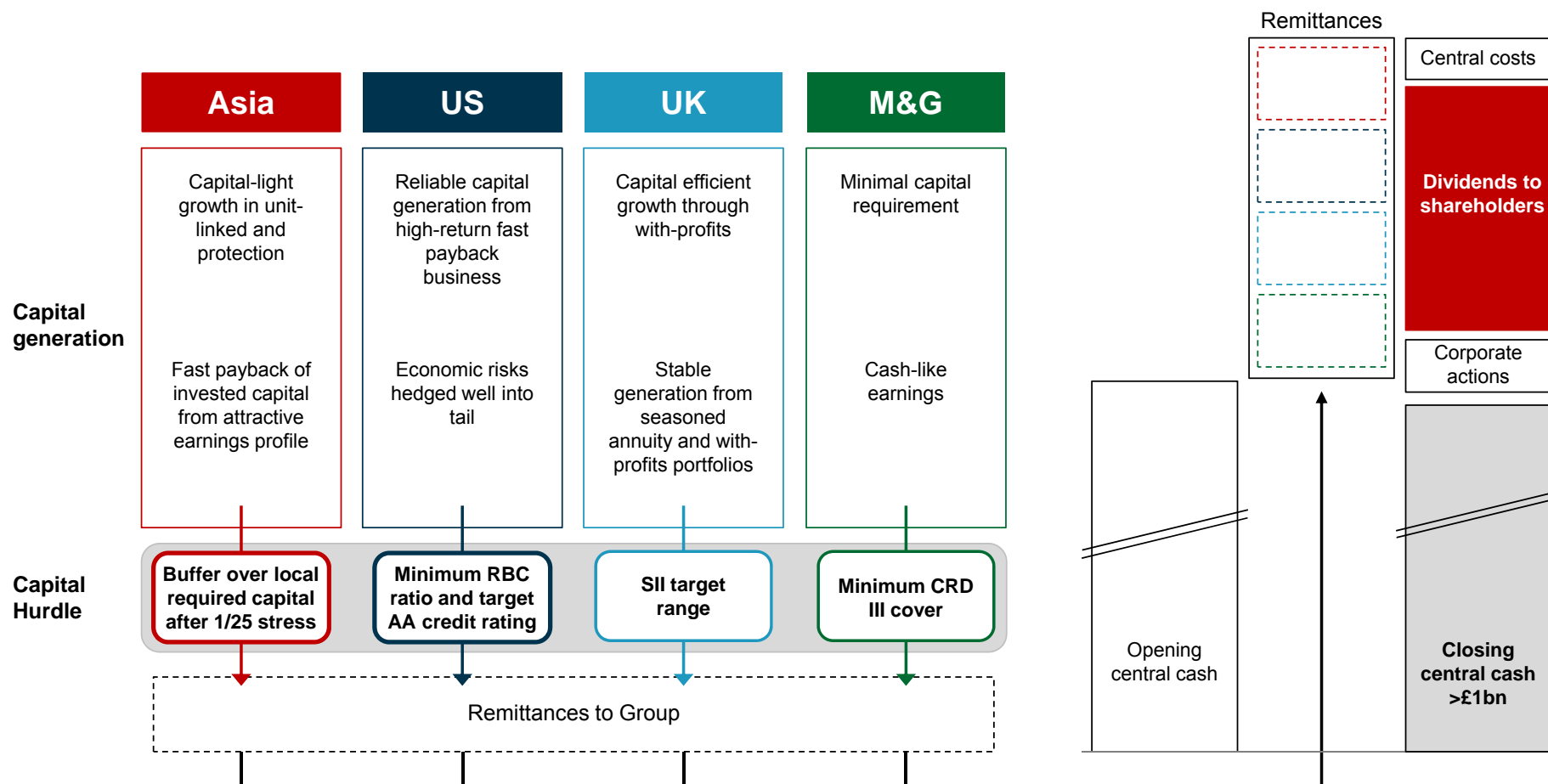


<sup>1</sup> The Group Shareholder position excludes the contribution to the Group SCR and Own Funds of ring fenced With Profit Funds and staff pension schemes in surplus.

<sup>2</sup> Before allowing for the 2016 second interim dividend

# Solvency II

Capital dynamics and dividend philosophy are unchanged



# Solvency II

## SII treatment of hybrid capital classification



### Hybrid Capital outstanding, 31 December 2016

Issue Date	Amount	Coupon	Maturity Date	1st Call Date	SII Classification
19-Dec-01	GBP 435m	6.125%	19-Dec-31	None	Tier 2*
23-Jun-03	USD 1,000m	6.50%	Perp	23-Dec-08	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

\*Grandfathered under solvency II transitional provisions.

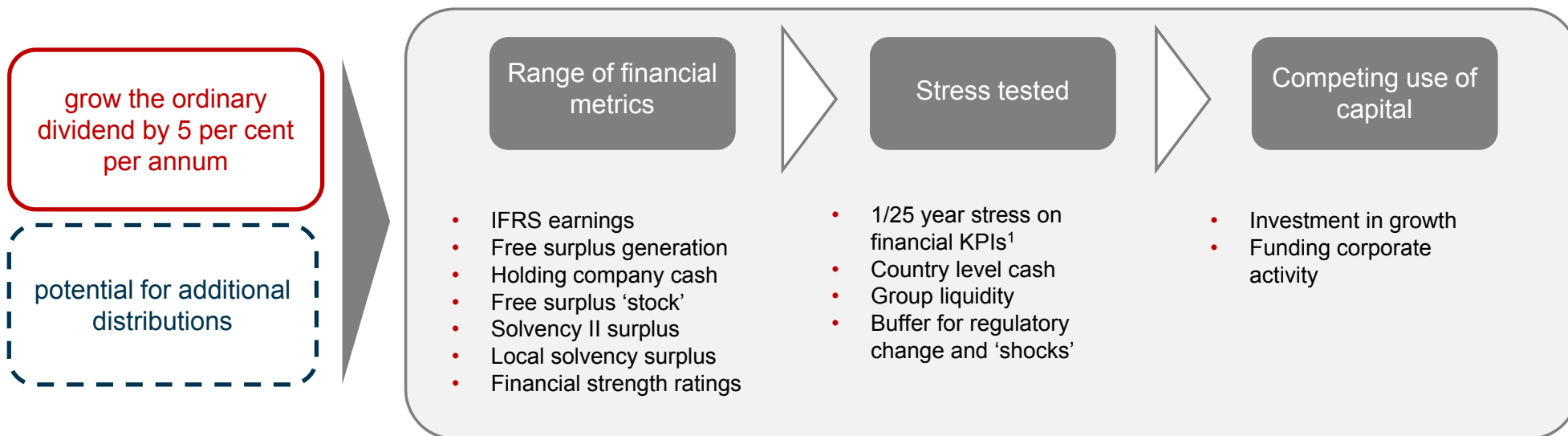
# Group

## Dividend policy



The Board will maintain its focus on delivering a growing ordinary dividend. In line with this policy, Prudential aims to grow the ordinary dividend by 5 per cent per annum. The potential for additional distributions will continue to be determined after taking into account the Group's financial flexibility across a broad range of financial metrics and our assessment of opportunities to generate attractive returns by investing in specific areas of the business

### Assessment of dividend affordability unchanged



<sup>1</sup> 1/25 year stress is equivalent to a Group-wide scenario with movements in all risks including a 29% to 50% fall in equity levels, a 0.4% to 2.8% fall in long-term interest rates and spreads widening by 150p in A-rated credit and 230p in BBB-rated credit.

# Invested assets

Asset portfolio is high quality and well diversified



Breakdown of invested assets<sup>1</sup>, FY16, £bn

	Total Group	PAR funds	Unit linked	Shareholders'				Total
				Asia Life	US Life	UK Life	Other	
Debt	170.5	70.9	9.6	11.4	40.7	35.5	2.4	90.0
Equity	198.6	49.6	147.1	1.4	0.3	0.0	0.2	1.9
Property	14.6	12.3	0.7	0.0	0.0	1.6	0.0	1.6
Mortgage	8.5	0.7	0.0	0.2	6.0	1.6	0.0	7.8
Deposits	12.2	8.9	1.4	0.6	0.0	1.2	0.1	1.9
Other loans	6.6	1.9	0.0	0.4	3.7	0.0	0.6	4.7
Other	9.4	6.7	0.0	0.2	1.8	0.5	0.2	2.7
<b>Total</b>	<b>420.4</b>	<b>151.0</b>	<b>158.8</b>	<b>14.2</b>	<b>52.5</b>	<b>40.4</b>	<b>3.5</b>	<b>110.6</b>

Shareholder debt portfolio, FY16, £bn

	Portfolio £bn	No. issuers	Holding by issuer		HY % debt portfolio
			Av. £m	Max £m	
Sovereign debt	17.1	43	390	4,370	1.5%
Corporate debt					
Investment grade	70.7	1,745	33	465	n/a
High yield	2.2	281	13	313	2.4%
	<b>72.9</b>	<b>2,026</b>	<b>30</b>	<b>465</b>	<b>n/a</b>
Oil and gas	3.5	143	24	193	0.6%
Mining	0.7	34	22	103	0.2%
Banks	5.5	190	29	372	0.2%

- Total group assets of £420.4bn; shareholder exposure of £110.6bn
- Conservative asset mix: 96% credit portfolio is rated investment grade
- Minimal default losses, and minimal impairments across all credit portfolios
- Additional cash and equivalents of £10.1bn, of which shareholder exposure of £5.1bn

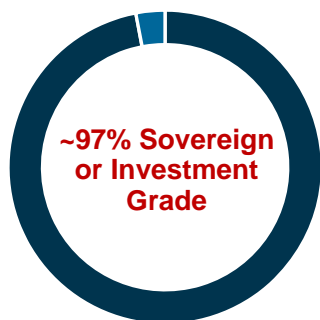
<sup>1</sup> Excludes £1.3 billion of investments in joint ventures and associates accounted for using the equity method.

# Invested assets

## Conservative approach to balance sheet risk

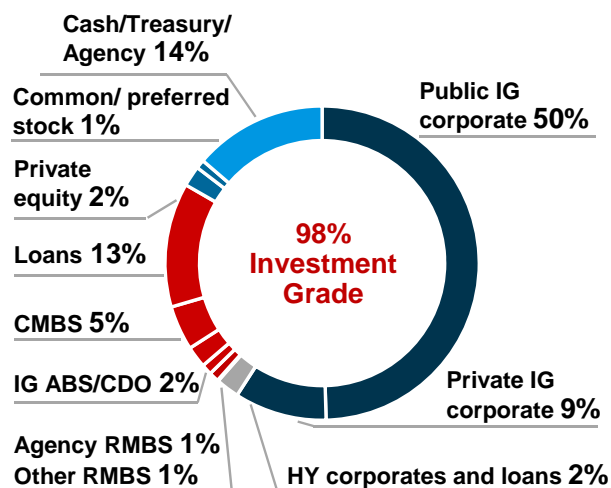


**Group shareholder credit portfolio**  
31 December 2016, £90bn



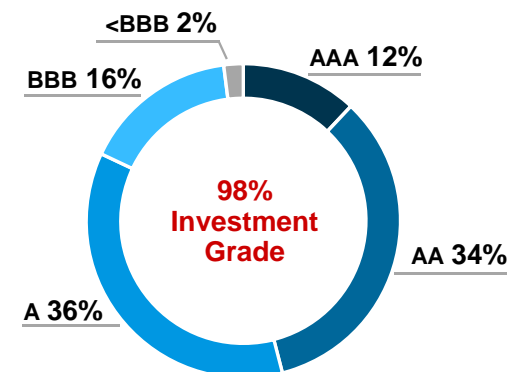
- Conservative asset mix
- Minimal default losses and impairments across all credit portfolios
- Additional cash and equivalents of £5.1bn

**Jackson shareholder portfolio<sup>1</sup>**  
31 December 2016, \$58bn



- Corporate Debt Portfolio<sup>2</sup>
- 1,047 issuers
  - Average holding £29.2m

**UK shareholder credit portfolio<sup>2</sup>**  
31 December 2016, £36bn



**Strength of the £1.7bn credit reserve**

- No defaults of shareholder-backed debt securities
  - Allowance for credit risk as at 31 December 2016 of 43 bps (IFRS) in line with prior year<sup>3</sup>
- Corporate Debt Portfolio
- 511 issuers
  - Average holding £48.4m

<sup>1</sup> Based on Statutory accounting book value  
<sup>2</sup> Based on IFRS accounting market value  
<sup>3</sup> For Prudential Retirement Income Limited (PRIL).

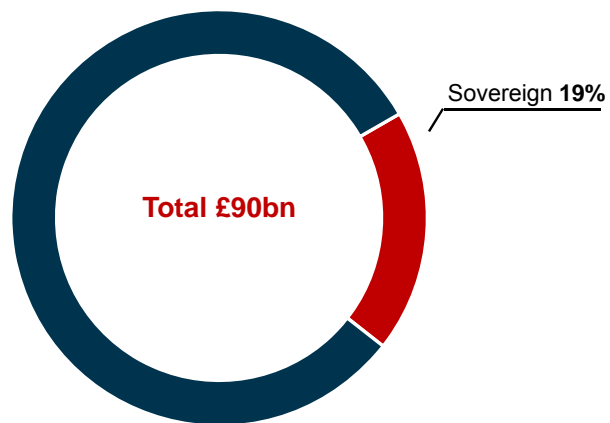


# Invested assets

## Group shareholder exposures – Sovereign debt



**Group shareholder credit portfolio**  
31 December 2016, £90bn



**Breakdown of the shareholder credit portfolio, %**

SH sovereign exposures by regions & ratings<sup>1</sup>, £m

	US	UK	Europe	Asia	Other	Total
AAA	-	-	573	149	10	732
AA-BBB	6,861	5,510	194	2,434	67	15,066
Below BBB	-	-	-	1,319	-	1,319
<b>Total</b>	<b>6,861</b>	<b>5,510</b>	<b>767</b>	<b>3,902</b>	<b>77</b>	<b>17,117</b>

Europe by key countries, £m

	Germany	France	“PIIGS”	Other	Total
Europe	573	22	89	83	<b>767</b>

	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	56	-	-	33	<b>89</b>

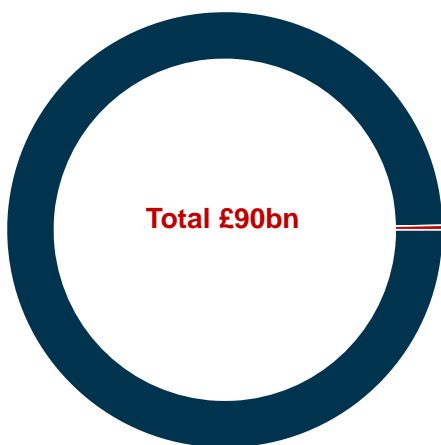
<sup>1</sup> Includes Credit Default Swaps.

# Invested assets

## Total PIIGS sovereign and bank debt



**PIIGS sovereign & bank debt  
31 December 2016, <1%**



PIIGS sovereign &  
bank debt 0.3%

**Shareholder invested assets – PIIGS  
countries as at 31 December 2016, £m**

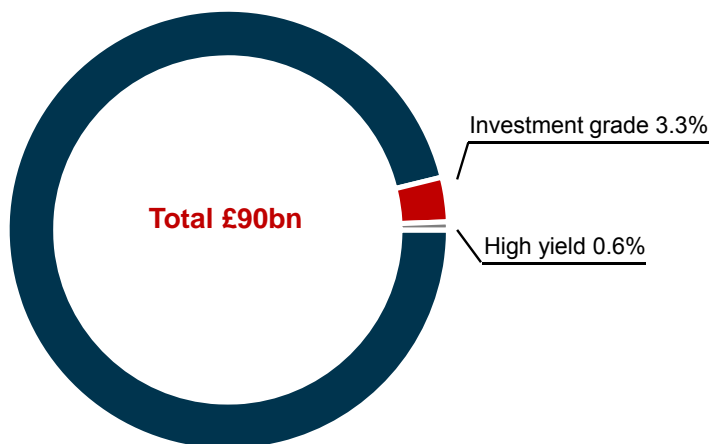
	Sovereign	Institution	Bank debt				Total
			Covered	Senior	Tier II	Tier I	
Portugal	-	Banco Espirito Santo	-	19	-	-	19
Ireland	-	-	-	-	-	-	-
Italy	56	Intesa SanPaolo	-	32	-	-	88
Greece	-	-	-	-	-	-	-
Spain	33	Santander	148	22	-	-	203
<b>Total</b>	<b>89</b>		<b>148</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>310</b>

# Invested assets

## Group shareholder exposures – oil and gas sector



**Shareholder Oil and Gas credit portfolio  
31 December 2016, 3.9%**



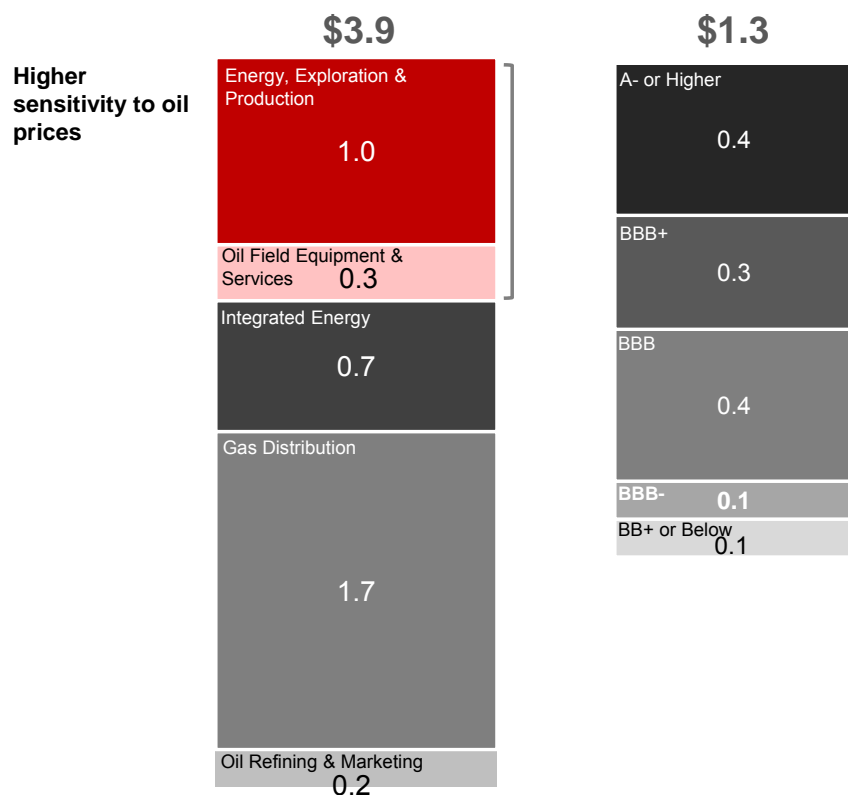
	Exploration & Production	Integrated Oils	Refining & Marketing	Oil & gas Services	Pipeline / Mid-stream	Total (£m)
<b>Investment grade</b>	652	1,007	252	381	659	2,951
<b>High yield</b>	160	4	31	18	321	534
<b>Total</b>	<b>812</b>	<b>1,001</b>	<b>283</b>	<b>399</b>	<b>980</b>	<b>3,485</b>

# Invested assets

## US asset quality – Energy Exposure



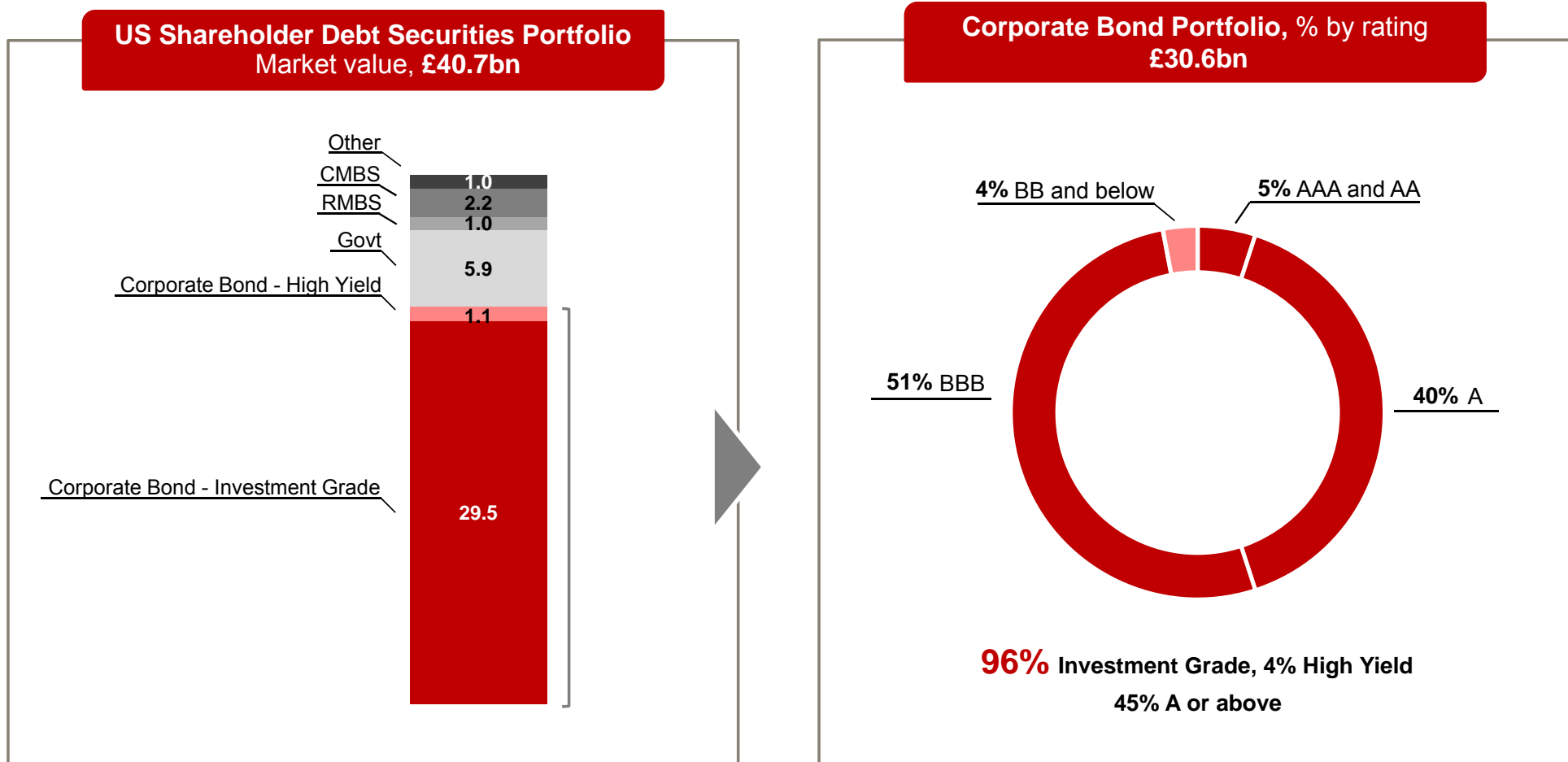
**Energy Portfolio by Sub-Sector – Total IFRS Book Value, in US\$bn 31 December 2016**



- Total energy exposure at 31 December, \$3.9bn
  - Energy exposure is 8% of the fixed maturity portfolio
  - Average market price was 104.1
  - Unrealised gain was \$128m
- The E&P and Oil Field Equipment and Services sub-sectors are the most sensitive to oil prices
  - Average market price was 103.7
  - Unrealised gain was \$50m
- 2016 results
  - \$33m of OTTI for 2016. No OTTI in 2<sup>nd</sup> half of 2016.
  - \$70m of net realised loss from sales for 2016
  - \$7m of net realised gain from sales in 2<sup>nd</sup> half of 2016

# Invested assets

## US asset quality – corporate debt portfolio (1/3)

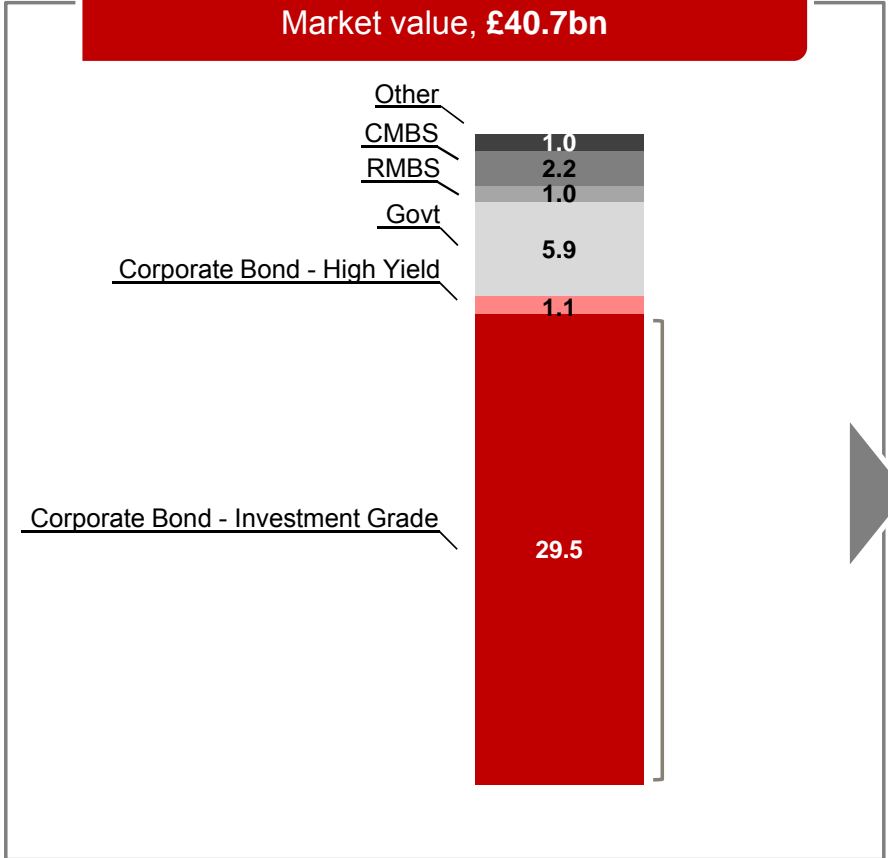


# Invested assets

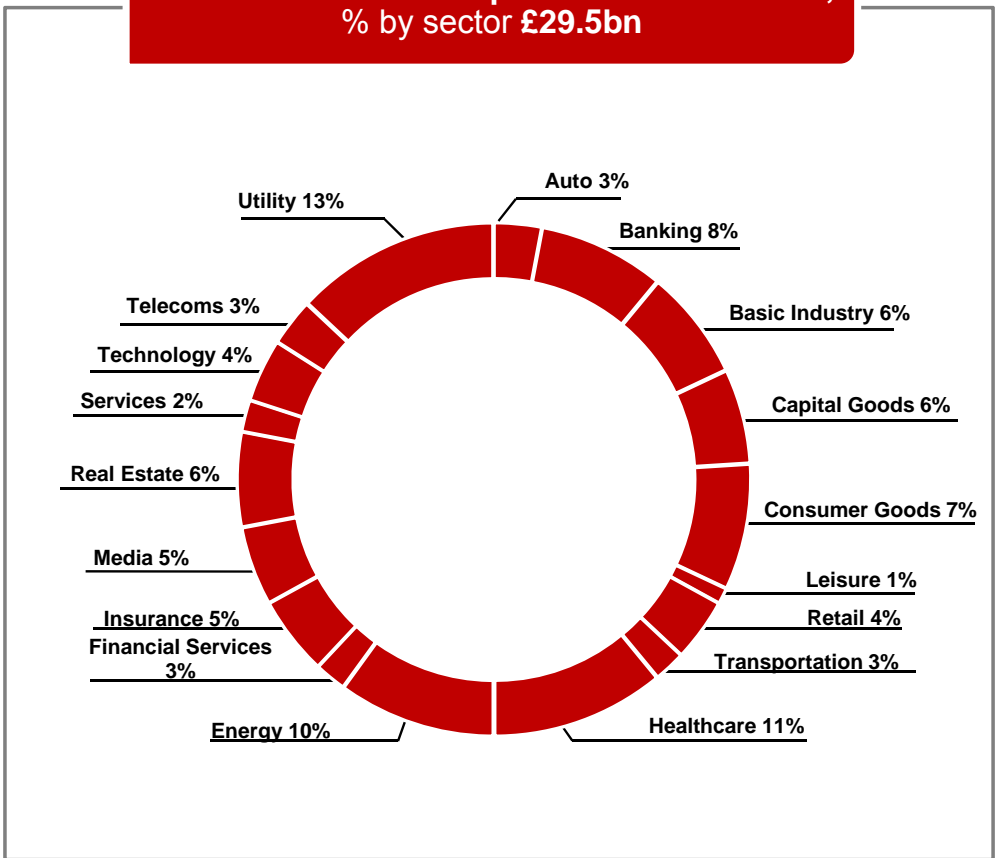
## US asset quality – corporate debt portfolio (2/3)



**US Shareholder Debt Securities Portfolio**  
Market value, £40.7bn



**Investment Grade Corporate Bond Portfolio,**  
% by sector £29.5bn

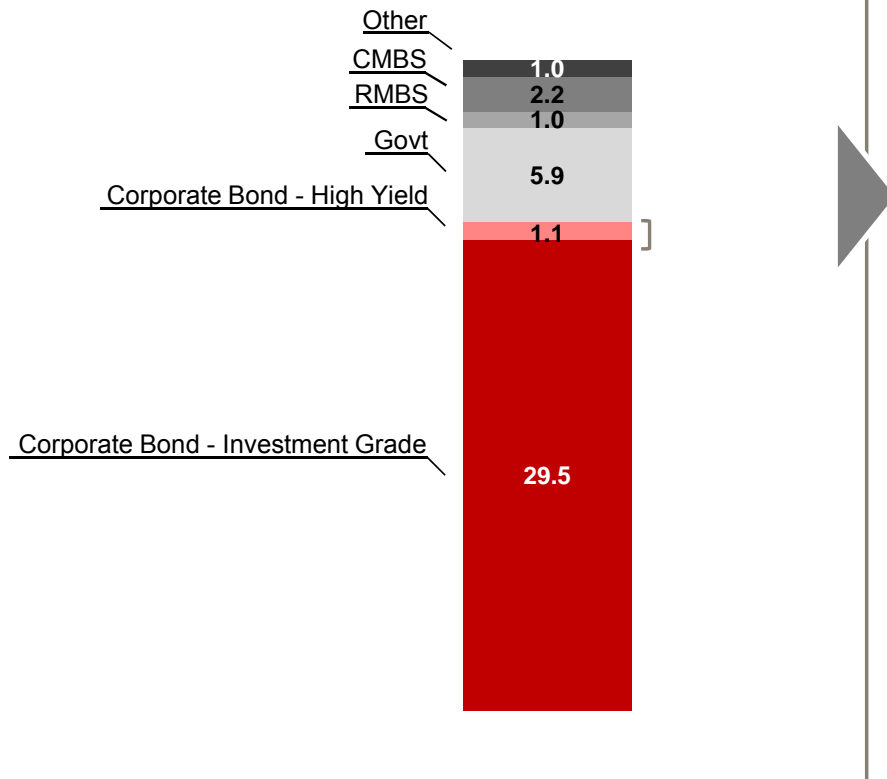


# Invested assets

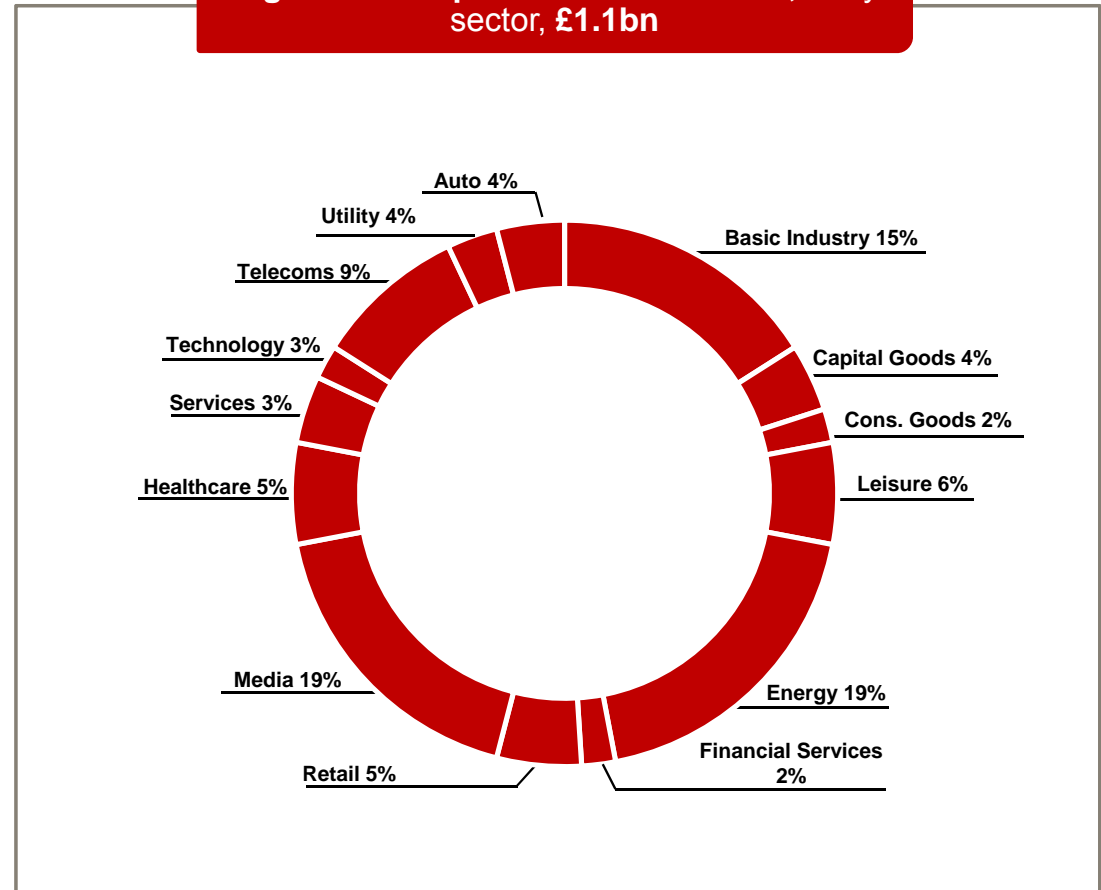
## US asset quality – corporate debt portfolio (3/3)



**US Shareholder Debt Securities Portfolio**  
Market value, £40.7bn

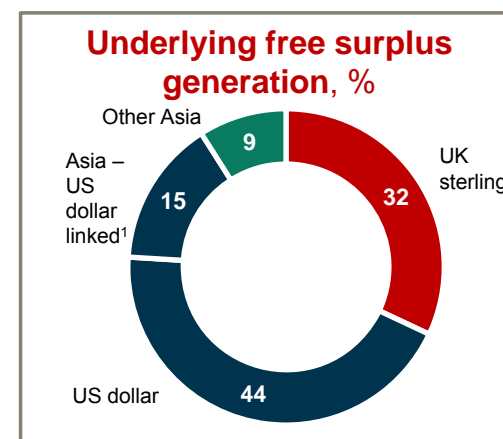
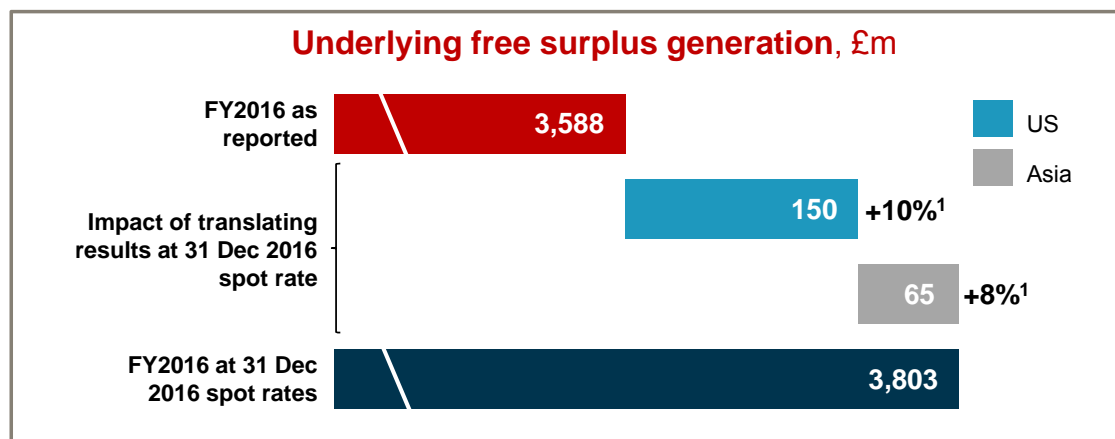
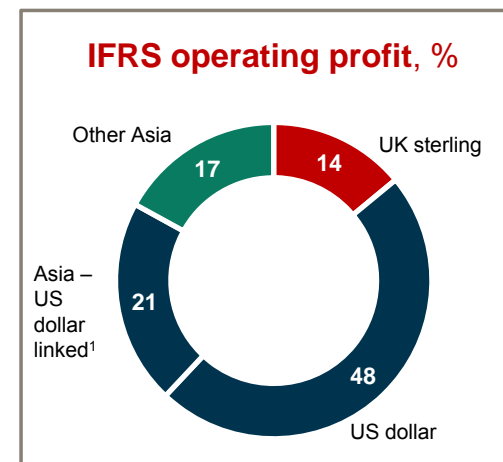
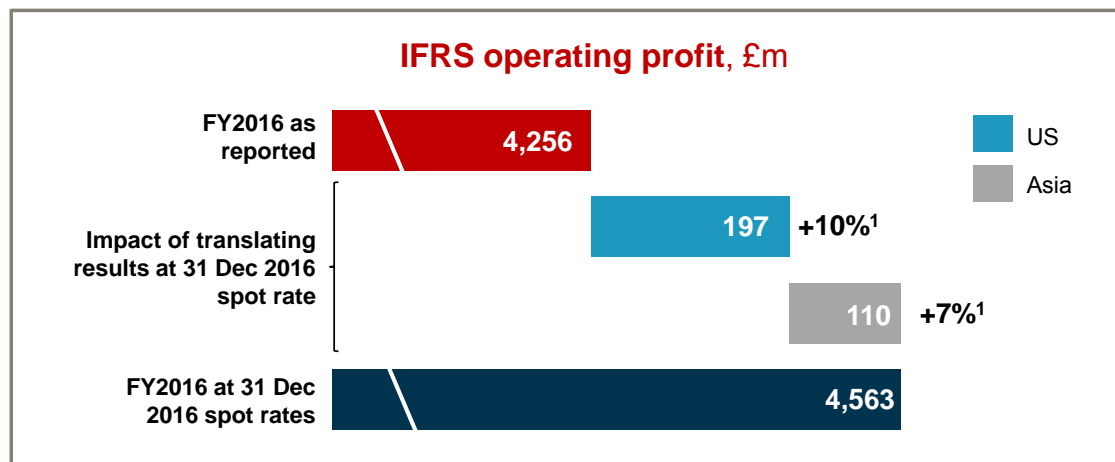


**High Yield Corporate Bond Portfolio, % by sector, £1.1bn**



# Currency mix

## Currency translation sensitivities

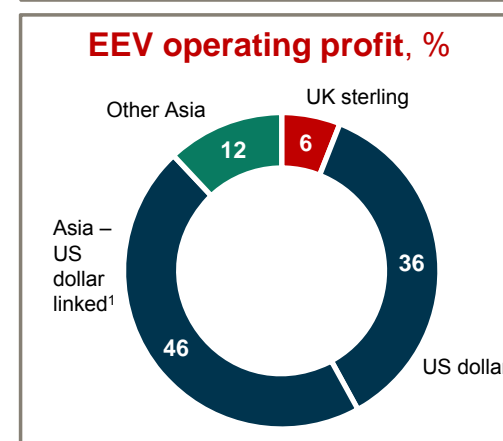
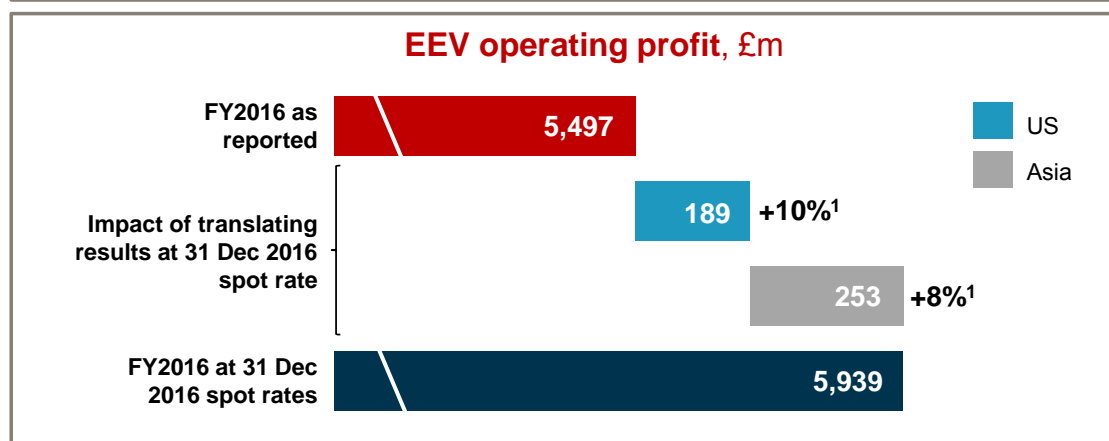
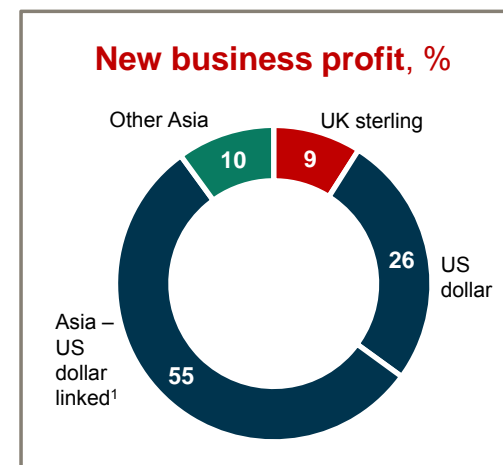
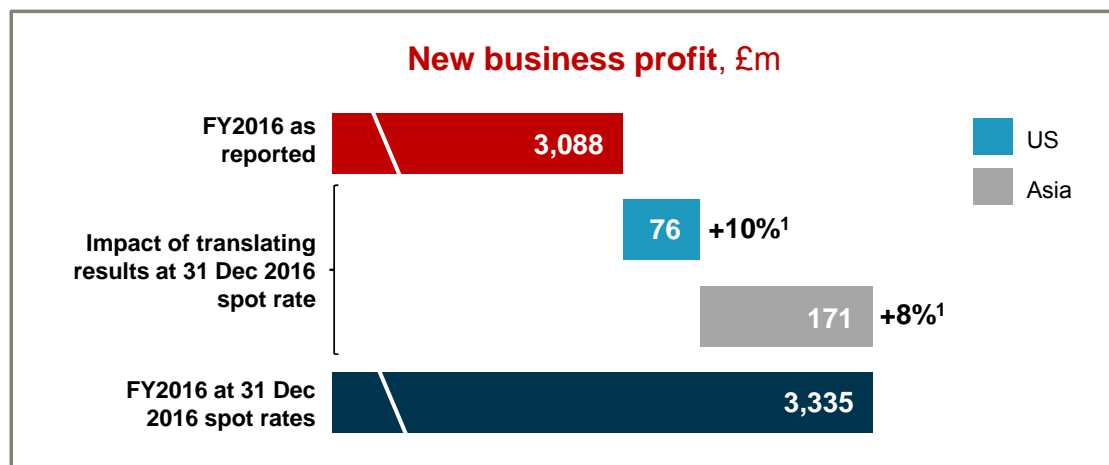


<sup>1</sup> Represents % increase in US and Asia actual reported figures when translated at 31 December 2016 spot FX rates.



# Currency mix

## Currency translation sensitivities

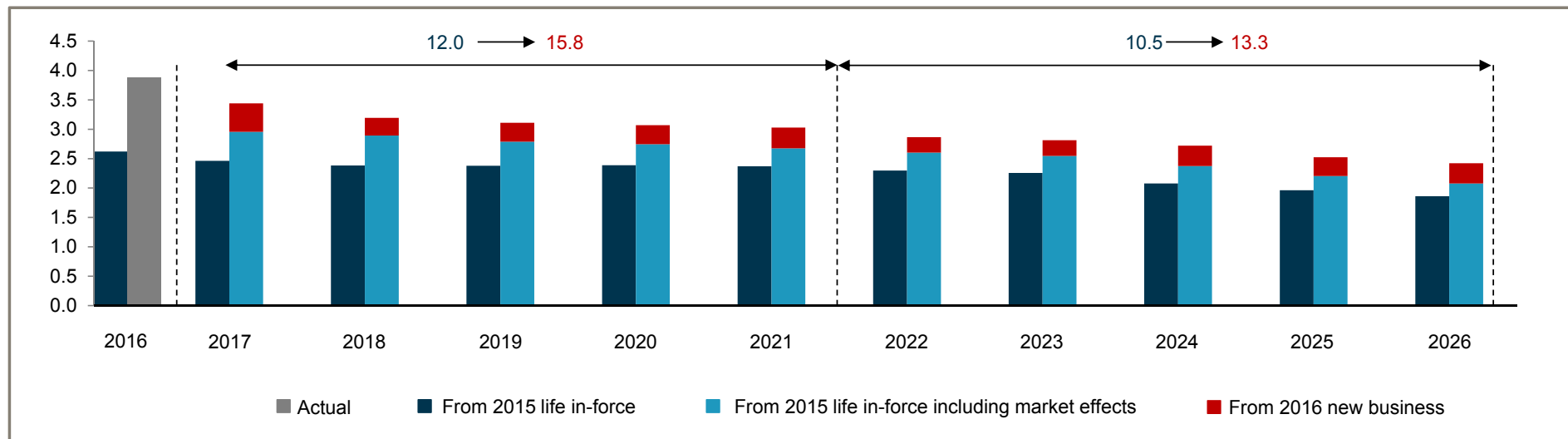


<sup>1</sup> Represents % increase in US and Asia actual reported figures when translated at 31 December 2016 spot FX rates.

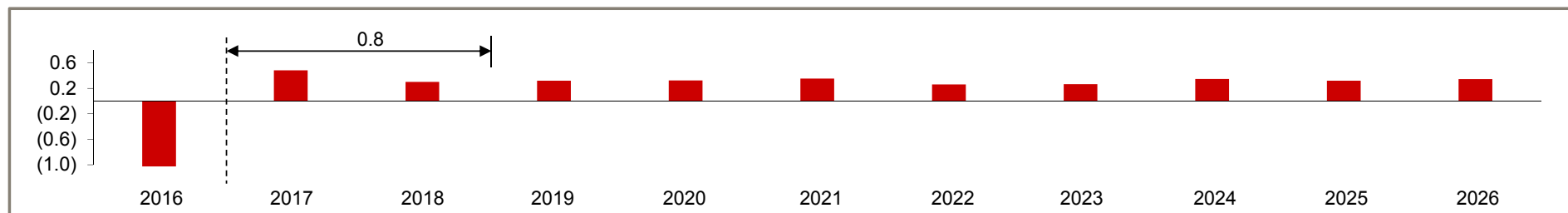
# Future free surplus emergence Group



Expected undiscounted free surplus from life in-force<sup>1</sup>, £bn



Expected undiscounted cash flows from 2016 life new business<sup>1</sup>, £bn

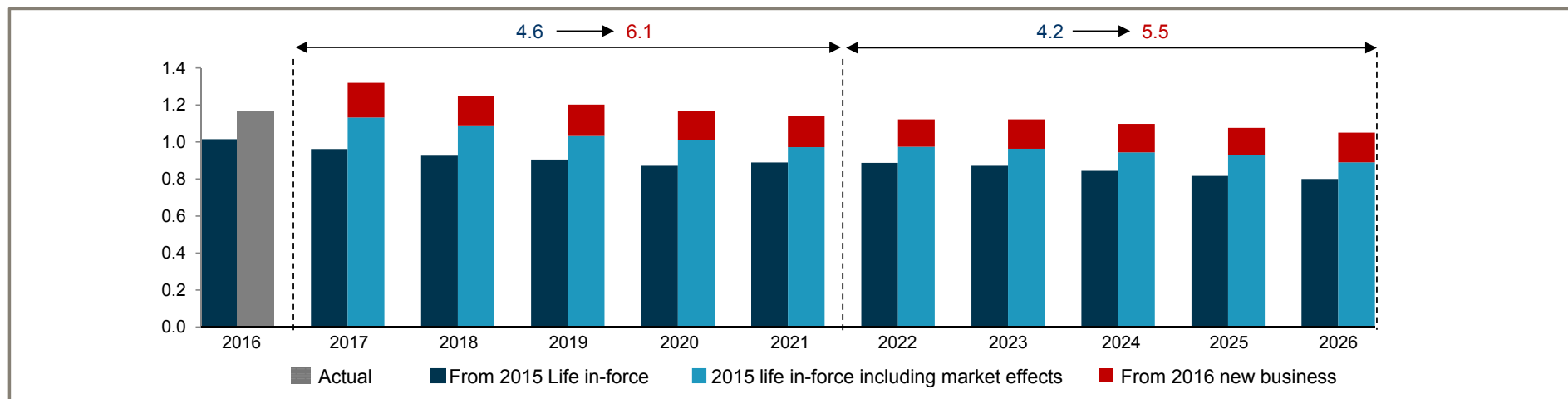


<sup>1</sup> For life business, represents the undiscounted expected transfer of value of in-force business and required capital to free surplus as at FY16

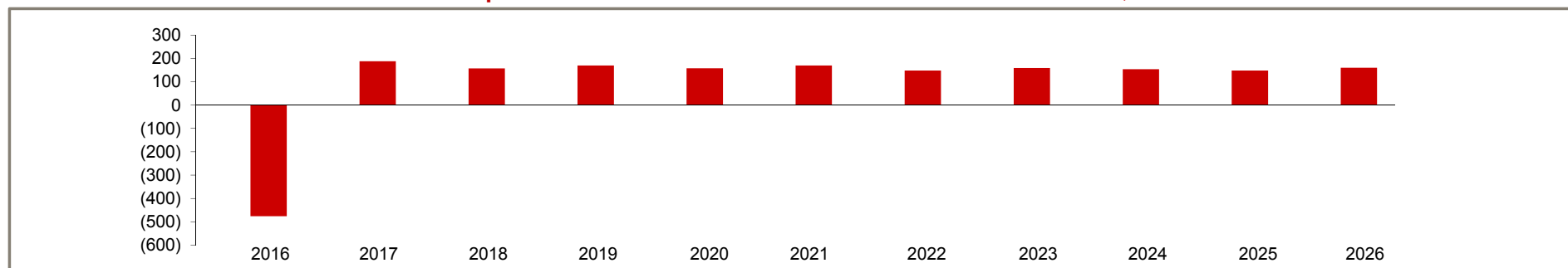
# Future free surplus emergence Asia



Expected undiscounted free surplus from Life in-force<sup>1</sup>, £bn



Expected undiscounted cash flows from 2016 new business, £m



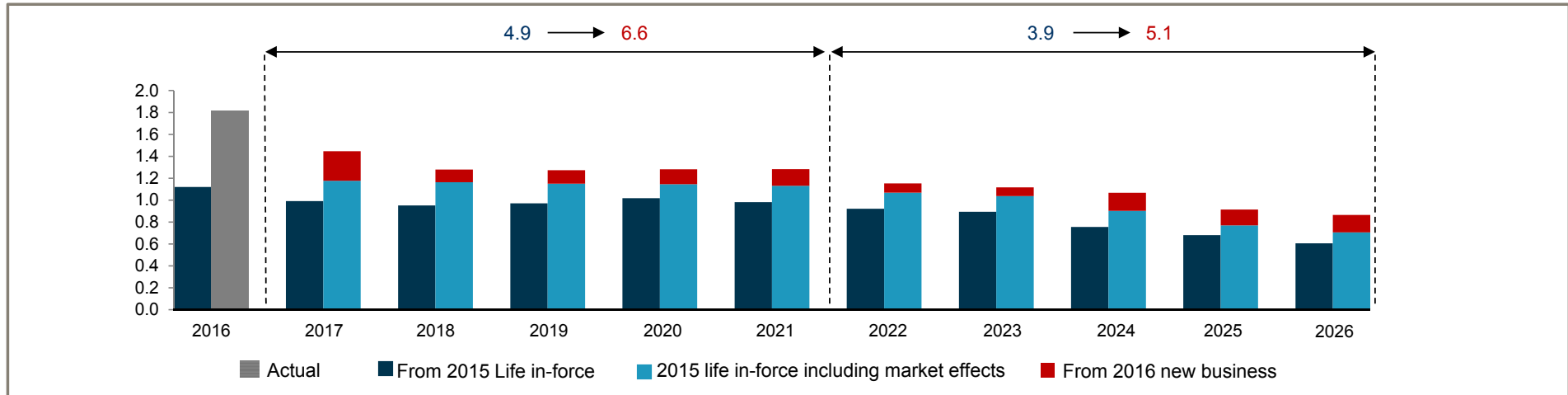
<sup>1</sup> For life business, represents the undiscounted expected transfer of value of in-force business and required capital to free surplus as at FY16

# Future free surplus emergence

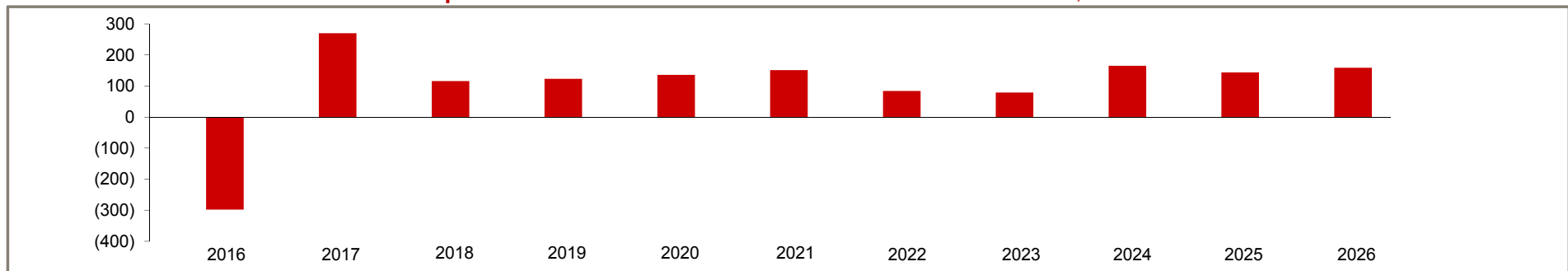
## US



Expected undiscounted free surplus from Life in-force<sup>1</sup>, £bn



Expected undiscounted cash flows from 2016 new business, £m

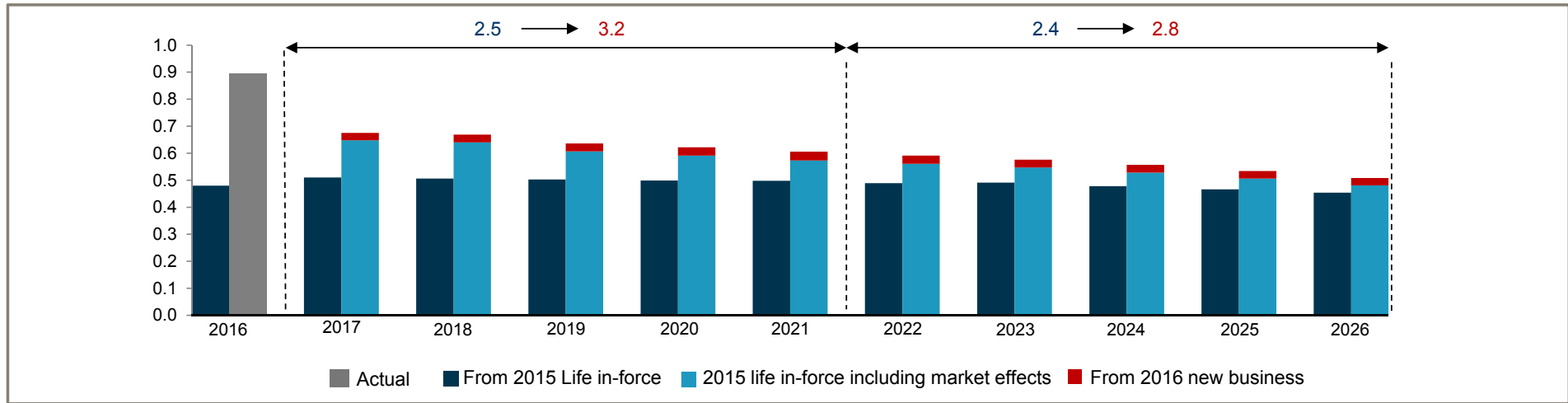


<sup>1</sup> For life business, represents the undiscounted expected transfer of value of in-force business and required capital to free surplus as at FY16

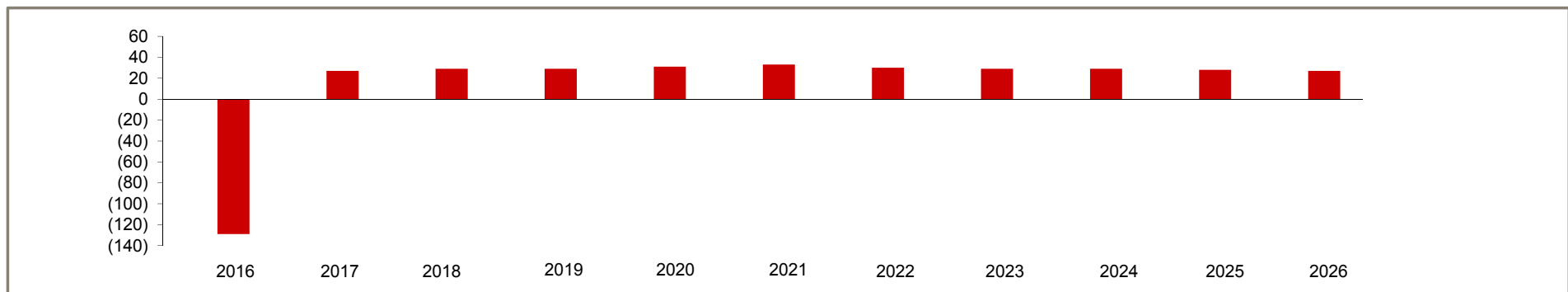
# Future free surplus emergence UK



Expected undiscounted free surplus from Life in-force<sup>1</sup>, £bn



Expected undiscounted cash flows from 2016 new business, £m



<sup>1</sup> For life business, represents the undiscounted expected transfer of value of in-force business and required capital to free surplus as at FY16