

## Re-positioned the Group into an Asia and Africa-focused business

During 2021 we completed the planned strategic re-positioning of our business, while at the same time delivering a resilient financial performance, despite the challenges posed by the continuing Covid-19 pandemic.



Over the course of the year, we completed the reshaping of our business into one focused entirely on the long-term opportunities we have identified in Asia and Africa. In the fourth quarter, we carried out a successful \$2.4 billion<sup>1</sup> equity raise in Hong Kong. In December 2021 and January 2022 cash from this issuance was deployed in deleveraging our balance sheet in a \$2.25 billion debt redemption programme. These actions, together with the associated reduction in interest costs, have enhanced our financial flexibility in light of the breadth of opportunities to invest for growth in Asia and Africa.

In 2021, despite ongoing disruption, our digitally-enabled, multi-channel and geographically diversified platform delivered 8 per cent growth<sup>2</sup> in APE sales<sup>3</sup> (10 per cent on an actual exchange rate basis). Sales in Hong Kong continued to be constrained by the ongoing closure of the border with Mainland China. However, excluding Hong Kong, APE sales were 16 per cent<sup>2</sup> higher (19 per cent on an actual exchange rate basis). Eight markets in Asia and our Africa business saw double-digit growth including Mainland China, India, Malaysia, the Philippines, Singapore and Thailand. The increase in APE sales, combined with an improvement in new business margins given a favourable shift in business mix, resulted in a 13 per cent<sup>2</sup> increase in Group new business profit<sup>4</sup>. Business mix saw a shift into more profitable shareholder-backed business, particularly in Hong Kong. Our adjusted IFRS operating profit based on longer-term investment returns (adjusted operating profit<sup>5</sup>) for 2021 from our continuing operations increased by 16 per cent on a constant exchange rate basis (17 per cent on an actual exchange rate basis), reflecting the geographic, product and distribution channel diversification of our Asia and Africa-focused business model. The total IFRS loss after tax for 2021 was \$(2,813) million (2020: \$2,231 million profit after tax on a constant exchange rate basis, \$2,185 million profit after tax on an actual exchange rate basis), which comprised a \$2,214 million profit after tax from continuing operations (2020: \$2,514 million profit after tax on a constant exchange rate basis, \$2,468 million profit after tax on an actual exchange rate basis) and a \$(5,027) million loss after tax from discontinued operations (2020: \$(283) million loss after tax on a constant and actual exchange rate basis). This loss from discontinued operations is due to the write-down of Jackson to its fair value upon demerger, as required by accounting standards. The Group's financial performance for the year is further discussed in the Financial Review later in this strategic report.

The Covid-19 pandemic has had an ongoing impact on the markets in which we operate and the lives of our customers, and has caused continuing personal and working challenges for all our colleagues. Our people have not only risen to the challenges posed by Covid-19, but have also continued to deliver to the highest standards for our customers and our business.

Our purpose is to help people get the most out of life, and both our strategic steps and our service to our customers are enabling us to fulfil that purpose. Our strategy of focusing on our markets in Asia and Africa enables us to devote our resources to serving customers in markets where there are substantial growth opportunities and to be aligned with broader public policy and societal needs. Our range of products, our digitally-enabled multi-channel distribution and the dynamic capabilities of our operations mean that not only can we seek to meet those needs but also to help prevent, postpone and protect customers from threats to their health and wellbeing, as well as support them to achieve their savings goals.

Alongside our key strategic steps, during 2021 we supported our key stakeholders in many different ways, particularly in the face of the challenges created by Covid-19. For our customers, we have developed and tailored our range of products, in particular in health and protection, to allow these products to be suitable for a wider range of income groups such as through our 'bite-sized' insurance products. These are already offered in a number of markets including Malaysia, the Philippines, Cambodia and Vietnam, and are designed to cater for the specific needs of under-insured consumers and first-time buyers. For our agents, we have delivered significant training and productivity tools, enabling them to continue to retain client contact and accelerate the lead referral process. For our employees, we have paid salaries and wages of \$1.0 billion in the year<sup>6</sup>, as well as providing significant support in terms of wellness, flexible working and helping them to manage their mental health. We have recognised the efforts that our staff have made during the year and have granted \$1,000 of Prudential shares to each full-time employee. For our regulators, we have participated in multiple engagements on industry developments including enhanced risk management, monitoring customer outcomes and risk-based capital. The Group continues to make significant tax contributions in the jurisdictions in which it operates, with more than \$1 billion remitted to tax authorities in 2021. We have funds under management of \$258.5 billion<sup>7</sup> and are significant investors in Asia and Africa economies.

In the near term, our corporate activity is expected to include the reduction of our stake in Jackson to less than 10 per cent and the securing of additional central cost savings of \$70 million<sup>8</sup> from the start of 2023. We will continue to ensure our central functions remain resilient and compliant.

We are ending this historic year of change and development ideally positioned to take advantage of the opportunities in our chosen markets. Through our continually improving range of products, our wide-ranging, digitally-enabled multi-channel distribution and our execution capabilities, we are well placed to continue to build for our customers across our markets well into the future.

## Group strategy

Our strategy is aligned with the supportive structural trends in Asia and Africa. Despite the rapid rise in prosperity in Asia, people still have low levels of insurance cover, with 39 per cent of health and protection spend still paid out-of-pocket<sup>9</sup>, and an estimated 80 per cent of the population of Asia still without insurance cover<sup>10</sup>. Combined with rising prosperity and ageing populations, this creates a large and growing health and protection gap that has been estimated at \$1.8 trillion<sup>11</sup>.

These long-term trends underpin rising demand for savings and protection across both Asia and Africa, and create significant opportunity for growth and value creation. By delivering products and services that are specific to consumer segments and markets, we are well positioned to meet the growing health, protection and long-term savings needs of customers in these geographies.

We are developing the capacity to serve up to 50 million customers by 2025 through investing in our multi-channel distribution capabilities, applying digital capabilities to increase the efficiency of our operations and introducing products and services that allow us to develop more diverse customer bases in our markets. We continue to invest in our people and systems to ensure we have the resources to deliver on our long-term growth strategy and to evolve our operating model to keep pace with our opportunities as an exclusively Asian and African business. We seek to achieve this by:

- > Delivering profitable growth in a socially responsible way;
- > Digitalising our products, services and experiences; and
- > Humanising our company and advice channels.

We have significant investment appetite that is based on the absolute size and demographic characteristics of each economy and our ability to build competitive advantage, leveraging our scale and expertise. We will continue to build on our leading positions in Hong Kong and South-east Asia, and we see the greatest growth opportunities in the largest economies of China, India, Indonesia and Thailand. At the same time, we are continuing to develop our businesses in Africa, where our investment gives us exposure to a growing, under-served continent whose population is expected to double to more than two billion people by 2050<sup>12</sup>.

### Delivering the strategy

Our strategy is pursued through providing a wide range of products which are then refined through continued innovation and iterative enhancements driven by customer needs. These products and services are then offered to those customers through our multi-channel distribution suite of channels – agents, bancassurance, digital and other. Increasingly customers are seeking to interact with us through a combination of digital channels and in-person agents. We are adapting our capabilities to match customers' preferences for engagement during both purchase and servicing of our policies. Our product mix and multi-channel distribution capability have been the key drivers of new business profitability and growth in embedded value.

Our products are tailored to the developing requirements of local markets and the fast-changing needs of individual customers. Our focus is on health and protection and savings products, and in 2021 54 per cent of our new business profit was contributed by health and protection solutions, with the rest provided by savings products including participating, linked and other traditional products.

We have responded to the changing needs of our customers by broadening coverage for new risks and adding innovative features to existing products. For example, during 2021, we introduced or enhanced more than 200 new products, including more than 90 digital and protection products. Further details are given below in the operational performance by market section.

Our product and other initiatives helped attract over 2.5 million customers in 2021 who were not existing policyholders of Prudential. This contributed to an increase in our total life customer base to 18.6 million (2020: 17.4 million excluding Jackson). New business policies sold to both new and existing customers rose to 3.9 million, an increase of 16 per cent over the prior year and included 109,000 policies which were sold direct to the consumer through digital systems, including Pulse. These new policies included 2.2 million health and protection cases, an increase of 41 per cent when compared with the prior year, reflecting our customers' increased focus on this area in light of the pandemic.

To ensure that customers have the best access to our products, we have a multi-channel and integrated distribution strategy that is able to adapt flexibly to changing local market conditions. We have an extensive distribution network encompassing agency, bancassurance and non-traditional partnerships, including digital.

Our agency channel is a key component of our success, providing 65 per cent of our new business profit, given the high proportion of high-margin protection products sold through this channel. We have over 540,000 licenced tied agents<sup>13</sup> across our life insurance markets. The productivity of our active agents increased by 3 per cent during 2021<sup>13</sup>, based on APE sales per active agent as we, and our customers, focus increasingly on standalone protection products. New business profit from the agency channel fell by (1) per cent<sup>2</sup> to \$1,646 million in 2021. Excluding Hong Kong the increase was 9 per cent<sup>2</sup>.

Our continued support for our agency channel positions us well for sustainable growth. We have recruited circa 123,000 agents during the year<sup>13</sup> and continue to move our recruitment, training and management of agents on-line. The use of virtual sales tools has enabled us to deliver 45 per cent of agency new cases in 2021 virtually, compared with 28 per cent from April to December in 2020, demonstrating our embedding of these processes and building resilience for the future.

Agent professionalism and career progression are extremely important to us, and we provide tailored training programmes that share our agents' experience and best practice across different markets. At the same time, we continually upgrade the tools available to our agents to assist them during the sales process and enhance productivity. Agents that qualified for the Million Dollar Round Table (MDRT) award during 2021 contributed 40 per cent of APE sales in the relevant markets<sup>14</sup> in 2021 (2020: 34 per cent<sup>14</sup>).

We have a leading bancassurance franchise, providing access to over 26,000 bank branches through our strategic partnerships with over 160 multinational banks and prominent domestic banks. 2021 saw new business profit through the bancassurance channel increase by 56 per cent to \$795 million. Sales made virtually accounted for around 30 per cent of new business cases made through the bancassurance channel in 2021 (2020: 27 per cent from July 2020).

Alongside our agency and bancassurance channels, we also have Pulse by Prudential, our digital platform and ecosystem. Our aspiration is that Pulse facilitates customer acquisition at scale, provides an enhanced customer experience and acts as a platform for the business, with scope for delivering future operational efficiency.

Our pan-Asia asset manager, Eastspring, is one of the largest pan-Asia asset managers, managing \$258.5 billion in assets across 11 markets in Asia<sup>15</sup>, and is a top-10 asset manager in six of those markets. We continue to diversify Eastspring's product set and intend to accelerate its development as a leader in Asia by broadening its investment strategies and making wealth services more accessible at lower levels of individual contributions. Eastspring is playing an important role in supporting our commitment to carbon reduction in our insurance company asset portfolio, allowing us to deliver profitable growth alongside a positive social impact. Further details are set out in the operational performance by market section.

### Pulse and our digital offerings

Prudential's Pulse digital platform is designed to connect with customers and potential customers on key elements in their lives, namely their health and wealth. As well as offering our own products it provides a number of other features to engage and support customers in this area. We work with partners to deliver these additional services and features and to date we have entered into 56 key digital partnerships. We continue to expand our collaboration with new partners helping us widen access to new customer segments and deepen our engagement with our users. Prudential's widely recognised brand and Pulse's geographically diverse platform means that we can attract and work with multiple 'best-in-class' partners across numerous fields of expertise and sectors.

Pulse is active in 17 markets in Asia and Africa and we utilise AI technology to offer users a selection of services, ranging from health assessments, risk factor identification, telemedicine and wellness to digital payment capabilities. Health features such as AI Symptom checker and Digital Twin have been launched in Pulse to most markets in which Pulse is available. These features are paired with health experts online (where available) and fitness communities to help Pulse users stay healthier.

Pulse has now been downloaded more than 32 million<sup>16</sup> times. Download growth has moderated more recently given that Pulse has now been rolled out to most of the markets we operate in. The focus now is on customer segmentation and engagement campaigns on the installed base so that Pulse now supports all of our distribution channels. APE sales associated with Pulse increased by 73 per cent<sup>2</sup> to \$364 million in 2021<sup>17</sup>. These sales represented circa 11 per cent of our total APE sales in markets where Pulse is available. This percentage contribution has increased steadily over the second half of the year, ending the last quarter of 2021 at 13 per cent.

We believe Pulse provides a wide range of benefits to Prudential, including:

- > Efficient model to acquire, engage and serve users at scale, widening access to new customer segments for Prudential. This includes attracting a new, younger generation of customers.
- > Reduces marginal customer acquisition costs through targeted marketing campaigns.
- > Aggregated data on Pulse helps deliver greater customer insights and supports improved productivity for Prudential's distribution channels by serving those customers that require a more personal/advice led approach which are often higher margin more complex products.
- > Promotes better customer retention characteristics via stronger engagement and frequent contact, particularly for digital-savvy customers or customers who prefer virtual interactions.

Pulse is intended to become in due course a common platform across our markets to provide end-to-end processing, with all policy sales and servicing conducted within the platform for digital products. In addition, it is intended to provide an integrated business solution for our agency sales force, which should assist in creating a future-ready sales force capable of serving technology-savvy customers, as well as customers who prefer to meet virtually or a combination of both. Over the longer term this also has the potential to enhance our current operating model by removing some of the diverse technology systems and manual processes across our markets.

Pulse supports the agency channel and its use is demonstrated by the number of leads recorded on Pulse, which totalled 4.3 million in 2021<sup>18</sup>.

As an example, our Philippines business saw over 1.9 million leads distributed to agents in 2021. These leads were provided to agents via PRULeads (within Pulse), where agents are provided with lead and campaign details derived from data generated from Pulse. The agents are also provided with suggested introductory discussion points to engage and develop dialogue with customers. Lastly, product information materials specific to the campaign are tagged in PRULeads, allowing agents access to those materials should that be necessary.

Pulse also supports our bank partners in bringing digital solutions to customers. In the Philippines for example, Prudential has teamed up with CIMB Bank Philippines (CIMB PH) to make digital financial products and service more accessible. CIMB PH is one of the fastest growing banks in the Philippines, adopting and offering digital banking products to its more than five million customers. We are the first bancassurance partner for CIMB. Pulse products will be made available on CIMB's platform and vice-versa.

It is intended that Pulse will broaden Prudential's customer reach, improve our channel productivity and generate efficiencies as we scale. Prudential continues to evaluate options for the development of Pulse in India and Mainland China. Our operations there already have sophisticated digital offerings provided by our respective joint venture partners in these technologically advanced multi-channel businesses.

### Capital allocation

We apply a disciplined approach to capital allocation by applying the framework discussed in the Financial Review both to organic investment in new business and to considering inorganic growth options.

We aim to deliver ongoing capital generation by investing capital to write products with high rates of return and short payback periods. We expect to generate attractive returns on our new business driven particularly by the focus on health and protection and regular premium products. This creates new capital, which can be reinvested into writing more profitable new business. In 2021, we generated almost five times the new business profit for each \$1 invested organically.

The operation of our approach to capital management is demonstrated by our delivery of return on shareholders' equity as set out below:

### Operating return<sup>19</sup> on shareholders' equity (%)

	2021	2020
Operating return <sup>19</sup> on IFRS shareholders' equity <sup>20</sup>	18	20
Operating return <sup>19</sup> on EEV shareholders' equity <sup>20</sup>	8	8

### Leadership developments

During 2021, a number of leadership changes took place. Our Group Chief Digital Officer retired and was succeeded by his deputy. In Indonesia, Malaysia and the Philippines, new CEOs were appointed following retirements and in all three cases the new appointees brought in additional skill sets including Sharia finance and technology. The CEOs in all our major segments have many years of experience of working in the markets they oversee and are all local to their markets.

### Environmental, Social and Governance

During 2021, we have strengthened our focus on Environmental, Social and Governance (ESG) matters, building on the new ESG strategic framework which we developed in 2020.

Across Prudential, inclusivity runs as a common theme in all of our ESG activity. Within our core business activity of making health accessible, we seek to make our products as inclusive as possible and during 2021, we developed a campaign, We DO Family, to support the development of more inclusive products that recognise the evolution of nuclear families; our approach to climate change is underscored by our commitment to an inclusive transition in our markets; and, we further progressed our diversity and inclusion activity including the launch of PRUCommunities, a safe place for our people to share identities, interests, goals, and the changes they would like to see at Prudential. We consider this focus on inclusivity, both internally and externally, to be pivotal to meeting our purpose.

We recognise the importance of targets in evidencing our commitment to progress on ESG topics. As a significant asset manager and asset owner in regions forecast to be impacted severely by climate change, we have a distinctive role to play in the inclusive transition to a low-carbon economy. Recognising this, in May 2021, we set a target to be net zero by 2050 for our insurance assets supported by a 25 per cent reduction in emissions from the portfolio by 2025. In addition, we have established targets for a 25 per cent reduction in Scope 1 and 2 carbon emissions per employee by 2030.

Our ESG report on pages 66 to 136 sets out in more detail our ESG activities during the year, including our progress towards these targets on page 83.

### Outlook

We enter 2022 with a strong balance sheet and capital position. The timing of the opening of the Hong Kong border remains uncertain and Covid-19 will continue to have an impact. The current conflict in Ukraine could have wider implications for global economic and market conditions as well as geopolitical relations. However, we believe our multi-channel approach and focus on quality business and operating efficiency is the right strategy for dealing with volatile operating conditions. We are confident that our investment in new business, distribution and product enhancements will continue to meet the needs of our customers and build value for our shareholders over the long term.

## Operational performance by market

The following commentary provides an update on the operational capabilities and performance for each of the Group's segments. Discussion of the financial performance of the Group and its segments is contained separately in the Financial Review section of this Strategic Report.

### Mainland China – CITIC Prudential Life (CPL)

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
APE sales (\$m)	776	582	33%	623	25%
New business profit (\$m)	352	269	31%	288	22%
New business margin (%)	45	46	(1)ppts	46	(1)ppts
Adjusted operating profit (\$m)	343	251	37%	269	28%
IFRS profit after tax (\$m)	278	394	(29)%	423	(34)%

Amounts included in the table above represent the Group's 50 per cent share.

Mainland China continues to present significant opportunities for Prudential, driven by the low levels of insurance penetration, conducive regulatory proposals for the long-term development of insurance markets as well as favourable demographics such as an ageing population, emerging middle class and rapid urbanisation. These factors support further growth both in health and protection as well as pension products and services.

Prudential's life business in Mainland China, CPL, is a 50/50 joint venture with CITIC, a leading Chinese state-owned conglomerate. CPL benefits from a balanced distribution network with strength in agency and bancassurance and a well-diversified product range. CPL has a substantial opportunity to expand and deepen its presence across its nationwide footprint of 20 branches covering 99 cities. Our Mainland China business has a particular focus on areas with the greatest economic growth potential, a strategy aligned with the Chinese government's 'City Cluster Model', centred on Beijing, Shanghai and the Greater Bay Area, a region which, if it was a separate economy, would be one of the 10 largest economies in the world<sup>46</sup>. We customise our solutions for various customer segments. We target the high net worth individuals and families with inter-generational insurance and wealth solutions incorporating legacy planning. We also tailor our protection and education solutions to the needs of the younger generation, which we combine with healthcare and childcare services. Our group life and health solutions are popular with business owners and their employees.

#### New business performance during 2021

CPL became the largest contributor to the Group's total APE sales in 2021, supported by APE sales growth of 25 per cent<sup>2</sup> to \$776 million. Our solid and resilient growth has been underpinned by our diversified distribution strategy, with both agency and bancassurance channels delivering double-digit APE sales growth at 25 per cent<sup>2</sup> and 28 per cent<sup>2</sup> respectively in 2021.

Sales volume growth led to a 22 per cent<sup>2</sup> increase in overall new business profit compared with the same period in 2020 and significantly exceeded the pre-pandemic level of 2019 by 25 per cent<sup>2</sup>. In a challenging environment, our agency continued to deliver growth in new business profit at an attractive margin above 70 per cent, driven by strong growth in non-participating products. The bancassurance new business profit margin was stable at 39 per cent with new business profit growth driven by higher sales, notably in the linked segment.

CPL continues to outgrow the overall sector. In 2021, CPL increased its overall market share to 0.86 per cent<sup>21</sup>, from 0.74 per cent<sup>21</sup> in 2020.

#### Delivering customer-led solutions

Our Mainland China business presents solutions that address the financial security and wellbeing of our customers at different life stages, with built-in related services enriching the overall customer propositions. Our solutions and services are combined in an ecosystem that provides an integrated experience, meets the full demands of customers and strengthens our relationships with them.

During 2021, we upgraded our award-winning critical illness solution ('Hui Kang Zhi Cheng') by enhancing benefit coverage conditions and reducing waiting periods for certain recurrent claims such as cancer. Beyond protection, we offer a health concierge service that provides preventive healthcare, a panel of specialists for consultation on treatment options, priority hospital access and mental health rehabilitation services.

To meet our customers' desire for a more digital experience, engagement, fulfilment and servicing with customers and distributors, are carried out through our mobile first Xin Yi Tong app. Our 'Virtual Lounge' leverages technology to humanise connection between the agent and the customer. Digital media recognised the technology's customer useability. In fact, our CPL business continues to report one of the highest virtual sales rates amongst our business units of over 80 per cent despite the near-normalisation of the Covid-19 situation.

#### Multi-channel distribution

We continue to focus on building a professional, high-quality agency force, with suitable knowledge of health and protection products. Our 17,800 agents serve customers across the country. Our agency productivity has improved markedly, with APE sales per active agent rising 61 per cent and over 1,100 agents qualifying for the MDRT award in 2021. Our total agency force reduced during the year in the context of the industry going through a period of rationalisation and our own focus on quality. We are empowering agents with tools and techniques that help engage customers in order to provide customer-centric solutions. Over time, as our agency force continues to mature and build experience, we expect this to result in further enhancement in productivity, providing additional support to our growth trajectory in CPL.

Meanwhile, we also continue to build out our bancassurance distribution. We have a network of 48 bancassurance partners with access to over 6,000 branches across Mainland China, supported by over 3,000 insurance specialists catering to the customers of the banks. This has resulted in higher levels of new business from the bank channel and, coupled with further improvement in product mix, new business profit expanded by 31 per cent<sup>2</sup> in the bancassurance channel.

## Hong Kong

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
APE sales (\$m)	550	758	(27)%	757	(27)%
New business profit (\$m)	736	787	(6)%	786	(6)%
New business margin (%)	134	104	30ppts	104	30ppts
Adjusted operating profit (\$m)	975	891	9%	889	10%
IFRS profit after tax (\$m)	1,068	994	7%	991	8%

Our Hong Kong business, established over 57 years ago, offers domestic Hong Kong residents and mainland visitors sophisticated critical illness, medical benefits and life insurance protection business, as well as investment products in a UK-style with-profits structure.

Our continued pivot to domestic customers, diversification of distribution channels and focus on value creation has resulted in 9 per cent<sup>2</sup> growth in new business profit for the domestic segment despite the disruption of Covid-19. We continue to refresh and upgrade our offerings with comprehensive protection and wealth accumulation propositions for the affluent customers, while leveraging our strengths in affordable healthcare products such as VHIS and wellness services via Pulse which appeal to the mass market. For small and medium enterprises (SMEs), we are leveraging our digital Business@Pulse platform to provide group solutions as well as wellness programs aimed at improving employees' well-being beyond work. Meanwhile, Mainland China customers remain an important customer segment for the Group's Hong Kong business, although APE sales have been severely curtailed following the closure of the border between Mainland China and Hong Kong implemented in late January 2020. Based on its own and third-party surveys, the Group believes there is latent demand from Mainland China customers for its Hong Kong product suite, driven by the sophistication of the products offered and the high level of medical care available in Hong Kong. As a result, the Group expects to see the return of this important source of new business when the border between Mainland China and Hong Kong reopens and visitor arrivals normalise.

Additionally, supportive regulatory developments such as Wealth and Insurance Connect between the Greater Bay Area and Hong Kong will further enhance the Hong Kong business's ability to serve Mainland China customers. We are well placed to capture the longer-term opportunities in the Greater Bay Area given our solid foothold in Hong Kong and presence in all domestic cities in the Greater Bay Area and our pending application for a licence to operate in Macau.

### New business performance during 2021

Overall APE sales declined by (27) per cent<sup>2</sup> in the year as border closure continued to prevent Mainland China visitors from buying insurance products in Hong Kong. In the domestic segment, we further strengthened our focus on regular-premium health and protection products and also shifted towards higher margin savings solutions. This strategy helped improve the protection mix by 7 percentage points<sup>2</sup> and grow protection APE sales by 12 per cent<sup>2</sup>, although the resultant lower case size led to a 15 per cent<sup>2</sup> fall in overall APE sales for the domestic segment. Benefiting from margin improvement, new business profit grew 9 per cent<sup>2</sup> for the domestic segment and with significant Mainland China sales in the first quarter of 2020 only and sales being insignificant for the whole of 2021, the overall Hong Kong new business profit dropped by a modest (6) per cent<sup>2</sup>. Despite the decline in the year, overall new business profit saw strong sequential momentum throughout the year, with quarter on quarter expansion in each quarter since the second quarter of 2021, thanks to our focus on health and protection and higher-margin savings products.

### Delivering customer-led solutions

The business fulfils customer needs via its wide range of protection, savings and investment product offerings. In addition to comprehensive critical illness solutions catering to affluent and high net worth customers, we also extend access to affordable healthcare by offering a full range of Voluntary Health Insurance Scheme (VHIS) products. The APE sales of VHIS almost tripled in 2021 following the launch of our mid-tier VHIS product. Meanwhile, we have fully embraced the government's 'Qualified Deferred Annuity Plan' (QDAP) for retirement, making us one of the leading players<sup>22</sup> in the market.

Our investment proposition provides access to international equities and bonds. Our with-profits product offering pools the investments of policyholders and allocates returns based on long-term investment performance (similar to that used historically in the UK). This is a distinct, capital-efficient structure benefiting from significant scale, enabling Prudential to provide differentiated products while generating attractive margins.



### Multi-channel distribution

We operate a digitally enabled multi-distribution platform and provide customers choice on how they prefer to be served. We have the largest agency force of 21,579 agents in the Hong Kong market, and this channel accounted for more than 60 per cent of our APE sales in the year. Despite a challenging operating backdrop, overall agent activity has been broadly stable thanks to intensified agent training and development, enhanced customer engagement tools such as Pulse and PRULeads, as well as broadened product offerings.

On the bancassurance side, we have a long-standing strategic alliance with Standard Chartered Bank which has grown from strength to strength for more than 20 years. This channel achieved new business profit growth of 140 per cent<sup>2</sup> for the domestic segment driven by product enhancements and higher health and protection sales.

## Indonesia

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
APE sales (\$m)	252	267	(6)%	271	(7)%
New business profit (\$m)	125	155	(19)%	158	(21)%
New business margin (%)	50	58	(8)ppts	58	(8)ppts
Adjusted operating profit (\$m)	446	519	(14)%	529	(16)%
IFRS profit after tax (\$m)	362	409	(11)%	417	(13)%

In Indonesia, we are one of the market leaders in the overall life insurance market with 10 per cent market share by weighted new premium in 2021<sup>23</sup>. We are also the market leader with a 29 per cent market share in the fast-growing Sharia segment in Indonesia<sup>23</sup>, which has the largest Muslim population in the world. Our main strategic objectives are to secure new bancassurance partners for the mass market, improving capabilities to serve our customers better through digitalisation and operational advancements, as well as preparing new propositions to cater to our target segments in anticipation of the post-Covid-19 economic rebound and upcoming new regulation on investment-linked products.

We have upgraded our offerings for the affluent segment where customers seek broad insurance and savings products supported by value-added services. We have also launched simpler, lower-ticket-size standalone protection solutions serving the insurance needs of mass segments. Our Pulse digital platform appeals to digitally-savvy younger customers. For SMEs, we have created a comprehensive suite of group health and life solutions which are provided alongside related services through our digital Business@Pulse platform. We also strengthened our market leadership in the fast-growing Sharia segment through our inclusive Sharia offerings.

### New business performance during 2021

Overall APE sales fell by (7) per cent<sup>2</sup> with Covid-19-related social movement restrictions disrupting sales activity throughout much of the year. The pandemic, which caused over four million<sup>24</sup> infections nationally by the end of 2021 in a population of circa 270 million<sup>25</sup> has resulted in higher than expected claims. It is estimated that Indonesia accounted for over 60 per cent of total Covid-19-related claims across Asia of our policyholders. Movement restrictions were particularly severe in the third quarter of 2021, before easing towards the end of the year as Indonesia emerged from its latest Covid-19 wave. During the year, there was an increasingly effective rollout of the vaccination programme with the percentage of population vaccinated increasing from circa 11 per cent at the end of June to about 60 per cent at the end of December. APE sales in the fourth quarter were 29 per cent<sup>26</sup> higher than those in the third quarter, with sales in the second half of the year 15 per cent<sup>26</sup> higher than the first half of 2021.

Despite the fall in absolute APE sales amounts year-on-year, we have seen a growth of over 37 per cent in the number of standalone protection policies sold over the period, which contributed to over 70 per cent of total policies sold and 43 per cent of total APE sales (2020: 29 per cent of APE sales). Our strength in the Sharia segment also added resilience to the business with a 19 per cent increase in new Sharia policies. We did however experience a worsening of persistency exacerbated by the financial hardships of our policyholders.

Overall new business profit was (21) per cent<sup>2</sup> lower, reflecting lower APE sales volumes as a result of lower average case sizes as we continue to diversify our product suite and move further into the Shariah mass market. Changes in economic conditions also led to a drag on new business profit over the period. Despite the fall in the year, new business profit improved as the year progressed, with a quarter on quarter increase in each quarter since the second quarter of the year.

### Delivering customer-led solutions

We have executed well in difficult market conditions through innovating our product offerings, as well as increasing digital capability to mitigate the restrictions of Covid-19 on face-to-face agency sales. Total new policies grew 7 per cent driven by our strategy of expanding low ticket-size standalone protection policies to low and mid-income customers.

We continue to lead in the Sharia segment, with a commitment to expand inclusive product offerings to the mass market segment. For example, we have launched PRUCerah, the first Sharia-compliant education participating product in the market, and continue our PRUCinta (traditional Sharia product) offering. Together PRUCerah and PRUCinta contributed 13 per cent of total APE sales. To realise the potential of the Indonesian Sharia life market, we are setting up a dedicated Sharia business with the establishment of Prudential Sharia Life Assurance. This will enable full product vetting by the Sharia religious authorities and the use of specialist distribution techniques. In the Enterprise Business space, we achieved APE sales growth of 33 per cent<sup>2</sup> in 2021, and, supported by our digital capabilities, positioned ourselves as the choice for start-up, fintech and financial institutions as their Employee Benefit provider.

### Multi-channel distribution

The quality and productivity of our agency channel continued to improve. Thanks to ongoing agency reform initiatives and the broadening of our product offerings, the number of active agents increased by 4 per cent. We remain as one of the market leaders in the agency segment with 25 per cent<sup>27</sup> of total market share. In the Sharia segment, we maintain one of the largest agency forces with almost 143,000 agents, which was 11 per cent higher than the prior year.

Development of our bancassurance channel also gathered pace. New business profit increased 25 per cent<sup>2</sup> despite flat APE sales as a result of higher-margin new products in the traditional, funds and retirement space. We have also started to offer Sharia products through our bank partners, which contributed 4 per cent of total bancassurance APE sales in 2021.



Malaysia

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
APE sales (\$m)	461	346	33%	351	31%
New business profit (\$m)	232	209	11%	212	9%
New business margin (%)	50	60	(10)ppts	60	(10)ppts
Adjusted operating profit (\$m)	350	309	13%	313	12%
IFRS profit after tax (\$m)	265	256	4%	259	2%

In Malaysia, the Group has leading market positions in both the conventional and Takaful markets<sup>28</sup> and has been serving customers for more than 97 years. The Takaful segment has substantial opportunities for growth, and we are the largest player with a 30 per cent market share<sup>29</sup>. We continuously upgrade our saving and protection solutions to serve the affluent segment, and have supplemented these recently by launching more simple, flexible solutions to serve the mass market. We also continue to broaden our Islamic wealth and protection solutions to strengthen our leadership in the fast-growing mass affluent Takaful segment.

**New business performance during 2021**

APE sales increased by 31 per cent<sup>2</sup>, driven by growth of 45 per cent in agency production despite the tightening of Covid-19-related movement restrictions at several points throughout the year. The Takaful business achieved APE sales growth of 61 per cent<sup>2</sup> fuelled by an increase in active agents. New business profit was 9 per cent<sup>2</sup> higher, driven by higher volumes but given the relative weight of health and protection products, this was partly offset by the effect of higher interest rates in the period, tax changes and shift in product mix towards shorter-pay products, which also restricted new business profit and margin. Overall new business profit from health and protection business increased by 28 per cent<sup>2</sup>, including the benefit from repricing actions during the year.

**Delivering customer-led solutions**

With a total of 2.7 million customers, our Malaysia business is focused on providing holistic health and wealth solutions. Customer retention is high in both conventional and Takaful segments with 95 per cent and 87 per cent of customers respectively staying with the business. Most products are regular premium, which accounted for 98 per cent of APE sales in 2021. PruAllCare was launched in the last quarter of 2021 that provides comprehensive critical illness coverage and covers up to 190 conditions. Leveraging our Pulse platform, the business is also reaching out to the underserved communities and providing affordable and accessible healthcare services and wellness awareness to all Malaysians including the Muslim Community. More information is set out in our ESG section later in this Annual Report.

**Multi-channel distribution**

Our Malaysian business benefits from a growing agency force, with over 1,200 MDRT qualifiers, contributing to 36 per cent of total Agency APE sales<sup>30</sup>. The number of total active agents is up 20 per cent on the prior year. In the Takaful segment, we have one of the largest agency forces with over 18,000 agents, which was 18 per cent higher than the prior year.

We also continue to benefit from our established bancassurance partnerships with Standard Chartered Bank and UOB. Following the pivot to higher protection and savings sales through our bank partners, new business profit through this channel saw 33 per cent growth.



## Singapore

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
APE sales (\$m)	743	610	22%	626	19%
New business profit (\$m)	523	341	53%	350	49%
New business margin (%)	70	56	14ppts	56	14ppts
Adjusted operating profit (\$m)	663	574	16%	589	13%
IFRS profit after tax (\$m)	394	521	(24)%	535	(26)%

In Singapore, we are one of the market leaders in protection, savings and investment-linked plans<sup>31</sup>. We have been serving the financial needs of Singapore for more than 90 years, delivering a suite of product offerings and professional advisory through our network of more than 5,000 financial consultants and our bank partners. We see significant prospects to increase our presence in the high net-worth segment by further upgrading our suite of health and legacy planning products, as well as strengthening our position in the affluent segment with flexible health and retirement solutions. We are building capabilities on Pulse to offer simpler insurance products, including our Shield offerings. We also grew our presence in the SME space by leveraging our Business@Pulse platform.

### New business performance during 2021

Our new business momentum in Singapore continued despite the tightening of Covid-19-related movement restrictions at several points throughout the year. APE sales were 19 per cent<sup>2</sup> higher, supported by 10 per cent<sup>2</sup> growth across our agency channel and 30 per cent<sup>2</sup> growth across our bancassurance channel. New business profit increased by 49 per cent<sup>2</sup>, reflecting higher sales volumes and a favourable shift in product mix towards newly launched, higher margin investment-linked products, re-pricing of with-profits products, and an increase of high margin protection business (such as PruShield) within the health and protection product group. Overall new business margin, given the weight to savings products in new sales in 2021, was also lifted by improved economics as interest rates increased over the period.

### Delivering customer-led solutions

We saw diversified growth across our wide product offerings in 2021. On the protection side, PRUShield, our MediSave-approved integrated Shield plan, saw APE sales growth of 50 per cent<sup>2</sup>. On the savings side, investment-linked APE sales increased by 100 per cent<sup>2</sup> while participating products achieved 16 per cent<sup>2</sup> growth in APE sales. We continued to penetrate the high net-worth segment, which saw 109 per cent growth in APE sales, via our comprehensive product offerings. Our Enterprise Business also delivered good growth with APE sales increasing by 16 per cent<sup>2</sup>.

### Multi-channel distribution

The diversity of our distribution has been instrumental to new business growth in the year. In particular, bancassurance achieved new business profit growth of 159 per cent<sup>2</sup>, which was supported by our deeper penetration of the high net-worth segment, successful focus on retirement solutions and a shift towards higher-margin products with an expected longer policy term.

In the agency channel, the quality of productivity of our agency force continues to improve significantly. Top-tier agents grew at pace as demonstrated by the more than 9 per cent increase in the number of MDRT qualifiers to over 1,000 in 2021. We continue to rank first<sup>32</sup> by regular premium APE sales in our agency channel, with overall active agents increasing by 4 per cent. Productivity as measured by APE sales per active agent rose 6 per cent, supported by higher case counts and also larger case size.



## Growth Markets and Other

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
APE sales (\$m)	1,412	1,245	13%	1,262	12%
New business profit (\$m)	558	440	27%	446	25%
New business margin (%)	40	35	5ppts	35	5ppts
Adjusted operating profit (\$m)	932	835	12%	841	11%
IFRS profit after tax (\$m)	434	548	(21)%	562	(23)%

The Group's growth markets and other segment incorporates its businesses in India and Thailand, as well as Vietnam, the Philippines, Cambodia, Laos, Taiwan and Myanmar, and its businesses in Africa. The Group sees the opportunity for rapid growth through the roll-out of its efficient and scalable business model, multi-channel distribution networks and the provision of digital products and services through Pulse.

In India, our business primarily consists of a 22.1 per cent holding in the Indian Stock Exchange listed life insurance business, ICICI Prudential Life, and 49 per cent of the asset manager, ICICI Prudential Asset Management (included as part of our Eastspring segment). Both businesses boast a top-three position in their respective market<sup>33</sup>. ICICI Prudential Life intends to grow the business by deepening penetration of under-served customer segments, enhancing distribution footprint and tailoring solutions to the different customer needs across saving, protection and retirement, including developing new propositions for the mass market in the Tier 2 cities. ICICI Prudential Life has also announced its aspiration to double its 2019 new business profit by 2023 through its '4P' framework of Premium growth, Protection focus, Persistency improvement and Productivity enhancement.

In Thailand, we are focused on delivering the strategic benefits of recent investments and upscaling the business significantly through our bank partnership with TTB and UOB. This has resulted in our higher-than-industry average APE sales growth<sup>34</sup> in the bancassurance channel as well as for the overall business in 2021. As a result, our market share in the bancassurance channel increased from 10.1 per cent to 14.1 per cent<sup>35</sup>. We offer a diversified portfolio of segment-led solutions, including integrated wealth and retirement solutions for the affluent segment, alongside simpler digital propositions via the apps of our bank partners. We also work with our bank partners to unlock SME opportunities through our Business@Pulse platform.

In Vietnam, we will continue to strengthen our presence in the rural areas while we expand our geographical coverage in the urban cities via our agency, bancassurance and new digital channels. We serve the affluent segment with flexible health, investment and education-orientated savings solutions. We also cater to the needs of mass market with simple and affordable health and savings solutions.

The Philippines currently has very low levels of life insurance penetration. However, with rising GDP per capita, and supported by Prudential's proven expertise and market-leading positions<sup>36</sup>, Prudential is confident of delivering significant new life insurance APE sales growth in this market. We continue to build on our core strengths in the affluent and mass-market segments, alongside leveraging our digital assets to cover more Millennials and Gen Z's. For Cambodia and Laos, our intention is to build multi-channel capabilities with highly digital infrastructure for these high potential markets.

In Africa, we have built a rapidly growing multi-product business since 2014, with operations in eight countries across the continent. Our business is well-positioned to accelerate its growth as we seek to meet the growing health and savings needs of a rapidly growing working-age population and growing number of middle-class consumers. We are introducing comprehensive health and wellness propositions to serve the growing affluent segment. Regional leadership including senior members of Asian businesses has relocated from London to Nairobi to accelerate knowledge transfer, innovations and best practice sharing with the Group's other operations.

**New business performance during 2021**

The businesses comprising our Growth markets and other segment saw APE sales up 12 per cent<sup>2</sup> compared with 2020. Cambodia, India, Myanmar, the Philippines, Thailand and Africa all had double-digit growth despite the difficulties associated with Covid-19. New business profit was up 25 per cent<sup>2</sup> exceeding the growth in sales, with Cambodia, India, the Philippines, Myanmar and Thailand all having double-digit growth in new business profit and also reflecting the inclusion of our Africa businesses for the first time in 2021.

In India, APE sales grew 29 per cent<sup>2</sup> supported by diverse growth across all distribution channels, with both agency and bancassurance channels achieving APE sales growth in 2021, as well as an increased focus on annuity products. Despite the challenges arising from Covid-19 restrictions, new business profit grew by 41 per cent<sup>2</sup> in 2021 as a result of favourable product mix.

In Thailand, APE sales rose 22 per cent<sup>2</sup> helped by the expansion of bancassurance sales in 2021. New business profit margins improved compared with the prior year following favourable product mix and improving interest rates over the period, resulting in a 129 per cent<sup>2</sup> increase in new business profit.

In Vietnam, sales volume slightly increased despite nationwide Covid-19 lockdowns impacting the agency market. The bancassurance channel performed well despite Covid-19, with APE sales up 17 per cent<sup>2</sup>, as banks were allowed to remain open as essential services during the lockdown. Prudential also benefited from the expansion of bancassurance agreements, and remained the leader in the bancassurance channel with 19.4 per cent market share<sup>37</sup>.

In the Philippines, 2021 APE sales were up 26 per cent<sup>2</sup>, primarily from the agency channel, and Prudential remains the largest player in the market<sup>36</sup>. New business profit growth was broadly in line with the increase in APE sales.

In Africa, APE sales have grown by 24 per cent<sup>2</sup> year-on-year, with growth in all eight countries. The East and Central Africa business (comprising Kenya, Uganda and Zambia) performed particularly well with an APE sales growth of 43 per cent<sup>2</sup>.

**Delivering customer-led solutions**

In Thailand, we have developed a portfolio of segment-led insurance solutions that emulate the needs of our bank partners' customers. For example, we provided affordable credit life solutions to the banks' mortgage and personal loan customers; we delivered packaged solutions that combine bank products with insurance offerings including savings and protection products; and we expanded our investment-linked offerings the sales of which, through the bancassurance channel, increased by 88 per cent<sup>2</sup> in 2021 as compared with the previous year. Leveraging our Business@Pulse ecosystem, our Employee Benefit business has also gained traction achieving 76 per cent<sup>2</sup> growth in APE sales and covering more than 140,000 members.

In Vietnam, we launched an innovative digital Personal Accident product ('PRUGuard 24/7') as well as a low-cost digital Critical Illness solution ('PRUCare') via various digital platforms thereby increasing our penetration into the younger segment of the Vietnamese population. Since launch in late December 2020 and April 2021, we have sold over 42,000<sup>38</sup> PRUGuard policies and 3,000<sup>38</sup> PRUCare policies respectively.

In Cambodia, we introduced our first-in-the-market digital solutions in Dengue and Malaria protection as well as Road Safety protection.

In Africa, we continue to pursue customer-led insurance initiatives, particularly with our partners where we have launched a digital 'Diaspora Funeral Cover' product with Centenary Bank in Uganda and a degree insurance digital product with MTN in Cameroon.

**Multi-channel distribution**

In India, ICICI Prudential Life's growth ambitions will be driven by enhancing its multi-channel distribution capability. In the agency channel, we have recruited over 27,000 new agents during the year. Outside agency, we have added about 100 new partnerships bringing total partnerships to around 700 including 23 banks.

In Thailand, the strategic partnership with TTB, which commenced on 1 January 2021, significantly strengthens our distribution capability in Thailand's fast-growing life insurance sector, giving us access to an expanded network of 636 branches. We have launched a refreshed set of propositions encompassing the high net-worth, retail, commercial and SME segments and rolled out a new e-POS system. These developments have enabled us to advance our overall market share to 6.5 per cent from 5.1 per cent<sup>35</sup> in 2020) and become the third largest player<sup>35</sup> in the bancassurance channel in 2021.

In the Philippines, we are partnering with CIMB Bank Philippines to help bring more financial products and services to the country's consumers. Under this partnership, we will provide CIMB's customers with easy access to our life insurance products through CIMB's app, and CIMB's deposit savings and credit products will be made available on our Pulse app.

In Africa, we have sought to deepen our health and protection offering, complementing an increasing portfolio of corporate protection across many of our countries. In our agency and bancassurance business we have increasingly equipped our agents and sales people with the skills required to advise their customers on their protection requirements. Compared with the first quarter of 2021, agency protection productivity had increased by 40 per cent by the fourth quarter with an over 20 per cent increase in the number of agents who sold a protection case in the same period. Sales people have been supported in their careers as in many markets through earlier training on protection products, creating opportunities to help them serve this significant gap in the market.

In other high-potential markets, agent quality and productivity continued to improve. In Vietnam the contribution to APE sales by our MDRT qualifiers increased by 7 percentage points to 45 per cent. Cambodia agency development was encouraging with both number of active agents and APE sales per active agent rising significantly in 2021.



## Eastspring, leading asset manager in Asia

	Actual exchange rate			Constant exchange rate	
	2021	2020	Change	2020	Change
Total funds under management (\$bn)	258.5	247.8	4%	241.4	7%
Adjusted operating profit (\$m)	314	283	11%	286	10%
Fee margin based on operating income (bps)	30	28	2ppts	n/a	n/a
Cost/income ratio (%)	54	52	2ppts	n/a	n/a
IFRS profit after tax (\$m)	284	253	12%	255	11%

Eastspring Investments ('Eastspring'), the asset management arm of the Group, is a global asset manager with Asia at its core, offering innovative investment solutions to meet the financial needs of clients. Operating in Asia since 1994, Eastspring has built an unparalleled on-the-ground presence in 11 Asian markets<sup>15</sup> as well as distribution offices in North America and Europe. Eastspring's shared purpose – *Experts in Asia. Invested in your future* – clearly guides the business. Beyond investing, Eastspring aims to help its stakeholders secure a better and more sustainable future.

As of 31 December 2021, Eastspring managed a total of \$258.5 billion of assets across equity, fixed income, multi asset, quantitative and alternative strategies on behalf of institutional and retail investors globally. It is one of the largest pan-Asian asset managers and is a top-10 asset manager in six of the markets where the firm operates<sup>39</sup>.

As the main investment partner to Prudential's insurance business, Eastspring focuses on enhancing its investment solutions for Prudential. At the same time, it continues to grow its third-party business globally. This is underpinned by Eastspring's four-pillar strategy: first, to strengthen its existing business; second, to diversify its investment capabilities and range of products; third, to accelerate its ESG agenda; and fourth, to broaden its distribution channels. Through the year, Eastspring has achieved progress in each of these areas.

#### Increasing funds under management and enhancing returns

In what was largely a volatile market, existing and new clients turned to Eastspring for advice. Eastspring grew its assets under management by 4 per cent<sup>26</sup> in 2021, reflecting favourable investment returns and net inflows from the Group's insurance businesses and from third-party clients. Third-party business<sup>40</sup> saw net in-flows from retail clients, driven by a strong demand for equity products, partially offset by institutional net outflows. The outflows across the businesses were predominantly due to profit taking and asset rebalancing amid generally strong equity market conditions. The redemptions of funds managed on behalf of M&G plc in 2021, net of inflows, totalled \$(4.0) billion, with a further \$(0.9) billion of outflows anticipated in 2022. The overall asset mix has remained stable and is well diversified across both clients and asset classes.

Eastspring continued to perform well for clients, with 61 per cent of assets under management outperforming benchmarks over the past year<sup>41</sup>. Significant 'alphas' have been generated by the value-style equity teams, in addition to positive relative and absolute performance by teams focusing on quantitative strategies and multi-asset solutions.

Eastspring is proud to be named the 'Asset Management Company of the Year, ASEAN' in The Asset Triple A Sustainable Investing Awards. Across 2021, Eastspring won twenty-six industry awards across a wide range of investment categories, a testament to the firm's success and investment excellence.

#### Diversifying capabilities, driving future growth

Eastspring saw significant progress in seeking to diversify its investment capabilities, increase the number of products marketed to clients, and develop new and innovative solutions. Over the year it attracted \$5.3 billion of assets through the launch of 75 new products<sup>42</sup>.

Notably, in the consumer and private wealth segment, the firm worked with its intermediary clients to achieve several successful fund IPO launches in Thailand and Taiwan and similarly in other markets across the region. Other recently launched strategies including the Asia Multi Factor and Global Emerging Markets excluding China Equity attracted new customers.

Leveraging on third-party partnerships, Eastspring enhanced its mix of products and solutions across partners' platforms, an example being the launch of several foreign investment funds (FIF) in Thailand. Eastspring also offered new solutions for both the Group's insurance businesses and external partners to meet the demand for regular saving and retirement solutions such as RiCh in Malaysia, TT Smart Port in Thailand and discretionary investment advisory mandates in Taiwan.

Meanwhile, Eastspring continued to expand its footprint in India and Mainland China.

In India, ICICI Prudential Asset Management Company broadened its product suite across active and passive strategies for retail and high net-worth clients, introducing new strategies such as the ICICI Prudential NASDAQ 100 Index Fund and ICICI Prudential Strategic Metal and Energy Equity Fund of Fund. These in turn drove a 15 per cent increase in the Group's share of funds under management to \$30.9 billion<sup>43</sup>.

In Mainland China, we operate through CITIC-Prudential Fund Management Company Limited, a 49 per cent-owned joint venture with CITIC with the Group's share of assets under management of \$12.4 billion, as well as through our wholly-owned private fund manager operationalised in 2019 within Eastspring, which now has sourced and sub-advised assets under management of \$931 million. 2021 saw it build a portfolio of credible China A Equity growth style funds and China bond funds, which attracted demand from international clients, validating their confidence in the firm's products. Our Chinese life insurance joint venture has established its own asset management company in 2020, Prudential-CITIC Asset Management Co, which further strengthens our capabilities in savings and retirement products. During the year CITIC Prudential Fund Management Company achieved a successful IPO with the launch of the Fengyu Hybrid fund, achieving assets under management of over RMB 10 billion (approximately \$2 billion) through a partnership with CITIC Bank. It achieved strong fund performance with 7 of its 15 equity funds achieving top-decile fund performance, leading to a 27 per cent<sup>44</sup> growth in their total assets.

Across the Asia region and beyond, Eastspring's commitment to delivering superior investment outcomes for our investors and clients over the long term has made us a trusted partner, as evidenced in 2021, and the firm will continue to focus on investment excellence going into 2022.

### Accelerating responsible investing, invested in your future

In line with its purpose, Invested in Your Future, Eastspring continued to reinforce its ambition as a leading Asia-based asset manager rooted in ESG and sustainability. To meet client demand for responsible investment portfolios, Eastspring launched its second ESG-focused product, the US ESG Beta Fund in October 2021, followed by the Eastspring IDX ESG Leaders Plus Fund in January 2022. It is in the process of developing several other ESG-focused funds for both Prudential and third-party clients. These include China All Shares Sustainable Fund, China Offshore Sustainable Bond Fund and Japan Sustainable Value Fund. For more details on our achievements, please refer to the ESG section of the report.

### Broadening distribution, increasing digitalisation

Eastspring has strengthened its institutional business, winning new mandates with top asset owners, alongside expanded recommendation ratings from investment consultants, both in local markets and globally. Apart from reinforcing its position as Experts in Asia, Eastspring also gained traction outside of Asia, as it continued to build its footprint and relationships in North America and Europe, leveraging on partnerships with third-party distributors.

In the retail segment, Eastspring expanded its digitalised distribution capabilities through partnerships with multiple new age digital wealth managers, such as Stashaway, Endowus and Moduit. Promising progress has also been made in its own digitalisation capabilities; as an example, the upgrade of Eastspring Malaysia's own digital platform with a new 'Do-It-Yourself' feature, enabling new and existing retail investors to Buy, Regularly Invest, Sell and Switch transactions directly on the platform.

As part of Eastspring's commitment in advancing financial knowledge for its stakeholders, it produced over 50 thought leadership and insight articles over the year enabling clients to stay on top of financial trends, outlook and knowledge. It also adopted new channels of communication – social media channels (Instagram, Whatsapp and TikTok) and a new podcast, on top of its regular expert webinar series. Eastspring's brand presence is also amplified through Prudential's Pulse app via thought leadership content and knowledge sharing.

The focus on financial literacy starts from the grassroots level. To this end, Eastspring launched the #MoneyParenting campaign across Asia to empower parents to coach their children towards a financially successful future. This initiative was recognised by the Malaysia Financial Education Network<sup>45</sup>.

#### Notes

- After deduction of underwriting fees and other estimated expenses connected with the equity raise.
- On a constant exchange rate basis.
- APE sales is a measure of new business activity that comprises the aggregate of annualised regular premiums and one-tenth of single premiums on new business written during the year for all insurance products, including premiums for contracts designated as investment contracts under IFRS 4. It is not representative of premium income recorded in the IFRS financial statements. See note II of the Additional unaudited financial information for further explanation.
- New business profit, on a post-tax basis, on business sold in the period, calculated in accordance with EEV Principles.
- 'Adjusted operating profit' refers to adjusted IFRS operating profit based on longer-term investment returns from continuing operations. This alternative performance measure is reconciled to IFRS profit for the period in note B1.1 of the IFRS financial statements.
- To employees of the continuing business.
- Full year 2021 total funds under management, including external funds under management, money market funds, funds managed on behalf of M&G plc and internal funds under management, reported based on the country where the funds are managed.
- Based on full year 2021 exchange rates.
- Source: World Health Organisation: Global Health Observatory data repository (2019). South-East Asia, out of pocket expenditure as percentage of current health expenditure.
- Prudential estimate based on number of in-force policies over total population.
- Source: Swiss Re Institute: The health protection gap in Asia, October 2018.
- Source: The Economist, Special report, 28 March 2020 edition.
- Including India and CPL.
- Percentage of APE sales in Asia markets, excluding India and including CPL and Malaysia Takaful on a 100 per cent basis.
- Mainland China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam.
- As at 31 December 2021, in the markets where Pulse is offered.
- APE sales involving Pulse are sales completed by agents on leads from digital campaigns captured within the Pulse customer management system or on leads from Pulse registrations, together with a small number of policies purchased via Pulse online.
- Leads that originate from a digital platform, digital campaign or partner; and other leads, including leads from agents, recorded on PRU leads, part of the Pulse platform.
- Operating return on average shareholders' equity from continuing operations.
- See note II of the Additional unaudited financial information for definition and reconciliation.
- Source: based on life insurance sector gross written premiums data from the China Banking and Insurance Regulatory Commission.
- Source: based on analysis of newsclips and information collected from the informal market network group.
- Source: based on weighted new premiums for 2021 from Indonesian Life Insurance Association.

24 Source: Our World in Data: Cumulative confirmed Covid-19 cases.

25 United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects 2019 Revision (2020 estimates).

26 On an actual exchange rate basis.

27 Source: based on weighted new premiums from Indonesian Life Insurance Association.

28 Source: based on new business APE from the Life insurance association of Malaysia.

29 Source: based on new business APE from the Insurance Service Malaysia Berhad.

30 Including Malaysia Takaful on a 100 per cent basis.

31 Source: based on weighted new business premiums reported within the Singapore Life Insurance Association for full year 2021.

32 Source: based on regular premium APE data from the Singapore Life Insurance Association.

33 Source: India Life insurance business: based on calendar year 2021 retail weighted premium of private insurers operating in India; India asset manager: based on Association of mutual funds in India.

34 Source: based on APE sales in the first 11 months of 2021.

35 Source: based on weighted new business premiums from the Thai Life Assurance Association.

36 Source: based on weighted first year premiums from the Insurance Commission.

37 Source: based on full year 2021 APE from the Actuarial Network Data Sharing.

38 As at October 2021.

39 Sources: Singapore and Hong Kong (Morningstar), Malaysia (Lipper), Thailand (Association of Investment Management Companies), Korea (Korea Financial Investment Association), India (Association of Mutual Funds in India), Japan (Investment Trusts Association, Japan), Taiwan (Securities Investment Trust & Consulting Association of R.O.C), China (Wind), Indonesia (Otoritas Jasa Keuangan), Vietnam (State Securities Commission of Vietnam). All markets as of June 2021. Eastspring joint ventures include Hong Kong, India, China. Japan reflects Publicly Offered Investment Trusts market presence. China reflects public mutual funds presence. Vietnam reflects open-ended mutual funds market presence only. Market presence based on whether the AMCs offer onshore domiciled mutual funds. Market ranking based on 100 per cent shareholdings.

40 Excluding money market funds and funds managed on behalf of M&G plc.

41 The value of assets under management at 31 December 2021 in funds which outperform their performance benchmark as a percentage of total assets under management at 31 December 2021, excluding assets in funds with no performance benchmark.

42 As of December 2021, excluding joint ventures.

43 Group's share of total assets under management.

44 Growth from end of 2020 to end of Q3 2021.

45 The Financial Education Network (FEN), an initiative by the Malaysian government, is an inter-agency platform comprising of institutions and agencies committed to improving the financial literacy of Malaysians.

46 Source: based on GDP data sourced from the World Bank and www.bayarea.gov.hk websites.