2022 Half Year Results . Mark FitzPatrick script for pre-recorded analyst presentation

Slide 3 – Mark FitzPatrick

Mark FitzPatrick

Hello, I'm Mark FitzPatrick CEO of Prudential. Since taking on this role, I have prioritised driving forward the delivery of our Group strategy and reconnecting with our agency and bancassurance partners. I have expanded our Group Executive Committee and I strengthened our leadership bench with the appointment of three new Managing Directors, through internal promotions and an external hire. And with more Asian countries relaxing their travel restrictions, I have been able to meet colleagues in person in a number of our markets. Through my face-to-face interactions with our leaders, our people and our agency partners in these markets, I have been extremely impressed by their unwavering commitment, determination and focus on achieving our purpose – which is to help people get the most out of life.

Slide 4 - Compelling investment case

Today I'm going to set out our compelling investment case and show how our interim results demonstrate our execution capability, even in extraordinarily volatile operating and market conditions. I will also highlight the key strengths and capabilities that position us well to capture the significant growth opportunities ahead. Our business model is aligned to the long-term structural growth opportunities in Asia and Africa. We are building on our market-leading positions and enhancing our capabilities with the goal of accelerating growth. We have a high-quality, diversified portfolio comprising 34 businesses in 23 markets, with a focus on health and protection business. Across Asia, we have a leading digitally enhanced multi-channel distribution platform. We work through agents and bancassurance partners, as well as selling direct to consumers via our e-commerce capabilities. This diversification across geographies, products and distribution platforms gives us resilience and a long-term growth trajectory, and we can flex by market and by channel to adjust to changing operating conditions. We are highly innovative, working to ensure that our products meet the changing needs of our customers. We have developed and owned our platform, which makes our products more easily available and affordable to a broad range of customer segments. This is really important given the challenges to personal disposable income arising from recent economic conditions. In Eastspring, we have a leading Asia-based asset manager, with assets under management of US$ 222 billion. We have an excellent platform giving us access to the fast-growing demand for wealth solutions across the entire region. For shareholders, this means exposure to a compounding value creator, underpinned by sustainable growth. We have generated high returns and strong cash flows to date, and have been able to reinvest at attractive margins and rapid pay backs. The management team is focused on seizing this exciting opportunity with the aim of achieving long-term double-digit growth in embedded value per share, and this is supported by new business profit growing substantially ahead of the fast-growing GDP seen generally in our regions.

Slide 5 – Agenda: Significant growth opportunities

Let me take you through each piece of our investment case and provide you with more detail. Firstly, on the significant growth opportunities available to us:

Slide 6 – Growth underpinned by structural demand drivers

We have exceptional access to the world's fastest growing markets and this is not by chance. We have focused our investment and efforts into the markets where growth is underpinned by multiple structural demand drivers. Despite their fast-rising prosperity, people in Asia still have low levels of insurance cover, with 39% of health and protection spend still paid out of pocket and this creates a large and growing unmet need, a vast health protection gap that has been estimated at US$ 1.8 trillion. Fast economic growth across the region is driving a rapidly growing middle-class population who have a high propensity to save, and this continued income growth and rising wealth levels are expected to increase the awareness of, and demand for protection and wealth management solutions. And it is these trends that create significant opportunity for growth and value creation for Prudential. So, how do we seize the opportunity in Asia in 10 years' time? Third-party research has estimated that the size of the industry revenue pool in terms of gross written premiums will be US$ 900 billion larger in 2032 in the markets we operate in. That would mean that our gross written premiums in Asia could more than double in that time to over US$ 60 billion, and that's if we simply keep pace with the market.

If you take into consideration the multiple growth levers we continue to invest in and enhance, which I will turn to next, the potential is even bigger.

Slide 7 – Agenda: Diversified platform

We believe that our diversified market-leading platform strongly positions the Group to capture these significant opportunities.

Slide 8 – Diversified market-leading platform focused on Asia & Africa

Our business in Asia has been built over the last 99 years, and this is reflected in our scale across the region. We have over 14,000 employees serving the growing health, protection and savings needs of our 19.3 million life customers across our markets. And there is plenty of headroom for growth in those numbers - our platform gives us access to 35% of global GDP and 3.9 billion people. We have market-leading positions in the right places – We are top 3 in 11 out of 13 markets. The Prudential brand is trusted by our customers, the communities, and the regulators across our markets. Our 174 year-old heritage inspires confidence among consumers, who see us as a company that is fair, trustworthy and enduring. Next year, we celebrate 100 years of serving customers in Asia – an important milestone that reinforces our commitment to the region. We have a high-quality portfolio of businesses, diversified by geography, channel and product. And this portfolio provides multiple sources of growth and adds resilience to our business performance. Let me now take you through how we are capturing the opportunities in the various markets, starting with the largest-scale growth markets.

Slide 9 – Distinct competitive advantages

In the Chinese Mainland, India, Indonesia and Thailand, we have significant opportunities with distinct competitive advantages, which represent huge long-term opportunities. In the Chinese Mainland, we have grown significantly over the past few years. We have almost doubled our new business profits between 2017 and 2021, and we continue to outperform the market on a gross written premium basis. Yet we still have a substantial opportunity ahead, building on our existing nationwide coverage of 23 branches and 99 cities, spanning more than 80 % of the Chinese Mainland's economy and life insurance market. We expect our Chinese Mainland business will continue to grow at pace by expanding and by deepening our presence within our current geographical footprint and by leveraging our multi-distribution platform. Our diversified distribution, together with our broad footprint, bring diverse growth opportunities and resilience to our business performance and this can be seen in the first half of this year, as we continued to outperform relative to the industry, growing our gross written premiums by 12.7 %, compared to the sector's growth of 3.5 %. Our market share has more than doubled over the past six years. In India, we are the major international investor and a top 3 player in both the life insurance and asset management sectors and we continue to see huge opportunities and potential in India, which is the second-largest contributor to Asian GDP growth and an underpenetrated market. New business profit increased by 29 % in the first half of the year and ICICI Prudential has indicated its intent to double its 2019 new business profit over four years, and further increase its weighting of health and protection business. This would be driven by deepening its penetration of underserved customer segments, enhancing its distribution footprint and increasing its focus on the pension and annuity business. In Indonesia, we are the leading player in the market, and we will continue to execute our strategy of upgrading our agency force and building our bancassurance presence, while broadening our product set. We see great potential in broadening our customer base, notably in further developing our leadership in the Sharia market, and leveraging our digital capabilities based on the Pulse platform, to address the substantial needs of the mass market and SME customer segments. In the first half of this year, we set up a dedicated Sharia business to realise the potential of the Indonesia Sharia life market. This marks our commitment to further penetrate the Sharia market, a segment where we continue to be the market leader. The size of this opportunity is huge with around 230 million Muslims – over 85 % of the entire population. In Thailand, we are focused on delivering the strategic benefits of recent significant investments and growing the business materially through our bank partnerships with TTB and UOB.

Slide 10 – Well-positioned to capture Southeast Asia's significant long-term potential

Across Southeast Asia, we continue to see significant growth opportunities underpinned by multiple structural demand drivers. We have a long history here, with exceptional access to the largest economies in the region. These markets contributed over half of our APE sales, new business profit and IFRS operating profit in 2021. We have a top 3 markets position in 8 of the 9 markets in this region where we operate. And we have continued to enhance our capabilities to leverage the tremendous potential within these markets. We are continuing to strengthen our market leadership by innovating and expanding our inclusive Sharia product offerings, as well as continuing to build on our market leading position in agency. The Southeast Asia region has delivered high-quality growth, with 12 % CAGR in new business profits, growing four times faster than the combined GDP of these markets.

Slide 11 – Agenda: Digitally enhanced multi-channel distribution platform

Our digitally enhanced multi-channel distribution strategy means we can serve our customers in multiple ways, giving them the choice of channel which is most convenient for them and giving us the greatest number of channels to grow our business. We believe this diversified channel approach makes us more flexible, adaptable and resilient as a business.

Slide 12 – Enhancing our agency force

The agency channel is very important to us and we are committed to ongoing investment in supporting our agents. Our agency channel was once again the largest contributor to new business profits despite the challenges created by the Covid pandemic. We have a leading agency business in Asia with over 530,000 agents, recognised for its scale and its focus on quality. Around 7,000 of our agents are members of the Million Dollar Round Table and we have continued to ensure that capacity is retained in our Hong Kong business for when the border re-opens. We are enhancing our agency platform further by improving quality, activity, and productivity so we are well positioned for accelerated growth when the operating environment normalises and we can see this coming through in the operating metrics. So, for example, in first half of this year, we've grown the number of new recruits by 5 % and continue to move our recruitment, training and management of agents all on-line. We continually upgrade the tools available to our agents to assist them during the sales process and to enhance efficiency of our agents, and we saw productivity increase by 4 %, based on the number of cases sold per active agent. The integration of agency sales into our digital ecosystems can be incredibly powerful, and we're getting better at using the 4.8 million leads recorded on Pulse and other sources in the first half of this year. We continue to see increased agency adoption of digital tools including Pulse across the region and expect this to continue for the remainder of 2022, as the latest iteration of the platform modules are rolled-out. The growing number of leads generated continues to be nurtured by our agents for potential future cross sell and upsell opportunities. Our focus on quality business continues and we have seen strong demand for our standalone protection products and this can be seen in the double-digit growth in the number of health and protection policies sold in the period.

Slide 13 – Enhancing our bancassurance distribution

Moving now to the bancassurance channel. We are market leaders in the bancassurance space. We've got access to over 170 partners, including exclusive partnerships with 32 of these. This gives us access to over 27,000 bank branches and we continue to have great success here. Our new business profit from the bancassurance channel grew by 31% to US$ 463 million in the first half of this year, demonstrating the resilience of our multi-channel distribution model. We have made strong progress in enhancing this significant competitive advantage. So, for example, in the first half of the year we continued to invest into our platform and extended the reach of our network, adding 22 new banking partners and increasing the number of branches we have access to. We've been focused on expanding our products and services to address our customers' health and protection needs and this can be demonstrated by a sizeable contribution from our protection products to our policy case count. We have also continued to improve the product mix, leading to double-digit growth in new business profit in 10 of our markets.

Slide 14 – Agenda: Innovative & consumer-centric

We believe in making health and financial security accessible for all customers at different life stages. We've also continued to serve the communities in which we operate, making a difference where it is most needed, particularly in the face of the challenges created by the Covid pandemic.

Slide 15 – Continued innovation and enhancing our product & digital capabilities

Now we do this through innovating our product offerings, as well as increasing our digital capabilities to advance financial inclusion. So, for example, during the first half of this year, we introduced or enhanced more than 90 products, including 19 products which are sold direct to consumer. This continual innovation has allowed us to target a wider range of customer segments and income groups, helping the underserved segments access the protection and savings products that meet their needs. Now, technology is core to making health and financial security more accessible and affordable. Pulse is our AI-powered digital ecosystem and it forms a crucial and an integrated part of our multi-channel approach to distribution. Our online capabilities have acted as a cushion against the impacts of further lockdowns. The Pulse platform with its health and wealth content, products and services, is designed to connect with customers and in turn enable our distribution channels to connect, maintain and better serve new and existing customers. Pulse is also intended to drive greater customer centricity and efficiency, from enabling agents via tools designed to enhance hiring and productivity, to fulfilment of policy sales and servicing. With the Pulse platform, we are able to add additional distribution capability, allowing access to new channels and new customer segments which extend beyond our existing distribution footprint.

Slide 16 – Delivering for our 19.3 million life customers as a trusted partner

Our customer-centric solutions and platforms are designed to deliver a more personalised and consistent service, while driving higher customer engagement and retention. We are delivering a leading customer experience through our digital platforms. Today, a high proportion of policies issued are auto-underwritten and, around a quarter of claims are now settled without human intervention. So, you can see that our initiatives, product innovations and personalized services are resonating with our customers. We have a top three net promotor score in 5 out of 7 markets, and this is reflected in our consistently high customer retention ratio. As we broaden our product proposition, we are expanding into new customer segments and at the half year we had 19.3 million life customers.

Slide 17 – Agenda: Leading Asia-based asset manager

Eastspring is a global asset manager with Asia at its core, offering innovative investment solutions to meet the financial needs of our clients.

Slide 18 – Eastspring – experts in Asia. Invested in your future

Operating in Asia since 1994, it has built an unparalleled on-the-ground presence in 11 Asian markets, as well as distribution offices in North America and Europe, and with a growing middle class in Asia, more disposable income, a healthy savings culture, and a low mutual fund penetration rate, there is a significant opportunity for growth and we are well positioned for it. We maintain a local presence with more than 300 investment professionals and we continue to invest in investment talent across Asia. So this differentiates us as a truly Asia-based asset manager, servicing the global needs of our clients with our deep local expertise. Eastspring has an unrivalled footprint, with top 10 positions in 6 out of 11 markets, allowing us to participate in the fast-rising demand for wealth solutions across the entire region. We also have reliable and growing flows from our Asian life business, which are sizeable and largely uncorrelated to market factors, and this provides Eastspring the opportunity to develop investment strategies, that are then deployed to third party retail customers and institutions.

Slide 19 – Disciplined execution of our strategy to deliver growth & value

To bring this all into perspective: how does our investment case and our disciplined execution of our strategy translate into our results?

Slide 20 – HY22 highlights

Our new APE sales were up 9%, despite seeing Covid infections peak in the first quarter in many of our markets and the associated disruption caused by the pandemic. Our new business profit was down 5%, but it was flat when you exclude the impact of higher interest rates. Overall new business profit margin was strong at 50%. This has all been delivered while the Hong Kong border remained closed. Our performance demonstrates the resilience of our diversified business model, our scale and the quality of our people. Group IFRS operating earnings were up 8% to US$ 1.7 billion. Operating free surplus generation from our life and asset management businesses was up 12% to US$ 1.2 billion.

Slide 21 – Proven model of delivering growth & value

Our half year results show high-quality and resilient growth. It demonstrates our long-term track record of delivering strong performance in our key metrics and our relentless focus on the disciplined execution of our growth strategy. This positions Prudential well to continue to generate growth and substantial value for shareholders.

Slide 22 – Key messages: Delivering sustainable growth & value

So to conclude; We have market-leading positions in many high-growth markets. We're enhancing our capabilities to build on our substantial competitive advantage, strengthening our digitally enhanced multi-channel distribution platform, and broadening our product ranges to deliver for our customers. We had a resilient performance in the first half of 2022. We expect the pandemic to continue to raise awareness of and demand for financial protection and healthcare, providing further opportunities for growth. And lastly, the successful execution of our strategy will enable us to take advantage of the growth opportunities ahead. Thank you.

2022 Half Year Results . James Turner script for pre-recorded analyst presentation

Slide 23 – James Turner

Hello, my name is James Turner. For my first time as the Prudential CFO, I am delighted to take you through our financial performance in the first half of 2022.

Slide 24 – Delivering sustainable growth & value

There are four key messages that I hope you take from my presentation. Prudential has diverse sources of growth; we're delivering earnings momentum; We have a robust capital position, ample capacity to fund the growth opportunities ahead; and finally, we are a high quality and resilient business;

Slide 25 – HY22 resilient results

These results show that Prudential has again delivered a resilient financial performance, testament to the strength of our franchise. New sales have grown by 9% and created US$ 1.1 billion of new business profit. At 30th June the group's embedded value stood at US$ 42.3 billion, equivalent to 15 dollars 39 cents per share. And at the same time, earnings have increased by 8% and the capital generation by the life and Eastspring segments grew by 12%. Our capital position remains strong and resilient. We have declared a 2022 first interim dividend of 5.74 cents per share, up 7%, in-line with our dividend policy of paying one third of the prior year's full dividend, at the first interim stage. The strength of these results is testament to our multi-channel, digitally enhanced distribution platform, and our strong franchise across the Asia and Africa regions.

Slide 26 – Challenging market context to navigate

This slide summarises the backdrop within which we have delivered our half-year 2022 performance. The chart on the left illustrates the extent of Covid disruption across our largest markets, particularly in the first quarter of 2022, with the Chinese Mainland lockdowns continuing into June. Our diversified distribution model both across Asia and within the Chinese Mainland has been the key to our sustained performance in the three years disrupted by the pandemic, because it has allowed us to adapt and continue to serve customers in changing circumstances. The other three charts summarise the challenging economic environment. We have seen large increases in interest rates in most markets, falling equity markets and widening credit spreads over the period. Our half-year results demonstrate that we are highly resilient, though we're not immune to this economic volatility.

Slide 27 – Strong franchise

The 9% growth in APE sales is a function of our geographic, channel and product diversification. Our growth markets segment was our largest contributor for sales with APE growth of 24% mainly driven by double digit growth in Taiwan, Vietnam, Africa, and India.
On an individual market basis, CPL remains the largest contributor to APE with growth of 13%. In Hong Kong, overall APE was down 10%, with agency sales down 23% as Covid restrictions persisted through much of the first half. Though this was partly offset by 5% growth in our banca channel. It is worth noting that in the first half of 2019 – prior to the Hong Kong border closure, APE from Mainland business in Hong Kong contributed a quarter of the group's total APE and over 40% of the group's NBP. And we remain confident that these customers will return once the border opens, and therefore we have retained our associated business capacity to service them.

In Indonesia, our shariah business continues to account for over a quarter of new sales. We remain confident in the prospects for this market and will continue to seek opportunities to diversify into banca and grow our unique standalone shariah business. The group's overall bancassurance sales were up 25% and were not impacted by the Covid related disruptions in the same way that our agency business was, as many branches were classified as essential services and were able to remain open. The overall decline in agency APE of 13% reflects both Covid restrictions but importantly that agents across our markets were focused on lower ticket health and protection propositions that were very much "top of mind" for our customers. Whilst overall health and protection as a proportion of APE sales fell from 28% to 24%, the number of health and protection cases sold via agency increased by 13%. Regular premium business continues to account for the majority of new sales, although the share is a little lower at 83% compared to 87% in half year 2021, this also reflects the relative weight of bancassurance in this period. Sales of single premium business were particularly strong in Hong Kong and Singapore and we anticipate that this trend will continue as we launch products tailored for the high net worth customers in both markets.

Slide 28 – Sales momentum maintained

Resilience is a key feature of our results and this is clearly demonstrated by reviewing how the markets have performed month by month. This chart shows our total "year-on-year" sales growth rates each month. We've updated it from the equivalent slide we used at our full year results. The Covid impact is particularly evident in February and March this year, as is the encouraging rebound in sales as restrictions began to lift in most markets in Q2.
Overall we saw 8 markets reporting double-digit growth in the second quarter.
July saw a continuation of this positive trend and we are now well positioned to benefit from the considerable growth opportunities ahead, and to manage any further Covid restrictions.

Slide 29 – High-quality resilient performance

Having set out our volume results which builds scale, we now can turn to the value created by those sales. NBP is the key driver of building growth in embedded value.
The US$ 2.2 billion of APE sales in the first half of 2022 has resulted in a further US$ 1.1 billion of new business profit. APE volumes added just over US$ 100 million more NBP than in the

prior period. Shifts in sales mix by country, product and channel, specifically the lower contribution from Hong Kong, reduced aggregate NBP growth by a similar amount. This means that, before economic effects, US$ 1.2 billion of NBP was created, a similar level to the prior year. However, rising interest rates in most markets other than Chinese Mainland, have increased our risk discount rates as well as fund earned rate assumptions, and on net basis, reduced the value added by net new business by US$ 59 million. The weighted discount rate for NBP is now 6.5%, up 150 BPS from our full year 2021. Our new business remains of a high quality, with H&P remaining our largest source of NBP as shown on the bottom left chart. Agency also accounted for over half of our NBP, despite the disruption in the period. We set out the NBP by segment and their respective growth rates compared to the first half of 2021 on the bottom right chart. It shows a strong performance in Singapore and in growth markets. Given that these markets also experienced Covid disruptions, this is very encouraging and gives a sense of the scale and number of structural opportunities our franchise has for further growth.

Slide 30 – EEV driven by NBP & expected return, offset by economics

Combining this past 6 months of new business profit with the resilient performance of our in-force book, we delivered group EEV operating profit of US$ 1.8 billion in the period. This generated an annualised operating return on embedded value of 8%. After non-operating economic impacts and payment of the full-year dividend in May, our EV stood at US$ 42.3 billion at 30 June based on the end of period economics. Picking out the key items on this slide. The expected return on in-force business was US$ 1.2 billion, up 36% year on year, and reflects the unwind at higher discount rates. The negative impact from short-term fluctuations in investment returns of US$ 5.2 billion reflects lower than expected bond returns, widening credit spreads and falling equity markets. Higher interest rates also increased risk discount rates, which have a negative effect on the present value of health and protection profits. Notwithstanding these economic headwinds, we remain committed on delivering double-digit growth in EV per share over the longer term.

Slide 31 – Earnings momentum: group operating profit of 8%[1]

My next highlight for the first half year is our IFRS earnings development. Our IFRS group operating profit was up 8%, driven by life profits up 7% and the benefit of reduced central costs. Starting with the left-hand chart, the solid growth across our CPL, Hong Kong, Singapore and Malaysia segments is primarily driven by on-going growth in our in-force businesses. Indonesia profitability has weakened, following lower sales over recent years, combined with higher costs as medical claims have begun to normalise to pre-pandemic levels. Growth markets profits were up 21% which is encouraging at an operational level. This was driven largely by Thailand and India. In India we have seen improved claims experience in the period, and in Thailand we achieved double-digit growth in adjusted operating profit, largely from the return on our investment in bank partnerships with TTB and UOB. Until the implementation of IFRS17 next year we continue to account for insurance liabilities in Hong Kong based on local regulatory reserves. The early adoption of the Hong Kong RBC regime led to a favourable movement of liabilities and consequently a benefit to group IFRS profit before tax of US$ 945 million. This profit recognition reflects the prudence of our IFRS 4 accounting. Of this US$ 945 million, around US$200 million is included in the group operating result in the growth and other segment given its non-recurring nature. During this period, the net of all non-recurring items, came to US$160 million, this compares to US$161 million over HY21. This is shown in 'other items' on the left hand pie chart. Excluding these non-recurring profits from both periods, our life profits are up 8% year on year, slightly ahead of the headline reported life operating profit growth of 7%. We expect these non-recurring components to continue to feature in our operating results given the size of our business and we will continue to break them out for you.

Moving to the central chart, overall IFRS life profits are driven by insurance margin, the income generated by our health and protection business. And our business is largely regular premium and characterized by very high customer retention. Finally, turning to the overall group P&L. On Eastspring, profits decreased reflecting predominantly the revaluation of seed capital. Excluding revaluation effects, its profit would have been broadly stable and in-line with average FUM movement. Central costs of US$ 368 million fell by 6% in H1 2022. This was primarily driven by reduced debt interest costs, stable central expenses offset by restructuring costs and IFRS17 costs which will remain elevated until the project is fully implemented. We remain on track to deliver US$70 million of head office savings by the start of 2023. Of note is the US$1.4 billion negative short-term fluctuations, driven by unfavourable interest rate and equity market movements in the period, net of over US$700 million credit from Hong Kong RBC was not recognised in operating profit. I can confirm that we have reduced our stake in Jackson in the first half to 14.3% at the end of June, generating a gain of US$60 million. Since then, we have also sold down further and now have a holding of around 9%. To conclude on our IFRS performance; we have demonstrated broad-based growth, driven by in-force earnings on our high quality business mix and the emerging benefits of rigorous cost discipline.

Slide 32 – IFRS17 programme well advanced

I want to update you on our IFRS17 programme. Over time, I anticipate that IFRS17 will lead to improved comparability across insurance companies for all of our stakeholders. At Prudential we are well advanced in our preparations for the new regime, but there remain elements of our calculation methodology where industry practice is still evolving. We are planning to conduct a market briefing on our IFRS17 results in Q2 2023. That said, IFRS17 does not change the economics of our business, and our strategy remains unchanged. Similarly, the value and capital metrics I have just walked through are unchanged, as is our capital allocation framework and our dividend policy.

Slide 33 – Robust capital

In this next section – robust capital – I will highlight the strength and resilience of our balance sheet, the predictable nature of our capital generation, and explain how this provides us financial flexibility to invest for future growth. Our regulatory capital position remains very strong. On a group minimum capital requirement or GMCR basis, our group regulatory solvency ratio has increased to 548%, from 408% at the full year, with most of the increase resulting from implementation of C-ROSS II in the Chinese Mainland and early adoption of RBC in Hong Kong. There are a number of slides in the appendix that set out all of these impacts clearly. We are also publishing today our surplus and coverage ratio relative to the group prescribed capital requirement or GPCR. On this basis, our half year shareholder capital surplus is US$16.2 billion, with the ratio of 317%. On this basis our minimum risk appetite level is currently 150%, and I will explain later in my presentation why this will be our key regulatory capital metric going forward, and demonstrate that this capital position is resilient to economic shocks. Whilst the level of regulatory surplus is important to regulators, our free surplus metric remains the best proxy for shareholder capital available for reinvestment in our business and to distribute to shareholders. This is because it excludes items of regulatory capital that cannot be remitted as cashflow in the short-term. At the half year, our shareholder free surplus stock excluding intangibles was US$8.6 billion. The bottom half of this slide shows that the free surplus has grown steadily over time, as the business generates distributable capital each period. Hong Kong RBC and C-ROSS II changes have added to regulatory capital but most is not immediately distributable. I have included a slide in the appendix to bridge between free surplus and our headline GWS surplus both of which are now on a PCR basis. We have US$2.1 billion of liquid central cash resources, and a Moody's debt leverage ratio of 22%, which is towards the lower end of our indicated operating range. Therefore, we have a good level of financial flexibility.

Slide 34 – Primed for growth

Turning now to our capital generation over the first half of 2022. We delivered strong group operating free surplus generation of US$0.8 billion. This was up 22% on the prior year due to strong in-force capital generation and reduced central costs. The key driver was the in-force capital generation of US$1.4 billion, up 10% on the prior year. Crucially, this US$0.8 billion capital generation is after reinvesting US$0.3 billion to write new business in the last 6 months, creating US$1.1 billion of new business value; a near 4x value multiplier in a challenging period. This represents an average IRR of over 30% being created from our diversified range of products. As we have discussed before, this is the real engine driving compounding value. And importantly we have organic capacity to fund significantly higher levels of profitable new business in the future. While rising interest rates over the period increased our flow of capital generation, the corresponding fall in fixed income asset values, as well as falling equity markets and unfavourable FX movements reduced our stock of free surplus by US$1.7 billion, as you can see in the non-operating movements. These non-operating impacts were largely offset by the one-off US$1.4 billion benefit to free surplus from early adoption of Hong Kong RBC. In effect the US$1.4 billion is an acceleration of capital generation from EEV VIF into free surplus. Stepping back, we have considerable capacity to fund growth. Over the last decade we have reinvested nearly US$6 billion to write profitable organic new business and invested around $5 billion in strategic opportunities to accelerate Asia growth. The outcome being that since 2012 we have grown Asia embedded value by over US$28 billion to US$40.3 billion, net of over US$10 billion of remittances.

Slide 35 – Quality & resilience

During the full year results in March, I committed to give more clarity on our regulatory capital. As I have already highlighted, while free surplus is our primary metric for explaining the sources and uses of shareholder capital, our strong GWS capital position is an extremely important measure of our balance sheet resilience for our regulators and other stakeholders. Starting at the top of the slide, our shareholder cover ratio on a GMCR basis increased 137 percentage points from 408% reported at the year end to 545% on a proforma basis, this takes account of the adoption of Hong Kong RBC and the C-ROSS II methodology. In common with other risk-based regimes globally, the impact of the regulatory changes include an increase in capital resources as prudence margins were removed from reserves, partially offset by an increase in capital requirements which are now more risk-based. With the increased adoption of risk based capital regimes in our core markets, we have agreed with our group wide supervisor, the HKIA, to focus our regulatory capital reporting on the coverage level relative to the GPCR rather than the GMCR going forwards. We have made this change as in broad terms, the GPCR represents the level above which capital is fungible. Our focus on the GPCR is more comparable to capital requirements under other global risk based capital regimes, and also better aligns to our existing free surplus and EEV basis. On a GPCR basis, and after the Hong Kong RBC and C-ROSS II changes, our half-year ratio is 317%. This compares to 320% on the same basis as at the full year 2021. The stability of our GPCR coverage ratio over the first half also demonstrates the resilience of our business to real-world combined stresses given global rates have materially increased at the same time as falling equity markets. I would like to contextualise the strength of this 317% ratio by reference to the sensitivities shown on the bottom of the slide, and our newly disclosed risk appetite threshold, which is to maintain the shareholder GPCR ratio above 150% even after a stress.

Slide 36 – Quality & resilience: meeting customer needs

For the last section of my presentation, in addition to the strength of our capital position, I want to highlight a number of aspects which demonstrate both the quality and resilience of Prudential's franchise, and our ability to successfully navigate challenging macroeconomic conditions like those that the global economy is currently experiencing. This slide shows the high level of persistency that our business constantly delivers, reflecting the high demand we experience for our products throughout the economic cycle. Our customers value the peace of mind that our policies provide and this translates into high persistency year in, year out. This chart illustrates a track record of customer retention levels at 90% or above. Whilst at FY2021, this fell to 89%, despite the extensive Covid disruptions in the first half of 2022, retention levels moved back above 90%, and we see this trend continuing in H2. These high levels of persistency have been delivered over the last decade, despite the numerous macroeconomic and geopolitical challenges that have been encountered, whilst at the same time the business has been scaled significantly with a 5x increase in Asia embedded value since 2008 to over US$ 40 billion. Ultimately, it is this high persistency which is a key driver of our financial performance and it means that our stakeholders can be confident that Prudential will continue to generate high levels of profitability and capital generation, in both good times and bad.

Slide 37 – Quality & resilience: actively managing inflation risk r

While inflation has been generally lower in the Asian markets in which we operate, inflation considerations are not new for us, and the appropriate management of these risks is a core capability. Inflation can impact our business in a number of inter-related ways, however we are proactively able to control many aspects of these risks, for example: We have a dynamic approach to ALM matching and a prudent asset allocation approach – all of which is subject to intensive and regular review. We reprice our products regularly, and in the last 12 months have repriced in Hong Kong, Malaysia and Singapore for example, all the while maintaining our record of high customer persistency. And our medical products are designed in a way that it manages customers experience via co-pay features, policy limits and no claims bonuses. On people, we differentiate ourselves to be an employer of choice with a highly motivated workforce and competitive remuneration structures. As I have mentioned, we are well capitalised, we remain rigorous in managing our central cost levels. We have materially lowered interest cost through our debt reduction programme and are on-track to deliver a further US$ 70 million annual reduction in central costs in 2023.

Slide 38 – Summary: High quality and resilient franchise

To summarise, as I review our financial delivery during this most challenging period, I see strong evidence of the growth that's been delivered, and the growth potential of our franchise. What is crucial, is that with all the hard work of the corporate transformation now behind us, we have the capital to invest and the capabilities to leverage the array of opportunities that will create value. This gives us confidence to commit to achieving double digit growth in EEV per share over the long term. Thank you for your continued support.

2022 Half Year Results . Lilian Ng script for pre-recorded analyst presentation

Slide 39 – Lilian Ng

Hello, I am Lilian Ng.

I am delighted to oversee the Strategic Business Group covering markets in the Chinese Mainland, Hong Kong, and Taiwan; and continue to lead the Group-wide customer, marketing, and distribution strategy to deliver customer success.

In today's world of digital citizens, customers are firmly in the driver's seat. Putting customers at the heart of what we do and making them happy is essential. Happy customers stay loyal and make our business sustainable and profitable.

At Prudential, our purpose is to help people get the most out of life - with insurance offerings to enable financial freedom. Life insurance is the greatest proof of love that we can gift to our loved ones, the family.

We achieve this in more ways than one. Across our markets, we offer a full range of insurance products and multi-distribution to give customers the choice - on how they like to be served - and we equip our sales force to provide personalised advice, all augmented by digital assets.

And at every step, we embody the voice of our customers – so that we continuously enhance customer experience at all touch points and all moments of truth – making our customers successful and our business successful.

We have a long-standing presence in Hong Kong for over 55 years and recently celebrated the twentieth anniversary in Chinese Mainland and Taiwan. Together, we are servicing three and a half million customers.

Slide 40 – Chinese Mainland: Unparalleled platform for customer growth

Let's take a look at our Platform in the Chinese Mainland.

Opportunity and demand for insurance in the Chinese Mainland are undisputed. Chinese Mainland's life insurance is the largest in Asia, with ample growth opportunities given its size, low penetration, increasing health awareness, and ageing population.

Our presence in the Mainland through CITIC Prudential Life (CPL), the joint venture with the CITIC Group.

CPL is a powerful franchise with an extensive footprint across 23 branches, the widest coverage amongst foreign insurers. We have a diverse and solid platform to serve – and remain the only insurer to achieve 25 consecutive quarters of integrated risk rating 'A' from CBIRC.

Now, despite isolated lockdowns, CPL sustained growth in the first 6 months and outperformed the market with our scalable platform. Both gross written premium and new premium grew 13%. CPL is the largest new business contributor across the Prudential markets, achieving APE of over half a billion US dollars during the first half of 2022.

These results are a testament to always putting customers first - to enrich the health and wealth journeys of our customers. Our innovative solutions and services are integrated into an ecosystem for seamless customer experience to meet the demands of today's families and strengthen our relationships with them.

The onset of Covid has heightened people's awareness of health and wellness. CPL has evolved its products and services to better fit customers' expectations. We were the first to cover the cost of oxygen machines in our medical plan and introduced a Critical Illness product tailored to the Greater Bay Area with access to medical treatment, including Hong Kong. Such innovations drove an increase of 53% in the number of health and protection policies, and the GBA Critical Illness solution accounted for 27% of relevant sales in Guangdong.

Chinese Mainland has a digitally savvy population with a 112% mobile penetration. CPL's digital asset @XinYiTong is a customer engagement platform that enables agents to connect with customers for their purchasing, servicing and claims journey. @XinYiTong is also an agent's toolbox with recruitment profiling and integrated leads management.

Our premium Verge Leaders programme upskills agency leaders to lead as we pivot agency as a career choice. The impact was meaningful in the first half year, with recruitment up 89% from quarter 1 to quarter 2, and the pool of elite agents grew by 12% month on month over the same period.

With virtual meeting rooms and video recording capabilities within @XinYiTong, our bank partners also utilise this digital tool to engage, advise, and service customers. Such ease of doing business connects CPL to a diverse portfolio of bank partners, including the Big 4, regional banks, SOE banks, and foreign banks, covering over 6,000 outlets. The seamless experience has contributed to a 23% growth in bancassurance new business profits in the first half year.

We leveraged the extensive reach of our partners to offer group and employee benefit solutions. For the first six months, we were Top 2 amongst foreign insurers in this line of business, providing covers to 1.9 million employees and their families.

CPL has an advantaged and customer-first platform serving 1.7 million customers. Customers can choose how they like to be served, and with our multi-channel reach, we have onboarded 112,000 new customers in the first six months.

The Greater Bay Area facilitates the Chinese Mainland’s quest to develop a world-leading city cluster ideal for living, working, and travelling. The Area links nine cities in the Guangdong Province and the two Special Administrative Regions of Hong Kong and Macau, to promote activities within.

With the same Prudential brand trading across GBA, we benefit from synergies through a deep understanding of customer needs and purchasing preferences by segments.

Slide 41 - Hong Kong: Resilient platform to serve customers

Let me now showcase our resilient platform in Hong Kong

Prudential Hong Kong has a robust infrastructure built from three aspects: A high-quality distribution, market-leading insurance solutions, and omnichannel servicing. Together they form a platform that is resilient in serving customers and sustain performance for the company. Hong Kong is the largest profit contributor across the Prudential markets in the first half, with IFRS profits of over US$ 500 million.

Earlier this year, the fifth wave of the Covid epidemic arrived fast and furious. Social and economic activities came to a standstill, and businesses were struggling. This was compounded by restricted movement across the border.

Under this backdrop, activity from the agency was significantly impacted. As the fifth wave receded, we witnessed a progressive rebound in activities. The average number of monthly active agents was 10% higher in the two months after the fifth wave as compared to the three months prior.

During times of economic turbulence, people tend to prioritise health over wealth and discretionary spending; this insight aligns with our experience with two-thirds of new customers purchasing health and protection plans. The health and protection mix was up 5 percentage points to 30%, as we put customers’ needs first.

To preserve the resilience of the agency platform as we move to the next normal, we equipped our agency with digital capabilities to connect and engage customers. We saw positive progress with the premium Verge Leaders programme, as this cohort of agency leaders was more resilient with an active rate 60% higher than standard leaders. In terms of new recruits, the activation rate improved by 16%.

With health being the “top of mind” for customers, we upgraded our range of health and protection offerings to be more relatable. This resulted in each active agent closing 6 health and protection policies on average. Health and protection mix was at 42%, and this favourable mix added 11 points to the agency new business margin in the first six months.

Our enviable strategic alliance with Standard Chartered Bank has grown from strength to strength. We reimagined each facet of the customer journey to shift the mix to address their insurance needs. Today, more than one-third of the new-to-insurance policies come from health and protection. As we came out of the fifth wave, the number of health and protection cases was 86% higher in the second quarter compared to the first.

Customers expect prompt, personalised services at all times and at all touch points. We offer omnichannel servicing so people can choose from digital self-service to the human touch connection. Our platform has the capacity to serve our growing customer base. During the first six months, nearly 200,000 digital self-services were transacted.

We are in the business of making promises and keeping promises. We strive for customer success by anticipating what they are looking for; and we are proud to be ranked first in customer satisfaction, a clear indication of our customer-centricity and why we are a trusted brand. The overall net promoter score for Prudential Hong Kong improved by 16 points in 2021, the largest increment amongst the major insurers.

We have a proven track record of executing and delivering our strategy. Leveraging our customer-first approach to capitalise on the opportunities arising from the Greater Bay Area will generate incremental synergies. This will promote Hong Kong's position as an international financial centre, and to complete the last piece of the puzzle, we are in the process of seeking regulatory approval to establish a branch in Macau.

And to wrap up…

For Prudential in the Chinese Mainland, Hong Kong and Taiwan, given the strength of our brand and multi-distribution platform, together with our ambition to deliver customer success, I am confident, that we have what it takes to seize market opportunities, solidify our leading position, and stay in the hearts and minds of our customers.

2022 Half Year Results . Solmaz Altin script for pre-recorded analyst presentation

Slide 42 – Solmaz Altin

Hello, I am Solmaz Altin, Managing Director of the Strategic Business Group which includes our markets in Indonesia, Malaysia, the Philippines, Laos, Myanmar, Cambodia, India and operations in Africa.

I am also responsible for Digital & Technology across the Group.

I joined in May following a long operational career in an international group's agency-led insurance business in Asia, having also led major digital transformation programmes across the globe.

I have got to know our businesses and many of our colleagues by now, and have had the time to identify how we can drive the growth potential of the business, profitably.

So far, there are 2 things that have stood out for me.

The first is that the group already has a profound mindset of change.

It has shown the ability to adapt both agent and bank distribution, and enhance these with digital innovation. This adaptability will be paramount to our success.

The second is that there is amazing talent across our markets. We need to nurture this, by creating strong connectivity and knowledge-sharing between our central functions and the businesses.

We will link all that we have done with Pulse much more closely with the core of our business - the local business units – so that it allows us to harvest the fruits of our digital capabilities and speed up decision making.

This will ensure a relentless and consistent group-wide focus on the customer in everything we do.

My role for this Strategic Business Group is therefore, to bring all our expertise together to support the transformation of our core.

Now, I would like to turn to and highlight 3 of our business units.

Slide 43 – Indonesia: Resilience supported by broadening & strengthening capabilities

Firstly, Indonesia

The operating environment in Indonesia has been tough and challenging over the last two years. The economy had essentially stalled.

The Covid lockdowns made face-to-face interactions between our agents and customers difficult. This has been especially significant for our business, given that we have the largest agency force in the country. We have the largest number of MDRT's in the country and the Number 1 share of the Sharia market.

Overall, our new business profits were down 7%, with margins essentially flat. Interest rate movements accounted for some of the decline, but really, the issue has been the stagnating economy, as previously mentioned.

On the positive side, the Indonesia market is large, and still vastly underinsured. So, I'm encouraged that the economy is now showing signs of recovery.

For us, the priority is to broaden and strengthen our capabilities.

So, what does this mean?

Well, under the new leadership team, we're transforming the business in several key ways.

We're already doing much to refresh the existing agency model, energising the sales capability, focusing on productivity-per-agent, and driving high performance.

With bancassurance, we're adding meaningful capabilities by undertaking substantial changes in products.

With the creation of our dedicated Sharia entity, we now have a distinct capability in the Sharia space. This form of Islamic finance is culturally aligned to about 230 million of the population base. It's a substantial and exciting opportunity for us.

Additionally, we are already achieving a better balance in the products we are selling - adding more traditional business to the historic focus on unit-linked business.

We've launched Health & Protection only and more modest premium-sized products, which better suit the middle- and lower-income groups. This is also to address the potential inflation-related squeeze in real incomes.

Our H&P mix is very high at 78%.

Running across these initiatives is the start of the process of digitizing the core business processes, and ensuring we deliver on what the consumer wants from their insurance relationship with us, profitably!

Slide 44 – Malaysia: Strong positioning

The second market I would like to cover is Malaysia.

It's another culturally rich country, with a large Islamic finance market called Takaful, in which we are number 1 by market share.

The Covid interruption and last year's repricing efforts led to a 15% reduction in sales. These factors together with rising interest rates adversely impacted our margins.

But on a positive note, Malaysia's GDP projection to Q3 remains positive following the better-than-expected 5% growth in Q1 2022, and with inflation largely under control as of end June.

As our Malaysian business looks ahead, it's a question of continuing to build upon their strong positioning to ensure they get robust results.

So, how will we do this?

We will do this by continuing to enhance the quality of our 24,000 agents – one of the largest agency forces in the country, and our 1,279 MDRT agents – a measure by which we are number 1 in the country as well. Our bancassurance relationships have already shown robust growth in the first half.

We will maintain our number 1 Takaful leadership position through professional recruitment, product, and service excellence. Our Takaful agent numbers increased 15%, highlighting the rising adoption of Takaful in the market.

With the penetration rate for this segment below 20%, and with supportive government policies, this is a potentially significant growth market.

We will continue to write high-quality business with a high proportion of regular premiums, providing long-term protection for customers as well as new business value from Health & Protection.

And of course, we will continue to utilize digitalization as a key enabler for customer and business excellence.

Slide 45 – Philippines: Strong positioning supports continued momentum

And finally, let me talk about the Philippines

This is one of our newest and most exciting operations.

During the first half, despite Covid and macroeconomic conditions, we managed to post 5% growth in sales. We also achieved a respectable increase in the number of lives assured – to just over 1 million – a rise of 22% in the period.

For us, moving ahead, the Philippines is about ensuring that we continue to grow robustly, and profitably, embracing both existing and new capabilities.

Let me explain what this means for our Philippines business:

We will continue to enhance our customer acquisition and distribution capabilities by increasing agency productivity and lead conversion - through training, recruitment, and new leadership appointments - all to be aided through digital capabilities, and in order to further boost our active agency ratio.

We will also develop and nurture digital partnerships though product and channel innovation. For example, we are the only insurance company with a digital bank partner, CIMB, and have also partnered with Shopee.

We will continue to drive product innovation and financial inclusion. For example, family-wide insurance products such as our first-to-market PRUHealth FamLove – a Critical Illness protection plan covering up to 4 family members in one policy.

And finally, focusing on ensuring strong customer retention, profitable rider attachments, and growth in renewal premiums. All of these will help to increase productivity gains, and unlock value in the business.

So to close,

I have shared with you some details of three of our businesses – all at different places in terms of their own transformations, but all with great opportunities.

My role as Managing Director is to harness the power of each business in this Strategic Business Unit, and drive operational improvements.

Moreover, with our digital transformation strategy geared towards linking all our achievements in Pulse to the core of our businesses, we will enhance customer engagement and distribution effectiveness.

I believe that these businesses can be meaningful drivers of growth for the Group… as we work together as ONE PRUDENTIAL.

I look forward to keeping you updated on our progress.

Thank you for your time.

2022 Half Year Results . Dennis Tan script for pre-recorded analyst presentation

Slide 46 – Dennis Tan

Hello, I’m Dennis Tan

I am the Managing Director of the Strategic Business Group which includes our markets in Singapore, Thailand and Vietnam.

I am also CEO of Prudential Singapore.

I am proud to have been a part of the Prudential Group over the past two years, following over 30 years of international experience in consumer banking, product development, sales and distribution.

My role in this Strategic Business Group is to bring all our expertise together, and to support the transformation and growth of our businesses.

I have 3 key priorities as we seek to increase the growth potential of the business.

One, to build a culture that is even more customer-centric than before - one where the customer is always at the heart of everything that we do.

Two, to bring the markets closer together through the sharing of best practices and talents.

And finally, to ensure that the unique needs of each market are considered and addressed in decisions made by the Group.

Singapore, Thailand and Vietnam – they are all markets with tremendous potential. And while they have unique characteristics and have some cultural differences, they also share some very similar demographic patterns.

There is great strength in the multi-channel model, and we see an opportunity to deploy this tactically, and nimbly, as part of the development of the respective franchises.

Our customers in these markets are becoming more affluent and living longer. They need solutions to protect their wealth and health, so that they can enjoy this increasing longevity.

We have a huge opportunity to become even more relevant to our customers and their communities. And we will do this by developing inclusive solutions, building our digital capabilities, and importantly, by continuing to invest.

Turning to the businesses, which I would like to highlight for you today:

Slide 47 – Singapore: Strong positioning supports continued momentum

Firstly, Singapore

We have a successful business here in Singapore, our new business profits rose 16% in the half year, helped somewhat by rising interest rates.

We made decent sales progress despite the Covid-affected operating environment – which was especially difficult in the first quarter.

Our margin increased to 63% as we successfully designed and launched single-premium savings products, with attractive shareholder returns.

We have a broad distribution capability, with more than 1,000 highly productive MDRT agents, as well as Banca new business profits up 53%. Our results confirm that good margin outcomes are the result of a good product mix and operating leverage.

We have developed specialist products that suit the growing retirement market here - with a great market share in the Investment Linked insurance Products or ILPs, in the retirement segment. And looking forward, we are seeking to develop more High Net Worth and affluent segment capabilities and strengthen the Business@Pulse proposition.

We focus on quality business and have a high share of market for regular premium policies and a very high customer retention ratio of 98%.

And we are not complacent…

There is more to do with further digitization of our processes and the way the agent lead process can be made more efficient. Furthermore, we see potential in the small-to-medium enterprise market to capture large customer bases by working with the owners of these powerhouse businesses, and allowing them to provide their staff with financial services and employee benefits – all digitally enabled and through one common infrastructure.

I am confident that we can continue to grow as Singapore continues to develop as the high net worth hub in Southeast Asia.

The second market I would like to cover is Thailand.

Slide 48 – Thailand: Strong progress

We have recently deployed significant capital in this market - both in bank distribution and our asset management capability.

We are making good progress with the bedding down of our acquisitions. We are now through the training and change-over process for the bank side.

With the extreme Covid restrictions on banks now lifted, I am confident that we will continue to see progress in our bancassurance business.

You can already see the effects coming through, with our APE sales up 9% to just shy of US$ 100m. Our banca market share is now just under 8%. We are ranked number 3 in this channel, and this is a substantial performance.

We are driving growth through innovation in products – quadrupling our health reimbursement sales and tripling our whole of life ones. This has been done by importing products used elsewhere in the Group, tailoring them to the local market, and training the bank staff to offer them.

Importantly though, we are achieving this growth through quality business. We have a very high regular premiums mix at 93%. Health & Protection accounts for some 31% of our Annual Premium Equivalent. This is good without a substantive agency business.

This is a middle-income market and one of the identified major markets for us in the future.

We need to consider carefully how to expand our distribution capabilities, really pushing forward with digital and building capacity to serve large customer bases. But the opportunities are clear.

So to close, I have shared with you some details of two of our businesses – which are at different places of their own transformations, but offer great opportunities.

My role as Managing Director is to harness the power of each business in this Strategic Business Group, drive operational improvements, and complete their digital transformation.

I have no doubt that that they can be meaningful growth drivers for our Group.

Thank you.