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PRUDENTIAL

IFRS17 briefing

20 July 2023

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Forward-looking statements

This presentation contains 'forward-looking statements' with respect to certain of Prudential's (and its wholly and jointly owned businesses') plans and its goals and expectations relating to future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's (and its wholly and jointly owned businesses') beliefs and expectations and including, without limitation, commitments, ambitions and targets, including those related to ESG, and statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty.

A number of important factors could cause actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to:

- Current and future market conditions, including fluctuations in interest rates and exchange rates, inflation (including resulting interest rate rises), sustained high or low interest rate environments, the performance of financial and credit markets generally and the impact of economic uncertainty, slowdown or contraction (including as a result of the Russia-Ukraine conflict and related or other geopolitical tensions and conflicts), which may also impact policyholder behaviour and reduce product affordability;
- Asset valuation impacts from the transition to a lower carbon economy;
- Derivative instruments not effectively mitigating any exposures;
- Global political uncertainties, including the potential for increased friction in cross-border trade and the exercise of laws, regulations and executive powers to restrict trade, financial transactions, capital movements and/or investment;
- The longer-term impacts of Covid-19, including macro-economic impacts on financial market volatility and global economic activity and impacts on sales, claims, assumptions and increased product lapses;
- The policies and actions of regulatory authorities, including, in particular, the policies and actions of the Hong Kong Insurance Authority, as Prudential's Group-wide supervisor, as well as the degree and pace of regulatory changes and new government initiatives generally;
- Given Prudential's designation as an Internationally Active Insurance Group, the impact on Prudential of systemic risk and other group supervision policy standards adopted by the International Association of Insurance Supervisors;
- The physical, social, morbidity/health and financial impacts of climate change and global health crises, which may impact Prudential's business, investments, operations and its duties owed to customers;
- Legal, policy and regulatory developments in response to climate change and broader sustainability-related issues, including the development of regulations and standards and interpretations such as those relating to ESG reporting, disclosures and product labelling and their interpretations (which may conflict and create misrepresentation risks);
- The collective ability of governments, policymakers, the Group, industry and other stakeholders to implement and adhere to commitments on mitigation of climate change and broader sustainability-related issues effectively (including not appropriately considering the interests of all Prudential's stakeholders or failing to maintain high standards of corporate governance and responsible business practices);
- The impact of competition and fast-paced technological change;
- The effect on Prudential's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates;
- The timing, impact and other uncertainties of future acquisitions or combinations within relevant industries;
- The impact of internal transformation projects and other strategic actions failing to meet their objectives or adversely impacting the Group's employees;
- The availability and effectiveness of reinsurance for Prudential's businesses;
- The risk that Prudential's operational resilience (or that of its suppliers and partners) may prove to be inadequate, including in relation to operational disruption due to external events;
- Disruption to the availability, confidentiality or integrity of Prudential's information technology, digital systems and data (or those of its suppliers and partners) including the Pulse platform;
- The increased non-financial and financial risks and uncertainties associated with operating joint ventures with independent partners, particularly where joint ventures are not controlled by Prudential;
- The impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and
- The impact of legal and regulatory actions, investigations and disputes.

These factors are not exhaustive. Prudential operates in a continually changing business environment with new risks emerging from time to time that it may be unable to predict or that it currently does not expect to have a material adverse effect on its business. In addition, these and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause actual future financial condition or performance to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk Factors' heading of Prudential's New Release containing its Full Year 2022 Results, as well as under the 'Risk Factors' heading of Prudential's 2022 Annual Report and any subsequent filing Prudential makes with the US Securities and Exchange Commission, including any subsequent Annual Report on Form 20-F.

Any forward-looking statements contained in this presentation speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this presentation or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise, except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure Guidance and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST Listing Rules or other applicable laws and regulations.

Prudential may also make or disclose written and/or oral forward-looking statements in reports filed with or furnished to the US Securities and Exchange Commission, the UK Financial Conduct Authority, the Hong Kong Stock Exchange and other regulatory authorities, as well as in its annual report and accounts to shareholders, periodic financial reports to shareholders, proxy statements, offering circulars, registration statements, prospectuses, prospectus supplements, press releases and other written materials and in oral statements made by directors, officers or employees of Prudential to third parties, including financial analysts. All such forward-looking statements are qualified in their entirety by reference to the factors discussed under the 'Risk Factors' heading of Prudential's New Release containing its Full Year 2022 Results, as well as under the 'Risk Factors' heading of Prudential's 2022 Annual Report and any subsequent filing Prudential makes with the US Securities and Exchange Commission, including any subsequent Annual Report on Form 20-F.

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IFRS17 at Prudential: Key messages

- IFRS17 is a new accounting framework. No change to the economics or attractive fundamentals of our business
- IFRS17 opening 2022 equity & 2022 adjusted operating profit consistent with guidance
- Adjusted operating profit growth is driven by Contractual Service Margin (CSM) growth, and remains a KPI
- Structurally, CSM growth depends on adding more in new business value than is released to profit in the period
- Compounding effect of growth from new business CSM supports growth in adjusted operating profit, over time
- Embedded Value is linked to regulatory capital and future capital generation and is more representative of shareholder value

IFRS17 does not change the attractive fundamentals of our business

Leading positions in Asia & Africa

High-growth & high-potential life & asset mgt markets

Underpinned by structural growth drivers

Diversified model providing multiple sources of resilient growth

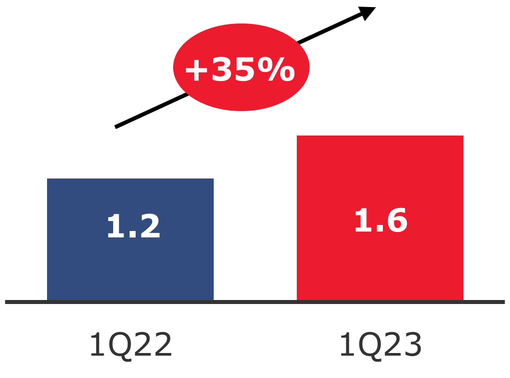
Digitally enabled distribution platform across agency & banca enhances flexibility to serve customers

Highly engaged people with an established franchise in local markets

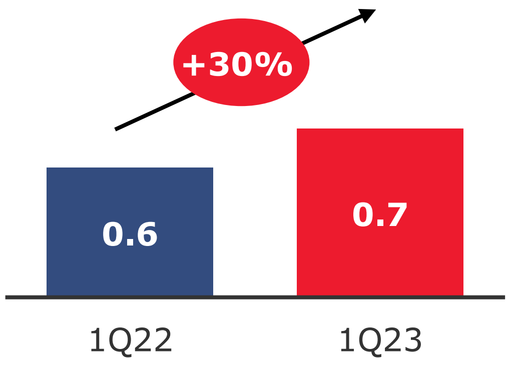
Track-record of innovation

Iconic brand with 175 years of history

Strong 1Q23[1]



APE, $bn



NBP, $bn

1. Growth rates and 1Q22 data presented on a constant exchange rate basis.

Application of IFRS17 at Prudential

Transition approach → c80% retrospective[1]

Non-economic assumptions → Consistent with EEV

Investment returns → All via income statement

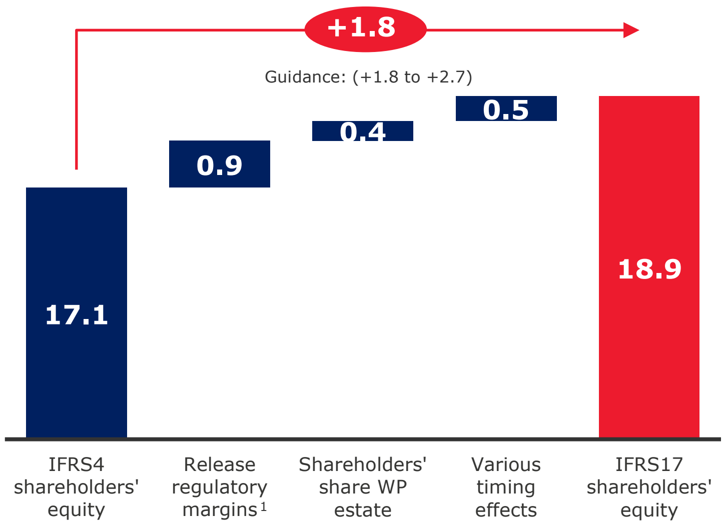
CSM measurement model → c70% VFA/c30% GMM[2]

1. 69% and 10% of CSM at transition applied the fully retrospective approach and the modified retrospective approach respectively, net of reinsurance and including JVs and associates.
2. Variable fee approach (VFA), general measurement model (GMM). Split based on total CSM, including joint Ventures and associates and net of reinsurance, at transition 1 January 2022.

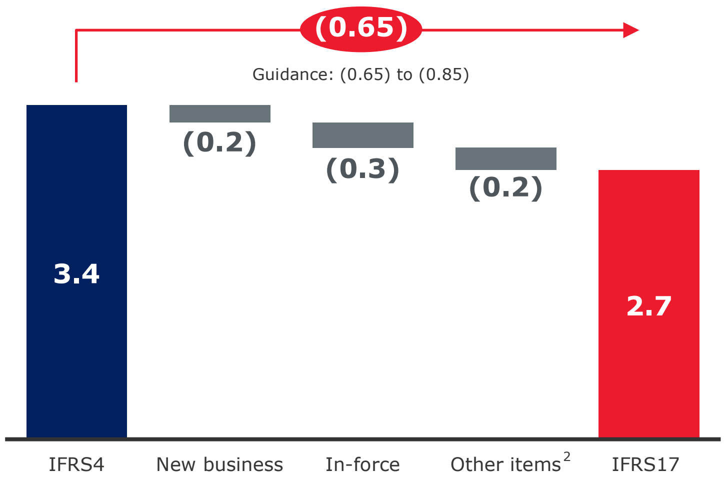
Transition to IFRS17 consistent with guidance

Consistent with disclosures in March 2023

Shareholders' equity, IFRS4 to IFRS17
1 January 2022, US$bn

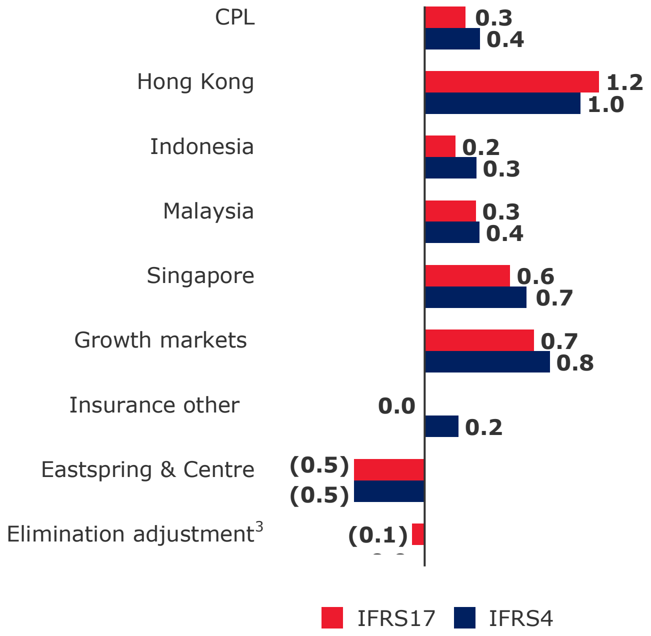


Operating profit, IFRS4 to IFRS17
FY22, US$bn



Operating profit diversified across segments

Operating profit, IFRS4 vs IFRS17 by segment FY22, US$bn

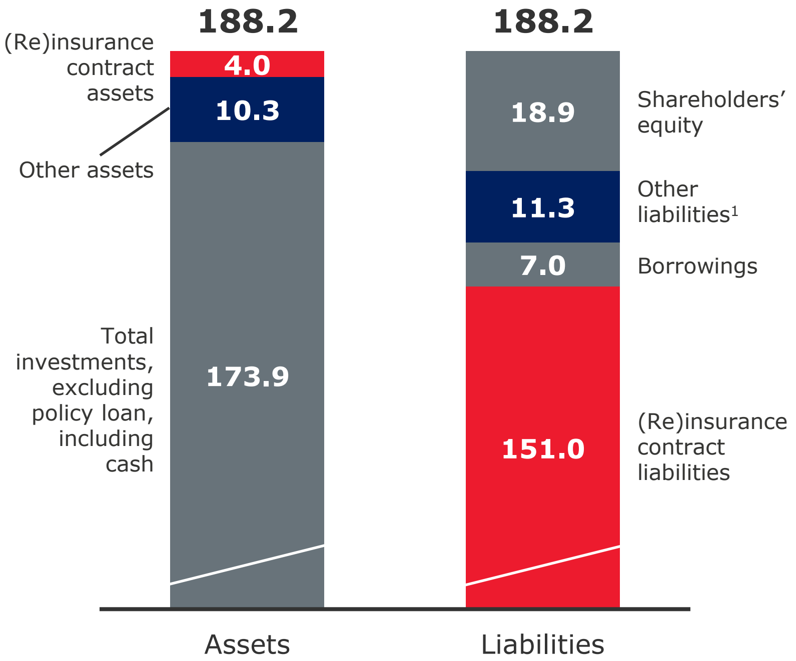


1. This relates to the reserving refinements made following the early adoption of Hong Kong RBC that had an impact of $945m.
2. Impact of reserving refinements following Hong Kong RBC adoption of $0.2 billion in FY22 IFRS4 operating profit that is not recognized under IFRS17.
3. Under IFRS17, the central segment includes an additional consolidation adjustment of $(83)m. Similar to our EEV reporting, the future profits of the insurance business are based on the expected cost to the Group (not the insurance entity) of providing asset management services. This increases the profits arising in the insurance segment. To avoid any double counting with the profits earned by Eastspring, an elimination is made in the centre.

CSM & RA represent a significant stock of future profit

IFRS17

At transition, 1 January 2022, US$bn



Gross/Net CSM & RA

at transition, 1 January 2022, US$bn

	BEL	RA	CSM	Total
(Re)insurance contract liabilities	127.9	1.6	21.5	**151.0**
Effect of (re)insurance contract assets	(5.6)	0.6	1.0	(4.0)
Net (re)insurance contract liabilities	**122.3**	**2.2**	**22.5**	**147.0**
Add JV's & associates	15.4	0.2	2.2	17.8
Total	**137.7**	**2.4**	**24.7**	**164.8**

Recognised in profit as risks expire over time

Profit recognised as services delivered

Significant stock of future profit

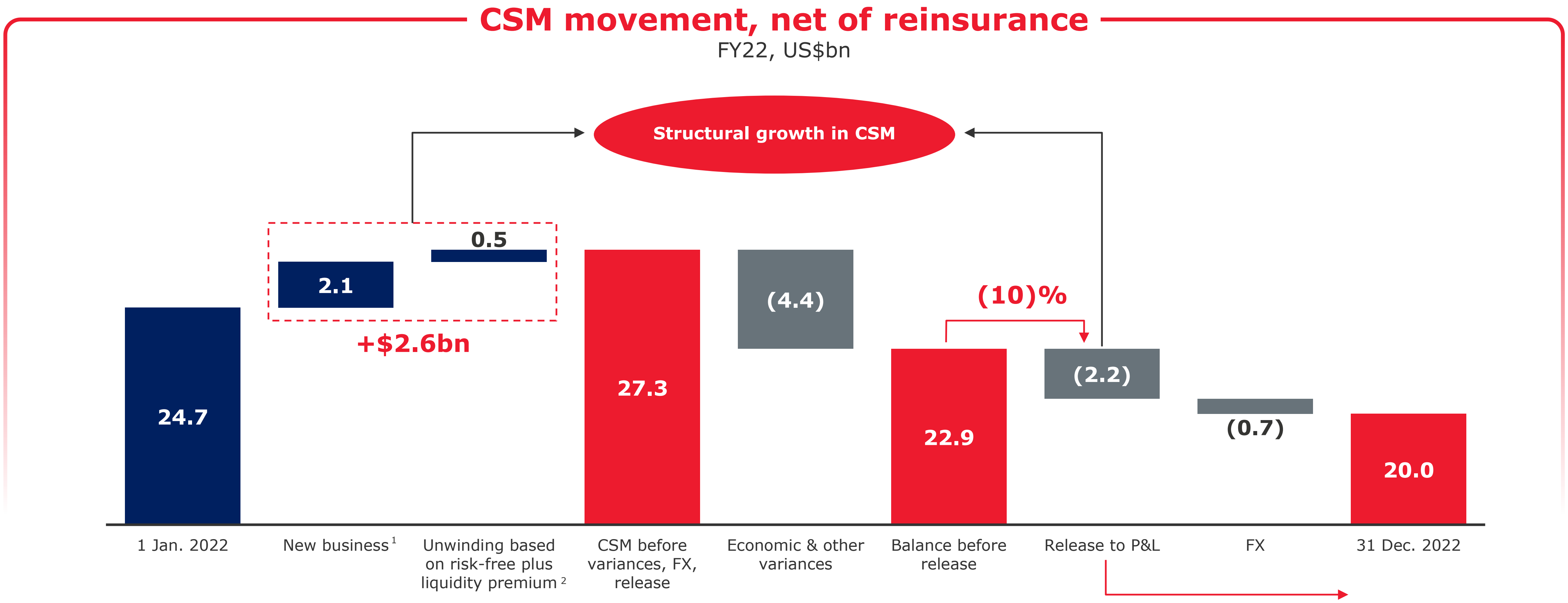
Best estimate of liabilities (BEL): Best estimate of future cash flows discounted on a risk-neutral basis

Risk adjustment (RA): Explicit prudence margin for risk best estimate non-market assumptions not met

Contractual service margin (CSM): Liability effectively acting as a balancing item such that no day 1 profit arises. Over time, the CSM balance is released into profit as services delivered

1. Including non-controlling interests.

New business is the core driver of structural CSM growth

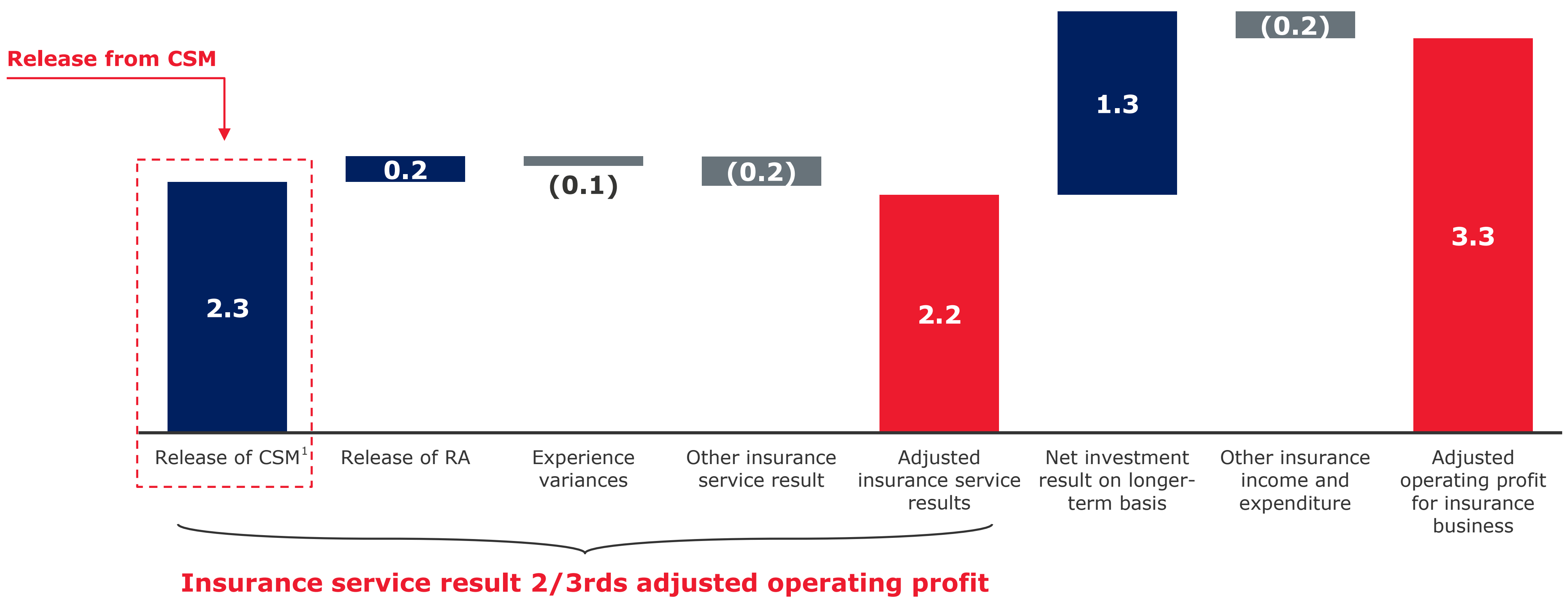


1. New business excludes $0.1bn of new protection riders added to in-force contracts in the period.
2. This reflects $0.2bn from GMM business unwinding at a locked-in rate, plus an estimated unwind for VFA business of $0.3bn determined using the risk-free rate, plus applicable liquidity premium applied to the period-start CSM balance. Impact of additional real-world returns included within economic & other variances.

CSM release drives IFRS17 insurance adjusted operating profit

Adjusted operating profit, insurance business

FY22, US$bn

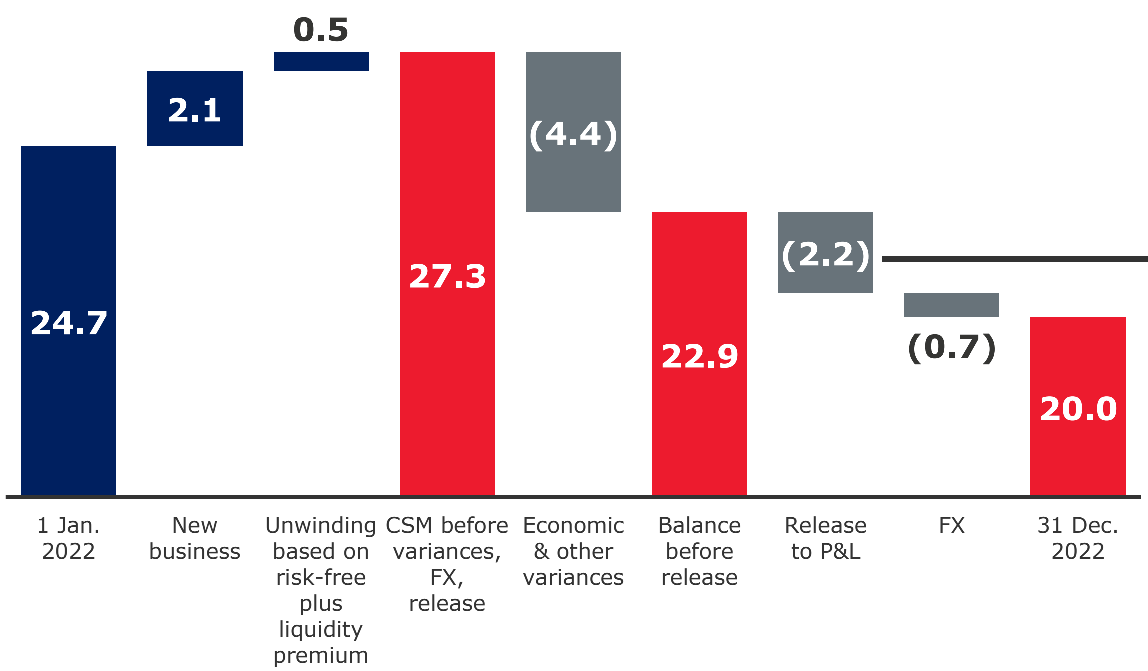


1. Includes adjustment to release of CSM of $23m within adjusted operating profit, that represents the combination of losses on onerous contracts and gains on profitable contracts that can be shared across more than one annual cohort.

Compounding effect of new business added to CSM supports growth in insurance profit over time

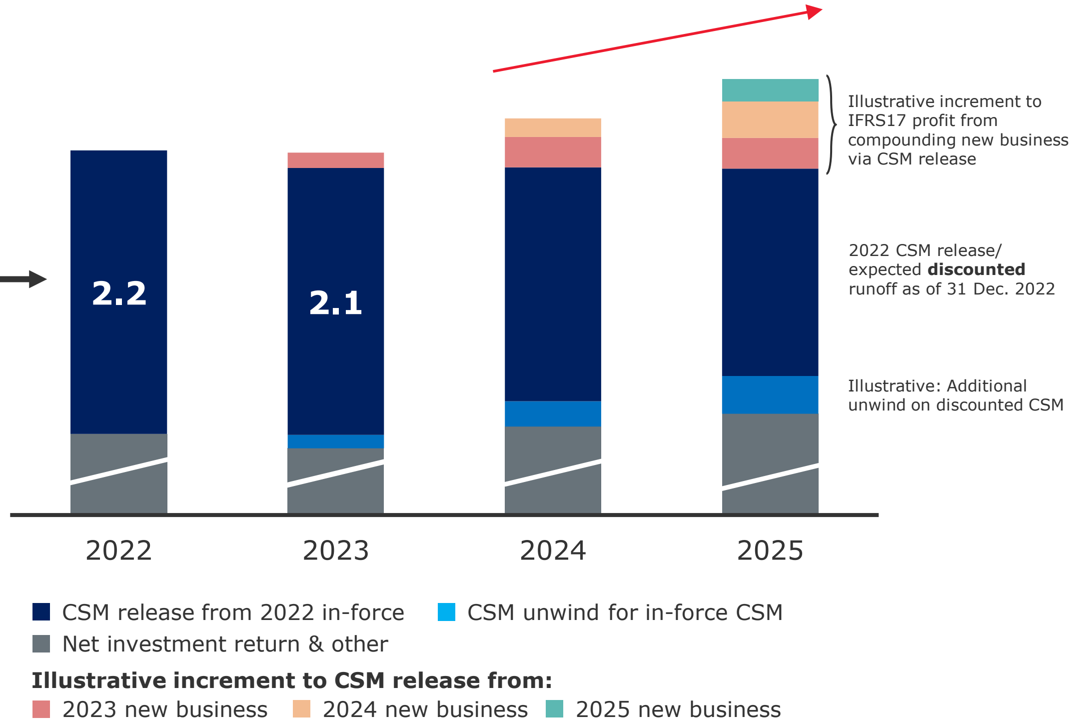
New business key to sustainable growth in CSM

CSM movement, net of reinsurance
FY22, US$bn



Compounding new business supports growth in insurance profit

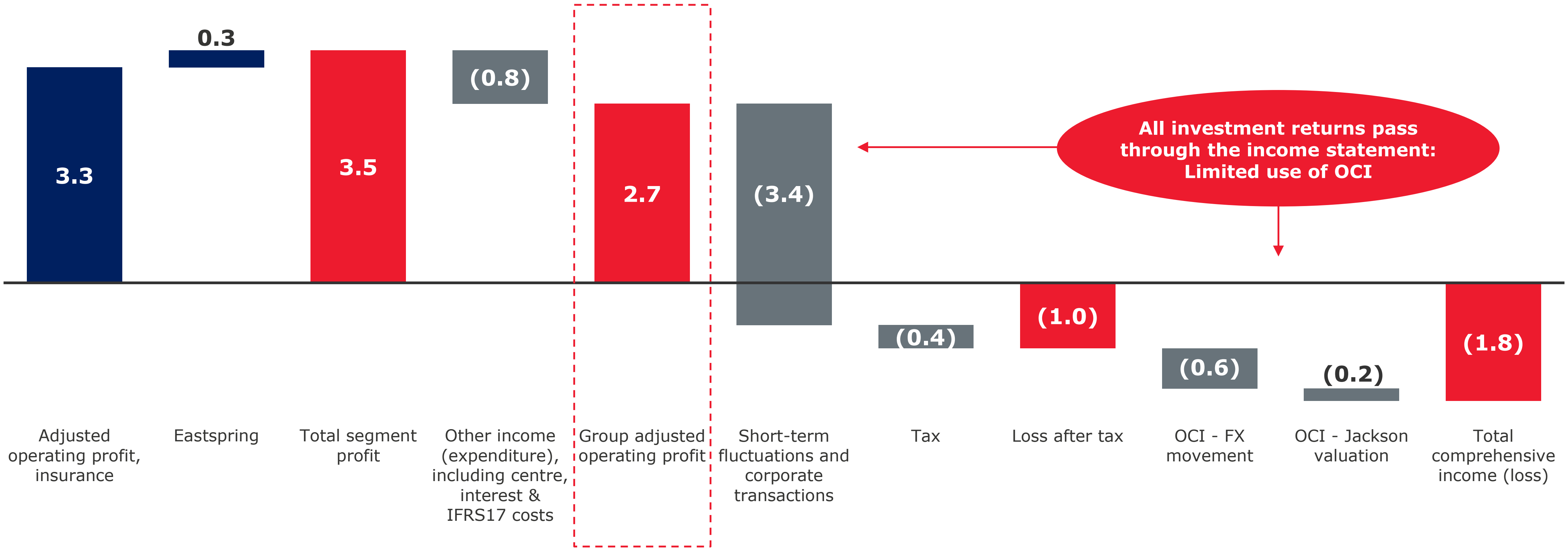
Illustrative, US$bn



IFRS17: Group adjusted operating profit remains a KPI

Total comprehensive income (loss)

FY22, US$bn



12% adjusted operating RoE[1]

1. Adjusted operating return on equity (RoE), based on post tax adjusted operating profit net of non-controlling interest, expressed as a percentage of averaged shareholders' equity

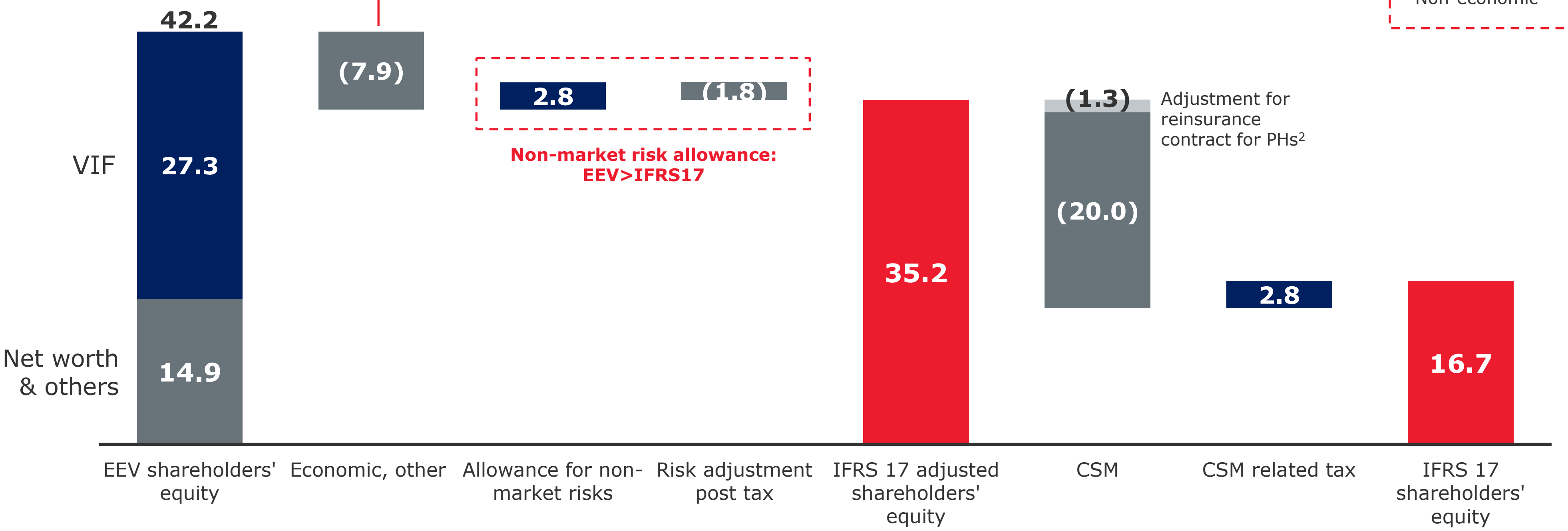
EEV vs IFRS17: Key difference economic assumptions

EEV vs IFRS17 Adjusted Equity

31 December 2022, US$bn

'Real-world' economic assumptions based on the expected returns on the actual assets held with an allowance for risk in the risk discount rate. Updated at every reporting period.

Assumptions	IFRS17	EEV
Economic	Risk neutral[1]	Real world[1]
Non-economic	Aligned	



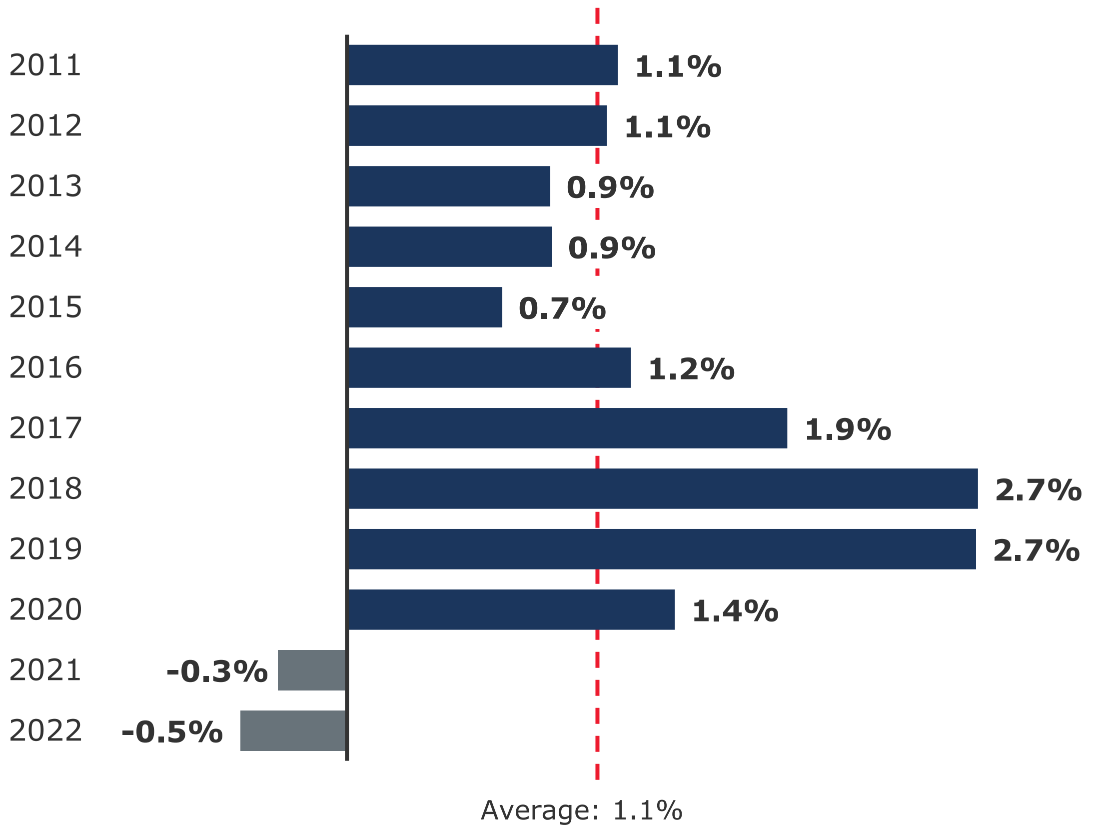
EV is linked to regulatory capital and future capital generation: more representative of shareholder value

1. IFRS17 risk neutral: risk-free plus liquidity premium, EEV 'real world' is risk free plus risk premia (e.g. on corporate bonds, equities).
2. CSM attaching to reinsurance contracts that are wholly attributable to policyholders.

History of materially positive EEV operating and economic variances

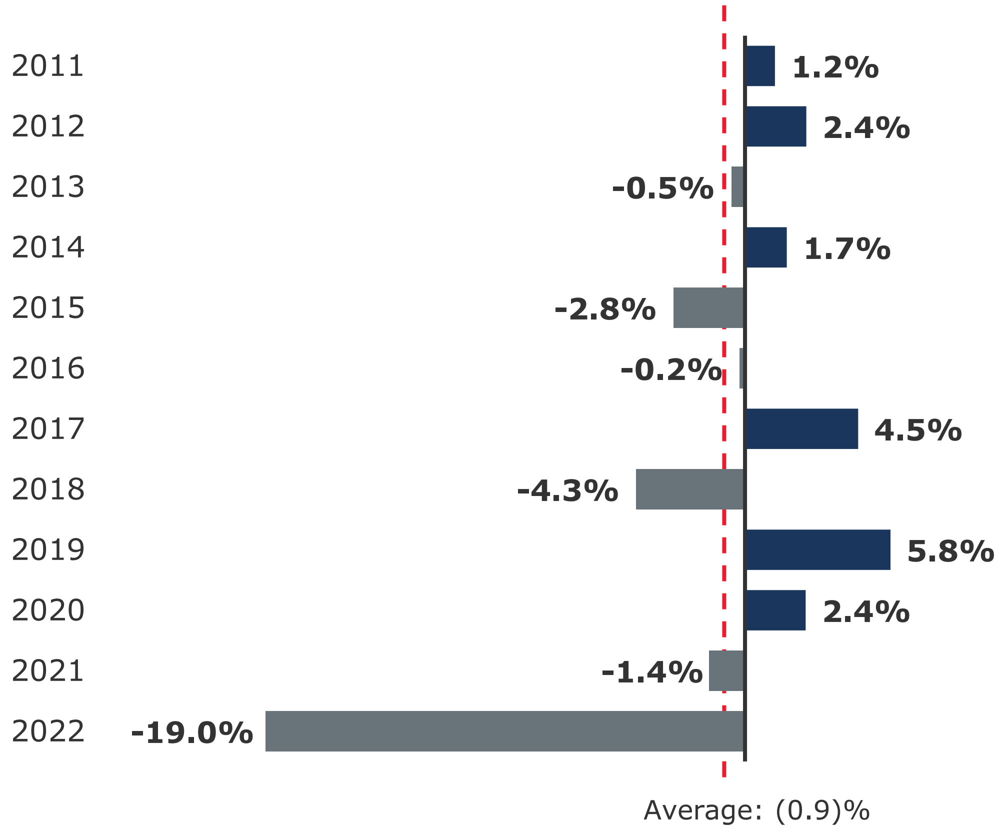
Operating experience & assumption changes[1]

as % of opening EV



Economic experience[2]

as % of opening EV



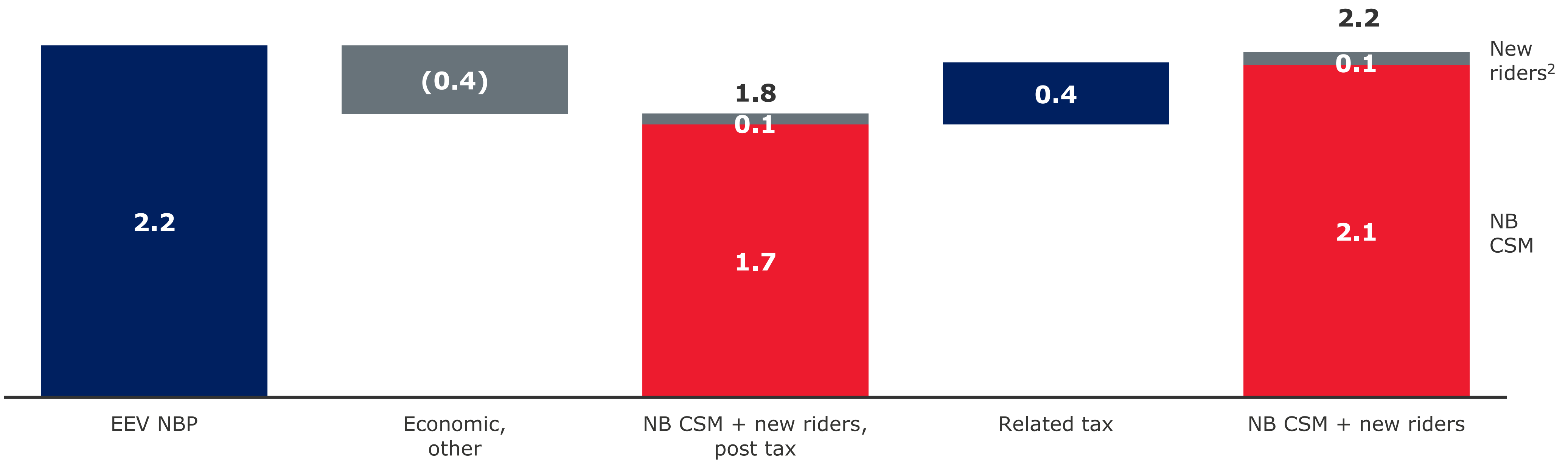
1. Calculated on opening EV for long-term business for continuing operations (excluding goodwill).
2. Includes short-term fluctuations in investment returns and the effect of changes in economic assumptions. Calculated on opening EV for long-term business for continuing operations (excluding goodwill).

EEV NBP vs New business CSM: Key difference economic assumptions

EEV NBP vs IFRS17 New business CSM

FY22, US$bn

Assumptions	IFRS17	EEV
Economic	Risk neutral[1]	Real world[1]
Non-economic	Aligned[3]	



1. IFRS17 risk neutral: risk-free plus liquidity premium, where applicable; EEV ‘real world’ is risk free plus a risk premium (e.g., on corporate bonds, equities).
2. New business includes $0.1 bn of new protection riders added to in-force contracts in the period.
3. Difference between point of sale and closing assumptions is immaterial for FY22.

Key takeaways

1 | IFRS17 is a new accounting framework. No change to the economics or attractive fundamentals of our business

2 | CSM release is the main driver of adjusted operating profit, which remains a KPI

3 | Compounding growth from new business CSM will support growth in IFRS17 adjusted operating profit over time

4 | Embedded Value is linked to regulatory capital and future capital generation and is more representative of shareholder value

HY23 Results: 30 August 2023

Introduction to IFRS17

IFRS17: No change to the economics of our business

No change

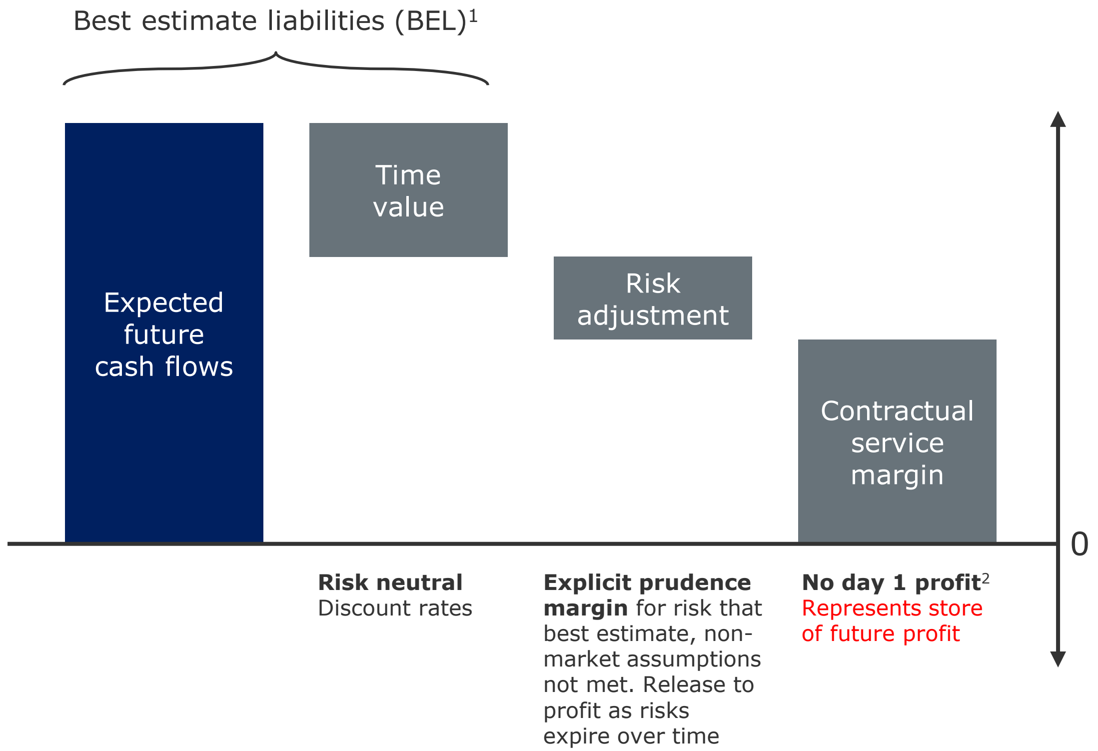
- EEV new business profit (NBP) and Embedded Value
- Capital generation and cash remittances
- Regulatory capital position
- Capital management, including dividend policy
- IFRS accounting for investments (maintain the use of fair value through P&L)

Change

- IFRS17 replaced IFRS4, effective from 1 January 2023
- First internationally agreed, consistent accounting principles to measure and disclose insurance contracts
- Timing of profit recognition, not total profit generated

A new accounting framework for insurance contracts

IFRS17 measurement when contract sold



IFRS17 uses:

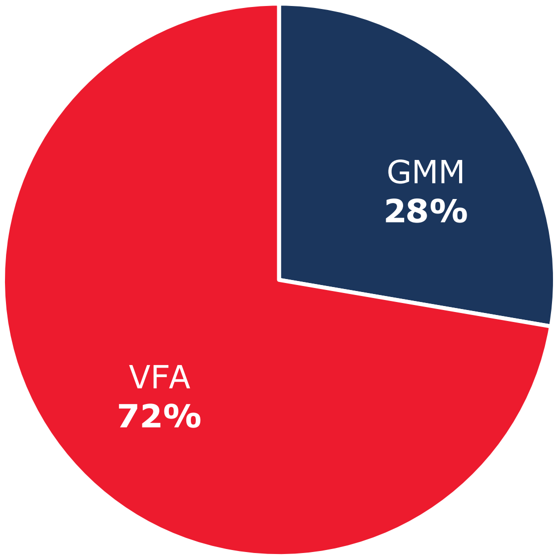
- **Probability weighted best estimate** of future premiums, claims & expenses (entity specific)
- **Risk neutral** investment returns and discount rates (market observable risk-free curve + liquidity premium, where applicable)

1. On day 1 for profitable contracts, the BEL will be an asset.
2. If contract is unprofitable under the IFRS17 framework, a day 1 loss is recognised as an **onerous** contract, shown in the 'other service result'.

CSM measurement models reflect our business mix

CSM Balance[1,2]

At transition, 1 Jan. 2022



Model	Variable Fee Approach (VFA)	General Measurement Model (GMM)
Business	• With-profits • Unit-linked with low proportion of protection riders • HK, whole-of-life critical illness	• Standalone protection • Unit-linked with high proportion of protection riders • Non participating savings
Mechanics	• Calculated using current economic assumptions • CSM absorbs econ. variances & assumption changes	• Calculated & rolled forward using locked-in economic assumptions • Stable & predictable CSM
Accounting for market movements	• Direct impact to CSM; smoothed via CSM release to adjusted operating profit	• Adjusted operating profit reflects long-term expected spread • Difference between actual and expected investment returns recognised in the non-operating result

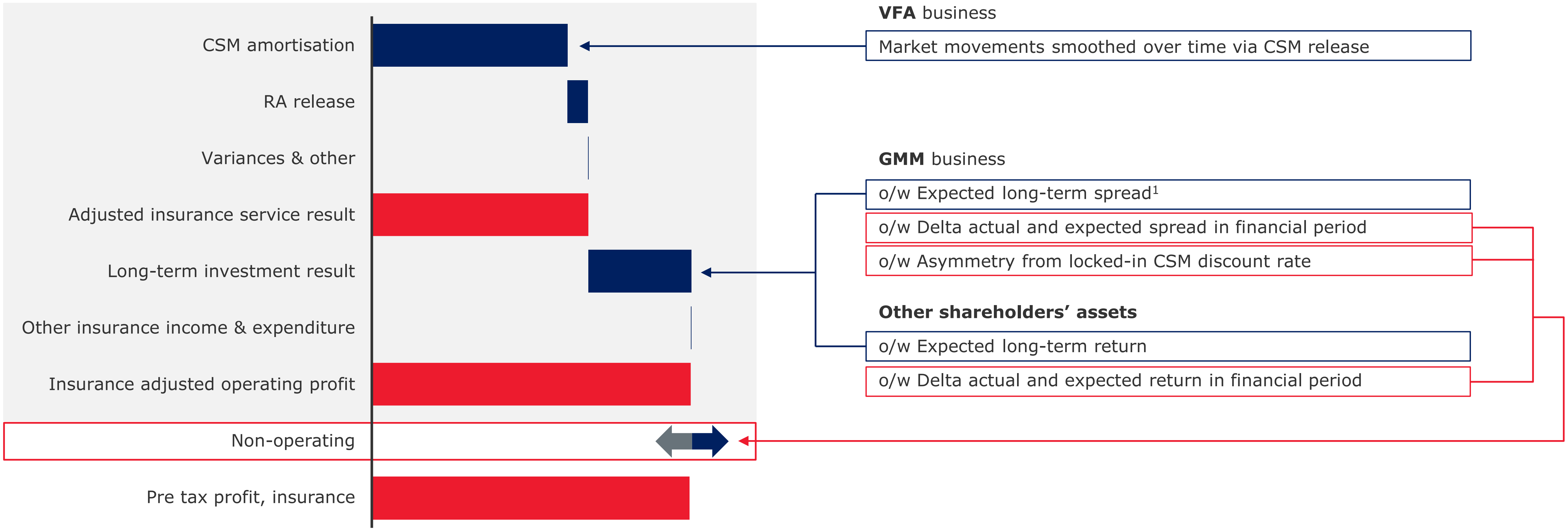
1. Some short-term products are measured using the Premium Allocation Approach (PAA) under IFRS17, which are insignificant to Prudential.
2. Including Joint Ventures and associates, net of reinsurance.

Operating and non-operating profit under IFRS17

Insurance segmental income statement

(Illustrative: not to scale)

Economic experience



1. The expected return on assets less unwind of discount rate on liabilities.

2022: Effects of market movements under IFRS17

Equities: ↓ **Rates:** ↑ **Spreads:** ↑

		CSM	Operating profit: Current	Operating profit: Future	Non-operating
Business type	**VFA** (c70% CSM[1])	↓ Impact of 2022 market movements	Smoothed over time via lower CSM release		n/a
Business type	**GMM** (c30% CSM[1])	n/a	Based on long-term assumed spreads		↓ Difference long-term & actual return
Other shareholder assets		n/a	Based on long-term asset returns	Lower opening asset values	↓ Difference long-term & actual return

1. At transition, 1 January 2022.

Appendix

Application of IFRS17 at Prudential

Transition approach

- c80% retrospective approaches[1]
- Consistent treatment of in-force & new business profitability

Non-market assumptions consistent with EEV

- Similar allowance for non-market risk
- Alignment of non-market assumptions with very limited non-attributable expenses. Most insurance expenses are therefore attributed to insurance contracts and captured within the best estimate of liabilities (BEL)
- Broadly similar contract boundaries

All investment returns via income statement

- Asset valuation maintained as per IFRS4. No material change due to IFRS9
- Asset valuation largely at fair value with all investment returns passing through the income statement
- Limited use of other comprehensive income (OCI). No application to liability movements

CSM measurement model: c70% VFA/c30% GMM[2]

- Wide adoption of VFA means short-term market fluctuations for these products are absorbed by CSM and smoothed over time into adjusted operating profit
- Protection riders are generally combined with savings products resulting in the use of a common discount rate and any subsequent product upgrades being recognized as an uplift to in force, not new business

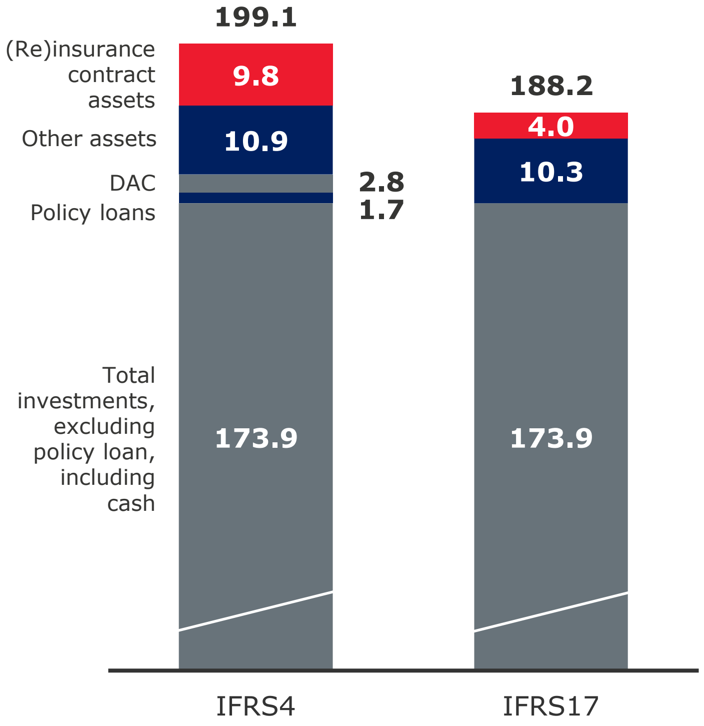
Supports transparent and consistent reporting

1. 69% and 10% of CSM at transition applied the fully retrospective approach and the modified retrospective approach respectively, net of reinsurance and including JVs and associates.
2. Variable fee approach (VFA), general measurement model (GMM). Split based on total CSM, including Joint Ventures and associates and net of reinsurance, at transition 1 January 2022.

IFRS17 opening balance sheet: investments unchanged, liabilities remeasured

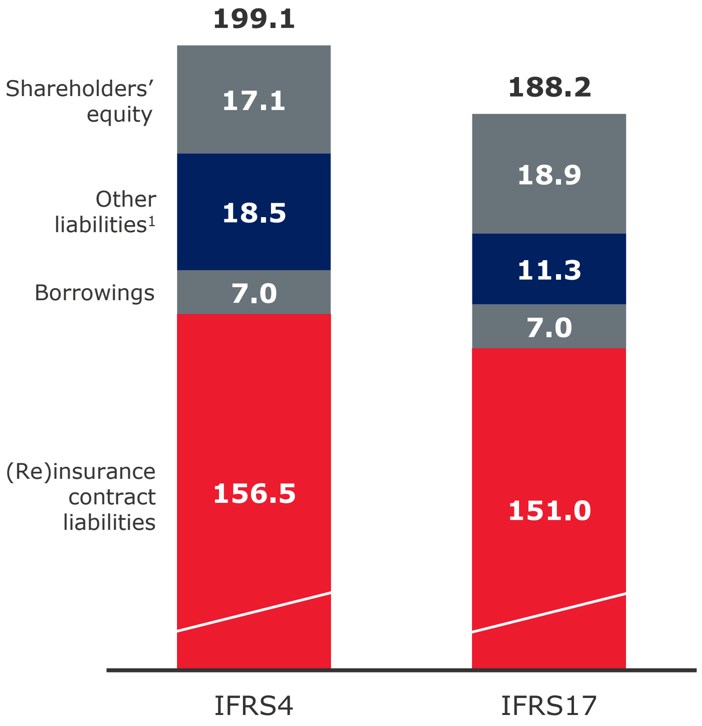
Transparent fair-value measurement of assets continues

Total Assets
At transition, 1 January 2022, US$bn



No material impact from IFRS9:
Vast majority of assets already held at fair value

Total Equity & Liabilities
At transition, 1 January 2022, US$bn



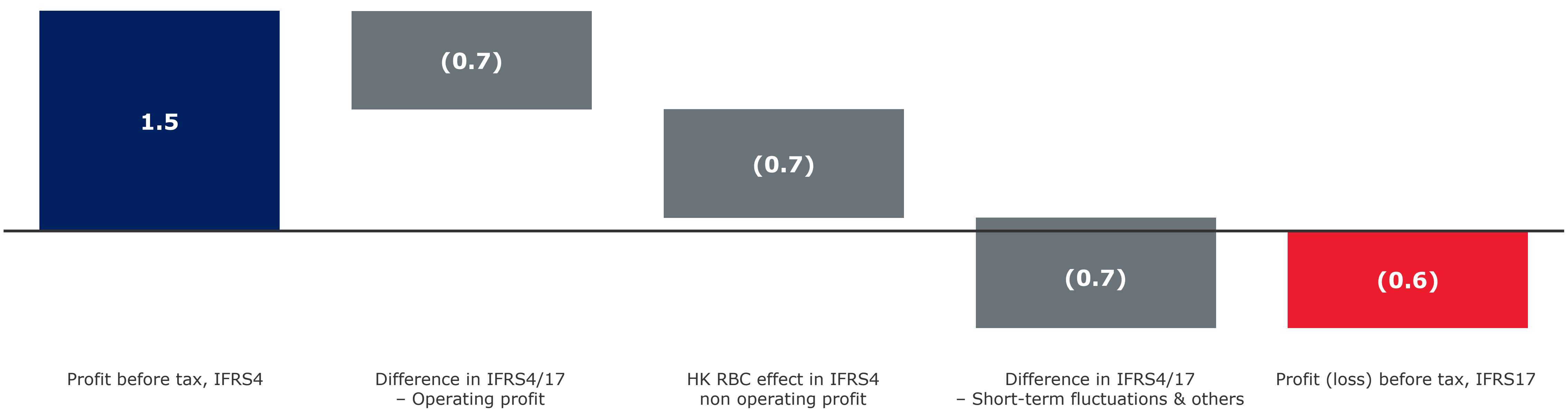
IFRS17 assumes risk neutral (risk-free plus liquidity premium) investment returns and discount rates

1. Including non-controlling interests.

2022: Pre-tax profit IFRS4 vs IFRS17

Pre-tax income IFRS4 vs IFRS17

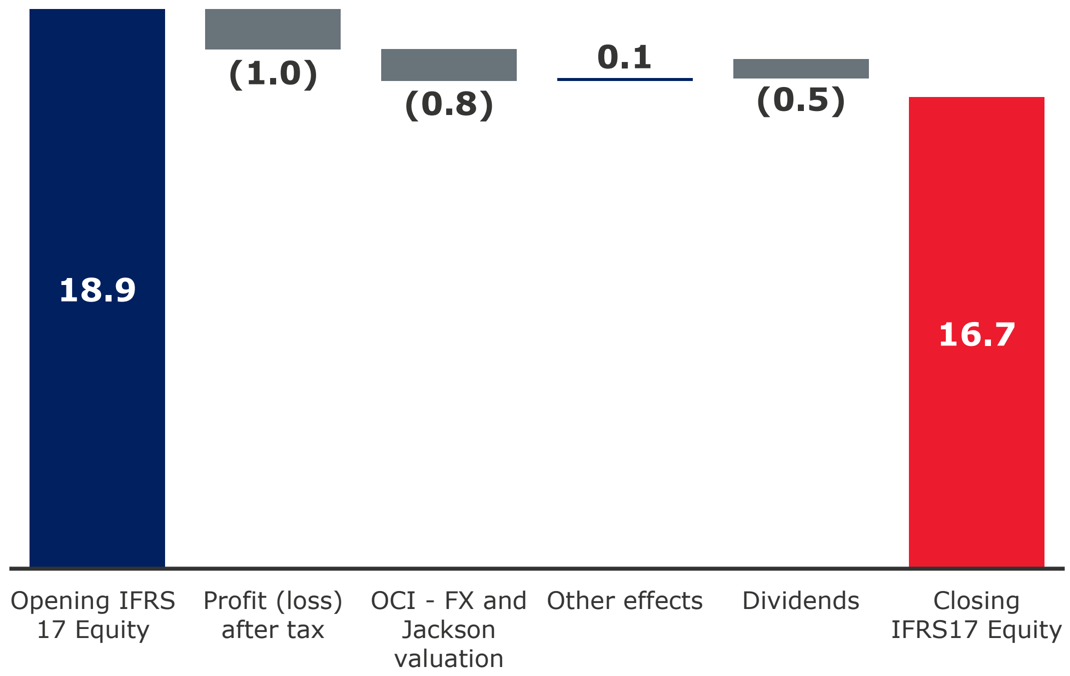
FY22, US$bn



FY22 equity development reflects loss after tax, FX and dividends paid

IFRS17 equity roll-forward

FY22, US$bn



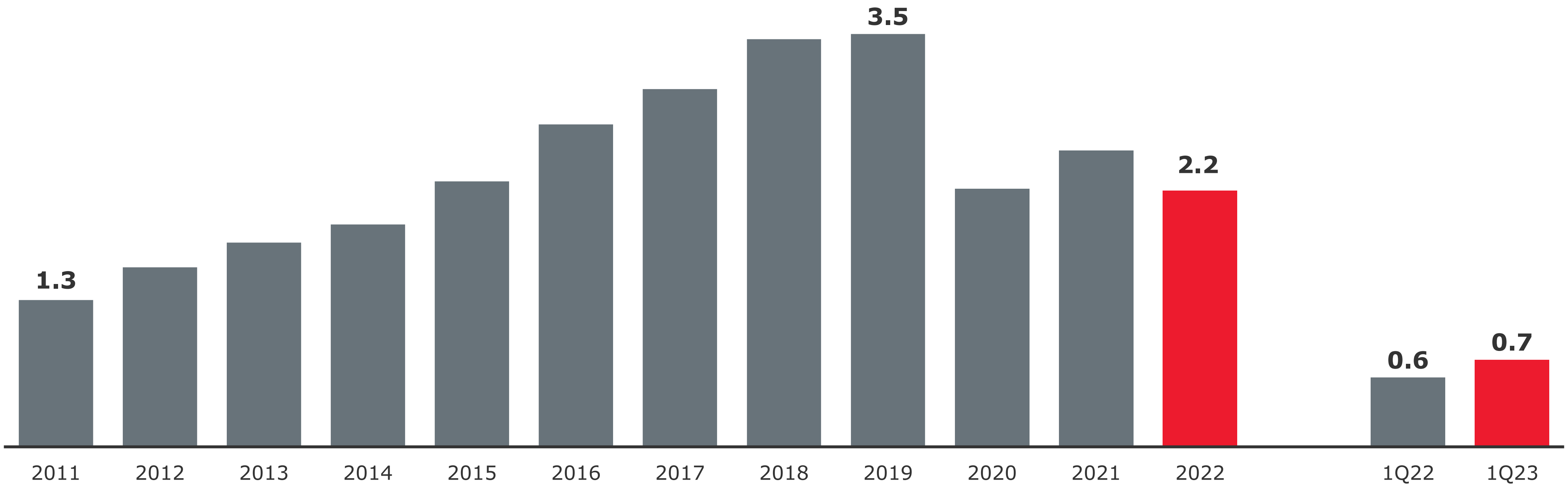
- FY22 IFRS17 adjusted operating RoE 12%[1]
- Continue to focus on Moody's Total Leverage Ratio[2]
  - 20% (31 December 2022, proforma[3])
  - 14% (31 December 2022, proforma[3], assuming 50% CSM equity credit[4])

1. Based on average of opening and closing shareholders' equity.
2. Prudential is targeting a Moody's total leverage ratio of around 20% to 25% over the medium term.
3. Proforma for $0.4bn debt redemption in January 2023.
4. In a publication on 2 February 2023, Moody's indicated that they might consider up to 50% of any company's CSM as equity for the purpose of calculating leverage. However this has not yet been incorporated into Moody's formal methodology

Prudential NBP generation 2011-1Q23

EEV NBP[1], 2011-1Q23 (AER[2])

US$bn



1. Continuing insurance operations. Comparatives are adjusted for new and amended accounting standards and exclude PCA Korea Life, Japan and Taiwan agency. 2020 and prior comparatives exclude Africa.
2. AER – Actual exchange rate basis.

Glossary

Item	Description
BEL	Best Estimate of Liabilities
CSM	Contractual Service Margin
EEV	European Embedded Value
GMM	General Measurement Model
IFRS	International Financial Reporting Standards
JV	Joint Ventures
KPI	Key Performance Indicator
NB	New Business
NBP	New Business Profit
OCI	Other Comprehensive Income
PH	Policyholders
RA	Risk Adjustment
VIF	Value of In-force Business
VFA	Variable Fee Approach
VNB	Value of New Business