



Prudential plc 2014 Half Year Results

Delivering 'Growth and Cash'

12 August 2014

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Prudential plc 2014 half year results

Agenda

Business Review

- UK Life

Tidjane Thiam

- Jackie Hunt

Financial Review

Nic Nicandrou

Outlook

Tidjane Thiam

Agenda

Group Performance

Asia

Jackson

UK Life

M&G

Cash and Dividend

2014 half year financial headlines

Strong performance on all key metrics

	£m	HY 2014	HY 2013	Change CER ¹ (%)	Change AER ¹ (%)
Growth	IFRS operating profit	1,521	1,415	+17%	+7%
	New business profit²	1,015	913	+24%	+11%
	EEV operating profit	1,943	1,821	+18%	+7%
Cash	Free surplus generation	1,219	1,152	+13%	+6%
	Net remittance³	974	844	+15%	+15%
	Dividend per share³ (pence)	11.19	9.73	+15%	+15%
Capital	IGD (£bn)	4.1	3.9		
	EEV per share (pence)	1,009	958		+5%

1 AER: Actual Exchange Rate. CER: Constant Exchange Rate.

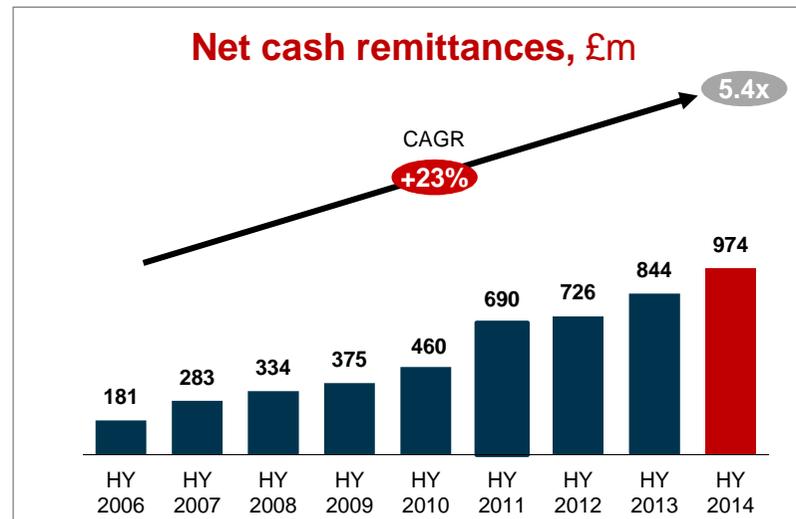
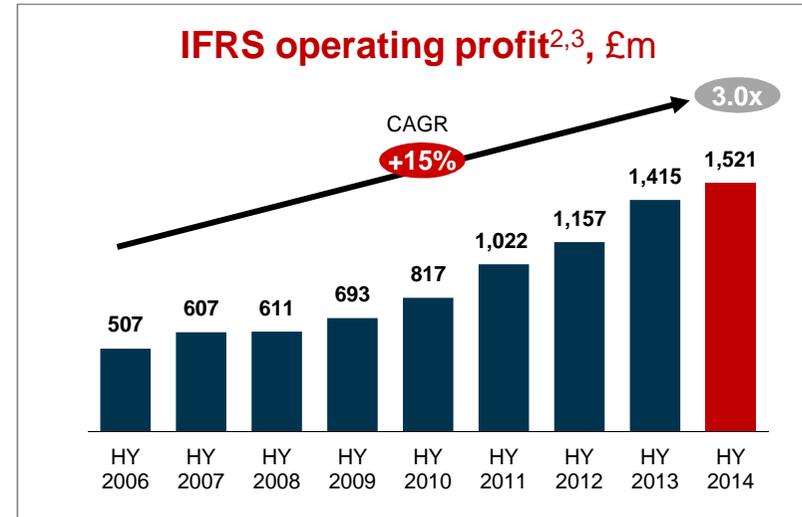
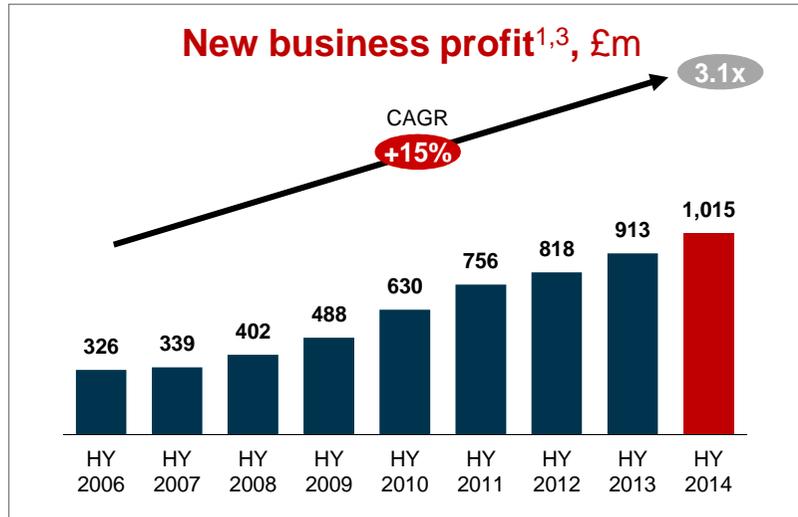
2 On a post tax basis.

3 Net remittance and Dividend per share stated on actual exchange rates.



Group

Continuation of a strong track record



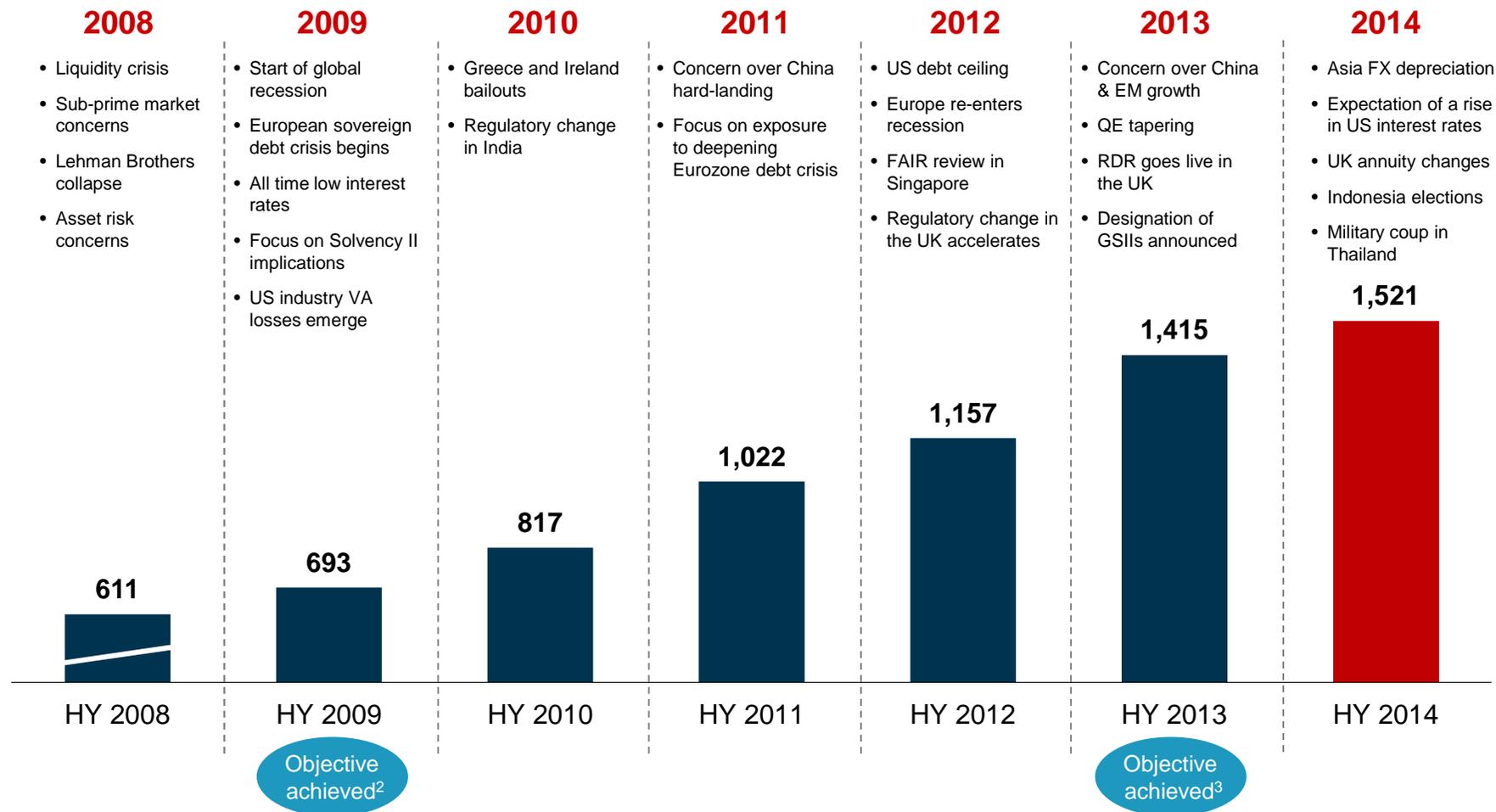
x.x HY 2014 multiple over HY 2006

1 On a post tax basis and excludes Japan Life and Taiwan agency.
 2 HY 2006 – HY 2007 as reported. HY 2008- HY 2014 adjusted for new and amended accounting standards and excludes Japan Life.
 3 Comparatives have been stated on an actual exchange rate basis.

Group

Effective response to challenges

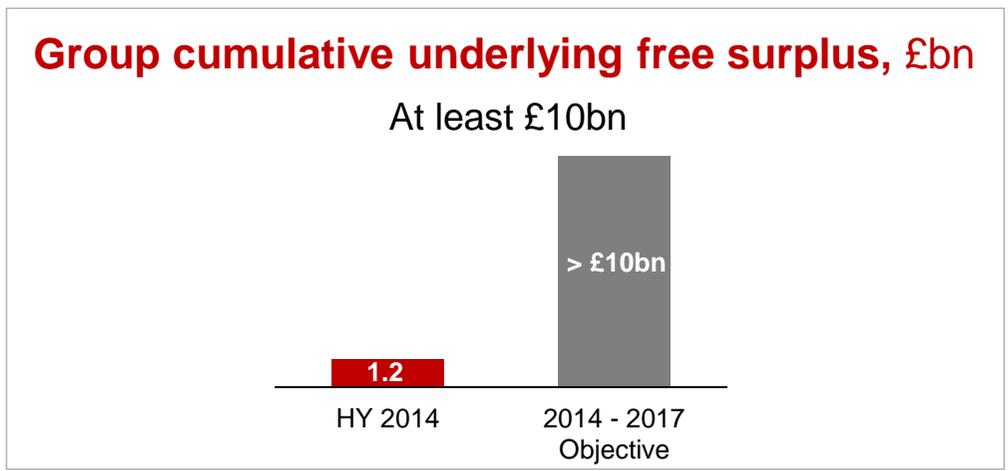
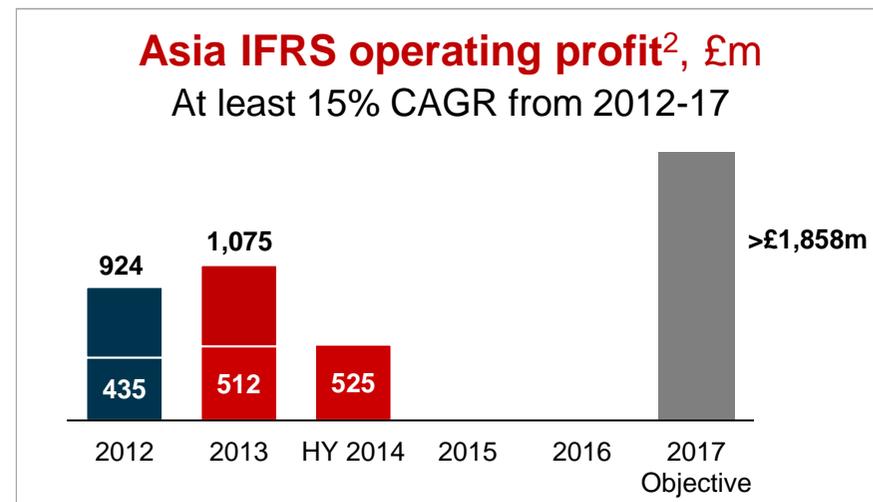
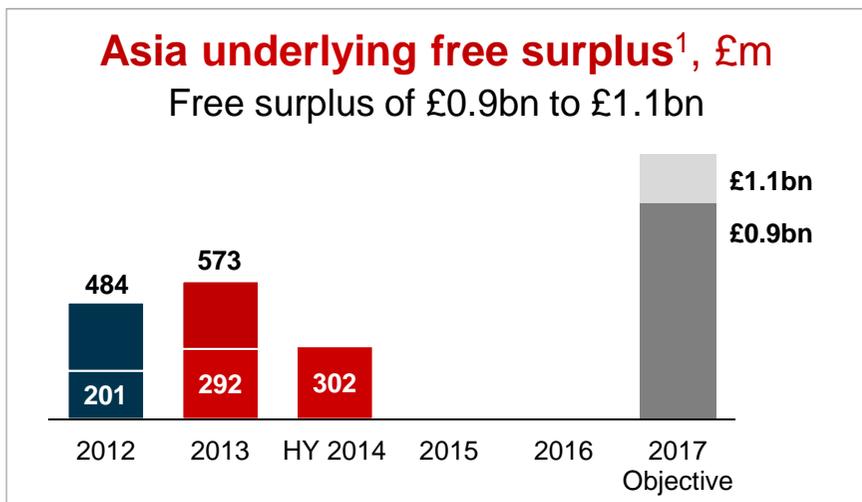
IFRS operating profit¹, £m



¹ Adjusted for new and amended accounting standards and excludes Japan Life.
² Objective of doubling 2005 Asia NBP.
³ 2013 Growth and Cash objectives.



2017 Objectives



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

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

2 Asia 2012 IFRS operating profit of £924 million, as reported at HY 2013, is based on the retrospective application of new and amended accounting standards, and excludes the one-off gain on sale of our stake in China Life of Taiwan of £51 million. Excludes Japan.





Significant protection gap in Asia



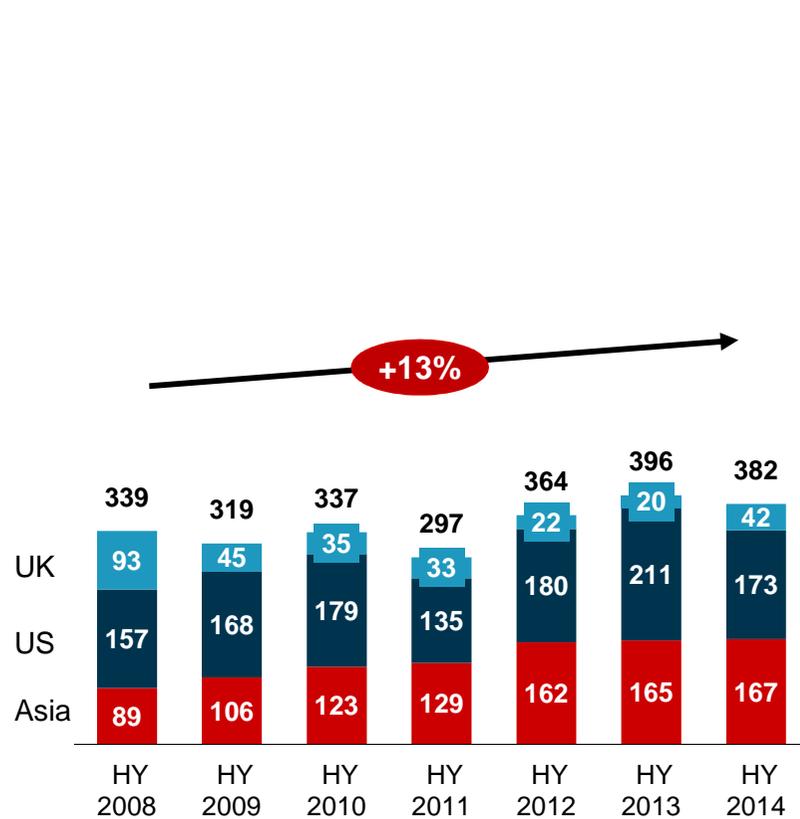
Transition of US 'baby-boomers'
into retirement



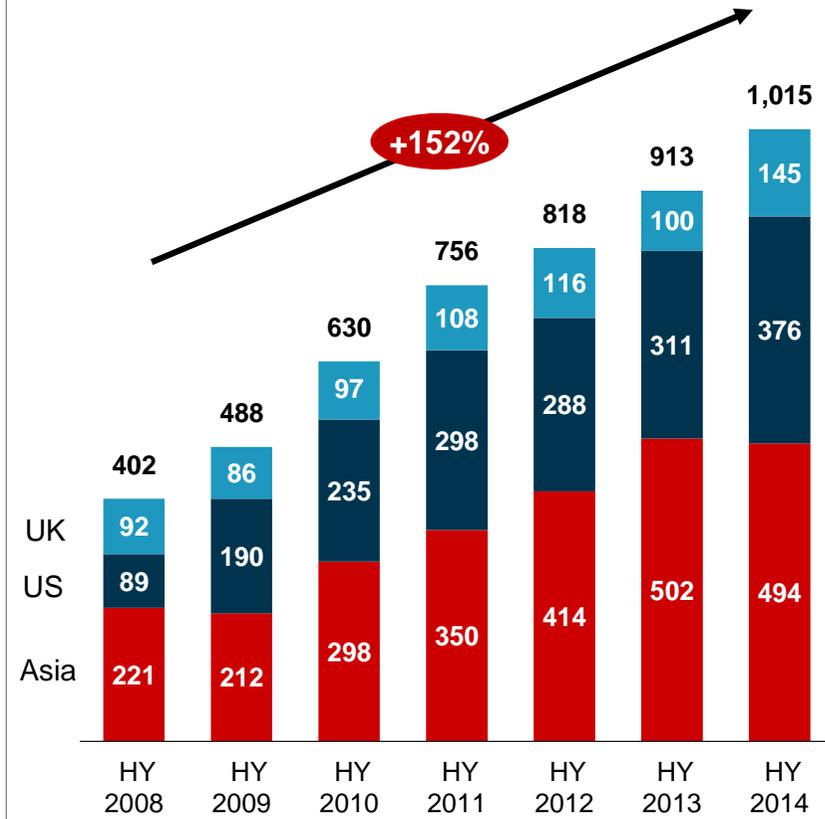
UK 'savings gap' and ageing population
in need of returns / income

Group Disciplined capital allocation

New business strain^{1,3}, £m



New business profit^{2,3}, £m



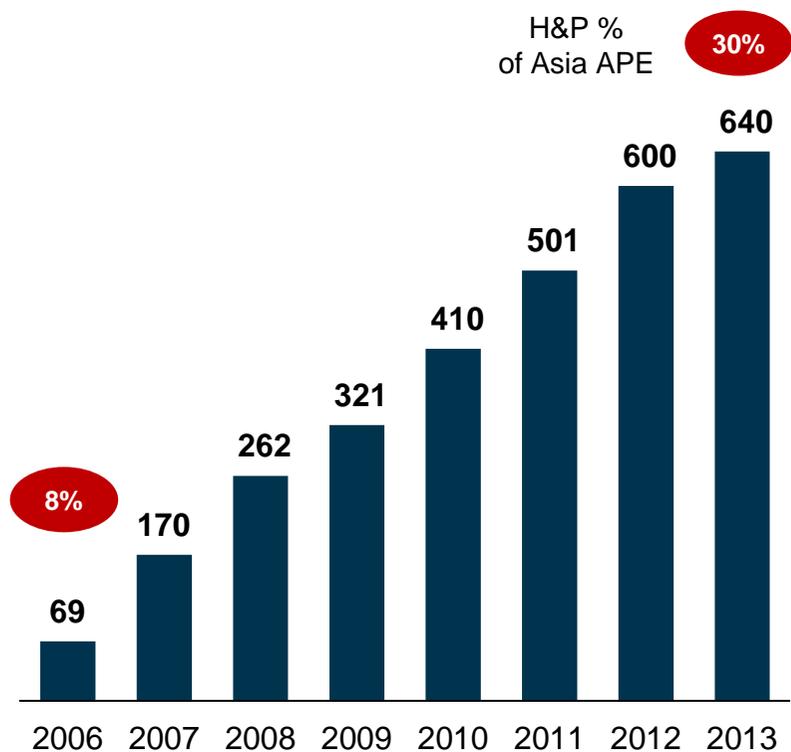
1 Free surplus invested in new business.
 2 On a post tax basis.
 3 Excludes Japan Life and Taiwan agency.



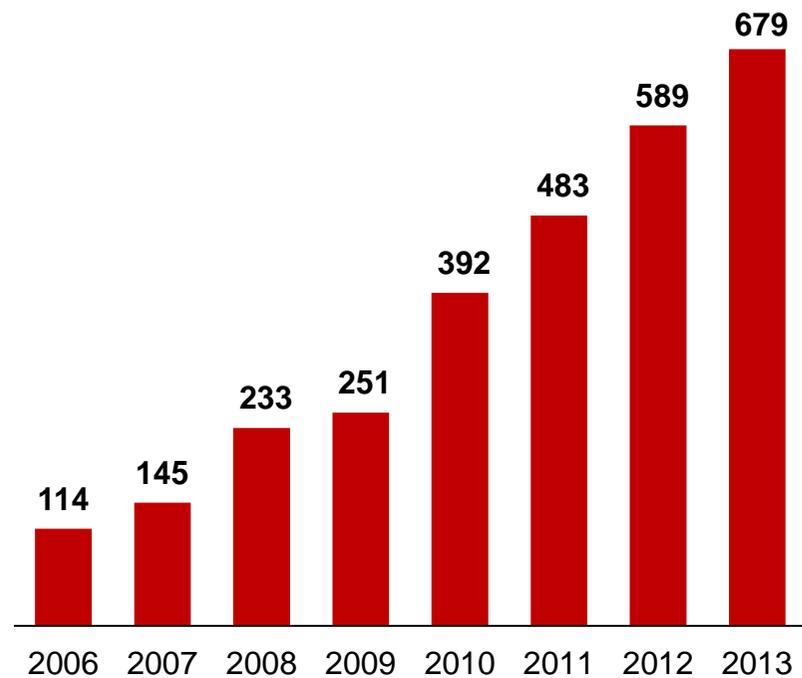
Group

Disciplined capital allocation

Asia Health and Protection APE¹, £m



Asia insurance margin^{2,3}, £m



¹ Comparatives have been stated on an actual exchange rate basis. Excludes Japan and Taiwan agency. For FY06 and FY07, excludes Taiwan.

² Adjusted for new and amended accounting standards and excludes Japan Life. Figure for 2006 and 2007 data not collected, values are indicative estimates

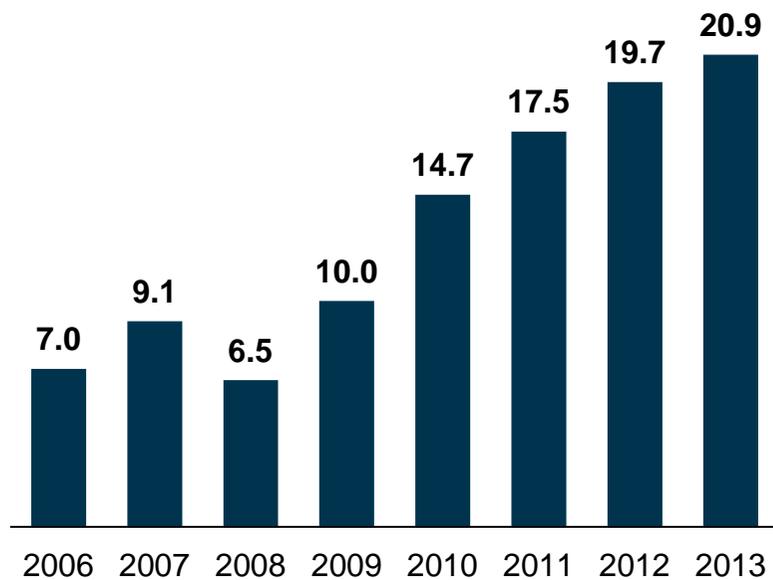
³ Comparatives have been stated on an actual exchange rate basis. Insurance margin includes new business and in-force.



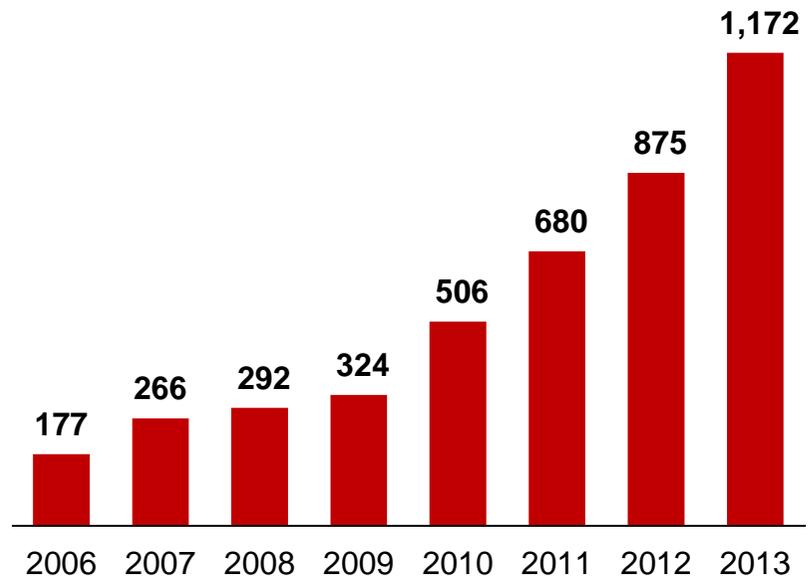
Group

Disciplined capital allocation

Jackson VA sales, \$bn



Jackson fee income¹, £m



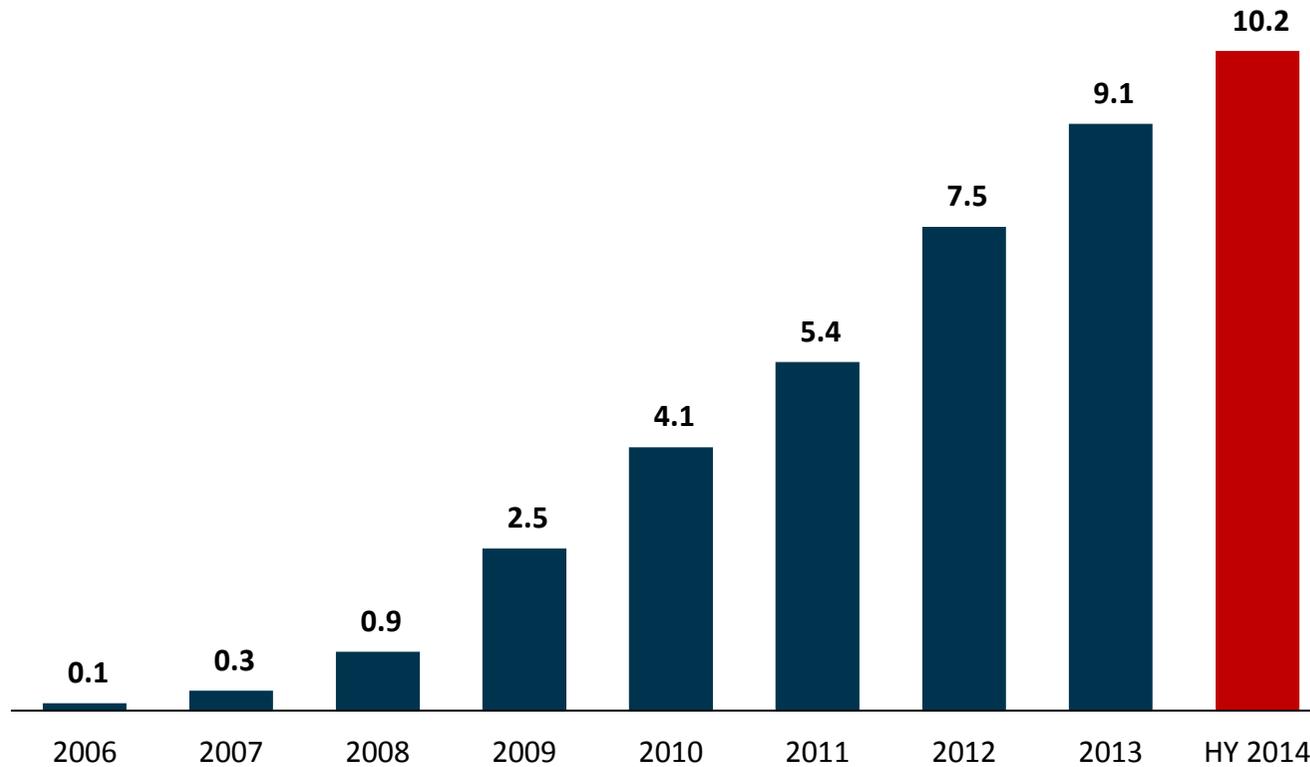
¹ Comparatives have been stated on an actual exchange rate basis



Group

Disciplined capital allocation

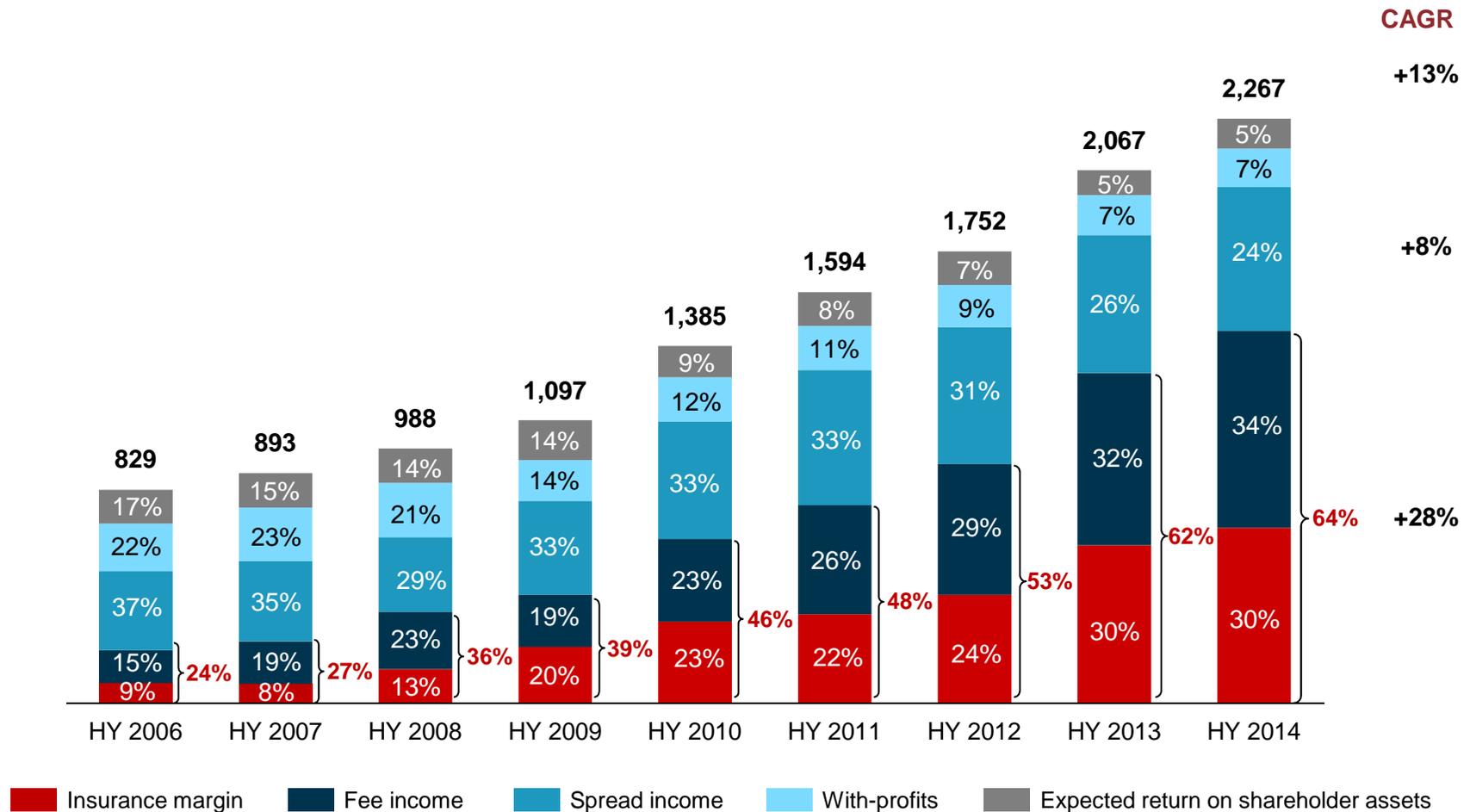
UK PruFund FUM¹, £bn



¹ Fund data uses the unsmoothed fund values

Group High quality earnings

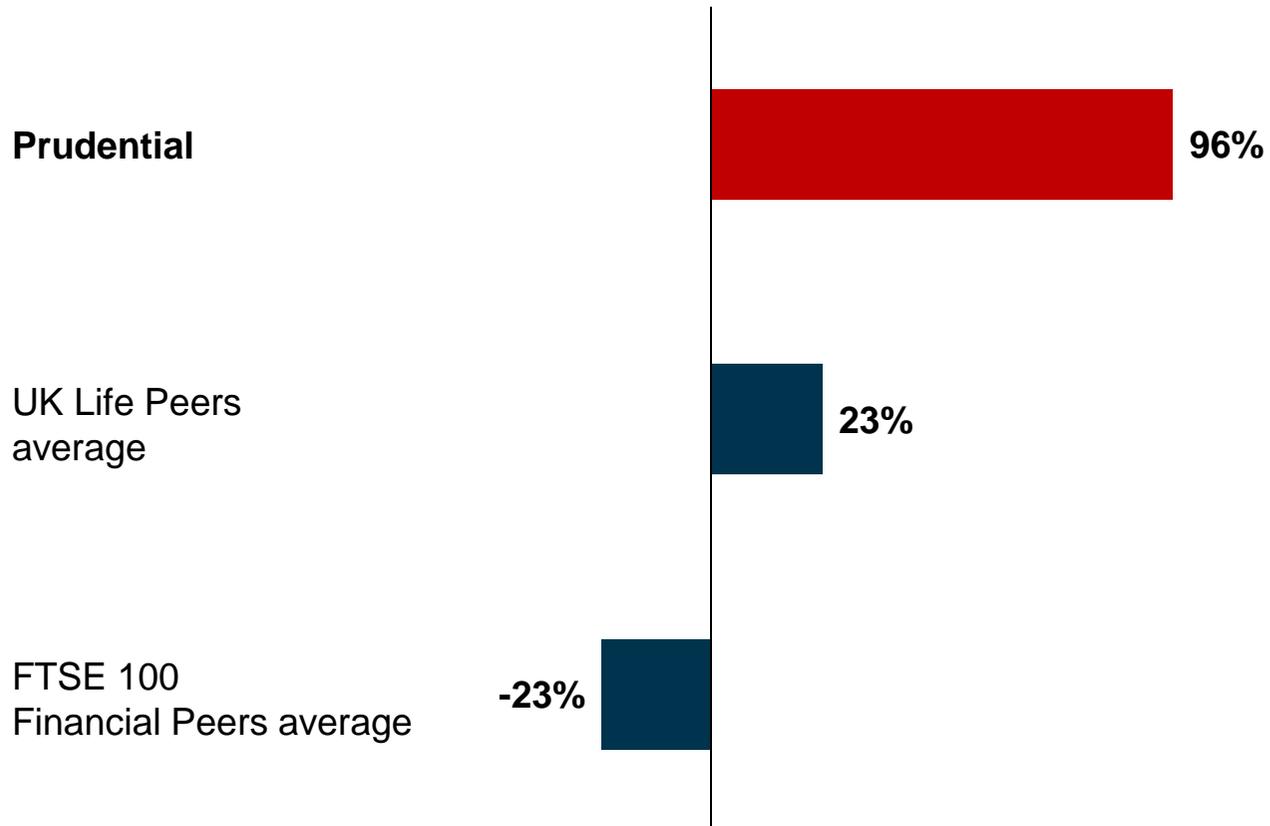
Sources of IFRS operating income¹, £m



¹ Adjusted for new and amended accounting standards and excludes Japan Life. HY06 and HY 07 data not collected, values are indicative estimates.

Group Relative performance

Growth in dividend per share¹ 2006 vs 2013



¹ Based on FTSE 100 as of 31 Dec 2013. Rebase of 100 set in 2006. Source FactSet and Prudential estimates.

Agenda

Group Performance

Asia

Jackson

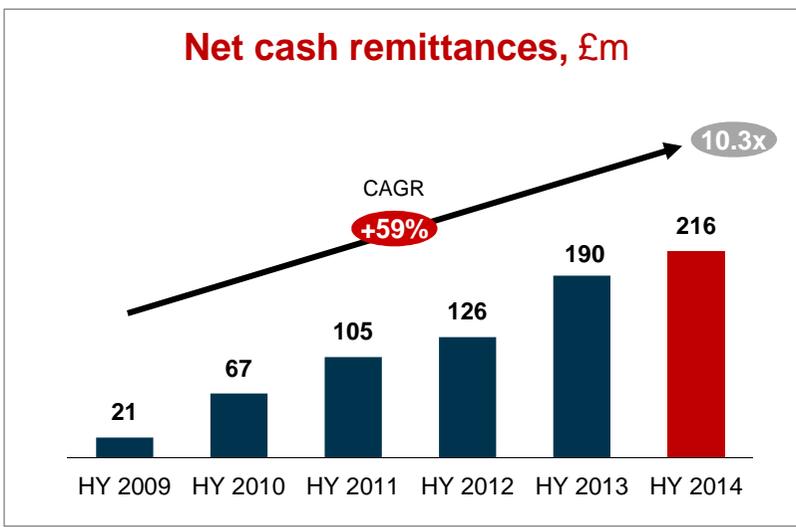
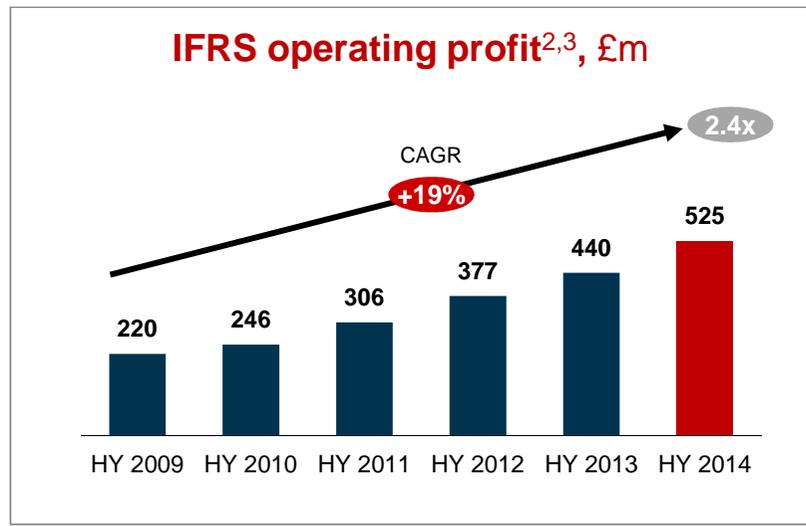
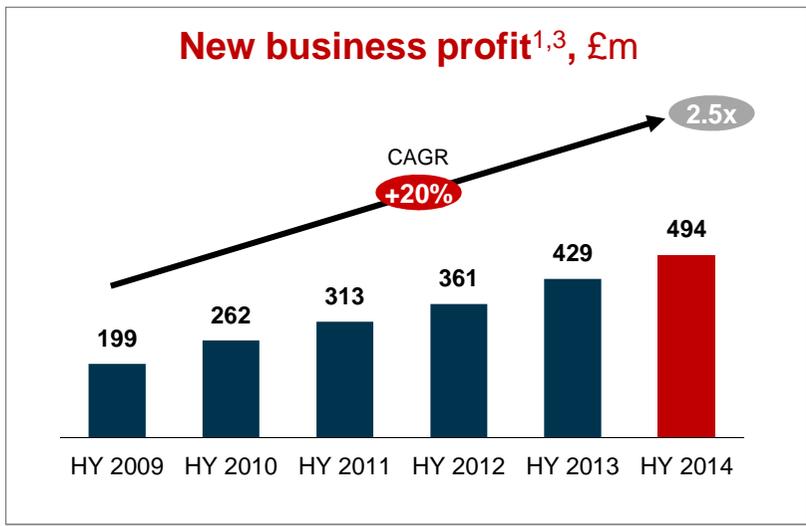
UK Life

M&G

Cash and Dividend

Asia

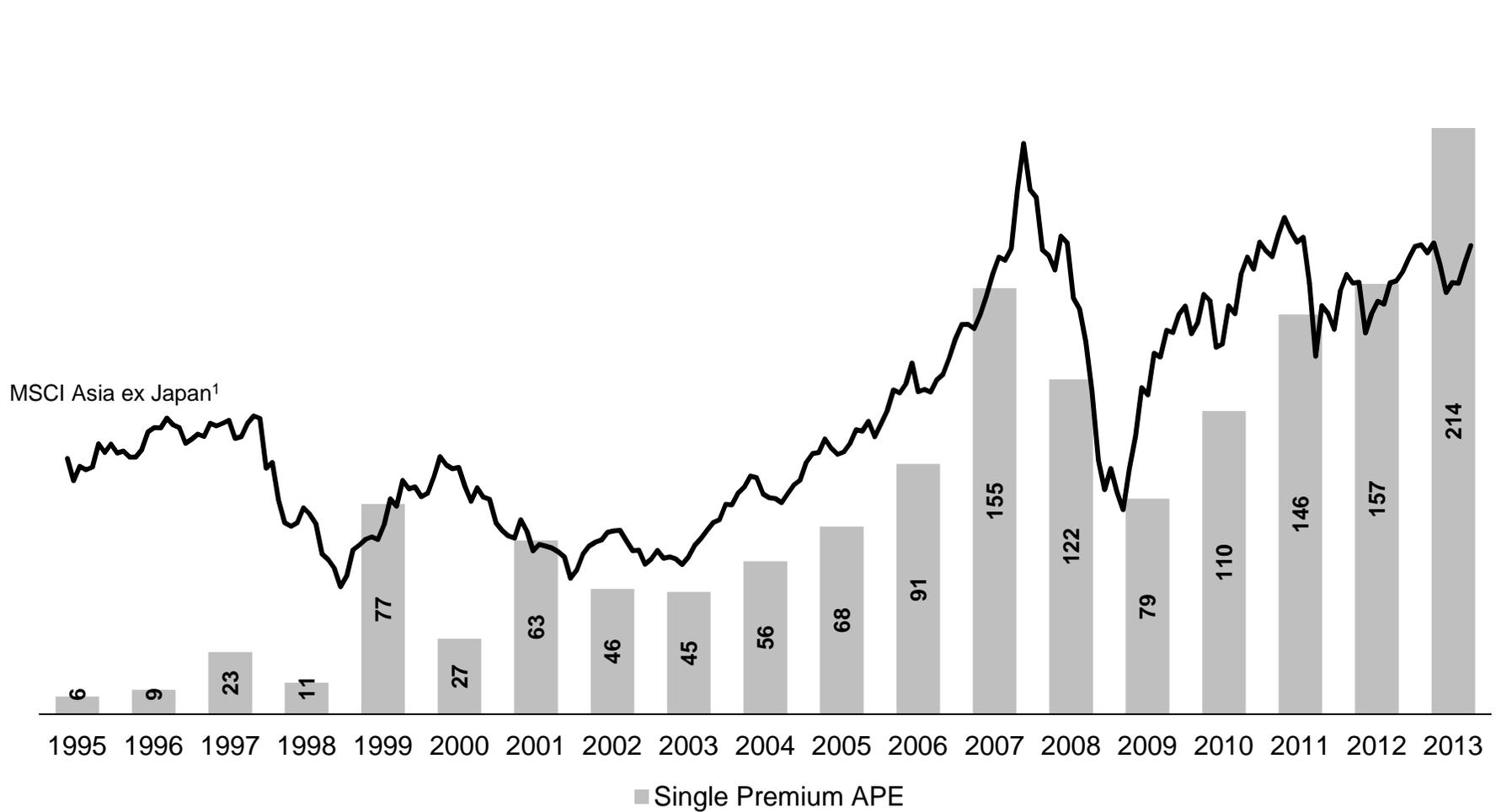
Track record of successful execution



X.X HY 2014 multiple over HY 2009

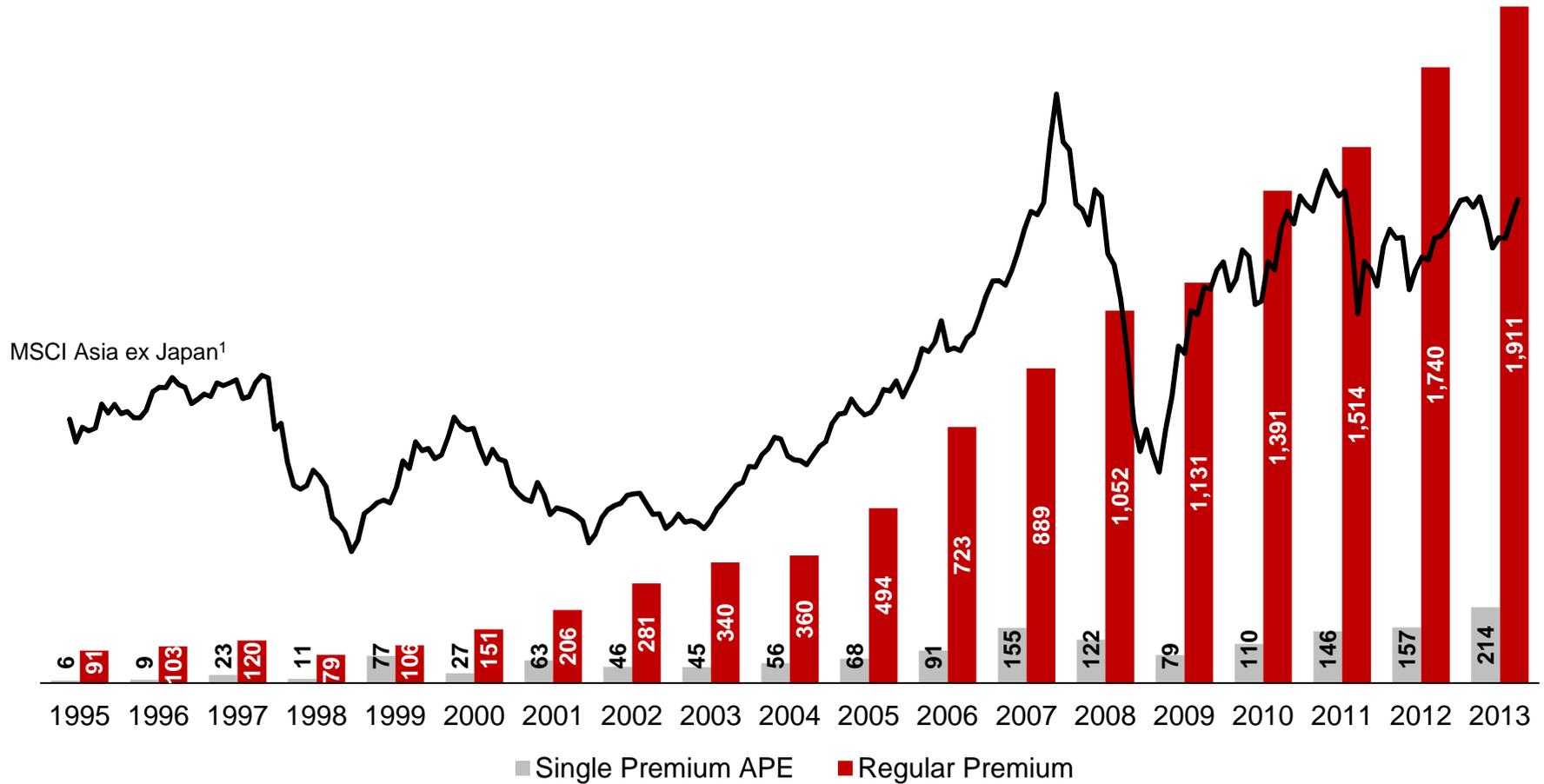
1 On a post tax basis and excludes Japan Life and Taiwan agency.
 2 Adjusted for new and amended accounting standards and excludes Japan Life.
 3 Comparatives have been stated on a constant exchange rate basis.

Asia – Single Premium APE, £m



¹ Source: Datastream.

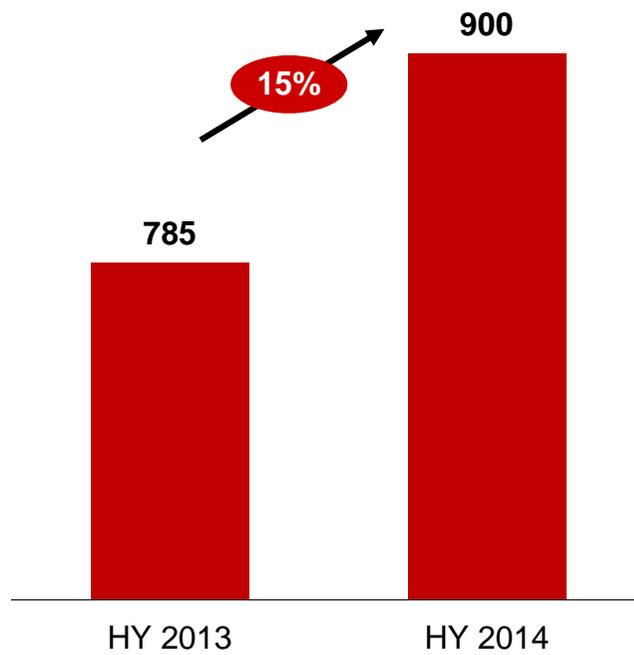
Asia – Regular and Single Premium APE, £m



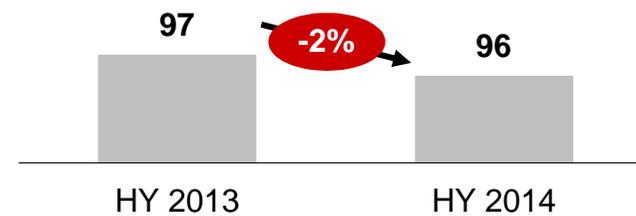
¹ Source: Datastream.

Asia Performance

Regular premium APE¹, £m



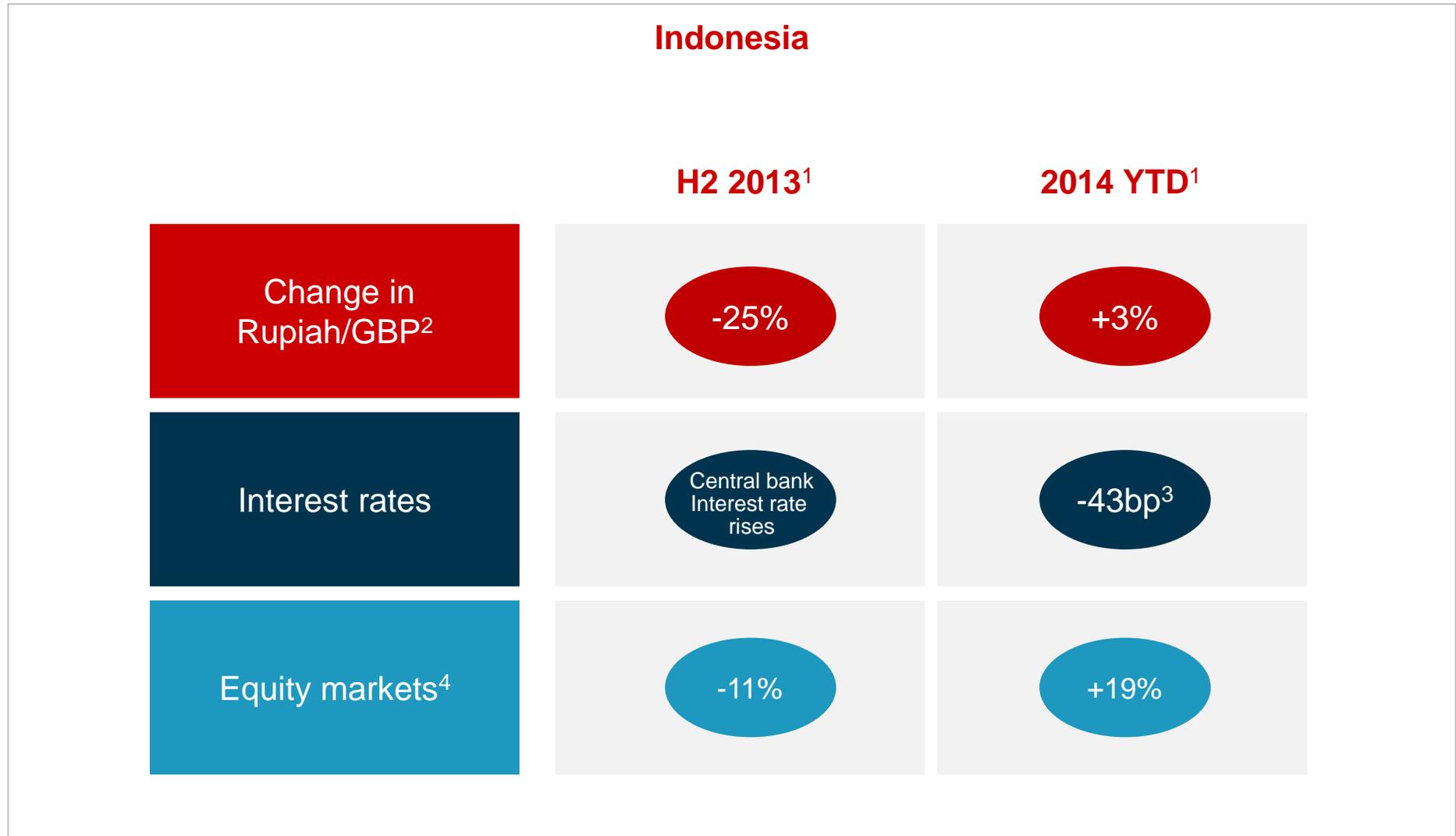
Single premium APE¹, £m



¹ Comparatives have been stated on a constant exchange rate basis.

Asia

Decisive policy actions



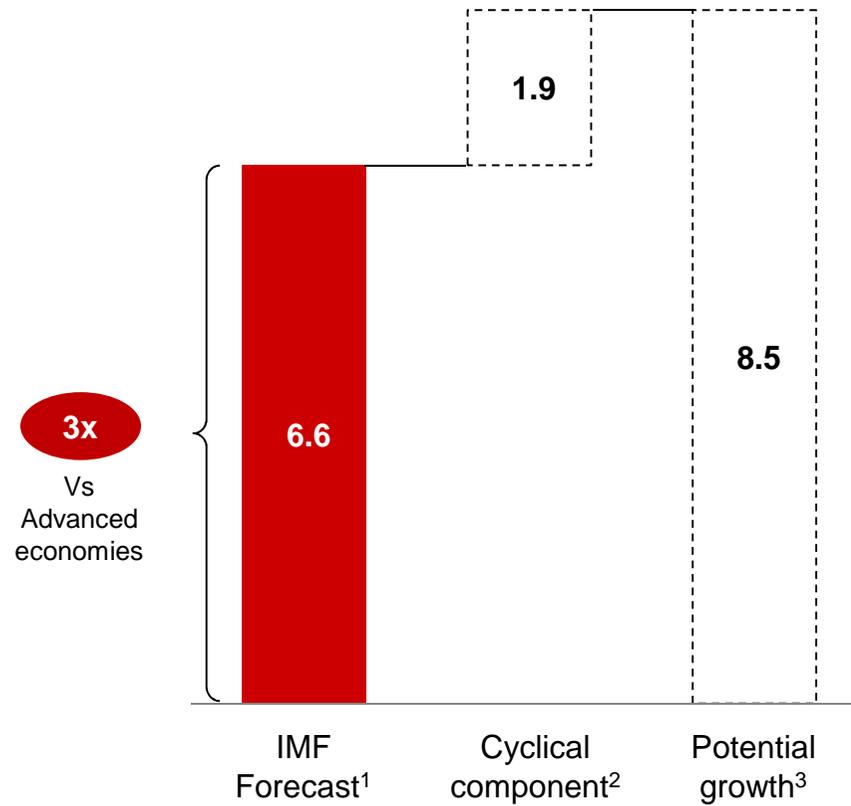
¹ Movement in rates for H2 2013 from June end 2013 to December end 2013. Movement for 2014 YTD from December end 2013 to July end 2014.

² Change in closing spot exchange rates.

³ Change in Indonesia 10yr Government Bond Yields.

⁴ Change in the value of JCI stock index (Jakarta Stock Exchange Composite Index).

Emerging and developing Asia, Average GDP growth %



¹ Source: IMF World Economic Outlook – April 2014. Average GDP growth 2014-2019.

² Source: IMF Emerging Markets in Transition: Growth Prospects and Challenges – Cubeddu et al. Composition of recent growth slowdown 2012-18 versus 2003-11.

³ Source: Prudential estimates. Potential growth is a product of IMF forecast and cyclical component.

Asia Bancassurance

<p>Hong Kong, Singapore, Thailand Malaysia, Taiwan</p>		<p>Extended exclusivity</p>	<ul style="list-style-type: none"> • Region's most productive partnership • Renewal provides long term clarity
<p>Indonesia Philippines Vietnam</p>		<p>Expanded to exclusive</p>	<ul style="list-style-type: none"> • Strengthens existing relationships • Well positioned in high growth markets
<p>China Korea</p>		<p>Expanded to Preferred</p>	<ul style="list-style-type: none"> • Strengthens collaboration
<p>India</p>		<p>Brand New</p>	<ul style="list-style-type: none"> • Partnership launched in June
<p>Cambodia, Laos, Bangladesh</p>		<p>Opportunities under review</p>	<ul style="list-style-type: none"> • Evaluating potential for collaboration



Asia

Country update



Hong Kong¹

- 30% APE and 32% NBP growth in HY 2014
- Most productive agency sales force
- Successful launch of new critical illness products (H&P APE +53%)



Singapore¹

- Market leader for Shield products
- Strong Agency performance
- HNW NBP growth of 73%



Indonesia¹

- IFRS operating profits up 32% to £139m
- Outperforming the market
- Agency recruitment remains on track

¹ Comparatives have been stated on a constant exchange rate basis.

Asia Country update



Thailand¹

- Strong performance from Thanachart
- Doubled market share in 1 year
- IFRS operating profits up 2.5 times to £25m

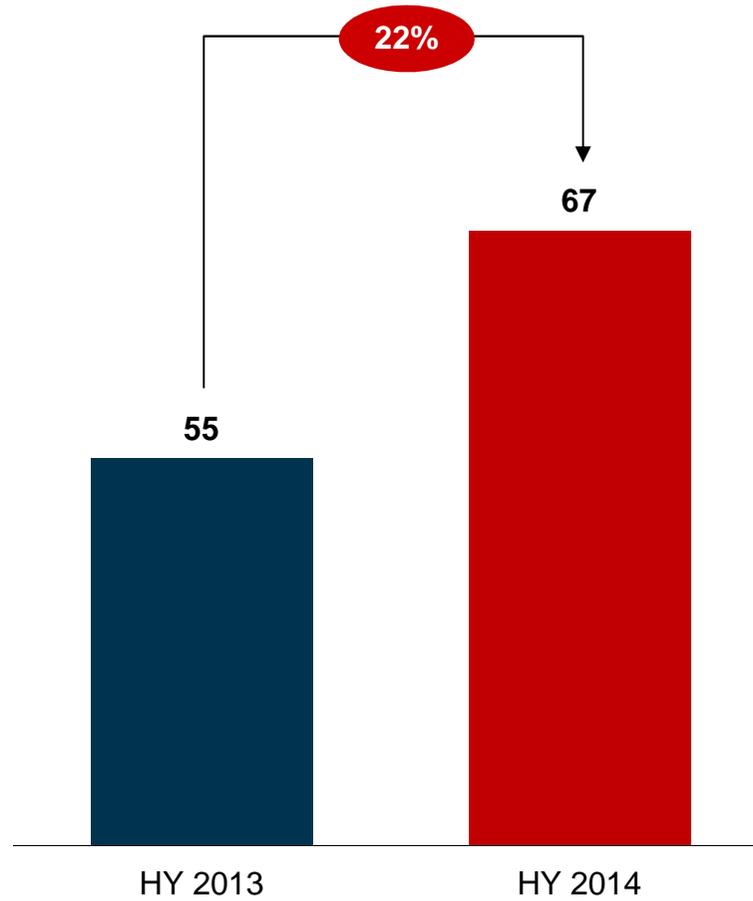


Philippines¹

- Shift to regular premium products (APE +21%)
- IFRS operating profits up 38%
- Ranked second with market share² of 14%

¹ Comparatives have been stated on a constant exchange rate basis.
² Market statistics in the Philippines are based on industry sharing data

Funds under management¹, £bn

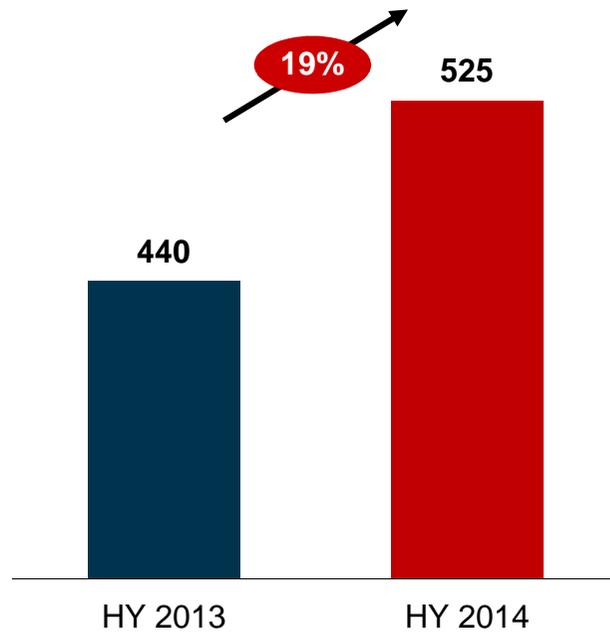


¹ Comparatives have been stated on a constant exchange rate basis.

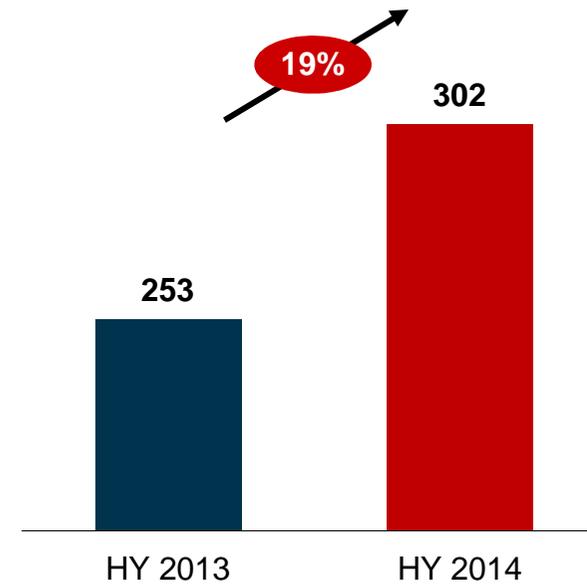
Asia

Strong delivery

IFRS operating profit^{1,2}, £m



Free Surplus Generation^{1,2}, £m



¹ Adjusted for new and amended accounting standards and excludes Japan Life.
² Comparatives have been stated on a constant exchange rate basis.

- Structural fundamentals intact
- Scale position in sweet spot markets
- Strong management team
- Confident on delivery

Agenda

Group Performance

Asia

Jackson

UK Life

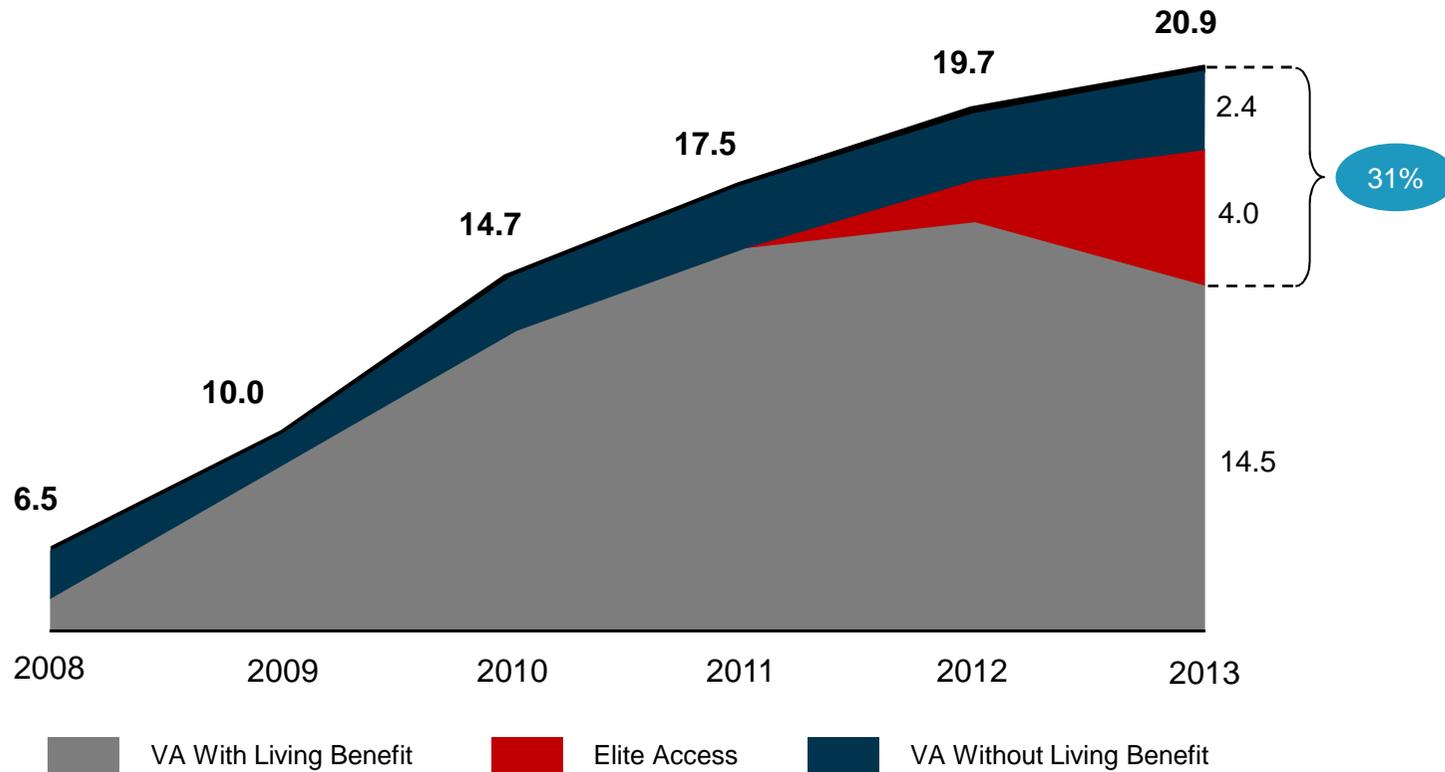
M&G

Cash and Dividend

Jackson

Proactive diversification

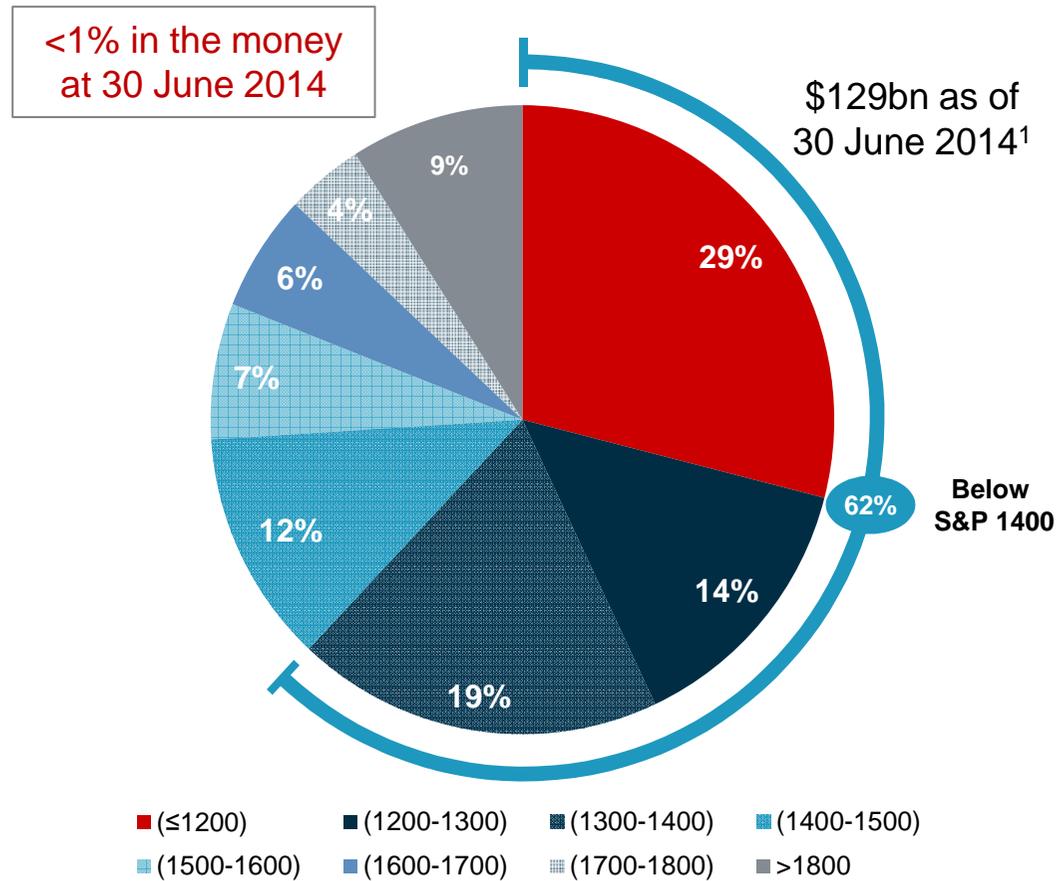
Jackson VA sales mix, \$bn



Living benefit VA sales by quarter, \$bn



Separate account value by S&P 500 level at policy issue



¹ Includes VAs allocated to General Account.

Jackson

Successful execution

Cumulative cash remittances, \$m

2008 - HY 2014

\$2,448m



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

Agenda

Group Performance

Asia

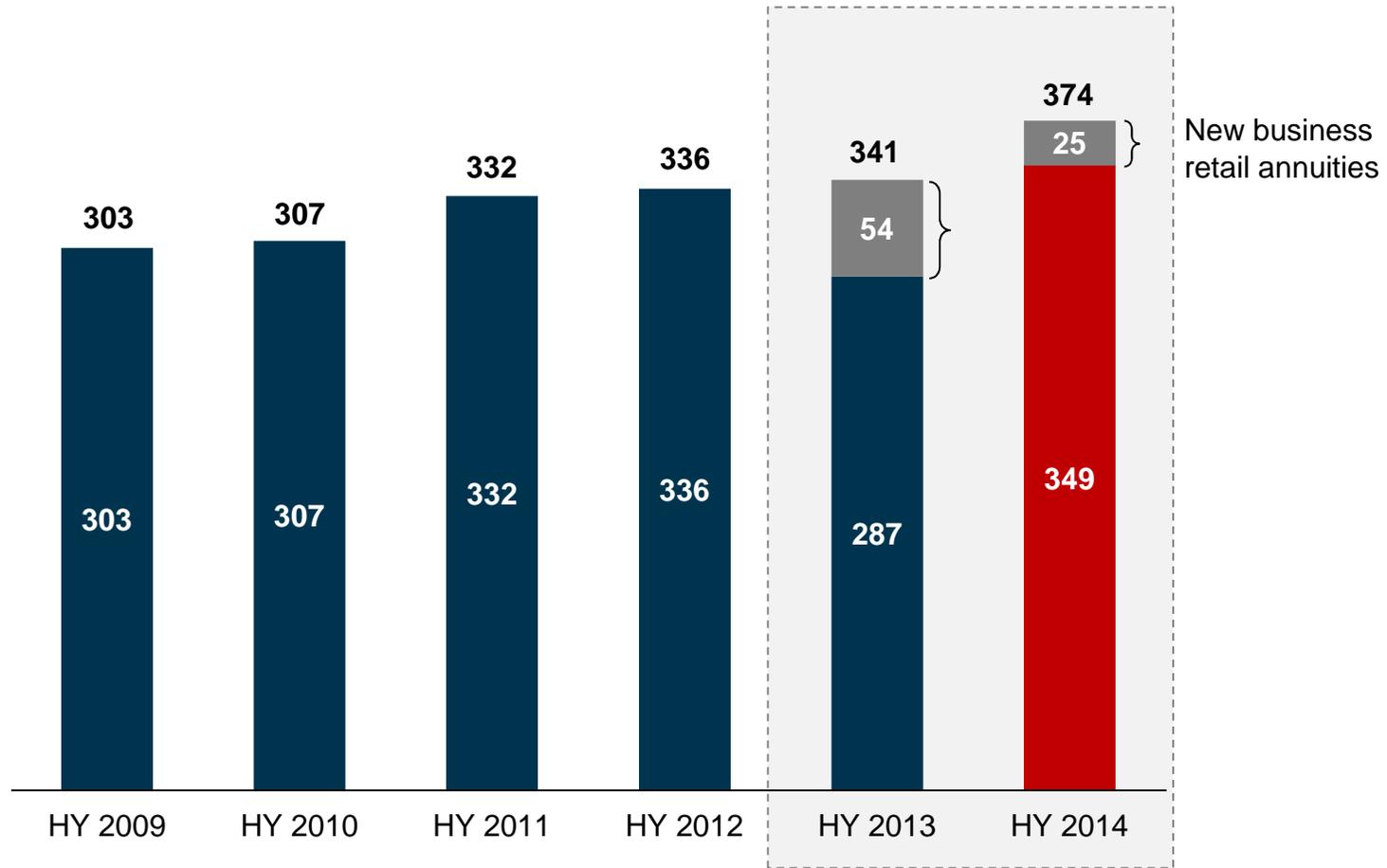
Jackson

UK Life

M&G

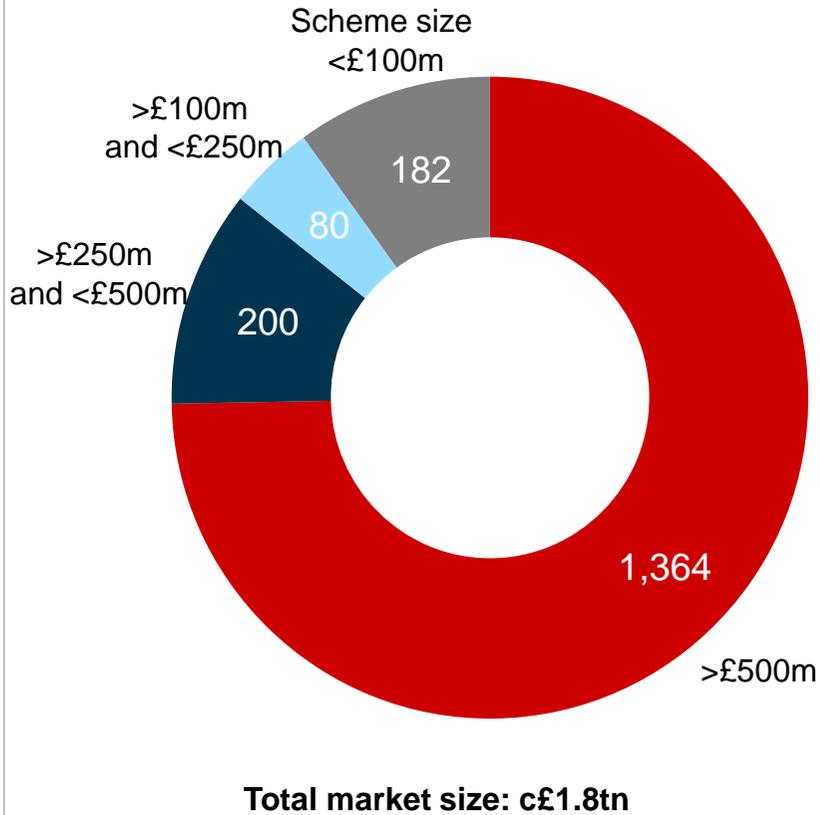
Cash and Dividend

Life IFRS operating profit, £m

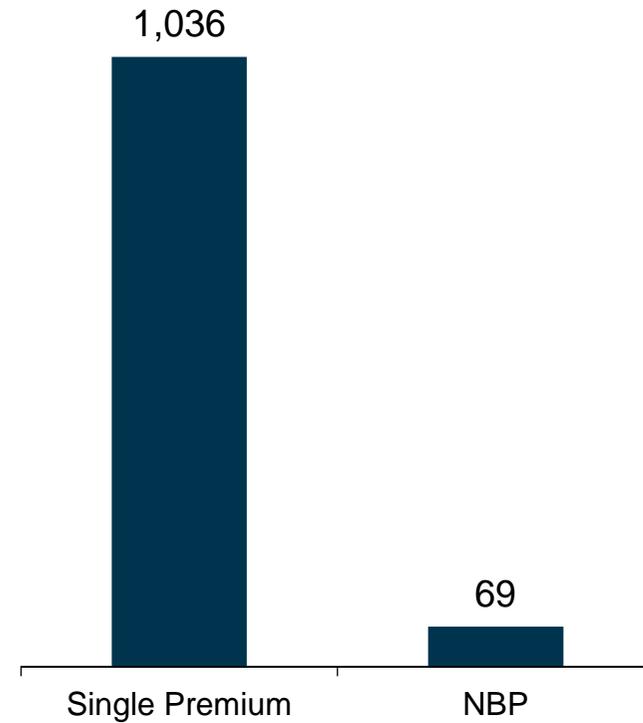


UK Leveraging strengths

UK Bulk annuity market¹



Prudential HY 2014 Bulk annuities, £m



¹ KPMG high-level analysis based on Purple Book 2013

Market challenges

UK's ageing demographic & wealth concentration in the over 50s segment

Risk transfer from Government and corporates to individuals

Reduction in access to advice for the mass market

On-going regulatory scrutiny

Strategy

Focus on changing customer needs

Broaden Retirement Income product range

Drive innovation in Savings and Investment backed by With-Profits strength

Sustainable Bulk sales

Agenda

Group Performance

Asia

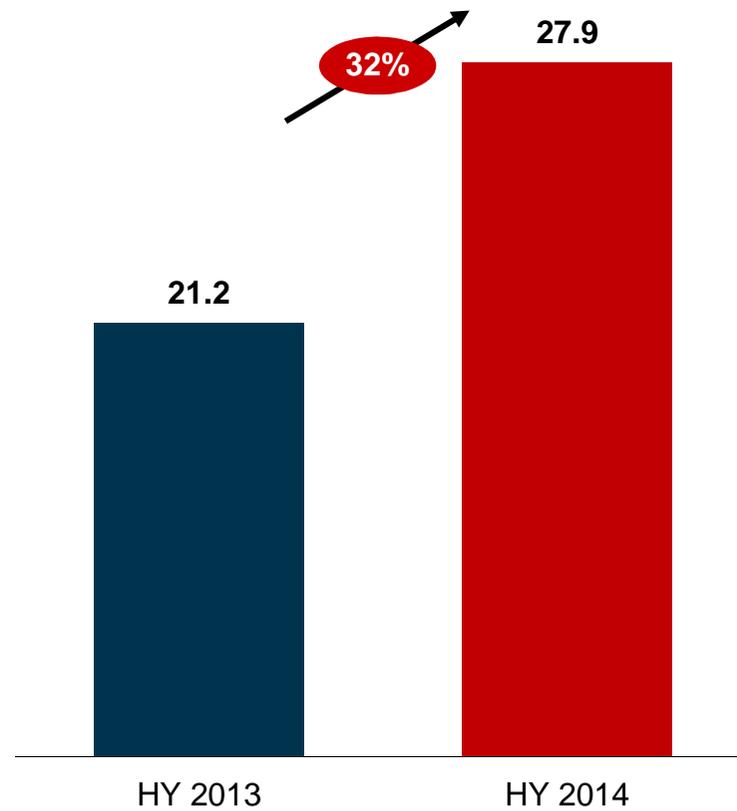
Jackson

UK Life

M&G

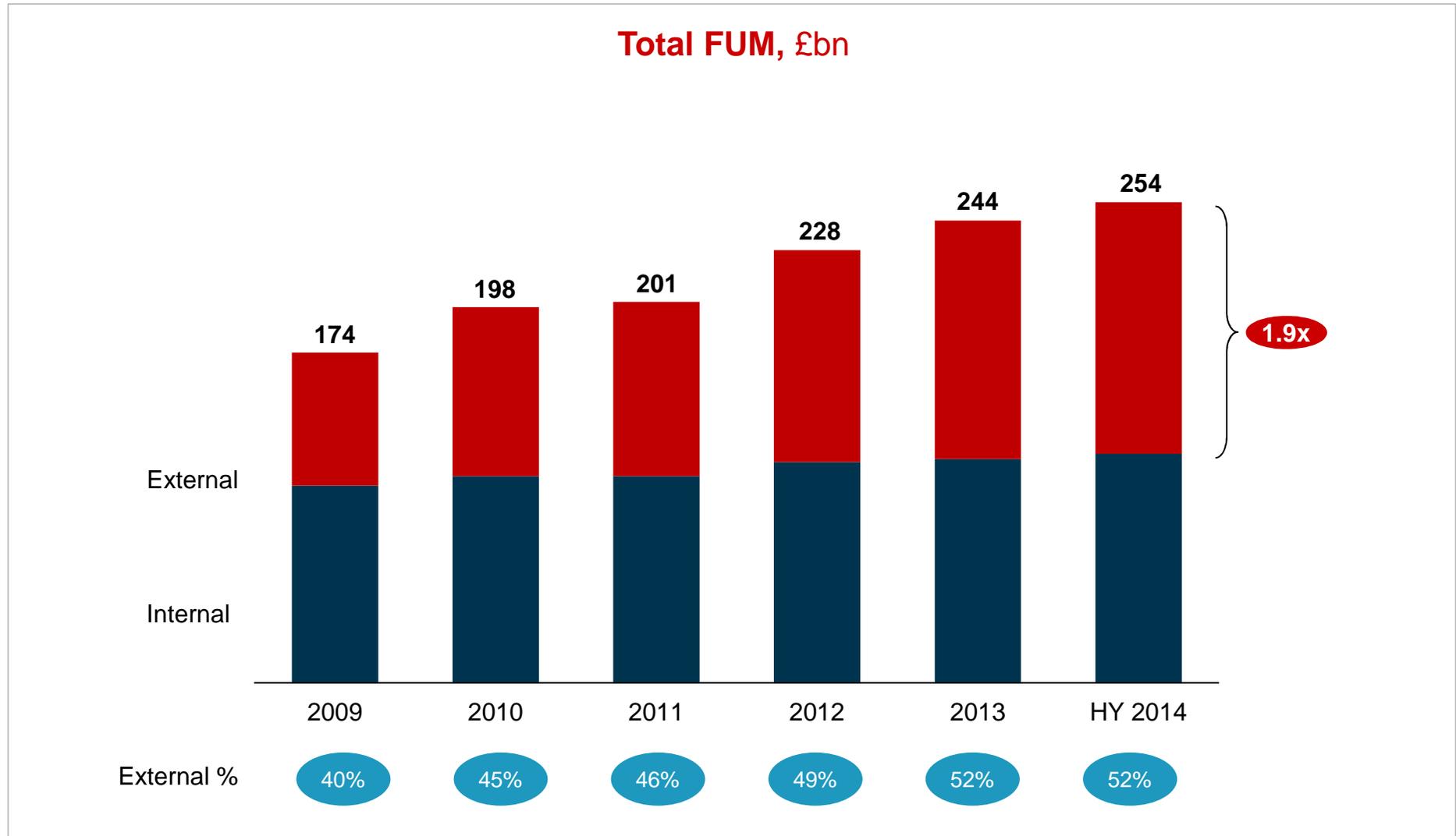
Cash and Dividend

International FUM, £bn

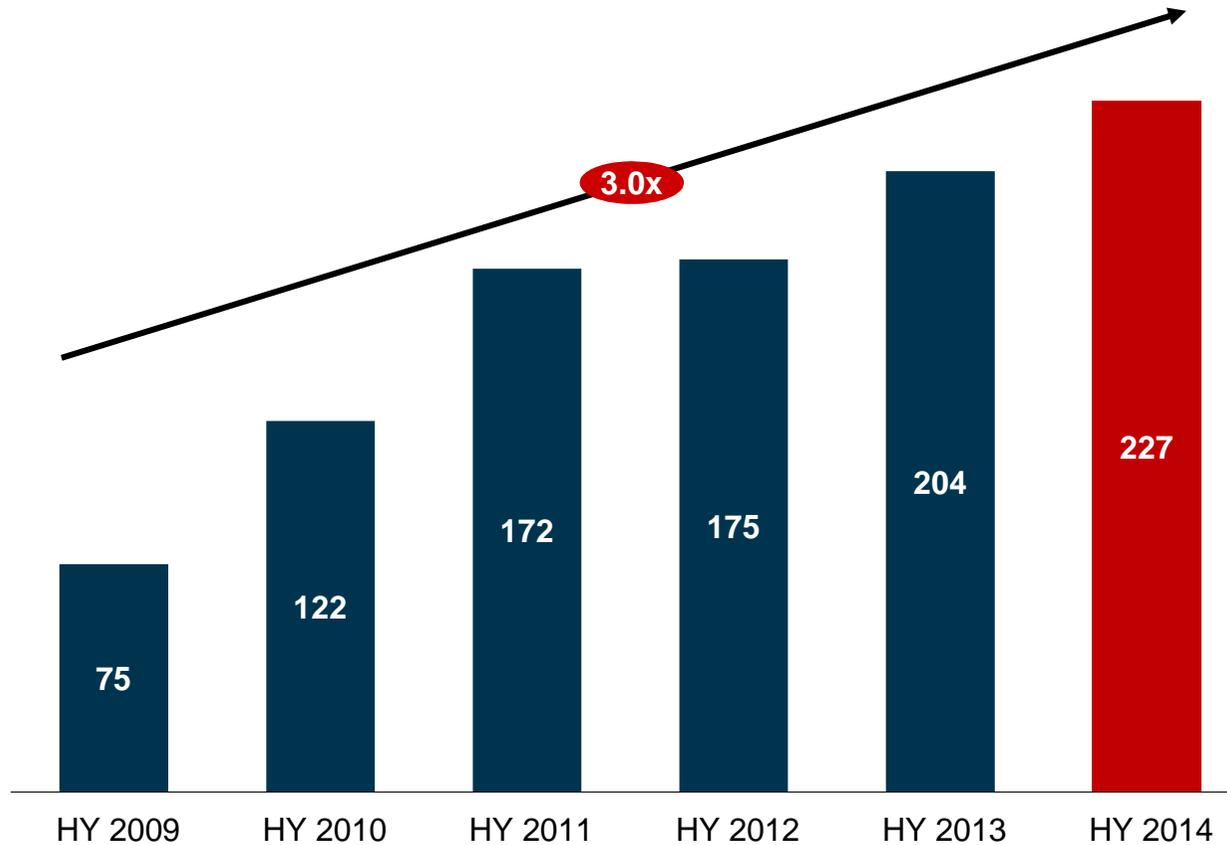


M&G

Successful diversification



M&G IFRS operating profit¹, £m



¹ Excludes PruCap.

Agenda

Group Performance

Asia

Jackson

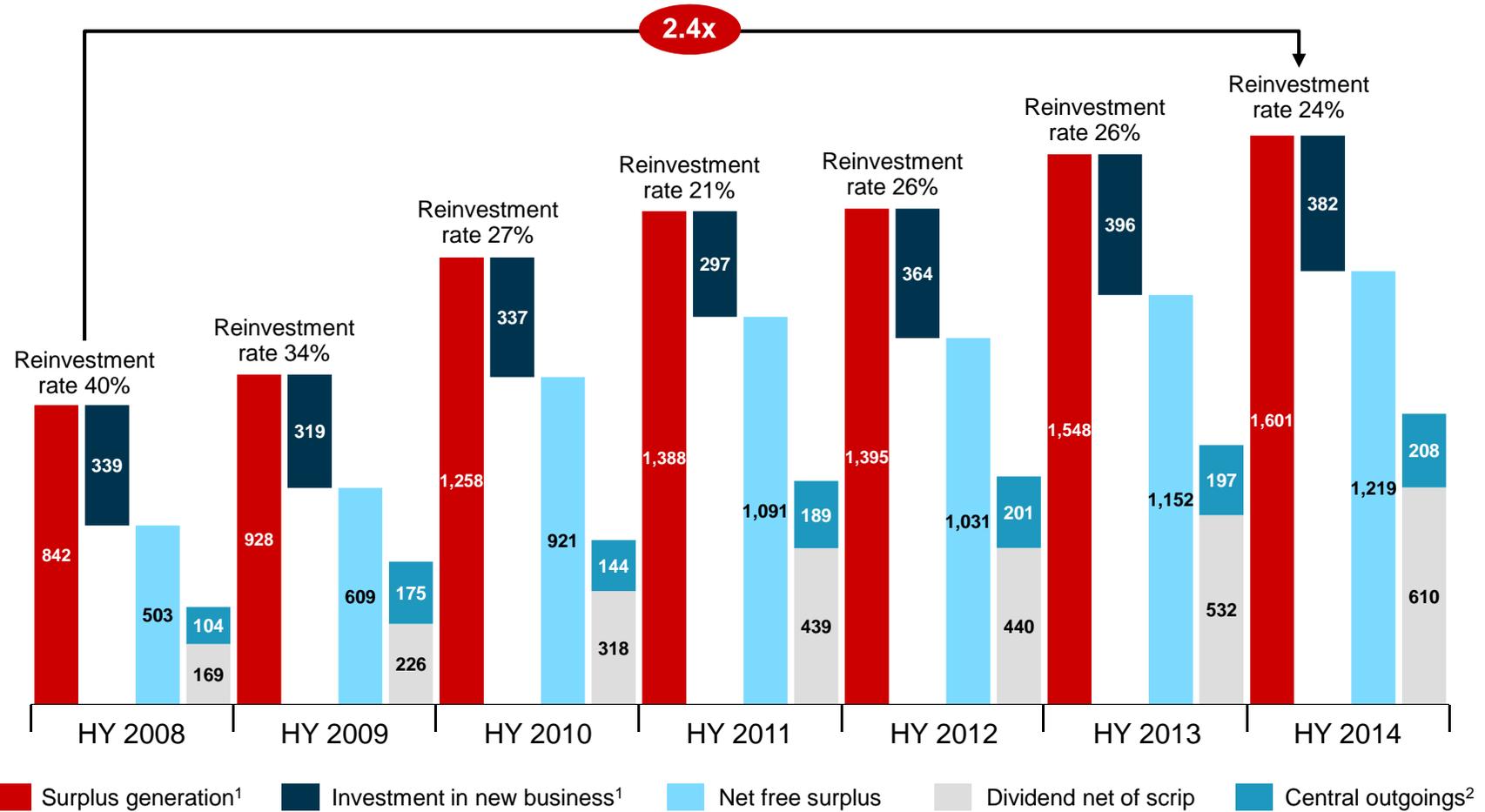
UK Life

M&G

Cash and Dividend

Delivering cash Free surplus generation

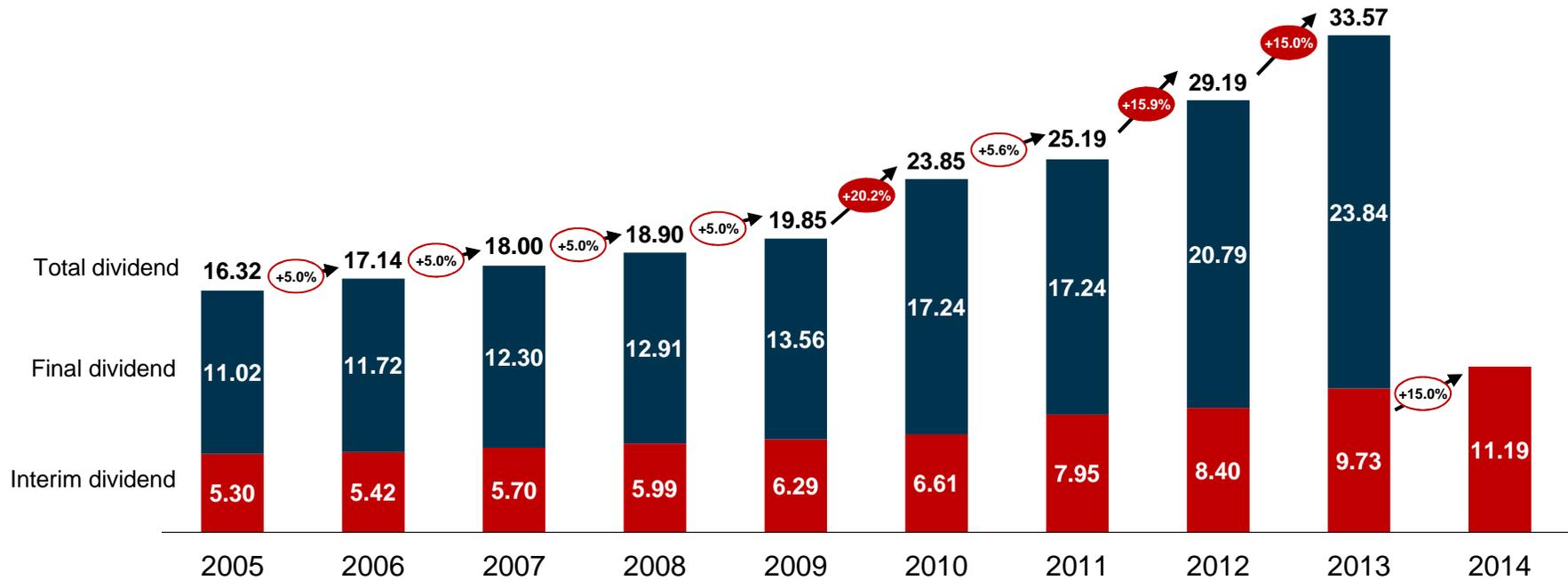
Free surplus and dividend, £m



¹ Comparatives adjusted for new and amended accounting standard and excludes Japan Life.
² Central outgoings includes RHO costs.

Delivering cash Dividend

Dividend, pence per share



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Key financial highlights

HY14 continued strong performance



£m	HY14 vs HY13			
	HY14 ¹	HY13 ¹	AER ³	CER ⁴
IFRS operating profit	1,521	1,415	7%	17%
Free surplus generation	1,219	1,152	6%	13%
New business profit²	1,015	913	11%	24%
EEV operating profit²	1,943	1,821	7%	18%

¹ IFRS and EEV results and free surplus generation exclude Japan Life classified as held for sale.

² The 2014 EEV results for the Group are presented on a post-tax basis and, accordingly, the half year 2013 results are shown on a comparable basis.

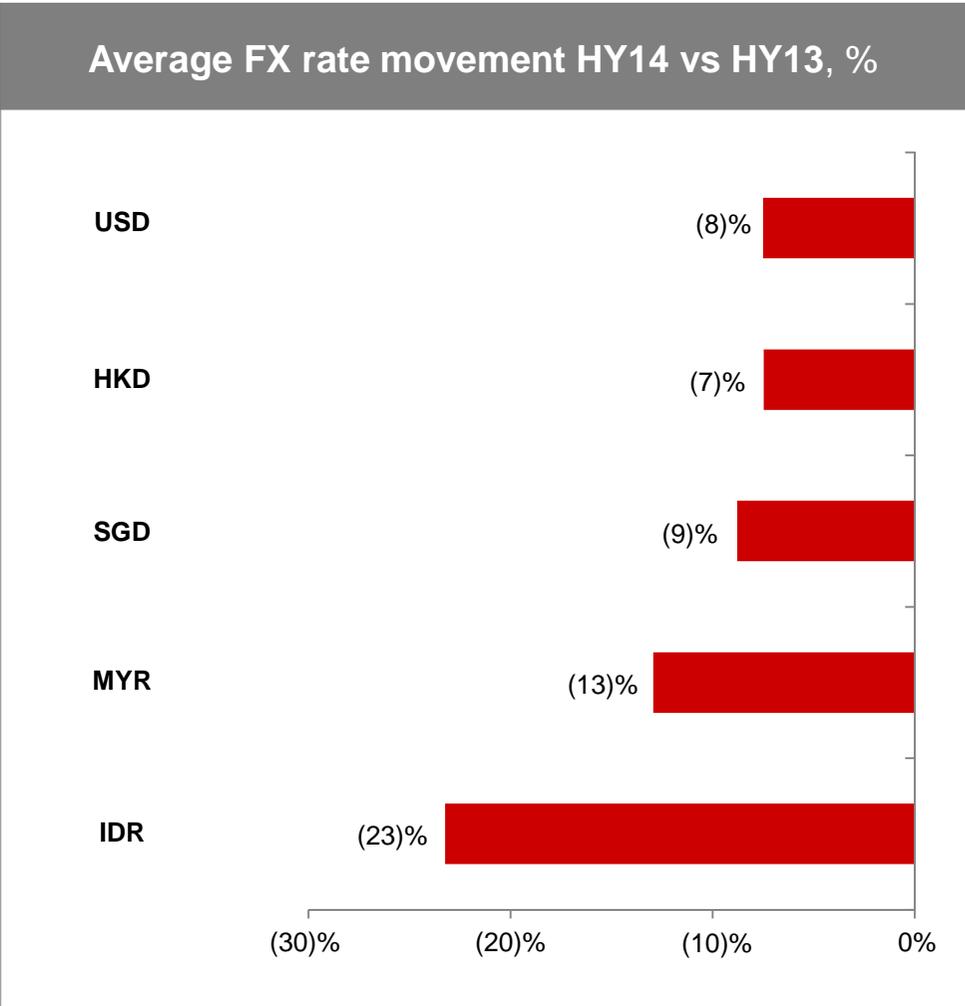
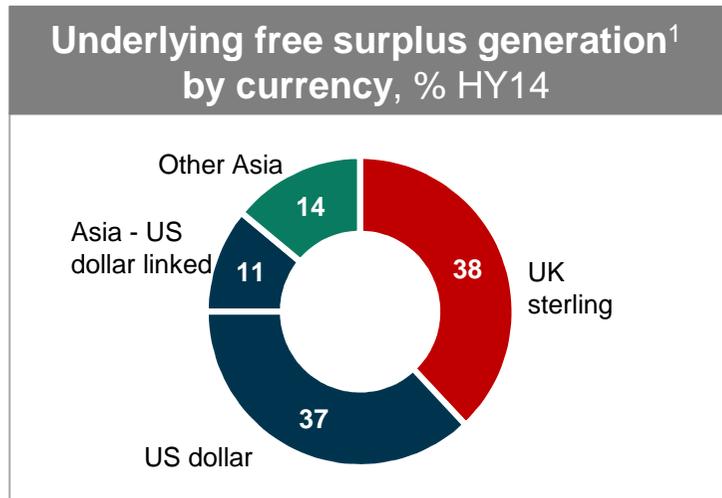
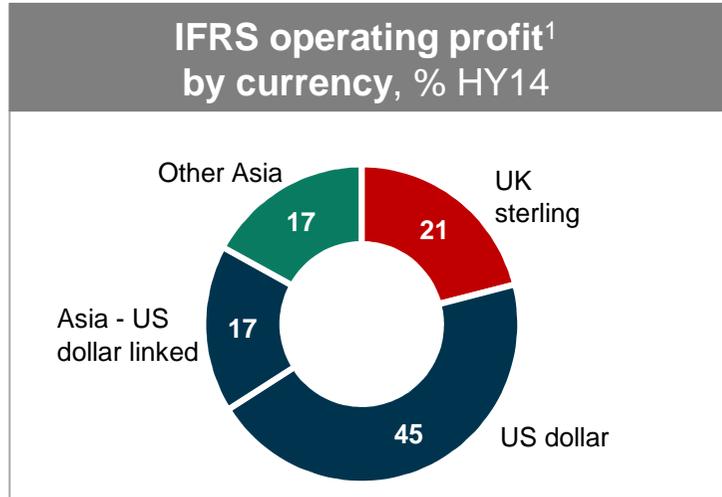
³ Actual exchange rates.

⁴ Constant exchange rates.



Currency mix

Currency translation effect



¹ IFRS results and underlying free surplus generation exclude Japan Life classified as held for sale.

Currency mix

Currency translation effect



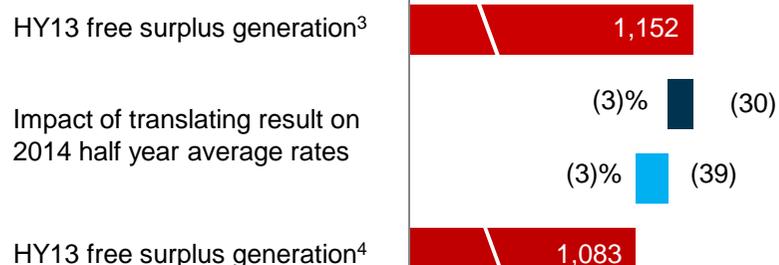
IFRS operating profit¹, £m



New business profit^{1,2}, £m



Underlying free surplus generation¹, £m



EEV operating profit^{1,2}, £m



■ Impact on Group result from US contribution

■ Impact on Group result from Asia contribution

¹ IFRS and EEV results and free surplus generation exclude Japan Life classified as held for sale.

² The 2014 EEV results for the Group are presented on a post-tax basis and, accordingly, the half year 2013 results are shown on a comparable basis.

³ HY13 result translated on HY13 average exchange rates.

⁴ HY13 result translated on HY14 average exchange rates.



Key financial highlights

Broad based growth



HY14 vs HY13¹, constant exchange rates

	Group	Asia	US	UK	M&G ³
IFRS operating profit	17%	19%	20%	8%	11%
Free surplus generation	13%	19%	23%	(8)%	14%
New business profit²	24%	15%	31%	45%	n/a
EEV operating profit²	18%	17%	15%	26%	14%

¹ IFRS and EEV results and free surplus generation exclude Japan Life classified as held for sale.

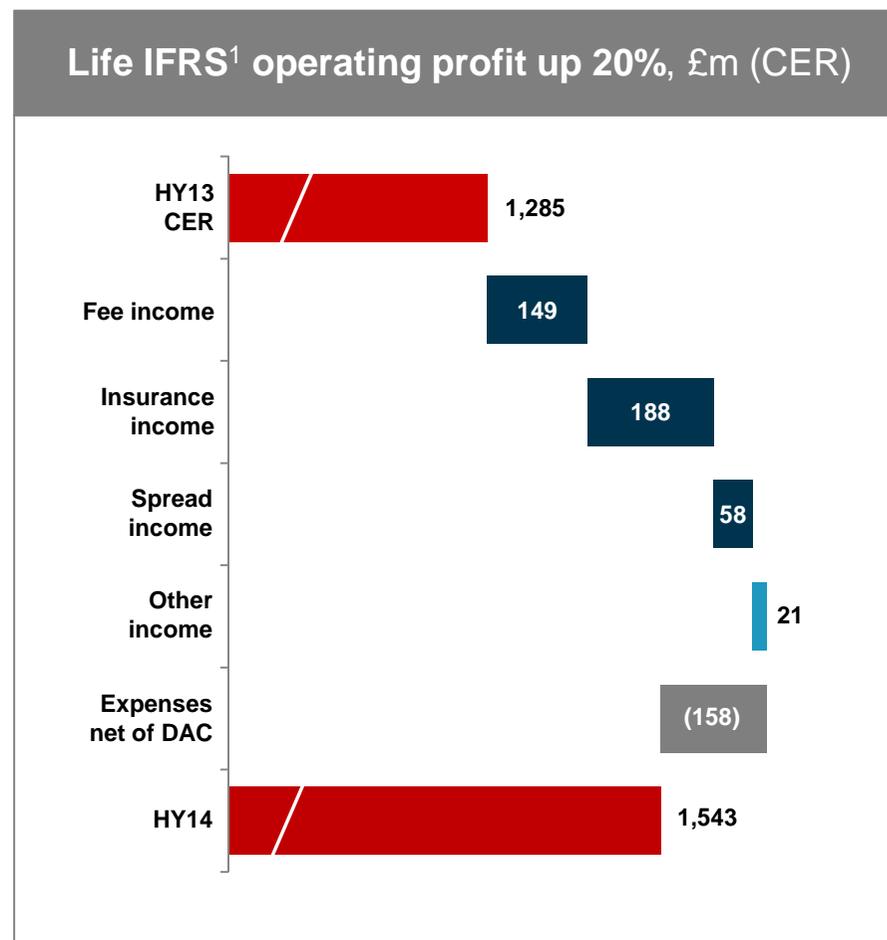
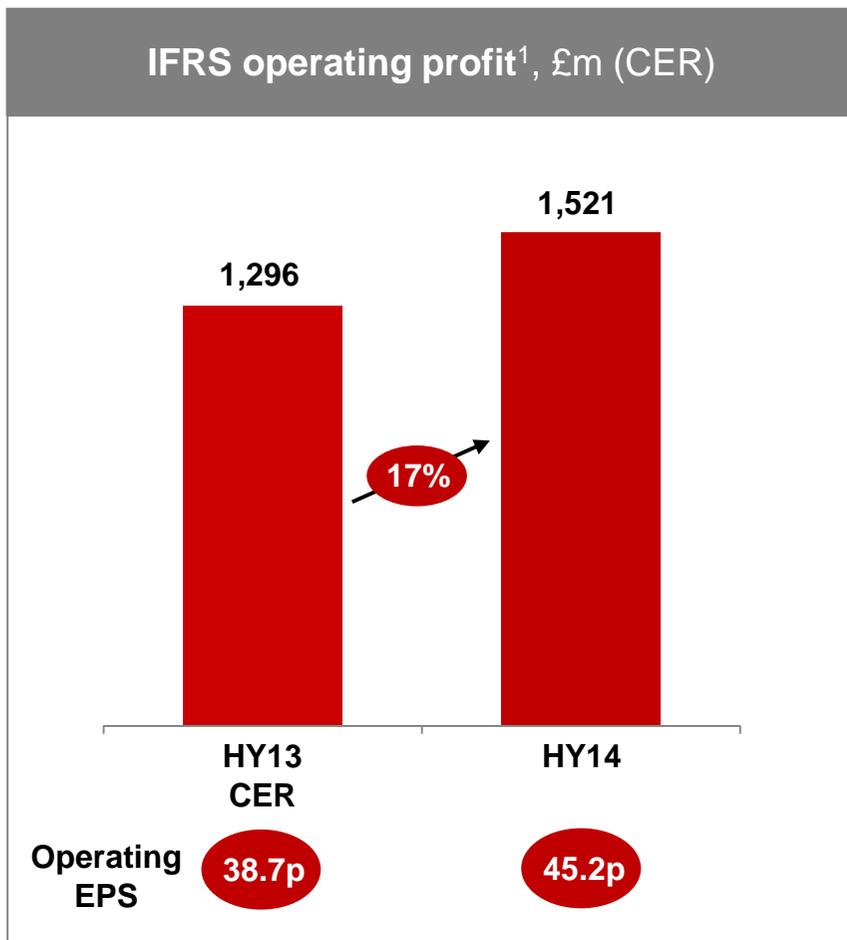
² The 2014 EEV results for the Group are presented on a post-tax basis and, accordingly, the half year 2013 results are shown on a comparable basis.

³ Includes PruCap.



IFRS – Group

Growing profit and improving quality



¹ IFRS results exclude Japan Life classified as held for sale.

IFRS – Asia

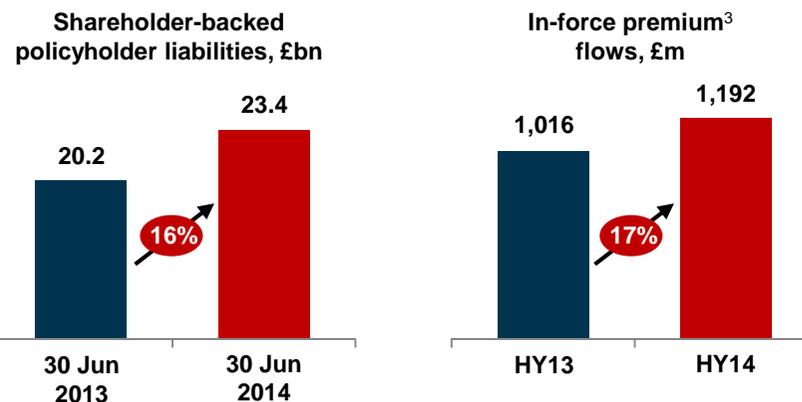
Continued strong growth in Asia life profits



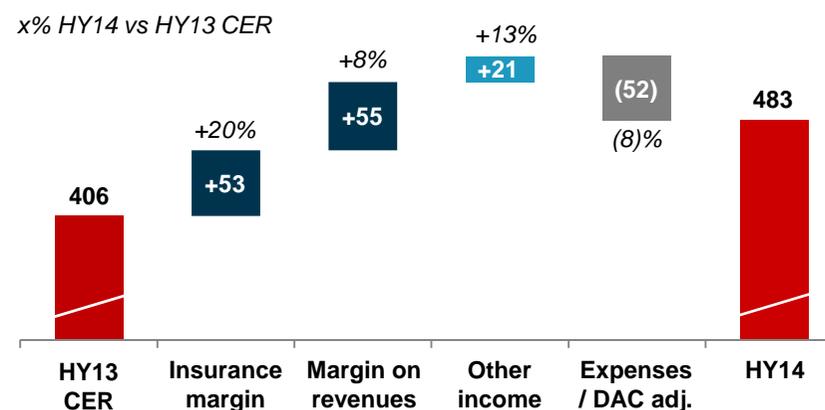
IFRS operating profit¹, by business unit

£m, CER	HY14	HY13	Change
Asia	525	440	19%
Life	483	406	19%
Eastspring	42	34	24%
US	681	569	20%
UK	386	356	8%
M&G	249	225	11%

Asia life¹, shareholder-backed policyholder liabilities (CER²)



Asia life¹, sources of earnings £m (CER²)



¹ IFRS results, shareholder-backed policyholder liabilities, in-force premium flows and sources of earnings exclude Japan Life classified as held for sale.

² HY13 restated on constant exchange rate basis, reducing Asia life IFRS operating profit by £68 million, shareholder-backed policyholder liabilities by £2.7 billion, and in-force premium flows by £146 million.

³ Represents premiums received and receivable from business in-force, net of deductions.



IFRS – Asia

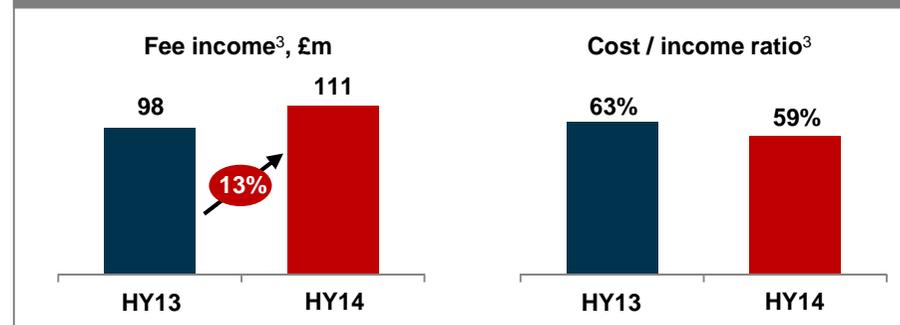
Eastspring profit up 24%



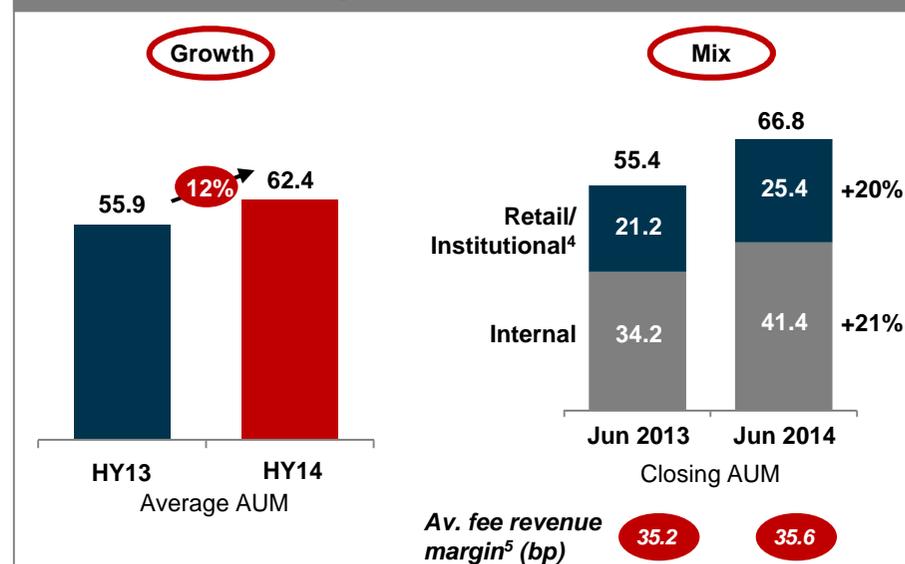
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Eastspring, earnings drivers, £m (CER²)



Eastspring, revenue drivers, £bn (CER²)



¹ IFRS result excludes Japan Life classified as held for sale.

² HY13 restated on constant exchange rate basis, reducing Eastspring IFRS operating profit by £4 million, half year 2013 average funds under management by £6.8 billion and 30 June 2013 funds under management by £6.4 billion.

³ Fee income is before performance-related fees.

⁴ Including money market funds.

⁵ Margin represents operating income before performance-related fees as a proportion of average AUM. Half year figures have been annualised by multiplying by two.

IFRS – US

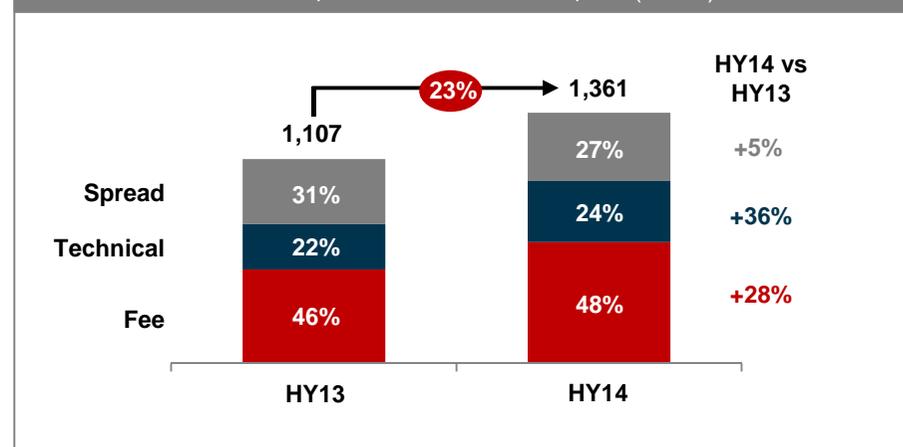
Jackson Life growth of 28%



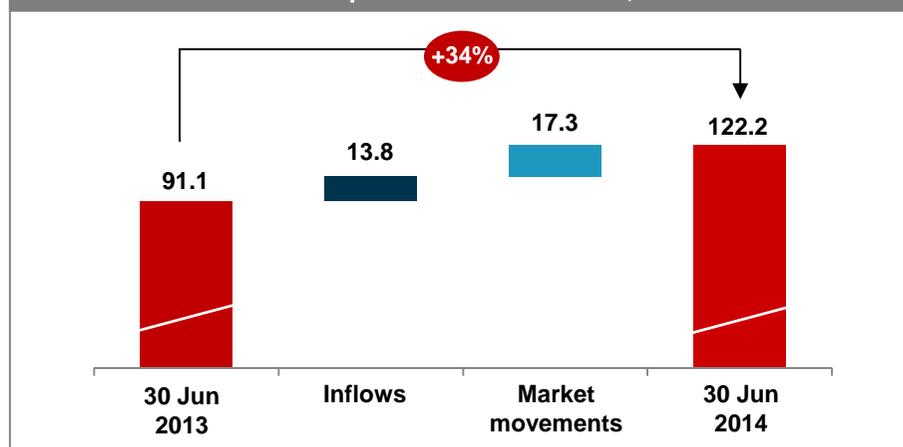
IFRS operating profit¹, by business unit

£m, CER	HY14	HY13	Change
Asia	525	440	19%
US	681	569	20%
Life	686	538	28%
Other	(5)	31	(116)%
UK	386	356	8%
M&G	249	225	11%

Jackson, sources of income², £m (CER³)



Jackson separate account assets, US\$bn



¹ IFRS results exclude Japan Life classified as held for sale.

² Sources of income represents fee income, insurance margin, spread income and the expected return on shareholder assets.

³ HY13 restated on constant exchange rate basis, reducing US life sources of income by £90 million.



IFRS – UK

UK Life growth of 10% in challenging market



IFRS operating profit¹, by business unit

£m, CER	HY14	HY13	Change
Asia	525	440	19%
US	681	569	20%
UK	386	356	8%
Life	374	341	10%
Other	12	15	(20)%
M&G	249	225	11%

UK Life IFRS operating profit, £m

	HY14	HY13
Total annuities	232	192
New business		
- bulk annuities	60	-
- individual annuities	25	54
In-force	147	138
Other Life	7	17
Shareholder-backed	239	209
With-profits result	135	132
	374	341

¹ IFRS results exclude Japan Life classified as held for sale.

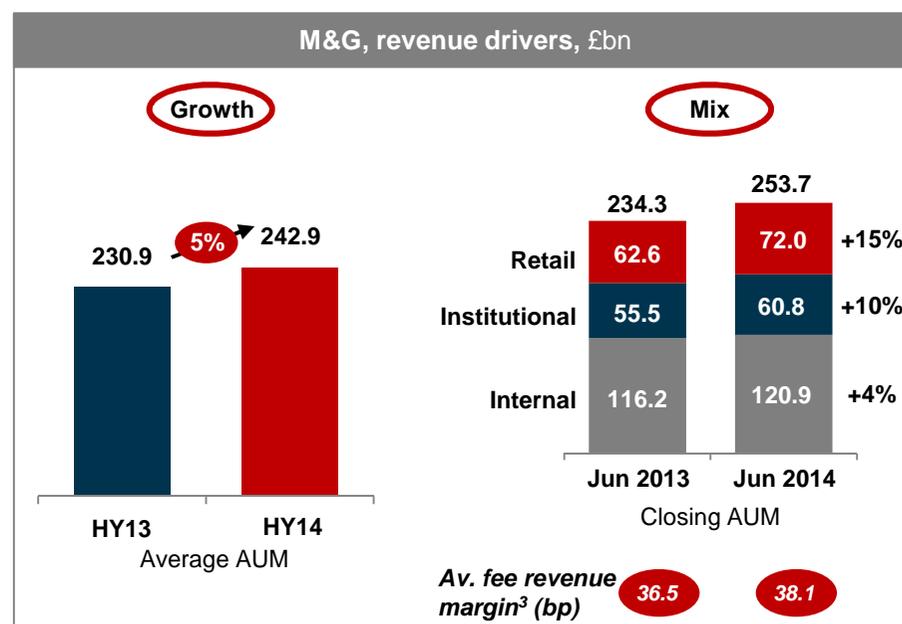
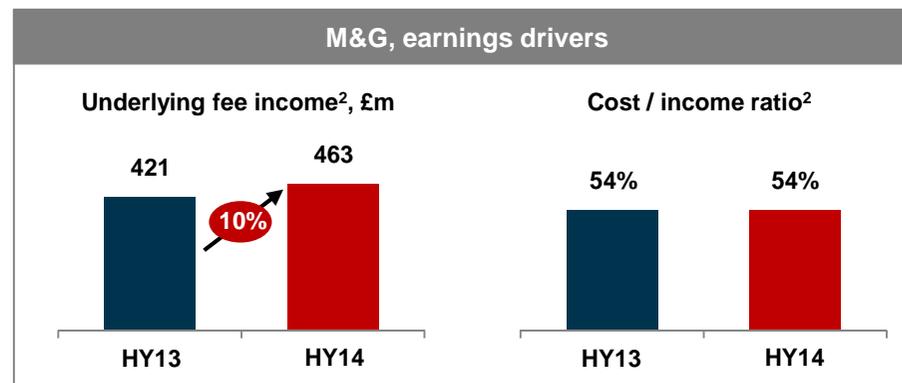
IFRS – M&G

M&G IFRS profit up 11%



IFRS operating profit¹, by business unit

£m, CER	HY14	HY13	Change
Asia	525	440	19%
US	681	569	20%
UK	386	356	8%
M&G	249	225	11%
M&G	227	204	11%
PruCap	22	21	5%



¹ IFRS results exclude Japan Life classified as held for sale.

² Represents fee income before performance-related fees and excludes income from associates.

³ Margin represents operating income before performance-related fees as a proportion of average AUM. Half year figures have been annualised by multiplying by two.



Net free surplus generation

Increasing free surplus generation



Free surplus generation¹, £m, (CER²)

	HY14	HY13	Change
Expected return from in-force	1,116	983	14%
Experience result	187	192	(3)%
Investment return on free surplus	58	36	61%
Life in-force result	1,361	1,211	12%
Asset management	240	234	3%
Gross free surplus generation	1,601	1,445	11%
Less: new business strain	382	362	6%
Net free surplus generation	1,219	1,083	13%

Life in-force result, £m (CER ²)			
	HY14	HY13	Change
Asia	433	371	17%
US	634	547	16%
UK	294	293	0%

New business strain, £m (CER ²)			
	HY14	HY13	Change
Asia	167	147	14%
US	173	195	(11)%
UK	42	20	110%

¹ Free surplus generation exclude Japan Life classified as held for sale.

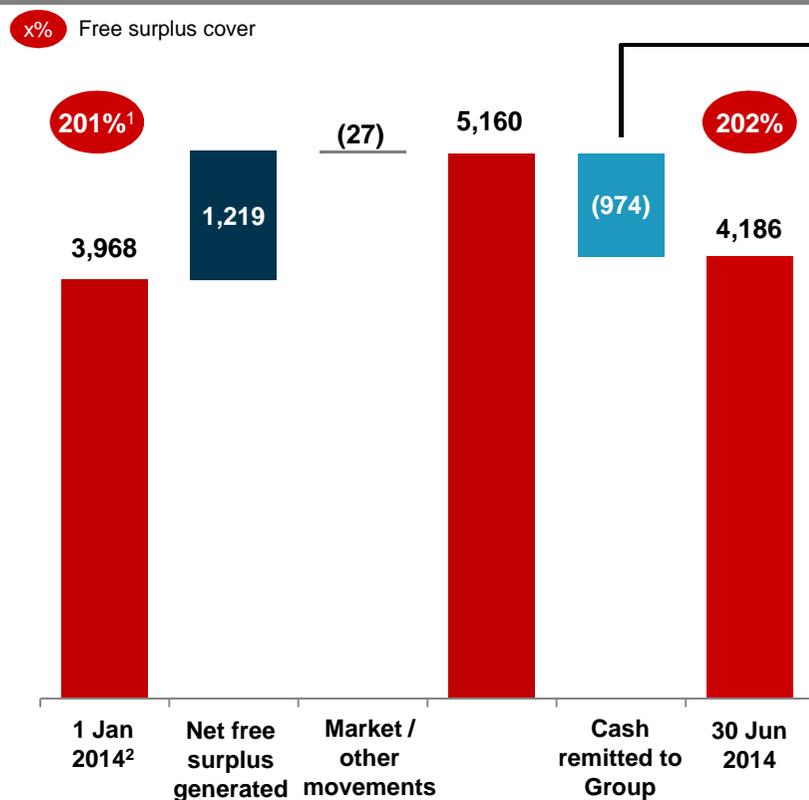
² HY13 restated on constant exchange rate basis, reducing net free surplus generation by £69 million, Asia life in-force result by £54 million, US life in-force result by £44 million, Asset management by £5 million, Asia new business strain by £18 million and US new business strain by £16 million.

Net free surplus generation

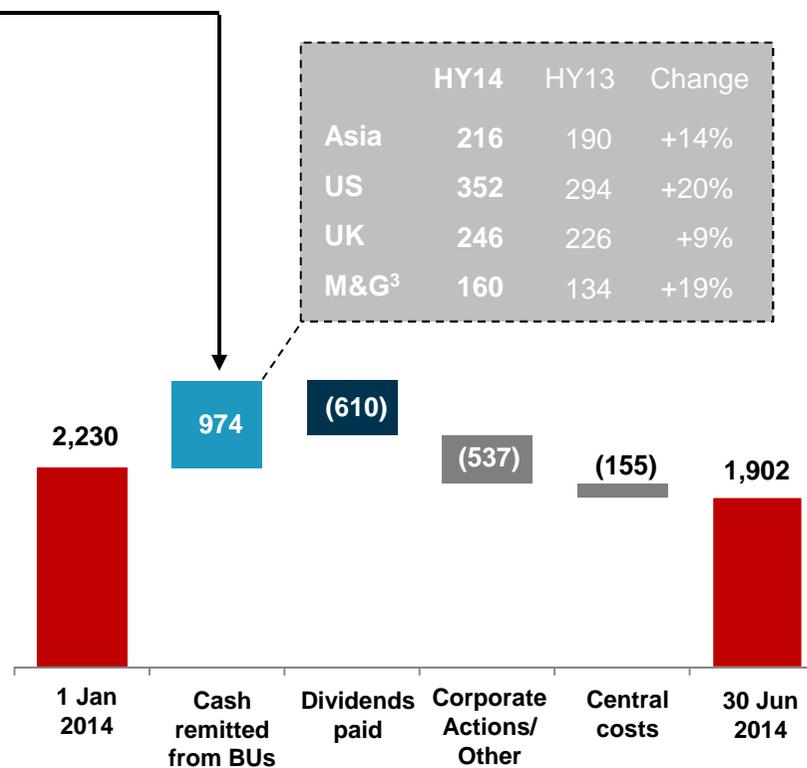
Underpinning cash to Group



Movement in free surplus, £m



Movement in central cash, £m



1 As at 31 December 2013.

2 Includes £(35)m effect of domestication of Hong Kong branch.

3 Includes PruCap.



EEV operating profit (post-tax)

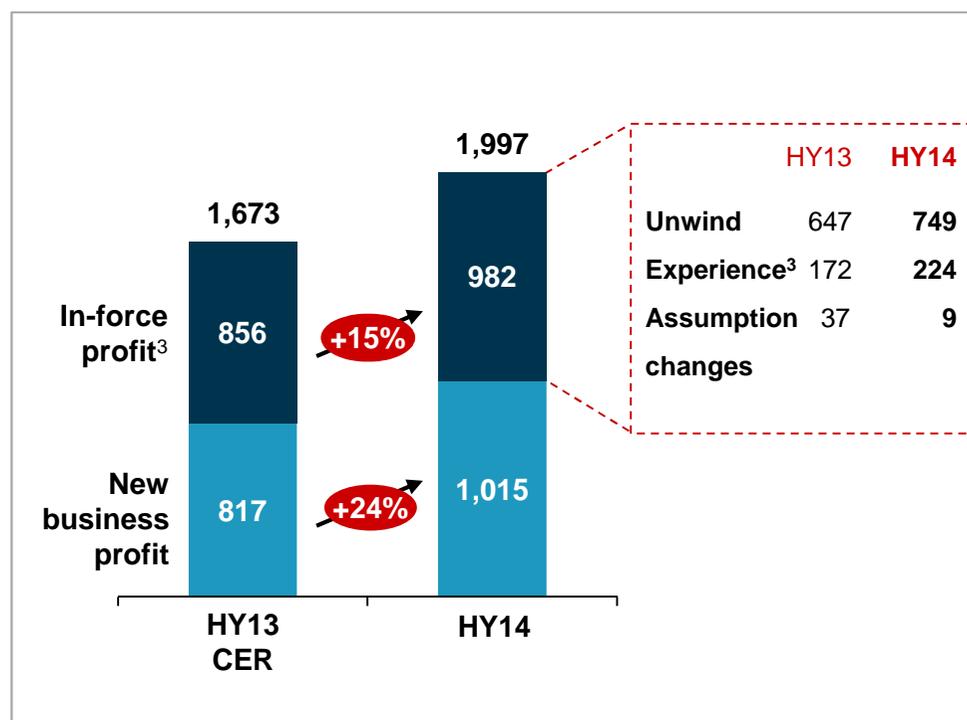
Operating return on EEV of 16%¹



EEV operating profit², by business unit

£m, CER ⁴	HY14	HY13	Change
Total Life	1,997	1,673	19%
Asia	832	715	16%
US	777	654	19%
UK	388	304	28%
AM	231	223	4%
Other	(285)	(245)	(16)%
	1,943	1,651	18%

EEV Life operating profit^{2,3}, £m (CER⁴)



¹ Annualised by multiplying by two.

² EEV results excludes Japan Life classified as held for sale.

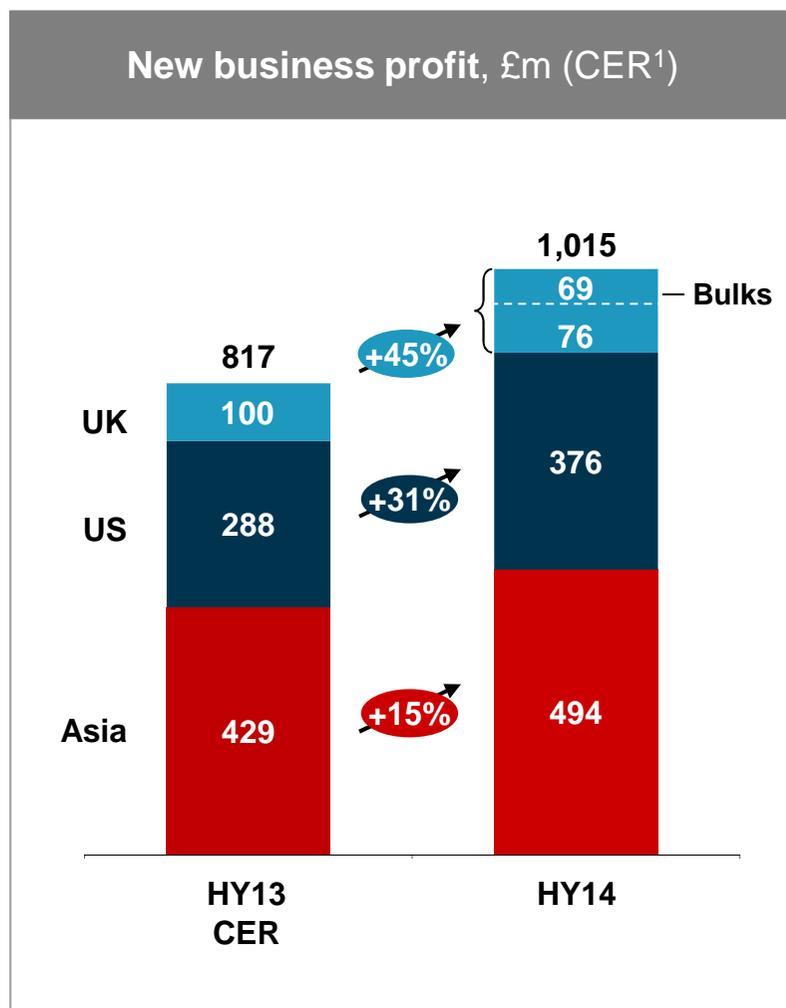
³ Net of Asia development expenses (HY13: £(2)m, HY14: £(1)m).

⁴ HY13 restated on constant exchange rate basis, reducing Asia Life EEV operating profit by £112 million, US Life EEV operating profit by £53 million, Asset management by £5 million, in-force profit by £69 million and new business profit by £96 million.



EEV operating profit

Value creation through increasing NBP – up 24%



Movement in NBP, HY14 vs HY13

Volume	+11%
Bulks	+8%
Mix / pricing / other	+3%
Economic effect (excl FX)	+2%
CER	+24%

IRR and payback periods

	IRR	Payback period
Asia	>20%	3 years
US	>20%	2 years
UK	>20%	5 years

¹ HY13 restated on constant exchange rate basis, reducing Asia new business profit by £73 million and US new business profit by £23 million.

Equity shareholders' funds

Summary of movement



Movement in shareholders' funds

	IFRS Equity			EEV Equity		
	HY14 £bn	% vs HY13	HY14 per share	HY14 £bn	% vs HY13	HY14 per share
After-tax operating profit	1.1	7%	45	1.9	7%	76
Investment variance	0.0		0	0.0		0
Profit for the period	1.1	214%	45	1.9	1%	76
Unrealised gain on AFS¹	0.5		21	0.1		3
Foreign exchange and other²	0.0		(5)	(0.4)		(17)
Dividend	(0.6)		(24)	(0.6)		(24)
Retained earnings	1.0		37	1.0		38
Opening shareholders' equity	9.6		377	24.9		971
Closing shareholders' equity	10.6		414	25.9		1,009
Movement in period	+9%		+9%	+4%		+4%

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

² Includes the effect of domestication of Hong Kong branch on 1 January 2014



Balance sheet

Well capitalised and defensively positioned



Maintained capital strength

- IGD surplus £4.1bn equivalent to a cover of 2.3 times (HY2013: £3.9bn)
- With-profits estate of £7.5bn¹ (1 January 2014: £6.8bn)
- Group leverage of 20%² (HY13: 22%)

Strong liquidity position

- £1.9bn of central cash resources
- £2.4bn of untapped liquidity facilities

Credit position improved

- UK: £1.9bn default provision
- Unrealised gains on US debt securities of £1.8bn (31 December 2013: £0.8bn)
- US impairments in HY2014 of £(8)m (HY2013: £1m)

Continued balance sheet conservatism

- Variable annuity hedging remains robust
- Conservative asset mix with 96% of credit portfolio rated investment grade³

¹ Prudential re-domesticated the Hong Kong branch business of the PAC With-Profits fund, effective of 1 January 2014.

² Calculated as debt net of cash and short-term investments, as a proportion of IFRS shareholders' funds plus net debt.

³ Shareholder-backed business.



Good progress across key financial metrics

- Double digit growth in NBP, IFRS operating profit, free surplus generation and cash
- Broad based performance across geographies

Improving earnings quality

- Increased contribution from insurance income and fee based business
- Continued investment in new business with attractive returns and fast payback

Strong balance sheet position

- Continued balance sheet conservatism
- Robust solvency position

Prudential plc 2014 half year results

Agenda

Business Review

- UK Life

Tidjane Thiam

- Jackie Hunt

Financial Review

Nic Nicandrou

Outlook

Tidjane Thiam



Summary

- Delivering “Growth and Cash”
- Right strategy, right markets, right products
- Disciplined execution
- Well positioned to capture long term profitable growth from Asia

Q&A





2014 Investor Day

**1st to 4th December 2014
Singapore / Jakarta**

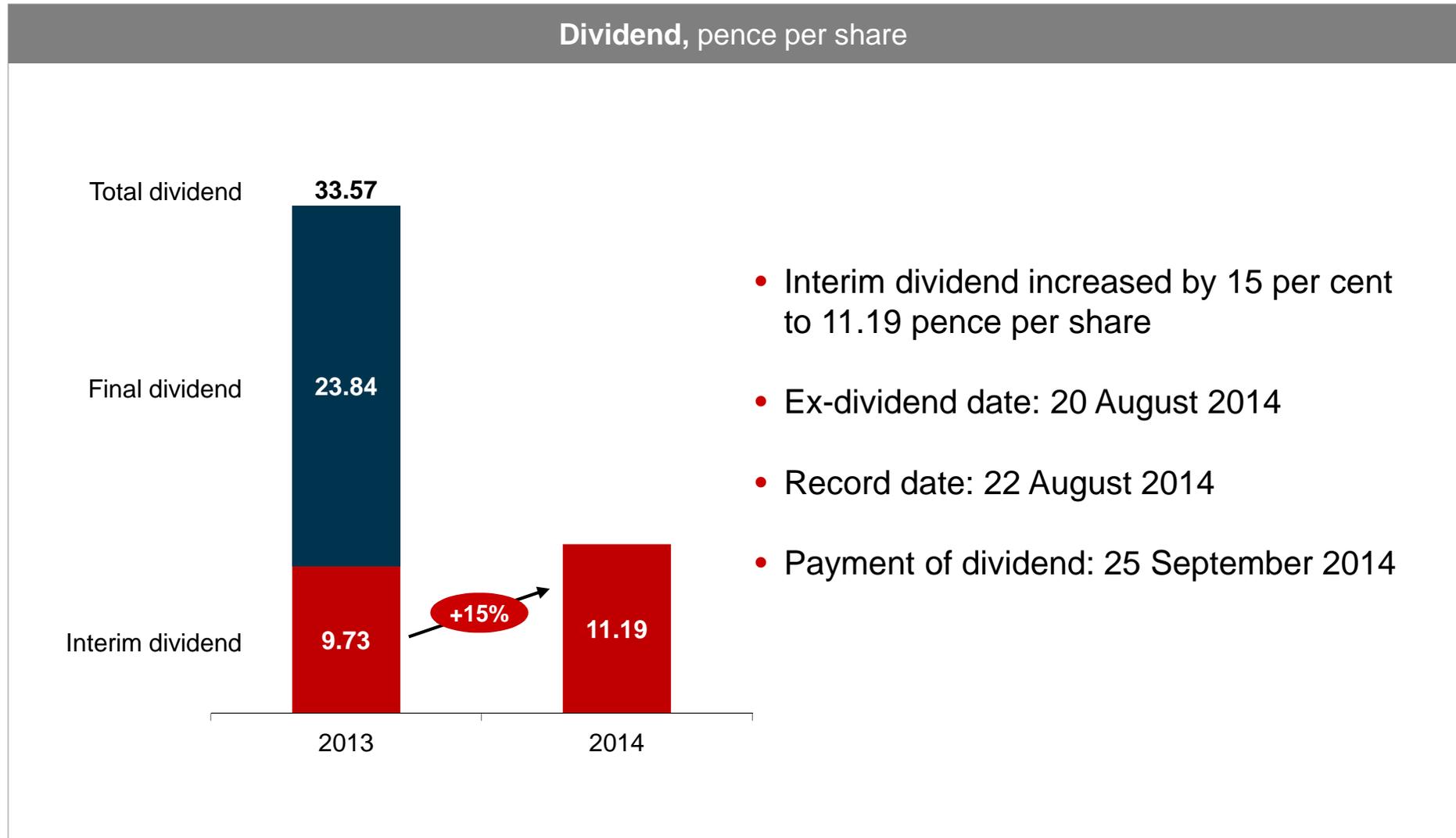
RSVP: Investor.Relations@prudential.co.uk

Appendix



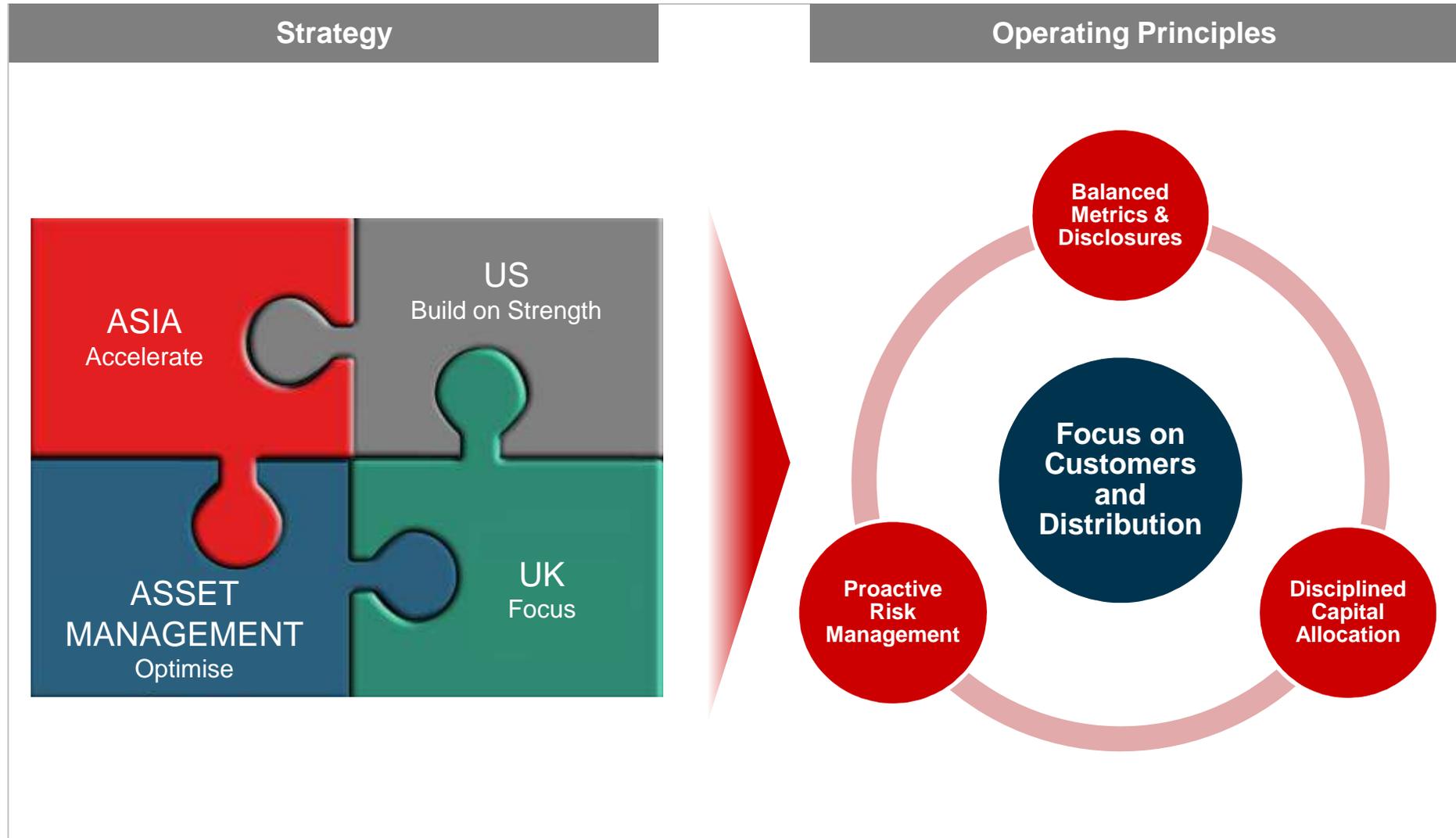
Dividend

2014 Interim dividend increased by 15%



Strategy

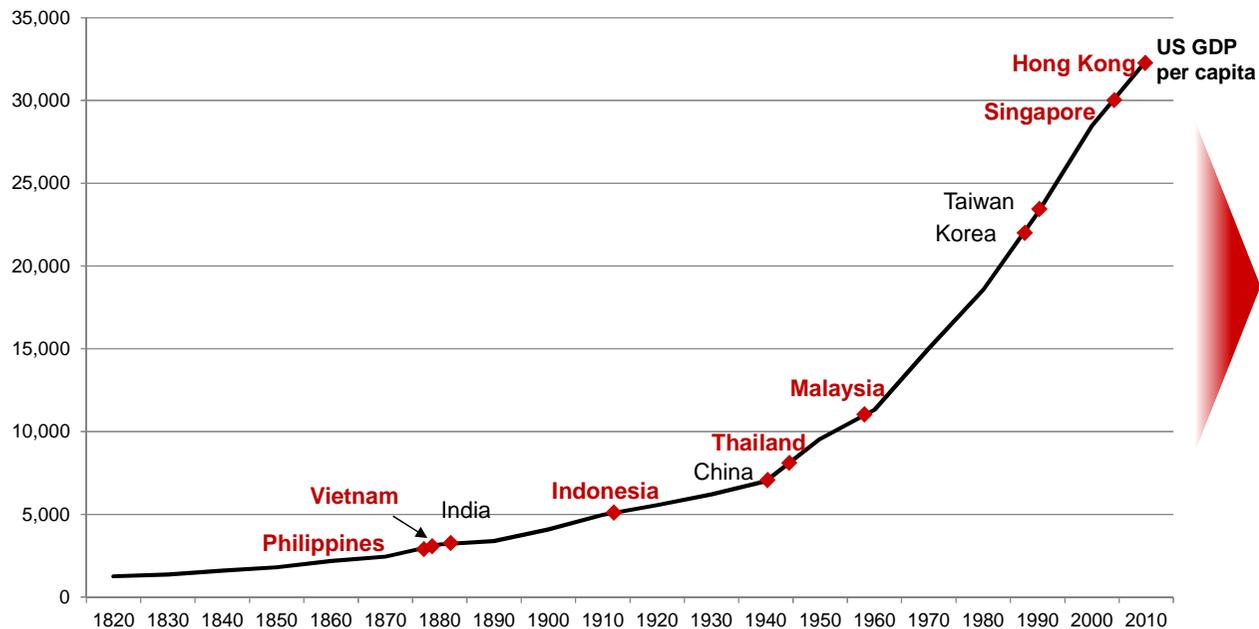
A clear strategy underpinned by clear operating principles



Asia

Long term opportunity

GDP per capita in 2010, against the US GDP per capita, 1990 US\$¹



- Pan Asian leader: #1 by NBP²
- Top 3 in 7 /11 Asian Countries³
- Market leading platform
 - Over 500,000 agents
 - Access to over 15,700 bank branches
- 12.7 million customers⁴

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

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

³ Source: based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Excludes Cambodia and Myanmar.

Market share data as of latest, India and China ranking and market share amongst foreign / JV / private only. Singapore includes onshore only., excluding Eldersfield and DPS Thailand market share is post the acquisition of Thanachart Life. Based on APE where available or local industry standard.

⁴ Customer numbers as of 30/06/2014



Asia

Favourable dynamics

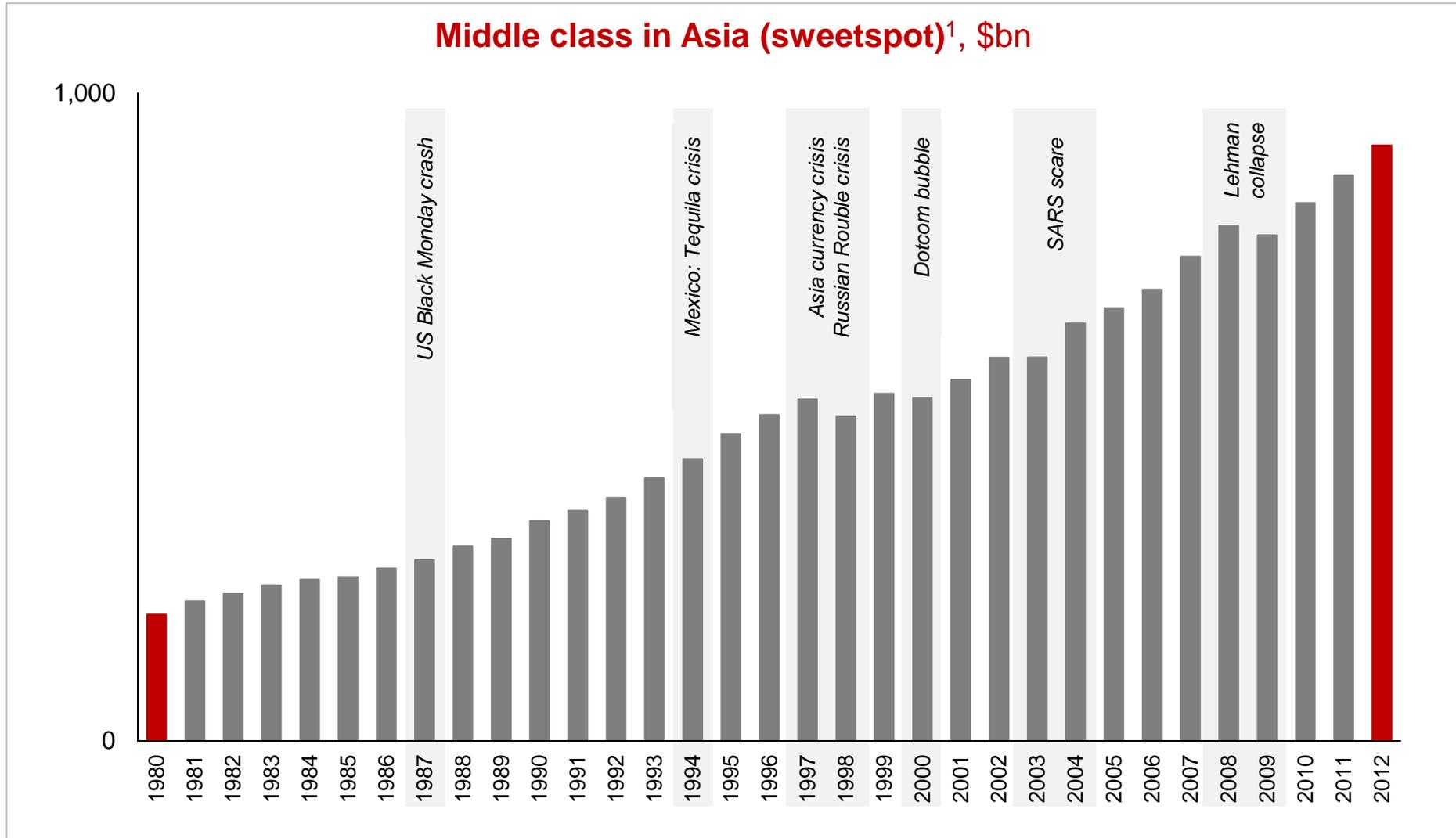
		Prudential customers as a % of total population ²	GDP (\$bn) ²	2015 GDP growth (%) ²
Sweet Spot markets	 Indonesia (1995) ¹	0.9%	917	5.4
	 Philippines (1996)	0.2%	290	6.5
	 Thailand (1995)	0.7%	397	2.5
	 Vietnam (1999)	1.4%	180	5.6
	 Hong Kong (1964)	11.5%	284	3.7
	 Malaysia (1924)	6.1%	329	5.2
	 Singapore (1931)	14.5%	307	3.6
JV's	 India (2000)	0.3%	1,972	5.4
	 China (2000)	0.05%	9,874	7.5
Mature Markets	 Taiwan (1999)	1.0%	505	3.1
	 Korea (2002)	0.6%	1,267	3.7
Nascent Markets	 Cambodia (2013)	-	17	7.2
	 Myanmar (2013)	-	61	7.8

¹ Number in bracket denotes start of operation.

² Source IMF. GDP in \$bn for 2014 (estimated). Penetration rate based on customers at December 2013

Asia

Middle class contribution to GDP

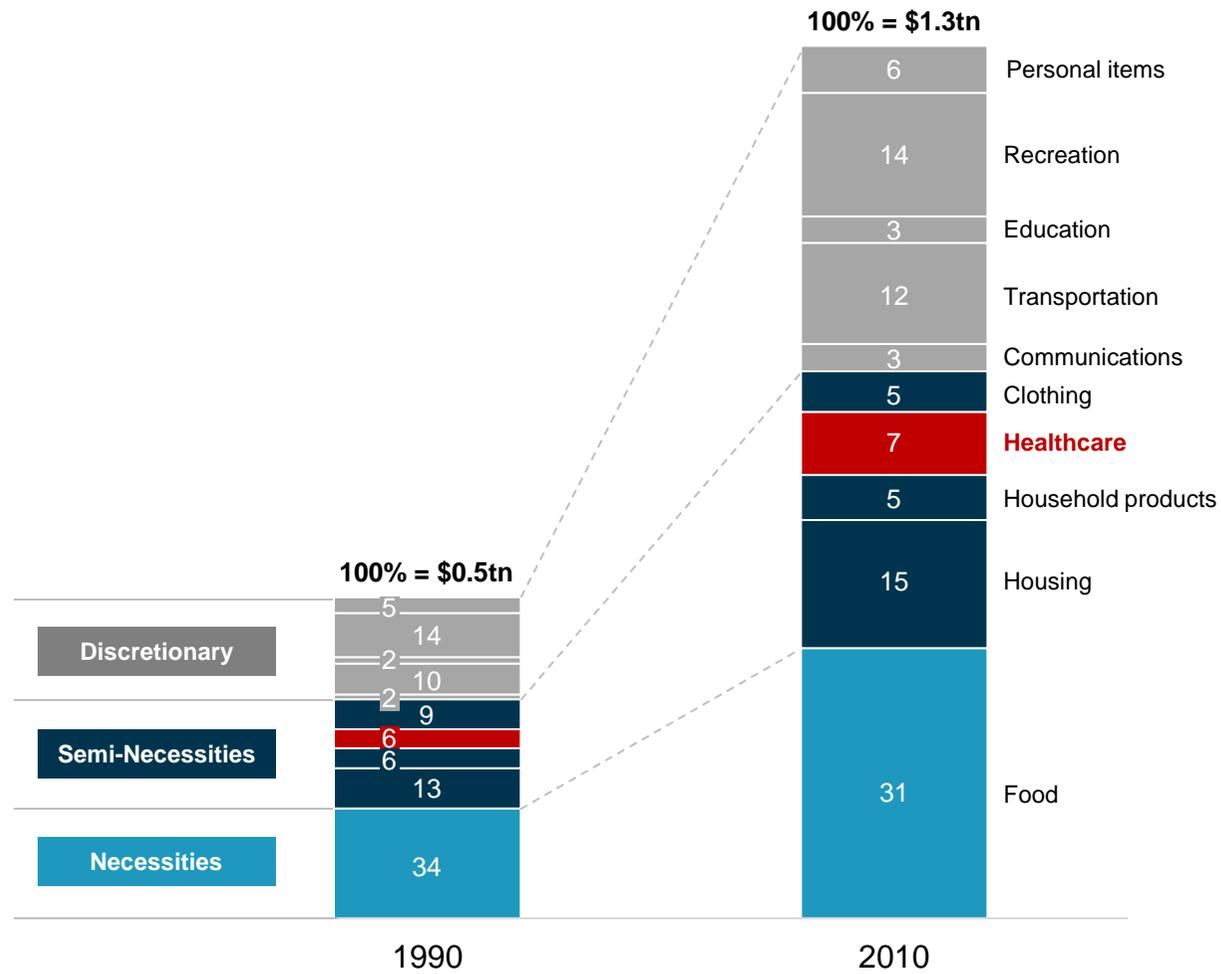


¹ Sweetspot countries include Indonesia, Malaysia, Singapore, Hong Kong, Thailand, Philippines and Vietnam. Household consumption as a component of GDP. Source: World Bank, IMF and Economic Research Division of Federal Reserve Bank of St. Louis. Prudential estimates. Middle Class household consumption arrived at adjusting total household consumption data for income share held by the top 10% and bottom 10% of households.

Asia

Growing demand for healthcare

Household consumption by category¹, %

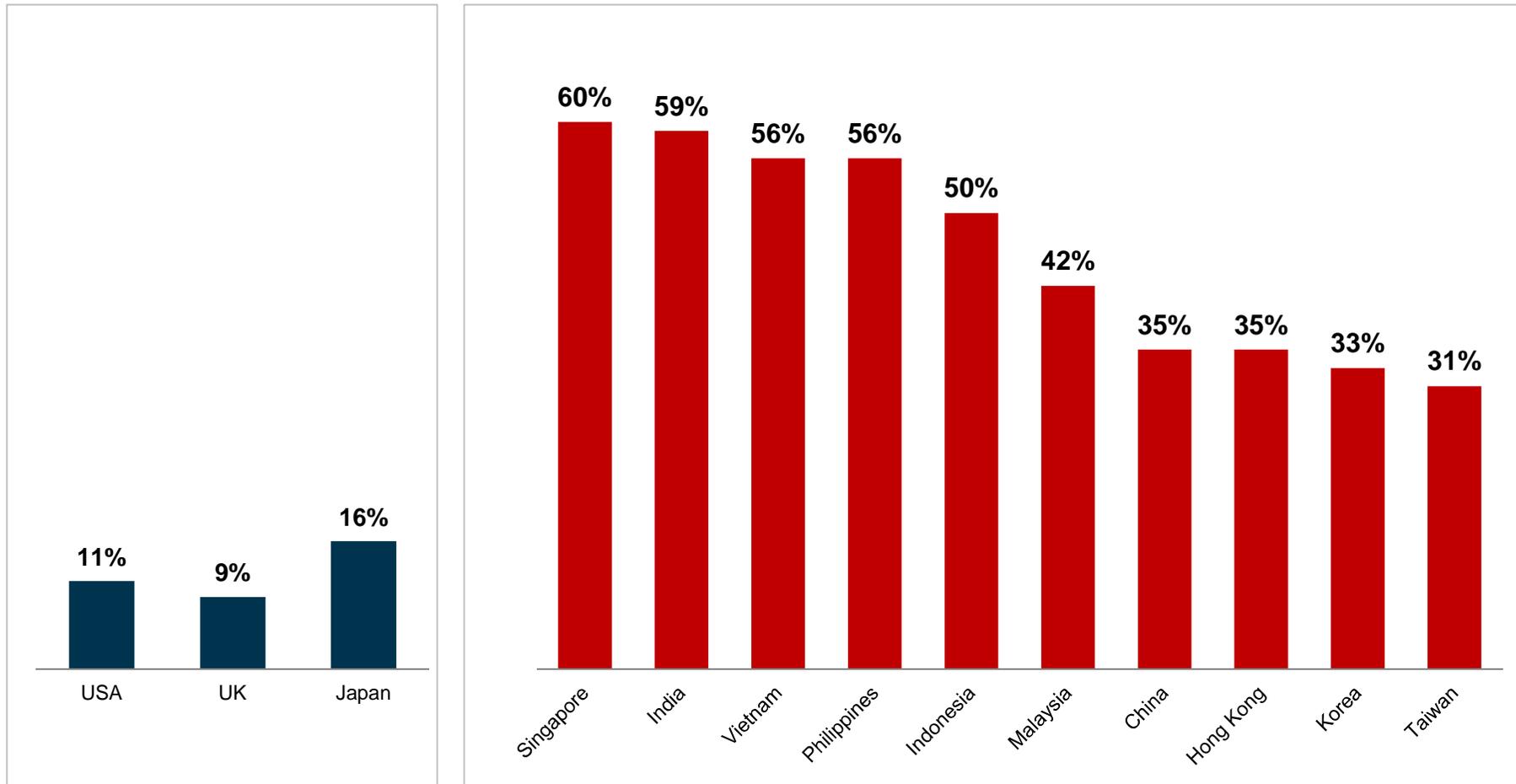


¹ Euromonitor, McKinsey, Prudential estimates.

Asia

Significant protection gap in sweetspot markets

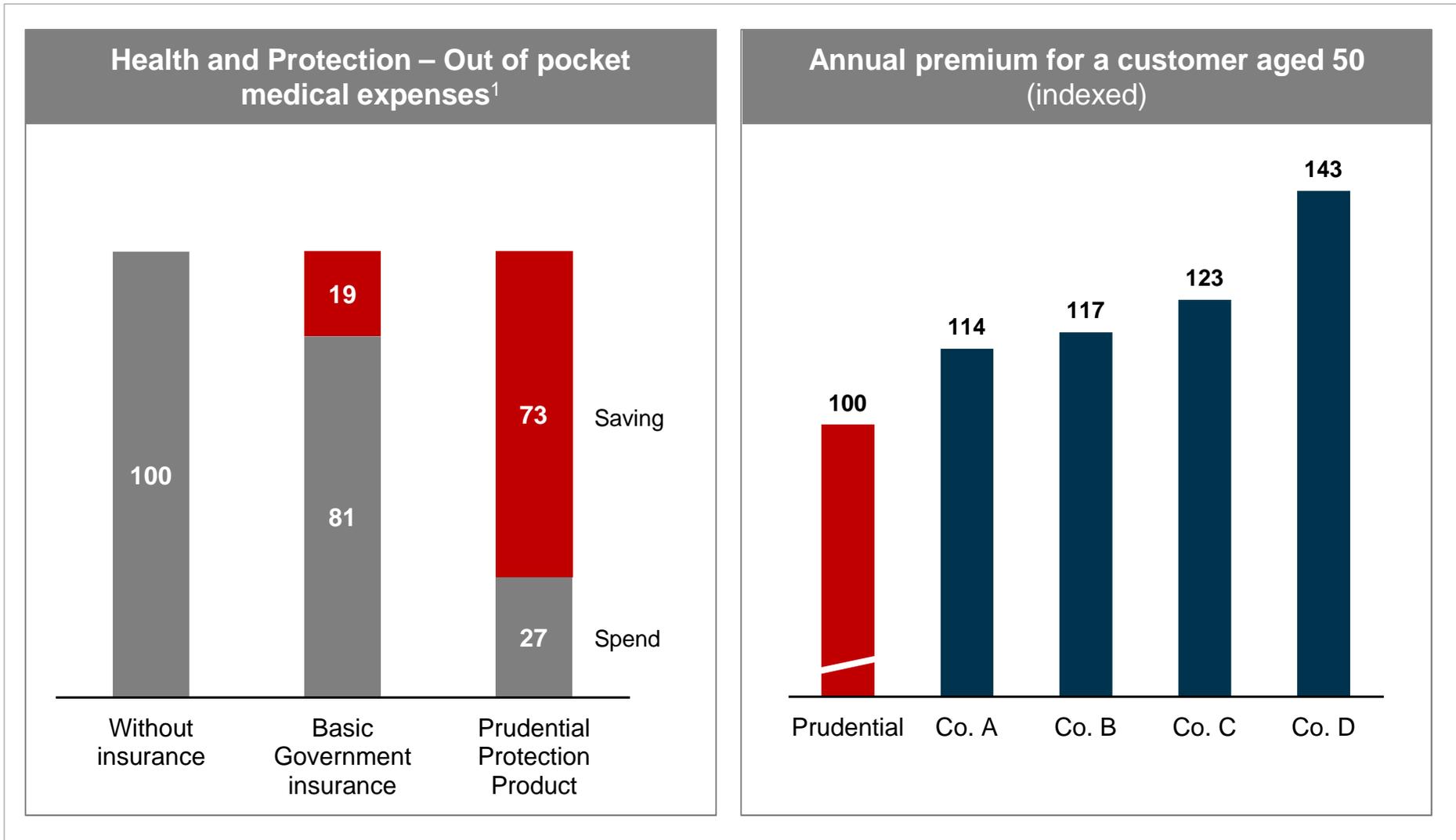
Share of medical expenses paid out-of-pocket¹, %



¹ World Health Organisation – Global Health Expenditure Database (2011). For Hong Kong – Food and Health Bureau, Government of Hong Kong (2010). For Taiwan data is for the year 2006.

Asia Life

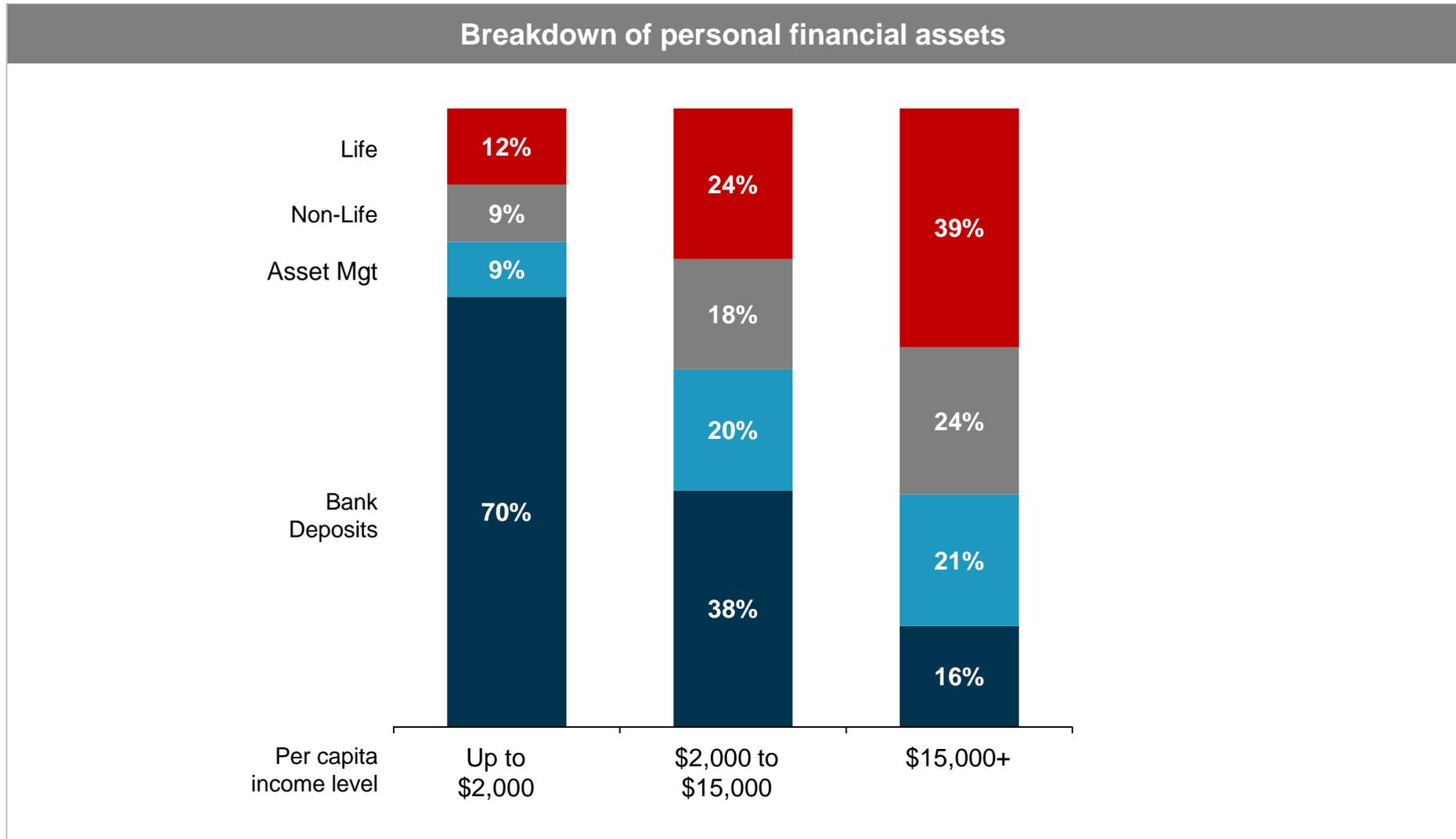
Products meet customer needs and create shareholder value



¹ Expenses for a male aged 50 for heart diseases and heart surgery treatment.

Asia distribution

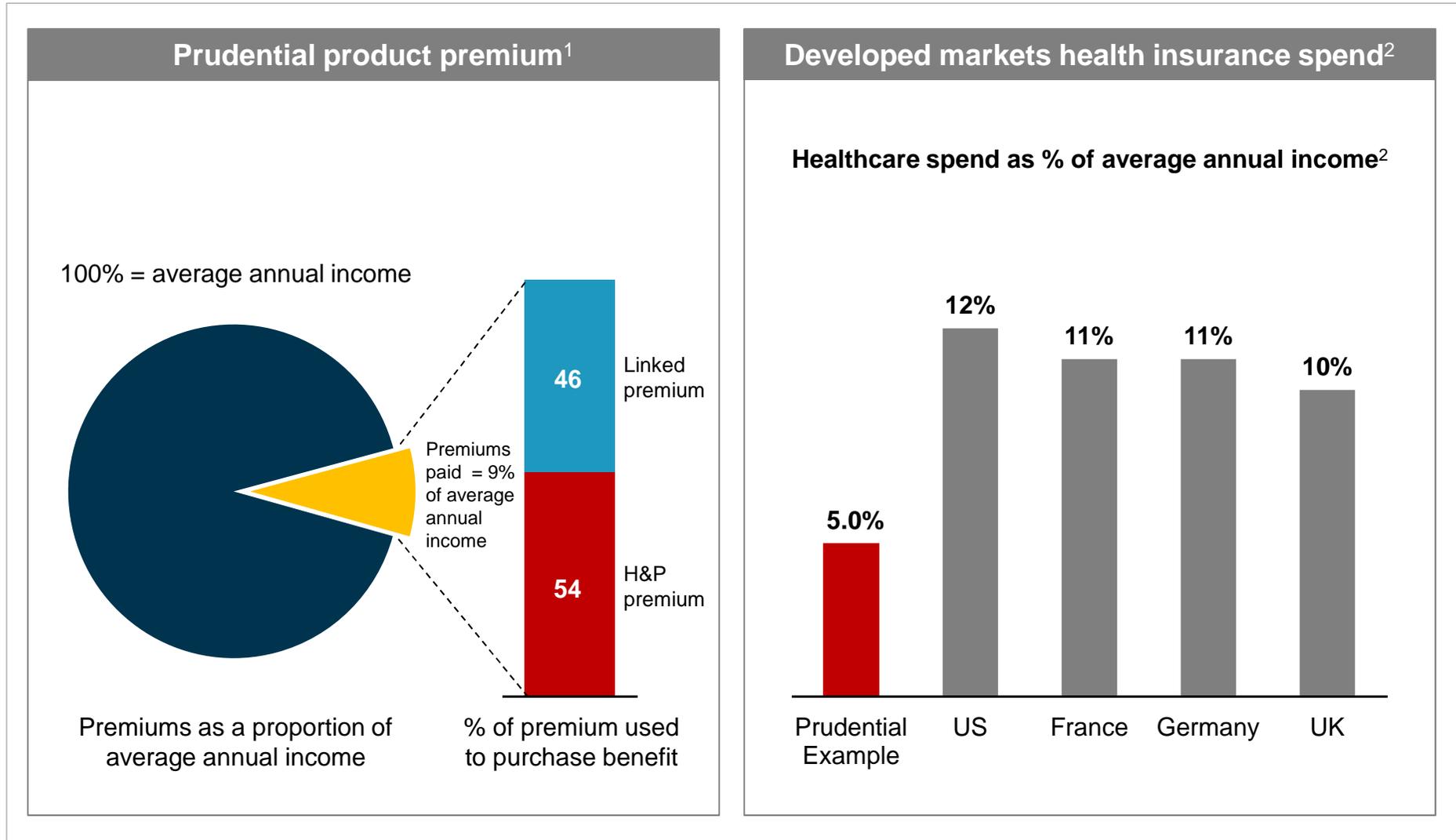
Wealth and financial assets ownership



Source: Oliver Wyman analysis; Prudential analysis.

Asia

Affordable products underpin consumer demand

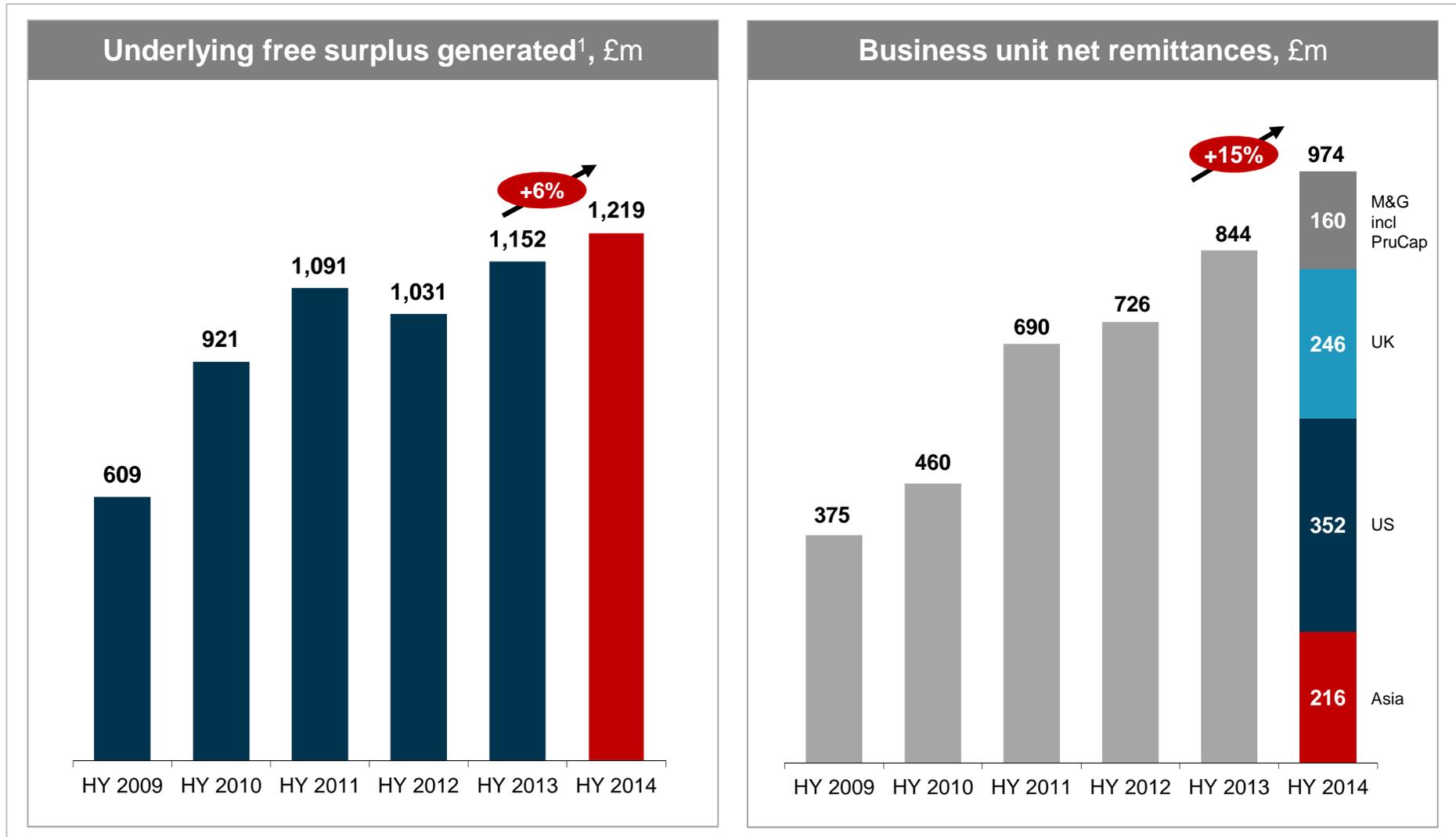


¹ Average Prudential customer spend on insurance products.

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

Delivering cash

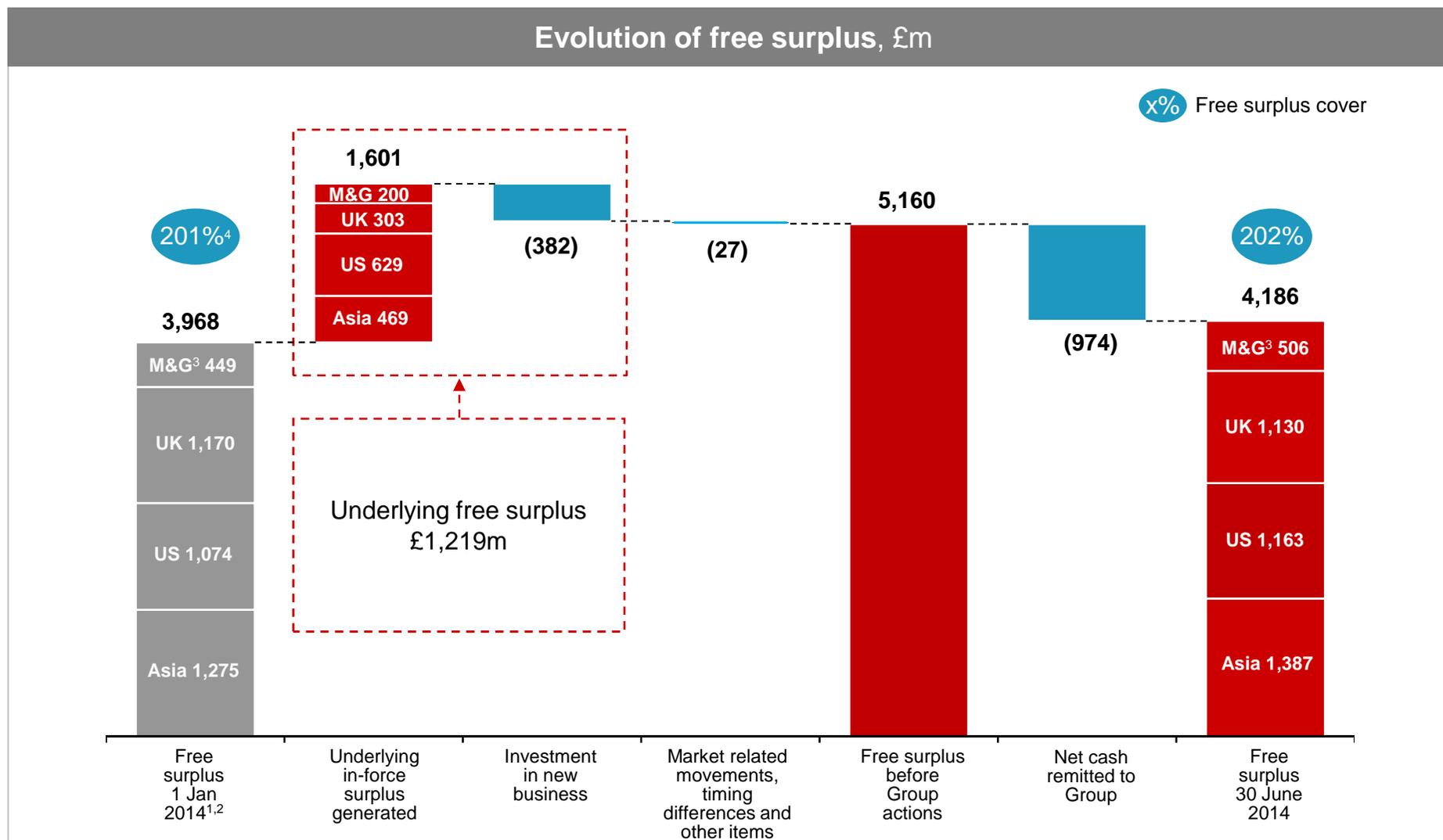
Free surplus and cash remittances



¹ Comparatives adjusted for new and amended accounting standard and excludes Japan Life.

Cash and capital generation

Increasing free surplus stock



1. Asia and US include asset management and UK includes GI commission.

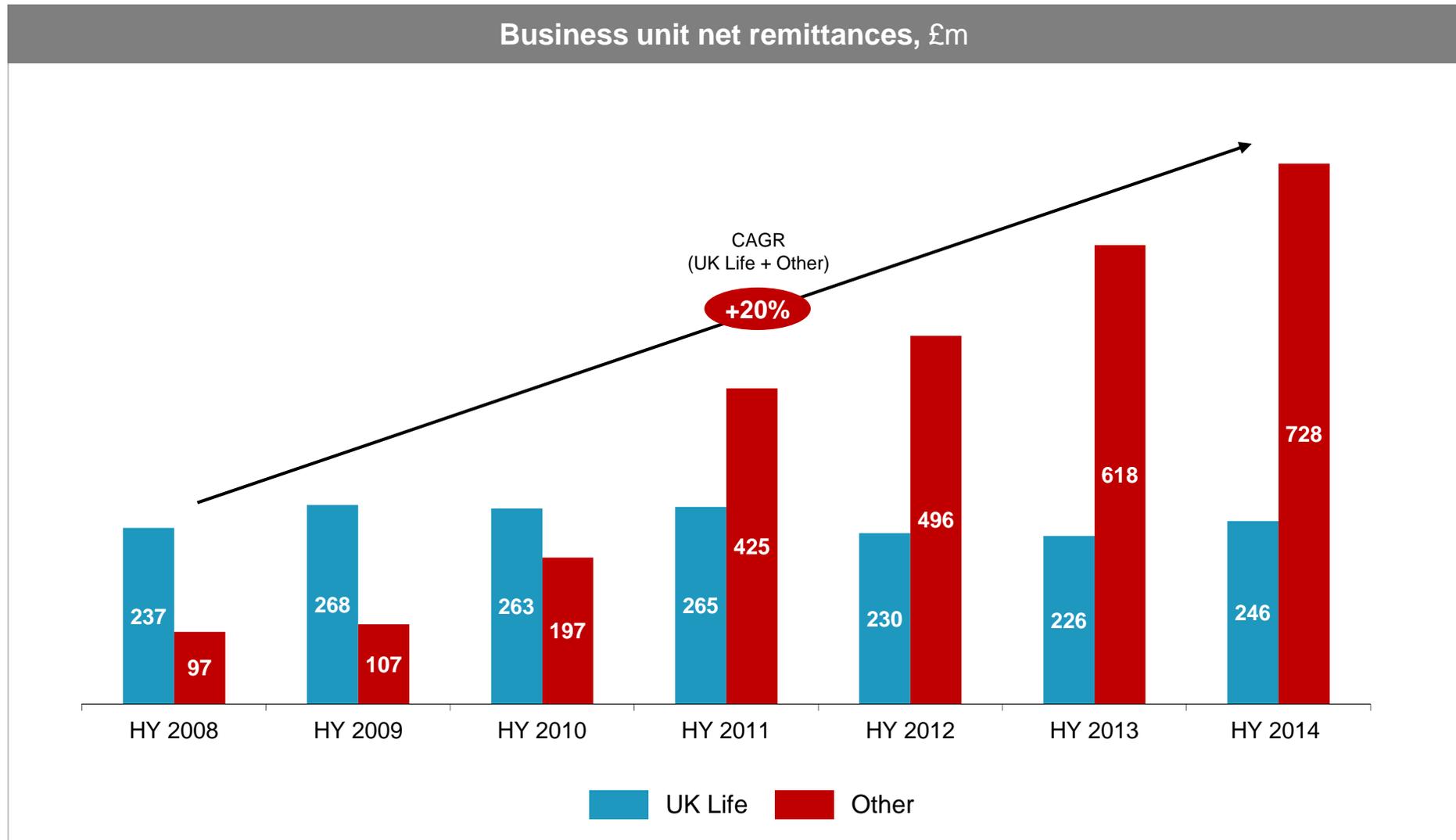
2. Includes £(35) m effect of domestication of Hong Kong branch

3. M&G includes PruCap

4. As at 31 December 2013.



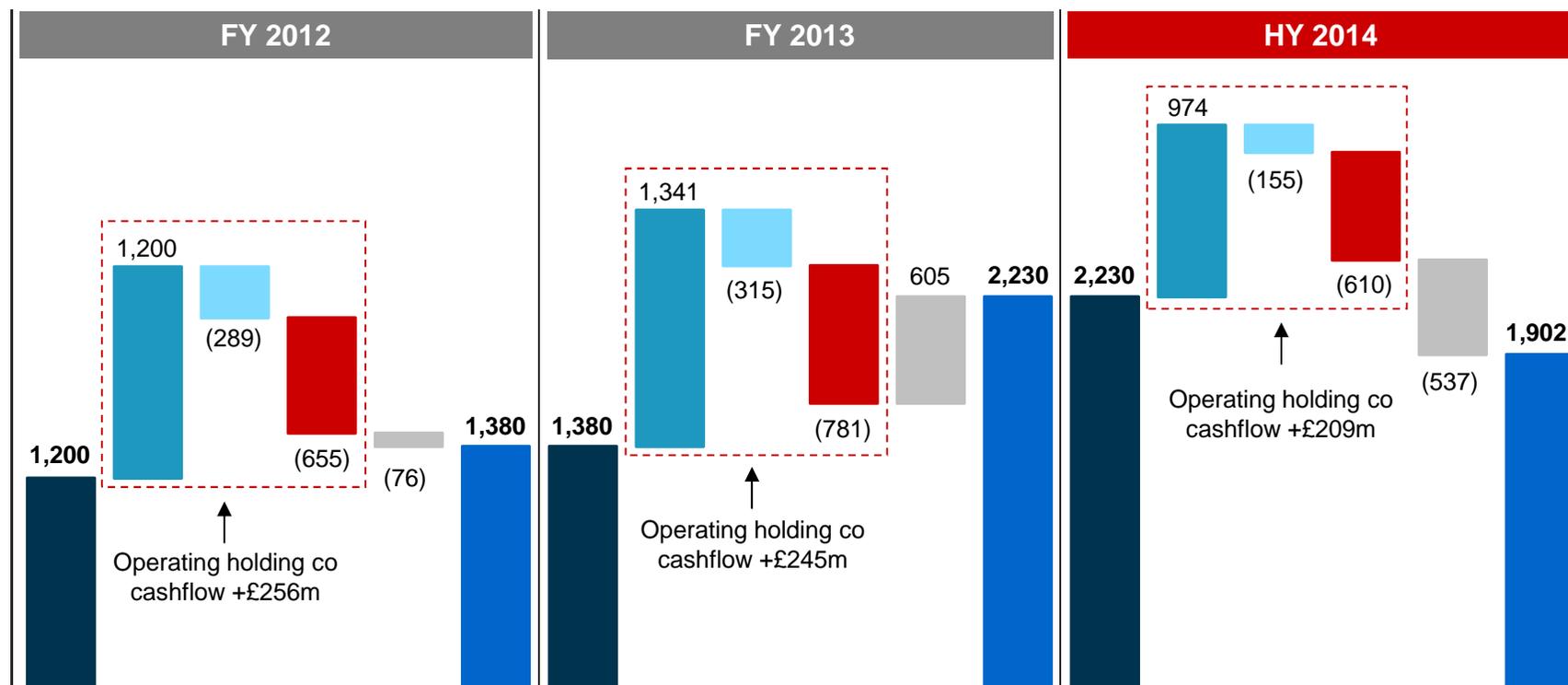
Net cash remittances UK and other



Cash and capital

Central cash resources

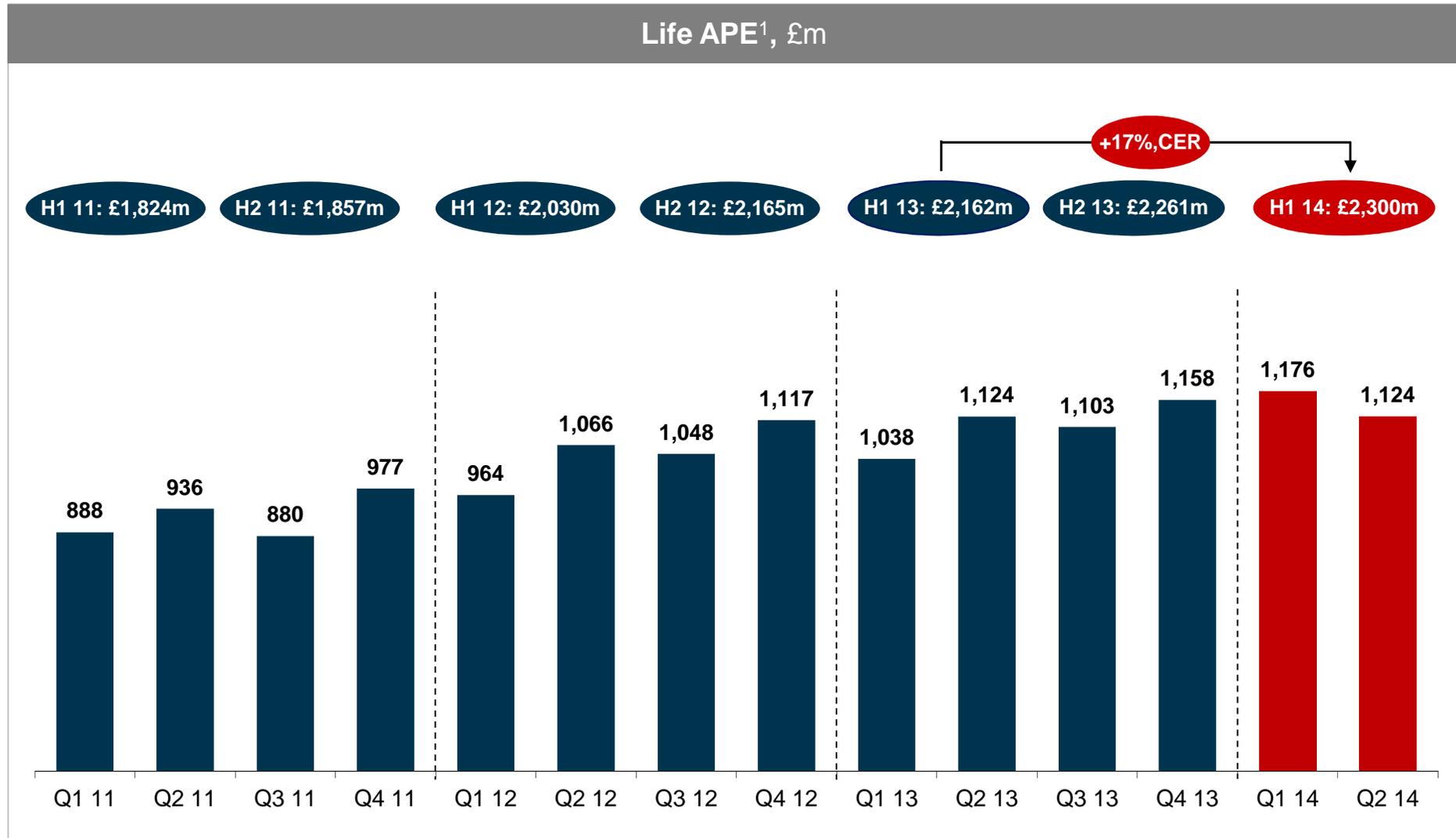
Development of central cash resources, £m



- Opening balance of central cash resources
- Net remittances to Group
- Corporate cash costs, interest and tax received
- Dividend
- Other items
- Closing balance of central cash resources

New business growth

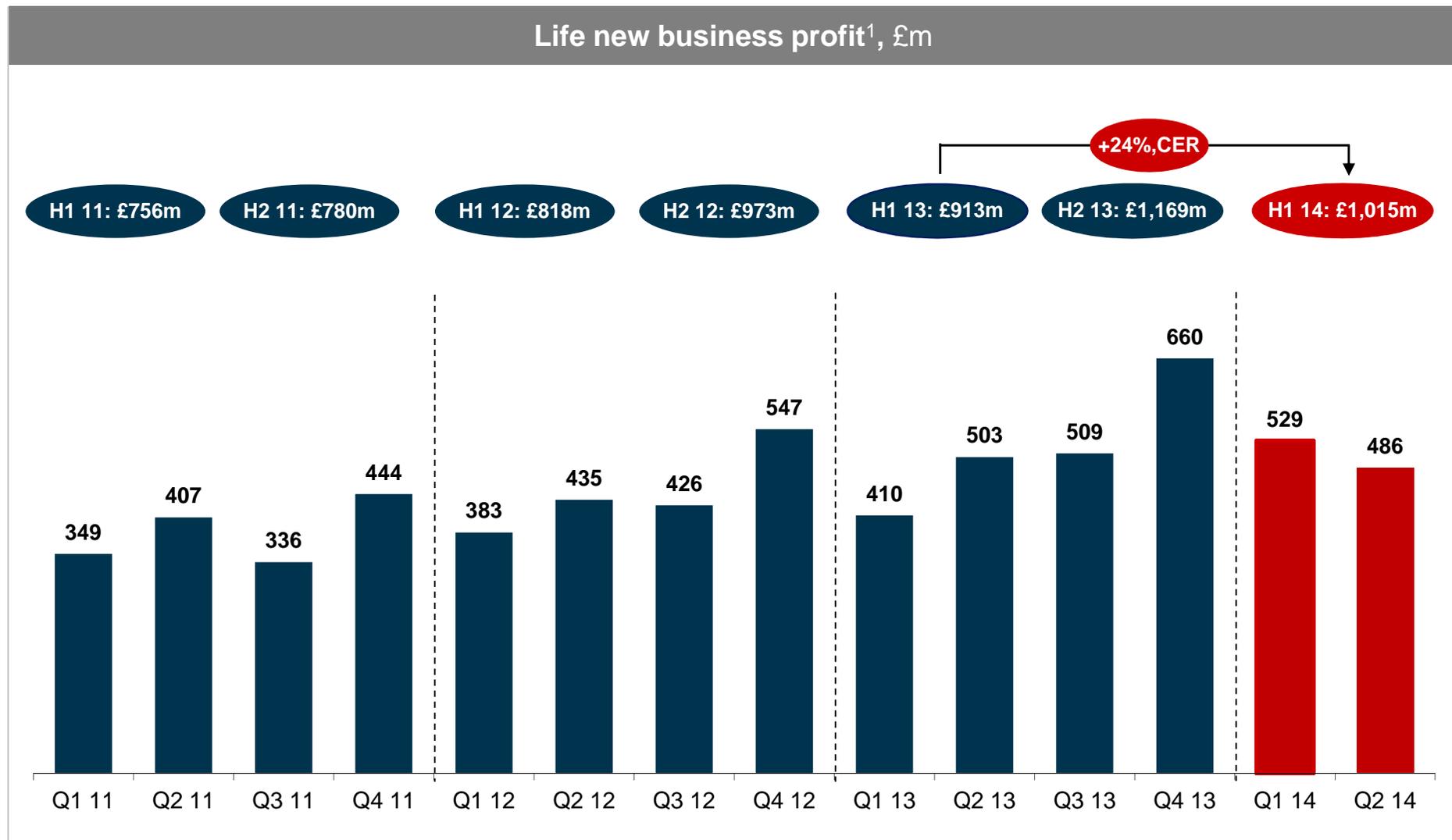
Group life APE



¹ Excluding Japan.

New business growth

Group life new business profit

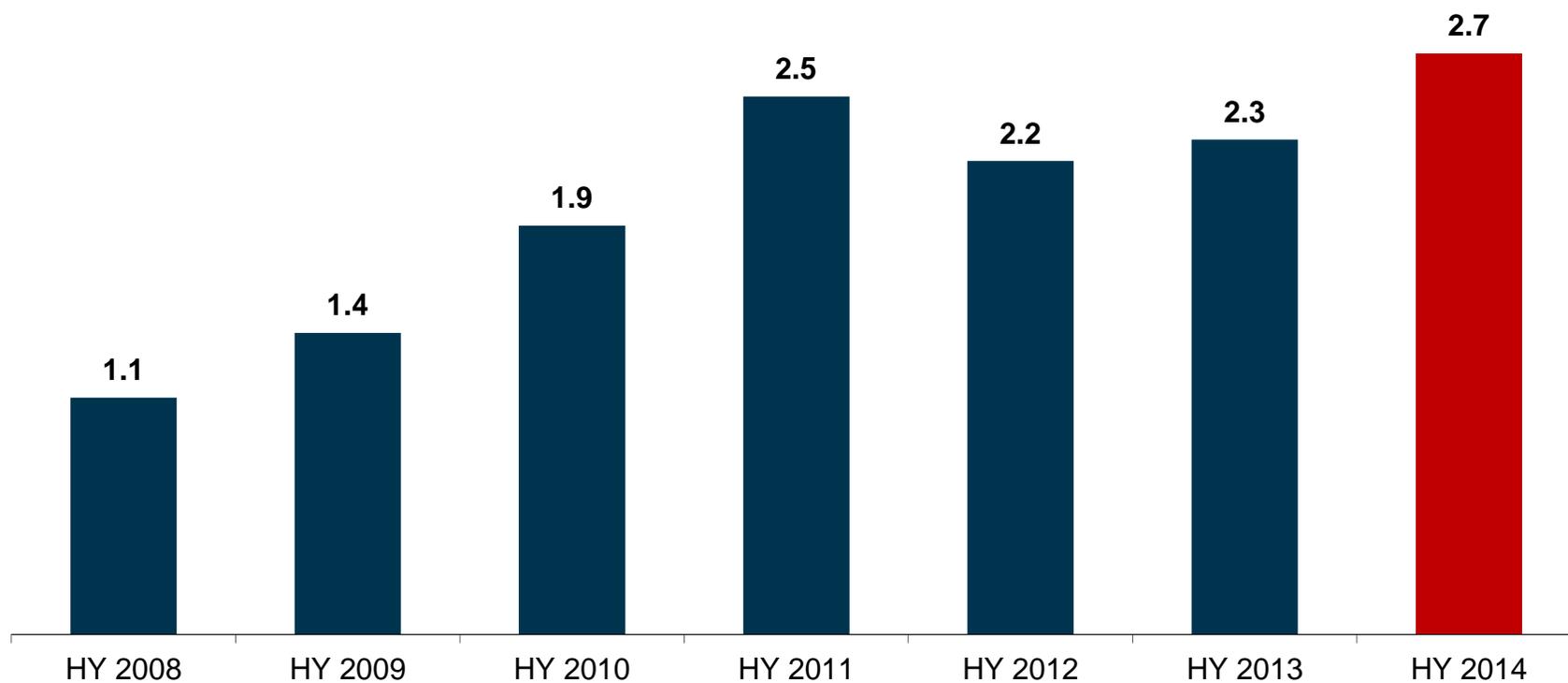


¹ The 2014 EEV results for the Group are presented on a post-tax basis and, accordingly, the prior quarterly results are shown on a comparable basis. Excludes Japan.

New business growth

Group life returns on new business investment

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



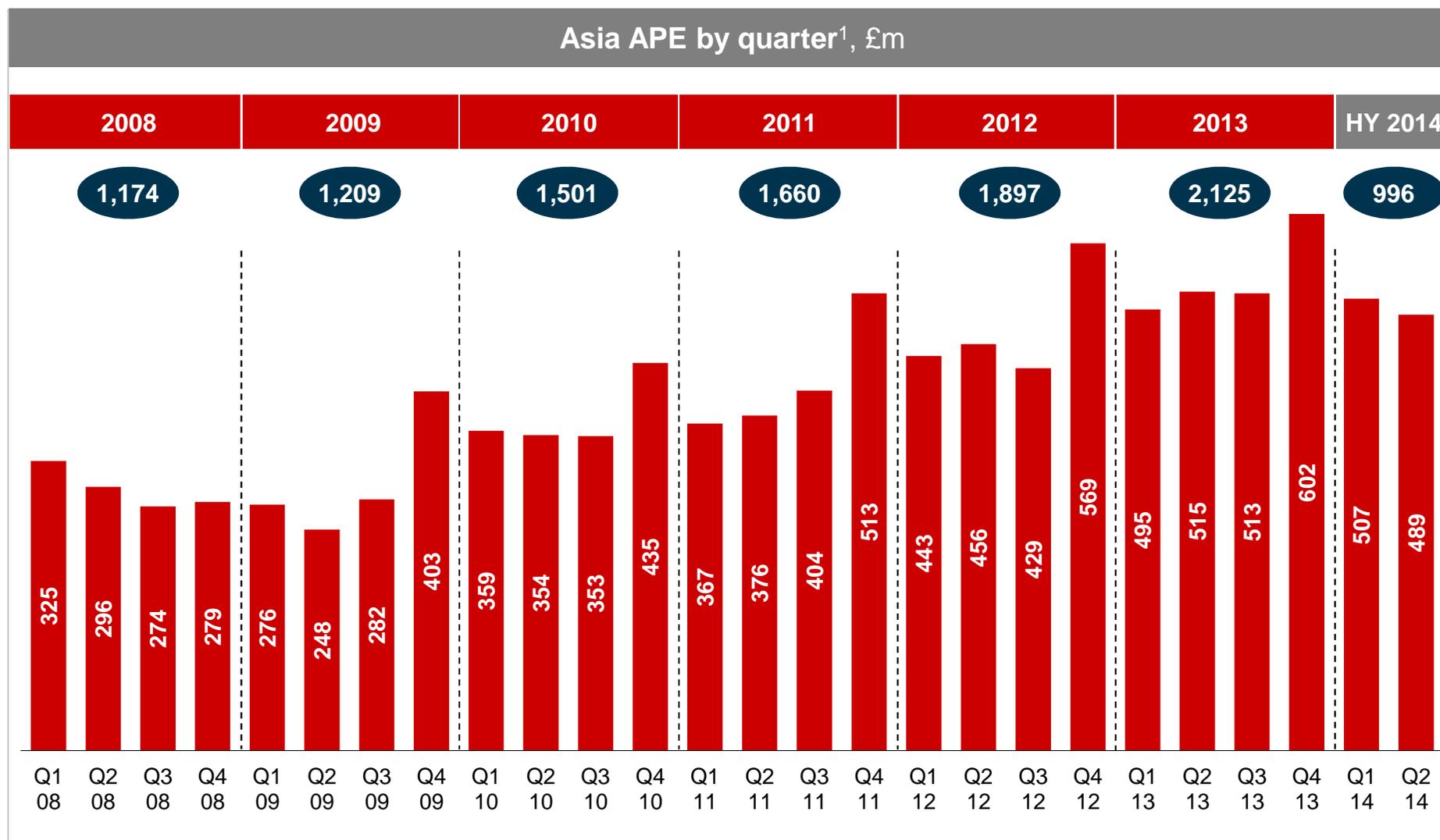
¹ Free surplus invested in new business; excludes Japan.



Asia

New business sales

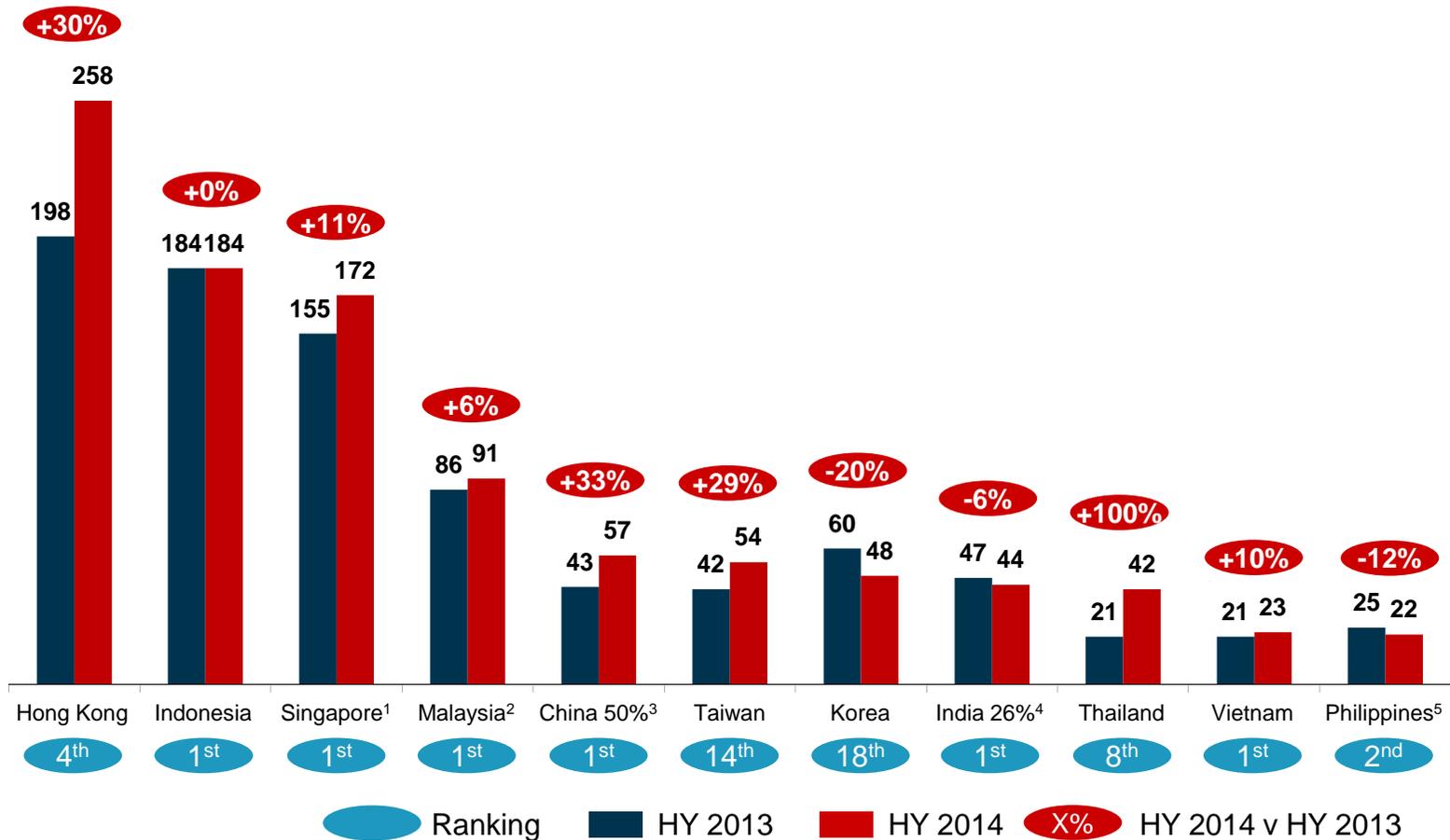
Cash



¹ Excludes Japan and Taiwan agency

Asia Life APE by market

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



1 Singapore includes onshore only, excluding Eldershiel and DPS

2 Includes Takaful sales @100%.

3 Ranking amongst foreign JVs.

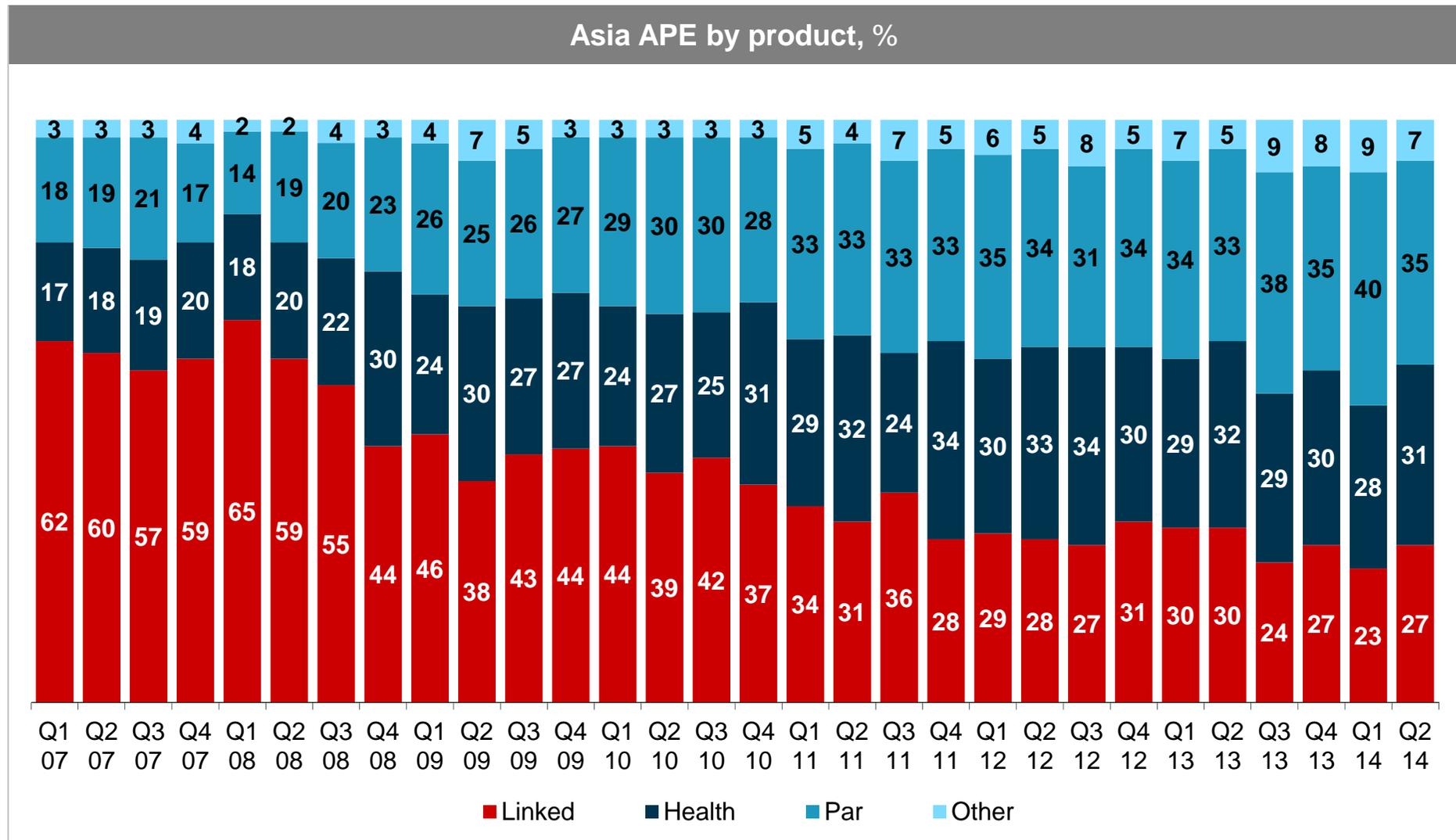
4 Ranking amongst private players.

5 #2 ranking based on most recent industry sharing data.

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

Asia Life

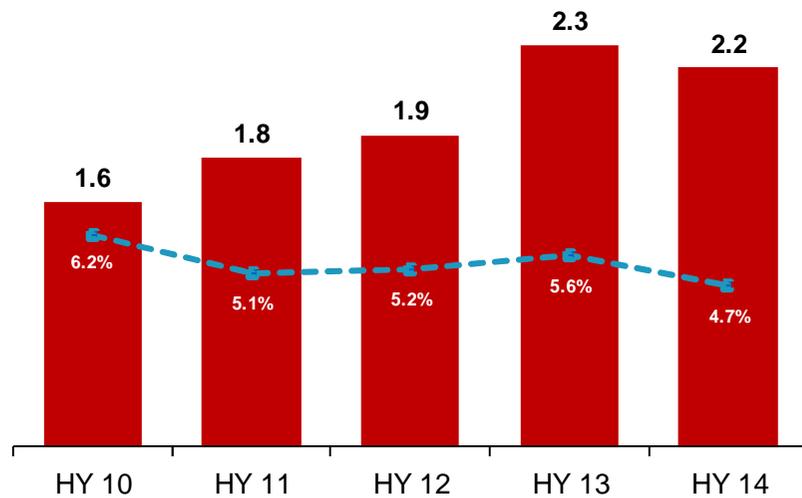
APE sales by product



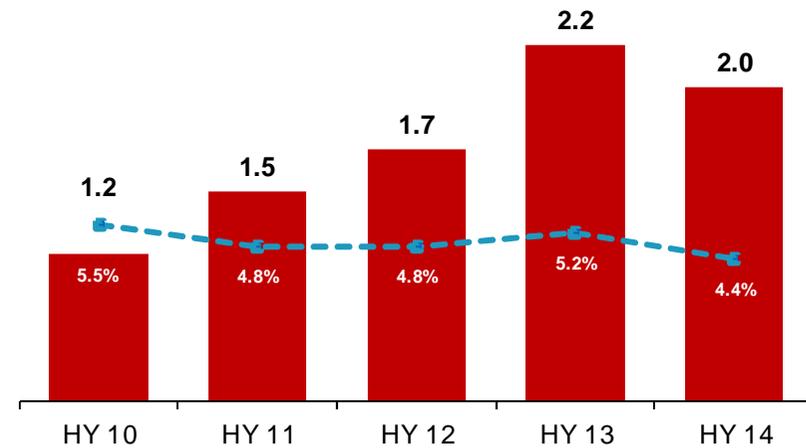
Asia Life

Flows and persistency

Asia Life gross flows^{1,2}, £bn



Asia Life gross flows (ex-India)^{1,2}, £bn



--- Surrenders/withdrawals as % of opening liabilities

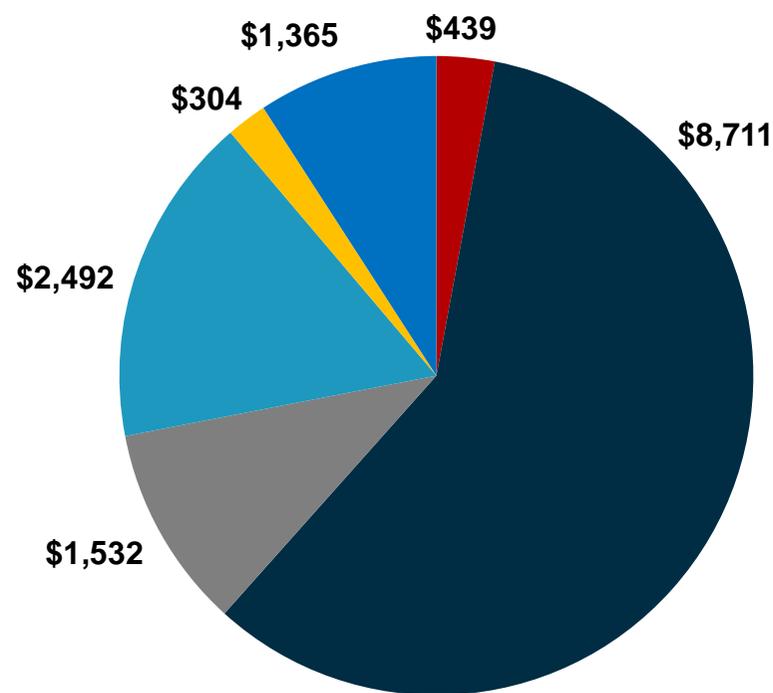
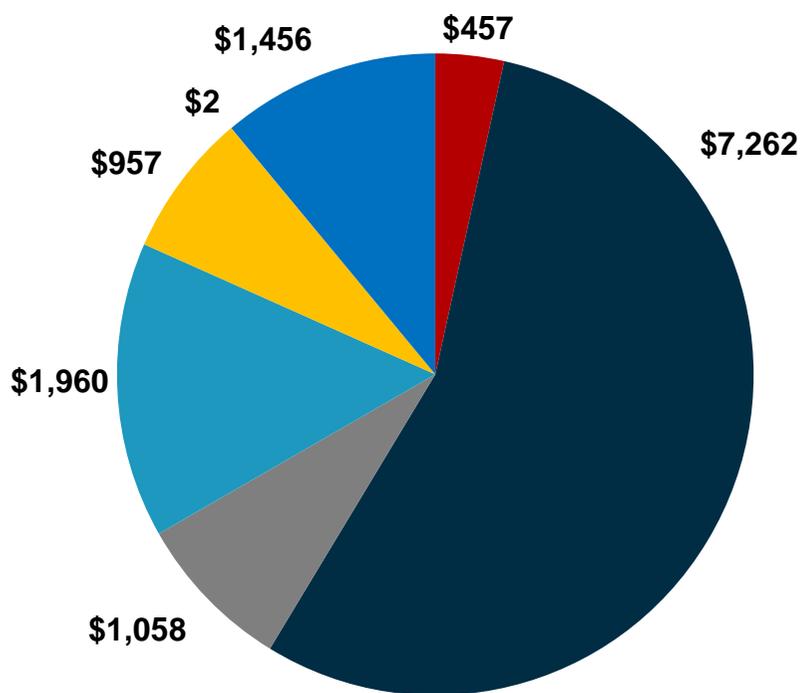
¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins).
² Excludes Japan and Taiwan agency

US retail sales and deposits HY 2014

Retail sales and deposits, \$m

HY 2013 = \$13,152m

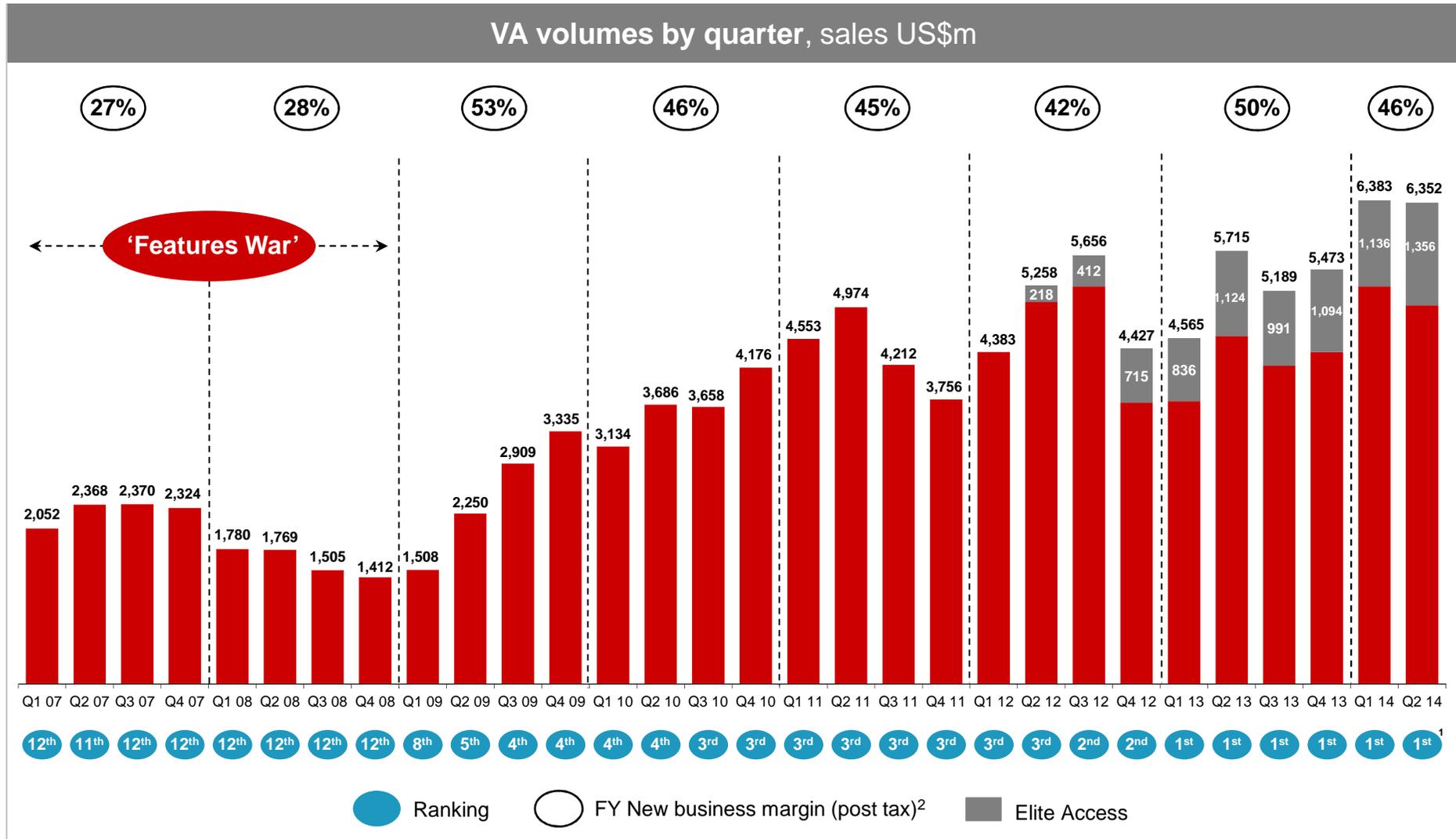
HY 2014 = \$14,843m



- Fixed Annuities
 Variable Annuities – with living benefits
 Variable Annuities – w/o living benefits, non EA
- Elite Access
 Index Annuities
 Life insurance
 Curian



US Life VA volumes



1. Estimated.

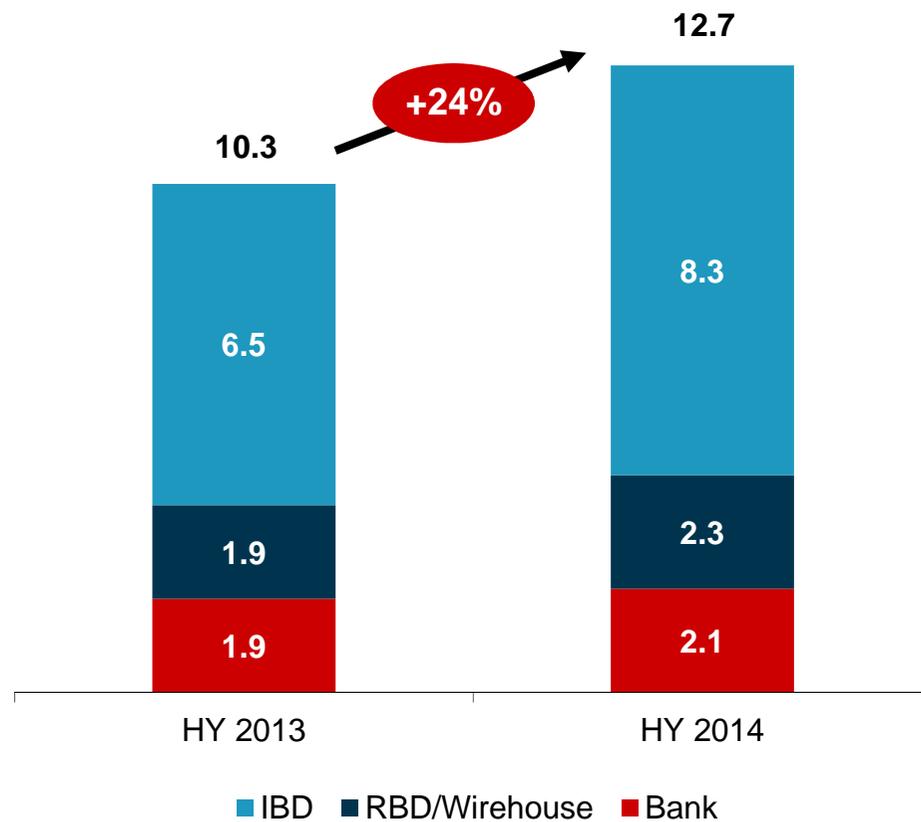
2. Previously disclosed pre-tax margins have been adjusted at a notional tax rate of 35%, and are now presented as post tax.

US Life

Variable annuity distribution

Variable annuity sales by distribution channel, US\$bn

HY 2014 includes \$2.5bn of Elite Access sales (HY 13, \$2.0bn)

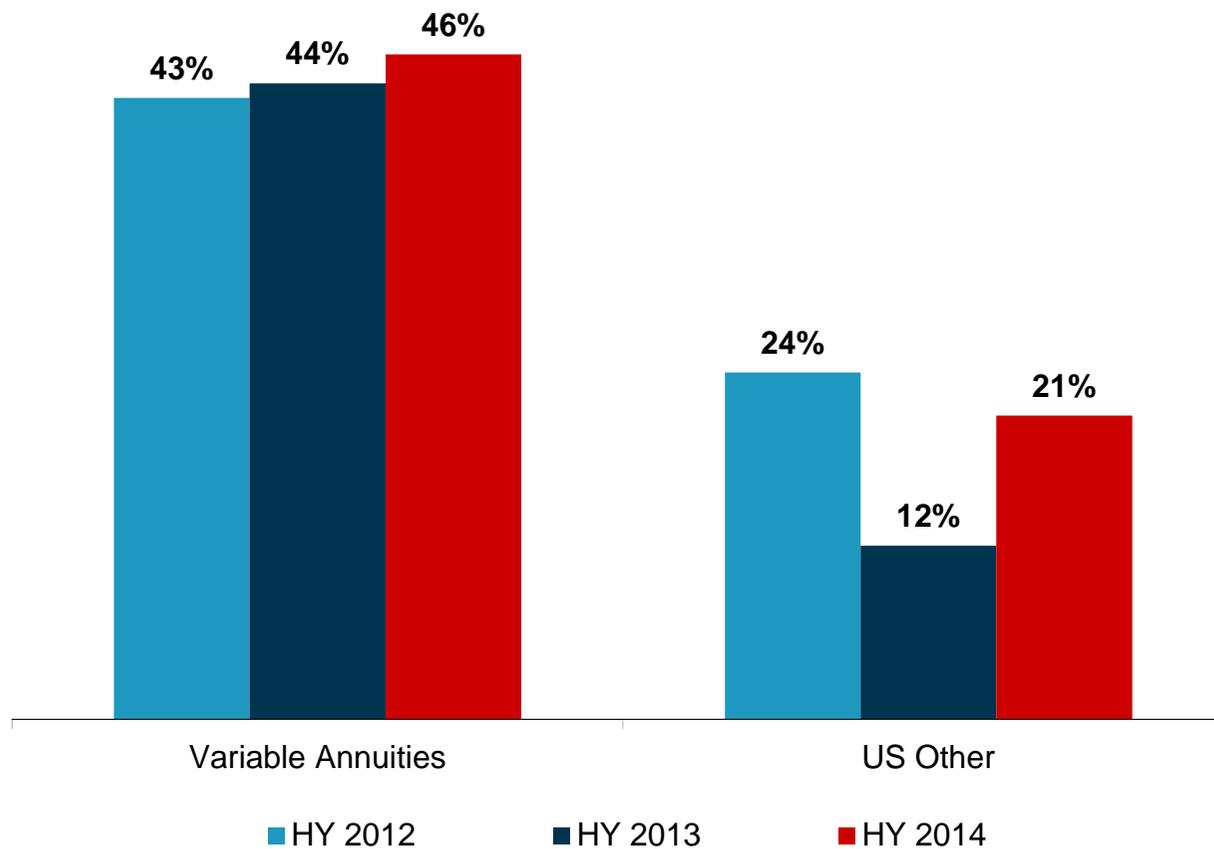


IBD: Independent Broker/Dealer, RBD: Regional Broker Dealer.

US Life

New business margin

New business margin (post tax), % APE



US IFRS profit

DAC impact on results

Impact on results of DAC amortisation, £m

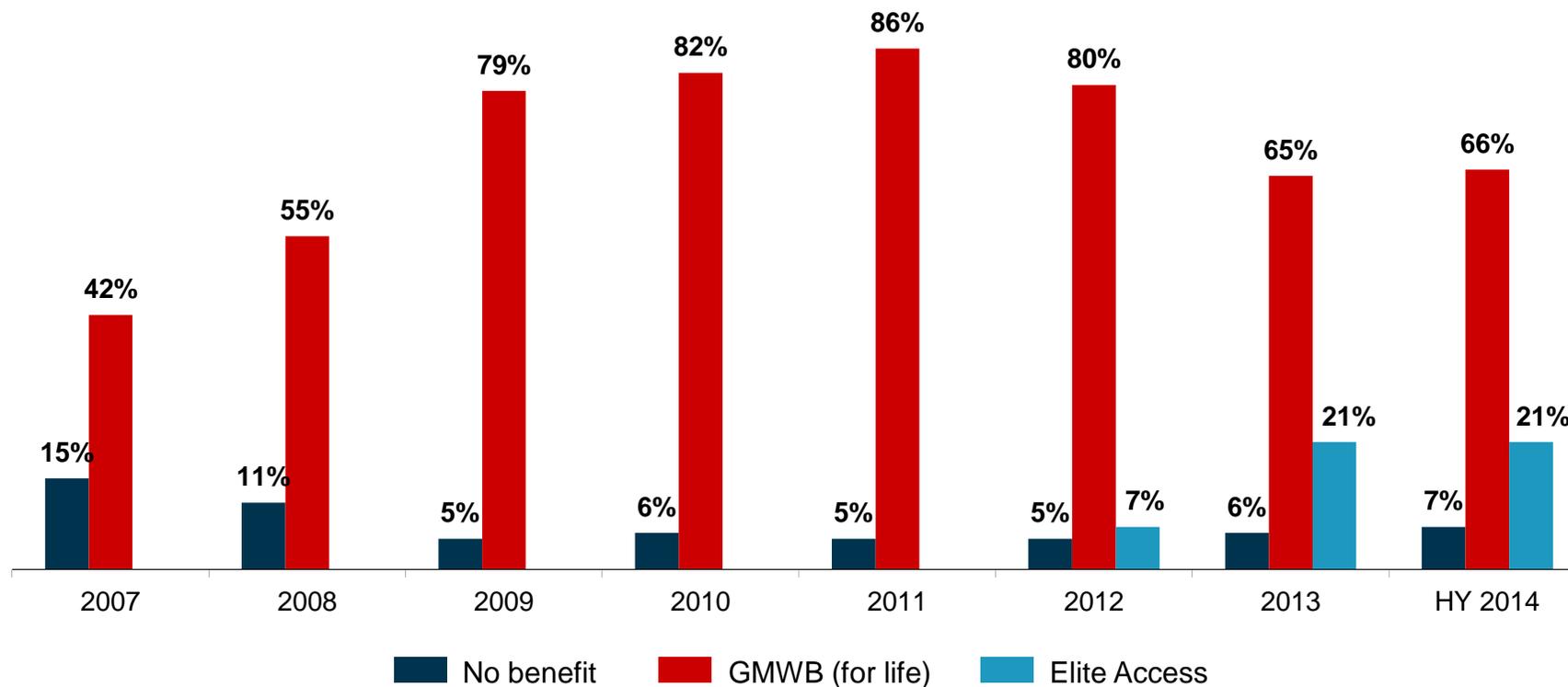
	2013	HY 2013	HY 2014
Gross profits¹	1,716	818	948
New business strain²	(198)	(93)	(103)
DAC Amortisation			
- Core	(485)	(219)	(249)
- (Acceleration) / deceleration	82	20	10
Operating result	1,115	526	606
Core as % of Gross profits	28%	27%	26%

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

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

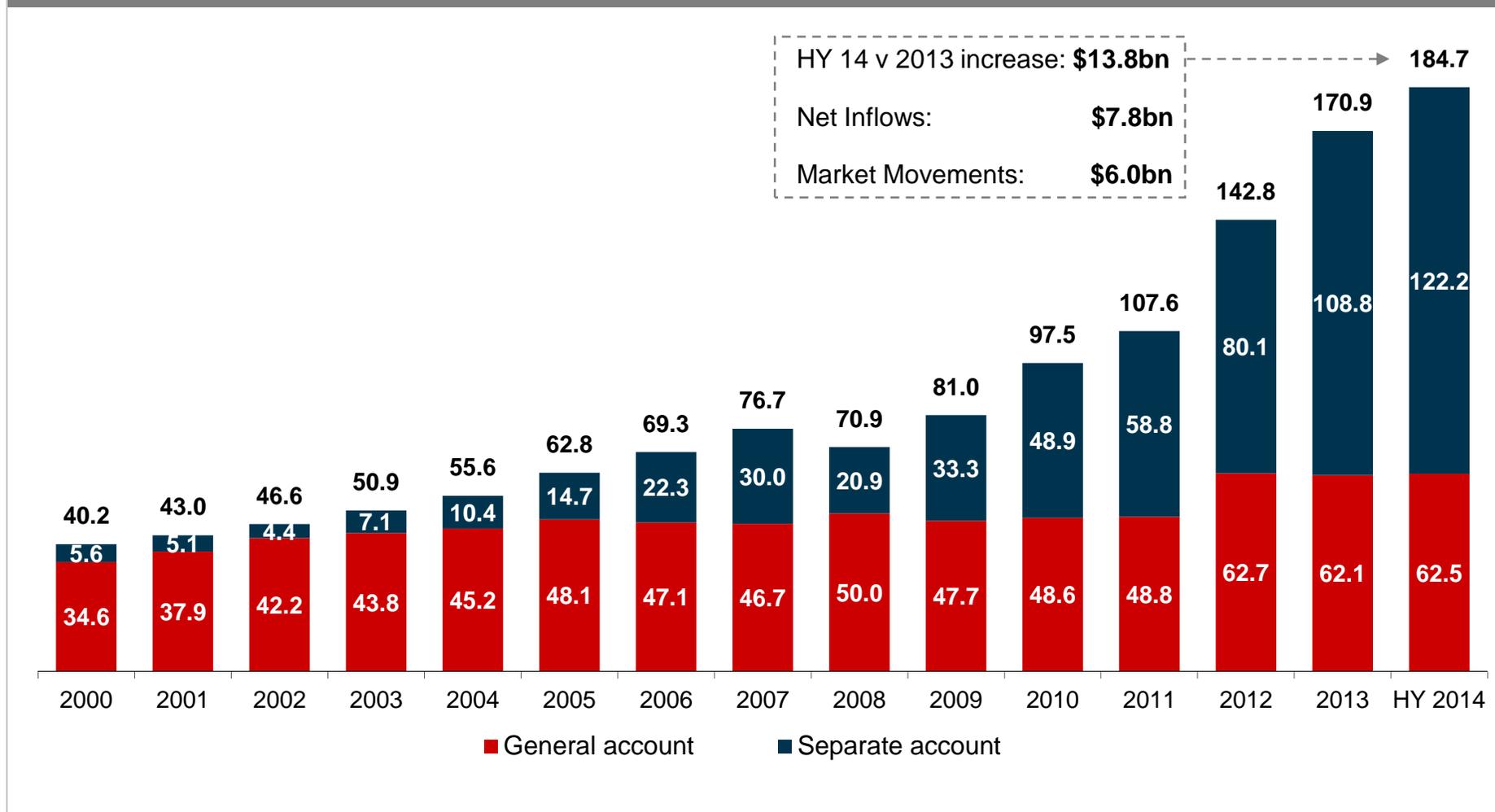
US Life Policyholder behaviour

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



US Life Asset growth

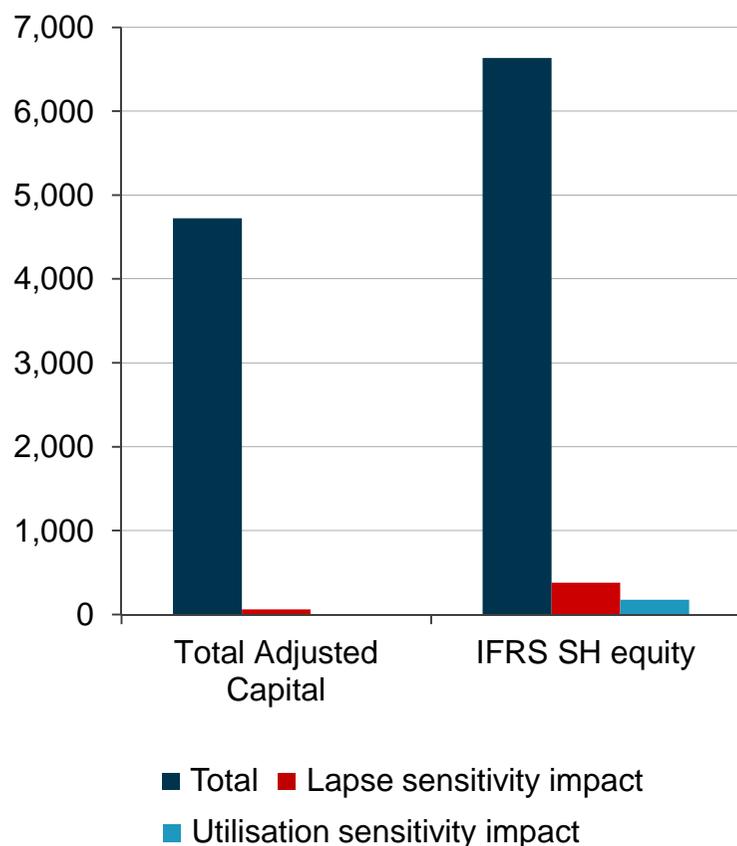
Growth in statutory admitted assets, US\$bn



Resilient balance sheet

GMWB policyholder behaviour sensitivities

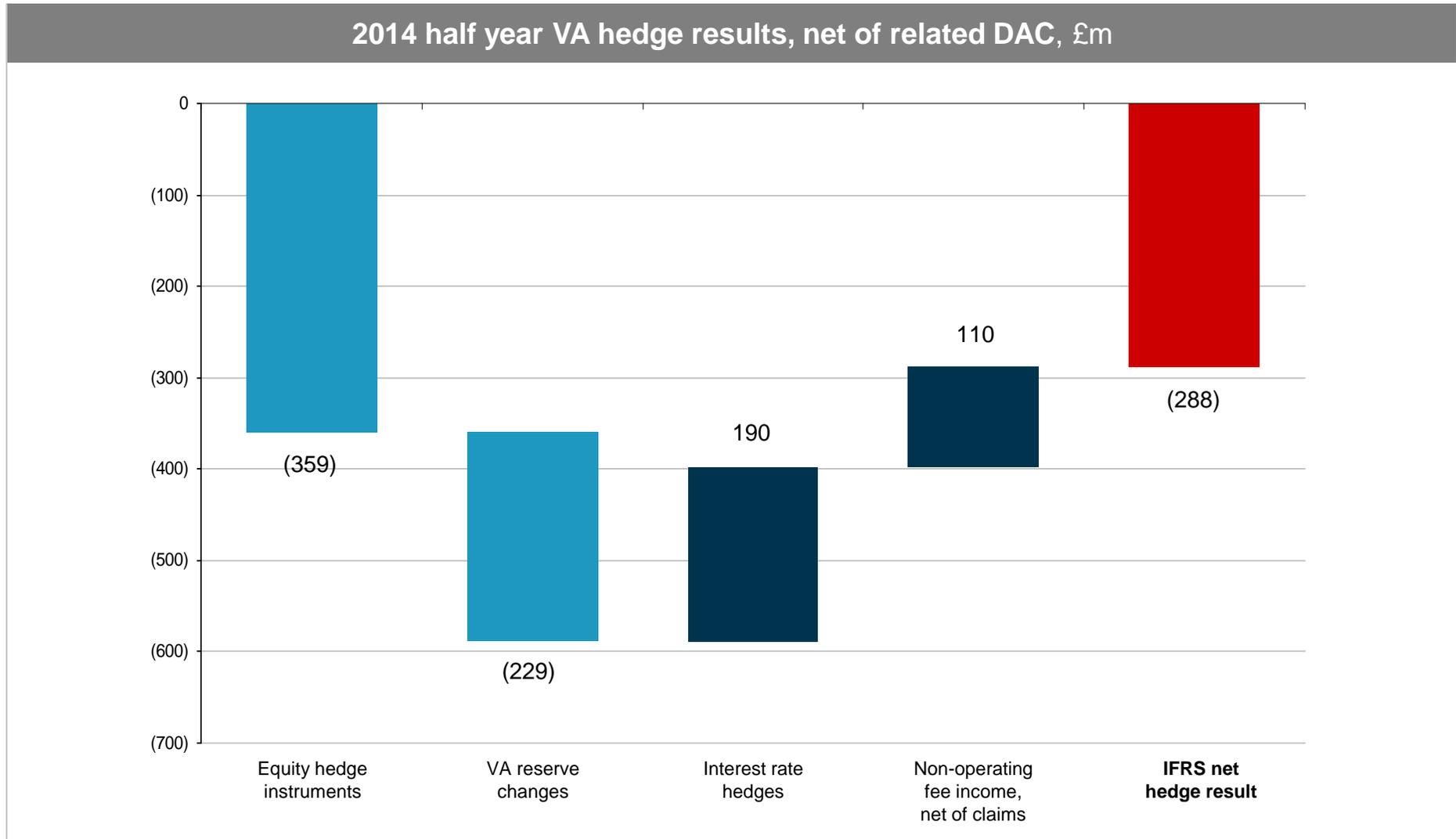
GMWB policyholder behaviour sensitivities, HY 2014 US\$bn



- Policyholder behaviour experience is continuously monitored and a comprehensive study is conducted on an annual basis
- For IFRS and Statutory accounting purposes, assumptions are set at the conservative end of the plausible range (i.e. best estimate with an explicit margin for conservatism). For example,
 - Surrender – GMWB ultimate surrender assumptions at significantly ITM levels are assumed to be 33% of the base surrender assumptions
 - Utilisation – For-Life GMWB utilisation assumptions at attained ages 65+ are 60-80% (with special provisions for benefits with incentives to delay withdrawals)
- To measure the sensitivity to these assumptions, IFRS Equity and Statutory Capital were computed under severe shocks to these already conservative assumptions. The shocks were as follows:
 - Surrender – surrender rates for ITM policies were reduced to half the assumed levels. For example, ultimate surrender rates on significantly ITM policies were reduced from 33% to 17% of the base surrender level, resulting in ultimate surrender rates of less than 2% for most plan types
 - Utilisation – utilisation rates beyond the bonus period, if applicable, were increased by an absolute 10%. For example, utilisation rates of 60-80% on For-Life contracts at attained ages 60+ were increased to 70%-90%

Hedging result

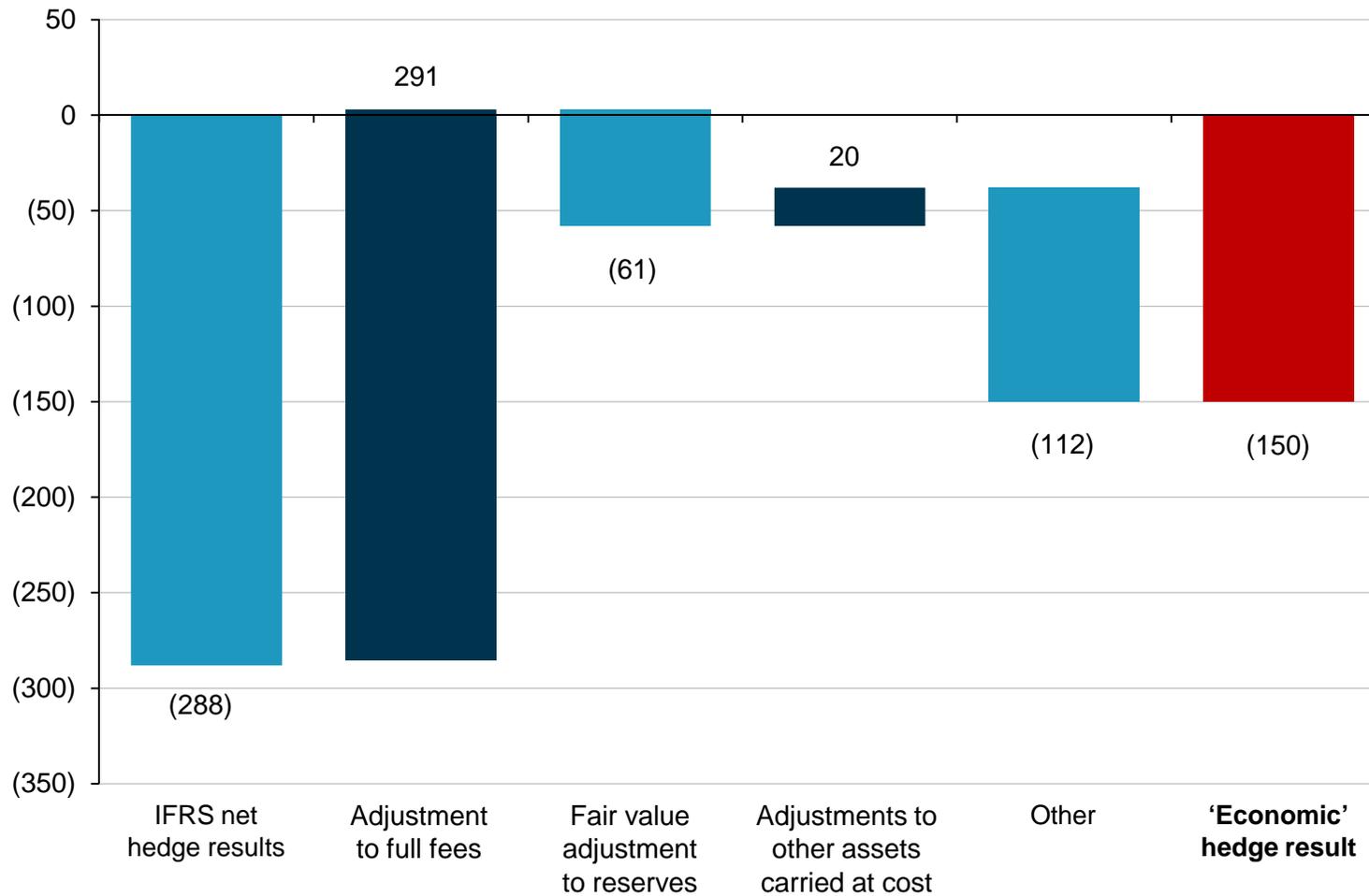
IFRS impact 'below-the-line'



Hedging result

Moving IFRS hedge result to 'economic' result

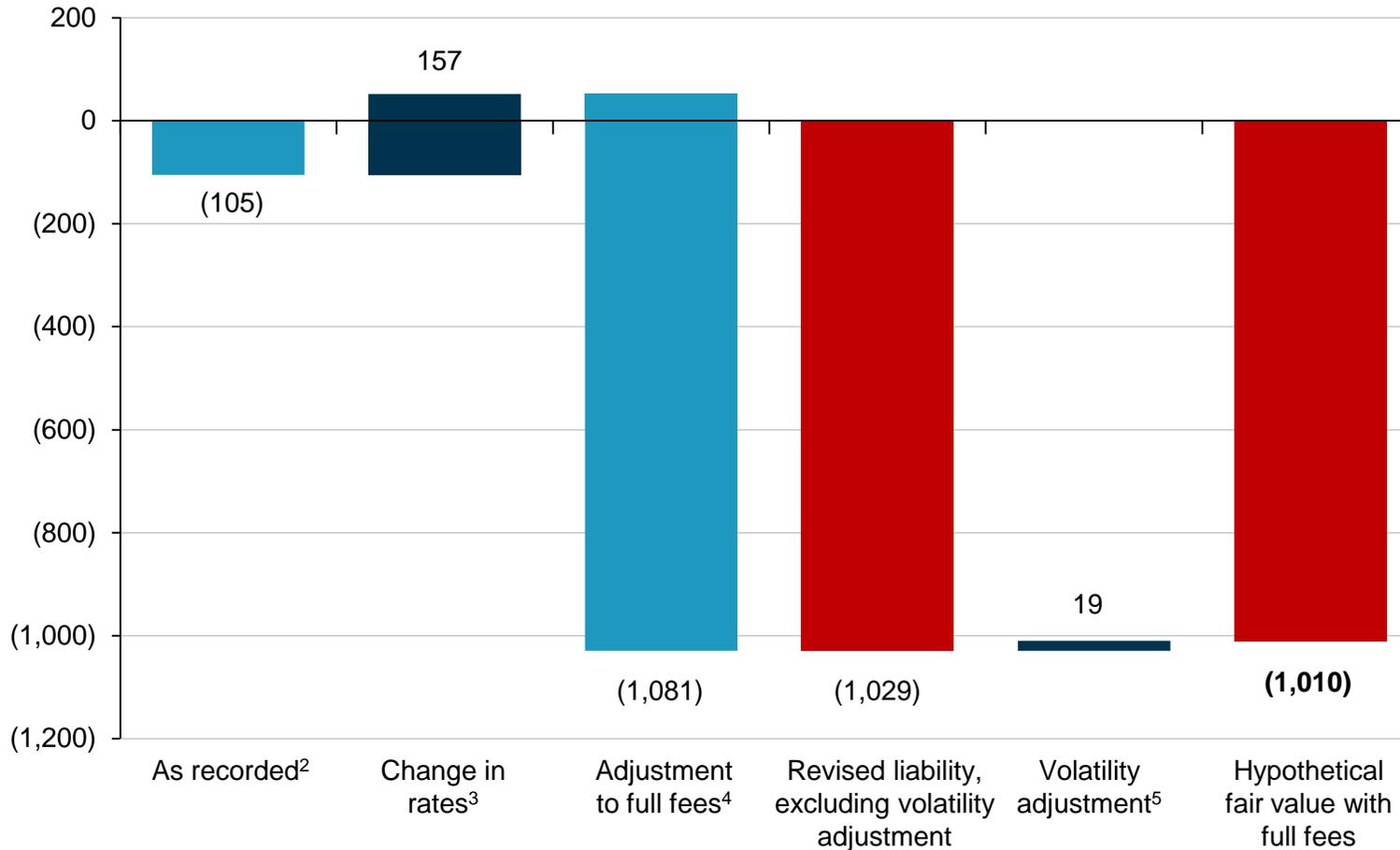
2014 half year VA 'economic' hedge results, net of related DAC, £m



VA hedging

Moving reserves to 'fair value'

Guarantee Benefit Liability Supplemental Disclosure¹, net of DAC, £m



1 A positive number indicates liability while a negative number indicates an asset.

2 GMWB and GMDB IFRS basis

3 Application of market based (30.06.14) swap curve earned rates (2.6% representative 10 year rate) and AA corporate bond discount rates (3.7% representative 10 year rate) in place of long-term rate of 7.4% for IFRS (8.4% discount rate used for pre-2013 issues)

4 Value of fees over and above those in reserve calculations

5 Application of market based (30.06.14) volatility curve (18.4% representative 5 year rate) instead of long-term 15% level for IFRS



Jackson

Capital, hedging and policyholder behaviour

	Total adjusted Capital
	US\$bn
31 Dec 2013	4.8
Operating profit	0.5
Dividend	(0.6)
Reserves net of hedging and other market effects	-
30 June 2014	4.7

- Hedging programme continues to effectively mitigate risks
- Total adjusted capital excludes gains on interest rate swaps: \$220m at June 2014 (Dec 2013: loss of \$1.2m)
- Earned guarantee fees of 116 bps per annum (c\$0.7bn in HY 2014). Expected guarantee fees of \$1.3bn for 2014 continue to be sufficient to cover cost of hedging
- Equity allocations remain below our 82% pricing assumption
- <1% of book 'in the money' from issued levels at HY2014

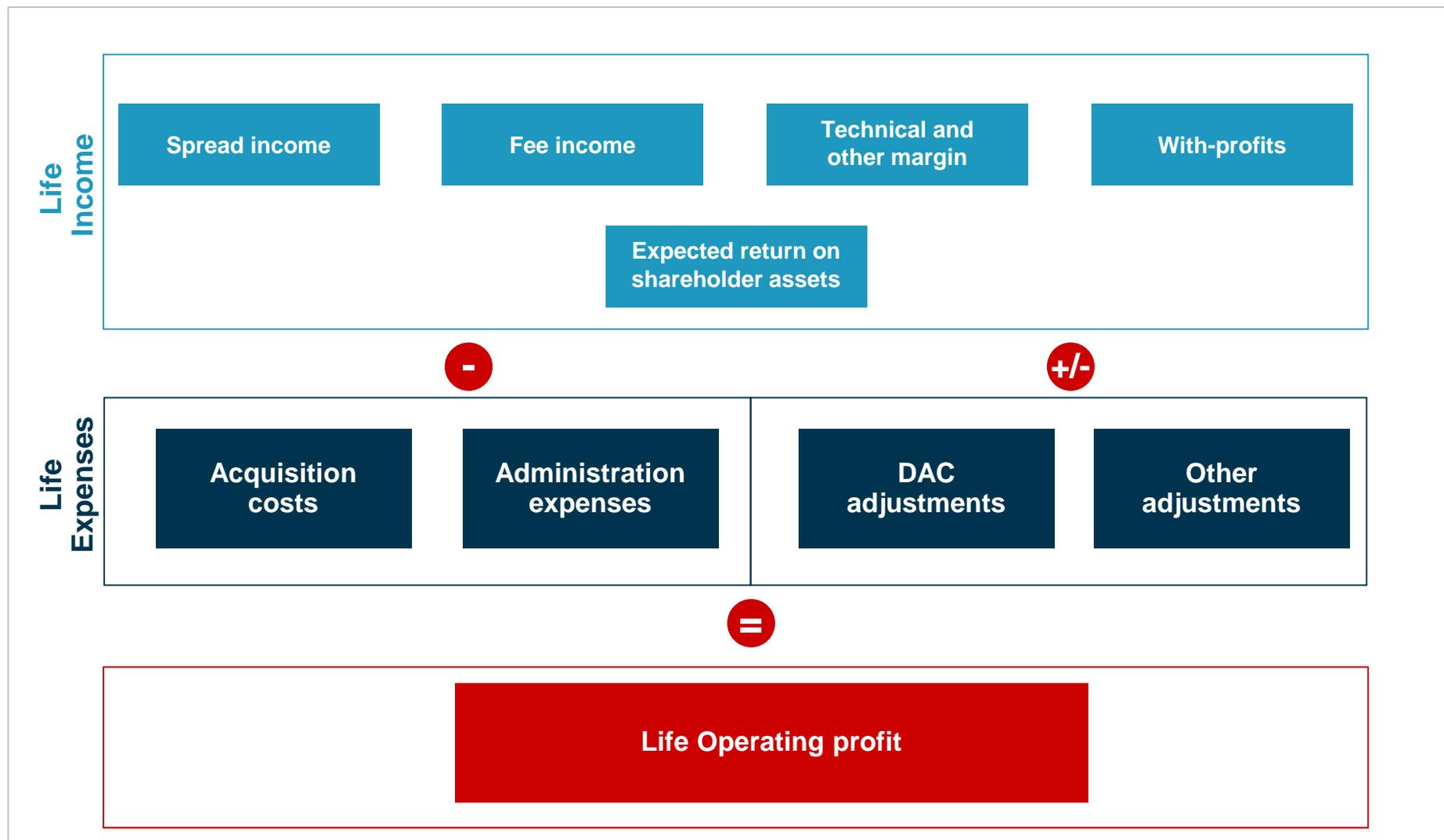
Life IFRS operating profit

Source of earnings

<p>Spread income</p>	<p>Fee income</p>	<p>Technical and other margin</p>	<p>With-profits</p>
<p>The net investment return we make primarily on annuity and other spread based business</p>	<p>The fees net of investment expenses charged on our linked and separate account business for managing the assets</p>	<p>Profits derived from the insurance risks of mortality, morbidity and persistency</p>	<p>Our share of bonus declared by the with-profits fund in the period</p>
<p>Expected return on shareholder assets</p>	<p>Acquisition costs</p>	<p>Administration expense</p>	<p>DAC and other adjustment</p>
<p>The operating return we make on shareholder net assets</p>	<p>Acquisition costs incurred on shareholder-backed new business including commission</p>	<p>Expenses and renewal commissions incurred by the shareholder in managing the in-force book</p>	<p>Costs deferred at inception net of costs amortised during life of contract and one off items</p>

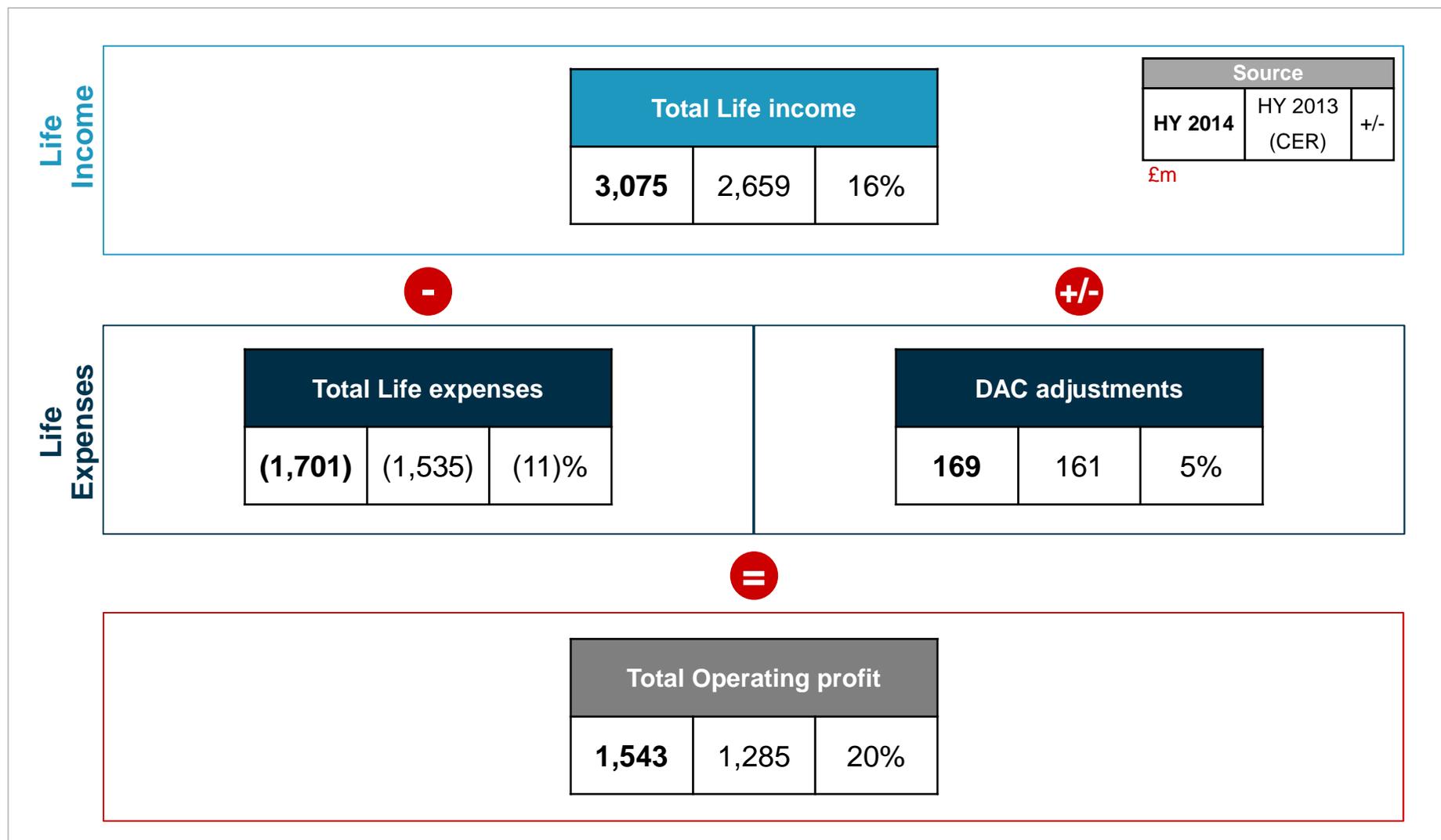
Life IFRS operating profit

Source of earnings



Life IFRS operating profit

Source of earnings – Group (1/3)



Note: HY13 financial performance comparatives exclude Japan Life following reclassification as held for sale. Comparatives adjusted for new and amended accounting standards.

Life IFRS operating profit

Source of earnings – Group (2/3)

Total Operating profit			
1,543	1,285	20%	

Source		
HY 2014	HY 2013 (CER)	+/-

£m except reserves £bn

Total Life income			
3,075	2,659	16%	

-

Total Life expenses			
(1,701)	(1,535)	(11)%	

+/-

DAC adjustments			
169	161	5%	

Spread income			
557	499	12%	

Fee income			
764	615	24%	

Technical and other margin			
1,488	1,300	14%	

With-profits			
150	153	(2)%	

Spread (bps)			
172	160	12	

AMF (bps)			
144	140	4	

Margin on revenues			
808	749	8%	

Bonus (bps)			
31	32	(1)	

Average reserves (£bn)			
64.7	62.5	4%	

Average reserves (£bn)			
106.1	87.7	21%	

Insurance margin			
680	551	23%	

Average reserves (£bn)			
98.0	96.4	2%	

Expected returns			
116	92	26%	

Note: HY13 financial performance comparatives exclude Japan Life following reclassification as held for sale. Comparatives adjusted for new and amended accounting standards.

Life IFRS operating profit

Source of earnings – Group (3/3)

Source		
HY 2014	HY 2013 (CER)	+/-

£m except reserves £bn

Total Life expenses			
	(1,701)	(1,535)	(11)%

Acquisition costs ¹			
	(1,000)	(917)	(9)%

Administration expenses			
	(701)	(618)	(13)%

APE	2,300	1,974	17%
Acquisition cost ratio	43%	46%	(3) ppt

Admin expense ratio (bps)	78	79	(1)
Average reserves¹ (£bn)	178.6	156.8	14%

¹ Relates to shareholder-backed business only.

² HY13 financial performance comparatives exclude Japan Life following reclassification as held for sale. Comparatives adjusted for new and amended accounting standards

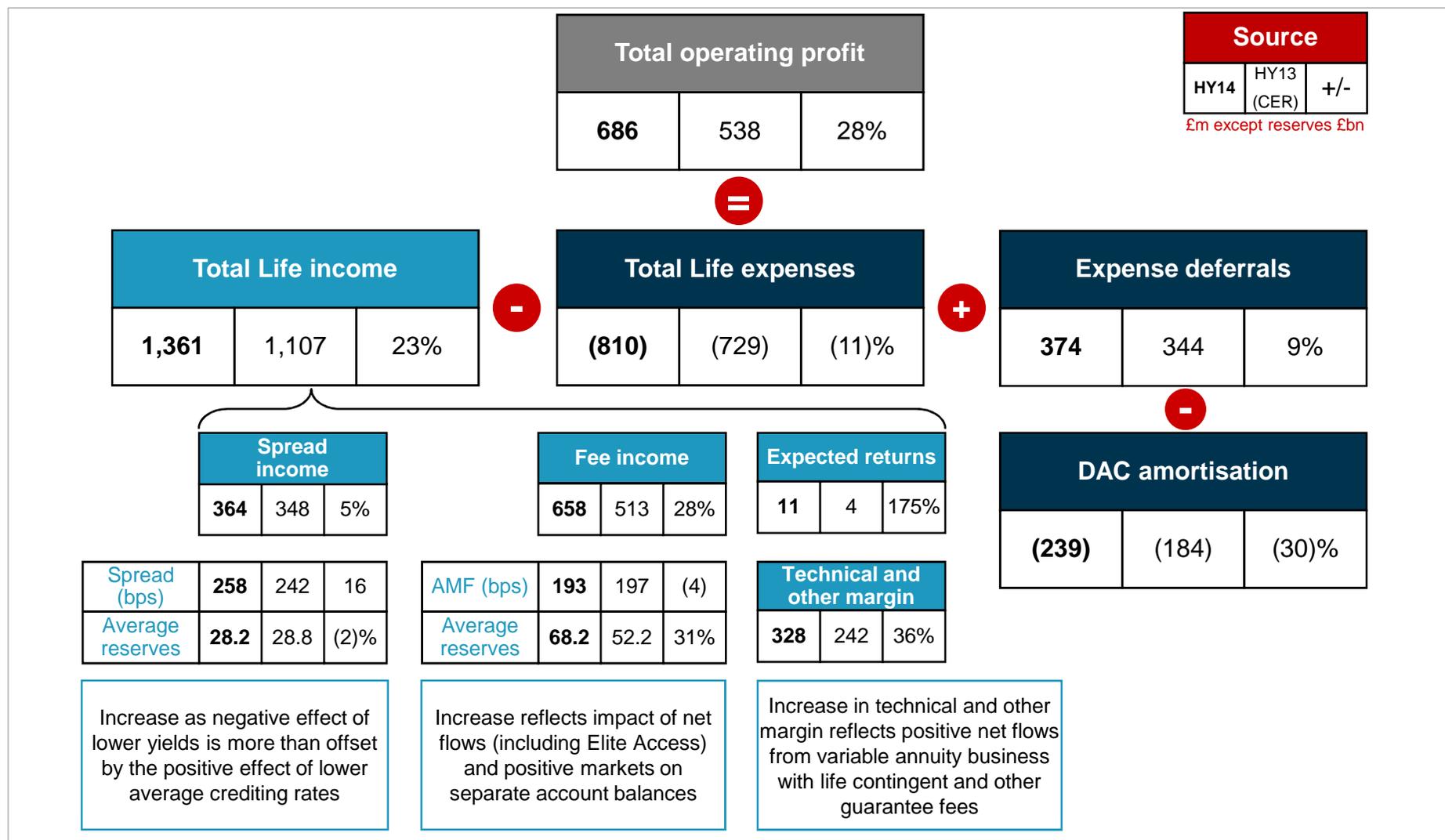
IFRS operating profit – source of earnings

Life insurance - Asia

				Total operating profit			Source																																														
				483	406	19%	HY14	HY13 (CER)	+/-																																												
				=																																																	
Total Life income			-	Total Life expenses			+/-	DAC adjustments																																													
1,220	1,091	12%		(777)	(693)	(12)%		40	8	400%																																											
<table border="1"> <thead> <tr> <th colspan="3">Spread income</th> </tr> </thead> <tbody> <tr> <td>62</td> <td>49</td> <td>27%</td> </tr> </tbody> </table>			Spread income			62	49	27%	<table border="1"> <thead> <tr> <th colspan="3">Fee income</th> </tr> </thead> <tbody> <tr> <td>74</td> <td>69</td> <td>7%</td> </tr> </tbody> </table>			Fee income			74	69	7%	<table border="1"> <thead> <tr> <th colspan="3">Technical and other margin</th> </tr> </thead> <tbody> <tr> <td>1,038</td> <td>930</td> <td>12%</td> </tr> </tbody> </table>			Technical and other margin			1,038	930	12%	<table border="1"> <thead> <tr> <th colspan="3">With-profits</th> </tr> </thead> <tbody> <tr> <td>15</td> <td>20</td> <td>(25)%</td> </tr> </tbody> </table>			With-profits			15	20	(25)%																		
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<p>Increase in spread income reflects the growth in Asian non-linked policyholder liabilities</p>			<p>Higher fee income driven by growth in unit-linked reserves</p>			<p>Increase in technical margin due to growth in H&P book. Insurance margin also benefits from claims controls and pricing actions</p>																																															

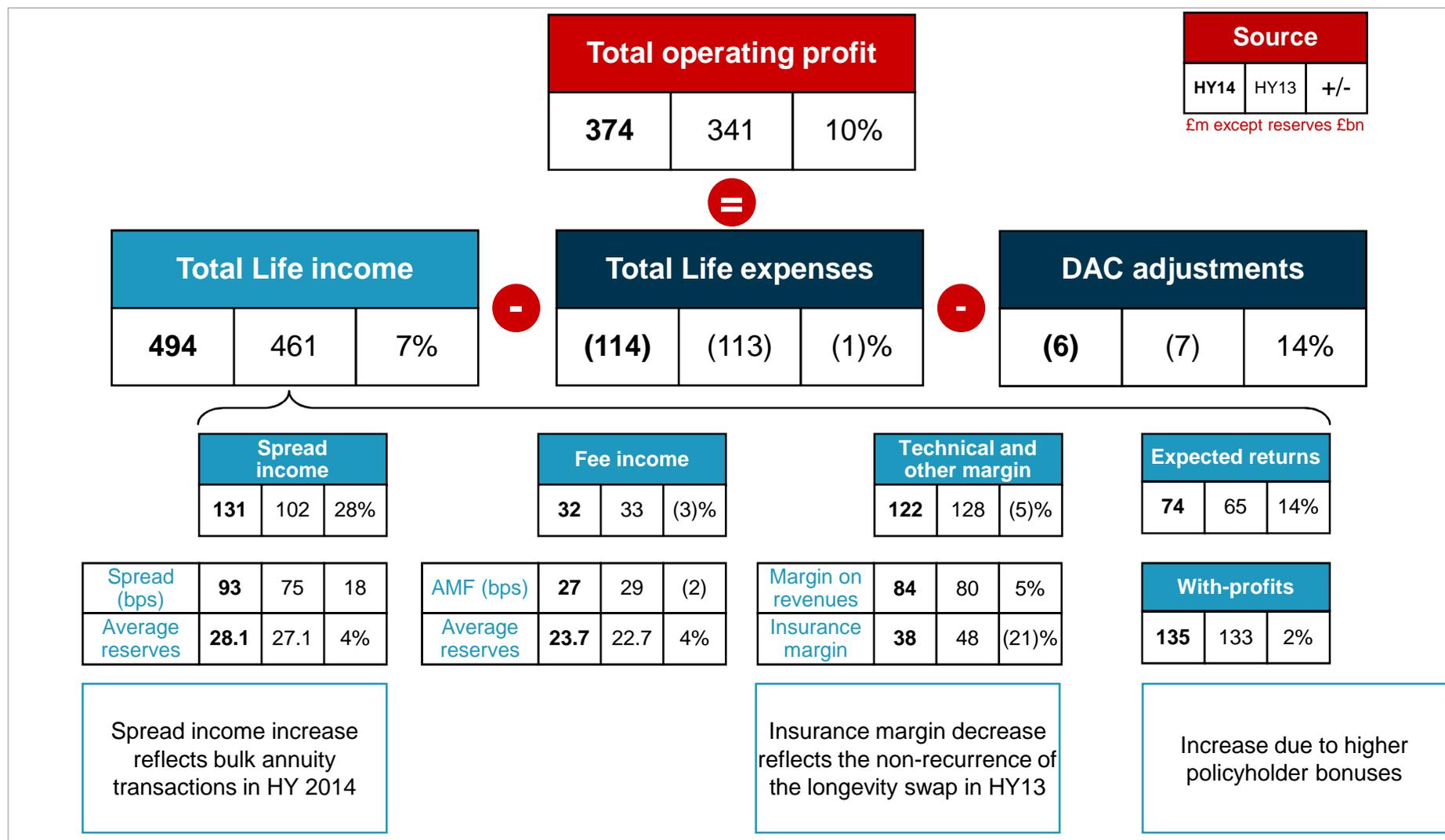
IFRS operating profit – source of earnings

Life insurance - US



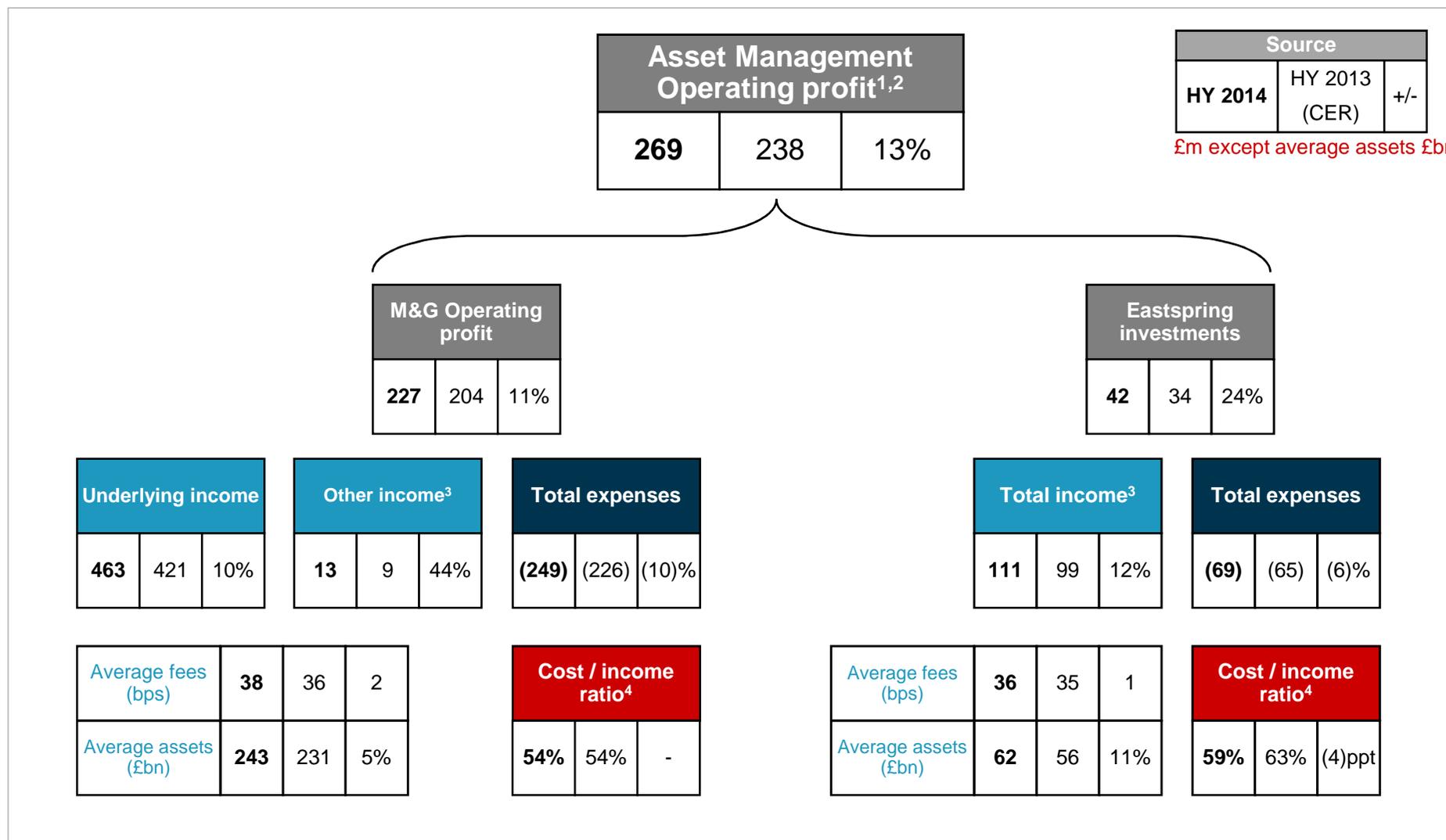
IFRS operating profit – source of earnings

Life insurance - UK



IFRS operating profit – source of earnings

Asset management



1 IFRS results have been prepared under new joint venture accounting standards. HY 2013 comparatives have been adjusted on a comparable basis.

2 Excludes PruCap and US asset management business.

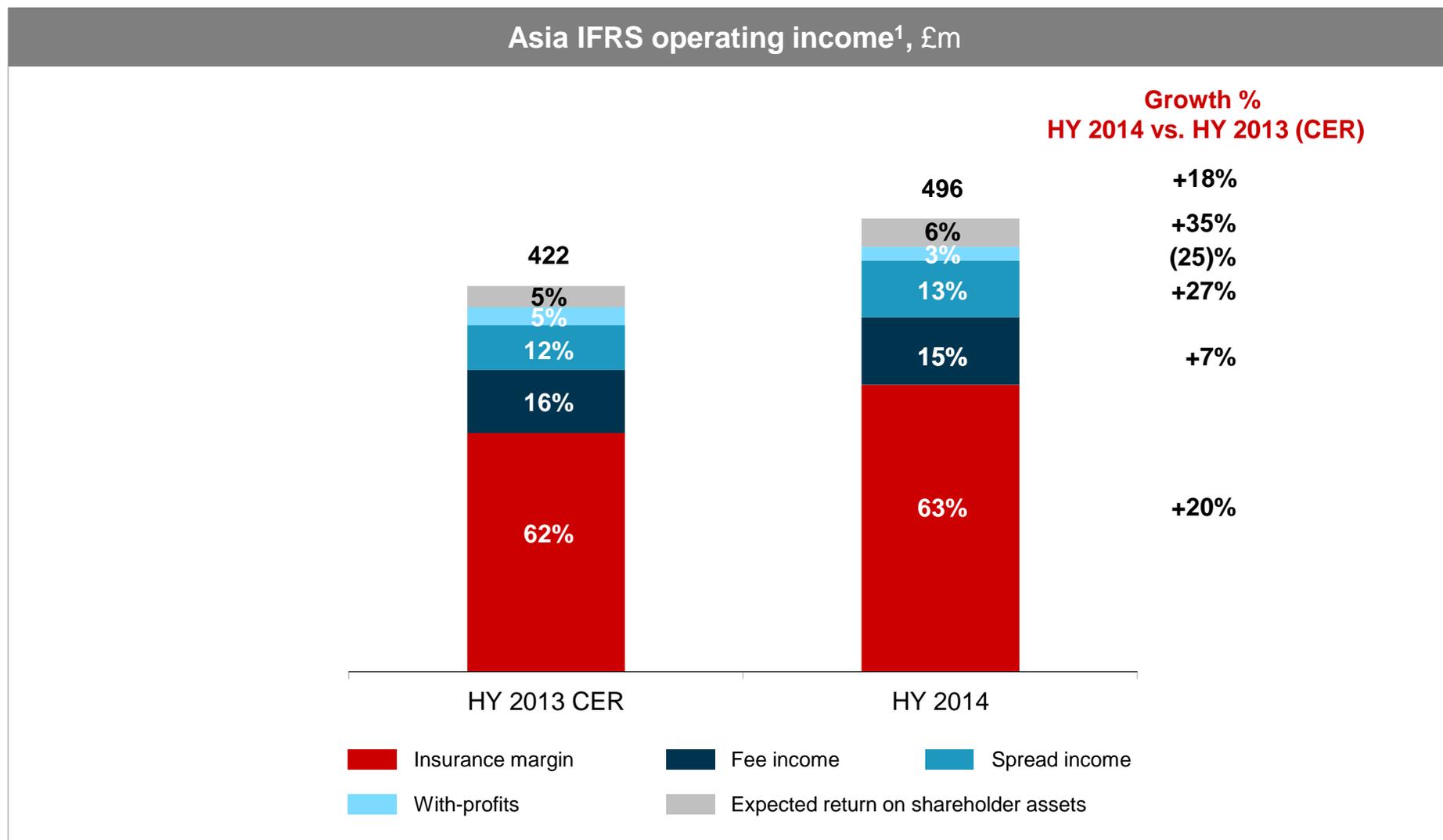
3 Includes performance-related fees and for M&G, carried interest and its share of operating profit from PPMSA.

4 Cost/income ratio excludes performance-related fees, carried interest and profit from associate.



Life IFRS operating income – Asia

Sources of income

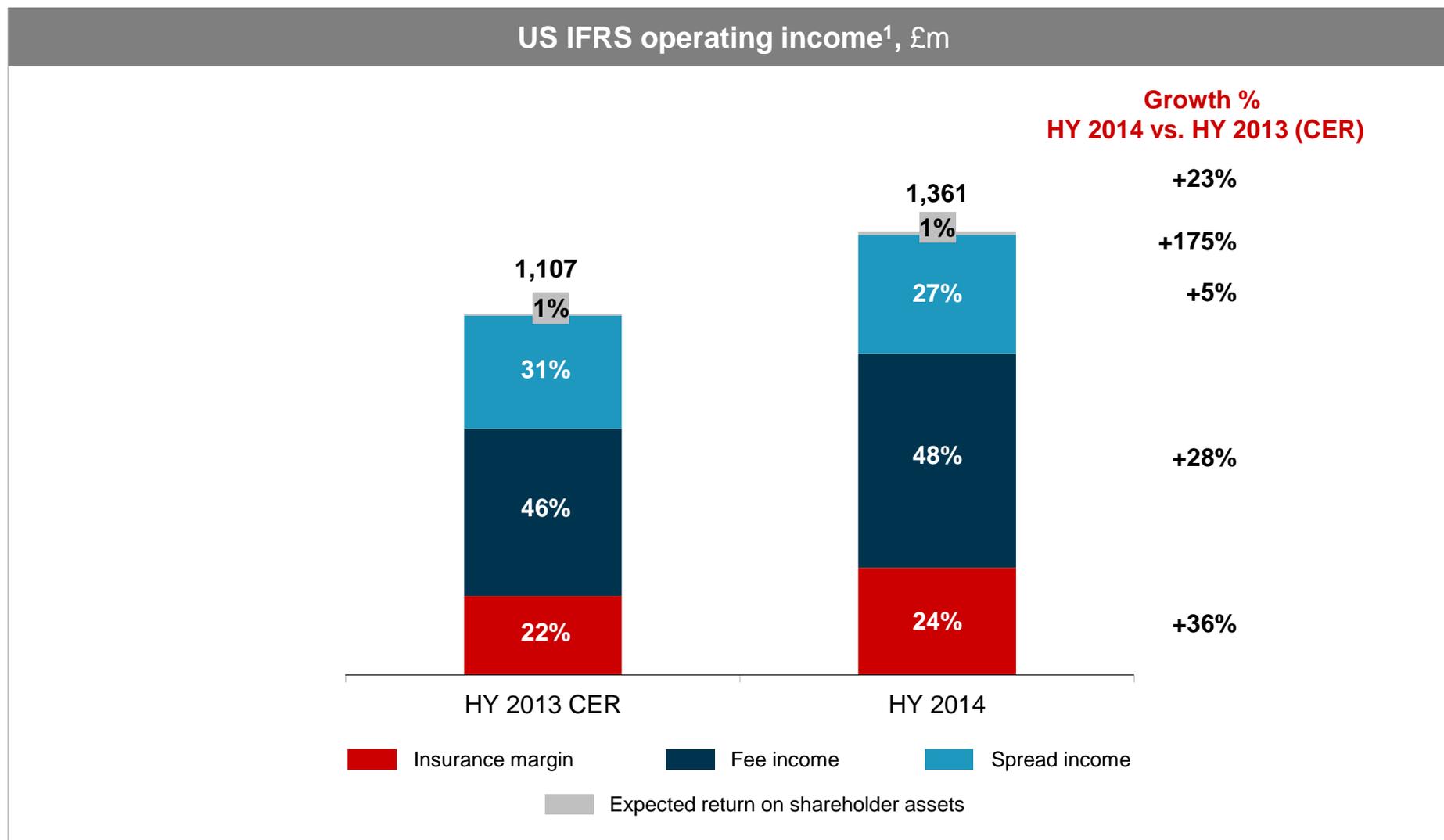


¹ Excludes margin on revenues, acquisition and administration expenses and DAC adjustments.

² HY13 financial performance comparatives exclude Japan Life following reclassification as held for sale. Comparatives adjusted for new and amended accounting standards

Life IFRS operating income – US

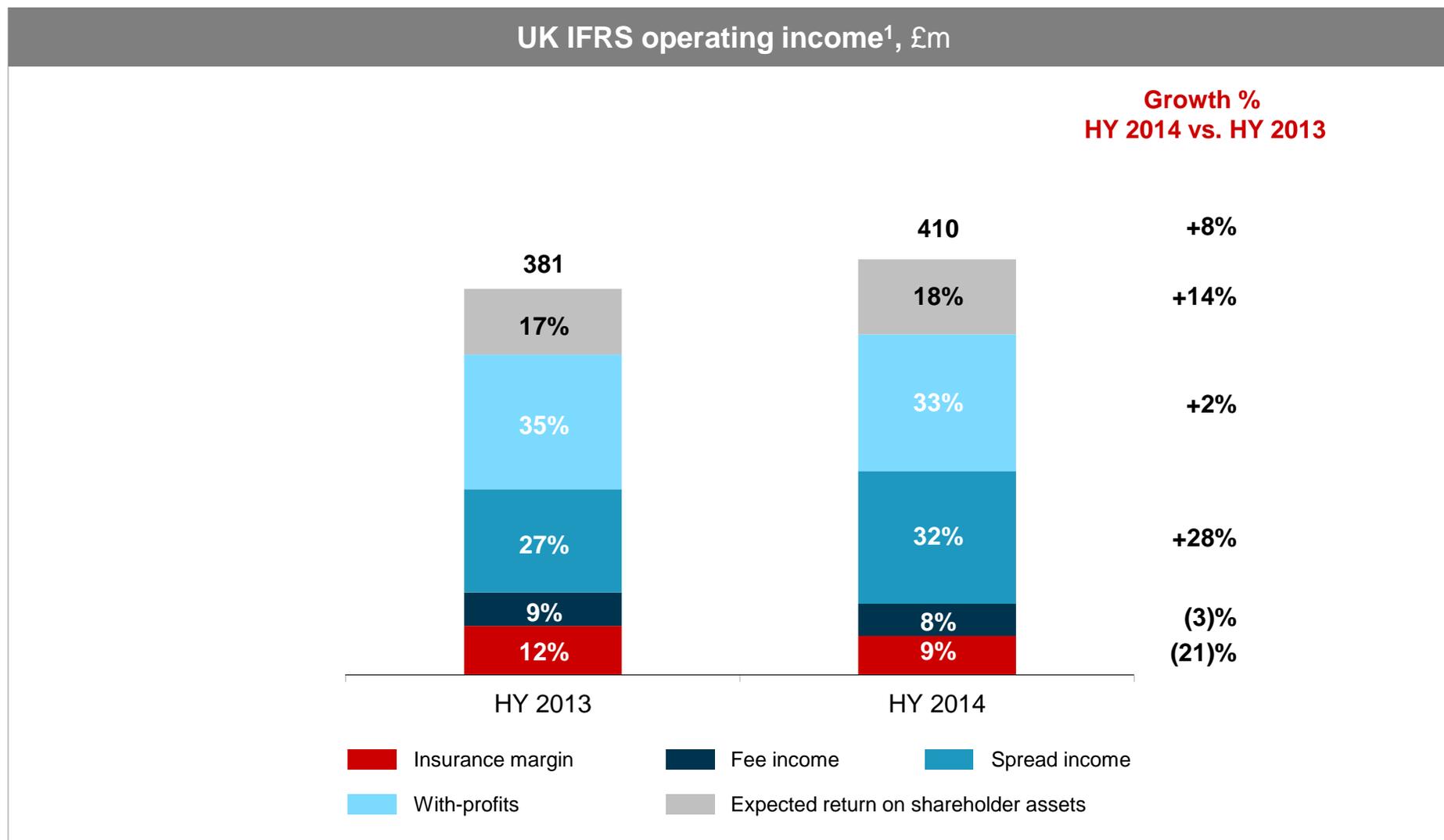
Sources of income



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

Life IFRS operating income – UK

Sources of income

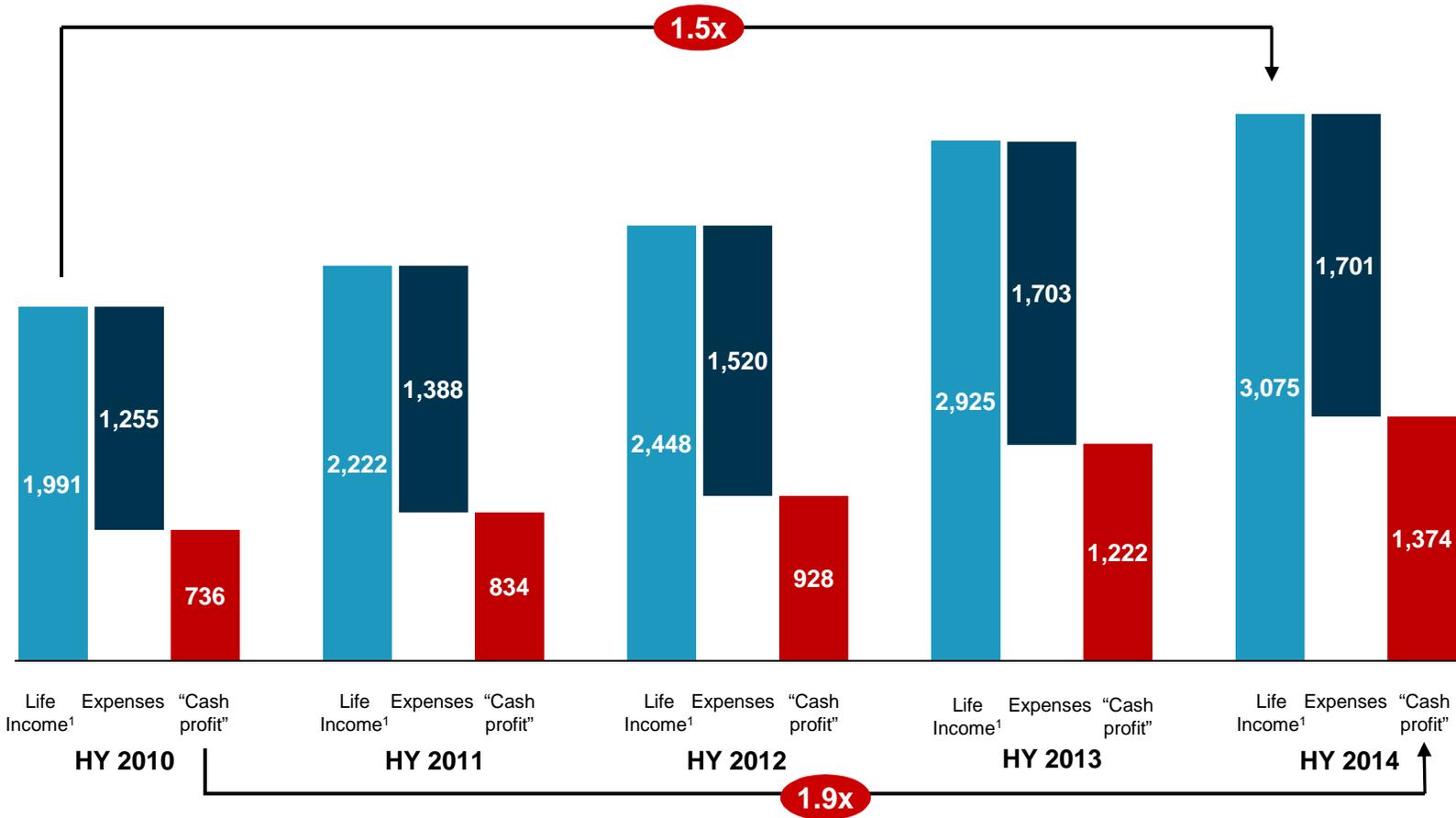


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Life IFRS operating income

Higher quality earnings

“Cash profit”¹: Income² – Expenses (before impact of DAC adjustment), £m

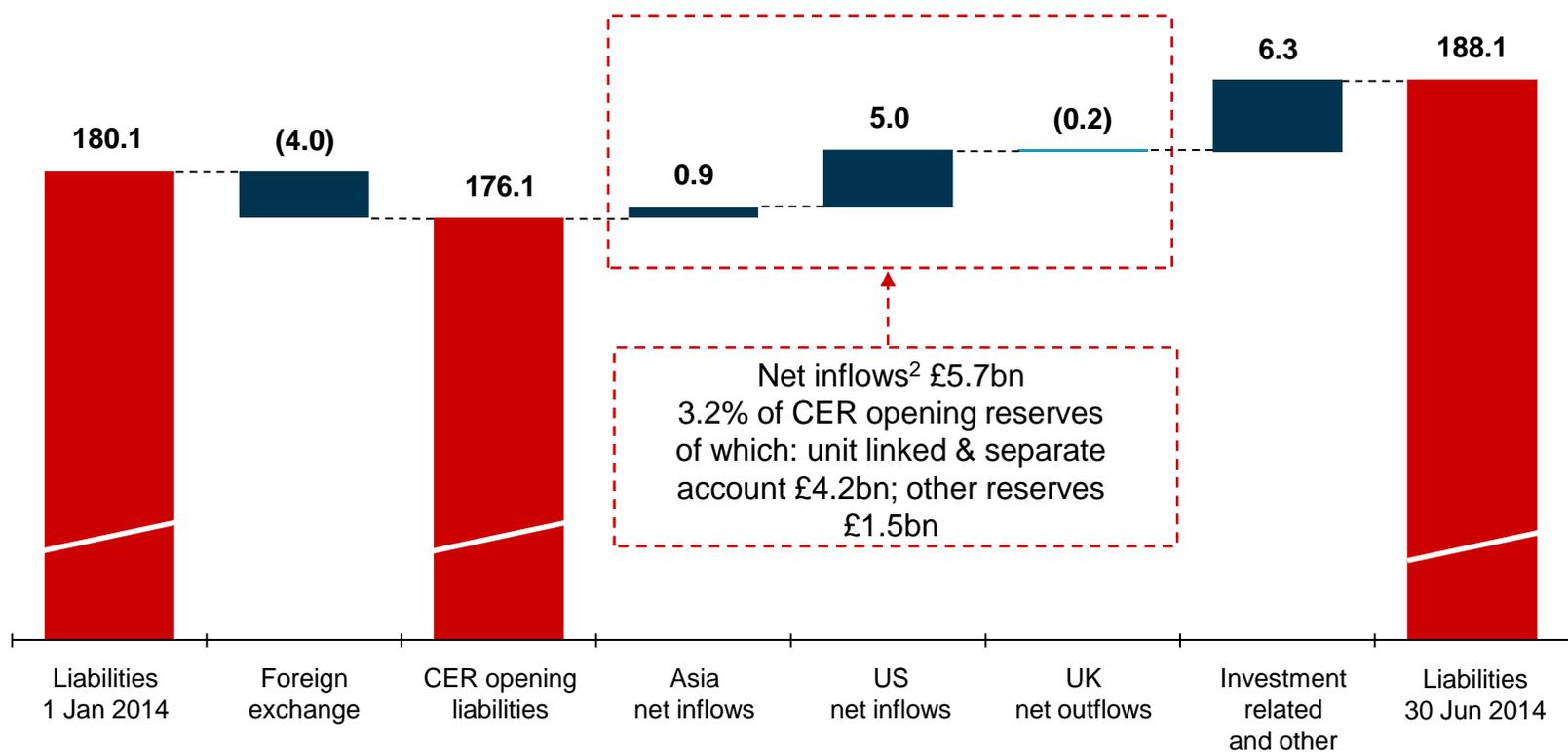


¹ HY13 and prior year financial performance comparatives exclude Japan Life following reclassification as held for sale. Comparatives adjusted for new and amended accounting standards
² Life income is sum of spread income, fee income, technical and other margin, with-profits and expected returns.

Policyholder liabilities

Shareholder backed business – Group

Policyholder liabilities¹ roll-forward, £bn



¹ Shareholder-backed business.

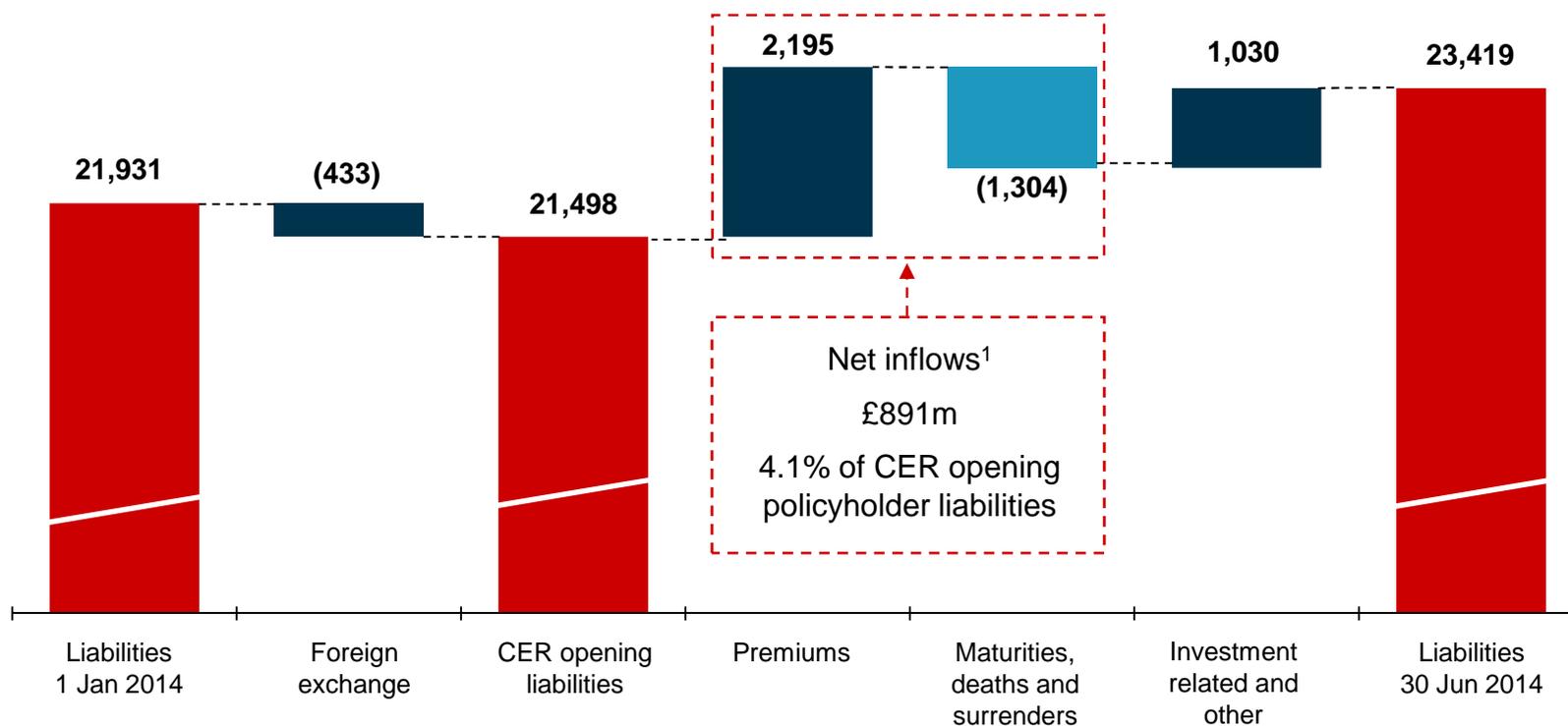
² Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.



Policyholder liabilities

Shareholder backed business – Asia

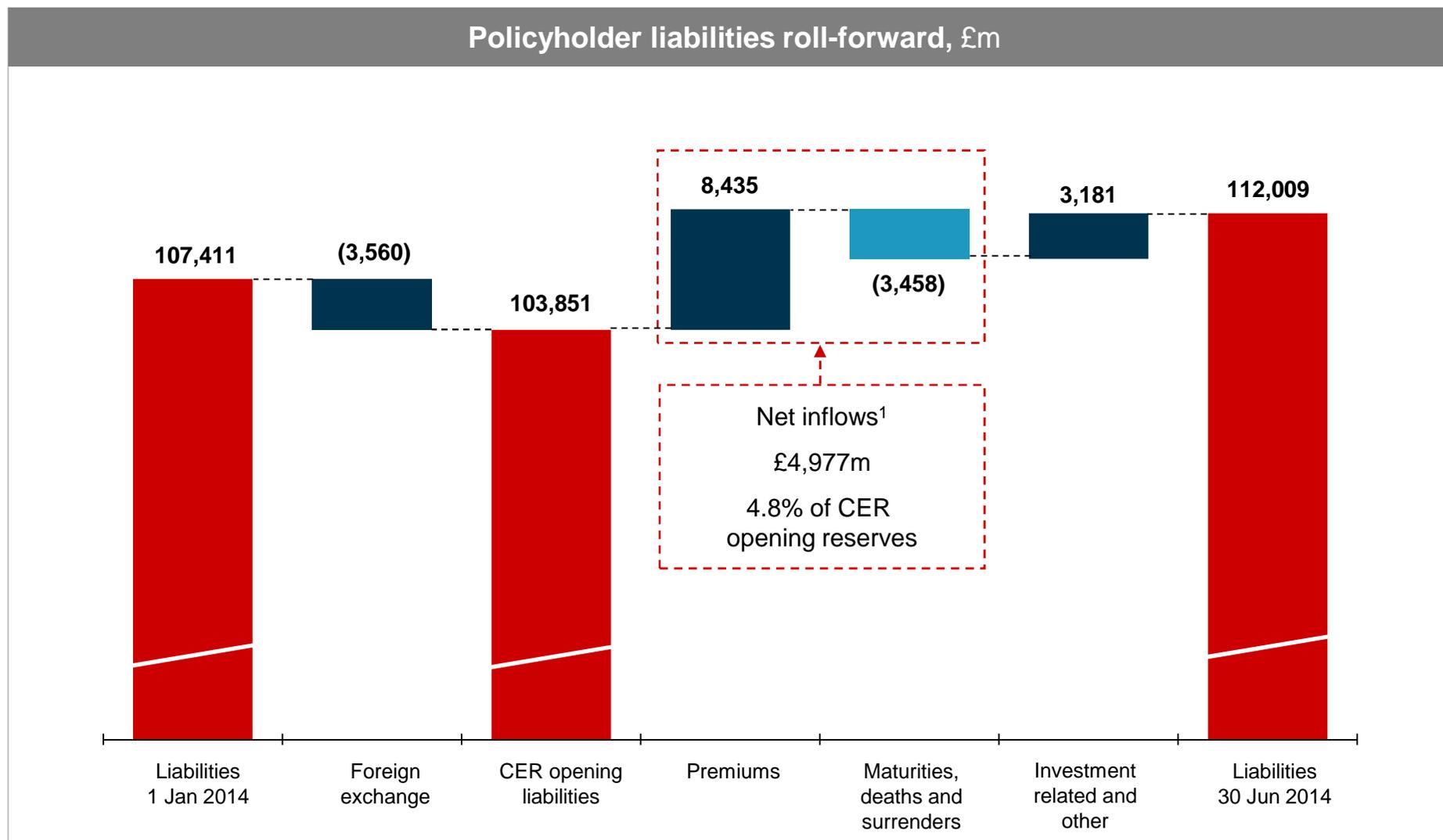
Policyholder liabilities roll-forward¹, £m



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

Policyholder liabilities

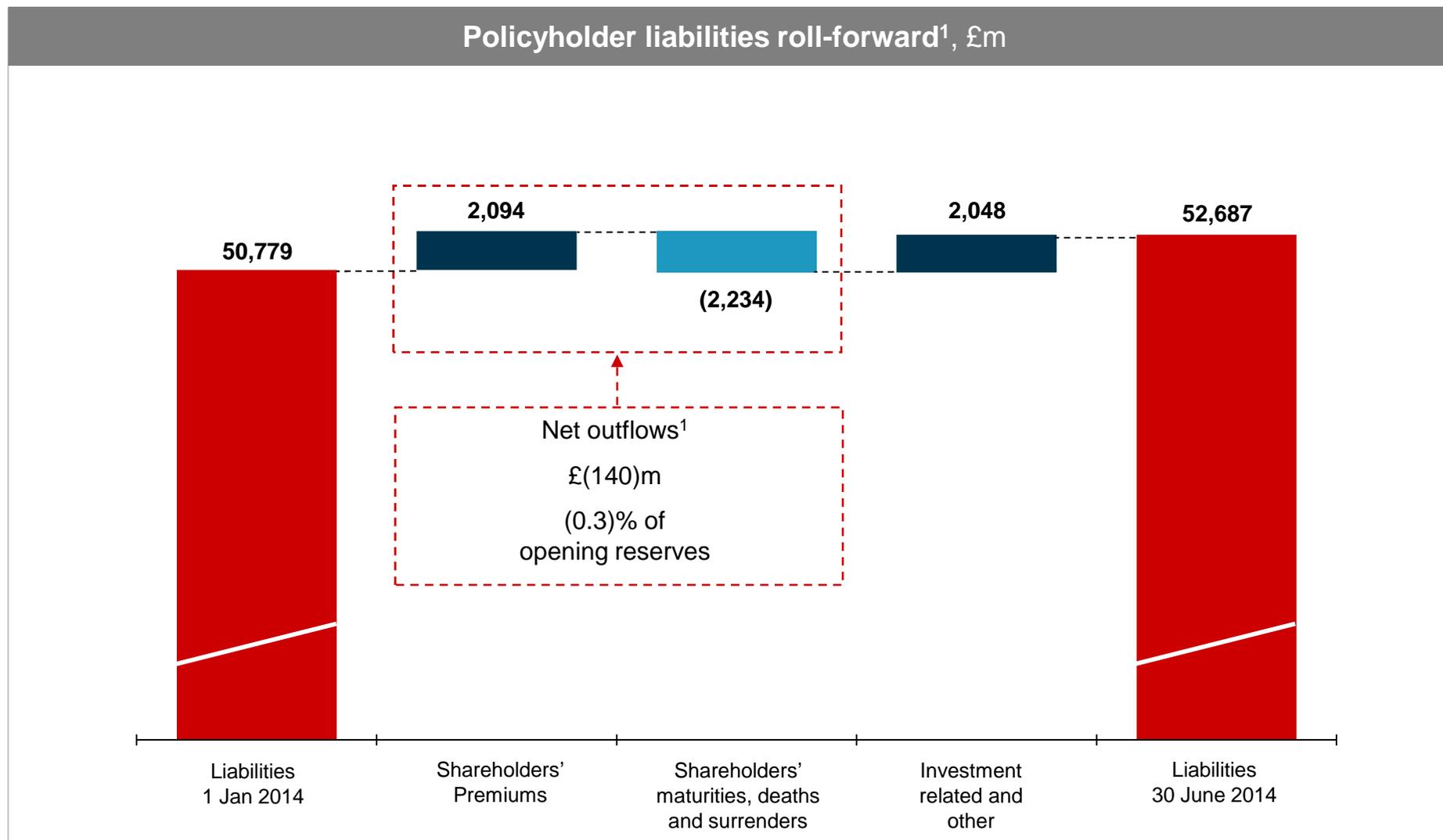
Shareholder backed business – US



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

Policyholder liabilities

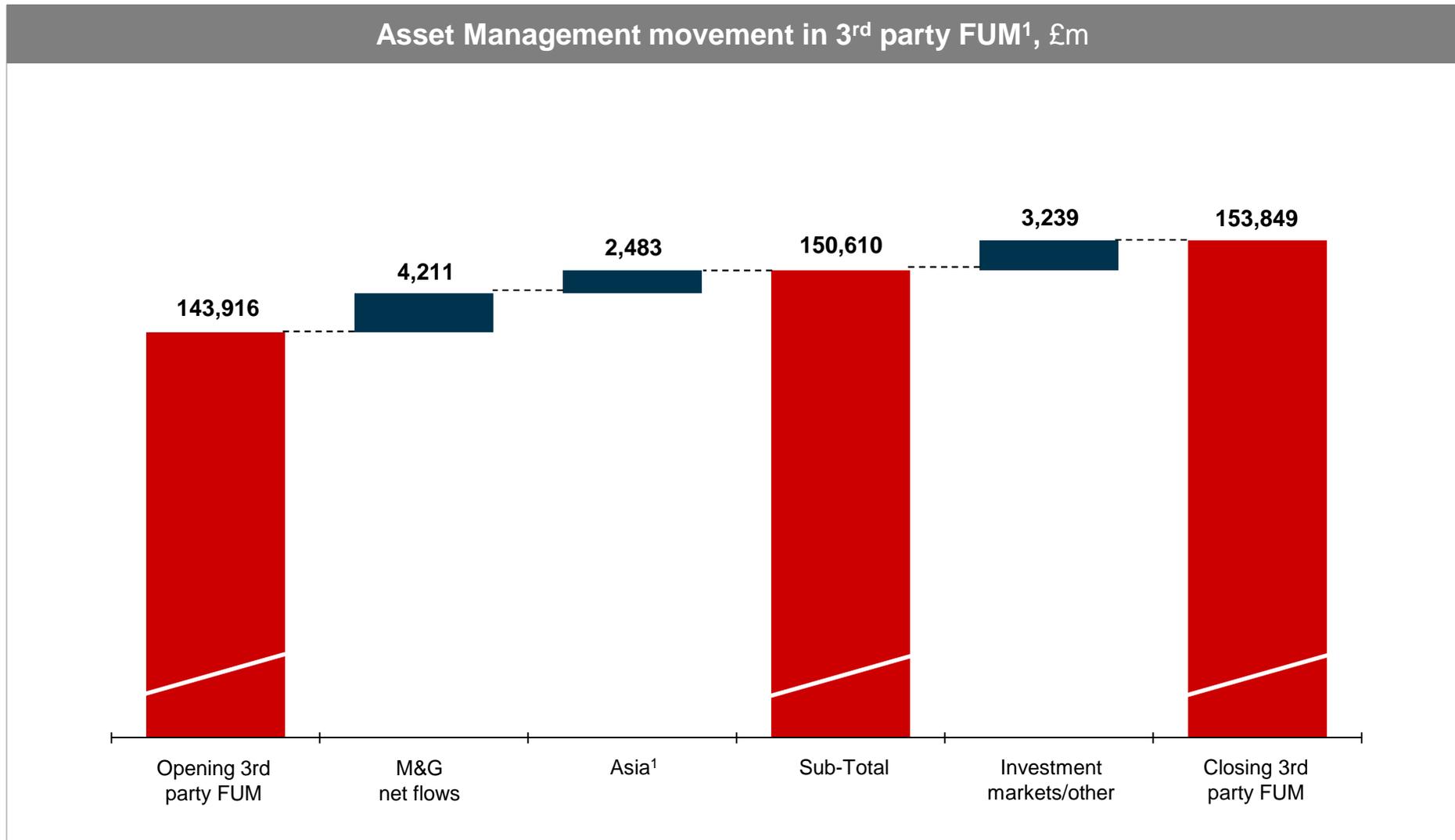
Shareholder backed business – UK



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

Asset management

Group 3rd party net-inflows

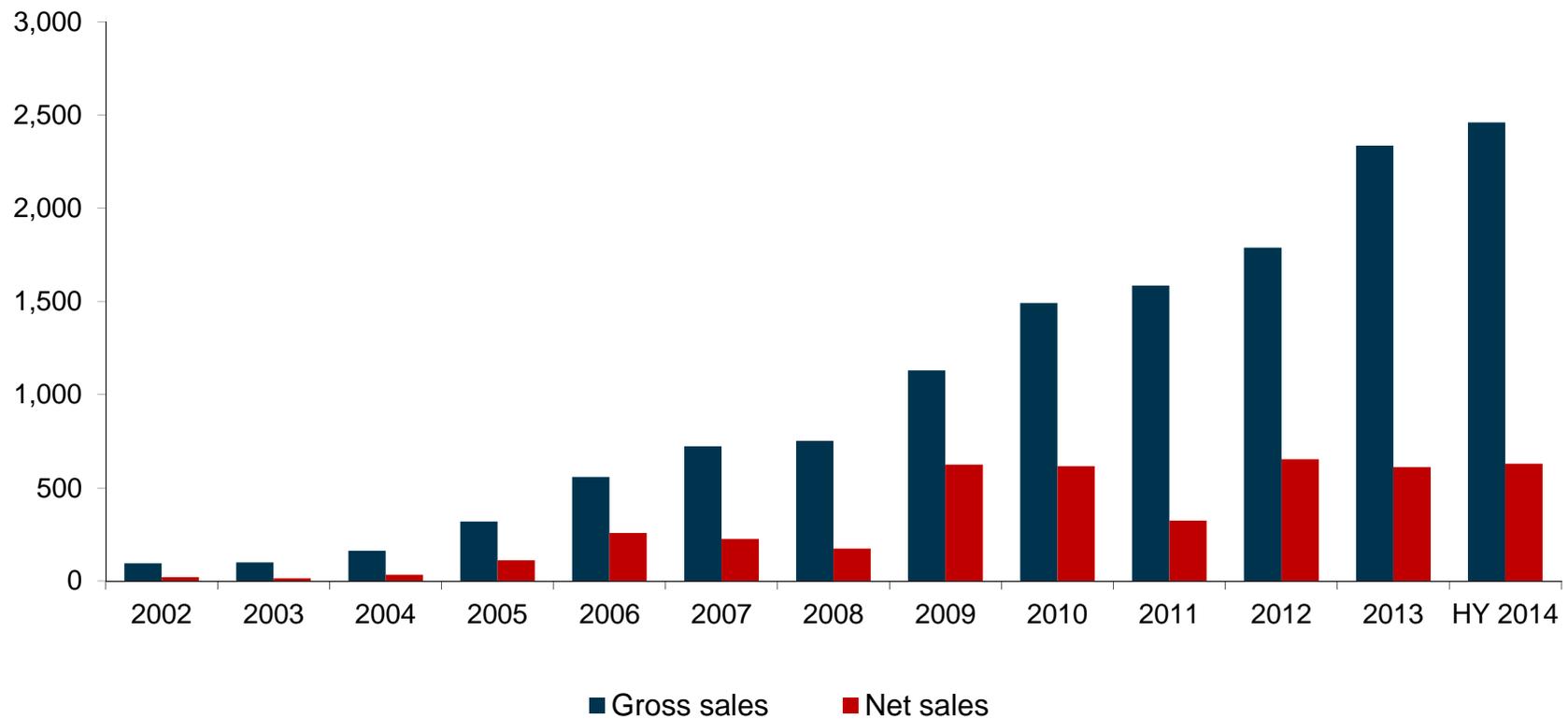


¹ Excludes Asia MMF.

Asset Management

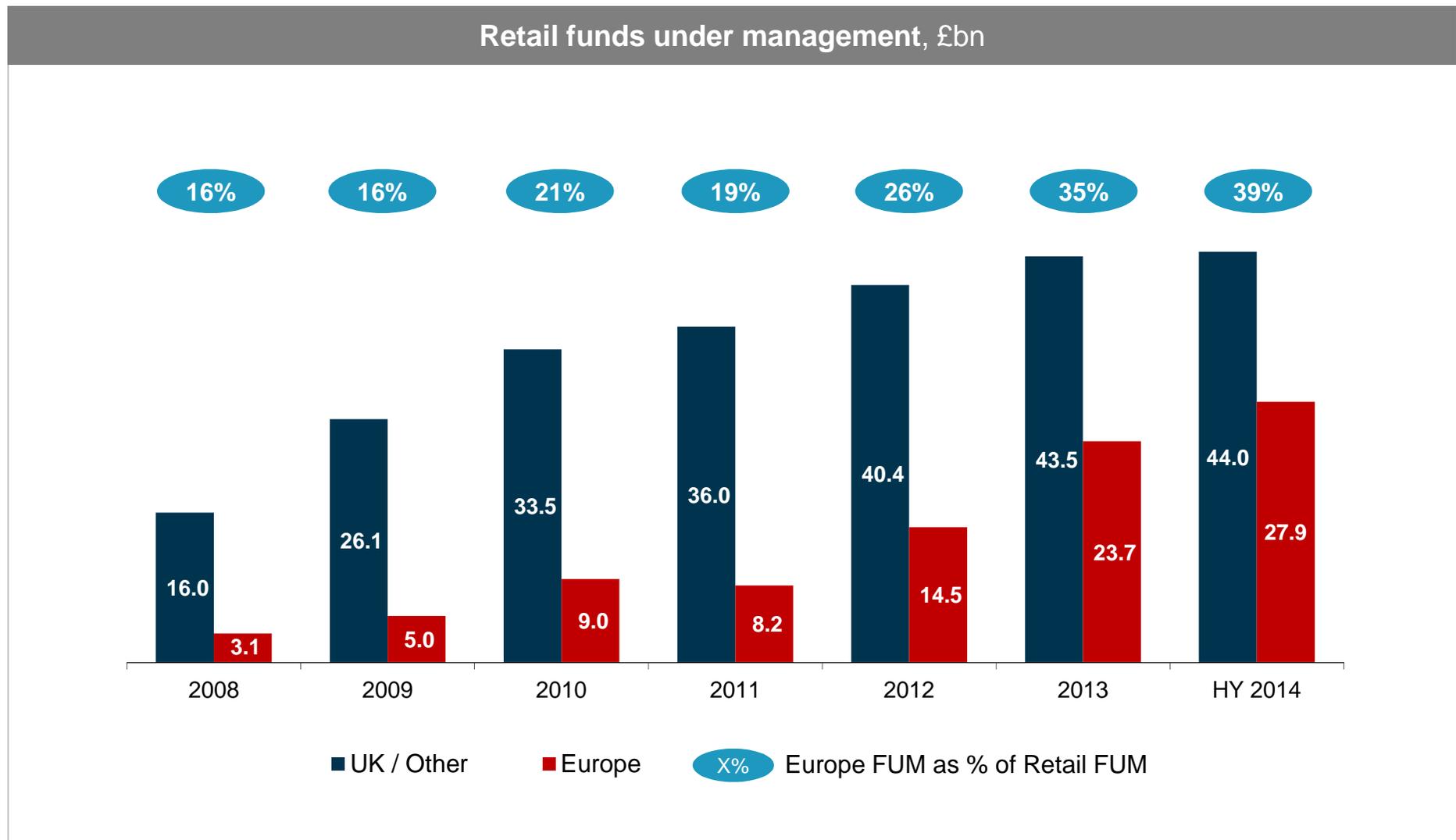
M&G net retail sales

Average monthly gross and net retail sales, £m



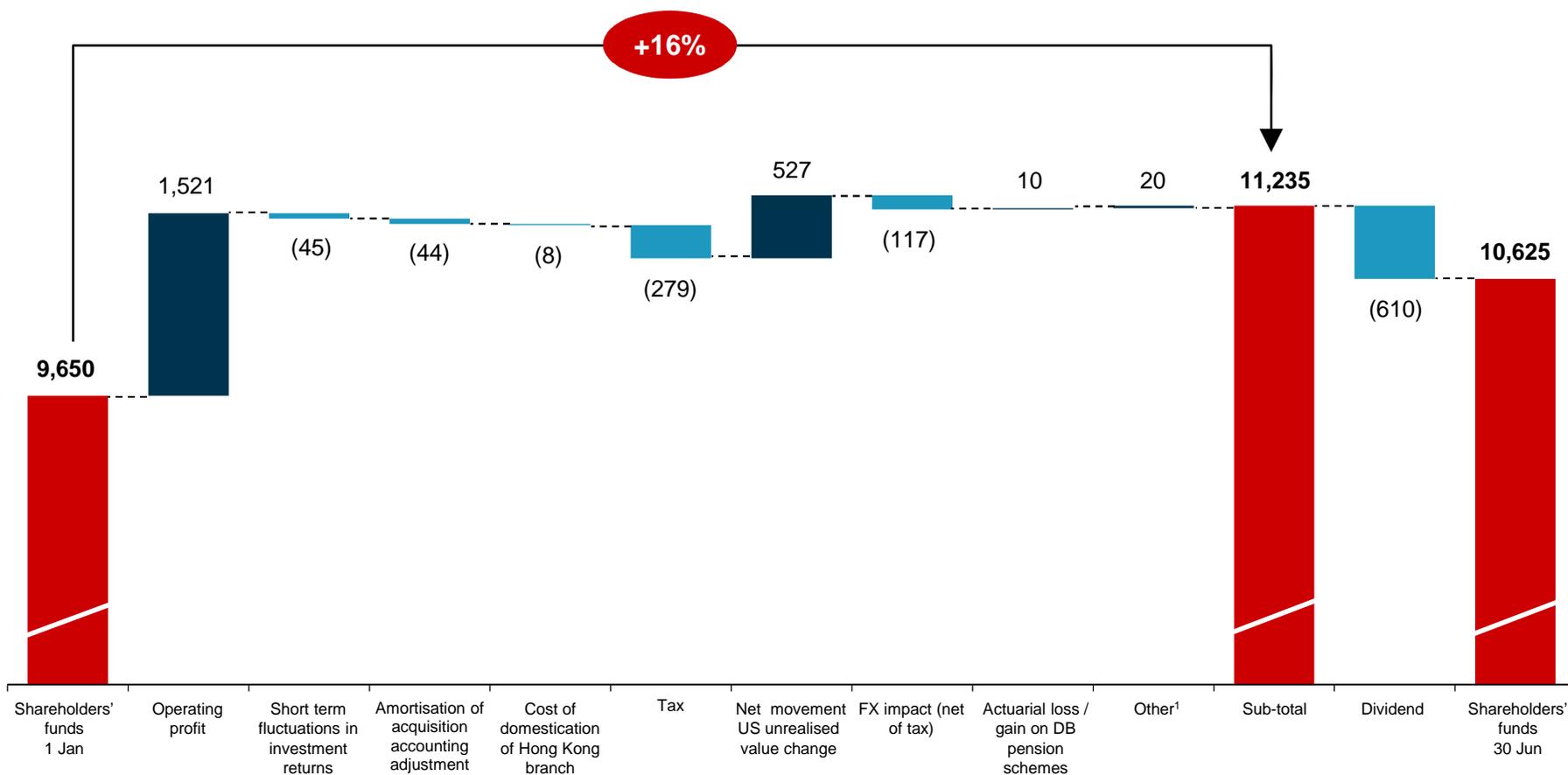
Asset Management

M&G – retail FUM



IFRS shareholders' funds HY 2014 movement

Analysis of movement in IFRS shareholders' funds, £m

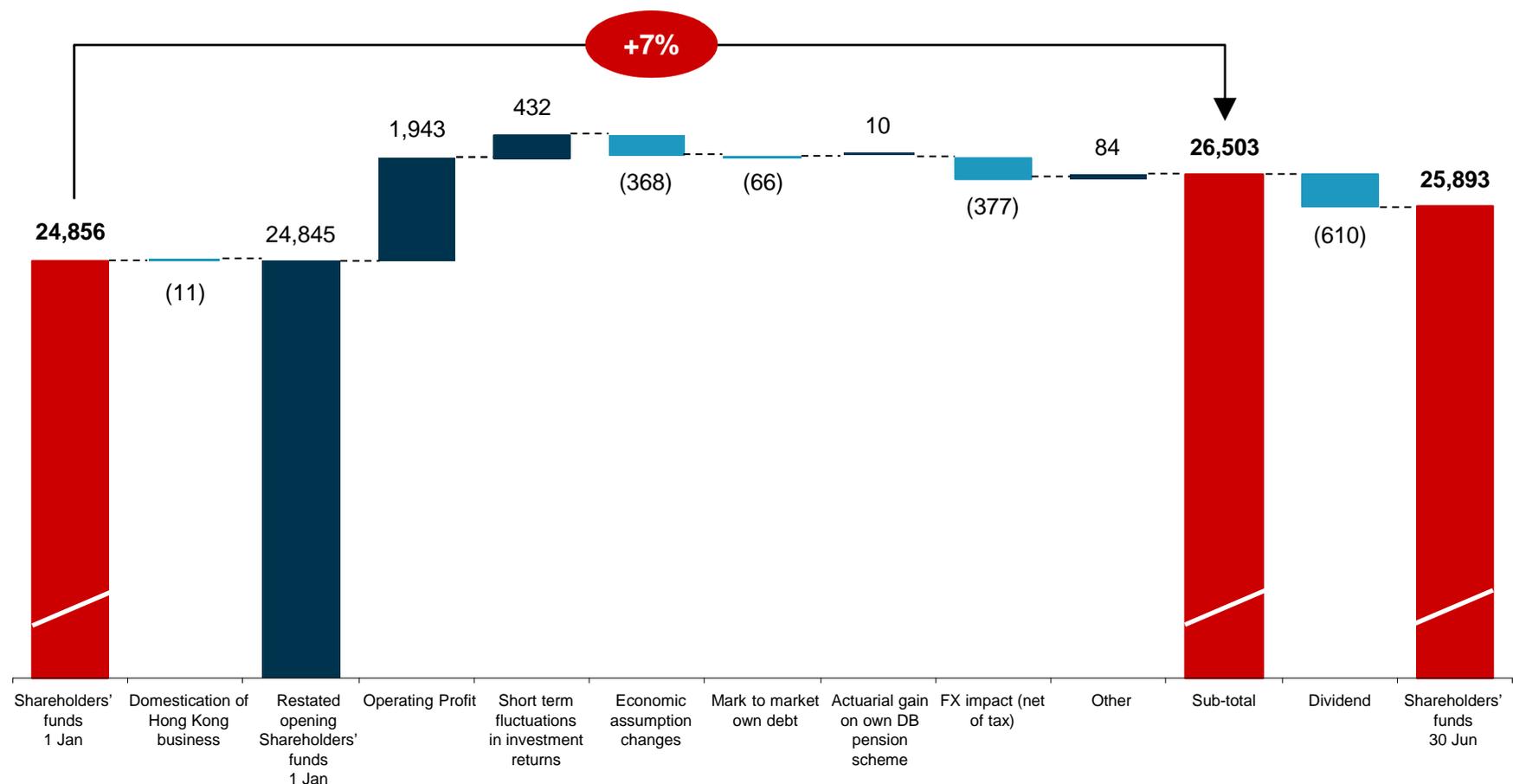


¹ Movements in own shares OEICs, new share capital subscribed, movements in share schemes treasury stocks and reserve movements in respect of share based payments.

EEV shareholders' funds

HY 2014 movement

Analysis of movement in EEV shareholders' funds, £m



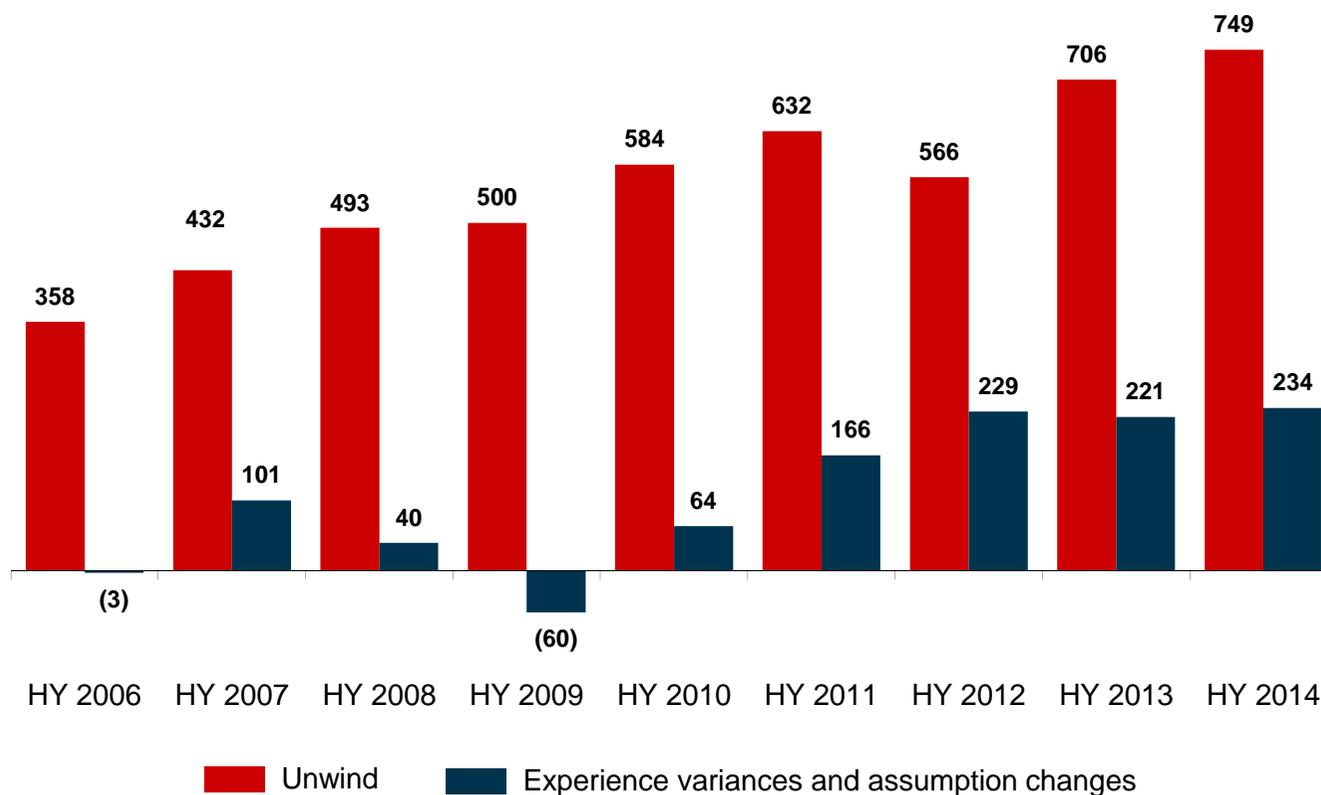
EEV operating profit

Life operating variances – Group

Group Life operating variances, £m

Experience variances and assumption changes % opening EEV¹

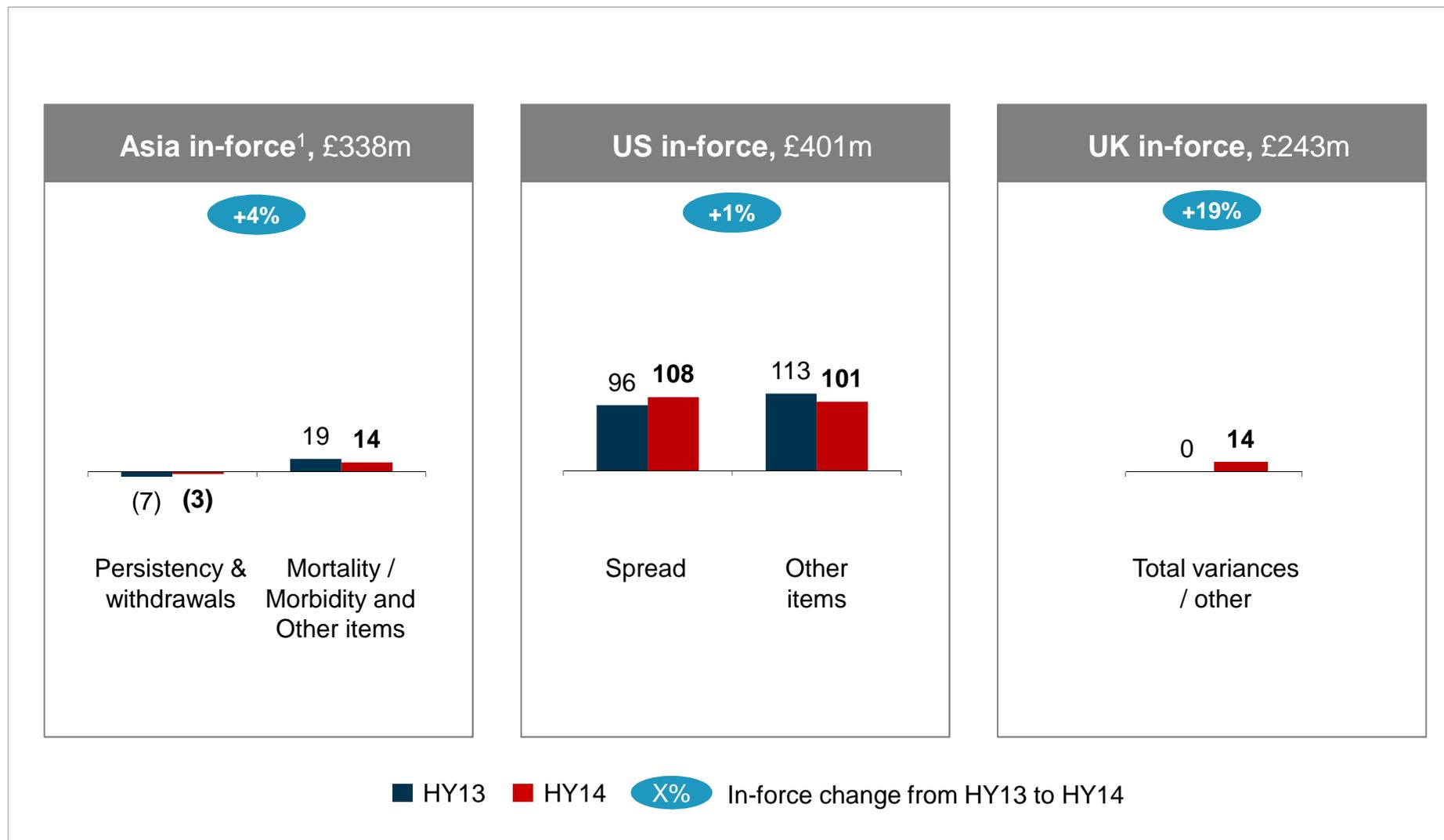
0.0% 0.9% 0.3% (0.4)% 0.4% 0.9% 1.2% 1.0% 1.0%



¹ Opening EEV of Life operations, excluding goodwill.

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

EEV operating profit In-force performance



¹ Net of Asia development expenses (HY2013: £(2)m, HY 2014: £(1)m). Excludes Japan life following reclassification as held for sale.

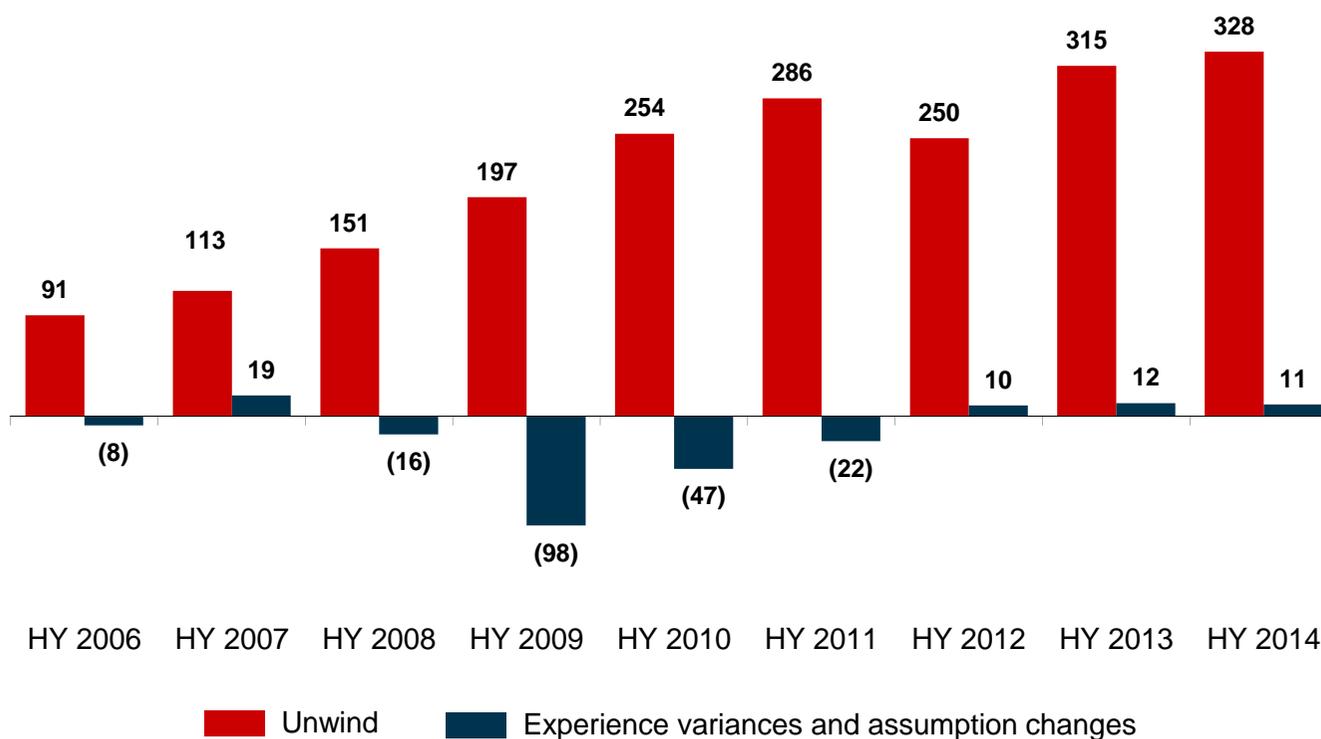
EEV operating profit

Life operating variances – Asia

Asia Life operating variances, £m

Experience variances and assumption changes % opening EEV¹

(0.4)% 0.7% (0.4)% (1.9)% (0.8)% (0.3)% 0.1% 0.1% 0.1%



¹ Opening EEV of Life operations, excluding goodwill.

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



IGD capital

Movement during the period

IGD capital – movement in first half of 2014, £bn

IGD surplus 31 December 2013	5.1
Net capital generation	0.8
Reduction in SHIFT asset allowance ¹	(0.2)
Upfront fee for renewal of Standard Chartered distribution agreement	(0.7)
Market movement	0.1
Fx impact	(0.1)
2013 year-end dividend payment	(0.6)
External financing and other central costs (net of tax)	(0.3)
IGD surplus 30 June 2014	4.1

¹ The Group recognises a proportion of the shareholders' interest in future transfers from the UK's with-profit business. This is being removed in two equal steps in January 2013 and January 2014.

Invested assets

Group overview

Breakdown of invested assets – HY 2014, £bn

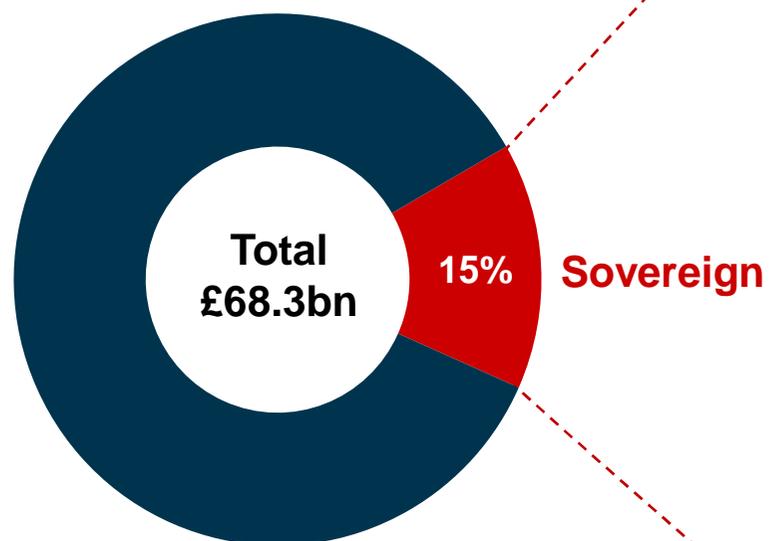
	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	134.2	56.1	9.8	6.9	30.6	28.8	2.0	68.3	
Equity	130.6	32.1	97.4	0.7	0.3	0.0	0.1	1.1	
Property Investments	11.8	9.4	0.7	0.0	0.0	1.7	0.0	1.7	
Mortgage loans (commercial & retail)	6.5	1.4	0.0	0.1	3.5	1.5	0.0	5.1	
Other loans	5.9	2.0	0.0	0.3	2.6	0.0	1.0	3.9	
Deposits	13.0	10.9	0.9	0.3	0.0	0.9	0.0	1.2	
Other Investments	6.8	4.6	0.0	0.3	1.4	0.3	0.2	2.2	
Total	308.8	116.5	108.8	8.6	38.4	33.2	3.3	83.5	



Invested assets

Group shareholder exposures – Sovereign debt

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings¹, £m

	US	UK	Europe	Asia	Other	Total
AAA	-	3,474	356	511	3	4,344
AA-BBB	3,125	-	126	1,745	47	5,043
Below BBB	-	-	-	983	-	983
Total	3,125	3,474	482	3,239	50	10,370

Europe by key countries, £m

	Germany	"PIIGS"	Other	Total
Europe	356	59	67	482

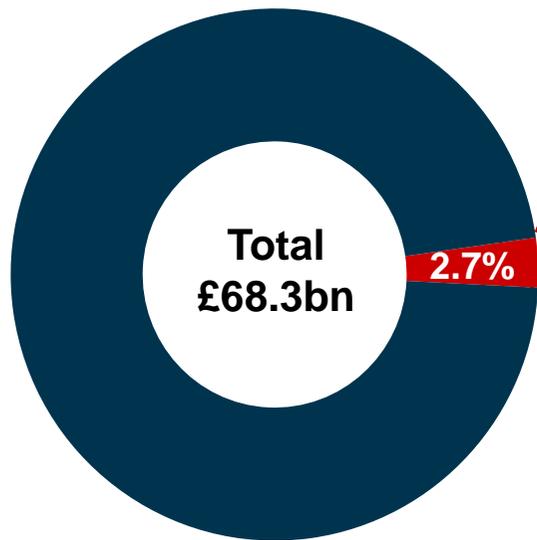
	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	58	-	-	1	59

¹ Includes Credit Default Swaps.

Invested assets

Group shareholder exposures – hybrid bank debt

Breakdown of the shareholder debt securities portfolio, %



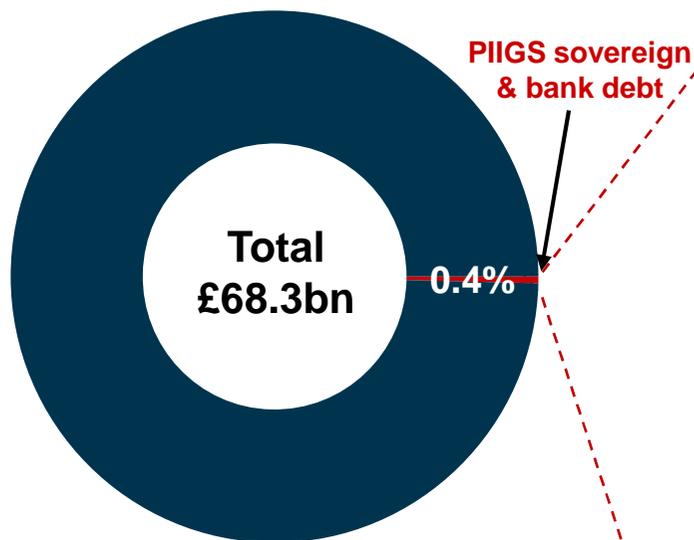
Exposure to Tier 1 and Tier 2 hybrid bank debt, £m

Banks	US	UK	France	Germany	"PIIGS"	Other Eurozone	Other	Total
Tier 2	453	644	74	63	23	58	290	1,605
Tier 1	32	54	18	-	-	75	80	259

Resilient balance sheet

Total PIIGS sovereign and bank debt of only £290m

Breakdown of the shareholder debt securities portfolio, %



Shareholder invested assets – PIIGS countries as at 30 June 2014, £m

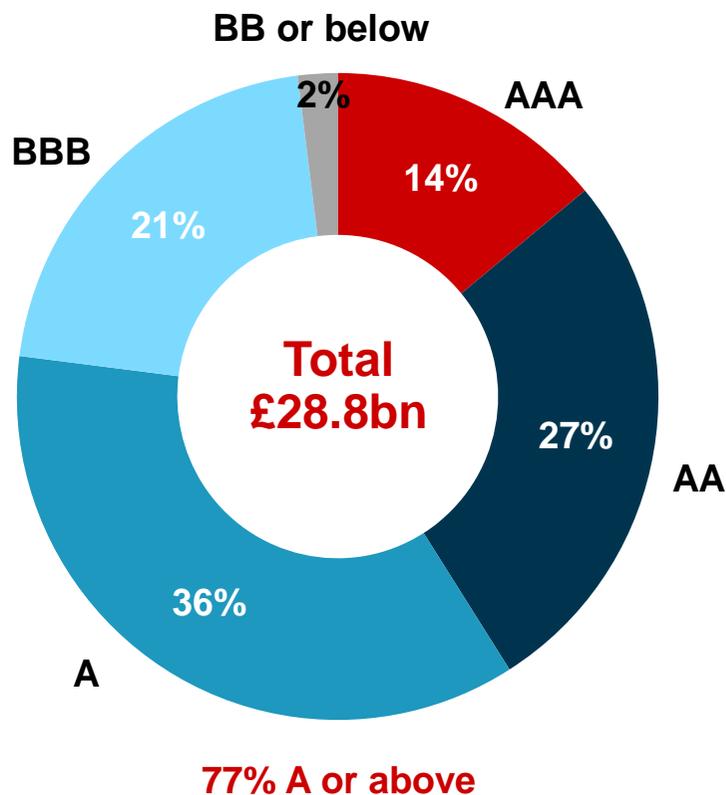
	Sovereign		Bank debt				Total
		Institution	Covered	Senior	Tier II	Tier I	
Portugal	-	BCP Finance Bank Banco Espirito Santo	-	16	-	-	16 28
Ireland	-	Bank of Ireland	-	16	-	-	16
Italy	58	Intesa SanPaolo	-	31	-	-	31
Greece	-	-	-	-	-	-	-
Spain	1	Santander	116	12	23	-	151
Total	59		116	103	23	-	242

Total PIIGS sovereign & bank debt = £301m

Invested assets

UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating¹



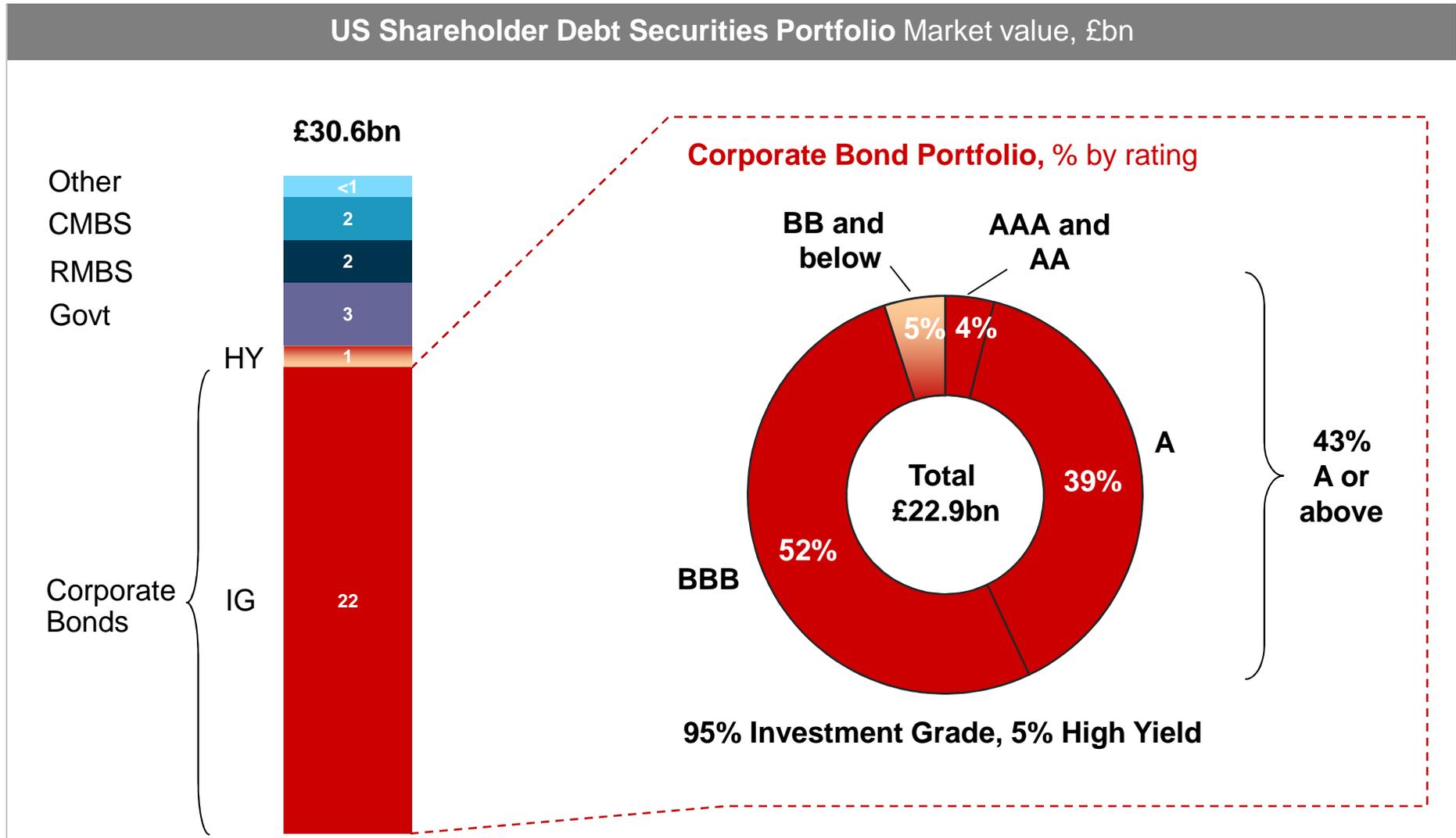
Strength of the £1.9bn credit reserve

- No defaults of shareholder-backed debt securities
- Allowance for credit risk as at 30 June 2014 materially in line with prior year²
 - Pillar 1 (IGD) 61 bps (FY 2013: 62 bps)
 - IFRS 42 bps (FY 2013: 43 bps)
- Pillar 1 and EEV assumptions equivalent to 51% of current spread over swaps (FY 2013: 47%)²

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

Invested assets

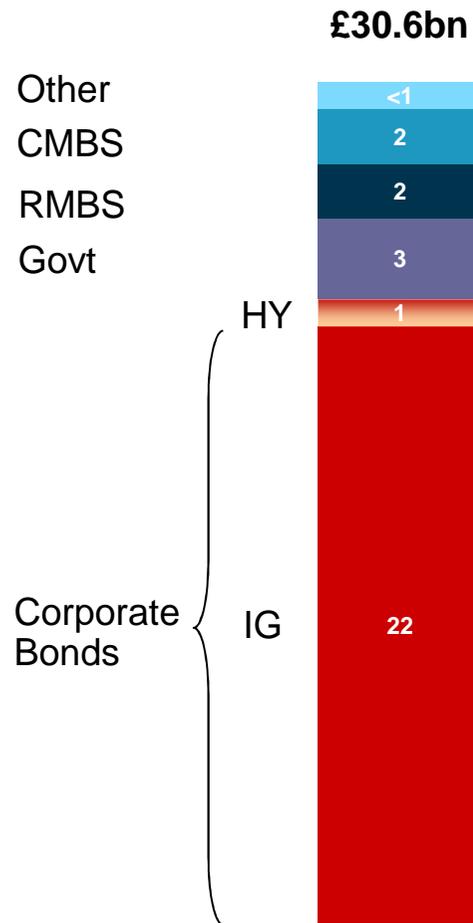
US asset quality – corporate debt portfolio (1/3)



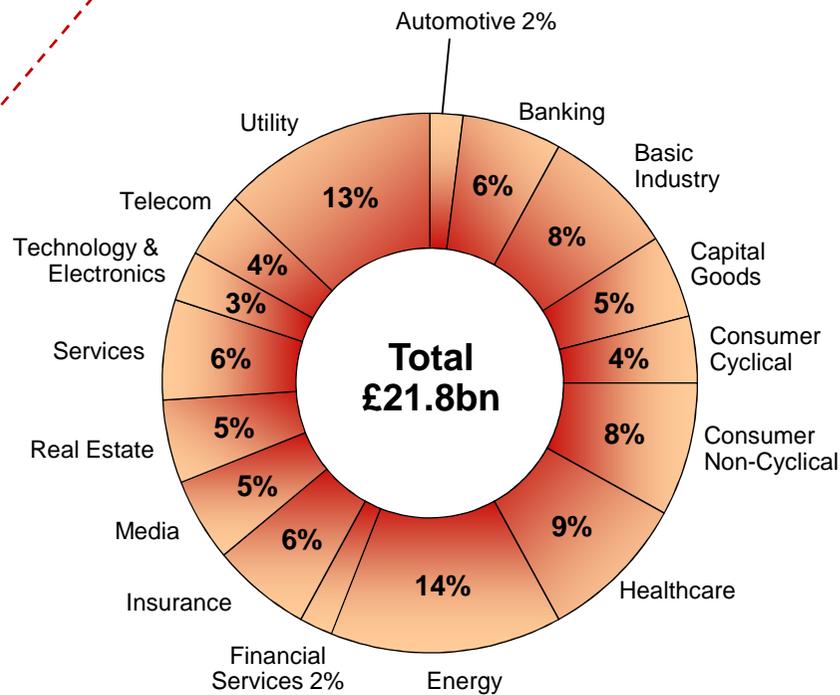
Invested assets

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

US Shareholder Debt Securities Portfolio Market value, £bn



Investment Grade Corporate Bond Portfolio, % by sector

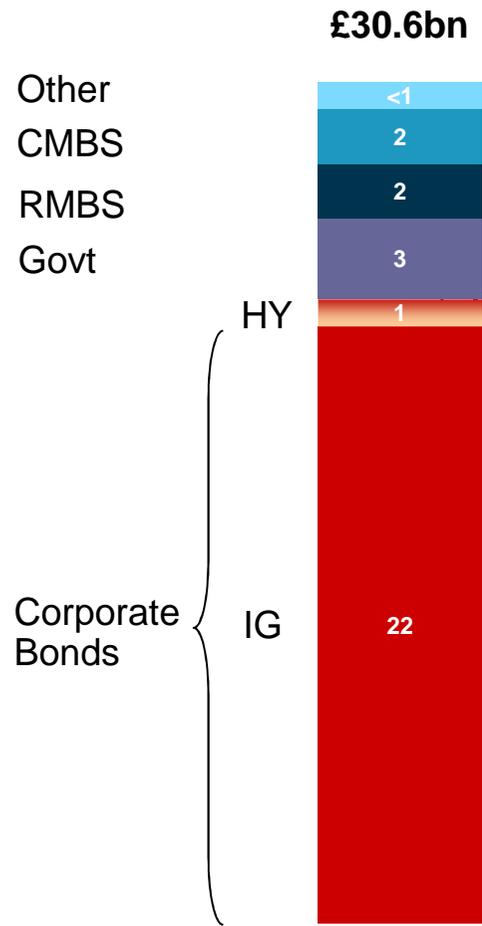


- Portfolio spread over 705 issuers, with an average holding of £31m

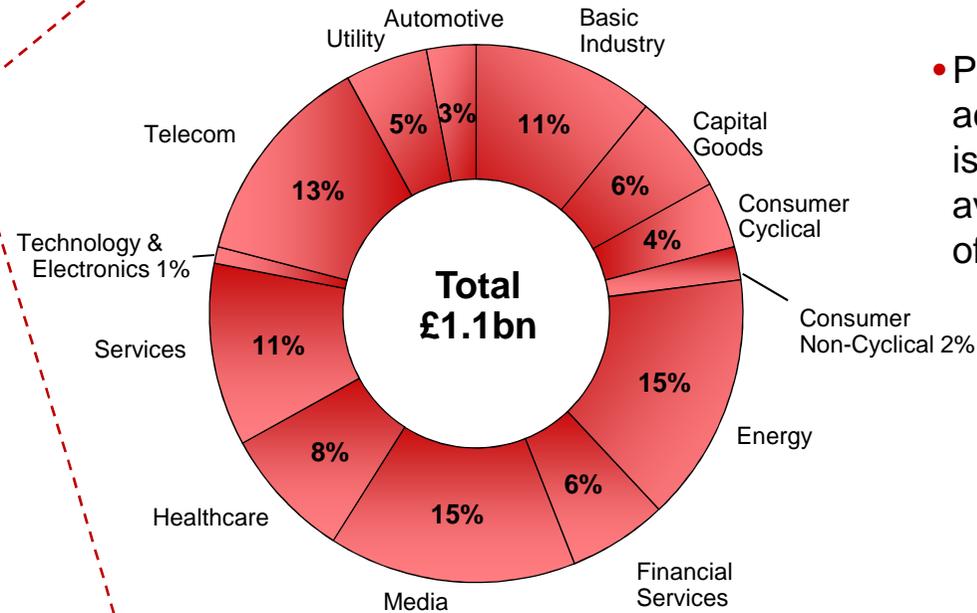
Invested assets

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

US Shareholder Debt Securities Portfolio Market value, £bn



High Yield Corporate Bond Portfolio, % by sector

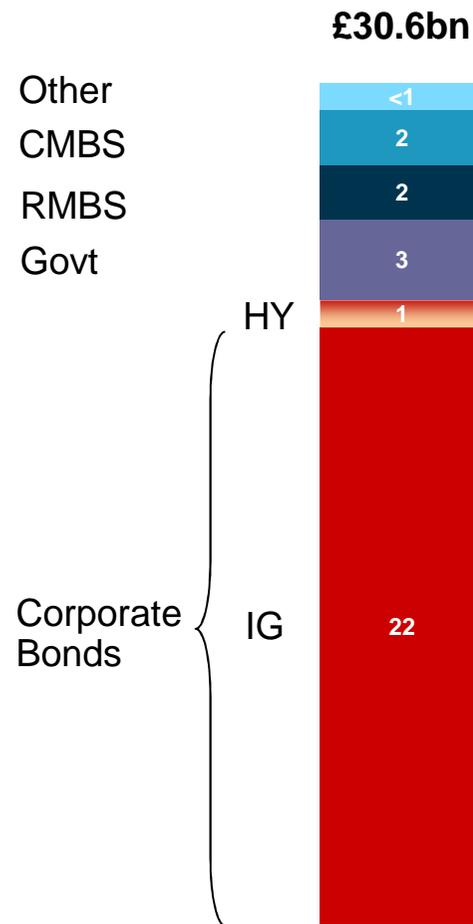


- Portfolio spread across 151 issuers, with an average holding of £7m

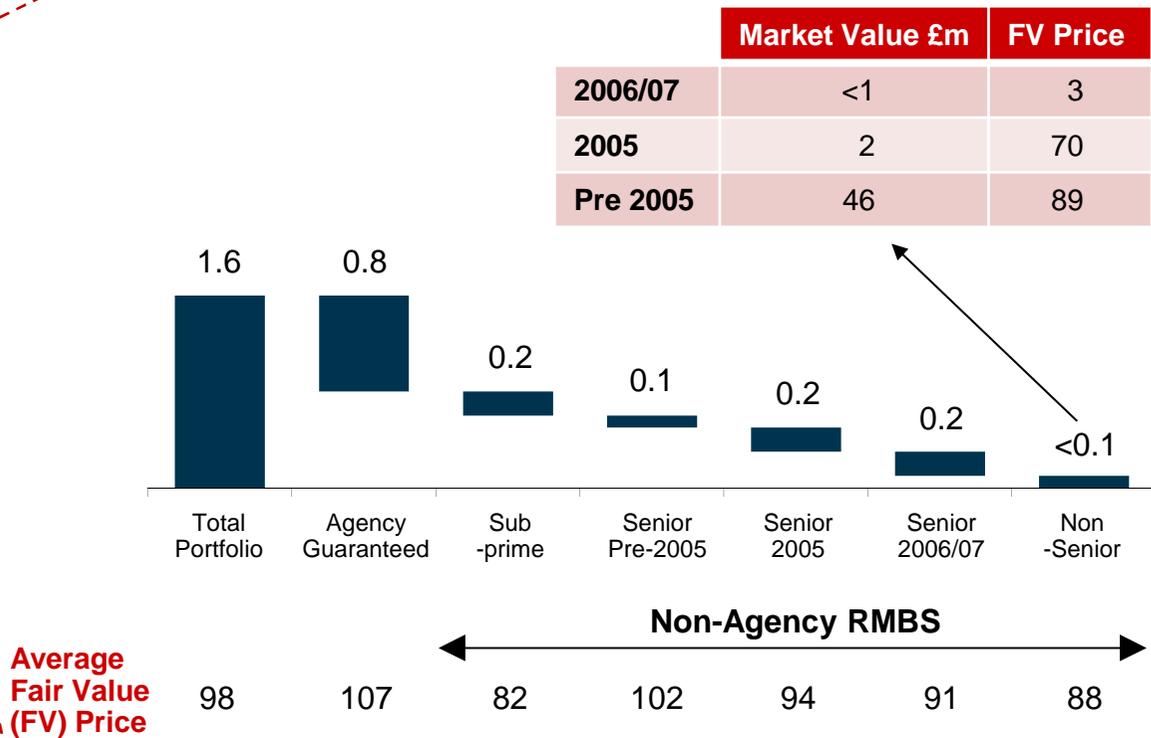
Invested assets

US asset quality – RMBS portfolio

US Shareholder Debt Securities Portfolio Market value, £bn



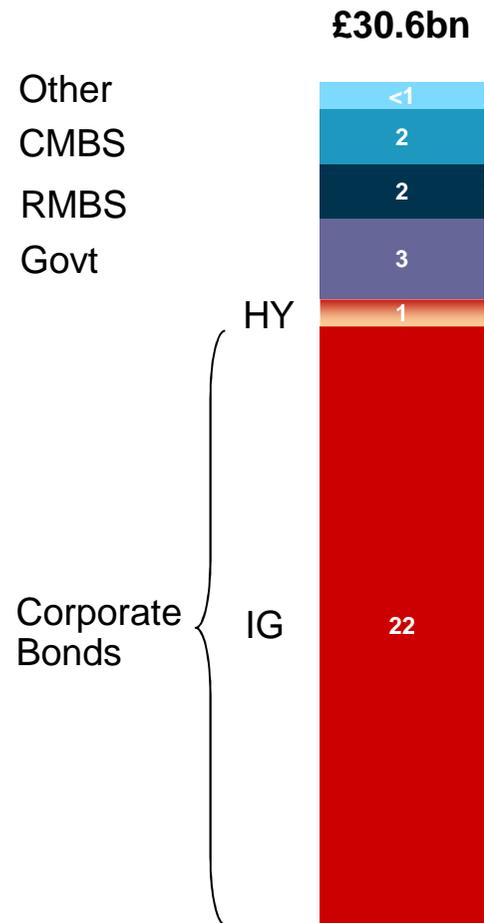
Breakdown of the RMBS portfolio – £bn



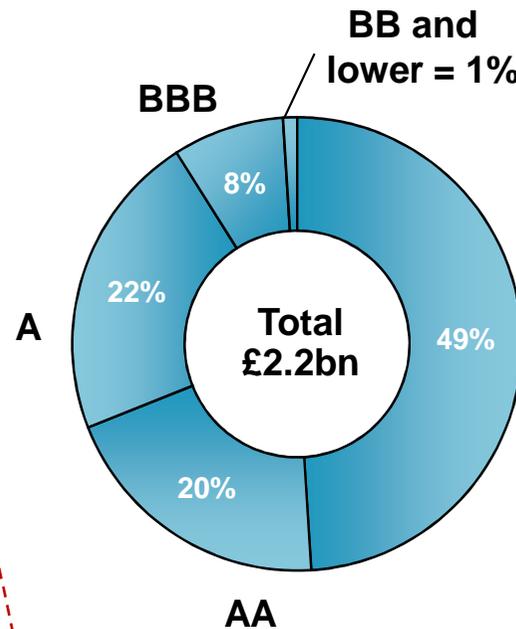
Invested assets

US asset quality – CMBS portfolio

US Shareholder Debt Securities Portfolio Market value, £bn



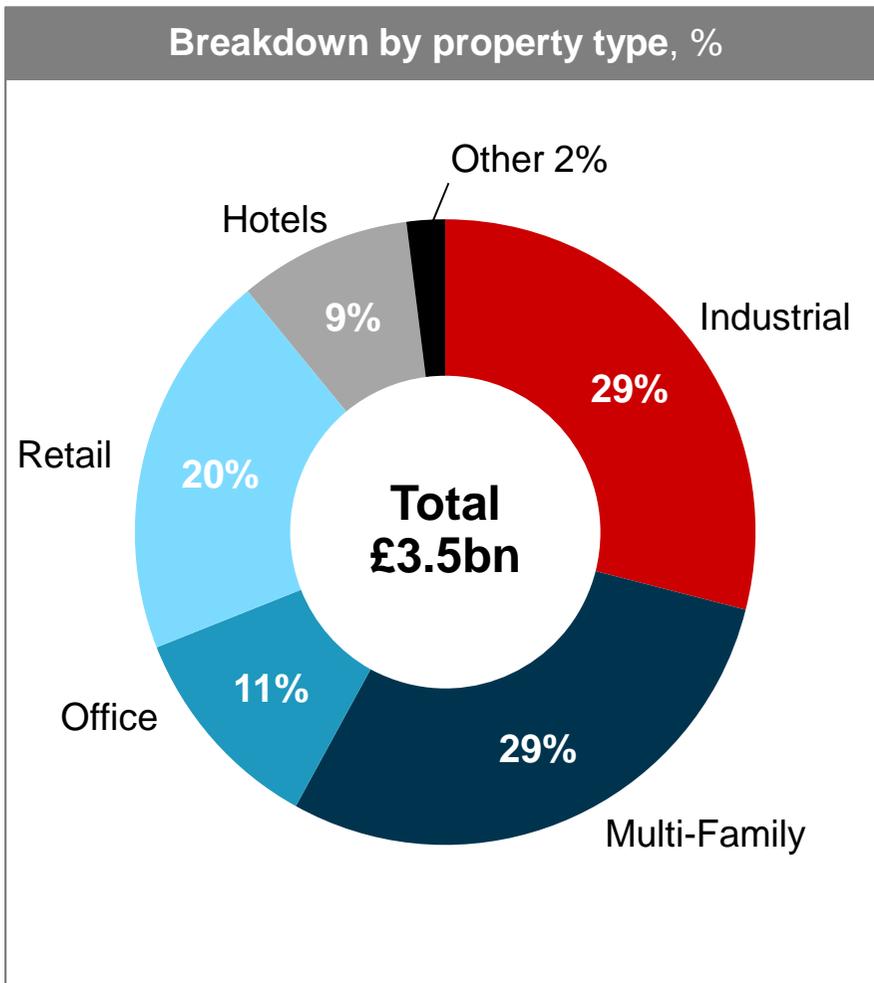
CMBS portfolio, % by rating



- Average credit enhancement of the non-agency portfolio is 32%
- 94% of the portfolio was originally senior AAA or super-senior AAA tranches

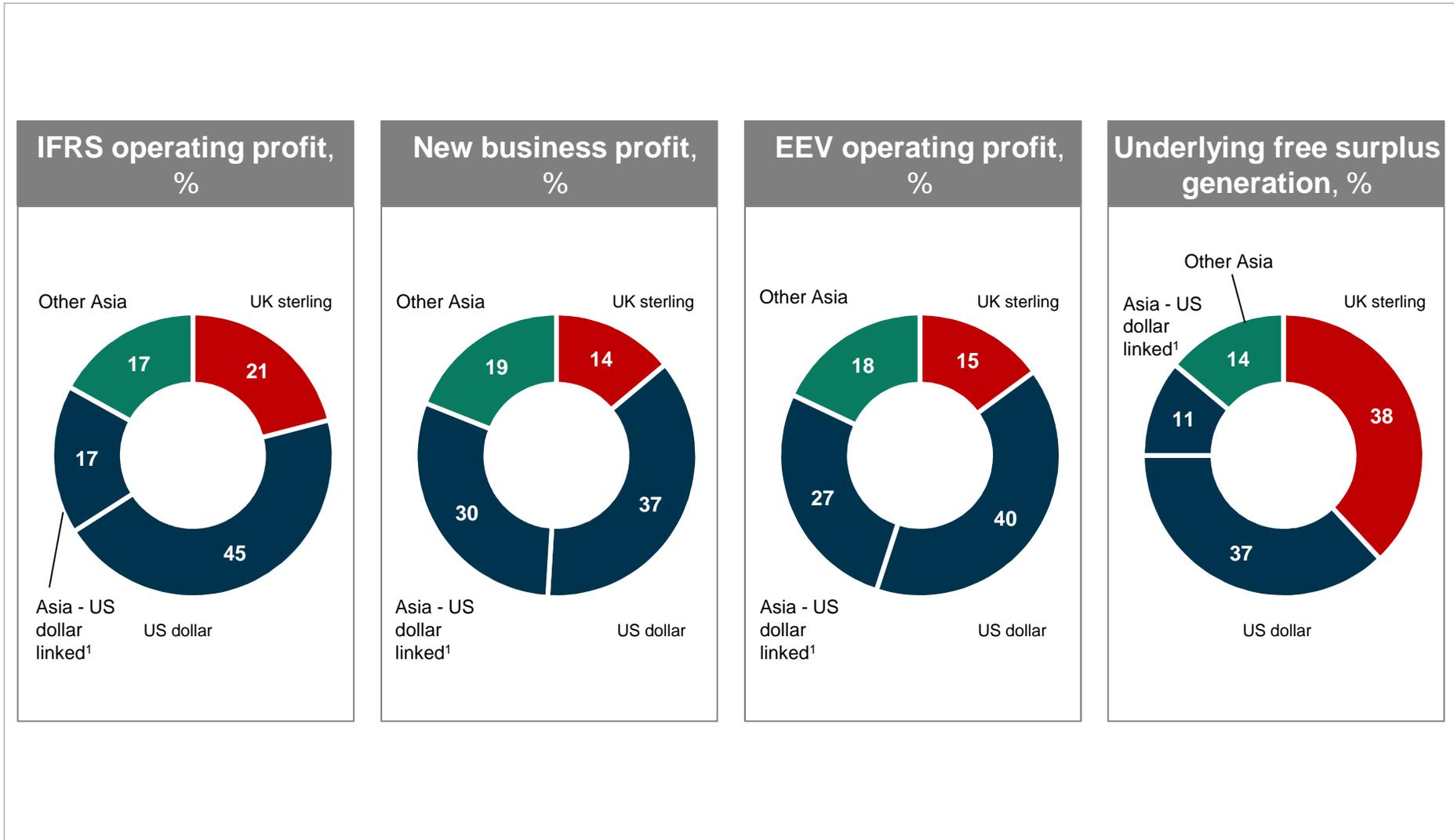
Invested assets

US asset quality – commercial mortgage loan portfolio



- High level of diversification
 - Average loan size of £6.5m
 - Spread across property type
 - Geographic diversification
- Strong underwriting discipline
 - Portfolio performing well in current environment
 - Current average LTV of 60%
 - Problem loan balances at 30 June 2014
 - Loans with restructured terms £34m
 - No loan currently in process of foreclosure
 - £6m write-downs during H1 2014
 - £1m increase in specific reserves, offset by a £3m decrease in general reserve

Currency mix 2014 half year



¹ US\$ linked, comprising the Hong Kong and Vietnam operations where the currencies are pegged to the US dollar and the Malaysia and Singapore operations where the currencies are managed against a basket of currencies including the US dollar.

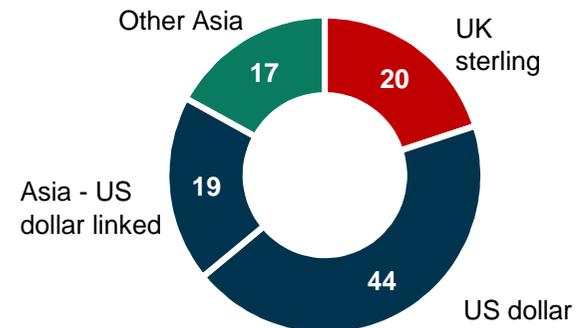
Currency mix

Currency translation sensitivities

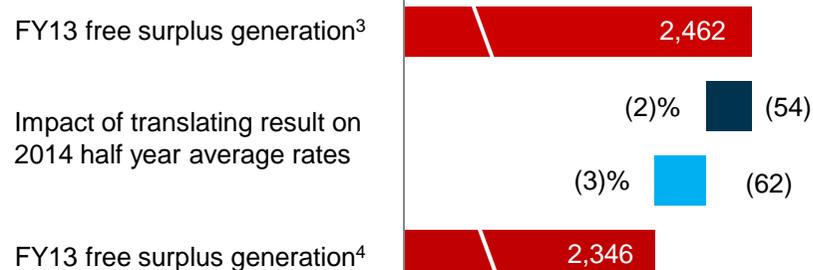
IFRS operating profit¹, £m



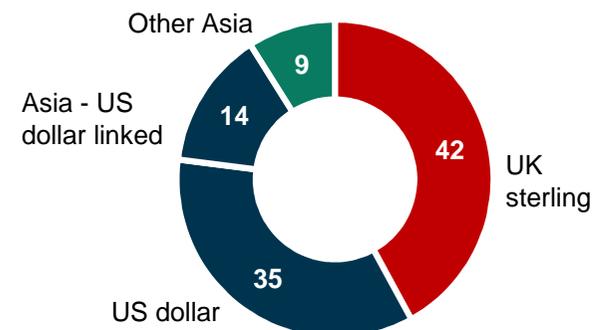
IFRS operating profit by currency, % FY13



Underlying free surplus generation^{1,2}, £m



Underlying free surplus generation by currency, % FY13



■ Impact on Group result from US contribution ■ Impact on Group result from Asia contribution

1 IFRS and free surplus generation exclude Japan Life classified as held for sale.
 2 The 2013 EEV results for the Group are presented on a post-tax basis.
 3 FY13 result as reported
 4 FY13 result translated on HY14 average exchange rates..

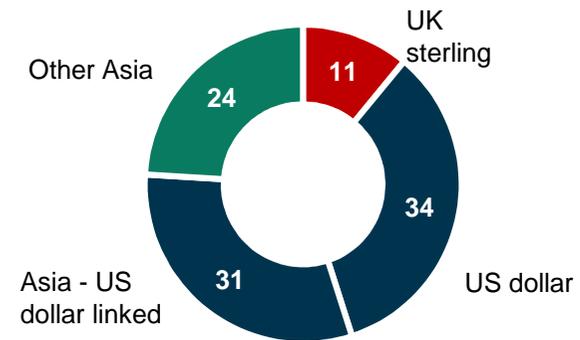
Currency mix

Currency translation sensitivities

New business profit, £m



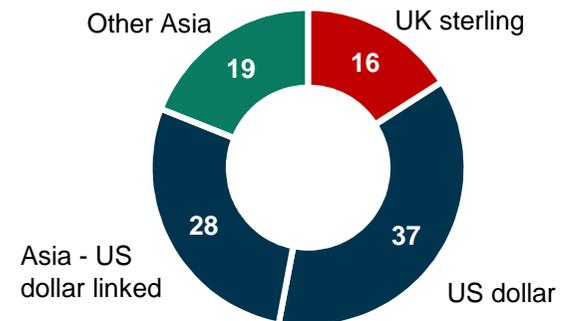
New business profit by currency, % FY13



EEV operating profit, £m

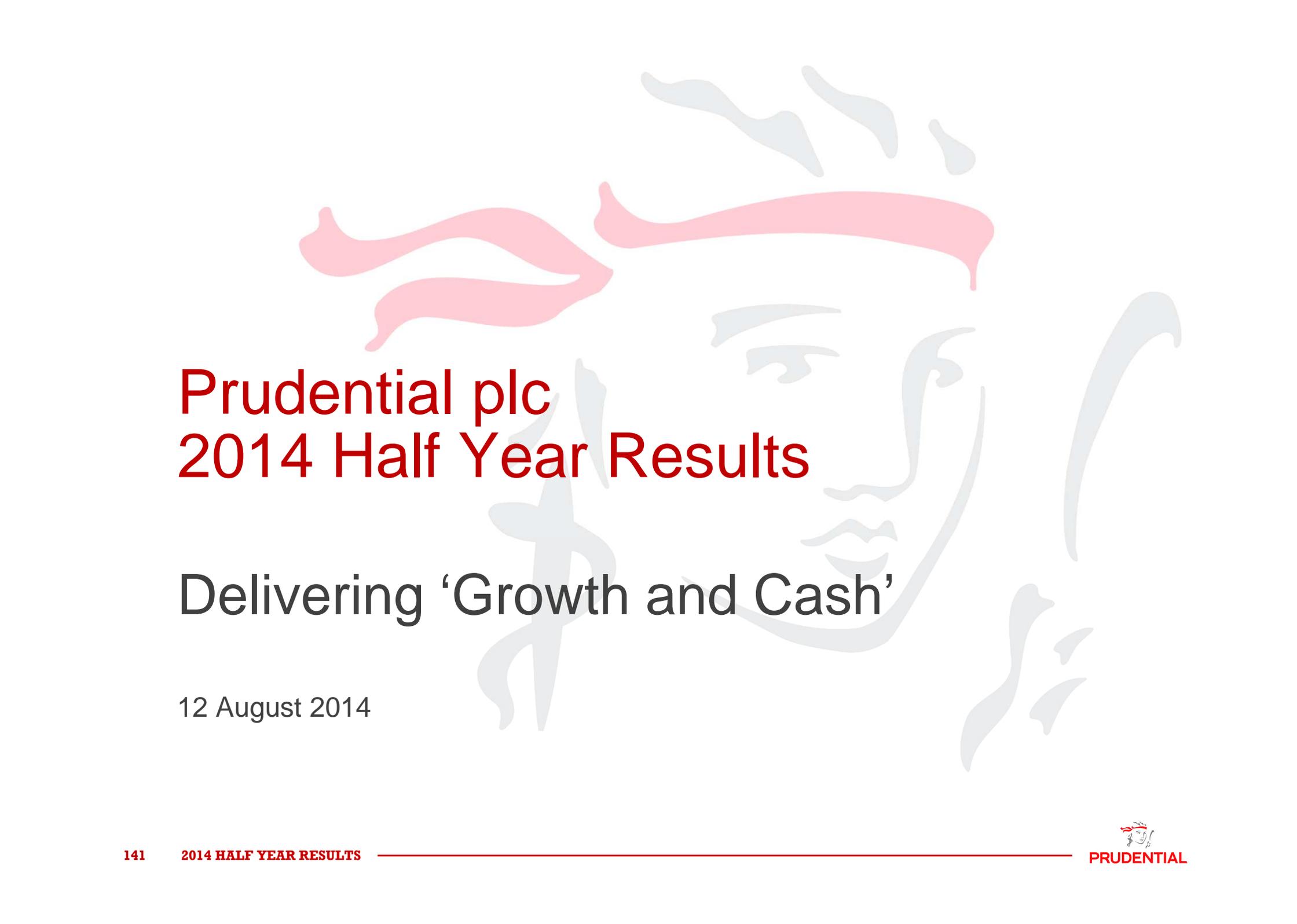


EEV operating profit by currency, % FY13



■ Impact on Group result from US contribution ■ Impact on Group result from Asia contribution

1 EEV results exclude Japan Life classified as held for sale.
 2 The 2013 EEV results for the Group and by currency % are presented on a post-tax basis.
 3 FY13 result as reported
 4 FY13 result translated on HY14 average exchange rates.



Prudential plc 2014 Half Year Results

Delivering 'Growth and Cash'

12 August 2014