



Prudential plc

2018 Half Year Results

8 August 2018

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, 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 Prudential's 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, the timing, costs and successful implementation of the demerger of the M&G Prudential business; the future trading value of the shares of Prudential plc and the trading value and liquidity of the shares of the to-be-listed M&G Prudential business following such demerger; future market conditions, including fluctuations in interest rates and exchange rates the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives; the political, legal and economic effects of the UK's decision to leave the European Union; the impact of continuing designation as a Global Systemically Important Insurer or 'G-SII'; the impact of competition, economic uncertainty, inflation and deflation; 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 projects and other strategic actions failing to meet their objectives; disruption to the availability, confidentiality or integrity of Prudential's IT systems (or those of its suppliers); 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 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 Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk Factors' heading in Prudential's most recent Full Year Results Regulatory News Release and the 'Risk Factors' heading in its most recent Annual Report and the 'Risk Factors' heading of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, as well as under the 'Risk Factors' heading of any subsequent Prudential Half Year Financial Report. Prudential's most recent Annual Report, Form 20-F and any subsequent Half Year Financial Report are available on its website at www.prudential.co.uk.

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Mike Wells

Group Chief Executive

Group Headline results

Growth

+13%

HY2018 New business profit vs
HY2017 CER¹

Cash

£1.9 bn

HY2018 Net free surplus
generation

Embedded value

£47 bn

HY2018 Embedded value +6% vs
FY2017 AER²

Earnings

£2.4 bn

HY2018 IFRS operating profit

Dividend

+8%

Growth on prior year to
15.67 pence per share³

Capital

209%

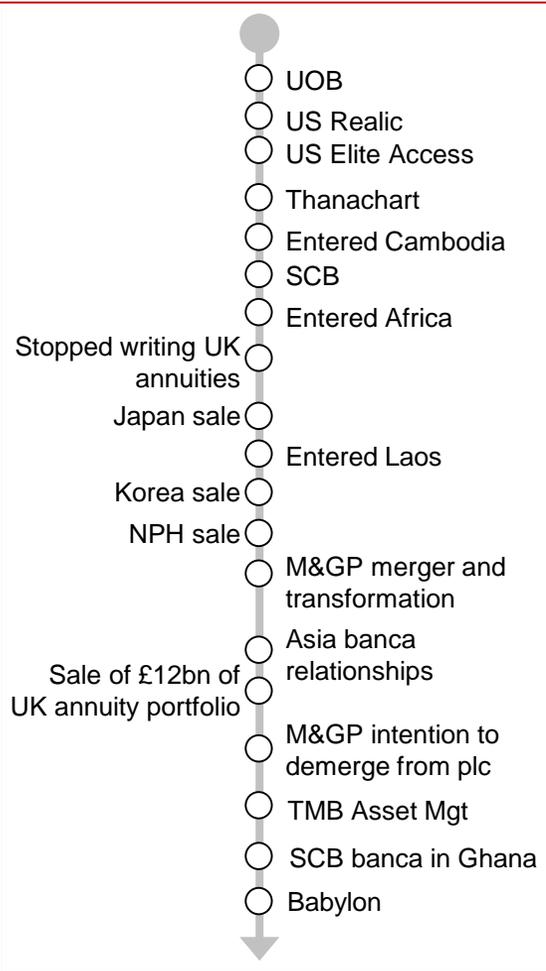
HY2018 Solvency II ratio

¹ Defined as constant exchange rate.
² Defined as actual exchange rate.
³ First interim ordinary dividend.

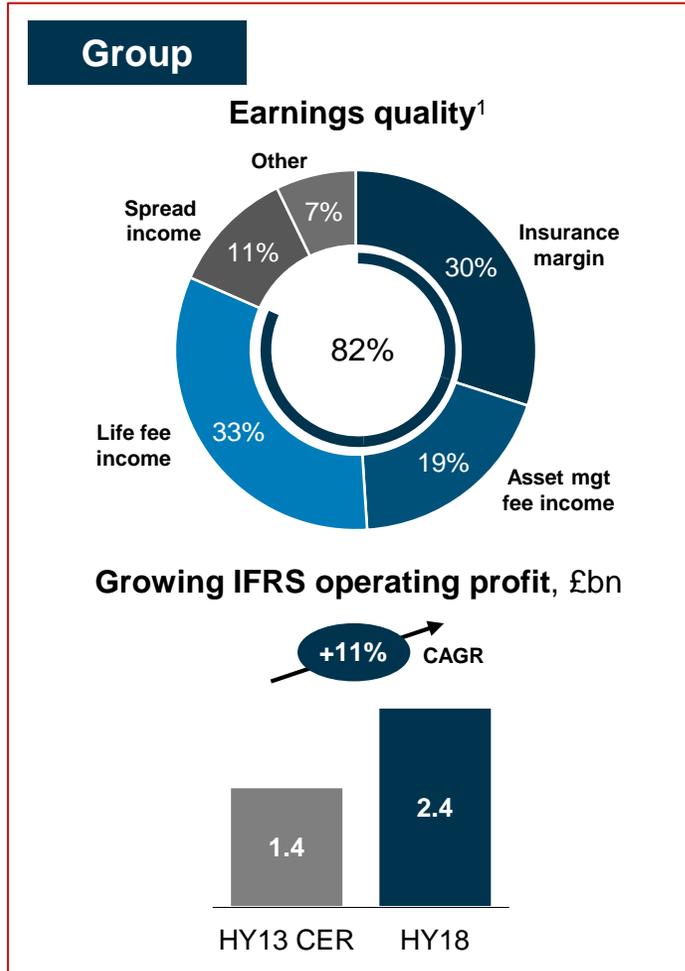
Group

Custodians of capital, active portfolio managers, focus on quality

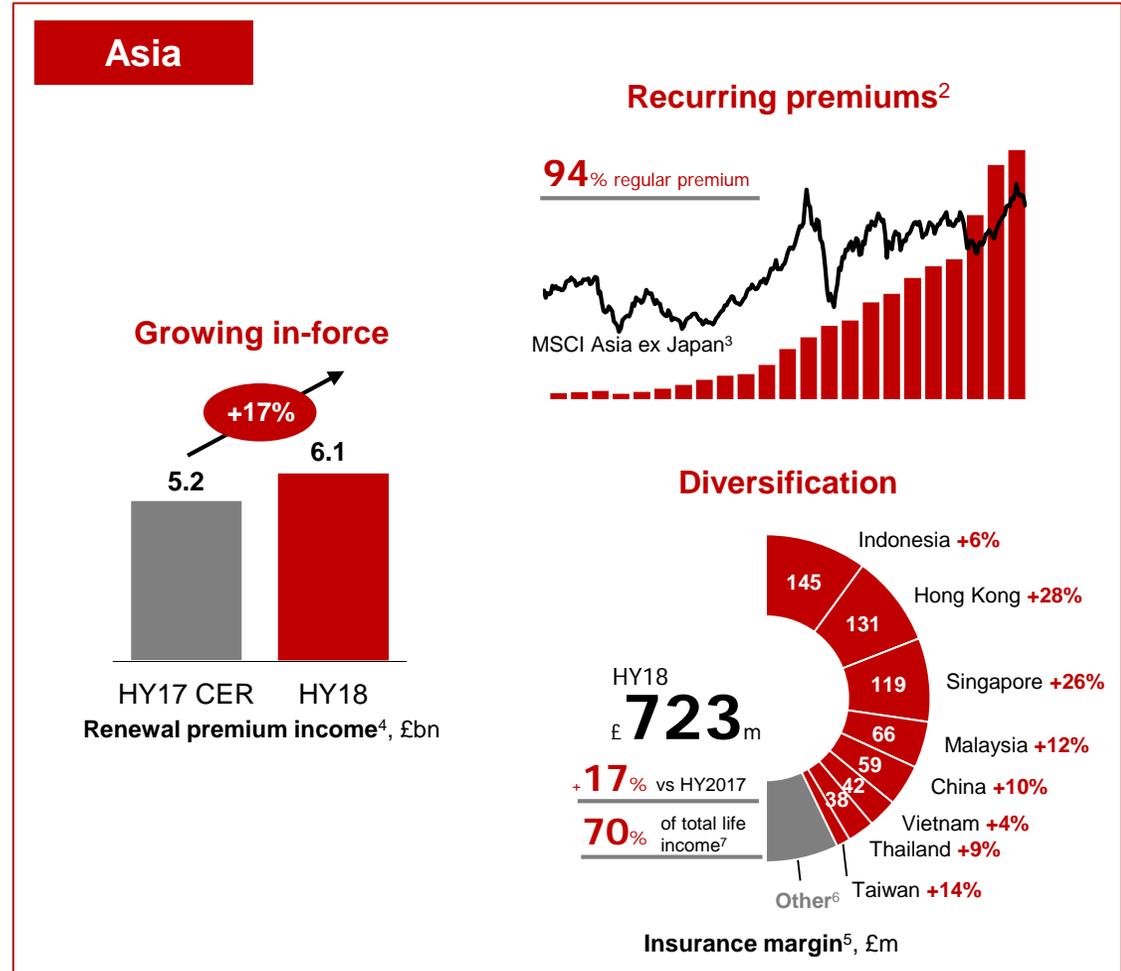
Active portfolio management



Well positioned to deliver



High quality resilient portfolio



¹ Sources of earnings based on HY18 income by revenue source and excludes £(18)m of share of related tax charges from joint ventures and associates, £63m of management actions to improve solvency and £166m of insurance recoveries of costs associated with undertaking a review of past annuity sales.

² Represented by regular premium APE

³ Source: Datastream.

⁴ Represents gross earned premiums for contracts in second and subsequent years, comprising Asia segment IFRS gross earned premium less gross earned premiums relating to new regular and single premiums, plus renewal premiums from joint ventures.

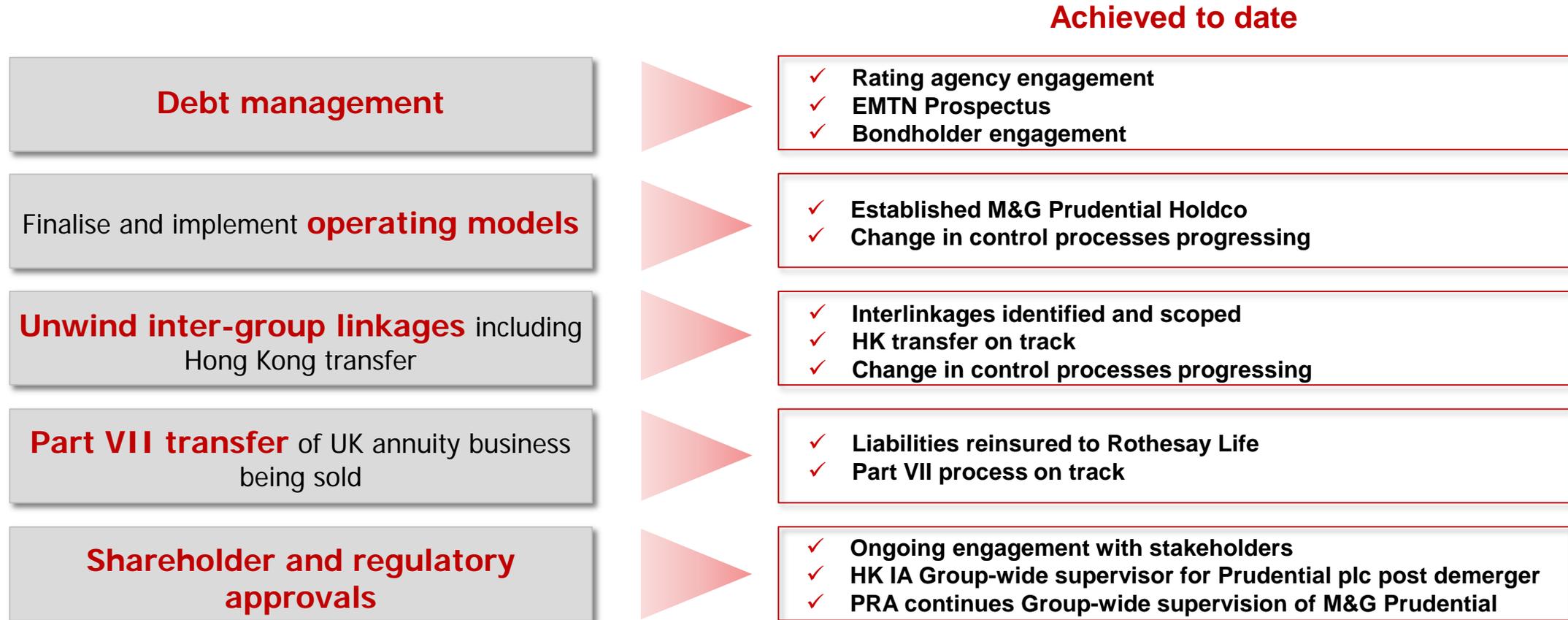
⁵ Comparatives have been stated on a constant exchange rate basis.

⁶ Other includes the Philippines, India, Cambodia, Laos and non-recurrent items.

⁷ Total life income includes insurance income, fee income, with profits income and expected returns on shareholder assets and excludes margin on revenues.

Group

Separation process – next steps



M&G Prudential

A leading European Savings and Investments business

- Strong demographic demand drivers
- Broad range of distribution channels
- Two strong brands with c.7m customers



- Provider of differentiated investment solutions
- Leading capabilities in multi-asset and private assets
- Ability to offer smoothed solutions using the with-profits estate

- Investing in transformation to create a scalable, digital operating model
- Combining capabilities across the value chain
- Track record of major change initiatives and product launches

M&G Prudential

Merger and transformation

66

Ambition

2021-22

Scalable, fast
and flexible

2019-20

Platform for
growth

2017

Launch of merger
and transformation

Merger and transformation on
track to deliver **£145m pa of
shareholder cost
reduction** by 2022

Progress to date

**In-force
modernisation**

Partnership with TCS

- Projected transfer of 6m policies
- Migration of legacy systems to a single platform

Shared services

Integrated functions

- IT, Risk and Legal, HR functions now integrated at M&G Prudential level

**Investment
operating
model**

Common scalable platform

- Aladdin live across M&G Prudential
- M&G and PPMG operations consolidated
- Outsourcing of Life fund accounting

Adviser platform

Rapid adoption of digital¹

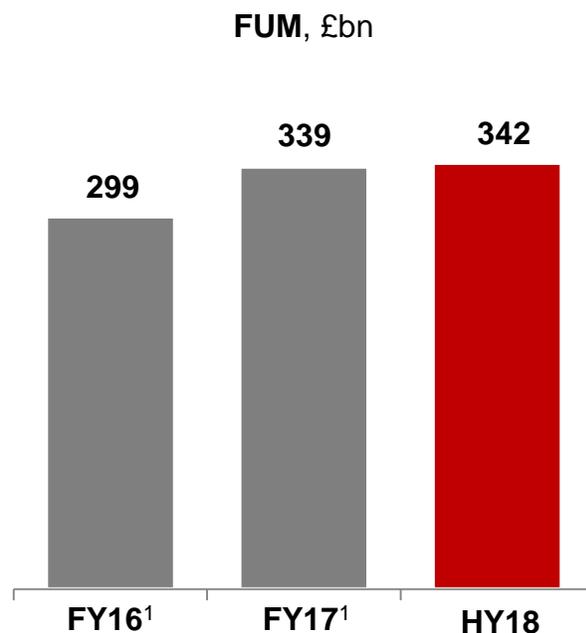
- Adviser platform over £10bn of AuA within 24 months
- 95% of adviser new business now submitted online

¹ Retirement Account business only.

M&G Prudential

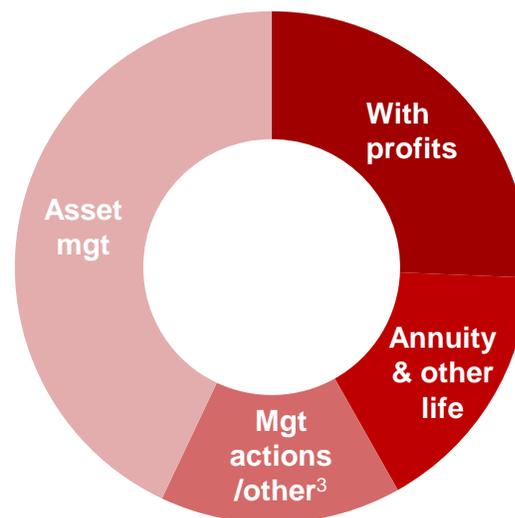
Cash generative earnings supported by an attractive capital profile

Stable in-force portfolio



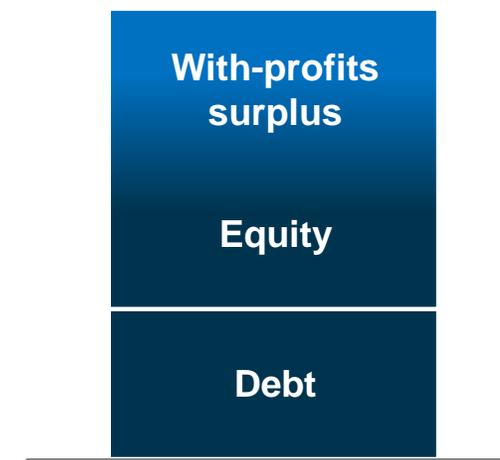
Well balanced high quality earnings

HY18 IFRS operating profit²



Capital profile

Illustrative



¹ Adjusted to exclude £12 billion of assets related to the annuity liabilities reinsured to Rothesay Life in March 2018.

² Excludes £166m of insurance recoveries of costs associated with undertaking a review of past annuity sales.

³ Includes M&G performance related fees, profits from new annuities and general insurance commission.

M&G Prudential

Operational performance

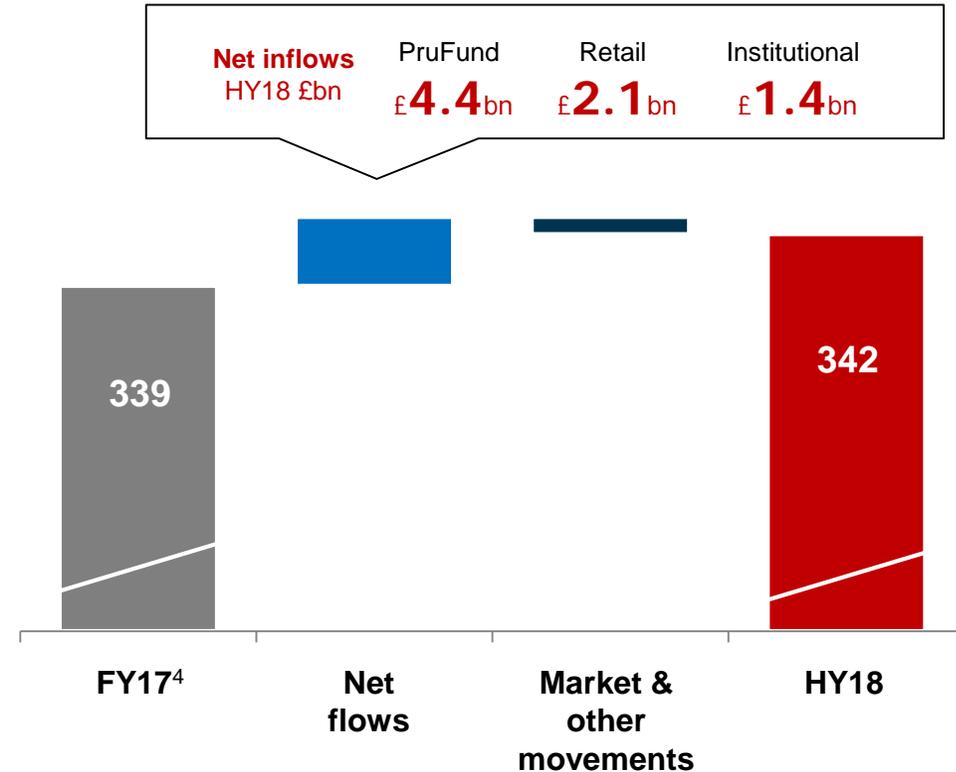
Investment performance

PruFund Performance¹ **+84%**
 (ABI comparator +53%¹)

M&G Retail Performance² **+71%**
 (% of AUM above median)

M&G Institutional Performance³ **+95%**
 (% of AUM outperforming benchmark)

Funds under management, £bn



¹ Performance of PruFund Growth from September 2006 to 30 June 2018. ABI Mixed Investment 20 per cent – 60 per cent shares (performance is net of charge). PruFund returns are also net of charge (0.65 per cent).

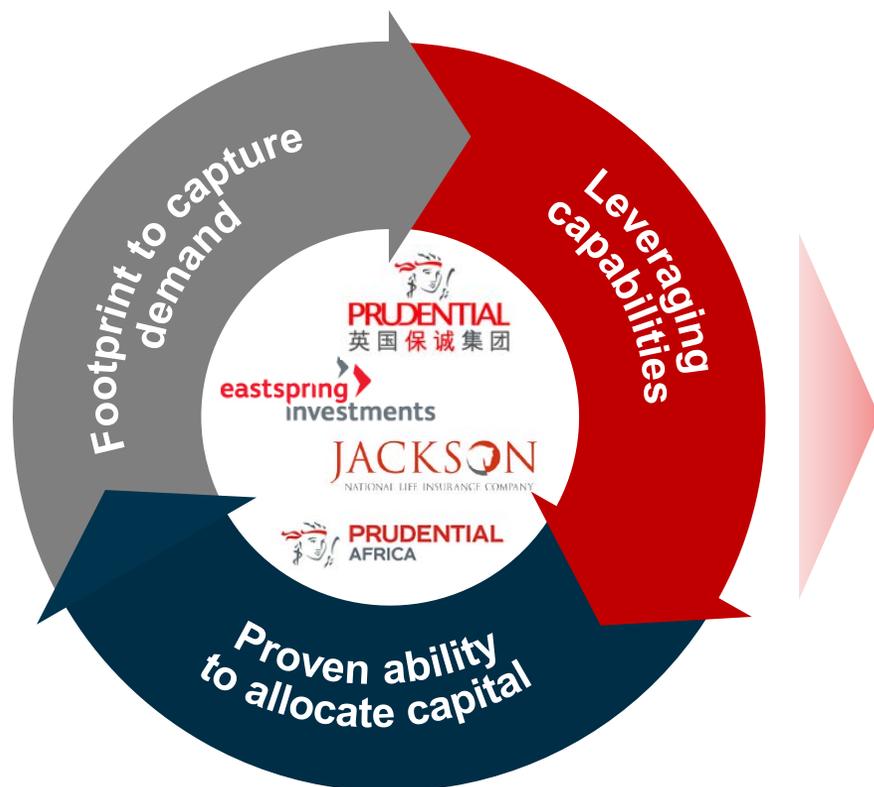
² On a 3 year view to June 2018. Performance quartile ranking based on ranking of the fund's representative share class, net of fees, within their respective Investment Association of Morningstar sectors. Closed funds excluded. Total mutual fund AUM as at 30 June 2018 was £78.4bn, representing 23% of the total M&G Prudential AUM. 3 year figures represent £78.2bn AUM. Performance figures in GBP, bid to bid, net income reinvested. Source: M&G Prudential, IA and Morningstar Inc. combined UK and Pan-European peer groups as at 30 June 2018.

³ Institutional mandates actively managed against a benchmark, on a gross of fees basis. Represents £31bn (15%) of total Institutional AUM, including internal AUM, as at end of June 2018.

⁴ Adjusted to exclude £12 billion of assets related to the annuity liabilities reinsured to Rothesay Life in March 2018.

Prudential plc

A winning combination



Opportunity

- ▶ Asia: Significant protection gap and investment need
- ▶ US: Largest life insurance market and 40m Americans about to reach retirement age
- ▶ Africa: One of the most underserved markets and >50% of global population growth to 2050

Diversification

- ▶ By stage of customer life cycle and business development
- ▶ By risk characteristics
- ▶ By product and geography

Synergies

- ▶ Global scale and operating profile, a partner of choice
- ▶ Enhanced capability to deliver differentiated products
- ▶ Opportunity to leverage experience and expertise

Asia

High quality, diversified growth

Double-digit growth across key metrics

New business profit¹

+ **11**%

IFRS operating profit¹

+ **14**%

Free surplus generation¹

+ **14**%

Broad-based

High quality

New business profit

8 Countries with double digit growth

Agency¹ + **11**%

Banca¹ + **14**%

H&P NBP¹ + **19**%

H&P **70**% of NBP

NBP Margin **65**%

IFRS operating profit

>£ **1** bn for the first time at HY

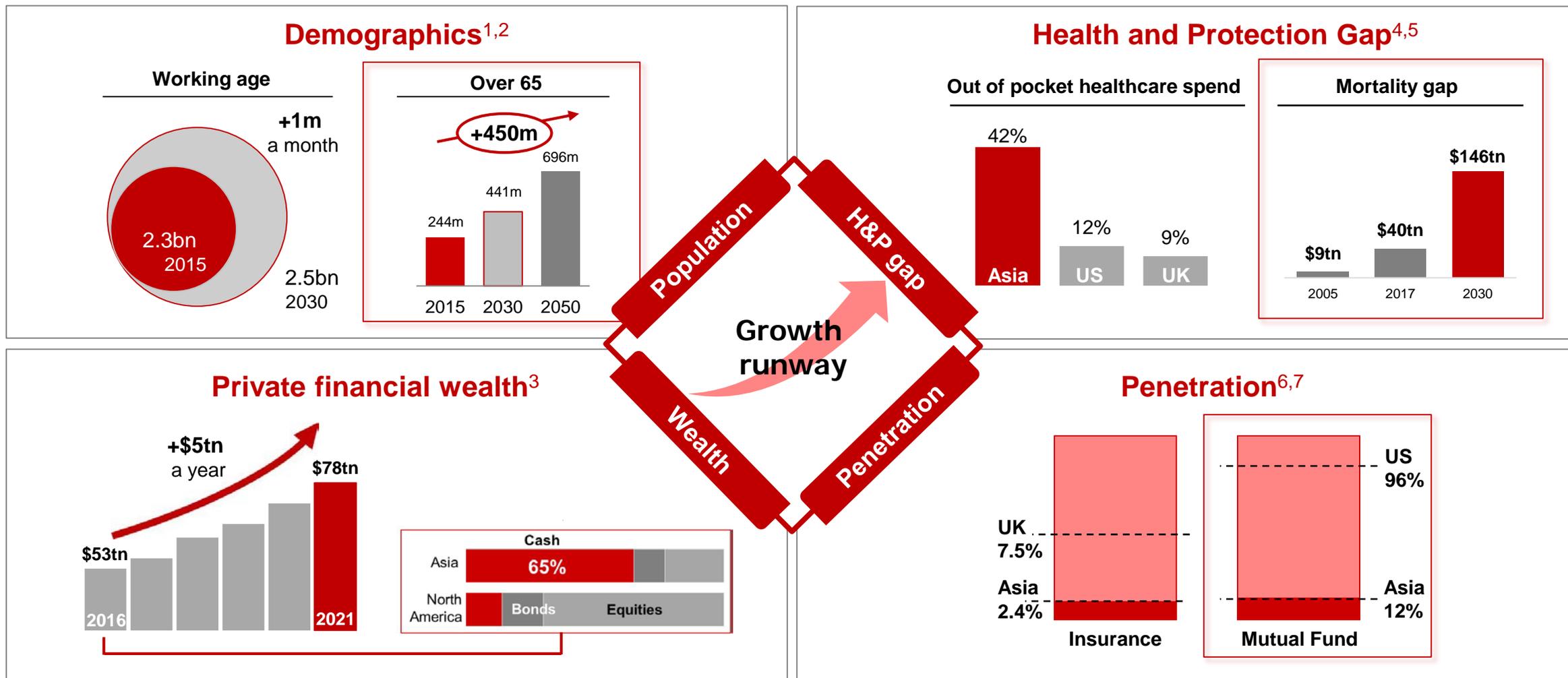
6 Life markets with double digit growth

+ **13**% Eastspring

¹ Growth rates indicate variances against prior year on a constant exchange rate basis.

Asia

Significant long term growth opportunity



1 United Nations, Department of Economic and Social Affairs, Population Division (2015). World Population Prospects: The 2015 Revision, DVD Edition.15.

2 Working age population: 15-64 years.

3 Source: BCG Global Wealth 2017. Navigating the New Client Landscape.

4 World Health Organisation - Global Health Observatory data repository (2013). Out of pocket as % of Total Health Expenditure. Asia calculated as average out of pocket.

5 Source: Swiss Re Mortality protection gap in Asia. 2018. Numbers are based on PCA footprint and use per capita income of working population as the base unit to calculate the size of the gap.

6 Insurance penetration source Swiss Re Sigma 2015. Insurance penetration calculated as premiums in % of GDP. Asia penetration calculated on a weighted population basis.

7 Investment Company Institute, industry associations and Lipper.

Asia

Leading pan-regional franchise

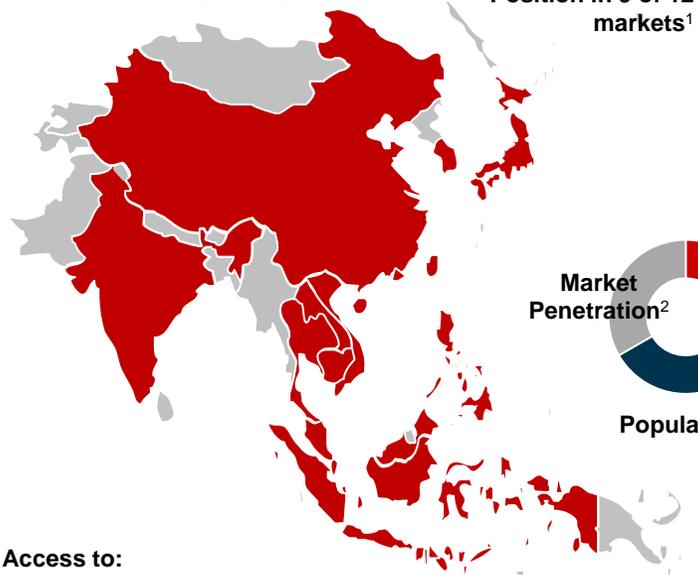
Pru Asia footprint

15m

Pru life customers

Top 3

Position in 9 of 12 markets¹

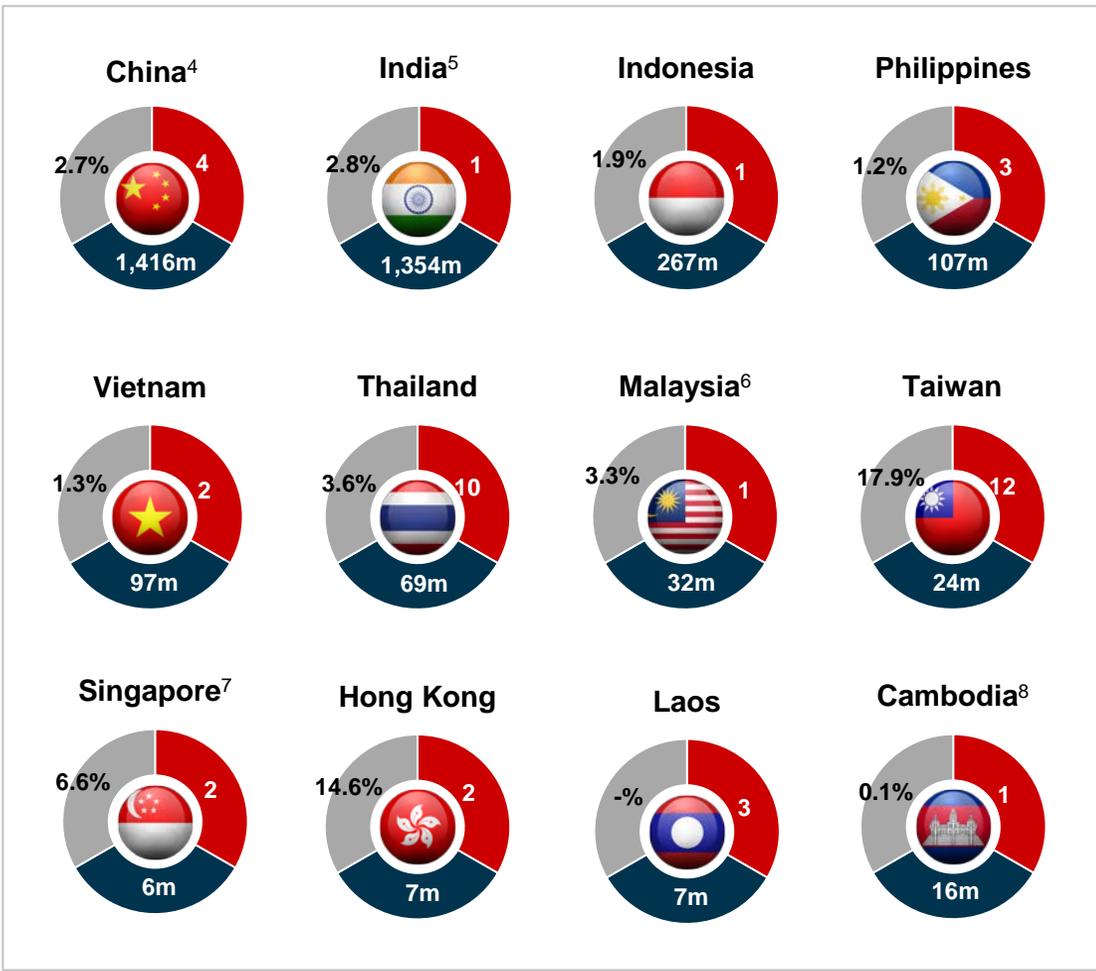


Access to:

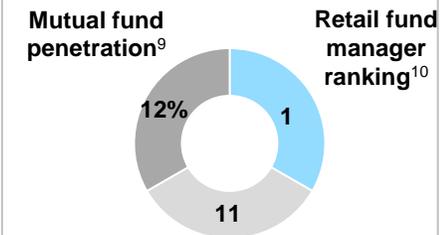
3.6bn

Population

Life portfolio



Asset Management



Eastspring Asian country presence¹¹



Market leading pan regional Asian Retail Fund Manager¹⁰

¹ Top 3 in 9 of 12 countries. As per Group's FY2017 disclosures.

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).

² Market penetration: Swiss Re – based on insurance premiums as a percentage of GDP in 2017 (estimated).

³ United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects 2017 Revision.

⁴ Ranking amongst foreign JVs.

⁵ Ranking amongst private players, share among all players on a fiscal year basis excluding Group business.

⁶ Excludes Group business.

⁷ Singapore includes onshore only, excluding Eldersfield and DPS.

⁸ First year gross premiums.

⁹ Source: Investment Company Institute, industry associations and Lipper as of Q116. Datastream as of Jun 2016.

¹⁰ Source: Asia Asset Management – Fund Manager Surveys. Based on assets sourced in Asia ex- Japan, Australia and New Zealand. Ranked according to participating firms only.

¹¹ Eastspring has a presence in 11 markets across the region following its recent entry into Thailand in July; the completion of this transaction is subject to local regulatory approval. Sales offices in UK, US and Luxembourg.

Asia

Improving our capability set

- PRODUCTS
- DISTRIBUTION
- CUSTOMERS
- DIGITAL
- PEOPLE
- BRAND

Enhance the core¹

6 new bancassurance partnerships



Digitising business



Initiated **fasttrack** trade



Launched Opus distinctive HNW proposition

63% E submissions
55% Auto-underwritten



Chatbot technology (agents & customers)



Create 'best-in-class' health capability¹

H&P NBP **up 19%**
H&P **70%** of total NBP



Over 90,000 units



Exclusive Asia partnership



AI powered digital health service

Expanded PRUmedical network 54 hospitals in 28 cities



Jet Claims

AI-based auto-assess & review



DOCTOR2U

Healthcare at fingertips



Medical repricing for **>1m customers**



Accelerate Eastspring¹

Establishing WFOE and approval for QDLP quota



SGA partnership – access to Global & US Growth strategies

Acquisition of TMB Asset Management, with £10bn of AUM

Agreement to deploy **\$500m** - emerging market infrastructure



Asia **Fund House of the Year** in 3 of the last 4 years²



Successfully implementing



Expand presence in China¹

Granted licence to offer tax-deferred pension policies

Bank distribution: **>4000** branches & **1000** wholesalers

Regulatory approval for establishment of **new branch** in **Hunan**

NBP **up 15%**
98% regular premium
Retention ratio c.90%



SARMRA³ (85.75%)
#1 in industry

Operating in **18** branches, **77** cities⁴

Access to around **70%** of the population. With **>1m** customers

¹ Capability statistics shown as at HY2018 or earlier depending on the availability of data.

² Asian Investor (2015, 2017 and 2018).

³ Solvency Aligned Risk Management Requirements and Assessment (SARMRA)

⁴ Number of branches and cities excludes Hunan

Differentiated product structure, health of portfolio

Superior product structure

Product structure

- Withdrawal benefit
- Investment freedom
- Over 100 fund choices

How we operate

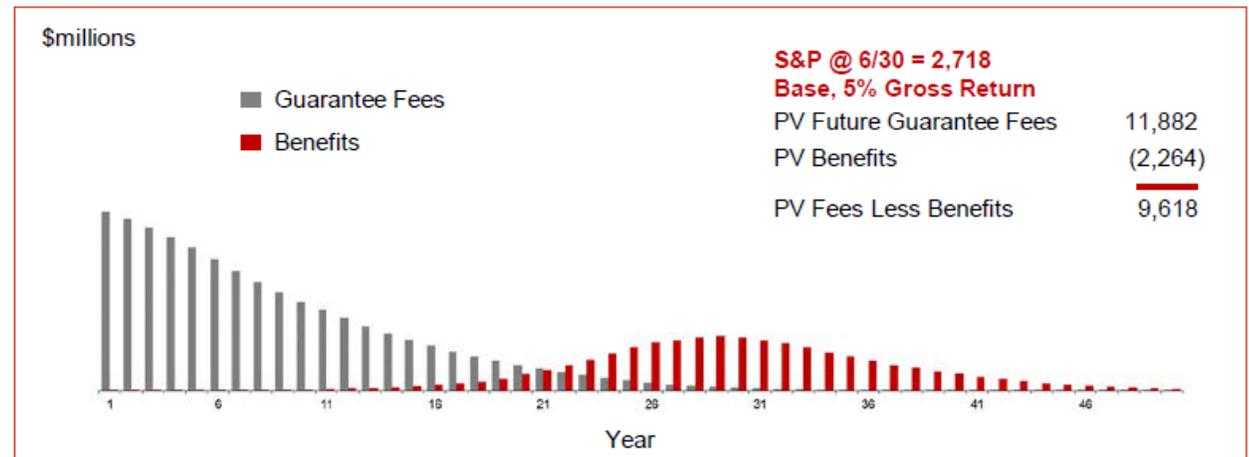
- Price for economics
- Fund choice due diligence
- Disciplined risk management

Effective hedging strategy

- Focused on economics – accept associated accounting volatility
- Macro hedging approach – recognising natural offsets
- Focus on tails and large market moves
- High level of hedge effectiveness

Healthy in-force portfolio

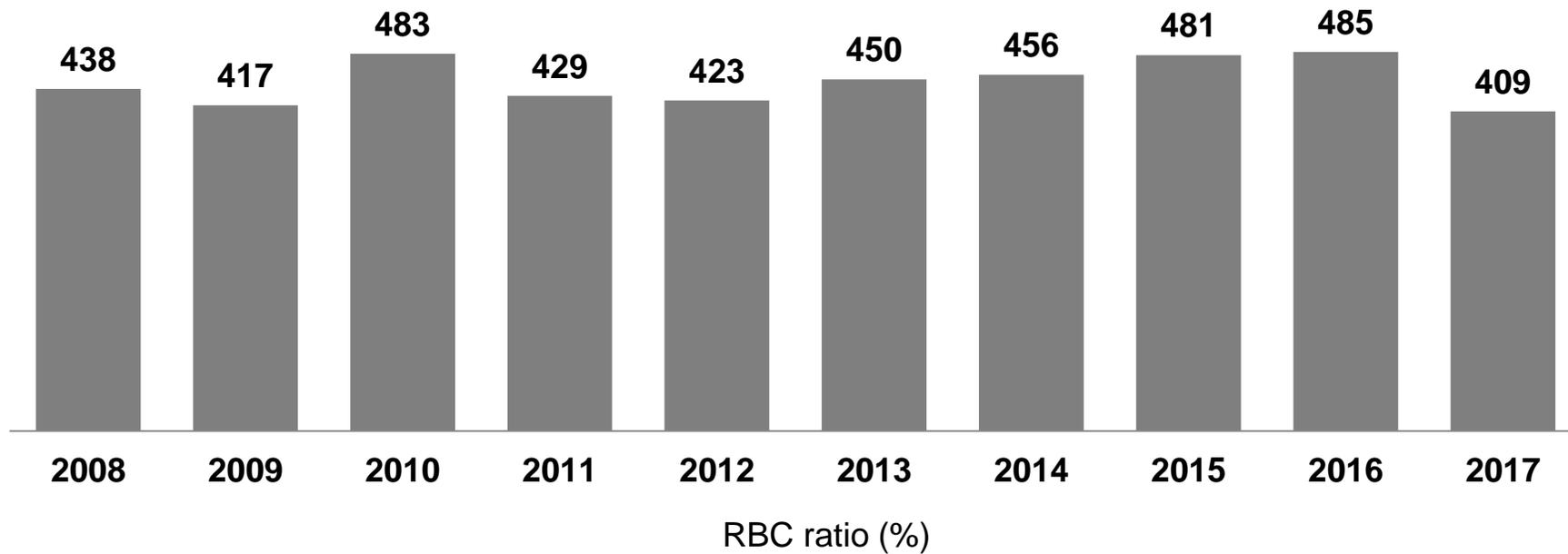
Jackson unhedged GMWB cash flow exposure¹, as at 30 June 2018



¹ Based on scenario where the S&P level as at 30 June 2018 was 2,718, and have assumed 5% gross returns. Includes guarantee fees only. Ignores guarantee fees collected to date as well as reserves.

Resilient capital and dividend upstream

\$4.9bn Cash remitted¹

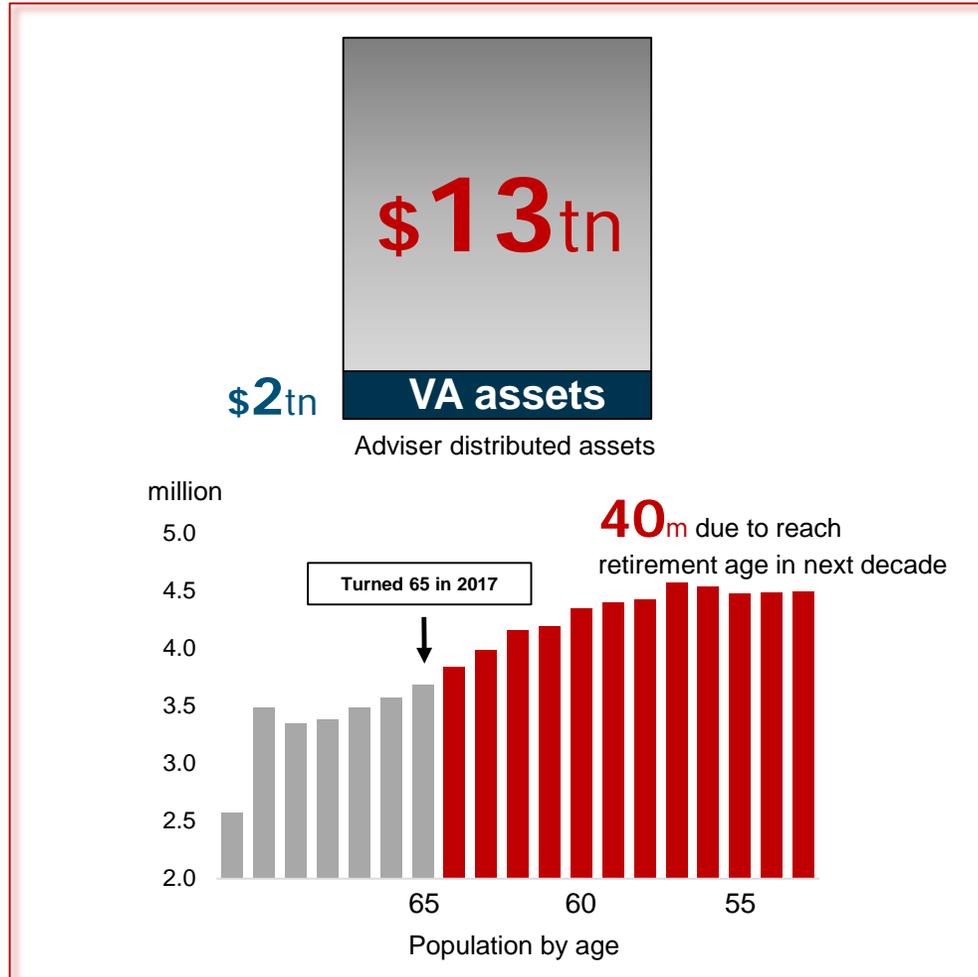


¹ Cumulative remittances to Group since 2008.

US

Well positioned with capabilities to capture significant opportunity

Retirement opportunity^{1,2}



- + **Leading cost efficient player**
(32bps vs industry average 61bps)

- + **Market leading fund performance**
(31 funds with 7% or greater 3 year annualised performance)

- + **Largest and most productive wholesaling force**

- + **Proven capability in product innovation**
(Elite Access, Perspective Advisory II, Elite Access Advisory)

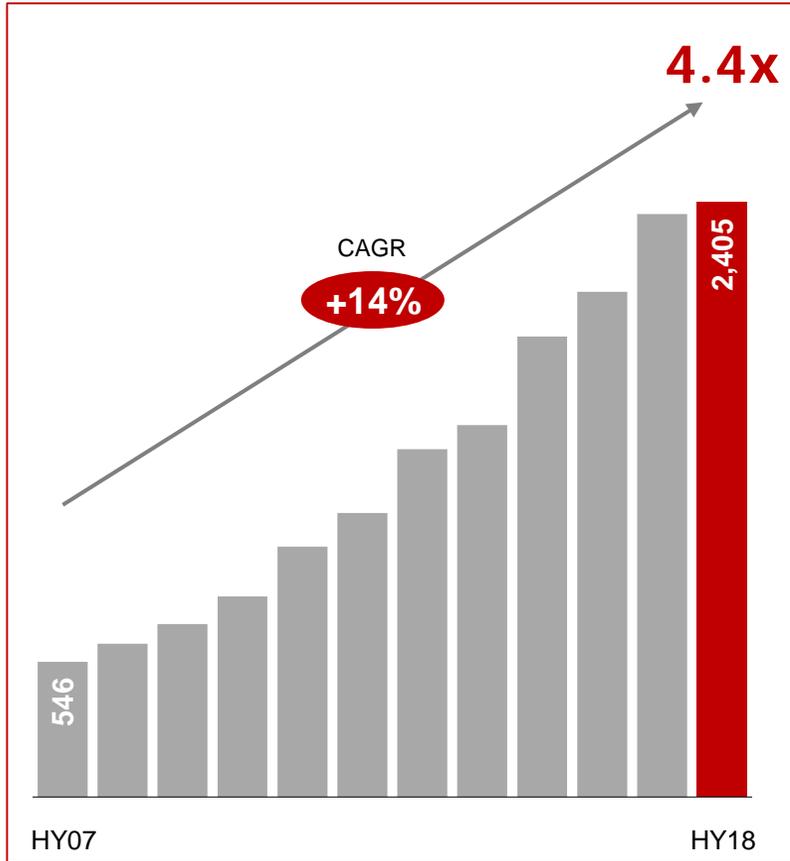
- + **Key role in Alliance for Lifetime Income**

1 The 2017 Cerulli reports, IRI Fact Book, Federal Reserve – 2016 Survey of Consumer Finances.
 2 U.S. Census Bureau, Population Division, 2014 estimate of population. Generations as defined by Pew Research Center, 2014.

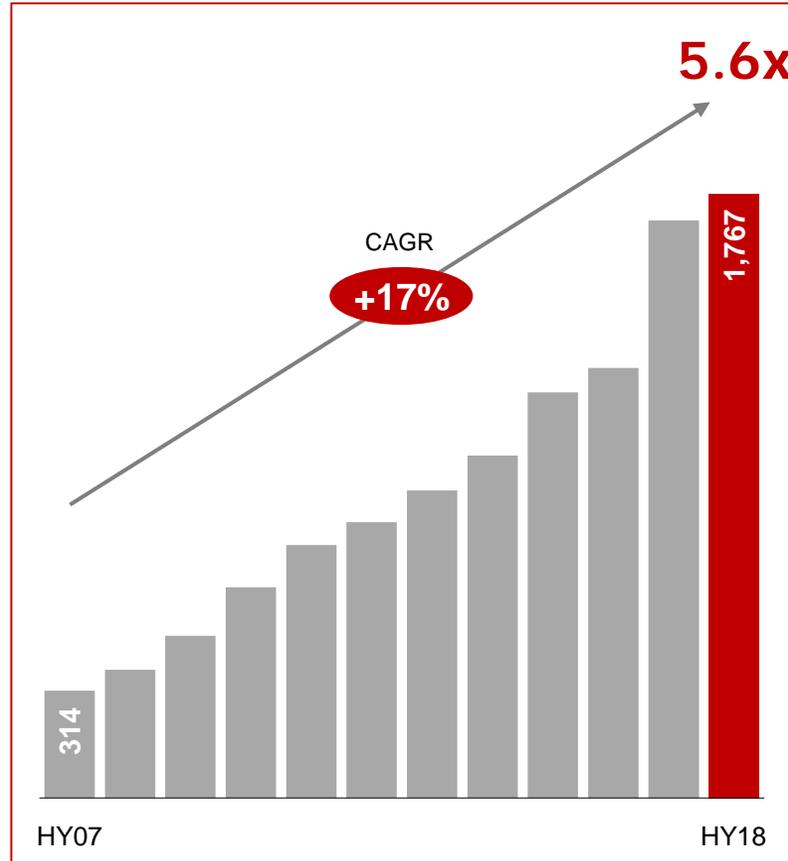
Group

Long-term track record

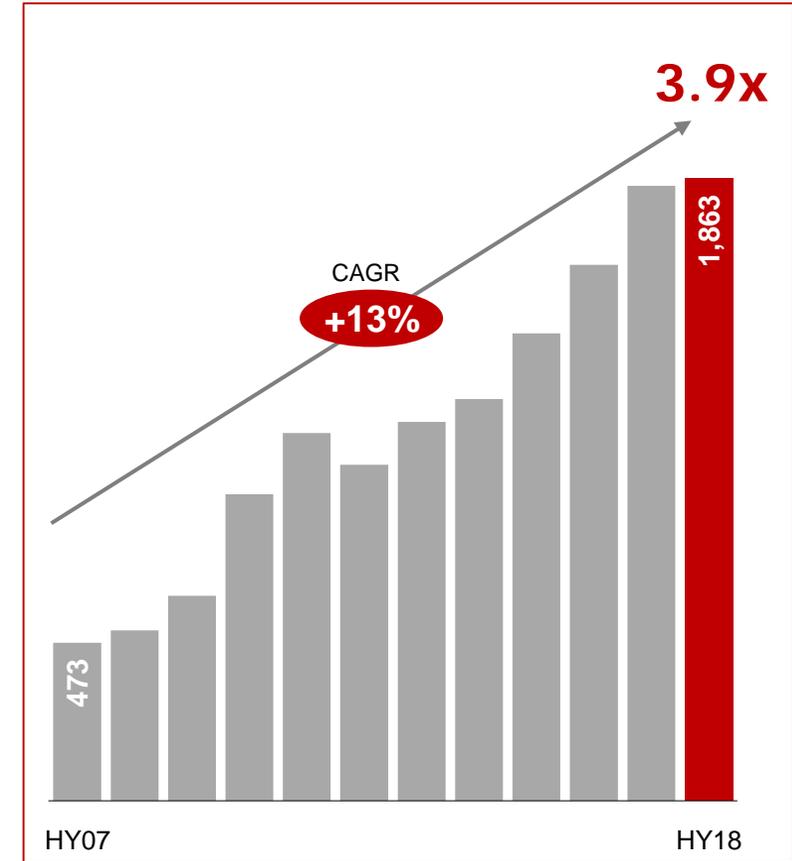
IFRS operating profit^{1,2}, £m



New business profit^{1,2,3}, £m



Free surplus generation^{1,2,3,4}, £m



1 Comparatives have been stated on an actual exchange rate basis.

2 Comparatives are adjusted for new and amended accounting standards and excludes Korea Life, Japan and Taiwan agency. HY2014 comparatives have also been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives include the results of PruHealth and PruProtect.

3 On a post tax basis.

4 Note HY2012 – HY2017 excludes contribution from Prudential Capital. HY2011 and prior includes contribution from Prudential Capital.

Mark FitzPatrick

Chief Financial Officer

Group HY18 results

Key financial highlights

		HY18 vs HY17			
	£m	HY17	HY18	AER ¹	CER ¹
Growth	IFRS operating profit	2,358	2,405	+2%	+9%
	New business profit	1,689	1,767	+5%	+13%
	EEV operating profit	2,870	3,443	+20%	+29%
Cash	Free surplus generation	1,840	1,863	+1%	+6%
	Remittances	1,230	1,111	(10)%	n/a
	First interim ordinary dividend per share (pence)	14.50	15.67	+8%	n/a
Capital		FY17	HY18	HY18 vs FY17	
	Solvency II cover ratio ^{2,3} (%)	202	209	+7pts	n/a
	EEV per share (pence) ⁴	1,728	1,830	+6%	n/a

¹ AER: Actual exchange rates. CER: Constant exchange rates

² Before allowing for the 2018 first interim ordinary dividend (FY17: before allowing for the 2017 second interim ordinary dividend)

³ The Group Shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring-fenced with-profit funds and staff pension schemes in surplus. The solvency positions include management's estimates of UK transitional measures reflecting operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December 2017 was approved by the Prudential Regulation Authority

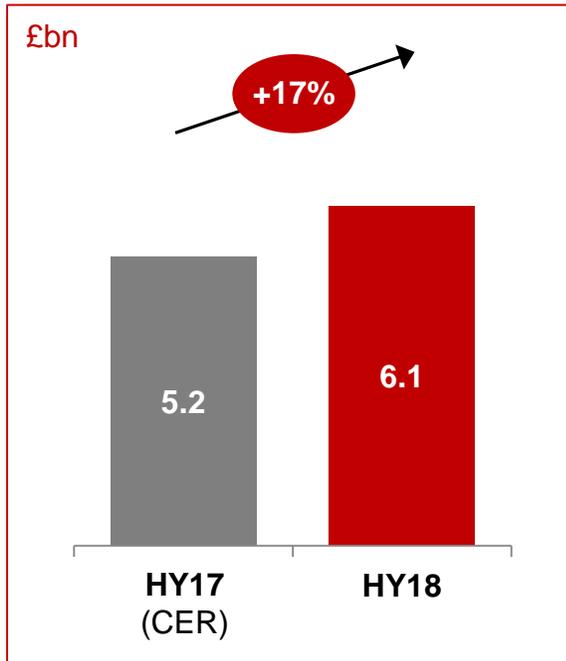
⁴ Includes goodwill

Group

Key drivers of Group financial performance

Asia

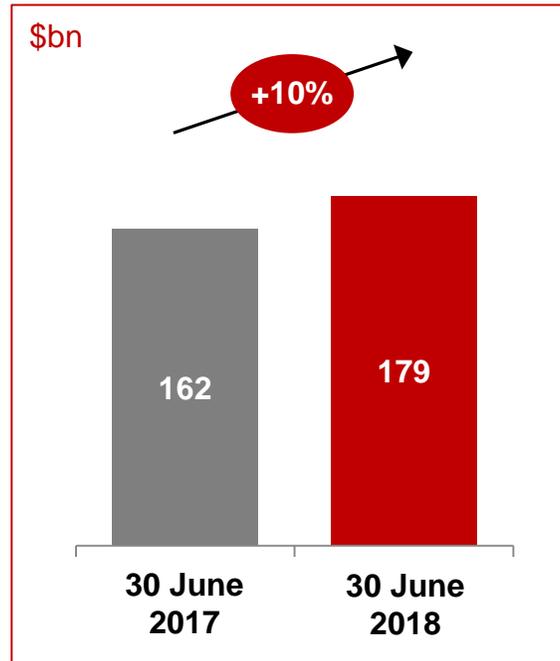
Renewal premium income



High quality and compounding

US

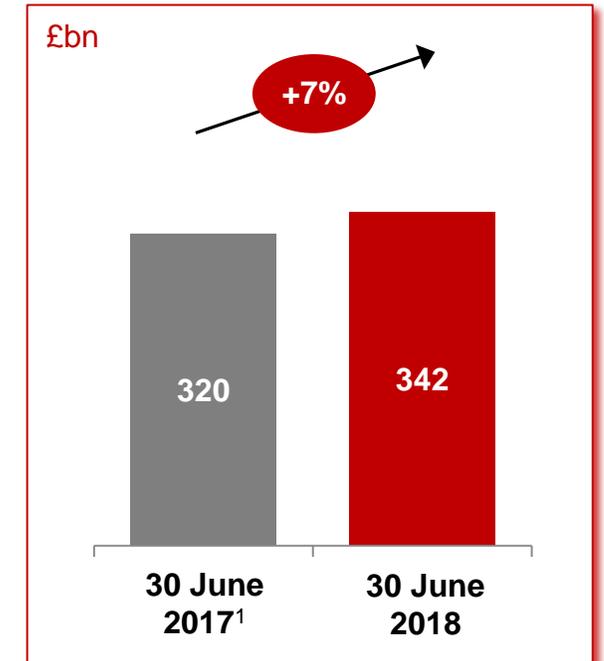
Statutory separate account assets



Consistent long-term performance

M&GP

Funds under management

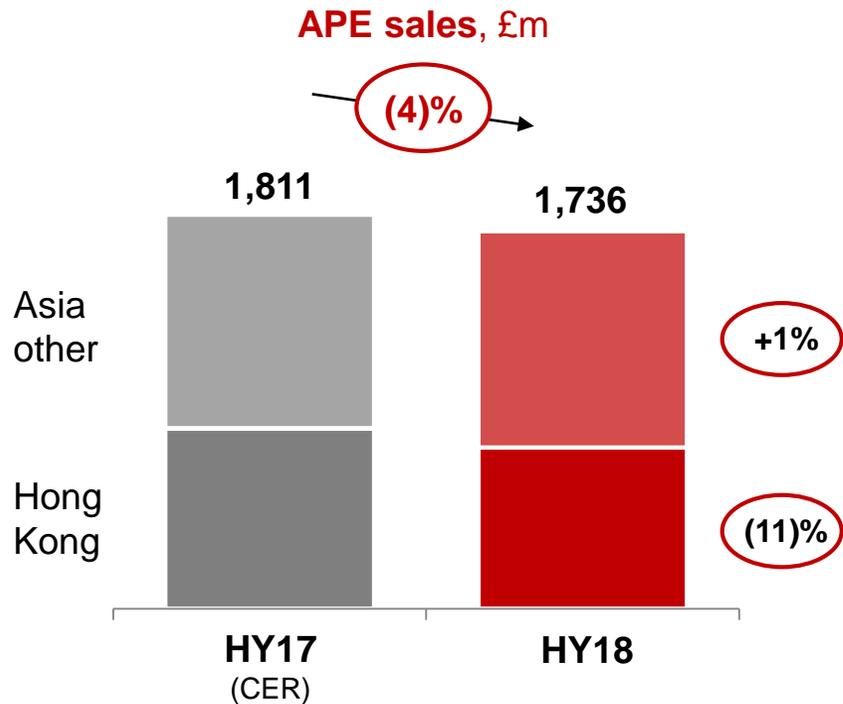


Highly differentiated product set

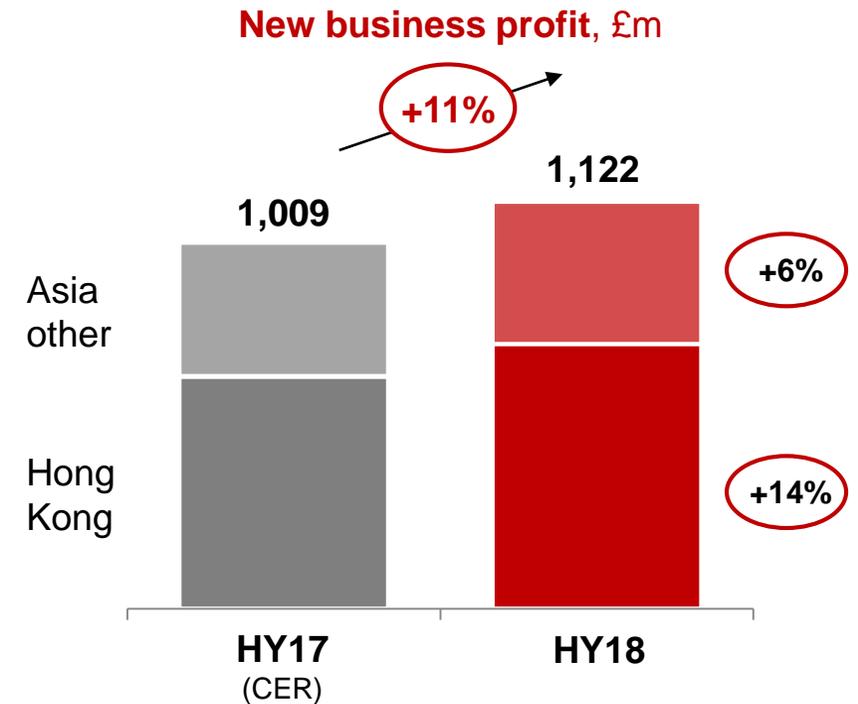
¹ Adjusted to exclude £12 billion of assets related to the annuity liabilities reinsured to Rothesay Life in March 2018.

Asia

Key financials in HY18 – new business



- Continued focus on high quality growth with emphasis on H&P, which accounts for 28% of total APE sales (HY17 27%)
- Sales performance improved in Q2, including double-digit year-on-year growth in China (+21%) and Hong Kong (+13%)
- Hong Kong APE: H&P mix of 25% (+2ppts)

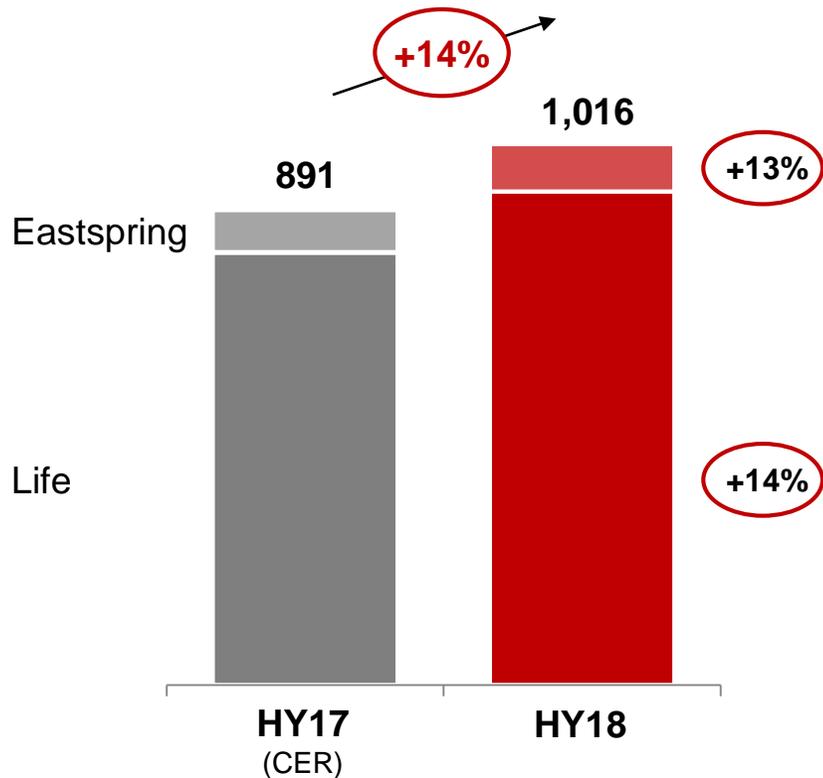


- Ongoing prioritisation of higher margin H&P: NBP from H&P up +19%, and representing 70% of total NBP
- Positive effects of product actions in Singapore and Hong Kong
- Economic effects broadly neutral overall, although headwind from 100bp rise in Indonesia yields¹ since 30 June 2017

¹ Relates to 10 year government bonds.

Key financials in HY18 – IFRS operating profit

IFRS operating profit, £m



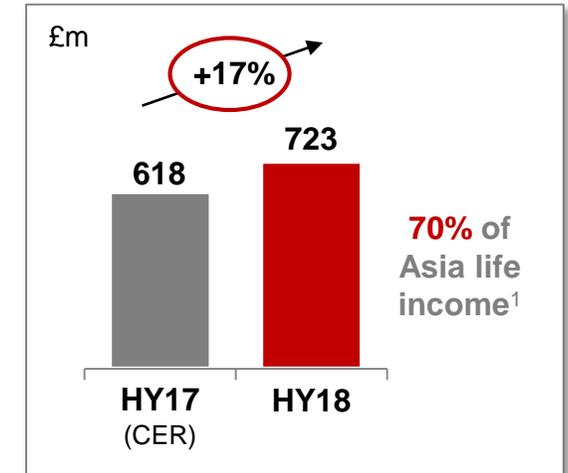
Life

- Broad growth, with 6 markets reporting double-digit growth
- Benefits from increasing scale and compounding effects
- Increasing mix of high quality insurance margin, up 17%
 - Reflects strategic focus on H&P
 - Underpins earnings resilience in more volatile markets as insensitive to investment movements

Eastspring

- Average total FUM up +13% (CER), driven by inflows and 2H17 investment performance
- Closing total FUM £138.2bn (YE17 £138.9bn), with inflows offset by negative markets²
- Revenue margin 31bp (HY17 32bp)³
- Cost income ratio 54% (HY17 55%)⁴

Insurance margin



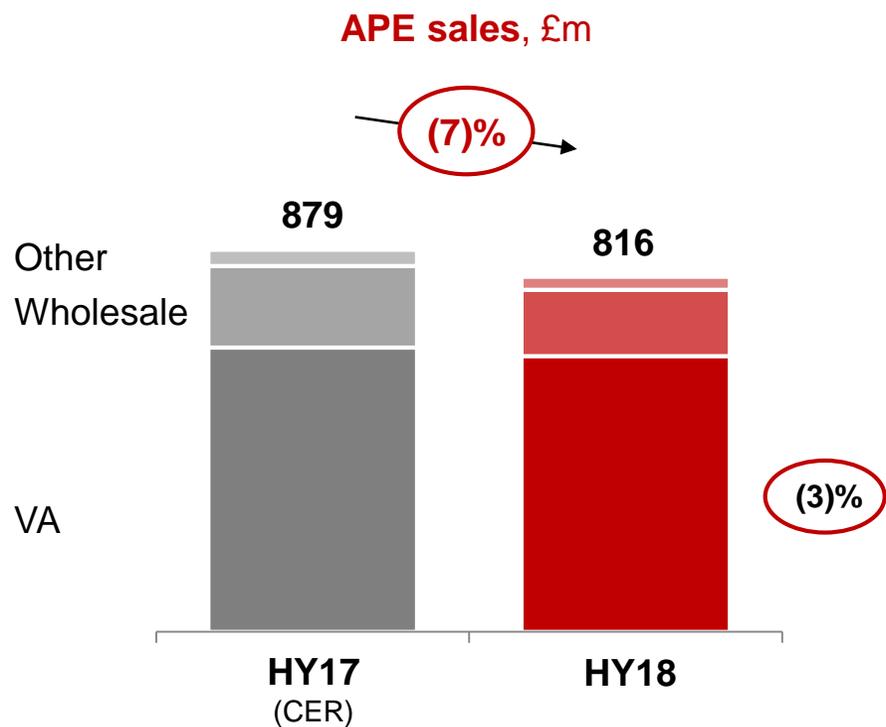
¹ Asia life income includes insurance income, fee income, with profits income and expected returns on shareholder assets and excludes margin on revenues.

² Total net flows of £3.0 billion, representing outflows of £0.9 billion from external business, inflows of £3.2 billion from internal life business and inflows of £0.7 billion from money market funds. Closing total FUM for YE17 is stated on reported exchange rate basis.

³ Revenue margin represents operating income before performance related fees as a proportion of the related funds under management. Half year figures have been annualised by multiplying by two. Monthly closing internal and external funds managed by the respective entity have been used to derive the average. Any funds held by the Group's insurance operations that are managed by third parties outside the Prudential Group are excluded from these amounts. HY17 is stated on a constant exchange rate basis.

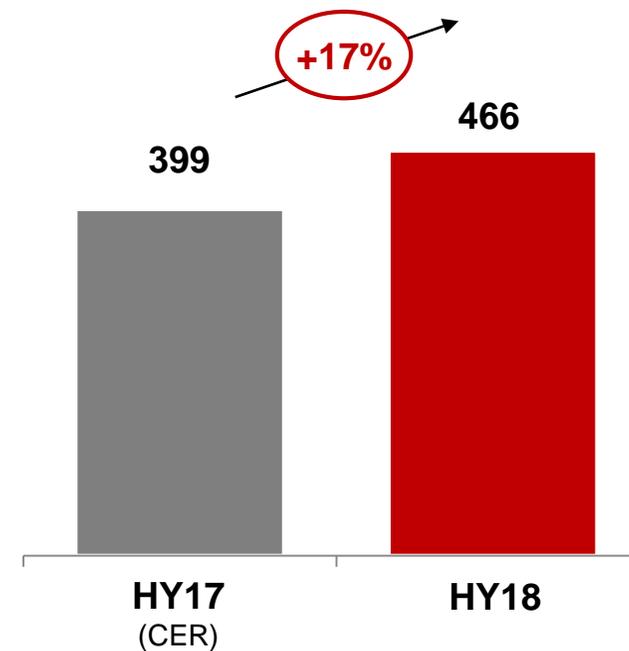
⁴ Cost/income ratio represents cost as a percentage of operating income before performance related fees. HY17 is stated on a constant exchange rate basis.

Key financials in HY18 – new business



- VA (ex-Elite Access) sales down 2%
- Continued positive momentum in advisory sales – selling agreements up to 150 (113 at YE17)

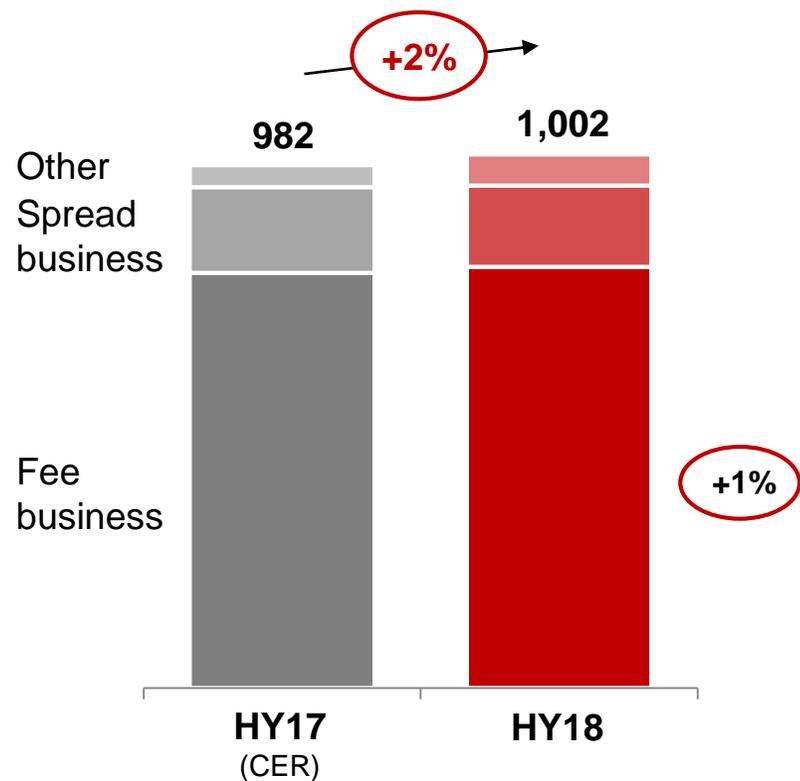
New business profit, £m



- NBP benefit from reduction in corporate tax rate vs HY17
- Higher interest rates positive for new business margin

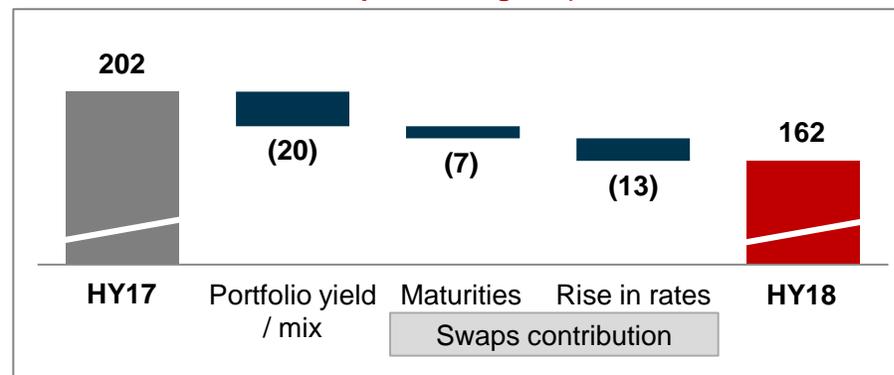
Key financials in HY18 – IFRS operating profit

IFRS operating profit, £m



- **Fee** income growth of 13% on higher asset balances
 - Average separate account assets +15%, fee margin 182bp (HY17 185bp)
 - Offset by higher asset-based commission and lower level of positive DAC adjustments, which mainly reflects elimination of 2015 equity returns from mean reversion calculation
- **Spread** income decline driven by lower investment yields and reduced contribution from swaps

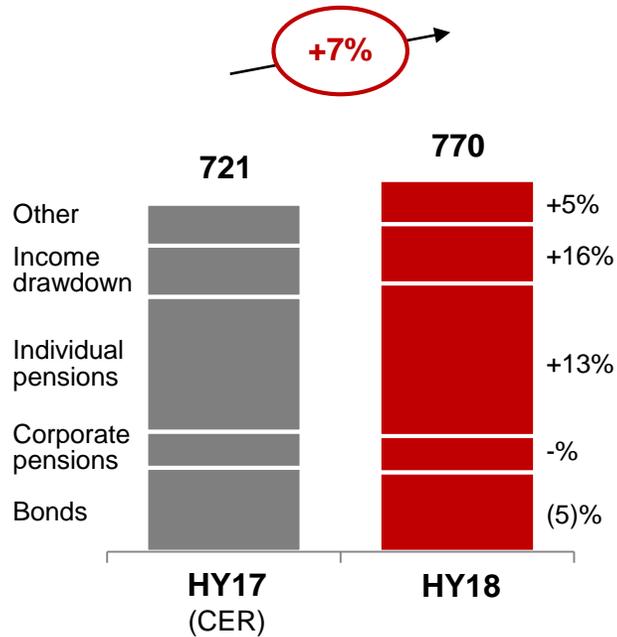
Spread margin, bp



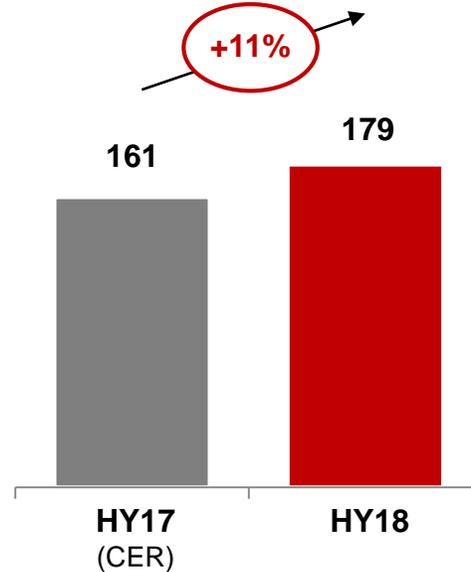
M&G Prudential

Key financials in HY18 – new business

APE sales, £m



New business profit, £m



- Growth continues to be driven by sales of income drawdown and individual pensions
- PruFund APE up +7%, underpinning net inflows of £4.4bn and FUM of £40bn at 30 Jun 18 (31 Dec 17: £36bn)

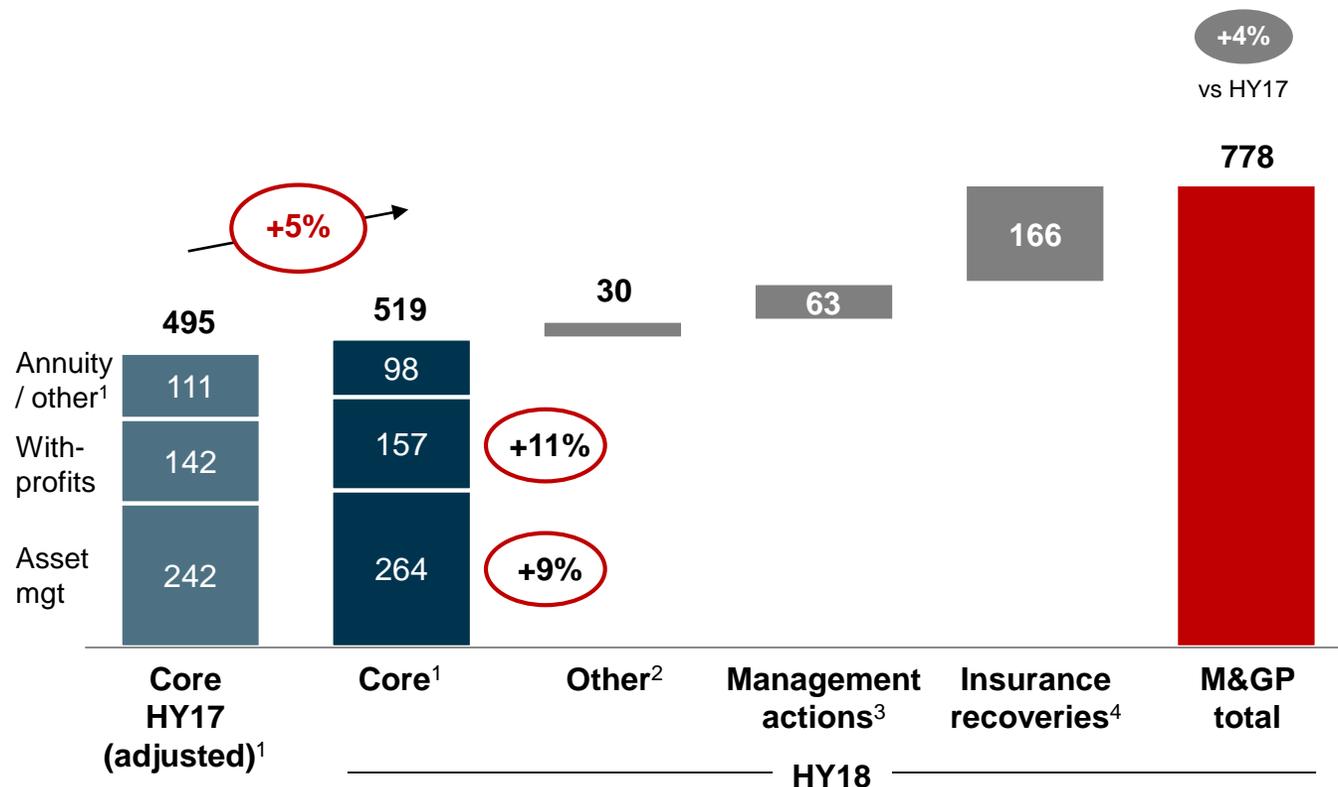
M&G external FUM, £bn



- Direct & wholesale inflows centred on European businesses
- Strong institutional flows from infrastructure and illiquid strategies
- External FUM now 58% of total FUM (HY17: 53%)¹

¹ Represents M&G external FUM as a percentage of M&G total FUM.

IFRS operating profit, £m



Life

- PruFund contribution of £25m, up +25%
- Reduction in annuity earnings in line with expectations following sale of £12bn annuity book

Asset management

- Average total FUM up +7%, driven by 2H17 performance-driven asset appreciation
- Closing external FUM up +1% since YE17 as positive flows were offset by negative markets
- Revenue margin 39bp (HY17 37bp)⁵
- Cost income ratio 54% (HY17 53%)⁶

¹ In March 2018, M&G Prudential announced the sale of £12.0 billion (as at 31 December 2017) of its shareholder annuity portfolio to Rothesay Life, with the liabilities reinsured to Rothesay Life on 14 March 2018. As previously disclosed, the UK annuity business sold contributed around £140m towards UK life insurance core IFRS operating profit before tax in 2017. To provide a meaningful comparison between HY18 and HY17, HY17 has been adjusted down on a pro-rata basis to represent a like-for-like contribution of £35 million from this source for the first 3 months of the period.

² Other includes M&G performance-related fees of £8 million, profits from new individual annuities of £3 million and general insurance commission of £19 million.

³ Management actions relate to asset and liability management actions of £63 million (HY17 £157 million) to improve the solvency position of our UK life business and further mitigate market risk, with nil longevity reinsurance transactions (HY17 £31 million).

⁴ Insurance recoveries of costs associated with undertaking a review of past annuity sales (HY17 nil).

⁵ Revenue margin represents operating income before performance related fees as a proportion of the related funds under management. Half year figures have been annualised by multiplying by two. Monthly closing internal and external funds managed by the respective entity have been used to derive the average. Any funds held by the Group's insurance operations that are managed by third parties outside the Prudential Group are excluded from these amounts.

⁶ Cost/income ratio represents cost as a percentage of operating income before performance related fees.

Equity shareholders' funds

Operating profit remains key driver of growth

HY18, £m	IFRS	EEV
Operating profit after tax	1,976	3,443
Loss on corporate actions	(570)	(412)
Investment variance and other	(51)	(64)
Net income	1,355	2,967
Unrealised loss on AFS	(908)	n/a
Currency movements	69	523
Dividend	(840)	(840)
Other movements	119	95
Change in shareholders' equity	(205)	2,745
Opening shareholders' equity	16,087	44,698
Closing shareholders' equity	15,882	47,443

IFRS

Operating profit

- Includes M&G Prudential merger and transformation costs of £41m
- Debt costs down £27m due to net debt redeemed in 2017

Corporate actions

- Includes £513m loss arising on reinsurance of the UK annuity portfolio sold to Rothesay Life

Investment variance and other

- Investment variance represents unrealised negative marks on Asia and UK fixed income securities, offsetting positive marks in the US, mainly driven by the beneficial impact of higher yields

Available-for-sale securities

- Higher yields resulted in US AFS securities moving from a net unrealised gain to a modest net unrealised loss position of £247m

EEV

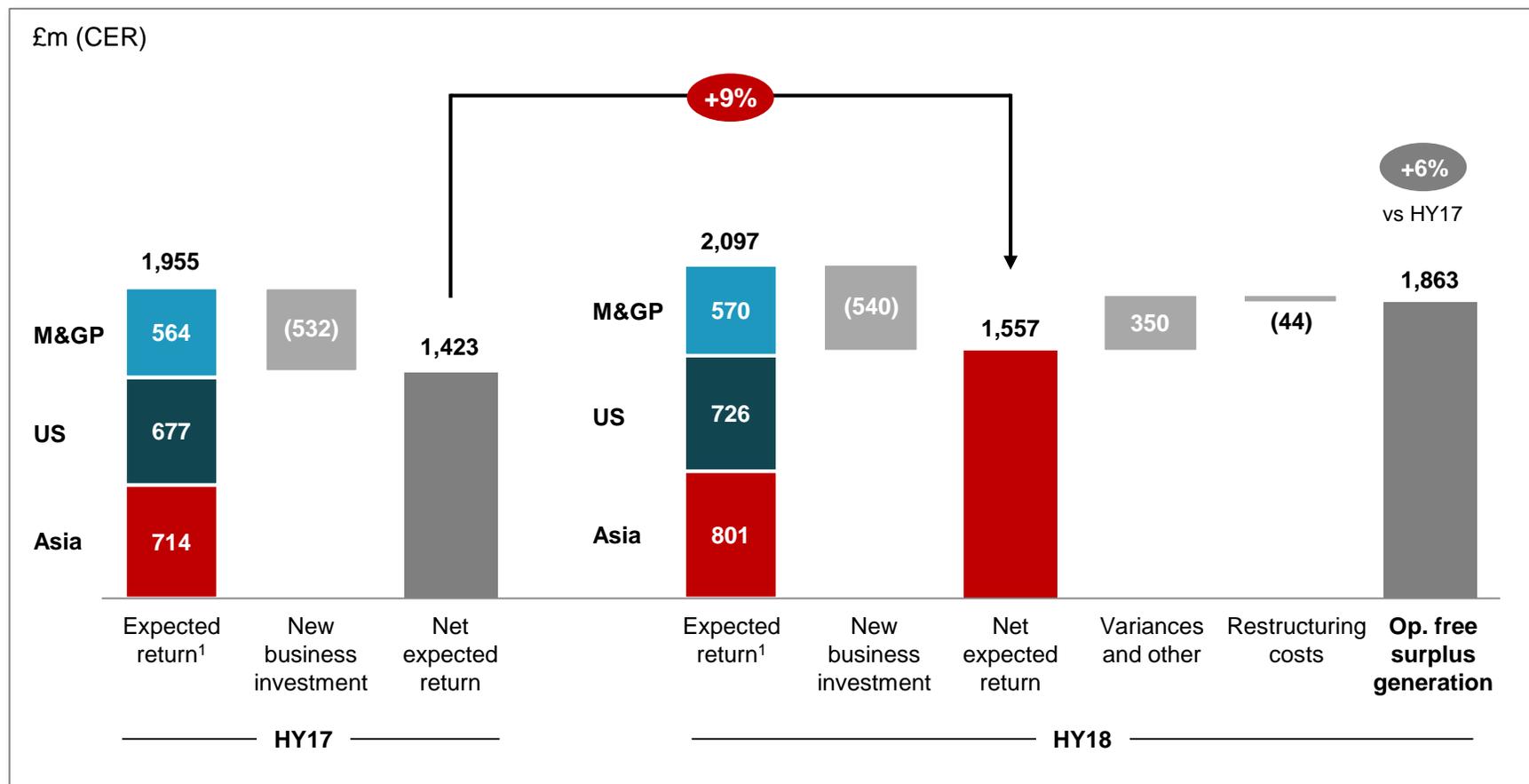
Currency movements

- FX gains driven by USD movements on Hong Kong and US shareholders' funds

Group free surplus generation

Growing contributions from in-force life portfolios and asset management

Operating free surplus generation



Variations include:

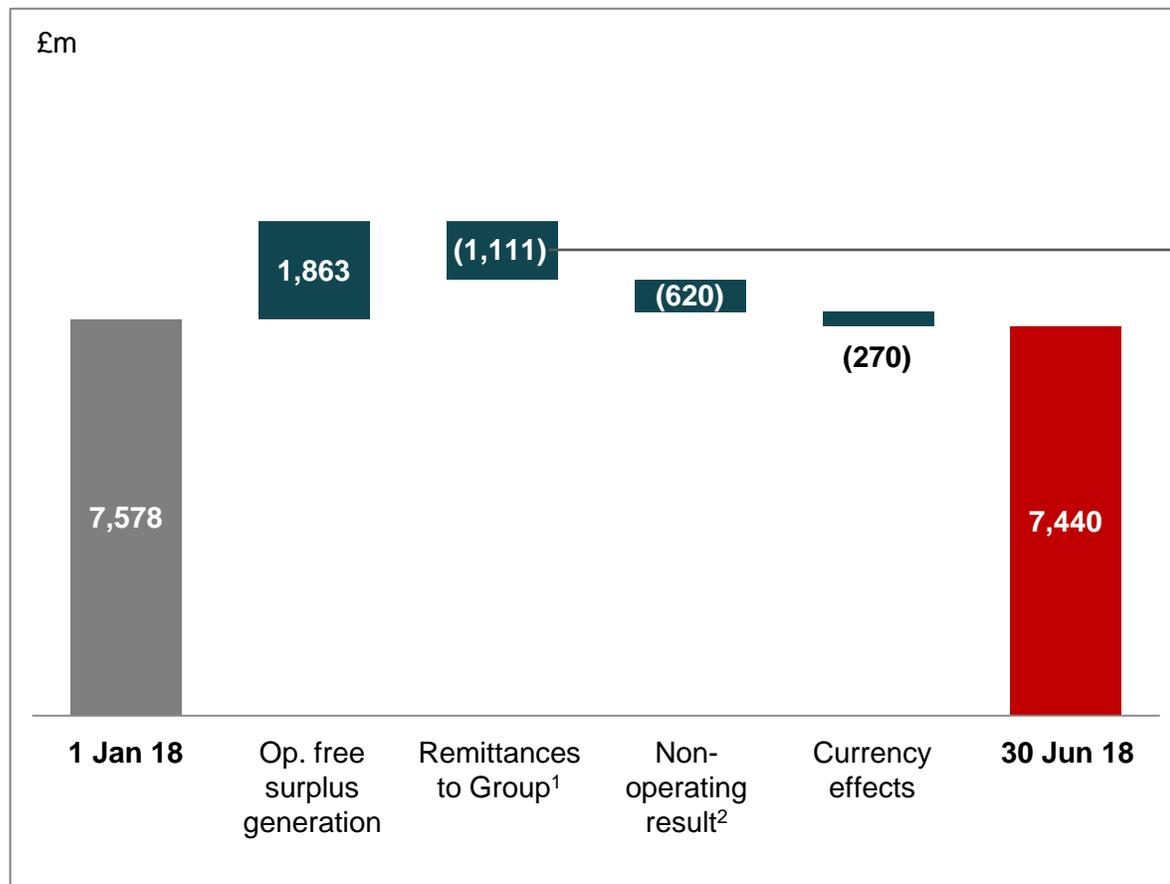
- UK management actions of £54m and insurance recoveries of £138m²
- Favourable mortality and morbidity experience in Asia
- Positive spread experience and amortisation³ in the US

¹ For life: expected transfer from in-force to free surplus and expected return on opening free surplus; for asset management and other: post-tax IFRS profit for the period.
² Variances stated on a post-tax basis
³ Amortisation relates to interest-related realised gains and losses

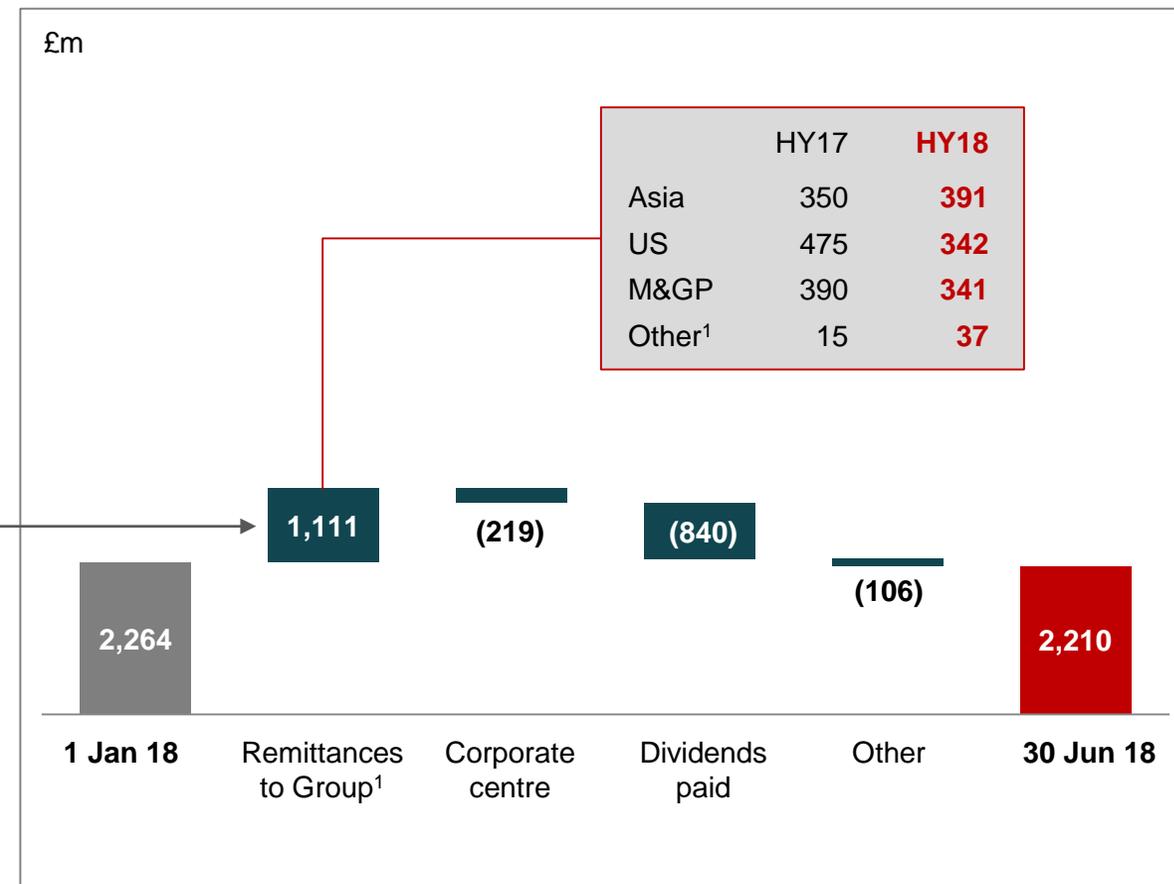
Holding company cash

Strong liquidity position

Movement in life and asset management free surplus



Movement in holding company cash



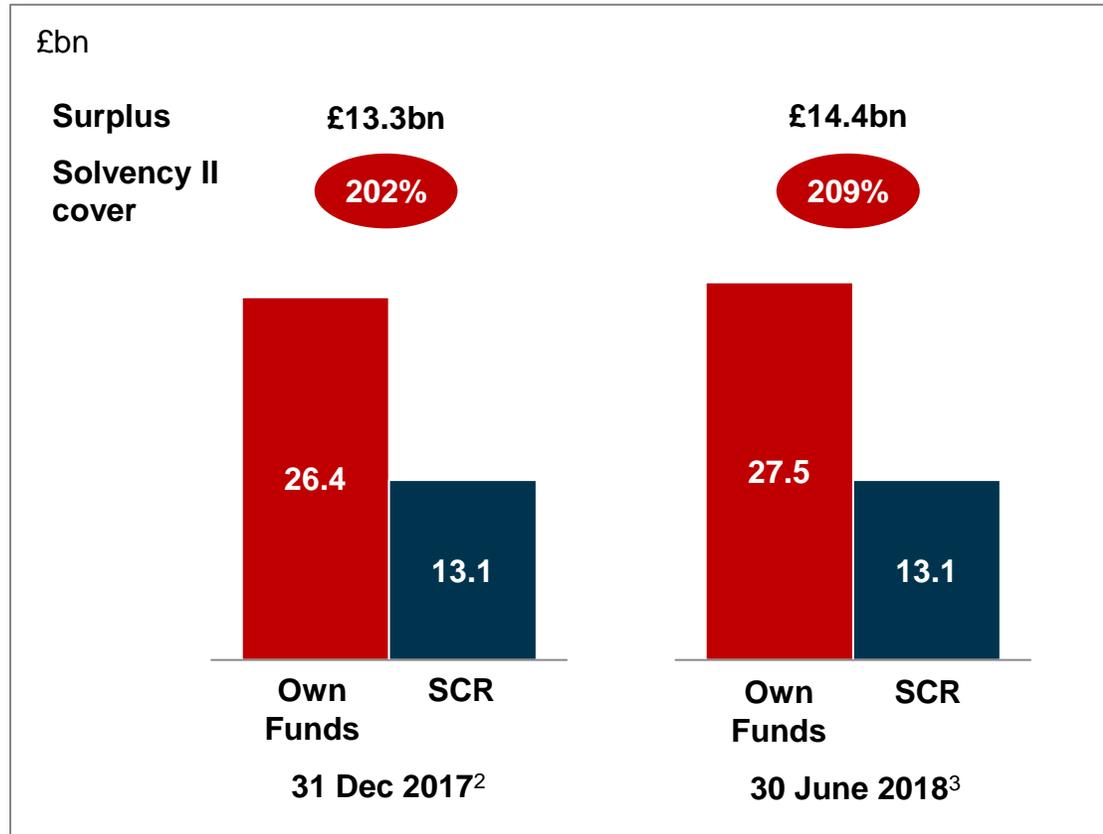
¹ Includes Prudential Capital remittances of £37 million in HY18.

² Includes short-term fluctuations representing losses on bond portfolios in Asia, lower than expected returns on with-profits funds in the UK and Asia, and hedging losses in the US.

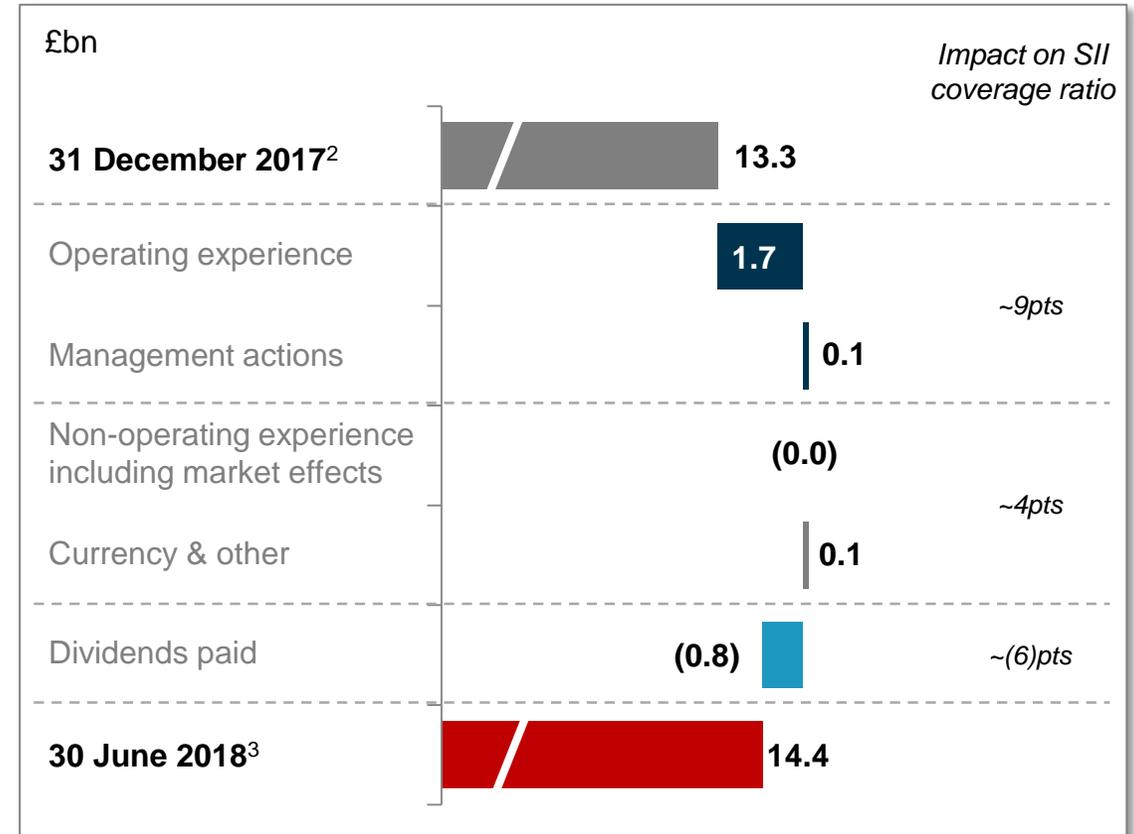
Solvency II

Robust solvency capital position

Group Shareholder Solvency II capital position¹



HY18 movement in Solvency II capital¹



¹ The Group Shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring-fenced with-profit funds and staff pension schemes in surplus. The solvency positions include management's estimates of UK transitional measures reflecting operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December 2017 has been approved by the Prudential Regulation Authority

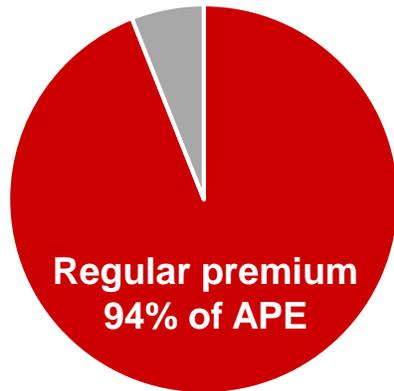
² Before allowing for the 2017 second interim ordinary dividend

³ Before allowing for the 2018 first interim ordinary dividend

Asia

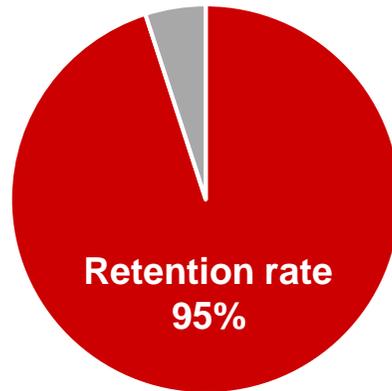
Focus on high quality compounding growth

Regular premium



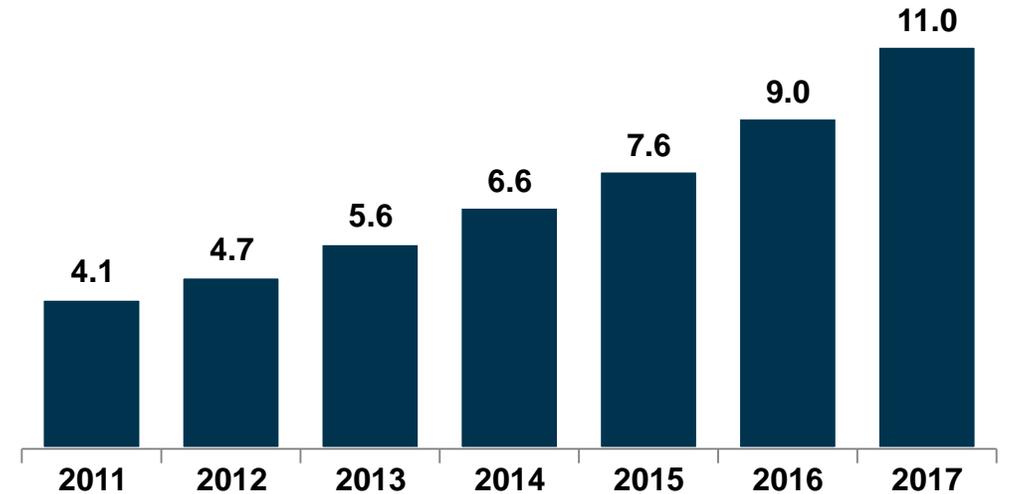
HY18

Retention rate¹



HY18

Renewal premium income², £bn (CER)

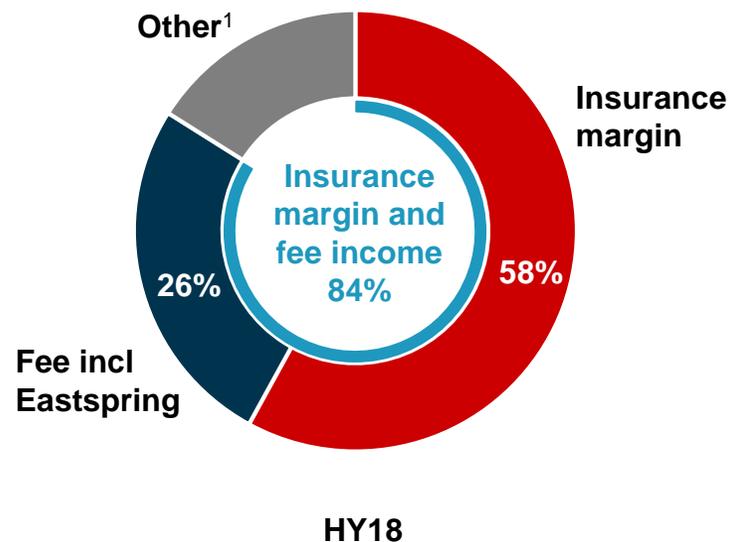


¹ Stated for PCA excluding India.
² All comparatives restated to exclude Korea Life.

Driving increasing scale and portfolio diversification

Sources of IFRS operating income

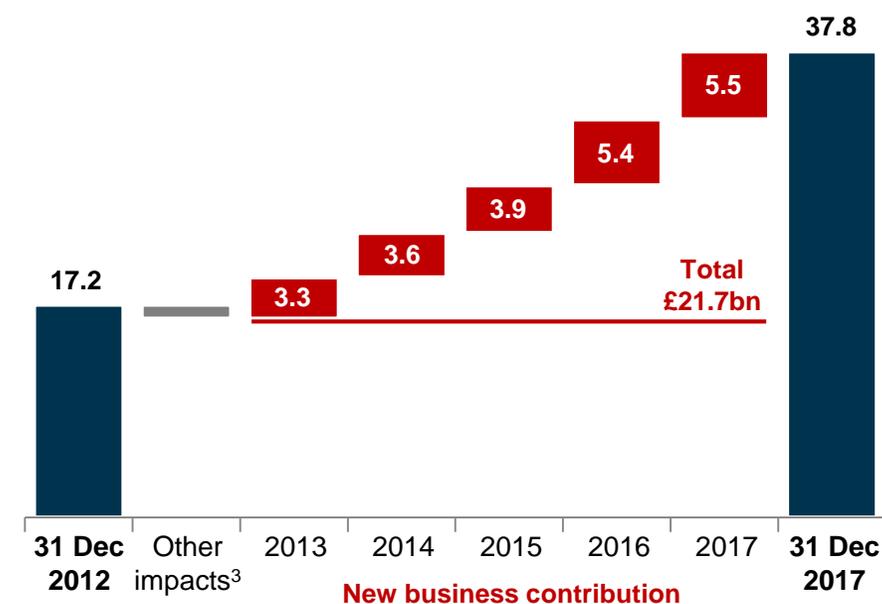
100% = £1,247m



Businesses with annual IFRS operating profit >£75m



Stock of expected future cash generation², £bn



¹ Comprises spread income, with-profits and expected return on shareholder assets.

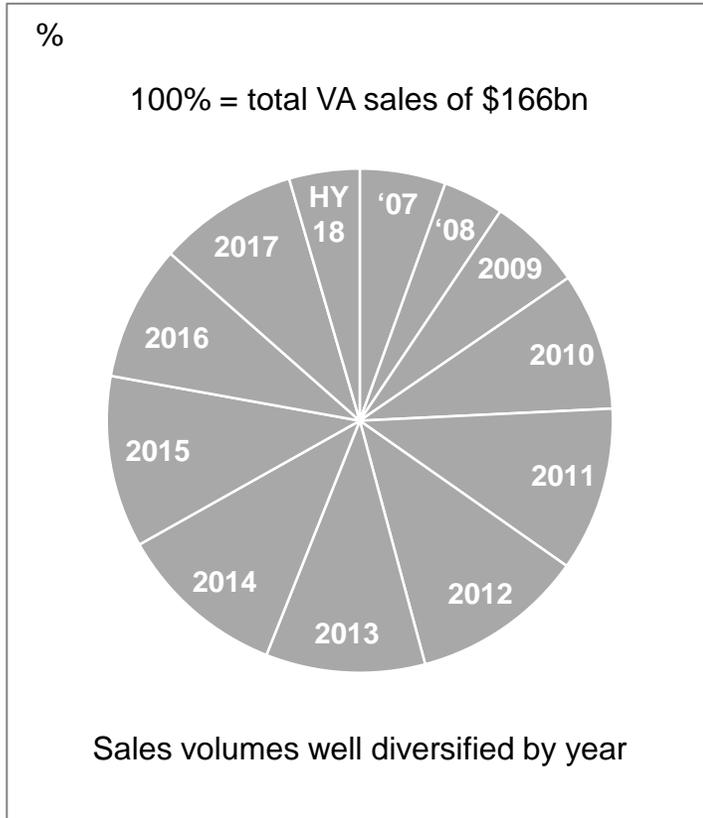
² 40 year projection of cash flows expected to emerge into free surplus from the life value of in-force and associated required capital, undiscounted.

³ Includes unwind of expected free surplus emergence, currency effects, net experience variances, operating assumption changes and expected free surplus generation in the years 2053 to 2057 which are not included in the initial 40 year projections made at the end of each year from 2012 to 2016.

Disciplined management

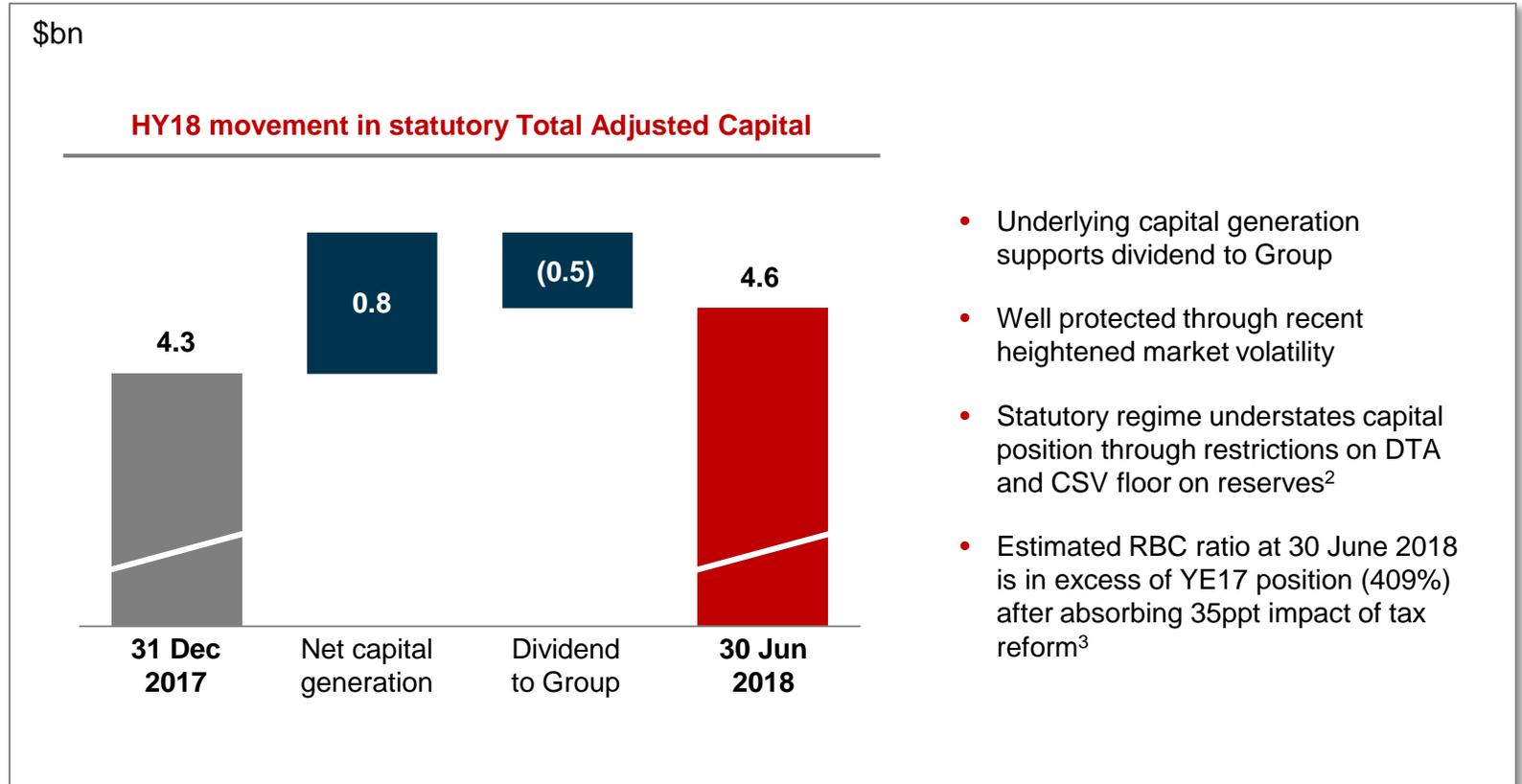
Jackson

VA sales¹ by year written, 2007 - 2018



Jackson

Statutory capital



¹ Excludes Elite Access sales

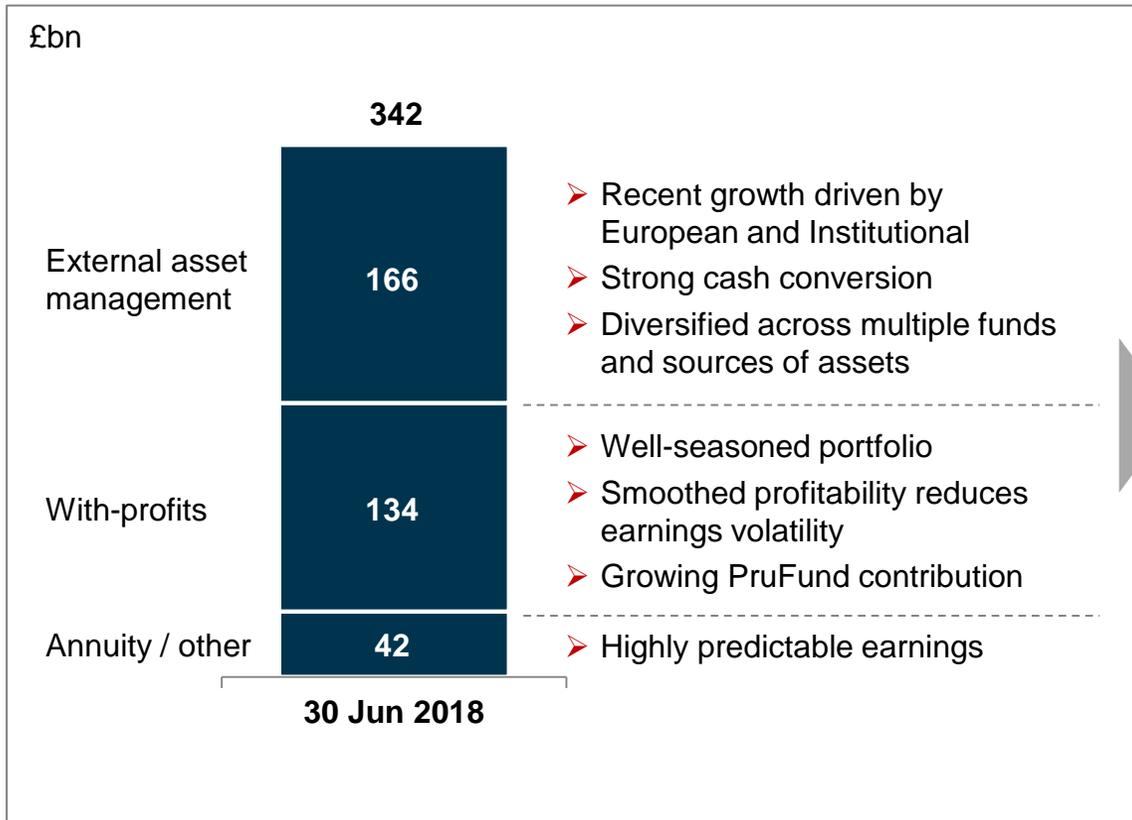
² CSV = cash surrender value

³ In June 2018, the National Association of Insurance Commissioners (NAIC) formally approved changes to RBC capital factors that reflect the December 2017 US tax reform, increasing the level of required risk-based capital, with no impact on total adjusted capital.

M&G Prudential

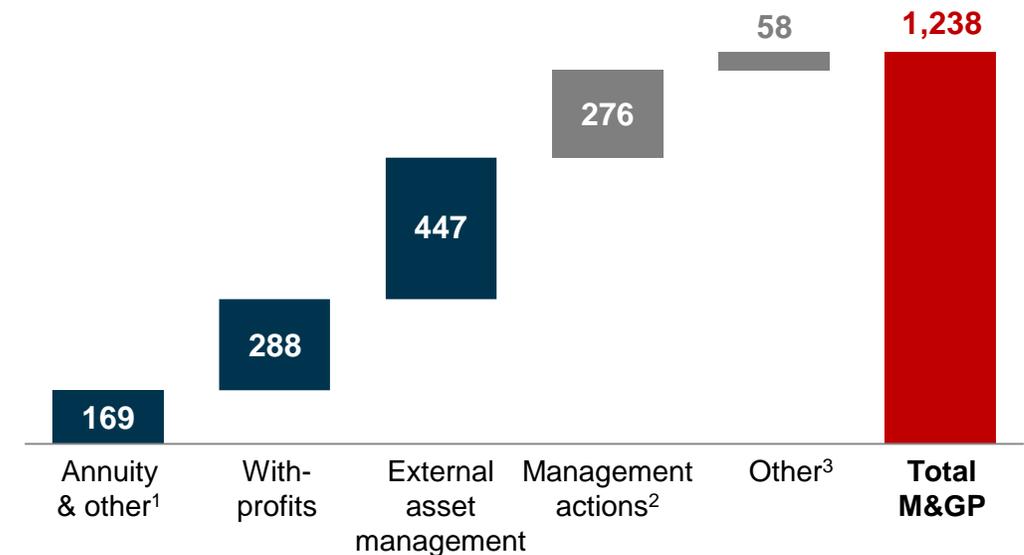
Seasoned sources of earnings

Funds under management



M&GP IFRS operating profit, £m

FY17 IFRS operating profit adjusted to exclude £12bn UK annuity sale¹



- Mature, stable portfolios
- Strong conversion to cash
- High degree of earnings visibility
- + Merger and transformation benefits

¹ In March 2018, M&G Prudential announced the sale of £12.0 billion (as at 31 December 2017) of its shareholder annuity portfolio to Rothesay Life, with the liabilities reinsured to Rothesay Life on 14 March 2018. As previously disclosed, the UK annuity business sold contributed around £140m towards UK life insurance core IFRS operating profit before tax in 2017, which has been excluded from the analysis above.

² Management actions relate to asset and liability management actions of £245 million to improve the solvency position of our UK life business and further mitigate market risk, with longevity reinsurance transactions of £31 million.

³ Other includes M&G performance-related fees of £53m, a benefit of £204 million from changes in mortality assumptions, a provision of £(225) million relating to a review of past annuity sales, profits from new individual annuities of £9 million and general insurance commission of £17 million.

M&G Prudential

Capital structure expectations

Approach to capital management

- Buffer over regulatory solvency requirements to meet risk appetite
- Committed to strong credit ratings
- Retain sufficient financial flexibility and liquidity for stress scenarios

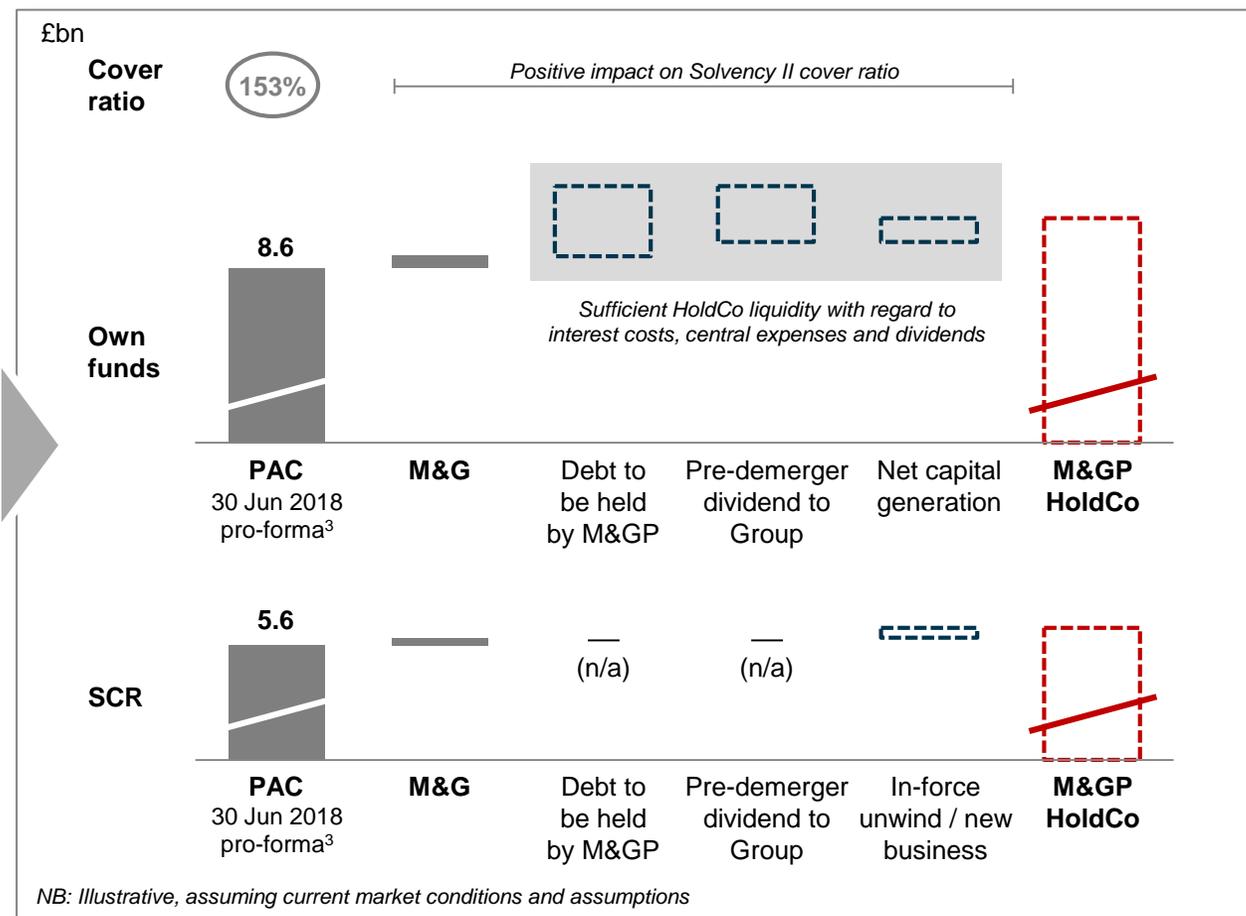
Debt rebalancing

- M&GP currently expected to hold up to ~50% of Group's outstanding core structural borrowings, commercial paper and MTNs as sub-debt¹
- M&GP pre-demergence dividend to Group would enable Group to partially redeem existing Plc debt²
- Debt to be held by M&GP expected to exceed UK pre-demergence dividend to Group

Pro-forma Solvency II capital position at demerger

- M&GP Solvency II surplus includes PAC and M&G solo entity surplus and sub-debt held at M&GP HoldCo
- Assumes completion of UK annuity sale and HK legal transfer to PCA
- Allows for operating capital generation before demerger
- Assumes completion of debt management and pre-demergence dividend to Group

M&G Prudential Solvency II capital position at demerger



¹ At 30 June 2018, the Group's core structural borrowings were £6,367 million and borrowings from short-term securities programmes were £1,209 million (together totalling £7,576 million).

² Current expectation is that debt rebalancing and new debt issued will result in an increase in Prudential plc aggregate debt which is not expected to be material.

³ The pro-forma estimate assumes that the partial sale of the UK annuity portfolio and the transfer of Prudential plc's Hong Kong subsidiaries to Asia had both been completed as at 30 June 2018.

HY18 results

Summary

- ✓ Double-digit growth in Asia underpins Group result
- ✓ Continued growth in key drivers of financial performance
- ✓ Sustained focus on enhancing the quality of new business
- ✓ Strong capital formation and solvency position

Mike Wells

Group Chief Executive

Group Wrap up

- ✓ Delivery of high quality profitable growth, while demonstrating progress towards separation
- ✓ PCA focus on high quality growth, and developing capabilities
- ✓ Jackson demonstrating capital resilience, and success in building advisory capability
- ✓ M&G Prudential delivering balanced earnings growth and strategic progress



2018 Investor Conference, Singapore

14 - 15 November 2018

Appendix

2018 Half Year Results

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Prudential

Share information and contact details

Share information

London Stock Exchange:	PRU.L
Hong Kong Stock Exchange:	2378
New York Stock Exchange – American Depositary Receipt (ADR)	PUK.N
Singapore Stock Exchange:	K65
Number of issued ordinary shares of five pence each fully paid-up at 30 June 2018	2,591,872,867

Trading information

Country Code	GB
Country of Register	Great Britain (UK)
ISIN	GB0007099541
SEDOL	0709954
Segment	SET1
Normal market size	150000
Sub-sector	Life Assurance

Dividend information

First interim dividend of 15.67 pence per share

Ex-dividend date:

- 21 August 2018 (Singapore)
- 23 August 2018 (UK, Ireland and Hong Kong)

Record date:

- 24 August 2018

Payment of dividend:

- 27 September 2018 (UK, Ireland and Hong Kong)
- On or about 4 October 2018 (Singapore and ADR holders)

Contact information

Shareholder enquiries

For enquiries about shareholdings, including dividends and lost share certificates, please contact the Company Registrars:

By post

Equiniti Limited, Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA

By telephone

Tel 0371 384 2035
Fax 0371 384 2100
Textel 0371 384 2255
(for hard of hearing)

Prudential plc

Laurence Pountney Hill
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Tel +44 (0)20 7220 7588

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E-mail investor.relations@prudential.co.uk

Media enquiries

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E-mail media.relations@prudential.co.uk

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Tel 0871 384 2035
International shareholders
Tel +44 (0) 371 384 2035

Irish Branch Register Private Shareholder enquiries

Tel +353 1 553 0050

Hong Kong Branch Register Private Shareholder enquiries

Tel +852 2862 8555

US American Depositary Receipts Holder enquiries

Tel +1 651 453 2128

The Central Depository (Pte) Limited Shareholder enquiries

Tel +65 6535 7511

Prudential Group history

Providing financial
security since

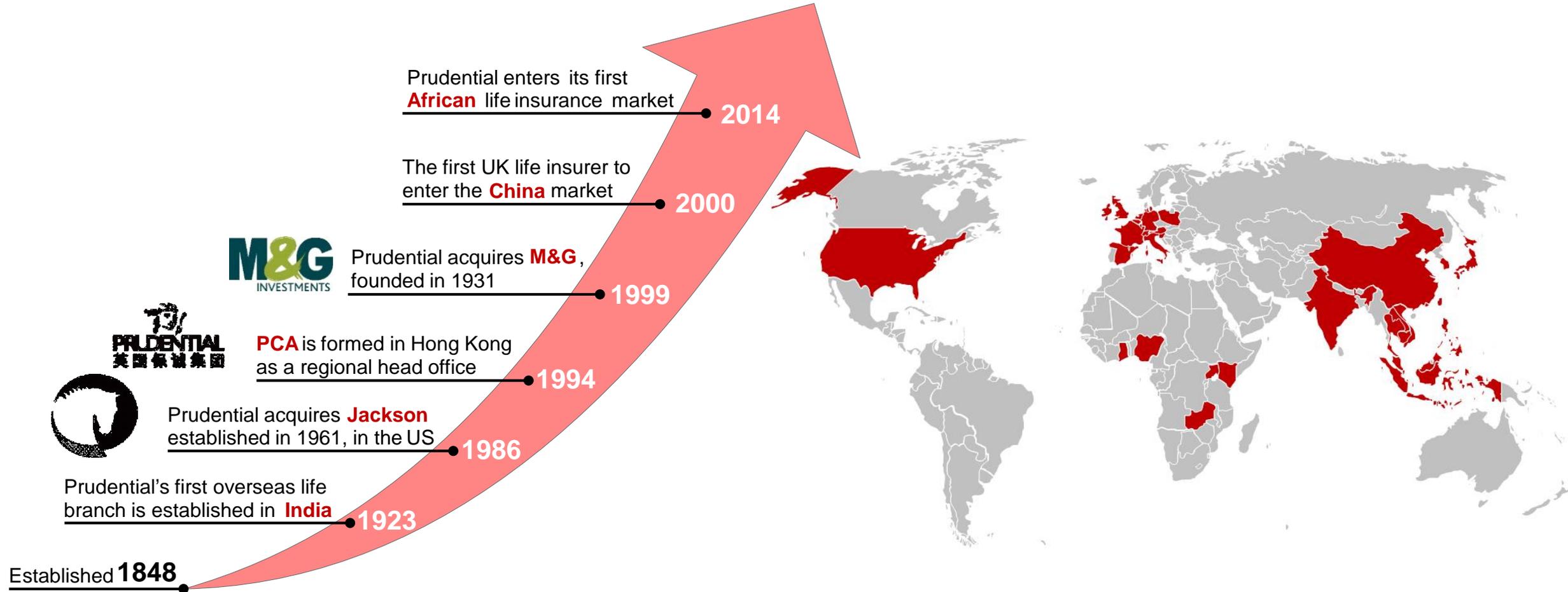
1848

Life insurance customers
worldwide

26_m

Total funds under
management

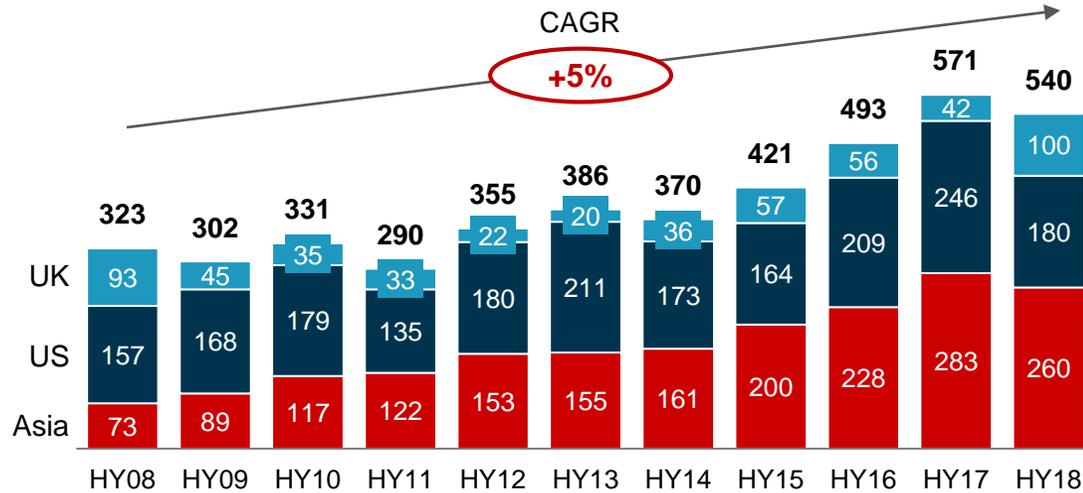
£664_{bn}



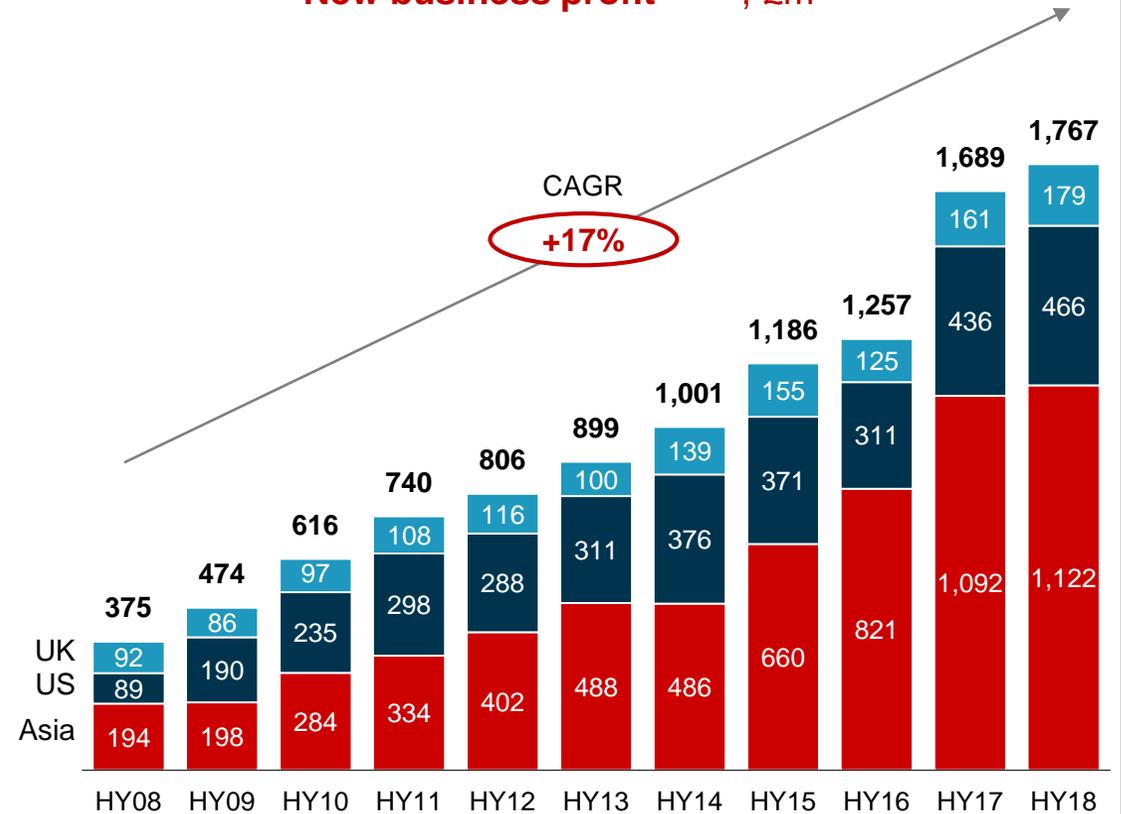
Group

Disciplined capital allocation

New business strain^{1,2,3,4,5}, £m



New business profit^{2,3,4,5}, £m

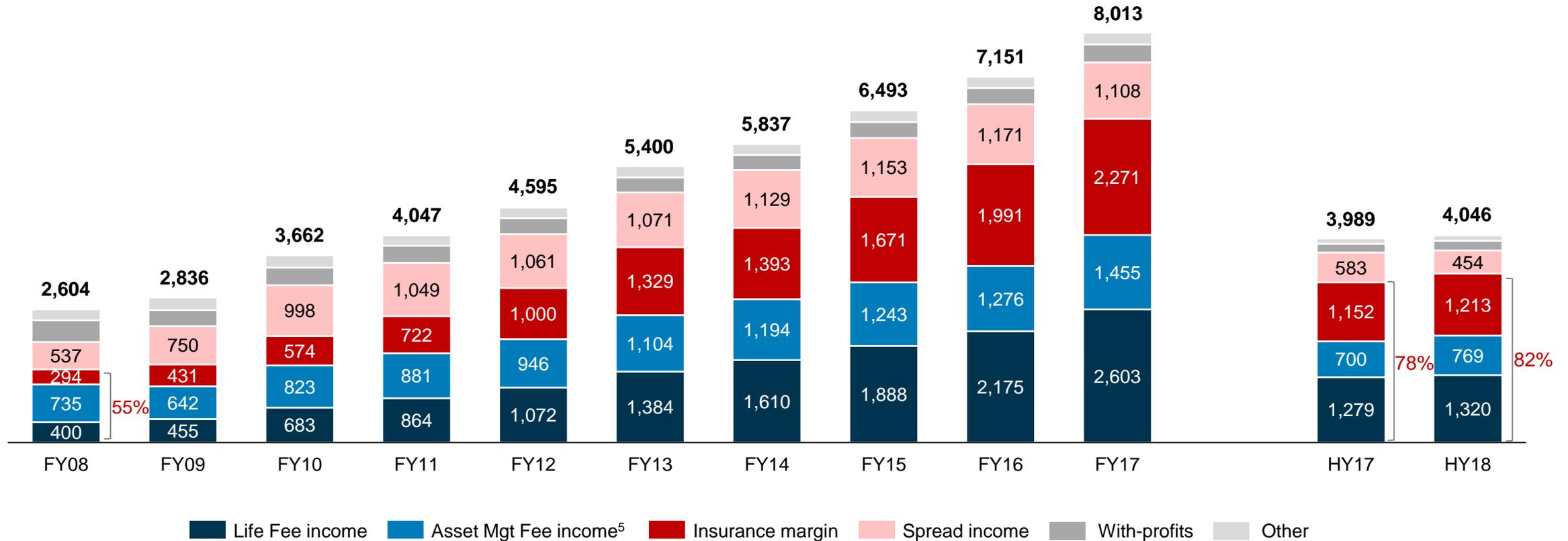


1. Free surplus invested in new business.
 2. On a post tax basis.
 3. Excludes Korea Life, Japan Life and Taiwan agency. HY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives include the results of PruHealth and PruProtect.
 4. Results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. HY15 results and prior reflect the Solvency I basis being the regime applicable for those periods.
 5. As reported RER.

Group

Growth in high quality earnings

Sources of IFRS operating income^{1,2,3,4,5}, £m



1. Comparatives adjusted for new and amended accounting standards.

2. Comparatives have been stated on an actual exchange rate basis.

3. Excludes Japan Life, Taiwan agency, Korea Life and NPH Holdings. FY14 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. FY08 to FY13 comparatives include the results of PruHealth and PruProtect.

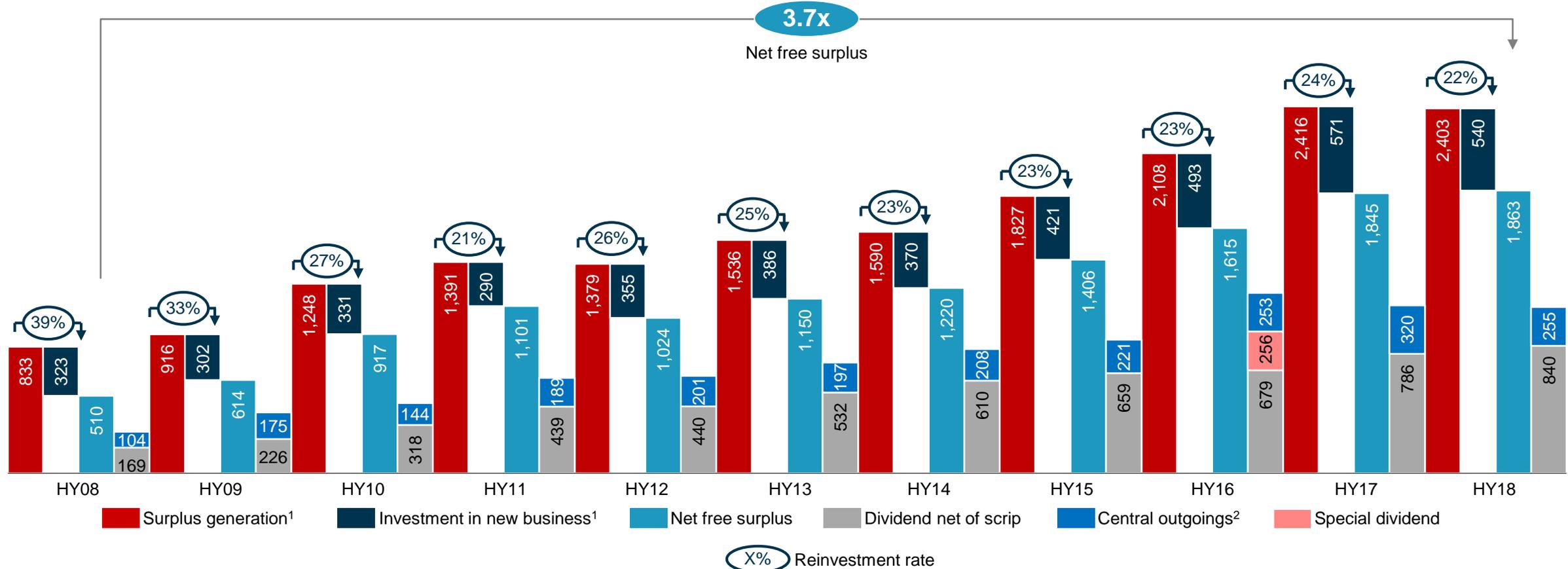
4. Excludes other management actions to improve solvency of HY18: £63m (HY17: £157m), insurance recoveries in respect of costs associated with the review of past annuity sales of HY18: £166mn (HY17: nil), and HY17 excludes longevity reinsurance transactions of £31m.

5. Excludes contribution from Prudential Capital. All historic comparatives have been restated to exclude the contribution from Prudential Capital.

Group

Free surplus generation

Free surplus^{3,4} and dividend, £m



1. Excludes Korea Life, Japan Life and Taiwan agency. HY2014 comparatives have been restated to exclude the contribution from the sold PruHealth and PruProtect businesses. HY2008 to HY2013 comparatives include the results of PruHealth and PruProtect.

2. Central outgoings includes RHO costs.

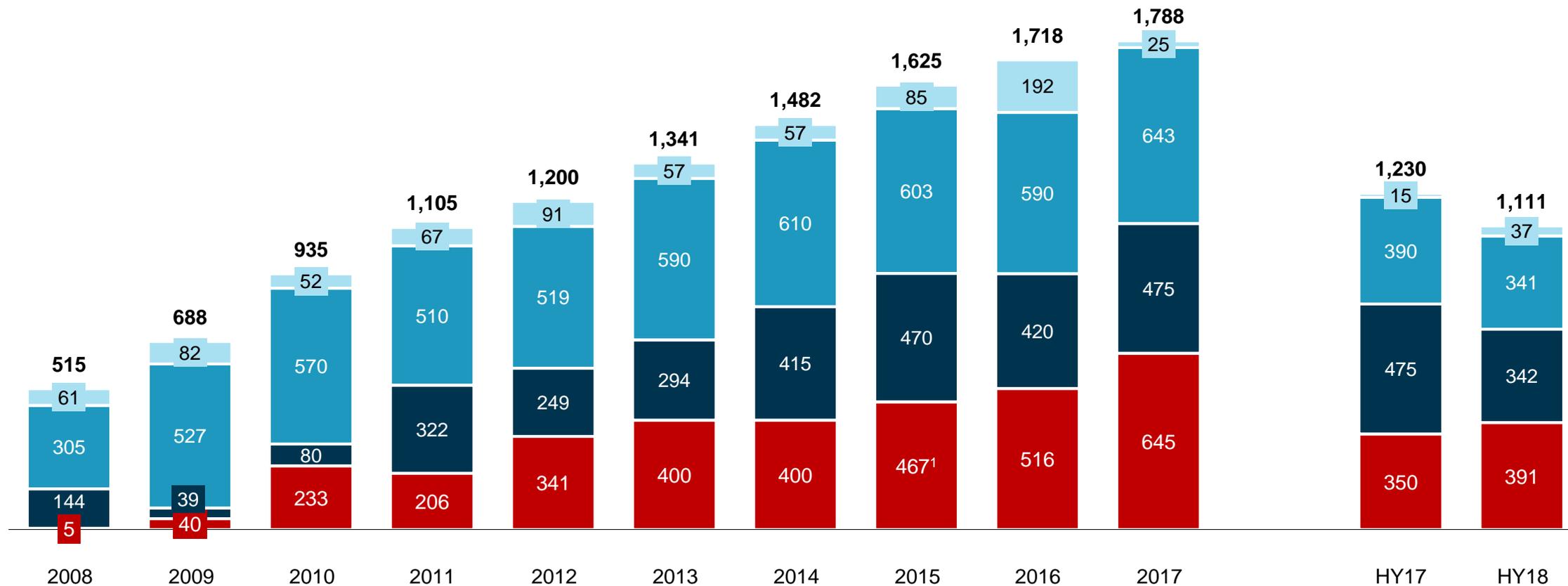
3. Results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. HY15 results and prior reflect the Solvency I basis being the regime applicable for those periods.

4. Comparatives have been stated on an actual exchange rate basis.

Group

Cash remittances to Group

Business unit net remittances², £m



1. Includes £42 million of proceeds from the sale of Japan.
 2. As reported RER.
 3. Includes remittances from Prudential Capital.

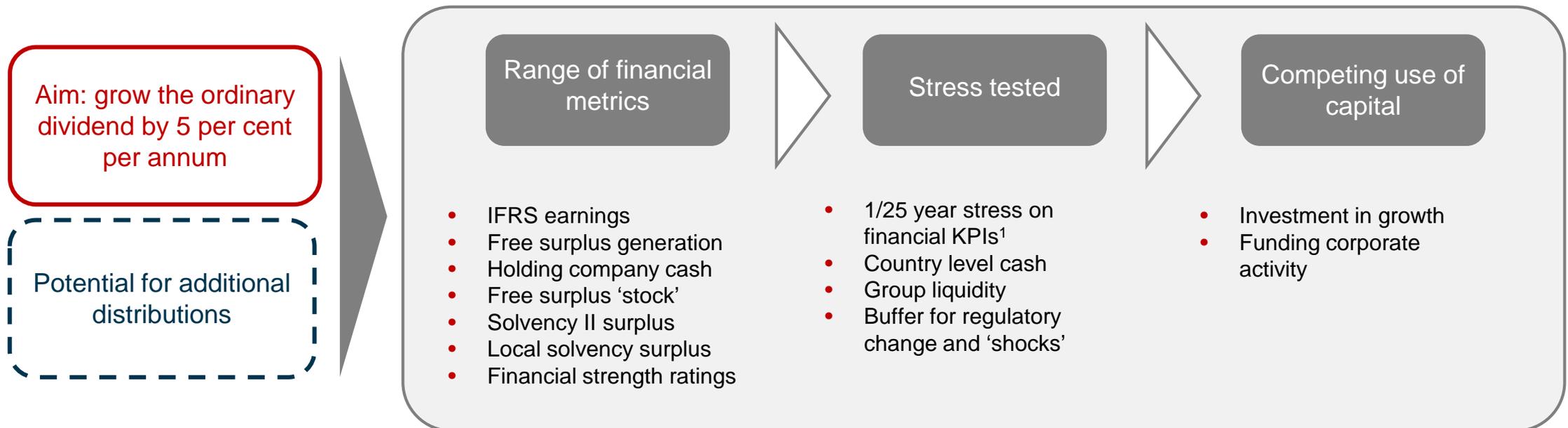
Asia US UK Other³

Group

Dividend policy

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

Assessment of dividend affordability unchanged



1. 1/25 year stress is equivalent to a Group-wide scenario with movements in all risks including a fall in equity levels, a fall in long-term interest rates and spreads widening in both 'A' rated and 'BBB' rated credit.

Asia

Regional footprint

15m

Pru life customers

Access to:

3.6 billion

Population

Top 3

Position in 9 of 12 life markets¹

 Cambodia (2013) 1st	 Malaysia (1924) 1st
 China (2000) ² 4th	 Philippines (1996) 3rd
 Hong Kong (1964) 2nd	 Singapore (1931) 2nd
 India (2000) ³ 1st	 Taiwan (1999) 12th
 Indonesia (1995) 1st	 Thailand (1995) 10th
 Laos (2015) 3rd	 Vietnam (1999) 2nd

(YYYY) Operations start date

Asian Fund House of the Year⁴

1. Source: As per the Group's Full Year 2017 disclosures, based on formal (competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on availability of data).

2. Total JV / foreign players only.

3. Ranking among private players, share among all players on fiscal year basis.

4. AsianInvestor 2018, Eastspring Investments Asia Fund House of the Year.

Asia

Favourable dynamics

	Population ² (m)	Market penetration ³ (%)	GDP ¹ (\$bn)	GDP growth ¹ (%)
 Cambodia (2013)	16	0.1%	24	6.9%
 China (2000)	1,416	2.7%	14,093	6.6%
 Hong Kong (1964)	7	14.6%	365	3.6%
 India (2000)	1,354	2.8%	2,848	7.4%
 Indonesia (1995)	267	1.9%	1,075	5.3%
 Laos (2015)	7	-	18	6.8%
 Malaysia (1924)	32	3.3%	365	5.3%
 Philippines (1996)	107	1.2%	332	6.7%
 Singapore (1931)	6	6.6%	350	2.9%
 Taiwan (1999)	24	17.9%	613	1.9%
 Thailand (1995)	69	3.6%	484	3.9%
 Vietnam (1999)	97	1.3%	241	6.6%

1. Source: IMF 2018 forecast data. Published April 2018.

2. United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects 2017 Revision.

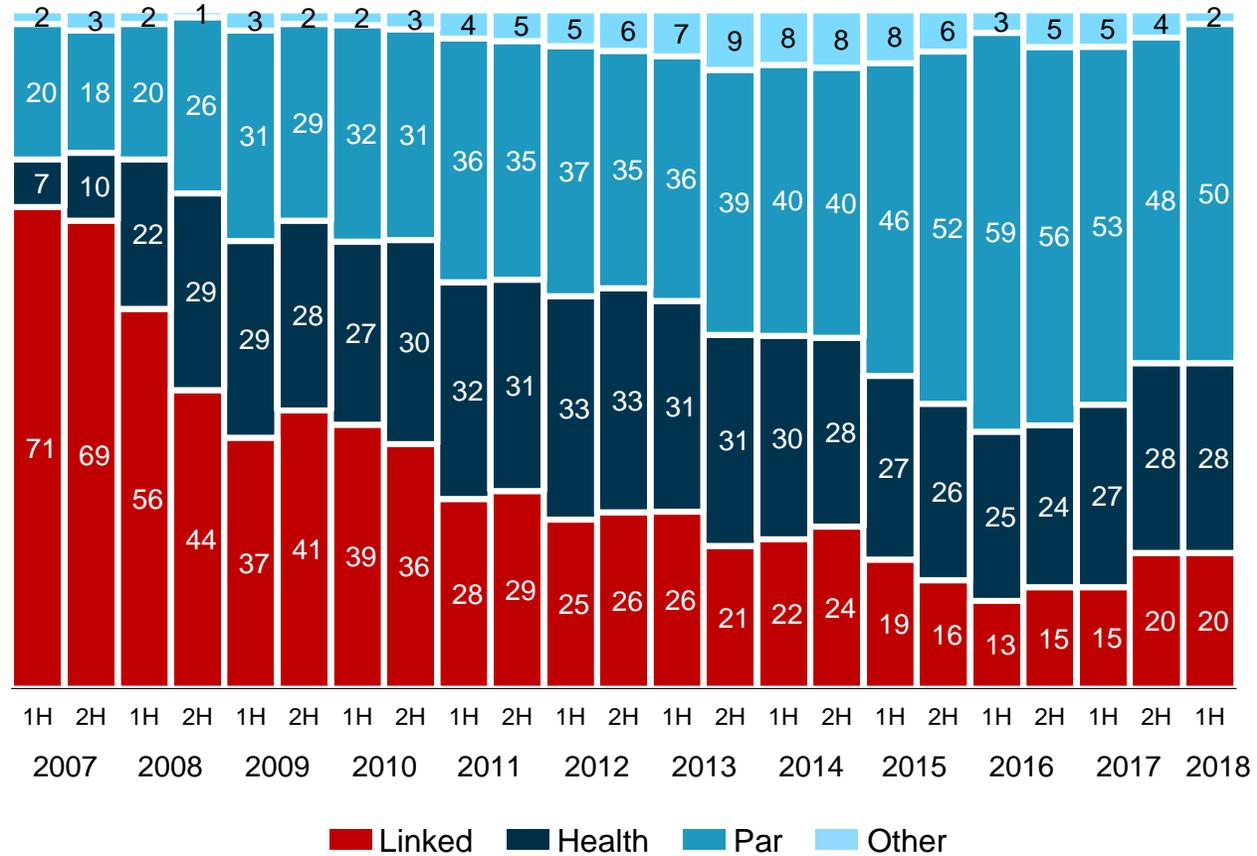
3. Market penetration: Swiss Re (Sigma) – based on insurance premiums as a percentage of GDP in 2017 (estimated).

(YYYY) Operations start date

Asia

Product mix

Asia Life APE sales by product¹, %

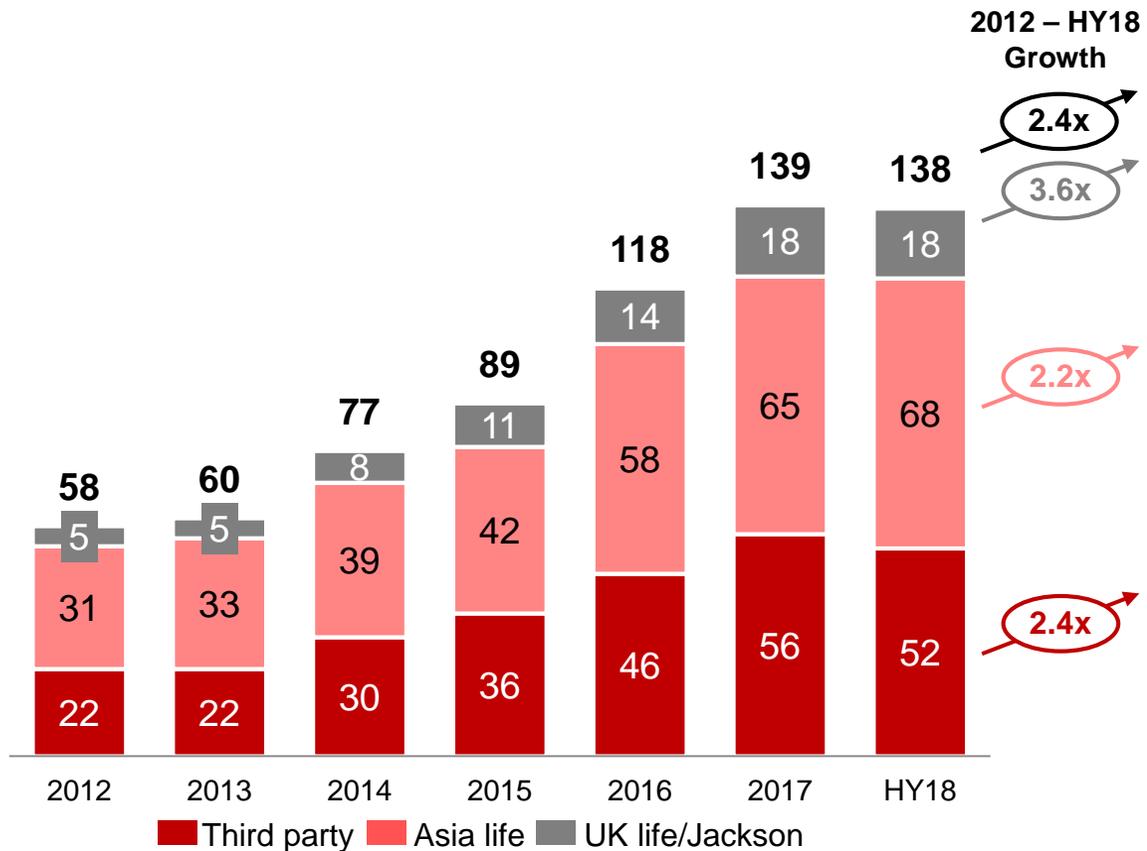


1. All comparatives restated to exclude Korea Life.

Asia

Eastspring Investments

Funds under management^{1,3}, £bn



Capabilities

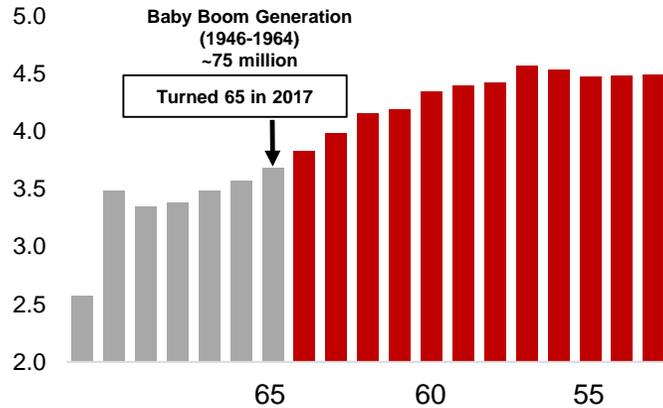


1. As reported (RER).
 2. Infrastructure, private equity, syndicated loans.
 3. Eastspring funds under management presented includes Money Market Funds (MMF).
 4. Eastspring has a presence in 11 markets across the region following its recent entry into Thailand in July; the completion of this transaction is subject to local regulatory approval.

US retirement opportunity

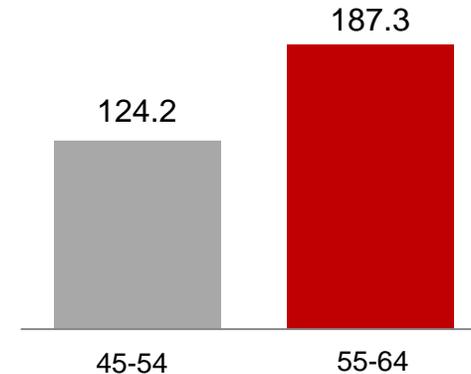
Retirement wave

Baby Boomer population by age¹



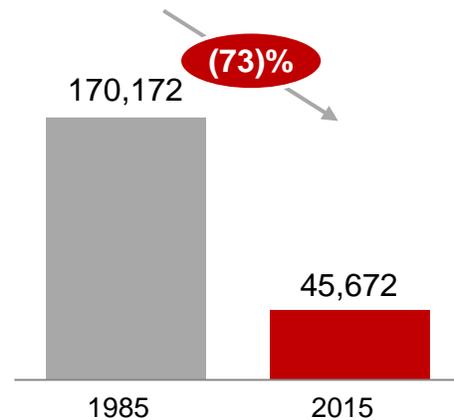
Under-saved

Median Net Worth² (\$ thousands)



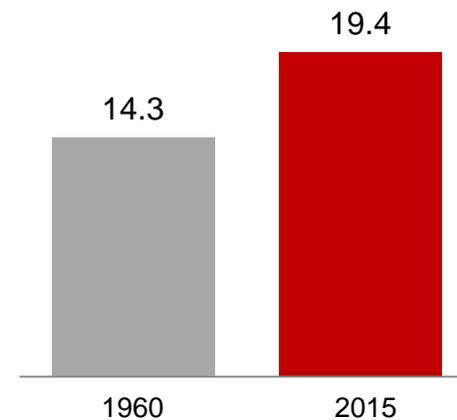
Declining pensions

of defined benefit pension plans³



Increased longevity

Life expectancy at 65⁴ (years)



Jackson National Life



▶ **Market leading** retirement income provider

▶ **6.8x** premium growth since 1995

▶ **4 million** life customers

1. U.S. Census Bureau, Population Division, 2014 estimate of population. Generations as defined by Pew Research Center, 2014.
 2. 2016 Federal Reserve Board's Triennial Survey of Consumer Finances.
 3. U.S. Department of Labor, "Private Pension Plan Bulletin Historical Tables and Graphs 1975 - 2015." February 2018.
 4. U.S. Department of Health and Human Services, "Health, United States 2016".

Segmentation of opportunity

US Adviser Distributed Assets¹ (\$tn)

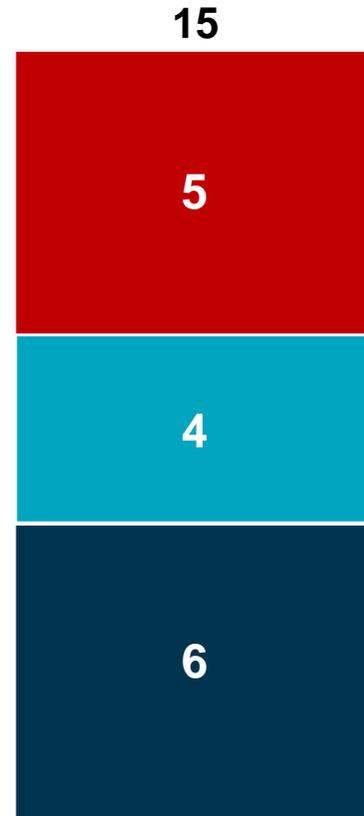
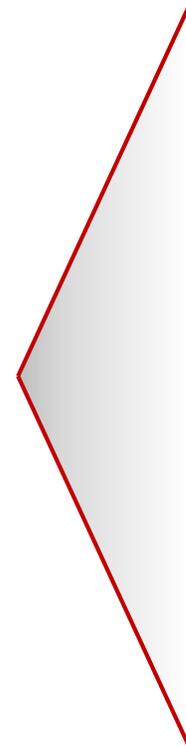
Investable assets:

Includes (financial assets):

- Mutual funds
- Checking accounts
- Managed accounts
- Defined Contribution

Excludes:

- Real estate
- Business interests
- Vehicles



Total adviser distributed assets

- Ages - All
- Investable Assets – All levels

Expanded opportunity

- Ages 40 – 80
- Investable Assets of \$100k - \$5m

Core opportunity

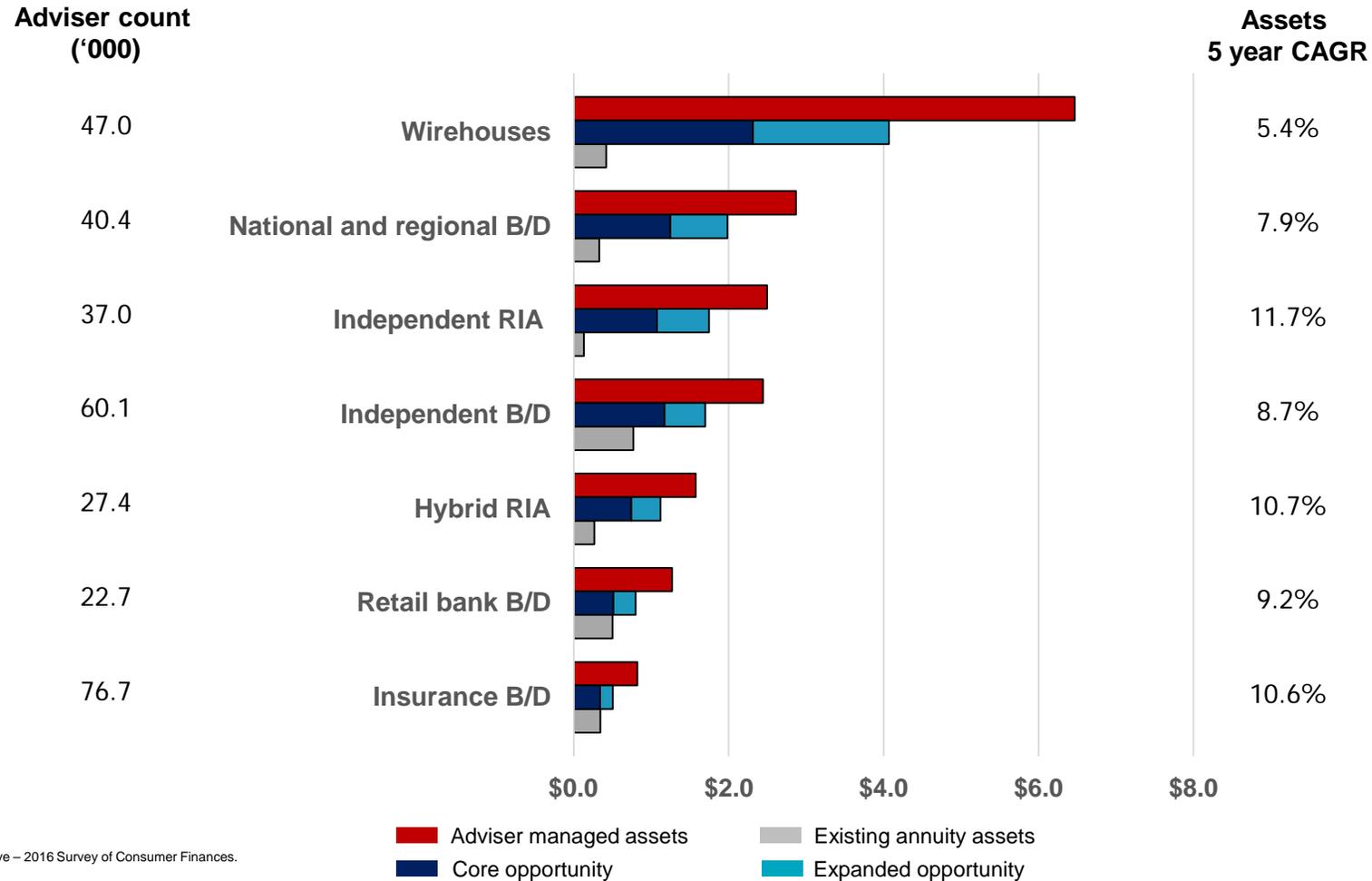
- Ages 48 – 72
- Investable Assets of \$100k - \$2m

(All values net of existing annuity assets)

1. The 2017 Cerulli reports, IRI Fact Book, Federal Reserve – 2016 Survey of Consumer Finances.

Opportunity by channel

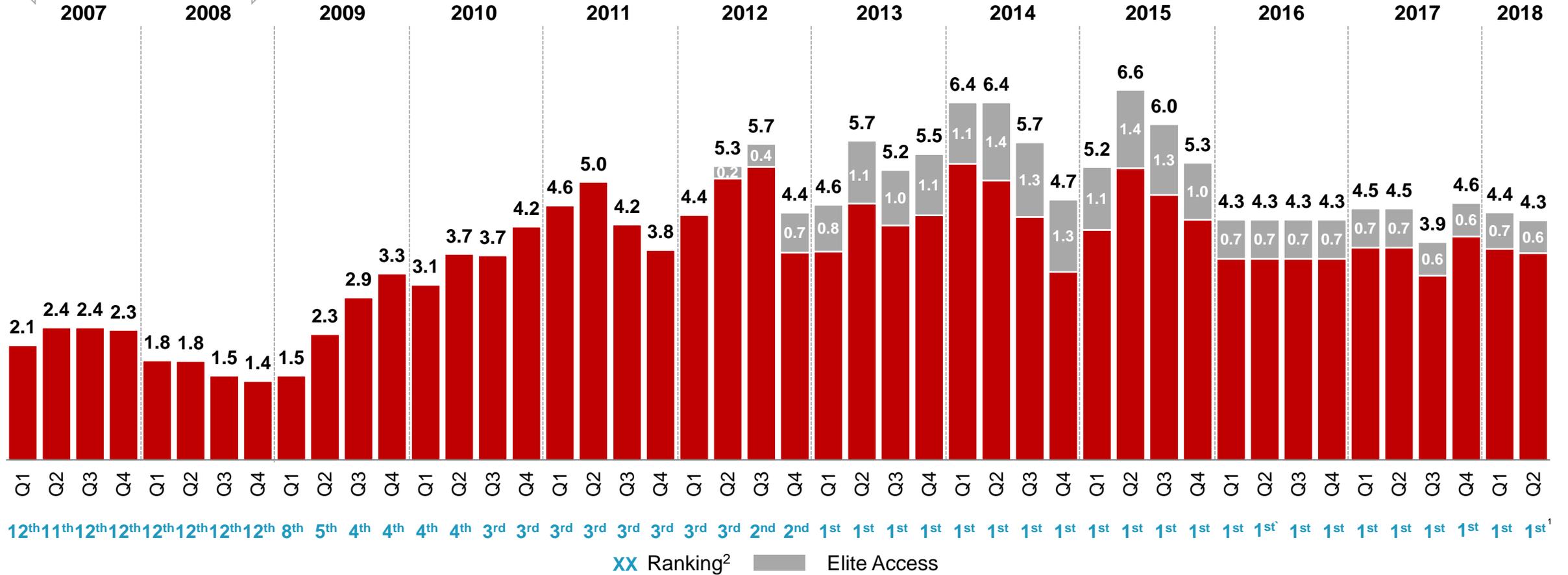
US Adviser Distributed Assets¹ (\$tn)



1. The 2017 Cerulli reports, IRI Fact Book, Federal Reserve – 2016 Survey of Consumer Finances.

Variable annuity volumes

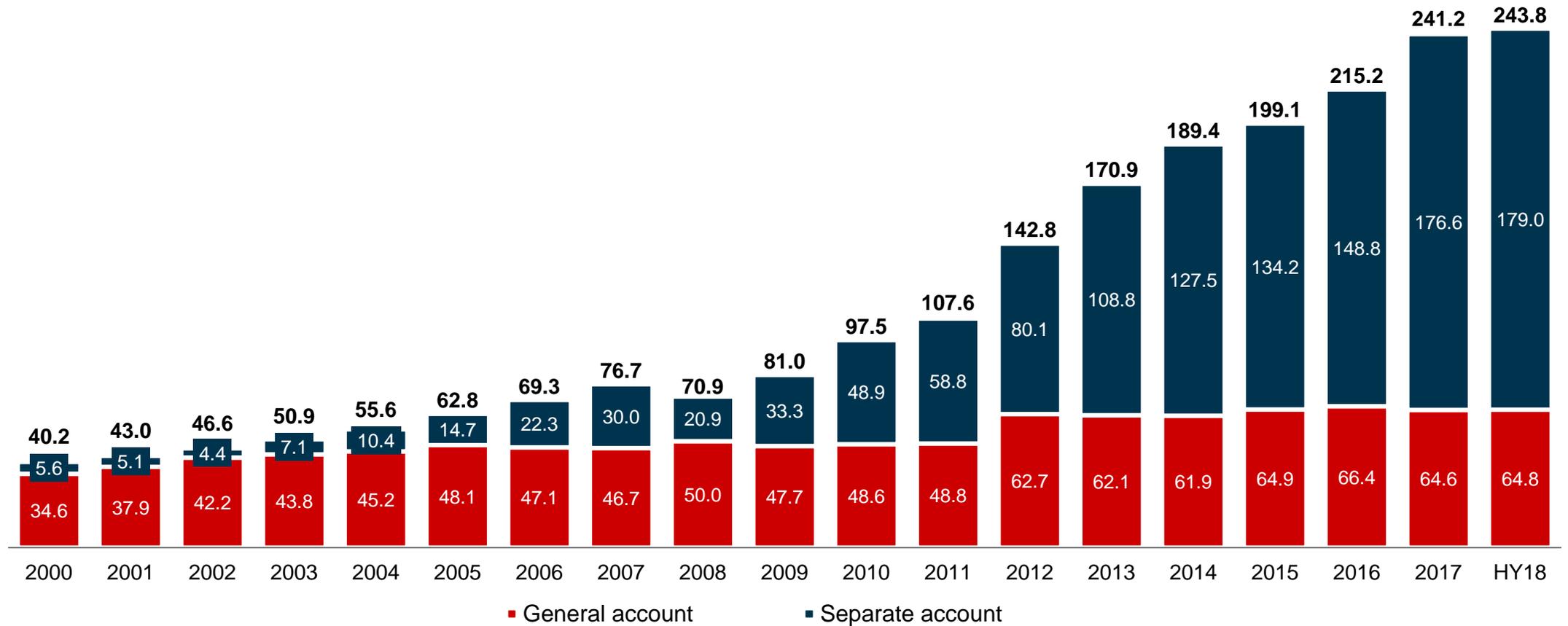
Jackson VA sales volumes by quarter, \$bn



1. Estimated.
2. Morningstar Annuity Research Center.

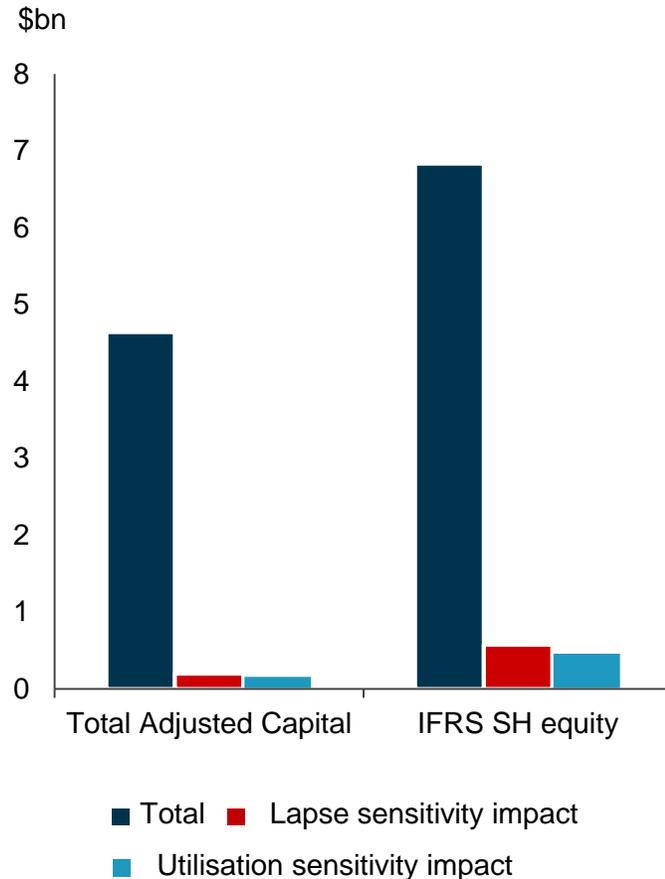
US Asset growth

Jackson growth in statutory admitted assets, \$bn



GMWB policyholder behaviour sensitivities

Jackson GMWB policyholder behaviour sensitivities, 30 June 2018



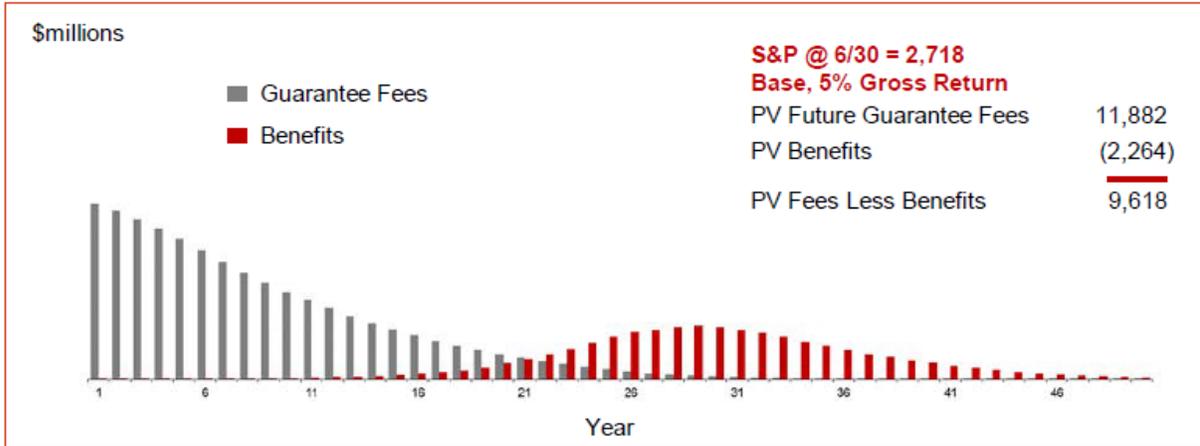
- Policyholder behaviour experience is continuously monitored and a comprehensive study is conducted on an annual basis.
- For IFRS and Statutory accounting purposes, assumptions are set at the conservative end of the plausible range (i.e. best estimate with an explicit margin for conservatism). For example:
 - Lapse - Lifetime GMWB ultimate lapse assumptions at significantly ITM levels are less than 2.4% for utilising policyholders (subject to lapse cap of 1.5% when funds are significantly depleted)
 - Utilisation - Lifetime GMWB utilisation assumptions at attained ages 65+ are 53-92% (with special provisions for benefits with incentives to delay withdrawals)
- To measure the sensitivity to these assumptions, IFRS Equity and Statutory Total Adjusted Capital (TAC) were computed under severe shocks to these already conservative assumptions. The shocks were as follows:
 - Lapse - lapse rates for ITM policies were reduced to two-thirds of the assumed levels, resulting in ultimate lapse rates of approximately 1.5% for utilising policyholders
 - Utilisation - utilisation rates beyond the bonus period, if applicable, were increased by 10% (i.e. 110% of the best estimate assumption).

	Jackson Total Adjusted Capital
	\$bn
31 December 2017	4.3
Operating profit	0.4
Reserves net of hedging and other effects	0.4
Dividend	(0.5)
30 June 2018	4.6

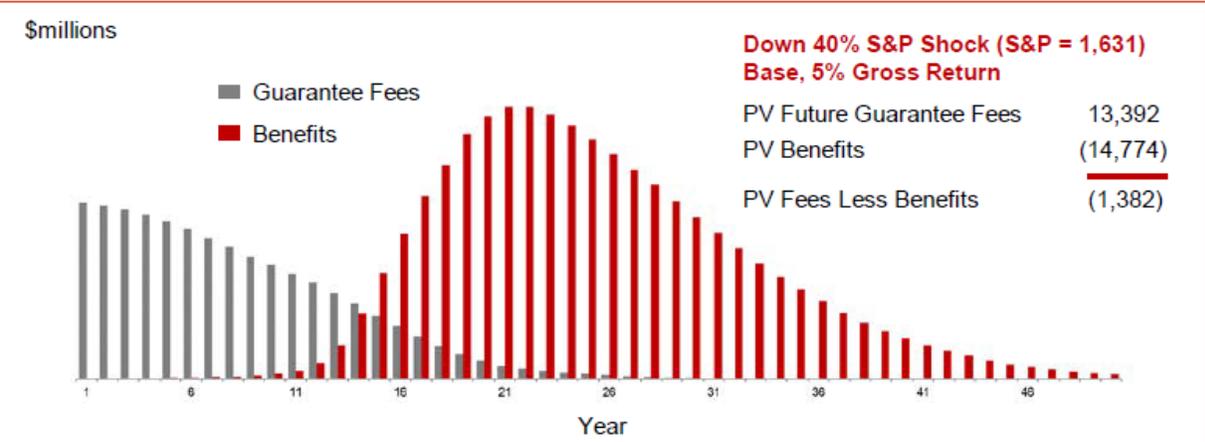
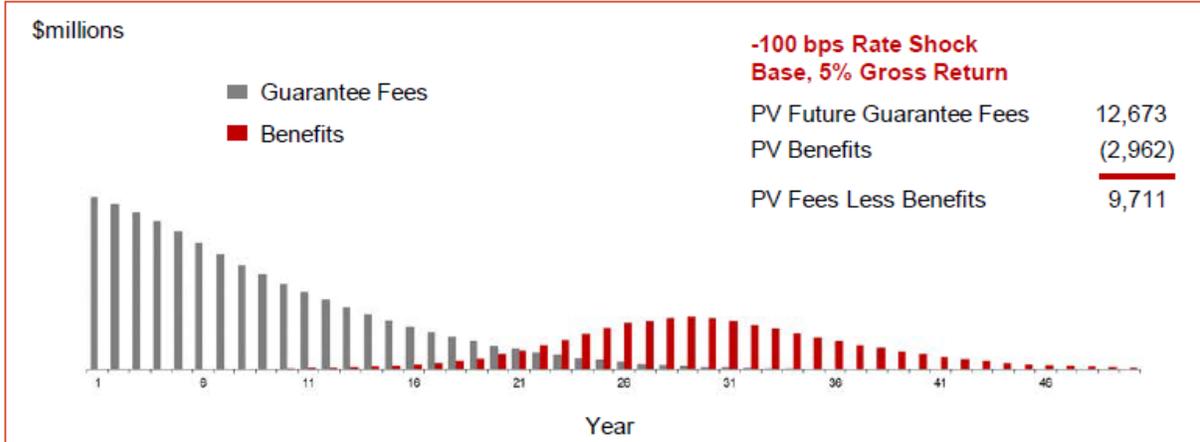
- ▶ Hedging programme continues to effectively mitigate risks
- ▶ Earned guarantee fees of 125 bps per annum
- ▶ Equity allocations remain below our 83% pricing assumption
- ▶ Total adjusted capital excludes:
 - ▶ Gains on interest rate swaps: \$75m net of tax at 30 June 2018 (31 December 2017: gain of \$480m)

Unhedged economic profile of GMWB guarantees

Jackson unhedged GMWB cash flow exposure, 30 June 2018



- Includes guarantee fees only
- Uses prudent best estimate assumptions (AG43, C3P2)
- 5% gross return is well below historical average market return
- Ignores guarantee fees collected to date as well as reserves
- PV of future GMWB fees exceeds PV of benefits over a wide range of market shocks
- Negative cash flow is far into future even in bad scenarios
- No material strain on liquidity in any given year
- Under the base scenario, the net PV increased by \$95m from YE17 to 2Q18. If we include the full VA cash flows in the analysis, the base scenario net PV remained generally consistent with YE17.



Africa

Regional footprint

1 billion people

Population of Sub-Saharan Africa¹

2.7 billion people

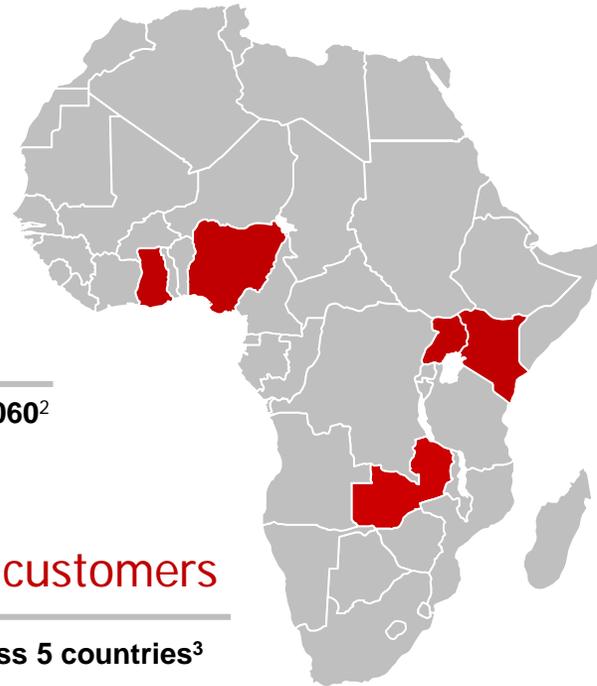
Population forecast by 2060²

~400 thousand Prudential customers

Across 5 countries³

£18 million of APE sales

HY18



Ghana 2014

- Acquisition of Express Life
- 2015: Distribution partnership with Société Générale
- 2015: Distribution partnership with Fidelity Bank
- 2016: Distribution partnership with CAL Bank
- 2018: Distribution partnership with Standard Chartered

Kenya 2014

- Acquisition of Shield Assurance

Uganda 2015

- Acquisition of Goldstar Life Assurance

Zambia 2016

- Acquisition of Professional Life Assurance

Nigeria 2017

- Acquisition of majority stake in Zenith Life of Nigeria
- 2017: Distribution partnership with Zenith Bank

1. Source: "World Population Prospects: The 2017 Revision". As of 2015.

2. Source: The World Bank. '7 facts about population in Sub-Saharan Africa', 2015.

3. Excludes micro insurance customers.

M&G Prudential

Creating a simple, modern savings and investments business



Established
1931

International asset manager with more than 85 years' experience

Acquired
1999

Offer funds across diverse geographies, asset classes and investment strategies

Provides investment strategies to meet Institutional clients' long-term needs

M&G Prudential



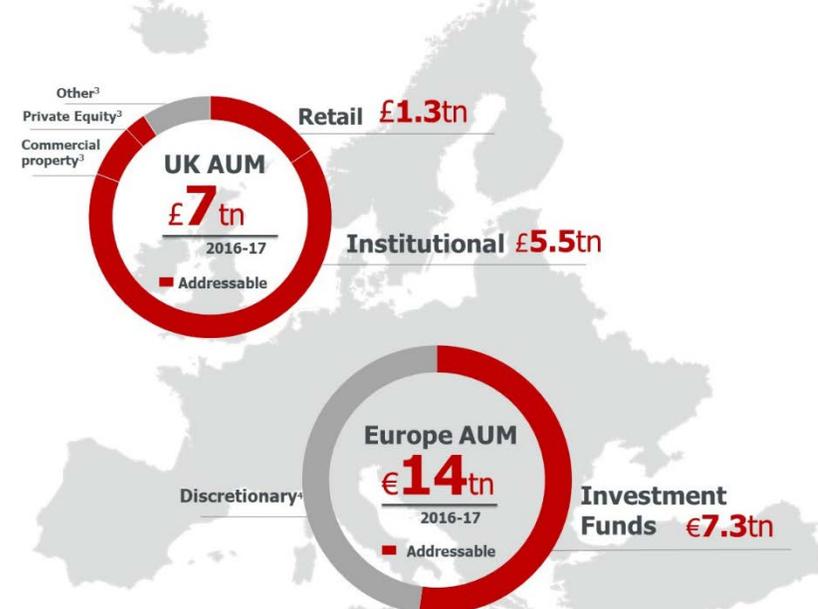
Established
1848

Leading provider of savings and retirement income products

Core strengths in with-profits and retirement

Expertise in areas such as longevity, risk management and multi-asset investment

Market Context^{1,2}



Market trends

Self-reliance for savings, investment and retirement

Convergent insurance and asset management business models

Customer demand for one stop shop solutions from trusted, scale players

1. Source: The Investment Association – Asset management in the UK 2016-2017.

2. Source: EFAMA Asset Management report, data as at 2015.

3. UK AUM consists of Commercial Property, Private Equity and Other of £1.5tn. European AUM consists of Discretionary of €6.7tn.

4. Discretionary includes mandates and could be included within M&G Institutional addressable market.

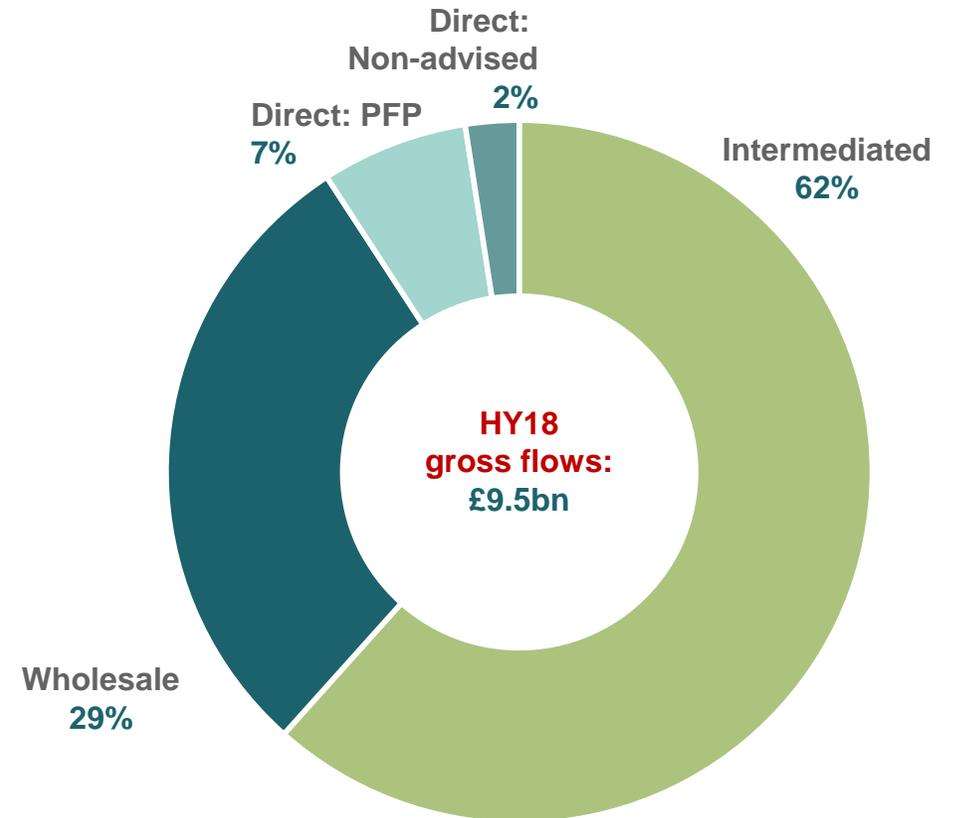
M&G Prudential

Distribution mix

Distribution channel
(UK Customers)

Wholesale	Advisers via platforms, wealth managers and banks	Individual funds within adviser portfolios
	Working directly with Independent and Restricted advisers	Customer solutions for advisers leveraging unique investment capability
Intermediary	Prudential UK & M&G	Customer solutions addressing financial needs
	Advised (PFP)	
Direct to customer		

Channel Mix
(UK Customers, 30 June 2018)



M&G Prudential

Products and customers

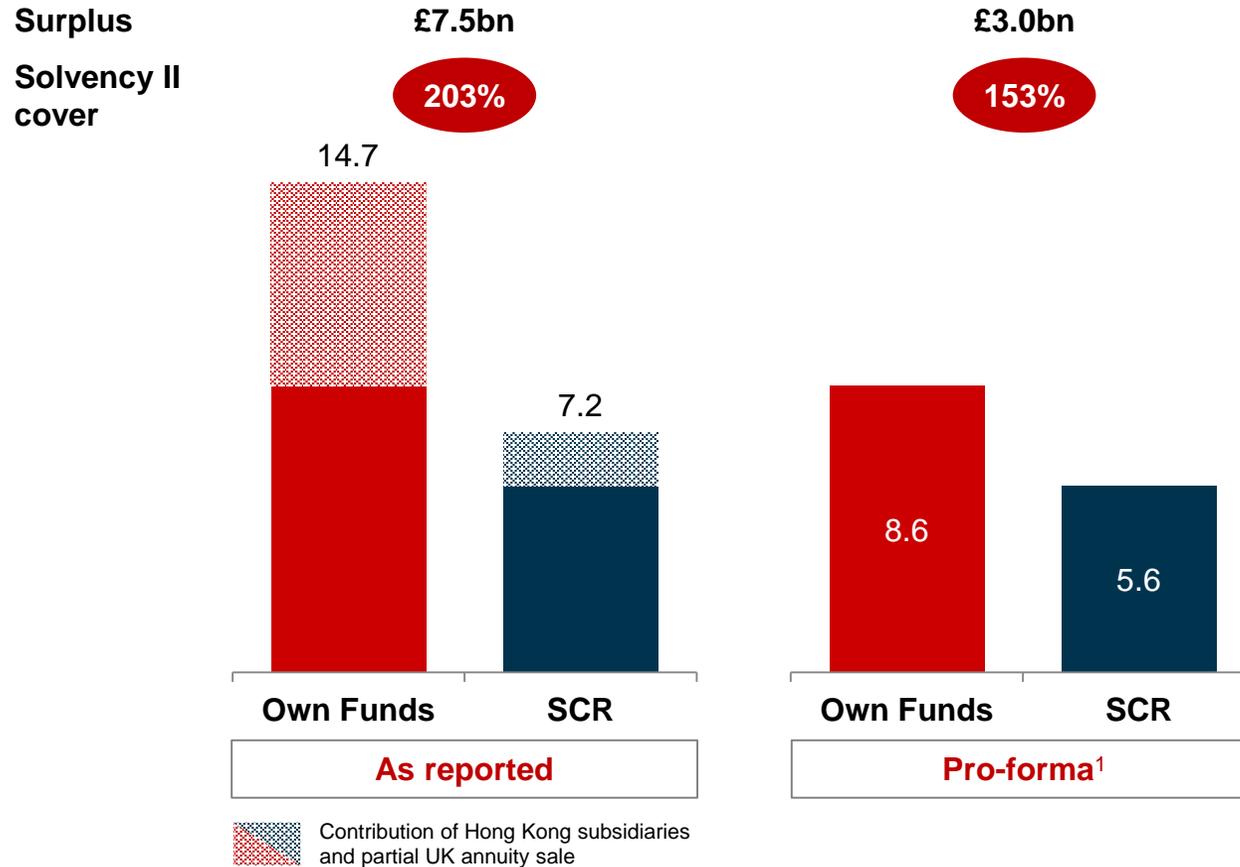
	AUM (HY18)	Customers		
UK customers	Investment funds	£34bn	170k direct customers	<ul style="list-style-type: none"> • Top 5 in UK retail funds¹ • Active management offering with strong performance • Distributed through wholesale channels
	PruFund	£40bn	450k customers	<ul style="list-style-type: none"> • Range of consumer-focused retirement/savings wrappers • PruFund investment proposition • Distributed through intermediaries and direct channels
	Traditional products	£136bn	6m customers	<ul style="list-style-type: none"> • Large, individual and corporate closed book • Resilient cash flows • Loyal customers, looking for help into retirement
European customers	£46bn ²	Leading cross-border fund sales	<ul style="list-style-type: none"> • Strong growth, with further potential • Establishing Luxembourg HQ and SICAV range • Complemented by Prudential's European businesses 	
Institutions	£86bn	876 clients	<ul style="list-style-type: none"> • Large and growing • High quality clients • Differentiated investment capabilities 	
	£342bn	7m individual customers		

1. Source: The Investment Association, March 2018.

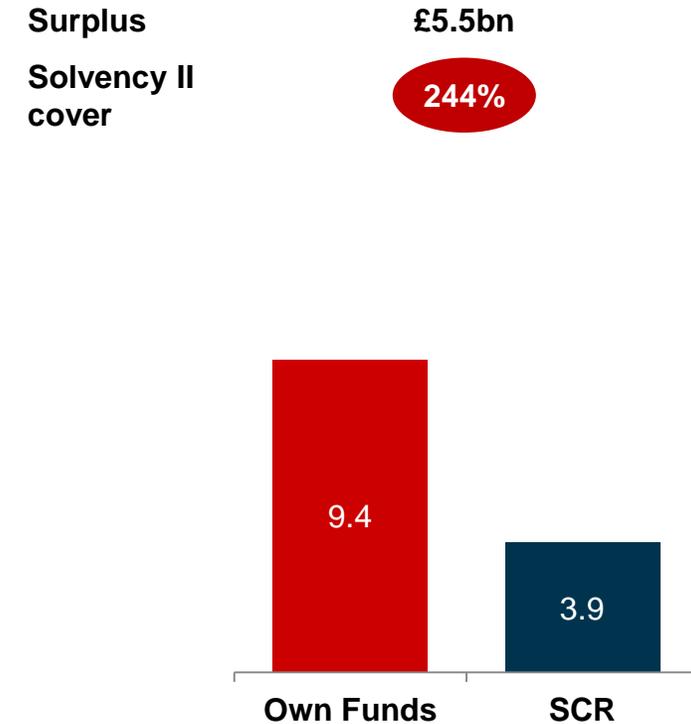
2. Europe includes AUM in Asia and South Africa.

UK Solvency II Capital position

UK shareholder Solvency II capital position, £bn
30 Jun 2018, £bn



UK with-profits Solvency II capital position, £bn
30 Jun 2018, £bn

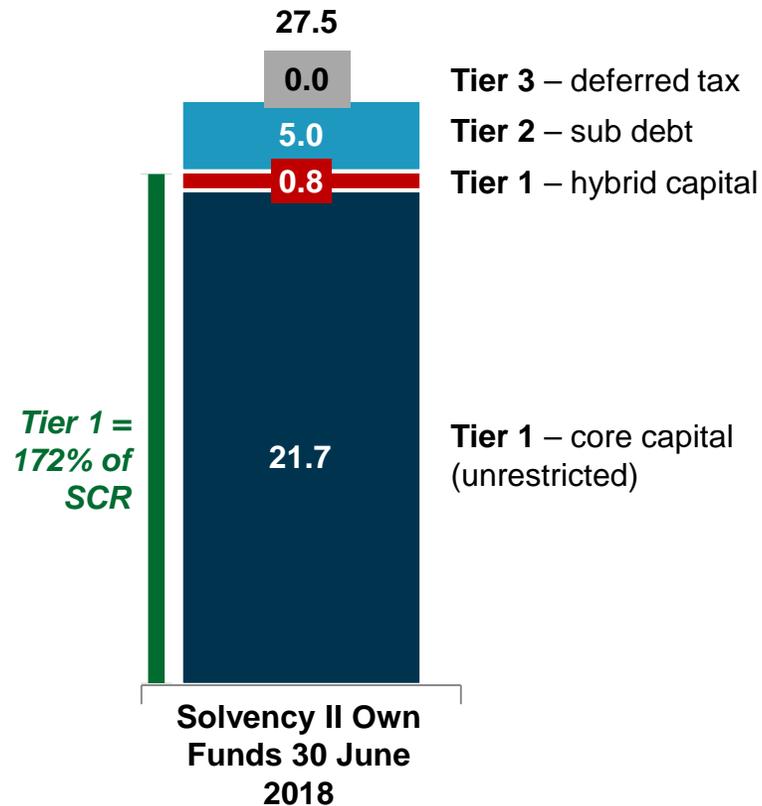


1. Represents the estimated impact on The Prudential Assurance Company Limited's shareholder Solvency II capital position from the transfer of Prudential plc's Hong Kong subsidiaries to Prudential Corporation Asia Limited, and completion of the partial sale of the UK annuity portfolio by a Part VII transfer, as if both had been completed on 30 June 2018. The resulting pro-forma position has been calculated based on information and assumptions at 30 June 2018 and therefore, does not necessarily represent the actual Solvency II capital position which will result following completion of the transactions.

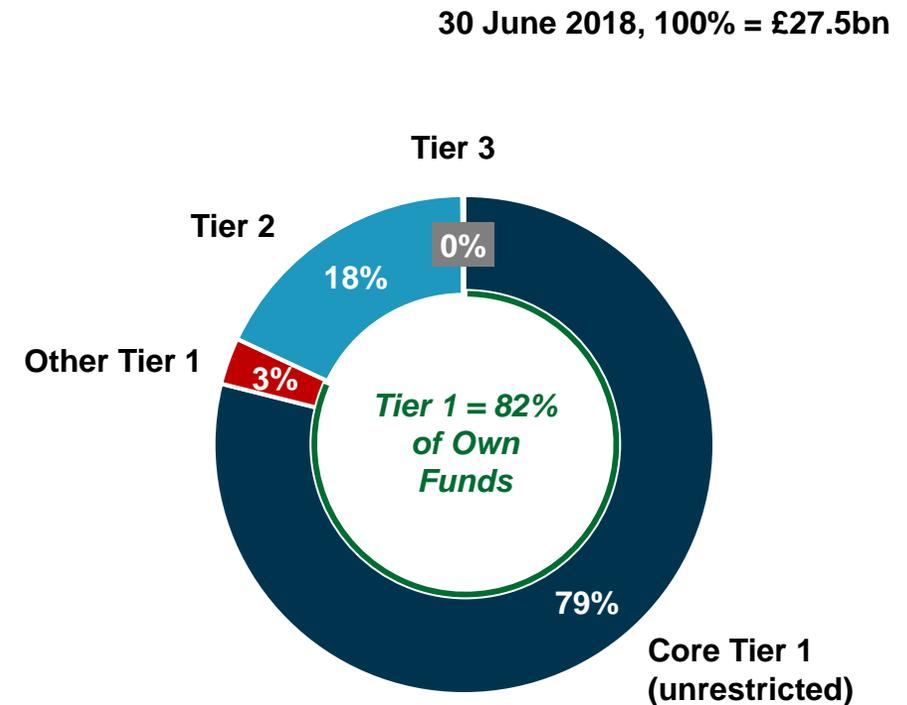
Group Solvency II

Capital quality

Solvency II Own Funds by capital tier^{1,2,3}



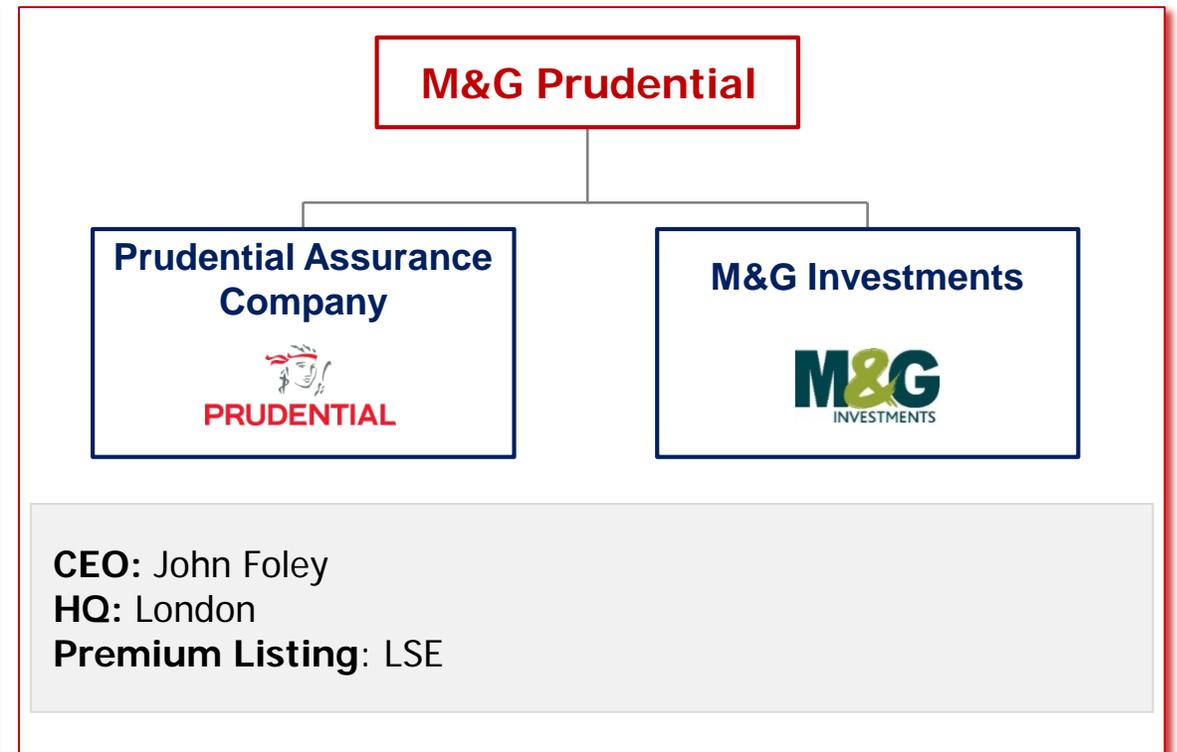
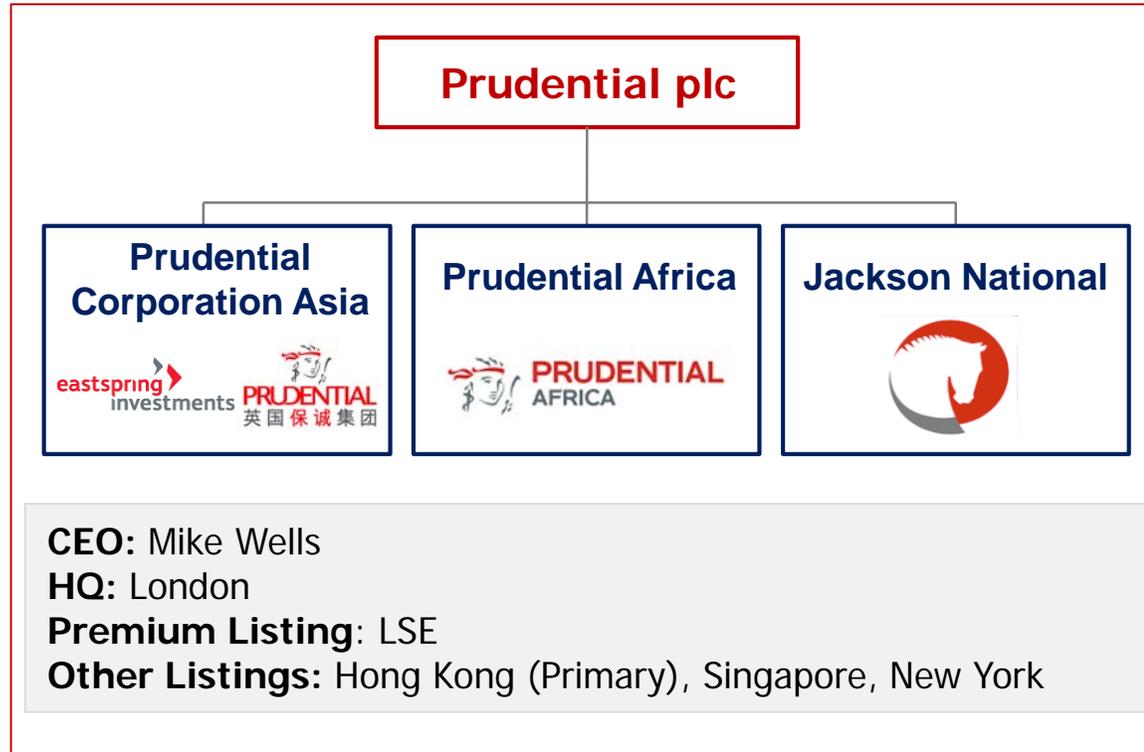
Share of Solvency II Own Funds by capital tier^{1,2,3}



1. The Group shareholder position excludes the contribution to the Group Own Funds and the Solvency Capital Requirement of ring-fenced With-Profit Funds and staff pension schemes in surplus.
 2. The Group shareholder position includes management's estimate of transitional measures reflecting operating and market conditions at the valuation date.
 3. Before allowing for the 2018 first interim ordinary dividend.

Group

Target structure: two separately listed companies with distinct investment prospects



Group Solvency II

SII treatment of hybrid capital classification

Hybrid capital outstanding, 30 June 2018

Issue Date	Amount	Coupon	Maturity Date	1st Call Date	SII Classification
19-Dec-01	GBP 435m	6.125%	19-Dec-31	None	Tier 2*
10-Jul-03	EUR 20m	20 yr CMS rate	10-Jul-23	None	Tier 2*
30-Jul-04	USD 250m	6.75%	Perp	23-Sep-09	Tier 1*
12-Jul-05	USD 300m	6.50%	Perp	23-Sep-10	Tier 1*
29-May-09	GBP 400m	11.375%	29-May-39	29-May-19	Tier 2*
21-Jan-11	USD 550m	7.75%	Perp	23-Jun-16	Tier 1*
15-Jan-13	USD 700m	5.25%	Perp	23-Mar-18	Tier 2
16-Dec-13	GBP 700m	5.70%	19-Dec-63	19-Dec-43	Tier 2*
09-Jun-15	GBP 600m	5.00%	20-Jul-55	20-Jul-35	Tier 2
07-Jun-16	USD 1,000m	5.25%	Perp	20-Jul-21	Tier 2
13-Sept-16	USD 725m	4.375%	Perp	20-Oct-21	Tier 2
24-Oct-17	USD 750m	4.875%	Perp	20-Jan-23	Tier 2

*Grandfathered under Solvency II transitional provisions until 31 December 2025.

Invested assets

Group asset portfolio

Breakdown of invested assets^{1,2}, 30 June 2018, £bn

	Total Group	PAR funds	Unit linked	Shareholder-backed				Total
				Asia Life	US Life	UK Life	Other	
Debt	160.3	76.0	10.3	13.5	36.1	22.1	2.3	74.0
Equity	229.7	64.3	163.2	1.6	0.3	0.0	0.3	2.2
Property	17.6	15.3	0.6	0.0	0.0	1.7	0.0	1.7
Mortgage	10.4	2.3	0.0	0.2	6.3	1.7	0.0	8.1
Deposits	12.4	9.1	1.7	0.5	0.0	0.8	0.3	1.6
Other loans	6.5	2.4	0.0	0.4	3.5	0.0	0.1	4.0
Other	11.0	7.8	0.0	0.8	1.7	0.5	0.3	3.3
Total	447.9	177.2	175.8	17.0	47.9	26.8	3.2	94.9

Shareholder debt portfolio, 30 June 2018, £bn

	Portfolio £bn	No. issuers	Holding by issuer		High yield % debt portfolio
			Av. £m	Max £m	
Sovereign debt	14.4	45	320	3,388	2.4%
Corporate debt					
Investment grade	57.6	1,194	48	340	n/a
High yield	2.0	811	2	500	2.7%
	59.6	2,005	30	500	n/a

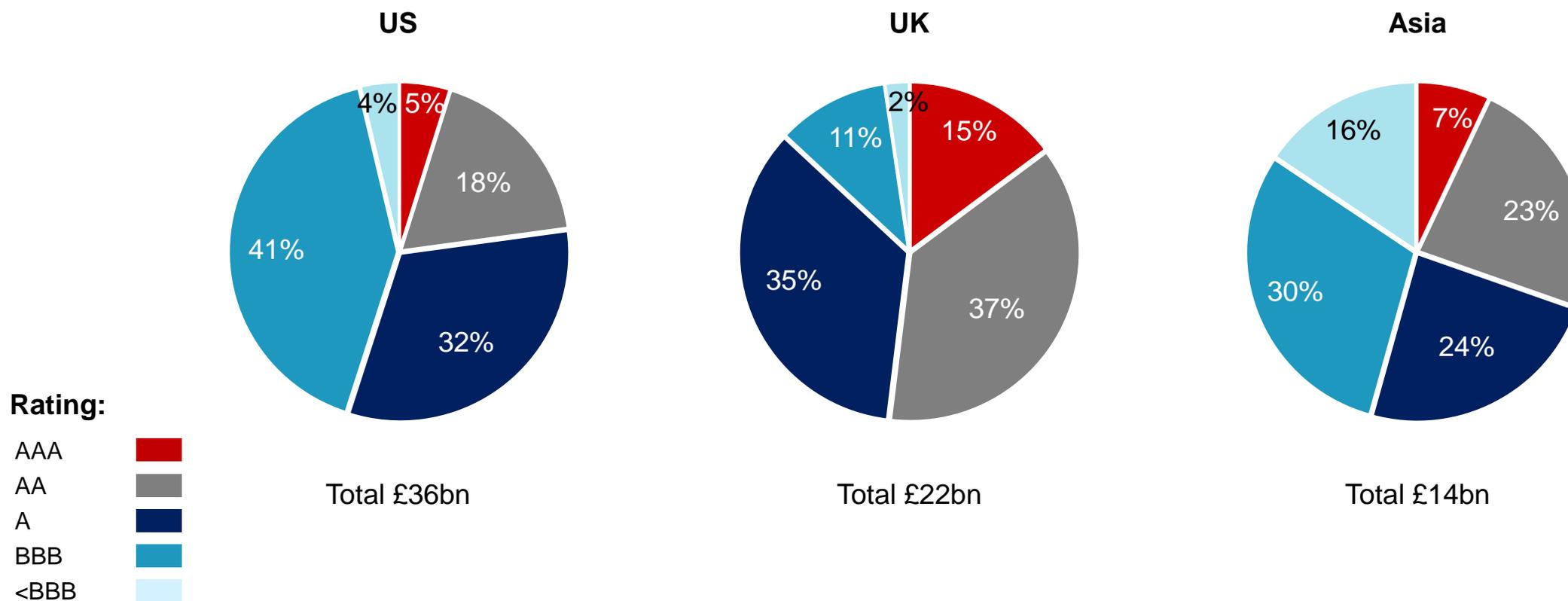
- Conservative asset mix: ~97% credit portfolio is rated investment grade or sovereign
- Minimal default losses, and minimal impairments across all credit portfolios
- Additional cash and equivalents of £8.4bn, of which shareholder exposure is £4.8bn

1. Includes £1.6 billion of investments in joint ventures and associates accounted for using the equity method.
2. Subject to rounding.

Invested assets

Shareholder total debt securities

By credit rating^{1,2}, 30 June 2018



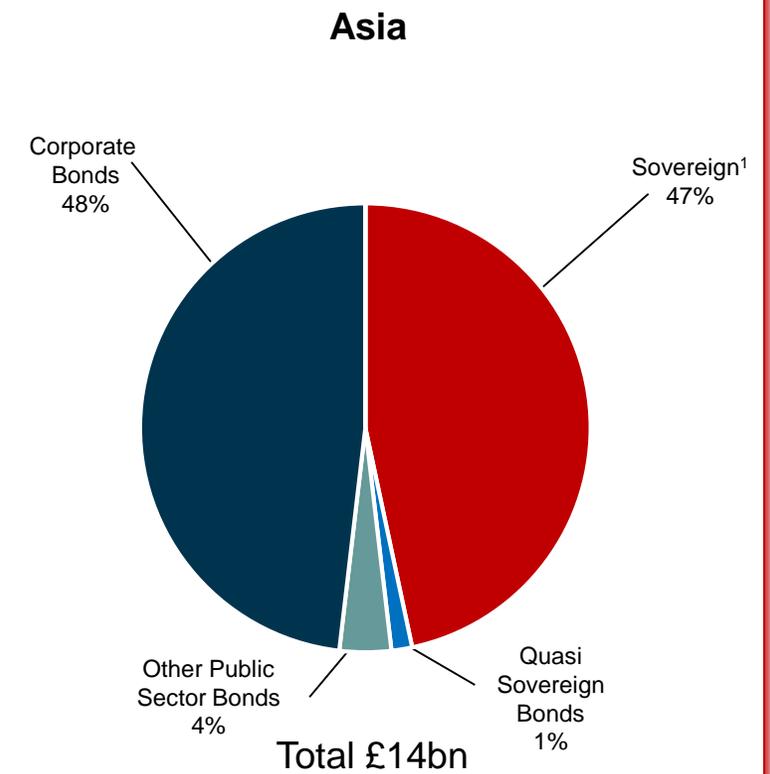
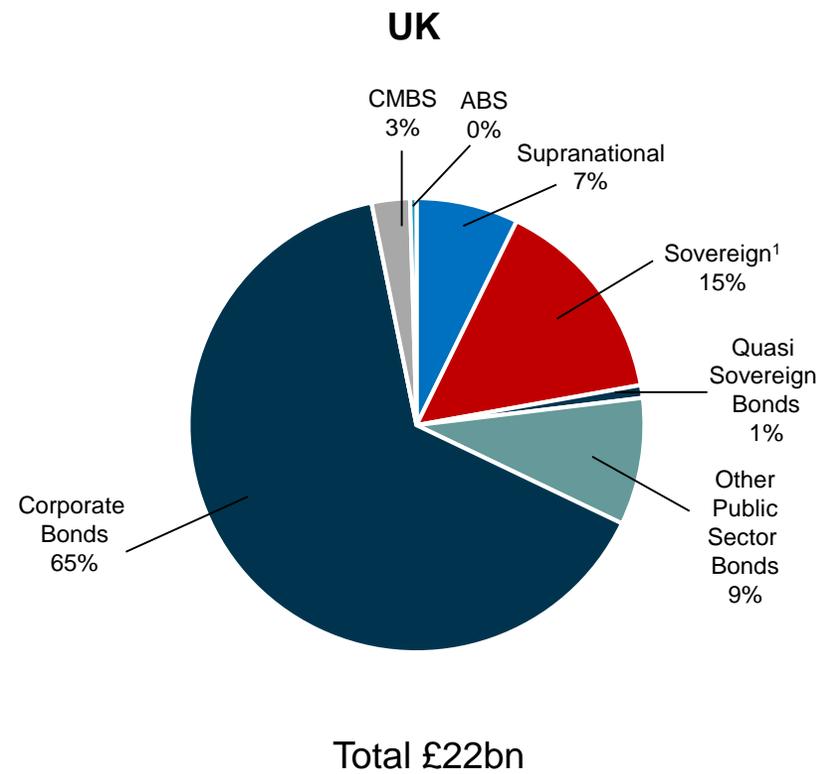
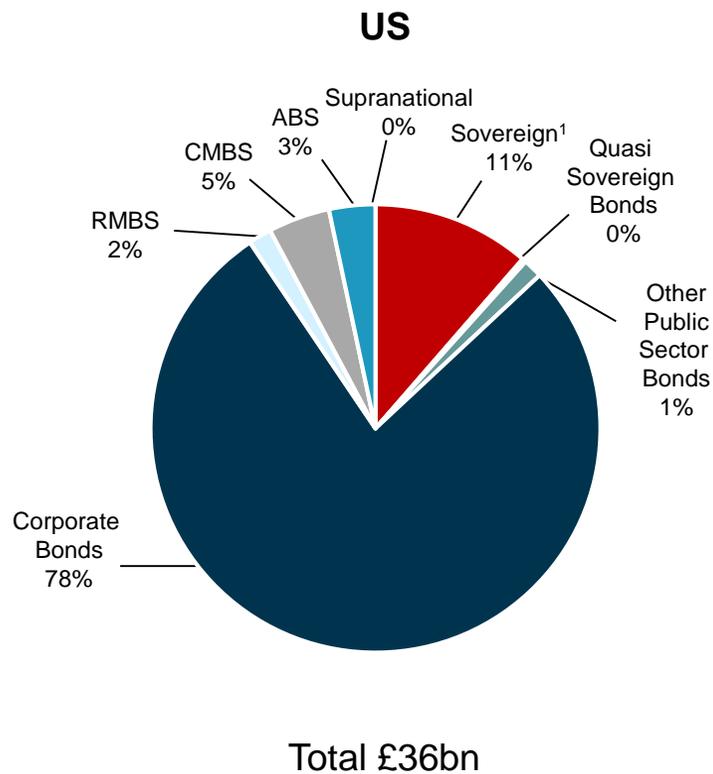
1. Pie charts exclude other operations totalling £2.3bn, of which 31% AAA, 56% AA, 8% A, 2% BBB and 3% BB or below.

2. Based on hierarchy of Standard and Poor's Moody's and Fitch, where available and if unavailable, other rating agencies or internal ratings have been used.

Invested assets

Shareholder total debt securities

By asset type^{1,2}, 30 June 2018

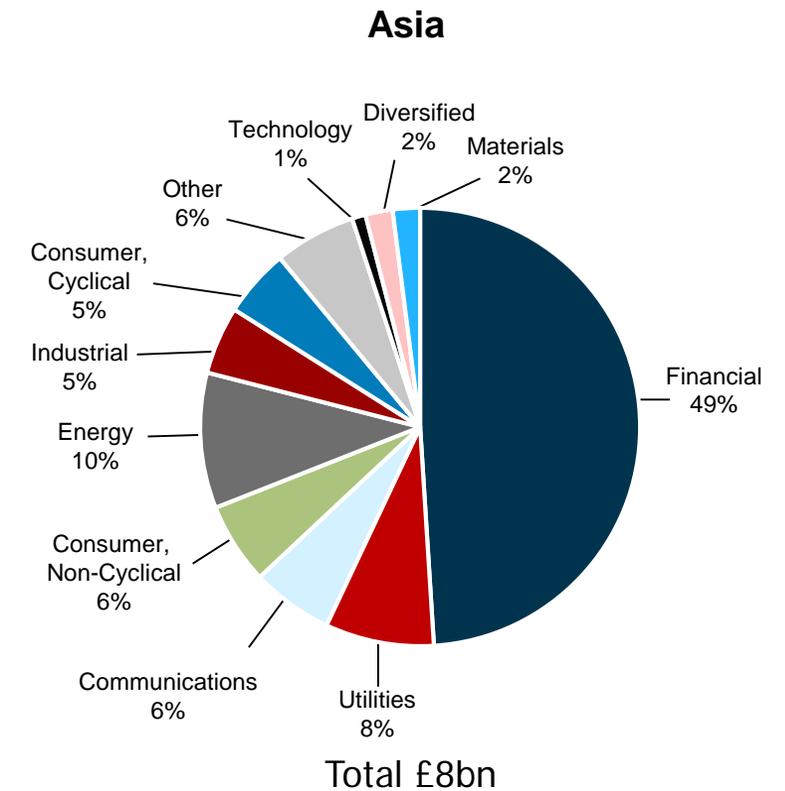
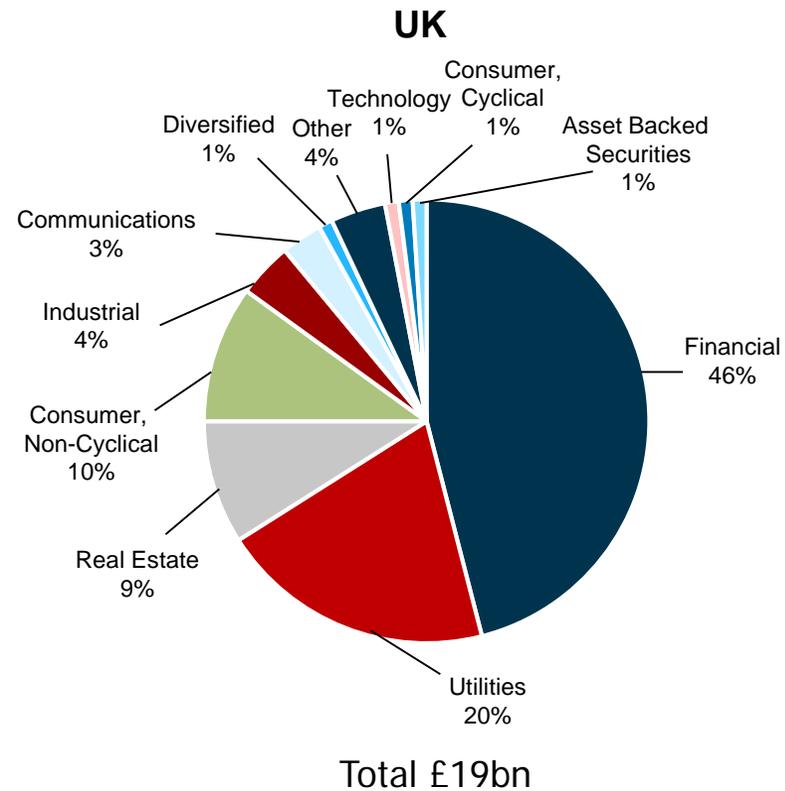
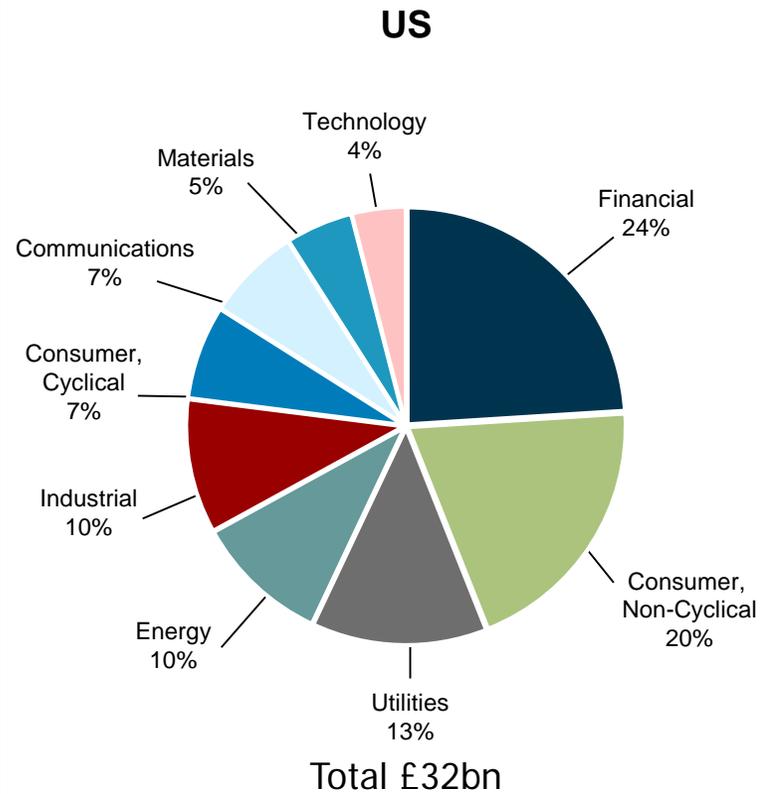


1. Sovereign includes OEICS.
2. Pie charts exclude £2.3bn of debt securities within other operations.

Invested assets

Shareholder backed corporate debt exposures

By sector^{1,2}, 30 June 2018

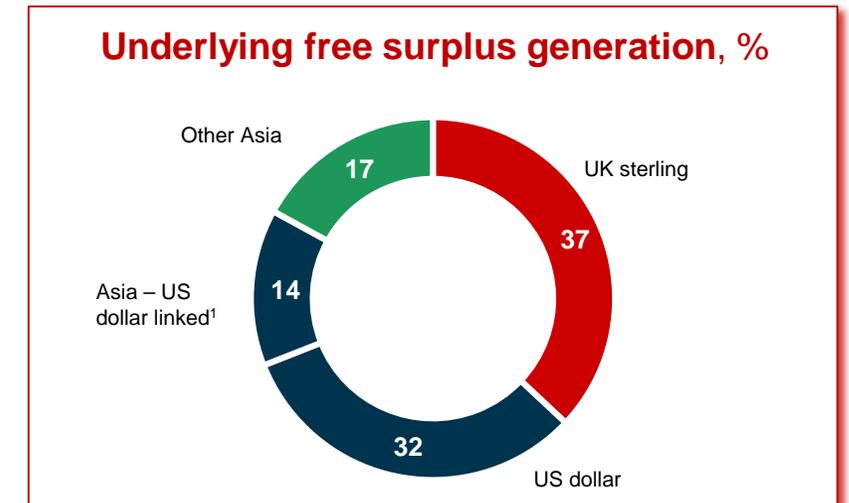
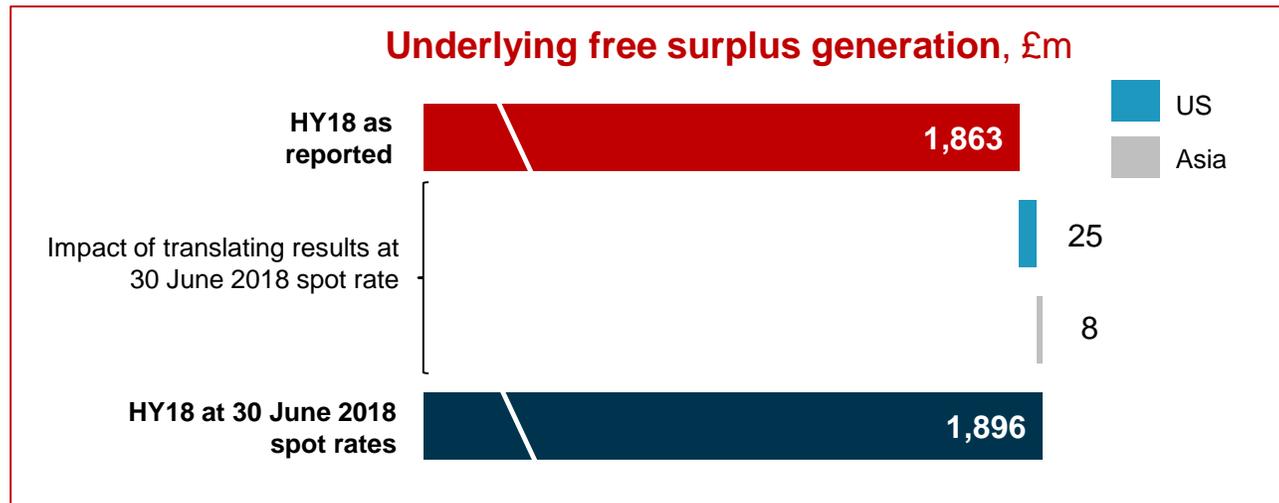
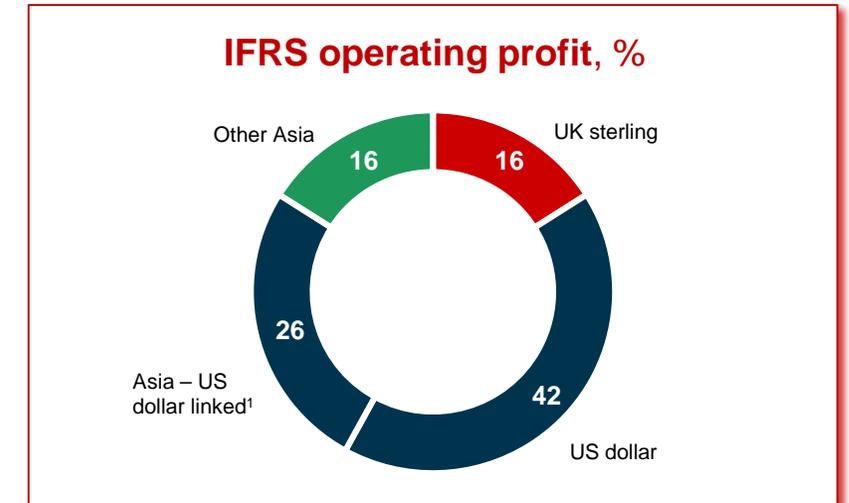
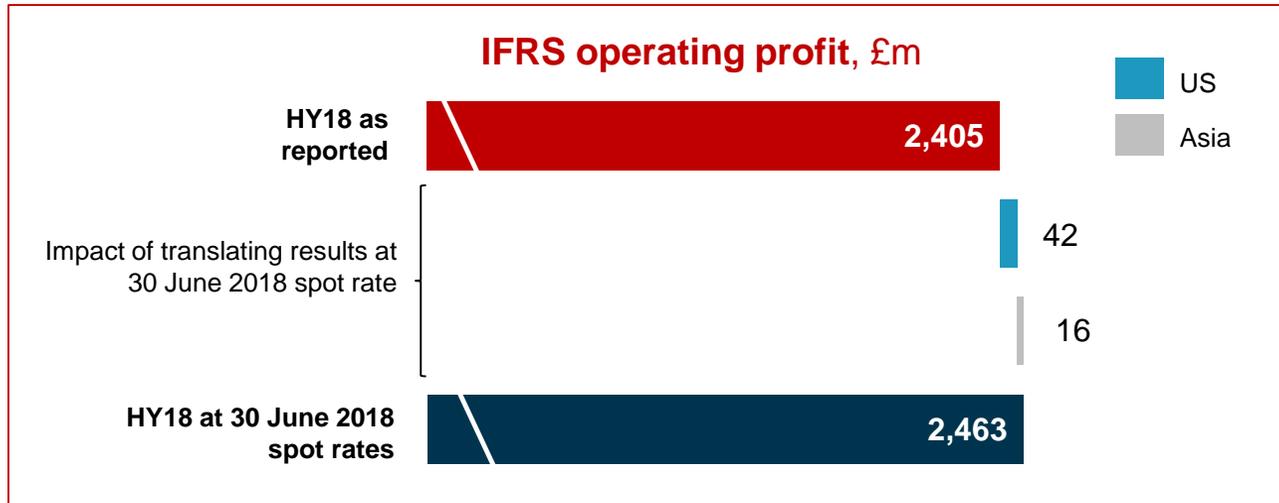


1. Source of segmentation (in order) Bloomberg Sector, Bloomberg Group and Merrill Lynch. Anything that cannot be identified from the 3 sources noted is classified as other. Pie charts above exclude debt securities from other operations.

2. Pie charts exclude £2.3bn of debt securities within other operations.

Currency mix

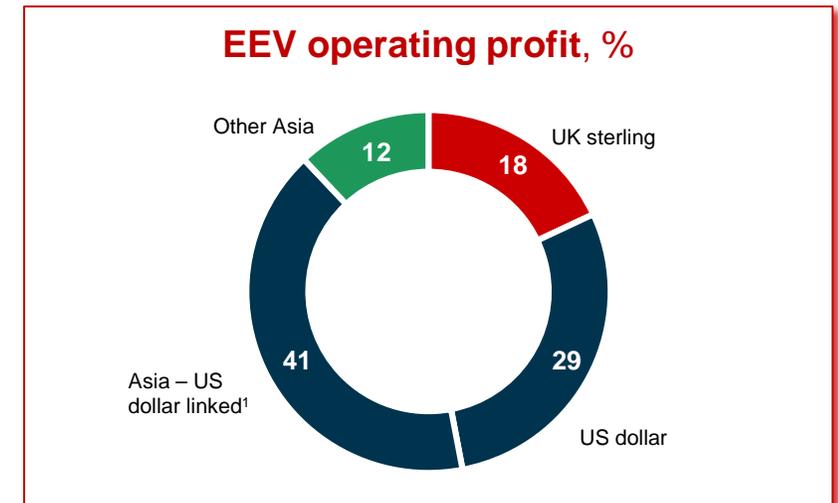
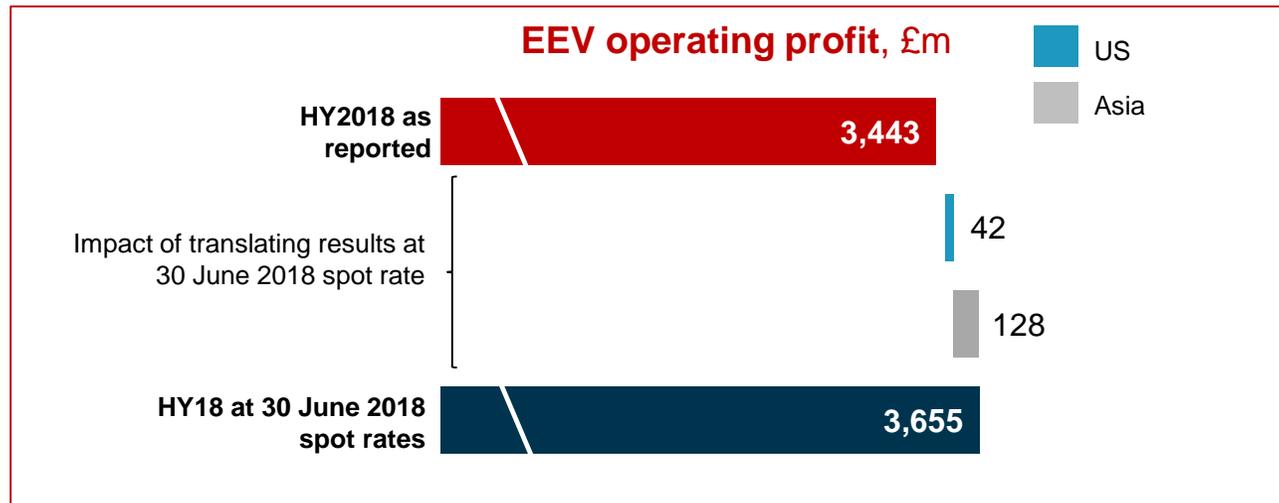
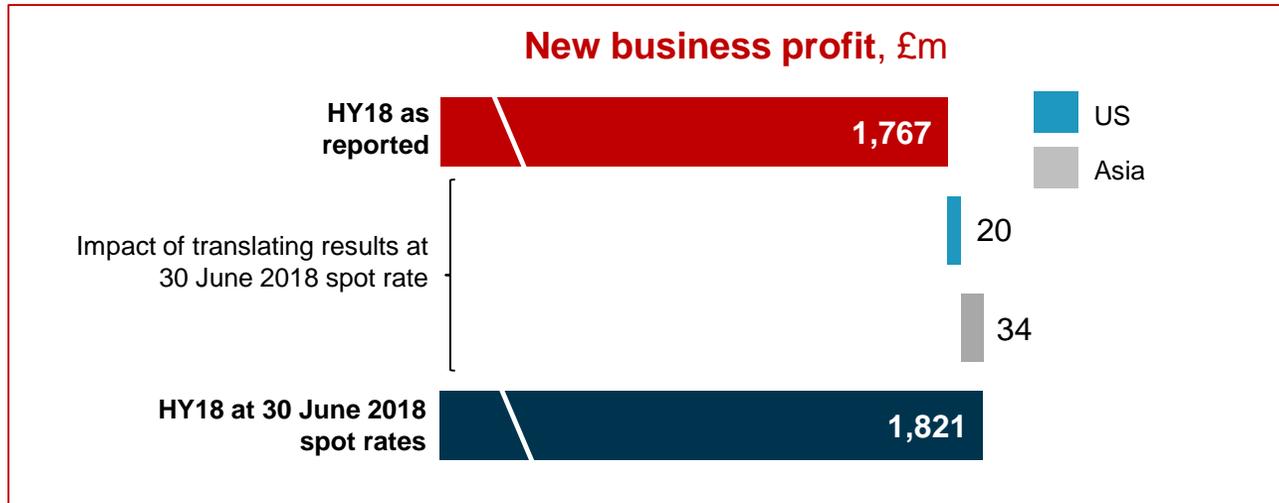
Group translation sensitivities



1. US dollar linked comprise 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

Translation sensitivities



1. US dollar linked comprise 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.