



Prudential plc

Business update for 2020 AGM

14 May 2020

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.

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Business update for 2020 AGM - Group

Highlights

- Accelerated innovation to meet consumer needs
- Strong financial performance in volatile and uncertain environment
- Asia in-force resilient with IFRS operating profit up +14%
- Conservatively positioned balance sheet; solvency resilient

Business update for 2020 AGM - Group

Accelerated innovation to meet consumer needs



'Pulse by Prudential' app downloaded on 4m devices¹



1.2m policies sold through digital ecosystem, majority of which were to new customers²



Products equivalent to c. 2/3 of APE can now be sold virtually³



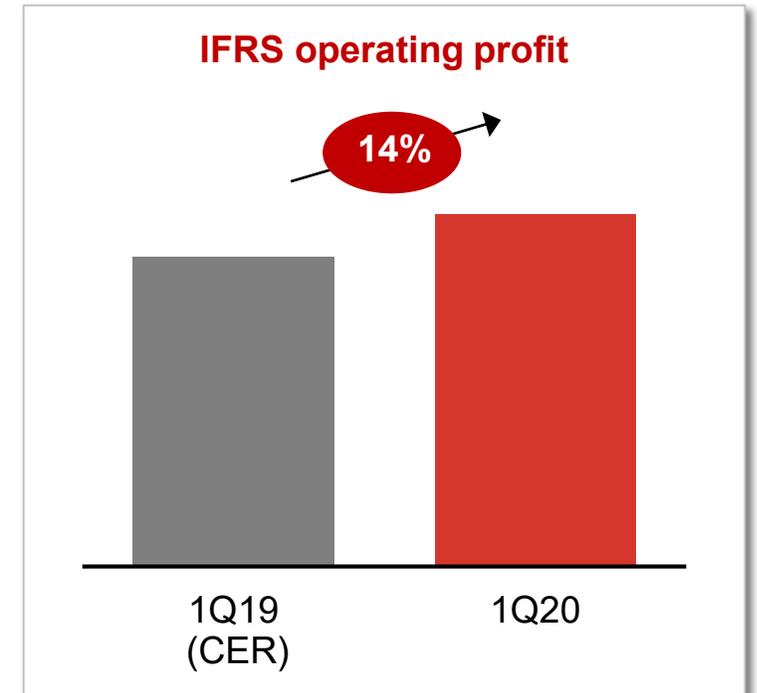
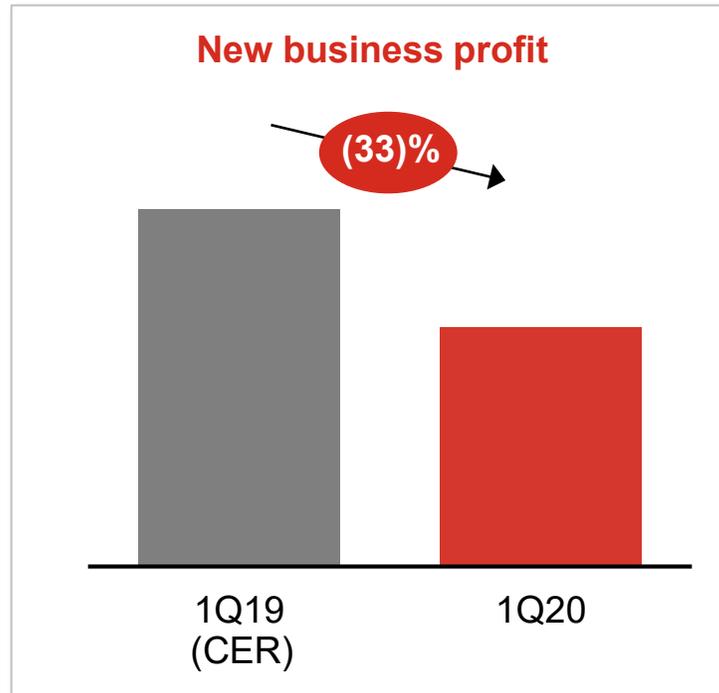
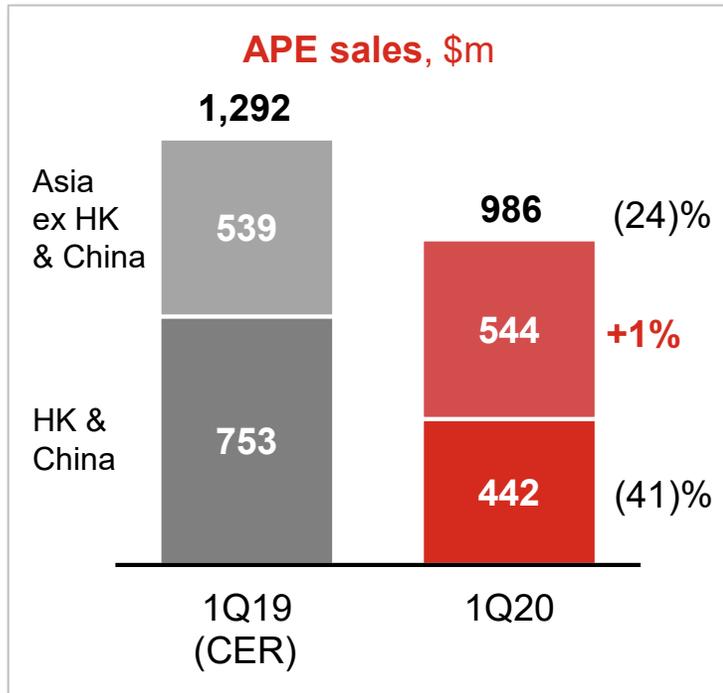
Recruitment, selection, training & where possible licensing of agency force moved online



Working closely with distributors to help them serve new and existing clients through virtual platforms

Business update for 2020 AGM - Asia

High quality, diverse portfolio underpins resilient performance



- Outside HK & China sales up +1% reflecting
 - Structural demand for products & Covid-19 social restrictions imposed mid-March
 - 4 markets increased sales, 3 with double-digit growth
- HK & China impacted by Covid-19 social restrictions

- Outside HK & China, NBP grew by +23%, supported by strong protection sales
 - 5 markets with double-digit growth
- Overall decline reflects lower volumes and interest rates, and the substantially reduced contribution from the MLC business in HK

- In-force resilient underpinned by recurring premiums, strong customer retention & focus on protection products
- 9 markets increased earnings, 8 with double-digit growth
- Eastspring: AUM declined -13% reflecting net 3rd party outflows and lower equity markets

Accelerating digital buildout - Asia

Attractive services in current environment

Pulse: First-of-its-kind, all-in-one & AI-powered app

Dual Language Options		Hospital Navigator	
Digital Twin		Dengue Alerts	
Symptom Checker		Prayer Times	
Selfie BMI		Health Updates	
Telemedicine & Online Doctor Consultation		Health & Wellness Challenges	
Facial & Biometric Login		Wrinkle Index	

Pulse: Access & adoption

- 4m installs¹, up from 1.3m reported at FY19 results in March 2020
- 19 new digital partnerships secured²



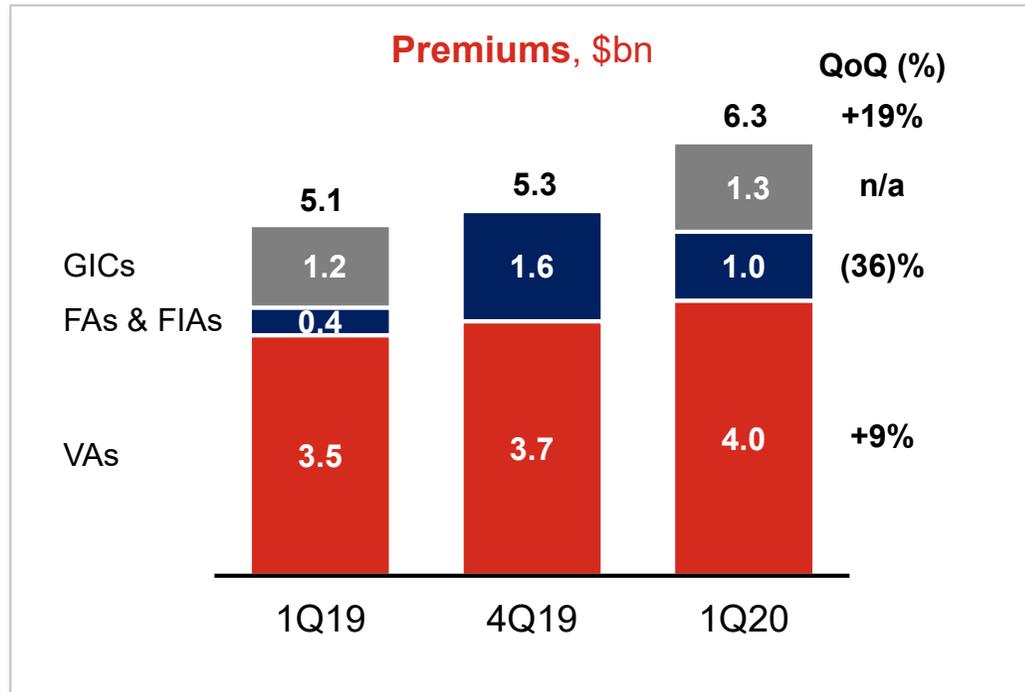
- Launched **online products**: Covid-19 cover, Dengue Fever, Credit Shield, Personal Accident
- 1.2m policies sold and majority are new customers acquired through the digital channels¹

Pulse: Integration with life value chain

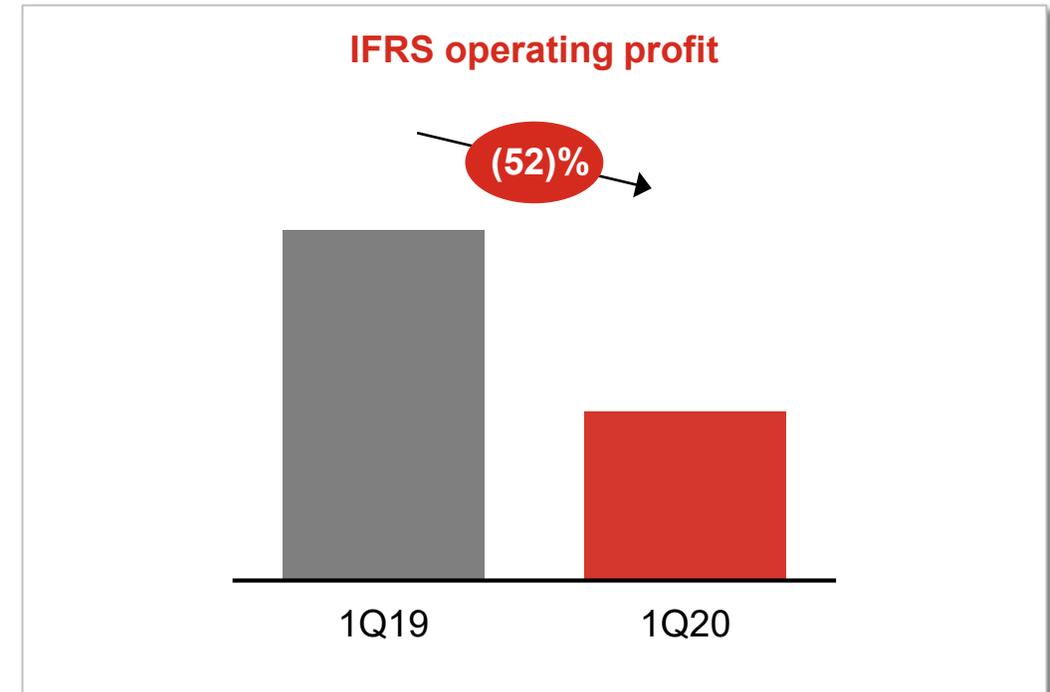
Customer onboarding & referral	24/7 online customer servicing/claims	Hospital Navigator	In-app seamless mobile payment

Business update for 2020 AGM - US

New business sales and IFRS operating profit



- QoQ decline in FAs and FIAs reflecting material re-pricing actions
- Repricing actions and Covid-19 restrictions likely to materially reduce sales in the short-term



- Unfavourable DAC acceleration as a result of 20% decline in S&P500 YTD (1Q19: favourable DAC deceleration)
- No significant changes to policyholder behaviour have been observed to date
- Non-operating profit was positive as gains on derivatives outpaced increases in policyholder liabilities

US 1Q2020 update

RBC statutory solvency position

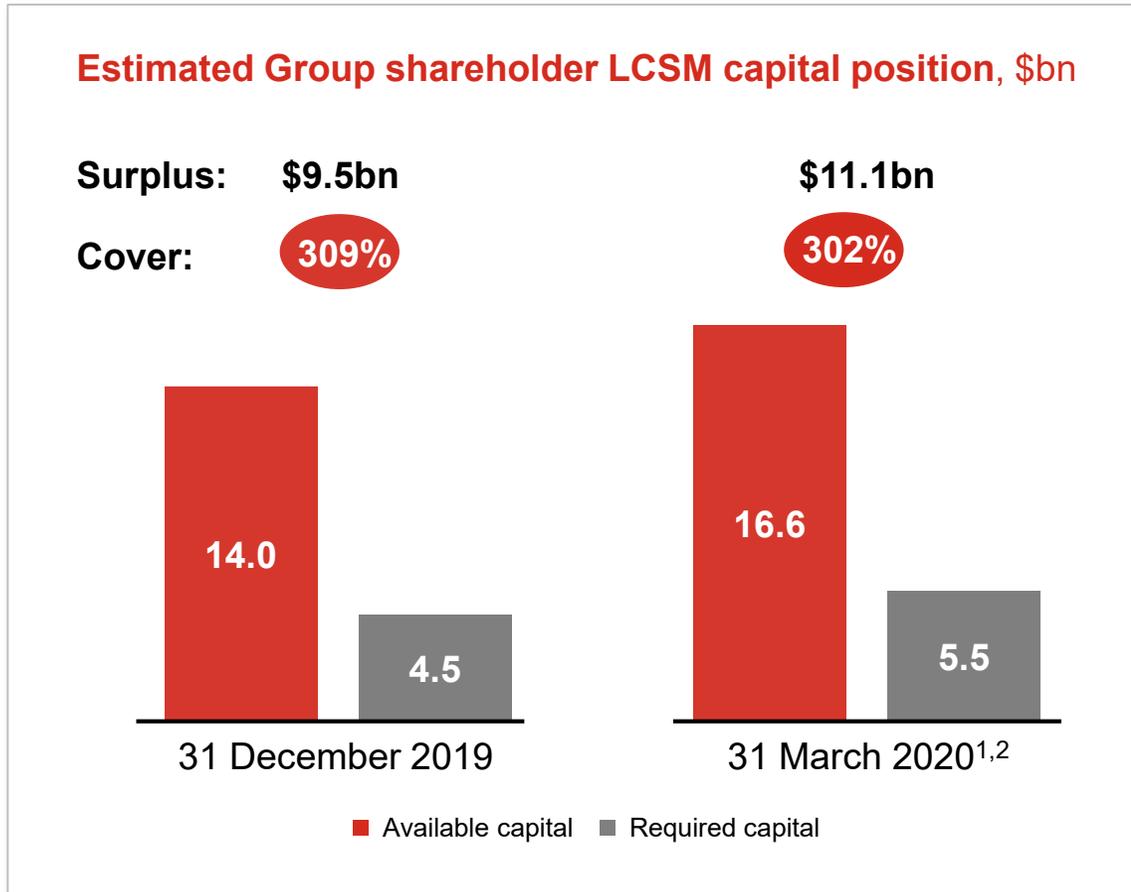
Jackson Statutory RBC ratio



- Operational capital generation remains in line with our expectations
- Non-operating experience includes:
 - Increase in TAC reflecting positive hedge gains & favourable changes in US corporate tax
 - Higher required capital driven by lower equity markets & interest rates, increasing the cost of guarantees
- Whilst TAC & absolute level of surplus increased substantially during 1Q2020, the required capital increase resulted in a reduction in the estimated RBC ratio

Group solvency

Robust LCSM capital position



1Q2020 movement in LCSM capital position

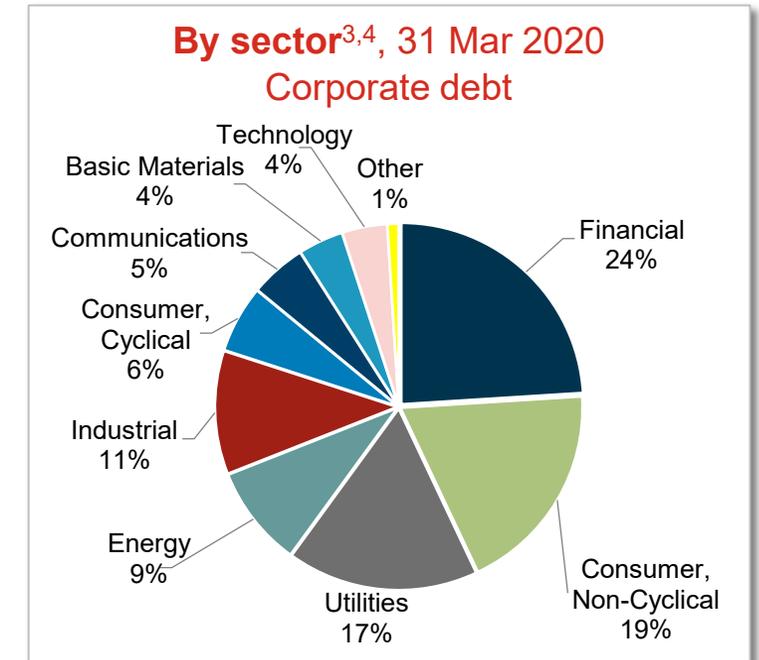
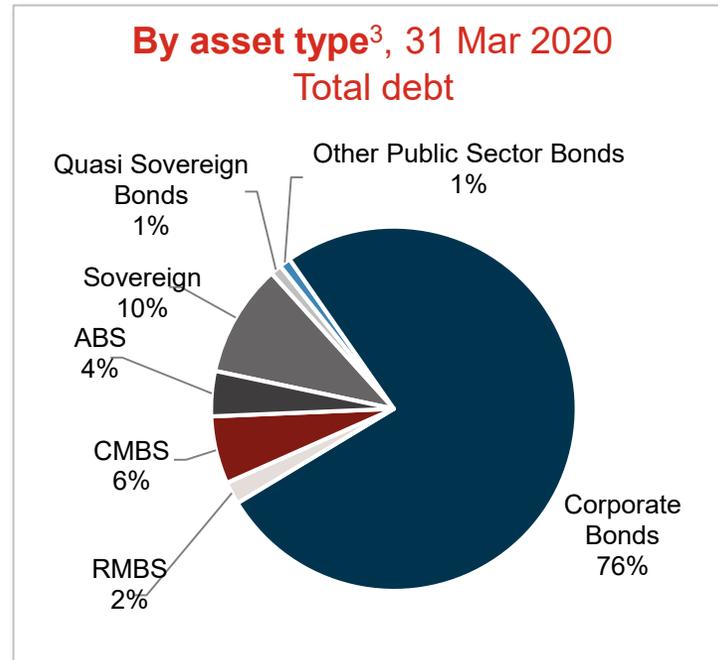
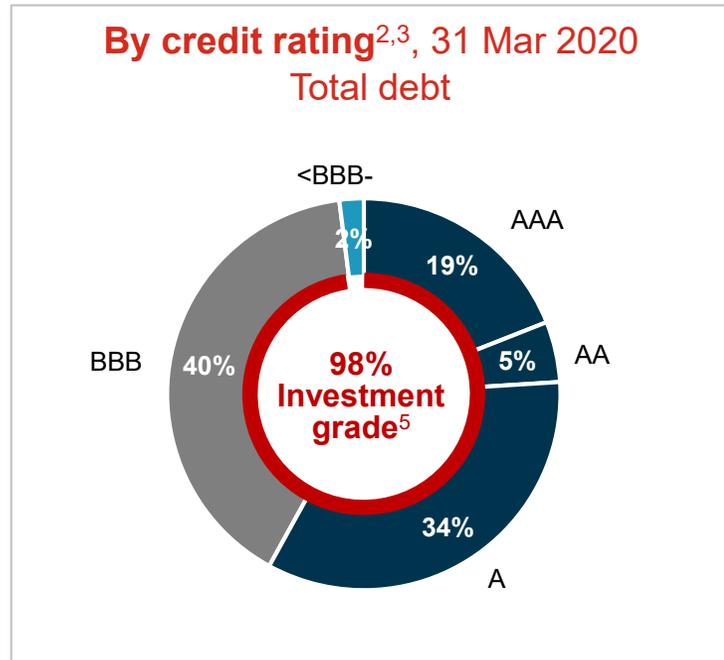
- \$0.5bn of operating capital generation (net of new business strain)
- Non-operating movements includes:
 - \$2.2bn benefit from implementation of new Singapore RBC framework
 - \$(0.8)bn effect of banca partnership with TMB
 - effects of lower equity market and interest rates on policyholder reserves and required capital broadly offset by favourable impact of hedge gains, other management actions and changes in US corporate tax
- Second interim dividend to be paid in May of \$(0.7)bn

¹ For the purpose of preparing the estimated Group LCSM position at 31 March 2020, a Jackson RBC position broadly in the middle of the estimated RBC cover ratio range at 31 March 2020 of 340-365 per cent has been used

² LCSM position at 31 March 2020 after allowing for both the impact of the second interim dividend to be paid in May 2020 and the effect of the strategic bancassurance partnership in Thailand announced in March 2020 and effective from 1 April 2020. The 31 March 2020 LCSM position also reflects the introduction of the new risk-based capital framework in Singapore (RBC2), effective from 31 March 2020

Group credit exposures

Jackson¹ shareholder exposure – local statutory basis



- Conservative and defensively positioned balance sheet, traded yield for quality
- Level of defaults and impairments are minimal
- Highly diversified portfolio; any ratings migration mitigated by managing exposure on individual names
- BBB exposure weighted to upper bands: BBB+ and BBB account for 85%
- Average holding⁶: BBB- portfolio of \$30m; high yield portfolio of \$6m
- As a sensitivity, as at 31 March 2020, if 20% of the general account credit assets were to be instantaneously downgraded by 1 whole letter, the RBC cover ratio is estimated to fall by c.16 ppts (6 ppts impact to Group's LCSM shareholder cover ratio)