Prudential plc

Debt investor pack -H1 2020

11 August 2020

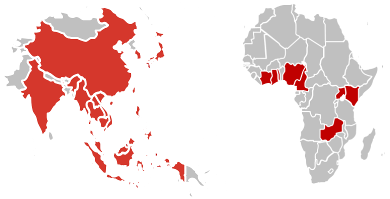
Group
Our business model

Why?
Our Purpose

Help people get the most out of life

Giving them the freedom to face the future with confidence

Who?
Customers



Asia **Africa**

Broad income bands
(Emerging, mass, affluent, high net worth & Group customer segments)

What?
Products

Health & Protection insurance

Savings

pulse by Prudential

Value-added Health services

How?
Distribution

Agents

Banks

Digital

Underpinned by favourable long-term structural growth drivers

Economic growth

Demographics

Policy

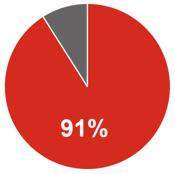
Group
Key take-aways

1. Resilient HY20 results despite challenging and volatile environment. Business is adapting and evolving well
2. Intention to fully separate Jackson
3. Group to be focused exclusively on high growth Asia & Africa businesses
4. Long-term structural demand drivers remain intact
5. Well positioned to deliver long-term profitable growth supported by a new dividend policy

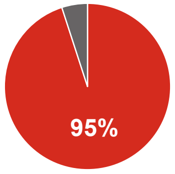
Group

HY20: Drivers of financial performance

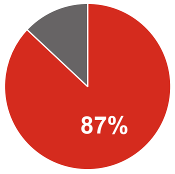
Asia: Quality + diversification



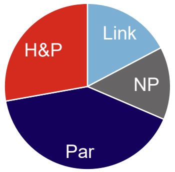
APE regular premium



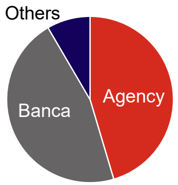
Retention rate



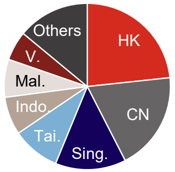
IFRS life income fee + insurance margin



APE by product

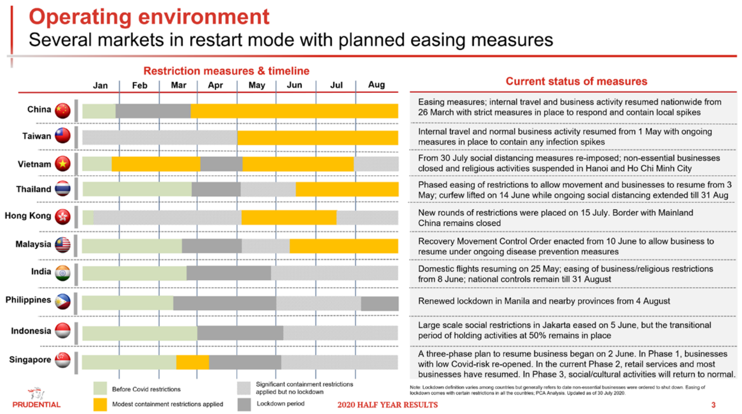


APE by distribution



APE by market

COVID-19 disruption + response



Operating environment

Several markets in restart mode with planned easing measures

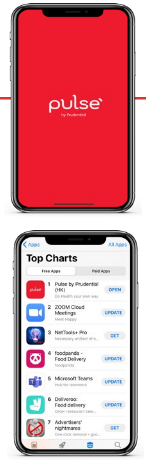
Restriction measures & timeline (Jan–Aug)

	Current status of measures
China	Easing measures; internal travel and business activity resumed nationwide from 26 March with strict measures in place to respond and contain local spikes
Taiwan	Internal travel and normal business activity resumed from 1 May with ongoing measures in place to contain any infection spikes
Vietnam	From 30 July social distancing measures re-imposed; non-essential businesses closed and religious activities suspended in Hanoi and Ho Chi Minh City
Thailand	Phased easing of restrictions to allow movement and businesses to resume from 3 May; curfew lifted on 14 June while ongoing social distancing extended till 31 Aug
Hong Kong	New rounds of restrictions were placed on 15 July. Border with Mainland China remains closed
Malaysia	Recovery Movement Control Order enacted from 10 June to allow business to resume under ongoing disease prevention measures
India	Domestic flights resuming on 25 May; easing of business/religious restrictions from 8 June; national controls remain till 31 August
Philippines	Renewed lockdown in Manila and nearby provinces from 4 August
Indonesia	Large scale social restrictions in Jakarta eased on 5 June, but the transitional period of holding activities at 50% remains in place
Singapore	A three-phase plan to resume business began on 2 June. In Phase 1, businesses with low Covid-risk re-opened. In the current Phase 2, retail services and most businesses have resumed. In Phase 3, social/cultural activities will return to normal.

Before Covid restrictions · Modest containment restrictions applied · Significant containment restrictions applied but no lockdown · Lockdown period

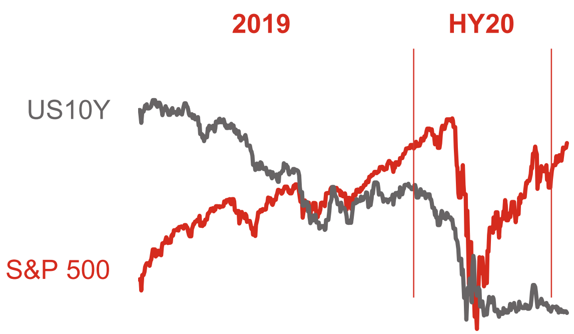
Note: Lockdown definition varies among countries but generally refers to date non-essential businesses were ordered to shut down. Easing of lockdown comes with certain restrictions in all the countries; PCA Analysis. Updated as of 30 July 2020.

PRUDENTIAL 2020 HALF YEAR RESULTS 3



pulse by Prudential

Macro volatility + resilience



Asia NBP ex HK[1]	(6)%
Asia OFSG[1,2,3]	+13%
Asia IFRS op. profit[1,2]	+14%
US IFRS op. ex DAC effects[1,2]	(6)%

Asia LCSM[4]	308%
US RBC[5]	>425%
Group LCSM[4,6]	334%

1. Constant exchange rate basis
2. Before restructuring costs
3. Operating free surplus generation (OFSG)
4. Estimated position at 30 June 2020. Based on Group Minimum Capital Requirement. Until Hong Kong's Group Wide Supervision (GWS) framework comes into force, Prudential will apply the local capital summation method (LCSM) that has been agreed with the Hong Kong IA to determine group regulatory capital requirements
5. Jackson National Life. Estimated RBC ratio at 30 June 2020 assuming the Athene investment transaction completed at the end of June 2020
6. Before allowing for the payment of the 2020 first interim ordinary dividend. Athene's $500 million equity investment in Prudential's US business in return for an 11.1% economic interest completed in July 2020 and is not reflected in the estimated 30 June 2020 position

Group
HY20 financial highlights

Asia NBP

-45% Asia total

-6% Asia ex HK

HY20 NBP vs HY19 CER[1]

Asia embedded value

$37.3bn

Group LCSM[2,3,4]

334%

FY19: 309%

Asia earnings

+14%

Growth on prior year IFRS operating profit[1] to $1.7bn

JNL RBC[5]

>425%

FY19: 366%

Group RoE

21%

HY20 Operating return on equity[6] (Annualised)

1. On a constant exchange rate basis
2. Estimated position at 30 June 2020. Shareholder basis. Based on Group Minimum Capital Requirement. Until Hong Kong's Group Wide Supervision (GWS) framework comes into force, Prudential will apply the local capital summation method (LCSM) that has been agreed with the Hong Kong IA to determine group regulatory capital requirements
3. Athene's $500 million equity investment in Prudential's US business in return for an 11.1% economic interest completed in July 2020 and is not reflected in the 30 June 2020 result above
4. Before allowing for the payment of the 2020 first interim ordinary dividend
5. Jackson National Life. Estimated RBC ratio at 30 June 2020 assuming the Athene investment transaction completed at the end of June 2020
6. Calculated as operating profit net of tax and NCI divided by average IFRS shareholders' equity. Annualised by multiplying by two

Group

Strategic and operational delivery during the COVID-19 affected period

Strategic

- JNL reinsurance & equity transactions completed
- TMB Bank banca deal agreed
- Integration of Thai AM acquisitions commenced
- $1bn of plc debt raised

Integrating Technology as "business as usual"

- 90%[1] of our products in Asia can now be sold virtually
- Rising level of automation
- 38% of agency cases sold virtually in 2Q
- Online agency mgt – 7%[2] increase in new recruits
- All BU operations fully functioning on remote basis

Pulse

- 8.1m installs[3], up from 1.3m reported at FY19 results
- 70% of Pulse users are new to Prudential
- 1.7m policies issued & majority to new customers
- From April 640k leads to agents generated - APE of $60m
- Integration with life value chain (sales, claims & payments)

1. Through the agency distribution channel
2. Growth in new recruits compared to the 6 months ended 30 June 2019 excluding India
3. As at 5 August 2020

New dividend policy

New dividend policy aligned with revised Group strategy

New dividend policy

Reflecting the Group's capital allocation priorities, dividends will be determined primarily based on Asia's operating capital generation after allowing for the capital strain of writing new business and recurring central costs, with a portion of capital generation retained for reinvestment in the business.

Dividends are expected to grow broadly in line with the growth in Asia operating free surplus generation net of right-sized central costs, and will be set taking into account financial prospects, investment opportunities and market conditions.

To apply with immediate effect

2020 total dividend: c16.10 cents per share (~$420m)[1]

2020 1st interim dividend: 5.37 cents per share ~1/3 expected 2020 total dividend

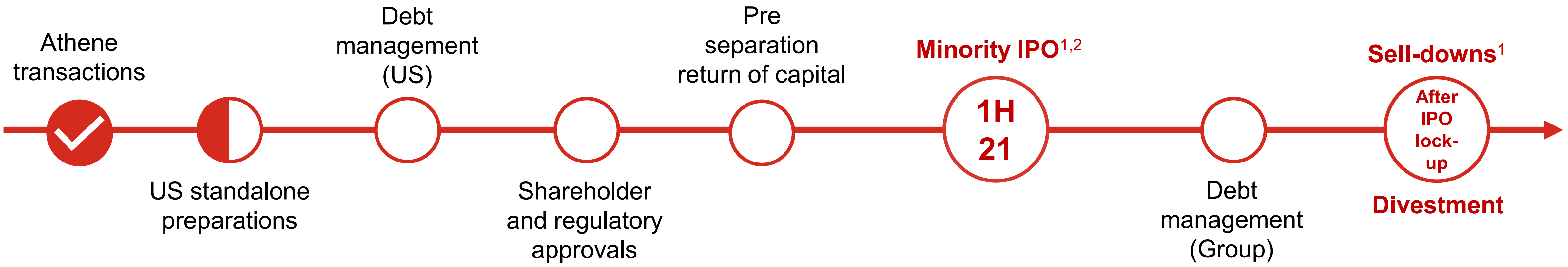
Dividends are expected to grow broadly in line with the growth in Asia operating free surplus generation net of right-sized central costs

1. The total 2020 dividend will be subject to market conditions and financial performance in 2020 remaining in line with expectations. Based on current estimates of Asia's full-year 2020 operating capital generation

Path to full separation and divestment of Jackson over time

Next steps and capital structure considerations

Path to full separation and divestment of Jackson
(commence separation by way of a minority IPO[1])



Expected financial impacts

	US	Group
Financial leverage	c20-25%[3]	Consistent with strong credit rating
RBC ratio	c425-475%[4]	n/a
Head-office costs	-	Further c$70m reduction by 2023[5]

1. Subject to market conditions and any required shareholder and regulatory approvals
2. If market conditions are not supportive of an IPO, the Group's current intention is that separation would be facilitated through a demerger of the Group's stake in Jackson to our existing shareholders
3. Jackson intends to seek a strong credit rating and capitalisation and is expected to raise debt and target an RBC ratio in the circa 425-475 per cent range at the point of proposed listing. Jackson's holding company would currently be expected to target financial leverage in the circa 20-25 per cent range. Ranges are subject to market conditions and will be kept under review
4. The target RBC ratio would include the proceeds of any primary equity issued by Jackson at or before the IPO and the target financial leverage would be expected to be raised at Jackson's holding company in advance of any IPO. Ranges are subject to market conditions and will be kept under review
5. In addition to $180m cost reduction programme targeting a revised run-rate from 1 January 2021

Group
Post-separation investment case

Key attributes

1. Enduring, multi-decade structural growth levers
2. Diversification across Asian markets
3. Leadership positions in chosen distribution channels & products
4. Efficient, scalable, digitally delivered operating platform
5. Long record of disciplined capital allocation
6. Robust risk management and governance culture
7. Resilient capital position

PRUDENTIAL

Attractive shareholder proposition

Focus on capital-efficient H&P and savings products → **Resilient, predictable & double-digit growth in EV per share**

Sustainable growth in operating capital generation → **Funding further profitable compounding growth & high risk-adjusted returns for shareholders**

Group
Key take-aways

- Strategic priority: drive Asia growth
- Clear path to full US separation and divestment over time
- COVID-19 acting to disrupt new sales, in-force business resilient, quality maintained
- Robust local and group capital positions, capital generation in-line with expectations
- New dividend policy aligned with revised Group strategy

Debt Investor pack- H1 2020

Financial materials

Group
Selected performance metrics

	$m	HY19 (CER[1])	HY20	Change %	
Asia	Embedded Value ($bn)	39.2[2,3]	37.3[4]	(5)	
	New business profit	1,673	912	(45)	Sales disruption
	EEV operating profit[6]	2,853	2,036	(29)	
	Operating FSG[5,6]	871	988	13	Resilient in-force
	Adjusted IFRS operating profit[6]	1,526	1,733	14	
	Shareholder LCSM ratio (%)[7]	253%[3]	308%[4]		Robust capital
US	RBC ratio (%)[8]	366%[3]	>425%[4,9]		
Group	Shareholder LCSM ratio (%)[7]	309%[3,10]	334%[4,11]		
	Adjusted IFRS operating profit	2,604	2,541	(2)	

1. Constant exchange rate basis (CER)
2. Presented on an actual exchange rate basis
3. As at 31 December 2019
4. As at 30 June 2020
5. Operating free surplus generation (OFSG)
6. Before restructuring costs
7. Estimated position, based on Group Minimum Capital Requirement. Until Hong Kong's Group Wide Supervision (GWS) framework comes into force, Prudential will apply the local capital summation method (LCSM) that has been agreed with the Hong Kong IA to determine group regulatory capital requirements
8. Jackson National Life
9. Estimated RBC ratio at 30 June 2020 assuming the Athene investment transaction completed at the end of June
10. Before allowing for the payment of the 2019 second interim ordinary dividend
11. Before allowing for the payment of the 2020 first interim ordinary dividend. Athene's $500 million equity investment in Prudential's US business in return for an 11.1% economic interest completed in July 2020 and is not reflected in the 30 June 2020 result above

Group

On track to deliver annual central expense savings of $180m a year from start 2021

Group IFRS result, $m

	HY19 (CER)[1]	HY20	Change %
Asia	1,526	1,733	14
US	1,572	1,266	(19)
Total segment profit continuing operations	**3,098**	**2,999**	**(3)**
Other income & expenditure, ex restructuring & IFRS 17 costs	(466)	(350)	25
which includes:			
Interest payable on core structural borrowings	*(286)*	*(163)*	*43*
Corporate expenditure	*(211)*	*(205)*	*3*
Restructuring & IFRS 17 costs	(28)	(108)	nm
Adjusted IFRS operating result: continuing operations	**2,604**	**2,541**	**(2)**
ST fluctuations on shareholder-backed business, other	(1,446)	(1,878)	(30)
Profit from continuing operations before tax	**1,158**	**663**	**(43)**
Profit for the period from continuing operations after tax	**1,159**	**534**	**(54)**

- Completed plans to deliver $160m annual savings from 1/1/21
- Group IFRS operating profit: continuing operations +7% excluding US DAC effects[2]

HQ related structuring costs ~1x annual savings, to be expensed in 2020.

Costs associated with IFRS 17 project expected to increase with move to build phase.

Short-term fluctuations reflects accounting effects related to interest rate and equity market movements. Includes impact of reinsurance transaction with Athene in HY20.

1. Constant exchange rate basis (CER)
2. Unfavourable DAC adjustments in the current period (DAC acceleration effect of $(32) million) as compared with favourable DAC adjustments in the prior period (DAC deceleration effect of $191 million)

Group

Strong liquidity position/continuing to support Asia growth

Movement in holding company cash

$m	HY19	HY20
Hold co. cash period start	**4,121**	**2,207**
Net remittance to Group		
Asia excluding ICICI Prudential proceeds	329	400
ICICI Prudential proceeds	249	-
Jackson	509	-
Discontinued operations	453	-
Other	0	32
Net remittance to Group	**1,546**	**432**
Net interest paid	(283)	(147)
Corporate activities	(125)	(119)
Tax received	120	94
Hold co. cash flow before dividends & other	**1,258**	**260**
Dividends paid	(1,108)	(674)
Other movements	(1,261)	114
Hold co. cash period end	**3,010**	**1,907**

- Group continues to support Asia strategic growth
- Jackson is not currently expected to pay regular dividends before IPO
- Local BUs remain natural home of cash/capital given opportunities

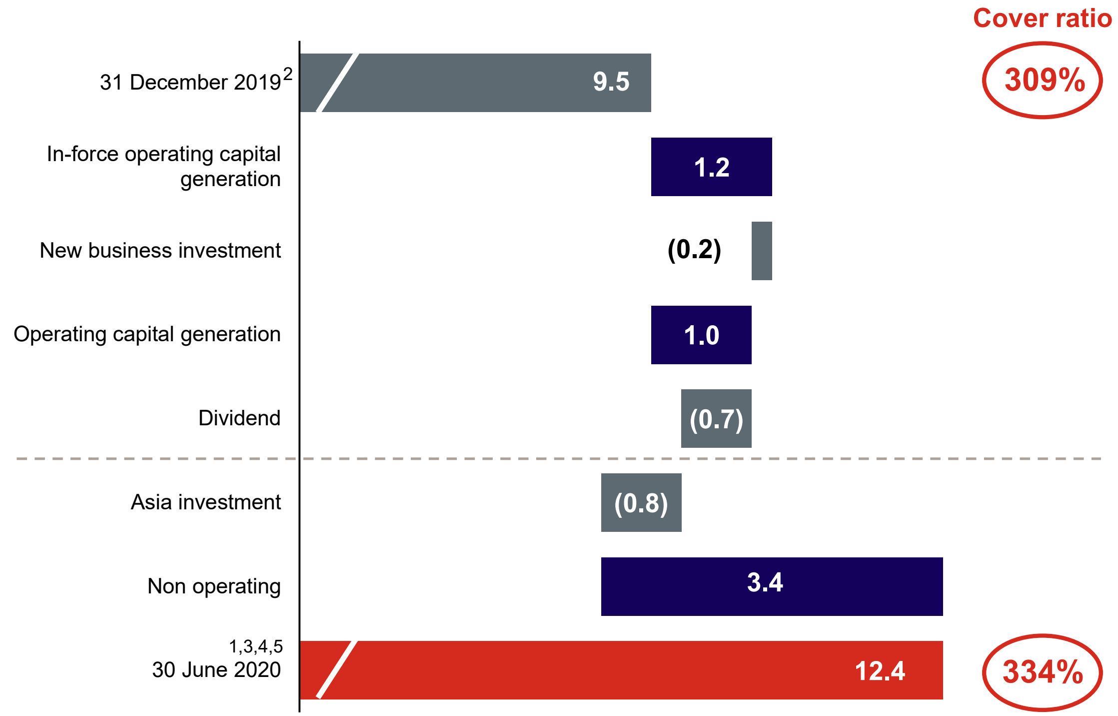
Tax received not expected to recur.

Other movements includes debt issuance, contribution to Asia strategic investments and centrally funded banca distribution. HY19 included debt redemption and demerger related items.

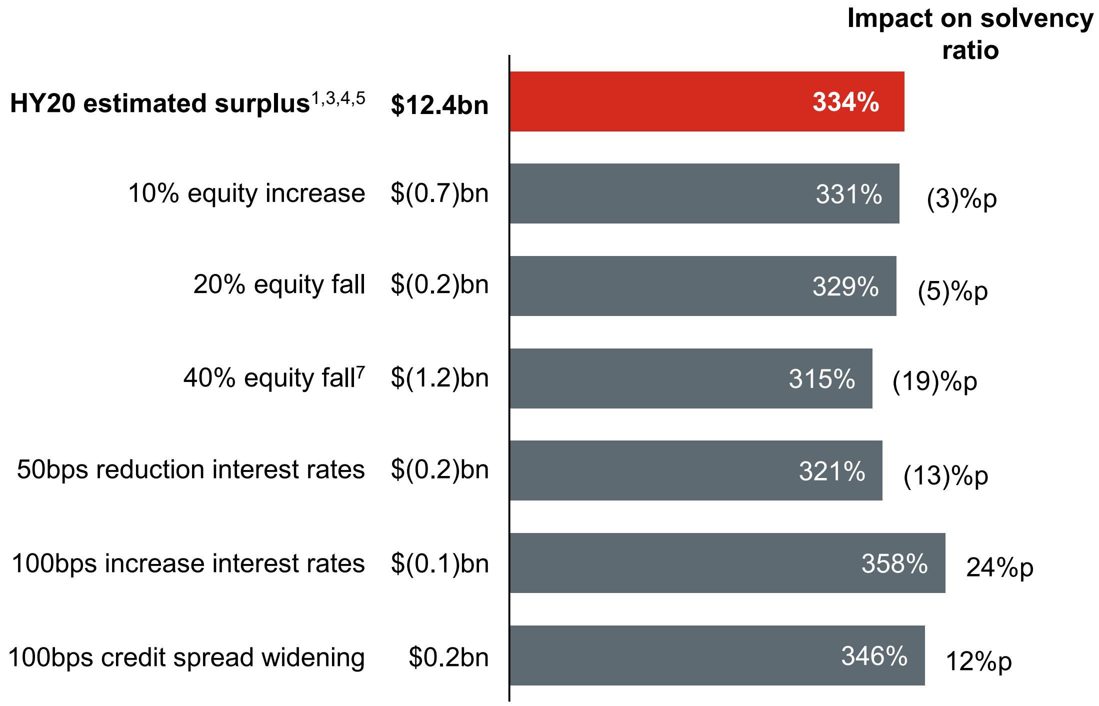
Group

Robust and resilient LCSM capital generation supporting investment in growth

HY20 movement in estimated LCSM shareholder capital surplus[1], $bn



LCSM shareholder surplus estimated sensitivities[1,4,5,6]



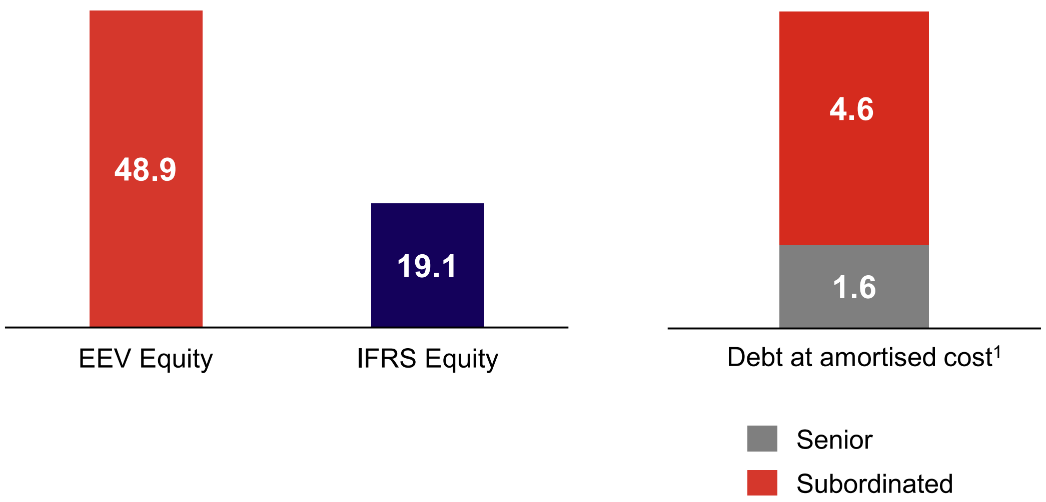
GWS methodology expected to be largely consistent to that applied under LCSM[8]

1. Based on Group Minimum Capital Requirement. Until Hong Kong's Group Wide Supervision (GWS) framework comes into force, Prudential will apply the local capital summation method (LCSM) that has been agreed with the Hong Kong IA to determine group regulatory capital requirements
2. Before allowing for the payment of the 2019 second interim ordinary dividend
3. Before allowing for the payment of the 2020 first interim ordinary dividend
4. The 30 June 2020 Group LCSM position includes the impact of the change in the calculation of the Valuation Interest Rate (VIR) used to value long term insurance liabilities in Hong Kong
5. Athene's $500 million equity investment in Prudential's US business in return for an 11.1% economic interest completed in July 2020 and is not reflected in the 30 June 2020 results above. If this transaction had been completed at 30 June 2020 the Group LCSM shareholder surplus (i.e. after allowing for the minority interest) would be $0.2 billion lower with the cover ratio increasing by 6 percentage points
6. The sensitivity results assume instantaneous market movements as at 30 June 2020, apart from the -40% equity sensitivity
7. Where hedges are dynamic, rebalancing is allowed for by assuming an instantaneous 20 per cent fall followed by a further 20 per cent fall over a four-week period
8. The timing of finalisation and implementation of the GWS Framework remains uncertain, although it is expected to become effective in early 2021. The Legislative Council of the Hong Kong Special Administrative Region approved the enabling primary legislation in July and further implementation guidance is expected in the second half of the year. Subject to that guidance we currently expect the GWS methodology to be largely consistent to that applied under LCSM

Group
Medium term bond maturity profile

- Balanced call date/maturity profile
- Facilitates group debt management

EEV, IFRS Equity & Debt at amortised cost, $bn
(As at 30 Jun 2020)



Prudential plc: debt maturity schedule[2], 30 June 2020

Maturity		Next Call Date	Callable	Currency	Coupon	Amount (m)	Type
n/a	PERP/CALL	21/08/2020	QUARTERLY	USD	6.50%	300	SUBORDINATED
n/a	PERP/CALL	23/09/2020	QUARTERLY	USD	6.75%	250	SUBORDINATED
n/a	PERP/CALL	23/09/2020	QUARTERLY	USD	5.25%	700	SUBORDINATED
n/a	PERP/CALL	20/07/2021	QUARTERLY	USD	5.25%	1,000	SUBORDINATED
n/a	PERP/CALL	20/10/2021	QUARTERLY	USD	4.38%	725	SUBORDINATED
n/a	PERP/CALL	20/01/2023	QUARTERLY	USD	4.88%	750	SUBORDINATED
						3, 725 USDm	
20/01/2023	AT MATURITY	n/a	n/a	GBP	6.88%	300	SENIOR
10/07/2023	AT MATURITY	n/a	n/a	EUR	0.06%	20	SUBORDINATED
11/05/2029	AT MATURITY	n/a	n/a	GBP	5.88%	250	SENIOR
14/04/2030	AT MATURITY	n/a	n/a	USD	3.13%	1,000	SENIOR
19/12/2031	AT MATURITY	n/a	n/a	GBP	6.13%	435	SUBORDINATED
						2,240 USDm[3]	
						5,965 USDm[3]	

1. As per financial statements, excludes $350m bank loan
2. At principal value, PLC debt only, excludes $350m bank loan
3. Translated using the June 2020 closing FX rate

Group
Recent rating summary

Senior debt ratings

Moody's
A2 negative[1]

- *"The rating affirmation reflects Prudential Asia's strong financial profile and Moody's view that the sale of Jackson is not expected to have any material impact on the Asian operations, given that the operations are run separately, or to the group's capitalization and leverage."*
- *"Prudential Asia's standalone credit profile benefits from its Top-3 positions in nine of the 13 insurance markets where it operates. The division has a well-regarded brand in the region and strong sales growth… While premium growth has faced significant headwinds in 2020 given the coronavirus-related disruptions… Prudential Asia has strong liquidity and renewal premiums, enabling it to withstand this negative pressure."*
- *Moody's would look to stabilise the outlook following 'the introduction of an effective group-wide supervisory framework by HKIA."*

S&P
A stable[2]

- *"We affirmed our ratings on Prudential, and on its Singapore business, because Prudential still has a very strong and diversified franchise within Asia and the group also benefits from very high levels of capital adequacy. We expect it to maintain its robust capital position after Jackson separates from the group, which will mitigate the likely negative impact of the COVID-19 pandemic. Prudential's capital position is forecast to remain well above the 'AAA' level."*

Fitch
A- negative[3]

- *"The affirmation of Prudential's ratings reflects its stable IFRS operating profit in 1H20, driven by a sustained profit contribution from Prudential Corporation Asia amid a challenging pandemic-driven operating environment and economic conditions."*[3]
- *"The Negative Outlook on Prudential primarily reflects Jackson's weakened SCP due mainly to the pandemic-related uncertainty as a result of higher volatility in financial markets and continued low interest rates… Pro forma analysis, which includes an assumption for variable annuities hedge breakage, shows earnings levels and dividend capacity would be adversely affected."*[4]
- *"The rating outlook returns to Stable if there is a material positive change in Fitch's coronavirus assumptions… Fitch would consider revising the Rating Outlook on Prudential to Stable from Negative when the economic interest of Jackson becomes less of a concern at Group level… or when progress towards the successful divestiture of Jackson has been made."*[3]

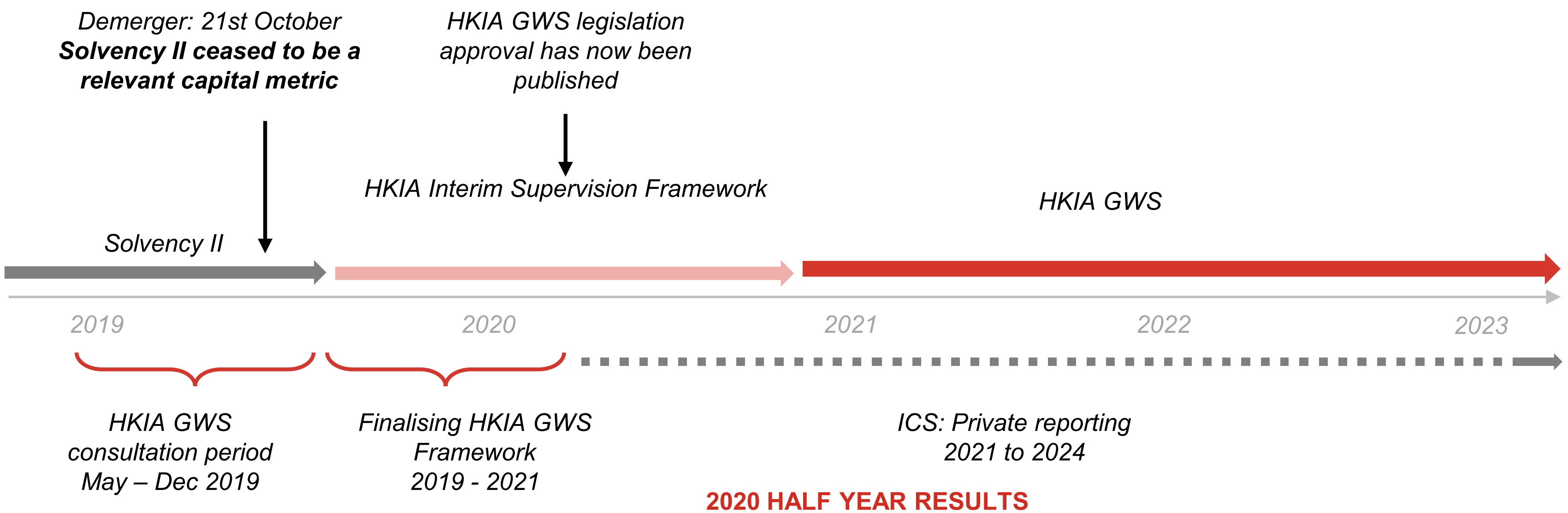
1 Moody's Credit Option Prudential plc 11 August 2020
2 S&P Global Ratings Prudential 11 August 2020
3. Fitch Ratings Prudential, 11 August 2020
4. Fitch Ratings Prudential, 29 May 2020

Group

GWS progress and timeline

- On October 21, 2019, the date of the M&G demerger, the HKIA has assumed the role of Prudential's group-wide supervisor and Prudential ceased to be subject to Solvency II regulation.

  - Ultimately, Prudential plc will become subject to the HKIA Group Wide Supervision (GWS) framework. Subject to final guidance we largely expect the GWS methodology to be consistent to that applied under LCSM
  - The HKIA has stated that the principles and standards for both the interim supervision framework and the GWS framework will be aligned with those being developed by the International Association of Insurance Supervisors (IAIS) in its Insurance Core Principles (ICPs) and in the Common Framework ("ComFrame") being developed for Internationally Active Insurance Groups.
  - The Legislative Council of the Hong Kong Special Administrative Region approved the enabling primary legislation in July 2020 and further implementation guidance is expected in the second half of the year. The timing of the finalisation and implementation of the GWS Framework remains uncertain, although it is expected to become effective in early 2021.



Group
IAIS Instrument Guidelines

- As an Internationally Active Insurance Group (IAIG), Prudential falls within the scope of the International Association of Insurance Supervisor's (IAIS) Insurance Capital Standards (ICS) due to be implemented by 2024.

- ICS structural requirements are less restrictive than Solvency II (no principal loss absorption for Tier 1 Limited, nor mandatory coupon deferral for Tier 2 Paid-Up)

Financial instruments criteria for Tier 1 and Tier 2 Paid-Up capital

	Tier 1 Limited	Tier 2 Paid-Up
Subordination	Subordinated to policyholders, other non-subordinated creditors and holders of Tier 2 capital instruments	Subordinated to policyholders and other non-subordinated creditors[1]
Minimum maturity	Perpetual	Minimum 5 years effective maturity; "maturity" is earlier of contractual maturity or incentive to redeem
Regulatory amortisation	None	Straight-line amortisation in final 5 years to maturity (100%-0%) unless a redemption based upon supervisory solvency deferral mechanism is included
Optional redemption	Callable from year 5, subject to: - Redemption only at issuer option - Redemption only with supervisory approval - Issuer does not create expectation of call/repurchase Tax and regulatory event call are permitted in the first 5 years if the IAIG replaces the called instrument with capital of the same or better quality, and the replacement of the called instrument is made on terms that are sustainable for the income capacity of the IAIG.	Callable from year 5, subject to: - Redemption only at issuer option - Redemption only with supervisory approval - Issuer does not create expectation of call/repurchase Callable in the first 5 years if all the above criteria are satisfied and the called instrument is replaced in full by a new issuance of the same or higher quality instrument.
Early redemption/repurchase	Early redemption/repurchase at any time subject to supervisory approval	Early redemption/repurchase at any time subject to supervisory approval
Distributions/Interest	Coupon fully discretionary Paid out of distributable items No linkage to credit standing	No linkage to credit standing No acceleration, expect in winding-up
Incentives to redeem	None, i.e. no step-up	Allowed, as long as the incentives do not result in the initial instrument maturity to be less than 5 years.

Source: 2020-06-30 IAIS Insurance Capital Standard

1. A structurally subordinated instrument has to be issued by a HoldCo with no policy holder liabilities ("a clean Holdco") and proceeds must be downstreamed and tracked to an OpCo and distributions from the OpCo must be subject to regulatory supervision.

Prudential plc -H1 Debt pack

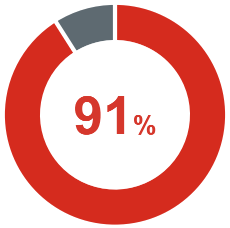
Business Unit detail

Asia

Growth, diversification and resilience

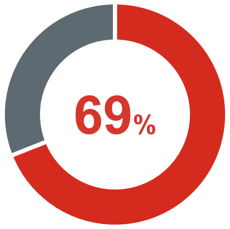
Regular premium (% of APE)

Recurring premium business model



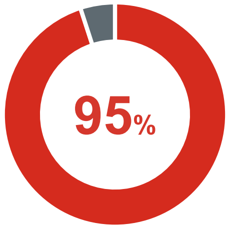
Product mix (% of NBP)

Focus on H&P



Customer retention[1]

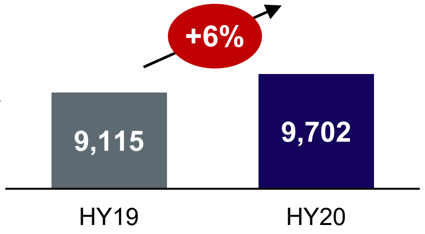
Strong retention



+

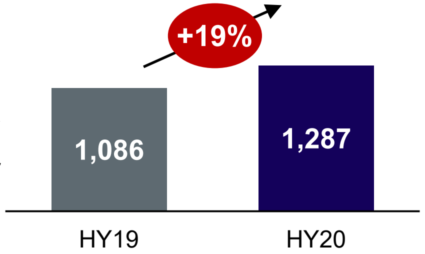
Renewal premiums ($m)[2]

Sticky business



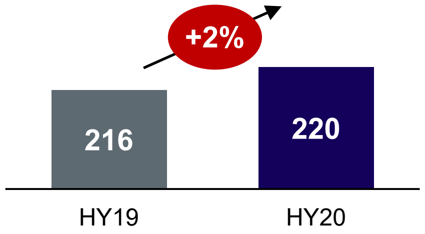
Insurance margin ($m)[2]

High-quality profit driver

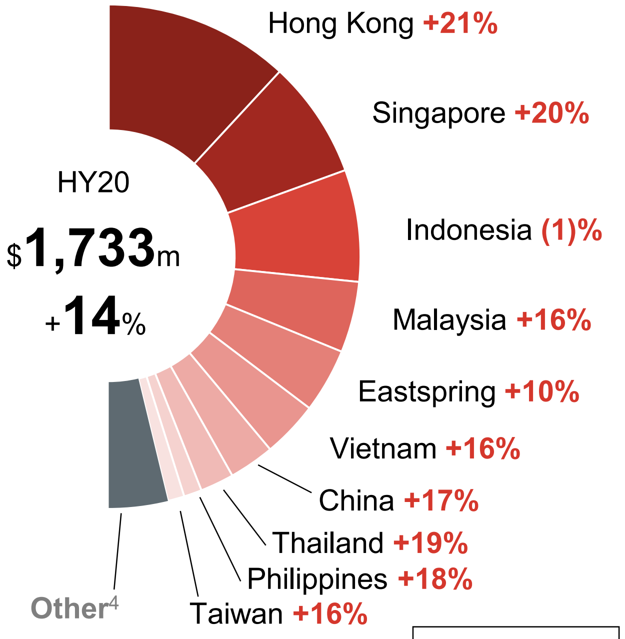


Eastspring FUM ($bn)[3]

Growing FUM



IFRS operating profit, $m



Key:
% YoY CER growth rate

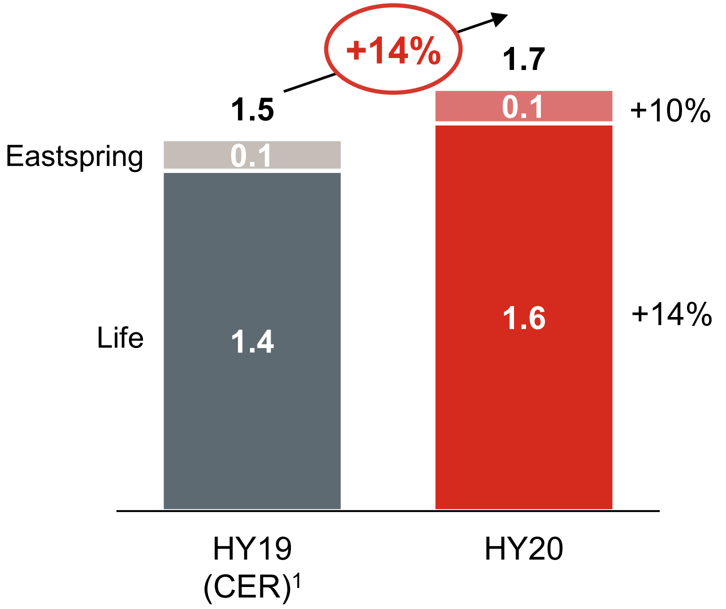
10 **Businesses[5] with double digit profit growth**

1. Excluding India, Laos and Myanmar
2. Constant exchange rate basis
3. Actual exchange rate basis
4. Includes Cambodia growing IFRS operating profit at double digits
5. Includes Eastspring

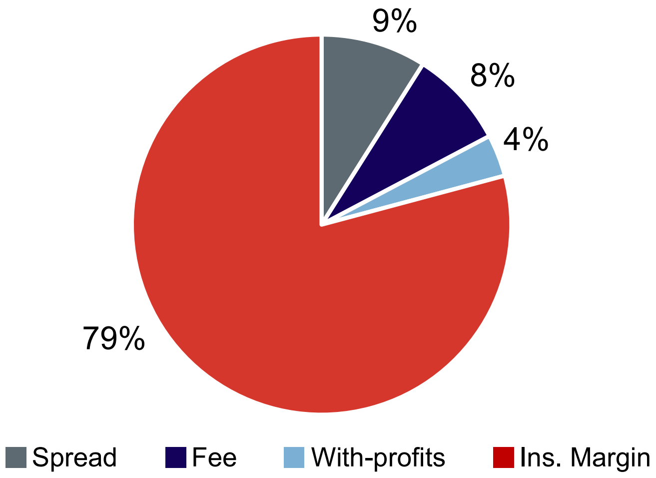
Asia

Resilient, broad-based in-force growth drives IFRS operating profit

IFRS operating profit, $bn



Insurance margin & fees drive life IFRS income[2]



Strong market contributions, at scale

HY20 IFRS operating profit

	% growth[3]	$m
Hong Kong	+21%	412
Singapore	+20%	262
Indonesia	(1)%	249
Malaysia	+16%	158
Eastspring	+10%	143
Vietnam	+16%	125
China JV	+17%	101
Thailand	+19%	75
Philippines	+18%	40
Taiwan	+16%	37

9 life markets[4] with **15%+** growth

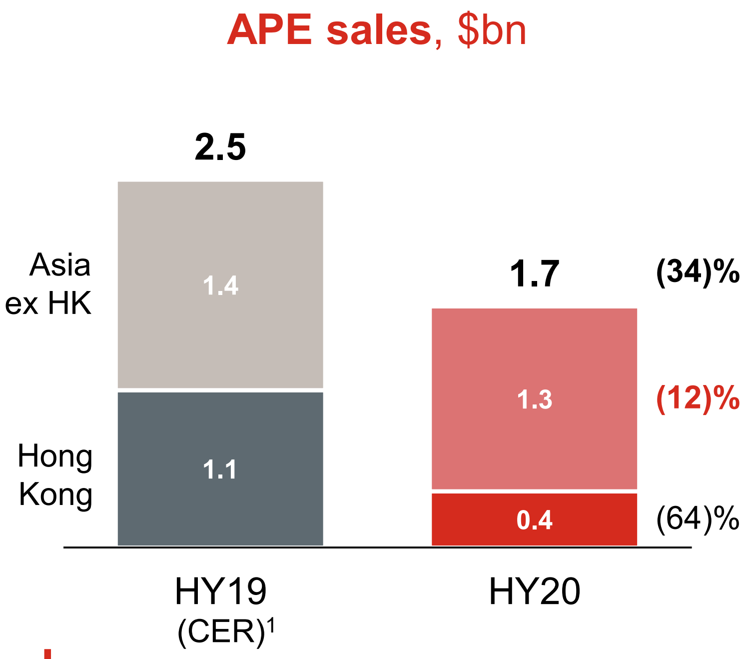
Eastspring +10% growth

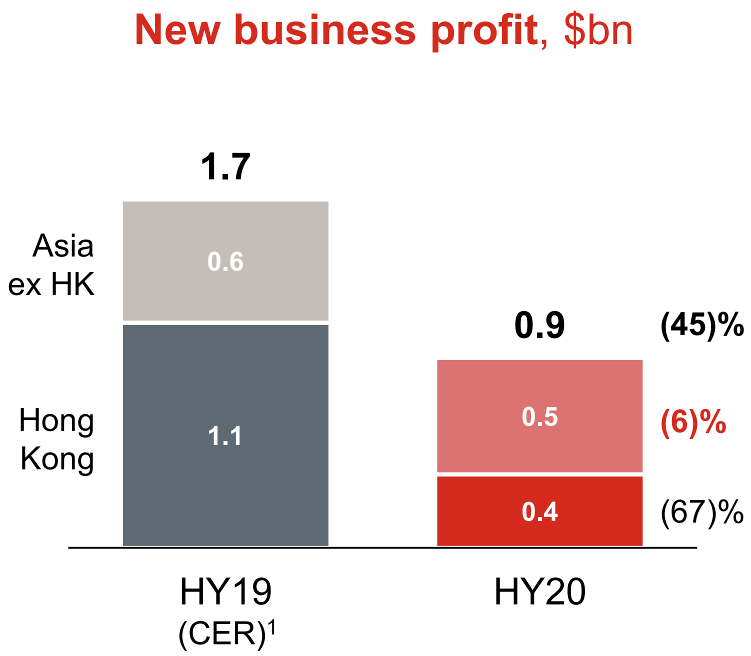
- IFRS operating profit supported by insurance margin +19%
- 87% of life income comprises insurance margin and fee income
- Eastspring operating profit +10% driven by higher average AuM and cost discipline

1. Constant exchange rate basis (CER)
2. HY20. Total income includes insurance margin, spread income, life fee income, with-profits and other income. Margin on revenue is excluded
3. Growth rates on a constant exchange rate basis
4. Table excludes Cambodia (HY20 CER growth in IFRS operating profit >15%)

Asia

HY20 new sales reflect COVID-19 related disruption



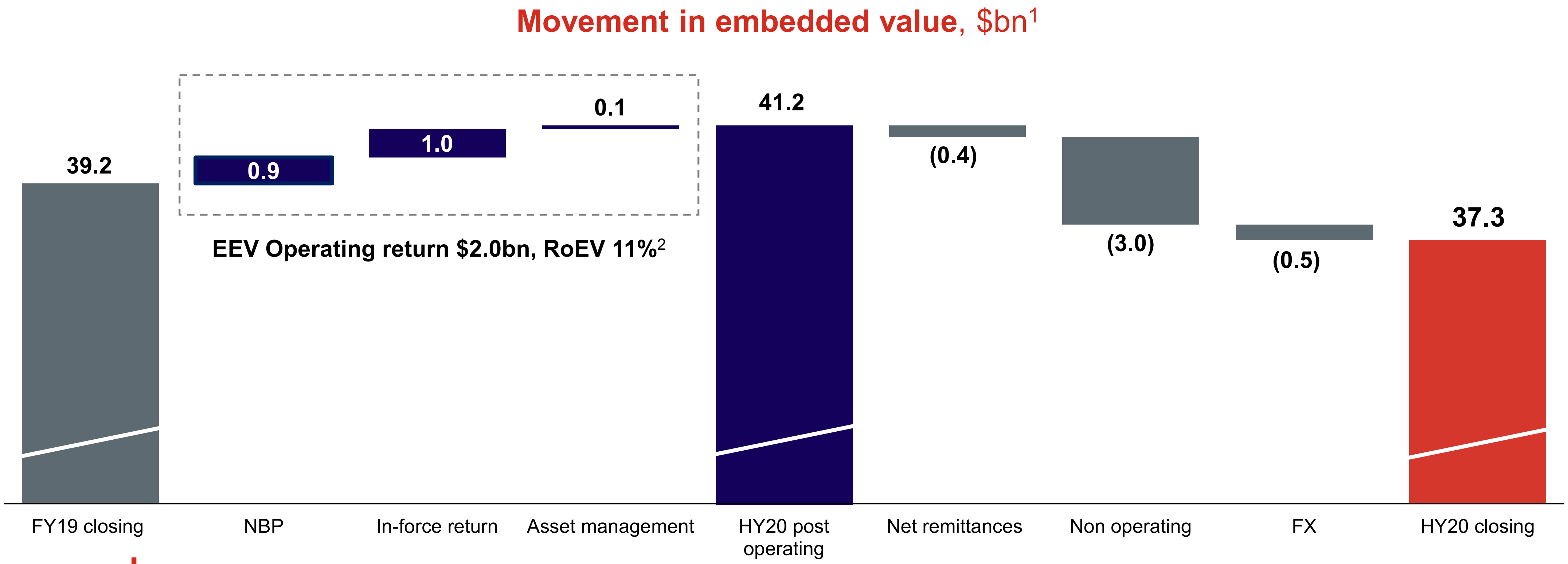


- New business APE trends driven by timing of COVID-19 related measures
- HK sales to MLC[2] customers significantly impacted by travel restrictions, MLC[2] visitors to HK down 90%[3]
- June sales levels higher than April and May in all markets as restrictions eased
- 7 markets increased their proportion of H&P business
- NBP driven by lower sales & shift in country mix from HK. Margins outside HK improved

1. Constant exchange rate basis (CER)
2. Mainland China (MLC)
3. Source: Hong Kong Tourism Board HY20 vs HY19

Asia

11% operating RoEV in challenging new business environment



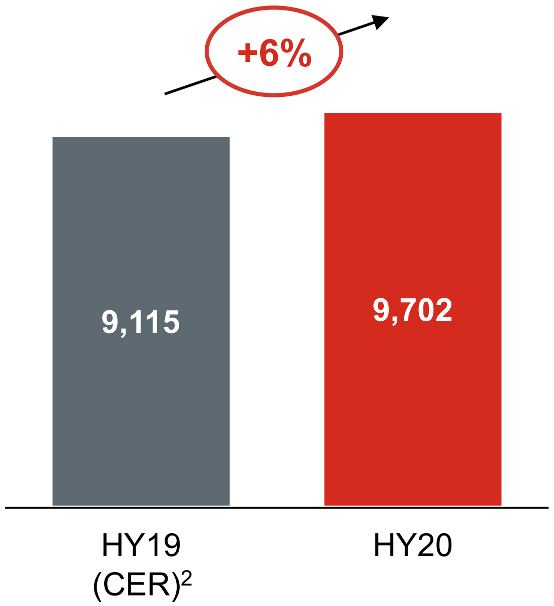
- 11% operating RoEV[2] despite challenging 1H20 trading environment
- Higher in-force return includes continued positive operating assumption changes & variances
- Non-operating result reflects impact of lower interest rates under active basis EEV methodology

1. Actual exchange rate basis
2. Operating profit / average embedded value. Annualised profits have been calculated by multiplying half year profits by two

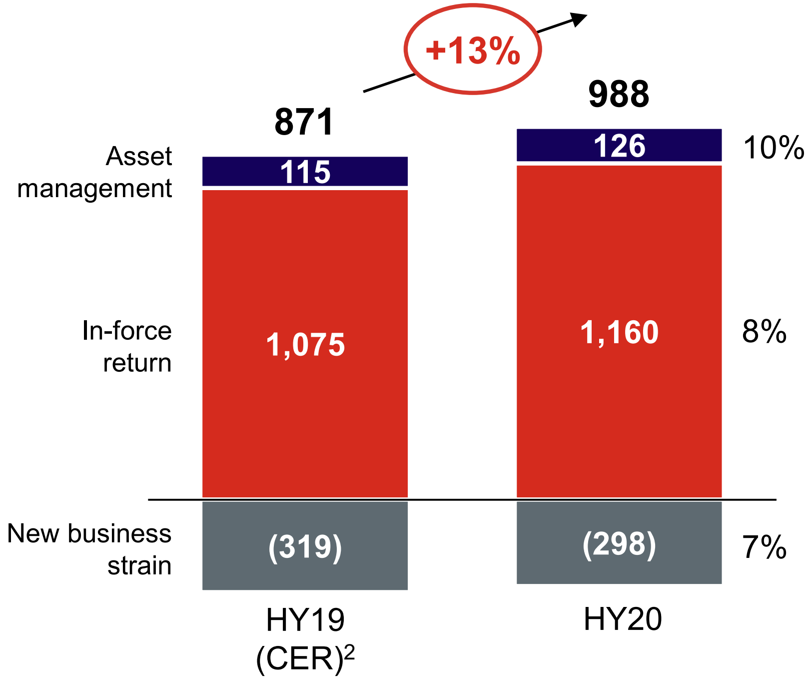
Asia

Compounding in-force drives OFSG[1] supporting higher underlying remittances

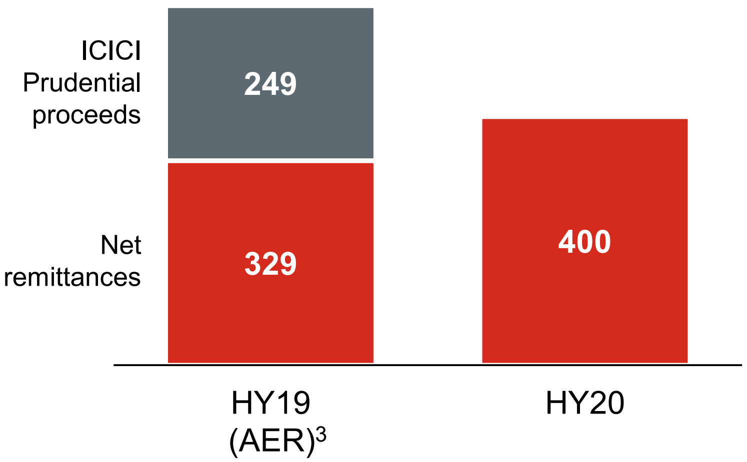
Renewal premiums, $m



Operating FSG, $m[1]



Remittances, $m



- Protection renewal premiums up 10%
- OFSG[1] driven by in-force growth and lower new business strain
- New business strain reduced reflecting lower sales, partly offset by the effect of lower interest rates

1. Operating free surplus generation (OFSG), 2. Constant exchange rate basis (CER), 3. Actual exchange rate basis (AER)

US

IFRS: resilient operating performance

US IFRS result, $m

	HY19	HY20	%
Fee	1,601	1,596	0
Spread	298	273	(8)
Other income/expenses, incl. ordinary DAC	(534)	(581)	(9)
Sub Total	**1,365**	**1,288**	**(6)**
DAC deceleration/(acceleration)	191	(32)	nm
Asset management	16	10	(38)
Operating Profit	**1,572**	**1,266**	**(19)**
Short-term fluctuations & other items	(1,988)	(2,304)	(16)
Reinsurance agreement	-	846	-
Pre Tax Profit	**(416)**	**(192)**	nm
Post tax before restructuring costs	**(272)**	**79**	**nm**
30 June Shareholders' equity[2]	8,594	8,955	5
30 June Shareholders' equity, ex AFS reserve[2,3]	6,828	6,765	(1)

- Fee income stable in volatile market conditions
- Core administration cost ratio broadly flat at 35bps[1]

Reinsurance transaction and on-going impact of low interest rates is expected to reduce spread income.

Unfavourable DAC acceleration as HY20 separate account return was below that assumed (HY19: favourable DAC deceleration of $191m), partly offset by drop-off of 2017 year within mean reversion calculation.

Short-term fluctuations driven by net hedge results reflecting the effect of lower interest rates and lower equity markets on guarantee liabilities which exceeded the gains on derivatives in the period.

Reinsurance agreement with Athene applicable from 1 June, based on asset and liability valuations at 1 June.

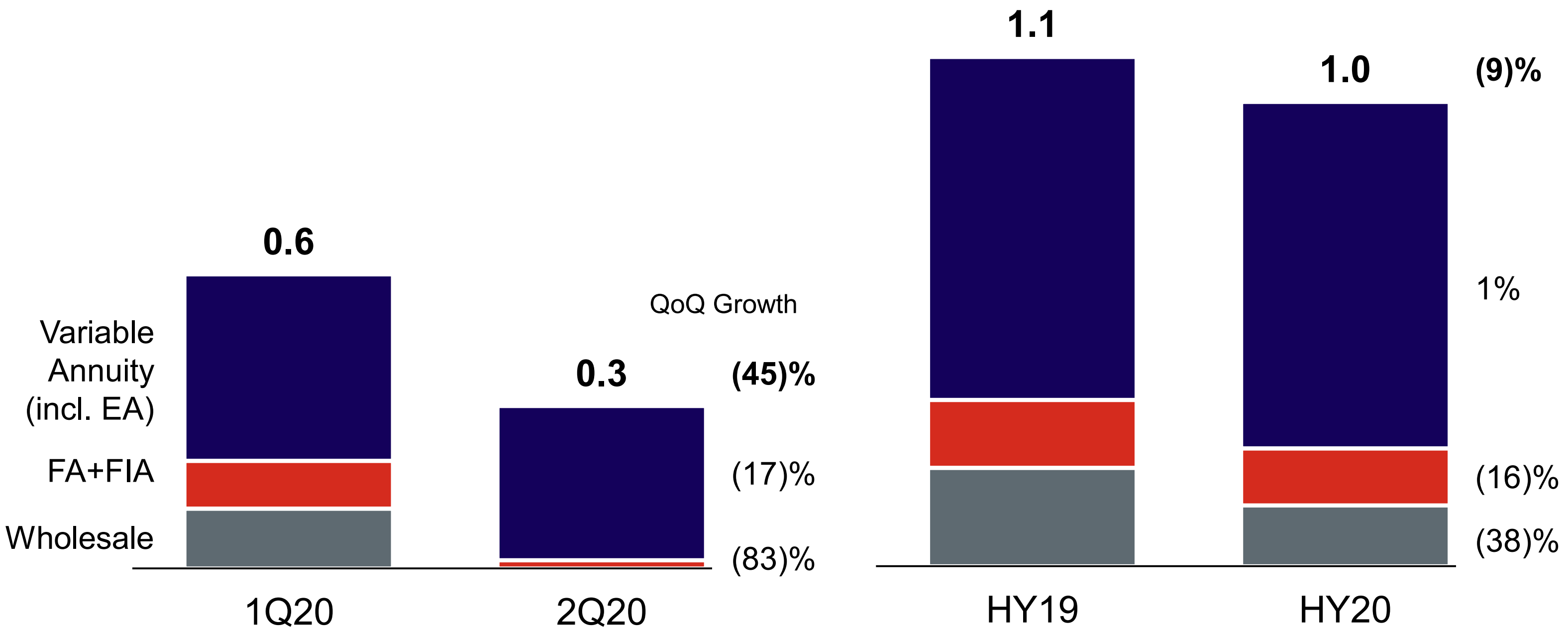
$500m equity investment from Athene completed July.

1. Administrative expenses excluding asset-based commissions/total average liabilities (HY19: 34bps)
2. Does not include the $500m equity investment from Athene completed July 2020
3. Available-for-sale (AFS) reserve

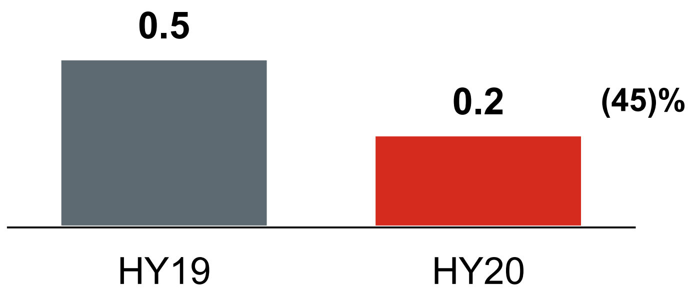
US

Resilient new VA sales, expected reduction in FA/FIA sales following repricing

New APE, $bn



New business profit, $bn

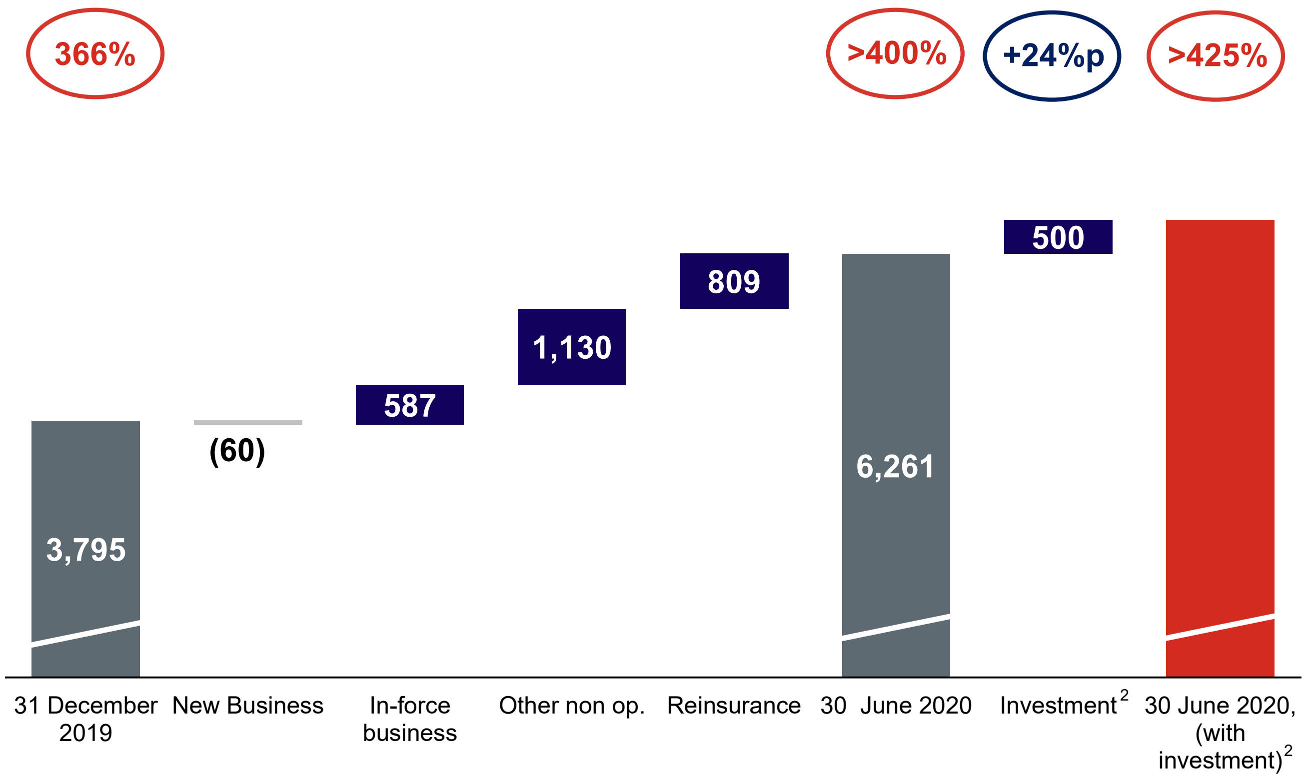


- VA sales stable over HY20, maintaining leading position
- Proactive FA & FIA pricing actions over 4Q19-1Q20 led to expected sharp 2Q20 reduction in APE
- Lower interest rates and model enhancements drove reduction in NBP

US

Resilient statutory performance in volatile macro conditions

US statutory surplus & RBC ratio development[1], HY20 ($m/%)



- Hedging performed as expected
- Reinsurance transaction added 69%p to RBC ratio
- RBC cover ratio >425%[2]

1Q20 general account sales account for material share of HY20 new business investment.

In-force capital generation in-line with expectations.

Minimal impact from CARES Act at 30 June.

No regular dividends currently expected prior to IPO.

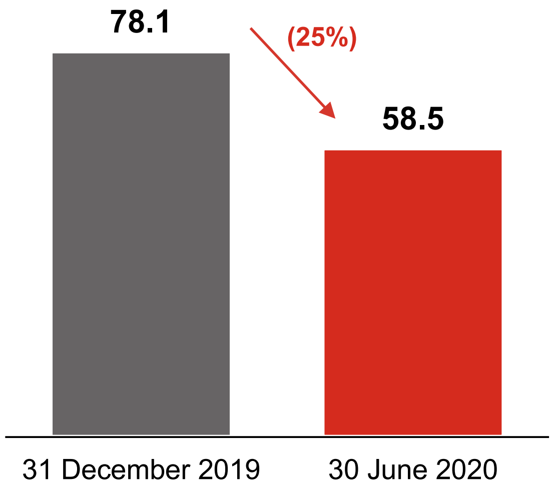
C1 factor change not expected until year-end 2021 at the earliest (-15%p to -25%p) impact.

1. Jackson National Life. Surplus defined as surplus of available capital over required capital (set at 100 per cent of the Company Action Level)
2. Athene's equity investment into the US business completed in July 2020. Assuming this transaction had completed at end-June, Jackson's estimated RBC cover ratio would have been above 425 per cent

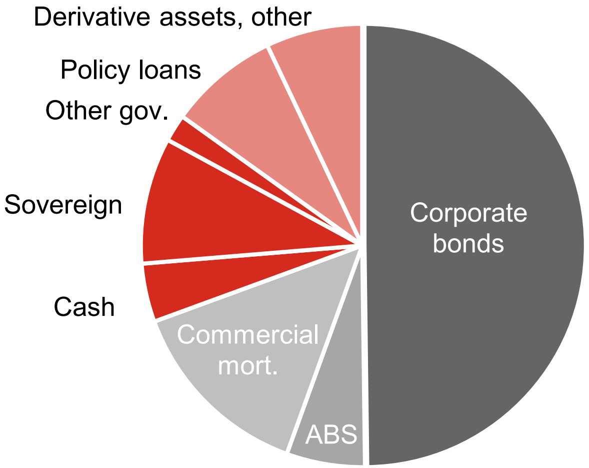
US

High quality asset exposure, credit risk reduced

Shareholder cash & invested assets, $bn

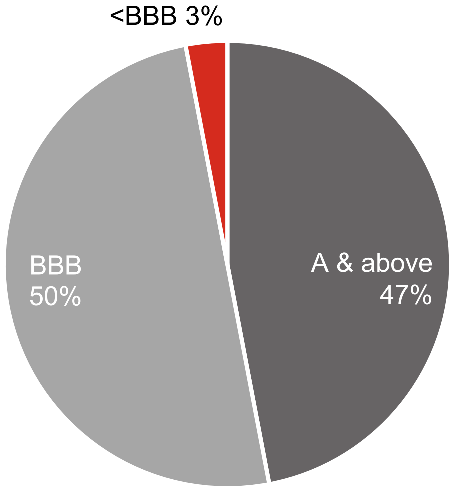


Shareholder cash & invested assets, by asset class, $bn



30 June 2020: $58.5bn

Corporate bonds, by rating $bn[1]



30 June 2020: $27.9bn

- 15% invested assets including cash, held in sovereigns, other government debt, cash and cash equivalents
- Corporate bond BBB exposure weighted to upper bands: BBB+ and BBB account for 82%[2] of portfolio
- Commercial mortgage portfolio well diversified, average loan size $18.6m (31 December 2019: $19.3m), average estimated LTV 55% (31 December 2019: 54%)
- Downgrade risk reduced: if 20 per cent of the general account credit assets[3] were to be instantaneously downgraded by 1 whole letter rating, the RBC cover ratio would fall by c12%p (31 March 2020: c16%p)

1. Excluding corporate bonds held within consolidated funds financed largely by external third-party (non-recourse) borrowings, for which the Group's exposure is limited to the investment held by Jackson. Including these assets, the US corporate debt portfolio is 93% investment grade
2. Excluding corporate bonds held within consolidated funds financed largely by external third-party (non-recourse) borrowings, for which the Group's exposure is limited to the investment held by Jackson. Including these assets, BBB+ and BBB account for 82% of BBB exposure
3. On a statutory accounting basis.