



Prudential plc 2014 Full Year Results

Delivering 'Growth and Cash'

10 March 2015

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, future market conditions, including fluctuations in interest rates and exchange rates and 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 related to the financial crisis and the effect of the European Union's 'Solvency II' requirements on Prudential's capital maintenance requirements; the impact of designation as a global systemically important insurer; the impact of competition, economic growth, inflation, and deflation; experience in particular with regard to 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 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 actions 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' found in the preliminary document.

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



Prudential plc 2014 full year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook

Tidjane Thiam

2014 Performance

Asia

Jackson

UK Life

M&G

Group

2014 full year financial headlines

Strong performance on all key metrics

	£m	FY 2014	FY 2013	Change CER ¹ (%)	Change AER ¹ (%)
Growth	IFRS operating profit	3,186	2,954	+14%	+8%
	New business profit²	2,126	2,082	+10%	+2%
	EEV operating profit²	4,096	4,204	+4%	-3%
Cash	Free surplus generation	2,579	2,462	+9%	+5%
	Dividend per share³ (pence)	36.93	33.57	+10%	+10%
Capital	IGD (£bn)	4.7	5.1		
	EEV per share (pence)	1,136	971	+17%	+17%
	Economic capital ratio⁴ (%)	218	257		

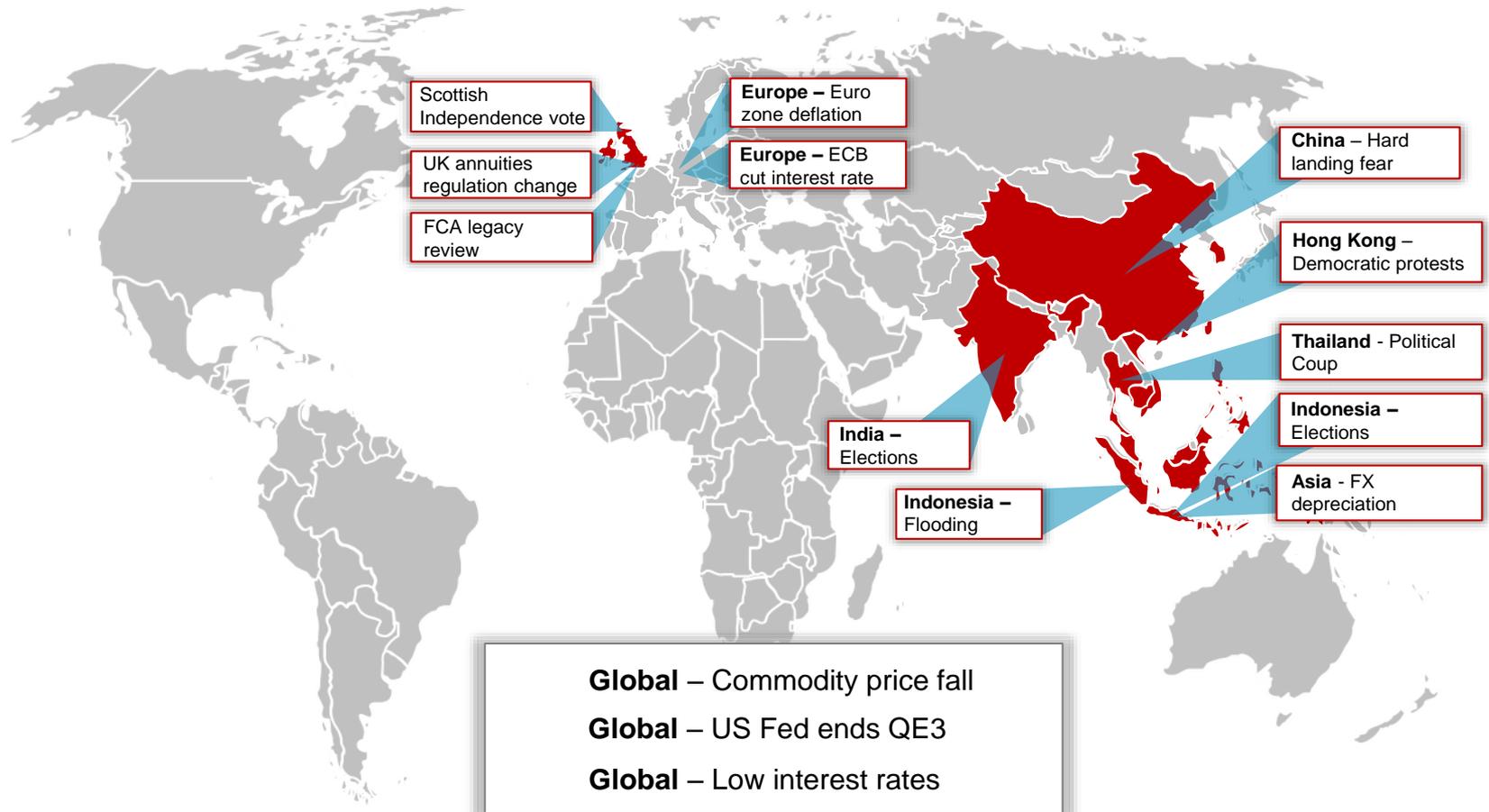
1 AER: Actual Exchange Rate. CER: Constant Exchange Rate.

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

3 Dividend per share and EEV per share stated on actual exchange rates.

4 Our economic capital results are based on outputs from our Solvency II internal model, but the economic capital position should not be interpreted as output from an approved internal model. Certain aspects of the methodology and assumptions underpinning these results will differ from those that will be ultimately adopted for the Solvency II Pillar I internal model calculation. The eventual Solvency II Pillar 1 ratio, therefore, remains uncertain and is expected to be lower than our economic capital ratio.

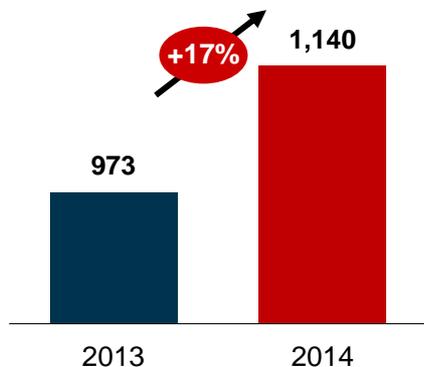
Group 2014 backdrop



Group 2014 dashboard

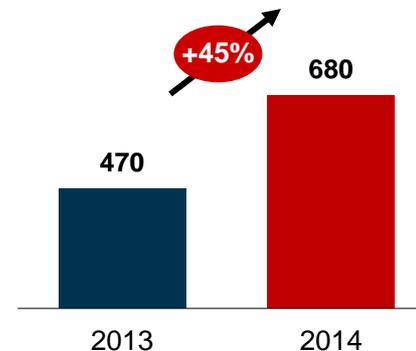
ASIA

IFRS operating profit^{1,2}, £m



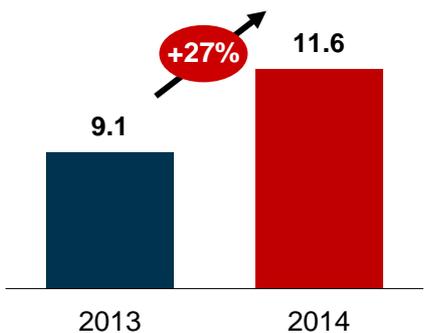
US

Cash remittance, \$m



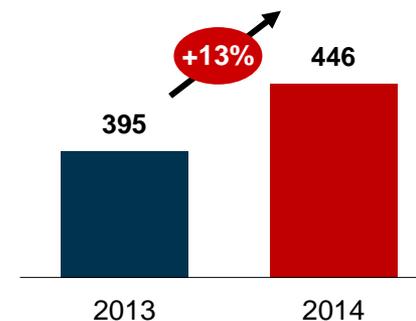
UK

PruFund FUM, £bn



M&G

IFRS operating profit³, £m



¹ Excludes Japan Life.

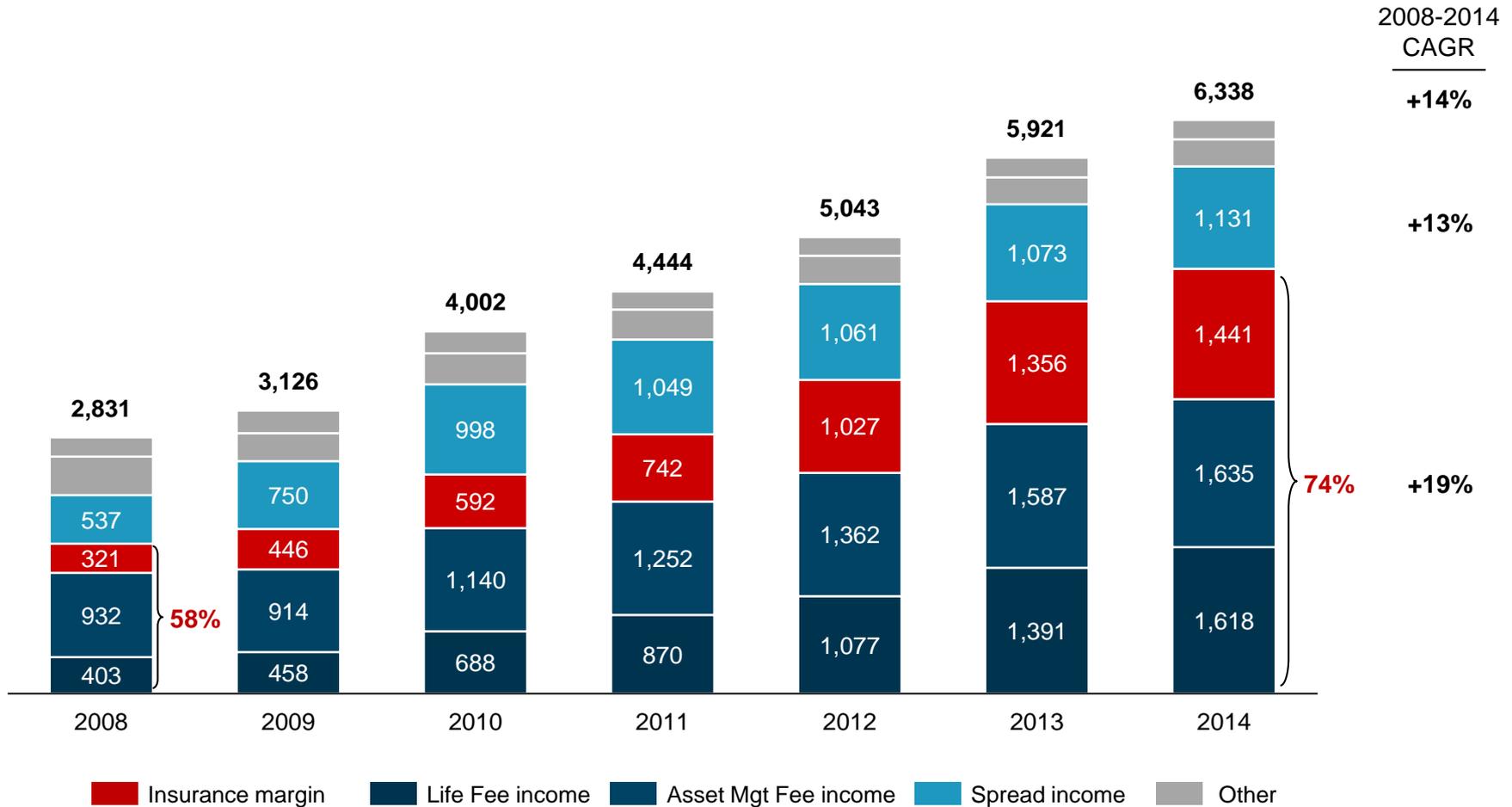
² Comparatives have been stated on a constant exchange rate basis.

³ Excludes Prudential Capital

Group

Higher quality and growing earnings

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



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

2 Comparatives have been stated on an actual exchange rate basis

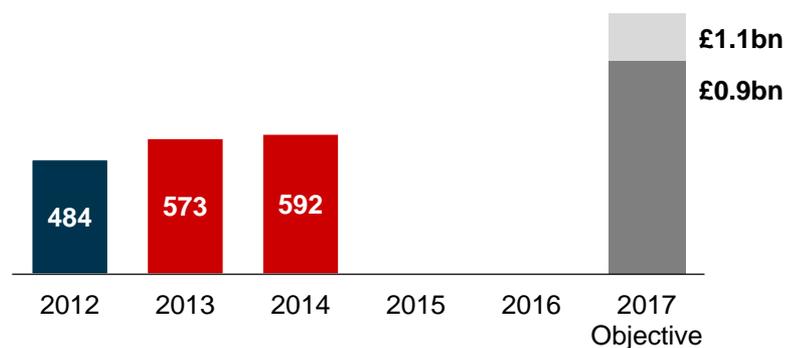


Group 2017 objectives

2017 Objectives

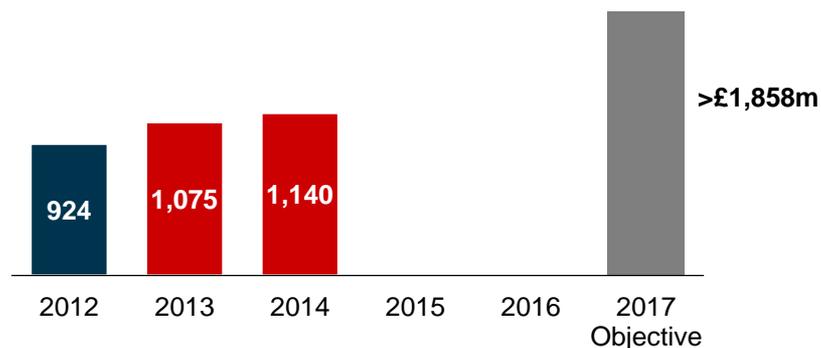
Asia underlying free surplus¹, £m

Free surplus of £0.9bn to £1.1bn



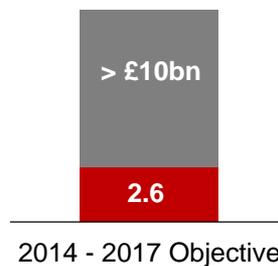
Asia IFRS operating profit², £m

At least 15% CAGR from 2012-17



Group cumulative underlying free surplus, £bn

At least £10bn

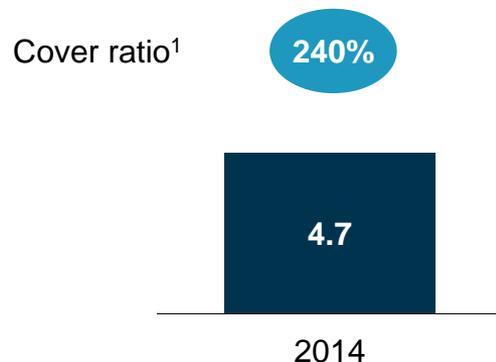


Note: The objectives assume exchange rates at December 2013 and economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2013, and are based on regulatory and solvency regimes applicable across the Group at the time the objectives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

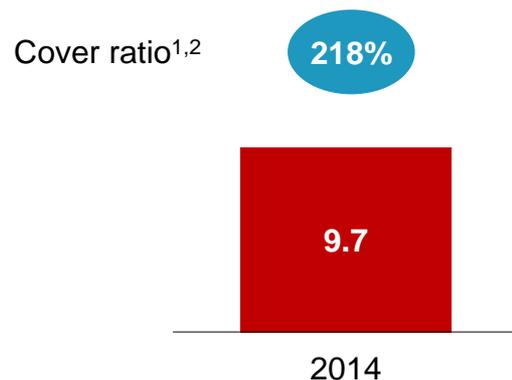
¹ Underlying free surplus generated comprises underlying free surplus generated from long-term business (net of investment in new business) and that generated from asset management operations. The 2012 comparative is based on the retrospective application of new and amended accounting standards and excludes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

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

IGD capital surplus¹, £bn



Economic capital surplus^{1,2}, £bn



- Strongly capitalised and cash generative business
- Robust Solvency I and Economic solvency position
- Engaged with regulators to finalise position

¹ Before allowing for final dividend

² Our economic capital results are based on outputs from our Solvency II internal model, but the economic capital position should not be interpreted as output from an approved internal model. Certain aspects of the methodology and assumptions underpinning these results will differ from those that will be ultimately adopted for the Solvency II Pillar I internal model calculation. The eventual Solvency II Pillar 1 ratio, therefore, remains uncertain and is expected to be lower than our economic capital ratio.

Agenda

2014 Performance

Asia

Jackson

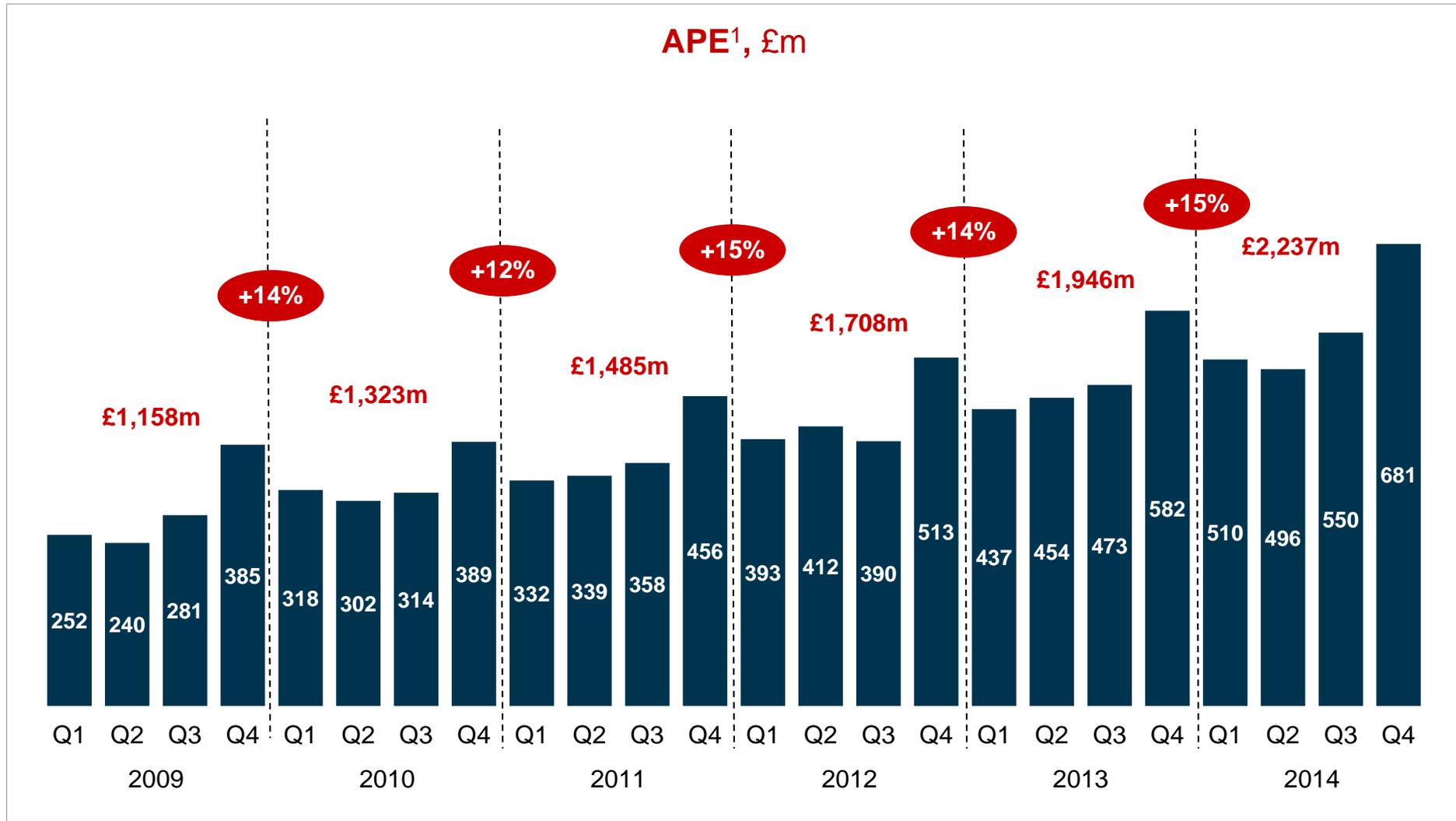
UK Life

M&G

Group

Asia

Consistent performance

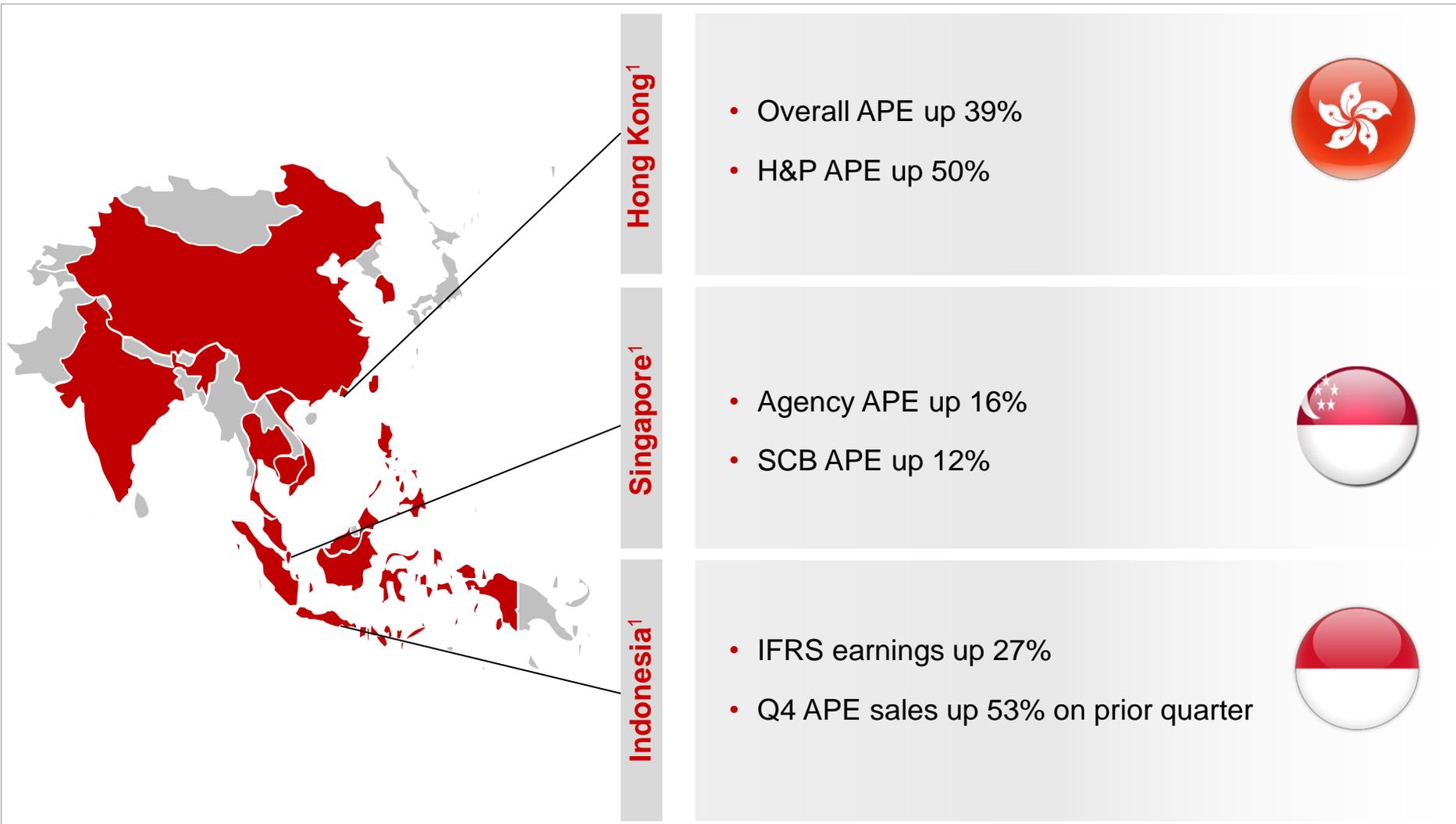


¹ Comparatives have been stated on a constant exchange rate basis.



Asia

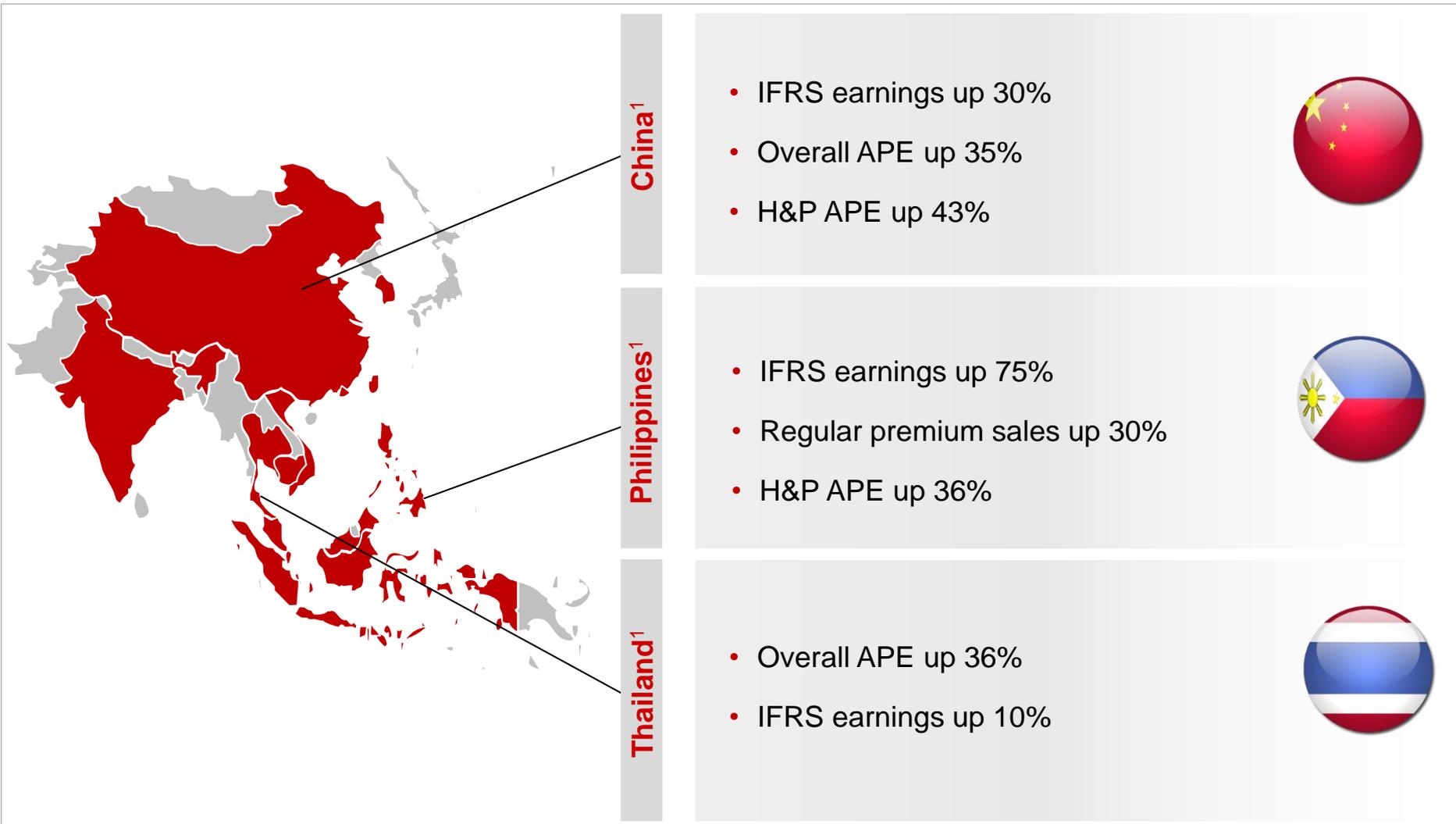
Country highlights



¹ Growth rates based on comparatives stated on a constant exchange rate basis.

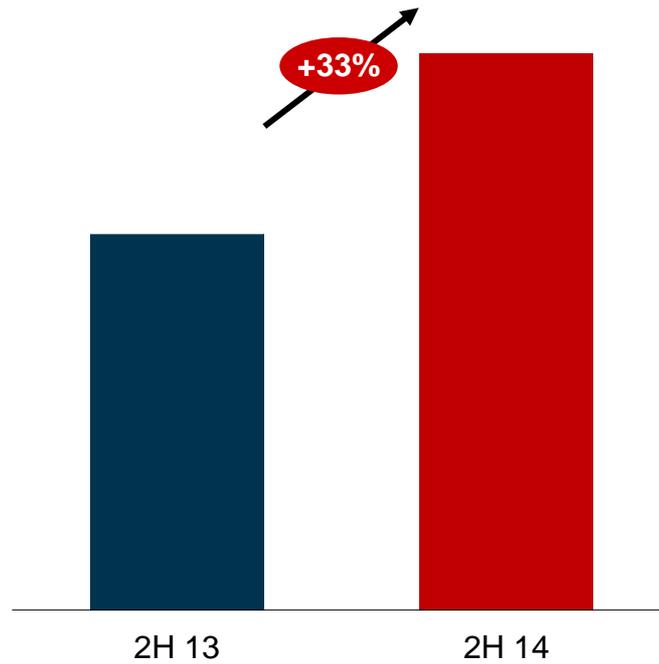
Asia

Country highlights



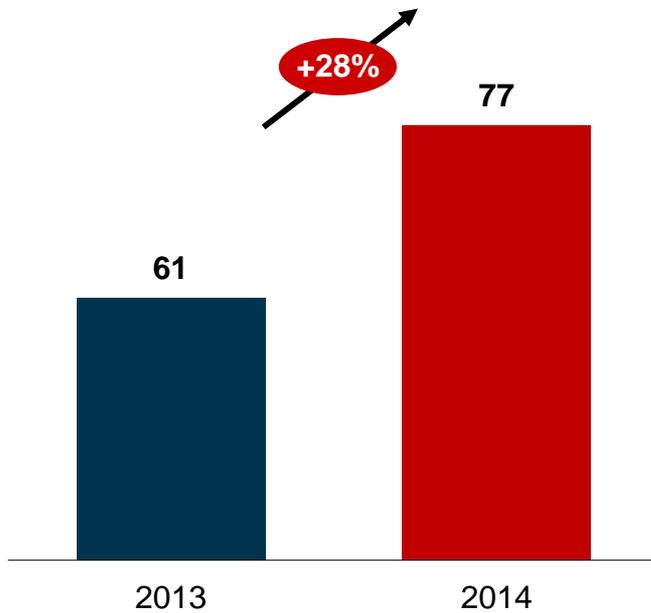
¹ Growth rates based on comparatives stated on a constant exchange rate basis.

SCB bancassurance APE¹, £m

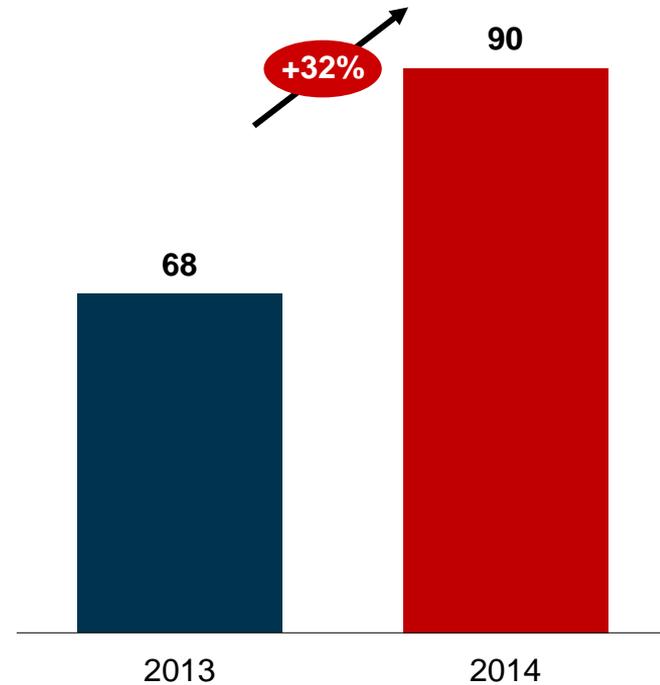


¹ Comparatives have been stated on a constant exchange rate basis.

Funds under management, £bn



IFRS operating profit¹, £m

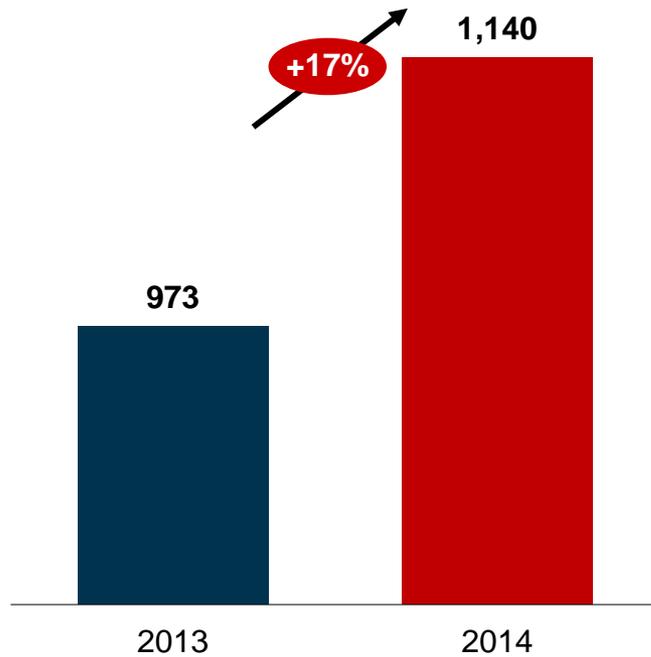


¹ Comparatives have been stated on a constant exchange rate basis.

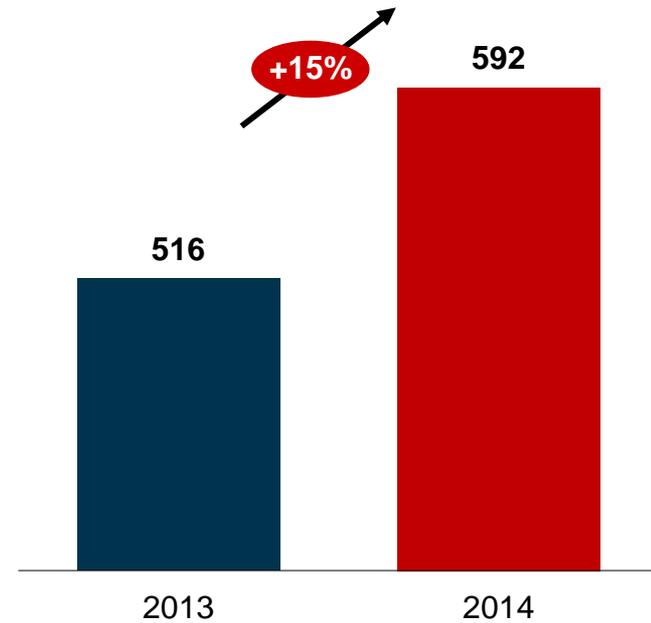
Asia

Delivering earnings and cash

IFRS operating profit^{1,2}, £m



Free surplus generation², £m



¹ Excludes Japan Life.

² Comparatives have been stated on a constant exchange rate basis.

Asia Summary

- Strong 2014 delivery in a challenging context
- Disciplined execution
- High quality Pan-Asian platform
- Well positioned to deliver long-term profitable growth

Agenda

2014 Performance

Asia

Jackson

UK Life

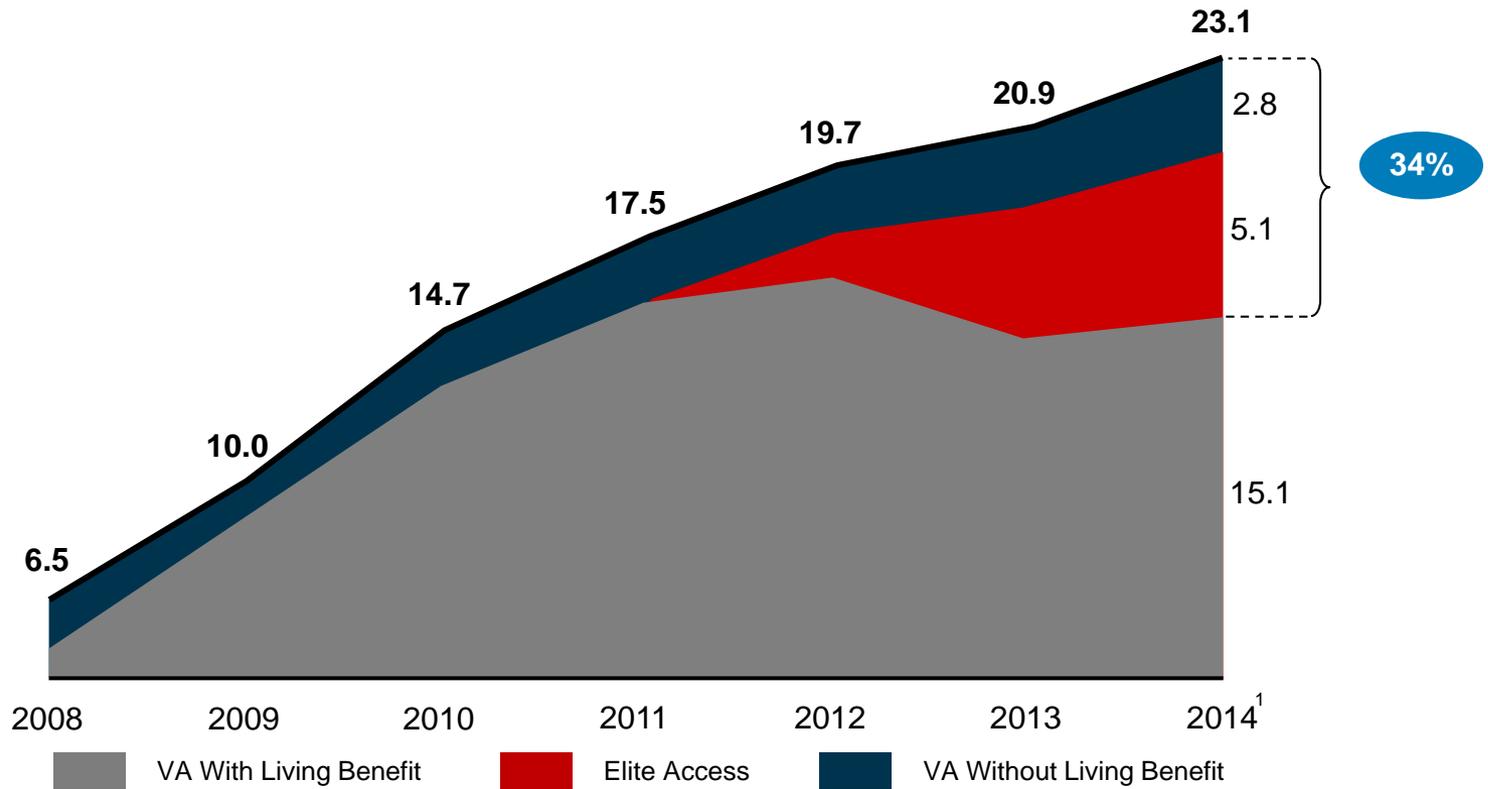
M&G

Group

US

Successful diversification

Jackson VA sales mix, \$bn

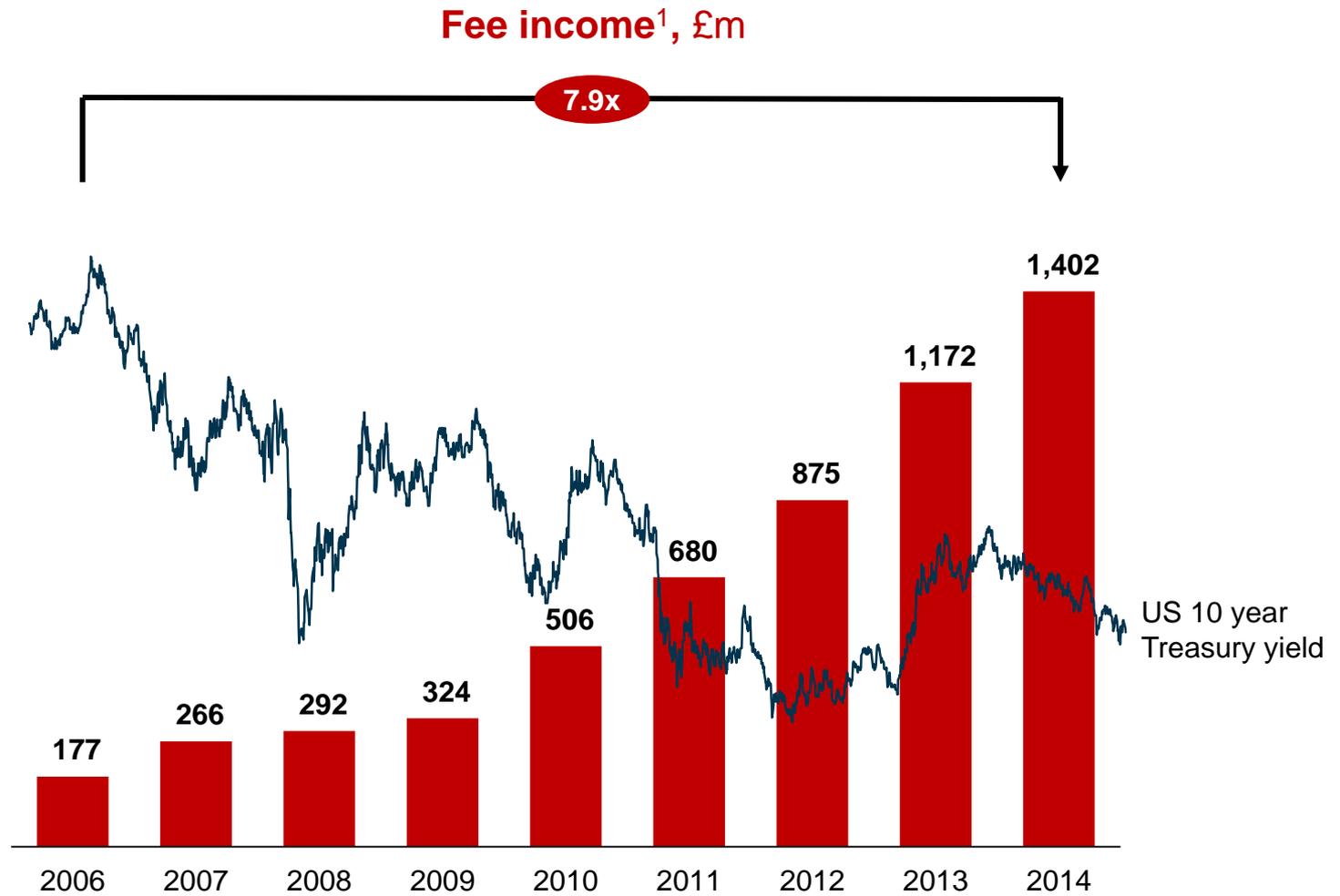


¹ Values may not cast to total due to rounding.



US

Proactive management



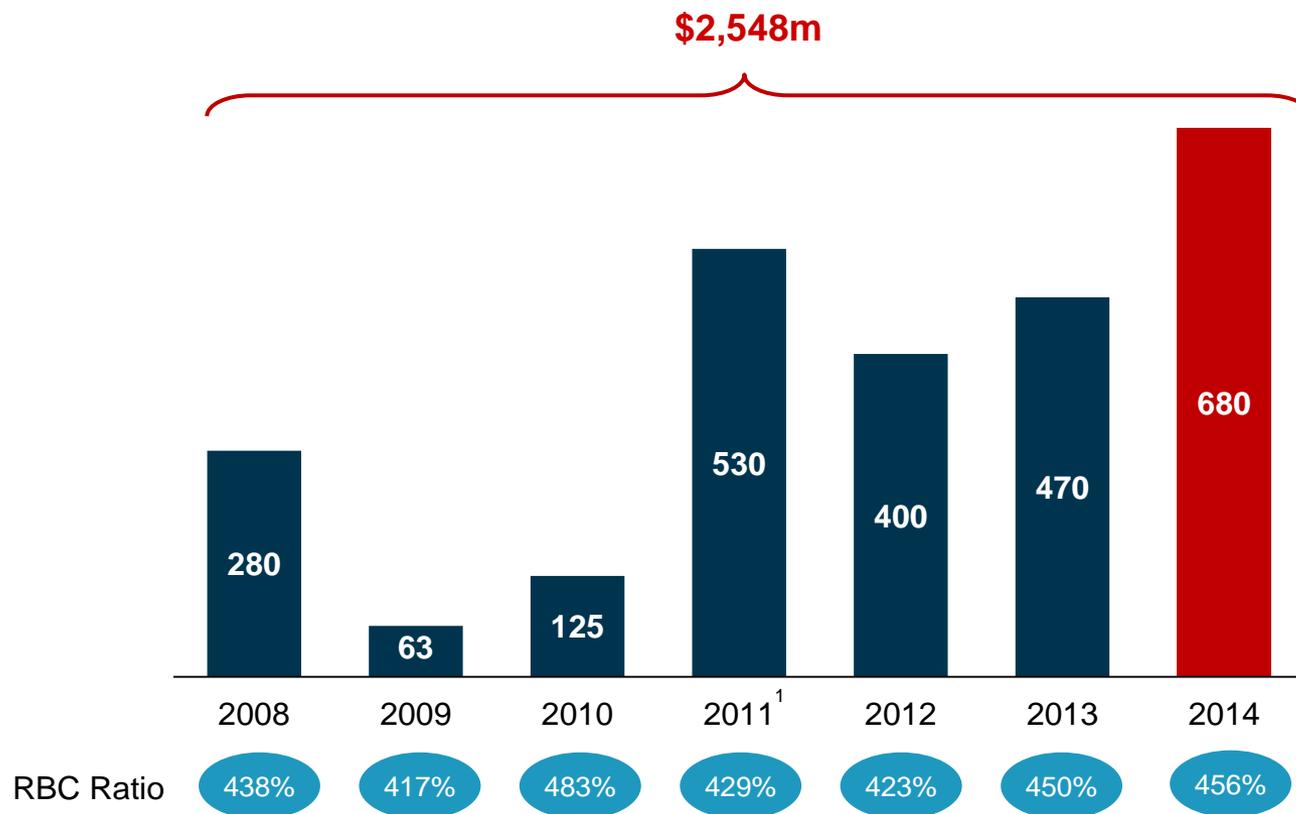
¹ Comparatives have been stated on an actual exchange rate basis



US

Successful execution

Cumulative cash remittances, \$m



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

Agenda

2014 Performance

Asia

Jackson

UK Life

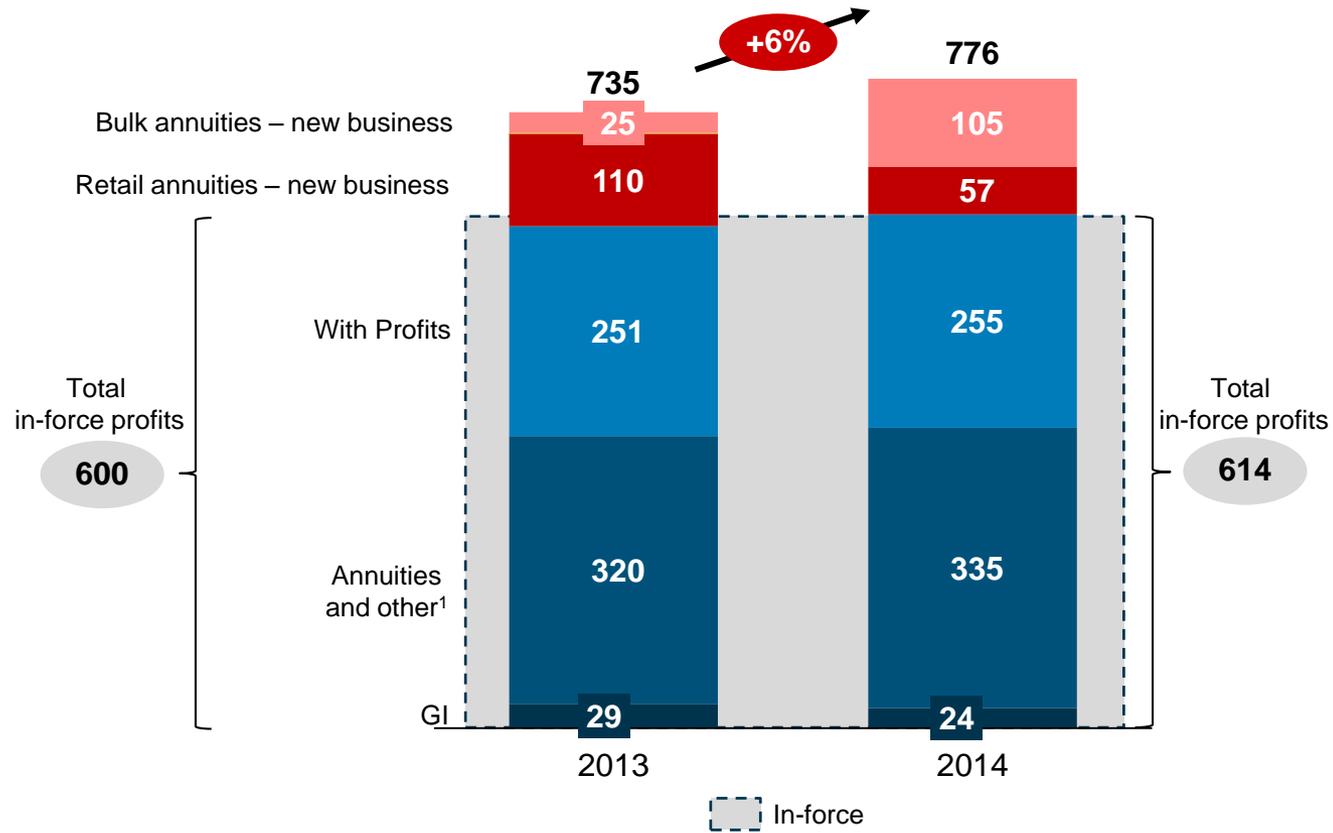
M&G

Group

UK

Steady progress

IFRS operating profit, £m

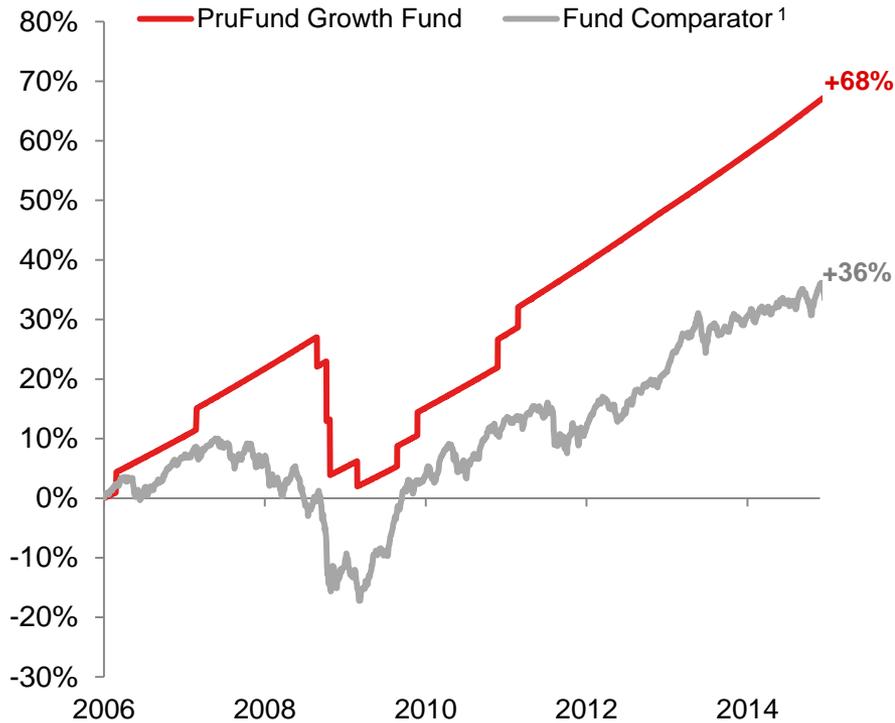


¹ Includes PruHealth & PruProtect business sold in November 2014, IFRS profit was £23m and £11m for 2014 and 2013 respectively.

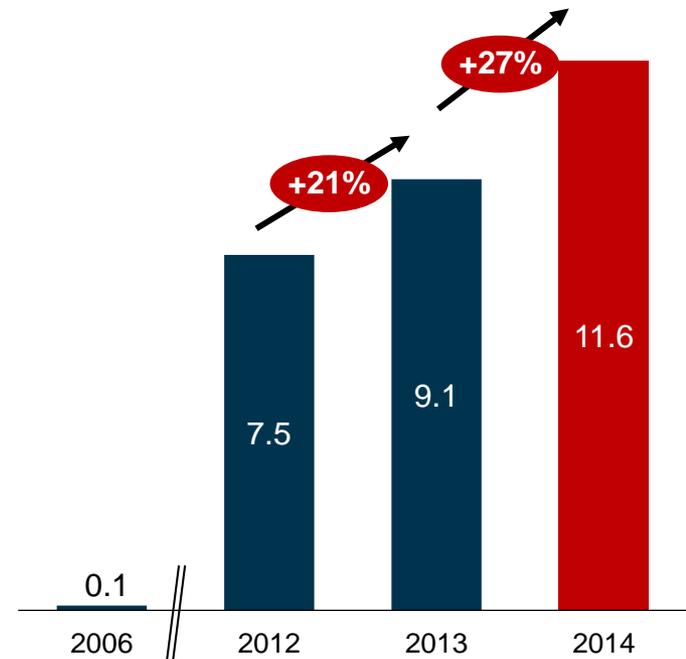
UK

Strong product proposition

PruFund investment performance, %



PruFund FUM, £bn



¹ ABI Mixed Investment 20%-60% Shares TR



2014

2015 / 2016

Strengthen our retirement proposition

- Flexible drawdown launched in December

- Operational readiness for budget changes
- Revamp retirement proposition

Protect and grow our savings business

- PruFund now available through an ISA wrapper
- Enhance fund range for pension & ISA wrappers

Broaden our accessible markets

- Launched onshore bond on two 3rd party platforms

- Expand bond availability on up to ten platforms

Agenda

2014 Performance

Asia

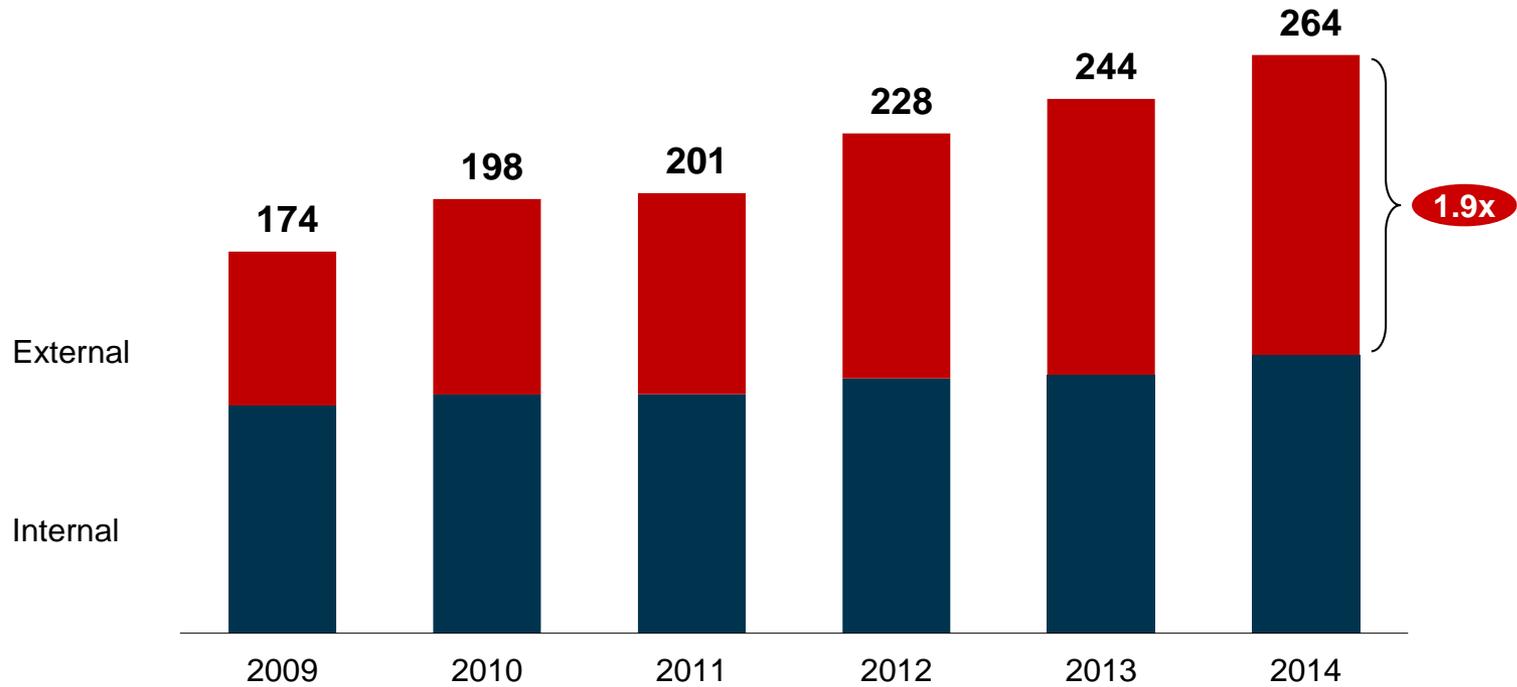
Jackson

UK Life

M&G

Group

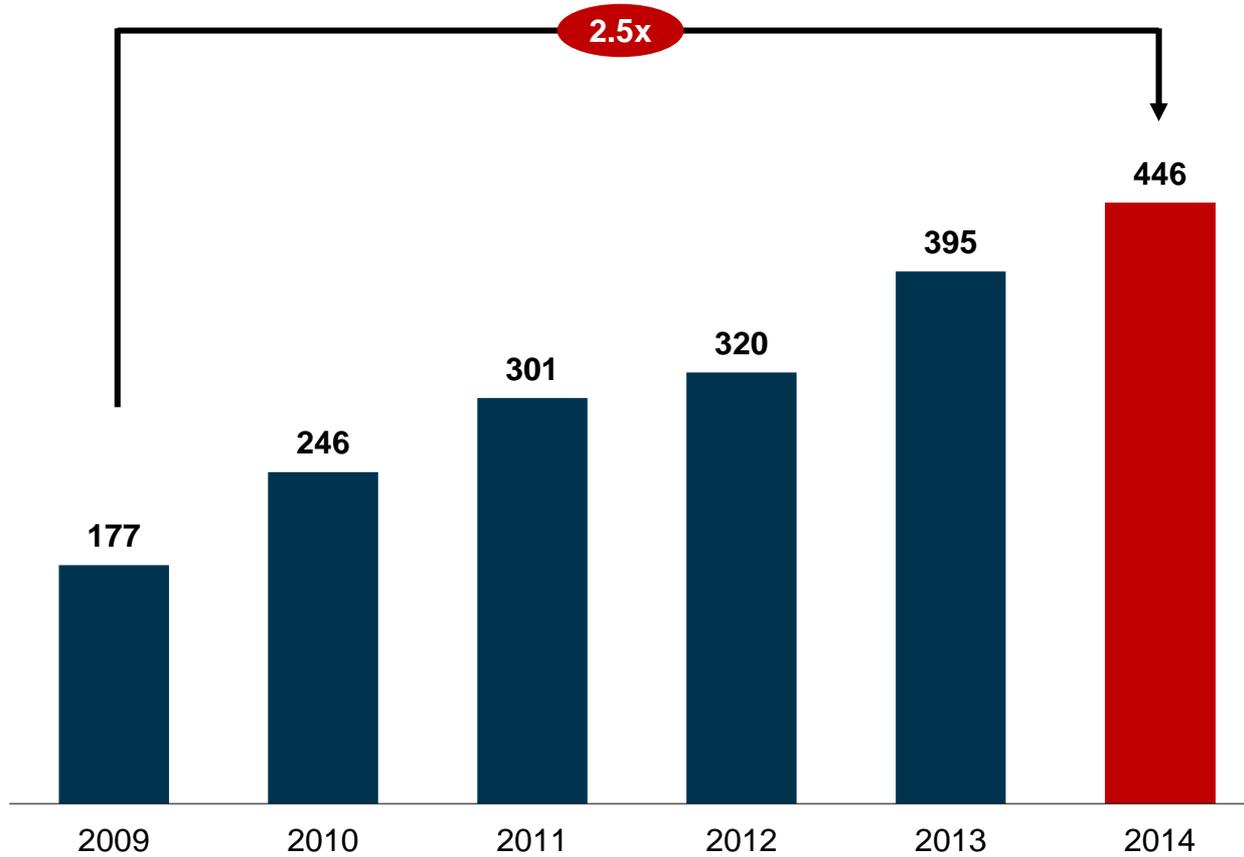
Total FUM, £bn



M&G

Strong track record

IFRS operating profit¹, £m



¹ Excludes Prudential Capital.

Agenda

2014 Performance

Asia

Jackson

UK Life

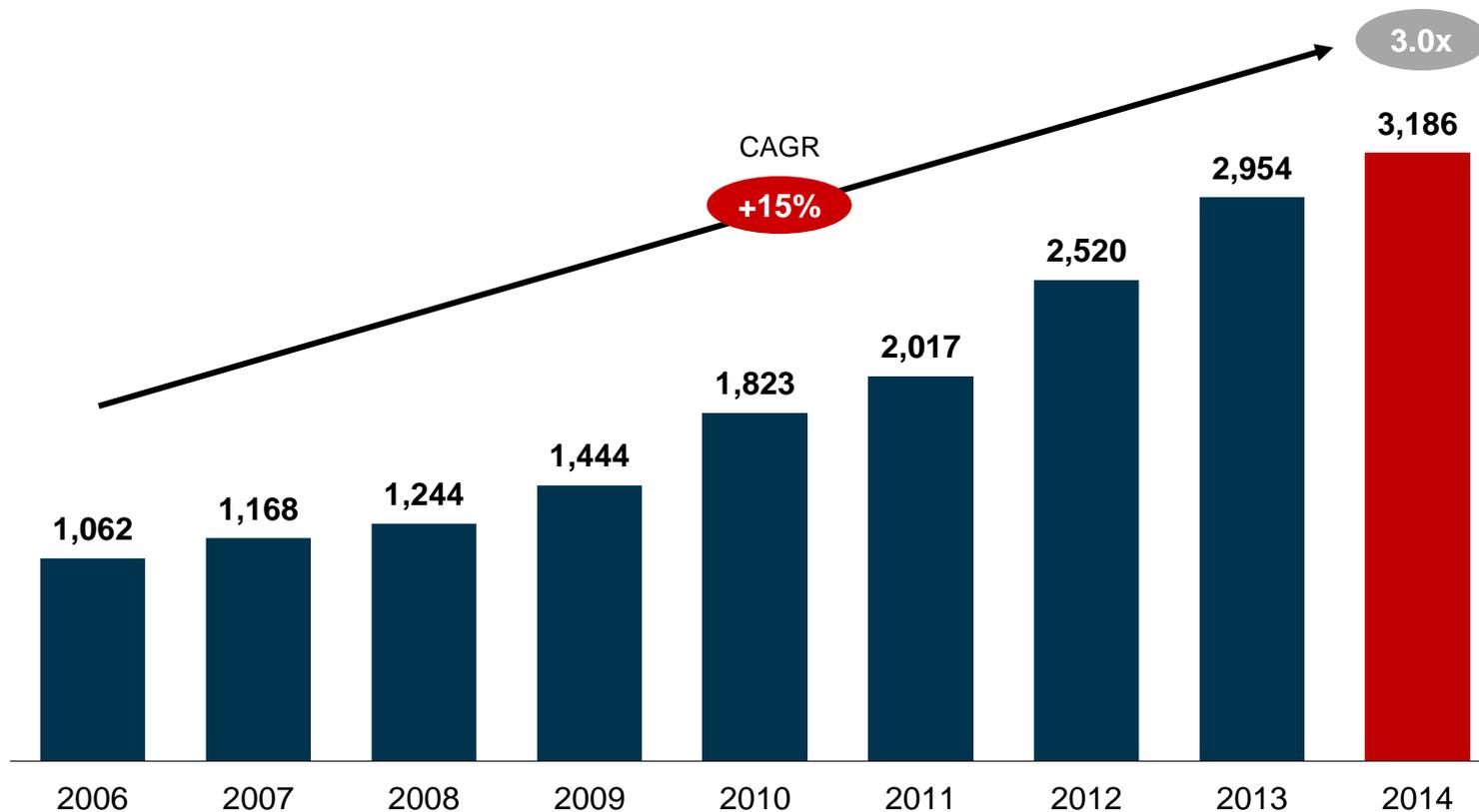
M&G

Group

Group

Long term track record

IFRS operating profit^{1,2,3}, £m



1 Comparatives have been stated on an actual exchange rate basis

2 Comparatives adjusted for new and amended accounting standards and excludes Japan and Taiwan agency.

3 2012 includes £51m gain from sale in China Life of Taiwan

X.X

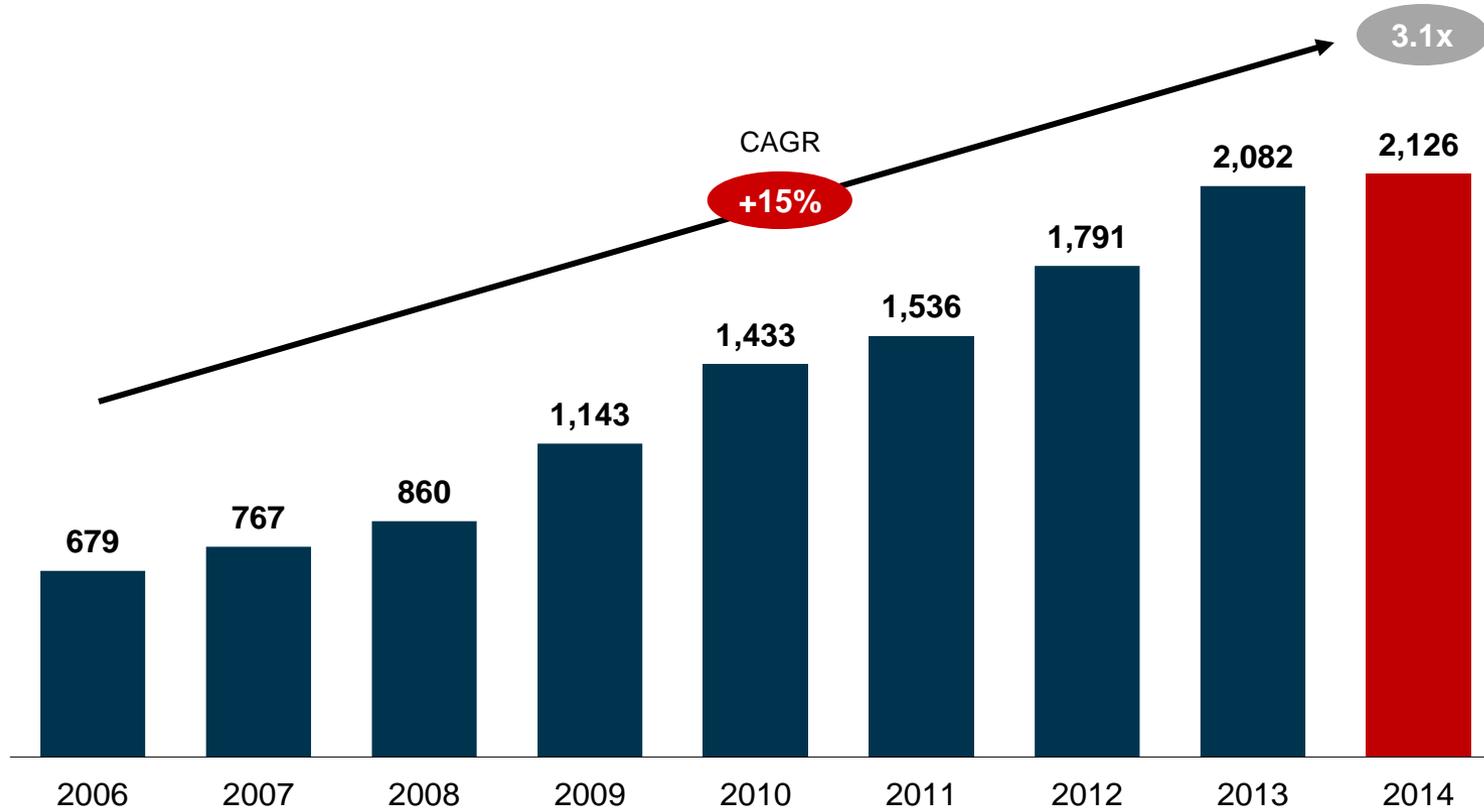
2014 multiple over 2006



Group

Long term track record

New business profit^{1,2}, £m



1 Comparatives have been stated on an actual exchange rate basis

2 Excludes Japan Life and Taiwan agency.

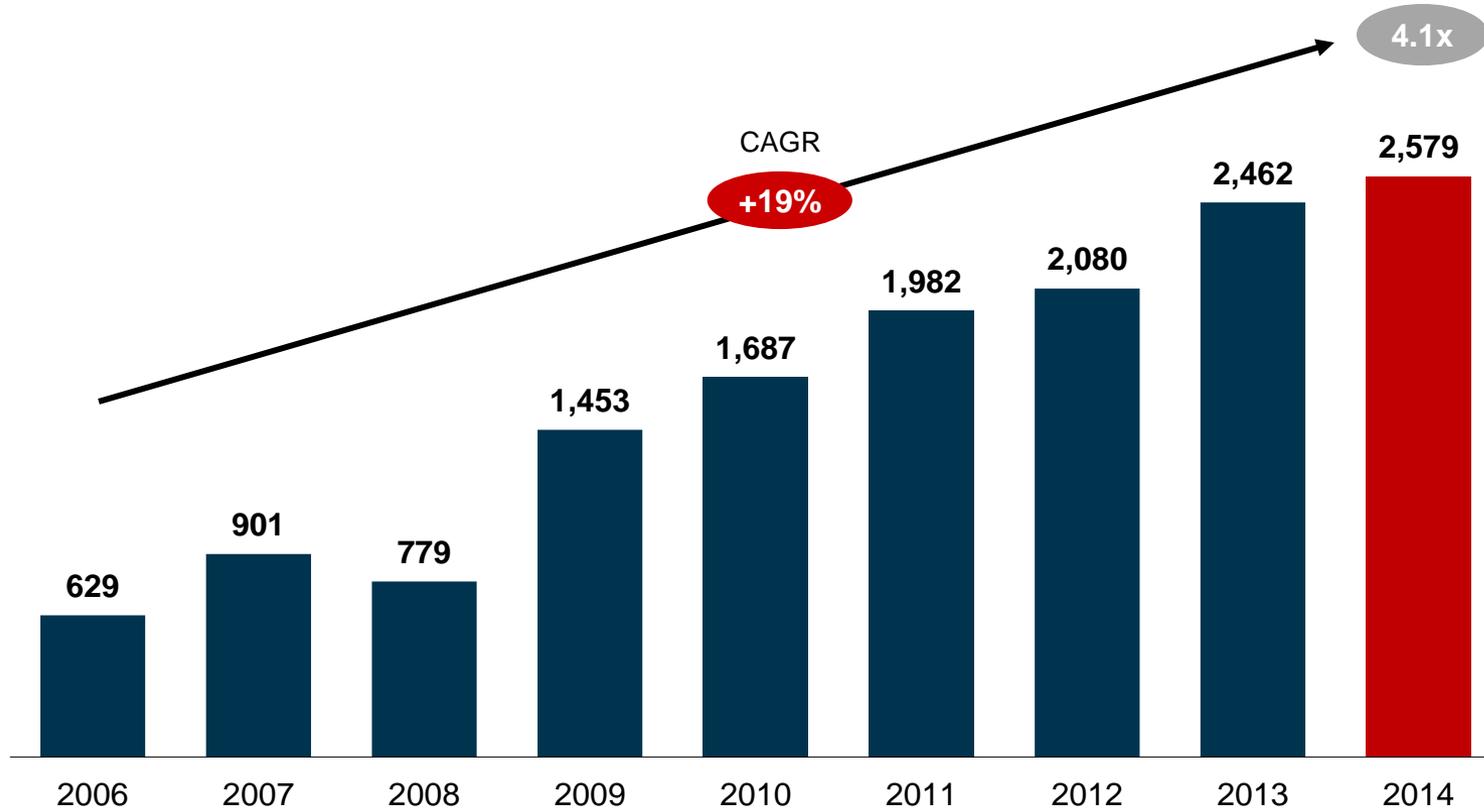
X.X 2014 multiple over 2006



Group

Long term track record

Free surplus generation^{1,2,3}, £m



1 Comparatives have been stated on an actual exchange rate basis

2 Excludes Japan Life and Taiwan agency.

3 2012 includes £51m gain from sale in China Life of Taiwan

X.X 2014 multiple over 2006



Prudential plc 2014 full year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook

Tidjane Thiam

Key financial highlights

FY14 continued strong performance



£m	FY14 vs FY13			
	FY14 ¹	FY13 ¹	AER ³	CER ⁴
IFRS operating profit	3,186	2,954	8%	14%
Free surplus generation	2,579	2,462	5%	9%
New business profit²	2,126	2,082	2%	10%
EEV operating profit²	4,096	4,204	(3)%	4%

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

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

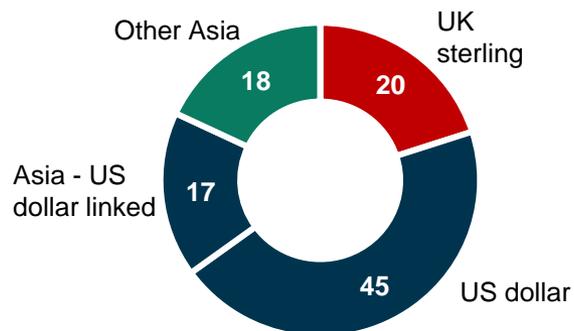
³ Actual exchange rates.

⁴ Constant exchange rates.

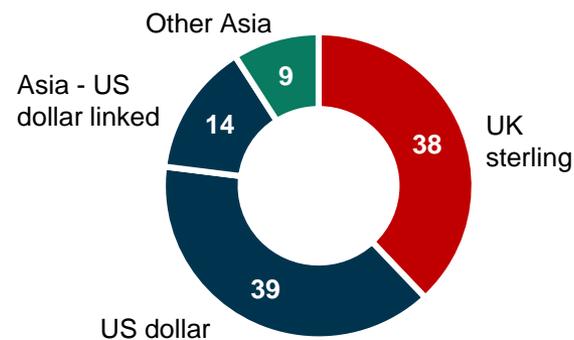
Currency mix

Currency translation effect

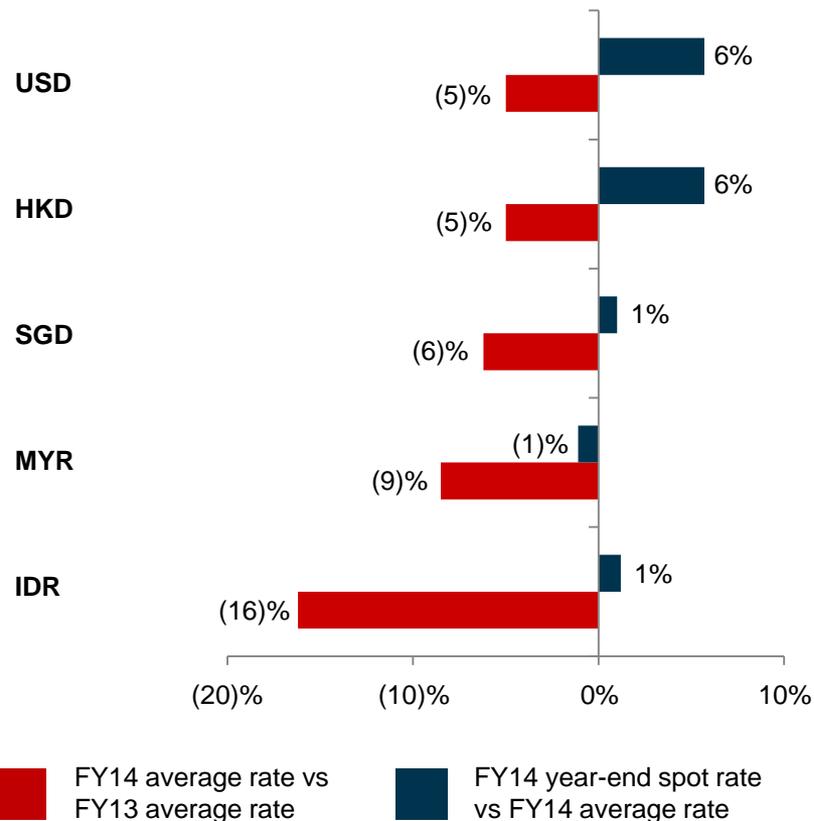
IFRS operating profit¹ by currency, % FY14



Underlying free surplus generation¹ by currency, % FY14



Movement in average FX rates



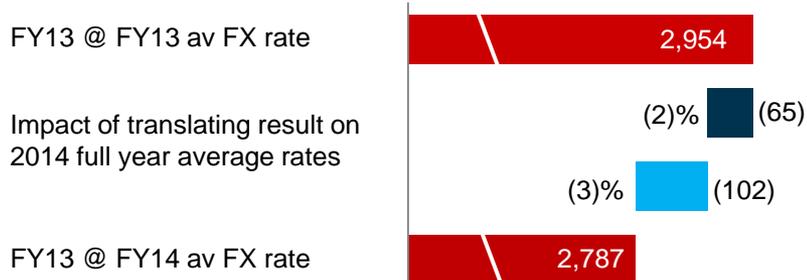
¹ IFRS operating profit and underlying free surplus generation exclude Japan Life classified as held for sale.

Currency mix

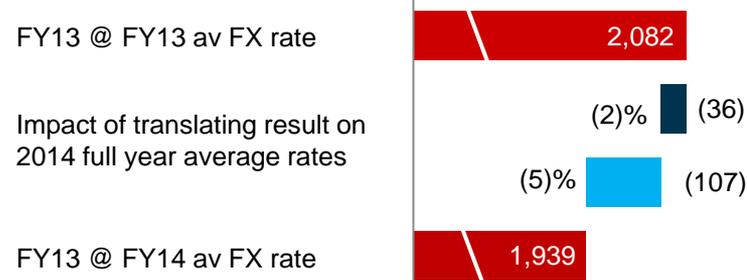
Currency translation effect



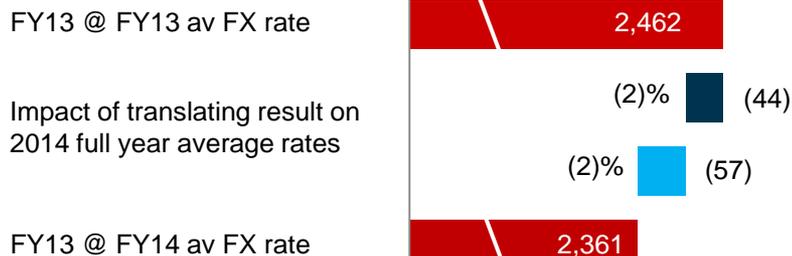
IFRS operating profit¹, £m



New business profit^{1,2}, £m



Underlying free surplus generation¹, £m



EEV operating profit^{1,2}, £m



■ Impact on Group result from US contribution

■ Impact on Group result from Asia contribution

¹ IFRS and EEV results and free surplus generation exclude Japan Life classified as held for sale.
² The 2014 EEV results for the Group are presented on a post-tax basis and, accordingly, the 2013 results are shown on a comparable basis.

Key financial highlights

Broad based growth



FY14 vs FY13¹, constant exchange rates

	Group	Asia	US	UK	M&G ³
IFRS operating profit	14%	17%	17%	6%	11%
Free surplus generation	9%	15%	22%	(12)%	12%
New business profit²	10%	13%	4%	14%	n/a
EEV operating profit²	4%	12%	3%	(10)%	12%

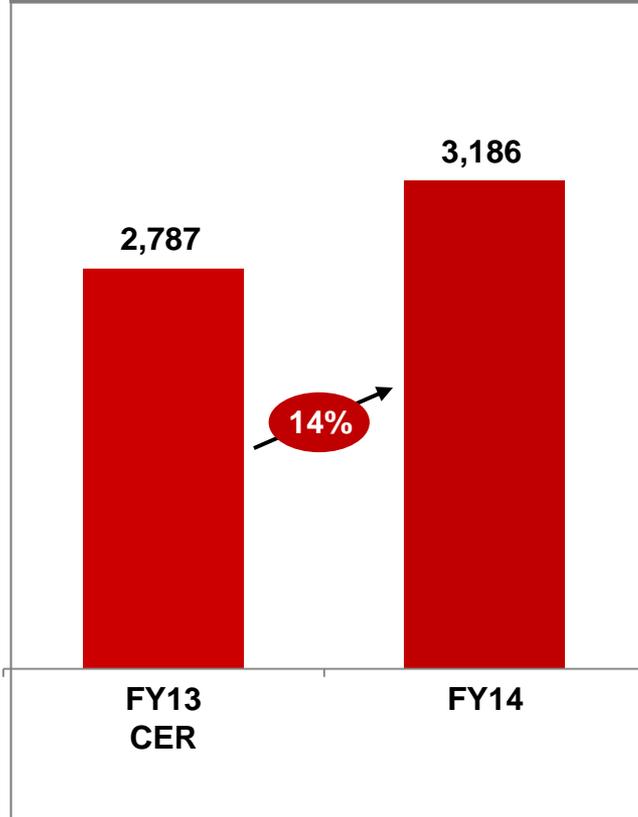
¹ IFRS and EEV results and free surplus generation exclude Japan Life classified as held for sale.

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

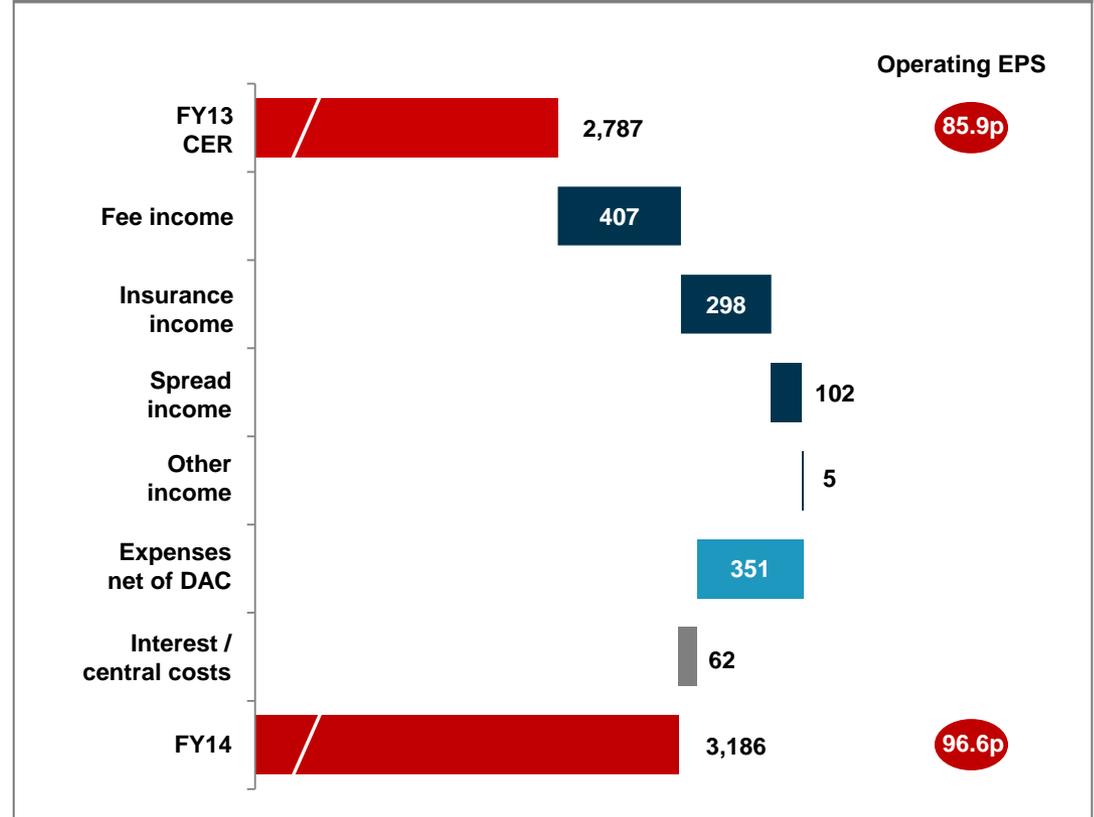
³ Includes Prudential Capital.



IFRS operating profit¹, £m (CER²)



IFRS¹ operating profit up 14%, £m (CER²)



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

² FY13 restated on constant exchange rate basis, reducing IFRS operating profit by £167 million

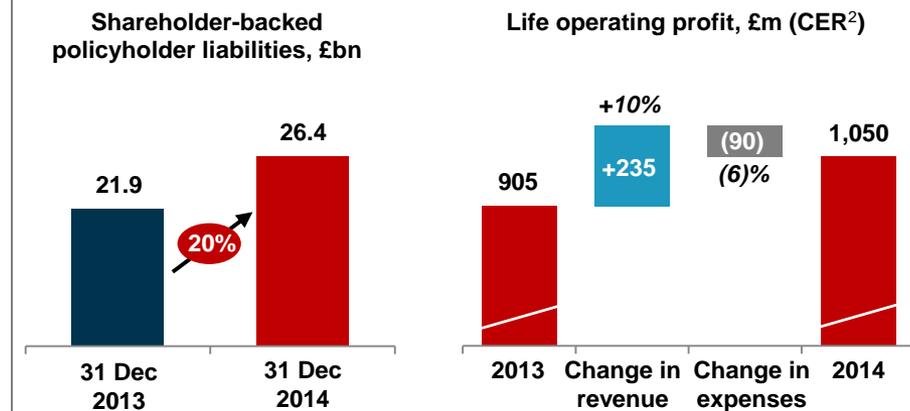
IFRS – Asia

Continued strong growth in Asia life profits

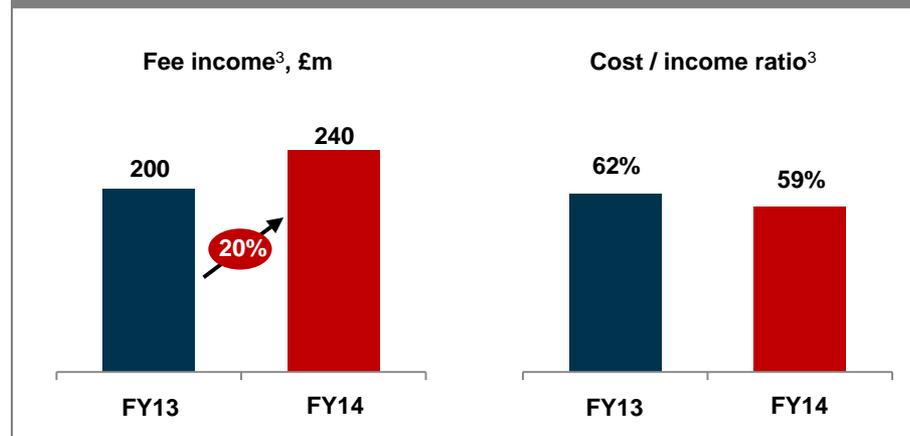
IFRS operating profit¹, by business unit

£m, CER ²	FY14	FY13	Change
Asia	1,140	973	17%
Life	1,050	905	16%
Eastspring	90	68	32%
US	1,443	1,237	17%
UK	776	735	6%
M&G	488	441	11%

Asia life¹, sources of earnings



Eastspring, earnings drivers, £bn (CER²)



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

² FY13 restated on constant exchange rate basis, reducing Asia life IFRS operating profit by £96 million, Eastspring IFRS operating profit by £6 million and Eastspring fee income by £14 million.

³ Represents fee income before performance-related fees and excludes income from associates.

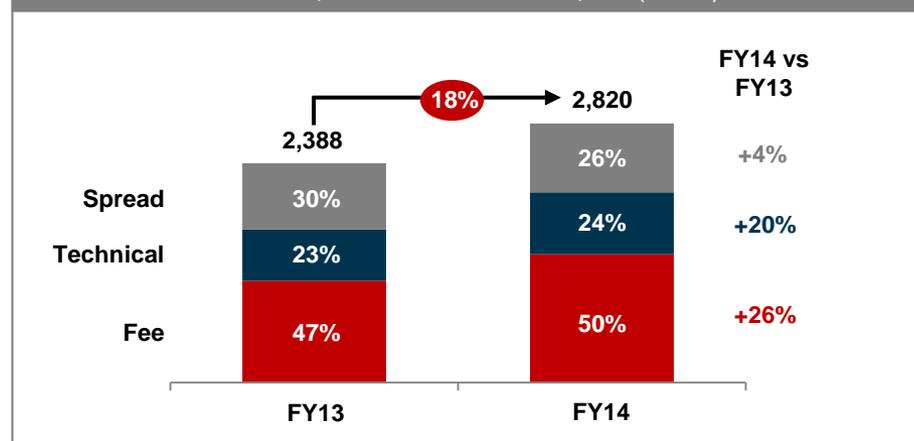
IFRS – US

Jackson Life growth of 21%

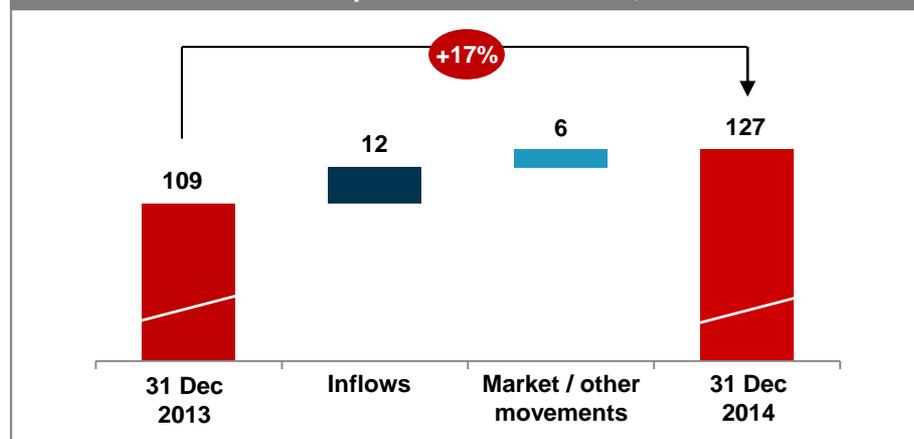
IFRS operating profit¹, by business unit

£m, CER ³	FY14	FY13	Change
Asia	1,140	973	17%
US	1,443	1,237	17%
Life	1,431	1,181	21%
Other	12	56	(79)%
UK	776	735	6%
M&G	488	441	11%

Jackson, sources of income², £m (CER³)



Jackson separate account assets, US\$bn



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

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

³ FY13 restated on constant exchange rate basis, reducing US Life IFRS operating profit by £62 million, US Other IFRS operating profit by £3 million and US life sources of income by £126 million.

IFRS operating profit¹, by business unit

£m, CER	FY14	FY13	Change
Asia	1,140	973	17%
US	1,443	1,237	17%
UK	776	735	6%
Life	752	706	7%
Other	24	29	(17)%
M&G	488	441	11%

UK Life IFRS operating profit, £m

	FY14	FY13
Annuities new business	162	135
bulk annuities	105	25
individual annuities	57	110
Other life	567	560
shareholder backed (in-force annuities and other)	312	309
with-profits	255	251
PruHealth and PruProtect	23	11
	752	706

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

IFRS – M&G

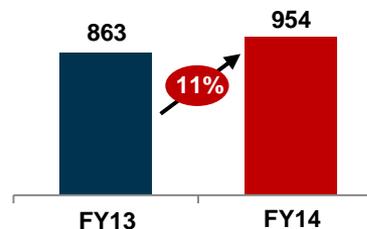
M&G IFRS profit up 13%

IFRS operating profit¹, by business unit

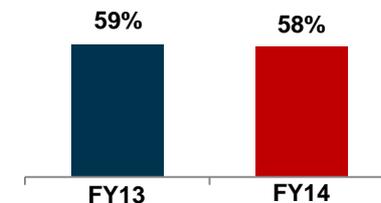
£m, CER	FY14	FY13	Change
Asia	1,140	973	17%
US	1,443	1,237	17%
UK	776	735	6%
M&G	488	441	11%
M&G	446	395	13%
PruCap	42	46	(9)%

M&G, earnings drivers

Underlying fee income², £m

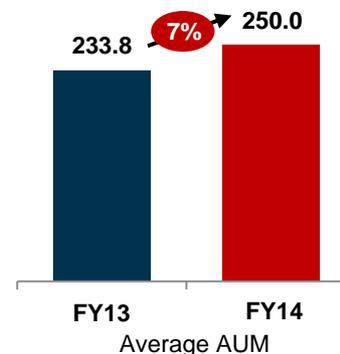


Cost / income ratio²

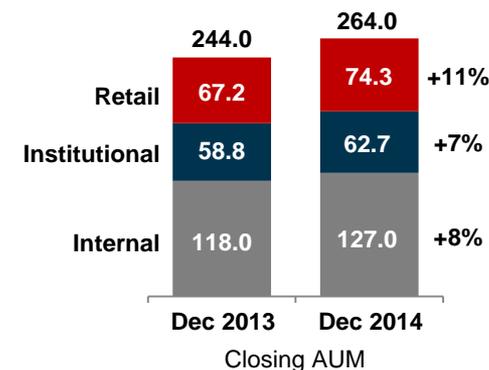


M&G, revenue drivers, £bn

Growth



Mix



Av. fee revenue margin³ (bp)

37

38

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

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

³ Margin represents operating income before performance-related fees as a proportion of average AUM.

Net free surplus generation

Increasing free surplus generation



Free surplus generation¹, £m, (CER²)

	FY14	FY13	Change
Expected return from in-force	2,276	1,912	19%
Experience result	314	457	(31)%
Investment return on free surplus	106	125	(15)%
Life in-force result	2,696	2,494	8%
Asset management and Other	489	464	5%
Gross free surplus generation	3,185	2,958	8%
Less: new business strain	606	597	2%
Net free surplus generation	2,579	2,361	9%

Life in-force result, £m (CER ²)			
	FY14	FY13	Change
Asia	860	742	16%
US	1,191	1,072	11%
UK	645	680	(5)%

New business strain, £m (CER ²)			
	FY14	FY13	Change
Asia	346	285	21%
US	187	283	(34)%
UK	73	29	152%

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

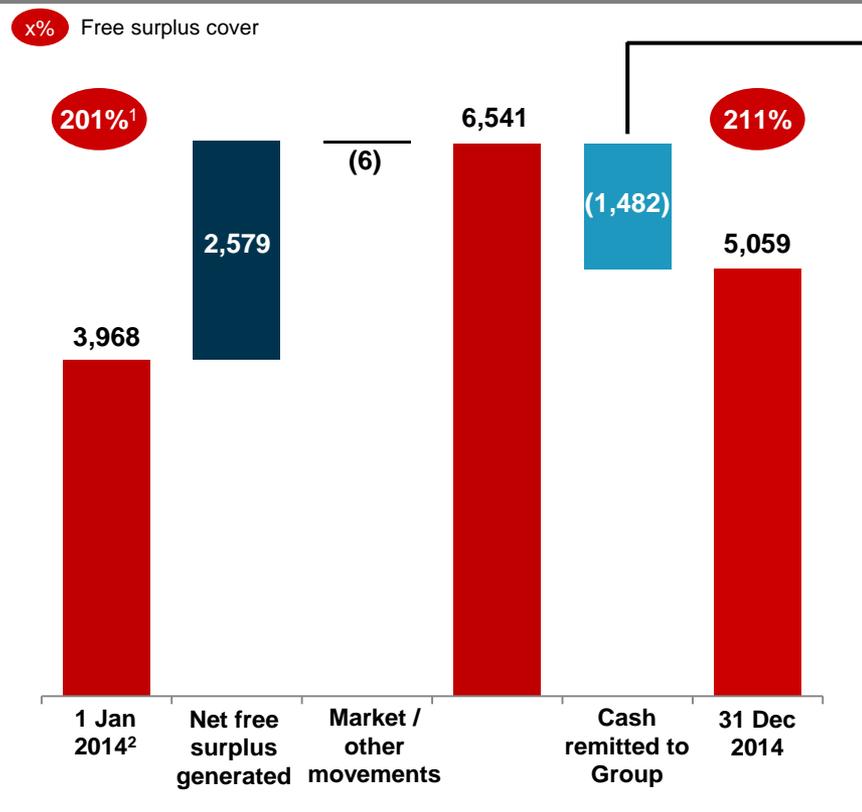
² FY13 restated on constant exchange rate basis, reducing net free surplus generation by £101 million, Asia life in-force result by £77 million, US life in-force result by £57 million, Asset management by £7 million, Asia new business strain by £25 million and US new business strain by £15 million.

Net free surplus generation

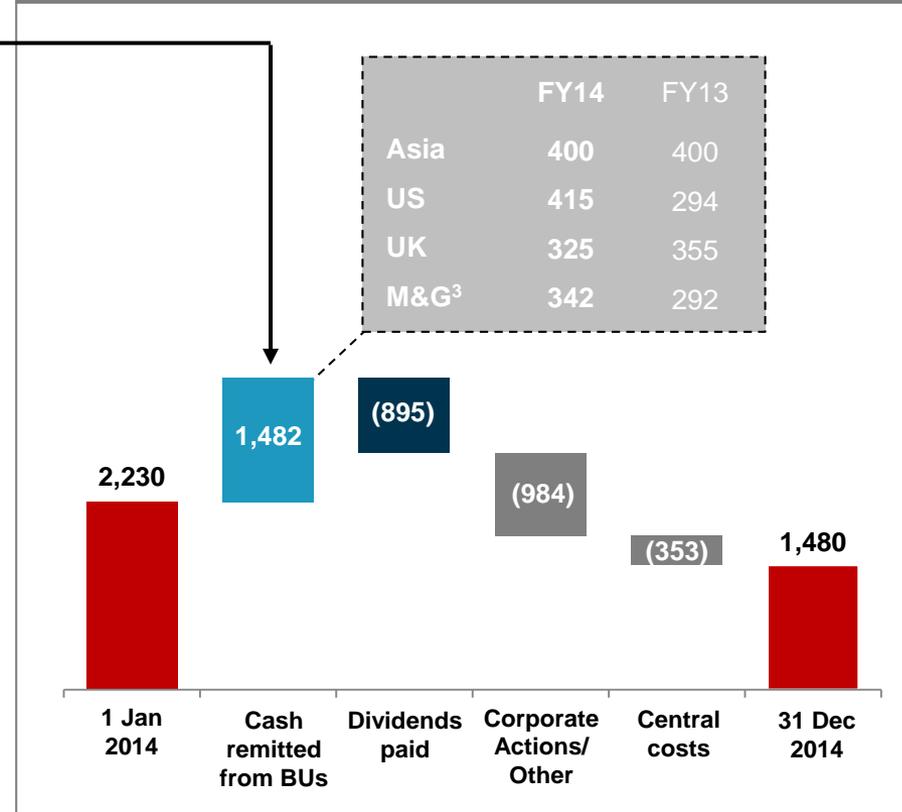
Underpinning cash to Group



Movement in free surplus, £m



Movement in central cash, £m



¹ As at 31 December 2013.

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

³ Includes Prudential Capital.

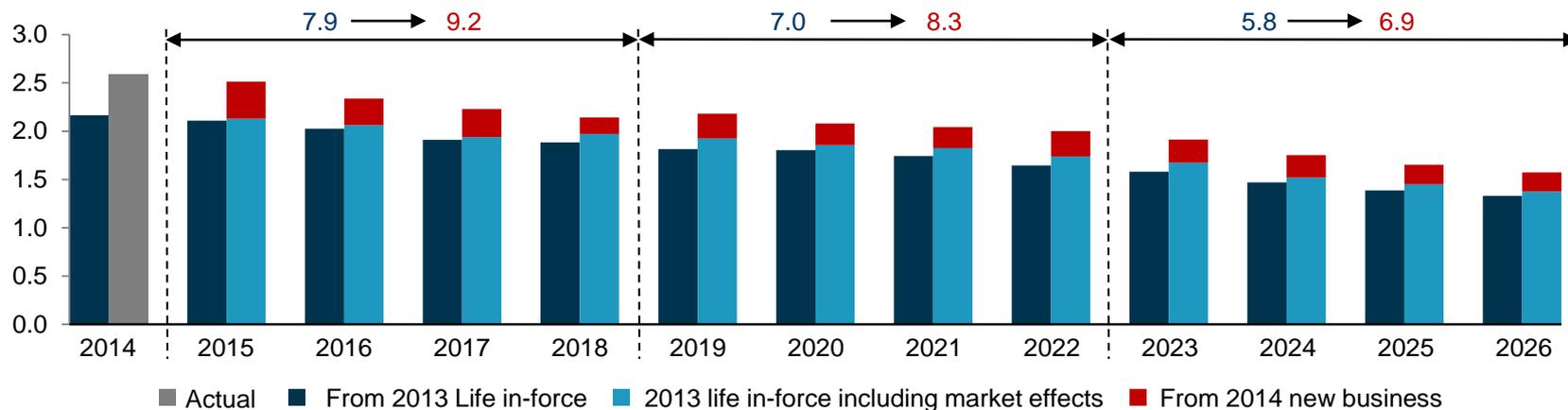


Net free surplus generation

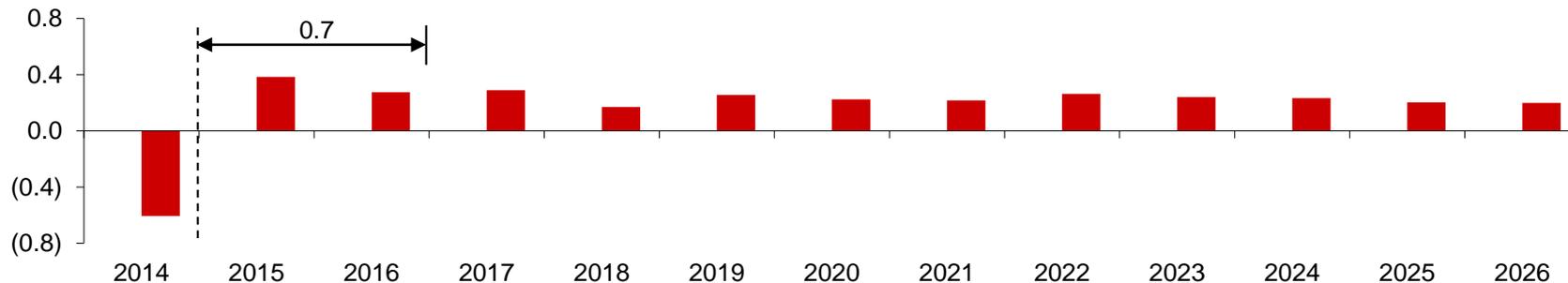
Increasing free surplus generation



Expected undiscounted free surplus from life in-force¹, £bn



Expected undiscounted cash flows from 2014 new business, £bn



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

EEV operating profit (post-tax)

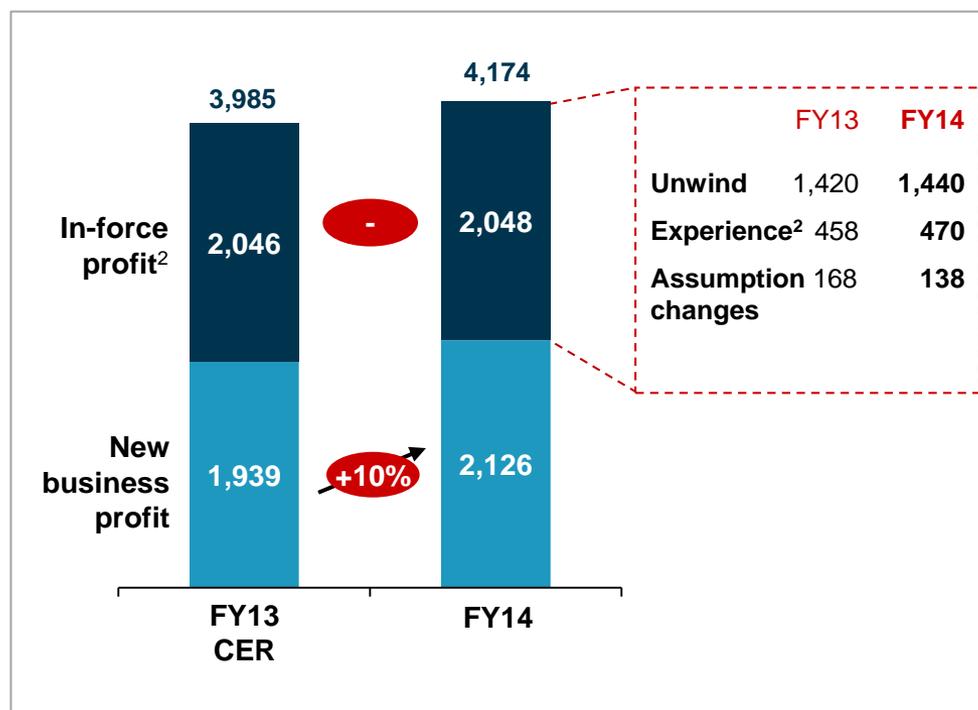
Operating return on EEV of 16%



EEV operating profit¹, by business unit

£m, CER ³	FY14	FY13	Change
Total Life²	4,174	3,985	5%
Asia	1,900	1,704	12%
US	1,528	1,449	5%
UK	746	832	(10)%
AM	470	442	6%
Other	(548)	(494)	(11)%
	4,096	3,933	4%

EEV Life operating profit^{1,2}, £m (CER³)



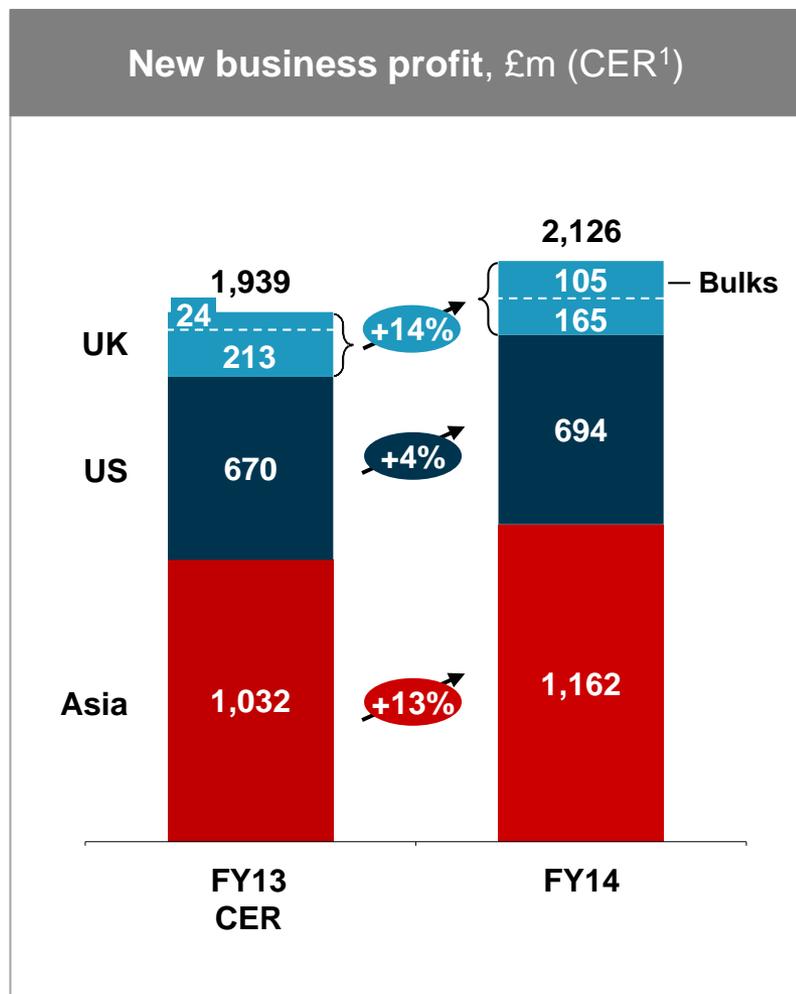
1 EEV results excludes Japan Life classified as held for sale.

2 Net of Asia development expenses (FY13: £1m, FY14: £1m).

3 FY13 restated on constant exchange rate basis, reducing Asia Life EEV operating profit by £187 million, US Life EEV operating profit by £77 million, Asset management by £7 million, in-force profit by £121 million and new business profit by £143 million.

EEV operating profit

Value creation through increasing NBP – up 10%



Movement in NBP, FY14 vs FY13

Volume	+9%
Bulks	+4%
Mix / pricing / other	+1%
Economic effect (excl FX)	(4)%
CER	+10%

IRR and payback periods

	IRR	Payback period
Asia	>20%	3 years
US	>20%	1 year
UK	>20%	4 years

¹ FY13 restated on constant exchange rate basis, reducing Asia new business profit by £107 million and US new business profit by £36 million.

Equity shareholders' funds

Summary of movement



Movement in shareholders' funds

	IFRS Equity			EEV Equity		
	FY14 £bn	% vs FY13	FY14 per share	FY14 £bn	% vs FY13	FY14 per share
After-tax operating profit	2.5	6%	97	4.1	(3)%	161
Investment variance and other¹	(0.3)		(10)	0.2		10
Profit for the period	2.2	65%	87	4.3	-	171
Unrealised gain on AFS²	0.6		22	0.1		3
Foreign exchange and other³	0.2		10	0.8		26
Dividend	(0.9)		(35)	(0.9)		(35)
Retained earnings	2.1		84	4.3		165
Opening shareholders' equity	9.7		376	24.9		971
Closing shareholders' equity	11.8		460	29.2		1136
Movement in period	+22%		+22%	+17%		+17%

¹ Includes gain on sale of PruHealth and PruProtect.

² For IFRS relates to JNL fixed income portfolio accounted as available for sale. For EEV, represents mark to market movements on JNL assets backing surplus and required capital.

³ Includes the effect of domestication of Hong Kong branch on 1 January 2014; for per share amounts includes effect of change in number of shares in issue.

Economic capital

Economic capital model assumptions



Implementation of risk-sensitive capital measure

- Solvency II effective from 1 Jan 2016
- Prudential to seek internal model approval
 - Internal model application in 2Q15
 - Feedback from PRA expected in 2H15
- Significant areas of policy development and interpretation remain outstanding

Prudential Economic capital result

- Based on end-2013 model, with minor refinements
- Main change is adoption of Matching Adjustment principles, replacing liquidity premium
 - Significant uncertainties still exist on final Matching Adjustment outcome (e.g. eligibility of certain assets, fundamental spread basis, diversification allowances)
- Other key elements remain unchanged:
 - Deduction and Aggregation for US (250% of RBC) with no diversification
 - Full recognition of economic value of overseas surplus
 - Risk margin included at 6% cost of capital

Economic capital

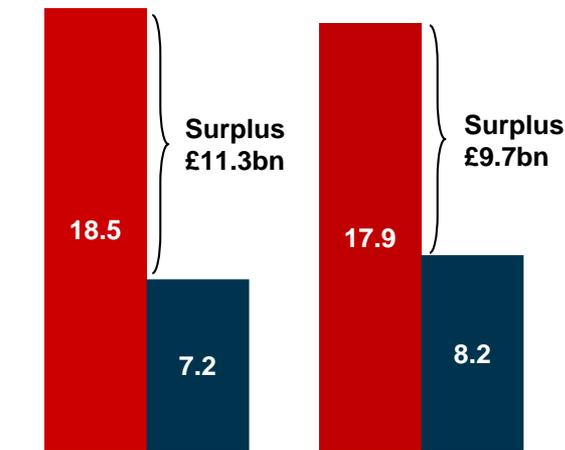
Robust economic capital position

Economic capital surplus¹, £bn

Solvency cover

257%

218%



31 Dec 2013

31 Dec 2014

■ Available capital ■ Required capital

1 Jan 2014

Operating experience

Market / non-operating effects

Capital effects

Dividend

M&A / other

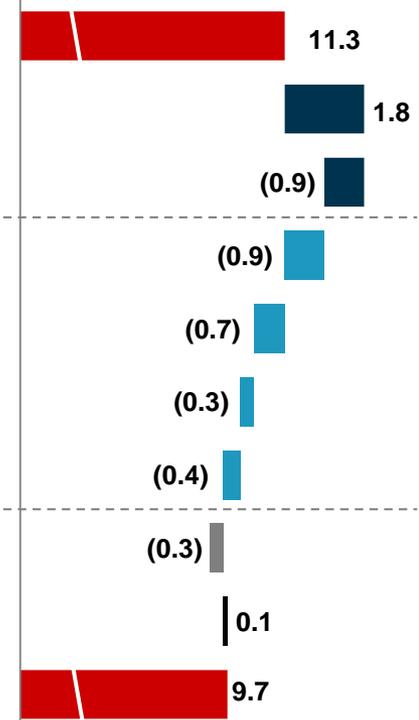
HK domestication

Debt repayment

Model changes

Currency movements

31 Dec 2014



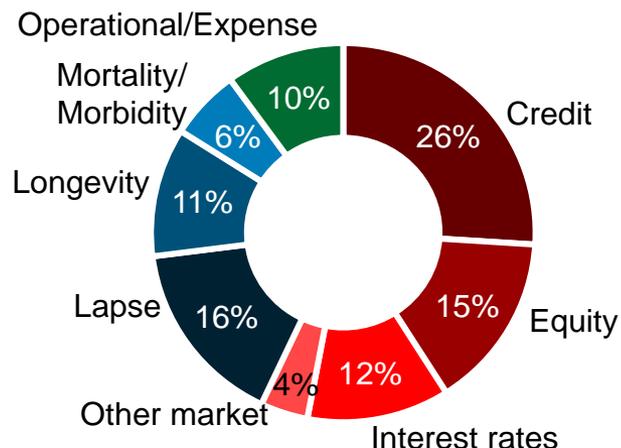
¹ Our economic capital results are based on outputs from our Solvency II internal model. Although the Solvency II and Omnibus II Directives, together with the Level 2 'Delegated Act' published on 17 January 2015, provide a framework for the calculation of Solvency II results, there remain material areas of policy uncertainty and in many areas the Group's methodology and assumptions are subject to review and approval by the Prudential Regulation Authority, the Group's lead regulator. We remain on track to submit our Solvency II internal model to the Prudential Regulation Authority for approval in 2015 but given the degree of uncertainty remaining, the economic capital position disclosed should not be interpreted as output from an approved internal model.



Economic capital

Balanced risk exposures

Economic capital by risk type (before diversification)^{1,2}



Balanced risk exposures mainly arise from:

- Credit (UK annuities and Jackson fixed annuities)
- Equity (with-profits shareholder transfers; unit linked fund charges)
- Interest rates (impact on guarantee costs, offset by impact on discount rate for insurance profits)
- Insurance risks: lapse, longevity, mortality and morbidity (Asia protection products, UK annuities, with-profits shareholder transfers)
- Operational and expense risks

Economic capital sensitivities, £bn¹

	Economic capital surplus	Impact on solvency ratio
Base position (as reported)	9.7	218%
40% equity fall	7.5	(23) ppts
20% equity fall	9.1	(4) ppts
50bp interest rate fall	8.3	(23) ppts
100bp interest rate rise	11.5	+36 ppts
100bp credit spread widening ³	7.6	(28) ppts

¹ There are material areas of uncertainty with regard to methodology and assumptions which remain subject to review and approval by the PRA. These estimates should not be interpreted as outputs from a PRA-approved Solvency II internal model.

² The split by risk type includes Jackson's risk exposures, based on 250% of the US RBC Company Action Level.

³ Stress test includes 15 per cent downgrades in the UK annuity portfolio and credit defaults of 10 times the expected level in Jackson.

Balance sheet

Well capitalised and defensively positioned



Maintained capital strength

- IGD surplus £4.7bn equivalent to cover of 2.4 times
- With-profits estate of £7.2bn¹ (1 January 2014: £6.8bn)
- Jackson RBC ratio of 456% (2013: 450%)

Strong liquidity position

- £1.5bn of central cash resources
- £2.6bn of untapped liquidity facilities

Credit position improved

- UK: £2.2bn default provision
- Unrealised gains on US debt securities of £1.8bn (31 December 2013: £0.8bn)
- US net recoveries in 2014 of £7m (2013: impairments of £4m)

Continued balance sheet conservatism

- Variable annuity hedging remains robust
- Conservative asset mix with 95% of credit portfolio rated investment grade²
- Oil and gas exposure is high quality and diversified

¹ 1 January 2014 amount is after a £1.2 billion reduction representing the estate transfer following domestication of the Hong Kong branch of the PAC With-Profits fund.

² Shareholder-backed business.

- Strong operating performance
- Resilient in-force cash generation
- Robust balance sheet position
- Positive financial outlook

Prudential plc 2014 full year results

Agenda

Business Review

Tidjane Thiam

Financial Review

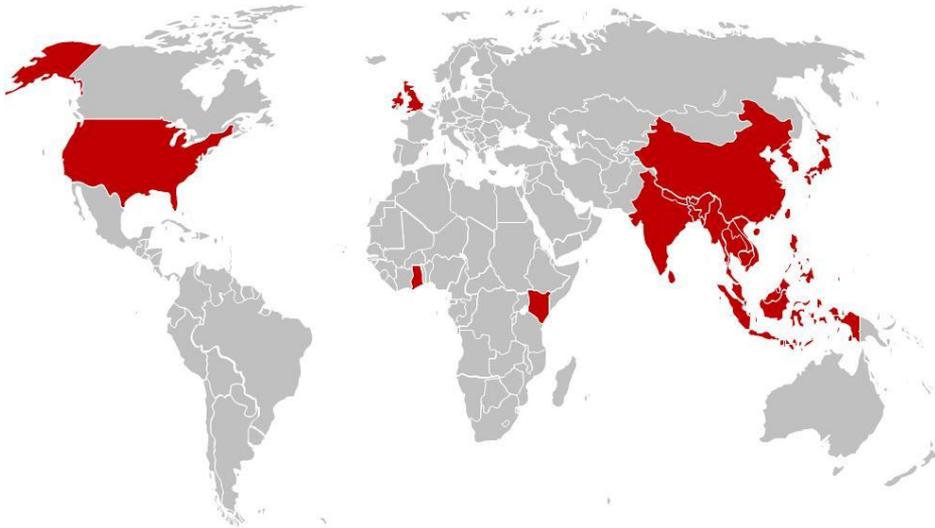
Nic Nicandrou

Outlook

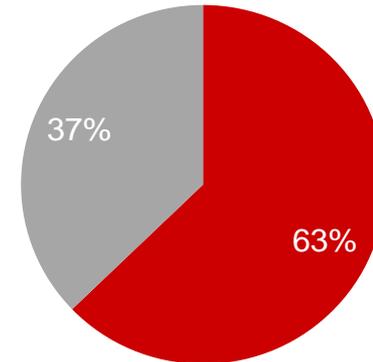
Tidjane Thiam

Group Geographic footprint

Prudential footprint



% of GDP growth¹, 2014-2019, \$bn



■ Prudential footprint
■ Rest of World

Prudential

24m life customers

Global growth

\$13.9 trillion

¹ IMF World Economic Outlook – October 2014



Significant protection gap and investment needs of the Asian middle class



Transition of US 'baby-boomers' into retirement



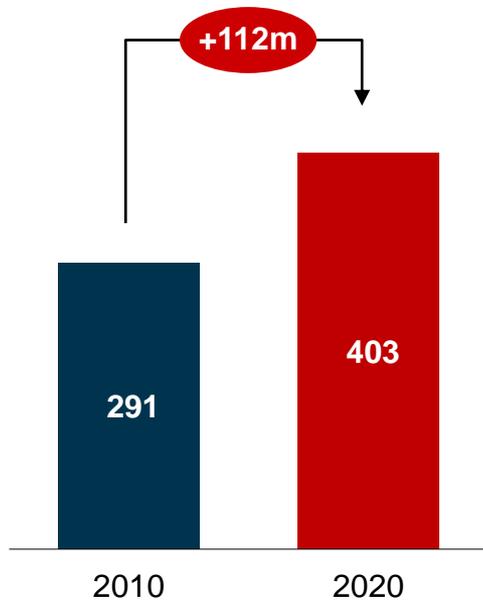
UK 'savings gap' and ageing population in need of returns / income

Group

Significant growth opportunities

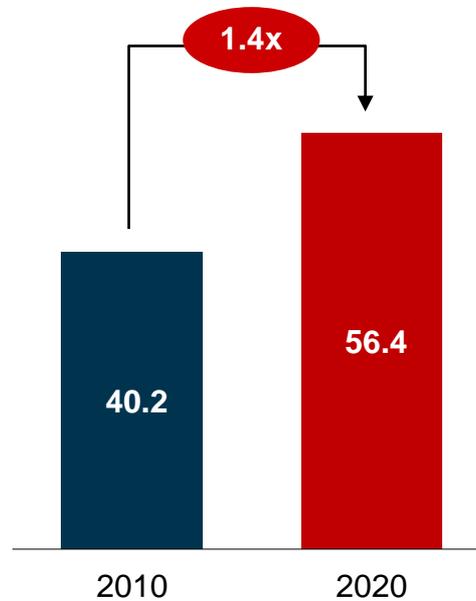
Asia

Sweet spot middle class¹, m



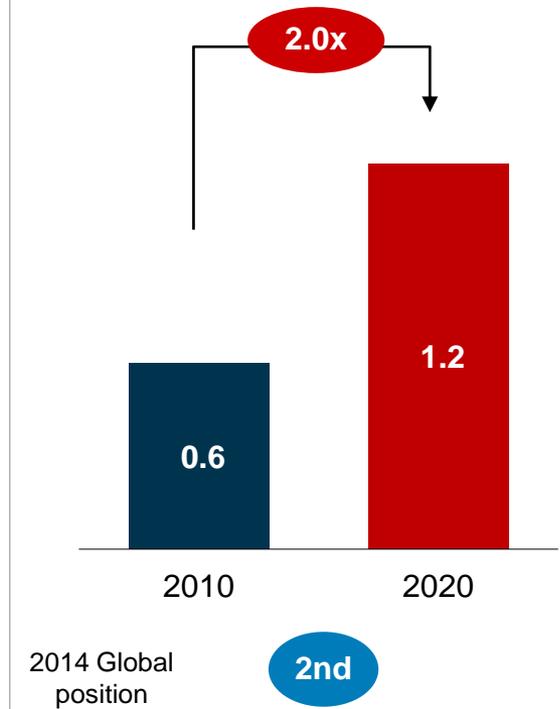
US

Retiree population², m



UK

Assets under mgt³, £tn



¹ Asian Development Bank (ADB). Key indicators for Asia and the Pacific 2010. Prudential estimates.

² Retiree population are individuals +65 years old. Source: U.S Census Bureau population projections December 2014.

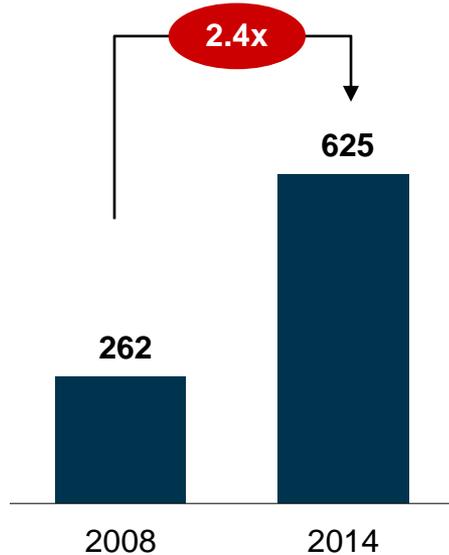
³ IMA Funds Under Management. E&Y forecasts and Prudential estimates.

Group

Disciplined execution

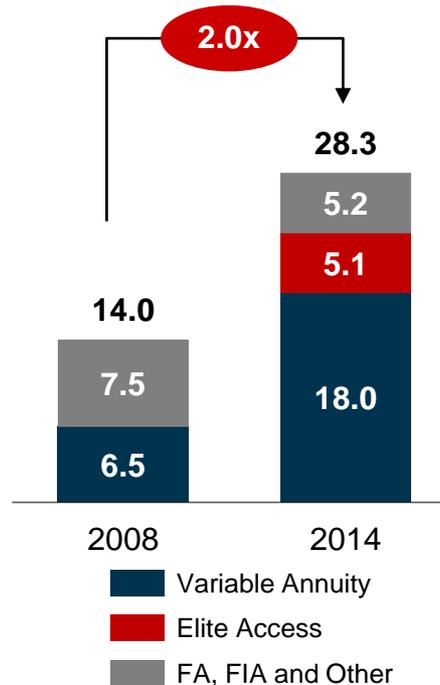
Asia

Health and Protection APE¹, £m



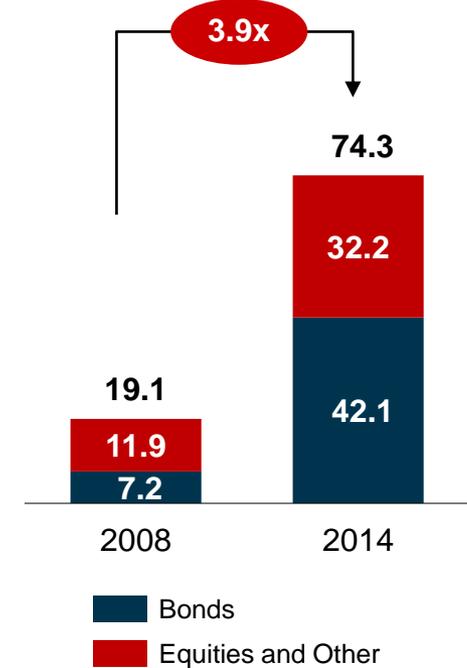
US

Sales and deposits by product, \$bn



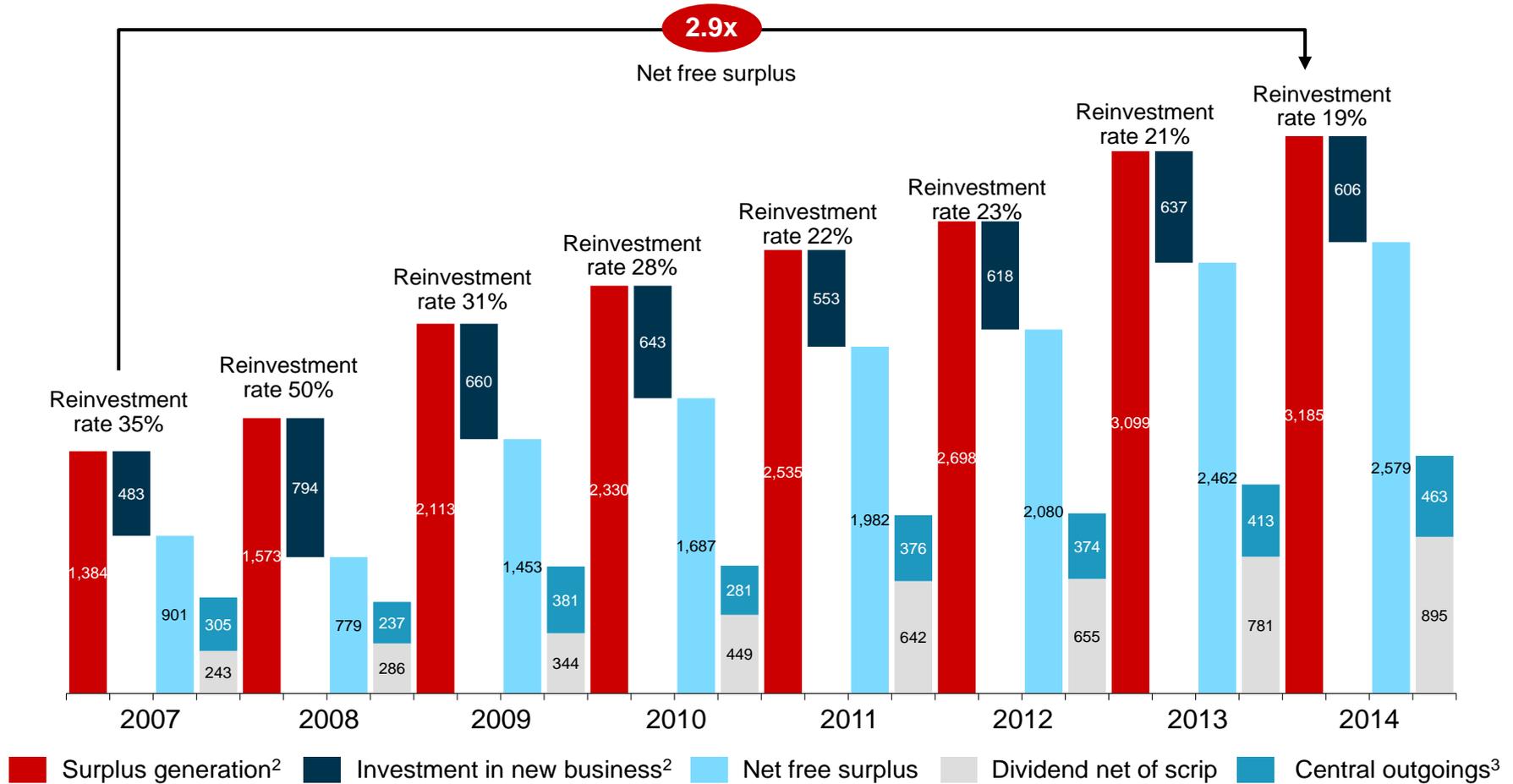
UK

M&G retail FUM, £bn



¹ Comparatives have been stated on an actual exchange rate basis

Free surplus and dividend¹, £m



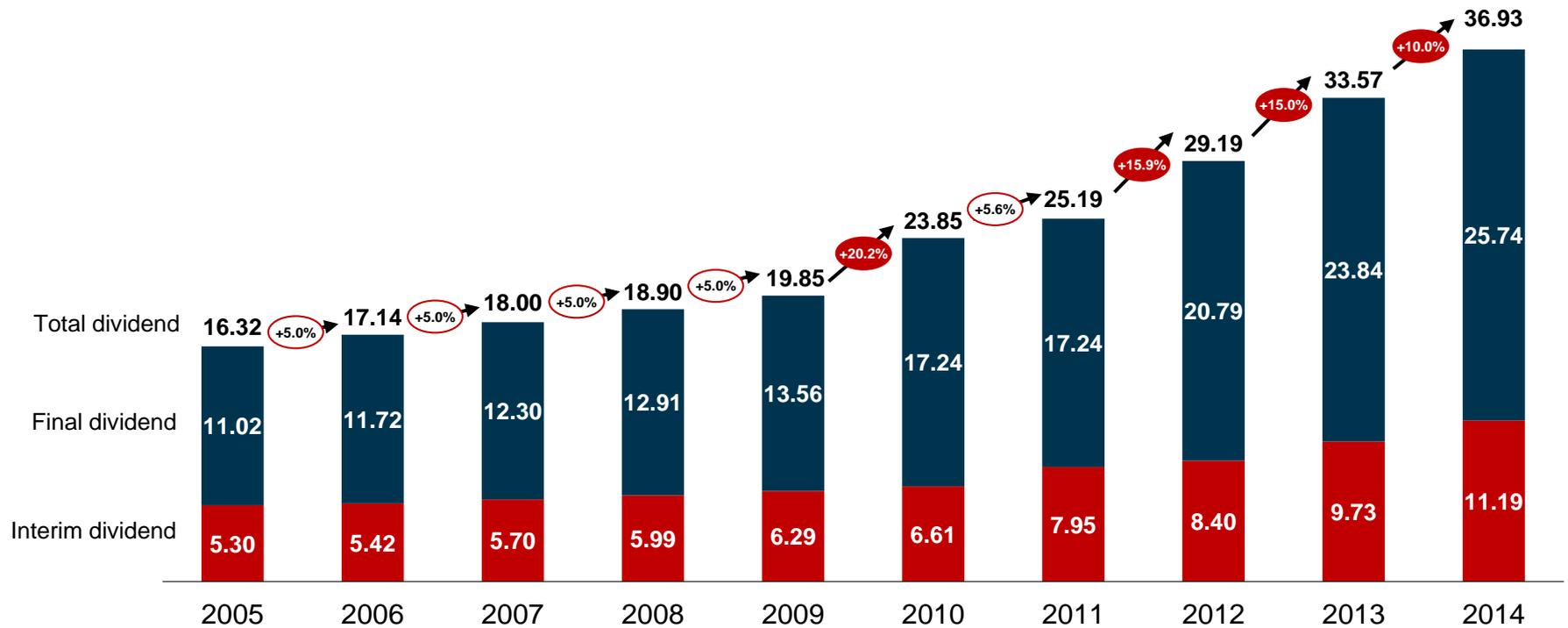
¹ Comparatives have been stated on an actual exchange rate basis

² Comparatives adjusted for new and amended accounting standard and excludes Japan Life.

³ Central outgoings includes RHO costs.

Group Delivering cash

Dividend, pence per share



- Strong 2014 performance
- Disciplined execution of clear unchanged strategy
- Asia central to Group prospects
- Well positioned to deliver long-term shareholder value



Appendix

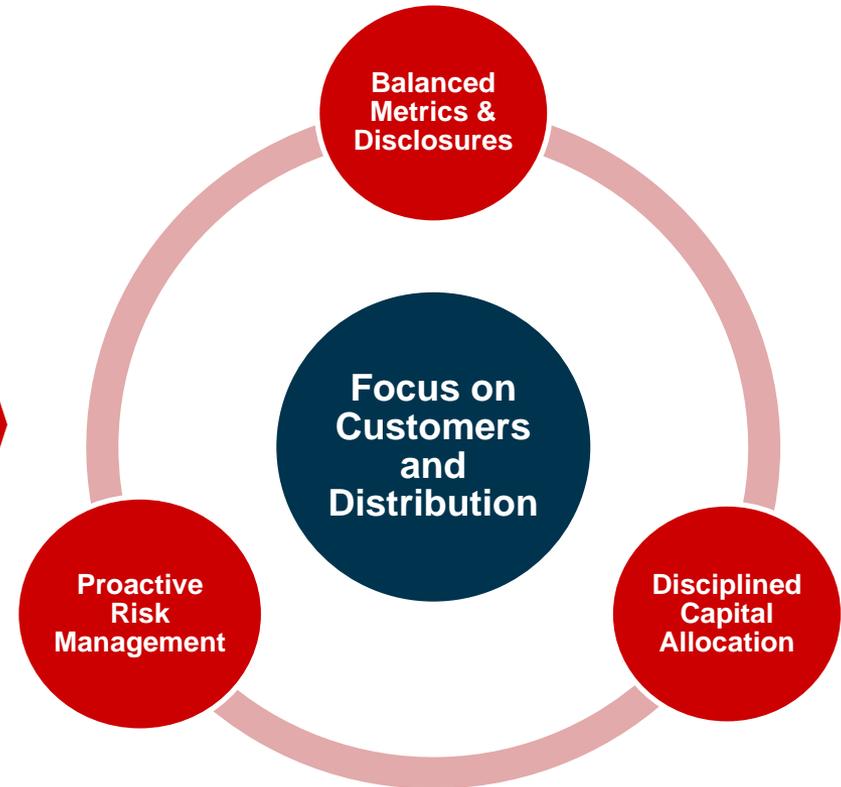
Strategy

We have a clear strategy underpinned by clear operating principles

Strategy



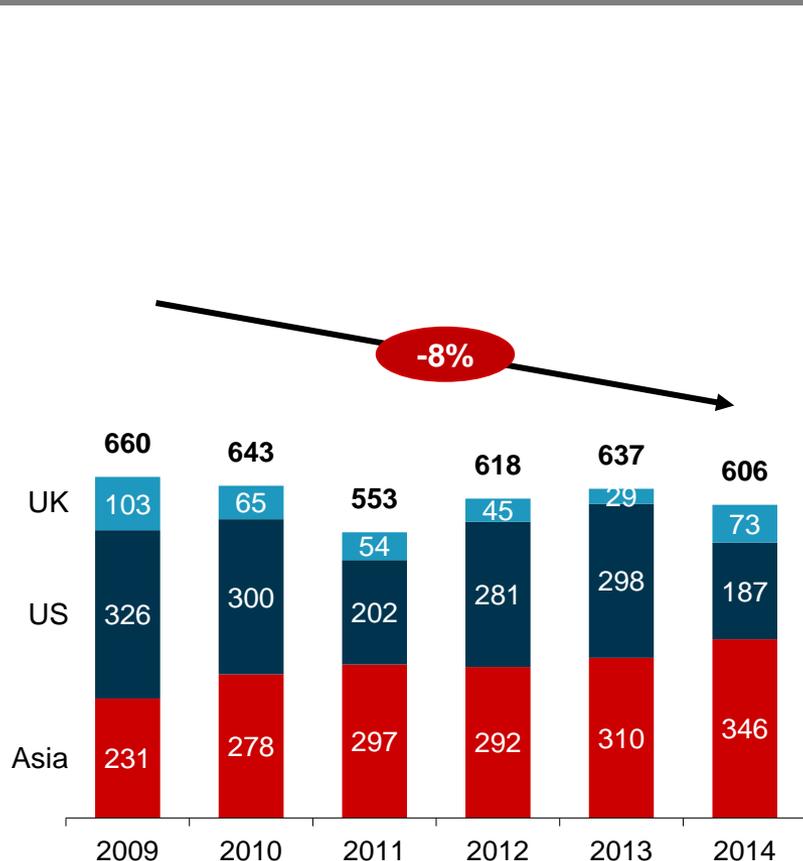
Operating Principles



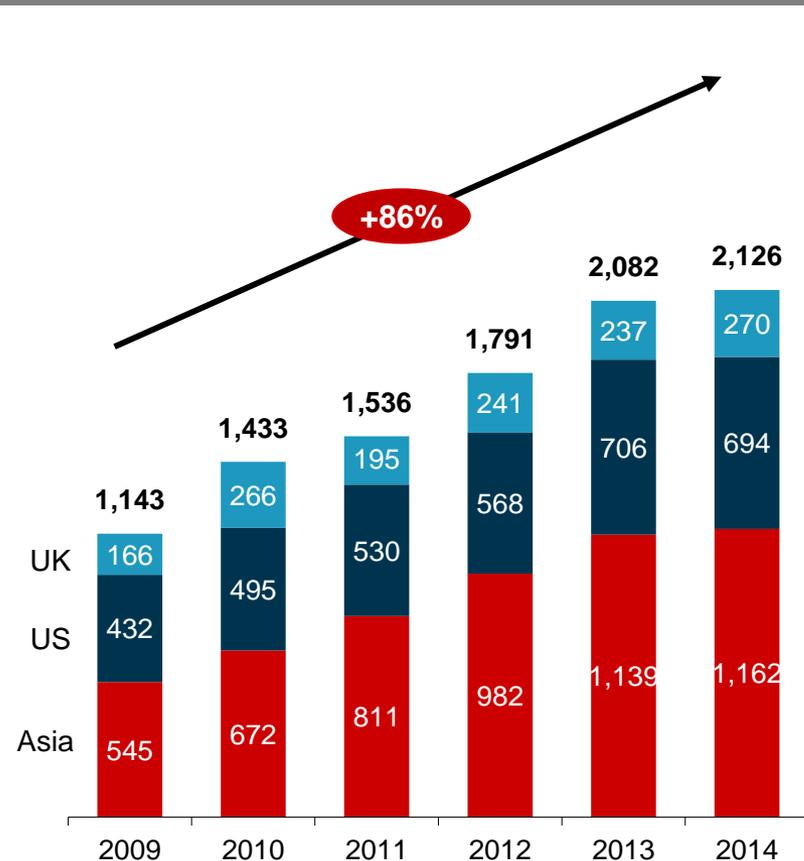
Disciplined capital allocation

New business profit growth

New business strain^{1,2}, £m



New business profit^{2,3}, £m



¹ Free surplus invested in new business.

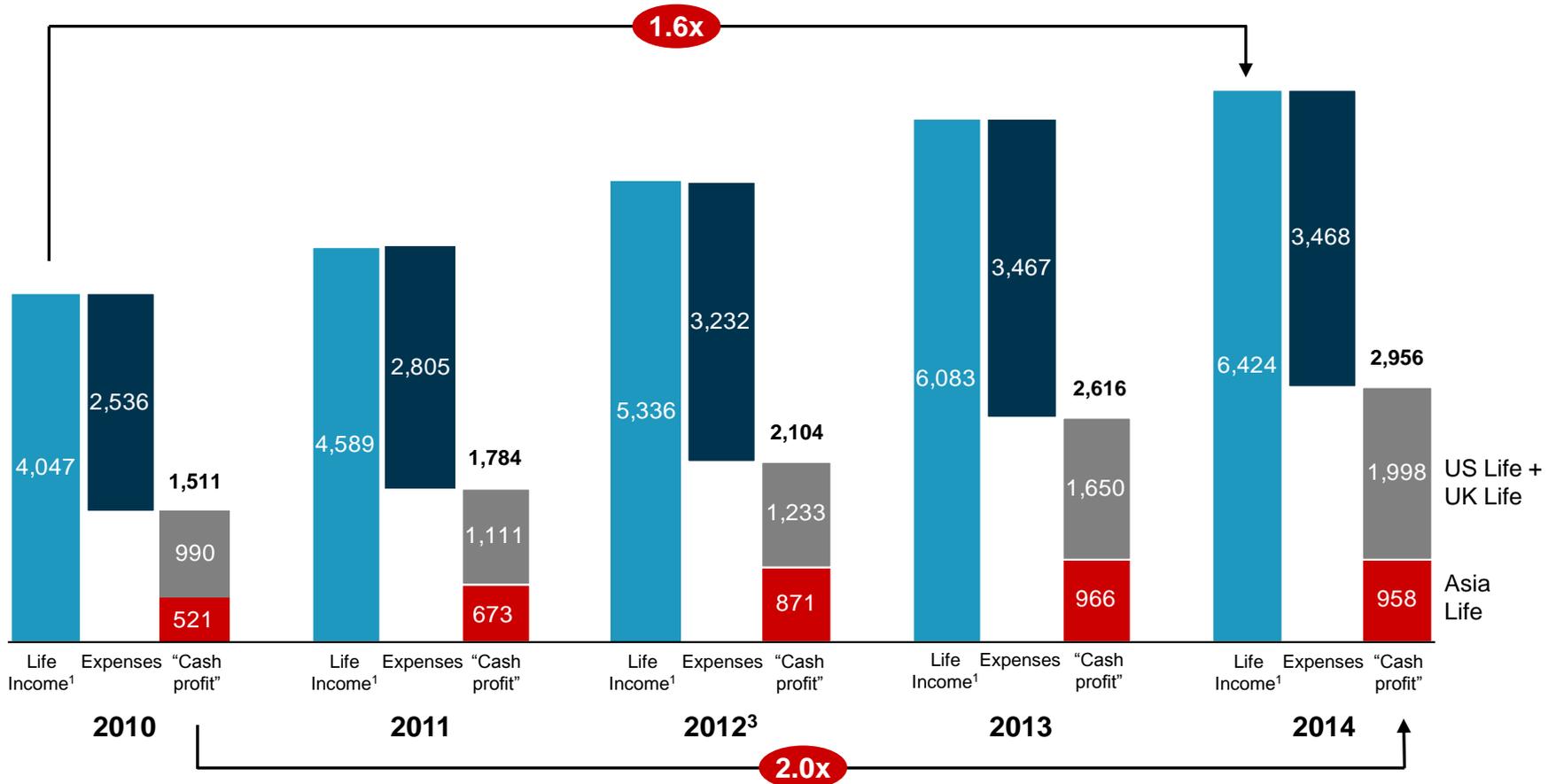
² Excludes Japan and Taiwan agency.

³ On a post-tax basis.

Life IFRS operating income

High quality earnings

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



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

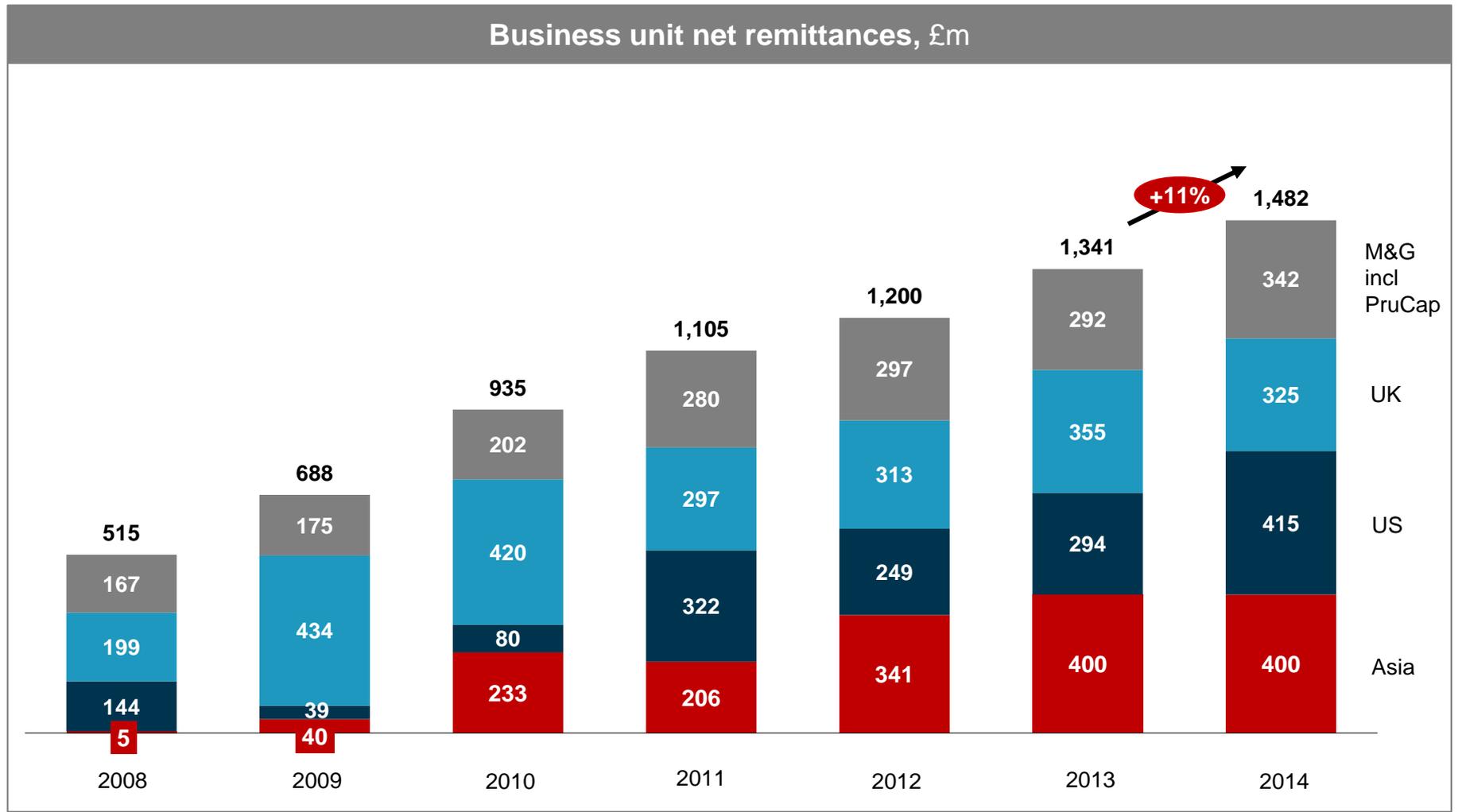
² Life income is sum of spread income, fee income, technical and other margin, with-profits and expected returns.

³ 2012 Life Income excludes gain on sale of China Life of Taiwan (£51m).



Delivering cash

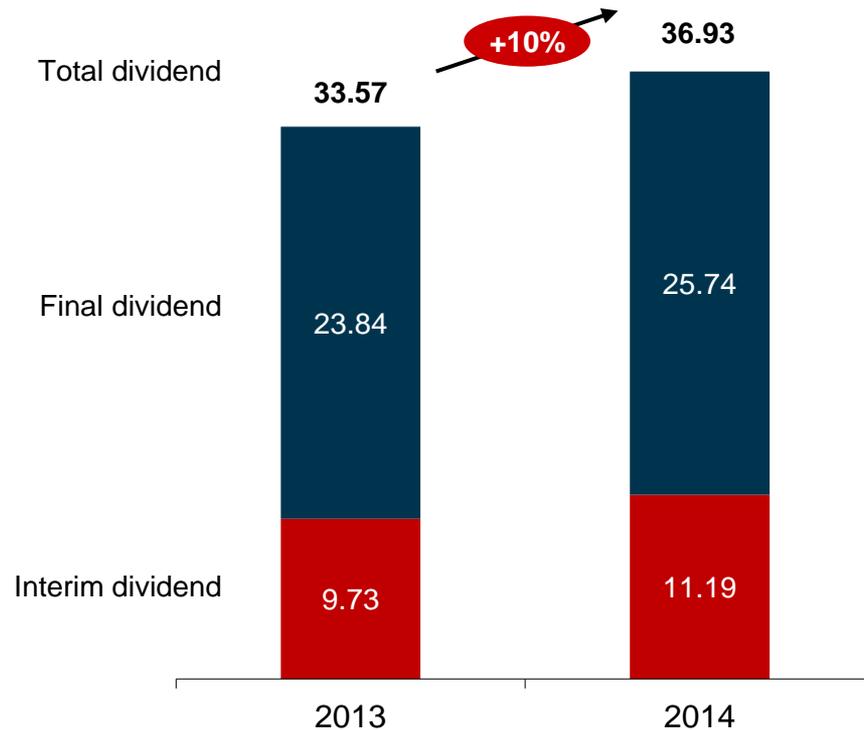
Cash remittances to Group



Dividend

Total dividend increased by 10%

Dividend, pence per share



- 2014 dividend increased by 10 per cent to 36.93 pence per share
- Ex-dividend date: 26 March 2015¹
- Record date: 27 March 2015
- Payment of dividend: 21 May 2015²

¹ For shares listed on Singapore Exchange, 25 March 2015.

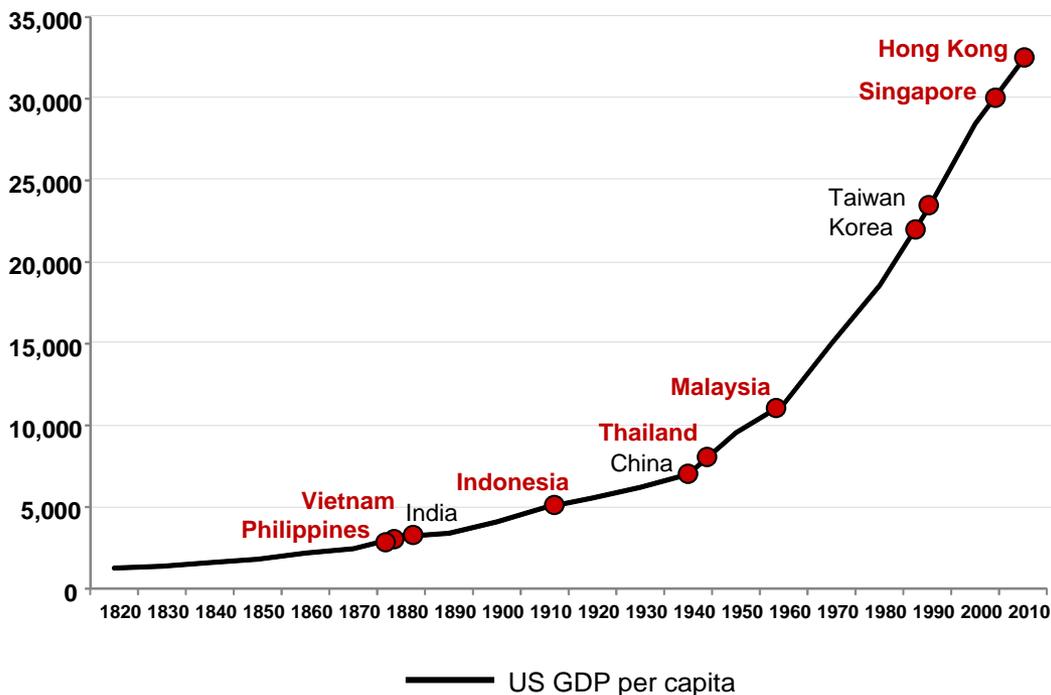
² For shares listed on Singapore Exchange, on or about 28 May 2015; for ADR holders, on or about 29 June 2015.



Asia

Long term opportunity

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



- Pan Asian leader: #1 by NBP²
- Top 3 in 8 /11 Asian countries³
- Market leading platform
 - Over 550,000 agents
 - Access to 5,155 bank branches with top 5 partners
 - 13.1 million customers

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

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

³ Source: based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Excludes Cambodia, Myanmar and Japan. Market Share data as of latest; India and China ranking and market share among foreign / JV / Private only. Singapore includes onshore only. Thailand Market share is post acquisition of Thanachart Life.

Asia

Favourable dynamics

		Prudential customers as a % of total population ²	GDP (\$bn) ²	2014 GDP growth (%) ²
Sweet Spot markets	 Indonesia (1995) ¹	1.0%	915	5.5
	 Philippines (1996)	0.2%	289	6.3
	 Thailand (1995)	0.9%	391	4.6
	 Vietnam (1999)	1.4%	180	5.6
	 Hong Kong (1964)	12.4%	282	3.3
	 Malaysia (1924)	6.5%	332	5.2
	 Singapore (1931)	15.1%	307	3.0
JV's	 India (2000)	0.3%	1,982	6.4
	 China (2000)	0.06%	10,168	7.1
Mature Markets	 Taiwan (1999)	1.0%	506	3.8
	 Korea (2002)	0.6%	1,353	4.0
Nascent Markets	 Cambodia (2013)	0.1%	17	7.3
	 Myanmar (2013)	-	62	8.5

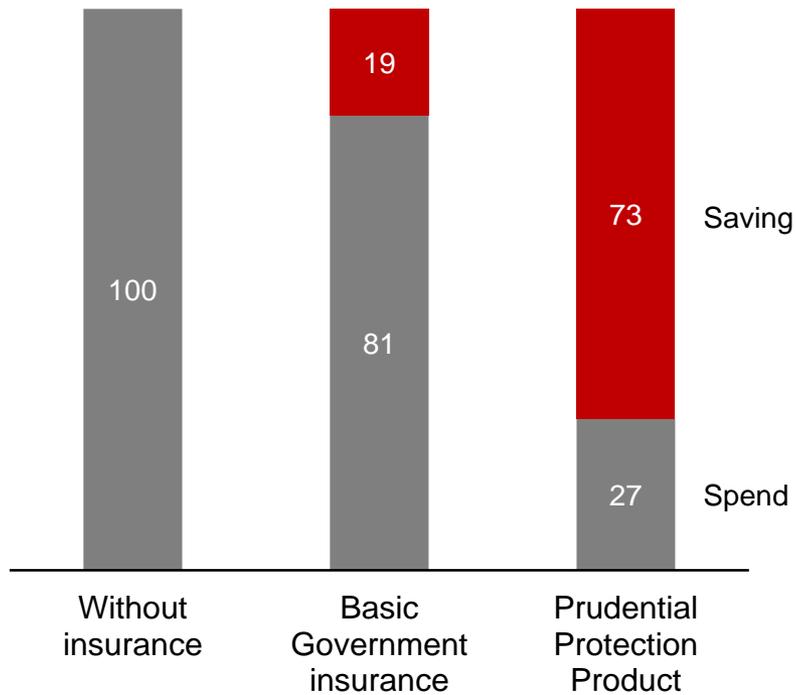
¹ Year in bracket denotes start of operation.

² Source IMF. GDP in \$bn for 2014 (estimated).

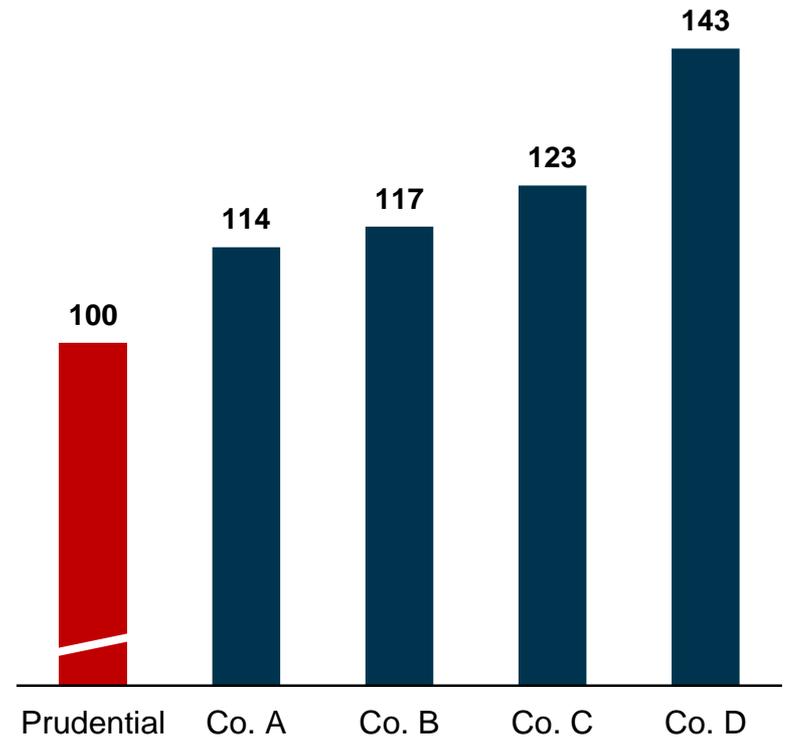
Asia Life

Products meet customer needs and create shareholder value

Health and Protection – Out of pocket medical expenses¹



Annual premium for a customer aged 50 (indexed)



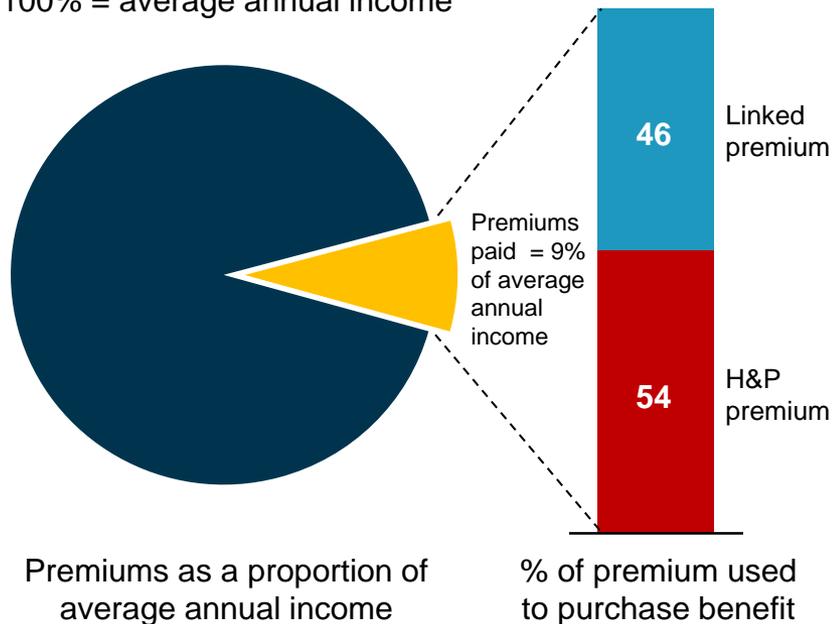
¹ Expenses for a male aged 50 for heart diseases and heart surgery treatment.

Asia

Affordable products underpin consumer demand

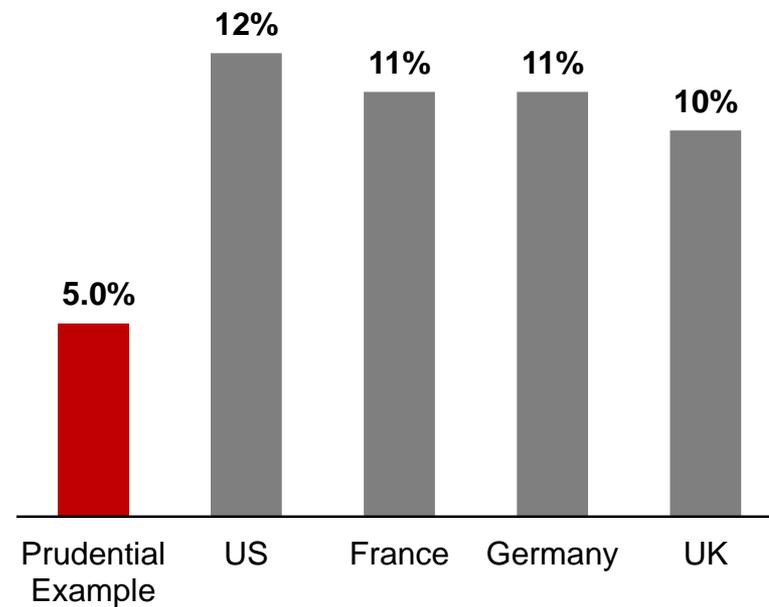
Prudential product premium¹

100% = average annual income



Developed markets health insurance spend²

Healthcare spend as % of average annual income²



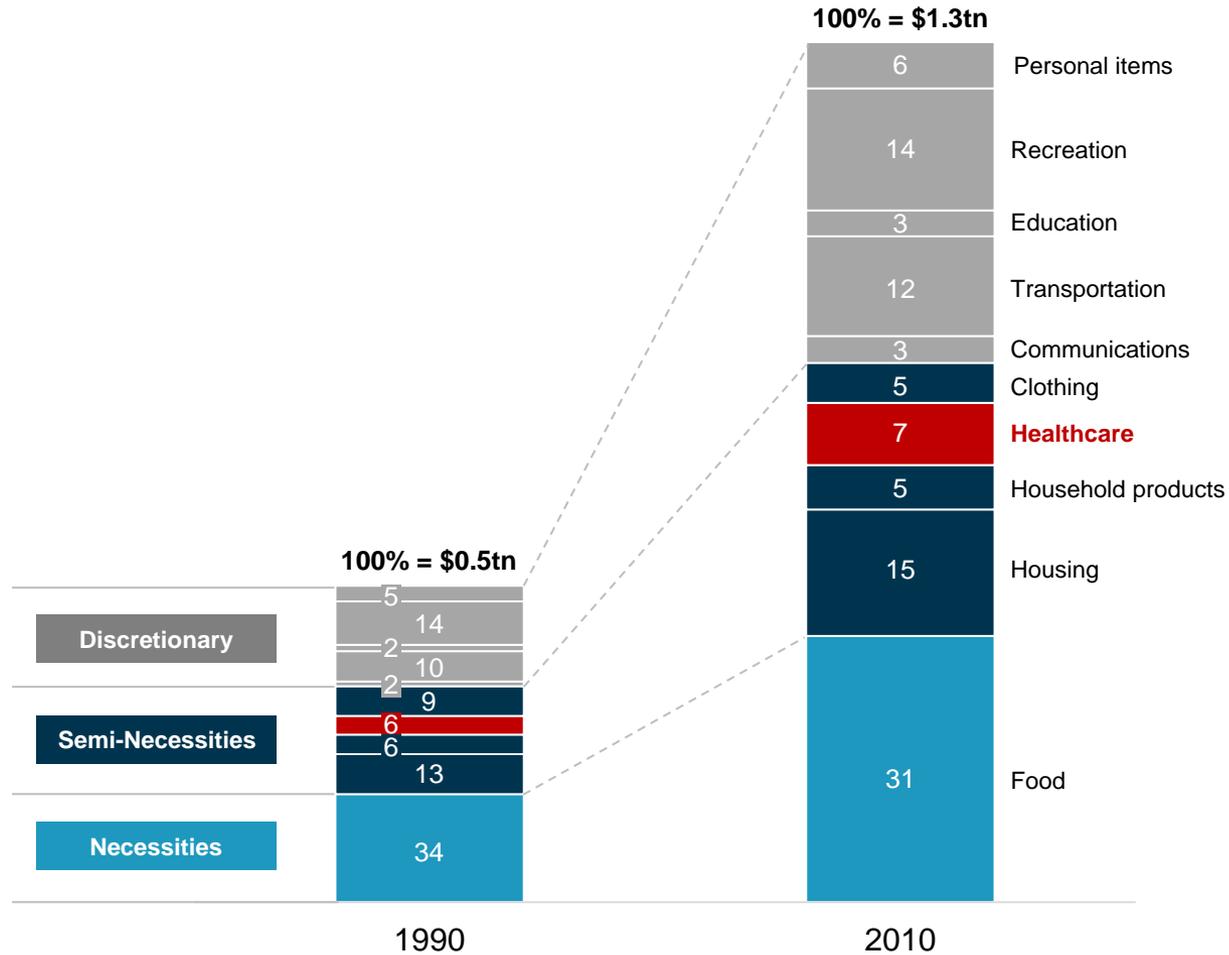
¹ Average Prudential customer spend on insurance products.

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

Asia

Growing demand for healthcare

Household consumption by category¹, %



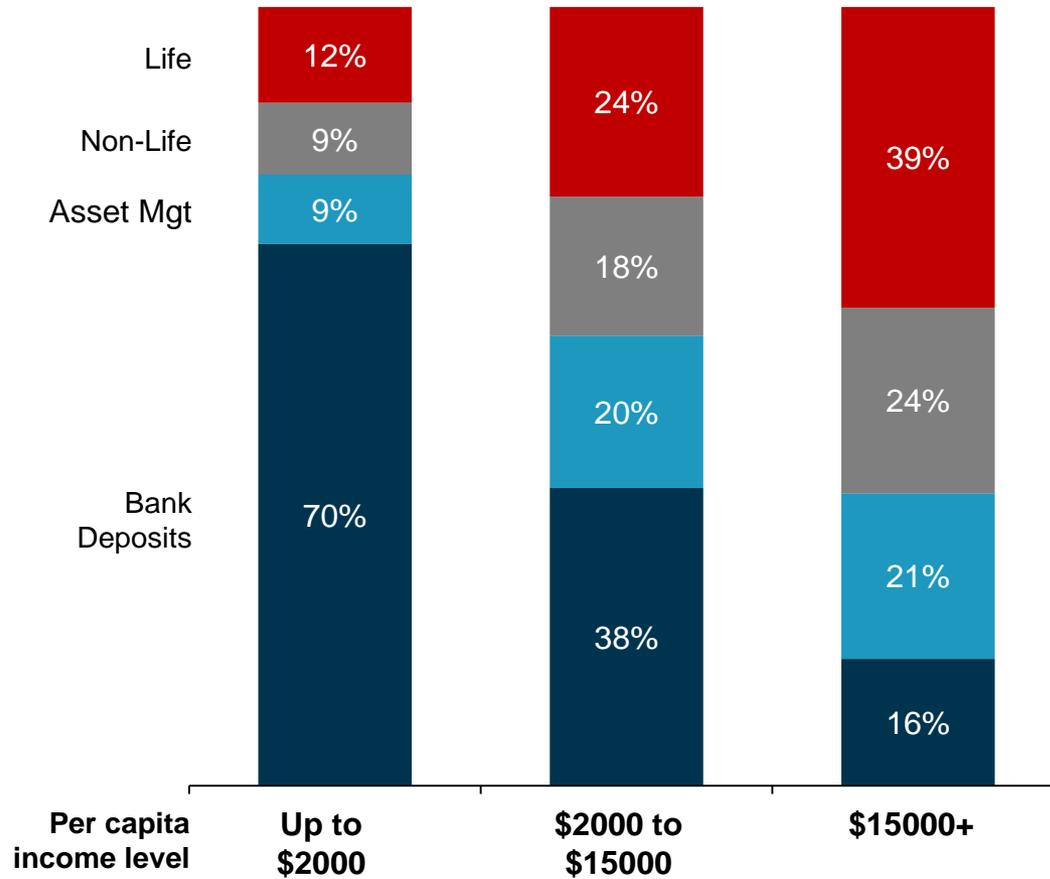
¹ Euromonitor, McKinsey, Prudential estimates.



Asia distribution

Wealth and financial assets ownership

Breakdown of personal financial assets



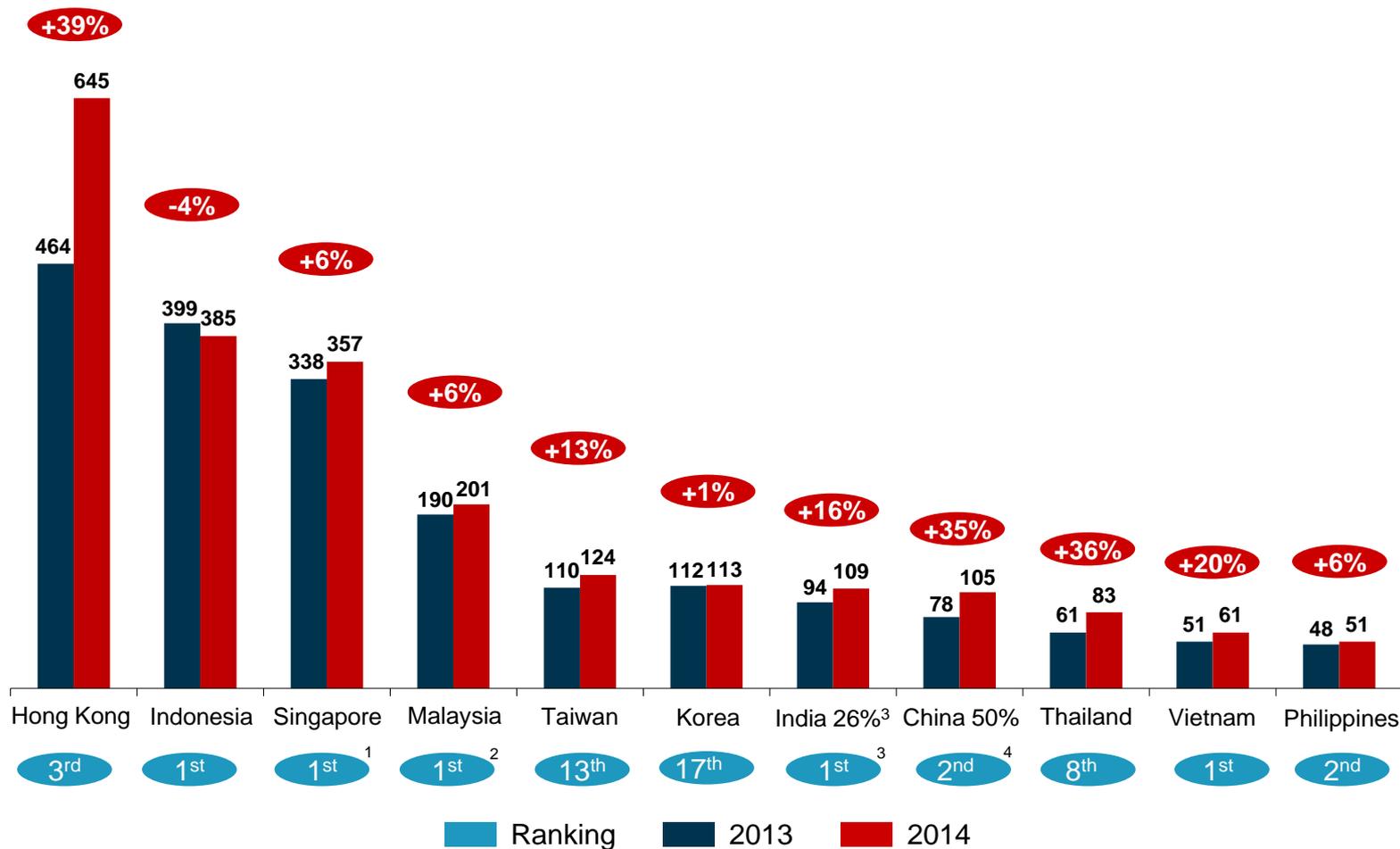
Source: Oliver Wyman analysis; Prudential analysis.



Asia Life

APE by market

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



¹ Singapore includes onshore only, excluding Eldershiel and DPS.

² Includes Takaful sales @100%.

³ Ranking amongst private players.

⁴ Ranking amongst foreign JVs/players.

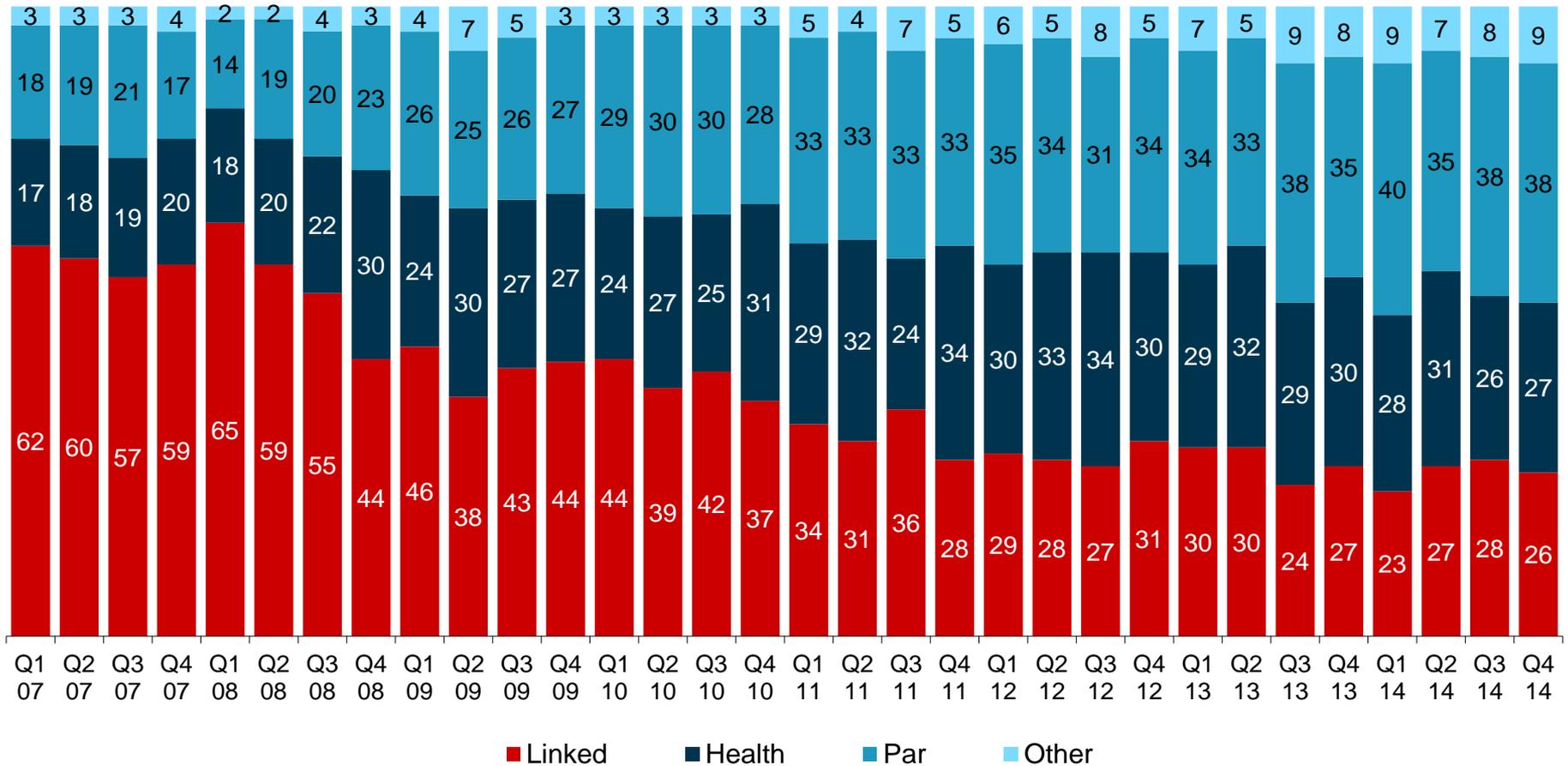
Source: Based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on the availability of data).



Asia Life

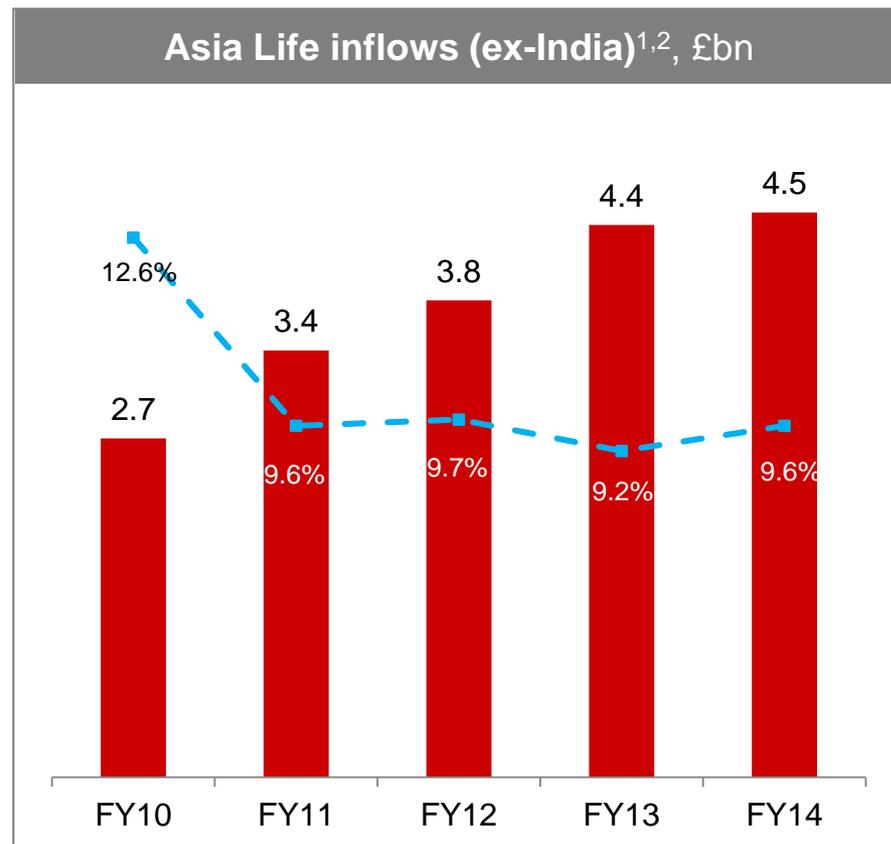
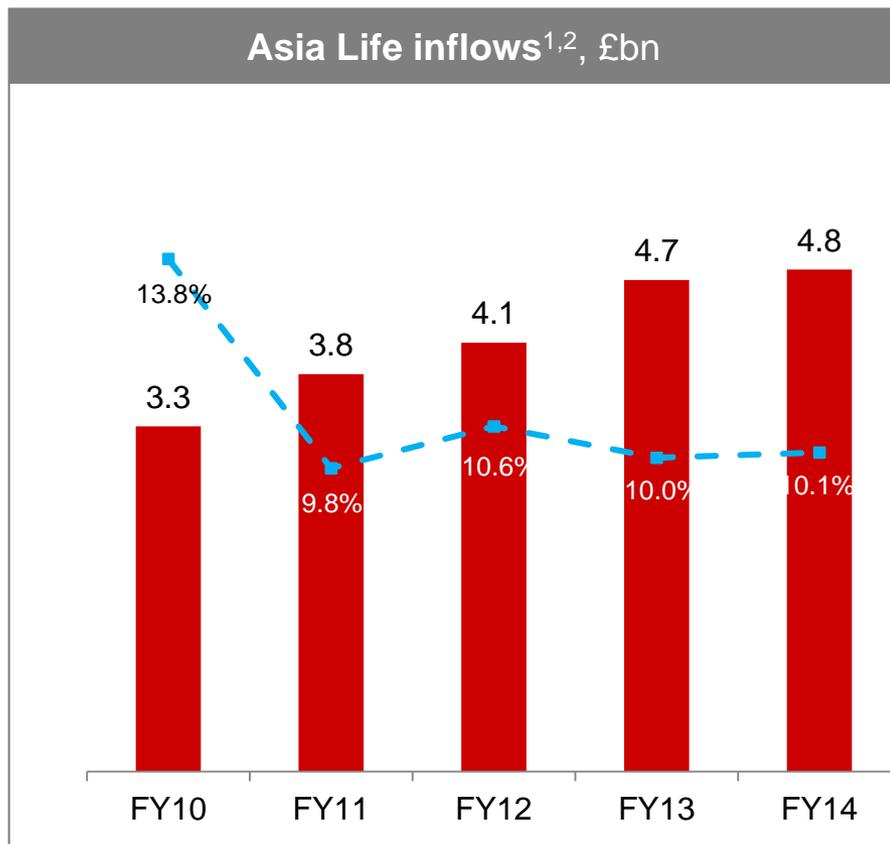
APE sales by product - percent

Asia APE by product, %



Asia Life

Flows and persistency



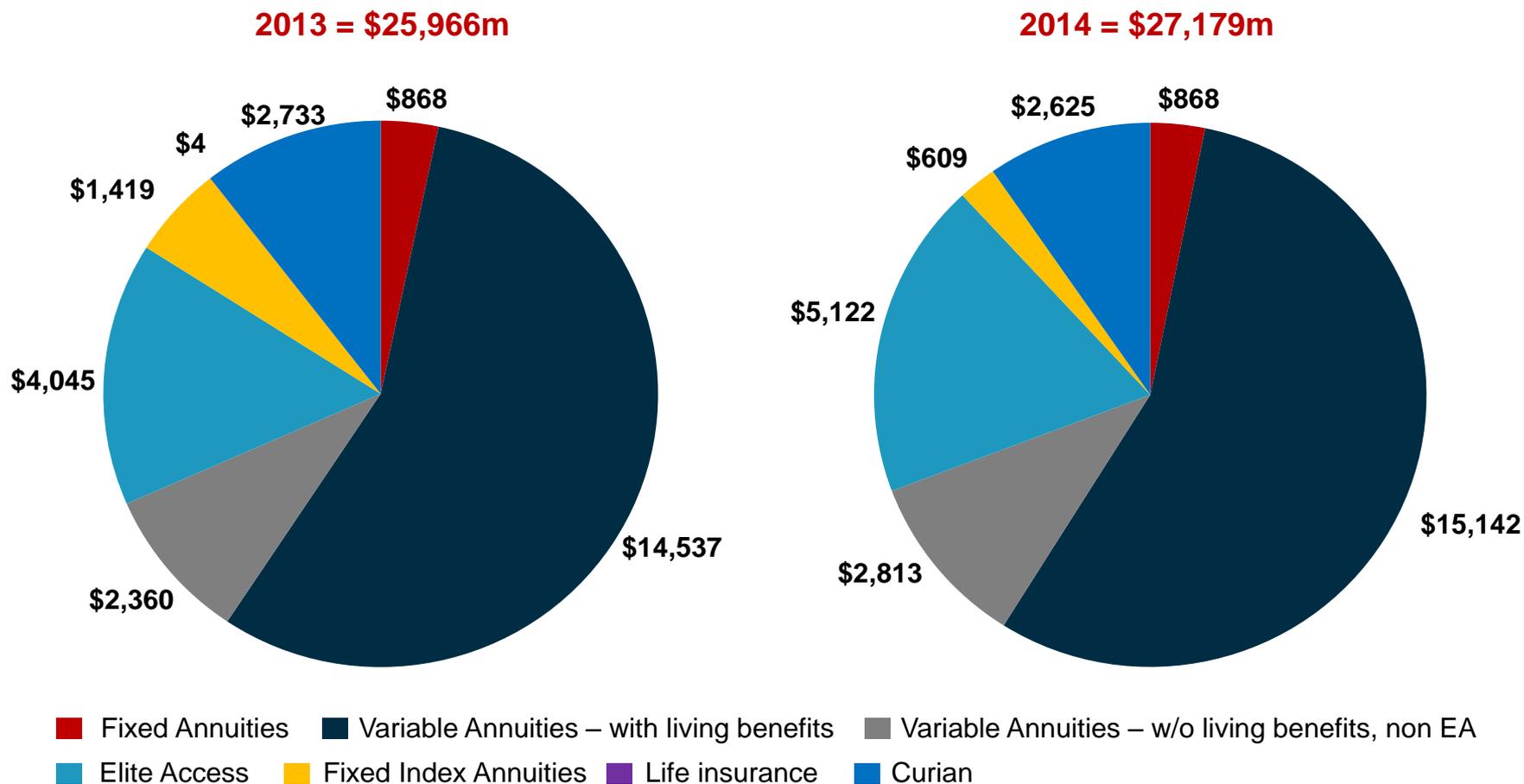
--- Surrenders/withdrawals as % of opening liabilities

¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins).

² Japan is excluded from the 2014 and 2013 flows and surrender rates. If 2012 was stated on a comparable basis, the total Asia Life inflows would be £4.1bn, and the surrender rates would be 10.6%; Asia Life inflows (ex-India) would be £3.7bn, and the surrender rates would be 9.7%.

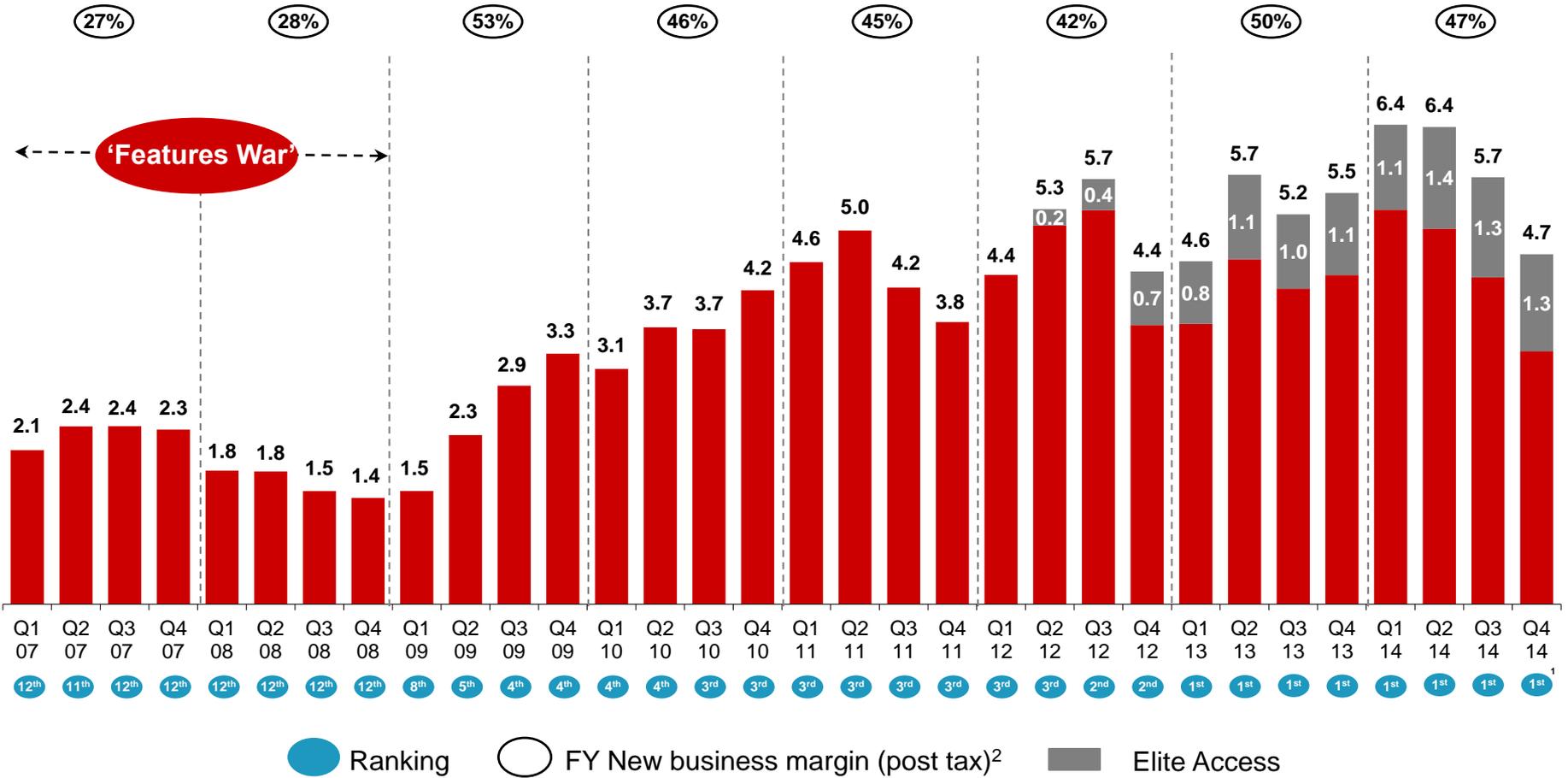
US retail sales and deposits 2014

Retail sales and deposits, \$m



US Life VA volumes

VA volumes by quarter, sales US\$bn



¹ Estimated.
² Previously disclosed pre-tax margins have been adjusted at a notional tax rate of 35%, and are now presented as post tax.

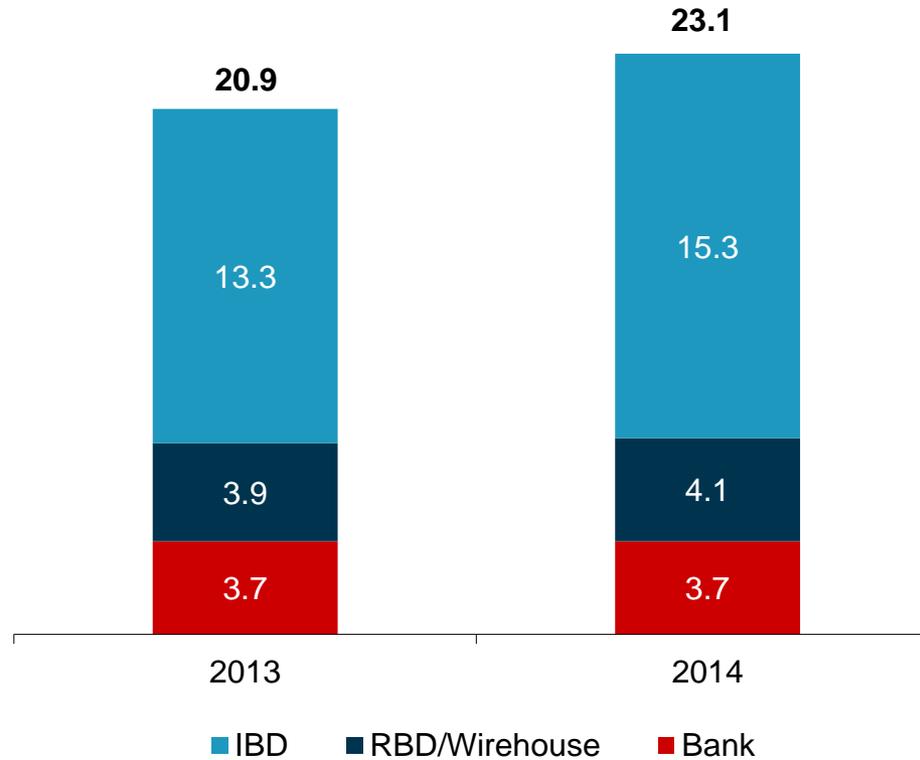


US Life

Variable annuity distribution

Variable annuity sales by distribution channel, US\$bn

2014 includes \$5.1bn of Elite Access sales (2013: \$4.0bn)

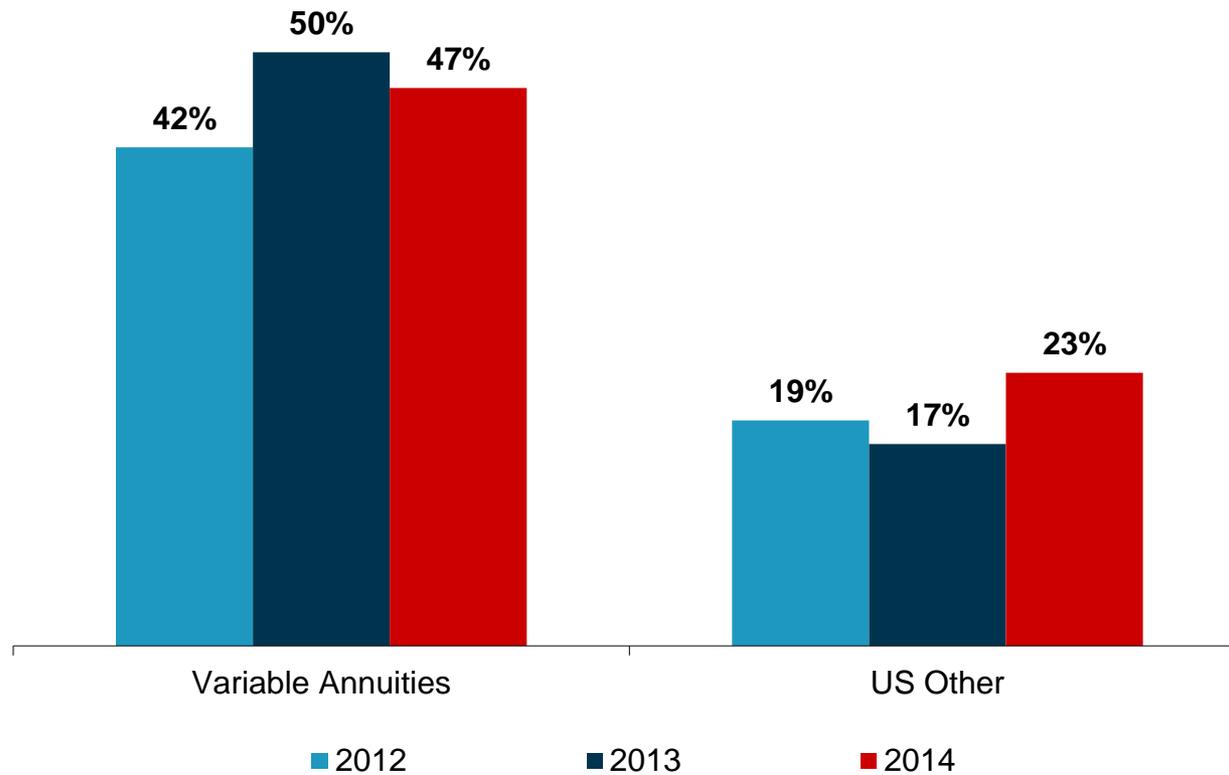


IBD: Independent Broker/Dealer, RBD: Regional Broker Dealer.

US Life

New business margin

New business margin¹ – % APE



¹ On a post-tax basis.

US IFRS profit

DAC impact on results

Impact on results of DAC amortisation, £m

	2013	2014
Gross profits¹	1,716	1,944
New business strain²	(198)	(209)
DAC Amortisation		
- Core	(485)	(474)
- (acceleration) / deceleration	82	(13)
Operating result	1,115	1,248

Core as % of Gross profits

28%

24%

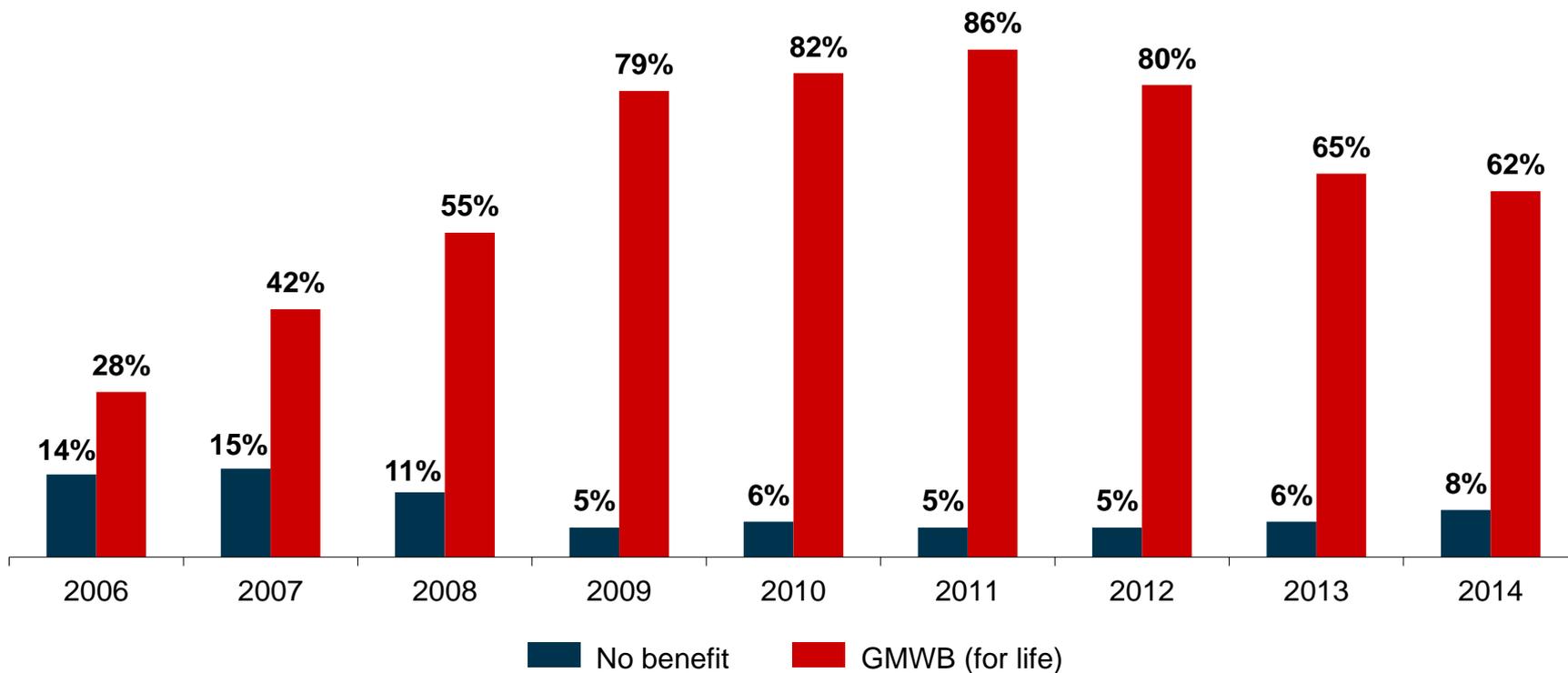
¹ Gross profits equals IFRS operating profit pre acquisition costs and pre DAC, excluding REALIC.

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

US Life

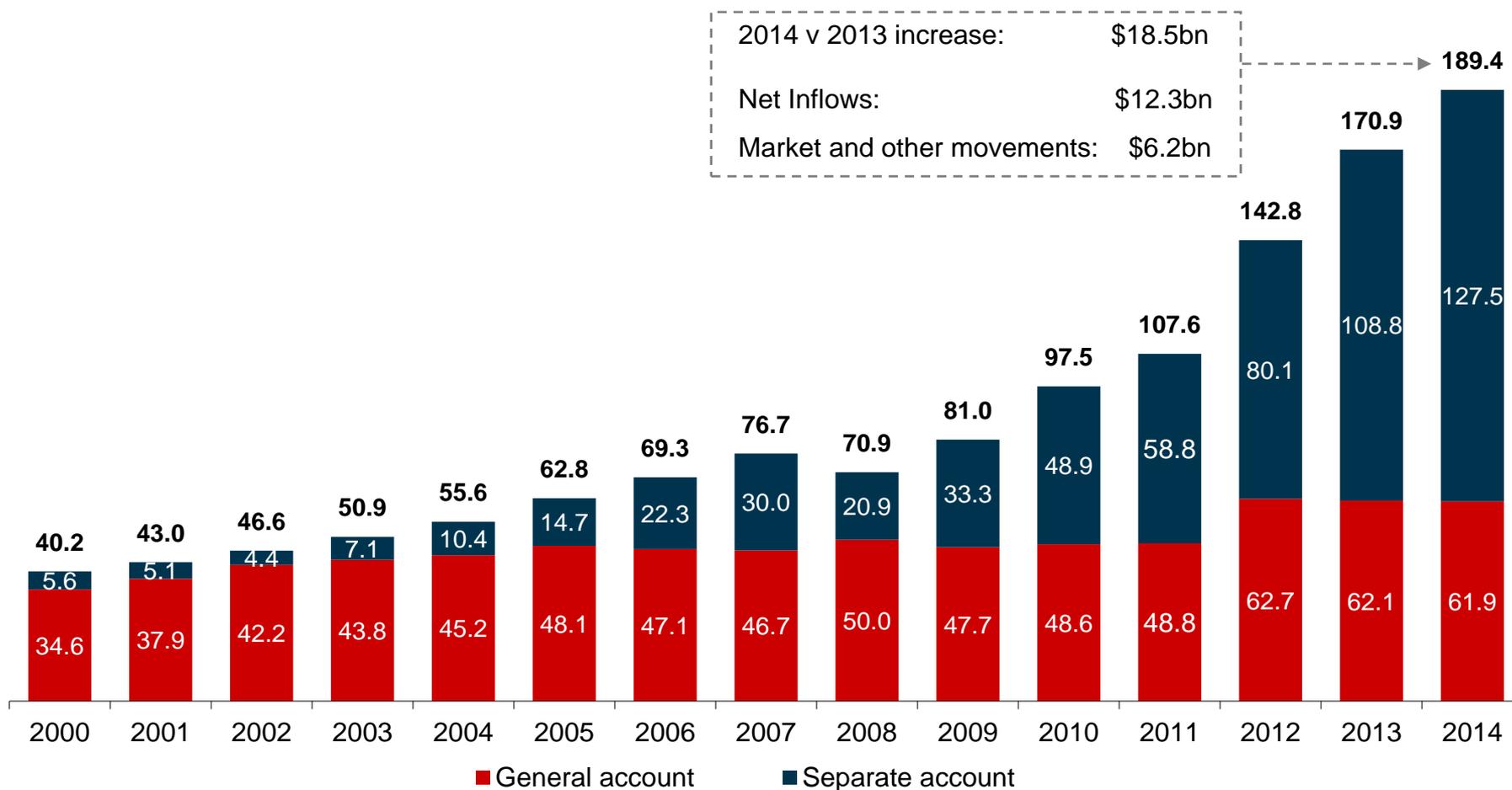
Policyholder behaviour

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



US Life Asset growth

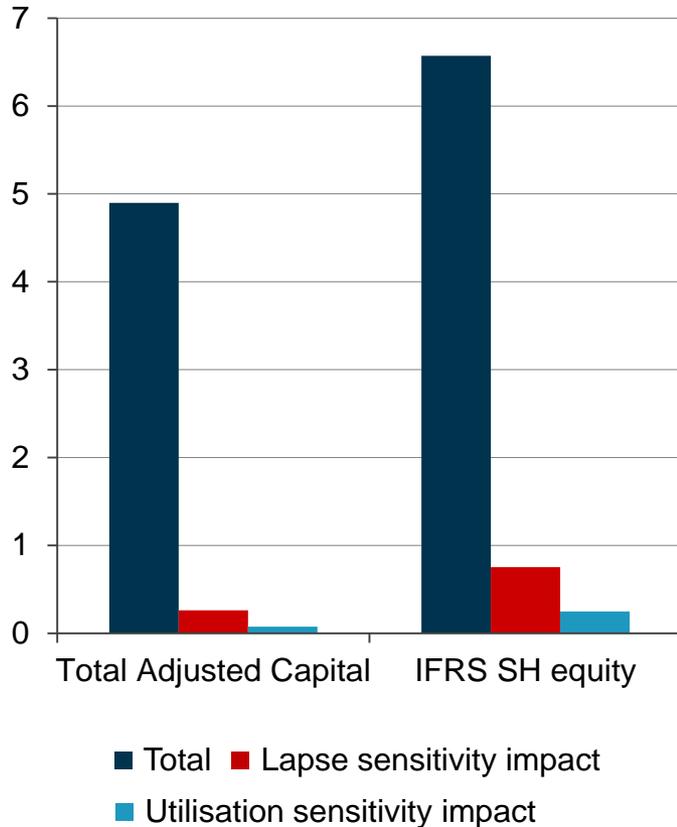
Growth in statutory admitted assets, US\$bn



Resilient balance sheet

GMWB policyholder behaviour sensitivities

GMWB policyholder behaviour sensitivities, FY 2014 US\$bn

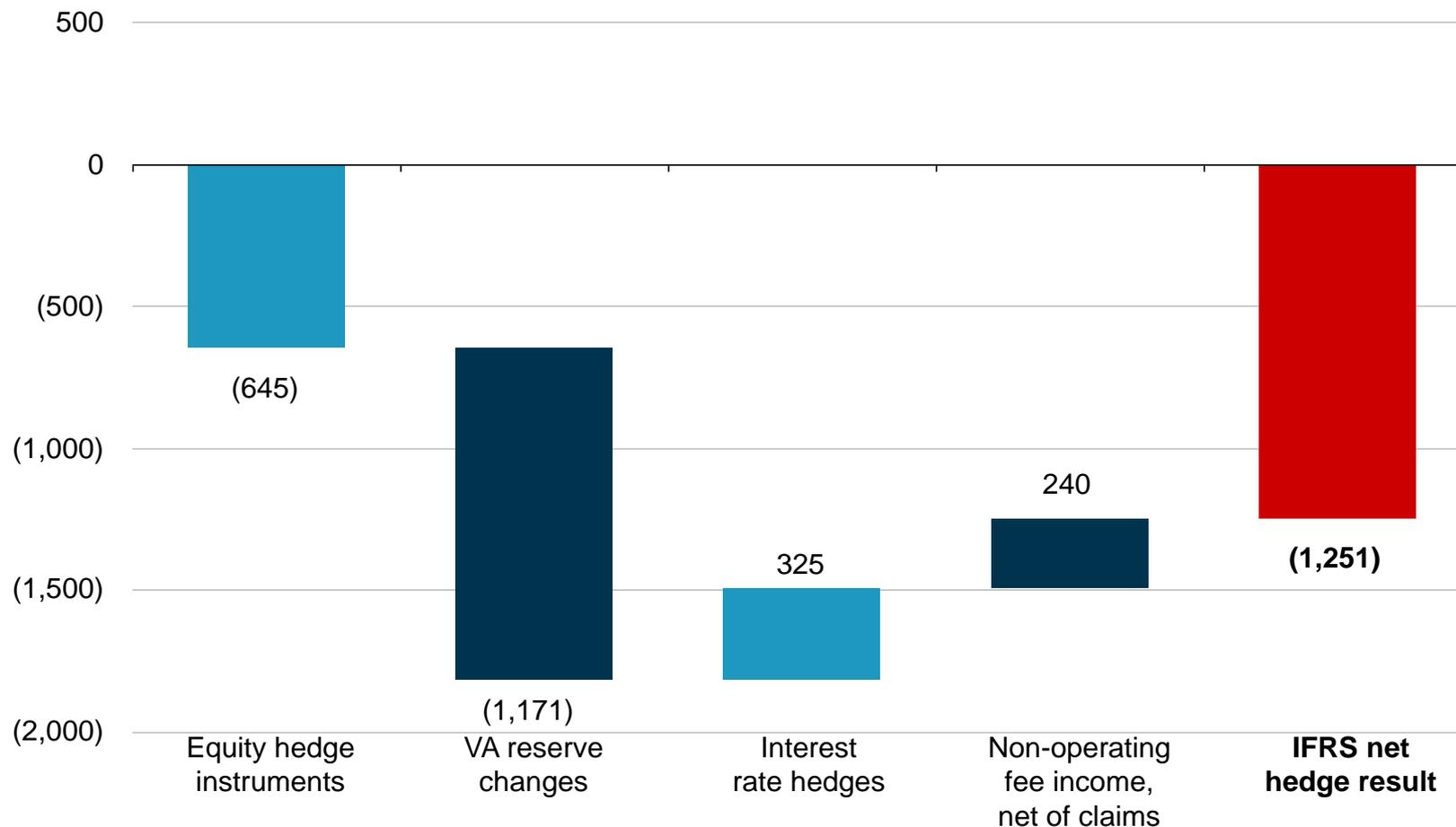


- Policyholder behaviour experience is continuously monitored and a comprehensive study is conducted on an annual basis
- For IFRS and Statutory accounting purposes, assumptions are set at the conservative end of the plausible range (i.e., best estimate with an explicit margin for conservatism). For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

Hedging result

IFRS impact 'below-the-line'

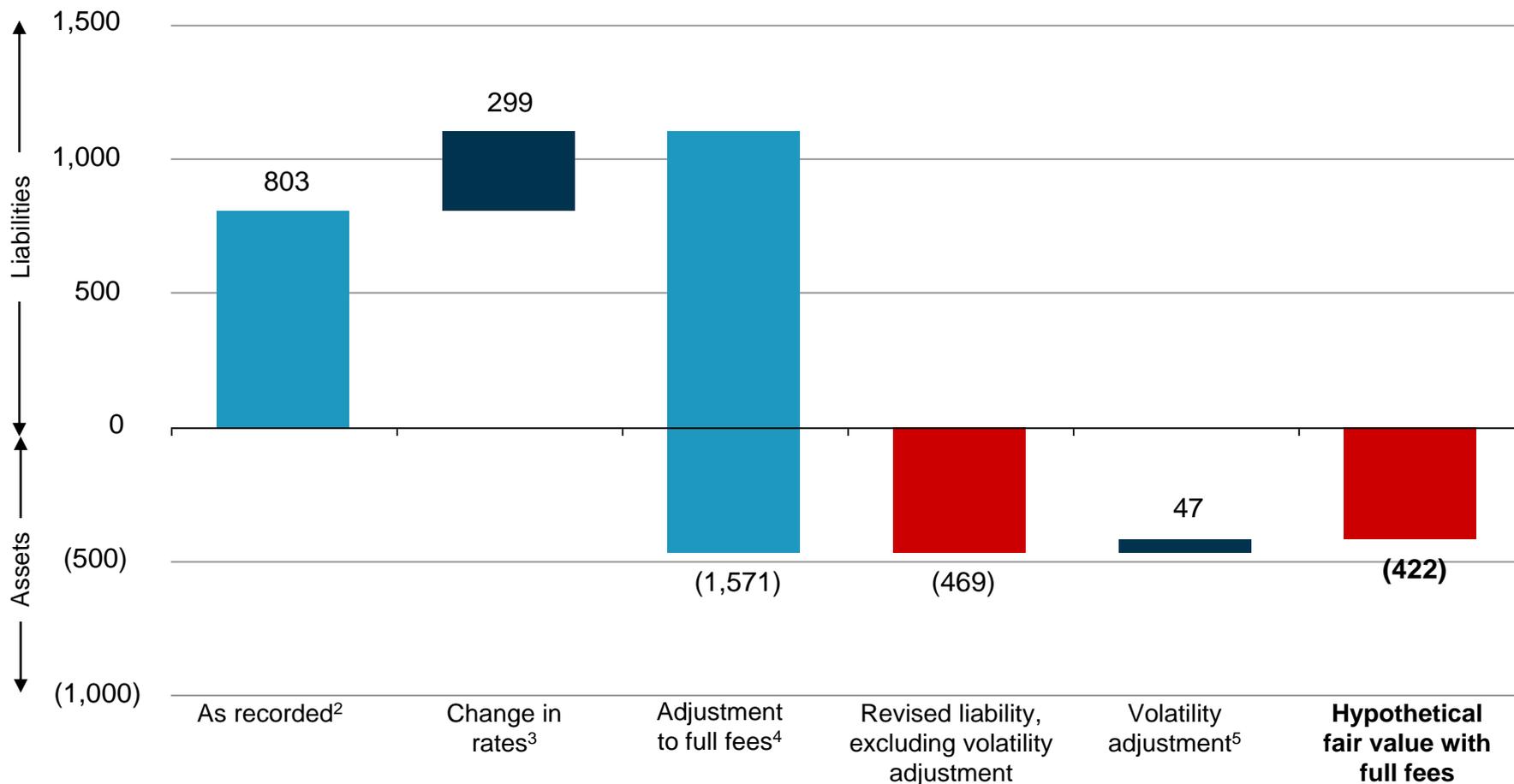
2014 VA hedge results, net of related DAC, £m



VA hedging

Moving reserves to 'fair value'

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



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

² GMWB and GMDB IFRS basis.

³ Application of market based (31.12.14) swap curve earned rates (2.3% representative 10 year rate) and AA corporate bond discount rates (3.5% representative 10 year rate) in place of long-term rate of 7.4% for IFRS (8.4% discount rate used for pre-2013 issues).

⁴ Value of fees over and above those in reserve calculations.

⁵ Application of market based (31.12.14) volatility curve (22% representative 5 year rate) instead of long-term 15% level for IFRS.

	Total adjusted Capital
	US\$bn
31 Dec 2013	4.8
Operating profit	1.1
Dividend	(0.7)
Reserves net of hedging and other effects	(0.3)
31 Dec 2014	4.9

- Hedging programme continues to effectively mitigate risks
- Total adjusted capital excludes gains on interest rate swaps: \$555m at Dec 2014 (Dec 2013: loss of \$1m)
- Earned guarantee fees of 117 bps per annum (c\$1.4bn in 2014). Expected guarantee fees of \$1.5 - 1.6bn for 2015, continue to be sufficient to cover cost of hedging
- Equities allocations remain below our 82% pricing assumption.
- <1% of book 'in the money' from issued levels at end 2014

IFRS operating profit¹ – source of earnings

Life insurance - Asia

Total operating profit		
1,050	905	16%

Source		
FY14	FY13 (CER)	+/-

£m except reserves £bn

=

Total Life income		
2,607	2,372	10%

-

Total Life expenses		
(1,649)	(1,499)	(10)%

+/-

DAC adjustments		
92	32	188%

Spread income		
125	107	17%

Fee income		
155	140	11%

Technical and other margin		
2,220	2,029	9%

With-profits		
43	44	(2)%

Spread (bps)	136	144	(8)
Average reserves	9.2	7.4	24%

AMF (bps)	103	105	(2)
Average reserves	15.0	13.3	13%

Margin on revenues	1,545	1,413	9%
Insurance margin	675	616	10%

Expected returns		
64	52	23%

Increase in spread income reflects the growth in Asian non-linked policyholder liabilities

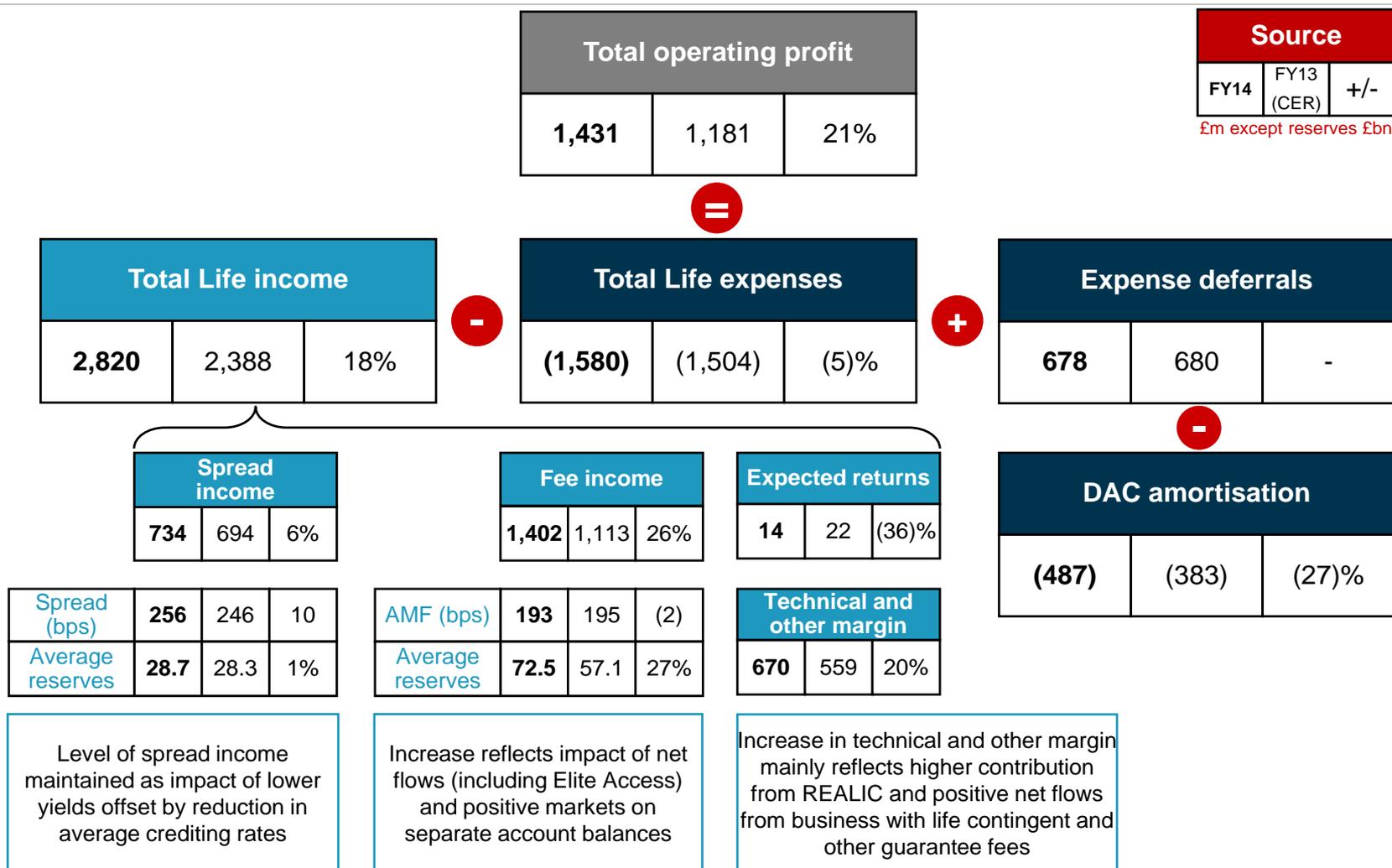
Higher fee income driven by growth in unit-linked reserves

Increase in technical margin due to growth in H&P book. Insurance margin also benefits from claims controls and pricing actions

¹ IFRS operating profit excludes Japan Life classified as held for sale.

IFRS operating profit – source of earnings

Life insurance - US



Source		
FY14	FY13 (CER)	+/-

£m except reserves £bn

IFRS operating profit – source of earnings

Life insurance - UK

Source		
FY14	FY13	+/-
£m except reserves £bn		

Total operating profit		
752	706	7%

=

Total Life income		
997	954	5%

-

Total Life expenses		
(239)	(234)	(2)%

-

DAC adjustments		
(6)	(14)	57%

Spread income		
272	228	19%

Fee income		
61	65	(6)%

Technical and other margin		
272	276	(1)%

Expected returns		
137	134	2%

Spread (bps)	92	84	8
Average reserves	29.4	27.2	8%

AMF (bps)	26	28	(2)
Average reserves	23.5	22.9	3%

Margin on revenues	176	187	(6)%
Insurance margin	96	89	8%

With-profits		
255	251	2%

Spread income increase reflects bulk annuity transactions in FY 2014

Insurance margin increase reflects improved profits from protection business

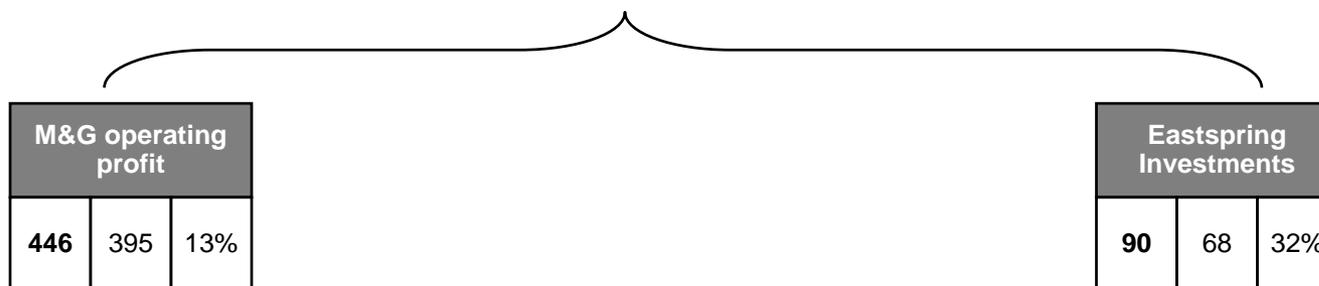
IFRS operating profit – source of earnings

Asset management

Asset management operating profit ¹		
536	463	16%

Source		
FY2014	FY 2013 (CER)	+/-

£m except assets £bn



Underlying income			Other income ²			Total expenses		
954	863	11%	46	37	24%	(554)	(505)	(10)%

Average fees (bps)	38	37	1
Average assets (£bn)	250.0	233.8	7%

Cost / income ratio ³		
58%	59%	(1)pp

Total income ²			Total expenses		
241	201	20%	(151)	(133)	(14)%

Average fees (bps)	35	35	-
Average assets (£bn)	68.8	58.1	18%

Cost / income ratio ³		
59%	62%	(3)pp

1. Excludes PruCap and US asset management business.

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

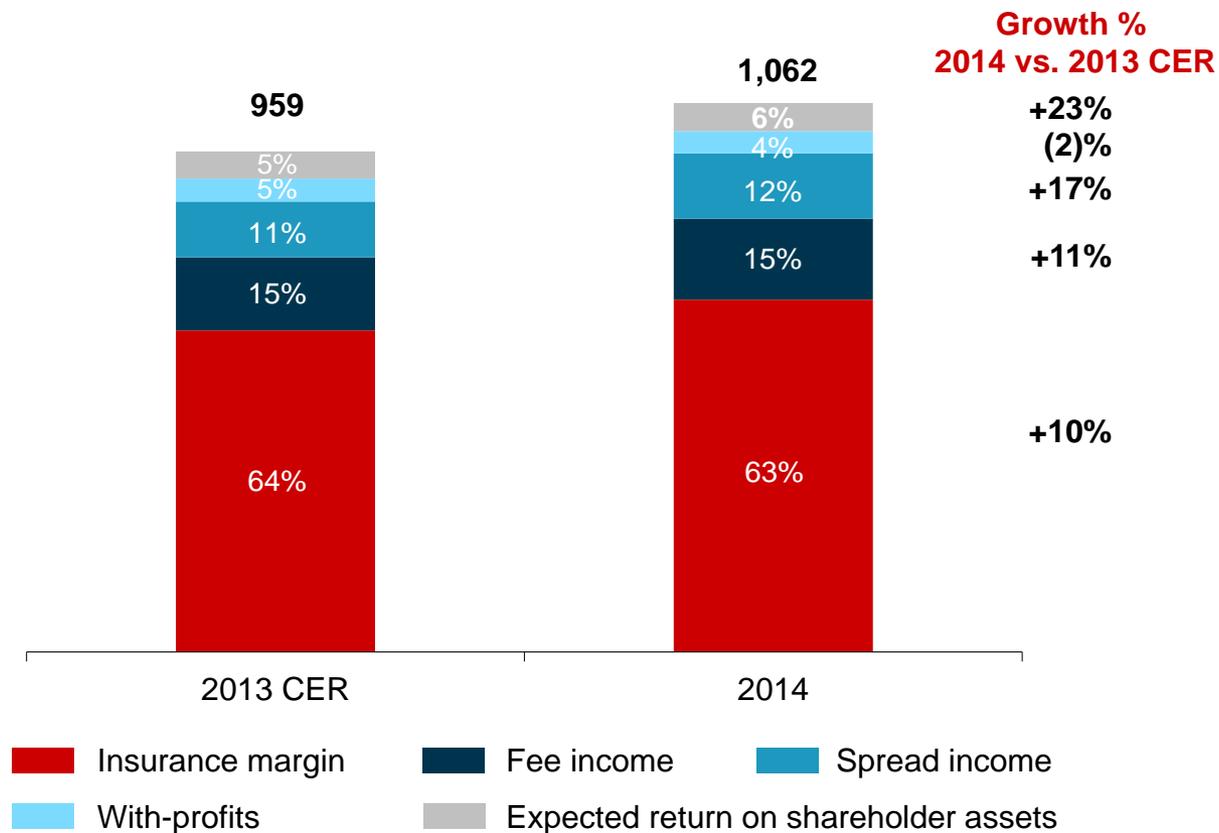
3. Cost/income ratio excludes performance-related fees, carried interest and profit for associate, and for Eastspring, taxes on JV operating profit.



Life IFRS operating income – Asia

Sources of income

Asia IFRS operating income^{1,2}, £m



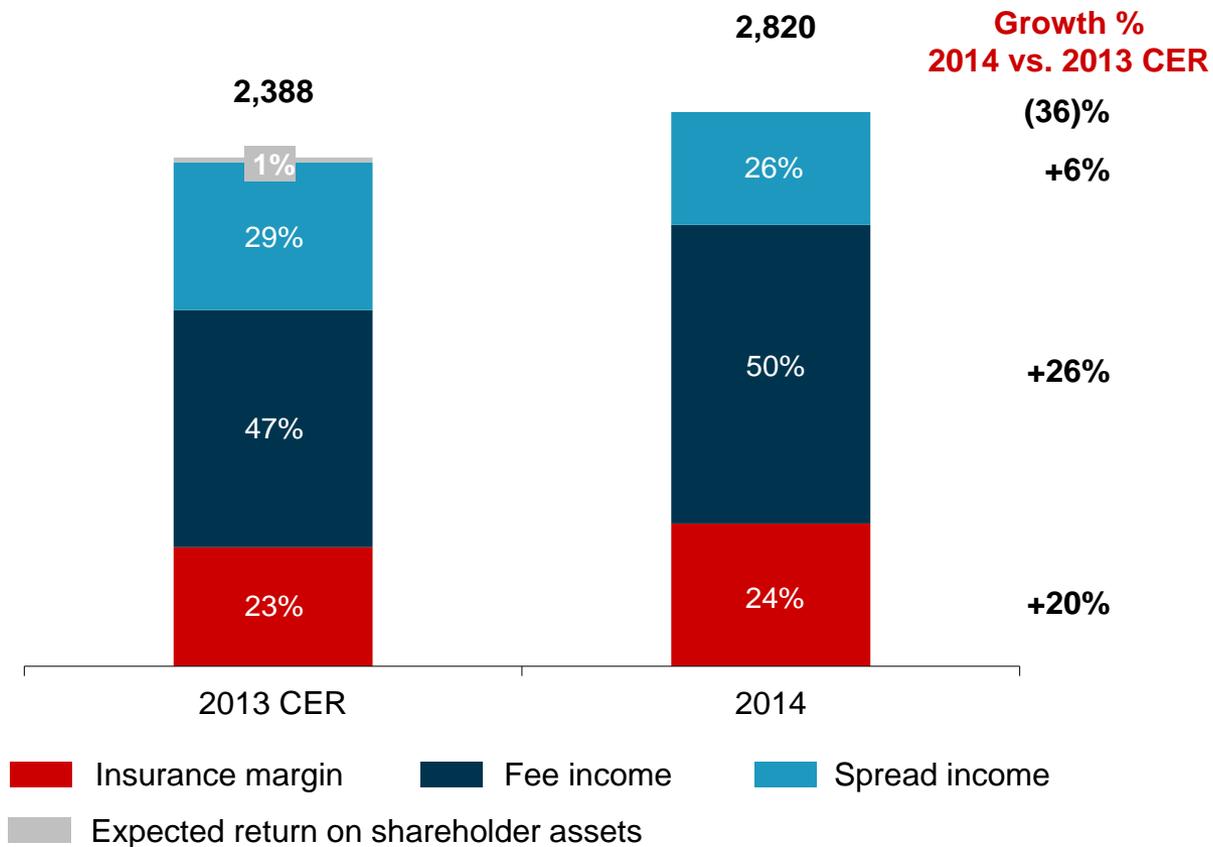
¹ Excludes margin on revenues, acquisition and administration expenses and DAC adjustments.

² IFRS operating income excludes Japan Life classified as held for sale.

Life IFRS operating income – US

Sources of income

US IFRS operating income¹, £m

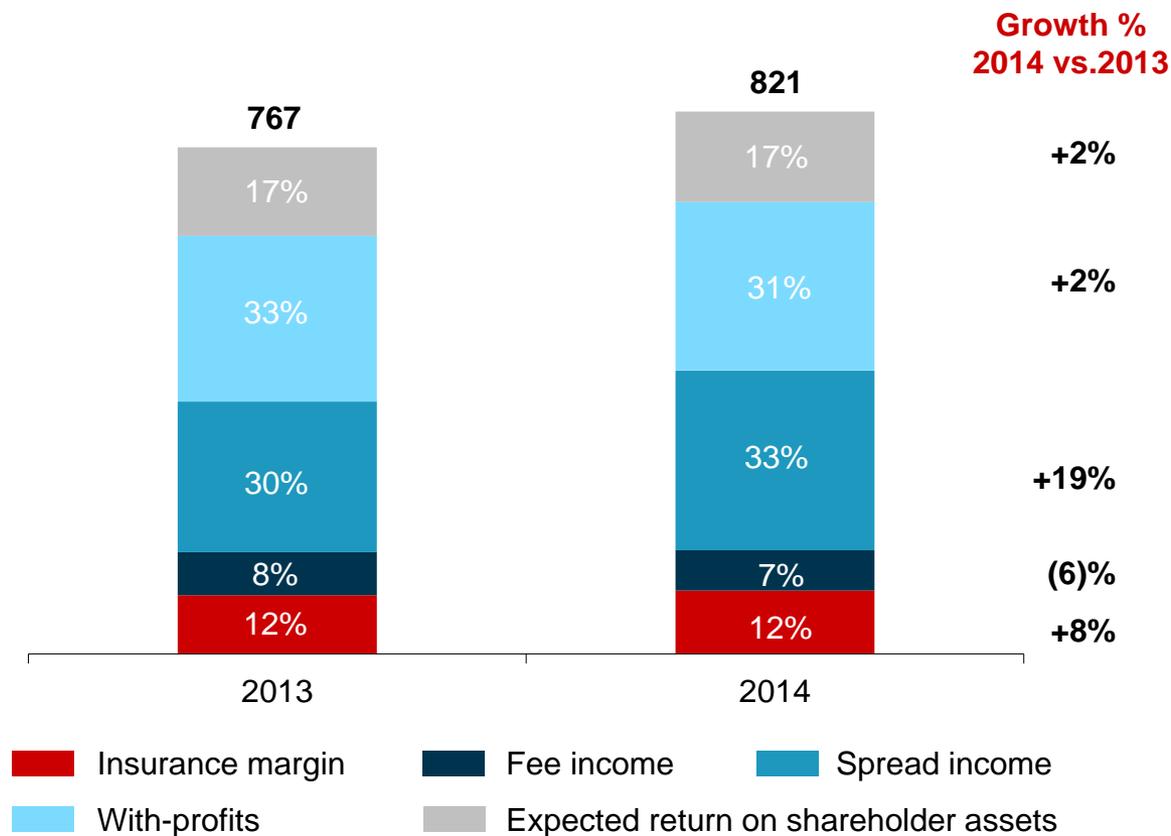


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Life IFRS operating income – UK

Sources of income

UK IFRS operating income¹, £m

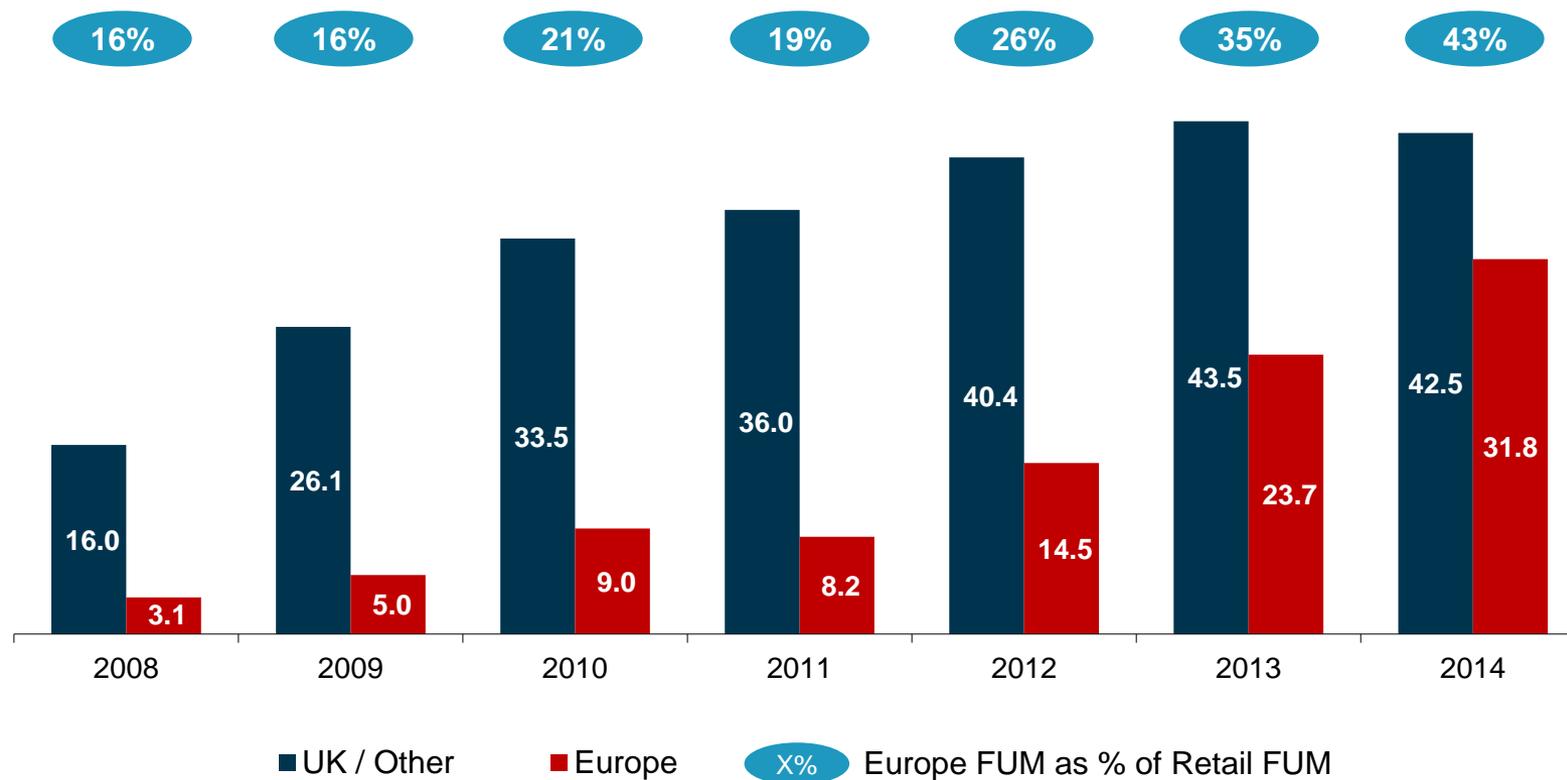


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Asset Management

M&G – retail FUM

Retail funds under management, £bn



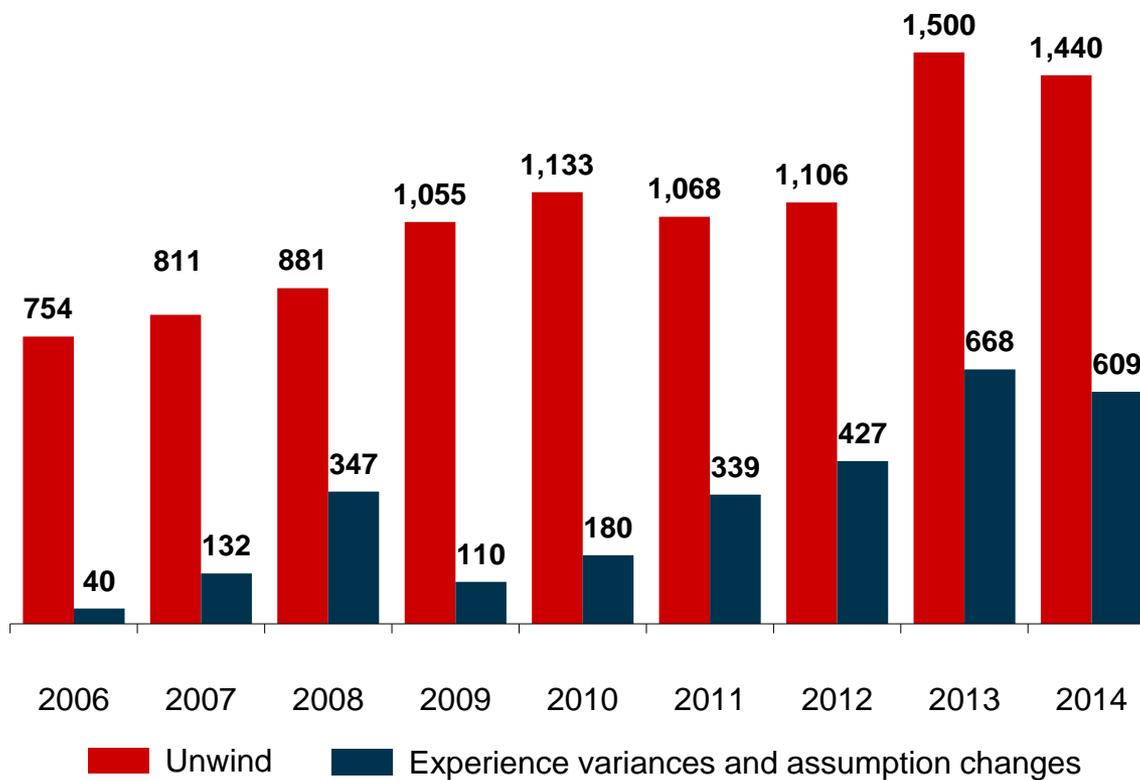
EEV operating profit

Life operating variances – Group

Group Life operating variances, £m

Experience variances and assumption changes % opening EEV¹

0.4% 1.1% 2.4% 0.7% 1.2% 1.9% 2.2% 3.0% 2.5%



¹ Opening EEV of Life operations, excluding goodwill.

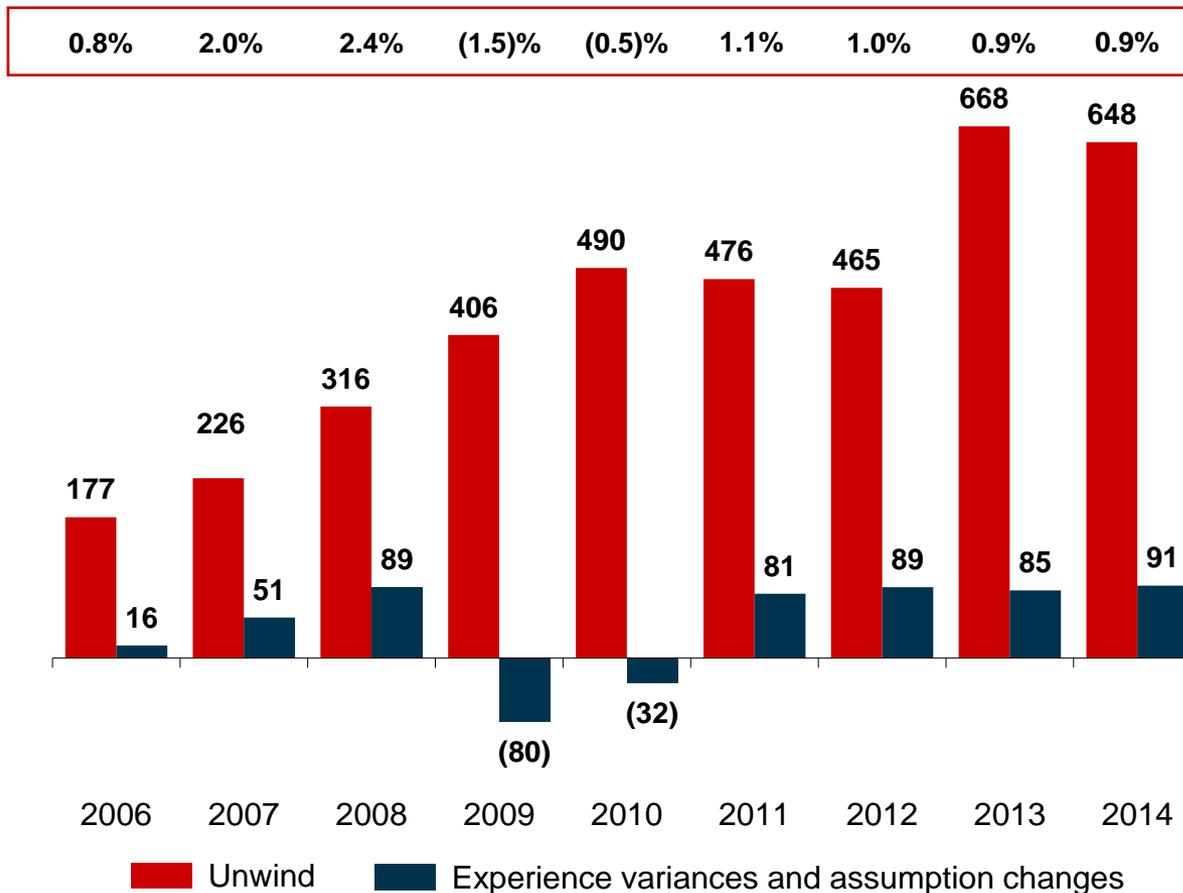
Note: 2006-2014 Unwind & Experience variances / assumption changes are on a post-tax basis and excludes Japan..

EEV operating profit

Life operating variances – Asia

Asia Life operating variances, £m

Experience variances and assumption changes % opening EEV¹



¹ Opening EEV of Life operations, excluding goodwill.

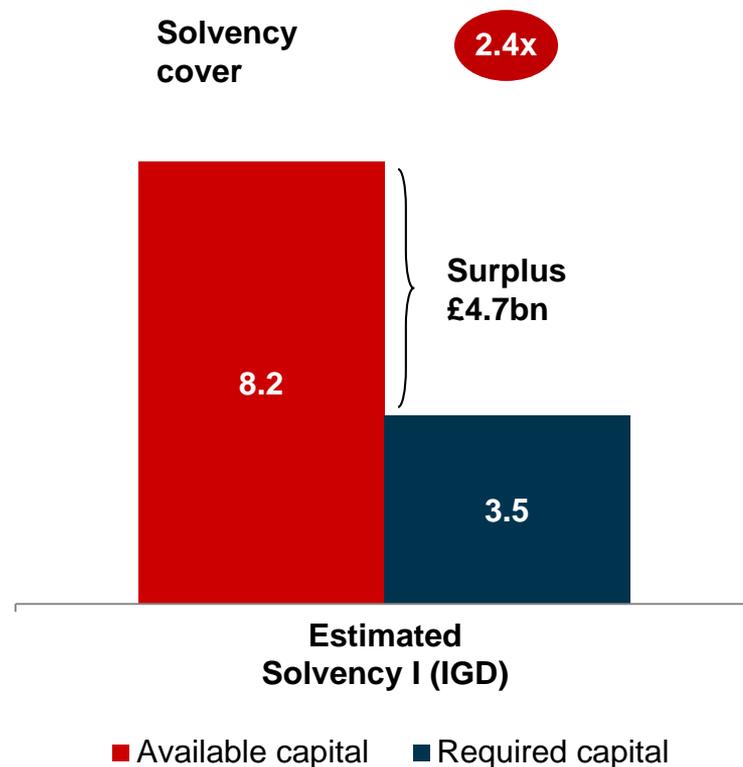
Note: 2006-2014 Unwind & Experience variances / assumption changes are on a post-tax basis and excludes Japan.

IGD capital Movement during the period

IGD capital – movement in 2014, (£bn)¹

IGD surplus 31 December 2013	5.1
Net capital generation	2.1
Cost of intangibles ²	(0.8)
Reduction in SHIFT asset allowance ³ and other smaller one-off items	(0.2)
Market movement including fx impact	0.4
Dividend payment (2013 final and 2014 interim)	(0.9)
External financing and other central costs (net of tax)	(0.6)
Redemption of Sub-debt	(0.4)
IGD surplus 31 December 2014	4.7

Capital position at 31 December 2014, (£bn)¹



¹ Before 2014 final dividend.

² The cost of new intangibles acquired in the year including renewal of the bancassurance partnership agreement with Standard Chartered Bank.

³ The Group previously recognised a proportion of the shareholders' interest in future transfers from the UK's with-profit business, contributing £0.2bn to the IGD at 31 December 2013. As per the guidance received from the PRA in January 2013, credit taken for the SHIFT asset was reduced to zero in January 2014.

Invested assets

Group overview

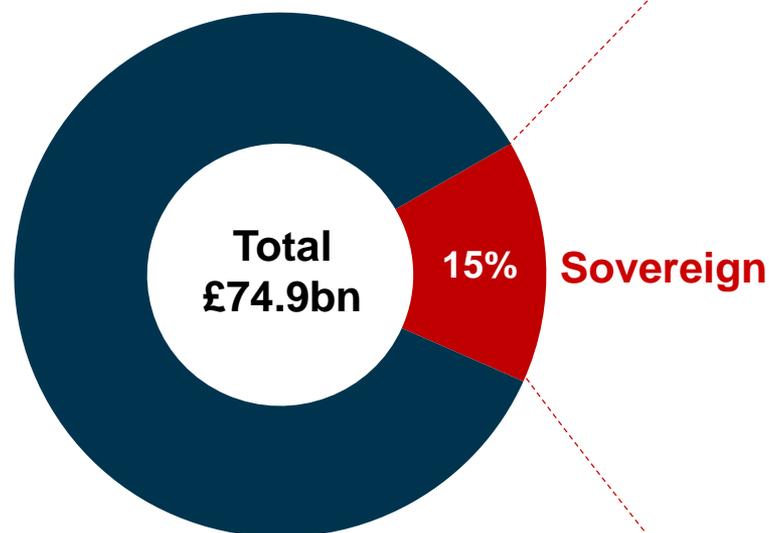
Breakdown of invested assets – 2014, £bn

	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	145.2	59.6	10.7	7.9	33.0	31.7	2.3	74.9	
Equity	144.9	34.7	108.9	0.9	0.3	-	0.1	1.3	
Property Investments	12.8	10.4	0.6	-	-	1.7	0.1	1.8	
Commercial mortgage loans	6.6	1.1	-	0.1	3.8	1.6	-	5.5	
Other loans	6.2	2.0	-	0.4	2.9	-	0.9	4.2	
Deposits	13.1	10.4	1.1	0.3	-	1.3	-	1.6	
Other Investments	8.6	6.0	-	0.4	1.7	0.4	0.1	2.6	
Total	337.4	124.2	121.3	10.0	41.7	36.7	3.5	91.9	

Invested assets

Group shareholder exposures – Sovereign debt

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings¹, £m

	US	UK	Eurozone	Asia	Other	Total
AAA	-	4,104	388	205	4	4,701
AA-BBB	3,607	-	88	1,964	100	5,759
Below BBB	-	-	-	514	-	514
Total	3,607	4,104	476	2,683	104	10,974

Eurozone by key countries, £m

	Germany	“PIIGS”	Other	Total
Europe	388	63	25	476

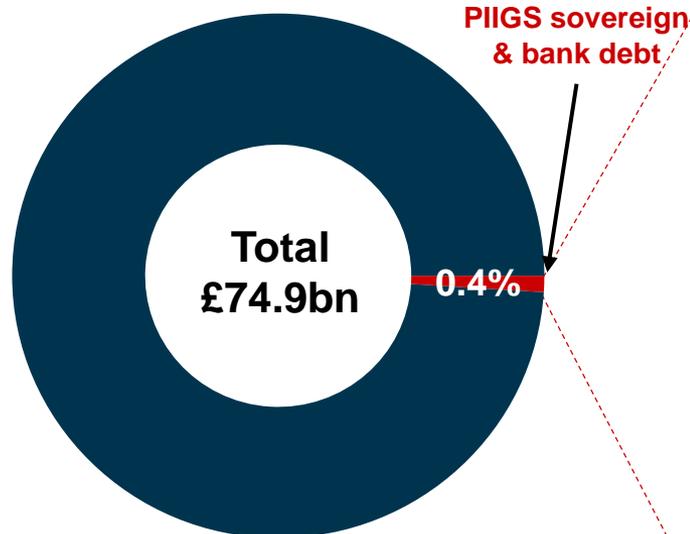
	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	62	-	-	1	63

¹ Includes Credit Default Swaps.

Resilient balance sheet

Total PIIGS sovereign and bank debt of only £269m

Breakdown of the shareholder debt securities portfolio, %



Shareholder invested assets – PIIGS countries as at 31 December 2014, £m

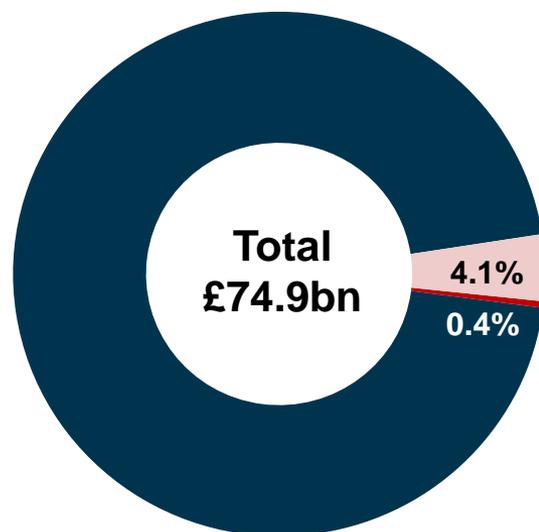
	Sovereign		Bank debt				
		Institution	Covered	Senior	Tier II	Tier I	Total
Portugal	-	Banco Espirito Santo	-	26	-	-	26
Ireland	-	Bank of Ireland	-	16	-	-	16
Italy	62	Intesa SanPaolo	-	31	-	-	31
Greece	-	-	-	-	-	-	-
Spain	1	Santander	109	11	13	-	133
Total	63		109	84	13	-	206

Total PIIGS sovereign & bank debt = £269m

Invested assets

Group shareholder exposures – oil and gas sector

Breakdown of the shareholder debt securities portfolio



Oil & Gas

Breakdown by credit rating and sub-sector, £m

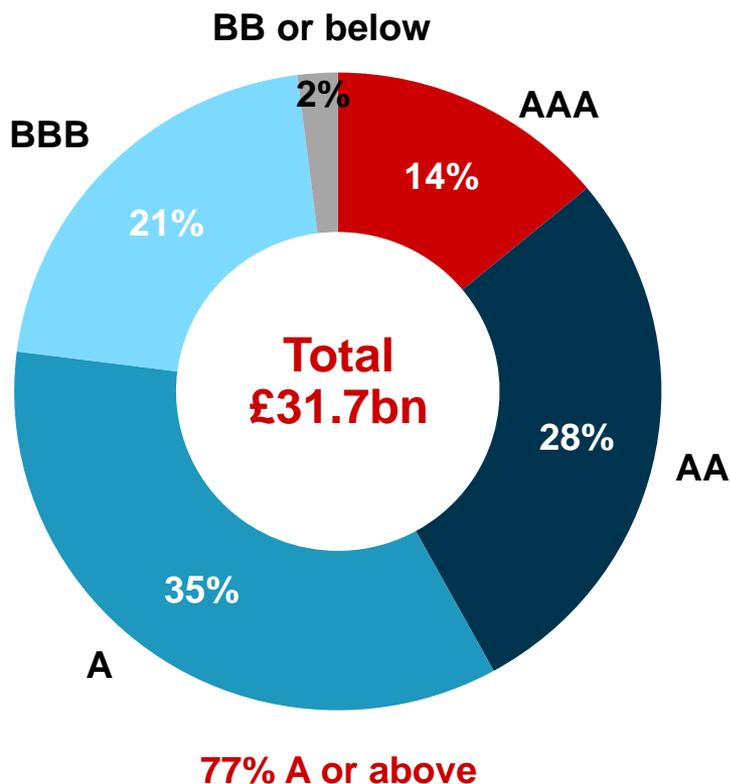
	Exploration & Production	Integrated Oils	Refining & Marketing	Oil & gas Services	Pipeline / Mid-stream	Total (£m)
Investment grade	866	867	192	470	682	3,077
High yield	73	4	15	16	212	320
Total	939	871	207	486	894	3,397

- Exposure is diversified across 138 issuers and 5 sub-sectors with an average holding of £25m with a maximum individual exposure of £181m.

Invested assets

UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating¹



Strength of the £2.2bn credit reserve

- No defaults of shareholder-backed debt securities
- Allowance for credit risk as at 31 December 2014 materially in line with prior year²
 - Pillar 1 (IGD) 58 bps (FY 2013: 62 bps)
 - IFRS 46 bps (FY 2013: 43 bps)
- Pillar 1 and EEV assumptions equivalent to 41% of current spread over swaps (FY 2013: 47%)²

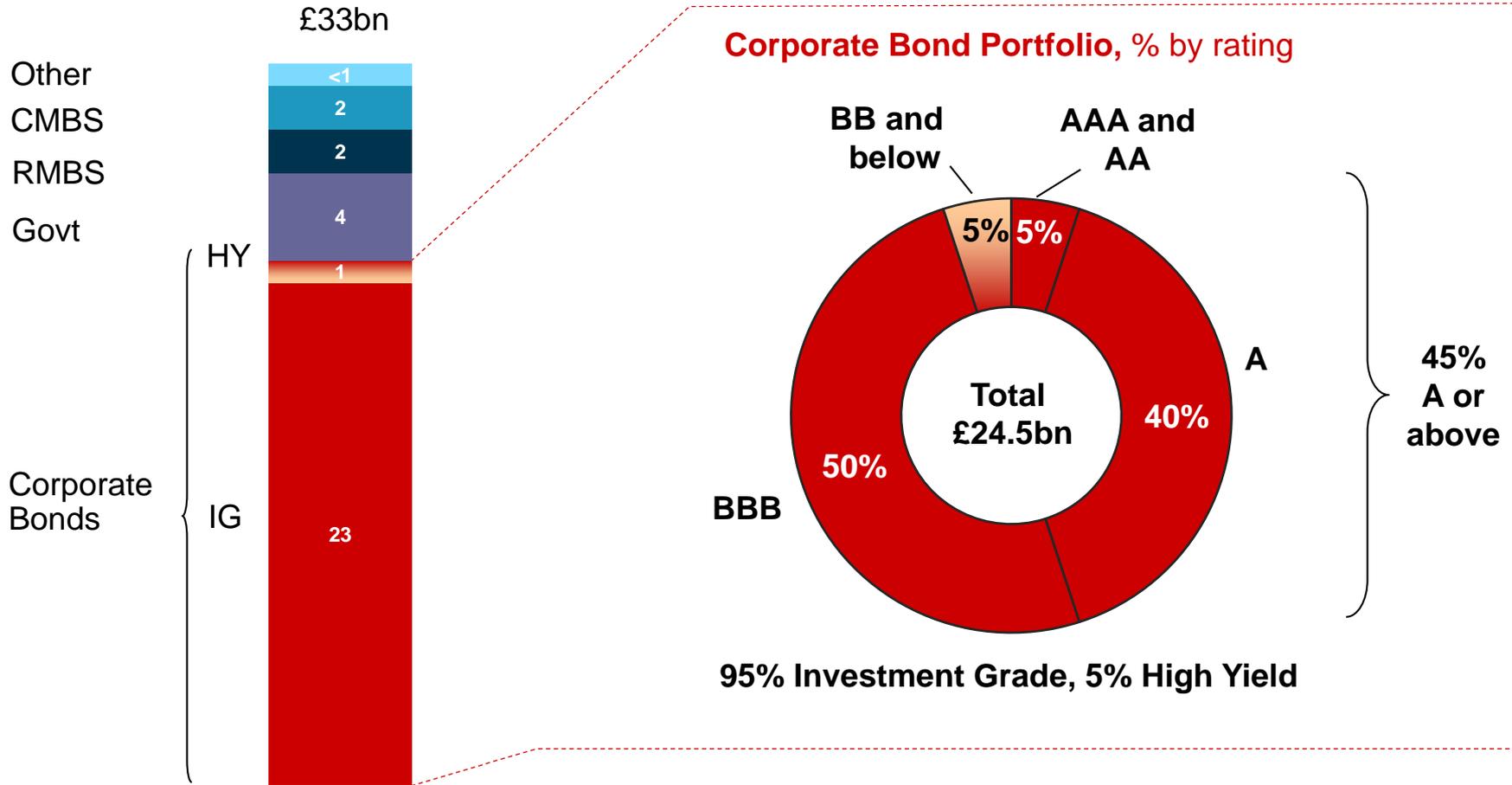
¹ Ratings from different agencies aggregated for presentational purpose. Also includes internal ratings.

² For Prudential Retirement Income Limited (PRIL).

Invested assets

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

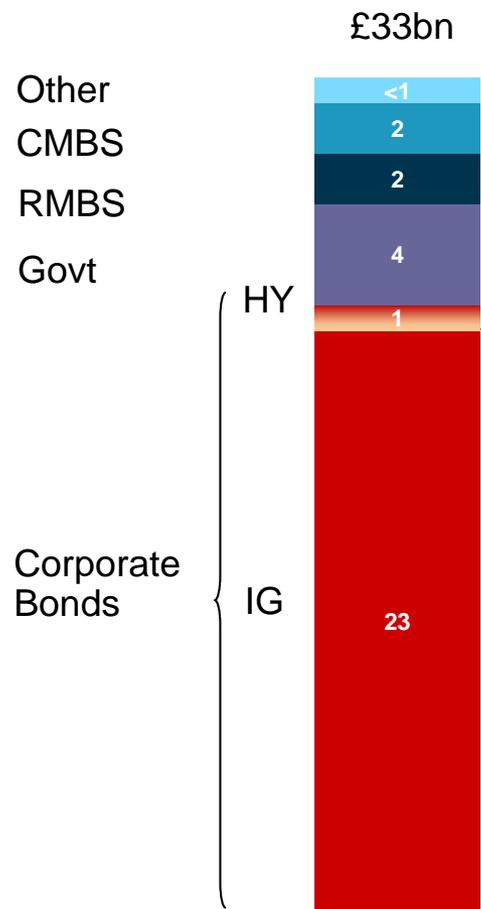
US Shareholder Debt Securities Portfolio Market value, £bn



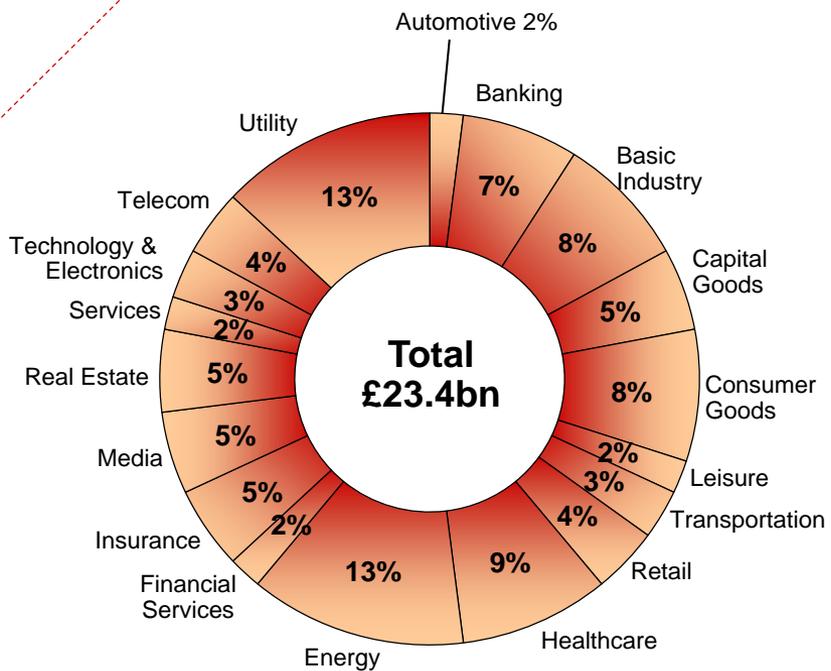
Invested assets

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

US Shareholder Debt Securities Portfolio Market value, £bn



Investment Grade Corporate Bond Portfolio, % by sector

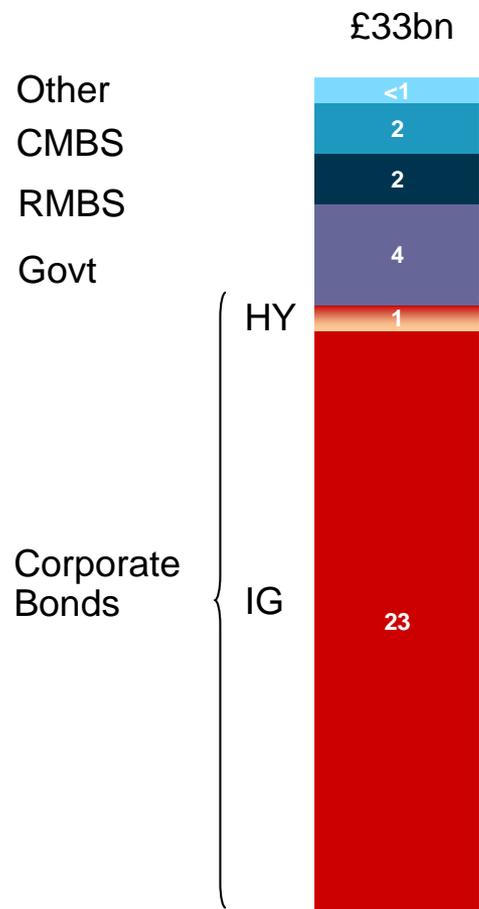


- Portfolio spread over 696 issuers, with an average holding of £34m

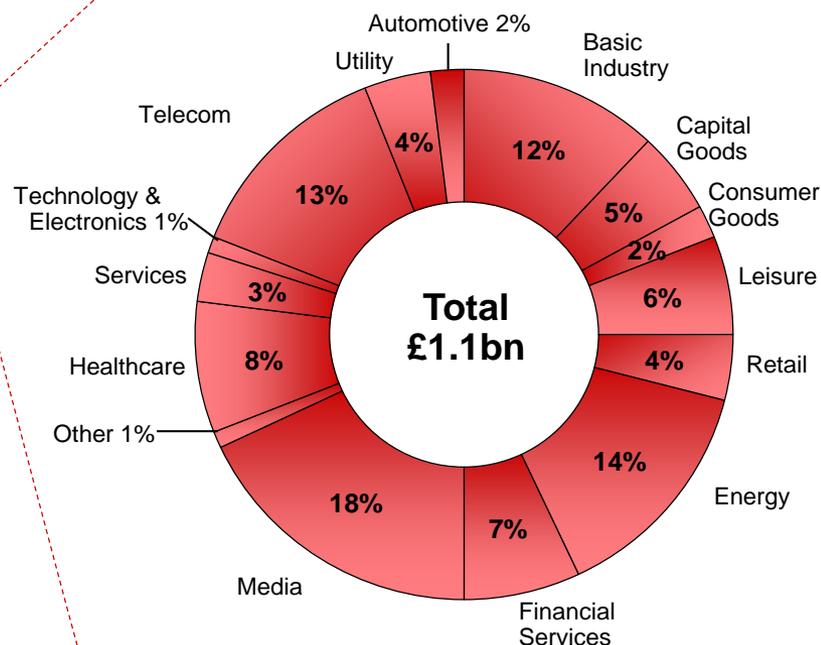
Invested assets

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

US Shareholder Debt Securities Portfolio Market value, £bn

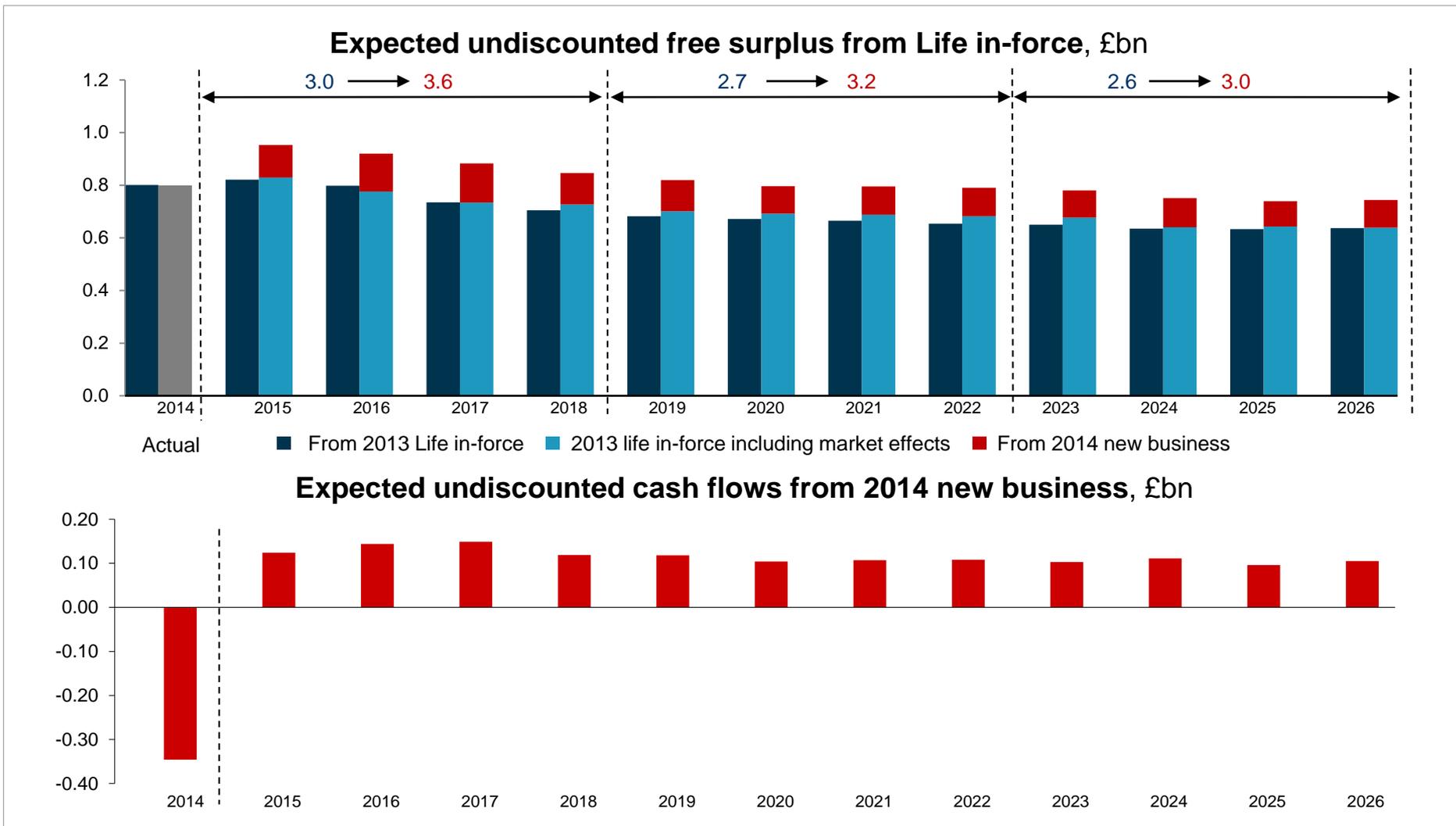


High Yield Corporate Bond Portfolio, % by sector



- Portfolio spread across 148 issuers, with an average holding of £7m

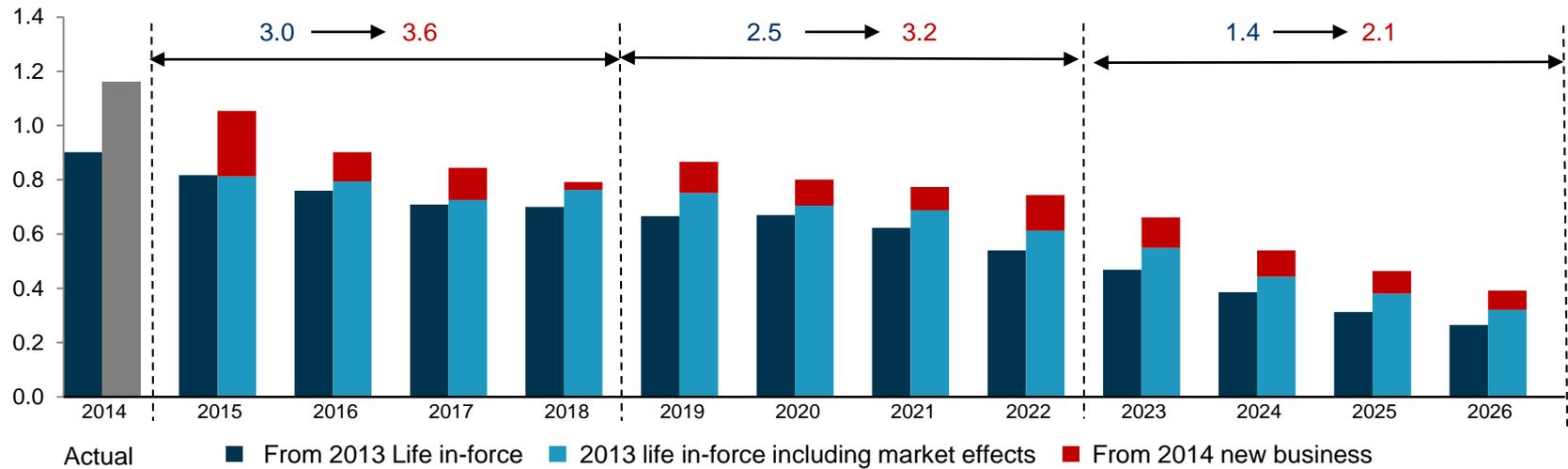
Future free surplus emergence Asia



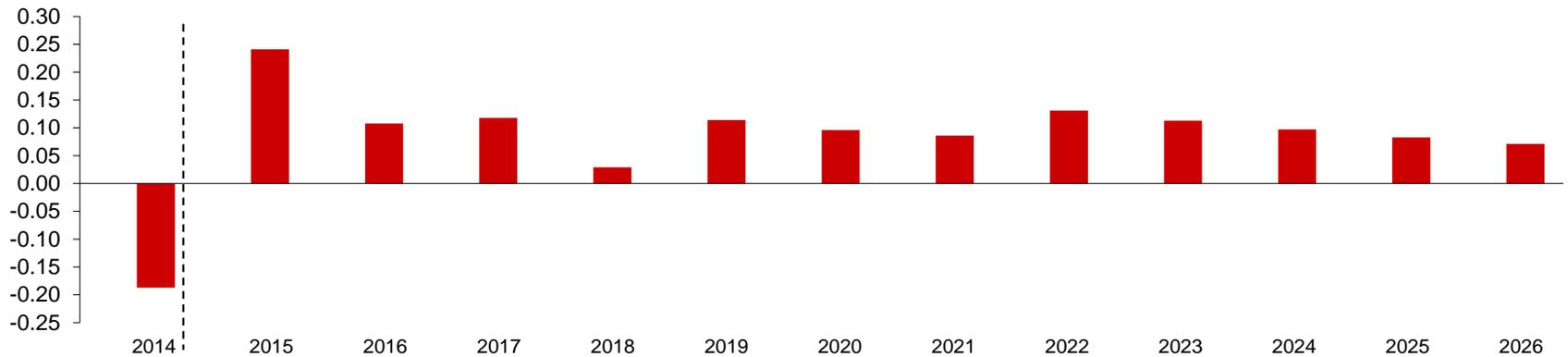
1 Free surplus generation excludes Japan Life classified as held for sale.

Future free surplus emergence US

Expected undiscounted free surplus from Life in-force, £bn

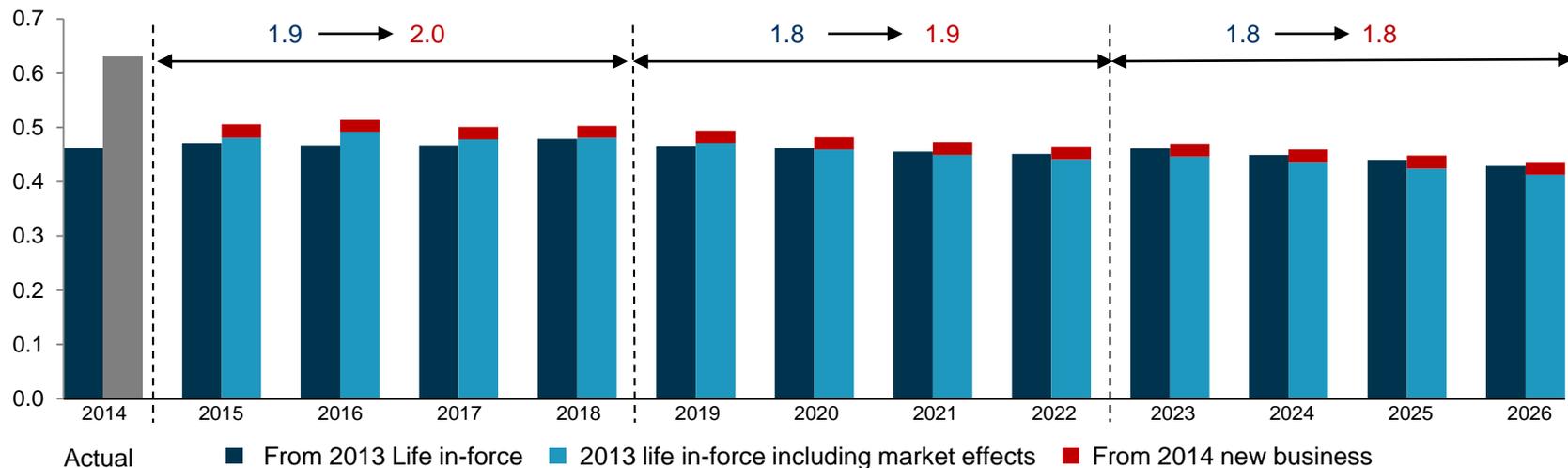


Expected undiscounted cash flows from 2014 new business, £bn

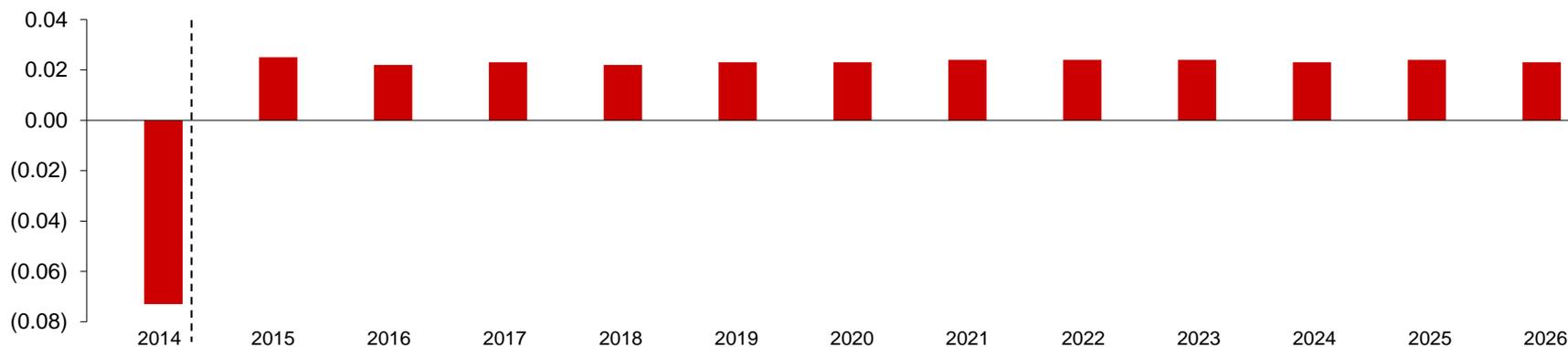


Future free surplus emergence UK

Expected undiscounted free surplus from Life in-force, £bn

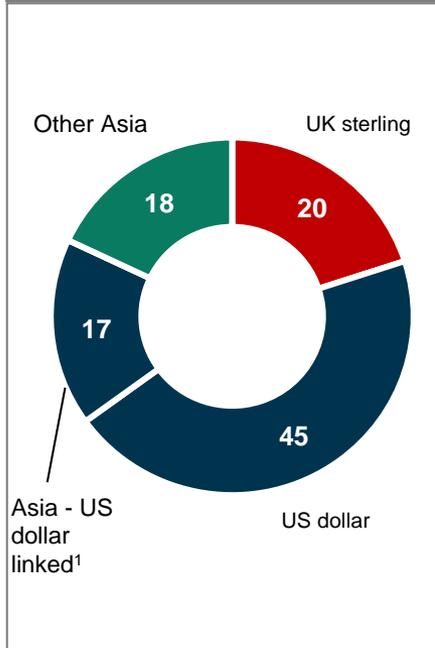


Expected undiscounted cash flows from 2014 new business, £bn

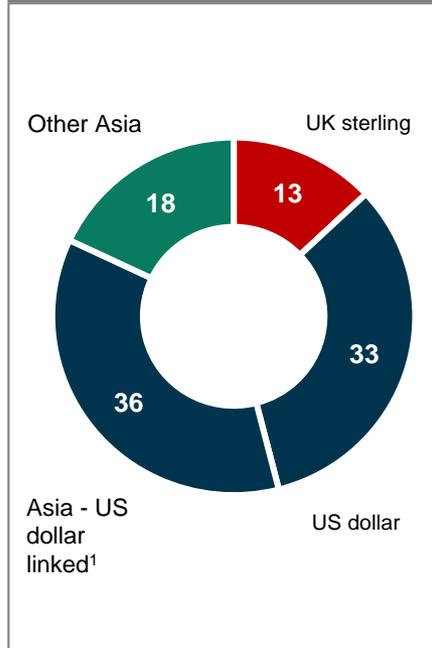


Currency mix 2014 full year

IFRS operating profit, %



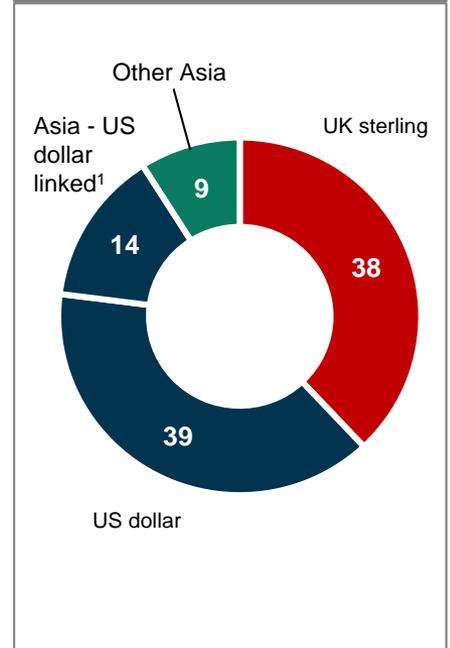
New business profit, %



EEV operating profit, %



Underlying free surplus generation, %



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



Prudential plc 2014 Full Year Results

Delivering 'Growth and Cash'

10 March 2015