

PRUDENTIAL PLC
Form 20-F
April 07, 2016
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As filed with the Securities and Exchange Commission on 7 April 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

.. REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR (G) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended 31 December 2015

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission File Number: 1-15040

PRUDENTIAL PUBLIC LIMITED COMPANY

(Exact Name of Registrant as Specified in its Charter)

England and Wales

(Jurisdiction of Incorporation)

12 Arthur Street,

London EC4R 9AQ, England

(Address of Principal Executive Offices)

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Head of Financial Accounting

Prudential plc

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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing 2 Ordinary Shares, 5 pence par value each	New York Stock Exchange
Ordinary Shares, 5 pence par value each	New York Stock Exchange*
6.75% Perpetual Subordinated Capital Securities Exchangeable at the Issuer's Option into Non-Cumulative Dollar Denominated Preference Shares	New York Stock Exchange
6.50% Perpetual Subordinated Capital Securities Exchangeable at the Issuer's Option into Non-Cumulative	New York Stock Exchange

Dollar Denominated Preference Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

The number of outstanding shares of each of the issuer's classes of capital or common stock as of 31 December 2015 was:

2,572,454,958 Ordinary Shares, 5 pence par value each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

* Not for trading, but only in connection with the registration of American Depositary Shares.

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As used in this document, unless the context otherwise requires, the terms "Prudential", the "Group", "we", "us" and "our" refer to Prudential plc, together with its subsidiaries, while the terms "Prudential plc", the "Company" or the "parent company" each refer to Prudential plc.

Portions of the Prudential's Annual Report 2015 incorporated by reference herein contain references to our website. Information on our website or any other website referenced in the Prudential Annual Report 2015 is not incorporated into this Form 20-F and should not be considered to be part of the Form 20-F. We have included any website as an inactive textual reference only.

Limitations on Enforcement of US Laws against Prudential, its Management and Others

Prudential is an English public limited company. Most of its directors and executive officers are resident outside the United States, and a substantial portion of its assets and the assets of such persons are located outside the United

States. As a result, it may be difficult for you to effect service of process within the United States upon these persons or to enforce against them or Prudential in US courts judgments obtained in US courts predicated upon the civil liability provisions of the federal securities laws of the United States. We believe that there may be doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of US courts, of liabilities predicated solely upon the federal securities laws of the United States.

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The following table sets forth selected consolidated financial data for Prudential for the periods indicated. Certain data is derived from Prudential's audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). EU-endorsed IFRS may differ from IFRS as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. As at 31 December 2015, there were no unendorsed standards effective for the years presented below affecting the consolidated financial information of Prudential and there were no differences between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to Prudential. Accordingly, the selected consolidated financial data presented below that is derived from Prudential's audited consolidated financial statements is derived from audited consolidated financial statements prepared in accordance with IFRS as issued by the IASB. This table is only a summary and should be read in conjunction with Prudential's consolidated financial statements and the related notes included elsewhere in this document, together with Item 5, Operating and Financial Review and Prospects.

Income statement data

	Year ended 31 December					
	2015 \$m ⁽¹⁾	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Gross premium earned	54,063	36,663	32,832	30,502	29,113	24,837
Outward reinsurance premiums	(1,706)	(1,157)	(799)	(658)	(491)	(417)
Earned premiums, net of reinsurance	52,357	35,506	32,033	29,844	28,622	24,420
Investment return	4,872	3,304	25,787	20,347	23,931	9,361
Other income	3,679	2,495	2,306	2,184	1,885	1,711
Total revenue, net of reinsurance	60,908	41,305	60,126	52,375	54,438	35,492
Benefits and claims and movement in unallocated surplus of with-profits funds, net of reinsurance	(43,732)	(29,656)	(50,169)	(43,154)	(45,144)	(28,706)
Acquisition costs and other expenditure	(12,104)	(8,208)	(6,752)	(6,861)	(6,032)	(4,717)
Finance costs: interest on core structural borrowings of shareholder-financed operations	(460)	(312)	(341)	(305)	(280)	(286)
Disposal of Japan life business: Cumulative exchange loss recycled from other comprehensive income	(68)	(46)	-	-	-	-
Remeasurement adjustments	-	-	(13)	(120)	-	-
Total charges, net of reinsurance	(56,364)	(38,222)	(57,275)	(50,440)	(51,456)	(33,709)
Share of profits from joint ventures and associates, net of related tax	351	238	303	147	135	76
Profit before tax (<i>being tax attributable to shareholders and policyholders returns</i>) ⁽²⁾	4,895	3,321	3,154	2,082	3,117	1,859
	(255)	(173)	(540)	(447)	(370)	7

Tax (charges) credit attributable to policyholders' returns						
Profit before tax attributable to shareholders	4,640	3,148	2,614	1,635	2,747	1,866
Tax charge attributable to shareholders' returns	(839)	(569)	(398)	(289)	(584)	(415)
Profit for the year	3,801	2,579	2,216	1,346	2,163	1,451

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	2015 ⁽¹⁾ (In \$m, except Share Information)	2015	2014	2013	2012	2011
		£m, except Share Information				
Statement of financial position data						
Total assets	570,648	386,985	369,204	325,932	307,644	270,018
Total policyholder liabilities and unallocated surplus of with-profits funds	494,896	335,614	321,989	286,014	268,263	233,538
Core structural borrowings of shareholder financed operations	7,389	5,011	4,304	4,636	3,554	3,611
Total liabilities	551,543	374,029	357,392	316,281	297,280	261,411
Total equity	19,105	12,956	11,812	9,651	10,364	8,607
Other data						
Based on profit for the year attributable to the equity holders of the Company:						
Basic earnings per share (in pence)	148.9¢	101.0p	86.9p	52.8p	85.1p	57.1p
Diluted earnings per share (in pence)	148.8¢	100.9p	86.8p	52.7p	85.0p	57.0p
Dividend per share declared and paid in reporting period (in pence) ⁽⁵⁾	56.1¢	38.05p	35.03p	30.52p	25.64p	25.19p
Equivalent cents per share ⁽⁶⁾		59.11¢	58.44¢	50.58¢	40.68¢	40.39¢
Market price per share at end of period ⁽⁷⁾	2,257.6¢	1,531.0p	1,492.0p	1,340.0p	865.5p	638.5p
Weighted average number of shares (in millions)		2,553	2,549	2,548	2,541	2,533
New business:						
Single premium sales ⁽³⁾	41,096	27,869	24,508	22,976	22,358	18,889
New regular premium sales ⁽³⁾⁽⁴⁾	4,158	2,820	2,199	2,125	1,959	1,792
Funds under management	749,982	508,600	496,000	443,000	406,000	352,000

(1) Amounts stated in US dollars in the 2015 US dollar column have been translated from pounds sterling at the rate of \$1.4746 per £1.00 (the noon buying rate in New York City on 31 December 2015).

(2) This measure is the formal profit (loss) before tax measure under IFRS but is not the result attributable to shareholders. See Presentation of results before tax in note A3.1(k) to Prudential's consolidated financial statements in Item 18 for further explanation.

(3) The new business premiums in the table shown above are provided as an indicative volume measure of

transactions undertaken in the reporting period that have the potential to generate profits for shareholders (see EEV basis, new business results and free surplus generation below). The amounts shown are not, and are not intended to be, reflective of premium income recorded in the IFRS income statement. Internal vesting business is classified as new business where the contracts include an open market option.

The details shown above for new business include contributions for contracts that are classified under IFRS 4 Insurance Contracts as not containing significant insurance risk. These products are described as investment contracts or other financial instruments under IFRS. Contracts included in this category are primarily certain unit-linked and similar contracts written in UK insurance operations and Guaranteed Investment Contracts and similar funding agreements written in US operations.

- (4) New regular premium sales are reported on an annualised basis, which represents a full year of instalments in respect of regular premiums irrespective of the actual payments made during the year. The comparative figures as shown above included the premiums from the PruHealth and PruProtect businesses for which the Group's 25 per cent interest was sold in November 2014. The PruProtect and PruProtect new business premiums for the years ended 31 December 2014 and 2013 of £23 million and £26 million, respectively are shown in Item 4 UK business.
- (5) Under IFRS, dividends declared or approved after the balance sheet date in respect of the prior reporting period are treated as a non-adjusting event. The appropriation reflected in the statement of changes in equity, therefore, includes dividend in respect of the prior year that was declared or approved after the balance sheet date of the prior reporting period. Parent company dividends relating to the reporting period were an interim dividend of 12.31p per share in 2015 (2014: 11.19p, 2013: 9.73p), a second interim dividend of 26.47p per share in 2015 (2014: final dividend 25.74p, 2013: final dividend 23.84p) and a special dividend of 10.00p per share in 2015 only.
- (6) The dividends have been translated into US dollars at the noon buying rate in New York City on the date each payment was made.
- (7) Market prices presented are the closing prices of the shares on the London Stock Exchange on the last day of trading for each indicated period.

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Under UK company law, Prudential may pay dividends only if distributable profits of the holding company are available for that purpose. Distributable profits are accumulated, realised profits not previously distributed or capitalised less accumulated, realised losses not previously written off, on the applicable GAAP basis. Even if distributable profits are available, under UK law Prudential may pay dividends only if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves (such as, for example, the share premium account) and the payment of the dividend does not reduce the amount of its net assets to less than that aggregate. For further information about the holding company refer to Schedule II. The financial information in Schedule II has been prepared under UK GAAP reflecting the legal basis of preparation of the Company's separate financial statements as distinct from the IFRS basis that applies to the Company's consolidated financial statements.

As a holding company, Prudential is dependent upon dividends and interest from its subsidiaries to pay cash dividends. Many of its insurance subsidiaries are subject to regulations that restrict the amount of dividends that they can pay to the Company. These restrictions are discussed in more detail in Item 4, Information on the Company Supervision and Regulation of Prudential UK Supervision and Regulation Regulation of Insurance Business Distribution of Profits and With-profits Business and Item 4, Information on the Company Supervision and Regulation of Prudential US Supervision and Regulation General .

Historically, Prudential has declared an interim and a final dividend for each year (with the final dividend being paid in the year following the year to which it relates). From 2016, Prudential will make twice-yearly interim dividend payments to replace the final and interim dividend payments. Subject to the restrictions referred to above, Prudential's directors have the discretion to determine whether to pay an interim dividend and the amount of any such interim dividend but must take into account the Company's financial position. The directors still retain the discretion to recommend payment of a final dividend, such recommendation to be approved by ordinary resolution of the shareholders. The approved amount may not exceed the amount recommended by the directors. For the 2015 reporting period, Prudential has approved a second interim dividend and a special dividend.

The following table shows certain information regarding the dividends per share that Prudential declared for the periods indicated in pence sterling and converted into US dollars at the noon buying rate in effect on each payment date. First interim dividends for a specific year now generally have a record date in August and a payment date in September of that year, and second interim dividends (or final dividends) now generally have a record date in the following March/April and a payment date in the following May.

Year	Interim Dividend
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