

Registered No. 14645212

# **PRUDENTIAL FUNDING (ASIA) PLC**

## **Interim Report**

**Six months ended  
30 June 2024**

Incorporated and registered in England and Wales. Registered no. 14645212.

Registered office: 1 Angel Court, London EC2R 7AG.

**Interim report for the six month period to 30 June 2024**

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**Directors**

K J Devlin  
S D Rich  
R L Wyatt

**Secretary**

Prudential Group Secretarial Services Limited

**Auditor**

EY LLP

## **DIRECTORS' REPORT**

### *Principal activities*

Prudential Funding (Asia) plc ('the Company') is a public limited company incorporated and registered in England and Wales with registered number 14645212. The ultimate controlling party of the Company is Prudential plc. The principal activity of the Company throughout the period was to operate as a finance company, holding the core debt of the Prudential plc Group.

The objective of the company is to provide funding to Prudential plc and its subsidiaries (the 'Prudential Group').

### *Key Performance Indicators*

The key performance indicators used by the directors to monitor the performance of the business are profit before tax and net assets.

The profit before tax of \$11,613,000 (2023: \$469,000) in the period reflects finance income from other group companies less the finance cost of borrowing due to external bondholders. The net assets of the company at 30 June 2024 were \$436,968,000 (2023: \$417,131,000).

### *Principal risks and uncertainties*

- **Market Risk**

The Company holds financial assets and liabilities denominated in currencies other than US Dollars, its functional currency. Assets and liabilities denominated in foreign currencies are closely matched in terms of value, timing and duration, with net exposure only arising from the additional margin applied to the interest rate on debt receivables from Prudential plc.

The interest rates on the Company's listed debt liabilities, and backing receivables from Prudential plc are fixed. The interest rate on the Company's loan receivable from Prudential International Treasury Limited reflects current market interest rates.

- **Credit and Liquidity Risk**

The Company's assets consist of amounts due from Prudential plc and other Prudential Group Companies. The Company's financial position, and ability to meet its obligations as they fall due is therefore dependent on the ability of these companies to meet their obligations on a timely basis. At 30 June 2024 Prudential plc had consolidated IFRS shareholders' equity of \$16.2 billion.

- **Global economic and geopolitical conditions**

The macroeconomic landscape and financial markets are expected to remain challenging and highly uncertain. Ad-hoc events can disrupt market conditions unexpectedly. The capital and liquidity position of the Prudential Group, and consequential implications for the Company, continues to be actively monitored as concerns remain from policymakers and regulators around liquidity and solvency of the financial system. Challenging macroeconomic conditions could also negatively impact the Prudential Group's financial performance.

### *Statement of Director's responsibilities*

The Directors (who are listed on page 3 above) are responsible for preparing the Interim Report in accordance with applicable law and regulations.

Accordingly, the Directors confirm that to the best of their knowledge:

- the condensed financial statements have been prepared in accordance with FRS 104, 'Interim Financial Reporting'; and
- the Half Year Financial Report includes a fair review of information required by DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period to 30 June 2024, and their impact on the condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year.

Signed on behalf of the Board of directors

A handwritten signature in black ink, consisting of the letters 'S' and 'E' written in a cursive, connected style.

S Edwards  
On behalf of  
Prudential Group Secretarial Services Limited  
Secretary  
23 September 2024

**STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD TO 30 JUNE 2024**

	6 months to 30 June	Period from 7 February to 30 June 2023	Period from 7 February to 31 Dec 2023
Note	2024 \$000	\$000	\$000
Finance income from loans to ultimate parent company	103,099	67,871	170,378
Finance income from loans to other group companies	11,235	891	11,811
Finance Costs	(102,763)	(67,570)	(169,648)
Gain/(loss) on foreign exchange translation	42	(723)	154
Profit before tax	11,613	469	12,695
Tax charge	2 (4,151)	(262)	(112)
Profit for the period and total comprehensive profit	7,462	208	12,583

All of the above items relate to continuing operations.

**STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD TO 30 JUNE 2024**

Note	Share capital \$000	Share premium \$000	Profit and loss account \$000	Total \$000
Balance at 7 February 2023	-	-	-	-
New Share Capital Subscribed	60	400,000	-	400,060
Other Capital Contributions	3 -	-	16,863	16,863
Total comprehensive income for the period	-	-	12,583	12,583
Balance at 31 December 2023	60	400,000	29,446	429,506
Total comprehensive income for the six month period	-	-	7,462	7,462
Balance at 30 June 2024	60	400,000	36,908	436,968

The notes on pages 8 to 13 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	30 June 2024 \$000	30 June 2023 \$000	31 December 2023 \$000
<b>FIXED ASSETS</b>				
Financial Investments - Loans to ultimate parent company	3	3,623,460	3,586,831	3,609,934
		<b>3,623,460</b>	<b>3,586,831</b>	<b>3,609,934</b>
<b>CURRENT ASSETS</b>				
Financial Investments - Loans to ultimate parent company	3	-	21,765	-
Amounts owed by fellow group undertakings	4	400,060	400,060	400,060
Accrued interest on intercompany loans		68,736	108,874	49,066
Current tax asset		-	34	-
		<b>468,796</b>	<b>530,733</b>	<b>449,126</b>
<b>LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Current tax payable		106	-	-
Subordinated liabilities	6	-	21,765	-
Payables due to fellow group undertakings	5	4,182	64,830	114
Interest payable		42,384	42,983	34,938
		<b>46,672</b>	<b>129,578</b>	<b>35,052</b>
<b>NET CURRENT ASSETS</b>		<b>422,124</b>	<b>401,155</b>	<b>414,074</b>
<b>LIABILITIES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Subordinated liabilities	6	2,079,385	2,057,101	2,071,387
Debenture loans	6	1,529,231	1,513,754	1,523,115
		<b>3,608,616</b>	<b>3,570,855</b>	<b>3,594,502</b>
<b>TOTAL NET ASSETS</b>		<b>436,968</b>	<b>417,131</b>	<b>429,506</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	7	60	60	60
Share premium		400,000	400,000	400,000
Profit and loss account		36,908	17,071	29,446
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>436,968</b>	<b>417,131</b>	<b>429,506</b>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 23 September 2024 and signed on its behalf by



K J Devlin  
Director

The notes on pages 8 to 13 form part of these financial statements.

## **NOTES TO THE ACCOUNTS**

### 1. Accounting policies

#### A. Basis of presentation

Prudential Funding (Asia) plc (the “Company”) is a public company incorporated, domiciled and registered in England and Wales.

The Company’s financial information for the six month period to 30 June 2024 has been prepared in accordance with the Disclosure and Transparency Rules for the United Kingdom’s Financial Conduct Authority and with FRS 104 Interim Financial Reporting.

In this financial information, the Company has applied the exemptions available under FRS 104 and FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes
- Disclosures in respect of transactions between wholly owned subsidiaries within the Prudential Group
- Disclosure in respect of capital management
- The effects of new but not yet effective IFRSs

As the consolidated financial statements of Prudential plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 104 and FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 “Fair Value Measurement” and the disclosures required by IFRS 7 “Financial Instrument Disclosures”

The same accounting policies and methods of computation are followed in this financial information as compared with the 2023 annual financial statements of the Company.

The financial information contained in this Interim Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six month period to 30 June 2024 has not been audited or reviewed by the Company’s Auditor.

The Company’s functional currency is United States Dollars.

#### B. Going Concern

The directors have made an assessment of the Company’s going concern, considering both its current performance and its outlook using the information available up to the date of issue of the 2024 interim report. As a result of such assessment and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from [25] September 2024, the date that this interim report is approved.

#### C. Amounts owed by Group undertakings

Amounts owed by Group undertakings are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate method. Any difference between the value initially recognised and the redemption value is recognised as part of finance income in the Statement of Comprehensive Income over the term of the loan as part of the effective interest rate method.

#### D. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs, and subsequently accounted for on an amortised cost basis using the effective interest rate method. Under the effective interest.



## **NOTES TO THE ACCOUNTS (continued)**

### 1. Accounting policies (Continued)

rate method, the difference between the redemption value of the borrowing and the amount initially recognised is amortised as finance costs in the Statement of Comprehensive Income over the term of the loan or, for subordinated debt, over the expected life of the instrument.

### E. Interest receivable and payable

Interest receivable and payable are recognised on an accruals basis, in accordance with the effective interest rate method.

### F. Administration expenses

Administration expense for the Company are borne by other Prudential Group companies.

### G. Foreign currency translation

Transactions not denominated in the Company's functional currency, US dollars, are initially recorded in the functional currency at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities not denominated in the Company's functional currency are translated to the Company's functional currency at year end spot rates. The impact of these currency translations is recorded within the income statement.

### H. Taxation

Current tax expense is charged or credited based upon amounts estimated to be payable or recoverable as a result of taxable amounts for the current year and adjustments made in relation to prior years. Current tax recoverable (payable) recognised in the balance sheet is measured at the amount expected to be either recovered from (paid to) relevant tax authorities or Group undertakings in relation to the surrender (claim) of tax losses.

Deferred taxes are provided under the liability method for all relevant temporary differences. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and laws) that have been enacted or are substantively enacted at the end of the reporting period.

On 23 May 2023, the IASB issued amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules', which became effective immediately and were approved for adoption by all members of the UK Endorsement Board on 19 July 2023. On 20 June 2023, legislation was substantively enacted in the UK to introduce the OECD's Pillar Two global minimum tax rules and a UK qualified domestic minimum top-up tax, with effect from 1 January 2024. The Group has applied the IAS 12 mandatory exception from recognising and disclosing information on associated deferred tax assets and liabilities at 30 June 2024.

## **NOTES TO THE ACCOUNTS (continued)**

### 2. Tax

#### (a) Analysis of tax charge for the period

	Six months to 30 June 2024	Period from 7 February to 30 June 2023	Period from 7 February to 31 December 2023
	\$000	\$000	\$000
<i>Current tax</i>			
UK corporation tax charge on profit for the year	(4,151)	(262)	(112)
UK domestic minimum top-up tax	-	-	-
Total current tax charge	(4,151)	(262)	(112)
<i>Deferred tax</i>			
Origination and deferral of timing differences	-	-	-
Total tax charge	(4,151)	(262)	(112)

#### (b) Factors affecting tax charge for the year

The tax charge assessed in the year is different from the application of the standard rate of corporation tax in the UK and the differences are explained below. The standard rate of tax has been determined by using the UK rate of corporation tax enacted for the period for which the profit of the Company will be taxed.

	Six months to 30 June 2024	Period from 7 February to 30 June 2023	Period from 7 February to 31 December 2023
	\$000	\$000	\$000
Profit before tax	11,613	469	12,695
Profit multiplied by standard rate of corporation tax in the UK of 25% (2023: 24.43%)	(2,903)	(115)	(3,101)
Amortisation of debt instruments not tax effective	(5,398)	(3,373)	(8,583)
Group losses claimed for no consideration	4,150	3,226	11,572
Total tax charge	(4,151)	(262)	(112)

#### (c) Factors that may affect future tax charges

The only factors that are expected to affect the future tax charges of the Company are those detailed in (b) above.

## NOTES TO THE ACCOUNTS (continued)

### 3. Loans to ultimate parent company

	Maturity	Interest rate	Carrying Value 30 June 2024	Carrying Value 30 June 2023	Carrying Value 31 December 2023
	Year	%	\$000	\$000	\$000
US\$750m Notes	Perpetual	4.925	664,412	664,412	664,412
£435m Notes	2031	6.175	553,299	557,024	558,524
US\$1,000m Notes	2033	3.000	872,302	846,835	859,365
£250m Notes	2029	5.925	323,539	326,966	327,001
US\$1,000m Notes	2030	3.175	896,078	881,422	888,655
US\$350m Notes	2032	3.675	313,830	310,172	311,977
<b>Total Fixed Assets - Loans to ultimate parent company</b>			<b>3,623,460</b>	<b>3,586,831</b>	<b>3,609,934</b>
€20m Medium Term Notes	2023	2.289	-	21,765	-
<b>Current Assets - Loans to ultimate parent company</b>			<b>-</b>	<b>21,765</b>	<b>-</b>
<b>Total fixed asset loans</b>			<b>3,623,460</b>	<b>3,608,596</b>	<b>3,609,934</b>
Accrued interest			42,858	43,469	37,254
<b>Total fixed asset loans including accrued interest</b>			<b>3,666,318</b>	<b>3,652,065</b>	<b>3,647,188</b>

On 2 March 2023 Prudential plc, the Company's ultimate parent company, transferred certain debt instrument liabilities to the Company, as set out in note 6 below. In consideration for this transfer the company was granted intercompany debt receivable instruments, which matched the terms and value of the debt liability instruments, with an additional margin on the interest rate in excess of the interest payable on the debt liability instruments.

These intercompany receivable instruments were measured at fair value on initial recognition, which totalled \$3,605,022 thousand, including accrued interest. The excess of the fair value of the intercompany receivables over the fair value of the debt liability instruments of \$16,863 thousand was recognised as an additional capital contribution through the statement of changes in equity and recorded in the profit and loss reserve. The fair value of these instruments was established by reference to the observable market value of the debt liability instruments transferred on the same day, with an adjustment for the additional interest margin.

These debt receivable assets are subsequently measured at amortised cost, applying the effective interest rate method, to amortise the difference between the value initial recognised and redemption value of the assets.

### 4. Receivables from other Group Companies

	30 June 2024 \$000	30 June 2023 \$000	31 December 2023 \$000
Loan to Prudential International Treasury Limited	400,000	400,000	400,000
Loan to Prudential Corporation Asia Limited	60	60	60
	<b>400,060</b>	<b>400,060</b>	<b>400,060</b>

Loans to Prudential International Treasury Limited are callable on demand. Interest receivable on these loans reflects current market interest rates. Accrued interest on these loans is included within "Accrued interest on intercompany loans" in the balance sheet.

## NOTES TO THE ACCOUNTS (continued)

### 5. Payables to fellow group undertakings

	30 June 2024 \$000	30 June 2023 \$000	31 December 2023 \$000
Amounts due to Prudential International Treasury Limited	-	64,534	-
Amounts due to Prudential Services Limited	4,044	296	114
Amounts due to Prudential plc	138	-	-
	<u>4,182</u>	<u>64,830</u>	<u>114</u>

Amounts due to Prudential Services Limited represent short term trading balances.

### 6. Borrowings

	Maturity Year	Interest rate %	Carrying Value 30 June 2024 \$000	Carrying Value 30 June 2023 \$000	Carrying Value 31 December 2023 \$000
<b>Subordinated Liabilities</b>					
€20m Medium Term Notes 2023	2023	2.239	-	21,765	-
<b>Subordinated Liabilities – amounts falling due within one year</b>			<b>-</b>	<b>21,765</b>	<b>-</b>
<b>US\$750m 4.875%</b>					
£435m 6.125% Notes 2031	Perpetual	4.875	657,158	657,158	657,157
US\$1,000m 2.95% Notes 2033	2031	6.125	551,688	555,236	556,813
	2033	2.950	870,539	844,707	857,417
<b>Subordinated Liabilities – amounts falling due more than one year</b>			<b>2,079,385</b>	<b>2,057,101</b>	<b>2,071,387</b>
<b>Senior Debt</b>					
£250m 5.875% Notes 2029	2029	5.875	322,881	326,187	326,278
US\$1,000m 3.125% Notes 2030	2030	3.125	893,616	878,604	886,013
US\$350m 3.625% Notes 2032	2032	3.625	312,734	308,963	310,824
<b>Senior Debt – amounts falling due more than one year</b>			<b>1,529,231</b>	<b>1,513,754</b>	<b>1,523,115</b>
<b>Total borrowings</b>			<b>3,608,616</b>	<b>3,570,855</b>	<b>3,594,502</b>
Accrued interest			42,384	42,983	34,938
<b>Total borrowings and accrued interest</b>			<b>3,651,00</b>	<b>3,613,838</b>	<b>3,629,440</b>

On 2 March 2023 Prudential plc, the Company's ultimate parent company, transferred the debt instrument liabilities listed above to the Company. These instruments were measured at fair value on initial recognition. The total fair value of these instruments at initial recognition was \$3,588,159 thousand, including accrued interest. The fair value of these instruments was established by reference to their observable quoted market prices on active exchanges on the date of initial recognition.

These instruments are subsequently measured at amortised cost, applying the effective interest rate method, to amortise the difference between the value initial recognised and their redemption value.

**NOTES TO THE ACCOUNTS (continued)**

7. Called up share capital

	June 2024 \$000	June 2023 \$000	December 2023 \$000
Issued and fully paid: 50,001 ordinary shares of £1 each	60	60	60

At incorporation on 7 February 2023, the Company issued 50,000 shares with nominal value of Pounds Sterling 50,000 to Prudential Corporation Asia Limited.

On 15 June 2023 the Company issued one ordinary share to Prudential Corporation Asia Limited in consideration cash of \$400,000,000. \$1 was credited to share capital and \$399,999,999 was credited to the share premium account.

8. Post balance sheet event

There have been no significant events affecting the Company since the balance sheet date.