Business Update for the 2021 Annual General Meeting

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Company Participants

- Mark FitzPatrick, Group CFO, COO & Executive Director
- Mike Wells, Group Chief Executive & Executive Director
- Nicolaos Nicandrou, Chief Executive of Prudential Corporation Asia

Other Participants

- Andrew Crean, Analyst
- Ashik Musaddi, Analyst
- Blair Stewart, Analyst
- Farooq Hanif, Analyst
- Greig Paterson, Analyst
- Jon Hocking, Analyst
- Larissa Van Deventer, Analyst
- Scott Russell, Analyst
- Unidentified Participant, Analyst

Presentation

Operator

Ladies and gentlemen, welcome to the Business and Jackson Demerger Update for 2021 Annual General Meeting. (Operator Instructions) Now I'll hand over to your host, Mike Wells, to begin. So Mike, please go ahead when you're ready.

Mike Wells {BIO 4211236 <GO>}

Thank you, Brika. Good morning, everybody. Welcome to the conference call on our First Quarter 2021 trading update in advance of today's AGM. I'm Mike Wells, I'm group CEO. I'm joined today by Mark FitzPatrick, Group CFO and COO; Nic Nicandrou, our CEO of Asia; and Ben Bulmer, Interim CFO of PCA.

We're going to cover two key areas today. Firstly, the performance of our continuing operations in Asia and Africa over the first three months of this year. Secondly, an update on the timing of the U.S. demerger.

As you heard at our prelims in March, we have a clear strategy focused on structural growth opportunities in Asia and Africa. We have the scale and diversity of our franchise, the strength of our multichannel distribution model and high-quality execution.

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Our business model has shown resilience, most recently during the COVID pandemic and with high quality and high level of customer retention. I'd like to pay tribute to our colleagues who worked so hard in another quarter, again made more difficult by the current environment.

So let me walk you through some of the key aspects of our First Quarter trading update, which clearly shows a very strong performance in the first three months of 2021. Asia and Africa APE sales were up 14%, and new business profits were up 21% compared to Q1 2020. Excluding Hong Kong, APE sales are up 35% and new business profits were up 64% with favorable product and channel mix, consistent with our ongoing focus on health and protection.

In the First Quarter of 2021, our China joint venture was our largest business in terms of APE sales and new business profits. In Hong Kong, we had lower sales as the ongoing border restrictions continue to limit severely cross-border business from China. And as you'll be aware, a number of countries and markets continue to experience significant COVID-related disruption, for example, in India, Indonesia, Thailand and the Philippines.

Nevertheless, we are pleased that our Asia and Africa businesses have continued to build on the momentum established over the third and Fourth Quarters of 2020, with First Quarter of 2021 sales 4% above those in the Fourth Quarter of 2020.

Our multichannel model continues to perform well with all channels delivering growth. APE sales to our bank partners were 18% higher and we've continued the rapid build-out of our digital capabilities, again led by Pulse, our health and wellness platform. APE sales associated with Pulse represented about 9% of our First Quarter 2021 APE in the markets where Pulse is available. And finally, Eastspring's total funds under management were $242 billion at the end of March 2021.

Moving on to our capital position. On the current LCSM method, we ended the First Quarter with a shareholder cover ratio of 319% after allowing for the 2021 second interim dividend. Excluding the U.S. completely, this ratio would have been higher at 331%. And as we've indicated previously we are well positioned for the transition to the new group-wide supervisory model. Under that new model, again largely consistent with that applied under the current regime. Our initial analysis indicates that all debt instruments, senior and subordinated issued by Prudential will meet the grandfathering conditions set out by HKIA. If this is confirmed, the group ex-U.S. shareholder LCSM ratio of 331 would increase by around 50percentage points to 381%.

So finally, an update on the U.S. and the timing of the demerger. Over the First Quarter of 2021, Jackson's new business premiums were in line with trends seen in the second half of 2020. Sales of variable annuities were higher than the First Quarter of 2020. Sales of fixed index annuities and fixed annuities in the same period remain at historical low levels following early pricing actions. We've received the U.S. insurance regulatory approvals for the demerger and the regulatory review of the draft Form 10 is ongoing. Jackson will now need to include its Q1 2021 financials in the Form 10. We're now expecting the demerger to occur in the second half of 2021, subject to shareholder and regulatory approvals.

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As previously announced, Prudential is considering raising new equity of around $2.5 billion to $3 billion following the completion of the Jackson demerger. Our preferred route is a fully marketed global offering to institutional investors concurrent with a public offering in Hong Kong to retail investors.

We think the strong First Quarter performance reflects the strength of our business model and our multichannel distribution platform, and we see scope for further compounding growth for our shareholders as we continue to execute our strategy with discipline and enhance our performance. Thank you.

And let's get to our Q&A, please. We have AGM shortly. So I ask that both the questions and, on our side, the answers to be respectful of a number of others who may also have questions. Over to you, operator.

Questions And Answers

Operator

(Operator Instructions) The first question we have comes from Jon Hocking from Morgan Stanley.

Q - Jon Hocking {BIO 2163183 <GO>}

I've just got two questions, please, both on capital. In the release, firstly, you talked about $0.4 billion of operating capital generation in the First Quarter on the LCSM basis. That seems to be so running a bit below where you were last year, I think you're averaging about $0.5 billion. On that point, is there anything unusual in the Q1 run rate? And what's the Jackson contribution to that $0.4 billion? That's the first question.

And the second question on the GWS framework, you mentioned that the solvency ratio is 50 points higher on that basis. Is that mainly on the available capital side, given the comments you made about the senior debt?

A - Mike Wells {BIO 4211236 <GO>}

Mark, do you want to go ahead and take those?

A - Mark FitzPatrick {BIO 20178326 <GO>}

Sure. John. So firstly, in terms of your numbers, the $0.4 billion that we referred to is ex-Jackson. There's nothing particularly unusual in the run rate, really, I suppose, it's impacted by market conditions and rates. So there isn't anything in particular that we see in there that we feel the need to call out.

Then, in terms of the GWS component, that we said we're expecting that to come through imminently and would expect -- the main -- the only real change do we see in terms of LCSM versus GWS is really the element of the senior debt that we expect to be able to have included.

Operator

We now have the next question from Farooq Hanif of Credit Suisse.

Q - Farooq Hanif {BIO 4780978 <GO>}

Well done on the sales. Just a quick one on Jackson first. So is there anything that you can say that's been a complexity in the approval process that's sort of caused the delay? Or is it just the bureaucratic process over the Form 10? So if you could answer that.

Then, secondly, what thoughts can you give us on Eastspring and the outflows that we're seeing at the moment? Just kind of what you see as driving that and whether there could be an improvement coming down the line?

A - Mike Wells {BIO 4211236 <GO>}

Okay. It's -- I'll take the first one and Nic, I'll give you the piece on Eastspring, if we could. So there's obviously very little we can say with the live filing with the regulator, and I don't want to add any adjectives to work. But you see, the balance of the regulatory approvals are in place and we continue to work at pace and closely with the SEC on the Form 10.

But unfortunately, given it's live, and you've seen the multiple updates to it, there's parts of the work stream that are in our control and those parts are not in our control, and we're fully committed, the Board's fully committed. You've seen the balance of the work around it from a regulatory point of view. You'll see us continue to focus on the completion of this at pace. But beyond that, there's not much more that I can say. Nic, do you want to comment on Eastspring?

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

So in Eastspring, third-party flows were slightly negative, about $0.4 billion down in the quarter. And really what's happening is with the rise in rates, value of bond, funds going down, we've seen a number of investors asset allocate out. So that negative $0.4 billion was negative $1.3 billion on bonds, about $0.9 billion on equities and alts. So that's what we saw.

Outside that, I mean clearly, we have very strong life company flows. We had a continuation of M&G's divestment program. Net-net, though, taken all together, flows were positive. The drop from $248 billion at the beginning of the year to $242 billion at the end of the First Quarter was mostly market- and FX-related. Flows were net-net positive, taking in the internal monies as well.

Operator

We now have the next question from Andrew Crean of Autonomous.

Q - Andrew Crean {BIO 16513202 <GO>}

Two questions, if I can. Firstly, can I pursue -- I know you don't want to talk about it, but you said that parts are not in your control in terms of the Jackson demerger process. You had to pull the debt issuance because you were still, I think in legal wrangles with your former CFO and CEO of Jackson. Are there still parts which are not in control, which are subject to further legal definition? And is it -- are you clear to do the debt issuance currently? That's the first question.

Second question is when you talk about confidence that Hong Kong sales will return when the border reopens, do you see sales returning to the old levels? Or do you see, in addition to that, sort of pent-up demand from the period when the border was closed, so that you will see for a time very much elevated sales?

A - Mike Wells {BIO 4211236 <GO>}

So Andrew, the settlement with the 2 individuals is behind us. It's agreed and it's -- the relevant information in the public domain. So -- and again you see the capital position, you update on Jackson. So I don't want to get into the -- where we are specifically with the SEC. But that's -- when I say things out of our control, there is no work streams related -- that are Jackson-related or group-related that are open, but there is a process with the SEC that we're responding to, and we'll continue that at pace. But again I can't get into this. We were never allowed in this to discuss the specifics and we're confident that we get this to where it needs to get to in terms of completion.

Q - Andrew Crean {BIO 16513202 <GO>}

Certainly not Hong Kong in the last 14 days because you said you were going to do it in the Second Quarter 13 days ago.

A - Mike Wells {BIO 4211236 <GO>}

Yes. No, Andrew, we were -- we had expectations of getting things done and certain time tables, and we had estimates on when we thought certain responses would come and it's nothing more than that. We're not getting into -- we're not -- again if I -- if you think of the outcome of a call like this, if I critique or comment on the regulatory work, then, that in itself would create an event. I'm not going to do that. So they're doing their job. We're doing our job. Nic, do you want to comment on Hong Kong?

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

Sure. So we are confident that the Mainland Chinese will come into Hong Kong to buy products. We continue to survey, not only in the Greater Bay Area, but beyond. We -- and many of the -- and all of it, and frankly, all of the product advantages that the Hong Kong sector has and Prudential within that remain. So there's no change there.

To your question on what rate, yes, I do expect that to be a pent-up demand and I think it will come back strongly. But as I've said before, stronger than, if you like, an underlying run rate. But I've said before, the biggest influence is how -- what is the phasing of opening up. Is it just going to be Guangdong? Is it just going to be near -- the nearby provinces? Is it going to be all of China? And there are infinite number of combinations in between. So yes, demand is there. It should be fuel for some pent-up. We are convinced of that. But

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we don't know is the phasing of opening up, and that's going to be the biggest determinant.

Operator

The next question we have from the phone line comes from Scott Russell of Macquarie Capital.

Q - Scott Russell {BIO 15107992 <GO>}

Two questions on the Asian sales, if I can. Firstly, on China. Could I inquire that a bit more detail about the trends. It looks as though the margin is over 50% in China for the First Quarter, which is probably the best First Quarter, not that we get the history, but if I look at historical first half, seasonally a lower margin in the first half, it does look quite exceptional. So I'm trying to get a sense for the sustainability of that. It appears the agency channel was being higher margin was a factor. So favorable channel mix. But I suppose I'd like to hear a little bit more about product mix and particularly in light of the change in product design of critical illness products, which I think took place in about February, doesn't look like it affected the civic [ph] Pru JV much at all.

Second question is about the contrast between Indonesia and Malaysia. Malaysia, your business profit growth, very strong. Indonesia, surprisingly weak. Both markets had movement restrictions during, at least, January and possibly longer. Trying to understand a little more way Indonesia just continues to firm [ph] new lows in terms of new business profit?

A - Mike Wells {BIO 4211236 <GO>}

Thanks, Scott. Nic, do you want to address both of those?

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

We'll do, Mike. So China -- well, in China, business is pretty much return to normality. And against this much more normal backdrop, our sales demonstrate what we've been saying for a while in terms of the quality and the strength of our joint venture franchise. Now clearly, the headlines are flattered by a very low comparative and indeed, the timing of some sales campaigns this year, and we had a campaign earlier in the year on critical illness ahead of the change in the definitions.

So in relation to the trends, perhaps a better way given how disrupted 1Q '20 was a better way to assess progress is maybe comparing the First Quarter of this year with the First Quarter of '19. There, you would see sales up by 38%. Both -- clearly, both channels up and new business profits up nearly 3x. So yes, the margin has improved significantly.

And behind this improvement, really, there are 4 reasons. Clearly, some of them are volume-related, some of them are mix-related. Firstly, there has been a shift, and we've talked about this towards our higher-margin products over the last two years, particularly benefiting this quarter from a successful critical illness campaign as well as sunsetting the previous product. We had a very strong performance. We've since launched the new

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product. It was launched earlier this month, and we will go again for the rest of the year with the revised product.

Secondly, we've seen an improvement in agency productivity and economics. Again a lot of hard yards here rather than a single reason. We've been prioritizing for some time, longer term-type savings, health and protection products and a strategy that's seen margin from that channel improve in the First Quarter to 83%, clearly much bigger than in the past.

The third reason is the continued expansion of our bank channel with a very strong product discipline here, which again saw margin from that channel go up to 45%, much stronger than last year or the year before.

And fourthly, the geographic expansion. We're in more cities now than we were two years ago, 99 this year, 87 a year before. And every quarter, every year that goes by, we go deeper in our existing cities. So again compared with 1Q '19, we grew share in 18 out of the 20 provinces. So a lot of hard work quarter-after-quarter to help deliver, and you're quite right, this is our best First Quarter ever and one where, not only are we delivering strong outperformance relative to our history, but also relative to markets.

Sustainability, I mean it'll be mix-dependent as we go forward. It will be channel-dependent as we go forward. There's different campaigns. But the structural improvement in that business is, over the last few years, is palpable.

On Indonesia and Malaysia, no, the 2 have not managed the COVID situation in similar ways. Indonesia has been one very long period of every week being worse than the other. In fact, the peak for Indonesia happened around February. We then stabilized. And again we find ourselves in a period now where we're seeing a respike infections. So Indonesia has been 1 long continued spike, if you like, with no leveling off or no return like you've seen in most other markets. Malaysia hasn't been that. There has been spikes. There was one at the beginning of -- towards the end of January, but its impact was very short-lived.

The Malaysia numbers are strong on the back of a very strong quarter for the market. There is a base effect that you're seeing there. The conventional market was up 30%. The package [ph] market was up a little higher than that. Clearly, we benefited from the base effect, but also from all the additional capabilities that we've built over the last few years, that's given us the outperformance that you see. And a very strong growth within these numbers of the Package business where sales nearly doubled.

Indonesia, as I said, is impacted. We continue to launch new products. We continue to push hard the much more affordable, if you like, lower-ticket products. Sales are down, but remember that the First Quarter of last year was largely undisturbed in Indonesia. We were up 41% Q1 '20 over Q1 '19. So we're comparing against the highest quarter last year. Our run rate in Q1 despite the disruption was better than Q2 and Q3 last year. And even though our sales may be down, the number of cases that we're selling is up 70%. So we broadened the offering we are selling to the mid-income segment and the business is structurally in a much, much better place to go and run hard once we get back to

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normality. That will be driven by the rate of vaccination in that market. Around 5% of Indonesia has been vaccinated. I mean the numbers are big, so it will take a little while before we get to, if you like, a reasonable proportion of the population being vaccinated. It's -- they found it -- it's a one market that's found it the hardest to get to grips with this and that continues. But our business within that is getting better and better.

Q - Scott Russell {BIO 15107992 <GO>}

And appreciate the detail -- the country detail here, the VAP sales and new business profit. Is that something that you plan to release quarterly going forward?

A - Mark FitzPatrick {BIO 20178326 <GO>}

It's Mark here. Scott, it's not something that we're committing to because we don't normally do quarterly updates. I think but just given the other components as well, we thought it would be very helpful just to be able to give a perspective of how the business is doing.

(inaudible) we have a capital (inaudible) you would have seen coming up in the 2nd of June, and we wanted to be able to get some of the numbers out to give us more flexibility to talk more fully about it.

Operator

We now have the next question from Greig Paterson from KBW.

Q - Greig Paterson

Just you've added Africa to the new business profit. I wonder if you can just tell us what the number for APE and new business profit is in Africa? And maybe you can talk about your plans of further expanding maybe to South Africa or something like that?

And the second question is on the new GWS regime. You mentioned the 381. I was wondering what sort of level of coverage you will be targeting in the medium to long term for that ratio?

A - Mike Wells {BIO 4211236 <GO>}

So no plans on South Africa. Why don't we do, Mark, you talk about capital? Then Nic talk about the success that the teams are having in Africa. Greig, thanks for the question. The business is doing really well, and the team is really performing well there.

Q - Greig Paterson

So can we have the (inaudible) as well, please?

A - Mark FitzPatrick {BIO 20178326 <GO>}

Certainly. So Greig, in terms of the GWS component, expecting that to come out imminently. The aspect of looking at what kind of target range because it is certain new,

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as I've said before, I think we want to see it settle down. I think we want to see the market -- how the market comps look and how our business runs under the GWS regime. So no plans in the short term to kind of set anything out.

And I think often, when we think of our business and we think of the capital levels, it's about our ability to reinvest back into the business. So you've seen the phenomenal opportunities that we've had in the past, how we've capitalized on those, and that's given rise to some of these great results that the guys have delivered out in Asia and Africa.

But I'll let talk -- I'll let Nic talk about the Africa piece.

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

Okay. Maybe starting with the numbers. So on APE, Africa contributed 37 to the total this year, up 32%. On MBP, contributed 9. The prior year wasn't restated for the MBP. For Africa, the -- we didn't have -- so that gives you the numbers.

Look. On the progress; yes. We continue the work that we started in theeigth8 markets that we're in. We continue to see growth across all channels. We are seeing -- we're pushing -- we're seeing greater integration as we go forward between the initiatives that we're undertaking in Asia with those in Africa.

A key one of that was the launch of Pulse, which is in now in five markets in Africa. On the Capital Markets Day on the 2nd of June, there'll be a session dedicated on that. We'll be able to add even more color at that session, Greig.

Operator

We now have the next question from Blair Stewart of Bank of America.

Q - Blair Stewart {BIO 4191309 <GO>}

Most of mine have been answered, but I've got 3 quick ones. Nic, can you comment a little on the campaign effects in China. There's kind of an element of fire sale, it seems, in Q1 from the old product. Can you just comment a little bit on what impact that had?

On the -- secondly, on Jackson, one thing you referenced is the need to put the Q1 figures into the new filings. I'm assuming that, that was something you didn't expect to have to do. And just as a side question on Jackson, is there any outstanding litigation in place? Or is that all gone now? And a final question, very quick one is the timing of the capital raise, is that still planned for after the demerger?

A - Mike Wells {BIO 4211236 <GO>}

Okay. So I'll do a couple of those just out of time. So yes, on the timing, the capital raise is post the demerger. No, there is no outstanding litigation with Jackson. To be a little more robust to Andrew's question, I think what's changed in the last 14 days is there's a requirement in the U.S. on the freshness of the financials. So we effectively added until yesterday and it's -- the regulatory process in the U.S. requires a certain age of the financials to be valid for anything related to capital.

And just to remind everybody the process, if the SEC approved Monday you'd have to publish the circular -- you have an FDA approval, you have a 14-day notice period, you have the vote to the shareholders and then, we would have the JF shares issued in approximately 2 weeks. So you can see where this pushes us past the target that we had set out, but it's a requirement that the financials have a certain aging to them and unfortunately, that we bumped into that. Adding those back was one of the contingencies that we anticipated, but it wasn't our first choice, but it just happened to where we are timing-wise. Nic, do you want to comment on the campaign in China?

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

I mean Mike and Blair, I've said what -- that's why I focused on kind of two years on a comparative versus two years ago. Yes, there was an impact. It was only in January. So -- and really point to the underlying structural improvement of that business whilst recognizing, yes, there is some timing -- there is some effect of that. But the underlying business is improving, and we have high hopes for the new product we just launched.

Operator

We now have next question from Ashik Musaddi from JPMorgan.

Q - Ashik Musaddi {BIO 15847584 <GO>}

And I just have a couple of questions, if I may. First of all, I mean is it possible to get a bit of sense about where the Jackson's RBC ratio has moved? Now the reason I'm asking is because markets have rallied this year, so far. I remember that there was some VA floating issue with Jackson and fast in terms of RBC. So has that negatively impacted? Positively impacted? Any sort of number would be great, but any direction would help as well?

Then second question I would have is on the RBC ratio. I mean if I look at the -- some of the documents in -- on SEC website, that suggests a ratio -- target ratio of 500% to 525%, whereas you are suggesting a target ratio of north of 450%. Now north of 450% does mean it could be 5005 to 525%, but is there any difference between the 2? Any thoughts on that would be helpful.

And just one question on Indonesia. I mean you have changed the product structure and made it a lot low ticket size because if I look at the premium, down 14%, but Nic mentioned, I think volumes up 70%. I mean what is the rationale behind it? I mean any thoughts on that would be very helpful.

A - Mike Wells {BIO 4211236 <GO>}

Okay. Ashik, in general, with Pulse and some of the -- our capabilities now, product-wise, we're fine going into different-sized product category, different price points with clients, different consumer groups than we've historically been at, and I'll let Nic give you a little

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more color in Indonesia. Mark, do you want to talk about capital in the U.S. in general terms?

A - Mark FitzPatrick {BIO 20178326 <GO>}

Sure. Ashik, in general terms, from an RBC perspective, when markets are up in terms of S&P and the like, and the low level of statutory reserves in excess of kind of cash tender values as we said in the past, then we will incur hedge losses with limited releases of the underlying statutory reserve. There'll also be, by definition, then limited DTA admissibility.

So the overall direction is -- in those kind of market conditions, you'd expect to see Jackson's pack coming down as a result of that kind of component, and you'd expect to see some move in terms of the Cal [ph] coming down as well as a result of some of those reserves going down to kind of cash render value component. So those kind of mechanics are still fluid through the quarter.

As for the document on the SEC website, under paying [ph] of debt, I'm not allowed to kind of comment on that document until it's really finalized. So I think once that's done, we'll be able to, and Laura and the team will be able to comment more fully.

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

Do you want me to expand on Indonesia, Mike?

A - Mike Wells {BIO 4211236 <GO>}

Yes, please, Nic.

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

I mean I think you covered it. I think the capabilities of the business, be it in the ability to distribute and the ability to manufacture, the ability to make money out of lower case products, it's been hugely enhanced over lower case sized products over the last two years.

I mean candidly, I mean remember, Ashik, we're not in the single premium space. So we operate in the regular premium space. Over 90% of what we sell in Indonesia is regular premium. The traditional investment-linked product had a very significant case size, $800 to $1,000 a year, U.S. dollars.

Now given the backdrop in the environment, we wanted to offer people the opportunity that didn't want to make that size commitment given the backdrop to be able to buy the protection that they need at a much more affordable case size. So as little as $100, if -- to buy, whether it's medical, hospitalization, term insurance, for example, or even simple critical illness. It's found favor with the Islami [ph] community.

We are the biggest Sharia insurer in the market, 400,000 customers, population, 220 million. They tend to be more the mid-income people. So -- and they are the ones that

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were the least, if you like, least provided for, least penetrated segments. So that's what's driving it say we have the capability to build it, to make good profits from it, and to distribute it to a community, to a segment that is highly underpenetrated. So our Sharia sales were flat. The MVP from that product line was up 17%, and we sold 2.5x Sharia cases that we did the previous year.

So it's a very deliberate move at a time where people are looking for protection at more affordable -- used through more affordable, simpler products. That's what we're doing rather than going to the single premium space, which is what a lot of these -- a lot of insurers and distributors are doing in Indonesia at the moment.

Operator

We now have the next question from Stephanie Doherty [ph] from BTG.

Q - Unidentified Participant

Most of my questions have been answered. I realize you've already given a lot of color around Jackson. But I think it would be helpful to finesse a little bit better the time frame because now it's gone from imminent to second half, which is a very open-ended concept, whereas my impression from what you were saying earlier is, if it's just a matter of refreshing the financials, then, again we're looking at Q3 -- potentially the first half of Q3-- as opposed to, again an open-ended timeframe that kind of sets back the equity story a little bit relative to where people were expecting it would be.

A - Mike Wells {BIO 4211236 <GO>}

Stephane, I appreciate the -- that we're not narrowing it down, but there is an element of predicting regulatory models in this that we're trying to stay away from and we do know the work streams involved in the turnarounds typically on financials. If you look at the SEC site, it takes them a couple of weeks to review fresh financials. So that's their guidance if you look at their public information. So again I don't want to get into forecasting their work streams at this point in this sort of climate. So I apologize for the open-endedness of it, but I think it's -- I think we should comment on things we can control and obviously work at pace to get the -- to get everything done and over the line as fast as we possibly can. I want to make sure we understand that is the focus.

And I think I've been clear, there's none of new issues at Jackson. You see the capital levels are robust. You see the other regulatory approvals are now in line. So Just -- it is not something that we can say we know when it's going to finish, just given the -- we respect the regulator's role and what they need to do process-wise, as defined by them. So -- but I do appreciate that it be open end of nature of the way we said it. But I think we're being realistic that we know what we can control, and we know what we need to just respond to. So that's the intent. It's not intended to imply anything else.

Q - Unidentified Participant

And just one more point on this. Do you have any high-level thoughts on whether you would expect the distribution to be taxable or not to shareholders in the U.K?

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A - Mike Wells {BIO 4211236 <GO>}

Mark, you want -- you're probably better qualified than me to discuss the U.K. tax code?

A - Mark FitzPatrick {BIO 20178326 <GO>}

Yes. Stephane, the details for that will be in the circular, and we'll go -- and we've got some quite a lot of detail in this. So when the circular comes out, that will run through all the tax implications because it will differ depending upon the basis of the shareholding.

Operator

We now have the final question on the phone lines from Larissa Van Deventer of Barclays.

Q - Larissa Van Deventer {BIO 20764470 <GO>}

Two very quick ones. Just if you have any sense of the timing of the border reopening. You've spoken about the uncertainty of the nature of the rollover, but if you have any sense on timing closer to the ground?

And the other one on the bancassurance channel, you've made several additional investments in the last few years. Are those all fully operational and were they fully operational in the First Quarter? Or is the rollout that is going to come through in the remainder of the year?

A - Mike Wells {BIO 4211236 <GO>}

Nic, why don't you, if you don't mind, answer those two? Then I'll wrap up. I appreciate everyone staying right to the time.

A - Nicolaos Nicandrou {BIO 15589153 <GO>}

Okay. Let me start with the second one. Clearly, we extended the -- in Vietnam with Maritime Bank from the beginning of April. So that clearly wasn't fully operational. Remember, we were working with them in the south of the country, but now we can work with them in Central and North, not fully operational. The big effort this quarter -- or the First Quarter of the year was operationalizing the new relationship with TTB or TMB as was called previously in Thailand. We were ready in all branches. We trained 5,500 of the bank staff. In the course of the First Quarter, 96% of the 900 branches were activated. So we didn't get a sell in every single one of them. Only around 60% of the sellers made a sale. So there's still room to go there. Of course everywhere else, we continue to push hard.

On Hong Kong, maybe to give you a little more color in answering your question. The fourth wave came to an end in early Q2. The recent kind of average local COVID cases are now nil or single-digit numbers. Vaccination program has started, end of February. So far, we have 15% of the population that's been vaccinated, at least, once and 9% that's been vaccinated twice.

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No date has been set for reopening. But we're beginning to see some relaxation of measures. And just to give you 2 examples, from 29th of April, Hong Kong residents that were trapped or stranded in China, can return under the return to Hong Kong scheme without a 14-day quarantine, subject to a negative PCR test. There are quotas on that, but that's seeing some movement from China into Hong Kong. From 12th of May any person arriving from China that are not Hong Kong residents will only have to quarantine for seven days, if they've been vaccinated. So people can travel, they have to quarantine, but they need the vaccination.

The next review will be the 28th of May. And beyond that, the government is talking about a come to Hong Kong scheme. They're talking about a business bubble with China, again subject to quotas. But that's Hong Kong opening itself up to travel from China. Of course this is a 2-way gate, so to speak. And for now, for anyone returning to China, they have to do 2 weeks quarantine and that hasn't changed. And China's position is that they would need to see Hong Kong get to zero cases and stay there for a bit before relaxing the measures that are currently in place, which is, as I said, the 2 weeks quarantine. That's where we are.

A - Mike Wells {BIO 4211236 <GO>}

Thanks, Nic. I think we've said we've always anticipated some sort of staged opening, so we continue to look for progress there. Well thank you, everybody. We're right up to the time we agreed. I appreciate you attending the call and all your questions.

Our hybrid AGM starts at 11 a.m. U.K. time. So if you're dialing into that, we'll speak again shortly. If not, we look forward to seeing you on our investor conference on June 2; and the interims again on August 11. The U.S. team will do actively a virtual roadshow for those of you looking for that on the -- both the effectiveness from the SEC registration is the way that process works.

So to close out, I'd just say I think our first business -- our First Quarter business update demonstrates the further delivery in the Asia and African strategy, our focus on execution and again the quality of the business. I'm confident that we remain well positioned to capture the future long-term growth opportunities in Asia and Africa. You have our commitment, we'll stay focused on every aspect of getting the U.S. demerger across the finish line here. So thank you very much for your time today. Hope everyone has a good day. Good-bye.

Operator

Ladies and gentlemen, that does conclude today's call. Thank you, all again for joining. You may now disconnect your lines.

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