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I Additional financial information

I(i) Group capital position

Prudential applies the Insurance (Group Capital) Rules set out in the Group-wide Supervision (GWS) Framework issued by the Hong Kong IA to determine group regulatory capital requirements (both minimum and prescribed levels). For regulated insurance entities, the capital resources and required capital included in the GWS capital measure for Hong Kong IA Group regulatory purposes are based on the local solvency regime applicable in each jurisdiction. The Group holds material participating business in Hong Kong, Singapore and Malaysia. Alongside the total regulatory GWS capital basis, a shareholder GWS capital basis is also presented which excludes the contribution to the Group GWS eligible group capital resources, the Group Minimum Capital Requirements (GMCR) and the Group Prescribed Capital Requirements (GPCR) from these participating funds.

Estimated GWS capital position note(1)

As at 31 December 2024, the estimated shareholder GWS capital surplus over the GPCR is $15.9 billion (31 December 2023: $16.1 billion), representing a coverage ratio of 280 per cent (31 December 2023: 295 per cent) and the estimated total GWS capital surplus over the GPCR is $20.9 billion (31 December 2023: $19.0 billion), representing a coverage ratio of 203 per cent (31 December 2023: 197 per cent). The estimated Group Tier 1 capital resources are $18.9 billion with headroom over the GMCR of $13.1 billion (31 December 2023: $18.3 billion with headroom of $12.4 billion), representing a coverage ratio of 325 per cent (31 December 2023: 313 per cent).

	31 Dec 2024			31 Dec 2023			
	Shareholder	**Add policyholder note (2)**	**Total note (3)**	Shareholder	Add policyholder note (2)	Total note (3)	Change in total note (4)
Group capital resources ($bn)	**24.8**	**16.3**	**41.1**	24.3	14.3	38.6	2.5
of which: Tier 1 capital resources ($bn) note (5)	**17.6**	**1.3**	**18.9**	17.1	1.2	18.3	0.6
Group Minimum Capital Requirement ($bn)	**5.1**	**0.7**	**5.8**	4.8	1.1	5.9	(0.1)
Group Prescribed Capital Requirement ($bn)	**8.9**	**11.3**	**20.2**	8.2	11.4	19.6	0.6
GWS capital surplus over GPCR ($bn)	**15.9**	**5.0**	**20.9**	16.1	2.9	19.0	1.9
GWS coverage ratio over GPCR (%)	**280 %**		**203 %**	295 %		197 %	6 %
GWS Tier 1 surplus over GMCR ($bn)			**13.1**			12.4	0.7
GWS Tier 1 coverage ratio over GMCR (%)			**325 %**			313 %	12 %

Notes

(1) To reflect the recent Federal Court of Malaysia decision as described in the IFRS financial statements note D2, the 31 December 2024 GWS capital results now reflect a 49 per cent non-controlling interest instead of the previously consolidated 100 per cent economic interest. The 31 December 2023 GWS capital results have not been restated as they reflected the facts and circumstances at that time. Allowing for the non-controlling interest as a pro forma adjustment at 31 December 2023, the estimated shareholder GWS capital surplus over GPCR reduces to $15.9 billion with a coverage ratio of 298 per cent and the estimated total GWS capital surplus over GPCR reduces to $18.8 billion with a coverage ratio of 198 per cent. The total GWS Tier 1 surplus over GMCR reduces to $12.1 billion with a coverage ratio of 319 per cent.

(2) This allows for any associated diversification impacts between the shareholder and policyholder positions reflected in the total company results where relevant.

(3) The total company GWS coverage ratio over GPCR presented above represents the eligible group capital resources coverage ratio as set out in the GWS framework, while the total company GWS tier 1 coverage ratio over GMCR represents the tier 1 group capital coverage ratio.

(4) Refer to section on Material changes in GMCR, GPCR, tier 1 group capital and eligible group capital resources below.

(5) The classification of tiering of capital under the GWS framework reflects the different local regulatory regimes along with guidance issued by the Hong Kong IA. At 31 December 2024, total Tier 1 capital resources of $18.9 billion comprises: $24.8 billion of total shareholder capital resources; less $3.6 billion of Prudential plc issued subordinated and senior Tier 2 debt capital; less $3.6 billion of local regulatory tiering classifications, which are classified as GWS Tier 2 capital resources primarily in Singapore and Mainland China; plus $1.3 billion of Tier 1 capital resources in policyholder funds.

GWS sensitivity analysis

The estimated sensitivity of the GWS capital position (based on the GPCR) to changes in market conditions as at 31 December 2024 and 31 December 2023 are shown below, for both the shareholder and the total capital position.

	Shareholder			
	31 Dec 2024		31 Dec 2023	
Impact of market sensitivities	**Surplus ($bn)**	**Coverage ratio**	Surplus ($bn)	Coverage ratio
Base position	**15.9**	**280 %**	16.1	295 %
Impact of:				
10% increase in equity markets	**0.2**	**(3)%**	0.4	(3)%
20% fall in equity markets	**(0.8)**	**5 %**	(2.5)	(17)%
50 basis points reduction in interest rates	**1.1**	**10 %**	0.7	11 %
100 basis points increase in interest rates	**(2.6)**	**(25)%**	(2.1)	(25)%
100 basis points increase in credit spreads	**(0.5)**	**(4)%**	(1.0)	(12)%

Impact of market sensitivities	Total			
	31 Dec 2024		31 Dec 2023	
	Surplus ($bn)	**Coverage ratio**	Surplus ($bn)	Coverage ratio
Base position	**20.9**	**203 %**	19.0	197 %
Impact of:				
10% increase in equity markets	**1.1**	**1 %**	1.2	1 %
20% fall in equity markets	**(2.8)**	**(4)%**	(4.0)	(13)%
50 basis points reduction in interest rates	**0.8**	**4 %**	0.4	3 %
100 basis points increase in interest rates	**(2.6)**	**(13)%**	(1.4)	(8)%
100 basis points increase in credit spreads	**(1.3)**	**(7)%**	(1.4)	(7)%

The sensitivity results assume instantaneous market movements and, hence, reflect the current investment portfolio and all consequential impacts as at the valuation date. If the economic conditions set out in the sensitivities persisted, the financial impacts may differ to the instantaneous impacts shown above. These sensitivity results allow for limited management actions such as changes to future policyholder bonuses where applicable. In practice, the market movements would be expected to occur over time and rebalancing of investment portfolios would likely be carried out to mitigate the impact of the stresses as presented above. Management could also take additional actions to help mitigate the impact of these stresses including, but not limited to, market risk hedging, increased use of reinsurance, repricing of in-force benefits, changes to new business pricing and the mix of new business being sold.

GWS risk appetite and capital management

The Group's capital management framework focuses on achieving sustainable, profitable growth and retaining a resilient balance sheet.

The Group monitors regulatory capital, economic capital and rating agency capital metrics and manages the business within its risk appetite by remaining within its economic and regulatory capital limits. In respect of regulatory capital limits, a capital buffer above the GPCR is held to ensure the Group can withstand volatility in markets and operational experience, with capital resources remaining sufficient to cover the GPCR even after significant stresses. The calibration of the capital buffer reflects the Group's risk profile and the external economic environment, and is set and reviewed regularly by the Board.

Typically, this requires a Group shareholder coverage ratio of above 150 per cent of the shareholder GPCR to be maintained and de-risking management actions will be taken as necessary to maintain this buffer. No maximum limit on the GWS coverage ratio has been set. While the GWS shareholder capital position is a key metric for assessing regulatory solvency, and for risk management, there are some elements of the shareholder GWS capital surplus that will only become available as cash flow for distribution over time. The Group's free surplus metric is a better measure of the shareholder capital available for distribution and is used as the primary metric for assessing the Group's sources and uses of capital in the Group's capital management framework, and underpinning the Group's dividend policy.

At 31 December 2024, the Group's free surplus stock (excluding distribution rights and other intangibles) was $8.6 billion, compared to the GWS shareholder surplus of $15.9 billion and a reconciliation is shown below.

The uses of capital, for both organic and inorganic opportunities, are assessed by reference to expected shareholder returns and payback periods, relative to risk-adjusted hurdle rates which are set centrally. Further details are included in the Capital management section of the Financial review.

Separate from the capital management framework applied for shareholder-owned capital, the capital held in ring-fenced with-profits funds supports policyholder investment freedom, which increases expected returns for our with-profits funds' customers. GWS policyholder capital surplus is not available for distribution out of the ring-fenced funds other than as a defined proportion distributable to shareholders when policyholder bonuses are declared. Policyholder fund capital surplus is deployed over time to increase investment risk in the with-profits funds in order to target higher customer returns, or distributed as higher customer bonuses, in line with the specific with-profits bonus policies that apply to each ring-fenced fund. The result of applying these policies is that the aggregate policyholder fund GPCR coverage ratio is typically lower than the GPCR shareholder coverage ratio.

The total GWS coverage ratio, which is an aggregate of the policyholder and shareholder capital positions, is therefore usually lower than the shareholder coverage ratio, but also less sensitive in stress scenarios, as is shown in the GWS sensitivity analysis section above as at 31 December 2024. The total GWS coverage ratio is the Group's regulatory solvency metric to which Group supervision applies, and this total regulatory coverage ratio is managed to ensure it remains above the GPCR by applying separate shareholder and policyholder risk appetite limits, as described above.

Analysis of movement in total regulatory GWS capital surplus (over GPCR)

A summary of the movement in the 31 December 2023 regulatory GWS capital surplus (over GPCR) of $19.0 billion to $20.9 billion at 31 December 2024 is set out in the table below.

	2024 $bn
Total GWS surplus at 1 Jan (over GPCR)	**19.0**
Shareholder free surplus generation	
In-force operating capital generation	2.0
Investment in new business	(0.7)
Total operating free surplus generation	**1.3**
External dividends & share repurchases/buybacks	(1.4)
Non-operating movements including market movements	0.4
Other capital movements (including foreign exchange movements)	(0.2)
Adjustment to non-controlling interest for Malaysia conventional life business	(0.2)
Movement in free surplus (see EEV basis results for further detail)	**(0.1)**
Other movements in GWS shareholder surplus not included in free surplus	(0.1)
Movement in contribution from GWS policyholder surplus (over GPCR)	2.1
Net movement in GWS capital surplus (over GPCR)	**1.9**
Total GWS surplus at 31 Dec (over GPCR)	**20.9**

Further detail on the movement in free surplus of $(0.1) billion is included in the Movement in Group free surplus section of the Group's EEV basis results.

Other movements in GWS shareholder surplus not included in free surplus are driven by the differences described in the reconciliation shown later in this section. This includes movements in distribution rights and other intangibles (which are expensed on day one under the GWS requirements) and movements in the restriction applied to free surplus to better reflect shareholder resources that are available for distribution.

Material changes in GMCR, GPCR, tier 1 group capital and eligible group capital resources

Detail on the material changes in GPCR, GMCR, eligible group capital resources and tier 1 group capital are provided below.

- Total eligible capital resources increased by $2.5 billion to $41.1 billion at 31 December 2024 (31 December 2023: $38.6 billion). This includes a $0.6 billion increase in tier 1 group capital to $18.9 billion (31 December 2023: $18.3 billion) and a $1.9 billion increase in tier 2 group capital to $22.2 billion (31 December 2023: $20.3 billion). The increase in total eligible capital resources is primarily driven by positive operating capital generation over the year, partially offset by payments of external dividends and share repurchases and buybacks and market (including foreign exchange) movements over the year.
- Total regulatory GPCR increased by $0.6 billion to $20.2 billion at 31 December 2024 (31 December 2023: $19.6 billion), while the total regulatory GMCR decreased by $(0.1) billion to $5.8 billion at 31 December 2024 (31 December 2023: $5.9 billion). Movements in the GPCR and GMCR are primarily driven by increases from new business sold over the year, offset by the release of capital as the policies matured, or were surrendered and market (including foreign exchange) movements over the year. The movement in the GMCR is restricted to reflect tier 1 group capital.

Reconciliation of free surplus to total regulatory GWS capital surplus (over GPCR)

	31 Dec 2024 $bn		
	Capital resources	Required capital	Surplus
Free surplus excluding distribution rights and other intangibles note (1)	15.0	6.4	8.6
Restrictions applied in free surplus for China C-ROSS II note (2)	1.4	1.3	0.1
Restrictions applied in free surplus for HK RBC note (3)	6.2	0.9	5.3
Restrictions applied in free surplus for Singapore RBC note (4)	2.1	0.2	1.9
Other	0.1	0.1	0.0
Add GWS policyholder surplus contribution	16.3	11.3	5.0
Total regulatory GWS capital surplus (over GPCR)	**41.1**	**20.2**	**20.9**

Notes

(1) As per the 'Free surplus excluding distribution rights and other intangibles' shown in the statement of Movement in Group free surplus of the Group's EEV basis results.

(2) Free surplus applies the embedded value reporting approach issued by the China Association of Actuaries (CAA) in Mainland China and includes a requirement to establish a deferred profit liability within EEV net worth, which can be used to reduce the EEV required capital. This approach is used to assist in setting free surplus so that it reflects resources potentially available for distribution.

(3) EEV free surplus for Hong Kong under the HK RBC regime excludes regulatory surplus to better reflect how the business is managed. This includes HK RBC technical provisions that are lower than policyholder asset shares as well as the value of future shareholder transfers from participating business (net of associated required capital), which are included in the shareholder GWS capital position.

(4) EEV free surplus for Singapore is based on the Tier 1 requirements under the RBC2 framework, which excludes certain negative reserves permitted to be recognised in the full RBC 2 regulatory position used when calculating the GWS capital surplus (over GPCR).

Reconciliation of Group IFRS shareholders' equity to Group total GWS capital resources

	31 Dec 2024 $bn
Group IFRS shareholders' equity	**17.5**
Remove goodwill and intangibles recognised on the IFRS consolidated statement of financial position	**(4.5)**
Add debt treated as capital under GWS note (1)	**3.6**
Asset valuation differences note (2)	**(0.3)**
Remove IFRS 17 CSM (including joint ventures and associates) note (3)	**21.0**
Liability valuation (including insurance contracts) differences excluding IFRS 17 CSM note (4)	**2.6**
Differences in associated net deferred tax liabilities note (5)	**0.9**
Other note (6)	**0.3**
Group total GWS capital resources	**41.1**

Notes

(1) As per the GWS Framework, debt in issuance at the date of designation that satisfies the criteria for transitional arrangements, and qualifying debt issued since the date of designation, are included as Group capital resources but are treated as liabilities under IFRS.

(2) Asset valuation differences reflect differences in the basis of valuing assets between IFRS and local statutory valuation rules, including deductions for inadmissible assets. Differences include for some markets where government and corporate bonds are valued at book value under local regulations but are valued at market value under IFRS.

(3) The IFRS 17 CSM represents a discounted stock of unearned profit that is released over time as services are provided. On a GWS basis the level of future profits will be recognised within the capital resources to the extent permitted by the local solvency reserving basis. Any restrictions applied by the local solvency bases (such as zeroisation of future profits) is captured in the liability valuation differences line.

(4) Liability valuation differences (excluding the CSM) reflect differences in the basis of valuing liabilities between IFRS and local statutory valuation rules. This includes the negative impact of moving from the IFRS 17 best estimate reserving basis to a more prudent local solvency reserving basis (including any restrictions in the recognition of future profits) offset by the fact that certain local solvency regimes capture some reserves within the required capital instead of the capital resources.

(5) Differences in associated net deferred tax liabilities mainly results from the tax impact of changes in the valuation of assets and liabilities.

(6) Other differences mainly reflect the inclusion of subordinated debt in Mainland China as local capital resources on a C-ROSS II basis as compared to being held as a liability under IFRS.

Basis of preparation for the Group GWS capital position

Prudential applies the Insurance (Group Capital) Rules set out in the GWS Framework to determine group regulatory capital requirements (both minimum and prescribed levels). The summation of local statutory capital requirements across the Group is used to determine group regulatory capital requirements, with no allowance for diversification between business operations. The GWS eligible group capital resources is determined by the summation of capital resources across local solvency regimes for regulated entities and IFRS shareholders' equity (with adjustments described below) for non-regulated entities.

In determining the GWS eligible group capital resources and required capital, the following principles have been applied:

- For regulated insurance entities, capital resources and required capital are based on the local solvency regime applicable in each jurisdiction, with minimum required capital set at the solo legal entity statutory minimum capital requirements and prescribed capital requirement set at the level at which the local regulator of a given entity can impose penalties, sanctions or intervention measures;
- The classification of tiering of eligible capital resources under the GWS framework reflects the different local regulatory regimes along with guidance issued by the Hong Kong IA. In general, if a local regulatory regime applies a tiering approach then this should be used to determine tiering of capital on a GWS capital basis, where a local regulatory regime does not apply a tiering approach then all capital resources should be included as Group Tier 1 capital. For non-regulated entities tiering of capital is determined in line with the Insurance (Group Capital) Rules.
- For asset management operations and other regulated entities, the capital position is derived based on the sectoral basis applicable in each jurisdiction, with minimum required capital based on the solo legal entity statutory minimum capital requirement;
- For non-regulated entities, the capital resources are based on IFRS shareholder equity after deducting intangible assets. No required capital is held in respect of unregulated entities;
- For entities where the Group's interest is less than 100 per cent, the contribution of the entity to the GWS eligible group capital resources and required capital represents the Group's share of these amounts and excludes any amounts attributable to non-controlling interests. This does not apply to investment holdings that are not part of the Group;
- Investments in subsidiaries, joint ventures and associates (including, if any, loans that are recognised as capital on the receiving entity's balance sheet) are eliminated from the relevant holding company to prevent the double counting of capital resources;
- At 31 December 2024, all debt instruments with the exception of the senior debt issued in 2022 are included as Group capital resources. The eligible amount permitted to be included as Group capital resources for transitional debt is based on the net proceeds amount translated using 31 December 2020 exchange rates for debt not denominated in US dollars. Under the GWS Framework, debt instruments in issuance at the date of designation that satisfy the criteria for transitional arrangements and qualifying debt issued since the date of designation are included in eligible group capital resources as tier 2 group capital;
- The total company GWS capital basis is the capital measure for Hong Kong IA Group regulatory purposes as set out in the GWS framework. This framework defines the eligible group capital resources coverage ratio (or total company GWS coverage ratio over GPCR as presented above) as the ratio of total company eligible group capital resources to the total company GPCR and defines the tier 1 group capital coverage ratio (or total company GWS tier 1 coverage ratio over GMCR as presented above) as the ratio of total company tier 1 group capital to the total company GMCR; and
- Prudential also presents a shareholder GWS capital basis, which excludes the contribution to the Group GWS eligible group capital resources, the GMCR and GPCR from participating business in Hong Kong, Singapore and Malaysia. In Hong Kong, the present value of future shareholder transfers from the participating business are included in the shareholder GWS eligible capital resources along with an associated required capital, this is in line with the local solvency presentation. The shareholder GWS coverage ratio over GPCR presented above reflects the ratio of shareholder eligible group capital resources to the shareholder GPCR.

I(ii) Eastspring adjusted operating profit and funds under management or advice

(a) Eastspring adjusted operating profit

	2024 $m	2023 AER $m
Operating income before performance-related fees note (1)	**747**	700
Performance-related fees	**–**	(2)
Operating income (net of commission) note (2)	**747**	698
Operating expense note (2)	**(385)**	(372)
Group's share of tax on joint ventures' operating profit	**(58)**	(46)
Adjusted operating profit	**304**	280
Average funds managed or advised by Eastspring	**$249.3bn**	$225.9bn
Margin based on operating income note (3)	**30bps**	31bps
Cost/income ratio note II(v)	**52 %**	53 %

Notes

(1) Operating income before performance-related fees for Eastspring can be further analysed as follows (institutional below includes internal funds under management or under advice). Amounts are classified between retail or institutional depending on whether the owner of the holding, where known, is a retail or institutional investor.

	Retail $m	Margin bps	Institutional $m	Margin bps	Total $m	Margin bps
2024	**414**	**62**	**333**	**18**	**747**	**30**
2023	353	67	347	20	700	31

(2) Operating income and expense include the Group's share of contribution from joint ventures. In the consolidated income statement of the Group IFRS financial results, the net income after tax of the joint ventures and associates is shown as a single line item. A reconciliation is provided in note II(v) of this additional information.

(3) Margin represents operating income before performance-related fees as a proportion of the related funds under management or advice. Monthly closing internal and external funds managed or advised by Eastspring have been used to derive the average. Any funds held by the Group's insurance operations that are not managed or advised by Eastspring are excluded from these amounts.

(b) Eastspring total funds under management or advice

Eastspring manages funds from external parties and also funds for the Group's insurance operations. In addition, Eastspring advises on certain funds for the Group's insurance operations where the investment management is delegated to third-party investment managers. The table below analyses the total funds managed or advised on by Eastspring. All amounts are presented on an AER basis unless otherwise stated.

	31 Dec 2024 $bn	31 Dec 2023 $bn
External funds under management, excluding funds managed on behalf of M&G plc note (1)		
Retail	**64.5**	50.8
Institutional	**29.8**	31.6
Money market funds (MMF)	**13.9**	11.8
	108.2	94.2
Funds managed on behalf of M&G plc note (2)	**1.2**	1.9
External funds under management	**109.4**	96.1
Internal funds under management or advice:		
Internal funds under management	**115.4**	110.0
Internal funds under advice	**33.2**	31.0
	148.6	141.0
Total funds under management or advice note (3)	**258.0**	237.1

Notes

(1) Movements in external funds under management, excluding those managed on behalf of M&G plc, are analysed below:

	2024 $m	2023 $m
At 1 Jan	**94,123**	81,949
Market gross inflows	**110,751**	91,160
Redemptions	**(102,434)**	(85,983)
Market and other movements	**5,777**	6,997
At 31 Dec	**108,217**	94,123

* In the table above the ending balance of $108,217 million includes $13,914 million relating to Asia Money Market Funds (MMF) at 31 December 2024 (31 December 2023: $11,775 million). Investment flows for 2024 include Eastspring MMF gross inflows of $70,640 million (2023: $66,340 million) and net inflows of $1,818 million (2023: $1,123 million).

(2) Movements in funds managed on behalf of M&G plc are analysed below:

	2024 $m	2023 $m
At 1 Jan	**1,924**	9,235
Net flows	**(675)**	(7,604)
Market and other movements	**(12)**	293
At 31 Dec	**1,237**	1,924

(3) Total funds under management or advice are analysed by asset class below (multi-asset funds include a mix of debt, equity and other investments):

	31 Dec 2024						31 Dec 2023	
	Funds under management		Funds under advice		Total		Total	
	$bn	% of total	$bn	% of total	$bn	% of total	$bn	% of total
Equity	**59.6**	**26 %**	**2.2**	**7 %**	**61.8**	**24 %**	52.1	22 %
Fixed income	**38.8**	**17 %**	**6.4**	**19 %**	**45.2**	**17 %**	43.9	19 %
Multi-asset	**109.4**	**49 %**	**24.6**	**74 %**	**134.0**	**52 %**	126.1	53 %
Alternatives	**2.0**	**1 %**	**–**	**0 %**	**2.0**	**1 %**	2.1	1 %
MMF	**15.0**	**7 %**	**–**	**0 %**	**15.0**	**6 %**	12.9	5 %
Total funds	**224.8**	**100 %**	**33.2**	**100 %**	**258.0**	**100 %**	237.1	100 %

I(iii) Group funds under management

For Prudential's asset management businesses, funds managed on behalf of third parties are not recorded on the balance sheet. They are, however, a driver of profitability. Prudential therefore analyses the movement in the funds under management each year, focusing on those that are external to the Group and those primarily held by the Group's insurance businesses. The table below analyses the funds of the Group held in the balance sheet and the external funds that are managed by Prudential's asset management businesses. It excludes the assets classified as held for sale. All amounts are presented on an AER basis unless otherwise stated.

	31 Dec 2024 $bn	31 Dec 2023 $bn
Internal funds	**191.3**	183.3
Eastspring external funds, including M&G plc note I(ii)	**109.4**	96.1
Total Group funds under management note	**300.7**	279.4

Note
Total Group funds under management comprise:

	31 Dec 2024 $bn	31 Dec 2023 $bn
Total investments held on the balance sheet (including Investment in joint ventures and associates accounted for using the equity method)	**169.4**	162.9
External funds of Eastspring, including M&G plc	**109.4**	96.1
Internally managed funds held in joint ventures and associates, excluding assets attributable to external unit holders of the consolidated collective investment schemes and other adjustments	**21.9**	20.4
Total Group funds under management	**300.7**	279.4

I(iv) Holding company cash flow

The holding company cash flow describes the movement in the cash and short-term investments of the centrally managed group holding companies and differs from the IFRS cash flow statement, which includes all cash flows in the year including those relating to both policyholder and shareholder funds. The holding company cash flow is therefore a more meaningful indication of the Group's central liquidity. All amounts are presented on an AER basis unless otherwise stated.

	2024 $m	2023 $m
Net cash remitted by business units note (1)	**1,383**	1,611
Central outflows		
Net interest received (paid)	**17**	(51)
Corporate expenditure note (2)	**(253)**	(271)
Centrally funded recurring bancassurance fees	**(198)**	(182)
	(434)	(504)
Holding company cash flow before dividends and other movements	**949**	1,107
Dividends paid, net of scrip dividends	**(552)**	(533)
Operating holding company cash flow after dividends but before other movements	**397**	574
Other movements		
Redemption of debt	**–**	(393)
Share repurchases/buybacks (including costs)	**(860)**	–
Other corporate activities note (3)	**(109)**	226
	(969)	(167)
Net movement in holding company cash flow	**(572)**	407
Cash and short-term investments at 1 Jan	**3,516**	3,057
Foreign exchange movements	**(28)**	52
Cash and short-term investments at 31 Dec	**2,916**	3,516

Notes

(1) Net cash remitted by business units comprises dividends and other transfers, net of capital injections, that are reflective of earnings and capital generation. The remittances in 2024 were net of cash advanced to Mainland China of $174 million in anticipation of a future capital injection as described in note D4 of the IFRS financial statements (2023: net of $176 million cash advanced that was subsequently converted into a capital injection in 2024).

(2) Including IFRS 17 implementation and restructuring costs paid in the year.

(3) Cash flows from other corporate activities were $(109) million (2023: $226 million). This included payments in respect of new bancassurance partnerships and the acquisition of the remaining interest in our Nigeria life business. 2023 largely related to the disposal of the Group's remaining investment in Jackson Financial Inc.

Proceeds from the Group's commercial paper programme are not included in the holding company cash and short-term investments balance. The table below shows the reconciliation of the Cash and cash equivalents unallocated to a segment (Central operations) held on the IFRS balance sheet (as shown in note C1.1) and Cash and short-term investments held by holding companies at the end of each period:

	31 Dec 2024 $m	31 Dec 2023 $m
Cash and cash equivalents of Central operations held on balance sheet	**2,445**	1,590
Less: Amounts from commercial paper	**(527)**	(699)
Add: Deposits with credit institutions of Central operations held on balance sheet	**998**	2,625
Cash and short-term investments	**2,916**	3,516

I(v) Reconciliation of EEV expected transfer of value of in-force business and required capital to free surplus

The table below shows how the EEV value of in-force business (VIF) and the associated required capital for insurance business operations are projected as emerging into free surplus over the next 40 years. Although circa 5 per cent of the embedded value emerges after this date, analysis of cash flows emerging in the years shown is considered most meaningful. The modelled cash flows use the same methodology underpinning the Group's embedded value reporting and so are subject to the same assumptions and sensitivities used to prepare our 2024 results. It includes 100 per cent of the Group's Malaysia Conventional Life business.

In addition to showing the amounts, on both a discounted and undiscounted basis, expected to be generated from all in-force business at 31 December 2024, the table also presents the future free surplus expected to be generated from the investment made in new business during 2024 over the same 40-year period.

	31 Dec 2024 $m			
	Expected generation from all in-force business*		Expected generation from new business written in 2023*	
Expected period of emergence	Undiscounted	Discounted	Undiscounted	Discounted
2025	**2,694**	**2,591**	**364**	**349**
2026	**2,604**	**2,353**	**254**	**227**
2027	**2,601**	**2,211**	**268**	**226**
2028	**2,415**	**1,933**	**236**	**188**
2029	**2,398**	**1,807**	**232**	**173**
2030	**2,353**	**1,668**	**223**	**157**
2031	**2,183**	**1,455**	**210**	**138**
2032	**2,145**	**1,346**	**207**	**128**
2033	**2,121**	**1,253**	**198**	**116**
2034	**2,133**	**1,188**	**216**	**123**
2035	**2,128**	**1,127**	**228**	**123**
2036	**2,090**	**1,049**	**223**	**114**
2037	**2,106**	**998**	**209**	**102**
2038	**2,101**	**938**	**211**	**97**
2039	**2,114**	**890**	**231**	**98**
2040	**2,085**	**833**	**198**	**83**
2041	**2,086**	**788**	**197**	**78**
2042	**2,084**	**745**	**195**	**74**
2043	**2,092**	**706**	**193**	**70**
2044	**2,105**	**668**	**202**	**69**
2045–2049	**10,484**	**2,788**	**957**	**282**
2050–2054	**10,689**	**2,078**	**903**	**203**
2055–2059	**10,876**	**1,508**	**966**	**173**
2060–2064	**11,187**	**1,090**	**874**	**117**
Total free surplus expected to emerge in the next 40 years	**87,874**	**34,011**	**8,195**	**3,508**

* The analysis excludes amounts incorporated into VIF and required capital at 31 December 2024 where there is no definitive time frame for when the payments will be made or receipts received. It also excludes any free surplus projected to emerge after 2064.

The expected free surplus generation from new business written in 2024 can be reconciled to the new business profit as follows:

	2024 $m
Undiscounted expected free surplus generation for years 2025 to 2064	**8,195**
Less: discount effect	**(4,687)**
Discounted expected free surplus generation for years 2025 to 2064	**3,508**
Discounted expected free surplus generation for years after 2064	**221**
Discounted expected free surplus generation from new business written in 2024	**3,729**
Free surplus investment in new business	**(700)**
Other items*	**49**
New business profit	**3,078**

* Other items represent the impact of the TVOG on new business, foreign exchange effects and other non-modelled items. Foreign exchange effects arise as EEV new business profit amounts are translated at average exchange rates and the expected free surplus generation is translated at closing rates.

The discounted expected free surplus generation from in-force business can be reconciled to the embedded value for insurance business operations as follows:

	31 Dec 2024 $m
Discounted expected generation from all in-force business for years 2025 to 2064	**34,011**
Discounted expected generation from all in-force business for years after 2064	**2,259**
Discounted expected generation from all in-force business at 31 Dec 2024	**36,270**
Free surplus of insurance business operations at 31 Dec 2024	**6,611**
Other items*	**(1,747)**
EEV for insurance business operations	**41,134**

* Other items represent the impact of TVOG, the non-controlling interest in PAMB and other non-modelled items.

The undiscounted expected free surplus generation from all in-force business at 31 December 2024 can be reconciled to the amount that was expected to be generated at 31 December 2023 as follows:

	2024 $m	2025 $m	2026 $m	2027 $m	2028 $m	2029 $m	Other $m	Total $m
2023 expected free surplus generation for years 2024 to 2063	**2,360**	**2,325**	**2,314**	**2,283**	**2,171**	**2,122**	**67,260**	**80,835**
Less: Amounts expected to be realised in the current year	**(2,360)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,360)**
Add: Expected free surplus to be generated in year 2064 (excluding 2024 new business)	**–**	**–**	**–**	**–**	**–**	**–**	**1,934**	**1,934**
Foreign exchange differences	**–**	**(41)**	**(40)**	**(37)**	**(33)**	**(31)**	**(606)**	**(788)**
New business	**–**	**364**	**254**	**268**	**236**	**232**	**6,841**	**8,195**
Operating, non-operating and other movements	**–**	**46**	**76**	**87**	**41**	**75**	**(267)**	**58**
2024 expected free surplus generation for years 2025 to 2064	**–**	**2,694**	**2,604**	**2,601**	**2,415**	**2,398**	**75,162**	**87,874**

At 31 December 2024, the total free surplus expected to be generated over the next five years (2025 to 2029 inclusive) for insurance business operations, using the same assumptions and methodology as those underpinning 2024 embedded value reporting, was $12.7 billion (31 December 2023: $11.5 billion).

At 31 December 2024, the total free surplus expected to be generated on an undiscounted basis over the next 40 years for insurance business operations is $87.9 billion, $7.1 billion higher than the $80.8 billion expected at the end of 2023. The increase is driven primarily by new business.

Actual underlying free surplus generated in 2024 from insurance business in force at the end of 2023, before restructuring and IFRS 17 implementation costs, was $2.4 billion, after allowing for $(0.3) billion of changes in operating assumptions and experience variances. This compares with the expected 2024 realisation at the end of 2023 of $2.4 billion and can be analysed further as follows:

	2024 $m
Expected transfer from in-force business to free surplus	**2,375**
Expected return on existing free surplus	**291**
Changes in operating assumptions and experience variances	**(299)**
Underlying free surplus generated from in-force insurance business before restructuring and IFRS 17 implementation costs	**2,367**
2024 free surplus expected to be generated at 31 December 2023	**2,360**

I(vi) Eastspring third-party investment flows and funds under management

	2024 $m		2023 $m	
Eastspring:	H1	H2	H1	H2
Third-party retail:				
Opening FUM	**50,779**	**59,810**	42,696	46,551
Net flows:				
- Gross inflows	**12,863**	**15,131**	7,237	10,738
- Redemptions	**(8,501)**	**(10,652)**	(5,337)	(7,110)
	4,362	**4,479**	1,900	3,628
Other movements	**4,669**	**192**	1,955	600
Closing FUM	**59,810**	**64,481**	46,551	50,779
Third-party institutional:				
Opening FUM	**31,569**	**30,992**	28,758	30,369
Net flows:				
- Gross inflows	**5,316**	**6,801**	3,932	2,914
- Redemptions	**(6,791)**	**(7,668)**	(3,975)	(4,344)
	(1,475)	**(867)**	(43)	(1,430)
Other movements	**898**	**(303)**	1,654	2,630
Closing FUM	**30,992**	**29,822**	30,369	31,569
Total third-party closing FUM (excluding MMF and funds held on behalf of M&G plc)	**90,802**	**94,303**	76,920	82,348

Funds under management presented above include Prudential's 49 per cent share in funds managed by ICICI Prudential Asset Management Company in India and the 49 per cent share in funds managed by CITIC-Prudential Fund Management Company Limited in China. Mandatory Provident Fund (MPF) product flows in Hong Kong are included at Prudential's 36 per cent interest in the Hong Kong MPF business.

Investment products referred to in the table are unit trusts, mutual funds and similar types of retail fund management arrangements.

II Calculation of alternative performance measures

Prudential uses alternative performance measures (APMs) to provide more relevant explanations of the Group's financial position and performance. This section sets out explanations for each APM and reconciliations to relevant IFRS balances. All amounts are presented on an AER basis unless otherwise stated.

II(i) Adjusted operating profit

The measurement of adjusted operating profit reflects that, for the insurance business, assets and liabilities are held for the longer term. Management believes trends in underlying performance are better understood if the effects of short-term fluctuations in market conditions, such as changes in interest rates or equity markets, are excluded. This measurement basis distinguishes adjusted operating profit from other constituents of total profit or loss for the year, including short-term interest rate and other market fluctuations and loss on corporate transactions.

More details on how adjusted operating profit is determined are included in note B1.2 to the IFRS consolidated financial statements. A full reconciliation to profit after tax is given in note B1.1 to the IFRS consolidated financial statements. Adjusted operating profit after tax is calculated by applying the effective tax rates of the relevant business operations, shown in note B3.2 to the IFRS consolidated financial statements, to adjusted operating profit.

II(ii) Adjusted total comprehensive equity

Adjusted total comprehensive equity is calculated by adding the IFRS 17 expected future profit excluding the amount attributable to non-controlling interests and related tax (shareholder CSM), to IFRS shareholders' equity for all entities in the Group, including life joint ventures and associates. Management believes this is a helpful measure that provides a reconciliation to the Embedded Value framework, which is often used for valuations. The main difference between the Group's EEV measure and adjusted total comprehensive equity is economics as explained in note II(viii).

See note C3.1 to the IFRS consolidated financial statements for the split of the balances excluding joint ventures and associates and the Group's share relating to joint ventures and associates and a reconciliation from IFRS shareholders' equity to adjusted total comprehensive equity.

II(iii) Return on IFRS shareholders' equity

This measure is calculated as adjusted operating profit, after tax and non-controlling interests, divided by average IFRS shareholders' equity.

Detailed reconciliation of adjusted operating profit to IFRS profit before tax for the Group is shown in note B1.1 to the Group IFRS financial results.

	2024* $m	2023 $m
Adjusted operating profit	**3,129**	2,893
Tax on adjusted operating profit	**(547)**	(444)
Non-controlling interests' share of adjusted operating profit	**(146)**	(11)
Adjusted operating profit, net of tax and non-controlling interests	**2,436**	2,438
IFRS shareholders' equity at beginning of year	**16,966**	16,731
IFRS shareholders' equity at end of year	**17,492**	17,823
Average IFRS shareholders' equity	**17,229**	17,277
Operating return on average IFRS shareholders' equity (%)	**14 %**	14 %

* Operating profit and IFRS shareholders' equity are net of the non-controlling interest arising in Malaysia at 1 January 2024 of 49 per cent.

II(iv) IFRS shareholders' equity per share

IFRS shareholders' equity per share is calculated as closing IFRS shareholders' equity divided by the number of issued shares at the end of the year.

	31 Dec 2024	31 Dec 2023
Number of issued shares at the end of the year (million shares)	**2,658**	2,754
Closing IFRS shareholders' equity ($ million)	**17,492**	17,823
Group IFRS total shareholders' equity per share (cents)	**658¢**	647¢
Closing adjusted total comprehensive equity ($ million)	**36,660**	37,346
Group adjusted total comprehensive equity per share (cents)	**1,379¢**	1,356¢

II(v) Eastspring cost/income ratio

The cost/income ratio is calculated as operating expenses, adjusted for commissions and share of contribution from joint ventures and associates, divided by operating income, adjusted for commission, share of contribution from joint ventures and associates and performance-related fees.

	2024 $m	2023 $m
IFRS revenue	**565**	497
Share of revenue from joint ventures and associates	**385**	330
Commissions and other	**(203)**	(129)
Performance-related fees	**–**	2
Operating income before performance-related fees note	**747**	700
IFRS charges	**454**	376
Share of expenses from joint ventures and associates	**134**	125
Commissions and other	**(203)**	(129)
Operating expense	**385**	372
Cost/income ratio (operating expense/operating income before performance-related fees)	**52 %**	53 %

Note

IFRS revenue and charges for Eastspring are included within the IFRS Income statement in 'other revenue' and 'non-insurance expenditure', respectively. Operating income and expense include the Group's share of contribution from joint ventures and associates. In the IFRS condensed consolidated income statement, the net income after tax from the joint ventures and associates is shown as a single line item.

II(vi) Insurance premiums

New business sales are provided as an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The Group reports annual premium equivalent (APE) new business sales as a measure of the new policies sold in the year, which is calculated as the aggregate of annualised regular premiums and one-tenth of single premiums on new business written during the year for all insurance products, including premiums for contracts designated as investment contracts and excluded from the scope of IFRS 17. The use of one-tenth of single premiums is to normalise policy premiums into the equivalent of regular annual payments. This measure is commonly used in the insurance industry to allow comparisons of the amount of new business written in a period by life insurance companies, particularly when the sales contain both single premium and regular premium business.

Renewal or recurring premiums are the subsequent premiums that are paid on regular premium products. Gross premiums earned is the measure of premiums as defined under the previous IFRS 4 basis and reflects the aggregate of single and regular premiums of new business sold in the year and renewal premiums on business sold in previous years but excludes premiums for policies classified as investment contracts without discretionary participation features under IFRS, which are recorded as deposits. Gross premiums earned is no longer a metric presented under IFRS 17 and is not directly reconcilable to primary statements. The Group believes that renewal premiums and gross premiums earned are useful measures of the Group's business volumes and growth during the year.

	2024 $m	2023 $m
Gross premiums earned	**24,262**	22,248
Gross premiums earned from joint ventures and associates	**4,003**	3,973
Total Group, including joint ventures and associates	**28,265**	26,221
Renewal insurance premiums	**19,207**	18,125
Annual premium equivalent (APE)	**6,202**	5,876
Life weighted premium income	**25,409**	24,001

II(vii) Reconciliation between EEV new business profit and IFRS new business CSM

	2024 $m	2023 $m
EEV new business profit	**3,078**	3,125
Economics and other note (1)	**(749)**	(1,006)
New rider sales note (2)	**(79)**	(94)
Related tax on IFRS new business CSM note (3)	**346**	323
IFRS new business CSM	**2,596**	2,348

Notes

(1) EEV is calculated using 'real-world' economic assumptions that are based on the expected returns on the actual assets held with an allowance for risk in the risk discount rate. Under IFRS 17, 'risk neutral' economic assumptions are applied with assets assumed to earn and the cash flows discounted at risk free plus liquidity premium (where applicable). Both measures update these assumptions each period end based on current interest rates.

(2) Under EEV, new business profit arising from additional or new riders attaching to existing contracts, product upgrades and top-ups are reported as current period new business profit. Under IFRS 17 reporting, new business profit from such rider sales and upgrades are required to be treated as experience variances of the existing contracts.

(3) IFRS 17 new business CSM is gross of tax, while EEV new business profit is net of tax. Accordingly, the related tax on the IFRS 17 new business CSM is added back. All of the other reconciling items in the table have been presented net of related taxes.

II(viii) Reconciliation between EEV equity and IFRS shareholders' equity

The table below shows the reconciliation of EEV shareholders' equity and IFRS shareholders' equity at the end of the years:

	31 Dec 2024 $m	31 Dec 2023 $m
Group EEV equity	**44,218**	45,250
Adjustments for non-market risk allowance:		
Remove: Allowance for non-market risks in EEV note (1)	**2,977**	2,968
Add: IFRS risk adjustment, net of related deferred tax note (2)	**(2,040)**	(2,279)
Mark-to-market value adjustment of the Group's core structural borrowings note (3)	**(231)**	(274)
Economics and other valuation differences note (4)	**(8,264)**	(8,319)
Adjusted total comprehensive equity note II(ii)	**36,660**	37,346
Remove: Shareholders' CSM, net of reinsurance note C3.1	**(21,772)**	(22,379)
Add: Related deferred tax adjustments for the above	**2,604**	2,856
IFRS shareholders' equity	**17,492**	17,823

Notes

(1) The allowance for non-diversifiable non-market risk in EEV comprises a base Group-wide allowance of 50 basis points plus additional allowances for emerging market risk where appropriate.

(2) Includes the Group's share of joint ventures and associates and net of reinsurance.

(3) The Group's core structural borrowings are fair valued under EEV but are held at amortised cost under IFRS.

(4) EEV is calculated using 'real-world' economic assumptions that are based on the expected returns on the actual assets held with an allowance for risk in the risk discount rate. Under IFRS 17, 'risk neutral' economic assumptions are applied with the cash flows discounted using risk free plus liquidity premium (where applicable). Other valuation differences include contract boundaries and non-attributable expenses, which are small.

II(ix) Return on embedded value

To enhance comparability within the markets where we operate the calculation of operating return on embedded value has been adjusted in 2024 to be calculated as EEV operating profit for the year, after non-controlling interests, as a percentage of opening EEV equity, excluding goodwill, distribution rights and other intangibles. Comparatives have been restated accordingly.

	2024* $m	2023 $m
EEV operating profit for the year	**4,828**	4,546
Non-controlling interests' share of EEV operating profit	**(157)**	(20)
EEV operating profit, net of non-controlling interests	**4,671**	4,526
Group EEV (ie excluding goodwill) excluding intangibles, at beginning of year	**38,871**	37,583
Operating return on opening Group EEV excluding intangibles (%)	**12 %**	12 %

* Operating profit and EEV equity are net of the non-controlling interest arising in Malaysia at 1 January 2024 of 49 per cent.

Previously the operating return on embedded value was calculated as the EEV operating profit for the period as a percentage of average EEV basis equity as shown below:

	2024	2023
Operating return on average EEV equity (%)	**10 %**	10 %

Similar to return on embedded value, new business profit over embedded value has been revised to be calculated as the EEV new business profit for the year as a percentage of opening EEV equity for insurance business operations, excluding goodwill, distribution rights and other intangibles attributable to equity holders. Comparatives have been restated accordingly. New business profit is attributed to the shareholders of the Group before deducting the amount attributable to non-controlling interests.

	2024 $m	2023 $m
New business profit	**3,078**	3,125
EEV (ie excluding goodwill) for insurance business excluding intangibles, at beginning of year	**40,390**	37,912
New business profit over opening EEV for insurance business excluding intangibles (%)	**8 %**	8 %

II(x) Calculation of free surplus ratio

Free surplus ratio is calculated as the total of Group free surplus excluding distribution rights and other intangibles and EEV required capital, divided by EEV required capital.

	31 Dec 2024 $m	31 Dec 2023 $m
Group free surplus excluding distribution rights and other intangibles	**8,604**	8,518
EEV required capital	**6,410**	5,984
Total	**15,014**	14,502
Free surplus ratio (%)	**234 %**	242 %

II(xi) Greater China presence

Prudential has a significant footprint in the Greater China region, with businesses in Mainland China (through its holding in CPL), Hong Kong (together with its branch in Macau) and Taiwan.

The table below demonstrates the proportion of the Group's financial measures that were contributed by the Greater China region:

	Gross premiums earned*		New business profit	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Total Greater China†	**13,970**	12,859	**1,844**	1,870
Total Group†	**28,265**	26,221	**3,078**	3,125
Percentage of total	**49 %**	49%	**60 %**	60%

Comparatives stated on a AER basis

* The gross earned premium includes the Group's share of amounts earned from joint ventures and associates as disclosed in note II (vi) above.
† Total Greater China represents the amount contributed by the insurance businesses in Hong Kong, Taiwan and the Group's share of the amounts earned by CPL. The Group total includes the Group's share of the amounts earned by all insurance business joint ventures and associates.

III Traditional Embedded Value (TEV) basis results

Basis of preparation and TEV results highlights

Basis of preparation – TEV reporting

To increase the comparability of our external reporting to our key peers and to reduce the economic volatility seen in our embedded value reporting, with a view to improving the transparency of underlying growth in new business profit and embedded value, Prudential is expected to convert to TEV in the first quarter of 2025. The purpose of this section is to provide TEV information for FY24 that will appear as the comparatives in the formal 2025 TEV financial statements. No comparatives have been included on this basis. The results have been determined in accordance with the methodology and assumptions set out in notes 6 and 7. All results are stated net of tax and converted using actual exchange rates (AER) unless otherwise stated.

These TEV results have been subject to reasonable assurance procedures by the Group's auditor, EY.

TEV results highlights

	2024 $m
New business profit note (i)	**2,464**
Annual premium equivalent (APE) sales note (i)	**6,202**
New business margin (% APE)	**40 %**
Present value of new business premiums (PVNBP)	**29,034**
Gross operating free surplus generated from in-force insurance and asset management businesses note (i)(ii)	**2,666**
Net operating free surplus generated from in-force insurance and asset management businesses notes (i)(ii)	**1,984**
TEV operating profit notes (i)(iii)	**4,095**
TEV operating profit, net of non-controlling interests	**3,970**
Operating return on Group TEV (%) note (iv)	**14 %**
Closing Group TEV equity, net of non-controlling interests	**34,267**
Closing Group TEV equity, net of non-controlling interests per share (in cents)	**1,289¢**

Notes

(i) Results are presented before deducting the amounts attributable to non-controlling interests. 2024 new business and operating results include the contribution from businesses classified as held for sale at 31 December 2024. This presentation is applied consistently throughout this document, unless stated otherwise.

(ii) Stated before restructuring and IFRS 17 implementation costs, centrally incurred costs and eliminations.

(iii) TEV operating profit is stated after restructuring and IFRS 17 implementation costs, centrally incurred costs and eliminations.

(iv) Operating return on Group TEV is calculated as TEV operating profit for the year, after non-controlling interests, as a percentage of opening Group TEV, excluding distribution rights and other intangibles. By definition Group TEV excludes goodwill.

Movement in Group TEV equity

	Note	2024 $m Insurance and asset management operations	Other (central) operations	Group total
New business profit	1	**2,526**	**(62)**	**2,464**
Profit from in-force business	2	**1,967**	**–**	**1,967**
Insurance business		**4,493**	**(62)**	**4,431**
Asset management business		**275**	**–**	**275**
Operating profit from insurance and asset management businesses		**4,768**	**(62)**	**4,706**
Change in allowance for corporate expenditure and other central costs incurred in the year	4	**–**	**(414)**	**(414)**
Operating profit (loss) before restructuring and IFRS 17 implementation costs		**4,768**	**(476)**	**4,292**
Restructuring and IFRS 17 implementation costs		**(49)**	**(148)**	**(197)**
Operating profit (loss) for the year		**4,719**	**(624)**	**4,095**
Non-operating results	2	**(752)**	**186**	**(566)**
Profit (loss) for the year		**3,967**	**(438)**	**3,529**
Non-controlling interests share of profit		**(85)**	**–**	**(85)**
Profit (loss) for the year attributable to equity holders of the Company		**3,882**	**(438)**	**3,444**
Foreign exchange movements		**(497)**	**(29)**	**(526)**
Intra-group dividends and investment in operations [note (i)]		**(1,366)**	**1,366**	**–**
Dividends, net of scrip dividends		**–**	**(552)**	**(552)**
Adjustment to non-controlling interest for Malaysia conventional life business [note (ii)]		**(1,404)**	**29**	**(1,375)**
New share capital subscribed		**–**	**–**	**–**
Share repurchases/buybacks [note (iii)]		**–**	**(878)**	**(878)**
Other equity movements [note (iv)]		**169**	**(186)**	**(17)**
Net increase (decrease) in Group TEV equity		**784**	**(688)**	**96**
Group TEV equity at beginning of year		**33,904**	**267**	**34,171**
Group TEV equity at end of year		**34,688**	**(421)**	**34,267**
Contribution to Group TEV equity:				
At end of year				
Insurance business	2	**33,261**	**–**	**33,261**
Asset management and other	4	**691**	**1,657**	**2,348**
Provision for future central corporate expenditure		**–**	**(2,078)**	**(2,078)**
Group TEV		**33,952**	**(421)**	**33,531**
Goodwill attributable to equity holders		**736**	**–**	**736**
Group TEV equity at end of year		**34,688**	**(421)**	**34,267**

Movement in Group TEV equity continued

Group TEV equity per share (in cents) note (v)	2024 Insurance and asset management operations	2024 Other (central) operations	2024 Group total
At end of year			
Based on Group TEV (ie excluding goodwill attributable to equity holders)	**1,278¢**	**(16)¢**	**1,262¢**
Based on Group TEV equity at end of year	**1,305¢**	**(16)¢**	**1,289¢**

TEV basis basic earnings per share note (vi)	2024 Before non-controlling interests $m	2024 After non-controlling interests $m	2024 Basic earnings per share Cents
Based on operating profit	**4,095**	**3,970**	**146.2¢**
Based on profit for the year	**3,529**	**3,444**	**126.9¢**

Notes

(i) Intra-group dividends represent dividends that have been paid in the year. Investment in operations reflects movements in share capital.

(ii) The adjustment to non-controlling interest arises from our Malaysia life entity, Prudential Assurance Malaysia Berhad (PAMB). The non-controlling interest at 31 December 2024 was $1,577 million comprising $1,404 million at 1 January 2024 and $173 million in respect of the movement in 2024. See note D2 of the IFRS financial statements for further details.

(iii) The Company completed a share repurchase to offset the dilution from the vesting of awards under employee and agent share schemes in January and June, and the scrip dividend programme in November 2024. The Company also commenced its share buyback programme in June 2024. Further details are provided in note C8 of IFRS basis results.

(iv) Other movements include reserve movements in respect of share-based payments, treasury shares and intra-group transfers between operations that have no overall effect on the Group's shareholders' equity.

(v) Based on the number of issued shares at 31 December 2024 of 2,658 million shares.

(vi) Based on weighted average number of issued shares in 2024 of 2,715 million shares, which excludes those held in employee share trusts.

Movement in Group free surplus

Operating free surplus generation is the financial metric we use to measure the internal cash generation of our business operations and for our life operations is generally based on (with adjustments as discussed below) the capital regimes that apply locally in the various jurisdictions in which the Group operates. It represents amounts emerging from the in-force business during the year, net of amounts reinvested in writing new business. For asset management businesses, it equates to post-tax adjusted operating profit for the year. For insurance business, free surplus is generally based on (with adjustments including recognition of certain intangibles and other assets that may be inadmissible on a regulatory basis) the excess of the regulatory basis net assets (TEV total net worth) over the TEV capital required to support the covered business. Adjustments are also made to enable free surplus to be a better measure of shareholders' resources available for distribution. For shareholder-backed businesses, the level of TEV required capital has generally been based on the Group Prescribed Capital Requirements (GPCR) used in our GWS (Group-wide Supervision) as explained in note 6.1(e).

For asset management and other non-insurance business operations (including the Group's central operations), free surplus is taken to be IFRS shareholders' equity, net of goodwill attributable to shareholders, with central Group debt recorded as free surplus to the extent that it is classified as capital resources under the Group's capital regime. There is no change in the definition of free surplus upon adoption of TEV, albeit a change in the projection of expected future investment returns has marginally impacted the allocation between operating and non-operating free surplus generation.

		2024 $m		
	Note	Insurance and asset management operations	Other (central) operations	Group total
Expected transfer from in-force business		2,391	–	2,391
Expected return on existing free surplus		288	–	288
Changes in operating assumptions and experience variances		(288)	–	(288)
Operating free surplus generated from in-force insurance business	2	2,391	–	2,391
Asset management business		275	–	275
Gross operating free surplus generated from in-force insurance and asset management businesses		2,666	–	2,666
Investment in new business note (i)	2	(682)	(62)	(744)
		1,984	(62)	1,922
Other expenditure		–	(361)	(361)
Restructuring and IFRS 17 implementation costs		(49)	(148)	(197)
Operating free surplus generated		1,935	(571)	1,364
Non-operating free surplus generated note (ii)		94	229	323
Free surplus generated for the year		2,029	(342)	1,687
Net cash flows paid to parent company note (iii)		(1,383)	1,383	–
Dividends, net of scrip dividends		–	(552)	(552)
Foreign exchange movements		(112)	(29)	(141)
New share capital subscribed		–	–	–
Share repurchases/buybacks		–	(878)	(878)
Other equity movements		184	(203)	(19)
Net increase (decrease) in free surplus before non-controlling interests		718	(621)	97
Adjustment to non-controlling interest for Malaysia conventional life business		(190)	29	(161)
Non-controlling interests' share of free surplus generated		(33)	–	(33)
Balance at beginning of year		6,807	5,648	12,455
Balance at end of year		7,302	5,056	12,358
Representing:				
Free surplus excluding distribution rights and other intangibles		6,226	2,378	8,604
Distribution rights and other intangibles		1,076	2,678	3,754
Balance at end of year		7,302	5,056	12,358

Movement in Group free surplus continued

Contribution to Group free surplus:	Note	2024 $m Insurance and asset management operations	Other (central) operations	Group total
At end of year				
Insurance business	2	**6,611**	**–**	**6,611**
Asset management and other businesses		**691**	**5,056**	**5,747**
Total at end of year		**7,302**	**5,056**	**12,358**

Notes

(i) Free surplus invested in new business primarily represents acquisition costs and amounts set aside for required capital.

(ii) Non-operating free surplus generated for other (central) operations represents the post-tax IFRS basis short-term fluctuations in investment returns, the movement in the mark-to-market value adjustment on core structural borrowings that did not meet the qualifying conditions as set out in the Insurance (Group Capital) Rules and the gain or loss on any corporate transactions, if any, undertaken in the period.

(iii) Net cash flows to parent company reflect the cash remittances as included in the holding company cash flow at transaction rates. The difference to the intra-group dividends and investment in operations in the movement in Group TEV equity primarily relates to intra-group loans, foreign exchange movements and other non-cash items.

Notes on the TEV basis results

1 (i) Analysis of new business profit and TEV for insurance business operations

	New business profit (NBP)	Annual premium equivalent (APE)	Present value of new business premiums (PVNBP)	New business margin (APE)	New business margin (PVNBP)	Closing TEV
	$m	$m	$m	%	%	$m
Mainland China (Prudential's share)	221	464	1,530	48 %	14 %	2,860
Hong Kong	1,091	2,063	10,865	53 %	10 %	13,876
Indonesia	110	262	1,068	42 %	10 %	1,256
Malaysia	105	406	1,731	26 %	6 %	3,254
Singapore	419	870	5,442	48 %	8 %	6,264
Growth markets and other	580	2,137	8,398	27 %	7 %	7,336
Non-controlling interests' share of embedded value						(1,585)
Total insurance business	2,526	6,202	29,034	41 %	9 %	33,261
Less central costs allocated to new business	(62)					
Total Group insurance business	2,464	6,202	29,034	40 %	8 %	

1 (ii) Analysis of new business profit by quarter

New business profit can be analysed by quarter as follows:

	New business profit post central costs (AER)	Annual premium equivalent (APE)	New business margin
	$m	$m	%
Q1 24	545	1,625	34 %
Q2 24	576	1,488	39 %
Q3 24	616	1,527	40 %
Q4 24	730	1,566	47 %
Foreign exchange adjustment	(3)	(4)	–
Total	2,464	6,202	40 %

The above table shows new business profit, APE sales and new business margin for each discrete quarter in 2024. Each quarter is prepared on the basis of economic assumptions at 1 January 2024 (including the long-term economic assumptions as set out in note 7.1) and operating assumptions at the start of each quarter. Each quarter is shown on the basis of average exchange rates for the period concerned. The adjustment at the end of the year is to move new business profit to be based on the average exchange rates for the year in line with how the FY24 TEV basis results have been prepared.

2 Analysis of movement in net worth and value of in-force insurance business operations

	2024 $m				
	Free surplus	Required capital	Net worth	Value of in-force business	Embedded value
					note (a)
Balance at beginning of year	6,144	5,984	12,128	20,346	32,474
New business contribution	(682)	712	30	2,496	2,526
Existing business – transfer to net worth	2,391	(142)	2,249	(2,249)	–
Expected return on existing business note (b)	288	249	537	1,829	2,366
Changes in operating assumptions, experience variances and other items note (c)	(288)	(48)	(336)	(63)	(399)
Operating profit before restructuring and IFRS 17 implementation costs	1,709	771	2,480	2,013	4,493
Restructuring and IFRS 17 implementation costs	(21)	–	(21)	–	(21)
Operating profit	1,688	771	2,459	2,013	4,472
Non-operating result note (d)	98	(92)	6	(714)	(708)
Profit for the year	1,786	679	2,465	1,299	3,764
Non-controlling interests share of loss (profit)	(26)	5	(21)	(73)	(94)
Profit for the year attributable to equity holders of the Company	1,760	684	2,444	1,226	3,670
Foreign exchange movements	(92)	(36)	(128)	(340)	(468)
Intra-group dividends and investment in operations	(1,177)	(40)	(1,217)	40	(1,177)
Adjustment to non-controlling interest for Malaysia conventional life business	(190)	(182)	(372)	(1,032)	(1,404)
Other equity movements note (e)	166	–	166	–	166
Balance at end of year	6,611	6,410	13,021	20,240	33,261

(a) Total embedded value

The total embedded value for insurance business operations at the end of each year, excluding goodwill attributable to equity holders, can be analysed further as follows:

	31 Dec 2024 $m
Free surplus	6,611
Required capital	6,410
Net worth	13,021
Value of in-force business before deduction of cost of capital	21,308
Cost of capital	(1,068)
Net value of in-force business	20,240
Embedded value	33,261

(b) Value of in-force business and new business profit split by product type

The value of in-force business and new business profit are split into four broad product categories as follows:

	2024	
	Value of in-force business	New business profit
Product	%	%
Health & protection	46	40
Participating	29	11
Unit-linked	15	5
Other	10	44
Total	100	100

(c) Changes in operating assumptions, experience variances and other items

Overall the total impact of operating assumption changes, experience variances and other items in 2024 was $(399) million, comprising changes in operating assumptions of $(45) million and experience variances and other items of $(354) million.

(d) Non-operating results

The non-operating result comprises short-term fluctuations caused by changes in interest rates and other market movements in the period, the effect of changes in long-term economic assumptions and the impact of corporate transactions, if any, undertaken in the period. The result in the year of $(708) million mainly reflects the effects of a decrease in interest rates in Mainland China and Thailand, the reduction in the long-term risk-free rate for Mainland China by 50 bps (which impacts fund earned rates and the risk discount rate), as well as the effect of interest rate increases in other markets.

(e) Other equity movements

Other equity movements include reserve movements in respect of intra-group loans and other intra-group transfers between operations that have no overall effect on the Group's TEV equity.

3 Sensitivity of results for insurance business operations to alternative assumptions

(a) Sensitivity analysis – economic assumptions

The tables below show the sensitivity of the new business profit and the embedded value for insurance business operations to:

- 1 per cent and 2 per cent increases in interest rates and 0.5 per cent decrease in interest rates impacting both long-term and current interest rates used in determining TEV values. This allows for consequential changes in the assumed investment returns for all asset classes, market values of fixed interest assets, local statutory reserves, capital requirements and risk discount rates;
- 1 per cent fall in equity and property yields and risk discount rates;
- 1 per cent and 2 per cent increases in the risk discount rates;
- For embedded value only, 20 per cent fall in the market value of equity and property assets (with no impact on assumed investment returns); and
- 5 per cent increase and decrease in foreign exchange rates.

The sensitivities shown below are for the impact of instantaneous changes on the embedded value of insurance business operations and include the combined effect on the value of in-force business and net assets (including derivatives within the insurance operations) held at the valuation dates indicated. The results only allow for limited management actions, such as repricing and changes to future policyholder bonuses, where applicable. If such economic conditions persisted, the financial impacts may differ to the instantaneous impacts shown below. In this case, management could also take additional actions to help mitigate the impact of these stresses. No change in the mix of the asset portfolio held at the valuation date is assumed when calculating sensitivities, while changes in the market value of those assets are recognised. The sensitivity impacts are expected to be non-linear. To aid understanding of this non-linearity, impacts of both a 1 per cent and 2 per cent increase to interest rates and risk discount rates are shown.

The sensitivities shown below are for illustrative purposes and in reality, the impacts may be different. In the event that illustrated changes in market conditions occur, the effect would be captured in non-operating results. For in-force business, the impact of the market sensitivities below are calculated by reference to end of period assumptions, whereas new business impacts are with reference to beginning of year assumptions.

New business profit from insurance business	2024 $m
Base value (before central costs)*	**2,526**
Impact from alternative economic assumptions:	
Interest rates – 2% increase	**(59)**
Interest rates – 1% increase	**(28)**
Interest rates – 0.5% decrease	**17**
Equity and property returns and risk discount rates – 1% decrease	**283**
Risk discount rates – 2% increase	**(565)**
Risk discount rates – 1% increase	**(311)**
Foreign exchange rates – 5% increase	**(68)**
Foreign exchange rates – 5% decrease	**75**

New business profit sensitivities vary with changes in business mix and APE sales volumes.

Embedded value of insurance business	31 Dec 2024 $m
Base value*	**33,261**
Impact from alternative economic assumptions:	
Interest rates – 2% increase	**(3,294)**
Interest rates – 1% increase	**(1,682)**
Interest rates – 0.5% decrease	**971**
Equity/property market values – 20% fall	**(1,684)**
Equity and property returns and risk discount rates – 1% decrease	**1,914**
Risk discount rates – 2% increase	**(4,778)**
Risk discount rates – 1% increase	**(2,637)**
Foreign exchange rates – 5% increase	**(921)**
Foreign exchange rates – 5% decrease	**1,018**

* Embedded value includes Africa operations. In the context of the Group, Africa's results are not materially impacted by the above sensitivities.

In order to illustrate the impact of varying specific economic assumptions, all other assumptions are held constant in the sensitivities above and, therefore, the actual changes in embedded value were these economic effects to materialise may differ from the sensitivities shown.

(b) Sensitivity analysis – non-economic assumptions

The tables below show the sensitivity of the new business profit and the embedded value for long-term business operations to:

- 10 per cent proportionate decrease in maintenance expenses (for example, a 10 per cent sensitivity on a base assumption of $10 per annum would represent an expense assumption of $9 per annum);
- 10 per cent proportionate decrease in lapse rates (for example, a 10 per cent sensitivity on a base assumption of 5.0 per cent would represent a lapse rate of 4.5 per cent per annum); and
- 10 per cent proportionate decrease in base mortality (ie increased longevity) and morbidity rates.

Actual changes in operating assumptions would be reported in operating profit.

New business profit from insurance business

	2024 $m
New business profit (before central costs)	**2,526**
Maintenance expenses – 10% decrease	**51**
Lapse rates – 10% decrease	**131**
Mortality and morbidity – 10% decrease	**229**

Embedded value of insurance business

	31 Dec 2024 $m
Embedded value	**33,261**
Maintenance expenses – 10% decrease	**313**
Lapse rates – 10% decrease	**942**
Mortality and morbidity – 10% decrease	**2,100**

4 TEV results for other (central) operations

TEV results for the change in allowance for corporate expenditure and other central costs incurred in the year comprises the movement in the provision for recurring central head office expenditure that is not related to the acquisition of new business together with the post-tax IFRS results for other central items such as interest costs on core structural borrowings and other central net investment income and other items. It also includes the actual head office expenditure (before restructuring and IFRS 17 implementation costs) in the year on an IFRS net of tax basis, which is either allocated to new business (if it relates to acquisition costs) or in-force if it is covered by the provision.

Certain costs incurred within the head office functions are recharged to the insurance business operations and recorded within the results for those operations. The assumed future expenses within the value of in-force business for insurance business operations allow for amounts expected to be recharged by the head office functions on a recurring basis. The provision for future central corporate expenditure and the actual expenditure in the year excludes such costs.

The allowance for the future costs of internal asset management services within the TEV results for insurance business operations excludes the projected future profits generated by any non-insurance entities within the Group in providing those services (ie the TEV for insurance business operations includes the projected future profit or loss from asset management and service companies that support the Group's covered insurance businesses). The results of the Group's asset management operations include the current period profit from the management of both internal and external funds, consistent with their presentation within the Group's IFRS basis reporting. An adjustment is accordingly made to Group TEV operating profit, within the results for other (central) operations, to deduct the expected profit anticipated to arise in the current period in the opening value of in-force business from internal asset management services, such that Group TEV operating profit includes the actual profit earned in respect of the management of these assets. Following the implementation of IFRS 17, a similar adjustment is made in IFRS to eliminate the intra-group profit within the results of central operations.

The Group TEV equity for other operations is taken to be IFRS shareholders' equity, with central Group debt shown on a market value basis offset by the provision for future central corporate expenditure. Free surplus for other operations is taken to be IFRS shareholders' equity, net of any goodwill attributable to equity holders, with central Group debt recorded as free surplus to the extent that it is classified as capital resources under the Group's capital regime. Under the GWS framework, debt instruments issued at the date of designation which met the transitional conditions set by the Hong Kong IA are included as GWS eligible group capital resources. In addition, debt issued since the date of designation which met the qualifying conditions as set out in the Insurance (Group Capital) Rules are also included as GWS eligible group capital resources.

Shareholders' equity for other (central) operations can be compared across metrics as shown in the table below.

	31 Dec 2024 $m
IFRS shareholders' equity	**1,426**
Mark-to-market value adjustment on central borrowings note 5	**231**
Provision for future central corporate expenditure	**(2,078)**
Group TEV equity	**(421)**
IFRS shareholders' equity	**1,426**
Mark-to-market value adjustment on central borrowings	**231**
Debt instruments treated as capital resources	**3,399**
Free surplus at end of year	**5,056**

5 Net core structural borrowings of shareholder-financed businesses

	31 Dec 2024 $m		
	IFRS basis	Mark-to-market value adjustment	TEV basis at market value
	note (ii)	note (iii)	
Holding company cash and short-term investments note (i)	(2,916)	–	(2,916)
Central borrowings:			
Subordinated debt	2,289	(141)	2,148
Senior debt	1,636	(90)	1,546
Total central borrowings	3,925	(231)	3,694
Net core structural borrowings of shareholder-financed businesses	**1,009**	**(231)**	**778**

Notes

(i) Holding company includes centrally managed Group holding companies and service companies.

(ii) As recorded in note C5.1 of the IFRS consolidated financial statements.

(iii) The movement in the value of core structural borrowings includes redemptions in the year and foreign exchange effects for pounds sterling denominated debts. The movement in the mark-to-market value adjustment can be analysed as follows:

	2024 $m
Mark-to-market value adjustment at beginning of year	(274)
Charge included in the income statement	43
Mark-to-market value adjustment at end of year	(231)

6 Methodology and accounting presentation

6.1 Methodology

The following sets out the Group's methodology for preparing the TEV basis results. In implementing TEV, the Group has retained its operating assumptions and much of the EEV methodology. The changes made are:

- To introduce the use of long-term risk-free rates. For in-force business investment returns generally trend from current to long-term assumptions;
- To increase the risk discount rates, including an implicit allowance for the time value of options and guarantees that was previously calculated explicitly; and
- To reduce TEV for a projection of recurring central head office expenditure and to reduce TEV new business profit for that proportion of recurring actual central head office expenditure considered to be acquisition in nature.

In addition to facilitate discrete quarterly reporting new business profit is determined based on economic assumptions at the start of the year and on operating assumptions at the start of the quarter being reported on. More information on the new business results by quarter are set out in note 1(ii). The 2024 TEV basis results have been prepared using the long-term assumptions set out in note 7.1.

(a) In-scope business

An embedded value (EV) is calculated for each of the Group's in-scope insurance business (including the Group's investments in joint venture and associate insurance business operations). It represents the net worth and the present value of future profits attributable to shareholders from insurance contracts in-force at the end of the reporting year.

The TEV results for the Group's in-scope insurance business are then combined with the post-tax IFRS results of the Group's asset management and other business operations. A provision for future central corporate expenditure that is not recharged or allocated to the insurance business operations is determined and reduces Group TEV equity accordingly. An adjustment is also made to carry the Group's core structural borrowings at market value. The TEV for the life insurance business incorporates the projected margins of attaching internal asset management, as described in note (g) below.

The TEV principles below are applicable to all of the Group's businesses with the exception of its associate ICICI Prudential, which uses the IEV methodology as issued by the Institute of Actuaries of India, consistent with local practice in India. Certain smaller immaterial subsidiaries have also continued to apply 'simplified' EEV principles.

(b) Valuation of in-force and new business

The TEV basis results are prepared incorporating best estimate assumptions, about all relevant factors including, persistency, mortality, morbidity and expenses, as described in note 7.2. These assumptions as well as a long-term view of future investment returns, are used to project future cash flows. The present value of the projected future cash flows is then calculated using a discount rate, which reflects risks associated with the cash flows that are not otherwise allowed for, such as implicit allowance for guarantees. Further information on how the risk discount rate has been set is included in item (h) below.

The total profit that emerges over the lifetime of an individual contract as calculated under the TEV basis is the same as that calculated under the IFRS basis. Since the TEV basis reflects discounted future cash flows, under the TEV methodology the profit emergence is advanced, thus more closely aligning the timing of the recognition of profit with the efforts and risks of current management actions, particularly with regard to business sold during the year.

New business
New business premiums reflect those premiums attaching to the in-scope insurance business, including premiums for contracts classified as investment contracts under IFRS 17. New business premiums for regular premium products are shown on an annualised basis in the Group's new business sales reporting.

New business profitability is a key metric for the Group's management of the development of the business. New business profit represents profit determined by applying operating and economic assumptions that apply at the beginning of the quarter in which business is reported and at the beginning of the year respectively. In addition, new business margins are shown by reference to annual premium equivalent (APE) and the present value of new business premiums (PVNBP). These margins are calculated as the percentage of the value of new business profit to APE and PVNBP. APE is calculated as the aggregate of annualised regular premiums on new business written in the period and one-tenth of single premiums. PVNBP is calculated as the aggregate of single premiums and the present value of expected future premiums from regular premium new business, allowing for lapses and the other assumptions made in determining the TEV new business profit.

New business profit is determined using long-term investment return assumptions, with the exception of certain business (principally single premium business) which trends from current investment returns to long-term investment returns over time. The risk discount rates applied to new business reflect the risks attaching to business sold in the period and may differ to those of the opening in-force business.

(c) Cost of capital
A charge is deducted from the embedded value for the cost of locked-in required capital supporting the Group's insurance business. The cost is the difference between the nominal value of the capital held and the discounted value of the projected releases of this capital, allowing for post-tax investment earnings on the capital.

The TEV results are affected by the movement in this cost from period to period, which comprises a charge against new business profit and generally a release in respect of the reduction in capital requirements for business in force as this runs off.

Where required capital is held within a with-profits long-term fund, the value placed on surplus assets within the fund is already adjusted to reflect its expected release over time and so no further adjustment to the shareholder position is necessary.

(d) Investment return assumptions
Risk-free rates (RFRs) and fund earned rates (FERs) are set with reference to a long-term 'passive' view of the investment outlook ie on a long-term basis rather than being updated at each valuation date according for changes in interest rates over the period. Equity and property return assumptions are set in relation to the long-term return on 10-year government bonds, with allowance for the internal view of risk premium for each currency. We also use our assumed long-term, risk-free rates in calibrating risk discount rates (see (h) below). To derive investment returns for in-force business, we trend from current observable rates over time to these assumed long-term, risk-free rates ('passive basis'), for VIF. Whereas for NBP we apply long-term rates throughout, with some exceptions, for example single premium business.

(e) Level of required capital and net worth
In general net worth and required capital are set with reference to the applicable local statutory regime, with the level of required capital set based on the GWS capital at Group Prescribed Capital Requirement (GPCR) level. In certain circumstances where updates to the local statutory regime are imminent (ie due to be effective within 12 months) and specific conditions are met, the net worth and required capital may be set with reference to these prospective local statutory rules for TEV reporting. At 31 December 2024 all amounts were based on regulatory reporting effective at that date.

For shareholder-backed businesses, the level of required capital has been based on the relevant GPCR.

- For Mainland China, the level of required capital follows the approach for embedded value reporting issued by the China Association of Actuaries (CAA) reflecting the C-ROSS regime. The CAA has started a project to assess whether any changes are required to the embedded value guidance in Mainland China given changes in regulatory rules, regulations and the external market environment since the standard was first issued. To date, no outcomes have been proposed by the CAA and accordingly no changes have been made by Prudential to it approach to embedded value reporting for Mainland China. At such time that there is a new basis, Prudential will consider the effect of proposals.
- For Hong Kong business, the HK RBC framework requires liabilities to be valued on a best estimate basis and capital requirements to be risk based. Adjustments are made to TEV free surplus to better reflect how the business is managed. For example TEV free surplus excludes regulatory surplus that arises where HK RBC technical provisions are lower than policyholder asset shares. In addition, for participating business, the HK RBC regime recognises the value of future shareholder transfers on an economic basis as available capital with an associated required capital. Within TEV, the shareholder value of participating business continues to be recognised as VIF with no recognition within free surplus and no associated required capital.
- For Singapore life operations, the level of net worth and required capital is based on the Tier 1 capital position under the risk-based capital framework (RBC2), which removes certain negative reserves permitted to be recognised in the full RBC2 regulatory position applicable to the Group's GWS capital position, in order to better reflect free surplus and its generation.

(f) With-profits business and the treatment of the estate
For the Group's relevant operations, the proportion of surplus allocated to shareholders from the with-profits funds has been based on the applicable profit distribution between shareholders and policyholders. The TEV methodology includes the value attributed to the shareholders' interest in the residual estate of the in-force with-profits business. In any scenarios where the total assets of the life fund are insufficient to meet policyholder claims in full, the excess cost is fully attributed to shareholders. As required, adjustments are also made to reflect any capital requirements for with-profits business in excess of the capital resources of the with-profits funds.

(g) Internal asset management
The insurance business TEV includes the projected future profit from asset management and service companies that support the Group's in-scope insurance businesses. The results of the Group's asset management business operations include the current period profit from the management of both internal and external funds. The TEV results for other (central) operations is adjusted to deduct the expected profit anticipated to arise in the current period in the opening VIF from internal asset management and other services. This deduction is on a basis consistent with that used for projecting the results for in-scope insurance business. Accordingly, Group operating profit includes the actual profit earned in respect of the management of these assets.

(h) Allowance for risk and risk discount rates
Under TEV, discount rates used to determine the present value of expected future cash flows are set by reference to risk-free rates plus a risk premium.

The risk-free rates are largely based on a long-term passive view of local government bond yields.

The risk premium reflects any non-diversifiable risk associated with the emergence of distributable earnings that is not allowed for elsewhere in the valuation as well as market risk, including an implicit allowance for the time value of options and guarantees. The risk premium is set to be at least equal to the equity risk premium relevant to each currency within each business unit and for smaller entities takes into consideration the stage of development of the business. The equity risk premium is used irrespective of the strategic asset allocation of the business, which, as well as equities, will include government and corporate bonds, with the higher allowance implicitly covering credit risk.

The risk discount rates applied to the in-force business at 31 December 2024 are set out in note 7.1.

(i) Allowance for corporate expenditure
A deduction has been made from Group TEV equity for the present value of future unallocated central corporate expenditure, representing the recurring expenses incurred by the central head office which are not recharged to the business units. These recurring expenses exclude interest costs on core borrowings, net investment return and similar items.

This provision is determined by allocating recurring central corporate expenditure between acquisition and maintenance expenses based on the underlying activity of the functions giving rise to the expenditure. Acquisition costs are deducted from new business profit.

Maintenance costs are projected forward for the next 20 years, taking account of the Group's three year business plan with the present value being deducted from Group TEV. The present value of the corporate expenditure is derived with reference to the Hong Kong risk discount rate.

(j) Foreign currency translation
Foreign currency profits and losses have been translated at average exchange rates for the period. Foreign currency transactions are translated at the spot rate prevailing at the date of the transactions. Foreign currency assets and liabilities have been translated at closing exchange rates. The principal exchange rates are shown in note A1 of the Group IFRS consolidated financial statements.

(k) Taxation
In determining the post-tax profit for the period for covered business, the overall tax rate includes the impact of tax effects determined on a local regulatory basis. Tax payments and receipts included in the projected future cash flows to determine the value of in-force business are calculated using tax rates that have been announced and substantively enacted by the end of the reporting period.

Several jurisdictions either have implemented, or are in the process of implementing, the OECD's Pillar Two tax rules, which include a global minimum tax and a domestic minimum tax with a rate of 15 per cent. These tax rules, when effective, are not expected to have a material impact on the Group TEV in the periods where the actual investment returns are in line with or below the expected long-term rates of return.

6.2 Accounting presentation

(a) Analysis of post-tax profit
To the extent applicable, the presentation of the TEV profit or loss for the period is consistent with the classification between operating and non-operating results that the Group applies for the analysis of IFRS results. Operating results are determined as described in note (b) below and incorporate new business profit (6.1(b)), expected return on existing business (6.2(c)), routine review of operating assumptions (6.2(d)) and what expected experience is in reality (6.2(e)).

In addition, operating results include the effect of changes in tax legislation, unless these changes are one-off and structural in nature, or primarily affect the level of projected investment returns, in which case they are reflected as a non-operating result, which comprises short-term fluctuations caused by changes in interest rates and other market movements in the period, the effect of changes in long-term economic assumptions, mark-to-market movements and the impact of corporate transactions, if any, undertaken in the period.

The Group believes that operating profit, as adjusted for these non-operating items, better reflects underlying performance.

Investment returns included in operating profit
For the investment element of the assets covering the total net worth of insurance business, investment returns are recognised in operating results at the expected long-term rates of return. These expected returns are calculated by reference to the asset mix of the portfolio.

(b) Expected return on existing business
Expected return on existing business comprises the expected unwind of discounting effects on the opening value of in-force business and required capital and the expected return on existing free surplus. The unwind of discount and the expected return on existing free surplus are determined based on economic assumptions at the start of the year but allow for changes in operating assumptions in the period (ie opening value is adjusted for the effect of changes in operating assumptions during the period). The expected return on net worth is based on long-term investment returns.

(c) Effect of changes in operating assumptions

Operating profit includes the effect of changes to operating assumptions on the value of in-force business at the beginning of the reporting period. For presentational purposes the effect of changes is delineated to show the effect on the opening value of in-force business as operating assumption changes, with the experience variances subsequently being determined by reference to the assumptions at the end of the reporting period, as discussed below.

New business reflects operating assumptions in place at the start of the quarter in which the new business is recorded. Operating profit includes the effect of changes to these operating assumptions on the reported new business profit for the period.

(d) Operating experience variances

Operating profit includes the effect of experience variances on operating assumptions, such as persistency, mortality, morbidity, expenses and other factors, which are calculated with reference to the assumptions at the end of the reporting period.

(e) Effect of changes in economic assumptions

Movements in the value of in-force business at the beginning of the year caused by changes in economic assumptions, are recorded in non-operating results.

7 Assumptions

7.1 Principal in-force economic assumptions

The TEV results for the Group's in-force business are determined using economic assumptions where both the risk discount rates and long-term expected rates of return on investments are set with reference to the Group's view of long-term risk-free rates of return. These long-term risk-free rates are the same as those used in our determination of IFRS operating profit. The existing framework is used to derive these and includes assessing historical data, forward looking economic views around real rates, inflation and outlooks from central banks. Risk discount rates are determined by adding a country specific risk premium to the risk-free rate to make allowance for the risk profile of the business. The risk premium is at least as large as the equity risk premium. Long-term expected returns on equity and property assets and corporate bonds are derived by adding a risk premium to the risk-free rate based on the Group's long-term view. Additionally, when determining TEV, current risk-free rate, trend to the long-term risk-free rate over time when projecting investment returns.

In-force assumptions at 31 December 2024	Current market 10-year government bond yield %	Long-term 10-year government bond yield %	Risk premium %	In-force risk discount rate %	Equity risk premium (geometric) %
Mainland China	1.7	2.9	6.0	8.9	4.0
Hong Kong note (i)	4.7	3.2	4.5	7.7	3.5
Indonesia	7.2	6.3	6.3	12.6	4.3
Malaysia	3.9	3.9	4.0	7.9	3.5
Philippines	6.2	5.8	6.3	12.1	4.3
Singapore	2.9	2.7	4.0	6.7	3.5
Taiwan note (i)	4.7	3.2	3.5	6.7	3.5
Thailand	2.3	4.6	4.3	8.9	4.3
Vietnam	2.8	5.8	5.3	11.1	4.3
Total weighted average notes (ii)(iii)	4.1	3.7	4.4	8.1	3.6

Notes

(i) For Hong Kong and Taiwan, the assumptions shown are for US dollar denominated business. For other businesses, the assumptions shown are for local currency denominated business.

(ii) Total weighted average assumptions have been determined by weighting each business's assumptions by reference to the TEV basis closing net value of all in-force in-scope businesses.

(iii) Expected long-term inflation assumptions at 31 December 2024 range from 1.5 per cent to 4.3 per cent.

7.2 Operating assumptions

Best estimate assumptions are used for projecting future cash flows, where best estimate is defined as the mean of the distribution of future possible outcomes. The assumptions are reviewed actively and changes are made when evidence exists that material changes in future experience are reasonably certain. Where experience is expected to be adverse over the short term, a provision may be established.

(a) Demographic assumptions

Persistency, mortality and morbidity assumptions are based on an analysis of recent experience and reflect expected future experience. When projecting future cash flows for medical reimbursement business that is repriced annually, explicit allowance is made for expected future premium inflation and separately for future medical claims inflation.

(b) Expense assumptions

Expense levels, including those of the service companies that support the Group's insurance business, are based on internal expense analysis and are appropriately allocated to acquisition of new business and renewal of in-force business. For mature business, it is Prudential's policy not to take credit for future cost reduction programmes until the actions to achieve the savings have been delivered. Expense overruns are reported where these are expected to be short-lived, including businesses that are growing rapidly or are sub-scale.

Expenses comprise costs borne directly and costs recharged or allocated from the Group head office functions in London and Hong Kong that are attributable to the insurance business. The assumed future expenses for the insurance business allow for amounts expected to be recharged or allocated by the head office functions.

Corporate expenditure included within the TEV results of other (central) operations, comprises expenditure of the Group head office functions in London and Hong Kong that is not recharged or allocated to the insurance or asset management business operations, primarily for corporate-related activities that are charged as incurred, together with restructuring and IFRS 17 implementation costs incurred across the Group. Further explanation of how central costs are allowed for within TEV are discussed in note 4 and 6.1 (i).

Tax rates

The assumed long-term effective tax rates for operations reflect the expected incidence of taxable profit or loss in the projected future cash flows as explained in note 6.1(k). The local standard corporate tax rates applicable are as follows:

	%
Mainland China	25.0
Hong Kong	16.5% on 5% of premium income
Indonesia	22.0
Malaysia	24.0
Philippines	25.0
Singapore	17.0
Taiwan	20.0
Thailand	20.0
Vietnam	20.0

8 Reconciliation of TEV expected transfer of value of in-force business and required capital to free surplus for 20 years

The table below shows how the TEV value of in-force business (VIF) and the associated required capital for long-term insurance business operations are projected as emerging into free surplus over the next 20 years as estimated at end of 31 December 2024. The modelled cash flows use the same methodology underpinning the Group's embedded value reporting and so are subject to the same assumptions and sensitivities used to prepare our 2024 results. It includes 100 per cent of the Group's Malaysia Conventional Life business.

	2024	2025	2026	2027	2028	2029	2030 - 2044	Total for next 20 years
	$m	$m	$m	$m	$m	$m	$m	$m
2023 expected free surplus generation for years 2024 to 2043	**2,359**	**2,358**	**2,348**	**2,324**	**2,216**	**2,154**	**27,291**	**41,050**
Less: Amounts expected to be realised in the current year	**(2,359)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,359)**
Add: Expected free surplus to be generated in year 2044 (excluding 2024 new business)	**–**	**–**	**–**	**–**	**–**	**–**	**1,802**	**1,802**
Foreign exchange differences	**–**	**(42)**	**(40)**	**(37)**	**(34)**	**(32)**	**(330)**	**(515)**
New business	**–**	**361**	**262**	**273**	**239**	**236**	**3,166**	**4,537**
Operating, non-operating and other movements	**–**	**31**	**58**	**62**	**16**	**48**	**(1,308)**	**(1,093)**
2024 expected free surplus generation for years 2025 to 2044	**–**	**2,708**	**2,628**	**2,622**	**2,437**	**2,406**	**30,621**	**43,422**

9 Other reconciliations

(a) Reconciliation between TEV new business profit and IFRS new business CSM

	2024 $m
TEV new business profit (before central costs)	**2,526**
Economics and other note (i)	(217)
New rider sales note (ii)	(59)
Related tax on IFRS new business CSM note (iii)	346
IFRS new business CSM	**2,596**

Notes

(i) TEV is calculated using 'real-world' long-term economic assumptions that are based on the expected returns on the actual assets held with an allowance for risk in the risk discount rate. Under IFRS 17, 'risk neutral' economic assumptions are applied with assets assumed to earn, and the cash flows discounted at, risk free plus liquidity premium (where applicable).

(ii) Under TEV, new business profit arising from additional or new riders attaching to existing contracts, product upgrades and top-ups are reported as current period new business profit. Under IFRS 17 reporting, new business profit from such rider sales and upgrades are required to be treated as experience variances of the existing contracts.

(iii) IFRS 17 new business CSM is gross of tax, while TEV new business profit is net of tax. Accordingly, the related tax that on the IFRS 17 new business CSM is added back. All of the other reconciling items in the table have been presented net of related taxes.

(b) Reconciliation between TEV equity and IFRS shareholders' equity

TEV equity and IFRS 17 adjusted equity both represent measures of shareholders' net assets and future profits from the in-force book but use different economic bases. Both measures use consistent best-estimate operating assumptions and exclude any future new business. TEV uses a passive economic basis that reflects real-world return expectations within the investment returns and an appropriate allowance for market risk embedded within the discount rate. In contrast, IFRS uses an active market-consistent basis with the same economic assumptions used for projecting and discounting cash flows.

The table below shows the reconciliation of TEV equity and IFRS shareholders' equity at the end of the periods:

	31 Dec 2024 $m
Group TEV equity	**34,267**
Mark-to-market value adjustment of the Group's core structural borrowings note (i)	(231)
Provision for future central corporate expenditure	2,078
Economics and other valuation differences note (ii)	546
Adjusted shareholders' equity	**36,660**
Remove: Shareholders' CSM, net of reinsurance (see note C3.1 to the IFRS financial statements)	(21,772)
Add: Related deferred tax adjustments for the above	2,604
IFRS shareholders' equity	**17,492**

Notes

(i) The Group's core structural borrowings are fair valued under TEV but are held at amortised cost under IFRS.

(ii) TEV is calculated using 'real-world' long-term economic assumptions that are based on the expected returns on the actual assets held with an allowance for risk in the risk discount rate. Under IFRS 17, 'risk neutral' economic assumptions are applied with the cash flows discounted using risk free plus liquidity premium (where applicable). Other valuation differences include contract boundaries and non-attributable expenses which are small.

10 Return on embedded value

The calculation of operating return on embedded value is calculated as TEV operating profit for the year, after non-controlling interests, as a percentage of opening Group TEV equity, excluding goodwill, distribution rights and other intangibles.

	2024* $m
TEV operating profit for the year	4,095
Non-controlling interests' share of TEV operating profit	(125)
TEV operating profit, net of non-controlling interests	**3,970**
Group TEV (ie excluding goodwill) excluding intangibles, at beginning of year	28,120
Operating return on opening Group TEV excluding intangibles (%)	**14 %**

* Operating profit and Group TEV are net of the non-controlling interest arising in Malaysia at 1 January 2024 of 49 per cent.

New business profit over embedded value is calculated as the TEV new business profit for the year as a percentage of opening TEV for insurance business operations (ie excluding goodwill) less distribution rights and other intangibles attributable to equity holders. New business profit is before deducting the amount attributable to non-controlling interests.

	2024 $m
New business profit	**2,464**
TEV (ie excluding goodwill) for insurance business excluding intangibles, at beginning of year	31,336
New business profit over opening TEV for insurance business excluding intangibles (%)	**8 %**