Delivering value, earnings and cash

Prudential has continued to make progress in the execution of the strategy we set out in 2023, and we continue to have confidence in the achievement of our 2027 financial objectives. Our financial performance over 2024 reflects our operational progress, which is further supported by our active and highly disciplined capital allocation approach.

We report our financial progress through our three key financial performance indicators of new business profit, IFRS adjusted operating profit and operating free surplus generation. New business profit increased by 11 per cent, excluding economic effects, following growth of 47 per cent in 2023 measured on the same basis. Adjusted operating profit before tax was $3,129 million in 2024, a growth of 10 per cent over the prior year on a constant exchange rate basis. Operating free surplus generated from in-force insurance and asset management business declined by (2) per cent to $2,642 million largely reflecting the monetisation in 2024 of lower sales in prior years especially those in 2019–2022, which were affected by Covid-related restrictions. In addition, we invested in improving operational delivery and serving our customers' needs, including $175 million representing this year's part of our $1 billion investment programme.

Our capital position remains strong and capital generation is in line with our expectations. Supported by a clear and disciplined capital allocation policy, the Group is well positioned, with considerable financial flexibility including leverage capacity, to take advantage of the growth opportunities ahead, notwithstanding continued uncertainty in terms of macroeconomic and political development and, in certain markets, consumer sentiment.

In 2024, we allocated capital to investing in new business at attractive rates of return as well as developing our customer, distribution, health and technology capabilities in line with our strategy. In June 2024, consistent with our capital allocation framework, we announced a US$2 billion share buyback programme to return capital to shareholders. We completed the first tranche of this programme and commenced our second tranche in December 2024, effectively accelerating our buyback programme. This is now expected to complete by the end of 2025. As at 31 December 2024, a total of $785 million has been returned to shareholders under this programme.

We have also announced in February 2025 that we are evaluating a potential listing of ICICI Prudential Asset Management Company, our India asset management associate in which we hold 49 per cent. In line with our focus on shareholder value, this would include the partial divestment of our shares in that company, subject to market conditions, requisite approvals and other considerations, with the intent to return the net proceeds to shareholders.

During 2024, the macroeconomic environment remained volatile over the year characterised by generally positive equity market developments and significant variations in the directional levels of government bond yields. The MSCI Asia excluding Japan equity index grew by 10 per cent, the Hang Seng index in Hong Kong increased by 18 per cent and the CSI 300 in Mainland China increased by 17 per cent. In the US, while the S&P 500 index increased by 23 per cent, the Nasdaq composite increased by 29 per cent. While government bond yields in Mainland China fell in the year, yields in many of our other Asian markets increased, and the US 10-year yield increased to 4.7 per cent, from 3.9 per cent at the end of 2023. The movement in US rates is particularly relevant for the financial outcomes in Hong Kong and Singapore, which are our two largest sources of new business profit and adjusted operating profit.

In July 2024, the Federal Court of Malaysia overturned the previous rulings of the High Court and the Court of Appeal in Prudential's favour in an ongoing series of litigation with a minority partner. While the Group has continued to consolidate the business of Prudential Assurance Malaysia Berhad (PAMB), which remains a subsidiary controlled by the Group, it has now reflected a 49 per cent non-controlling interest at 31 December 2024. Previously, the Group had consolidated a 100 per cent economic interest, and comparatives are presented on this basis. The decision has no impact on the business of PAMB at an operational level, and further details are set out in the notes to the financial statements.

We comment on our performance below in local currency terms (expressed on a constant exchange rate basis) to show the underlying business trends in periods of currency movement. We discuss our financial position on an actual exchange rates basis, unless otherwise noted. The definitions of the key metrics we use to discuss our performance in this report are set out in the 'Definitions of performance metrics' section later in this document.

In 2025, we will be converting to Traditional Embedded Value (TEV) reporting from the first quarter and EEV reporting will cease. The change will improve the comparability of our external reporting to our key peers and will 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. In the discussion below, all EEV new business profit growth rates and changes in new business margin have been stated to exclude interest rate and other economic movements, unless otherwise noted.

New business profit was $3,078 million, representing an increase of 11 per cent, driven by increased APE sales and pricing actions, together with a greater proportion of health and protection business. Growth was led by Hong Kong and Singapore and we saw growth in 18 of our 22 markets. After taking into account the impact of interest rate and other economic movements, new business profit was stable compared with the prior year.

Group EEV operating profit increased by 7 per cent to $4,828 million, largely due to higher profits from in-force insurance business and, at Eastspring, our asset management business. The operating return on embedded value[1] was 12 per cent, consistent with the prior year, despite an increase in the minority interest of our Malaysian conventional life business as discussed above. After allowing for this change, together with payment of the external dividend, share repurchases and buybacks and economic effects, such as changes in interest rates and currency movements, Group EEV equity at 31 December 2024 was $44.2 billion (31 December 2023: $45.3 billion on an actual exchange rate basis). Following the share buyback, Group EEV equity per share was up 1 per cent at 1,664 cents per share (31 December 2023: 1,643 cents per share on an actual exchange rate basis).

The operating free surplus generated from in-force insurance and asset management business during the period was $2,642 million, down (2) per cent when compared to the prior year. This largely reflects the delayed impact on operating free surplus from slower new business sales during the past periods affected by Covid-related restrictions. The development in 2024 was in line with the shape of the cash flows we expected to generate in advance of 2027, with early years reflecting both our investment in capabilities and the stage of our transformation. Looking ahead, we expect that the additional contribution from new business, continuing efforts to improve the cash profile of new business and improving operating variances will support progress towards our 2027 financial objective.

Investment in new business of $(700) million (2023: $(722) million) reflects the impact of higher APE sales, offset by the benefit from changes to product mix and pricing effects. Our focus on quality, with a high proportion of health and protection, has increased new business profit margins by 2 percentage points. We have written business with aggregate IRRs of greater than 25 per cent, based on EEV required capital, an average payback period of less than four years and an improved cash profile. Using the required capital at the mid-point of our free surplus ratio operating range of 175 per cent to 200 per cent, aggregate IRRs remain above 25 per cent.

After investment in new business, operating free surplus generated from life and asset management business reduced to $1,942 million (2023: $1,984 million). Of this, $1,383 million was remitted to the Group holding company.

As noted above, in 2025, starting with the Q1 new business announcement, we will convert to reporting under TEV. This has no impact on the Group's strategy, capital, free surplus or dividend position. In addition, our 2027 objectives[7] remain unchanged, namely to deliver a compound average growth rate of 15–20 per cent for new business profit over 2022–2027 (from a revised 2022 TEV base of $1.7 billion) and operating free surplus generated from in-force insurance and asset management business in 2027 of at least $4.4 billion. TEV new business profit for 2024 grew 11 per cent to $2.5 billion on a like-for-like basis[2]. Operating return on embedded value was 14 per cent in line with our expectations and Group TEV equity was 1,289 cents per share. More details on our TEV results, alongside details of the methodology and assumptions, are set out later in this document in section III of the additional financial information.

Earnings per share based on adjusted operating profit were 89.7 cents (2023: 87.8 cents) the amount in 2024 is after deducting the non-controlling interest in PAMB, as described above. This reflects Group adjusted operating profit of $3,129 million, up 10 per cent in 2024, driven by increased contributions from both our insurance business and Eastspring, our asset management business. The Group's total IFRS profit after tax for the period was $2,415 million (2023: $1,691 million on a constant exchange rate basis, $1,712 million on an actual exchange rate basis). The improvement largely reflects improved operating earnings and a moderation in the effects of short-term fluctuations in interest rates.

The contractual service margin (CSM) is the principal source of our IFRS 17 insurance business adjusted operating profit. Using a longer-term normalised return for variable fee approach (VFA) business, the unwind and new business contribution would have exceeded the release in the period by $2.0 billion, equivalent to a net increase of 9 per cent in the CSM compared with the start of year position. This increase from new business and unwind was partially offset by negative economic variances and exchange rate movements resulting in a 5 per cent increase in the CSM. Adjusted CSM[3], net of reinsurance and tax, at 31 December 2024, was $19.2 billion which, combined with shareholders' equity, resulted in adjusted total comprehensive equity of $36.7 billion. This is equivalent to 1,379 cents per share (31 December 2023: $37.3 billion and 1,356 cents per share on an actual exchange rate basis).

The Group's regulatory capital position, free surplus and central liquidity positions remain strong. The Group's core structural debt is unchanged at $3.9 billion. Prudential seeks, now and in the future, to maintain its current AA- financial strength rating with applicable credit rating agencies, which derives, in part, from its high level of financial flexibility to issue debt and equity instruments. Prudential has substantial headroom to issue debt while remaining within the guidelines set by the credit rating agencies for its current rating.

The Group capital adequacy requirements compare the total eligible Group capital resources with the Group's Prescribed Capital Requirement (GPCR) and form the starting basis of our free surplus reporting. At 31 December 2024, the estimated shareholder surplus above the GPCR was $15.9 billion (31 December 2023: $16.1 billion on an actual exchange rates basis) and cover ratio 280 per cent (31 December 2023: 295 per cent).

The Group's central liquidity position was $2.9 billion at 31 December 2024 (31 December 2023: $3.5 billion), with the reduction over the year from unusually high levels, reflecting the return of excess capital to shareholders through the ongoing buyback programme.

The Group assesses the deployment of free surplus, in the context of the Group's growth aspirations, leverage capacity and our liquidity and capital needs in terms of the free surplus ratio. Based on our current risk profile and our business units' applicable capital regimes, we seek to operate with a free surplus ratio of between 175–200 per cent. Our free surplus ratio as at 31 December 2024 was 234 per cent (31 December 2023: 242 per cent). Where the business consistently exceeds a free surplus ratio of 200 per cent over the medium term, then consideration will be made as to returning that excess capital to shareholders.

The Group's dividend policy is unchanged and described later in this report. For 2024, recognising the strong conviction we have in the Group's strategy, when determining the annual dividend, the Board has looked through the investments in new business and investments in capabilities and has approved a second interim dividend of 16.29 cents per share (2023: 14.21 cents per share, up 15 per cent). When this is combined with the first interim dividend, the Group's total 2024 dividend is 23.13 cents per share (2023: 20.47 cents per share), an increase of 13 per cent.

A scrip dividend alternative was offered in respect of the 2024 first interim dividend to support the development of liquidity in the trading of the Group's shares on the Hong Kong Stock Exchange. The scrip dividend alternative involved the issuance of new ordinary shares on the Hong Kong line only and the dilutive effect was neutralised by a share repurchase on the London line. The scrip dividend alternative will be offered going forward.

We believe that the Group's performance during the year positions us well as we implement the new strategy, to meet our financial objectives to grow new business profit and, consequently, in-force insurance and asset management operating free surplus generated, as detailed in the Strategic and operating review.

Financial review continued

IFRS profit

	Actual exchange rate			Constant exchange rate	
	2024 $m	2023 $m	Change %	2023 $m	Change %
Mainland China	**363**	368	(1)	362	–
Hong Kong	**1,069**	1,013	6	1,018	5
Indonesia	**268**	221	21	212	26
Malaysia	**338**	305	11	304	11
Singapore	**693**	584	19	587	18
Growth markets and other	**688**	746	(8)	713	(4)
Insurance business	**3,419**	3,237	6	3,196	7
Asset management	**304**	280	9	277	10
Total segment profit	**3,723**	3,517	6	3,473	7
Other income and expenditure					
Net investment return and other items	**21**	(21)	n/a	(21)	n/a
Interest payable on core structural borrowings	**(171)**	(172)	1	(172)	1
Corporate expenditure	**(237)**	(230)	(3)	(230)	(3)
Other income and expenditure	**(387)**	(423)	9	(423)	9
Restructuring and IFRS 17 implementation costs	**(207)**	(201)	(3)	(201)	(3)
Adjusted operating profit before tax	**3,129**	2,893	8	2,849	10
Non-operating items:					
Short-term interest rate and other market fluctuations	**(105)**	(774)	(86)	(756)	(86)
Loss attaching to corporate transactions	**(71)**	(22)	n/a	(22)	n/a
Profit for the year before tax	**2,953**	2,097	41	2,071	43
Adjusted operating profit before tax	**3,129**	2,893	8	2,849	10
Tax on operating items	**(547)**	(444)	(23)	(437)	(25)
Adjusted operating profit after tax	**2,582**	2,449	5	2,412	7
Short-term interest rate and other market fluctuations	**(105)**	(774)	(86)	(756)	(86)
Loss on corporate transactions	**(71)**	(22)	n/a	(22)	n/a
Tax credit attributable to items above	**9**	59	(85)	57	(84)
Profit for the year after tax	**2,415**	1,712	41	1,691	43

IFRS earnings per share

	Actual exchange rate					Constant exchange rate	
	2024			2023	Change %	2023	Change %
	Before adjustment to non-controlling interest	**Adjustment to non-controlling interest**	**Total**				
Basic earnings per share based on adjusted operating profit after tax	**94.7¢**	**(5.0)¢**	**89.7¢**	89.0¢	1	87.8¢	2
Basic earnings per share based on IFRS profit after tax	**89.4¢**	**(5.3)¢**	**84.1¢**	62.1¢	35	61.5¢	37

Adjusted operating profit reflects that the assets and liabilities of our insurance businesses are held for the longer term and the Group believes that the 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.

Group IFRS adjusted operating profit was $3,129 million, an increase of 10 per cent, reflecting a 7 per cent increase in profits from our long-term insurance business and a 10 per cent increase in adjusted operating profit generated by Eastspring, our asset management business. Central costs were broadly stable.

Earnings per share, based on adjusted operating profit, net of tax and non-controlling interest, were 89.7 cents (2023: 87.8 cents using a constant exchange rate). For 2024, the adjusted operating profit figure used in the calculation of this measure reflects the adjustment made to non-controlling interests as a result of a Federal Court ruling in July 2024 over the ownership of the Malaysia conventional life business, as discussed at the start of the Financial review. Before this adjustment, the equivalent figure would have been 94.7 cents, an increase of 8 per cent.

Detailed discussion of IFRS financial performance by segment, including the detailed analysis of asset management business, is presented in the section 'Segment discussion'.

Adjusted operating profit after tax

The table below sets the Group's adjusted operating profit after tax by segment as described in note B3.2 of the IFRS financial results.

	Actual exchange rate			Constant exchange rate	
	2024 $m	2023 $m	Change %	2023 $m	Change %
Mainland China[4]	**363**	368	(1)	362	–
Hong Kong	**971**	942	3	947	3
Indonesia	**218**	172	27	165	32
Malaysia[4]	**264**	237	11	236	12
Singapore	**594**	493	20	495	20
Growth markets and other[4]	**531**	594	(11)	568	(7)
Insurance business	**2,941**	2,806	5	2,773	6
Asset management	**275**	254	8	251	10
Total segment profit	**3,216**	3,060	5	3,024	6
Other (including central items and restructuring costs)	**(634)**	(611)	4	(612)	4
Adjusted operating profit after tax	**2,582**	2,449	5	2,412	7

Insurance business analysis of operating profit drivers

The table below sets out the key drivers of the Group's adjusted operating profit for the insurance business as described in note B1.3 of the IFRS financial results.

	Actual exchange rate			Constant exchange rate	
	2024 $m	2023 $m	Change %	2023 $m	Change %
Adjusted release of CSM[5]	**2,333**	2,205	6	2,177	7
Release of risk adjustment	**268**	218	23	215	25
Experience variances	**(81)**	(118)	31	(115)	30
Other insurance service result	**(68)**	(109)	38	(108)	37
Adjusted insurance service result	**2,452**	2,196	12	2,169	13
Net investment result on longer-term basis	**1,146**	1,241	(8)	1,224	(6)
Other insurance income and expenditure	**(89)**	(122)	27	(120)	26
Share of related tax charges from joint ventures and associates	**(90)**	(78)	(15)	(77)	(17)
Insurance business	**3,419**	3,237	6	3,196	7

The release of CSM is the principal source of our IFRS 17 insurance business adjusted operating profit. The adjusted CSM release[5] in 2024 of $2,333 million (2023: $2,177 million) equates to an annualised release rate of 9.5 per cent (2023: 9.5 per cent).

The release of the risk adjustment of $268 million (2023: $215 million) represents the run-off of non-market risk in the year as policies move closer to maturity. As expected, this release is a relatively stable proportion of the opening balance as compared with the corresponding rate in the prior year.

Experience variances of $(81) million (2023: $(115) million) largely comprise expense variances reflecting the investment in our strategic pillars consistent with our strategy. More widely, 2024 has seen improving experience against our expectations, particularly in Indonesia.

The other insurance service result of $(68) million (2023: $(108) million) primarily reflects the small losses on contracts that are described under IFRS 17 as 'onerous', either at inception or because changes in the period result in the CSM being exhausted. It does not mean these contracts are not profitable overall as the CSM does not allow for real-world returns, which are earned over time.

The net investment result of $1,146 million (2023: $1,224 million) largely reflects the long-term return on assets backing shareholders' equity within the life businesses and long-term spreads on business not accounted for under the variable fee approach.

Other income and expenditure of $(89) million (2023: $(120) million) mainly relates to expenses that are not directly related to an insurance contract as defined under IFRS 17.

Movement in contractual service margin

The CSM balance represents a discounted stock of unearned profit, which will be released over time as services are provided. This balance increases due to additions from profitable new business contracts sold in the period and the unwind of the in-force book. It is also updated for any changes in expected future profitability, where applicable, including the effect of short-term market fluctuations for business measured using the variable fee approach. The release of the CSM, which is the main driver of adjusted operating profit, is then calculated after allowing for these movements.

In a normalised market environment, if the contribution from new business and the unwind of the CSM balance is greater than the rate at which services are provided, then the CSM balance will increase. The new business added to the CSM will, therefore, be an important factor in building the CSM, and we expect the compounding effect from the new business added to the CSM over time to support growth in IFRS 17 adjusted operating profit in the future.

The table below sets out the movement of CSM over the period.

Contractual service margin net of reinsurance

	Actual exchange rate	
	2024 $m	2023 $m
CSM at 1 January (net of reinsurance)	**21,012**	19,989
New contracts in the year	**2,596**	2,348
Unwind*	**1,731**	1,563
Balance before variances, effect of foreign exchange and CSM release	**25,339**	23,900
Economic and other variances	**(671)**	(619)
Balance before release	**24,668**	23,281
Release of CSM to income statement	**(2,352)**	(2,208)
Effect of movements in exchange rates	**(356)**	(61)
CSM at 31 December (net of reinsurance)	**21,960**	21,012
CSM relating to reinsurance attributable to policyholders	**789**	1,367
Related deferred tax adjustments#	**(2,604)**	(2,856)
Less non-controlling interests	**(977)**	–
Adjusted CSM at 31 December (net of reinsurance)	**19,168**	19,523

* The unwind of CSM presented in this table reflects the accretion of interest on general measurement model contracts, as presented in note C3.3 to the IFRS financial results, together with the unwind of the CSM related to variable fee approach contracts on a long-term normalised basis. This differs from the presentation in note C3.3 to the IFRS financial results by reallocating $1,410 million from economic and other variances to unwind.

CSM is presented gross of tax and so this is to allow for tax on the future profits contained in the CSM.

Profitable new business in 2024 grew the CSM by $2,596 million (2023: 2,348 million on an actual exchange rate basis), which combined with the unwind of the CSM balance shown in the table above of $1,731 million (2023: $1,563 million), increased the CSM by $4,327 million (2023: $3,911 million). This increase exceeded the release of the CSM to the income statement in the period, which was $(2,352) million (2023: $2,208 million), demonstrating the strength of our franchise and its ability to deliver future growth in CSM and ultimately adjusted operating profit.

Other movements in the CSM reflect economic and other variances to update the CSM for changes in expected future profitability including the impact of short-term market effects of business accounted for under the variable fee approach. Movements in exchange rates had a negative impact of $(356) million on the closing CSM. Overall the CSM grew by 5 per cent, or 9 per cent excluding the effect of economic and other variances and exchange rates.

Other income and expenditure

Central costs (before restructuring and IFRS 17 implementation costs) were 9 per cent lower in 2024 as compared to the prior year, reflecting continued control of head office and finance costs, and increased investment income on Group treasury balances. Interest payable on core structural borrowings remained broadly constant at $(171) million (2023: $(172) million). Total head office expenditure was $(237) million (2023: $(230) million). Net investment return and other items improved by $42 million from increased investment returns on Group treasury balances following the increase in US dollar interest rates.

Restructuring costs of $(207) million (2023: $(201) million) reflect the costs incurred to enhance back-office efficiency and Eastspring's operating model, partially offset by declining costs to embed IFRS 17 across our business. From the end of 2024, restructuring costs are expected to revert over time to the lower levels typically incurred historically.

IFRS basis non-operating items

Non-operating items in the year consist of negative short-term interest rate and other market fluctuations of $(105) million (2023: $(756) million) and $(71) million of costs associated with corporate transactions (2023: $(22) million).

The short-term fluctuations in 2024 are largely driven by interest rate movements in the year. For many of our markets, interest rates have risen, which has had a small, overall negative impact following falls in bond values and increases in the discount rates applied to the future cash flows of our insurance contracts classified as General Measurement Model (GMM). Movements in these contract values are included in the income statement. In FY23, the losses largely arose in Mainland China, following falling interest rates on a largely GMM portfolio. While FY24 has seen further falls in interest rates in Mainland China, improvements in equity markets alongside the actions taken by the Group to manage interest rate risk have reduced the size of these losses.

IFRS effective tax rates

In 2024, the effective tax rate on adjusted operating profit was 17 per cent (2023: 15 per cent). The increase from the 2023 effective tax rate primarily reflects the recognition in 2023 of a deferred tax asset in relation to historical UK tax losses, which reduced the 2023 effective tax rate by 2 per cent.

The effective tax rate on total IFRS profit in 2024 was 18 per cent. This was unchanged from 2023.

In 2024, the new OECD global minimum tax rules took effect in a small number of jurisdictions relevant to Prudential. No tax arose under the new tax rules for these jurisdictions in 2024. The global minimum tax rules will apply to the whole Prudential Group once they are implemented in Hong Kong, where implementation is on track to take effect in 2025. The rules are complex and the outcome in any period will depend on investment market conditions in that period. Management's assessment is that in periods where investment returns are in line with, or below, long-term expected returns, there should be no material impact from the new tax rules.

Total tax contributions

The Group continues to make significant tax contributions in the jurisdictions in which it operates, with $1,086 million remitted to tax authorities in 2024. This was higher than the equivalent amount of $969 million remitted in 2023 (on an actual exchange rate basis), principally due to higher withholding tax on investment income and higher corporate tax payments.

Tax strategy

The Group publishes its tax strategy annually which, in addition to complying with the mandatory UK (Finance Act 2016) requirements, also includes a number of additional disclosures that provide insight into the Group's tax contributions. An updated version of the tax strategy, including 2024 data, will be available on the Group's website before 31 May 2025.

Financial review continued

Value

New business profit was up 11 per cent, excluding the impact of economics, to $3,078 million, driven by increased APE sales and positive pricing and product mix effects. Growth was led by Hong Kong with growth in 18 of our 22 markets on this basis. After the impact of interest rate and other economic movements, new business profit was stable compared with the prior year.

Segment APE, NBP and margin

	2024 $m		2023 $m		AER change %		CER change %			New business margin	
	APE sales	New business profit	APE sales	New business profit	APE sales	New business profit	APE sales	NBP including economics	NBP excluding economics*	2024	2023
Mainland China	**464**	**111**	534	222	(13)%	(50)%	(12)%	(49)%	7 %	24 %	42 %
Hong Kong	**2,063**	**1,438**	1,966	1,411	5 %	2 %	5 %	2 %	15 %	70 %	72 %
Indonesia	**262**	**145**	277	142	(5)%	2 %	(2)%	6 %	7 %	55 %	51 %
Malaysia	**406**	**160**	384	167	6 %	(4)%	6 %	(4)%	(4)%	39 %	43 %
Singapore	**870**	**557**	787	484	11 %	15 %	10 %	15 %	12 %	64 %	61 %
Growth markets and other	**2,137**	**667**	1,928	699	11 %	(5)%	16 %	– %	7 %	31 %	36 %
Total	**6,202**	**3,078**	5,876	3,125	6 %	(2)%	7 %	– %	11 %	50 %	53 %

* Change in new business profit excluding the effect of interest rate and other economic movements.

Our new business mix continues to reflect our focus on quality and our higher margin products, with 41 per cent of new business profit arising from health and protection business (2023: 40 per cent), 39 per cent from non-participating contracts (2023: 43 per cent), 15 per cent from participating business (2023: 13 per cent) and the remainder from linked business.

Detailed discussion of new business performance by segment, including the detailed analysis of asset management business, is presented in the section 'Segment discussion'.

EEV basis results

EEV financial results

	Actual exchange rate			Constant exchange rate	
	2024 $m	2023 $m	Change %	2023 $m	Change %
New business profit	**3,078**	3,125	(2)	3,093	–
Profit from in-force business	**2,095**	1,779	18	1,790	17
EEV operating profit from insurance business	**5,173**	4,904	5	4,883	6
Asset management	**275**	254	8	251	10
Other income and expenditure	**(620)**	(612)	(1)	(612)	(1)
EEV operating profit for the year	**4,828**	4,546	6	4,522	7
Non-operating results	**(1,967)**	(834)	n/a	(824)	n/a
Profit for the year	**2,861**	3,712	(23)	3,698	(23)
External cash dividends	**(552)**	(533)			
Share repurchases/buybacks	**(878)**	–			
Adjustment to non-controlling interests	**(1,703)**	–			
Foreign exchange movements	**(639)**	(134)			
Other movements	**(121)**	21			
Net (decrease) increase in Group EEV equity	**(1,032)**	3,066			
Group EEV equity at 1 Jan	**45,250**	42,184			
Group EEV equity at end of year	**44,218**	45,250			
% Operating profit/opening EEV shareholders' equity excluding goodwill and intangibles*	**12%**	12 %			

* This new definition replaces the approach based on average EEV used in prior years to improve comparability with peers. For further details on the return on EEV calculation, see section II(ix) Calculation of alternative performance measures: Calculation of return on embedded value within the Additional Information section of this report.

Group EEV equity	31 Dec 2024 $m	31 Dec 2023 $m
Represented by:		
Mainland China	**2,596**	3,038
Hong Kong	**17,882**	17,702
Indonesia	**1,487**	1,509
Malaysia	**4,112**	3,709
Singapore	**8,823**	7,896
Growth markets and other	**8,177**	7,734
Non-controlling interests' share of embedded value	**(1,943)**	(60)
Embedded value from insurance business excluding goodwill	**41,134**	41,528
Asset management and other excluding goodwill	**2,348**	2,955
Group EEV	**43,482**	44,483
Goodwill attributable to equity holders	**736**	767
Group EEV equity	**44,218**	45,250
Group EEV equity per share	**1,664¢**	1,643¢

Group EEV operating profit increased by 7 per cent to $4,828 million, reflecting a 6 per cent increase in the operating profit for the insurance business, a 10 per cent increase in the operating profit for the asset management business and stable central costs. The operating return on opening Group EEV equity was 12 per cent (2023: 12 per cent).

The operating profit from the insurance business increased to $5,173 million, reflecting a 17 per cent increase in in-force business profit to $2,095 million. The profit from in-force business is driven by the expected return and the effects of operating assumption changes and experience variances. The expected return was 13 per cent higher at $2,365 million, reflecting both a higher opening balance to which the expected return is applied, given the growth in the business in 2023, and higher interest rates. Operating assumption changes and experience variances were negative $(270) million on a net basis compared with $(310) million in 2023 on a constant exchange rate basis.

The non-operating loss of $(1,967) million (2023: loss of $(824) million on a constant exchange rate basis) was largely driven by higher interest rates in several of our markets during the year, with the higher risk discount rate reducing the value of future profits more than the benefit from higher assumed future investment returns. The inverse is true in Mainland China, where interest rates have fallen and there is an adverse impact from the consequential change in the assumptions for future investment returns. This has been partially offset by actions taken by the Group to mitigate the effect of falling interest rates.

Overall, after reflecting adjustments to non-controlling interests, EEV shareholders' equity declined to $44.2 billion at 31 December 2024 (31 December 2023: $45.3 billion). Of this, $41.1 billion (31 December 2023: $41.5 billion) relates to the insurance business operations, excluding goodwill attributable to equity shareholders. This amount includes our share of our India life business associate valued using embedded value principles. The market capitalisation of 100 per cent of this life business associate at 31 December 2024 was circa $11.2 billion, which compares with a publicly reported embedded value of circa $5.5 billion at 30 September 2024.

EEV shareholders' equity on a per share basis at 31 December 2024 was 1,664 cents (31 December 2023: 1,643 cents on an actual exchange rate basis).

Shareholders' equity

Group IFRS shareholders' equity

	2024 $m	2023 $m
Profit for the year	2,415	1,712
Less non-controlling interest	(130)	(11)
Profit after tax for the year attributable to shareholders	**2,285**	1,701
Exchange movements, net of related tax	(309)	(124)
External cash dividends	(552)	(533)
Share repurchases/buybacks	(878)	–
Adjustment to non-controlling interest	(857)	–
Other movements	(20)	48
Net (decrease)/increase in shareholders' equity	**(331)**	1,092
IFRS shareholders' equity at beginning of the year	17,823	16,731
IFRS shareholders' equity at end of the year	**17,492**	17,823
Adjusted contractual service margin (CSM) (net of reinsurance)	19,168	19,523
Adjusted total comprehensive equity[6]	**36,660**	37,346
IFRS shareholders' equity per share[6]	**658¢**	647¢
Adjusted total comprehensive equity per share[6]	**1,379¢**	1,356¢

Group IFRS shareholders' equity decreased from $17.8 billion at the start of 2024 to $17.5 billion at 31 December 2024. This decline largely reflects dividend payments and share buybacks of $(1.4) billion, adjustment to non-controlling interest of $(0.9) billion and exchange movements of $(0.3) billion offset by $2.3 billion of profit earned in the period.

Adjusted total comprehensive equity represents the sum of Group IFRS shareholders' equity and adjusted CSM[3], net of tax and reinsurance. Adjusted total comprehensive equity was $36.7 billion at 31 December 2024 (31 December 2023: $37.3 billion), reflecting the fall in IFRS shareholders' equity and the CSM. A full reconciliation to shareholders' equity is included in note C3.1 of the IFRS financial results.

Capital management

We aim to invest capital to write new business at risk-adjusted internal rates of return above 25 per cent, based on EV required capital, with less than four-year payback periods. Our ability to invest at attractive returns will drive our capital allocation priorities, which are as follows:

- We will continue to target resilient capital buffers such that the Group shareholder coverage ratio is above 150 per cent of the shareholder Group Prescribed Capital Requirement to ensure the Group can withstand volatility in markets and operational experience;
- Following sufficient capital being held, our priority for allocating capital will be reinvesting in new business that will support delivery of our overall capital objectives. Our resilient capital position allows us to prioritise investment in new business with an aim to write quality new business while managing the initial capital strain and capturing the economic value at attractive returns;
- Our next priority is investing around $1 billion in core capabilities, primarily in the areas of customer, distribution, health and technology;
- Our dividend policy remains linked to net operating free surplus generation, which is calculated after investment in new business and capability investment;
- We will invest in inorganic opportunities where there is good strategic fit; and
- We assess the deployment of free surplus, in the context of the Group's growth aspirations, leverage capacity and our liquidity and capital needs, based on the free surplus ratio. We seek to operate with a free surplus ratio of between 175 per cent and 200 per cent. If the free surplus ratio is above the operating range over the medium term, and taking account of opportunities to reinvest at appropriate returns and allowing for market conditions, capital will be returned to shareholders.

To generate capital to allocate to these priorities, we will also prioritise managing our in-force embedded value to ensure maximum conversion into free surplus over time. We will drive improved emergence of free surplus by managing claims, expenses and persistency in each market. This additional free surplus will enable our continued investment in profitable new business at attractive returns, as well as in our strategic capabilities, and support payments of returns to shareholders including dividends.

Group free surplus generation

Free surplus is the metric we use to measure the internal cash generation of our business operations and broadly reflects the amount of money available to our operational businesses for investing in new business, strengthening our capacity and capabilities to grow the business and potentially paying returns to the Group. For our insurance businesses, it largely represents the Group's available regulatory capital resources after allowing for the prescribed required regulatory capital held to support the policies in issue, with a number of adjustments so that the free surplus better reflects resources potentially available for distribution to the Group. For our asset management businesses, Group holding companies and other non-insurance companies, the measure is based on IFRS net assets with certain adjustments, including to exclude accounting goodwill and to align the treatment of capital instruments with our regulatory basis.

Operating free surplus generation 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. Further information is contained in the EEV financial results.

Analysis of movement in Group free surplus

	Actual exchange rate			Constant exchange rate	
	2024 $m	2023 $m	Change %	2023 $m	Change %
Expected transfer from in-force business and return on existing free surplus	**2,666**	2,869	(7)	2,827	(6)
Changes in operating assumptions and experience variances	**(299)**	(383)	22	(372)	20
Operating free surplus generated from in-force insurance business	**2,367**	2,486	(5)	2,455	(4)
Asset management	**275**	254	8	251	10
Operating free surplus generated from in-force insurance and asset management business	**2,642**	2,740	(4)	2,706	(2)
Investment in new business	**(700)**	(733)	5	(722)	3
Operating free surplus generated from insurance and asset management business	**1,942**	2,007	(3)	1,984	(2)
Central costs and eliminations (net of tax):					
Net interest paid on core structural borrowings	**(171)**	(172)	1	(172)	1
Corporate expenditure	**(237)**	(230)	(3)	(230)	(3)
Other items and eliminations	**(15)**	(18)	17	(19)	21
Restructuring and IFRS 17 implementation costs (net of tax)	**(197)**	(192)	(3)	(191)	(3)
Net Group operating free surplus generated	**1,322**	1,395	(5)	1,372	(4)
Non-operating and other movements, including foreign exchange	**205**	(206)			
Share repurchases/buybacks	**(878)**				
External cash dividends	**(552)**	(533)			
Increase in Group free surplus before net subordinated debt redemption	**97**	656			
Net subordinated debt redemption	**–**	(421)			
Increase in Group free surplus before amounts attributable to non-controlling interests	**97**	235			
Adjustment to non-controlling interest	**(161)**	–			
Non-controlling interests' share of free surplus generated	**(33)**	(9)			
Free surplus at beginning of year	**12,455**	12,229			
Free surplus at end of year	**12,358**	12,455			
Free surplus at end of year excluding distribution rights and other intangibles	**8,604**	8,518			
Required capital	**6,410**	5,984			
Free surplus ratio (%)	**234 %**	242 %	(8)ppts		

Operating free surplus generated from in-force insurance and asset management business was $2,642 million (2023: 2,706 million). The cost of investment in new business was 3 per cent lower at $(700) million with the increase in APE sales offset by favourable effects from pricing and business mix changes. As a consequence, the Group generated a net amount of operating free surplus from insurance and asset management operations (before restructuring costs) of $1,942 million, down (2) per cent compared with 2023.This largely reflects the delayed impact on operating free surplus from slower new business sales during the past periods affected by Covid-related restrictions and was in line with the shape of the cash flows we expected to generate in advance of 2027.

After allowing for central costs and restructuring costs, total Group operating free surplus generation was $1,322 million (2023: $1,372 million).

Total returns to shareholders in 2024 included dividends paid in the period of $552 million and share buyback of $785 million. After allowing for these returns as well as other share repurchases, short-term market gains and currency movements, free surplus at 31 December 2024 was $12.4 billion, broadly stable compared with the start of the year. Excluding distribution rights and other intangibles, free surplus was $8.6 billion (31 December 2023: $8.5 billion on an actual exchange rates basis). The free surplus ratio, defined as Group free surplus (excluding intangibles) plus EEV required capital divided by the EEV required capital, was 234 per cent at the end of 2024 lower than the 242 per cent at the end of 2023, as the Group's share buyback progresses.

Expected transfer of value of in-force business and required capital to free surplus for insurance business operations on a discounted basis

The table below shows how the value of EEV in-force business and associated required capital for insurance business operations are projected as emerging into free surplus over future years.

	Total expected emergence	Expected period of conversion of future post-tax distributable earnings and required capital flows to free surplus at 31 Dec					
		1–5 years	6–10 years	11–15 years	16–20 years	21–40 years	40+ years
2024 ($m)	36,270	10,895	6,910	5,002	3,740	7,464	2,259
(%)	100 %	30 %	19 %	14 %	10 %	21 %	6 %
2023 ($m)	35,223	9,897	6,744	4,884	3,749	7,590	2,359
(%)	100 %	28 %	19 %	14 %	11 %	21 %	7 %

Dividend

Reflecting the Group's capital allocation priorities, a portion of capital generation will be retained for reinvestment in organic growth opportunities and for investment in capabilities, and dividends will be determined primarily based on the Group's operating capital generation after allowing for the capital strain of writing new business and recurring central costs. Dividends are expected to grow broadly in line with the growth in the Group's operating free surplus generation, and will be set taking into account financial prospects, investment opportunities and market conditions.

Recognising the strong conviction it had in the Group's strategy, the Board previously indicated that when determining the annual dividend it intended to look through the investments in new business and investments in capabilities and expected the annual dividend to grow in the range 7–9 per cent per annum over 2023 and 2024.

The Board has applied this approach to determining the 2024 second interim cash dividend and has approved a 2024 second interim cash dividend of 16.29 cents per share (2023: 14.21 cents per share). Combined with the first interim cash dividend of 6.84 cents per share (2023: 6.26 cents per share), the Group's total 2024 cash dividend is 23.13 cents per share (2023: 20.47 cents per share), an increase of 13 per cent.

A dividend reinvestment plan (DRIP) will continue to be offered to shareholders on the UK register. A scrip dividend alternative, with the issuance of new ordinary shares on the Hong Kong line only and the dilutive effect neutralised by a share repurchase on the London line, will be offered for the second interim dividend.

Group capital position

The Prudential Group applies the Insurance (Group Capital) Rules set out in the GWS Framework issued by the Hong Kong Insurance Authority (HKIA) to determine Group regulatory capital requirements (both minimum and prescribed levels). The GWS Group capital adequacy requirements require that total eligible Group capital resources are not less than the GPCR and that GWS Tier 1 group capital resources are not less than the GMCR. More information is set out in note I(i) of the Additional financial information.

The Group holds material participating business in Hong Kong, Singapore and Malaysia. Alongside the 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 GMCR and the GPCR from these participating funds.

	31 Dec 2024			31 Dec 2023		
	Shareholder	**Policyholder***	**Total †**	Shareholder	Policyholder*	Total
Group capital resources ($bn)	**24.8**	**16.3**	**41.1**	24.3	14.3	38.6
of which: Tier 1 capital resources ($bn)	**17.6**	**1.3**	**18.9**	17.1	1.2	18.3
Group Minimum Capital Requirement ($bn)	**5.1**	**0.7**	**5.8**	4.8	1.1	5.9
Group Prescribed Capital Requirement ($bn)	**8.9**	**11.3**	**20.2**	8.2	11.4	19.6
GWS capital surplus over GPCR ($bn)	**15.9**	**5.0**	**20.9**	16.1	2.9	19.0
GWS coverage ratio over GPCR (%)	**280 %**		**203 %**	295%		197%
GWS Tier 1 surplus over GMCR ($bn)			**13.1**			12.4
GWS Tier 1 coverage ratio over GMCR (%)			**325 %**			313%

* This allows for any associated diversification impacts between the shareholder and policyholder positions reflected in total company results where relevant.
† 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 capital coverage ratio.

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), comfortably above the Group's risk appetite of 150 per cent as discussed in the capital management section above. 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).

Operating capital generation in 2024 was $1.3 billion after allowing for central costs and the investment in new business, in addition foreign exchange and other movements were $0.1 billion. These were offset by the payment of external dividends and share repurchases and buybacks which together totalled $(1.4) billion. The shareholder capital surplus over GPCR at 31 December 2024 also reflects a $(0.2) billion adjustment to non-controlling interests following the outcome of the court case in Malaysia discussed at the start of the financial review.

The Group's GWS position is resilient to external macroeconomic movements as demonstrated by the sensitivity disclosure contained in note I(i) of the Additional financial information, alongside further information about the GWS measure.

The GWS capital surplus set out in the table above includes amounts held within operating entities as well as at Group. The businesses may remit this surplus as dividends provided the local regulatory requirements are met and there are sufficient accounting profits.

Financing and liquidity

Prudential seeks to maintain its financial strength rating with applicable credit rating agencies, which derives, in part, from its high level of financial flexibility to issue debt and equity instruments, which is intended to be maintained in the future. Prudential has substantial headroom to issue debt while remaining within the guidelines set by the credit rating agencies for its current rating of AA-.

Net core structural borrowings of shareholder-financed businesses

	31 Dec 2024 $m			31 Dec 2023 $m		
	IFRS basis	**Mark-to-market value**	**EEV basis**	IFRS basis	Mark-to-market value	EEV basis
Core borrowings of shareholder-financed businesses	**3,925**	**(231)**	**3,694**	3,933	(274)	3,659
Less: holding company cash and short-term investments	**(2,916)**	**–**	**(2,916)**	(3,516)	–	(3,516)
Net core structural borrowings of shareholder-financed businesses	**1,009**	**(231)**	**778**	417	(274)	143
Group leverage ratio (Moody's revised basis)	**13%**			**14%**		

The total core borrowings of the shareholder-financed businesses were $3.9 billion at 31 December 2024 (31 December 2023: $3.9 billion). The Group had central cash resources of $2.9 billion at 31 December 2024 (31 December 2023: $3.5 billion), resulting in net core structural borrowings of the shareholder-financed businesses of $1.0 billion at end of 31 December 2024 (31 December 2023: $0.4 billion). We have not breached any of the requirements of our core structural borrowings nor modified any of their terms during 2024.

With the exception of a $750 million perpetual note that the Group retains the right to call at par on a quarterly basis, the Group's debt securities have contractual maturities that fall between 2029 and 2033. Further analysis of the maturity profile of the borrowings is presented in note C5.1 to the IFRS financial results.

In addition to its net core structural borrowings of shareholder-financed businesses set out above, the Group has structures in place to enable access to funding via the medium-term note programme, the US shelf programme (the platform for issuance of SEC-registered bonds in the US market), a commercial paper programme and committed revolving credit facilities. All of these are available for general corporate purposes. Proceeds from the Group's commercial paper programme are not included in the holding company cash and short-term investment balance.

Prudential plc has maintained a consistent presence as an issuer in the commercial paper market for the past decade and had $527 million in issue at 31 December 2024 (31 December 2023: $699 million).

As at 31 December 2024, the Group had a total of $1.6 billion of undrawn committed facilities, none of which expire before 2029. Apart from small drawdowns to test the process, these facilities have never been drawn, and there were no amounts outstanding at 31 December 2024.

Cash remittances

Holding company cash flow[8]

	Actual exchange rate		
	2024 $m	2023 $m	Change %
Net cash remitted by businesses units	**1,383**	1,611	(14)
Net interest received (paid)	**17**	(51)	n/a
Corporate expenditure	**(253)**	(271)	7
Centrally funded recurring bancassurance fees	**(198)**	(182)	(9)
Total central outflows	**(434)**	(504)	14
Holding company cash flow before dividends and other movements	**949**	1,107	(14)
Dividends paid, net of scrip dividends	**(552)**	(533)	(4)
Operating holding company cash flow after dividends but before other movements	**397**	574	(31)
Other movements			
Redemption of debt	**–**	(393)	n/a
Share repurchases/buybacks	**(860)**	–	n/a
Other corporate activities	**(109)**	226	n/a
Total other movements	**(969)**	(167)	n/a
Net movement in holding company cash flow	**(572)**	407	n/a
Cash and short-term investments at the beginning of the year	**3,516**	3,057	
Foreign exchange and other movements	**(28)**	52	
Cash and short-term investments at the end of the year	**2,916**	3,516	

Remittances from our businesses were $1,383 million (2023: $1,611 million). The remittances in both 2024 and 2023 are net of cash advanced to CPL, our joint venture business in Mainland China, of $(174) million (2023: $(176) million) in anticipation of a future capital injection. The first capital injection was completed in 2024 and the second received regulatory approval in 2025. Remittances were used to meet central outflows of $(434) million (2023: $(504) million) and to pay cash dividends of $(552) million (2023: $(533) million).

Central outflows include net interest received of $17 million (2023: net interest paid $(51) million), which reflects higher interest earned on central cash balances, reflecting current interest rates, less the largely fixed interest payments made on core structural borrowings.

Cash outflows for corporate expenditure of $(253) million (2023: $(271) million) include cash outflows for restructuring costs.

Other cash flow movements included net payments for other corporate activities of $(109) million as we invested in new bancassurance partnerships and purchased the remaining interest in our Nigeria life business (2023: net receipts of $226 million largely relating to the disposal of the Group's remaining investment in Jackson).

Cash used for share buyback and repurchases totalled $(860) million, including $(785) million utilised towards the $2 billion share buyback programme, with the remainder representing associated costs and share repurchases to neutralise the issue of new shares.

The Group will continue to seek to manage its financial condition such that it has sufficient resources available to provide a buffer to support the retained businesses in stress scenarios and to provide liquidity to service central outflows.

Notes

(1) Based the new RoEV definition using the opening EV balance excluding goodwill and other intangible assets. See section II(ix) Calculation of alternative performance measures: Calculation of return on embedded value within the Additional Information section of this report for further discussion on changes to the EEV RoEV definition.
(2) Based on FY23 NBP adjusted for the lower long-term risk free rate (reduced by 50 bps) applied for Mainland China for FY24 and on a constant exchange rate basis. FY23 remains unchanged at $2.3bn on an actual exchange rate basis.
(3) Adjusted CSM represents the total CSM balance for subsidiaries, joint ventures and associates, net of reinsurance, non-controlling interests and related tax and other adjustments. See note C3.1(b) to the IFRS financial statements for more detail and reconciliation to CSM.
(4) In our segmental disclosure, the tax on our life joint ventures in Mainland China and Malaysia (the Takaful business) and on our associate in India is included within the 'Growth markets and other' segment.
(5) Adjusted release of CSM reflects an adjustment to the release of CSM figure as shown in note C3.2 of the IFRS financial results of $(19) million (2023: $(3) million) for the treatment adopted for adjusted operating purposes of combining losses on onerous contracts and gains on profitable contracts that can be shared across more than one annual cohort. See note B1.3 to the IFRS financial results for more information.
(6) See note II of the Additional unaudited financial information for definition and reconciliation to IFRS balances.
(7) These objectives assume exchange rates at December 2022 and are based on regulatory and solvency regimes applicable across the Group at the time the objectives were set. The objectives assume that the same TEV and free surplus methodology will be applicable over the period and no material change to the economic assumptions.
(8) Holding company cash and short term investments in Group head office companies.