

Prudential PLC Full Year 2025 Results - Analyst and Investor Call (Wednesday 18 March 2026)

Introduction

Jake Moyce (Operator):

Thank you for standing by and welcome to the Prudential PLC 2025 Full Year Results Q&A audio webcast call. At this time, all participants are in listen only mode. If you wish to ask a question, please press *1 on your telephone. I will now hand over to Patrick Bowes. Please go ahead.

Patrick Bowes (Chief of Investor Relations):

Good afternoon, good morning, good evening, everyone. Welcome to Prudential PLC's 2025 results analyst and investor call. Before I turn over to Anil Wadhvani, our CEO, and then Ben Bulmer, our CFO, a couple of housekeeping points. A recording of today's call will be available from Tuesday next week. Our full results package is available on our website, and I'll refer you to the disclaimers and safe harbour wordings in these documents, and they also apply to this call. Anil and Ben will start the call with opening remarks followed by a Q&A. Also on the call today are Angel Ng, Dennis Tan, Rajeev Mittal, and Naveen Tahilyani. Now, let me pass over to Anil, our CEO, to start us off.

Business Review and Update

Anil Wadhvani (CEO, Prudential PLC):

Thank you, Patrick. Good morning, good afternoon, and good evening, everyone, and thank you for joining us today. I would like to begin by expressing my sincere thanks to our retiring chair, Shriti Vadera. Shriti has successfully led the board through a period of significant change for Prudential through economic and political turmoil, and of course, the challenges of the COVID period. She has been a staunch supporter of the management team throughout our transformation journey. I'm very grateful for our leadership of the board and her council to me, and I wish her all the very best in future endeavors.

I'm also delighted to welcome Sir Douglas Flint as our incoming Chair, who will take up the role at the conclusion of the AGM. Douglas has experience of financial services and strong knowledge of the markets we operate in, and I am looking forward to working closely with him.

Turning to our 2025 full year results, I'm very pleased with the high quality double-digit growth across our key financial metrics delivered in line with guidance and the increased returns for shareholders. This performance reflects the strength of our multi-market, multi-channel business model and disciplined execution of our strategy with the continued focus on writing high quality new business.

Both new business profit and adjusted operating profit after tax per share grew 12%, while gross OFSG and dividend per share were both up 15%. Importantly, we consistently delivered double-digit growth in new business profit in every quarter of 2025. We also successfully completed the IPO of our Indian asset management company and increased our holding in our Malaysian conventional business to 70%. We continue to demonstrate disciplined capital management and a clear focus on shareholder value, and we now expect to return over \$7 billion of capital to our shareholders between 2024 and 2027.

Turning to our strategic transformation, we are now three years into our five-year plan and have delivered 18% CAGR in new business profit growth from 2022 to 2025. We continue to strengthen our capabilities and operational execution to deliver consistent and ongoing quality new business and cash generation.

First, we are executing with focus across our distribution, strengthening our agency channel while sustaining strong momentum in bancassurance. Agency is our largest channel, and building and growing a high quality professional and advisory-led agency force at Prudential scale requires sustained commitment and discipline execution.

Productivity measured as new business profit per active agent improved by 15% in 2022, which I am very pleased with. This has been supported by continued strengthening of our Million Dollar Round Table or MDRT pipeline. At the same time, we see further opportunity to increase the number of active agents specifically in emerging markets in ASEAN through quality recruitment, segment-specific propositions, and supporting agent activity through technology enablement.

Turning to bancassurance, Prudential has a leading bancassurance franchise in Asia. The channel delivered an outstanding year with new business profit crossing the billion dollar mark, representing around 95% of the lower end of its 2027 new business profit objective.

Second, we continue to enhance the quality of new business by deepening customer engagement and improving experience across all touchpoints, unlocking synergies with our in-house manager Eastspring and building on our strengths in health to extend further into protection.

Third, we are driving efficient growth by modernising our technology, as well as embedding analytics and AI across agency health and operations to better support our agency force and deliver simpler, better experiences for customers. And finally, we have continued to make good progress in reducing core business related variances supporting the quality and sustainability of our capital generation.

As a result, gross OFSG increased by 15%, marking an important inflection point on the path to meeting our 2027 OFSG objective. While the macro environment remains volatile, our presence across Asia and Africa gives us access to significant structural growth opportunities. The strength and resilience of our multi-market multi-channel model allows us to deliver consistent, high quality growth and generate sustainable shareholder returns. We will carry the momentum we set for ourselves in 2025 into 2026, and we firmly remain on track to achieve our 2027 financial objectives.

Now, I'll hand it over to Ben, our CFO, to walk through our financial highlights.

Financial Highlights

Ben Bulmer (CFO, Prudential PLC):

Thanks, Anil, and hello everyone. In 2025, we delivered on our guidance of double-digit growth across our key financial KPIs, demonstrating the strength of our diversified multi-channel and multi-market business model. We intend to build on this momentum as we work towards and beyond our 2027 objective year. With higher NBP, further growth in our in-force and asset management result, flat central costs, and the benefits of our strategic and capital actions, we increased our 2025 return on embedded value to 15%.

We continue to see scope to improve this as we progress towards our 2027 financial objective, driven by further NBP growth, a return to positive operating variances, and ongoing disciplined capital management. We also reached the inflection point in our capital generation trajectory with gross OFSG up 15% year-on-year, whilst our net OFSG is up 22%. The group's capital position remains highly robust. Our free surplus ratio ended the year at 221% or 204% excluding the IPO net proceeds, broadly consistent with the 175% to 200% normal operating range we've set out.

We were pleased that our financial strength and flexibility was recognised by S&P with its upgrade of our financial strength rating to AA. We updated our capital allocation framework in August last year. We

gave guidance of greater than 10% dividend per share growth each year from 2025 to 2027. The 2025 dividend per share increased 15%. We also announced that shareholders will benefit from additional capital returns over and above the ordinary dividend, starting with \$500 million this year, and a further return of \$600 million expected in 2027.

This framework is intended to be enduring, and we thus intend for further additional capital returns in 2028 and beyond. Capital above our established 175% to 200% operating range will be assessed regularly and if deemed excess, return to shareholders. We plan to return all of the \$1.4 billion net proceeds from the IPO process to shareholders to be split half this year, half next year.

In January, we launched a \$1.2 billion buyback to be completed by the end of 2026 and expect to return a further \$1.3 billion in 2027. So we're delivering growth in value and what we believe is a highly attractive returns proposition. We remain focused on growing quality new business with strong underlying capital generation.

New business profit grew 12%, and the addition to 2027 capital emergence increased by 16%. The NBP margin expanded two percentage points to 42%. Further improvement in our agency performance and increasing the proportion of health and protection business continue to provide opportunities to improve margins over the medium term.

The management of our in-force book continues to improve, reflecting actions taken in strengthening our health claims management. We are also benefiting from economies of scale with total costs growing more slowly than revenues. This positive leverage will allow us to continue to invest in our business on a normal course basis.

We intend, as we've said, to largely complete our capability investment program in 2026 with an investment of between \$300 and \$350 million, and we are very confident of returning to positive variances by 2027.

In summary, we delivered improving financial performance in 2025 with double-digit growth across our key financial KPIs, consistent with our guidance. The consistency of our operating performance also improved. And while there's work to do, we were pleased to deliver double-digit NBP growth in every quarter of 2025. For 2026, we are again guiding to double-digit growth across our key financial KPIs, and we remain very confident in achieving our 2027 financial objectives. With that, I'll pass back to Patrick.

Q&A

Patrick Bowes:

Thank you, Ben and Anil. I'll now hand over to our conference call operator, Jake, who will provide instructions and then open the lines for questions. Please remember to give your name and organisation you represent when asking a question, and you're also welcome to submit your questions online. So over to you, Jake.

Jake Moyce (Operator):

Thank you. To ask a question, please press *1 on your telephone keypad. You will hear a tone to confirm that you are in the queue. If you wish to withdraw your question, you may do so by pressing *2 to cancel. Our first caller is Thomas Wang from Goldman Sachs. Your line is now unmuted. Please go ahead.

Thomas Wang (Goldman Sachs):

Thank you. Thomas here from Goldman Sachs. Thank you for opportunity to ask the question. If I can kind of start with a kind of broad question on growth, there's a few kind of surprises on this set of numbers. I think China definitely, I remember in the first half, our guidance was high single-digit NBP growth, but we end up with something close to 30%. Very strong in second half. I'm just wondering what you see in terms of outlook for 2026. Do you think that we can maintain this momentum into 2026?

And secondly, maybe on Hong Kong, slightly slower growth in the second half, maybe not surprising, but just want to get your thought on 2026 momentum and how do you see the base effect? How challenging that is and how confident we are getting back to a double-digit or potentially even mid-teens growth in Hong Kong?

So related to this, I think the 2025 growth was mainly driven by bancassurance. Agency channel was just about 4%. I think that's probably tied to Hong Kong as well. Just wondering, can you give a little bit more colour on what kind of initiatives to drive that agency growth in 2026? Thank you.

Anil Wadhvani:

Thanks, Thomas, for those questions. I guess there are three questions. So just bear with me, because I guess it's going to be a slightly long answer as I try to address each one of them. So firstly, let me start with the broader outlook.

So we clearly were pleased with the 2025 outcomes. I thought it was a landmark year for Prudential.

Our new business profit grew at 12%. Importantly, it was an inflection point for OFSG that grew at 15%. And our transformation execution is getting sharper, as well as clearly our model is underpinned by multi-market and multi-channel. And that gives us the confidence to take the momentum that we set for ourselves in 2025 to 2026. As Ben mentioned in his opening comments, that we are guiding to delivering double-digit growth across our financial metrics for 2026 as well.

Now, specifically coming to China, clearly pleased with the 27% growth on new business profit that we delivered in Mainland China. Specifically pleased with the improved trajectory and momentum that we saw in the second half of last year, where both bancassurance and importantly, agency delivered strong double-digit growth.

At the same time, as you know, Thomas, we have been working very hard to retool our business and driving quality growth underpinned with strong risk discipline processes. And you're starting to now see the evidence of that growth come through.

We were also delighted with the fact that our par mix touched 40%. It was close to 15% in the prior year. And again, that's a step in the right direction. And again, underpins as to how we are managing quality growth with strong risk discipline. I'm not going to give you a market specific guidance. As I said, the guidance overall is double-digit. And clearly, China is going to play a key part in helping us drive that double-digit performance in 2026.

Let me shift gears and talk a little bit about Hong Kong. So firstly, just stepping back, I really like the shape of our Hong Kong business. We grew both mainland Chinese visitor segment and domestic segment, and both our channels, bancassurance and agency grew too. Our focus at all times has been quality, which was illustrated by the two percentage points improvement in margin, and our new business profit for full year 2025 grew by 12%.

Now, as you pointed out, second half was a bit of an unusual period for us in Hong Kong, given the fact that we were embracing a slew of regulatory changes specifically targeted towards the broker channel. So for example, the referral fee cap, the spreading of commission, also the changes that came through

on illustration caps led to the growth coming in short-term products, largely through the broker channel. Now for us, the focus has been on quality, new business that generates cash at an accelerated pace. So let me give you a couple of proof points in that. One, 95% of our business in Hong Kong were in tenors greater than five years as opposed to an industry average of approximately 40%. We have leadership in Hong Kong on the critical illness business, and in quarter three of last year, we established leading position on the health business.

Importantly, our Hong Kong renewal premium growth was 15% year-on-year. Our primary channels continue to be agency as well as bancassurance for obvious reasons because we have a greater influence both on customer experience as well as a higher degree of influence on product mix. And importantly, our agency growth, in terms of new recruitment was, again, greater than 5,000 with our active agent growth in Hong Kong growing at 12% for 2025. We continue to see demand both across domestic as well as mainland Chinese visitor segment, be it in legacy planning products, multi-currency products, as well as health and protection. And a combination of these factors gives us the confidence that we will grow our agency, as well as our Hong Kong business in 2026.

Now, to your third question specifically on agency. So clearly we are not as pleased with the agency growth as we are with bancassurance. Remember, we are a multi-channel, multi-market growth engine model. Bancassurance has done exceedingly well for us. Agency clearly came in below expectations.

Now, let me step back and just explain and give you a little bit of colour in terms of what's going on in our agency channel. So if you look at our three-year growth between 2022 to 2025, we've delivered a growth of 18% CAGR over the last three years. This has been predicated on the back of a 19% growth in agency and a 12% growth in bancassurance.

And as I said, I like the complementing nature of agency and bancassurance. There have been years where agency has performed better than bancassurance, and there have been years where bancassurance has performed better than agency. Agency transformation is our number one priority, and I'll have Naveen, who heads agency as well as some of our ASEAN markets, give you a little bit of colour, but let me preface it with a few points. So firstly, there are two specific measures that we are pressing forward on agency. First is productivity, as is measured by new business profit per active agent. And I'm very pleased with the growth that we witnessed last year. It was up 15%. It helped us offset the decline of 11% on active agents.

Our active agents was largely impacted by the emerging ASEAN markets of Vietnam, Philippines, Malaysia, and Indonesia. And if you go under the hood and look at what the driver of that was, it was largely the new recruitment in these four markets. I'm going to stop there and I'm going to have Naveen articulate as to what we are doing about it specifically and illustrate that with a specific example in terms of how we are implementing some of the steps to change the momentum on agency.

Naveen Tahilyani:

Thank you. Thank you, Anil. So first and foremost, over the last few months, as I've had a chance to spend time with our top agents and leaders on the ground, I'm very convinced that we have some very high quality top-notch professionals working with us, and our agency quality is right up there in these markets.

Second, when I look at the different initiatives in our agency strategy, I'm fully aligned and I think we cover all the bases in terms of both the aspects that Anil mentioned, improving the top tier productivity, as well as looking to enhance the activation and recruitment.

Now, the top tier productivity initiative is already working well, Anil already shared the data points over there. As far as enhancing activation through quality recruitment, we are focused on creating

professional recruitment schemes, which work on the right capability building for the leaders, as well as agents, supporting them with the right technology and the right propositions. One such example is PRUVenture in Malaysia, where this scheme has scaled up in the second half of last year. And for all of last year, this scheme accounted for about a quarter of our incoming class of recruits in Malaysia.

And what is very interesting to see and very encouraging to see is the fact that the retention as well as the productivity of this incoming class through PRUVenture is significantly higher than those coming through other schemes. So for example, particularly on productivity, the productivity of these agents is six times that of the non-PRUVenture recruits. So our focus right now is to take such professional recruitment schemes with discipline to other markets, and make sure we can use that to scale up our recruitment as well as our activation. So that's what we are doing. Anil, back to you with that.

Anil Wadhvani:

Thanks, Naveen. So just in closing, Thomas, building and scaling a high quality professional agency force in Asia, and that also of a size of Prudential does require consistent commitment and focus and execution. And we are absolutely confident and focused on driving the transformation on agency.

Patrick Bowes:

Thank you. Okay. Next question, Jake.

Jake Moyce (Operator):

Thank you. Our next caller is Farooq Hanif from JP Morgan. Your line is now unmuted. Please go ahead.

Farooq Hanif (JP Morgan):

Hi there. Thanks very much. Just on the point of agency, can you just explain why you don't just use PRUVenture entirely for recruitment? And then can you also talk about the technology arms race in terms of the digital tools you're giving your agents? My sense was that, and I might be wrong, but you were kind of behind, you've come along, you've invested. Do you feel like you're in line or better than your top competitors when it comes to that kind of technology?

Second question is understanding the remittances. So the capital position of your subs seem strong, you've remitted quite a lot of capital. Can you just talk about why you've remitted so much capital to the holding, given your previous comments that you prefer to keep as much capital in the subs to earn a higher return and what's the outlook here, and how will that impact your investment margin going forward?

And my last question is, will underlying variances, so that's obviously excluding the capability investment, will they reach an inflection point in 2026? I mean, they may turn positive or slightly positive, but what can we model in for that? And how does that differ between sort of free surplus and IFRS? Thank you.

Anil Wadhvani:

Thanks Farooq, and thanks for this question. So let me first take the PRUVenture one and I'll again have Naveen provide you some greater insights and greater colour. And then I will go to Ben on the remittances and the variances question.

So firstly, we have seen great success on PRUVenture, for example, in a market like Hong Kong. And the success is what really drove us to now rolling that out in some of the other markets. And again, Naveen has illustrated in terms of the early impact of that witnessed in Malaysia, and our ambition now is to kind of roll that out at a brisk pace across the different markets of ASEAN. But I'm going to stop there and ask Naveen to provide you a greater colour, both on the extension of PRUVenture as well as the technology enablement.

Naveen Tahilyani:

Yeah. So thanks Anil. And Farooq, thanks for the question. So PRUVenture, as I said, is a scheme which is about encouraging professional recruitment, both at the leader level as well as at the agent level. To build on the example that Anil already shared of Hong Kong, where this scheme has kind of scaled up over the last year, the increase in number of PRUVenture recruits was 43% and two-fifths of the incoming class was actually from PRUVenture. So Hong Kong is an example of a market where we have successfully scaled up PRUVentures, and of course we'll continue with these efforts in this particular market.

I already illustrated Malaysia, which scaled up in the second half of last year, and we will have the impact of PRUVenture through all of this year in Malaysia. And exactly as you mentioned, our effort right now is with some customisation to take this scheme to the other emerging markets of ASEAN, particularly Indonesia, Philippines, Vietnam, where, as Anil said, we've been kind of looking to improve our recruitment and hence our activation. Now, each one of these markets requires a little bit of customisation, a little bit of change to the scheme, and we have done that and we are looking to implement that with discipline as we move forward. So that's on PRUVenture and professional recruitment.

On technology, we think of technology and agency in two loops. One loop is how do we improve the agent productivity as they think about interaction with their customers? So this is about lead management, prospecting, sales, service, and claims management. And the second one is how does an agent and a leader improve their own productivity in terms of realising what their compensation is, what their action should be, and how do they think about improving their income? Those are the two loops in which we think about technology and agency. My assessment of where we are in today, in terms of that technology capability, we are right up there with the best in the market.

So we have a proprietary platform called PRUForce. You may have heard of this name before, which is now rolled out to all the markets and we are looking to continuously enhance the capabilities in PRUForce, but as of today, we are pretty good right up there on both of these aspects. What we are doing now is actually injecting a healthy dose of AI into this in a very practical targeted manner on both of these value loops, the customer value loop, as well as the agent and the leader value loop.

An example of that, which I want to share is PRUAction, which was pioneered in Singapore last year, and this was an AI enabled performance management system for our agents and leaders to improve their productivity. As we went through this, we saw an increase in productivity of about 15%, which is quite strong, and we are now looking to take PRUAction to all the markets that we have as far as agency is concerned. So that's where the technology focus is, and we'll continue to get better and improve as we move forward.

Anil Wadhvani:

Thanks, Naveen. Moving to Ben for the next two questions on remittances and the variances.

Ben Bulmer:

Yeah. Thanks, Anil. Hi, Farooq. So on remittances, look, I continue to guide you to the 70% ratio in terms of the remittance rate for LBU net surplus generation. You're right, I elected to bring up some stock this year from the Hong Kong business. I do like having a balance of surplus in both centrally and in the businesses. I said that before, we like to have agility locally. We have stakeholders to manage. That said, I'm not going to leave excess capital in businesses. I will bring that up to centre.

You're right, it did have a temporal impact on the net investment return in the IFRS result, along with the effects of some China de-risking that we did. And similarly, when you think about earnings, we had a lower central net investment return number as a result of completing that \$2 billion buyback from stock. In terms of the underlying variances, I'm pleased with the progress we're making. I think they're materially improved year-on-year, and now really, if you remove the investment in capabilities are fairly close to being neutral.

I'm very confident that we're going to return to those historic pre-COVID norms of positive operating variances within our objective period, and of course, we're a bigger business now than we were. We're very much focused on continuing to drive underwriting profitability, I think you've seen evidence of that, and investing in our capabilities to drive growth and scale. So ultimately, this is about operating leverage, and I'm pleased to see renewal premiums up double-digit once again last year. We will continue to focus on cost containment to also improve with our operating leverage, and that gives us the headroom to then continue to reinvest in the business on a business as usual basis going forwards.

I think you asked about differences between IFRS and TEV. There are some differences in geography, of course, between VFA and GMM. The key thing to bear in mind there is that about two-thirds of our investment in capabilities are sat in the CSM unlocking number as opposed to that variance line. So yeah, very confident we're going to continue to drive very strong variance performance.

Patrick Bowes:

Thank you, Ben. Okay. Next question, please, Jake.

Jake Moyce (Operator):

Thank you. Our next caller is Michael Chang from CGI. Your line is now unmuted. Please go ahead.

Michael Chang (CGSI):

Hi, thanks a lot. It's Michael Chang here. Can I just check you can hear me?

Ben Bulmer:

Hey, Michael.

Anil Wadhvani:

We can hear you, Michael, loud and clear.

Michael Chang:

Okay, sure. All right. Okay, thanks. Yeah, I really liked the results, especially in relation to the Mainland China business. I think it's very impressive what the business has done, especially on the bancassurance front. So can I just get some more clarity? I understand that CITIC has been a great partner, as well as SCB, and I think they contribute, if I'm not wrong, two thirds of the APE.

It seems that a lot of investors within the China space right now for the insurers, they are quite focused on this wave of maturing time deposits, which the bancassurance is best placed to capture. So could I maybe get some colour on any initiatives you have in terms of further deepening the relationship with CITIC in terms of maybe more branches, as well as with Standard Chartered, coupled with any new initiatives in terms of new bancassurance partners.

So that's the first one. And I think the second one is primarily, in relation to the Asia market, I think one of the key structural themes post the pandemic, well, sorry, even more so post the pandemic has been the very strong demand for wealth management solutions. In the case of the insurers, there's some of your peers who are making the point that maybe third party channels is a good way to tap this opportunity.

Now, I know that Prudential is extremely strong, the agent channel and the bancassurance channel, but maybe you can just shed some light on your thoughts about using third party channels to tap this wealth management opportunity and why have you chosen to actually be relatively underweight versus your peers on this front? Thanks a lot.

Anil Wadhvani:

Thanks, Michael. So let me start with China and I'll go to Angel who can probably give you a little bit more colour on how we are thinking about the China growth and specifically to your point on deposits and the deposits maturity, because you're right in pointing out that the China or the Chinese economy continues to be a very high savings economy, which in many ways, given the low interest rate environment speaks to some of the solutions that we can bring to our customers.

But I do want to start by saying that clearly bancassurance has been a key driver of growth for us in China. And it's heartening to see that we are now seeing a significant traction from CITIC Bank and this is on account of the focus that Angel is brought in terms of ensuring that there is a segment of branches that are exclusively dedicated to selling CITIC Prudential Life insurance policies. And that has made a dramatic difference in terms of CITIC's contribution to the overall bancassurance sales and the overall sales in China mainland as compared to some of the previous years.

I think interesting to note, our margins on bancassurance are pretty healthy in China. And that again underscores the point that I made earlier to Thomas's question that is underpinned by the focus on quality and how we would like to grow our new business profit in China. But I'm going to stop there and turn to Angel to specifically answer your time deposit question.

Angel Ng:

Thank you, Anil. And thank you for the questions, Michael. You are correct that Standard Chartered and CITIC both are our strategic bank partners, which are also delivering very good growth rate in 2025. Especially on your questions on CITIC Bank, we've launched the preferred branch model last year with the first 50 branches. Basically is to aim for increasing our wallet share in those branches by giving them dedicated resources like insurance specialists to help the relationship managers to sell the products better. So that yielded very good results. And into 2026, we are aiming to increase the number from 50 to 100. So basically doubling the number of preferred branch under this model.

The other one that we are working on is to increase and diversify our partnership in the bancassurance channel. We are going to focus to work on the top 10 partners in the bancassurance channel so that we can also repeat what we have turned out in the CITIC preferred branch model business.

The last point that I want to talk about is your point on deposit maturity. We are working very closely with all of our bank partners to capture these opportunities, especially we are going into a deeper

collaboration with the private bank segments of our bank partners with greater engagement with the high net worth customer, which will increase our average ticket size. So I think these will give us a very solid plan going into 2026 to deliver our business target. Getting back to you, Anil.

Anil Wadhvani:

Thanks, Angel. So Michael, getting onto your next question on wealth management brokers and are we planning to do more there? The short answer is yes. While our primary channels continue to be agency and bancassurance for reasons that I articulated earlier, absolutely we are engaged on a very active basis with some of the quality brokers and ensuring that we are getting a higher share of business from them.

On the wealth management products, on the wealth management space specifically, you can expect more activity from us, both in markets of Singapore and Hong Kong. Which is where we are seeing the greater kind of attraction for wealth management offering, but you will see more innovative solutions coming from us in that space.

To remind you, one of our key differentiators, and I want to bring this point back is the complementing nature of bancassurance to agency. Bancassurance has done well because it continues to attract a certain level of flows from emerging affluent customers as well as high net worth customers. And that continues to be a great source for us to engage customers through our preferred or strategic bank relationship partners. Some of them, as Angel mentioned, are not only limited to China, but to the broader Asia and Africa landscape.

Patrick Bowes:

Okay. Thank you, Anil. Let's go to the next question, please, Jake.

Jake Moyce (Operator):

Thank you. Our next caller is Andrew Crean from Autonomous Research. Your line is now open. Please go ahead.

Andrew Crean (Autonomous):

Hello, everyone. Three sort of numbers based questions. Firstly, you've given on bancassurance that you're 95% of the way to the lower end of your target. Could you give the same percentage for agency? Secondly, agency active numbers at 57,000, you were targeting 80 to 90,000 by 2027. Where do you actually think you're going to land on that? And then thirdly, you talked about improving your business profit margins in the medium term from the current 42%. Could you be a bit more specific as to what medium term is and where 42% can go to?

Anil Wadhvani:

Thanks for those questions, Andrew. So you're right that bancassurance is at 95%, so that allows us a significant level of headroom close to two years in advance of the goal or the objective that we had set for bancassurance. Agency on that same count is roughly about close to two thirds of the objective that we had set for agency.

And that also leans into your second question, which is, what are we doing about active agents? And Naveen was trying to articulate that. And the way we are thinking about this, Andrew, is that we are going to push both the productivity as well as active agents. And I don't have a specific mathematical

formula for what I would like to get to. As far as either through productivity or through active agents or a combination of that, we still kind of hit the agency number.

And that could be different as compared to what we had conceived three years back, but I'm still confident that we will press on both the levers of productivity and active agents to get to the agency outcome that we had set for ourselves for 2027. To your question on NBP margin, I'm going to go to Ben for him to elaborate.

Ben Bulmer:

Yeah. Thanks, Anil. Hi, Andrew. So look, I do think we have opportunity to continue to improve margins. I'm pleased with the performance, not just last year, but the year before as well. And that opportunity is fourfold really. Firstly, improving our health and protection product contribution in the mix. Secondly, accelerating agency growth, and you've heard that number one transformation priority. Thirdly, really, it's back to this point on operating leverage and building scale, and we're seeing that scale coming back. And then finally, we'll continue to look to actively reprice propositions. And you've seen activity there.

In terms of why medium term, maybe a bit of specific guidance, we talked in China about driving a greater proportion of par business. Our margins in China have come down three points year-on-year in 2025. I expect a further reduction in 2026 as we drive a higher proportion of participating business. Stepping back though, I do think we have continued to have ample opportunity to drive overall group margin.

Patrick Bowes:

Thank you, Ben. Okay. Jake, over to next one, please. I'm just conscious that we are now at a quarter past. So let's make the question snappy and we'll make the answer snappy.

Jake Moyce (Operator):

Thank you. Our next caller is William Hawkins from KBW. Your line is now unmuted. Please go ahead.

William Hawkins (KBW):

Gosh, how to be snappy. Thank you. Could you talk a bit more about some of the non-Chinese markets, please? Anil, your outlook for Indonesia, Singapore, and Malaysia, I mean, are these proportionate contributors to double-digit growth or tailwinds or headwinds?

And then secondly, please, there's a 20% increase in required capital for the surplus ratio, I think. That feels sort of slightly outsized to your guidance that it should grow roughly in line with new business profit over time. So I've got in mind that it should be more like a slightly north of 10% growth in the future. So can you explain if I'm right, why was there an outsized growth in required capital and what's the outlook for that metric in the surplus ratio? I'll leave it at that. Thank you.

Anil Wadhvani:

Thanks, Will. So let me start with Singapore, Indonesia, and Malaysia. So yes, we obviously are looking for all the ASEAN markets to contribute. On Singapore, let me give you some texture, clearly very strong momentum on sales. In the second half of last year, the sales grew by 19%. The challenge that we had in Singapore was more around product mix, which was skewed more towards savings and wealth, as well as the demand coming from the government sponsored medical plan, which is known as Shield, got calibrated because of changes in the co-payment rules.

On account of the steps that we are taking, as well as the strengths that we have in Singapore, both in terms of the one and a half million customer relationships, as well as the distinct strengths across bancassurance, tied agency and financial advisory channel, we believe that we can grow Singapore to high single digit on new business profit, if not early double-digit.

Indonesia, very pleased, 11% growth on new business profit. And remind you, this is the second year that we've been able to deliver new business profit growth in Indonesia, which is what we had struggled to do that in the prior years, running up to COVID and even coming out of COVID, so pleased with that. And it also tells you that we are in a much better position to be able to address some of the challenges on medical inflation, as well as we distinctly see an opportunity to Naveen's point in terms of improving our agency momentum. So I believe that Indonesia will continue to be double-digit growth.

Malaysia, again, was a struggle for us in the first half of last year, but did exceedingly well in the second half of last year. And again, it talks to some of the steps that we took on PRUventure and how we are retooling our agency. We are seeing that momentum carry forward into 2026 and remain optimistic that Malaysia will come back to deliver double-digit growth as opposed to the 5% new business profit growth it delivered in 2025. I'm going to go to Ben on your second question.

Ben Bulmer:

Yeah, thanks, Anil. Hi, Will. So the simple answer is it was down to non-operating effects. We had very strong equity market performance in a number of our markets where the local regulatory basis uses economic capital models and also has, as it happens, countercyclical equity risk adjustments.

So in periods where you have very strong equity performance, the risk adjustment increases, required capital grows. Of course, your available surplus also grows, but when we look at the free surplus ratio, we take that required capital number over, but of course we truncate available surplus of what's actually fungible.

So really it was down to outsized equity performance in a few markets. Going forwards, when you think about modelling required capital, I would guide you again to low double-digit growth rates, have 12, 13%, in mind.

Patrick Bowes:

Okay. Thank you, Ben. Okay. Jake, next question please.

Jake Moyce (Operator):

Thank you. Our next caller is Kailesh Mistry from Deutsche Bank.

Kailesh Mistry (Deutsche Bank):

Oh, hi, good afternoon. A few questions from me on numbers, just on China CPL, could you just give us the core and comprehensive solvency ratio post the bond in January?

Second one, there's something about a slightly lower CSM release rate in 2026. How much does that go down? Does it go down below 9% or does it stay above? Or alternatively, you can give us the release rates for Indonesia and China, which seems to be driving that.

And then thirdly, just on agency, could you just give a little bit more colour about this comment in the statement about revamping agency compensation? Are you changing the incentives or is it purely about increasing commissions to make it more attractive, et cetera, et cetera? Thank you.

Anil Wadhvani:

Thanks, Kailesh. So I'm going to go quickly to Ben for the first two and then Naveen for the agency question.

Ben Bulmer:

Thanks. Hi. Hi, Kailesh. So if you proforma for that recent perpetual debt issuance, the business is operating at 2.3 times regulatory minimum levels. So more specifically, core is at 150%, comprehensive around 234%. As I've mentioned before, we've increased our sources of local financing and later in the first half of this year, the business will recapture some existing sub debt and replace that with perpetual debt, and that will give a further solvency uplift.

In terms of your question on IFRS, actually at a Group level, the release rate is going to be marginally lower. So in the late 9.4s. [*Post call note - expected to be within the range 9.2-9.5% for FY26, based on operating and economic conditions as at 31 December 2025.*]

[IR team additional note -see also our 2025 ARA Note C3.2i for tables illustrating when the Group expects to recognise the remaining CSM in profit or loss after the reporting date based on the assumptions and economics in place at the year ends shown, presented on a discounted basis. Future new business is excluded. Please feel free to discuss modelling dynamics with the IR team.]

Anil Wadhvani:

Okay. Thank you, Ben. And we're over to Naveen.

Naveen Tahilyani:

So on the question on agency compensation, this is a structured initiative as a core pillar of our agency transformation to encourage the two behaviours that Anil already mentioned. One was improving top tier productivity, and the second one was to enhance quality recruitment. So what we have done through last year and this year so far, is actually piloted this in a number of markets and put these structural initiatives now in place. In fact, we had pre-tested this with a large number of our agents and leaders. In the pre-testing, it was very well received. And now, in the markets where we have actually rolled it out, it's also very well received, and the implementation has been quite smooth. This is targeted to both agents as well as their leaders who actually recruit them. And as I said earlier, it's totally aligned to our transformation objectives.

Patrick Bowes:

Thanks, Naveen. Okay. Next question, please, Jake.

Jake Moyce (Operator):

Thank you. Our next caller is Fahad Changazi from Kepler Cheuvreux. Your line is now unmuted. Please go ahead.

Fahad Changazi (Keplar Cheuvreux):

Okay, thank you. Fahad Changazi from Kepler Cheuvreux. Thank you for taking my question. Just very briefly on this PRUVenture, which sounds very interesting. In terms of what happened in Hong Kong, two-fifths of new recruitment came from PRUVenture. What was the number of agents in 2024 and 2025 in Hong Kong? And on the OFSG, just two questions. We have the usual slide where we're looking for 2026 new business profit, contributing plus 0.5 billion to 2027 OFSG. Is that, assuming some sort of a mix shift which accelerates conversion of OFSG, or is just normal new business profit growth? And the last point on the operating variance, I know Ben mentioned just positive, returning to historic positive levels. And you're a bigger company. Previously, you used to give that chart where it was 0.9% of opening EV from 2011 to H1 '24. In '24, it was 1.4% of opening EV.

Is there any reason not to assume it would be a percentage of opening EV, and where should we be landing on that percentage? Thank you.

Anil Wadhvani:

Thanks for the question. Let me go to Naveen, to the Hong Kong PRUVenture, and then we'll go to Ben for the two questions on financials.

Naveen Tahilyani:

Sure. So on Hong Kong PRUVenture, as I said, PRUVenture is fundamentally a high-quality professional recruitment scheme in Hong Kong. Very pleased to share that last year, which is in 2025 compared to 2024, PRUVenture scaled up by 43%, and 40% of the incoming class of recruits was through PRUVenture. So that's where we are on Hong Kong, and I already covered Malaysia. And as I said, we will now be looking to roll this out with the right customisations to other markets.

Anil Wadhvani:

Thanks, Naveen. Let's go to Ben on the two financials.

Ben Bulmer:

So on the OFSG projection slide, I think you're referring to slide 43 on the top right: A, the new business additions. So, that is the normal profit signature that you're seeing there. We design our products to be very capital efficient. It's about capital velocity for us. So, we're writing business with a fast monetisation profile and short payback period. Put simply, the cost of writing the business, whether that's distribution, underwriting, admin, capital requirements or so on, comes through in year one. And then we try to recoup some of those costs through the collection of second-year premiums to match revenue to costs closely as possible. So, that's why you have a jump there in the release and thereafter. It's more of a levelised pattern.

I'll be brief on variances. You should have in mind north of \$200 million in 2027. As I said, we're now a bigger business. We're very much focused on driving scale and cost containment.

Patrick Bowes:

Okay. Thanks, Ben. Conscious time runs on.

Dominic, do you want to go next? Jake, can you let Dominic in, please?

Jake Moyce (Operator):

Thank you. Our next caller is Dominic O'Mahony from BNP Paribas Exane. Your line is now unmuted. Please go ahead.

Dominic O'Mahony (BNP Paribas):

Thanks for taking questions and for squeezing me in. I will try to be quick. Three, if that's okay. One is just on your IRRs, greater than 25% is a great number. How does that compare between banca and agency? My guess is that banca is lower, but tell me if that's wrong. The second question is just on the shape of new business surplus emergence, really following up on Fahad's question. Are you expecting any further change in the shape? It's accelerated in 2025. Should we expect further acceleration in the shape of emergence beyond this? And then a last question on variance is very clear, and thank you, Ben, for the explicit guidance on the variances in 2027.

If you're already growing, frankly, at a very decent clip, I would have thought that you would have already got to the stage where you're getting the benefit of that operating leverage coming through in the variances. Which certainly, there must be some relatively substantial negatives coming through still in 2025, offsetting that to get to your 45 million negative. What are these? What are the sort of things that are acting against that? Thank you.

Anil Wadhvani:

Ben, you want to take that?

Ben Bulmer:

Yeah, thanks. Hi, Dom. Look, I'll start. I'll do it in reverse order if that's okay.

In terms of variances, without repeating my earlier comments, the residual negative you're now seeing is a mixture of scale coming back, but we continue to, if you like, incubate some of our smaller businesses. So Cambodia, Laos, Myanmar, Africa, for example. Scale is building nicely as renewal premiums compound. We have further actions in train to drive cost containment, just to give you a little bit of colour. So, it's not simply about revenue compounding. We are focused on changing, or structural changes, in the cost base through automation, digitization, tech convergence, investing in processes using centres of scale and excellence, all with the aim of driving lower net costs going forwards. So, we hope to be able to deploy that leverage into reinvestment in the business.

Cash profile, I'm pleased with all the improvements we made over the last few years. I know you're very aware of those as a result of repricing, so I won't repeat them here. I think we do have opportunities to continue to improve the business. And we'll look for that from a repricing perspective, but mix, more health and protection, again, accelerating agency will all help with that cash profile. To be very clear, I'm not reliant on any change in business profile to get to 2027. You shouldn't read that being inferred into these numbers. And that's because we put the hard yards in repricing savings products a number of years back. So we're not reliant on that, comfortable with the 2027 target.

On your IRRs, actually in terms of the products sold, very similar products sold. So at a product level, the IRRs by channel are actually pretty consistent. So, differences in the channel IRRs overall are more a factor of mix. And as I think you know, the agency channels tends to sell a greater proportion of health and protection. That said, one of the things that has improved our margins and our cash profiles is the success we've had driving health and protection through the bancassurance channel, improving our margins consistently year-on-year. So, very pleased with that.

Patrick Bowes:

Yep. Thank you, Ben. Concise answer. We've got a very chance for a very last question from Nasib at UBS. Jake, if you'd let him through. We'll take a few offline. I can see a few on the list. We'll come back to them from the IR team.

But Nasib, if you want to go ahead.

Jake Moyce (Operator):

Thank you. Our next caller is Nasib Ahmed from UBS. Your line is now unmuted. Please go ahead.

Nasib Ahmed (UBS):

Thanks, Patrick. Just two questions from me. Firstly, on Hong Kong market share, I was looking at Hong Kong association data. 2023, you had about 30% market share. I'm looking at agency. And now, 2025, you're less than 25%. That's as a percentage of APE. So, can you give more colour on are you going to grow back to greater market share in Hong Kong in dollar amounts?

Then the second one is on numbers. Ben you said investment spend is going to be broadly done by 2026. I think if you add up the numbers, you're maybe left with \$100, \$150 million of the \$1 billion. Are you expecting to spend less than a billion in 2027? Is it closer to 0 or 50? Thank you.

Anil Wadhvani:

Thanks for those questions, Nasib. So on Hong Kong market share, again, I want to go back to the emphasis on quality growth. And that is where our focus has been. Within that, those parameters, yes, we absolutely would like to grow our market share, and we do have plans to do that. But at all times, our underpinned will be quality growth as well as cash generation. And again, just to illustrate that point, we did improve margins despite the activity that we saw on different fronts in Hong Kong by two percentage points, which is a good illustration. And I gave some other stats to illustrate the point as to the discipline that we are adopting in focusing on quality growth in Hong Kong.

What we are interested, Nasib, is market share of new business profit and market share of profitable growth in Hong Kong, as opposed to simply driving sales market share. But as I said, broadly within the construct of quality, absolutely, we'll be driving a greater level of market share.

Ben, you want to take the last one?

Ben Bulmer:

Yeah. Hi, Nasib. So look, it's our plan to largely complete the investment in capability programme. In 2026, we'll be investing a further \$300 to \$350 million. And this investment essentially covers foundational dimensions. I'm not expecting material amounts in 2027, and we're being very disciplined about our spend. And as I mentioned earlier on the call, our focus is on driving operating leverage, and that enables ongoing investment in capability in the normal course of business beyond the target period.

Patrick Bowes:

Okay. Thanks, Ben, very much. Jake, I'm going to pass back to Anil to close the call. He's just got some closing remarks.

Anil Wadhvani:

Thanks, Patrick, and thanks everyone. Enjoyed the questions, and hopefully we were able to provide you a greater level of detail and insights. We have made good progress in our transformation journey. And clearly, this would not have been possible without the dedication and the hard work of our people, our agents, as well as our partners. I'm very proud to work alongside them every single day in the way we support our customers, communities, and shareholders. A few of us will be on the road, so we will get

an opportunity to meet with you face-to-face, and would be happy to get into further details and further conversations if we haven't been able to answer some of those points. We look forward to updating you on the first-quarter business performance in early May [post call note : 30th April, 6AM HKT]. And as I said, look forward to seeing you when we are on the road.

Thank you and goodbye.

Jake Moyce (Operator):

Thank you for attending. You may now disconnect your lines.