

## Index to the additional unaudited financial information

Section	Page
<b>I Additional financial information</b>	122
(i) Group capital position	123
(ii) Eastspring adjusted operating profit and funds under management or advice	126
(iii) Group funds under management	127
(iv) Holding company cash flow	128
<b>II Calculation of alternative performance measures</b>	129
(i) Adjusted operating profit	129
(ii) Adjusted total comprehensive equity	129
(iii) Return on IFRS shareholders' equity	129
(iv) IFRS shareholders' equity per share	129
(v) Eastspring cost/income ratio	130
(vi) Insurance premiums	130
(vii) Reconciliation between TEV new business profit and IFRS new business CSM	130
(viii) Reconciliation between TEV equity and IFRS shareholders' equity	131
(ix) Return on embedded value	131
(x) Calculation of free surplus ratio	131

# I Additional financial information

## I(i) Group capital position

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

The Group monitors regulatory capital, economic capital and rating agency capital metrics and manages the business within its risk appetite by remaining within its economic and regulatory capital limits. While the GWS shareholder capital position is a key metric for assessing regulatory solvency, and for risk management, there are some elements of the shareholder GWS capital surplus that will only become available as cash flow for distribution over time. The Group's free surplus metric is a better measure of the shareholder capital available for distribution and is used as the primary metric for assessing the Group's sources and uses of capital in the Group's capital management framework, and underpinning the Group's dividend policy. Further details are included in the Capital management section of the Financial review.

Separate from the capital management framework applied for shareholder-owned capital, the capital held in ring-fenced with-profits funds supports policyholder investment freedom, which increases expected returns for our with-profits funds' customers. GWS policyholder capital surplus is not available for distribution out of the ring-fenced funds other than as a defined proportion distributable to shareholders when policyholder bonuses are declared.

### Estimated GWS capital position

As at 31 December 2025, the estimated shareholder GWS capital surplus over the GPCR is \$17.1 billion (31 December 2024: \$15.9 billion), representing a coverage ratio of 262 per cent (31 December 2024: 280 per cent) and the estimated total GWS capital surplus over the GPCR is \$23.1 billion (31 December 2024: \$20.9 billion), representing a coverage ratio of 197 per cent (31 December 2024: 203 per cent). The estimated Group Tier 1 capital resources are \$21.4 billion with headroom over the GMCR of \$14.6 billion (31 December 2024: \$18.9 billion with headroom of \$13.1 billion), representing a coverage ratio of 316 per cent (31 December 2024: 325 per cent).

	31 Dec 2025			31 Dec 2024			Change in total note (3)
	Shareholder	Add policyholder note (1)	Total note (2)	Shareholder	Add policyholder note (1)	Total note (2)	
Group capital resources (\$bn)	27.6	19.3	46.9	24.8	16.3	41.1	5.8
of which: Tier 1 capital resources (\$bn) <sup>note (4)</sup>	19.9	1.5	21.4	17.6	1.3	18.9	2.5
Group Minimum Capital Requirement (\$bn)	6.0	0.8	6.8	5.1	0.7	5.8	1.0
Group Prescribed Capital Requirement (\$bn)	10.5	13.3	23.8	8.9	11.3	20.2	3.6
<b>GWS capital surplus over GPCR (\$bn)</b>	<b>17.1</b>	<b>6.0</b>	<b>23.1</b>	15.9	5.0	20.9	2.2
<b>GWS coverage ratio over GPCR (%)</b>	<b>262 %</b>		<b>197 %</b>	280%		203%	(6)%
<b>GWS Tier 1 surplus over GMCR (\$bn)</b>			<b>14.6</b>			13.1	1.5
<b>GWS Tier 1 coverage ratio over GMCR (%)</b>			<b>316 %</b>			325%	(9)%

#### Notes

- (1) This allows for any associated diversification impacts between the shareholder and policyholder positions reflected in the total company results where relevant.
- (2) The total company GWS coverage ratio over GPCR presented above represents the eligible group capital resources coverage ratio as set out in the GWS framework while the total company GWS tier 1 coverage ratio over GMCR represents the tier 1 group capital coverage ratio.
- (3) Refer to section on Material changes in GMCR, GPCR, tier 1 group capital and eligible group capital resources below.
- (4) The classification of tiering of capital under the GWS framework reflects the different local regulatory regimes along with guidance issued by the Hong Kong IA. At 31 December 2025, total Tier 1 capital resources of \$21.4 billion comprises: \$27.6 billion of total shareholder capital resources; less \$(4.1) billion of Prudential plc issued subordinated and senior Tier 2 debt capital; less \$(3.6) billion of local regulatory tiering classifications, which are classified as GWS Tier 2 capital resources primarily in Singapore and Mainland China; plus \$1.5 billion of Tier 1 capital resources in policyholder funds.

## GWS sensitivity analysis

The estimated sensitivity of the GWS capital position (based on the GPCR) to changes in market conditions as at 31 December 2025 and 31 December 2024 are shown below, for both the shareholder and the total capital position.

Impact of market sensitivities	Shareholder			
	31 Dec 2025		31 Dec 2024	
	Surplus \$bn	Coverage ratio %	Surplus \$bn	Coverage ratio %
Base position	17.1	262 %	15.9	280 %
Impact of:				
10% increase in equity markets	0.4	0 %	0.2	(3) %
20% fall in equity markets	(0.7)	9 %	(0.8)	5 %
50 basis points reduction in interest rates	1.3	9 %	1.1	10 %
100 basis points increase in interest rates	(3.3)	(27) %	(2.6)	(25) %
100 basis points increase in credit spreads	(0.6)	(4) %	(0.5)	(4) %

Impact of market sensitivities	Total			
	31 Dec 2025		31 Dec 2024	
	Surplus \$bn	Coverage ratio %	Surplus \$bn	Coverage ratio %
Base position	23.1	197 %	20.9	203 %
Impact of:				
10% increase in equity markets	1.4	1 %	1.1	1 %
20% fall in equity markets	(2.9)	(2) %	(2.8)	(4) %
50 basis points reduction in interest rates	1.1	4 %	0.8	4 %
100 basis points increase in interest rates	(3.2)	(13) %	(2.6)	(13) %
100 basis points increase in credit spreads	(1.3)	(5) %	(1.3)	(7) %

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

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

A summary of the movement in the 31 December 2024 regulatory GWS capital surplus (over GPCR) of \$20.9 billion to \$23.1 billion at 31 December 2025 is set out in the table below.

	2025 \$bn
<b>Total GWS surplus at 1 Jan (over GPCR)</b>	<b>20.9</b>
Movement in free surplus	0.9
Other movements in GWS shareholder surplus not included in free surplus	0.3
Movement in contribution from GWS policyholder surplus (over GPCR)	1.0
<b>Total GWS surplus at 31 Dec (over GPCR)</b>	<b>23.1</b>

Further detail on the movement in free surplus of \$0.9 billion is included in the Movement in Group free surplus section of the Group's TEV basis results.

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

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

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

- Total eligible capital resources increased by \$5.8 billion to \$46.9 billion at 31 December 2025 (31 December 2024: \$41.1 billion). This includes a \$2.5 billion increase in tier 1 group capital to \$21.4 billion (31 December 2024: \$18.9 billion) and a \$3.3 billion increase in tier 2 group capital to \$25.5 billion (31 December 2024: \$22.2 billion). The increase in total eligible capital resources is primarily driven by positive operating capital generation, issuance of subordinated debt, proceeds from the IPO of ICICI Prudential Asset Management Company Limited (IPAMC) as detailed in note D6.3, and positive market (including foreign exchange) movements over the year, partially offset by payments of external dividends and share repurchases/buybacks over the year.
- Total regulatory GPCR increased by \$3.6 billion to \$23.8 billion at 31 December 2025 (31 December 2024: \$20.2 billion), while the total regulatory GMCR increased by \$1.0 billion to \$6.8 billion at 31 December 2025 (31 December 2024: \$5.8 billion). Movements in the GPCR and GMCR are primarily driven by increases from new business sold and market (including foreign exchange) movements over the year, offset by the release of capital as the policies matured or were surrendered over the year.

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

	31 Dec 2025 \$bn		
	Capital resources	Required capital	Surplus
Free surplus excluding distribution rights and other intangibles <sup>note (1)</sup>	17.2	7.8	9.4
Restrictions applied in free surplus for China C-ROSS II <sup>note (2)</sup>	1.1	1.4	(0.3)
Restrictions applied in free surplus for HK RBC <sup>note (3)</sup>	6.9	1.1	5.8
Restrictions applied in free surplus for Singapore RBC <sup>note (4)</sup>	2.3	0.1	2.2
Other	0.1	0.1	0.0
Add GWS policyholder surplus contribution	19.3	13.3	6.0
<b>Total regulatory GWS capital surplus (over GPCR)</b>	<b>46.9</b>	<b>23.8</b>	<b>23.1</b>

### Notes

- (1) As per the 'Free surplus excluding distribution rights and other intangibles' shown in the statement of Movement in Group free surplus of the Group's TEV basis results.
- (2) Free surplus applies the embedded value reporting approach issued by the China Association of Actuaries (CAA) in Mainland China and includes a requirement to establish a deferred profit liability within TEV net worth which can be used to reduce the TEV required capital. This approach is used to assist in setting free surplus so that it reflects resources potentially available for distribution.
- (3) TEV free surplus for Hong Kong under the HK RBC regime excludes regulatory surplus to better reflect how the business is managed. This includes HK RBC technical provisions that are lower than policyholder asset shares as well as the value of future shareholder transfers from participating business (net of associated required capital), which are included in the shareholder GWS capital position.
- (4) TEV free surplus for Singapore is based on the Tier 1 requirements under the RBC2 framework, which excludes certain negative reserves permitted to be recognised in the full RBC 2 regulatory position used when calculating the GWS capital surplus (over GPCR).

## Reconciliation of Group IFRS shareholders' equity to Group total GWS capital resource

	31 Dec 2025 \$bn
<b>Group IFRS shareholders' equity</b>	<b>20.1</b>
Remove goodwill and intangibles recognised on the IFRS consolidated statement of financial position	(4.7)
Add debt treated as capital under GWS <sup>note (1)</sup>	4.1
Asset valuation differences <sup>note (2)</sup>	(0.5)
Remove IFRS 17 CSM (including joint ventures and associates) <sup>note (3)</sup>	23.9
Liability valuation (including insurance contracts) differences excluding IFRS 17 CSM <sup>note (4)</sup>	2.9
Differences in associated net deferred tax liabilities <sup>note (5)</sup>	1.1
<b>Group total GWS capital resources</b>	<b>46.9</b>

### Notes

- (1) As per the GWS Framework, debt in issuance at the date of designation that satisfies the criteria for transitional arrangements, and qualifying debt issued since the date of designation, are included as Group capital resources but are treated as liabilities under IFRS.
- (2) Asset valuation differences reflect differences in the basis of valuing assets between IFRS and local statutory valuation rules, including deductions for inadmissible assets. Differences include for some markets where government and corporate bonds are valued at book value under local regulations but are valued at market value under IFRS.
- (3) The IFRS 17 CSM represents a discounted stock of unearned profit that is released over time as services are provided. On a GWS basis the level of future profits will be recognised within the capital resources to the extent permitted by the local solvency reserving basis. Any restrictions applied by the local solvency bases (such as zeroisation of future profits) is captured in the liability valuation differences line.
- (4) Liability valuation differences (excluding the CSM) reflect differences in the basis of valuing liabilities between IFRS and local statutory valuation rules. This includes the negative impact of moving from the IFRS 17 best estimate reserving basis to a more prudent local solvency reserving basis (including any restrictions in the recognition of future profits) offset by the fact that certain local solvency regimes capture some reserves within the required capital instead of the capital resources.
- (5) Differences in associated net deferred tax liabilities mainly results from the tax impact of changes in the valuation of assets and liabilities.

## Basis of preparation for the Group GWS capital position

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

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

- For regulated insurance entities, capital resources and required capital are based on the local solvency regime applicable in each jurisdiction, with minimum required capital set at the solo legal entity statutory minimum capital requirements and prescribed capital requirement set at the level at which the local regulator of a given entity can impose penalties, sanctions or intervention measures;
- The classification of tiering of eligible capital resources under the GWS framework reflects the different local regulatory regimes along with guidance issued by the Hong Kong IA. In general, if a local regulatory regime applies a tiering approach, then this should be used to determine tiering of capital on a GWS capital basis, where a local regulatory regime does not apply a tiering approach then all capital resources should be included as Group Tier 1 capital. For non-regulated entities tiering of capital is determined in line with the Insurance (Group Capital) Rules.
- For asset management operations and other regulated entities, the capital position is derived based on the sectoral basis applicable in each jurisdiction, with minimum required capital based on the solo legal entity statutory minimum capital requirement;
- For non-regulated entities, the capital resources are based on IFRS shareholder equity after deducting intangible assets. No required capital is held in respect of unregulated entities;
- For entities where the Group's interest is less than 100 per cent, the contribution of the entity to the GWS eligible group capital resources and required capital represents the Group's share of these amounts and excludes any amounts attributable to non-controlling interests. This does not apply to investment holdings that are not part of the Group;
- Investments in subsidiaries, joint ventures and associates (including, if any, loans that are recognised as capital on the receiving entity's balance sheet) are eliminated from the relevant holding company to prevent the double counting of capital resources;

- At 31 December 2025, all debt instruments with the exception of the senior debt maturing in 2032 are included as Group capital resources. The eligible amount permitted to be included as Group capital resources for transitional debt is based on the net proceeds amount translated using 31 December 2020 exchange rates for debt not denominated in US dollars. The eligible amount permitted to be included as Group capital resources for qualifying debt is based on the IFRS carrying value. Under the GWS Framework, debt instruments in issuance at the date of designation that satisfy the criteria for transitional arrangements and qualifying debt issued since the date of designation are included in eligible group capital resources as tier 2 group capital;
- The total company GWS capital basis is the capital measure for Hong Kong IA Group regulatory purposes as set out in the GWS framework. This framework defines the eligible group capital resources coverage ratio (or total company GWS coverage ratio over GPCR as presented above) as the ratio of total company eligible group capital resources to the total company GPCR and defines the tier 1 group capital coverage ratio (or total company GWS tier 1 coverage ratio over GMCR as presented above) as the ratio of total company tier 1 group capital to the total company GMCR; and
- Prudential also presents a shareholder GWS capital basis, which excludes the contribution to the Group GWS eligible group capital resources, the GMCR and GPCR from participating business in Hong Kong, Singapore and Malaysia. In Hong Kong, the present value of future shareholder transfers from the participating business are included in the shareholder GWS eligible capital resources along with an associated required capital, this is in line with the local solvency presentation. The shareholder GWS coverage ratio over GPCR presented above reflects the ratio of shareholder eligible group capital resources to the shareholder GPCR.

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

### (a) Eastspring adjusted operating profit

	2025 \$m	2024 AER \$m
Operating income before performance-related fees <sup>note (1)</sup>	809	747
Performance-related fees	5	–
Operating income (net of commission) <sup>note (2)</sup>	814	747
Operating expense <sup>note (2)</sup>	(418)	(385)
Group's share of tax on joint ventures' operating profit	(67)	(58)
Adjusted operating profit	329	304
Average funds managed or advised by Eastspring	\$271.7bn	\$249.3bn
Margin based on operating income <sup>note (3)</sup>	30bps	30bps
Cost/income ratio <sup>note II(v)</sup>	52%	52%

#### Notes

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

	Retail \$m	Margin bps	Institutional \$m	Margin bps	Total \$m	Margin bps
2025	470	59	339	18	809	30
2024	414	62	333	18	747	30

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

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

### (b) Eastspring total funds under management or advice

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

	31 Dec 2025 \$bn	31 Dec 2024 \$bn
External funds under management <sup>note (1)</sup>		
Retail	63.7	64.5
Institutional	23.9	31.0
Money market funds (MMF)	15.6	13.9
	103.2	109.4
Internal funds under management or advice:		
Internal funds under management	127.5	115.4
Internal funds under advice	47.0	33.2
	174.5	148.6
<b>Total funds under management or advice <sup>note (2)</sup></b>	<b>277.7</b>	<b>258.0</b>

## Notes

(1) Movements in external funds under management, are analysed below:

	31 Dec 2025 \$m					31 Dec 2024 \$m				
	Retail	Institutional	Total excl. MMF	MMF	Total	Retail	Institutional	Total excl. MMF	MMF	Total
At beginning of year	64,481	31,059	95,540	13,914	109,454	50,779	33,493	84,272	11,775	96,047
Market gross inflows	29,942	9,340	39,282	82,636	121,918	27,994	12,144	40,138	70,640	110,778
Redemptions	(24,595)	(9,114)	(33,709)	(79,514)	(113,223)	(19,153)	(15,161)	(34,314)	(68,822)	(103,136)
Market and other movements*	(6,113)	(7,404)	(13,517)	(1,464)	(14,981)	4,861	583	5,444	321	5,765
<b>At end of year</b>	<b>63,715</b>	<b>23,881</b>	<b>87,596</b>	<b>15,572</b>	<b>103,168</b>	<b>64,481</b>	<b>31,059</b>	<b>95,540</b>	<b>13,914</b>	<b>109,454</b>

\* Other movements include the effect of divestments in the year.

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

	31 Dec 2025						31 Dec 2024	
	Funds under management		Funds under advice		Total		Total	
	\$bn	% of total	\$bn	% of total	\$bn	% of total	\$bn	% of total
Equity	57.9	25%	2.1	5%	60.0	21%	61.8	24%
Fixed income	40.9	18%	3.0	6%	43.9	16%	45.2	17%
Multi-asset	113.0	49%	41.9	89%	154.9	56%	134.0	52%
Alternatives	2.2	1%	–	0%	2.2	1%	2.0	1%
MMF	16.7	7%	–	0%	16.7	6%	15.0	6%
<b>Total funds</b>	<b>230.7</b>	<b>100%</b>	<b>47.0</b>	<b>100%</b>	<b>277.7</b>	<b>100%</b>	<b>258.0</b>	<b>100%</b>

### I(iii) Group funds under management

For Prudential's asset management businesses, funds managed on behalf of third parties are not recorded on the balance sheet. They are, however, a driver of profitability. Prudential therefore analyses the movement in the funds under management each year, focusing on those that are external to the Group and those primarily held by the Group's insurance businesses. The table below analyses the funds of the Group held in the balance sheet and the external funds that are managed by Prudential's asset management businesses. The 2024 comparatives excluded the assets classified as held for sale. All amounts are presented on an AER basis unless otherwise stated.

	31 Dec 2025 \$bn	31 Dec 2024 \$bn
Internal funds	223.9	191.3
Eastspring external funds <sup>note I(ii)</sup>	103.2	109.4
<b>Total Group funds under management <sup>note</sup></b>	<b>327.1</b>	<b>300.7</b>

#### Note

Total Group funds under management comprise:

	31 Dec 2025 \$bn	31 Dec 2024 \$bn
Total investments held on the balance sheet (including Investment in joint ventures and associates accounted for using the equity method)	199.5	169.4
External funds of Eastspring	103.2	109.4
Internally managed funds held in joint ventures and associates, excluding assets attributable to external unit holders of the consolidated collective investment schemes and other adjustments	24.4	21.9
<b>Total Group funds under management</b>	<b>327.1</b>	<b>300.7</b>

### I(iv) Holding company cash flow

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

	2025 \$m	2024 \$m
Net cash remitted by business units <sup>note (1)</sup>	2,137	1,383
Central outflows		
Net interest (paid) received	(55)	17
Corporate expenditure <sup>note (2)</sup>	(308)	(253)
Centrally funded recurring bancassurance fees	(223)	(198)
	(586)	(434)
<b>Holding company cash flow before dividends and other movements</b>	<b>1,551</b>	<b>949</b>
Dividends paid, net of scrip dividends	(594)	(552)
<b>Operating holding company cash flow after dividends but before other movements</b>	<b>957</b>	<b>397</b>
<b>Other movements</b>		
Issuance of debt, net of costs	462	–
Share repurchases/buybacks (including costs)	(1,252)	(860)
Other corporate activities <sup>note (3)</sup>	1,117	(109)
	327	(969)
<b>Net movement in holding company cash flow</b>	<b>1,284</b>	<b>(572)</b>
Cash and short-term investments at 1 Jan	2,916	3,516
Foreign exchange movements	82	(28)
<b>Cash and short-term investments at 31 Dec</b>	<b>4,282</b>	<b>2,916</b>

#### Notes

- (1) Net cash remitted by business units comprises dividends and other transfers, net of capital injections, that are reflective of earnings and capital generation. The remittances in 2024 were net of cash advanced to the Group's life joint venture in Mainland China of \$174 million that has subsequently been converted into a capital injection in 2025.
- (2) Including restructuring costs paid in the year.
- (3) In 2025, the amount largely represents the \$1.4 billion proceeds (net of costs and tax) from the sale of a portion of the Group's interest in ICICI Prudential Asset Management Company Limited.

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

	31 Dec 2025 \$m	31 Dec 2024 \$m
Cash and cash equivalents of Central operations held on balance sheet	3,851	2,445
Less: Amounts from commercial paper	(520)	(527)
Add: Deposits with credit institutions of Central operations held on balance sheet and other items	951	998
<b>Cash and short-term investments</b>	<b>4,282</b>	<b>2,916</b>

## II Calculation of alternative performance measures

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

### II(i) Adjusted operating profit

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

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

### II(ii) Adjusted total comprehensive equity

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

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

### II(iii) Return on IFRS shareholders' equity

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

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

	2025 \$m	2024* \$m
Adjusted operating profit	3,306	3,129
Tax on adjusted operating profit	(534)	(547)
Non-controlling interests' share of adjusted operating profit	(155)	(146)
<b>Adjusted operating profit, net of tax and non-controlling interests</b>	<b>2,617</b>	<b>2,436</b>
IFRS shareholders' equity at beginning of year	17,492	16,966
IFRS shareholders' equity at end of year	20,117	17,492
Average IFRS shareholders' equity	18,805	17,229
<b>Operating return on IFRS shareholders' equity (%)</b>	<b>14%</b>	<b>14%</b>

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

### II(iv) IFRS shareholders' equity per share

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

	31 Dec 2025	31 Dec 2024
Number of issued shares at the end of the year (million shares)	2,548	2,658
Closing IFRS shareholders' equity (\$ million)	20,117	17,492
<b>Group IFRS shareholders' equity per share (cents)</b>	<b>790¢</b>	<b>658¢</b>
Closing adjusted total comprehensive equity (\$ million)	42,068	36,660
<b>Group adjusted total comprehensive equity per share (cents)</b>	<b>1,651¢</b>	<b>1,379¢</b>

## II(v) Eastspring cost/income ratio

The cost/income ratio is calculated as operating expenses, adjusted for commissions and share of contribution from joint ventures and associates, divided by operating income, adjusted for commission, share of contribution from joint ventures and associates and performance-related fees. It is based on profit recorded during the year, using the ownership for that period.

	2025 \$m	2024 \$m
<b>IFRS revenue</b>	<b>596</b>	565
Share of revenue from joint ventures and associates	437	385
Commissions and other	(219)	(203)
Performance-related fees	(5)	–
<b>Operating income before performance-related fees</b> <sup>note</sup>	<b>809</b>	747
<b>IFRS charges</b>	<b>491</b>	454
Share of expenses from joint ventures and associates	146	134
Commissions and other	(219)	(203)
<b>Operating expense</b>	<b>418</b>	385
Cost/income ratio (operating expense/operating income before performance-related fees)	<b>52%</b>	52%

### Note

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

## II(vi) Insurance premiums

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

Renewal or recurring premiums are the subsequent premiums that are paid on regular premium products, including premiums for investment contracts with discretionary participation features and the deposit component of insurance contracts. In the table below, premiums for the deposit component of insurance contracts from the Group's Mainland China life joint venture are now included in renewal premiums in both 2025 and 2024. Gross premiums earned is the measure of premiums as defined under the previous IFRS 4 basis and reflects the aggregate of single and regular premiums of new business sold in the year and renewal premiums on business sold in previous years but excludes premiums for policies classified as investment contracts without discretionary participation features under IFRS, which are recorded as deposits. Gross premiums earned is no longer a metric presented under IFRS 17 and is not directly reconcilable to primary statements. The Group believes that renewal premiums and gross premiums earned are useful measures of the Group's business volumes and growth during the year.

	2025 \$m	2024 \$m
Gross premiums earned	<b>28,317</b>	24,262
Gross premiums earned from joint ventures and associates	<b>4,316</b>	4,003
<b>Total Group, including joint ventures and associates</b>	<b>32,633</b>	28,265

	2025 \$m	2024 \$m AER	Change % AER	2024 \$m CER	Change % CER
Renewal insurance premiums	<b>21,445</b>	19,340	11%	19,575	10%
Annual premium equivalent (APE)	<b>6,661</b>	6,202	7%	6,289	6%
<b>Life weighted premium income</b>	<b>28,106</b>	25,542	10%	25,864	9%

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

	2025 \$m	2024 \$m
<b>TEV new business profit (before central costs)</b>	<b>2,842</b>	2,526
New rider sales <sup>note (1)</sup>	(67)	(59)
Economics and other <sup>note (2)</sup>	(332)	(217)
Related tax on IFRS new business CSM <sup>note (3)</sup>	392	346
<b>IFRS new business CSM</b>	<b>2,835</b>	2,596

### Notes

- (1) Under TEV, new business profit (NBP) arising from additional or new riders attaching to existing contracts, product upgrades and top-ups are reported as current period NBP. Under IFRS 17 reporting, NBP from such rider sales and upgrades are required to be treated as experience variances of the existing contracts.
- (2) TEV is calculated using 'real-world' long-term economic assumptions that are based on the expected returns on the actual assets held with an allowance for risk in the risk discount rate. Under IFRS 17, 'risk neutral' economic assumptions are applied with assets assumed to earn, and the cash flows are discounted at, risk free rate plus illiquidity premium (where applicable).
- (3) IFRS 17 new business CSM is gross of tax, while TEV NBP is net of tax. Accordingly, the related tax on the IFRS 17 new business CSM is added back. All of the other reconciling items in the table have been presented net of related taxes.

## II(viii) Reconciliation between TEV equity and IFRS shareholders' equity

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

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

	31 Dec 2025 \$m	31 Dec 2024 \$m
<b>Group TEV equity</b>	<b>37,803</b>	34,267
Mark-to-market value adjustment of the Group's core structural borrowings <sup>note (1)</sup>	(57)	(231)
Provision for future central corporate expenditure	2,086	2,078
Economics and other valuation differences <sup>note (2)</sup>	2,236	546
<b>Adjusted total comprehensive equity</b>	<b>42,068</b>	36,660
Remove: Shareholders' CSM, net of reinsurance (see note C3.1 to the IFRS condensed consolidated financial statements)	(24,804)	(21,772)
Add: Related deferred tax adjustments for the above	2,853	2,604
<b>IFRS shareholders' equity</b>	<b>20,117</b>	17,492

### Notes

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

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

## II(ix) Return on embedded value

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

	2025 \$m	2024 \$m
TEV operating profit for the year	4,752	4,095
Non-controlling interests' share of TEV operating profit	(146)	(125)
<b>TEV operating profit, net of non-controlling interests</b>	<b>4,606</b>	3,970
Group TEV (ie excluding goodwill) excluding intangibles, at beginning of year	29,777	28,120
<b>Operating return on opening Group TEV excluding intangibles (%)</b>	<b>15%</b>	14%

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

	2025 \$m	2024 \$m
<b>New business profit (NBP)</b>	<b>2,782</b>	2,464
TEV (ie excluding goodwill) for insurance business excluding intangibles, at beginning of year	32,194	31,336
<b>NBP over opening TEV for insurance business excluding intangibles (%)</b>	<b>9%</b>	8%

## II(x) Calculation of free surplus ratio

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

	31 Dec 2025 \$m	31 Dec 2024 \$m
Group free surplus excluding distribution rights and other intangibles	9,408	8,604
TEV required capital	7,761	6,410
Total	17,169	15,014
<b>Free surplus ratio (%)</b>	<b>221%</b>	234%