Delivered a resilient financial performance

2021 saw Prudential grow its continuing business organically across the Group's key measures of financial performance. This performance, as in prior years, reflects the benefit of our digitally-enabled, multi-channel and geographically diverse platform as well as our focus on writing quality business at attractive margins.

Despite the ongoing Covid-19-related disruption, the Group has delivered a robust financial performance as management and staff continued to focus on delivering for our customers.

We successfully completed the demerger of Jackson and restructured the Group's financing, through an equity raise and debt redemption programme. As a result, we start 2022 with materially enhanced financial flexibility, with our leverage ratio at the lower end of our medium-term target range and strong levels of regulatory capital. Going forward, we will benefit from lower interest costs following the redemption and refinancing of debt to date, and by the start of 2023, from a further $70 million[1] reduction in annual central expenses. We continue to seek increases in the efficiency of our central operations by delayering, de-duplicating and speeding up processes through automation and consolidation of suppliers, while redirecting discretionary spend on IT to support high growth initiatives. Prudential is well placed to profit from the growth opportunities in its Asia and Africa markets on it which it is now entirely focused.

2021 saw continued and varying Covid-19-related disruption in many of our markets. This, and the related continued closure of the Hong Kong-Mainland China border, impacted our overall APE sales performance. The growth of our other markets has, however, mitigated the impact on APE sales and our continued focus on high customer retention and health and protection products has allowed us to continue to grow adjusted IFRS operating profit based on longer term investment returns (adjusted operating profit[2]). Over the course of 2021, global equity market performance varied; the MSCI Asia excluding Japan equity index fell (4) per cent, the HKSI fell (14) per cent while the S&P 500 index increased by 27 per cent. Government yields in many of our markets ended the year higher with the US 10-year yield increasing by 59 basis points to 1.53 per cent. During the year, interest rates were volatile as various geopolitical and Covid-19-related economic impacts developed, most importantly the emergence of material inflationary trends.

The 2021 IFRS results include Jackson up to the date of demerger (13 September 2021) and for financial reporting purposes Jackson is classified as a discontinued operation, with its results excluded from all of our Group KPIs that are focused entirely on the continuing part of our business. At 31 December 2021 our residual 18.4 per cent interest in Jackson is carried at fair value and was valued at $683 million at this date.

The total IFRS loss after tax for 2021 was $(2,813) million (2020: $2,231 million[3] profit after tax), which comprised a $2,214 million profit after tax from continuing operations and a $(5,027) million loss after tax from discontinued operations. This loss from discontinued operations is due to the write-down of Jackson to its fair value upon demerger, as required by accounting standards. Further discussion on the loss from discontinued operations is included in the section headed 'Loss from discontinued operations – Jackson' which appears later in this report. As a consequence of the demerger of Jackson, IFRS shareholders' equity fell from $20.9 billion[4] at the end of 2020 to $17.1 billion at 31 December 2021. The remainder of this summary will focus on the Group's continuing operations.

As in previous years, we comment on our performance in local currency terms (expressed on a constant exchange rate basis) to show the underlying business trends in periods of currency movement, unless otherwise noted.

In 2021, despite on-going disruption, our digitally-enabled, multi-channel and geographically diversified platform delivered 8 per cent growth[3] in APE sales[5]. Excluding Hong Kong, where border restrictions with Mainland China remained in place, APE sales were 16 per cent higher[3], with particularly encouraging growth in key markets such as Mainland China, India, Malaysia, the Philippines, Singapore and Thailand. This increase in APE sales was combined with an improvement in new business margins driven by a favourable shift in business mix, which resulted in a 13 per cent increase[3] in Group new business profit[6]. The adjusted operating profit of our life insurance businesses increased by 8 per cent[3] despite higher Covid-19-related claims, and reflects the high quality of our in-force portfolio. Asset management adjusted operating profit increased 10 per cent[3] driven by higher average funds under management following sustained net inflows from our life businesses and improved asset mix. Eastspring's overall funds under management reached $258.5 billion[7] at 31 December 2021. The Group's overall adjusted operating profit increased 16 per cent[3] reflecting higher life and asset management results and reduced central expenses. Our life and asset management business generated operating free surplus[8] of $2,071 million up 7 per cent[3] on the prior year. The Group's embedded value was $47.4 billion at 31 December 2021, with an operating return on embedded value of 8 per cent[9]. The increase from the prior year end was driven mainly by the addition of $2.5 billion of new business profit and the $2.4 billion net proceeds[10] of our equity raise.

Our regulatory capital position and central liquidity positions remain robust. After allowing for the effect of planned high-coupon debt redemption in January 2022, the Group's GWS shareholder surplus[11] was $11.5 billion and cover ratio was 408 per cent. The increase in surplus and cover ratio over 2021 largely reflects the impact of organic capital generation, the proceeds from our equity raise and other positive non-operating movements. The Group's liquidity position remains very sound with $3.6 billion of holding company cash at the end of the year, of which $1,725 million was utilised in January 2022 to redeem debt, and $2.6 billion of undrawn committed facilities.

IFRS profit

	Actual exchange rate			Constant exchange rate	
	2021 $m	**2020** $m	**Change** %	**2020** $m	**Change** %
Adjusted operating profit based on longer-term investment returns before tax from continuing operations					
CPL	**343**	251	37	269	28
Hong Kong	**975**	891	9	889	10
Indonesia	**446**	519	(14)	529	(16)
Malaysia	**350**	309	13	313	12
Singapore	**663**	574	16	589	13
Growth markets and other[12]	**932**	835	12	841	11
Long-term business adjusted operating profit	**3,709**	3,379	10	3,430	8
Asset management	**314**	283	11	286	10
Total segment profit from continuing operations	**4,023**	3,662	10	3,716	8
Investment return and other income	**21**	(15)	n/a	(15)	n/a
Interest payable on core structural borrowings	**(328)**	(316)	(4)	(316)	(4)
Corporate expenditure	**(298)**	(412)	28	(428)	30
Other income and expenditure	**(605)**	(743)	19	(759)	20
Total adjusted operating profit before tax and restructuring and IFRS 17 implementation costs	**3,418**	2,919	17	2,957	16
Restructuring and IFRS 17 implementation costs	**(185)**	(162)	(14)	(167)	(11)
Total adjusted operating profit before tax	**3,233**	2,757	17	2,790	16
Non-operating items:					
Short-term fluctuations in investment returns on shareholder-backed business	**(458)**	(579)	21	(554)	17
Amortisation of acquisition accounting adjustments	**(5)**	(5)	–	(5)	–
(Loss) Profit attaching to corporate transactions	**(94)**	735	n/a	733	n/a
Profit from continuing operations before tax attributable to shareholders	**2,676**	2,908	(8)	2,964	(10)
Tax charge attributable to shareholders' returns	**(462)**	(440)	(5)	(450)	(3)
Profit from continuing operations for the period	**2,214**	2,468	(10)	2,514	(12)
Loss from discontinued operations for the period, net of related tax	**(5,027)**	(283)	n/a	(283)	n/a
(Loss) profit for the period	**(2,813)**	2,185	n/a	2,231	n/a

IFRS earnings per share

	Actual exchange rate			Constant exchange rate	
	2021 cents	**2020** cents	**Change** %	**2020** cents	**Change** %
Basic earnings per share based on adjusted operating profit after tax from continuing operations	**101.5**	86.6	17	87.6	16
Basic earnings per share based on:					
Total profit after tax from continuing operations	**83.4**	94.6	(12)	96.4	(13)
Total profit after tax from discontinued operations	**(161.1)**	(13.0)	n/a	(13.1)	n/a

Segment profit from continuing long-term and asset management business increased by 8 per cent[3] to $4,023 million. All our major segments, other than Indonesia, delivered growth, with the biggest percentage increase seen in CITIC Prudential Life (CPL). Earnings in the second half of the year were dampened by higher claims costs in Indonesia following a surge of Covid-19 cases in the third quarter, and as medical reimbursement costs continued to trend back to pre-pandemic levels. After allowing for a 20 per cent[3] reduction in central expenditure (before restructuring and IFRS 17 implementation costs), total adjusted operating profit before tax increased to $3,233 million, a 16 per cent[3] increase compared with the prior period.

CPL, our joint venture business in Mainland China, delivered a 28 per cent increase[3] in adjusted operating profit to $343 million, primarily driven by growth in our in-force portfolio, evident by a 19 per cent growth in recurring premiums in 2021.

In Hong Kong, our adjusted operating profit was up 10 per cent[3] to $975 million and is driven by our long-term focus on regular premium business and strong retention of both our domestic and Mainland China customers. It also reflects the on-going growth of our health and protection business and, for our flagship critical illness products, the compounding benefit to adjusted operating profit given the accumulating nature of asset shares. Earnings outperformed growth in renewal premiums, as some policies within the with-profits funds reached the end of their premium paying term, albeit they continue to contribute to annual adjusted operating profit through the with-profits bonus mechanism.

In Indonesia, adjusted operating profit reduced by (16) per cent[3] reflecting lower APE sales over recent years and adverse Covid-19-related claims experience.

In Malaysia adjusted operating profit growth of 12 per cent[3] was supported by the growth of our in-force health and protection business, with shareholder-backed renewal premiums increasing by 8 per cent[3], and higher fee income as a result of increased funds held within unit-linked funds.

In Singapore, adjusted operating profit increased 13 per cent[3] reflecting the continued growth of our in-force business, including in protection and savings products where we believe demand will continue as the population ages and seeks to meet its health and retirement needs.

The businesses comprising our Growth markets and other segment generated adjusted operating profit growth of 11 per cent[3], reflective of in-force growth which is supported by APE sales in recent years. Vietnam, the Philippines and Thailand all reported double-digit growth. In Thailand double-digit growth in adjusted operating profit was achieved through APE sales growth from the expansion of the strategic partnerships and resilient in-force growth. In India, the result for the period reflected higher Covid-19-related claims following the large spike in cases seen in the first half of the year.

Long-term insurance business adjusted operating profit drivers

Profit margin analysis of long-term insurance continuing operations[13]

	Actual exchange rate				Constant exchange rate	
	2021		2020		2020	
	$m	Margin bps	$m	Margin bps	$m	Margin bps
Spread income	**312**	**66**	296	74	304	76
Fee income	**345**	**103**	282	101	287	101
With-profits	**135**	**16**	117	16	118	16
Insurance margin	**2,897**		2,648		2,689	
Other income	**3,239**		3,219		3,262	
Total life insurance income	**6,928**		6,562		6,660	
Expenses:						
Acquisition costs	**(2,085)**	**(50)%**	(1,928)	(51)%	(1,964)	(50)%
Administration expenses	**(1,656)**	**(205)**	(1,591)	(234)	(1,609)	(234)
DAC adjustments	**566**		382		392	
Share of related tax charges from joint ventures and associates	**(44)**		(46)		(49)	
Long-term insurance business pre-tax adjusted operating profit	**3,709**		3,379		3,430	

Our adjusted operating profit continues to be based on high-quality drivers. The overall 8 per cent[3] growth in life insurance adjusted operating profit to $3,709 million (2020: $3,430 million[3]) was driven principally by 8 per cent[3] growth in insurance margin-related revenues reflecting our ongoing focus on recurring premium health and protection products and the associated continued growth of our in-force business, partially offset by a more normalised claims experience following the lower level of claims seen in 2020 and higher Covid-19 claims in Indonesia and India in 2021.

Fee income increased by 20 per cent[3], reflecting the beneficial impact of stronger equity markets and premium contributions while spread income increased by 3 per cent[3], with a fall in margin due to country mix.

With-profits earnings relate principally to the shareholders' share in bonuses declared to policyholders. As these bonuses are typically weighted to the end of a contract, under IFRS, with-profit earnings consequently emerge only gradually over time. The 14 per cent[3] growth in with-profits earnings reflects the ongoing growth in these portfolios.

Other income primarily represents amounts deducted from premiums to cover acquisition costs and administration expenses. As such, the 1 per cent[3] decline (1 per cent increase on an actual exchange rate basis) from 2020 reflects changes in product mix partially offset by higher premiums on shareholder-backed business. Acquisition costs increased in the year, largely due to higher APE sales as compared with the prior year. This increase in acquisition costs has led to an increase in the costs deferred and therefore higher DAC adjustments in the year. Administration expenses, including renewal commissions, increased by 3 per cent[3] (4 per cent increase on an actual exchange rate basis) reflecting in-force business growth.

Asset management

	2021 $m	2020 $m	Change %
Total external net flows*,[14]	**613**	(9,972)	n/a
External funds under management* ($bn)	**94.0**	93.9	–
Funds managed on behalf of M&G plc ($bn)	**11.5**	15.7	(27)
Internal funds under management ($bn)	**153.0**	138.2	11
Total funds under management ($bn)	**258.5**	247.8	4
Analysis of adjusted operating profit			
Retail operating income	**449**	390	15
Institutional operating income	**298**	256	16
Operating income before performance-related fees	**747**	646	16
Performance-related fees	**15**	7	114
Operating income (net of commission)	**762**	653	17
Operating expense	**(403)**	(336)	(20)
Group's share of tax on joint ventures' adjusted operating profit	**(45)**	(34)	(32)
Adjusted operating profit	**314**	283	11
Adjusted operating profit after tax	**284**	253	12
Average funds managed by Eastspring	**251.7bn**	227.1bn	11%
Fee margin based on operating income	**30bps**	28bps	+2bps
Cost/income ratio[15]	**54%**	52%	+2ppts

* Excluding funds managed on behalf of M&G plc.

Eastspring's total funds under management were $258.5 billion at 31 December 2021 (31 December 2020: $247.8 billion[4]), reflecting favourable internal net flows and higher equity markets. Compared with 2020, Eastspring's average funds under management increased by 11 per cent[4] (9 per cent on a constant exchange rate basis).

Eastspring saw total net inflows of $5.8 billion over 2021 (2020: $(11.5) billion[4]) which included internal net inflows from our life businesses of $10.7 billion (2020: $8.5 billion[4]) and from third-parties (excluding money market funds) of $0.6 billion (2020: $(10.0) billion[4] of outflows). Offsetting these amounts were $(4.0) billion of net outflows for funds managed on behalf of M&G plc, with further net outflows of about $(0.9) billion expected in 2022. Third-party net flows were driven by $1.1 billion of retail net inflows, partly offset by net institutional outflows. Overall there were external net inflows into equity funds and external net outflows from fixed income funds, which contributed to an increase in the retail fee margin.

Eastspring's adjusted operating profit of $314 million was up 10 per cent compared with the prior period on a constant exchange rate basis (up 11 per cent on an actual exchange rate basis). Operating income before performance related fees was 16 per cent higher[4], driven by higher average funds under management and a 2 basis points increase in fee margin reflecting an improved asset mix. The cost/income ratio increased to 54 per cent (2020: 52 per cent) reflecting both higher staff costs and investments made in strengthening the capabilities of the business across dimensions including footprint, distribution, investment strategies and customer experience.

Other income and expenditure

Central corporate expenditure was 30 per cent[3] lower than the prior period reflecting the delivery of the $180 million of right-sizing of our head office costs alongside the evolving footprint of the business. Annual head office costs are targeted to reduce further by around $70 million[1] from the start of 2023.

Interest costs on core structural borrowings of $(328) million (2020: $(316) million[3]) include interest costs of $(126) million related to the four tranches of debt that were redeemed in December 2021 and January 2022 using the proceeds from the share offer during the year, which are not expected to recur going forward.

Restructuring costs of $(185) million (2020: $(162) million[4]) reflect the Group's substantial and ongoing IFRS 17 project, and one-off costs associated with cost saving, regulatory and other initiatives in our business. IFRS 17 costs are expected to remain elevated until the standard is fully implemented.

IFRS basis non-operating items from continuing operations

Non-operating items from continuing operations in the year consist mainly of short-term fluctuations in investment returns on shareholder-backed business of negative $(458) million, (2020: negative $(554) million[3]), and $(94) million of costs associated with corporate transactions (2020: gain of $733 million[3]).

Short-term fluctuations reflect the net impact from an increase in interest rates in most Asia markets on bond asset values and on the valuation interest rates (VIRs) used to determine policyholder liabilities.

Costs associated with corporate transactions of $(94) million (2020: gain of $733 million[3]) include the cost incurred by Prudential plc in connection with the separation of Jackson including key management changes. See note D1.1 in the IFRS financial statements for further information.

IFRS effective tax rates for continuing operations

In 2021, the effective tax rate on adjusted operating profit was 17 per cent (2020: 18 per cent). The decrease in the 2021 effective tax rate reflects the resolution of some historic issues at lower amounts than had been provided for.

The effective tax rate on total IFRS profit in 2021 was 17 per cent (2020: 15 per cent). The increase in the 2021 effective tax rate reflects the adverse impact of investment losses on which no tax credit is recognised.

The effective tax rate on adjusted operating profit in 2022 is expected to be similar to 2021. From 2023 onwards, the effective tax rate on adjusted operating profit is likely to be impacted by a combination of the OECD proposals to implement a global minimum tax rate of 15 per cent and some jurisdictions where Prudential operates implementing a domestic minimum tax based on the OECD proposals. The OECD rules are complex and require detailed analysis and consideration which is ongoing. A further update will be provided in the half-year 2022 results.

Total tax contributions from continuing operations

The Group continues to make significant tax contributions in the jurisdictions in which it operates, with $1,071 million remitted to tax authorities in 2021. This was lower than the equivalent amount of $1,208 million[4] remitted in 2020 principally due to the timing of when various tax payments became due.

Tax strategy

The Group publishes its tax strategy annually which, in addition to complying with the mandatory UK (Finance Act 2016) requirements, also includes a number of additional disclosures, including a country-by-country disclosure of revenues, profits, average employee numbers and taxes for all jurisdictions where more than $5 million tax was paid. This disclosure is included as a way of demonstrating that our tax footprint (ie where we pay taxes) is consistent with our business footprint. An updated version of the tax strategy, including 2021 data, will be available on the Group's website before 31 May 2022.

Loss from discontinued operations – Jackson

On 13 September 2021 Prudential completed the demerger of its US operations (Jackson) from the Group. Accordingly Jackson has been presented as discontinued within these financial statements.

The total loss from discontinued operations after tax was $(5,027) million (2020: $(283) million), as included in the IFRS profit table above. This comprises the following amounts:

	2021 $m	2020 $m
Profit (loss) before tax	**2,317**	(760)
Tax (charge) credit	**(363)**	477
Profit (loss) after tax	**1,954**	(283)
Re-measurement to fair value on demerger	**(8,259)**	–
Cumulative valuation movements on available-for-sale debt securities, net of related tax and change in DAC, and net investment hedges recycled from other comprehensive income	**1,278**	–
Loss for the period	**(5,027)**	(283)
Loss for the period attributable to shareholders	**(4,234)**	(340)

Jackson's profit before tax included in the Group's full-year 2021 results of $2,317 million reflects the eight and a half month period to 13 September 2021, at which point it was demerged and ceased to be part of the Prudential Group. Jackson's loss before tax for the prior year of $(760) million reflects the 12 months to 31 December 2020 and was calculated after including a $804 million one-off pre-tax gain that arose as a result of reinsuring substantially all of Jackson's in-force portfolio of US fixed and fixed index annuities to Athene Life Re Ltd. The key driver of the increase in IFRS profit in the current period was the impact of market interest rates on the value of Jackson's product guarantees. In 2020, falling interest rates, with yields on US treasuries falling by almost one percentage point over the year, and steeply rising equity markets, led to $(4,262) million of losses which were classified as short-term investment fluctuations. Short-term investment fluctuations in the current year up to the demerger reflect gains from the impact of increases in interest rates on the value of Jackson's product guarantees, offset by derivative losses from higher equity volatility and rising equity markets, resulting in a more muted overall short-term investment fluctuation gain of $15 million for 2021. Excluding the impact of these market movements, Jackson's underlying performance in the period benefited from higher fee income from variable annuity products, reflecting increases in separate account balances.

The effective tax rate on Jackson's profit before tax was 16 per cent (2020: 63 per cent). The 2021 effective tax rate is a more typical rate in contrast to 2020 where the rate reflected the mathematical combination of a tax charge on adjusted operating profit and a much higher tax credit on non-operating losses.

In accordance with IFRS requirements, immediately prior to demerger, Jackson was written down to its fair value as at the demerger date of $2,506 million. Applying this fair value has resulted in a loss on re-measurement after tax of $(8,259) million.

As a result of the demerger of Jackson, accumulated balances of $1,278 million previously recognised through other comprehensive income, largely relating to financial instruments held by Jackson classified as available for sale, have been recycled from other comprehensive income to the income statement. This gain is matched by an equal and opposite recycling movement in other comprehensive income, with no net impact on shareholders' equity.

On 13 September 2021, the Group distributed shares in Jackson Financial Inc. representing a 69.2 per cent economic interest, to the Group's shareholders as a dividend in-specie with a value of $(1,735) million. Immediately following the demerger, the Group retained a 19.7 per cent economic interest in Jackson Financial Inc. which was recognised as a financial investment, measured at fair value. On 13 December 2021, Jackson announced, as part of its previously disclosed $300 million share repurchase programme, the repurchase of 2,242,516 shares of its Class A common stock from Prudential. With this repurchase activity, Prudential's remaining economic interest in Jackson was 18.4 per cent as of 31 December 2021 (18.5 per cent voting interest).

Shareholders' equity

Group IFRS shareholders' equity

	2021 $m	2020 $m
Adjusted operating profit after tax attributable to shareholders from continuing operations	**2,668**	2,250
Profit from continuing operations for the period	**2,214**	2,468
Less non-controlling interest from continuing operations	**(22)**	(10)
Profit after tax for the period attributable to shareholders from continuing operations	**2,192**	2,458
Net decrease in shareholders' equity from discontinued operations (see note D1.2 in the IFRS financial statements)	**(6,283)**	(418)
Demerger dividend in-specie of Jackson	**(1,735)**	–
Exchange movements, net of related tax	**(165)**	239
Other external dividends	**(421)**	(814)
Issue of equity shares	**2,382**	13
Other (including revaluation of Jackson residual interest since demerger)	**240**	(77)
Net (decrease) increase in shareholders' equity	**(3,790)**	1,401
Shareholders' equity at beginning of the period	**20,878**	19,477
Shareholders' equity at end of the period	**17,088**	20,878
Shareholders' value per share[15]	**622¢**	800¢

Group IFRS shareholders' equity decreased from $20.9 billion at the start of 2021 to $17.1 billion[4] at 31 December 2021. This fall was driven by an $(8.0) billion decrease in equity as a result of the demerger of Jackson. Excluding this amount, shareholders' equity increased by $4.2 billion reflecting a successful issuance of new share capital on the Hong Kong stock exchange in October 2021 and profits generated in 2021 by the continuing business, offset by dividend payments of $(0.4) billion and adverse exchange movements of $(0.2) billion.

New business performance

EEV new business profit and APE new business sales (APE sales)

	Actual exchange rate						Constant exchange rate			
	2021 $m		2020 $m		Change %		2020 $m		Change %	
	APE sales	New business profit	APE sales	New business profit	APE sales	New business profit	APE sales	New business profit	APE sales	New business profit
CPL	**776**	**352**	582	269	33	31	623	288	25	22
Hong Kong	**550**	**736**	758	787	(27)	(6)	757	786	(27)	(6)
Indonesia	**252**	**125**	267	155	(6)	(19)	271	158	(7)	(21)
Malaysia	**461**	**232**	346	209	33	11	351	212	31	9
Singapore	**743**	**523**	610	341	22	53	626	350	19	49
Growth markets and other*	**1,412**	**558**	1,245	440	13	27	1,262	446	12	25
Total*	**4,194**	**2,526**	3,808	2,201	10	15	3,890	2,240	8	13
Total new business margin		**60%**		58%				58%		

* The 2020 new business profit results exclude contributions from Africa.

APE sales increased by 8 per cent[3] to $4,194 million and related new business profit increased by 13 per cent[3]. Outside Hong Kong, overall APE sales were 16 per cent[3] higher and new business profit increased by 23 per cent[3]. The increase in new business profit was driven principally by the increase in APE sales and the effect of favourable product mix changes. Detailed discussion of new business performance by segment is presented in the Strategic and operating review.

Greater China presence

Prudential has a significant footprint in the Greater China region, with businesses in Mainland China (through its holding CPL), Hong Kong and Taiwan. The Group is joint-headquartered in London and Hong Kong and its regulator is the Hong Kong Insurance Authority. The Group, and the location of its employees, including key executives, has shifted further towards Hong Kong over the years, with 65 per cent of head office staff now located in Hong Kong.

The table below demonstrates the significant proportion of the Group's financial measures that were contributed by our Hong Kong, CPL and Taiwan businesses.

	Gross premiums earned†		New business profit‡	
	2021 $m	**2020** $m	**2021** $m	**2020** $m
Total Greater China*	**14,335**	14,179	**1,181**	1,144
Total Group* (continuing operations)	**28,796**	26,728	**2,526**	2,201
Percentage of total	**50%**	53%	**47%**	52%

* Total Greater China represents the amount contributed by the life business in Hong Kong, Taiwan and the Group's share of the amounts earned by CPL. The Group total includes the Group's share of the amounts earned by all life associates and JVs.
† The gross earned premium amount shown above differs from that shown in the income statement as it includes the Group's share of amounts earned by associates and JVs. A reconciliation to the amount included in the income statements is included in note II of the Additional unaudited financial information.
‡ New business profit results for full year 2020 exclude contributions from Africa.

EEV basis results

EEV basis results from continuing operations

	Actual exchange rate			Constant exchange rate	
	2021 $m	**2020** $m	**Change** %	**2020** $m	**Change** %
New business profit	**2,526**	2,201	15	2,240	13
Profit from in-force business	**1,630**	1,926	(15)	1,948	(16)
Operating profit from long-term business	**4,156**	4,127	1	4,188	(1)
Asset management	**284**	253	12	255	11
Other income and expenditure[16]	**(897)**	(979)	8	(999)	10
Operating profit for the period from continuing operations	**3,543**	3,401	4	3,444	3
Non-operating profit	**(306)**	573	(153)	585	(152)
Profit for the period from continuing operations	**3,237**	3,974	(19)	4,029	(20)
Dividends paid	**(421)**	(814)			
Share capital issued	**2,382**	13			
Other movements	**231**	384			
Net increase in EEV shareholders' equity from continuing operations	**5,429**	3,557			
EEV shareholders' equity from continuing operations at 1 Jan	**41,926**	38,369			
EEV shareholders' equity from continuing operations at 31 Dec	**47,355**	41,926			
% New business profit/average EEV shareholders' equity for continuing long-term business operations*	**6%**	5%			
% Operating profit/average EEV shareholders' equity for continuing operations	**8%**	8%			

EEV shareholders' equity	**31 Dec 2021** $m	**31 Dec 2020** $m
Represented by:		
CPL	**3,114**	2,798
Hong Kong	**21,460**	20,156
Indonesia	**2,237**	2,630
Malaysia	**3,841**	4,142
Singapore	**7,732**	8,160
Growth markets and other	**6,262**	4,975
Embedded value from long-term business excluding goodwill	**44,646**	42,861
Asset management and other excluding goodwill	**1,931**	(1,756)
Goodwill attributable to equity holders	**778**	821
EEV shareholders' equity from continuing operations	**47,355**	41,926
EEV shareholders' equity from discontinued operations	**–**	12,081
Group EEV shareholders' equity	**47,355**	54,007
EEV shareholders' equity per share from continuing operations	**1,725¢**	1,607¢
Group EEV shareholders' equity per share	**1,725¢**	2,070¢

* Excluding goodwill attributable to equity holders.

The results of the continuing operations of the Group on an EEV basis consist of the results of profits on an EEV basis from long-term and asset management business together with corporate costs and dividends paid.

EEV operating profit from continuing operations increased by 3 per cent[3] to $3,543 million (2020: $3,444 million). This was driven by increased new business and asset management profit (as previously discussed) and reduced central expenses, offset by lower profit from in-force long-term business.

The profit from in-force long-term business is driven by the expected return and effects of operating assumption changes, if any, and operating experience variances. The expected return increased by 24 per cent[3] above the prior year reflecting the combined effects of underlying business growth and the impact of higher interest rates increasing the risk discount rate under our active basis EEV methodology. Operating assumption and experience variances were negative $(131) million on a net basis reflecting a number of factors including short-term persistency impacts and higher claims linked to Covid-19. Indonesia and India claims costs were elevated given the significant level of Covid-19 cases seen in the mid-to-late part of 2021. While we have continued to see better than expected claims experience on our medical reimbursement business, this is lower than in prior periods and so operating variances have fallen when compared with the prior year.

The non-operating loss of $(306) million (2020: $585 million[3] profit) is largely driven by rising interest rates over the year leading to reduced bond valuations, which more than offset the beneficial impact of these changes on future profits.

Overall, EEV shareholders' equity from continuing operations increased at 31 December 2021 to $47.4 billion (31 December 2020: $41.9 billion[4]). Of this, $44.6 billion (31 December 2020: $42.9 billion[4]) relates to the value of the long-term business. This amount includes our share of our India associate valued using embedded value principles. The market capitalisation of this associate at 31 December 2021 was circa $10.8 billion, which compares with a publicly reported embedded value of circa $4.1 billion at 30 September 2021, Prudential's share of which is the basis of the Group's EEV reporting.

As well as the long-term business amounts, EEV includes the value of the asset management businesses on an IFRS basis, the net assets of the central holding companies and the goodwill attributable to shareholders, all valued on an IFRS basis. Included within these amounts at 31 December 2021 is the benefit of our $2.4 billion equity raise and $683 million for our 18.4 per cent economic interest in Jackson, which is measured at fair value. EEV shareholders' equity on a per share basis at 31 December 2021 was 1,725 cents (31 December 2020: 1,607 cents based on continuing operations and excluding Jackson residual interest).

Group free surplus generation from continuing operations

Operating free surplus generation is the financial metric we use to measure the internal cash generation of our business operations and for our life operations is generally based on (with adjustments) the capital regimes that apply locally in the various jurisdictions in which the Group operates. It represents amounts emerging from the in-force business during the year, net of amounts reinvested in writing new business. For asset management businesses, it equates to post-tax adjusted operating profit for the year.

For long-term business, free surplus is generally based on (with adjustments) the excess of the regulatory basis net assets for EEV reporting purposes (total net worth) over the capital required to support the covered business. In general, assets deemed to be inadmissible on a local regulatory basis are included in total net worth where considered recognisable on an EEV basis. For asset management and other non-insurance operations (including the Group's central operations), free surplus is taken to be IFRS basis shareholders' equity, net of goodwill attributable to shareholders, with central Group debt recorded as free surplus to the extent that it is classified as capital resources under the Group's capital regime. Following the application of the GWS Framework, both subordinated and senior debt are treated as capital for the purposes of free surplus at 31 December 2021.

Analysis of movement in Group free surplus[8]

	Actual exchange rate			Constant exchange rate	
	2021 $m	**2020** $m	**Change** %	**2020** $m	**Change** %
Expected transfer from in-force business and return on existing free surplus	**2,497**	1,979	26	2,016	24
Changes in operating assumptions and experience variances	**(173)**	215	(180)	220	(179)
Operating free surplus generated from in-force life business before restructuring costs	**2,324**	2,194	6	2,236	4
Investment in new business	**(537)**	(559)	4	(563)	5
Asset management	**284**	253	12	255	11
Operating free surplus generated from life business and asset management before restructuring costs	**2,071**	1,888	10	1,928	7
Central costs and eliminations (net of tax):					
Net interest paid on core structural borrowings	**(328)**	(307)	(7)	(307)	(7)
Corporate expenditure	**(292)**	(412)	29	(428)	32
Other items and eliminations	**(103)**	(107)	4	(107)	4
Restructuring and IFRS 17 implementation costs (net of tax)	**(169)**	(147)	(15)	(151)	(12)
Net Group operating free surplus generated for continuing operations	**1,179**	915	29	935	26
Non-operating and other movements, including foreign exchange	**330**	281			
Recognition of residual interest in Jackson at demerger	**493**	–			
External cash dividends	**(421)**	(814)			
Share capital issued	**2,382**	13			
Treatment of grandfathered debt instruments under the GWS Framework	**1,995**	–			
Net subordinated debt issuance/redemption	**(232)**	–			
Increase (decrease) in Group free surplus from continuing operations before amounts attributable to non-controlling interests	**5,726**	395			
Change in amounts attributable to non-controlling interests	**(21)**	(10)			
Free surplus at 1 Jan from continuing operations	**8,344**	7,959			
Free surplus at 31 Dec from continuing operations	**14,049**	8,344			
Comprising:					
Free surplus of life insurance and asset management operations	**6,650**	5,983			
Central operations	**7,399**	2,361			

The in-force business generated $2,324 million of free surplus in 2021, an increase of 4 per cent[3] from 2020 with growth curtailed by higher Covid claims costs in Indonesia and India. Despite the overall increase in APE sales, up 8 per cent as discussed above, the cost of investment in this new business improved by 5 per cent[3] reflecting favourable business mix and economics, supporting the 13 per cent[3] increase in new business profit discussed above. In 2021 the value created from writing new business, as measured by new business profit, was nearly five times the capital invested. After allowing for an 11 per cent[3] increase in asset management earnings on an after tax basis (discussed in the commentary on IFRS above), operating free surplus generation by our life and asset management business increased by 7 per cent[3] to $2,071 million.

Combining free surplus generated by the life and asset management business with a reduction in central costs of 14 per cent[3] offset by (12) per cent[3] increase in restructuring and IFRS 17 implementation costs, total Group operating free surplus generation from continuing operations was 26 per cent[3] higher at $1,179 million.

Free surplus at 31 December 2021 was $14.0 billion, after allowing for free surplus generation in the period and a $2.4 billion uplift from the equity raise, $0.5 billion from the recognition of the Group's residual interest in Jackson, $(0.2) billion from net redemption of debt and $2.0 billion from the recognition of senior debt under the GWS Framework[17]. This uplift for the debt differs from the $1.6 billion recognised in the Group's capital resources as, prior to the adoption of GWS, senior debt was deducted from free surplus at market value rather than at cost. $1,725 million of the free surplus held at the year end was used in January 2022 to complete the planned debt redemption.

Dividend

Reflecting the Group's capital allocation priorities, a portion of capital generation will be retained for reinvestment in the business, and dividends will be determined primarily based on the Group's operating capital generation after allowing for the capital strain of writing new business and recurring central costs. Dividends are expected to grow broadly in line with the growth in the Group's operating free surplus generation net of right-sized central costs, and will be set taking into account financial prospects, investment opportunities and market conditions. Accordingly, the Board has approved a 2021 second interim ordinary cash dividend of 11.86 cents per share (2020: 10.73 cents per share). Combined with the first interim ordinary cash dividend of 5.37 cents per share (2020: 5.37 cents per share), the Group's total 2021 cash dividend is 17.23 cents per share (2020: 16.10 cents per share), an increase of 7 per cent.

Group capital position

Prudential applies the Insurance (Group Capital) Rules set out in the GWS Framework issued by the Hong Kong IA to determine group regulatory capital requirements (both minimum and prescribed levels). The GWS Framework became effective for Prudential upon designation by the Hong Kong IA on 14 May 2021 and replaced the local capital summation method (LCSM) which was used for determination of the 31 December 2020 Group capital position as agreed with the Hong Kong IA. Under the GWS Framework, all debt instruments (senior and subordinated) issued by Prudential plc at 31 December 2021 are included as GWS eligible group capital resources. This includes debt issued at the date of designation which met the transitional conditions set by the Hong Kong IA and have not since been redeemed and debt issued since the date of designation which met the qualifying conditions as set out in the Insurance (Group Capital) Rules. More information is set out in note I(i) of the Additional unaudited financial information.

In the analysis below we have restated the 31 December 2020 LCSM position to reflect the treatment of debt instruments under the GWS Framework. This has increased eligible capital resources by $1.6 billion compared with the LCSM basis. The 31 December 2020 Group GWS capital results are presented on a Group excluding Jackson basis and are before including the value of the Group's retained interest in Jackson Financial Inc.

At 31 December 2021 the Prudential Group total company GWS capital surplus of eligible group capital resources over the Group Minimum Capital Requirement (GMCR) was $33.7 billion[18], equating to a coverage ratio of 414 per cent (31 December 2020: $24.8 billion[4]/ 344 per cent). The position at 31 December 2021 includes $0.4 billion in respect of the 18.4 per cent economic interest in Jackson, being 60 per cent of its fair value at that date, as agreed with the HKIA.

The Group holds material participating business in Hong Kong, Singapore and Malaysia. Alongside the total company GWS capital basis, a shareholder GWS capital basis is also presented, being eligible group capital resources over the GMCR excluding the capital resources and minimum capital requirements of these participating funds. At 31 December 2021 the shareholder GWS capital surplus of total eligible group capital resources over the GMCR was $13.2 billion[18], equating to a coverage ratio of 454 per cent (31 December 2020: $9.4 billion[4] / 370 per cent).

The 31 December 2021 Group GWS capital results do not reflect the redemption of $1,725 million of sub-ordinated debt in January 2022. If this redemption had been completed as at 31 December 2021 the Group shareholder GWS capital surplus over the GMCR would be $11.5 billion, equating to a coverage ratio of 408 per cent.

The Group shareholder GWS capital surplus over the GMCR[11] increased by $3.8 billion since 31 December 2020 to $13.2 billion at 31 December 2021 (before allowing for the January 2022 debt redemptions). GWS shareholder in-force operating capital generation in the period was $1.0 billion after allowing for central costs and investment in new business. The impact of non-operating experiences, including market movements, were positive overall and contributed $0.3 billion to surplus. Corporate transactions, including the equity raise and net debt redemptions and recognition of the Jackson residual interest amongst other items, increased shareholder GWS capital surplus over the GMCR by $2.9 billion overall and were offset by payment of $(0.4) billion external dividends in the year. No allowance is made at 31 December 2021 for the 2021 second interim dividend due for payment in May 2022.

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

Estimated Group GWS capital position based on Group Minimum Capital Requirement (GMCR)[11]

	31 Dec 2021			31 Dec 2020		
Amounts attributable to Prudential plc	Total	Less policyholder	Shareholder	Total	Less policyholder	Shareholder
Eligible group capital resources ($bn)	**44.4**	**(27.5)**	**16.9**	34.9	(22.1)	12.8
Group Minimum Capital Requirement ($bn)	**10.7**	**(7.0)**	**3.7**	10.1	(6.7)	3.4
GWS capital surplus (over GMCR) ($bn)	**33.7**	**(20.5)**	**13.2**	24.8	(15.4)	9.4
GWS coverage ratio (over GMCR) (%)	**414%**		**454%**	344%		370%

The recent trend to more risk-based capital regimes being adopted in many of the Group's markets is continuing and this impacts on the Group's GWS capital measure, which is underpinned by the local regulatory regimes of the Group's subsidiaries, joint ventures and associates. In Mainland China C-ROSS II has become effective in the first quarter of 2022, the impact of which is not included in the GWS results above.

Further, in February 2022 Prudential Hong Kong Limited, the Group's insurance business in Hong Kong, made an application to the HKIA to early-adopt the new risk-based capital regime. The impact is not reflected in the 31 December 2021 GWS capital position shown above and the Group currently expects to include this change in the GWS capital position as at 30 June 2022, which remains subject to HKIA approval. We intend to disclose the impacts of both these regulatory changes within our 2022 half year financial report as they become effective.

Capital Management

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.

The Group's capital management framework focuses on achieving sustainable, profitable growth and retaining a resilient balance sheet, with a disciplined approach to active capital allocation. The framework comprises the following key elements:

- Sufficient capital is held in each business to meet local regulatory capital requirements, the applicable capital requirements under the GWS Framework and the Group's risk appetite to ensure that commitments made to customers can be fulfilled in stress scenarios;
- Sufficient resources are held centrally to provide a capital buffer to support businesses in stress scenarios and to provide liquidity to service debt and other central expenses (including central payments for bancassurance distribution agreements and restructuring costs);
- Both organic and inorganic opportunities are assessed by reference to expected shareholder returns and payback periods, relative to risk-adjusted hurdle rates which are set centrally. The assessment for inorganic investments also considers a range of other factors including the strategic rationale for the investment, the extent of diversification with existing risks in the Group, experience in managing similar businesses in the Group, the level of control or reliance on third parties (eg via joint ventures and co-investments) to achieve the intended shareholder returns, and the level of uncertainty in financial projections. Assessment of these opportunities is also reviewed and approved centrally within the Group's governance framework in order to maintain a rigorous approach to capital allocation;
- Reflecting the Group's capital allocation priorities, a portion of capital generation will be retained for reinvestment in the business, and dividends will be determined primarily based on the Group's operating capital generation after allowing for the capital strain of writing new business and recurring central costs; and
- To the extent that surplus capital arises which is not required to support organic and inorganic growth opportunities, consideration will be given to returning capital to shareholders.

Financing and liquidity

On 4 October 2021, Prudential plc completed the issuance of new share capital on the Hong Kong Stock Exchange, resulting in net proceeds and an increase in shareholders' equity of $2,374 million. The proceeds of this equity issue have been used to enhance Prudential's financial flexibility in light of the breadth of opportunities to invest for growth. Specifically, the proceeds have been utilised to redeem high coupon debt instruments of $1,250 million in December 2021 and $1,000 million in January 2022, with the remaining proceeds contributing to Prudential's central stock of capital and liquidity. This use of proceeds is consistent with the intended use of proceeds previously disclosed in Prudential's prospectus for this equity raise.

In November, 2021 the Group issued a $1,000 million 2.95 per cent debt instrument, the proceeds of which have been utilised in part to redeem a $725 million 4.375 per cent debt instrument in January 2022.

At 31 December 2021, the Group's net gearing ratio as defined in the table below was 13 per cent, reflecting the issue of share capital in October 2021, the issue of debt in November 2021 and redemption of debt in December 2021 but excluding the redemptions completed in January 2022. The Group manages its leverage on a Moody's total leverage basis, which differs from the above by taking into account gross debt, including commercial paper, and also allows for a proportion of the surplus within the Group's with-profits funds. We estimate the Moody's total leverage at 31 December to be 26 per cent and if the further debt redemptions of $1,725 million in January 2022 had been completed as at 31 December 2021, we estimate that this figure would have been 21 per cent.

Prudential is targeting a Moody's total leverage ratio of around 20 to 25 per cent over the medium term. Prudential may operate outside this range temporarily to take advantage of growth opportunities with attractive risk-adjusted returns as they arise, while still preserving its strong credit ratings.

Prudential seeks to maintain its financial strength rating with applicable credit rating agencies which derives, in part, from its high level of financial flexibility to issue debt and equity instruments, which is intended to be maintained and enhanced in the future.

Net core structural borrowings of shareholder-financed businesses

	31 Dec 2021 $m			31 Dec 2020 $m		
	IFRS basis	Mark-to-market value	EEV basis	IFRS basis	Mark-to-market value	EEV basis
Borrowings of shareholder-financed businesses from continuing operations	**6,127**	**438**	**6,565**	6,383	795	7,178
Discontinued operations – Jackson Surplus Notes	**–**	**–**	**–**	250	90	340
Total borrowings of shareholder-financed businesses	**6,127**	**438**	**6,565**	6,633	885	7,518
Less: holding company cash and short-term investments	**(3,572)**	**–**	**(3,572)**	(1,463)	–	(1,463)
Net core structural borrowings of shareholder-financed businesses	**2,555**	**438**	**2,993**	5,170	885	6,055
Net gearing ratio*	**13%**			28%		

* Net core structural borrowings from continuing operations as proportion of IFRS shareholders' equity from continuing operations plus net core structural borrowings from continuing operations, as set out in note II of the Additional unaudited financial information.

The total borrowings of the shareholder-financed businesses from continuing operations were $6.1 billion at 31 December 2021 (31 December 2020: $6.4 billion[4]). The Group had central cash resources of $3.6 billion at 31 December 2021 (31 December 2020: $1.5 billion[4]), resulting in net core structural borrowings of the shareholder-financed businesses of $2.6 billion at end of December 2021 (31 December 2020: $4.9 billion for continuing operations[4]). We have not breached any of the requirements of our core structural borrowings nor modified any of their terms during 2021. Net core structural borrowings include a $350 million bank loan which the Group is currently considering refinancing.

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

Prudential plc has maintained a consistent presence as an issuer in the commercial paper market for the past decade and had $500 million in issue at 31 December 2021 (31 December 2020: $501 million[4]).

As at 31 December 2021, the Group had a total of $2.6 billion of undrawn committed facilities, expiring in 2026. Apart from small drawdowns to test the process, these facilities have never been drawn, and there were no amounts outstanding at 31 December 2021.

Cash remittances

Holding company cash flow[19]

	Actual exchange rate		
	2021 $m	**2020** $m	**Change** %
From continuing operations			
Insurance and asset management business	**1,451**	877	65
Other operations	**–**	55	(100)
Net cash remitted by businesses	**1,451**	932	56
Net interest paid	**(314)**	(294)	(7)
Tax received	**–**	94	(100)
Corporate activities[20]	**(322)**	(432)	25
Centrally funded recurring bancassurance fees[21]	**(176)**	(220)	20
Total central outflows	**(812)**	(852)	5
Holding company cash flow before dividends and other movements	**639**	80	
Dividends paid	**(421)**	(814)	
Operating holding company cash flow after dividends but before other movements	**218**	(734)	
Issuance and redemption of debt for continuing operations	**(255)**	983	
Hong Kong public offer and international placing	**2,374**	–	
Other corporate activities relating to continuing operations[21]	**(199)**	(954)	
UK and Europe demerger costs	**–**	(17)	
US demerger costs	**(30)**	(20)	
Total other movements	**1,890**	(8)	
Total holding company cash flow	**2,108**	(742)	
Cash and short-term investments at the beginning of the year	**1,463**	2,207	
Foreign exchange and other movements	**1**	(2)	
Cash and short-term investments at the end of the year	**3,572**	1,463	

Remittances from our continuing Asia and Africa businesses were $1,451 million (2020: $877 million).

From 2021, to align more closely to our 'one head office, two locations' operating model, the Group has revised its presentation of business unit remittances so that the costs of the head office functions in Hong Kong are no longer deducted from the 'net cash remitted by business units'. All head office costs are now presented together within the central outflows section of the holding company cash flow. Accordingly, the 2020 comparatives have been re-presented from those previously published to reflect the change.

Cash remittances for 2021 were used to meet central outflows of $(812) million (2020: $(852) million[4]) and to pay dividends of $(421) million. Central outflows include corporate activities of $(322) million (2020: $(432) million[4]), centrally funded recurring bancassurance fees of $(176) million (2020: $(220) million[4]), and net interest paid of $(314) million (2020: $(294) million[4]).

On 4 October 2021, Prudential plc completed the issuance of new share capital with proceeds of $2,374 million, as described in the financing and liquidity section above.

Other corporate activities relating to continuing operations of $(199) million (2020: $(954) million[4]) include central contributions to the funding of Asia and Africa strategic growth initiatives, principally non-recurring payments for bancassurance distribution agreements including UOB and MSB banks. In 2020, this also included one-off payments relating to the establishment of our strategic bancassurance partnership with TMBThanachart Bank in Thailand. Other corporate activities also include sale proceeds of $83 million received in December 2021, following Jackson's announcement, as part of its previously disclosed $300 million share repurchase programme, of the repurchase of 2,242,516 shares of its Class A common stock from Prudential as discussed in the Jackson section above. Further information is contained in note I(vi) of the Additional unaudited financial information.

Cash and short-term investments totalled $3.6 billion at 31 December 2021 (31 December 2020: $1.5 billion[4]). The debt and refinancing redemption programme, that completed on 20 January 2022, utilised cash of $1,725 million.

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

Notes

1 Based on full-year 2021 exchange rates.
2 'Adjusted operating profit' refers to adjusted IFRS operating profit based on longer-term investment returns from continuing operations. This alternative performance measure is reconciled to IFRS profit for the period in note B1.1 of the IFRS financial statements.
3 On a constant exchange rate basis.
4 On an actual exchange rate basis.
5 APE sales is a measure of new business activity that comprises 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 under IFRS 4. It is not representative of premium income recorded in the IFRS financial statements. See note II of the Additional unaudited financial information for further explanation.
6 New business profit, on a post-tax basis, on business sold in the period, calculated in accordance with EEV Principles.
7 Full year 2021 total funds under management, including external funds under management, money market funds, funds managed on behalf of M&G plc and internal funds under management, reported based on the country where the funds are managed.
8 For insurance operations, operating free surplus generated represents amounts emerging from the in-force business during the year net of amounts reinvested in writing new business and excludes non-operating items. For asset management businesses, it equates to post-tax operating profit for the year. Restructuring costs are presented separately from the business unit amount. Further information is set out in 'movement in Group free surplus' of the EEV basis results.
9 Operating return calculated as operating profit divided by the average EEV shareholders' equity for continuing operations. See note II(x) of the Additional unaudited financial information for definition and calculation.
10 After deduction of the underwriting fees and other estimated expenses payable in connection with the Share Offer.
11 GWS coverage ratio of capital resources over Group minimum capital requirement attributable to shareholder business. Shareholder business excludes the capital resources and minimum capital requirement of participating business in Hong Kong, Singapore and Malaysia. Under the GWS Framework, all debt instruments (senior and subordinated) issued by Prudential plc at 31 December 2021 are included as GWS eligible group capital resources.
12 For Growth markets and other, adjusted operating profit includes other items of $217 million (2020: $119 million) which primarily comprises of taxes for life joint ventures and associates and other non-recurring items.
13 For discussion on the basis of preparation of the sources of earnings in the table see note I(ii) of the Additional unaudited financial information.
14 Excludes Money Market Funds.
15 See note II of the Additional unaudited financial information for definition and reconciliation to IFRS balances.
16 Other income and expenditure includes restructuring and IFRS 17 implementation costs.
17 Debt not denominated in USD is translated using exchange rates as at 31 December 2020 for the purposes of grandfathering.
18 Before allowing for the 2021 second cash interim ordinary dividend.
19 Net cash amounts remitted by businesses are included in the holding company cash flow, which is disclosed in detail in note I(v) of the Additional unaudited financial information. This comprises dividends and other transfers from businesses that are reflective of earnings and capital generation.
20 Including IFRS 17 implementation and restructuring costs paid in the period.
21 Other movements include non-recurring payments for bancassurance arrangements including those with UOB, TMB and MSB banks. Central payments for existing bancassurance distribution agreements are within the central outflows section of the holding company cash flow, reflecting the recurring nature of these amounts.