

## PART V

### UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE PRUDENTIAL GROUP

Shareholders should read the whole of this Circular and not rely solely on the pro forma financial information contained in this Part V.

#### 1. Unaudited pro forma Prudential Group IFRS basis financial information as at 31 December 2020

The unaudited pro forma IFRS basis financial information has been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and on the basis of the notes set out below, to illustrate the effect of the Demerger on the IFRS financial position of the Prudential Group as if the Demerger had taken place on 31 December 2020. The unaudited pro forma IFRS basis financial information has been prepared for illustrative purposes only and in accordance with UK Listing Rule 13.3.3.R. Due to its nature, the unaudited pro forma IFRS basis financial information addresses a hypothetical situation and, therefore, does not represent the actual IFRS results and financial position of the Post-Demerger Prudential Group following the implementation of the Demerger. It may not, therefore, give a true picture of the IFRS results and financial position of the Post-Demerger Prudential Group, nor is it indicative of the results and financial position that may, or may not, be expected to be achieved in the future.

31 December 2020 \$m	Adjustments				Pro forma Prudential Group (iv)
	Prudential Group (i)	Demerger with a retained 19.7% economic interest (ii)	Consolidation adjustments (ii)	Transaction costs (iii)	
<b>Assets</b>					
Goodwill	961	–	–	–	961
Deferred acquisition costs and other intangible assets	20,345	(13,881)	–	–	6,464
Property, plant and equipment	893	(309)	–	–	584
Reinsurers' share of insurance contract liabilities	46,595	(35,232)	–	–	11,363
Deferred tax assets	4,858	(4,542)	–	–	316
Current tax recoverable	444	(433)	–	–	11
Accrued investment income	1,427	(378)	–	–	1,049
Other debtors	3,171	(270)	15	–	2,916
Investment properties	23	(7)	–	–	16
Investment in joint ventures and associates accounted for using the equity method	1,962	–	–	–	1,962
Loans	14,588	(12,340)	–	–	2,248
Equity securities and holdings in collective investment schemes	278,635	(218,750)	–	–	59,885
Debt securities	125,829	(36,033)	–	–	89,796
Derivative assets	2,599	(2,220)	–	–	379
Other investments	1,867	(1,867)	–	–	–
Deposits	3,882	(7)	–	–	3,875
Cash and cash equivalents	8,018	(1,621)	–	(27)	6,370
<b>Total assets</b>	<b>516,097</b>	<b>(327,890)</b>	<b>15</b>	<b>(27)</b>	<b>188,195</b>
<b>Equity</b>					
Shareholders' equity	20,878	(7,921)	(132)	(27)	12,798
Non-controlling interests	1,241	(1,063)	–	–	178
<b>Total equity</b>	<b>22,119</b>	<b>(8,984)</b>	<b>(132)</b>	<b>(27)</b>	<b>12,976</b>

31 December 2020 \$m	Adjustments				Pro forma Prudential Group (iv)
	Prudential Group (i)	Demerger with a retained 19.7% economic interest (ii)	Consolidation adjustments (ii)	Transaction costs (iii)	
<b>Liabilities</b>					
Insurance contract liabilities	436,787	(293,325)	–	–	143,462
Investment contract liabilities with discretionary participation features	479	–	–	–	479
Investment contract liabilities without discretionary participation features	3,980	(3,188)	–	–	792
Unallocated surplus of with-profits funds	5,217	–	–	–	5,217
Core structural borrowings of shareholder-financed businesses	6,633	(250)	–	–	6,383
Operational borrowings attributable to shareholder-financed operations	2,250	(1,498)	–	–	752
Borrowings attributable to with-profits operations	194	–	–	–	194
Obligations under funding, securities lending and sale and repurchase agreements	9,768	(9,497)	–	–	271
Net asset value attributable to unit holders of consolidated investment funds	5,975	(494)	–	–	5,481
Deferred tax liabilities	6,075	(3,523)	–	–	2,552
Current tax liabilities	280	(10)	–	–	270
Accruals, deferred income and other liabilities	15,508	(7,064)	147	–	8,591
Provisions	350	(14)	–	–	336
Derivative liabilities	482	(43)	–	–	439
<b>Total liabilities</b>	<b>493,978</b>	<b>(318,906)</b>	<b>147</b>	<b>–</b>	<b>175,219</b>
<b>Total equity and liabilities</b>	<b>516,097</b>	<b>(327,890)</b>	<b>15</b>	<b>(27)</b>	<b>188,195</b>

#### Notes

- (i) Information on the total assets and liabilities of the Prudential Group as at 31 December 2020 has been extracted without material adjustment from the “IFRS Financial Statements” set out in the Prudential Group’s 2020 Annual Report.
- (ii) This adjustment reflects the fact that the results of the Jackson Group will no longer be consolidated by the Prudential Group post the Demerger. Consolidation adjustments relating to the Jackson Group including intra-group transactions between the Jackson Group and the rest of the Prudential Group are reversed and are presented separately in the table above. Following the completion of the Demerger, the Prudential Group will hold common stock in Jackson that gives it a non-controlling economic interest of 19.7 per cent. (19.9 per cent. voting interest). This retained interest will be recognised as an equity financial investment carried at fair value in the Prudential Group’s statement of financial position. At the date of this Circular, the fair value of the Prudential Group’s remaining investment in Jackson is estimated to be between \$490 million and \$690 million. The mid-point of this range, being \$590 million, has been added to the value of equity investments in the table above. This mid-point may prove not to be the fair value that is determined following initial trading of the Jackson Shares, and hence the actual fair value may differ from that stated above. Further analysis of the effect of the “Demerger with a retained 19.7% economic interest” adjustment is provided in the table below:

\$m	Deconsolidation of 100% of the Jackson Group	Remaining investment recognised as equity investment carried at fair value	Demerger with a retained 19.7% economic interest as shown in the table above
Total assets	(328,480)	590	(327,890)
Total equity	(9,574)	590	(8,984)
Total equity and liabilities	(328,480)	590	(327,890)

- (iii) Transaction costs of approximately \$27 million represent the directly attributable costs of the transaction and which had not been incurred at 31 December 2020. The full costs are set out in the “Demerger Costs” section of Part I (*Letter from the Chair of Prudential*).
- (iv) No account has been taken of any trading and other changes in financial position of the Prudential Group after 31 December 2020 except as described above.
- (v) The IFRS basis results have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, on a basis consistent with the accounting policies normally adopted by the Prudential Group and applied in preparing the 31 December 2020 Prudential Group IFRS financial statements.