M&G plc full year 2024 results

NEW PROGRESSIVE DIVIDEND POLICY WITH 2024 TOTAL DIVIDEND PER SHARE INCREASED BY 2%

PROGRESS ON BUSINESS STRATEGY, OPERATING PROFIT UP 5% WITH RESILIENT CAPITAL GENERATION

NEW CAPITAL GENERATION, NEW PROFIT GROWTH AND UPGRADED COST TARGETS

Net Flows from Open Business[1]	Adjusted Operating Profit Before Tax	Operating Capital Generation	Shareholder Solvency II Ratio	Total Dividend per Share
£(1.9)bn	£837m	£933m	223%	20.1p
2023: £1.7bn	2023: £797m	2023: £996m	2023: 203%	2023: 19.7p

Andrea Rossi, Group Chief Executive Officer, said:

"Over the last 12 months, we have delivered strategic and operational momentum with meaningful progress across our three priorities: Financial Strength, Simplification, and Growth. This is reflected in our strong financial performance with adjusted operating profit before tax up 5% and resilient operating capital generation of £933 million.

"Since starting at M&G, my priority has been to strengthen the foundations of the business. Despite a tough market environment we have done this. In 2024 we have reduced debt, simplified our operating model, grown Asset Management adjusted operating profit by nearly 20%, and continued to drive positive momentum in Life, completing £0.9 billion of bulk purchase annuity deals and launching a new innovative solution.

"We are now moving into a new phase for the Group, where we will deliver sustainable and diversified growth across Asset Management and Life. In line with this ambition, we are today announcing two new targets for 2025-2027: to grow adjusted operating profit before tax on average by 5% or more per annum, and to generate £2.7 billion of operating capital[2].

"We also remain focused on operational efficiency as demonstrated by the reduction in the Asset Management Cost-to-Income ratio from 79% to 76% excluding performance fees and the £188 million cost savings delivered by our transformation programme so far. We are not resting there and are upgrading our cost target, for the second time, from £220 million to £230 million by the end of 2025.

"Given our confidence in the outlook of M&G, I am delighted to announce that today we are moving to a progressive dividend policy, starting with a 2% increase for the 2024 total dividend per share. As we look ahead, the strong foundations we have built position us well to continue to deliver long-term value to our customers and clients and diversified profitable growth to shareholders."

Financial strength

- Adjusted operating profit before tax of £837 million (2023: £797 million) improved by 5%, reflecting a 19% increase in the Asset Management contribution and stable results from the Life and Corporate Centre segments.
- IFRS loss after tax of £347 million (2023: £309 million profit) was impacted by larger losses relating to short-term fluctuations in investment returns and mismatches arising on application of IFRS 17, although benefitted from lower restructuring costs.
- Our contractual service margin (CSM) grew by 10% to £6.0 billion (31 December 2023: £5.5 billion). This was supported by a positive operating change in the CSM of £294 million, and a further £256 million mainly from favourable markets.
- Operating capital generation (OCG) of £933 million (2023: £996 million) continues to be strong, taking cumulative OCG since the start of 2022 to £2.75 billion, and enabling us to beat our three-year cumulative target of £2.7 billion.
- Shareholder Solvency II coverage ratio improved to 223% (31 December 2023: 203%) following a resilient operating result, the reversal of £216 million capital restrictions, and favourable tax and market movements.
- The Solvency II leverage ratio improved to 33% (31 December 2023: 35%) after completing the deleveraging actions announced in June totalling £461 million. These actions reduced ongoing debt interest cost by £21 million per annum.
- The 2024 second interim dividend of 13.5 pence per share (2023: 13.2 pence per share) takes the total dividend for the year to 20.1 pence, up 2% year-on-year, in line with our new progressive dividend policy. The second interim dividend is payable on 9 May 2025.

[1] Net flows from open business consist of net client flows in Asset Management, PruFund, Shareholder annuities and the elements of Other Life which are open to new business.

[2] The new operating capital generation target is gross of capital strain related to new business.

Simplification

- Continued to deliver good momentum on our transformation programme to create a leaner and more efficient organisation; improving our ability to serve clients, reduce costs and unlock growth.
- Rationalised our Group operating structure, combining the Life and Wealth businesses under the leadership of Clive Bolton. This change better focuses our efforts to improve efficiency and serve the UK retail market, complementing PruFund with life insurance solutions.
- Reduced 2024 managed costs by 2% compared with 2023, more than offsetting inflationary pressures and freeing up resources to support investment in growth initiatives, thanks to cost savings of £188 million since the launch of the programme in early 2023.
- Increased the 2025 cost savings target twice, from £200 million to £220 million in September and again to £230 million today, reflecting the strong progress achieved by our transformation programme.
- Reduced the Asset Management Cost-to-Income ratio (CIR) to 76% (2023: 79%) through a 2% reduction in costs to £774 million (2023: £791 million) and a 1% increase in revenues to £1,008 million (2023: £995 million). Including performance fees, the CIR reduced to 74% (2023: 77%).
- Continued to improve end-to-end customer journeys, reducing timelines by 17% compared to 2023, and also reduced our average speed to answer by 25% year-on-year, contributing to an improved Net Promoter Score of +22 (2023: +15).

Growth

- Successfully navigating a challenging macroeconomic environment, delivering a resilient performance while positioning the Group for long-term sustainable growth across the Asset Management and Life businesses.
- Further diversified our business operations and earning streams to deliver a more resilient and growing financial profile, by continuing to expand our international operations and launching new innovative life insurance solutions.
- Broadening our Private Markets capabilities with the acquisition of BauMont Capital and the agreement to purchase a 70% controlling stake of P Capital Partners, bringing into the Group strong expertise in Value-Add Real Estate and Non-Sponsored Lending strategies.
- Delivered strong investment performance to our clients. As of 31 December 2024, 63% of our mutual funds ranked in the upper two performance quartiles over three years and 59% over five years; in institutional asset management, over 75% of funds outperformed their benchmarks on both a three and five-year basis.
- AUMA of £346 billion was £2 billion higher than at the start of the year, due to positive markets and the consolidation of the Continuum operations offsetting net outflows.
- Reduced net client outflows in UK Institutional Asset Management to £3.8 billion (2023: £6.1 billion), and continued to deliver net client inflows in International Institutional Asset Management of £2.9 billion (2023: £5.4 billion).
- Delivered flat net flows in Wholesale Asset Management (2023: £1.5 billion net inflows), a resilient result in a challenging market for active investment solutions.
- Experienced £0.9 billion net outflows in PruFund (2023: £1.0 billion net inflows) as protracted high interest rates increased the relative attractiveness of alternative solutions such as cash and annuities.
- Completed three Bulk Purchase Annuity (BPA) deals in 2024 (premium of £0.9 billion) including one Value-Share BPA, an innovative alternative to a traditional buy-in. This structure insures Scheme members in exactly the same way as a traditional buy-in transaction, while also allowing Corporate Sponsors to participate in the risk and reward generated from insuring their well-funded pension schemes.
- Continued to develop our capital-lite solutions in Life. Soft-launched a fixed-term annuity retail solution in the UK market, and subject to regulatory approval expect to launch a PruFund-like guaranteed solution in the Middle East in April.

Outlook

- Increased geopolitical uncertainty and market volatility continue to weigh on client sentiment and pose a significant challenge to financial institutions across the globe. At M&G, we are confident that we can navigate this uncertain environment by leveraging our balanced and integrated business model which we believe will remain a source of competitive advantage. We are confident that we are well positioned to maintain our capital strength and deliver profitable growth over the long term, as well as continuing to best serve the interests of our customers and clients.
- Having strengthened the foundations of the business, M&G is well positioned to deliver sustainable growth to shareholders by leveraging its balanced and integrated business model, international footprint, compelling offering and investment expertise.
- The progress achieved in 2024 underpins our continued confidence in the delivery of our strategic priorities and financial targets, as we remain focused on transforming M&G to deliver great client and shareholder outcomes.
- Our strategic priorities are clear: Maintain our financial strength, build on the progress already achieved in simplifying the business, and deliver profitable growth across Asset Management and Life, in the UK and internationally.

- We are announcing a new target for cumulative operating capital generation (excluding new business strain) of £2.7 billion by the end of 2027. We are also introducing a new target for adjusted operating profit before tax annual growth of 5% or more on average over the three years to the end of 2027. We continue to make good progress on our other financial targets, in particular on the cost savings target which we have once again upgraded, from £200 million to £230 million of cumulative savings by the end of 2025.
- Given our confidence in the outlook for the business, we are moving to a progressive dividend policy, starting with a 2% increase in the 2024 Total dividend per share.

Performance highlights[i]	For the year ended 31 December 2024	For the year ended 31 December 2023
Adjusted operating profit before tax (£m)	**837**	797
IFRS (loss)/profit after tax (£m)	**(347)**	309
Operating change in contractual service margin (CSM) (£m)	**294**	355
Operating capital generation (£m)	**933**	996
Total capital generation (£m)	**1,108**	358
Shareholder Solvency II coverage ratio (%)	**223%**	203%
Dividend per share (p)	**20.1**	19.7
Assets under management and administration (AUMA) (£bn)	**345.9**	343.5
Net flows from open business[ii] (£bn)	**(1.9)**	1.7

i Definitions of key performance measures are provided in the Supplementary information section of the Annual Report and Accounts on pages 341 and 342.

ii Net flows from open business represent gross inflows less gross outflows and provides useful insight into the growth of the business. Gross inflows are new funds from clients. Gross outflows are money withdrawn by clients during the period. Net flows from open business consist of net client flows in Asset Management, PruFund, Shareholder annuities and the elements of Other Life which are open to new business.

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Notes to editors

1. The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, as adopted by the UK, and the Disclosure and Transparency Rules of the Financial Conduct Authority.
2. The results include transitional measures, which are presented assuming a recalculation as at the valuation date, using management's estimate of the impact of operating and market conditions. As at 31 December 2024, the recalculation has been performed and the positions are aligned, reflecting changes to the UK's prudential regime allowing recalculation of the transitional measures at each reporting date. As at 31 December 2023, the recalculation has been approved for the reporting date and the positions were aligned.
3. Total number of M&G plc shares in issue as at 31 December 2024 was 2,407,168,284.
4. A live webcast of the Full Year 2024 Results presentation and Q&A will be hosted by Andrea Rossi (CEO) and Kathryn McLeland (CFO) on Wednesday 19th March at 9:30 GMT. Register to join at: M&G plc Full Year Financial Results 2024 | Issuer Services | LSEG. The Results presentation will be available to download from 07:00 BST on our Results web page: https://www.mandg.com/investors/results-reports-and-presentations

Dividend to be paid in May 2025

Ex-dividend date	27 March 2025
Record date	28 March 2025
Payment of dividend	9 May 2025

About M&G plc

M&G plc is a leading international savings and investments business, managing money for around 4.5 million retail clients and more than 900 institutional clients in 39 offices worldwide. As at 31 December 2024, we had £345.9 billion of assets under management and administration. With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our retail and savings clients under the M&G and Prudential brands in the UK and Europe, and under the M&G Investments brand for asset management clients globally.

Additional Information

M&G plc, a company incorporated in the United Kingdom, is the ultimate parent company of The Prudential Assurance Company Limited (PAC). PAC is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.

Forward-Looking Statements

This document may contain certain 'forward-looking statements' with respect to M&G plc (M&G) and its affiliates (the Group), its plans, its current goals and expectations relating to future financial condition, performance, results, operating environment, strategy and objectives. Statements that are not historical facts, including statements about M&G's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'could', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks', 'outlook' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections which are current as at the time they are made, and therefore persons reading this announcement are cautioned against placing undue reliance on forward-looking statements. By their nature, forward-looking statements involve inherent assumptions, risk and uncertainty, as they generally relate to future events and circumstances that may not be entirely within M&G's control. A number of factors could cause M&G's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to: changes in domestic and global political, economic and business conditions; market-related conditions and risk, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, corporate liquidity risk and the future trading value of the shares of M&G; investment portfolio-related risks, such as the performance of financial markets generally; legal, regulatory and policy developments, such as, for example, new government initiatives and regulatory measures, including those addressing climate change and broader sustainability-related issues, and broader development of reporting standards; the impact of competition, economic uncertainty, inflation and deflation; the effect on M&G's business and results from, in particular, mortality and morbidity trends, longevity assumptions, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of internal projects and other strategic actions, such as transformation programmes, failing to meet their objectives; changes in environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the Group's control; the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change and broader sustainability-related issues effectively; the impact of operational risks, including risk associated with third-party arrangements, reliance on third-party distribution channels and disruption to the availability, confidentiality or integrity of M&G's IT systems (or those of its suppliers); the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which the Group operates; and the impact of legal and regulatory actions, investigations and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Any forward-looking statements contained in this document speak only as of the date on which they are made. M&G expressly disclaims any obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, or other applicable laws and regulations. This report has been prepared for, and only for, the members of M&G, as a body, and no other persons. M&G, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. Nothing in this document should be construed as a profit forecast. The information contained in this document does not constitute an offer to sell or otherwise dispose of or an invitation or solicitation of any offer to purchase or subscribe for any securities in the Group.

Group Chief Executive Officer's statement

The strength of our business model underpins our progress over 2024

In 2024 we delivered meaningful progress across our three strategic pillars of financial strength, simplification and growth. Our balanced and integrated business model, based on gathering assets and investing for the long term remains a source of competitive advantage, underpinning progress across our business and enabling us to thrive together with our colleagues, customers, clients, shareholders and communities.

Financial strength

In September this year we announced an upgrade to our three year cumulative operating capital generation target for 2022 to 2024 to £2.7 billion reflecting our effective capital management. I am delighted that we exceeded this upgraded target by generating £2.75 billion over the three years and improved our Shareholder Solvency II coverage ratio to 223%. We also completed our deleveraging actions to reduce our debt by £461 million resulting in a lower Solvency II leverage ratio of 33%.

Given our confidence in the outlook of the business we are announcing a new three year cumulative operating capital generation target of £2.7 billion. This excludes the new business strain of the Life business to reflect our strategic growth plans over the period.

Simplification

We have continued to simplify our business to provide a better level of service to our customers and clients. This is reflected in the increase in our Life Net promoter score to +22 over 2024.

In September, we announced our decision to focus and rationalise our Wealth strategy. Our new focus is to continue to grow the distribution of our own solutions through our restricted advice channel and independent advisers, and make our propositions more accessible on third party platforms. We have simplified our operating model by bringing together Wealth and Life under the leadership of Clive Bolton. Underpinning this decision is our ongoing drive to deliver improved client outcomes.

Over the course of the year we have moved at pace on our transformation efforts, delivering £188 million of savings in the first two years of the programme. Given this progress, we are upgrading our cost target, again, to £230 million by end of 2025.

Growth

I am pleased with our adjusted operating profit, up 5% year-on-year, driven by a strong Asset Management result, which improved by 19%. We achieved this improvement in Asset Management adjusted operating profit while continuing to invest in internationalising the business and expanding our private markets capabilities. Through acquiring BauMont Real Estate Capital in 2024 and the agreement to purchase a 70% controlling stake of P Capital Partners at the start of 2025, we are making selective acquisitions that fit with our overall strategy of investing in areas with high growth potential for our asset management business.

We continued to deliver strong investment performance with 63% of our Wholesale funds ranked in the upper two performance quartiles over three years and 59% over five years as of 31 December 2024. In Institutional asset management, over 75% of funds by AUMA outperformed their benchmarks on a three and five year basis.

In Life, we continued to build our presence in the Bulk Purchase Annuity (BPA) market. We increased new business volumes for BPAs by 50% year-on-year, reached £0.9 billion of premiums, and helped to offset the run-off of the in-force book. Through propositions such as the innovative Value Share BPA and our Fixed Term Annuity recently launched at the start of 2025, we can offer customers a compelling product range combining guaranteed, smoothed and unsmoothed solutions.

We remain well positioned to address client needs and capitalise on key market dynamics to drive growth opportunities in a disciplined and controlled way.

To support our growth priority we have set a new financial target for the three years 2025-2027 to grow adjusted operating profit before tax by 5% or more on average per annum.

Empowering our colleagues and making a difference

We continue to build a workplace where everyone can flourish in a safe and inclusive environment. A particular focus has been the embedding of our new behaviours launched in 2024, including through a series of well-attended colleague-wide learning experiences offered throughout the year. We have also focused on how the Group is fostering opportunity in hiring practices, development pathways and increased diversity to enhance business performance. Our inclusive culture continues to make a positive impact in enabling our colleagues to deliver on our priorities and making a real difference to wider society through community initiatives. During 2024 we have also evolved our sustainability strategy to better align with what matters to us as a business, with a particular focus on our investment and social impact expertise.

After a successful year, I would like to say thank you to our M&G colleagues for all their hard work and dedication and to my leadership team who continue to drive the business forward. We welcomed Shawn Gamble, Group Chief Risk and Compliance Officer and Chris Cochrane, Chief Information and Technology Officer, to the Group Executive Committee (GEC), who are already making a significant contribution. I also want to thank Caroline Connellan, who left the business in 2024, and wish her the best for the future.

Outlook

As I look ahead to 2025, the environment we operate in remains challenging. Increased geopolitical uncertainty and market volatility continue to weigh on customer and client sentiment and pose a significant challenge to financial institutions across the globe. At M&G, we are confident that we can navigate this uncertain environment by leveraging the strength of our business model which we believe will remain a source of competitive advantage.

As we move into the next phase of our transformation we remain focused on delivering sustainable, profitable growth for our shareholders and attractive outcomes for our customers and clients.

Andrea Rossi
Group Chief Executive Officer

Chief Financial Officer's statement

Our results demonstrate further progress across our three strategic pillars despite challenges on flows

I am pleased to present our 2024 results which demonstrate further delivery on our strategy. My highlights for the year include reducing the leverage ratio to 33% and delivering cumulative operating capital generation of £2.75 billion since 2022, enabling us to beat our upgraded three year target of £2.7 billion.

Our transformation programme has continued to move at pace as we progress towards our objective of building a stronger, simpler and more efficient business. Across the whole business we have delivered cumulative cost savings of £188 million to date, and we have upgraded our three year cost saving target to £230 million savings by end 2025. But our simplification journey won't end there. Our Asset Management Cost to Income ratio improved to 76% from 79%, benefitting from both lower costs, as well as revenue growth. We remain committed to achieving a 70% Cost to Income ratio through further operational discipline and profitable growth.

AUMA and net client flows

Total AUMA has increased to £345.9 billion (2023: £343.5 billion), benefitting from the acquisitions of BauMont Real Estate Capital Limited in Asset Management and, in Life, a further stake in Continuum, alongside positive market movements.

Following the announcement during the year to combine our Life and Wealth segments and recognising the repositioning of the Life business to deliver growth, we have revised our flows key performance measure to Net flows from open business. Net flows from open business, which primarily includes flows from asset management, PruFund, shareholder annuities and advice, were outflows of £1.9 billion (2023: £1.7 billion inflows).

Wholesale net flows were neutral (2023: £1.5 billion inflows) with strong investment performance helping to counter challenges seen in the market over 2024 primarily due to high yields. In Institutional, we experienced net outflows of £0.9 billion (2023: £0.7 billion) with continuing net inflows in our International channels, offset by UK net outflows. Now more than half of our third party assets are from clients outside of the UK.

In Life, PruFund net outflows of £0.9 billion (2023: £1.0 billion inflows) were also impacted by the high interest rate environment. Over the second half of 2024 we have started to see some positive momentum in PruFund flows. After writing three new BPA deals in the year, including our first Value Share BPA, a unique proposition, we have now written £1.5 billion of new annuity business since we re-entered the market in 2023.

Earnings

Despite the headwinds I set out in March last year, adjusted operating profit before tax (AOP) increased by 5% to £837 million (2023: £797 million) reflecting a significant 19% increase in AOP from Asset Management and a modest decrease in Life AOP. Looking forward we are now targeting AOP annual growth of 5% or more on average over the three years 2025-2027.

Our 2024 IFRS result has been significantly impacted by the continued increase in yields over the year, with the unrealised fair value losses on the surplus assets in the annuity portfolio and the fair value losses on the interest rate hedging we have in place to protect our Solvency II capital position leading to a significant loss after tax attributable to equity of £347 million (2023: £309 million profit). The loss from mismatches arising on application of IFRS 17 increased to £333 million (2023: £41 million) driven by an reduction in the fair value of the non-profit annuities in the With-Profits Fund.

Operating Change in Contractual Service Margin (CSM) decreased to £294 million (2023: £355 million), benefitting from positive longevity assumption changes in shareholder annuities partly offset by the impact from lower expected rates of return and the rebuild of the prospective with-profits modelling in relation to the PruFund and traditional with-profits businesses. The CSM was also impacted by positive market movements leading to a 10% increase since the start of the year to £6.0 billion (2023: £5.5 billion).

Capital and liquidity

As at 31 December 2024, our shareholder Solvency II coverage ratio increased to 223% (2023: 203%) including the impact of deleveraging actions totaling £461 million taken during the year. These actions had the effect of reducing our leverage ratio to 33% (2023: 35%).

Operating capital generation for 2024 remained strong at £933 million (2023: £996 million), with an improved result from Asset Management partly offsetting a lower contribution from Life, meaning our cumulative operating capital generation since 1 January 2022 exceeded our upgraded target of £2.7 billion that we announced in our half year results.

We are now targeting a further £2.7 billion cumulative operating capital generation (excluding new business strain) for the three years to 2027. Total capital generation of £1,108 million (2023: £358 million) benefited from an improved result from market movements and the impact of removing the eligible own funds restriction in place in 2023.

Dividend

We paid an interim ordinary dividend of £157 million equal to 6.6 pence per share on 18 October 2024. A second interim dividend, under our new progressive dividend policy, of £321 million equal to 13.5 pence per share will be paid on 9 May 2025, which means 20.1 pence per share of total dividends will be paid to shareholders in relation to 2024.

I am confident that we are well positioned to navigate the uncertain external environment and maintain our capital strength and deliver profitable growth over the long term, following the momentum seen in Asset Management over 2024 and the repositioning of the Life business, alongside the actions we are taking to simplify the business and increase efficiency.

Kathryn McLeland
Chief Financial Officer

AUMA and net client flows

AUMA increased over the year with positive market movements offsetting net client outflows

Assets under management and administration (AUMA) increased by £2.4 billion to £345.9 billion (31 December 2023: £343.5 billion) as a result of favourable market movements which offset total net outflows of £9.5 billion (2023: £4.7 billion). The acquisition of a further stake in Continuum in March 2024 increased AUMA by £2.0 billion and a further £1.1 billion was a result of the acquisition of BauMont Real Estate Capital (BauMont) in October 2024.

Net flows from open business primarily includes flows from Asset Management, PruFund, Shareholder annuities and advice which have fallen to net outflows of £1.9 billion (2023: £1.7 billion inflows) mainly due to challenging market conditions. Net outflows from Shareholder annuities have improved following £0.9 billion of bulk purchase annuity (BPA) inflows.

The following table shows an analysis of AUMA and net client flows by segment:

	Net client flows For the year ended 31 December						AUMA[i] As at 31 December	
	Net flows from open business		Net flows other		Total net client flows			
	2024 £bn	2023 £bn	2024 £bn	2023 £bn	2024 £bn	2023 £bn	2024 £bn	2023 £bn
Institutional Asset Management[ii]	**(0.9)**	(0.7)	**—**	—	**(0.9)**	(0.7)	**96.1**	98.2
Wholesale Asset Management[ii]	**—**	1.5	**—**	—	**—**	1.5	**62.8**	55.0
Other Asset Management	**—**	—	**—**	—	**—**	—	**0.9**	1.0
Total Asset Management	**(0.9)**	0.8	**—**	—	**(0.9)**	0.8	**159.8**	154.2
With-profits: PruFund	**(0.9)**	1.0	**—**	—	**(0.9)**	1.0	**64.0**	61.2
With-profits: traditional	**–**	–	**(4.8)**	(4.2)	**(4.8)**	(4.2)	**61.6**	65.0
Shareholder annuities	**(0.2)**	(0.4)	**–**	–	**(0.2)**	(0.4)	**15.1**	15.8
Other Life[ii]	**0.1**	0.3	**(2.8)**	(2.2)	**(2.7)**	(1.9)	**44.4**	46.0
Total Life[iii, iv]	**(1.0)**	0.9	**(7.6)**	(6.4)	**(8.6)**	(5.5)	**185.1**	188.0
Corporate assets	**—**	—	**—**	—	**—**	—	**1.0**	1.3
Total	**(1.9)**	1.7	**(7.6)**	(6.4)	**(9.5)**	(4.7)	**345.9**	343.5

i £18.0 billion (31 December 2023: £14.1 billion) of total AUMA relates to assets under advice.

ii £5.7 billion AUMA relates to M&G Direct, transferred from Life to Asset Management and £2.1 billion Group Investment Linked Plan business transferred from Asset Management to Life. Both transfers took effect from 31 December 2024.

iii £156.1 billion of AUMA of Life is managed internally by the Group's Asset Management business (31 December 2023: £160.3 billion).

iv Previous operating segments 'Life' and 'Wealth' have been replaced with one new operating segment, 'Life'. Comparatives for 2023 are presented on the new segment basis. PruFund includes both UK and non-UK.

Asset Management

Asset Management remained resilient with net client outflows of £0.9 billion (2023: £0.8 billion net client inflow) reflecting net neutral flows in Wholesale despite challenging market conditions and an improvement in net client outflows in UK Institutional as we continue to grow the International business.

International Institutional Asset Management net client inflows were £2.9 billion (2023: £5.4 billion). A focus on strengthened performance for the international business, particularly in fixed income channels, attracted net client inflows but this was impacted by one-off larger redemptions in South Africa and Australia. The net client inflows in International were offset by net client outflows from Institutional Asset Management in the UK, which reduced to £3.8 billion compared to £6.1 billion in 2023, with ongoing de-risking in defined benefit corporate schemes driving continued outflows. Poorer performance in Real Estate across UK and International dampened flows with net outflows £0.5 billion (2023: £0.2 billion).

Institutional AUMA reduced £2.1 billion to £96.1 billion as at 31 December 2024. As part of the reorganisation of the business to two segments, £2.1 billion of Group Investment Linked Plan business transferred from Asset Management to Life, which combined with the net client outflows of £0.9 billion more than offset the increase of £1.1 billion AUMA from the acquisition of BauMont.

Our expertise in private assets, which offers private fixed income, alternatives, real estate and infrastructure equity offerings, is a key component of our Institutional investment capability, and represents a resilient, high-margin source of revenues. Our private assets under management increased modestly to £74.1 billion of AUMA as at 31 December 2024 (31 December 2023: £73.4 billion) strengthened by our acquisition of BauMont.

In Wholesale Asset Management, challenges seen in the market throughout 2024 are reflected in the net nil flows (2023: £1.5 billion net inflows). We continue to feel the impact of some clients adjusting their investment strategy to low risk alternatives, particularly in the UK. This has been offset by growth in our specialised Investment Solutions channel, which secured further mandates and net inflows during 2024.

Our Wholesale funds performance continues to be strong, with 53%, 63% and 59% of our Wholesale funds ranked in the upper performance quartiles over one, three and five years as of 31 December 2024 (2023: 51%, 64% and 69% over one, three and five years).

Wholesale AUMA increased £7.8 billion to £62.8 billion as at 31 December 2024, benefitting from the transfer of M&G Direct business with AUMA of £5.7 billion at 31 December 2024 from Life as part of the reorganisation of the business. Wholesale AUMA also benefitted from market and other movements of £2.1 billion due, in particular, to stronger equity markets in the UK, US and Europe.

Life

As we reposition our Life business for continued growth, flows were bolstered by gross client inflows from bulk purchase annuity (BPA) transactions in 2024 of £0.9 billion (2023: £0.6 billion) including inflows from our first Value Share BPA transaction, which is unique in the market. However, total net client outflows from open business for Life were £1.0 billion (2023: £0.9 billion net client inflows) due to outflows from PruFund. Life net client flows from open business includes PruFund, Shareholder annuities and advice.

PruFund, our insurance-based smoothing solution offering a blend of public and private investments to clients, had net client outflows of £0.9 billion (2023: £1.0 billion net client inflows) with the continued higher interest rate environment contributing to the outflows as clients are attracted to cash and guaranteed solutions. Over the second half of 2024, we experienced improvements in both gross inflows and outflows to PruFund leading to a narrowing of net outflows.

Shareholder annuities net client outflows of £0.2 billion (2023: £0.4 billion) include the gross client inflows from BPAs offset by the expected outflows from annuities in payment of £1.1 billion (2023: £1.0 billion).

Other Life includes advice net inflows of £0.6 billion (2023: £0.7 billion) including £0.3 billion net inflows following the acquisition of a further stake in Continuum in March 2024.

Total net client flows from the Life business were £8.6 billion outflows (2023: £5.5 billion) with expected net outflows for our traditional with-profits business and other small closed books of business of £7.6 billion (2023: £6.4 billion) adding to the net client outflows from open business.

Total Life AUMA reduced £2.9 billion to £185.1 billion due to the net client outflows which were partly offset by positive market and other movements of £5.7 billion, including £2.0 billion following the acquisition of a further stake in Continuum.

Earnings

Adjusted operating profit grows 5% with IFRS result impacted by high interest rates

Adjusted operating profit before tax

Adjusted operating profit before tax increased by 5% to £837 million for the year ended 31 December 2024 (2023: £797 million), an increase of 19% in Asset Management was partly offset by a small reduction in Life.

The following table shows an analysis of adjusted operating profit before tax by segment:

For the year ended 31 December	2024 £m	2023 £m
Asset Management	**289**	242
Revenue[i]	**1,008**	995
Costs	**(774)**	(791)
Performance fees	**35**	30
Investment income and minority interest	**20**	8
Life[ii]	**746**	755
With-profits: PruFund	**226**	236
With-profits: traditional	**222**	263
Shareholder annuities	**308**	331
Other Life	**(10)**	(75)
Corporate Centre[ii]	**(198)**	(200)
Adjusted operating profit before tax	**837**	797

i £324 million of the revenue is in respect of assets managed on behalf of Life (2023: £309 million).

ii Previous operating segments 'Life' and 'Wealth' have been replaced with one new operating segment, 'Life'. The comparatives for Life and Corporate Centre have been restated to reflect the revised segments and the adjustment of some advice-related costs.

Asset Management

Asset Management adjusted operating profit before tax increased to £289 million for the year ended 31 December 2024 (2023: £242 million) driven by the combination of a 1% increase in revenue to £1,008 million (2023: £995 million) and a 2% reduction in operating costs to £774 million (2023: £791 million). We are starting to see the impact of the actions to grow and simplify the Asset Management business as part of our strategy. Cost reductions from the delivery of initiatives that are part of our transformation programme more than offset the impact of inflation and demonstrate the continued focus on cost discipline. This is reflected in the improvement in the cost/income ratio for the Asset Management business to 76% (2023: 79%).

Revenue earned by Institutional Asset Management was £594 million (2023: £588 million). This increase primarily reflects higher fees earned on public fixed income investments driven by higher average AUMA across the year, partly offset by reductions in revenue from the Real Estate business as a result of lower property valuations. In Wholesale Asset Management, revenue increased to £414 million (2023: £407 million) due to higher AUMA.

The average fee margin for Asset Management of 32bps for 2024 was marginally down from 33 bps for 2023. Average fee margins in the Institutional Asset Management business decreased to 38 bps for 2024 from 39 bps for 2023, while Wholesale Asset Management fee margins reduced to 56 bps in 2024 from 58 bps in 2023 mainly due to the concentration of new flows in lower margin funds.

Asset management adjusted operating profit before tax has also benefited from an increase in investment return of £12 million to £36 million (2023: £24 million) reflecting foreign exchange revaluation gains. Investment return relates to returns on seed investments, units held to hedge management incentive schemes, interest income on cash balances and any foreign exchange revaluation impacts.

Life

Adjusted operating profit before tax from our Life business reduced by £9 million to £746 million (2023: £755 million) with decreases in with-profits and shareholder annuities, offset by an improvement in the result in Other Life.

With-profits: PruFund

The table below shows a further analysis of the adjusted operating profit before tax from PruFund:

	2024 £m	2023 £m
CSM release to adjusted operating profit	**221**	242
Expected return on excess assets[i]	**18**	33
Other	**(13)**	(39)
PruFund adjusted operating profit before tax	**226**	236

i Excess assets net of financial liabilities.

The Contractual Service Margin (CSM) for PruFund is primarily based on the expected value of future shareholder transfers. A decrease in the CSM amortisation rate, driven by strengthening of persistency assumptions at the end of 2023, results in profit being spread over a longer period and is the main driver of the reduction in the amount of CSM released to adjusted operating profit. The CSM release of £221 million (2023: £242 million) is 10.8% (2023: 11.6%) of the opening CSM attributable to the shareholder for this business.

The expected return on excess assets decreased by £15 million to £18 million (2023: £33 million). As the expected rate of return is set at the start of the reporting period, a rise in risk-free rates over 2023 and a reduction in the excess assets allocated to cash resulted in a higher expected rate of return in 2024 of 6.8% compared to 6.0% in 2023, which resulted in a £7 million increase in the expected return on shareholders' share of excess assets allocated to PruFund. However, this was more than offset by an increase of £22 million to £31 million (2023: £9 million) in the loss from the swap arrangement to monetise a proportion of future shareholder transfers entered into between the With-Profits Fund and the shareholder in 2023 due to the timing of the transaction.

The reduction of other losses by £26 million to £13 million (2023: £39 million) is primarily due to 2023 including a one off loss of £28 million at the date the swap arrangement between the With-Profits Fund and the shareholder was transacted due to the valuation difference between the real world valuation of the swap liability created relative to the IFRS 17 measurement basis.

With-profits: traditional

The table below shows a further analysis of the adjusted operating profit before tax from traditional with-profits business:

	2024 £m	2023 £m
CSM release to adjusted operating profit	**198**	238
Expected return on excess assets	**36**	35
Other	**(12)**	(10)
Traditional with-profits adjusted operating profit before tax	**222**	263

The CSM for traditional with-profits at the start of 2024 is lower than at the start of 2023, largely as a result of negative market movements over 2023. There has also been the reduction in the CSM amortisation rate for PruFund as outlined above. Both of these factors result in a reduction in the amount of CSM released to adjusted operating profit to £198 million (2023: £238 million). This represents 12.8% (2023: 14.0%) of the opening CSM attributable to the shareholder. The amortisation rate of the traditional with-profits business is greater than PruFund as this business is more mature and is running off faster.

The expected return on the shareholders' share of excess assets in traditional with-profits has increased by £1 million to £36 million (2023: £35 million). The expected rate of return is set at the same rate for all the With-Profits Fund excess assets and therefore, has increased for excess assets allocated to traditional with-profits in line with PruFund. The impact from the increase in expected rate of return to 6.8% largely offsets the impact from the slight reduction in excess assets allocated to the traditional with-profits business due to it being in structural run-off.

The other loss of £12 million (2023: £10 million) primarily relates to expense overruns on group pensions new business.

Shareholder annuities

The table below shows a further analysis of the adjusted operating profit before tax from shareholder annuities:

	2024 £m	2023 £m
Expected return on excess assets	**147**	205
CSM release	**113**	96
Risk adjustment unwind	**21**	19
Asset trading and portfolio management actions	**—**	2
Experience variances	**2**	9
Other provisions and reserves	**25**	—
Shareholder annuities adjusted operating profit before tax	**308**	331

Shareholder annuities adjusted operating profit before tax has decreased by £23 million to £308 million (2023: £331 million). The recurring sources of earnings from the annuity book are primarily the returns on excess assets over and above the IFRS 17 insurance liabilities based on long-term expected investment returns and the release of the CSM.

The expected return on excess assets, has decreased by £58 million to £147 million as a result of a reduction in the expected rate of return and in the value of the excess assets. The expected rate of return is set at the start of the reporting period and reduced from 6.6% for 2023 to 5.6% for 2024, driven by a reduction in expected risk premium above the risk-free rate. The expected risk premium has reduced due to a move into more liquid assets in the annuity portfolio to support writing of BPAs.

The release of the CSM to adjusted operating profit for shareholder annuities was £113 million compared to £96 million in 2023, benefitting from a higher CSM. The CSM release is calculated based on the opening CSM adjusted for new business, interest accreted and assumption changes during the period. The main driver of the higher CSM arises from changes to our assumptions on future mortality improvements which contributed £244 million. The CSM released represents 7.6% of the 2024 CSM before amortisation (2023: 7.2%).

Other provisions and reserves of £25 million (2023: £nil) in 2024 relates to a change in persistency assumptions to reflect experience on the lifetime mortgages book. The experience shows an overall expected increase in early redemptions however the loss has been more than offset by a reduction in the value of the guarantee provided to protect against negative equity on this book, resulting in an overall gain of £25 million.

The credit quality of fixed income assets in the annuity portfolio remained strong in 2024. 99% of the debt securities held by the shareholder annuity portfolio are investment grade and only 18% are BBB. In addition, over 82% of the shareholder annuity portfolio is held in debt securities categorised either as Risk Free or Secured (including cash). The downgrade experience (defined as movements in BBB notching and, otherwise, letter downgrades) in 2024 has been relatively light, with less than 3% of bonds in the shareholder annuity portfolio subject to a downgrade, and overall a net upgrade in bonds has occurred in 2024.

Other Life

The improvement in Other Life of £65 million to £10 million loss (2023 £75 million loss) is primarily due to a number of differing one-off items in 2023 and 2024. These include the loss of £24 million in 2023 due to an increase in the provision in 2023 under an agreement to reimburse the With-Profits Fund for its contribution to the costs for growing the business written in Poland that did not repeat in 2024 and a £4 million benefit in 2024 following the exit of our digital wealth partnership with MoneyFarm at the end of 2023. Additionally, actions taken to improve profitability of our platform and advice businesses and the cost base in our service companies contributed to the reduced loss in 2024.

Corporate Centre

The loss in Corporate Centre has decreased by £2 million to £198 million (2023: £200 million) as a reduction in finance costs on subordinated debt, following repurchase and redemption of the subordinated notes in June and July 2024, was partly offset by a reduction in interest income and profit from our treasury operations. Underlying Head Office expenses remained broadly flat on 2023.

Operating change in Contractual Service Margin (CSM)

Operating change in CSM decreased to £294 million in the year ended 31 December 2024 (2023: £355 million). The reduction in contribution from with-profits is driven by a change in the value of projected future shareholder transfers and is partly offset by an increase in shareholder annuities, primarily due to a large benefit from longevity assumption changes. The CSM also benefitted from positive market movements leading to a 10% increase since the start of the year to £6.0 billion (2023: £5.5 billion).

The following table shows a breakdown of the operating change in CSM:

For the year ended 31 December	2024 £m	2023[i] £m
With-profits: PruFund	**99**	244
With-profits: traditional	**23**	67
Shareholder annuities	**172**	36
Other	**—**	8
Operating change in CSM	**294**	355

i Previous operating segments 'Life' and 'Wealth' have been replaced with one new operating segment, 'Life'. Comparatives for 2023 are presented on the new segment basis. PruFund UK and non-UK business were previously presented separately in 'Wealth' and 'Life' operating segments, respectively.

With-profits: PruFund

The following table provides an analysis of the key drivers of the operating change in the CSM for PruFund:

For the year ended 31 December	2024 £m	2023 £m
Expected real-world return	**320**	339
Release of CSM to adjusted operating profit	**(221)**	(242)
New business	**71**	108
Assumption changes and variances	**(71)**	39
With-profits: PruFund operating change in CSM	**99**	244

The expected real-world return on the CSM for PruFund business more than offset the release of the CSM to adjusted operating profit, resulting in a net contribution to operating change in CSM of £99 million (2023: £97 million). The expected rate of return is determined at the start of the year and is applied to the Variable Fee[i]. The expected rate of return decreased to 8.2% for 2024 (2023: 8.5%), driven by our view of long-term excess returns on equities above risk-free rates falling. The impact of this on the expected real-world return is partly offset by the impact of the increase in the opening Variable Fee, reflecting the growth of the business over 2023.

PruFund new business contribution to the CSM reduced to £71 million (2023: £108 million), the decrease relative to 2023 mainly reflects the lower levels of new business consistent with the reduction in inflows for PruFund.

The loss from assumption changes and variances of £71 million (2023: £39 million gain) in 2024 is primarily a result of a reduction in projected future shareholder transfers, mainly due to a reduction in expected future investment return assumption changes following a full rebuild of our prospective with-profits modelling. The gain in 2023 was driven by a reduction in expected future investment management expenses on PruFund business.

With-profits: Traditional

The following table provides an analysis of the key drivers of the operating change in the CSM for traditional with-profits:

For the year ended 31 December	2024 £m	2023 £m
Expected real-world return	**272**	309
Release of CSM to adjusted operating profit	**(198)**	(238)
Assumption changes and variances	**(51)**	(4)
With-profits: traditional operating change in CSM	**23**	67

The expected real-world return more than offsets the release of the CSM to adjusted operating profit, resulting in a net contribution to operating CSM of £74 million (2023: £71 million). The expected rate of return decreased to 8.2% pa for 2024 (2023: 8.5% pa), for the same reasons as noted for PruFund. However, there was also a reduction in opening Variable Fee for traditional with-profits reflecting the structural run-off of the business. Both the reduction in expected rate of return and lower opening Variable Fee contributed to the fall in the expected real-world return to £272 million (2023: £309 million).

The loss from assumption changes and variances was £51 million (2023: £4 million) in 2024. Similar to PruFund this has been impacted by the full rebuild of our prospective with-profits modelling, largely explaining the movement. The impact is smaller than for PruFund as the traditional book is less sensitive to changes in future investment return. The 2023 loss was primarily due to negative persistency experience compared to our long term assumptions.

i The Variable Fee is the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. Further information is provided in Note 1.5 to the consolidated financial statements in the 2024 Annual Report and Accounts.

Shareholder annuities

The following table provides an analysis of the key drivers of the operating change in the CSM for shareholder annuities:

For the year ended 31 December	2024 £m	2023 £m
Interest accreted on the CSM	**37**	30
Release of CSM to adjusted operating profit	**(113)**	(96)
New business	**17**	42
Assumption changes and variances	**231**	60
Shareholder annuities operating change in CSM	**172**	36

The increase in the interest accreted on the CSM, new business contribution and the benefit from assumption changes have more than offset the release of the CSM to adjusted operating profit resulting in a net contribution to operating change in CSM of £172 million (2023: £36 million).

Assumption changes and variances have increased to £231 million (2023: £60 million) due to changes to our assumptions on future mortality improvements which contributed £244 million partly offset by an increase in short-term expense assumptions. In 2023, the impact from longevity assumption changes was lower and also benefitted from favourable experience variances.

The contribution from new business to the operating change in CSM includes the bulk purchase annuity transactions completed and other top-ups on existing business.

Interest accreted on the CSM is calculated based on the opening CSM including new business and assumption changes. The impact of assumption changes has led to a £7 million increase in interest accreted on the CSM. The interest rate is based on the forward curve 'locked in' at IFRS 17 transition date (1 January 2022) and has remained at 2.3%.

IFRS result after tax

The following table shows a reconciliation of adjusted operating profit before tax to IFRS result:

For the year ended 31 December	2024 £m	2023 £m
Adjusted operating profit before tax	**837**	797
Short-term fluctuations in investment returns	**(643)**	(171)
Mismatches arising on application of IFRS 17	**(333)**	(41)
Amortisation and impairment of intangible assets acquired in business combinations	**(115)**	(39)
Profit on disposal of business and corporate transactions	**11**	—
Restructuring costs and other[i]	**(106)**	(141)
IFRS (loss)/profit before tax and non-controlling interests attributable to equity holders	**(349)**	405
IFRS profit attributable to non-controlling interests	**17**	16
IFRS (loss)/profit before tax attributable to equity holders	**(332)**	421
Tax charge attributable to equity holders	**(15)**	(112)
IFRS (loss)/profit after tax attributable to equity holders	**(347)**	309

i Restructuring and other costs excluded from adjusted operating profit relate to transformation costs allocated to the shareholder. These differ to restructuring costs included in the analysis of administrative and other expenses in Note 7 to the consolidated financial statements in the 2024 Annual Report and Accounts which include costs allocated to the policyholder.

The IFRS result after tax attributable to equity holders for the year ended 31 December 2024 is a loss of £347 million (2023: £309 million profit). Adjusted operating profit before tax has been offset by losses on non-operating items predominately from short-term fluctuations in investment returns and an increased loss in the mismatches arising on application of IFRS 17.

Losses from short-term fluctuations in investment returns of £643 million (2023: £171 million) primarily comprise a £247 million loss (2023: £121 million loss) from the difference in actual and expected long-term investment return on surplus assets backing the shareholder annuity portfolio, which has increased due to a rise in yields during 2024 and a £227 million loss (2023: £4 million gain) on interest rate swaps purchased to protect the Solvency II capital position against falls in interest rates driven by rises in risk-free rates in 2024. There were also losses of £98 million (2023: £123 million loss) on hedging instruments held to protect the Solvency II capital position from falling equity markets, due to rises in equity values during the year.

Mismatches arising on application of IFRS 17 primarily relates to a mismatch which occurs in relation to non-profit annuity business in the With-Profits Fund generating a £239 million loss in 2024 (2023: £18 million loss). This mismatch increased in 2024 due to a reduction in the fair value of non-profit annuity business in the With-Profits Fund driven by a revised fair value calibration of the business to allow for the UK reforms to Solvency II and longevity assumption changes. Over the expected term of the contracts this mismatch is expected to slowly unwind as the profit on non-profit business in the With-Profits Fund is recognised. Additionally, the mismatch for annuities due to divergence between locked-in rate used to value the CSM and valuation discount rate of £89 million in 2024 (2023: £24 million) increased mainly due to a higher longevity assumption impact in 2024.

Amortisation and impairment of intangibles assets of £115 million (2023: £39 million) includes in 2024, £79 million impairment in relation to platform, advice and model portfolio service businesses following the refresh of our Wealth strategy and reassessment of growth forecasts in the current macro-economic environment, and £30 million impairment of responsAbility due to changes in forecast revenue synergies (see Note 13 to the consolidated financial statements in the 2024 Annual Report and Accounts).

Profit on disposal of business and corporate transactions includes gains resulting from the repurchase of subordinated notes in June 2024 (see Note 26 to the consolidated financial statements in the 2024 Annual Report and Accounts) of £29 million, partly offset by the increase in a provision for redress to customers in the platform business relating to matters which occurred prior to the Group's acquisition of the relevant business.

In the year ended 31 December 2024, restructuring costs and other of £106 million (2023: £141 million) mainly relates to £44 million in relation to actions taken to reduce our cost base and £21 million of investment spend in building out capacity in our Asset Management business.

The equity holders' tax charge for the year ended 31 December 2024 is £15 million (2023: £112 million tax charge) representing an effective tax rate of (4.5)% (2023: 26.6%). Excluding non-recurring items, the equity holders' effective tax rate is 12.0% (2023: 28.7%). The equity holders' effective tax rate of (4.5)% (2023: 26.6%) represents a tax charge on the equity holders' pre-tax loss. This rate diverges from the anticipated tax benefit at the UK statutory effective rate of 25.0% (2023: 23.5%), mainly due to the adverse effects of non-deductible expenses and differences in the taxation of the life insurance business.

Capital and liquidity

Operating capital generation cumulative 3 year target of £2.7 billion exceeded and improved leverage ratio of 33%

Capital generation

Operating capital generation of £933 million (2023: £996 million) continues to be strong, taking cumulative operating capital generation since the start of 2022 to £2.75 billion, and enabling us to beat our three-year cumulative target of £2.7 billion. Total capital generation was £1,108 million for the year ended 31 December 2024 (2023: £358 million) with lower operating capital generation being more than offset by a much improved result from market movements and the impact of removing the eligible own funds restriction.

The following table shows an analysis of total capital generation:

For the year ended 31 December	2024 £m	2023 £m
Asset Management	**261**	246
Life	**616**	726
Corporate Centre	**(233)**	(220)
Underlying capital generation	**644**	752
Other operating capital generation	**289**	244
Operating capital generation	**933**	996
Market movements	**(59)**	(507)
Restructuring and other	**(135)**	49
Tax	**153**	36
Eligible own funds restriction	**216**	(216)
Total capital generation	**1,108**	358

Underlying capital generation

Underlying capital generation reduced in the year ended 31 December 2024 to £644 million (2023: £752 million), mainly due to a £170 million reduction in shareholder annuities which was partly offset by an improved result from Asset Management.

For the year ended 31 December	2024 £m	2023 £m
Asset Management	**261**	246
Life[i]	**616**	726
With-profits: PruFund	**239**	240
– In-force	**264**	261
– New business	**(25)**	(21)
With-profits: traditional	**190**	182
Shareholder annuities	**197**	367
Other life	**(10)**	(63)
Corporate Centre[i]	**(233)**	(220)
Underlying capital generation	**644**	752

i Previous operating segments 'Life' and 'Wealth' have been replaced with one new operating segment, 'Life'. The comparatives for Life and Corporate Centre have been restated to reflect the revised segments and the adjustment of some advice-related costs.

In Asset Management, the impact of higher adjusted operating profit resulted in an improvement in own funds. This is partially offset by a reduction in the capital released in 2024.

The contribution to underlying capital generation from PruFund remained stable at £239 million (2023: £240 million). In-force business generated £264 million (2023: £261 million) reflecting the impact of reductions in the expected real-world return on shareholder transfers from 8.5% pa in 2023 to 8.2% pa in 2024, offset by the reduction in the impact from equity hedging following a decrease in exposure over 2023. New business strain from the PruFund business has increased to £25 million (2023: £21 million) due to a reduction in long-term risk free rates over 2023, which reduces the value of shareholder transfers, and more than offsets the reduction in new business strain from lower sales.

Traditional with-profits business generated underlying capital of £190 million, a slight increase on the prior year (2023: £182 million). The small improvement in underlying capital generation is driven by a fall in equity hedges over 2023, reflecting lower exposure to equity markets.

Underlying capital generation from shareholder annuities decreased to £197 million (2023: £367 million). A reduction in the surplus assets in the annuity portfolio, and a lower expected rate of return on the surplus assets, contributes £53 million of the reduction. A one-off reduction in underlying capital generation of £42 million in 2024 is due to the regulatory change at 31 December 2023 to remove a restriction that applied in relation to the transition from Solvency I to Solvency II. Underlying capital generation also includes the £64 million (2023: £12 million) capital strain of writing new bulk purchase annuities in 2024.

The negative contribution from Other Life has reduced in 2024 to £10 million from £63 million in 2023, mainly reflecting the movement in adjusted operating profit.

Corporate Centre negative contribution increased mainly due to higher costs.

Operating capital generation

Operating capital generation decreased to £933 million (2023: £996 million). The reduction in underlying capital generation is partly offset by an improvement in other operating capital generation.

For the year ended 31 December	2024 £m	2023 £m
Underlying capital generation	**644**	752
Model improvements	**160**	126
Assumption changes	**163**	(10)
Management actions and other (incl. experience variances)	**(34)**	128
Other operating capital generation	**289**	244
Operating capital generation	**933**	996

Other operating capital generation has increased to £289 million (2023: £244 million) with model improvements and assumption change benefits offsetting reductions in management actions and experience variances.

Model improvements of £160 million (2023: £126 million) include the impact from the full rebuild of the prospective with-profits modelling which took place in 2024. This rebuild reduces future shareholder transfers offset by a larger reduction in capital backing the shareholder transfers. Overall, the rebuild reflects that fewer management actions are taken to protect the With-Profits Fund which means under the 1-in-200 scenario shareholder transfers remain higher, reducing capital requirements. This has no impact on policyholder protection. The model change benefit in 2023 was largely a reduction in operational risk capital.

Assumption changes of £163 million (2023: £10 million loss) reflect the positive impact from changes to longevity assumptions consistent with the benefit seen in adjusted operating profit, due to lower assumed level of future mortality improvements.

Management actions and other largely reflect the £43 million beneficial impact of changes to the strategic asset allocation of the With-Profits Fund and £62 million contribution from distribution of excess surplus from the with-profits inherited estate which increases future shareholder transfers. These benefits are more than offset by £54 million increase in capital requirements on future new business and £77 million unfavourable non-market experience variances (2023: £55 million loss from experience variance). Asset trading in the annuity portfolio contributed £11 million in 2024 (2023: £52 million contribution).

Total capital generation

Total capital generation was £1,108 million for the year ended 31 December 2024 (2023: £358 million).

Market movements over 2024 have resulted in a negative impact of £59 million (2023: negative £507 million). The main drivers of market movements include a loss on interest rate swaps, designed to protect the Solvency II capital position in a falling interest rate environment, of £227 million (2023: £4 million gain) and a loss on the value of surplus assets in the annuity portfolio of £307 million (2023: £93 million loss). These losses are partly offset by a gain of £142 million (2023: £321 million loss) arising from a rise in the present value of shareholder transfers less equity hedges, driven by the increase in interest rates, and gains on other assets. Additionally, the reduction in Solvency Capital Requirements and risk margin net of TMTP attributable to market movements is a benefit of £254 million compared to £146 million in 2023 driven by the increase in risk-free rates. Market movements in 2023 included a negative impact of £264 million in respect of the UK Government's consultation on ground rents, which had £nil impact in 2024.

There are limits, prescribed by the regulator, on the amount of different types of own funds that can be used to demonstrate solvency. While the capital remains available to the Group, where the sum of capital classed as Tier 2 and Tier 3 exceeds 50% of the regulatory Group Solvency Capital Requirement (SCR), own funds must be restricted by this amount to determine eligible own funds. As at 31 December 2023 the restriction was £216 million which was released in the year ended 31 December 2024 following the subordinated debt deleveraging actions announced in June 2024.

Restructuring costs and other movements of £135 million (2023: £49 million) includes the impact on the capital position of restructuring costs which are relatively stable year on year. These are partly offset by the net benefits from the implementation of the Solvency UK reforms in the year which include the removal of the matching adjustment cap on sub-investment grade assets, applying the fundamental spread by notched credit rating in the capital calculation and the introduction of fundamental spread additions in the matching adjustment. These changes result in a £16 million capital benefit in 2024. In 2023, there was a £177 million benefit from the impact of the Solvency UK reforms, comprising a reduction in the risk margin and the removal of a restriction that applied in relation to transition from Solvency I to Solvency II.

Capital position

Shareholder Solvency II surplus and ratio

The Group's shareholder Solvency II coverage ratio increased to 223% (31 December 2023: 203%). Shareholder Solvency II surplus increased to £4.7 billion as at 31 December 2024 (31 December 2023: £4.5 billion), with a reduction in the SCR offsetting a decrease in eligible own funds. Eligible own funds includes Present Value of future Shareholder Transfers (PVST) of £4.3 billion (31 December 2023: £4.0 billion). The increase in surplus reflects the total capital generation of £1,108 million, partly offset by negative capital movements of £924 million. These were mainly the payment of dividends to shareholders and the impact of subordinated debt deleveraging actions. The reduction in SCR is driven by model changes and rise in yields.

Our With-Profits Fund continues to have a substantial Solvency II surplus and a coverage ratio of 284% (2023: 403%). The fall in ratio reflects a distribution of excess surplus from the With-Profits inherited estate and an increase in the SCR. A component of the increase in SCR arises from a full rebuild of the prospective with-profits modelling.

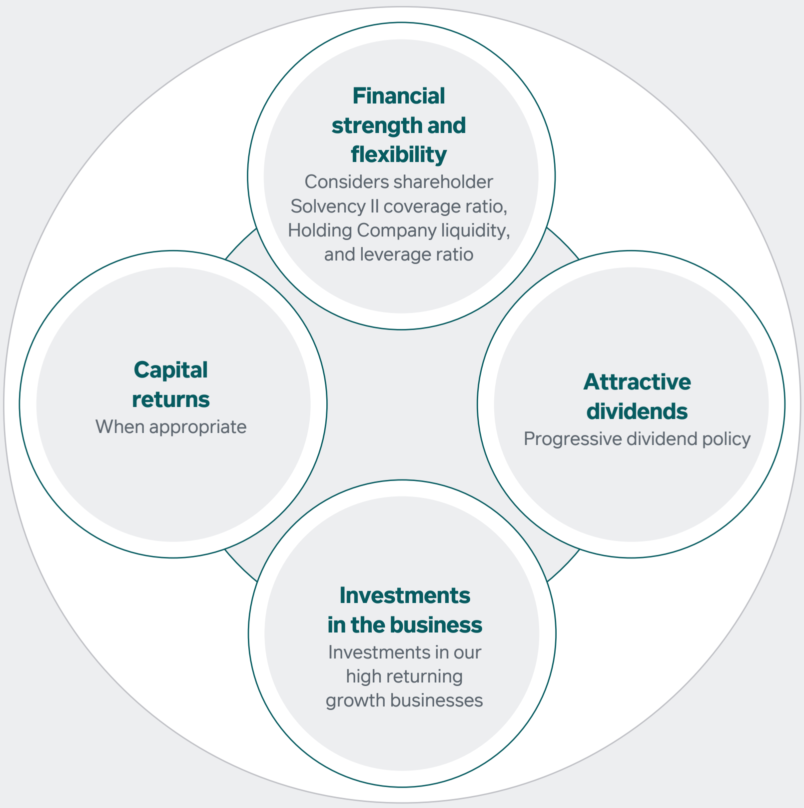
Reflecting the With-Profits Fund's strong solvency position, a decision was made to rationalise and simplify the number of protective management actions which may be taken in extreme stress scenarios to ensure that management are not unnecessarily constrained as regards the actions that they may take in extreme stress and thereby have appropriate freedom to act to protect the long-term interests of policyholders. This increases the capital requirements of the With-Profits Fund. The fund retains a substantial solvency buffer and there are no changes to policyholder outcomes.

The regulatory Solvency II coverage ratio of the Group as at 31 December 2024 is 168% (31 December 2023: 167%). This view of solvency combines the shareholder position and the With-Profits Fund, but excludes all surplus within the With-Profits Fund.

Capital Management Framework

The primary focus of our capital management framework is to maintain financial strength and reward shareholders with attractive returns. This is achieved through actively managing M&G's solvency position and the quality of capital held.

When deploying additional capital, we prioritise investments that can generate long-term sustainable earnings growth. Any investment is always measured against the financial attractiveness of capital returns, as well as our Risk Appetite Framework.



Leverage Ratio

As at 31 December	2024 £m	2023 £m
Nominal value of subordinated debt	**2,788**	3,242
Shareholder Solvency II own funds	**8,525**	9,143
Leverage ratio	**33%**	35%

The leverage ratio is defined as the nominal value of debt as a percentage of the shareholder view of M&G plc's Solvency II available own funds, which excludes any eligible own funds restriction noted in the capital position section above. Our leverage ratio of 33% (31 December 2023: 35%) has decreased as a result of the deleveraging actions announced in June 2024.

The deleveraging actions comprised a repurchase of £161 million of 5.56% Sterling fixed rate subordinated notes for a consideration of £150 million on 19 June 2024 and, on 20 July 2024, the redemption of all £300m 3.875% Sterling fixed rate subordinated loan notes in issue, as described in Note 26 to the consolidated financial statements in the 2024 Annual Report and Accounts.

Liquidity

The following table shows the movement in cash and liquid assets held by the Group's holding companies during the period:

For the year ended 31 December	2024 £m	2023 £m
Opening cash and liquid assets at the beginning of the period	**977**	986
Cash remittances from subsidiaries	**909**	725
Corporate costs	**(121)**	(129)
Interest paid on core structural borrowings	**(188)**	(189)
Debt repurchase and redemption[i]	**(450)**	—
Cash dividends paid to equity holders	**(468)**	(462)
Shares purchased by employee benefits trust	**(4)**	(5)
Acquisition of and capital injections into subsidiaries	**(22)**	(66)
Interest income on intercompany loans	**36**	42
Other	**61**	75
Closing cash and liquid assets at the end of the period[ii]	**730**	977

Cash remittances from subsidiaries have increased to £909 million compared to £725 million in 2023, reflecting the strong positions of both The Prudential Assurance Company Limited and M&G Group Limited. The increased remittances facilitated, in part, the payment of the repurchase and redemption of £450 million of subordinated notes as part of the deleveraging actions announced in June 2024, reflected in the reduced total cash and liquid assets balance of £730 million at the end of the year. Following these actions, we now expect to operate at the level of cash and liquid assets at 31 December 2024.

Other movements in cash and liquid assets held by the holding companies represent the dividends and payments that arise in the normal course of business, including the interest paid on structural borrowings of £188 million.

i On 19 June 2024 the Group completed a repurchase of £161 million of 5.56% sterling fixed rate subordinated notes for a consideration of £150 million. On 20 July 2024, the Group redeemed, at par, all £300m 3.875% sterling fixed rate subordinated loan notes. See note 26 to the consolidated financial statements in the 2024 Annual Report and Accounts for further information.

ii Closing cash and liquid assets at 31 December 2024 included a £705 million (2023: £940 million) inter-company loan asset with Prudential Capital plc, which acts as the Group's treasury function.