Market updates on impact of IFRS 17 and IFRS 9

Observations from investor presentations by selected insurance groups

March 2023
Introduction

Observations were taken from IFRS 17 and IFRS 9 impact presentations published in 2022 by a panel of 20 global insurance groups:

Background:
- Insurers are implementing IFRS 17 Insurance Contracts (IFRS 17) since 1 January 2023 and most of them are also applying IFRS 9 Financial Instruments (IFRS 9) at the same date for the first time.
- In 2022, several insurance groups published information to the investor community on the expected impacts of implementing IFRS 17 and IFRS 9 on their financial position and performance.

Analysis performed:
- We have selected a panel of 20 listed insurance groups who have globally adopted IFRS as their accounting framework. For these companies, we have analyzed and summarized the publicly available information on the impacts of implementing IFRS 17 and IFRS 9 from investor presentations.
- Our analysis considers investor information published up to 31 December 2022. During 2023, insurers will provide, or have already provided, further updates and details on the impact of IFRS 17 and IFRS 9 through various sources. This information has not been considered in this analysis.
- We intend to update our analysis during Q2 2023 as more information on the expected impacts of IFRS 17 and IFRS 9 becomes available.

Insurers by geography:
- 12 based in Continental Europe
- 03 based in Americas
- 05 based in UK

Segment:
- Life and Health: 6 groups underwrite only life and health business, that includes short- and long-term savings, and retirement products.
- Composite: 12 groups are composite and underwrite both P&C business and life business (with two of them also having major reinsurance segments).
- P&C: 2 groups underwrite only non-life business, that includes property and casualty products.
Highlights from IFRS 17/9 investor presentations
Executive summary: IFRS 17 has limited impact on overall financial strength and strategy, but impacts on equity and profit going forward could be significant

During their investor presentations, insurers focused on educating the analyst community on the direction of travel and the impact of IFRS 17 on day one equity and on future profitability/volatility:

Key highlights to investors:

► Most insurance groups expect minimal disruptions from IFRS 17 and IFRS 9. Strategy, cash flow, capital management and dividend capacity not expected to change.
► The CSM will become a key indicator of future profitability. Establishing the CSM and risk adjustment on transition has a downward impact on reported equity, but is a store of future earnings.
► Insurers highlighted the improvements in disclosures that IFRS 17 brings.
► KPIs are continuing the shift to cash flow-based metrics and are focusing on regulatory capital. New business measures and value added metrics may make use of the CSM going forward.
► Planned publication of IFRS 17 and IFRS 9 impacts in the year-end 2022 (YE22) financial results or annual report varies. Most do not plan to provide a detailed opening balance sheet and a restated 2022 P&L with their YE2022 results announcements.
► Publication of restated 2022 comparative numbers typically expected for 2Q 2023 (often alongside 1Q/1H 2023 presentations).

Key observations on IFRS 17/9 expected impacts:

► IFRS 17 could lift reported ROE, mostly because the transition shareholders' equity would be lower compared to IFRS 4:
  ► Due to the transition and accounting for the CSM, shareholders' equity will reduce for many of the insurers reporting, particularly for Life business.
  ► However, for the insurers presenting their ROE based on adjusted equity (excluding OCI and including CSM), this ratio should remain stable.
► A number of reporters noted that leverage ratios would reduce as a result of including the CSM as equity in the denominator of the leverage ratio.
► Life results expected to be more steady and predictable than today.
► On the P&C side, technical results would be improved due to the effect of discounting of claims. The combined ratio will change for many of the selected insurers by:
  ► Reporting insurance revenue gross of reinsurance.
  ► Reduction in insurance revenue and insurance service expenses for non-distinct investment components.
Accounting policies and methodology: many insurers opted to leverage regulatory frameworks and manage the impact on transition to reduce profit volatility

**Solvency II (SII) framework**

European groups have indicated their intent to leverage the SII framework to determine the IFRS 17 liabilities, utilizing similar assumptions or calculation methods as much as possible.

**Premium Allocation Approach (PAA)**

For most of the players, the use of the PAA for a majority of their P&C business will reduce the impact of the transition to IFRS 17.

**Bottom-up approach**

Many of the insurers in the panel use the bottom-up approach to set the IFRS 17 discount curves, including an illiquidity premium. Annuity writers reported the use of the top-down approach. Disclosures of these curves will enable users of the financial statements to compare reported results.

**OCI approach**

Continental European insurers have generally opted for the OCI approach to account for the impact on insurance liabilities caused by changes in economic assumptions in order to reduce P&L volatility. Others have selected the P&L approach with financial assets and even then also classified as FVPL under IFRS 9.

**Retrospective approach**

Many insurers reported using the retrospective approach to transition (either full or modified retrospective) for most of their business. The fair value approach has often been used for older or less significant groups of insurance contracts.
Contractual service margin (CSM) will become a KPI, while the combined ratio will generally be based on gross earned premiums.

**IFRS 17 and 9 bring some changes to the design of KPIs:**

<table>
<thead>
<tr>
<th>Combined ratio</th>
<th>Contractual Service Margin</th>
<th>New business margin</th>
<th>Return on Equity (ROE)</th>
<th>Leverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly planned to be presented based on gross earned premiums. However, others will continue to use net-earned premiums. The combined ratio is likely to improve (decrease) due to the discounting of the liability for incurred claims.</td>
<td>This is expected to become a KPI. One insurer also noted that its new business metric will include the IFRS 17 CSM at inception. Another will use an IFRS 17 value added metric consisting of the IFRS 17 operating profit plus the change in the CSM for the year. Some insurers plan to separately present the CSM on the face of the balance sheet.</td>
<td>Since single premiums are now released over the coverage period, the annual premium equivalent (APE) disclosed by some insurers as a new business volume metric will be replaced for certain companies by the present value of expected premiums measured on an IFRS 17 basis.</td>
<td>A number of insurers plan to exclude from equity the total of OCI in ROE calculations. The use of OCI for the impact of changes in financial assumptions on insurance liabilities is envisaged to provide a better matching between the revaluation of investments and insurance liabilities.</td>
<td>CSM is added to the denominator of the leverage ratio. One insurer also plans to include the risk adjustment net of tax as part of the denominator.</td>
</tr>
</tbody>
</table>
KPI impacts: for most (not all) insurers, operating profit should be similar or lower under IFRS 17 while the level of Shareholders’ Equity (SHE) is generally expected to go down

Limited quantitative disclosure regarding the impact on KPIs has been provided. During their presentations, insurers focused on educating the analyst community on the direction of travel, and the impact of the standard on transition and future profitability or volatility:

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>Return on Equity</th>
<th>Contractual Service Margin</th>
<th>Risk adjustment</th>
<th>Release of Contractual Service Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit is generally expected to be similar or lower compared to IFRS 4. The reported reduction varies from 5% to 25% compared to the IFRS 4 operating profit, mostly driven by the Life business. However, more than 50% of insurers did not disclose an expected quantitative impact.</td>
<td>Depending on previous practices, the ROE targets will remain unchanged or will be improved. Indeed, in the past, some insurers were excluding OCI from the ROE calculation where others were not. Since part of the amounts previously in OCI are now included in the CSM, the ROE of the latters will be mechanically improved.</td>
<td>This is presented as gross, net of tax, or net of tax and projected non-attributable expenses. This latter view is perceived to provide a more direct view on the net-income impact of the release of CSM.</td>
<td>This could present varying levels of calibration depending on the risk appetite of the groups. Some insurers plan to use the cost of capital approach, whereas others are using value at risk. Insurers reported the expected release of CSM ratio (release divided by CSM before release) between 4% and 12% per annum depending on the type of business.</td>
<td></td>
</tr>
</tbody>
</table>
Analysts agree with insurers that there will be lower impacts on earnings, cash or solvency than previously anticipated

### Observations

- Most insurance groups are expecting limited disruptions from IFRS 17 and IFRS 9.
- CSM will be the biggest change, as it impacts reported book value negatively.
- Performance KPIs are shifting to cash flow-based metrics.
- IFRS 17 will lift reported RoE — this could flow through to higher valuations.

### What analysts are saying

- "We think UK annuity writers are set to see the greatest noise from IFRS 17 but valuations should not change for any insurers. Cash, dividends and solvency are unchanged. Fair IFRS PE ratios need to be adjusted to reflect the new paradigm." — BofA

- "The CSM is the biggest change. We view the treatment of new business gains, essentially “unearned profits” which are capitalized under IFRS 4 but will now be deferred and amortized under IFRS 17 through the CSM, as the biggest difference, which, from an accounting perspective, will lower reported book value upon transition and impact the timing of earnings." — BMO

- "Many life insurance-heavy names have switched their KPIs to non-earnings metrics, e.g., capital generation or cash, which are unaffected by IFRS 17. That said, we think IFRS 17 could introduce an element of ‘presentational volatility’ to earnings, which could conceivably increase the cost of equity in the space." — Morgan Stanley

- "We believe that the change to accounting linked to IFRS 17 is a positive — this is because it is reducing reported equity and, therefore, is lifting ROE (earnings are largely unchanged) … Higher ROEs deserve a higher price-to-book ratio. This is because investing in a business with a high ROE produces a higher profit." — Berenberg
Selected insurers benchmarking
## Timeline of publication

<table>
<thead>
<tr>
<th>Date of IFRS 17 presentation</th>
<th>Planned disclosure to be provided in YE22 annual reporting</th>
<th>First publication of FY22 comparatives (primary statements)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a.s.r.</strong></td>
<td>15 June 2022</td>
<td>1H23 results (August 2023)</td>
</tr>
<tr>
<td><strong>Admiral Group PLC</strong></td>
<td>28 November 2022</td>
<td>1H23 results (August 2023)</td>
</tr>
<tr>
<td><strong>Ageas</strong></td>
<td>7 December 2022</td>
<td>June 2023</td>
</tr>
<tr>
<td><strong>Allianz</strong></td>
<td>22 November 2022</td>
<td>12 May 2023 (1Q23)</td>
</tr>
<tr>
<td><strong>Aviva</strong></td>
<td>9 December 2022</td>
<td>2Q23 results</td>
</tr>
</tbody>
</table>

No group has indicated plans to communicate HY22 or YE22 IFRS 17 numbers in their YE2022 publications. Some groups will provide the opening balance sheet 1 January 2022. FY22 numbers will be published in most cases during the Q2 2023 presentations.
### Timeline of publication (cont’d)

<table>
<thead>
<tr>
<th>Date of IFRS 17 presentation</th>
<th>AXA</th>
<th>CNP Assurances</th>
<th>Generali</th>
<th>Great-West Lifeco</th>
<th>HISCOX</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 November 2022</td>
<td></td>
<td></td>
<td></td>
<td>28 June 2022</td>
<td>6 December 2022</td>
</tr>
<tr>
<td>Planned disclosure to be provided in YE22 annual reporting</td>
<td>Only indication that reporting will be under IFRS 4</td>
<td>Only indication that reporting will be under IFRS 4</td>
<td>Opening balance 2022</td>
<td>Transition impact on IFRS 17</td>
<td>IFRS 17 transition impacts</td>
</tr>
<tr>
<td>First publication of FY22 comparatives (primary statements)</td>
<td>1Q 2023 publication (May 2023)</td>
<td>2Q2023 (April 2023)</td>
<td>By the end of April 2023</td>
<td>1Q23 results</td>
<td>1H23 results (August 2023)</td>
</tr>
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<tr>
<td>Legal &amp; General</td>
<td>29 November 2022</td>
<td>HY23 results (August 2023)</td>
</tr>
<tr>
<td>M&amp;G</td>
<td>7 December 2022</td>
<td>1H23 results</td>
</tr>
<tr>
<td>Manulife</td>
<td>12 May 2022 10 November 2022</td>
<td>1Q23 results (May 2023)</td>
</tr>
<tr>
<td>Munich Re</td>
<td>15 December 2022</td>
<td>1Q23 results</td>
</tr>
<tr>
<td>NN Group</td>
<td>17 November 2022</td>
<td>Early disclosure of 2022 comparatives in 2Q 2023</td>
</tr>
</tbody>
</table>

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1 Plan to provide HY22 results restated on an IFRS 17 & 9 basis as well as further detail to support analyst forecasts under IFRS 17
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<tr>
<td><strong>Sampo Group</strong></td>
<td>Transition effects and OBS (10 February 2023) Details of transition effects (4 April 2023)</td>
<td>Press release (at end of March 2023)</td>
</tr>
<tr>
<td>1 December 2022</td>
<td>Not disclosed</td>
<td>10 May 2023</td>
</tr>
<tr>
<td><strong>Storebrand</strong></td>
<td>Transition impact on IFRS 17</td>
<td>1Q23 results</td>
</tr>
<tr>
<td>8 December 2022</td>
<td></td>
<td>1Q23 results (4 May 2023)</td>
</tr>
<tr>
<td><strong>Sun Life</strong></td>
<td>Management comments on material accounting changes</td>
<td>1Q23 results</td>
</tr>
<tr>
<td>31 May 2022</td>
<td></td>
<td>1Q23 results (4 May 2023)</td>
</tr>
<tr>
<td><strong>Talanx</strong></td>
<td>Discussion of IFRS 17 transition impacts</td>
<td>Shortly post 1Q 2023 publication</td>
</tr>
<tr>
<td>12 October 2022 6 December 2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Zurich</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27 September 2022 16 November 2022</td>
<td></td>
<td></td>
</tr>
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No group has indicated plans to communicate HY22 or YE22 IFRS 17 numbers in their YE2022 publications. Some groups will provide the opening balance sheet January 1 2022. FY22 numbers will be published in most cases during the Q2 2023 presentations.
## Core messages during the investor presentation

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<th>Aviva</th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ No changes to underlying business fundamentals or cashflows</td>
<td>➤ No change in ultimate profitability of business written</td>
<td>➤ No change to dividend strategy, economic leverage, capital and cash generation, and solvency position</td>
<td>➤ Limited economic impact (SII, cash flows, dividend)</td>
<td>➤ No impact on cash remittances, capital generation, financial targets, dividend guidance</td>
</tr>
<tr>
<td>➤ No impact on existing share buyback commitment and progressive dividend policy</td>
<td>➤ No impact on group strategy, solvency, dividend policy and cash generation</td>
<td>➤ Strong fundamentals (operating profit slightly higher, net income similar level, equity less volatile and adjusted for OCI slightly lower, ROE slightly higher)</td>
<td>➤ £3b reduction in shareholders’ equity although adjusted shareholders’ equity (including CSM) higher by circa £2b and broadly equal to Solvency II net assets</td>
<td></td>
</tr>
<tr>
<td>➤ Higher volatility expected in net result, mostly driven by operating result</td>
<td>➤ No effect on investment and interest income on assets</td>
<td>➤ Limited impact on net-operating result and non-life liabilities</td>
<td>➤ Operating profit to reduce by circa 15% per annum</td>
<td></td>
</tr>
<tr>
<td>➤ Change in timing of earnings recognition anticipated mostly impacting Life products</td>
<td>➤ Equity to reduce</td>
<td>➤ Limited transition impact on shareholders’ equity for consolidated entities while more stable equity development is expected over time</td>
<td>➤ 60% of operating profit unaffected by IFRS 17</td>
<td></td>
</tr>
</tbody>
</table>
Core messages during the investor presentation (cont’d)

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</tr>
</thead>
<tbody>
<tr>
<td>► Group underlying earnings power to remain unaffected post-transition</td>
<td>► Company’s underlying qualities unchanged</td>
<td>► No impact on cash and capital generation, net holding cash flow, dividends and solvency</td>
<td>► No impact on business strategy</td>
<td>► No change in strategy and reserving philosophy, and no impact on regulatory capital, cash and dividends</td>
</tr>
<tr>
<td>► Shareholders’ Equity (excl. OCI) expected to remain stable at transition</td>
<td>► Two new items on the liabilities side of the balance sheet: CSM for around €17b and RA for around €1.5b</td>
<td>► SHE expected to be broadly stable at transition</td>
<td>► SHE expected to decrease by 10%-15% driven by the establishment of the new CSM</td>
<td>► Reduced volatility expected in group’s earnings</td>
</tr>
<tr>
<td>► Limited reporting impacts reflecting our profile focused on technical lines</td>
<td>► Equity slightly lower for around €1b (out of €21.1b)</td>
<td>► Improved visibility and predictability of profits anticipated from life business</td>
<td>► Low-single-digit percentage decrease in base earnings expected</td>
<td>► Shareholders’ equity to likely see a small net increase on transition, primarily due to discounting</td>
</tr>
<tr>
<td>► No change to capital management and strategy</td>
<td>► Earnings to be more volatile due to the market effects</td>
<td>► P&amp;C to be more volatile but its business mix to reduce the sources of volatility</td>
<td>► Base EPS growth and dividend pay-out ratio to remain unchanged, base ROE objective expected to increase by 2%</td>
<td>► Greater transparency due to more granular disclosures</td>
</tr>
<tr>
<td>► “Driving Progress 2023” key financial targets reaffirmed</td>
<td>► Financial reporting to be tailored due to adjustments to the formulas for calculating key indicators</td>
<td>► Group operating result expected to be broadly stable</td>
<td>► Positive impact to LICAT^1 expected</td>
<td></td>
</tr>
</tbody>
</table>

1 Life Insurance Capital Adequacy Test
Core messages during the investor presentation (cont’d)

<table>
<thead>
<tr>
<th>Legal &amp; General</th>
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<th>Manulife</th>
<th>Munich Re</th>
<th>NN Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>No impact on strategy, capital and cash generation, solvency or dividends</td>
<td>No change in strategy, solvency, capital management framework or dividend policy</td>
<td>Core earnings expected to decline by ~10% driven by the recognition of new business gains in the CSM and the timing of earnings from investment-related activities</td>
<td>No impact on business strategy, dividend and share buy-back policy, reserving strategy, capital strength</td>
<td>No impact on strategy or targets (focus on SII and operating cash generation unchanged, no impact on dividend/capital return)</td>
</tr>
<tr>
<td>Financial reporting of annuity/life insurance businesses (i.e., LGRI, retail), shareholders’ equity (at transition) and composition of profit (on adoption) to be impacted</td>
<td>SHE expected to increase</td>
<td>Decrease in equity of ~20% due to the establishment of CSM</td>
<td>More transparency in revenues and future profit margins from long-tail business</td>
<td>Equity more stable and closer to SII, leverage ratio expected to be slightly higher, due to inclusion of CSM, operating profit expected to be slightly higher</td>
</tr>
<tr>
<td>More stable and predictable earnings from insurance products</td>
<td>Leverage ratio expected to fall</td>
<td>Volatility related to assumption changes (e.g., longevity) removed from annuities-adjusted operating profit result</td>
<td>Capital position expected to remain strong</td>
<td>On track for implementation</td>
</tr>
<tr>
<td></td>
<td>Profit signature of “with-profits” business (including PruFund) no longer back-end loaded</td>
<td>Profit signature of “with-profits” business (including PruFund) no longer back-end loaded</td>
<td>ROE to increase, driven by changes to core earnings and equity</td>
<td>Overall earnings level to likely increase</td>
</tr>
</tbody>
</table>

Market updates on impact of IFRS 17 and IFRS 9

Legal & General
- No impact on strategy, capital and cash generation, solvency or dividends
- Financial reporting of annuity/life insurance businesses (i.e., LGRI, retail), shareholders’ equity (at transition) and composition of profit (on adoption) to be impacted
- More stable and predictable earnings from insurance products

M&G
- No change in strategy, solvency, capital management framework or dividend policy
- SHE expected to increase
- Leverage ratio expected to fall
- Volatility related to assumption changes (e.g., longevity) removed from annuities-adjusted operating profit result
- Profit signature of “with-profits” business (including PruFund) no longer back-end loaded

Manulife
- Core earnings expected to decline by ~10% driven by the recognition of new business gains in the CSM and the timing of earnings from investment-related activities
- Decrease in equity of ~20% due to the establishment of CSM
- Capital position expected to remain strong
- ROE to increase, driven by changes to core earnings and equity

Munich Re
- No impact on business strategy, dividend and share buy-back policy, reserving strategy, capital strength
- More transparency in revenues and future profit margins from long-tail business
- Increase in total investments due to stronger reflection of fair values
- Overall earnings level to likely increase

NN Group
- No impact on business strategy, dividend and share buy-back policy, reserving strategy, capital strength
- More transparency in revenues and future profit margins from long-tail business
- Increase in total investments due to stronger reflection of fair values
- Overall earnings level to likely increase
- On track for implementation
### Core messages during the investor presentation (cont’d)

<table>
<thead>
<tr>
<th>Company</th>
<th>Core Messages</th>
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</thead>
<tbody>
<tr>
<td><strong>Sampo Group</strong></td>
<td>No effect on the business mix, balance sheet targets, solvency, capital management and financial targets. No material change in net profit. Limited positive effect expected on P&amp;C KPIs, with combined ratio expected to decrease marginally due to the broadening of discounting.</td>
</tr>
<tr>
<td><strong>Storebrand</strong></td>
<td>No impact on cash generation, solvency margin and dividend. Timing of profit recognition to be affected. Higher and more volatile earnings expected on normalized basis. Shareholders’ equity to reduce. Current reporting standards to continue while IFRS 17 (insurance contracts) supplements them.</td>
</tr>
<tr>
<td><strong>Sun Life</strong></td>
<td>No impact on business strategies. Increase in underlying ROE expected. Reduction in SHE by 15%-20% expected largely due to establishing the CSM. Mid-single-digit reduction to underlying net income anticipated in 2022 comparative year. Positive underlying net-income growth is expected from 2022 to 2023.</td>
</tr>
<tr>
<td><strong>Talanx</strong></td>
<td>P/C equity expected to be more stable due to consistent discounting of assets and liabilities. L&amp;H business expected to see a significant initial drop in equity due to rise in liabilities and loss recognition results. More earnings volatility expected due to stricter fair value approach adopted for investments. Insurance revenues to be lower than gross written premiums. KPIs like combined ratio to also change.</td>
</tr>
<tr>
<td><strong>Zurich</strong></td>
<td>No major impact given the nature of business (75% unaffected or subject to PAA). Shareholders’ equity impact driven by CSM and discounting of long-term liabilities. Limited changes to P&amp;C, and improved disclosures for Life. Cash and capital generation remain strong.</td>
</tr>
</tbody>
</table>
## Some figures at transition OBS

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Level of SHE</strong></td>
<td>€5.7b (vs. €5.4b) at FY20</td>
<td>No quantitative disclosure</td>
<td>€7.9b (vs. €8.1bn at the beginning of year)</td>
<td>€60b (vs. €80b incl. OCI)</td>
<td>£21b-£22b (incl. CSM)/£16b-£17b (excl. CSM) (vs. £19b)</td>
</tr>
<tr>
<td><strong>Level of CSM</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>€2.4b before tax</td>
<td>€54b-€60b (€33b-€37b net of reinsur, non-attributable cost, tax and minorities)</td>
<td>£4b-£5b (net of tax)</td>
</tr>
<tr>
<td><strong>CSM release duration</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>€4.5b to €5b over €60b CSM (circa 8%)</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Risk adjustment</strong></td>
<td>€2.3b (vs. €2.8b SII)</td>
<td>No quantitative disclosure</td>
<td>€0.3b</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Expected operating profit</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>Similar for P&amp;C (€6b-€6.5b) Similar for L&amp;H (€4.5b-€5b)</td>
<td>Reduction of circa 15%per annum</td>
</tr>
<tr>
<td><strong>Expected revenue</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Financial leverage ratio</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>23% (vs. 26%)</td>
<td>Target &lt;30%</td>
</tr>
</tbody>
</table>

**Market updates on impact of IFRS 17 and IFRS 9**
## Market updates on impact of IFRS 17 and IFRS 9

### Some figures at transition OBS (cont’d)

<table>
<thead>
<tr>
<th></th>
<th>AXA</th>
<th>CNP Assurances</th>
<th>Generali</th>
<th>Great-West Lifeco</th>
<th>HISCOX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level of SHE</strong></td>
<td>€58b excl. OCI (vs. €58b excl. OCI)</td>
<td>~€20b (vs €21.1b)</td>
<td>€32b (vs. €32b)</td>
<td>Decrease of 10%-15%</td>
<td>$2.5b at HY22</td>
</tr>
<tr>
<td><strong>Level of CSM</strong></td>
<td>€34b gross of tax (€25b Life, €9b Health)</td>
<td>~€17b</td>
<td>~€33b</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>CSM release duration</strong></td>
<td>Expected to be 9%-11% per annum for L&amp;S, 6%-8% for Health</td>
<td>Approx. 12% per annum</td>
<td>8%-10%</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Risk adjustment</strong></td>
<td>€3b–€4b</td>
<td>~€1.5b</td>
<td>€3b</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Expected operating profit</strong></td>
<td>Similar; no quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>Decrease by low single-digits</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Expected revenue</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>$2.6b at HY22</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>No change to 13%-15% target</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>16%-17% (vs. 14%-15%)</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Financial leverage ratio</strong></td>
<td>19%-23% (vs. 25%-28%)</td>
<td>No quantitative disclosure</td>
<td>16% (vs. 26%)</td>
<td>No quantitative disclosure</td>
<td>22% at 4Q21</td>
</tr>
</tbody>
</table>
Some figures at transition OBS (cont’d)

<table>
<thead>
<tr>
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<th>NN Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level of SHE</strong></td>
<td>£5b (vs. £10.5b)</td>
<td>No quantitative disclosure</td>
<td>Decrease of ~20%</td>
<td>€28.4b</td>
<td>No quantitative disclosure (vs. €33b)</td>
</tr>
<tr>
<td><strong>Level of CSM</strong></td>
<td>CSM + RA expected to be £13b-£14b (net of tax)</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>€22.3b (€16.3b after tax)</td>
<td>No quantitative disclosure (depend on FV level)</td>
</tr>
<tr>
<td><strong>CSM release duration</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>8%-10% per annum</td>
<td>~4-8%p.a. (ERGO L&amp;H Germany)</td>
<td>~8%p.a. (L&amp;H reinsurance)</td>
</tr>
<tr>
<td><strong>Risk adjustment</strong></td>
<td>CSM + RA expected to be £13b-£14b (net of tax)</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>€5.6b</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Expected operating profit</strong></td>
<td>Reduction in operating profit from divisions by ~20%-25%</td>
<td>No quantitative disclosure</td>
<td>Decline by ~10%</td>
<td>~€4.0b</td>
<td>Slightly higher due to higher investment margins on NN Life; no quantitative disclosure</td>
</tr>
<tr>
<td><strong>Expected revenue</strong></td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>~€58b</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>Should increase; No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>&gt;15% (vs. &gt;13%)</td>
<td>14%-16% (2025 target)</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td><strong>Financial leverage ratio</strong></td>
<td>Will decrease (27% by HY22)</td>
<td>No quantitative disclosure</td>
<td>25% (adjusted for CSM)</td>
<td>10.7% (vs. 14.7%)</td>
<td>Less than 23% (vs. 23%)</td>
</tr>
</tbody>
</table>
### Market updates on impact of IFRS 17 and IFRS 9

#### Some figures at transition OBS (cont’d)

<table>
<thead>
<tr>
<th></th>
<th><strong>Sampo Group</strong></th>
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<th><strong>Sun Life</strong></th>
<th><strong>Talanx</strong></th>
<th><strong>Zurich</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of SHE</td>
<td>No quantitative disclosure</td>
<td>Reduction by ~20%</td>
<td>Decrease of 15%-20%</td>
<td>€8.5b (vs. €10.8b)</td>
<td>€27b (vs. €28b) at HY22</td>
</tr>
<tr>
<td>Level of CSM</td>
<td>€0.4b (Mandatum)</td>
<td>No quantitative disclosure</td>
<td>~Two-thirds of the transfer from shareholders’ equity is related to establishing the CSM</td>
<td>~€9b</td>
<td>€9b net of tax at HY22</td>
</tr>
<tr>
<td>CSM release duration</td>
<td>~7%-8% per annum (Mandatum)</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
</tr>
<tr>
<td>Risk adjustment</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>~€4b</td>
<td>~€2.5b net of tax at HY22</td>
</tr>
<tr>
<td>Expected operating profit</td>
<td>No material change in net profit; no quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>Mid-single-digit reduction to underlying net income in 2022 comparative year</td>
<td>~€1,25b</td>
<td>Limited impact; no quantitative disclosure</td>
</tr>
<tr>
<td>Expected revenue</td>
<td>Limited changes in P&amp;C insurance revenue; no quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>&gt;€38b (2022 estimate)</td>
<td>Limited impact; no quantitative disclosure</td>
</tr>
<tr>
<td>ROE</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>&gt;18%</td>
<td>&gt;10% (vs. ~9%)</td>
<td>&gt;20% (vs. &gt;14%)</td>
</tr>
<tr>
<td>Financial leverage ratio</td>
<td>&lt;30% (vs. 26% at 9M 2022)</td>
<td>No quantitative disclosure</td>
<td>No quantitative disclosure</td>
<td>~22%</td>
<td>26% at HY22</td>
</tr>
</tbody>
</table>

1 31 December 2022 estimate: >9b (vs <8b)
### Impact to KPIs

<table>
<thead>
<tr>
<th></th>
<th>a.s.r.</th>
<th>Admiral Group PLC</th>
<th>Ageas</th>
<th>Allianz</th>
<th>Aviva</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P&amp;C combined ratio</strong></td>
<td>► Not commented</td>
<td>► No longer reported net of all reinsurance</td>
<td>► Deterioration by ~1.5pp due to movement to gross while improvement by ~2.5pp due to discounting of all new claims</td>
<td>► Expected to be similar or lower level due to discounting (~93%-94% vs. ~94%)</td>
<td>► Calculated net of reinsurance</td>
</tr>
<tr>
<td><strong>P&amp;C profitability</strong></td>
<td>► Future profitability to be determined by combination of CSM and risk adjustment release</td>
<td>► No impact on ultimate profitability of business written</td>
<td>► Positive impact of discounting of new claims partially off-set by lower investment result</td>
<td>► Operating profit expected to be on similar level</td>
<td>► Limited financial impact</td>
</tr>
<tr>
<td><strong>NBV</strong></td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Higher than SII</td>
<td>► IFRS 17 value-added will be key metric = IFRS 17 operating profit + change in CSM. IFRS 17 NB more aligned to Solvency II VNB</td>
</tr>
<tr>
<td><strong>NBV margin and APE</strong></td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Not commented</td>
</tr>
</tbody>
</table>
### Impact to KPIs (cont’d)

<table>
<thead>
<tr>
<th>P&amp;C combined ratio</th>
<th>AXA</th>
<th>CNP Assurances</th>
<th>Generali</th>
<th>Great-West Lifeco</th>
<th>HISCOX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio methodology to change, incl. all expenses in the numerator</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Life business only</td>
<td>Slight deterioration expected due to increase in numerator (now gross basis)</td>
<td></td>
</tr>
<tr>
<td>Slightly higher, owing to higher restated expense ratio and prior-year development</td>
<td>Not commented</td>
<td>Operating result more sensitive to interest rates due to discounting</td>
<td>Life business only</td>
<td>Reduced volatility as changes to investment return arising from interest rate movements are now partially offset by discount rate on net insurance liabilities</td>
<td></td>
</tr>
<tr>
<td>Future profitability to be determined by combination of CSM and risk adjustment release</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td></td>
</tr>
<tr>
<td>Will be key (newly introduced) life KPI going fwd.¹</td>
<td>Not commented</td>
<td>Not commented</td>
<td>New business gains recorded as CSM</td>
<td>Not commented</td>
<td></td>
</tr>
<tr>
<td>New business gains deferred and recognized over the life of contracts</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td></td>
</tr>
<tr>
<td>NBV margin and APE</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
</tr>
</tbody>
</table>

¹ Compared to the old representation of NBV, the new definition considers IFRS 17 economic assumptions, different contractual boundaries and risk adjustment in place of Cost of Capital & Non-Hedgeable Risk (CoC&NHR).
### Impact to KPIs (cont’d)

<table>
<thead>
<tr>
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<th>Legal &amp; General</th>
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<th>Munich Re</th>
<th>NN Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P&amp;C combined ratio</strong></td>
<td>► Life business only</td>
<td>► Life business only</td>
<td>► Life business only</td>
<td>► Reduction in combined ratio of each business segment of 1%-2% points due to deduction of commission from revenue</td>
<td>► Expected to be similar</td>
</tr>
<tr>
<td><strong>P&amp;C profitability</strong></td>
<td>► Life business only</td>
<td>► Life business only</td>
<td>► Life business only</td>
<td>► Generally stable, currently benefitting from increasing interest rates</td>
<td>► Expected to be similar</td>
</tr>
<tr>
<td><strong>NBV</strong></td>
<td>► Defers new business gains over life of the contract —day 1 profit deferred on the balance sheet and spread over contract life through release of CSM. Day 1 losses go through P&amp;L, with some offset against reinsurance profits</td>
<td>► Adjusted operating profit remains the key indicator for the IFRS underlying performance</td>
<td>► New business gains recorded as CSM and recognized over the life of the contract</td>
<td>► Higher current interest rates lead to higher discount</td>
<td>► Not commented</td>
</tr>
<tr>
<td><strong>NBV margin and APE</strong></td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► NB CSM growth of 15% expected</td>
<td>► Not commented</td>
<td>► Not commented</td>
</tr>
</tbody>
</table>
### Impact to KPIs (cont’d)

<table>
<thead>
<tr>
<th>P&amp;C combined ratio</th>
<th>Sampo Group</th>
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<th>Sun Life</th>
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<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Small combined ratio benefit expected on run-rate basis</td>
<td>▶ Expected to be marginally lower</td>
<td>▶ Life business only</td>
<td>▶ P&amp;C combined ratio to look different</td>
<td>▶ Insurance revenue used as denominator in IFRS 17 resulting in slightly higher combined ratio all else equal due to higher base</td>
<td></td>
</tr>
<tr>
<td>▶ Will remain on a net of reinsurance basis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<tr>
<th>P&amp;C profitability</th>
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<th>Talanx</th>
<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ No material change in net profit</td>
<td>▶ Limited impact on P&amp;C, health and group life profits</td>
<td>▶ Life business only</td>
<td>▶ Expected to increase (driven by lower claims due to discounting, lower allocation of technical cost)</td>
<td>▶ Not expected to be materially different</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NBV</th>
<th>Sampo Group</th>
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<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Not commented</td>
<td>▶ Not commented</td>
<td>▶ New business gains deferred and recognized over the life of contracts</td>
<td>▶ Not commented</td>
<td>▶ NB CSM = PV of NB premiums</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NBV margin and APE</th>
<th>Sampo Group</th>
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</tr>
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<tbody>
<tr>
<td>▶ Not commented</td>
<td>▶ Not commented</td>
<td>▶ Not commented</td>
<td>▶ Not commented</td>
<td>▶ APE replaced by the PV of NB premiums</td>
<td></td>
</tr>
</tbody>
</table>
## Impact to KPIs (cont’d)

<table>
<thead>
<tr>
<th>KPI</th>
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</tr>
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<tbody>
<tr>
<td>CSM</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► CSM valued at locked-in rates (BBA) or current rates (VFA)</td>
<td>► New KPI, CSM at inception before non-attributable cost and reinsurance, and excluding investment contracts and PAA business</td>
<td>► Stock of future profit to be a key measure of future value = CSM plus risk adjustment</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>► Expected to be lower compared to SII, mainly due the application of the CSM</td>
<td>► Expected (one-off) reduction in equity on transition</td>
<td>► Limited impact of transition on equity excl. unrealized gains and losses</td>
<td>► Comprehensive SH capital incl. net CSM</td>
<td>► Including CSM broadly equivalent to Solvency II own funds</td>
</tr>
<tr>
<td></td>
<td>► Greater than IFRS 4 equity</td>
<td></td>
<td></td>
<td>► Decrease when incl. OCI, stable at transition excl. OCI</td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>► Not commented</td>
<td>► Measures still relevant under IFRS 17</td>
<td>► Not commented</td>
<td>► Slightly higher</td>
<td>► Not commented</td>
</tr>
<tr>
<td>Financial leverage ratio</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► No impact</td>
<td>► Improvement due to the inclusion of CSM at the denominator</td>
<td>► Continuing to view leverage on a Solvency II basis</td>
</tr>
</tbody>
</table>
## Impact to KPIs (cont’d)

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<tbody>
<tr>
<td><strong>CSM</strong></td>
<td>Not commented</td>
<td>The CSM (excluding taxes and non-controlling interests) increased by €1.3b at 30 June 2022, mainly due to higher interest rates</td>
<td>CSM expected to be ~€33b, reflecting profit of in-force business</td>
<td>CSM growth to moderate over time as earnings mix shifts to US and other less impacted product lines</td>
<td>Not applicable (PAA only)</td>
</tr>
<tr>
<td><strong>Shareholder’s equity</strong></td>
<td>Decrease when incl. OCI, stable at transition excl. OCI</td>
<td>IFRS 17 equity at 30 June 2022 to be less volatile than under IFRS 4 (-€1.7b vs. -€3.6b)</td>
<td>Broadly stable (decrease of €2b in life offset by increase of €2b in P&amp;C)</td>
<td>Expected to reduce by 10% to 15% due to establishment of the CSM</td>
<td>Marginal increase expected on transition due to discounting</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>No expected change</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Increase in ROE by 2% to 16% to 17% due to reduction in SHE</td>
<td>Impact expected through change in profit emergence</td>
</tr>
<tr>
<td><strong>Financial leverage ratio</strong></td>
<td>Improvement due to the inclusion of CSM in the denominator</td>
<td>Not commented</td>
<td>Decrease due to the inclusion of net CSM in comprehensive equity</td>
<td>No impact is expected</td>
<td>Decrease due to the increase in SHE on transition with no changes to the valuation of borrowings</td>
</tr>
</tbody>
</table>
## Impact to KPIs (cont’d)

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</thead>
<tbody>
<tr>
<td><strong>CSM</strong></td>
<td>The CSM represents a discounted store of future value that can be added to IFRS 17 equity from a valuation prospective</td>
<td>CSM release to become main profit driver in adjusted operating profit</td>
<td>CSM represents expected future profits and to be treated as available capital under LICAT</td>
<td>L&amp;H Re: Increase due to profitable business growth</td>
<td>CSM at transition highly dependent on fair value transition</td>
</tr>
<tr>
<td><strong>Shareholder’s equity</strong></td>
<td>No change to the definition</td>
<td>Expected to increase due to the recognition of circa 10% of the with-profits surplus as SHE</td>
<td>Expected to decrease due to the establishment of CSM</td>
<td>Decrease due to shift of unrealized gains to CSM</td>
<td>SHE to be more stable (impact mainly driven by introduction of CSM and active discounting)¹</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>Increase due to the reduced SHE at transition and a more gradual release of profit over time</td>
<td>Not commented</td>
<td>Will increase due to the expected changes to core earnings and equity</td>
<td>Increase driven by higher consolidated result</td>
<td>Not commented</td>
</tr>
<tr>
<td><strong>Financial leverage ratio</strong></td>
<td>Ratio to decrease if CSM is included in the denominator and to increase if CSM is not included</td>
<td>Expected to fail</td>
<td>Adjusted for CSM</td>
<td>Decrease due to the inclusion of CSM</td>
<td>Slightly lower, reflecting higher equity base, while financial debt is the same</td>
</tr>
</tbody>
</table>

¹ Impact on reported equity dependent on interest rates: IFRS 9/17 equity lower than current equity at 1/1/22; IFRS 9/17 equity similar to current equity at 30 June 2022
## Impact to KPIs (cont’d)

<table>
<thead>
<tr>
<th>Sampo Group</th>
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<th>Sun Life</th>
<th>Talanx</th>
<th>Zurich</th>
</tr>
</thead>
</table>
| **CSM** | Limited impact of overall CSM as UL savings policies (including all UL new business) are accounted for under IFRS 9 | New component to the balance sheet | Significantly larger and more stable than existing reinvestment PfADs
1 | CSM end balance expected to increase | New business CSM, a new KPI |
| **Shareholder’s equity** | Increase due to the wider discounting of claims reserves | Equity expected to be lower by ~20% due to the requirement to set up a CSM and RA | Decrease driven by new CSM liability | Expected to be stable for P&C due to consistent discounting of assets and liabilities | Decrease mainly driven by introduction of CSM and discounting of long-term liabilities |
| **ROE** | Not commented | Higher due to the lower IFRS 17 equity | Expected to increase due to transfer of equity to liabilities (for CSM establishment) | For long-term technical performance, additional communication of RoE excluding earnings from SPPI-fail assets | Higher due to impact on denominator (equity adjusted for unrealized gains/losses related to assets and liabilities) |
| **Financial leverage ratio** | Slightly lower due to higher equity | Will reduce due to the CSM addition at the denominator | Not commented | Not commented | Economic leverage expected to remain unchanged post IFRS 17 transition |

1 Provisions for Adverse Deviation
## Measurement Models (PAA, GMM, VFA)

- **a.s.r.**
  - Measurement Models (PAA, GMM, VFA)
    - PAA for P&C and Health
    - GMM for Disability

- **Admiral Group PLC**
  - Measurement Models (PAA, GMM, VFA)
    - PAA for short-term contracts
    - GMM for the rest

- **Ageas**
  - Measurement Models (PAA, GMM, VFA)
    - For P&C: PAA for majority of business; GMM/ BBA for contracts with >1 year coverage period
    - For life: GMM/ BBA for discretionary profit-sharing business, UL business spread over BBA/ PAA/VFA

- **Allianz**
  - Measurement Models (PAA, GMM, VFA)
    - For P&C, 99% of PAA
    - For L&H, 79% VFA, 21% GMM

- **Aviva**
  - Measurement Models (PAA, GMM, VFA)
    - Of operating profit: 40% GMM, 15% VFA, 35% PAA
    - Remaining business out of scope

## Discount rate curve

- **a.s.r.**
  - Discount rate curve
    - Two approaches mentioned:
      - Similar to Solvency II incorporating 20-30 year market observations
      - Using observations up to a last liquid point of 30 years

- **Admiral Group PLC**
  - Discount rate curve
    - Bottom-up approach
      - RFR + ILP

- **Ageas**
  - Discount rate curve
    - Top-down approach aligned with discount rates in S2
      - RFR + ILP

- **Allianz**
  - Discount rate curve
    - Bottom-up approach
      - RFR + ILP

- **Aviva**
  - Discount rate curve
    - Bottom-up approach other than for annuities which uses top-down approach

## OCI option for insurance finance income/expense

- **a.s.r.**
  - OCI option for insurance finance income/expense
    - Not commented

- **Admiral Group PLC**
  - OCI option for insurance finance income/expense
    - Applied disaggregation approach

- **Ageas**
  - OCI option for insurance finance income/expense
    - For non-VFA business, OCI-option preferred

- **Allianz**
  - OCI option for insurance finance income/expense
    - Applied disaggregation approach

- **Aviva**
  - OCI option for insurance finance income/expense
    - Not commented
### Accounting policies and methodological choices — IFRS 17 (cont’d)

<table>
<thead>
<tr>
<th></th>
<th><strong>AXA</strong></th>
<th><strong>CNP Assurances</strong></th>
<th><strong>Generali</strong></th>
<th><strong>Great-West Lifeco</strong></th>
<th><strong>HISCOX</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement models (PAA, GMM, VFA)</strong></td>
<td>► 60% of PAA (99% of P&amp;C), 24% of VFA and 11% of GMM</td>
<td>► BBA for term creditor and disability/health insurance (4%–9%)</td>
<td>► For life: 96% VFA, 4% GMM</td>
<td>► Not commented</td>
<td>► PAA</td>
</tr>
<tr>
<td></td>
<td>► Remaining 5% business to be in asset management</td>
<td>► VFA for direct participating savings/pensions and unit-linked savings contracts (94.9%)</td>
<td>► For P&amp;C: 99% PAA, 1% GMM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>► PAA for disability/health insurance group and P&amp;C (0.2%)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Discount rate curve</strong></td>
<td>► Bottom-up approach</td>
<td>► Bottom-up approach: a Solvency II-inspired yield curve: risk-free rate + liquidity premium (e.g., on initial application in France: a volatility adjustment at 64 bps)</td>
<td>► Bottom-up approach aligned with S2</td>
<td>► Not commented</td>
<td>► RFR + ILP</td>
</tr>
<tr>
<td></td>
<td>► RFR + ILP (framework similar to SII)</td>
<td>► RFR + ILP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OCI option for insurance finance income/expense</strong></td>
<td>► Applied disaggregation approach</td>
<td>► OCI option activation to the liabilities balance sheet in VFA and BBA</td>
<td>► Changes in discount rates reported through OCI (non-VFA)</td>
<td>► Not commented</td>
<td>► Not commented</td>
</tr>
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</tbody>
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### Accounting policies and methodological choices — IFRS 17 (cont’d)

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<tr>
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<th>Legal &amp; General</th>
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<th>Manulife</th>
<th>Munich Re</th>
<th>NN Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement models (PAA, GMM, VFA)</strong></td>
<td>GMM for all business</td>
<td>GMM for annuities and other insurance contracts</td>
<td>Not commented</td>
<td>GMM (30%)</td>
<td>PAA for P&amp;C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>VFA for “with-profits” (incl. PruFund) and unit-linked business</td>
<td></td>
<td>PAA (56%) —all P&amp;C</td>
<td>GMM for traditional life</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>VFA (14%)</td>
<td>VFA for unit linked</td>
</tr>
<tr>
<td><strong>Discount rate curve</strong></td>
<td>Top-down approach starting from an appropriate asset portfolio with economic deductions</td>
<td>Top-down approach for GMM</td>
<td>Not commented</td>
<td>Bottom-up approach in accordance with Solvency II parameters</td>
<td>Methodology similar to SII</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bottom-up approach (risk free + illiquidity premium) for VFA</td>
<td></td>
<td></td>
<td>Parameters used for IFRS 17: last liquid point at 30y, long-term forward rate at 3.35% ILP derived from own assets</td>
</tr>
<tr>
<td><strong>OCI option for insurance finance income/expense</strong></td>
<td>Intend to use OCI for vast majority of liabilities within its protection business</td>
<td>Not commented</td>
<td>Interest rate impacts and hedge ineffectiveness recorded in OCI and CSM</td>
<td>Separation of the effect of changes in discount rates between income statement and OCI</td>
<td>Applied disaggregation approach</td>
</tr>
</tbody>
</table>
### Accounting policies and methodological choices — IFRS 17 (cont’d)

#### Measurement models (PAA, GMM, VFA)

<table>
<thead>
<tr>
<th>Sampo Group</th>
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<th>Zurich</th>
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</thead>
<tbody>
<tr>
<td>► PAA for P&amp;C</td>
<td>► GMM for long-term non-participating business</td>
<td>► Not commented</td>
<td>► GMM for long-term business (~60%)</td>
<td>► PAA for P&amp;C</td>
</tr>
<tr>
<td>► GMM and VFA for life liabilities</td>
<td>► VFA for long-term participating business</td>
<td></td>
<td>► PAA for short-term business (~35%)</td>
<td>► BBA (GMM)/VFA for life insurance</td>
</tr>
<tr>
<td></td>
<td>► PAA for short-term business such as P&amp;C and Health</td>
<td></td>
<td>► VFA long-term direct participating business (~5%)</td>
<td></td>
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</tbody>
</table>

#### Discount rate curve

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>► Bottom-up approach</td>
<td>► S2-like discount rate applied</td>
<td>► Not commented</td>
<td>► Bottom-up approach</td>
<td>► Bottom-up approach</td>
</tr>
<tr>
<td>► RFR + ILP</td>
<td></td>
<td></td>
<td>► RFR + ILP</td>
<td>► RFR + ILP (Illiquidity premium not applied for onerous contracts)</td>
</tr>
</tbody>
</table>

#### OCI option for insurance finance income/expense

<table>
<thead>
<tr>
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<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Changes in discount rate to be recorded in OCI</td>
<td>► Applied disaggregation approach incl. for RA</td>
</tr>
<tr>
<td>Risk adjustment information</td>
<td>a.s.r.</td>
<td>Admiral Group PLC</td>
<td>Ageas</td>
<td>Allianz</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td>► Risk adjustment is discounted including liability illiquidity premium (LIP)</td>
<td>► Confidence level approach, corridor around 90th percentile</td>
<td>► Confidence level method at 75th percentile (both for life/non-life)</td>
<td>► Assumptions broadly consistent with SII risk margin</td>
<td>► Leverages Solvency II view of risk but allows for diversification and considers lifetime (vs. one year) view</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-attributable expenses</th>
<th>a.s.r.</th>
<th>Admiral Group PLC</th>
<th>Ageas</th>
<th>Allianz</th>
<th>Aviva</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Full cost view, allocating non-attributable costs both in life &amp; P&amp;C</td>
<td>► Not commented</td>
<td>► More than 90% of Solvency II maintenance expenses are directly attributable</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transition method</th>
<th>a.s.r.</th>
<th>Admiral Group PLC</th>
<th>Ageas</th>
<th>Allianz</th>
<th>Aviva</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Full retrospective approach—Funeral (Life)</td>
<td>► Not commented</td>
<td>► Full retrospective approach for several years in both life and non-life</td>
<td>► For L&amp;H, retrospective approach for ca 75% (25% FVA)</td>
<td>► FRA from 1 January 2016 (~35%)</td>
<td></td>
</tr>
<tr>
<td>► Fair value approach—Life and pensions</td>
<td>► Early years: life majority fair value approach; non-life majority modified retrospective approach</td>
<td>► Extensive use of FVA for heritage, annuity and protection prior to 2016 (~55%), Limited use of MRA (~10%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Accounting policies and methodological choices — IFRS 17 (cont’d)

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<tbody>
<tr>
<td><strong>Risk adjustment information</strong></td>
<td>► Percentile approach based on 62.5th-67.5th percentile</td>
<td>► Quantile approach based on 80% confidence level</td>
<td>► Percentile approach: 75th percentile</td>
<td>► Not commented</td>
<td>► Value at risk (percentile) and scenario (sensitivities on a range of outcomes) approach</td>
</tr>
<tr>
<td><strong>Non-attributable expenses</strong></td>
<td>► On L&amp;H, ca 5% of non-attributable expenses indicated by AXA</td>
<td>► Most of the administrative expenses now included in the insurance service result as they represent attributable costs</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Excluded from CoR in line with insurance service result</td>
</tr>
<tr>
<td><strong>Transition method</strong></td>
<td>► For L&amp;S, retrospective approach for ca 80% (20% FVA to manage risk of onerous contracts)</td>
<td>► FVA for the majority of contracts within the scope inspired by the mandarine valuation covering more than 70% of the CSM</td>
<td>► Retrospective approach (~95%)</td>
<td>► Not commented</td>
<td>► Full retrospective approach</td>
</tr>
</tbody>
</table>
### Risk adjustment information

- **Value at risk (VaR)** method used to derive the overall non-financial risk
- **Confidence level approach**
- Not commented
- Cost-of-capital approach based on Solvency II risk capital
- Consistent with SII, with a lower cost of capital (4% vs. 6% under S2)
- IFRS 17 risk adjustment <S2 risk margin

### Non-attributable expenses

- Not included within IFRS 17 insurance liabilities; recognized as incurred in P&L
- Not commented
- Not commented
- Not commented
- Not commented

### Transition method

- ~55% of the CSM calculated using the modified retrospective approach
- ~35% using the fair value
- ~10% using the fully retrospective approach
- More than 50% of business to use the FVA, ~40% the MRA and ~10% the FRA
- Not commented
- Full retrospective approach (~10%)
- Fair value approach (~40%)
- Modified retrospective approach (~50%)

**Extensive use of the FVA:**
- Retrospective where possible or necessary (e.g., international)
- FVA where historical information is not sufficient

### Companies

- **Legal & General**
- **M&G**
- **Manulife**
- **Munich Re**
- **NN Group**
### Accounting policies and methodological choices — IFRS 17 (cont’d)

<table>
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<tr>
<th>Risk adjustment information</th>
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</thead>
<tbody>
<tr>
<td>Confidence level approach</td>
<td>Not commented</td>
<td>No specific comment</td>
<td>Not commented</td>
<td>Percentile approach in primary insurance (65%-75%)</td>
<td>Percentile approach, based on SST target level of &gt;160% with a periodical review of cost of capital</td>
</tr>
<tr>
<td>No specific comment</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Pricing margin approach in reinsurance (non-financial risk loadings in premium)</td>
<td></td>
</tr>
<tr>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Percentile approach, based on SST target level of &gt;160% with a periodical review of cost of capital</td>
<td></td>
</tr>
<tr>
<td>Percentile approach</td>
<td>PRIM 2017, 65%—75%</td>
<td>Not commented</td>
<td>Not commented</td>
<td>FVA where FRA/MRA not applicable</td>
<td></td>
</tr>
<tr>
<td>Non-attributable expenses</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>FVA used for insurance liabilities before 2016 due to lack of detailed yield curve data</td>
<td>For L&amp;H, 80% of CSM based on retrospective approach, 20% on FVA</td>
</tr>
<tr>
<td>Full retrospective approach</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Discount rates 2021 used for pre 2016 P&amp;C LIC</td>
<td></td>
</tr>
<tr>
<td>Transition method</td>
<td>Not commented</td>
<td>Not commented</td>
<td>Not commented</td>
<td>No restatement of 2022 numbers under IFRS 9</td>
<td></td>
</tr>
</tbody>
</table>

- Talanx: Zurich
- Sampo Group: Sampo Group
- Storebrand: Storebrand
- Sun Life: Sun Life
- Talanx: Talanx
- Zurich: Zurich

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Market updates on impact of IFRS 17 and IFRS 9
### Accounting policies and methodological choices — IFRS 9

<table>
<thead>
<tr>
<th></th>
<th>a.s.r.</th>
<th>Admiral Group PLC¹</th>
<th>Ageas</th>
<th>Allianz</th>
<th>Aviva</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed equity investments</td>
<td>Not commented</td>
<td>Largely FVOCI</td>
<td>Largely FVOCI</td>
<td>FVOCI without P&amp;L recycling</td>
<td>No measurement differences expected on adoption of IFRS 9</td>
</tr>
<tr>
<td>Investment funds and private equity</td>
<td>Not commented</td>
<td>FVPL</td>
<td>FVPL</td>
<td>FVPL</td>
<td>IFRS 9 does not recognize future profits for Wealth business</td>
</tr>
<tr>
<td>Vanilla fixed income</td>
<td>Not commented</td>
<td>FVOCI</td>
<td>FVOCI</td>
<td>FVOCI with P&amp;L recycling</td>
<td>Retain current approach and report fair value movements on assets backing insurance business in P&amp;L</td>
</tr>
<tr>
<td>Real estate</td>
<td>Not commented</td>
<td>Amortized cost</td>
<td>Amortized cost</td>
<td>Mostly at FVPL</td>
<td></td>
</tr>
<tr>
<td>ECL</td>
<td>Not commented</td>
<td>ECL not material</td>
<td>Not material as major portion of portfolio (97%) is investment grade</td>
<td>Not commented</td>
<td></td>
</tr>
</tbody>
</table>

1) IFRS 9 already adopted
### Accounting policies and methodological choices — IFRS 9 (cont’d)

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td><strong>Listed equity investments</strong></td>
<td>► FVOCI without P&amp;L recycling</td>
<td>► FVOCI</td>
<td>► Equities not backing variable fee approach (VFA) at FVOCI w/o recycling</td>
<td>► Not commented</td>
<td></td>
</tr>
<tr>
<td><strong>Investment funds and Private Equity</strong></td>
<td>► FVPL</td>
<td>► FVPL</td>
<td>► FVPL</td>
<td>► Not commented</td>
<td></td>
</tr>
<tr>
<td><strong>Vanilla fixed income</strong></td>
<td>► HTCS</td>
<td>► FVOCI or amortized cost</td>
<td>► FVOCI</td>
<td>► Not commented</td>
<td></td>
</tr>
<tr>
<td><strong>Real estate</strong></td>
<td>► Amortized cost</td>
<td>► Amortized cost or FVPL</td>
<td>► Real estate backing VFA business at FVPL (83%)</td>
<td>► Not commented</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>► At cost (17%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ECL</strong></td>
<td>► Not expected to be material</td>
<td>► At the transition, expected ECL for approx. €500m</td>
<td>► Limited impact from recognition of ECL reflecting portfolio credit quality</td>
<td>► Not commented</td>
<td>Not commented</td>
</tr>
</tbody>
</table>
## Accounting policies and methodological choices — IFRS 9 (cont’d)

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</thead>
<tbody>
<tr>
<td>Listed equity investments</td>
<td>L&amp;G’s statement that assets to be classified based on their characteristics and the business model</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► FVPL</td>
<td>► FVOCI without P&amp;L recycling</td>
</tr>
<tr>
<td>Investment funds and Private Equity</td>
<td>► Not commented</td>
<td></td>
<td></td>
<td>► FVPL</td>
<td>► FVPL</td>
</tr>
<tr>
<td>Vanilla fixed income</td>
<td>Annuities: A portion of annuity assets, broadly backing the CSM, classified as amortized cost</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► FVOCI (SPPI-passed)</td>
<td>► HTCS (low volume that fails SPPI test)</td>
</tr>
<tr>
<td>Real estate</td>
<td>Protection: All assets backing the protection business classified as either fair value through OCI or amortized cost</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Amortized costs (non-VFA)</td>
<td>► Not commented</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>► FVPL (VFA)</td>
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<tr>
<td></td>
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<td></td>
<td>► ECL at transition to be small given the high portfolio quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>► Not expected to be significant</td>
<td></td>
</tr>
<tr>
<td>ECL</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► Not commented</td>
<td>► ECL at transition to be small given the high portfolio quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>► Not expected to be significant</td>
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## Accounting policies and methodological choices — IFRS 9 (cont’d)

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<th>Zurich</th>
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</thead>
<tbody>
<tr>
<td>Listed equity investments</td>
<td>◮ Following the implementation of IFRS 9, Sampo to mark financial assets to market though the P&amp;L instead of in OCI</td>
<td>◮ Amortized cost portfolio to be recognized as “hold to collect and sell” Under IFRS 9</td>
<td>◮ Not commented</td>
<td>◮ FVOCI</td>
<td>◮ FVPL</td>
</tr>
<tr>
<td>Investment funds and Private Equity</td>
<td></td>
<td></td>
<td></td>
<td>◮ Not commented</td>
<td>◮ FVPL</td>
</tr>
<tr>
<td>Vanilla fixed income</td>
<td>◮ Only a minor amount of assets to be held at amortized cost</td>
<td></td>
<td></td>
<td>◮ Not commented</td>
<td>◮ FVOCI</td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
<td></td>
<td></td>
<td>◮ Not commented</td>
<td>◮ FVPL</td>
</tr>
<tr>
<td>ECL</td>
<td>◮ Effect expected to be minor</td>
<td>◮ Not commented</td>
<td>◮ Not commented</td>
<td>◆ Quarterly impairment test</td>
<td>◆ Not expected to be material</td>
</tr>
</tbody>
</table>
Appendix
## Glossary

<table>
<thead>
<tr>
<th>Abb.</th>
<th>Full expression</th>
</tr>
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<tbody>
<tr>
<td>CSM</td>
<td>Contractual Service Margin</td>
</tr>
<tr>
<td>ECL</td>
<td>Expected Credit Loss</td>
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<tr>
<td>FVPL</td>
<td>Fair Value through Profit &amp; Loss</td>
</tr>
<tr>
<td>GMM</td>
<td>General Measurement Model</td>
</tr>
<tr>
<td>GOC</td>
<td>Group of Contracts</td>
</tr>
<tr>
<td>HTCS</td>
<td>Held to collect and sell</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standard</td>
</tr>
<tr>
<td>ILP</td>
<td>Illiquidity Premium</td>
</tr>
<tr>
<td>L&amp;H</td>
<td>Life &amp; Health</td>
</tr>
<tr>
<td>LICAT</td>
<td>Life Insurance Capital Adequacy Test</td>
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<tr>
<td>L&amp;S</td>
<td>Life &amp; Savings</td>
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<tr>
<td>NAE</td>
<td>Non Attributable Expenses</td>
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<tr>
<td>NBV</td>
<td>New Business Value</td>
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<tr>
<td>OBS</td>
<td>Opening Balance Sheet (1/1/22)</td>
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<tr>
<td>OCI</td>
<td>Other Comprehensive Income</td>
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<td>FVOCI</td>
<td>Fair Value through Other Comprehensive Income</td>
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<td>PAA</td>
<td>Premium Allocation Approach</td>
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<tr>
<td>P&amp;C</td>
<td>Property &amp; Casualty</td>
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<td>PfAD</td>
<td>Provisions for Adverse Deviation</td>
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<td>PVEP</td>
<td>Present Value of Expected Premiums</td>
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<tr>
<td>RFR</td>
<td>Risk Free Rate</td>
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<td>RA</td>
<td>Risk Adjustment</td>
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<td>ROE</td>
<td>Return on Equity</td>
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<tr>
<td>SHE</td>
<td>Shareholders’ equity</td>
</tr>
<tr>
<td>VFA</td>
<td>Variable Fee Approach</td>
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