Illustrative disclosures for insurers

Guide to annual financial statements

IFRS 17 and IFRS 9

October 2024

kpmg.com/ifrs

Contents

Notes

About this guide

This guide has been produced by the KPMG International Standards Group (part of KPMG IFRG Limited).

It is intended to help insurers to prepare and present financial statements in accordance with IFRS® Accounting Standards by illustrating one possible format for financial statements for a fictitious multinational insurer (the Group) that applies IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*. The hypothetical reporting entity has been applying IFRS Accounting Standards for some time – i.e. it is not a first-time adopter. For more information on first-time adoption, see Chapter 6.1 in the 21st Edition 2024/25 of our publication Insights into IFRS.

What's new in 2024?

Appendix I provides a comprehensive list of new accounting standards and amendments issued by the International Accounting Standards Board (IASB), distinguishing between those that are effective for an entity with an annual period beginning on 1 January 2024 and those with a later effective date.

The Group does not have any transactions that are affected by newly effective accounting standards and amendments.

In Illustrative disclosures for insurers – Guide to annual financial statements: 2020 edition, the Group applied IFRS 17 and IFRS 9 for the first time. This required extensive disclosures related to the change in accounting policies and the impact of transition. In this edition, the Group no longer presents financial statements for the year of transition to IFRS 17. However, some of the disclosures related to transition to IFRS 17 are still relevant (see Note 44(E)(ix)). Compared with the 2020 edition, various disclosures have been expanded based on the first year of experience with IFRS 17 and common disclosures in the insurance market.

Accounting standards covered

This guide reflects accounting standards, amendments and interpretations (broadly referred to in this guide as Accounting Standards) that have been issued by the IASB as at 31 August 2024 and that are required to be applied by an entity with an annual reporting period beginning on 1 January 2024 ('currently effective requirements'). The early adoption of accounting standards that are effective for annual periods beginning after 1 January 2024 ('forthcoming requirements') has not been illustrated.

This guide is not a complete and exhaustive summary of all disclosure requirements under IFRS Accounting Standards. Instead, it focuses on disclosure requirements that are particularly relevant to insurers. For examples of other disclosures, see our Guide to annual financial statements – Illustrative disclosures.

In addition, the accounting standards and their interpretation may change over time. Accordingly, this guide should not be used as a substitute for referring to their requirements and other relevant interpretative guidance.

Preparers should also consider applicable legal and regulatory requirements. This guide does not consider the requirements of any particular jurisdiction. For example, IFRS Accounting Standards do not require a parent entity to prepare separate financial statements but laws in certain jurisdictions may require it. This guide illustrates only consolidated financial statements and does not illustrate separate financial statements.

Climate-related financial reporting impacts

All entities are facing climate-related risks and opportunities and are making strategic decisions in response – including around their transition to a low-carbon economy. These climate-related risks and strategic decisions could impact their financial statements and metrics.

Investors and regulators need to understand how climate-related risks and opportunities have affected and will affect an entity's financial position and performance. Although financial statements are not the only source of information about climate-related matters – entities are also expected to provide more comprehensive disclosures in the front part of the annual report or elsewhere – they play an important role. IFRS Accounting Standards do not refer explicitly to climate-related risks or matters, but they implicitly require relevant disclosures in the financial statements when climate-related matters considered in preparing the financial statements are material.

Our Clear on climate reporting hub provides guidance on the potential financial statement impacts of climate-related matters. See especially our:

- Talkbook – Are you clear on climate reporting in the financial statements?
- Article and talkbook – Net-zero commitments
- Article – Have you disclosed the impacts of climate-related matters clearly?

For an illustration of the climate-related impact on the Group's financial statements, see Note 6(I).

Financial reporting in uncertain times

Many entities are likely to be facing challenges in these uncertain times. Geopolitical events, natural disasters, climate-related effects and inflationary pressures continue to drive uncertainty across the globe.

Such uncertainty brings a variety of issues and risks for entities, including changes in consumer demand, disrupted supply chains, staff shortages and increased market volatility. It also creates the potential for additional accounting and disclosure implications.

This guide does not illustrate the potential impacts of external events on the financial statements of the Group.

Depending on the line of business and economic environment in which an insurer operates, there may be various external events that affect the recognition and measurement of its assets and liabilities, income and expenses. Also, as a consequence of these events, insurers may be facing going concern difficulties due to liquidity pressures.

Preparers should carefully evaluate and consider the impact of external events on their 2024 financial reporting and provide relevant, entity-specific disclosures.

For guidance, see our Uncertain times reporting hub.

Connectivity between the financial statements and other information

An entity's general purpose financial reports usually contain three key areas that provide insights into the business model and strategy: the financial statements, the sustainability disclosures and management's discussion and analysis (MD&A). An entity may face direct challenge from investors, regulators and other report users if those insights are not connected. Climate-related matters and other uncertainties are under particular scrutiny.

To achieve connectivity in annual reports, it is important that the front and back parts of the report tell the same story. To tell a connected story, an entity:

- joins the dots between the front part of the financial report (e.g. sustainability disclosures and MD&A) and the financial statement; and
- ensures the different components of the front part disclosures are themselves connected.

Connectivity is especially important when reporting on issues that create volatility for the entity's prospects, such as climate-related risks and opportunities and other uncertainties. For more about connectivity, see our Connected reporting page.

For information on IFRS Sustainability Disclosure Standards and related developments, see our ISSB Standards Today page, and on European Sustainability Reporting Standards, see our ESRS Today page. This guide illustrates disclosures for financial statements in accordance with IFRS Accounting Standards and does not include illustrations of sustainability disclosures.

Need for judgement

This guide is part of our suite of guides to financial statements and specifically focuses on compliance with IFRS Accounting Standards. Although it is not exhaustive, this guide illustrates the disclosures required for a hypothetical entity, merely for illustrative purposes and, as such, largely without regard to materiality. The information contained herein is of a general nature and is not intended to address the circumstances of any particular entity.

The preparation and presentation of financial statements require the preparer to exercise judgement – e.g. in terms of the choice of accounting policies, the ordering of notes to the financial statements, tailoring the disclosures to reflect the reporting entity's specific circumstances and the relevance of disclosures considering the needs of the users.

Materiality

Materiality is relevant to the presentation and disclosure of the items in the financial statements. Preparers need to consider whether their financial statements include all of the information that is relevant to understanding an entity's financial position at the reporting date and its financial performance during the reporting period.

Preparers also need to take care not to reduce the understandability of their financial statements by obscuring material information with immaterial information or by aggregating material items that are different by nature or function. Individual disclosures that are not material to the financial statements do not need to be provided – even if they are a specific requirement of an accounting standard. Preparers need to consider the appropriate level of disclosure based on materiality for the reporting period.

Specific guidance on materiality and its application to the financial statements is included in paragraphs 29–31 of IAS 1 *Presentation of Financial Statements*. In addition, paragraphs 117–117E include guidance on the application of materiality to disclosure of accounting policies. Preparers may also consider IFRS Practice Statement 2 *Making Materiality Judgements*, which provides guidance on applying materiality in the preparation of financial statements.

Remember the bigger picture

Financial reporting is not just about technical compliance, but also about effective communication. Investors continue to ask for a step-up in the quality of business reporting, so insurers, in common with other entities, should be careful not to become buried in compliance to the exclusion of relevance. In preparing their financial statements, insurers need to focus on improving their communication by reporting financial information in a meaningful way.

Insurers may also consider innovating their financial statement presentation and disclosure in the broader context of better business reporting. For more information, see our Connected Reporting Today page.

References

References are included in the left-hand margin of this guide. Generally, they relate only to presentation and disclosure requirements.

IAS 1.82(a)	Paragraph 82(a) of IAS 1.
[IFRS 9.4.1.1]	Paragraph 4.1.1 of IFRS 9. The square brackets indicate that the paragraph relates to recognition and measurement requirements, as opposed to presentation and disclosure requirements.
Insights 2.3.50.10	Paragraph 2.3.50.10 of the 21st Edition 2024/25 of our publication Insights into IFRS.

The following markings in the left-hand margins indicate the following.

In the context of consolidated financial statements, the disclosures in respect of operating segments (see Notes 9 and 44(C)) and EPS (see Statement of profit or loss and Notes 16 and 44(J)) apply only if the parent:

- has debt or equity instruments (operating segments) or ordinary shares or potential ordinary shares (EPS) that are traded in a public market – i.e. a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets; or
- files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments (operating segments) or ordinary shares (EPS) in a public market.

Major changes since the 2020 edition of this guide.

Abbreviations

The following abbreviations are used often in this guide.

CGU	Cash-generating unit
CSM	Contractual service margin
ECL	Expected credit losses
EPS	Earnings per share
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
NCI	Non-controlling interests
Notes	Notes to the financial statements
OCI	Other comprehensive income
PAA	Premium allocation approach

About IFRS 17

IFRS 17 has introduced an accounting model that measures groups of insurance contracts based on fulfilment cash flows and a CSM. It is driving greater consistency globally, allowing for increased comparability between insurers, and brings new levels of transparency, giving users of financial statements more insight into an insurer's financial health. Investors are able to draw on more information on the profitability of new and in-force business. The separate presentation of underwriting and financial results provides added transparency about the sources of profits and quality of earnings.

IFRS 17 became effective for annual periods beginning on or after 1 January 2023.

For further details of IFRS 17, see our following publications.

- First Impressions – IFRS 17 Insurance Contracts: 2020 edition.
- Illustrative disclosures for insurers – Guide to annual financial statements: 2020 edition for illustrative disclosures made by an entity on initial application of IFRS 17.
- Insurers' full-year reporting under IFRS 17 and IFRS 9 for our analysis of the first annual reports prepared under IFRS 17 and IFRS 9.

General disclosure objective

IFRS 17.93

IFRS 17 contains qualitative and quantitative disclosure requirements. The objective is for an entity to disclose information that, together with information presented in the primary financial statements, provides a basis for users of its financial statements to assess the effects that insurance contracts have on its financial position, financial performance and cash flows. To achieve this objective, IFRS 17 requires specific disclosures about:

- amounts recognised in the financial statements;
- significant judgements made when applying IFRS 17; and
- the nature and extent of risks from insurance contracts.

IFRS 17.94

If these specific disclosures are insufficient to meet this objective, then an entity discloses additional information that is necessary to meet the objective.

IFRS 17.94–96

Entities consider the level of detail that is necessary to satisfy the general disclosure objective and how much emphasis to place on each disclosure requirement. Examples of aggregation bases that may be appropriate for disclosure purposes are types of contract (e.g. major product lines), geographic areas (e.g. country or region) and reportable segments as defined in IFRS 8 *Operating Segments*.

About the Group

The example disclosures in this guide relate to a multinational insurer that carries out life and non-life insurance business in Europe, Asia and the US. The Group also issues investment contracts and contracts that provide investors with interests in collective investment schemes managed by the Group in Europe and Asia.

Operating segments

The Group has the following reportable segments. These segments offer a variety of products and services, which are accounted for under different standards and measurement models, as set out below. The Group does not issue any reinsurance contracts or investment contracts with discretionary participation features.

Reportable segment	Products and services	Classification
Life risk	Term assurance, critical illness, non-participating whole-life and immediate fixed annuity contracts	Insurance contracts without direct participation features under IFRS 17
Life savings	Deferred fixed annuity and universal life contracts	
Participating	Traditional participating, variable annuity, unit-linked and other investment-linked contracts	Direct participating insurance contracts under IFRS 17
	Unit-linked and other investment-linked contracts and collective investment schemes	Financial instruments under IFRS 9 and service contracts under IFRS 15 *Revenue from Contracts with Customers*
Non-life	Property and casualty contracts	Insurance contracts measured under the PAA in IFRS 17 (except for acquired contracts that do not qualify for the PAA)

Insurance and reinsurance contracts

The following table summarises the characteristics of the Group's contracts that are measured under IFRS 17.

Reportable segment	Acquisition cash flows allocated to renewals	Onerous insurance contracts	Risk mitigation by reinsurance	Presentation of insurance finance income or expenses
Life risk	✓	✓	✓	In profit or loss and OCI
Life savings	✗	✓	✗	In profit or loss and OCI
Participating	✗	✓	✓	In profit or loss only
Non-life	✓	✗	✓	In profit or loss only

[*Name of the Company*]

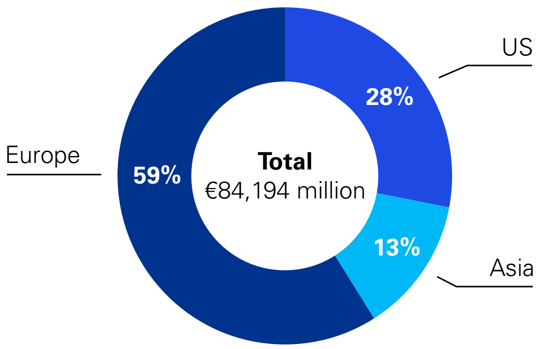
Consolidated financial statements

31 December 2024

Financial highlights

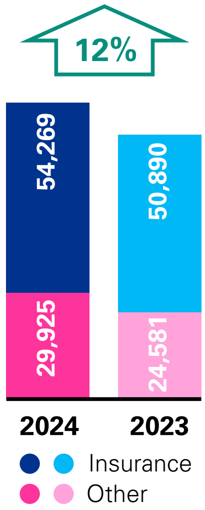
REVENUE BY REGION

2024



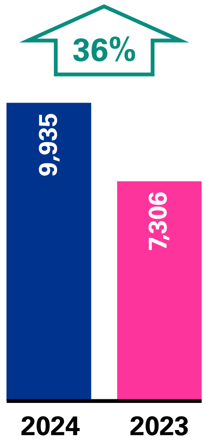
REVENUE BY NATURE

(million EUR)



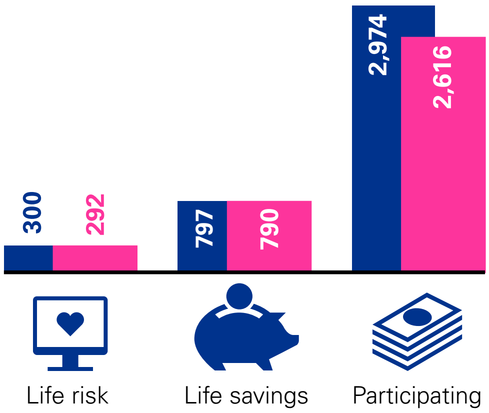
INSURANCE SERVICE RESULT

(million EUR)



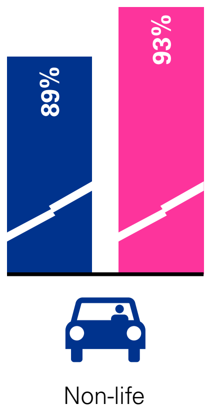
CSM FROM NEW INSURANCE CONTRACTS

(million EUR)



COMBINED RATIO

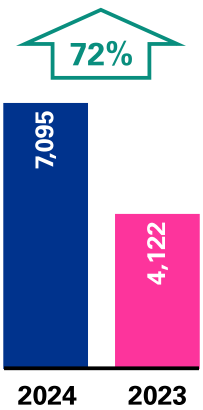
Insurance service expenses over insurance revenue



2024 2023

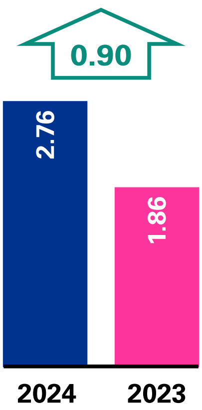
PROFIT FOR THE YEAR

(million EUR)



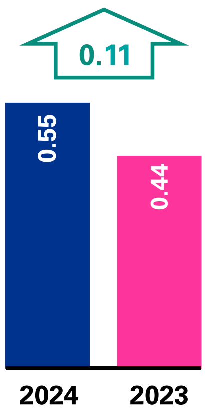
BASIC EPS

(EUR)



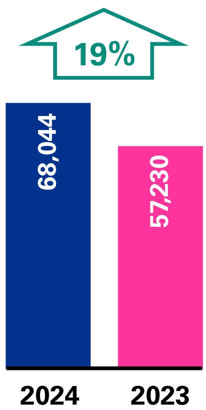
DIVIDENDS PER ORDINARY SHARE

(EUR)



OWNERS' EQUITY

(million EUR)



Consolidated statement of profit or loss[a]

For the year ended 31 December

Reference	*In millions of EUR*	Note	2024	2023
IAS 1.10(b), 10A, 29, 38–38A, 113				
IFRS 17.83, IAS 1.82(a)(ii)	Insurance revenue	*10*	**54,269**	50,890
IFRS 17.84, IAS 1.82(ab)	Insurance service expenses	*14, 30(A)–(B)*	**(43,104)**	(42,459)
IFRS 17.82, 86, IAS 1.82(ac)	Net expenses from reinsurance contracts[b]	*30(A)*	**(1,230)**	(1,125)
IAS 1.85	**Insurance service result**		**9,935**	7,306
IFRS 7.20(b), IAS 1.82(a)(i)	Interest revenue calculated under the effective interest method[c]	*11(B)*	**8,398**	7,987
IAS 1.82(a)	Other investment revenue	*11(C)*	**21,095**	16,187
IAS 1.82(ba)	Net impairment loss on financial assets	*6(E)*	**(324)**	(374)
IAS 1.85	**Investment return**		**29,169**	23,800
IAS 1.82(bb)	Net finance expenses from insurance contracts	*11(A)*	**(22,855)**	(19,519)
IFRS 17.82, IAS 1.82(bc)	Net finance income from reinsurance contracts	*11(A)*	**399**	338
IFRS 7.20(a)(i)	Movement in investment contract liabilities	*29*	**(1,311)**	(641)
IFRS 7.20(a)(i)	Movement in third party interests in consolidated funds	*29*	**(62)**	(59)
IAS 1.85	**Net financial result**	*11*	**5,340**	3,919
IAS 1.82(a)	Revenue from investment management services	*12*	**432**	407
IAS 1.85	Other income	*13*	**735**	7
IAS 1.99, 103	Other operating expenses	*14*	**(6,321)**	(5,479)
IAS 1.82(b)	Other finance costs	*15*	**(615)**	(621)
IAS 1.82(c)	Share of profit of equity-accounted investees, net of tax	*24*	**233**	186
IAS 1.85	**Profit before tax**		**9,739**	5,725
IAS 1.82(d), 12.77	Income tax expense	*19*	**(2,644)**	(1,603)
IAS 1.81A(a)	**Profit for the year**		**7,095**	4,122
	Profit attributable to:			
IAS 1.81B(a)(ii)	Owners of the Company		**7,014**	4,069
IAS 1.81B(a)(i)	Non-controlling interests	*35(C)*	**81**	53
			7,095	4,122
IAS 33.4A	**Earnings per share**			
IAS 33.66, 67A	Basic earnings per share (EUR)	*16*	**2.76**	1.86
IAS 33.66, 67A	Diluted earnings per share (EUR)	*16*	**2.75**	1.85

* See Note 5.

The notes on pages 18 to 243 are an integral part of these consolidated financial statements.

IAS 1.10A — a. The Group has elected to present comprehensive income following a 'two-statement' approach, consisting of a statement displaying profit or loss, and a separate statement displaying the components of OCI. For an illustration of the alternative 'one-statement' approach, see our Guide to annual financial statements – Illustrative disclosures.

IFRS 17.86 — b. The Group presents the income or expenses from a group of reinsurance contracts, other than insurance finance income or expenses, as a single amount. Alternatively, an entity may present separately the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount. In that case, the allocation of premiums paid is not presented as a reduction in revenue.

In this guide, 'reinsurance contracts' refers to reinsurance contracts held by the Group. The Group does not issue any reinsurance contracts.

IAS 1.82(a)(i), Insights 7.10.70.15–20 — c. The IFRS Interpretations Committee discussed the application of the requirement to present separately a line item for interest revenue calculated under the effective interest method and noted that it applies only to financial assets that are subsequently measured at amortised cost or FVOCI (subject to the effect of any qualifying hedging relationship applying the hedge accounting requirements).

However, the Committee did not consider how an entity could present other interest amounts in another revenue line in the statement of profit or loss and OCI. Because IFRS 9 does not define revenue, in our view an entity may present interest income from other financial assets in another revenue line item if it arises in the course of the entity's ordinary activities.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

Reference	*In millions of EUR*	Note	2024	2023
IAS 1.10(b), 10A, 29, 38–38A, 113				
IAS 1.10A	**Profit for the year**		**7,095**	4,122
	Other comprehensive income			
IAS 1.82A(a)(i)	**Items that will not be reclassified to profit or loss**			
IAS 1.85	Defined benefit liability/asset – remeasurement	17(B)	**72**	(15)
IFRS 7.20(a)(vii)	Equity investments at FVOCI – net change in fair value	11	**3**	2
IAS 1.82A(b)(i)	Equity-accounted investees – share of OCI	24	**4**	3
IAS 1.91(b)	Related income tax[a]	19(B)	**(23)**	4
			56	(6)
IAS 1.82A(a)(ii)	**Items that are or may be reclassified subsequently to profit or loss**			
	Foreign operations			
IAS 21.52(b)	Foreign currency translation differences		**(406)**	589
IAS 1.92	Net amount reclassified to profit or loss[b]		**(13)**	-
IAS 21.52(b)	Net investment hedges – net gain (loss)	6(D)(ii)	**45**	(48)
	Costs of hedging	6(D)(ii)		
IAS 1.85	Net change in fair value		**(30)**	(10)
IAS 1.92	Net amount reclassified to profit or loss[b]		**18**	4
	Debt investments at FVOCI	11		
IFRS 7.20(a)(viii)	Net change in fair value		**4,127**	3,010
IFRS 7.20(a)(viii), IAS 1.92	Net amount reclassified to profit or loss[b]		**(1,524)**	(1,283)
IFRS 17.90	Net finance expenses from insurance contracts	11(A)	**(1,207)**	(1,138)
IFRS 17.82, 90	Net finance income from reinsurance contracts	11(A)	**4**	3
	Equity-accounted investees			
IAS 1.82A(b)(ii)	Share of OCI	24	**20**	13
IAS 1.82A(b)(ii), 92	Net amount reclassified to profit or loss[b]	36(A)(iv)	**(12)**	-
IAS 1.91(b)	Related income tax[a]	19(B)	**(420)**	(178)
			602	962
IAS 1.81A(b)	**Other comprehensive income for the year, net of tax**		**658**	956
IAS 1.81A(c)	**Total comprehensive income for the year**		**7,753**	5,078
	Total comprehensive income attributable to:			
IAS 1.81B(b)(ii)	Owners of the Company		**7,663**	5,014
IAS 1.81B(b)(i)	Non-controlling interests	35(C)	**90**	64
			7,753	5,078

The notes on pages 18 to 243 are an integral part of these consolidated financial statements.

IAS 1.90–91 a. The Group has elected to present individual components of OCI before related tax, with an aggregate amount presented for tax in the statement of profit or loss and OCI, and has provided disclosures related to tax on each component of OCI in Note 19(B). Alternatively, an entity may present individual components of OCI net of related tax in the statement.

IAS 1.94 b. The Group has elected to present reclassification adjustments in the statement of profit or loss and OCI. Alternatively, an entity may present these adjustments in the notes.

Consolidated statement of financial position[a, b]

IAS 1.10(a), (ea)–(f), 29, 38–38A, 40A–40B, 113

	In millions of EUR	*Note*	31 December 2024	31 December 2023
	Assets			
IAS 1.54(i)	Cash and cash equivalents*	20	**20,794**	16,337
IAS 1.54(d), 59	Financial investments	21		
	– Measured at fair value*		**412,526**	384,080
	– Measured at amortised cost		**8,765**	8,741
IFRS 9.3.2.23(a)	– Transferred under securities lending and repurchase agreements		**8,267**	8,205
IAS 1.54(h)	Receivables*	22	**7,609**	8,470
IAS 1.54(n)	Current tax assets		**791**	618
IFRS 17.78(a), IAS 1.54(da)	Insurance contract assets	30	**717**	668
IFRS 17.78(c), IAS 1.54(da)	Reinsurance contract assets	30	**12,775**	12,375
IAS 1.54(b)	Investment property*	23	**5,870**	5,829
IAS 1.54(e)	Equity-accounted investees	24	**2,588**	2,585
IAS 1.54(a), 59	Property and equipment	25		
	– Owner-occupied property at fair value*		**492**	399
	– Other[c]		**4,150**	4,209
IAS 1.54(c)	Intangible assets and goodwill	26	**12,090**	12,513
IAS 1.54(o)	Deferred tax assets	19	**260**	247
	Other assets	27	**1,561**	1,501
	Total assets		**499,255**	466,777

* Including underlying items of participating contracts of EUR 225,351 million (2023: EUR 211,762 million) – see Note 6(B)(ii).

Consolidated statement of financial position (continued)

IAS 1.10(a), (ea)–(f), 29, 38–38A, 40A–40B, 113

	In millions of EUR	*Note*	31 December 2024	31 December 2023
	Liabilities			
IAS 1.54(k)	Payables	28	**10,401**	11,305
IAS 1.54(m)	Derivative liabilities*	21	**1,240**	1,286
IAS 1.54(n)	Current tax liabilities		**1,980**	1,886
IAS 1.54(m)	Investment contract liabilities	29	**23,977**	21,779
IAS 1.54(m)	Third party interests in consolidated funds	29	**491**	441
IFRS 17.78(b), IAS 1.54(ma)	Insurance contract liabilities	30	**379,951**	360,829
IFRS 17.78(d), IAS 1.54(ma)	Reinsurance contract liabilities	30	**884**	834
IAS 1.54(m)	Loans and borrowings[d]	31	**7,405**	6,850
IAS 1.54(l)	Provisions	32	**201**	290
IAS 1.54(o)	Deferred tax liabilities	19	**3,052**	2,588
	Other liabilities	33	**652**	612
	Total liabilities		**430,234**	408,700
	Equity			
IAS 1.54(r), 78(e)	Share capital and share premium		**23,291**	19,014
IAS 1.54(r), 78(e)	Retained earnings		**41,006**	35,068
IAS 1.54(r), 78(e)	Other reserves		**3,747**	3,148
	Equity attributable to owners of the Company	34	**68,044**	57,230
IAS 1.54(q)	**Non-controlling interests**	35(C)	**977**	847
	Total equity		**69,021**	58,077
	Total liabilities and equity		**499,255**	466,777

* Including underlying items of participating contracts of EUR 746 million (2023: EUR 688 million) – see Note 6(B)(ii).

The notes on pages 18 to 243 are an integral part of these consolidated financial statements.

IAS 1.10 — **a.** An entity may also use other titles – e.g. 'consolidated balance sheet' – as long as the meaning is clear and the title not misleading.

IAS 1.60–61, 63, Insights 3.1.10 — **b.** In our experience, an insurer usually presents a statement of financial position showing assets and liabilities broadly in order of liquidity because this presentation provides reliable and more relevant information than separate current and non-current classifications. The Group has presented its statement of financial position this way.

For each asset and liability line item that combines amounts expected to be recovered or settled within:

- no more than 12 months after the reporting date; and
- more than 12 months after the reporting date,

an entity discloses in the notes the amount expected to be recovered or settled after more than 12 months.

IFRS 16.47(a) — **c.** The Group has presented right-of-use assets within 'other property and equipment' – i.e. the same line item in which it presents underlying assets of the same nature that it owns. Alternatively, a lessee may choose to present right-of-use assets separately from other assets in the statement of financial position.

IFRS 16.47(b) — **d.** The Group has presented lease liabilities within 'loans and borrowings'. Alternatively, a lessee may choose to present lease liabilities separately from other liabilities in the statement of financial position.

Introduction

PRIMARY STATEMENTS

Notes

Appendices

Consolidated statement of changes in equity

For the year ended 31 December 2024

IAS 1.10(c), 29, 38–38A, 108, 113

	In millions of EUR	Note	Share capital	Preference shares	Share premium
			Attributable to owners of the Company		
	Balance at 1 January 2023		2,185	400	16,388
	Total comprehensive income for the year				
IAS 1.106(d)(i)	Profit for the year		-	-	-
IAS 1.106(d)(ii), 106A	Other comprehensive income for the year	19(B), 34(D)	-	-	-
IAS 1.106(a)	**Total comprehensive income for the year**		-	-	-
	Transactions with owners of the Company				
IAS 1.106(d)(iii)	**Contributions and distributions**				
	Treasury shares acquired[a]	34(B)(v)	-	-	-
	Dividends	34(C)	-	-	-
	Equity-settled share-based payment[b]	14(A)	-	-	-
	Share options exercised	34(A)	4	-	37
	Total transactions with owners of the Company		4	-	37
	Balance at 31 December 2023		2,189	400	16,425
	Balance at 1 January 2024		**2,189**	**400**	**16,425**
	Total comprehensive income for the year				
IAS 1.106(d)(i)	Profit for the year		**-**	**-**	**-**
IAS 1.106(d)(ii), 106A	Other comprehensive income for the year	19(B), 34(D)	**-**	**-**	**-**
IAS 1.106(a)	**Total comprehensive income for the year**		**-**	**-**	**-**
	Transactions with owners of the Company				
IAS 1.106(d)(iii)	**Contributions and distributions**				
	Issue of ordinary shares	34(A)	**385**	**-**	**3,600**
	Issue of ordinary shares related to a business combination	36(A)(i)	**20**	**-**	**198**
	Treasury shares sold[a]	34(B)(v)	**-**	**-**	**2**
	Dividends	34(C)	**-**	**-**	**-**
	Equity-settled share-based payment[b]	14(A)	**-**	**-**	**-**
	Share options exercised	34(A)	**7**	**-**	**65**
	Total contributions and distributions		**412**	**-**	**3,865**
IAS 1.106(d)(iii)	**Changes in ownership interests**				
	Acquisition of subsidiary with NCI	36(A)(iv)	**-**	**-**	**-**
	Total transactions with owners of the Company		**412**	**-**	**3,865**
	Balance at 31 December 2024		**2,601**	**400**	**20,290**

The notes on pages 18 to 243 are an integral part of these consolidated financial statements.

IAS 32.33, Insights 7.3.750

a. IFRS Accounting Standards do not mandate a specific method of presenting treasury shares within equity. However, local laws may prescribe the allocation method. Therefore, an entity needs to take into account its legal environment when choosing how to present its own shares within equity. An entity needs to choose a presentation format, to be applied consistently to all treasury shares. The Group has elected to present the total cost of treasury shares as a separate category of equity.

IAS 1.78(e), 79(b), 108, Insights 4.5.900

b. Generally, IFRS 2 *Share-based Payment* does not address whether an increase in equity recognised in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. In our view, either approach is allowed under IFRS Accounting Standards. The Group has elected to present this increase in retained earnings.

Attributable to owners of the Company								
Translation reserve	Costs of hedging reserve	Fair value reserve	Insurance finance reserve	Treasury share reserve	Retained earnings	Total	NCI	Total equity
2,514	(9)	656	(870)	(24)	31,938	53,178	804	53,982
-	-	-	-	-	4,069	4,069	53	4,122
536	(6)	1,201	(780)	-	(6)	945	11	956
536	(6)	1,201	(780)	-	4,063	5,014	64	5,078
-	-	-	-	(70)	-	(70)	-	(70)
-	-	-	-	-	(958)	(958)	(21)	(979)
-	-	-	-	-	25	25	-	25
-	-	-	-	-	-	41	-	41
-	-	-	-	(70)	(933)	(962)	(21)	(983)
3,050	(15)	1,857	(1,650)	(94)	35,068	57,230	847	58,077
3,050	(15)	1,857	(1,650)	(94)	35,068	57,230	847	58,077
-	-	-	-	-	7,014	7,014	81	7,095
(365)	(12)	1,801	(828)	-	53	649	9	658
(365)	(12)	1,801	(828)	-	7,067	7,663	90	7,753
-	-	-	-	-	-	3,985	-	3,985
-	-	-	-	-	12	230	-	230
-	-	-	-	3	-	5	-	5
-	-	-	-	-	(1,207)	(1,207)	(24)	(1,231)
-	-	-	-	-	66	66	-	66
-	-	-	-	-	-	72	-	72
-	-	-	-	3	(1,129)	3,151	(24)	3,127
-	-	-	-	-	-	-	64	64
-	-	-	-	3	(1,129)	3,151	40	3,191
2,685	(27)	3,658	(2,478)	(91)	41,006	68,044	977	69,021

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Consolidated statement of cash flows[a]

For the year ended 31 December

Reference	In millions of EUR	Note	2024	2023
IAS 1.10(d), 29, 38–38A, 113				
IAS 7.18(b)	**Cash flows from operating activities**			
	Profit for the year[b]		**7,095**	4,122
	Adjustments for:			
	– Gain on remeasurement of pre-existing interest in acquired subsidiary	13	**(32)**	-
	– Gain on disposal of subsidiary	13	**(681)**	-
	– Gain on disposal of property and equipment	13	**(22)**	(7)
	– Depreciation and amortisation	25(B), 26, 38(A)	**683**	641
	– Impairment loss on intangible assets and goodwill	26	**337**	-
	– Other finance costs	15	**615**	621
	– Share of profit of equity-accounted investees, net of tax	24	**(233)**	(186)
	– Equity-settled share-based payment transactions	14(A)	**66**	25
	– Income tax expense	19	**2,644**	1,603
			10,472	6,819
	Changes in:			
	– Financial investments and derivatives		**(38,937)**	(28,814)
	– Insurance and reinsurance contracts		**20,887**	18,182
	– Receivables		**813**	350
	– Investment property		**(106)**	(84)
	– Owner-occupied property at fair value		**(96)**	(54)
	– Other assets		**(155)**	(19)
	– Payables		**(943)**	1
	– Investment contract liabilities		**2,404**	251
	– Third party interests in consolidated funds		**60**	(31)
	– Provisions		**(117)**	163
	– Other liabilities		**43**	(91)
	Cash used in operating activities		**(5,675)**	(3,327)
IAS 7.31, 33	Interest received[c]		**8,376**	7,995
IAS 7.31, 33	Dividends received[c]		**742**	1,272
IAS 7.35	Income taxes paid		**(2,508)**	(1,479)
IAS 7.10	**Net cash from operating activities**		**935**	4,461
IAS 7.21	**Cash flows from investing activities**			
IAS 7.39	Acquisition of subsidiary, net of cash acquired	36(A)	**(175)**	-
IAS 7.39	Disposal of subsidiary, net of cash disposed of	36(B)	**1,299**	-
IAS 7.16(a)	Acquisition of property and equipment	25(B)	**(335)**	(339)
IAS 7.16(b)	Proceeds from sale of property and equipment		**95**	52
IAS 7.16(a)	Acquisition of intangible assets	26(A)	**(5)**	(22)
IAS 7.10	**Net cash from (used in) investing activities**		**879**	(309)

* See Note 5.

Consolidated statement of cash flows (continued)

For the year ended 31 December

Reference	In millions of EUR	Note	2024	2023
IAS 1.10(d), 29, 38–38A, 113				
IAS 7.21	**Cash flows from financing activities**			
IAS 7.17(a)	Proceeds from issue of share capital	34(A)	**3,985**	-
IAS 7.17(c)	Proceeds from issue of redeemable preference shares	31(E)	**700**	-
IAS 7.17(c)	Proceeds from loans and borrowings	31(E)	**145**	397
IAS 7.17(a)	Proceeds from sale of treasury shares		**5**	-
IAS 7.17(a)	Proceeds from exercise of share options	34(A)	**72**	41
	Transaction costs related to redeemable preference shares	31(E)	**(10)**	-
IAS 7.17(b)	Acquisition of treasury shares		**-**	(70)
IAS 7.17(d)	Repayment of loans and borrowings	31(E)	**(122)**	(456)
IAS 7.17(e)	Payment of lease liabilities[d]	31(E)	**(363)**	(353)
IAS 7.31, 33	Interest paid[c]	31(E)	**(427)**	(396)
IAS 7.31, 34	Dividends paid[c]	34(C)	**(1,231)**	(979)
IAS 7.10	**Net cash from (used in) financing activities**		**2,754**	(1,816)
	Net increase in cash and cash equivalents		**4,568**	2,336
	Cash and cash equivalents at 1 January		**16,337**	13,821
IAS 7.28	Effect of movements in exchange rates on cash and cash equivalents held		**(111)**	180
	Cash and cash equivalents at 31 December	20	**20,794**	16,337

* See Note 5.

The notes on pages 18 to 243 are an integral part of these consolidated financial statements.

IAS 7.18–19

a. The Group has elected to present cash flows from operating activities under the indirect method. Alternatively, an entity may present operating cash flows under the direct method, disclosing major classes of gross cash receipts and payments related to operating activities. For an illustration presenting the operating cash flows under the direct method, see Appendix III to our Guide to annual financial statements – Illustrative disclosures.

IAS 7.18, 20, A, Insights 2.3.30.20

b. The Group has used 'profit for the year' as the starting point for presenting operating cash flows under the indirect method. This is the starting point referred to in IAS 7 *Statement of Cash Flows*, although the example provided in the appendix to the accounting standard starts with a different figure – 'profit before taxation'. Because the appendix is illustrative only and therefore does not have the same status as the accounting standard, it would be more appropriate to follow the standard.

IAS 7.31, 33–34, Insights 2.3.50.10–20

c. IAS 7 requires cash flows from interest and dividends received and paid to be disclosed separately. In our view, such disclosure is required in the statement of cash flows, rather than in the notes. In the absence of specific guidance in IFRS Accounting Standards, an entity chooses an accounting policy, to be applied consistently, for classifying interest and dividends paid as either operating or financing cash flows, and interest and dividends received as either operating or investing cash flows.

The Group has classified interest and dividends received as operating cash flows, and interest and dividends paid as financing cash flows.

IFRS 16.50, IAS 7.17(e), 33

d. The Group has classified:

- cash payments for the principal portion of lease payments as financing cash flows;
- cash payments for the interest portion also as financing cash flows, consistent with the presentation of interest payments chosen by the Group (see footnote (c) above); and
- payments for short-term leases and leases of low-value assets as operating cash flows.

IAS 1.10(e)

Notes to the consolidated financial statements[a]

1. Reporting entity

IAS 1.51(a)–(b), 138(a)–(b)

[*Name of the Company*] (the Company) is domiciled in [*Country X*]. The Company's registered office is at [*address*]. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group carries out life and non-life insurance business in Europe, Asia and the US. The Group also issues investment contracts and contracts that provide investors with interests in collective investment schemes managed by the Group in Europe and Asia.

2. Basis of accounting

IAS 1.16, 112(a), 116, 10.17

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. They were authorised for issue by the Company's board of directors on [*date*].

Details of the Group's material accounting policies are included in Note 44 and Note 5.

3. Functional and presentation currency

IAS 1.51(d)–(e)

These consolidated financial statements are presented in euro (EUR), which is the Company's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

IAS 1.122

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Notes 6(E)(iv) and 44(G)(iii) – impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL;
- Notes 21 and 44(G)(ii) – classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- Note 24(B) – interests in associates: whether the Group has significant influence over an investee;

IAS 1.113–114

a. Notes are presented, to the extent practicable, in a systematic order and are cross-referred to/from items in the primary statements. In determining a systematic manner of presentation, an entity considers the effect on the understandability and comparability of its financial statements. The Group has applied its judgement in presenting related information together in a manner that it considers to be the most relevant to an understanding of its financial performance and financial position. The order presented is illustrative and entities need to tailor the organisation of the notes to fit their specific circumstances.

Notes to the consolidated financial statements (continued)

4. Use of judgements and estimates (continued)

A. Judgements (continued)

- Notes 29, 30, 44(D) and (E)(vi) – classification of insurance, reinsurance and investment contracts: assessing whether the contract transfers significant insurance risk, whether a group of insurance or reinsurance contracts is eligible for the PAA and whether an insurance contract contains direct participation features;
- Notes 30 and 44(E)(ii) – level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- Notes 30(F) and 44(E)(v) – measurement of insurance and reinsurance contracts: determining the discount rates, the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract;
- Notes 35(A), 37 and 44(A)(ii) – consolidation: determining whether the Group controls an investee; and
- Note 36(A)(iii) – acquisition of subsidiary: identifying separately identifiable assets acquired and liabilities assumed.

B. Assumptions and estimation uncertainties

IAS 1.125, 129–130

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 6(E)(iv) and 44(G)(iii) – impairment of financial assets: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;
- Notes 8(B)(ii), 21, 23 and 25(A) – measurement of the fair value of financial instruments, investment properties and owner-occupied properties with significant unobservable inputs;
- Note 17(D) – measurement of defined benefit obligations: key actuarial assumptions;
- Note 19 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used; and
- Note 26(B) – impairment of non-financial assets and CGUs containing goodwill: key assumptions underlying recoverable amounts.

Information about assumptions made in measuring insurance and reinsurance contracts is included in Note 30(F). Changes in the following key assumptions may change the fulfilment cash flows materially during 2025. However, these changes would adjust the CSM and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services:

- *life and participating contracts:* assumptions about future cash flows relating to mortality, morbidity, policyholder behaviour, participation percentages and crediting rates;
- *non-life contracts:* assumptions about claims development; and
- *all contracts:* assumptions about discount rates, including any illiquidity premiums, and risk adjustments for non-financial risk.

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Notes to the consolidated financial statements (continued)

5. Changes in material accounting policies

IAS 1.41

The Group has consistently applied the accounting policies as set out in Note 44 to all periods presented in these consolidated financial statements, except in respect of some groups of insurance and reinsurance contracts existing at 1 January 2022 which is the date the Group transitioned to IFRS 17.

IFRS 17.115

For some groups of insurance and reinsurance contracts in the life risk, life savings and participating segments, the Group applied the modified retrospective approach or the fair value approach in IFRS 17 to identify, recognise and measure the groups of contracts at 1 January 2022 because it was impracticable to apply the full retrospective approach. These transition approaches continue to impact a significant part of how the CSM balance has been determined at the reporting date. See Note 44(E)(ix).

Notes to the consolidated financial statements (continued)

IFRS 7.31, 17.121

6. Risk and capital management[a]

Insurance and reinsurance contracts expose the Group to underwriting risk, which comprises insurance risk, policyholder behaviour risk and expense risk.

In addition, the Group is exposed to financial, operational and climate-related risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk.

This note presents information about the Group's risk exposures, and the Group's objectives, policies and processes for measuring and managing risks and for managing capital.

IFRS 7.34, 17.125

a. The risk disclosures presented reflect the facts and circumstances of the Group. In particular, IFRS 17 and IFRS 7 *Financial Instruments: Disclosures* require the disclosure of summary quantitative information about an entity's risk exposures based on information provided internally to the entity's key management personnel.

Certain minimum disclosures are also required to the extent that they are not otherwise covered by the disclosures made based on the information provided internally to key management personnel.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

A. Risk management framework

IFRS 7.33(b), 17.124(b)

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group risk committee is responsible for approving and monitoring the Group's risk management policies, and reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. It is assisted in its oversight role by internal audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group audit committee.

Risk is managed at local entity level where the business is transacted, based on the principles and policies established at Group level. An integrated approach to risk management involves common measurement of risk to allow for aggregation at Group level. Operating within this policy framework, the Group employs risk management programmes, including asset-liability matching (ALM) processes, hedging programmes (largely conducted through the use of derivatives) and insurance programmes (largely conducted through the use of quota share, excess of loss and stop loss reinsurance). Programmes are in place in each country in which the Group operates and are an integral part of the Group's overall risk management framework.

B. Key risks arising from contracts issued

IFRS 7.33, 17.124

The Group issues insurance contracts, investment contracts and contracts that provide investors with interests in collective investment schemes managed by the Group. The nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Group.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

B. Key risks arising from contracts issued (continued)

i. Life risk and life savings contracts

Product	Key risks	Risk mitigation
Life risk		
Term assurance and critical illness	– Mortality risk: death of policyholder earlier than expected – Morbidity risk: diagnosis of critical illness	– Reinsurance with financially strong reinsurers
Non-participating whole-life	– Mortality risk – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment-grade assets
Immediate fixed annuity	– Longevity risk: death of policyholder later than expected – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment-grade assets
Life savings		
Deferred fixed annuity (accumulation period)	– Longevity risk (if annuitisation rate is guaranteed) – Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates – Policyholder behaviour risk	– Ability to reset crediting rates after initial period – Surrender penalties
Deferred fixed annuity (payment period)	– Longevity risk – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment-grade assets
Universal life	– Mortality risk – Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates – Policyholder behaviour risk	– Management discretion to set crediting rates (subject to guaranteed rates) – Surrender penalties

These key risks reflect only the downside risk to the Group. For most of these risks, there is also an upside risk.

All life risk and life savings contracts expose the Group to significant insurance risk. Although mortality, morbidity and longevity experience may be affected by unexpected events (e.g. epidemics), the most significant changes to insurance risk factors (e.g. lifestyle changes, medical advances and improvements in social conditions) tend to occur over a long period of time. The longer the coverage period, the greater the Group's exposure to insurance risk.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

B. Key risks arising from contracts issued (continued)

i. Life risk and life savings contracts (continued)

Policyholder behaviour risk is a key risk for deferred fixed annuity and universal life contracts. The timing of surrenders and, for deferred fixed annuity contracts, the timing and frequency of withdrawals or annuitisation may impact the Group's returns.

All life risk and life savings contracts expose the Group to interest rate risk. Interest rate risk arises from the extent to which the actual return on financial assets held to fund the settlement of liabilities differs from the expected return when the contracts were issued. This risk is most significant for immediate fixed annuity contracts, deferred fixed annuity contracts in the payment period and non-participating whole-life contracts because these contracts typically have long durations, it is not always possible to obtain matching assets with similar durations and the Group does not have discretion to change the amounts of premiums or future payments to policyholders.

Term assurance and non-participating whole-life contracts provide policyholders with a fixed lump sum payable on death. Term assurance contracts provide coverage over a fixed term. Term assurance premiums may be level or increasing over time (for yearly renewable contracts). Non-participating whole-life contracts provide coverage over the lifetime of the policyholder and have a surrender value after an initial period. The premiums for non-participating whole-life contracts are level throughout the duration of the contracts.

Critical illness contracts are similar to term assurance but pay out a lump sum if the policyholder is diagnosed with an illness specified in the contract.

Immediate fixed annuity contracts provide policyholders with periodic payments over their lifetime or the lifetime of additional beneficiaries (if this is longer). The amount of each periodic payment may be fixed or changing over time based on a specified index.

Deferred fixed annuity contracts provide policyholders with a return of principal plus a fixed rate of interest during the accumulation period. The policyholder has the right to surrender the contract during the accumulation period and receive the current account value less any surrender charges. The fixed rate of interest is guaranteed for an initial period; after the initial period, the rate of interest credited to policyholders' accounts is set at the Group's discretion based on the prevailing market rates.

Universal life contracts provide policyholders with a lump sum benefit payable on death and access to an account value. The account value is credited with interest at a rate set at the Group's discretion on a periodic basis, subject to a guaranteed minimum, and debited with a charge for the death benefit. A contract typically lapses when the account value is no longer sufficient to cover the cost of insurance. Some contracts issued by the Group provide 'no lapse' guarantees, where if certain minimum payments are made for a given period, then the contract will remain in force for the period covered by the guarantee even if the account value falls to zero. In 2024, the cost of 'no lapse' guarantees – i.e. the charges for the cost of insurance that have been waived under such guarantees – was EUR 0.3 million (2023: EUR 0.2 million).

The guaranteed interest rates on deferred fixed annuity and universal life contracts depend on the country and date of issue and range from 1.0 to 5.0% (2023: 1.0 to 5.0%). The weighted-average guaranteed interest rate is 2.1% (2023: 2.2%).

For discussions of the credit risk from reinsurance contract assets and investments, see (E).

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

B. Key risks arising from contracts issued (continued)

ii. Participating contracts

Product	Key risks	Risk mitigation
Traditional participating	– Market risk: investment return on underlying items falling below guaranteed minimum rates – Policyholder behaviour risk	– Management discretion to determine amount and timing of policyholder dividends (within limits) – Surrender penalties
Variable annuity (accumulation period)	– Market risk: insufficient fees to cover cost of guarantees and expenses – Policyholder behaviour risk	– Derivative hedging programme – Surrender penalties
Variable annuity (payment period)	– Longevity risk – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment-grade assets
Unit-linked and other investment-linked	– Market risk: insufficient fees to cover expenses – Policyholder behaviour risk	– Surrender penalties
Collective investment schemes	– Market risk: insufficient fees to cover expenses – Policyholder behaviour risk	

All participating contracts provide investment services under which the Group promises the policyholder an investment return based on the performance of underlying items. The risks arising from participating contracts are primarily financial risks. The Group is exposed to financial risks arising from any guarantees (e.g. interest rate guarantees or return-of-premium guarantees) and to the extent of its share of the underlying items.

Traditional participating, variable annuity and some unit-linked and other investment-linked contracts also transfer insurance risk. These contracts are classified as direct participating insurance contracts (see Note 44(D)). All other participating contracts are classified as financial instruments.

A key risk for all participating contracts is policyholder behaviour risk – in particular, the risk that contracts are surrendered or significant cash withdrawals are made before sufficient fees have been collected to cover up-front commissions paid by the Group. This risk is mitigated by charging penalties on the early surrender of contracts. For collective investment scheme contracts, the Group does not generally collect surrender charges, but the up-front commissions paid for these contracts are generally lower than for the other participating contracts issued by the Group.

Traditional participating contracts provide policyholders with a guaranteed minimum return on premiums, or a minimum share in the performance of a clearly identified pool of underlying items (if it is higher). The actual share allocated to policyholders in any given period may be higher than the guaranteed minimum. Such profits do not have to be allocated to individual policyholders in the year in which they arise and the allocation may be deferred until later years.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

B. Key risks arising from contracts issued (continued)

ii. Participating contracts (continued)

The minimum percentages of profit participation by the holders of traditional participating contracts are as follows.

	31 December 2024	31 December 2023
France	**85%**	85%
Germany	**90%**	90%
Singapore	**90%**	90%
China	**70%**	70%

At 31 December 2024, the guaranteed interest rates on traditional participating contracts depend on the country and date of issue and range from 1.5 to 4.8% (2023: 1.5 to 4.8%), and the weighted-average guaranteed interest rate is 2.6% (2023: 2.8%).

Variable annuity contracts allow policyholders to invest their funds during the accumulation period in a portfolio of separately managed collective investment schemes. Fees for administration, portfolio management and guaranteed benefits are deducted from the policyholder's account balance on a periodic basis.

All of the Group's variable annuity contracts contain guaranteed minimum death benefits (GMDB) equal to the total deposits less withdrawals. Policyholders may choose to pay higher premiums for an additional guaranteed fixed return on their deposits.

Some variable annuity contracts also contain guaranteed minimum income benefits (GMIB), which guarantee a minimum income stream on annuitisation at a future date. Some contracts contain guaranteed minimum withdrawal benefits (GMWB), which provide a guarantee similar to GMIB but do not require the contract to be annuitised.

These guarantees create exposures to market risk, mortality risk and policyholder behaviour risk – in particular, in respect of the timing and frequency of withdrawals and annuitisation. The Group mitigates its exposure to market risk through a derivative hedging programme.

The net amount at risk under these guarantees is shown in the table below. The account value of contracts with more than one guarantee appears more than once in the table.

	Account value in millions of EUR	Net amount at risk in millions of EUR	Weighted-average attained age	Average time until expected annuitisation
31 December 2024				
GMDB	**38,424**	**3,460**	**63.3 years**	
GMIB	**1,942**	**418**		**5.4 years**
GMWB	**4,612**	**863**		
31 December 2023				
GMDB	34,891	4,658	63.0 years	
GMIB	1,832	464		5.2 years
GMWB	4,155	949		

For GMDB, the net amount at risk is generally the shortfall of the current account value compared with the current guaranteed minimum death benefit. For guarantees of benefits that are payable on withdrawal or annuitisation, the net amount at risk is generally the shortfall of the current account value compared with the present value of the minimum guaranteed payments.

Some unit-linked insurance contracts issued by the Group guarantee that the amount paid on death will not be lower than the deposits made. At 31 December 2024, the net amount at risk under these guarantees is EUR 69 million (2023: EUR 87 million), and the account value of the contracts is EUR 1,323 million (2023: EUR 1,185 million).

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

B. Key risks arising from contracts issued (continued)

ii. Participating contracts (continued)

Underlying items

IFRS 17.111

The following table sets out the composition and the fair value of underlying items of the Group's participating contracts at the reporting date.[a]

In millions of EUR	Note	31 December 2024 Direct participating contracts	31 December 2024 Investment contracts and consolidated funds	31 December 2024 Total	31 December 2023 Direct participating contracts	31 December 2023 Investment contracts and consolidated funds	31 December 2023 Total
Cash and cash equivalents	*20*	**6,704**	**261**	**6,965**	6,195	545	6,740
Financial investments	*21*	**187,306**	**24,517**	**211,823**	176,324	22,264	198,588
Receivables	*22*	**199**	**2**	**201**	203	3	206
Investment property	*23*	**5,177**	**693**	**5,870**	5,164	665	5,829
Owner-occupied property	*25(A)*	**492**	**-**	**492**	399	-	399
Derivative liabilities	*21*	**(718)**	**(28)**	**(746)**	(661)	(27)	(688)
		199,160	**25,445**	**224,605**	187,624	23,450	211,074

iii. Non-life contracts

Product	Key risks	Risk mitigation
Property and casualty	– Extreme weather events – Natural catastrophes – Legislative changes giving rise to increased claims – Emergence of long-tailed claims: e.g. latent disease type claims	– Diversification of types of risk, industries and geographic locations in which risks are written – Extensive analysis of data to enhance risk selection, segmentation and profitability – Reinsurance with financially strong reinsurers, including excess of loss catastrophe cover

The key risks arising from non-life contracts are the unknown frequency and severity of claims, which are influenced by the nature of the risks covered and the geographic location in which the risks are written.

For property, the frequency and severity of claims are affected by the occurrence of extreme weather events (e.g. floods, wildfires and hurricanes) and other natural catastrophes (e.g. earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate-related risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk.

For retail casualty, motor insurance contracts are subject to legislative and regulatory changes. For example, where compensation for future loss of earnings or nursing care is settled by paying a single lump sum, the assumed rate of investment return on the lump sum is a key sensitivity and the rate applicable in certain jurisdictions is determined by legislation.

IFRS 17.111

a. IFRS 17 requires an entity to describe the composition of underlying items of direct participating contracts and disclose their fair value. Although it is not required, the Group has disclosed the fair value of each type of underlying item and information about the underlying items of investment contracts and consolidated funds.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

B. Key risks arising from contracts issued (continued)

iii. Non-life contracts (continued)

For commercial casualty, the severity of claims is significantly affected by increases in the value of settlements awarded for latent diseases and inflation. The nature and frequency of claims may be affected by emerging trends and changes in legislation. For example, risk exposure for intangible assets has grown while our customers' business is increasingly conducted online and more data is collected and stored through the cloud. Although this portfolio does not contain a large number of individually significant claims, a high frequency of claims can be a risk, particularly where generic trends impact many individuals – e.g. poor housing design, negligent professional advice and cyber threats.

C. Underwriting risk

IFRS 17.124(a)

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

[IFRS 17.A]

- *Insurance risk:* the risk transferred from the policyholder to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

[IFRS 17.B14]

- *Policyholder behaviour risk:* the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits or annuitise a contract earlier or later than expected.
- *Expense risk:* the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

i. Management of underwriting risk

IFRS 17.124(b)

The board of directors sets the Group's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared and reviewed by the Group's chief underwriting officer. The board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

Life risk and life savings contracts

A key aspect of the underwriting process for life risk and life savings products is pricing contracts with regard to the insurance risks assumed. Prices charged for the cost of insurance risk are set at local entity level through a process of financial analysis, including comparisons of the Group's experience with industry experience and benchmarking of prices against other product providers in the same markets, and the use of advanced analytics, including identification of emerging trends in insurance risk factors and assessment of policyholders' lifestyles. Pricing is performed primarily by artificial intelligence-driven solutions and reviewed by underwriting staff to assess whether the premiums charged and the annuitisation rates applied reflect the health condition and family medical history of the applicants.

Mortality, morbidity and longevity risks are mitigated by the use of reinsurance. The Group allows local management to select reinsurers from a list of reinsurers approved by the Group. The aggregation of risk ceded to individual reinsurers is monitored at both country and Group levels.

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts to recover acquisition cash flows. Persistency is monitored at local entity level and experience is benchmarked against local market information. From time to time, local management may implement specific initiatives to improve retention.

Expense risk is managed at local entity level through the annual budgeting process and regular expense analyses.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

C. Underwriting risk (continued)

i. Management of underwriting risk (continued)

Non-life contracts

A key component of the management of underwriting risk for the Group's non-life products is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Group's total exposure to specific risks, together with limits on geographic and industry exposures. The aim is to ensure that a diversified book is maintained, with no over-exposure in any one geographic region.

Non-life contracts are renewable annually or usage-based (e.g. pay-by-mile insurance for car sharing). The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and capping on the maximum permitted loss or number of claims (subject to local regulatory and legislative requirements).

The Group uses machine-learning algorithms to assess risk exposure and endeavour to optimise the pricing of non-life contracts. The possibility of weather-related calamities is built into pricing, considering trends in historical data and leading indicators of climate-related risk. In retail and commercial property, the Group leverages advanced analytics (e.g. flood mapping) for identifying properties most at risk and improving risk selection. In retail motor, the Group collects data about policyholders' driving habits using telematics and adjusts premiums based on a dynamic, data-rich assessment of risk.

The Group uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. Certain non-life businesses are required to protect against catastrophe events in accordance with local regulatory requirements. Where an individual exposure exceeds the Group's risk appetite, additional facultative reinsurance is also purchased.

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

C. Underwriting risk (continued)

ii. Concentrations of underwriting risk

IFRS 17.125(a), 127

The following table sets out the carrying amounts of the Group's insurance contracts (net of reinsurance) by country of issue.

In millions of EUR	**2024**	**2023**
[*Country X*]	**34,922**	33,643
France	**35,865**	33,920
Germany	**50,600**	47,435
UK	**54,116**	50,120
Other Europe	**14,764**	14,014
Singapore	**50,426**	48,817
Other Asia	**19,594**	19,007
US	**111,398**	105,847
Total	**371,685**	352,803

The carrying amounts of the Group's non-life insurance contracts (net of reinsurance) are analysed below by type of product.

In millions of EUR	**2024**	**2023**
Motor	**10,868**	10,782
Property	**17,476**	17,612
Public liability	**8,643**	8,710
Employers' liability	**4,568**	4,603
Specialty	**2,992**	3,015
Other	**2,173**	2,190
Total non-life	**46,720**	46,912

Concentrations of risk may arise in certain industries – e.g. pharmaceuticals and manufacturing – where the Group provides product liability protection to companies in those industries and also holds investments issued by companies in those industries (see (E)(v)).

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

C. Underwriting risk (continued)

iii. Sensitivity analysis[a]

IFRS 17.128(a)(i), (b)

The table below analyses how the CSM, profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

31 December 2024	CSM[b]		Profit or loss		Equity	
In millions of EUR	Gross	Net	Gross	Net	Gross	Net
Life risk and life savings						
Mortality rates (1% increase)	**(79)**	**(74)**	**(12)**	**(11)**	**(8)**	**(7)**
Mortality rates (1% decrease)	**82**	**77**	**8**	**7**	**6**	**5**
Morbidity rates (1% increase)	**(170)**	**(160)**	**(21)**	**(20)**	**(14)**	**(13)**
Morbidity rates (1% decrease)	**173**	**163**	**18**	**17**	**12**	**11**
Expenses (5% increase)[b]	**(68)**	**(67)**	**(13)**	**(13)**	**(15)**	**(15)**
Expenses (5% decrease)[b]	**71**	**67**	**10**	**10**	**13**	**13**
Lapse rates (5% increase)[b]	**(26)**	**(24)**	**(8)**	**(7)**	**(1)**	**(1)**
Lapse rates (5% decrease)[b]	**30**	**28**	**5**	**4**	**3**	**3**
Participating						
Mortality rates (1% increase)	**(30)**	**(29)**	**(8)**	**(8)**	**(8)**	**(8)**
Mortality rates (1% decrease)	**31**	**30**	**9**	**9**	**9**	**9**
Expenses (5% increase)[b]	**(129)**	**(127)**	**(19)**	**(19)**	**(19)**	**(19)**
Expenses (5% decrease)[b]	**124**	**122**	**23**	**23**	**23**	**23**
Lapse rates (5% increase)[b]	**(136)**	**(133)**	**(17)**	**(17)**	**(17)**	**(17)**
Lapse rates (5% decrease)[b]	**142**	**139**	**11**	**11**	**11**	**11**
Non-life						
Ultimate claims (5% increase)	**(6)**	**(6)**	**(1,089)**	**(712)**	**(1,089)**	**(712)**
Ultimate claims (5% decrease)	**6**	**6**	**1,089**	**896**	**1,089**	**896**

IFRS 17.129 a. If an entity prepares a sensitivity analysis that shows how amounts different from those specified in paragraph 128(a) in IFRS 17 are affected by changes in risk variables and uses that sensitivity analysis to manage risks arising from contracts in the scope of IFRS 17, then it may use that sensitivity analysis in place of the analysis specified in paragraph 128(a). The entity needs to explain the method used in preparing the sensitivity analysis and its objective, the main parameters and assumptions, and any limitations that may result in the information provided. The Group has not provided such an alternative sensitivity analysis.

IFRS 17.128(a)(i) b. Paragraph 128(a) of IFRS 17 requires an entity to analyse the sensitivities of profit or loss and equity to changes in insurance risk variables. Although it is not required, the Group has disclosed the effects of expense and lapse risks (neither of which meets the definition of an insurance risk) and the effects of changes in risk variables on the CSM.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

C. Underwriting risk (continued)

iii. Sensitivity analysis (continued)

31 December 2023 *In millions of EUR*	**CSM** **Gross**	**Net**	**Profit or loss** **Gross**	**Net**	**Equity** **Gross**	**Net**
Life risk and life savings						
Mortality rates (1% increase)	(72)	(66)	(10)	(9)	(12)	(11)
Mortality rates (1% decrease)	76	70	7	6	9	8
Morbidity rates (1% increase)	(157)	(144)	(20)	(18)	(17)	(16)
Morbidity rates (1% decrease)	166	153	12	10	15	13
Expenses (5% increase)	(61)	(60)	(11)	(10)	(12)	(11)
Expenses (5% decrease)	64	59	8	8	11	10
Lapse rates (5% increase)	(23)	(21)	(6)	(6)	(1)	(1)
Lapse rates (5% decrease)	29	27	2	2	4	4
Participating						
Mortality rates (1% increase)	(28)	(28)	(7)	(7)	(7)	(7)
Mortality rates (1% decrease)	30	30	5	5	5	5
Expenses (5% increase)	(135)	(135)	(21)	(21)	(21)	(21)
Expenses (5% decrease)	138	138	18	18	18	18
Lapse rates (5% increase)	(143)	(143)	(17)	(17)	(17)	(17)
Lapse rates (5% decrease)	146	146	14	14	14	14
Non-life						
Ultimate claims (5% increase)	(14)	(14)	(1,078)	(909)	(1,078)	(909)
Ultimate claims (5% decrease)	14	14	1,078	909	1,078	909

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

C. Underwriting risk (continued)

iii. Sensitivity analysis (continued)

Changes in underwriting risk variables mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a. CSM	– Changes in fulfilment cash flows relating to future services but not relating to any loss components, other than those recognised as insurance finance income or expenses.
b. Profit or loss	– Changes in fulfilment cash flows relating to past or current services. – Changes in fulfilment cash flows relating to loss components. – Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
c. Equity	– Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. – The effect on profit or loss under (b).

D. Market risk

IFRS 7.33(a), 17.124(a), [IFRS 7.A]

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Group's equity investments, interest-bearing financial assets and financial liabilities, and financial assets and financial liabilities denominated in foreign currencies, but these exposures are largely offset by similar exposures arising from insurance and reinsurance contracts. The nature of the Group's business and ALM processes means that it is exposed to market risk on net assets representing shareholders' equity. Interest rate risk and equity price risk also arise from interest rate and equity guarantees in the Group's insurance and investment contracts to the extent that they are not economically hedged or borne by contract holders.

i. Management of market risk

IFRS 7.33(b), 17.124(b)

The board of directors sets the Group's strategy for managing market risk. The Group's asset and liability committee (ALCO) oversees the implementation of this strategy and the ALM framework. The ALM framework seeks to match the cash flows arising from the Group's financial investments with the cash flows arising from its insurance and investment contracts while optimising long-term investment return on its financial investments representing shareholders' equity for an acceptable level of risk. ALCO seeks to achieve this by setting limits both for each type of risk in aggregate across the Group and for individual portfolios. On a day-to-day basis, responsibility for monitoring market risk exposures rests with local management.

As part of its ALM framework, the Group uses derivatives to manage its exposures to market risk. All such transactions are carried out within the guidelines set by ALCO.

In the participating segment, changes in the fair value of underlying items due to changes in market variables are largely reflected in the value of the related insurance and investment contracts. The Group is exposed to market risk only to the extent of the changes in its share of the fair value of the underlying items that are not economically hedged, represented by the CSM.

ii. Currency risk

Exposure to currency risk

IFRS 7.33(a), 17.124(a), [IFRS 7.A]

The Group is exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currencies of Group entities. Primarily, these transactions are denominated in EUR, sterling (GBP) and US dollars (USD), and are entered into by Group entities with functional currencies of GBP, EUR and Singapore dollars (SGD) respectively.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

ii. Currency risk (continued)

Exposure to currency risk (continued)

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. To the extent that they are not matched, the Group uses currency swaps to hedge the currency risk arising from borrowings denominated in foreign currencies.

IFRS 7.33(b), 17.124(b)

Foreign currency transaction risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed by local management to be both practical and appropriate. The Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency transaction risk arising from the underlying items of participating contracts is generally borne by contract holders except to the extent of the Group's share of the performance of the underlying items.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

IFRS 7.34(a), 17.125(a), 127

The summary quantitative information about the Group's exposure to foreign currency transaction risk arising from insurance and reinsurance contracts and financial instruments at the reporting date as reported to ALCO was as follows.

	31 December 2024			31 December 2023		
In millions of EUR	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial assets	**28,774**	**22,477**	**52,522**	27,287	21,071	48,941
Financial liabilities	**(1,667)**	**(1,546)**	**(578)**	(1,664)	(1,558)	(602)
Insurance and reinsurance contract assets	**34**	**32**	**56**	30	29	57
Insurance and reinsurance contract liabilities	**(4,332)**	**(2,914)**	**(19,026)**	(4,503)	(3,127)	(18,730)
	22,809	**18,049**	**32,974**	21,150	16,415	29,666
Participating contracts and underlying items	**(22,768)**	**(16,791)**	**(29,851)**	(21,398)	(15,559)	(28,122)
Effect of foreign exchange contracts	**-**	**(450)**	**(446)**	-	(442)	(370)
	41	**808**	**2,677**	(248)	414	1,174

The following exchanges rates have been applied.[a]

	2024		2023	
In EUR	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
GBP 1	**1.102**	**1.115**	1.130	1.121
USD 1	**0.826**	**0.841**	0.858	0.866
SGD 1	**0.625**	**0.643**	0.670	0.656

IFRS 7.31, 17.121

a. Although it is not specifically required by IFRS Accounting Standards, the Group has disclosed the exchange rates applied. IFRS 7 requires information that enables users to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date. IFRS 17 requires information that enables users of its financial statements to evaluate the nature, amount, timing and uncertainty of future cash flows that arise from insurance and reinsurance contracts.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

ii. Currency risk (continued)

Sensitivity analysis

IFRS 7.40(a)–(b), B24, 17.128(a)(ii)–(b)

A reasonably possible strengthening or weakening of the EUR, GBP or USD against all other currencies at the reporting date would have affected the measurement of insurance and reinsurance contracts and financial instruments denominated in a foreign currency and affected the CSM, profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	CSM[a]		Profit or loss		Equity	
In millions of EUR	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
31 December 2024						
EUR (4% movement)						
– Insurance and reinsurance contracts	**59**	**(57)**	**(782)**	**780**	**(897)**	**895**
– Financial instruments	**-**	**-**	**739**	**(739)**	**898**	**(898)**
	59	**(57)**	**(43)**	**41**	**1**	**(3)**
GBP (4% movement)						
– Insurance and reinsurance contracts	**44**	**(44)**	**(575)**	**578**	**(652)**	**652**
– Financial instruments	**-**	**-**	**528**	**(528)**	**679**	**(679)**
	44	**(44)**	**(47)**	**50**	**27**	**(27)**
USD (3% movement)						
– Insurance and reinsurance contracts	**29**	**(26)**	**(835)**	**832**	**(1,213)**	**1,210**
– Financial instruments	**-**	**-**	**829**	**(829)**	**1,280**	**(1,280)**
	29	**(26)**	**(6)**	**3**	**67**	**(70)**
31 December 2023						
EUR (5% movement)						
– Insurance and reinsurance contracts	55	(52)	(730)	727	(849)	846
– Financial instruments	-	-	671	(671)	826	(826)
	55	(52)	(59)	56	(23)	20
GBP (5% movement)						
– Insurance and reinsurance contracts	40	(40)	(530)	530	(612)	612
– Financial instruments	-	-	481	(481)	626	(626)
	40	(40)	(49)	49	14	(14)
USD (4% movement)						
– Insurance and reinsurance contracts	26	(22)	(783)	779	(1,151)	1,147
– Financial instruments	-	-	770	(770)	1,180	(1,180)
	26	(22)	(13)	9	29	(33)

a. Although it is not required, the Group has disclosed the effects of changes in risk variables on the CSM.

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

ii. Currency risk (continued)

Sensitivity analysis (continued)

Changes in exchange rates mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a. CSM	– Changes in the carrying amount of the CSM as a result of translation into the functional currency at the closing rate. – Changes in the amount of the Group's share of the fair value of underlying items of profitable direct participating contracts.
b. Profit or loss	– Foreign currency gains and losses on insurance and reinsurance contracts that are recognised in profit or loss, including those arising from the translation of the carrying amount of the CSM under (a). – Changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts. – Foreign currency gains and losses on financial instruments that are recognised in profit or loss.
c. Equity	– Foreign currency gains and losses recognised in OCI (see Note 44(B)(i)). – The effect on profit or loss under (b).

Net investment hedges

IFRS 7.22A

A foreign currency exposure arises from a net investment in subsidiaries that have a different functional currency from that of the Company. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Company's functional currency, which causes the amount of the net investment to vary and may have a significant impact on the Group's consolidated financial statements. The Group's policy is to hedge these exposures only when not doing so would be expected to have a significant impact on the regulatory capital ratios of the Group and its insurance subsidiaries.

The hedged risk in the net investment hedges is the risk of a weakening of GBP against EUR that will result in a reduction in the carrying amount of the Group's net investments in subsidiaries in the UK. An economic relationship exists between the hedged net investments and hedging instruments due to the shared foreign currency risk exposure.

IFRS 7.22B

To hedge its currency risk, the Group designates the spot elements of certain foreign exchange forward contracts as hedging instruments. The forward elements are excluded from designation as hedging instruments. The Group establishes a hedge ratio where the notional on the foreign exchange forward contract matches the carrying amount of the designated net investment. The Group ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. This qualitative assessment is supplemented quantitatively under the hypothetical derivative method for the purpose of assessing hedge effectiveness. The Group assesses effectiveness by comparing past changes in the fair value of the derivative with changes in the fair value of a hypothetical derivative. The hypothetical derivative is constructed to have the same critical terms as the net investment designated as the hedged item and a fair value of zero at inception.

IFRS 7.22B(c), 23D

Because the Group expects to hold the net investment for a period longer than the maturity of the foreign exchange forward contract, and the Group's policy is to hedge the net investment only to the extent of the nominal amount of the foreign exchange leg of the derivative, the only source of ineffectiveness that is expected to arise from these hedging relationships is the effect of the counterparty's and the Group's credit risk on the fair value of the derivative, which is not reflected in the fair value of the hypothetical derivative.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

ii. Currency risk (continued)

Net investment hedges (continued)

IFRS 7.23B

The Group held the following foreign exchange forward contracts to hedge its net investments in its subsidiaries in the UK.

	Maturity		
	Less than 1 year	**1–2 years**	**2–5 years**
31 December 2024			
Nominal amount (net) in millions of EUR	**274**	**115**	**199**
Average EUR/GBP exchange rate	**1.091**	**1.085**	**1.072**
31 December 2023			
Nominal amount (net) in millions of EUR	244	102	177
Average EUR/GBP exchange rate	1.120	1.106	1.098

IFRS 7.24A, 24C(b)(i)–(v)

The amounts related to items designated as hedging instruments and costs of hedging were as follows.

		EUR/GBP foreign exchange forward contracts	
	In millions of EUR	**2024**	**2023**
IFRS 7.24A(d)	Nominal amount	**588**	523
IFRS 7.24A(a)	Carrying amount at 31 December – assets	**71**	65
IFRS 7.24A(a)	Carrying amount at 31 December – liabilities	**(70)**	(78)
IFRS 7.24A(b)	Line items in the statement of financial position that include the hedging instrument	Financial investments measured at fair value (derivative liabilities)	
IFRS 7.24A(c)	Change in value used for calculating hedge ineffectiveness	**14**	(58)
IFRS 7.24C(b)(i)	Hedging gains (losses) recognised in OCI	**45**	(48)
	Costs of hedging recognised in OCI	**(30)**	(10)
IFRS 7.24C(b)(ii)	Hedge ineffectiveness recognised in profit or loss	**(1)**	-
IFRS 7.24C(b)(iii)	Line item in profit or loss that includes hedge ineffectiveness	Other finance costs	
IFRS 7.24C(b)(iv)	Amount reclassified from translation reserve to profit or loss	**-**	-
	Amount reclassified from costs of hedging reserve to profit or loss	**18**	4
IFRS 7.24C(b)(v)	Line item in profit or loss affected by reclassifications	Other finance costs	

IFRS 7.24B(b)

The amounts related to items designated as hedged items were as follows.

		GBP net investment	
	In millions of EUR	**2024**	**2023**
IFRS 7.24B(b)(i)	Change in value used for calculating hedge ineffectiveness	**(15)**	58
IFRS 7.24B(b)(ii)	Balances in translation reserve at 31 December for continuing hedges	**13**	25
IFRS 7.24B(b)(iii)	Balances in translation reserve at 31 December from hedging relationships for which hedge accounting is no longer applied	**217**	220

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

ii. Currency risk (continued)

Net investment hedges (continued)

IFRS 7.24E–24F

The following table provides a reconciliation of the translation reserve and the costs of hedging reserve and an analysis of OCI items resulting from hedge accounting.

In millions of EUR	**2024**	**2023**
Translation reserve		
Balance at 1 January	**3,050**	2,514
EUR/GBP foreign exchange forward contracts	**45**	(48)
Foreign currency translation differences for foreign operations	**(397)**	584
Net amount reclassified to profit or loss for foreign operations	**(13)**	-
Tax on movements in translation reserve	**-**	-
Balance at 31 December	**2,685**	3,050
Costs of hedging reserve		
Balance at 1 January	**(15)**	(9)
Net change in fair value	**(30)**	(10)
Net amount reclassified to profit or loss	**18**	4
Tax on movements in costs of hedging reserve	**-**	-
Balance at 31 December	**(27)**	(15)

iii. Interest rate risk

Exposure to interest rate risk

IFRS 7.33(a), [IFRS 7.A]

Interest rate risk on financial instruments arises primarily from the Group's investments in debt securities. These investments are exposed to the risk of adverse changes in fair values or future cash flows because of changes in market interest rates.

IFRS 17.124(a)–(b), 127

Most of the deferred fixed annuity, universal life, variable annuity and traditional participating contracts issued by the Group contain interest rate guarantees (see (B)(i) and (ii)). Many of these guarantees come into effect over a narrow range of interest rates. The Group hedges its exposure to interest rate changes using derivatives (e.g. interest rate swaps) and does not have a significant concentration of interest rate risk arising from these guarantees.

IFRS 7.33(b), 17.124(b)

The Group manages interest rate risk by closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets. The Group monitors its interest rate risk exposure through periodic reviews of asset and liability positions. Additionally, estimates of cash flows and the impact of interest rate fluctuations are modelled and reviewed every six months.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

iii. Interest rate risk (continued)

Exposure to interest rate risk (continued)

IFRS 7.34(a), 17.125(a)

The Group's interest-sensitive instruments as reported to ALCO are as follows.

	31 December 2024			31 December 2023		
In millions of EUR	**Fixed-rate**	**Floating-rate**	**Total**	**Fixed-rate**	**Floating-rate**	**Total**
Financial instruments						
Assets	**273,795**	**13,219**	**287,014**	259,621	12,834	272,455
Liabilities	**(4,742)**	**(2,663)**	**(7,405)**	(4,060)	(2,790)	(6,850)
	269,053	**10,556**	**279,609**	255,561	10,044	265,605
Underlying items of participating contracts	**(75,547)**	**(4,362)**	**(79,909)**	(71,553)	(4,102)	(75,655)
Effect of interest rate swaps	**1,356**	**(1,356)**	**-**	860	(860)	-
	194,862	**4,838**	**199,700**	184,868	5,082	189,950
Insurance and reinsurance contracts						
Liabilities			**385,173**			365,843
Assets			**(13,488)**			(13,040)
			371,685			352,803
Participating contracts			**(196,412)**			(185,202)
			175,273			167,601

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

iii. Interest rate risk (continued)

Sensitivity analysis

IFRS 7.40(a)–(b), 17.128(a)(ii)–(b)

An analysis of the Group's sensitivity to a 0.5% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

	CSM[a]		Profit or loss		Equity	
In millions of EUR	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 December 2024						
Insurance and reinsurance contracts	**(226)**	**236**	**4,060**	**(4,262)**	**8,499**	**(8,945)**
Financial instruments	**-**	**-**	**(3,704)**	**3,860**	**(7,754)**	**8,102**
	(226)	**236**	**356**	**(402)**	**745**	**(843)**
31 December 2023						
Insurance and reinsurance contracts	(214)	223	3,884	(4,077)	8,003	(8,423)
Financial instruments	-	-	(3,530)	3,680	(7,275)	7,601
	(214)	223	354	(397)	728	(822)

Changes in interest rates mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a. CSM

- Changes in the amount of the Group's share of the fair value of underlying items of profitable direct participating contracts to which the risk mitigation option is not applied (see Note 30(F)(ii)).
- Changes in fulfilment cash flows of profitable direct participating contracts arising from interest rate guarantees to which the risk mitigation option is not applied.

IFRS 7.B18(a)

b. Profit or loss

- Effects on interest revenue and other finance costs on floating-rate financial instruments (assuming that interest rates had varied by 50 basis points during the year).
- Changes in the fair value of derivatives and fixed-rate financial instruments measured at FVTPL.
- Changes in the fair value of underlying items of direct participating contracts recognised as insurance finance income or expenses.
- Changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts.
- Changes in fulfilment cash flows of onerous direct participating contracts arising from interest rate guarantees.
- Insurance finance income or expenses recognised in profit or loss for participating and non-life contracts as a result of discounting future cash flows at a revised current rate.
- The effect of the risk mitigation option recognised in profit or loss.

c. Equity

- Changes in the fair value of fixed-rate financial assets measured at FVOCI.
- Insurance finance income and expenses recognised in OCI for life risk and life savings contracts as a result of discounting future cash flows at a revised current rate (see Note 44(E)(viii)).
- The effect on profit or loss under (b).

a. Although it is not required, the Group has disclosed the effects of changes in risk variables on the CSM.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

D. Market risk (continued)

iv. Equity price risk

Exposure to equity price risk

IFRS 7.33(a), 17.124(a)

The Group's exposure to equity price risk arises from its investments in equity securities and collective investment schemes that invest in equities.

Equity price risk arising from the underlying items of participating contracts is generally borne by contract holders except to the extent of the Group's share of the performance of the underlying items. The Group is also exposed to equity price risk from equity guarantees in variable annuity contracts and hedges its exposure using derivatives – e.g. equity index futures.

IFRS 7.33(b), 34(c), 17.124(b), 127

The Group risk committee regularly monitors equity price risk and manages material investments on an individual basis. Investment limits require business units to hold diversified portfolios of assets and restrict concentrations to geographies and industries. The Group does not have a significant concentration of equity price risk.

Sensitivity analysis

IFRS 7.40(a)–(b), 17.128(a)(ii)–(b)

An analysis of the Group's sensitivity to a 5% increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

	CSM[a]		Profit or loss		Equity	
In millions of EUR	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 December 2024						
Insurance and reinsurance contracts	**488**	**(488)**	**(2,485)**	**2,450**	**(2,485)**	**2,450**
Financial instruments	**-**	**-**	**2,825**	**(2,795)**	**2,827**	**(2,797)**
	488	**(488)**	**340**	**(345)**	**342**	**(347)**
31 December 2023						
Insurance and reinsurance contracts	454	(454)	(2,131)	2,109	(2,131)	2,109
Financial instruments	-	-	2,285	(2,246)	2,287	(2,248)
	454	(454)	154	(137)	156	(139)

Changes in equity prices mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a. CSM	– Changes in fulfilment cash flows of profitable direct participating contracts arising from equity guarantees to which the risk mitigation option is not applied (see Note 30(F)(ii)). – Changes in the amount of the Group's share of the fair value of underlying items of profitable direct participating contracts to which the risk mitigation option is not applied.
b. Profit or loss	– Changes in the fair value of equity investments measured at FVTPL that are not underlying items. – Changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts. – Changes in fulfilment cash flows of onerous direct participating contracts arising from equity guarantees. – The effect of the risk mitigation option recognised in profit or loss.
c. Equity	– Changes in the fair value of equity investments measured at FVOCI. – The effect on profit or loss under (b).

a. Although it is not required, the Group has disclosed the effects of changes in risk variables on the CSM.

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6. Risk and capital management (continued)

E. Credit risk

IFRS 7.33(a), 17.124(a), [IFRS 7.A]

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations, and arises principally from the Group's reinsurance contract assets and investments in debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures – e.g. individual obligor default risk, country risk and sector risk.

i. Management of credit risk

IFRS 7.33(b), 35B(a), 17.124(b)

The board of directors sets the Group's strategy for managing credit risk and ALCO oversees its implementation. The Group's credit department, which reports to ALCO, is responsible for managing the Group's credit risk, including the following.

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities, intermediaries and reinsurers in line with credit policies. Authorisation limits are allocated to business units. Larger exposures require approval by ALCO or the board of directors, as appropriate.
- *Reviewing and assessing credit risk*. Group credit reviews all credit exposures in excess of designated limits, before further exposures are committed to by the business unit concerned.
- *Limiting concentrations of exposure* to counterparties, geographies and industries, and by issuer, credit rating band and market liquidity. Reinsurers and intermediaries are assessed based on external credit ratings and internal reviews. For debt securities, the Group has a policy to invest only in high-quality corporate and government debt and does not invest in speculative-grade assets – i.e. those below BBB- based on [*Rating Agency Y*] ratings.
- *Developing and maintaining the Group's risk gradings* to categorise exposures according to the degree of risk of default when external credit ratings are not available. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default (see (ii) and (iv)). The responsibility for setting risk grades lies with Group credit. Risk grades are subject to regular review by the Group risk committee. Specifically, the potential impact of reinsurer default is monitored on a Group-wide basis and managed accordingly. An indicative mapping of how the Group's internal risk grades relate to [*Rating Agency Y*] ratings is as follows.

Category	Grading	External rating
Low risk	Grade 1	AAA
	Grade 2	AA- to AA+
	Grade 3	A- to A+
	Grade 4	BBB- to BBB+
Fair risk	Grade 5	BB- to BB+
Substandard	Grade 6	CCC- to B+
Doubtful	Grade 7	C to CC
Loss	Grade 8	D

- *Developing and maintaining the Group's processes for measuring ECL*. This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determination and monitoring of significant increases in credit risk; and
  - incorporation of forward-looking information.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Group credit, which may require appropriate corrective action to be taken. These include reports containing estimates of loss allowances.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

i. Management of credit risk (continued)

Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated from ALCO. Each business unit has a credit risk officer, who reports on all credit-related matters to local management and Group credit. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring all credit risks in its portfolios on an ongoing basis, including those subject to central approval.

Periodic audits of business units and Group credit processes are undertaken by internal audit.

ii. Credit quality analysis

IFRS 7.34(a), 17.125(a), 131(b)

The following table sets out information about the credit quality of reinsurance contract assets and debt investments measured at FVTPL.

In millions of EUR	2024	2023
Reinsurance contract assets		
Based on [*Rating Agency Y*] ratings		
AAA	**221**	275
AA- to AA+	**2,672**	2,619
A- to A+	**6,206**	5,993
Based on internal ratings		
Grade 1	**281**	331
Grade 2	**3,395**	3,157
	12,775	12,375
Financial investments – underlying items		
Based on [*Rating Agency Y*] ratings		
AAA	**13,596**	12,402
AA- to AA+	**14,882**	14,030
A- to A+	**14,298**	13,940
BBB- to BBB+	**6,536**	5,651
Based on internal ratings		
Grade 1	**2,340**	2,308
Grade 2	**1,428**	1,457
Grade 3	**566**	143
	53,646	49,931
Financial investments – not underlying items		
Based on [*Rating Agency Y*] ratings		
AAA	**14,898**	13,674
AA- to AA+	**21,041**	19,188
A- to A+	**15,742**	13,216
BBB- to BBB+	**10,120**	9,297
Based on internal ratings		
Grade 1	**1,553**	1,346
Grade 2	**2,196**	1,889
Grade 3	**1,748**	1,395
	67,298	60,005

Derivatives

IFRS 7.34(a)

The Group's derivatives are entered into with banks and other financial institutions, which are rated AA- to AA+, based on [*Rating Agency Y*] ratings.

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6. Risk and capital management (continued)

E. Credit risk (continued)

ii. Credit quality analysis (continued)

IFRS 7.35K(a), 35M, IG20C

The following tables set out the credit quality analysis for debt investments measured at FVOCI and at amortised cost and lease receivables without taking into account collateral or other credit enhancements. Unless specifically indicated, the amounts in the table represent gross carrying amounts.[a]

An explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 44(G)(iii).

In millions of EUR	2024 Stage 1	2023 Stage 1
Financial investments – not underlying items		
Deposits with financial institutions		
AAA	**1,739**	1,578
AA- to AA+	**667**	636
	2,406	2,214
Loss allowance	**(1)**	(1)
Amortised cost	**2,405**	2,213
Government bonds at FVOCI		
AAA	**27,256**	28,181
AA- to AA+	**29,692**	29,489
A- to A+	**4,728**	4,198
	61,676	61,868
Loss allowance	**(380)**	(369)
Amortised cost	**61,296**	61,499
Carrying amount – fair value	**64,439**	62,200
Government bonds at amortised cost		
AAA	**1,683**	1,741
AA- to AA+	**2,337**	2,416
	4,020	4,157
Loss allowance	**(31)**	(31)
Amortised cost	**3,989**	4,126

IFRS 7.35M(b)(iii)–(c) a. An entity is required to disclose information about credit risk exposure separately for any purchased or originated credit-impaired financial assets, and trade receivables and contract assets under IFRS 15 for which the loss allowances are always measured at lifetime ECL in accordance with paragraph 5.5.15 of IFRS 9. The Group did not hold such assets at the reporting date.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

ii. Credit quality analysis (continued)

	31 December 2024				31 December 2023			
In millions of EUR	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial investments – not underlying items (continued)								
Other debt securities at FVOCI								
Based on [*Rating Agency Y*] ratings								
AAA	**12,272**	**-**	**-**	**12,272**	12,102	-	-	12,102
AA- to AA+	**14,622**	**102**	**-**	**14,724**	14,799	126	-	14,925
A- to A+	**14,341**	**326**	**-**	**14,667**	14,215	339	-	14,554
BBB- to BBB+	**7,850**	**656**	**-**	**8,506**	8,278	393	-	8,671
BB- to BB+	**67**	**653**	**-**	**720**	45	495	-	540
CCC- to B+	**-**	**2,051**	**-**	**2,051**	-	2,089	-	2,089
C to CC	**-**	**-**	**710**	**710**	-	-	857	857
D	**-**	**-**	**440**	**440**	-	-	393	393
Based on internal ratings								
Grade 1	**1,728**	**-**	**-**	**1,728**	1,524	-	-	1,524
Grade 2	**2,059**	**20**	**-**	**2,079**	1,863	22	-	1,885
Grade 3	**2,020**	**62**	**-**	**2,082**	1,789	58	-	1,847
Grade 4	**1,106**	**125**	**-**	**1,231**	1,042	67	-	1,109
Grade 5	**4,700**	**338**	**-**	**5,038**	4,809	332	-	5,141
Grade 6	**-**	**930**	**-**	**930**	-	899	-	899
Grade 7	**-**	**-**	**593**	**593**	-	-	523	523
Grade 8	**-**	**-**	**290**	**290**	-	-	279	279
	60,765	**5,263**	**2,033**	**68,061**	60,466	4,820	2,052	67,338
Loss allowance	**(873)**	**(658)**	**(1,380)**	**(2,911)**	(878)	(624)	(1,371)	(2,873)
Amortised cost	**59,892**	**4,605**	**653**	**65,150**	59,588	4,196	681	64,465
Carrying amount – fair value	**61,888**	**4,870**	**603**	**67,361**	61,500	4,340	675	66,515

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

ii. Credit quality analysis (continued)

In millions of EUR	2024 Stage 1	2023 Stage 1
Financial investments – not underlying items (continued)		
Other debt securities at amortised cost		
Based on [*Rating Agency Y*] ratings		
AAA	**270**	273
AA- to AA+	**425**	430
A- to A+	**837**	849
Based on internal ratings		
Grade 1	**113**	115
Grade 2	**741**	751
	2,386	2,418
Loss allowance	**(15)**	(16)
Amortised cost	**2,371**	2,402
Cash and cash equivalents		
Grade 1	**7,902**	6,045
Grade 2	**12,893**	10,293
	20,795	16,338
Loss allowance	**(1)**	(1)
Amortised cost	**20,794**	16,337
Receivables other than operating lease receivables		
Grade 1	**228**	255
Grade 2	**1,133**	1,269
Grade 3	**1,591**	1,774
Grade 4	**4,621**	5,162
	7,573	8,460
Loss allowance	**(147)**	(168)
Amortised cost	**7,426**	8,292

Operating lease receivables

IFRS 7.35K(a), 35M(b)(iii), 35N, B8I

The Group uses a provision matrix to measure the ECL of operating lease receivables. The following table provides information about the exposure to credit risk and ECL for operating lease receivables.

	31 December 2024			31 December 2023			
In millions of EUR	Gross carrying amount	Weighted-average loss rate	Loss allowance	Gross carrying amount	Weighted-average loss rate	Loss allowance	Credit-impaired
Current (not past due)	**141**	**0.4%**	**(1)**	134	0.4%	(1)	No
1–30 days past due	**26**	**2.2%**	**(1)**	28	2.1%	(1)	No
31–60 days past due	**11**	**5.6%**	**(1)**	11	5.4%	(1)	No
61–90 days past due	**8**	**11.0%**	**(1)**	7	10.8%	(1)	No
More than 90 days past due	**3**	**56.0%**	**(2)**	5	53.3%	(3)	Yes
	189		**(6)**	185		(7)	

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iii. Collateral for securities lending and repurchase agreements and derivatives

The Group receives and pledges collateral in respect of securities lending, sale-and-repurchase and reverse sale-and-repurchase transactions, and certain derivative contracts. The collateral may be in the form of readily realisable securities (e.g. government bonds) or cash.

IFRS 7.14(b), 15(c)

This collateral is subject to standard industry terms including, where appropriate, an International Swaps and Derivatives Association (ISDA) credit support annex. This means that securities received or given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the transaction on the counterparty's failure to post collateral.

IFRS 7.13E, B50

Derivative transactions are transacted on exchanges, with central clearing counterparties or entered into under ISDA master netting agreements. In general, under these agreements, in certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement with the counterparty are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions with the counterparty. The Group executes a credit support annex in conjunction with the ISDA agreement, which requires the Group and its counterparties to post collateral to mitigate counterparty credit risk. Margin is also posted daily on trades that are not settled to market, in respect of derivatives transacted on exchanges and with central clearing counterparties. Certain derivatives are settled to market daily, whereby the daily variation margin is a partial settlement of the outstanding derivative positions and the fair values of the derivatives are reduced accordingly.

The Group's securities lending, sale-and-repurchase and reverse sale-and-repurchase transactions are covered by master agreements with netting terms similar to those of ISDA master netting agreements.

Collateral held

IFRS 7.35K(b)(i), 36(b), B8G

The Group holds collateral against its credit exposure arising from derivative assets and receivables from reverse sale-and-repurchase counterparties.

		Percentage of exposure that is subject to collateral requirements		
In millions of EUR	***Note***	**2024**	**2023**	**Principal type of collateral held**
Derivative assets	*21(A)*	**100**	100	Cash
Receivables from reverse sale-and-repurchase counterparties	*22*	**100**	100	Marketable securities

[IFRS 9.3.2.23(d), B3.2.15]

For marketable securities received as collateral, legal title is always transferred to the Group. However, the Group does not recognise these securities as assets in the absence of the transferor's default because the transferor retains substantially all of the risks and rewards of ownership. Instead, it derecognises any cash consideration paid and recognises a receivable from the transferor, which is included in 'receivables' in the statement of financial position (see Note 22).

[IFRS 9.3.2.23(b)]

If the Group sells the securities received, then it recognises the proceeds from the sale and a financial liability measured at fair value for its obligation to return the securities.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iii. Collateral for securities lending and repurchase agreements and derivatives (continued)

Collateral held (continued)

IFRS 7.15(a)–(b)

At 31 December 2024, the fair value of securities accepted as collateral that the Group is permitted to sell or repledge in the absence of default was EUR 6,739 million (2023: EUR 7,311 million). None of the securities accepted as collateral have been sold or repledged.

Collateral pledged

The Group also pledges cash collateral for certain derivative liabilities and securities collateral for payables to sale-and-repurchase and securities lending counterparties.

IFRS 7.14(a), 42D(a)–(b), (e), [IFRS 9.3.2.23(a), B3.2.16(a)–(c)]

At 31 December 2024, securities lent to unrelated parties under securities lending transactions or subject to sale-and-repurchase agreements in which the counterparties obtain the right to sell or pledge the assets amount to EUR 8,267 million (2023: EUR 8,205 million). These securities are reclassified, separately from other assets, as 'financial investments transferred under securities lending and repurchase agreements' in the statement of financial position. The Group continues to recognise the transferred securities in their entirety because it retains substantially all of the risks and rewards of ownership.

IFRS 7.14(b), 42D(c)

Because the Group transfers the contractual rights to the cash flows of the securities as part of the arrangement, it does not have the ability to use the transferred assets during the term of the arrangement.

IFRS 7.42D(c), (e), [IFRS 9.3.2.15]

Any cash consideration received is recognised as a financial asset and a financial liability is recognised for the obligation to repay it. The carrying amount of the liabilities associated with the transferred securities is EUR 8,274 million (2023: EUR 8,214 million) and is included in 'payables' in the statement of financial position (see Note 28).

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iii. Collateral for securities lending and repurchase agreements and derivatives (continued)

Offsetting of financial assets and financial liabilities

The Group's ISDA and similar master netting agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreements a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties, or following other predetermined events. In addition, the Group and its counterparties do not intend to realise the assets and settle the liabilities simultaneously or to settle them on a net basis.

The Group does not offset any other financial assets and financial liabilities in its statement of financial position.

IFRS 7.13A–13D

The financial assets and financial liabilities set out in the table below are subject to an enforceable master netting agreement or a similar agreement that covers similar financial instruments.

In millions of EUR	**Gross and net amounts of financial assets (liabilities) presented in the statement of financial position**	**Related amounts not offset in the statement of financial position**			
		Recognised financial instruments	**Cash collateral (received) pledged**	**Securities collateral (received) pledged**	**Net amount**
31 December 2024					
Types of financial assets					
Derivative assets	**1,337**	**(734)**	**(603)**	**-**	**-**
Receivables from reverse sale-and-repurchase counterparties	**6,743**	**-**	**-**	**(6,739)**	**4**
	8,080	**(734)**	**(603)**	**(6,739)**	**4**
Types of financial liabilities					
Derivative liabilities	**(1,240)**	**734**	**506**	**-**	**-**
Payables to sale-and-repurchase and securities lending counterparties	**(8,274)**	**-**	**-**	**8,267**	**(7)**
	(9,514)	**734**	**506**	**8,267**	**(7)**
31 December 2023					
Types of financial assets					
Derivative assets	1,568	(814)	(754)	-	-
Receivables from reverse sale-and-repurchase counterparties	7,322	-	-	(7,311)	11
	8,890	(814)	(754)	(7,311)	11
Types of financial liabilities					
Derivative liabilities	(1,286)	814	472	-	-
Payables to sale-and-repurchase and securities lending counterparties	(8,214)	-	-	8,205	(9)
	(9,500)	814	472	8,205	(9)

IFRS 7.B42

In the table above, receivables from reverse sale-and-repurchase counterparties and payables to sale-and-repurchase and securities lending counterparties are measured at amortised cost, while the related securities collateral is measured at fair value.

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iii. Collateral for securities lending and repurchase agreements and derivatives (continued)

Offsetting of financial assets and financial liabilities (continued)

IFRS 7.B46

The following table reconciles the 'gross and net amounts of financial assets (liabilities) presented in the statement of financial position', as set out above, to the line items presented in the statement of financial position.

In millions of EUR	Gross and net carrying amounts disclosed above	Line item in statement of financial position	Carrying amount in the statement of financial position	Not in the scope of offsetting disclosures	*Note*
31 December 2024					
Types of financial assets					
Derivative assets	**1,337**	Financial investments measured at fair value	**412,526**	**411,189**	*21(A)*
Receivables from reverse sale-and-repurchase counterparties	**6,743**	Receivables	**7,609**	**866**	*22*
Types of financial liabilities					
Derivative liabilities	**(1,240)**	Derivative liabilities	**(1,240)**	**-**	*21(A)*
Payables to sale-and-repurchase and securities lending counterparties	**(8,274)**	Payables	**(10,401)**	**(2,127)**	*28*
31 December 2023					
Types of financial assets					
Derivative assets	1,568	Financial investments measured at fair value	384,080	382,512	*21(A)*
Receivables from reverse sale-and-repurchase counterparties	7,322	Receivables	8,470	1,148	*22*
Types of financial liabilities					
Derivative liabilities	(1,286)	Derivative liabilities	(1,286)	-	*21(A)*
Payables to sale-and-repurchase and securities lending counterparties	(8,214)	Payables	(11,305)	(3,091)	*28*

IFRS 7.35B(b)

iv. Amounts arising from ECL on financial assets

Inputs, assumptions and techniques used for estimating impairment

See accounting policies in Note 44(G)(iii).

Significant increase in credit risk

IFRS 7.35F(a), 35G(a)(ii)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

Whenever available, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group also reviews changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections and available regulatory and press information about debtors) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned with external credit rating definitions from [*Rating Agencies X and Y*].

IFRS 7.35F(a)(i), [IFRS 9.5.5.10, B5.5.22–B5.5.24]

Generally, the Group has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB- or higher based on [*Rating Agency Y*] ratings, which is equivalent to an internal risk grade of 4 or lower.

The Group identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed on an individual instrument basis as described above. However, if the Group identifies a key driver that is not considered in the individual assessment on a timely basis, then the Group will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to the whole or part of a portfolio. This may lead to the Group concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

IFRS 7.35F(a)(ii)

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the debtor.[a]

Management overlays may be applied to the model outputs if they are consistent with the objective of identifying a significant increase in credit risk.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When the contractual terms of an asset have been modified (see 'Modified financial assets' below), evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms. [*Disclosure of what probation periods the entity applies.*]

IFRS 7.35F(a)(ii)

a. The Group has not rebutted the presumption in paragraph 5.5.11 of IFRS 9 that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. If it had, then it would be required to explain how it had rebutted that presumption.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement (Stage 1) to credit-impaired (Stage 3); and
- there is no unwarranted volatility in loss allowance from transfers between 12-month (Stage 1) and lifetime ECL (Stage 2) measurements.

Modified financial assets

IFRS 7.35F(f), B8B

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value plus eligible transaction costs in accordance with the accounting policies in Note 44(G)(iv). The new asset is allocated to Stage 1 (assuming that it is not credit-impaired at the date of modification).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- its remaining lifetime PD as at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

Definition of default

IFRS 7.35F(b), B8A

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

In assessing whether a debtor is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same debtor to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Incorporation of forward-looking information

IFRS 7.35G(b)

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates and supranational organisations such as the Organisation for Economic Co-operation and Development and the International Monetary Fund, and selected private-sector and academic forecasts.

[*Explanation of how scenarios are selected and their weightings determined, and of changes in significant assumptions during the reporting period.*]

The scenario probability weightings applied in measuring ECL are as follows.

	31 December 2024			31 December 2023		
	Upside	**Central**	**Downside**	**Upside**	**Central**	**Downside**
Scenario probability weighting	**13%**	**72%**	**15%**	14%	70%	16%

Periodically, the Group carries out stress-testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually of the design of the scenarios by a panel of experts that advises the Group's senior management.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers of credit risk include GDP growth, house prices and interest rates.

The Group estimates each key driver of credit risk over the active forecast period of three years. This is followed by a period of mean reversion of between two and four years, depending on the product and geographic market. [*Explanation of specific factors that the entity has considered to extrapolate its projections from available detailed information for periods far into the future. Entities may consider presenting graphs to show how the key drivers are expected to change over the active and mean reversion periods.*]

The table below lists the macro-economic assumptions used in the central, upside and downside scenarios over the five-year forecast period. The assumptions represent the absolute percentage for interest rates and the five-year average of the year-on-year percentage change for GDP and house prices.

	31 December 2024			31 December 2023		
	Upside	**Central**	**Downside**	**Upside**	**Central**	**Downside**
GDP growth	**3.55%**	**3.00%**	**2.25%**	3.75%	3.25%	2.60%
Increase in house prices	**5.50%**	**4.00%**	**3.25%**	5.75%	3.50%	3.00%
Interest rates	**0.90%**	**2.10%**	**2.85%**	1.25%	2.00%	3.00%

The predicted relationships between the key indicators and the default and loss rates on various portfolios of financial assets have been developed by analysing historical data over the past 10 to 15 years.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Sensitivity of ECL to future economic conditions[a]

IAS 1.125, 129

ECL are sensitive to judgements and assumptions made regarding the formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on debt investments measured at FVOCI assuming that each forward-looking scenario (i.e. central, upside and downside) were weighted at 100% instead of applying scenario probability weightings across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements.

	31 December 2024				31 December 2023			
	Upside	**Central**	**Downside**	**Probability-weighted**	**Upside**	**Central**	**Downside**	**Probability-weighted**
Gross carrying amount in millions of EUR	**129,737**	**129,737**	**129,737**	**129,737**	129,206	129,206	129,206	129,206
Loss allowance in millions of EUR	**3,222**	**3,270**	**3,450**	**3,291**	3,155	3,225	3,390	3,242
Proportion of gross-carrying amount of assets in Stage 2	**3%**	**4%**	**6%**	**4%**	3%	4%	5%	4%

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- PD;
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

IAS 1.125, 129

a. Paragraph 125 of IAS 1 requires the disclosure of information about assumptions that an entity makes about the future and other sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Paragraph 129 of IAS 1 gives an example of this disclosure: 'the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculations, including reasons for the sensitivity'. Entities should consider what information they are able to provide and what information that is provided internally to key management personnel could be used to meet these requirements. Entities should disclose any limitations relevant to understanding the disclosures provided.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by [*Rating Agency X*] based on the default history of obligors in the same industry and geographic region with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)). The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discount rate.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount at the time of default.

[IFRS 9.5.5.19, B5.5.38]

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period.

IFRS 7.35F(c)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios. This includes the PDs provided in the [*Rating Agency X*] default study and the LGDs provided in the [*Rating Agency Y*] recovery studies.

Operating lease receivables

IFRS 7.35B(a), 35F(c), 35G(a)(i), (b)

The ECL of operating lease receivables are determined at country level using a provision matrix. Loss rates are calculated with reference to days past due and actual credit loss experience over the past five years and are multiplied by scalar factors to incorporate forward-looking information.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Loss allowance

IFRS 7.35H, IG20B

The following tables show reconciliations from the opening balance to the closing balance of the loss allowance by class of financial instrument. Transfers due to changes in credit risk are determined in accordance with the accounting policy set out in Note 44(G)(iii).[a]

In millions of EUR	2024 Stage 1	2023 Stage 1
Financial investments – not underlying items		
Deposits with financial institutions		
Balance at 1 January	**1**	1
Net remeasurement of loss allowance	**1**	-
Financial assets derecognised	**(1)**	-
Effects of movements in exchange rates	**-**	-
Balance at 31 December	**1**	1
Government bonds at FVOCI		
Balance at 1 January	**369**	346
Net remeasurement of loss allowance	**8**	11
New financial assets acquired	**42**	22
Financial assets derecognised	**(28)**	(23)
Effects of movements in exchange rates	**(11)**	13
Balance at 31 December	**380**	369
Government bonds at amortised cost		
Balance at 1 January	**31**	26
Net remeasurement of loss allowance	**1**	2
New financial assets acquired	**3**	2
Financial assets derecognised	**(3)**	(1)
Effects of movements in exchange rates	**(1)**	2
Balance at 31 December	**31**	31

IFRS 7.35H(b)(iii)–(c) a. An entity is required to disclose information about amounts arising from ECL separately for any purchased or originated credit-impaired financial assets, and trade receivables and contract assets under IFRS 15 for which the loss allowances are always measured at lifetime ECL in accordance with paragraph 5.5.15 of IFRS 9. The Group did not hold such assets at the reporting date.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Loss allowance (continued)

In millions of EUR	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
Financial investments – not underlying items (continued)								
Other debt securities at FVOCI								
Balance at 1 January	**878**	**624**	**1,371**	**2,873**	821	607	1,255	2,683
Transfer to Stage 1	**75**	**(75)**	**-**	**-**	72	(72)	-	-
Transfer to Stage 2	**(97)**	**193**	**(96)**	**-**	(88)	163	(75)	-
Transfer to Stage 3	**(12)**	**(98)**	**110**	**-**	(15)	(149)	164	-
Net remeasurement of loss allowance	**21**	**68**	**114**	**203**	25	66	146	237
New financial assets acquired	**62**	**-**	**-**	**62**	49	-	-	49
Financial assets derecognised	**(42)**	**(46)**	**(95)**	**(183)**	-	-	(131)	(131)
Write-offs	**-**	**-**	**(46)**	**(46)**	-	-	(45)	(45)
Unwinding of discount	**-**	**-**	**40**	**40**	-	-	35	35
Effects of movements in exchange rates	**(12)**	**(8)**	**(18)**	**(38)**	14	9	22	45
Balance at 31 December	**873**	**658**	**1,380**	**2,911**	878	624	1,371	2,873

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Loss allowance (continued)

In millions of EUR	2024 Stage 1	2023 Stage 1
Financial investments – not underlying items (continued)		
Other debt securities at amortised cost		
Balance at 1 January	**16**	15
Net remeasurement of loss allowance	**(1)**	(2)
New financial assets acquired	**4**	2
Financial assets derecognised	**(3)**	(1)
Effects of movements in exchange rates	**(1)**	2
Balance at 31 December	**15**	16
Cash and cash equivalents		
Balance at 1 January	**1**	1
Net remeasurement of loss allowance	**-**	-
Net change in cash and cash equivalents	**-**	-
Effects of movements in exchange rates	**-**	-
Balance at 31 December	**1**	1
Receivables other than operating lease receivables		
Balance at 1 January	**168**	103
Net remeasurement of loss allowance	**(12)**	20
New financial assets acquired	**10**	30
Financial assets derecognised	**(1)**	(2)
Effects of movements in exchange rates	**(18)**	17
Balance at 31 December	**147**	168

	2024			2023		
In millions of EUR	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Operating lease receivables						
Balance at 1 January	**4**	**3**	**7**	5	(1)	6
Transfer to credit-impaired	**(1)**	**1**	**-**	(2)	2	-
Net remeasurement of loss allowance	**-**	**1**	**1**	(1)	1	-
New financial assets acquired	**2**	**-**	**2**	1	-	1
Write-offs	**-**	**(3)**	**(3)**	-	(2)	(2)
Unwinding of discount	**-**	**1**	**1**	-	1	1
Effects of movements in exchange rates	**(1)**	**(1)**	**(2)**	1	-	1
Balance at 31 December	**4**	**2**	**6**	4	3	7

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Loss allowance (continued)

IFRS 7.16A

The loss allowance for debt investments at FVOCI of EUR 3,291 million (2022: EUR 3,242 million) does not reduce the carrying amount of these investments (which is their fair value) but gives rise to an equal and opposite gain in OCI.

IFRS 7.35L

The contractual amount outstanding on financial assets written off during 2023 that are still subject to enforcement activity is EUR 11 million (2022: EUR 19 million).

The following table provides a reconciliation between:

- amounts shown in the tables above reconciling opening and closing balances of the loss allowance by class of financial instrument; and
- the 'net impairment loss on financial assets' line item in the statement of profit or loss.

	2024			2023		
In millions of EUR	Net remeasurement of loss allowance	New financial assets acquired	Total	Net remeasurement of loss allowance	New financial assets acquired	Total
Financial investments – not underlying items						
Deposits with financial institutions	**1**	**-**	**1**	-	-	-
Government bonds at FVOCI	**8**	**42**	**50**	11	22	33
Government bonds at amortised cost	**1**	**3**	**4**	2	2	4
Other debt securities at FVOCI	**203**	**62**	**265**	237	49	286
Other debt securities at amortised cost	**(1)**	**4**	**3**	(2)	2	-
Cash and cash equivalents	**-**	**-**	**-**	-	-	-
Receivables other than operating lease receivables	**(12)**	**10**	**(2)**	20	30	50
Operating lease receivables	**1**	**2**	**3**	-	1	1
	201	**123**	**324**	268	106	374

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

iv. Amounts arising from ECL on financial assets (continued)

Loss allowance (continued)

Effect of significant changes in the gross carrying amount

IFRS 7.35I, IG20B

The following table provides an explanation of how significant changes in the gross carrying amounts of financial instruments contributed to changes in the loss allowance.

In millions of EUR	*Note*	Increase (decrease) in gross carrying amount	Increase (decrease) in loss allowance		
			Stage 1	Stage 2	Stage 3
2024					
Financial investments – not underlying items					
Government bonds at FVOCI					
– Acquisition of Crimson Auto Insurance SpA (Crimson Auto)	*36(A)*	**140**	**5**	**-**	**-**
– Disposal of Indigo Insurance Company	*36(B)*	**(989)**	**(15)**	**-**	**-**
Other debt securities at FVOCI					
– Acquisition of Crimson Auto	*36(A)*	**656**	**14**	**-**	**-**
– Disposal of Indigo Insurance Company	*36(B)*	**(605)**	**(20)**	**(14)**	**(34)**
– Write-off of a portfolio following a collapse in [*Industry X*] in [*Country Y*]		**(28)**	**-**	**-**	**(28)**
2023					
Financial investments – not underlying items					
Other debt securities at FVOCI					
– Increase in investments in renewable energy as part of the Group's sustainability initiative		514	18	-	-

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

E. Credit risk (continued)

v. Concentrations of credit risk

IFRS 17.127

Reinsurance is ceded across all geographic regions in which the Group operates. The Group does not have a significant concentration of credit risk with any single reinsurer.

IFRS 7.35B(c)

The Group monitors concentrations of credit risk arising from investments in debt instruments by geographic location of the issuer and by sector. An analysis of the carrying amounts of financial investments is shown below.

	Underlying items		Other	
In millions of EUR	**2024**	2023	**2024**	2023
Concentration by location				
[*Country X*]	**6,958**	6,476	**26,960**	25,611
France	**5,662**	5,270	**21,940**	20,842
Germany	**8,779**	8,170	**34,015**	32,312
UK	**7,233**	6,732	**28,028**	26,624
Other Europe	**2,866**	2,668	**11,106**	10,551
Singapore	**4,772**	4,441	**18,489**	17,564
Other Asia	**2,436**	2,268	**9,437**	8,967
US	**14,940**	13,906	**57,888**	54,990
	53,646	49,931	**207,863**	197,461
Concentration by sector				
Government	**23,741**	22,473	**92,104**	88,993
Banks	**10,467**	9,742	**40,557**	38,528
Other financial institutions	**5,383**	5,010	**20,859**	19,815
Real estate	**3,289**	3,062	**12,746**	12,108
Pharmaceuticals	**2,093**	1,948	**8,110**	7,704
Manufacturing	**1,196**	1,113	**4,635**	4,403
Energy	**1,794**	1,670	**6,953**	6,605
Technology	**3,395**	3,160	**13,155**	12,497
Other	**2,288**	1,753	**8,744**	6,808
	53,646	49,931	**207,863**	197,461

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

F. Liquidity risk

IFRS 7.33(a), 17.124(a), [IFRS 7.A]

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its insurance and reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset. Although the relatively illiquid nature of insurance contracts allows the Group to invest in less liquid but higher-yielding assets, liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profile of assets and liabilities.

i. Management of liquidity risk

IFRS 7.33(b), 17.124(b)

The board of directors sets the Group's strategy for managing liquidity risk. ALCO oversees the implementation of this strategy and approves the Group's liquidity policies and procedures. Group treasury, located in the Group's head office and the Asia and US regional offices, manages the Group's liquidity position on a day-to-day basis, including monitoring local business units' liquidity positions. Summary reports, including any exceptions and remedial action taken, are submitted to ALCO monthly or more frequently when predefined thresholds are breached.

IFRS 7.39(c), 17.132(a)

The Group's objective in managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows.

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity, that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Matching, to the maximum extent possible, the cash flows of the Group's financial assets with the cash flows of insurance and investment contracts and other financial liabilities.
- Monitoring liquidity ratios and carrying out stress-testing of the Group's liquidity position against various exposures and global, country-specific and Group-specific events.

Group treasury maintains a pool of short-term liquid assets that is intended to provide sufficient liquidity in the Group as a whole to cover short-term fluctuations in the liquidity requirements of any business units. Longer-term funding is used to manage structural liquidity requirements.

Regular liquidity stress-testing is conducted under a variety of scenarios, covering both normal and more severe market conditions. The scenarios are developed taking into account both Group-specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, natural disasters or other catastrophes).

IFRS 7.B11F, IAS 7.50(a)

In addition, the Group maintains significant undrawn committed banking facilities, as follows.

- EUR 2,000 million unsecured overdraft facilities, which can be drawn at any time and are reviewed annually. Interest would be payable at the rate of Euribor plus 1.5% (2023: Euribor plus 1.6%).
- EUR 4,500 million undrawn committed borrowing facilities that can be drawn at any time to meet short-term financing needs, as long as the Group has maintained satisfactory credit ratings. The facilities have a 30-day maturity that renews automatically at the option of the Group. Interest would be payable at a rate of Euribor plus 1.0% (2023: Euribor plus 1.1%).

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

F. Liquidity risk (continued)

ii. Maturity analysis

Insurance and reinsurance contracts

IFRS 17.132(b)

The following table provides a maturity analysis of the Group's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur.[a] Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

	Estimates of present value of future cash flows						
In millions of EUR	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
31 December 2024							
Insurance contracts							
Liabilities – direct participating contracts	**15,388**	**13,851**	**13,449**	**11,695**	**10,169**	**106,741**	**171,293**
Liabilities – other	**13,682**	**12,999**	**13,041**	**11,340**	**9,860**	**81,429**	**142,351**
Assets – other[b]	**(85)**	**(82)**	**(77)**	**(72)**	**(67)**	**(466)**	**(849)**
	28,985	**26,768**	**26,413**	**22,963**	**19,962**	**187,704**	**312,795**
Reinsurance contracts							
Assets[b]	**(747)**	**(713)**	**(672)**	**(629)**	**(587)**	**(5,025)**	**(8,373)**
Liabilities	**93**	**88**	**83**	**78**	**73**	**509**	**924**
	(654)	**(625)**	**(589)**	**(551)**	**(514)**	**(4,516)**	**(7,449)**
31 December 2023							
Insurance contracts							
Liabilities – direct participating contracts	14,510	13,060	12,681	11,028	9,589	100,017	160,885
Liabilities – other	12,930	12,317	12,356	10,744	9,343	77,192	134,882
Assets – other[b]	(80)	(76)	(72)	(67)	(63)	(433)	(791)
	27,360	25,301	24,965	21,705	18,869	176,776	294,976
Reinsurance contracts							
Assets[b]	(728)	(695)	(655)	(613)	(572)	(4,870)	(8,133)
Liabilities	87	84	79	74	69	480	873
	(641)	(611)	(576)	(539)	(503)	(4,390)	(7,260)

IFRS 17.132(c)

The amounts from insurance contract liabilities that are payable on demand are set out below.

	31 December 2024		31 December 2023	
In millions of EUR	Amount payable on demand	Carrying amount	Amount payable on demand	Carrying amount
Direct participating contracts	**189,578**	**198,755**	179,047	187,473
Non-participating whole-life contracts (life risk)	**7,843**	**8,170**	7,323	7,629
Life savings contracts	**71,541**	**74,963**	67,549	70,653
	268,962	**281,888**	253,919	265,755

IFRS 17.132(b)

a. IFRS 17 requires separate maturity analyses for portfolios of insurance and reinsurance contracts that are liabilities that show, as a minimum, net cash flows for each of the first five years after the reporting date and in aggregate beyond the first five years. The Group has elected to analyse the estimates of the present value of the future cash flows by estimated timing. Alternatively, an entity may analyse the remaining contractual undiscounted net cash flows by estimated timing.

b. Although it is not required, the Group has provided additional disclosure for insurance and reinsurance contract assets.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

F. Liquidity risk (continued)

ii. Maturity analysis (continued)

Financial instruments

IFRS 7.39(a)–(b)

The following table sets out the remaining contractual maturities of the Group's financial liabilities.[a]

	In millions of EUR	**Contractual undiscounted cash flows** 1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total	Carrying amount
	31 December 2024								
IFRS 7.39(a)	**Non-derivative liabilities**								
	Payables	**9,807**	**608**	**-**	**-**	**-**	**-**	**10,415**	**10,401**
	Investment contract liabilities	**23,977**	**-**	**-**	**-**	**-**	**-**	**23,977**	**23,977**
	Third party interests in consolidated funds	**491**	**-**	**-**	**-**	**-**	**-**	**491**	**491**
IFRS 16.58	Lease liabilities	**319**	**228**	**203**	**178**	**152**	**355**	**1,435**	**1,095**
	Other loans and borrowings	**124**	**257**	**1,042**	**1,482**	**1,923**	**5,111**	**9,939**	**6,310**
		34,718	**1,093**	**1,245**	**1,660**	**2,075**	**5,466**	**46,257**	**42,274**
IFRS 7.39(b), B11B	**Derivative liabilities**								
	Outflow	**1,635**	**2,723**	**2,475**	**1,245**	**930**	**900**	**9,908**	
	Inflow	**(1,417)**	**(2,360)**	**(2,145)**	**(1,079)**	**(806)**	**(780)**	**(8,587)**	
		218	**363**	**330**	**166**	**124**	**120**	**1,321**	**1,240**
	31 December 2023								
IFRS 7.39(a)	**Non-derivative liabilities**								
	Payables	10,491	835	-	-	-	-	11,326	11,305
	Investment contract liabilities	21,779	-	-	-	-	-	21,779	21,779
	Third party interests in consolidated funds	441	-	-	-	-	-	441	441
IFRS 16.58	Lease liabilities	360	224	199	174	149	348	1,454	1,118
	Other loans and borrowings	174	347	617	914	1,211	5,736	8,999	5,732
		33,245	1,406	816	1,088	1,360	6,084	43,999	40,375
IFRS 7.39(b), B11B	**Derivative liabilities**								
	Outflow	1,703	2,888	2,370	1,395	1,035	923	10,314	
	Inflow	(1,476)	(2,503)	(2,054)	(1,209)	(897)	(800)	(8,939)	
		227	385	316	186	138	123	1,375	1,286

IFRS 7.B11, Insights 7.10.650.80

a. Because IFRS 7 does not mandate the number of time bands to be used in the analysis, the Group has applied judgement to determine an appropriate number of time bands.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

F. Liquidity risk (continued)

ii. Maturity analysis (continued)

Financial instruments (continued)

IFRS 7.B11E

The following table sets out the remaining contractual maturities of the Group's financial assets.[a]

In millions of EUR	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years or no fixed maturity	Total	Carrying amount
	Contractual undiscounted cash flows							
31 December 2024								
Non-derivative assets								
Cash and cash equivalents	**20,794**	**-**	**-**	**-**	**-**	**-**	**20,794**	**20,794**
Financial investments – underlying items	**19,061**	**16,991**	**16,082**	**14,332**	**12,774**	**146,495**	**225,735**	**210,967**
Financial investments – other	**26,808**	**25,467**	**29,747**	**33,052**	**35,695**	**80,497**	**231,266**	**217,254**
Receivables	**7,594**	**16**	**-**	**-**	**-**	**-**	**7,610**	**7,609**
	74,257	**42,474**	**45,829**	**47,384**	**48,469**	**226,992**	**485,405**	**456,624**
Derivative assets								
Inflow	**1,698**	**2,827**	**2,671**	**1,373**	**1,148**	**957**	**10,674**	
Outflow	**(1,470)**	**(2,449)**	**(2,313)**	**(1,190)**	**(995)**	**(834)**	**(9,251)**	
	228	**378**	**358**	**183**	**153**	**123**	**1,423**	**1,337**
31 December 2023								
Non-derivative assets								
Cash and cash equivalents	16,337	-	-	-	-	-	16,337	16,337
Financial investments – underlying items	17,666	15,694	14,807	13,186	11,748	136,403	209,504	197,645
Financial investments – other	24,903	23,657	27,633	30,704	33,158	74,775	214,830	201,813
Receivables	8,454	17	-	-	-	-	8,471	8,470
	67,360	39,368	42,440	43,890	44,906	211,178	449,142	424,265
Derivative assets								
Inflow	1,972	3,347	3,144	1,598	1,282	1,206	12,549	
Outflow	(1,711)	(2,900)	(2,725)	(1,385)	(1,111)	(1,046)	(10,878)	
	261	447	419	213	171	160	1,671	1,568

IFRS 7.39(a)–(b), B11E

a. The Group has disclosed a maturity analysis for financial assets that it holds as part of managing liquidity risk because it considers that this information is necessary to enable users of financial statements to evaluate the nature and extent of its liquidity risk.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

F. Liquidity risk (continued)

ii. Maturity analysis (continued)

Financial instruments (continued)

The amounts in the tables above have been compiled as follows.

Non-derivatives

IFRS 7.B11D

The amounts are the gross contractual undiscounted cash flows, which include estimated interest payments. The interest on floating-rate instruments reflects the market forward interest rates at the reporting date, which may change as market interest rates change.[a, b]

IFRS 7.B11C(a)

Financial liabilities are allocated to the earliest period in which the Group could be required to pay. Investment contract liabilities and third party interests in consolidated funds are immediately payable on demand, because each holder has an option to surrender the investment contract or to redeem units in the consolidated funds at any time. Accordingly, these amounts have been included in the earliest time band. Most of the underlying assets are either cash and cash equivalents or liquid investments that can be converted into cash at short notice.

For perpetual debt securities, the contractual par amount has been included in the 'more than 5 years' column; interest has been included in the analysis up to 15 years after the reporting date.

Derivatives

IFRS 7.B11D

The amounts disclosed represent the contractual undiscounted cash flows, being the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement – e.g. foreign exchange forward contracts and currency swaps – and the net amounts for derivatives that are settled net. They are estimated based on relevant market rates at the reporting date.

Insights 7.10.650.70

a. The Group has included both the interest and principal cash flows in the analysis. In our view, this best represents the liquidity risk being faced by the Group.

IFRS 7.B11D, Insights 7.10.650.110

b. When the amount payable is not fixed, the amount to be disclosed is determined with reference to conditions existing at the reporting date. For example, for a floating-rate bond with interest payments indexed to three-month Euribor, in our view the amount to be disclosed should be based on forward rates rather than spot rates prevailing at the reporting date because the spot interest rates do not represent the level of the index based on which the cash flows will be payable. The forward interest rates better describe the level of the index in accordance with the conditions existing at the reporting date.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

G. Operational risk[a]

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as the risks of mis-selling of products, modelling errors and non-compliance with legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective in managing operational risk is to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Group risk committee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- IT, data security and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the Group risk committee, with summaries submitted to the Group's audit committee and senior management.

IAS 1.134

H. Capital management[b]

i. Regulatory capital

IAS 1.135(a)(iii)

The Group management committee uses regulatory capital ratios to monitor the Group's capital base. The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Group recognises the impact of the level of capital on shareholders' returns and the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a stronger capital position.

a. Operational risk is not an insurance risk or a financial risk, and is not required to be disclosed by IFRS 17 or IFRS 7. However, operational risk in a financial institution is commonly managed and reported internally in a formal framework similar to insurance and financial risks, and may be a factor in capital allocation and regulation.

IFRS 17.126, IAS 1.134–136

b. Insurers are subject to specific local regulatory capital requirements. The example disclosures are not designed to reflect any particular regulatory framework.

The example disclosures presented in this guide assume that the primary basis for capital management and regulatory capital requirements are aligned. However, other presentations are possible.

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Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

H. Capital management (continued)

i. Regulatory capital (continued)

IAS 1.135(a)(i)

The Group's regulatory capital is financed by a combination of shareholders' funds, including non-redeemable preference shares, and qualifying subordinated notes issued. Deductions are made for intangible assets and goodwill, and adjustments are made for other assets and liabilities that are treated differently for regulatory capital purposes.

IAS 1.135(b)

In millions of EUR	Note	2024	2023
Ordinary share capital	*34*	**2,601**	2,189
Non-redeemable preference shares	*34*	**400**	400
Share premium	*34*	**20,290**	16,425
Retained earnings		**41,006**	35,068
Other reserves		**3,747**	3,148
NCI	*35(C)*	**977**	847
Subordinated notes issued	*31*	**2,430**	2,453
Deductions for intangible assets and goodwill	*26*	**(12,090)**	(12,513)
Other regulatory adjustments		**(7,807)**	(8,722)
Total regulatory capital		**51,554**	39,295

IFRS 17.126, IAS 1.135(a)(ii)

The Group's lead regulator, [*Name of regulator*], monitors capital requirements for the Group as a whole. The Company and its individual subsidiaries are directly supervised by their local regulators.

The Group is required by [*Lead regulator*] to hold an excess of its assets over its insurance contract liabilities calculated on a regulatory basis. The requirement aims to ensure that the Group is able to meet its obligations over the next 12 months at a 99.5% confidence level. Breaching this requirement – the solvency capital requirement (SCR) – would result in supervisory intervention by [*Lead regulator*] and remedial actions designed to restore the SCR level of capital.

IAS 1.135(d)

[*Lead regulator*]'s approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the SCR to regulatory capital. The Company and its individual subsidiaries may also be subject to supervisory intervention by their local regulators at local entity level. The Group and its individually regulated subsidiaries complied with all externally imposed capital requirements during 2024 and 2023.

ii. Capital allocation

IAS 1.135(a)

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated, but is also subject to local minimum regulatory capital requirements. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by the Group's risk department and is subject to review by ALCO.

When determining how capital is allocated within the Group to particular operations or activities, account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer-term strategic objectives. A Group-wide capital management standard sets out minimum standards and guidelines for capital management, including governance and requirements for management information. The capital management standard is reviewed regularly by the board of directors.

Notes to the consolidated financial statements (continued)

6. Risk and capital management (continued)

I. Climate-related risks

IFRS 7.31, IFRS 17.121

'Climate-related risks' have potential negative impacts on the Group. Climate-related risks have an impact on the principal risk categories discussed above (i.e. risks from insurance contracts issued, reinsurance, underwriting, market, credit, liquidity and operational), but due to their pervasive nature they have been separately identified and disclosed by the Group.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate-related patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group's ESG Committee is responsible for developing Group-wide policies, processes and controls to incorporate climate-related risks in the management of principal risk categories.

The Group has developed a climate-related risk framework for:

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor.

The Group has also set out principles on how to incorporate climate-related risk into stress test scenarios.

The Group has identified the following climate-related risk factors as having an impact on the Group's insurance contracts and financial instruments and included them in its principal risk management processes.

- *Underwriting of policyholders exposed to increased physical risks:* The Group has identified policyholders and sectors that are subject to increased climate-related physical risks. The growing incidence and severity of climate related risk events may increase the frequency or magnitude of insured events, and so affects the assumptions used to measure the insurance contract liabilities. The board of directors has set overall underwriting limits for these policyholders/sectors. Climate-related risks are built into our pricing for non-life contracts and the Group also uses reinsurance to mitigate the risk, see (C)(i).
- *Industries exposed to increased transition risks:* The Group has identified industries that are subject to increased risk of climate-related regulation negatively affecting their business models which may impact the measurement of expected credit losses. The ALCO considers climate-related risk when developing internal credit risk grades and has set overall investment limits for these industries.
- *Real estate impacted by physical and transition risks:* The Group has identified areas in which it operates that are exposed to increased physical risk such as hurricanes or floods which may have harmful impacts on the buildings or impact insurance premiums for the buildings. The Group has also identified areas where real estate is exposed to transition risks including whether the buildings meet current or future regulations on environmental performance and if capital expenditure is required to meet those requirements. Climate-risk exposure is considered in determining the fair value of investment properties and owner-occupied properties.

In addition, the Group is in the process of developing models that aim to assess how policyholders' mortality and morbidity risk profiles are linked to climate change. The Group plans to use these models in pricing insurance policies and in calculating reserves and determining reinsurance needs.

Notes to the consolidated financial statements (continued)

7. Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets, and financial and non-financial liabilities.

A. Valuation models

[IFRS 13.72]

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- *Level 1:* Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- *Level 2:* Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3:* Inputs that are unobservable. This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

IFRS 13.93(c), (e)(iv), 95

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurs.

IFRS 13.93(d)

Valuation techniques include discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, exchange rates, bond and equity prices and expected price volatilities and correlations.

[IFRS 13.42, 62]

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects the effect of non-performance risk.

For more information about the valuation models for financial instruments, see Note 8(A).

Notes to the consolidated financial statements (continued)

7. Fair value measurement (continued)

B. Valuation framework

IFRS 13.93(g), IE65

The Group has an established control framework for the measurement of fair values. This framework includes a valuation team, which reports to the chief financial officer, with overall responsibility for overseeing and independently verifying all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models;
- biannual calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month.

When third party information – e.g. broker quotes, pricing services or independent property valuations – is used to measure fair value, the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS Accounting Standards. This includes:

- verifying that the broker, pricing service or independent property valuer is approved by the Group for use in pricing the relevant type of asset or liability;
- understanding how the fair value has been arrived at, the extent to which it reflects actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- when prices for similar assets or liabilities are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the asset or liability subject to measurement; and
- if a number of quotes for the same asset or liability have been obtained, then understanding how fair value has been determined using those quotes.

Significant valuation issues are reported to the Group audit committee.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 8: financial instruments;
- Note 18(B): share-based payment arrangements;[a]
- Note 23(B): investment property;
- Note 25(A)(ii): owner-occupied property measured at fair value;
- Note 30(F)(iv): insurance contracts; and
- Note 36(A)(iii): acquisition of subsidiary.[b]

IFRS 13.6(a) a. The Group has included in the list above a reference to the disclosures about the measurement of fair values for share-based payment arrangements. However, the measurement and disclosure requirements of IFRS 13 *Fair Value Measurement* do not apply to these arrangements.

IFRS 13.BC184 b. The Group has disclosed information about the fair value measurement on initial recognition of assets acquired and liabilities assumed in a business combination, although the disclosure requirements of IFRS 13 do not apply to measurements on initial recognition.

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Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values

IFRS 7.6, 8

The carrying amounts of the Group's financial assets and financial liabilities are set out below.[a]

		31 December 2024				
In millions of EUR	**Note**	**Fair value – hedging instruments**	**FVTPL – mandatory**	**FVTPL – designated**	**FVTPL – Company's own shares**	**FVOCI – debt instruments**
Cash and cash equivalents	20	-	-	-	-	-
Financial investments – underlying items	21	-	151,418	59,940	465	-
Financial investments – transferred under securities lending and repurchase agreements	21					
Government bonds		-	-	-	-	4,206
Other debt securities		-	-	-	-	2,431
Equity securities		-	1,630	-	-	-
Financial investments – other	21					
Deposits with financial institutions		-	-	-	-	-
Derivative assets		71	410	-	-	-
Government bonds		-	-	23,676	-	60,233
Other debt securities		-	-	43,622	-	64,930
Equity securities		-	7,729	-	-	-
Receivables	22	-	-	-	-	-
Total financial assets		71	161,187	127,238	465	131,800
Payables	28	-	-	-	-	-
Derivative liabilities	21	70	1,170	-	-	-
Investment contract liabilities	29	-	-	23,977	-	-
Third party interests in consolidated funds	29	-	-	491	-	-
Loans and borrowings	31					
Senior notes issued		-	-	-	-	-
Subordinated notes issued		-	-	-	-	-
Bank loans		-	-	-	-	-
Redeemable preference shares		-	-	-	-	-
Lease liabilities		-	-	-	-	-
Total financial liabilities		70	1,170	24,468	-	-

31 December 2024			31 December 2023							
FVOCI – equity instruments	Amortised cost	Total carrying amount	Fair value – hedging instruments	FVTPL – mandatory	FVTPL – designated	FVTPL – Company's own shares	FVOCI – debt instruments	FVOCI – equity instruments	Amortised cost	Total carrying amount
-	20,794	20,794	-	-	-	-	-	-	16,337	16,337
-	-	211,823	-	144,914	53,329	345	-	-	-	198,588
-	-	4,206	-	-	-	-	4,487	-	-	4,487
-	-	2,431	-	-	-	-	2,237	-	-	2,237
-	-	1,630	-	1,481	-	-	-	-	-	1,481
-	2,405	2,405	-	-	-	-	-	-	2,213	2,213
-	-	481	65	560	-	-	-	-	-	625
-	3,989	87,898	-	-	22,667	-	57,713	-	4,126	84,506
-	2,371	110,923	-	-	37,338	-	64,278	-	2,402	104,018
32	-	7,761	-	2,842	-	-	-	29	-	2,871
-	7,609	7,609	-	-	-	-	-	-	8,470	8,470
32	37,168	457,961	65	149,797	113,334	345	128,715	29	33,548	425,833
-	10,401	10,401	-	-	-	-	-	-	11,305	11,305
-	-	1,240	78	1,208	-	-	-	-	-	1,286
-	-	23,977	-	-	21,779	-	-	-	-	21,779
-	-	491	-	-	441	-	-	-	-	441
-	1,361	1,361	-	-	-	-	-	-	1,371	1,371
-	2,430	2,430	-	-	-	-	-	-	2,453	2,453
-	1,803	1,803	-	-	-	-	-	-	1,908	1,908
-	716	716	-	-	-	-	-	-	-	-
-	1,095	1,095	-	-	-	-	-	-	1,118	1,118
-	17,806	43,514	78	1,208	22,220	-	-	-	18,155	41,661

IFRS 7.6, B1–B3

a. An entity groups financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. Although IFRS 7 does not define 'classes', as a minimum, instruments measured at amortised cost are distinguished from instruments measured at fair value.

Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

A. Valuation models

[IFRS 13.77, 79, A]

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument whenever one is available. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

[IFRS 13.70–71]

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at the bid price and liabilities and short positions at the ask price.

[IFRS 13.61–62]

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IFRS 7.28(a), [IFRS 9.B5.1.2A]

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between its fair value and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments – e.g. interest rate and currency swaps – that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation, and reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets, and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors – e.g. liquidity risk or model uncertainties – to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risks of the Group entity and the counterparty, where appropriate.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

A. Valuation models (continued)

i. Valuation techniques for Level 2 and Level 3 fair value measurements

IFRS 13.93(d)

Where quoted prices of financial assets and financial liabilities in active markets are not available, the following valuation techniques are typically used.

Derivatives

The markets for the Group's exchange-traded derivatives – e.g. foreign exchange and equity index futures – are usually active. The fair value of an over-the-counter foreign exchange forward contract is determined by discounting the difference between the contractual forward price and the current forward price for the remaining maturity of the contract using a credit-adjusted risk-free interest rate (based on swap rates, if they are available, or otherwise on government bonds).

The fair value of interest rate swaps is typically based on broker quotes. Quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the measurement date.

For measuring derivatives that might change classification from being an asset to a liability or vice versa – e.g. interest rate swaps – fair values take into account both a credit valuation adjustment and a debit valuation adjustment when market participants take this into consideration in pricing the derivatives.

Debt and equity securities

Discounted cash flow techniques are commonly used for the valuation of debt securities. Discount rates are determined with reference to observable market transactions in instruments with substantially the same terms and characteristics, including the credit quality, the remaining term to repayment of the principal and the currency in which the payments are to be made.

For equity securities, the valuation techniques employed generally involve determining a measure of sustainable earnings or dividends and then applying an appropriate current market multiple based on publicly available information for similar companies that have actively traded equity securities.

Asset-backed securities with no active markets

During the current year, there has not been sufficient trading volume to establish an active market for certain asset-backed securities. Therefore, the Group has determined the fair value of these asset-backed securities using other valuation techniques. These securities are backed primarily by static pools of residential mortgages and enjoy a senior claim on cash flows.

To value these asset-backed securities, the Group uses a discounted cash flow technique that takes into account the PD and loss severity by considering the original underwriting criteria, vintage borrower attributes, loan-to-value ratios, expected house price movements and expected prepayment rates. These features are used to estimate expected cash flows, which are then allocated using the 'waterfall' applicable to the security and discounted at a risk-adjusted rate. The discounted cash flow technique is often used by market participants to price asset-backed securities. However, this technique is subject to inherent limitations – e.g. estimation of the appropriate risk-adjusted discount rate – and different assumptions and inputs would yield different results.

Collective investment schemes

The fair values of collective investment schemes are based on prices provided by the scheme managers. The prices provided by the scheme managers are generally based on the fair value of the net assets in the underlying funds.

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Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

A. Valuation models (continued)

i. Valuation techniques for Level 2 and Level 3 fair value measurements (continued)

Investment contract liabilities and third-party interests in consolidated funds

[IFRS 13.47]

Investment contracts can be surrendered and units in consolidated funds can be redeemed by the holder at any time (see Note 6(F)(ii)). Accordingly, their fair value is not less than the amount payable on demand. The fair values are based on the fair value of the underlying items less any accrued fees and surrender charges.

Receivables, payables and other non-derivative financial liabilities

[IFRS 13.42]

Fair value is determined based on the expected present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair values of payables and other non-derivative financial liabilities reflect their non-performance risk.

B. Financial instruments measured at fair value

i. Fair value hierarchy

IFRS 7.25–26, 13.93(a)–(b), 94, 99

The following table analyses financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

31 December 2024

In millions of EUR	Level 1	Level 2	Level 3	Total
Participating contracts and underlying items				
Financial investments				
Deposits with financial institutions	-	3,609	-	3,609
Derivative assets	285	571	-	856
Government bonds	15,919	7,822	-	23,741
Other debt securities	7,398	18,663	235	26,296
Equity securities	62,202	7,689	136	70,027
Collective investment schemes	61,365	23,328	-	84,693
Associates held by participating funds	-	2,601	-	2,601
	147,169	64,283	371	211,823
Derivative liabilities	(191)	(555)	-	(746)
Investment contract liabilities	-	(22,688)	(1,289)	(23,977)
Third party interests in consolidated funds	-	(491)	-	(491)
Other				
Financial investments – transferred under securities lending and repurchase agreements				
Government bonds	2,784	1,422	-	4,206
Other debt securities	2,254	177	-	2,431
Equity securities	1,572	58	-	1,630
	6,610	1,657	-	8,267
Financial investments – other				
Derivative assets	271	210	-	481
Government bonds	55,916	27,993	-	83,909
Other debt securities	21,036	78,341	9,175	108,552
Equity securities	7,088	119	554	7,761
	84,311	106,663	9,729	200,703
Derivative liabilities	(223)	(271)	-	(494)

Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

B. Financial instruments measured at fair value (continued)

i. Fair value hierarchy (continued)

31 December 2023

In millions of EUR	Level 1	Level 2	Level 3	Total
Participating contracts and underlying items				
Financial investments				
Deposits with financial institutions	-	3,320	-	3,320
Derivative assets	312	631	-	943
Government bonds	15,013	7,460	-	22,473
Other debt securities	7,000	16,822	316	24,138
Equity securities	55,416	7,023	159	62,598
Collective investment schemes	58,076	24,528	-	82,604
Associates held by participating funds	-	2,512	-	2,512
	135,817	62,296	475	198,588
Derivative liabilities	(163)	(525)	-	(688)
Investment contract liabilities	-	(20,571)	(1,208)	(21,779)
Third party interests in consolidated funds	-	(441)	-	(441)
Other				
Financial investments – transferred under securities lending and repurchase agreements				
Government bonds	3,089	1,398	-	4,487
Other debt securities	2,050	187	-	2,237
Equity securities	1,427	54	-	1,481
	6,566	1,639	-	8,205
Financial investments – other				
Derivative assets	319	306	-	625
Government bonds	53,534	26,846	-	80,380
Other debt securities	15,541	77,338	8,737	101,616
Equity securities	2,386	100	385	2,871
	71,780	104,590	9,122	185,492
Derivative liabilities	(152)	(446)	-	(598)

IFRS 13.93(c)

During 2024, quoted prices in active markets were no longer available for investments in debt securities with a carrying amount of EUR 2,483 million due to changes in market conditions. However, there was sufficient information available to measure the fair values of these securities using a valuation technique in which all significant inputs were observable. Therefore, these securities were transferred from Level 1 to Level 2 of the fair value hierarchy at 31 December 2024.

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Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

B. Financial instruments measured at fair value (continued)

ii. Recurring Level 3 fair value measurements

Reconciliation

IFRS 13.93(e)–(f)

The following table shows a reconciliation from the opening balances to the closing balances for recurring fair value measurements in Level 3 of the fair value hierarchy and analyses the total gains and losses recognised in profit or loss and OCI during the year.

		Participating contracts and underlying items			Other	
	2024 *In millions of EUR*	**Debt securities**	**Equity securities**	**Investment contract liabilities**	**Debt securities**	**Equity securities**
IFRS 13.93(e)	Balance at 1 January	316	159	(1,208)	8,737	385
	Total gains (losses)					
IFRS 13.93(e)(i)	Recognised in profit or loss	14	(21)	(68)	42	23
IFRS 13.93(e)(ii)	Recognised in OCI	-	-	-	396	2
IFRS 13.93(e)(iii)	Purchases (issues)	29	-	(100)	292	212
IFRS 13.93(e)(iii)	Settlements	(121)	(1)	77	(175)	(48)
IFRS 13.93(e)(iv)	Transfers into Level 3	-	-	-	-	-
IFRS 13.93(e)(iv)	Transfers out of Level 3	-	-	-	(38)	(17)
	Effect of movements in exchange rates	(3)	(1)	10	(79)	(3)
IFRS 13.93(e)	**Balance at 31 December**	235	136	(1,289)	9,175	554
IFRS 13.93(e)(i)	**Total gains (losses) recognised in profit or loss**					
	Other investment revenue	14	(21)	-	42	23
	Movement in investment contract liabilities	-	-	(68)	-	-
IFRS 13.93(f)	**Total gains (losses) recognised in profit or loss for assets and liabilities held at reporting date**					
	Other investment revenue	6	(10)	-	34	18
	Movement in investment contract liabilities	-	-	(56)	-	-
IFRS 13.93(e)(ii)	**Total gains (losses) recognised in OCI**					
	Net change in fair value	-	-	-	408	2
	Net amount reclassified to profit or loss	-	-	-	(12)	-

Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

B. Financial instruments measured at fair value (continued)

ii. Recurring Level 3 fair value measurements (continued)

Reconciliation (continued)

Reference	2023 *In millions of EUR*	Participating contracts and underlying items: Debt securities	Participating contracts and underlying items: Equity securities	Participating contracts and underlying items: Investment contract liabilities	Other: Debt securities	Other: Equity securities
IFRS 13.93(e)	Balance at 1 January	292	149	(1,218)	8,664	362
	Total gains (losses)					
IFRS 13.93(e)(i)	Recognised in profit or loss	14	15	(36)	26	9
IFRS 13.93(e)(ii)	Recognised in OCI	-	-	-	202	1
IFRS 13.93(e)(iii)	Purchases (issues)	52	-	(84)	112	32
IFRS 13.93(e)(iii)	Settlements	(39)	(4)	120	(411)	(16)
IFRS 13.93(e)(iv)	Transfers into Level 3	-	-	-	42	-
IFRS 13.93(e)(iv)	Transfers out of Level 3	-	-	-	-	-
	Effect of movements in exchange rates	(3)	(1)	10	102	(3)
IFRS 13.93(e)	**Balance at 31 December**	316	159	(1,208)	8,737	385
IFRS 13.93(e)(i)	**Total gains (losses) recognised in profit or loss**					
	Other investment revenue	14	15	-	26	9
	Movement in investment contract liabilities	-	-	(36)	-	-
IFRS 13.93(f)	**Total gains (losses) recognised in profit or loss for assets and liabilities held at reporting date**					
	Other investment revenue	14	12	-	24	8
	Movement in investment contract liabilities	-	-	(33)	-	-
IFRS 13.93(e)(ii)	**Total gains (losses) recognised in OCI**					
	Net change in fair value	-	-	-	196	1
	Net amount reclassified to profit or loss	-	-	-	6	-

IFRS 13.93(e)(iv)

At 31 December 2024, the Group transferred its investment in equity shares of Cerulean Limited of EUR 17 million (see Note 21(C)) from Level 3 to Level 1 of the fair value hierarchy, because the previously unquoted Cerulean Limited shares were listed on the Hong Kong Stock Exchange on 30 June 2024 and a quoted price in an active market became available.

During 2023, significant inputs used in measuring the fair value of certain investments in debt securities, such as credit spreads and long-dated option volatilities, became unobservable. During 2024, quoted prices for similar assets became available. As a result, these securities were transferred from Level 2 to Level 3 of the fair value hierarchy at 31 December 2023 and were transferred back to Level 2 of the fair value hierarchy at 31 December 2024.

Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

B. Financial instruments measured at fair value (continued)

ii. Recurring Level 3 fair value measurements (continued)

Unobservable inputs used in measuring fair value

IFRS 13.91(a), 93(d), (h)(i), 99, IE63, IE66

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised in Level 3 of the fair value hierarchy.[a]

Type of financial instrument	Fair value in millions of EUR	Valuation technique	Range of estimates (weighted average) for significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Debt securities (asset-backed securities)	**2024: 9,410** 2023: 9,053	Discounted cash flows	Credit spread **2024: 1.35–1.50% (1.42%)** 2023: 1.42–1.55% (1.46%) Lifetime PD **2024: 8–12% (10%)** 2023: 10–14% (12%) Expected annual prepayment rate **2024: 3–6% (4.8%)** 2023: 3–8% (5.8%)	Significant increases in any of these inputs in isolation would result in lower fair values. Generally, changes in assumptions used for the PD are accompanied by directionally opposite changes in assumptions used for expected prepayment rates.
Equity securities	**2024: 690** 2023: 544	Market comparison	Discount for lack of marketability **2024: 5–20% (10%)** 2023: 5–20% (17%)	Significant increases in the discount for lack of marketability would result in lower fair values.
Investment contract liabilities	**2024: 1,289** 2023: 1,208	Property appraisal value	Adjusted annual market yield **2024: 5–8% (6.5%)** 2023: 5–9% (6.7%)	Significant increases in the adjusted market yield would result in lower fair values.

IFRS 13.IE65(e)

Significant unobservable inputs are developed as follows.

Debt securities

Credit spreads are derived from the CDS market (whenever this information is available) and from historical defaults and prepayment trends adjusted for current conditions. PDs are derived from historical default and recovery information and adjusted for current conditions. Expected prepayment rates are derived from historical prepayment trends, adjusted to reflect current conditions.

Equity securities

Discounts for lack of marketability are determined by assessing the current and future operating performance and liquidity of the equity investments and current market conditions.

Investment contract liabilities

Investment contract liabilities categorised in Level 3 of the fair value hierarchy are measured with reference to the value of the investment property held in investment funds. Observable market yields for similar properties are adjusted to reflect the quality of tenants and the lease terms. Valuations may also reflect the expected rental growth rates, void periods, occupancy rates and lease incentive costs (see Note 23(B)).

IFRS 13.93(d), IE63, Insights 2.4.530.50

a. IFRS 13 does not specify how to summarise the information about unobservable inputs for each class of assets or liabilities – e.g. whether to include information about the range of values or a weighted average for each unobservable input used for each class. An entity considers the level of detail that is necessary to meet the disclosure objectives. For example, if the range of values for an unobservable input that the entity uses is wide, then this may indicate that the entity should disclose both the range and the weighted average of the values, as disclosed in this guide.

Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

B. Financial instruments measured at fair value (continued)

ii. Recurring Level 3 fair value measurements (continued)

The effect of unobservable inputs on fair value measurement

IFRS 13.93(h)(ii)

Although the Group believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For recurring fair value measurements in Level 3 of the fair value hierarchy, changing one of the assumptions used to reasonably possible alternative assumptions, holding other inputs constant, would have the following effects.

	Profit or loss		OCI	
In millions of EUR	Favourable	Unfavourable	Favourable	Unfavourable
31 December 2024				
Participating contracts and underlying items				
Debt securities	**2**	**(2)**	**-**	**-**
Equity securities	**28**	**(32)**	**-**	**-**
Investment contract liabilities	**60**	**(58)**	**-**	**-**
Other				
Debt securities	**5**	**(4)**	**386**	**(372)**
Equity securities	**43**	**(40)**	**-**	**-**
31 December 2023				
Participating contracts and underlying items				
Debt securities	1	(1)	-	-
Equity securities	34	(36)	-	-
Investment contract liabilities	48	(45)	-	-
Other				
Debt securities	7	(5)	417	(401)
Equity securities	35	(33)	-	-

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using unobservable inputs based on the upper and lower quartiles of the Group's ranges of possible estimates.

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Notes to the consolidated financial statements (continued)

8. Financial instruments – Classification and fair values (continued)

C. Financial instruments not measured at fair value

i. Fair value hierarchy

IFRS 7.25–26, 29, 13.97, 99

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level of the fair value hierarchy into which each fair value measurement is categorised. It does not include fair value information for cash and cash equivalents, receivables and payables, whose carrying amounts are a reasonable approximation of fair value, or for lease liabilities.

	Fair value				Carrying
In millions of EUR	Level 1	Level 2	Level 3	Total	amount
31 December 2024 – other					
Financial investments					
Deposits with financial institutions	**-**	**2,410**	**-**	**2,410**	**2,405**
Government bonds	**2,705**	**1,458**	**-**	**4,163**	**3,989**
Other debt securities	**626**	**1,730**	**148**	**2,504**	**2,371**
	3,331	**5,598**	**148**	**9,077**	**8,765**
Loans and borrowings					
Senior notes issued	**-**	**1,402**	**-**	**1,402**	**1,361**
Subordinated notes issued	**-**	**2,525**	**-**	**2,525**	**2,430**
Bank loans	**-**	**1,893**	**-**	**1,893**	**1,803**
Redeemable preference shares	**720**	**-**	**-**	**720**	**716**
	720	**5,820**	**-**	**6,540**	**6,310**
31 December 2023 – other					
Financial investments					
Deposits with financial institutions	-	2,216	-	2,216	2,213
Government bonds	3,110	1,433	-	4,543	4,126
Other debt securities	607	1,776	105	2,488	2,402
	3,717	5,425	105	9,247	8,741
Loans and borrowings					
Senior notes issued	-	1,392	-	1,392	1,371
Subordinated notes issued	-	2,477	-	2,477	2,453
Bank loans	-	1,859	-	1,859	1,908
	-	5,728	-	5,728	5,732

IFRS 13.97

Where they are available, the fair values of financial instruments not measured at fair value are based on quoted prices in active markets. Where a quoted price is not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Inputs into the valuation techniques include expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

Notes to the consolidated financial statements (continued)

9. Operating segments[a]

See accounting policies in Note 44(C).

A. Basis for segmentation

IFRS 8.20–22

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different operational, risk management and marketing strategies. The Group management committee reviews the internal management reports of each division at least every six months.

The following summary describes the products and services that each reportable segment offers.

Reportable segment[b]	Products and services
Life risk 	Life risk contracts provide protection against risk of premature death, disability or critical illness and, in the case of annuity contracts, extended longevity. These include term assurance, critical illness, non-participating whole-life contracts and immediate annuities with fixed and guaranteed terms. Immediate annuities with fixed and guaranteed terms are offered only in the UK.
Life savings 	Life savings contracts provide both savings and protection. Deferred annuities with fixed and guaranteed terms are offered in Europe and in the US. Universal life contracts that provide both a lump sum benefit payable on death and access to an account value are offered in Asia and in the US.
Participating 	Participating contracts are flexible savings products that allow policyholders to benefit from participating in the performance of a wide range of underlying items. Contracts include traditional participating contracts offered in Europe and in Asia, variable annuities offered in the US, unit-linked contracts and collective investment schemes offered in Europe and investment-linked contracts offered in Asia.
Non-life 	The Group issues non-life contracts to corporate and individual customers. Contracts issued to medium and large businesses provide coverage for property and casualty risks, including public liability, employers' liability, cyber and specialty cover in aerospace, marine and energy. Contracts issued to individuals and small businesses provide coverage for property and casualty risks, primarily in the form of motor and home insurance contracts.

IFRS 8.IN13 a. Operating segment disclosures are consistent with the information reviewed by the chief operating decision maker (CODM) and will vary from one entity to another and may not be in accordance with IFRS Accounting Standards.

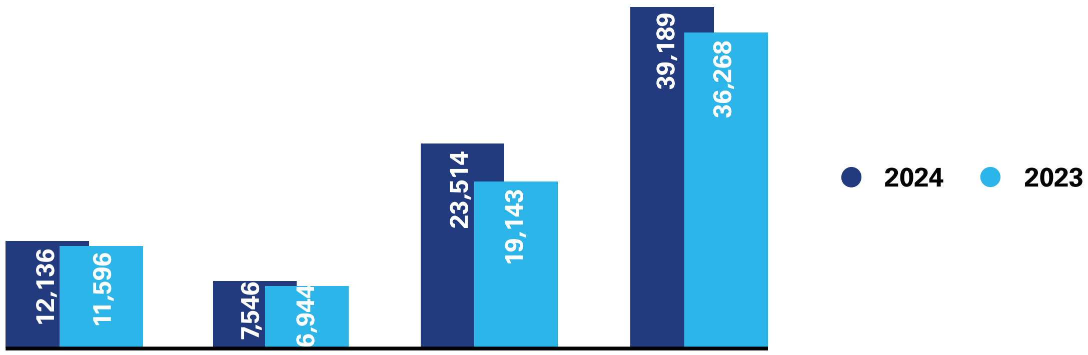
IFRS 8.12, 22(aa) b. When two or more operating segments are aggregated into a single operating segment, the judgements made by management in applying the aggregation criteria are disclosed. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. This guide assumes that the Group has not aggregated any operating segments.

Notes to the consolidated financial statements (continued)

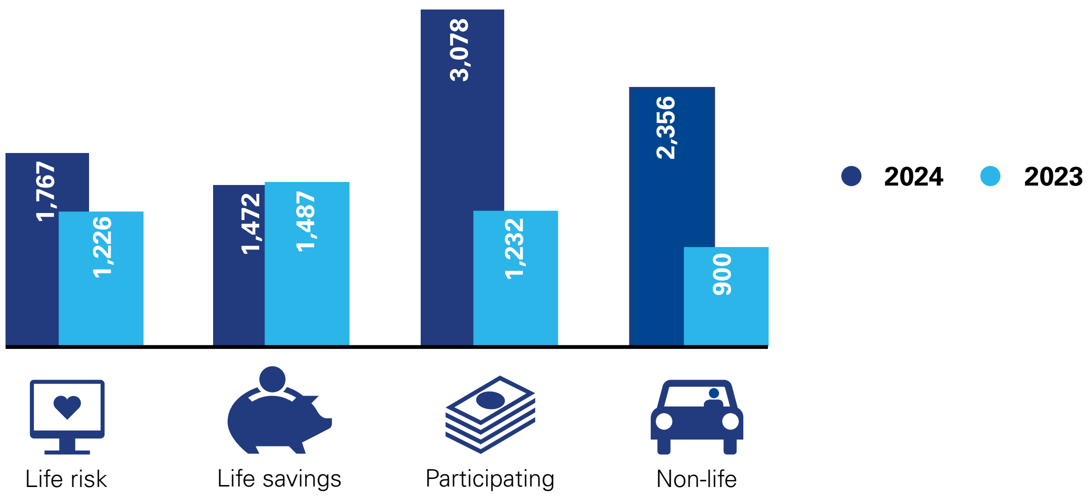
9. Operating segments (continued)

B. Information about reportable segments[a]

REVENUE
(million EUR)



PROFIT BEFORE TAX
(million EUR)



IFRS 8.27 Information related to each reportable segment is set out below. Segment revenue and profit or loss are determined by adjusting the corresponding amounts reported in the consolidated financial statements for items that relate to decisions made by the Group's head office and are therefore considered to be outside the control of segment management. The measurement basis for segment assets and liabilities is the same as that for the corresponding amounts reported in the consolidated financial statements.

Segment results that are reported to the Group management committee include items that are directly attributable to a segment and those that can be allocated on a reasonable basis. Unallocated items mainly relate to the Group's head office.

IFRS 8.27–28 a. To help users of the financial statements understand the segment information presented, the Group has disclosed information about the measurement basis adopted – e.g. the nature and effects of any differences between the measurements used in reporting segment information and those used in the Group's financial statements, the nature and effect of any asymmetrical allocations to reportable segments and reconciliations of segment information to the corresponding amounts reported in the financial statements.

Notes to the consolidated financial statements (continued)

9. Operating segments (continued)

B. Information about reportable segments (continued)

Reference	*In millions of EUR*	Life risk	Life savings	Participating	Non-life	Reportable segments total
	2024					
IFRS 8.23(a)	Segment revenue					
IFRS 8.23(f)	Insurance revenue	**8,655**	**2,491**	**7,317**	**35,806**	**54,269**
IFRS 8.23(c)	Interest revenue calculated under the effective interest method	**3,359**	**4,888**	**34**	**62**	**8,343**
IFRS 8.23(f)	Other investment revenue	**122**	**167**	**15,731**	**3,321**	**19,341**
IFRS 8.23(f)	Revenue from investment management services	**-**	**-**	**432**	**-**	**432**
		12,136	**7,546**	**23,514**	**39,189**	**82,385**
IFRS 8.23	Segment profit before tax[a]	**1,767**	**1,472**	**3,078**	**2,356**	**8,673**
IFRS 8.23(f)	Insurance service expenses	**(7,728)**	**(1,027)**	**(2,571)**	**(31,778)**	**(43,104)**
IFRS 8.23(f)	Insurance service result	**914**	**1,464**	**4,696**	**2,861**	**9,935**
IFRS 8.23(f)	Insurance finance income and expenses	**(2,505)**	**(3,774)**	**(14,768)**	**(1,409)**	**(22,456)**
IFRS 8.23(d)	Interest expenses (included in 'other finance costs')	**(22)**	**(104)**	**(169)**	**(21)**	**(316)**
IFRS 8.23(e)	Depreciation and amortisation	**(58)**	**(179)**	**(252)**	**(146)**	**(635)**
IFRS 8.23(i), IAS 36.129(a)	Impairment loss on intangible assets and goodwill	**-**	**-**	**(337)**	**-**	**(337)**
IFRS 8.23	Segment assets	**63,667**	**89,134**	**254,668**	**76,401**	**483,870**
IFRS 8.23	Segment liabilities	**(56,009)**	**(78,412)**	**(224,034)**	**(67,210)**	**(425,665)**
IFRS 8.24(b)	Additions to non-current assets	**113**	**131**	**285**	**295**	**824**
	2023					
IFRS 8.23(a)	Segment revenue					
IFRS 8.23(f)	Insurance revenue	8,266	2,141	6,406	34,077	50,890
IFRS 8.23(c)	Interest revenue calculated under the effective interest method	3,195	4,648	32	70	7,945
IFRS 8.23(f)	Other investment revenue	135	155	12,298	2,121	14,709
IFRS 8.23(f)	Revenue from investment management services	-	-	407	-	407
		11,596	6,944	19,143	36,268	73,951
IFRS 8.23	Segment profit before tax[a]	1,226	1,487	1,232	900	4,845
IFRS 8.23(f)	Insurance service expenses	(7,398)	(937)	(2,313)	(31,811)	(42,459)
IFRS 8.23(f)	Insurance service result	854	1,204	4,064	1,184	7,306
IFRS 8.23(f)	Insurance finance income and expenses	(2,412)	(3,489)	(11,949)	(1,331)	(19,181)
IFRS 8.23(d)	Interest expenses (included in 'other finance costs')	(30)	(114)	(153)	(31)	(328)
IFRS 8.23(e)	Depreciation and amortisation	(52)	(226)	(160)	(131)	(569)
IFRS 8.23	Segment assets	59,377	83,127	237,506	71,252	451,262
IFRS 8.23	Segment liabilities	(53,265)	(74,571)	(213,060)	(63,918)	(404,814)
IFRS 8.24(b)	Additions to non-current assets	108	132	232	115	587

IFRS 8.23(b) All revenues are from external customers. There is no revenue from transactions between operating segments.

In this analysis, additions to non-current assets comprise additions to investment property, property and equipment, intangible assets and goodwill.

IFRS 8.23–24 a. IFRS 8 requires disclosure of a measure of profit or loss for each reportable segment. The Group has disclosed the other amounts in the table for each reportable segment because they are regularly reviewed by the CODM.

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Notes to the consolidated financial statements (continued)

9. Operating segments (continued)

C. Reconciliations of information on reportable segments to the amounts reported in the financial statements

In millions of EUR	*Note*	2024	2023
Revenue			
Total segment revenue		**82,385**	73,951
Net gains on derecognition of financial assets not at FVTPL	*11(C)*	**1,524**	1,283
Net gains on derivatives	*11(C)*	**228**	191
Dividends on equity investments at FVOCI	*11(C)*	**2**	4
Unallocated interest revenue		**55**	42
Consolidated revenue		**84,194**	75,471
Represented by:			
Insurance revenue	*10*	**54,269**	50,890
Interest revenue calculated under the effective interest method	*11(B)*	**8,398**	7,987
Other investment revenue	*11(C)*	**21,095**	16,187
Revenue from investment management services	*12*	**432**	407
		84,194	75,471
Profit before tax			
Total profit before tax for reportable segments		**8,673**	4,845
Adjustments to revenues		**1,809**	1,520
Net impairment loss on financial assets	*6(E)(iv)*	**(324)**	(374)
Unallocated amounts			
Share of profit of equity-accounted investees, net of tax	*24*	**233**	186
Depreciation of property and equipment		**(48)**	(72)
Impairment loss on goodwill	*26(A)*	**(237)**	-
Other operating expenses		**(104)**	(144)
Interest expenses (included in 'other finance costs')		**(263)**	(236)
Consolidated profit before tax		**9,739**	5,725
Assets			
Total assets for reportable segments		**483,870**	451,262
Unallocated amounts			
Equity-accounted investees	*24*	**2,588**	2,585
Property and equipment		**123**	110
Goodwill	*26(A)*	**11,969**	12,188
Other		**705**	632
Consolidated total assets		**499,255**	466,777
Liabilities			
Total liabilities for reportable segments		**425,665**	404,814
Unallocated amounts			
Loans and borrowings		**4,530**	3,830
Other		**39**	56
Consolidated total liabilities		**430,234**	408,700

IFRS 8.28(a) *IFRS 8.28(b)* *IFRS 8.28(c)* *IFRS 8.28(d)*

Notes to the consolidated financial statements (continued)

9. Operating segments (continued)

C. Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued)

IFRS 8.28(e)

In millions of EUR	Reportable segments total	Adjustments	Consolidated total
Other material items			
2024			
Insurance service expenses	**(43,104)**	**-**	**(43,104)**
Insurance service result	**9,935**	**-**	**9,935**
Insurance finance income and expenses	**(22,456)**	**-**	**(22,456)**
Interest expenses (included in 'other finance costs')	**(316)**	**(263)**	**(579)**
Depreciation and amortisation	**(635)**	**(48)**	**(683)**
Impairment loss on intangible assets and goodwill	**(337)**	**-**	**(337)**
Additions to non-current assets	**824**	**47**	**871**
2023			
Insurance service expenses	(42,459)	-	(42,459)
Insurance service result	7,306	-	7,306
Insurance finance income and expenses	(19,181)	-	(19,181)
Interest expenses (included in 'other finance costs')	(328)	(236)	(564)
Depreciation and amortisation	(569)	(72)	(641)
Additions to non-current assets	587	51	638

D. Products and services

IFRS 8.32

The following table analyses the Group's revenue by product and service offered.

In millions of EUR	2024	2023
Life risk insurance contracts		
Immediate fixed annuity	**6,865**	6,463
Other	**1,790**	1,803
Life savings insurance contracts		
Deferred fixed annuity	**501**	407
Universal life	**1,990**	1,734
Participating insurance contracts		
Traditional participating	**3,252**	2,592
Variable annuity	**1,518**	1,360
Unit-linked and other investment-linked	**2,547**	2,454
Non-life insurance contracts		
Motor	**5,785**	5,480
Property	**17,101**	16,357
Public liability	**7,259**	6,876
Employers' liability	**3,836**	3,634
Other	**1,825**	1,730
Financial investments and derivatives	**29,493**	24,174
Investment management services	**432**	407
Consolidated revenue	**84,194**	75,471

Notes to the consolidated financial statements (continued)

9. Operating segments (continued)

E. Geographic information[a]

IFRS 8.33

The Group operates in Europe, Asia and the US. Each strategic division operates across all of these locations.

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, insurance revenue and revenue from investment management services are based on the location of customers; investment revenue and segment assets are based on the location of the assets.

	Revenue		Non-current assets	
In millions of EUR	**2024**	**2023**	**2024**	**2023**
[*Country X*]	**10,988**	9,198	**3,164**	3,213
France	**8,920**	9,094	**2,622**	2,693
Germany	**13,800**	12,071	**3,933**	3,962
UK	**11,360**	10,214	**3,277**	3,328
Other Europe	**4,459**	3,547	**972**	987
Singapore	**7,489**	6,636	**1,786**	1,813
Other Asia	**3,785**	2,860	**791**	804
US	**23,393**	21,851	**6,057**	6,150
	84,194	75,471	**22,602**	22,950

In this analysis, non-current assets comprise investment property, property and equipment, intangible assets and goodwill.

IFRS 8.31, 33, Insights 5.2.220.20

a. In our view, entity-wide disclosures by region (e.g. Europe or Asia) do not meet the requirement to disclose information by individual foreign country (e.g. France, the Netherlands or Singapore) when it is material.

Notes to the consolidated financial statements (continued)

10. Insurance revenue

See accounting policies in Note 44(E)(viii).

	In millions of EUR	Life risk	Life savings	Participating	Non-life	Total
	2024					
IFRS 17.106	**Contracts not measured under the PAA**					
IFRS 17.106(a)	Amounts relating to changes in liabilities for remaining coverage					
IFRS 17.106(a)(iii)	– CSM recognised for services provided	**662**	**1,437**	**4,650**	**28**	**6,777**
IFRS 17.106(a)(ii)	– Change in risk adjustment for non-financial risk for risk expired	**250**	**12**	**20**	**14**	**296**
IFRS 17.106(a)(i)	– Expected incurred claims and other insurance service expenses	**7,047**	**346**	**645**	**287**	**8,325**
IFRS 17.106(a)(iv)	– Other	**8**	**-**	**103**	**-**	**111**
IFRS 17.106(b)	Recovery of insurance acquisition cash flows	**688**	**696**	**1,899**	**-**	**3,283**
		8,655	**2,491**	**7,317**	**329**	**18,792**
	Contracts measured under the PAA	**-**	**-**	**-**	**35,477**	**35,477**
	Total insurance revenue (see Note 30(A))	**8,655**	**2,491**	**7,317**	**35,806**	**54,269**
	2023					
IFRS 17.106	**Contracts not measured under the PAA**					
IFRS 17.106(a)	Amounts relating to changes in liabilities for remaining coverage					
IFRS 17.106(a)(iii)	– CSM recognised for services provided	650	1,263	4,079	32	6,024
IFRS 17.106(a)(ii)	– Change in risk adjustment for non-financial risk for risk expired	245	9	18	11	283
IFRS 17.106(a)(i)	– Expected incurred claims and other insurance service expenses	6,756	236	582	221	7,795
IFRS 17.106(a)(iv)	– Other	6	-	81	-	87
IFRS 17.106(b)	Recovery of insurance acquisition cash flows	609	633	1,646	-	2,888
		8,266	2,141	6,406	264	17,077
	Contracts measured under the PAA	-	-	-	33,813	33,813
	Total insurance revenue (see Note 30(A))	8,266	2,141	6,406	34,077	50,890

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Notes to the consolidated financial statements (continued)

11. Net financial result

IFRS 17.110

The following table analyses the Group's net financial result in profit or loss and OCI.[a]

In millions of EUR	*Note*	2024 Life risk	2024 Life savings
Investment return			
Interest revenue calculated under the effective interest method	*(B)*	**3,359**	**4,888**
Other investment revenue	*(C)*	**505**	**616**
Net impairment loss on financial assets	*6(E)(iv)*	**(130)**	**(188)**
Amounts recognised in OCI	*(D)*	**1,223**	**1,354**
Total investment return		**4,957**	**6,670**
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of direct participating contracts		**-**	**-**
Effects of risk mitigation option	*30(F)(ii)*	**-**	**-**
Interest accreted		**(2,501)**	**(3,745)**
Effect of changes in interest rates and other financial assumptions		**(573)**	**(636)**
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition		**8**	**5**
Net foreign exchange loss		**(25)**	**(35)**
Total net finance expenses from insurance contracts	*(A), 30(A)*	**(3,091)**	**(4,411)**
Net finance income from reinsurance contracts			
Interest accreted		**15**	**-**
Other		**5**	**-**
Total net finance income from reinsurance contracts	*(A), 30(A)*	**20**	**-**
Movement in investment contract liabilities	*29*	**-**	**-**
Movement in third party interests in consolidated funds	*29*	**-**	**-**
		1,886	**2,259**
Represented by:			
Amounts recognised in profit or loss		**1,229**	**1,542**
Amounts recognised in OCI		**657**	**717**
		1,886	**2,259**

IFRS 17.112

A. Insurance finance income and expenses

		Life risk	Life savings
Net finance expenses from insurance contracts			
Recognised in profit or loss		**(2,521)**	**(3,774)**
Recognised in OCI		**(570)**	**(637)**
		(3,091)	**(4,411)**
Net finance income from reinsurance contracts			
Recognised in profit or loss		**16**	**-**
Recognised in OCI		**4**	**-**
		20	**-**

2024				2023					
Participating	Non-life	Other	Total	Life risk	Life savings	Participating	Non-life	Other	Total
34	62	55	8,398	3,195	4,648	32	70	42	7,987
16,409	3,563	2	21,095	439	532	12,868	2,344	4	16,187
(2)	(4)	-	(324)	(157)	(209)	(2)	(6)	-	(374)
11	15	3	2,606	812	904	4	7	2	1,729
16,452	3,636	60	31,775	4,289	5,875	12,902	2,415	48	25,529
(14,948)	-	-	(14,948)	-	-	(12,064)	-	-	(12,064)
45	-	-	45	-	-	22	-	-	22
-	(1,637)	-	(7,883)	(2,399)	(3,445)	-	(1,543)	-	(7,387)
-	(5)	-	(1,214)	(543)	(570)	-	(5)	-	(1,118)
-	-	-	13	(6)	(5)	-	-	-	(11)
-	(15)	-	(75)	(25)	(53)	-	(21)	-	(99)
(14,903)	(1,657)	-	(24,062)	(2,973)	(4,073)	(12,042)	(1,569)	-	(20,657)
117	242	-	374	6	-	69	229	-	304
18	6	-	29	4	-	24	9	-	37
135	248	-	403	10	-	93	238	-	341
(1,311)	-	-	(1,311)	-	-	(641)	-	-	(641)
(62)	-	-	(62)	-	-	(59)	-	-	(59)
311	2,227	60	6,743	1,326	1,802	253	1,084	48	4,513
300	2,212	57	5,340	1,065	1,482	249	1,077	46	3,919
11	15	3	1,403	261	320	4	7	2	594
311	2,227	60	6,743	1,326	1,802	253	1,084	48	4,513
(14,903)	(1,657)	-	(22,855)	(2,419)	(3,489)	(12,042)	(1,569)	-	(19,519)
-	-	-	(1,207)	(554)	(584)	-	-	-	(1,138)
(14,903)	(1,657)	-	(24,062)	(2,973)	(4,073)	(12,042)	(1,569)	-	(20,657)
135	248	-	399	7	-	93	238	-	338
-	-	-	4	3	-	-	-	-	3
135	248	-	403	10	-	93	238	-	341

IFRS 17.94–96, 110 a. To enable users of financial statements to evaluate the sources of finance income or expenses, IFRS 17 requires an entity to:

- disclose and explain the total amount of insurance finance income or expenses in the reporting period; and
- explain the relationship between insurance finance income or expenses and the investment return on its assets. To do so, the Group has provided a disaggregation of investment return by reportable segment and by financial statement line item, although this disaggregation is not specifically required.

Notes to the consolidated financial statements (continued)

11. Net financial result (continued)

B. Interest revenue calculated under the effective interest method[a]

In millions of EUR	2024	2023
IFRS 7.20(b) **Debt investments measured at FVOCI**		
Government bonds	**3,616**	3,512
Other debt securities	**3,907**	3,633
	7,523	7,145
IFRS 7.20(b) **Financial assets measured at amortised cost**		
Cash and cash equivalents	**312**	286
Deposits with financial institutions	**53**	49
Government bonds	**227**	212
Other debt securities	**138**	144
Receivables from reverse sale-and-repurchase counterparties	**145**	151
	875	842
	8,398	7,987

IFRS 7.20(b), IAS 1.97

a. The Group has provided a disaggregation of interest revenue calculated under the effective interest method by class. Although this level of disaggregation is optional, an entity is required to disclose separately any material items of income and expense and gains and losses arising from financial assets and financial liabilities.

Notes to the consolidated financial statements (continued)

11. Net financial result (continued)

C. Other investment revenue

	In millions of EUR	*Note*	2024	2023
	Underlying items			
IFRS 7.20(a)(i)	Net gains on financial instruments mandatorily measured at FVTPL[a]			
	Deposits with financial institutions		**24**	16
	Derivatives		**203**	169
	Equity investments		**7,358**	5,405
	Investments in collective investment schemes		**7,292**	5,868
			14,877	11,458
IFRS 7.20(a)(i), [IAS 28.18]	Associates held by participating funds measured at FVTPL[b]		**239**	194
IFRS 7.20(a)(i)	Net gains on Company's own shares measured at FVTPL[a]		**18**	37
IFRS 16.90(b)–91, IAS 40.75(f)(i)	Lease income from investment property	*23*	**987**	974
	Net change in fair value of investment property	*23*	**140**	59
	Net change in fair value of owner-occupied property at fair value	*25(A)*	**60**	42
			16,321	12,764
	Not underlying items			
IFRS 7.20(a)(i)	Net gains on financial instruments mandatorily measured at FVTPL[a]			
	Derivatives		**228**	191
	Equity investments		**51**	56
IFRS 7.20(a)(i)	Net gains on financial assets designated as at FVTPL[a]			
	Government bonds		**1,268**	504
	Other debt securities		**1,681**	1,102
			2,949	1,606
IFRS 7.20(a)(viii), IAS 1.98(d)	Net gains on derecognition of debt investments at FVOCI		**1,524**	1,304
IFRS 7.11A(d), 20(a)(vii)	Dividends on equity investments at FVOCI	*21(C)*	**2**	4
	Net foreign exchange gain on debt investments not measured at FVTPL		**20**	262
			4,774	3,423
			21,095	16,187

IAS 21.52(a)

Other than exchange differences on financial instruments measured at FVTPL, in 2024 the Group recognised a net exchange loss of EUR 52 million (2023: gain of EUR 136 million) in profit or loss. Exchange differences on insurance and reinsurance contracts are included in insurance finance income and expenses (see (A)). Exchange differences on financial liabilities are included in other finance costs (see Note 15).

IFRS 7.20(a)(i), IAS 1.97

a. The Group has provided a disaggregation of net gains on financial instruments mandatorily measured at FVTPL and financial assets designated as at FVTPL by class. Although this level of disaggregation is optional, an entity is required to disclose separately any material items of income and expense and gains and losses arising from financial assets and financial liabilities.

IAS 28.18

b. The Group has elected to measure interests in associates that are underlying items of participating contracts at FVTPL on initial recognition (see Note 44(G)(ii)).

Notes to the consolidated financial statements (continued)

11. Net financial result (continued)

D. Investment return in OCI related to insurance and reinsurance contracts measured under the modified retrospective or fair value transition approach

IFRS 17.116

On transition to IFRS 17, for certain groups of insurance and reinsurance contracts in the life risk and life savings segments, the Group determined the cumulative insurance finance income and expenses recognised in OCI at the date of transition (1 January 2022) using the modified retrospective approach or the fair value approach (see Note 44(E)(ix)). Some of the cumulative insurance finance income and expenses recognised in OCI as at 31 December 2024 and 31 December 2023 relate to those groups of contracts. The movement in the fair value reserve for the debt investments at FVOCI related to those groups of contracts was as follows.

	2024	2023
In millions of EUR	FVOCI	FVOCI
Balance at 1 January	**2,738**	1,919
Net change in fair value	**2,967**	2,024
Net amount reclassified to profit or loss	**(1,265)**	(854)
Related income tax	**(510)**	(351)
Balance at 31 December	**3,930**	2,738

Notes to the consolidated financial statements (continued)

12. Revenue from investment management services[a, b, c]

See accounting policies in Note 44(F).

IFRS 15.114, B89(a)–(b)

In millions of EUR	Note	2024 Investment contracts	2024 Collective investment schemes	2024 Total	2023 Investment contracts	2023 Collective investment schemes	2023 Total
Location of customers							
[*Country X*]		**78**	**10**	**88**	74	9	83
UK		**187**	**29**	**216**	179	27	206
Other Europe		**54**	**12**	**66**	52	12	64
Singapore		**52**	**-**	**52**	44	-	44
Other Asia		**10**	**-**	**10**	10	-	10
	29, 33(A)	**381**	**51**	**432**	359	48	407

IFRS 15.115, 119(c)

The Group's participating segment provides investment management services to holders of investment contracts and units in collective investment schemes managed by Group subsidiaries.

IFRS 15.119(a)–(b), 124(a)–(b), 126

The Group charges recurring fees for investment management services (see Note 29). In addition, it charges non-refundable up-front fees to holders of certain investment contracts (see Note 33(A)).

[IFRS 15.56–57(a)]	**Recurring fees**	Recurring fees are charged at a fixed percentage of the value of assets under management. The percentage is set at contract inception with reference to the market rates in the specific geographic region and the type of assets managed. For some contracts the percentages applied to existing contracts may be reviewed periodically, but for the majority of the contracts issued by the Group the percentages are fixed for the duration of the contract. The annual rates charged in 2024 were in the range of 0.5–2.4% (2023: 0.4–2.2%). Revenue is recognised on a daily basis as services are provided. It is calculated for each day separately and relates specifically to the services provided on that day. The fees are deducted from the customers' account balances for investment contracts and from the underlying assets for collective investment schemes.
[IFRS 15.B40, B49]	**Non-refundable up-front fees**	Non-refundable up-front fees give rise to material rights for future investment management services and are recognised as revenue over the period for which a customer is expected to continue receiving investment management services. The weighted-average expected period at 31 December 2024 was 16.5 years (2023: 16.2 years) for investment contracts issued in the UK and 8.5 years (2023: 8.5 years) for other investment contracts.

IFRS 15.119(b), [IFRS 15.11, 62(a)]

The contracts do not have a minimum stated term. A customer can cancel an investment contract or redeem any units in collective investment schemes at any time after contract inception for a surrender charge, which is usually insignificant. Because the customer has discretion over when to terminate the contract, the contract does not have a significant financing component.

IFRS 15.116(c)

None of the revenue from investment management services recognised in 2024 or 2023 relates to performance obligations satisfied in previous years.

IFRS 15.114, B87–B89, IE210–IE211

a. The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

In determining the appropriate categories, an entity considers how revenue is disaggregated in:

- disclosures presented outside the financial statements (e.g. earnings releases, annual reports or investor presentations);
- information reviewed by the CODM for evaluating the financial performance of operating segments; and
- other similar information that is used by the entity or users of the entity's financial statements to evaluate performance or make resource allocation decisions.

The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of its contracts with customers. Some entities may need to use more than one category to meet the objective in paragraph 114 of IFRS 15 for disaggregating revenue. Others may meet the objective by using only one category. The Group has determined that, to meet this objective, it is appropriate to provide an analysis by country and type of product.

IFRS 15.115

b. An entity is required to disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue and revenue information that is disclosed for each reportable segment, if the entity applies IFRS 8.

IFRS 15.113, IAS 1.29–30, Insights 4.2.560.25

c. In providing a separate disclosure of revenue from contracts with customers – either in the notes or in the statement of profit or loss – we believe that an entity should not include amounts that do not fall in the scope of IFRS 15.

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IAS 1.97

13. Other income

Reference	*In millions of EUR*	Note	2024	2023
IFRS 3.B64(p)(ii)	Gain on remeasurement of pre-existing interest in acquired subsidiary	*36(A)*	**32**	-
IFRS 12.19, IAS 1.98(d)	Gain on disposal of subsidiary	*36(B)*	**681**	-
IAS 1.98(c)	Gain on disposal of property and equipment	*25(B)*	**22**	7
			735	7

IAS 1.97, 104

14. Expenses

In millions of EUR	Note	2024	2023
Claims and benefits		**31,219**	31,215
Fees and commissions		**7,060**	6,448
Losses on onerous insurance contracts	*30(A)*	**9**	155
Employee benefits	*(A)*	**9,095**	8,576
Depreciation and amortisation	*25(B), 26, 38(A)*	**683**	641
Impairment loss on intangible assets and goodwill	*26*	**337**	-
Amortisation and impairment loss on contract costs	*27*	**163**	162
Leases	*38(A)*	**219**	217
Advertising		**222**	193
Professional and consultancy		**102**	146
Other		**206**	157
		49,315	47,910
Amounts attributed to insurance acquisition cash flows incurred during the year	*30(A)–(B)*	**(6,657)**	(6,259)
Amortisation of insurance acquisition cash flows	*30(A)*	**6,748**	6,272
Net impairment loss on assets for insurance acquisition cash flows	*30(B)*	**19**	15
		49,425	47,938
Represented by:			
Insurance service expenses	*30(A)–(B)*	**43,104**	42,459
Other operating expenses		**6,321**	5,479
		49,425	47,938

A. Employee benefit expenses

Reference	*In millions of EUR*	Note	2023	2022
	Wages and salaries		**6,808**	6,257
	Social security contributions		**1,698**	1,620
IAS 19.53	Contributions to defined contribution plans		**102**	98
IAS 1.98(b)	Termination benefits	*32(A)*	**-**	102
	Expenses related to defined benefit plans	*17(B)*	**374**	434
	Expenses related to long-service leave		**3**	2
IFRS 2.51(a)	Equity-settled share-based payment	*18*	**66**	25
IFRS 2.51(a)	Cash-settled share-based payment[a]	*18*	**44**	38
			9,095	8,576

IFRS 2.BC252–BC255, Insights 4.5.970.20

a. The Group has included the remeasurement of the liability in relation to its cash-settled share-based payment arrangement in 'employee benefit expenses'. Alternatively, in our view an entity may include the amount in 'finance income' or 'finance costs'.

Notes to the consolidated financial statements (continued)

15. Other finance costs

IFRS 7.20(b), IG13

IFRS 16.49, 53(b)

IFRS 7.24C(b)(ii)

In millions of EUR	*Note*	2024	2023
Interest expenses on financial liabilities measured at amortised cost[a]			
Senior notes issued		**77**	78
Subordinated notes issued		**160**	158
Bank loans		**52**	50
Other loans		**102**	104
Redeemable preference shares[b]		**26**	-
Payables to sale-and-repurchase and securities lending counterparties		**62**	75
		479	465
Interest expenses on lease liabilities	*38(A)*	**100**	99
Net foreign exchange loss on financial liabilities measured at amortised cost and lease liabilities		**7**	41
Net investment hedges – ineffective portion of changes in value	*6(D)(ii)*	**1**	-
Costs of hedging reclassified from OCI	*6(D)(ii)*	**18**	4
Unwinding of discount on provisions	*32*	**10**	12
		615	621

IFRS 7.20(b), IAS 1.97

a. The Group has provided a disaggregation of interest expenses for financial liabilities that are measured at amortised cost by class. Although this level of disaggregation is optional, an entity is required to disclose separately any material items of income and expense and gains and losses arising from financial assets and financial liabilities.

IAS 32.40

b. The Group has grouped dividends classified as an expense with interest on other financial liabilities. Alternatively, they may be presented as a separate item. If there are differences between interest and dividends with respect to matters such as tax deductibility, then IAS 32 *Financial Instruments: Presentation* notes that it is desirable to disclose them separately.

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16. Earnings per share

See accounting policies in Note 44(J).

A. Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

IAS 33.70(a)

i. Profit attributable to ordinary shareholders (basic)

In millions of EUR	*Note*	2024	2023
Profit for the year attributable to the owners of the Company		**7,014**	4,069
Dividends on non-redeemable preference shares	*34(C)*	**(22)**	(22)
Profit for the year attributable to ordinary shareholders		**6,992**	4,047

IAS 33.70(b)

ii. Weighted-average number of ordinary shares (basic)

In millions of shares	*Note*	2024	2023
Issued ordinary shares at 1 January	*34(A)(i)*	**2,189**	2,185
Effect of shares issued in February 2024	*34(A)(i)*	**337**	-
Effect of shares issued related to a business combination	*34(A)(i)*	**15**	-
Effect of share options exercised	*34(A)(i)*	**4**	3
Effect of treasury shares held[a]	*34(B)(v)*	**(10)**	(8)
Weighted-average number of ordinary shares during the year		**2,535**	2,180

B. Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

IAS 33.70(a)

i. Profit attributable to ordinary shareholders (diluted)

In millions of EUR	2024	2023
Profit for the year attributable to ordinary shareholders (diluted)	**6,992**	4,047

IAS 33.70(b)

ii. Weighted-average number of ordinary shares (diluted)

In millions of shares	2024	2023
Weighted-average number of ordinary shares (basic)	**2,535**	2,180
Effect of share options in issue	**5**	2
Weighted-average number of ordinary shares (diluted) during the year	**2,540**	2,182

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.[b]

IAS 32.33A — a. The Group has applied the option in paragraph 33A of IAS 32 to recognise some of the Company's ordinary shares held as underlying items of direct participating contracts as if they were financial assets. Management has treated these shares as outstanding shares (i.e. not as treasury shares) and therefore not deducted them from the number of shares outstanding.

Insights 5.3.270.80 — b. In our view, the method used to determine the average market price of ordinary shares should be disclosed in the notes.

Notes to the consolidated financial statements (continued)

17. Employee benefit assets and liabilities

See accounting policies in Note 44(K).

In millions of EUR	*Note*	2024	2023
Net defined benefit asset		**(768)**	(736)
Total employee benefit assets	*27*	**(768)**	(736)
Net defined benefit liability		**285**	280
Liability for social security contributions		**3**	2
Liability for long-service leave		**12**	8
IFRS 2.51(b)(i) Cash-settled share-based payment liability	*18(A)(iv)*	**44**	38
Total employee benefit liabilities	*33*	**344**	328

IAS 1.61

Of the totals above, EUR 648 million (2023: EUR 650 million) of the employee benefit assets are expected to be recovered more than 12 months after the reporting date; EUR 323 million (2023: EUR 315 million) of the employee benefit liabilities are expected to be settled more than 12 months after the reporting date.

The Group makes contributions to a number of defined benefit and defined contribution plans. For details of the related employee benefit expenses, see Note 14(A).

IAS 19.139(a)

The Group's post-employment defined benefit plans entitle retired employees to annual payments commensurate with their years of service and pensionable earnings and to reimbursements of certain medical costs. The Group's largest defined benefit plans are Plan A in [*Country X*] and Plan B in [*Country Y*].

- Plan A entitles retired employees to start taking their pension between the ages of 60 and 67. Directors and executive officers retire at age 60 and are entitled to receive annual payments equal to 70% of their final salary until the age of 65, at which time their entitlement falls to 50% of their final salary (see Note 41(B)(i)). Other retired employees are entitled to receive annual payments equal to 1/60 of final salary for each year of service that they provided.
- Plan B entitles retired employees to receive annual payments commencing between the ages of 65 and 70 equal to 1/50 of final salary for each year of service that they provided.

The defined benefit plans are administered by pension funds that are legally separated from the Group. The board of each pension fund comprises three employee and two employer representatives and an independent chair. The board of each pension fund is required by law to act in the best interests of the plan's participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund.

IAS 19.139(b)

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A. Funding

IAS 19.147(a)

Plans A and B are funded by both the employer (the respective Group entity in each case) and the employees. The employer's funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of each plan. The funding policies are based on a separate actuarial valuation for funding purposes, the assumptions for which may differ from those set out in (D).

The Group has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements for the plans of the respective jurisdictions (including minimum funding requirements for Plan A), the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. This determination has been made on a plan-by-plan basis. As such, no decrease in the defined benefit asset was necessary at 31 December 2024 or 2023.

IAS 19.147(b)

The Group expects to pay EUR 350 million in contributions to its defined benefit plans in 2025.

Notes to the consolidated financial statements (continued)

17. Employee benefit assets and liabilities (continued)

B. Movement in net defined benefit (asset) liability

IAS 19.140–141

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.[a]

		Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	In millions of EUR	2024	2023	2024	2023	2024	2023
IAS 19.140	Balance at 1 January	**7,103**	6,718	**(7,559)**	(7,162)	**(456)**	(444)
	Included in profit or loss[b]						
IAS 19.141(a)	Current service cost	**497**	456	**-**	-	**497**	456
IAS 19.141(d)	Past service credit	**(100)**	-	**-**	-	**(100)**	-
IAS 19.141(b)	Interest cost (income)	**360**	322	**(383)**	(344)	**(23)**	(22)
		757	778	**(383)**	(344)	**374**	434
	Included in OCI[b]						
IAS 19.141(c)	Remeasurement (gain) loss:						
	– Actuarial (gain) loss arising from:						
IAS 19.141(c)(ii)	- Demographic assumptions	**(31)**	4	**-**	-	**(31)**	4
IAS 19.141(c)(iii)	- Financial assumptions	**(21)**	8	**-**	-	**(21)**	8
	- Experience adjustments	**(30)**	6	**-**	-	**(30)**	6
IAS 19.141(c)(i)	– Return on plan assets excluding interest income	**-**	-	**10**	(3)	**10**	(3)
IAS 19.141(e)	Effect of movements in exchange rates[c]	**(36)**	45	**41**	(52)	**5**	(7)
		(118)	63	**51**	(55)	**(67)**	8
	Other						
IAS 19.141(f)	Contributions paid by the employer	**-**	-	**(216)**	(300)	**(216)**	(300)
IAS 19.141(f)	Contributions paid by plan participants	**-**	-	**(109)**	(103)	**(109)**	(103)
IAS 19.141(g)	Benefits paid	**(433)**	(456)	**424**	405	**(9)**	(51)
		(433)	(456)	**99**	2	**(334)**	(454)
IAS 19.140	**Balance at 31 December**	**7,309**	7,103	**(7,792)**	(7,559)	**(483)**	(456)
	Represented by:						
	Net defined benefit asset (Plan A)					**(768)**	(736)
	Net defined benefit liability (Plan B and other plans)					**285**	280
						(483)	(456)

IAS 19.139(c)

During 2024, the pension arrangements for a number of employees in [*Country X*] were adjusted to reflect new legal requirements in that country regarding the retirement age. As a result of the plan amendment, the Group's defined benefit obligations decreased by EUR 100 million (2023: nil). A corresponding past service credit was recognised in profit or loss during 2024.

IAS 19.138

a. The Group has more than one defined benefit plan and has generally provided aggregated disclosures in respect of these plans, on the basis that they are not exposed to materially different risks. Further disaggregation of some or all of the disclosures – e.g. by geographic locations or by different characteristics – would be required if this were not the case.

b. Although it is not required by IAS 19 *Employee Benefits*, the Group has disclosed the subtotals of items recognised in profit or loss and OCI.

IAS 21.39, Insights 4.4.1010

c. A net obligation under a defined benefit plan may be denominated in a foreign currency from the point of view of the sponsor's financial statements. In our view, in that case the net defined benefit liability (asset) should first be calculated in the currency in which it is denominated, and the resulting net amount should then be translated into the sponsor's functional currency. As a result, the foreign exchange gain or loss arising on translation will be recognised together with other foreign exchange gains and losses, rather than as part of the IAS 19 remeasurement. This is different from the situation illustrated above. In this case, the sponsor of the plan is a foreign subsidiary and therefore the translation difference is recognised in OCI in the usual way.

Notes to the consolidated financial statements (continued)

17. Employee benefit assets and liabilities (continued)

IAS 19.142

C. Plan assets

In millions of EUR		2024	2023
IAS 19.142(b)	**Equity securities**		
	Consumer markets	**1,825**	1,942
	Pharmaceuticals	**602**	555
	Oil and gas	**218**	239
	Telecoms	**343**	260
	Financial institutions	**213**	361
		3,201	3,357
IAS 19.142(c)	**Debt securities**		
	European and US government bonds	**2,030**	2,134
	Other government bonds	**152**	158
	Corporate bonds	**1,391**	1,113
		3,573	3,405
IAS 19.142(e)	**Derivatives**		
	Interest rate swaps	**29**	37
	Forward foreign currency contracts	**185**	70
	Longevity swaps	**97**	39
		311	146
IAS 19.143	**Property occupied by the Group**	**525**	497
IAS 19.143	**Company's own ordinary shares**	**182**	154
		7,792	7,559

IAS 19.142 All equity and debt securities have quoted prices in active markets. All debt securities are rated AAA or AA, based on [*Rating Agency Y*] ratings.

IAS 19.146 At each reporting date, an ALM study is performed by the asset manager of each pension fund, in which the consequences of the strategic investment policies are analysed. Interest rate risk is managed using debt instruments and interest rate swaps, currency risk is managed using forward foreign currency contracts and longevity risk is managed using longevity swaps. The strategic asset mix of the pension funds for Plans A and B can be summarised as follows.

	Plan A	Plan B
Equity securities	40–50%	45–55%
Debt securities	40–50%	35–45%
Other investments	0–15%	0–15%

Notes to the consolidated financial statements (continued)

17. Employee benefit assets and liabilities (continued)

D. Defined benefit obligations

IAS 1.125, 19.144

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date for Plans A and B (expressed as weighted averages).

	Plan A		Plan B	
	2024	**2023**	**2024**	**2023**
Discount rate	**5.1%**	4.8%	**4.9%**	4.7%
Future salary growth	**2.5%**	2.5%	**2.0%**	2.0%
Future pension growth	**3.0%**	2.0%	**2.4%**	2.3%

Assumptions about future longevity have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligations at the reporting date were as follows.

	Plan A		Plan B	
In years	**2024**	**2023**	**2024**	**2023**
Longevity at age 65 for current pensioners				
Males	**18.5**	18.3	**18.2**	18.0
Females	**21.0**	21.0	**19.0**	18.8
Longevity at age 65 for current members aged 45				
Males	**19.2**	19.0	**19.0**	18.7
Females	**22.9**	22.9	**20.5**	20.0

IAS 19.147(c)

At 31 December 2024, the weighted-average duration of the defined benefit obligations was 17.5 years (2023: 17.1 years).

ii. Sensitivity analysis

IAS 1.125, 129, 19.145

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	31 December 2024		31 December 2023	
Effect in millions of EUR	**Increase**	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(338)**	**354**	(335)	350
Future salary growth (1% movement)	**187**	**(176)**	180	(172)
Future pension growth (1% movement)	**181**	**(173)**	175	(168)
Future mortality (1% movement)	**(73)**	**69**	(70)	67

Although this analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the consolidated financial statements (continued)

18. Share-based payment arrangements

See accounting policies in Note 44(K)(vi).

IFRS 2.44–45(a), 50

A. Description of share-based payment arrangements

At 31 December 2024, the Group had the following share-based payment arrangements.

i. Share option programmes (equity-settled)

On 1 January 2020 and 1 January 2023, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. On 1 January 2024, a further grant on similar terms was offered to key management personnel and other senior employees. Under these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the grant date.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Grant date/employees entitled	Number of instruments in millions	Vesting conditions	Contractual life of options from vesting date
Options granted to key management personnel			
On 1 January 2020	**40**	3 years' service from grant date and 5% increase in operating income in each of the 3 years	7 years
On 1 January 2023	**20**	Same as above	10 years
On 1 January 2024	**23**	Same as above	10 years
Options granted to other senior employees			
On 1 January 2024	**10**	3 years' service from grant date	10 years
Total share options	**93**		

ii. Replacement awards (equity-settled)

In connection with the acquisition of Crimson Auto, the Group exchanged equity-settled share-based payment awards held by employees of Crimson Auto for 16 million equity-settled share-based payment awards of the Company with a contractual life of nine years from the vesting date (see Note 36(A)(i)).

iii. Share purchase plan (equity-settled)

On 1 January 2024, the Group offered 652 of its employees the opportunity to participate in an employee share purchase plan. To participate in the plan, the employees are required to save 5% of their gross monthly salary, up to a maximum of EUR 500 per month, for a period of 36 months. Under the terms of the plan, at the end of the 36-month period the employees are entitled to purchase shares using the funds saved at a price 20% below the market price at the grant date, subject to a dividend protection feature that reduces the exercise price for dividends paid during the 36-month period. Only employees who remain in service and save the required amount of their gross monthly salary for 36 consecutive months will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount of their gross monthly salary in any month during the 36-month period or elect not to exercise their option to purchase shares will be refunded their saved amounts.

Notes to the consolidated financial statements (continued)

18. Share-based payment arrangements (continued)

A. Description of share-based payment arrangements (continued)

iv. Share appreciation rights (cash-settled)

On 1 January 2020 and 1 January 2024, the Group granted 10 million and 30 million share appreciation rights (SARs) respectively to employees that entitle them to a cash payment after three years of service. The SARs expire at the end of a five-year period after the grant date. The amount of the cash payment is determined based on the increase in the share price of the Company between the grant date and the time of exercise.

The liabilities arising from the SARs were as follows.

	In millions of EUR	Note	2024	2023
IFRS 2.51(b)(i)	Total carrying amount of liabilities for SARs	17	**44**	38
IFRS 2.51(b)(ii)	Total intrinsic value of liabilities for vested benefits		**-**	38

The liabilities at 31 December 2023 were settled during 2024.

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

IFRS 2.46, 47(a)(i), (iii) The fair value of the employee share options (see (A)(i) and (ii)) has been measured using the Black-Scholes formula. The fair value of the employee share purchase plan (see (A)(iii)) has been measured using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

IFRS 2.47(a)(iii) The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at the grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

The inputs used in the measurement of the fair values at the grant date of the equity-settled share-based payment plans for awards granted during 2024 and 2023 were as follows.

		Share option programmes				
		Key management personnel (see (A)(i))		Senior employees (see (A)(i))	Replacement awards (see (A)(ii))	Share purchase plan (see (A)(iii))
		2024	2023	2024	2024	2024
IFRS 2.47(a)	Fair value at grant date	**EUR 3.54**	EUR 3.75	**EUR 3.14**	**EUR 3.81**	**EUR 4.02**
IFRS 2.47(a)(i)	Share price at grant date	**EUR 10.10**	EUR 10.50	**EUR 10.10**	**EUR 10.30**	**EUR 10.10**
IFRS 2.47(a)(i)	Exercise price	**EUR 10.10**	EUR 10.50	**EUR 10.10**	**EUR 10.30**	**EUR 8.08**
IFRS 2.47(a)(i)	Expected volatility (weighted-average)	**40.1%**	40.9%	**40.1%**	**42.4%**	**43.3%**
IFRS 2.47(a)(i)	Expected life (weighted-average)	**8.6 years**	8.8 years	**5.4 years**	**5.9 years**	**3.0 years**
IFRS 2.47(a)(i)	Expected dividends	**3.2%**	3.2%	**3.2%**	**3.2%**	**n/a**
IFRS 2.47(a)(i)	Risk-free interest rate (based on government bonds)	**3.9%**	3.8%	**3.9%**	**3.9%**	**3.9%**

IFRS 2.47(a)(ii) Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the employee share options has been based on historical experience and general option holder behaviour.

At 31 December 2024, a total amount of EUR 2 million was invested by the participants in the share purchase plan (see Note 41(B)(i)) and has been included in 'payables' (see Note 28).

Notes to the consolidated financial statements (continued)

18. Share-based payment arrangements (continued)

B. Measurement of fair values (continued)

ii. Cash-settled share-based payment arrangements[a]

IFRS 2.52 The fair value of the SARs (see (A)(iv)) has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at the grant date and measurement date of the SARs were as follows.

	Grant date 1 January 2024	Measurement date 31 December 2024
Fair value	EUR 2.82	**EUR 4.40**
Share price	EUR 10.10	**EUR 12.70**
Exercise price	EUR 10.10	**EUR 10.10**
Expected volatility (weighted-average)	43.3%	**43.1%**
Expected life (weighted-average)	4.0 years	**2.8 years**
Expected dividends	3.2%	**3.3%**
Risk-free interest rate (based on government bonds)	3.9%	**4.0%**

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

C. Reconciliation of outstanding share options

IFRS 2.45(b) The number and weighted-average exercise prices of share options under the share option programmes (see (A)(i)) and replacement awards (see (A)(ii)) were as follows.

		2024		2023	
		Number of options in millions	Weighted-average exercise price	Number of options in millions	Weighted-average exercise price
IFRS 2.45(b)(i)	Outstanding at 1 January	**54**	**EUR 10.08**	40	EUR 9.84
IFRS 2.45(b)(iii)	Forfeited during the year	**(3)**	**EUR 9.84**	(2)	EUR 9.84
IFRS 2.45(b)(iv)	Exercised during the year	**(7)**	**EUR 9.84**	(4)	EUR 9.84
IFRS 2.45(b)(ii)	Granted during the year	**49**	**EUR 10.17**	20	EUR 10.50
IFRS 2.45(b)(vi)	**Outstanding at 31 December**	**93**	**EUR 10.15**	54	EUR 10.08
IFRS 2.45(b)(vii)	**Exercisable at 31 December**	**18**	**EUR 9.84**	23	EUR 9.84

IFRS 2.45(d) The options outstanding at 31 December 2024 had an exercise price in the range of EUR 9.84 to EUR 10.50 (2023: EUR 9.84 to EUR 10.50) and a weighted-average remaining contractual life of 6.4 years (2023: 5.2 years).

IFRS 2.45(c) The weighted-average share price at the date of exercise for share options exercised in 2024 was EUR 10.45 (2023: EUR 10.39).

D. Expenses recognised in profit or loss

For details of the related employee benefit expenses, see Note 14(A).

Insights 4.5.1000.10 a. Although it is not specifically required by IFRS 2, the Group has disclosed information about the fair value measurement of its SARs. In our view, these disclosures should be provided for cash-settled share-based payment arrangements. For awards granted during the period, disclosures about fair value measurement at the grant date and at the reporting date should be given; for awards granted in previous periods but unexercised at the reporting date, disclosures about fair value measurement at the reporting date should be given.

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Notes to the consolidated financial statements (continued)

19. Income taxes[a]

See accounting policies in Note 44(L).

A. Amounts recognised in profit or loss[b]

	In millions of EUR	*Note*	2024	2023
	Current tax expense			
IAS 12.80(a)	Current year			
	– Corporate income tax		**2,437**	1,685
IAS 12.88(b)	– Global minimum top-up tax (see Note 19(I))		**116**	0
IAS 12.80(b)	Adjustments for prior years		**(18)**	(137)
			2,535	1,548
	Deferred tax expense			
IAS 12.80(c)	Origination and reversal of temporary differences		**194**	273
IAS 12.80(d)	Changes in tax rates		**(15)**	-
IAS 12.80(f)	Recognition of previously unrecognised tax losses	*(G)*	**(70)**	(218)
			109	55
	Total income tax expense		**2,644**	1,603

Income tax expense excludes the Group's share of the income tax expense of equity-accounted investees of EUR 94 million (2023: EUR 74 million), which has been included in 'share of profit of equity-accounted investees, net of tax'.[c]

IAS 12.81(d)

In December 2024, a new corporate tax law was enacted in [*Country X*]. Consequently, as of 1 July 2025 the corporate tax rate in [*Country X*] will be reduced from 28 to 27%. This change resulted in a gain of EUR 15 million related to the remeasurement of deferred tax assets and liabilities of Indigo Insurance Limited being recognised during the year ended 31 December 2024.

IAS 10.22(h), 12.88

In January 2025, an increase in the corporate tax rate in [*Country Y*] from 25 to 30% was substantively enacted, effective from 1 January 2026. This increase does not affect the amounts of current or deferred income taxes recognised at 31 December 2024. However, this change will increase the Group's future current tax charge accordingly. If the new tax rate were applied to calculate taxable temporary differences and tax losses recognised as at 31 December 2024, then the net deferred tax assets would increase by EUR 7 million.

a. The tax rates disclosed or applied throughout this guide to calculate the tax impact amounts are for illustrative purposes only and do not reflect the corporate tax rates in the respective jurisdictions. In our experience, the applicable tax rates of the respective entities need to be used. All tax impacts in this guide are calculated using a tax rate of 30%.

Insights 3.13.580.20–80

b. The Group has allocated the entire amount of current income tax related to cash contributions to funded post-employment benefit plans to profit or loss because the cash contributions relate primarily to service costs. In our view, the allocation of the current income tax effect to profit or loss and OCI should reflect the nature of the cash contribution, unless it is impracticable to identify whether the cost to which the funding relates affects profit or loss or OCI. We believe that a number of allocation approaches are acceptable if the nature of the cash contribution is unclear.

c. Although it is not required, the Group has disclosed its share of tax of equity-accounted investees.

Notes to the consolidated financial statements (continued)

19. Income taxes (continued)

IAS 1.90, 12.81(ab)

B. Amounts recognised in OCI

In millions of EUR	2024 Before tax	2024 Tax (expense) benefit	2024 Net of tax	2023 Before tax	2023 Tax (expense) benefit	2023 Net of tax
Items that will not be reclassified to profit or loss						
Defined benefit liability/asset – remeasurement	**72**	**(22)**	**50**	(15)	5	(10)
Equity investments at FVOCI – net change in fair value	**3**	**(1)**	**2**	2	(1)	1
Equity-accounted investees – share of OCI	**4**	**-**	**4**	3	-	3
	79	**(23)**	**56**	(10)	4	(6)
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations						
Foreign currency translation differences	**(406)**	**-**	**(406)**	589	-	589
Reclassified to profit or loss	**(13)**	**-**	**(13)**	-	-	-
Net investment hedges – net gain (loss)	**45**	**-**	**45**	(48)	-	(48)
Costs of hedging						
Net change in fair value	**(30)**	**-**	**(30)**	(10)	-	(10)
Reclassified to profit or loss	**18**	**-**	**18**	4	-	4
Debt investments at FVOCI						
Net change in fair value	**4,127**	**(1,238)**	**2,889**	3,010	(903)	2,107
Reclassified to profit or loss	**(1,524)**	**457**	**(1,067)**	(1,283)	385	(898)
Net finance expenses from insurance contracts	**(1,207)**	**362**	**(845)**	(1,138)	341	(797)
Net finance income from reinsurance contracts	**4**	**(1)**	**3**	3	(1)	2
Equity-accounted investees						
Share of OCI	**20**	**-**	**20**	13	-	13
Reclassified to profit or loss	**(12)**	**-**	**(12)**	-	-	-
	1,022	**(420)**	**602**	1,140	(178)	962
	1,101	**(443)**	**658**	1,130	(174)	956

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19. Income taxes (continued)

IAS 12.81(c)

C. Reconciliation of effective tax rate[a, b]

In millions of EUR	*Note*	2024	2024	2023	2023
Profit before tax			**9,739**		5,725
Tax using the Company's domestic tax rate		**30.00%**	**2,922**	30.00%	1,718
Effect of policyholder taxes*		**0.74%**	**72**	1.00%	57
Effect of tax rates in foreign jurisdictions		**(1.74%)**	**(169)**	(0.68%)	(39)
Current tax expense related to global minimum top-up tax (see Note 19(I))[c]		**1.19%**	**116**	-	-
Changes in tax rates		**(0.15%)**	**(15)**	-	-
Tax effect of:					
– Share of profit of equity-accounted investees reported net of tax		**(0.72%)**	**(70)**	(0.98%)	(56)
– Non-deductible expenses		**0.43%**	**42**	3.86%	221
– Tax-exempt income		**(1.86%)**	**(181)**	(0.66%)	(38)
– Recognition of previously unrecognised tax losses	*(G)*	**(0.72%)**	**(70)**	(3.81%)	(218)
– Current-year losses for which no deferred tax asset is recognised		**0.15%**	**15**	1.66%	95
Changes in estimates related to prior years		**(0.17%)**	**(18)**	(2.39%)	(137)
Total income tax expense		**27.15%**	**2,644**	28.00%	1,603

* For certain participating insurance contracts issued in [*Country X*] and the UK, the Group is required to pay income taxes on the investment returns from underlying items (referred to as 'policyholder taxes') and to attribute the post-tax investment returns to policyholders' account balances. For those contracts, the difference between the gross investment returns and the post-tax investment returns attributed to policyholders' account balances is included in pre-tax profit. The effect of policyholder taxes represents the difference between that element of pre-tax profit at the Company's domestic tax rate of 30% and the total amount of policyholder taxes included in income tax expense.

Because the policyholder taxes are specifically chargeable to the policyholders under the terms of the contracts, they are included in the fulfilment cash flows of the related groups of contracts until the taxes are incurred (see Notes 30(A)(iii) and (F)(i)).

IAS 12.85 a. The Group's reconciliation of the effective tax rate is based on its domestic tax rate, with a reconciling item in respect of tax rates applied by Group companies in other jurisdictions. The reconciliation of the effective tax rate is based on an applicable tax rate that provides the most meaningful information to users. In some cases, it might be more meaningful to aggregate separate reconciliations prepared using the domestic tax rate in each individual jurisdiction.

IAS 12.81(c) b. Rather than presenting either a numerical reconciliation between total tax expense and the product of accounting profit multiplied by the applicable tax rates, or a numerical reconciliation between the average effective tax rate and the applicable tax rate, the Group has elected to present both.

c. IAS 12 does not provide specific guidance on how to reflect the impact of global minimum top-up tax in the reconciliation of the effective tax rate. The Group has disclosed a separate line item for the total amount of top-up tax levied on the Group in 2024 to aid users' understanding of the impact.

Notes to the consolidated financial statements (continued)

19. Income taxes (continued)

IAS 12.81(g)

D. Movement in deferred tax balances[a, b, c]

2024 *In millions of EUR*	Net balance at 1 January	Recognised in profit or loss (see (A))	Recognised in OCI (see (B))	Other (see Note 36)	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Financial investments and derivatives	4,548	168	782	(122)	5,376	(108)	5,484
Investment property	316	15	-	-	331	-	331
Property and equipment	73	7	-	2	82	(6)	88
Intangible assets	165	(28)	-	1	138	(148)	286
Insurance and reinsurance contracts	(1,540)	84	(361)	20	(1,797)	(1,915)	118
Employee benefits	83	(19)	22	-	86	-	86
Equity-settled share-based payment	(233)	(42)	-	-	(275)	(275)	-
Other items	(43)	(6)	-	(2)	(51)	(58)	7
Tax losses carried forward	(1,028)	(70)	-	-	(1,098)	(1,098)	-
Tax liabilities (assets) before set-off	2,341	109	443	(101)	2,792	(3,608)	6,400
Set-off of tax					-	3,348	(3,348)
Net tax liabilities (assets)					2,792	(260)	3,052

IAS 12.81(g), Insights 3.13.640.60 — a. IAS 12 *Income Taxes* requires disclosure of the amount of recognised deferred tax assets and liabilities in respect of each type of temporary difference. IFRS Accounting Standards are unclear on what constitutes a 'type', and the Group has provided the disclosures based on the classes of assets and liabilities related to the temporary differences. Another possible interpretation is to present disclosures based on the reason for the temporary difference – e.g. depreciation.

Insights 3.13.640.70 — b. In our view, it is not appropriate to disclose the tax effects of both recognised and unrecognised deferred tax assets as a single amount – e.g. similar to the 'gross' approach under US GAAP – because under IFRS Accounting Standards, it is *recognised* deferred tax assets that are required to be disclosed.

Insights 3.13.300 — c. The Group does not plan to dispose of its investments in associates in the foreseeable future, and therefore has measured deferred tax relating to these investments using the tax rates applicable to dividends, which are zero because such dividends are tax-exempt. As a result, no deferred tax has been recognised.

Notes to the consolidated financial statements (continued)

19. Income taxes (continued)

D. Movement in deferred tax balances (continued)

2023 *In millions of EUR*	Net balance at 1 January	Recognised in profit or loss (see (A))	Recognised in OCI (see (B))	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Financial investments and derivatives	3,703	326	519	4,548	(176)	4,724
Investment property	304	12	-	316	-	316
Property and equipment	77	(4)	-	73	(5)	78
Intangible assets	237	(72)	-	165	(154)	319
Insurance and reinsurance contracts	(1,247)	47	(340)	(1,540)	(1,742)	202
Employee benefits	111	(23)	(5)	83	-	83
Equity-settled share-based payment	(215)	(18)	-	(233)	(233)	-
Other items	(48)	5	-	(43)	(52)	9
Tax losses carried forward	(810)	(218)	-	(1,028)	(1,028)	-
Tax liabilities (assets) before set-off	2,112	55	174	2,341	(3,390)	5,731
Set-off of tax				-	3,143	(3,143)
Net tax liabilities (assets)				2,341	(247)	2,588

E. Unrecognised deferred tax liabilities[a]

IAS 12.81(f), 87

At 31 December 2024, the Group has not recognised a deferred tax liability of EUR 6 million (2023: EUR 5 million) for temporary differences of EUR 20 million (2023: EUR 17 million) related to investments in subsidiaries and the joint venture. This is because the Group controls the dividend policy of its subsidiaries and is able to veto the payment of dividends of its joint venture – i.e. the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.[b]

IAS 12.82A

In some of the countries in which the Group operates, local tax laws provide that gains on the disposal of certain assets are tax-exempt, provided that the gains are not distributed. At 31 December 2024, total tax-exempt reserves amounted to EUR 60 million (2023: EUR 60 million), which would result in a tax liability of EUR 18 million (2023: EUR 18 million) if the subsidiaries paid dividends from these reserves.

IAS 12.81(f), 87 a. Although it is not required, in addition to the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements for which deferred tax liabilities have not been recognised, the Group has also provided the encouraged disclosure of the amounts of unrecognised deferred tax liabilities.

Insights 3.13.310.10 b. In our view, the ability of a joint venturer to veto the payment of dividends is sufficient to demonstrate control for the purpose of recognising deferred tax.

Notes to the consolidated financial statements (continued)

19. Income taxes (continued)

F. Unrecognised deferred tax assets

IAS 12.81(e)

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.[a]

	2024		2023	
In millions of EUR	**Gross amount**	**Tax effect**	**Gross amount**	**Tax effect**
Deductible temporary differences	**18**	**6**	16	5
Tax losses	**107**	**32**	289	87
	125	**38**	305	92

G. Tax losses carried forward

IAS 12.81(e)

Tax losses for which no deferred tax asset was recognised expire as follows.

In millions of EUR	**2024**	**Expiry date**	**2023**	**Expiry date**
Expire	**107**	**2028–2030**	57	2028–2029
Never expire	**-**	**-**	232	-

IAS 1.125, 129, 12.82

In 2024, the Group recognised a deferred tax asset of EUR 70 million for previously unrecognised tax losses of EUR 232 million. The tax losses arose during the start-up phase of the Group's non-life business in Singapore, which was established in 2020. This business generated a small taxable profit in 2022 and increased its taxable profit significantly in 2023. Management considered that this trend would continue in the foreseeable future and that it is probable that future taxable profits would be available against which such losses could be used.

In 2023, the Group recognised a deferred tax asset of EUR 218 million for previously unrecognised tax losses of EUR 728 million, because one of the Group's UK subsidiaries in the life savings segment entered into a new market and management revised its estimates of future taxable profits. Management considered it probable that future taxable profits would be available against which such losses could be used. In 2024, the subsidiary achieved its planned profitability; therefore, management continues to consider it probable that future taxable profits would be available against which the tax losses can be used and, therefore, the related deferred tax asset can be recovered.

H. Uncertainty over income tax treatments

IAS 1.122, 12.88, IFRIC 23.A5

From 2019 until 2023, Indigo Insurance Limited benefited from a tax ruling of the tax authorities in [*Country X*] allowing it to qualify for a reduced corporate tax rate. In 2024, there was a change in the government of [*Country X*]. The new government is debating certain tax rulings granted in the past, which include the tax ruling applied by the Group. If the tax ruling is retroactively revoked, then additional tax expenses for the period 2019–2023 of up to EUR 10 million may be incurred. This amount has not been recognised in these consolidated financial statements because the Group believes that the tax ruling granted in the past complied with the applicable law and, if it is revoked, the Group believes that it would be likely to successfully defend the tax treatment in court.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

IAS 12.81(e)

a. Although IAS 12 only requires the disclosure of the amount of deductible temporary differences and unused tax losses for which no deferred tax asset has been recognised, the Group has also disclosed their respective tax effects.

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19. Income taxes (continued)

I. Global minimum top-up tax[a, b, c, d]

IAS 12.88A-88D, EI.88C-88D(a)(b)(i)

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The top-up tax relates to the Group's operations in [*Country F*], where the statutory tax rate is 10%, and in [*Country G*], where Subsidiary X receives government support through additional tax deductions that reduce its effective tax rate to below 15%. The Group recognised a current tax expense of EUR 116 million related to the top-up tax (2023: nil) which is levied on the Company, being the ultimate parent company of the Group.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

In March 2024, [*Country G*] enacted new tax legislation to implement a domestic minimum top-up tax, which is effective from 1 January 2025. As a result, from 2025 Subsidiary X will be liable for the top-up tax in relation to its operations instead of the Company.

a. The Organisation for Economic Co-operation and Development (OECD)'s draft legislative framework for the global minimum top-up tax (GloBE model rules) applies to multinational enterprise groups with a total consolidated group revenue of EUR 750 million or more in at least two of the four preceding years, although jurisdictions may introduce a lower threshold. Although the Group may not be subject to this global minimum top-up tax, the disclosures are included for illustrative purposes.

Insights 3.13.43.10

b. 'Pillar Two taxes' are those arising from tax laws enacted or substantively enacted to implement the Pillar Two framework published by the OECD. This tax reform aims to ensure that large multinational groups pay taxes at least at a minimum rate of 15% on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules that countries can adopt: the Income Inclusion Rule (IIR), the Undertaxed Payment Rule (UTPR) and a Qualified Domestic Minimum Top-up Tax (QDMTT). They are often referred to as 'global minimum top-up tax' or 'top-up tax'. Different jurisdictions may enact or substantively enact local tax laws at different points in time, and the taxes may also become effective at different points in time. These disclosures are included for illustrative purposes only.

c. It is noted that for the purposes of the top-up tax, if a single jurisdiction in which a group operates enacts or substantively enacts changes to its tax laws, then that entire group may be impacted regardless of whether a similar tax law has been enacted or substantively enacted in the jurisdiction of the ultimate parent. An entity needs to monitor the progress of the legislative process in each jurisdiction in which it operates to determine whether and when it may become subject to the top-up tax.

d. For further information about disclosures on global minimum top-up taxes, see our article and read our FAQs.

Notes to the consolidated financial statements (continued)

20. Cash and cash equivalents

See accounting policies in Note 44(G)(v).

IAS 7.45

In millions of EUR	**2024**	**2023**
Cash and demand deposits with banks	**16,923**	13,236
Short-term deposits with banks	**3,871**	3,101
	20,794	16,337

Cash and cash equivalents include underlying items of the Group's participating contracts of EUR 6,965 million (2023: EUR 6,740 million) (see Note 6(B)(ii)).

21. Financial investments and derivatives

See accounting policies in Note 44(G).

IFRS 17.111

2024 *In millions of EUR*	*Note*	Underlying items[a] Direct participating contracts	Underlying items[a] Investment contracts and consolidated funds	Underlying items[a] Total	Transferred under securities lending and repurchase agreements	Other	Total
Financial investments							
Deposits with financial institutions		**2,959**	**650**	**3,609**	**-**	**2,405**	**6,014**
Derivative assets	*(A)*	**715**	**141**	**856**	**-**	**481**	**1,337**
Government bonds	*(B)*	**20,991**	**2,750**	**23,741**	**4,206**	**87,898**	**115,845**
Other debt securities	*(B)*	**23,345**	**2,951**	**26,296**	**2,431**	**110,923**	**139,650**
Equity securities	*(C)*	**58,695**	**11,332**	**70,027**	**1,630**	**7,761**	**79,418**
Collective investment schemes	*37*	**78,000**	**6,693**	**84,693**	**-**	**-**	**84,693**
Associates held by participating funds		**2,601**	**-**	**2,601**	**-**	**-**	**2,601**
		187,306	**24,517**	**211,823**	**8,267**	**209,468**	**429,558**
Derivative liabilities	*(A)*	**718**	**28**	**746**	**-**	**494**	**1,240**

IFRS 17.111

a. IFRS 17 requires an entity to describe the composition of underlying items of direct participating contracts and disclose their fair value. Although it is not required, the Group has disclosed the fair value of each type of underlying item and information about the underlying items of investment contracts and consolidated funds.

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21. Financial investments and derivatives (continued)

2023 *In millions of EUR*	Note	Underlying items Direct participating contracts	 Investment contracts and consolidated funds	 Total	Transferred under securities lending and repurchase agreements	Other	Total
Financial investments							
Deposits with financial institutions		2,775	545	3,320	-	2,213	5,533
Derivative assets	*(A)*	842	101	943	-	625	1,568
Government bonds	*(B)*	19,788	2,685	22,473	4,487	84,506	111,466
Other debt securities	*(B)*	21,395	2,743	24,138	2,237	104,018	130,393
Equity securities	*(C)*	51,859	10,739	62,598	1,481	2,871	66,950
Collective investment schemes	*37*	77,153	5,451	82,604	-	-	82,604
Associates held by participating funds		2,512	-	2,512	-	-	2,512
		176,324	22,264	198,588	8,205	194,233	401,026
Derivative liabilities	*(A)*	661	27	688	-	598	1,286

IAS 1.61

The following table sets out the carrying amounts of financial investments and derivatives expected to be recovered or settled more than 12 months after the reporting date.

In millions of EUR	2024	2023
Financial investments		
Measured at fair value	**369,080**	343,817
Measured at amortised cost	**7,651**	7,611
Transferred under securities lending and repurchase agreements	**7,288**	7,233
Derivative liabilities	**1,025**	1,062

A. Derivatives

The Group uses derivatives to provide economic hedges as part of its ALM activities. The following table analyses the Group's derivatives by type of instrument.

In millions of EUR	31 December 2024 Assets	 Liabilities	31 December 2023 Assets	 Liabilities
Underlying items				
Not designated as hedging instruments				
Equity index futures	**523**	**346**	642	281
Interest rate swaps	**199**	**229**	173	243
Foreign exchange swaps	**134**	**171**	128	164
	856	**746**	943	688
Other				
Designated as hedging instruments in net investment hedges				
Foreign exchange forward contracts	**71**	**70**	65	78
Not designated as hedging instruments				
Interest rate swaps	**188**	**240**	260	383
Foreign exchange swaps	**222**	**184**	300	137
	481	**494**	625	598
	1,337	**1,240**	1,568	1,286

IFRS 7.24A(a)

For more information about how the Group manages its market risks, see Note 6(D).

Notes to the consolidated financial statements (continued)

21. Financial investments and derivatives (continued)

B. Financial assets designated as at FVTPL

IFRS 7.9(a)–(b)

Certain debt investments have been designated as at FVTPL (see Note 44(G)(ii)). At 31 December 2024, the maximum exposure to credit risk of these financial assets was their carrying amount of EUR 127,238 million (2023: EUR 113,334 million). The credit risk of these financial assets has not been hedged by the use of credit derivatives or similar instruments.

IFRS 7.9(c)

The following changes in fair value have been recognised for these investments.

In millions of EUR	**2024**	2023
Change in fair value attributable to changes in credit risk during the year	**191**	195
Cumulative change in fair value attributable to changes in credit risk for assets held at 31 December	**129**	(60)

IFRS 7.11(a)

The change in fair value attributable to changes in credit risk is determined based on changes in CDS prices referenced to similar obligations of the same borrower when such prices are observable, because these CDS prices best reflect the market assessment of credit risk for a particular financial asset. When such prices are not observable, the change in fair value attributable to changes in credit risk is determined as the total amount of the change in fair value that is not attributable to changes in the observed benchmark interest rate or in other market rates. In the absence of specific observable data, this approach provides a reasonable approximation of changes attributable to credit risk because it estimates the change of margin above the benchmark that the market may require for holding the financial asset.

C. Equity investments designated as at FVOCI[a]

IFRS 7.11A

The Group has designated the following equity investments as at FVOCI because it intends to hold them for the long term for strategic purposes (see Note 44(G)(ii)).

IFRS 7.8(h)(ii), 20(a)(vii)

	Fair value at 31 December		Dividend income recognised	
In millions of EUR	**2024**	2023	**2024**	2023
Investment in Cerulean Limited	**17**	15	**1**	2
Investment in Teal Limited	**15**	14	**1**	2
	32	29	**2**	4

IFRS 7.11A(e)

No strategic investments were disposed of during 2024 and 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Insights 7.10.230.25

a. When disclosing which investments in equity instruments have been designated as at FVOCI, it appears that an entity should apply judgement in determining what disclosures would provide the most useful information for financial statement users. We believe that in most cases, disclosing the names of individual investees would be appropriate – e.g. if an entity has a small number of individually significant investments, particularly if this disclosure enables users to access additional information about those investees from other sources. However, in some cases disclosure at a higher level of aggregation and disclosures other than the names of investees may provide more useful information. For example, if an entity has a large number of individually insignificant investments in a few industries, then disclosure by industry may be appropriate. Similarly, if an entity holds investments for which no public information is available, then disclosure about the nature and purpose of those investments may be relevant.

Notes to the consolidated financial statements (continued)

22. Receivables

See accounting policies in Note 44(G).

In millions of EUR	2024	2023
Receivables from reverse sale-and-repurchase counterparties	**6,743**	7,322
Cash collateral pledged to counterparties of derivative liabilities	**506**	472
Dividends receivable	**124**	394
Operating lease receivables	**183**	178
Other	**53**	104
	7,609	8,470

IAS 1.61

Of the total receivables, EUR 15 million (2023: EUR 16 million) is expected to be recovered more than 12 months after the reporting date.

Receivables include underlying items of the Group's participating contracts of EUR 201 million (2023: EUR 206 million) (see Note 6(B)(ii)).

23. Investment property[a]

See accounting policies in Note 44(M).

IFRS 16.92(a)

The Group holds investment property as underlying items of its participating contracts. Investment property comprises commercial properties that are owned by the Group and leased to third parties under operating leases. Each of these leases contains an initial non-cancellable period of 10 years. Some leases include options to extend at the end of the term and historically the average renewal period is four years.

A. Reconciliation of carrying amount

	In millions of EUR	Note	2024	2023
IAS 40.76, IFRS 13.93(e)	Balance at 1 January		**5,829**	5,649
IAS 40.76(a), IFRS 13.93(e)(iii)	Acquisitions		**68**	49
IAS 40.76(d), IFRS 13.93(e)(i)	Net change in fair value	*11(C)*	**140**	59
IAS 40.76(c), IFRS 13.93(e)(iii)	Disposals		**(102)**	(24)
IAS 40.76(e)	Effect of movements in exchange rates		**(65)**	96
IAS 40.76, IFRS 13.93(e)	**Balance at 31 December**		**5,870**	5,829

IAS 1.61

Of the total investment property, EUR 5,695 million (2023: EUR 5,720 million) is expected to be recovered more than 12 months after the reporting date.

IFRS 13.93(e)(i), (f)

Changes in fair values are recognised as gains in profit or loss and included in 'other investment revenue', of which EUR 135 million (2023: EUR 57 million) is attributable to investment property held at the reporting date.

Insights 3.4.260.40 a. Because IAS 40 *Investment Property* makes no reference to making disclosures on a class-by-class basis, it could be assumed that the minimum requirement is to make the disclosures on an aggregate basis for the whole investment property portfolio. However, if investment property represents a significant portion of the assets, then it may be appropriate to disclose additional analysis – e.g. portfolio by type of investment property.

Notes to the consolidated financial statements (continued)

23. Investment property (continued)

B. Measurement of fair values

i. Fair value hierarchy

IAS 40.75(e)

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every six months.

IFRS 13.93(b)

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 7(A)).

ii. Valuation technique and significant unobservable inputs

IFRS 13.93(d), (h)(i), 99

The following table shows the valuation technique used in measuring the fair value of investment property and the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods, capital expenditure for climate-related risks and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	– Expected market rental growth (2024: 2–3%, weighted average 2.6%; 2023: 2–3%, weighted average 2.5%). – Void periods (2024 and 2023: average six months after the end of each lease). – Occupancy rate (2024: 90–95%, weighted average 92.5%; 2023: 91–95%, weighted average 92.8%). – Rent-free periods (2024 and 2023: one year on new leases). – Risk-adjusted discount rates (2024: 5–6%, weighted average 5.8%; 2023: 6–7%, weighted average 6.1%).	The estimated fair value would increase (decrease) if: – expected market rental growth were higher (lower); – void periods were shorter (longer); – the occupancy rate were higher (lower); – rent-free periods were shorter (longer); or – the risk-adjusted discount rate were lower (higher).

C. Maturity analysis of lease payments

IFRS 16.97

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.[a]

In millions of EUR	2024	2023
Less than one year	**980**	974
One to two years	**961**	954
Two to three years	**941**	935
Three to four years	**922**	915
Four to five years	**902**	896
More than five years	**2,549**	2,531
Total	**7,255**	7,205

IFRS 16.97 a. For assets subject to operating leases, IFRS 16 *Leases* requires a maturity analysis of the lease payments. As a minimum, the lessor discloses the undiscounted lease payments to be received on an annual basis for each of the first five years and a total of the amounts for the remaining years.

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24. Equity-accounted investees[a, b]

See accounting policies in Notes 44(A)(v), (vi) and (P).

In millions of EUR	*Note*	2024	2023
Interest in joint venture	*(A)*	**2,276**	2,117
Interests in associates	*(B)*	**312**	468
Balance at 31 December		**2,588**	2,585

A. Joint venture[c]

IFRS 12.20(a), 21(a), (b)(iii)

Azure-Indigo Insurance Company (Azure-Indigo) is a joint venture in which the Group has joint control and a 49% ownership interest. It issues primarily life savings and participating contracts in China. Azure-Indigo is not publicly listed.

IFRS 12.7(c), IAS 1.122

Azure-Indigo is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Azure-Indigo as a joint venture, which is accounted for under the equity method.

IFRS 12.20(b), 23(a), B18

In accordance with the agreement under which Azure-Indigo is established, the Group and the other investor in the joint venture have agreed to make additional contributions in proportion to their interests to make up any losses, if required, up to a maximum amount of EUR 2,000 million. This commitment has not been recognised in these consolidated financial statements.

IFRS 12.21(b), B12–B14

The following table summarises the financial information of Azure-Indigo as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Azure-Indigo.

	In millions of EUR	2024	2023
IFRS 12.21(a)(iv)	**Percentage ownership interest**	**49%**	49%
IFRS 12.B12(b)(ii)	Non-current assets	**30,802**	30,500
IFRS 12.B12(b)(i), B13(a)	Current assets (including cash and cash equivalents – 2024: EUR 978 million; 2023: EUR 929 million)	**5,269**	5,227
IFRS 12.B12(b)(iv), B13(c)	Non-current liabilities (including non-current financial liabilities that are not payables – 2024: EUR 3,395 million; 2023: EUR 3,406 million)	**(27,029)**	(27,036)
IFRS 12.B12(b)(iii), B13(b)	Current liabilities (including current financial liabilities that are not payables – 2024: EUR 1,395 million; 2023: EUR 1,406 million)	**(4,793)**	(4,771)
	Net assets (100%)	**4,249**	3,920
	Group's share of net assets (49%)	**2,082**	1,921
	Goodwill	**194**	196
	Carrying amount of interest in joint venture	**2,276**	2,117
IFRS 12.B12(b)(v)	Revenue	**4,614**	4,382
IFRS 12.B13(d)	Depreciation and amortisation	**(13)**	(12)
IFRS 12.B13(f)	Interest expense	**(29)**	(30)
	Other expenses	**(4,013)**	(3,931)
IFRS 12.B13(g)	Income tax expense	**(145)**	(106)
IFRS 12.B12(b)(vi)	Profit from continuing operations	**414**	303
IFRS 12.B12(b)(viii)	Other comprehensive income	**37**	24
IFRS 12.B12(b)(ix)	Total comprehensive income (100%)	**451**	327
	Group's share of total comprehensive income (49%)	**221**	160
IFRS 12.B12(a)	**Dividends received by the Group**	**35**	-

a. For additional disclosure examples and explanatory notes on IFRS 12 *Disclosure of Interests in Other Entities*, see our Guide to annual financial statements – IFRS 12 supplement.

IFRS 12.21 b. The extent of disclosures required by IFRS 12 for individually material interests in joint arrangements and associates differs from that for individually immaterial interests. For example, the required financial information may be disclosed in aggregate for all individually immaterial associates.

IFRS 12.21–23, B12–B13 c. The extent of disclosures required by IFRS 12 for individually material joint ventures and joint operations is different. For example, the disclosure of summarised financial information, fair value (if there is a quoted market price) and commitments is not required for joint operations.

Notes to the consolidated financial statements (continued)

24. Equity-accounted investees (continued)

B. Associates

IFRS 12.20, 21(a), (b)(iii)

On 31 March 2024, the Group's equity interest in its material associate, Crimson Auto, increased from 25 to 90% and Crimson Auto became a subsidiary from that date (see Note 36(A)). Crimson Auto issues primarily motor insurance contracts in Italy. Crimson Auto is not publicly listed.

IFRS 12.21(b), B12–B14

The following table summarises the financial information of Crimson Auto as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Crimson Auto. The information for 2023 presented in the table includes the results of Crimson Auto from 1 January to 31 December 2023. The information for 2024 includes the results of Crimson Auto only for the period from 1 January to 31 March 2024, because Crimson Auto became a subsidiary on 31 March 2024.

	In millions of EUR	**2024**	**2023**
IFRS 12.21(a)(iv)	**Percentage ownership interest**	**25%**	25%
IFRS 12.B12(b)(ii)	Non-current assets	-	1,006
IFRS 12.B12(b)(i)	Current assets	-	227
IFRS 12.B12(b)(iv)	Non-current liabilities	-	(497)
IFRS 12.B12(b)(iii)	Current liabilities	-	(88)
	Net assets (100%)	-	648
	Group's share of net assets (25%)	-	162
	Goodwill	-	26
	Carrying amount of interest in associate	-	188
IFRS 12.B12(b)(v)	Revenue	**238**	1,620
IFRS 12.B12(b)(vi)	Profit from continuing operations	**26**	83
IFRS 12.B12(b)(viii)	Other comprehensive income	**9**	45
IFRS 12.B12(b)(ix)	Total comprehensive income (100%)	**35**	128
	Group's share of total comprehensive income (25%)	**9**	32
IFRS 12.B12(a)	**Dividends received by the Group**	**10**	11

IFRS 12.21(c)(ii), B16

The Group also has interests in a number of individually immaterial associates that are accounted for under the equity method. The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

In millions of EUR	**2024**	**2023**
Carrying amount of interests in associates	**312**	280
Group's share of:		
– Profit from continuing operations	**23**	17
– OCI	**4**	(7)
– **Total comprehensive income**	**27**	10

IFRS 12.22(c)

The Group has not recognised losses of EUR 1 million for the current year (2023: EUR 2 million) and cumulative losses totalling EUR 4 million (2023: EUR 3 million) in relation to its interests in associates, because the Group has no obligation in respect of these losses.

The Group's investments in a number of individually immaterial associates are held by participating funds. These investments are measured at FVTPL. See Note 21 for details.

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25. Property and equipment

See accounting policies in Notes 44(N), (P) and (S)(i).

In millions of EUR	Note	2024	2023
Owner-occupied property measured at fair value	*(A)*	**492**	399
Other property and equipment owned	*(B)*	**2,939**	3,029
Leased property and equipment	*38(A)*	**1,211**	1,180
		4,642	4,608

A. Owner-occupied property measured at fair value

i. Reconciliation of carrying amount

	In millions of EUR	Note	2024	2023
IAS 16.73(d), IFRS 13.93(e)	Balance at 1 January		**399**	340
IAS 16.73(e)(i), IFRS 13.93(e)(iii)	Acquisitions		**40**	17
IAS 16.73(e)(ix), IFRS 13.93(e)(i)	Net change in fair value	*11(C)*	**60**	42
IAS 16.73(e)(ii), IFRS 13.93(e)(iii)	Disposals		**(4)**	(5)
IAS 16.73(e)(viii)	Effect of movements in exchange rates		**(3)**	5
IAS 16.73(d), IFRS 13.93(e)	**Balance at 31 December**		**492**	399

IFRS 13.93(e)(i), (f)

Owner-occupied properties that are underlying items of the Group's direct participating contracts are measured at fair value. Changes in fair values are recognised as gains in profit or loss and included in 'other investment revenue', of which EUR 58 million (2024: EUR 40 million) is attributable to owner-occupied properties held at the reporting date.

ii. Measurement of fair values

IAS 16.77

The fair value of owner-occupied properties at the reporting date was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's owner-occupied property portfolio every six months.

IFRS 13.93(b), (d), (h)(i)

The fair value measurement for owner-occupied properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 7(A)). The valuation techniques and significant unobservable inputs used in measuring the fair values of owner-occupied properties are consistent with those applied to investment properties at the reporting date (see Note 23(B)).

Notes to the consolidated financial statements (continued)

25. Property and equipment (continued)

B. Other property and equipment owned[a]

	In millions of EUR	*Note*	Land and buildings	IT equipment	Fixtures and fittings	Total
	Cost					
IAS 16.73(d)	Balance at 1 January 2023		1,929	1,023	522	3,474
IAS 16.73(e)(i)	Additions		98	192	49	339
IAS 16.73(e)(ii)	Disposals		(48)	-	(14)	(62)
IAS 16.73(e)(viii)	Effect of movements in exchange rates		27	14	5	46
IAS 16.73(d)	**Balance at 31 December 2023**		2,006	1,229	562	3,797
IAS 16.73(d)	Balance at 1 January 2024		**2,006**	**1,229**	**562**	**3,797**
IAS 16.73(e)(iii)	Acquisitions through business combinations	*36(A)*	**31**	**-**	**-**	**31**
IAS 16.73(e)(i)	Other additions		**144**	**113**	**78**	**335**
IAS 16.73(e)(ii)	Disposals		**(41)**	**(132)**	**(85)**	**(258)**
IAS 16.73(e)(viii)	Effect of movements in exchange rates		**(20)**	**(10)**	**(4)**	**(34)**
IAS 16.73(d)	**Balance at 31 December 2024**		**2,120**	**1,200**	**551**	**3,871**
	Accumulated depreciation and impairment losses					
IAS 16.73(d)	Balance at 1 January 2023		106	251	115	472
IAS 16.73(e)(vii)	Depreciation	*14*	40	213	55	308
IAS 16.73(e)(ii)	Disposals		(3)	-	(14)	(17)
IAS 16.73(e)(viii)	Effect of movements in exchange rates		1	3	1	5
IAS 16.73(d)	**Balance at 31 December 2023**		144	467	157	768
IAS 16.73(d)	Balance at 1 January 2024		**144**	**467**	**157**	**768**
IAS 16.73(e)(vii)	Depreciation	*14*	**41**	**255**	**59**	**355**
IAS 16.73(e)(ii)	Disposals		**(2)**	**(98)**	**(85)**	**(185)**
IAS 16.73(e)(viii)	Effect of movements in exchange rates		**(2)**	**(3)**	**(1)**	**(6)**
IAS 16.73(d)	**Balance at 31 December 2024**		**181**	**621**	**130**	**932**
IAS 1.78(a)	**Carrying amounts**					
	At 1 January 2023		1,823	772	407	3,002
	At 31 December 2023		1,862	762	405	3,029
	At 31 December 2024		**1,939**	**579**	**421**	**2,939**

IAS 16.73(d)–(e) a. Although IAS 16 *Property, Plant and Equipment* requires only the reconciliation of the carrying amount at the beginning of the reporting period and at the reporting date, the Group has also provided separate reconciliations of the gross carrying amount and accumulated depreciation. These additional reconciliations are not required and a different format may be used.

Notes to the consolidated financial statements (continued)

26. Intangible assets and goodwill

See accounting policies in Notes 44(O) and (P).

A. Reconciliation of carrying amount[a]

Reference	*In millions of EUR*	*Note*	Goodwill	Software	Customer relationships	Total
	Cost					
IFRS 3.B67(d)(i), IAS 38.118(c)	Balance at 1 January 2023		12,603	250	318	13,171
IAS 38.118(e)(i)	Acquisitions – separately acquired		-	12	-	12
IAS 38.118(e)(i)	Acquisitions – internally developed		-	10	-	10
IFRS 3.B67(d)(vi), IAS 38.118(e)(vii)	Effect of movements in exchange rates		176	4	5	185
IFRS 3.B67(d)(viii), IAS 38.118(c)	**Balance at 31 December 2023**		12,779	276	323	13,378
IFRS 3.B67(d)(i), IAS 38.118(c)	Balance at 1 January 2024		**12,779**	**276**	**323**	**13,378**
IAS 38.118(e)(i)	Acquisitions – internally developed		**-**	**5**	**-**	**5**
IFRS 3.B67(d)(ii), IAS 38.118(e)(i)	Acquisitions through business combinations	*36(A)*	**130**	**-**	**12**	**142**
IFRS 3.B67(d)(vi), IAS 38.118(e)(vii)	Effect of movements in exchange rates		**(119)**	**(2)**	**(2)**	**(123)**
IFRS 3.B67(d)(viii), IAS 38.118(c)	**Balance at 31 December 2024**		**12,790**	**279**	**333**	**13,402**
	Accumulated amortisation and impairment losses					
IFRS 3.B67(d)(i), IAS 38.118(c)	Balance at 1 January 2023		583	102	58	743
IAS 38.118(e)(vi)	Amortisation	*14*	-	68	44	112
IFRS 3.B67(d)(vi), IAS 38.118(e)(vii)	Effect of movements in exchange rates		8	1	1	10
IFRS 3.B67(d)(viii), IAS 38.118(c)	**Balance at 31 December 2023**		591	171	103	865
IFRS 3.B67(d)(i), IAS 38.118(c)	Balance at 1 January 2024		**591**	**171**	**103**	**865**
IAS 38.118(e)(vi)	Amortisation	*14*	**-**	**75**	**46**	**121**
IFRS 3.B67(d)(v), IAS 38.118(e)(iv)	Impairment loss	*14*	**237**	**-**	**100**	**337**
IFRS 3.B67(d)(vi), IAS 38.118(e)(vii)	Effect of movements in exchange rates		**(7)**	**(2)**	**(2)**	**(11)**
IFRS 3.B67(d)(viii), IAS 38.118(c)	**Balance at 31 December 2024**		**821**	**244**	**247**	**1,312**
	Carrying amounts					
	At 1 January 2023		12,020	148	260	12,428
	At 31 December 2023		12,188	105	220	12,513
	At 31 December 2024		**11,969**	**35**	**86**	**12,090**

IFRS 3.B67(d), IAS 38.118(c), (e)

a. Although IFRS 3 *Business Combinations* and IAS 38 *Intangible Assets* require only the reconciliation of the carrying amount at the beginning of the reporting period and at the reporting date, the Group has also provided separate reconciliations of the gross carrying amount and accumulated amortisation and impairment losses. These additional reconciliations are not required and a different format may be used.

Notes to the consolidated financial statements (continued)

26. Intangible assets and goodwill (continued)

B. Impairment testing for CGUs containing goodwill[a]

IAS 36.134(a)

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows. CGUs are generally determined at country level and within each country between life and participating business, and non-life business.

In millions of EUR	**2024**	**2023**
Europe		
France – life and participating	**2,261**	2,498
Germany – non-life	**1,355**	1,355
UK – life and participating	**1,390**	1,408
UK – non-life	**672**	680
Italy – non-life	**130**	-
Asia		
Singapore – life and participating	**465**	483
Thailand – life and participating	**250**	255
US		
US – life and participating	**4,600**	4,653
US – non-life	**846**	856
Total goodwill	**11,969**	12,188

IAS 36.130(e), 134(c)

The recoverable amount of each CGU is determined based on its value in use.

i. Life and participating business

IAS 36.134(d)(ii)

For life and participating business, the value in use of each CGU is determined by discounting expected future cash flows to be generated from the continuing use of the CGU.

The present value of the future cash flows from the existing business is determined by adjusting the net asset value of the CGU to an economic value. The principal adjustments are to deduct the goodwill, remeasure financial assets and financial liabilities measured at amortised cost to fair value, remove the CSM of insurance and reinsurance contracts, and include an estimate of the present value of other operating expenses that would be incurred as the existing business is run off.

IAS 36.134(d)(ii)–(iii)

If the present value of future cash flows from the existing business is less than the carrying amount of the CGU, then the expected present value of future new business profits to be generated by the CGU in perpetuity is also considered. Estimates of new business profits are obtained from the most recent three-year business plans approved by management. New business profits beyond this initial period are extrapolated from the final year of the three-year plans, unless this does not represent a steady state in the development of the CGU, in which case adjustments are made. New business profits from insurance and reinsurance contracts are derived from projections of the CSM recognised on new business. New business profits from investment contracts are determined on a similar basis. An adjustment is made to include the present value of other operating expenses in perpetuity.

The growth rates applied after the third year represent management's expectations based on both historical growth rates and projections of future trends in the relevant local markets. The expected new business profits are discounted using a risk-free rate plus a margin to allow for the risk that actual profits may differ from estimated new business profits.

IAS 36.134

a. Separate disclosures are required for each CGU (or group of CGUs) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to the CGU is significant by comparison with its carrying amount.

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26. Intangible assets and goodwill (continued)

B. Impairment testing for CGUs containing goodwill (continued)

ii. Non-life business

IAS 36.134(d)(ii)–(iii)

The value in use of a non-life CGU is based on the expected profits to be earned from the CGU in perpetuity discounted using a risk-adjusted discount rate. The expected profits to be earned over the first three-year period are based on the most recent three-year business plans approved by management. Cash flow projections beyond this initial period are extrapolated from the final year of the three-year plans, unless this does not represent a steady state in the development of the CGU, in which case adjustments are made. The growth rates applied after the third year represent management's expectations based on both historical growth rates and projections of future trends in the relevant local markets. The expected profits are then discounted using a risk-free rate plus a margin to allow for the risk that the actual profits may differ from the estimated profits.

iii. Key assumptions used in cash flow projections

IAS 36.134(d)(i), (iv)–(v)

The key assumptions used to determine the present value of the future cash flows of the existing business are the assumptions used to determine the fulfilment cash flows of insurance and reinsurance contracts (see Note 30(F)(i)).

The present value of the future cash flows of existing business was sufficient to demonstrate the recoverability of the goodwill allocated to the UK and Singapore life and participating CGUs and it was not necessary to estimate the present value of the future cash flows from future new business.

The key assumptions used in the estimation of value in use are the discount rates and the growth rates for future cash flows beyond the initial period covered by the most recent business plans approved by management, as set out below.[a]

IAS 36.130(g)

IAS 36.134(f)(ii)

	2024		2023	
	Growth rate	**Discount rate**	**Growth rate**	**Discount rate**
Europe				
France – life and participating	**-**	**8.5%**	-	8.5%
Germany – non-life	**2.5%**	**8.3%**	2.5%	8.2%
UK – non-life	**2.5%**	**9.3%**	2.5%	9.2%
Italy – non-life	**3.0%**	**9.3%**	n/a	n/a
Asia				
Thailand – life and participating	**3.5%**	**12.5%**	3.5%	12.5%
US				
US – life and participating	**2.5%**	**8.0%**	2.5%	8.2%
US – non-life	**2.5%**	**10.5%**	2.0%	10.3%

IAS 36.134(d)(ii), (iv)–(v), (e)(ii), (iv)–(v), (f), IE89

a. IAS 36 *Impairment of Assets* specifically requires quantitative disclosures (i.e. values) in respect of the discount rates and growth rates used to extrapolate cash flow projections. Narrative disclosures are sufficient for other key assumptions, having regard to the requirement for an entity to disclose a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information and, if not, how and why they differ from past experience or external sources of information. An entity also discloses additional quantitative information if a reasonably possible change in key assumptions would result in an impairment.

Notes to the consolidated financial statements (continued)

26. Intangible assets and goodwill (continued)

B. Impairment testing for CGUs containing goodwill (continued)

iv. France life and participating business

IAS 36.126(a), 130(a)–(b), (d)(ii)

Impairment losses of EUR 337 million were recognised during 2024 in relation to the France life and participating business CGU. The impairment losses relate to a decision in September 2024 to close Indigo Insurance France SA, a subsidiary domiciled in France operating solely in the participating segment, to new business following a strategic review of the participating segment. The goodwill and customer relationships in this CGU, which were initially recognised when the business was acquired in 2021, were impaired as a result.

The impairment losses recognised during 2024 are set out below.

In millions of EUR	**2024**
Customer relationships	**100**
Goodwill	**237**
	337

IAS 36.130(e), (g)

The recoverable amount of the customer relationships was estimated based on their value in use, determined using a pre-tax discount rate of 8.5%.[a] The carrying amount was determined to be higher than the recoverable amount of EUR 25 million and an impairment loss of EUR 100 million was recognised.

IAS 36.130(e), 134(f)

After the customer relationships had been impaired to their recoverable amount, it was determined that the carrying amount of the CGU, including the goodwill, exceeded its recoverable amount of EUR 3,815 million, resulting in an impairment loss of EUR 237 million on goodwill. Following the impairment loss recognised on the CGU, the carrying amount was equal to the recoverable amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

IAS 36.126(a)

The impairment losses were included in 'other operating expenses' (see Note 14).

v. Thailand life and participating business

IAS 36.134(f)(i)

The estimated recoverable amount of the Thailand life and participating business CGU exceeded its carrying amount by EUR 15 million (2023: EUR 13 million). Management has identified that a reasonably possible change in the discount rate or growth rate could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

		2024	**2023**
IAS 36.134(f)(iii)	Discount rate	**0.4%**	0.2%
IAS 36.134(f)(iii)	Growth rate	**(1.2%)**	(0.8%)

IAS 36.50(b), 55, A20, Insights 3.10.840.10–20

a IAS 36 prima facie requires value in use to be determined using pre-tax cash flows and a pre-tax discount rate. However, in our experience it is more common to use post-tax cash flows and a post-tax discount rate – e.g. the weighted-average cost of capital. Challenges arise in following a post-tax approach appropriately so that the resulting value in use is consistent with the pre-tax principle.

Whichever rate is used (pre- or post-tax), the pre-tax discount rate needs to be disclosed. When value in use is determined using post-tax cash flows and a post-tax discount rate, the pre-tax discount rate needs to be calculated to comply with the disclosure requirements.

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27. Other assets

See accounting policies in Notes 44(F) and (K).

IFRS 15.128(a)

In millions of EUR	Note	2024	2023
Contract costs for investment management services		**468**	461
Employee benefit assets	17	**768**	736
Prepayments		**325**	304
		1,561	1,501

IFRS 15.128(b)

In 2024, the amortisation of contract costs for investment management services was EUR 163 million (2023: EUR 160 million) and there was no impairment loss recognised during the year (2023: EUR 2 million) (see Note 14).

28. Payables

See accounting policies in Note 44(G).

IFRS 7.42D(e)

In millions of EUR	2024	2023
Payables to sale-and-repurchase and securities lending counterparties	**8,274**	8,214
Cash collateral received from counterparties of derivative assets	**603**	754
Accrued expenses	**1,099**	1,906
Other	**425**	431
	10,401	11,305

IAS 1.61

Of the total payables, EUR 594 million (2023: EUR 814 million) is expected to be settled more than 12 months after the reporting date.

Notes to the consolidated financial statements (continued)

29. Investment contract liabilities and third party interests in consolidated funds

See accounting policies in Notes 44(F) and (G).

		Investment contract liabilities		Third party interests in consolidated funds	
In millions of EUR	***Note***	**2024**	**2023**	**2024**	**2023**
Balance at 1 January		**21,779**	21,220	**441**	457
Amounts recognised in profit or loss					
Investment return on underlying items	*11*	**1,311**	641	**62**	59
Recurring investment management fees deducted	*12*	**(353)**	(333)	**(5)**	(5)
		958	308	**57**	54
Amounts recognised in OCI					
Effect of movements in exchange rates		**(206)**	308	**(10)**	15
Cash flows					
Contributions received		**3,304**	2,491	**43**	32
Benefits paid		**(1,858)**	(2,548)	**(40)**	(117)
		1,446	(57)	**3**	(85)
Balance at 31 December		**23,977**	21,779	**491**	441

IAS 1.61

Of the totals above, EUR 21,812 million (2023: EUR 19,813 million) of the investment contract liabilities and EUR 425 million (2023: EUR 381 million) of the third party interests in consolidated funds are expected to be settled more than 12 months after the reporting date.

IFRS 7.10(a)

These liabilities do not have a contractual maturity, and the holders can withdraw their funds at any time. The fair value of these liabilities is the amount payable on demand, and changes in the credit risk of these liabilities have not had any impact on their fair value.

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts

See accounting policies in Note 44(E).

In millions of EUR	*Note*	Life risk	Life savings	Participating	Non-life	Total
31 December 2024						
Insurance contracts						
Insurance contract liabilities						
– Insurance contract balances	(A)	**54,616**	**74,963**	**198,755**	**55,955**	**384,289**
– Assets for insurance acquisition cash flows	(B)	**(148)**	**(52)**	**(158)**	**(3,980)**	**(4,338)**
		54,468	**74,911**	**198,597**	**51,975**	**379,951**
Insurance contract assets						
– Insurance contract balances	(A)	**(713)**	**-**	**-**	**-**	**(713)**
– Assets for insurance acquisition cash flows	(B)	**(4)**	**-**	**-**	**-**	**(4)**
		(717)	**-**	**-**	**-**	**(717)**
Reinsurance contracts						
Reinsurance contract assets	(A)	**(1,197)**	**-**	**(2,343)**	**(9,235)**	**(12,775)**
Reinsurance contract liabilities	(A)	**884**	**-**	**-**	**-**	**884**
31 December 2023						
Insurance contracts						
Insurance contract liabilities						
– Insurance contract balances	(A)	50,998	70,653	187,473	55,885	365,009
– Assets for insurance acquisition cash flows	(B)	(141)	(49)	(150)	(3,840)	(4,180)
		50,857	70,604	187,323	52,045	360,829
Insurance contract assets						
– Insurance contract balances	(A)	(665)	-	-	-	(665)
– Assets for insurance acquisition cash flows	(B)	(3)	-	-	-	(3)
		(668)	-	-	-	(668)
Reinsurance contracts						
Reinsurance contract assets	(A)	(1,131)	-	(2,271)	(8,973)	(12,375)
Reinsurance contract liabilities	(A)	834	-	-	-	834

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

IAS 1.61

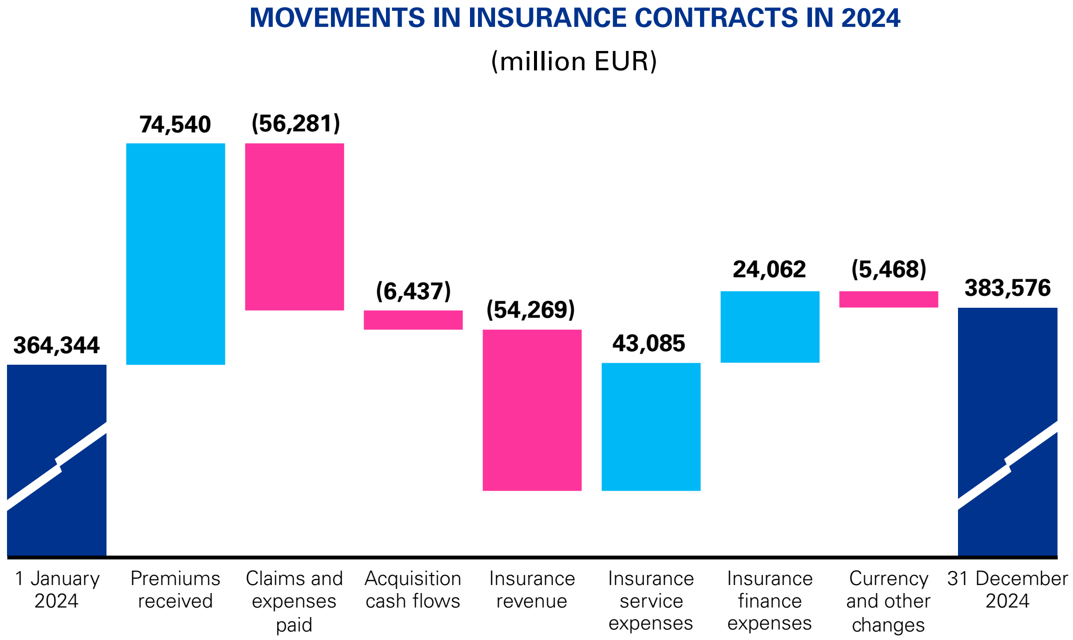
The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled more than 12 months after the reporting date.

In millions of EUR	**2024**	**2023**
Insurance contract assets	**(670)**	(614)
Insurance contract liabilities	**345,334**	327,865
Reinsurance contract assets	**(11,929)**	(11,552)
Reinsurance contract liabilities	**787**	747

IFRS 17.131(a)

At 31 December 2024, the maximum exposure to credit risk from insurance contracts is EUR 3,364 million (2023: EUR 3,149 million), which primarily relates to premiums receivable for services that the Group has already provided, and the maximum exposure to credit risk from reinsurance contracts is EUR 13,394 million (2023: EUR 13,059 million).

A. Movements in insurance and reinsurance contract balances



IFRS 17.98–105, 114

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

For each segment, the Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

For an explanation of how contracts were measured under the modified retrospective approach or the fair value approach on transition to IFRS 17, see Note 44(E)(ix).

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

i. Life risk

Insurance contracts

IFRS 17.100 *Analysis by remaining coverage and incurred claims*

	In millions of EUR	***Note***
IFRS 17.99(b)	Opening assets	
IFRS 17.99(b)	Opening liabilities	
IFRS 17.99(b)	**Net opening balance**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Insurance revenue**	
IFRS 17.114(a)	Contracts under the modified retrospective transition approach	
IFRS 17.114(b)	Contracts under the fair value transition approach	
IFRS 17.114(c)	Other contracts	
		10
IFRS 17.103(b)	**Insurance service expenses**	
IFRS 17.103(b)(i)	Incurred claims and other insurance service expenses	
IFRS 17.103(b)(ii)	Amortisation of insurance acquisition cash flows	
IFRS 17.103(b)(iv)	Losses and reversals of losses on onerous contracts	
IFRS 17.103(b)(iii)	Adjustments to liabilities for incurred claims	
IFRS 17.103(c)	Investment components and premium refunds[a]	
	Insurance service result	
IFRS 17.105(c)	Net finance expenses from insurance contracts	11
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums received	
IFRS 17.105(a)(iii)	Claims and other insurance service expenses paid, including investment components	
IFRS 17.105(a)(ii)	Insurance acquisition cash flows	
	Total cash flows	
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**[b]	
IFRS 17.99(b)	**Net closing balance**	
IFRS 17.99(b)	Closing assets	
IFRS 17.99(b)	Closing liabilities	
	Net closing balance	

	2024				2023			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	(708)	**31**	**12**	**(665)**	(669)	36	14	(619)
	48,284	**1,998**	**716**	**50,998**	43,580	1,933	724	46,237
	47,576	**2,029**	**728**	**50,333**	42,911	1,969	738	45,618
	(4,585)	**-**	**-**	**(4,585)**	(4,879)	-	-	(4,879)
	(671)	**-**	**-**	**(671)**	(729)	-	-	(729)
	(3,399)	**-**	**-**	**(3,399)**	(2,658)	-	-	(2,658)
	(8,655)	**-**	**-**	**(8,655)**	(8,266)	-	-	(8,266)
	-	**(168)**	**7,247**	**7,079**	-	(158)	6,900	6,742
	688	**-**	**-**	**688**	609	-	-	609
	-	**(51)**	**-**	**(51)**	-	56	-	56
	-	**-**	**9**	**9**	-	-	(11)	(11)
	688	**(219)**	**7,256**	**7,725**	609	(102)	6,889	7,396
	(903)	**-**	**903**	**-**	(881)	-	881	-
	(8,870)	**(219)**	**8,159**	**(930)**	(8,538)	(102)	7,770	(870)
	2,906	**136**	**49**	**3,091**	2,801	126	46	2,973
	(420)	**(17)**	**(7)**	**(444)**	863	36	10	909
	(6,384)	**(100)**	**8,201**	**1,717**	(4,874)	60	7,826	3,012
	10,665	**-**	**-**	**10,665**	10,157	-	-	10,157
	-	**-**	**(7,902)**	**(7,902)**	-	-	(7,617)	(7,617)
	(649)	**-**	**-**	**(649)**	(618)	-	-	(618)
	10,016	**-**	**(7,902)**	**2,114**	9,539	-	(7,617)	1,922
	-	**-**	**(261)**	**(261)**	-	-	(219)	(219)
	51,208	**1,929**	**766**	**53,903**	47,576	2,029	728	50,333
	(761)	**34**	**14**	**(713)**	(708)	31	12	(665)
	51,969	**1,895**	**752**	**54,616**	48,284	1,998	716	50,998
	51,208	**1,929**	**766**	**53,903**	47,576	2,029	728	50,333

IFRS 17.103(c), BC366C(a)

a. The investment components disclosed under paragraph 103(c) of IFRS 17 are combined with premium refunds unless premium refunds are netted against the premiums received as disclosed under paragraph 105(a)(i) of IFRS 17.

IFRS 17.A, B65, Insights 8.1.140.315-330

b. The fulfilment cash flows may include amounts that are in the scope of a standard other than IFRS 17. For example, the Group has included some building depreciation costs in the fulfilment cash flows under paragraph B65(l) of IFRS 17. The Group removes such costs from the fulfilment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. property and equipment) in accordance with the other standard.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

i. Life risk (continued)

Insurance contracts (continued)

IFRS 17.101

Analysis by measurement component – Contracts not measured under the PAA

			2024			
					CSM (see (D))	
IFRS 17.114	*In millions of EUR*	***Note***	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Contracts under fair value transition approach**
IFRS 17.99(b)	Opening assets		(791)	21	62	7
IFRS 17.99(b)	Opening liabilities		43,498	1,190	3,502	477
IFRS 17.99(b)	**Net opening balance**		**42,707**	**1,211**	**3,564**	**484**
IFRS 17.98	**Changes in the statement of profit or loss and OCI**					
IFRS 17.104(b)	**Changes that relate to current services**					
IFRS 17.104(b)(i)	CSM recognised for services provided	*10*	-	-	(355)	(47)
IFRS 17.104(b)(ii)	Change in risk adjustment for non-financial risk for risk expired		-	(253)	-	-
IFRS 17.104(b)(iii)	Experience adjustments		27	-	-	-
IFRS 17.104(a)	**Changes that relate to future services**					
IFRS 17.104(a)(iii)	Contracts initially recognised in the year	*(C)(i)*	(504)	235	-	-
IFRS 17.104(a)(i)	Changes in estimates that adjust the CSM		(278)	(7)	52	4
IFRS 17.104(a)(ii)	Changes in estimates that result in losses and reversals of losses on onerous contracts		(68)	(14)	-	-
IFRS 17.104(c)	**Changes that relate to past services**					
	Adjustments to liabilities for incurred claims		12	(3)	-	-
	Insurance service result		**(811)**	**(42)**	**(303)**	**(43)**
IFRS 17.105(c)	Net finance expenses from insurance contracts	*11*	2,686	-	224	31
IFRS 17.105(d)	Effect of movements in exchange rates		(377)	(11)	(32)	(4)
	Total changes in the statement of profit or loss and OCI		**1,498**	**(53)**	**(111)**	**(16)**
IFRS 17.98, 105(a)	**Cash flows***		**2,114**	**-**	**-**	**-**
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**		**(261)**	**-**	**-**	**-**
IFRS 17.99(b)	**Net closing balance**		**46,058**	**1,158**	**3,453**	**468**
IFRS 17.99(b)	Closing assets		(849)	20	61	10
IFRS 17.99(b)	Closing liabilities		46,907	1,138	3,392	458
	Net closing balance		**46,058**	**1,158**	**3,453**	**468**

* Cash flows are analysed on pages 130 and 131.

2024			2023						
CSM (see (D))					CSM (see (D))				
Other contracts	Subtotal	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
36	105	(665)	(831)	20	114	11	67	192	(619)
2,331	6,310	50,998	38,829	1,160	3,630	495	2,123	6,248	46,237
2,367	6,415	50,333	37,998	1,180	3,744	506	2,190	6,440	45,618
(260)	(662)	(662)	-	-	(389)	(52)	(209)	(650)	(650)
-	-	(253)	-	(248)	-	-	-	-	(248)
-	-	27	(17)	-	-	-	-	-	(17)
300	300	31	(504)	231	-	-	292	292	19
229	285	-	208	20	(117)	(14)	(97)	(228)	-
-	-	(82)	30	7	-	-	-	-	37
-	-	9	(9)	(2)	-	-	-	-	(11)
269	(77)	(930)	(292)	8	(506)	(66)	(14)	(586)	(870)
150	405	3,091	2,541	-	251	34	147	432	2,973
(20)	(56)	(444)	757	23	75	10	44	129	909
399	272	1,717	3,006	31	(180)	(22)	177	(25)	3,012
-	-	2,114	1,922	-	-	-	-	-	1,922
-	-	(261)	(219)	-	-	-	-	-	(219)
2,766	6,687	53,903	42,707	1,211	3,564	484	2,367	6,415	50,333
45	116	(713)	(791)	21	62	7	36	105	(665)
2,721	6,571	54,616	43,498	1,190	3,502	477	2,331	6,310	50,998
2,766	6,687	53,903	42,707	1,211	3,564	484	2,367	6,415	50,333

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

i. Life risk (continued)

Reinsurance contracts

IFRS 17.100 — *Analysis by remaining coverage and incurred claims*

	In millions of EUR	**Note**
IFRS 17.99(b)	Opening assets	
IFRS 17.99(b)	Opening liabilities	
IFRS 17.99(b)	**Net opening balance**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Allocation of reinsurance premiums paid**[a, b, c]	
	Contracts under the modified retrospective transition approach	
	Contracts under the fair value transition approach	
	Other contracts	
IFRS 17.103(b)	**Amounts recoverable from reinsurers**[a, b]	
IFRS 17.103(b)(i)	Recoveries of incurred claims and other insurance service expenses	
IFRS 17.103(b)(iv)	Recoveries and reversals of recoveries of losses on onerous underlying contracts	
IFRS 17.103(b)(iii)	Adjustments to assets for incurred claims	
IFRS 17.103(c)	Investment components and premium refunds	
IFRS 17.105(b)	Effect of changes in non-performance risk of reinsurers[d]	
	Net expenses from reinsurance contracts	
IFRS 17.105(c)	Net finance income from reinsurance contracts	11
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**[e]	
IFRS 17.105(a)(i)	Premiums paid[a]	
IFRS 17.105(a)(iii)	Amounts received[a]	
	Total cash flows	
IFRS 17.99(b)	**Net closing balance**	
IFRS 17.99(b)	Closing assets	
IFRS 17.99(b)	Closing liabilities	
	Net closing balance	

IFRS 17.86(a)–(ba)

a. In presenting reinsurance premiums paid and amounts recoverable from reinsurers, an entity treats:
- cash flows that are contingent on the claims experience on the underlying contracts as part of the claims expected to be reimbursed;
- amounts that it expects to receive from reinsurers that are not contingent on the claims experience of the underlying contracts (e.g. some types of ceding commissions) as a reduction in reinsurance premiums paid; and
- amounts recognised relating to recovery of losses on underlying contracts as amounts recoverable from reinsurers.

IFRS 17.86, 98, 100-109, Insights 8.1.460.60

b. An entity is required to adapt the disclosure requirements in paragraphs 100–109 of IFRS 17 to reflect the features of reinsurance contracts held that differ from insurance contracts issued. It appears that if an entity chooses to present the income or expenses from a group of reinsurance contracts held as a single amount, then it should disclose separately the amounts recovered from reinsurers and the allocation of premiums paid in the reconciliation in paragraph 100 of IFRS 17, where relevant.

c. The Group has disclosed an analysis of the allocation of premiums paid separately for groups of reinsurance contracts measured under the fair value approach and the modified retrospective approach from other contracts.

2024				2023			
Assets for remaining coverage				Assets for remaining coverage			
Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
1,092	**24**	**15**	**1,131**	1,032	20	17	1,069
(853)	**13**	**6**	**(834)**	(844)	12	9	(823)
239	**37**	**21**	**297**	188	32	26	246
(145)	**-**	**-**	**(145)**	(161)	-	-	(161)
(10)	**-**	**-**	**(10)**	(13)	-	-	(13)
(140)	**-**	**-**	**(140)**	(94)	-	-	(94)
(295)	**-**	**-**	**(295)**	(269)	-	-	(269)
-	**(2)**	**295**	**293**	-	(2)	259	257
-	**(9)**	**-**	**(9)**	-	5	-	5
-	**-**	**1**	**1**	-	-	(5)	(5)
-	**(11)**	**296**	**285**	-	3	254	257
(25)	**-**	**25**	**-**	(18)	-	18	-
(3)	**-**	**-**	**(3)**	(2)	-	-	(2)
(323)	**(11)**	**321**	**(13)**	(289)	3	272	(14)
17	**1**	**2**	**20**	9	1	-	10
(8)	**(1)**	**(3)**	**(12)**	9	1	7	17
(314)	**(11)**	**320**	**(5)**	(271)	5	279	13
302	**-**	**-**	**302**	322	-	-	322
-	**-**	**(281)**	**(281)**	-	-	(284)	(284)
302	**-**	**(281)**	**21**	322	-	(284)	38
227	**26**	**60**	**313**	239	37	21	297
1,131	**19**	**47**	**1,197**	1,092	24	15	1,131
(904)	**7**	**13**	**(884)**	(853)	13	6	(834)
227	**26**	**60**	**313**	239	37	21	297

IFRS 17.63, 67

d. The estimates of the present value of the future cash flows for reinsurance contracts include the effects of any risk of non-performance by reinsurers, mainly being losses from disputes. The Group has included the changes in these losses in 'net expenses from reinsurance contracts'. These changes do not relate to future services and do not adjust the CSM.

IFRS 17.100-101, 105, Insights 8.1.460.21

e. Some insurance contracts contain settlement arrangements that allow cash flows relating to the contract to be settled on a net basis. For example, reinsurance contracts often include terms under which premiums, reinsurance commissions and claims are set off and a net amount is settled between the issuer and holder of the reinsurance contract. A question arises about how to disclose cash flows in the reconciliations of insurance contracts issued and reinsurance contracts held for contracts which are settled on a net basis. In the absence of specific guidance in IFRS 17, it appears that it is appropriate for an entity to disclose cash flow amounts relating to these contracts on a gross basis. Under this approach, which should be applied consistently, an entity should include in the respective disclosed cash flow amounts the gross amounts of premiums and claims that have been set off and included in net settlements during the period.

The Group has arrangements with some reinsurers to settle the premiums, reinsurance commissions and recoveries on a net basis. The Group discloses the cash flow amounts relating to these contracts on a gross basis.

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

i. Life risk (continued)

Reinsurance contracts (continued)

IFRS 17.101

Analysis by measurement component – Contracts not measured under the PAA

			2024			
					CSM (see (D))	
IFRS 17.114	*In millions of EUR*	***Note***	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Contracts under fair value transition approach**
IFRS 17.99(b)	Opening assets		**1,047**	**20**	**32**	**3**
IFRS 17.99(b)	Opening liabilities		**(873)**	**10**	**15**	**1**
IFRS 17.99(b)	**Net opening balance**		**174**	**30**	**47**	**4**
IFRS 17.98	**Changes in the statement of profit or loss and OCI**					
IFRS 17.104(b)	**Changes that relate to current services**					
IFRS 17.104(b)(i)	CSM recognised for services received		**-**	**-**	**(4)**	**(1)**
IFRS 17.104(b)(ii)	Change in risk adjustment for non-financial risk for risk expired		**-**	**(3)**	**-**	**-**
IFRS 17.104(b)(iii)	Experience adjustments		**10**	**-**	**-**	**-**
IFRS 17.104(a)	**Changes that relate to future services**					
IFRS 17.104(a)(iii)	Contracts initially recognised in the year	*(C)(i)*	**(16)**	**3**	**-**	**-**
IFRS 17.105(d), [IFRS 17.66(ba)–(bb)]	Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		**-**	**-**	**(1)**	**(1)**
IFRS 17.104(a)(i)	Changes in estimates that adjust the CSM		**(4)**	**(2)**	**4**	**3**
IFRS 17.104(a)(ii)	Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		**(11)**	**(2)**	**-**	**-**
IFRS 17.104(c)	**Changes that relate to past services**					
	Adjustments to assets for incurred claims		**3**	**(2)**	**-**	**-**
IFRS 17.105(b)	**Effect of changes in non-performance risk of reinsurers**		**(3)**	**-**	**-**	**-**
	Net expenses from reinsurance contracts		**(21)**	**(6)**	**(1)**	**1**
IFRS 17.105(c)	Net finance income from reinsurance contracts	*11*	**15**	**-**	**2**	**1**
IFRS 17.105(d)	Effect of movements in exchange rates		**(9)**	**(1)**	**(1)**	**-**
	Total changes in the statement of profit or loss and OCI		**(15)**	**(7)**	**-**	**2**
IFRS 17.98, 105(a)	**Cash flows***		**21**	**-**	**-**	**-**
IFRS 17.99(b)	**Net closing balance**		**180**	**23**	**47**	**6**
IFRS 17.99(b)	Closing assets		**1,104**	**16**	**33**	**4**
IFRS 17.99(b)	Closing liabilities		**(924)**	**7**	**14**	**2**
	Net closing balance		**180**	**23**	**47**	**6**

* Cash flows are analysed on pages 134 and 135.

2024			2023						
CSM (see (D))					CSM (see (D))				
Other contracts	Subtotal	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
29	64	1,131	991	18	37	3	20	60	1,069
13	29	(834)	(857)	8	16	1	9	26	(823)
42	93	297	134	26	53	4	29	86	246
(4)	(9)	(9)	-	-	(5)	-	(2)	(7)	(7)
-	-	(3)	-	(2)	-	-	-	-	(2)
-	-	10	(3)	-	-	-	-	-	(3)
15	15	2	(16)	3	-	-	14	14	1
4	2	2	-	-	(1)	-	2	1	1
(1)	6	-	5	3	(3)	(1)	(4)	(8)	-
-	-	(13)	2	1	-	-	-	-	3
-	-	1	(3)	(2)	-	-	-	-	(5)
-	-	(3)	(2)	-	-	-	-	-	(2)
14	14	(13)	(17)	3	(9)	(1)	10	-	(14)
2	5	20	5	-	2	1	2	5	10
(1)	(2)	(12)	14	1	1	-	1	2	17
15	17	(5)	2	4	(6)	-	13	7	13
-	-	21	38	-	-	-	-	-	38
57	110	313	174	30	47	4	42	93	297
40	77	1,197	1,047	20	32	3	29	64	1,131
17	33	(884)	(873)	10	15	1	13	29	(834)
57	110	313	174	30	47	4	42	93	297

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

ii. Life savings

Insurance contracts

IFRS 17.100 *Analysis by remaining coverage and incurred claims*

	In millions of EUR	***Note***
IFRS 17.99(b)	**Opening liabilities**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Insurance revenue**	
IFRS 17.114(a)	Contracts under the modified retrospective transition approach	
IFRS 17.114(b)	Contracts under the fair value transition approach	
IFRS 17.114(c)	Other contracts	
		10
IFRS 17.103(b)	**Insurance service expenses**	
IFRS 17.103(b)(i)	Incurred claims and other insurance service expenses	
IFRS 17.103(b)(ii)	Amortisation of insurance acquisition cash flows	
IFRS 17.103(b)(iv)	Losses and reversals of losses on onerous contracts	
IFRS 17.103(b)(iii)	Adjustments to liabilities for incurred claims	
IFRS 17.103(c)	Investment components and premium refunds	
	Insurance service result	
IFRS 17.105(c)	Net finance expenses from insurance contracts	*11*
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums received	
IFRS 17.105(a)(iii)	Claims and other insurance service expenses paid, including investment components	
IFRS 17.105(a)(ii)	Insurance acquisition cash flows	
	Total cash flows	
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**	
IFRS 17.99(b)	**Closing liabilities**	

2024				2023			
Liabilities for remaining coverage				Liabilities for remaining coverage			
Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
67,748	2,571	334	70,653	63,632	2,424	338	66,394
(1,682)	-	-	(1,682)	(1,476)	-	-	(1,476)
(213)	-	-	(213)	(241)	-	-	(241)
(596)	-	-	(596)	(424)	-	-	(424)
(2,491)	-	-	(2,491)	(2,141)	-	-	(2,141)
-	(40)	371	331	-	(75)	323	248
696	-	-	696	633	-	-	633
-	8	-	8	-	44	-	44
-	-	(8)	(8)	-	-	12	12
696	(32)	363	1,027	633	(31)	335	937
(7,374)	-	7,374	-	(6,230)	-	6,230	-
(9,169)	(32)	7,737	(1,464)	(7,738)	(31)	6,565	(1,204)
4,221	166	24	4,411	3,893	159	21	4,073
(268)	(11)	(12)	(291)	378	19	4	401
(5,216)	123	7,749	2,656	(3,467)	147	6,590	3,270
10,073	-	-	10,073	8,181	-	-	8,181
-	-	(7,520)	(7,520)	-	-	(6,376)	(6,376)
(682)	-	-	(682)	(598)	-	-	(598)
9,391	-	(7,520)	1,871	7,583	-	(6,376)	1,207
-	-	(217)	(217)	-	-	(218)	(218)
71,923	2,694	346	74,963	67,748	2,571	334	70,653

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

ii. Life savings (continued)

Insurance contracts (continued)

IFRS 17.101

Analysis by measurement component – Contracts not measured under the PAA

			2024			
					CSM (see (D))	
	In millions of EUR	*Note*	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach
IFRS 17.114						
IFRS 17.99(b)	**Opening liabilities**		**58,844**	**132**	**7,678**	**1,052**
IFRS 17.98	**Changes in the statement of profit or loss and OCI**					
IFRS 17.104(b)	**Changes that relate to current services**					
IFRS 17.104(b)(i)	CSM recognised for services provided	*10*	**-**	**-**	**(961)**	**(132)**
IFRS 17.104(b)(ii)	Change in risk adjustment for non-financial risk for risk expired		**-**	**(13)**	**-**	**-**
IFRS 17.104(b)(iii)	Experience adjustments		**(14)**	**-**	**-**	**-**
IFRS 17.104(a)	**Changes that relate to future services**					
IFRS 17.104(a)(iii)	Contracts initially recognised in the year	*(C)(ii)*	**(793)**	**13**	**-**	**-**
IFRS 17.104(a)(i)	Changes in estimates that adjust the CSM		**(157)**	**(5)**	**10**	**2**
IFRS 17.104(a)(ii)	Changes in estimates that result in losses and reversals of losses on onerous contracts		**(8)**	**(1)**	**-**	**-**
IFRS 17.104(c)	**Changes that relate to past services**					
	Adjustments to liabilities for incurred claims		**(7)**	**(1)**	**-**	**-**
	Insurance service result		**(979)**	**(7)**	**(951)**	**(130)**
IFRS 17.105(c)	Net finance expenses from insurance contracts	*11*	**3,680**	**-**	**480**	**66**
IFRS 17.105(d)	Effect of movements in exchange rates		**(242)**	**(1)**	**(32)**	**(4)**
	Total changes in the statement of profit or loss and OCI		**2,459**	**(8)**	**(503)**	**(68)**
IFRS 17.98, 105(a)	**Cash flows***		**1,871**	**-**	**-**	**-**
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**		**(217)**	**-**	**-**	**-**
IFRS 17.99(b)	**Closing liabilities**		**62,957**	**124**	**7,175**	**984**

* Cash flows are analysed on pages 138 and 139.

2024			2023						
CSM (see (D))					CSM (see (D))				
Other contracts	**Subtotal**	**Total**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Contracts under fair value transition approach**	**Other contracts**	**Subtotal**	**Total**
2,947	**11,677**	**70,653**	54,734	122	8,140	1,110	2,288	11,538	66,394
(344)	**(1,437)**	**(1,437)**	-	-	(891)	(122)	(250)	(1,263)	(1,263)
-	**-**	**(13)**	-	(10)	-	-	-	-	(10)
-	**-**	**(14)**	13	-	-	-	-	-	13
797	**797**	**17**	(789)	14	-	-	790	790	15
150	**162**	**-**	160	7	(121)	(11)	(35)	(167)	-
-	**-**	**(9)**	28	1	-	-	-	-	29
-	**-**	**(8)**	15	(3)	-	-	-	-	12
603	**(478)**	**(1,464)**	(573)	9	(1,012)	(133)	505	(640)	(1,204)
185	**731**	**4,411**	3,363	-	501	68	141	710	4,073
(12)	**(48)**	**(291)**	331	1	49	7	13	69	401
776	**205**	**2,656**	3,121	10	(462)	(58)	659	139	3,270
-	**-**	**1,871**	1,207	-	-	-	-	-	1,207
-	**-**	**(217)**	(218)	-	-	-	-	-	(218)
3,723	**11,882**	**74,963**	58,844	132	7,678	1,052	2,947	11,677	70,653

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iii. Participating

Insurance contracts

IFRS 17.100 *Analysis by remaining coverage and incurred claims*

	In millions of EUR	***Note***
IFRS 17.99(b)	**Opening liabilities**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Insurance revenue**	
IFRS 17.114(a)	Contracts under the modified retrospective transition approach	
IFRS 17.114(b)	Contracts under the fair value transition approach	
IFRS 17.114(c)	Other contracts	
		10
IFRS 17.103(b)	**Insurance service expenses**	
IFRS 17.103(b)(i)	Incurred claims and other insurance service expenses	
IFRS 17.103(b)(ii)	Amortisation of insurance acquisition cash flows	
IFRS 17.103(b)(iv)	Losses and reversals of losses on onerous contracts	
IFRS 17.103(b)(iii)	Adjustments to liabilities for incurred claims	
IFRS 17.103(c)	Investment components and premium refunds	
	Insurance service result	
IFRS 17.105(c)	Net finance expenses from insurance contracts	*11*
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums received	
IFRS 17.105(a)(iii)	Claims and other insurance service expenses paid, including investment components	
IFRS 17.105(a)(ii)	Insurance acquisition cash flows	
	Total cash flows	
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**	
IFRS 17.99(b)	**Closing liabilities**	

2024				2023			
Liabilities for remaining coverage				Liabilities for remaining coverage			
Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
184,258	**1,849**	**1,366**	**187,473**	171,974	1,626	1,138	174,738
(4,954)	**-**	**-**	**(4,954)**	(4,299)	-	-	(4,299)
(712)	**-**	**-**	**(712)**	(819)	-	-	(819)
(1,651)	**-**	**-**	**(1,651)**	(1,288)	-	-	(1,288)
(7,317)	**-**	**-**	**(7,317)**	(6,406)	-	-	(6,406)
-	**(58)**	**676**	**618**	-	(44)	659	615
1,899	**-**	**-**	**1,899**	1,646	-	-	1,646
-	**52**	**-**	**52**	-	55	-	55
-	**-**	**2**	**2**	-	-	(3)	(3)
1,899	**(6)**	**678**	**2,571**	1,646	11	656	2,313
(12,448)	**-**	**12,448**	**-**	(12,210)	-	12,210	-
(17,866)	**(6)**	**13,126**	**(4,746)**	(16,970)	11	12,866	(4,093)
14,744	**159**	**-**	**14,903**	11,852	190	-	12,042
(1,765)	**(16)**	**(11)**	**(1,792)**	2,570	22	15	2,607
(4,887)	**137**	**13,115**	**8,365**	(2,548)	223	12,881	10,556
17,683	**-**	**-**	**17,683**	16,550	-	-	16,550
-	**-**	**(12,616)**	**(12,616)**	-	-	(12,375)	(12,375)
(1,826)	**-**	**-**	**(1,826)**	(1,718)	-	-	(1,718)
15,857	**-**	**(12,616)**	**3,241**	14,832	-	(12,375)	2,457
-	**-**	**(324)**	**(324)**	-	-	(278)	(278)
195,228	**1,986**	**1,541**	**198,755**	184,258	1,849	1,366	187,473

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iii. Participating (continued)

Insurance contracts (continued)

IFRS 17.101 *Analysis by measurement component – Contracts not measured under the PAA*

			2024			
					CSM (see (D))	
IFRS 17.114	*In millions of EUR*	***Note***	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Contracts under fair value transition approach**
IFRS 17.99(b)	**Opening liabilities**		**160,885**	**313**	**14,935**	**2,022**
IFRS 17.98	**Changes in the statement of profit or loss and OCI**					
IFRS 17.104(b)	**Changes that relate to current services**					
IFRS 17.104(b)(i)	CSM recognised for services provided	*10*	**-**	**-**	**(3,252)**	**(312)**
IFRS 17.104(b)(ii)	Change in risk adjustment for non-financial risk for risk expired		**-**	**(22)**	**-**	**-**
IFRS 17.104(b)(iii)	Experience adjustments		**(25)**	**-**	**-**	**-**
IFRS 17.105(d), [IFRS 17.B121(a)(ia)]	Revenue recognised for incurred policyholder tax expenses		**(103)**	**-**	**-**	**-**
IFRS 17.104(a)	**Changes that relate to future services**					
IFRS 17.104(a)(iii)	Contracts initially recognised in the year	*(C)(iii)*	**(2,976)**	**36**	**-**	**-**
IFRS 17.104(a)(i)	Changes in estimates that adjust the CSM		**(2,789)**	**(21)**	**1,144**	**129**
IFRS 17.104(a)(ii)	Changes in estimates that result in losses and reversals of losses on onerous contracts		**16**	**2**	**-**	**-**
IFRS 17.104(c)	**Changes that relate to past services**					
	Adjustments to liabilities for incurred claims		**3**	**(1)**	**-**	**-**
	Insurance service result		**(5,874)**	**(6)**	**(2,108)**	**(183)**
IFRS 17.105(c)	Net finance expenses from insurance contracts	*11*	**14,903**	**-**	**-**	**-**
IFRS 17.105(d)	Effect of movements in exchange rates		**(1,538)**	**(3)**	**(143)**	**(19)**
	Total changes in the statement of profit or loss and OCI		**7,491**	**(9)**	**(2,251)**	**(202)**
IFRS 17.98, 105(a)	**Cash flows***		**3,241**	**-**	**-**	**-**
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**		**(324)**	**-**	**-**	**-**
IFRS 17.99(b)	**Closing liabilities**		**171,293**	**304**	**12,684**	**1,820**

* Cash flows are analysed on pages 142 and 143.

2024			2023						
CSM (see (D))					CSM (see (D))				
Other contracts	**Subtotal**	**Total**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Contracts under fair value transition approach**	**Other contracts**	**Subtotal**	**Total**
9,318	**26,275**	**187,473**	149,302	309	17,216	2,347	5,564	25,127	174,738
(1,086)	**(4,650)**	**(4,650)**	-	-	(2,855)	(397)	(827)	(4,079)	(4,079)
-	**-**	**(22)**	-	(19)	-	-	-	-	(19)
-	**-**	**(25)**	34	-	-	-	-	-	34
-	**-**	**(103)**	(81)	-	-	-	-	-	(81)
2,974	**2,974**	**34**	(2,634)	34	-	-	2,616	2,616	16
1,537	**2,810**	**-**	(2,219)	(18)	317	37	1,883	2,237	-
-	**-**	**18**	36	3	-	-	-	-	39
-	**-**	**2**	(2)	(1)	-	-	-	-	(3)
3,425	**1,134**	**(4,746)**	(4,866)	(1)	(2,538)	(360)	3,672	774	(4,093)
-	**-**	**14,903**	12,042	-	-	-	-	-	12,042
(89)	**(251)**	**(1,792)**	2,228	5	257	35	82	374	2,607
3,336	**883**	**8,365**	9,404	4	(2,281)	(325)	3,754	1,148	10,556
-	**-**	**3,241**	2,457	-	-	-	-	-	2,457
-	**-**	**(324)**	(278)	-	-	-	-	-	(278)
12,654	**27,158**	**198,755**	160,885	313	14,935	2,022	9,318	26,275	187,473

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iii. Participating (continued)

Reinsurance contracts

IFRS 17.100 *Analysis by remaining coverage and incurred claims*

	In millions of EUR	***Note***
IFRS 17.99(b)	**Opening assets**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Allocation of reinsurance premiums paid**	
	Contracts under the modified retrospective transition approach	
	Contracts under the fair value transition approach	
	Other contracts	
IFRS 17.103(b)	**Amounts recoverable from reinsurers**	
IFRS 17.103(b)(i)	Recoveries of incurred claims and other insurance service expenses	
IFRS 17.103(b)(iv)	Recoveries and reversals of recoveries of losses on onerous underlying contracts	
IFRS 17.103(b)(iii)	Adjustments to assets for incurred claims	
IFRS 17.103(c)	Investment components and premium refunds	
IFRS 17.105(b)	Effect of changes in non-performance risk of reinsurers	
	Net expenses from reinsurance contracts	
IFRS 17.105(c)	Net finance income from reinsurance contracts	*11*
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums paid	
IFRS 17.105(a)(iii)	Amounts received	
	Total cash flows	
IFRS 17.99(b)	**Closing assets**	

2024				2023			
Assets for remaining coverage				Assets for remaining coverage			
Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
2,035	**221**	**15**	**2,271**	1,940	203	18	2,161
(32)	**-**	**-**	**(32)**	(25)	-	-	(25)
(3)	**-**	**-**	**(3)**	(2)	-	-	(2)
(21)	**-**	**-**	**(21)**	(11)	-	-	(11)
(56)	**-**	**-**	**(56)**	(38)	-	-	(38)
-	**(4)**	**18**	**14**	-	(2)	13	11
-	**4**	**-**	**4**	-	5	-	5
-	**-**	**(2)**	**(2)**	-	-	(2)	(2)
-	**-**	**16**	**16**	-	3	11	14
(149)	**-**	**149**	**-**	(136)	-	136	-
(10)	**-**	**-**	**(10)**	(5)	-	-	(5)
(215)	**-**	**165**	**(50)**	(179)	3	147	(29)
119	**12**	**4**	**135**	80	13	-	93
(17)	**(1)**	**(6)**	**(24)**	25	2	1	28
(113)	**11**	**163**	**61**	(74)	18	148	92
176	**-**	**-**	**176**	169	-	-	169
-	**-**	**(165)**	**(165)**	-	-	(151)	(151)
176	**-**	**(165)**	**11**	169	-	(151)	18
2,098	**232**	**13**	**2,343**	2,035	221	15	2,271

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iii. Participating (continued)

Reinsurance contracts (continued)

IFRS 17.101

Analysis by measurement component – Contracts not measured under the PAA

			2024			
					CSM (see (D))	
IFRS 17.114	*In millions of EUR*	***Note***	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under modified retrospective transition approach**	**Contracts under fair value transition approach**
IFRS 17.99(b)	**Opening assets**		**2,030**	**11**	**135**	**13**
IFRS 17.98	**Changes in the statement of profit or loss and OCI**					
IFRS 17.104(b)	**Changes that relate to current services**					
IFRS 17.104(b)(i)	CSM recognised for services received		**-**	**-**	**(30)**	**(3)**
IFRS 17.104(b)(ii)	Change in risk adjustment for non-financial risk for risk expired		**-**	**(1)**	**-**	**-**
IFRS 17.104(b)(iii)	Experience adjustments		**3**	**-**	**-**	**-**
IFRS 17.104(a)	**Changes that relate to future services**					
IFRS 17.104(a)(iii)	Contracts initially recognised in the year	*(C)(iii)*	**(13)**	**1**	**-**	**-**
IFRS 17.105(d), [IFRS 17.66(ba)–(bb)]	Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		**-**	**-**	**(2)**	**(1)**
IFRS 17.104(a)(i)	Changes in estimates that adjust the CSM		**(43)**	**(1)**	**18**	**4**
IFRS 17.104(a)(ii)	Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		**2**	**1**	**-**	**-**
IFRS 17.104(c)	**Changes that relate to past services**					
	Adjustments to assets for incurred claims		**(1)**	**(1)**	**-**	**-**
IFRS 17.105(b)	**Effect of changes in non-performance risk of reinsurers**		**(10)**	**-**	**-**	**-**
	Net expenses from reinsurance contracts		**(62)**	**(1)**	**(14)**	**-**
IFRS 17.105(c)	Net finance income from reinsurance contracts	*11*	**123**	**-**	**7**	**1**
IFRS 17.105(d)	Effect of movements in exchange rates		**(21)**	**(1)**	**(1)**	**-**
	Total changes in the statement of profit or loss and OCI		**40**	**(2)**	**(8)**	**1**
IFRS 17.98, 105(a)	**Cash flows***		**11**	**-**	**-**	**-**
IFRS 17.99(b)	**Closing assets**		**2,081**	**9**	**127**	**14**

* Cash flows are analysed on pages 146 and 147.

2024			2023						
CSM (see (D))					CSM (see (D))				
Other contracts	Subtotal	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
82	**230**	**2,271**	1,941	10	139	12	59	210	2,161
(11)	**(44)**	**(44)**	-	-	(25)	(3)	(8)	(36)	(36)
-	**-**	**(1)**	-	(1)	-	-	-	-	(1)
-	**-**	**3**	10	-	-	-	-	-	10
14	**14**	**2**	(12)	1	-	-	12	12	1
2	**(1)**	**(1)**	-	-	(3)	(1)	2	(2)	(2)
22	**44**	**-**	(32)	(1)	16	4	13	33	-
-	**-**	**3**	4	2	-	-	-	-	6
-	**-**	**(2)**	(1)	(1)	-	-	-	-	(2)
-	**-**	**(10)**	(5)	-	-	-	-	-	(5)
27	**13**	**(50)**	(36)	-	(12)	-	19	7	(29)
4	**12**	**135**	82	-	7	1	3	11	93
(1)	**(2)**	**(24)**	25	1	1	-	1	2	28
30	**23**	**61**	71	1	(4)	1	23	20	92
-	**-**	**11**	18	-	-	-	-	-	18
112	**253**	**2,343**	2,030	11	135	13	82	230	2,271

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iv. Non-life

Insurance contracts

IFRS 17.100 *Analysis by remaining coverage and incurred claims*

	In millions of EUR	***Note***
IFRS 17.99(b)	**Opening liabilities**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Insurance revenue**	*10*
IFRS 17.103(b)	**Insurance service expenses**	
IFRS 17.103(b)(i)	Incurred claims and other insurance service expenses	
IFRS 17.103(b)(ii)	Amortisation of insurance acquisition cash flows	
IFRS 17.103(b)(iii)	Adjustments to liabilities for incurred claims	
	Insurance service result	
IFRS 17.105(c)	Net finance expenses from insurance contracts	*11*
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums received	
IFRS 17.105(a)(iii)	Claims and other insurance service expenses paid	
IFRS 17.105(a)(ii)	Insurance acquisition cash flows	
	Total cash flows	
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**	
IFRS 17.105(d)	**Contracts derecognised on disposal of subsidiary**	*36(B)(i)*
IFRS 17.99(b)	**Closing liabilities**	

2024					2023				
	Liabilities for incurred claims (see (E))					Liabilities for incurred claims (see (E))			
		Contracts under PAA					Contracts under PAA		
Liabilities for remaining coverage[a]	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Liabilities for remaining coverage[a]	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
21,673	**26**	**32,252**	**1,934**	**55,885**	20,085	35	31,070	1,801	52,991
(35,806)	**-**	**-**	**-**	**(35,806)**	(34,077)	-	-	-	(34,077)
-	**290**	**28,864**	**1,307**	**30,461**	-	225	28,986	1,783	30,994
3,465	**-**	**-**	**-**	**3,465**	3,384	-	-	-	3,384
-	**-**	**(1,019)**	**(1,145)**	**(2,164)**	-	-	(907)	(1,673)	(2,580)
3,465	**290**	**27,845**	**162**	**31,762**	3,384	225	28,079	110	31,798
(32,341)	**290**	**27,845**	**162**	**(4,044)**	(30,693)	225	28,079	110	(2,279)
18	**1**	**1,638**	**-**	**1,657**	19	1	1,549	-	1,569
(192)	**(1)**	**(250)**	**(15)**	**(458)**	265	1	411	23	700
(32,515)	**290**	**29,233**	**147**	**(2,845)**	(30,409)	227	30,039	133	(10)
36,119	**-**	**-**	**-**	**36,119**	35,224	-	-	-	35,224
-	**(295)**	**(27,948)**	**-**	**(28,243)**	-	(231)	(28,309)	-	(28,540)
(3,280)	**-**	**-**	**-**	**(3,280)**	(3,227)	-	-	-	(3,227)
32,839	**(295)**	**(27,948)**	**-**	**4,596**	31,997	(231)	(28,309)	-	3,457
-	**(5)**	**(570)**	**-**	**(575)**	-	(5)	(548)	-	(553)
(462)	**-**	**(603)**	**(41)**	**(1,106)**	-	-	-	-	-
21,535	**16**	**32,364**	**2,040**	**55,955**	21,673	26	32,252	1,934	55,885

IFRS 17.100(b), BC350–BC351

a. For insurance contracts in the non-life segment, the Group has not disclosed a reconciliation from the opening balance to the closing balance separately for the loss component of the liabilities for remaining coverage (or the additional liabilities under paragraph 58 of IFRS 17 for contracts measured under the PAA) because there are no onerous contracts.

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iv. Non-life (continued)

Insurance contracts (continued)

IFRS 17.101

Analysis by measurement component – Contracts not measured under the PAA

	In millions of EUR	***Note***
IFRS 17.99(b)	**Opening liabilities**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.104(b)	**Changes that relate to current services**	
IFRS 17.104(b)(i)	CSM recognised for services provided	*10*
IFRS 17.104(b)(ii)	Change in risk adjustment for non-financial risk for risk expired	
IFRS 17.104(b)(iii)	Experience adjustments	
IFRS 17.104(a)	**Changes that relate to future services**	
IFRS 17.104(a)(iii)	Contracts initially recognised in the year	*(C)(iv)*
IFRS 17.104(a)(i)	Changes in estimates that adjust the CSM	
	Insurance service result	
IFRS 17.105(c)	Net finance expenses from insurance contracts	
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums received	
IFRS 17.105(a)(iii)	Claims and other insurance service expenses paid	
	Total cash flows	
IFRS 17.105(d)	**Transfer to other items in the statement of financial position**	
IFRS 17.99(b)	**Closing liabilities**	

2024				2023			
Estimates of present value of future cash flows	**Risk adjustment for non-financial risk**	**CSM (see (D))**	**Total**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM (see (D))**	**Total**
288	**22**	**33**	**343**	490	30	70	590
-	**-**	**(28)**	**(28)**	-	-	(32)	(32)
-	**(14)**	**-**	**(14)**	-	(11)	-	(11)
3	**-**	**-**	**3**	4	-	-	4
(23)	**7**	**16**	**-**	-	-	-	-
8	**2**	**(10)**	**-**	8	2	(10)	-
(12)	**(5)**	**(22)**	**(39)**	12	(9)	(42)	(39)
15	**-**	**4**	**19**	16	-	4	20
(2)	**(1)**	**(1)**	**(4)**	6	1	1	8
1	**(6)**	**(19)**	**(24)**	34	(8)	(37)	(11)
134	**-**	**-**	**134**	-	-	-	-
(295)	**-**	**-**	**(295)**	(231)	-	-	(231)
(161)	**-**	**-**	**(161)**	(231)	-	-	(231)
(5)	**-**	**-**	**(5)**	(5)	-	-	(5)
123	**16**	**14**	**153**	288	22	33	343

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

iv. Non-life (continued)

Reinsurance contracts

IFRS 17.100

Analysis by remaining coverage and incurred claims

	In millions of EUR	***Note***
IFRS 17.99(b)	**Opening assets**	
IFRS 17.98	**Changes in the statement of profit or loss and OCI**	
IFRS 17.103(a)	**Allocation of reinsurance premiums paid**	
IFRS 17.103(b)	**Amounts recoverable from reinsurers**	
IFRS 17.103(b)(i)	Recoveries of incurred claims and other insurance service expenses	
IFRS 17.103(b)(iii)	Adjustments to assets for incurred claims	
IFRS 17.105(b)	Effect of changes in non-performance risk of reinsurers	
	Net expenses from reinsurance contracts	
IFRS 17.105(c)	Net finance income from reinsurance contracts	*11*
IFRS 17.105(d)	Effect of movements in exchange rates	
	Total changes in the statement of profit or loss and OCI	
IFRS 17.98, 105(a)	**Cash flows**	
IFRS 17.105(a)(i)	Premiums paid	
IFRS 17.105(a)(iii)	Amounts received	
	Total cash flows	
IFRS 17.105(d)	**Contracts derecognised on disposal of subsidiary**	*36(B)(i)*
IFRS 17.99(b)	**Closing assets**	

2024				2023			
	Assets for incurred claims (see (E))				Assets for incurred claims (see (E))		
Assets for remaining coverage[a]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Assets for remaining coverage[a]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
3,609	**5,056**	**308**	**8,973**	3,126	4,979	289	8,394
(5,730)	**-**	**-**	**(5,730)**	(5,493)	-	-	(5,493)
-	**5,013**	**200**	**5,213**	-	4,738	190	4,928
-	**(470)**	**(168)**	**(638)**	-	(331)	(176)	(507)
-	**4,543**	**32**	**4,575**	-	4,407	14	4,421
-	**(12)**	**-**	**(12)**	-	(10)	-	(10)
(5,730)	**4,531**	**32**	**(1,167)**	(5,493)	4,397	14	(1,082)
-	**248**	**-**	**248**	-	238	-	238
(26)	**(47)**	**(2)**	**(75)**	40	64	5	109
(5,756)	**4,732**	**30**	**(994)**	(5,453)	4,699	19	(735)
5,912	**-**	**-**	**5,912**	5,936	-	-	5,936
-	**(4,519)**	**-**	**(4,519)**	-	(4,622)	-	(4,622)
5,912	**(4,519)**	**-**	**1,393**	5,936	(4,622)	-	1,314
(51)	**(81)**	**(5)**	**(137)**	-	-	-	-
3,714	**5,188**	**333**	**9,235**	3,609	5,056	308	8,973

IFRS 17.100(b)

a. For reinsurance contracts in the non-life segment, the Group has not disclosed a reconciliation from the opening balance to the closing balance separately for the loss-recovery component of the assets for remaining coverage because there are no onerous underlying contracts and therefore the reinsurance contracts do not have any loss-recovery component.

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

B. Assets for insurance acquisition cash flows

IFRS 17.105A

In millions of EUR	Note	Life risk	Life savings	Participating	Non-life	Total
Balance at 1 January 2023 (IFRS 17.99(b))		140	42	154	3,718	4,054
Amounts incurred during the year		540	579	1,552	3,022	5,693
Amounts derecognised and included in the measurement of insurance contracts[a]		(538)	(573)	(1,560)	(2,924)	(5,595)
Impairment losses and reversals[b] (IFRS 17.105B)	14	(2)	-	-	(13)	(15)
Effect of movements in exchange rates		4	1	4	37	46
Balance at 31 December 2023 (IFRS 17.99(b))		144	49	150	3,840	4,183
Balance at 1 January 2024 (IFRS 17.99(b))		**144**	**49**	**150**	**3,840**	**4,183**
Acquisitions through business combinations	36(A)(iii)	**-**	**-**	**-**	**28**	**28**
Other amounts incurred during the year		**583**	**617**	**1,653**	**3,289**	**6,142**
Amounts derecognised and included in the measurement of insurance contracts[a]		**(569)**	**(613)**	**(1,642)**	**(3,026)**	**(5,850)**
Amounts derecognised on disposal of subsidiary	36(B)(i)	**-**	**-**	**-**	**(100)**	**(100)**
Impairment losses and reversals[b] (IFRS 17.105B)	14	**(3)**	**-**	**-**	**(16)**	**(19)**
Effect of movements in exchange rates		**(3)**	**(1)**	**(3)**	**(35)**	**(42)**
Balance at 31 December 2024 (IFRS 17.99(b))		**152**	**52**	**158**	**3,980**	**4,342**

IFRS 17.99(b)

Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts as follows.

In millions of EUR	Life risk	Life savings	Participating	Non-life	Total
Balance at 1 January 2023					
Presented in insurance contract liabilities	137	42	154	3,718	4,051
Presented in insurance contract assets	3	-	-	-	3
	140	42	154	3,718	4,054
Balance at 31 December 2023					
Presented in insurance contract liabilities	141	49	150	3,840	4,180
Presented in insurance contract assets	3	-	-	-	3
	144	49	150	3,840	4,183
Balance at 31 December 2024					
Presented in insurance contract liabilities	**148**	**52**	**158**	**3,980**	**4,338**
Presented in insurance contract assets	**4**	**-**	**-**	**-**	**4**
	152	**52**	**158**	**3,980**	**4,342**

IFRS 17.38(c)(i), 105(a)(ii), 107(a)

a. Amounts arising from the derecognition of assets for insurance acquisition cash flows are included in the measurement of insurance contracts when the contracts are initially recognised. For contracts not measured under the PAA, these amounts reduce the CSM of the related group of contracts. In Notes 30(A) and 30(C), the Group has included these amounts within the line item 'insurance acquisition cash flows' and has not disclosed them separately.

IFRS 17.93, 105A-105B, IAS 1.97, Insights 8.1.460.27

b. An entity separately discloses any impairment losses and reversals of impairment losses in the reconciliation from the opening to the closing balance of the asset for insurance acquisition cash flows. It appears that an entity can elect to disclose impairment losses and reversals of impairment losses in separate line items in the reconciliation, or include them in the same line item in the reconciliation. However, we believe that an entity should disclose impairment losses and reversals of impairment losses separately if they would be material to a user's assessment of the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

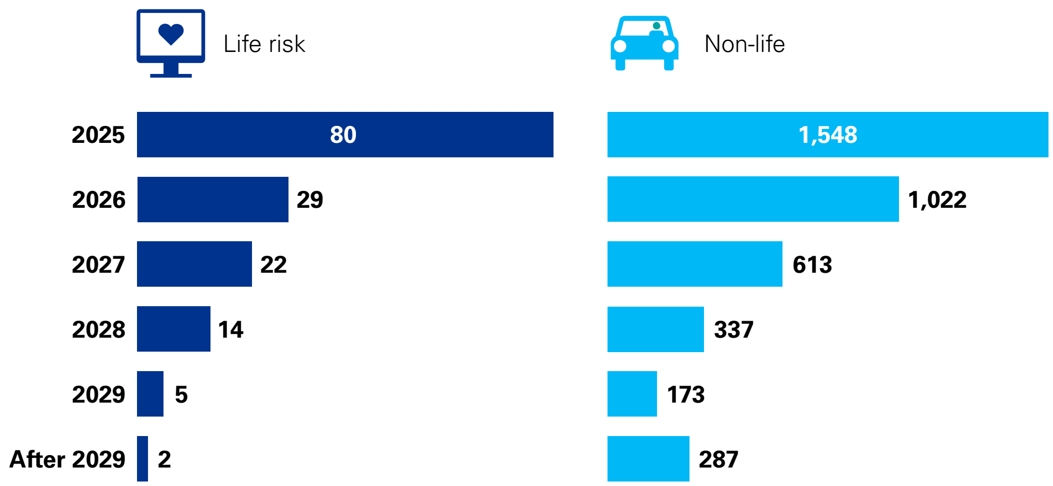
Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

B. Assets for insurance acquisition cash flows (continued)

EXPECTED DERECOGNITION OF ASSETS FOR INSURANCE ACQUISITION CASH FLOWS AT 31 DECEMBER 2024

(million EUR)



IFRS 17.109A

The following table sets out when the Group expects to derecognise assets for insurance acquisition cash flows after the reporting date.[a]

In millions of EUR	Life risk	Life savings	Participating	Non-life	Total
31 December 2024					
Less than one year	**80**	**52**	**158**	**1,548**	**1,838**
One to two years	**29**	**-**	**-**	**1,022**	**1,051**
Two to three years	**22**	**-**	**-**	**613**	**635**
Three to four years	**14**	**-**	**-**	**337**	**351**
Four to five years	**5**	**-**	**-**	**173**	**178**
Five to 10 years	**1**	**-**	**-**	**287**	**288**
More than 10 years	**1**	**-**	**-**	**-**	**1**
	152	**52**	**158**	**3,980**	**4,342**
31 December 2023					
Less than one year	72	49	150	1,468	1,739
One to two years	29	-	-	998	1,027
Two to three years	21	-	-	600	621
Three to four years	14	-	-	329	343
Four to five years	6	-	-	157	163
Five to 10 years	1	-	-	288	289
More than 10 years	1	-	-	-	1
	144	49	150	3,840	4,183

IFRS 17.109A a. Because IFRS 17 does not mandate the time bands to be used in the analysis, the Group has applied judgement to determine the appropriate time bands.

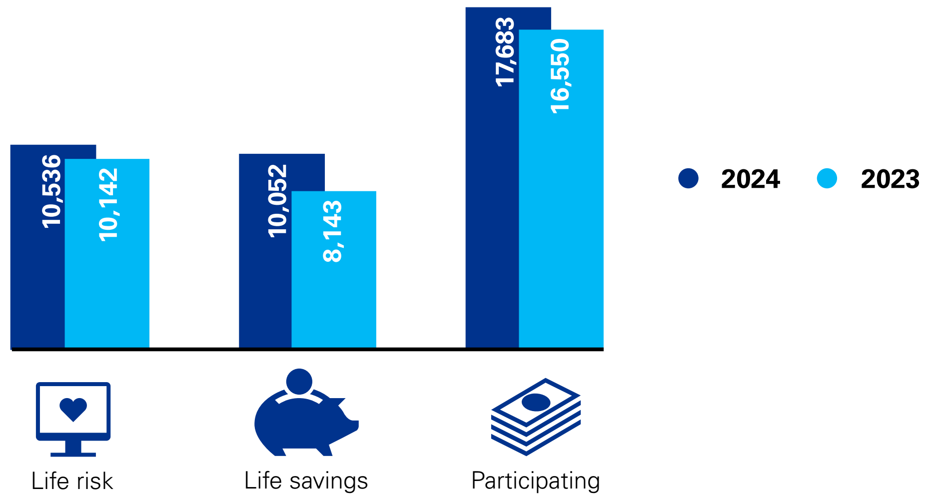
Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

C. Effect of contracts initially recognised in the year

EXPECTED PREMIUMS FROM NEW INSURANCE CONTRACTS

(million EUR)



IFRS 17.107–108

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

i. Life risk

Insurance contracts

	In millions of EUR	Profitable contracts issued	Onerous contracts issued	Total
IFRS 17.108(b)	**2024**			
	Claims and other insurance service expenses payable	**8,959**	**410**	**9,369**
IFRS 17.107(a)	Insurance acquisition cash flows	**637**	**26**	**663**
IFRS 17.107(a)	Estimates of present value of cash outflows	**9,596**	**436**	**10,032**
IFRS 17.107(b)	Estimates of present value of cash inflows	**(10,109)**	**(427)**	**(10,536)**
IFRS 17.107(c)	Risk adjustment for non-financial risk	**213**	**22**	**235**
IFRS 17.107(d)	CSM	**300**	**-**	**300**
	Losses recognised on initial recognition	**-**	**31**	**31**
	2023			
	Claims and other insurance service expenses payable	8,618	400	9,018
IFRS 17.107(a)	Insurance acquisition cash flows	598	22	620
IFRS 17.107(a)	Estimates of present value of cash outflows	9,216	422	9,638
IFRS 17.107(b)	Estimates of present value of cash inflows	(9,715)	(427)	(10,142)
IFRS 17.107(c)	Risk adjustment for non-financial risk	207	24	231
IFRS 17.107(d)	CSM	292	-	292
	Losses recognised on initial recognition	-	19	19

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

C. Effect of contracts initially recognised in the year (continued)

i. Life risk (continued)

Reinsurance contracts

	In millions of EUR	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
	2024			
IFRS 17.107(b)	Estimates of present value of cash inflows	**(239)**	**(62)**	**(301)**
IFRS 17.107(a)	Estimates of present value of cash outflows	**253**	**64**	**317**
IFRS 17.107(c)	Risk adjustment for non-financial risk	**(2)**	**(1)**	**(3)**
	Income recognised on initial recognition	**-**	**2**	**2**
IFRS 17.107(d)	**CSM**	**12**	**3**	**15**
	2023			
IFRS 17.107(b)	Estimates of present value of cash inflows	(222)	(48)	(270)
IFRS 17.107(a)	Estimates of present value of cash outflows	236	50	286
IFRS 17.107(c)	Risk adjustment for non-financial risk	(2)	(1)	(3)
	Income recognised on initial recognition	-	1	1
IFRS 17.107(d)	**CSM**	12	2	14

IFRS 17.108(b)

ii. Life savings

Insurance contracts

	In millions of EUR	Profitable contracts issued	Onerous contracts issued	Total
	2024			
	Claims and other insurance service expenses payable	**8,303**	**270**	**8,573**
IFRS 17.107(a)	Insurance acquisition cash flows	**669**	**17**	**686**
IFRS 17.107(a)	Estimates of present value of cash outflows	**8,972**	**287**	**9,259**
IFRS 17.107(b)	Estimates of present value of cash inflows	**(9,780)**	**(272)**	**(10,052)**
IFRS 17.107(c)	Risk adjustment for non-financial risk	**11**	**2**	**13**
IFRS 17.107(d)	CSM	**797**	**-**	**797**
	Losses recognised on initial recognition	**-**	**17**	**17**
	2023			
	Claims and other insurance service expenses payable	6,536	214	6,750
IFRS 17.107(a)	Insurance acquisition cash flows	586	18	604
IFRS 17.107(a)	Estimates of present value of cash outflows	7,122	232	7,354
IFRS 17.107(b)	Estimates of present value of cash inflows	(7,924)	(219)	(8,143)
IFRS 17.107(c)	Risk adjustment for non-financial risk	12	2	14
IFRS 17.107(d)	CSM	790	-	790
	Losses recognised on initial recognition	-	15	15

IFRS 17.108(b)

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

C. Effect of contracts initially recognised in the year (continued)

iii. Participating

Insurance contracts

	In millions of EUR	Profitable contracts issued	Onerous contracts issued	Total
IFRS 17.108(b)				
	2024			
	Claims and other insurance service expenses payable	**12,372**	**498**	**12,870**
IFRS 17.107(a)	Insurance acquisition cash flows	**1,781**	**56**	**1,837**
IFRS 17.107(a)	Estimates of present value of cash outflows	**14,153**	**554**	**14,707**
IFRS 17.107(b)	Estimates of present value of cash inflows	**(17,156)**	**(527)**	**(17,683)**
IFRS 17.107(c)	Risk adjustment for non-financial risk	**29**	**7**	**36**
IFRS 17.107(d)	CSM	**2,974**	**-**	**2,974**
	Losses recognised on initial recognition	**-**	**34**	**34**
	2023			
	Claims and other insurance service expenses payable	11,864	342	12,206
IFRS 17.107(a)	Insurance acquisition cash flows	1,673	37	1,710
IFRS 17.107(a)	Estimates of present value of cash outflows	13,537	379	13,916
IFRS 17.107(b)	Estimates of present value of cash inflows	(16,180)	(370)	(16,550)
IFRS 17.107(c)	Risk adjustment for non-financial risk	27	7	34
IFRS 17.107(d)	CSM	2,616	-	2,616
	Losses recognised on initial recognition	-	16	16

Reinsurance contracts

	In millions of EUR	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
IFRS 17.108(b)				
	2024			
IFRS 17.107(b)	Estimates of present value of cash inflows	**(150)**	**(13)**	**(163)**
IFRS 17.107(a)	Estimates of present value of cash outflows	**162**	**14**	**176**
IFRS 17.107(c)	Risk adjustment for non-financial risk	**(1)**	**-**	**(1)**
	Income recognised on initial recognition	**-**	**2**	**2**
IFRS 17.107(d)	**CSM**	**11**	**3**	**14**
	2023			
IFRS 17.107(b)	Estimates of present value of cash inflows	(146)	(11)	(157)
IFRS 17.107(a)	Estimates of present value of cash outflows	157	12	169
IFRS 17.107(c)	Risk adjustment for non-financial risk	(1)	-	(1)
	Income recognised on initial recognition	-	1	1
IFRS 17.107(d)	**CSM**	10	2	12

iv. Non-life

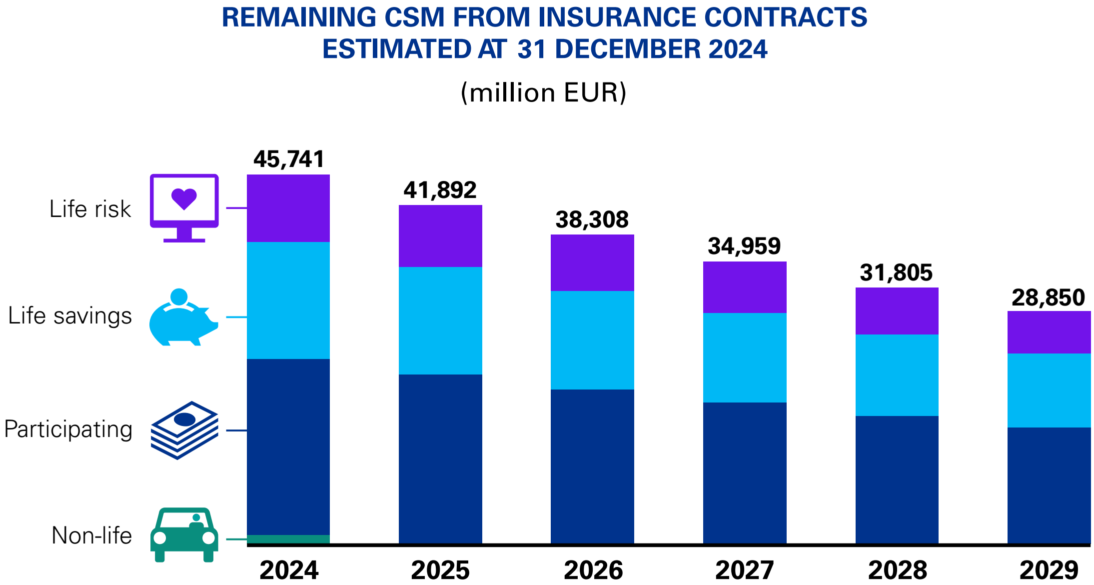
Insurance contracts

	In millions of EUR	*Note*	2024 Profitable contracts acquired	2023 Profitable contracts acquired
IFRS 17.108(a)				
IFRS 17.107(a)	Estimates of present value of cash outflows – claims and other insurance service expenses payable		**111**	-
IFRS 17.107(b)	Estimates of present value of cash inflows	*36(A)(iii)*	**(134)**	-
IFRS 17.107(c)	Risk adjustment for non-financial risk		**7**	-
IFRS 17.107(d)	CSM		**16**	-
			-	-

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

D. Contractual service margin



IFRS 17.109

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.[a, b]

In millions of EUR	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	More than 10 years	Total
31 December 2024								
Insurance contracts								
Life risk	**538**	**479**	**426**	**376**	**329**	**1,076**	**3,463**	**6,687**
Life savings	**987**	**939**	**891**	**862**	**823**	**3,785**	**3,595**	**11,882**
Participating	**2,311**	**2,165**	**2,032**	**1,916**	**1,803**	**9,314**	**7,617**	**27,158**
Non-life	**13**	**1**	**-**	**-**	**-**	**-**	**-**	**14**
	3,849	**3,584**	**3,349**	**3,154**	**2,955**	**14,175**	**14,675**	**45,741**
Reinsurance contracts								
Life risk	**(8)**	**(7)**	**(7)**	**(7)**	**(6)**	**(17)**	**(58)**	**(110)**
Participating	**(24)**	**(22)**	**(21)**	**(19)**	**(18)**	**(81)**	**(68)**	**(253)**
	(32)	**(29)**	**(28)**	**(26)**	**(24)**	**(98)**	**(126)**	**(363)**
31 December 2023								
Insurance contracts								
Life risk	502	441	378	339	295	1,035	3,425	6,415
Life savings	958	910	863	834	793	3,755	3,564	11,677
Participating	2,238	2,082	1,958	1,833	1,725	8,931	7,508	26,275
Non-life	20	12	1	-	-	-	-	33
	3,718	3,445	3,200	3,006	2,813	13,721	14,497	44,400
Reinsurance contracts								
Life risk	(7)	(7)	(6)	(6)	(6)	(14)	(47)	(93)
Participating	(28)	(23)	(20)	(17)	(16)	(84)	(42)	(230)
	(35)	(30)	(26)	(23)	(22)	(98)	(89)	(323)

IFRS 17.109

a. Because IFRS 17 does not mandate the time bands to be used in the analysis, the Group has applied judgement to determine the appropriate time bands.

b. The Group has provided this analysis using the CSM recognised in the balance sheet at the reporting date and has not included any additional amounts that the entity expects to recognise in profit or loss in the future.

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Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

E. Non-life claims development

IFRS 17.130

The table below illustrates how estimates of cumulative claims for the Group's non-life segment have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.[a, b]

31 December 2024 *In millions of EUR*	**2015**	**2016**
Gross of reinsurance		
Estimates of undiscounted gross cumulative claims		
At end of accident year	35,885	36,614
One year later	35,505	36,083
Two years later	35,071	35,789
Three years later	34,614	35,012
Four years later	34,097	34,656
Five years later	34,074	34,534
Six years later	33,656	36,572
Seven years later	33,298	34,063
Eight years later	32,875	**33,855**
Nine years later	**32,682**	
Cumulative gross claims paid	**(32,457)**	**(33,348)**
Gross liabilities – accident years from 2015 to 2024	**225**	**507**
Gross liabilities – accident years before 2015		
Effect of discounting		
‖ Risk adjustment for non-financial risk		
Gross liabilities for incurred claims included in the statement of financial position (see (A)(iv))		
Net of reinsurance		
Estimates of undiscounted net cumulative claims		
At end of accident year	30,126	30,736
One year later	29,809	30,293
Two years later	29,444	30,047
Three years later	29,059	29,394
Four years later	28,626	29,093
Five years later	28,606	28,993
Six years later	28,254	30,702
Seven years later	27,953	28,595
Eight years later	27,599	**28,395**
Nine years later	**27,410**	
Cumulative net claims paid	**(27,251)**	**(27,995)**
Net liabilities – accident years from 2015 to 2024	**159**	**400**
Net liabilities – accident years before 2015		
Effect of discounting		
‖ Risk adjustment for non-financial risk		
Net liabilities for incurred claims included in the statement of financial position (see (A)(iv))		

2017	2018	2019	2020	2021	2022	2023	2024	Total
37,096	39,080	39,864	40,691	38,623	39,131	38,708	**41,001**	
36,781	38,134	38,944	38,015	38,244	37,694	**37,582**		
36,123	37,705	38,480	37,514	37,446	**37,063**			
35,912	37,285	37,850	36,983	**36,952**				
35,593	36,765	37,296	**36,781**					
34,191	36,301	**36,807**						
34,614	**36,057**							
34,440								
(33,247)	**(34,086)**	**(34,816)**	**(35,148)**	**(33,784)**	**(33,401)**	**(30,356)**	**(25,707)**	
1,193	**1,971**	**1,991**	**1,633**	**3,168**	**3,662**	**7,226**	**15,294**	**36,870**
								1,503
								(5,993)
								2,040
								34,420
31,143	32,808	33,467	34,160	32,423	32,852	32,401	**34,087**	
30,878	32,014	32,695	31,915	32,108	31,563	**31,497**		
30,326	31,655	32,304	31,496	31,435	**31,114**			
30,150	31,299	31,774	31,048	**31,103**				
29,882	30,865	31,310	**30,850**					
28,703	30,474	**30,900**						
29,059	**30,230**							
28,884								
(27,912)	**(28,615)**	**(29,229)**	**(29,508)**	**(28,362)**	**(28,041)**	**(25,485)**	**(21,124)**	
972	**1,615**	**1,671**	**1,342**	**2,741**	**3,073**	**6,012**	**12,963**	**30,948**
								634
								(4,390)
								1,707
								28,899

IFRS 17.130 a. IFRS 17 does not require an entity to disclose claims development information for which uncertainty about the amount and timing of the claims payments is typically resolved within one year. Therefore, the Group has not disclosed information about the claims in its life risk, life savings and participating segments. However, it has voluntarily included such claims in the non-life segment in the table above.

IFRS 17.C28 b. If an entity has not previously published information about claims development that occurred earlier than five years before the end of the year in which it first applies IFRS 17, then it is not required to disclose this information. Instead, it discloses the fact that such information is not disclosed. This guide assumes that the Group has previously published claims development information for accident years before 2019.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

IFRS 17.117, IAS 1.122, 125

F. Significant judgements and estimates

i. Fulfilment cash flows

[IFRS 17.32]

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

[IFRS 17.33(a), B37–B39]

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

[IFRS 17.33(a), B41]

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

[IFRS 17.33(b)]

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

[IFRS 17.B60]

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Group derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds.

[IFRS 17.B65]

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

[IFRS 17.A, B65(f), (h), (ka), (m)]

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Group will incur in providing investment services;
- costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

[IFRS 17.B65(l)]

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

[IFRS 17.B65(l), B66(d)]

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts under methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Contract boundaries

[IFRS 17.34–35]

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Insurance contracts	Some term assurance and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. The Group determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Group's expectation of its exposure to risk for that year and, on renewal, the Group can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met. Some universal life contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. The Group has assessed the contract boundary for the entire contract, including the option, and concluded that the cash flows related to the guaranteed annuity option fall within the boundary of the contract. This is because the Group does not have the practical ability to reprice the contract on maturity of the stated term.
Reinsurance contracts	Each of the Group's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Group and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, when they fall within the rolling three-month notice period. Each of the Group's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss-occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

Life risk, life savings and participating contracts

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Mortality/longevity is a key assumption in the measurement of immediate fixed annuities issued in the UK. Tables produced by the Continuous Mortality Investigation (CMI) Bureau, a subsidiary of the Institute and Faculty of Actuaries, are used and adjusted to reflect expected mortality improvements, as set out below.

	Mortality projections model	Mortality table used and adjustments	Adjustments for long-term mortality improvements
2024			
Male	**CMI_2023**	**99.0% of PCMA00 with base year 2000**	**1.75%**
Female	**CMI_2023**	**92.5% of PCFA00 with base year 2000**	**1.50%**
2023			
Male	CMI_2022	102.0% of PCMA00 with base year 2000	1.75%
Female	CMI_2022	97.5% of PCFA00 with base year 2000	1.50%

[*Disclosure of mortality/longevity assumptions for other countries that may have a material impact on estimates of future cash flows.*]

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

Life risk, life savings and participating contracts (continued)

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience. The following table sets out the assumptions about surrender rates (expressed as weighted averages) by policy anniversary for life savings and participating contracts, other than annuity contracts.

	2024					2023				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Life savings										
Universal life	**7.5%**	**5.2%**	**4.0%**	**3.9%**	**3.8%**	7.5%	5.2%	4.0%	3.9%	3.8%
Participating										
Traditional participating	**6.8%**	**6.0%**	**5.5%**	**5.2%**	**5.0%**	6.8%	6.0%	5.5%	5.2%	5.0%
Unit-linked	**8.0%**	**6.8%**	**6.0%**	**5.5%**	**5.2%**	8.0%	6.8%	6.0%	5.5%	5.2%
Other investment-linked	**14.5%**	**10.2%**	**7.5%**	**5.5%**	**5.0%**	14.5%	10.2%	7.5%	5.5%	5.2%

For deferred fixed annuity and universal life contracts, crediting rates and discount rates (see 'Discount rates' below), and for participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts. The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. The crediting rates applied vary between products and Group entities. In the current economic environment, the amounts credited are often determined by interest rate guarantees. The participation percentages applied in both 2024 and 2023 were the minimum participation rates (see Note 6(B)(ii)).

IFRS 17.117(c)(i), [IFRS 17.B98–B100]

To determine how to identify changes in discretionary cash flows for these contracts, the Group generally regards its commitment to be the return implicit in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

Non-life contracts

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the chain-ladder and Bornhuetter-Ferguson methods. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Discount rates

IFRS 17.117(c)(iii), [IFRS 17.36, B74, B79–B80]

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group applies a bottom-up approach where a liquid risk-free yield curve is adjusted to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts.

Liquid risk-free yield curve

The Group generally determines liquid risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The liquid risk-free yield curve is interpolated between available market data points under a cubic spline method to provide a continuous representation of the term structure of interest rates.

For markets where there is not a liquid market for interest rate swaps, government bond yields are used.

The last points for which there are sufficient observable market data, for specific tenors with significant trades in terms of number and value to directly determine a liquid risk-free yield curve (last liquid point or LLP) for the major currencies in which the Group transacts, are as follows.

	2024	2023
EUR	30 years	30 years
GBP	50 years	50 years
SGD	10 years	10 years
USD	30 years	30 years

The Group reviews the availability of market data at each reporting date and this may lead to changes in the determination of the LLP.

Ultimate forward rates (UFR) and convergence period

The Group estimates for each currency an ultimate forward rate (see below) to which the liquid risk-free yield curve is assumed to converge for tenors beyond a specified convergence period after the LLP. For EUR, GBP and USD, a convergence period of 40 years is used, whereas for SGD a 50-year convergence period is applied. The Group generally applies the Smith-Wilson method to calculate liquid risk-free rates for tenors within the convergence period. The Smith-Wilson method utilises a mathematical framework that incorporates market data up to the LLP and gradually blends it with the UFR to generate a realistic progression of the curve across the convergence period. The Group compares the rates generated by the Smith-Wilson method with the limited and less-liquid market data for swaps and government bonds with tenors falling in the convergence period, and may amend the rates generated by the Smith-Wilson method if they are considered inconsistent with that market data.

The UFR for each individual currency is the sum of the expected long-term stable real interest rate and the expected long-term stable inflation rate. The expected long-term stable real interest rate for a currency is determined by analysing historical market data, long-term economic forecasts and specific financial market projections. This involves assessing the long-term average of real interest rates, which reflect the underlying growth potential of an economy without the effects of inflation.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Discount rates (continued)

Ultimate forward rates (UFR) and convergence period (continued)

Various economic indicators, such as GDP growth rates, employment rates, productivity trends, and demographic changes (including migration), are considered in estimating the expected real interest rate. Additionally, expert judgement and current market data and expectations are incorporated with the objective of ensuring that the rate reflects a comprehensive view of future economic conditions that is consistent with the views of market participants.

The expected long-term stable inflation rate for a currency considers the relevant central bank's announced inflation target. To determine the rate, the Group also evaluates the central bank's historical inflation targets and monetary policy stance (including its commitment to achieving and maintaining its inflation targets over the long term), analyses trends in actual inflation rates and economic forecasts, and considers differences between yields on inflation-linked government bonds and other bonds.

The Group also considers external factors such as global economic conditions, trade policies and supply chain dynamics that could influence inflation. This comprehensive approach aims to ensure that the expected inflation rate used in the UFR calculation is robust and reflective of realistic long-term expectations that would be shared by market participants.

Although the Group revisits its determination of UFRs at each reporting date based on current information, each UFR is expected to be stable and to change only on significant changes to long-term expectations. The ultimate forward rate has been determined as follows for each major currency.

	2024	2023
EUR	3.75%	3.70%
GBP	4.15%	4.05%
SGD	4.00%	3.95%
USD	3.50%	3.40%

Illiquidity premium (ILP) through a liquidity adjustment portfolio

The Group adjusts the liquid risk-free rates determined as set out above by applying illiquidity premiums that reflect the liquidity characteristics of the group of insurance contracts that is being measured. The Group identifies an appropriate portfolio of financial assets (a 'liquidity adjustment portfolio') for each group of contracts based on the liquidity characteristics and currency of the cash flows of the contracts in the group. Liquidity adjustment portfolios generally consist of fixed-rate government and corporate bonds. ILPs are determined as the differences between the liquid risk-free rate for the relevant currency and tenor, and the current market rates of return observed for the liquidity adjustment portfolio after adjustments are made to the liquidity adjustment portfolio rates to eliminate factors that are not relevant to the insurance contracts (such as credit risk). To estimate the effect of credit risk, CDS prices are used. These prices provide an indication of the cost of insuring against credit risk and are subtracted from the market rates of return on the liquidity adjustment portfolio.

The ILPs are determined distinctly for each tenor in a term structure to more accurately measure the effect of the maturity profile of the cash flows of the insurance contracts.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Discount rates (continued)

Unobservable illiquidity premiums – ultimate illiquidity premium (UILP) and convergence period

For some very long-dated cash flows, there may be no observable market rate of return for a financial asset of the same duration and currency and similar illiquidity, or no such asset may exist. In these cases, the Group applies an estimated UILP (or part thereof) to the liquid risk-free rate to discount those cash flows.

The UILP is calculated for each currency as a constant number of basis points, reflecting a long-term average illiquidity spread. This spread is derived from historical market data, expert economic forecasts and analyses of long-term illiquidity characteristics.

For such cash flows expected to occur after the end of the relevant convergence period (as used for applying the UFR), the full UILP for that currency is applied to the UFR. For cash flows expected to occur during the convergence period, the ILP applied is a blend of the ILP observed for a similar asset at the LLP and the UILP for that currency. During the convergence period, unobservable ILPs are assumed to transition linearly from the tenors with observed ILPs to the UILP. The specific value of the UILP is reviewed at each reporting date but is expected to remain stable unless significant changes in long-term market conditions or economic forecasts necessitate an adjustment.

IFRS 17.120

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

	2024							**2023**						
	1 year	**5 years**	**10 years**	**15 years**	**20 years**	**30 years**	**50 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**30 years**	**50 years**
Deferred fixed annuity, universal life and traditional participating contracts														
EUR	**0.38%**	**0.55%**	**1.16%**	**1.71%**	**1.81%**	**2.02%**	**2.07%**	0.32%	0.50%	1.11%	1.66%	1.77%	1.87%	1.91%
SGD	**1.29%**	**2.16%**	**2.62%**	**2.85%**	**3.02%**	**3.12%**	**3.19%**	1.15%	2.02%	2.54%	2.80%	2.98%	3.08%	3.10%
USD	**1.69%**	**2.48%**	**2.83%**	**3.01%**	**3.13%**	**3.21%**	**3.26%**	1.55%	2.37%	2.74%	2.96%	3.10%	3.22%	3.28%
Immediate fixed annuity														
EUR	**0.96%**	**1.13%**	**1.70%**	**2.29%**	**2.39%**	**2.50%**	**2.55%**	0.86%	1.02%	1.63%	2.18%	2.28%	2.42%	2.45%
GBP	**2.01%**	**2.95%**	**3.38%**	**3.58%**	**3.63%**	**3.75%**	**3.81%**	1.88%	2.79%	3.17%	3.33%	3.45%	3.47%	3.49%
SGD	**2.18%**	**3.05%**	**3.51%**	**3.74%**	**3.91%**	**3.99%**	**4.04%**	2.07%	2.96%	3.46%	3.71%	3.89%	3.94%	3.97%
USD	**2.67%**	**3.46%**	**3.81%**	**3.99%**	**4.11%**	**4.21%**	**4.26%**	2.46%	3.28%	3.64%	3.84%	3.96%	3.92%	3.95%
All other insurance contracts														
EUR	**0.09%**	**0.26%**	**0.87%**	**1.42%**	**1.52%**	**1.75%**	**1.80%**	0.06%	0.24%	0.85%	1.40%	1.50%	1.59%	1.62%
GBP	**0.67%**	**1.61%**	**2.04%**	**2.24%**	**2.29%**	**2.45%**	**2.55%**	0.62%	1.53%	1.91%	2.06%	2.18%	2.28%	2.35%
SGD	**0.92%**	**1.79%**	**2.25%**	**2.48%**	**2.65%**	**2.77%**	**2.83%**	0.81%	1.68%	2.20%	2.45%	2.63%	2.74%	2.79%
USD	**1.04%**	**1.83%**	**2.18%**	**2.36%**	**2.48%**	**2.62%**	**2.70%**	0.96%	1.78%	2.14%	2.34%	2.46%	2.59%	2.66%

[IFRS 17.B74(b)(ii)]

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

IFRS 17.117(c)(iii)

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Discount rates (continued)

Interest rate volatilities are modelled based on swaption prices. The table below sets out the swaption implied volatilities for each major currency by option length (expressed as annualised standard deviations).

	2024			2023		
	1 year	**5 years**	**10 years**	**1 year**	**5 years**	**10 years**
EUR	**0.51%**	**0.53%**	**0.53%**	0.41%	0.55%	0.55%
GBP	**0.50%**	**0.54%**	**0.56%**	0.45%	0.61%	0.64%
SGD	**0.49%**	**0.56%**	**0.59%**	0.48%	0.65%	0.66%
USD	**0.64%**	**0.59%**	**0.56%**	0.68%	0.70%	0.64%

Equity volatilities are modelled based on equity option prices. The table below sets out the equity option implied volatilities for each major equity market by option length (expressed as annualised standard deviations).

	2024			2023		
	1 year	**5 years**	**10 years**	**1 year**	**5 years**	**10 years**
EUR – CAC 40	**16.5%**	**17.3%**	**19.4%**	18.9%	19.7%	22.0%
EUR – DAX	**15.1%**	**16.9%**	**18.1%**	16.4%	18.3%	19.6%
SGD – STI	**16.5%**	**17.0%**	**18.5%**	18.1%	18.7%	20.3%
USD – S&P 500	**18.8%**	**19.4%**	**21.1%**	20.7%	21.4%	23.2%

Risk adjustments for non-financial risk

IFRS 17.117(c)(ii), [IFRS 17.B88]

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk. The risk adjustments are allocated to groups of insurance contracts based on an analysis of the risk profiles of the groups.

Level of determination[a]

Risk adjustments are determined at the level of the entity that issues the insurance contracts. This means that each individual issuing entity within the Group calculates its own risk adjustments based on its specific risk profile and circumstances.

Effect of risk pooling and diversification

In determining the compensation that the issuing entity requires for bearing the non-financial risk of a group of contracts, the issuing entity considers how the group of contracts affects its exposure to non-financial risk at an aggregate level arising from all insurance contracts that it has issued in the same risk pool. Each issuing entity has two risk pools for this purpose: (i) all life risk, life savings and participating contracts; and (ii) all non-life contracts.

The risk adjustments therefore reflect diversification benefits arising from this pooling of risks and this means that the risk adjustments that are recognised are lower than would be the case if these diversification benefits were not considered. Diversification benefits arise because the non-financial risk exposures of groups of insurance contracts are generally not perfectly correlated. In many cases, loss events on different contracts may be independent of each other or loss experience on different types of contracts may be negatively correlated (e.g. term life assurance and fixed annuities).

IFRS 17.BC214B–BC214C, Insights 8.1.180.140

a. In determining the risk adjustment for non-financial risk, it appears that a consolidated group may choose one of the following approaches, which should be applied consistently to all groups of insurance contracts.

- *Approach 1:* Consider the compensation that the consolidated group would require.
- *Approach 2:* Determine the risk adjustment for non-financial risk to be the same as that for the individual issuing entity.

The Group has elected Approach 2.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Risk adjustments for non-financial risk (continued)

Effect of risk pooling and diversification (continued)

To reflect these diversification benefits, the issuing entity calculates a probability distribution of the discounted future cash flows for each risk pool. The probability distribution covers all cash flows within the contract boundary through to their ultimate expected settlement. The probability distribution is based on historical experience and emerging trends (see 'Estimates of fulfilment cash flows'). The probability distribution for each risk pool is adjusted to reflect estimated correlations between the risk exposures of different contracts within the pool. These estimated correlations are based on statistical analysis of historical experience and expert actuarial judgement with a view to capturing how risk exposures may move together in adverse scenarios.

Although risk adjustments are determined by the issuing entity, the Group's management issues detailed guidance on the calculation methodology to be applied and the determination of correlations, and periodically reviews issuing entities' calculations.

Techniques applied

The risk adjustments for non-financial risk are determined using the following techniques.

- *Non-life contracts:* a confidence level technique;
- *Life risk, life savings and participating contracts outside Europe:* a confidence level technique; and
- *Life risk, life savings and participating contracts in Europe:* a cost-of-capital technique.

Applying a confidence level technique, the issuing entity estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date considering non-financial risks and calculates the risk adjustments for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the current unbiased estimate, i.e. the expected present value of the future cash flows gross of reinsurance. This is done by:

- determining an aggregate of the risk adjustments for all groups in a risk pool using the 75th percentile of the probability distribution for that risk pool; and
- allocating this aggregate amount to individual groups in the risk pool pro rata to the individually determined excesses of the value at risk at the 75th percentile level for each group.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Risk adjustments for non-financial risk (continued)

Techniques applied (continued)

Applying a cost-of-capital technique, the issuing entity determines the risk adjustments for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by estimating the probability distribution of the present value of future cash flows from insurance contracts at each future reporting date and calculating the capital that the issuing entity would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 90% confidence level, considering non-financial risks. Similar to the confidence level technique, the risk adjustments are calculated in aggregate for all the groups in a risk pool and then allocated pro rata to the groups in the pool. The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Group's weighted-average cost-of-capital rate is 6.5% p.a. (2023: 6.5% p.a.).

To determine the risk adjustments for reinsurance contracts held, the issuing entity attributes the reinsurance contracts held to the respective risk pools and recalculates the aggregate risk adjustments for each pool net of reinsurance. The resulting decrease in the aggregate net risk adjustments compared with the risk adjustments gross of reinsurance is deemed to be the amount of risk being transferred to the reinsurers.

IFRS 17.119

The risk adjustments for non-financial risk for life and participating contracts in Europe (i.e. the entities that did not apply a confidence level technique) correspond to the following confidence levels over the duration of the contracts, considering diversification benefits at the issuing entity risk pool level.[a, b]

	2024		2023	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
France	**75.4%**	**80.6%**	75.9%	81.0%
Germany	**78.3%**	**83.8%**	78.6%	84.0%
UK	**76.7%**	**81.9%**	76.9%	82.1%

Because the risk adjustments recognised by the Group reflect the effects of diversification only at the issuing entity risk pool level, they do not take account of diversification benefits that would arise as a result of aggregating all non-financial risks and considering the probability distribution of cash flows at a Group-wide level. The Group estimates that the total risk adjustments recognised by the Group correspond to confidence levels of 81.2% (2023: 81.5%) gross of reinsurance and 85.1% (2023: 85.7%) net of reinsurance considering diversification benefits at a Group-wide level.

Insights 8.1.470.37 a. Although an entity is required to disclose the actual confidence level or other technique used to determine the risk adjustment, the accounting standard does not discuss whether and how to reflect reinsurance contracts held in the confidence level disclosures described in 8.1.470.30-35. These disclosures might be provided for groups of insurance contracts issued, groups of reinsurance contracts held, an aggregate of groups of insurance contracts issued and reinsurance contracts held, or a combination of these bases. It appears that IFRS 17 does not mandate a single basis to use for these confidence level disclosures. Therefore, different bases may be used. We believe that an entity should apply judgement to determine an appropriate basis for the disclosure, considering the disclosure objectives of IFRS 17 (see 8.1.450.10-20). We also believe that an entity should disclose the basis on which the confidence level disclosures are made, to enable users to understand them and enhance comparability with other entities.

Insights 8.1.470.31 b. Some entities may wish to disclose confidence levels at a level of granularity lower than that of the reporting entity as a whole (e.g. by portfolio, product type, business unit and/or geographic region, see 8.1.450.20). In these cases, a question arises about whether an entity is also required to disclose a single reporting entity confidence level in addition to disclosing confidence levels at a lower level of granularity. It appears that an entity should apply judgement, based on the specific facts and circumstances, to determine whether a reporting entity-level disclosure is required.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

ii. Contractual service margin

Determination of coverage units

[IFRS 17.B119]

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year compared with the number of coverage units expected to be provided in future years, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period (see Note 44(E)(viii)). The coverage units are reviewed and updated at each reporting date. The coverage units are not adjusted for the time value of money for groups of contracts without direct participation features or for the systematic increase in the Group's share of the fair value of underlying items for groups of direct participating contracts.[a, b]

Insights 8.1.220.85 a. IFRS 17 does not specify whether an entity should consider the time value of money in determining the equal allocation of the CSM at the reporting date to each coverage unit provided in the current period and expected to be provided in the future, reflecting the timing of the expected provision of the coverage units. It appears that an entity should apply judgement to determine whether the time value of money should be considered for this purpose. If an entity does not consider the time value of money, then it may encounter a systematic increase in the amount of CSM released in each reporting period over the coverage period as a result of the accretion of interest on the CSM for groups of contracts without.

Insights 8.1.250.70 b. For groups of direct participating contracts, an entity may encounter a systematic increase in the CSM balance and the amount recognised in profit or loss in each reporting period as a result of increases in the entity's share of the fair value of the underlying items over the coverage period. This may be exacerbated by an entity using a risk-neutral measurement technique to determine the fulfilment cash flows while the CSM is adjusted each period for the entity's share of the actual returns on the underlying items. The actual returns an entity expects may be greater than those implied by the risk-neutral measurement that the entity has used to determine the fulfilment cash flows and CSM. It appears that an entity should apply judgement when allocating the CSM at the reporting date to the coverage units provided in the current period and those expected to be provided in future periods in order to reflect the insurance contract services provided in the period. We believe that one possible approach in this case may be to apply a discount rate to the coverage units that are expected to be provided in the future.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

ii. Contractual service margin

Determination of coverage units (continued)

The Group determines the quantity of the benefits provided under each contract as follows.[a]

Product	Basis for determining quantity of benefits provided
– **Term assurance** – **Non-participating whole-life**	– Sum assured payable on death
– **Critical illness**[b]	– Maximum amount payable (including any premiums waived) on detection of illness
– **Immediate fixed annuity**	– Annuity amount payable in each period
– **Universal life** – **Traditional participating** – **Unit-linked and other investment-linked**	– *Insurance coverage:* Net amount at risk (i.e. guaranteed minimum benefits less account value), if any – *Investment services:* Account value
– **Non-life contracts acquired in their claims settlement period**	– Expected amount of claims to be settled in each period
– **Quota share reinsurance**	– The same basis as the underlying contracts, including expected new business within the reinsurance contract boundary (see Note 44(E)(iv))
– **Excess of loss and stop loss reinsurance**	– Expected amount of underlying claims to be covered in each period

IFRS 17.117(c)(v)

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Group generally considers the selling prices for the services had they been offered on a stand-alone basis and adjusts the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when the Group sells that service separately to policyholders with similar characteristics.

An analysis of the expected timing of the allocation of the CSM to profit or loss is disclosed in (D).

IFRS 17.117, Insights 8.1.220.30

a. The objective of the release of the CSM to profit or loss is to reflect insurance contract services provided in each period. However, IFRS 17 does not specify how to determine coverage units. It appears that an entity should apply judgement and consider all relevant facts and circumstances to determine a systematic and rational method for estimating the insurance contract services provided for each group of contracts.

The pattern in which services are provided is a significant judgement to be made in measuring groups of insurance contracts, which IFRS 17 requires to be disclosed. The disclosures presented are only illustrative and reflect the facts and circumstances of the Group.

Insights 8.1.20.275

b. Some contracts permit a waiver of premiums if an insured event (e.g. critical illness and disability) occurs. Including such a waiver in an insurance contract may affect the quantity of benefits provided by the contract and its coverage period.

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

ii. Contractual service margin (continued)

Risk mitigation option

[IFRS 17.B116]

The Group uses derivatives and reinsurance contracts to mitigate the financial risk arising from interest rate guarantees in certain traditional participating contracts and equity guarantees in certain variable annuity contracts in accordance with its documented risk management objective and strategy for mitigating financial risk. An economic offset exists between the insurance contracts and the risk-mitigating items, and credit risk does not dominate the economic offset.

IFRS 17.112, [IFRS 17.B115]

The Group has chosen to recognise changes in the amount of its share of the fair value of the underlying items and changes in fulfilment cash flows due to changes in the effect of financial risk not arising from underlying items that are mitigated by the use of derivatives or reinsurance contracts in profit or loss and not to adjust the CSM.[a] The adjustment to the CSM that would otherwise have been made in 2024 is an increase of EUR 45 million (2023: increase of EUR 22 million) (see Note 11).

iii. Investment components

IFRS 17.117(c)(iv), [IFRS 17.2, 85, A]

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Universal life, participating and non-participating whole-life contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.[b]

The Group's other contracts do not contain investment components. These include deferred fixed annuity contracts that provide policyholders with a right to surrender the contract during the accumulation period and receive the current account value less any surrender charges. The Group determines that these contracts do not include any investment component, because the Group is not required to pay any amount if the policyholder does not surrender the contract and does not survive until the first annuity payment date. Consequently, any surrender payments are treated as premium refunds for unused coverage. Even though the premium refunds do not represent repayments of investment components, the Group has disclosed them together with investment components in Note 30(A).

IFRS 17.B115(b)

a. An entity may also apply the risk mitigation option under paragraph B115 of IFRS 17 if it uses non-derivative financial instruments measured at FVTPL to mitigate the effect of financial risk on fulfilment cash flows not arising from underlying items. The Group does not use non-derivative financial instruments to mitigate the financial risk in its participating contracts.

IFRS 17.B117A

The effects of the risk mitigation option are presented as insurance finance income or expenses as follows.

- The effects of financial risk mitigated using derivatives or non-derivatives measured at FVTPL are included in profit or loss.
- The effects of financial risk mitigated using reinsurance contracts are presented under the same accounting policy as is applied to the reinsurance contracts. For the participating segment, the Group's policy is to present net reinsurance finance income in profit or loss.

Insights 8.1.400.27

b. Sometimes, insurance contracts with explicit surrender values also have explicit surrender charges. IFRS 17 does not specify whether investment components should be measured before or after these surrender charges. It appears that an entity should choose an accounting policy, to be applied consistently, to determine the amount of non-distinct investment components before or after the deduction of surrender charges. When surrender values are considered before surrender charges, judgement is required to determine whether variances between actual and expected surrender charges are related to current or future service (see 8.1.210.50).

Notes to the consolidated financial statements (continued)

30. Insurance and reinsurance contracts (continued)

F. Significant judgements and estimates (continued)

iv. Fair value of insurance contracts

IFRS 17.115

The Group has measured the fair value of insurance contracts when it acquired contracts in a business combination (see Note 44(A)(i)) and when it applied the fair value approach on transition to IFRS 17 (see Note 44(E)(ix)). The Group has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin, determined using a confidence level technique.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.[a]

The Group's approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition (see Notes 44(E)(v) and (ix) respectively). In particular, in measuring fair value the Group has:

- considered the cash flows included in the measurement of fulfilment cash flows but adjusted them to reflect the perspective of market participants. For example, expense cash flows have been increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;
- used the discount rates applied in measuring fulfilment cash flows but increased the rates to reflect the effect of the Group's non-performance risk. The average effect of the Group's non-performance risk on the yield curves is [x] basis points; and
- included a margin of [X–X%] comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, the Group has allowed for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants – e.g. general operational risk.

Insights 8.1.370.35, 540.15

a. When measuring the fair value of a group of contracts acquired in a business combination, or on transition, it appears that an entity should exclude the value of expected future renewals that are outside the boundaries of the contract. This ensures consistency with the requirements for measurement of the fulfilment cash flows and the CSM, under which cash flows outside the contract boundary are excluded from the measurement of a group of insurance contracts.

Notes to the consolidated financial statements (continued)

31. Loans and borrowings

See accounting policies in Notes 44(G) and (S)(i).

In millions of EUR	*Note*	2024	2023
Senior notes issued	*(A)*	**1,361**	1,371
Subordinated notes issued	*(B)*	**2,430**	2,453
Bank loans	*(C)*	**1,803**	1,908
Redeemable preference shares	*(D)*	**716**	-
Lease liabilities	*38(A)*	**1,095**	1,118
		7,405	6,850

IAS 1.61

Of the total loans and borrowings, EUR 6,973 million (2023: EUR 6,329 million) is expected to be settled more than 12 months after the reporting date.

IFRS 7.18–19

The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the years ended 31 December 2024 and 2023.

IFRS 7.7

A. Senior notes issued

Face value	Nominal interest rate	Year of maturity	Carrying amount in millions of EUR 2024	2023
EUR 250 million	4.38%	2025	**248**	247
GBP 450 million	2.75%	2027	**541**	554
EUR 580 million	4.52%	2028	**572**	570
			1,361	1,371

IFRS 7.7, IAS 16.74(a)

These notes are secured over owner-occupied properties with a carrying amount of EUR 1,146 million (2023: EUR 1,138 million).

IFRS 7.7

B. Subordinated notes issued

Face value	Nominal interest rate	Year of maturity	Carrying amount in millions of EUR 2024	2023
GBP 350 million	SONIA + 2.7%	2028	**440**	452
GBP 350 million	SONIA + 2.2%	2033	**420**	430
EUR 400 million	4.85%	2036	**397**	397
USD 800 million	4.25%	2048	**578**	602
GBP 120 million	5.63%	2068	**145**	122
EUR 450 million	5.13%	Undated	**450**	450
			2,430	2,453

These notes would, in the event of the winding-up of the issuer, be subordinated to the claims of policyholders and all other creditors of the issuer.

C. Bank loans

IFRS 7.7, IAS 40.75(g)

Bank loans are granted to the Group's UK subsidiaries. These loans are secured over investment property of EUR 1,925 million (2023: EUR 1,995 million) held by the subsidiaries. The loans generally have a maturity of five years and bear interest rates ranging from 4.05 to 5.15% above SONIA.

D. Redeemable preference shares

IFRS 7.7

During 2024, 700 million redeemable preference shares were issued as fully paid with a par value of EUR 1 per share (2023: nil). Transaction costs of EUR 10 million were incurred on issuing these shares.

The redeemable preference shares are mandatorily redeemable at par on 31 May 2027 and the Group is obliged to pay holders of these shares annual dividends of 5% of the par value on 31 May each year until and including on maturity. Redeemable preference shares do not carry the right to vote.

Notes to the consolidated financial statements (continued)

31. Loans and borrowings (continued)

IAS 7.44A–44D

E. Reconciliation of movements in liabilities to cash flows arising from financing activities[a]

In millions of EUR	Notes and loans issued	Redeemable preference shares	Lease liabilities	Total
Balance at 1 January 2023	5,769	-	1,148	6,917
IAS 7.44B(a) **Changes from financing cash flows**				
Proceeds from loans and borrowings	397	-	-	397
Repayment of loans and borrowings	(456)	-	-	(456)
Payment of lease liabilities	-	-	(353)	(353)
Interest paid	(396)	-	-	(396)
	(455)	-	(353)	(808)
IAS 7.44B(c) **Effect of movements in exchange rates**	28	-	13	41
IAS 7.44B(e) **Other changes**				
New leases	-	-	211	211
Interest expenses	390	-	99	489
	390	-	310	700
Balance at 31 December 2023	5,732	-	1,118	6,850
Balance at 1 January 2024	**5,732**	**-**	**1,118**	**6,850**
IAS 7.44B(a) **Changes from financing cash flows**				
Proceeds from issue of redeemable preference shares	**-**	**700**	**-**	**700**
Proceeds from loans and borrowings	**145**	**-**	**-**	**145**
Transaction costs related to redeemable preference shares	**-**	**(10)**	**-**	**(10)**
Repayment of loans and borrowings	**(122)**	**-**	**-**	**(122)**
Payment of lease liabilities	**-**	**-**	**(363)**	**(363)**
Interest paid	**(427)**	**-**	**-**	**(427)**
	(404)	**690**	**(363)**	**(77)**
IAS 7.44B(b) **Changes arising from obtaining or losing control of subsidiaries or other businesses**	**(108)**	**-**	**-**	**(108)**
IAS 7.44B(c) **Effect of movements in exchange rates**	**(17)**	**-**	**(10)**	**(27)**
IAS 7.44B(e) **Other changes**				
New leases	**-**	**-**	**250**	**250**
Interest expenses	**391**	**26**	**100**	**517**
	391	**26**	**350**	**767**
Balance at 31 December 2024	**5,594**	**716**	**1,095**	**7,405**

IAS 7.44D a. One possible format to meet the disclosure requirement in paragraph 44A of IAS 7 is a reconciliation between the opening balances and the closing balances for liabilities arising from financing activities. Other presentations are possible.

Notes to the consolidated financial statements (continued)

32. Provisions

See accounting policies in Note 44(Q).

	In millions of EUR	Note	Restructuring (see (A))	Legal (see (B))	Other	Total
IAS 37.84(a)	Balance at 1 January 2024		198	52	40	290
	Assumed in a business combination	36(A)	-	21	-	21
IAS 37.84(b)	Provisions made during the year		28	56	16	100
IAS 37.84(c)	Provisions used during the year		(137)	(58)	(18)	(213)
IAS 37.84(d)	Provisions reversed during the year[a]		-	(4)	-	(4)
IAS 37.84(e)	Unwinding of discount	15	10	-	-	10
	Effect of movements in exchange rates		(2)	(1)	-	(3)
IAS 37.84(a)	**Balance at 31 December 2024**		97	66	38	201

IAS 1.61

Of the total provisions, EUR 55 million (2023: EUR 72 million) is expected to be settled more than 12 months after the reporting date.

A. Restructuring

IAS 1.98(b), 125, 37.85(a)–(b)

In accordance with the *Delivery Channel Optimisation Plan* announced by the Group in September 2023, the Group is in the process of rationalising its UK distribution network and automating related processing functions to enhance customer experience. The plan involves the closure of regional sales centres and branches and staff terminations.

Following the announcement of the plan, the Group recognised a provision of EUR 212 million for expected restructuring costs, including contract termination costs, consulting fees and employee termination benefits (see Note 14(A)). Estimated costs were based on the terms of the relevant contracts. In 2024, an additional provision of EUR 28 million was recognised and EUR 137 million of the provision was used. The remaining provision mainly relates to employee termination benefits and is based on a detailed plan agreed between management and employee representatives. The restructuring is expected to be completed by June 2025.

B. Legal

IAS 37.86(a)–(b)

As a result of the acquisition of Crimson Auto, the Group assumed a contingent liability of EUR 21 million, measured on a provisional basis (see Note 36(A)(iii)).

Insights 3.12.850.10

a. In our view, the reversal of a provision should be presented in the same line item of the statement of profit or loss as the original estimate.

Notes to the consolidated financial statements (continued)

33. Other liabilities

See accounting policies in Notes 44(F) and (K).

In millions of EUR	*Note*	2024	2023
Deferred revenue – up-front fees for investment management services[a]	*(A)*	**308**	284
Employee benefit liabilities	*17*	**344**	328
		652	612

A. Deferred revenue – Up-front fees for investment management services[b]

IFRS 15.118

In millions of EUR	*Note*	2024	2023
Balance at 1 January (*IFRS 15.116(a)*)		**284**	272
Up-front fees received during the year		**55**	34
Revenue recognised	*12*		
For fees included in the balance at 1 January (*IFRS 15.116(b)*)		**(25)**	(24)
For fees received during the year		**(3)**	(2)
Effect of movements in exchange rates		**(3)**	4
Balance at 31 December (*IFRS 15.116(a)*)		**308**	284

IFRS 15.120 The following table sets out when the Group expects to recognise the above balances as revenue.[c]

In millions of EUR	2024	2023
Less than one year	**24**	23
One to five years	**85**	79
Five to 10 years	**90**	83
More than 10 years	**109**	99
	308	284

IFRS 15.105, 109, BC320–BC321 a. IFRS 15 uses the terms 'contract asset' and 'contract liability' but does not prohibit an entity from using alternative descriptions. Furthermore, it does not specify whether an entity is required to present its contract assets and contract liabilities as separate line items in the statement of financial position. In this guide, contract liabilities are referred to as 'deferred revenue – up-front fees for investment management services' and included in 'other liabilities'. However, other presentations are possible.

IFRS 15.118, BC346 b. Although IFRS 15 does not require a tabular reconciliation of the aggregated contract balances, it requires the explanation of significant changes in the contract asset and contract liability balances during the year to include both qualitative and quantitative information.

IFRS 15.120(b)(i) c. The Group has applied judgement to determine the time bands that would be most appropriate for the duration of the remaining performance obligations.

Introduction

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Notes to the consolidated financial statements (continued)

34. Capital and reserves

See accounting policies in Notes 44(B), (E)(viii), (G)(ii), (iii), (K)(vi) and (R).

A. Share capital and share premium

IAS 1.79(a)(iv)

In millions of shares	*Note*	Ordinary shares 2024	2023	Non-redeemable preference shares 2024	2023
In issue at 1 January		**2,189**	2,185	**400**	400
Issued for cash		**385**	-	**-**	-
Issued in business combination	*36(A)(i)*	**20**	-	**-**	-
Exercise of share options	*18(C)*	**7**	4	**-**	-
In issue at 31 December – fully paid (IAS 1.79(a)(ii))		**2,601**	2,189	**400**	400
Authorised – par value EUR 1 (IAS 1.79(a)(i), (iii))		**2,800**	2,800	**400**	400

IAS 1.79(a)(v)

All ordinary shares rank equally with regard to the Company's residual assets. Preference shareholders participate only to the extent of the face value of their shares plus any accrued dividends.

i. Ordinary shares

IAS 1.79(a)(v)

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's treasury shares are suspended until those shares are reissued.

Issue of ordinary shares

In February 2024, the general meeting of shareholders approved the issue of 385 million ordinary shares at a price of EUR 10.35 per share (2024: nil).

IAS 7.43

In March 2024, 20 million ordinary shares were issued as a result of the acquisition of Crimson Auto (2023: nil).

In 2024, 7.3 million ordinary shares (2023: 4.2 million) were issued as a result of the exercise of vested options arising from the 2019 share option programme granted to key management personnel (2023: nil). Options were exercised at an average price of EUR 9.84 per share (2023: EUR 9.84 per share).

ii. Non-redeemable preference shares

IAS 1.79(a)(v)

Holders of these shares receive a non-cumulative dividend of 5.5 cents per share at the Company's discretion, or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

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Notes to the consolidated financial statements (continued)

34. Capital and reserves (continued)

IAS 1.79(b)

B. Nature and purpose of reserves

i. Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and the effective portion of any foreign currency differences arising from net investment hedges (see Note 44(B)).

ii. Costs of hedging reserve

The costs of hedging reserve comprises the changes in the fair value of the forward points of foreign exchange forward contracts that have been excluded from designation as hedging instruments in net investment hedges and are pending subsequent recognition in profit or loss (see Note 44(B)(iii)).

iii. Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of debt securities measured at FVOCI (which is increased by the amount of loss allowance) until the assets are derecognised or reclassified; and
- the cumulative net change in the fair value of equity securities measured at FVOCI (see Notes 44(G)(ii) and (iii)).

iv. Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in OCI (see Note 44(E)(viii)).

v. Treasury share reserve

IAS 1.79(a)(vi), 32.34

The treasury share reserve comprises the cost of the Company's shares held by the Group, unless the shares are underlying items of direct participating contracts or qualifying plan assets held by the Group's employee benefit plans (see Note 44(R)(ii)). At 31 December 2024, the Group held 9.6 million treasury shares (2023: 10.0 million).[a]

C. Dividends

IAS 1.107

The following dividends were declared and paid by the Company for the year.

In millions of EUR	**2024**	**2023**
55.2 cents per qualifying ordinary share (2023: 43.8 cents)	**1,209**	957
5.5 cents per non-redeemable preference share (2023: 5.5 cents)	**22**	22
	1,231	979

IAS 1.137(a), 10.13, 12.81(i)

After the reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

In millions of EUR	**2024**	**2023**
62.1 cents per qualifying ordinary share (2023: 55.2 cents)	**1,615**	1,209
5.5 cents per non-redeemable preference share (2023: 5.5 cents)	**22**	22
	1,637	1,231

IAS 1.79(a)(vi), 32.34 a. The Group has disclosed the number of treasury shares held in the notes. Alternatively, it may be disclosed in the statement of financial position or the statement of changes in equity.

Notes to the consolidated financial statements (continued)

34. Capital and reserves (continued)

D. OCI accumulated in reserves, net of tax[a]

IAS 1.106(d)(ii), 106A

	In millions of EUR
	2024
	Items that will not be reclassified to profit or loss
	Defined benefit liability/asset – remeasurement
IFRS 7.20(a)(vii)	Equity investments at FVOCI – net change in fair value
	Equity-accounted investees – share of OCI
	Items that are or may be reclassified subsequently to profit or loss
	Foreign operations
IAS 21.52(b)	Foreign currency translation differences
IAS 21.52(b)	Net amount reclassified to profit or loss
IAS 21.52(b)	Net investment hedges – net gain
	Costs of hedging
	Net change in fair value
	Net amount reclassified to profit or loss
	Debt investments at FVOCI
IFRS 7.20(a)(viii)	Net change in fair value
IFRS 7.20(a)(viii)	Net amount reclassified to profit or loss
	Finance expenses on insurance contracts
	Finance income on reinsurance contracts
	Equity-accounted investees
	Share of OCI
	Net amount reclassified to profit or loss
	2023
	Items that will not be reclassified to profit or loss
	Defined benefit liability/asset – remeasurement
IFRS 7.20(a)(vii)	Equity investments at FVOCI – net change in fair value
	Equity-accounted investees – share of OCI
	Items that are or may be reclassified subsequently to profit or loss
IAS 21.52(b)	Foreign operations – foreign currency translation differences
IAS 21.52(b)	Net investment hedges – net loss
	Costs of hedging
	Net change in fair value
	Net amount reclassified to profit or loss
IFRS 7.20(a)(viii)	Debt investments at FVOCI
	Net change in fair value
	Reclassified to profit or loss
	Finance expenses on insurance contracts
	Finance income on reinsurance contracts
	Equity-accounted investees – share of OCI

Attributable to owners of the Company							
Translation reserve (see (B)(i))	Costs of hedging reserve (see (B)(ii))	Fair value reserve (see (B)(iii))	Insurance finance reserve (see (B)(iv))	Retained earnings	Total	NCI (see Note 35(C))	Total OCI
-	**-**	**-**	**-**	**49**	**49**	**1**	**50**
-	**-**	**2**	**-**	**-**	**2**	**-**	**2**
-	**-**	**-**	**-**	**4**	**4**	**-**	**4**
(397)	**-**	**-**	**-**	**-**	**(397)**	**(9)**	**(406)**
(13)	**-**	**-**	**-**	**-**	**(13)**	**-**	**(13)**
45	**-**	**-**	**-**	**-**	**45**	**-**	**45**
-	**(30)**	**-**	**-**	**-**	**(30)**	**-**	**(30)**
-	**18**	**-**	**-**	**-**	**18**	**-**	**18**
-	**-**	**2,800**	**-**	**-**	**2,800**	**89**	**2,889**
-	**-**	**(1,009)**	**-**	**-**	**(1,009)**	**(58)**	**(1,067)**
-	**-**	**-**	**(830)**	**-**	**(830)**	**(15)**	**(845)**
-	**-**	**-**	**2**	**-**	**2**	**1**	**3**
-	**-**	**20**	**-**	**-**	**20**	**-**	**20**
-	**-**	**(12)**	**-**	**-**	**(12)**	**-**	**(12)**
(365)	**(12)**	**1,801**	**(828)**	**53**	**649**	**9**	**658**
-	-	-	-	(9)	(9)	(1)	(10)
-	-	1	-	-	1	-	1
-	-	-	-	3	3	-	3
584	-	-	-	-	584	5	589
(48)	-	-	-	-	(48)	-	(48)
-	(10)	-	-	-	(10)	-	(10)
-	4	-	-	-	4	-	4
-	-	-	-	-	-	-	-
-	-	2,048	-	-	2,048	59	2,107
-	-	(861)	-	-	(861)	(37)	(898)
-	-	-	(781)	-	(781)	(16)	(797)
-	-	-	1	-	1	1	2
-	-	13	-	-	13	-	13
536	(6)	1,201	(780)	(6)	945	11	956

IAS 1.106A

a. The Group has elected to present the disaggregation of changes in each component of equity arising from transactions recognised in OCI in the notes. Alternatively, an entity may present the disaggregation in the statement of changes in equity.

Notes to the consolidated financial statements (continued)

35. Subsidiaries and non-controlling interests[a]

See accounting policies in Note 44(A).

IFRS 12.10(a)(i), 12(a)–(b)

A. List of material subsidiaries

The table below provides details of material subsidiaries of the Group.

	Principal place of business	Ownership interest 2024	2023
Indigo Insurance Limited	[*Country X*]	**100%**	100%
Indigo Insurance France SA	France	**100%**	100%
Indigo Insurance Germany AG	Germany	**100%**	100%
Indigo Insurance (UK) Limited	UK	**100%**	100%
Crimson Auto Insurance SpA	Italy	**90%**	25%
Indigo Insurance Singapore (Pte) Limited	Singapore	**70%**	70%
Indigo Insurance (Thailand) Company Limited	Thailand	**100%**	100%
Indigo Insurance Company	US	**-**	100%
Gold California Insurance Company	US	**48%**	48%

IFRS 12.7(a), 9(b)

Although the Group owns less than half of Gold California Insurance Company and has less than half of the voting power, management has determined that the Group has control on a de facto basis, because the remaining voting rights are widely dispersed and there is no indication that all other shareholders exercise their votes collectively.

B. Significant restrictions

IFRS 12.13

There are no significant restrictions on the Group's ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the Company and its subsidiaries operate. The supervisory frameworks require insurance and fund management subsidiaries to keep certain levels of regulatory capital. The carrying amounts of assets and liabilities of these subsidiaries that have been included in these consolidated financial statements are EUR 332,680 million and EUR 326,150 million respectively (2023: EUR 332,083 million and EUR 325,705 million respectively).

a. For additional disclosure examples and explanatory notes on IFRS 12, see our Guide to annual financial statements – IFRS 12 supplement.

Notes to the consolidated financial statements (continued)

35. Subsidiaries and non-controlling interests (continued)

C. NCI in subsidiaries

IFRS 12.10(a)(ii), 12(g), B10(b)–B11

The following table summarises the information about the Group's subsidiaries that have material NCI, before any intra-group eliminations.[a]

31 December 2024 *In millions of EUR*	**Indigo Insurance Singapore (Pte) Ltd**	**Gold California Insurance Company**	**Crimson Auto**	**Other individually immaterial subsidiaries**	**Total**
NCI percentage *(IFRS 12.12(c))*	**30%**	**52%**	**10%**		
Cash and cash equivalents	603	146	105		
Financial investments	22,807	7,394	823		
Intangible assets	1,115	325	15		
Other assets	1,623	442	141		
Insurance contract liabilities	(21,125)	(7,068)	(343)		
Loans and borrowings	(420)	(85)	(12)		
Other liabilities	(2,542)	(743)	(52)		
Net assets	**2,061**	**411**	**677**		
Carrying amount of NCI *(IFRS 12.12(f))*	**618**	**214**	**68**	**77**	**977**
Revenue	3,150	648	720		
Profit	190	34	34		
OCI	21	5	1		
Total comprehensive income	**211**	**39**	**35**		
Profit allocated to NCI *(IFRS 12.12(e))*	57	18	3	3	81
OCI allocated to NCI	6	3	-	-	9
Cash flows from operating activities	77	13	3		
Cash flows from investing activities	(2)	(1)	-		
Dividends paid to NCI *(IFRS 12.B10(a))*	(18)	(6)	-		
Cash flows from other financing activities	(76)	(12)	(1)		
Net (decrease) increase in cash and cash equivalents	**(19)**	**(6)**	**2**		

On 31 March 2024, the Group's equity interest in Crimson Auto increased from 25 to 90% and Crimson Auto became a subsidiary from that date (see Note 36(A)). Accordingly, the information about Crimson Auto is only for the period from 1 April to 31 December 2024.

a. Although it is not required by IFRS 12, the Group has reconciled from the summarised financial information about subsidiaries with material NCI to the total amounts in the financial statements.

Notes to the consolidated financial statements (continued)

35. Subsidiaries and non-controlling interests (continued)

C. NCI in subsidiaries (continued)

	31 December 2023 *In millions of EUR*	**Indigo Insurance Singapore (Pte) Ltd**	**Gold California Insurance Company**	**Other individually immaterial subsidiaries**	**Total**
IFRS 12.12(c)	**NCI percentage**	30%	52%		
	Cash and cash equivalents	622	152		
	Financial investments	22,783	7,385		
	Intangible assets	1,123	334		
	Other assets	1,530	436		
	Insurance contract liabilities	(21,112)	(7,059)		
	Loans and borrowings	(435)	(85)		
	Other liabilities	(2,601)	(779)		
	Net assets	1,910	384		
IFRS 12.12(f)	**Carrying amount of NCI**	573	200	74	847
	Revenue	2,864	596		
	Profit	136	21		
	OCI	28	5		
	Total comprehensive income	164	26		
IFRS 12.12(e)	Profit allocated to NCI	41	11	1	53
	OCI allocated to NCI	8	3	-	11
	Cash flows from operating activities	72	12		
	Cash flows from investing activities	2	(1)		
IFRS 12.B10(a)	Dividends paid to NCI	(16)	(5)		
	Cash flows from other financing activities	(53)	(10)		
	Net increase (decrease) in cash and cash equivalents	5	(4)		

Notes to the consolidated financial statements (continued)

36. Acquisition and disposal of subsidiaries

See accounting policies in Notes 44(A)(i)–(iv).

A. Acquisition of subsidiary

IFRS 3.B64(a)–(c)

On 31 March 2024, the Group obtained control of Crimson Auto, a motor insurance company domiciled in Italy, by acquiring 65% of the shares and voting interests in the company. As a result, the Group's equity interest in Crimson Auto increased from 25 to 90% (see Note 24(B)).

IFRS 3.B64(d)

Taking control of Crimson Auto will enable the Group to expand its motor insurance business in Southern Europe. The acquisition is expected to provide the Group with an increased market share through both the acquisition of the existing book of business and the opportunity to sell products issued by other subsidiaries of the Company to Crimson Auto's customer base.

IFRS 3.B64(q)(i)

For the nine months ended 31 December 2024, Crimson Auto contributed revenue of EUR 720 million and profit of EUR 34 million to the Group's results.

IFRS 3.B64(q)(ii)

If the acquisition had occurred on 1 January 2024, then consolidated revenue would have been EUR 84,432 million and consolidated profit for the year would have been EUR 7,114 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2024.

IFRS 3.B64(f), IAS 7.40(a)

i. Consideration transferred

The following table summarises the fair value at the date of acquisition of each major class of consideration transferred.

	In millions of EUR	***Note***	**2024**
IFRS 3.B64(f)(i), IAS 7.40(b)	Cash		**270**
IFRS 3.B64(f)(iv), IAS 7.43	Equity instruments (20 million ordinary shares)	*34(A)(i)*	**218**
	Replacement share-based payment awards		**12**
	Total consideration transferred		**500**

Equity instruments issued

IFRS 3.B64(f)(iv)

The fair value of the ordinary shares issued was based on the listed share price of the Company at 31 March 2024 of EUR 10.88 per share.

Replacement share-based payment awards

IFRS 3.B64(l)

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Crimson Auto (the acquiree's awards) for equity-settled share-based payment awards of the Company (the replacement awards). The details of the acquiree's awards and replacement awards were as follows.

	Acquiree's awards	**Replacement awards**
Terms and conditions	Grant date: 1 April 2023 Vesting date: 31 March 2027 Service condition	Vesting date: 31 March 2027 Service condition
Fair value at date of acquisition	EUR 59 million	EUR 61 million

The value of the replacement awards is EUR 52 million, after taking account of an estimated forfeiture rate of 15%. The consideration for the business combination includes EUR 12 million transferred to the employees of Crimson Auto when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of EUR 40 million will be recognised as post-acquisition compensation cost. For further details of the replacement awards, see Note 18(A)(ii).

Notes to the consolidated financial statements (continued)

36. Acquisition and disposal of subsidiaries (continued)

A. Acquisition of subsidiary (continued)

ii. Acquisition-related costs

IFRS 3.B64(l)–(m)

The Group incurred acquisition-related costs of EUR 15 million on legal fees and due diligence costs. These costs have been included in 'other operating expenses'.

IFRS 3.B64(i), IAS 7.40(d)

iii. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

IAS 7.40(c)

IFRS 3.B64(h)(i)

In millions of EUR	*Note*	2024
Cash and cash equivalents		**95**
Financial investments		**877**
Receivables		**32**
Property and equipment	*25(B)*	**31**
Intangible assets	*26(A)*	**12**
Payables		**(25)**
Insurance contract liabilities*		**(334)**
Loans and borrowings		**(12)**
Contingent liabilities	*32(B)*	**(21)**
Deferred tax liabilities	*19(D)*	**(13)**
Total identifiable net assets acquired		**642**

[IFRS 17.B95E–B95F]

* Represented by contracts measured under the PAA of EUR 228 million and contracts not measured under the PAA of EUR 134 million (see Note 30(C)(iv)), less assets for insurance acquisition cash flows of EUR 28 million (see Note 30(B)).

IFRS 3.61

Measurement of fair values[a]

The valuation techniques used for measuring the fair values of material assets acquired and liabilities assumed were as follows.

Assets acquired and liabilities assumed	Valuation technique
Financial investments	*Quoted prices in active markets:* The Group measured the fair value of investments acquired using quoted prices in active markets. If an investment had a bid price and an ask price, then the Group measured the investment at the bid price.
Property and equipment	*Market comparison technique and cost technique:* The valuation model considered market prices for similar items if they were available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflected adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi-period excess earnings method:* This method considered the present value of net cash flows expected to be generated by customer relationships, by excluding any cash flows related to contributory assets.
Insurance and reinsurance contracts	*Discounted cash flow and confidence level techniques:* The valuation model considered the present value of the net cash flows expected to be generated by the contracts and a margin. See also Note 30(F)(iv).
Assets for insurance acquisition cash flows	*Discounted cash flows:* The valuation model considered the present value of the cash flows (including a margin) expected from future renewals of insurance contracts recognised at the date of acquisition and the present value of insurance acquisition cash flows related to other future contracts after the date of acquisition that could be avoided because of amounts that the acquiree had already paid.

IFRS 3.B64(h)(ii)–(iii)

The receivables comprise gross contractual amounts due of EUR 33 million, of which EUR 1 million was expected to be uncollectable at the date of acquisition.

IFRS 13.BC184

a. The Group has disclosed information about the fair value measurement of assets acquired and liabilities assumed in a business combination, although the disclosure requirements of IFRS 13 do not apply to the fair value of these assets and liabilities if they are subsequently measured at other than fair value.

Notes to the consolidated financial statements (continued)

36. Acquisition and disposal of subsidiaries (continued)

A. Acquisition of subsidiary (continued)

iii. Identifiable assets acquired and liabilities assumed (continued)

Measurement of fair values (continued)

Fair values measured on a provisional basis

IFRS 3.B67(a), IAS 1.125

The following amounts have been measured on a provisional basis.

- The fair value of Crimson Auto's intangible assets (customer relationships) has been measured provisionally, pending completion of an independent valuation.

IFRS 3.B64(j), B67(c), IAS 37.86

- The contingent liabilities assumed represent a present obligation in respect of a class action lawsuit brought by a consumer organisation on behalf of customers of Crimson Auto alleging misconduct in underwriting motor insurance policies. The lawsuit is expected to go to trial in April 2025. At the date of acquisition, management determined that it was not probable that the case would be decided against Crimson Auto. Management's assessment of the fair value of this contingent liability, taking into account the range of possible outcomes of the judicial process, is EUR 21 million (see Note 40).

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

iv. Goodwill

Goodwill arising from the acquisition has been recognised as follows.

In millions of EUR		*Note*	2024
	Consideration transferred	*(i)*	500
IFRS 3.B64(o)(i)	NCI, based on their proportionate interest in the recognised amounts of assets and liabilities of Crimson Auto		64
IFRS 3.B64(p)(i)	Fair value of pre-existing interest in Crimson Auto		208
	Recognised amounts of identifiable net assets	*(iii)*	(642)
	Goodwill	*26(A)*	**130**

IFRS 3.B64(p)(ii)

The remeasurement to fair value of the Group's existing 25% interest in Crimson Auto resulted in a gain of EUR 32 million (EUR 208 million less the EUR 188 million carrying amount of the equity-accounted investee at the date of acquisition plus fair value gains of EUR 12 million on debt investments at FVOCI reclassified to profit or loss). The gain has been included in 'other income' (see Note 13).

IFRS 3.B64(e), (k)

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Crimson Auto into the Group's existing operations in Italy. None of the goodwill recognised is expected to be deductible for tax purposes.

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36. Acquisition and disposal of subsidiaries (continued)

B. Disposal of subsidiary

IFRS 12.10(b)(iv), 19

On 30 June 2024, the Group sold its wholly owned subsidiary Indigo Insurance Company, an insurance company in the non-life segment domiciled in the US, for a cash consideration of EUR 1,741 million, resulting in a gain of EUR 681 million (including translation gains reclassified to profit or loss of EUR 13 million less costs of disposal of EUR 12 million). The gain has been included in 'other income' (see Note 13).

IAS 7.40(d)

i. Effect of disposal on the financial position of the Group

IAS 7.40(c)

In millions of EUR	**Note**	**2024**
Cash and cash equivalents		**(430)**
Financial investments		**(1,646)**
Receivables		**(80)**
Reinsurance contract assets	*30(A)(iv)*	**(137)**
Other assets		**(162)**
Payables		**48**
Current tax liabilities		**106**
Insurance contract liabilities*	*30(A)(iv)*	**1,006**
Loans and borrowings		**120**
Deferred tax liabilities	*19(D)*	**114**
Net assets		**(1,061)**

IAS 7.40(a)–(b)

Consideration received, satisfied in cash		**1,741**
Cash and cash equivalents disposed of		**(430)**
Costs of disposal		**(12)**
Net cash inflows		**1,299**

* Represented by insurance contracts of EUR 1,106 million (see Note 30(A)(iv)), less assets for insurance acquisition cash flows of EUR 100 million (see Note 30(B)).

Notes to the consolidated financial statements (continued)

37. Unconsolidated structured entities

IFRS 12.24(a), 26

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group	Total assets in millions of EUR 2024	2023
Collective investment schemes	To invest in a diversified pool of assets – e.g. bonds, equities and properties. These vehicles are financed through the issue of units to investors. Some schemes are managed by Group entities, which generate fees from managing assets on behalf of third party investors.	– Investments in units issued by the funds – Management fees	**9,628,359**	9,655,706
Issuers of asset-backed securities	To generate funding through the issue of notes. These notes are collateralised by specified underlying assets – e.g. properties.	– Investments in senior notes issued by the vehicles	**128,501**	131,615

IFRS 12.24(b), 29

The table below sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, which are included in 'financial investments measured at fair value' (see Note 21). The maximum exposure to loss is the carrying amounts of the assets held.

In millions of EUR	2024	2023
Collective investment schemes	**84,693**	82,604
Issuers of asset-backed securities	**12,483**	11,965
	97,176	94,569

IFRS 12.24(b), 30–31

The Group did not provide any non-contractual financial or other support to any unconsolidated structured entities in 2024 or 2023, and has no current intentions to provide financial or other support in the future.

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Notes to the consolidated financial statements (continued)

38. Leases

See accounting policies in Note 44(S).

A. Leases as lessee

IFRS 16.59

The Group leases land and buildings for its own use. These leases have a non-cancellable period of at least 10 years, with an option to extend the lease at the end of the lease term. Some leases include market rent reviews every five years. Some leases have rents that are indexed to consumer prices.

The Group also leases IT equipment, fixtures and fittings. These leases usually have a lease term of one to three years, with no renewal options or variable lease payments.

IFRS 16.53–54

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

	In millions of EUR	*Note*	Land and buildings	IT equipment	Fixtures and fittings	Total
	2023					
IFRS 16.53(h)	Additions					211
IFRS 16.53(a)	Depreciation	*14*	114	75	32	221
IFRS 16.53(j)	Balance at 31 December	*25*	1,072	76	32	1,180
	2024					
IFRS 16.53(h)	Additions					**250**
IFRS 16.53(a)	Depreciation	*14*	**123**	**59**	**25**	**207**
IFRS 16.53(j)	Balance at 31 December	*25*	**1,128**	**58**	**25**	**1,211**

ii. Lease liabilities

See Note 6(F)(ii) for a maturity analysis of lease liabilities as at 31 December 2024 and 2023, and Note 31(E) for the movements in lease liabilities for the years then ended.

iii. Amounts recognised in profit or loss

	In millions of EUR	*Note*	2024	2023
IFRS 16.53(b)	Interest on lease liabilities	*15*	**100**	99
IFRS 16.53(c)	Expenses relating to short-term leases	*14*	**161**	165
IFRS 16.53(d)	Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	*14*	**58**	52

iv. Amounts recognised in the statement of cash flows

	In millions of EUR	2024	2023
IFRS 16.53(g)	Total cash outflow for leases	**582**	570

v. Extension options

IFRS 16.59(b)(ii), B50, IE10

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise these extension options, would result in an increase in lease liabilities of EUR 200 million (2023: EUR 180 million).

B. Leases as lessor

The Group leases out its investment property under operating leases. Note 23 sets out information about these leases. Lease income from investment property is included in 'other investment revenue' (see Note 11(C)).

Notes to the consolidated financial statements (continued)

39. Commitments

The Group is committed to purchasing the following assets within 12 months after the reporting date.

	In millions of EUR	2024	2023
IAS 40.75(h)	Investment property	**26**	22
IAS 16.74(c)	Property and equipment	**87**	81
IAS 38.122(e)	Intangible assets	**15**	83

The Group's joint venture is committed to incurring capital expenditure of EUR 14 million (2023: EUR 10 million), of which the Group's share is EUR 7 million (2023: EUR 5 million). These commitments are expected to be settled within 12 months after the reporting date.

IAS 40.75(h)

The Group has entered into contracts for the management and maintenance of some of its investment properties that are leased to third parties. These contracts will give rise to an annual expense of EUR 12 million (2023: EUR 11 million) for the next five years.

40. Contingencies

IAS 1.125, 37.86

One of the Group's US subsidiaries, together with other insurers in the US, is defending a class action alleging misconduct in selling life insurance and investment products. Although liability is not admitted, if the defence against the action is unsuccessful, then fines and legal costs could amount to EUR 16 million. Based on legal advice, management believes that the defence against the action will be successful.

As part of the acquisition of Crimson Auto, the Group recognised a contingent liability of EUR 21 million in respect of a class action alleging misconduct in underwriting motor insurance policies (see Note 36(A)(iii)).

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Notes to the consolidated financial statements (continued)

41. Related parties

A. Parent and ultimate controlling party

IAS 1.138(c), 24.13

During 2024, a majority of the Company's shares were acquired by Indigo Insurance Group plc from Blue Insurance Company Limited. As a result, the new ultimate controlling party of the Group is PJ Robertson. The previous ultimate controlling party was Blue Investment Holdings Limited.[a]

IAS 24.18

B. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following.

	In millions of EUR	2024	2023
IAS 24.17(a)	Short-term employee benefits	**62**	52
IAS 19.151(b), 24.17(b)	Post-employment benefits	**18**	17
IAS 24.17(c)	Other long-term benefits	**2**	1
IAS 24.17(d)	Termination benefits	**1**	-
IAS 24.17(e)	Share-based payment	**45**	25
		128	95

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan. Under the terms of the plan, directors and executive officers retire at age 60 and are entitled to receive annual payments equal to 70% of their final salary until the age of 65, at which time their entitlement falls to 50% of their final salary (see Note 17).

Executive officers also participate in the Group's share option programme (see Note 18(A)(i)). Furthermore, employees of the Company are entitled to participate in a share purchase programme (see Note 18(A)(iii)) if they meet the criteria of investing a percentage of each month's salary for a period of 36 months. Consequently, the Group has deducted EUR 2 million (2023: EUR 1 million) from the salaries of key management personnel to satisfy the criteria. The amounts withheld are included in 'payables' (see Note 28).

ii. Key management personnel transactions

IAS 24.18(a)–(b)

A number of key management personnel are parties to insurance and investment contracts issued by the Group. The amounts of these transactions and the value of investment contracts outstanding at the reporting date were as follows.

In millions of EUR	2024	2023
Life risk and non-life insurance contracts		
Premiums received	**1**	1
Claims paid	**-**	(1)
Life savings and participating contracts		
Contributions received	**5**	4
Benefits paid	**(1)**	(1)
Contract value at 31 December	**12**	8

IAS 24.18(b)(i), 23

The terms and conditions of these transactions were equivalent to those available to other customers.

IAS 24.13

a. The Company's parent produces consolidated financial statements that are available for public use. If neither the Company's parent nor its ultimate controlling party produced consolidated financial statements available for public use, then the Company would disclose the name of the next most senior parent that does so. If neither the ultimate controlling party nor any intermediate controlling party produced consolidated financial statements that are available for public use, then this fact would be disclosed.

Notes to the consolidated financial statements (continued)

41. Related parties (continued)

IAS 24.18

C. Other related party transactions[a]

IAS 24.18(a)–(b), 19(e)

The Group receives investment management services from its joint venture. The total fee expenses incurred by the Group during 2024 were EUR 12 million (2023: EUR 10 million). The outstanding balances payable to the joint venture at 31 December 2024 were EUR 1 million (2023: EUR 1 million).

42. Subsequent events

IAS 10.21–22(a)

On 12 March 2025, the Group announced its offer to acquire all of the shares of Green Life Insurance Japan Limited for EUR 160 million. The transaction still has to be approved by the Group's shareholders and by regulatory authorities. Approvals are not expected until late 2025. Due to the early stage of the transaction, an estimate of the financial effect of this proposed acquisition cannot be made reliably.

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Insights 5.5.120.30

a. In our view, an entity should disclose the portions of transactions with joint ventures or associates that are not eliminated in applying equity accounting in the consolidated financial statements.

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Notes to the consolidated financial statements (continued)

43. Basis of measurement

IFRS 7.21, IAS 1.112(a), 117

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on the following alternative basis on each reporting date.

Item	Measurement basis
Financial instruments at FVTPL, including hedging instruments	Fair value
Financial assets at FVOCI	Fair value
Insurance and reinsurance contracts	Fulfilment cash flows and, if any, the CSM
Owner-occupied property at fair value	Fair value
Investment property	Fair value
Liabilities for cash-settled shared-based payment arrangements	Fair value
Net defined benefit liability (asset)	Fair value of plan assets less the present value of the defined benefit obligations, limited as explained in Note 44(K)(ii)
Other impaired non-financial assets	Higher of fair value less costs of disposal and value in use

Notes to the consolidated financial statements (continued)

44. Material accounting policies[a]

IAS 1.112(a), 116

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless mentioned otherwise (see also Note 5).

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow.

a. The example accounting policies illustrated reflect the circumstances of the Group on which these consolidated financial statements are based, by describing only the specific policies that are relevant to an understanding of the Group's consolidated financial statements. For example, the accounting policies for preference shares (Notes 44(G)(vi) and (R)(i)) are not intended to be a complete description of the classification of such shares in general. These example accounting policies should not be relied on for a complete understanding of IFRS Accounting Standards and should not be used as a substitute for referring to the standards themselves. To help you identify the underlying requirements in IFRS Accounting Standards, references to the recognition and measurement requirements in IFRS Accounting Standards that are relevant for a particular accounting policy have been included and indicated by square brackets – e.g. *[IFRS 3.19]*.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

A. Basis of consolidation

i. Business combinations

[IFRS 3.3–4, 18, 32, 34, 37, 53, B8]

The Group accounts for business combinations under the acquisition method when control is transferred to the Group (see (ii)). In determining whether an acquired set of activities and assets is a business, the Group assesses whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (P)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as they are incurred, unless they are related to the issue of debt or equity securities (see (G)(i) and (R)(i)).

[IFRS 3.B52]

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

[IFRS 3.40, 58]

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

[IFRS 3.30, B57–B61]

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii. Subsidiaries

[IFRS 10.6, 20]

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Collective investment schemes

IFRS 12.7(a), 9(c)

The Group acts as scheme manager for a number of collective investment schemes. Determining whether the Group controls a scheme usually focuses on the assessment of the aggregate economic interests of the Group in the scheme (comprising any carried interests and expected management fees) and the investors' rights to remove the scheme manager. For certain schemes managed by the Group, the investors are able to vote by simple majority to remove the Group as manager without cause, and the Group's aggregate economic interest is in each case less than 15%. As a result, the Group has concluded that it acts as agent for the investors in these cases, and therefore has not consolidated these schemes.

iii. Non-controlling interests

[IFRS 3.19]

NCI are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.[a]

[IFRS 10.23, B96]

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

IFRS 3.19 — a. An entity has a choice on a combination-by-combination basis to measure any NCI in the acquiree at either the proportionate share of the acquiree's identifiable net assets or fair value. The Group has elected the former approach.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

A. Basis of consolidation (continued)

iv. Loss of control

[IFRS 10.25, B98–B99]

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity-accounted investees[a]

The Group's interests in equity-accounted investees comprise interests in a joint venture and associates that are not underlying items of participating contracts.

[IFRS 11.15–16, IAS 28.3]

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

[IAS 28.10, 22]

Interests in joint ventures and associates that are not underlying items of participating contracts are accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which joint control or significant influence ceases.

[IAS 28.38–39]

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part of that investment, is reduced to zero. Additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

[IAS 28.18]

The Group has elected to measure interests in associates that are underlying items of participating contracts at FVTPL on initial recognition (see (G)(ii)).

vi. Transactions eliminated on consolidation

[IFRS 10.B86(c), IAS 21.45, 28.28]

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.[b] Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Insights 5.10.140.150

a. Although it is not illustrated, an entity's equity-accounted investee may have accounting policies for items that do not apply to the investor. If disclosure of the accounting policies of the investee is necessary for an understanding of equity-accounted earnings or the carrying amount of such investees, then in our view this information should be included in the accounting policy for equity-accounted investees.

Insights 3.5.430.30

b. In the absence of specific guidance in IFRS Accounting Standards, the Group has elected to eliminate unrealised gains and losses resulting from transactions with equity-accounted investees against the investment in the investees. Alternatively, the elimination may be presented as a reduction in the underlying asset – e.g. property and equipment.

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44. Material accounting policies (continued)

B. Foreign currency

i. Foreign currency transactions

[IAS 21.21]

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

[IFRS 17.30, IAS 21.23(a)]

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, including the CSM, are treated as monetary items.[a]

[IAS 21.23(b)–(c)]

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

[IFRS 9.6.5.13(a), B5.7.3, 17.92]

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- groups of insurance and reinsurance contracts to the extent that the foreign currency differences relate to changes in the carrying amount of the groups recognised in OCI (see 'Insurance finance income and expenses' under (E)(viii)). The amount included in OCI is the difference between the total foreign currency differences and the amount included in profit or loss. The amount included in profit or loss is the difference between the measurement of the group that is used to determine the insurance finance income and expenses in profit or loss in the year in the functional currency at the beginning of the year, adjusted for accreted interest and payments during the year, and the same measurement in the foreign currency translated at the exchange rate at the end of the year;
- equity investments designated as at FVOCI; and
- hedging instruments in a net investment hedge to the extent that the hedges are effective (see (B)(iii)).

[IFRS 9.B5.7.2–B5.7.2A, IG.E.3.2, IG.E.3.4]

The foreign currency gain or loss on debt investments at FVOCI and financial instruments at amortised cost is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the exchange rate at the end of the year.

Insights 8.1.345.55

a. The Group does not have groups of insurance or reinsurance contracts that generate cash flows in multiple currencies. However, if it did, it would need to develop an accounting policy to determine how to measure those contracts.

The IFRS Interpretations Committee discussed how to account for a group of insurance contracts that generates cash flows in multiple currencies, rather than in a single foreign currency. The Committee noted that in such cases an entity needs to use its judgement to develop an accounting policy, to be applied consistently, to determine on initial recognition the currency or currencies in which the group of insurance contracts is denominated. The Committee also noted that an entity can determine that the group, including the CSM, is denominated in a single currency (single-currency approach) or in the multiple currencies of the cash flows in the group (multi-currency approach). An entity develops its accounting policy based on its specific facts and circumstances.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

B. Foreign currency (continued)

ii. Foreign operations

[IAS 21.39]

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into EUR at the exchange rates at the dates of the transactions.

[IFRS 10.B94, IAS 21.41]

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

[IAS 21.48–48D]

When a foreign operation is disposed of in its entirety, or partially such that the Group loses control of a subsidiary or retains neither joint control nor significant influence after the partial disposal of an interest in a joint venture or associate, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of part of a joint venture or associate while retaining joint control or significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

iii. Net investment hedges

The Group designates the spot elements of certain foreign exchange forward contracts as hedging instruments and applies hedge accounting to the designated component of the exposure to currency risk arising from the fluctuation in spot exchange rates between the functional currency of the foreign operation and the functional currency of the Company (EUR).

[IFRS 9.6.4.1(b)]

At inception of designated hedging relationships, the Group formally documents the risk management objective and strategy for undertaking the hedge. It also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the values of the hedged item and the hedging instrument are expected to offset each other.

[IFRS 9.6.5.13–6.5.14]

The effective portion of the changes in the fair value of the hedging instrument is recognised in OCI and presented in the translation reserve within equity. The effective portion of the changes in the fair value of the hedging instrument is computed with reference to the functional currency of the parent entity against whose functional currency the hedged risk is measured. Any ineffective portion of the changes in the fair value of the hedging instrument is recognised immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation respectively, as described in (ii).

[IFRS 9.6.5.16]

The forward elements of the foreign exchange forward contracts are excluded from designation as hedging instruments. The changes in the fair value of the forward points are recognised in OCI as costs of hedging and accumulated in the costs of hedging reserve within equity; the initial fair value of the forward points is amortised to profit or loss over the period of the hedge.

C. Segment reporting

[IFRS 8.5]

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group management committee (being the Group's chief operating decision maker) to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

[IFRS 8.29]

If the Group changes its basis of segment reporting, then comparative segment information is restated so that it aligns with the segment information reported for the current year.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

D. Insurance, reinsurance and investment contracts – Classification

[IFRS 17.A, B7, B19]

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

The Group does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

Some contracts entered into by the Group have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts' (see (F)).[a]

[IFRS 17.A, B101–B102]

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items. The Group has treated a share of the fair value returns as substantial when it exceeds [x]%; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. The Group has treated a proportion of the change in the amounts to be paid to the policyholder as substantial when it exceeds [x]%.

[IFRS 17.B109]

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA (see (E)(vi)).

E. Insurance and reinsurance contracts

i. Separating components from insurance and reinsurance contracts

[IFRS 17.11, B31–B32, 9.2.1(e), 4.3.3]

The Group does not separate components from insurance and reinsurance contracts except in the following cases. The Group separates the following components from an insurance or reinsurance contract at inception and accounts for them as if they were stand-alone financial instruments (see (G)):

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

[IFRS 17.12, B33–B35]

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

IFRS 17.3(c)

a. The Group does not issue any investment contracts with discretionary participation features, which would be in the scope of IFRS 17, including its presentation and disclosure requirements.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

ii. Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

[IFRS 17.14, 16, 22, A]

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

IFRS 17.126, [IFRS 17.20]

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to some contracts issued in Europe that are required by regulation to be priced on a gender-neutral basis.

[IFRS 17.25–26, A]

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

[IFRS 17.24–25, 28]

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

[IFRS 17.62–62A]

A group of reinsurance contracts initiated by the Group is recognised on the following date.

- *Reinsurance contracts that provide proportionate coverage:* The later of the date on which any underlying insurance contract is initially recognised and the beginning of the coverage period of the group of reinsurance contracts. This applies to the Group's quota share reinsurance contracts.
- *Other reinsurance contracts:* The beginning of the coverage period of the group of reinsurance contracts. This applies to the Group's excess of loss and stop loss reinsurance contracts.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

ii. Aggregation and recognition of insurance and reinsurance contracts (continued)

Reinsurance contracts (continued)

However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under (v)).

A group of reinsurance contracts acquired in a transfer or business combination is recognised on the date of acquisition.

iii. Insurance acquisition cash flows

[IFRS 17.28A, 33(a)]

Insurance acquisition cash flows are allocated to groups of insurance contracts under a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

[IFRS 17.B35A(a)]

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group expects to recover those cash flows.

[IFRS 17.B35A(b)]

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio under a systematic and rational method.

[IFRS 17.28B–28D, 38(c)(i), B35C]

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see (v)).

[IFRS 17.B95E, BC327I]

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

[IFRS 17.B35B]

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

[IFRS 17.28E, B35D]

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

a. recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

b. if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

[IFRS 17.28F]

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

iv. Contract boundaries

[IFRS 17.33]

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

[IFRS 17.34–35]

Insurance contracts	Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services). A substantive obligation to provide services ends when: – the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or – the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date. The reassessment of risks considers only risks transferred from policyholders to the Group, which may include both insurance and financial risks, but excludes lapse and expense risks.
Reinsurance contracts	Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer: – has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or – has a substantive right to terminate the coverage.

[IFRS 17.B64]

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

v. Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement

[IFRS 17.31–32]

On initial recognition, the Group measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Group's non-performance risk.

[IFRS 17.33(d), 37, B90]

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

[IFRS 17.38, B66A, B123A]

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date, (c) any amount arising from the derecognition of assets for insurance acquisition cash flows under (iii) and (d) any amount arising from the derecognition of any assets or liabilities previously recognised for other cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition except in relation to assets for other cash flows referred to in (d). The Group recognises insurance revenue and insurance service expenses for the amount of an asset for other cash flows that is derecognised on initial recognition of the related group of insurance contracts.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

v. Measurement – Contracts not measured under the PAA (continued)

Insurance contracts – Initial measurement (continued)

[IFRS 17.B94–B95]

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in this total as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

[IFRS 17.47, 49, B95A]

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination (see (A)(i)). A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see (viii)).

[IFRS 17.115]

The Group's transition approaches applied at the date of transition to IFRS 17 (1 January 2022) continue to impact a significant part of how the CSM balance as at 31 December 2024 and 31 December 2023 has been determined. The accounting policies for how the CSM on the date of transition was determined for groups measured applying the modified retrospective approach and the fair value approach are summarised in (ix).

Insurance contracts – Subsequent measurement

[IFRS 17.40, A]

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

[IFRS 17.33(c), B72(a)]

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

[IFRS 17.41–42, 44(c), 45(b)–(c), 87]

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

v. Measurement – Contracts not measured under the PAA (continued)

Insurance contracts – Subsequent measurement (continued)

The CSM of each group of contracts is calculated at each reporting date as follows.[a]

Insurance contracts without direct participation features

[IFRS 17.44, B72(b)]

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see (viii)); or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (viii));
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see (viii)).

[IFRS 17.B72(c), B96]

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.[b]

[IFRS 17.B98]

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM (see Note 30(F)(i)).

IFRS 17.B137, BC236–BC236D, IAS 34.28–29

a. An entity that prepares interim financial statements under IAS 34 *Interim Financial Reporting* may adopt an accounting policy not to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim or annual financial statements. The Group has not adopted this policy. Therefore, its annual results are measured using a year-to-date approach and are not affected by the treatment of accounting estimates made in previous interim financial statements.

IFRS 17.81, B96(d), B72(c), B97(a)(ii)

b. The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. If an entity makes such a disaggregation, then it adjusts the CSM for the change related to non-financial risk, measured at the discount rates determined on initial recognition, and recognises the effect of the time value of money and changes therein as insurance finance income or expenses.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

v. Measurement – Contracts not measured under the PAA (continued)

Insurance contracts – Subsequent measurement (continued)

Direct participating contracts

[IFRS 17.B101, B104]

Direct participating contracts (see (D)) are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being 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. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

[IFRS 17.B111–B112]

When measuring a group of direct participating contracts, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

[IFRS 17.45, 87(c), B115–B118]

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows (see Note 30(F)(ii));
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component (see (viii)); or
  - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses) (see (viii));
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see (viii)).

[IFRS 17.B113]

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

v. Measurement – Contracts not measured under the PAA (continued)

Reinsurance contracts

To measure a group of reinsurance contracts, the Group applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

[IFRS 17.63, 67, BC309]

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the insurance service result.[a]

[IFRS 17.64]

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer. The Group does not adjust the risk adjustment for non-financial risk for the risk that the actual effect of non-performance of the reinsurer differs from the adjustment included in the fulfilment cash flows.[b]

[IFRS 17.65–65A]

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

The Group's transition approaches applied at the date of transition to IFRS 17 (1 January 2022) continue to impact a significant part of how the CSM balance as at 31 December 2024 and 31 December 2023 has been determined. The accounting policies for how the CSM on the date of transition was determined for groups measured applying the modified retrospective approach and the fair value approach are summarised in (ix).

[IFRS 17.66, B72(b)–(c)]

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

IFRS 17.67, A, BC307–BC309, Insights 8.1.310.130

a. It appears that the risk of non-performance by the reinsurer is a non-financial risk because it represents the risk that the cedant specifically will suffer a loss in relation to the reinsured risk, which does not meet the definition of financial risk. Changes in the fulfilment cash flows that result from changes in the risk of non-performance of the reinsurer do not relate to future service and are recognised immediately in profit or loss. We believe that the amounts recognised in profit or loss should be included in the insurance service result.

Insights 8.1.310.137

b. There is a risk that actual losses arising from any non-performance by the reinsurer may differ from the current estimate of the unbiased probability-weighted effect of non-performance by the reinsurer. IFRS 17 does not provide specific guidance on how to account for any compensation required by an entity for bearing this uncertainty. It appears that an entity should choose an accounting policy, to be applied consistently, to either include or exclude the compensation it requires for bearing the risk that the actual effect of non-performance by the reinsurer may differ from the unbiased probability-weighted effect of non-performance by the reinsurer when measuring the fulfilment cash flows of groups of reinsurance contracts held.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

v. Measurement – Contracts not measured under the PAA (continued)

Reinsurance contracts (continued)

- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under (viii)) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

[IFRS 17.66A, B119C–B119D]

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts.

[IFRS 17.B95B]

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts.

[IFRS 17.B95C]

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase (see (A)(i)).

[IFRS 17.B95D, B119E]

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

[IFRS 17.66B]

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under (viii)).

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

vi. Measurement – Contracts measured under the PAA

IFRS 17.97(a), [IFRS 17.53, 69–70]

In the non-life segment, the Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- *Insurance contracts:* The coverage period of each contract in the group is one year or less. Some of these contracts provide compensation for the cost of rebuilding or repairing a property after a fire; for these contracts, the Group determines the insured event to be the occurrence of a fire and the coverage period to be the period in which a fire can occur for which a policyholder can make a valid claim.[a]
- *Loss-occurring reinsurance contracts:* The coverage period of each contract in the group is one year or less.
- *Risk-attaching reinsurance contracts:* Contracts with a coverage period greater than one year for which the Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in (v). The assessment of 'not differing materially' is quantitatively evaluated by comparing projections of the assets for remaining coverage under the PAA with those calculated applying the accounting policies in (v) across the full duration of the contract group. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.
  - **Materiality Assessment:** This assessment involves an analysis of the projected release patterns of the asset for remaining coverage to profit or loss and considers the effects of the time value of money and a variety of reasonably possible scenarios. The Group considers the projected differences at every quarter-end over the duration of the group of contracts to determine expected differences in assets for remaining coverage between the PAA and the accounting policies in (v).
  - **Threshold for Materiality:** A difference exceeding the greater of [x]% and EUR [y] million between the assets for remaining coverage at any quarter-end is considered material and to indicate that significant variability in the fulfilment cash flows is expected before a claim is incurred, therefore failing the 'not differ materially' test.
- *Contracts acquired in their settlement period:* Groups of insurance contracts acquired in their claims settlement period, for which the claims are expected to develop over less than one year. Groups of contracts acquired in their settlement period are assessed as new contracts by the Group at the date of acquisition. The insured event for these contracts is the discovery of the ultimate claims amount.

Contracts that do not meet the above criteria, including groups of insurance contracts acquired in their claims settlement period for which the claims are expected to develop over more than one year, are measured under the accounting policies in (v).

IFRS 17.117, Insights 8.1.100.40–70

a. It appears that different interpretations of what the insured event is for these types of contracts are possible when applying IFRS 17. Therefore, an entity should exercise judgement to develop an accounting policy, to be applied consistently to similar transactions and over time, to treat its obligation to pay amounts subject to insurance risk after the occurrence of an insured event either as part of:

- the liability for remaining coverage (consistent with the insured event being identified as the determination of the claims for the cost of rebuilding or repairing the damaged property); or
- the liability for incurred claims (consistent with the insured event being identified as the occurrence of a fire),

in a way that reflects the insurance service provided by the entity to the policyholder under such contracts. The accounting policy may affect the determination of the coverage period and hence may also impact the measurement model – e.g. whether a group of contracts qualifies for the PAA. Whichever approach is chosen, the entity discloses significant judgements made in applying IFRS 17.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

vi. Measurement – Contracts measured under the PAA (continued)

Insurance contracts measured under the PAA

IFRS 17.97(c), [IFRS 17.55(a), 59(a), B66A]

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)). The Group has chosen not to expense insurance acquisition cash flows when they are incurred.[a]

IFRS 17.97(b), [IFRS 17.55(b)–56]

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided (see (viii)) and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

IFRS 17.97(b), [IFRS 17.57–58]

If at any time during the coverage period facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).

IFRS 17.97(b), [IFRS 17.59(b), B72(a)]

The Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts measured under the PAA

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

[IFRS 17.70A]

If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under (v)) is created for a group of reinsurance contracts measured under the PAA, then the Group adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

IFRS 17.59(a)

a. For contracts measured under the PAA, if the coverage period for each contract in a group is one year or less, then an entity may choose to expense insurance acquisition cash flows when they are incurred, instead of including them in the measurement of the liability for remaining coverage.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

vii. Derecognition and contract modification

[IFRS 17.74(a)]

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

[IFRS 17.72–73, 74(b)]

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group generally treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

[IFRS 17.76]

For a group of contracts not measured under the PAA, a contract is derecognised from the group of contracts by making the following adjustments:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component or where the group has no remaining coverage period; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see (viii)).

[IFRS 17.77]

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous or where the group has no remaining coverage period.

[IFRS 17.77]

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

For a group of contracts measured under the PAA, a contract is derecognised from the group by removing the portion of the carrying amount of the group that relates to the rights and obligations extinguished. The difference between the carrying amount derecognised and any consideration paid is recognised in profit or loss.[a]

viii. Presentation

[IFRS 17.78–79]

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

Insights 8.1.290.142 a. IFRS 17 provides no specific guidance on accounting for the derecognition of a contract included in a group to which the PAA is applied. It appears that an entity should choose an accounting policy, to be applied consistently, to:

- derecognise the liability for remaining coverage (and liability for incurred claims, if there are any) of a contract that meets the derecognition criteria in paragraph 74 of IFRS 17 and recognise a gain or loss equal to the difference between the liability that is extinguished and the amount refunded to the policyholder (or the premium that would have been received for a new contract in the case of a contract modification or the amount paid to a third party in the case of a transfer); or
- adjust the liability for remaining coverage of the group to reflect the amount refunded to the policyholder (or the premium that would have been received for a new contract in the case of a contract modification or the amount paid to a third party in the case of a transfer) other than for settlement of incurred claims.

The Group has applied the former accounting policy.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

viii. Presentation (continued)

[IFRS 17.80]

The Group disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

[IFRS 17.82, 86]

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

IFRS 17.117(c)(ii), [IFRS 17.81]

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk that relate to current or past services are included in the insurance service result.

[IFRS 17.85]

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue – Contracts not measured under the PAA

[IFRS 17.83, B121–B124]

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment (see Notes 19(C) and 30(F)(i)).

[IFRS 17.83, B121(b), B125]

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.[a]

IFRS 17.B125, Insights 8.1.410.40–45

a. It appears that 'a systematic way based on the passage of time' does not require an approach that is purely straight-line over the coverage period of a group. Therefore, there may be other ways to reflect the passage of time and a systematic method might also consider other factors (e.g. the number of contracts expected to remain in force or coverage units). We believe that an entity should choose an approach that allocates the portion of premium that relates to recovering those cash flows in such a way that it reflects the passage of time and is determined in a systematic way. A systematic way does not preclude reflecting the time value of money in the allocation over time.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

viii. Presentation (continued)

Insurance revenue – Contracts not measured under the PAA (continued)

Release of the CSM

See also Note 30(F)(ii).

[IFRS 17.B119] The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

[IFRS 17.A, B119B] Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life savings contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Group expects to perform investment activities to generate that investment return.

[IFRS 17.B119A] The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue – Contracts measured under the PAA

[IFRS 17.B126] For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period on the following bases:

- *certain property contracts:* the expected timing of incurred insurance service expenses; and
- *other contracts:* the passage of time.

Loss components

[IFRS 17.47–50(a)] For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

[IFRS 17.IE93, IE96] The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

[IFRS 17.50(b)] Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

viii. Presentation (continued)

Insurance service expenses

[IFRS 17.84–85, B123A, B125]

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- *Incurred claims and other insurance service expenses:* For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.[a]
- *Amortisation of insurance acquisition cash flows:* For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.[b]

Net expenses from reinsurance contracts

[IFRS 17.86]

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

[IFRS 17.66(ba)–(c), 66A–66B, B119F]

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

IFRS 17.83–84, B120, Insights 8.1.410.60

a. Some insurance contracts waive premiums as a result of an insured event, such as a critical illness or disability. To the extent that a premium waiver results from an insured event, it is a claim. IFRS 17 requires an entity to recognise insurance service expenses for claims incurred in the period regardless of whether those claims are settled gross in cash or net of premiums due. Accordingly, it appears that a premium waiver that is conditional on an insured event is part of the services provided under the contract and the amount of premium waived should be considered in calculating both insurance revenue and insurance service expenses in the period.

IFRS 1728E–28F, Insights 8.1.420.20

b. An entity recognises an impairment loss or reversal of an impairment loss related to any assets for insurance acquisition cash flows in profit or loss applying IFRS 17.28E-28F. IFRS 17 does not specify whether such an impairment loss or reversal is part of insurance service expenses. It appears that these impairment losses or reversals should be presented as part of insurance service expenses because insurance acquisition cash flows are expenses that arise from issuing insurance contracts.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

viii. Presentation (continued)

Net expenses from reinsurance contracts (continued)

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance finance income and expenses

[IFRS 17.87, B128(c)]

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see (v)). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).[a]

IFRS 17.118, [IFRS 17.88(b)]

For life risk and life savings contracts, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI.[b] The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

[IFRS 17.B131]

- *life risk contracts:* the discount rates determined on initial recognition of the group of contracts; and

[IFRS 17.B132(a)(i), (c)(i)]

- *life savings contracts:* for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

[IFRS 17.91(a)]

Amounts presented in OCI are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment.[c]

[IFRS 17.87A, 88(a), 89(a), B117A]

For participating and non-life contracts, the Group presents insurance finance income or expenses in profit or loss.

IFRS 17.B128(c), BC342A

a. For the purposes of IFRS 17, changes in the measurement of a group of insurance contracts caused by changes in the value of underlying items (excluding additions and withdrawals) are changes arising from the effects of the time value of money and financial risk and changes therein. This includes underlying items that are not solely financial in nature (e.g. insurance contracts).

IFRS 17.B129, IAS 8.13

b. The accounting policy choice whether to disaggregate insurance finance income or expenses between profit or loss and OCI is made for each portfolio of insurance or reinsurance contracts. The Group selects and applies consistent accounting policies for similar portfolios of contracts. In assessing whether portfolios of contracts are similar, the Group considers for each portfolio the assets that it holds and how it accounts for them.

IFRS 17.91(b)

c. The Group does not disaggregate insurance finance income or expenses from direct participating contracts between profit or loss and OCI. When an entity derecognises a direct participating contract as a result of a transfer to a third party or a contract modification, it does not reclassify to profit or loss any remaining amounts for the contract that were previously recognised in OCI.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

ix. Transition

IFRS 17.115

The Group's transition approaches applied at the date of transition to IFRS 17 (1 January 2022) continue to impact a significant part of how the CSM balance as at 31 December 2024 and 31 December 2023 has been determined. The accounting policies for how the CSM on the date of transition was determined for groups measured applying the modified retrospective approach and the fair value approach are summarised below.

Contracts without direct participation features – Modified retrospective approach

The Group applied the following modifications to certain groups of contracts.

[IFRS 17.C12]

- For groups of contracts issued, initiated or acquired between 2004 and 2015, the future cash flows on initial recognition were estimated by adjusting the amount at 1 January 2016 or an earlier date (determined retrospectively) for the cash flows that were known to have occurred before that date. The earliest date on which future cash flows could be determined retrospectively for any group of contracts was 1 January 2012.

[IFRS 17.C13(b)]

- For groups of contracts issued, initiated or acquired between 2004 and 2011 (except for some groups of immediate fixed annuity contracts issued before 2007), the illiquidity premiums applied to the risk-free yield curves on initial recognition were estimated by determining an average spread between the risk-free yield curves and the discount rates determined retrospectively for the period between 1 January 2012 and 1 January 2022.

[IFRS 17.C14]

- For some groups of contracts, the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk was determined with reference to the release of risk for similar contracts that the Group issued at 1 January 2022.

When any of these modifications were used to determine the CSM (or the loss component) on initial recognition:

[IFRS 17.C15(b)]

- the amount of the CSM recognised in profit or loss before 1 January 2022 was determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022; and

[IFRS 17.C16]

- the amount allocated to the loss component before 1 January 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

Direct participating contracts – Modified retrospective approach

[IFRS 17.C17–C17A]

For certain groups of contracts issued or acquired between 2004 and 2015, the Group determined the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows.

- The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:
  - amounts charged to the policyholders (including charges deducted from the underlying items) before 1 January 2022;
  - amounts paid before 1 January 2022 that would not have varied based on the underlying items;
  - the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which was estimated based on an analysis of similar contracts that the Group issued at 1 January 2022; and
  - insurance acquisition cash flows arising before 1 January 2022 that were allocated to the group.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Insurance and reinsurance contracts (continued)

ix. Transition (continued)

Direct participating contracts – Modified retrospective approach (continued)

If the calculation resulted in a CSM, then the Group measured the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 was determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022.

If the calculation resulted in a loss component, then the Group adjusted the loss component to zero and increased the liability for remaining coverage excluding the loss component by the same amount at 1 January 2022.

Reinsurance of onerous underlying contracts – Modified retrospective approach

[IFRS 17.C16A] For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. For some groups of contracts measured under the modified retrospective approach, the Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Group expected to recover from the reinsurance contracts.

[IFRS 17.C16C] For reinsurance contracts initiated or acquired between 2004 and 2006, the Group did not identify a loss-recovery component because it did not have reasonable and supportable information to do so.

Insurance and reinsurance contracts – Fair value approach

[IFRS 17.C20] Under the fair value approach, the CSM (or the loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

[IFRS 17.C21(a)–(c), C22(b)] For all contracts measured under the fair value approach, the Group used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts without direct participation features (see Note 30(F)(i)).

[IFRS 17.C23] Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

[IFRS 17.C20A] For groups of reinsurance contracts covering onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. The Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Group expected to recover from the reinsurance contracts.

See Note 30(F)(iv) for how the Group measured the fair value of groups of insurance and reinsurance contracts at transition.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

F. Investment contracts and collective investment schemes

[IFRS 15.7]

Investment contracts comprise unit-linked and other investment-linked contracts that do not transfer significant insurance risk (see (D)). Such contracts are separated into two components: a financial liability (investment contract) and an investment management service contract. Recurring fees are conditional on the provision of investment management services and are attributed to the investment management service contract component. If an amount received from a customer exceeds the fair value of the investment contract issued, then the excess is attributed to the investment services component as an up-front fee.

Group entities also charge recurring fees for investment management services to a number of collective investment schemes. Interests in consolidated funds held by unrelated third parties are classified as financial liabilities (see (G)(vi)).

i. Financial liabilities

[IFRS 9.3.1.1, 3.3.1]

The Group recognises a financial liability, representing its contractual obligation to pass on the return on the underlying investments after the deduction of investment management fees (see (ii)), when the Group becomes a party to the contractual provisions. It derecognises the financial liability when the obligations specified in the contract expire or are discharged or cancelled. Amounts collected and paid that are attributable to the financial instrument component are adjusted against the financial liability.

IFRS 7.B5(a), [IFRS 13.47]

Financial liabilities arising from investment contracts and third party interests in consolidated funds are designated as at FVTPL on initial recognition. This is because these liabilities as well as the related assets are managed and their performance is evaluated on a fair value basis (see (G)(ii)). The fair value is the amount payable on demand because the holders can cancel their contracts at any time after contract inception.

ii. Investment management service contracts

[IFRS 15.31, 46, B43]

Recurring fees are calculated and recognised as revenue on a daily basis. Non-refundable up-front fees give rise to material rights for future investment management services and are recognised as revenue over the period for which a customer is expected to continue receiving investment management services. For more information, see Note 12.

Incremental contract costs

IFRS 15.127, [IFRS 15.91–92, 99, 101]

Commissions and fees paid to brokers for securing new customers are generally recognised as assets ('contract costs'), unless the Group does not expect to recover these costs. Contract costs are amortised over the estimated duration of the contracts on a straight-line basis and are reviewed for impairment regularly. They are included in 'other assets' in the statement of financial position and the amortisation and any impairment losses thereon are included in 'other operating expenses' in profit or loss.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

IFRS 7.21

G. Financial assets and financial liabilities

i. Recognition and initial measurement

IFRS 7.B5(c), [IFRS 9.3.1.1–3.1.2, B3.1.3–B3.1.6]

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

[IFRS 9.5.1.1]

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Classification

[IFRS 9.4.1.1]

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

[IFRS 9.4.4.1, 5.6.1]

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

[IFRS 9.4.1.2]

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

[IFRS 9.4.1.2A]

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

[IFRS 9.4.1.4, 5.7.5]

The Group elects to present changes in the fair value of certain equity investments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

[IFRS 9.4.1.4–4.1.5]

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

IFRS 7.B5(aa)

The Group has designated certain debt investments in the participating and non-life segments as at FVTPL on initial recognition, because they relate to insurance contracts that are measured in a way that incorporates current information and all related insurance finance income and expenses are recognised in profit or loss. The assets would otherwise be measured at FVOCI.

[IAS 28.18]

The Group's interests in some associates are underlying items of participating contracts. The Group has elected to measure these investments at FVTPL because it manages them on a fair value basis.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

ii. Classification and subsequent measurement (continued)

[IFRS 9.B4.1.1]

Business model assessment[a]

[IFRS 9.B4.1.2]

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets[b] because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

[IFRS 9.B4.1.2B–B4.1.2C, B4.1.4A, B4.1.5]

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.[c]

[IFRS 9.B4.1.4C.Ex7]

For a majority of debt investments, the objective of the Group's business model is to fund insurance contract liabilities. The Group undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Group determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Certain debt securities are held in separate portfolios for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

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a. Entities disclose specific information about their business model assessment, including key judgements. Some examples of entity-specific information that may be relevant include how the entity:
- determines the appropriate level of aggregation at which the business model is applied;
- determines whether past and expected future sales are infrequent and insignificant;
- assesses whether sales from a held-to-collect portfolio are made due to an increase in the asset's credit risk or close to maturity, such that they are consistent with the held-to-collect business model; and
- applies the business model assessment to specific portfolios.

IFRS 9.B4.1.1–B4.1.2, Insights 7.4.70.30

b. The objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather is determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business or businesses. A single reporting entity may have more than one business model for managing its financial instruments.

Insights 7.4.110.15

c. IFRS 9 does not provide specific guidance for the business model assessment for portfolios of financial assets for which the entity's objectives include selling some of those financial assets to third parties in transactions that do not qualify for derecognition of the sold assets. In our view, whether such a portfolio is considered consistent with a held-to-collect business model depends on the circumstances.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

ii. Classification and subsequent measurement (continued)

Business model assessment (continued)

[IFRS 9.B4.1.6]

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts and portfolios of financial assets that are held for trading, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

[IFRS 9.B4.1.7]

Assessment of whether contractual cash flows are SPPI[a]

[IFRS 9.4.1.3(a), B4.1.7B]

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

[IFRS 9.4.1.3(b), B4.1.7A, B4.1.9A–B4.1.9E]

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

[IFRS 9.B4.1.9–B4.1.17]

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

[IFRS 9.B4.1.11(b), B4.1.12–B4.1.12A]

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

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a. Entities disclose significant judgements that they have made in determining whether the SPPI criterion is met for specific financial assets. The disclosures reflect the particular circumstances of the entity. For example, for some entities such judgements may include:

- how the entity carries out an assessment of whether the modified time value of money is consistent with the SPPI criterion;
- how the entity assesses whether a prepayment penalty is reasonable; and
- judgements made to determine whether particular assets are contractually linked instruments and whether they meet the SPPI criterion.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

ii. Classification and subsequent measurement (continued)

Assessment of whether contractual cash flows are SPPI (continued)

Some prepayment features permit the debtor to prepay the debt instrument at an amount calculated as the remaining contractual cash flows discounted at the current market benchmark interest rate plus a fixed spread. The Group has determined that these prepayment features are consistent with the SPPI criterion. Because the Group would be compensated only for the change in the market benchmark interest rate and for lost interest margin, the prepayment penalty would not include any non-SPPI risks and may be seen as reasonable compensation.

IFRS 7.B5(e)

Subsequent measurement and gains and losses

[IFRS 9.5.7.1]	**Financial assets at FVTPL**	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges (see (B)(iii)).
[IFRS 9.5.7.10–5.7.11, B5.7.1A]	**Debt investments at FVOCI**	Measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
[IFRS 9.5.7.1A, 5.7.5–5.7.6, B5.7.1, B5.7.3]	**Equity investments at FVOCI**	Measured at fair value. Dividends are recognised as income in profit or loss when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.[a]
[IFRS 9.5.7.2]	**Financial assets at amortised cost**	Measured at amortised cost under the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

[IFRS 9.5.B5.7.1, BC5.26] a. In this guide, the Group has elected to transfer cumulative gains and losses recognised in OCI to retained earnings on disposal of an investment in an equity instrument. However, IFRS 9 does not contain specific requirements on such a transfer and so other approaches are possible.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

ii. Classification and subsequent measurement (continued)

Financial liabilities

Classification

[IFRS 9.4.2.1]

The Group classifies its financial liabilities, other than financial guarantees (see (vii)), into one of the following categories:

- financial liabilities at FVTPL, and within this category as:
  - held-for-trading;
  - derivative hedging instruments; or
  - designated as at FVTPL; and
- financial liabilities at amortised cost.

IFRS 7.B5(a), [IFRS 9.4.2.2(b)]

The Group has designated investment contract liabilities and third party interests in consolidated funds as at FVTPL on initial recognition. This is because these liabilities as well as the related assets are managed and their performance is evaluated on a fair value basis.

[IFRS 9.B5.7.15(a)]

All investment contract liabilities and third party interests in consolidated funds have a unit-linking feature whereby the amount due to contract holders is contractually determined on the basis of specified assets. The effect of the unit-linking feature on the fair value of the liability is asset-specific performance risk and not credit risk, and the liabilities are fully collateralised. The Group has determined that any residual credit risk is insignificant and has not had any impact on the fair value of the liabilities.

IFRS 7.B5(e)

Subsequent measurement and gains and losses

[IFRS 9.4.2.1(a), 5.7.1]	**Financial liabilities at FVTPL**	Measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges (see (B)(iii)).
[IFRS 9.5.7.2]	**Financial liabilities at amortised cost**	Measured at amortised cost under the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Interest on financial instruments

[IFRS 9.5.4.1, A]

Interest income and expenses are recognised in profit or loss under the effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

[IFRS 9.B5.4.5]

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

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Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

ii. Classification and subsequent measurement (continued)

Interest on financial instruments (continued)

[IFRS 9.A] The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation under the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The gross carrying amount of a financial asset is its amortised cost before adjusting for any loss allowance.

[IFRS 9.5.4.1, A]	**Financial assets not credit-impaired on initial recognition**	If the financial asset is not credit-impaired, then interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the asset, but not ECL.
[IFRS 9.5.4.1(b)–5.4.2]		If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For information on when financial assets are credit-impaired, see (iii).
[IFRS 9.5.4.1(a), A]	**Financial assets credit-impaired on initial recognition**	Interest income is calculated by applying a credit-adjusted effective interest rate to the amortised cost of the asset. The credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.
[IFRS 9.A]	**Financial liabilities**	Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the liability.

[IFRS 9.A] The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

[IFRS 9.5.4.1] Interest revenue calculated under the effective interest method and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

ii. Classification and subsequent measurement (continued)

Derivatives, including embedded derivatives

[IFRS 9.4.1.4, 4.2.1(a), 5.7.1]

Derivatives, including embedded derivatives separated from their host contracts, are classified as held-for-trading, unless they form part of a qualifying net investment hedging relationship (see (B)(iii)). They are measured at fair value with changes in fair value recognised in profit or loss.

[IFRS 9.4.3.2]

Derivatives may be embedded in another contractual arrangement (a host contract). When the host contract is a financial asset in the scope of IFRS 9, the hybrid financial instrument as a whole is assessed for classification and the embedded derivative is not separated from the host contract.

[IFRS 9.2.1(e)]

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract (see (E)(i)).

[IFRS 9.4.3.3, B4.3.8(h)]

For other contracts, the Group accounts for an embedded derivative separately from the host contract when:

- the hybrid contract is not measured at FVTPL;
- the terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. In particular, an embedded derivative is closely related to a host insurance contract if they are so interdependent that the embedded derivative cannot be measured separately – i.e. without considering the host contract.

iii. Impairment

See also Note 6(E)(iv).

[IFRS 9.2.1(b)(i), 5.5.1]

The Group recognises loss allowances for ECL on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- lease receivables.

[IFRS 9.5.5.3, 5.5.5, 5.5.15–5.5.16]

The Group measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.[a]

IFRS 9.5.5.15–5.5.16

a. For trade receivables and contract assets under IFRS 15 without a significant financing component and those to which the practical expedient in paragraph 63 of IFRS 15 has been applied, an entity is required to measure the loss allowance at an amount equal to lifetime ECL. For trade receivables and contract assets under IFRS 15 with a significant financing component and for lease receivables, an entity can choose as an accounting policy either to apply the general model for measuring the loss allowance or always to measure the loss allowance at an amount equal to lifetime ECL. The Group has chosen the latter policy for its lease receivables and does not have any trade receivables or contract assets.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

iii. Impairment (continued)

[IFRS 9.A]

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

[IFRS 9.5.5.19, B5.5.38]

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

[IFRS 9.5.5.17, A, B5.5.28–B5.5.33]

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

IFRS 7.35F(d), 35G(a)(iii), [IFRS 9.A]

At each reporting date, the Group assesses whether financial assets measured at amortised cost, debt investments at FVOCI and lease receivables are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

iii. Impairment (continued)

Credit-impaired financial assets (continued)

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowances in the statement of financial position

[IFRS 9.5.5.1–5.5.2]

Loss allowances for ECL are presented as follows:

- *financial assets measured at amortised cost:* the loss allowance is deducted from the gross carrying amount of the assets; and
- *debt investments measured at FVOCI:* the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

Write-off

IFRS 7.35F(e), [IFRS 9.5.4.4]

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

iv. Derecognition and contract modification

Financial assets

[IFRS 9.3.2.3–3.2.6]

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.[a]

IFRS 7.42A, BC65S, Insights 7.10.700.40

a. The definition of 'transfer' in IFRS 9 for the purpose of determining whether a financial asset should be derecognised is different from the one in IFRS 7 for the purposes of disclosures about transfers of financial assets.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

iv. Derecognition and contract modification (continued)

Financial assets (continued)

[IFRS 9.3.2.12, 5.7.10, B5.7.1]

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. For debt investments at FVOCI, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. The cumulative gain or loss on equity investments designated as at FVOCI is not reclassified to profit or loss.

[IFRS 9.3.2.6(b)]

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions (see Note 6(E)(iii)).

[IFRS 9.3.2.6(c)(ii)]

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

[IFRS 9.B5.5.25]

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows.

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual cash flows rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 'Write-off' under (iii)).

[IFRS 9.5.4.3, B5.4.5]

If a financial asset measured at amortised cost or FVOCI is modified but not substantially, then the financial asset is not derecognised. The Group recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. If such a modification is carried out because of financial difficulties of the borrower (see (iii)), then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue.[a] Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Insights 7.7.358, 10.60.50

a. There is no guidance in IFRS 9 on the line item in the statement of profit or loss and OCI in which gains or losses on the modification of financial assets should be presented. Accordingly, an entity exercises judgement to determine an appropriate presentation for the gain or loss.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

iv. Derecognition and contract modification (continued)

Financial liabilities

[IFRS 9.3.3.1–3.3.2]

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

[IFRS 9.3.3.3]

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

[IFRS 9.3.3.5]

Notwithstanding the above, when, and only when, the Group repurchases its financial liability and includes it as an underlying item of direct participating contracts, the Group may elect not to derecognise the financial liability. Instead, the Group may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at FVTPL. This election is irrevocable and is made on an instrument-by-instrument basis.

[IFRS 9.B3.3.6A, B5.4.5, BC4.253]

If a financial liability measured at amortised cost is modified but not substantially, then it is not derecognised. The Group recalculates the amortised cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognises any resulting adjustment to the amortised cost as a modification gain or loss in 'other finance costs' in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability.

v. Cash and cash equivalents

[IAS 7.46]

Cash and cash equivalents include cash balances and term deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

[IAS 7.8]

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

vi. Capital instruments

[IAS 32.15]

The Group classifies capital instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Group's redeemable preference shares are classified as financial liabilities, because they are mandatorily redeemable on maturity and bear non-discretionary coupons. They are measured at amortised cost and are included within 'loans and borrowings' in the statement of financial position.

The Group consolidates certain funds over which it has control. The units in these funds are redeemable at any time at the option of the holder. Accordingly, interests in the consolidated funds held by unrelated third parties are classified as financial liabilities. The Group has designated these liabilities as at FVTPL on initial recognition.

The accounting policies for capital instruments classified as equity are set out in (R).

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

G. Financial assets and financial liabilities (continued)

vii. Financial guarantees issued

[IFRS 9.A]

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make a payment when it is due in accordance with the terms of a debt instrument.

[IFRS 9.2.1(e)(ii), 17.7(e)]

Financial guarantees issued by the Group are accounted for as insurance contracts and are included in 'insurance contract liabilities' (see (E)).

viii. Offsetting

[IAS 32.42]

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

[IAS 1.32–35]

Income and expenses are presented on a net basis only when it is required or permitted by an accounting standard – e.g. gains and losses arising from a group of similar transactions such as the gains and losses on financial assets measured at FVTPL.

H. Revenues

Revenues comprise:

- insurance revenue (see (E)(viii));
- interest revenue calculated under the effective interest method (see (G)(ii));
- other investment revenue, which includes net gains on financial assets at FVTPL and derivatives that do not form part of qualifying hedging relationships, net gains on derecognition of debt investments at FVOCI, dividends on equity investments, and lease income and fair value gains from investment and owner-occupied properties (see (G)(ii), (M) and (N)(i)); and
- revenue from investment management services (see (F)(ii)).

I. Other finance costs

Other finance costs comprise:

- interest expenses and exchange differences on financial liabilities measured at amortised cost, including dividends on preference shares classified as financial liabilities and interest on lease liabilities (see (G)(ii) and (S)(i));
- unwinding of the discount on provisions (see (Q)); and
- the ineffective portion of the changes in the fair value of hedging instruments in net investment hedges and costs of hedging reclassified from OCI (see (B)(iii)).

J. Earnings per share

[IAS 33.10, 31]

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS are determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

K. Employee benefits

i. Defined contribution plans

[IAS 19.28, 51]

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

[IAS 19.57, 83]

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

[IAS 19.63–64, 67, IFRIC 14.23–24]

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

[IAS 19.122–123, 127–130]

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at that date, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

[IAS 19.103, 109–110, 120(a)]

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan in profit or loss when the settlement occurs.

iii. Other long-term employee benefits

[IAS 19.155–156]

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

iv. Termination benefits

[IAS 19.165]

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

v. Short-term employee benefits

[IAS 19.11]

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

K. Employee benefits (continued)

vi. Share-based payment arrangements

[IFRS 2.14–15, 19–21A]

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

[IFRS 2.30, 32]

The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

L. Income tax

[IAS 12.58]

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and has therefore accounted for them under the accounting policies in (Q).[a]

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.[b]

i. Current tax

[IAS 12.2, 12, 46, IFRIC 23.11]

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if there is any. It is measured using tax rates enacted or substantively enacted at the reporting date.

[IAS 12.57A, 32.35A]

Current tax also includes any tax arising from dividends to shareholders. The Group recognises the income tax consequences of dividends according to where it originally recognised the past transactions or events that generated distributable profits – i.e. profit or loss, OCI or equity.

[IAS 12.71]

Current tax assets and liabilities are offset only if certain criteria are met.

Insights 3.13.45.10 a. Interest and penalties related to income taxes are not explicitly included in the scope of IAS 12. The IFRS Interpretations Committee discussed the accounting for interest and penalties related to income taxes and noted that an entity first considers whether interest or a penalty itself is an income tax. If so, then it applies IAS 12. If the entity does not apply IAS 12, then it applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to that amount. The Committee also noted that this is not an accounting policy choice – i.e. an entity needs to apply judgement based on the specific facts and circumstances.

Insights 3.13.43.20 b. Pillar Two top-up taxes are determined based on taxable profit or loss in a specific jurisdiction. They are included in the consolidated financial statements of the ultimate parent entity, before eliminating intra-group items and after making other adjustments – i.e. top-up taxes are levied on a net amount. Therefore, in our view all Pillar Two top-up taxes levied by tax authorities are generally income taxes in the scope of IAS 12.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

L. Income tax (continued)

ii. Deferred tax

[IAS 12.15, 24, 39, 44]

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction (i) affects neither the accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

[IAS 12.56]

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; these reductions are reversed when the probability of future taxable profits improves.

[IAS 12.37]

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

[IAS 12.47, IFRIC 23.11]

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

[IAS 12.51, 51C]

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

[IAS 12.74]

Deferred tax assets and liabilities are offset only if certain criteria are met.

M. Investment property

IAS 40.75(a), [IAS 40.7, 33, 35]

Investment property is measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss.

[IFRS 16.81]

Lease income from investment property is recognised as 'other investment revenue' on a straight-line basis over the lease term.

[IAS 40.69]

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

N. Property and equipment

i. Owner-occupied property measured at fair value

[IAS 16.29A–29B, 40.7, 33, 35]

When owner-occupied property is held as an underlying item of direct participating contracts, it is measured initially at cost and subsequently at fair value, with any change therein recognised in profit or loss.

[IAS 16.29A–29B, 40.69]

Any gain or loss on disposal of owner-occupied property measured at fair value (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

ii. Other property and equipment owned

Recognition and measurement

IAS 16.73(a), [IAS 16.15, 30]

Other items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

[IAS 16.43–44]

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

[IAS 16.67, 71]

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

[IAS 16.13]

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

IAS 16.73(b), [IAS 16.48–49, 53, 58, 60]

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values under the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

IAS 16.73(c)

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

- land and buildings: 50 years;
- IT equipment: 3–5 years; and
- fixtures and fittings: 5–10 years.

[IAS 16.51]

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iii. Leased property and equipment

See (S)(i).

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

O. Intangible assets and goodwill

i. Recognition and measurement

[IAS 38.107–108]	**Goodwill**	Goodwill arising on the acquisition of subsidiaries is measured at cost (see (A)(i)) less accumulated impairment losses.
[IAS 38.74]	**Software**	Software is measured at cost less accumulated amortisation and accumulated impairment losses.
[IAS 38.57, 66]		Expenditure on internally developed software is recognised as an asset only if the Group can demonstrate the technical feasibility to complete the development of the software, its intention and the availability of resources to complete the development and to use the software, and its ability to use the software in a manner that will generate probable future economic benefits and to measure the expenditure reliably.
[IAS 38.18, 20]		Subsequent expenditure on internally developed software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.
[IAS 38.74]	**Customer relationships**	Customer relationships that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These assets include the management service rights for investment contracts acquired, access to distribution networks and customer lists.

ii. Amortisation

[IAS 38.97, 99–100] Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives, and is generally recognised in profit or loss. None of the intangible assets are assumed to have a residual value. Goodwill is not amortised.

IAS 38.118(a)–(b), [IAS 38.97] The estimated useful lives of intangible assets and the amortisation methods for the current and comparative periods are as follows.

Software	3–5 years under the straight-line method from the date the software is available for use.
Investment management service rights	3–10 years, being the expected remaining terms of the investment contracts, on a basis that is consistent with the recognition of the related revenue.
Other customer relationships	2–6 years under the straight-line method.

IAS 38.118(d) Amortisation is recognised in 'insurance service expenses' if it is directly attributable to insurance acquisition activities or other fulfilment activities (see Note 30(F)(i)); otherwise, it is recognised in 'other operating expenses'.

[IAS 38.104] The useful lives and amortisation methods are reviewed at each reporting date and adjusted if appropriate.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

P. Impairment of non-financial assets

[IAS 36.9–10]

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than insurance and reinsurance contract assets, investment property, deferred tax assets and employee benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

[IAS 36.22, 80]

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

[IAS 36.102]

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

[IAS 36.6, 18, 30]

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

[IAS 36.59]

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

[IAS 36.104]

Impairment losses are recognised in profit or loss. Impairment losses recognised for a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

[IAS 36.117, 122, 124]

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Q. Provisions

[IAS 37.14]

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

[IAS 37.45, 47]

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as 'other finance costs'.

[IAS 37.72]

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

R. Share capital

i. Issue of shares

[IAS 32.15–16, 35] The Group classifies capital instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's ordinary shares and non-redeemable preference shares are presented as components of issued capital within equity, because they are not redeemable by holders and bear an entitlement to distributions that is non-cumulative and at the discretion of the board of directors. Distributions thereon are recognised in equity.

[IAS 32.35] Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

ii. Repurchase and reissue of shares

[IAS 32.33] Generally, when shares recognised as equity are repurchased, the amount of the consideration paid, which includes incremental costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

[IAS 32.33A] However, when, and only when, the Group reacquires its own equity instrument and includes the share as an underlying item of direct participating contracts, the Group may elect not to deduct the reacquired instrument from equity and instead account for the reacquired instrument as if it were a financial asset and measure it at FVTPL. This election is irrevocable and is made on an instrument-by-instrument basis.

S. Leases

[IFRS 16.9, B9] At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration – i.e. the customer has the rights to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

i. As a lessee

[IFRS 16.22–24] The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

[IFRS 16.29–33] The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

S. Leases (continued)

i. As a lessee (continued)

[IFRS 16.26] The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

IAS 1.112(c) The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

[IFRS 16.27] Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

[IFRS 16.36, 40, 42] The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate;
- a change in the amounts expected to be payable under a residual value guarantee;
- a change in the Group's assessment of whether it will exercise a purchase, extension or termination option; or
- a revised in-substance fixed lease payment.

[IFRS 16.39] When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

IFRS 16.47 The Group presents its right-of-use assets in 'other property and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

IFRS 16.60, [IFRS 16.5–6, 8, B3–B8, BC100] The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

[IFRS 16.61–63] When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. The Group classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

[IFRS 16.81] Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in 'other investment revenue'.

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45. Standards issued but not yet effective

IAS 8.30–31

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new standards in preparing these consolidated financial statements.

The following standards are expected to have a material impact on the Group's financial statements in the period of initial application.

A. IFRS 18 *Presentation and Disclosure in Financial Statements*[a]

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

- *Lack of Exchangeability (Amendments to IAS 21)*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

a. For further information on IFRS 18, see our article and read our publication, First Impressions: Presentation and disclosure.

Appendix I

New accounting standards or amendments for 2024 and forthcoming requirements

Since the September 2020 edition of this guide, a number of accounting standards, and amendments to or interpretations of accounting standards, have been issued. This appendix lists new requirements that have been issued by the IASB as at 31 August 2024 with an effective date of 1 January 2024 or later, and it contains two tables, as follows.

- **New currently effective requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2024.
- **Forthcoming requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied for annual reporting periods beginning after 1 January 2024 and that are available for early adoption in annual periods beginning on 1 January 2024.

The tables also include a cross-reference to further KPMG guidance, as appropriate. All of the effective dates in the tables refer to the beginning of an annual accounting period.

New currently effective requirements

Effective date	New accounting standards or amendments	KPMG guidance
1 January 2024	*Non-current Liabilities with Covenants – Amendments to IAS 1* and *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*	*Insights into IFRS* (2.9.40, 3.1.40, 7.10.50), Article
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	*Insights into IFRS* (5.1.595), Article, Leases – Sale and leaseback
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	*Insights into IFRS* (2.3.193, 7.10.655), Article

Forthcoming requirements

Effective date	New accounting standards or amendments	KPMG guidance
1 January 2025	*Lack of Exchangeability – Amendments to IAS 21*	*Insights into IFRS* (2.7.94 and 2.7.255), Article
1 January 2026	*Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*	*Insights into IFRS* (7.4.175, 7.4.295, 7.4.335, 7.4.372, 7.4.385, 7.6.15, 7.6.65, 7.6.365, 7.10.235, 7.10.357, 7.11.260), Classification of financial assets article, Settlement by electronic payments article
	Annual Improvements to IFRS Accounting Standards – Volume 11	*Insights into IFRS* (7.1.155, 7.7.22), Article
1 January 2027	IFRS 18 *Presentation and Disclosure in Financial Statements*	*Insights into IFRS* (1.2.45, 2.1.15, 2.3.35, 2.3.55, 3.1.15, 4.1.13, 4.1.75, 4.1.95, 4.1.125, 4.1.135, 4.1.145, 4.1.155, 4.1.165, 4.1.175, 4.1.215, 5.8.15, 5.9.45, 5.9.68, 7.10.95), Article, First Impressions[b]
	IFRS 19 *Disclosure Initiative–Subsidiaries without Public Accountability: Disclosures*	*Insights into IFRS* (1.1.203), Article
Available for optional adoption/ effective date deferred indefinitely[a]	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*	

a. The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

b. Our publication First Impressions: Presentation and Disclosure includes a section on special considerations for insurers.

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Keeping in touch

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Whether you are new to IFRS Accounting Standards or a current user, you can find digestible summaries of recent developments, detailed guidance on complex requirements, and practical tools such as illustrative disclosures and checklists.

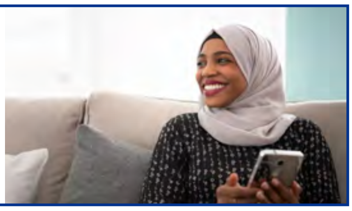
Corporate reporting

IFRS Today
Our latest insights and guidance on IFRS Accounting Standards

ISSB Standards Today
Insights and guidance on IFRS Sustainability Disclosure Standards

ESRS Today
Insights and guidance on European Sustainability Disclosure Standards

Connected Reporting Today
Aligning your strategic, sustainability and financial information



The KPMG view
Exploring topical issues in financial, ESG and connected reporting

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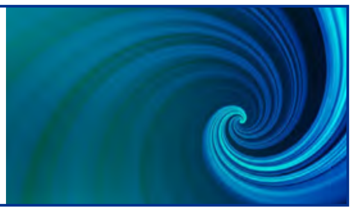

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IFRS Sustainability Disclosure Standards

ESRS
European Sustainability Reporting Standards

Comparing sustainability reporting requirements
Comparing requirements from the ISSB, EU and US SEC

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Our practical guide to IFRS Accounting Standards

Guides to financial statements
Including past guides and sector supplements

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KPMG insights on applying IFRS Accounting Standards

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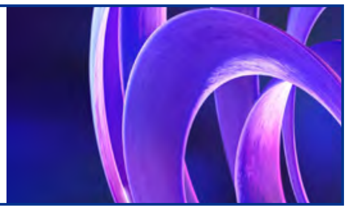

Sectors

Banks

Investment funds

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