



# Insurers' 2025 annual financial statements

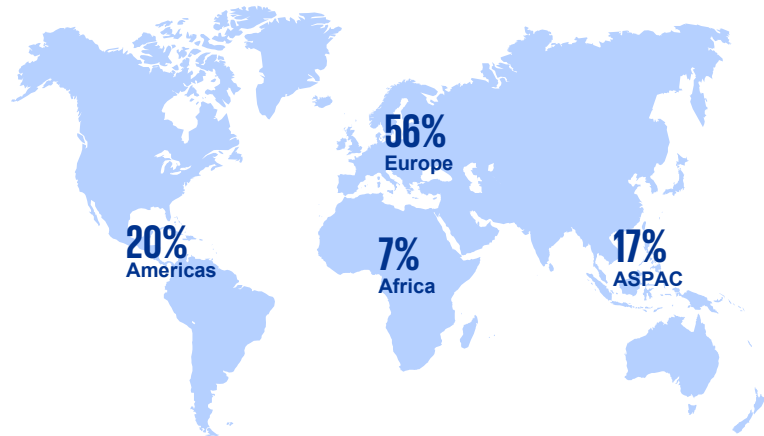
Real-time IFRS 17

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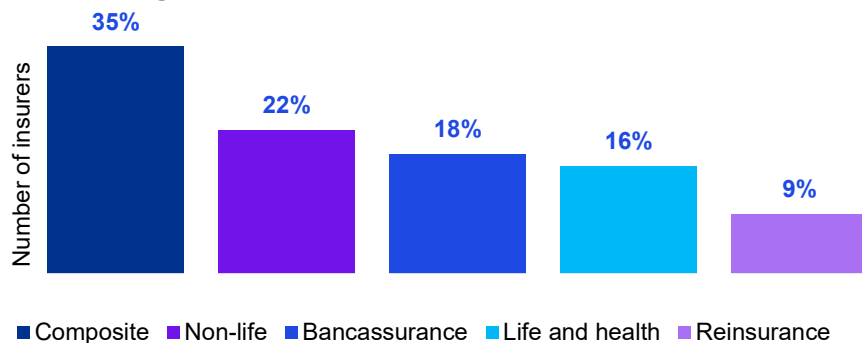
April 2026

# What did we look at?

We have analysed the **2025 annual reports of 55 insurers** reporting for the **third time under IFRS 17 Insurance Contracts** for the year ended 31 December 2025<sup>1</sup>, with the sample distributed globally as illustrated below.



Segment distribution of insurers in the sample



<sup>1</sup> We reviewed the latest annual report of 4 insurers with a 30 June year end.

## Our analysis focused on the following.

### Accounting policies and disclosures

We share our key observations on the insurers' **accounting policies, significant judgements and disclosures** under IFRS 17 and IFRS 9 *Financial Instruments*, including a deep dive into:

- changes in accounting policies and estimates;
- measurement model criteria;
- discount rates;
- contractual service margin (CSM) and coverage units;
- confidence level and risk adjustment for non-financial risk (RA);
- level of aggregation of disclosures; and
- insurance risk related disclosures.

### Key performance indicators (KPIs)

We also share our key observations **on the KPIs reported** by the insurers, including a deep dive into:

- new business CSM;
- combined ratios; and
- operating profit.



For more information, visit and bookmark our [Real-time IFRS 17 page](#).

**01**

# **Executive summary**

# Our key observations

**Insurers have now prepared their financial statements under IFRS 17 for three years, plus one comparative year. These are our key observations based on our understanding and interpretation of what insurers have disclosed in their 2025 reports.**

## Accounting policies, significant judgements and disclosures

- The disclosure requirements of IFRS 17 generally provide transparency of insurers' accounting policies and comparability between insurers' results.
- However, differences remain in the quality and level detail of disclosures provided. Many provide entity-specific insights into their methodology and significant judgements; however, some insurers still use boilerplate language and information is presented at different levels of aggregation.
- These differences in the quality and detail of disclosures provided makes it challenging for users to understand and compare insurers' results.
- In the 2025 reporting cycle, we have seen an increase in the number of insurers (from eight to 14) who have disclosed changes in accounting policies and estimates related to IFRS 17.

[See our summary findings](#) ▶

## Key performance indicators

- Insurers' KPIs have generally remained consistent although some insurers are incorporating more IFRS 17 metrics in their financial highlights in 2025 – e.g. the insurance service result and CSM balance.
- Most life and health insurers report new business CSM as a measure of new business profitability, often net of reinsurance.
- Most non-life insurers use IFRS 17-based combined ratios, but the calculation methodology varies. The majority of insurers with non-life business continue reporting gross written premiums (GWP) as a key metric alongside IFRS 17-related metrics.
- Most insurers report an alternative profit measure (e.g. 'operating profit') as their key profit metric, with the most common differences being tax and investment variances. Reinsurers typically use net profit calculated under IFRS® Accounting Standards, rather than an alternative profit measure.

[See our summary findings](#) ▶

# Summary findings – Accounting policies and significant judgements

## Our summary of insurers' IFRS 17 and IFRS 9 accounting policies and significant judgements

**46** insurers applied the premium allocation approach (PAA)

Of these:

12 discounted the liability for remaining coverage (LRC) (2024: 8)

27 discounted the liability for incurred claims (LIC) (2024: 27)

22 expensed insurance acquisition cash flows (IACF) immediately instead of deferring (2024: 22)

**36** insurers applied the variable fee approach (VFA)

Of these:

20 applied the risk mitigation option (2024: 19)

**25%**

(2024: 15%)

disclosed changes in IFRS 17 accounting policies, judgements or estimates

**64%**

(2024: 64%)

disclosed the reconciliations of insurance contract liabilities at a lower level of aggregation

**65%**

(2024: 65%)

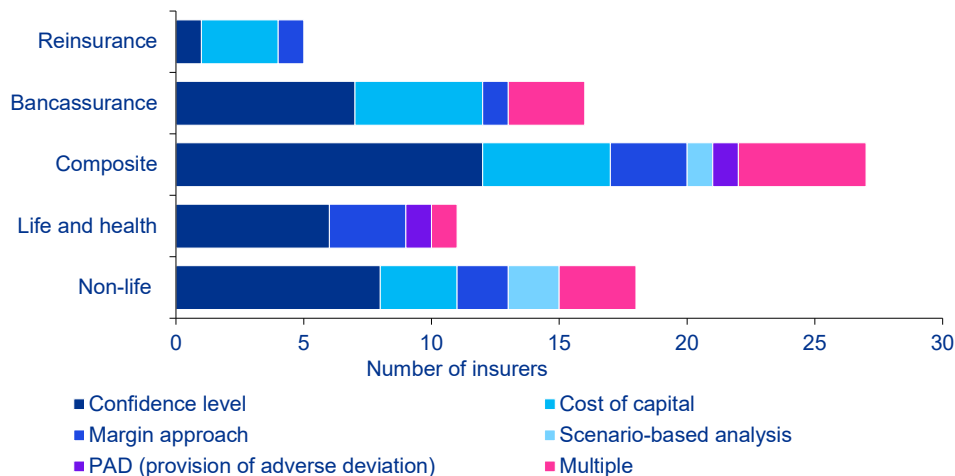
disaggregated the RA into insurance service result and insurance finance income and expenses (IFIE)

**58%**

(2024: 60%)

applied the bottom-up approach to determine the discount rates

### Risk adjustment methodology continues to vary



**31** insurers

(2024: 30)

applied the OCI<sup>1</sup> option for insurance liabilities

**32** insurers

(2024: 29)

measured either the majority or a portion of the investments in debt instruments at fair value through OCI

**13** insurers

(2024: 12)

measured either the majority or a portion of the investments in equity instruments at fair value through OCI

Note: Comparative numbers have been updated to reflect changes in the sample population.

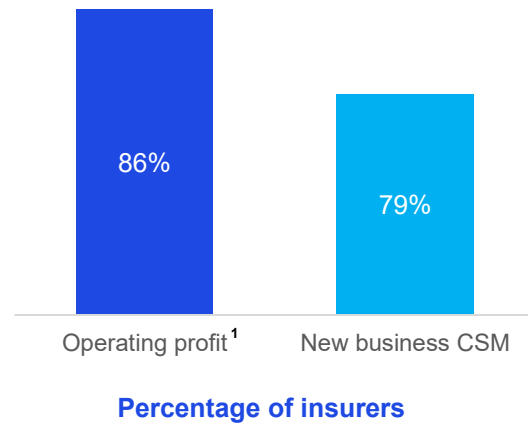
<sup>1</sup> Other comprehensive income.

# Summary findings – KPIs

## Our high-level observations on insurers' KPIs by segment

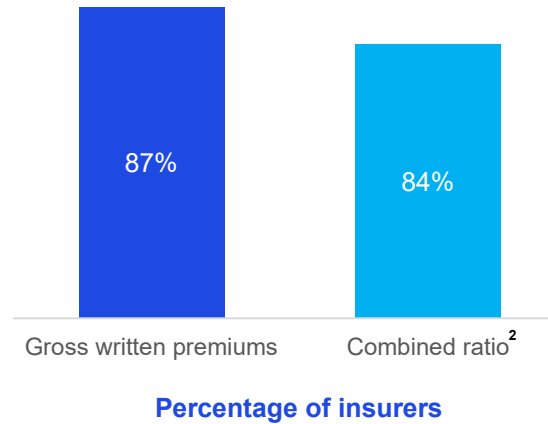
### Life and health companies and segments

Life and health insurers predominantly reported operating profit and new business CSM as indicators of performance. Key metrics as reported by insurers with a life and health business are as follows.



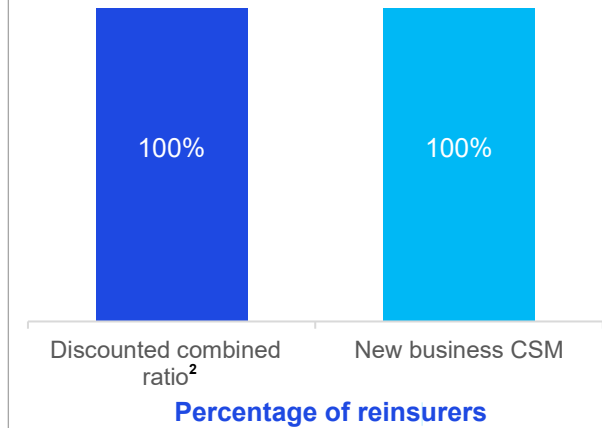
### Non-life companies and segments

Non-life insurers continue to rely on GWP as an indicator of growth. The combined ratio is predominantly reported as the key performance measure for profitability. Key metrics reported by insurers with non-life business include:



### Reinsurers

All reinsurers reported a discounted combined ratio<sup>2</sup> as a key performance metric for non-life reinsurance. Reinsurers also predominantly used net profit calculated under IFRS Accounting Standards to report profitability. New business CSM was also reported by all reinsurers as an indicator of performance. Key metrics as reported by reinsurers are as follows.



<sup>1</sup> Insurers often report alternative profit metrics, often referred to as 'operating profit' (OP). For ease of reference, we have referred here to 'operating profit.'

<sup>2</sup> Combined ratio metrics presented include all reporting bases. When referred to as 'discounted,' the ratio is calculated on an IFRS 17 basis.

# 02

## Accounting policies and disclosures

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# Changes in accounting policies

## Insurers have further refined their accounting policies

### Changes in accounting policies

Companies may change accounting policies if they result in reliable and more relevant information. In the FY25 financial statements, **four insurers** disclosed a change in their IFRS 17-related accounting policies.

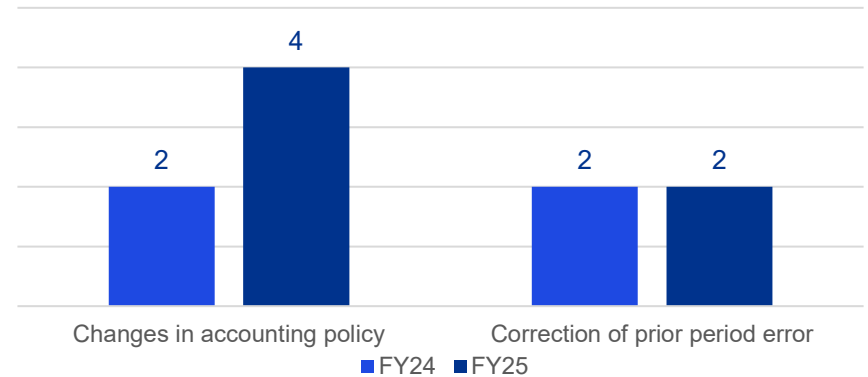
Insurers applied the accounting policy changes to reduce accounting mismatches in profit or loss or to better reflect the nature of their products and the markets in which they operate.

In FY25, the accounting policy changes disclosed included the following.

- Acquisition costs for contracts applying the PAA to be deferred and amortised instead of being expensed immediately.
- IFIE to be disaggregated between profit and loss and OCI.
- Changes in externally-given inflation assumptions to be presented in IFIE instead of insurance service expenses.
- Incurred claims that remain subject to future insurance risk to be included in the LRC instead of LIC, resulting in experience adjustments related to future services adjusting the CSM instead of profit or loss.

**One other insurer** also indicated that it will make an accounting policy change in their FY26 financial statements relating to the application of the risk mitigation option.

Number of insurers disclosing a change in accounting policy or correction of prior period error



### Correction of errors

In FY25, two insurers reported corrections related to IFRS 17 associated with:

- quantifying the transition impact of IFRS 17, which resulted in an increase to the CSM and a corresponding decrease in equity; and
- using mortality rates from prior periods for certain contracts measured under the VFA, which resulted in a decrease to the CSM and a corresponding increase in equity.

# Changes in accounting estimates

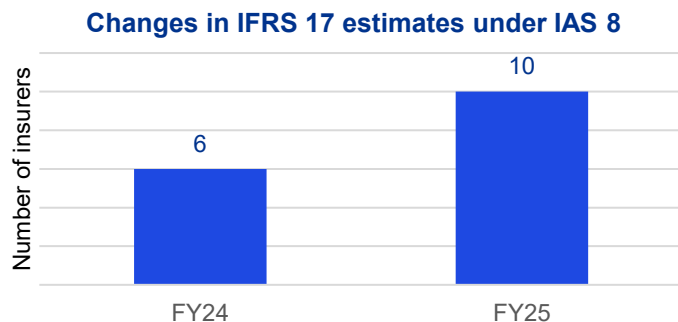
## Insurers have updated their assumptions; some have changed their measurement techniques

### Changes in estimates

IFRS 17 requires insurers to update their estimates each reporting period to reflect current assumptions. In addition, insurers may need to change inputs or measurement techniques if there are changes in the circumstances on which their estimates were based, or because of new information or more experience. In their FY25 financial statements, **10 insurers disclosed explicit changes** in their measurement techniques.

The changes related to:

- updates to risk adjustment estimation techniques, including methodology refinements and changes in confidence levels applied; and
- refinements to the measurement of the present value of future cash flows, including discount curve methodologies, allocation approaches and other actuarial model updates.



In addition, we observed that **23 insurers** provided **detailed disclosures on specific assumption changes**, including the impact of those changes. This enhances transparency and helps users better understand the nature of the changes.

### Clarity of disclosures related to changes in estimates and other adjustments

**20 insurers** made adjustments that affect measurement outcomes but did not describe them as changes in accounting estimates or as methodology changes under the IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* disclosure requirements. These adjustments were typically described within narrative disclosures.

	Number of changes
Changes in confidence level <sup>1</sup>	13
Update diversification of risk adjustment	1
Update risk adjustment technique	1
Changes in estimation of cash flows	4
Changes in economical and non-economical assumptions	5
Changes in scope	1
Reclassifications	3
<b>Total</b>	<b>28</b>

<sup>1</sup> Around 70% of the changes in confidence level were from European insurers, of which the majority disclosed a lower confidence level. Of the 14 observed changes, only three relate to insurers that applied the confidence level technique; the majority used alternative approaches (cost of capital, margin or multiple techniques). This suggests that most changes in confidence level reflect movements in underlying assumptions rather than explicit changes in the measurement methodology for estimates.

# PAA and related accounting policies

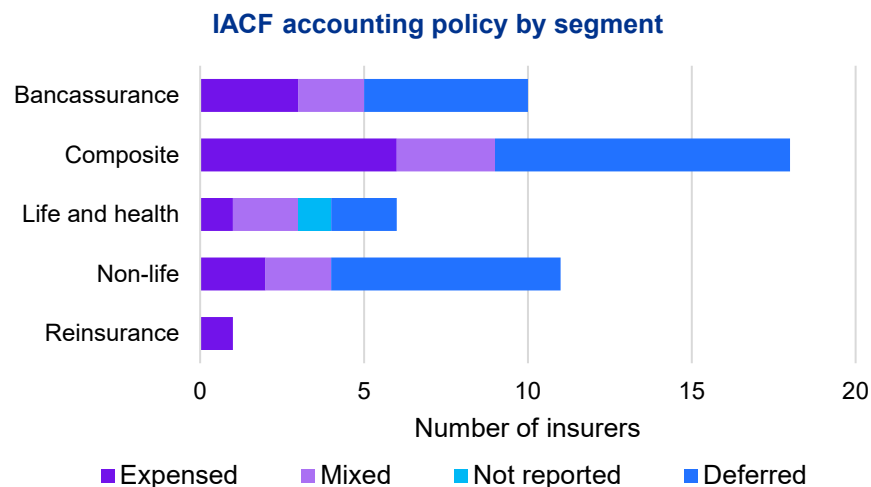
## Insurers do not always apply the same accounting policies as their segment peers

### Insurance acquisition cash flows under the PAA

Insurers applying the PAA can choose to expense IACF instead of deferring them when each contract in the group of contracts has a coverage period of less than one year.

**The majority of composite, bancassurance and non-life insurers have chosen to defer IACF.** Insurers may choose to defer IACF to achieve a consistent approach for all groups of contracts under the PAA, regardless of the contracts' duration.

Some of the insurers apply mixed approaches, mostly expensing IACF for life and health contracts while deferring IACF for their non-life business; in other cases, insurers defer IACF only for specific portfolios. The chart below shows the IACF accounting policy disclosed by insurers applying the PAA.

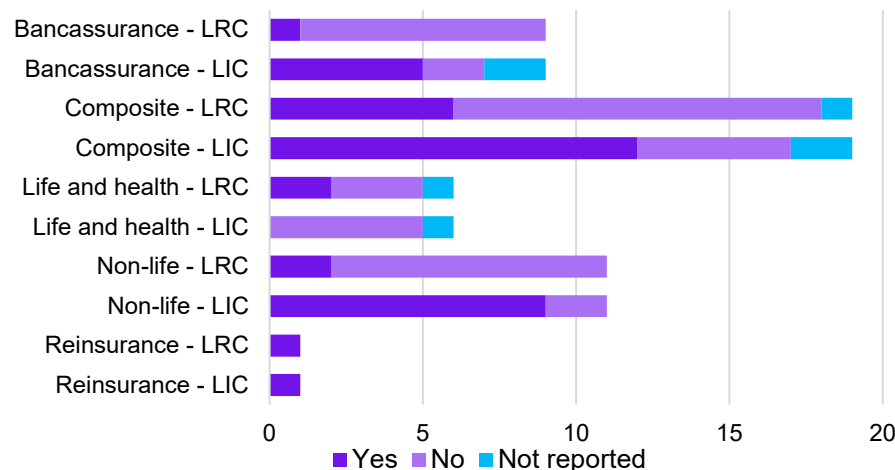


### Discounting of LRC and LIC under the PAA

Insurers applying the PAA are required to discount the LRC if the time between the premium due date and provision of services is greater than one year. They are not required to discount the LIC when cash flows are expected to be settled in one year or less.

**Most of the insurers in composite, non-life and bancassurance segments** applied discounting to the LIC cash flows expected to settle within one year but did not discount the LRC. This might indicate that there were no significant financing components. **No life and health insurers discounted the LIC**, but discounting of the LRC varied.

### Number of insurers by segment that discount the LRC or LIC<sup>1</sup>



<sup>1</sup> Six insurers are categorised as performing LRC discounting but explicitly state that the discounting exemption is applied to eligible contracts. These insurers are distributed across all segments. Other insurers made no such statement.

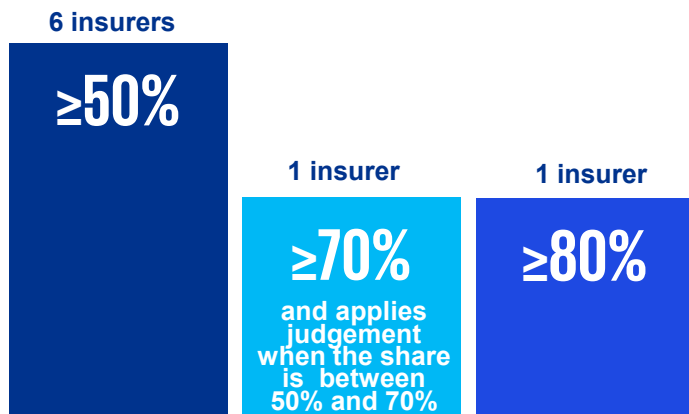
# VFA and related accounting policies

## Insurers' accounting policies and disclosures for VFA vary widely

### VFA qualification requirements

**36 insurers** applied the VFA to direct participating contracts that meet specific criteria, including that the insurer expects to pay to the policyholder an amount equal to a **substantial share** of the fair value returns on the underlying items.

In FY25, **eight insurers** disclosed the percentage they interpret as 'a substantial share' when assessing the VFA qualification criteria. The following graph shows the interpretation of substantial share by the number of insurers that provided this disclosure.

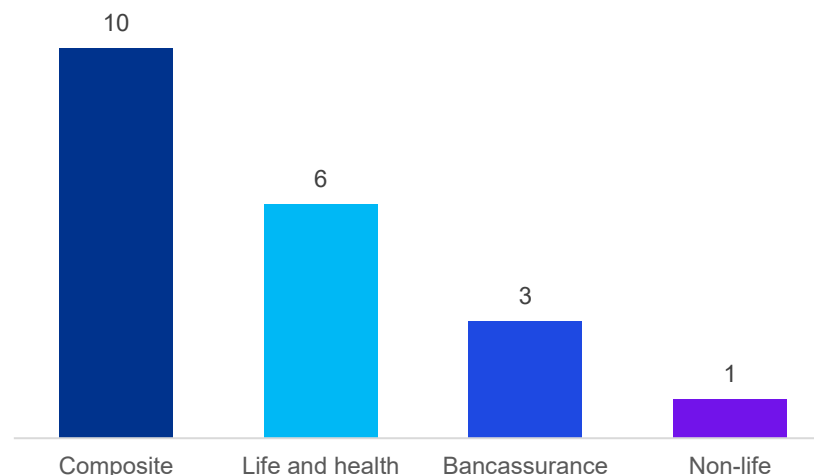


### Disclosure of underlying items

Of the **36 insurers** that reported applying VFA, **25** disclosed the **composition of the underlying items and their fair value**, as required by IFRS 17. **Two insurers** disclosed the fair value of the underlying items without disclosing their composition.

### Risk mitigation option (RMO)

The RMO allows insurers to recognise certain changes in financial risk in profit or loss instead of adjusting the CSM. This is intended to reduce accounting mismatches between insurance contracts measured under the VFA and non-derivative financial instruments, derivatives or reinsurance contracts held that mitigate risks from those insurance contracts. **20 insurers** disclosed that they applied the RMO.



### RMO disclosures

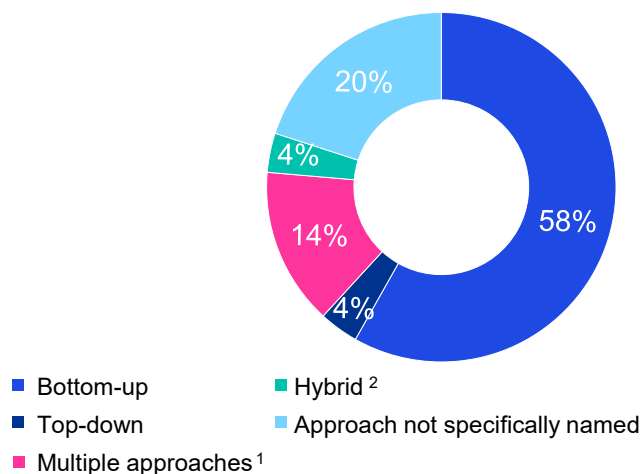
**Only two of these 20 insurers** did not disclose **the effect of applying the RMO on the adjustment to the CSM**, as required by IFRS 17.

# Discount rates – Accounting policies and significant judgements

## Observations on the discount rate methodologies disclosed by insurers

When determining discount rates, IFRS 17 allows a choice between the bottom-up and top-down approaches. Most of the insurers explicitly disclosed which approach they applied to determine discount rates. **11 insurers** disclosed their methodology but did not name a specific approach.

Discount rate methodologies as disclosed by insurers

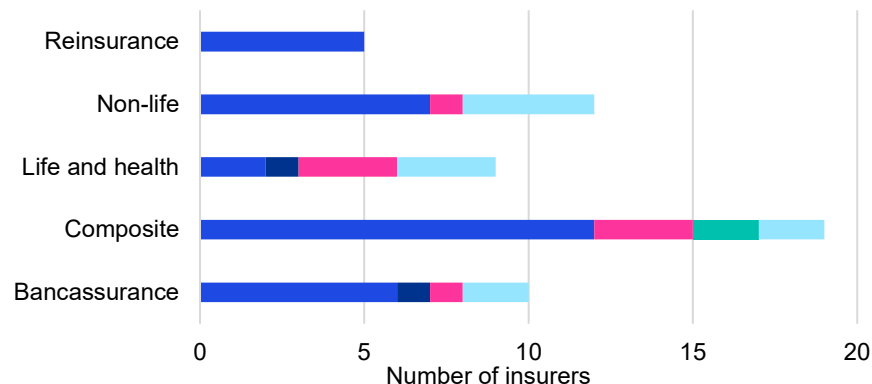


In the graph on the right-hand side, we observe that the **bottom-up approach is the most commonly applied methodology across all segments**. Life and health insurers are the main exception, where a mix of approaches is observed, while reinsurers apply the bottom-up approach exclusively.

<sup>1</sup> Some insurers applied different approaches for different products (multiple approaches).

<sup>2</sup> Some insurers stated that they used elements of both approaches (a hybrid approach).

Discount rate methodology by segment



### Top-down approach disclosures

- **Reference portfolio: 10 of 12 insurers** that applied the top-down or a hybrid approach described their reference portfolio (e.g. the composition of the portfolio, such as government securities, bonds, fixed-income securities or assets backing insurance liabilities). Few insurers stated that the yield-curve is determined on a fair value of assets basis as at the valuation date.
- **Credit risk adjustments (CRA): eight of 12 insurers** explicitly disclosed how they adjust the yield curve for credit risk (e.g. to remove expected and unexpected credit losses from the asset yield). **Five insurers** disclosed using internal information (e.g. internal credit ratings or models) to calculate the credit risk adjustment. **Three insurers** disclosed relying on external information – e.g. external credit ratings or other information based on market conditions. **Two insurers** did not disclose any CRA details.

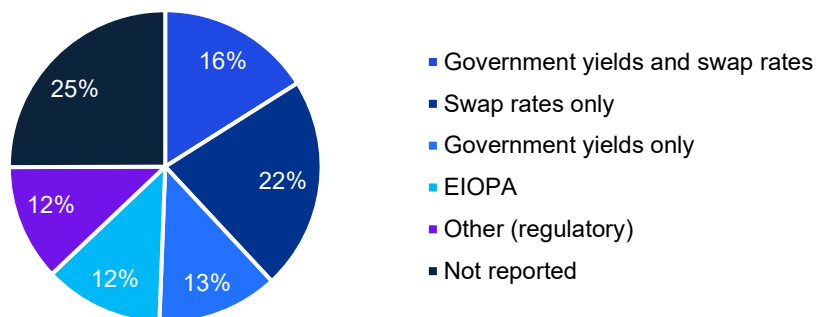
See our analyses of the **bottom-up approach**. ▶

# Discount rates – Accounting policies and significant judgements

## Insurers provide only some detail on the components of the bottom-up yield curves

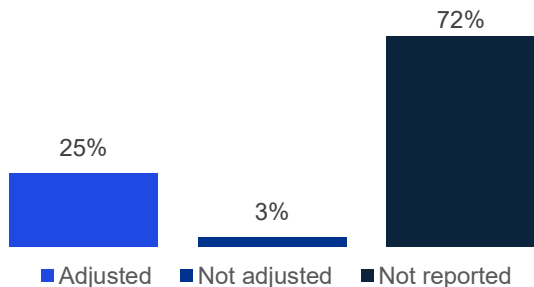
### Risk-free rate basis

Of the **32 insurers** that used the bottom-up approach, most stated they used government yields or swap rates as the basis for the risk-free rate; some applied rates based on European Insurance and Occupational Pensions Authority (EIOPA), or other regulatory (e.g. Prudential Regulation Authority (PRA) or Solvency II rates). **Eight insurers** did not disclose their approach.



### Credit risk adjustment

A portion of insurers disclosed that they adjusted for credit risk; most insurers either did not report or provided unclear disclosures.



### Illiquidity premium (ILP)

Most of the insurers disclosed how the illiquidity premium is determined; however, only a few disclosed the ILP separately from the risk-free rates.

#### Disclosed how ILP was determined

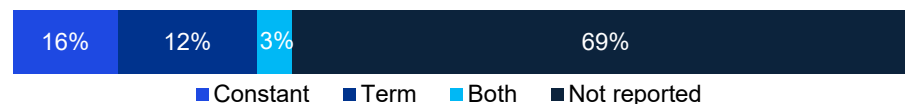


#### Disclosed ILP separately

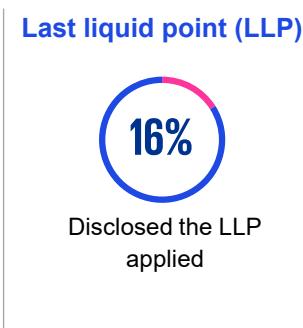
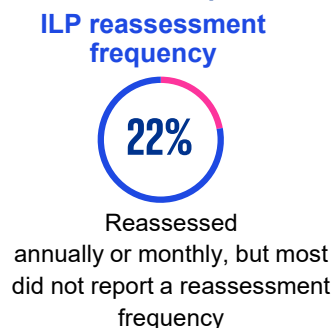


### Illiquidity premium structure

For the ILP structure, some insurers applied term-based approaches, others used constant assumptions. A few disclosed both methods, but most did not provide any clear information.



### Other bottom-up disclosures



# Disclosures – EUR discount rates

## Highest and lowest yield curves used in discounting differ significantly

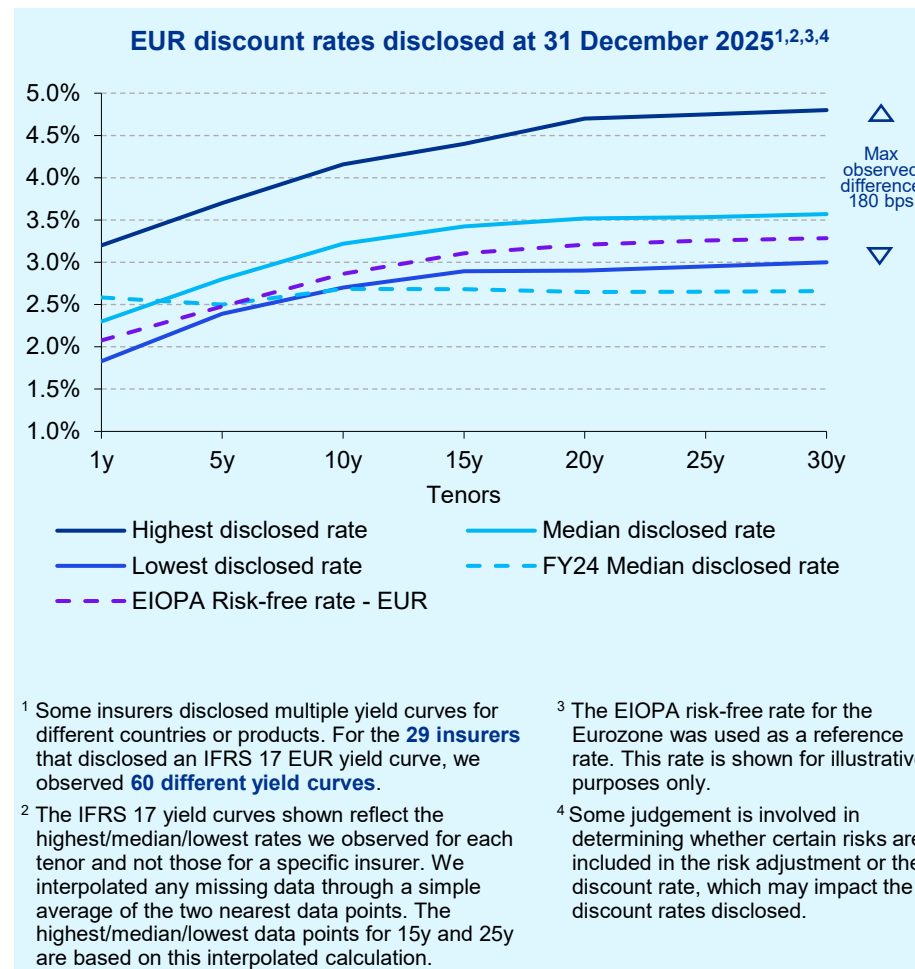
**52 insurers** disclosed the discount rates (or the range of yield curves) used to discount cash flows that do not vary based on the returns on underlying items.

**29 insurers** disclosed one or more EUR yield curves.

The diagram<sup>†</sup> shows that the highest and lowest observed rate in the EUR yield curves disclosed by the **29 insurers** differed by **180** basis points (bps) for the 30-year rate (FY24: 248 bps at the one-year rate for 29 insurers).

**Three insurers** disclosed a **EUR ultimate forward rate** varying between 3.20% and 3.30% (FY24: 3.20%–3.30%).

EUR discount rates at lower tenors tended to be higher in FY25 compared with FY24. The highest disclosed rates were relatively stable at higher tenors.



<sup>†</sup> Presented here for illustrative purposes only.

# Disclosures – USD discount rates

## Highest and lowest yield curves used in discounting differ significantly

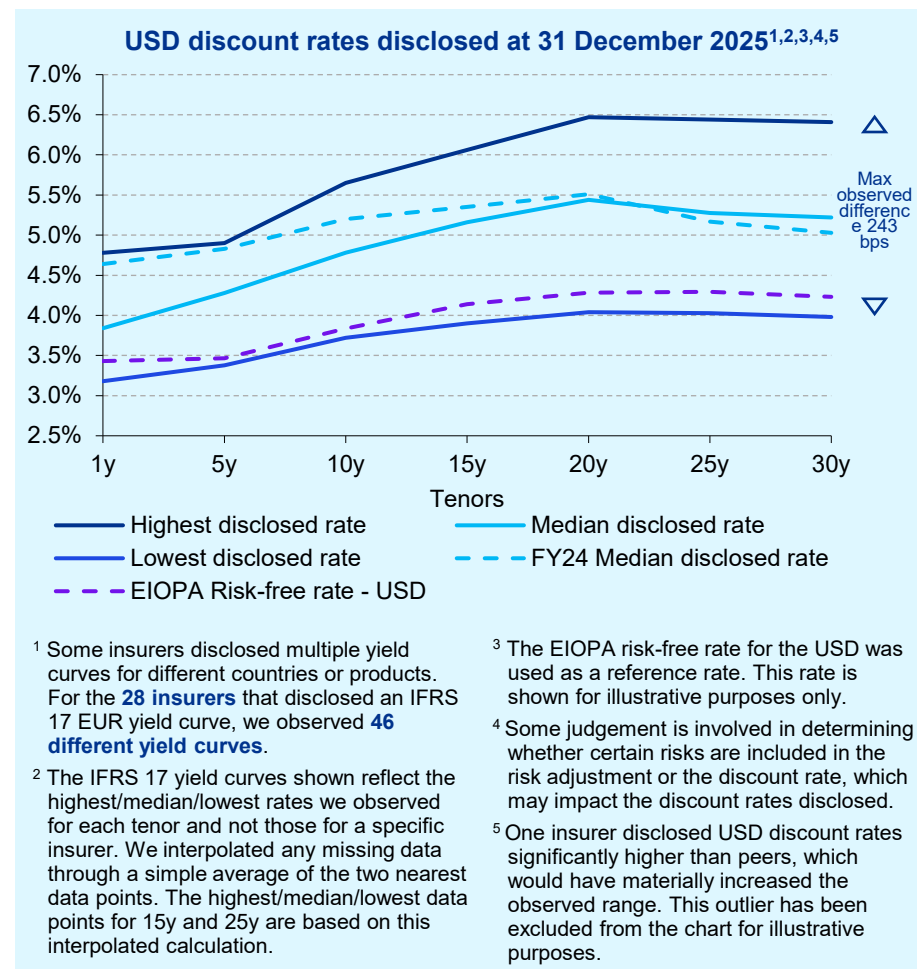
**28 insurers** disclosed one or more USD yield curves.

The diagram† shows that the highest and lowest observed rate in USD yield curves disclosed by the **28 insurers** differed by **243 bps** for the 20-year rate (FY24: 271 bps at the 20-year rate for 28 insurers).

Insurers in the Americas generally disclosed higher discount rates compared with those in Europe, especially in higher tenors.

**Five insurers** disclosed a **USD ultimate forward rate**, which varied between 3.40% and 5.15% (FY24: 3.30% – 5.15%).

USD discount rates in the near term tended to be lower in FY25 compared with FY24.

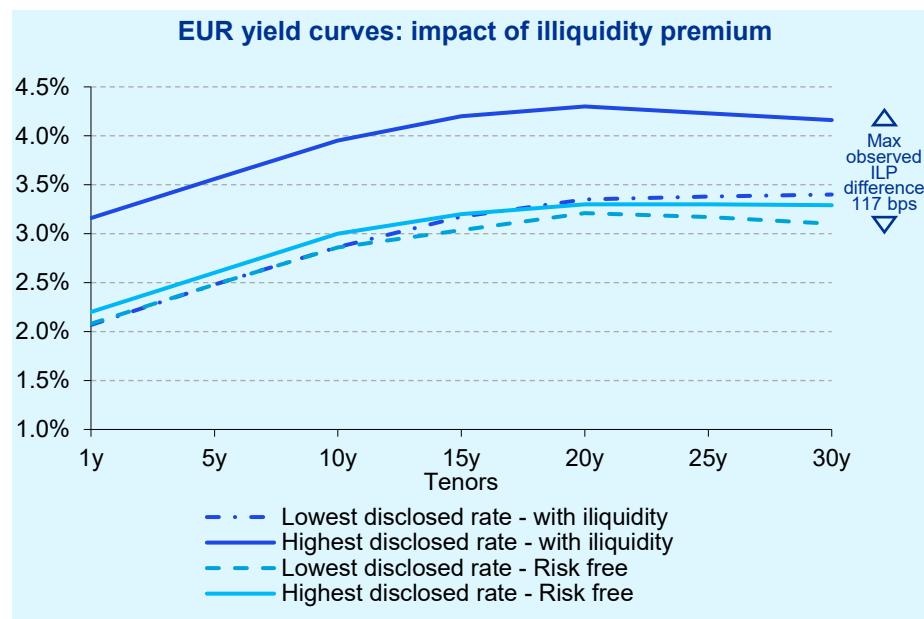


# Disclosures – Risk-free and illiquidity-adjusted discount rates

## Impact of illiquidity premium on disclosed yield curves

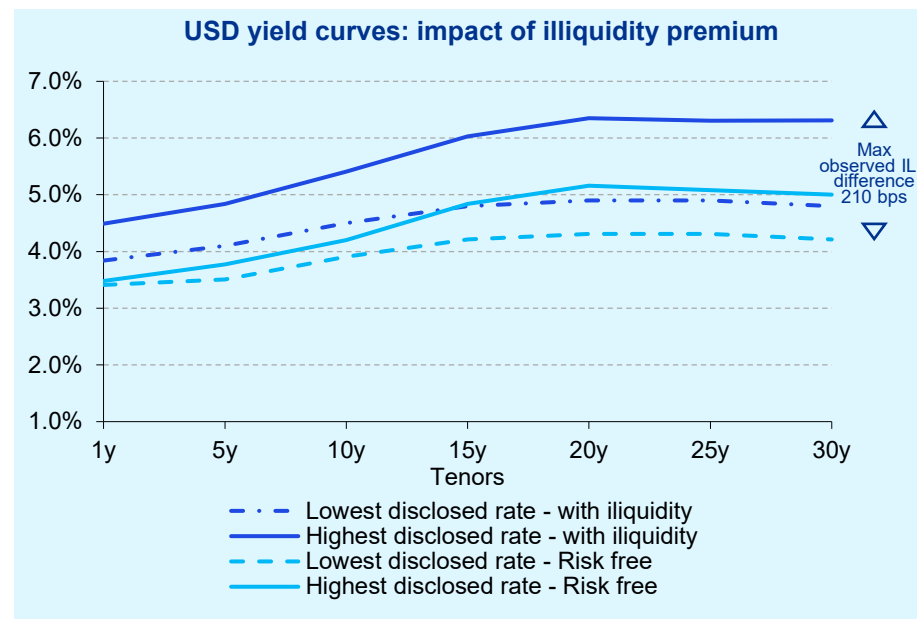
The chart below compares risk-free<sup>1</sup> EUR yield curves with EUR yield curves including an illiquidity premium<sup>2</sup>. **11 insurers** disclosed the illiquidity premium separately, resulting in approximately **18 distinct EUR** yield curves. **Three of the insurers** set the illiquidity premium at zero across all portfolios; **one insurer** set the illiquidity premium at zero for a specific portfolio.

The maximum difference observed between risk-free and illiquidity-adjusted EUR yield curves is 117 bps at the 15-year tenor.



The chart below compares risk-free<sup>1</sup> USD yield curves with USD yield curves including an illiquidity premium<sup>2</sup>. **Nine insurers** disclosed the illiquidity premium separately, resulting in **12 distinct USD** yield curves. **Five of the insurers** set the illiquidity premium at zero across all portfolios.

The maximum difference observed between risk-free and illiquidity-adjusted USD yield curves is 210 bps at the 30-year tenor.



<sup>1</sup> Where only total yield curves were disclosed, the risk-free yield curve was derived by deducting the disclosed ILP.

<sup>2</sup> Where disclosed by tenor, the ILP was applied as disclosed. Where only a single ILP amount or an aggregate ILP at 31 December 2025 was disclosed, a flat ILP was assumed across maturities.

# Determining coverage units and CSM release

## Coverage units remain a judgemental area, with insurers applying different metrics

Determining coverage units drives the pattern of CSM release and requires significant judgement. Accordingly, **the level of transparency insurers provide** on how coverage units are determined is important for understanding differences in CSM release patterns.

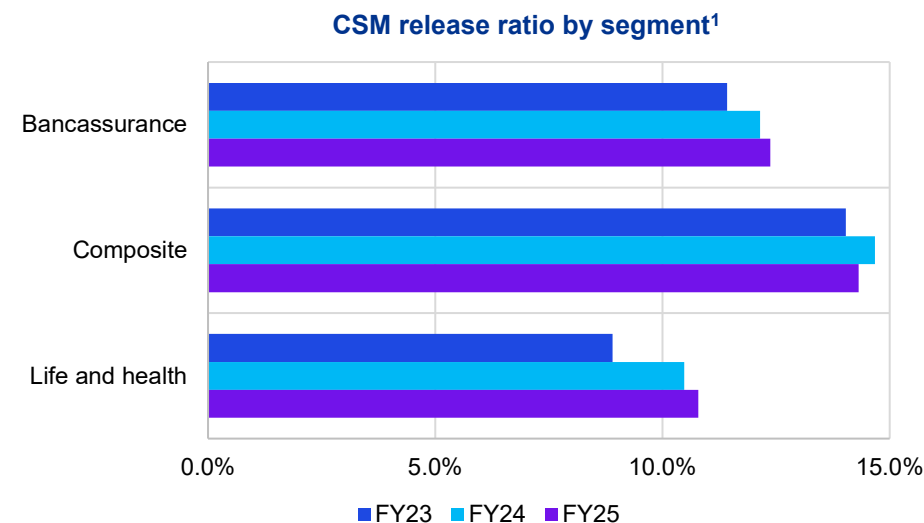
In FY25, **38 insurers** provided varying levels of detail on **determining coverage units**. **28 insurers** provided specific information – e.g. which coverage units they have used for a certain product. **10 insurers** provided limited information or did not disclose how they determine coverage units.

Insurers may also adjust coverage units to reflect the pattern of services provided. Common adjustments include the following.

Approach applied	Number of insurers applying this approach
Relative weighting for contracts that provide more than one type of service	23
Discounting of coverage units	15
Bow-wave for contracts in which services are stable, but CSM increases systematically over time (only VFA products)	7

The 'CSM release ratio' reflects the proportion of the opening CSM balance recognised in profit or loss during the period, providing an indication of the pace of margin recognition. An increase in the ratio suggests an acceleration in CSM release (e.g. contracts with a shorter average coverage period, changes in coverage unit patterns or a change in business mix).

The CSM release ratio by segment remains broadly consistent over the years, as seen in the graph below. Composite insurers are the main exception, showing a slight decline that was driven primarily by a few insurers in Europe and Africa.



<sup>1</sup> The CSM release ratio is calculated as the CSM released during the period divided by the opening CSM balance for that same period (prior to release). Our analysis only considered companies applying the GMM and VFA. Consequently, companies in the non-life segment were not considered given that they mostly apply PAA. Reinsurance entities were also excluded from the analysis due to the diversity of business models, product mix and the broad use of GMM for shorter-duration contracts, which would reduce comparability across segments.

# Disclosures – Expected CSM release

## Disclosures demonstrate differences in expected profit recognition profiles

Insurers applying the GMM or VFA are required to disclose the **amounts of CSM they expect to recognise in profit or loss across future years**.

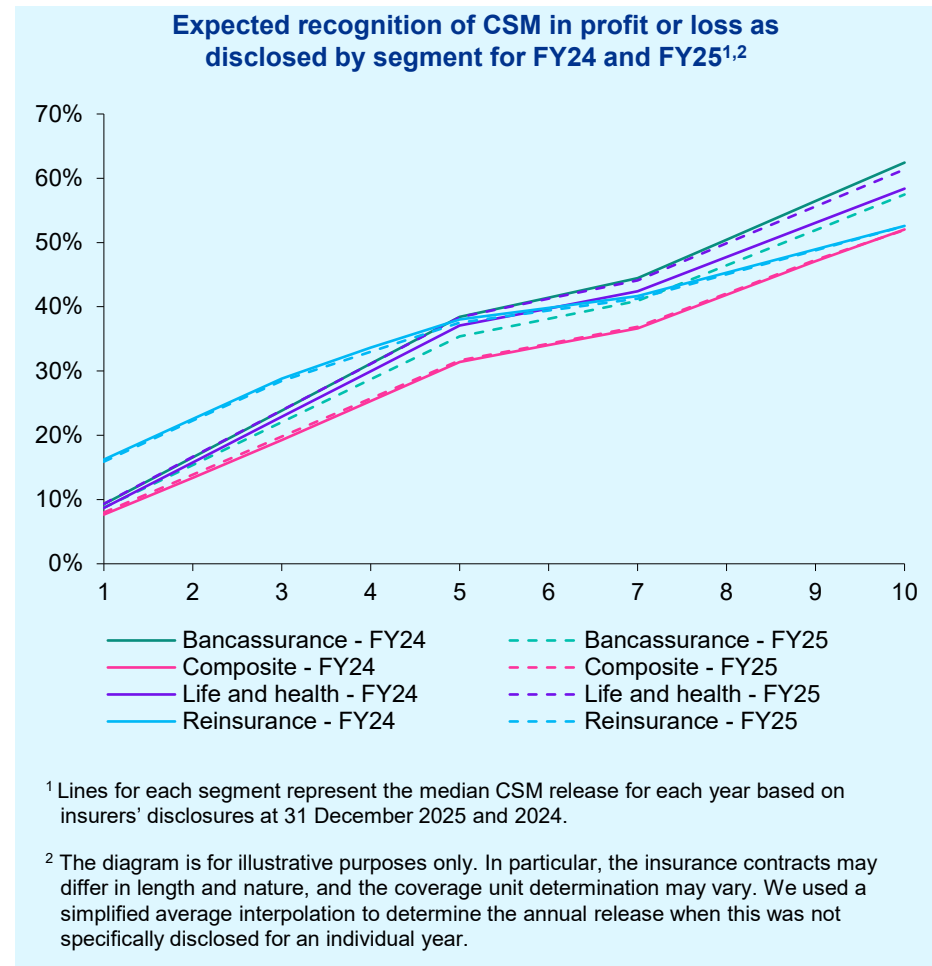
Insurers' disclosures differed in the time bands disclosed, with some disclosing individual years and others combining years into buckets.

**Five insurers** included the future expected interest accretion in the CSM release disclosure, meaning that the total expected CSM release is not equal to the CSM amount included in the balance sheet.

In the diagram, we have normalised the time bands to illustrate the insurers' median expected CSM recognition for the first ten years, by segment. Note that each line does not represent an individual insurer; it represents the median expected release of the segment for the specific year.

We observed that the **reinsurance segment** expects to recognise its CSM earlier than the other segments, as the chart shows a noticeably faster release in the first years. Typically, the reinsurers apply the GMM to all contracts (i.e. all profitable contracts have a CSM), including shorter duration contracts, which contributes to a relatively faster release pattern. The amount of CSM recognised in profit or loss is driven by the expected **coverage period** of the insurance contracts, as well as the **coverage units**.

Expected release patterns are relatively similar compared to FY24, with the exception of bancassurance.



# Disclosures – CSM related to future services

## Changes in CSM affecting future services vary in magnitude across segments

For insurers applying the GMM or VFA, changes in estimates and assumptions **that affect future service are required to adjust the CSM<sup>1</sup>**, rather than being recognised immediately in profit or loss.

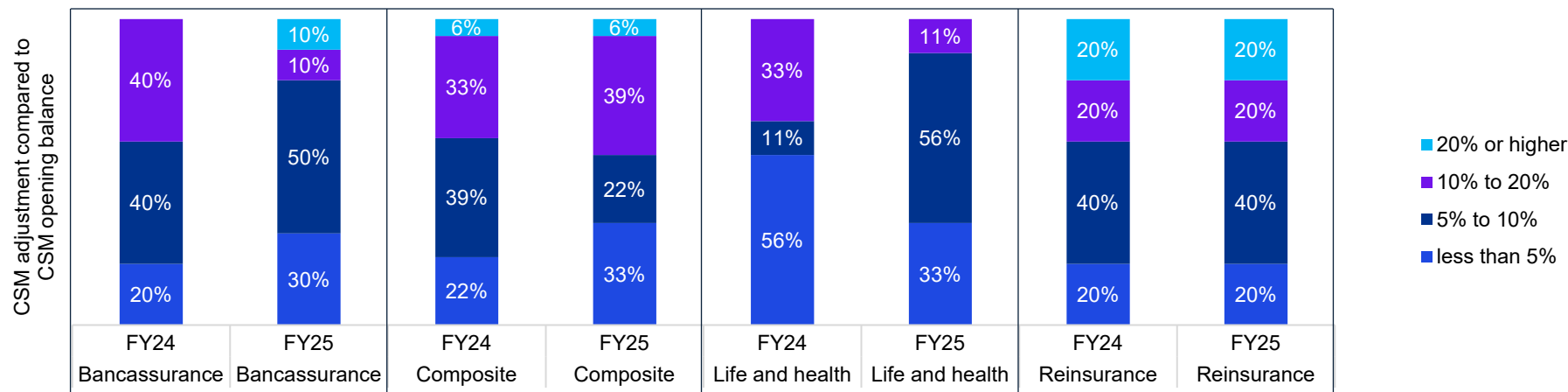
The diagram below shows these CSM adjustments as a ratio relative to the opening CSM balance. This provides a consistent basis for assessing the magnitude of CSM remeasurements arising from changes in estimates, assumption updates and experience adjustments that relate to future service.

Across most segments, CSM adjustments affecting future service are concentrated in the **lowest ranges** (i.e. less than 10%) relative to opening CSM.

Looking at the absolute amounts of all changes for future services, **life and health insurers** reported consistently positive CSM adjustments, with the total impact increasing from EUR 4.4 billion<sup>4</sup> in FY24 to EUR **8.4 billion** in FY25. **Composite insurers** also mainly reported positive adjustments in both years, amounting to approximately EUR 7.5 billion in FY24 and EUR **16 billion in FY25**, with similar trends observed in bancassurance (EUR 1.6 billion in FY24 and **EUR 3.8 billion in FY25**).

By contrast, the **reinsurance segment** recorded mixed adjustments in FY24, resulting in a **net negative** impact of EUR 0.5 billion, before shifting to net positive adjustments of around EUR **1 billion in FY25**.

Magnitude of changes that affect future service over CSM<sup>2,3</sup>



<sup>1</sup> Unless contracts are onerous.

<sup>2</sup> In our analyses we only considered insurers applying GMM and VFA, consequently companies in non-life were not considered.

<sup>3</sup> Percentages used to define the ranges are calculated on an absolute basis and capture both positive and negative CSM adjustments.

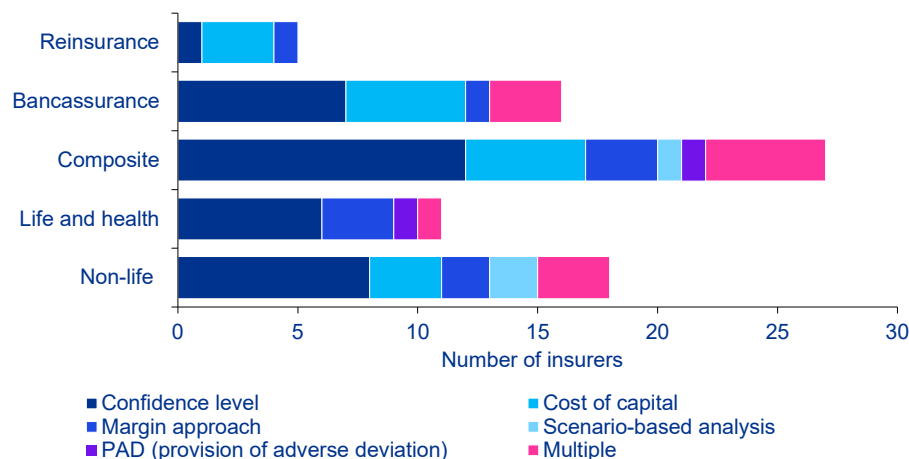
<sup>4</sup> Amounts were reported in different currencies and have been translated to EUR.

# Risk adjustment and confidence levels

## Insurers have reported a wide range of confidence levels

Insurers applied a **range of methodologies** to determine the risk adjustment. **In FY25, none of the insurers** changed their risk adjustment methodology. The following chart summarises the approaches reported by segments.

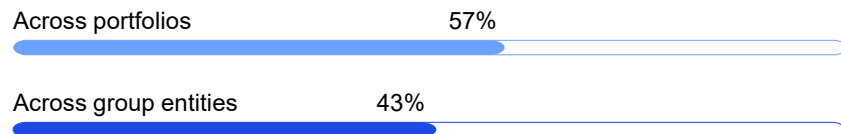
**Risk adjustment methodology reported in FY25**



### Diversification

**35 insurers** disclosed that they apply diversification when determining their risk adjustment. The graph below shows how the diversification was applied by these insurers.

**Benefit of diversification applied**

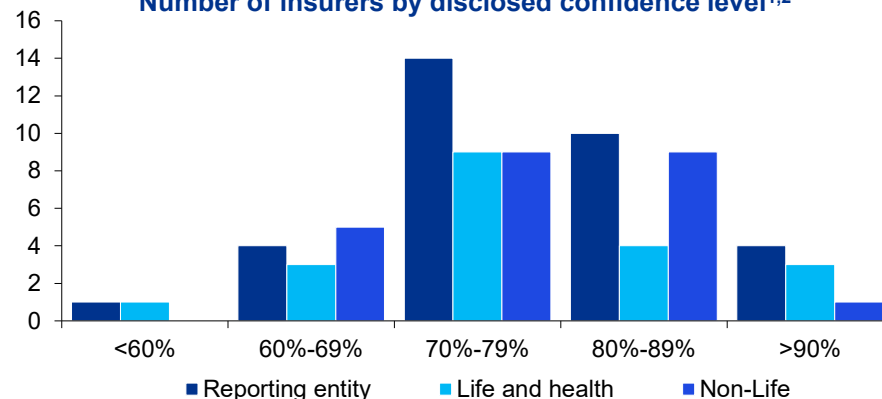


## Confidence levels disclosed

Insurers are required to disclose the confidence level used to determine the risk adjustment, or the corresponding confidence level when a different technique is applied. This enables users to understand differences in insurer-specific risk appetites.

The distribution of disclosed confidence levels varies by segment. The chart shows that confidence levels for **life and health** segments are primarily concentrated **in the 70–79%** range; confidence levels for **non-life** segments are more evenly distributed across the **70–79% and 80–89%** ranges.

**Number of insurers by disclosed confidence level<sup>1,2</sup>**



<sup>1</sup> This chart uses the middle of the range disclosed if an insurer disclosed a range instead of a point estimate.

<sup>2</sup> This chart shows the confidence level disclosed for life and health and non-life segments, if that information was provided.

[See confidence level disclosures](#) ▶

# Disclosures – Risk adjustment and confidence level

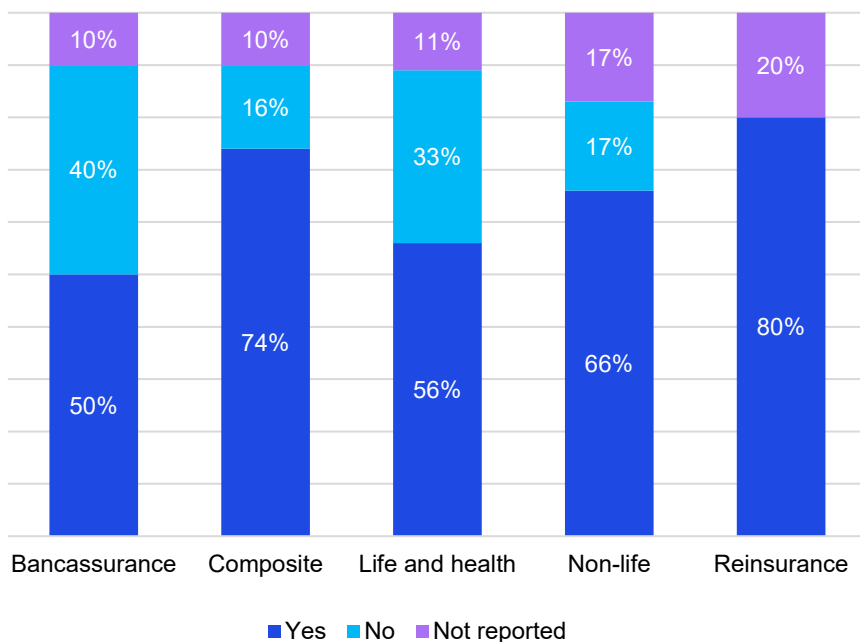
## Approaches to risk adjustment disaggregation and confidence level disclosures differ among insurers

### Disaggregation into insurance service result and IFIE

Insurers may disaggregate the financial effects of the risk adjustment between the insurance service result and IFIE.

Typically, this disaggregation is **more frequently observed among composite, non-life and reinsurance segments**; bancassurance and life and health segments apply it less commonly.

Distribution of risk adjustment disaggregation by segment

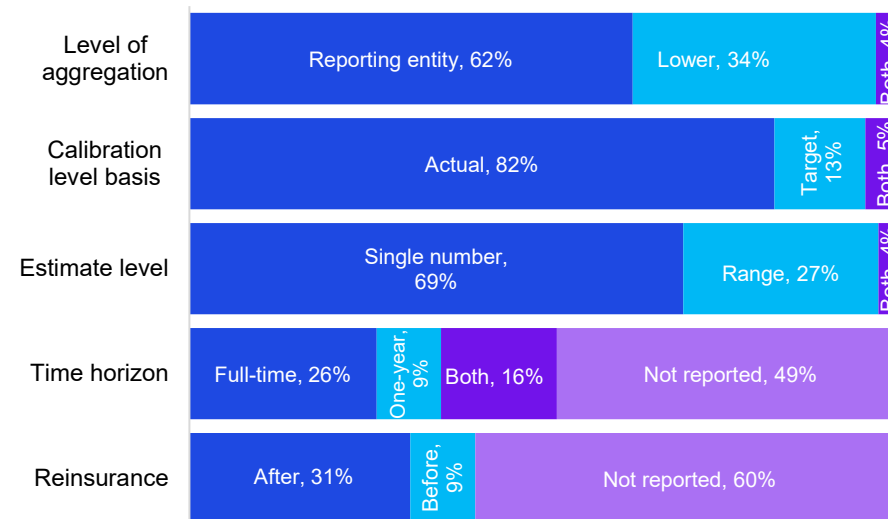


### Confidence level disclosures across insurers

Insurers disclose the confidence level in a variety of ways, which reduces comparability. The chart below illustrates the level of detail provided across key elements of confidence level disclosures. In this context, confidence level disclosures are **mostly provided at the reporting entity level** rather than by segment.

Most of the insurers disclosed whether the confidence level represents a target or actual calibration and whether it is presented as a point estimate or a range. However, disclosures on time horizon and treatment before or after reinsurance are frequently missing, limiting comparability.

Distribution across insurers



# Disclosures – Level of aggregation

## Insurers are consistent in their reconciliation disclosures, but variety remains across other insurance disclosures

### Level of aggregation of insurance contract liability reconciliations

The insurers disclosed the required reconciliation of insurance contract liabilities<sup>1</sup> at different levels of aggregation.

**35 insurers** disclosed the reconciliations of insurance contract liabilities at a lower level of aggregation than the reporting entity.

'Operating segment' and 'portfolio' were the most common levels of aggregation disclosed, used by **13** and **11 insurers**, respectively.

Level of aggregation applied by insurers



'Measurement model' was the third most common level of aggregation. **Eight insurers** provided the reconciliations for the VFA separately from the GMM.

The level of aggregation for various disclosures also differs within the same insurer – e.g. the level used for the reconciliations of insurance contract liabilities differed from that used for other disclosures notes – see the graph opposite.

<sup>1</sup> The reconciliation of insurance contract liabilities refers to the reconciliation from opening to closing balances of:

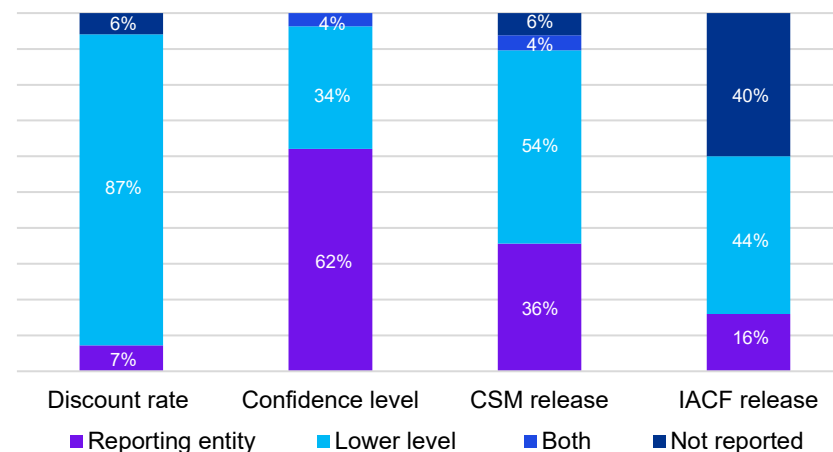
- the LRC and LIC; and
- the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

### Level of aggregation comparison across other disclosures

The graph below shows the level of aggregation of some key IFRS 17 disclosures, including the following.

- Discount rates applied to cash flows that do not vary based on the returns on underlying items (discount rates) are most commonly disclosed at a currency level, followed by segment or product level.
- [Confidence level disclosures](#) were mainly provided at the reporting entity level.
- A slight majority of insurers disclosed the CSM release at a lower level of aggregation than the reporting entity.
- Insurers that disclosed the amount of IACF assets expected to be derecognised in future periods (IACF release), mostly disclosed this at a level below the reporting entity.

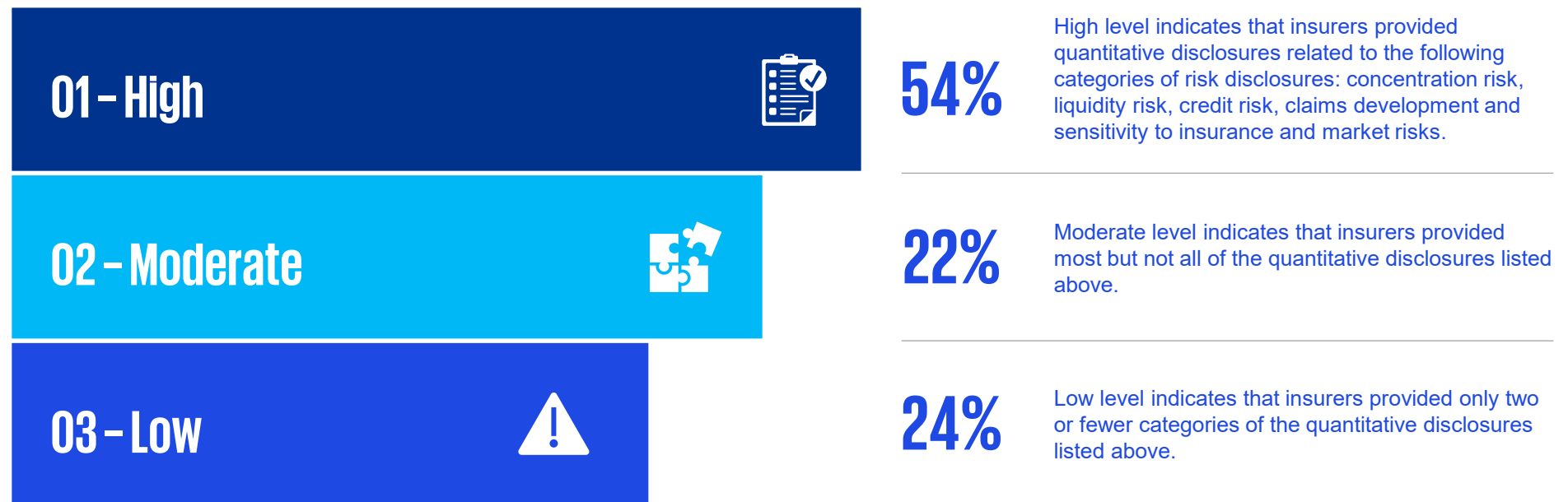
Level aggregation distribution for selected disclosures



# Disclosures – Insurance risk

## All insurers provided qualitative risk-related disclosures, but the extent of quantitative disclosures varied

Insurance risk-related disclosures are intended to help users understand the nature, extent and management of insurance and market risks. **All insurers provided qualitative disclosures** related to their exposure to insurance and market risks. However, the **extent of quantitative risk disclosures provided varied**. The diagram below indicates the proportion of insurers categorised according to the extent of the quantitative risk-related disclosures they provided in their FY25 financial statements.



# Disclosures – Claims development

## Claims development disclosures showed differences in presentation and reconciling items across insurers

Insurers are generally required to disclose actual claims compared to previous estimates of the undiscounted amount of the claims (i.e. claims development).

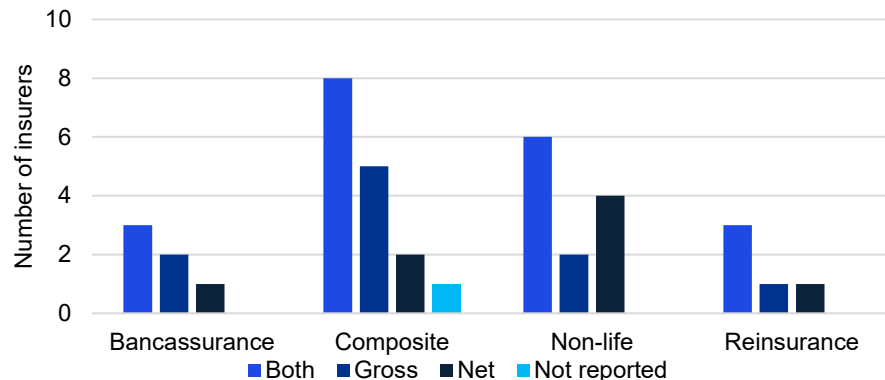
The disclosure commonly starts with the period when the earliest material claim(s) arose and for which uncertainty remains at the reporting date about the amount and timing of the claims payments. However, insurers are not required to disclose more than 10 years.

Our key observations are as follows.

### Claims development table

- **39 insurers** provided the required disclosure, of which **10 insurers** provided a gross development table only; **eight insurers** provided only a net table. **20 insurers** provided both a gross and a net table; and **one insurer** did not clarify whether the table is gross or net of reinsurance.

Claims development table by segment

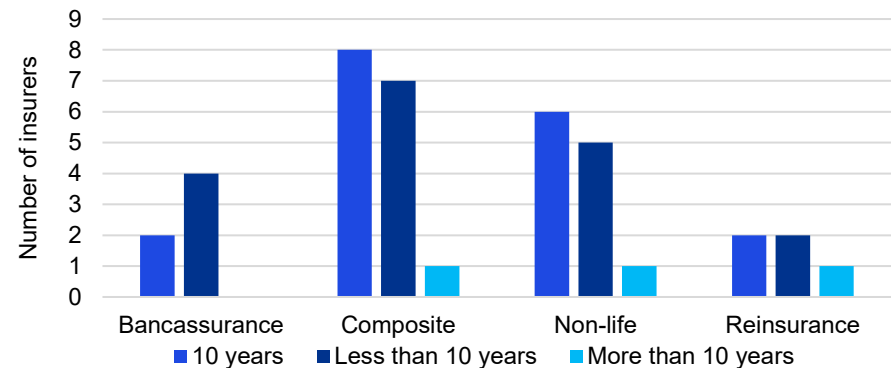


<sup>1</sup> Including adjustments such as prior-year claims liabilities, non-distinct investment components, currency effects, net payable and other.

### Number of years disclosed

The number of years disclosed varied as shown in the graph below.

Number of years disclosed by segment



### Reconciling items

Insurers need to reconcile the claims development disclosure to the aggregate carrying amount of LIC. The insurers presented various **reconciling items**, as shown in the table below.

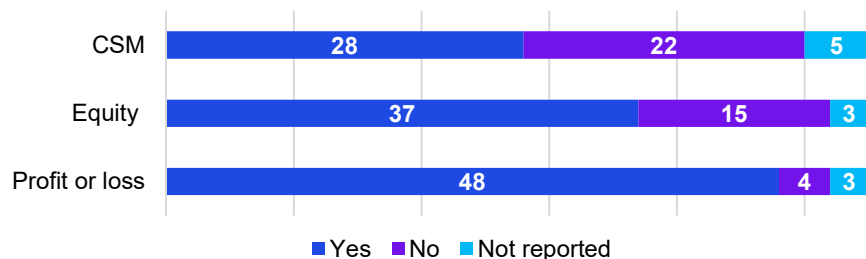
	Number of insurers making adjustment
Effect of discounting	36
Risk adjustment	32
Loss adjustment and other expenses	12
Other <sup>1</sup>	21

# Disclosures – Sensitivities

## Sensitivity disclosures reflect diversity in stresses applied and in how impacts are presented

Insurers are required to present a sensitivity analysis for insurance and market risks and disclose how changes in risk variables will **impact profit or loss and equity**.

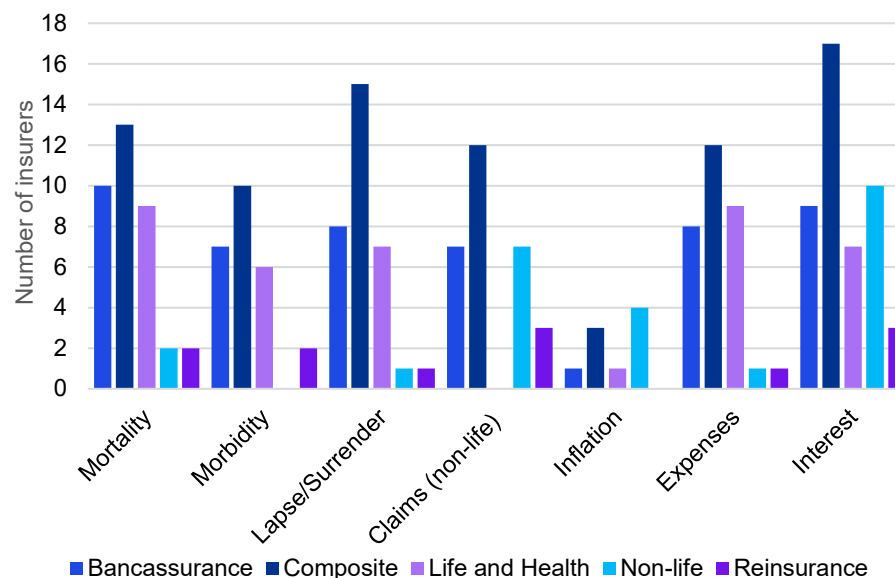
Some of the insurers also reported the **impact on CSM, LRC and the LIC**. This allows users to understand the sensitivity of the CSM to future assumption changes. The graph below shows the number of insurers that disclosed impacts on profit or loss, equity and CSM.



The summary of key assumptions disclosed is shown below.

Insurance and market risk	Range of stress	Median stress applied
Mortality and morbidity	1–10%	5%
Surrender/lapse rates	5–10%	10%
Expenses	0.5–10%	10%
Inflation	0.5–1%	1%
Claims (non-life) <sup>1</sup>	1–10%	5%
Interest rates	0.5–5%	1%

### Sensitivity assumptions disclosed by insurers



The graph above highlights significant differences in the assumptions included in sensitivity analyses across segments. **Interest rate, mortality and expense sensitivities are more commonly disclosed**, reflecting their relevance across a broad range of business models.

By contrast, parameters such as inflation and claims-related assumptions are disclosed less consistently and are more concentrated in specific segments, particularly non-life and reinsurance segments.

<sup>1</sup> The claims (non-life) assumption refers to changes in the costs of claims. Some insurers disclose a change in the loss ratio, which is also captured in this line.

# OCI option and measurement of financial assets

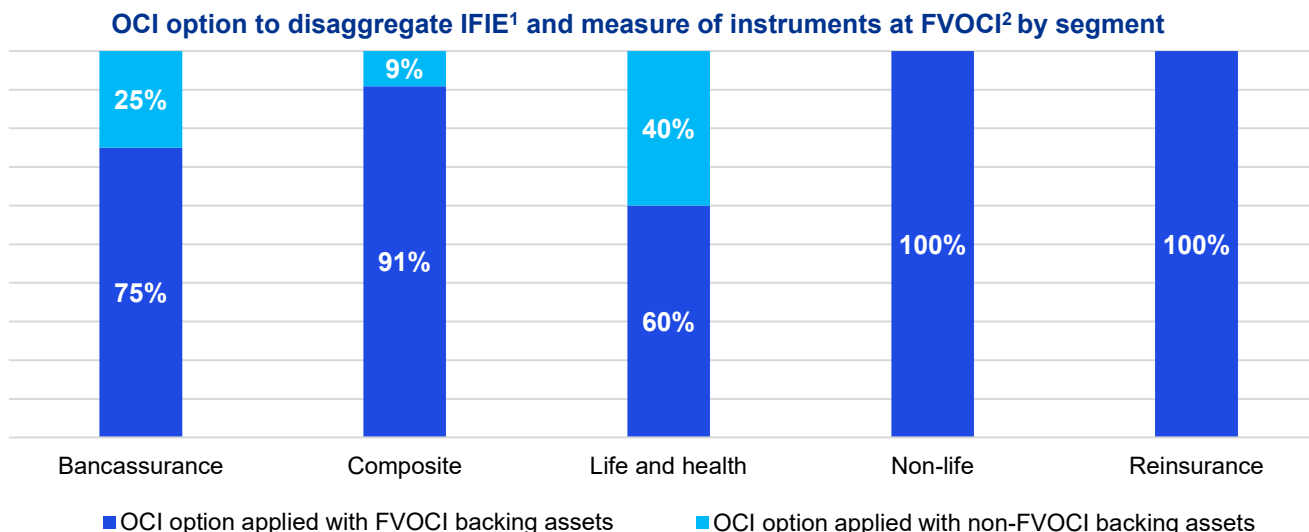
## Insurers' IFIE choices aligned with their financial instrument measurement approaches

IFRS 17 allows insurers to present IFIE wholly in profit or loss or to disaggregate it between profit or loss and OCI. A key benefit of this option is to reduce accounting mismatches between the insurance contracts and the assets backing the insurance contracts, primarily measured under IFRS 9, and reduce volatility in the income statement.

Most of the insurers that chose to disaggregate IFIE between profit or loss and OCI (the OCI option) – either fully or on a mixed basis (i.e. applied to specific portfolios or products under certain measurement models) – also disclosed that they measure financial instruments at fair value through OCI (FVOCI), for both debt instruments and equity instruments.

**27 of the 32 insurers** that applied the OCI option to disaggregate IFIE, classify either the majority of, or a portion of, their financial assets as measured at FVOCI. The remaining **five insurers** are spread across segments rather than concentrated in a specific group.

As illustrated below, this results in a broadly consistent relationship between the OCI option for insurance liabilities and the classification of backing assets.



<sup>1</sup> When the OCI option applied to at least some groups of insurance contracts.

<sup>2</sup> When FVOCI is applied either to the majority of, or on a mixed basis to, debt and/or equity instruments.

# Insurers' financial assets

## Asset allocation varied significantly by segment, driven by liability characteristics

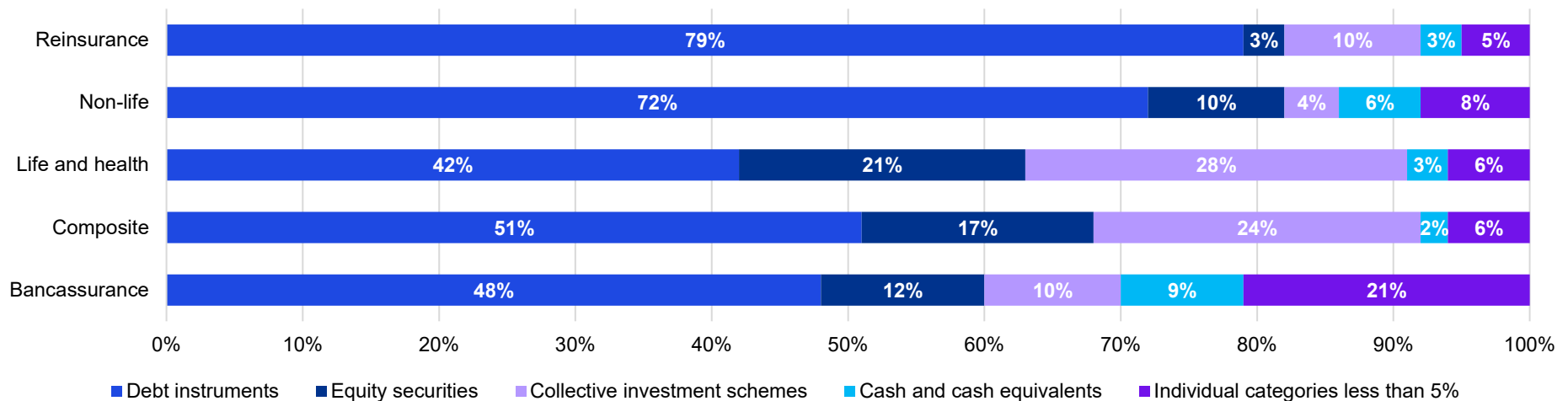
Insurers invest premiums received into various types of financial assets. An insurer's investment strategy will be driven by various factors, including the nature and duration of the insurance liabilities. The below graph shows the assets by type, for each segment, as reported by the insurers at 31 December 2025.

The composition of insurers' financial assets varies significantly by segment and reflects differences in liability profiles, duration and risk characteristics.

Debt instruments dominate across all segments, particularly for **reinsurers (79%)** and **non-life insurers (73%)**, consistent with their shorter-tail liabilities and a stronger focus on capital preservation and liquidity.

By contrast, **life and health** and **composite insurers** show more diversified asset allocations, with a higher proportion of collective investments (**28% and 24%, respectively**) and equity securities (**21% and 17%, respectively**), reflecting longer-duration liabilities and a greater capacity to absorb market volatility in pursuit of higher returns.

Percentage of total investments by asset type<sup>1,2,3,4,5</sup>



<sup>1</sup> Debt instruments include government bonds and other debt instruments.

<sup>2</sup> The 'Individual categories less than 5%' category includes: derivative assets, associates held by participating funds, investment property, owner-occupied property at fair value and equity-accounted investees.

<sup>3</sup> Cash and cash equivalents also includes deposits with financial institutions.

<sup>4</sup> Bancassurers have been included if they explicitly disclosed assets held for insurance activities.

<sup>5</sup> Collective investment schemes include unconsolidated funds, unit trusts, funds backing of investment contracts and investment of unit-linked funds.

03

# Key performance indicators

Topic	Page
New business CSM	29
Combined ratios	31
Operating profit	33
Value and capital	36

# New business CSM

## New business CSM disclosures provided insights into insurers' performance

### What metrics do insurers provide for performance?

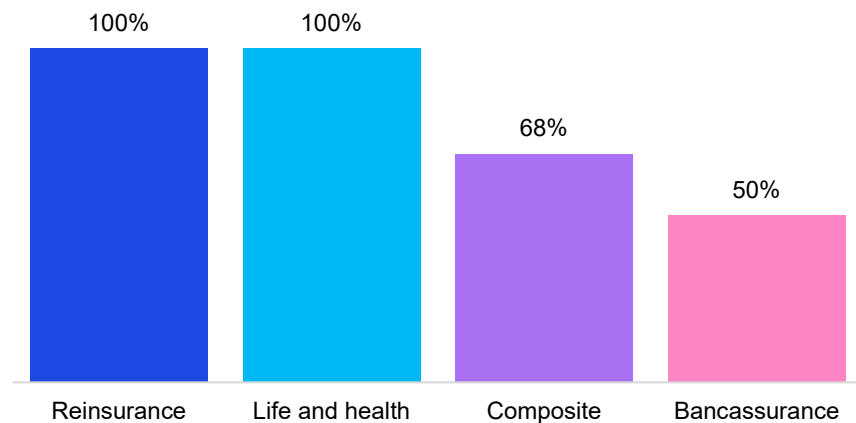
New business CSM continues to be an important performance metric as a KPI for many insurers. Its relevance varies across the market, with some segments adopting it more consistently than others.

**32 insurers** reported **CSM initially recognised** in the period (new business CSM) as a KPI.

The chart below shows the percentage of insurers in each segment that report new business CSM. **All life and health insurers** and **reinsurers** report this metric. By contrast, only **50% of bancassurers** present this metric as a KPI; non-life insurers do not.

For non-life insurers, performance is more commonly assessed using the combined ratio, alongside traditional volume-based metrics such as gross written premiums.

**New business CSM metrics by segment**

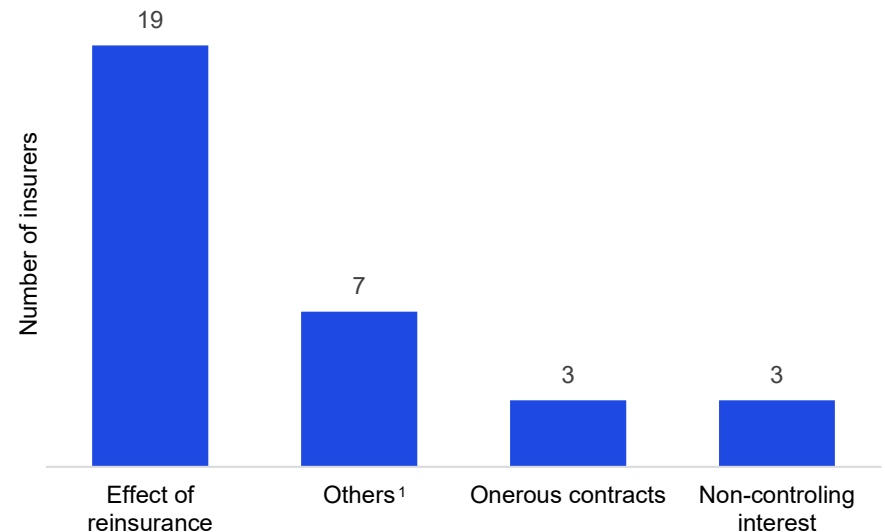


### Key adjustments applied to new business CSM

When presenting new business CSM, insurers apply adjustments by deducting specific items from the gross amount of new business CSM initially recognised, commonly reinsurance. Some insurers apply multiple adjustments concurrently, including tax effects, non-controlling interests, impacts from onerous contracts or acquisition expenses.

The chart below summarises the main adjustments observed across the market.

**Insurers' adjustments to new business CSM**



<sup>1</sup> 'Others' primarily includes tax effects, adding investments contracts, economic and non-economic variance, deduction of acquisition costs.

# New business CSM (cont.)

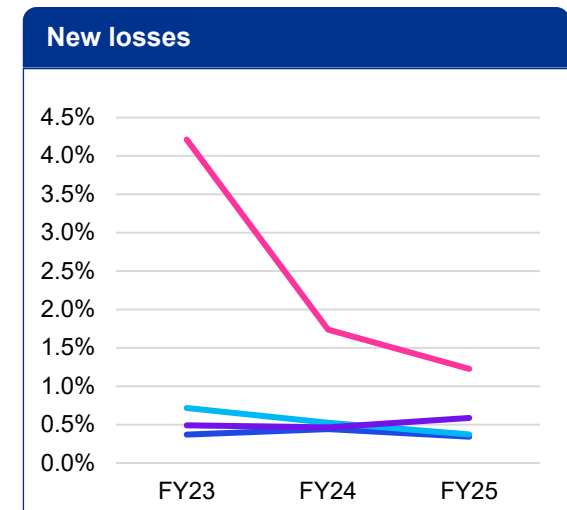
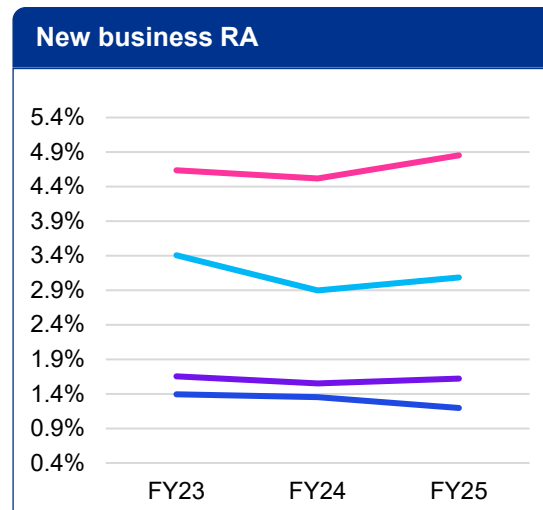
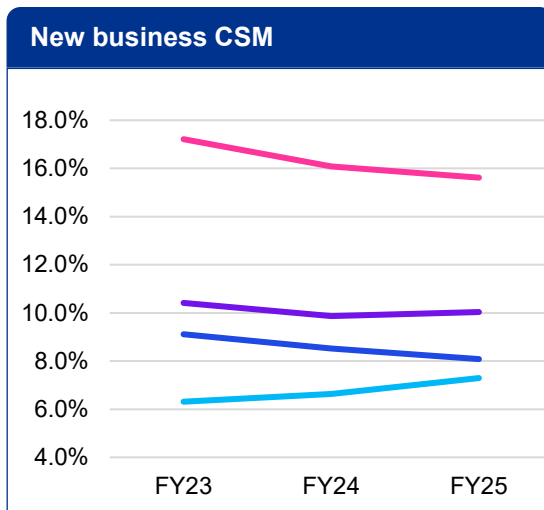
## New business CSM disclosures provided insights into insurers' profitability and growth

### New business profitability by region

Insurers are required to provide disclosure of the effects of non-PAA contracts initially recognised. These graphs show the mean percentages by region for the following.

- **New business CSM<sup>1</sup>**: Remains relatively stable across most regions over the period. Africa continues to report the highest levels, driven largely by composite insurers, although this has declined gradually from FY23 to FY25.

- **New business RA<sup>1</sup>**: This metric varies across regions. Africa continues to report the highest RA levels. The Americas stand out for consistently higher RA relative to new business CSM, indicating a more conservative risk calibration compared with other regions. By contrast, ASPAC and Europe remain broadly stable, following the same trends as new business CSM, with a slight increase in ASPAC and a gradual decline in Europe.
- **New losses<sup>1</sup>**: The peak observed in FY23 was largely driven by a single insurer in the composite segment.



— Africa — ASPAC — Americas — Europe

<sup>1</sup> New business CSM, new business RA and new losses are expressed relative to the present value of future cash inflows for contracts initially recognised in the period for the insurer as a whole. The non-life segment was excluded from the analysis, because non-life insurers typically apply the PAA and do not disclose these metrics on a comparable basis.

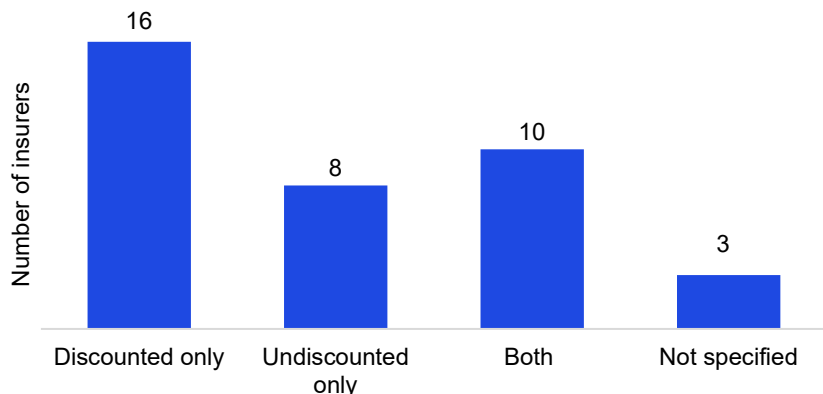
# Combined ratios

## Non-life insurers' combined ratios used insurance revenue and insurance service expenses but with modifications

### Non-life insurers

Combined ratio disclosures are most prevalent when reported as a KPI, with **all reinsurers (100%)** and **the majority of non-life insurers (92%)** reporting this metric. Disclosure of the combined ratio remains high among composite insurers (79%) but is less common among bancassurers (60%).

Combined ratio disclosed by insurers



### Adjustments to the combined ratio

The table opposite shows the differences we observed in how **26 insurers** classified in composite, bancassurance, reinsurance and non-life segments calculated the IFRS 17-based combined ratio in their FY25 reports, including the adjustments they made compared with the base calculation.

Using the same stated calculation basis can still result in differences in the combined ratio. This is because insurers apply judgement to determine which expenses are 'directly attributable' or 'non-directly attributable', which affects the amount of expenses recognised as insurance service expenses.

We observed a range of **51–98%** of total expenses as being directly attributable, based on the expense disclosures of **23 insurers**. As shown in the table below, **11 insurers** adjusted their combined ratio calculation to include other (non-directly attributable) expenses, but the extent to which they include other expenses varied widely.

Base calculation <sup>1</sup>	Number of insurers making adjustment
<b>Adjusted for effect of reinsurance, of which:</b>	
Both ISE and IR adjusted	17
Reinsurance result adjusted in ISE	7
Not reported	2
<b>Adjusted to include other expenses<sup>2</sup></b>	<b>11</b>
<b>Other adjustments<sup>3</sup></b>	<b>10</b>

We also observed that **11 insurers** continued using a denominator comprising a revenue metric that is not based on IFRS 17 (e.g. earned premiums or GWP).

<sup>1</sup> The base calculation for the combined ratio is insurance service expenses (ISE) divided by insurance revenue (IR). The table excludes insurers that did not use this base calculation as the starting point for their calculation.

<sup>2</sup> The combined ratio includes directly and (some or all) non-directly attributable expenses.

<sup>3</sup> The insurers have made various other adjustments to the numerator or denominator – e.g. excluding the impact of onerous contracts or acquired contracts, or excluding certain costs.

# Combined ratios (cont.)

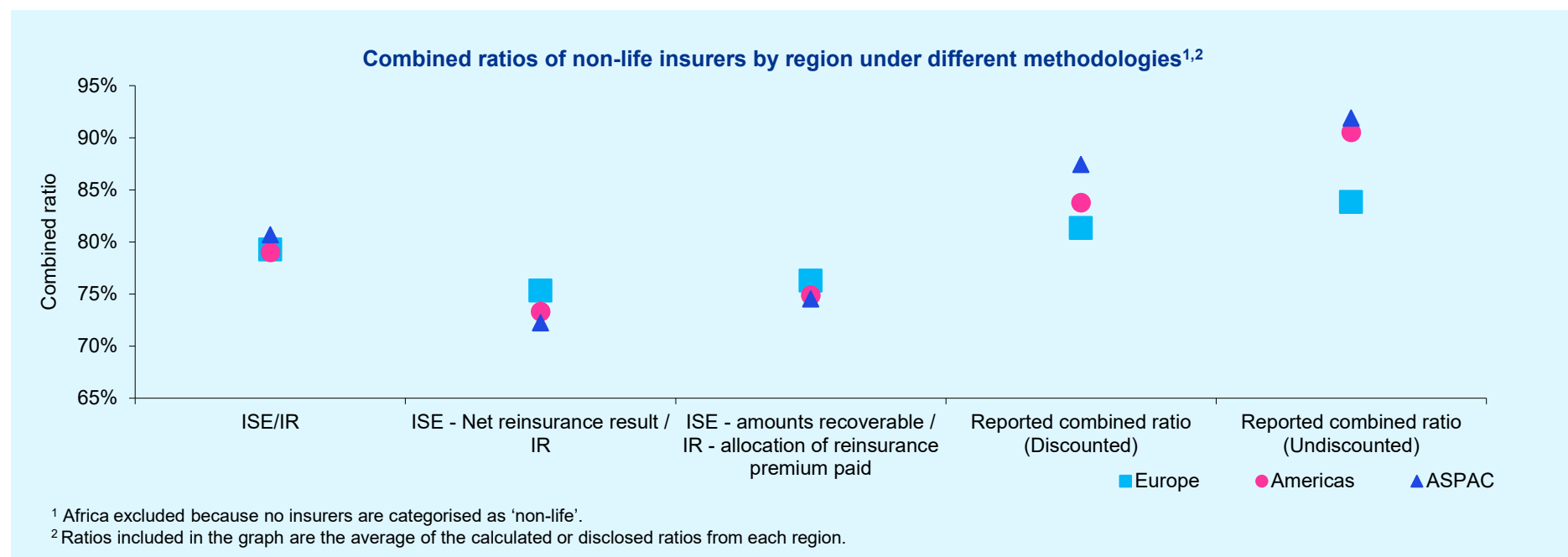
## Non-life insurers' combined ratios used insurance revenue and insurance service expenses but with modifications

### Combined ratios

To demonstrate the impact of differing methodologies for calculating combined ratios, the graph below compares combined ratios calculated using disclosures provided under IFRS 17 and the reported combined ratios for non-life insurers in each region.

It illustrates the following methodologies for calculating combined ratios.

- ISE as a proportion of IR.
- ISE less net reinsurance result as a proportion of IR.
- ISE less amounts recoverable from reinsurers as a proportion of IR less the allocation of reinsurance premiums paid.



# Operating profit

## Most insurers reported an alternative profit metric, but the calculation methodology varied significantly

### Alternative profit metric observations

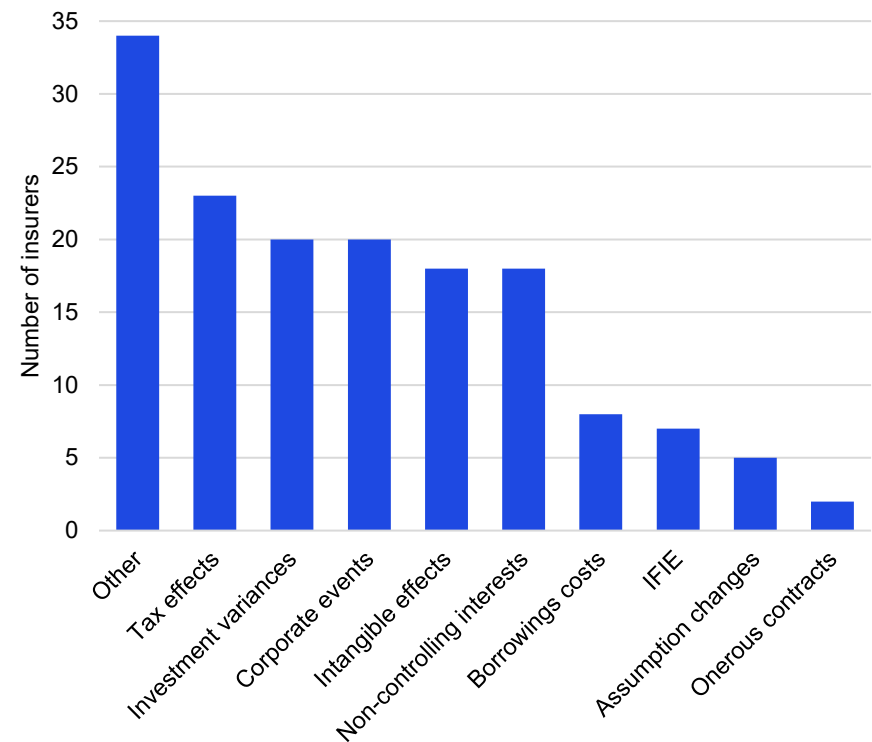
**44 insurers** reported an alternative profit metric, often referred to as 'operating profit' (OP). These metrics provide what management considers more stable earnings from period to period than those derived under IFRS Accounting Standards.

The calculation of these metrics differs significantly between insurers. Of the 44 insurers, **40 use net profit or loss under IFRS Accounting Standards as the starting point** and apply a variety of adjustments.

The main categories of the adjustments made by insurers include the following.

Adjustment category	Includes adjustment for...
Other	Non-recurring items, foreign exchange impacts and other entity-specific adjustments not presented separately
Tax effects	Presenting operating profit on a pre-tax basis and reflecting the tax effects associated with other adjustments
Investment variances	Normalising or excluding market movements or investment performance
Corporate events	Acquisitions, disposals or restructuring costs and corporate expenses
Intangible effects	Amortisation or impairment of acquired intangibles
Non-controlling interests	Exclusion of earnings attributable to minority shareholders

### Most common adjustments to arrive at an OP metric



See our comparison of net profit or loss under IFRS Accounting Standards with the alternative profit metrics reported by insurers in each segment. ▶

# Operating profit (cont.)

## Most of the insurers reported an alternative profit metric, but the measurement varied significantly

### Alternative profit metric observations

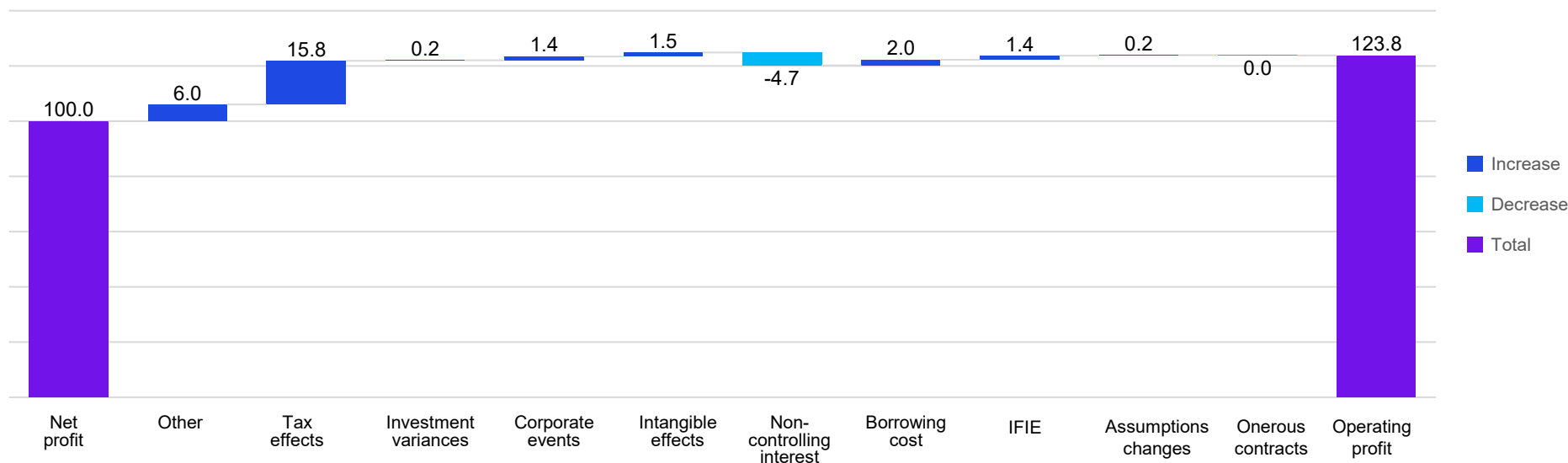
To assess the quantitative impact of adjustments used by insurers to derive operating profit, we analysed the aggregated effect of these adjustments described on the previous page.

Certain adjustments are commonly observed; however, their financial impact varies significantly depending on the nature and magnitude of each item.

In some cases, frequently observed adjustments (e.g. investment variances) tend to have a limited net impact, because positive and negative effects often offset each other.

The chart below illustrates the aggregated impact of adjustments applied when reconciling net profit or loss under IFRS Accounting Standards to operating profit.

**Illustrative impact of adjustments to arrive at OP metric<sup>1</sup>**



<sup>1</sup> The chart is indexed to FY25 net profit after tax as reported under IFRS Accounting Standards. The total adjustments reflect the aggregated impact across the 40 insurers that calculated operating profit starting from this profit figure.

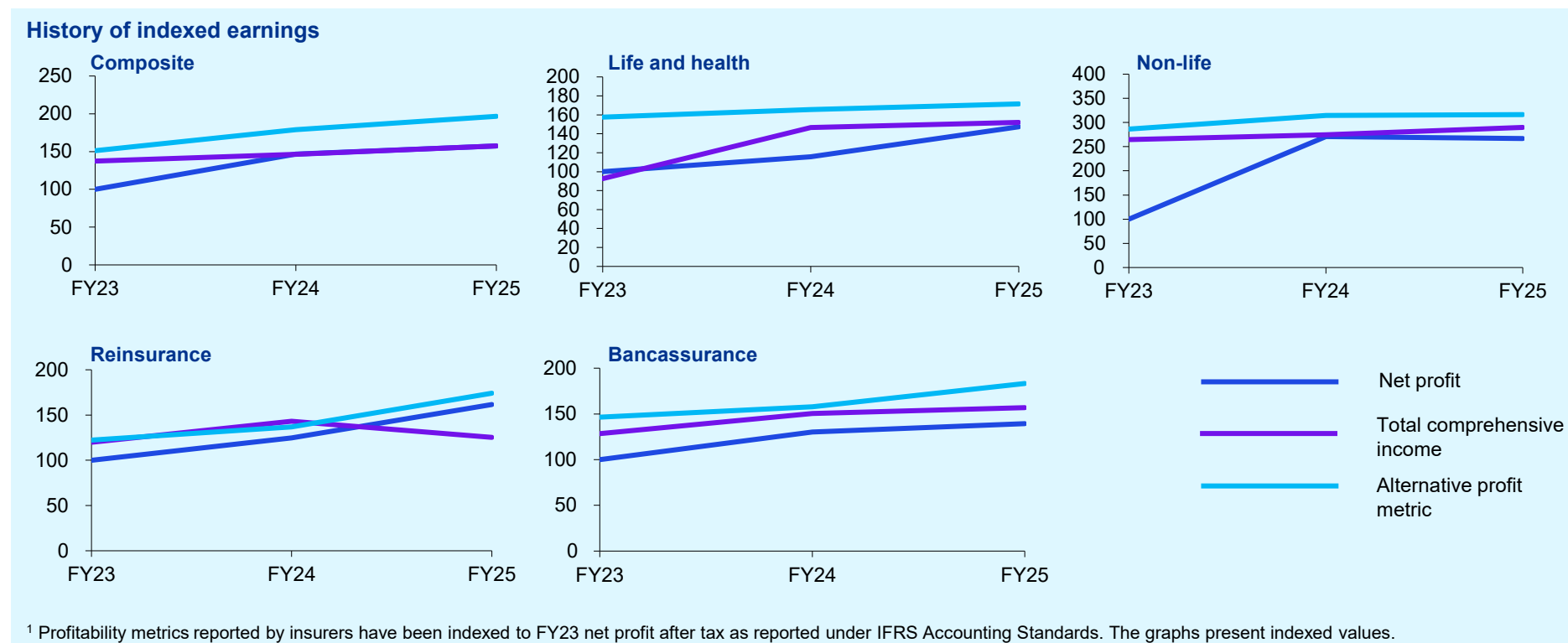
# Operating profit (cont.)

## Methodology behind alternative profit metrics varied but may be more stable than net profit or total comprehensive income

### History of indexed earnings

The graphs below show the history of average indexed<sup>1</sup> earnings from FY23 to FY25 for each segment.

- **Net profit:** average of indexed net profit after tax as reported under IFRS Accounting Standards by segment.
- **Total comprehensive income:** average of indexed total comprehensive income as reported under IFRS Accounting Standards by segment.
- **Alternative profit metric:** average of the indexed alternative profit metrics as reported by segment.



# Value and capital

## Some capital and value metrics are consistently disclosed across reports; others remain less prevalent

Our FY25 analysis shows that insurers have reported various value and capital metrics.

**Regulatory ratio:** The regulatory ratio remains the most disclosed metric, reported by **53 insurers** in FY25. This reflects the highly regulated nature of the insurance sector and the continued focus on solvency and capital adequacy measures.

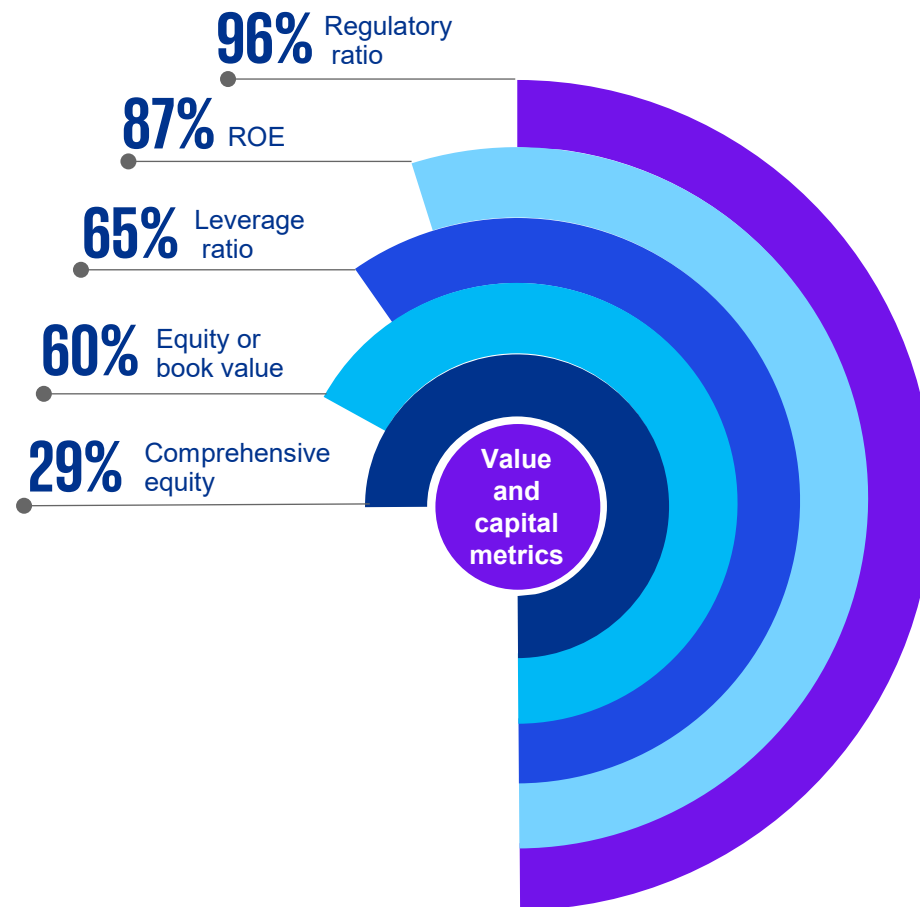
**Return on equity (ROE):** **48 insurers** reported ROE as a key performance metric in FY25, highlighting its relevance as an indicator of profitability and capital efficiency across the market. In FY25, the average ROE among insurers that reported this metric was 18.5%, an increase of 1.8% compared with FY24.

**Leverage ratio:** **36 insurers** reported a leverage ratio or similar debt or gearing metric in FY25. Of these, **17 insurers** incorporated the CSM (post-tax) into their leverage calculation following the adoption of IFRS 17 – typically using total gross debt as a proportion of the sum of shareholders' equity, post-tax CSM and total gross debt – resulting in lower reported leverage ratios.

**Equity or book value:** **33 insurers** reported equity, book value or net asset value per share, generally calculated as shareholders' equity as a proportion of the number of shares outstanding at the reporting date, without inclusion of the CSM.

**Comprehensive equity:** **16 insurers** disclosed comprehensive equity as a value metric, generally defined as an aggregate of shareholders' equity and the CSM. This metric is typically presented net of tax, reinsurance and non-controlling interests and is used to provide an indication of the value of the insurance business under IFRS 17.

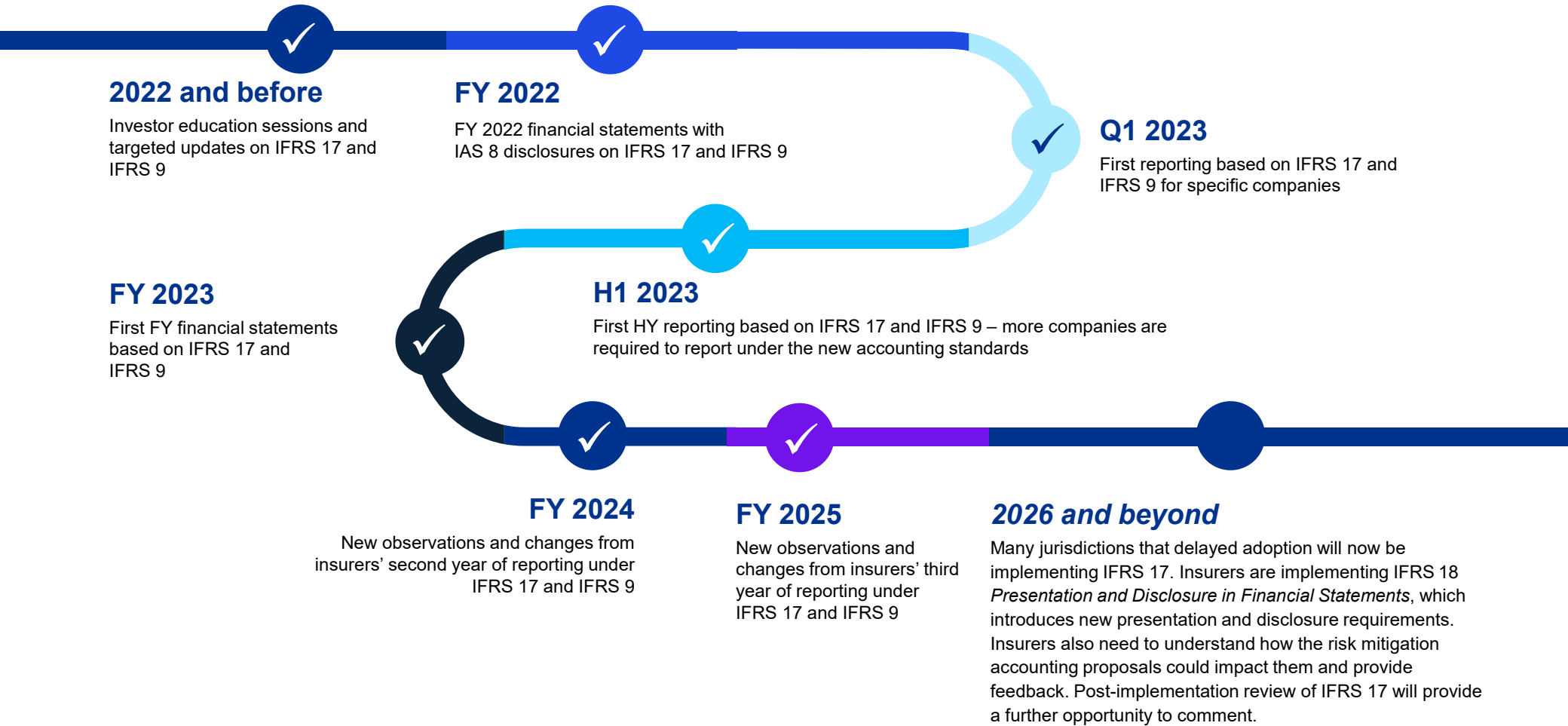
Percentage of value and capital metrics reported by insurers in FY25



04

**What's  
next?**

# What's next?



**05**

# **Keeping in touch**

# Keeping in touch



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06

# Appendix

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Company selection	43

# Transition-related disclosures

## Most of the insurers have not disclosed the assumptions or policies related to transition balances in their FY25 reports

### Transition-related disclosures

Most of the insurers applied the modified retrospective approach (MRA) or the fair value approach (FVA) to at least some of their business when they first applied IFRS 17.

IFRS 17 requires insurers to separately disclose the CSM as at the reporting date and the insurance revenue for the reporting period for groups of contracts measured under the MRA or FVA. **All but five insurers** met this disclosure requirement.

At the reporting date, insurers that applied the MRA or FVA measured a portion of their CSM balance using different assumptions and under different approaches to those for groups of contracts:

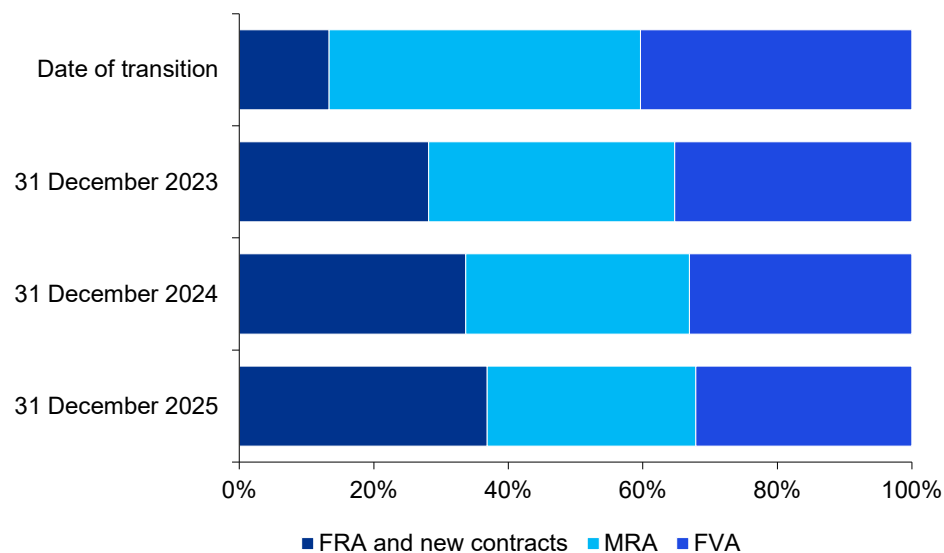
- measured under the full retrospective approach (FRA); and
- issued after the date of transition.

We observed that most of the insurers did not provide disclosures in their FY25 reports on the methodology behind the CSM measured under the MRA or FVA.

The graph summarises the insurers' disclosures of the proportion of CSM balances by transition approach applied as at the date of transition, and as at 31 December 2023, 2024 and 2025, respectively.

We can observe that the 'FRA and new contracts' CSM balance is increasing over time as expected due to the inclusion of new business. The CSM balance for MRA and FVA will decrease as services are provided; however, this may be offset by any favourable assumption changes that relate to future service and are recognised in the CSM for the related groups of contracts.

Proportion of CSM balances by transition approach over time<sup>1</sup>



<sup>1</sup> **Eight insurers** applying the EU annual cohort exemption are excluded from the table. These insurers used different approaches for providing this disclosure as at 31 December 2023, 2024 and 2025 – e.g. some excluded the CSM of the relevant groups from the disclosure; some included the CSM in the 'FRA and other' column even if they used the MRA or FVA at the date of transition; and some provided no disclosure at all.

# Appendix – Company selection

Company	Segment	Domicile
<b>Absa Group Limited</b>	Bancassurance	Africa
<b>Admiral</b>	Non-life	Europe
<b>Aegon</b>	Composite	Europe
<b>AIA Group Limited</b>	Life & health	ASPAC
<b>Allianz</b>	Composite	Europe
<b>ASR Nederland</b>	Composite	Europe
<b>Assicurazioni Generali</b>	Composite	Europe
<b>Aviva</b>	Composite	Europe
<b>AXA</b>	Composite	Europe
<b>Banco Bradesco</b>	Bancassurance	Americas
<b>BNP Paribas</b>	Bancassurance	Europe
<b>CaixaBank</b>	Bancassurance	Europe
<b>Catalana Occidente</b>	Non-life	Europe
<b>CNP Assurances</b>	Composite	Europe
<b>Coface</b>	Non-life	Europe
<b>Credit Agricole</b>	Bancassurance	Europe
<b>Desjardins Group</b>	Bancassurance	Americas
<b>Discovery Limited [30 June year end]</b>	Composite	Africa
<b>Fairfax Financial Holdings Limited</b>	Non-life	Americas
<b>FWD</b>	Life & health	ASPAC
<b>Gjensidige Forsikring</b>	Composite	Europe
<b>Great Eastern</b>	Composite	ASPAC
<b>Great West Life</b>	Life & health	Americas
<b>Hannover Ruck (Hannover Re)</b>	Reinsurance	Europe
<b>Helia</b>	Non-life	ASPAC
<b>Hiscox</b>	Non-life	Americas

<sup>1</sup> Although Prudential is headquartered in Europe, it does not operate any business within the European market. Its operations are focused on Asia-Pacific (ASPAC) region and so we have categorised it as ASPAC. This is a change from our FY24 report.

Company	Segment	Domicile
<b>HSBC</b>	Bancassurance	Europe
<b>iA Financial Corporation</b>	Composite	Americas
<b>Insurance Australia Group Limited [30 June year end]</b>	Non-life	ASPAC
<b>Intact Financial</b>	Non-life	Americas
<b>IRB</b>	Reinsurance	Americas
<b>Lancashire</b>	Non-life	Americas
<b>Legal and General</b>	Life & health	Europe
<b>Lloyds Banking Group</b>	Bancassurance	Europe
<b>M&amp;G</b>	Life & health	Europe
<b>Manulife Financial</b>	Life & health	Americas
<b>Mapfre</b>	Composite	Europe
<b>Münchener Rückversicherungs-Gesellschaft (Munich Re)</b>	Reinsurance	Europe
<b>NN Group NV</b>	Composite	Europe
<b>OUTsurance Insurance Company [30 June year end]</b>	Composite	Africa
<b>Ping An Insurance (Group) Company of China</b>	Composite	ASPAC
<b>Prudential</b>	Life & health	ASPAC <sup>1</sup>
<b>QBE Insurance Group</b>	Non-life	ASPAC
<b>Sampo</b>	Non-life	Europe
<b>Sanlam Limited</b>	Composite	Africa
<b>SCOR</b>	Reinsurance	Europe
<b>Standard Life Plc<sup>2</sup></b>	Life & health	Europe
<b>Storebrand</b>	Composite	Europe
<b>Suncorp Group Limited [30 June year end]</b>	Composite <sup>3</sup>	ASPAC
<b>SunLife Financial</b>	Life & health	Americas
<b>Swiss Re</b>	Reinsurer	Europe
<b>Talanx</b>	Composite	Europe

<sup>2</sup> Formerly known as Phoenix Group Holding Plc.

<sup>3</sup> The segment classification has been updated in 2025 to composite, given the company sold its banking activity.

# Appendix – Company selection (cont.)

Company	Segment	Domicile
Tryg	Non-life	Europe
Wüstenrot & Württembergische AG	Bancassurance	Europe
Zurich Insurance Group	Composite	Europe

## Notes

- Our population includes insurers that made their annual report or half-year report available by our cut-off date of 31 March 2026. These reports were used for the analysis included in the section titled 'Accounting policies and disclosures'. For the analysis in the section titled 'Key performance indicators (KPIs)' we have also used other sources of information, including investor presentations published for the annual 2025 reporting period.
- Some companies have a range of activities within their group. Some life and health, non-life and composite insurers may have segments that also issue reinsurance contracts. These insurers have not been allocated to the reinsurance segment.
- Some companies identify as financial conglomerates with not only banking and insurance activities, but also asset management, technology and/or other activities. We have generally classified these companies as 'bancassurance'.
- Composite, non-life or life and health segments may include companies that have banking or other (financial) activities which do not represent their main operations.



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