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## M&G plc IFRS 17 Market Update

M&G plc (“M&G”) has today released an update on its approach to IFRS 17; a global insurance accounting standard due to be implemented on 1 January 2023. The material is available [here](#) and a summary of key points is set out below.

The implementation of IFRS 17 will not change M&G’s strategy, solvency position, capital management framework, or dividend policy. M&G remains committed to achieving its core financial target of generating £2.5 billion Operating Capital over the 2022-2024 three-year period.

On transitioning to IFRS 17, M&G expects its IFRS Shareholder Equity to increase due to the notional attribution to shareholders of c. 10% of the With-Profits fund IFRS surplus. This positive impact on Shareholder Equity is expected to more than offset the negative one driven by the creation of the Contractual Service Margin (CSM) in the annuity business.

The increase in IFRS Shareholder Equity is expected to proportionately reduce the IFRS leverage ratio, while the Solvency II leverage ratio will not be affected by the change.

IFRS 17 will change the profit signature of the With-Profits business (including PruFund), as earnings will no longer be back-end loaded, but spread through the life of the product.

IFRS 17 will also remove the volatility related to assumption changes (e.g. longevity) from the Annuities Adjusted Operating Profit (AOP) result. These assumption changes will be absorbed by the CSM and gradually fed through to AOP over time.

M&G will provide a further update on IFRS 17 to the market in June 2023, ahead of publishing its first set of IFRS 17 financial statements at its 2023 Half Year Results.

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### Notes to Editors:



## About M&G plc

M&G plc is an international savings and investments business, managing money for around 5 million retail customers and more than 800 institutional clients in 28 markets. As at 30 June 2022, we had £348.9 billion of assets under management and administration. Our purpose is to help people manage and grow their savings and investments, responsibly.

With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our retail and savings customers under the M&G Wealth and Prudential brands in the UK and Europe, and under the M&G Investments brand for asset management clients globally.