



## M&G plc

### IFRS 17 market update and unaudited comparatives

M&G plc (“M&G”) has today released a presentation to provide an update on its transition to IFRS 17, the global insurance accounting standard implemented on 1 January 2023. The update reflects M&G’s current expectations and assessment of the impact of the IFRS 9 and IFRS 17 implementation, providing a restatement of M&G’s financial results for the year ended 31 December 2022 and the six months ended 30 June 2022 on an unaudited IFRS 17 basis.

The material is available on M&G’s website at the following [link](#) 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 financial target of generating £2.5 billion Operating Capital over the 2022-2024 period. It also remains committed to the financial targets set out on 9 March 2023 and to be achieved by end of 2025, namely:

- Deliver > 50% of the Group’s earnings from the Asset Management and Wealth operations<sup>1</sup>
- Deliver cost savings of £200m across the Group’s managed cost base
- Reduce the Asset Management CIR to < 70% (excluding performance fees)
- Reduce the Solvency II leverage ratio to < 30%

M&G’s restated 2022 closing position for IFRS Shareholder Equity increases by over 50% to £4.3bn, mainly due to the attribution to shareholders of c. 10% of the With-Profits fund IFRS surplus. Adjusted Equity is £8.3bn, calculated as the sum of Shareholder Equity and the Contractual Service Margin (CSM) attributable to Shareholder net of tax.

The increase in IFRS Shareholder Equity and creation of the CSM reduce the IFRS leverage ratio to 28%. The ratio is calculated as the nominal value of subordinated debt over the sum of Adjusted Equity and the nominal value of subordinated debt.

The restated 2022 Full-Year Adjusted Operating Profit (AOP) increases by 4% to £552m, driven by the change in profit signature of the Annuities and With-Profits business (including PruFund) and the revised AOP methodology.

The CSM attributable to Shareholder at the end of 2022 is £5.1bn (£4.1bn net of tax), demonstrating the sizeable discounted future value from M&G insurance operations, as well as their long-term and resilient nature.

M&G expects to publish its 2023 Half-Year Results on 20 September 2023.

#### Enquiries:

##### Media

Irene Chambers

+44(0)7825 696815

##### Investors/Analysts

Luca Gagliardi

+44(0)20 8162 7307

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<sup>1</sup> Based on IFRS 4 and financial segmentation as relevant at the time of the 2022 FY Results



### **Cautionary statement**

All IFRS 9 and IFRS 17 related information in this announcement is preliminary, unaudited and subject to change. Final 2022 FY and HY figures will be published alongside the 2023 Half Year Results release.

This announcement may contain 'forward-looking statements' with respect to M&G and its affiliates, its plans, its current goals and expectations relating to future financial condition, performance, results, operating environment, strategy and objectives. Statements that are not historical facts, including statements about M&G's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks', 'outlook' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore persons reading this announcement are cautioned against placing undue reliance on forward-looking statements.