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Non-recycling of equity instruments at FVOCI

Issues Paper – Overview of financial statement review

Introduction and Objective

1 The objective of this paper is:

(a) to provide an overview of the results regarding the impact and communication of equity instruments accounted for at fair value through other comprehensive income ('FVOCI') from a review of insurers' 2023 annual reports; and

(b) for EFRAG FR TEG to consider the EFRAG Secretariat discussions with two EFRAG IAWG users of financial statements and feedback from two insurance entities (EFRAG IAWG members) on the importance of the issue relating to non-recycling of equity instruments at FVOCI.

2 The paper is structured as follows:

(a) Selection of the sample for desktop review of financial statements;

(b) Process undertaken for desktop review;

(c) Summary of findings;

(d) Summary of June 2024 EFRAG IAWG discussions;

(e) Summary of September 2024 EFRAG IAWG discussions;

(f) Feedback from two insurance entities;

(g) Feedback from two EFRAG IAWG users;

(h) EFRAG Secretariat comments;

(i) Detailed findings;

(j) Questions to EFRAG FR TEG;

(k) Appendix 1: Additional details of the sample selected; and

(l) Appendix 2: Generali table on split between realised and unrealised gains/losses

Selection of the sample for desktop review of financial statements

3 The initial sample was based on a query in the Orbis database targeted to select listed insurance companies located in the European Economic Area. The sample was intended to provide a maximum coverage by country of the European Economic Area. The resulting population of 47 entities was then adapted to exclude entities whose financial statements are not available in English or whose main activities, despite their classification in the Orbis database, are in another sector (e.g., healthcare industry) or whereby the legal holding has moved to outside the European Economic Area. Additional research efforts were made to add additional entities.

4 For example, the EFRAG Secretariat looked at the participants that performed the IFRS 17 *Insurance Contracts* extensive field-test, insurers that sent comment letters regarding IFRS 9 *Financial Instruments* and IFRS 17 draft endorsement advices and we have included financial conglomerates.

5 Only entities that had equity instruments accounted at FVOCI as at 31 December 2023 were included in the sample.

6 The resulting sample included 20 entities from 11 countries of the European Union (see list in the Appendix).

7 Below is the breakdown to come up with the resulting sample selected:

	# of entities	Total assets (in euro millions)	Compared to total assets of sample (%)
Orbis database	47		
Entities where annual report is not in English	(8)		
Entities whose main activity is not insurance	(5)		
Two of the same entity (e.g. parent and subsidiary) in the sample so selected the relevant one, e.g., the entity with the insurance activities	(3)		
Legal holding moved to outside the European Economic Area	(1)		
Missing 2023 financial statements (not yet published as of middle of April inactive stock price)	(4)		

Addition from entities from IFRS 17 extensive field-test, comment letters regarding IFRS 9 Financial Instruments and IFRS 17 draft endorsement advice	0		
Addition from further research outside Orbis (based on the largest and smallest entities)	3		
Subtotal	29	3,811,159	100%
Entities with no equity instruments accounted at FVOCI	(9)	(663,716)	(17.42%)
Total	**20**	**3,147,444**	**82.58%**

Process undertaken for desktop review

8 For the companies included in the sample, annual reports, including consolidated financial statements for the year ended 31 December 2023, were analysed to identify any information provided by entities concerning non-recycling of equity investments at FVOCI; disclosures over their disposals during the reporting period, including realised gains/losses on such disposals; description of any accounting mismatches and presentation issues due to the fact that such realised results cannot be recycled to profit or loss at disposal.

9 The following sections of the annual reports/consolidated financial statements were analysed including word searches:

(a) Consolidated primary financial statements;

(b) Accounting policies, especially parts of them concerning equity investments at FVOCI and insurance liabilities (notably, application of the option to reflect in OCI the remeasurement effect on insurance liabilities due to changes in the current discount rate);

(c) Notes on financial investments, especially equity investments at FVOCI;

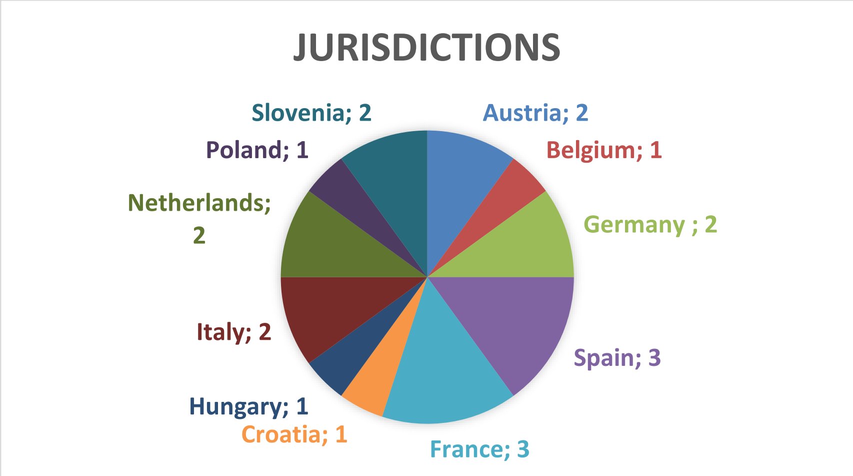
(d) Disclosures of transition from IAS *39 Financial Instruments: Recognition and Measurement*/IFRS 4 *Insurance Contracts* to IFRS 9 / IFRS 17;

(e) Notes containing detailed equity roll-forwards; and

(f) Sections of management report and key figures, dealing with presentation of the respective results for the period, for example to look for information regarding any adjustments to net income.

Summary of findings

10 The below chart shows the jurisdictions of the sample selected:



Significance of the issue on equity instruments at FVOCI

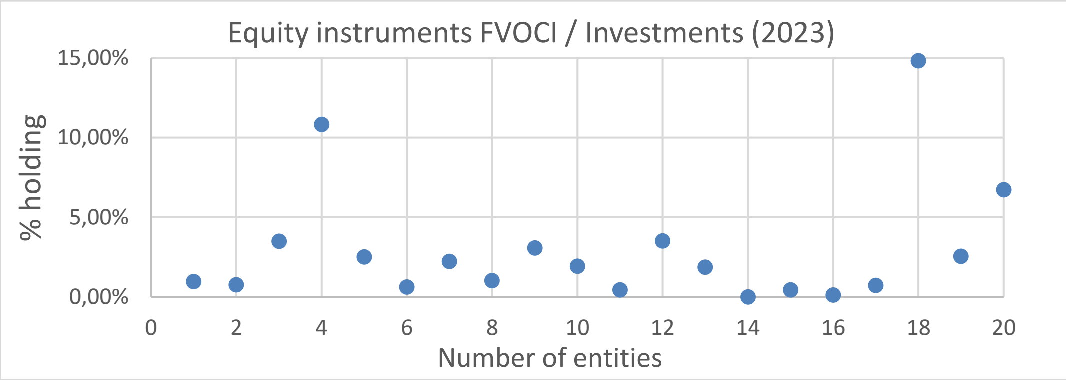
11 The % in this document refers to the total number of entities, unless indicated differently.

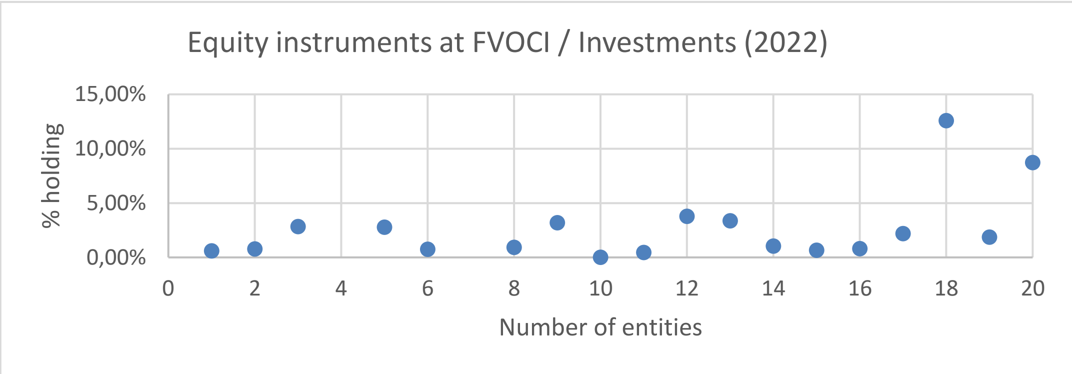
Term	**No. of entities as a %**
Almost all	90% - 100%
Most	75% - 89%
Majority, Significant majority	51% - 74%
Many	25% - 49%
Some, others	0% - 24%

12 The sample of entities selected all have equity instruments measured at FVOCI (a selection criterion) and almost all of these entities also apply the OCI option for the impact of changes in discount rates for insurance liabilities. In some cases, it was mentioned that the OCI option for insurance liabilities was applied to limit the volatility in profit or loss considering that many of supporting financial assets are measured at fair value through OCI under IFRS 9.

13 *Equity instruments FVOCI compared to investments on the Balance Sheet, at year-end*[1]: As per the chart below, for 17 (16 in 2022) entities, FVOCI equity instruments held were less than 5% of total investments while for the remaining three (two in 2022) entities, it ranged from 7% - 15% (9% -13%) compared to total investments. The other investments relate to, for example, debt instruments, investments in associates/joint ventures, investment properties, as well as equity instruments accounted for at fair value through profit or loss ('FVTPL').

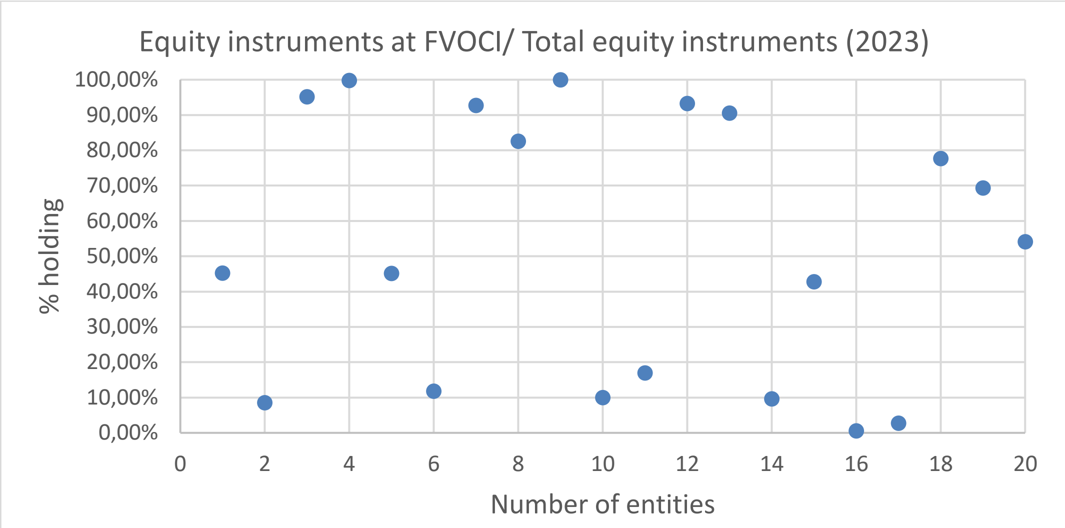
[1] Entities 4 and 7 did not apply the accounting policies for the 2022 comparative figures which allow full comparability of the 2023 information on FVOCI equity instruments. Please refer to paragraphs 22 – 24 of the paper.

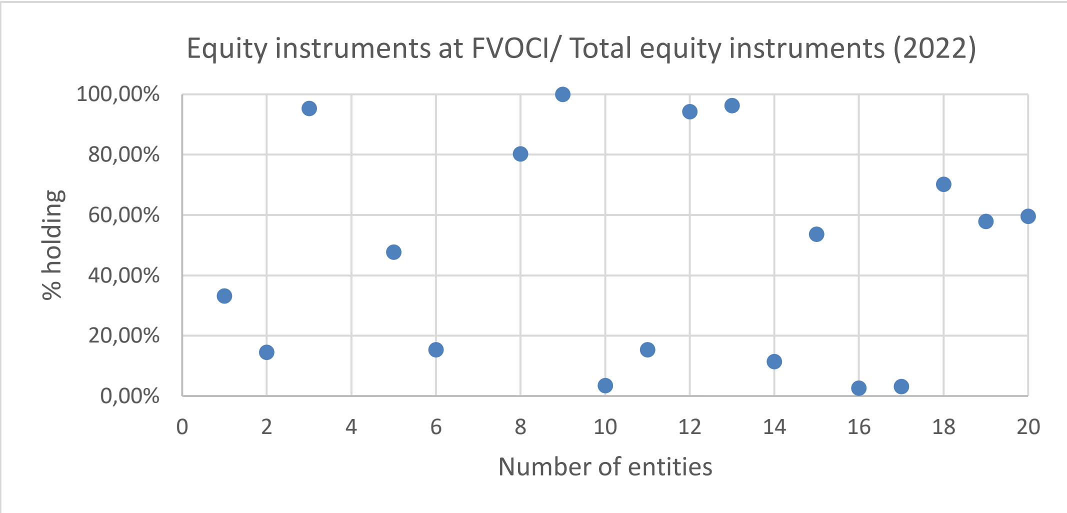




14 *Compared to total equity instruments at year-end[2]:* As per the graph below, for the majority of the entities (i.e. 13 (11 in 2022) entities), their FVOCI equity instrument holding was greater than 20% of total equity instruments held (i.e., of FVOCI and FVTPL equity instruments combined) with the majority of these 13 (11 in 2022) entities having between 60% - 100% of FVOCI equity instruments compared to total equity instruments. On the contrary, for 7 (7 in 2022) entities with positive holdings of less than 20%, their average holding of FVOCI equity instrument holding was just below 9% (around 7%) of total equity instruments held.

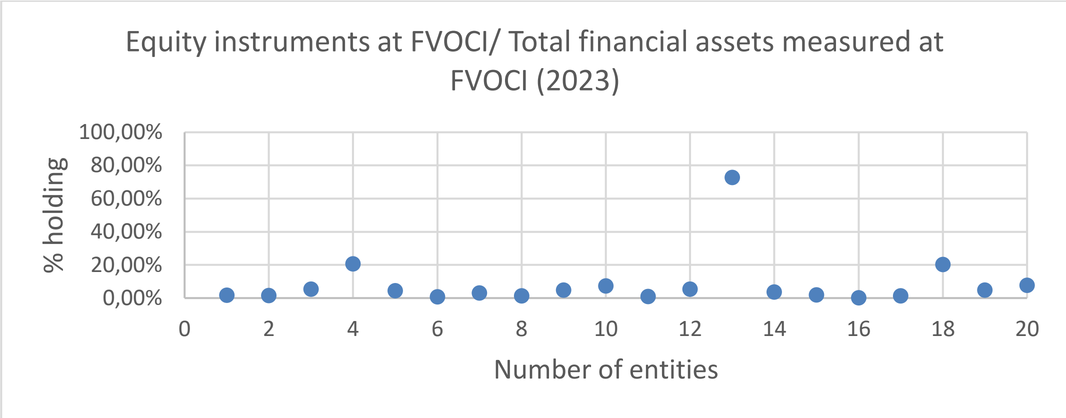
[2] Entities 4 and 7 did not apply the accounting policies for the 2022 comparative figures which allow full comparability of the 2023 information on FVOCI equity instruments. Please refer to paragraphs 22 – 24 of the paper.

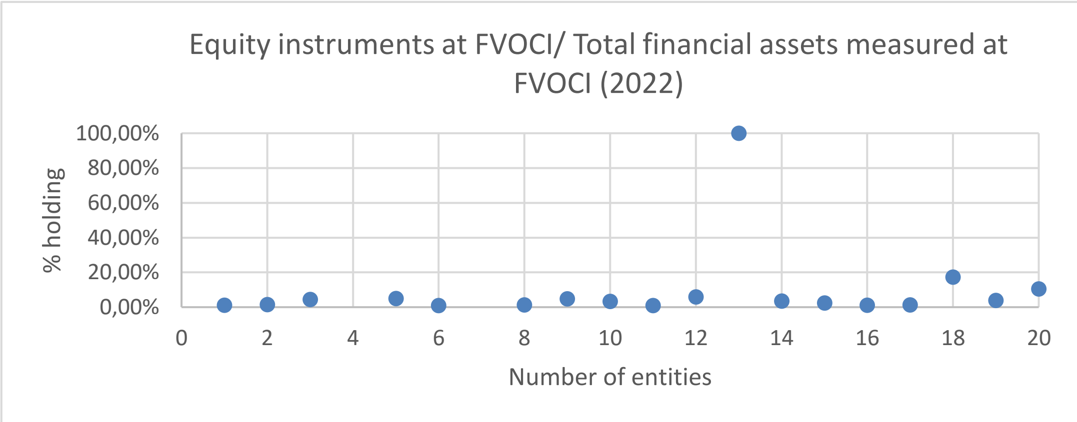




15 *Compared to total financial assets measured at FVOCI at year-end*[3]: For 17 (15 in 2022) of the entities, FVOCI equity instruments held was below 10% of total financial assets measured at FVOCI (i.e., FVOCI debt and equity instruments combined).

[3] Entities 4 and 7 did not apply the accounting policies for the 2022 comparative figures which allow full comparability of the 2023 information on FVOCI equity instruments. Please refer to paragraphs 22 – 24 of the paper.





16 The extent of disposal of the FVOCI equity instruments during the 2023 annual reporting period was various for the different entities. During the 2323 annual reporting period, 7 entities disposed of more than 20% (ranging between 20% and 70%) of their FVOCI equity instruments, 5 entities had disposals of FVOCI equity instruments of less than 20% and 3 entities did not have disposals of these instruments. For the remaining 5 entities, the EFRAG Secretariat did not find relevant information on the extent of disposals of equity instruments measured at FVOCI. The extent of disposal of the FVOCI equity instruments during the 2022 annual reporting period could not be analysed in a similar way as, in many cases, a sufficiently disaggregated comparative information on FVOCI equity investments is not available from the recurring disclosure notes or the transition disclosures.

Communication of the issue on equity instruments at FVOCI

17 Insurers generally stated in their accounting policies that when applying the option of FVOCI designation, all subsequent changes in fair value on concerned equity instruments are presented in OCI and not recycled to profit or loss.

18 Most of the financial statements mentioned the fair value of the equity instruments being disposed of and the amount of the corresponding realised gains/losses that are not

recycled to profit or loss. The below table shows the realised gains/losses as a percentage of net income.

Range of realised gains or losses / Net income	**No. of entities (2023)**	**No. of entities (2022)**
0% - i.e. no disposals	3	0
<=3% or immaterial indicated	6	7
>3% -and <10%	5	2
>10% and <=50%	0	2
>50% and <=75%	2	0
>75%	0	2
No explicit information	*4*	*7*
Total	20	20

19 Besides the above (indirect) information provided, the EFRAG Secretariat did not find additional information regarding explicit communication of the issue of non-recycling for almost all entities (corresponding to 74% of total assets of the sample). One entity (its total assets comprise 26% of total assets of the sample) provided explicit information, in the statement of comprehensive income, whereby there is a separate presentation of the change in fair value of FVOCI equity instruments and realised gains/losses from these equity instruments which is being introduced by the Amendments to IFRS 9 and IFRS 7 issued in May 2024.

20 In order to check for any explicit information on the non-recycling issue, the EFRAG Secretariat also checked whether there were adjustments made to the net income to adjust for the realised gains/losses which are non-recyclable for equity instruments measured at FVOCI and reported in the financial statements. The EFRAG Secretariat did not find this information for 19 entities (which comprises 93% of total assets of the sample). For the 20th entity, it was not clear whether adjustments were made for FVOCI equity instruments.

Additional findings (based on June 2024 EFRAG IAWG discussions)

Main reasons for classification of equity instruments to FVOCI

21 The financial statements were additionally analysed to identify the logic/reasoning behind classification of investments in equity instruments as either FVOCI or FVPL as explained by entities in their financial statements. The following reasons are the most frequent:

(a) FVOCI category is used for strategic equity investments;

(b) FVPL category is used for investments underlying insurance products, notably for the VFA business/for products where financial risk is borne by policyholders;

(c) FVOCI category is used to avoid volatility in profit or loss, even if such an accounting treatment results in realised gains or losses on FVOCI equity investments never being presented in the statement of profit or loss.

Comparison of 2023 with 2022 figures

22 The first version of the analysis was only based on the quantitative information for the year 2023. Therefore, to further substantiate the initial conclusions, the EFRAG Secretariat has performed an additional analysis of the comparative information for the year 2022 presented in the financial statements as at 31 December 2023 and for the year then ended.

23 In order to obtain sufficient assurance that the data for the year 2022 can be used as fully comparable, the EFRAG Secretariat has reviewed the IFRS 9/IFRS 17 transition disclosures as presented by the entities to confirm that:

(a) the entities have applied a fully retrospective approach at the transition date to IFRS 9 (1 January 2022); and

(b) the entities have applied the classification overlay as described in the *Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 —Comparative Information* issued in December 2021, which allows, under certain conditions, to apply IFRS 9 to financial assets that have been derecognised before the initial application date despite the general prohibition to do so under the transition requirements of IFRS 9.

24 The analysis showed that all entities in the sample, with the exception of two, applied the accounting policies which allow full comparability of the information on FVOCI equity instruments, including both their carrying amounts as at 31 December 2023 and 2022 and the related results for the annual periods then ended.

25 Based on the information obtained (summarised in the section *Detailed findings* below), the EFRAG Secretariat further confirmed, in general, its initial conclusion concerning the magnitude of the mentioned items and their impact on the financial statements of the insurance companies included in the sample.

Dividend income

26 Several EFRAG IAWG members have observed that while dividends on FVOCI equity instruments are recognised in profit or loss, realised gains and losses on these instruments are excluded from profit or loss and consider this difference in accounting treatment misleading as both elements are similar in nature. The issue is of particular importance for entities where FVOCI equity instruments back insurance liabilities (refer also to paragraph 39 above).

27 The EFRAG Secretariat notes the concern that these two economically similar elements are treated differently due to the requirements of IFRS 9. They are similar as both may be indicative of the entity’s performance. In order to further substantiate this concern, further

qualitative information was added to the section *Detailed findings* which illustrates the importance of realised gains or losses on FVOCI equity instruments in comparison with dividend income on those instruments. The summary of this information is presented in the tables below.

Range of dividend income on FVOCI equity instruments / Net income	**No. of entities (2023)**	**No. of entities (2022)**
<=3% or immaterial indicated	6	6
>3% -and <10%	7	6
>=10%	3	3
No explicit information	*4*	*5*
Total	20	20

Realised gains (losses) from disposal of FVOCI equity instruments / Dividend income on FVOCI equity instruments	**No. of entities (2023)**	**No. of entities (2022)**
<=10%	2	2
>10% -and <50%	4	2
>50% -and <100%	2	0
>=100%	4	6
No explicit information or immaterial	*8*	*10*
Total	20	20

Summary of June 2024 EFRAG IAWG discussions

28 The objective of the session was to provide EFRAG IAWG with an overview of the EFRAG Secretariat's initial findings regarding the impact of, and communication about, equity instruments measured at fair value through other comprehensive income ('FVOCI') in the first financial statements of insurers prepared under IFRS 17/ IFRS 9.

29 Several members noted that, in their view, the preferred accounting model for many equity investments would be FVOCI with recycling of the realised gains/losses from OCI to profit or loss at disposal. FVPL designation is stated as not suitable for insurers due to the volatility it introduces in the P&L statement, which is inconsistent with the long-term investment perspective.

30 Other topics noted by the members were:

(a) Entities generally avoid adjusting their Management Performance Measures (MPMs) by the amount of the realised gains or losses at disposal of FVOCI equity instruments due to the complexity of calculating and explaining these effects to the market. For instance, the MPMs would have to be further adjusted by the amount of impairment of the equity instruments at FVOCI leading to a "parallel accounting" for these investments.

(b) Significant differences in the effects from FVOCI equity instruments may arise due to the differences in types of business and products of the entities included in the sample.

(c) FVOCI treatment should be applicable also to other types of instruments, notably for investments in funds ("equity-like" instruments).

Summary of September 2024 EFRAG IAWG discussions

31 EFRAG IAWG discussed the additional findings derived from a more detailed analysis of the sample, considering the June EFRAG IAWG discussion, feedback received from two EFRAG IAWG preparers and discussions with two EFRAG IAWG users of financial statements.

32 Below were suggestions made to further analyse the topic including interviews with insurers:

(a) For entities that do not apply the FVOCI option for equity instruments, reasons why fair value through profit or loss ('FVPL') only was applied; and

(b) The extent to which entities have changed their asset allocation in equity instruments upon (preparing for) applying IFRS 9.

(c) The extent to which insurers did not apply FVOCI for equity instruments because they are not allowed to recycle.

(d) Whether the issue on equity recycling also relates to contracts applying the variable fee approach;

33 One member also highlighted that there is an issue also for other asset classes where other comprehensive income ('OCI') cannot be applied, e.g., equity-like investments in funds and puttable instruments.

34 Another member iterated that there was consensus from members of the CFO Forum to continue to ask for the issue of non-recycling of realised results on FVOCI equity instruments, as well the artificial volatility resulting from their accounting at FVPL to be addressed.

35 Another user member agreed to any solution in order to differentiate between the real volatility and artificial volatility sometimes arising from mismatches between the assets and liabilities. Also, this member considered a split between realised and unrealised gains to be useful.

Feedback from two insurance entities

36 Two insurance entities identified a number of key reasons why the IASB should reconsider non-recycling to profit or loss for equity instruments at FVOCI. The reasons are described below.

37 *Unfaithful presentation of performance and volatility in the P&L:*

(a) The insurance business model for some products typically has a long-term horizon with the aim of matching liabilities towards policyholders with the return on invested assets in a long-term perspective. Therefore, the P&L fluctuations resulting from the FVPL measurement would not reflect the underlying economics of that insurance business. Therefore, this creates a misrepresentation of the entity's financial and stability performance and does not reflect the business model for those products.

(b) For users of financial statements, including gains and losses of equity instruments measured at FVOCI in the P&L statement would offer insights into the economically motivated disinvestment decisions by management, thus better assessing management's intentions.

(c) FVPL designation is not suitable for insurers due to the volatility it introduces in the P&L statement, which is inconsistent with a long-term investment perspective.

38 *Accounting disadvantage for Equities vs. SPPI debt securities:* Accounting disadvantage for equity securities as they cannot be measured at FVOCI with recycling compared to SPPI debt instruments, despite equity instruments being part of the overall asset management strategy.

39 *Different treatment of fair value gains and dividends:* Due to the connection between the margin from investments and the insurance margin, realised gains and losses from equity instruments are as indicative of the entity's performance as dividends and in some circumstances even more than dividends. However, while dividends are recognised in P&L, under the current accounting model realised gains and losses are excluded from the P&L.

40 *Impact on the financial statements:*

Disposal of equity instruments represent a significant number for the insurance companies.

41 *Conceptual Framework:* The Conceptual Framework for Financial Reporting advocates for recognising amounts in P&L when it provides more relevant information. Therefore, gains and losses should eventually be presented in P&L as it is the primary performance statement.

42 *Impact on the financial statements:*

(a) These two insurers confirmed that their equity investments on the balance sheets are substantial.

(b) Non-GAAP adjusted profits currently exclude gains and losses for equity FVOCI due to the following:

(i) complexity of the calculations would imply double accounting journal entries to be performed;

(ii) the difficulty of explaining to the market the effect of a completely different accounting metric that would also require the development of an impairment model;

(iii) Non-GAAP measures adjust for IFRS 9 accounting volatility, emphasising the misalignment with the insurance business model when equities are accounted for at FVPL.

43 The absence of recycling is a critical issue for equity instruments connected with insurance contracts measured under the IFRS 17 general measured model (GMM) and the premium allocation approach (PAA) due to the accounting misalignment in presentation between the margin resulting from the investments (that includes realised gains and losses of equity instruments at FVOCI) and the margin on the insurance risk covered.

44 *Treatment of investment funds and puttable instruments:* Investments in equity-like instruments through investment funds (i.e., funds investing in equity instruments) are accounted at FVPL. This leads to accounting mismatches and increased volatility in P&L thereby reducing the attractiveness of these instruments, impacting their long-term investment strategies and portfolio diversification. Non-GAAP adjusted profit currently excludes the market volatility deriving from equity-like instruments.

Feedback from two EFRAG IAWG users

45 The users, in general, are in a phase of understanding what is included in the financial statements based on applying IFRS 9 and IFRS 17.

46 The two users were of the view that a standardised table with a **clear split between information on realised and unrealised gains or losses** would provide a practical and useful information for their analyses, i.e., a table similar to one provided by Generali on page 282 of their 2023 annual financial statement (Excerpt provided in Appendix 2 to this Paper).

47 In their view, to enhance information transparency, this table should be further divided, **indicating which portion is attributed to policyholders and which to shareholders**.

EFRAG Secretariat comments

48 The EFRAG Secretariat considers that the issue of not being able to recycle the realised gains/losses to profit or loss for equity instruments remains an important issue for insurance entities, also as indicated by feedback from EFRAG IAWG. The EFRAG Secretariat, based on the findings (paragraphs 26 and 27), shares the concern that realised gains/losses from equity instruments, which represent the connection between the margin from investments and the insurance margin, are not recognised in profit or loss while dividend income which may also be indicative of the entity's performance, is recognised in profit or loss.

49 However, based on the initial desktop review, we have not found explicit communication of the issue in the financial statements relating to non-recycling for almost all entities (corresponding to 74% of total assets of the sample) (paragraph 19). We also did not find, for most entities ((which comprises 93% of total assets of the sample), adjustments made to the net income to adjust for the realised gains/losses which are non-recyclable for equity instruments measured at FVOCI and reported in the financial statements (Non-GAAP ratios) (refer to paragraph 20). We also note that in response to this, EFRAG IAWG indicated that adjustments were not made due to the complexity of calculating and explaining these effects to the market (paragraph 30(a) above).

50 The EFRAG Secretariat considers that further work on this issue may need to be done, also considering the EFRAG IAWG discussions, and we would like to ask EFRAG FR TEG what they recommend as next steps. In this regard, the EFRAG Secretariat suggests to review insurers' financial statements and interview insurers/conduct a survey closer to preparing for the Post-Implementation Review (PIR) of IFRS 17.

Questions for EFRAG FR TEG

51 What are EFRAG FR TEG's comments and observations with regard to the information and conclusions presented in this paper?

52 Considering the EFRAG Secretariat's comments in paragraphs 48 to 50 above, what does EFRAG FR TEG recommend as next steps, regarding this issue on non-recycling of equity instruments? Are there additional aspects that the EFRAG Secretariat needs to consider?

Detailed findings

53 The table below shows the detailed findings and focuses on the significance of the issue relating to equity instruments measured at FVOCI and any explicit communication made in the annual report on this issue. The entities are categorised in alphabetical order by country.

	Name of entity	Country	Equity instruments at FVOCI as at reporting date (in Euro millions)		Equity instruments at FVOCI/ Total equity instruments		Equity instruments at FVOCI/ Investments[4]		FVOCI equity instruments sold during reporting period/ FVOCI equity instruments held as at 1 Jan 2023[5]	Equity instruments at FVOCI/ Total financial assets measured at FVOCI	
			2023	2022	2023	2022	2023	2022	2023	2023	2022
1	Vienna Insurance Group (VIG)	Austria	399	237	45.19%	33.2%	0.97%	0.61%	2%	1.64%	1.05%
2	Uniqa Insurance Group	Austria	189	180	8.54%	14.46%	0.76%	0.77%	0%	1.45%	1.48%
3	Ageas Group	Belgium	3,043	2,468	95.18%	95.36%	3.50%	2.84%	9%	5.35%	4.51%
4	Croatia Osiguranje Dd	Croatia	139	Not comparable (AFS)	99.72%	Not comparable (AFS)	10.84%	Not comparable (AFS)	2.91%	20.64%	Not comparable (AFS)
5	AXA	France	13,240	14,472	45.11%	47.72%	2.50%	2.79%	61.50%	4.49%	4.97%
6	Scor	France	143	167	11.77%	15.32%	0.61%	0.74%	No completed info	0.74%	0.89%
7	Coface Sa	France	75	Not compar	92.73%	Not compar	2.23%	Not compar	14%	3.05%	Not comparable (AFS)

[4] Includes investments in financial assets, in investment properties, in associates and joint ventures. Excludes derivatives.

[5] In many cases, comparative information as at 1 January 2022 is not available from the recurring disclosure notes or the transition disclosures.

	Name of entity	**Country**	**Equity instruments at FVOCI as at reporting date (in Euro millions)**		**Equity instruments at FVOCI/ Total equity instruments**		**Equity instruments at FVOCI/ Investments[4]**		**FVOCI equity instruments sold during reporting period/ FVOCI equity instruments held as at 1 Jan 2023[5]**	**Equity instruments at FVOCI/ Total financial assets measured at FVOCI**	
			2023	2022	2023	2022	2023	2022	2023	2023	2022
				able (AFS)		able (AFS)		able (AFS)			
8	Talanx Group	Germany	1,522	1,265	82.54%	80.27%	1.03%	0.91%	0%	1.39%	1.23%
9	Allianz	Germany	26,904	26,628	99.99%	99.94%	3.08%	3.20%	32.69%	4.78%	4.89%
10	Cig Pannonia Life Insurance	Hungary	7	2	10.00%	3.43%	1.93%	0.69%	No info	7.27%	3.31%
11	Generali	Italy	2,074	2,039	16.96%	15.32%	0.45%	0.46%	64%	0.93%	0.92%
12	Unipolsai	Italy	2,174	2,186	93.26%	94.31%	3.51%	3.79%	No info	5.32%	5.89%
13	ASR Nederland	Netherlands	2,348	1,743	90.48%	96.30%	1.86%	3.37%	54.68%	70.89%	100%
14	NN Group	Netherlands	3,919	4,106	9.6%	11.47%	2.06%	2.19%	21%	3.56%	3.57%
15	Powszechny Zaklad Ubezpieczen Sa	Poland	193	380	42.79%	53.62%	0.43%	1.05%	48%	1.89%	2.46%
16	Zavarovalnica Triglav Dd	Slovenia	4	652	0.57%	2.59%	0.12%	24.48%	83%	0.24%	1.06%
17	Sava Re Dd	Slovenia	16	15	2.73%	3.11%	0.71%	0.82%	0.0%	1.25%	1.29%
18	Catalana Occidente	Spain	1,855	1,430	77.70%	70.14%	14.84%	12.58%	5.12%	20.22%	17.24%
19	Mapfre s.a.	Spain	1,044	706	69.32%	57.86%	2.55%	1.88%	No info on numerator	4.82%	3.83%

	Name of entity	Country	Equity instruments at FVOCI as at reporting date (in Euro millions)		Equity instruments at FVOCI/ Total equity instruments		Equity instruments at FVOCI/ Investments[4]		FVOCI equity instruments sold during reporting period/ FVOCI equity instruments held as at 1 Jan 2023[5]	Equity instruments at FVOCI/ Total financial assets measured at FVOCI	
			2023	2022	2023	2022	2023	2022	2023	2023	2022
20	Linea Directa Aseguradora Sa, compania de seguros y reaseguros	Spain	64	72	54.05%	59.62%	6.73%	8.72%	No info on numerator	7.72%	10.43%

The table below summarises some information on the results from investment in FVOCI equity instruments and related ratios.

	Name of entity	Country	Realised gains (losses) from disposal of FVOCI equity instruments/ Net income after tax		Dividend income on FVOCI equity instruments/ net income		Realised gains (losses) from disposal of FVOCI equity instruments / Dividend income on FVOCI equity instruments	
			2023	**2022**	**2023**	**2022**	**2023**	**2022**
1	Vienna Insurance Group (VIG)	Austria	No explicit info on realised gains/losses	No explicit info on realised gains/losses	1.20%	1.59%	No explicit information	No explicit information
2	Uniqa Insurance Group	Austria	0%	0.03%	2.35%	2%	0%	1.5%
3	Ageas Group	Belgium	-4.84%	-0.31%	7.56%	5.6%	-64%	-5.6%
4	Croatia Osiguranje Dd	Croatia	-1.91%	3.89%	14.85%	missing information	-12.9%	No explicit information
5	AXA	France	-6.24%	29.19%	4.35%	7.55%	-143.3%	386.8%
6	Scor	France	Immaterial	No explicit information	0.25%	-0.22%	No explicit information	No explicit information

	Name of entity	Country	Realised gains (losses) from disposal of FVOCI equity instruments/ Net income after tax		Dividend income on FVOCI equity instruments/ net income		Realised gains (losses) from disposal of FVOCI equity instruments / Dividend income on FVOCI equity instruments	
			2023	**2022**	**2023**	**2022**	**2023**	**2022**
7	Coface Sa	France	0.28%	No explicit information	missing information	missing information	No explicit information	No explicit information
8	Talanx Group	Germany	0%	-0.05%	0.08%	0%	Immaterial	Immaterial
9	Allianz	Germany	-2.54%	87.82%	9.55%	16.51%	-26.5%	531.9%
10	Cig Pannonia Life Insurance	Hungary	No explicit info on realised gains/losses	No explicit info on realised gains/losses	Missing information	Missing information	No explicit information	No explicit information
11	Generali	Italy	0.87%	-2.39%	3.15%	4.82%	27.7%	-49.6%
12	Unipolsai	Italy	No explicit info on realised gains/losses	No explicit info on realised gains/losses	21.67%	35.84%	No explicit information	No explicit information
13	ASR Nederland	Netherlands	7.83%	-8.15%	6.63%	-3.79%	118.1%	215.4%
14	NN Group	Netherlands	3.2%	15.6%	6.7%	6.2%	48.1%	251.5%
15	Powszechny Zaklad Ubezpieczen Sa	Poland	1%	No explicit info on realised gains/losses	0.52%	0.48%	230.8%	No explicit information
16	Zavarovalnica Triglav Dd	Slovenia	72%	-398.22%	5.84%	-48.09%	1224.3%	828.1%
17	Sava Re Dd	Slovenia	0.0%	1.53%	0.86%	0.95%	0.0%	161%
18	Catalana Occidente	Spain	5.12%	1.68%	9.13%	9.33%	56%	18%
19	Mapfre s.a.	Spain	No explicit info on realised gains/losses	No explicit info on realised gains/losses	missing infomation	missing infomation	No explicit information	No explicit information

	Name of entity	Country	Realised gains (losses) from disposal of FVOCI equity instruments/ Net income after tax		Dividend income on FVOCI equity instruments/ net income		Realised gains (losses) from disposal of FVOCI equity instruments / Dividend income on FVOCI equity instruments	
			2023	**2022**	**2023**	**2022**	**2023**	**2022**
20	Linea Directa Aseguradora Sa, compania de seguros y reaseguros	Spain	-73.74%[6]	1.78%	missing infomation	missing infomation	No explicit information	No explicit information

The table below summarises some qualitative information relevant to the accounting treatment of FVOCI equity instruments on the basis of the financial statements analysed.

	Name of entity	Country	Y2022 IFRS 9 numbers restated in a way which makes them fully comparable with Y2023	OCI option used for impact of change in discount rate for insurance liabilities?	Explicit communication in the annual report on the equity non-recycling issue[7]?	Non-GAAP information on adjustments to the net income reflecting adjustments made for FVOCI equity instruments	Logic/reasons for classification of equity instruments - FVOCI/FVPL (brief description)
1	Vienna Insurance Group (VIG)	Austria	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	VIG has chosen to irrevocably measure strategically held equity instruments as measured at FVOCI. Any instruments intended for non-strategic purposes are measured at FVPL
2	Uniqa Insurance Group	Austria	Yes	Yes	Not found	Not found	UNIQA applies the FVOCI option for selected strategic participations and equity investments

[6] Realised gain of 3.24 million euros / net loss of 4 million euros

[7] The issue is explained in the Cover Note – Agenda paper 02-01. It relates to the non-recycling of equity instruments at FVOCI.

	Name of entity	Country	Y2022 IFRS 9 numbers restated in a way which makes them fully comparable with Y2023	OCI option used for impact of change in discount rate for insurance liabilities?	Explicit communication in the annual report on the equity non-recycling issue[7]?	Non-GAAP information on adjustments to the net income reflecting adjustments made for FVOCI equity instruments	Logic/reasons for classification of equity instruments - FVOCI/FVPL (brief description)
3	Ageas Group	Belgium	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	Under IFRS 9, the largest part of equity investment is measured at FVOCI to present changes in OCI rather than in the income statement (following the use of the 'available-for-sale' category under IAS 39) The remaining part of their investments in equity instruments, including amongst other equity instruments that cover unit-linked contracts, are measured at FVTPL
4	Croatia Osiguranje Dd	Croatia	No	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	FVOCI is applied for most of equity investments, notably those held for medium-long-term strategic purposes and not held for trading
5	AXA	France	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses (including by industry of the investment). However, no further info. In the statement of comprehensive income, fair value remeasurements on FVOCI equity investments are presented separately from result on disposal of FVOCI investments. Such detailed presentation is not required by the existing IFRS 9/IFRS 7, but such a requirement is being	Underlying earnings included in alternative non-performance measures and widely used in financial communication. However, no correction for the result from FVOCI equity investments	FVOCI applied in most cases to avoid volatility in P&L. FVPL is applied for equity instruments backing contracts where the financial risk is borne by policyholders

	Name of entity	**Country**	**Y2022 IFRS 9 numbers restated in a way which makes them fully comparable with Y2023**	**OCI option used for impact of change in discount rate for insurance liabilities?**	**Explicit communication in the annual report on the equity non-recycling issue[7]?**	**Non-GAAP information on adjustments to the net income reflecting adjustments made for FVOCI equity instruments**	**Logic/reasons for classification of equity instruments - FVOCI/FVPL (brief description)**
					introduced by Amendments to IFRS 9 and IFRS 7 issued by the IASB in May 2024.		
6	Scor	France	Yes	Yes	Not found	Not found	FVOCI for strategic investments, investments in non-consolidated entities, and venture capital investments
7	Coface Sa	France	No	Yes	Mention of the non-recyclable shares that were sold and the corresponding gain. However, no explanation of the issue found	Not found	FVOCI equity investments are generally held for long-term strategic purposes
8	Talanx Group	Germany	Yes	Yes	Not found	Economic performance measurement/ Economic profit[8] – However, there is no explicit info on whether there are adjustments made for FVOCI equity instruments	The Group uses FVOCI option selectively in the case of equities and unconsolidated participating interests

[8] The economic performance measurement (EPM) concept and the metric of economic profit is to manage long-term value added and to enhance the Group's capital efficiency. Economic profit measures economic net income (adjusted comprehensive income) net of the cost of capital. In addition to IFRS net income for the financial year, adjusted comprehensive income takes into account other components of the IFRS balance sheet and off-balance-sheet positions.

	Name of entity	Country	Y2022 IFRS 9 numbers restated in a way which makes them fully comparable with Y2023	OCI option used for impact of change in discount rate for insurance liabilities?	Explicit communication in the annual report on the equity non-recycling issue[7]?	Non-GAAP information on adjustments to the net income reflecting adjustments made for FVOCI equity instruments	Logic/reasons for classification of equity instruments - FVOCI/FVPL (brief description)
9	Allianz	Germany	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Shareholder's core net income[9] - no adjustment made for FVOCI equity instruments	FVOCI classification is used for almost all equity instruments (not held for trading); FVPL classification is exceptional
10	Cig Pannonia Life Insurance	Hungary	Yes	Yes	Not found		The decision is made by the CEO and the Chief Accounting Officer on an instrument-by-instrument basis, taking into account ALCO's recommendation
11	Generali	Italy	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Adjusted Net result[10] - no adjustment made for FVOCI equity instruments	FVOCI applied for equity instruments underlying non-VFA business, FVPL applied for equity investments underlying VFA business

[9] When determining shareholders' core net income, the Allianz Group generally excludes the following non-operating items (including any related tax effects):

- Non-operating market movements:
  - valuation result from investments and other assets and financial liabilities measured at fair value through profit or loss, and
  - income from derivatives.
- Non-operating amortization and impairments of intangible assets from business combinations except for insurance, investment or service contracts or agreements for the distribution of such contracts

[10] The adjusted net result is obtained by a deduction from the net result the following items:

- Volatility effects deriving from the valuation at fair value though profit or loss of investments not backing portfolios with direct profit participation and the free assets;
- Profit and loss impact deriving from the application of IAS 29 – Financial Reporting in Hyperinflationary Economies;
- Amortisation of intangible assets related to M&A, if material;
- Impact of gains and losses from business acquisitions and disposals, including possible restructuring costs incurred during the first year from the acquisition, if material.

	Name of entity	Country	Y2022 IFRS 9 numbers restated in a way which makes them fully comparable with Y2023	OCI option used for impact of change in discount rate for insurance liabilities?	Explicit communication in the annual report on the equity non-recycling issue[7]?	Non-GAAP information on adjustments to the net income reflecting adjustments made for FVOCI equity instruments	Logic/reasons for classification of equity instruments - FVOCI/FVPL (brief description)
12	Unipolsai	Italy	Yes	Yes	Not found, application of IFRS 17 reduce acc. mismatch		No reasoning stated explicitly
13	ASR Nederland	Netherlands	Yes	No[11]	Mention of the value of equity instruments sold, and gain/losses. However, no further info	no OCI option for insurance liabilities	ASR classifies its equity instruments at FVOCI to reduce volatility in the income statement
14	NN Group	Netherlands	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	Alignment with IFRS 17. FVPL classification is applied for products where financial risks are borne by policyholders
15	Powszechny Zaklad Ubezpieczen Sa	Poland	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info		No reasoning stated explicitly
16	Zavarovalnica Triglav Dd	Slovenia	Yes	Yes	Not found		FVOCI classification: primarily investments that are closely linked with the Group's and the Company's business activity in the long term. The purpose of holding such financial instruments is to collect dividend cash flows
17	Sava Re Dd	Slovenia	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	Held for the long term for strategic purposes (previously classified as AFS)

[11] On the basis of statement of other comprehensive income where no effects of changes in discount rates for insurance liabilities have been recorded.

	Name of entity	**Country**	**Y2022 IFRS 9 numbers restated in a way which makes them fully comparable with Y2023**	**OCI option used for impact of change in discount rate for insurance liabilities?**	**Explicit communication in the annual report on the equity non-recycling issue[7]?**	**Non-GAAP information on adjustments to the net income reflecting adjustments made for FVOCI equity instruments**	**Logic/reasons for classification of equity instruments - FVOCI/FVPL (brief description)**
18	Catalana Occidente	Spain	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	FVOCI classification is applied for investments that the Group intends to hold for long-term strategic purposes
19	Mapfre s.a.	Spain	Yes	Yes	Mention of the value of equity instruments sold, and gain/losses. However, no further info	Not found	Classification in FVOCI if the company intends to hold them in the medium/long term, not associated with insurance liabilities and not held for trading purposes
20	Linea Directa Aseguradora Sa, compania de seguros y reaseguros	Spain	Yes	Yes	Mention of the gain/losses on disposal. However, no further info	Not found	FVOCI for shares, this would help avoid accounting mismatches between financial assets and insurance contracts liabilities reclassifying capital gains on equity instruments to equity. FVPL for shares in investments and venture capital funds

Appendix 1: Additional details of the sample selected

1 The below table shows some additional information for 2023 collated on the sample of entities. The entities are categorised in alphabetical order by country.

	Name of entity	Country	Equity instruments at FVOCI/ Total assets	Market value in billion EUR[12]	Turnover in Million EUR	Total assets in Million EUR	Total assets as a % of total assets of the sample
1	Vienna Insurance Group (VIG)	Austria	0.82%	3.36	10,922	48,754	1.55%
2	Uniqa Insurance Group	Austria	0.67%	2.52	5,994	28,151	0.89%
3	Ageas Group	Belgium	3.15%	7.99	6,437	96,693	3.07%
4	Croatia Osiguranje Dd	Croatia	9.24%	5.51*	395	1,502	0.05%
5	Axa	France	2,05%	66.83	80,899	644,449	20.48%
6	Scor	France	0.40%	4.57	15,922	35,477	1.13%
7	Coface Sa	France	0.94%	1.76	1,559	7,898	0.25%
8	Talanx Group	Germany	0.9%	18.68	43,237	169,347	5.38%
9	Allianz	Germany	2.74%	104.69	91,251	983,174	31.24%
10	Cig Pannonia Life Insurance	Hungary	1.81%	27.62*	1,924	13,000	0.01%
11	Generali	Italy	0.41%	29.56	49,496	508,611	16.16%
12	Unipolsai	Italy	2.89%	6.39	9,571	75,121	2.39%

[12] The market value is taken from https://companiesmarketcap.com/ looking at the value at the end of 2023. If the information was missing on the website (values with *) the market value was calculated multiply the price of the shares (at the 29/12/2023) for the number of shares outstanding. If the market price at that date was not found EFRAG Secretariat used the closest number available.

	Name of entity	Country	Equity instruments at FVOCI/ Total assets	Market value in billion EUR[12]	Turnover in Million EUR	Total assets in Million EUR	Total assets as a % of total assets of the sample
13	Asr Nederland	Netherlands	1.56%	9.00	8,095	150,768	4.79%
14	NN Group	Netherlands	19%	9.78	10,453	208,941	6.64%
15	Powszechny Zaklad Ubezpieczen Sa	Poland	0.18%	9.39	6,191	107,822	3.43%
16	Zavarovalnica Triglav Dd	Slovenia	0.10%	0.7*	1,351	4,099	0.13%
17	Sava Re Dd	Slovenia	0.62%	0.5*	698	2,569	0.08%
18	Catalana Occidente	Spain	10.53%	3.70	4,768	17,619	0.56%
19	Mapfre s.a.	Spain	1.90%	5.95	24,781	54,947	1.75%
20	Linea Directa Aseguradora Sa, compania de seguros y reaseguros	Spain	5.64%	1.01*	960	1,125	0.04%

Appendix 2: Generali table on split between realised and unrealised gains/losses

Investment return by asset class

(€ million) 31/12/2022	Financial assets				
	Equity Instruments		Fixed Income		
	FVTPL	FVOCI	FVTPL	FVOCI	AC
Income/expenses from financial assets, investment properties, subsidiaries, associated companies and joint ventures	326	119	389	6,895	420
Realized gains/losses	-253	0	-17	194	11
Realized gains	210	0	23	635	35
Realized losses	-463	0	-40	-441	-24
Unrealized gains/losses	-866	0	-1,706	-321	-5
Unrealized gains	570	0	79	0	0
Unrealized losses	-1,435	0	-1,785	0	0
Net expected credit losses allocation and impairment	0	0	0	-321	-5
- Unrealized losses	0	0	0	0	0
Investment results from unit-linked assets and pension funds (*)	0	0	0	0	0
Total Finance result	**-793**	**119**	**-1,334**	**6,767**	**426**
Investment management expenses	0	0	0	0	0
FX effect	0	0	0	0	0
Total P&L return	**-793**	**119**	**-1,334**	**6,767**	**426**
Net gains and losses on equity instruments designated at fair value through other comprehensive income	0	-375	0	0	0
Net gains and losses on financial assets (other than equity instruments) at fair value through other comprehensive income	0	0	0	-63,246	0
Net gains and losses on hedging derivatives and other gains and losses	0	0	0	63	0
Total investments comprehensive return	**-793**	**-256**	**-1,334**	**-56,415**	**426**

(*) The investment result from unit-linked assets and pension funds refers to financial assets linked to technical reserves where the investment risk is borne by the policyholders, to financial liabilities related to investment contracts, and reserves linked to pension funds.