

AIA Company Limited

**Directors' Report and Financial Statements
for the year ended 31 December 2025**





Contents

Report of Directors	1
Independent Auditor's Report	5
Income Statement	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	13
Statement of Cash Flows	15
<i>Notes to the Financial Statements and Material Accounting Policy Information</i>	
1 Corporate information	16
2 Material accounting policy information	16
3 Critical accounting estimates and judgements	35
4 Total weighted premium income	37
5 Insurance revenue	38
6 Net investment result	39
7 Expenses	42
8 Income tax	43
9 Dividends	46
10 Intangible assets	46
11 Investments in subsidiaries	47
12 Investment in an associate	47
13 Property, plant and equipment	48
14 Investment property	50
15 Financial investments	51
16 Derivative financial instruments	58
17 Fair value measurement	60
18 Other assets	70
19 Cash and cash equivalents	70
20 Impairment of financial assets	71
21 Insurance contracts and reinsurance contracts held	80
22 Investment contracts	99



Contents (continued)

23	Offsetting of financial assets and financial liabilities	99
24	Notes due to ultimate holding company	101
25	Obligations under repurchase agreements	101
26	Provisions	102
27	Other liabilities	102
28	Share capital, capital contribution and reserves	103
29	Company capital structure	104
30	Risk management	105
31	Employee benefits	118
32	Share-based compensation	118
33	Remuneration of Directors and key management personnel	123
34	Related party transactions	124
35	Commitments and contingencies	125
36	Immediate and ultimate controlling party	125
37	Events after the reporting period	125



Report of Directors

The directors of AIA Company Limited (the “Company”) have the pleasure of presenting their annual report together with the audited financial statements of the Company for the year ended 31 December 2025.

Principal Activities

The Company is a limited liability company incorporated and managed in Hong Kong. The address of the Company’s registered office is AIA Building, 1 Stubbs Road, Hong Kong. The Company and its subsidiaries are principally engaged in life and general insurance business.

Insurance Operations

Insurance service result for the year ended 31 December 2025 were US\$649 million (2024: US\$647 million), representing a 0.3 per cent increase over the preceding period.

Investments

Net investment result from insurance and other business operations, which comprise investment return and insurance finance expense amounted to US\$4,655 million (2024: US\$4,183 million), representing a 11 per cent increase over the preceding period.

Details of the Company’s investments in subsidiaries are set out in note 11 to the financial statements.

Related Parties Transactions

Details of the related party transactions undertaken by the Company during the year ended 31 December 2025 in the ordinary course of business are set out in note 34 to the financial statements.

Directors’ / Controllers’ Interests in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance in relation to the Company’s business to which the Company, any of the Company’s subsidiaries or its holding company or any subsidiaries of its holding companies was a party and in which a director or controller of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Payments made to Directors / Controllers

Payments made to directors and controllers of the Company during the year ended 31 December 2025 are included in note 33 to the financial statements. Apart from the above, there were no properties transferred, payments made, loans advanced to or obligations assumed by or for a director or controller of the Company or any of his nominees or associates during the year.

Transfer to Reserves

Profits attributable to shareholders, before dividends, of US\$4,881 million (2024: US\$4,285 million) have been transferred to reserves. Other movements in reserves are set out in the statement of changes in equity.

Dividends

The first interim dividend of US\$1,100 million was approved by the Board on 19 May 2025, the second interim dividend of US\$650 million was approved by the Board on 14 August 2025 and the third interim dividend of US\$1,100 million was approved by the Board on 1 December 2025.

The final dividend of US\$900 million was proposed by the Board on 13 March 2026, and is subject to approval by the member(s) of the Company.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 28 to the financial statements.

Donations

Donations for charitable and/or other purposes made by the Company during the year ended 31 December 2025 amounted to US\$3 million (2024: US\$4 million).

Statutory Business in Hong Kong

During the financial year ended 31 December 2025, the Company carried on the business of insurance against liability described in section 40 of the Employee's Compensation Ordinance (Cap 282, the Laws of Hong Kong).



Report of Directors (continued)

Reinsurance Arrangements

Material reinsurance arrangements subsisting at the end of the year or at any time during the year are as follows:

Life, Accident and Health Insurance

The Company has material outward reinsurance arrangements with AIA Reinsurance Limited, an affiliate of the Company. External reinsurers participate with a share of the business covered in some of these arrangements. For new business, directly written or assumed through inward reinsurance, the Company manages its retention limit generally less than US\$5 million per life through external reinsurance. Material outward reinsurance treaties exist with a number of highly rated external reinsurers. The Company has catastrophic loss protection through a catastrophe reinsurance treaty, whose lead reinsurer is AXIS Re SE. The Company also has access to mass lapse protection through a mass lapse reinsurance arrangement with AIA Reinsurance Limited and an external reinsurer. In 2025, the Company entered into an inward reinsurance arrangement with AIA International Limited (Hong Kong Branch) to assume morbidity risk.

General Insurance

The catastrophe reinsurance arrangement led by AXIS Re SE covers Personal Accident and Travel Accident business.

Directors

The directors who held office during the year and up to the date of this report were:

Mr. Lee Yuan Siong

Mr. Garth Brian Jones

Mr. Wing Shing Chan

Mr. Hak Leh Tan

Mr. Leo Michel Grepin

Ms. Jayne Lynn Plunkett (resigned on 1 January 2026)

Mr. Choi Cheung Fung

Mr. Stuart John Valentine

Ms. Shulamite N K Khoo

There being no provision in the Company's Articles of Association for retirement by rotation, all directors of the Company shall remain in office.

Controllers

The controllers of the Company during the year and up to the date of this report were:

AIA Group Limited

Mr. Lee Yuan Siong

Mr. Wing Shing Chan

Permitted Indemnity Provisions

Pursuant to the Company's Articles of Association, subject to the relevant statutes, every current and former director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or which may attach to him in his current or former capacity as a director of the Company or an associated company of the Company.

During the year ended 31 December 2025, Directors and Officers Liability Insurance, which indemnifies directors and officers of the Company and an associated company of the Company against certain liabilities arising in the course of their duties to the Company or an associated company of the Company, was in force and remained in force as at the date of this report.



Report of Directors (continued)

Directors' / Controllers' interests in arrangements to acquire shares or debentures of the Company or any specified undertaking of the Company

During the year ended 31 December 2025, the following equity-linked schemes of AIA Group Limited ("AIAGL"), the ultimate holding company of the Company, subsisted at the end of the year or any time during the year which enabled certain directors and controllers of the Company, to acquire benefits by means of the acquisition or the award of shares in AIAGL or their equivalent cash value (collectively the "Plans").

(a) Restricted Share Unit Schemes

The restricted share unit scheme adopted by AIAGL on 28 September 2010 with a term of 10 years ("2010 RSU Scheme") was terminated with effect from 31 July 2020. AIAGL adopted a new restricted share unit scheme on 1 August 2020 with a term of 10 years ("2020 RSU Scheme", together with the 2010 RSU Scheme, "RSU Schemes") in place of and under substantially the same terms as the 2010 RSU Scheme. The objectives of the RSU Schemes are to align the participants' interests with those of AIAGL through ownership of the AIAGL's shares and/or the increase in value of AIAGL's shares.

Under the 2020 RSU Scheme, AIAGL may grant restricted share unit(s) ("RSU(s)") to employees, directors (excluding independent non-executive directors) or officers of AIAGL or any of its subsidiaries giving them a conditional right upon the vesting of the RSUs to obtain AIAGL shares or equivalent value in cash. Following the termination of the 2010 RSU Scheme, no further RSUs can be granted thereunder, however, it shall remain in full force and effect for all RSUs granted prior to its termination.

(b) Share Option Schemes

The share option scheme adopted by AIAGL on 28 September 2010 with a term of 10 years ("2010 SO Scheme") was terminated with effect from 29 May 2020. AIAGL adopted a new share option scheme with effect from 29 May 2020 with a term of 10 years ("2020 SO Scheme", together with the 2010 SO Scheme, "SO Schemes") in place of and under substantially the same terms as the 2010 SO Scheme. The objectives of the SO Schemes are to align the participants' interests with those of AIAGL through ownership of AIAGL's shares and/or the increase in value of AIAGL's shares.

Under the 2020 SO Scheme, AIAGL may grant share option(s) ("SO(s)") to employees, directors (excluding independent non-executive directors) or officers of AIAGL or any of its subsidiaries giving them a conditional right upon the exercising of the SOs to obtain AIAGL shares or equivalent value in cash. Following the termination of the 2010 SO Scheme, no further SOs can be granted thereunder, however, it shall remain in full force and effect for all SOs granted prior to its termination.

(c) Employee Share Purchase Plans

The employee share purchase plan adopted by AIAGL on 25 July 2011 with a term of 10 years ("2011 ESPP") was terminated with effect from 31 October 2020. AIAGL adopted a new employee share purchase plan on 1 August 2020 with a term of 10 years ("2020 ESPP", together with the 2011 ESPP, "ESPPs") in place of and under substantially the same terms as the 2011 ESPP. The objectives of ESPPs are to facilitate and encourage long-term AIAGL share ownership by employees and to encourage employee retention.

Under the 2020 ESPP, eligible employees of AIAGL or any of its subsidiaries may elect to purchase AIAGL's shares, giving such employees a conditional right through the grant of matching restricted stock purchase units ("RSPUs") to obtain AIAGL shares.



Report of Directors (continued)

Directors' / Controllers' interests in arrangements to acquire shares or debentures of the Company or any specified undertaking of the Company (continued)

During the year ended 31 December 2025, Mr. Lee Yuan Siong, Mr. Garth Brian Jones, Mr. Wing Shing Chan, Mr. Hak Leh Tan, Mr. Leo Michel Grepin, Ms. Jayne Lynn Plunkett and Ms. Shulamite N K Khoo had interests in one or more of the Plans and had acquired benefits by means of the acquisition of shares of AIAGL pursuant to one or more of the Plans.

Apart from the above, at no time during the year was the Company, the Company's subsidiaries or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the directors or controllers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Events after the reporting period

Details of significant events occurring after the reporting date are set out in note 37 to the financial statements.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who will retire upon the conclusion of the forthcoming annual general meeting ("2026 AGM") and will not seek for re-appointment. A resolution for the appointment of KPMG as the auditor of the Company for 2026 financial year will be proposed at the 2026 AGM.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Lee Yuan Siong'.

Lee Yuan Siong
Chairman
13 March 2026



羅兵咸永道

Independent Auditor's Report

To the Member of AIA Company Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of AIA Company Limited (the "Company") standing alone, which are set out on pages 9 to 125, comprise:

- the statement of financial position as at 31 December 2025;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company standing alone as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's

Responsibilities for the Audit of the Financial Statements of the Company Standing Alone section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Report of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements of the Company Standing Alone

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements of the Company Standing Alone

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Huang Ka Ming (practising certificate number: P07526).



PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 March 2026



Income Statement

		Year ended 31 December 2025	Year ended 31 December 2024
US\$'000	Notes		
Insurance revenue	5, 21	3,109,863	2,674,266
Insurance service expenses	7, 21	(2,040,435)	(1,813,818)
Net expenses from reinsurance contracts held	21	(420,122)	(213,793)
Insurance service result		649,306	646,655
Interest revenue on	6B		
Financial assets not measured at fair value through profit or loss		808,411	739,879
Financial assets measured at fair value through profit or loss		79,227	84,966
Other investment return	6B	4,770,815	4,361,114
Net impairment (loss)/gain on financial assets	6	(1,823)	3,714
Investment return	6	5,656,630	5,189,673
Net finance expenses from insurance contracts		(750,636)	(696,253)
Net finance expenses from reinsurance contracts held		(31,394)	(17,002)
Movement in investment contract liabilities	22	(219,210)	(293,273)
Net investment result	6	4,655,390	4,183,145
Fee income		19,158	14,674
Other operating revenue		357,404	327,389
Other expenses	7	(617,478)	(619,614)
Other finance costs	7	(10,440)	(9,038)
Profit before tax		5,053,340	4,543,211
Tax expense	8	(172,782)	(258,403)
Net profit		4,880,558	4,284,808
<i>Net profit attributable to:</i>			
Shareholders of the Company		4,880,558	4,284,808



Statement of Comprehensive Income

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Net profit	4,880,558	4,284,808
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains on financial assets at fair value through other comprehensive income (net of tax of: 2025: US\$(387)m; 2024: US\$(316)m)	1,551,989	1,263,721
Fair value gains on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal (net of tax of: 2025: US\$10m; 2024: US\$10m)	(42,007)	(22,840)
Foreign currency translation adjustments	574,169	12,703
Cash flow hedges – Fair value losses through other comprehensive income (net of tax of: 2025: US\$2m; 2024: nil)	(6,090)	-
Net finance expenses from insurance contracts (net of tax of: 2025: US\$287m; 2024: US\$122m)	(1,144,862)	(489,037)
Subtotal	933,199	764,547
Items that will not be reclassified subsequently to profit or loss:		
Revaluation (losses)/gains on property held for own use (net of tax of: 2025: US\$(2)m; 2024: US\$(0.5)m)	(1,475)	138,461
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: 2025: US\$4m; 2024: US\$1m)	(15,065)	(7,142)
Subtotal	(16,540)	131,319
Total other comprehensive income	916,659	895,866
Total comprehensive income	5,797,217	5,180,674
<i>Total comprehensive income attributable to:</i>		
Shareholders of the Company	5,797,217	5,180,674

Note:

(1) Where applicable, amounts are presented net of tax.



Statement of Financial Position

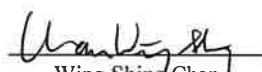
US\$'000	Notes	As at 31 December 2025	As at 31 December 2024
Assets			
Intangible assets	10	156,604	150,447
Investments in subsidiaries	11	15,830,360	15,722,556
Investment in an associate	12	2,141,682	1,864,705
Property, plant and equipment	13	663,866	587,719
Investment property	14	1,393,302	1,358,952
Insurance contract assets	21	24,070	241,960
Reinsurance contract assets	21	4,050	178,853
Financial investments:	15, 17		
At amortised cost			
Loans and deposits		1,397,439	1,339,353
At fair value through other comprehensive income			
Debt securities		23,395,520	17,796,425
At fair value through profit or loss			
Debt securities		2,081,226	2,678,631
Loans and deposits		298,704	272,286
Equity shares		788,220	2,318,796
Interests in investment funds		7,203,896	5,699,130
Derivative financial instruments	16	301,862	264,879
		35,466,867	30,369,500
Current tax recoverable		166	133
Other assets	18	424,472	396,840
Cash and cash equivalents	19	1,318,622	1,132,436
Total assets		57,424,061	52,004,101
Liabilities			
Insurance contract liabilities	21	22,055,210	18,729,081
Reinsurance contract liabilities	21	17,062	1,814
Investment contract liabilities	22	2,337,746	2,040,220
Notes due to ultimate holding company	24	500,000	-
Obligation under repurchase agreements	25	467,789	661,423
Derivative financial instruments	16	71,402	191,660
Provisions	26	152,382	125,397
Deferred tax liabilities	8	1,258,842	1,061,413
Current tax liabilities		44,649	59,494
Other liabilities	27	1,006,145	869,796
Total liabilities		27,911,227	23,740,298



Statement of Financial Position (continued)

US\$'000	Notes	As at 31 December 2025	As at 31 December 2024
Equity			
Share capital and capital contribution	28	11,429,738	11,429,738
Other reserves	28	967,442	965,654
Retained earnings		15,215,918	14,885,334
Fair value reserve	28	2,493,152	983,170
Foreign currency translation reserve	28	405,726	(168,443)
Property revaluation reserve	28	577,981	579,456
Insurance finance reserve	28	(1,513,278)	(368,416)
Others		(63,845)	(42,690)
Amounts reflected in other comprehensive income		1,899,736	983,077
Total equity		29,512,834	28,263,803
Total liabilities and equity		57,424,061	52,004,101

Approved and authorised for issue by the Board of Directors on 13 March 2026.


Wing Shing Chan
Director


Garth Brian Jones
Director



Statement of Changes in Equity

US\$'000	Notes	Share capital and capital contribution	Other reserves	Retained earnings	Other comprehensive income					Total equity
					Fair value reserve	Foreign currency translation reserve	Property revaluation reserve	Insurance finance reserve	Others	
Balance at 1 January 2025		11,429,738	965,654	14,885,334	983,170	(168,443)	579,456	(368,416)	(42,690)	28,263,803
Net profit		-	-	4,880,558	-	-	-	-	-	4,880,558
Fair value gains on financial assets at fair value through other comprehensive income		-	-	-	1,551,989	-	-	-	-	1,551,989
Fair value gains on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	(42,007)	-	-	-	-	(42,007)
Foreign currency translation adjustments		-	-	-	-	574,169	-	-	-	574,169
Cash flow hedges – Fair value losses through other comprehensive income		-	-	-	-	-	-	-	(6,090)	(6,090)
Net finance expenses from insurance contracts		-	-	-	-	-	-	(1,144,862)	-	(1,144,862)
Revaluation losses on property held for own use		-	-	-	-	-	(1,475)	-	-	(1,475)
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	(15,065)	(15,065)
Total comprehensive income for the year		-	-	4,880,558	1,509,982	574,169	(1,475)	(1,144,862)	(21,155)	5,797,217
Dividends	9	-	-	(4,550,000)	-	-	-	-	-	(4,550,000)
Share-based compensation		-	1,788	-	-	-	-	-	-	1,788
Distribution to shareholder		-	-	26	-	-	-	-	-	26
Balance at 31 December 2025		11,429,738	967,442	15,215,918	2,493,152	405,726	577,981	(1,513,278)	(63,845)	29,512,834

Note:

(1) Where applicable, amounts are presented net of tax.



Statement of Changes in Equity (continued)

US\$'000	Notes	Share capital and capital contribution	Other reserves	Retained earnings	Other comprehensive income					Total equity
					Fair value reserve	Foreign currency translation reserve	Property revaluation reserve	Insurance finance reserve	Others	
Balance at 1 January 2024		11,429,738	964,957	15,950,669	(257,711)	(181,146)	440,995	120,621	(35,548)	28,432,575
Net profit		-	-	4,284,808	-	-	-	-	-	4,284,808
Fair value gains on financial assets at fair value through other comprehensive income		-	-	-	1,263,721	-	-	-	-	1,263,721
Fair value gains on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	(22,840)	-	-	-	-	(22,840)
Foreign currency translation adjustments		-	-	-	-	12,703	-	-	-	12,703
Cash flow hedges – Fair value gains/(losses) through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Net finance expenses from insurance contracts		-	-	-	-	-	-	(489,037)	-	(489,037)
Revaluation gains on property held for own use		-	-	-	-	-	138,461	-	-	138,461
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	(7,142)	(7,142)
Total comprehensive income for the year		-	-	4,284,808	1,240,881	12,703	138,461	(489,037)	(7,142)	5,180,674
Dividends	9	-	-	(5,350,000)	-	-	-	-	-	(5,350,000)
Share-based compensation		-	697	-	-	-	-	-	-	697
Distribution to shareholder		-	-	(143)	-	-	-	-	-	(143)
Balance at 31 December 2024		11,429,738	965,654	14,885,334	983,170	(168,443)	579,456	(368,416)	(42,690)	28,263,803

Note:

(1) Where applicable, amounts are presented net of tax.



Statement of Cash Flows

		Year ended 31 December 2025	Year ended 31 December 2024
US\$'000	Notes		
Cash flows from operating activities			
Profit before tax		5,053,340	4,543,211
Adjustments for:			
Financial investments		(536,939)	(1,814,810)
Insurance contracts		3,583,831	503,181
Reinsurance contracts held		196,872	107,193
Investment contracts		119,500	189,012
Obligation under repurchase agreements		(251,349)	661,423
Investment income and non-cash operating items, including the effect of exchange rate changes on certain operating items ⁽¹⁾		(5,989,148)	(2,581,256)
Operating cash items:			
Interest received		874,315	836,109
Dividends received		294,745	154,214
Interest paid		(16,681)	(9,672)
Tax paid		(158,361)	(142,566)
Net cash provided by operating activities		3,170,125	2,446,039
Cash flows from investing activities			
Payments for intangible assets	10	(10,694)	(16,292)
Capital contributions to subsidiaries		(23,728)	(9,358)
Capital contributions to an associate		(276,977)	-
Dividends from subsidiaries	6	1,435,975	1,603,029
Payments for investment property and property, plant and equipment	13, 14	(87,626)	(110,516)
Proceeds from sales of investment property and property, plant and equipment	13, 14	81	92,762
Net cash provided by investing activities		1,037,031	1,559,625
Cash flows from financing activities			
Payments for lease liabilities ⁽¹⁾		(3,604)	(3,230)
Dividend paid		(4,050,000)	(5,350,000)
Net cash used in financing activities		(4,053,604)	(5,353,230)
Net increase/(decrease) in cash and cash equivalents		153,552	(1,347,566)
Cash and cash equivalents at beginning of the financial year		1,100,457	2,448,388
Effect of exchange rate changes on cash and cash equivalents		40,039	(365)
Cash and cash equivalents at the end of the financial year		1,294,048	1,100,457

Note:

(1) The total cash outflow for leases for the year ended 31 December 2025 was US\$4m (2024: US\$3m).

Cash and cash equivalents in the above statement of cash flows can be further analysed as follows:

		As at 31 December 2025	As at 31 December 2024
US\$'000	Note		
Cash and cash equivalents in the statement of financial position	19	1,318,622	1,132,436
Bank overdrafts		(24,574)	(31,979)
Cash and cash equivalents in the statement of cash flows		1,294,048	1,100,457



Notes to the Financial Statements and Material Accounting Policy Information

1. Corporate information

AIA Company Limited (the “Company”) was established as a company with limited liability incorporated in Hong Kong on 14 April 1931. The address of its registered office is AIA Building, 1 Stubbs Road, Hong Kong. The Company conducts business in Hong Kong and through its branch in Thailand.

The Company and its subsidiaries’ principal activity is the writing of life insurance business, providing life insurance, accident and health insurance and savings plans throughout Asia, and distributing related investment and other financial services products to its customers.

The Company is a wholly-owned subsidiary of AIA Group Limited (“AIAGL”), a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” for HKD counter and “81299” for RMB counter with American Depositary Receipts (Level 1) being traded on the over-the-counter market under the ticker symbol “AAGIY”.

2. Material accounting policy information

2.1 Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with HKFRS Accounting Standards and the Hong Kong Companies Ordinance.

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of financial assets measured at fair value through other comprehensive income, financial assets and liabilities measured at fair value through profit or loss, derivative financial instruments, property held for own use and investment properties, all of which are carried at fair value. Additionally, insurance and reinsurance contract assets and liabilities are measured using a fulfilment cash flow and contractual service margin (CSM) basis.

For the purposes of compliance with Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622), these financial statements have been prepared to present a true and fair view of the state of affairs and profit or loss of the Company only. Consequently, they have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance which apply to the preparation of separate unconsolidated financial statements.

In accordance with the criteria set out in paragraph 4(a) of HKFRS 10, Consolidated Financial statements, the Company is exempt from the preparation of consolidated financial statements and accounting for the investments in associates and joint venture using the equity method, respectively, because AIAGL, the parent of the Company, produces consolidated financial statements in accordance with HKFRS Accounting Standards which are available for public use. AIAGL is incorporated in Hong Kong SAR, and its consolidated financial statements are available at <http://www.aia.com>. The Company presents separate financial statements.

The Company’s functional currency and the presentation currency is the US dollar. The financial statements are presented in thousands of US dollars (US\$’000) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year, except as described in note 2.4.4 and as follows.

- (a) The following relevant new amendments to standard have been adopted for the first time for the financial year ended 31 December 2025 and have no material impact to the Company:
- Amendments to IAS 21, Lack of Exchangeability.



2. Material accounting policy information (continued)

2.1 Basis of preparation and statement of compliance (continued)

(b) The following relevant new standard and amendments to standards have been issued but are not effective for the financial year ended 31 December 2025 and have not been early adopted (the financial years for which the adoption is required for the Company are stated in parentheses):

- HKFRS 18, Presentation and Disclosure in Financial Statements (2027) introduces new presentation requirements in the income statement, including among others, the classification of income and expense items by categories, specific totals and subtotals. It also sets out new requirements on management-defined performance measures, as well as aggregation and disaggregation of financial information. The standard is expected to change the presentation and disclosures of the Company's financial statements but is not expected to impact the financial position or net results of the Company; and
- Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments (2026) provide guidance on a number of areas such as the derecognition of financial liabilities settled through an electronic payment system, classification of financial assets with Environmental, Social and Governance (ESG) and similar features, contractually linked instruments and certain new disclosure requirements. The Company has assessed the impacts on the Company's financial statements and considers that there is no material impact to the Company.

In addition, the Company has assessed the impact of the below amendments on its financial position and results of operations and they are not expected to have a material impact on the financial position or results of operations of the Company:

- Annual Improvements to HKFRS Accounting Standards – Volume 11 (2026)

The material accounting policies adopted in the preparation of the Company's financial statements are set out below. These policies have been applied consistently in all periods presented.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held

Consistent accounting policies for the measurement and recognition of insurance, reinsurance and investment contracts have been adopted throughout the Company.

2.2.1 Insurance contracts, investment contracts with DPF and reinsurance contracts held classification

The Company classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Company transfers significant insurance risk are classified as insurance contracts, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as investment contracts. Some insurance and investment contracts, referred to as traditional participating life business, have DPF, which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits, such as policyholder dividends or bonuses. The Company applies the same accounting policies for the recognition and measurement of obligations arising from investment contracts with DPF as it does for insurance contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Company to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Company to financial risk. For investment contracts that do not contain DPF, HKFRS 9, Financial Instruments, and, if the contract includes an investment management element, HKFRS 15, Revenue from Contracts with Customers, are applied. Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

Certain contracts with DPF supplement the amount of guaranteed benefits due to policyholders. These contracts are distinct from other insurance and investment contracts as the Company has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Policyholders may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are expected to be a significant portion of the total contractual benefits;
- the timing or amount of which are contractually at the discretion of the Company; and
- that are contractually based on:
 - the returns on a specified pool of contracts or a specified type of contract;
 - realised and/or unrealised investment returns on a specified pool of assets held by the Company; or
 - the profit or loss of the Company, fund or other entity that issues the contract.

Contracts with direct participation features are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of underlying items.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.1 Insurance contracts, investment contracts with DPF and reinsurance contracts held classification (continued)

The Company's products may be divided into the following main categories:

Policy type		Description of benefits payable	Basis of accounting for:	
			Insurance contracts	Investment contracts
Traditional participating life	Participating funds	Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the aggregate amount of which is determined by the performance of a distinct fund of assets and liabilities. The timing of dividend and bonus declarations is at the discretion of the insurer. For participating funds, local regulations generally prescribe a minimum proportion of policyholder participation in declared dividends.	Participating products where there is a distinct portfolio meet the definition of an insurance contract with direct participation features and is measured under an approach commonly referred to as the Variable Fee Approach (VFA) measurement model. The VFA modifies the general measurement model in HKFRS 17 to reflect the nature of the income to the insurer is a variable fee.	Investment contracts with DPF are accounted for in the same way as insurance contracts under HKFRS 17.
	Other participating business	Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the timing or amount of which are at the discretion of the insurer taking into account factors such as investment experience.	The general measurement model is applied to these insurance contracts.	Investment contracts with DPF are accounted for in the same way as insurance contracts under HKFRS 17.
Non-participating life annuities and other protection products		Benefits payable are not at the discretion of the insurer.	The general measurement model is applied to these insurance contracts except for some insurance contracts where the permitted premium allocation approach (PAA) simplification (see note 2.2.7) is applied.	Investment contract liabilities are measured at amortised cost.
Universal life		Benefits are based on an account balance, credited with interest at a rate set by the insurer, and a death benefit, which may be varied by the customer.	The general measurement model is applied to these insurance contracts.	Not applicable as such contracts generally contain significant insurance risk.
Unit-linked		These may be primarily savings products or may combine savings with an element of protection.	Unit-linked products that meet the definition of an insurance contract with direct participation features are measured under the VFA measurement model, otherwise they follow the HKFRS 17 general measurement model.	Investment contract liabilities under HKFRS 9 are measured at fair value (determined with reference to the accumulation value).

The basis of accounting for insurance contracts and reinsurance contracts held is discussed in notes 2.2.2 to 2.2.10 below.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.2 Separating components from insurance contracts and reinsurance contracts held

At inception, the Company separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract or a reinsurance contract held as a stand-alone instrument; and
- distinct investment components - i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

2.2.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into semi-annual cohorts and each semi-annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts held

Reinsurance contracts held by the Company cover underlying insurance contracts.

A group of reinsurance contracts held is recognised on the following dates:

- Reinsurance contracts held that provide proportionate coverage: Generally later of the beginning of the coverage period of the group of reinsurance contracts held, or the date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.
- Reinsurance contracts acquired: The date of acquisition.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.4 Fulfilment cash flows and contract boundaries

Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Further details of the related methodology and assumptions in respect of estimation of fulfilment cash flows are provided in note 21.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.5 Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of contracts using a systematic and rational allocation method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Insurance acquisition cash flows arising before the recognition of the related groups of contracts are recognised as an asset. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the related groups of contracts.

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at the fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

- recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow of the related group; and
- if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss.

The Company recognises any reversal of impairment losses in profit or loss when the impairment conditions no longer exist or have improved.

2.2.6 Measurement – insurance contracts not measured under the PAA

2.2.6.1 Initial measurement

On initial recognition, the Company measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The measurement of the fulfilment cash flows of a group of contracts does not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue. In the case of a business combination, the net outflow is recognised as an adjustment to goodwill or a gain on a bargain purchase for contracts acquired.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.6 Measurement – insurance contracts not measured under the PAA (continued)

2.2.6.2 Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- Changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses for insurance contracts without direct participation features or adjusted against CSM for insurance contracts with direct participation features.

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
 - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for services provided in the period.

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;
- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

To determine how to identify a change in discretionary cash flows, the basis is generally determined at inception of the contract. Changes in cash flows arising from the Company's discretion are regarded as relating to future services and accordingly adjust the CSM, these cash flows are determined based on the relevant contract terms, dividend and bonus philosophy.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.6 Measurement – insurance contracts not measured under the PAA (continued)

2.2.6.2 Subsequent measurement (continued)

Insurance contracts with direct participation features

Contracts with direct participation features are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of contracts with direct participation features, the Company adjusts the fulfilment cash flows for the changes in the obligation to pay policyholders an amount equal to the policyholder's share of the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
 - a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM. The excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
 - an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, which adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for services provided in the period.

Changes in fulfilment cash flows not varying based on the return on underlying items that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items - e.g. the effect of financial guarantees.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.7 Measurement – insurance contracts measured under the PAA

The Company generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- where the coverage period of each contract in the group of contracts is one year or less; or
- the Company reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

2.2.7.1 Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Company has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

2.2.7.2 Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the LIC. On initial recognition of each group of contracts, the Company expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Company has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC as loss component. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk. In subsequent periods, unless facts and circumstances indicate that the group of contracts is no longer onerous, the loss component is remeasured at each reporting date as the difference between the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) and the carrying amount of the LRC without loss component.

The Company recognises the LIC of a group of insurance contracts for the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

2.2.8 Reinsurance contracts held

For groups of reinsurance contracts held, the Company applies the same accounting policies as that applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Company recognises the cost immediately in profit or loss as an expense.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.8 Reinsurance contracts held (continued)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts. A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss for the services received in the period.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts held.

For reinsurance contracts held which were acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine a portion of losses recognised on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held.

Reinsurance contracts held measured under the PAA

The Company applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Company adjusts the carrying amount of the asset.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.9 Derecognition and contract modification

The Company derecognises a contract when it is extinguished — i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the derecognition of a contract in a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows that relate to future services, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to third party, then the CSM is also adjusted for the premium charged by the third party, unless the contract is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

2.2.10 Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets recognised for insurance acquisition cash flows arising before the recognition of the related group of insurance contracts are included in the carrying amount of the related portfolios of insurance contracts. Any assets or liabilities for cash flows arising before the recognition of the related group of reinsurance contracts held are included in the carrying amount of the related portfolios of reinsurance contracts held.

The Company disaggregates amounts recognised in the income statement and the statement of comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts held in the insurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

2.2.10.1 Insurance revenue — insurance contracts not measured under the PAA

The Company recognises insurance revenue as it satisfies its performance obligations — i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Company expects to receive consideration, but excludes expected investment components and mainly comprises the following items.

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services and amounts related to incurred policyholder tax expenses.

For insurance acquisition cash flows recovery, the Company allocates a portion of premiums related to the recovery in a systematic way based on the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.10 Presentation (continued)

2.2.10.2 Release of the CSM — insurance contracts not measured under the PAA

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

2.2.10.3 Insurance revenue — insurance contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Company allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

2.2.10.4 Loss components — insurance contracts not measured under the PAA

For contracts not measured under the PAA, the Company establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Company's share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

2.2.10.5 Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.



2. Material accounting policy information (continued)

2.2 Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held (continued)

2.2.10 Presentation (continued)

2.2.10.6 Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held mainly comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Company under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are entered into; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

2.2.10.7 Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Company has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined as follows:

- Contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders: for insurance finance income or expenses arising from the estimates of future cash flows, using either a rate that allocates the remaining revised expected insurance finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield) or an allocation that is based on the amounts credited in the period and expected to be credited in future periods; and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts. This selection of the rate applied is based on the characteristics of contracts.
- Contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders: the discount rates determined on initial recognition of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

The Company presents insurance finance income or expenses for all other contracts in profit or loss.



2. Material accounting policy information (continued)

2.3 Investment contracts

Investment contracts do not contain sufficient insurance risk to be considered insurance contracts and are accounted for as a financial liability, other than investment contracts with DPF which are excluded from the scope of HKFRS 9 and are accounted for as insurance contracts.

Revenue from these contracts consists of various charges (policy fees, handling fees, management fees and surrender charges) made against the contract for the cost of insurance, expenses and early surrender. First year charges are amortised over the life of the contract as the services are provided.

Investment contract fee revenue

Customers are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's account balance. The fees are recognised as revenue in the period in which they are received unless they relate to services to be provided in future periods, in which case they are deferred and recognised as the service is provided.

When part of the fee received from a policyholder is expected to be refunded in the future, the related fee is not recognised as a revenue and a sales inducement liability is established which forms part of the investment contract liabilities.

Origination and other "upfront" fees (fees that are assessed against the account balance as consideration for origination of the contract) are charged on some non-participating investment and pension contracts. Where the investment contract is recorded at amortised cost, these fees are amortised and recognised over the expected term of the policy as an adjustment to the effective yield. Where the investment contract is measured at fair value, the front-end fees that relate to the provision of investment management services are amortised and recognised as the services are provided.

Deferred origination costs

The costs of acquiring investment contracts with investment management services, including commissions and other incremental expenses directly related to the issue of each new contract, are deferred and amortised over the period that services are provided. Deferred origination costs are tested for recoverability at each reporting date.

The costs of acquiring new investment contracts without investment management services are included as part of the effective interest rate used to calculate the amortised cost of the related investment contract liabilities.

Investment contract liabilities

Deposits received in respect of investment contracts are not accounted for through the income statement, except for the investment income and fees attributable to those contracts, but are accounted for directly through the statement of financial position as an adjustment to the investment contract liability, which reflects the account balance.

The majority of the Company's contracts classified as investment contracts are unit-linked contracts, with measurement directly linked to the underlying investment assets. These represent investment portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value) with changes recognised in profit or loss. The costs of policy administration, investment management, surrender charges and certain policyholder taxes assessed against customers' account balances are included in revenue, and accounted for as described under "Investment contract fee revenue" above.

Non unit-linked investment contract liabilities are carried at amortised cost, being the fair value of consideration received at the date of initial recognition, less the net effect of principal payments such as transaction costs and front-end fees, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity value, and less any write-down for surrender payments. The effective interest rate equates the discounted cash payments to the initial amount. At each reporting date, the unearned revenue liability is determined as the value of the future best estimate cash flows discounted at the effective interest rate. Any adjustment is immediately recognised as income or expenses in the income statement.

The amortised cost of the financial liability is never recorded at less than the amount payable on surrender, discounted for the time value of money where applicable, if the investment contract is subject to a surrender option.

Deferred fee income liability

Deferred fee income liability represents upfront fees and other non-level charges that have been collected and released to the income statement over the estimated life of the business. A separate liability for accumulation value is established.



2. Material accounting policy information (continued)

2.4 Financial instruments

2.4.1 Classification and designation of financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified at the beginning of the reporting period during which the business model has changed.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise two categories:

- financial assets or liabilities mandatorily classified as at fair value through profit or loss; and
- financial assets or liabilities designated at fair value through profit or loss upon initial recognition.

Management designates financial assets and liabilities at fair value through profit or loss if this eliminates a measurement or recognition inconsistency or if the liabilities are actively managed on a fair value basis, including among others debt securities held in participating funds.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment return in the income statement, generally when the security becomes ex-dividend. Interest revenue is recognised on an accrued basis. For all financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result.

Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.



2. Material accounting policy information (continued)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

Financial assets at fair value through other comprehensive income

These principally consist of the Company's debt securities (other than those backing participating funds and unit-linked contracts). These financial assets are initially recognised at fair value plus attributable transaction costs and are subsequently measured at fair value. The difference between their cost and par value is amortised. Interest revenue is recognised in investment return in the income statement using the effective interest method.

Unrealised gains and losses on securities are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences are calculated as if they were carried at amortised cost and so are recognised in the income statement as other investment return. For impairments, reference is made to the section "Impairment of financial assets".

Changes in the fair value of securities, except for impairment losses and relevant foreign exchange gains and losses, are recognised in other comprehensive income. Impairment losses and relevant foreign exchange gains and losses are recognised in the income statement.

Realised gains and losses on financial assets

Realised gains and losses on financial assets measured at fair value through profit or loss excludes any interest revenue or dividend income.

Realised gains and losses on financial assets measured at fair value through other comprehensive income are determined as the difference between the sale proceeds and its original cost or amortised cost as appropriate. Amortised cost is determined by specific identification.

Recognition of financial instruments

Purchases and sales of financial instruments are recognised on the trade date, which is the date at which the Company commits to purchase or sell the assets.

Derecognition, contract modification and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Company is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled. Notwithstanding, when, and only when, the Company repurchases its financial liability and includes it as underlying items of contracts with direct participation features or investment contracts with DPF, the Company may elect not to derecognise the financial liability. Instead, the Company may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at fair value through profit or loss. This election is irrevocable and is made on an instrument-by-instrument basis.

If the terms of a financial instrument are modified, then the Company evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument is modified but not substantially, then it is not derecognised.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments held for cash management purposes, which have maturities at acquisition of three months or less, or are convertible into known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo and reverse repo transactions, as well as cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products. Cash and cash equivalents that are not mandatorily measured at fair value through profit or loss are measured at amortised cost using the effective interest method.



2. Material accounting policy information (continued)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

Financial assets measured at amortised cost

Other than cash and cash equivalents, financial assets measured at amortised cost primarily include debt securities, loans and deposits, and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses. Interest revenue from debt securities measured at amortised cost is recognised in investment return in the income statement using the effective interest method.

2.4.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Company has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and fair value through other comprehensive income) are based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Company is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions at the date of each statement of financial position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in note 17.

2.4.3 Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. Loss allowances are measured at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- financial assets that are determined to have low credit risk at the reporting date; and
- financial assets (other than trade receivables or lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from possible default events over the expected life of the financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk. ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive; and
- other financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Loss allowances for ECL of financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and loss allowances for debt securities measured at fair value through other comprehensive income are recognised in other comprehensive income and do not reduce the carrying amount of the financial assets in the statement of financial position.

The gross carrying amount of financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



2. Material accounting policy information (continued)

2.4 Financial instruments (continued)

2.4.4 Derivative financial instruments

Derivative financial instruments primarily include foreign exchange contracts and interest rate swaps that derive their value mainly from underlying foreign exchange rates and interest rates. All derivatives are initially recognised in the statement of financial position at their fair value, which represents their cost excluding transaction costs, which are expensed. They are subsequently remeasured at their fair value, with movements in this value recognised in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Derivative instruments for economic hedging

Whilst the Company enters into derivative transactions to provide economic hedges under the Company's risk management framework, it adopts hedge accounting to these transactions only in limited circumstances. This is either because the transactions would not meet the specific HKFRS Accounting Standards rules to be eligible for hedge accounting or the documentation requirements to meet hedge accounting criteria would be unduly onerous. Where hedge accounting does not apply, these transactions are treated as held for trading and fair value movements are recognised immediately in other investment return.

Cash flow hedge

The Company has, in a limited number of cases, designated certain derivatives as hedges of interest rate risk associated with the cash flows of highly probable forecast transactions such as forecast purchases of debt securities. Starting from 1 January 2025, the Company has elected to apply the hedge accounting requirements of HKFRS 9 and considers that there is no material impact to the Company for the prior periods. To the extent these hedges are effective, the change in fair value of the derivatives designated as hedging instruments is recognised in the cash flow hedge reserve in other comprehensive income within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss when the hedged item affects profit or loss. In respect of a forecast purchase of a debt security classified as fair value through other comprehensive income, the cash flows are expected to affect profit or loss when the coupons from the purchased bond are recognised, or on disposal of the security. The application of hedge accounting is discontinued when one of the following situations occurs: when a derivative designated as the hedging instrument expires or is sold, terminated or exercised prior to the occurrence of the forecast transaction, or when the hedge no longer meets the criteria for hedge accounting. In these situations, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. This amount is reclassified to profit or loss when the hedged item affects profit or loss. If the forecast transaction is no longer expected to occur, the entire amount is reclassified immediately to profit or loss.

Embedded derivatives

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument that is not a financial asset within the scope of HKFRS 9, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with HKFRS 9.

2.5 Property, plant and equipment

Property held for own use, which is solely held as an underlying item of insurance contracts with direct participation features, is measured initially at cost and subsequently at fair value, with any change therein recognised in profit or loss. Any gain or loss on disposal of property held for own use measured at fair value (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

2.6 Presentation of the statement of financial position

The Company's insurance and investment contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Company's products. Accordingly, the Company presents the assets and liabilities in its statement of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Company regards its deferred origination costs, intangible assets, investments in subsidiaries, investment in associates, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Company.



3. Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities, and revenue and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly.

Items that are considered particularly sensitive to changes in estimates and assumptions, and the relevant accounting policies are those which relate to insurance contracts (including investment contracts with DPF), fair value measurement, impairment of financial assets and impairment of other intangible assets.

3.1 Level of aggregation and recognition of group of insurance contracts

For contracts issued to which the Company does not apply the premium allocation approach, the judgements exercised in determining whether contracts are onerous on initial recognition or those that have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on level of aggregation and recognition of group of insurance contracts is described in note 2.2.3.

3.2 Measurement of insurance contracts not measured under the premium allocation approach

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represents the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustment for non-financial risk are based on actual experience by each geographical market and policy form. The Company exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Company will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage period. The Company exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts (including investment contracts with DPF) affect the amounts recognised in the financial statements as assets or liabilities of insurance contracts and investment contracts with DPF. Further details of the related accounting policies, key risk and variables, and the sensitivities of assumptions to the key variables in respect of insurance contracts are provided in notes 2.2, 21 and 30.

3.3 Determination of coverage unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of services including among others, benefit payments and premiums. The Company applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.



3. Critical accounting estimates and judgements (continued)

3.4 Fair value measurement

3.4.1 Fair value of financial assets

The Company determines the fair values of financial assets traded in active markets using quoted bid prices as of each reporting date. The fair values of financial assets that are not traded in active markets are typically determined using a variety of other valuation techniques, such as prices observed in recent transactions and values obtained from current bid prices of comparable investments. More judgement is used in measuring the fair value of financial assets for which market observable prices are not available or are available only infrequently.

The degree of judgement used in measuring the fair value of financial assets generally correlates with the level of pricing observability. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Further details of the fair value of financial assets and the sensitivity analysis to interest rates and equity prices are provided in notes 17 and 30.

3.4.2 Fair value of property held for own use and investment property

The Company uses independent professional valuers to determine the fair value of properties on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. In most cases, current use of the properties is considered to be the highest and best use for determining the fair value. Different valuation techniques may be adopted to reach the fair value of the properties. Under the Market Data Approach, records of recent sales and offerings of similar property are analysed and comparisons are made for factors such as size, location, quality and prospective use. For investment properties, the discounted cash flow approach may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the properties. On some occasions, the cost approach is used as well to calculate the fair value which reflects the cost that would be required to replace the service capacity of the property.

Further details of the fair value of property held for own use and investment property are provided in note 17.

3.5 Impairment of financial assets

The Company recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Details of the inputs, assumptions and estimation techniques used for estimating ECL are further explained in note 20.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the methodology for incorporating forward-looking information into the measurement of ECL.

3.6 Impairment of intangible assets

For the purposes of impairment testing, intangible assets are grouped into cash-generating units or group of cash-generating units. These assets are tested for impairment by comparing the carrying amount of the cash-generating unit (group of units) to the recoverable amount of that cash-generating unit (group of units). The determination of the recoverable amount requires significant judgement regarding the selection of appropriate valuation techniques and assumptions.



4. Total weighted premium income

For management decision-making and internal performance management purposes, the Company measures business volumes during the year using a performance measure referred to as total weighted premium income (TWPI).

TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded.

Management considers that TWPI provides an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not intended to be indicative of insurance revenue and fee income recorded in the income statement.

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
TWPI	5,364,501	4,703,882
First year premiums	870,643	778,686
Single premiums	82,989	75,509
Renewal premiums	4,485,559	3,917,645



5. Insurance Revenue

US\$'000	Note	Year ended 31 December 2025	Year ended 31 December 2024
Contracts not measured under the PAA			
Amounts related to changes in liabilities for remaining coverage			
Contractual service margin recognised for services provided	21	972,693	873,345
Change in risk adjustment for non-financial risk for risk expired		95,797	79,118
Expected incurred claims and other insurance service expenses		1,377,565	1,143,618
Others		(31,189)	(21,756)
Recovery of insurance acquisition cash flows		185,042	137,748
		2,599,908	2,212,073
Contracts measured under the PAA	21	509,955	462,193
Total insurance revenue		3,109,863	2,674,266
Represented by:			
Contracts under the fair value approach		959,188	1,021,240
Other contracts		2,150,675	1,653,026



6. Net investment result

A. Company's net investment result in income statement and other comprehensive income

	Note	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000			
Investment return			
Interest revenue on financial assets		887,638	824,845
Other investment return		4,770,815	4,361,114
Net impairment (loss)/gain on financial assets		(1,823)	3,714
Amounts recognised in income statement		5,656,630	5,189,673
Amounts recognised in other comprehensive income		1,886,461	1,685,619
Total investment return		7,543,091	6,875,292
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		(187,493)	(176,718)
Interest accreted		(663,251)	(542,261)
Effect of changes in interest rates and other financial assumptions		(1,207,397)	(679,046)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		6,952	67,285
Net foreign exchange (losses)/gains		(130,914)	23,341
Total net finance expenses from insurance contracts	21	(2,182,103)	(1,307,399)
Net finance expenses from reinsurance contracts held			
Interest accreted		(31,495)	(17,009)
Net foreign exchange gains		101	7
Total net finance expenses from reinsurance contracts held	21	(31,394)	(17,002)
Movement in investment contract liabilities	22	(219,210)	(293,273)
Movement in third-party interests in investment funds		-	-
Net investment result		5,110,384	5,257,618
Net investment result is represented by:			
Amounts recognised in income statement		4,655,390	4,183,145
Amounts recognised in other comprehensive income		454,994	1,074,473
Total net investment result		5,110,384	5,257,618
Net finance expenses from insurance contracts are represented by:			
Amounts recognised in income statement		(750,636)	(696,253)
Amounts recognised in other comprehensive income		(1,431,467)	(611,146)
Total net finance expenses from insurance contracts		(2,182,103)	(1,307,399)
Net finance expenses from reinsurance contracts held are represented by:			
Amounts recognised in income statement		(31,394)	(17,002)
Total net finance expenses from reinsurance contracts held		(31,394)	(17,002)



6. Net investment result (continued)

B. Interest revenue on financial assets and other investment return

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Interest revenue on financial assets		
Financial assets measured at amortised cost	106,595	138,458
Financial assets measured at fair value through other comprehensive income	701,816	601,421
Financial assets designated at fair value through profit or loss	63,303	64,923
Financial assets measured mandatorily at fair value through profit or loss	15,924	20,043
Total interest revenue on financial assets	887,638	824,845
Other investment return		
Dividend income	4,679,530	3,657,765
Rental income ⁽¹⁾	42,455	37,599
Net gains of financial assets not at fair value through profit or loss		
Net realised gains of debt securities measured at fair value through other comprehensive income	52,405	32,681
At fair value through profit or loss		
Net gains of financial assets designated at fair value through profit or loss		
Net gains of debt securities	106,909	251,776
Net gains of loans and deposits	2,464	343
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains/(losses) of debt securities	6,954	(6,444)
Net gains of equity shares and interests in investment funds	74,053	261,575
Net fair value movement on derivatives	152,643	109,342
Net gains in respect of financial instruments at fair value through profit or loss	343,023	616,592
Net fair value movement of investment property	(9,393)	16,071
Net foreign exchange (losses)/gains	(324,301)	10,405
Other net realised losses	(12,904)	(9,999)
Net gains	48,830	665,750
Total other investment return	4,770,815	4,361,114

Note:

(1) Represents rental income from operating leases contracts in which the Company acts as a lessor.



6. Net investment result (continued)

Foreign currency movements resulted in the following (losses)/gains recognised in the income statement (other than gains and losses arising on items measured at fair value through profit or loss):

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Foreign exchange (losses)/gains	(365,006)	56,352

On transition to HKFRS 17, for certain groups of contracts that the Company applies the fair value approach, the cumulative insurance finance income or expenses recognised in other comprehensive income at 1 January 2022 was determined:

- to be zero; or
- retrospectively based on observable yield curve.

For those groups of contracts, the movement in the fair value reserve for the debt securities at fair value through other comprehensive income was as follows.

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Balance at 1 January	953,808	(166,304)
Net change in fair value and others	1,405,031	1,140,912
Net amount reclassified to income statement	(37,701)	(20,800)
Balance at 31 December	2,321,138	953,808



7. Expenses

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Claims and benefits	1,576,704	1,439,063
Commission and other acquisition expenses incurred	1,198,608	1,062,533
Losses on onerous insurance contracts	16,648	1,286
Employee benefit expenses	460,906	418,955
Depreciation	17,875	15,455
Amortisation	24,002	20,748
Investment management expenses and others	115,626	104,248
Depreciation on property held for own use	12,099	9,342
Finance costs	24,243	16,159
Other operating expenses	305,876	353,838
Restructuring and other non-operating costs ⁽¹⁾	15,060	20,410
	3,767,647	3,462,037
Amounts attributed to insurance acquisition cash flows	(1,322,977)	(1,198,625)
Amortisation of insurance acquisition cash flows	223,683	179,058
Insurance service and other expenses	2,668,353	2,442,470

Insurance service and other expenses represented by:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Insurance service expenses	2,040,435	1,813,818
- Contracts not measured under the PAA	1,572,370	1,329,837
- Contracts measured under the PAA	468,065	483,981
Other expenses ⁽²⁾	617,478	619,614
Other finance costs	10,440	9,038
Total	2,668,353	2,442,470

Other operating expenses include auditors' remuneration of US\$3m (2024: US\$3m).

Notes:

- (1) Restructuring costs represent costs related to restructuring programmes and are primarily comprised of redundancy and contract termination costs. Other non-operating costs primarily consist of corporate transaction related costs and other items that are not expected to be recurring in nature.
- (2) Other expenses represent general expenses and investment management expenses that are not directly attributable to insurance contracts and reinsurance contracts held.

Depreciation consists of:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Computer hardware, fixtures and fittings and others	12,142	9,993
Right-of-use assets		
Property held for own use	5,383	5,253
Computer hardware	339	200
Fixtures and fittings and others	11	9
Total	17,875	15,455



7. Expenses (continued)

Finance costs may be analysed as:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Obligations under repurchase agreements	13,803	7,121
Lease liabilities	1,402	1,417
Others	9,038	7,621
Total	24,243	16,159

Employee benefit expenses consist of:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Wages and salaries	361,764	337,646
Share-based compensation	47,942	37,991
Pension costs - defined contribution plans	20,440	18,894
Pension costs - defined benefit plans	8,407	5,878
Other employee benefit expenses	22,353	18,546
Total	460,906	418,955

8. Income tax

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Tax charged/(credited) in the income statement		
Current income tax – Hong Kong Profits Tax	2,230	11,859
Current income tax – overseas	135,941	136,000
Deferred income tax on temporary differences	34,611	110,544
Total	172,782	258,403

Corporate income tax

Taxation is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions of which the most significant jurisdictions are outlined below.

	Year ended 31 December 2025	Year ended 31 December 2024
Hong Kong	16.5%	16.5%
Thailand	20%	20%

The table above reflects the principal rate of corporate income tax, as at the end of each year. The rates reflect enacted or substantively enacted corporate tax rates throughout the year in each jurisdiction.



8. Income tax (continued)

Global Minimum Tax (GMT)

The GMT, developed as part of the second pillar (known as “Pillar Two”) of the Organisation for Economic Co-operation and Development’s (OECD) current programme of work on international tax reform to counteract perceived base erosion and profit shifting (BEPS) by multinational enterprises (MNEs), commonly referred to as “BEPS 2.0”, seek to impose a minimum effective tax rate of 15 per cent on large MNEs in respect of each jurisdiction in which they operate.

In 2021, the OECD/G20 Inclusive Framework on BEPS published the Global Anti-Base Erosion (GloBE) Model Rules, as the basis for jurisdictions to enact new local tax laws to give effect to Pillar Two of BEPS 2.0. The GMT top-up tax refers to ‘Pillar Two income taxes’, which are income taxes arising from tax law enacted to implement the GloBE Model Rules, including tax law that implements a qualified domestic minimum top-up tax (QDMTT) described in those rules.

On 6 June 2025, Hong Kong enacted Global Minimum Tax legislation to implement a Hong Kong minimum top-up tax (which qualifies as a QDMTT) and an income inclusion rule, which apply in relation to fiscal years beginning on or after 1 January 2025. The Company is in scope of these rules since it has operations in Hong Kong and is part of an MNE group in-scope of the GMT rules.

HKAS 12, Income Taxes mandates that as a temporary exception to the requirements under the standard, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to the GMT top-up tax. The Company has applied this exception and has not assessed the potential deferred tax impact of the GMT top-up tax. The Company will continue to monitor the requirement to apply this exception and prepare its accounts accordingly.

For the year ended 31 December 2025, the Company had no current tax exposure related to the GMT top-up tax (2024: nil).

As at 31 December 2025, the Company’s GMT top-up tax position for the year ended 31 December 2025 has not yet been assessed or confirmed by the relevant tax authorities. The GMT top-up tax provision recognised for the year ended 31 December 2025 is expected to be settled in 2027.

The Company continues to monitor developments related to the GMT, including the interpretation and application of its various rules, as these may impact the Company’s GMT top-up tax liability.

	Year ended 31 December 2025	Year ended 31 December 2024
US\$’000		
Income tax reconciliation		
Profit before income tax	5,053,340	4,543,211
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	854,070	786,041
Reduction in tax payable from:		
Life insurance tax ⁽¹⁾	(22,330)	(13,719)
Exempt investment income	(723,819)	(578,203)
	(746,149)	(591,922)
Increase in tax payable from:		
Withholding taxes	51,240	38,187
Disallowed expenses and losses	1,623	2,901
Adjustments in respect of prior years	192	67
Others	11,806	23,129
	64,861	64,284
Total income tax expense	172,782	258,403

Note:

(1) Life insurance tax refers to the differences which arise where the tax regime specific to the life insurance business does not adopt net income as the basis for calculating taxable profit, for example Hong Kong, where life business taxable profit is derived from life premiums.



8. Income tax (continued)

The movement in net deferred tax liabilities in the period may be analysed as set out below:

US\$'000	Net deferred tax asset/(liability) at 1 January 2025	Credited/ (charged) to the income statement	Credited/(charged) to other comprehensive income				Net deferred tax asset/(liability) at 31 December 2025
			Fair value reserve ⁽¹⁾	Foreign exchange	Insurance finance reserve	Others	
Revaluation of financial instruments	(381,170)	5,123	(376,280)	(9,165)	-	1,523	(759,969)
Insurance and investment contract liabilities	(655,490)	(38,143)	-	(65,589)	286,604	-	(472,618)
Provision for expenses	27,382	879	-	1,623	-	3,674	33,558
Others	(52,135)	(2,470)	-	(3,534)	-	(1,674)	(59,813)
Total	(1,061,413)	(34,611)	(376,280)	(76,665)	286,604	3,523	(1,258,842)

US\$'000	Net deferred tax asset/(liability) at 1 January 2024	Credited/ (charged) to the income statement	Credited/(charged) to other comprehensive income				Net deferred tax asset/(liability) at 31 December 2024
			Fair value reserve ⁽¹⁾	Foreign exchange	Insurance finance reserve	Others	
Revaluation of financial instruments	12,336	(87,017)	(305,807)	(682)	-	-	(381,170)
Insurance and investment contract liabilities	(1,094,432)	307,818	-	9,016	122,108	-	(655,490)
Provision for expenses	25,956	307	-	(6)	-	1,125	27,382
Others	290,178	(331,652)	-	(10,191)	-	(470)	(52,135)
Total	(765,962)	(110,544)	(305,807)	(1,863)	122,108	655	(1,061,413)

Note:

(1) Includes tax charge of US\$386m (2024: tax charge of US\$316m) relates to fair value gains and losses on debt securities measured at fair value through other comprehensive income and tax credit of US\$10m (2024: tax credit of US\$10m) relates to fair value gains and losses on debt securities measured at fair value through other comprehensive income reclassified to profit or loss.

The principal temporary differences arise from the basis of recognition of insurance and investment contract liabilities, revaluation of certain financial assets and liabilities including derivative contracts and the future taxes arising on the surplus in life funds where the relevant local tax regime is distributions-based.

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation. The Company has not generated any deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax is recognised in the statement of financial position.



9. Dividends

Dividends to shareholders of the Company attributable to the year:

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
First interim dividend declared of 0.42 US dollar per share (2024: 0.96 US dollar per share)	1,100,000	2,500,000
Second interim dividend declared of 0.25 US dollar per share (2024: 0.60 US dollar per share)	650,000	1,550,000
Third interim dividend declared of 0.42 US dollar per share (2024: Nil)	1,100,000	-
Final dividend proposed after the reporting date of 0.35 US dollar per share (2024: 0.65 US dollar per share)	900,000	1,700,000
Total	3,750,000	5,750,000

The final dividend for the year ended 31 December 2024 was settled upon issuance of promissory note during the year.

The first, second and third interim dividends for the year ended 31 December 2025 were settled upon issuance of promissory notes during the year.

The final dividend for the year ended 31 December 2025 was proposed by the Board on 13 March 2026 for approval by the member(s) of the Company. The proposed final dividend has not been recognised as a liability at the reporting date.

10. Intangible assets

US\$'000	Computer software	Distribution and other rights	Total
Cost			
At 1 January 2024	244,607	40,969	285,576
Additions	17,994	822	18,816
Disposals	(38,446)	-	(38,446)
Foreign exchange movements	2,185	27	2,212
At 31 December 2024	226,340	41,818	268,158
Additions	23,246	-	23,246
Disposals	(15,276)	(194)	(15,470)
Foreign exchange movements	30,411	3,038	33,449
At 31 December 2025	264,721	44,662	309,383
Accumulated amortisation and impairment			
At 1 January 2024	(129,577)	(2,132)	(131,709)
Amortisation charge for the year	(20,748)	(1,954)	(22,702)
Disposals	38,446	-	38,446
Foreign exchange movements	(1,740)	(6)	(1,746)
At 31 December 2024	(113,619)	(4,092)	(117,711)
Amortisation charge for the year	(24,002)	(1,989)	(25,991)
Disposals	14,733	-	14,733
Foreign exchange movements	(23,424)	(386)	(23,810)
At 31 December 2025	(146,312)	(6,467)	(152,779)
Net book value			
At 31 December 2024	112,721	37,726	150,447
At 31 December 2025	118,409	38,195	156,604

The Company holds intangible assets for its long-term use and, accordingly, the annual amortisation charge approximates to the amount expected to be recovered through consumption within 12 months after the end of the reporting period.



11. Investments in subsidiaries

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Unlisted shares, at cost	15,830,360	15,722,556

The principal subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation and operation	Principal activity	Issued share capital	As at 31 December 2025	As at 31 December 2024
AIA International Limited	Bermuda	Insurance	6,500,000 ordinary shares of US\$1.20 each	100%	100%
AIA Australia Limited	Australia	Insurance	2,125,462,500 ordinary shares of A\$2,207,267,000 issued share capital	100%	100%
AIA Philippines Life and General Insurance Company Inc.	Philippines	Insurance	199,560,671 ordinary shares of PHP10 each and 67,349,329 treasury shares	100%	100%
AIA Bhd.	Malaysia	Insurance	191,859,543 ordinary shares of RM810,000,000 issued share capital	100%	100%
AIA Singapore Private Limited	Singapore	Insurance	1,558,021,163 ordinary shares of S\$1 each	100%	100%
AIA Life Insurance Company Limited	Mainland China	Insurance	Registered share capital of RMB3,777,399,440	100%	100%
AIA Everest Life Company Limited	Hong Kong	Insurance	500,000,000 ordinary shares of HK\$2,496,291,000 issued share capital	100%	100%

All of the above subsidiaries are unlisted and are audited by PricewaterhouseCoopers.

12. Investment in an associate

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Unlisted shares, at cost	2,141,682	1,864,705

Associates are entities over which the Company has significant influence, but which it does not have control or joint control. Generally, it is presumed that the Company has significant influence if it has between 20 per cent and 50 per cent of voting rights.

Investments in associates is stated at cost, unless impaired and are held for their long-term contribution to the Company's performance and so all amounts are expected to be realised more than 12 months after the end of the reporting period.

The Company's interest in its principal associate is as follows:

Name of associate	Place of incorporation	Principal activity	Type of shares held	Company's interest %	
				As at 31 December 2025	As at 31 December 2024
China Post Life Insurance Co., Ltd.	Mainland China	Insurance	Ordinary	24.99%	24.99%



13. Property, plant and equipment

US\$'000	Property held for own use	Computer hardware	Fixtures and fittings and others	Total
Cost or revaluation				
At 1 January 2024	706,188	35,964	89,949	832,101
Additions	2,761	3,496	81,528	87,785
Disposals	(64,879)	(6,789)	(17,765)	(89,433)
Net transfers to investment property	(250,652)	-	-	(250,652)
Increase from valuation	129,551	-	-	129,551
Foreign exchange movements	(39)	515	110	586
At 31 December 2024	522,930	33,186	153,822	709,938
Additions	10,341	1,064	7,671	19,076
Disposals	(13,213)	(4,175)	(8,777)	(26,165)
Net transfers from investment property	95,112	-	-	95,112
Decrease from valuation	(17,711)	-	-	(17,711)
Foreign exchange movements	7,604	2,585	4,422	14,611
At 31 December 2025	605,063	32,660	157,138	794,861
Accumulated depreciation				
At 1 January 2024	(49,664)	(33,676)	(71,206)	(154,546)
Depreciation charge for the year	(14,595)	(1,470)	(8,732)	(24,797)
Disposals	24,964	6,762	16,587	48,313
Revaluation adjustment	9,437	-	-	9,437
Foreign exchange movements	(160)	(388)	(78)	(626)
At 31 December 2024	(30,018)	(28,772)	(63,429)	(122,219)
Depreciation charge for the year	(17,482)	(1,443)	(11,049)	(29,974)
Disposals	4,579	3,962	8,717	17,258
Revaluation adjustment	12,260	-	-	12,260
Foreign exchange movements	(1,830)	(2,333)	(4,157)	(8,320)
At 31 December 2025	(32,491)	(28,586)	(69,918)	(130,995)
Net book value				
At 31 December 2024	492,912	4,414	90,393	587,719
At 31 December 2025	572,572	4,074	87,220	663,866

The Company leases various properties, computer hardware, fixtures, fittings and other small items as a lessee. These leases, except for short-term leases and leases of low-value assets, are recognised as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Company. Right-of-use assets are presented as a component of property, plant and equipment or investment property while lease liabilities are presented as a component of other liabilities (see notes 14 and 27). The depreciation charge for right-of-use assets, by class of underlying asset, and finance cost on lease liabilities are disclosed in note 7. Assets and liabilities arising from a lease are initially measured on a present value basis. A maturity analysis of the Company's lease liabilities is disclosed in note 30.

Extension and termination options are included in a number of leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.



13. Property, plant and equipment (continued)

Right-of-use assets in relation to leases are reported within property, plant and equipment. The carrying amount of right-of-use assets, by class of underlying asset, is set out below:

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Other property held for own use using revaluation model	400,594	344,519
Computer hardware	67	85
Fixtures and fittings and others	1,901	2,223
Total	402,562	346,827

Additions to right-of-use assets for the year ended 31 December 2025 were US\$1m (2024: US\$5m).

Property held for own use, which is solely held as an underlying item of insurance contracts with direct participation features, is measured initially at cost and subsequently at fair value, with any change therein recognised in profit or loss. Other properties held for own use and right-of-use assets with respect to the Company's interests in leasehold land and land use rights associated with property held for own use are carried at fair value at the reporting date less accumulated depreciation. The fair value at the reporting date is determined by independent professional valuers. Details of valuation techniques and process are disclosed in notes 3 and 17. All other property, plant and equipment and right-of-use assets in relation to other leased property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties held for own use using revaluation model

During the year, no expenditures (2024: nil) recognised in the carrying amount of property held for own use was in the course of its construction. Increase from revaluation on property held for own use of US\$5m (2024: Increase of US\$139m) were taken to other comprehensive income, of which US\$3m (2024: US\$114m) was related to right-of-use assets.

If property held for own use (excluding right-of-use assets) were stated on a historical cost basis, the carrying value would be US\$121m (2024: US\$95m). Similarly, stated on a historical basis the carrying value of the right-of-use assets related to the Company's interests in leasehold land and land use rights associated with property held for own use would be US\$191m (2024: US\$160m). The Company holds property, plant and equipment for its long-term use and, accordingly, the annual depreciation charge approximates to the amount expected to be recovered through consumption within 12 months after the end of the reporting period.



14. Investment property

US\$'000

Fair value

At 1 January 2024	1,060,766
Additions	32,096
Disposals	(467)
Transfer from property, plant and equipment	250,652
Fair value gains	16,071
Foreign exchange movements	(166)
At 31 December 2024	1,358,952
Additions	67,706
Disposals	(2,504)
Transfer to property, plant and equipment	(95,112)
Fair value gains	(9,393)
Foreign exchange movements	73,653
At 31 December 2025	1,393,302

Investment property, including land and buildings, is initially recognised at cost with changes in fair values in subsequent periods recognised in the income statement. The fair value at the reporting date is determined by independent professional valuers. Details of valuation techniques and process are disclosed in notes 3 and 17.

The Company leases out its investment property under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease based on future negotiations. Lease payments are usually negotiated every two to three years to reflect market rentals. There were not any material contingent rentals earned as income for the year. Rental income generated from investment property amounted to US\$42m (2024: US\$37m). Direct operating expenses (including repair and maintenance) on investment property that generates rental income amounted to US\$14m (2024: US\$13m).

The Company owns investment property in the form of freehold land outside Hong Kong and leasehold land. Leasehold land which is held for long-term rental or capital appreciation or both that is not occupied by the Company is classified as investment property. They are leased out under operating leases and are initially recognised as right-of-use assets at cost with changes in fair values in subsequent periods recognised in the income statement. The Company does not hold freehold land in Hong Kong.

The future undiscounted lease payments under operating leases that the Company expects to receive in future periods may be analysed as follows:

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Leases of investment property classified as operating leases		
Expiring no later than one year	28,558	24,020
Expiring later than one year and no later than two years	18,439	17,500
Expiring later than two years and no later than three years	7,755	7,729
Expiring later than three years and no later than four years	1,599	2,301
Expiring later than four years and no later than five years	1,160	1,683
Expiring after five years or more	2,558	4,117
Total undiscounted lease receipts	60,069	57,350



15. Financial investments

The following tables analyse the Company's financial investments by type and nature, based on the characteristics of the financial investments at the reporting date. The Company manages its financial investments in two distinct categories: unit-linked investments and policyholder and shareholder investments. The investment risk in respect of unit-linked investments is generally borne by our customers and is measured at fair value through profit or loss. Policyholder and shareholder investments include all financial investments other than unit-linked investments. The investment risk in respect of policyholder and shareholder investments is partially or wholly borne by the Company.

Policyholder and shareholder investments are further categorised as participating funds and other policyholder and shareholder. The Company has elected to separately analyse financial investments held by participating funds within policyholder and shareholder investments as they are subject to local regulations that generally prescribe a minimum proportion of policyholder participation in declared dividends. The Company measures debt securities, equity shares and interests in investment funds of participating funds at fair value through profit or loss.

Other policyholder and shareholder investments are distinct from unit-linked investments and participating funds as there is not any direct contractual or regulatory requirement governing the amount, if any, for allocation to policyholders. The Company measures equity shares and interests in investment funds at fair value through profit or loss in this category and at fair value through other comprehensive income in respect of the majority of debt securities in this category. The investment risk from investments in this category directly impacts the Company's financial statements. For certain benefits of business written in "Participating funds" and "Unit-linked" funds that are not supported by the underlying segregated assets, the backing assets are generally included in the "Other policyholder and shareholder" funds.

In the following tables, "FVTPL" indicates financial investments classified at fair value through profit or loss, "FVOCI" indicates financial investments classified at fair value through other comprehensive income and "AC" indicates financial investments classified at amortised cost.

Debt securities

In compiling the tables, external ratings have been used where available. External ratings have been used in accordance with the Company's credit risk assessment framework. Where external ratings are not readily available an internal rating methodology has been adopted, if applicable.

Credit risk limits are set according to the Company's credit risk assessment framework, which defines the relative risk level of a debt security.

External ratings		Internal ratings	Reported as
Standard and Poor's and Fitch	Moody's		
AAA	Aaa	1	AAA
AA+ to AA-	Aa1 to Aa3	2+ to 2-	AA
A+ to A-	A1 to A3	3+ to 3-	A
BBB+ to BBB-	Baa1 to Baa3	4+ to 4-	BBB
BB+ and below	Ba1 and below	5+ and below	Below investment grade



15. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following:

US\$'000	Other policyholder and shareholder		Total
	FVTPL	FVOCI	
31 December 2025			
Government bonds ⁽¹⁾			
By jurisdiction			
Thailand	1,865,268	17,790,010	19,655,278
United States	-	417,658	417,658
South Korea	-	-	-
Philippines	-	5,743	5,743
Indonesia	-	41,422	41,422
Other	-	178,024	178,024
Subtotal, by jurisdiction	1,865,268	18,432,857	20,298,125
By credit rating			
AAA	-	27,030	27,030
AA	-	431,446	431,446
A	-	38,763	38,763
BBB	1,865,268	17,935,618	19,800,886
Below investment grade	-	-	-
Not rated	-	-	-
Subtotal, by credit rating	1,865,268	18,432,857	20,298,125
Government agency bonds ⁽²⁾			
AAA	-	-	-
AA	-	-	-
A	-	51,566	51,566
BBB	3,784	1,029,885	1,033,669
Below investment grade	-	-	-
Not rated	-	-	-
Subtotal	3,784	1,081,451	1,085,235

Notes:

- (1) Government bonds include bonds issued in local or foreign currencies by either the government of the jurisdiction in which the respective business unit operates or other governments.
- (2) Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities; government-related entities; multilateral development banks and supranational organisations.



15. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$'000	Other policyholder and shareholder		Total
	FVTPL	FVOCI	
31 December 2025			
Corporate bonds			
AAA	-	-	-
AA	-	91,114	91,114
A	80,075	368,114	448,189
BBB	13,634	1,132,459	1,146,093
Below investment grade	108,661	398,349	507,010
Not rated	6,099	-	6,099
Subtotal	208,469	1,990,036	2,198,505
Structured securities⁽³⁾			
AAA	3,157	66,919	70,076
AA	548	116,481	117,029
A	-	855,985	855,985
BBB	-	851,791	851,791
Below investment grade	-	-	-
Not rated	-	-	-
Subtotal	3,705	1,891,176	1,894,881
Total⁽⁴⁾	2,081,226	23,395,520	25,476,746

Notes:

(3) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

(4) Debt securities of US\$5,765m are restricted due to local regulatory requirements.



15. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$'000	Other policyholder and shareholder		Total
	FVTPL	FVOCI	
31 December 2024			
Government bonds ⁽¹⁾			
By jurisdiction			
Thailand	2,492,944	13,222,394	15,715,338
United States	-	378,064	378,064
South Korea	-	18,923	18,923
Philippines	-	-	-
Indonesia	-	39,076	39,076
Other	-	163,482	163,482
Subtotal, by jurisdiction	2,492,944	13,821,939	16,314,883
By credit rating			
AAA	-	102,501	102,501
AA	-	330,404	330,404
A	-	36,607	36,607
BBB	2,492,944	13,352,427	15,845,371
Below investment grade	-	-	-
Not rated	-	-	-
Subtotal, by credit rating	2,492,944	13,821,939	16,314,883
Government agency bonds ⁽²⁾			
AAA	-	-	-
AA	-	11,792	11,792
A	-	48,947	48,947
BBB	3,222	996,709	999,931
Below investment grade	-	-	-
Not rated	-	-	-
Subtotal	3,222	1,057,448	1,060,670

Notes:

- (1) Government bonds include bonds issued in local or foreign currencies by either the government of the jurisdiction in which the respective business unit operates or other governments.
- (2) Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities; government-related entities; multilateral development banks and supranational organisations.



15. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$'000	Other policyholder and shareholder		Total
	FVTPL	FVOCI	
31 December 2024			
Corporate bonds			
AAA	-	-	-
AA	-	103,650	103,650
A	-	389,401	389,401
BBB	12,833	1,515,219	1,528,052
Below investment grade	161,832	477,633	639,465
Not rated	7,800	-	7,800
Subtotal	182,465	2,485,903	2,668,368
Structured securities ⁽³⁾			
AAA	-	-	-
AA	-	3,985	3,985
A	-	172,735	172,735
BBB	-	254,415	254,415
Below investment grade	-	-	-
Not rated	-	-	-
Subtotal	-	431,135	431,135
Total ⁽⁴⁾	2,678,631	17,796,425	20,475,056

Notes:

(3) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

(4) Debt securities of US\$4,665m are restricted due to local regulatory requirements.



15. Financial investments (continued)

Equity shares and interests in investment funds

Equity shares and interests in investment funds comprise the following:

US\$'000	Other policyholder and shareholder FVTPL	Subtotal	Unit-linked FVTPL	Total
31 December 2025				
Equity shares	788,220	788,220	-	788,220
Interests in investment funds				
- Funds with debt instruments as underlying ⁽¹⁾	-	-	1,894,222	1,894,222
- Others	2,509,635	2,509,635	2,800,039	5,309,674
Total	3,297,855	3,297,855	4,694,261	7,992,116

US\$'000	Other policyholder and shareholder FVTPL	Subtotal	Unit-linked FVTPL	Total
31 December 2024				
Equity shares	2,318,796	2,318,796	-	2,318,796
Interests in investment funds				
- Funds with debt instruments as underlying ⁽¹⁾	-	-	1,712,726	1,712,726
- Others	1,782,608	1,782,608	2,203,796	3,986,404
Total	4,101,404	4,101,404	3,916,522	8,017,926

Note:

(1) Investment funds with debt instruments as underlying refer to the investment funds solely investing in debt securities and cash therefrom.

Interests in structured entities

The Company has determined that the investment funds and structured securities, such as collateralised debt obligations, mortgage-backed securities and other asset-backed securities that the Company has interests are structured entities.

The following table summarises the Company's interests in unconsolidated structured entities:

US\$'000	As at 31 December 2025		As at 31 December 2024	
	Investment funds	Structured securities ⁽¹⁾	Investment funds	Structured securities ⁽¹⁾
Debt securities at fair value through other comprehensive income	141,556 ⁽²⁾	1,891,176	135,646 ⁽²⁾	431,135
Debt securities at fair value through profit or loss	-	3,705	-	-
Interests in investment funds at fair value through profit or loss	7,203,896	-	5,699,130	-
Total	7,345,452	1,894,881	5,834,776	431,135

Notes:

(1) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

(2) Balance represents the Company's interests in debt securities issued by real estate investment trusts.

The Company's maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income and interest revenue are received during the reporting period from these interests in unconsolidated structured entities.

In addition, the Company receives management fees and trustee fees in respect of providing trustee, management and administrative services to certain retirement scheme funds and investment funds. These funds are not held and the associated investment risks are not borne by the Company, the Company does not have exposure to loss in these funds.



15. Financial investments (continued)

Loans and deposits

Loans and deposits by type comprise the following:

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Mortgage loans on residential real estate	585	606
Intercompany loans to subsidiaries	36,784	71,013
Other loans	6	3
Loss allowance for loans	(141)	(131)
Loans	37,234	71,491
Term deposits	-	16,823
Promissory notes ⁽¹⁾	1,658,909	1,523,326
Loss allowance for deposits measured at amortised cost	-	(1)
Total	1,696,143	1,611,639

Note:

(1) The promissory notes are issued by a government. Promissory notes of US\$299m (2024: US\$272m) are measured at fair value through profit or loss.

Certain term deposits with financial institutions and promissory notes are restricted due to local regulatory requirements or other pledge restrictions. At 31 December 2025, the restricted balance held within term deposits and promissory notes was US\$1,625m (2024: US\$1,492m).

Maturity profile of debt securities, loans and deposits

The table below shows the maturity profile of debt securities, loans and deposits based on contractual maturity dates. The maturity profile below excludes unit-linked investments as the investment risk is generally borne by our customers.

US\$'000	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2025						
Debt securities	25,476,746	417,331	668,944	1,371,408	23,019,063	-
Loans and deposits	1,696,143	30	347,072	30	1,348,780	231
Total	27,172,889	417,361	1,016,016	1,371,438	24,367,843	231

US\$'000	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2024						
Debt securities	20,475,056	691,554	1,082,042	926,260	17,775,200	-
Loans and deposits	1,611,639	16,827	26,200	327,866	1,240,533	213
Total	22,086,695	708,381	1,108,242	1,254,126	19,015,733	213



16. Derivative financial instruments

The Company's derivative exposure was as follows:

US\$'000	Notional amount	Fair value	
		Assets	Liabilities
31 December 2025			
Foreign exchange contracts			
Cross-currency swaps	1,953,294	94,469	(30,294)
Forwards	93,126	1,029	(779)
Total foreign exchange contracts	2,046,420	95,498	(31,073)
Interest rate contracts			
Interest rate swaps	3,015,641	206,353	(32,716)
Other			
Warrants and options	11	11	-
Forward contracts designated as cash flow hedge	158,680	-	(7,613)
Total	5,220,752	301,862	(71,402)
31 December 2024			
Foreign exchange contracts			
Cross-currency swaps	1,962,300	32,284	(120,374)
Forwards	577,918	4,591	(7,408)
Total foreign exchange contracts	2,540,218	36,875	(127,782)
Interest rate contracts			
Interest rate swaps	2,824,944	228,004	(63,878)
Other			
Warrants and options	-	-	-
Forward contracts designated as cash flow hedge	-	-	-
Total	5,365,162	264,879	(191,660)

The notional amounts indicate the volume of transactions outstanding at the balance sheet date and are not representing the amounts at risk.

Of the total derivatives, US\$ nil (2024: nil) are listed in exchange or dealer markets and the rest are over-the-counter (OTC) derivatives. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. OTC derivatives include forwards, swaps, and options. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

Derivative assets and derivative liabilities are recognised in the statement of financial position as derivative financial assets at fair value through profit or loss and derivative financial liabilities respectively. The Company's derivative contracts are established to provide an economic hedge to financial exposures. The Company performs an ongoing assessment of derivative financial instruments to determine whether they meet the qualifying criteria for hedge accounting under HKFRS 9 during the year, and may consider hedge accounting designation for other derivatives financial instruments in future periods. In a limited number of cases, the Company designates certain derivatives as hedging instruments in qualifying hedge relationship under HKFRS 9. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the statement of financial position as they do not represent the fair value of these transactions. The notional amounts in the previous table reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of derivative transactions.

Foreign exchange contracts

Foreign exchange forward contracts represent agreements to exchange one currency for another currency at an agreed price and settlement date. Currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gains and losses on the foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatilities of the underlying indices, and the timing of payments.

Interest rate swaps

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments.



16. Derivative financial instruments (continued)

Other derivatives

Warrants and options are option agreements that give the owner the right to buy or sell securities at an agreed price and settlement date.

Derivative contracts under HKFRS 9 hedge accounting

The Company regularly engages in hedging activities to manage its financial risks, but did not apply hedge accounting under HKAS 39 in previous years. As from 2025, the Company started applying cash flow hedge accounting based on HKFRS 9 requirements for certain bond forward contracts, which serve as a hedging instrument to manage the interest rate risk associated with insurance contract liabilities within non-participating funds, aligned with the Company's Asset-Liability Management (ALM) framework. The hedged items are the forecast purchase of long-duration fixed-rate government bonds. By locking in the future purchase yields through the bond forwards, the Company aims to reduce the uncertainty in future investment income and ensure a more predictable matching of asset and liability cash flows. The application of hedge accounting aligns the accounting recognition of gains and losses on hedging instruments with the corresponding hedged items, which reduces accounting mismatches and volatility in profit or loss.

As of 31 December 2025, the bond forward contracts designated for hedge accounting had a notional amount of US\$159m (2024: nil), compared to a total notional amount of all forward contracts held of US\$159m (2024: nil). The change in fair value of the hedge-designated bond forward contracts has been recognised in other comprehensive income (OCI) for a total amount of US\$(8)m (2024: nil).

The critical terms of the future bond purchase being hedged are embedded within the terms of the bond forward contract and the hedge ratio is set at 1:1 (100%) to manage the interest rate risk. Given the nature of this hedge, the source of hedge ineffectiveness is limited to the change in credit risk of the bank.

The Company held the following instruments to hedge exposures to changes in interest rates:

US\$'000	As at 31 December 2025		
	Within 1 year	1 - 5 years	Over 5 years
Bond forward contracts			
Notional amount	-	158,680	-
Average interest rate	-	2.214%	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

US\$'000	Notional amount	Carrying amount		Changes in fair value for calculating hedge ineffectiveness	Changes in fair value recognised in OCI	Hedge ineffectiveness recognised in profit or loss ⁽³⁾	Reclassified from hedging reserve to profit or loss ⁽³⁾		
		Assets	Liabilities						
		As at 31 December 2025						For the year ended 31 December 2025	
Interest rate risk									
Bond forward contracts	158,680	-	(7,613)	(7,613)	(7,613)	-			

Notes:

- (1) There is no derivative instrument under HKFRS 9 cash flow hedge as at 31 December 2024 and for the year ended 31 December 2024.
- (2) Hedging instruments are reflected in derivative financial instruments in the statement of financial position.
- (3) Hedge ineffectiveness reclassified from hedging reserve to profit or loss (if any) were reflected in other investment return in the income statement.

The amounts at the reporting date relating to items designated as hedged items were as follows:

US\$'000	Change in fair value for calculating hedge ineffectiveness	Cash flow hedge reserve	Cash flow hedge reserve balance which hedge accounting no longer applied
	For the year ended 31 December 2025	As at 31 December 2025	
Interest rate risk			
Government bonds	(5,617)	(5,617)	-

Note:

- (1) There is no derivative instrument under IFRS 9 cash flow hedge as at 31 December 2024 and for the year ended 31 December 2024.



16. Derivative financial instruments (continued)

Netting adjustment

The netting adjustment is related to options and futures contracts executed through clearing house where the settlement arrangement satisfies the netting criteria under HKFRS Accounting Standards.

Collateral under derivative transactions

At 31 December 2025, the Company had posted cash collateral of US\$1m (2024: US\$72m) and pledged debt securities with carrying value of US\$ nil (2024: nil) for liabilities, and held cash collateral of US\$241m (2024: US\$131m) and debt securities collateral with carrying value of US\$ nil (2024: nil) for assets in respect of derivative transactions. The Company did not sell or repledge the debt collateral received. These transactions are conducted under terms that are usual and customary to collateralised transactions including, where relevant, standard repurchase agreements.

17. Fair value measurement

Fair value of financial instruments

The Company classifies all financial assets as either at fair value through profit or loss (mandatory and designated), or as at fair value through other comprehensive income, or at amortised cost. Financial liabilities are classified as either at fair value through profit or loss (mandatory and designated), or at amortised cost, except for investment contracts with DPF which are accounted for under HKFRS 17.

The following tables present the fair values of the Company's financial assets and financial liabilities:

US\$'000	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL - mandatory	FVTPL - designated	FVOCI			
31 December 2025							
Financial investments	15						
Loans and deposits		-	298,704	-	1,397,439	1,696,143	2,105,109
Debt securities		212,175	1,869,051	23,395,520	-	25,476,746	25,476,746
Equity shares and interests in investment funds		7,992,116	-	-	-	7,992,116	7,992,116
Derivative financial instruments	16	301,862	-	-	-	301,862	301,862
Receivables	18	-	-	-	179,200	179,200	179,200
Accrued investment income	18	-	-	-	123,100	123,100	123,100
Cash and cash equivalents	19	756,700	-	-	561,922	1,318,622	1,318,622
Financial assets		9,262,853	2,167,755	23,395,520	2,261,661	37,087,789	37,496,755

	Notes	Fair value		Amortised cost	Total carrying value	Total fair value
		FVTPL - mandatory	FVTPL - designated			
Financial liabilities						
Investment contract liabilities	22	-	2,337,746	-	2,337,746	2,337,746
Notes due to ultimate holding company		-	-	500,000	500,000	500,000
Obligation under repurchase agreements	25	-	-	467,789	467,789	467,789
Derivative financial instruments	16	71,402	-	-	71,402	71,402
Other liabilities	27	-	-	1,006,145	1,006,145	1,006,145
Financial liabilities		71,402	2,337,746	1,973,934	4,383,082	4,383,082



17. Fair value measurement (continued)

Fair value of financial instruments (continued)

US\$'000	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL - mandatory	FVTPL - designated	FVOCI			
31 December 2024							
Financial investments	15						
Loans and deposits		-	272,286	-	1,339,353	1,611,639	1,878,549
Debt securities		182,465	2,496,166	17,796,425	-	20,475,056	20,475,056
Equity shares and interests in investment funds		8,017,926	-	-	-	8,017,926	8,017,926
Derivative financial instruments	16	264,879	-	-	-	264,879	264,879
Receivables	18	-	-	-	162,024	162,024	162,024
Accrued investment income	18	-	-	-	104,187	104,187	104,187
Cash and cash equivalents	19	645,626	-	-	486,810	1,132,436	1,132,436
Financial assets		9,110,896	2,768,452	17,796,425	2,092,374	31,768,147	32,035,057

	Notes	Fair value		Amortised cost	Total carrying value	Total fair value
		FVTPL - mandatory	FVTPL - designated			
Financial liabilities						
Investment contract liabilities	22	-	2,040,220	-	2,040,220	2,040,220
Obligation under repurchase agreements	24	-	-	661,423	661,423	661,423
Derivative financial instruments	16	191,660	-	-	191,660	191,660
Other liabilities	26	-	-	869,796	869,796	869,796
Financial liabilities		191,660	2,040,220	1,531,219	3,763,099	3,763,099

The carrying amount of assets included in the above tables represents the maximum credit exposure.

Foreign currency exposure, including the net positions of foreign currency derivative, is shown in note 30 for the Company's key foreign exchange exposures.

The fair value of investment contract liabilities measured at amortised cost is not considered to be materially different from the amortised cost carrying value.

The carrying value of financial instruments expected to be settled within 12 months (after taking into account valuation allowances, where applicable) is not considered to be materially different from the fair value.

Fair value measurements on a recurring basis

The Company measures at fair value property held for own use, investment property financial instruments classified at fair value through profit or loss, financial instruments classified at fair value through other comprehensive income, derivative assets and liabilities, investments in investment funds and certain investment contract liabilities on a recurring basis.

The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgement used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgement is used in measuring fair value. Conversely, financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgement. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis.



17. Fair value measurement (continued)

Fair value measurements on a recurring basis (continued)

An other than active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Fair value of properties is based on valuation by independent professional valuers.

The Company does not have assets or liabilities measured at fair value on a non-recurring basis during the years ended 31 December 2025 and 31 December 2024.

The following methods and assumptions were used by the Company to estimate the fair value of financial instruments and properties.

Determination of fair value

Loans and receivables

For loans and advances that are repriced frequently and have not had significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans are estimated by discounting expected future cash flows using interest rates offered for similar loans to borrowers with similar credit ratings.

The fair values of mortgage loans are estimated by discounting future cash flows using interest rates currently being offered in respect of similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations.

Debt securities and equity shares and interests in investment funds

The fair values of equity shares and interests in investment funds are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. Fair values for fixed interest securities are based on quoted market prices, where available. For those investments not actively traded, fair values are estimated using values obtained from brokers, private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. Priority is given to values from independent sources when available, but overall the source of pricing and/or valuation technique is chosen with the objective of arriving at the price at which an orderly transaction would take place between market participants on the measurement date. The inputs to determining fair value that are relevant to fixed interest securities include, but not limited to risk free interest rates, the obligor's credit spreads, foreign exchange rates, and credit default rates. For holdings in hedge funds and limited partnerships, fair values are determined based on the net asset values provided by the general partner or manager of each investment, the accounts of which are generally audited on an annual basis. The transaction price is used as the best estimate of fair value at inception.

Derivative financial instruments

The Company values its derivative financial assets and liabilities using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contract terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgement. Examples of inputs that are generally observable include foreign exchange spot and forward rates, benchmark interest rate curves and volatilities for commonly traded option products. Examples of inputs that may be unobservable include volatilities for less commonly traded option products and correlations between market factors.

When the Company holds a group of derivative assets and derivative liabilities entered into with a particular counterparty, the Company takes into account the arrangements that mitigate credit risk exposure in the event of default (e.g. International Swap and Derivatives Association (ISDA) Master Agreements and Credit Support Annex (CSA) that require the exchange of collateral on the basis of each party's net credit risk exposure). The Company measures the fair value of the group of financial assets and financial liabilities on the basis of its net exposure to the credit risk of that counterparty or the counterparty's net exposure to our credit risk that reflects market participants' expectations about the likelihood that such an arrangement would be legally enforceable in the event of default.



17. Fair value measurement (continued)

Determination of fair value (continued)

Property held for own use and investment property

The Company engaged external, independent and qualified valuers to determine the fair value of the Company's properties at least on an annual basis. The valuation on an open market value basis by independent professional valuer for certain investment properties was calculated by reference to net rental income allowing for reversionary income potential. The fair values of other properties were derived using the Market Data Approach. In this approach, the values are based on sales and listing of comparable property registered in the vicinity.

The properties held for own use and investment properties, in most cases, are valued on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. The current use of the properties is considered to be its highest and best use; records of recent sales and offerings of similar property are analysed and comparison made for such factors as size, location, quality and prospective use. On limited occasions, potential redevelopment of the properties in use would be taken into account when they would maximise the fair value of the properties; the Company is occupying these properties for operational purposes.

Cash and cash equivalents

The carrying amount of cash approximates to its fair value.

Fair value of securities sold under repurchase agreements and the associated payables

The contract values of payables under repurchase agreements approximate to their fair value as these obligations are short-term in nature.

Other assets

The carrying amount of other financial assets is not materially different to their fair value. The fair values of deposits with banks are generally based on quoted market prices or, if unquoted, on estimates based on discounting future cash flows using available market interest rates offered for receivables with similar characteristics.

Investment contract liabilities

For investment contract liabilities, the fair values have been estimated using a discounted cash flow approach based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For investment contracts where the investment risk is borne by the policyholder, the fair value generally approximates to the fair value of the underlying assets.

Investment contracts with DPF enable the contract holder to receive additional benefits as a supplement to guaranteed benefits. These are referred to as participating business and are measured and classified according to the Company's practice for insurance contract liabilities and hence are disclosed within note 22. These are not measured at fair value as the Company applies the same accounting policies for the measurement of investment contracts with DPF as it does for insurance contracts under HKFRS 17.

Other liabilities

The fair values of other unquoted financial liabilities are estimated by discounting expected future cash flows using current market rates applicable to their yield, credit quality and maturity, except for those without stated maturity, where the carrying value approximates to fair value.



17. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis

Assets and liabilities recorded at fair value in the statement of financial position are measured and classified in a hierarchy for disclosure purposes consisting of three “levels” based on the observability of inputs available in the marketplace used to measure their fair values as discussed below:

- **Level 1:** Fair value measurements that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date. Market price data is generally obtained from exchange or dealer markets. The Company does not adjust the quoted price for such instruments. Assets measured at fair value on a recurring basis and classified as Level 1 are actively traded equities. The Company considers that government debt securities issued by G7 countries (the United States, Canada, France, Germany, Italy, Japan, the United Kingdom) and traded in a dealer market to be Level 1, until they no longer trade with sufficient frequency and volume to be considered actively traded.
- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset and liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Assets and liabilities measured at fair value on a recurring basis and classified as Level 2 generally include government debt securities issued by non-G7 countries, most investment grade corporate bonds, hedge fund investments and derivative contracts.
- **Level 3:** Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable inputs are only used to measure fair value to the extent that relevant observable inputs are not available, allowing for circumstances in which there is little, if any, market activity for the asset or liability. Assets and liabilities measured at fair value on a recurring basis and classified as Level 3 include properties held for own use, investment properties, certain classes of structured securities, certain derivative contracts, private equity and real estate fund investments, and direct private equity investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, the Company considers factors specific to the asset or liability.



17. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below:

US\$'000

US\$'000	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
31 December 2025				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	171,978	171,978
Investment property	-	-	1,393,302	1,393,302
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	23,388,987	6,533	23,395,520
At fair value through profit or loss				
Debt securities				
Other policyholder and shareholder	-	2,075,126	6,100	2,081,226
Loans and deposits	-	-	298,704	298,704
Equity shares and interests in investment funds				
Unit-linked	3,660,287	1,033,974	-	4,694,261
Other policyholder and shareholder	1,355,289	318,467	1,624,099	3,297,855
Cash and cash equivalents				
Other policyholder and shareholder	756,700	-	-	756,700
Derivative financial instruments				
Foreign exchange contracts	-	95,498	-	95,498
Interest rate contracts	-	206,353	-	206,353
Other contracts	-	11	-	11
Total assets on a recurring fair value measurement basis	5,772,276	27,118,416	3,500,716	36,391,408
% of Total	16%	74%	10%	100.0%
Financial liabilities				
Investment contract liabilities	-	16	2,337,730	2,337,746
Derivative financial instruments				
Foreign exchange contracts	-	31,073	-	31,073
Interest rate contracts	-	32,716	-	32,716
Forward contracts designated as cash flow hedge	-	7,613	-	7,613
Total liabilities on a recurring fair value measurement basis	-	71,418	2,337,730	2,409,148
% of Total	0%	3%	97%	100%



17. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below: (continued)

US\$'000

US\$'000	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	148,393	148,393
Investment property	-	-	1,358,952	1,358,952
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	17,365,294	431,131	17,796,425
At fair value through profit or loss				
Debt securities				
Other policyholder and shareholder	-	2,670,831	7,800	2,678,631
Loans and deposits	-	-	272,286	272,286
Equity shares and interests in investment funds				
Unit-linked	3,319,613	596,909	-	3,916,522
Other policyholder and shareholder	2,759,648	7,469	1,334,287	4,101,404
Cash and cash equivalents				
Other policyholder and shareholder	645,626	-	-	645,626
Derivative financial instruments				
Foreign exchange contracts	-	36,875	-	36,875
Interest rate contracts	-	228,004	-	228,004
Other contracts	-	-	-	-
Total assets on a recurring fair value measurement basis	6,724,887	20,905,382	3,552,849	31,183,118
% of Total	22%	67%	11%	100%
Financial liabilities				
Investment contract liabilities	-	16	2,040,204	2,040,220
Derivative financial instruments				
Foreign exchange contracts	-	127,782	-	127,782
Interest rate contracts	-	63,878	-	63,878
Forward contracts designated as cash flow hedge	-	-	-	-
Total liabilities on a recurring fair value measurement basis	-	191,676	2,040,204	2,231,880
% of Total	0%	9%	91%	100%

The Company's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the year ended 31 December 2025, the Company transferred US\$32m (2024: US\$5m) of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. The Company did not transfer any of assets from Level 2 to Level 1 during the year ended 31 December 2025 (2024: nil).

The Company's Level 2 financial instruments include debt securities, equity shares and interests in investment funds and derivative financial instruments. The fair values of Level 2 financial instruments are estimated using values obtained from private pricing services and brokers corroborated with internal review as necessary. When the quotes from private pricing services and brokers are not available, internal valuation techniques and inputs will be used to derive the fair value for the financial instruments.



17. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

The tables below set out a summary of changes in the Company's Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended 31 December 2025 and 31 December 2024. The tables reflect gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 31 December 2025 and 31 December 2024.

Level 3 assets and liabilities

US\$'000	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares and interests in investment funds	Investment contracts
At 1 January 2025	148,393	1,358,952	438,931	272,286	1,334,287	(2,040,204)
Net movement on investment contract liabilities	-	-	-	-	-	(297,526)
Total gains/(losses)						
Reported under investment return and other expenses in the income statement	(6,494)	(9,393)	39	2,458	(61,880)	-
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the statement of comprehensive income	681	73,653	(1,926)	23,960	22	-
Transfer from/(to) investment property	21,541	(95,112)	-	-	-	-
Purchases	9,758	67,706	-	-	352,170	-
Sales	(1,901)	(2,504)	(4,691)	-	(500)	-
Settlements	-	-	(261,682)	-	-	-
Transfer out of Level 3	-	-	(158,038)	-	-	-
At 31 December 2025	171,978	1,393,302	12,633	298,704	1,624,099	(2,337,730)
Change in unrealised gains or losses included in the income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	(6,494)	(9,393)	(3,408)	2,458	73,528	-

US\$'000	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares and interests in investment funds	Investment contracts
At 1 January 2024	211,539	1,060,766	191,079	272,334	1,273,688	(1,852,524)
Net movement on investment contract liabilities	-	-	-	-	-	(187,680)
Total gains/(losses)						
Reported under investment return and other expenses in the income statement	(3,803)	16,071	18,191	288	70,843	-
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the statement of comprehensive income	24,688	(166)	(19,391)	(336)	1	-
Transfer (to)/from investment property	(61,611)	250,652	-	-	-	-
Purchases	-	32,096	275,111	-	508	-
Sales	(22,420)	(467)	-	-	(10,753)	-
Settlements	-	-	(26,059)	-	-	-
Transferred out of Level 3	-	-	-	-	-	-
At 31 December 2024	148,393	1,358,952	438,931	272,286	1,334,287	(2,040,204)
Change in unrealised gains or losses included in the income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	(3,803)	16,071	(810)	-	(22,968)	-



17. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis (continued)

Level 3 financial assets and liabilities (continued)

Movements in investment contract liabilities at fair value are offset by movements in the underlying portfolio of matching assets. Details of the movement in investment contract liabilities are provided in note 22.

Assets transferred out of Level 3 mainly relate to debt securities of which market-observable inputs became available during the year and were used in determining the fair value.

There are not any differences between the fair values on initial recognition and the amounts determined using valuation techniques since the models adopted are calibrated using initial transaction prices.

Valuation processes

The Company has the valuation policies, procedures and analyses in place to govern the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. In determining the fair values of financial assets, the Company in general uses private pricing providers and, only in rare cases when third-party prices do not exist, will use prices derived from internal models. The Group Valuation Committee supports the Group Chief Financial Officer in relation to financial assets valuation for financial reporting. Under the oversight of the Group Valuation Committee, the Chief Investment Officers of each of the business units are required to review the reasonableness of the prices used and report price exceptions, if any. Any changes in valuation policies are reviewed and approved by the Group Valuations Advisory Committee which is part of the Company's wider financial risk governance processes. Changes in Level 2 and 3 fair values are analysed at each reporting date.

The main Level 3 input used by the Company pertains to the discount rate for the debt securities and investment contracts. The unobservable inputs for determining the fair value of these instruments include the obligor's credit spread and/or the liquidity spread. A significant increase/(decrease) in any of the unobservable input may result in a significantly lower/(higher) fair value measurement. The Company has subscriptions to private pricing services for gathering such information. If the information from private pricing services is not available, the Company uses the proxy pricing method based on internally-developed valuation inputs.



17. Fair value measurement (continued)

Fair value of financial and insurance assets and liabilities for which the fair value is disclosed at reporting date

A summary of fair value hierarchy of assets and liabilities not carried at fair value but for which the fair value is disclosed as at 31 December 2025 and 31 December 2024 is given below.

US\$'000

US\$'000	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
31 December 2025				
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	-	36,784	1,769,621	1,806,405
Receivables	27,299	142,598	9,303	179,200
Accrued investment income	414	122,686	-	123,100
Cash and cash equivalents	561,922	-	-	561,922
Total assets for which the fair value is disclosed	589,635	302,068	1,778,924	2,670,627
Liabilities for which the fair value is disclosed				
Financial liabilities				
Notes due to ultimate holding company	-	500,000	-	500,000
Obligation under repurchase agreements	-	467,789	-	467,789
Other liabilities	119,312	881,303	5,530	1,006,145
Total liabilities for which the fair value is disclosed	119,312	1,849,092	5,530	1,973,934

US\$'000

US\$'000	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Loans and deposits	16,821	71,014	1,518,428	1,606,263
Receivables	15,534	137,168	9,322	162,024
Accrued investment income	1,475	102,712	-	104,187
Cash and cash equivalents	486,810	-	-	486,810
Total assets for which the fair value is disclosed	520,640	310,894	1,527,750	2,359,284
Liabilities for which the fair value is disclosed				
Financial liabilities				
Obligation under repurchase agreements	-	661,423	-	661,423
Other liabilities	118,871	746,331	4,594	869,796
Total liabilities for which the fair value is disclosed	118,871	1,407,754	4,594	1,531,219



18. Other assets

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Accrued investment income	123,100	104,187
Receivables	179,200	162,024
Others ⁽¹⁾	122,172	130,629
Total	424,472	396,840

Note:

(1) Represents, among others, prepayments and investment-related receivables.

All amounts other than certain prepayments are generally expected to be recovered within 12 months after the end of the reporting period.

19. Cash and cash equivalents

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Cash	355,861	190,800
Cash equivalents	962,761	941,636
Total⁽¹⁾	1,318,622	1,132,436

Note:

(1) Of cash and cash equivalents, US\$27m (2024: US\$37m) are held to back unit-linked contracts.

Cash comprises cash at bank and cash in hand. Cash equivalents comprise bank deposits and highly liquid short-term investments with maturities at acquisition of three months or less and money market funds that are convertible into known amounts of cash and subject to insignificant risk of changes in value. Accordingly, all such amounts are expected to be realised within 12 months after the end of the reporting period.



20. Impairment of financial assets

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the internal rating as at the reporting date with the internal rating as at the date of initial recognition of the exposure. Where external credit ratings are available, internal ratings are assigned consistent with such ratings in accordance with the Company's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted.

The Company monitors changes in credit risk by tracking the change in internal rating of the exposure. The Company also monitors relevant information, including price movements of securities, and assesses whether such information signifies a change in credit risk.

The Company has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment-grade". The Company considers this to be BBB- (Standard and Poor's rating), BBB- (Fitch's ratings), Baa3 (Moody's ratings) or higher, which is equivalent to an internal rating of 4- or higher.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined after considering any grace period that might be available to the debtor.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons including changing market conditions and other factors not related to a current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies in note 2.4.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of significant increase in credit risk is assessed based on the change in internal rating as at the reporting date and the date of initial recognition. The internal rating as at the reporting date is rated based on the modified contractual terms while the initial rating is rated based on the original contractual terms.

Definition of default

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of a financial instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a "base case" view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on management knowledge and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the jurisdictions in which the Company operates, supranational organisations, and selected private-sector and academic forecasters.

The base case represents a best estimate and the other scenarios represent more optimistic and more pessimistic outcomes.

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationship between macroeconomic variables and key drivers of credit risk. The specific values of the core macroeconomic variable used by the Company for evaluating ECL for the years ended 31 December 2025 and 31 December 2024 are as follows:



20. Impairment of financial assets (continued)

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

Incorporation of forward-looking information (continued)

	As at 31 December 2025	As at 31 December 2024
GDP growth (5-year average of year-over-year %)		
Base case scenario	1.10%	1.69%
Upside scenario	1.70%	2.20%
Downside scenario	0.20%	0.72%

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of probability of default (PD), loss given default (LGD) and exposure at default (EAD). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To determine lifetime and 12-month PDs, the Company leverages on the internal rating and convert it into PD based on the level of rating and obligor characteristics like industry type and country. Changes in the rating at the reporting date for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Company leverages on recovery statistics to calculate LGD. The LGD models consider a number of factors including among others, the structure, collateral and seniority of the claim, that are integral to the financial asset. LGD estimates are recalibrated for different economic scenarios.

PDs and LGDs are adjusted to reflect forward-looking information and different economic scenarios as described above.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default. The Company derives the EAD from the current exposure to the counterparty, with any adjustments for changes to the current exposure, such as amortisation, and prepayments.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any debtor's extension options) over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include instrument type, credit risk gradings, collateral type, date of initial recognition, remaining term to maturity, industry and geographical location of debtor.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external information that the Company uses to derive the default rates of its portfolios.

Credit-impaired financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment regularly. This requires the exercise of management judgement. The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is credit-impaired. Objective evidence that a financial asset, or a group of financial assets, is credit-impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.



20. Impairment of financial assets (continued)

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

Loss allowance

The following tables show reconciliation balances from the opening to the closing balance of the loss allowance by class of financial instrument. Gross carrying amount is the amortised cost before adjusting for loss allowance.

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying		Gross carrying		Gross carrying		Gross carrying	
	amount	Loss allowance	amount	Loss allowance	amount	Loss allowance	amount	Loss allowance
Debt securities measured at amortised cost								
Balance at 1 January 2025	-	-	-	-	-	-	-	-
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
New financial assets acquired	-	-	-	-	-	-	-	-
Financial assets derecognised other than write-offs	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
Balance at 31 December 2025	-	-	-	-	-	-	-	-



20. Impairment of financial assets (continued)

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

Loss allowance (continued)

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at amortised cost								
Balance at 1 January 2024	117,426	438	-	-	-	-	117,426	438
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
New financial assets acquired	-	-	-	-	-	-	-	-
Financial assets derecognised other than write-offs	(117,426)	(438)	-	-	-	-	(117,426)	(438)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	-	-	-	-	-	-	-	-
Balance at 31 December 2024	-	-	-	-	-	-	-	-



20. Impairment of financial assets (continued)

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

Loss allowance (continued)

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Loans and deposits measured at amortised cost								
Balance at 1 January 2025	1,339,103	6	16	-	366	126	1,339,485	132
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	(16)	-	16	-	-	-
Net remeasurement of loss allowance	-	(1)	-	-	-	-	-	(1)
New financial assets acquired	470,927	-	-	-	-	-	470,927	-
Financial assets derecognised other than write-offs	(521,074)	(2)	-	-	(5)	-	(521,079)	(2)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	108,214	-	-	-	33	12	108,247	12
Balance at 31 December 2025	1,397,170	3	-	-	410	138	1,397,580	141



20. Impairment of financial assets (continued)

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

Loss allowance (continued)

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Loans and deposits measured at amortised cost								
Balance at 1 January 2024	1,344,697	31	-	-	482	196	1,345,179	227
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(17)	-	17	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(27)	-	-	-	-	-	(27)
New financial assets acquired	33,422	8	-	-	-	-	33,422	8
Financial assets derecognised other than write-offs	(33,608)	(6)	(2)	-	(65)	(55)	(33,675)	(61)
Write-offs	-	-	-	-	(48)	(13)	(48)	(13)
Effects of movements in exchange rates and other movements	(5,391)	-	1	-	(3)	(2)	(5,393)	(2)
Balance at 31 December 2024	1,339,103	6	16	-	366	126	1,339,485	132



20. Impairment of financial assets (continued)

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

Loss allowance (continued)

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2025	16,524,816	15,214	50,205	957	86,216	76,697	16,661,237	92,868
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(2,693)	-	(106)	-	662	-	(2,137)
New financial assets acquired	3,098,782	4,086	-	-	-	-	3,098,782	4,086
Financial assets derecognised other than write-offs	(43,918)	(3,973)	(48,273)	(834)	(42,163)	(37,334)	(134,354)	(42,141)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	706,591	851	1,718	26	1,528	2,303	709,837	3,180
Balance at 31 December 2025	20,286,271	13,485	3,650	43	45,581	42,328	20,335,502	55,856



20. Impairment of financial assets (continued)

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

Loss allowance (continued)

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2024	16,346,534	18,221	54,623	1,851	86,057	78,588	16,487,214	98,660
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(2,719)	(39)	2,719	39	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(1,448)	-	(596)	-	(1,925)	-	(3,969)
New financial assets acquired	2,463,369	923	-	-	-	-	2,463,369	923
Financial assets derecognised other than write-offs	(2,254,142)	(2,036)	(7,094)	(284)	(998)	(998)	(2,262,234)	(3,318)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	(28,226)	(407)	(43)	(53)	1,157	1,032	(27,112)	572
Balance at 31 December 2024	16,524,816	15,214	50,205	957	86,216	76,697	16,661,237	92,868



20. Impairment of financial assets (continued)

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

Loss allowance (continued)

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Receivables								
Balance at 1 January 2025	161,847	2	-	-	1,526	1,347	163,373	1,349
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(95)	(95)	-	-	95	95	-	-
Net remeasurement of loss allowance	-	-	-	-	-	13	-	13
Net increase/(decrease) in receivables	15,412	97	-	-	(59)	(59)	15,353	38
Write-offs	-	-	-	-	(25)	(25)	(25)	(25)
Effects of movements in exchange rates and other movements	1,859	-	-	-	135	120	1,994	120
Balance at 31 December 2025	179,023	4	-	-	1,672	1,491	180,695	1,495

US\$'000	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Receivables								
Balance at 1 January 2024	509,185	-	-	-	1,549	1,309	510,734	1,309
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(23)	(23)	-	-	23	23	-	-
Net remeasurement of loss allowance	-	-	-	-	-	58	-	58
Net increase/(decrease) in receivables	(346,269)	25	-	-	(46)	(46)	(346,315)	(21)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	(1,046)	-	-	-	-	3	(1,046)	3
Balance at 31 December 2024	161,847	2	-	-	1,526	1,347	163,373	1,349



21. Insurance contracts and reinsurance contracts held

Movement in carrying amounts

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the income statement and statement of comprehensive income. The Company presents a table separately analysing movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the income statement and statement of comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin.

The estimates of the present value of future cash flows from insurance and reinsurance contract assets represent the Company's maximum exposure to credit risk from these assets.



21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

US\$'000	Notes	Year ended 31 December 2025			Total
		Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		
Opening assets		(254,606)	14,101	103,778	(136,727)
Opening liabilities		18,530,324	3,552	64,017	18,597,893
Net opening balance		18,275,718	17,653	167,795	18,461,166
Insurance revenue	5	(2,599,908)	-	-	(2,599,908)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(9,532)	1,459,506	1,449,974
Amortisation of insurance acquisition cash flows		185,042	-	-	185,042
Losses and reversal of losses on onerous contracts		-	26,180	-	26,180
Adjustments to liabilities for incurred claims		-	-	(88,826)	(88,826)
Total insurance service expenses		185,042	16,648	1,370,680	1,572,370
Investment components		(1,998,001)	-	1,998,001	-
Other changes		-	-	-	-
Insurance service result		(4,412,867)	16,648	3,368,681	(1,027,538)
Net finance expenses from insurance contracts	6	2,179,515	535	475	2,180,525
Effect of movements in exchange rates		1,440,670	1,731	13,311	1,455,712
Total changes in the income statement and statement of comprehensive income		(792,682)	18,914	3,382,467	2,608,699
Cash flows					
Premiums received		5,587,479	-	-	5,587,479
Claims and other insurance service expenses paid, including investment components		-	-	(3,789,038)	(3,789,038)
Insurance acquisition cash flows paid		(1,266,517)	-	-	(1,266,517)
Other amounts received		-	-	437,602	437,602
Total cash flows		4,320,962	-	(3,351,436)	969,526
Adjusted for:					
Non-cash operating expenses		-	-	(96)	(96)
Other non-cash items		(16,729)	-	-	(16,729)
Total non-cash items		(16,729)	-	(96)	(16,825)
Net closing balance		21,787,269	36,567	198,730	22,022,566
Closing assets		(50,611)	22,624	123,945	95,958
Closing liabilities		21,837,880	13,943	74,785	21,926,608
Net closing balance		21,787,269	36,567	198,730	22,022,566



21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

US\$'000	Notes	Year ended 31 December 2024			Total
		Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		
Opening assets		(407,711)	15,441	92,693	(299,577)
Opening liabilities		17,609,800	14	43,835	17,653,649
Net opening balance		17,202,089	15,455	136,528	17,354,072
Insurance revenue	5	(2,212,073)	-	-	(2,212,073)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(6,967)	1,246,880	1,239,913
Amortisation of insurance acquisition cash flows		137,748	-	-	137,748
Losses and reversal of losses on onerous contracts		-	8,253	-	8,253
Adjustments to liabilities for incurred claims		-	-	(56,077)	(56,077)
Total insurance service expenses		137,748	1,286	1,190,803	1,329,837
Investment components		(1,844,645)	-	1,844,645	-
Other changes		-	-	-	-
Insurance service result		(3,918,970)	1,286	3,035,448	(882,236)
Net finance expenses from insurance contracts	6	1,306,837	641	245	1,307,723
Effect of movements in exchange rates		(11,456)	271	1,933	(9,252)
Total changes in the income statement and statement of comprehensive income		(2,623,589)	2,198	3,037,626	416,235
Cash flows					
Premiums received		4,809,893	-	-	4,809,893
Claims and other insurance service expenses paid, including investment components		-	-	(3,389,452)	(3,389,452)
Insurance acquisition cash flows paid		(1,097,663)	-	-	(1,097,663)
Other amounts received		-	-	383,169	383,169
Total cash flows		3,712,230	-	(3,006,283)	705,947
Adjusted for:					
Non-cash operating expenses		-	-	(76)	(76)
Other non-cash items		(15,012)	-	-	(15,012)
Total non-cash items		(15,012)	-	(76)	(15,088)
Net closing balance		18,275,718	17,653	167,795	18,461,166
Closing assets		(254,606)	14,101	103,778	(136,727)
Closing liabilities		18,530,324	3,552	64,017	18,597,893
Net closing balance		18,275,718	17,653	167,795	18,461,166

Insurance contract assets of US\$822m (2024: US\$586m) and insurance contract liabilities of US\$(220)m (2024: US\$(230)m) are expected to be recovered/(settled) within 12 months after the reporting date.



21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of insurance contracts not measured under the premium allocation approach

Year ended 31 December 2025

US\$'000	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	CSM		
						Contracts under fair value approach	Other contracts	Total
Opening assets		(5,522,693)	661,846	4,724,120	(136,727)	1,276,848	3,447,272	4,724,120
Opening liabilities		15,290,940	438,424	2,868,529	18,597,893	2,037,815	830,714	2,868,529
Net opening balance		9,768,247	1,100,270	7,592,649	18,461,166	3,314,663	4,277,986	7,592,649
Insurance service result								
Changes that relate to current services		96,082	(88,281)	(972,693)	(964,892)	(353,113)	(619,580)	(972,693)
CSM recognised for services provided	5	-	-	(972,693)	(972,693)	(353,113)	(619,580)	(972,693)
Change in risk adjustment for non-financial risk		-	(88,281)	-	(88,281)	-	-	-
Experience adjustments		96,082	-	-	96,082	-	-	-
Changes that relate to future services		(1,590,735)	265,207	1,351,708	26,180	(247,858)	1,599,566	1,351,708
Contracts initially recognised in the year		(1,900,659)	225,735	1,683,686	8,762	-	1,683,686	1,683,686
Changes in estimates that adjust the CSM		305,490	26,488	(331,978)	-	(247,858)	(84,120)	(331,978)
Changes in estimates that result in losses and reversal of losses on onerous contracts		4,434	12,984	-	17,418	-	-	-
Changes that relate to past services		(80,850)	(7,976)	-	(88,826)	-	-	-
Total insurance service result		(1,575,503)	168,950	379,015	(1,027,538)	(600,971)	979,986	379,015
Net finance expenses from insurance contracts	6	1,915,566	-	264,959	2,180,525	89,918	175,041	264,959
Effect of movements in exchange rates		659,122	106,322	690,268	1,455,712	265,103	425,165	690,268
Total changes in the income statement and statement of comprehensive income		999,185	275,272	1,334,242	2,608,699	(245,950)	1,580,192	1,334,242
Cash flows		969,526	-	-	969,526	-	-	-
Non-cash operating expenses		(96)	-	-	(96)	-	-	-
Other non-cash items		(16,729)	-	-	(16,729)	-	-	-
Net closing balance		11,720,133	1,375,542	8,926,891	22,022,566	3,068,713	5,858,178	8,926,891
Closing assets		(6,718,731)	890,117	5,924,572	95,958	1,163,705	4,760,867	5,924,572
Closing liabilities		18,438,864	485,425	3,002,319	21,926,608	1,905,008	1,097,311	3,002,319
Net closing balance		11,720,133	1,375,542	8,926,891	22,022,566	3,068,713	5,858,178	8,926,891



21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Year ended 31 December 2024

US\$'000	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	CSM		
						Contracts under fair value approach	Other contracts	Total
Opening assets		(4,843,268)	551,461	3,992,230	(299,577)	1,586,912	2,405,318	3,992,230
Opening liabilities		14,260,326	390,307	3,003,016	17,653,649	2,415,840	587,176	3,003,016
Net opening balance		9,417,058	941,768	6,995,246	17,354,072	4,002,752	2,992,494	6,995,246
Insurance service result								
Changes that relate to current services		110,003	(71,070)	(873,345)	(834,412)	(395,870)	(477,475)	(873,345)
CSM recognised for services provided	5	-	-	(873,345)	(873,345)	(395,870)	(477,475)	(873,345)
Change in risk adjustment for non-financial risk		-	(71,070)	-	(71,070)	-	-	-
Experience adjustments		110,003	-	-	110,003	-	-	-
Changes that relate to future services		(1,484,292)	237,568	1,254,977	8,253	(357,284)	1,612,261	1,254,977
Contracts initially recognised in the year		(1,548,757)	184,680	1,377,316	13,239	-	1,377,316	1,377,316
Changes in estimates that adjust the CSM		69,346	52,993	(122,339)	-	(357,284)	234,945	(122,339)
Changes in estimates that result in losses and reversal of losses on onerous contracts		(4,881)	(105)	-	(4,986)	-	-	-
Changes that relate to past services		(47,802)	(8,275)	-	(56,077)	-	-	-
Total insurance service result		(1,422,091)	158,223	381,632	(882,236)	(753,154)	1,134,786	381,632
Net finance expenses from insurance contracts	6	1,095,185	-	212,538	1,307,723	85,575	126,963	212,538
Effect of movements in exchange rates		(12,764)	279	3,233	(9,252)	(20,510)	23,743	3,233
Total changes in the income statement and statement of comprehensive income		(339,670)	158,502	597,403	416,235	(688,089)	1,285,492	597,403
Cash flows		705,947	-	-	705,947	-	-	-
Non-cash operating expenses		(76)	-	-	(76)	-	-	-
Other non-cash items		(15,012)	-	-	(15,012)	-	-	-
Net closing balance		9,768,247	1,100,270	7,592,649	18,461,166	3,314,663	4,277,986	7,592,649
Closing assets		(5,522,693)	661,846	4,724,120	(136,727)	1,276,848	3,447,272	4,724,120
Closing liabilities		15,290,940	438,424	2,868,529	18,597,893	2,037,815	830,714	2,868,529
Net closing balance		9,768,247	1,100,270	7,592,649	18,461,166	3,314,663	4,277,986	7,592,649



21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach

		Year ended 31 December 2025			
		Asset for remaining coverage		Asset for incurred claims	Total
US\$'000	Note	Excluding loss-recovery component	Loss-recovery component		
Opening assets		32,767	-	146,137	178,904
Opening liabilities		-	-	-	-
Net opening balance		32,767	-	146,137	178,904
Changes in the income statement and statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(998,859)	-	591,690	(407,169)
Effect of changes in non-performance risk of reinsurers		-	-	-	-
Net (expenses)/income from reinsurance contracts held		(998,859)	-	591,690	(407,169)
Investment components		-	-	-	-
Other changes		-	-	-	-
Net finance expenses from reinsurance contracts held	6	(31,507)	-	3	(31,504)
Effect of movements in exchange rates		(5,857)	-	12,632	6,775
Total changes in the income statement and statement of comprehensive income		(1,036,223)	-	604,325	(431,898)
Cash flows					
Premiums paid		825,635	-	-	825,635
Amounts received		-	-	(585,509)	(585,509)
Other amounts paid		-	-	-	-
Total cash flows		825,635	-	(585,509)	240,126
Adjusted for:					
Non-cash operating expenses		-	-	-	-
Other non-cash items		-	-	-	-
Total non-cash items		-	-	-	-
Net closing balance		(177,821)	-	164,953	(12,868)
Closing assets		1,769	-	(188)	1,581
Closing liabilities		(179,590)	-	165,141	(14,449)
Net closing balance		(177,821)	-	164,953	(12,868)

21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of reinsurance contracts held not measured under the premium allocation approach (continued)

US\$'000	Note	Year ended 31 December 2024			Total
		Asset for remaining coverage		Asset for incurred claims	
		Excluding loss-recovery component	Loss-recovery component		
Opening assets		190,532	-	96,180	286,712
Opening liabilities		-	-	-	-
Net opening balance		190,532	-	96,180	286,712
Changes in the income statement and statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(677,135)	-	469,331	(207,804)
Effect of changes in non-performance risk of reinsurers		-	-	-	-
Net (expenses)/income from reinsurance contracts held		(677,135)	-	469,331	(207,804)
Investment components		-	-	-	-
Other changes		-	-	-	-
Net finance expenses from reinsurance contracts held	6	(17,009)	-	-	(17,009)
Effect of movements in exchange rates		(2,657)	-	904	(1,753)
Total changes in the income statement and statement of comprehensive income		(696,801)	-	470,235	(226,566)
Cash flows					
Premiums paid		539,036	-	-	539,036
Amounts received		-	-	(420,278)	(420,278)
Other amounts paid		-	-	-	-
Total cash flows		539,036	-	(420,278)	118,758
Adjusted for:					
Non-cash operating expenses		-	-	-	-
Other non-cash items		-	-	-	-
Total non-cash items		-	-	-	-
Net closing balance		32,767	-	146,137	178,904
Closing assets		32,767	-	146,137	178,904
Closing liabilities		-	-	-	-
Net closing balance		32,767	-	146,137	178,904

Reinsurance contract assets of US\$ nil (2024: US\$116m) and reinsurance contract liabilities of US\$128m (2024: US\$ nil) are expected to be settled within 12 months after the reporting date.



21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach

Year ended 31 December 2025

US\$'000	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	CSM		
						Contracts under fair value approach	Other contracts	Total
Opening assets		(2,863,048)	-	3,041,952	178,904	3,041,952	-	3,041,952
Opening liabilities		-	-	-	-	-	-	-
Net opening balance		(2,863,048)	-	3,041,952	178,904	3,041,952	-	3,041,952
Net (expense)/income from reinsurance contracts held								
Changes that relate to current services		54,867	-	(430,318)	(375,451)	(389,189)	(41,129)	(430,318)
CSM recognised for services received		-	-	(430,318)	(430,318)	(389,189)	(41,129)	(430,318)
Change in risk adjustment for non-financial risk		-	-	-	-	-	-	-
Experience adjustments		54,867	-	-	54,867	-	-	-
Changes that relate to future services		(1,533,091)	-	1,533,091	-	696,606	836,485	1,533,091
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	-	-	-	-	-
Contracts initially recognised in the year		(797,007)	-	797,007	-	-	797,007	797,007
Changes in estimates that adjust the CSM		(736,084)	-	736,084	-	696,606	39,478	736,084
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		-	-	-	-	-	-	-
Changes that relate to past services		(31,718)	-	-	(31,718)	-	-	-
Effect of changes in non-performance risk of reinsurers		-	-	-	-	-	-	-
Total net (expenses)/income from reinsurance contracts held		(1,509,942)	-	1,102,773	(407,169)	307,417	795,356	1,102,773
Net finance (expenses)/income from reinsurance contracts held	6	(107,322)	-	75,818	(31,504)	72,024	3,794	75,818
Effect of movements in exchange rates		(339,115)	-	345,890	6,775	343,331	2,559	345,890
Total changes in the income statement and statement of comprehensive income		(1,956,379)	-	1,524,481	(431,898)	722,772	801,709	1,524,481
Cash flows		240,126	-	-	240,126	-	-	-
Non-cash operating expenses		-	-	-	-	-	-	-
Other non-cash items		-	-	-	-	-	-	-
Net closing balance		(4,579,301)	-	4,566,433	(12,868)	3,764,724	801,709	4,566,433
Closing assets		1,047	-	534	1,581	534	-	534
Closing liabilities		(4,580,348)	-	4,565,899	(14,449)	3,764,190	801,709	4,565,899
Net closing balance		(4,579,301)	-	4,566,433	(12,868)	3,764,724	801,709	4,566,433

21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

Year ended 31 December 2024						CSM		
US\$'000	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under fair value approach	Other contracts	Total
Opening assets		(1,176,832)	-	1,463,544	286,712	1,463,544	-	1,463,544
Opening liabilities		-	-	-	-	-	-	-
Net opening balance		(1,176,832)	-	1,463,544	286,712	1,463,544	-	1,463,544
Net (expenses)/income from reinsurance contracts held								
Changes that relate to current services		38,406	-	(237,609)	(199,203)	(237,609)	-	(237,609)
CSM recognised for services received		-	-	(237,609)	(237,609)	(237,609)	-	(237,609)
Change in risk adjustment for non-financial risk		-	-	-	-	-	-	-
Experience adjustments		38,406	-	-	38,406	-	-	-
Changes that relate to future services		(1,749,127)	-	1,749,127	-	1,749,127	-	1,749,127
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	-	-	-	-	-
Contracts initially recognised in the year		(400,546)	-	400,546	-	400,546	-	400,546
Changes in estimates that adjust the CSM		(1,348,581)	-	1,348,581	-	1,348,581	-	1,348,581
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		-	-	-	-	-	-	-
Changes that relate to past services		(8,601)	-	-	(8,601)	-	-	-
Effect of changes in non-performance risk of reinsurers		-	-	-	-	-	-	-
Total net (expenses)/income from reinsurance contracts held		(1,719,322)	-	1,511,518	(207,804)	1,511,518	-	1,511,518
Net finance (expenses)/income from reinsurance contracts held	6	(60,583)	-	43,574	(17,009)	43,574	-	43,574
Effect of movements in exchange rates		(25,069)	-	23,316	(1,753)	23,316	-	23,316
Total changes in the income statement and statement of comprehensive income		(1,804,974)	-	1,578,408	(226,566)	1,578,408	-	1,578,408
Cash flows		118,758	-	-	118,758	-	-	-
Non-cash operating expenses		-	-	-	-	-	-	-
Other non-cash items		-	-	-	-	-	-	-
Net closing balance		(2,863,048)	-	3,041,952	178,904	3,041,952	-	3,041,952
Closing assets		(2,863,048)	-	3,041,952	178,904	3,041,952	-	3,041,952
Closing liabilities		-	-	-	-	-	-	-
Net closing balance		(2,863,048)	-	3,041,952	178,904	3,041,952	-	3,041,952

21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach

		Year ended 31 December 2025				
US\$'000	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets		(30,983)	-	23,651	785	(6,547)
Opening liabilities		60,266	-	72,667	1,583	134,516
Net opening balance		29,283	-	96,318	2,368	127,969
Insurance revenue	5	(509,955)	-	-	-	(509,955)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	418,845	2,198	421,043
Amortisation of insurance acquisition cash flows		38,641	-	-	-	38,641
Losses and reversal of losses on onerous contracts		-	-	-	-	-
Adjustments to liabilities for incurred claims		-	-	10,402	(2,021)	8,381
Total insurance service expenses		38,641	-	429,247	177	468,065
Investment components		(17)	-	17	-	-
Other changes		-	-	-	-	-
Insurance service result		(471,331)	-	429,264	177	(41,890)
Net finance income from insurance contracts		-	-	1,578	-	1,578
Effect of movements in exchange rates		3,512	-	3,576	91	7,179
Total changes in the income statement and statement of comprehensive income		(467,819)	-	434,418	268	(33,133)
Cash flows						
Premiums received		529,071	-	-	-	529,071
Claims and other insurance service expenses paid, including investment components		-	-	(475,386)	-	(475,386)
Insurance acquisition cash flows paid		(38,518)	-	-	-	(38,518)
Other amounts received		-	-	-	-	-
Total cash flows		490,553	-	(475,386)	-	15,167
Adjusted for:						
Non-cash operating expenses		-	-	86	-	86
Other non-cash items		-	-	-	-	-
Total non-cash items		-	-	86	-	86
Net closing balance		52,017	-	55,436	2,636	110,089
Closing assets		(17,519)	-	(4,783)	943	(21,359)
Closing liabilities		69,536	-	60,219	1,693	131,448
Net closing balance		52,017	-	55,436	2,636	110,089

21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

		Year ended 31 December 2024				
US\$'000	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets		311	-	653	12	976
Opening liabilities		40,195	-	62,404	2,228	104,827
Net opening balance		40,506	-	63,057	2,240	105,803
Insurance revenue	5	(462,193)	-	-	-	(462,193)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	411,998	1,895	413,893
Amortisation of insurance acquisition cash flows		41,310	-	-	-	41,310
Losses and reversal of losses on onerous contracts		-	-	-	-	-
Adjustments to liabilities for incurred claims		-	-	30,547	(1,769)	28,778
Total insurance service expenses		41,310	-	442,545	126	483,981
Investment components		(7)	-	7	-	-
Other changes		-	-	-	-	-
Insurance service result		(420,890)	-	442,552	126	21,788
Net finance income/(expenses) from insurance contracts		1,095	-	(1,419)	-	(324)
Effect of movements in exchange rates		551	-	403	2	956
Total changes in the income statement and statement of comprehensive income		(419,244)	-	441,536	128	22,420
Cash flows						
Premiums received		443,928	-	-	-	443,928
Claims and other insurance service expenses paid, including investment components		-	-	(408,370)	-	(408,370)
Insurance acquisition cash flows paid		(35,907)	-	-	-	(35,907)
Other amounts received		-	-	-	-	-
Total cash flows		408,021	-	(408,370)	-	(349)
Adjusted for:						
Non-cash operating expenses		-	-	95	-	95
Other non-cash items		-	-	-	-	-
Total non-cash items		-	-	95	-	95
Net closing balance		29,283	-	96,318	2,368	127,969
Closing assets		(30,983)	-	23,651	785	(6,547)
Closing liabilities		60,266	-	72,667	1,583	134,516
Net closing balance		29,283	-	96,318	2,368	127,969

21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach

US\$'000	Year ended 31 December 2025				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	(32,155)	-	32,036	68	(51)
Opening liabilities	(2,867)	-	1,053	-	(1,814)
Net opening balance	(35,022)	-	33,089	68	(1,865)
Changes in the income statement and statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(113,028)	-	99,981	94	(12,953)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net (expenses)/income from reinsurance contracts held	(113,028)	-	99,981	94	(12,953)
Investment components	-	-	-	-	-
Other changes	-	-	-	-	-
Net finance income from reinsurance contracts held	-	-	110	-	110
Effect of movements in exchange rates	(259)	-	306	-	47
Total changes in the income statement and statement of comprehensive income	(113,287)	-	100,397	94	(12,796)
Cash flows					
Premiums paid	84,882	-	-	-	84,882
Amounts received	-	-	(70,367)	-	(70,367)
Other amounts paid	-	-	2	-	2
Total cash flows	84,882	-	(70,365)	-	14,517
Adjusted for:					
Non-cash operating expenses	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Total non-cash items	-	-	-	-	-
Net closing balance	(63,427)	-	63,121	162	(144)
Closing assets	(53,706)	-	56,071	104	2,469
Closing liabilities	(9,721)	-	7,050	58	(2,613)
Net closing balance	(63,427)	-	63,121	162	(144)

21. Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts (continued)

Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

US\$'000	Year ended 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	(8,203)	-	7,788	21	(394)
Opening liabilities	(1,891)	-	1,471	54	(366)
Net opening balance	(10,094)	-	9,259	75	(760)
Changes in the income statement and statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(71,032)	-	65,050	(7)	(5,989)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net (expenses)/income from reinsurance contracts held	(71,032)	-	65,050	(7)	(5,989)
Investment components	-	-	-	-	-
Other changes	-	-	-	-	-
Net finance (expenses)/income from reinsurance contracts held	(5)	-	12	-	7
Effect of movements in exchange rates	(7)	-	42	-	35
Total changes in the income statement and statement of comprehensive income	(71,044)	-	65,104	(7)	(5,947)
Cash flows					
Premiums paid	46,116	-	-	-	46,116
Amounts received	-	-	(41,296)	-	(41,296)
Other amounts paid	-	-	22	-	22
Total cash flows	46,116	-	(41,274)	-	4,842
Adjusted for:					
Non-cash operating expenses	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Total non-cash items	-	-	-	-	-
Net closing balance	(35,022)	-	33,089	68	(1,865)
Closing assets	(32,155)	-	32,036	68	(51)
Closing liabilities	(2,867)	-	1,053	-	(1,814)
Net closing balance	(35,022)	-	33,089	68	(1,865)



21. Insurance contracts and reinsurance contracts held (continued)

Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components of insurance contracts and reinsurance contracts held arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognised in the year.

Insurance contracts

US\$'000	Profitable contracts issued	Onerous contracts issued	Profitable contracts acquired	Total
Year ended 31 December 2025				
Estimates of present value of future cash outflows				
Insurance acquisition cash flows	1,317,925	41,318	-	1,359,243
Claims payable and other expenses	4,204,275	129,052	-	4,333,327
Total estimates of present value of future cash outflows	5,522,200	170,370	-	5,692,570
Estimates of present value of future cash inflows	(7,426,531)	(166,698)	-	(7,593,229)
Risk adjustment for non-financial risk	220,645	5,090	-	225,735
Contractual service margin	1,683,686	-	-	1,683,686
Losses recognised on initial recognition	-	8,762	-	8,762

Year ended 31 December 2024

Estimates of present value of future cash outflows				
Insurance acquisition cash flows	1,190,127	66,474	-	1,256,601
Claims payable and other expenses	3,484,082	204,156	-	3,688,238
Total estimates of present value of future cash outflows	4,674,209	270,630	-	4,944,839
Estimates of present value of future cash inflows	(6,226,258)	(267,338)	-	(6,493,596)
Risk adjustment for non-financial risk	174,733	9,947	-	184,680
Contractual service margin	1,377,316	-	-	1,377,316
Losses recognised on initial recognition	-	13,239	-	13,239

Reinsurance contracts held

US\$'000	Contracts originated	Contracts acquired	Total
Year ended 31 December 2025			
Estimates of present value of future cash inflows	1,389,535	-	1,389,535
Estimates of present value of future cash outflows	(2,186,542)	-	(2,186,542)
Risk adjustment for non-financial risk	-	-	-
Income recognised on initial recognition	-	-	-
Contractual service margin	(797,007)	-	(797,007)
Year ended 31 December 2024			
Estimates of present value of future cash inflows	878,412	-	878,412
Estimates of present value of future cash outflows	(1,278,958)	-	(1,278,958)
Risk adjustment for non-financial risk	-	-	-
Income recognised on initial recognition	-	-	-
Contractual service margin	(400,546)	-	(400,546)



21. Insurance contracts and reinsurance contracts held (continued)

Analysis of assets for insurance acquisition cash flows

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance presented in insurance contract assets	98,686	95,249
Opening balance presented in insurance contract liabilities	3,328	-
Total opening balance	102,014	95,249
Assets recognised for insurance acquisition cash flows paid during the year	6,428	20,164
Allocation to groups of insurance contracts	(15,208)	(13,524)
Effect of movements in exchange rates	8,281	125
Total closing balance	101,515	102,014
Closing balance presented in insurance contract assets	98,669	98,686
Closing balance presented in insurance contract liabilities	2,846	3,328
Total closing balance	101,515	102,014

The following table illustrates when the Company expects to derecognise the assets for insurance acquisition cash flows and include those cash flows in the measurement of the group of insurance contracts to which they are allocated.

US\$'000	Total	Five years or less	After five years through ten years	After ten years
31 December 2025				
Assets for insurance acquisition cash flows	101,515	47,808	24,692	29,015
31 December 2024				
Assets for insurance acquisition cash flows	102,014	47,983	24,836	29,195

Analysis of contractual service margin

The following table illustrates when the Company expects to recognise the remaining contractual service margin as revenue for contracts not measured under the premium allocation approach.

US\$'000	Total	Five years or less	After five years through ten years	After ten years
31 December 2025				
Insurance contracts	8,926,891	3,734,086	2,131,158	3,061,647
Reinsurance contracts held	4,566,433	1,658,776	1,019,551	1,888,106
31 December 2024				
Insurance contracts	7,592,649	3,375,265	1,834,002	2,383,382
Reinsurance contracts held	3,041,952	1,124,139	670,084	1,247,729



21. Insurance contracts and reinsurance contracts held (continued)

Fulfilment cash flows

Estimates of future cash flows

The Company's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date and the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Methodology and assumptions

Mortality

Assumptions have been developed by each business unit based on their recent historical experience, and their expectations of current and expected future experience including mortality improvement. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Company.

Morbidity

Assumptions have been developed by each business unit based on their recent historical experience, and their expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

Persistency

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender), premium persistency, premium holidays, partial withdrawals, policy loan take up and repayment and retirement rates for pension products.

Assumptions have been developed by each of the business units based on their recent historical experience, and their best estimate expectations of currency and expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions.

In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.



21. Insurance contracts and reinsurance contracts held (continued)

Fulfilment cash flows (continued)

Methodology and assumptions (continued)

Expenses

The expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition, maintenance and other activities, and then to allocate these acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expense assumptions have been determined for acquisition and maintenance activities that can be directly attributed to the portfolio of insurance contracts, split by product type, and unit costs expressed as a percentage of premiums, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy administration and claims handling efficiency.

Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

Reinsurance

Reinsurance assumptions have been developed by each business unit based on the reinsurance arrangements in-force as at the reporting date and the recent historical and expected future experience.



21. Insurance contracts and reinsurance contracts held (continued)

Fulfilment cash flows (continued)

Methodology and assumptions (continued)

Policyholder dividends, profit sharing and interest crediting

The projected policyholder dividends, profit sharing and interest crediting assumptions set by each business unit reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and each business unit's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

Participating funds surpluses have been assumed to be distributed between policyholders and shareholders via future final bonuses or at the end of the projection period so that there are no residual assets at the end of the projection period.

The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. The crediting rates applied vary between products and Group entities; in the current economic environment, the amounts credited are often determined by interest rate guarantees.

An adjustment to reflect the time value of money and the financial risks related to future cash flows

The Company adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates to reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The top-down approach has been primarily adopted for the derivation of discount rates. A top-down approach starts with considering a yield curve that reflects the current market rates of return of a reference portfolio of assets that have similar characteristics of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contracts (primarily the allowance for credit risk). The assessment of credit risk premium is done on external and internal ratings when the reference portfolio contains assets which are locally rated. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable and also relevant in reflecting the characteristics of the insurance contracts. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method etc.

The tables below set out the spot rates used to discount the cash flows of insurance contracts for major currencies. To reflect the liquidity characteristics of the insurance contracts, the risk-free spot rates are adjusted by an illiquidity premium.

As at 31

December 2025	1 year		5 years		10 years		15 years		20 years	
Spot rates	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	3.43%	3.93%	3.65%	4.28%	4.15%	4.97%	4.62%	5.46%	4.93%	5.72%
HKD	2.63%	3.13%	2.72%	3.35%	3.10%	3.91%	3.33%	4.18%	3.64%	4.44%
THB	1.11%	1.45%	1.29%	1.74%	1.69%	2.21%	2.09%	2.71%	2.43%	3.14%

As at 31

December 2024	1 year		5 years		10 years		15 years		20 years	
Spot rates	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	4.12%	4.72%	4.32%	4.93%	4.51%	5.35%	4.74%	5.61%	4.88%	5.73%
HKD	3.88%	4.48%	3.60%	4.21%	3.65%	4.49%	3.72%	4.59%	3.86%	4.71%
THB	1.99%	2.37%	2.11%	2.72%	2.33%	3.08%	2.54%	3.37%	2.75%	3.64%



21. Insurance contracts and reinsurance contracts held (continued)

Fulfilment cash flows (continued)

Methodology and assumptions (continued)

An adjustment to reflect the time value of money and the financial risks related to future cash flows (continued)

For the insurance contracts with cash flows that vary based on the returns on any financial underlying items, the Company applies risk-neutral measurement techniques. Stochastic modelling is applied for insurance contracts with significant financial options and guarantees to estimate the expected present value. A large number of possible economic scenarios for market variables such as interest rates and equity returns are considered using risk neutral approach and consistent with market observable price.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment for each of the geographical markets in which the Company operates, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Contractual service margin

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

Investment components

The Company identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. Investment components are excluded from insurance revenue and insurance service expenses. Generally, for relevant contracts, surrender value would be determined as an investment component.

Underlying items of contracts with direct participation features

The following table sets out the composition and the fair value of the underlying items for the Company's contracts with direct participation features at the reporting date.

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Cash and cash equivalents	1,714	10,672
Financial investments and policy loans	4,694,241	3,916,503
Other assets	3	9
Less: payables and other liabilities	(1,778)	(12,017)
Total	4,694,180	3,915,167



22. Investment contracts

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
At beginning of financial year	2,040,220	1,852,540
Investment contract benefits	219,210	293,273
Net withdrawals and other movements	(103,968)	(100,502)
Effect of foreign exchange movements	182,284	(5,091)
At end of financial year	2,337,746	2,040,220

23. Offsetting of financial assets and financial liabilities

Offsetting, enforceable master netting agreements and similar agreements

The following table shows the assets that are subject to offsetting, enforceable master netting agreements and similar arrangements at each year end:

	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments	Cash collateral received	Net amount
US\$'000						
31 December 2025						
Financial assets:						
Derivative assets	301,862	-	301,862	-	(241,419)	60,443
Total	301,862	-	301,862	-	(241,419)	60,443

	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments	Cash collateral received	Net amount
US\$'000						
31 December 2024						
Financial assets:						
Derivative assets	264,879	-	264,879	-	(130,952)	133,927
Total	264,879	-	264,879	-	(130,952)	133,927



23. Offsetting of financial assets and financial liabilities (continued)

Offsetting, enforceable master netting agreements and similar agreements (continued)

The following table shows the liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at each year end:

		Gross amount of recognised financial assets set off in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
US\$'000	Gross amount of recognised financial liabilities			Financial instruments	Cash collateral pledged	Net amount
31 December 2025						
Financial liabilities ⁽¹⁾ :						
Derivative liabilities	71,402	-	71,402	-	(1,130)	70,272
Repurchase agreements	467,789	-	467,789	(479,831)	-	(12,042)
Total	539,191	-	539,191	(479,831)	(1,130)	58,230

		Gross amount of recognised financial assets set off in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
US\$'000	Gross amount of recognised financial liabilities			Financial instruments	Cash collateral pledged	Net amount
31 December 2024						
Financial liabilities ⁽¹⁾ :						
Derivative liabilities	191,660	-	191,660	-	(71,946)	119,714
Repurchase agreements	661,423	-	661,423	(674,833)	-	(13,410)
Total	853,083	-	853,083	(674,833)	(71,946)	106,304

Note:

- (1) The amount of under-collateralised positions for derivative liabilities and repurchased agreements were US\$70m and nil respectively (2024: US\$120m and nil respectively). The amount of over-collateralised positions for derivative liabilities and repurchased agreements were nil and US\$12m respectively (2024: nil and US\$13m respectively).

The Company entered into enforceable master netting agreements for derivative transactions with various counterparties. Except for certain futures contracts executed through clearing house mechanism where the settlement arrangement satisfied the HKFRS Accounting Standards netting criteria, the transactions under the enforceable master netting agreements and similar agreements involving the exchange of financial instruments or cash as collateral do not satisfy the HKFRS Accounting Standards netting criteria. The provision in the master netting agreement and similar agreements enables a party to terminate transactions early and settle at a net amount if a default or termination event occurs.



24. Notes due to ultimate holding company

Notes due to ultimate holding company are unsecured, interest free and repayable on respective payment dates. The ultimate holding company can request for payment on demand.

The Company has access to an aggregate of US\$2,980m unsecured committed credit facilities, which includes a US\$250m revolving three-year credit facility expiring in 2028 and a US\$2,730m five-year credit facility expiring in 2030. The credit facilities will be used for general corporate purposes. There were no outstanding borrowings under these credit facilities as of 31 December 2025 and 31 December 2024.

25. Obligations under repurchase agreements

The Company has entered into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. At 31 December 2025, the obligations under repurchase agreements were US\$468m (2024: US\$661m).

The securities sold under repurchase agreements continue to be recognised within the appropriate financial asset classification. A liability is established for the consideration received. During the term of the repurchase agreements, the Company is restricted from selling or pledging the transferred debt securities. The following table specifies the amounts included within financial investments subject to repurchase agreements which do not qualify for de-recognition at each year end:

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Debt securities – FVOCI:		
Repurchase agreement	479,831	674,833
Total	479,831	674,833

Collateral under repurchase agreements

At 31 December 2025 and 31 December 2024, there was no material collateral in respect of repurchase agreements.



26. Provisions

US\$'000	Employee benefits	Other	Total
At 1 January 2024	112,483	3,005	115,488
Charged to the income statement	5,878	-	5,878
Charged to other comprehensive income	8,300	-	8,300
Exchange differences	76	(4)	72
Released during the year	-	(1,271)	(1,271)
Utilised during the year	(3,791)	-	(3,791)
Other movements	721	-	721
At 31 December 2024	123,667	1,730	125,397
Charged to the income statement	8,407	1,619	10,026
Charged to other comprehensive income	13,696	-	13,696
Exchange differences	10,179	-	10,179
Released during the year	-	-	-
Utilised during the year	(6,735)	-	(6,735)
Other movements	(181)	-	(181)
At 31 December 2025	149,033	3,349	152,382

Other provisions

Other provisions comprise provisions in respect of regulatory matters, reorganisation and restructuring. In view of the diverse nature of the matters provided for and the contingent nature of the matters to which they relate, the Company is unable to provide an accurate assessment of the term over which provisions are expected to be utilised.

27. Other liabilities

US\$'000	As at 31 December 2025	As at 31 December 2024
Trade and other payables	976,343	829,379
Lease liabilities	29,802	40,417
Total	1,006,145	869,796

Except for lease liabilities, other liabilities are generally expected to be settled within 12 months after the end of the reporting period.



28. Share capital, capital contribution and reserves

	As at 31 December 2025		As at 31 December 2024	
	Shares'000	US\$'000	Shares'000	US\$'000
Share capital				
Ordinary shares⁽¹⁾, issued and fully paid				
At beginning of the financial year	2,596,050	11,390,584	2,596,050	11,390,584
Increase during the year	-	-	-	-
At end of the financial year	2,596,050	11,390,584	2,596,050	11,390,584
Capital contribution⁽²⁾				
At the beginning of the financial year		39,154		39,154
Increase during the year		-		-
At end of the financial year		39,154		39,154
Total share capital and capital contribution	2,596,050	11,429,738	2,596,050	11,429,738

Notes:

(1) Ordinary shares have no nominal value and there is no obligation to transfer cash or other assets to the holders of ordinary shares.

(2) Capital contribution represents contribution in kind without cash consideration.

There were no ordinary shares issued (2024: nil) during the year ended 31 December 2025.

There were no shares issued under share option schemes during the year ended 31 December 2025 (2024: nil). The Company and its subsidiaries have not undertaken any purchase, sale, or redemption of the Company's issued share capital in the reporting period.

Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt securities measured at fair value through other comprehensive income held at the end of the reporting period plus the related loss allowance recognised in profit or loss until the assets are derecognised.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income or expenses recognised in other comprehensive income.

Property revaluation reserve

Property revaluation reserve comprises the cumulative net change in the revalued amount of property held for own use at the end of the reporting period. Property revaluation surplus is not considered to be a realised profit available for distribution to shareholders.

Other reserves

Other reserves mainly include the impact of merger accounting for business combinations under common control, share-based compensation, the change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss, and the business transfers of Brunei and Mainland China branches.



29. Company capital structure

Capital Management Approach

The Company's capital management objectives focus on maintaining a strong capital base to support the development of its business, maintaining the ability to move capital freely and satisfying regulatory capital requirements at all times.

The Company's capital management function oversees all capital-related activities of the Company and assists senior management in making capital decisions. The capital management function participates in decisions concerning asset-liability management, strategic asset allocation and ongoing solvency management. This includes ensuring capital considerations are paramount in the strategy and business planning processes and when determining the Company's capacity to pay dividends to its shareholders.

Company Regulatory Solvency

The Hong Kong Risk-based Capital (HKRBC) regime has become part of the Hong Kong Insurance Ordinance (HKIO) and has taken effect from 1 July 2024. The Company's primary insurance regulator in Hong Kong is the Hong Kong Insurance Authority (HKIA) which requires that the Company meets the solvency requirements under the HKRBC, including any HKIA-approved relaxation where applicable.

In July 2024, the Company obtained approval for a relaxation of the Insurance (Valuation and Capital) Rules (Cap.41R) and Section 10(2) Capital Requirements under Section 130(1) of the Insurance Ordinance (Cap.41) from the HKIA. The Company is therefore reporting under HKRBC the capital position of the Company based on the regulations and requirements prescribed under the local regulatory solvency basis. During the year ended 31 December 2025 and 31 December 2024, the Company was in compliance with these solvency requirements.

The HKRBC capital positions of the Company as of 31 December 2025 and 31 December 2024 are as follows:

US\$m	31 December 2025			31 December 2024		
	Total eligible capital	Prescribed capital amount	Solvency ratio	Total eligible capital	Prescribed capital amount	Solvency ratio
The Company	8,859	2,964	299%	9,144	3,011	304%

For the purpose of meeting solvency and capital adequacy requirements under HKRBC, eligible capital resources are derived based on eligibility of the assets in excess of liabilities on an economic basis defined by HKRBC. Prescribed capital amount (PCA) is calculated in accordance with Insurance (Valuation and Capital) Rules, subject to any variation considered necessary by the HKIA, and Regulatory Returns Instructions issued by HKIA. The solvency ratio under HKRBC is the ratio of total eligible capital to PCA.

Local Regulatory Solvency

The Company's individual branches and subsidiaries are also subject to the supervision of government regulators in the jurisdictions in which those branches and subsidiaries operate and, in relation to subsidiaries, in which they are incorporated. The Company submits HKRBC returns to the HKIA of its solvency position under the HKRBC regime.

Dividends, remittances and other payments from individual branches and subsidiaries

The ability of the Company to pay dividends to shareholders and to meet other obligations depends ultimately on dividends and other payments being received from its operating branches and subsidiaries, which are subject to contractual, regulatory and other limitations. The various regulators overseeing the individual branches and subsidiaries of the Company have the discretion to impose additional restrictions on the ability of those regulated branches and subsidiaries to make payment of dividends or other distributions and payments to the Company, including increasing the required margin of solvency that an operating unit must maintain. For example, capital may not be remitted from Thailand without the consent of the Office of the Insurance Commission in Thailand.



30. Risk management

Risk management framework

The Company recognises the importance of sound risk management in every aspect of our business and for all our stakeholders. The Risk Management Framework (RMF) provides the structure for identifying, quantifying and mitigating risk across the Company. An effective RMF is essential to protect the company from material financial and reputational damage that arises from inadequate or ineffective control of the risks in the business.

Insurance risk

Insurance risk relates to changes in claims experience, business expenses, and the acquisition and persistency of insurance business. This also includes changes to assumptions regarding future experience for these risks.

The Company manages insurance risk concentration by diversification, reinsurance and establishing appropriate retention limits. For the years ended 31 December 2025 and 31 December 2024, there were no significant insurance concentration risks.

Pandemic and catastrophe risk

The Company is also exposed to morbidity and mortality risk related to a single event, namely pandemics, natural catastrophic events or human-made disasters.

Geographical concentration of insured individuals could increase the severity of this risk. However, the Company's insured populations are geographically dispersed, thereby diversifying the exposure to pandemic and catastrophe risk. In addition, the Company limits its exposure to large claims arising from a catastrophe by purchasing reinsurance to cover losses due to a single catastrophic event exceeding a pre-determined level.

Climate change could increase the odds of pandemic and/or catastrophic events. Whilst the effect of climate change to the Company as a life and health insurer is expected to be relatively smaller than a general insurer, the Company will continue to evolve the climate scenario analysis, with the advancement of reliable data and methodologies, in evaluating the impacts of climate change to its portfolio.

Expense risk

Expense risk is the risk of greater than expected trends in, or sudden shocks to, the amount or timing of expenses incurred by the business.

Operations follow a disciplined budgeting and control process that allows for the management of expenses based on the Company's very substantial experience within the markets in which we operate.

Morbidity and mortality risk

Morbidity and mortality risk is the risk that the incidence and/or amounts of medical, critical illness, disability, death or survival claims are higher than the assumptions made in pricing and/or reserving.

The Company adheres to well-defined market-oriented underwriting and claims guidelines and practices that have been developed based on extensive historical experience and with the assistance of professional reinsurers.

The Company's actuarial teams conduct regular experience studies of all the insurance risk factors in its portfolio. These internal studies together with external data are used to identify the impact of emerging trends, such as medical technology, health and wellness, climate change and long COVID-19, which can then be used to inform product design, pricing, underwriting, claims management and reinsurance needs.

The Company limits its exposure to new risks and large claims on any single insured life by applying retention limits that vary by market and insurance benefit type to the amount of insurance coverage per insured. The exposure in excess of these limits is ceded to reinsurers.

Persistency (Lapse) risk

Persistency (Lapse) risk arises from policies lapsing or surrendering, on average, differently to that assumed in the pricing or reserving assumptions. Persistency risk is assessed as part of the product development process and monitored through regular experience studies.

Ensuring customers buy products that sustainably meet their needs is central to the Company's Operating Philosophy. Through effective implementation of the Business Quality Framework, comprehensive sales training programmes and active monitoring of sales activities and persistency, the Company seeks to ensure that appropriate products are sold by qualified sales representatives and that standards of service consistently meet our customers' needs.



30. Risk management (continued)

Insurance risk (continued)

Sensitivity analysis on insurance risk

The table below sets out the sensitivity analysis in respect of insurance contracts and reinsurance contracts held to key variables affecting insurance risk exposures. This analysis assumes that all other variables remain constant. Information below presents the sensitivities both before and after risk mitigation by reinsurance, and illustrates the estimated impact on profits and total equity arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are mainly as below:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in insurance finance income or expenses that are recognised in profit or loss.
- The effects on equity are the effects on profit or loss and the effects on other comprehensive income arising from changes in insurance finance income or expenses.

Sensitivity analysis before risk mitigation by reinsurance⁽¹⁾

US\$'000	Impact on profit before tax	Impact on total equity (before the effects of taxation)
31 December 2025		
10% increase in attributable expenses	(8,846)	(22,046)
10% decrease in attributable expenses	8,943	18,355
10% increase in mortality/morbidity rates	(122,213)	(234,448)
10% decrease in mortality/morbidity rates	110,006	221,605
10% increase in lapse/discontinuance rates	(45,310)	(65,488)
10% decrease in lapse/discontinuance rates	43,721	64,691
31 December 2024		
10% increase in attributable expenses	(7,211)	(9,812)
10% decrease in attributable expenses	6,916	8,766
10% increase in mortality/morbidity rates	(100,916)	(146,451)
10% decrease in mortality/morbidity rates	78,960	118,437
10% increase in lapse/discontinuance rates	(37,747)	(34,998)
10% decrease in lapse/discontinuance rates	35,305	33,592

Sensitivity analysis after risk mitigation by reinsurance⁽¹⁾

US\$'000	Impact on profit before tax	Impact on total equity (before the effects of taxation)
31 December 2025		
10% increase in attributable expenses	(8,846)	(22,046)
10% decrease in attributable expenses	8,943	18,355
10% increase in mortality/morbidity rates	(122,213)	(234,448)
10% decrease in mortality/morbidity rates	110,006	221,605
10% increase in lapse/discontinuance rates	(45,310)	(65,488)
10% decrease in lapse/discontinuance rates	43,721	64,691
31 December 2024		
10% increase in attributable expenses	(7,211)	(9,812)
10% decrease in attributable expenses	6,916	8,766
10% increase in mortality/morbidity rates	(100,916)	(146,451)
10% decrease in mortality/morbidity rates	78,960	118,437
10% increase in lapse/discontinuance rates	(37,747)	(34,998)
10% decrease in lapse/discontinuance rates	35,305	33,592

Note:

(1) The sensitivity analysis on insurance risk includes the impact of unit-linked contracts under HKFRS 17.



30. Risk management (continued)

Investment and financial risks

Investment management objectives, policies and processes

The Company manages its financial investments in two distinct categories: unit-linked investments, and policyholder and shareholder investments. The investment risk in respect of unit-linked investments is generally borne by our customers, and the investment return gains or losses are largely offset by the changes in fair value of underlying items. Policyholder and shareholder investments include all financial investments other than unit-linked investments. The investment risk in respect of policyholder and shareholder investments is partially or wholly borne by the Company and directly affects the profit before tax.

Policyholder and shareholder investments are further categorised as participating funds and other policyholder and shareholder.

The primary investment objectives of our policyholder and shareholder investments are generally designed to achieve optimal levels of risk-adjusted return for policyholders and shareholders over the long-term, while preserving capital, maintaining adequate solvency and liquidity levels, meeting our risk management and asset-liability management objectives and ensuring full compliance with applicable regulations and internal policies.

The Company has comprehensive, integrated frameworks to ensure investments are properly authorised, monitored and managed within internal policies that address asset-liability management, financial and operational risks, whether assets are invested directly by the Company or through external investment managers. This framework consists of three elements: a strategic asset allocation framework; a tactical asset allocation process; and a combination of internal and external investment management for individual asset classes where appropriate.

The Company's investment management function is empowered with decision-making authority and complies with exposure limits as defined in Risk Standards. Investment outcomes are closely monitored and compared with ongoing objectives with clear attribution and accountability.

Climate change, and the transition to net zero, create risks for the financial system. The Company recognises the potential investment losses due to climate risk in the long-term and, as a result, it mandates the consideration of various Environmental, Social and Governance (ESG) factors, including climate change, in the bottom-up investment process applicable to its general account assets. The Company has developed internal ESG scoring methodologies to assess relevant ESG factors in potential and actual investee companies in relation to our directly managed general account assets and to assess external asset managers on their approach to both ESG engagement with investee companies and the assessment of ESG factors for investment decisions. The Company will continue to enhance its climate scenario analysis in assessing the impacts of climate change on its investment assets.

Asset-liability management

Asset-liability management for the Company is overseen by the Group Asset-Liability Committee and by asset-liability committees in each business unit. The Company manages its asset-liability risks in a variety of ways, including the strategic asset allocation process under which the strategic asset allocation in each entity and for major different product groups is governed, defining the asset allocation with consideration of the characteristics of the liabilities and related risks, capital and other requirements on both economic and regulatory bases. The Company manages asset-liability risks predominantly on an economic basis, while also considering the effect on all applicable regulatory solvency requirements and other considerations such as earnings. Asset-liability management actions include product pricing and product design, reviews of policyholder dividends asset allocation, hedging using derivatives, reinsurance, and the management of discretionary policyholder benefits. The asset-liability risks for the Company are credit risk, credit spread risk, interest rate risk, equity risk, foreign exchange rate risk and liquidity risk. The exposures and sensitivity analysis are detailed below.

Credit risk

Credit risk arises from third parties failing to meet their obligations to the Company when they fall due. Although the primary source of credit risk is the Company's investment portfolio, such risk can also arise through reinsurance, hedging and treasury activities.

The Company's credit risk management oversight process is governed centrally, but provides for decentralised management and accountability by our lines of defence. Fundamental to the Company's credit risk management is adherence to a well-controlled underwriting process. Credit risk limits are applied to control concentrations in individual exposures, sector and cross border investments. A detailed analysis of each counterparty is performed and a rating is determined by the investment teams according to an internal rating framework. The Company's Risk Management function manages the Company's internal ratings framework and conducts periodic rating validations. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.



30. Risk management (continued)

Investment and financial risks (continued)

Exposure to credit risk

In compiling the tables, external ratings have been used where available. External ratings have been used in accordance with the Company's credit risk assessment framework. Where external ratings are not readily available an internal rating methodology has been adopted, if applicable. Credit risk limits are set according to the Company's credit risk assessment framework, which defines the relative risk level of a debt security.

External ratings		Internal ratings	Reported as
Standard and Poor's and Fitch	Moody's		
AAA	Aaa	1	AAA
AA+ to AA-	Aa1 to Aa3	2+ to 2-	AA
A+ to A-	A1 to A3	3+ to 3-	A
BBB+ to BBB-	Baa1 to Baa3	4+ to 4-	BBB
BB+ and below	Ba1 and below	5+ and below	Below investment grade ⁽¹⁾

Note:

(1) Unless otherwise identified individually.

Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk. The Company's processes for measuring expected credit losses include processes for initial approval, regular validation and back-testing of the models used, and incorporation of forward-looking information.

The Company monitors concentrations of credit arising from investment in debt securities by type, nature and rating as shown in note 15. Reinsurance is ceded across all geographical regions in which the Company operates. The Company does not have excessive credit risk with any single reinsurer.

The following table sets out information about the credit quality of reinsurance contract assets and financial assets not measured at FVTPL.

Reinsurance contract assets

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Investment grade	3,307	178,853
Below investment grade	-	-
Not rated	743	-
Total	4,050	178,853



30. Risk management (continued)

Investment and financial risks (continued)

Exposure to credit risk (continued)

Financial assets measured at amortised cost⁽¹⁾

US\$'000	As at 31 December 2025				As at 31 December 2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans and deposits								
AAA	-	-	-	-	-	-	-	-
AA	-	-	-	-	36,797	-	-	36,797
A	36,784	-	-	36,784	51,041	-	-	51,041
BBB	1,360,205	-	-	1,360,205	1,251,039	-	-	1,251,039
Below investment grade	-	-	-	-	-	-	-	-
Not rated	181	-	410	591	226	16	366	608
Total gross carrying amount	1,397,170	-	410	1,397,580	1,339,103	16	366	1,339,485
Loss allowance	(3)	-	(138)	(141)	(6)	-	(126)	(132)
Amortised cost	1,397,167	-	272	1,397,439	1,339,097	16	240	1,339,353

Note:

(1) The Company's maximum exposure to credit risk of accrued investment income and cash and cash equivalents is limited to the carrying amounts of the assets, the majority of which is arising from the financial assets rated as investment grade and deposits with reputable financial institutions.

Financial assets measured at fair value through other comprehensive income

US\$'000	As at 31 December 2025				As at 31 December 2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Debt securities								
AAA	93,675	-	-	93,675	102,461	-	-	102,461
AA	643,081	-	-	643,081	461,004	-	-	461,004
A	1,336,099	-	-	1,336,099	689,574	-	-	689,574
BBB	17,839,119	-	-	17,839,119	14,855,965	-	-	14,855,965
Below investment grade	374,297	3,650	45,581	423,528	415,812	50,205	86,216	552,233
Not rated	-	-	-	-	-	-	-	-
Total gross carrying amount	20,286,271	3,650	45,581	20,335,502	16,524,816	50,205	86,216	16,661,237
Loss allowance	(13,485)	(43)	(42,328)	(55,856)	(15,214)	(957)	(76,697)	(92,868)
Amortised cost	20,272,786	3,607	3,253	20,279,646	16,509,602	49,248	9,519	16,568,369
Carrying amount – fair value	23,389,246	3,760	2,514	23,395,520	17,738,883	50,827	6,715	17,796,425



30. Risk management (continued)

Investment and financial risks (continued)

Credit spread risk

Credit spread movements affect both the value of assets and liabilities. Credit spread risk is in a large part managed through the strategic asset allocation process, whereby the two key drivers of spread risk – credit rating and spread duration – are managed for capital efficiency, taking into account both the economic risk and the local solvency capital considerations. The risk is monitored by the business units, with special attention paid to any issuers with credit ratings close to the lower boundary of investment grade.

Interest rate risk

Interest rate risk is primarily measured through the duration gap, which provides an understanding of the implications of interest rate movements on surplus. Since most markets do not have assets of sufficient tenor to match life insurance liabilities, an uncertainty arises around the reinvestment of maturing assets to match the Company's insurance liabilities.

The Company manages interest rate risk primarily on an economic basis. Interest rate risk on the local solvency basis is also taken into consideration for business units where local solvency regimes deviate from the economic basis. Furthermore, the Company actively manages interest rate risk by extending asset duration, managing liability duration, repricing products, and implementing appropriate hedging programmes and reinsurance solutions where possible. For products with discretionary benefits, additional modelling of interest rate risk is performed to guide the determination of appropriate management actions. Management also takes into consideration the asymmetrical impact of interest rate movements when evaluating products with options and guarantees.

Exposure to interest rate risk

The table below summarises the nature of the interest rate risk associated with financial assets and financial liabilities. In preparing this analysis, fixed rate interest bearing instruments that mature or reprice within 12 months of the reporting date have been disclosed as variable rate instruments.

US\$'000	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2025				
Financial instruments				
Financial assets				
Loans and deposits	23	1,695,883	237	1,696,143
Receivables	1,326	-	177,874	179,200
Debt securities	2,825,030	22,651,716	-	25,476,746
Equity shares and interests in investment funds	-	-	7,992,116	7,992,116
Accrued investment income	-	-	123,100	123,100
Cash and cash equivalents	554,016	-	764,606	1,318,622
Derivative financial instruments	-	-	301,862	301,862
Total financial assets	3,380,395	24,347,599	9,359,795	37,087,789
Financial liabilities				
Investment contract liabilities	-	-	2,337,746	2,337,746
Notes due to ultimate holding company	-	-	500,000	500,000
Obligations under repurchase agreements	467,789	-	-	467,789
Other liabilities	241,540	29,802	734,803	1,006,145
Derivative financial instruments	-	-	71,402	71,402
Total financial liabilities	709,329	29,802	3,643,951	4,383,082

Insurance contracts and reinsurance contracts held

Liabilities	22,075,118
Assets	(70,549)



30. Risk management (continued)

Investment and financial risks (continued)

Exposure to interest rate risk (continued)

US\$'000	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2024				
Financial instruments				
Financial assets				
Loans and deposits	53,620	1,557,804	215	1,611,639
Receivables	71,979	-	90,045	162,024
Debt securities	1,478,385	18,996,671	-	20,475,056
Equity shares and interests in investment funds	-	-	8,017,926	8,017,926
Accrued investment income	-	-	104,187	104,187
Cash and cash equivalents	449,075	-	683,361	1,132,436
Derivative financial instruments	-	-	264,879	264,879
Total financial assets	2,053,059	20,554,475	9,160,613	31,768,147
Financial liabilities				
Investment contract liabilities	-	-	2,040,220	2,040,220
Obligations under repurchase agreements	-	661,423	-	661,423
Other liabilities	130,847	40,417	698,532	869,796
Derivative financial instruments	-	-	191,660	191,660
Total financial liabilities	130,847	701,840	2,930,412	3,763,099
Insurance contracts and reinsurance contracts held				
Liabilities				18,734,223
Assets				322,127

Equity risk

Equity risk arises from changes in the market value of equity shares and interests in investment funds. Investments in equity shares and interests in investment funds on a long-term basis are expected to align with policyholders' reasonable expectations, provide diversification benefits and enhance risk adjusted returns. The extent of exposure to equities at any time is subject to the terms of the Company's strategic asset allocations. Equity risk arising from the underlying items of participating contracts is generally borne by policyholders except to the extent of the Company's share of the performance of the underlying items. The Company is also exposed to equity price risk from equity guarantees in variable contracts and hedges its exposure using equity derivatives.

Equity risk is managed through strategic asset allocation and tactical asset allocation. Equity investments are subject to benchmarks and controls relating to maximum concentration and tracking errors. Equity limits are also applied to contain concentration risk of individual stocks and sectors, liquidity as well as equity volatility. Equity exposures are included in the aggregate exposure reports on each individual counterparty to ensure concentrations are avoided.



30. Risk management (continued)

Investment and financial risks (continued)

Sensitivity analysis

Sensitivity analysis to the key variables, namely interest rate and equity risks, affecting insurance contracts and reinsurance contracts held, and financial instruments held by the Company is set out below. The carrying values of other financial assets are not subject to changes in response to movements in interest rates or equity prices. In calculating the sensitivity to changes in interest rates and equity prices, the Company has made assumptions about the corresponding impact of asset valuations on liabilities to policyholders. The market risk in respect of unit-linked investments is generally borne by our customers, and the investment return gains or losses are largely offset by the changes in fair value of underlying items. Policyholder and shareholder investments include all financial investments other than unit-linked investments.

Information is presented to illustrate the estimated impact on profits and total equity arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are mainly as follows:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in investment return, insurance finance income or expenses and foreign exchange differences that are recognised in profit or loss.
- The effects on equity are the effects on profit or loss, and the effects on other comprehensive income arising from net changes in net investment result and net insurance finance income or expenses.

The impact of any impairments of financial assets has been ignored for the purpose of illustrating the sensitivity of profit before tax and total equity before the effects of taxation to changes in interest rates and equity prices on the grounds that default events reflect the characteristics of individual issuers.

Sensitivity analysis on interest rate risk⁽¹⁾

An analysis of the Company's sensitivity to 50 basis points parallel increase or decrease in yield curves at the reporting date, assuming that all other variables remain constant, is presented below.

	Impact on profit before tax	Impact on total equity (before the effects of taxation)
US\$'000		
31 December 2025		
<i>+ 50 basis points shift in yield curves:</i>		
Insurance contracts and reinsurance contracts held	3,533	1,012,443
Financial instruments	(77,472)	(1,939,389)
	(73,939)	(926,946)
<i>- 50 basis points shift in yield curves:</i>		
Insurance contracts and reinsurance contracts held	(3,785)	(1,141,040)
Financial instruments	93,772	2,229,115
	89,987	1,088,075
31 December 2024		
<i>+ 50 basis points shift in yield curves:</i>		
Insurance contracts and reinsurance contracts held	2,659	803,050
Financial instruments	(125,637)	(1,405,253)
	(122,978)	(602,203)
<i>- 50 basis points shift in yield curves:</i>		
Insurance contracts and reinsurance contracts held	(3,048)	(908,219)
Financial instruments	152,630	1,608,233
	149,582	700,014

Note:

- (1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.



30. Risk management (continued)

Investment and financial risks (continued)

Sensitivity analysis on equity risk⁽¹⁾

An analysis of the Company's sensitivity to 10 per cent increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

US\$'000	Impact on profit before tax	Impact on total equity (before the effects of taxation)
31 December 2025		
<i>10 per cent increase in equity prices:</i>		
Insurance contracts and reinsurance contracts held	(8)	(36,149)
Financial instruments	329,785	329,785
	329,777	293,636
<i>10 per cent decrease in equity prices:</i>		
Insurance contracts and reinsurance contracts held	8	34,471
Financial instruments	(329,785)	(329,785)
	(329,777)	(295,314)
31 December 2024		
<i>10 per cent increase in equity prices:</i>		
Insurance contracts and reinsurance contracts held	(8)	(29,593)
Financial instruments	410,140	410,140
	410,132	380,547
<i>10 per cent decrease in equity prices:</i>		
Insurance contracts and reinsurance contracts held	9	28,118
Financial instruments	(410,140)	(410,140)
	(410,131)	(382,022)

Note:

- (1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.



30. Risk management (continued)

Investment and financial risks (continued)

Foreign exchange rate risk

The Company foreign exchange rate risk arises mainly from the Company's operations in multiple markets in Asia and the translation of multiple currencies to the US dollar for financial reporting purposes. The balance sheet values of our operating units and subsidiaries are not hedged to the Company's presentation currency, the US dollar.

Assets, liabilities and local regulatory and stress capital in each business unit are generally currency matched except for holdings of equities and other non-fixed income assets denominated in currencies other than the functional currency. Bonds denominated in currencies other than the functional currency are hedged with cross-currency swaps or foreign exchange forward contracts.

Exposure to foreign exchange rates⁽¹⁾

US\$'000	United States Dollar	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit	China Renminbi
31 December 2025						
Insurance contracts and reinsurance contracts held						
Assets	-	22,514	-	-	-	-
Liabilities	(27,683)	(8,416)	(18,340,185)	(15,324)	(4,605)	(1,765)
Financial instruments						
Assets	7,764,141	169,470	24,076,610	95,557	-	443
Liabilities	(535,163)	(348,015)	(3,099,191)	-	(26)	-
Net positions of currency derivatives	(1,874,507)	-	1,982,713	-	-	-
31 December 2024						
Insurance contracts and reinsurance contracts held						
Assets	-	23,027	351,569	-	-	-
Liabilities	(28,513)	(6,246)	(15,516,250)	(28,562)	(3,822)	(3,765)
Financial instruments						
Assets	5,324,094	132,139	22,052,011	80,322	-	86
Liabilities	(80,133)	(248,260)	(2,741,767)	-	(20)	(17)
Net positions of currency derivatives	(2,368,948)	-	2,383,142	(37,789)	-	-

Note:

(1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.



30. Risk management (continued)

Investment and financial risks (continued)

Sensitivity analysis on foreign exchange rate risk⁽¹⁾⁽²⁾

A reasonably possible strengthening or weakening of the following currencies against all other currencies at the reporting date would have affected the measurement of insurance contracts and reinsurance contracts held and financial instruments denominated in foreign currency and affected the profit before tax and total equity by the amounts shown below. This analysis assumes that all other variables remain constant.

US\$'000	United States Dollar	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit	China Renminbi
31 December 2025						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(82)	815	(83)	(766)	(230)	(88)
Financial instruments	139,963	(8,927)	-	4,778	(1)	22
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	705	(917,009)	(766)	(230)	(88)
Financial instruments	-	(8,927)	1,148,007	4,778	(1)	22
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(82)	(776)	79	730	219	84
Financial instruments	139,963	8,502	-	(233)	1	(21)
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	(671)	873,342	730	219	84
Financial instruments	-	8,502	(1,093,340)	(4,550)	1	(21)
31 December 2024						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(66)	1,027	(97)	(1,428)	(191)	(188)
Financial instruments	30,297	(5,806)	-	2,127	(1)	3
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	839	(758,234)	(1,428)	(191)	(188)
Financial instruments	-	(5,806)	1,084,669	2,127	(1)	3
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(66)	(978)	92	1,360	182	179
Financial instruments	30,297	5,530	-	(1,941)	1	(3)
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	(799)	722,128	1,360	182	179
Financial instruments	-	5,530	(1,033,018)	(2,025)	1	(3)

Notes:

- (1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.
- (2) The impact on total equity comprises primarily the effects from the translation of the financial statements of foreign operations recognised in other comprehensive income, as well as the net foreign exchange gains or losses recognised in income statement and other translation movement recognised in other comprehensive income.



30. Risk management (continued)

Investment and financial risks (continued)

Liquidity risk

The Company defines liquidity risk as the risk of failure to meet current and future financial commitments as they fall due. This incorporates the risks arising from the timing mismatch of cash inflows and outflows in day-to-day operations, including policyholder and third-party payments, collateral requirements, as well as insufficient market liquidity of assets required for policyholder liabilities.

The Company manages liquidity risk in accordance with the Company's Board approved liquidity framework. This framework contains the standards, procedures, and tools used by the Company to monitor and manage liquidity risk on a forward-looking basis in base and stressed conditions across multiple time horizons from daily to monthly time steps for 12-month period, as well as a projection in line with strategic planning. The forward-looking management of liquidity over short to longer-term horizons allows for the early detection of risks and enables management to action the pre-defined liquidity contingency plans. The framework is comprised of four pillars:

- Daily Cash Forecasting and Liquidity Adequacy Ratio;
- Structural Liquidity Adequacy Ratio;
- Liquidity Projection over the Strategic Planning Period; and
- Liquidity Management and Contingency Plans.

The Company supports its liquidity internally by maintaining appropriate pools of unencumbered high-quality liquid investment assets. Liquidity is further supported externally via access to committed credit facilities and use of bond repurchase markets.

The Company's liquidity framework builds liquidity resiliency in all our markets while providing central oversight and the ability to take timely management action if required to ensure we meet all our financial commitments as they fall due.

The maturity profile of our financial liabilities, insurance contract liabilities and reinsurance contract liabilities are presented below which provides a supplemental long-term view on the Company's liquidity profile.

Contractual maturities of financial liabilities

US\$'000	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity ⁽¹⁾
31 December 2025						
Notes due to ultimate holding company	500,000	500,000	-	-	-	-
Obligation under repurchase agreements	467,789	467,789	-	-	-	-
Other liabilities excluding lease liabilities	976,343	970,813	5,284	95	151	-
Lease liabilities	34,168	8,421	21,735	530	3,482	-
Derivative financial instruments	149,950	22,322	74,247	28,898	24,483	-
Subtotal	2,128,250	1,969,345	101,266	29,523	28,116	-
Investment contract liabilities	2,337,746	16	-	-	-	2,337,730
Total	4,465,996	1,969,361	101,266	29,523	28,116	2,337,730

US\$'000	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity ⁽¹⁾
31 December 2024						
Obligation under repurchase agreements	661,423	661,423	-	-	-	-
Other liabilities excluding lease liabilities	829,379	824,454	4,703	-	222	-
Lease liabilities	46,110	10,393	31,469	953	3,295	-
Derivative financial instruments	382,482	52,695	178,327	95,411	56,049	-
Subtotal	1,919,394	1,548,965	214,499	96,364	59,566	-
Investment contract liabilities	2,040,220	16	-	-	-	2,040,204
Total	3,959,614	1,548,981	214,499	96,364	59,566	2,040,204

Note:

(1) Balances with no fixed maturity are repayable on demand as the counterparty has a choice of when the amount is paid.



30. Risk management (continued)

Investment and financial risks (continued)

Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities⁽¹⁾

US\$'000	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
----------	-------	----------------------------	--	---	--	---	-------------------------

31 December 2025

Insurance contract liabilities	18,568,619	349,562	333,848	222,238	264,537	478,877	16,919,557
Reinsurance contract liabilities	4,583,019	130,430	121,883	116,669	112,231	108,692	3,993,114

US\$'000	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
----------	-------	----------------------------	--	---	--	---	-------------------------

31 December 2024

Insurance contract liabilities	15,423,873	363,150	235,396	425,400	291,831	315,903	13,792,193
Reinsurance contract liabilities	1,814	1,814	-	-	-	-	-

Note:

(1) The amounts of payable on demand of insurance contracts are US\$24,185m as at 31 December 2025 (31 December 2024: US\$21,057m).



31. Employee benefits

Post-retirement benefit obligations

The Company operates a number of funded and unfunded post-retirement employee benefit schemes, whose members receive benefits on either a defined benefit basis (generally related to salary and length of service) or a defined contribution basis (generally related to the amount invested, investment return and annuity rates), the assets of which are generally held in separate trustee-administered funds. The defined benefit plans provide life and medical benefits for employees after retirement and a lump sum benefit on cessation of employment, and the defined contribution plans provide post-retirement pension benefits.

Defined benefit plans

The Company operates unfunded defined benefit plans that provide life and medical benefits for participating employees after retirement and a lump sum benefit on cessation of employment. The locations covered by these plans include Hong Kong and Thailand. The latest independent actuarial valuation of the plans was at 31 December 2025 and was prepared by credentialed actuaries of Towers Watson Hong Kong Limited. All the actuaries are qualified members of professional actuarial organisations to render the actuarial opinions. The total expenses relating to these plans recognised in the income statement was US\$8m (2024: US\$6m).

For defined benefit plans, the costs are assessed using the projected unit credit method. Under this method, the cost of providing benefits is charged to the income statement so as to spread the regular cost over the service lives of employees, in accordance with the advice of qualified actuaries. The obligation is measured as the present value of the estimated future cash outflows, using a discount rate based on market yields for high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The resulting scheme surplus or deficit appears as an asset or liability in the statement of financial position.

Defined contribution plans

For defined contribution plans, the Company pays contributions to publicly or privately administered pension plans. Once the contributions have been paid, the Company, as employer, does not have any further payment obligations. The Company's contributions are charged to the income statement in the reporting period to which they relate and are included in employee benefit expenses. The total expense relating to these plans in the current year was US\$20m (2024: US\$19m). Employees and the employer are required to make monthly contributions equal to 2 per cent to 15 per cent (2024: 2 per cent to 15 per cent) of the employees' monthly basic salaries, depending on years of service and subject to any applicable caps of monthly relevant income in different jurisdictions. For defined contribution pension plans with vesting conditions, any forfeited contributions by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions are used by the employer to reduce any future contributions. The amount of forfeited contributions used to reduce the existing level of contributions is not material.

32. Share-based compensation

Share-based compensation plans

The share-based compensation plans of AIA Group (consisting of AIAGL and its subsidiaries) are equity-settled plans. Under equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of AIAGL's shares and/or share options is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or share options granted. Non-market vesting conditions are included in assumptions about the number of shares and/or share options that are expected to be vested. At each period end, the Company revises its estimates of the number of shares and/or share options that are expected to be vested. Any impact of the revision to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where grants of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate grant, and therefore the fair value of each tranche is recognised over the applicable vesting period.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

During the year ended 31 December 2020, the 2010 Share Option (SO) Scheme, the 2010 Restricted Share Unit (RSU) Scheme and the 2011 Employee Share Purchase Plan (ESPP) were terminated. There shall be no further grants under either of these schemes. However, these schemes shall remain in full force and effect for all grants prior to its termination, and the exercise and the vesting of these grants shall be subject to and in accordance with the terms on which they were granted under the provisions of each of these schemes, and the Listing Rules, where applicable. In the same year, AIAGL adopted the 2020 SO Scheme, the 2020 RSU Scheme and the 2020 ESPP Plan.

During the years ended 31 December 2025 and 31 December 2024, AIAGL made further grants of SOs, RSUs and restricted stock purchase units (RSPUs) to certain directors, officers and employees of the Company under these schemes.



32. Share-based compensation (continued)

Share-based compensation plans (continued)

On 1 February 2021, AIAGL adopted the new 2021 Agency Share Purchase Plan (ASPP) with an effective period of 10 years from the date of adoption. The 2012 ASPP was terminated with effect from 31 March 2021, after which time no further restricted stock subscription units (RSSUs) can be granted under such plan. The 2012 ASPP shall remain in full force and effect for all RSSUs granted prior to this termination, and the vesting of such RSSUs shall be subject to and in accordance with the terms on which they were granted under the provisions of the 2012 ASPP.

During the years ended 31 December 2025 and 31 December 2024, AIAGL made further grants of RSSUs to eligible agents under the 2021 ASPP.

RSU Schemes

Under the RSU Schemes, the vesting of the granted RSUs is conditional upon the eligible participants remaining in employment with the Company during the respective vesting periods. Time-vesting RSU grants are vested either entirely after a specific period of time or in tranches over the vesting period during which, the eligible participants are required to remain in employment with the Company. For RSU grants that are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the respective vesting period. For performance-vesting RSUs, performance conditions are also attached which include both market and non-market conditions. Performance-vesting RSUs subject to performance conditions are released to the participants at the end of the vesting period depending on the actual achievement of the performance conditions. During the vesting period, the participants are not entitled to dividends of the underlying shares. For RSUs granted in 2025 and onwards, dividend equivalent units equal in value to dividends will be credited in the form of share units on each dividend payment date during the vesting period. Except in jurisdictions where restrictions apply, the granted RSUs are expected to be settled in equity.

	Year ended 31 December 2025	Year ended 31 December 2024
Number of shares		
Restricted Share Units		
Outstanding at beginning of financial year	17,325,158	14,106,317
Granted	8,948,192	7,690,598
Forfeited	(2,916,544)	(2,710,478)
Vested or exercised	(3,718,855)	(1,878,915)
Net transfer in	703,540	117,636
Outstanding at end of financial year	20,341,491	17,325,158



32. Share-based compensation (continued)

Share-based compensation plans (continued)

SO Schemes

The purpose of the SO Schemes is to align the participants' interests with those of the Company through ownership of shares and the increase in value of shares from the date of grant onwards. SO grants are vested either entirely after a specific period of time or in tranches over the vesting period approximately three to five years, during which, the eligible participants are required to remain in employment with the Company. For SO grants that are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the respective vesting periods. The granted SOs expire 10 years from the date of grant and each SO entitles the eligible participant to subscribe for one ordinary share of AIAGL. Subject to restrictions in the applicable laws, regulations and rules of the relevant jurisdictions, the granted SOs are expected to be settled in equity.

Information about SOs outstanding and SOs exercisable by the Company's employees and directors as at the end of the reporting period is as follows:

	Year ended 31 December 2025		Year ended 31 December 2024	
	Number of share options	Weighted average exercise price (HK\$)	Number of share options	Weighted average exercise price (HK\$)
Share options				
Outstanding at beginning of financial year	23,087,519	67.42	21,396,142	67.70
Granted	2,526,537	62.95	2,413,522	62.33
Exercised	(4,692,480)	52.78	(689,045)	57.61
Net transfer in	589,239	70.16	15,951	69.41
Net transfer out	(155,477)	74.96	-	-
Forfeited or expired	(701,160)	77.93	(49,051)	76.33
Outstanding at end of financial year	20,654,178	69.86	23,087,519	67.42
Share options exercisable at end of financial year	14,054,703	71.26	17,326,969	65.66

At the respective dates on which the SOs were exercised, the weighted average share price of AIAGL was HK\$67.35 for the year ended 31 December 2025 (2024: HK\$69.34).

The range of exercise prices for the SOs outstanding as of 31 December 2025 and 31 December 2024 is summarised in the table below.

	Year ended 31 December 2025		Year ended 31 December 2024	
	Number of share options outstanding	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
Range of exercise price				
HK\$36 – HK\$45	55,205	0.18	1,331,214	1.18
HK\$46 – HK\$55	1,851,228	1.18	3,638,943	1.87
HK\$56 – HK\$65	5,276,467	8.23	3,253,770	7.52
HK\$66 – HK\$75	5,884,274	3.58	7,065,758	4.38
HK\$76 – HK\$85	6,309,931	5.59	6,394,187	6.36
Over HK\$86	1,277,073	5.22	1,403,647	6.22
Outstanding at end of financial year	20,654,178	5.26	23,087,519	4.90



32. Share-based compensation (continued)

Share-based compensation plans (continued)

ESPP

Under the ESPPs, eligible employees of the Company can purchase ordinary shares of AIAGL with qualified employee contributions and AIAGL will grant one matching RSPU to them at the end of the vesting period for each two shares purchased through the qualified employee contributions (contribution shares). Contribution shares are purchased from the open market. During the relevant vesting period, the eligible employees must hold the contribution shares purchased and remain employed by the Company in order to qualify to receive the matching shares upon the vesting of the matching RSPUs. The granted matching RSPUs are expected to be settled in equity. Under the 2020 ESPP, the level of qualified employee contribution is subject to a maximum amount equal to 10 per cent of the monthly base salary or HK\$12,500 (or local currency equivalent) per month, whichever is lower. For the year ended 31 December 2025, eligible employees paid US\$9m (2024: US\$9m) to purchase 989,827 ordinary shares (2024: 1,237,421 ordinary shares) of AIAGL under the ESPPs.

ASPP

The structure of the ASPPs generally follows those of the ESPPs, the key difference is that the eligible agents are required to pay a subscription price of US\$1 to subscribe for each new share of AIAGL at the end of the vesting period. Under the plans, eligible agents of the Company can purchase ordinary shares of AIAGL with qualified agent contributions and AIAGL will grant one matching RSSU to them at the end of the vesting period for each two shares purchased through the qualified agent contributions (agent contribution shares). Each RSSU entitles eligible agents to subscribe for one new share of AIAGL. Agent contribution shares are purchased from the open market. During the vesting period, the eligible agents must hold the contribution shares purchased and maintain their agent contracts with the Company in order to qualify to receive the matching shares upon the vesting of the matching RSSUs. The granted matching RSSUs are expected to be settled in equity. Under the 2021 ASPP, the level of qualified agent contribution is subject to a maximum amount of HK\$12,500 (or local currency equivalent) per month. For the year ended 31 December 2025, eligible agents paid US\$8m (2024: US\$7m) to purchase 934,697 ordinary shares (2024: 971,283 ordinary shares) of AIAGL under the ASPPs.

Valuation methodology

The Company utilises a binomial lattice model to calculate the fair value of the SO grants, involving a few significant assumptions such as the expected volatility, expected dividend yield and risk-free interest rate. The expected volatility of the AIAGL's shares is estimated based on an analysis of historical data since they are traded in the HKSE. The expected dividend yield is estimated based on an analysis of historical dividend relative to historical share price. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. The analysis period for expected volatility and risk-free interest rate is consistent with the expected life of the SOs, which is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees.

The Company utilises a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU, RSPU and RSSU grants, taking into account the terms and conditions upon which the grants were made. Significant assumptions include expected dividend yield, assumed dividend payments and risk-free interest rate. The value of expected dividends during the vesting period is estimated based on an analysis of historical dividend relative to historical share price. For RSUs granted in 2025, the value of assumed dividend payments during the vesting period is estimated based on an analysis of historical dividend payout and the Company's dividend policy. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. For performance-vesting RSUs, the simulation for achievement of market condition depends on assumptions of expected volatility of AIAGL's shares and other market comparators as well as the correlations. These assumptions are estimated based on an analysis of historical data over a period consistent with the expected life of the RSUs.

Forfeitures prior to vesting are not allowed for in the valuation of the grants.



32. Share-based compensation (continued)

Valuation methodology (continued)

The fair values calculated for the grants are inherently subjective due to the assumptions made and the limitations of the models utilised.

	Year ended 31 December 2025			
	Share options	Restricted share units	ESPP Restricted stock purchase units	ASPP Restricted stock subscription units
Assumptions				
Risk-free interest rate	2.88% - 3.41%	2.18% - 3.09%*	1.80% - 3.35%	3.07%
Volatility	29% - 30%	29% - 30%	n/a	n/a
Dividend yield	1.80% - 2.10%	2.10%	1.80% - 2.10%	1.80%
Assumed dividend payment (HK\$)	n/a	0.46 – 1.46	n/a	n/a
Exercise price (HK\$)	62.42 - 73.00	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.38 - 7.63	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK\$)	19.92 - 21.67	54.71	72.93	55.31
	Year ended 31 December 2024			
	Share options	Restricted share units	ESPP Restricted stock purchase units	ASPP Restricted stock subscription units
Assumptions				
Risk-free interest rate	3.67%	3.20% - 3.69%*	2.54% - 3.87%	3.49%
Volatility	29%	29%	n/a	n/a
Dividend yield	1.70%	1.70% - 1.80%	1.70% - 1.80%	1.70%
Assumed dividend payment (HK\$)	n/a	n/a	n/a	n/a
Exercise price (HK\$)	62.33	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.73	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK\$)	17.37	41.23	49.65	43.06

* Applicable to RSU with market conditions

The weighted average share price for SOs valuation for grants made during the year ended 31 December 2025 is HK\$62.73 (2024: HK\$57.40).

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation grants made by the Company for the year ended 31 December 2025 is US\$51m (2024: US\$41m).



33. Remuneration of Directors and key management personnel

Key management personnel have been identified as the members of the Company's Board of Directors.

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Directors' fee	300	300
Salaries, allowance and benefits-in-kind ⁽¹⁾	7,152	5,667
Bonus	12,046	9,950
Pension scheme contribution	437	345
Share-based compensation ⁽²⁾	15,534	13,425
Other payments ⁽³⁾	123	960
Total	35,592	30,647

Notes:

(1) Includes non-cash benefits for housing, medical and life insurance, children's education, club and professional membership, company car and perquisites.

(2) Includes amortised expenses for unvested SOs, RSUs and matching shares under ESPP based on the fair value at the respective grant dates.

(3) This represents amortised expenses in relation to the awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employments.

Emoluments of three highest-paid Directors

The aggregate emoluments of the three highest-paid Directors employed by the Company in each of the year ended 31 December 2025 and 31 December 2024 are presented in the table below.

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
The aggregate emoluments of the three highest-paid Directors	23,815	24,389



34. Related party transactions

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Transactions with related parties		
Reinsurance related parties (income)/expense		
Premiums assumed	(345,138)	(326,752)
Premiums ceded to reinsurers	769,954	484,527
Claims recovered from reinsurers	(527,671)	(379,482)
Claims paid on inwards reinsurance	277,838	273,060
Commissions paid	73,254	33,544
	248,237	84,897
Non-insurance related party income		
Dividend income	(4,385,975)	(3,503,029)
Interest income	(4,032)	(4,617)
Income from services provided	(418,377)	(355,137)
	(4,808,384)	(3,862,783)
Non-insurance related party expenses		
Dividend declared	4,550,000	5,350,000
Purchases of services	254,352	248,767
Corporate service fees	-	62
	4,804,352	5,598,829
Total	244,205	1,820,943
Amounts arising from leases with related parties		
Right-of-use assets	210	(8,923)
Lease Liabilities	4,594	14,367
Total	4,804	5,444
Payment/(Receipt) on behalf of related parties		
Amounts paid on behalf of related parties	30,967	25,613
Amounts received on behalf of related parties	(3,105)	(2,968)
Total	27,862	22,645
Amounts due from related parties		
Receivables within in/reinsurance contract assets/liabilities ⁽¹⁾	113,028	109,257
Loans and deposits	36,784	71,013
Other assets	99,516	63,691
Total	249,328	243,961
Amounts due to related parties		
Payables within in/reinsurance contract assets/liabilities ⁽¹⁾	(122,143)	(94,068)
Notes due to ultimate holding company	(500,000)	-
Other liabilities	(25,925)	(44,266)
Total	(648,068)	(138,334)

Note:

- (1) Represents the outstanding balance as at 31 December 2025 and 31 December 2024 excluding those attributable to the projection of claims and future premiums in the assets for remaining coverage and liabilities for remaining coverage.

Remuneration of Directors and key management personnel is disclosed in note 33.



35. Commitments and contingencies

Investment and capital commitments

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Not later than one year	20,449	78,607
Later than one and not later than five years	-	8,905
Total	20,449	87,512

Investment and capital commitments consist of commitments to invest in private equity partnerships and other assets.

Contingencies

The Company is subject to regulation in each of the geographical markets in which it operates from insurance, securities, capital markets, pension, data privacy and other regulators and is exposed to the risk of regulatory actions in response to perceived or actual non-compliance with regulations relating to suitability, sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. The Company believes that these matters have been adequately provided for in these financial statements.

The Company is exposed to legal proceedings, complaints and other actions from its activities including those arising from commercial activities, sales practices, suitability of products, policies, claims and taxes. The Company believes that these matters are adequately provided for in these financial statements.

Investment guarantee

The Company has in substance guaranteed that AIA Retirement Fund Scheme - AIA Guaranteed Fund ("AGF"), AIA International Retirement Fund Scheme - AIA International Deposit Administration Fund ("AIDAF"), AIA HK\$ Guaranteed Fund, AIA Capital Guaranteed Fund and AIA HK\$ Guaranteed Trust Fund (the "Funds") in accordance with the terms of the deeds of the respective Funds and/or notices, will achieve a minimum investment return in respect of each scheme for those who participate in and contribute to the Funds.

At 31 December 2025, the Company has issued minimum guaranteed rates of return up to 3.70% plus the capital. The total guaranteed amount is approximately US\$733m. The uncertainties in respect of the guarantee mainly relates to market conditions in interest rate and credit markets for the underlying assets of the Funds over the period of guarantee.

The guaranteed rates return might be reduced, subject to obtaining approvals of applicable regulators and giving of prior notices to the affected investors.

36. Immediate and ultimate controlling party

At the reporting date, the immediate and ultimate holding company of the Company was AIAGL, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

37. Events after the reporting period

On 13 March 2026, the Board proposed a final dividend of 0.35 US dollar per share (2024: 0.65 US dollar per share).