

AIA International Limited

**Consolidated Financial Statements
for the year ended 31 December 2025**





Contents

Report of Directors	3
Independent Auditor's Report	7
Consolidated Income Statement	11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	16
<i>Notes to the Consolidated Financial Statements and Material Accounting Policy Information</i>	
1 Corporate information	17
2 Material accounting policy information	17
3 Critical accounting estimates and judgements	34
4 Total weighted premium income	37
5 Insurance revenue	37
6 Net investment result	38
7 Expenses	41
8 Income tax	42
9 Dividends	46
10 Intangible assets	47
11 Investments in associates	49
12 Property, plant and equipment	50
13 Investment property	52
14 Financial investments	53
15 Derivative financial instruments	61
16 Fair value measurement	63
17 Other assets	73
18 Cash and cash equivalents	73
19 Impairment of financial assets	74
20 Insurance contracts and reinsurance contracts held	81
21 Investment contracts	98



Contents (continued)

22	Loans/Notes due to ultimate holding company and other borrowings	98
23	Obligations under repurchase agreements	99
24	Offsetting of financial assets and financial liabilities	99
25	Provisions	101
26	Other liabilities	101
27	Share capital and reserves	102
28	Group capital structure	103
29	Risk management	104
30	Employee benefits	118
31	Share-based compensation	119
32	Remuneration of Directors and key management personnel	123
33	Related party transactions	124
34	Commitments and contingencies	125
35	Subsidiaries	126
36	Immediate and ultimate controlling party	126
37	Events after the reporting period	126



Report of Directors

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

Principal Activities

The Company is a limited liability company incorporated in Bermuda and managed in Hong Kong. The address of the Company’s registered office in Bermuda is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company also has a principal place of business in Hong Kong at 27th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from where its largest business is managed. The Company and its subsidiaries are principally engaged in life, general insurance business, as well as administration service for retirement schemes.

Insurance Operations

Insurance service result for the year ended 31 December 2025 were US\$2,241 million (2024: US\$1,939 million), representing a 16 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\$358 million (2024: US\$569 million), representing a 37 per cent decrease over the preceding period.

Details of the Company’s investment in subsidiaries are set out in note 35 to the consolidated 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 33 to the consolidated 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 any of its holding companies or any subsidiaries of its holding company 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 32 to the consolidated financial statements. Apart from the above, there were no properties transferred, payments made to, 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\$1,933 million (2024: US\$1,817 million) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

Dividend

The first interim dividend of US\$1,000 million was approved by the Board on 15 May 2025. The second interim dividend of US\$350 million was approved by the Board on 14 August 2025 and the third interim dividend of US\$200 million was approved by the Board on 1 December 2025.

The final dividend of US\$850 million was approved by the Board on 10 March 2026.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

Donations

Donations for charitable and/or other purposes made by the Company and its subsidiaries during the year ended 31 December 2025 amounted to approximately US\$5.9 million (2024: US\$0.4 million) and US\$0.5 million (2024: US\$0.7 million), respectively.



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 and AIA Company Limited, both are affiliates of the Company. 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.

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. Mitchell David New

Mr. Garth Brian Jones

Mr. Wing Shing Chan

Mr. Timothy Carrick Faries

Mr. Shelby Ross Weldon

Mr. Dick Poon

Mr. Clive Vincent Anderson (Alternate Director to Mitchell David New and Garth Brian Jones)

Ms. Cara Mae Knezic (Alternate Director to Mitchell David New, Garth Brian Jones and Wing Shing Chan)

In accordance with Bye-Law 39 of the Company's Bye-Laws, all remaining directors will retire from the Board, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Controllers

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

AIA Group Limited ("AIAGL")

AIA Company Limited

Mr. Lee Yuan Siong

Mr. Wing Shing Chan

Mr. Wai Cheong Fung

Mr. Hou Wen-Chen (appointed on 29 January 2025)



Report of Directors (continued)

Directors' / Controllers' Interests in Arrangements to Acquire Shares or Debentures

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 the ownership of 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.

During the year ended 31 December 2025, Mr. Mitchell David New, Mr. Garth Brian Jones, Mr. Wing Shing Chan, Mr. Dick Poon, Mr. Clive Vincent Anderson, Ms. Cara Mae Knezic, Mr. Lee Yuan Siong, Mr. Wai Cheong Fung and Mr. Hou Wen-Chen, directors and/or controllers of the Company, 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 or 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 of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



Report of Directors (continued)

Events after the reporting date

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

Auditor

The consolidated 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 Group for 2026 financial year will be proposed at the 2026 AGM.

On behalf of the Board

A handwritten signature in black ink, consisting of a large 'M' and 'N' connected together, with a horizontal line underneath.

Mitchell David New
Chairman
29 April 2026



羅兵咸永道

Independent Auditor's Report

To the Member of AIA International Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of AIA International Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 11 to 126, comprise:

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

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public 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 of the Company are responsible for the other information. The other information comprises the information included in the Report of Directors on page 3 to 6, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’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 Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 90 of the Companies Act 1981 of Bermuda, 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 ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group as a basis for forming an opinion on the consolidated 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 logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive script.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 April 2026



Consolidated Income Statement

US\$'000	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Insurance revenue	5, 20	6,520,344	5,772,501
Insurance service expenses	7, 20	(4,052,822)	(3,754,870)
Net expenses from reinsurance contracts held	20	(226,788)	(78,600)
Insurance service result		2,240,734	1,939,031
Interest revenue on	6		
Financial assets not measured at fair value through profit or loss		1,430,416	1,385,511
Financial assets measured at fair value through profit or loss		1,874,893	2,163,326
Other investment return	6	6,268,371	(3,345,228)
Net impairment loss on financial assets	6	(8,592)	(4,212)
Investment return	6	9,565,088	199,397
Net finance (expenses)/income from insurance contracts	6	(8,718,664)	712,886
Net finance expenses from reinsurance contracts held	6	(30,951)	(33,535)
Movement in investment contract liabilities	6, 21	(457,124)	(309,346)
Net investment result	6	358,349	569,402
Fee income		62,347	66,274
Other operating revenue		178,579	158,316
Other expenses	7	(623,044)	(575,150)
Other finance costs	7	(35,141)	(57,671)
Profit before share of losses from associates		2,181,824	2,100,202
Share of losses from associates	11	(4,383)	(15,480)
Profit before tax		2,177,441	2,084,722
Tax expense	8	(244,148)	(265,846)
Net profit		1,933,293	1,818,876
<i>Net profit attributable to:</i>			
Shareholders of AIA International Limited		1,933,293	1,817,255
Non-controlling interests		-	1,621



Consolidated Statement of Comprehensive Income

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Net profit	1,933,293	1,818,876
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value losses on financial assets at fair value through other comprehensive income (net of tax of: 2025: US\$148m; 2024: US\$(133)m)	(114,520)	(7,805)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal (net of tax of: 2025: US\$(1)m; 2024: US\$(0.3)m)	361,349	97,147
Foreign currency translation adjustments	(16,611)	(360,110)
Cash flow hedges	(2,280)	(2,286)
Net finance expense from insurance contracts (net of tax of: 2025: US\$(50)m; 2024: US\$224m)	(106,613)	(1,176,111)
Net finance expense from reinsurance contracts held (net of tax of: 2025: US\$5m; 2024: US\$9m)	(100,253)	(46,774)
Share of other comprehensive expense from associates	(42,760)	(25,014)
Subtotal	(21,688)	(1,520,953)
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\$(1)m)	(160)	2,222
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: 2025: US\$2m; 2024: US\$0.2m)	1,105	(11,140)
Subtotal	945	(8,918)
Total other comprehensive expense	(20,743)	(1,529,871)
Total comprehensive income	1,912,550	289,005
<i>Total comprehensive income attributable to:</i>		
Shareholders of AIA International Limited	1,912,550	287,522
Non-controlling interests	-	1,483

Note:

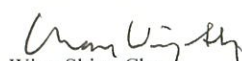
(1) Where applicable, amounts are presented net of tax.



Consolidated Statement of Financial Position

US\$'000	Notes	As at 31 December 2025	As at 31 December 2024
Assets			
Intangible assets	10	788,942	847,195
Investments in associates	11	914,187	856,781
Property, plant and equipment	12	1,146,261	1,001,623
Investment property	13	2,606,264	2,795,890
Insurance contract assets	20	112,363	-
Reinsurance contract assets	20	39,448	171,640
Financial investments:	14, 16		
At amortised cost			
Debt securities		2,740,197	2,374,420
Loans and deposits		1,500,536	1,397,518
At fair value through other comprehensive income			
Debt securities		24,387,331	24,978,399
At fair value through profit or loss			
Debt securities		34,375,331	35,849,593
Equity shares		1,234,674	1,211,435
Interests in investment funds		58,872,401	45,029,111
Derivative financial instruments	15	110,721	148,646
		123,221,191	110,989,122
Deferred tax assets	8	8,551	8,509
Current tax recoverable		54,802	68,407
Other assets	17	1,388,103	1,453,835
Cash and cash equivalents	18	3,434,546	2,864,047
Total assets		133,714,658	121,057,049
Liabilities			
Insurance contract liabilities	20	109,375,637	92,363,205
Reinsurance contract liabilities	20	424,731	377,432
Investment contract liabilities	21	2,512,461	2,337,881
Loans due to ultimate holding company	22	323,000	829,000
Obligations under repurchase agreements	23	546,534	732,515
Derivative financial instruments	15	4,981,011	8,269,794
Provisions	25	38,074	35,367
Deferred tax liabilities	8	732,940	839,740
Current tax liabilities		228,691	90,213
Other liabilities	26	1,295,884	962,423
Total liabilities		120,458,963	106,837,570
Equity			
Share capital	27	7,800	7,800
Share premium and capital contribution	27	3,126,327	3,054,513
Other reserves	27	179,074	177,222
Retained earnings		13,879,458	14,896,165
Other comprehensive income	27	(3,936,964)	(3,916,221)
Total equity		13,255,695	14,219,479
Total liabilities and equity		133,714,658	121,057,049

Approved and authorised for issue by the Board of Directors on 29 April 2026.


Wing Shing Chan
Director


Garth Brian Jones
Director



Consolidated Statement of Changes in Equity

US\$'000	Notes	Share capital, share premium and capital contribution	Other reserves	Retained earnings	Fair value reserve	Other comprehensive income				Total equity
						Foreign currency translation reserve	Property revaluation reserve	Insurance finance reserve	Others	
Balance at 1 January 2025		3,062,313	177,222	14,896,165	(1,215,784)	(1,536,824)	256,959	(1,470,255)	49,683	14,219,479
Net profit		-	-	1,933,293	-	-	-	-	-	1,933,293
Fair value losses on financial assets at fair value through other comprehensive income		-	-	-	(114,520)	-	-	-	-	(114,520)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	361,349	-	-	-	-	361,349
Foreign currency translation adjustments		-	-	-	-	(16,611)	-	-	-	(16,611)
Cash flow hedges		-	-	-	-	-	-	-	(2,280)	(2,280)
Net finance expenses from insurance contracts		-	-	-	-	-	-	(106,613)	-	(106,613)
Net finance expenses from reinsurance contracts held		-	-	-	-	-	-	(100,253)	-	(100,253)
Share of other comprehensive expense from associates		-	-	-	-	(42,615)	(145)	-	-	(42,760)
Revaluation losses on property held for own use		-	-	-	-	-	(160)	-	-	(160)
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	1,105	1,105
Total comprehensive income/(expense) for the year		-	-	1,933,293	246,829	(59,226)	(305)	(206,866)	(1,175)	1,912,550
Dividends	9	-	-	(2,950,000)	-	-	-	-	-	(2,950,000)
Share-based compensation		-	1,852	-	-	-	-	-	-	1,852
Capital contribution	27	71,814	-	-	-	-	-	-	-	71,814
Balance at 31 December 2025		3,134,127	179,074	13,879,458	(968,955)	(1,596,050)	256,654	(1,677,121)	48,508	13,255,695

Note:

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



Consolidated Statement of Changes in Equity (continued)

US\$'000	Notes	Other comprehensive income									Total equity
		Share capital, share premium and capital contribution	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Property revaluation reserve	Insurance finance reserve	Others	Non-controlling interests	
Balance at 1 January 2024		2,991,153	162,786	14,978,910	(1,305,126)	(1,151,711)	254,610	(247,370)	63,109	196,372	15,942,733
Net profit		-	-	1,817,255	-	-	-	-	-	1,621	1,818,876
Fair value losses on financial assets at fair value through other comprehensive income		-	-	-	(7,805)	-	-	-	-	-	(7,805)
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	97,147	-	-	-	-	-	97,147
Foreign currency translation adjustments		-	-	-	-	(359,972)	-	-	-	(138)	(360,110)
Cash flow hedges		-	-	-	-	-	-	-	(2,286)	-	(2,286)
Net finance expenses from insurance contracts		-	-	-	-	-	-	(1,176,111)	-	-	(1,176,111)
Net finance expenses from reinsurance contracts held		-	-	-	-	-	-	(46,774)	-	-	(46,774)
Share of other comprehensive (expense)/income from associates		-	-	-	-	(25,141)	127	-	-	-	(25,014)
Revaluation gains on property held for own use		-	-	-	-	-	2,222	-	-	-	2,222
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	(11,140)	-	(11,140)
Total comprehensive income/(expense) for the year		-	-	1,817,255	89,342	(385,113)	2,349	(1,222,885)	(13,426)	1,483	289,005
Dividends	9	-	-	(1,900,000)	-	-	-	-	-	(1,777)	(1,901,777)
Share-based compensation		-	332	-	-	-	-	-	-	-	332
Capital contribution	27	71,160	-	-	-	-	-	-	-	-	71,160
Acquisition of non-controlling interests		-	14,104	-	-	-	-	-	-	(196,078)	(181,974)
Balance at 31 December 2024		3,062,313	177,222	14,896,165	(1,215,784)	(1,536,824)	256,959	(1,470,255)	49,683	-	14,219,479

Note:

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



Consolidated Statement of Cash Flows

US\$'000	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Cash flows from operating activities			
Profit before tax		2,177,441	2,084,722
Adjustments for:			
Financial investments		(15,065,186)	(1,450,160)
Insurance contracts		16,627,264	4,396,994
Reinsurance contracts held		82,054	33,341
Investment contracts		171,111	(2,303,632)
Obligations under repurchase agreements		(185,981)	267,446
Other non-cash operating items, including investment income and the effect of exchange rate changes on certain operating items		(4,026,755)	(4,077,011)
Operating cash items:			
Interest received		3,023,590	3,449,191
Dividends received		1,663,044	898,949
Interest paid		(46,213)	(54,964)
Tax paid		(94,778)	(314,637)
Net cash provided by operating activities		4,325,591	2,930,239
Cash flows from investing activities			
Payments for intangible assets	10	(98,555)	(75,294)
Payments for investment property and property, plant and equipment	12, 13	(49,604)	(26,566)
Payments for increase in investment in an associate		(94,521)	(93,986)
Acquisition of non-controlling interests		-	(181,974)
Net cash used in investing activities		(242,680)	(377,820)
Cash flows from financing activities			
Repayment of loans due to ultimate holding company	22	(506,000)	-
Payments for lease liabilities ⁽¹⁾		(60,682)	(55,127)
Dividends paid during the year		(2,950,000)	(1,901,777)
Net cash used in financing activities		(3,516,682)	(1,956,904)
Net increase in cash and cash equivalents		566,229	595,515
Cash and cash equivalents at beginning of the financial year		2,795,631	2,239,423
Effect of exchange rate changes on cash and cash equivalents		(572)	(39,307)
Cash and cash equivalents at end of the financial year		3,361,288	2,795,631

Note:

(1) The total cash outflow for leases for the year ended 31 December 2025 was US\$63m (31 December 2024: US\$56m).

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

US\$'000	Note	As at 31 December 2025	As at 31 December 2024
Cash and cash equivalents in the consolidated statement of financial position	18	3,434,546	2,864,047
Bank overdrafts		(73,258)	(68,416)
Cash and cash equivalents in the consolidated statement of cash flows		3,361,288	2,795,631



Notes to the Consolidated Financial Statements and Material Accounting Policy Information

1. Corporate information

The principal activities of AIA International Limited (the “Company”) or AIA International Limited and its subsidiaries (the “Group”) are 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, and engaging in administration service for retirement schemes.

The Company was incorporated in Bermuda with limited liability on 16 January 1959 and registered in Hong Kong as a non-Hong Kong company under Part XI of the predecessor Hong Kong Companies Ordinance, Cap 32 (now Part 16 of the Hong Kong Companies Ordinance (Cap. 622)) on 31 August 1984. At the reporting date, the Company was a wholly-owned subsidiary of AIA Company Limited (“AIA Co.”), whose ultimate holding company was AIA Group Limited (“AIA GL”), 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) traded on the over-the-counter market under ticker symbol “AAGIY”. AIA Group Limited and its subsidiaries are collectively known as “AIA” or “AIA Group”.

The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Group conducts business through branches and subsidiaries in Hong Kong, South Korea, Macau, Taiwan (China), Indonesia and Vietnam.

2. Material accounting policy information

2.1 Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The consolidated 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.

The presentation currency of the Group is the US dollar. The consolidated financial statements are presented in thousands of US dollar (US\$’000) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year, except as described 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 Group:
 - Amendments to IAS 21, Lack of Exchangeability.
- (b) The following relevant new standards 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 Group are stated in parentheses).
 - IFRS 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 Group’s consolidated financial statements but is not expected to impact the financial position or net results of the Group; and
 - Amendments to IFRS 9 and IFRS 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 Group has assessed the impacts on the Group’s consolidated financial statements and considers that there is no material impact to the Group.

In addition, the Group has assessed the impact of the below amendment 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 Group:

- Annual Improvements to IFRS Accounting Standards - Volume 11 (2026).



2. Material accounting policy information (continued)

2.1 Basis of preparation and statement of compliance (continued)

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

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 Group.

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

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Group 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 Group 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 Group 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 Group 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 Group to financial risk. For investment contracts that do not contain DPF, IFRS 9, Financial Instruments, and, if the contract includes an investment management element, IFRS 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 Group 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 Group; 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 Group; or
 - the profit or loss of the Group, fund or other entity that issues the contract.

In some jurisdictions traditional participating life business is written in a participating fund which is distinct from the other assets of the company or branch. The allocation of benefits from the assets held in such participating funds is subject to minimum policyholder participation mechanisms which are established by regulation. Other participating business with distinct portfolios refers to business where it is expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory. The allocation of benefit from the assets held in such other participating business with distinct portfolios is set according to the underlying bonus rule as determined by the relevant Board based on applicable regulatory requirements after considering the Appointed Actuary's recommendation. The extent of such policyholder participation may change over time. The current policyholder participation ratio applied for recognition and measurement of the insurance contract liabilities for participating funds and other participating business with distinct portfolios is 70% - 95%.

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 Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group 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 Group'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 and other participating business with distinct portfolios	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 For other participating business with distinct portfolios, the allocation of benefit from the assets held in such distinct portfolios is set according to the underlying bonus rule as determined by the relevant Board based on applicable regulatory requirements after considering the Appointed Actuary's recommendation. The extent of such policyholder participation may change over time	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 IFRS 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 IFRS 17
	Other participating business without distinct portfolios	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 IFRS 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 IFRS 17 general measurement model	Investment contract liabilities under IFRS 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 Group 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 Group 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 Group 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 Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group 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 Group 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 Group 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 20.

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 Group 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 Group 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 Group 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 Group 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 Group's substantive rights and obligations and, therefore, may change over time.

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 Group 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 Group 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.



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 (continued)

Recoverability assessment

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

- 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 Group 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 Group 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 Group'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 Group 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.

2.2.6.2 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.



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)

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 Group'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.

Insurance contracts with direct participation features

Contracts with direct participation features are contracts under which the Group'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 Group'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 Group 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 Group 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.



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 (continued)

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 Group'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 Group'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 Group'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.

2.2.7 Measurement – insurance contracts measured under the PAA

The Group 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 Group 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 Group 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 Group expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Group 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 Group 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 Group 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. 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

For groups of reinsurance contracts held, the Group 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 Group 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 Group 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 Group recognises the cost immediately in profit or loss as an expense.

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 Group 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 Group 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 Group 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 Group 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.



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)

Reinsurance of onerous underlying insurance contracts (continued)

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 Group 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 Group adjusts the carrying amount of the asset.

2.2.9 Derecognition and contract modification

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

The Group 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 Group 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 Group 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 Group disaggregates amounts recognised in the consolidated income statement and the consolidated 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 Group 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. 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)

2.2.10.1 Insurance revenue — insurance contracts not measured under the PAA

The Group 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 Group 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 Group 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.

2.2.10.2 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 Group 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 Group 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 Group'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. 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)

2.2.10.5 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 Group 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.

2.2.10.6 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 IFRS 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 consolidated income statement, except for the investment income and fees attributable to those contracts, but are accounted for directly through the consolidated statement of financial position as an adjustment to the investment contract liability, which reflects the account balance.

The majority of the Group'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 consolidated 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 consolidated 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 Group 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 Group 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 Group 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 and other participating business with distinct portfolios.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment return in the consolidated 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.

Financial assets at fair value through other comprehensive income

These principally consist of the Group's debt securities (other than those backing participating funds, other participating business with distinct portfolios 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 consolidated 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 consolidated 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 consolidated income statement.



2. Material accounting policy information (continued)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

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 Group 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 Group has transferred substantially all risks and rewards of ownership. If the Group 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 Group 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 Group 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 Group repurchases its financial liability and includes it as underlying items of contracts with direct participation features or investment contracts with DPF, the Group may elect not to derecognise the financial liability. Instead, the Group 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 Group 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 consolidated 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.

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 consolidated income statement using the effective interest method.



2. Material accounting policy information (continued)

2.4 Financial instruments (continued)

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 Group 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 consolidated statement of financial position. The quoted market price used for financial assets held by the Group 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 Group uses a variety of methods and makes assumptions that are based on market conditions at the date of each consolidated 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 consolidated statement of financial position. Financial instruments carried at fair value are measured using a fair value hierarchy described in note 16.

2.4.3 Impairment of financial assets

The Group 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 Group 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 Group 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 consolidated 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 Group 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 Group'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 consolidated 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 Group enters into derivative transactions to provide economic hedges under the Group'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 IFRS 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 Group 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. As permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. 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, when the hedge is no longer highly effective or expected to be highly effective, or when the Group revokes the designation of the hedging relationship. 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 IFRS 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 IFRS 9.



2. Material accounting policy information (continued)

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 consolidated statement of financial position

The Group'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 Group's products. Accordingly, the Group presents the assets and liabilities in its consolidated statement of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Group regards its deferred origination costs, intangible assets, investments in associates, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

3. Critical accounting estimates and judgements

The Group 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 goodwill and other intangible assets.

3.1 Level of aggregation and recognition of group of insurance contracts

For contracts issued to which the Group 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 2.2.2.

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 Group exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Group 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 Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated 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 consolidated 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, 20 and 29.



3. Critical accounting estimates and judgements (continued)

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 Group 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.

3.4 Fair value measurement

3.4.1 Fair value of financial assets

The Group 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 16 and 29.

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

The Group 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 16.



3. Critical accounting estimates and judgements (continued)

3.5 Impairment of financial assets

The Group 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 19.

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 goodwill and other intangible assets

For the purposes of impairment testing, goodwill and other intangible assets are grouped into cash-generating units or groups of cash-generating units. These assets are tested for impairment by comparing the carrying amount of the cash-generating unit (group of units), including goodwill, 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.

Further details of the impairment of goodwill during the year are provided in note 10.



4. Total weighted premium income

For management decision-making and internal performance management purposes, the Group 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 consolidated income statement.

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
TWPI	17,583,029	15,314,227
First year premiums	3,239,913	2,786,606
Single premiums	4,273,741	2,267,154
Renewal premiums	13,915,742	12,300,906

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	20	2,034,240	1,793,758
Change in risk adjustment for non-financial risk for risk expired		43,175	29,425
Expected incurred claims and other insurance service expenses		3,133,602	2,886,245
Others		127,890	103,733
Recovery of insurance acquisition cash flows		396,844	318,436
	20	5,735,751	5,131,597
Contracts measured under the PAA	20	784,593	640,904
Total insurance revenue		6,520,344	5,772,501
Represented by:			
Contracts under the modified retrospective approach		104,419	106,047
Contracts under the fair value approach		3,549,734	3,498,611
Other contracts		2,866,191	2,167,843



6. Net investment result

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

US\$'000	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Investment return			
Interest revenue on financial assets		3,305,309	3,548,837
Other investment return		6,268,371	(3,345,228)
Net impairment loss on financial assets		(8,592)	(4,212)
Amounts recognised in consolidated income statement		9,565,088	199,397
Amounts recognised in other comprehensive income		101,784	205,923
Total investment return		9,666,872	405,320
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		(7,943,878)	1,768,087
Interest accreted		(643,643)	(596,185)
Effect of changes in interest rates and other financial assumptions		65,448	(1,145,366)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		(298,647)	(334,620)
Net foreign exchange gains/(losses)		45,794	(379,376)
Total net finance expenses from insurance contracts	20	(8,774,926)	(687,460)
Net finance expenses from reinsurance contracts held			
Interest accreted		(35,581)	(35,932)
Effect of changes in interest rates and other financial assumptions		(101,678)	(50,158)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		751	(335)
Net foreign exchange gains/(losses)		690	(3,264)
Total net finance expenses from reinsurance contracts held	20	(135,818)	(89,689)
Movement in investment contract liabilities	21	(457,124)	(309,346)
Net investment result		299,004	(681,175)
Net investment result is represented by:			
Amounts recognised in consolidated income statement		358,349	569,402
Amounts recognised in other comprehensive income		(59,345)	(1,250,577)
Total net investment result		299,004	(681,175)
Net finance expenses from insurance contracts are represented by:			
Amounts recognised in consolidated income statement		(8,718,664)	712,886
Amounts recognised in other comprehensive income		(56,262)	(1,400,346)
Total net finance expenses from insurance contracts		(8,774,926)	(687,460)
Net finance expenses from reinsurance contracts held are represented by:			
Amounts recognised in consolidated income statement		(30,951)	(33,535)
Amounts recognised in other comprehensive income		(104,867)	(56,154)
Total net finance expense from reinsurance contracts held		(135,818)	(89,689)



6. Net investment result (continued)

B. Interest revenue on financial assets and other investment return

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
Interest revenue on financial assets		
Financial assets measured at amortised cost	317,576	274,535
Financial assets measured at fair value through other comprehensive income	1,112,840	1,110,976
Financial assets designated at fair value through profit or loss	1,833,084	2,086,954
Financial assets measured mandatorily at fair value through profit or loss	41,809	76,372
Total interest revenue on financial assets	3,305,309	3,548,837
Other investment return		
Dividend income	1,661,876	899,040
Rental income ⁽¹⁾	76,977	92,046
Net losses of financial assets not at fair value through profit or loss		
Net realised losses of debt securities measured at fair value through other comprehensive income	(362,386)	(97,411)
Net realised losses of financial assets measured at amortised cost ⁽²⁾	(51,556)	(32,235)
At fair value through profit or loss		
Net gains/(losses) of financial assets designated at fair value through profit or loss		
Net gains/(losses) of debt securities	529,090	(3,500,989)
Net gains/(losses) of equity shares and interests in investment funds	76,882	(61,451)
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains/(losses) of debt securities	8,363	(4,688)
Net gains of equity shares and interests in investment funds	5,260,060	2,635,391
Net fair value movement on derivatives	(764,490)	(3,567,336)
Net gains/(losses) in respect of financial instruments at fair value through profit or loss	5,109,905	(4,499,073)
Net fair value movement of investment property and property held for own use	(77,669)	(31,301)
Net foreign exchange (losses)/gains	(82,856)	397,046
Other net realised losses	(5,920)	(73,340)
Net gains/(losses)	4,529,518	(4,336,314)
Total other investment return	6,268,371	(3,345,228)

Notes:

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

(2) During the years ended 31 December 2025 and 31 December 2024, the Group disposed certain debt securities measured at amortised cost for asset liability management.



6. Net investment result (continued)

Foreign currency movements resulted in the following (losses)/gains recognised in the consolidated 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	(76,175)	47,584

On transition to IFRS 17, for certain groups of contracts that the Group applies the modified retrospective approach or 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	(1,204,443)	(1,341,292)
Net change in fair value and others	(134,606)	46,999
Net amount reclassified to profit or loss	356,912	89,850
Balance at 31 December	(982,137)	(1,204,443)



7. Expenses

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
Claims and benefits	3,106,717	2,929,788
Commission and other acquisition expenses incurred	3,459,594	2,773,413
Losses on onerous insurance contracts	20,987	18,737
Employee benefit expenses	512,231	457,409
Depreciation	88,464	78,400
Amortisation	68,538	59,374
Investment management expenses and others	252,315	247,918
Depreciation on property held for own use	1,854	1,671
Finance costs	46,201	63,454
Other operating expenses	580,556	528,451
Restructuring and other non-operating costs ⁽¹⁾	52,003	44,826
	8,189,460	7,203,441
Amounts attributed to insurance acquisition cash flows	(3,925,209)	(3,184,235)
Amortisation of insurance acquisition cash flows	446,756	368,485
Insurance service and other expenses	4,711,007	4,387,691

Insurance service and other expenses represented by:

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
Insurance service expenses		
Contracts not measured under the PAA	3,326,128	3,151,487
Contracts measured under the PAA	726,694	603,383
Other expenses ⁽²⁾	623,044	575,150
Other finance costs	35,141	57,671
Total	4,711,007	4,387,691

Other operating expenses include auditors' remuneration of US\$7m (2024: US\$5m).

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. It includes payments for short-term leases of US\$2m (2024: US\$1m).



7. Expenses (continued)

Depreciation consists of:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Computer hardware, fixtures and fittings and others	28,764	23,213
Right-of-use assets		
Property held for own use	59,203	54,737
Computer hardware	339	234
Fixture and fittings and others	158	216
Total	88,464	78,400

Finance costs may be analysed as:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Repurchase agreements	26,043	29,102
Other loans	14,679	30,566
Lease liabilities	5,479	3,786
Total	46,201	63,454

Employee benefit expenses consist of:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Wages and salaries	430,386	385,772
Share-based compensation	13,691	10,702
Pension costs - defined contribution plans	27,048	22,655
Pension costs - defined benefit plans	5,424	2,652
Other employee benefit expenses	35,682	35,628
Total	512,231	457,409

8. Income tax

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Tax charged/(credited) in the consolidated income statement		
Current income tax - Hong Kong Profits Tax	131,214	116,877
Current income tax - overseas	124,154	40,666
Deferred income tax on temporary differences	(11,220)	108,303
Total	244,148	265,846



8. Income tax (continued)

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%
Macau	12%	12%
South Korea	23.1%	23.1%
Taiwan (China)	20%	20%
Indonesia	22%	22%
Vietnam	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.

In 2025, the government of South Korea enacted amendments to the Corporate Income Tax Law increasing corporate income tax rates from 1 January 2026. Under the revised legislation, the tax rate for each tax bracket increases by 1 per cent, with the top statutory rate rising from 24 per cent to 25 per cent.

Global minimum tax

The Global Minimum Tax regime (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, commonly referred to as ‘BEPS 2.0’, seeks to impose a minimum effective tax rate of 15 per cent on large multinational enterprises 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 (HKMTT) (which qualifies as a QDMTT) and an income inclusion rule (IIR), which apply in relation to fiscal years beginning on or after 1 January 2025. The Group 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.

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

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

As at 31 December 2025, the Group’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 Group continues to monitor developments related to the GMT, including the interpretation and application of its various rules, as these may impact the Group’s GMT top-up tax liability.



8. Income tax (continued)

Withholding tax on dividends

In some jurisdictions where the Group operates, dividends remitted by subsidiaries to the Group are subject to withholding tax. The Group recognises deferred tax liabilities in respect of unremitted earnings of operations in jurisdictions where withholding tax charge would be incurred upon dividend distribution. The withholding tax rates in the relevant jurisdictions are set out below:

	Year ended 31 December 2025	Year ended 31 December 2024
South Korea	10%	10%
Indonesia	5%	5%
US\$'000	Year ended 31 December 2025	Year ended 31 December 2024

Income tax reconciliation

Profit before income tax	2,177,441	2,084,722
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	396,987	342,483
Reduction in tax payable from:		
Life insurance tax ⁽¹⁾	(187,130)	(117,677)
Exempt investment income	(31,265)	(15,263)
	(218,395)	(132,940)
Increase in tax payable from:		
Withholding taxes	17,040	13,044
Disallowed expenses	4,721	6,476
Unrecognised deferred tax assets	222	54
Provisions for uncertain tax positions ⁽²⁾	1,152	11,883
Adjustments in respect of prior years	2,011	1,674
Changes in tax rate and law	13,462	-
Others	26,948	23,172
	65,556	56,303
Total income tax expense	244,148	265,846

Notes:

- (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.
- (2) Provisions for uncertain tax positions relate to situations where the Group's interpretation of the relevant law or regulation may differ from that of the tax authorities. Provisions are recognised based on management's judgement and best estimate in relation to the probability or likelihood of different outcomes arising, which is subject to periodic re-assessment. Due to the uncertainty associated with these items, there remains a possibility that the final outcomes may differ on conclusion of the relevant tax matters at a future date.



8. Income tax (continued)

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

US\$'000	Net deferred tax asset/(liability) at 1 January	Credited/ (charged) to the consolidated income statement	Credited/(charged) to other comprehensive income				Net deferred tax asset/(liability) at year end
			Fair value reserve ⁽¹⁾	Foreign exchange translation reserve	Insurance finance reserve	Others	
31 December 2025							
Revaluation of financial instruments	(50,344)	85,352	148,176	(7,283)	-	-	175,901
Insurance and investment contract liabilities	(724,745)	(80,532)	-	(591)	(45,958)	-	(851,826)
Withholding taxes	(57,358)	(3,112)	-	533	-	-	(59,937)
Provision for expenses	29,304	12,154	-	(106)	-	1,534	42,886
Losses available for offset against future taxable income	18,773	39,801	-	(131)	-	-	58,443
Others	(46,861)	(42,443)	-	1,900	-	(2,452)	(89,856)
Total	(831,231)	11,220	148,176	(5,678)	(45,958)	(918)	(724,389)

US\$'000	Net deferred tax asset/(liability) at 1 January	Credited/ (charged) to the consolidated income statement	Credited/(charged) to other comprehensive income				Net deferred tax asset/(liability) at year end
			Fair value reserve ⁽¹⁾	Foreign exchange translation reserve	Insurance finance reserve	Others	
31 December 2024							
Revaluation of financial instruments	356,589	(299,800)	(113,300)	6,167	-	-	(50,344)
Insurance and investment contract liabilities	(1,176,777)	175,354	-	42,334	234,344	-	(724,745)
Withholding taxes	(58,740)	(3,074)	-	4,456	-	-	(57,358)
Provision for expenses	37,954	(5,327)	-	(3,497)	-	174	29,304
Losses available for offset against future taxable income	9,142	10,774	-	(1,143)	-	-	18,773
Others	(54,926)	13,770	-	(4,348)	-	(1,357)	(46,861)
Total	(886,758)	(108,303)	(113,300)	43,969	234,344	(1,183)	(831,231)

Note:

(1) Include tax credit of US\$148m (2024: tax charge of US\$113m) relates to fair value gains or losses on debt securities measured at fair value through other comprehensive income and tax charge of US\$1m (2024: tax charge of US\$0.3m) relates to fair value losses or gains on debt securities measured at fair value through other comprehensive income reclassified to profit or loss.



8. Income tax (continued)

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, deferred origination costs 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 Group has not recognised deferred tax assets of US\$3m (2024: US\$3m) on tax losses and the temporary difference on insurance and investment contract liabilities arising from different accounting and statutory/tax reserving methodology for certain branches and subsidiaries on the basis that they have histories of tax losses and there is insufficient evidence that future taxable profits will be available.

The Group has not provided deferred tax liabilities of US\$91m (2024: US\$89m) in respect of unremitted earnings of operations in South Korea from which a withholding tax charge would be incurred upon distribution as the Group does not consider it probable that this portion of accumulated earnings will be remitted in the foreseeable future.

The Group has unused tax losses carried forward in Hong Kong, Macau, South Korea, Taiwan (China) and Vietnam. The tax losses in Hong Kong can be carried forward indefinitely. The tax losses of remaining branches and subsidiaries are due to expire within the periods ending 2027 (Macau), 2030 (Vietnam), 2034 (Taiwan (China)) and 2040 (South Korea).

9. Dividends

Dividends to shareholders of the Group attributable to the year:

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
First interim dividend declared and paid of 154.00 US dollar per share (2024: 185.00 US dollar per share)	1,000,000	1,200,000
Second interim dividend declared and paid of 54.00 US dollar per share (2024: 54.00 US dollar per share)	350,000	350,000
Third interim dividend declared and paid of 31.00 US dollar per share (2024: 54.00 US dollar per share)	200,000	350,000
Final dividend proposed after the reporting date of 131.00 US dollar per share (2024: 215.00 US dollar per share)	850,000	1,400,000
Total	2,400,000	3,300,000

The final dividend for the year ended 31 December 2024 were settled in cash during the year.

First, second and third interim dividends for the year ended 31 December 2025 were settled in cash during the year.

The final dividend for the year ended 31 December 2025 was approved by the Board on 10 March 2026. The proposed final dividend has not been recognised as a liability at the reporting date.



10. Intangible assets

US\$'000	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2024	69,679	439,955	842,400	1,352,034
Additions	-	86,218	-	86,218
Disposals	-	(13,542)	(1,000)	(14,542)
Foreign exchange movements	(3,216)	(17,286)	(14,848)	(35,350)
At 31 December 2024	66,463	495,345	826,552	1,388,360
Additions	-	61,369	3	61,372
Disposals	-	(1,488)	-	(1,488)
Foreign exchange movements	(2,144)	547	(7,205)	(8,802)
At 31 December 2025	64,319	555,773	819,350	1,439,442
Accumulated amortisation and impairment				
At 1 January 2024	(3,793)	(203,231)	(153,342)	(360,366)
Amortisation charge for the year	-	(59,374)	(40,013)	(99,387)
Disposals	-	6,205	133	6,338
Impairment loss	-	-	(97,000)	(97,000)
Foreign exchange movements	175	8,385	690	9,250
At 31 December 2024	(3,618)	(248,015)	(289,532)	(541,165)
Amortisation charge for the year	-	(68,538)	(45,277)	(113,815)
Disposals	-	751	-	751
Impairment loss	-	-	-	-
Foreign exchange movements	117	684	2,928	3,729
At 31 December 2025	(3,501)	(315,118)	(331,881)	(650,500)
Net book value				
At 31 December 2024	62,845	247,330	537,020	847,195
At 31 December 2025	60,818	240,655	487,469	788,942

The Group holds other 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.



10. Intangible assets (continued)

Impairment tests for goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill arises primarily in respect of the Group's insurance businesses in Indonesia of US\$61m (2024: Indonesia of US\$63m).

Goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit (group of units), including goodwill, to the recoverable amount of that cash-generating unit (group of units). If the recoverable amount of the unit (group of units) exceeds the carrying amount of the unit (group of units), the goodwill allocated to that unit (group of units) shall be regarded as not impaired. The recoverable amount is the value in use of the cash-generating unit (group of units) unless otherwise stated.

The value in use is determined by calculating as an actuarially determined appraisal value, based on embedded value of the business and the present value of expected future new business of the cash-generating unit (group of units). The present value of expected future new business is based on financial budgets approved by management, typically covering a three-year period unless otherwise stated. These financial budgets reflect management's best estimate of future profit based on historical experience and best estimate operating assumptions such as premium and expenses. Further, the present value of expected future new business beyond this initial three-year period are extrapolated using a perpetual growth rate, which typically does not exceed the long-term expected Gross Domestic Product (GDP) growth of the geographical area in which the cash flows supporting the goodwill are generated.

The key assumptions used in the embedded value calculations include risk discount rate, investment returns, mortality, morbidity, persistency, expenses and inflation. The present value of expected future new business is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projections. The risk discount rates that is used in the value in use of in-force business is 12 per cent (2024: risk discount rates that are used in the value in use of in-force business is 13 per cent), where applicable, to extrapolate the present value of expected future new business beyond the initial three-year period; the rate was determined by reference to the long-term expected GDP growth of the geographical area in which the cash flows supporting the goodwill are generated. The Group may apply alternative methods to estimate the value of future new business if the described method is not appropriate under the circumstances.



11. Investment in associates

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Unlisted shares	914,187	856,781

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

Investments in associates are accounted for using the equity method of accounting. Due to timing of the information provided by Tata AIA Life Insurance Company Limited, this investment is reported on a one-quarter-lag-basis.

Goodwill arising on associates is included within the carrying value of those investments. These are held for their long-term contribution to the Group's performance, therefore all amounts are expected to be realised more than 12 months after the end of the reporting period.

The Group's interests in its principal associates are as follows:

				<i>Group's interests %</i>	
	Place of incorporation	Principal activity	Type of shares held	As at 31 December 2025	As at 31 December 2024
AIA Company (Trustee) Limited	Hong Kong	Trusteeship	Ordinary	20%	20%
Tata AIA Life Insurance Company Limited	India	Insurance	Ordinary	49%	49%

Aggregated financial information of associates

The investments in associates are measured using the equity method. The following table analyses, in aggregate, the carrying amount and share of losses and other comprehensive expenses of these associates.

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Carrying amount in the consolidated statement of financial position	914,187	856,781
Losses from continuing operations	(4,383)	(15,480)
Other comprehensive expenses	(42,760)	(25,014)
Total comprehensive expenses	(47,143)	(40,494)



12. Property, plant and equipment

US\$'000	Property held for own use using fair value model	Other property held for own use	Computer hardware	Fixtures and fittings and others	Total
Cost or revaluation or fair value					
At 1 January 2024	576,065	511,352	74,943	152,478	1,314,838
Additions	34	104,125	30,861	21,841	156,861
Disposals	(8)	(58,558)	(5,572)	(10,356)	(74,494)
Net transfers to investment property	(3,116)	(88,606)	-	-	(91,722)
(Decrease)/increase from valuation	(13,858)	6,489	-	-	(7,369)
Foreign exchange movements	-	(14,278)	(5,606)	(2,788)	(22,672)
At 31 December 2024	559,117	460,524	94,626	161,175	1,275,442
Additions	4,170	81,752	15,088	28,495	129,505
Disposals	-	(39,769)	(8,131)	(34,810)	(82,710)
Net transfers from investment property	83,370	50,857	-	-	134,227
(Decrease)/increase from valuation	(24,176)	313	-	-	(23,863)
Foreign exchange movements	(30)	464	(1,062)	501	(127)
At 31 December 2025	622,451	554,141	100,521	155,361	1,432,474
Accumulated depreciation					
At 1 January 2024	-	(80,804)	(61,959)	(119,389)	(262,152)
Depreciation charge for the year	-	(56,408)	(8,695)	(14,968)	(80,071)
Disposals	-	47,121	5,075	7,683	59,879
Revaluation adjustment	-	1,247	-	-	1,247
Foreign exchange movements	-	1,560	3,565	2,153	7,278
At 31 December 2024	-	(87,284)	(62,014)	(124,521)	(273,819)
Depreciation charge for the year	-	(61,057)	(10,934)	(18,327)	(90,318)
Disposals	-	38,443	8,037	28,978	75,458
Revaluation adjustment	-	1,460	-	-	1,460
Foreign exchange movements	-	760	490	(244)	1,006
At 31 December 2025	-	(107,678)	(64,421)	(114,114)	(286,213)
Net book value					
At 31 December 2024	559,117	373,240	32,612	36,654	1,001,623
At 31 December 2025	622,451	446,463	36,100	41,247	1,146,261

The Group 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 Group. 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 13 and 26). 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 Group's lease liabilities is disclosed in note 29.

Extension and termination options are included in a number of leases across the Group. 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 Group and not by the respective lessor.



12. 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		
Property held for own use using fair value model	573,895	492,688
Other property held for own use	151,880	131,335
Computer hardware	270	37
Fixtures and fittings and others	641	1,014
Total	726,686	625,074

Additions to right-of-use assets for the year ended 31 December 2025 were US\$82m (31 December 2024: US\$105m).

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 Group'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 16. 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 fair value model

During the year, US\$4m expenditure (2024: nil) recognised in the carrying amount of property held for own use was in the course of its construction. Decreases from revaluation on property held for own use of US\$24m (2024: US\$14m) were taken to profit or loss, of which US\$22m (2024: US\$12m) 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\$36m (2024: US\$52m). Similarly, stated on a historical basis the carrying value of the right-of-use assets related to the Group's interests in leasehold land and land use rights associated with property held for own use would be US\$627m (2024: US\$524m).

Properties held for own use using revaluation model

During the year, nil expenditure (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\$2m (2024: increase of US\$8m) were taken to other comprehensive income, of which nil (2024: nil) 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\$108m (2024: US\$97m). Similarly, stated on a historical basis the carrying value of the right-of-use assets related to the Group's interests in leasehold land and land use rights associated with property held for own use would be nil (2024: nil). The Group 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.



13. Investment property

US\$'000	Total
Fair value	
At 1 January 2024	2,733,034
Additions and capitalised subsequent expenditures	754
Net transfers from property, plant and equipment	91,722
Fair value losses	(17,443)
Foreign exchange movements	(12,177)
At 31 December 2024	2,795,890
Additions and capitalised subsequent expenditures	1,476
Net transfers to property, plant and equipment	(134,227)
Fair value losses	(53,493)
Foreign exchange movements	(3,382)
At 31 December 2025	2,606,264

Investment property, including land and buildings, is initially recognised at cost with changes in fair values in subsequent periods recognised in the consolidated income statement. The fair values at the reporting date are determined by independent professional valuers. Details of valuation techniques and process are disclosed in notes 3 and 16.

The Group leases out its investment property under operating leases. The leases typically run for an initial period of two to six 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\$77m (2024: US\$92m). Direct operating expenses (including repair and maintenance) on investment property that generates rental income amounted to US\$16m (2024: US\$16m).

The Group 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 Group 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 consolidated income statement. The Group does not hold freehold land in Hong Kong.

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

US\$'000	As at 31 December 2025	As at 31 December 2024
Leases of investment property classified as operating leases		
Expiring no later than one year	55,324	59,755
Expiring later than one year and no later than two years	48,131	32,482
Expiring later than two years and no later than three years	29,191	22,029
Expiring later than three years and no later than four years	9,378	10,069
Expiring later than four years and no later than five years	2,890	5,182
Expiring after five years or more	377	1,179
Total undiscounted lease receipts	145,291	130,696



14. Financial investments

The following tables analyse the Group's financial investments by type and nature, based on the characteristics of the financial investments at the reporting date. The Group 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 Group.

Policyholder and shareholder investments are further categorised as participating funds and other participating business with discretionary expected sharing with policyholders and underlying distinct investment portfolios (Other participating business with distinct portfolios), and other policyholder and shareholder. The Group has elected to separately analyse financial investments held by participating funds and other participating business with distinct portfolios 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 Group measures debt securities, equity shares and interests in investment funds of participating funds and other participating business with distinct portfolios at fair value through profit or loss.

Other policyholder and shareholder investments are distinct from unit-linked investments and participating funds and other participating business with distinct portfolios as there is not any direct contractual or regulatory requirement governing the amount, if any, for allocation to policyholders. The Group 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 Group's consolidated financial statements. For certain benefits of business written in "Participating funds and Other participating business with distinct portfolios" 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 Group'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 Group'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



14. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following:

US\$'000	Policyholder and shareholder				Subtotal	Unit-linked FVTPL	Unit-linked ⁽¹⁾ FVOCI	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder						
		FVTPL	FVOCI	AC				
31 December 2025								
Government bonds ⁽²⁾								
By jurisdiction								
Mainland China	202,916	-	3,714	-	206,630	-	-	206,630
United States	1,166,039	-	87,680	-	1,253,719	-	-	1,253,719
South Korea	-	-	5,251,990	-	5,251,990	196,549	-	5,448,539
Philippines	104,563	-	1,646	27,099	133,308	-	-	133,308
Indonesia	268,599	-	1,096,518	16,232	1,381,349	124,228	36,081	1,541,658
Other	827,708	-	812,630	287,812	1,928,150	-	-	1,928,150
Subtotal, by jurisdiction	2,569,825	-	7,254,178	331,143	10,155,146	320,777	36,081	10,512,004
By credit rating								
AAA	110,207	-	87,680	-	197,887	-	-	197,887
AA	1,486,021	-	5,417,011	258,869	7,161,901	196,549	-	7,358,450
A	509,965	-	172,792	19,844	702,601	-	-	702,601
BBB	417,266	-	1,112,340	52,430	1,582,036	124,228	36,081	1,742,345
Below investment grade	46,366	-	464,355	-	510,721	-	-	510,721
Not rated	-	-	-	-	-	-	-	-
Subtotal, by credit rating	2,569,825	-	7,254,178	331,143	10,155,146	320,777	36,081	10,512,004
Government agency bonds ⁽³⁾								
AAA	24,912	-	18,923	-	43,835	-	-	43,835
AA	352,348	-	1,166,422	97,166	1,615,936	16,225	-	1,632,161
A	551,393	26,048	385,339	32,566	995,346	-	-	995,346
BBB	267,036	5,949	341,441	42,692	657,118	3,526	3,763	664,407
Below investment grade	24,462	-	127,511	-	151,973	-	-	151,973
Not rated	-	-	-	-	-	-	-	-
Subtotal	1,220,151	31,997	2,039,636	172,424	3,464,208	19,751	3,763	3,487,722

Notes:

- (1) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.
(2) 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.
(3) 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.



14. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$'000	Policyholder and shareholder				Subtotal	Unit-linked	Unit-linked ⁽¹⁾	Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder						
		FVTPL	FVTPL	FVOCI				
31 December 2025								
Corporate bonds								
AAA	417,167	-	16,523	-	433,690	-	-	433,690
AA	2,711,973	-	924,944	197,970	3,834,887	365	-	3,835,252
A	15,356,082	362,945	6,342,302	1,448,048	23,509,377	5,627	-	23,515,004
BBB	11,147,242	142,590	5,551,246	590,612	17,431,690	15,027	5,695	17,452,412
Below investment grade	40,397	-	624,123	-	664,520	3,645	-	668,165
Not rated	-	3,776	-	-	3,776	5,339	-	9,115
Subtotal	29,672,861	509,311	13,459,138	2,236,630	45,877,940	30,003	5,695	45,913,638
Structured securities ⁽⁴⁾								
AAA	-	-	-	-	-	-	-	-
AA	-	-	265,578	-	265,578	-	-	265,578
A	-	-	448,979	-	448,979	-	-	448,979
BBB	-	-	874,283	-	874,283	600	-	874,883
Below investment grade	-	-	-	-	-	-	-	-
Not rated	30	25	-	-	55	-	-	55
Subtotal	30	25	1,588,840	-	1,588,895	600	-	1,589,495
Total ⁽⁵⁾	33,462,867	541,333	24,341,792	2,740,197	61,086,189	371,131	45,539	61,502,859

Notes:

(1) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.

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

(5) Debt securities of US\$6,173m are restricted due to local regulatory requirements.



14. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$'000	Policyholder and shareholder				Subtotal	Unit-linked	Unit-linked ⁽¹⁾	Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder						
		FVTPL	FVTPL	FVOCI				
31 December 2024								
Government bonds ⁽²⁾								
By jurisdiction								
Mainland China	193,560	-	3,331	-	196,891	-	-	196,891
United States	1,991,478	-	760,633	-	2,752,111	-	-	2,752,111
South Korea	-	-	5,892,203	-	5,892,203	-	-	5,892,203
Philippines	135,485	-	2,160	27,045	164,690	-	-	164,690
Indonesia	474,925	-	880,011	16,268	1,371,204	11,973	30,189	1,413,366
Other	973,495	-	832,975	278,546	2,085,016	297,247	-	2,382,263
Subtotal, by jurisdiction	3,768,943	-	8,371,313	321,859	12,462,115	309,220	30,189	12,801,524
By credit rating								
AAA	445,607	-	728,328	-	1,173,935	-	-	1,173,935
AA	2,049,478	-	6,091,132	223,887	8,364,497	195,182	-	8,559,679
A	560,202	-	114,305	45,564	720,071	-	-	720,071
BBB	660,704	-	900,688	52,408	1,613,800	114,038	30,189	1,758,027
Below investment grade	52,952	-	536,860	-	589,812	-	-	589,812
Not rated	-	-	-	-	-	-	-	-
Subtotal, by credit rating	3,768,943	-	8,371,313	321,859	12,462,115	309,220	30,189	12,801,524
Government agency bonds ⁽³⁾								
AAA	27,251	-	18,370	18,450	64,071	-	-	64,071
AA	382,108	-	1,398,205	102,367	1,882,680	6,844	-	1,889,524
A	521,361	25,600	444,374	48,132	1,039,467	6,888	-	1,046,355
BBB	239,164	15,797	314,324	42,925	612,210	4,301	2,702	619,213
Below investment grade	45,962	-	140,168	-	186,130	-	-	186,130
Not rated	-	-	-	-	-	-	-	-
Subtotal	1,215,846	41,397	2,315,441	211,874	3,784,558	18,033	2,702	3,805,293

Notes:

- (1) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.
- (2) 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. The Group has enhanced the government bonds analysis to be presented by credit rating.
- (3) 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



14. Financial investments (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$'000	Policyholder and shareholder				Subtotal	Unit-linked FVTPL	Unit-linked ⁽¹⁾ FVOCI	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder						
		FVTPL	FVOCI	AC				
31 December 2024								
Corporate bonds								
AAA	477,529	-	27,597	-	505,126	-	-	505,126
AA	2,567,506	-	1,141,709	168,441	3,877,656	10,727	-	3,888,383
A	14,755,489	79,959	6,620,132	1,150,144	22,605,724	3,980	-	22,609,704
BBB	12,358,385	163,303	4,837,483	516,019	17,875,190	17,234	6,411	17,898,835
Below investment grade	44,398	2,010	624,231	6,083	676,722	928	-	677,650
Not rated	-	3,872	-	-	3,872	6,920	-	10,792
Subtotal	30,203,307	249,144	13,251,152	1,840,687	45,544,290	39,789	6,411	45,590,490
Structured securities ⁽⁴⁾								
AAA	-	-	-	-	-	-	-	-
AA	-	-	214,390	-	214,390	-	-	214,390
A	-	-	479,712	-	479,712	-	-	479,712
BBB	-	-	307,089	-	307,089	-	-	307,089
Below investment grade	-	-	-	-	-	-	-	-
Not rated	3,761	153	-	-	3,914	-	-	3,914
Subtotal	3,761	153	1,001,191	-	1,005,105	-	-	1,005,105
Total ⁽⁵⁾	35,191,857	290,694	24,939,097	2,374,420	62,796,068	367,042	39,302	63,202,412

Notes:

(1) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.

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

(5) Debt securities of US\$5,269m are restricted due to local regulatory requirements.



14. Financial investments (continued)

Equity shares and interests in investment funds

Equity shares and interests in investment funds comprise the following:

US\$'000	Policyholder and shareholder		Subtotal	Unit-linked FVTPL	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder FVTPL			
31 December 2025					
Equity shares	98,623	282,592	381,215	853,459	1,234,674
Interests in investment funds					
- funds with debt instruments as underlying ⁽¹⁾⁽²⁾	3,361,354	1,359,979	4,721,333	1,346,778	6,068,111
- others	40,109,231	4,667,254	44,776,485	8,027,805	52,804,290
Total	43,569,208	6,309,825	49,879,033	10,228,042	60,107,075

US\$'000	Policyholder and shareholder		Subtotal	Unit-linked FVTPL	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder FVTPL			
31 December 2024					
Equity shares	98,922	248,742	347,664	863,771	1,211,435
Interests in investment funds					
- funds with debt instruments as underlying ⁽¹⁾⁽²⁾	3,127,294	34,916	3,162,210	972,274	4,134,484
- others	30,208,783	3,760,002	33,968,785	6,925,842	40,894,627
Total	33,434,999	4,043,660	37,478,659	8,761,887	46,240,546

Note:

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

(2) The Group transferred securities along with the rights to cash flows to an externally managed investment vehicle. The risks and rewards of ownership are retained by the Group. The carrying amount of the transferred assets is US\$3,204m (2024: US\$3,127m). Subsequent to the transfer, these investments have the characteristics of equity instruments in line with the accounting standards.



14. Financial investments (continued)

Interests in structured entities

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

The following table summarises the Group'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 amortised cost	64,180 ⁽²⁾	-	39,905 ⁽²⁾	-
Debt securities at fair value through other comprehensive income	408,196 ⁽²⁾	1,588,840	380,838 ⁽²⁾	1,001,191
Debt securities at fair value through profit or loss	794,180 ⁽²⁾	655	809,833 ⁽²⁾	3,914
Interests in investment funds at fair value through profit or loss	58,872,401	-	45,029,111	-
Total	60,138,957	1,589,495	46,259,687	1,005,105

Notes:

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

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

The Group'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 Group 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 Group, the Group does not have exposure to loss in these funds.



14. Financial investments (continued)

Loans and deposits

Loans and deposits by type comprise the following:

US\$'000	As at 31 December 2025	As at 31 December 2024
Mortgage loans on residential real estate	8,053	10,453
Other loans	35,879	32,074
Loss allowance for loans	(2,306)	(753)
Loans	41,626	41,774
Term deposits	1,463,727	1,361,028
Loss allowance for deposits measured at amortised cost	(4,817)	(5,284)
Total	1,500,536	1,397,518

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\$315m (2024: US\$290m).

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	Carrying value	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	61,086,189	2,406,232	5,845,422	5,391,584	47,442,951	-
Loans and deposits	1,488,951	894,015	591,954	2,979	-	3
Total	62,575,140	3,300,247	6,437,376	5,394,563	47,442,951	3

US\$'000	Carrying value	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	62,796,068	3,031,003	6,432,613	4,781,623	48,550,829	-
Loans and deposits	1,373,589	927,354	415,744	29,038	1,453	-
Total	64,169,657	3,958,357	6,848,357	4,810,661	48,552,282	-



15. Derivative financial instruments

The Group's derivative exposure was as follows:

US\$'000	Notional amount	Fair value	
		Assets	Liabilities
31 December 2025			
Foreign exchange contracts			
Cross-currency swaps	477,130	-	(71,751)
Forwards	556,512	425	(21,493)
Foreign exchange futures	486,153	-	-
Total foreign exchange contracts	1,519,795	425	(93,244)
Interest rate contracts			
Interest rate swaps	878,100	46,915	(5,793)
Swaptions	6,035,000	40,452	-
Other			
Warrants and options	74,809	10,195	-
Forward contracts	30,366,825	12,734	(4,881,974)
Total	38,874,529	110,721	(4,981,011)
31 December 2024			
Foreign exchange contracts			
Cross-currency swaps	338,258	-	(70,821)
Forwards	549,557	-	(16,195)
Foreign exchange futures	97,394	-	-
Total foreign exchange contracts	985,209	-	(87,016)
Interest rate contracts			
Interest rate swaps	1,353,600	17,748	(32,764)
Swaptions	6,035,000	124,925	-
Other			
Warrants and options	96,730	1,082	-
Forward contracts	30,929,325	4,891	(8,150,014)
Netting	(97,394)	-	-
Total	39,302,470	148,646	(8,269,794)

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\$7m (2024: US\$4m) 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, swaptions 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 consolidated statement of financial position as derivative financial assets at fair value through profit or loss and derivative financial liabilities respectively. The Group's derivative contracts are established to provide an economic hedge to financial exposures. The Group adopts hedge accounting in limited circumstances. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the consolidated 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.



15. Derivative financial instruments (continued)

Foreign exchange contracts

Foreign exchange forward and futures contracts represent agreements to exchange one currency for another currency at an agreed price and settlement date. Currency options are agreements that give the buyer the right to exchange one currency for another currency at agreed prices and settlement dates. 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 contracts

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.

Swaptions are options to enter into interest rate swaps with forward starting effective dates. Swaptions give an entity the right, but not the obligation, to exchange fixed or floating interest rate payments through interest rate swaps. The Group's swaptions are used to provide an economic hedge to financial exposures in the participating funds and other participating business with distinct portfolios.

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. Forward contracts are contractual obligations to buy or sell a financial instrument on a predetermined future date at a specified price. Swaps are OTC contractual agreements between the Group and a third party to exchange a series of cash flows based upon index, rates or other variables applied to a notional amount.

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 IFRS Accounting Standards.

Collateral under derivative transactions

At 31 December 2025, the Group had posted cash collateral of US\$8m (2024: US\$39m), pledged debt securities with carrying value of US\$6,103m (2024: US\$9,615m) for liabilities, and held cash collateral of US\$4m (2024: US\$7m) and debt securities collateral with carrying value of US\$6m (2024: US\$3m) for assets in respect of derivative transactions. The Group 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.



16. Fair value measurement

Fair value of financial instruments

The Group 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 IFRS 17.

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

		Fair value					
US\$'000	Notes	FVTPL - mandatory	FVTPL - designated	FVOCI	Amortised cost	Total carrying value	Total fair value
31 December 2025							
Financial investments	14						
Loans and deposits		-	-	-	1,500,536	1,500,536	1,499,062
Debt securities		972,326	33,403,005	24,387,331	2,740,197	61,502,859	61,247,805
Equity shares and interests in investment funds		56,902,915	3,204,160 ⁽¹⁾	-	-	60,107,075	60,107,075
Derivative financial instruments	15	110,721	-	-	-	110,721	110,721
Receivables	17	-	-	-	204,407	204,407	204,407
Accrued investment income	17	-	-	-	819,263	819,263	819,263
Cash and cash equivalents	18	1,804,989	-	-	1,629,557	3,434,546	3,434,546
Financial assets		59,790,951	36,607,165	24,387,331	6,893,960	127,679,407	127,422,879

	Notes	Fair value		Amortised cost	Total carrying value	Total fair value
		FVTPL - mandatory	FVTPL - designated			
Financial liabilities						
Investment contract liabilities	21	-	2,394,958	2,222	2,397,180	2,397,180
Loans due to ultimate holding company	22	-	-	323,000	323,000	323,000
Obligations under repurchase agreements	23	-	-	546,534	546,534	546,534
Derivative financial instruments	15	4,981,011	-	-	4,981,011	4,981,011
Other liabilities	26	-	-	1,295,884	1,295,884	1,295,884
Financial liabilities		4,981,011	2,394,958	2,167,640	9,543,609	9,543,609

Note:

(1) Includes certain financial assets held through investment vehicles.



16. Fair value measurement (continued)

Fair value of financial instruments (continued)

		Fair value					
US\$'000	Notes	FVTPL - mandatory	FVTPL - designated	FVOCI	Amortised cost	Total carrying value	Total fair value
31 December 2024							
Financial investments	14						
Loans and deposits		-	-	-	1,397,518	1,397,518	1,391,603
Debt securities		633,705	35,215,888	24,978,399	2,374,420	63,202,412	62,865,684
Equity shares and interests in investment funds		43,113,252	3,127,294 ⁽¹⁾	-	-	46,240,546	46,240,546
Derivative financial instruments	15	148,646	-	-	-	148,646	148,646
Receivables	17	-	-	-	218,398	218,398	218,398
Accrued investment income	17	-	-	-	807,006	807,006	807,006
Cash and cash equivalents	18	237,581	-	-	2,626,466	2,864,047	2,864,047
Financial assets		44,133,184	38,343,182	24,978,399	7,423,808	114,878,573	114,535,930

	Notes	Fair value		Amortised cost	Total carrying value	Total fair value
		FVTPL - mandatory	FVTPL - designated			
Financial liabilities						
Investment contract liabilities	21	-	2,197,432	2,218	2,199,650	2,199,650
Loans due to ultimate holding company	22	-	-	829,000	829,000	829,000
Obligations under repurchase agreements	23	-	-	732,515	732,515	732,515
Derivative financial instruments	15	8,269,794	-	-	8,269,794	8,269,794
Other liabilities	26	-	-	962,423	962,423	962,423
Financial liabilities		8,269,794	2,197,432	2,526,156	12,993,382	12,993,382

Note:

(1) Includes certain financial assets held through investment vehicles.

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 Group'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.



16. Fair value measurement (continued)

Fair value measurements on a recurring basis

The Group 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 non-consolidated 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.

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 Group 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 Group 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 any 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, 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 Group 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 Group 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.



16. Fair value measurement (continued)

Determination of fair value (continued)

Derivative financial instruments (continued)

When the Group holds a group of derivative assets and derivative liabilities entered into with a particular counterparty, the Group 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 Group 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.

Property held for own use and investment property

The Group engaged external, independent and qualified valuers to determine the fair value of the Group'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 certain 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. Certain other properties are valued using a combination of these two methods.

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 Group 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 Group practice for insurance contract liabilities and hence are disclosed within note 20. These are not measured at fair value as the Group applies the same accounting policies for the measurement of investment contracts with DPF as it does for insurance contracts under IFRS 17.

Loans/notes due to ultimate holding company and other borrowings

The fair values of loans/notes due to ultimate holding company and other borrowings have been estimated based on discounting future cash flows using the interest rates currently applicable to deposits of similar maturities or prices obtained from brokers.

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.



16. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis

Assets and liabilities recorded at fair value in the consolidated 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 Group has the ability to access as of the measurement date. Market price data is generally obtained from exchange or dealer markets. The Group 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 Group 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 Group’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, the Group considers factors specific to the asset or liability.



16. 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	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2025				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	343,139	343,139
Investment property	-	-	2,606,264	2,606,264
Financial assets				
At fair value through other comprehensive income				
Debt securities	4,780	24,382,551	-	24,387,331
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	32,793	33,409,579	20,495	33,462,867
Unit-linked	-	371,131	-	371,131
Other policyholder and shareholder	-	541,308	25	541,333
Equity shares and interests in investment funds				
Participating funds and other participating business with distinct portfolios	7,706,832	31,309,712	4,552,664	43,569,208
Unit-linked	10,193,767	29,867	4,408	10,228,042
Other policyholder and shareholder	474,142	4,518,796	1,316,887	6,309,825
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	631,139	-	-	631,139
Other policyholder and shareholder	1,173,850	-	-	1,173,850
Derivative financial instruments				
Foreign exchange contracts	-	425	-	425
Interest rate contracts	-	87,367	-	87,367
Other contracts	-	22,929	-	22,929
Total assets on a recurring fair value measurement basis	20,217,303	94,673,665	8,843,882	123,734,850
% of Total	16.3%	76.5%	7.2%	100.0%
Financial liabilities				
Investment contract liabilities	-	2,394,958	-	2,394,958
Derivative financial instruments				
Foreign exchange contracts	-	93,244	-	93,244
Interest rate contracts	-	5,793	-	5,793
Other contracts	-	4,881,974	-	4,881,974
Total liabilities on a recurring fair value measurement basis	-	7,375,969	-	7,375,969
% of Total	0.0%	100.0%	0.0%	100.0%



16. Fair value measurement (continued)

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

US\$'000	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	308,334	308,334
Investment property	-	-	2,795,890	2,795,890
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	24,151,938	826,461	24,978,399
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	22,680	35,160,004	9,173	35,191,857
Unit-linked	-	367,042	-	367,042
Other policyholder and shareholder	-	257,904	32,790	290,694
Equity shares and interests in investment funds				
Participating funds and other participating business with distinct portfolios	1,714,298	27,471,486	4,249,215	33,434,999
Unit-linked	8,737,040	2,343	22,504	8,761,887
Other policyholder and shareholder	350,155	2,861,302	832,203	4,043,660
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	174,991	-	-	174,991
Other policyholder and shareholder	62,590	-	-	62,590
Derivative financial instruments				
Interest rate contracts	-	142,673	-	142,673
Other contracts	-	5,973	-	5,973
Total assets on a recurring fair value measurement basis	11,061,754	90,420,665	9,076,570	110,558,989
% of Total	10.0%	81.8%	8.2%	100.0%
Financial liabilities				
Investment contract liabilities	-	2,197,432	-	2,197,432
Derivative financial instruments				
Foreign exchange contracts	-	87,016	-	87,016
Interest rate contracts	-	32,764	-	32,764
Other contracts	-	8,150,014	-	8,150,014
Total liabilities on a recurring fair value measurement basis	-	10,467,226	-	10,467,226
% of Total	0.0%	100.0%	0.0%	100.0%

The Group'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 Group transferred US\$28m (2024: US\$0.1m) 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 Group transferred US\$2m (2024: US\$7m) of assets from Level 2 to Level 1 during the year ended 31 December 2025.

The Group's Level 2 financial instruments include debt securities, equity shares, interests in investment funds, derivative financial instruments, investment contract liabilities and other liabilities. 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.



16. 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 Group'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	Equity shares and interests in investment funds
At 1 January 2025	308,334	2,795,890	868,424	5,103,922
Total (losses)/gains				
Reported under investment return and other expenses in the consolidated income statement	(3,813)	(53,493)	5,917	(376,460)
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	3,588	(3,382)	2,464	(882)
Transfer from investment property	30,791	(134,227)	-	-
Purchases	4,263	1,476	15,089	1,245,405
Sales	(24)	-	(71,718)	(98,025)
Settlements	-	-	(415,586)	-
Transfer out of Level 3	-	-	(384,070)	(1)
At 31 December 2025	343,139	2,606,264	20,520	5,873,959
Change in unrealised gains or losses included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	(3,813)	(53,493)	(6,523)	(391,375)

US\$'000	Property held for own use	Investment property	Debt securities	Equity shares and interests in investment funds
At 1 January 2024	402,056	2,733,034	1,143,803	4,758,238
Total (losses)/gains				
Reported under investment return and other expenses in the consolidated income statement	(3,515)	(17,443)	48,914	29,120
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	(630)	(12,177)	(32,290)	(13,332)
Transfer to investment property	(89,360)	91,722	-	-
Purchases	34	754	216,208	390,870
Sales	(251)	-	(137,536)	(60,974)
Settlements	-	-	(370,675)	-
At 31 December 2024	308,334	2,795,890	868,424	5,103,922
Change in unrealised gains or losses included in the consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	(3,515)	(17,443)	19,093	130,011



16. Fair value measurement (continued)

Fair value hierarchy for fair value measurement on a recurring basis (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 21.

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.

Significant unobservable inputs for Level 3 fair value measurements

For certain equity shares and interests in investment funds held by the Group, management obtains values from independent professional valuers who use valuation techniques, such as the market approach, to determine the fair value. Under the market approach, the most relevant valuation multiples based on a number of factors, such as enterprise value to sales, or enterprise value to EBITDA (earnings before interest, taxes, depreciation and amortisation), are used to determine the fair value of the financial assets.

Fair value of the Group's properties are determined based on appropriate valuation techniques which may consider among others income projection, value of comparable property and adjustments for factors such as size, location, quality and prospective use. These valuation inputs are deemed unobservable.

Valuation processes

The Group 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 Group 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 AIA Group Valuation Committee supports the AIA Group Chief Financial Officer in relation to financial assets valuation for financial reporting. Under the oversight of the AIA Group Valuation Committee, there is a reasonableness review of the prices used and price exceptions are reported, if any, from the business unit's Chief Investment Officer. Any changes in valuation policies are reviewed and approved by the AIA Group Valuations Advisory Committee which is part of the Group'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 Group 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 Group has subscriptions to private pricing services for gathering such information. If the information from private pricing services is not available, the Group uses the proxy pricing method based on internally-developed valuation inputs.



16. Fair value measurement (continued)

Fair value of financial and insurance assets and liabilities for which the fair value is disclosed at the 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	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2025				
Assets for which the fair value is disclosed				
Financial assets				
Debt securities	-	2,485,143	-	2,485,143
Loans and deposits	872,981	614,103	11,978	1,499,062
Receivables	-	178,436	25,971	204,407
Accrued investment income	1,713	817,550	-	819,263
Cash and cash equivalents	1,629,557	-	-	1,629,557
Total assets for which the fair value is disclosed	2,504,251	4,095,232	37,949	6,637,432
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	-	-	2,222	2,222
Loans due to ultimate holding company	-	323,000	-	323,000
Obligations under repurchase agreements	-	546,534	-	546,534
Other liabilities	73,258	1,177,525	45,101	1,295,884
Total liabilities for which the fair value is disclosed	73,258	2,047,059	47,323	2,167,640

US\$'000	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Debt securities	-	2,037,692	-	2,037,692
Loans and deposits	942,753	417,106	31,744	1,391,603
Receivables	-	179,932	38,466	218,398
Accrued investment income	3,092	803,914	-	807,006
Cash and cash equivalents	2,626,466	-	-	2,626,466
Total assets for which the fair value is disclosed	3,572,311	3,438,644	70,210	7,081,165
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	-	-	2,218	2,218
Loans due to ultimate holding company	-	829,000	-	829,000
Obligations under repurchase agreements	-	732,515	-	732,515
Other liabilities	68,882	850,987	42,554	962,423
Total liabilities for which the fair value is disclosed	68,882	2,412,502	44,772	2,526,156



17. Other assets

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Accrued investment income	819,263	807,006
Receivables	204,407	218,398
Others ⁽¹⁾	364,433	428,431
Total	1,388,103	1,453,835

Note:

(1) Represents, among others, prepayments and deferred origination costs.

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

18. Cash and cash equivalents

	As at 31 December 2025	As at 31 December 2024
US\$'000		
Cash	751,019	839,224
Cash equivalents	2,683,527	2,024,823
Total⁽¹⁾	3,434,546	2,864,047

Note:

(1) US\$122m (2024: US\$102m) 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.



19. 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 Group 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 Group's experience, credit assessment performed by internal and external experts and forward-looking information.

The Group 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 Group's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted.

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

The Group 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 Group 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 Group considers this to be BBB- (Standard and Poor's rating), BBB- (Fitch rating), Baa3 (Moody's rating) or higher, which is equivalent to an internal rating of 4- or higher.

As a backstop, the Group 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 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 2.4.1.

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 Group 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 Group to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

Incorporation of forward-looking information

The Group 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 Group 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.



19. Impairment of financial assets (continued)

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

Incorporation of forward-looking information (continued)

The Group 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 Group for evaluating ECL for the years ended 31 December 2025 and 31 December 2024 are as follows:

	As at 31 December 2025	As at 31 December 2024
GDP growth (5-year average of year-over-year %)		
Base case scenario	2.5%	2.4%
Upside scenario	3.0%	2.9%
Downside scenario	1.8%	1.8%

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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group on terms that the Group 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.



19. 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 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 2025	2,378,720	4,300	-	-	-	-	2,378,720	4,300
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(490)	-	-	-	-	-	(490)
New financial assets acquired	589,202	1,307	-	-	-	-	589,202	1,307
Financial assets derecognised other than write-offs	(246,644)	(567)	-	-	-	-	(246,644)	(567)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	23,453	(16)	-	-	-	-	23,453	(16)
Balance at 31 December 2025	2,744,731	4,534	-	-	-	-	2,744,731	4,534



19. 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 (continued)								
Balance at 1 January 2024	2,017,677	3,843	14,542	1,668	-	-	2,032,219	5,511
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(284)	-	(116)	-	-	-	(400)
New financial assets acquired	550,785	1,037	-	-	-	-	550,785	1,037
Financial assets derecognised other than write-offs	(187,350)	(257)	(14,548)	(1,331)	-	-	(201,898)	(1,588)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	(2,392)	(39)	6	(221)	-	-	(2,386)	(260)
Balance at 31 December 2024	2,378,720	4,300	-	-	-	-	2,378,720	4,300



19. 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	1,401,987	5,284	18	-	1,550	753	1,403,555	6,037
Transfer to 12-month ECL	1,028	270	-	-	(1,028)	(270)	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(2,515)	-	-	-	2,515	-	-	-
Net remeasurement of loss allowance	-	(3,760)	-	-	-	1,825	-	(1,935)
New financial assets acquired	1,105,576	3,274	-	-	-	-	1,105,576	3,274
Financial assets derecognised other than write-offs	(973,973)	(176)	(7)	-	(587)	-	(974,567)	(176)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	(26,920)	(75)	19	-	(4)	(2)	(26,905)	(77)
Balance at 31 December 2025	1,505,183	4,817	30	-	2,446	2,306	1,507,659	7,123
Balance at 1 January 2024	1,269,186	9,494	162	-	11,704	1,309	1,281,052	10,803
Transfer to 12-month ECL	10,991	622	-	-	(10,991)	(622)	-	-
Transfer to lifetime ECL not credit-impaired	(171)	-	171	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(1,406)	-	-	-	1,406	-	-	-
Net remeasurement of loss allowance	-	(8,503)	-	-	-	63	-	(8,440)
New financial assets acquired	1,004,073	4,669	-	-	-	-	1,004,073	4,669
Financial assets derecognised other than write-offs	(827,110)	(556)	-	-	(643)	-	(827,753)	(556)
Write-offs	-	-	(264)	-	-	-	(264)	-
Effects of movements in exchange rates and other movements	(53,576)	(442)	(51)	-	74	3	(53,553)	(439)
Balance at 31 December 2024	1,401,987	5,284	18	-	1,550	753	1,403,555	6,037



19. 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	26,249,855	49,027	85,605	4,044	153,229	142,105	26,488,689	195,176
Transfer to 12-month ECL	3,800	287	(3,800)	(287)	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(2,110)	(9)	2,110	9	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(13,956)	-	(443)	-	4,000	-	(10,399)
New financial assets acquired	7,386,163	11,277	-	-	-	-	7,386,163	11,277
Financial assets derecognised other than write-offs	(8,222,507)	(7,177)	(38,823)	(2,169)	(153,229)	(146,105)	(8,414,559)	(155,451)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	189,542	(131)	(6,503)	(66)	-	-	183,039	(197)
Balance at 31 December 2025	25,604,743	39,318	38,589	1,088	-	-	25,643,332	40,406
Balance at 1 January 2024	27,112,838	60,357	108,470	3,966	153,229	142,043	27,374,537	206,366
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(101,814)	(721)	101,814	721	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(12,964)	-	3,480	-	62	-	(9,422)
New financial assets acquired	5,178,905	9,419	-	-	-	-	5,178,905	9,419
Financial assets derecognised other than write-offs	(4,714,203)	(5,021)	(122,274)	(3,992)	-	-	(4,836,477)	(9,013)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	(1,225,871)	(2,043)	(2,405)	(131)	-	-	(1,228,276)	(2,174)
Balance at 31 December 2024	26,249,855	49,027	85,605	4,044	153,229	142,105	26,488,689	195,176



19. 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	209,593	383	10,362	2,811	9,213	7,576	229,168	10,770
Transfer to lifetime ECL not credit-impaired	(84,733)	(3,451)	84,733	3,451	-	-	-	-
Transfer to lifetime ECL credit-impaired	(76)	(66)	(2,227)	(2,223)	2,303	2,289	-	-
Net remeasurement of loss allowance	-	846	-	1,429	-	1,468	-	3,743
Net (decrease)/increase in receivables	72,022	2,288	(82,524)	(2,117)	-	-	(10,502)	171
Write-offs	-	-	-	-	(3,444)	(3,440)	(3,444)	(3,440)
Effects of movements in exchange rates and other movements	(715)	-	213	(109)	956	134	454	25
Balance at 31 December 2025	196,091	-	10,557	3,242	9,028	8,027	215,676	11,269
Balance at 1 January 2024	255,022	-	12,762	1,309	9,481	5,394	277,265	6,703
Transfer to lifetime ECL not credit-impaired	(1,491)	(667)	1,491	667	-	-	-	-
Transfer to lifetime ECL credit-impaired	(10,084)	(508)	-	-	10,084	508	-	-
Net remeasurement of loss allowance	-	-	-	1,440	-	5,895	-	7,335
Net (decrease)/increase in receivables	(30,755)	1,558	(3,474)	(542)	(9,288)	(3,631)	(43,517)	(2,615)
Write-offs	-	-	-	-	(1)	(1)	(1)	(1)
Effects of movements in exchange rates and other movements	(3,099)	-	(417)	(63)	(1,063)	(589)	(4,579)	(652)
Balance at 31 December 2024	209,593	383	10,362	2,811	9,213	7,576	229,168	10,770



20. 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 consolidated income statement and consolidated statement of comprehensive income. The Group 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 consolidated income statement and consolidated 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 Group's maximum exposure to credit risk from these assets.

20. 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				Year ended 31 December 2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
Opening assets		-	-	-	-	(410,514)	6,255	217,580	(186,679)
Opening liabilities		91,039,471	76,091	1,123,151	92,238,713	87,309,701	51,158	932,881	88,293,740
Net opening balance		91,039,471	76,091	1,123,151	92,238,713	86,899,187	57,413	1,150,461	88,107,061
Insurance revenue	5	(5,735,751)	-	-	(5,735,751)	(5,131,597)	-	-	(5,131,597)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	(18,499)	3,018,384	2,999,885	-	(18,717)	2,894,528	2,875,811
Amortisation of insurance acquisition cash flows		396,844	-	-	396,844	318,436	-	-	318,436
Losses and reversal of losses on onerous contracts		-	39,486	-	39,486	-	37,454	-	37,454
Adjustments to liabilities for incurred claims		-	-	(110,087)	(110,087)	-	-	(80,214)	(80,214)
Total insurance service expenses		396,844	20,987	2,908,297	3,326,128	318,436	18,737	2,814,314	3,151,487
Investment components		(3,207,616)	-	3,207,616	-	(3,188,748)	-	3,188,748	-
Insurance service result		(8,546,523)	20,987	6,115,913	(2,409,623)	(8,001,909)	18,737	6,003,062	(1,980,110)
Net finance expenses from insurance contracts	6	8,766,179	3,208	5,712	8,775,099	667,822	3,307	15,443	686,572
Effect of movements in exchange rates		205,715	(553)	7,900	213,062	(1,600,050)	(3,366)	(60,462)	(1,663,878)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		425,371	23,642	6,129,525	6,578,538	(8,934,137)	18,678	5,958,043	(2,957,416)
Cash flows									
Premiums received		20,115,178	-	-	20,115,178	16,191,961	-	-	16,191,961
Claims and other insurance service expenses paid, including investment components		-	-	(10,425,936)	(10,425,936)	-	-	(9,634,614)	(9,634,614)
Insurance acquisition cash flows paid		(3,459,452)	-	-	(3,459,452)	(2,876,846)	-	-	(2,876,846)
Other amounts received		-	-	4,389,877	4,389,877	-	-	3,673,862	3,673,862
Total cash flows		16,655,726	-	(6,036,059)	10,619,667	13,315,115	-	(5,960,752)	7,354,363
Adjusted for:									
Non-cash operating expenses		(100,411)	-	(29,823)	(130,234)	(87,337)	-	(24,601)	(111,938)
Other non-cash items		(175,403)	-	-	(175,403)	(153,357)	-	-	(153,357)
Total non-cash items		(275,814)	-	(29,823)	(305,637)	(240,694)	-	(24,601)	(265,295)
Net closing balance		107,844,754	99,733	1,186,794	109,131,281	91,039,471	76,091	1,123,151	92,238,713
Closing assets		(321,519)	11,953	243,708	(65,858)	-	-	-	-
Closing liabilities		108,166,273	87,780	943,086	109,197,139	91,039,471	76,091	1,123,151	92,238,713
Net closing balance		107,844,754	99,733	1,186,794	109,131,281	91,039,471	76,091	1,123,151	92,238,713

Insurance contract assets of US\$(38)m (2024: nil) and insurance contract liabilities of US\$4,384m (2024: US\$4,958m) are expected to be (settled)/recovered within 12 months after the reporting date.

20. 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						CSM			
US\$'000	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		-	-	-	-	-	-	-	-
Opening liabilities		68,380,374	1,110,093	22,748,246	92,238,713	108,798	15,128,042	7,511,406	22,748,246
Net opening balance		68,380,374	1,110,093	22,748,246	92,238,713	108,798	15,128,042	7,511,406	22,748,246
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	5	-	-	(2,034,240)	(2,034,240)	(25,526)	(1,130,715)	(877,999)	(2,034,240)
Change in risk adjustment for non-financial risk		-	(18,081)	-	(18,081)	-	-	-	-
Experience adjustments		(135,342)	-	-	(135,342)	-	-	-	-
Others		(151,359)	-	-	(151,359)	-	-	-	-
Changes that relate to future services									
Contracts initially recognised in the year		(3,735,297)	90,633	3,658,258	13,594	-	-	3,658,258	3,658,258
Changes in estimates that adjust the CSM		(1,271,349)	52,700	1,218,649	-	(3,177)	889,463	332,363	1,218,649
Changes in estimates that result in losses and reversal of losses on onerous contracts		26,329	(437)	-	25,892	-	-	-	-
Changes that relate to past services		(89,641)	(20,446)	-	(110,087)	-	-	-	-
Total insurance service result		(5,356,659)	104,369	2,842,667	(2,409,623)	(28,703)	(241,252)	3,112,622	2,842,667
Net finance expenses from insurance contracts	6	8,580,077	-	195,022	8,775,099	3,543	90,142	101,337	195,022
Effect of movements in exchange rates		172,103	2,621	38,338	213,062	(4,391)	18,898	23,831	38,338
Total changes in the consolidated income statement and consolidated statement of comprehensive income		3,395,521	106,990	3,076,027	6,578,538	(29,551)	(132,212)	3,237,790	3,076,027
Cash flows		10,619,667	-	-	10,619,667	-	-	-	-
Non-cash operating expenses		(130,234)	-	-	(130,234)	-	-	-	-
Other non-cash items		(175,403)	-	-	(175,403)	-	-	-	-
Net closing balance		82,089,925	1,217,083	25,824,273	109,131,281	79,247	14,995,830	10,749,196	25,824,273
Closing assets		(6,695,157)	344,237	6,285,062	(65,858)	-	4,524,835	1,760,227	6,285,062
Closing liabilities		88,785,082	872,846	19,539,211	109,197,139	79,247	10,470,995	8,988,969	19,539,211
Net closing balance		82,089,925	1,217,083	25,824,273	109,131,281	79,247	14,995,830	10,749,196	25,824,273



20. 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			
						CSM			
US\$'000	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		(5,578,388)	290,154	5,101,555	(186,679)	-	3,937,062	1,164,493	5,101,555
Opening liabilities		71,118,543	867,181	16,308,016	88,293,740	146,063	11,907,248	4,254,705	16,308,016
Net opening balance		65,540,155	1,157,335	21,409,571	88,107,061	146,063	15,844,310	5,419,198	21,409,571
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	5	-	-	(1,793,758)	(1,793,758)	(31,674)	(1,152,534)	(609,550)	(1,793,758)
Change in risk adjustment for non-financial risk		-	(9,200)	-	(9,200)	-	-	-	-
Experience adjustments		(24,993)	-	-	(24,993)	-	-	-	-
Others		(109,399)	-	-	(109,399)	-	-	-	-
Changes that relate to future services									
Contracts initially recognised in the year		(3,244,861)	79,541	3,178,129	12,809	-	-	3,178,129	3,178,129
Changes in estimates that adjust the CSM		96,119	(58,851)	(37,268)	-	(1,803)	420,545	(456,010)	(37,268)
Changes in estimates that result in losses and reversal of losses on onerous contracts		10,468	14,177	-	24,645	-	-	-	-
Changes that relate to past services		(57,020)	(23,194)	-	(80,214)	-	-	-	-
Total insurance service result		(3,329,686)	2,473	1,347,103	(1,980,110)	(33,477)	(731,989)	2,112,569	1,347,103
Net finance expenses from insurance contracts	6	406,076	-	280,496	686,572	3,576	165,050	111,870	280,496
Effect of movements in exchange rates		(1,325,239)	(49,715)	(288,924)	(1,663,878)	(7,364)	(149,329)	(132,231)	(288,924)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(4,248,849)	(47,242)	1,338,675	(2,957,416)	(37,265)	(716,268)	2,092,208	1,338,675
Cash flows		7,354,363	-	-	7,354,363	-	-	-	-
Non-cash operating expenses		(111,938)	-	-	(111,938)	-	-	-	-
Other non-cash items		(153,357)	-	-	(153,357)	-	-	-	-
Net closing balance		68,380,374	1,110,093	22,748,246	92,238,713	108,798	15,128,042	7,511,406	22,748,246
Closing assets		-	-	-	-	-	-	-	-
Closing liabilities		68,380,374	1,110,093	22,748,246	92,238,713	108,798	15,128,042	7,511,406	22,748,246
Net closing balance		68,380,374	1,110,093	22,748,246	92,238,713	108,798	15,128,042	7,511,406	22,748,246

20. 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

US\$'000	Note	Year ended 31 December 2025				Year ended 31 December 2024			
		Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
		Excluding loss-recovery component	Loss recovery component			Excluding loss-recovery component	Loss recovery component		
Opening assets		(119,934)	-	283,907	163,973	126,021	-	244,320	370,341
Opening liabilities		(539,952)	10,926	166,419	(362,607)	(676,450)	9,051	180,310	(487,089)
Net opening balance		(659,886)	10,926	450,326	(198,634)	(550,429)	9,051	424,630	(116,748)
Changes in the consolidated income statement and consolidated statement of comprehensive income									
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(612,374)	1,056	395,656	(215,662)	(587,375)	2,867	513,057	(71,451)
Net (expenses)/income from reinsurance contracts held		(612,374)	1,056	395,656	(215,662)	(587,375)	2,867	513,057	(71,451)
Investment components		(98,229)	-	98,229	-	(67,044)	-	67,044	-
Net finance (expenses)/income from reinsurance contracts held	6	(136,286)	428	(6)	(135,864)	(89,914)	295	-	(89,619)
Effect of movements in exchange rates		(6,639)	245	3,720	(2,674)	40,184	(1,287)	(19,602)	19,295
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(853,528)	1,729	497,599	(354,200)	(704,149)	1,875	560,499	(141,775)
Cash flows									
Premiums paid		752,419	-	-	752,419	594,692	-	-	594,692
Amounts received		-	-	(589,294)	(589,294)	-	-	(537,710)	(537,710)
Other amounts paid		-	-	2,582	2,582	-	-	2,673	2,673
Total cash flows		752,419	-	(586,712)	165,707	594,692	-	(535,037)	59,655
Adjusted for:									
Non-cash operating expenses		-	-	229	229	-	-	234	234
Total non-cash items		-	-	229	229	-	-	234	234
Contracts derecognised on disposal of held for sale assets and liabilities		-	-	-	-	-	-	-	-
Net closing balance		(760,995)	12,655	361,442	(386,898)	(659,886)	10,926	450,326	(198,634)
Closing assets		(144,444)	-	175,779	31,335	(119,934)	-	283,907	163,973
Closing liabilities		(616,551)	12,655	185,663	(418,233)	(539,952)	10,926	166,419	(362,607)
Net closing balance		(760,995)	12,655	361,442	(386,898)	(659,886)	10,926	450,326	(198,634)

Reinsurance contract assets of US\$22m (2024: US\$23m) and reinsurance contract liabilities of US\$64m (2024: US\$104m) are expected to be recovered within 12 months after the reporting date.

20. 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						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		(252,055)	4,574	411,454	163,973	411,454	-	411,454
Opening liabilities		(1,156,263)	89,938	703,718	(362,607)	397,105	306,613	703,718
Net opening balance		(1,408,318)	94,512	1,115,172	(198,634)	808,559	306,613	1,115,172
Net (expenses)/income from reinsurance contracts held								
Changes that relate to current services								
CSM recognised for services received		-	-	(82,136)	(82,136)	(49,739)	(32,397)	(82,136)
Change in risk adjustment for non-financial risk		-	2,911	-	2,911	-	-	-
Experience adjustments		(152,488)	-	-	(152,488)	-	-	-
Changes that relate to future services								
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	3,818	3,818	-	3,818	3,818
Contracts initially recognised in the year		(12,714)	6,393	6,321	-	-	6,321	6,321
Changes in estimates that adjust the CSM		148,557	(9,112)	(139,445)	-	(139,660)	215	(139,445)
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		(776)	47	-	(729)	-	-	-
Changes that relate to past services		18,987	(6,025)	-	12,962	-	-	-
Total net (expenses)/income from reinsurance contracts held		1,566	(5,786)	(211,442)	(215,662)	(189,399)	(22,043)	(211,442)
Net finance (expenses)/income from reinsurance contracts held	6	(161,756)	-	25,892	(135,864)	15,501	10,391	25,892
Effect of movements in exchange rates		(15,292)	2,066	10,552	(2,674)	3,478	7,074	10,552
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(175,482)	(3,720)	(174,998)	(354,200)	(170,420)	(4,578)	(174,998)
Cash flows		165,707	-	-	165,707	-	-	-
Non-cash operating expenses		229	-	-	229	-	-	-
Net closing balance		(1,417,864)	90,792	940,174	(386,898)	638,139	302,035	940,174
Closing assets		(211,261)	4,758	237,838	31,335	220,526	17,312	237,838
Closing liabilities		(1,206,603)	86,034	702,336	(418,233)	417,613	284,723	702,336
Net closing balance		(1,417,864)	90,792	940,174	(386,898)	638,139	302,035	940,174



20. 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)

US\$'000	Note	Year ended 31 December 2024				CSM		
		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		(162,890)	3,505	529,726	370,341	529,726	-	529,726
Opening liabilities		(779,430)	93,549	198,792	(487,089)	205,668	(6,876)	198,792
Net opening balance		(942,320)	97,054	728,518	(116,748)	735,394	(6,876)	728,518
Net (expenses)/income from reinsurance contracts held								
Changes that relate to current services								
CSM recognised for services received		-	-	(64,790)	(64,790)	(57,460)	(7,330)	(64,790)
Change in risk adjustment for non-financial risk		-	3,521	-	3,521	-	-	-
Experience adjustments		(59,950)	-	-	(59,950)	-	-	-
Changes that relate to future services								
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	3,133	3,133	-	3,133	3,133
Contracts initially recognised in the year		(274,197)	5,483	268,714	-	-	268,714	268,714
Changes in estimates that adjust the CSM		(193,602)	4,640	188,962	-	133,648	55,314	188,962
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		15	22	-	37	-	-	-
Changes that relate to past services		51,206	(4,608)	-	46,598	-	-	-
Total net (expenses)/income from reinsurance contracts held		(476,528)	9,058	396,019	(71,451)	76,188	319,831	396,019
Net finance (expenses)/income from reinsurance contracts held	6	(106,292)	-	16,673	(89,619)	13,981	2,692	16,673
Effect of movements in exchange rates		56,933	(11,600)	(26,038)	19,295	(17,004)	(9,034)	(26,038)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(525,887)	(2,542)	386,654	(141,775)	73,165	313,489	386,654
Cash flows		59,655	-	-	59,655	-	-	-
Non-cash operating expenses		234	-	-	234	-	-	-
Net closing balance		(1,408,318)	94,512	1,115,172	(198,634)	808,559	306,613	1,115,172
Closing assets		(252,055)	4,574	411,454	163,973	411,454	-	411,454
Closing liabilities		(1,156,263)	89,938	703,718	(362,607)	397,105	306,613	703,718
Net closing balance		(1,408,318)	94,512	1,115,172	(198,634)	808,559	306,613	1,115,172

20. 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				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US\$'000	Notes	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		-	-	-	-	
Opening liabilities		74,111	-	99,286	4,455	177,852
Net opening balance		74,111	-	99,286	4,455	177,852
Insurance revenue	5	(784,593)	-	-	-	(784,593)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	666,282	5,157	671,439
Amortisation of insurance acquisition cash flows		49,912	-	-	-	49,912
Adjustments to liabilities for incurred claims		-	-	9,578	(4,235)	5,343
Total insurance service expenses		49,912	-	675,860	922	726,694
Investment components		(571)	-	571	-	-
Insurance service result		(735,252)	-	676,431	922	(57,899)
Net finance expenses from insurance contracts	6	-	-	(173)	-	(173)
Effect of movements in exchange rates		10,553	-	(11,680)	(10)	(1,137)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(724,699)	-	664,578	912	(59,209)
Cash flows						
Premiums received		758,349	-	-	-	758,349
Claims and other insurance service expenses paid, including investment components		-	-	(648,008)	-	(648,008)
Insurance acquisition cash flows paid		(41,235)	-	-	-	(41,235)
Total cash flows		717,114	-	(648,008)	-	69,106
Adjusted for:						
Non-cash operating expenses		(999)	-	(1,098)	-	(2,097)
Total non-cash items		(999)	-	(1,098)	-	(2,097)
Net closing balance		65,527	-	114,758	5,367	185,652
Closing assets		1,137	-	640	22	1,799
Closing liabilities		64,390	-	114,118	5,345	183,853
Net closing balance		65,527	-	114,758	5,367	185,652

20. 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

US\$'000	Notes	Year ended 31 December 2024				Total
		Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	
Opening assets		698	-	687	18	1,403
Opening liabilities		66,118	-	99,191	3,660	168,969
Net opening balance		66,816	-	99,878	3,678	170,372
Insurance revenue	5	(640,904)	-	-	-	(640,904)
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	557,251	4,359	561,610
Amortisation of insurance acquisition cash flows		50,049	-	-	-	50,049
Adjustments to liabilities for incurred claims		-	-	(4,717)	(3,559)	(8,276)
Total insurance service expenses		50,049	-	552,534	800	603,383
Investment components		(11,052)	-	11,052	-	-
Insurance service result		(601,907)	-	563,586	800	(37,521)
Net finance expenses from insurance contracts	6	319	-	569	-	888
Effect of movements in exchange rates		(1,385)	-	(649)	(23)	(2,057)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(602,973)	-	563,506	777	(38,690)
Cash flows						
Premiums received		649,284	-	-	-	649,284
Claims and other insurance service expenses paid, including investment components		-	-	(563,149)	-	(563,149)
Insurance acquisition cash flows paid		(37,796)	-	-	-	(37,796)
Total cash flows		611,488	-	(563,149)	-	48,339
Adjusted for:						
Non-cash operating expenses		(1,220)	-	(949)	-	(2,169)
Total non-cash items		(1,220)	-	(949)	-	(2,169)
Net closing balance		74,111	-	99,286	4,455	177,852
Closing assets		-	-	-	-	-
Closing liabilities		74,111	-	99,286	4,455	177,852
Net closing balance		74,111	-	99,286	4,455	177,852

20. 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	Note	Year ended 31 December 2025				Total
		Asset for remaining coverage		Asset for incurred claims		
		Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	
Opening assets		968	-	6,633	66	7,667
Opening liabilities		(94,839)	-	78,802	1,212	(14,825)
Net opening balance		(93,871)	-	85,435	1,278	(7,158)
Changes in the consolidated income statement and consolidated statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(267,677)	-	256,286	265	(11,126)
Net (expenses)/income from reinsurance contracts held		(267,677)	-	256,286	265	(11,126)
Net finance income from reinsurance contracts held	6	-	-	46	-	46
Effect of movements in exchange rates		(34)	-	(107)	-	(141)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(267,711)	-	256,225	265	(11,221)
Cash flows						
Premiums paid		279,508	-	-	-	279,508
Amounts received		-	-	(260,927)	-	(260,927)
Other amounts paid		-	-	1,292	-	1,292
Total cash flows		279,508	-	(259,635)	-	19,873
Adjusted for:						
Non-cash operating expenses		-	-	121	-	121
Total non-cash items		-	-	121	-	121
Net closing balance		(82,074)	-	82,146	1,543	1,615
Closing assets		3,512	-	4,547	54	8,113
Closing liabilities		(85,586)	-	77,599	1,489	(6,498)
Net closing balance		(82,074)	-	82,146	1,543	1,615

20. 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)

		Year ended 31 December 2024				
		Asset for remaining coverage		Asset for incurred claims		
US\$'000	Note	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	Total
Opening assets		(235)	-	10,866	117	10,748
Opening liabilities		(64,302)	-	62,562	1,023	(717)
Net opening balance		(64,537)	-	73,428	1,140	10,031
Changes in the consolidated income statement and consolidated statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(233,513)	-	226,223	141	(7,149)
Net (expenses)/income from reinsurance contracts held		(233,513)	-	226,223	141	(7,149)
Net finance (expenses)/income from reinsurance contracts held	6	(368)	-	298	-	(70)
Effect of movements in exchange rates		79	-	(411)	(3)	(335)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(233,802)	-	226,110	138	(7,554)
Cash flows						
Premiums paid		204,468	-	-	-	204,468
Amounts received		-	-	(215,675)	-	(215,675)
Other amounts paid		-	-	1,452	-	1,452
Total cash flows		204,468	-	(214,223)	-	(9,755)
Adjusted for:						
Non-cash operating expenses		-	-	120	-	120
Total non-cash items		-	-	120	-	120
Net closing balance		(93,871)	-	85,435	1,278	(7,158)
Closing assets		968	-	6,633	66	7,667
Closing liabilities		(94,839)	-	78,802	1,212	(14,825)
Net closing balance		(93,871)	-	85,435	1,278	(7,158)



20. 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	Total
Year ended 31 December 2025			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	3,643,470	46,572	3,690,042
Claims payable and other expenses	13,550,562	317,044	13,867,606
Total estimates of present value of future cash outflows	17,194,032	363,616	17,557,648
Estimates of present value of future cash inflows	(20,940,073)	(352,872)	(21,292,945)
Risk adjustment for non-financial risk	87,783	2,850	90,633
Contractual service margin	3,658,258	-	3,658,258
Losses recognised on initial recognition	-	13,594	13,594

Year ended 31 December 2024

Estimates of present value of future cash outflows			
Insurance acquisition cash flows	2,663,064	33,167	2,696,231
Claims payable and other expenses	10,826,052	209,114	11,035,166
Total estimates of present value of future cash outflows	13,489,116	242,281	13,731,397
Estimates of present value of future cash inflows	(16,744,742)	(231,516)	(16,976,258)
Risk adjustment for non-financial risk	77,497	2,044	79,541
Contractual service margin	3,178,129	-	3,178,129
Losses recognised on initial recognition	-	12,809	12,809



20. Insurance contracts and reinsurance contracts held (continued)

Effect of contracts initially recognised in the year (continued)

Reinsurance contracts held

US\$'000	Year ended 31 December 2025			Year ended 31 December 2024		
	Contracts originated	Contracts acquired	Total	Contracts originated	Contracts acquired	Total
Estimates of present value of future cash inflows	301,123	-	301,123	443,130	-	443,130
Estimates of present value of future cash outflows	(313,837)	-	(313,837)	(717,327)	-	(717,327)
Risk adjustment for non-financial risk	6,393	-	6,393	5,483	-	5,483
Income recognised on initial recognition	(3,818)	-	(3,818)	(3,133)	-	(3,133)
Contractual service margin	(10,139)	-	(10,139)	(271,847)	-	(271,847)

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	-	50,124
Opening balance presented in insurance contract liabilities	53,360	5,640
Total opening balance	53,360	55,764
Assets recognised for insurance acquisition cash flows paid during the year	4,164	3,572
Allocation to groups of insurance contracts	(4,089)	(5,609)
Amounts derecognised on disposal of held for sale assets and liabilities	-	-
Effect of movements in exchange rates	224	(367)
Total closing balance	53,659	53,360
Closing balance presented in insurance contract assets	48,304	-
Closing balance presented in insurance contract liabilities	5,355	53,360
Total closing balance	53,659	53,360



20. Insurance contracts and reinsurance contracts held (continued)

Analysis of assets for insurance acquisition cash flows (continued)

The following table illustrates when the Group 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	53,659	16,639	11,459	25,561
31 December 2024				
Assets for insurance acquisition cash flows	53,360	16,416	11,379	25,565

Analysis of contractual service margin

The following table illustrates when the Group 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	25,824,273	8,682,772	5,583,931	11,557,570
Reinsurance contracts held	940,174	228,134	183,353	528,687
31 December 2024				
Insurance contracts	22,748,246	7,409,657	4,869,205	10,469,384
Reinsurance contracts held	1,115,172	263,692	208,890	642,590



20. Insurance contracts and reinsurance contracts held (continued)

Fulfilment cash flows

Estimates of future cash flows

The Group'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 Group 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 Group'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 Group 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 Group 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 Group.

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.



20. 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.

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 and other participating business with distinct portfolios 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 Group 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.



20. 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)

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%
KRW	2.53%	2.97%	3.23%	3.66%	3.38%	3.81%	3.41%	3.85%	3.31%	3.75%

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%
KRW	2.68%	3.15%	2.75%	3.21%	2.85%	3.31%	2.90%	3.37%	2.85%	3.31%

For the insurance contracts with cash flows that vary based on the returns on any financial underlying items, the Group 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 Group 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 Group 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 Group 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.



20. Insurance contracts and reinsurance contracts held (continued)

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 Group's contracts with direct participation features at the reporting date.

US\$'000	As at 31 December 2025	As at 31 December 2024
Cash and cash equivalents	1,136,970	1,333,888
Financial investments and policy loans	87,252,068	77,170,825
Property held for own use and investment property	508,535	523,813
Investment in subsidiaries and associates	1,558,399	1,618,994
Other assets	2,085,883	769,215
Less: payables and other liabilities	(6,398,992)	(10,015,449)
Total	86,142,863	71,401,286

21. Investment contracts

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
At beginning of financial year	2,337,881	4,627,289
Investment contract benefits	457,124	309,346
Fees charged	(39,114)	(40,484)
Net withdrawals and other movements ⁽¹⁾	(246,899)	(2,572,494)
Effect of foreign exchange movements	3,469	14,224
At end of financial year⁽²⁾	2,512,461	2,337,881

Notes:

(1) Includes derecognition of assets and liabilities for Macau pension schemes for the year ended 31 December 2024.

(2) Of investment contract liabilities, US\$115m (2024: US\$138m) represents deferred fee income. Movement of deferred fee income of US\$23m (2024: US\$27m) represents revenue recognised as a result of performance obligations satisfied during the year.

22. Loans/Notes due to ultimate holding company and other borrowings

Loans/notes due to ultimate holding company and other borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, loans/notes due to ultimate holding company and other borrowings are stated at amortised cost, and any difference between net proceeds and redemption value is recognised in the consolidated income statement over the period of the loans or notes using the effective interest method.

The Group obtained loans from ultimate holding company of US\$439m, US\$323m and US\$67m, which are bearing annual interest rates of 3.20%, 3.49% and 3.20%, respectively. The loan of US\$439m is secured, while the remaining loans are unsecured. During the year, the US\$439m and US\$67m loans has been repaid the AIA Group, respectively. All loans due to ultimate holding company are repayable on respective repayment dates.

The Group has access to a US\$250m revolving credit facility expiring in 2028. The revolving credit facility bears floating rate interest. There were no outstanding borrowings under this credit facility as of 31 December 2025 and 31 December 2024.



23. Obligations under repurchase agreements

The Group 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\$547m (2024: US\$733m).

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 Group 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 agreements	410,297	113,985
Debt securities – FVTPL:		
Repurchase agreements	151,193	634,492
Total	561,490	748,477

Collateral under repurchase agreements

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

24. 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 consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net amount
US\$'000						
31 December 2025						
Financial assets:						
Derivative assets	110,721	-	110,721	(6,001)	(3,640)	101,080
Total	110,721	-	110,721	(6,001)	(3,640)	101,080

	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net amount
US\$'000						
31 December 2024						
Financial assets:						
Derivative assets	148,646	-	148,646	(2,595)	(7,080)	138,971
Total	148,646	-	148,646	(2,595)	(7,080)	138,971



24. 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 consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated 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	4,981,011	-	4,981,011	(6,103,084)	(8,079)	(1,130,152)
Repurchase agreements	546,534	-	546,534	(561,490)	-	(14,956)
Total	5,527,545	-	5,527,545	(6,664,574)	(8,079)	(1,145,108)

		Gross amount of recognised financial assets set off in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated 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	8,269,794	-	8,269,794	(9,614,609)	(39,064)	(1,383,879)
Repurchase agreements	732,515	-	732,515	(748,477)	-	(15,962)
Total	9,002,309	-	9,002,309	(10,363,086)	(39,064)	(1,399,841)

Note:

- (1) The amount of under-collateralised positions for derivative liabilities and repurchased agreements were US\$21m and nil respectively (2024: US\$16m and nil respectively). The amount of over-collateralised positions for derivative liabilities and repurchased agreements were US\$(1,151)m and US\$(15)m respectively (2024: US\$(1,400)m and US\$(16)m respectively).



25. Provisions

US\$'000	Employee benefits	Other	Total
At 1 January 2024	18,815	5,545	24,360
Charged to the consolidated income statement	2,652	787	3,439
Credited to other comprehensive income	11,817	-	11,817
Exchange differences	661	(65)	596
Released during the year	-	2	2
Utilised during the year	(1,561)	(2,729)	(4,290)
Other movements	(557)	-	(557)
At 31 December 2024	31,827	3,540	35,367
Charged to the consolidated income statement	5,424	2,093	7,517
Credited to other comprehensive income	603	-	603
Exchange differences	(250)	10	(240)
Utilised during the year	(4,101)	(1,117)	(5,218)
Other movements	45	-	45
At 31 December 2025	33,548	4,526	38,074

Other provisions

Other provisions comprise provisions in respect of regulatory matters, litigation, 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 Group is unable to provide an accurate assessment of the term over which provisions are expected to be utilised.

26. Other liabilities

US\$'000	As at 31 December 2025	As at 31 December 2024
Trade and other payables	1,135,226	825,331
Lease liabilities	160,658	137,092
Total	1,295,884	962,423

Trade and other payables are generally expected to be settled within 12 months after the end of the reporting period.



27. Share capital and reserves

Share capital

	As at 31 December 2025		As at 31 December 2024	
	Shares'000	US\$'000	Shares'000	US\$'000
Authorised				
Ordinary shares of US\$1.2 each	6,500	7,800	6,500	7,800
Issued and fully paid⁽¹⁾				
At beginning and end of the financial year	6,500	7,800	6,500	7,800
Share premium		945		945
Capital contribution				
At beginning of the financial year		3,053,568		2,982,408
Increase during the year		71,814		71,160
At end of the financial year		3,125,382		3,053,568

Note:

(1) Issued capital represent the nominal value of shares issued plus any share premium received from the issue of share capital.

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 and the change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.



28. Group capital structure

Capital Management Approach

The Group'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 Group's capital management function oversees all capital-related activities of the Group 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 Group's capacity to pay dividends to its shareholders.

Group Regulatory Solvency

The Group is in compliance with the solvency and capital adequacy requirements applied by its regulators. The Group's primary insurance regulators at the Company level are the Bermuda Monetary Authority (BMA), and the Hong Kong Insurance Authority (HKIA), which requires that the Company to meet the solvency requirements under the Hong Kong Risk-based Capital (HKRBC) regime. During the year ended 31 December 2025 and 31 December 2024, the Company was in compliance with these solvency requirements.

The HKRBC capital position 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	25,528	13,222	193%	23,671	11,163	212%

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 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 Group's individual branches and subsidiaries are also subject to the supervision of government regulators in the jurisdictions in which those branches and subsidiaries and their parent entity operate and, in relation to subsidiaries, in which they are incorporated. The various regulators overseeing the Group actively monitor our local solvency positions.

Dividends, Remittances and Other Payments from Individual Branches and Subsidiaries

The ability of the Group to pay dividends to shareholders and to meet other obligations depends ultimately on dividends, remittances 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 Group have the discretion to impose additional restrictions on the ability of those regulated branches and subsidiaries to make payment of dividends, remittances and other payments to the Company, including increasing the required margin of solvency that an operating unit must maintain. For example, capital may not be remitted without the consent from regulators for certain individual branches or subsidiaries of the Group.



29. Risk management

Risk management framework

The Group 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 Group. 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 Group 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 Group 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 Group's insured populations are geographically dispersed, thereby diversifying the exposure to pandemic and catastrophe risk. In addition, the Group 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 AIA as a life and health insurer is expected to be relatively smaller than a general insurer, the Group 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 Group'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 Group 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 Group'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 Group 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 Group's Operating Philosophy. Through effective implementation of the Business Quality Framework, comprehensive sales training programmes and active monitoring of sales activities and persistency, the Group seeks to ensure that appropriate products are sold by qualified sales representatives and that standards of service consistently meet our customers' needs.



29. 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	(35,010)	2,363
10% decrease in attributable expenses	37,133	(170)
10% increase in mortality/morbidity rates	(154,536)	628,870
10% decrease in mortality/morbidity rates	108,021	(695,831)
10% increase in lapse/discontinuance rates	(38,780)	278,467
10% decrease in lapse/discontinuance rates	40,176	(325,880)
31 December 2024		
10% increase in attributable expenses	(33,534)	451
10% decrease in attributable expenses	33,474	(509)
10% increase in mortality/morbidity rates	(161,631)	561,179
10% decrease in mortality/morbidity rates	89,887	(647,271)
10% increase in lapse/discontinuance rates	(25,060)	259,760
10% decrease in lapse/discontinuance rates	24,976	(305,074)

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	(34,932)	2,442
10% decrease in attributable expenses	37,014	(292)
10% increase in mortality/morbidity rates	(146,240)	632,970
10% decrease in mortality/morbidity rates	101,461	(698,699)
10% increase in lapse/discontinuance rates	(37,876)	278,228
10% decrease in lapse/discontinuance rates	39,054	(325,775)
31 December 2024		
10% increase in attributable expenses	(33,476)	508
10% decrease in attributable expenses	33,390	(592)
10% increase in mortality/morbidity rates	(150,675)	571,035
10% decrease in mortality/morbidity rates	83,273	(652,776)
10% increase in lapse/discontinuance rates	(24,698)	259,722
10% decrease in lapse/discontinuance rates	24,418	(305,192)

Note:

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



29. Risk management (continued)

Investment and financial risks

Investment management objectives, policies and processes

The Group 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 Group and directly affects the profit before tax.

Policyholder and shareholder investments are further categorised as participating funds, other participating business with distinct portfolios 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 Group 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 Group 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 Group'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 Group 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 Group 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 Group 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 Group is overseen by the AIA Group Asset-Liability Committee and by asset-liability committees in each business unit. The Group 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 Group 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 Group 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 Group when they fall due. Although the primary source of credit risk is the Group's investment portfolio, such risk can also arise through reinsurance, hedging and treasury activities.

The Group's credit risk management oversight process is governed centrally, but provides for decentralised management and accountability by our lines of defence. Fundamental to AIA'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 Group's Risk Management function manages the Group'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.



29. 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 Group'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 Group'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 Group'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 Group monitors concentrations of credit arising from investment in debt securities by type, nature and rating as shown in note 14. Reinsurance is ceded across all geographical regions in which the Group operates. The Group 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	39,191	171,275
Below investment grade	288	405
Not rated	(31)	(40)
Total	39,448	171,640



29. 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
Debt securities								
AAA	-	-	-	-	18,470	-	-	18,470
AA	554,268	-	-	554,268	494,992	-	-	494,992
A	1,503,167	-	-	1,503,167	1,246,297	-	-	1,246,297
BBB	687,296	-	-	687,296	612,861	-	-	612,861
Below investment grade	-	-	-	-	6,100	-	-	6,100
Total gross carrying amount	2,744,731	-	-	2,744,731	2,378,720	-	-	2,378,720
Loss allowance	(4,534)	-	-	(4,534)	(4,300)	-	-	(4,300)
Amortised cost	2,740,197	-	-	2,740,197	2,374,420	-	-	2,374,420
Loans and deposits								
AAA	7,311	-	-	7,311	13,819	-	-	13,819
AA	-	-	-	-	5,838	-	-	5,838
A	355,170	-	-	355,170	379,103	-	-	379,103
BBB	28,104	-	-	28,104	24,500	-	-	24,500
Below investment grade	1,062,993	-	-	1,062,993	911,553	7	-	911,560
Not rated	51,605	30	2,446	54,081	67,174	11	1,550	68,735
Total gross carrying amount	1,505,183	30	2,446	1,507,659	1,401,987	18	1,550	1,403,555
Loss allowance	(4,817)	-	(2,306)	(7,123)	(5,284)	-	(753)	(6,037)
Amortised cost	1,500,366	30	140	1,500,536	1,396,703	18	797	1,397,518

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	126,668	-	-	126,668	780,692	-	-	780,692
AA	8,688,548	-	-	8,688,548	9,250,857	-	-	9,250,857
A	7,564,480	-	-	7,564,480	8,220,666	-	-	8,220,666
BBB	8,081,600	-	-	8,081,600	6,902,587	-	-	6,902,587
Below investment grade	1,143,447	38,589	-	1,182,036	1,095,053	85,605	153,229	1,333,887
Total gross carrying amount	25,604,743	38,589	-	25,643,332	26,249,855	85,605	153,229	26,488,689
Loss allowance	(39,318)	(1,088)	-	(40,406)	(49,027)	(4,044)	(142,105)	(195,176)
Amortised cost	25,565,425	37,501	-	25,602,926	26,200,828	81,561	11,124	26,293,513
Carrying amount – fair value	24,350,475	36,856	-	24,387,331	24,887,786	79,463	11,150	24,978,399

Note:

- (1) The Group'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.



29. 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 rates 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 Group's insurance liabilities.

The Group 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, AIA 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	348,172	1,150,986	1,378	1,500,536
Receivables	1,243	-	203,164	204,407
Debt securities	6,583,269	54,919,590	-	61,502,859
Equity shares and interests in investment funds	-	-	60,107,075	60,107,075
Accrued investment income	-	-	819,263	819,263
Cash and cash equivalents	1,585,217	-	1,849,329	3,434,546
Derivative financial instruments	-	-	110,721	110,721
Total financial assets	8,517,901	56,070,576	63,090,930	127,679,407
Financial liabilities				
Investment contract liabilities	-	-	2,397,180	2,397,180
Loans due to ultimate holding company	-	323,000	-	323,000
Obligations under repurchase agreements	546,534	-	-	546,534
Other liabilities	5,638	129,413	1,160,833	1,295,884
Derivative financial instruments	-	-	4,981,011	4,981,011
Total financial liabilities	552,172	452,413	8,539,024	9,543,609

Insurance contracts and reinsurance contracts held

Assets	103,507
Liabilities	109,805,723



29. 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	382,703	1,013,816	999	1,397,518
Receivables	1,199	-	217,199	218,398
Debt securities	5,922,762	57,279,650	-	63,202,412
Equity shares and interests in investment funds	-	-	46,240,546	46,240,546
Accrued investment income	-	-	807,006	807,006
Cash and cash equivalents	960,480	-	1,903,567	2,864,047
Derivative financial instruments	-	-	148,646	148,646
Total financial assets	7,267,144	58,293,466	49,317,963	114,878,573
Financial liabilities				
Investment contract liabilities	-	-	2,199,650	2,199,650
Loans due to ultimate holding company	-	829,000	-	829,000
Obligations under repurchase agreements	-	732,515	-	732,515
Other liabilities	2,150	134,584	825,689	962,423
Derivative financial instruments	-	-	8,269,794	8,269,794
Total financial liabilities	2,150	1,696,099	11,295,133	12,993,382

Insurance contracts and reinsurance contracts held

Assets	171,640
Liabilities	92,793,997

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 Group'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 Group's share of the performance of the underlying items. The Group 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.



29. 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 Group 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 Group 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 Group'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.

US\$'000	Impact on profit before tax	Impact on total equity (before the effects of taxation)
31 December 2025		
+ 50 basis points shift in yield curves:		
Insurance contracts and reinsurance contracts held	3,829,914	3,938,678
Financial instruments	(3,858,100)	(4,871,026)
	(28,186)	(932,348)
- 50 basis points shift in yield curves:		
Insurance contracts and reinsurance contracts held	(4,313,934)	(4,467,284)
Financial instruments	4,342,675	5,449,285
	28,741	982,001
31 December 2024		
+ 50 basis points shift in yield curves:		
Insurance contracts and reinsurance contracts held	3,914,016	4,145,512
Financial instruments	(3,928,869)	(5,007,523)
	(14,853)	(862,011)
- 50 basis points shift in yield curves:		
Insurance contracts and reinsurance contracts held	(4,418,022)	(4,733,615)
Financial instruments	4,432,218	5,618,696
	14,196	885,081

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.



29. Risk management (continued)

Investment and financial risks (continued)

Sensitivity analysis on equity risk⁽¹⁾

An analysis of the Group'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	(4,000,516)	(4,012,183)
Financial instruments	4,520,973	4,520,973
	520,457	508,790
<i>10 per cent decrease in equity prices:</i>		
Insurance contracts and reinsurance contracts held	4,000,199	4,009,332
Financial instruments	(4,520,973)	(4,520,973)
	(520,774)	(511,641)
31 December 2024		
<i>10 per cent increase in equity prices:</i>		
Insurance contracts and reinsurance contracts held	(3,013,357)	(3,020,957)
Financial instruments	3,435,137	3,435,137
	421,780	414,180
<i>10 per cent decrease in equity prices:</i>		
Insurance contracts and reinsurance contracts held	3,012,810	3,018,756
Financial instruments	(3,435,137)	(3,435,137)
	(422,327)	(416,381)

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.



29. Risk management (continued)

Investment and financial risks (continued)

Foreign exchange rate risk

The Group's foreign exchange rate risk arises mainly from the Group'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 Group'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	China Renminbi	South Korean Won
31 December 2025						
Insurance contracts and reinsurance contracts held						
Assets	157,136	-	-	-	-	263
Liabilities	(84,379,018)	(4,207,991)	-	(5,542)	(605,383)	(7,909,455)
Financial instruments						
Assets	103,270,361	261,093	-	1,045	291,768	8,340,031
Liabilities	(5,635,747)	(1,155,084)	(68)	(295)	-	-
Net positions of currency derivatives	(1,110,541)	-	-	-	-	482,278
31 December 2024						
Insurance contracts and reinsurance contracts held						
Assets	173,599	-	1,937	-	-	374
Liabilities	(69,819,417)	(3,688,798)	(1,937)	(3,044)	(340,848)	(8,005,810)
Financial instruments						
Assets	91,708,775	299,447	2	1,183	400,042	9,091,264
Liabilities	(12,045,821)	(920,027)	(62)	(171)	-	-
Net positions of currency derivatives	(890,116)	-	-	-	-	269,739

Note:

(1) The scope of this exposure to foreign exchange rates excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.



29. Risk management (continued)

Investment and financial risks (continued)

Sensitivity analysis on foreign exchange rate risk⁽¹⁾

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	China Renminbi	South Korean Won
31 December 2025						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(211,833)	13,153	-	(25)	(16,515)	-
Financial instruments	277,128	(18,984)	(3)	37	14,483	-
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	(10,503)	-	(25)	(16,582)	(395,460)
Financial instruments	-	(44,700)	(3)	37	14,588	441,115
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(211,833)	(12,527)	-	24	14,148	-
Financial instruments	277,128	18,079	-	(33)	(10,665)	-
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	10,002	-	24	15,792	376,628
Financial instruments	-	42,571	3	(36)	(13,894)	(420,110)

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.



29. Risk management (continued)

Investment and financial risks (continued)

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

US\$'000	United States Dollar	Hong Kong Dollar	Thai Baht	Singapore Dollar	China Renminbi	South Korean Won
31 December 2024						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(156,633)	11,847	-	(17)	(19,121)	-
Financial instruments	185,937	(31,032)	(3)	51	19,873	-
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	(14,593)	-	(17)	(19,234)	(400,272)
Financial instruments	-	(31,029)	(3)	51	20,002	468,050
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(156,633)	(11,283)	-	17	16,674	-
Financial instruments	185,937	29,559	-	(46)	(15,966)	-
Impact on total equity						
Insurance contracts and reinsurance contracts held	-	13,898	-	17	18,318	381,211
Financial instruments	-	29,551	3	(48)	(19,050)	(445,762)

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.



29. Risk management (continued)

Investment and financial risks (continued)

Liquidity risk

The Group 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 Group manages liquidity risk in accordance with AIA Group's Board approved liquidity framework. This framework contains the standards, procedures, and tools used by the Group 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 Group 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 Group'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 Group'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						
Loans due to ultimate holding company	328,636	328,636	-	-	-	-
Obligations under repurchase agreements	546,534	546,534	-	-	-	-
Other liabilities excluding lease liabilities	1,135,226	1,078,419	53,166	1,050	-	2,591
Lease liabilities	177,882	56,214	105,008	15,793	867	-
Derivative financial instruments	5,027,935	3,896,192	815,061	313,758	2,924	-
Subtotal	7,216,213	5,905,995	973,235	330,601	3,791	2,591
Investment contract liabilities	2,398,445	19,217	16,440	18,698	24,631	2,319,459
Total	9,614,658	5,925,212	989,675	349,299	28,422	2,322,050

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						
Loans due to ultimate holding company	849,421	520,785	328,636 ⁽²⁾	-	-	-
Obligations under repurchase agreements	732,515	732,515	-	-	-	-
Other liabilities excluding lease liabilities	825,331	793,338	27,765	1,682	-	2,546
Lease liabilities	149,077	59,668	81,271	8,138	-	-
Derivative financial instruments	8,316,486	3,932,264	4,123,250	165,158	95,814	-
Subtotal	10,872,830	6,038,570	4,560,922	174,978	95,814	2,546
Investment contract liabilities	2,198,237	30,332	20,965	14,286	29,600	2,103,054
Total	13,071,067	6,068,902	4,581,887	189,264	125,414	2,105,600

Notes:

- (1) Balances with no fixed maturity are repayable on demand as the counterparty has a choice of when the amount is paid.
(2) Including nil which fall due after 2 years through 5 years.



29. 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	88,963,590	(4,205,988)	(3,900,429)	(1,806,481)	162,305	2,291,582	96,422,601
Reinsurance contract liabilities	1,214,590	(56,142)	12,492	30,539	47,057	61,354	1,119,290

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	68,553,771	(4,784,400)	(4,533,108)	(3,181,479)	(1,011,354)	1,026,022	81,038,090
Reinsurance contract liabilities	1,172,300	(87,539)	25,399	22,994	44,864	49,975	1,116,607

Note:

(1) The amounts of payable on demand of insurance contracts are US\$115,730m as at 31 December 2025 (2024: US\$103,633m).



30. Employee benefits

Post-retirement benefit obligations

The Group 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 Group operates funded and 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, Indonesia, South Korea, Taiwan (China) and Vietnam. 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.

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 consolidated 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 consolidated statement of financial position.

The actuarial valuations indicate that the Group's obligations under these defined benefit retirement plans are 49 per cent (2024: 48 per cent) covered by the plan assets held by the trustees. The fair value of plan assets as at year end at the date of valuation was US\$26m (2024: US\$25m). The total expenses relating to these plans recognised in the consolidated income statement was US\$5m (2024: US\$3m).

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans. Once the contributions have been paid, the Group, as employer, does not have any further payment obligations. The Group's contributions are charged to the consolidated 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\$27m (2024: US\$23m). Employees and the employer are required to make monthly contributions equal to 1 per cent to 22 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.



31. 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 Group 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 Group under these schemes.

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 Group 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 Group. 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	5,685,674	4,502,348
Granted	2,804,078	2,952,552
Net transfer in/(out)	66,767	(78,780)
Forfeited	(1,458,681)	(1,202,241)
Vested	(714,827)	(488,205)
Outstanding at end of financial year	6,383,011	5,685,674



31. Share-based compensation (continued)

Share-based compensation plans (continued)

SO Schemes

The purpose of the SO Scheme is to align the participants' interests with those of the shareholders of AIAGL 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 Group. 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 Group'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	408,407	72.74	347,103	75.79
Granted	105,508	62.42	84,827	62.33
Transfer in/(out)	195,822	74.51	(23,523)	80.25
Forfeited or expired	(248,258)	75.00	-	-
Outstanding at end of financial year	461,479	69.91	408,407	72.74
Share options exercisable at end of financial year	216,338	73.79	210,265	72.86

There were no SOs exercised as of 31 December 2025 and 31 December 2024.

The range of exercise prices for the SOs outstanding as of 31 December 2025 and 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\$46 - HK\$55	27,546	1.18	27,546	2.18
HK\$56 - HK\$65	190,172	8.77	84,827	9.21
HK\$66 - HK\$75	76,463	3.68	109,850	4.85
HK\$76 - HK\$85	138,421	5.95	143,905	6.98
Over HK\$86	28,877	5.22	42,279	6.22
Outstanding at end of financial year	461,479	6.41	408,407	6.47



31. Share-based compensation (continued)

Share-based compensation plans (continued)

ESPP

Under the ESPPs, eligible employees of the Group 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 Group 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\$8m (2024: US\$8m) to purchase 848,673 ordinary shares (2024: 1,150,186 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 Group 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 Group 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 respectively. For the year ended 31 December 2025, eligible agents paid US\$13m (2024: US\$12m) to purchase 1,478,911 ordinary shares (2024: 1,578,499 ordinary shares) of AIAGL under the ASPPs.



31. Share-based compensation (continued)

Valuation methodology

The Group 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 Hong Kong Stock Exchange. 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 Group's employees.

The Group 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 Group'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 the 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.

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	3.41%	1.99% - 3.09%*	1.80% - 3.35%	3.07%
Volatility	29%	29%	n/a	n/a
Dividend yield	1.80%	n/a	1.80% - 2.10%	1.80%
Assumed dividend payments (HK\$)	n/a	0.46 - 1.46	n/a	n/a
Exercise price (HK\$)	62.42	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.63	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK\$)	19.92	54.93	72.69	55.23
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 payments (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	41.63	49.64	42.97

* Applicable to RSU with market conditions.

The weighted average share price for SO valuation for grants made during the year ended 31 December 2025 is HK\$62.25 (2024: HK\$57.40).



31. Share-based compensation (continued)

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation grants made by the Group for the year ended 31 December 2025 is US\$18m (2024: US\$15m).

32. Remuneration of Directors and key management personnel

Directors' remuneration

	Year ended 31 December 2025	Year ended 31 December 2024
US\$'000		
Directors' fee	70	60
Salaries, allowance and benefits in kind	-	-
Retirement scheme contribution	-	-
Share-based compensation	-	-
Total	70	60
The aggregate emoluments of the three highest paid Directors.	70	60

Key management personnel have been identified as the members of the Company's Board of Directors. Certain Directors of the Company are also the Directors of AIA Co. The corresponding Directors' remuneration attributable to the Company were paid by AIA Co. and recharged to the Company during the year.



33. Related party transactions

US\$'000	Year ended 31 December 2025	Year ended 31 December 2024
Transactions with related parties		
Reinsurance related parties (income)/expenses		
Premiums assumed	(7,274)	(6,207)
Premiums ceded to reinsurers paid	427,697	788,022
Claims recovered from reinsurers	(268,384)	(182,190)
Claims paid on inwards reinsurance	4,658	6,180
Commissions received	(85,315)	(26,104)
	71,382	579,701
Non-insurance related party income		
Income from services provided	(42,649)	(39,082)
Non-insurance related party expenses		
Dividend declared	2,950,000	1,900,000
Interest expense	14,106	28,933
Purchases of services	349,605	291,130
Corporate service fees	200,261	188,624
	3,513,972	2,408,687
Total	3,542,705	2,949,306
Payment/(receipt) on behalf of related party		
Amounts paid on behalf of related parties	17,667	9,078
Amounts received on behalf of related parties	(2,155)	(2,119)
Total	15,512	6,959
Amounts due from related parties		
Receivables within in/reinsurance contract assets/liabilities ⁽¹⁾	55,126	19,125
Other amounts receivable	12,717	31,604
Total	67,843	50,729
Amounts due to related parties		
Payables within in/reinsurance contract assets/liabilities ⁽¹⁾	(633,564)	(594,207)
Loans due to ultimate holding company	(323,000)	(829,000)
Other liabilities	(88,301)	(75,279)
Total	(1,044,865)	(1,498,486)

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.

Transactions with related parties are transactions with subsidiaries of AIAGL, the ultimate parent of the Group and are carried out on normal commercial terms and conditions.

Insurance-related and other amounts due from/to related parties are unsecured which are expected to be settled within one year.

Remuneration of Directors and key management personnel is disclosed in note 32.



34. Commitments and contingencies

Investment and capital commitments

US\$'000	As at 31 December 2025	As at 31 December 2024
Not later than one year	13,912,573	13,980,791
Later than one and not later than five years	529,575	142,691
Total	14,442,148	14,123,482

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

Contingencies

The Group 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 Group believes that these matters have been adequately provided for in these financial statements.

The Group 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 Group believes that these matters are adequately provided for in these financial statements.

The Group operates in many jurisdictions across Asia and in certain of those jurisdictions, the Group's interpretation of the relevant law or regulation may differ from that of the tax authorities, which can result in disputes arising. The Group has made provisions to cover the potential tax implications, based on management's judgement and best estimate in relation to the probability or likelihood of the potential outcomes, which is subject to periodic reassessment. Due to the uncertainty associated with these items, there remains a possibility that the final outcomes may differ on conclusion of the relevant tax matters at a future date.



35. Subsidiaries

The following is a list of the Group's direct and indirectly held principal subsidiaries which materially contribute to the net income of the Group or hold a material element of its assets and liabilities:

Name of entity	Place of incorporation and operation	Principal activity	Issued share capital	As at 31 December 2025		As at 31 December 2024	
				Group's interests %	NCI's interests %	Group's interests %	NCI's interests %
AIA (Vietnam) Life Insurance Company Limited	Vietnam	Insurance	Contributed capital of VND8,724,420,000,000	100%	-	100%	-
PT AIA Financial	Indonesia	Insurance	1,910,844,141 ordinary shares of Rp1,000 each	100%	-	100%	-
Bayshore Development Group Limited	British Virgin Islands	Investment holding company	100 ordinary shares of US\$1 each	100%	-	100%	-
AIA Life Insurance Co. Ltd	South Korea	Insurance	60,328,932 ordinary shares of KRW603,289,320,000 issued share capital	100%	-	100%	-

Note:

(1) All of the above subsidiaries are audited by PricewaterhouseCoopers.

36. Immediate and ultimate controlling party

At the reporting date, the Company was a wholly-owned subsidiary of AIA Co., whose ultimate holding 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 10 March 2026, the Board approved a final dividend of US\$850 million.