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AIA Group Limited

友邦保險控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Codes: 1299 (HKD Counter) and 81299 (RMB Counter)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

AIA DELIVERS RECORD RESULTS IN 2025

VONB UP 15 PER CENT; OPAT PER SHARE UP 12 PER CENT; UFSG PER SHARE UP 11 PER CENT TOTAL DIVIDEND PER SHARE UP 10 PER CENT; NEW SHARE BUY-BACK OF US\$1.7 BILLION

The Board of AIA Group Limited (the “Company”) is pleased to announce the Group’s financial results for the year ended 31 December 2025. Growth rates are shown on a constant exchange rate basis unless otherwise stated:

New business performance and embedded value

- Value of new business (VONB) increased by 15 per cent to US\$5,516 million
- Operating ROEV of 15.8 per cent, up 90 basis points
- EV Equity of US\$79.7 billion, up 14 per cent per share on an actual exchange rate basis

IFRS earnings

- Operating profit after tax (OPAT) of US\$7,136 million, up 12 per cent per share
- Confident in meeting or exceeding OPAT per share CAGR target of 9 to 11 per cent from 2023 to 2026⁽¹⁾
- Operating ROE of 15.5 per cent, up 70 basis points

Free surplus generation and capital

- Underlying free surplus generation (UFSG) of US\$6,765 million, up 11 per cent per share
- Net free surplus generation (net FSG) up 14 per cent per share to US\$4,451 million after new business investment
- Shareholder capital ratio of 221 per cent at 31 December 2025

Dividends and share buy-backs

- Final dividend increased by 10 per cent to 144.08 Hong Kong cents per share
- Total dividend of 193.08 Hong Kong cents per share, up 10 per cent
- New US\$1.7 billion share buy-back⁽²⁾

Lee Yuan Siong, AIA’s Group Chief Executive and President, said:

“AIA delivered record results in 2025 with double-digit growth across our key financial metrics for new business value, earnings and cash generation. Broad-based growth drove a VONB increase of 15 per cent, clearly demonstrating the strength and diversification of our business. EV Equity grew strongly by 14 per cent⁽³⁾ per share to US\$79.7 billion after shareholder dividends and share buy-backs. The consistent execution of our growth strategy continues to drive higher operating ROEV and ROE of 15.8 per cent and 15.5 per cent, respectively. The compounding of high-quality new business supported 12 per cent growth in OPAT per share and 11 per cent increase in UFSG per share. After new business investment, net FSG increased by 14 per cent per share to US\$4,451 million, reflecting the growth in UFSG and a proactive shift to less capital-intensive products.

“Following our prudent, sustainable and progressive dividend policy, the Board has recommended a 10 per cent increase in the final dividend to 144.08 Hong Kong cents per share, which brings the total dividend to 193.08 Hong Kong cents per share, an increase of 10 per cent from 2024. In accordance with our capital management policy, the Board has approved a new share buy-back⁽²⁾ of US\$1.7 billion. This comprises US\$0.7 billion to meet the payout ratio target of 75 per cent of annual net FSG and an additional US\$1.0 billion following a regular review of the Group’s capital position.

“Asia represents the most compelling growth opportunity for life and health insurance with powerful structural tailwinds driving sustainable demand for protection and long-term savings despite persistent geopolitical and macroeconomic uncertainty. AIA is uniquely positioned to capture the opportunities available to us given our broad and deep presence in the region and a relentless focus on our strategic priorities that will further enhance our competitive advantages.

“AIA’s strategy continues to evolve with customer needs, technological progress and market opportunities. It is designed to perform through market cycles, as evidenced by our excellent results in 2025. We have entered 2026 with strong business momentum and I have confidence in AIA’s ability to deliver sustained shareholder value over the long term.”

About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR⁽⁴⁾, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR⁽⁵⁾, and a 49 per cent joint venture in India. In addition, AIA has a 24.99 per cent shareholding in China Post Life Insurance Co., Ltd.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$345 billion as of 31 December 2025.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 44 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock codes “1299” for HKD counter and “81299” for RMB counter with American Depositary Receipts (Level 1) traded on the over-the-counter market under the ticker symbol “AAGIY”.

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Notes:

- (1) Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis and net of the impact from the top-up tax under the Global Minimum Tax regime.
- (2) The new share buy-back is targeted to commence as soon as practicable and is expected to complete within 2026.
- (3) On an actual exchange rate basis.
- (4) Hong Kong SAR refers to the Hong Kong Special Administrative Region.
- (5) Macau SAR refers to the Macau Special Administrative Region.

FINANCIAL SUMMARY

PERFORMANCE HIGHLIGHTS

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
New Business				
VONB	5,516	4,712	15%	17%
VONB margin	58.5%	54.5%	3.6 pps	4.0 pps
ANP	9,484	8,606	9%	10%
EV Operating Profit				
Basic EV operating profit per share (US cents)	103.21	90.62	13%	14%
EV operating profit	10,887	10,025	7%	9%
Operating ROEV	15.8%	14.9%	n/a	0.9 pps
IFRS Earnings				
Basic OPAT per share (US cents)	67.65	59.70	12%	13%
OPAT	7,136	6,605	7%	8%
Operating ROE	15.5%	14.8%	n/a	0.7 pps
TWPI	46,900	41,398	12%	13%
Free Surplus Generation				
Basic UFSG per share (US cents)	64.14	57.19	11%	12%
UFSG	6,765	6,327	6%	7%
Net FSG	4,451	4,020	9%	11%
Dividends				
Dividend per share (HK cents)				
– Final	144.08	130.98	n/a	10%
– Total	193.08	175.48	n/a	10%

US\$ millions, unless otherwise stated	As at 31 Dec 2025	As at 31 Dec 2024	YoY CER	YoY AER
Embedded Value				
EV Equity per share (US\$)	7.58	6.64	11%	14%
EV Equity	79,678	71,626	8%	11%
Embedded value	76,811	69,035	8%	11%
Free surplus	10,972	12,554	(14)%	(13)%
Equity and Capital				
Shareholder capital resources	41,066	40,439	n/a	2%
Shareholder capital ratio	221%	236%	n/a	(15) pps
Shareholders' allocated equity per share (US\$)	4.52	4.11	7%	10%
Shareholders' allocated equity	47,493	44,404	4%	7%

NEW BUSINESS PERFORMANCE BY SEGMENT

US\$ millions, unless otherwise stated	2025			2024			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY CER	YoY AER
Mainland China	1,240	57.6%	2,152	1,217	56.1%	2,168	2%	2%
Hong Kong	2,256	68.5%	3,283	1,764	65.5%	2,609	28%	28%
Thailand	993	110.9%	895	816	99.5%	821	13%	22%
Singapore	530	47.0%	1,128	454	50.5%	897	14%	17%
Malaysia	373	72.2%	515	349	67.3%	517	0%	7%
Other Markets	485	32.0%	1,511	467	29.2%	1,594	7%	4%
Subtotal	5,877	61.9%	9,484	5,067	58.2%	8,606	14%	16%
Consolidated capital requirements	(77)	n/m	n/m	(73)	n/m	n/m	1%	5%
Value of unallocated Group Office expenses	(160)	n/m	n/m	(205)	n/m	n/m	(22)%	(22)%
Group Corporate Centre tax ⁽⁸⁾	(83)	n/m	n/m	(38)	n/m	n/m	102%	118%
Total before non-controlling interests	5,557	58.5%	9,484	4,751	54.5%	8,606	15%	17%
Non-controlling interests	(41)	n/m	n/m	(39)	n/m	n/m	5%	5%
Total	5,516	58.5%	9,484	4,712	54.5%	8,606	15%	17%

Notes:

- (1) A presentation for analysts and investors, hosted by Lee Yuan Siong, Group Chief Executive and President, is scheduled at 9:00 a.m. Hong Kong time today via live webcast.

The presentation slides will be available from 6:00 a.m. Hong Kong time, and the video presentation along with accompanying transcript will be available later today on AIA's website:

<http://www.aia.com/en/investor-relations/results-presentations.html>
- (2) All figures are presented in actual reporting currency (US dollar) and based on actual exchange rates (AER) unless otherwise stated. Change on constant exchange rates (CER) is calculated using constant average exchange rates for 2025 and 2024, other than for balance sheet items that use CER as at 31 December 2025 and as at 31 December 2024.
- (3) Change is shown on a year-on-year basis unless otherwise stated.
- (4) VONB is calculated based on assumptions applicable at the point of sale.

VONB for the Group excludes VONB attributable to non-controlling interests.
- (5) VONB includes pension business. ANP and VONB margin exclude pension business and are reported before deduction of non-controlling interests.
- (6) Operating return on EV (operating ROEV) is calculated as EV operating profit, expressed as a percentage of the opening embedded value. Operating return on shareholders' allocated equity (operating ROE) is calculated as operating profit after tax attributable to shareholders of AIA Group Limited, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.

- (7) OPAT and OPAT per share are shown after non-controlling interests unless otherwise stated.
- (8) Group Corporate Centre tax refers to Bermuda corporate income tax at a rate of 15 per cent, effective from 1 January 2025.
- (9) In the context of our reportable segments, Hong Kong refers to operations in the Hong Kong Special Administrative Region (SAR) and the Macau SAR; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.
- (10) The results of Tata AIA Life Insurance Company Limited (Tata AIA Life) and China Post Life Insurance Co., Ltd. (China Post Life) are both reported on a one-quarter-lag basis.

The results of Tata AIA Life and China Post Life are both accounted for using the twelve-month period ended 30 September 2025 and the twelve-month period ended 30 September 2024 in AIA's consolidated results for the year ended 31 December 2025 and the year ended 31 December 2024, respectively.

- (11) ANP and VONB for Other Markets include the results from our 49 per cent shareholding in Tata AIA Life. ANP and VONB do not include any contribution from our 24.99 per cent shareholding in China Post Life.

The IFRS results of Tata AIA Life and China Post Life are both accounted for using the equity method.

For clarity, TWPI and new business contractual service margin (CSM) do not include any contribution from Tata AIA Life and China Post Life.

- (12) AIA's financial information in this Financial Summary is based on the audited consolidated financial statements and supplementary embedded value information for 2025, unless otherwise stated.

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CHAIRMAN'S STATEMENT

Growth opportunities across AIA's markets remain highly compelling. With our powerful brand, pan-Asian scale, industry-leading Premier Agency and strong digital and technology foundations, AIA is uniquely well-positioned to benefit from the region's long-term structural development and economic growth. These enduring competitive advantages, combined with strong execution discipline, are reflected in the Group's excellent financial performance for 2025, with value of new business growing by 15 per cent and operating profit after tax increasing by 12 per cent per share. Against this backdrop, the Board has recommended a 10 per cent increase in the final dividend and approved a new share buy-back programme of US\$1,743 million.

I am delighted to be able to share with you this Chairman's Statement, my first since becoming the Independent Chairman of AIA on 1 October last year. As I said when I first took on the role, I am deeply honoured to be given the opportunity to chair the Board of one of the world's largest insurance companies.

AIA's strong performance in 2025 was achieved despite a challenging global environment, with uneven growth across the world's major economies reflecting continuing geopolitical tensions, unresolved trade issues and macroeconomic pressures.

In the face of these pressures, and recent instability in the Middle East, Asia continues to demonstrate resilience, with economic growth underpinned by long-term trends of urbanisation, infrastructure investment and human capital development. Additionally, recent reconfiguration of global trade is further driving expansion of intra-Asia trade corridors, presenting meaningful new growth opportunities for Asian economies.

These developments are fuelling demand for financial services across the region.

15TH ANNIVERSARY OF AIA'S IPO

2025 marked a special milestone for AIA: the 15th anniversary of our initial public offering (IPO) in Hong Kong, the largest IPO ever completed in Hong Kong and one of the largest globally.

Since 2010, AIA has grown to become the largest pan-Asian life insurer and one of the leading life insurance groups in the world by market capitalisation. That achievement reflects the strength of AIA's business model, consistent execution and the quality of our leadership and people.

Since rejoining AIA as Board Chairman, I have had the privilege of visiting most of our markets to engage with our businesses and to hold productive dialogues with partners, regulators, government officials and other stakeholders. During these visits, I have been struck by the energy, focus and professionalism of our teams. I have also been encouraged by the significant progress made in the development of AIA's business units – in particular, our continued leadership in Premier Agency distribution; the steady expansion of our complementary bank distribution channels; the strengthening of a truly customer-centric culture; and the modernisation of our operating platform through sustained investments in technology, digital and analytics (TDA).

These experiences have only further reinforced my confidence in the strength and differentiation of AIA's business and growth platform.

2025 FINANCIAL PERFORMANCE

During 2025, AIA delivered excellent growth across all our key financial performance measures. We achieved record value of new business (VONB), which grew 15 per cent to US\$5,516 million, reflecting the sustained demand for AIA's high-quality products and solutions. Operating profit after tax (OPAT) grew by 12 per cent per share to US\$7,136 million, while underlying free surplus generation (UFSG) increased by 11 per cent per share to US\$6,765 million.

This strong performance was broad-based across our geographical markets, demonstrating the continuing strength and relevance of AIA's distribution and customer service platforms. Our home market of Hong Kong delivered excellent growth, with VONB increasing by 28 per cent to US\$2,256 million, supported by strong demand from both domestic customers and Mainland Chinese visitor customers. Elsewhere in the region, we commenced operations in additional provinces of Mainland China and achieved double-digit VONB growth in the majority of our markets.

Importantly, AIA's results demonstrate not only strong top-line growth but also disciplined execution resulting in high quality of earnings and consistent value creation across our portfolio of businesses. It has been encouraging to see this sustained value creation increasingly recognised by the investment markets.

AIA's financial position remained strong in 2025, with a shareholder capital ratio of 221 per cent at 31 December 2025. Our strong balance sheet and disciplined capital management continue to underpin AIA's resilience, flexibility and capacity to reinvest in profitable growth.

CAPITAL MANAGEMENT, DIVIDEND AND SHARE BUY-BACK

I am very pleased to report that the Board has recommended a final dividend of 144.08 Hong Kong cents per share, an increase of 10 per cent over 2024, in line with the Group's established prudent, sustainable and progressive dividend policy.

The Board follows AIA's capital management policy, which provides clarity on how we deliver capital returns to shareholders while preserving AIA's financial strength. The depth of the Group's financial resources supports our ability to return capital to shareholders over time.

Consistent with the above and after careful consideration, the Board has decided that it is appropriate to initiate a new share buy-back programme of US\$1,743 million.

This reflects our continuing commitment to a disciplined capital management framework that balances reinvestment in high-return opportunities with sustainable levels of shareholder distributions while maintaining a strong balance sheet.

STRATEGIC FOCUS

AIA's ongoing success is anchored in Asia's compelling growth drivers, our strong position in the region's most attractive markets and a disciplined approach to execution that compounds and drives growth in value over time.

The structural and commercial demand drivers for AIA's products and services across Asia remain compelling. Demographic trends, rising affluence and relatively low levels of social welfare coverage continue to create significant unmet needs for life and health protection as well as long-term savings solutions. These factors provide a high degree of resilience across economic cycles and a durable foundation for sustained growth.

AIA is exceptionally well-positioned to capture this demand. Our broad pan-Asian footprint and unique portfolio of predominantly 100 per cent-owned operations is the result of AIA's long-standing presence and commitment to the region over many decades and spans both larger established markets as well as fast-growing emerging markets. This balance supports sustained growth, profitability and capital generation across a range of economic conditions.

AIA's Premier Agency remains the cornerstone of our business and our strategy. It is the world's leading professional tied agency and continues to be a powerful engine of high-quality growth. Our agency model combines trusted face-to-face advice with increasingly sophisticated digital and AI-enabled tools, supporting productivity, professionalism and positive customer outcomes at scale. AIA's long-term strategic partnerships with leading regional and local banks provide access to additional complementary customer value pools and we continue to deepen our integration with these partners through technology and digital connectivity.

Our large and growing customer base provides a powerful source of insight and differentiation, through customer engagement with programmes such as AIA Vitality (our science-backed wellness programme), AIA's digital platforms and ecosystems, as well as the insights generated by Amplify Health. Together, these capabilities increasingly enable AIA to strengthen customer relationships, personalise engagement and develop innovative and data-driven propositions to meet evolving customer needs.

Sustained investments in TDA have already modernised AIA's operating platform and laid strong foundations for further innovation, including the responsible use of artificial intelligence. These capabilities are enhancing customer experience, driving distributor productivity, improving efficiency and strengthening risk management across the Group.

We maintain a disciplined approach to capital allocation, prioritising the highest-value opportunities across our markets, while optimising growth across our targeted outcomes of quality new business, earnings generation and capital returns to shareholders.

These clear competitive advantages and strategic focus areas, combined with disciplined execution, give me confidence in AIA's ability to deliver growing and sustainable value for shareholders over the long term.

BOARD CHANGES

Strong governance remains fundamental to AIA's long-term success. I would like to express my gratitude to my predecessor, Mr. Edmund Sze-Wing Tse, whose leadership profoundly shaped AIA and whose legacy is reflected in the Group's strong reputation for industry leadership, operational excellence and the highest standards of governance.

Over the past year, we have undertaken a comprehensive review of the Board with a view to ongoing refreshment and renewal. I am delighted that Ms. Shu Khoo and Mr. David Ku have been appointed as Independent Non-executive Directors of the Company, effective 5 February 2026, strengthening the Board's breadth and depth of experience across people, culture and technology-enabled innovation in financial services. I would also like to extend my sincere thanks to Mr. Jack Chak-Kwong So, who has indicated his intention to retire from the Board at our Annual General Meeting of shareholders in May. Jack has been one of AIA's longest-serving Directors, having joined the Board before our IPO. He has made an outstanding contribution through his expertise, energy and commitment over many years.

In recognition of the rapidly evolving technology landscape and the strategic importance of emerging technologies such as AI, I am also pleased to note that we have established a new Technology, Operations and Data Committee of the Board to oversee the Group's technology, operations and data strategies, and their effective implementation.

At the same time, the Remuneration Committee of the Board has been renamed as the Remuneration and Leadership Committee, with a strengthened mandate to oversee, in addition to executive remuneration, people-related matters including leadership development, succession and culture.

These committee changes, which will take effect from 1 April, are intended to ensure that the Board's focus and governance structure remain fit for purpose in an increasingly complex and fast-moving operating environment.

PEOPLE AND CULTURE

Our people – employees, agents and partners – and the standards to which they hold themselves are fundamental to AIA's long-term success, and their commitment, professionalism and care for customers underpin everything we achieve. We continue to invest in talent, leadership development, succession planning and workforce capability to strengthen the foundations of our business and support sustainable growth.

While acknowledging AIA's strong performance, it is also important to emphasise that our culture is not defined by near-term outcomes alone. 'Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come' is at the core of our Operating Philosophy and is essential to building and maintaining customer trust over the long term.

The Board is committed to fostering an environment that promotes integrity, customer focus, diversity of thought and responsible conduct. By reinforcing these foundations, we strengthen AIA's resilience and our capacity to deliver sustainable long-term value for stakeholders.

LOOKING AHEAD

AIA is exceptionally well positioned to capture the growth opportunities in life, health and long-term savings across Asia's diverse markets. Our Purpose – helping people live Healthier, Longer, Better Lives – continues to guide our strategic choices and our focus on sustainability, community impact and responsible stewardship of resources.

The Board and I remain fully committed to this Purpose, to strong governance and to disciplined execution that delivers sustained value for stakeholders.

I would like to take this opportunity to thank my fellow Board members, AIA's executive team, our employees, agents and partners for their dedication and hard work, and for the vital role each plays in delivering AIA's strong results and supporting millions of customers across the region.

Sir Mark Edward Tucker

Independent Non-executive Chairman

19 March 2026

Note:

Growth rates are shown on constant exchange rates as management believes this provides a clearer picture of the year-on-year performance of the underlying business.

GROUP CHIEF EXECUTIVE AND PRESIDENT'S REPORT

AIA delivered record results in 2025, achieving double-digit growth across our key financial metrics for new business value, earnings and cash generation, alongside substantial capital returns to shareholders. We have the right strategy, fully aligned with Asia's structural growth opportunities and built on our long-term competitive advantages, to drive resilient earnings growth, predictable cash flows and sustainable value creation well into the future.

AIA's performance is the direct outcome of executing a consistent strategy which has strengthened our leading positions and extensive presence in Asia's most dynamic markets. Our ambition is simple but powerful: to be the pre-eminent life and health insurer in the world's most attractive region for our industry, serving the evolving protection and long-term savings needs of Asia's large and increasingly affluent population.

Asia's structural growth opportunity is compelling despite the operating environment remaining complex with rising geopolitical uncertainty. Demographic trends, rising wealth, ageing populations and increasing awareness of the need for financial security provide powerful tailwinds for our business. Low levels of private insurance penetration and rapidly changing customer expectations create significant room for innovation, productivity enhancement and sustainable growth.

Our operating model is designed around the needs of customers who are making long-term financial decisions. AIA's capabilities, developed over many decades across 18 markets, are not easily replicated by competitors. We combine financial strength, a world-class proprietary agency, market-leading technology, a trusted brand and a compelling ecosystem of products and services that meet evolving customer needs.

Our agents provide ongoing reassurance and support through regular, personal interactions. Face-to-face guidance helps individuals and families navigate complex choices, adapt as circumstances change, and remain confident even in times of uncertainty. Technology deepens engagement and insights, allowing advisers to focus on what matters most: delivering high-quality, tailored advice grounded in empathy, accountability and understanding. These qualities are fundamental to building a long-term business and sustaining our market-leading position well into the future.

We are focused on delivering a high-quality and capital-efficient portfolio, managing risk prudently and building enduring customer relationships that generate recurring earnings and cash flows. This approach has created a diversified portfolio of protection and long-term savings business supported by a large and growing in-force book. Active product management, rigorous underwriting and technology-enabled productivity improvements support attractive returns on capital. They also reinforce the durability of growth and earnings through economic cycles, providing the agility to respond to changing market conditions without compromising long-term value creation.

AIA's record performance in 2025 demonstrates that we have the right distribution, brand, products, technology, services, talent and financial resilience to capture the extraordinary depth and scale of opportunities that Asia presents.

GROUP FINANCIAL PERFORMANCE HIGHLIGHTS

NEW BUSINESS PERFORMANCE AND EMBEDDED VALUE RESULTS

Value of new business (VONB) grew by 15 per cent for the full year to a record high of US\$5,516 million, with double-digit growth in the majority of our markets.

EV operating profit of US\$10,887 million, up by 13 per cent per share, was mainly driven by VONB growth and positive operating variances.

EV Equity grew by 18 per cent⁽¹⁾ to US\$84,384 million at 31 December 2025, before shareholder capital returns of US\$4,706 million. Net of these items, EV Equity was US\$79,678 million, up by 14 per cent⁽¹⁾ per share.

As a result of the consistent execution of our strategy, operating ROEV increased by 90 basis points⁽¹⁾ to 15.8 per cent in 2025, reinforcing our ability to generate attractive returns on capital while continuing to grow our economic value base.

Underlying free surplus generation (UFSG) is a core measure of the Group's operating cash generation and increased to US\$6,765 million, up by 11 per cent per share. The growth was mainly due to higher expected distributable earnings from the in-force book and positive operating variances.

After new business investment and expenses, net free surplus generation (net FSG) of US\$4,451 million increased by 14 per cent per share from growth in UFSG and a mix shift to less capital-intensive products.

Free surplus increased from US\$12,554 million at 31 December 2024 to US\$15,678 million at 31 December 2025, before shareholder capital returns of US\$4,706 million. Net of these items, free surplus was US\$10,972 million at 31 December 2025.

IFRS RESULTS

Operating profit after tax (OPAT) was a record high of US\$7,136 million, up by 12 per cent per share.

Operating margin remained strong at 15.3 per cent and operating ROE increased by 70 basis points⁽¹⁾ to 15.5 per cent compared with 2024.

Contractual service margin (CSM) increased by 15 per cent⁽¹⁾ to US\$64,945 million, after CSM release of US\$6,224 million into OPAT. The growth was mainly due to an increase of 17 per cent in new business CSM to US\$9,110 million.

CSM represents our accumulated stock of expected future profits from the in-force book. Continued new business growth adds successive layers of future profits to the CSM balance and subsequently supports sustained growth in OPAT over time.

Shareholders' allocated equity grew by 18 per cent⁽¹⁾ to US\$52,199 million at 31 December 2025, before shareholder capital returns. Net of these items, shareholders' allocated equity was US\$47,493 million, up by 10 per cent⁽¹⁾ per share.

This performance means we are confident of meeting or exceeding our 9 to 11 per cent OPAT per share CAGR target from 2023 to 2026⁽²⁾.

CAPITAL MANAGEMENT

AIA's shareholder capital ratio remained strong at 221 per cent at 31 December 2025. This compared with 236 per cent at 31 December 2024, with the reduction largely due to shareholder capital returns over 2025.

The Group's capital management policy targets to pay out 75 per cent of annual net FSG each year to shareholders through dividends and a share buy-back, together with a commitment to regularly review our capital position and return capital in excess of our needs.

Following the Group's established prudent, sustainable and progressive dividend policy, the Board has recommended an increase of 10 per cent in the final dividend per share to 144.08 Hong Kong cents per share. This brings the total dividend for 2025 to 193.08 Hong Kong cents per share, up by 10 per cent.

The Board has also approved a new share buy-back programme of US\$1.7 billion. This comprises US\$0.7 billion to meet the annual payout ratio target of 75 per cent of net FSG of US\$3,339 million, after total dividends of approximately US\$2.6 billion for the financial year 2025, and an additional US\$1.0 billion following a regular review of the Group's capital position.

NEW BUSINESS PERFORMANCE BY MARKET

AIA Hong Kong delivered excellent new business growth in 2025 with VONB increasing by 28 per cent to US\$2,256 million, with 21 per cent growth from domestic customers and 35 per cent growth from Mainland Chinese visitor customers. Our market-leading Premier Agency delivered 26 per cent VONB growth, supported by higher active agent numbers and an increase in productivity. VONB from partnerships was up by 46 per cent with growth from both bancassurance and intermediated channels. VONB margin increased by 3.0 pps to 68.5 per cent, supported by the launch of a new flagship product.

In 2025, AIA delivered a resilient performance in **Mainland China**, with VONB momentum accelerating in the second half with year-on-year growth of 14 per cent and more than 20 per cent growth in the first two months of 2026. VONB growth of 2 per cent for the full year to US\$1,240 million was after allowing for economic assumption changes. Premier Agency continues to be central to our success, accounting for 85 per cent of VONB, as we continued to grow our agency with a 14 per cent increase in the number of new recruits supporting an 8 per cent uplift in the overall number of active agents. Bancassurance contributed the remaining 15 per cent of VONB, benefitting from larger case sizes through our highly selective bank partnerships.

In August 2025, we announced an ambition to grow VONB from our new geographies by 40 per cent CAGR⁽³⁾ between 2025 and 2030. VONB from our nine new regions (Tianjin, Hebei, Sichuan, Hubei, Henan, Anhui, Shandong, Chongqing and Zhejiang) was up by 45 per cent in 2025 to US\$118 million.

Our 24.99 per cent investment in **China Post Life Insurance Co., Ltd.** expands the Group's exposure to growth opportunities in Mainland China through additional distribution and customer segments that are highly complementary to AIA China's strategy. VONB⁽⁴⁾ was RMB10.3 billion in 2025, 5.5 times the 2020 full year result in the year prior to AIA's involvement.

AIA Thailand delivered VONB growth of 13 per cent to US\$993 million. AIA is the undisputed market leader, including in key segments such as traditional protection and unit-linked business, and reflects the strength of our professional agency distribution. As previously disclosed, we reported exceptionally strong VONB growth in the first quarter of 2025 ahead of the introduction of industry-wide co-payment rules for individual medical insurance products. As a result, VONB is expected to be lower in the first quarter of 2026. In 2025, agency delivered 14 per cent VONB growth, underpinned by higher numbers of active agents and strong Financial Adviser productivity and activity. Partnership distribution VONB increased by 11 per cent.

AIA Singapore achieved VONB growth of 14 per cent to US\$530 million, with 10 per cent growth from agency and 31 per cent growth from partnership distribution. This performance was driven by our continued success in capturing the expanding wealth opportunities across the affluent and high-net-worth segments, particularly through sales of unit-linked long-term savings products to both domestic and international customers.

VONB for **AIA Malaysia** was US\$373 million. VONB growth of 17 per cent from our partnership distribution channel was offset by lower agency sales. In the second half, agency performance improved quarter-on-quarter, supported by higher productivity. Recruitment momentum also strengthened in the second half of the year, with an increase in new recruits compared with the first half. Growth in partnership distribution was driven by a strong bancassurance performance from Public Bank Berhad and growth in our market-leading corporate solutions business.

In **Other Markets**, VONB increased by 7 per cent to US\$485 million, with growth in seven markets, reflecting the diversification of the Group's footprint. Strong performances were recorded in India, Vietnam, Sri Lanka, Myanmar and South Korea, driven by growth in both agency and partnership channels, productivity improvements, and ongoing investment in distribution and digital capabilities. India delivered particularly strong growth, supported by market-leading agency strength, expanding partnerships and best-in-class business quality. VONB was lower in Australia, Indonesia, the Philippines and Taiwan (China), reflecting changes in partnership arrangements and macroeconomic headwinds. Overall, the Group continued to strengthen its distribution capabilities across markets, reinforcing the foundations for sustainable, long-term growth.

GROUP-WIDE OVERVIEW

COMPELLING PROPOSITIONS

AIA's Purpose is to help people live Healthier, Longer, Better Lives. One of the ways we bring this to life is through connecting our powerful brand with compelling propositions that combine best-in-class products with a broader ecosystem of health, wellness and digital services, underpinned by professional advice. Through this integrated approach, we address the evolving life and health insurance needs of Asia's rapidly growing and ageing populations.

We deliver protection and long-term savings solutions that support financial security at every stage of life, helping customers guard against unforeseen risks, accumulate wealth and plan for the future. For AIA, this results in a balanced, high-quality product mix with more than 90 per cent of VONB⁽⁵⁾ from products with low or no guarantees and the strong persistency and sustainable returns that come from meeting real customer needs.

UNRIVALLED DISTRIBUTION

Agency distribution was the Group's primary growth engine in 2025, delivering a 13 per cent increase in VONB to US\$4,273 million and contributing 73 per cent of total Group VONB. Performance was supported by growth in active agent numbers, improved productivity and a capital-efficient product mix, driving a 3.4 pps increase in VONB margin to 71.5 per cent.

AIA's proprietary agency is recognised as among the most productive and professional globally. In 2025, we ranked number one worldwide for Million Dollar Round Table (MDRT) members for the 11th consecutive year and held the top MDRT position in nine markets, with AIA Hong Kong, AIA China, AIA Thailand and Tata AIA Life ranked as the top four individual companies globally.

The strength of the channel reflects AIA's proprietary Premier Agency model, which provides end-to-end control over recruitment, training, product design and pricing, enabling disciplined underwriting and rigorous execution across markets. Continued investment in leadership development, digital tools and data-driven activity management further reinforced agency professionalism and productivity, supporting sustainable growth.

Partnership distribution continued to play an important role in AIA's performance in 2025, delivering strong double-digit VONB growth in our bancassurance and intermediated channels. VONB from partnerships increased by 22 per cent to US\$1,593 million, supported by broad-based double-digit growth in 12 markets, higher product profitability and a favourable geographical mix, with VONB margin expanding by 3.5 pps to 45.4 per cent.

Performance was underpinned by the depth and longevity of AIA's strategic bancassurance relationships, which provide access to more than 100 million potential customers throughout Asia, and an increased focus on affluent and high-net-worth segments, driving higher average case sizes. Intermediated channels delivered strong growth with VONB up 31 per cent, reflecting selective relationship management and a focus on high-quality sales and servicing standards.

TECHNOLOGY, DIGITAL AND ANALYTICS

AIA's extensive technology, digital and analytics programme has fundamentally transformed the Group's operating model since 2020, delivering efficiency gains and improving service quality. In 2025, a further 10 per cent reduction in unit costs was achieved, supported by high levels of automation with 83 per cent of underwriting decisions and 75 per cent of claims auto-adjudicated. Adoption of technology across customer and distribution journeys remains high, with 95 per cent of transactions digitally submitted and 93 per cent of service requests completed within one day. Our programme has delivered structural gains that compound as the business scales.

Customer experience continues to advance through AIA+, the Group's flagship customer app, serving more than 23 million users in 10 markets, with 30 per cent monthly active usage and an app store rating of 4.7 out of 5. Group-wide, 97 per cent of customer servicing transactions were available digitally and 99 per cent of sales were digitally submitted, supporting more productive growth in both our agency and partnership channels.

With these foundations in place, AIA accelerated the deployment of enterprise AI and generative AI. Proprietary platforms provide employees and agents with a single, real-time view of insights, supporting data-driven decision-making, personalised engagement and improved sales effectiveness. AIA's in-house Copilot supported productivity for more than 14,000 employees operating in 15 markets.

AI-enabled agency recruitment tools achieved 98 per cent adoption across 11 markets, while data-driven activity and leads management delivered high conversion rates of 19 per cent from existing customers and 14 per cent from new customers. AI training tools were used by more than 35,000 agents and leaders, and users delivered 25 per cent higher monthly annualised new premiums compared with non-users. These capabilities are deployed within a rigorous governance framework encompassing model risk management, data privacy and regulatory compliance.

INTEGRATED HEALTHCARE STRATEGY

Fast-growing demand, significant protection gaps and high out-of-pocket spend create a substantial growth opportunity for health insurance in Asia. Annual health expenditure in AIA's markets exceeds US\$1.7 trillion, with a significant proportion funded directly by individuals. As the largest pan-Asian private health insurer, AIA is well-positioned to capture this opportunity.

Our Integrated Healthcare Strategy makes AIA's propositions more competitive. By combining personalised coverage, strong medical networks and rigorous claims management, enabled by Amplify Health's advanced analytics, we deliver better value to customers and more sustainable economics for the Group. The result is a differentiated offering that is difficult for competitors to replicate at similar scale.

Execution is generating measurable outcomes. Active management of the claims environment drove improvements in both customer experience and portfolio sustainability. Pre-authorisation activity increased by 14 per cent, enabling more than 750,000 patients to be treated on an outpatient basis rather than in hospital, delivering better outcomes for customers at a lower cost. Our smart medical networks are delivering cost efficiencies of up to 20 per cent compared with out-of-network products. Medical claims savings in 2025 was approximately US\$300 million.

Our capabilities reinforce AIA's competitive positioning at point of sale, supporting higher rider attachment rates, embedding health protection in financial plans and strengthening long-term customer relationships. AIA Vitality integrates science-based wellness into our propositions, supporting preventative care, chronic disease management and rehabilitation pathways. Health insurance also helps drive distribution performance, providing a broader product suite, more frequent customer interactions and access to new customer segments resulting in higher sales and productivity.

Together, these initiatives position AIA to sustainably manage medical inflation while improving health outcomes, reinforcing both the quality of our portfolio and the depth of AIA's customer relationships.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability remains an integral part of AIA's long-term strategy and risk management framework. In 2025, we continued to embed environmental, social and governance (ESG) considerations more deeply into our business operations and decision-making, supporting long-term value creation and the sustainable development of the markets in which we operate.

Since the launch of AIA's Climate Transition Plan in 2023, we have further strengthened the integration of climate-related considerations across governance, risk controls and engagement activities. These actions underpin our path to net-zero emissions by 2050. In 2025, we remained on track to meet our near-term Science Based Targets initiative (SBTi) operational and investment targets. We also continued to enhance our sustainability disclosures and satisfy the new climate-related disclosure requirements under the Listing Rules ESG Code, which are aligned with the International Sustainability Standards Board's IFRS S2.

Alongside our climate-related priorities, AIA continued to focus on social outcomes aligned with our Purpose. Through initiatives aimed at improving health outcomes, advancing financial inclusion and expanding access to quality healthcare, we delivered measurable impacts in our markets. Following our 2022 commitment to engage one billion people by 2030, we reached 622 million people by the end of 2025 through advice, partnerships, community programmes and targeted campaigns designed to support positive behavioural change.

OUR PEOPLE

Our people are central to our success. AIA's empowerment model is built on clear accountability of local businesses to perform within the structure of a well-defined Group strategy and risk management framework. This model attracts, develops and retains exceptional talent. By investing in our people's growth, giving them the technology to serve customers well, and fostering a collaborative and inclusive culture, we create an environment that enables faster decision-making, stronger execution discipline and more consistent outcomes, differentiating AIA where trust and expertise matter most.

We believe employee engagement is a key driver of operational performance, customer satisfaction, talent retention and sustainable value creation. Engagement is assessed annually using the Gallup Q12 Employee Engagement Survey, with AIA's most recent score ranking in the 92nd percentile of Gallup's global finance and insurance industry benchmark.

AIA has maintained employee engagement in the top quartile of this benchmark for nine consecutive years, and in the top decile for five consecutive years, reflecting sustained organisational effectiveness and cultural strength. In 2025, the Group received the Gallup Exceptional Workplace Award for the fourth consecutive year, recognising our strong engagement levels and high-performance culture.

AIA's achievements in 2025 were made possible by the commitment and talent of our employees, the trust and loyalty of our customers, and the continued support of our shareholders. I remain deeply grateful to them all.

OUTLOOK

Asia continues to represent a compelling long-term growth opportunity for AIA. Our diversified footprint across 18 markets – spanning the most dynamic economies in the world – provides broad and deep exposure to Asia's structural growth drivers, while supporting multiple pathways to value creation and reinforcing the resilience of the Group's future growth profile.

AIA's strategy has evolved in line with customer needs, technological progress and market opportunities, while remaining anchored in AIA's competitive strengths. It is designed to perform through market cycles, and AIA's record performance in 2025 reflects the cumulative impact of this approach, demonstrating the effectiveness of the Group's operating model in translating strategy into growth.

The Group continues to focus on strengthening distribution leadership and productivity, leveraging technology to enhance scalability and efficiency, and maintaining capital discipline to support shareholder returns. These priorities are closely aligned with the valuation drivers most relevant to our shareholders, including profitable new business, earnings growth and cash generation.

The appointment of Sir Mark Tucker as the Independent Non-executive Chairman and an Independent Non-executive Director of the Company further strengthens the Board's governance and strategic oversight, as we execute our long-term growth objectives. In February 2026, we were also pleased to welcome Ms. Shulamite Khoo and Mr. David Ku as new independent non-executive directors, expanding the Board's experience in key areas that support AIA's long-term growth.

In closing, we are navigating an extended period of global uncertainty with rising geopolitical tensions and macroeconomic consequences. The clarity of our growth strategy, focus on execution and resilience of our business model give me confidence that AIA will continue to deliver sustainable, high-quality growth and create value for our stakeholders over the long-term.

Lee Yuan Siong

Group Chief Executive and President

19 March 2026

Notes:

Growth rates are shown on constant exchange rates as management believes this provides a clearer picture of the year-on-year performance of the underlying business.

- (1) On an actual exchange rate basis.
- (2) Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis and net of the impact from the top-up tax under the Global Minimum Tax regime.
- (3) VONB from regions entered since 2019, calculated on a constant exchange rate basis and before the effects of economic assumption changes.
- (4) VONB is calculated by China Post Life based on its principles and methodology in accordance with the China Association of Actuaries embedded value assessment guidance (CAA basis), consistent with the industry practice in Mainland China. China Post Life's VONB for the twelve-month period ended 31 December 2025 reflects its latest long-term investment return assumptions used at 31 December 2025.
- (5) Based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses, Group Corporate Centre tax and non-controlling interests.

FINANCIAL AND OPERATING REVIEW

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

AIA delivered a record set of results across all key financial metrics in 2025, driven by high-quality new business growth and disciplined capital management. Value of new business (VONB) increased by 15 per cent with positive growth across our reportable segments. Operating profit after tax (OPAT) was up by 12 per cent per share and underlying free surplus generation (UFSG) was up by 11 per cent per share. As a result of our excellent financial performance and capital management actions, operating ROE increased to 15.5 per cent and operating ROEV increased to 15.8 per cent.

Net free surplus generation (net FSG) grew by 14 per cent per share to US\$4,451 million. Following our established prudent, sustainable and progressive dividend policy, the Board has recommended a 10 per cent increase in the final dividend per share bringing the total dividend for 2025 to 193.08 Hong Kong cents per share.

The Board has also approved a new share buy-back programme of US\$1,743 million under the Group's capital management policy. This comprises US\$743 million to meet the annual payout ratio target of 75 per cent of net FSG of US\$3,339 million after dividends of approximately US\$2,596 million⁽¹⁾ for the financial year 2025, and an additional US\$1.0 billion following a regular review of the Group's capital position. This results in an overall return to shareholders of US\$4,339 million.

These results demonstrate the compounding nature of AIA's business model: successive layers of high-quality new business generate sustained growth in earnings and cash returns over many years.

We are on track to meet or exceed our 9 to 11 per cent OPAT per share CAGR⁽²⁾ target from 2023 to 2026.

Growth rates and commentaries are provided on a constant exchange rate (CER) basis, unless otherwise stated.

SUMMARY AND KEY FINANCIAL HIGHLIGHTS

NEW BUSINESS

VONB represents the economic value to shareholders of the new business written during the year. Our focus on high-quality, sustainable new business growth delivered a 15 per cent increase in VONB to a record high of US\$5,516 million in 2025, with 91 per cent of the VONB⁽³⁾ contributed by protection and fee-based insurance products⁽⁴⁾ that have either no or low investment return guarantees. The strong growth in VONB was powered by double-digit growth in the majority of our markets.

EMBEDDED VALUE

AIA's Embedded Value Equity (EV Equity) is the prudent economic value to shareholders of the Group's in-force business with no allowance for future new business. EV Equity therefore captures the realised and expected future earnings net of taxes from the current book of business. Movements in EV Equity provide a transparent view of the value created through adding profitable new business in the period, the performance of the in-force business and capital management.

EV Equity grew by 18 per cent⁽⁵⁾ in 2025 to US\$84,384 million, an increase of US\$12,758 million⁽⁵⁾, before returning US\$4,706 million in shareholder dividends and share buy-backs.

The growth in VONB and positive operating variances, compared with prudent assumptions due to our proactive in-force management, helped deliver EV operating profit of US\$10,887 million, an increase of 13 per cent per share. As a result, operating ROEV increased to 15.8 per cent in 2025.

Non-operating items, including investment return variances, were broadly neutral, while US dollar depreciation resulted in a positive currency translation addition of US\$1,890 million.

After payment of shareholder dividends of US\$2,427 million and share buy-backs of US\$2,279 million, EV Equity was US\$79,678 million at 31 December 2025, up by 14 per cent⁽⁵⁾ per share over the year.

Future distributable earnings are expected to emerge over time and are reflected in EV Equity allowing for the time value of money. UFSG, a key operating measure of the Group's cash generation, includes the expected emergence during the year, net of tax, and before reinvestment in writing new business and central costs.

UFSG was up by 11 per cent per share to US\$6,765 million in 2025, driven by growth in expected distributable earnings and positive operating variances. The undiscounted value of expected distributable earnings over the next ten years increased by US\$6.7 billion⁽⁵⁾ to US\$53.3 billion in 2025, primarily as a result of adding profitable new business. The increase in the accumulated future distributable earnings demonstrates that the consistent execution of our growth strategy over time supports sustained growth in UFSG.

IFRS EARNINGS

OPAT, our core measure of operating earnings, grew strongly to US\$7,136 million, up by 12 per cent per share in 2025.

Profit from insurance services increased to US\$6,772 million, representing 80 per cent of operating profit before tax for 2025. This growth reflects the build-up of the stock of future profits from the layering of new business over time, as well as improved claims experience from the execution of our Integrated Healthcare Strategy. The strong growth in OPAT per share underscores the high quality of our business fundamentals as well as our clear and disciplined approach to capital management.

Shareholders' allocated equity grew by 18 per cent⁽⁵⁾ in 2025 to US\$52,199 million before capital returns to shareholders, mainly reflecting OPAT of US\$7,136 million and a net positive of US\$659 million from non-operating items, primarily currency translation. After capital returns to shareholders, shareholders' allocated equity was US\$47,493 million at 31 December 2025, up by 10 per cent⁽⁵⁾ per share over 2025.

Full year operating ROE increased to a record high of 15.5 per cent, and operating margin remained strong at 15.3 per cent.

We are on track to meet or exceed our 9 to 11 per cent OPAT per share CAGR⁽²⁾ target from 2023 to 2026.

CAPITAL MANAGEMENT

Our capital management policy sets out the basis for determining capital returns to shareholders. It includes an annual payout target of 75 per cent of annual net FSG through shareholder dividends and share buy-back, together with a commitment to regularly review our capital position and return capital in excess of our needs.

Net FSG of US\$4,451 million increased by 14 per cent per share in 2025, driven by the growth in UFSG and a proactive shift to sales of less capital-intensive products. The resulting return to shareholders under the 75 per cent payout ratio target is US\$3,339 million.

Following the Group's established prudent, sustainable and progressive dividend policy, the Board has recommended a 10 per cent increase in final dividend to 144.08 Hong Kong cents per share. This results in total shareholder dividends of approximately US\$2,596 million⁽¹⁾ for the financial year 2025.

The Board has also approved a new share buy-back programme of US\$1,743 million under the Group's capital management policy. This comprises US\$743 million to meet the annual payout ratio target of 75 per cent of net FSG after total shareholder dividends for the financial year 2025, and an additional US\$1.0 billion following a regular review of the Group's capital position. This results in an overall return to shareholders of US\$4,339 million.

Free surplus was US\$10,972 million at 31 December 2025, reducing during the year largely due to capital returns to shareholders. As a result, the shareholder capital ratio, our principal measure of the overall capital and free surplus position for shareholders, reduced from 236 per cent to 221 per cent and remained strong at 31 December 2025.

AIA remains exceptionally well positioned to capture the significant growth opportunities in Asia, the most attractive region in the world for life and health insurance. We are focused on driving high-quality, profitable new business growth that adds substantial layers of recurring earnings and free surplus generation well into the future, giving us full confidence in meeting or exceeding our OPAT growth target, as well as delivering sustained cash returns to shareholders in the years to come.

Notes:

- (1) As calculated in note 13 to the consolidated financial statements.
- (2) Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis and net of the impact from the top-up tax under the Global Minimum Tax regime (GMT).
- (3) Based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses, Group Corporate Centre tax and non-controlling interests.
- (4) These refer to traditional protection, participating and unit-linked products.
- (5) On an actual exchange rate (AER) basis.

NEW BUSINESS PERFORMANCE

VONB, ANP AND MARGIN BY SEGMENT

US\$ millions, unless otherwise stated	2025			2024			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY CER	YoY AER
Mainland China	1,240	57.6%	2,152	1,217	56.1%	2,168	2%	2%
Hong Kong	2,256	68.5%	3,283	1,764	65.5%	2,609	28%	28%
Thailand	993	110.9%	895	816	99.5%	821	13%	22%
Singapore	530	47.0%	1,128	454	50.5%	897	14%	17%
Malaysia	373	72.2%	515	349	67.3%	517	0%	7%
Other Markets	485	32.0%	1,511	467	29.2%	1,594	7%	4%
Subtotal	5,877	61.9%	9,484	5,067	58.2%	8,606	14%	16%
Consolidated capital requirements	(77)	n/m	–	(73)	n/m	–	1%	5%
Value of unallocated Group Office expenses	(160)	n/m	–	(205)	n/m	–	(22)%	(22)%
Group Corporate Centre tax	(83)	n/m	–	(38)	n/m	–	102%	118%
Total before non-controlling interests	5,557	58.5%	9,484	4,751	54.5%	8,606	15%	17%
Non-controlling interests	(41)	n/m	n/m	(39)	n/m	n/m	5%	5%
Total	5,516	58.5%	9,484	4,712	54.5%	8,606	15%	17%

Our focus on high-quality, sustainable new business growth delivered a 15 per cent increase in VONB to a record high of US\$5,516 million in 2025, with 91 per cent of the VONB⁽¹⁾ contributed by protection and fee-based insurance products⁽²⁾ that have either no or low investment return guarantees. The strong growth in VONB was powered by double-digit growth in the majority of our markets.

Our proprietary agency channel delivered 13 per cent VONB growth in 2025, supported by an increase in active agent numbers, improved agent productivity and a highly-attractive, capital efficient and profitable product mix. VONB from partnerships increased by 22 per cent, with strong double-digit VONB growth across both bancassurance and intermediated channels.

Annualised new premiums (ANP) grew by 9 per cent to US\$9,484 million. VONB margin of 58.5 per cent improved by 3.6 pps compared with 2024, driven by a proactive product mix shift in Thailand and Hong Kong, as well as repricing in Mainland China. VONB margin of Mainland China remained relatively stable compared with 2024 as the effect of repricing was partly offset by a shift to participating products.

Margin reported on a present value of new business premium (PVNBP) basis remained stable compared with 2024 at 11 per cent.

In 2025, AIA delivered a resilient performance in Mainland China with VONB growth of 2 per cent after the impact of economic assumption changes reflecting the lower interest rate environment. Our business achieved a strong recovery in the second half of the year with VONB growth accelerating to 14 per cent. This momentum continued into the first two months of 2026, where VONB increased over 20 per cent year-on-year.

AIA Hong Kong achieved an excellent 28 per cent VONB growth in 2025, supported by a 21 per cent increase from domestic customers and 35 per cent growth from Mainland Chinese visitor (MCV) customers, with a balanced mix across the two customer segments.

Notes:

(1) Based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses, Group Corporate Centre tax and non-controlling interests.

(2) These refer to traditional protection, participating and unit-linked products.

AIA Thailand delivered 13 per cent VONB growth in 2025, reflecting the strength of its professional distribution and continued investment in digital tools supporting sales and customer engagement.

AIA Singapore delivered 14 per cent VONB growth, supported by double-digit growth from both our agency and partnership distribution channels.

AIA Malaysia reported slight growth in VONB for the full year, as a recovery in the second half offset a challenging start to the year in the agency channel, as previously reported. VONB growth in the second half reflected improving momentum as earlier market disruptions began to ease.

VONB for Other Markets increased by 7 per cent with positive growth in seven of our markets.

Further details are included in the Business Review section of this report.

EV EQUITY

EV EQUITY MOVEMENT

AIA's EV Equity is the prudent economic value to shareholders of the Group's in-force business with no allowance for future new business. EV Equity therefore captures the realised and expected future earnings net of taxes from the current book of business. Movements in EV Equity provide a transparent view of the value created through adding profitable new business in the period, the performance of the in-force business and capital management.

EV Equity grew by 18 per cent⁽¹⁾ in 2025 to US\$84,384 million, an increase of US\$12,758 million⁽¹⁾, before returning US\$4,706 million in shareholder dividends and share buy-backs.

EV operating profit was US\$10,887 million, an increase of 13 per cent per share in 2025. This strong growth resulted in a 90 basis points⁽¹⁾ increase in operating ROEV to 15.8 per cent.

Positive operating experience variances, from favourable actual performance compared with prudent assumptions, together with updates to key assumptions used to value the in-force portfolio, added US\$305 million to EV Equity. Cumulative operating experience variances and assumption changes have added US\$4.4 billion to EV Equity since IPO in 2010, demonstrating the Group's consistent focus on writing high-quality new business, a prudent approach to assumption setting and proactive management of the in-force portfolio.

Finance costs increased to US\$588 million in 2025 from US\$503 million in the prior year, mainly due to an increase in borrowings under our Global Medium-term Note and Securities Programme.

Non-operating items, including investment return variances, were broadly neutral, while US dollar depreciation resulted in a positive currency translation addition of US\$1,890 million.

After shareholder capital returns, EV Equity was US\$79,678 million at 31 December 2025, an increase of 14 per cent⁽¹⁾ per share.

AIA's EV methodology deducts the value of the Group's outstanding medium-term notes and securities (MTNs) at amortised cost. If MTNs were included at fair value, EV Equity would increase by US\$419 million to US\$80,097 million.

The Group's investment in China Post Life is held at the corporate centre and included in EV Equity at IFRS net asset value.

Note:

(1) On an AER basis.

An analysis of the movement in EV Equity is shown as follows:

US\$ millions, unless otherwise stated	2025		
	ANW, goodwill and other intangible assets	VIF	EV Equity
Opening EV Equity	33,118	38,508	71,626
Value of new business	(174)	5,690	5,516
Expected return on EV ⁽¹⁾	5,220	434	5,654
Operating experience variances	293	(128)	165
Operating assumption changes	793	(653)	140
Finance costs	(588)	–	(588)
EV operating profit	5,544	5,343	10,887
EV Equity before non-operating items	38,662	43,851	82,513
Investment return variances ⁽²⁾	(288)	110	(178)
Effect of changes in economic assumptions	1	307	308
Other non-operating variances	(550)	375	(175)
EV non-operating items	(837)	792	(45)
Total EV Equity profit⁽³⁾	4,707	6,135	10,842
Other capital movements	26	–	26
Effect of changes in exchange rates	402	1,488	1,890
EV Equity before dividends and share buy-backs	38,253	46,131	84,384
Dividends	(2,427)	–	(2,427)
Share buy-backs	(2,279)	–	(2,279)
Closing EV Equity	33,547	46,131	79,678

Notes:

- (1) For 2025, expected return on EV is net of a notional GMT top-up tax of negative US\$169 million calculated on an operating profit basis.
- (2) For 2025, investment return variances include a positive US\$115 million, representing the difference between the notional GMT top-up tax calculated on an operating profit basis of negative US\$169 million and the actual GMT top-up tax provision of negative US\$54 million.
- (3) For 2025, total EV Equity profit is net of actual GMT top-up tax provision of negative US\$54 million.

2024			
US\$ millions, unless otherwise stated	ANW, goodwill and other intangible assets	VIF	EV Equity
Opening EV Equity	34,715	35,438	70,153
Value of new business	(245)	4,957	4,712
Expected return on EV	5,199	429	5,628
Operating experience variances	178	(18)	160
Operating assumption changes	279	(251)	28
Finance costs	(503)	–	(503)
EV operating profit	4,908	5,117	10,025
EV Equity before non-operating items	39,623	40,555	80,178
Investment return variances	1,380	(1,493)	(113)
Effect of changes in economic assumptions	(11)	66	55
Other non-operating variances	(712)	(168)	(880)
EV non-operating items	657	(1,595)	(938)
Total EV Equity profit	5,565	3,522	9,087
Other capital movements	20	–	20
Effect of changes in exchange rates	(704)	(452)	(1,156)
EV Equity before dividends and share buy-back	39,596	38,508	78,104
Dividends	(2,328)	–	(2,328)
Share buy-back	(4,150)	–	(4,150)
Closing EV Equity	33,118	38,508	71,626

EV EQUITY PER SHARE

US\$ millions, unless otherwise stated	As at 31 December 2025	As at 31 December 2024	Change CER	Change AER
ANW	30,680	30,527	(2)%	1%
VIF	46,131	38,508	15%	20%
EV	76,811	69,035	8%	11%
Goodwill and other intangible assets ⁽¹⁾	2,867	2,591	7%	11%
EV Equity	79,678	71,626	8%	11%
Number of ordinary shares outstanding (millions)	10,507	10,793	(3)%	(3)%
EV Equity per share (US dollars)	7.58	6.64	11%	14%

Note:

- (1) Goodwill and other intangible assets are consistent with the figures in the consolidated financial statements and are shown net of tax, amounts attributable to participating funds and non-controlling interests.

EV OPERATING PROFIT PER SHARE

	2025	2024	YoY CER	YoY AER
EV operating profit (US\$ millions)	10,887	10,025	7%	9%
Weighted average number of ordinary shares outstanding (millions)	10,548	11,063	(5)%	(5)%
Basic EV operating profit per share (US cents)	103.21	90.62	13%	14%
Weighted average number of ordinary shares outstanding on diluted basis (millions) ⁽¹⁾	10,564	11,073	(5)%	(5)%
Diluted EV operating profit per share (US cents)⁽¹⁾	103.06	90.54	13%	14%

Note:

(1) Diluted EV operating profit per share includes the effects of the awards under various share-based compensation plans as described in note 36 to the consolidated financial statements.

EV AND VONB SENSITIVITIES

Sensitivities of the EV and VONB to changes in equity prices and interest rates, including resulting management actions, are shown below. Interest rate sensitivities reflect a 50-basis point movement in current bond yield curves applied to asset values, with a corresponding movement in long-term investment return assumptions and risk discount rates. The direction and magnitude of interest rate sensitivities vary by market and may offset when aggregated at the Group level.

US\$ millions, unless otherwise stated	As at 31 December 2025		As at 31 December 2024	
	EV	% Change	EV	% Change
Central value	76,811		69,035	
Effect of equity price changes				
10 per cent increase in equity prices	2,773	3.6%	2,233	3.2%
10 per cent decrease in equity prices	(2,748)	(3.6)%	(2,248)	(3.3)%
Effect of interest rate changes				
50 basis points increase in interest rates	(486)	(0.6)%	(580)	(0.8)%
50 basis points decrease in interest rates	270	0.4%	500	0.7%

US\$ millions, unless otherwise stated	2025		2024	
	VONB	% Change	VONB	% Change
Central value	5,516		4,712	
Effect of interest rate changes				
50 basis points increase in interest rates	31	0.6%	92	2.0%
50 basis points decrease in interest rates	(65)	(1.2)%	(120)	(2.5)%

Please refer to Section 3 of the Supplementary Embedded Value Information for additional information.

UNDERLYING FREE SURPLUS GENERATION (UFSG)

Future distributable earnings are expected to emerge over time and are reflected in EV Equity allowing for the time value of money. UFSG, a key operating measure of the Group's cash generation, includes the expected emergence during the year, net of tax, and before reinvestment in writing new business and central costs.

In 2025, UFSG was US\$6,765 million, an increase of 11 per cent per share. The components of UFSG are shown in the table below, with the main driver being distributable earnings released from the in-force business, reflecting compounding layers of high-quality, profitable new business over time.

Adding new business to the in-force portfolio further diversifies underlying risks and leads to a lower total cost of reserving and capital. With the proactive shift to less capital-intensive products, both the free surplus used to fund new business and the corresponding recurring diversification benefit from new business reduced compared with 2024.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Expected distributable earnings from in-force business	4,650	4,302	7%	8%
Expected return on free surplus and assets backing MTNs	1,339	1,395	(4)%	(4)%
Diversification benefit due to new business	603	757	(21)%	(20)%
Other operating variances	342	(127)	n/m	n/m
GMT top-up tax in the current period ⁽¹⁾	(169)	–	n/m	n/m
UFSG	6,765	6,327	6%	7%
Basic UFSG per share (US cents)	64.14	57.19	11%	12%

Note:

(1) For 2025, notional GMT top-up tax in the current period of negative US\$169 million was calculated on an operating profit basis.

UFSG PER SHARE

	2025	2024	YoY CER	YoY AER
UFSG (US\$ millions)	6,765	6,327	6%	7%
Weighted average number of ordinary shares outstanding (millions)	10,548	11,063	(5)%	(5)%
Basic UFSG per share (US cents)	64.14	57.19	11%	12%
Weighted average number of ordinary shares outstanding on diluted basis (millions) ⁽¹⁾	10,564	11,073	(5)%	(5)%
Diluted UFSG per share (US cents)⁽¹⁾	64.04	57.14	11%	12%

Note:

(1) Diluted UFSG per share includes the effects of the awards under various share-based compensation plans as described in note 36 to the consolidated financial statements.

Our high-quality in-force portfolio, built through adding successive layers of profitable new business, provides recurring and resilient future distributable earnings, with 89 per cent of value of our in-force business⁽¹⁾ arising from protection and long-term savings products⁽²⁾. The addition of new business during 2025 has supported an increase in the undiscounted distributable earnings from in-force business expected over the next ten years to US\$53.3 billion compared with US\$46.6 billion at the end of 2024.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Undiscounted expected distributable earnings over the next 10 years	53,324	46,636	10%	14%
Undiscounted expected distributable earnings over year 11 to 20	50,688	44,629	10%	14%
Undiscounted expected distributable earnings from year 21 onwards	224,422	197,635	12%	14%

Notes:

(1) Before the deduction of unallocated Group Office expenses.

(2) These refer to traditional protection, participating and unit-linked products.

IFRS EARNINGS

OPERATING PROFIT AFTER TAX (OPAT) COMPOSITION

OPAT, the Group's core measure of operating earnings, was a record high of US\$7,136 million, an increase of 12 per cent per share in 2025.

Growth in OPAT combined with disciplined capital management delivered an increase of 70 basis points⁽¹⁾ in full year operating ROE to a record 15.5 per cent.

The three main components of operating profit are: 1) the insurance service result; 2) the net investment result after expenses; and 3) other fees, revenue and expenses.

The insurance service result grew by 18 per cent to US\$6,772 million and represents 80 per cent of operating profit before tax for 2025.

A key feature of IFRS 17 is that profits on new business are not recognised immediately. Instead, profits are deferred and recognised gradually over the life of the contract as insurance and other services are delivered. This builds up a stock of expected future profits that is held on the balance sheet as the contractual service margin (CSM), from which a portion is released into OPAT as it is earned during the year. This is why continued growth in high-quality new business is important, as it adds successive layers of deferred future profit to the CSM balance, which subsequently supports sustained growth in OPAT as those profits are recognised over time.

The strong growth in the insurance service result was mainly from a higher CSM release, reflecting growth in the CSM balance. Growth also benefitted from positive operating variances, reflecting improved claims experience from the execution of our Integrated Healthcare Strategy.

The net investment result after expenses of US\$3,133 million decreased by US\$167 million compared with 2024, primarily due to a reduction in investment return on surplus assets following further share buy-backs as well as lower interest rates in Mainland China and the US. On an underlying basis, adjusting for these items, the net investment result after expenses increased by 4 per cent.

Other fees, revenue and expenses were negative US\$1,388 million compared with negative US\$1,270 million in 2024, largely from an US\$83 million increase in finance costs resulting from higher borrowings under our Global Medium-term Note and Securities Programme.

Tax increased due to higher operating profit before tax and the first-time inclusion of the notional GMT top-up tax of US\$169 million and Bermuda corporate income tax of US\$33 million, both of which became effective from 1 January 2025.

The GMT top-up tax is included in OPAT as a notional tax charge on an operating profit basis. This increased the Group's effective tax rate (ETR) on an operating profit basis from 14 per cent to 16 per cent in 2025, in line with our previous guidance.

The actual GMT top-up tax in any period may differ from the notional GMT top-up tax calculated on an operating profit basis. The assessed provision for actual GMT top-up tax for 2025 was US\$54 million, which is reflected in reported net profit in 2025 and is expected to be settled in 2027. The Group continues to monitor developments related to the GMT, as these may impact the Group's eventual GMT top-up tax liability.

Strong growth in OPAT per share underscores the high quality of our business fundamentals as well as our clear and disciplined approach to capital management. Combined with our effective management of the in-force portfolio, we are on track to meet or exceed our 9 to 11 per cent OPAT per share CAGR⁽²⁾ target from 2023 to 2026.

Notes:

(1) On an AER basis.

(2) Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis and net of the impact from the top-up tax under the Global Minimum Tax regime.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
CSM release	6,224	5,625	10%	11%
Operating variances	183	(56)	n/m	n/m
Risk adjustment release and other	365	122	179%	199%
Insurance service result	6,772	5,691	18%	19%
Net investment result	3,342	3,528	(5)%	(5)%
Investment management expenses	(209)	(225)	(8)%	(7)%
Net investment result after expenses	3,133	3,303	(5)%	(5)%
Net other fees and revenue ⁽¹⁾	131	144	(8)%	(9)%
Non-attributable expenses under IFRS 17	(946)	(925)	3%	2%
Finance costs	(573)	(489)	17%	17%
Other fees, revenue and expenses	(1,388)	(1,270)	10%	9%
Operating profit before tax (OPBT)⁽²⁾	8,517	7,724	9%	10%
Tax ⁽³⁾	(1,381)	(1,119)	22%	23%
OPAT⁽²⁾	7,136	6,605	7%	8%
Basic OPAT per share (US cents)	67.65	59.70	12%	13%
ETR on an operating profit basis⁽⁴⁾	16%	14%	2 pps	2 pps

Notes:

- (1) After adjusting for non-insurance expenses.
- (2) Attributable to shareholders of the Company only, excluding non-controlling interests.
- (3) Includes GMT top-up tax and Bermuda corporate income tax.
- (4) Calculated using OPBT and tax with both measured before excluding non-controlling interests.

OPAT PER SHARE

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
OPAT	7,136	6,605	7%	8%
Weighted average number of ordinary shares outstanding (millions)	10,548	11,063	(5)%	(5)%
Basic OPAT per share (US cents)	67.65	59.70	12%	13%
Weighted average number of ordinary shares outstanding on diluted basis (millions) ⁽¹⁾	10,564	11,073	(5)%	(5)%
Diluted OPAT per share (US cents)⁽¹⁾	67.55	59.65	12%	13%

Note:

- (1) Diluted OPAT per share includes the effects of the awards under various share-based compensation plans as described in note 36 to the consolidated financial statements.

CSM MOVEMENT, NET OF REINSURANCE

The CSM represents the discounted value of expected future profits on our in-force business without any allowance for future new business. Underlying CSM growth⁽¹⁾ accelerated to 10.5 per cent in 2025, demonstrating the strong execution of our growth strategy.

New business CSM⁽²⁾ increased by 17 per cent to US\$9,110 million, and the expected return on in-force business added a further US\$3,004 million to the CSM. Together these grew the CSM to US\$68,345 million.

Variances and others⁽²⁾ further increased the CSM by US\$952 million in 2025, largely due to favourable operating assumption changes reflecting the latest experience and management actions on medical business, as well as positive investment return variances in our Hong Kong participating business.

Currency translation effects in the Group's consolidated figures benefitted the CSM by US\$1,872 million as our local market currencies strengthened against the US dollar in 2025.

The CSM increased to US\$71,169 million before CSM release into OPAT of US\$6,224 million, at release rate of 9.3 per cent, which remained stable compared with the prior year. As a result, the closing CSM was US\$64,945 million at 31 December 2025, up 15 per cent⁽³⁾ over the year.

US\$ millions, unless otherwise stated	2025	2024
Opening CSM	56,231	53,115
New business CSM ⁽²⁾	9,110	7,675
Expected return on in-force	3,004	2,799
CSM before variances and others, exchange rates and release	68,345	63,589
Variances and others ⁽²⁾	952	(956)
Exchange rates	1,872	(777)
Closing CSM before release	71,169	61,856
CSM release	(6,224)	(5,625)
Closing CSM	64,945	56,231
CSM release rate⁽⁴⁾	9.3%	9.4%
Underlying CSM growth after CSM release⁽¹⁾	10.5%	9.1%

Notes:

- (1) Underlying CSM growth refers to the growth in CSM after the CSM release and before variances and others and the effect of exchange rate movements, expressed as a percentage of the opening CSM.
- (2) For 2025, we have reallocated US\$96 million relating to reinsurance transactions on in-force business from "New business CSM" to "Variances and others", consistent with how we calculate VONB. The closing CSM balance is unchanged.
- (3) On an AER basis.
- (4) Calculated after variances and others and exchange rates. End-of-period exchange rates are used to derive the CSM release rate for the first half and the second half of the year respectively, and the full year CSM release rate is based on a blended rate of the CSM release rates for the first half and the second half of the year.

OPAT BY SEGMENT

In all of our reportable segments, successive layers of profitable new business have resulted in a higher CSM release in 2025.

Claims variances also improved across our reportable segments, supported by management actions taken.

Our businesses in Hong Kong, Thailand, Malaysia and Other Markets all achieved double-digit growth in OPAT as a result of business growth as well as improved claims experiences.

AIA China delivered OPAT growth of 8 per cent as a result of in-force portfolio growth and improved claims variances, partly offset by the impact of lower interest rates.

AIA Singapore's OPAT grew by 5 per cent as business growth was partly offset by lower investment return on surplus assets due to increased remittances to Group Corporate Centre.

OPAT for Group Corporate Centre (GCC) primarily includes the net investment result on surplus assets held in GCC, unallocated Group Office operating expenses, finance costs and GCC-related taxes, including for the first time in 2025 the new notional GMT top-up tax and Bermuda corporate income tax. OPAT for GCC reduced to negative US\$289 million in 2025, mainly due to these new taxes and capital returns to shareholders during the year which reduced the investment return on GCC assets.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Mainland China	1,708	1,597	8%	7%
Hong Kong	2,770	2,499	11%	11%
Thailand	1,210	1,019	11%	19%
Singapore	721	669	5%	8%
Malaysia	389	331	16%	18%
Other Markets	627	507	30%	24%
Group Corporate Centre	(289)	(17)	n/m	n/m
Total	7,136	6,605	7%	8%

OPAT NET INVESTMENT RESULT

The net investment result included in OPAT relates to non-participating business⁽¹⁾ and surplus assets.

The investment return on non-participating and surplus assets⁽²⁾ increased by 4 per cent to US\$6,104 million compared with 2024. Growth in the investment return was moderated by a reduction in investment return on surplus assets following further share buy-backs and lower interest rates in Mainland China and the US.

Non-participating insurance finance expenses and others⁽³⁾ of US\$2,762 million increased by 19 per cent from US\$2,288 million for 2024, largely from an increase in the average insurance liability balance.

On an underlying basis, adjusting for the effect of further share buy-backs and lower interest rates, the net investment result after expenses increased by 4 per cent.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Interest revenue on financial assets	4,552	4,432	2%	3%
Expected long-term investment return for equities and real estate	1,552	1,384	11%	12%
Investment return on non-participating and surplus assets⁽²⁾	6,104	5,816	4%	5%
Non-participating insurance finance expenses and others ⁽³⁾	(2,762)	(2,288)	19%	21%
Net investment result	3,342	3,528	(5)%	(5)%
Investment management expenses	(209)	(225)	(8)%	(7)%
Net investment result after expenses	3,133	3,303	(5)%	(5)%

For participating⁽⁴⁾ and unit-linked business, investment returns are offset by corresponding movements in contract liabilities as shown below and therefore have no material net effect on the net investment result.

US\$ millions, unless otherwise stated	2025		
	Participating and unit-linked	Non-participating and surplus assets and others	Total
Investment return	13,498	6,104	19,602
Insurance finance expenses and others	(12,705) ⁽⁵⁾	(2,762) ⁽³⁾	(15,467)
Movement in investment contract liabilities	(758)	–	(758)
Movement in third-party interests in consolidated investment funds	(35)	–	(35)
Net investment result	–	3,342	3,342

Notes:

- (1) Non-participating business includes all insurance liabilities under the general measurement model (GMM), covering traditional protection, unit-linked with significant protection benefits, universal life and other participating business without distinct portfolios.
- (2) Non-participating and surplus assets are referred to as "Other policyholder and shareholder investments" in the IFRS Balance Sheet section of Group Chief Financial Officer's Review.
- (3) Primarily represents the interest accretion on non-participating business liabilities.
- (4) Participating funds and other participating business with distinct portfolios under the variable fee approach (VFA).
- (5) Primarily represents the insurance contract liability offset of participating and unit-linked investment return.

TWPI BY SEGMENT

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Mainland China	11,272	9,874	14%	14%
Hong Kong	14,726	12,456	18%	18%
Thailand	5,336	4,674	7%	14%
Singapore	5,263	4,445	16%	18%
Malaysia	3,071	2,742	5%	12%
Other Markets	7,232	7,207	3%	–
Total	46,900	41,398	12%	13%

TWPI increased by 12 per cent to US\$46,900 million compared with 2024 and all our reportable segments delivered positive TWPI growth in 2025.

Operating margin, measured as OPAT as a percentage of TWPI, remained strong at 15.3 per cent, reflecting the quality of the mix of business and recurring earnings generated from profitable new business written over time.

OPERATING EXPENSES

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Operating expenses	3,793	3,660	3%	4%
Expense ratio	8.1%	8.8%	(0.7) pps	(0.7) pps

The Group's focus on expense management, combined with business growth, resulted in a 70 basis points reduction in the expense ratio in 2025.

NON-OPERATING MOVEMENT AND NET PROFIT

Net profit was US\$6,234 million in 2025 and included other non-operating investment return and other items of negative US\$823 million in 2025, principally due to the accounting treatment of exchange rate movements. These should be considered in aggregate with other exchange rate movements of US\$1,512 million that flow directly into shareholders' equity, resulting in a net US\$689 million increase⁽¹⁾ to shareholders' equity. Net profit adjusted for all exchange rate movements was US\$7,746 million in 2025 and compared with US\$5,964 million in 2024, an increase of 30 per cent⁽¹⁾.

Short-term investment and discount rate variances were small at negative US\$102 million in 2025. These reflect mark-to-market movements compared with our long-term investment return assumptions from equity and real estate investments in our non-participating business and shareholder surplus.

Note:

(1) On an AER basis.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
OPAT	7,136	6,605	7%	8%
Other non-operating investment return and other items, net of tax	(823)	836	n/m	n/m
Short-term investment and discount rate variances, net of tax ⁽¹⁾	(102)	(427)	(77)%	(76)%
Reclassification of revaluation losses/(gains) for property held for own use, net of tax ⁽¹⁾	25	(155)	n/m	n/m
Corporate transaction related costs, net of tax	(2)	(23)	(91)%	(91)%
Net profit	6,234	6,836	(9)%	(9)%
Basic earnings per share (US cents)	59.10	61.79	(5)%	(4)%

Note:

- (1) Short-term investment and discount rate variances include revaluation gains/losses for property held for own use. This amount is then reclassified from net profit to other comprehensive income to conform to IFRS[®] Accounting Standards measurement and presentation requirements.

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
Net profit	6,234	6,836	(9)%	(9)%
Weighted average number of ordinary shares outstanding (millions)	10,548	11,063	(5)%	(5)%
Basic earnings per share (US cents)	59.10	61.79	(5)%	(4)%
Weighted average number of ordinary shares outstanding on diluted basis (millions) ⁽¹⁾	10,564	11,073	(5)%	(5)%
Diluted earnings per share (US cents)⁽¹⁾	59.01	61.74	(5)%	(4)%

Note:

- (1) Diluted earnings per share includes the effects of the awards under various share-based compensation plans as described in note 36 to the consolidated financial statements.

MOVEMENT IN SHAREHOLDERS' ALLOCATED EQUITY

Shareholders' allocated equity is shown before fair value reserve and insurance finance reserve, which management considers to better reflect the long-term nature of our business.

US\$ millions, unless otherwise stated	2025	2024
Opening shareholders' allocated equity	44,404	44,754
Net profit	6,234	6,836
Dividends	(2,427)	(2,328)
Share buy-backs	(2,279)	(4,150)
Foreign currency translation adjustments	1,512	(872)
Purchase of shares held by employee share-based trusts	(89)	(43)
Revaluation gains on property held for own use	27	144
Other capital movements	111	63
Total movement in shareholders' allocated equity	3,089	(350)
Closing shareholders' allocated equity	47,493	44,404
Number of ordinary shares outstanding (millions)	10,507	10,793
Shareholders' allocated equity per share (US dollars)	4.52	4.11
Average shareholders' allocated equity	45,949	44,579

After returning US\$4,706 million in shareholder dividends and share buy-backs, shareholders' allocated equity was US\$47,493 million at 31 December 2025, up by 10 per cent per share on an actual exchange rate basis compared with 31 December 2024.

CSM, NET OF REINSURANCE AND PROFIT BEFORE TAX SENSITIVITIES

Sensitivities of the CSM and profit before tax to changes in equity prices and interest rates, including resulting management actions, are shown below. Interest rate sensitivities reflect a 50-basis point movement in current bond yield curves applied to asset values, with a corresponding movement in discount rates used in the valuation of liabilities. The sensitivities to the central value of the CSM remained small.

US\$ millions, unless otherwise stated	As at 31 December 2025		As at 31 December 2024	
	CSM	% Change	CSM	% Change
Central value	64,945		56,231	
Effect of equity price changes				
10 per cent increase in equity prices	1,085	1.7%	893	1.6%
10 per cent decrease in equity prices	(1,103)	(1.7)%	(917)	(1.6)%
Effect of interest rate changes				
50 basis points increase in interest rates	(515)	(0.8)%	(416)	(0.7)%
50 basis points decrease in interest rates	639	1.0%	427	0.8%

US\$ millions, unless otherwise stated	2025	2024
	Profit before tax	Profit before tax
Central value	7,471	7,831
Effect of equity price changes		
10 per cent increase in equity prices	1,785	1,448
10 per cent decrease in equity prices	(1,785)	(1,448)
Effect of interest rate changes		
50 basis points increase in interest rates	(567)	(627)
50 basis points decrease in interest rates	608	681

Sensitivity analyses to foreign exchange rate movements are included in note 34 to the consolidated financial statements.

IFRS BALANCE SHEET

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ millions, unless otherwise stated	As at 31 December 2025	As at 31 December 2024	Change AER
Assets			
Financial investments	307,259	272,151	13%
Investment property	4,508	4,570	(1)%
Cash and cash equivalents	9,609	8,101	19%
Insurance and reinsurance contract assets	8,759	6,702	31%
Other assets	15,288	13,930	10%
Total assets	345,423	305,454	13%
Liabilities			
Insurance and reinsurance contract liabilities	256,822	221,667	16%
Investment contract liabilities	7,560	6,967	9%
Borrowings	14,245	13,329	7%
Other liabilities	23,188	22,678	2%
Less total liabilities	301,815	264,641	14%
Equity			
Total equity	43,608	40,813	7%
Less non-controlling interests	363	323	12%
Shareholders' equity	43,245	40,490	7%
<i>Less</i>			
Fair value reserve	5,933	5,744	3%
Insurance finance reserve	(10,181)	(9,658)	5%
Shareholders' allocated equity	47,493	44,404	7%
Shareholders' allocated equity per share (US dollars)	4.52	4.11	10%

MOVEMENT IN SHAREHOLDERS' EQUITY

US\$ millions, unless otherwise stated	2025	2024
Opening shareholders' equity	40,490	41,111
Net profit	6,234	6,836
Fair value gains on assets	189	5,228
Net finance expenses from insurance contracts and reinsurance contracts held	(523)	(5,499)
Dividends	(2,427)	(2,328)
Share buy-backs	(2,279)	(4,150)
Foreign currency translation adjustments	1,512	(872)
Purchase of shares held by employee share-based trusts	(89)	(43)
Revaluation gains on property held for own use	27	144
Other capital movements	111	63
Total movement in shareholders' equity	2,755	(621)
Closing shareholders' equity	43,245	40,490
Number of ordinary shares outstanding (millions)	10,507	10,793
Shareholders' equity per share (US dollars)	4.12	3.75

ASSETS

Total assets increased to US\$345,423 million at 31 December 2025 from US\$305,454 million at 31 December 2024, largely due to positive net investment cash inflows and positive fair value movements on financial investments, partly offset by capital returns to shareholders.

LIABILITIES

Total liabilities increased to US\$301,815 million at 31 December 2025 from US\$264,641 million at 31 December 2024.

Insurance and reinsurance contract liabilities increased to US\$256,822 million at 31 December 2025 compared with US\$221,667 million at 31 December 2024, mainly due to net cash inflows, changes in fair value of underlying items of contracts measured under the variable fee approach and foreign exchange rate movements.

Investment contract liabilities increased to US\$7,560 million at 31 December 2025 compared with US\$6,967 million at 31 December 2024, primarily as a result of equity market and interest rate movements.

Borrowings increased to US\$14,245 million at 31 December 2025, compared with US\$13,329 million at 31 December 2024. Net proceeds from issuances and redemption of MTNs added US\$766 million, with the remaining difference explained by foreign exchange rate movements.

Details of commitments and contingencies are included in note 39 to the consolidated financial statements.

EQUITY

Management considers that shareholders' allocated equity better reflects the long-term nature of our business and is shown before the fair value reserve and insurance finance reserve. Shareholders' allocated equity was US\$47,493 million at 31 December 2025, up by 10 per cent⁽¹⁾ per share.

Shareholders' equity includes the mark-to-market gains or losses from book value on debt securities as the "fair value reserve". It also includes, correspondingly, the mark-to-market change in the value of the non-participating business⁽²⁾ against which bond assets are held as "insurance finance reserve". In 2025, fair value gains on debt securities were US\$189 million and the change in insurance finance reserve was an expense of US\$523 million.

Shareholders' equity increased to US\$47,951 million before capital returns to shareholders of US\$4,706 million. After capital returns, shareholders' equity was US\$43,245 million at 31 December 2025.

Comprehensive equity of US\$97,930 million at 31 December 2025 included shareholders' equity of US\$43,245 million and net CSM of US\$54,685 million, and was up by 15 per cent⁽¹⁾ per share compared with the end of 2024.

The leverage ratio, which is defined as total borrowings expressed as a percentage of the sum of total borrowings, total equity and CSM net of reinsurance and net of taxes, was 12.6 per cent at 31 December 2025, compared with 13.1 per cent at 31 December 2024. The decrease was from growth in shareholders' equity and net CSM, partly offset by an increase in borrowings.

Notes:

(1) On an AER basis.

(2) Excluding unit-linked with significant protection benefits.

US\$ millions, unless otherwise stated	As at 31 December 2025	As at 31 December 2024	Change CER	Change AER
Shareholders' equity	43,245	40,490	3%	7%
Net CSM ⁽¹⁾	54,685	47,110	13%	16%
Comprehensive equity	97,930	87,600	8%	12%
Comprehensive equity per share (US dollars)	9.32	8.12	11%	15%
Leverage ratio	12.6%	13.1%	(0.2) pps	(0.5) pps

Note:

(1) After allowing for reinsurance, taxes and net of non-controlling interests.

TOTAL INVESTMENTS

US\$ millions, unless otherwise stated	As at 31 December 2025	Percentage of total	As at 31 December 2024	Percentage of total
Total policyholder and shareholder	285,235	88%	255,333	88%
Total unit-linked contracts and consolidated investment funds	40,090	12%	33,288	12%
Total investments	325,325	100%	288,621	100%

UNIT-LINKED CONTRACTS AND CONSOLIDATED INVESTMENT FUNDS

US\$ millions, unless otherwise stated	As at 31 December 2025	Percentage of total	As at 31 December 2024	Percentage of total
Unit-linked contracts and consolidated investment funds				
Debt securities	6,592	17%	5,883	18%
Loans and deposits	68	–	71	–
Interests in investment funds and exchangeable loan notes	21,228	53%	18,110	54%
Equity shares	11,354	28%	8,413	25%
Cash and cash equivalents	837	2%	810	3%
Derivative financial instruments	11	–	1	–
Total unit-linked contracts and consolidated investment funds	40,090	100%	33,288	100%

POLICYHOLDER AND SHAREHOLDER INVESTMENTS

US\$ millions, unless otherwise stated	As at 31 December 2025	Percentage of total	As at 31 December 2024	Percentage of total
Participating business⁽¹⁾				
Government bonds	21,840	8%	22,050	9%
Government agency bonds	6,771	2%	6,894	3%
Corporate bonds and structured securities	40,639	14%	39,499	15%
Loans and deposits	441	–	392	–
Subtotal – Fixed income investments	69,691	24%	68,835	27%
Investment funds with debt instruments as underlying	3,369	1%	3,126	1%
Other investment funds and exchangeable loan notes	50,880	18%	37,250	15%
Subtotal – Interests in investment funds and exchangeable loan notes	54,249	19%	40,376	16%
Equity shares	6,171	2%	6,115	2%
Investment property and property held for own use	3,577	2%	3,614	1%
Cash and cash equivalents	2,046	1%	1,917	1%
Derivative financial instruments	379	–	338	–
Subtotal participating business⁽¹⁾	136,113	48%	121,195	47%
Other policyholder and shareholder				
Government bonds	72,373	25%	65,870	26%
Government agency bonds	7,505	3%	7,508	3%
Corporate bonds and structured securities	32,143	12%	30,514	12%
Loans and deposits	4,000	1%	3,579	1%
Subtotal – Fixed income investments	116,021	41%	107,471	42%
Investment funds with debt instruments as underlying	3,477	1%	2,188	1%
Other investment funds and exchangeable loan notes	11,879	4%	8,366	3%
Subtotal – Interests in investment funds and exchangeable loan notes	15,356	5%	10,554	4%
Equity shares	5,684	2%	5,269	2%
Investment property and property held for own use	4,880	2%	4,755	2%
Cash and cash equivalents	6,726	2%	5,374	2%
Derivative financial instruments	455	–	715	1%
Subtotal other policyholder and shareholder	149,122	52%	134,138	53%
Total policyholder and shareholder	285,235	100%	255,333	100%

Note:

(1) Participating funds and other participating business with distinct portfolios.

Total financial investments held in respect of policyholders and shareholders increased to US\$285,235 million at 31 December 2025 compared with US\$255,333 million at 31 December 2024. The increase was mainly due to positive net investment cash inflows and fair value movements on financial investments, partly offset by shareholder capital returns.

Fixed income investments, including debt securities, loans and term deposits, totalled US\$185,712 million at 31 December 2025 compared with US\$176,306 million at 31 December 2024.

Government bonds and government agency bonds increased to US\$108,489 million from US\$102,322 million and represented 59 per cent of fixed income investments at 31 December 2025, compared with 58 per cent at 31 December 2024.

Corporate bonds and structured securities increased to US\$72,782 million from US\$70,013 million accounting for 39 per cent of fixed income investments at 31 December 2025, compared with 40 per cent at 31 December 2024.

The average credit rating of the fixed income portfolio including government bonds remained stable at A and the average credit rating of the fixed income portfolio excluding domestic government bonds⁽¹⁾ remained stable at A at 31 December 2025, compared with the position at 31 December 2024. The corporate bond portfolio was well diversified with over 1,800 issuers and an average holding size of US\$36 million.

At 31 December 2025, 1 per cent of the total bond portfolio was rated below investment grade or not rated, representing approximately US\$2.7 billion in value. Approximately US\$61 million of bonds, representing 0.03 per cent of our total bond portfolio, were downgraded to below investment grade during the year.

The expected credit loss (ECL) provision for bond asset holdings measured either at amortised cost or fair value through other comprehensive income decreased by US\$270 million in 2025. The ECL provision represented 0.2 per cent of the bond portfolio at 31 December 2025, reflecting the overall quality of AIA's investments.

Interests in investment funds and exchangeable loan notes increased to US\$69,605 million from US\$50,930 million and represented 24 per cent of total financial investments held in respect of policyholders and shareholders at 31 December 2025, compared with 20 per cent at 31 December 2024. The increase was mainly due to favourable equity market movements and asset allocation changes in our participating business during 2025.

Equity shares increased to US\$11,855 million at 31 December 2025, compared with US\$11,384 million at 31 December 2024.

Cash and cash equivalents increased to US\$8,772 million at 31 December 2025 compared with US\$7,291 million at 31 December 2024.

Note:

(1) Domestic government bonds refer to bonds issued in local or foreign currencies by the government where the respective business unit operates.

CAPITAL

CAPITAL MANAGEMENT

The Group's capital management framework is focused on maintaining a robust regulatory solvency capital position while generating sustainable surplus capital to fund profitable new business growth and deliver returns to shareholders in a disciplined and transparent manner. The framework is supported by a clear capital management policy, which sets out a shareholder payout ratio target of 75 per cent of annual net FSG, together with a commitment to regularly review the Group's capital position and return capital in excess of its needs.

Net FSG is calculated as UFSG less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements. Net FSG in 2025 was US\$4,451 million, an increase of 14 per cent per share. The resulting return to shareholders under the 75 per cent payout ratio target is US\$3,339 million.

Following the Group's established prudent, sustainable and progressive dividend policy, the Board has recommended a 10 per cent increase in final dividend to 144.08 Hong Kong cents per share.

The Board has also approved a new share buy-back programme of US\$1,743 million under the Group's capital management policy. This comprises US\$743 million to meet the annual payout ratio target of 75 per cent of net FSG of US\$3,339 million after dividends of approximately US\$2,596 million⁽¹⁾ for the financial year 2025 and an additional US\$1.0 billion following a regular review of the Group's capital position. This results in an overall return to shareholders of US\$4,339 million.

Since the commencement of our share buy-back programmes in March 2022, the Group has repurchased approximately 1,603 million shares up to 31 December 2025, reducing the outstanding share count by 13 per cent.

Note:

(1) As calculated in note 13 to the consolidated financial statements.

FREE SURPLUS AND NET FREE SURPLUS GENERATION (NET FSG)

Free surplus provides the Group with the financial flexibility to invest in profitable new business growth, while absorbing the effects of capital market stress. It is the excess of adjusted net worth over required capital on the EV basis⁽¹⁾.

Free surplus increased from US\$12,554 million at 31 December 2024 to US\$15,678 million at 31 December 2025, before returning capital to shareholders.

A key driver of the increase was net FSG of US\$4,451 million, which grew by 14 per cent per share in 2025 due to higher UFSG and a 6 per cent reduction in free surplus used to fund new business to US\$1,437 million.

Lower new business investment reflected a proactive shift to less capital-intensive products, most notably in Mainland China. This resulted in VONB growing faster than new business reinvestment, generating greater value for every dollar of capital invested and adding US\$6,953 million to the discounted value of projected after-tax distributable earnings⁽²⁾ in 2025.

The strong growth in free surplus from net FSG was partly offset by investment return variances and other items of negative US\$1,327 million, broadly in line with the figure previously reported at the interim results. Investment return variances and other items included US\$390 million related to additional growth capital provided to China Post Life and the acquisition of New Medical Centre Holding Limited in Hong Kong, reductions of US\$146 million from foreign exchange translation and US\$169 million from a local regulatory reserving change in Thailand.

After shareholder returns of US\$4,706 million, free surplus was US\$10,972 million at 31 December 2025.

Notes:

(1) After consolidated reserving and capital requirements and deducting certain assets not eligible for regulatory capital purposes.

(2) Please refer to Section 5.10 of the Supplementary Embedded Value Information on the treatment of GMT top-up tax.

The following table summarises the change in free surplus over the year:

US\$ millions, unless otherwise stated	2025	2024
Opening free surplus	12,554	16,329
UFSG ⁽¹⁾	6,765	6,327
Free surplus used to fund new business	(1,437)	(1,531)
Unallocated Group Office expenses	(315)	(293)
Finance costs and other capital movements	(562)	(483)
Net free surplus generation (Net FSG)	4,451	4,020
Investment return variances and other items ⁽¹⁾	(1,327)	(1,317)
Free surplus before dividends and share buy-backs	15,678	19,032
Dividends	(2,427)	(2,328)
Share buy-backs	(2,279)	(4,150)
Closing free surplus⁽¹⁾	10,972	12,554

Note:

(1) GMT top-up tax was included in free surplus for the first time in 2025.

UFSG included notional GMT top-up tax of negative US\$169 million, which was calculated on an operating profit basis, consistent with OPAT.

Closing free surplus included actual GMT top-up tax provision of negative US\$54 million, consistent with net profit.

The difference of positive US\$115 million was included within investment return variances and other items.

SHAREHOLDER CAPITAL RESOURCES

The shareholder capital ratio, our principal measure of the overall capital and free surplus position for shareholders, remained strong at 221 per cent at 31 December 2025. This compared with 236 per cent at 31 December 2024, with the reduction largely due to capital returns to shareholders in 2025.

The following table provides a summary of shareholder capital resources as at 31 December 2025.

US\$ millions, unless otherwise stated	As at 31 December 2025	As at 31 December 2024
Shareholder capital ratio ⁽¹⁾	221%	236%
Shareholder capital resources	41,066	40,439
Free surplus ⁽²⁾	10,972	12,554
Required capital ⁽²⁾	18,578	17,154
Eligible Tier 2 debt capital ⁽³⁾	11,516	10,731

Notes:

(1) The shareholder capital ratio is defined as the shareholder capital resources as a percentage of required capital.

(2) Free surplus and required capital are as shown in our EV reporting.

(3) Eligible Tier 2 debt capital is as shown in our Group LCSM.

GROUP LCSM SOLVENCY POSITION

Under the GWS capital adequacy rules, the Group's solvency is measured based on the LCSM, which aggregates the available capital, minimum capital requirements and prescribed capital requirements measured under the regulatory requirements of each entity within the Group.

The Group LCSM coverage ratio remained strong at 233 per cent at 31 December 2025. This compared with 257 per cent at 31 December 2024, with the reduction largely due to capital returns to shareholders and increased capital requirements resulting from higher equity⁽¹⁾ asset balances.

Eligible group capital resources increased from US\$77,650 million to US\$81,341 million, mainly from in-force capital resources generation and new business written during the year, partly offset by capital returns to shareholders.

The group prescribed capital requirement (GPCR) increased from US\$30,159 million to US\$34,949 million, largely due to higher equity⁽¹⁾ asset balances and new business written during the year.

As a result, the Group LCSM surplus decreased from US\$47,491 million to US\$46,392 million.

Tier 1 group capital increased from US\$49,316 million to US\$50,901 million, with in-force capital resources generation partly offset by capital returns to shareholders.

The group minimum capital requirement (GMCR) increased from US\$14,131 million to US\$16,215 million, principally as a result of new business written during the year.

The following table shows a summary of the Group LCSM solvency position on the GWS basis as at 31 December 2025.

US\$ millions, unless otherwise stated	As at 31 December 2025	As at 31 December 2024
Group LCSM coverage ratio ⁽²⁾	233%	257%
Tier 1 group capital coverage ratio ⁽³⁾	314%	349%
Eligible group capital resources	81,341	77,650
Tier 1 group capital	50,901	49,316
Tier 2 group capital	30,440	28,334
Group prescribed capital requirement (GPCR)	34,949	30,159
Group minimum capital requirement (GMCR)	16,215	14,131
Group LCSM surplus	46,392	47,491

A shareholder view⁽⁴⁾ of the Group LCSM is also presented to show the position excluding the Group's participating business and for comparability with other companies that report on this basis.

The Group LCSM coverage ratio on the shareholder basis is defined as the ratio of eligible group capital resources to the GPCR with both items excluding participating business. The ratio reduced from 316 per cent at 31 December 2024 to 282 per cent at 31 December 2025 mainly due to capital returns to shareholders.

US\$ millions, unless otherwise stated	As at 31 December 2025		As at 31 December 2024	
	GWS basis	Shareholder basis ⁽⁴⁾	GWS basis	Shareholder basis ⁽⁴⁾
Group LCSM coverage ratio	233% ⁽²⁾	282%	257% ⁽²⁾	316%
Eligible group capital resources	81,341	55,969	77,650	56,360
GPCR	34,949	19,838	30,159	17,814
Group LCSM surplus	46,392	36,131	47,491	38,546

Notes:

- (1) Includes equity shares, interests in investment funds and exchangeable loan notes.
- (2) The Group LCSM coverage ratio on the GWS basis is referred to as the "eligible group capital resources coverage ratio" in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.
- (3) The Tier 1 group capital coverage ratio is defined in the GWS framework as the ratio of the Tier 1 group capital to the GMCR.
- (4) Excludes the contribution from participating funds and other participating business with distinct portfolios except for Brunei and Macau Special Administrative Region (SAR). Participating businesses in Brunei and Macau SAR are not considered as participating funds or other participating business with distinct portfolios under applicable local regulatory regimes within our LCSM reporting.

At 31 December 2025, eligible group capital resources in the GWS framework included the following items, which are included within Tier 2 group capital:

- (i) US\$7,101 million⁽¹⁾ of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Subordinated securities with a maturity where principal repayment is subject to a lock-in clause are not subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and
- (ii) US\$4,415 million⁽¹⁾ of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

Note:

(1) The amounts represent the carrying value of MTNs contributing to eligible group capital resources.

GROUP LCSM COVERAGE RATIO SENSITIVITIES

Sensitivities of the Group LCSM coverage ratio to changes in equity prices and interest rates are consistent with those used for EV reporting and are shown below.

Interest rate sensitivities reflect a 50-basis point movement in current bond yield curves applied to asset values, with a corresponding movement in discount rates used in the valuation of liabilities. Eligible debt capital is held at carrying value and remains unchanged for the purposes of the sensitivity analysis. The direction and magnitude of interest rate sensitivities vary by market and may offset when aggregated at the Group level.

	As at 31 December 2025	As at 31 December 2024
Central value	233%	257%
Impact of equity price changes		
10 per cent increase in equity prices	2 pps	–
10 per cent decrease in equity prices	–	–
Impact of interest rate changes		
50 basis points increase in interest rates	(9) pps	(10) pps
50 basis points decrease in interest rates	10 pps	10 pps

RECONCILIATION BETWEEN GROUP LCSM SOLVENCY POSITION AND SHAREHOLDER CAPITAL

The table below shows a reconciliation of capital resources and capital requirements between the Group LCSM solvency position and shareholder capital.

US\$ millions, unless otherwise stated	As at 31 December 2025		As at 31 December 2024	
	Capital resources	Capital requirement	Capital resources	Capital requirement
Group LCSM solvency position	81,341	34,949	77,650	30,159
Adjustments for:				
Removal of participating surplus and others ⁽¹⁾	(26,893)	(15,649)	(21,594)	(12,913)
Different capital requirements under EV for AIA China ⁽²⁾	(7,166)	(4,905)	(7,403)	(4,117)
Reflecting EV consolidated reserving and capital requirements	(6,216)	4,183	(8,214)	4,025
Shareholder capital	41,066	18,578	40,439	17,154

Notes:

(1) Mainly reflects the removal of surplus of participating funds and other participating business with distinct portfolios.

(2) Adjustment from C-ROSS solvency basis to China Association of Actuaries (CAA) EV basis in line with local requirements.

HOLDING COMPANY FINANCIAL RESOURCES

Holding company financial resources increased to US\$15,213 million before shareholder dividends of US\$2,427 million and share buy-backs of US\$2,279 million.

The increase was mainly due to capital flows from subsidiaries of US\$5,045 million in 2025. Capital flows from subsidiaries were lower in 2025, reflecting higher amounts remitted in 2024 to provide additional support for the share buy-back programme.

After shareholder capital returns, holding company financial resources were US\$10,507 million at 31 December 2025.

The movements in holding company financial resources are summarised as follows:

US\$ millions, unless otherwise stated	2025	2024
Opening holding company financial resources	9,110	8,140
Capital flows from subsidiaries	5,045	5,642
Corporate activity including acquisitions	(154)	(74)
Net capital flows to holding company	4,891	5,568
Settlement of intercompany loans receivables	506	–
Increase in borrowings ⁽¹⁾	766	1,553
Interest payments on borrowings ⁽¹⁾	(567)	(467)
Investment income, mark-to-market movements in debt securities and others	507	794
Closing holding company financial resources before dividends and share buy-backs	15,213	15,588
Dividends paid	(2,427)	(2,328)
Share buy-backs	(2,279)	(4,150)
Closing holding company financial resources	10,507	9,110

Assets recoverable and liabilities repayable within 12 months are as follows:

US\$ millions, unless otherwise stated	As at 31 December 2025	As at 31 December 2024
Loans to/amounts due from subsidiaries ⁽²⁾	419	587
Medium-term notes and securities ⁽³⁾	(120)	(251)
Net other assets and other liabilities	(137)	(250)

Notes:

- (1) Borrowings principally include medium-term notes and securities; other intercompany loans; and amounts outstanding, if any, from the Company's US\$2,980 million unsecured committed credit facilities.
- (2) As at 31 December 2025, loans to/amounts due from subsidiaries was US\$419 million (31 December 2024: US\$910 million). US\$419 million was recoverable within 12 months after 31 December 2025 (31 December 2024: US\$587 million).
- (3) As at 31 December 2025, medium-term notes and securities placed to the market was US\$14,177 million (31 December 2024: US\$13,246 million). Nil was repayable within 12 months after 31 December 2025 (31 December 2024: US\$154 million). Details of the medium-term notes and securities placed to the market are included in note 26 to the consolidated financial statements.

GLOBAL MEDIUM-TERM NOTE AND SECURITIES PROGRAMME

The Company issued the following notes and securities under the Global Medium-term Note and Securities Programme:

On 6 May 2025, US\$128 million of unlisted US dollar-denominated 2.99-year notes with an annual fixed rate of 4.17 per cent.

On 9 May 2025, HK\$1,350 million of unlisted Hong Kong dollar-denominated 2.5-year notes at an annual fixed rate of 3.477 per cent. The US dollar equivalent issued was approximately US\$174 million.

On 11 June 2025, S\$800 million of Singapore dollar-denominated 10-year subordinated dated securities at an annual fixed rate of 3.58 per cent. The US dollar equivalent issued was approximately US\$622 million. The securities are listed on The Stock Exchange of Hong Kong Limited.

As at 31 December 2025, the aggregate carrying amount of debt issued under the programme was US\$14,177 million compared with US\$13,246 million at 31 December 2024.

CREDIT RATINGS

S&P Global Ratings upgraded its financial strength rating of AIA Co. from AA- (Very Strong) to AA (Very Strong) and consequently revised the outlook from positive to stable on 4 December 2025.

S&P Global Ratings upgraded its issuer credit rating of the Company from A+ (Strong) to AA- (Very Strong) and consequently revised the outlook from positive to stable on 4 December 2025.

As at 31 December 2025, AIA Co. had financial strength ratings of AA (Very Strong) with a stable outlook from Fitch; AA (Very Strong) with a stable outlook from S&P Global Ratings; and Aa2 (Very Low Credit Risk) with a stable outlook from Moody's.

As at 31 December 2025, the Company had issuer credit ratings of AA- (Very High Credit Quality) with a stable outlook from Fitch; AA- (Very Strong) with a stable outlook from S&P Global Ratings; and A1 (Low Credit Risk) with a stable outlook from Moody's.

REGULATORY AND INTERNATIONAL DEVELOPMENTS

INSURANCE CAPITAL STANDARD

The Insurance Capital Standard (ICS) is a group-wide capital standard for Internationally Active Insurance Groups (IAIGs), adopted by the International Association of Insurance Supervisors (IAIS) as the quantitative element of the Common Framework (ComFrame) for the Supervision of IAIGs.

The ICS aims to provide a globally comparable risk-based measure of capital adequacy for IAIGs, based on requirements for valuation, capital requirements and qualifying capital resources. IAIS member regulators will be required to implement the minimum requirements of the ICS within local capital adequacy regimes for IAIGs, taking into consideration specific market circumstances.

A baseline self-assessment by IAIS member regulators, including the Hong Kong Insurance Authority (HKIA), of their local group capital adequacy regimes is expected to begin in 2026. These self-assessments are expected to be followed by in-depth targeted jurisdictional assessments of ICS implementation by the IAIS starting from 2027.

In 2025, the IAIS agreed on a set of High-Level Principles to guide the development of the ICS implementation assessment methodology as well as the development of the self-assessment questionnaire that jurisdictions will use to measure their ICS implementation progress. The principles require assessment against components of the ICS with reference to the technical requirements specified in the Level 1 and Level 2 ICS texts published by the IAIS. The IAIS has also published draft requirements on ICS supervisory reporting and ICS public disclosure in a public consultation on the development of material for ICS-related standards in ComFrame.

DOMESTIC SYSTEMICALLY IMPORTANT INSURER FRAMEWORK IN HONG KONG

In October 2025, the HKIA introduced a new framework for the classification of Domestic Systemically Important Insurers (D-SIIs) in Hong Kong, with the aim of addressing potential systemic risks posed by D-SIIs to the stability and effective functioning of Hong Kong's financial system. The HKIA classified AIA Group Limited as a D-SII, noting that the Group is an IAIG adhering to robust standards under the group-wide supervision (GWS) framework of the HKIA, which imposes robust regulatory requirements on capital adequacy, risk management and internal controls. Accordingly, we do not expect any change to our operations or capital management policy as a result of this classification.

LOCAL SOLVENCY REQUIREMENTS

The Group's individual branches and subsidiaries are also subject to supervision, including relevant capital requirements, in the jurisdictions in which they and their parent entities operate. The local operating units were in compliance with the capital requirements of their respective entity and local regulators in each of our geographical markets at 31 December 2025.

A number of regulators in the Group's markets are undertaking reviews of their capital adequacy regimes taking into consideration the ICS, including the Hong Kong SAR⁽¹⁾, India, Indonesia, Macau SAR⁽²⁾, Malaysia, Sri Lanka and Thailand.

Notes:

(1) Hong Kong SAR refers to the Hong Kong Special Administrative Region of the People's Republic of China.

(2) Macau SAR refers to the Macau Special Administrative Region of the People's Republic of China.

BUSINESS REVIEW

UNRIVALLED DISTRIBUTION

AGENCY

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	4,273	3,707	13%	15%
VONB margin	71.5%	67.6%	3.4 pps	3.9 pps
ANP	5,973	5,486	8%	9%

AIA's proprietary Premier Agency strategy is the cornerstone of the Group's success in building the industry's leading agency that provides professional and personalised advice tailored to our customers' protection and long-term savings needs. AIA's disciplined and systematic approach sets our performance apart, driving excellent activity levels and superior scale and productivity. With over 96,000 active agents across 15 markets and a strong track record of execution, our unmatched talent advantage continues to support sustainable growth.

In 2025, the agency channel reinforced its position as AIA's primary growth engine, contributing 73 per cent of total VONB and delivering 13 per cent VONB growth. This was supported by an increase in active agent numbers, improved agent productivity and a highly-attractive, capital efficient and profitable product mix. The strength of the agency channel is underpinned by AIA's tied-agency model, which provides end-to-end control over product design, pricing discipline and customer engagement. This allows the Group to respond to changing market conditions with new products and shifts in mix to maintain underwriting and risk discipline, ensuring consistently high-quality growth.

Our Premier Agency strategy is anchored on the principles of quality and sustainability. Agency leaders play a vital role in ensuring our high standards are met through quality recruitment, training and the ongoing career development of high-performing agents. In 2025, the number of agency leaders grew by 7 per cent, which in turn helped increase the number of new recruits by 8 per cent.

New agent success is critical to sustainable growth. We maintain stringent recruitment standards, reinforced by AI-powered training and data-driven behavioural insights. Our AI-driven Role Play solutions, which are now used by over 35,000 agents across multiple markets, enhance advisory capabilities through real-time scenario practice sessions, driving measurable gains in activity and productivity. With improved training and digital tools, new agent productivity rose 11 per cent. The self-reinforcing cycle of higher recruitment levels with improved new agent success encourages our agency leaders to strive for further high-quality agency expansion.

We continue to drive higher agent productivity through structured agent segmentation and clear career pathways that incentivise and reward progression. Our Online-to-Offline (O2O), Existing Customer Marketing (ECM), and Individual Voluntary Solutions (IVS) initiatives enhance lead generation. In 2025, around five million online leads were generated for our agents, with a 17 per cent conversion rate, a clear indicator of its effectiveness in identifying customer needs and enhancing agent productivity. Across our five largest markets, O2O-generated leads accounted for over 50 per cent of their agency ANP.

Enduring relationships between our agents and customers drive strong persistency and higher repurchase rates, effectively reducing acquisition costs. Our continued focus on advice-intensive protection and long-term savings products has supported strong profitability, with VONB margin increasing by 3.4 pps to 71.5 per cent in 2025. Our comprehensive health and wealth propositions further increase our ability to meet the evolving needs of customers.

AIA's leadership in professionalism is recognised globally. We remained the world's number one MDRT company for the 11th consecutive year and hold the top position in nine markets, with AIA Hong Kong, AIA China, AIA Thailand, and Tata AIA Life ranked as the global top four individual companies.

With professional advice and compelling protection and savings solutions, AIA's proprietary Premier Agency is uniquely positioned to capture Asia's growth opportunities and deliver sustainable, profitable growth. The culture, processes and leadership depth embedded in AIA's agency make the platform a long-term strategic asset that is extremely difficult for competitors to emulate.

PARTNERSHIPS

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	1,593	1,301	22%	22%
VONB margin	45.4%	41.7%	3.5 pps	3.7 pps
ANP	3,511	3,120	13%	13%

Partnership distribution continued to play an important role in the Group's performance in 2025, delivering strong double-digit VONB growth across both bancassurance and intermediated channels.

Our deep relationships with leading banks and intermediaries are an important strategic pillar of AIA's long-term growth strategy, providing a stable and diversified revenue stream by extending our reach to millions of customers through trusted financial partners. AIA is deeply embedded into our partners' ecosystems, providing customers with additional protection and long-term savings solutions which complement our partners' wealth propositions. Supported by our strong brand, extensive regional footprint and long-standing presence in Asia, AIA is uniquely positioned to build and deepen high-quality partnerships that allow us to meet the evolving protection and wealth needs of our consumers at scale.

VONB from partnerships grew by 22 per cent in 2025. Growth was broad-based, with double-digit increases in VONB from 12 markets, supported by disciplined execution, improved product profitability and a favourable geographical mix. VONB margin increased by 3.5 pps to 45.4 per cent.

In bancassurance, performance reflected the depth and longevity of the Group's partnerships — which have an average duration of more than 20 years — with leading banks across Asia. We have built enduring relationships with institutions such as Bangkok Bank (Thailand), Public Bank Berhad (Malaysia), Bank Central Asia (Indonesia) and BPI (Philippines), as well as multinational partnerships with Citibank and Bank of East Asia. These relationships provide access to a large, established consumer base exceeding 100 million potential customers across Asia. Our strategy to increase customer penetration focuses on developing insurance offerings to closely align with our partners' market segmentation and distribution models. This supports higher productivity, while maintaining pricing and underwriting discipline.

During the year, our increased focus on affluent and high-net-worth customer segments contributed to higher average case sizes at key bancassurance partners. This was supported by targeted product launches, structured customer engagement and continued investment in digital tools, which enhanced seller productivity to drive 20 per cent VONB growth and an increase in VONB margin — maintaining levels above 40 per cent — in our bancassurance channel.

Intermediated channels, including independent financial advisers (IFAs) and brokers, achieved 31 per cent VONB growth, reflecting selective relationship management and a focus on high-quality sales and servicing standards. By prioritising a targeted group of IFAs and brokers, the Group continues to access customers seeking independent advice, while maintaining disciplined growth and differentiated propositions.

GEOGRAPHICAL MARKET HIGHLIGHTS

MAINLAND CHINA

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	1,240	1,217	2%	2%
VONB margin	57.6%	56.1%	1.4 pps	1.5 pps
ANP	2,152	2,168	–	(1)%
TWPI	11,272	9,874	14%	14%

In 2025, AIA delivered a resilient performance in Mainland China with VONB growth of 2 per cent after the impact of economic assumption changes reflecting the lower interest rate environment. Our business achieved a strong recovery in the second half of the year with VONB growth accelerating to 14 per cent. This sustained recovery was driven by our best-in-class agency, differentiated bancassurance channel, and disciplined execution of our geographical expansion strategy. This momentum continued into the first two months of 2026, where VONB increased over 20 per cent year-on-year.

Premier Agency is AIA's key competitive advantage in Mainland China, accounting for 85 per cent of VONB in 2025. Our agency consists entirely of professional, full-time, highly trained agents and is uniquely positioned to meet the substantial and growing demand for protection and long-term savings advice and solutions in Mainland China. In 2025, we continued to grow our agency with a 14 per cent increase in the number of new recruits, which supported an 8 per cent uplift in the overall number of active agents. Further enhancements to our proprietary training programmes and our digital and AI-enabled tools helped recruits become active faster, resulting in 20 per cent growth in the number of active new agents.

Protection products, which provide more comprehensive cover and deeper wealth-preservation solutions, represent a core part of our agency offering, accounting for 44 per cent of agency VONB in the second half of 2025. We continued to expand our protection proposition in 2025, launching a participating product with a critical illness rider and a new medical product, which gives customers the flexibility to tailor and adjust coverage to meet their individual needs. We further enhanced our ecosystem of services, which complement our insurance products. In particular, we enriched our high-net-worth integrated solutions, which include family doctor access, retirement planning, youth education consulting, and insurance trust services for legacy planning, and this contributed to a 9 per cent increase in the number of policies sold having a total premium of at least RMB1 million.

AIA China's bancassurance channel supported our resilient performance in 2025, accounting for 15 per cent of total VONB. We are differentiated by our selective bank partnerships focused on affluent and high-net-worth segments. This, in combination with our continued strengthening of core capabilities in data-driven customer segmentation and proposition innovation, has resulted in a double-digit increase in average case size.

Our ongoing geographical expansion is a unique element of AIA's growth strategy in Mainland China. Since we began our expansion beyond the original five geographies, we now have nine new geographies with four launched successfully in 2025. VONB from the nine new regions increased by 45 per cent in 2025 to US\$118 million and accounted for over 9 per cent of AIA China's VONB. We have set an ambition to grow this VONB by 40 per cent CAGR from 2025 to 2030, before economic assumption changes.

China Post Life

AIA China's reported results do not include any contribution from China Post Life Insurance Co., Ltd. (China Post Life). China Post Life's reported VONB⁽⁴⁾ was RMB10.3 billion in 2025, an increase of 5 per cent compared to 2024, and 5.5 times the previously disclosed 2020 full year result. AIA's 24.99 per cent investment in China Post Life expands the Group's exposure to growth opportunities in Mainland China through new channels and customer segments that are complementary to AIA China.

HONG KONG

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	2,256	1,764	28%	28%
VONB margin	68.5%	65.5%	3.0 pps	3.0 pps
ANP	3,283	2,609	26%	26%
TWPI	14,726	12,456	18%	18%

AIA Hong Kong achieved an excellent 28 per cent VONB growth in 2025, supported by a 21 per cent increase from domestic customers and 35 per cent growth from Mainland Chinese visitor (MCV) customers, with a balanced mix across the two customer segments. Within the domestic segment, over 60 per cent of VONB was generated from existing customers and 30 per cent from new Hong Kong residents, demonstrating both our ability to deepen relationships with our current customers and to expand our market presence. ANP grew by 26 per cent and VONB margin increased by 3.0 pps to 68.5 per cent, supported by the launch of a new flagship product.

AIA's Premier Agency continued to lead the market in Hong Kong and Macau, delivering 26 per cent VONB growth in 2025. This excellent performance was driven by a 9 per cent increase in the number of active agents and a 14 per cent uplift in productivity. As our principal distribution channel, agency contributed 70 per cent of AIA Hong Kong's VONB.

AIA Hong Kong is the number one ranked company globally for MDRT members, underscoring its commitment to professionalism and delivering exceptional customer service. Accelerated recruitment and training efforts led to a 12 per cent increase in the number of new recruits and the number of active new agents grew by 25 per cent. As a result, the proportion of total agency ANP generated by new agents in the year rose to 20 per cent and ANP exceeded pre-COVID levels, demonstrating both improved activation rates of new recruits and reinforcing the sustainability of future growth.

VONB from our partnership distribution channel grew 46 per cent, with 41 per cent from bancassurance and 49 per cent from the IFA and broker channel. This growth was supported by a product mix shift, enhanced customer segmentation and more tailored offerings. These factors contributed to improvements in customer experience and seller productivity. Deeper engagement with preferred brokers enabled AIA Hong Kong to maintain a disciplined focus on high-quality new business, while expanding its reach.

In addition, the launch of new and enhanced protection and long-term savings products broadened our offerings. These included products designed to provide essential critical illness protection at affordable premiums, as well as a retirement product offering greater flexibility, supporting growth across multiple customer segments.

THAILAND

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	993	816	13%	22%
VONB margin	110.9%	99.5%	11.4 pps	11.4 pps
ANP	895	821	2%	9%
TWPI	5,336	4,674	7%	14%

AIA Thailand delivered 13 per cent VONB growth in 2025, reflecting the strength of its professional distribution and continued investment in digital tools supporting sales and customer engagement. Our business maintains a market-leading position in protection solutions, with over 50 per cent market share in medical and critical illness riders, as well as unit-linked products. VONB margin increased by 11.4 pps to 110.9 per cent, boosted by strong sales of individual medical insurance products ahead of the introduction of industry-wide co-payment rules from March 2025, as previously disclosed. This produced exceptionally strong VONB growth in the first quarter of 2025, reflecting a pull forward of demand. As a result, VONB is expected to be lower in the first quarter of 2026.

Our agency channel delivered 14 per cent VONB growth, supported by growth in the number of active agents and an increased VONB contribution from our Financial Advisers (FA), which accounted for over 40 per cent of agency VONB in 2025. Our structured FA programme recruits and develops high-quality and professional advisers through a stringent selection process followed by a year-long training curriculum. In 2025, our FAs were around three times as productive as standard agents and achieved an activity ratio of over 70 per cent in the first year. AIA Thailand remained the market leader with 44 per cent market share and continued to demonstrate leadership in agency professionalism. We maintained our number one MDRT ranking domestically, a position that we have held since our IPO in 2010, and remained third globally, behind AIA Hong Kong and AIA China.

Partnership distribution VONB increased by 11 per cent. Within our bancassurance channel, we saw a double-digit growth in the number of active insurance sellers and an increase in average case size with our strategic partnership with Bangkok Bank.

In the second half of 2025, we launched a new income-generating proposition targeted at the affluent and high-net-worth segment, designed to provide stable income streams in volatile market conditions. Initial results indicate strong demand, and we will continue to innovate in this space to capture emerging opportunities, while supporting customers in addressing the evolving needs of an ageing society.

SINGAPORE

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	530	454	14%	17%
VONB margin	47.0%	50.5%	(3.4) pps	(3.5) pps
ANP	1,128	897	23%	26%
TWPI	5,263	4,445	16%	18%

AIA Singapore delivered 14 per cent VONB growth, supported by double-digit growth from both our agency and partnership distribution channels. This performance reflected our continued success in capturing the expanding wealth opportunities across the affluent and high-net-worth, and domestic and international customer segments, delivering strong sales in unit-linked long-term savings products. While this shift influenced the overall mix of new business and contributed to a lower VONB margin of 47.0 per cent, it was more than offset by 23 per cent ANP growth, leading to higher overall VONB.

The agency channel achieved 10 per cent VONB growth, driven by a 19 per cent increase in new recruits and higher productivity. Our agency leadership programmes have successfully generated 23 per cent growth in the number of new leaders, a critical pillar to the sustainable execution of our Premier Agency strategy. Continued investment in digital platforms and training supported improved adviser effectiveness, productivity and professional standards. As a result, AIA Singapore maintained its number one MDRT ranking domestically, a position it has now held for 11 years, underscoring the depth and quality of its agency force and the sustainability of its distribution capabilities.

Partnership distribution delivered VONB growth of 31 per cent, supported by strong demand for high-net-worth propositions across partners. The strategic bancassurance partnership with Citibank delivered very strong double-digit VONB growth, reflecting momentum from the offshore customer segment and the strength of AIA Singapore's comprehensive wealth propositions.

Overall, the performance of AIA Singapore reflected disciplined execution across distribution channels and a continued focus on targeted affluent and high-net-worth customer segments, supporting sustainable growth.

MALAYSIA

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	373	349	0%	7%
VONB margin	72.2%	67.3%	4.9 pps	4.9 pps
ANP	515	517	(7)%	0%
TWPI	3,071	2,742	5%	12%

AIA Malaysia reported slight growth in VONB for the full year, as a recovery in the second half offset a challenging start to the year in the agency channel, as previously reported. VONB growth in the second half reflected improving momentum as earlier market disruptions began to ease.

Following developments in the Malaysian health insurance market announced in December 2024, a significant proportion of agency capacity in the first half of 2025 was focused on advising existing customers on policy options, which reduced frontline selling activity, as disclosed in the interim results. As these effects moderated in the second half, agency performance improved quarter-on-quarter, supported by higher productivity. Recruitment momentum also strengthened, with an increase in new recruits in the second half of the year compared with the first half, delivering a strong year-on-year uplift in December.

Partnership distribution delivered 17 per cent VONB growth, supported by both bancassurance and corporate solutions. Performance from our strategic bancassurance relationship with Public Bank Berhad reflected higher productivity among insurance specialists and continued expansion of wealth propositions, including the launch of a first-to-market life insurance product targeted at high-net-worth customers. VONB from our market-leading corporate solutions business delivered very strong growth, driven by both new schemes and renewals, supported by disciplined underwriting and execution.

Overall, performance in Malaysia reflected the resilience of our multi-channel distribution model and its ability to respond to market developments and deliver a high-quality product mix, with VONB margin increasing to 72.2 per cent.

OTHER MARKETS

US\$ millions, unless otherwise stated	2025	2024	YoY CER	YoY AER
VONB	485	467	7%	4%
VONB margin	32.0%	29.2%	2.7 pps	2.8 pps
ANP	1,511	1,594	(3)%	(5)%
TWPI	7,232	7,207	3%	–

Overview

VONB for Other Markets increased by 7 per cent with positive growth in seven of our markets.

Geographical Market Highlights

Australia: VONB declined in 2025 reflecting fewer attractive new market opportunities in group insurance, particularly in the second half. Despite this, AIA Australia maintained its number two ranking in the in-force market, supporting the stability of the existing portfolio.

Cambodia: VONB increased during the year, supported by growth in both our agency and partnership channels.

India: Our joint venture in India, Tata AIA Life, delivered excellent VONB growth in 2025, supported by contributions from both our agency and partnership channels. Our Premier Agency, the top-ranked agency in India for MDRT members, reported excellent VONB growth in 2025, supported by a double-digit increase in the number of active agents. We continue to build our agency and saw strong double-digit growth in both the number of agency leaders and new recruits. The partnership channel achieved very strong growth, driven by our bank partners as well as the intermediated channels.

The business maintained its market leadership in protection, ranking number one in the industry by retail sum assured, and delivered best-in-class persistency, underscoring our commitment to business quality. We also continued to rank the third largest private life insurer in India based on individual weighted new business premiums. Ongoing investment in digital and AI capabilities supported scalable delivery and personalised customer experiences across key segments.

Indonesia: VONB was lower, with the cessation of our partnership with a former bancassurance partner in November 2024. We continued to strengthen our distribution capabilities with higher numbers of active agents and insurance specialists across our agency and bancassurance channels. Our strategic partnership with Bank Central Asia delivered record sales in 2025 – the highest since the start of our 19-year collaboration.

Myanmar: AIA Myanmar delivered excellent ANP growth in 2025, despite business disruption following the March 2025 earthquake. This was supported by double-digit growth in the number of active agents and expansion of active bank branches.

New Zealand: VONB grew in 2025, supported by both our intermediated and bancassurance channels, and the business maintained its market-leading position in life insurance new business premiums.

Philippines: VONB was lower as growth from the partnership channel was offset by a decline in agency. Performance in the partnership channel was driven by our joint venture with BPI, BPI-AIA, where our focus on the affluent segment supported higher average case sizes. The agency channel continued to focus on quality recruitment and productivity to support longer-term growth.

South Korea: AIA Korea delivered an excellent performance in 2025, supported by both bancassurance and agency. The business continued to diversify its multi-channel mix and expanded the product range with a suite of new and innovative propositions.

Sri Lanka: AIA Sri Lanka reported an excellent VONB growth from both agency and partnership distribution. VONB from partnerships increased by c.90 per cent with excellent growth from all three bancassurance partnerships, including our long-term exclusive partnership with the Commercial Bank of Ceylon PLC.

Taiwan (China): VONB was lower in 2025 following a high base in 2024, as overall consumer sentiment was impacted by exchange-rate volatility. During the year, the business continued to strengthen its distribution capabilities by expanding its partnership network with brokers and banks, reinforcing the foundations for sustainable, long-term business growth.

Vietnam: AIA Vietnam delivered excellent VONB growth in 2025, with double-digit growth from both agency and bancassurance. In the agency channel, growth was driven by higher productivity as the business continued to strengthen its focus on quality, with a renewed emphasis on health and protection propositions.

Notes:

- (1) Growth rates and commentaries are provided on a constant exchange rate (CER) basis.
- (2) Throughout the Distribution section, VONB and VONB margin by distribution channel are based on local statutory reserving and capital requirements and exclude pension business.
- (3) AIA China's financial results do not include any contribution from the Group's 24.99 per cent shareholding in China Post Life.
- (4) VONB is calculated by China Post Life based on its principles and methodology in accordance with the China Association of Actuaries embedded value assessment guidance (CAA basis), consistent with the industry practice in Mainland China. China Post Life's VONB for the twelve-month period ended 31 December 2025 reflects its latest long-term investment return assumptions used at 31 December 2025.
- (5) ANP and VONB for Other Markets include the results from our 49 per cent shareholding in Tata AIA Life. ANP and VONB do not include any contribution from our 24.99 per cent shareholding in China Post Life. For clarity, TWPI does not include any contribution from Tata AIA Life and China Post Life.
- (6) The results of Tata AIA Life are reported on a one-quarter-lag basis. The results of Tata AIA Life are accounted for using the twelve-month period ended 30 September 2025 and the twelve-month period ended 30 September 2024 in AIA's consolidated results for the year ended 31 December 2025 and the year ended 31 December 2024, respectively.



羅兵咸永道

TO THE SHAREHOLDERS OF AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of AIA Group Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 58 to 217, 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 notes¹ to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

¹ Certain required disclosures as described in Note 14 to the consolidated financial statements have been presented elsewhere in the Annual Report 2025 (in Section 5 of Supplementary Embedded Value Information), rather than in the notes to the consolidated financial statements. These disclosures are cross-referenced and have been audited.

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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as issued by the HKICPA. 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 HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified relate to the valuation of insurance contracts.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contracts</p> <p>Refer to the relevant references in the consolidated financial statements:</p> <p>Note 2.3 to the consolidated financial statements and material accounting policy information: Material accounting policy Information – Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held, pages 68-83.</p> <p>Note 3.1 to note 3.3 to the consolidated financial statements and material accounting policy information: Critical accounting estimates and judgements, pages 91-92.</p> <p>Note 24 to the consolidated financial statements and material accounting policy information: Insurance contracts and reinsurance contracts held, pages 155-174.</p> <p>As at 31 December 2025, the Group had net insurance contract liabilities of US\$255,614 million.</p> <p>The insurance contracts are measured as the total of the fulfilment cash flows (“FCF”) and the contractual service margin (“CSM”), the determination of which requires judgement about uncertain future outcomes. Contracts which are accounted for as insurance contracts, are dependent on the contract features, measured using one of the three measurement approaches – the general measurement model, the variable fee approach (“VFA”) or the premium allocation approach (“PAA”). The degree of judgement involved is generally higher for the general measurement model and the VFA compared with the PAA.</p> <p>The application of the general measurement model and the VFA includes the use of complex methodologies that are applied in models, and for insurance contracts with significant financial options and guarantees, stochastic modelling techniques are applied in measuring those contracts’ FCF.</p>	<p>We tested certain controls in place relating to methodologies, their application, significant assumptions and data used in the valuation of insurance contracts. These included controls relating to:</p> <ul style="list-style-type: none"> • Review and determination of methodologies used, and their applications in the models. This includes changes in methodologies applied; • Assumption setting; • The determination of the coverage units for new products, and changes to the coverage units for existing products; and • Policy data reconciliations from the policyholder administration systems to the actuarial valuation models.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contracts (continued)</p> <p>We particularly focused on material changes made to methodologies applied in models in determining the FCF under the general measurement model and the VFA, as well as methodologies applied to material new product types (as applicable).</p> <p>The methodologies applied in models use various assumptions, both economic and noneconomic in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement, historic experience, market data or other relevant information.</p> <p>The assumptions used that we focused on for insurance contracts were those with greater levels of management judgement, and for which variations have the most significant impact on the net insurance contract liabilities. For FCF under the general measurement model and the VFA, these significant assumptions included mortality/morbidity, persistency, policyholder dividends for other participating business without distinct portfolios, and economic assumptions.</p> <p>The CSM represents the unearned profits that the Group is expected to recognise as it provides services under the insurance contracts.</p>	<p>With the assistance of our actuarial professionals, we perform the following substantive audit procedures to assess the methodologies, their applications, significant assumptions, data and disclosures:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the methodologies used, and their application in models. This included testing on a sample basis that material changes made to methodology are reflected in the models in determining the FCF under the general measurement model and VFA as well as assessing the appropriateness of methodologies applied to material new product types (as applicable); • We challenged the appropriateness of the judgements made in setting significant assumptions under the general measurement model and VFA. We have assessed these significant assumptions and obtained relevant corroborating evidence. We further considered whether the judgements made in setting the significant assumptions would give rise to indicators of management bias;

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contracts (continued)</p> <p>The carrying amount of the CSM includes an adjustment for the amount recognised as insurance revenue for services provided in the period, measured based on the coverage units provided in the period.</p> <p>The coverage units represent the quantity of services being provided by the contracts.</p> <p>In the determination of coverage units used in the CSM measurement, we particularly focused on the judgement applied in determination of coverage units for new products launched in the current year which have or should have a material impact on the valuation of insurance contracts and changes to the methodology of determining coverage units for existing material products, if any.</p>	<ul style="list-style-type: none"> • On a sample basis, we challenged the appropriateness of the judgement applied in determination of coverage units for new products launched in the current year which have or should have a material impact on the valuation of insurance contracts and challenged the appropriateness of judgement applied in determining changes in the methodology of determining coverage units for existing material products, if any; • We tested on sample basis data used in the valuation of insurance contracts; and • We assessed the adequacy of the relevant disclosures in the context of the applicable financial reporting framework. <p>Based upon the work outlined above, we found the methodologies applied, significant assumptions and data used in the valuation of insurance contracts to be acceptable based on available evidence.</p>



Other Information

The Directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. The other information does not include the specific information presented therein that is identified as being an integral part of the consolidated financial statements and, therefore, covered by our audit opinion on the consolidated financial statements.

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.

Other Matter

The Group has prepared Supplementary Embedded Value Information as at and for the year ended 31 December 2025 in accordance with the embedded value basis of preparation set out in Sections 4 and 5 of the Supplementary Embedded Value Information, on which we issued a separate auditor's report to the Board of Directors of the Company dated 19 March 2026.

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 HKFRS Accounting Standards as issued by the HKICPA and IFRS Accounting Standards as issued by the IASB and the Hong Kong Companies Ordinance, 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 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement 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.



- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lars Christian Jordy Nielsen (practising certificate number: P05502).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong
19 March 2026

CONSOLIDATED INCOME STATEMENT

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Insurance revenue	8, 24	21,618	19,314
Insurance service expenses	10, 24	(14,243)	(13,136)
Net expenses from reinsurance contracts held	24	(465)	(409)
Insurance service result		6,910	5,769
Interest revenue on	9		
Financial assets not measured at fair value through profit or loss		4,372	4,275
Financial assets measured at fair value through profit or loss		3,512	3,713
Other investment return	9	10,124	3,965
Net impairment loss on financial assets	9	(29)	(16)
Investment return	9	17,979	11,937
Net finance expenses from insurance contracts	9	(15,246)	(7,612)
Net finance income from reinsurance contracts held	9	123	105
Movement in investment contract liabilities	9, 25	(885)	(791)
Movement in third-party interests in consolidated investment funds	9	(35)	(29)
Net investment result	9	1,936	3,610
Fee income		82	89
Other operating revenue		425	353
Other expenses	10	(1,766)	(1,771)
Other finance costs	10	(663)	(570)
Profit before share of profit from associates and joint ventures		6,924	7,480
Share of profit from associates and joint ventures		547	351
Profit before tax		7,471	7,831
Tax expense	11	(1,204)	(978)
Net profit		6,267	6,853
<i>Net profit attributable to:</i>			
Shareholders of AIA Group Limited		6,234	6,836
Non-controlling interests		33	17
Earnings per share (US\$)			
Basic	12	0.59	0.62
Diluted	12	0.59	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Net profit	6,267	6,853
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains on financial assets at fair value through other comprehensive income (net of tax of: 2025: US\$362m; 2024: US\$(1,725)m)	202	4,528
Fair value losses/(gains) on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal (net of tax of: 2025: US\$38m; 2024: US\$3m)	251	(62)
Foreign currency translation adjustments	1,515	(768)
Cash flow hedges – Fair value losses through other comprehensive income (net of tax of: 2025: US\$2m; 2024: nil)	(6)	–
Cash flow hedges – Fair value gains reclassified to profit or loss (net of tax of: 2025: nil; 2024: nil)	(2)	(3)
Net finance income/(expenses) from insurance contracts (net of tax of: 2025: US\$(296)m; 2024: US\$1,591m)	17	(4,830)
Net finance (expenses)/income from reinsurance contracts held (net of tax of: 2025: US\$65m; 2024: US\$(35)m)	(221)	64
Share of other comprehensive expense from associates and joint ventures	(575)	(75)
Subtotal	1,181	(1,146)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gains on property held for own use (net of tax of: 2025: US\$(6)m; 2024: US\$4m)	27	144
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: 2025: US\$6m; 2024: US\$5m)	(17)	(30)
Subtotal	10	114
Total other comprehensive income/(expenses)	1,191	(1,032)
Total comprehensive income	7,458	5,821
<i>Total comprehensive income attributable to:</i>		
Shareholders of AIA Group Limited	7,414	5,804
Non-controlling interests	44	17

Note:

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$m	Notes	As at 31 December 2025	As at 31 December 2024
Assets			
Intangible assets	14	3,680	3,478
Investments in associates and joint ventures	15	2,062	1,710
Property, plant and equipment	16	4,700	4,447
Investment property	17	4,508	4,570
Insurance contract assets	24	866	972
Reinsurance contract assets	24	7,893	5,730
Financial investments:	18, 20		
At amortised cost			
Debt securities		2,763	2,399
Loans and deposits		4,210	3,770
At fair value through other comprehensive income			
Debt securities		106,281	98,289
At fair value through profit or loss			
Debt securities		78,819	77,530
Loans and deposits		299	272
Equity shares		23,209	19,797
Interests in investment funds and exchangeable loan notes		90,833	69,040
Derivative financial instruments	19	845	1,054
		307,259	272,151
Deferred tax assets	11	525	549
Current tax recoverable		219	219
Other assets	21	4,102	3,527
Cash and cash equivalents	22	9,609	8,101
Total assets		345,423	305,454
Liabilities			
Insurance contract liabilities	24	256,480	221,412
Reinsurance contract liabilities	24	342	255
Investment contract liabilities	25	7,560	6,967
Borrowings	26	14,245	13,329
Obligations under repurchase agreements	27	5,910	4,616
Derivative financial instruments	19	5,664	8,615
Provisions	29	235	202
Deferred tax liabilities	11	4,647	4,116
Current tax liabilities		404	220
Other liabilities	30	6,328	4,909
Total liabilities		301,815	264,641

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

US\$m	Notes	As at 31 December 2025	As at 31 December 2024
Equity			
Share capital	31	14,218	14,183
Employee share-based trusts	31	(415)	(376)
Other reserves	31	(11,682)	(11,733)
Retained earnings		46,223	44,691
Other comprehensive income		(5,099)	(6,275)
<i>Total equity attributable to:</i>			
Shareholders of AIA Group Limited		43,245	40,490
Non-controlling interests	32	363	323
Total equity		43,608	40,813
Total liabilities and equity		345,423	305,454

Approved and authorised for issue by the Board of Directors on 19 March 2026.

Lee Yuan Siong
Director

Sir Mark Edward Tucker
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US\$m	Note	Other comprehensive income										Total equity
		Share capital	Employee share-based trusts	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	
Balance at 1 January 2025		14,183	(376)	(11,733)	44,691	5,744	(3,822)	(9,658)	1,451	10	323	40,813
Net profit		-	-	-	6,234	-	-	-	-	-	33	6,267
Fair value gains on financial assets at fair value through other comprehensive income		-	-	-	-	200	-	-	-	-	2	202
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	-	251	-	-	-	-	-	251
Foreign currency translation adjustments		-	-	-	-	-	1,509	-	-	-	6	1,515
Cash flow hedges – fair value losses through other comprehensive income		-	-	-	-	-	-	-	-	(6)	-	(6)
Cash flow hedges – fair value gains reclassified to profit or loss		-	-	-	-	-	-	-	-	(2)	-	(2)
Net finance income from insurance contracts		-	-	-	-	-	-	14	-	-	3	17
Net finance expenses from reinsurance contracts held		-	-	-	-	-	-	(221)	-	-	-	(221)
Share of other comprehensive (expense)/income from associates and joint ventures		-	-	-	-	(262)	3	(316)	-	-	-	(575)
Revaluation gains on property held for own use		-	-	-	-	-	-	-	27	-	-	27
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	-	(17)	-	(17)
Total comprehensive income/(expense) for the year		-	-	-	6,234	189	1,512	(523)	27	(25)	44	7,458
Dividends	13	-	-	-	(2,427)	-	-	-	-	-	(14)	(2,441)
Share buy-backs		-	-	-	(2,279)	-	-	-	-	-	-	(2,279)
Shares issued under share option scheme and agency share purchase plan		35	-	-	-	-	-	-	-	-	-	35
Increase in non-controlling interests		-	-	(9)	-	-	-	-	-	-	10	1
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-
Share-based compensation		-	-	110	-	-	-	-	-	-	-	110
Purchase of shares held by employee share-based trusts		-	(89)	-	-	-	-	-	-	-	-	(89)
Transfer of vested shares from employee share-based trusts		-	50	(50)	-	-	-	-	-	-	-	-
Revaluation reserve transferred to retained earnings on disposal		-	-	-	4	-	-	-	(4)	-	-	-
Balance at 31 December 2025		14,218	(415)	(11,682)	46,223	5,933	(2,310)	(10,181)	1,474	(15)	363	43,608

Note:

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

US\$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income					Non-controlling interests	Total equity
						Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others		
Balance at 1 January 2024		14,176	(367)	(11,788)	44,333	516	(2,950)	(4,159)	1,307	43	483	41,594
Net profit		-	-	-	6,836	-	-	-	-	-	17	6,853
Fair value gains/(losses) on financial assets at fair value through other comprehensive income		-	-	-	-	4,531	-	-	-	-	(3)	4,528
Fair value gains on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	-	(62)	-	-	-	-	-	(62)
Foreign currency translation adjustments		-	-	-	-	-	(761)	-	-	-	(7)	(768)
Cash flow hedges – fair value gains/(losses) through other comprehensive income		-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges – fair value gains reclassified to profit or loss		-	-	-	-	-	-	-	-	(3)	-	(3)
Net finance (expenses)/income from insurance contracts		-	-	-	-	-	-	(4,840)	-	-	10	(4,830)
Net finance income from reinsurance contracts held		-	-	-	-	-	-	64	-	-	-	64
Share of other comprehensive income/(expense) from associates and joint ventures		-	-	-	-	759	(111)	(723)	-	-	-	(75)
Revaluation gains on property held for own use		-	-	-	-	-	-	-	144	-	-	144
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	-	(30)	-	(30)
Total comprehensive income/(expense) for the year		-	-	-	6,836	5,228	(872)	(5,499)	144	(33)	17	5,821
Dividends	13	-	-	-	(2,328)	-	-	-	-	-	(5)	(2,333)
Share buy-backs		-	-	-	(4,150)	-	-	-	-	-	-	(4,150)
Shares issued under share option scheme and agency share purchase plan		7	-	-	-	-	-	-	-	-	-	7
Increase in non-controlling interests		-	-	(12)	-	-	-	-	-	-	28	16
Acquisition of non-controlling interests		-	-	14	-	-	-	-	-	-	(200)	(186)
Share-based compensation		-	-	87	-	-	-	-	-	-	-	87
Purchase of shares held by employee share-based trusts		-	(43)	-	-	-	-	-	-	-	-	(43)
Transfer of vested shares from employee share-based trusts		-	34	(34)	-	-	-	-	-	-	-	-
Revaluation reserve transferred to retained earnings on disposal		-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2024		14,183	(376)	(11,733)	44,691	5,744	(3,822)	(9,658)	1,451	10	323	40,813

Note:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Cash flows from operating activities			
Profit before tax		7,471	7,831
Adjustments for:			
Financial investments		(28,410)	(20,800)
Insurance contracts		28,141	16,282
Reinsurance contracts held		(1,912)	43
Investment contracts		287	(2,110)
Obligations under repurchase agreements	27	1,094	1,239
Investment income and non-cash operating items, including the effect of exchange rate changes on certain operating items		(9,393)	(8,453)
Operating cash items:			
Interest received		7,578	7,742
Dividends received		2,726	2,242
Interest paid		(79)	(139)
Tax paid		(533)	(614)
Net cash provided by operating activities		6,970	3,263
Cash flows from investing activities			
Payments for intangible assets	14	(256)	(237)
Distribution or dividend from associates	15	1	1
Payments for increase in interests in associates		(371)	(94)
Payments for investment property and property, plant and equipment	16, 17	(193)	(612)
Acquisition of subsidiaries, net of cash acquired		(121)	(3)
Net cash used in investing activities		(940)	(945)
Cash flows from financing activities			
Issuances of medium-term notes and securities	26	920	3,134
Redemption of medium-term notes	26	(154)	(1,581)
Proceeds from other borrowings	26	143	112
Repayment of other borrowings	26	(158)	(65)
Capital contribution from non-controlling interests		1	16
Payments for lease liabilities ⁽¹⁾		(142)	(149)
Interest paid on medium-term notes and securities		(551)	(450)
Acquisition of non-controlling interests		–	(186)
Dividends paid during the year		(2,441)	(2,333)
Share buy-backs		(2,279)	(4,150)
Purchase of shares held by employee share-based trusts		(89)	(43)
Shares issued under share option scheme and agency share purchase plan		35	7
Net cash used in financing activities		(4,715)	(5,688)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Net increase/(decrease) in cash and cash equivalents	1,315	(3,370)
Cash and cash equivalents at beginning of the financial year	7,982	11,450
Effect of exchange rate changes on cash and cash equivalents	201	(98)
Cash and cash equivalents at end of the financial year	9,498	7,982

Note:

(1) The total cash outflow for leases for the year ended 31 December 2025 was US\$147m (2024: US\$151m).

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

US\$m	Note	As at 31 December 2025	As at 31 December 2024
Cash and cash equivalents in the consolidated statement of financial position	22	9,609	8,101
Bank overdrafts		(111)	(119)
Cash and cash equivalents in the consolidated statement of cash flows		9,498	7,982

1. CORPORATE INFORMATION

AIA Group Limited (the “Company”) was established as a company with limited liability incorporated in Hong Kong on 24 August 2009. The address of its registered office is 35/F, AIA Central, No. 1 Connaught Road Central, Hong Kong.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock codes “1299” for HKD counter and “81299” for RMB counter with American Depositary Receipts (Level 1) traded on the over-the-counter market under the ticker symbol “AAGIY”.

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) is a life insurance based financial services provider operating in 18 markets. The Group’s principal activity is the writing of life insurance business, providing life insurance, accident and health insurance and savings plans throughout Asia, and distributing related investment and other financial services products to its customers.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, IFRS[®] Accounting Standards and the Hong Kong Companies Ordinance. IFRS Accounting Standards are substantially consistent with HKFRS Accounting Standards and the accounting policy selections that the Group has made in preparing these consolidated financial statements are such that the Group is able to comply with both HKFRS Accounting Standards and IFRS Accounting Standards. References to IFRS Accounting Standards, IAS[®] Standards and IFRIC[®] Interpretations in these consolidated financial statements should be read as referring to the equivalent HKFRS Accounting Standards, Hong Kong Accounting Standards (HKAS) and Hong Kong (IFRIC) Interpretations (HK(IFRIC) – Int) as the case may be. Accordingly, there are not any differences of accounting practice between HKFRS Accounting Standards and IFRS Accounting Standards affecting these consolidated financial statements.

The consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2026.

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 Company and the Group is the US dollar. The consolidated financial statements are presented in millions of US dollar (US\$m) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year, except as described in note 2.5.4 and as follows.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation and statement of compliance (continued)

(b) The following relevant new standard and amendments to standards have been issued but are not effective for the financial year ended 31 December 2025 and have not been early adopted (the financial years for which the adoption is required for the 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 amendments on its financial position and results of operations and they are not expected to have a material impact on the financial position or results of operations of the Group:

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

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. The Company's statement of financial position and the statement of changes in equity, as set out in notes 42 and 43 respectively, have been prepared in accordance with the Group's accounting policies.

2.2 Operating profit

The long-term nature of much of the Group's operations means that, for management's decision-making and internal performance management purposes, the Group evaluates its results and its operating segments using a financial performance measure referred to as "operating profit". Operating profit includes among others the expected long-term investment returns for investments in equities and real estate. The assumptions used to determine expected long-term investment return are the same, in all material respects, as those used by the Group in determining its embedded value and are disclosed in Supplementary Embedded Value Information. The Group defines operating profit after tax as net profit excluding the following non-operating items:

- Short-term investment and discount rate variances
 - Variances between expected and actual investment returns across relevant asset classes and the corresponding impact on the measurement of relevant insurance contract liabilities;
 - Variances between expected and actual discount rates impacting the measurement of fulfilment cash flows of relevant insurance and reinsurance contract assets and liabilities;
 - Other investment returns; and
- Other significant items that management considers to be non-operating income and expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Operating profit (continued)

The Group considers that the presentation of operating profit enhances the understanding and comparability of its performance and that of its operating segments. The Group considers that trends can be more clearly identified without the fluctuating effects of these non-operating items, many of which are largely dependent on market factors.

The Group's operating profit, which is different from operating profit as defined under IFRS 18, is provided as additional information to assist in the comparison of business trends in different reporting periods on a consistent basis and enhance overall understanding of financial performance.

2.3 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. The Group has elected an accounting policy where the estimates made in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual reporting period.

2.3.1 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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 locations with participating funds and other participating business with distinct portfolios is set out below.

By Geography	Current policyholder participation
Participating funds	
Mainland China	70%
Singapore	90%
Brunei	80%
Malaysia	90%
Australia	80%
New Zealand	80%
Vietnam	70% – 80%
Other participating business with distinct portfolios	
Hong Kong	70% – 95%

In some jurisdictions participating business is not written in a distinct fund and the Group refers to this as other participating business without distinct portfolios.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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.

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	<p>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</p> <p>For participating funds, local regulations generally prescribe a minimum proportion of policyholder participation in declared dividends</p> <p>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</p>	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	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 2.3.7) 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 2.3.2 to 2.3.10 below.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.2 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.

2.3.3 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held (continued)

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.

2.3.4 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 24.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.4 Fulfilment cash flows and contract boundaries (continued)

Contract boundaries (continued)

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.

2.3.5 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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.6 Measurement – insurance contracts not measured under the PAA

2.3.6.1 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.

2.3.6.2 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)

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

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

2.3.6.2 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

2.3.6.2 Subsequent measurement (continued)

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.7 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.

2.3.7.1 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.

2.3.7.2 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)

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

2.3.8 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.8 Reinsurance contracts held (continued)

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.9 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.10 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.

2.3.10.1 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.10 Presentation (continued)

2.3.10.2 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.

2.3.10.3 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.

2.3.10.4 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.

2.3.10.5 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

2.3.10 Presentation (continued)

2.3.10.6 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.

2.3.10.7 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)

2.4 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Investment contracts (continued)

Investment contract liabilities (continued)

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.

2.5 Financial instruments

2.5.1 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.1 Classification and designation of financial instruments (continued)

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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.1 Classification and designation of financial instruments (continued)

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)

2.5 Financial instruments (continued)

2.5.2 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 20.

2.5.3 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 statement of financial position.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.3 Impairment of financial assets (continued)

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.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Financial instruments (continued)

2.5.4 Derivative financial instruments (continued)

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.

2.6 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.

2.7 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 and joint ventures, 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 2.3.3.

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

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

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represents the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustment for non-financial risk are based on actual experience by each geographical market and policy form. The 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 2.3, 24 and 34.

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 20 and 34.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.4 Fair value measurement (continued)

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 20.

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 23.

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 14.

4. EXCHANGE RATES

The Group's principal overseas operations during the reporting period were located within Asia. The results and cash flows of these operations have been translated into the US dollar at the following average rates:

	US dollar exchange rates	
	Year ended 31 December 2025	Year ended 31 December 2024
Mainland China	7.19	7.20
Hong Kong	7.80	7.80
Thailand	32.85	35.23
Singapore	1.31	1.34
Malaysia	4.28	4.57

Assets and liabilities have been translated into the US dollar at the following year-end rates:

	US dollar exchange rates	
	As at 31 December 2025	As at 31 December 2024
Mainland China	6.99	7.30
Hong Kong	7.78	7.76
Thailand	31.51	34.26
Singapore	1.29	1.36
Malaysia	4.06	4.47

Exchange rates are expressed in units of local currency per US\$1.

5. OPERATING PROFIT AFTER TAX

Operating profit after tax may be reconciled to net profit as follows:

US\$m	Note	Year ended 31 December 2025	Year ended 31 December 2024
Operating profit after tax	7	7,171	6,632
Non-operating items, net of related taxes:			
Short-term investment and discount rate variances ⁽¹⁾		(102)	(427)
Reclassification of revaluation losses/(gains) for property held for own use ⁽¹⁾		25	(155)
Other significant non-operating income and expenses			
Corporate transaction related costs		(2)	(23)
Other non-operating investment return and other items ⁽²⁾		(825)	826
Subtotal		(904)	221
Net profit		6,267	6,853
<i>Operating profit after tax attributable to:</i>			
Shareholders of AIA Group Limited		7,136	6,605
Non-controlling interests		35	27
<i>Net profit attributable to:</i>			
Shareholders of AIA Group Limited		6,234	6,836
Non-controlling interests		33	17

Operating profit after tax breakdown:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Insurance service result:		
CSM recognised for services provided	6,224	5,625
Other insurance service result	548	66
Net investment result	3,342	3,528
Other net expenses	(1,562)	(1,468)
Operating profit before tax	8,552	7,751
Tax on operating profit before tax ⁽³⁾	(1,381)	(1,119)
Operating profit after tax	7,171	6,632

Notes:

- (1) Short-term investment and discount rate variances include revaluation gains/losses for property held for own use. This amount is then reclassified out of net profit to conform to IFRS Accounting Standards measurement and presentation.
- (2) This balance includes non-operating movement from net foreign exchange gains/losses, realised gains/losses on debt securities and share of profit or losses from associates and joint ventures.
- (3) This includes a notional amount for the Global Minimum Tax regime (GMT) top-up tax of US\$(169)m (2024: nil) on an operating profit basis for the current period. Under the basis prescribed under Hong Kong's legislation enacting GMT from 1 January, 2025 the Group has assessed a provision for the GMT top-up tax within net profit of US\$(54)m (2024: nil).

6. TOTAL WEIGHTED PREMIUM INCOME AND ANNUALISED NEW PREMIUMS

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). The Group measures new business activity using a performance measure referred to as annualised new premiums (ANP). The presentation of this note is consistent with our reportable segment presentation in note 7.

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.

ANP is a key internal measure of new business activities, which consists of 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. ANP excludes new business of pension business, personal lines and motor insurance.

TWPI US\$m	Year ended 31 December 2025	Year ended 31 December 2024
TWPI by geography		
Mainland China	11,272	9,874
Hong Kong	14,726	12,456
Thailand	5,336	4,674
Singapore	5,263	4,445
Malaysia	3,071	2,742
Other Markets	7,232	7,207
Total	46,900	41,398
First year premiums by geography		
Mainland China	2,107	2,105
Hong Kong	2,918	2,444
Thailand	871	779
Singapore	855	683
Malaysia	418	407
Other Markets	1,029	1,118
Total	8,198	7,536
Single premiums by geography		
Mainland China	389	426
Hong Kong	3,224	1,442
Thailand	83	76
Singapore	1,716	1,368
Malaysia	384	342
Other Markets	1,103	872
Total	6,899	4,526

6. TOTAL WEIGHTED PREMIUM INCOME AND ANNUALISED NEW PREMIUMS (continued)

TWPI (continued) US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Renewal premiums by geography		
Mainland China	9,126	7,726
Hong Kong	11,486	9,868
Thailand	4,457	3,887
Singapore	4,236	3,625
Malaysia	2,615	2,301
Other Markets	6,092	6,002
Total	38,012	33,409
ANP by geography		
ANP US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Mainland China	2,152	2,168
Hong Kong	3,283	2,609
Thailand	895	821
Singapore	1,128	897
Malaysia	515	517
Other Markets	1,511	1,594
Total	9,484	8,606

7. SEGMENT INFORMATION

The Group's operating segments, based on the reports received by the Group's chief operating decision-maker, considered to be the Executive Committee (ExCo), are each of the geographical markets in which the Group operates. Each of the reportable segments, other than the "Group Corporate Centre" segment, writes life insurance business, providing life insurance, accident and health insurance and savings plans to customers in its local market, and distributes related investment and other financial services products. The reportable segments are Mainland China, Hong Kong (including Macau), Thailand, Singapore (including Brunei), Malaysia, Other Markets and Group Corporate Centre. Other Markets includes the Group's operations in Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam. The activities of the Group Corporate Centre segment consist of the Group's corporate functions, shared services and eliminations of intra-group transactions.

As each reportable segment other than the Group Corporate Centre segment focuses on serving the life insurance needs of its local market, there are limited transactions between reportable segments. The key performance indicators reported in respect of each segment are:

- ANP;
- TWPI;
- insurance service result;
- net investment result;
- operating expenses;
- operating profit after tax attributable to shareholders of AIA Group Limited;
- expense ratio, measured as operating expenses divided by TWPI;
- operating margin, measured as operating profit after tax expressed as a percentage of TWPI; and
- operating return on shareholders' allocated equity measured on an annualised basis as operating profit after tax attributable to shareholders of AIA Group Limited expressed as a percentage of the simple average of opening and closing shareholders' allocated segment equity (being the segment assets less segment liabilities in respect of each reportable segment less non-controlling interests, insurance finance reserve and fair value reserve).

Business volumes in respect of the Group's five largest customers are less than 30 per cent of insurance revenue and net investment result in this note.

The Group recognises deferred tax liabilities in respect of unremitted earnings in jurisdictions where withholding tax charge would be incurred upon dividend distribution.

7. SEGMENT INFORMATION (continued)

US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Year ended 31 December 2025								
ANP	2,152	3,283	895	1,128	515	1,511	–	9,484
TWPI	11,272	14,726	5,336	5,263	3,071	7,232	–	46,900
Insurance revenue	3,460	5,318	2,811	2,833	2,139	5,057	–	21,618
Insurance service expenses	(1,501)	(3,113)	(1,733)	(2,162)	(1,689)	(4,257)	–	(14,455)
Net (expenses)/income from reinsurance contracts held	(55)	(33)	(65)	(81)	(20)	(142)	5	(391)
Insurance service result	1,904	2,172	1,013	590	430	658	5	6,772
Investment return	1,691	9,314	1,247	4,115	937	1,577	721	19,602
– Participating ⁽¹⁾ and unit-linked	274	8,254	143	3,691	775	351	10	13,498 ⁽²⁾
– Others	1,417	1,060	1,104	424	162	1,226	711	6,104
Net finance (expenses)/income from insurance contracts and reinsurance contracts held	(1,301)	(7,959)	(694)	(3,658)	(768)	(1,088)	1	(15,467) ⁽²⁾
Movement in investment contract liabilities	(34)	(455)	(92)	(144)	–	(33)	–	(758) ⁽²⁾
Movement in third-party interests in consolidated investment funds	–	(35)	–	–	–	–	–	(35) ⁽²⁾
Net investment result	356	865	461	313	169	456	722	3,342
Fee income and other operating revenue	1	219	36	28	11	133	73	501
Other expenses	(184)	(273)	(82)	(147)	(73)	(369)	(360)	(1,488)
Other finance costs	(54)	(15)	(6)	(5)	(1)	(8)	(484)	(573)
Share of losses from associates and joint ventures	–	–	–	–	(1)	(1)	–	(2)
Operating profit/(loss) before tax	2,023	2,968	1,422	779	535	869	(44)	8,552
Tax on operating profit before tax	(315)	(198)	(212)	(58)	(134)	(211)	(253) ⁽³⁾	(1,381)
Operating profit/(loss) after tax	1,708	2,770	1,210	721	401	658	(297)	7,171
<i>Operating profit/(loss) after tax attributable to:</i>								
Shareholders of AIA Group Limited	1,708	2,770	1,210	721	389	627	(289)	7,136
Non-controlling interests	–	–	–	–	12	31	(8)	35

Notes:

- (1) Participating refers to participating funds and other participating business with distinct portfolios.
- (2) Net finance (expenses)/income from insurance contracts and reinsurance contracts held include changes in fair value of underlying items of contracts with direct participation features. Net finance (expenses)/income from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US\$(2,762)m, primarily related to other insurance contracts without direct participation features.
- (3) This includes a notional amount for the GMT top-up tax of US\$(169)m as set out in note 5, and Bermuda corporate income tax of US\$(33)m, on an operating profit basis.

7. SEGMENT INFORMATION (continued)

US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Key operating ratios:								
Expense ratio	6.1%	5.6%	6.1%	6.3%	8.7%	14.4%	–	8.1%
Operating margin	15.2%	18.8%	22.7%	13.7%	13.1%	9.1%	–	15.3%
Operating return on shareholders' allocated equity	23.3%	24.3%	18.0%	19.1%	13.6%	8.2%	–	15.5%
Operating profit before tax includes:								
Operating expenses	685	821	324	332	266	1,038	327	3,793
Finance costs	70	26	20	10	1	9	484	620
US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2025								
Total assets	70,927	114,609	33,928	50,028	19,309	37,095	19,527	345,423
Total liabilities	64,738	107,047	26,016	45,645	15,987	28,753	13,629	301,815
Total equity	6,189	7,562	7,912	4,383	3,322	8,342	5,898	43,608
Shareholders' allocated equity	8,049	10,392	6,931	3,900	3,173	7,826	7,222	47,493
Total assets include:								
Investments in associates and joint ventures	–	–	–	–	–	951	1,111	2,062

7. SEGMENT INFORMATION (continued)

Segment information may be reconciled to the consolidated income statement as shown below:

US\$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Consolidated income statement	
Year ended 31 December 2025					
Insurance revenue	21,618	–	–	21,618	Insurance revenue
Insurance service expenses	(14,455)	–	212	(14,243)	Insurance service expenses
Net expenses from reinsurance contracts held	(391)	–	(74)	(465)	Net expenses from reinsurance contracts held
Insurance service result	6,772	–	138	6,910	Insurance service result
Investment return	19,602	(10)	(1,613)	17,979	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	(15,467)	78	266	(15,123)	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	(758)	(127)	–	(885)	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	(35)	–	–	(35)	Movement in third-party interests in consolidated investment funds
Net investment result	3,342	(59)	(1,347)	1,936	Net investment result
Fee income and other operating revenue	501	–	6	507	Fee income and other operating revenue
Other expenses	(1,488)	–	(278)	(1,766)	Other expenses
Other finance costs	(573)	–	(90)	(663)	Other finance costs
Share of losses from associates and joint ventures	(2)	–	549	547	Share of profit from associates and joint ventures
Operating profit before tax	8,552	(59)	(1,022)	7,471	Profit before tax
Tax on operating profit before tax	(1,381)⁽¹⁾	(43)	220	(1,204)⁽¹⁾	Tax expense
Operating profit after tax	7,171	(102)	(802)	6,267	Net profit

Note:

(1) This includes a notional amount for the GMT top-up tax of US\$(169)m as set out in note 5, and Bermuda corporate income tax of US\$(33)m, on an operating profit basis.

7. SEGMENT INFORMATION (continued)

US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Year ended 31 December 2024								
ANP	2,168	2,609	821	897	517	1,594	–	8,606
TWPI	9,874	12,456	4,674	4,445	2,742	7,207	–	41,398
Insurance revenue	3,248	4,552	2,402	2,466	1,831	4,815	–	19,314
Insurance service expenses	(1,400)	(2,766)	(1,510)	(1,945)	(1,496)	(4,088)	–	(13,205)
Net expenses from reinsurance contracts held	(46)	(38)	(54)	(44)	(27)	(200)	(9)	(418)
Insurance service result	1,802	1,748	838	477	308	527	(9)	5,691
Investment return	3,720	(532)	1,169	3,039	1,307	1,438	741	10,882
– Participating ⁽¹⁾ and unit-linked	2,521	(1,653)	138	2,599	1,160	294	7	5,066 ⁽²⁾
– Others	1,199	1,121	1,031	440	147	1,144	734	5,816
Net finance (expenses)/income from insurance contracts and reinsurance contracts held	(3,370)	1,891	(651)	(2,561)	(1,103)	(950)	1	(6,743) ⁽²⁾
Movement in investment contract liabilities	(31)	(308)	(85)	(125)	–	(33)	–	(582) ⁽²⁾
Movement in third-party interests in consolidated investment funds	–	(29)	–	–	–	–	–	(29) ⁽²⁾
Net investment result	319	1,022	433	353	204	455	742	3,528
Fee income and other operating revenue	1	258	29	26	15	132	12	473
Other expenses	(166)	(259)	(64)	(156)	(66)	(388)	(340)	(1,439)
Other finance costs	(42)	(29)	(5)	(7)	(2)	(13)	(391)	(489)
Share of losses from associates and joint ventures	–	–	–	–	–	(13)	–	(13)
Operating profit before tax	1,914	2,740	1,231	693	459	700	14	7,751
Tax on operating profit before tax	(317)	(239)	(212)	(24)	(118)	(166)	(43)	(1,119)
Operating profit/(loss) after tax	1,597	2,501	1,019	669	341	534	(29)	6,632
<i>Operating profit/(loss) after tax attributable to:</i>								
Shareholders of AIA Group Limited	1,597	2,499	1,019	669	331	507	(17)	6,605
Non-controlling interests	–	2	–	–	10	27	(12)	27

Notes:

(1) Participating refers to participating funds and other participating business with distinct portfolios.

(2) Net finance (expenses)/income from insurance contracts and reinsurance contracts held include changes in fair value of underlying items of contracts with direct participation features. Net finance (expenses)/income from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US\$(2,288)m, primarily related to other insurance contracts without direct participation features.

7. SEGMENT INFORMATION (continued)

US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Key operating ratios:								
Expense ratio	6.9%	5.7%	6.6%	6.8%	9.0%	14.9%	–	8.8%
Operating margin	16.2%	20.1%	21.8%	15.1%	12.4%	7.4%	–	16.0%
Operating return on shareholders' allocated equity	26.6%	20.0%	16.1%	17.0%	13.8%	6.6%	–	14.8%
Operating profit before tax includes:								
Operating expenses	682	713	310	301	246	1,074	334	3,660
Finance costs	62	35	12	19	2	13	391	534
US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2024								
Total assets	60,121	104,669	29,205	42,990	16,475	35,290	16,704	305,454
Total liabilities	54,885	95,405	22,097	39,131	13,809	26,988	12,326	264,641
Total equity	5,236	9,264	7,108	3,859	2,666	8,302	4,378	40,813
Shareholders' allocated equity	6,596	12,440	6,488	3,642	2,558	7,500	5,180	44,404
Total assets include:								
Investments in associates and joint ventures	–	–	–	–	1	892	817	1,710

7. SEGMENT INFORMATION (continued)

Segment information may be reconciled to the consolidated income statement as shown below:

US\$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Consolidated income statement	
Year ended 31 December 2024					
Insurance revenue	19,314	–	–	19,314	Insurance revenue
Insurance service expenses	(13,205)	–	69	(13,136)	Insurance service expenses
Net expenses from reinsurance contracts held	(418)	–	9	(409)	Net expenses from reinsurance contracts held
Insurance service result	5,691	–	78	5,769	Insurance service result
Investment return	10,882	(82)	1,137	11,937	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	(6,743)	(181)	(583)	(7,507)	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	(582)	(209)	–	(791)	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	(29)	–	–	(29)	Movement in third-party interests in consolidated investment funds
Net investment result	3,528	(472)	554	3,610	Net investment result
Fee income and other operating revenue	473	–	(31)	442	Fee income and other operating revenue
Other expenses	(1,439)	–	(332)	(1,771)	Other expenses
Other finance costs	(489)	–	(81)	(570)	Other finance costs
Share of losses from associates and joint ventures	(13)	–	364	351	Share of profit from associates and joint ventures
Operating profit before tax	7,751	(472)	552	7,831	Profit before tax
Tax on operating profit before tax	(1,119)	45	96	(978)	Tax expense
Operating profit after tax	6,632	(427)	648	6,853	Net profit

8. INSURANCE REVENUE

US\$m	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	24	6,499	5,958
Change in risk adjustment for non-financial risk for risk expired		283	236
Expected incurred claims and other insurance service expenses		9,572	8,960
Others		138	134
Recovery of insurance acquisition cash flows		1,332	1,073
	24	17,824	16,361
Contracts measured under the PAA			
	24	3,794	2,953
Total insurance revenue		21,618	19,314
Represented by:			
Contracts under the modified retrospective approach		1,739	1,693
Contracts under the fair value approach		7,441	7,445
Other contracts		12,438	10,176

9. NET INVESTMENT RESULT

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

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Investment return			
Interest revenue on financial assets		7,884	7,988
Other investment return		10,124	3,965
Net impairment loss on financial assets		(29)	(16)
Amounts recognised in consolidated income statement		17,979	11,937
Amounts recognised in other comprehensive income		86	6,328
Total investment return		18,065	18,265
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		(12,684)	(4,091)
Interest accreted		(3,166)	(2,949)
Effect of changes in interest rates and other financial assumptions		1,138	(6,246)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		(308)	(196)
Net foreign exchange gains/(losses)		87	(551)
Total net finance expenses from insurance contracts	24	(14,933)	(14,033)
Net finance (expenses)/income from reinsurance contracts held			
Interest accreted		72	75
Effect of changes in interest rates and other financial assumptions		(168)	211
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		(69)	(75)
Net foreign exchange gains/(losses)		2	(7)
Total net finance (expenses)/income from reinsurance contracts held	24	(163)	204
Movement in investment contract liabilities	25	(885)	(791)
Movement in third-party interests in consolidated investment funds		(35)	(29)
Net investment result		2,049	3,616
Net investment result is represented by:			
Amounts recognised in consolidated income statement		1,936	3,610
Amounts recognised in other comprehensive income		113	6
Total net investment result		2,049	3,616

9. NET INVESTMENT RESULT (continued)**A. Group's net investment result in consolidated income statement and other comprehensive income** (continued)

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Net finance expenses from insurance contracts are represented by:		
Amounts recognised in consolidated income statement	(15,246)	(7,612)
Amounts recognised in other comprehensive income	313	(6,421)
Total net finance expenses from insurance contracts	(14,933)	(14,033)
Net finance (expenses)/income from reinsurance contracts held are represented by:		
Amounts recognised in consolidated income statement	123	105
Amounts recognised in other comprehensive income	(286)	99
Total net finance (expenses)/income from reinsurance contracts held	(163)	204

9. NET INVESTMENT RESULT (continued)

B. Interest revenue on financial assets and other investment return

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Interest revenue on financial assets		
Financial assets measured at amortised cost	585	701
Financial assets measured at fair value through other comprehensive income	3,787	3,574
Financial assets designated at fair value through profit or loss	3,103	3,331
Financial assets measured mandatorily at fair value through profit or loss	409	382
Total interest revenue on financial assets	7,884	7,988
Other investment return		
Dividend income	2,723	1,739
Rental income ⁽¹⁾	162	167
Net (losses)/gains of financial assets not at fair value through profit or loss		
Net realised (losses)/gains of debt securities measured at fair value through other comprehensive income	(214)	65
Net realised losses of financial assets measured at amortised cost ⁽²⁾	(49)	(33)
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	775	(1,629)
Net gains of loans and deposits	2	–
Net gains/(losses) of equity shares, interests in investment funds and exchangeable loan notes	77	(61)
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains of debt securities	168	27
Net gains of equity shares, interests in investment funds and exchangeable loan notes	9,699	5,864
Net fair value movement on derivatives	(964)	(2,946)
Net gains in respect of financial instruments at fair value through profit or loss	9,757	1,255
Net fair value movement of investment property and property held for own use	(127)	(47)
Net foreign exchange (losses)/gains	(2,027)	946
Other net realised losses	(101)	(127)
Net gains	7,239	2,059
Total other investment return	10,124	3,965

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.

9. 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):

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Foreign exchange (losses)/gains	(788)	151

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:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Balance at 1 January	3,267	(177)
Net change in fair value and others	177	3,304
Net amount reclassified to profit or loss	299	140
Balance at 31 December	3,743	3,267

10. EXPENSES

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Claims and benefits	10,891	10,129
Commission and other acquisition expenses incurred	7,845	6,844
(Reversal of losses)/losses on onerous insurance contracts	(28)	48
Employee benefit expenses ⁽³⁾	2,451	2,321
Depreciation ⁽³⁾	221	217
Amortisation ⁽³⁾	204	190
Investment management expenses and others	484	497
Depreciation on property held for own use	69	66
Finance costs	710	615
Other operating expenses ⁽³⁾	917	932
Restructuring and other non-operating costs ⁽¹⁾	187	211
	23,951	22,070
Amounts attributed to insurance acquisition cash flows	(9,111)	(8,093)
Amortisation of insurance acquisition cash flows	1,832	1,500
Insurance service and other expenses	16,672	15,477

Insurance service and other expenses represented by:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Insurance service expenses	14,243	13,136
– Contracts not measured under the PAA	10,699	10,256
– Contracts measured under the PAA	3,544	2,880
Other expenses ⁽²⁾	1,766	1,771
Other finance costs	663	570
Total	16,672	15,477

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\$5m (2024: US\$2m).
- (3) Operating expenses comprise employee benefit expenses, depreciation, amortisation and other operating expenses.

10. EXPENSES (continued)

Expenses include auditors' remuneration of US\$34m (2024: US\$32m), an analysis of which is set out below:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Audit services	28	26
Non-audit services, including:		
Audit-related services	6	5
Tax services	–	–
Other services	–	1
Total	34	32

Depreciation consists of:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Computer hardware, fixtures and fittings and others	87	78
Right-of-use assets		
Property held for own use	133	138
Computer hardware	1	1
Total	221	217

Finance costs may be analysed as:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Repurchase agreements	108	100
Medium-term notes and securities	557	469
Other loans	31	34
Lease liabilities	14	12
Total	710	615

Employee benefit expenses consist of:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Wages and salaries	1,993	1,902
Share-based compensation	103	84
Pension costs – defined contribution plans	160	145
Pension costs – defined benefit plans	15	9
Other employee benefit expenses	180	181
Total	2,451	2,321

11. INCOME TAX

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Tax charged in the consolidated income statement		
Current income tax – Hong Kong Profits Tax	148	139
Current income tax – overseas	482	257
GMT top-up tax ⁽¹⁾	54	–
Deferred income tax on temporary differences	520	582
Total	1,204	978

Note:

(1) Refers to Pillar Two income taxes as described in this note.

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
Mainland China	25%	25%
Hong Kong	16.5%	16.5%
Thailand	20%	20%
Singapore	17%	17%
Malaysia	24%	24%
Other Markets	12% – 30%	12% – 30%

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 2023, Bermuda enacted the Corporate Income Tax Act, which introduced a corporate income tax at a rate of 15 per cent from 1 January 2025.

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.

11. INCOME TAX (continued)

Global minimum tax

The GMT, developed as part of the second pillar (known as 'Pillar Two') of the Organisation for Economic Co-operation and Development's (OECD) current programme of work on international tax reform to counteract perceived base erosion and profit shifting (BEPS) by multinational enterprises, 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 is headquartered and has operations in Hong Kong.

Broadly, under the HKMTT, the Group is required to pay top-up tax where the aggregated corporate tax rate of its constituent entities located in Hong Kong is below the minimum rate of 15 per cent. Under Hong Kong's IIR, the Group is further required to pay top-up tax, on a jurisdiction-by-jurisdiction basis, where the aggregated corporate tax rate of its constituent entities located in a jurisdiction other than Hong Kong is below the minimum rate of 15 per cent.

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 recognised current tax expenses of US\$54m in respect of 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 GMT top-up tax provision recognised for the year ended 31 December 2025 is expected to be settled in 2027.

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.

11. INCOME TAX (continued)

Withholding tax on dividends

In some jurisdictions in which 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.

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Income tax reconciliation		
Profit before income tax	7,471	7,831
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	1,337	1,390
Reduction in tax payable from:		
Life insurance tax ⁽¹⁾	(111)	–
Exempt investment income	(459)	(538)
Unrecognised deferred tax assets	(2)	–
Provisions for uncertain tax positions ⁽²⁾	–	(57)
Changes in tax rate and law	–	(181)
	(572)	(776)
Increase in tax payable from:		
Life insurance tax ⁽¹⁾	–	27
Withholding taxes	148	137
Disallowed expenses	139	118
Unrecognised deferred tax assets	–	40
Provisions for uncertain tax positions ⁽²⁾	2	–
Adjustments in respect of prior years	7	11
Changes in tax rate and law	13	–
GMT top-up tax	54	–
Others	76	31
	439	364
Total income tax expense	1,204	978

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.

11. INCOME TAX (continued)

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

US\$m	Net deferred tax asset/ (liability) at 1 January	Acquisition of a subsidiary ⁽³⁾	Credited/ (charged) to the consolidated income statement	Credited/(charged) to other comprehensive income					Net deferred tax asset/ (liability) at year end
				Fair value reserve ⁽²⁾	Foreign currency translation reserve	Insurance finance reserve	Others	Other movements	
31 December 2025									
Revaluation of financial instruments	(3,115)	-	489	405	(30)	-	3	1	(2,247)
Insurance and investment contract liabilities	(85)	-	(993)	-	(138)	(231)	(10)	(3)	(1,460)
Withholding taxes	(365)	-	(78)	-	(7)	-	-	-	(450)
Provision for expenses	164	-	26	-	6	-	6	-	202
Losses available for offset against future taxable income	349	-	192	-	22	-	-	4	567
Life surplus ⁽¹⁾	(501)	-	(87)	-	(50)	-	(1)	-	(639)
Others	(14)	-	(69)	-	(8)	-	(6)	2	(95)
Total	(3,567)	-	(520)	405	(205)	(231)	(8)	4	(4,122)

US\$m	Net deferred tax asset/ (liability) at 1 January	Acquisition of a subsidiary ⁽³⁾	Credited/ (charged) to the consolidated income statement	Credited/(charged) to other comprehensive income					Net deferred tax asset/ (liability) at year end
				Fair value reserve ⁽²⁾	Foreign currency translation reserve	Insurance finance reserve	Others	Other movements	
31 December 2024									
Revaluation of financial instruments	(373)	-	(1,012)	(1,739)	9	-	-	-	(3,115)
Insurance and investment contract liabilities	(2,506)	-	726	-	124	1,556	(1)	16	(85)
Withholding taxes	(288)	-	(87)	-	10	-	-	-	(365)
Provision for expenses	118	-	48	-	(7)	-	5	-	164
Losses available for offset against future taxable income	507	-	(112)	-	(28)	-	(1)	(17)	349
Life surplus ⁽¹⁾	(431)	-	(60)	-	(10)	-	-	-	(501)
Others	70	(8)	(85)	-	(7)	-	4	12	(14)
Total	(2,903)	(8)	(582)	(1,739)	91	1,556	7	11	(3,567)

Notes:

- (1) Life surplus relates to the temporary difference which arises where the taxable profits are based on actual distributions from the long-term fund. This primarily relates to Singapore and Malaysia.
- (2) Includes tax credit of US\$367m (2024: tax charge of US\$1,742m) relates to fair value gains or losses on debt securities measured at fair value through other comprehensive income and tax credit of US\$38m (2024: tax credit of US\$3m) relates to fair value losses or gains on debt securities measured at fair value through other comprehensive income reclassified to profit or loss.
- (3) Includes a one-time adjustment of US\$(8)m in respect of the acquisition of a subsidiary in 2024.

11. 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 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\$136m (2024: US\$156m) 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\$243m (2024: US\$238m) in respect of unremitted earnings of operations in jurisdictions 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 income tax losses carried forward in Mainland China, Hong Kong, Thailand, Singapore, Malaysia, Australia, Cambodia, Macau, Myanmar, New Zealand, the Philippines, South Korea, Taiwan (China) and Vietnam. The tax losses in Hong Kong, Singapore, Australia and New Zealand can be carried forward indefinitely. The tax losses of remaining branches and subsidiaries are due to expire within the periods ending 2027 (Macau and the Philippines), 2028 (Myanmar), 2030 (Cambodia, Mainland China, Thailand and Vietnam), 2034 (Taiwan (China)), 2035 (Malaysia) and 2040 (South Korea).

12. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of AIA Group Limited by the weighted average number of ordinary shares outstanding during the year. The shares held by employee share-based trusts and shares that have been repurchased are not considered to be outstanding from the date of the purchase for the purposes of computing basic and diluted earnings per share.

	Year ended 31 December 2025	Year ended 31 December 2024
Net profit attributable to shareholders of AIA Group Limited (US\$m)	6,234	6,836
Weighted average number of ordinary shares outstanding (million)	10,548	11,063
Basic earnings per share (US cents)	59.10	61.79

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive instruments are the share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted to eligible directors, officers, employees and agents under various share-based compensation plans as described in note 36.

	Year ended 31 December 2025	Year ended 31 December 2024
Net profit attributable to shareholders of AIA Group Limited (US\$m)	6,234	6,836
Weighted average number of ordinary shares outstanding (million)	10,548	11,063
Adjustment for share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans (million)	16	10
Weighted average number of ordinary shares for diluted earnings per share (million)	10,564	11,073
Diluted earnings per share (US cents)	59.01	61.74

At 31 December 2025, 19,460,028 share options (2024: 21,639,515) were excluded from the diluted weighted average number of ordinary shares calculation as they have no effect to the diluted earnings per share.

Operating profit after tax per share

Operating profit after tax (see note 5) per share is calculated by dividing the operating profit after tax attributable to shareholders of AIA Group Limited by the weighted average number of ordinary shares outstanding during the year. The dilutive instruments are the share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted to eligible directors, officers, employees and agents under various share-based compensation plans as described in note 36.

	Year ended 31 December 2025	Year ended 31 December 2024
Basic operating profit after tax per share (US cents)	67.65	59.70
Diluted operating profit after tax per share (US cents)	67.55	59.65

13. DIVIDENDS

Dividends to shareholders of the Company attributable to the year:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Interim dividend declared and paid of 49.00 Hong Kong cents per share (2024: 44.50 Hong Kong cents per share)	659	623
Final dividend proposed after the reporting date of 144.08 Hong Kong cents per share (2024: 130.98 Hong Kong cents per share) ⁽¹⁾	1,937	1,814
Total	2,596	2,437

Notes:

- (1) Based upon shares outstanding at 31 December 2025 and 31 December 2024 that are entitled to a dividend, other than those held by employee share-based trusts.
- (2) Interim dividends on ordinary shares are recognised when they have been paid. Final dividends on ordinary shares are recognised when they have been approved by shareholders.

The above final dividend was proposed by the Board on 19 March 2026 subject to shareholders' approval at the AGM to be held on 22 May 2026. The proposed final dividend has not been recognised as a liability at the reporting date.

Dividends to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Final dividend in respect of the previous financial year, approved and paid during the year of 130.98 Hong Kong cents per share (2024: 119.07 Hong Kong cents per share)	1,768	1,705

14. INTANGIBLE ASSETS

US\$m	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2024	2,083	1,506	1,240	4,829
Additions	36	274	1	311
Disposals	–	(57)	–	(57)
Foreign exchange movements	(54)	(48)	(18)	(120)
At 31 December 2024	2,065	1,675	1,223	4,963
Additions	–	200	42	242
Acquisition of subsidiaries	110	–	–	110
Disposals	–	(38)	–	(38)
Foreign exchange movements	109	83	6	198
At 31 December 2025	2,284	1,920	1,271	5,475
Accumulated amortisation and impairment				
At 1 January 2024	(154)	(796)	(264)	(1,214)
Amortisation charge for the year	–	(190)	(69)	(259)
Disposals	–	47	–	47
Impairment loss	–	–	(97)	(97)
Foreign exchange movements	14	21	3	38
At 31 December 2024	(140)	(918)	(427)	(1,485)
Amortisation charge for the year	–	(204)	(76)	(280)
Disposals	–	35	–	35
Impairment loss	–	–	–	–
Foreign exchange movements	(8)	(53)	(4)	(65)
At 31 December 2025	(148)	(1,140)	(507)	(1,795)
Net book value				
At 31 December 2024	1,925	757	796	3,478
At 31 December 2025	2,136	780	764	3,680

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.

14. 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 Malaysia of US\$723m (2024: US\$656m), Hong Kong of US\$593m (2024: US\$484m), Australia of US\$411m (2024: US\$382m), the Philippines of US\$171m (2024: US\$174m) and New Zealand of US\$151m (2024: US\$141m).

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. Taking into account changes in market interest rates, majority of these assumptions are aligned to those assumptions detailed in Section 5 of Supplementary Embedded Value Information. 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 are used in the value in use of in-force business and present value of expected future new business ranges from 8 per cent to 14 per cent (2024: 8 per cent to 14 per cent) and the perpetual growth rates for future new business cash flows of 3 per cent (2024: 3 per cent) was used, 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.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

US\$m	As at 31 December 2025	As at 31 December 2024
Group		
Investments in associates	2,062	1,710
Investments in joint ventures	–	–
Total	2,062	1,710

Associates are entities over which the Group has significant influence, but which it does not control or jointly 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. Joint ventures are entities whereby the Group and other parties undertake an economic activity which is subject to joint control arising from a contractual agreement.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Due to timing of the information provided by China Post Life Insurance Co., Ltd. and Tata AIA Life Insurance Company Limited, these investments are reported on a one-quarter-lag basis.

Goodwill arising on associates and joint ventures 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 and joint ventures are as follows:

	Place of incorporation	Principal activity	Type of shares held	Group's interests %	
				As at 31 December 2025	As at 31 December 2024
China Post Life Insurance Co., Ltd.	Mainland China	Insurance	Ordinary	24.99%	24.99%
Tata AIA Life Insurance Company Limited	India	Insurance	Ordinary	49%	49%

All associates and joint ventures are unlisted.

Aggregated financial information of associates and joint ventures

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

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Carrying amount in the statement of financial position	2,062	1,710
Profit from continuing operations	547	351
Other comprehensive expense	(575)	(75)
Total comprehensive (expense)/income	(28)	276

16. PROPERTY, PLANT AND EQUIPMENT

US\$m	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	3,688	273	557	5,094
Additions	–	479	49	217	745
Disposals	–	(155)	(24)	(59)	(238)
Net transfers to investment property	(3)	(88)	–	–	(91)
(Decrease)/increase from valuation	(14)	102	–	–	88
Foreign exchange movements	–	(87)	(10)	(7)	(104)
At 31 December 2024	559	3,939	288	708	5,494
Additions	4	239	27	84	354
Disposals	–	(173)	(21)	(78)	(272)
Net transfers from investment property	83	47	–	–	130
Decrease from valuation	(24)	(84)	–	–	(108)
Foreign exchange movements	–	144	11	26	181
At 31 December 2025	622	4,112	305	740	5,779
Accumulated depreciation					
At 1 January 2024	–	(365)	(234)	(437)	(1,036)
Depreciation charge for the year	–	(204)	(24)	(55)	(283)
Disposals	–	111	23	50	184
Revaluation adjustment	–	64	–	–	64
Foreign exchange movements	–	11	7	6	24
At 31 December 2024	–	(383)	(228)	(436)	(1,047)
Depreciation charge for the year	–	(202)	(25)	(63)	(290)
Disposals	–	149	20	70	239
Revaluation adjustment	–	67	–	–	67
Foreign exchange movements	–	(15)	(10)	(23)	(48)
At 31 December 2025	–	(384)	(243)	(452)	(1,079)
Net book value					
At 31 December 2024	559	3,556	60	272	4,447
At 31 December 2025	622	3,728	62	288	4,700

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 17 and 30). The depreciation charge for right-of-use assets, by class of underlying asset, and finance cost on lease liabilities are disclosed in note 10. 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 34.

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.

16. 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:

US\$m	As at 31 December 2025	As at 31 December 2024
Property held for own use using fair value model	574	493
Other property held for own use	990	911
Computer hardware	3	3
Fixtures and fittings and others	1	2
Total	1,568	1,409

Additions to right-of-use assets for the year ended 31 December 2025 were US\$227m (2024: US\$149m).

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 20. 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. Decrease from revaluation on property held for own use of US\$24m (2024: Decrease from revaluation on property held for own use of 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. Decrease from revaluation on property held for own use of US\$17m (2024: Increase from revaluation on property held for own use of US\$166m) were taken to other comprehensive income, of which US\$5m (2024: US\$118m) 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\$1,821m (2024: US\$1,780m). 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\$290m (2024: US\$294m). 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.

17. INVESTMENT PROPERTY

US\$m

Fair value

At 1 January 2024	4,504
Additions and capitalised subsequent expenditures	38
Net transfers from property, plant and equipment	91
Fair value losses	(33)
Foreign exchange movements	(30)
At 31 December 2024	4,570
Additions and capitalised subsequent expenditures	76
Disposals	(3)
Net transfers to property, plant and equipment	(130)
Fair value losses	(98)
Foreign exchange movements	93
At 31 December 2025	4,508

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 20.

The Group leases out its investment property under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease based on future negotiations. Lease payments are usually negotiated every one 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\$162m (2024: US\$167m). Direct operating expenses (including repair and maintenance) on investment property that generates rental income amounted to US\$40m (2024: US\$37m).

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\$m	As at 31 December 2025	As at 31 December 2024
Leases of investment property classified as operating leases		
Expiring no later than one year	136	132
Expiring later than one year and no later than two years	112	91
Expiring later than two years and no later than three years	75	64
Expiring later than three years and no later than four years	42	34
Expiring later than four years and no later than five years	17	31
Expiring after five years or more	16	24
Total undiscounted lease receipts	398	376

18. 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, interests in investment funds and exchangeable loan notes 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 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

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following:

US\$m	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder			Subtotal	Unit-linked	Unit-linked ⁽²⁾	Consolidated investment funds ⁽¹⁾	Total
		FVTPL	FVTPL	FVOCI					
31 December 2025									
Government bonds⁽³⁾									
By jurisdiction									
Mainland China	10,412	–	31,426	–	41,838	54	–	–	41,892
Thailand	–	1,865	17,790	–	19,655	–	–	–	19,655
United States	1,648	–	7,745	–	9,393	66	–	–	9,459
South Korea	–	–	5,252	–	5,252	197	–	–	5,449
Singapore	5,695	–	1,054	–	6,749	841	4	–	7,594
Philippines	172	81	1,549	42	1,844	185	–	–	2,029
Malaysia	2,130	223	720	–	3,073	505	75	–	3,653
Indonesia	497	–	1,338	16	1,851	127	36	–	2,014
Other	1,286	1	2,983	288	4,558	11	–	–	4,569
Subtotal, by jurisdiction	21,840	2,170	69,857	346	94,213	1,986	115	–	96,314
By credit rating									
AAA	6,053	–	2,424	–	8,477	848	4	–	9,329
AA	2,056	1	13,229	259	15,545	265	–	–	15,810
A	11,668	141	31,389	20	43,218	536	28	–	43,782
BBB	2,017	2,028	22,012	67	26,124	337	83	–	26,544
Below investment grade	46	–	803	–	849	–	–	–	849
Not rated	–	–	–	–	–	–	–	–	–
Subtotal, by credit rating	21,840	2,170	69,857	346	94,213	1,986	115	–	96,314
Government agency bonds⁽⁴⁾									
AAA	1,835	–	1,260	–	3,095	92	7	–	3,194
AA	596	–	1,518	97	2,211	20	–	147	2,378
A	3,532	50	2,522	33	6,137	361	130	3	6,631
BBB	784	11	1,844	42	2,681	55	14	–	2,750
Below investment grade	24	–	128	–	152	–	–	–	152
Not rated	–	–	–	–	–	5	–	–	5
Subtotal	6,771	61	7,272	172	14,276	533	151	150	15,110

Notes:

- (1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds.
- (2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.
- (3) 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.
- (4) 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.

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$m	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder			Subtotal	Unit-linked	Unit-linked ⁽²⁾	Consolidated investment funds ⁽¹⁾	
		FVTPL	FVTPL	FVOCI		AC	FVTPL	FVOCI	FVTPL
31 December 2025									
Corporate bonds									
AAA	442	–	62	–	504	28	–	–	532
AA	2,967	–	1,565	198	4,730	56	–	137	4,923
A	20,182	799	10,988	1,448	33,417	742	123	472	34,754
BBB	16,192	356	10,385	592	27,525	1,198	200	74	28,997
Below investment grade	337	122	1,197	3	1,659	312	28	–	1,999
Not rated	–	10	–	4	14	254	–	–	268
Subtotal	40,120	1,287	24,197	2,245	67,849	2,590	351	683	71,473
Structured securities⁽⁵⁾									
AAA	52	63	579	–	694	–	–	–	694
AA	177	1	579	–	757	–	–	–	757
A	210	12	1,424	–	1,646	32	–	–	1,678
BBB	80	–	1,756	–	1,836	1	–	–	1,837
Below investment grade	–	–	–	–	–	–	–	–	–
Not rated	–	–	–	–	–	–	–	–	–
Subtotal	519	76	4,338	–	4,933	33	–	–	4,966
Total⁽⁶⁾	69,250	3,594	105,664	2,763	181,271	5,142	617	833	187,863

Notes:

(1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds.

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

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

(6) Debt securities of US\$11,956m are restricted due to local regulatory requirements.

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$m	Policyholder and shareholder				Subtotal	Unit-linked FVTPL	Unit-linked ⁽²⁾ FVOCI	Consolidated investment funds ⁽¹⁾ FVTPL	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder							
		FVTPL	FVOCI	AC					
31 December 2024									
Government bonds⁽³⁾									
By jurisdiction									
Mainland China	10,360	–	28,939	–	39,299	46	–	–	39,345
Thailand	–	2,493	13,222	–	15,715	–	–	–	15,715
United States	2,500	–	7,689	–	10,189	72	–	–	10,261
South Korea	–	–	5,924	–	5,924	195	–	–	6,119
Singapore	4,910	–	950	–	5,860	946	7	–	6,813
Philippines	189	81	1,532	42	1,844	227	–	–	2,071
Malaysia	1,874	189	559	–	2,622	422	114	–	3,158
Indonesia	682	–	1,125	16	1,823	115	30	–	1,968
Other	1,535	3	2,827	279	4,644	1	–	–	4,645
Subtotal, by jurisdiction	22,050	2,766	62,767	337	87,920	2,024	151	–	90,095
By credit rating									
AAA	5,643	1	3,109	–	8,753	963	7	–	9,723
AA	2,700	–	12,974	223	15,897	251	–	–	16,148
A	11,534	103	29,170	46	40,853	377	14	–	41,244
BBB	2,120	2,662	16,670	68	21,520	433	130	–	22,083
Below investment grade	53	–	844	–	897	–	–	–	897
Not rated	–	–	–	–	–	–	–	–	–
Subtotal, by credit rating	22,050	2,766	62,767	337	87,920	2,024	151	–	90,095
Government agency bonds⁽⁴⁾									
AAA	1,860	–	1,039	19	2,918	63	7	–	2,988
AA	504	–	1,919	102	2,525	7	–	112	2,644
A	3,758	32	2,538	48	6,376	280	76	–	6,732
BBB	726	20	1,598	43	2,387	45	7	–	2,439
Below investment grade	46	–	150	–	196	–	–	–	196
Not rated	–	–	–	–	–	–	–	–	–
Subtotal	6,894	52	7,244	212	14,402	395	90	112	14,999

Notes:

- (1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds.
- (2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.
- (3) 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.
- (4) 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.

18. FINANCIAL INVESTMENTS (continued)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

US\$m	Policyholder and shareholder				Subtotal	Unit-linked FVTPL	Unit-linked ⁽²⁾ FVOCI	Consolidated investment funds ⁽¹⁾ FVTPL	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder							
		FVTPL	FVOCI	AC					
31 December 2024									
Corporate bonds									
AAA	494	–	120	–	614	1	–	–	615
AA	2,906	–	2,222	168	5,296	33	–	169	5,498
A	18,960	110	12,238	1,150	32,458	655	78	506	33,697
BBB	16,352	352	10,126	518	27,348	972	135	80	28,535
Below investment grade	467	291	1,385	9	2,152	226	15	–	2,393
Not rated	–	12	–	5	17	195	–	–	212
Subtotal	39,179	765	26,091	1,850	67,885	2,082	228	755	70,950
Structured securities⁽⁵⁾									
AAA	–	–	228	–	228	–	–	–	228
AA	4	–	227	–	231	–	–	–	231
A	97	11	683	–	791	46	–	–	837
BBB	158	40	580	–	778	–	–	–	778
Below investment grade	57	39	–	–	96	–	–	–	96
Not rated	4	–	–	–	4	–	–	–	4
Subtotal	320	90	1,718	–	2,128	46	–	–	2,174
Total⁽⁶⁾	68,443	3,673	97,820	2,399	172,335	4,547	469	867	178,218

Notes:

- (1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds.
- (2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.
- (5) Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.
- (6) Debt securities of US\$9,952m are restricted due to local regulatory requirements.

18. FINANCIAL INVESTMENTS (continued)

Equity shares, interests in investment funds and exchangeable loan notes

Equity shares, interests in investment funds and exchangeable loan notes comprise the following:

US\$m	Policyholder and shareholder		Subtotal	Unit-linked FVTPL	Consolidated investment funds ⁽¹⁾ FVTPL	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder FVTPL				
31 December 2025						
Equity shares	6,171	5,684	11,855	11,354	–	23,209
Interests in investment funds and exchangeable loan notes						
Investment funds with debt instruments as underlying ^{(2) (3)}	3,369	3,477	6,846	3,605	–	10,451
Others	50,880	11,879	62,759	17,623	–	80,382
Total	60,420	21,040	81,460	32,582	–	114,042

US\$m	Policyholder and shareholder		Subtotal	Unit-linked FVTPL	Consolidated investment funds ⁽¹⁾ FVTPL	Total
	Participating funds and other participating business with distinct portfolios FVTPL	Other policyholder and shareholder FVTPL				
31 December 2024						
Equity shares	6,115	5,269	11,384	8,413	–	19,797
Interests in investment funds and exchangeable loan notes						
Investment funds with debt instruments as underlying ^{(2) (3)}	3,126	2,188	5,314	3,003	–	8,317
Others	37,250	8,366	45,616	15,107	–	60,723
Total	46,491	15,823	62,314	26,523	–	88,837

Notes:

- (1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds.
- (2) Investment funds with debt instruments as underlying refer to investment funds solely investing in debt securities and cash therefrom.
- (3) The Group transferred securities along with the rights to cash flows to an externally managed investment vehicle in 2024. The risks and rewards of ownership are retained by the Group. The carrying amount of the transferred assets is US\$3,204m (2024: US\$3,126m). Subsequent to the transfer, these investments have the characteristics of equity instruments in line with the accounting standards.

18. 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 Group has consolidated certain investment funds for which the Group provides guarantee on capital or rate of return to the investors and deemed to have control based on an analysis of the guidance in IFRS 10. For these investment funds, the Group has the ability to reduce the guaranteed rates of return, subject to obtaining approvals of applicable regulators. The Group has an obligation to absorb losses in the event that the returns of the funds are insufficient to cover the capital or rate of return guarantee provided to the investors.

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

US\$m	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	66 ⁽²⁾	–	42 ⁽²⁾	–
Debt securities at fair value through other comprehensive income	875 ⁽²⁾	4,338	849 ⁽²⁾	1,718
Debt securities at fair value through profit or loss	1,586 ⁽²⁾	628	1,549 ⁽²⁾	451
Interests in investment funds at fair value through profit or loss	89,642	–	67,769	–
Total	92,169	4,966	70,209	2,169

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.

18. FINANCIAL INVESTMENTS (continued)

Loans and deposits

Loans and deposits by type comprise the following:

US\$m	As at 31 December 2025	As at 31 December 2024
Mortgage loans on residential real estate	520	469
Mortgage loans on commercial real estate	5	3
Other loans	415	212
Loss allowance for loans	(10)	(9)
Loans	930	675
Term deposits	1,926	1,850
Promissory notes ⁽¹⁾	1,659	1,523
Loss allowance for deposits measured at amortised cost	(6)	(6)
Total	4,509	4,042

Note:

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

Certain term deposits with financial institutions and promissory notes are restricted due to local regulatory requirements or other pledge restrictions. At 31 December 2025, the restricted balance held within term deposits and promissory notes was US\$2,064m (2024: US\$1,901m).

Other loans include receivables from reverse repurchase agreements (reverse repos) under which the Group does not take physical possession of securities purchased under the agreements. Reverse repos are initially recorded at the cost of the loan or collateral advanced. At 31 December 2025, the carrying value of such receivables was US\$307m (2024: US\$115m).

At 31 December 2025 and 31 December 2024, there was no material debt collateral received in respect of reverse repos.

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 and consolidated investment funds as the investment risk is generally borne by our customers.

US\$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2025						
Debt securities	181,271	8,566	19,627	18,364	134,714	–
Loans and deposits	4,441	1,550	1,124	142	1,608	17
Total	185,712	10,116	20,751	18,506	136,322	17
US\$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2024						
Debt securities	172,335	7,143	22,376	16,665	126,151	–
Loans and deposits	3,971	1,297	945	156	1,563	10
Total	176,306	8,440	23,321	16,821	127,714	10

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative exposure was as follows:

US\$m	Notional amount	Fair value	
		Assets	Liabilities
31 December 2025			
Foreign exchange contracts			
Cross-currency swaps	11,131	398	(482)
Forwards	4,574	14	(44)
Foreign exchange futures	486	–	–
Total foreign exchange contracts	16,191	412	(526)
Interest rate contracts			
Interest rate swaps	4,731	267	(108)
Swaptions	6,035	40	–
Total interest rate contracts	10,766	307	(108)
Other			
Warrants and options	1,628	29	(4)
Forward contracts			
Designated as cash flow hedge	159	–	(8)
Others	34,851	98	(5,019)
Netting	–	(1)	1
Total	63,595	845	(5,664)

US\$m	Notional amount	Fair value	
		Assets	Liabilities
31 December 2024			
Foreign exchange contracts			
Cross-currency swaps	10,661	214	(317)
Forwards	4,773	79	(35)
Foreign exchange futures	97	–	–
Total foreign exchange contracts	15,531	293	(352)
Interest rate contracts			
Interest rate swaps	4,908	261	(108)
Swaptions	6,035	125	–
Total interest rate contracts	10,943	386	(108)
Other			
Warrants and options	1,396	7	–
Forward contracts			
Designated as cash flow hedge	–	–	–
Others	35,103	368	(8,155)
Netting	(97)	–	–
Total	62,876	1,054	(8,615)

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

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Of the total derivatives, US\$8m (2024: US\$9m) 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 performs an ongoing assessment of derivative financial instruments to determine whether they meet the qualifying criteria for hedge accounting under IFRS 9 during the year, and may consider hedge accounting designation for other derivative financial instruments in future periods. In a limited number of cases, the Group designates certain derivatives as hedging instruments in qualifying hedge relationships under IFRS 9. 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.

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.

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative contracts under IFRS 9 hedge accounting

The Group regularly engages in hedging activities to manage its financial risks. Prior to second half of 2025, although the Group used derivative financial instruments (2024: forward contracts with notional amount of US\$35,103m) to economically manage its exposure to interest rate risk, hedge accounting was not applied as the majority of these derivatives relate to insurance contract liabilities within participating funds and the change in fair value of those derivatives and the related change in insurance contract liabilities are both recognised in profit or loss, with no accounting mismatch.

During the second half of 2025, the Group started applying cash flow hedge accounting based on IFRS 9 requirements for certain bond forward contracts, which serve as a hedging instrument to manage the interest rate risk associated with insurance contract liabilities within non-participating funds, aligned with the Group's Asset-Liability Management (ALM) framework. The hedged items are the forecast purchase of long-duration fixed-rate government bonds. By locking in the future purchase yields through the bond forwards, the Group aims to reduce the uncertainty in future investment income and ensure a more predictable matching of asset and liability cash flows. The application of hedge accounting aligns the accounting recognition of gains and losses on hedging instruments with the corresponding hedged items, which reduces accounting mismatches and volatility in profit or loss.

As of 31 December 2025, the bond forward contracts designated for hedge accounting had a notional amount of US\$159m (2024: nil), compared to a total notional amount of all forward contracts held of US\$35,010m (2024: US\$35,103m). The change in fair value of the hedge-designated bond forward contracts has been recognised in other comprehensive income (OCI) for a total amount of US\$(8)m (2024: nil).

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

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

US\$m	As at 31 December 2025		
	Within 1 year	1 – 5 years	Over 5 years
Bond forward contracts			
Notional amount	–	159	–
Average interest rate	–	2.214%	–

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative contracts under IFRS 9 hedge accounting (continued)

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

	Notional amount	Carrying amount		Changes in fair value for calculating hedge ineffectiveness	Changes in fair value recognised in OCI	Hedge ineffectiveness recognised in profit or loss ⁽³⁾	Reclassified from hedging reserve to profit or loss ⁽³⁾
		Assets	Liabilities				
US\$m		As at 31 December 2025		For the year ended 31 December 2025			
Interest rate risk							
Bond forward contracts	159	–	(8)	(8)	(8)	–	–

Notes:

- (1) There is no derivative instrument under IFRS 9 cash flow hedge as at 31 December 2024 and for the year ended 31 December 2024.
- (2) Hedging instruments are reflected in derivative financial instruments in the consolidated statement of financial position.
- (3) These amounts recognised in profit or loss (if any) were reflected in other investment return in the consolidated income statement.

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

	Change in fair value for calculating hedge ineffectiveness	Cash flow hedge reserve	Cash flow hedge reserve balance which hedge accounting no longer applied
US\$m			
Interest rate risk			
Government bonds	(6)	(6)	–

Note:

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

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\$25m (2024: US\$111m) and pledged debt securities with carrying value of US\$6,708m (2024: US\$9,692m) for liabilities, and held cash collateral of US\$419m (2024: US\$401m) and debt securities collateral with carrying value of US\$167m (2024: US\$170m) 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.

20. 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:

US\$m	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated	FVOCI			
31 December 2025							
Financial investments	18						
Loans and deposits		–	299	–	4,210	4,509	4,916
Debt securities		8,202	70,617	106,281	2,763	187,863	187,586
Equity shares, interests in investment funds and exchangeable loan notes		110,838	3,204 ⁽¹⁾	–	–	114,042	114,042
Derivative financial instruments	19	845	–	–	–	845	845
Receivables	21	–	–	–	1,434	1,434	1,434
Accrued investment income	21	–	–	–	1,828	1,828	1,828
Cash and cash equivalents	22	3,775	–	–	5,834	9,609	9,609
Financial assets		123,660	74,120	106,281	16,069	320,130	320,260
	Notes	FVTPL – mandatory	FVTPL – designated	Amortised cost	Total carrying value	Total fair value	
Financial liabilities							
Investment contract liabilities	25	–	6,944	478	7,422	7,422	
Borrowings	26	–	–	14,245	14,245	13,826	
Obligations under repurchase agreements	27	–	–	5,910	5,910	5,910	
Derivative financial instruments	19	5,664	–	–	5,664	5,664	
Other liabilities	30	–	784	5,544	6,328	6,328	
Financial liabilities		5,664	7,728	26,177	39,569	39,150	

Note:

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

20. FAIR VALUE MEASUREMENT (continued)

Fair value of financial instruments (continued)

US\$m	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated	FVOCI			
31 December 2024							
Financial investments	18						
Loans and deposits		–	272	–	3,770	4,042	4,292
Debt securities		6,396	71,134	98,289	2,399	178,218	177,858
Equity shares, interests in investment funds and exchangeable loan notes		85,711	3,126 ⁽¹⁾	–	–	88,837	88,837
Derivative financial instruments	19	1,054	–	–	–	1,054	1,054
Receivables	21	–	–	–	848	848	848
Accrued investment income	21	–	–	–	1,748	1,748	1,748
Cash and cash equivalents	22	1,628	–	–	6,473	8,101	8,101
Financial assets		94,789	74,532	98,289	15,238	282,848	282,738
		Fair value			Amortised cost	Total carrying value	Total fair value
	Notes	FVTPL – mandatory	FVTPL – designated				
Financial liabilities							
Investment contract liabilities	25	–	6,320	485	6,805	6,805	6,805
Borrowings	26	–	–	13,329	13,329	12,364	12,364
Obligations under repurchase agreements	27	–	–	4,616	4,616	4,616	4,616
Derivative financial instruments	19	8,615	–	–	8,615	8,615	8,615
Other liabilities	30	–	812	4,097	4,909	4,909	4,909
Financial liabilities		8,615	7,132	22,527	38,274	37,309	37,309

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 34 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.

20. 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 held by investment funds which are consolidated, 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, interests in investment funds and exchangeable loan notes

The fair values of equity shares, interests in investment funds and exchangeable loan notes 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.

20. FAIR VALUE MEASUREMENT (continued)

Determination of fair value (continued)

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.

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.

20. FAIR VALUE MEASUREMENT (continued)

Determination of fair value (continued)

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's practice for insurance contract liabilities and hence are disclosed within note 24. 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.

Borrowings

The fair values of 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.

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.

20. 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\$m	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	–	–	2,786	2,786
Investment property	–	–	4,508	4,508
Financial assets				
At fair value through other comprehensive income				
Debt securities	12	104,662	1,607	106,281
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	43	66,927	2,280	69,250
Unit-linked and consolidated investment funds	282	5,693	–	5,975
Other policyholder and shareholder	–	3,586	8	3,594
Loans and deposits	–	–	299	299
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	31,676	6,999	21,745	60,420
Unit-linked and consolidated investment funds	31,274	1,304	4	32,582
Other policyholder and shareholder	7,305	4,650	9,085	21,040
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	728	–	–	728
Unit-linked and consolidated investment funds	1	–	–	1
Other policyholder and shareholder	3,046	–	–	3,046
Derivative financial instruments				
Foreign exchange contracts	–	412	–	412
Interest rate contracts	–	307	–	307
Other contracts				
Designated as cash flow hedge	–	–	–	–
Others	1	53	72	126
Total assets on a recurring fair value measurement basis	74,368	194,593	42,394	311,355
<i>% of Total</i>	<i>23.9%</i>	<i>62.5%</i>	<i>13.6%</i>	<i>100.0%</i>
Financial liabilities				
Investment contract liabilities	–	4,606	2,338	6,944
Derivative financial instruments				
Foreign exchange contracts	–	526	–	526
Interest rate contracts	–	108	–	108
Other contracts				
Designated as cash flow hedge	–	8	–	8
Others	–	5,022	–	5,022
Other liabilities	–	784	–	784
Total liabilities on a recurring fair value measurement basis	–	11,054	2,338	13,392
<i>% of Total</i>	<i>0.0%</i>	<i>82.5%</i>	<i>17.5%</i>	<i>100.0%</i>

20. FAIR VALUE MEASUREMENT (continued)

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

US\$m	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	–	–	2,711	2,711
Investment property	–	–	4,570	4,570
Financial assets				
At fair value through other comprehensive income				
Debt securities	–	95,318	2,971	98,289
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	63	66,198	2,182	68,443
Unit-linked and consolidated investment funds	16	5,398	–	5,414
Other policyholder and shareholder	–	3,551	122	3,673
Loans and deposits	–	–	272	272
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	24,963	3,835	17,693	46,491
Unit-linked and consolidated investment funds	25,137	1,363	23	26,523
Other policyholder and shareholder	6,035	2,885	6,903	15,823
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	192	–	–	192
Unit-linked and consolidated investment funds	–	–	–	–
Other policyholder and shareholder	1,436	–	–	1,436
Derivative financial instruments				
Foreign exchange contracts	–	293	–	293
Interest rate contracts	–	386	–	386
Other contracts				
Designated as cash flow hedge	–	–	–	–
Others	4	191	180	375
Total assets on a recurring fair value measurement basis	57,846	179,418	37,627	274,891
<i>% of Total</i>	<i>21.0%</i>	<i>65.3%</i>	<i>13.7%</i>	<i>100.0%</i>
Financial liabilities				
Investment contract liabilities	–	4,280	2,040	6,320
Derivative financial instruments				
Foreign exchange contracts	–	352	–	352
Interest rate contracts	–	108	–	108
Other contracts				
Designated as cash flow hedge	–	–	–	–
Others	–	8,155	–	8,155
Other liabilities	–	812	–	812
Total liabilities on a recurring fair value measurement basis	–	13,707	2,040	15,747
<i>% of Total</i>	<i>0.0%</i>	<i>87.0%</i>	<i>13.0%</i>	<i>100.0%</i>

20. FAIR VALUE MEASUREMENT (continued)

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

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\$2,647m (2024: US\$5m) of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. The Group transferred US\$1,015m (2024: US\$11m) 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.

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\$m	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares, interests in investment funds and exchangeable loan notes	Derivative financial assets/ (liabilities)	Investment contracts
At 1 January 2025	2,711	4,570	5,275	272	24,619	180	(2,040)
Net movement on investment contract liabilities	-	-	-	-	-	-	(298)
Total gains/(losses)							
Reported under investment return and other expenses in the consolidated income statement	(65)	(98)	(37)	3	668	(95)	-
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	101	93	135	24	282	7	-
Transfer to/from investment property	27	(130)	-	-	-	-	-
Purchases	18	76	1,229	-	6,936	-	-
Sales	(6)	(3)	(326)	-	(1,703)	-	-
Settlements	-	-	(1,677)	-	-	(20)	-
Transfer into Level 3	-	-	3	-	41	-	-
Transfer out of Level 3	-	-	(707)	-	(9)	-	-
At 31 December 2025	2,786	4,508	3,895	299	30,834	72	(2,338)
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	(65)	(98)	45	2	970	(97)	-

20. FAIR VALUE MEASUREMENT (continued)

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

Level 3 assets and liabilities (continued)

US\$m	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares, interests in investment funds and exchangeable loan notes	Derivative financial assets/ (liabilities)	Investment contracts
At 1 January 2024	2,565	4,504	4,360	272	19,178	8	(1,853)
Net movement on investment contract liabilities	–	–	–	–	–	–	(187)
Total gains/(losses)							
Reported under investment return and other expenses in the consolidated income statement	(62)	(33)	79	–	493	239	–
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	(13)	(30)	(24)	–	(145)	(1)	–
Transfer to/from investment property	(89)	91	–	–	–	–	–
Purchases	333	38	1,886	–	5,875	–	–
Sales	(23)	–	(198)	–	(779)	–	–
Settlements	–	–	(834)	–	–	(66)	–
Transfer into Level 3	–	–	6	–	–	–	–
Transfer out of Level 3	–	–	–	–	(3)	–	–
At 31 December 2024	2,711	4,570	5,275	272	24,619	180	(2,040)
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	(62)	(33)	37	–	895	174	–

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 25.

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.

20. FAIR VALUE MEASUREMENT (continued)

Significant unobservable inputs for Level 3 fair value measurements

As at 31 December 2025 and 31 December 2024, the valuation techniques and applicable unobservable inputs used to measure the Group's Level 3 financial instruments are summarised as follows:

Description	Fair value at 31 December 2025 (US\$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	3,821	Discounted cash flows	Risk adjusted discount rate	2.33% – 11.49%

Description	Fair value at 31 December 2024 (US\$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	3,549	Discounted cash flows	Risk adjusted discount rate	2.37% – 13.81%

For certain equity shares, interests in investment funds and exchangeable loan notes 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 Group Valuation Committee supports the Group Chief Financial Officer in relation to financial assets valuation for financial reporting. Under the oversight of the Group Valuation Committee, there is a reasonableness review of the prices used and price exceptions are reported, if any, from the business units' Chief Investment Officer. Any changes in valuation policies are reviewed and approved by the Group Valuation 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.

20. 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\$m	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	–	2,486	–	2,486
Loans and deposits	1,223	1,051	2,343	4,617
Receivables	35	1,353	46	1,434
Accrued investment income	32	1,796	–	1,828
Cash and cash equivalents	5,834	–	–	5,834
Total assets for which the fair value is disclosed	7,124	6,686	2,389	16,199
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	–	–	478	478
Borrowings	11,898	1,928	–	13,826
Obligations under repurchase agreements	–	5,910	–	5,910
Other liabilities	383	5,080	81	5,544
Total liabilities for which the fair value is disclosed	12,281	12,918	559	25,758
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Debt securities	–	2,039	–	2,039
Loans and deposits	1,198	772	2,050	4,020
Receivables	22	769	57	848
Accrued investment income	18	1,730	–	1,748
Cash and cash equivalents	6,473	–	–	6,473
Total assets for which the fair value is disclosed	7,711	5,310	2,107	15,128
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	–	–	485	485
Borrowings	10,647	1,717	–	12,364
Obligations under repurchase agreements	–	4,616	–	4,616
Other liabilities	338	3,697	62	4,097
Total liabilities for which the fair value is disclosed	10,985	10,030	547	21,562

21. OTHER ASSETS

US\$m	As at 31 December 2025	As at 31 December 2024
Accrued investment income	1,828	1,748
Receivables	1,434	848
Pension scheme assets		
Defined benefit pension scheme surpluses	51	49
Others ⁽¹⁾	789	882
Total	4,102	3,527

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.

22. CASH AND CASH EQUIVALENTS

US\$m	As at 31 December 2025	As at 31 December 2024
Cash	2,918	3,324
Cash equivalents	6,691	4,777
Total⁽¹⁾	9,609	8,101

Note:

(1) US\$810m (2024: US\$778m) are held to back unit-linked contracts and US\$27m (2024: US\$32m) are held by consolidated investment funds.

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.

23. 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 2.5.1.

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".

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

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.

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	2.6%	2.7%
Upside scenario	3.1%	2.9%
Downside scenario	1.7%	2.2%

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.

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

Measurement of ECL (continued)

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.

23. 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\$m	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	2,402	3	–	–	–	–	2,402	3
Transfer to 12-month ECL	–	–	–	–	–	–	–	–
Transfer to lifetime ECL not credit-impaired	–	–	–	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	2	–	–	–	–	–	2
New financial assets acquired	589	1	–	–	–	–	589	1
Financial assets derecognised other than write-offs	(248)	–	–	–	–	–	(248)	–
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	26	–	–	–	–	–	26	–
Balance at 31 December 2025	2,769	6	–	–	–	–	2,769	6

US\$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at amortised cost								
Balance at 1 January 2024	2,156	4	15	2	–	–	2,171	6
Transfer to 12-month ECL	–	–	–	–	–	–	–	–
Transfer to lifetime ECL not credit-impaired	–	–	–	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	(1)	–	–	–	–	–	(1)
New financial assets acquired	560	–	–	–	–	–	560	–
Financial assets derecognised other than write-offs	(312)	–	(15)	(2)	–	–	(327)	(2)
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	(2)	–	–	–	–	–	(2)	–
Balance at 31 December 2024	2,402	3	–	–	–	–	2,402	3

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

Loss allowance (continued)

US\$m	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	3,756	8	19	1	10	6	3,785	15
Transfer to 12-month ECL	8	–	(7)	–	(1)	–	–	–
Transfer to lifetime ECL not credit-impaired	(13)	(1)	14	1	(1)	–	–	–
Transfer to lifetime ECL credit-impaired	(4)	–	(3)	–	7	–	–	–
Net remeasurement of loss allowance	–	(4)	–	–	–	2	–	(2)
New financial assets acquired	74,590	3	–	–	–	–	74,590	3
Financial assets derecognised other than write-offs	(74,296)	–	(2)	–	(3)	–	(74,301)	–
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	149	–	2	–	1	–	152	–
Balance at 31 December 2025	4,190	6	23	2	13	8	4,226	16

US\$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Loans and deposits measured at amortised cost								
Balance at 1 January 2024	3,708	11	15	2	20	7	3,743	20
Transfer to 12-month ECL	16	1	(5)	–	(11)	(1)	–	–
Transfer to lifetime ECL not credit-impaired	(11)	–	11	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	(3)	–	(1)	–	4	–	–	–
Net remeasurement of loss allowance	–	(9)	–	(1)	–	–	–	(10)
New financial assets acquired	39,425	5	–	–	–	–	39,425	5
Financial assets derecognised other than write-offs	(39,325)	–	(1)	–	(3)	–	(39,329)	–
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	(54)	–	–	–	–	–	(54)	–
Balance at 31 December 2024	3,756	8	19	1	10	6	3,785	15

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

Loss allowance (continued)

US\$m	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	91,007	111	264	16	365	335	91,636	462
Transfer to 12-month ECL	14	1	(14)	(1)	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(13)	-	13	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(28)	-	(3)	-	8	-	(23)
New financial assets acquired	24,131	30	-	-	-	-	24,131	30
Financial assets derecognised other than write-offs	(18,620)	(19)	(134)	(5)	(276)	(263)	(19,030)	(287)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	2,601	2	(9)	-	3	5	2,595	7
Balance at 31 December 2025	99,120	97	120	7	92	85	99,332	189

US\$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2024	87,509	133	266	17	366	327	88,141	477
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(169)	(1)	169	1	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	(25)	-	3	-	8	-	(14)
New financial assets acquired	26,182	25	-	-	-	-	26,182	25
Financial assets derecognised other than write-offs	(20,518)	(17)	(178)	(7)	(1)	(1)	(20,697)	(25)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates and other movements	(1,997)	(4)	7	2	-	1	(1,990)	(1)
Balance at 31 December 2024	91,007	111	264	16	365	335	91,636	462

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

Loss allowance (continued)

US\$m	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	816	1	30	6	32	23	878	30
Transfer to lifetime ECL not credit-impaired	(87)	(5)	87	5	–	–	–	–
Transfer to lifetime ECL credit-impaired	(9)	(1)	(2)	(2)	11	3	–	–
Net remeasurement of loss allowance	–	3	–	1	–	11	–	15
Net increase/(decrease) in receivables	667	2	(83)	(2)	–	–	584	–
Write-offs	(1)	–	–	–	(4)	(4)	(5)	(4)
Effects of movements in exchange rates and other movements	17	–	–	–	2	1	19	1
Balance at 31 December 2025	1,403	–	32	8	41	34	1,476	42

US\$m	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Receivables								
Balance at 1 January 2024	1,254	–	30	3	29	16	1,313	19
Transfer to lifetime ECL not credit-impaired	(3)	(2)	3	2	–	–	–	–
Transfer to lifetime ECL credit-impaired	(14)	(1)	–	–	14	1	–	–
Net remeasurement of loss allowance	–	2	–	2	–	10	–	14
Net decrease in receivables	(416)	2	(3)	(1)	(9)	(3)	(428)	(2)
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	(5)	–	–	–	(2)	(1)	(7)	(1)
Balance at 31 December 2024	816	1	30	6	32	23	878	30

24. 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.

24. 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\$m	Notes	Year ended 31 December 2025			Total
		Liabilities for remaining coverage			
		Excluding loss component	Loss component	Liabilities for incurred claims	
Opening assets		54	31	434	519
Opening liabilities		214,276	365	7,170	221,811
Net opening balance		214,330	396	7,604	222,330
Insurance revenue	8	(17,824)	–	–	(17,824)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(107)	9,624	9,517
Amortisation of insurance acquisition cash flows		1,332	–	–	1,332
Losses and reversal of losses on onerous contracts		–	79	–	79
Adjustments to liabilities for incurred claims		–	–	(229)	(229)
Total insurance service expenses		1,332	(28)	9,395	10,699
Investment components		(11,365)	–	11,365	–
Other changes		(15)	–	15	–
Insurance service result		(27,872)	(28)	20,775	(7,125)
Net finance expenses from insurance contracts	9	14,737	15	181	14,933
Effect of movements in exchange rates		6,886	16	453	7,355
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(6,249)	3	21,409	15,163
Cash flows					
Premiums received		49,129	–	–	49,129
Claims and other insurance service expenses paid, including investment components		–	–	(27,064)	(27,064)
Insurance acquisition cash flows paid		(7,871)	–	–	(7,871)
Other amounts received		–	–	6,368	6,368
Total cash flows		41,258	–	(20,696)	20,562
Adjusted for:					
Non-cash operating expenses		(169)	–	(101)	(270)
Other non-cash items		(439)	–	–	(439)
Total non-cash items		(608)	–	(101)	(709)
Net closing balance		248,731	399	8,216	257,346
Closing assets		(57)	60	726	729
Closing liabilities		248,788	339	7,490	256,617
Net closing balance		248,731	399	8,216	257,346

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

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

US\$m	Notes	Year ended 31 December 2024			Total
		Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		
Opening assets		(454)	42	627	215
Opening liabilities		196,080	305	7,382	203,767
Net opening balance		195,626	347	8,009	203,982
Insurance revenue	8	(16,361)	–	–	(16,361)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(115)	9,251	9,136
Amortisation of insurance acquisition cash flows		1,073	–	–	1,073
Losses and reversal of losses on onerous contracts		–	163	–	163
Adjustments to liabilities for incurred claims		–	–	(116)	(116)
Total insurance service expenses		1,073	48	9,135	10,256
Investment components		(10,662)	–	10,662	–
Other changes		(13)	–	13	–
Insurance service result		(25,963)	48	19,810	(6,105)
Net finance expenses from insurance contracts	9	13,868	17	148	14,033
Effect of movements in exchange rates		(3,703)	(16)	(572)	(4,291)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(15,798)	49	19,386	3,637
Cash flows					
Premiums received		42,142	–	–	42,142
Claims and other insurance service expenses paid, including investment components		–	–	(24,997)	(24,997)
Insurance acquisition cash flows paid		(7,058)	–	–	(7,058)
Other amounts received		–	–	5,291	5,291
Total cash flows		35,084	–	(19,706)	15,378
Adjusted for:					
Non-cash operating expenses		(174)	–	(85)	(259)
Other non-cash items		(408)	–	–	(408)
Total non-cash items		(582)	–	(85)	(667)
Net closing balance		214,330	396	7,604	222,330
Closing assets		54	31	434	519
Closing liabilities		214,276	365	7,170	221,811
Net closing balance		214,330	396	7,604	222,330

Insurance contract assets of US\$885m (2024: US\$664m) and insurance contract liabilities of US\$6,433m (2024: US\$6,555m) are expected to be recovered within 12 months after the reporting date.

24. 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

US\$m	Notes	Year ended 31 December 2025							
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	CSM			
						Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		(5,091)	698	4,912	519	–	1,374	3,538	4,912
Opening liabilities		164,813	3,335	53,663	221,811	9,501	27,009	17,153	53,663
Net opening balance		159,722	4,033	58,575	222,330	9,501	28,383	20,691	58,575
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	8	–	–	(6,499)	(6,499)	(966)	(2,506)	(3,027)	(6,499)
Change in risk adjustment for non-financial risk		–	(203)	–	(203)	–	–	–	–
Experience adjustments		(74)	–	–	(74)	–	–	–	–
Others		(199)	–	–	(199)	–	–	–	–
Changes that relate to future services									
Contracts initially recognised in the year		(9,531)	477	9,133	79	–	–	9,133	9,133
Changes in estimates that adjust the CSM		(2,425)	99	2,326	–	274	1,487	565	2,326
Changes in estimates that result in losses and reversal of losses on onerous contracts		(15)	15	–	–	–	–	–	–
Changes that relate to past services		(146)	(83)	–	(229)	–	–	–	–
Total insurance service result		(12,390)	305	4,960	(7,125)	(692)	(1,019)	6,671	4,960
Net finance expenses from insurance contracts	9	13,572	–	1,361	14,933	437	346	578	1,361
Effect of movements in exchange rates		5,140	223	1,992	7,355	416	684	892	1,992
Total changes in the consolidated income statement and consolidated statement of comprehensive income		6,322	528	8,313	15,163	161	11	8,141	8,313
Cash flows		20,562	–	–	20,562	–	–	–	–
Non-cash operating expenses		(270)	–	–	(270)	–	–	–	–
Other non-cash items		(439)	–	–	(439)	–	–	–	–
Net closing balance		185,897	4,561	66,888	257,346	9,662	28,394	28,832	66,888
Closing assets		(12,969)	1,274	12,424	729	–	5,787	6,637	12,424
Closing liabilities		198,866	3,287	54,464	256,617	9,662	22,607	22,195	54,464
Net closing balance		185,897	4,561	66,888	257,346	9,662	28,394	28,832	66,888

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

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

Year ended 31 December 2024

US\$m	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			CSM			
						Contracts under retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		(9,961)	888	9,288	215	–	5,640	3,648	9,288
Opening liabilities		154,587	2,950	46,230	203,767	9,882	24,663	11,685	46,230
Net opening balance		144,626	3,838	55,518	203,982	9,882	30,303	15,333	55,518
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	8	–	–	(5,958)	(5,958)	(976)	(2,574)	(2,408)	(5,958)
Change in risk adjustment for non-financial risk		–	(210)	–	(210)	–	–	–	–
Experience adjustments		167	–	–	167	–	–	–	–
Others		(151)	–	–	(151)	–	–	–	–
Changes that relate to future services									
Contracts initially recognised in the year		(8,025)	435	7,700	110	–	–	7,700	7,700
Changes in estimates that adjust the CSM		(949)	125	824	–	393	580	(149)	824
Changes in estimates that result in losses and reversal of losses on onerous contracts		21	32	–	53	–	–	–	–
Changes that relate to past services		(48)	(68)	–	(116)	–	–	–	–
Total insurance service result		(8,985)	314	2,566	(6,105)	(583)	(1,994)	5,143	2,566
Net finance expenses from insurance contracts	9	12,620	–	1,413	14,033	446	453	514	1,413
Effect of movements in exchange rates		(3,250)	(119)	(922)	(4,291)	(244)	(379)	(299)	(922)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		385	195	3,057	3,637	(381)	(1,920)	5,358	3,057
Cash flows		15,378	–	–	15,378	–	–	–	–
Non-cash operating expenses		(259)	–	–	(259)	–	–	–	–
Other non-cash items		(408)	–	–	(408)	–	–	–	–
Net closing balance		159,722	4,033	58,575	222,330	9,501	28,383	20,691	58,575
Closing assets		(5,091)	698	4,912	519	–	1,374	3,538	4,912
Closing liabilities		164,813	3,335	53,663	221,811	9,501	27,009	17,153	53,663
Net closing balance		159,722	4,033	58,575	222,330	9,501	28,383	20,691	58,575

24. 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\$m	Note	Year ended 31 December 2025			Total
		Asset for remaining coverage		Asset for incurred claims	
		Excluding loss-recovery component	Loss-recovery component		
Opening assets		2,107	139	3,416	5,662
Opening liabilities		(687)	11	433	(243)
Net opening balance		1,420	150	3,849	5,419
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)		(2,118)	(14)	1,674	(458)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net (expenses)/income from reinsurance contracts held		(2,118)	(14)	1,674	(458)
Investment components		(75)	–	75	–
Other changes		–	–	–	–
Net finance (expenses)/income from reinsurance contracts held	9	(224)	2	61	(161)
Effect of movements in exchange rates		118	16	238	372
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,299)	4	2,048	(247)
Cash flows					
Premiums paid		4,206	–	–	4,206
Amounts received		–	–	(1,932)	(1,932)
Other amounts paid		–	–	5	5
Total cash flows		4,206	–	(1,927)	2,279
Adjusted for:					
Non-cash operating expenses		–	–	–	–
Other non-cash items		–	–	–	–
Total non-cash items		–	–	–	–
Net closing balance		3,327	154	3,970	7,451
Closing assets		4,035	141	3,606	7,782
Closing liabilities		(708)	13	364	(331)
Net closing balance		3,327	154	3,970	7,451

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

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

US\$m	Note	Year ended 31 December 2024			Total
		Asset for remaining coverage		Asset for incurred claims	
		Excluding loss-recovery component	Loss-recovery component		
Opening assets		2,091	133	3,746	5,970
Opening liabilities		(663)	9	326	(328)
Net opening balance		1,428	142	4,072	5,642
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)		(2,258)	22	1,843	(393)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net (expenses)/income from reinsurance contracts held		(2,258)	22	1,843	(393)
Investment components		(77)	–	77	–
Other changes		–	–	–	–
Net finance income from reinsurance contracts held	9	167	–	37	204
Effect of movements in exchange rates		41	(14)	(282)	(255)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,127)	8	1,675	(444)
Cash flows					
Premiums paid		2,119	–	–	2,119
Amounts received		–	–	(1,903)	(1,903)
Other amounts paid		–	–	5	5
Total cash flows		2,119	–	(1,898)	221
Adjusted for:					
Non-cash operating expenses		–	–	–	–
Other non-cash items		–	–	–	–
Total non-cash items		–	–	–	–
Net closing balance		1,420	150	3,849	5,419
Closing assets		2,107	139	3,416	5,662
Closing liabilities		(687)	11	433	(243)
Net closing balance		1,420	150	3,849	5,419

Reinsurance contract assets of US\$697m (2024: US\$401m) and reinsurance contract liabilities of US\$(2)m (2024: US\$(15)m) are expected to be recovered/(settled) within 12 months after the reporting date.

24. 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

US\$m	Note	Year ended 31 December 2025							
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM			Total
				CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Opening assets		3,054	530	2,078	5,662	(700)	2,938	(160)	2,078
Opening liabilities		(688)	179	266	(243)	-	181	85	266
Net opening balance		2,366	709	2,344	5,419	(700)	3,119	(75)	2,344
Net (expenses)/income from reinsurance contracts held									
Changes that relate to current services									
CSM recognised for services received		-	-	(275)	(275)	64	(291)	(48)	(275)
Change in risk adjustment for non-financial risk		-	(19)	-	(19)	-	-	-	-
Experience adjustments		(185)	-	-	(185)	-	-	-	-
Changes that relate to future services									
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	10	10	-	-	10	10
Contracts initially recognised in the year		54	29	(83)	-	-	-	(83)	(83)
Changes in estimates that adjust the CSM		226	(31)	(195)	-	78	(348)	75	(195)
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		(28)	-	-	(28)	-	-	-	-
Changes that relate to past services		58	(19)	-	39	-	-	-	-
Effect of changes in non-performance risk of reinsurers		-	-	-	-	-	-	-	-
Total net income/(expenses) from reinsurance contracts held		125	(40)	(543)	(458)	142	(639)	(46)	(543)
Net finance (expenses)/income from reinsurance contracts held	9	(183)	-	22	(161)	(42)	42	22	22
Effect of movements in exchange rates		217	35	120	372	(29)	156	(7)	120
Total changes in the consolidated income statement and consolidated statement of comprehensive income		159	(5)	(401)	(247)	71	(441)	(31)	(401)
Cash flows		2,279	-	-	2,279	-	-	-	-
Non-cash operating expenses		-	-	-	-	-	-	-	-
Other non-cash items		-	-	-	-	-	-	-	-
Net closing balance		4,804	704	1,943	7,451	(629)	2,678	(106)	1,943
Closing assets		5,666	529	1,587	7,782	(629)	2,405	(189)	1,587
Closing liabilities		(862)	175	356	(331)	-	273	83	356
Net closing balance		4,804	704	1,943	7,451	(629)	2,678	(106)	1,943

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

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

Year ended 31 December 2024

US\$m	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			CSM			
						Contracts under retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		3,371	579	2,020	5,970	(855)	3,040	(165)	2,020
Opening liabilities		(908)	197	383	(328)	–	383	–	383
Net opening balance		2,463	776	2,403	5,642	(855)	3,423	(165)	2,403
Net (expenses)/income from reinsurance contracts held									
Changes that relate to current services									
CSM recognised for services received		–	–	(333)	(333)	76	(341)	(68)	(333)
Change in risk adjustment for non-financial risk		–	(40)	–	(40)	–	–	–	–
Experience adjustments		(135)	–	–	(135)	–	–	–	–
Changes that relate to future services									
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		–	–	9	9	–	–	9	9
Contracts initially recognised in the year		(46)	30	16	–	–	–	16	16
Changes in estimates that adjust the CSM		(363)	6	357	–	103	108	146	357
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		23	–	–	23	–	–	–	–
Changes that relate to past services		92	(9)	–	83	–	–	–	–
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–	–	–	–
Total net (expenses)/income from reinsurance contracts held		(429)	(13)	49	(393)	179	(233)	103	49
Net finance income/(expenses) from reinsurance contracts held	9	167	–	37	204	(48)	82	3	37
Effect of movements in exchange rates		(56)	(54)	(145)	(255)	24	(153)	(16)	(145)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(318)	(67)	(59)	(444)	155	(304)	90	(59)
Cash flows		221	–	–	221	–	–	–	–
Non-cash operating expenses		–	–	–	–	–	–	–	–
Other non-cash items		–	–	–	–	–	–	–	–
Net closing balance		2,366	709	2,344	5,419	(700)	3,119	(75)	2,344
Closing assets		3,054	530	2,078	5,662	(700)	2,938	(160)	2,078
Closing liabilities		(688)	179	266	(243)	–	181	85	266
Net closing balance		2,366	709	2,344	5,419	(700)	3,119	(75)	2,344

24. 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\$m	Notes	Year ended 31 December 2025				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		3	–	2	–	5
Opening liabilities		446	–	474	20	940
Net opening balance		449	–	476	20	945
Insurance revenue	8	(3,794)	–	–	–	(3,794)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	2,915	33	2,948
Amortisation of insurance acquisition cash flows		500	–	–	–	500
Losses and reversal of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	114	(18)	96
Total insurance service expenses		500	–	3,029	15	3,544
Investment components		(1)	–	1	–	–
Other changes		(4)	–	4	–	–
Insurance service result		(3,299)	–	3,034	15	(250)
Net finance expenses from insurance contracts	9	–	–	–	–	–
Effect of movements in exchange rates		46	–	16	1	63
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(3,253)	–	3,050	16	(187)
Cash flows						
Premiums received		3,760	–	–	–	3,760
Claims and other insurance service expenses paid, including investment components		–	–	(2,781)	–	(2,781)
Insurance acquisition cash flows paid		(471)	–	–	–	(471)
Other amounts received		–	–	1	–	1
Total cash flows		3,289	–	(2,780)	–	509
Adjusted for:						
Non-cash operating expenses		(15)	–	(7)	–	(22)
Other non-cash items		–	–	–	–	–
Total non-cash items		(15)	–	(7)	–	(22)
Net closing balance		470	–	739	36	1,245
Closing assets		(3)	–	7	1	5
Closing liabilities		473	–	732	35	1,240
Net closing balance		470	–	739	36	1,245

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

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

Year ended 31 December 2024						
US\$m	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets		1	–	–	–	1
Opening liabilities		419	–	453	18	890
Net opening balance		420	–	453	18	891
Insurance revenue	8	(2,953)	–	–	–	(2,953)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	2,390	13	2,403
Amortisation of insurance acquisition cash flows		427	–	–	–	427
Losses and reversal of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	61	(11)	50
Total insurance service expenses		427	–	2,451	2	2,880
Investment components		(13)	–	13	–	–
Other changes		(4)	–	4	–	–
Insurance service result		(2,543)	–	2,468	2	(73)
Net finance expenses from insurance contracts	9	–	–	–	–	–
Effect of movements in exchange rates		(8)	–	(11)	–	(19)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,551)	–	2,457	2	(92)
Cash flows						
Premiums received		2,979	–	–	–	2,979
Claims and other insurance service expenses paid, including investment components		–	–	(2,431)	–	(2,431)
Insurance acquisition cash flows paid		(386)	–	–	–	(386)
Other amounts received		–	–	–	–	–
Total cash flows		2,593	–	(2,431)	–	162
Adjusted for:						
Non-cash operating expenses		(13)	–	(3)	–	(16)
Other non-cash items		–	–	–	–	–
Total non-cash items		(13)	–	(3)	–	(16)
Net closing balance		449	–	476	20	945
Closing assets		3	–	2	–	5
Closing liabilities		446	–	474	20	940
Net closing balance		449	–	476	20	945

24. 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\$m	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		(253)	–	318	3	68
Opening liabilities		(74)	–	62	–	(12)
Net opening balance		(327)	–	380	3	56
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)		(539)	–	529	3	(7)
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–
Net (expenses)/income from reinsurance contracts held		(539)	–	529	3	(7)
Investment components		–	–	–	–	–
Other changes		–	–	–	–	–
Net finance expenses from reinsurance contracts held	9	–	–	(2)	–	(2)
Effect of movements in exchange rates		(10)	–	23	–	13
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(549)	–	550	3	4
Cash flows						
Premiums paid		506	–	–	–	506
Amounts received		–	–	(467)	–	(467)
Other amounts paid		–	–	1	–	1
Total cash flows		506	–	(466)	–	40
Adjusted for:						
Non-cash operating expenses		–	–	–	–	–
Other non-cash items		–	–	–	–	–
Total non-cash items		–	–	–	–	–
Net closing balance		(370)	–	464	6	100
Closing assets		(260)	–	366	5	111
Closing liabilities		(110)	–	98	1	(11)
Net closing balance		(370)	–	464	6	100

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Movement in carrying amounts (continued)

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

(continued)

US\$m	Note	Year ended 31 December 2024				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		(241)	–	316	2	77
Opening liabilities		(59)	–	50	1	(8)
Net opening balance		(300)	–	366	3	69
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)		(328)	–	312	–	(16)
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–
Net (expenses)/income from reinsurance contracts held		(328)	–	312	–	(16)
Investment components		(23)	–	23	–	–
Other changes		–	–	–	–	–
Net finance income from reinsurance contracts held	9	–	–	–	–	–
Effect of movements in exchange rates		6	–	(8)	–	(2)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(345)	–	327	–	(18)
Cash flows						
Premiums paid		318	–	–	–	318
Amounts received		–	–	(313)	–	(313)
Other amounts paid		–	–	–	–	–
Total cash flows		318	–	(313)	–	5
Adjusted for:						
Non-cash operating expenses		–	–	–	–	–
Other non-cash items		–	–	–	–	–
Total non-cash items		–	–	–	–	–
Net closing balance		(327)	–	380	3	56
Closing assets		(253)	–	318	3	68
Closing liabilities		(74)	–	62	–	(12)
Net closing balance		(327)	–	380	3	56

24. 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\$m	Profitable contracts issued	Onerous contracts issued	Profitable contracts acquired	Total
Year ended 31 December 2025				
Estimates of present value of future cash outflows				
Insurance acquisition cash flows	7,920	187	–	8,107
Claims payable and other expenses	33,018	952	–	33,970
Total estimates of present value of future cash outflows	40,938	1,139	–	42,077
Estimates of present value of future cash inflows	(50,530)	(1,078)	–	(51,608)
Risk adjustment for non-financial risk	459	18	–	477
Contractual service margin	9,133	–	–	9,133
Losses recognised on initial recognition	–	79	–	79

US\$m	Profitable contracts issued	Onerous contracts issued	Profitable contracts acquired	Total
Year ended 31 December 2024				
Estimates of present value of future cash outflows				
Insurance acquisition cash flows	6,586	351	–	6,937
Claims payable and other expenses	29,878	2,179	–	32,057
Total estimates of present value of future cash outflows	36,464	2,530	–	38,994
Estimates of present value of future cash inflows	(44,571)	(2,448)	–	(47,019)
Risk adjustment for non-financial risk	407	28	–	435
Contractual service margin	7,700	–	–	7,700
Losses recognised on initial recognition	–	110	–	110

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)**Effect of contracts initially recognised in the year** (continued)**Reinsurance contracts held**

US\$m	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	1,500	–	1,500	1,264	–	1,264
Estimates of present value of future cash outflows	(1,446)	–	(1,446)	(1,310)	–	(1,310)
Risk adjustment for non-financial risk	29	–	29	30	–	30
Income recognised on initial recognition	(10)	–	(10)	(9)	–	(9)
Contractual service margin	73	–	73	(25)	–	(25)

Analysis of assets for insurance acquisition cash flows

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance presented in insurance contract assets	1,496	1,673
Opening balance presented in insurance contract liabilities	1,339	1,386
Total opening balance	2,835	3,059
Acquisitions through business combinations	–	–
Assets recognised for insurance acquisition cash flows paid during the year	240	247
Allocation to groups of insurance contracts	(222)	(218)
Impairment losses and reversals	–	–
Effect of movements in exchange rates	124	(253)
Total closing balance	2,977	2,835
Closing balance presented in insurance contract assets	1,600	1,496
Closing balance presented in insurance contract liabilities	1,377	1,339
Total closing balance	2,977	2,835

24. 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\$m	Total	Five years or less	After five years through ten years	After ten years
31 December 2025				
Assets for insurance acquisition cash flows	2,977	917	713	1,347
31 December 2024				
Assets for insurance acquisition cash flows	2,835	863	674	1,298

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\$m	Total	Five years or less	After five years through ten years	After ten years
31 December 2025				
Insurance contracts	66,888	24,875	15,174	26,839
Reinsurance contracts held	1,943	678	441	824
31 December 2024				
Insurance contracts	58,575	21,823	13,216	23,536
Reinsurance contracts held	2,344	886	502	956

24. 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 current 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.

24. 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.

24. 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

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.

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								
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%
CNY	1.34%	1.66%	1.64%	1.92%	1.87%	2.31%	2.15%	2.68%	2.39%	3.03%
SGD	1.37%	2.13%	1.89%	2.79%	2.18%	2.82%	2.25%	2.86%	2.21%	2.88%
MYR	2.85%	3.48%	3.31%	3.66%	3.56%	3.84%	3.87%	4.19%	4.03%	4.46%
THB	1.11%	1.45%	1.29%	1.74%	1.69%	2.21%	2.09%	2.71%	2.43%	3.14%

As at 31 December 2024	1 year		5 years		10 years		15 years		20 years	
Spot rates	Risk free	With illiquidity premium								
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%
CNY	1.08%	1.65%	1.42%	1.81%	1.70%	2.03%	1.99%	2.34%	2.26%	2.68%
SGD	2.80%	3.45%	2.81%	3.78%	2.90%	3.42%	2.93%	3.36%	2.84%	3.31%
MYR	3.28%	3.71%	3.66%	3.97%	3.86%	4.10%	4.03%	4.31%	4.11%	4.49%
THB	1.99%	2.37%	2.11%	2.72%	2.33%	3.08%	2.54%	3.37%	2.75%	3.64%

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.

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

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.

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\$m	As at 31 December 2025	As at 31 December 2024
Cash and cash equivalents	2,184	2,260
Financial investments and policy loans	163,126	142,592
Property held for own use and investment property	1,661	1,636
Investment in subsidiaries and associates	1,580	1,640
Other assets	2,938	5,578
Less: payables and other liabilities	(11,437)	(18,676)
Total	160,052	135,030

25. INVESTMENT CONTRACTS

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
At beginning of financial year	6,967	9,170
Investment contract benefits	885	791
Fees charged	(49)	(52)
Net withdrawals and other movements ⁽¹⁾	(549)	(2,849)
Effect of foreign exchange movements	306	(93)
At end of financial year⁽²⁾	7,560	6,967

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\$138m (2024: US\$162m) represents deferred fee income. Movement of deferred fee income of US\$24m (2024: US\$33m) represents revenue recognised as a result of performance obligations satisfied during the year.

26. BORROWINGS

US\$m	As at 31 December 2025	As at 31 December 2024
Other loans	68	83
Medium-term notes and securities		
Senior notes	7,076	6,922
Subordinated securities	7,101	6,324
Total	14,245	13,329

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, 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 borrowings using the effective interest method.

Interest expense on borrowings is shown in note 10. Further information relating to interest rates and the maturity profile of borrowings is presented in note 34.

The following table summarises the Company's outstanding medium-term notes and securities placed to the market at 31 December 2025:

Senior notes

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
11 March 2014 ⁽¹⁾	US\$500m	4.875%	30 years	11 March 2044
16 March 2016 ⁽¹⁾	US\$750m	4.500%	30 years	16 March 2046
23 May 2017 ⁽²⁾	US\$500m	4.470%	30 years	23 May 2047
6 April 2018 ⁽¹⁾	US\$500m	3.900%	10 years	6 April 2028
16 January 2019	HK\$1,100m	3.680%	12 years	16 January 2031
9 April 2019 ⁽¹⁾	US\$1,000m	3.600%	10 years	9 April 2029
7 April 2020 ⁽¹⁾	US\$1,000m	3.375%	10 years	7 April 2030
24 June 2020	A\$90m	2.950%	10 years	24 June 2030
25 October 2022 ⁽¹⁾	US\$850m	5.625%	5 years	25 October 2027
4 April 2023 ⁽¹⁾	US\$600m	4.950%	10 years	4 April 2033
10 September 2024	HK\$3,250m	3.780%	5 years	10 September 2029
10 September 2024	HK\$3,900m	3.700%	2.99 years	2 September 2027
6 May 2025	US\$128m	4.170%	2.99 years	28 April 2028
9 May 2025	HK\$1,350m	3.477%	2.50 years	9 November 2027

Subordinated securities

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
16 September 2020 ⁽¹⁾	US\$1,750m	3.200%	20 years	16 September 2040
7 April 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	US\$750m	2.700%	Perpetual	n/a
11 June 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	S\$500m	2.900%	Perpetual	n/a
9 September 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	EUR750m	0.880%	12 years	9 September 2033
19 October 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	S\$105m	3.000%	30 years	19 October 2051
12 September 2023 ⁽¹⁾⁽³⁾⁽⁴⁾	S\$550m	5.100%	Perpetual	n/a
5 April 2024 ⁽¹⁾⁽⁵⁾	US\$1,000m	5.375%	10 years	5 April 2034
30 September 2024 ⁽¹⁾⁽⁵⁾	US\$500m	4.950%	10.50 years	30 March 2035
30 September 2024 ⁽¹⁾⁽⁵⁾	US\$750m	5.400%	30 years	30 September 2054
11 June 2025 ⁽¹⁾⁽⁵⁾	S\$800m	3.580%	10 years	11 June 2035

Notes:

- (1) These medium-term notes and securities are listed on The Stock Exchange of Hong Kong Limited.
- (2) These medium-term notes are listed on The Taipei Exchange, Taiwan. The Company has the right to redeem these notes at par on 23 May of each year beginning on 23 May 2022.
- (3) The Company has the right to redeem these securities in whole, at par on predetermined dates as set out within the terms and conditions of the securities, subject to regulatory approval.
- (4) The coupon rate of these securities is fixed for a predetermined period as set out within the terms and conditions of the securities, and then resets to the initial spread plus a then prevailing benchmark rate if the securities have not been redeemed.
- (5) These securities include the 'lock-in' feature as set out within the terms and conditions of the securities. Payment of the final coupon and principal at maturity is subject to the Company meeting regulatory capital requirements.

26. BORROWINGS (continued)

The net proceeds from issuance during the years ended 31 December 2025 and 31 December 2024 are used for refinancing and general corporate purposes.

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

27. 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\$5,910m (2024: US\$4,616m).

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:

US\$m	As at 31 December 2025	As at 31 December 2024
Debt securities – FVOCI		
Repurchase agreements	5,643	4,177
Debt securities – FVTPL		
Repurchase agreements	1,204	2,126
Total	6,847	6,303

Collateral under repurchase agreements

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

28. 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:

US\$m	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		Net amount
				Financial instruments	Cash collateral received	
31 December 2025						
Financial assets:						
Derivative assets	845	–	845	(167)	(419)	259
Reverse repurchase agreements	307	–	307	(307)	–	–
Total	1,152	–	1,152	(474)	(419)	259

US\$m	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		Net amount
				Financial instruments	Cash collateral received	
31 December 2024						
Financial assets:						
Derivative assets	1,054	–	1,054	(170)	(401)	483
Reverse repurchase agreements	115	–	115	(115)	–	–
Total	1,169	–	1,169	(285)	(401)	483

28. 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:

US\$m	Gross amount of recognised financial liabilities	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		Net amount	
				Financial instruments	Cash collateral pledged		
31 December 2025							
Financial liabilities ⁽¹⁾ :							
	Derivative liabilities	5,664	–	5,664	(6,708)	(25)	(1,069)
	Repurchase agreements	5,910	–	5,910	(6,847)	–	(937)
	Total	11,574	–	11,574	(13,555)	(25)	(2,006)

US\$m	Gross amount of recognised financial liabilities	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		Net amount	
				Financial instruments	Cash collateral pledged		
31 December 2024							
Financial liabilities ⁽¹⁾ :							
	Derivative liabilities	8,615	–	8,615	(9,692)	(111)	(1,188)
	Repurchase agreements	4,616	–	4,616	(6,303)	–	(1,687)
	Total	13,231	–	13,231	(15,995)	(111)	(2,875)

Note:

(1) The amount of under-collateralised positions for derivative liabilities and repurchased agreements were US\$134m and US\$1m respectively (2024: US\$212m and US\$1m respectively). The amount of over-collateralised positions for derivative liabilities and repurchased agreements were US\$(1,203)m and US\$(938)m respectively (2024: US\$(1,400)m and US\$(1,688)m respectively).

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

29. PROVISIONS

US\$m	Employee benefits	Other	Total
At 1 January 2024	153	21	174
Charged to the consolidated income statement	9	13	22
Charged to other comprehensive income	26	–	26
Exchange differences	1	–	1
Released during the year	–	(3)	(3)
Utilised during the year	(8)	(14)	(22)
Other movements	4	–	4
At 31 December 2024	185	17	202
Charged to the consolidated income statement	15	11	26
Charged to other comprehensive income	15	–	15
Exchange differences	12	–	12
Released during the year	–	–	–
Utilised during the year	(14)	(9)	(23)
Other movements	3	–	3
At 31 December 2025	216	19	235

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.

30. OTHER LIABILITIES

US\$m	As at 31 December 2025	As at 31 December 2024
Trade and other payables	5,118	3,756
Lease liabilities	426	341
Third-party interests in consolidated investment funds	784	812
Total	6,328	4,909

Third-party interests in consolidated investment funds consist of third-party unit holders' interests in consolidated investment funds which are reflected as a liability since they can be put back to the Group for cash.

Trade and other payables are generally expected to be settled within 12 months after the end of the reporting period. The realisation of third-party interests in investment funds cannot be predicted with accuracy since these represent the interests of third-party unit holders in consolidated investment funds held to back insurance and investment contract liabilities and are subject to market risk and the actions of third-party investors.

31. SHARE CAPITAL AND RESERVES

Share capital

	As at 31 December 2025		As at 31 December 2024	
	Million shares	US\$m	Million shares	US\$m
Ordinary shares⁽¹⁾, issued and fully paid				
At beginning of the financial year	10,832	14,183	11,399	14,176
Shares issued under share option scheme and agency share purchase plan	6	35	2	7
Shares cancelled after repurchase under the share buy-back programme ⁽²⁾	(331)	–	(569)	–
At end of the financial year, issued and fully paid	10,507	14,218	10,832	14,183
Shares not yet cancelled after repurchase under the share buy-back programme ⁽²⁾	–	–	(39)	–
At end of the financial year, outstanding	10,507	14,218	10,793	14,183

Notes:

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

(2) During the year ended 31 December 2025, the Company acquired a total of 291,862,200 ordinary shares (2024: 571,028,800 ordinary shares) on the Hong Kong Stock Exchange with the aggregate cost amounting to approximately HK\$17,810m (2024: HK\$32,371m) (equivalent to approximately US\$2,279m (2024: US\$4,150m)). Of these shares, 291,862,200 shares were cancelled during the year (2024: 531,851,000 shares were cancelled during the year) and nil shares were in the process of share cancellation as at 31 December 2025 (2024: 39,177,800 shares were in the process of share cancellation as at 31 December 2024 and were cancelled subsequently).

The Company issued 5,084,930 shares under share option scheme (2024: 869,729 shares) and 868,334 shares under agency share purchase plan (2024: 877,146 shares) during the year ended 31 December 2025.

During the year ended 31 December 2025, the employee share-based trusts purchased 11,559,976 shares (2024: 5,466,874 shares) and sold nil shares (2024: nil). These purchases were made by the relevant scheme trustees on the Hong Kong Stock Exchange (HKSE). These shares are held on trust for participants of the relevant schemes and therefore were not cancelled.

During the year ended 31 December 2025, 8,146,070 shares (2024: 5,358,937 shares) were transferred to eligible directors, officers and employees of the Group from the employee share-based trusts under share-based compensation plans as a result of vesting. As at 31 December 2025, 41,479,264 shares (2024: 38,065,355 shares) of the Company were held by the employee share-based trusts.

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.

Employee share-based trusts

Trusts have been established to acquire shares of the Company for distribution to participants in future periods through the share-based compensation plans. Where the Group is deemed to control the trusts, they are consolidated. Those shares acquired by the trusts, to the extent not transferred to the participants upon vesting, are reported as "Employee share-based trusts" and carried at cost.

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.

32. NON-CONTROLLING INTERESTS

US\$m	As at 31 December 2025	As at 31 December 2024
Equity shares in subsidiaries	145	135
Share of earnings	247	228
Share of other reserves	(29)	(40)
Total	363	323

33. 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 among Group members 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 AIA's capacity to pay dividends to shareholders.

Group-wide Supervision Framework and the Local Capital Summation Method

The group supervisor is the Hong Kong Insurance Authority (HKIA) and the Group is in compliance with its group capital adequacy requirements.

The Insurance (Group Capital) Rules (GWS Capital Rules) set out the capital requirements and overall solvency position for the Group under the Group-wide Supervision (GWS) framework. These requirements are based on a "summation approach" and are referred to as the Local Capital Summation Method (LCSM). Under the LCSM, the eligible group capital resources and group capital requirements are calculated as the sum of the eligible capital resources and capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA.

The group prescribed capital requirement (GPCR) is the sum of the prescribed capital requirements of each entity within the Group, and represents the level below which the HKIA may intervene on grounds of capital adequacy.

The Group LCSM coverage ratio is calculated as the ratio of the eligible group capital resources to the GPCR and the Group LCSM surplus is defined as the excess of the eligible group capital resources over the GPCR.

The group minimum capital requirement (GMCR) is the sum of the minimum capital requirements of each entity within the Group.

33. GROUP CAPITAL STRUCTURE (continued)

Group-wide Supervision Framework and the Local Capital Summation Method (continued)

The table shows a summary of the Group capital adequacy position.

US\$m	As at 31 December 2025	As at 31 December 2024
Group LCSM coverage ratio ⁽¹⁾	233%	257%
Tier 1 group capital coverage ratio ⁽²⁾	314%	349%
Eligible group capital resources	81,341	77,650
<i>Tier 1 group capital</i>	50,901	49,316
<i>Tier 2 group capital</i>	30,440	28,334
Group prescribed capital requirement (GPCR)	34,949	30,159
Group minimum capital requirement (GMCR)	16,215	14,131
Group LCSM surplus	46,392	47,491

At 31 December 2025, eligible group capital resources in the GWS framework included the following items, which are included within Tier 2 group capital:

- (i) US\$7,101m⁽³⁾ of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Subordinated securities with a maturity where principal repayment is subject to a lock-in clause are not subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and
- (ii) US\$4,415m⁽³⁾ of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

Notes:

- (1) The Group LCSM coverage ratio is referred to as the "eligible group capital resources coverage ratio" in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.
- (2) The Tier 1 group capital coverage ratio is defined in the GWS framework as the ratio of the Tier 1 group capital to the GMCR.
- (3) The amounts represent the carrying value of medium-term notes and securities contributing to the eligible group capital resources.

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 Hong Kong Risk-based Capital (HKRBC) regime has become part of the Hong Kong Insurance Ordinance (HKIO) and has taken effect from 1 July 2024. The Group's principal operating companies AIA Company Limited (AIA Co.) and AIA International Limited (AIA International), as authorised insurers in Hong Kong, are required by the HKIA to meet the solvency requirements under the HKRBC, including any HKIA-approved relaxation where applicable. During the years ended 31 December 2025 and 31 December 2024, both companies were in compliance with these solvency requirements.

Dividends, Remittances and Other Payments from Individual Branches and Subsidiaries

The ability of the Company to pay dividends to shareholders and to meet other obligations depends ultimately on dividends, 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 AIA Co., 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.

34. RISK MANAGEMENT

Risk management framework

AIA 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.

34. 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, CSM, total equity and comprehensive 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 CSM reflect the change of the corresponding insurance risks that impacts CSM.
- 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.
- The effects on comprehensive equity are the effects on shareholders' equity and net CSM.

Sensitivity analysis before risk mitigation by reinsurance⁽¹⁾

US\$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity ⁽²⁾ (before the effects of taxation and deduction of non-controlling interests)
31 December 2025				
10% increase in attributable expenses	(77)	(926)	(100)	(1,026)
10% decrease in attributable expenses	81	932	100	1,032
10% increase in mortality/morbidity rates	(1,206)	(9,260)	(860)	(10,120)
10% decrease in mortality/morbidity rates	734	9,910	388	10,298
10% increase in lapse/discontinuance rates	(58)	(3,452)	308	(3,144)
10% decrease in lapse/discontinuance rates	61	3,829	(351)	3,478

US\$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity ⁽²⁾ (before the effects of taxation and deduction of non-controlling interests)
31 December 2024				
10% increase in attributable expenses	(73)	(796)	(90)	(886)
10% decrease in attributable expenses	74	794	90	884
10% increase in mortality/morbidity rates	(959)	(8,435)	(550)	(8,985)
10% decrease in mortality/morbidity rates	589	8,974	184	9,158
10% increase in lapse/discontinuance rates	(30)	(2,985)	426	(2,559)
10% decrease in lapse/discontinuance rates	27	3,304	(478)	2,826

Notes:

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

(2) Represents the total of shareholders' equity and net CSM.

34. RISK MANAGEMENT (continued)

Insurance risk (continued)

Sensitivity analysis on insurance risk (continued)

Sensitivity analysis after risk mitigation by reinsurance⁽¹⁾

US\$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity ⁽²⁾ (before the effects of taxation and deduction of non-controlling interests)
31 December 2025				
10% increase in attributable expenses	(77)	(927)	(100)	(1,027)
10% decrease in attributable expenses	81	932	100	1,032
10% increase in mortality/morbidity rates	(962)	(7,661)	(460)	(8,121)
10% decrease in mortality/morbidity rates	497	8,270	(22)	8,248
10% increase in lapse/discontinuance rates	(59)	(3,247)	249	(2,998)
10% decrease in lapse/discontinuance rates	65	3,570	(276)	3,294

US\$m	Impact on profit before tax	Impact on CSM	Impact on total equity (before the effects of taxation)	Impact on comprehensive equity ⁽²⁾ (before the effects of taxation and deduction of non-controlling interests)
31 December 2024				
10% increase in attributable expenses	(73)	(796)	(90)	(886)
10% decrease in attributable expenses	74	795	89	884
10% increase in mortality/morbidity rates	(717)	(6,856)	(139)	(6,995)
10% decrease in mortality/morbidity rates	378	7,327	(213)	7,114
10% increase in lapse/discontinuance rates	(29)	(2,770)	350	(2,420)
10% decrease in lapse/discontinuance rates	26	3,028	(381)	2,647

Notes:

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

(2) Represents the total of shareholders' equity and net CSM.

34. 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 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.

34. 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 18. 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

US\$m	As at 31 December 2025	As at 31 December 2024
Investment grade	7,887	5,727
Below investment grade	–	–
Not rated	6	3
Total	7,893	5,730

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to credit risk (continued)

Financial assets measured at amortised cost⁽¹⁾

US\$m	As at 31 December 2025					As at 31 December 2024				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total
Debt securities										
AAA	–	–	–	–	–	18	–	–	–	18
AA	554	–	–	–	554	495	–	–	–	495
A	1,503	–	–	–	1,503	1,247	–	–	–	1,247
BBB	704	–	–	–	704	627	–	–	–	627
Below investment grade	3	–	–	–	3	10	–	–	–	10
Not rated	5	–	–	–	5	5	–	–	–	5
Total gross carrying amount	2,769	–	–	–	2,769	2,402	–	–	–	2,402
Loss allowance	(6)	–	–	–	(6)	(3)	–	–	–	(3)
Amortised cost	2,763	–	–	–	2,763	2,399	–	–	–	2,399
Loans and deposits										
AAA	7	–	–	–	7	14	–	–	–	14
AA	104	–	–	–	104	167	–	–	–	167
A	531	–	–	–	531	546	–	–	–	546
BBB	1,539	–	–	–	1,539	1,414	–	–	–	1,414
Below investment grade	1,149	–	–	–	1,149	979	–	–	–	979
Not rated	860	23	13	–	896	636	19	10	–	665
Total gross carrying amount	4,190	23	13	–	4,226	3,756	19	10	–	3,785
Loss allowance	(6)	(2)	(8)	–	(16)	(8)	(1)	(6)	–	(15)
Amortised cost	4,184	21	5	–	4,210	3,748	18	4	–	3,770

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.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to credit risk (continued)

Financial assets measured at fair value through other comprehensive income

US\$m	As at 31 December 2025					As at 31 December 2024				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired	Total
Debt securities										
AAA	4,305	–	–	–	4,305	4,551	–	–	–	4,551
AA	17,870	–	–	–	17,870	17,938	–	–	–	17,938
A	41,679	–	–	–	41,679	38,046	–	–	–	38,046
BBB	33,317	–	–	–	33,317	28,504	–	–	–	28,504
Below investment grade	1,949	120	92	–	2,161	1,968	264	365	–	2,597
Not rated	–	–	–	–	–	–	–	–	–	–
Total gross carrying amount	99,120	120	92	–	99,332	91,007	264	365	–	91,636
Loss allowance	(97)	(7)	(85)	–	(189)	(111)	(16)	(335)	–	(462)
Amortised cost	99,023	113	7	–	99,143	90,896	248	30	–	91,174
Carrying amount – fair value	106,159	122	–	–	106,281	98,010	252	27	–	98,289

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.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Interest rate risk

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

AIA 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\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2025				
Financial instruments				
Financial assets				
Loans and deposits	1,002	3,504	3	4,509
Receivables	3	–	1,431	1,434
Debt securities	20,067	167,796	–	187,863
Equity shares, interests in investment funds and exchangeable loan notes	–	1,180	112,862	114,042
Accrued investment income	–	–	1,828	1,828
Cash and cash equivalents	5,113	–	4,496	9,609
Derivative financial instruments	–	–	845	845
Total financial assets	26,185	172,480	121,465	320,130
Financial liabilities				
Investment contract liabilities	–	–	7,422	7,422
Borrowings	750	13,495	–	14,245
Obligations under repurchase agreements	5,910	–	–	5,910
Other liabilities	247	214	5,867	6,328
Derivative financial instruments	–	–	5,664	5,664
Total financial liabilities	6,907	13,709	18,953	39,569
Insurance contracts and reinsurance contracts held				
Assets				7,159
Liabilities				258,199

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to interest rate risk (continued)

US\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2024				
Financial instruments				
Financial assets				
Loans and deposits	762	3,265	15	4,042
Receivables	74	–	774	848
Debt securities	14,541	163,677	–	178,218
Equity shares, interests in investment funds and exchangeable loan notes	–	1,271	87,566	88,837
Accrued investment income	–	–	1,748	1,748
Cash and cash equivalents	4,384	–	3,717	8,101
Derivative financial instruments	–	–	1,054	1,054
Total financial assets	19,761	168,213	94,874	282,848
Financial liabilities				
Investment contract liabilities	–	–	6,805	6,805
Borrowings	–	13,329	–	13,329
Obligations under repurchase agreements	3,222	1,394	–	4,616
Other liabilities	133	185	4,591	4,909
Derivative financial instruments	–	–	8,615	8,615
Total financial liabilities	3,355	14,908	20,011	38,274
Insurance contracts and reinsurance contracts held				
Assets				5,206
Liabilities				223,006

Equity risk

Equity risk arises from changes in the market value of equity shares, interests in investment funds and exchangeable loan notes. Investments in equity shares, interests in investment funds and exchangeable loan notes 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.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Concentration risk

The greatest aggregate concentration of fair value to an individual issuer (excluding all government bonds) was less than 3 per cent (2024: approximately 1 per cent) of the total equity and debt investments as at 31 December 2025.

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, total equity, allocated equity and CSM 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 effects on CSM reflects the change of the corresponding market risks that impacts CSM.

The impact of any impairments of financial assets has been ignored for the purpose of illustrating the sensitivity of profit before tax, total equity, allocated equity and CSM 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.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

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\$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2025				
<i>+ 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	6,113	10,151	6,113	(515)
Financial instruments	(6,680)	(13,402)	(6,680)	–
	(567)	(3,251)	(567)	(515)
<i>– 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	(6,884)	(11,353)	(6,884)	639
Financial instruments	7,492	15,127	7,492	–
	608	3,774	608	639
31 December 2024				
<i>+ 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	6,055	9,817	6,055	(416)
Financial instruments	(6,682)	(12,585)	(6,682)	–
	(627)	(2,768)	(627)	(416)
<i>– 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	(6,832)	(11,049)	(6,832)	427
Financial instruments	7,513	14,215	7,513	–
	681	3,166	681	427

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.

34. 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\$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2025				
<i>10 per cent increase in equity prices:</i>				
Insurance contracts and reinsurance contracts held	(5,694)	(5,742)	(5,694)	1,085
Financial instruments	7,479	7,479	7,479	–
	1,785	1,737	1,785	1,085
<i>10 per cent decrease in equity prices:</i>				
Insurance contracts and reinsurance contracts held	5,694	5,737	5,694	(1,103)
Financial instruments	(7,479)	(7,479)	(7,479)	–
	(1,785)	(1,742)	(1,785)	(1,103)
US\$m				
31 December 2024				
<i>10 per cent increase in equity prices:</i>				
Insurance contracts and reinsurance contracts held	(4,270)	(4,309)	(4,270)	893
Financial instruments	5,718	5,718	5,718	–
	1,448	1,409	1,448	893
<i>10 per cent decrease in equity prices:</i>				
Insurance contracts and reinsurance contracts held	4,270	4,306	4,270	(917)
Financial instruments	(5,718)	(5,718)	(5,718)	–
	(1,448)	(1,412)	(1,448)	(917)

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.

34. 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\$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2025						
Insurance contracts and reinsurance contracts held						
Assets	255	3,673	10	301	1,327	83
Liabilities	(94,413)	(55,862)	(5,358)	(18,293)	(23,473)	(9,599)
Financial instruments						
Assets	143,405	64,064	1,537	24,249	18,177	10,913
Liabilities	(20,765)	(7,597)	(3,721)	(2,602)	(5,447)	–
Net positions of currency derivatives	(1,865)	(3,519)	514	405	4,018	579
31 December 2024						
Insurance contracts and reinsurance contracts held						
Assets	290	1,694	5	539	1,230	9
Liabilities	(79,756)	(48,587)	(5,049)	(15,514)	(20,576)	(8,569)
Financial instruments						
Assets	126,194	56,317	1,189	21,998	15,973	9,532
Liabilities	(25,451)	(5,035)	(3,329)	(2,167)	(3,784)	–
Net positions of currency derivatives	(975)	(3,249)	502	591	2,944	435

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.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

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

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

US\$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2025						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,260)	(16)	15	–	(10)	–
Financial instruments	1,369	(155)	(61)	(14)	(59)	36
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(2,596)	(68)	(900)	(598)	(476)
Financial instruments	–	2,647	(83)	1,103	837	575
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	930	80	417	183	149
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,260)	14	(15)	–	1	–
Financial instruments	1,369	151	95	13	80	(34)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	2,472	64	857	592	453
Financial instruments	–	(2,521)	80	(1,050)	(797)	(547)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(885)	(77)	(397)	(174)	(142)

Notes:

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

34. RISK MANAGEMENT (continued)**Investment and financial risks** (continued)**Sensitivity analysis on foreign exchange rate risk⁽¹⁾⁽²⁾** (continued)

US\$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2024						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,125)	(19)	14	–	(8)	–
Financial instruments	1,107	(121)	(89)	(49)	(45)	18
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(2,347)	(82)	(749)	(549)	(428)
Financial instruments	–	2,402	(82)	1,021	757	498
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	846	69	350	152	137
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,125)	17	(13)	–	2	–
Financial instruments	1,107	118	107	47	60	(17)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	2,235	78	713	533	408
Financial instruments	–	(2,287)	78	(972)	(721)	(475)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(806)	(65)	(333)	(146)	(131)

Notes:

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

34. 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.

AIA manages liquidity risk in accordance with the 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.

AIA 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, use of bond repurchase markets and debt markets via the Group's Global Medium-term Note and Securities Programme.

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.

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Liquidity risk (continued)

Contractual maturities of financial liabilities

US\$m	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 ⁽²⁾
31 December 2025						
Borrowings	20,338	629	6,498 ⁽¹⁾	5,406	6,239	1,566
Obligations under repurchase agreements	5,910	5,910	–	–	–	–
Other liabilities excluding lease liabilities	5,118	4,919	110	15	1	73
Lease liabilities	483	139	265	55	24	–
Derivative financial instruments	5,409	4,009	992	375	33	–
Subtotal	37,258	15,606	7,865	5,851	6,297	1,639
Investment contract liabilities and third-party interests in consolidated investment funds	8,328	92	245	195	158	7,638
Total	45,586	15,698	8,110	6,046	6,455	9,277

Notes:

(1) Including US\$4,417m which fall due after 2 years through 5 years.

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

US\$m	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 ⁽²⁾
31 December 2024						
Borrowings	19,650	770	5,179 ⁽¹⁾	5,254	6,924	1,523
Obligations under repurchase agreements	4,616	4,616	–	–	–	–
Other liabilities excluding lease liabilities	3,756	3,680	48	4	1	23
Lease liabilities	368	132	214	21	1	–
Derivative financial instruments	8,478	3,954	4,155	227	142	–
Subtotal	36,868	13,152	9,596	5,506	7,068	1,546
Investment contract liabilities and third-party interests in consolidated investment funds	7,741	86	251	209	176	7,019
Total	44,609	13,238	9,847	5,715	7,244	8,565

Notes:

(1) Including US\$4,655m which fall due after 2 years through 5 years.

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

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities⁽¹⁾

US\$m	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	200,071	(5,320)	(7,457)	(3,775)	(687)	2,732	214,578
Reinsurance contract liabilities	874	15	62	62	61	57	617

US\$m	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	165,733	(5,635)	(6,804)	(4,431)	(1,541)	1,409	182,735
Reinsurance contract liabilities	700	28	30	28	35	34	545

Note:

(1) The amounts of payable on demand of insurance contracts are US\$233,828m as at 31 December 2025 (2024: US\$208,003m).

Transactions within the Group

Intra-group transactions are managed by respective business units to ensure compliance with applicable local regulations, and overseen by the relevant Group Office functions to ensure adherence with the relevant Group policies. The Group Risk function oversees and assesses material systematic intra-group transaction risks, and ensures risks assumed are managed within the Group's Risk Management Framework.

During the year ended 31 December 2025, material intra-group transactions were mainly related to support services provided within the Group, a limited number of financing and reinsurance arrangements, and collective investment funds that provide a simple return of capital guarantee and are backed by investment grade fixed income assets.

35. 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, Thailand, Singapore, Malaysia, Cambodia, Indonesia, the Philippines, South Korea, Sri Lanka, 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 41 per cent (2024: 43 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\$111m (2024: US\$101m). The total expenses relating to these plans recognised in the consolidated income statement was US\$15m (2024: US\$9m).

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\$160m (2024: US\$145m). 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.

36. SHARE-BASED COMPENSATION

Share-based compensation plans

The Group's share-based compensation plans 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 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, the Group 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, the Group 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, the Company 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, the Group 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.

36. SHARE-BASED COMPENSATION (continued)

Share-based compensation plans (continued)

RSU Schemes (continued)

Number of shares	Year ended 31 December 2025	Year ended 31 December 2024
Restricted Share Units		
Outstanding at beginning of financial year	37,367,688	29,913,377
Granted	18,897,864	17,620,057
Forfeited	(6,975,684)	(6,360,841)
Vested	(6,580,619)	(3,804,905)
Outstanding at end of financial year	42,709,249	37,367,688

SO Schemes

The purpose of the SO Schemes is to align the participants' interests with those of the Group 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. 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	27,205,934	67.83	25,105,172	68.07
Granted	3,108,787	62.85	3,019,542	62.33
Exercised	(5,084,930)	52.26	(869,729)	55.16
Forfeited or expired	(949,418)	77.16	(49,051)	76.33
Outstanding at end of financial year	24,280,373	70.09	27,205,934	67.83
Share options exercisable at end of financial year	16,277,474	71.67	19,970,322	66.05

At the respective dates on which the SOs were exercised, the weighted average share price of the Company was HK\$68.09 for the year ended 31 December 2025 (2024: HK\$67.65).

36. SHARE-BASED COMPENSATION (continued)

Share-based compensation plans (continued)

SO Schemes (continued)

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

	Year ended 31 December 2025		Year ended 31 December 2024	
	Number of share options outstanding	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
Range of exercise price				
HK\$36 – HK\$45	55,205	0.18	1,637,947	1.18
HK\$46 – HK\$55	2,036,953	1.18	3,928,472	1.88
HK\$56 – HK\$65	6,338,373	8.32	3,849,978	7.78
HK\$66 – HK\$75	6,770,802	3.57	8,227,082	4.40
HK\$76 – HK\$85	7,502,482	5.13	7,805,626	6.16
Over HK\$86	1,576,558	5.22	1,756,829	6.22
Outstanding at end of financial year	24,280,373	5.19	27,205,934	4.95

ESPP

Under the ESPPs, eligible employees of the Group can purchase ordinary shares of the Company with qualified employee contributions and the Company 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\$37m (2024: US\$38m) to purchase 4,131,925 ordinary shares (2024: 5,243,069 ordinary shares) of the Company 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 in the Company at the end of the vesting period. Under the plans, eligible agents of the Group can purchase ordinary shares of the Company with qualified agent contributions and the Company 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 the Company. 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\$27m (2024: US\$24m) to purchase 3,092,002 ordinary shares (2024: 3,155,824 ordinary shares) of the Company under the ASPPs.

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

The 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 Company'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	2.88% – 3.48%	1.99% – 3.09%*	1.80% – 3.35%	3.07%
Volatility	29% – 30%	29% – 30%	n/a	n/a
Dividend yield	1.80% – 2.10%	2.10%	1.80% – 2.10%	1.80%
Assumed dividend payment (HK\$)	n/a	0.46 – 1.69	n/a	n/a
Exercise price (HK\$)	62.42 – 73.00	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.38 – 8.85	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK\$)	20.00	54.80	72.88	55.26
	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% – 3.83%	3.20% – 3.69%*	2.54% – 3.87%	3.49%
Volatility	29%	29%	n/a	n/a
Dividend yield	1.70%	1.70% – 1.80%	1.70% – 1.80%	1.70%
Assumed dividend payment (HK\$)	n/a	n/a	n/a	n/a
Exercise price (HK\$)	62.33	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.73 – 8.89	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK\$)	17.38	41.45	49.65	43.00

* Applicable to RSU with market conditions.

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Directors' remuneration (continued)

The remuneration of Independent Non-executive Directors of the Company at 31 December 2025 and 31 December 2024 are included in the tables below:

US\$	Director's fees ⁽¹⁾	Salaries, allowances and benefits in kind ⁽²⁾	Bonuses	Share-based payments	Pension scheme contribution	Other benefits	Other payments	Total
Year ended 31 December 2025								
<i>Independent Non-executive Directors</i>								
Sir Mark Edward Tucker ⁽³⁾	564,295	20,516	-	-	-	-	-	584,811
Mr. Edmund Sze-Wing Tse ⁽⁴⁾	643,233	208,898	-	-	-	-	-	852,131
Mr. Jack Chak-Kwong So	330,000	-	-	-	-	-	-	330,000
Sir Chung-Kong Chow	305,000	-	-	-	-	-	-	305,000
Mr. John Barrie Harrison	310,000	-	-	-	-	-	-	310,000
Mr. George Yong-Boon Yeo	355,000	-	-	-	-	-	-	355,000
Professor Lawrence Juen-Yee Lau	280,000	-	-	-	-	-	-	280,000
Dr. Narongchai Akrasanee ⁽⁵⁾	410,000	-	-	-	-	-	-	410,000
Mr. Cesar Velasquez Purisima	355,000	-	-	-	-	-	-	355,000
Ms. Sun Jie (Jane) ⁽⁶⁾	109,699	-	-	-	-	-	-	109,699
Ms. Mari Elka Pangestu	290,000	-	-	-	-	-	-	290,000
Mr. Ong Chong Tee	290,000	-	-	-	-	-	-	290,000
Ms. Nor Shamsiah Mohd Yunus	280,000	-	-	-	-	-	-	280,000
Total	4,522,227	229,414	-	-	-	-	-	4,751,641

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Directors' remuneration (continued)

US\$	Director's fees ⁽¹⁾	Salaries, allowances and benefits in kind ⁽²⁾	Bonuses	Share-based payments	Pension scheme contribution	Other benefits	Other payments	Total
Year ended 31 December 2024								
<i>Independent Non-executive Directors</i>								
Mr. Edmund Sze-Wing Tse	860,000	413,275	–	–	–	–	–	1,273,275
Mr. Jack Chak-Kwong So	330,000	–	–	–	–	–	–	330,000
Sir Chung-Kong Chow	305,000	–	–	–	–	–	–	305,000
Mr. John Barrie Harrison	330,656	–	–	–	–	–	–	330,656
Mr. George Yong-Boon Yeo	355,000	–	–	–	–	–	–	355,000
Professor Lawrence Juen-Yee Lau	280,000	–	–	–	–	–	–	280,000
Dr. Narongchai Akrasanee ⁽⁵⁾	410,000	–	–	–	–	–	–	410,000
Mr. Cesar Velasquez Purisima	355,000	–	–	–	–	–	–	355,000
Ms. Sun Jie (Jane)	305,820	–	–	–	–	–	–	305,820
Ms. Mari Elka Pangestu	264,180	–	–	–	–	–	–	264,180
Mr. Ong Chong Tee	264,180	–	–	–	–	–	–	264,180
Ms. Nor Shamsiah Mohd Yunus	259,344	–	–	–	–	–	–	259,344
Total	4,319,180	413,275	–	–	–	–	–	4,732,455

Notes:

- (1) Save as disclosed below, all Directors receive the fees for their role as a director of the Company and not for acting as a director of any subsidiary of the Company.
- (2) Includes non-cash benefits for housing, club and professional membership, medical insurance or company car.
- (3) Sir Mark Tucker was appointed as Independent Non-executive Chairman and an Independent Non-executive Director of the Company with effect from 1 October 2025.
- (4) Mr. Edmund Tse retired as Independent Non-executive Chairman and an Independent Non-executive Director of the Company with effect from 30 September 2025.
- (5) US\$100,000 (2024: US\$100,000) represented remuneration to Dr. Narongchai Akrasanee in respect of his services as the Chairman of Advisory Board of AIA Thailand for the year ended 31 December 2025 included in his fees stated above.
- (6) Ms. Sun Jie (Jane) retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 23 May 2025.

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Remuneration of five highest-paid individuals

The aggregate remuneration of the five highest-paid individuals employed by the Group in each of the years ended 31 December 2025 and 31 December 2024 is presented in the table below.

US\$	Director's fees	Salaries, allowances and benefits in kind ⁽¹⁾	Bonuses	Share-based payments ⁽²⁾	Pension scheme contribution	Other benefits	Other payments ⁽³⁾	Total
Year ended								
31 December 2025	-	6,221,394	11,243,450	14,539,468	435,314	-	123,027	32,562,653
31 December 2024	-	6,060,321	10,774,960	14,091,117	380,664	-	959,978	32,267,040

Notes:

- (1) Benefits in the years ended 31 December 2025 and 31 December 2024 include housing, medical and life insurance, children's education, club and professional membership, company car and perquisites.
- (2) Includes amortised expenses for unvested SOs, RSUs and matching shares under ESPP to the five highest-paid individuals based on the fair value at the respective grant dates.
- (3) Includes amortised expenses in relation to the awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employments.

The emoluments of the five individuals with the highest emoluments are within the following bands:

HK\$	Year ended 31 December 2025	Year ended 31 December 2024
30,500,001 to 31,000,000	-	2
32,500,001 to 33,000,000	-	1
33,500,001 to 34,000,000	1	-
34,000,001 to 34,500,000	2	-
36,000,001 to 36,500,000	1	-
50,500,001 to 51,000,000	-	1
107,000,001 to 107,500,000	-	1
115,000,001 to 115,500,000	1	-

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

Key management personnel remuneration

Key management personnel have been identified as the members of the Group's Executive Committee.

US\$	Year ended 31 December 2025	Year ended 31 December 2024
Key management compensation and other expenses		
Salaries and other short-term employee benefits	36,393,086	32,719,085
Post-employment benefits	853,162	680,287
Share-based payments ⁽¹⁾	24,416,547	21,737,575
Total	61,662,795	55,136,947

Note:

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

The emoluments of the key management personnel are within the following bands:

US\$	Year ended 31 December 2025	Year ended 31 December 2024
Below 1,000,000	1	1
1,000,001 to 2,000,000	–	–
2,000,001 to 3,000,000	–	4
3,000,001 to 4,000,000	8	5
4,000,001 to 5,000,000	4	1
6,000,001 to 7,000,000	–	1
Over 10,000,000	1	1

38. RELATED PARTY TRANSACTIONS

Remuneration of Directors and key management personnel is disclosed in note 37.

39. COMMITMENTS AND CONTINGENCIES

Investment and capital commitments

US\$m	As at 31 December 2025	As at 31 December 2024
Not later than one year	17,100	15,149
Later than one and not later than five years	530	152
Total	17,630	15,301

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.

40. SUBSIDIARIES

The following is a list of AIA's directly and indirectly held principal operating 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 interest %	NCI's interest %	Group's interest %	NCI's interest %
AIA Company Limited ⁽¹⁾	Hong Kong	Insurance	2,596,049,861 ordinary shares of US\$11,390,584,182 issued share capital	100%	–	100%	–
AIA Australia Limited	Australia	Insurance	2,125,462,500 ordinary shares of A\$2,207,267,000 issued share capital	100%	–	100%	–
AIA Bhd.	Malaysia	Insurance	191,859,543 ordinary shares of RM810,000,000 issued share capital	100%	–	100%	–
AIA Life Insurance Company Limited	Mainland China	Insurance	Registered share capital of RMB3,777,399,440	100%	–	100%	–
AIA Philippines Life and General Insurance Company Inc.	Philippines	Insurance	199,560,671 ordinary shares of PHP10 each and 67,349,329 treasury shares	100%	–	100%	–
BPI AIA Life Assurance Corporation	Philippines	Insurance	749,993,979 ordinary shares of PHP1 each and 6,000 treasury shares	51%	49%	51%	49%
AIA Singapore Private Limited	Singapore	Insurance	1,558,021,163 ordinary shares of S\$1 each	100%	–	100%	–
AIA Everest Life Company Limited	Hong Kong	Insurance	500,000,000 ordinary shares of HK\$2,496,291,000 issued share capital	100%	–	100%	–
AIA International Limited	Bermuda	Insurance	6,500,000 ordinary shares of US\$1.20 each	100%	–	100%	–
PT AIA Financial	Indonesia	Insurance	1,910,844,141 ordinary shares of Rp1,000 each	100%	–	100%	–
AIA (Vietnam) Life Insurance Company Limited	Vietnam	Insurance	Contributed capital of VND8,724,420,000,000	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%	–
AIA New Zealand Limited	New Zealand	Insurance	248,217,572 ordinary shares of NZD863,709,199 issued share capital	100%	–	100%	–
AIA Reinsurance Limited	Bermuda	Reinsurance	250,000 common shares of US\$1 each	100%	–	100%	–

Notes:

(1) The Company's subsidiary.

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

All subsidiaries are unlisted.

41. EVENTS AFTER THE REPORTING PERIOD

On 19 March 2026, a Committee appointed by the Board of Directors proposed a final dividend of 144.08 Hong Kong cents per share (2024: final dividend of 130.98 Hong Kong cents per share).

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

US\$m	As at 31 December 2025	As at 31 December 2024
Assets		
Investment in subsidiaries at cost ⁽²⁾	22,800	22,646
Financial investments:		
At fair value through other comprehensive income		
Debt securities ⁽³⁾	6,729	6,121
At fair value through profit or loss		
Debt securities	4	–
Interests in investment funds ⁽²⁾	2,109	2,240
Derivative financial instruments	1	199
	8,843	8,560
Loans to/amounts due from subsidiaries	419	910
Other assets	68	72
Promissory notes from subsidiaries ⁽⁴⁾	500	–
Cash and cash equivalents	1,165	749
Total assets	33,795	32,937
Liabilities		
Borrowings	14,670	13,739
Derivative financial instruments	495	98
Other liabilities	205	322
Total liabilities	15,370	14,159
Equity		
Share capital	14,218	14,183
Employee share-based trusts	(415)	(376)
Other reserves	503	443
Retained earnings	4,094	4,550
Other comprehensive income	25	(22)
Total equity	18,425	18,778
Total liabilities and equity	33,795	32,937

Notes:

- (1) The financial information of the Company should be read in conjunction with the consolidated financial statements of the Group.
- (2) The Company's interests in investment funds such as mutual funds and unit trusts, including funds controlled by the Group, are measured at fair value through profit or loss. Interests in other entities controlled by the Group are measured at cost, unless impaired, and presented as investment in subsidiaries at cost.
- (3) Includes United States Treasury securities of US\$6,389m (2024: US\$5,965m) and China Government bonds of US\$154m (2024: US\$156m) as at 31 December 2025.
- (4) The promissory notes from subsidiaries are repayable on demand.

Approved and authorised for issue by the Board of Directors on 19 March 2026.

Lee Yuan Siong
Director

Sir Mark Edward Tucker
Director

43. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

US\$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2025	14,183	(376)	443	4,550	(22)	18,778
Net profit	–	–	–	4,250	–	4,250
Fair value gains on debt securities at fair value through other comprehensive income	–	–	–	–	48	48
Fair value gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	–	–	–	–	(1)	(1)
Dividends	–	–	–	(2,427)	–	(2,427)
Share buy-backs	–	–	–	(2,279)	–	(2,279)
Shares issued under share option scheme and agency share purchase plan	35	–	–	–	–	35
Share-based compensation	–	–	110	–	–	110
Purchase of shares held by employee share-based trusts	–	(89)	–	–	–	(89)
Transfer of vested shares from employee share-based trusts	–	50	(50)	–	–	–
Balance at 31 December 2025	14,218	(415)	503	4,094	25	18,425

US\$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2024	14,176	(367)	390	4,853	112	19,164
Net profit	–	–	–	6,175	–	6,175
Fair value gains on debt securities at fair value through other comprehensive income	–	–	–	–	86	86
Fair value gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	–	–	–	–	(220)	(220)
Dividends	–	–	–	(2,328)	–	(2,328)
Share buy-backs	–	–	–	(4,150)	–	(4,150)
Shares issued under share option scheme and agency share purchase plan	7	–	–	–	–	7
Share-based compensation	–	–	87	–	–	87
Purchase of shares held by employee share-based trusts	–	(43)	–	–	–	(43)
Transfer of vested shares from employee share-based trusts	–	34	(34)	–	–	–
Balance at 31 December 2024	14,183	(376)	443	4,550	(22)	18,778

44. INTERESTS IN INVESTMENT FUNDS OF THE COMPANY

Interests in investment funds comprise the following:

US\$m	Other policyholder and shareholder FVTPL	Total
31 December 2025		
<u>Interests in investment funds</u>		
Investment funds with debt instruments as underlying ⁽¹⁾	2,109	2,109
Others	-	-
Total	2,109	2,109
31 December 2024		
<u>Interests in investment funds</u>		
Investment funds with debt instruments as underlying ⁽¹⁾	2,238	2,238
Others	2	2
Total	2,240	2,240

Note:

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



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2025 TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The Supplementary Embedded Value Information (the "EV Information") of AIA Group Limited (the "Company") and its subsidiaries (the "Group"), which is set out on pages 222 to 248, comprises:

- the consolidated Embedded Value results as at and for the year ended 31 December 2025; and
- the sensitivity analysis, methodology, assumptions and other explanatory notes.

Our opinion

In our opinion, the EV Information of the Group as at and for the year ended 31 December 2025 is prepared, in all material respects, in accordance with the EV basis of preparation set out in Sections 4 and 5 of the EV Information.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the EV Information 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of EV Information of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter – Basis of Preparation

We draw attention to Sections 4 and 5 of the EV Information, which describe the EV basis of preparation. As a result, the EV Information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Other Matter

The Group has prepared a separate set of consolidated financial statements as at and for the year ended 31 December 2025 in accordance with HKFRS Accounting Standards as issued by the HKICPA and IFRS Accounting Standards as issued by the International Accounting Standards Board, on which we issued a separate auditor's report to the shareholders of the Company dated 19 March 2026.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the EV Information and our auditor's report thereon.

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

In connection with our audit of the EV Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the EV Information 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 EV Information

The Directors of the Company are responsible for the preparation of the EV Information in accordance with the EV basis of preparation set out in Sections 4 and 5 of the EV Information, for determining the basis of preparation is acceptable in the circumstances, and for such internal control as the Directors determine is necessary to enable the preparation of the EV Information that is free from material misstatement, whether due to fraud or error.

In preparing the EV Information, 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 EV Information reporting process.

Auditor's Responsibilities for the Audit of the EV Information

Our objectives are to obtain reasonable assurance about whether the EV Information as a whole is 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, 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 HKSAAs 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 this EV Information.

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

- Identify and assess the risks of material misstatement of the EV Information, 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 the EV basis of preparation 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 EV Information 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the EV Information of the entities or business units within the Group as a basis for forming an opinion on the EV Information. 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Lars Christian Jordy Nielsen (practising certificate number: P05502).



PricewaterhouseCoopers

Certified Public Accountants

Hong Kong
19 March 2026

SUPPLEMENTARY EMBEDDED VALUE INFORMATION

CAUTIONARY STATEMENTS CONCERNING SUPPLEMENTARY EMBEDDED VALUE INFORMATION

This report includes non-IFRS results and should not be viewed as a substitute for IFRS results.

The results shown in this report are not intended to represent an opinion of market value and should not be interpreted in that manner. This report does not purport to encompass all of the many factors that may bear upon a market value.

The results shown in this report are based on a series of assumptions as to the future. It should be recognised that actual future results may differ from those shown, on account of the changes in the operating and economic environments and natural variations in experience. The results shown are presented at the valuation dates stated in this report and no warranty is given by the Group that future experience after these valuation dates will be in line with the assumptions made.

1. SUMMARY

The Embedded Value (EV) is a measure of the value of shareholders' interests in the earnings distributable from assets allocated to the in-force business after allowance for the aggregate risks in that business. AIA Group Limited (the "Company"), together with its subsidiaries (collectively the "Group") use a traditional deterministic discounted cash flow methodology for determining its EV and value of new business (VONB) for all entities other than Tata AIA Life Insurance Company Limited (Tata AIA Life). This methodology makes an implicit overall level of allowance for risk including the cost of investment return guarantees and policyholder options, asset-liability mismatch risk, credit risk, the risk that actual experience in future years differs from that assumed, and the economic cost of capital, through the use of a risk discount rate. For Tata AIA Life, the Group uses the Indian Embedded Value (IEV) methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, consistent with local practice in India.

The equity attributable to shareholders of the Company on the embedded value basis (EV Equity) is the total of EV, goodwill and other intangible assets attributable to shareholders of the Company, after allowing for taxes. More details on the EV results, methodology and assumptions are covered in later sections of this report.

On 6 June 2025, Hong Kong enacted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 to implement Global Minimum Tax regime (GMT) developed as part of Pillar Two of the Base Erosion and Profit Shifting 2.0 (BEPS 2.0) initiative which became effective in Hong Kong from 1 January 2025, as described in note 11 to the consolidated financial statements. For further details, please refer to Section 5.10 of this report which details the taxation methodology and assumptions for EV.

Unless otherwise stated, the growth rates provided in the commentaries are shown on a constant exchange rate (CER) basis, and the per-share information provided in the tables are based on the basic number of ordinary shares outstanding as at the specified point in time, as disclosed in the consolidated financial statements.

1. SUMMARY (continued)

Summary of Key Metrics⁽¹⁾ (US\$ millions)

	As at 31 December 2025	As at 31 December 2024	Change CER	Change AER
EV Equity	79,678	71,626	8%	11%
EV Equity per share (US\$)	7.58	6.64	11%	14%
EV	76,811	69,035	8%	11%
EV per share (US\$)	7.31	6.40	11%	14%
Free surplus	10,972	12,554	(14)%	(13)%
Adjusted net worth (ANW)	30,680	30,527	(2)%	1%
Value of in-force business (VIF)	46,131	38,508	15%	20%
	Year ended 31 December 2025	Year ended 31 December 2024	YoY CER	YoY AER
VONB	5,516	4,712	15%	17%
Annualised new premiums (ANP)	9,484	8,606	9%	10%
VONB margin	58.5%	54.5%	3.6 pps	4.0 pps
EV operating profit	10,887	10,025	7%	9%
Operating return on EV (Operating ROEV)	15.8%	14.9%	n/a	0.9 pps
Underlying free surplus generation (UFSG)	6,765	6,327	6%	7%
UFSG per share (US cents)⁽²⁾	64.14	57.19	11%	12%

Notes:

- (1) The results are after adjustment to reflect the consolidated reserving and capital requirements, the present value of future after-tax unallocated Group Office expenses and Group Corporate Centre tax. Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.
- (2) Based on weighted average number of ordinary shares outstanding during the respective period.

2. EMBEDDED VALUE RESULTS

2.1 Embedded Value by Business Unit

The EV as at 31 December 2025 is presented consistently with the segment information in the consolidated financial statements.

Summary of EV by Business Unit (US\$ millions)

Business Unit	As at 31 December 2025 ⁽¹⁾				EV
	ANW ⁽²⁾	VIF before CoC	CoC	VIF after CoC	
AIA China	9,388	7,737	357	7,380	16,768
AIA Hong Kong	10,399	20,819	1,605	19,214	29,613
AIA Thailand	3,633	7,032	594	6,438	10,071
AIA Singapore	2,906	5,985	1,039	4,946	7,852
AIA Malaysia	1,475	3,436	238	3,198	4,673
Other Markets	5,220	5,055	1,581	3,474	8,694
Group Corporate Centre	4,165	–	–	–	4,165
Subtotal	37,186	50,064	5,414	44,650	81,836
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(6,216)	4,801	1,018	3,783	(2,433)
After-tax value of unallocated Group Office expenses	–	(1,674)	–	(1,674)	(1,674)
Group Corporate Centre tax ⁽⁴⁾	–	(446)	4	(450)	(450)
Total EV (before non-controlling interests)	30,970	52,745	6,436	46,309	77,279
Non-controlling interests	(290)	(208)	(30)	(178)	(468)
Total EV	30,680	52,537	6,406	46,131	76,811
Goodwill and other intangible assets ⁽⁵⁾					2,867
Total EV Equity					79,678

2. EMBEDDED VALUE RESULTS (continued)

2.1 Embedded Value by Business Unit (continued)

Business Unit	As at 31 December 2024				
	ANW ⁽²⁾	VIF before CoC	CoC	VIF after CoC	EV
AIA China	10,143	5,290	264	5,026	15,169
AIA Hong Kong	12,150	17,430	1,402	16,028	28,178
AIA Thailand	4,654	5,422	414	5,008	9,662
AIA Singapore	2,611	5,341	739	4,602	7,213
AIA Malaysia	1,256	2,853	211	2,642	3,898
Other Markets	5,233	4,254	1,531	2,723	7,956
Group Corporate Centre	2,922	–	–	–	2,922
Subtotal	38,969	40,590	4,561	36,029	74,998
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(8,214)	5,391	869	4,522	(3,692)
After-tax value of unallocated Group Office expenses	–	(1,615)	–	(1,615)	(1,615)
Group Corporate Centre tax ⁽⁴⁾	–	(302)	3	(305)	(305)
Total EV (before non-controlling interests)	30,755	44,064	5,433	38,631	69,386
Non-controlling interests	(228)	(192)	(69)	(123)	(351)
Total EV	30,527	43,872	5,364	38,508	69,035
Goodwill and other intangible assets ⁽⁵⁾					2,591
Total EV Equity					71,626

Notes:

- (1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.
- (2) ANW by Business Unit is after net capital flows between Business Units and Group Corporate Centre.
- (3) Adjustment reflects the consolidated reserving and capital requirements as described in Section 4.4 of this report.
- (4) Refers to corporate income tax in Bermuda as described in Section 5.10 of this report.
- (5) Consistent with the consolidated financial statements, shown net of tax, amounts attributable to participating funds and non-controlling interests.

2. EMBEDDED VALUE RESULTS (continued)

2.2 Reconciliation of ANW from IFRS Equity

Derivation of the Consolidated ANW from IFRS Equity (US\$ millions)

	As at 31 December 2025 ⁽¹⁾	As at 31 December 2024
Shareholders' allocated equity	47,493	44,404
Fair value reserve	5,933	5,744
Insurance finance reserve	(10,181)	(9,658)
IFRS equity attributable to shareholders of the Company	43,245	40,490
Difference between net policy liabilities calculated and reported under IFRS® Accounting Standards and local statutory policy liabilities	(2,707)	2,610
Mark-to-market adjustment for property, mortgage loan and other investments, net of amounts attributable to participating funds	180	(47)
Elimination of intangible assets	(3,680)	(3,478)
Recognition of deferred tax impacts of the above adjustments	(215)	(929)
Recognition of non-controlling interests impacts of the above adjustments	73	95
ANW (Business Unit)	36,896	38,741
Adjustment to reflect consolidated reserving requirements, net of tax	(6,216)	(8,214)
ANW (Consolidated)	30,680	30,527

Note:

(1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.

2.3 Reconciliation of Free Surplus from ANW

Derivation of Free Surplus from ANW (US\$ millions)

	As at 31 December 2025		As at 31 December 2024	
	Business Unit	Consolidated	Business Unit	Consolidated
ANW	36,896	30,680	38,741	30,527
Adjustment for certain assets not eligible for regulatory capital purposes	(1,130)	(1,130)	(819)	(819)
Less: Required capital	14,395	18,578	13,129	17,154
Free surplus⁽¹⁾	21,371	10,972	24,793	12,554

Note:

(1) The free surplus is defined as the ANW in excess of the required capital adjusted for certain assets that are not eligible for regulatory capital purposes. The free surplus on consolidated basis is further adjusted for the consolidated reserving and capital requirements.

2. EMBEDDED VALUE RESULTS (continued)

2.4 Earnings Profile

The tables below show how the after-tax distributable earnings from the assets backing the statutory reserves and required capital of the in-force business of the Group are projected to emerge over future years. The projected values reflect the consolidated reserving and capital requirements.

Profile of Projected After-Tax Distributable Earnings for the Group's In-force Business (US\$ millions)

Expected period of emergence	As at 31 December 2025 ⁽¹⁾	
	Undiscounted	Discounted
1 – 5 years	25,409	20,984
6 – 10 years	27,915	15,812
11 – 15 years	25,914	10,114
16 – 20 years	24,774	6,612
21 years and thereafter	224,422	11,187
Total	328,434	64,709

Expected period of emergence	As at 31 December 2024	
	Undiscounted	Discounted
1 – 5 years	22,156	18,195
6 – 10 years	24,480	13,696
11 – 15 years	23,153	8,832
16 – 20 years	21,476	5,567
21 years and thereafter	197,635	9,372
Total	288,900	55,662

The profile of distributable earnings is shown on an undiscounted and discounted basis. The discounted value of after-tax distributable earnings of US\$64,709 million (2024: US\$55,662 million) plus the free surplus of US\$10,972 million (2024: US\$12,554 million) and the non-eligible assets excluded in the free surplus calculation of US\$1,130 million (2024: US\$819 million) as shown in Section 2.3 of this report is equal to the EV of US\$76,811 million (2024: US\$69,035 million) shown in Section 2.1 of this report.

Note:

(1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business

The VONB for the Group for the year ended 31 December 2025 is summarised in the table below. The VONB is defined as the present value, at the point of sale, of the projected after-tax statutory profits less the cost of required capital. Results are presented consistently with the segment information in the consolidated financial statements. Section 4.1 of this report contains a list of the entities included in this report and the mapping of these entities to Business Units for the purpose of this report.

The Group VONB for the year ended 31 December 2025 was US\$5,516 million, an increase of US\$804 million, or 15 per cent, from US\$4,712 million for the year ended 31 December 2024.

Summary of VONB by Business Unit (US\$ millions)

Business Unit	Year ended 31 December 2025 ⁽¹⁾			Year ended 31 December 2024		
	VONB before CoC	CoC	VONB after CoC	VONB before CoC	CoC	VONB after CoC
AIA China	1,352	112	1,240	1,368	151	1,217
AIA Hong Kong	2,330	74	2,256	1,837	73	1,764
AIA Thailand	1,028	35	993	854	38	816
AIA Singapore	585	55	530	492	38	454
AIA Malaysia	389	16	373	367	18	349
Other Markets	676	191	485	673	206	467
Total before unallocated Group Office expenses, Group Corporate Centre tax⁽²⁾ and non-controlling interests (Business Unit)	6,360	483	5,877	5,591	524	5,067
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(55)	22	(77)	(25)	48	(73)
Total before unallocated Group Office expenses, Group Corporate Centre tax⁽²⁾ and non-controlling interests (Consolidated)	6,305	505	5,800	5,566	572	4,994
After-tax value of unallocated Group Office expenses	(160)	–	(160)	(205)	–	(205)
Group Corporate Centre tax ⁽²⁾	(83)	–	(83)	(38)	–	(38)
Total before non-controlling interests (Consolidated)	6,062	505	5,557	5,323	572	4,751
Non-controlling interests	(48)	(7)	(41)	(44)	(5)	(39)
Total	6,014	498	5,516	5,279	567	4,712

Notes:

(1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.

(2) Refers to corporate income tax in Bermuda as described in Section 5.10 of this report.

(3) Adjustment reflects the consolidated reserving and capital requirements as described in Section 4.4 of this report.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business (continued)

The table below shows the breakdown of the VONB, ANP, VONB margin, and present value of new business premium (PVNBP) margin for the Group, by quarter, for business written in the year ended 31 December 2025.

The VONB margin and PVNBP margin are defined as VONB, gross of non-controlling interests and excluding pension business, expressed as a percentage of ANP and PVNBP, respectively. The VONB used in the margin calculation is gross of non-controlling interests and excludes pension business to be consistent with the definition of ANP and PVNBP.

The Group VONB margin for the year ended 31 December 2025 was 58.5 per cent compared with 54.5 per cent for the year ended 31 December 2024. The Group PVNBP margin for the year ended 31 December 2025 was 11 per cent compared with 11 per cent for the year ended 31 December 2024.

Breakdown of VONB, ANP, VONB Margin and PVNBP Margin (US\$ millions)

	VONB after CoC	ANP	VONB margin	PVNBP margin
Year				
Values for 2025⁽¹⁾				
Twelve months ended 31 December 2025	5,516	9,484	58.5%	11%
Values for 2024				
Twelve months ended 31 December 2024	4,712	8,606	54.5%	11%
Quarter				
Values for 2025⁽¹⁾				
Three months ended 31 March 2025	1,497	2,617	57.5%	11%
Three months ended 30 June 2025	1,341	2,325	58.0%	11%
Three months ended 30 September 2025	1,476	2,550	58.2%	11%
Three months ended 31 December 2025	1,202	1,992	60.7%	11%
Values for 2024				
Three months ended 31 March 2024	1,327	2,449	54.2%	11%
Three months ended 30 June 2024	1,128	2,097	53.6%	10%
Three months ended 30 September 2024	1,161	2,212	52.2%	10%
Three months ended 31 December 2024	1,096	1,848	58.9%	11%

Note:

(1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business (continued)

The table below shows the VONB (excluding pension business), ANP, and VONB margin by Business Unit.

Summary of VONB Excluding Pension, ANP and VONB Margin by Business Unit (US\$ millions)

Business Unit	Year ended 31 December 2025 ⁽¹⁾			Year ended 31 December 2024		
	VONB excluding pension	ANP	VONB margin	VONB excluding pension	ANP	VONB margin
AIA China	1,240	2,152	57.6%	1,217	2,168	56.1%
AIA Hong Kong	2,248	3,283	68.5%	1,708	2,609	65.5%
AIA Thailand	993	895	110.9%	816	821	99.5%
AIA Singapore	530	1,128	47.0%	454	897	50.5%
AIA Malaysia	372	515	72.2%	348	517	67.3%
Other Markets	483	1,511	32.0%	465	1,594	29.2%
Total before unallocated Group Office expenses and Group Corporate Centre tax⁽²⁾ (Business Unit)	5,866	9,484	61.9%	5,008	8,606	58.2%
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(78)	–		(73)	–	
Total before unallocated Group Office expenses and Group Corporate Centre tax⁽²⁾ (Consolidated)	5,788	9,484	61.0%	4,935	8,606	57.4%
After-tax value of unallocated Group Office expenses	(160)	–		(205)	–	
Group Corporate Centre tax ⁽²⁾	(83)	–		(38)	–	
Total	5,545	9,484	58.5%	4,692	8,606	54.5%

Notes:

(1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.

(2) Refers to corporate income tax in Bermuda as described in Section 5.10 of this report.

(3) Adjustment reflects the consolidated reserving and capital requirements as described in Section 4.4 of this report.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement

Analysis of Movement in EV (US\$ millions)

	Year ended 31 December 2025 ⁽¹⁾			Year ended 31 December 2024			YoY AER
	ANW	VIF	EV	ANW	VIF	EV	EV
Opening EV Equity			71,626			70,153	2%
Removal of goodwill and other intangible assets ⁽²⁾			(2,591)			(2,706)	(4)%
Opening EV	30,527	38,508	69,035	32,009	35,438	67,447	2%
VONB	(174)	5,690	5,516	(245)	4,957	4,712	17%
Expected return on EV ⁽³⁾	5,220	434	5,654	5,199	429	5,628	0%
Operating experience variances	293	(128)	165	178	(18)	160	3%
Operating assumption changes	793	(653)	140	279	(251)	28	400%
Finance costs	(588)	–	(588)	(503)	–	(503)	17%
EV operating profit	5,544	5,343	10,887	4,908	5,117	10,025	9%
Investment return variances ⁽⁴⁾	(288)	110	(178)	1,380	(1,493)	(113)	n/m
Effect of changes in economic assumptions	1	307	308	(11)	66	55	n/m
Other non-operating variances ⁽⁵⁾	(739)	375	(364)	(643)	(168)	(811)	n/m
Total EV profit⁽⁶⁾	4,518	6,135	10,653	5,634	3,522	9,156	16%
Dividends	(2,427)	–	(2,427)	(2,328)	–	(2,328)	4%
Share buy-backs	(2,279)	–	(2,279)	(4,150)	–	(4,150)	(45)%
Other capital movements	26	–	26	20	–	20	n/m
Effect of changes in exchange rates	315	1,488	1,803	(658)	(452)	(1,110)	n/m
Closing EV	30,680	46,131	76,811	30,527	38,508	69,035	11%
Inclusion of goodwill and other intangible assets ⁽²⁾			2,867			2,591	11%
Closing EV Equity			79,678			71,626	11%
Closing EV per share (US\$)			7.31			6.40	14%
Closing EV Equity per share (US\$)			7.58			6.64	14%

Notes:

- (1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.
- (2) Consistent with the consolidated financial statements, shown net of tax, amounts attributable to participating funds and non-controlling interests.
- (3) For the year ended 31 December 2025, expected return is net of a notional GMT top-up tax of negative US\$169 million calculated on an operating profit basis.
- (4) For the year ended 31 December 2025, investment return variances include a positive US\$115 million, representing the difference between the notional GMT top-up tax on an operating profit basis of negative US\$169 million and the actual GMT top-up tax provision of negative US\$54 million.
- (5) Includes the acquisition of New Medical Centre Holding Limited for the year ended 31 December 2025.
- (6) For the year ended 31 December 2025, total EV profit is net of actual GMT top-up tax provision of negative US\$54 million.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

The opening EV Equity was US\$71,626 million at 31 December 2024.

The opening EV was US\$69,035 million at 31 December 2024 after removal of goodwill and other intangible assets of US\$2,591 million.

EV operating profit was US\$10,887 million (2024: US\$10,025 million), reflecting VONB of US\$5,516 million (2024: US\$4,712 million), an expected return on EV of US\$5,654 million (2024: US\$5,628 million), operating experience variances and operating assumption changes with a net impact of US\$305 million (2024: US\$188 million), net of finance costs of US\$588 million (2024: US\$503 million).

The VONB is calculated at the point of sale for business written during the year. The expected return on EV is the expected change in the EV over the year plus the expected return on the VONB up to 31 December 2025. Operating experience variances reflect the impact on the ANW and VIF from differences between the actual experience over the year and that expected based on the operating assumptions.

The operating experience variances, net of tax, increased EV by US\$165 million (2024: increased EV by US\$160 million), driven by:

- Expense variances of US\$12 million (2024: US\$50 million), partly offset by development costs of US\$10 million (2024: US\$18 million);
- Mortality and morbidity claims variances of US\$115 million (2024: US\$(122) million); and
- Persistency and other variances of US\$48 million (2024: US\$250 million) which included persistency variances of US\$(198) million (2024: US\$16 million) and other variances including management actions of US\$246 million (2024: US\$234 million).

The effect of changes in operating assumptions during the year was an increase in EV of US\$140 million (2024: an increase in EV of US\$28 million).

The EV profit of US\$10,653 million (2024: US\$9,156 million) is the total of EV operating profit, investment return variances, the effect of changes in economic assumptions and other non-operating variances.

The investment return variances decreased EV by US\$178 million (2024: decreased EV by US\$113 million) driven by the effect of short-term fluctuations in interest rates, equities and other capital market movements, after allowing for consolidated reserving and capital requirements, compared with the expected returns.

The effect of changes in economic assumptions was an increase in EV of US\$308 million (2024: an increase in EV of US\$55 million).

Other non-operating variances decreased EV by US\$364 million (2024: decreased EV by US\$811 million) which mainly comprised negative impacts from the effect of acquisition, regulatory changes and non-operating expenses.

The Group paid total shareholder dividends of US\$2,427 million (2024: US\$2,328 million). The capital deployed for the share buy-back programmes, under which 292 million shares⁽¹⁾ (2024: 571 million shares) have been repurchased in the year of 2025, was US\$2,279 million (2024: US\$4,150 million). Other capital movements increased EV by US\$26 million (2024: increased EV by US\$20 million).

Foreign exchange movements increased EV by US\$1,803 million (2024: decreased EV by US\$1,110 million).

The closing EV was US\$76,811 million at 31 December 2025.

The closing EV Equity was US\$79,678 million as at 31 December 2025, after inclusion of goodwill and other intangible assets of US\$2,867 million.

Our EV methodology deducts the value of the Group's outstanding medium-term notes and securities⁽²⁾ (MTNs) at amortised cost. If MTNs were included at fair value, EV Equity would increase by US\$419 million to US\$80,097 million (2024: increase by US\$965 million).

Notes:

(1) Of these shares, 292 million shares were cancelled during 2025, and nil shares were in the process of share cancellation as at 31 December 2025 as per note 31 to the consolidated financial statements.

(2) Refers to medium-term notes and securities under note 26 to the consolidated financial statements.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

Operating ROEV (US\$ millions)

Operating return on EV (operating ROEV) is calculated as EV operating profit expressed as a percentage of the opening EV and was 15.8 per cent (2024: 14.9 per cent) for the year ended 31 December 2025.

	Year ended 31 December 2025	Year ended 31 December 2024	YoY CER	YoY AER
EV operating profit	10,887	10,025	7%	9%
Opening EV	69,035	67,447	4%	2%
Operating ROEV	15.8%	14.9%	n/a	0.9 pps
EV operating profit per share (US cents)⁽¹⁾	103.21	90.62	13%	14%

Note:

(1) Based on weighted average number of ordinary shares outstanding during the respective period.

2. EMBEDDED VALUE RESULTS (continued)

2.7 Free Surplus Generation

Free Surplus Generation (US\$ millions)

	Year ended 31 December 2025 ⁽¹⁾	Year ended 31 December 2024	YoY CER	YoY AER
Opening free surplus	12,554	16,329	(22)%	(23)%
UFSG	6,765	6,327	6%	7%
Free surplus used to fund new business	(1,437)	(1,531)	(6)%	(6)%
Unallocated Group Office expenses	(315)	(293)	8%	8%
Finance costs and other capital movements	(562)	(483)	16%	16%
Net free surplus generation	4,451	4,020	9%	11%
Investment return variances and other items	(1,327)	(1,317)	n/m	n/m
Dividends	(2,427)	(2,328)	4%	4%
Share buy-backs	(2,279)	(4,150)	(45)%	(45)%
Closing free surplus	10,972	12,554	(14)%	(13)%

Free surplus decreased by US\$1,582 million (2024: decreased by US\$3,775 million) to US\$10,972 million (2024: US\$12,554 million) as at 31 December 2025, after reflecting the impact of share buy-backs of US\$2,279 million.

UFSG, as defined in Section 4.8 of this report, after the GMT top-up tax impact, increased by 6 per cent, to US\$6,765 million (2024: US\$6,327 million), which comprised expected return on free surplus and assets backing MTNs of US\$1,339 million (2024: US\$1,395 million), expected distributable earnings from in-force business of US\$4,650 million (2024: US\$4,302 million), diversification benefit due to new business of US\$603 million (2024: US\$757 million) and other operating variances of US\$342 million (2024: US\$(127) million). Investment in writing new business was US\$1,437 million (2024: US\$1,531 million).

Unallocated Group Office expenses amounted to US\$315 million (2024: US\$293 million).

	Year ended 31 December 2025 ⁽¹⁾	Year ended 31 December 2024	YoY CER	YoY AER
UFSG	6,765	6,327	6%	7%
Expected distributable earnings from in-force business	4,650	4,302	7%	8%
Expected return on free surplus and assets backing MTNs	1,339	1,395	(4)%	(4)%
Diversification benefit due to new business	603	757	(21)%	(20)%
Other operating variances	342	(127)	n/m	n/m
GMT top-up tax in the current period	(169)	–	n/m	n/m
Free surplus used to fund new business	(1,437)	(1,531)	(6)%	(6)%
Unallocated Group Office expenses	(315)	(293)	8%	8%
Finance costs and other capital movements	(562)	(483)	16%	16%
Net free surplus generation	4,451	4,020	9%	11%

Investment return variances and other items amounted to US\$(1,327) million (2024: US\$(1,317) million). This mainly reflects the effect of short-term fluctuations in interest rates, equities and other capital market movements, after allowing for consolidated reserving and capital requirements, compared with the expected returns as well as other non-operating variances as described in Section 2.6 of this report.

Note:

(1) Please refer to Section 5.10 of this report on the treatment of GMT top-up tax.

3. SENSITIVITY ANALYSIS

The EV as at 31 December 2025 and the VONB for the year ended 31 December 2025 have been recalculated to illustrate the sensitivity of the results to changes in certain central assumptions discussed in Section 5 of this report.

The sensitivities analysed were:

- Risk discount rates 200 basis points per annum higher than the central assumptions;
- Risk discount rates 200 basis points per annum lower than the central assumptions;
- Interest rates 50 basis points per annum higher than the central assumptions;
- Interest rates 50 basis points per annum lower than the central assumptions;
- Equity return, property return and risk discount rates 100 basis points per annum lower than the central assumptions;
- The presentation currency (as explained below) appreciated by 5 per cent;
- The presentation currency depreciated by 5 per cent;
- Lapse and premium discontinuance rates increased proportionally by 10 per cent (i.e. 110 per cent of the central assumptions);
- Lapse and premium discontinuance rates decreased proportionally by 10 per cent (i.e. 90 per cent of the central assumptions);
- Mortality/morbidity rates increased proportionally by 10 per cent (i.e. 110 per cent of the central assumptions);
- Mortality/morbidity rates decreased proportionally by 10 per cent (i.e. 90 per cent of the central assumptions);
- Maintenance expenses 10 per cent lower (i.e. 90 per cent of the central assumptions); and
- Expense inflation set to 0 per cent.

The EV as at 31 December 2025 has been further analysed for the following sensitivities:

- Equity prices increased proportionally by 10 per cent (i.e. 110 per cent of the prices at 31 December 2025); and
- Equity prices decreased proportionally by 10 per cent (i.e. 90 per cent of the prices at 31 December 2025).

For the interest rate sensitivities, the investment return assumptions and the risk discount rates were changed by 50 basis points per annum; the projected bonus rates on participating business, the statutory reserving bases at 31 December 2025 and the values of debt instruments and derivatives held at 31 December 2025 were changed to be consistent with the interest rate assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

For the equity return, property return and risk discount rates sensitivity, the projected bonus rates on participating business were changed to be consistent with the equity return assumptions and property return assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

As the Group operates in multiple geographical markets, the EV results for the Group are translated from multiple currencies to the US dollar which is the Group's presentation currency. In order to provide sensitivity results for EV and VONB of the impact of foreign currency movements, a change of 5 per cent to the US dollar is included.

For the equity price sensitivities, the projected bonus rates on participating business and the values of equity securities and equity funds held at 31 December 2025 were changed to be consistent with the equity price assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

For each of the remaining sensitivity analyses, the statutory reserving bases as at 31 December 2025 and the projected bonus rates on participating business were changed to be consistent with the sensitivity analysis assumptions, while all the other assumptions remain unchanged.

3. SENSITIVITY ANALYSIS (continued)

The sensitivities chosen do not represent the boundaries of possible outcomes, but instead illustrate how certain alternative assumptions would affect the results.

Sensitivity of EV (US\$ millions)

Scenario	As at 31 December 2025		As at 31 December 2024	
	EV	% Change	EV	% Change
Central value	76,811		69,035	
<i>Impact of:</i>				
200 bps increase in risk discount rates	(11,219)	(14.6)%	(9,680)	(14.0)%
200 bps decrease in risk discount rates	17,420	22.7%	14,827	21.5%
10% increase in equity prices	2,773	3.6%	2,233	3.2%
10% decrease in equity prices	(2,748)	(3.6)%	(2,248)	(3.3)%
50 bps increase in interest rates	(486)	(0.6)%	(580)	(0.8)%
50 bps decrease in interest rates	270	0.4%	500	0.7%
100 bps decrease in equity and property returns and risk discount rates	3,519	4.6%	2,615	3.8%
5% appreciation in the presentation currency	(648)	(0.8)%	(1,164)	(1.7)%
5% depreciation in the presentation currency	648	0.8%	1,164	1.7%
10% increase in lapse/discontinuance rates	(2,053)	(2.7)%	(1,879)	(2.7)%
10% decrease in lapse/discontinuance rates	2,262	2.9%	2,106	3.1%
10% increase in mortality/morbidity rates	(6,649)	(8.7)%	(5,612)	(8.1)%
10% decrease in mortality/morbidity rates	6,556	8.5%	5,546	8.0%
10% decrease in maintenance expenses	1,154	1.5%	1,056	1.5%
Expense inflation set to 0%	1,372	1.8%	1,199	1.7%

Sensitivity of VONB (US\$ millions)

Scenario	Year ended 31 December 2025		Year ended 31 December 2024	
	VONB	% Change	VONB	% Change
Central value	5,516		4,712	
<i>Impact of:</i>				
200 bps increase in risk discount rates	(1,178)	(21.4)%	(993)	(21.1)%
200 bps decrease in risk discount rates	1,820	33.0%	1,504	31.9%
50 bps increase in interest rates	31	0.6%	92	2.0%
50 bps decrease in interest rates	(65)	(1.2)%	(120)	(2.5)%
100 bps decrease in equity and property returns and risk discount rates	592	10.7%	492	10.4%
5% appreciation in the presentation currency	(172)	(3.1)%	(161)	(3.4)%
5% depreciation in the presentation currency	172	3.1%	161	3.4%
10% increase in lapse/discontinuance rates	(310)	(5.6)%	(265)	(5.6)%
10% decrease in lapse/discontinuance rates	346	6.3%	293	6.2%
10% increase in mortality/morbidity rates	(545)	(9.9)%	(509)	(10.8)%
10% decrease in mortality/morbidity rates	541	9.8%	509	10.8%
10% decrease in maintenance expenses	112	2.0%	118	2.5%
Expense inflation set to 0%	86	1.6%	84	1.8%

4. METHODOLOGY

4.1 Entities Included in This Report

The Group operates through a number of subsidiaries and branches. Its two main operating subsidiaries are AIA Company Limited (AIA Co.), a company incorporated in Hong Kong and a subsidiary of the Company, and AIA International Limited (AIA International), a company incorporated in Bermuda and an indirect subsidiary of the Company. Furthermore, AIA Co. has branches located in Thailand and AIA International has branches located in Hong Kong, Macau and Taiwan (China).

The following is a list of the entities and their mapping to Business Units included in this report.

- AIA Australia refers to AIA Australia Limited, a subsidiary of AIA Co.;
- AIA Cambodia refers to AIA (Cambodia) Life Insurance Plc, a subsidiary of AIA Holdings Pte. Limited, a wholly-owned subsidiary of the Company;
- AIA China refers to AIA Life Insurance Company Limited, a subsidiary of AIA Co.;
- AIA Hong Kong refers to the total of the following entities:
 - the Hong Kong and Macau branches of AIA International;
 - the Hong Kong business written by AIA Co.;
 - AIA Pensions (BVI) Limited, a subsidiary of AIA Co.;
 - AIA Everest Life Company Limited, a subsidiary of AIA Co.; and
 - AIA Holdings (Hong Kong) Limited, a wholly-owned subsidiary of the Company and also the holding company of Blue Cross (Asia-Pacific) Insurance Limited (Blue Cross);
- AIA Indonesia refers to PT AIA Financial, a subsidiary of AIA International;
- AIA Korea refers to AIA Life Insurance Co. Ltd., a subsidiary of AIA International;
- AIA Malaysia refers to AIA Bhd., a subsidiary of AIA Co., and AIA PUBLIC Takaful Bhd., a 70 per cent owned subsidiary of AIA Bhd., and AIA General Berhad, a subsidiary of AIA Bhd.;
- AIA Myanmar refers to AIA Myanmar Life Insurance Company Limited, a subsidiary of AIA Co.;
- AIA New Zealand refers to AIA New Zealand Limited, a subsidiary of AIA Sovereign Limited. AIA Sovereign Limited is a subsidiary of AIA Holdings Pte. Limited, a wholly-owned subsidiary of the Company;
- AIA Philippines refers to AIA Philippines Life and General Insurance Company Inc., a subsidiary of AIA Co., and its 51 per cent owned subsidiary BPI AIA Life Assurance Corporation;
- AIA Singapore refers to AIA Singapore Private Limited, a subsidiary of AIA Co., and its Brunei branch;
- AIA Sri Lanka refers to AIA Insurance Lanka Limited, a subsidiary of AIA Co.;
- AIA Taiwan refers to the Taiwan (China) branch of AIA International;
- AIA Thailand refers to the Thailand branches of AIA Co.;
- AIA Vietnam refers to AIA (Vietnam) Life Insurance Company Limited, a subsidiary of AIA International; and
- Tata AIA Life refers to Tata AIA Life Insurance Company Limited, an associate 49 per cent owned by AIA International.

In addition, the financial results from the entity China Post Life Insurance Co., Ltd. (China Post Life), which is 24.99 per cent owned by AIA Co., are accounted for using the equity method and have been included in the Group ANW presented in the report. For clarity, the Group's ANP, VONB and VIF do not include any contribution from China Post Life.

Results are presented consistently with the segment information in the consolidated financial statements. The summary of the EV by Business Unit in this report also includes the ANW for the "Group Corporate Centre" segment, which is derived from the IFRS equity for this segment plus mark-to-market adjustments less the value of intangible assets. In the presentation of EV and VONB, the present value of withholding tax payable on future remittances from local business units is presented under the appropriate operating segment.

4. METHODOLOGY (continued)

4.2 Embedded Value and Value of New Business

The Group uses a traditional deterministic discounted cash flow methodology for determining its EV and VONB for all entities other than Tata AIA Life. This methodology makes an implicit overall level of allowance for risk including the cost of investment return guarantees and policyholder options, asset-liability mismatch risk, credit risk, the risk that actual experience in future years differs from that assumed, and the economic cost of capital, through the use of a risk discount rate. Typically, the higher the risk discount rate, the greater the allowance for these factors. This is a common methodology used by life insurance companies in Asia currently.

The business included in the VIF and VONB calculations includes all life business written by the Business Units of the Group, plus other lines of business which may not be classified as life business but have similar characteristics. These include accident and health, group and pension businesses. The projected in-force business included in the VIF also incorporates expected renewals on short-term business with a term of one year or less.

The VONB is the present value, measured at the point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period less the cost of holding required capital in excess of regulatory reserves to support this business. The VONB for the Group is calculated based on assumptions applicable at the point of sale, after allowing for any acquisition expense overruns in excess of the relevant expense assumptions.

The EV is the sum of the ANW and VIF. The ANW is the market value of assets in excess of the assets backing the policy reserves and other liabilities of the life (and similar) business of the Group, plus the IFRS equity value of other activities, such as general insurance business, less the value of intangible assets. It excludes any amounts not attributable to shareholders of the Company. The market value of investment property and property held for own use that is used to determine the ANW is based on the fair value disclosed as per note 20 to the consolidated financial statements as at the valuation date.

The VIF is the present value of projected after-tax statutory profits by Business Units emerging in the future from the current in-force business less the cost arising from holding the required capital (CoC) to support the in-force business. CoC is calculated as the face value of the required capital as at the valuation date less the present value of the net-of-tax investment return on the shareholder assets backing required capital and the present value of projected releases from the assets backing the required capital. Where the required capital may be covered by policyholder assets such as surplus assets in a participating fund, there is no associated cost of capital included in the VIF or VONB.

EV Equity is the total of EV, goodwill and other intangible assets attributable to shareholders of the Company, after allowing for taxes.

A deduction has been made from the EV and VONB for the present value of future after-tax unallocated Group Office expenses, representing the expenses incurred by the Group Office which are not allocated to the Business Units. These unallocated Group Office expenses have been allocated to acquisition and maintenance activities, and a deduction made from the VONB and VIF respectively.

For Tata AIA Life, the Group uses the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, consistent with local practice in India. The EV and VONB reported for Tata AIA Life are reported on a one-quarter-lag basis.

4. METHODOLOGY (continued)

4.3 Definition of New Business

New business includes the sale of new contracts during the period, additional single premium payments on recurrent single premium contracts and increments to existing contracts where these are not variations allowed for in the calculation of the VIF. The VONB also includes the present value of cash flows associated with new policies written during the reporting period but subsequently terminated before the valuation date.

For group renewable business including group yearly renewable term business, new business is composed of new schemes set up during the period plus any premium payable on existing schemes that exceeds the prior year's premiums. For individually significant group cases, the VONB is calculated over each premium rate guarantee period entered upon contract inception or renewal.

For short-term accident and health business with a term of one year or less, renewals of existing contracts are not considered new business, and the value of expected renewals on this business is included in the VIF.

For pension business, sales of new contracts during the period and any new contributions, including assets transferred in, are considered as new business for the calculation of the VONB.

New business volumes shown in this report are measured using annualised new premiums (ANP), which is an internal measure of new business sales.

4.4 Consolidation of Branches and Subsidiaries of AIA Co. and AIA International

The Company's subsidiaries, AIA Co. and AIA International, are both Hong Kong-regulated entities and subject to the Hong Kong reserving and capital requirements. In addition, AIA International, which is incorporated in Bermuda, is subject to the Bermuda Monetary Authority (BMA) reserving and capital requirements. Since 2021, the Company is also subject to the group-wide supervision (GWS) requirements implemented by the Hong Kong Insurance Authority (HKIA). AIA operates in a number of territories as branches and subsidiaries of these entities. These regulatory and other consolidated reserving and capital requirements as determined by the Group apply in addition to the relevant local requirements applicable to our Business Units, and are discussed in Section 4.6 of this report.

The EV and VONB results for the Group shown in Section 2 of this report have been adjusted to reflect the consolidated reserving and capital requirements. This approach was taken to reflect the distribution of profits from AIA Co. and AIA International after allowing for the Hong Kong, BMA, local and group-wide regulatory requirements, and other reserving and capital requirements as determined by the Group. The EV and VONB for each Business Unit reflect the local reserving and capital requirements, as discussed in Section 4.6 of this report, before a Group-level adjustment to reflect the consolidated reserving and capital requirements.

4.5 Valuation of Future Statutory Losses

For certain lines of business, projected future statutory profits are negative due to the local statutory reserves being insufficient to meet the value of future policyholder cash flows. There are a number of acceptable methods for determining the value of a combination of positive and negative statutory profits for different lines of business.

For the purposes of this valuation, future projected statutory losses have been valued by discounting them at the risk discount rate for the relevant Business Unit, with any negative VIF eliminated for each reported segment by reducing the ANW. This has been done because the allowance for risk in the range of selected risk discount rates for each Business Unit has been set taking into account the presence of any such business lines with projected statutory losses. Also, the consolidated reserving and capital requirements have the effect of reducing the level of any future projected statutory losses. Based on the assumptions described in Section 5 of this report, and allowing for the consolidated statutory reserving and capital requirements, the overall projected annual distributable profits from the current in-force business and the assets backing the required capital of the Group are positive over the remaining lifetime of the business. Therefore, it is not considered necessary to change the discounting approach described above.

4. METHODOLOGY (continued)

4.6 Capital Requirements

Each of the Business Units has a regulatory requirement to hold shareholder capital in addition to the assets backing the insurance liabilities. The table below sets out the Group's assumed level of capital requirement for each Business Unit:

Business Unit	Capital requirements
AIA Australia	100% of regulatory capital adequacy requirement
AIA China	100% of required capital following the China Association of Actuaries (CAA) EV assessment guidance, updated to reflect C-ROSS II ⁽¹⁾
AIA Hong Kong ⁽²⁾	100% of regulatory Risk-Based Capital requirement
AIA Indonesia	120% of regulatory Risk-Based Capital requirement
AIA Korea	150% of regulatory Risk-Based Capital requirement
AIA Malaysia	170% of regulatory Risk-Based Capital requirement
AIA New Zealand	100% of regulatory capital adequacy requirement
AIA Philippines	125% of regulatory Risk-Based Capital requirement
AIA Singapore	Higher of 135% of capital adequacy requirement and 80% of Tier 1 capital requirement under the regulatory Risk-Based Capital framework
AIA Sri Lanka	120% of regulatory Risk-Based Capital requirement
AIA Taiwan	250% of regulatory Risk-Based Capital requirement
AIA Thailand	140% of regulatory Risk-Based Capital requirement
AIA Vietnam	100% of required minimum solvency margin
Tata AIA Life	175% of required minimum solvency margin

Notes:

(1) China Risk-Oriented Solvency System phase II (C-ROSS II).

(2) The Macau branch of AIA International is further subject to 150 per cent of Macau statutory requirement.

Capital Requirements on Consolidation

The Company's subsidiaries, AIA Co. and AIA International, are both subject to the HKIA reserving and capital requirements under the Hong Kong Risk-based Capital (HKRBC) regime, which has become part of the Hong Kong Insurance Ordinance (HKIO) and has taken effect from 1 July 2024. Further, the branches of AIA Co. and AIA International hold required capital of no less than 100 per cent of the HKRBC capital requirement.

In addition, AIA International, which is incorporated in Bermuda, is subject to the BMA reserving and capital requirements. AIA International and its subsidiaries hold required capital of no less than 100 per cent of the BMA regulatory capital requirement.

The above regulatory reserving and capital requirements, and other consolidated reserving and capital requirements as determined by the Group, apply in addition to the relevant local requirements applicable to our Business Units.

The Company is also subject to the GWS capital adequacy rules, including group capital adequacy requirements based on the Local Capital Summation Method (LCSM), under which the Group's published eligible group capital resources, group minimum capital requirement (GMCR) and group prescribed capital requirement (GPCR) are calculated as the sum of the eligible capital resources, minimum capital requirements and prescribed capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA. This has not imposed any additional capital requirement to those mentioned above.

4. METHODOLOGY (continued)

4.7 Foreign Exchange

The EV as at 31 December 2025 and 31 December 2024 have been translated into the US dollar using exchange rates as at each valuation date. The VONB results shown in this report have been translated into the US dollar using the corresponding average exchange rates for each quarter. The other components of the EV profit shown in the analysis of EV movement have been translated using average exchange rates for the period.

Change on actual exchange rates (AER) is calculated based on the translated figures as described above. Change on constant exchange rates (CER) is calculated for all figures for the current year and for the prior year, using the current year constant average exchange rates, other than for EV and its components as at the end of the current year and as at the end of the prior year, which are translated using the CER as at the end of the current year.

4.8 Underlying Free Surplus Generation

The free surplus is defined as the ANW in excess of the required capital after reflecting the consolidated reserving and capital requirements and the adjustment for certain assets not eligible for regulatory capital purposes. The underlying free surplus generation represents free surplus generated from the in-force business, adjusted for certain non-recurring items, and before free surplus used to fund new business, unallocated Group Office expenses, finance costs, investment return variances and other non-operating items. The underlying free surplus generation is also calculated after reflecting the consolidated reserving and capital requirements.

5. ASSUMPTIONS

5.1 Introduction

This section summarises the assumptions used by the Group to determine the EV as at 31 December 2025 and the VONB for the year ended 31 December 2025 and highlights certain differences in assumptions between the EV as at 31 December 2024 and the EV as at 31 December 2025.

5.2 Economic Assumptions

Investment Returns

The Group has set the assumed long-term future returns for fixed income assets to reflect its view of expected returns having regard to estimates of long-term forward rates from yields available on government bonds and current bond yields. In determining returns on fixed income assets, the Group allows for the risk of default, and this allowance varies by the credit rating of the underlying asset.

Where long-term views of investment return assumptions differ from current market yields on existing fixed income assets, an adjustment was made to make allowance for the current market yields. In these cases, in calculating the VIF, adjustments have been made to the investment return assumptions such that the investment returns on existing fixed income assets were set consistently with the current market yield on these assets for their expected remaining term, to be consistent with the valuation of the assets backing the policy liabilities.

The Group has set the equity return and property return assumptions by reference to the long-term return on 10-year government bonds, allowing for an internal assessment of risk premia that vary by asset class and by territory.

For each Business Unit, the non-linked portfolio is divided into a number of distinct product groups, and the returns for each of these product groups have been derived by considering current and future targeted asset allocations and associated investment returns for major asset classes.

For unit-linked business, fund growth assumptions have been determined based on actual asset mix within the funds at the valuation date and expected long-term returns for major asset classes.

For Tata AIA Life, the Group uses the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India for determining its EV and VONB. This methodology uses investment returns and risk discount rates that reflect the market-derived government bond yield curve. Therefore, the risk discount rate and long-term investment returns are not provided for Tata AIA Life.

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates

The risk discount rates can be considered as the sum of the appropriate risk-free interest rate, to reflect the time value of money, and a risk margin to make an implicit allowance for risk.

The table below summarises the current market 10-year government bond yields referenced in EV calculations.

Business Unit	Current market 10-year government bond yields referenced in EV calculations (%)	
	As at 31 December 2025	As at 31 December 2024
AIA Australia	4.74	4.36
AIA China	1.86	1.68
AIA Hong Kong ⁽¹⁾	4.17	4.57
AIA Indonesia	6.07	7.00
AIA Korea	3.35	2.87
AIA Malaysia	3.51	3.81
AIA New Zealand	4.40	4.41
AIA Philippines	6.07	6.18
AIA Singapore	2.12	2.86
AIA Sri Lanka	10.70	11.27
AIA Taiwan	1.40	1.61
AIA Thailand	1.66	2.30
AIA Vietnam	4.04	3.12

Note:

(1) The majority of AIA Hong Kong's assets and liabilities are denominated in the US dollar. The 10-year government bond yields shown above are those of US dollar-denominated bonds.

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates (continued)

The table below summarises the risk discount rates and long-term investment returns assumed in EV calculations. The risk discount rates in 2025 reflect the weighted average of the risk margins of the in-force business at the start of 2025, and those of the new business written during 2025 which are determined at a product level to better reflect the market and non-market risks associated with the mix of products sold during the reporting period. In addition, the VONB results are calculated based on start-of-quarter long-term investment return assumptions consistent with the measurement at the point of sale. The present value of unallocated Group Office expenses was calculated using the AIA Hong Kong risk discount rate. The investment returns on existing fixed income assets were set consistently with the market yields on these assets. The investment returns shown are gross of tax and investment expenses.

Business Unit	Risk discount rates assumed in EV calculations (%)			Long-term investment returns assumed in EV calculations (%)					
	As at 31 Dec 2025	As at 30 Jun 2025 (Unaudited)	As at 31 Dec 2024	10-year government bonds			Local equities		
				As at 31 Dec 2025	As at 30 Jun 2025 (Unaudited)	As at 31 Dec 2024	As at 31 Dec 2025	As at 30 Jun 2025 (Unaudited)	As at 31 Dec 2024
AIA Australia	7.43	7.92	7.92	3.80	3.80	3.80	7.60	8.10	8.10
AIA China	8.30	8.33	8.36	2.70	2.70	2.70	8.00	8.00	8.00
AIA Hong Kong ⁽¹⁾	7.95	7.95	7.95	3.50	3.50	3.50	8.00	8.00	8.00
AIA Indonesia	11.53	12.06	12.08	7.50	7.50	7.50	10.50	11.00	11.00
AIA Korea	8.34	8.43	8.55	3.00	3.00	3.00	7.30	7.30	7.30
AIA Malaysia	7.83	8.16	8.20	4.30	4.30	4.30	8.30	8.60	8.60
AIA New Zealand	7.04	7.54	7.54	3.80	3.80	3.80	7.50	8.00	8.00
AIA Philippines	11.10	11.10	11.10	6.00	6.00	6.00	9.80	9.80	9.80
AIA Singapore	7.29	7.31	7.34	3.10	3.10	3.10	7.60	7.60	7.60
AIA Sri Lanka	14.70	14.70	14.70	10.00	10.00	10.00	12.00	12.00	12.00
AIA Taiwan	7.61	7.61	7.62	1.50	1.50	1.50	6.10	6.10	6.10
AIA Thailand	6.94	7.38	7.42	3.00	3.40	3.40	7.40	7.80	7.80
AIA Vietnam	9.88	9.87	9.86	4.00	4.00	4.00	9.60	9.60	9.60

Note:

(1) The majority of AIA Hong Kong's assets and liabilities are denominated in the US dollar. The 10-year government bond assumptions shown above are those of US dollar-denominated bonds, and the local equities assumption shown is that of US dollar-denominated equities.

5. ASSUMPTIONS (continued)

5.3 Persistency

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

Assumptions have been developed by each of the Business Units based on their recent historical experience and expected future experience. Persistency assumptions vary by policy year and product type with different rates for regular and single premium products.

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.

5.4 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 and maintenance activities, and then to allocate these acquisition and maintenance expenses to various product categories 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, 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.

Group Office Expenses

Group Office expense assumptions have been set, after excluding non-operating expenses, based on actual acquisition and maintenance expenses in the year ended 31 December 2025. The Group Office acquisition expenses have been deducted from the VONB. The present value of the projected future Group Office maintenance expenses has been deducted from the Group EV. The maintenance expense assumptions in the VONB also allow for the allocation of Group Office expenses.

5. ASSUMPTIONS (continued)

5.5 Expense Inflation

The expected long-term expense inflation rates used by each Business Unit are set out below:

Expense Inflation Assumptions by Business Unit (%)

Business Unit	As at 31 December 2025	As at 31 December 2024
AIA Australia	2.25	2.25
AIA China	2.00	2.00
AIA Hong Kong	2.00	2.00
AIA Indonesia	3.50	3.50
AIA Korea	3.50	3.50
AIA Malaysia	3.00	3.00
AIA New Zealand	2.00	2.00
AIA Philippines	3.50	3.50
AIA Singapore	2.00	2.00
AIA Sri Lanka	6.50	6.50
AIA Taiwan	1.20	1.20
AIA Thailand	2.00	2.00
AIA Vietnam	4.00	4.00
Tata AIA Life ⁽¹⁾	6.20	6.35

Note:

(1) For Tata AIA Life, in accordance with the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, the inflation assumption is derived by applying a spread to the reference interest rate.

Unallocated Group Office expenses are assumed to inflate by the weighted average of the Business Unit expense inflation rates.

5.6 Mortality

Assumptions have been developed by each Business Unit based on their recent historical experience and expected future experience. 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.

For annuity products that are exposed to longevity risk, an allowance has been made for expected future improvements in mortality; otherwise no allowance has been made for mortality improvements.

5.7 Morbidity

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

5. ASSUMPTIONS (continued)

5.8 Reinsurance

Reinsurance assumptions have been developed by each Business Unit based on the reinsurance arrangements in force as at the valuation date and the recent historical and expected future experience.

5.9 Policyholder Dividends, Profit Sharing and Interest Crediting

The projected policyholder dividends, profit sharing and interest crediting assumptions set by each Business Unit that have been used in calculating the EV results presented in this report, reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and each Business Unit's expectation of future policies, strategies and operations consistent with the investment return assumptions used in the EV results.

Participating fund 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.

5.10 Taxation

On 6 June 2025, Hong Kong enacted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 to implement GMT developed as part of Pillar Two of BEPS 2.0 initiative which became effective in Hong Kong from 1 January 2025, as described in note 11 to the consolidated financial statements. The Embedded Value Results reflect the quantitative impact of the GMT top-up tax up to the end of the current reporting period. For the year ended 31 December 2025, EV operating profit and UFSG are stated net of a notional GMT top-up tax of negative US\$169 million, as estimated on an operating profit basis. The actual GMT top-up tax incurred by the Group in any period will differ from the operating top-up tax since it is based on net profit rather than operating profit. For the year ended 31 December 2025, total EV profit is stated net of the actual GMT top-up tax provision of negative US\$54 million.

The potential impact of GMT top-up tax for future periods will depend on a number of factors, including the effective tax rates for future new business, future new business volumes and the jurisdiction where they are written as well as profitability and asset mix. In addition, the accounting treatment of deferred taxes is still evolving, as set out by the IASB under IAS 12, Income Taxes, requiring the mandatory temporary exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes. Under IAS 12, the IASB states that it is difficult to reliably forecast the future period tax rates expected in the context of GMT top-up tax. This mandatory temporary exception aims to avoid the development of diverse interpretations of IAS 12 under the complex new tax legislation enacted in multiple jurisdictions in a short period of time. Given the mandatory temporary exception applicable under IAS 12, as well as the uncertainties around, and developing interpretations of, GMT top-up tax legislation in multiple jurisdictions, the Group has not reflected any potential future GMT top-up tax in the Group EV, VONB and projected future distributable earnings.

For taxation other than GMT top-up tax, the EV and VONB presented in this report are net of tax based on current taxation legislation. The projected corporate income tax payable in any year allows for the benefits arising from any tax loss carried forward where relevant. Where applicable, tax payable on investment income has been reflected in the projected investment returns. Any withholding tax payable on future remittances from local business units is also reflected under the appropriate operating segment.

5. ASSUMPTIONS (continued)

5.10 Taxation (continued)

The local corporate income tax rates used by each Business Unit are set out below:

Local Corporate Income Tax Rates by Business Unit (%)

Business Unit	As at 31 December 2025	As at 31 December 2024
AIA Australia	30.0	30.0
AIA China	25.0	25.0
AIA Hong Kong	16.5	16.5
AIA Indonesia	22.0	22.0
AIA Korea	23.1	23.1
AIA Malaysia	24.0	24.0
AIA New Zealand	28.0	28.0
AIA Philippines	25.0	25.0
AIA Singapore	17.0	17.0
AIA Sri Lanka	30.0	30.0
AIA Taiwan	20.0	20.0
AIA Thailand	20.0	20.0
AIA Vietnam	20.0	20.0
Tata AIA Life	14.6	14.6

In 2023, Bermuda had introduced and enacted a corporate income tax rate of 15 per cent, effective from 1 January 2025. The impact of the introduction of corporate income tax in Bermuda has been reflected in Group EV since 31 December 2023.

5.11 Statutory Valuation Bases

The projection of regulatory liabilities at future points in time assumes the continuation of the reserving methodologies used to value policyholder liabilities as at the valuation date.

5.12 Product Charges

Management fees and product charges reflected in the VIF and VONB have been assumed to follow existing scales.

6. EVENTS AFTER THE REPORTING PERIOD

On 19 March 2026, a Committee appointed by the Board of Directors proposed a final dividend of 144.08 Hong Kong cents per share (2024: final dividend of 130.98 Hong Kong cents per share).

INFORMATION FOR SHAREHOLDERS

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2025, with the exception of Code Provision C.6.3, the Company applied the principles and complied with all applicable code provisions of the Corporate Governance Code. Code Provision C.6.3 provides that the company secretary should report to the chairman of the board and/or the chief executive. The Company operates under a variant of this model whereby the Group Company Secretary reports to the Group General Counsel, who is ultimately accountable for the company secretarial function of the Company and who in turn reports directly to the Group Chief Executive and President, being the sole Executive Director on the Board.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2025, the Company bought back a total of 291,862,200 Shares on the Hong Kong Stock Exchange with the aggregate consideration paid (before expenses) amounting to approximately HK\$17,693 million (equivalent to approximately US\$2,265 million) under the Company's share buy-back programmes. Details of the reasons for implementing the share buy-back programmes are set out in the Company's announcements dated 11 March 2022 and 14 March 2025. All the Shares bought back were subsequently cancelled. As at 31 December 2025, the total number of Shares in issue was 10,506,617,397. Particulars of the Shares bought back are as follows:

Month	Number of Shares bought back	Price paid per Share			Aggregate consideration (before expenses) (HK\$ millions)
		(Average) (HK\$)	(Highest) (HK\$)	(Lowest) (HK\$)	
January 2025	58,853,800	53.47	56.10	50.95	3,147
February 2025	39,686,200	53.17	54.55	51.50	2,110
April 2025	44,293,800	54.47	57.90	51.20	2,413
May 2025	46,604,600	64.04	67.65	57.50	2,985
June 2025	63,417,600	68.35	72.70	64.15	4,334
July 2025	39,006,200	69.32	72.40	67.85	2,704
Total	291,862,200	60.62	–	–	17,693

In addition, the Company also purchased 11,559,976 Shares under the 2020 RSU Scheme and the 2020 ESPP for a total consideration of approximately HK\$694 million (equivalent to approximately US\$89 million) during the year ended 31 December 2025. These purchases were made by the trustee of these share schemes on the Hong Kong Stock Exchange. These Shares are held on trust for the participants of the relevant schemes and therefore were not cancelled. Please refer to note 36 to the consolidated financial statements for details.

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the year ended 31 December 2025 are set out in note 41 to the consolidated financial statements.

PUBLICATION OF CERTAIN FINANCIAL AND OTHER DATA PURSUANT TO LOCAL REGULATORY REQUIREMENTS

The Company and its subsidiaries or their respective branches are subject to local regulatory oversight in each of the countries or jurisdictions in which they operate. In a number of these jurisdictions, local insurance and other regulations require the publication of certain financial and other data primarily for policyholders' information and prudential supervisory purposes. Such local statutory data is often produced pursuant to regulations that are not designed with the protection or requirements of public shareholders as a primary objective.

The Company uses HKFRS and IFRS Accounting Standards to prepare its consolidated financial information. The local statutory data may be prepared on bases different from HKFRS and IFRS Accounting Standards and may be substantially different from the Company's financial information under HKFRS and IFRS Accounting Standards.

Accordingly, our Shareholders and potential investors are advised that the local statutory data should not be relied on for an assessment of the Company's financial performance.

FINAL DIVIDEND

The Board has recommended an increase of 10 per cent in the payment of a final dividend to 144.08 Hong Kong cents per Share for the year ended 31 December 2025 (2024: 130.98 Hong Kong cents per Share), consistent with AIA's established prudent, sustainable and progressive dividend policy.

Subject to Shareholders' approval at the AGM to be held by the Company, the final dividend will be payable on Friday, 12 June 2026 to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 29 May 2026, being the record date for determining the entitlement to the final dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 May 2026 to Friday, 22 May 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 18 May 2026.

In order to qualify for the entitlement of the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 29 May 2026.

ANNUAL GENERAL MEETING

The AGM will be held at 11:00 a.m. (Hong Kong time) on Friday, 22 May 2026. Details of the venue and business to be transacted at the AGM are set out in the Company's circular to be issued to the Shareholders for the AGM.

Details of voting results at the AGM can be found on the Company's website at www.aia.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk on Friday, 22 May 2026 after the AGM.

RE-ELECTION OF DIRECTORS

Pursuant to the Company's Articles of Association, Sir Mark Tucker, who was appointed as Independent Non-executive Chairman and an INED with effect from 1 October 2025 and each of Ms. Shulamite Khoo and Mr. Ku Man, who was appointed as an INED with effect from 5 February 2026, will retire from office and, being eligible, offer himself/herself for re-election at the AGM.

Mr. Jack So, Ms. Mari Pangestu, Mr. Ong Chong Tee and Ms. Nor Shamsiah Mohd Yunus shall retire from office by rotation at the AGM. Mr. Jack So, having joined the Board since September 2010, has informed the Board that he will not offer himself for re-election as an INED at the AGM, and will retire upon the conclusion of the AGM. Each of Ms. Mari Pangestu, Mr. Ong Chong Tee and Ms. Nor Shamsiah Mohd Yunus, being eligible, will offer himself/herself for re-election at the AGM.

AUDITOR

On 28 May 2025, the Company announced that, following a robust and competitive audit tender process overseen by the Audit Committee, KPMG has been recommended for appointment as the external auditor of the Group for the year ending 31 December 2026, subject to shareholder approval at the AGM. A resolution for the appointment of KPMG as auditor of the Company for the year ending 31 December 2026 will be proposed at the AGM.

PricewaterhouseCoopers (PwC), which undertook the audit of the consolidated financial statements of the Company for the year ended 31 December 2025, will retire as auditor of the Company at the conclusion of the AGM and will not seek re-appointment. PwC has provided a confirmation that there are no matters that need to be brought to the attention of the Shareholders. The Board has noted that there is no disagreement between PwC and the Company, and there are no other matters in respect of the change of auditor that need to be brought to the attention of the Shareholders.

FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements relating to the Group that are based on the beliefs and expectations of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

When used in this document, the words "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "target", "will", "would" and similar expressions, as they relate to the Group or the Group's management, are intended to identify forward-looking statements. These forward-looking statements reflect the Group's views as of the date hereof with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements as a result of a number of factors, including any changes in the laws, rules and regulations relating to any aspects of the Group's business operations, general economic, market and business conditions, including capital market developments, changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the actions and developments of the Group's competitors and the effects of competition in the insurance industry on the demand for, and price of, the Group's products and services, various business opportunities that the Group may or may not pursue, changes in population growth and other demographic trends, including mortality, morbidity and longevity rates, persistency levels, the Group's ability to identify, measure, monitor and control risks in the Group's business, including its ability to manage and adapt its overall risk profile and risk management practices, its ability to properly price its products and services and establish reserves for future policy benefits and claims, seasonal fluctuations and factors beyond the Group's control. Subject to the requirements of the Listing Rules, the Group does not intend to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, forward-looking events and circumstances discussed in this document might not occur in the way the Group expects, or at all. Accordingly, you should not place reliance on any forward-looking information or statements. All forward-looking statements in this document are qualified by reference to the cautionary statements set forth in this section.

By Order of the Board
Lee Yuan Siong
Executive Director,
Group Chief Executive and President

Hong Kong, 19 March 2026

As at the date of this announcement, the Board comprises:

Independent Non-executive Chairman and Independent Non-executive Director:

Sir Mark Edward TUCKER

Executive Director, Group Chief Executive and President:

Mr. LEE Yuan Siong

Independent Non-executive Directors:

Mr. Jack Chak-Kwong SO, Sir Chung-Kong CHOW, Mr. John Barrie HARRISON, Mr. George Yong-Boon YEO, Professor Lawrence Juen-Yee LAU, Dr. Narongchai AKRASANEE, Mr. Cesar Velasquez PURISIMA, Ms. Mari Elka PANGESTU, Mr. ONG Chong Tee, Ms. Nor Shamsiah MOHD YUNUS, Ms. Shulamite N K KHOO and Mr. KU Man

GLOSSARY

2010 RSU Scheme	Restricted Share Unit Scheme of the Company adopted on 28 September 2010 (as amended) under which the Company granted restricted share units to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. It was terminated with effect from 31 July 2020 prior to the adoption of the 2020 RSU Scheme.
2010 SO Scheme	Share Option Scheme of the Company adopted on 28 September 2010 (as amended), under which the Company granted share options to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. It was terminated with effect from 29 May 2020 upon the adoption of the 2020 SO Scheme.
2011 ESPP	Employee Share Purchase Plan of the Company adopted on 25 July 2011 (as amended), a voluntary share purchase plan with matching offer to facilitate and encourage ownership of Shares by employees. It was terminated with effect from 31 October 2020 (being the last day of the 2019/2020 plan year).
2012 ASPP	Agency Share Purchase Plan of the Company adopted on 23 February 2012, a share purchase plan with matching offer of new Shares to facilitate and encourage ownership of Shares by agents. It was terminated with effect from 31 March 2021 (being the last day of the 2020/2021 plan year).
2020 ESPP	Employee Share Purchase Plan of the Company adopted on 1 August 2020 (as amended), a voluntary share purchase plan with matching offer to facilitate and encourage ownership of Shares by employees, and is effective for a period of 10 years from the date of adoption.
2020 RSU Scheme	Restricted Share Unit Scheme of the Company adopted on 1 August 2020 (as amended), under which the Company may grant restricted share units to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries, and is effective for a period of 10 years from the date of adoption.
2020 SO Scheme	Share Option Scheme of the Company adopted on 29 May 2020 (as amended), under which the Company may grant share options to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries, and is effective for a period of 10 years from the date of adoption.
2021 ASPP	Agency Share Purchase Plan of the Company adopted on 1 February 2021 (as amended), a share purchase plan with matching offer of new Shares to facilitate and encourage ownership of Shares by agents, and is effective for a period of 10 years from the date of adoption.
active agent	An agent who sells at least one policy per month. The number of active agents is calculated as the average number of active agents across the specific period.
active market	<p>A market in which all the following conditions exist:</p> <ul style="list-style-type: none">• the items traded within the market are homogeneous;• willing buyers and sellers can normally be found at any time; and• prices are available to the public. <p>A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.</p>

adjusted net worth or ANW	ANW is the market value of assets in excess of the assets backing the policy reserves and other liabilities of the life (and similar) business of AIA, plus the IFRS equity value of other activities, such as general insurance business, less the value of intangible assets. It excludes any amounts not attributable to shareholders of AIA Group Limited. ANW for AIA is stated after adjustment to reflect consolidated reserving requirements. ANW by market is stated before adjustment to reflect consolidated reserving requirements, and presented on a local statutory basis.
AER	Actual exchange rates.
AGM	2026 Annual General Meeting of the Company to be held at 11:00 a.m. (Hong Kong time) on Friday, 22 May 2026.
AIA or the Group	AIA Group Limited and its subsidiaries.
AIA Co.	AIA Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company.
AIA International	AIA International Limited, a company incorporated in Bermuda and an indirect wholly-owned subsidiary of the Company.
AIA Vitality	A science-backed wellness programme that is integrated into AIA's insurance products. It leverages incentives, data and behavioural science to motivate customers to live Healthier, Longer, Better Lives. AIA Vitality was launched through a joint venture between AIA and Discovery Limited, a listed company in South Africa.
ALC	The AIA Leadership Centre located in Bangkok, Thailand.
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 loss allowance. Interest revenue from debt securities measured at amortised cost is recognised in investment return in the consolidated income statement using the effective interest method.
Amplify Health	Amplify Health Asia Pte. Limited.
annualised new premiums or ANP	ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. It is an internally used measure of new business sales or activity for all entities within AIA. ANP excludes new business of pension business, personal lines and motor insurance. For group renewable business, it includes any premium payable on existing schemes that exceeds the prior year's premiums.
ASEAN	ASEAN, officially the Association of Southeast Asian Nations, refers to AIA's operations in Thailand, Singapore, Malaysia, Vietnam, Indonesia, the Philippines, Cambodia, Myanmar and Brunei.
Asia	Mainland China, Hong Kong SAR, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR and India.

bancassurance	The distribution of insurance products through banks or other financial institutions.
Bangkok Bank	Bangkok Bank Public Company Limited.
Bank of East Asia	The Bank of East Asia, Limited.
BEPS 2.0	The common name for the Organisation for Economic Co-operation and Development's current programme of work on international tax reform to counteract perceived base erosion and profit shifting (BEPS) by multinational enterprises.
Board	The board of Directors.
business model	<p>Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. Below are examples of business model:</p> <ul style="list-style-type: none"> • Whose objective is to hold financial assets to collect contractual cash flows; • Whose objective is achieved by both collecting contractual cash flows and selling financial assets.
BPI	Bank of the Philippine Islands.
BPI-AIA	BPI AIA Life Assurance Corporation.
CER	Constant exchange rates. Change on constant exchange rates is calculated for all figures for the current period and for the prior period, using constant average exchange rates, other than for balance sheet items as at the end of the current period and as at the end of the prior year, which is translated using the constant balance sheet exchange rates.
China Post Life	China Post Life Insurance Co., Ltd.
Citibank	Citibank, N.A.
Company	AIA Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock codes: 1299 (HKD counter) and 81299 (RMB counter)).
comprehensive equity	The total of shareholders' equity and net contractual service margin (CSM).
consolidated investment funds	Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds, and consist of third-party unit holders' interests in these funds. These are consolidated in the financial statements.
contract boundary	The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. For details, please refer to note 2.3.4 to the consolidated financial statements.
contractual service margin or CSM	A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group. For details, please refer to note 2.3.6 to the consolidated financial statements.

Corporate Governance Code	Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended from time to time.
cost of capital or CoC	CoC is calculated as the face value of the required capital as at the valuation date less the present value of the net-of-tax investment return on the shareholder assets backing the required capital and the present value of projected releases from the assets backing the required capital. Where the required capital may be covered by policyholder assets such as surplus assets in participating funds, there is no associated cost of capital included in the VIF or VONB. CoC for AIA is stated after adjustment to reflect consolidated capital requirements. CoC by market is stated before adjustment to reflect consolidated capital requirements, and presented on a local statutory basis.
coverage unit	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. Determination of coverage unit is further elaborated in note 3.3 to the consolidated financial statements.
C-ROSS	China Risk-Oriented Solvency System.
Dealing Policy	Directors' and Chief Executives' Dealing Policy of the Company.
Director(s)	The director(s) of the Company.
effective tax rate or ETR	Under the Global Minimum Tax regime, the effective tax rate of a multinational enterprise for a jurisdiction is equal to the sum of the adjusted covered taxes of its constituent entities located in the jurisdiction divided by the adjusted net income of the jurisdiction, for the financial year. As a result of specific adjustments set out in the Global Minimum Tax regime, the effective tax rate under these rules may be different compared to the effective tax rate arising on an IFRS basis.
eligible capital resources	For a regulated entity, eligible capital resources refers to the resources and financial instruments eligible to be counted towards satisfying the prescribed capital requirement according to the respective regulatory requirements. For a non-regulated entity, eligible capital resources refers to IFRS equity less intangible assets, plus eligible financial instruments, including subordinated securities as well as senior notes approved for inclusion.
eligible group capital resources	The sum of the eligible capital resources of each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the Hong Kong Insurance Authority (HKIA).
eligible group capital resources coverage ratio or the Group LCSM coverage ratio	The ratio of the eligible group capital resources to the group prescribed capital requirement (GPCR).

embedded value or EV	An actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. EV for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. EV by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.
equity attributable to shareholders of the Company on the embedded value basis or EV Equity	EV Equity is the total of embedded value, goodwill and other intangible assets attributable to shareholders of the Company, after allowing for taxes.
ESG	Environmental, Social and Governance.
ExCo	The Executive Committee of the Group.
expected credit losses or ECL	The weighted average of credit losses with the respective risks of a default occurring as the weights.
expense ratio	Expense ratio is measured as operating expenses divided by total weighted premium income (TWPI).
fair value reserve	Fair value reserve comprises the cumulative net change in the fair value of debt securities measured at fair value through other comprehensive income and the cumulative related loss allowance recognised in profit or loss.
fair value through other comprehensive income or FVOCI	For financial assets and liabilities measured at fair value through other comprehensive income, some changes in fair value are recognised in other comprehensive income. For details, please refer to note 2.5.1 to the consolidated financial statements.
fair value through profit or loss or FVTPL	For 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. For details, please refer to note 2.5.1 to the consolidated financial statements.
first year premiums	First year premiums are the premiums received in the first year of a recurring premium policy. As such, they provide an indication of the volume of new policies sold.
free surplus	ANW in excess of the required capital adjusted for certain assets that are not eligible for regulatory capital purposes. Free surplus for AIA is stated after adjustment to reflect consolidated reserving and capital requirements.
fulfilment cash flows or FCF	An explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the Group fulfils insurance contracts, including a risk adjustment for non-financial risk.
Global Minimum Tax regime or GMT	The Global Minimum Tax regime (GMT), developed as part of 'Pillar Two' of '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.

GMT top-up tax	Pillar Two income taxes arising from tax law enacted to implement the Global Anti-Base Erosion (GloBE) Model Rules published by the Organisation for Economic Co-operation and Development, including tax law that implements a qualified domestic minimum top-up tax described in those rules.
gross carrying amount	Gross carrying amount is the amortised cost before adjusting for loss allowance.
Group LCSM surplus	The excess of the eligible group capital resources over the GPCR.
group minimum capital requirement or GMCR	The sum of the minimum capital requirements of each entity within the Group, subject to any variation considered necessary by the HKIA.
Group Office	Group Office includes the activities of the Group Corporate Centre segment consisting of the Group's corporate functions, shared services and eliminations of intragroup transactions.
group prescribed capital requirement or GPCR	The sum of the prescribed capital requirements of each entity within the Group, subject to any variation considered necessary by the HKIA. It represents the level below which the HKIA may intervene on grounds of capital adequacy.
GWS	Group-wide supervision.
GWS Capital Rules	Insurance (Group Capital) Rules (Chapter 410 of the Laws of Hong Kong).
HKFRS	Hong Kong Financial Reporting Standards.
holding company financial resources	Debt securities, equity shares and interests in investment funds, deposits, cash and cash equivalents and dividends paid but not settled by subsidiaries, net of obligations under repurchase agreements, at the Group's listed holding company, AIA Group Limited. These are presented in notes 42 and 44 to the consolidated financial statements.
Hong Kong or HKSAR	The Hong Kong Special Administrative Region (SAR) of the People's Republic of China (PRC); in the context of our reportable segments, Hong Kong includes the Macau SAR.
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time.
Hong Kong Insurance Authority or HKIA	Insurance Authority established under the Hong Kong Insurance Ordinance.
Hong Kong Insurance Ordinance or HKIO	Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as amended from time to time. It provides a legislative framework for the prudential supervision of the insurance industry in Hong Kong.
Hong Kong Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited.
IAIG	Internationally Active Insurance Group.
IAIS	International Association of Insurance Supervisors.

IASB	International Accounting Standard Board.
IFRS balance sheet	Balance sheet prepared in accordance with the IFRS Accounting Standards.
IFRS basis	The basis of preparation used in the IFRS results.
IFRS earnings	Earnings calculated and reported under the IFRS Accounting Standards.
IFRS equity	Equity position calculated and reported under the IFRS Accounting Standards.
IFRS net asset value	Net asset value calculated and reported under the IFRS Accounting Standards.
IFRS results	Financial results calculated and reported under the IFRS Accounting Standards.
INED(s)	The independent non-executive director(s) of the Company.
insurance acquisition cash flows	Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.
Insurance Capital Standard or ICS	A risk-based global insurance capital standard applicable to IAIGs developed by the IAIS.
insurance contract services	The following services that the Group provides to a policyholder of an insurance contract: (a) coverage for an insured event (insurance coverage); (b) for insurance contracts without direct participation features, the generation of an investment return for the policyholder, if applicable (investment-return service); and (c) for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder (investment-related service).
insurance finance reserve	Insurance finance reserve comprises the cumulative insurance finance income or expenses recognised in other comprehensive income.
insurance revenue	Insurance revenue arising from insurance contracts and exclude any investment components. For details, please refer to notes 2.3.10.1 and 2.3.10.3 to the consolidated financial statements.
insurance service expenses	Insurance service expenses arising from insurance contracts and exclude repayments of investment components. For details, please refer to note 2.3.10.5 to the consolidated financial statements.
insurance service result	Insurance service result comprises insurance revenue, insurance service expenses and net expenses from reinsurance contracts held.

interactive Point of Sale or iPoS	iPoS is a secure, mobile point-of-sale technology that features a paperless sales process from the completion of the customer's financial-needs analysis to proposal generation with electronic biometric signature life insurance applications on tablet devices.
investment component	Amount that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Generally, for relevant contracts, surrender value would be determined as an investment component.
investment experience	Realised and unrealised investment gains and losses recognised in the consolidated income statement.
investment income	Investment income comprises interest income, dividend income and rental income.
investment return	Investment return comprises interest revenue on financial assets, other investment return and net impairment loss on financial assets.
IPO	Initial Public Offering.
liability for incurred claims or LIC	<p>The Group's obligation to:</p> <ul style="list-style-type: none"> (a) investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and (b) pay amounts that are not included in (a) and that relate to: <ul style="list-style-type: none"> (i) insurance contract services that have already been provided; or (ii) any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the liability for remaining coverage.
liability for remaining coverage or LRC	<p>The Group's obligation to:</p> <ul style="list-style-type: none"> (a) investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage); and (b) pay amounts under existing insurance contracts that are not included in (a) and that relate to: <ul style="list-style-type: none"> (i) insurance contract services not yet provided (i.e. the obligations that relate to future provision of insurance contract services); or (ii) any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims.
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time.
Local Capital Summation Method or LCSM	<p>LCSM is the method used by the HKIA as a measure of group capital under the GWS framework.</p> <p>Under the LCSM, AIA's published eligible group capital resources, GMCR and GPCR are calculated as the sum of the eligible capital resources, minimum capital requirements and prescribed capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA. Adjustments are made to eliminate double counting.</p>

loss component	Loss component for onerous contracts. For details, please refer to note 2.3 to the consolidated financial statements.
MediCard	MediCard Philippines, Inc.
Million Dollar Round Table or MDRT	A global professional trade association of life insurance and financial services professionals that recognises significant sales achievements and high service standards.
minimum capital requirement or MCR	The level at which, if not maintained by the regulated entity, may result in the severest penalty, the most extreme intervention measures, or the withdrawal of authorisation to carry on the whole or any part of its business, being imposed on or taken against the regulated entity under the laws relating to regulatory capital in the jurisdiction in which the entity is authorised. (For details, please refer to the Insurance (Group Capital) Rules, Rule 4 from the HKIA).
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, as amended from time to time.
n/a	Not available.
n/m	Not meaningful.
net CSM	CSM after allowing for reinsurance, taxes and net of non-controlling interests.
net free surplus generation or net FSG	Net free surplus generation is calculated as underlying free surplus generation less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements as disclosed in the Supplementary Embedded Value Information.
net investment result	Comprises investment return, net finance income or expenses from insurance contracts and reinsurance contracts held, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds.
new business CSM	New business CSM is the CSM relating to new business written in the period, net of any related reinsurance.
operating margin	Operating margin is measured as operating profit after tax expressed as a percentage of TWPI.
operating profit after tax or OPAT	Operating profit after tax is the Group's core measure of operating earnings, determined using, among others, expected long-term investment return for equities and real estate. Short-term fluctuations between expected long-term investment return and actual investment return for these asset classes are excluded from operating profit. The assumptions used to determine expected long-term investment return are the same, in all material respects, as those used by the Group in determining its embedded value and are disclosed in the Supplementary Embedded Value Information.
operating return on EV or operating ROEV	Operating return on EV is calculated as EV operating profit, expressed as a percentage of the opening embedded value.

operating return on shareholders' allocated equity or operating ROE	Operating return on shareholders' allocated equity is calculated as operating profit after tax attributable to shareholders of the Company, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.
OTC	Over-the-counter.
Other Markets	AIA's Other Markets are Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.
other participating business with distinct portfolios	Business where it is expected that the policyholders will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory.
participating funds	Participating funds are distinct portfolios where the policyholders have a contractual right to receive at the discretion of the insurer additional benefits based on factors such as the performance of a pool of assets held within the fund, as a supplement to any guaranteed benefits. The allocation of benefits from the assets held in such participating funds is subject to minimum policyholder participation mechanisms which are established by regulation.
persistence	The percentage of insurance policies remaining in force from month to month in the past 12 months, as measured by premiums.
Pillar Two	BEPS 2.0's second pillar, which includes the Global Minimum Tax regime.
policyholder and shareholder investments	Investments other than those held to back unit-linked contracts as well as assets from consolidated investment funds.
portfolio of insurance contracts	Insurance contracts subject to similar risks and managed together.
pps	Percentage points.
premium allocation approach or PAA	Simplified measurement of insurance contracts 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 liabilities for remaining coverage would not differ materially from the result of applying the accounting policies of contracts not measured under PAA.
prescribed capital requirement or PCR	The level at which, if maintained by the regulated entity, would not give rise to a power to impose any penalty, sanction or intervention measures against, or withdrawal of authorisation of, the regulated entity under the laws relating to regulatory capital in the jurisdiction in which the entity is authorised. (For details, please refer to the Insurance (Group Capital) Rules, Rule 5 from the HKIA).
PVNBP margin	VONB gross of non-controlling interests excluding pension business, expressed as a percentage of present value of new business premiums (PVNBP). PVNBP margin for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax.

renewal premiums	Premiums receivable in subsequent years of a recurring premium policy.
reverse repo	Reverse repurchase agreement.
rider	A supplemental plan that can be attached to a basic insurance policy, typically with payment of additional premiums.
risk adjustment	The compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts.
Risk-Based Capital or RBC	RBC represents an amount of capital based on an assessment of risks that a company should hold to protect customers against adverse developments.
RSPUs	Restricted stock purchase units.
RSSUs	Restricted stock subscription units.
RSUs	Restricted share units.
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time.
Share(s)	For the Company, shall mean ordinary share(s) in the capital of the Company.
share buy-back	Buy-backs of Shares, including under a share buy-back programme, conducted by the Company pursuant to the general mandate granted to the directors of the Company by the Shareholders at annual general meetings from time to time, in compliance with the Listing Rules, the Takeovers Codes, the Hong Kong Companies Ordinance and all other applicable laws and regulations.
Shareholder(s)	Holder(s) of the Shares.
shareholders' allocated equity	Shareholders' allocated equity is total equity attributable to shareholders of the Company less fair value reserve and insurance finance reserve.
shareholder capital ratio	Shareholder capital ratio is the shareholder capital resources as a percentage of the required capital on consolidated basis as disclosed in the Supplementary Embedded Value Information.
shareholder capital resources	Shareholder capital resources comprise free surplus and required capital on consolidated basis as disclosed in the Supplementary Embedded Value Information and eligible Tier 2 debt capital as used in the Group LCSM solvency position.
Singapore	The Republic of Singapore; in the context of our reportable segments, Singapore includes Brunei.
single premium	A single payment that covers the entire cost of an insurance policy.

solvency	The ability of an insurance company to satisfy its policyholder benefits and claims obligations.
SOs	Share options.
Takeovers Code	Codes on Takeovers and Mergers and Share Buy-backs, as amended from time to time.
Tata AIA Life	Tata AIA Life Insurance Company Limited.
Tier 1 group capital	The resources and financial instruments of the group eligible to be included, in accordance with the Insurance (Group Capital) Rules, Rule 7(1) from the HKIA.
Tier 1 group capital coverage ratio	Tier 1 group capital coverage ratio is calculated as the ratio of the Tier 1 group capital to the GMCR.
Tier 2 group capital	The resources and financial instruments of the group eligible to be included, in accordance with the Insurance (Group Capital) Rules, Rule 7(3) from the HKIA.
total weighted premium income or 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. As such it provides an indication of AIA's longer-term business volumes as it smoothes the peaks and troughs in single premiums. The amounts are not intended to be indicative of insurance revenue and fee income recorded in the consolidated income statement.
underlying free surplus generation or UFSG	The key operating measure of the Group's capital and cash generation after tax. It represents the free surplus generated from the in-force business, adjusted for certain non-recurring items and before free surplus used to fund new business, unallocated Group Office expenses, finance costs, investment return variances and other non-operating items. The underlying free surplus generation is calculated after reflecting consolidated reserving and capital requirements. It reflects free surplus generated rather than a measure of holding company cash flow.
underlying items	Items that determine some of the amounts payable to a policyholder. Underlying items can comprise any items; for example, a reference portfolio of assets, the net assets of the Group, or a specified subset of the net assets of the Group.
unit-linked investments	Financial investments held to back unit-linked contracts.
unit-linked products	Unit-linked products are insurance products where the policy value is linked to the value of underlying investments (such as collective investment schemes, internal investment pools or other property) or fluctuations in the value of underlying investment or indices. Investment risk associated with the product is usually borne by the policyholder. Insurance coverage, investment and administration services are provided for which the charges are deducted from the investment fund assets. Benefits payable will depend on the price of the units prevailing at the time of death of the insured or surrender or maturity of the policy, subject to surrender charges.

value of in-force business or VIF	VIF is the present value of projected after-tax statutory profits by Business Units emerging in the future from the current in-force business less the cost arising from holding the required capital (CoC) to support the in-force business. VIF for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. VIF by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.
value of new business or VONB	VONB is the present value, measured at the point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period less the cost of holding the required capital in excess of regulatory reserves to support this business. VONB for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. VONB by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.
variable fee approach or VFA	The VFA modifies the general measurement model in IFRS 17 to reflect the nature of the income to the insurer is a variable fee.
VONB margin	VONB gross of non-controlling interests excluding pension business, expressed as a percentage of ANP. VONB margin for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. VONB margin by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.