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 2024

AIA DELIVERS EXCELLENT FINANCIAL RESULTS FOR 2024

VONB UP 18 PER CENT; OPAT PER SHARE UP 12 PER CENT; UFSG PER SHARE UP 10 PER CENT
EV EQUITY PER SHARE UP 9 PER CENT
FINAL DIVIDEND PER SHARE UP 10 PER CENT; NEW SHARE BUY-BACK OF US$1.6 BILLION

The Board of AIA Group Limited (the "Company") is pleased to announce the Group's financial results for the year ended 31 December 2024. Growth rates are shown on a constant exchange rate basis:

New business performance

- Value of new business (VONB) up 18 per cent to US$4,712 million
- All reportable segments delivered double-digit VONB growth
- Annualised new premiums (ANP) up 14 per cent to US$8,606 million
- New business profitability increased with VONB margin up 1.9 pps to 54.5 per cent

Embedded value

- EV Equity of US$71.6 billion after capital returns to shareholders, up 9 per cent per share
- Embedded value (EV) operating profit of US$10,025 million, up 19 per cent per share
- Operating ROEV of 14.9 per cent, up 200 basis points from 12.9 per cent in 2023

IFRS earnings

- Operating profit after tax (OPAT) of US$6,605 million, up 12 per cent per share
- On track to meet OPAT per share CAGR target of 9 to 11 per cent from 2023 to 2026
- Operating ROE of 14.8 per cent, up 130 basis points from 13.5 per cent in 2023

Free surplus generation

- Underlying free surplus generation (UFSG) of US$6,327 million, up 10 per cent per share
- Net free surplus generation (net FSG)(3) of US$4,020 million after reinvestment in organic new business
- Shareholder capital ratio(4) of 236 per cent at 31 December 2024

Dividends and share buy-back

- Final dividend increased by 10 per cent to 130.98 Hong Kong cents per share
- New US$1.6 billion share buy-back(5) in accordance with our enhanced capital management policy
- US$6.5 billion returned to shareholders in 2024 through dividends and our share buy-back programme

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

"AIA has delivered an excellent performance in 2024 with record new business profits, strong earnings growth and free surplus generation. We have continued to drive higher operating ROEV and ROE while returning substantial capital to shareholders. VONB was up 18 per cent to US$4,712 million with all reportable segments achieving double-digit growth, reflecting the diversification and strength of our business. Successive layers of profitable new business drive sustained growth in earnings and cash generation with OPAT per share up 12 per cent and UFSG per share up 10 per cent. EV Equity per share increased by 9 per cent, after returning US$6.5 billion to our shareholders through dividends and share buy-back.

"Following our prudent, sustainable and progressive dividend policy, the Board has recommended a 10 per cent increase in the final dividend to 130.98 Hong Kong cents per share, which results in an increase of 9 per cent in total dividend per share for 2024. In addition, following our enhanced capital management policy, the Board has also announced a new share buy-back of US$1.6 billion. This comprises US$0.6 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. Together, the dividends and share buy-backs amount to a total yield(6) of approximately 6 per cent for shareholders.

"AIA is uniquely well-positioned to capitalise on the long-term structural growth potential in the world's most attractive market for life and health insurance through the consistent execution of our clear and ambitious strategy. I am confident that AIA's long-term business prospects remain exceptional. We will continue to strengthen our substantial competitive advantages to capture the opportunities ahead of us and create sustainable value for all our stakeholders."

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(7), Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR(8), 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$305 billion as of 31 December 2024.

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 43 million individual policies and 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) 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.

(2) Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis.

(3) Net FSG is calculated as UFSG less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements as shown in the supplementary embedded value information for 2024. For clarity, net FSG is calculated before the effect of investment return variances and other items.

(4) Shareholder capital ratio is defined as total capital resources calculated on the shareholder basis, comprising free surplus and required capital (as used in our embedded value calculations) and eligible Tier 2 debt capital (as used in our Group Local Capital Summation Method solvency position), as a percentage of the required capital.

(5) The new share buy-back is targeted to commence as soon as practicable and is expected to complete within 2025.

(6) Calculated as total dividends for the financial year 2024 of approximately US$2.4 billion plus share buy-backs expected in 2025 of US$2.3 billion, as a percentage of market capitalisation as of 31 December 2024. The share buy-backs of US$2.3 billion comprise US$0.7 billion under the US$12.0 billion share buy-back programme, which completed in February 2025, plus the US$1.6 billion new share buy-back announced today as part of the Group's enhanced capital management policy.

(7) Hong Kong SAR refers to the Hong Kong Special Administrative Region.

(8) Macau SAR refers to the Macau Special Administrative Region.

FINANCIAL SUMMARY

PERFORMANCE HIGHLIGHTS

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
New Business				
Value of new business (VONB)	**4,712**	4,034	**18%**	17%
VONB margin	**54.5%**	52.6%	**1.9 pps**	1.9 pps
Annualised new premiums (ANP)	**8,606**	7,650	**14%**	12%
EV Operating Profit				
Embedded value (EV) operating profit	**10,025**	8,890	**14%**	13%
Operating ROEV	**14.9%**	12.9%	**n/a**	2.0 pps
Basic EV operating profit per share (US cents)	**90.62**	77.18	**19%**	17%
IFRS Earnings				
Operating profit after tax (OPAT)	**6,605**	6,213	**7%**	6%
Operating ROE	**14.8%**	13.5%	**n/a**	1.3 pps
Total weighted premium income (TWPI)	**41,398**	37,939	**10%**	9%
Basic OPAT per share (US cents)	**59.70**	53.94	**12%**	11%
Free Surplus Generation				
Underlying free surplus generation (UFSG)	**6,327**	6,041	**6%**	5%
Basic UFSG per share (US cents)	**57.19**	52.45	**10%**	9%
Net free surplus generation (Net FSG)[8]	**4,020**	3,932	**3%**	2%
Dividends				
Dividend per share (HK cents)				
– Final	**130.98**	119.07	**n/a**	10%
– Total	**175.48**	161.36	**n/a**	9%

US$ millions, unless otherwise stated	As at 31 Dec 2024	As at 31 Dec 2023	YoY CER	YoY AER
Embedded Value				
EV Equity	**71,626**	70,153	**4%**	2%
Embedded value	**69,035**	67,447	**4%**	2%
Free surplus	**12,554**	16,329	**(22)%**	(23)%
EV Equity per share (US$)	**6.64**	6.17	**9%**	8%
Equity and Capital				
Shareholder capital resources[9]	**40,439**	40,847	**n/a**	(1)%
Shareholder capital ratio[9]	**236%**	269%	**n/a**	(33) pps
Shareholders' allocated equity	**44,404**	44,754	**1%**	(1)%
Shareholders' allocated equity per share (US$)	**4.11**	3.94	**6%**	4%

NEW BUSINESS PERFORMANCE BY SEGMENT

US$ millions, unless otherwise stated	2024			2023			VONB Change	
	VONB	**VONB Margin**	**ANP**	VONB	VONB Margin	ANP	**YoY CER**	YoY AER
Mainland China	**1,217**	**56.1%**	**2,168**	1,037	51.3%	2,023	**20%**	17%
Hong Kong	**1,764**	**65.5%**	**2,609**	1,430	57.5%	2,407	**23%**	23%
Thailand	**816**	**99.5%**	**821**	713	93.3%	765	**15%**	14%
Singapore	**454**	**50.5%**	**897**	394	67.2%	586	**15%**	15%
Malaysia	**349**	**67.3%**	**517**	319	67.3%	473	**10%**	9%
Other Markets	**467**	**29.2%**	**1,594**	406	28.9%	1,396	**18%**	15%
Subtotal	**5,067**	**58.2%**	**8,606**	4,299	55.6%	7,650	**19%**	18%
Consolidated capital requirements	**(73)**	**n/m**	**n/m**	(43)	n/m	n/m	**74%**	70%
Value of unallocated Group Office expenses	**(205)**	**n/m**	**n/m**	(187)	n/m	n/m	**10%**	10%
Group Corporate Centre tax	**(38)**	**n/m**	**n/m**	-	n/m	n/m	**n/a**	n/a
Total before non-controlling interests	**4,751**	**54.5%**	**8,606**	4,069	52.6%	7,650	**18%**	17%
Non-controlling interests	**(39)**	**n/m**	**n/m**	(35)	n/m	n/m	**11%**	11%
Total	**4,712**	**54.5%**	**8,606**	4,034	52.6%	7,650	**18%**	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 8:30 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 2024 and 2023, other than for balance sheet items that use CER as at 31 December 2024 and as at 31 December 2023.

(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) Net FSG is calculated as UFSG less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements as shown in the supplementary embedded value information for 2024. For clarity, net FSG is calculated before the effect of investment return variances and other items.

(9) Shareholder capital resources represent total capital resources calculated on the shareholder basis, comprising free surplus and required capital (as used in our embedded value calculations) and eligible Tier 2 debt capital (as used in our Group Local Capital Summation Method solvency position). Shareholder capital ratio represents shareholder capital resources presented as a percentage of the required capital.

(10) 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.

(11) ANP and VONB for Other Markets include the results from our 49 per cent shareholding in Tata AIA Life Insurance Company Limited (Tata AIA Life). ANP and VONB do not include any contribution from our 24.99 per cent shareholding in China Post Life Insurance Co., Ltd. (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 does not include any contribution from Tata AIA Life and China Post Life.

(12) The results of Tata AIA Life and 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 2024 and the twelve-month period ended 30 September 2023 in AIA's consolidated results for the year ended 31 December 2024 and the year ended 31 December 2023, respectively.

(13) AIA's financial information in this Financial Summary is based on the audited consolidated financial statements and supplementary embedded value information for 2024, unless otherwise stated.

TABLE OF CONTENTS

CHAIRMAN'S STATEMENT

AIA has delivered an excellent performance with double-digit growth in our key financial metrics inclusive of profitable new business, core earnings and cash generation in 2024. EV Equity per share also increased by 9 per cent, after returning US$6.5 billion to shareholders. In addition, the Board has recommended a 10 per cent increase in the final dividend per share and approved a new share buy-back programme of US$1.6 billion. The focused execution of our strategy maximises the unified strengths of our diversified business model and has enabled us to record these strong results.

We have achieved another successful year of very strong growth, demonstrating the sound business fundamentals that enable us to meet the expansive needs of our customers across Asia. The current opportunities for our business are vast and will further strengthen over time.

AIA benefits from having the industry's leading proprietary distribution network, which provides a diverse product range, backed by technological innovation and a trusted brand. Customer satisfaction is central to fulfilling our Purpose of helping people live Healthier, Longer, Better Lives and our actions in 2024 have further improved the awareness, accessibility and relevance of AIA's products and services to consumers.

Our excellent financial results in 2024 are in contrast to the performance of AIA's share price. A combination of factors has given rise to the volatility we have seen, and the Group Board and executive team remain committed to driving the key outcomes that create shareholder value both now and in the future.

AIA remains dedicated to writing profitable new business, which compounds over time to support higher earnings and cash-flow generation for the long term. In this way, we create a virtuous circle, funding further capital investment in organic new business, which grows our large stock of future earnings and delivers cash returns to shareholders.

In 2024, we announced an enhanced capital management policy and a compound annual growth rate target of 9 to 11 per cent for operating profit after tax (OPAT) per share from 2023 to 2026, underscoring our confidence in AIA's ability to reinstate its strong track record of performance post the pandemic disruptions. We very much value the trust placed in us and we also expanded our disclosures to provide increased transparency and accountability.

The success of our strategy is demonstrated by double-digit growth in our key financial measures for profitable new business, core earnings and cash generation with US$6.5 billion returned to shareholders in 2024. The Board has also recommended a 10 per cent increase in the final dividend per share and approved a new share buy-back programme of US$1.6 billion.

I am confident that AIA's significant competitive advantages keep us well-positioned to achieve our ambitions for the benefit of our customers and shareholders.

2024 Key Financial Achievements

The demand for AIA's high-quality products and services was strong during the year with value of new business (VONB), our core measure of new business profitability, growing by 18 per cent to a record US$4,712 million following double-digit growth in all of our reportable market segments and distribution channels.

Profitable new business growth also supported an increase in EV operating profit to US$10,025 million, up 19 per cent on a per share basis. EV Equity increased by 13 per cent to US$78,104 million before shareholder dividends of US$2,328 million and US$4,150 million of capital returns through our share buy-back programme. Net of these items, EV Equity was US$71,626 million at 31 December 2024, up by 9 per cent per share over the year.

Underlying free surplus generation (UFSG) of US$6,327 million grew by 10 per cent per share and OPAT reached a record high of US$6,605 million, an increase of 12 per cent per share. This demonstrates our commitment to the profitable growth of AIA's high-quality in-force business and keeps us on track to achieve our OPAT per share growth target, which we announced in August 2024.

The Group's financial position remained very strong in 2024. Free surplus grew to US$19,032 million at 31 December 2024 before returning US$6,478 million to shareholders through dividends and a share buy-back programme. Net of these items, free surplus was US$12,554 million at 31 December 2024.

Enhanced Capital Management Policy

In April 2024, the Group announced an enhanced capital management policy, providing greater clarity on how we deliver capital returns to shareholders. At the same time, we extended AIA's inaugural share buy-back programme by US$2.0 billion, bringing the total to US$12.0 billion. This programme successfully completed in February 2025, repurchasing 1,409,427,600 shares in total, equivalent to 11.7 per cent of total issued shares at its announcement in March 2022.

Today, I am pleased to share that the Board has approved a new share buy-back programme of US$1.6 billion in line with our stated capital management policy, taking into account our very strong financial position and confidence in AIA's future operational and financial delivery. The Board has also recommended a final dividend of 130.98 Hong Kong cents per share, which is an increase of 10 per cent. This brings the total dividend for 2024 to 175.48 Hong Kong cents per share, up by 9 per cent.

The Board continues to follow AIA's established prudent, sustainable and progressive dividend policy, a key element of our overall capital management policy, allowing for future growth opportunities as well as the financial flexibility of the Group.

Views from the Group Board

It is my honour to work with my fellow Board members who are united by a shared commitment to uphold the highest standards of corporate governance. All our non-executive directors are independent and bring extensive global leadership from both the public and private sectors, providing oversight of the Group's governance framework and risk management activities. By ensuring AIA has a robust risk culture embedded across the organisation, we remain well-positioned to address emerging risks, which is essential to succeeding in an increasingly complex operating environment.

AIA's legacy spans generations and we have significant experience in navigating market cycles as well as staying the course through near-term uncertainties. Our leading businesses are executing the right strategy aligned with the powerful structural growth drivers in one of the fastest-growing regions globally. The Group's geographical diversification and prudent financial management provide structural support against complex economic markets, and I am confident that our substantial competitive advantages will only strengthen over time.

By focusing on inspiring better health outcomes, championing financial inclusion and expanding access to quality care, we are also creating a positive impact on society. In 2022, we announced a commitment to engage with one billion people by 2030 to help them live Healthier, Longer, Better Lives in service of AIA's Purpose. By the end of 2024, we have engaged 496 million people through a series of touchpoints including advice, partnerships, events, community programmes and campaigns that drive behavioural change and create positive social impact.

Supporting the sustainable development of the markets in which we operate is another way in which we demonstrate our Purpose and, in 2024, we took further strides to advance our Environmental, Social, and Governance (ESG) strategy through our business operations. Our efforts once again earned us positive external recognition. Sustainalytics, a global leader in ESG and Corporate Governance research and ratings, has consistently ranked AIA in the top decile of the insurance industry in their ESG Risk Rating assessment. We have also been "ESG Industry Top Rated", as well as "ESG Regional Top Rated" by Sustainalytics for four consecutive years.

We maintained our inclusion in the FTSE4Good Index for the eighth year in a row as well as the STOXX Asia/Pacific ESG Leaders 50 Index and STOXX Global ESG Leaders Index for the fifth consecutive year. In Hong Kong, we maintained our presence on the Hang Seng Corporate Sustainability Index Series including the HSI ESG Enhanced Select Index.

Thank you

Our financial results would not have been possible without AIA's outstanding employees, agents and partners who consistently demonstrate our Operating Philosophy of "Doing the Right Thing, in the Right Way with the Right People… and the Right Results will come".

I would also like to specially thank our Group Chief Executive and President, Lee Yuan Siong, and his executive team for their leadership. AIA's business achievements in 2024 are the outcome of the successful execution of our strategy and the Group's exceptional position as the leading life and health insurance franchise across Asia.

Finally, I would like to express my deepest appreciation to our millions of customers and shareholders for the enduring trust they place in us to generate significant value for all our stakeholders, well into the future.

On behalf of the Board, thank you for your continuing support.

Edmund Sze-Wing Tse
Independent Non-executive Chairman
14 March 2025

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

Our excellent financial and operating results demonstrate that we have the right strategic priorities executed by market-leading businesses. I am confident that we are exceptionally well-positioned to deliver profitable and sustainable growth, earnings and cash returns well into the future.

The combined strengths of our market-leading operations have delivered record value of new business (VONB) of US$4,712 million, an increase of 18 per cent, with each reportable market segment achieving double-digit growth in 2024. This very strong performance builds on the momentum we have generated in previous years, with successive layers of profitable new business growing our large stock of future earnings, an important driver of shareholder value creation. EV Equity was US$71,626 million at 31 December 2024, up by 9 per cent per share, after capital returns to shareholders.

As a result, we achieved strong earnings growth in 2024 with operating profit after tax (OPAT) reaching a record level of US$6,605 million, up by 12 per cent per share. Our key operating measure of cash generation, underlying free surplus generation (UFSG) of US$6,327 million, also increased by 10 per cent per share.

We returned US$6,478 million to shareholders through dividends and our share buy-back programme during the year. Our capital management actions and prudent, sustainable and progressive dividend policy have resulted in total returns to shareholders of US$18.2 billion over 2022 to 2024.

In April 2024, we announced AIA's enhanced capital management policy, providing greater clarity on returns to shareholders. We target to pay out 75 per cent of annual net free surplus generation (net FSG), which is UFSG less new business investment and expenses, each year through dividends and share buy-back. We will also regularly review our capital position and return capital in excess of our needs.

Following our prudent, sustainable and progressive dividend policy, the Board has recommended an increase of 10 per cent in the final dividend per share to 130.98 Hong Kong cents per share. This brings the total dividend for 2024 to 175.48 Hong Kong cents per share, up by 9 per cent. The Board has also approved a new share buy-back programme of US$1.6 billion. This comprises US$0.6 billion to meet the payout ratio target of 75 per cent of annual net FSG, after total dividends of approximately US$2.4 billion for 2024, and an additional US$1.0 billion following the regular review of the Group's capital position. Together, the dividends and share buy-backs amount to a total yield(1) of approximately 6 per cent for shareholders.

AIA's excellent performance in 2024 is the outcome of executing a clear growth strategy that plays to our core strengths. We are focused on the world's most dynamic region for life and health insurance and Asia is the fastest-growing market globally. The region's rising, yet ageing, populations have limited social welfare coverage and private insurance penetration remains low. This is driving an urgent need for quality life and health insurance and AIA has the right distribution, products, services and talent to address these evolving consumer demands.

Our technology, digital and analytics transformation powers an unparalleled professional distribution platform, expanding our reach and bringing high-quality advice and services to middle-class and affluent customers across Asia. Our integrated product ecosystems empower consumers to achieve their financial security, health and wellness goals in more relevant and personalised ways. At the same time, we continue to innovate and simplify our processes to ensure greater transparency and elevate customer satisfaction with every interaction.

AIA's considerable competitive advantages have been built over decades, and our ability to combine these strengths for the benefit of our stakeholders sets us apart. I am confident that we will continue to draw upon our deep heritage and expertise to deliver profitable new business that compounds over time, driving growth in earnings and cash generation for shareholders over the long term.

GROUP FINANCIAL PERFORMANCE HIGHLIGHTS

VALUE OF NEW BUSINESS

VONB increased by 18 per cent to a record US$4,712 million, with double-digit growth in every reportable market segment. Annualised new premiums were up by 14 per cent to US$8,606 million and VONB margin also increased by 1.9 pps to 54.5 per cent.

AIA's ability to write large-scale, high-quality and profitable new business is a key differentiator, generating attractive returns on capital with short payback periods and an internal rate of return (IRR) on new business investment exceeding 20 per cent. We also delivered improvements in new business capital efficiency and higher VONB margins, supported by a more favourable product mix.

EV EQUITY

EV operating profit of US$10,025 million was up by 19 per cent per share, mainly driven by the record VONB result and increased positive operating experience compared with our assumptions. As a result, operating ROEV increased by 200 basis points(2) to 14.9 per cent in 2024, supported by our capital management actions.

Strong EV operating profit led to a 13 per cent increase in EV Equity to US$78,104 million, before shareholder dividends of US$2,328 million and share buy-back of US$4,150 million. Net of these items, EV Equity was US$71,626 million at 31 December 2024, up 9 per cent per share.

IFRS EARNINGS

OPAT, our core measure of operating earnings, grew by 12 per cent per share and achieved a record level of US$6,605 million in 2024. Operating margin remained strong at 16.0 per cent, reflecting our high-quality sources of earnings and Operating ROE increased by 130 basis points(2) compared with 2023 to 14.8 per cent.

The contractual service margin (CSM) represents our stock of expected future earnings and is therefore a key driver of OPAT growth. CSM increased by 9.1 per cent on an underlying basis after the release of CSM of US$5,625 million into OPAT. The closing CSM was US$56,231 million.

Shareholders' allocated equity was US$50,882 million, an increase of 16 per cent before capital returns to shareholders of US$6,478 million. Net of these items, shareholders' allocated equity was US$44,404 million at 31 December 2024, up by 6 per cent per share compared with the end of 2023.

This performance underscores the strength of our business fundamentals as well as our clear and disciplined approach to capital management. We are confident in achieving the 3-year OPAT per share CAGR(3) target of 9 to 11 per cent that we set out in August 2024.

CASH GENERATION, CAPITAL POSITION AND RETURNS TO SHAREHOLDERS

UFSG of US$6,327 million is a key measure of the Group's operating cash generation and increased by 10 per cent per share.

Free surplus grew to US$19,032 million at 31 December 2024 before returning US$6,478 million to shareholders through dividends and a share buy-back. Net of these items, free surplus was US$12,554 million at 31 December 2024.

The Group's shareholder capital ratio remained strong at 236 per cent as at 31 December 2024, compared with 269 per cent as at 31 December 2023, with the reduction in 2024 mainly due to capital returns to shareholders.

NEW BUSINESS PERFORMANCE BY MARKET

AIA Hong Kong was again the largest contributor to the Group's new business results. VONB grew by 23 per cent to US$1,764 million with both the domestic and Mainland Chinese visitor customer segments growing strongly. The majority of new business sales came from our market-leading Premier Agency, delivering 23 per cent VONB growth from an increase in the number of active agents and higher productivity with recruitment also up by 16 per cent. Partnerships achieved 25 per cent VONB growth from our relationships with Citibank, N.A. (Citibank), The Bank of East Asia, Limited, and select brokers. New product designs that enhanced customer returns, while also improving profitability, contributed to an overall VONB margin increase of 8.0 pps to 65.5 per cent.

VONB from **AIA China** grew by 20 per cent to US$1,217 million reflecting the success of our differentiated strategy of meeting the financial protection needs of middle-class and affluent customers, where demand for our products, services and brand remains strong. We achieved this through our distinctive Premier Agency and a highly selective approach to bancassurance, leveraging advanced digital technology, to expand and deepen our reach within both established geographies and in new provinces.

In the first half of 2024, we successfully launched new operations in three major cities in Sichuan and Hubei provinces and we received regulatory approvals to prepare for the establishment of branches in four new geographies: Anhui, Shandong, Chongqing and Zhejiang in the fourth quarter of 2024. AIA now has access to more than 340 million target customers across 14 geographies in Mainland China, as we replicate our high-quality growth model across new territories.

AIA's 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 channels and customer segments that are highly complementary to AIA China's strategy. VONB(4) was RMB9,856 million in 2024, up 19 per cent compared with the previous year. This is 5.3 times the VONB of RMB1,866 million in 2020, the year prior to AIA's involvement.

AIA Thailand grew VONB by 15 per cent to a record US$816 million and reinforced its position as the undisputed market leader. Our dominance across key segments spanning traditional protection and unit-linked business is driven by having the most productive agency distribution in the market. We also delivered very strong growth through Bangkok Bank Public Company Limited, the number one bank in Thailand and our strategic bancassurance partner, as a result of increased productivity and more active insurance sellers.

AIA Singapore also delivered VONB growth of 15 per cent to US$454 million with strong performances across all distribution channels. Growth in agency was supported by both higher productivity and numbers of active new agents. Our partnerships with Citibank and independent financial advisers expand our reach in wealth management and sales of our high-net-worth and long-term savings products were strong.

VONB grew by 10 percent to US$349 million at **AIA Malaysia**, primarily from strong double-digit VONB growth in partnership distribution through our strategic relationship with Public Bank Berhad and our market-leading corporate solutions business, as well as positive growth from agency. Our focus on unit-linked life and health protection sales delivered a VONB margin of 67.3 per cent.

In our **Other Markets**, VONB increased by 18 per cent to US$467 million, with all markets in this segment reporting positive VONB growth.

EXCEPTIONALLY WELL-POSITIONED TO DELIVER FUTURE GROWTH

Over the past four years we have made substantial investments in our world-class **technology, digital and analytics** programme, transforming AIA into a more intelligent, efficient and resilient organisation. Our processes are now simpler, faster and more connected. In December 2024, 96 per cent of servicing requests were fully digitally submitted and 92 per cent of all service transactions were straight-through processed. New business e-submission rates reached 99 per cent, with 82 per cent of all policies automatically underwritten. Consequently, back-office unit costs have reduced by 43 per cent from 2020 to 2024.

Our strategy makes it easier for individuals to obtain life and health insurance by delivering a **leading customer experience**. Across the Group, more than 21 million existing and prospective customers engage with us digitally, benefitting from superior digital experiences, primarily through AIA+, our comprehensive customer app. Now live in nine markets (an increase of four markets since 2023), including all of our major businesses, AIA+ exemplifies our commitment to digital excellence. We believe that satisfied customers exhibit higher levels of persistency and are more inclined to purchase other products. In 2024, VONB from additional products sold to existing customers grew by 20 per cent.

AIA's proprietary digital and analytics tools further increased the professionalism and reach of our **unrivalled distribution** channels, ensuring our customers receive the high-quality advice and services they need to achieve their goals. **Premier Agency** is the main driver of profitable growth for the Group, comprising 74 per cent of the Group's total VONB, and this channel increased VONB by 16 per cent to US$3,707 million in 2024.

Our agents are regarded as the best in the world and AIA has ranked number one for Million Dollar Round Table (MDRT) members, the hallmark of professionalism for distributors in our industry, for ten consecutive years. AIA China, AIA Hong Kong and AIA Thailand individually rank as the top three companies globally and AIA holds the market-leading position in nine markets.

The key to our success is the disciplined execution of agency development, training and activity management programmes over many years, combined with the digital tools required to enhance the efficiency and productivity of our agents. AIA's differentiated model offers long-term career opportunities to entrepreneurial leaders and agents. As we scale our platform across the region, new recruits increased by 18 per cent in 2024, with growth in the majority of our markets.

AIA's distribution is further strengthened by **strategic partnerships** with banks, financial intermediaries and corporates. VONB from our partnerships channel grew by 28 per cent to US$1,301 million and accounted for 26 per cent of the Group's total VONB.

Growth in VONB from **bancassurance** increased by 39 per cent with the majority of our partnerships reporting double-digit growth through our focus on driving increased new business profitability with more active sellers and higher productivity. We pursue a strategy of partnering for the long term and our bank relationships run for over 20 years on average, reflecting the aligned future growth ambitions of both partners. In 2024, we extended our partnership with Bank Central Asia (BCA), one of the leading banks in Indonesia, until the end of 2038, expanding our opportunity to unlock further growth and strengthen our position in this key market.

Our distribution success is enabled by AIA's integrated ecosystems, which combine products and services into **compelling propositions**. A balanced product mix is a cornerstone of our strategy, ensuring long-term profitability, effective risk management through diverse revenue streams, and alignment with our customers' evolving needs. We design our products based on insights gained from extensive consumer research and data analytics, allowing us to introduce highly sought-after products covering personal protection, long-term savings, retirement and medical solutions.

We have also advanced our **Integrated Healthcare Strategy** to enhance the sustainability of our insurance business. AIA's medical products support customers in avoiding unnecessary costs and delivering improved health outcomes through preferred networks in key markets including Malaysia, Mainland China, the Philippines, Indonesia, Vietnam, Thailand, Hong Kong and Singapore.

Additionally, we have expanded our day surgery centre networks and coverage across markets facilitating appropriate care in outpatient clinics when feasible. We acquired New Medical Centre Holding Limited, one of the largest clinic-based providers of gastroenterology and general surgery in Hong Kong. By integrating their operating entities into our health insurance solutions, AIA's customers will benefit from greater choice and an enhanced healthcare experience.

Amplify Health is an innovative provider of AI-powered health technology and analytics solutions across Asia. In 2024, we reached a major milestone with a new health analytics solution stack that combines health claims management capabilities including fraud, waste and abuse detection with autonomous machine learning and AI-driven decision-making to improve healthcare provider management and operational efficiencies.

Throughout the Group, we are building on our strong foundations by embedding generative AI solutions that will reshape insurance delivery and customer service, ultimately achieving better outcomes for all.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND OUR PEOPLE

As the largest pan-Asian life and health insurer our actions have a material impact on the communities in which we operate. The implementation of our Environmental, Social, and Governance (ESG) strategy is much more than a reflection of our responsibility, it also makes good business sense. By integrating climate considerations into our strategy and operations as well as ensuring sustainable investments while executing our ambition of net-zero emissions by 2050, we ensure AIA remains responsible, forward-thinking and adaptable in the face of global challenges.

Our dedication to health and wellness has helped us to engage with 496 million people across the region since the launch of AIA One Billion in 2022 reinforcing our Purpose of helping people Live Healthier, Longer and Better Lives. Effective governance ensures AIA continues to operate to the highest standards of business conduct, both in terms of our engagement with stakeholders and how we manage risks. This framework provides the necessary management oversight, clear incentives, organisational accountability, robust data governance and transparent reporting that enables us to succeed.

Across our markets, we foster a distinctive culture of empowerment with accountability, developing critical workforce capabilities and supporting our people so that they can achieve their full potential. As a result, we are able to attract, retain and develop outstanding talent, making AIA an employer of choice. In 2024, AIA Group was recognised as the number one workplace in Asia-Pacific by Best Places to Work, recognising our commitment to creating a dynamic workplace where all our staff can thrive.

I firmly believe that a highly motivated and engaged workforce is more productive and successful, benefitting not just our customers and shareholders but every member of our team. Our annual Gallup Q12 Employee Engagement Survey was completed by 97 per cent of employees in 2024, with scores placing us in the 92nd percentile of Gallup's global finance and insurance industry benchmark. We have remained in the top quartile of this benchmark for eight consecutive years, and in the top decile for the past four years. AIA's consistent excellence in employee engagement has earned us the Gallup Exceptional Workplace Award for the third consecutive year.

We have incredibly talented people across the Group and our very strong execution capabilities are a product of their hard work, dedication and commitment. I am immensely proud of and deeply grateful to all our employees for the energy they bring to our business every day.

OUTLOOK

AIA's financial and operating performance in 2024 reiterates my confidence in our strategy and business model. Our enhanced capital management policy and OPAT per share growth target, introduced in 2024, reflect both our ambition and proven execution ability, clearly demonstrated by today's results.

The growth potential for our markets remains strong despite near-term geopolitical and macroeconomic uncertainty. Asia offers us the most promising opportunities and the major demographic and social trends in the region are only growing stronger over time. We are well-placed with the right priorities and competitive advantages to fully capitalise on the immense opportunities available only to us.

AIA addresses the vast and growing financial protection needs of resilient middle-class and affluent customers through personalised solutions provided by our highly productive and expanding distribution channels. This approach enables us to deliver profitable new business, drive high-quality earnings growth and generate surplus cash that can be returned to shareholders.

Importantly, our financial flexibility also provides the resilience needed to navigate market challenges, while supporting long-term value creation. I am certain that AIA is in an excellent position to achieve our objectives in 2025 and beyond.

Lee Yuan Siong
Group Chief Executive and President
14 March 2025

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) Calculated as total dividends for the financial year 2024 of approximately US$2.4 billion plus share buy-backs in 2025 of US$2.3 billion, as a percentage of market capitalisation as of 31 December 2024. The share buy-backs of US$2.3 billion comprise US$0.7 billion under the US$12.0 billion share buy-back programme, which completed in February 2025, plus the US$1.6 billion new share buy-back announced in the 2024 full year results as part of the Group's enhanced capital management policy and expected to complete within 2025.

(2) On an actual exchange rate (AER) basis.

(3) Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis.

(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 2024 reflects its latest long-term investment return assumptions used at 31 December 2024.

FINANCIAL AND OPERATING REVIEW

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

AIA has delivered another excellent set of results with double-digit growth in our key financial metrics: VONB was up 18 per cent with OPAT and UFSG increasing by 12 per cent and 10 per cent per share respectively. EV Equity per share also increased by 9 per cent, after returning US$6,478 million to shareholders through dividends and our share buy-back programme.

We are confident that AIA's unparallelled competitive advantages will drive sustained new business growth, increased earnings and higher cash returns in the years to come. As a result, in 2024 we set out a 3-year growth target for OPAT per share and disclosed an enhanced capital management policy to provide greater clarity on how we will deliver annual capital returns to shareholders.

The Board has recommended a 10 per cent increase in the final dividend per share and approved an additional share buy-back of US$1.6 billion, in line with our capital management policy, contributing to a total yield(1) *on AIA shares of approximately 6 per cent. AIA's dividend increase and additional capital returns reaffirm our confidence in the resilience and future prospects of the Group, building on the excellent results announced.*

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

SUMMARY AND KEY FINANCIAL HIGHLIGHTS

EMBEDDED VALUE

VONB grew by 18 per cent to US$4,712 million with double-digit growth in all of our reportable segments. This strong and broad-based performance was the result of both higher sales volumes and increased new business profitability, with annualised new premiums (ANP) growing by 14 per cent and VONB margin up by 1.9 pps to 54.5 per cent.

EV Equity grew by 13 per cent to US$78,104 million, before returning US$6,478 million to shareholders through dividends and share buy-back over the year.

EV operating profit of US$10,025 million was up by 19 per cent per share, driven by record VONB of US$4,712 million, an increase in expected return on EV and positive operating experience compared with assumptions. As a result, operating ROEV increased by 200 basis points(2) to 14.9 per cent in 2024, supported by our capital management actions.

Investment return variances and economic assumption changes were small, with a US$58 million reduction in EV Equity overall as favourable equity markets broadly offset lower interest rates in Mainland China and Thailand.

Other non-operating variances reduced EV Equity by US$880 million, mainly due to a reduction in the present value of expected future fees following the mandatory implementation of the new eMPF platform in Hong Kong. There is a translation effect in the Group's consolidated figures as we report in US dollars. As a result, the strengthening of the US dollar against local market currencies reduced EV Equity by US$1,156 million.

After payment of shareholder dividends of US$2,328 million and share buy-back of US$4,150 million, EV Equity was US$71,626 million at 31 December 2024, up by 9 per cent per share.

IFRS EARNINGS

OPAT, our core measure of operating earnings, was at a record level of US$6,605 million and grew by 12 per cent per share, driven mainly by a 12 per cent increase in the insurance service result, and supported by the share buy-back.

The growth in insurance service result was due to a 7 per cent increase in CSM release and a US$172 million improvement in operating variances compared with 2023.

Underlying CSM growth[3] of 9.1 per cent underpins our OPAT growth and reflects the addition of further large-scale, high-quality, profitable new business that compounds over time and adds substantial layers of recurring earnings to our in-force business.

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. Combined with our effective management of the in-force portfolio, we are confident in delivering our 3-year OPAT per share CAGR target of 9 to 11 per cent that we announced in 2024[4].

Operating ROE increased by 130 basis points[2] to 14.8 per cent compared with 2023, driven by growth in OPAT and supported by capital management actions. Operating margin remained strong at 16.0 per cent and reflects our high-quality sources of earnings.

After shareholder dividends and share buy-back of US$6,478 million, shareholders' allocated equity was US$44,404 million at 31 December 2024, up by 6 per cent per share compared with the end of 2023.

FREE SURPLUS

UFSG, a key operating financial measure of the Group's cash generation after tax, was US$6,327 million in 2024, up by 10 per cent per share.

Net free surplus generation (net FSG) after allowing for investment in new business and expenses was US$4,020 million in 2024.

Free surplus increased from US$16,329 million at 31 December 2023 to US$19,032 million before returning US$6,478 million to shareholders through dividends and share buy-back. Net of these items, free surplus was US$12,554 million at 31 December 2024.

SHAREHOLDER CAPITAL RETURN

In April 2024, we added a further US$2.0 billion to our original US$10.0 billion share buy-back programme announced in March 2022. Since we began buying back shares in March 2022, approximately 1,311 million shares were repurchased for an aggregate value of US$11,335 million as at 31 December 2024. After share buy-back of US$665 million in the first two months of 2025, the US$12.0 billion share buy-back programme was concluded with a total of approximately 1,409 million shares repurchased, reducing the outstanding share count by 11.7 per cent.

Over 2022 to 2024, we have returned US$18.2 billion to shareholders through dividends paid and share buy-back.

We also announced, in April 2024, an enhanced capital management policy to provide greater clarity on how we will deliver annual capital returns to shareholders. We target to pay out 75 per cent of annual net FSG, as determined at the annual full year results, through dividends and share buy-back. We also committed to regularly review our capital position and to systematically return capital that is in excess of our needs.

As a result, the Board has recommended a 10 per cent increase in final dividend to 130.98 Hong Kong cents per share in line with AIA's established prudent, sustainable and progressive dividend policy. In addition, the Board has approved a new share buy-back of US$1.6 billion. This comprises US$0.6 billion to meet the payout ratio target of 75 per cent of annual net FSG, after dividends of approximately US$2.4 billion(5) for 2024, and an additional US$1.0 billion following a further review of the Group's capital position.

Together, the dividends and share buy-backs amount to a total yield(1) of approximately 6 per cent for shareholders.

The shareholder capital ratio(6), our principal measure of the overall capital and free surplus position for shareholders, remained strong at 236 per cent at 31 December 2024. This compared with 269 per cent at 31 December 2023, with the reduction largely due to capital returns to shareholders, representing a decrease of 38 percentage points.

AIA remains exceptionally well positioned to capture the 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 confidence in delivering our OPAT growth target(4) as well as cash returns to shareholders in the years to come.

Notes:

(1) Calculated as total dividends for the financial year 2024 of approximately US$2.4 billion plus share buy-backs in 2025 of US$2.3 billion, as a percentage of market capitalisation as of 31 December 2024. The share buy-backs of US$2.3 billion comprise US$0.7 billion under the US$12.0 billion share buy-back programme, which completed in February 2025, plus the US$1.6 billion new share buy-back announced in the 2024 full year results as part of the Group's enhanced capital management policy and expected to complete within 2025.

(2) On an actual exchange rate (AER) basis.

(3) 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.

(4) OPAT per share compound annual growth rate (CAGR) target of 9 to 11 per cent from 2023 to 2026 calculated on a CER basis.

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

(6) Shareholder capital resources comprise free surplus and required capital (as used in our EV calculations) and eligible Tier 2 debt capital (as used in our Group LCSM solvency position). The shareholder capital ratio is the shareholder capital resources as a percentage of required capital.

NEW BUSINESS PERFORMANCE

VONB, ANP AND MARGIN BY SEGMENT

US$ millions, unless otherwise stated	2024 VONB	2024 VONB Margin	2024 ANP	2023 VONB	2023 VONB Margin	2023 ANP	VONB Change YoY CER	VONB Change YoY AER
Mainland China	**1,217**	**56.1%**	**2,168**	1,037	51.3%	2,023	**20%**	17%
Hong Kong	**1,764**	**65.5%**	**2,609**	1,430	57.5%	2,407	**23%**	23%
Thailand	**816**	**99.5%**	**821**	713	93.3%	765	**15%**	14%
Singapore	**454**	**50.5%**	**897**	394	67.2%	586	**15%**	15%
Malaysia	**349**	**67.3%**	**517**	319	67.3%	473	**10%**	9%
Other Markets	**467**	**29.2%**	**1,594**	406	28.9%	1,396	**18%**	15%
Subtotal	**5,067**	**58.2%**	**8,606**	4,299	55.6%	7,650	**19%**	18%
Consolidated capital requirements	**(73)**	**n/m**	**–**	(43)	n/m	–	**74%**	70%
Value of unallocated Group Office expenses	**(205)**	**n/m**	**–**	(187)	n/m	–	**10%**	10%
Group Corporate Centre tax	**(38)**	**n/m**	**–**	–	n/m	–	**n/m**	n/m
Total before non-controlling interests	**4,751**	**54.5%**	**8,606**	4,069	52.6%	7,650	**18%**	17%
Non-controlling interests	**(39)**	**n/m**	**n/m**	(35)	n/m	n/m	**11%**	11%
Total	**4,712**	**54.5%**	**8,606**	4,034	52.6%	7,650	**18%**	17%

VONB grew by 18 per cent to US$4,712 million with double-digit increases in all our reportable segments, demonstrating the strength of our business model and geographical diversification.

Premier Agency achieved 16 per cent growth in VONB, resulting from an increase in the number of active agents and higher productivity. VONB from our partnership distribution grew by 28 per cent with excellent performances from both bancassurance and intermediated channels.

Annualised new premiums (ANP) grew by 14 per cent to US$8,606 million. VONB margin of 54.5 per cent increased by 1.9 pps compared with 2023, driven by a favourable product mix shift and repricing in Hong Kong and Mainland China, partly offset by the effect of economic assumption changes. Margin reported on a present value of new business premium (PVNBP) basis increased to 11 per cent, compared with 10 per cent in 2023.

AIA China delivered 20 per cent VONB growth, resulting from a double-digit increase in our agency channel and a significant uplift from our bancassurance partnerships. VONB margin increased by 4.9 pps to 56.1 per cent from a positive shift in the mix of savings products towards tax-incentivised retirement products.

AIA Hong Kong achieved 23 per cent VONB growth in 2024, with a 24 per cent increase from domestic customers and 22 per cent growth from Mainland Chinese visitor (MCV) customers. Both segments made broadly equal contributions to Hong Kong's VONB in 2024, reflecting our well-diversified and growing customer base.

AIA Thailand achieved 15 per cent VONB growth in 2024, driven by an 8 per cent growth in ANP and a 6.2 pps increase in VONB margin, demonstrating AIA Thailand's dominance in health, protection and unit-linked business, founded on our differentiated Premier Agency model.

AIA Singapore delivered 15 per cent VONB growth, supported by double-digit increases across both our agency and partnership distribution channels.

AIA Malaysia delivered a 10 per cent increase in VONB, supported by ANP growth and a high-quality product mix with a VONB margin of 67.3 per cent.

VONB for Other Markets increased by 18 per cent, with all markets in this segment reporting positive VONB growth.

Group Corporate Centre (GCC) tax of US$38 million relates to new corporate income tax rules enacted in Bermuda.

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

EV EQUITY

EV EQUITY MOVEMENT

EV Equity grew by 13 per cent to US$78,104 million, before returning US$6,478 million to shareholders through shareholder dividends and share buy-back, compared with US$70,153 million at 31 December 2023.

EV operating profit of US$10,025 million was up by 19 per cent per share, driven by record VONB of US$4,712 million, an increase in expected return on EV due to growth in the value of in-force business and higher US interest rates, together with more positive operating variances compared with 2023. As a result, operating ROEV increased by 200 basis points(1) to 14.9 per cent in 2024, supported by our capital management actions.

Operating experience variances and assumption changes added US$188 million to EV Equity, compared with US$36 million in 2023. This was supported by improvements in expense and persistency variances, as well as management actions taken on medical business.

Cumulative operating experience variances and assumption changes, since our IPO in 2010, have added US$4.1 billion to EV Equity, demonstrating our focus on consistently writing high-quality new business and proactively managing our in-force portfolio over many years.

Investment return variances and economic assumption changes were small, with a US$58 million reduction in EV Equity overall as favourable equity markets broadly offset lower interest rates in Mainland China and Thailand.

Other non-operating variances reduced EV Equity by US$880 million, mainly due to a reduction in the present value of expected future fees following the mandatory implementation of the new eMPF platform in Hong Kong.

As a result, total EV Equity profit in 2024 was US$9,087 million, up from US$5,163 million in 2023.

While our assets and liabilities are closely matched by local currency, there is a translation effect in the Group's consolidated figures as we report in US dollars. As a result, the strengthening of the US dollar against local market currencies reduced EV Equity by US$1,156 million.

After payment of shareholder dividends of US$2,328 million and share buy-back of US$4,150 million during the year, EV Equity was US$71,626 million at 31 December 2024, up by 9 per cent 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 have increased by US$965 million to US$72,591 million. Also, our investment in China Post Life is included in the Group's EV Equity at IFRS net asset value and does not reflect any value of in-force business.

Note:
(1) On an actual exchange rate (AER) basis.

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

	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

US$ millions, unless otherwise stated	2023 ANW, goodwill and other intangible assets	VIF	EV Equity
Opening EV Equity	36,088	35,114	71,202
Value of new business	(45)	4,079	4,034
Expected return on EV	5,115	112	5,227
Operating experience variances	97	(22)	75
Operating assumption changes	286	(325)	(39)
Finance costs	(407)	–	(407)
EV operating profit	5,046	3,844	8,890
EV Equity before non-operating items	41,134	38,958	80,092
Investment return variances	(873)	(1,917)	(2,790)
Effect of changes in economic assumptions	(6)	(537)	(543)
Other non-operating variances	681	(1,075)	(394)
EV non-operating items	(198)	(3,529)	(3,727)
Total EV Equity profit	4,848	315	5,163
Other capital movements	(72)	–	(72)
Effect of changes in exchange rates	(219)	9	(210)
EV Equity before dividends and share buy-back	40,645	35,438	76,083
Dividends	(2,293)	–	(2,293)
Share buy-back	(3,637)	–	(3,637)
Closing EV Equity	34,715	35,438	70,153

EV EQUITY PER SHARE

US$ millions, unless otherwise stated	**As at 31 December 2024**	As at 31 December 2023	**Change CER**	**Change AER**
ANW	**30,527**	**32,009**	(3)%	(5)%
VIF	**38,508**	**35,438**	10%	9%
EV	**69,035**	**67,447**	4%	2%
Goodwill and other intangible assets[1]	**2,591**	**2,706**	(3)%	(4)%
EV Equity	**71,626**	**70,153**	4%	2%
Number of ordinary shares outstanding (millions)	**10,793**	**11,362**	(5)%	(5)%
EV Equity per share (US dollars)	**6.64**	**6.17**	9%	8%

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

	2024	2023	YoY CER	YoY AER
EV operating profit (US$ millions)	**10,025**	8,890	**14%**	13%
Weighted average number of ordinary shares outstanding (millions)	**11,063**	11,518	**(4)%**	(4)%
Basic EV operating profit per share (US cents)	**90.62**	77.18	**19%**	17%
Weighted average number of ordinary shares outstanding on diluted basis (millions)[1]	**11,073**	11,528	**(4)%**	(4)%
Diluted EV operating profit per share (US cents)[1]	**90.54**	77.12	**19%**	17%

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 for EV and VONB to changes in equity prices and interest rate movements, including resulting management actions, are shown below. Interest rate sensitivities apply a 50 basis points movement in current bond yield curves, long-term investment return assumptions and risk discount rates, including the corresponding effect on asset values. The direction of interest rate sensitivities varies by market.

	As at 31 December 2024		As at 31 December 2023	
US$ millions, unless otherwise stated	EV	% Change	EV	% Change
Central value	**69,035**		67,447	
Effect of equity price changes				
10 per cent increase in equity prices	**2,233**	**3.2%**	1,799	2.7%
10 per cent decrease in equity prices	**(2,248)**	**(3.3)%**	(1,823)	(2.7)%
Effect of interest rate changes				
50 basis points increase in interest rates	**(580)**	**(0.8)%**	(981)	(1.5)%
50 basis points decrease in interest rates	**500**	**0.7%**	945	1.4%

	2024		2023	
US$ millions, unless otherwise stated	VONB	% Change	VONB	% Change
Central value	**4,712**		4,034	
Effect of interest rate changes				
50 basis points increase in interest rates	**92**	**2.0%**	129	3.2%
50 basis points decrease in interest rates	**(120)**	**(2.5)%**	(155)	(3.8)%

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

IFRS EARNINGS

OPERATING PROFIT AFTER TAX COMPOSITION

OPAT grew by 12 per cent per share and achieved a record level of US$6,605 million in 2024.

OPAT is AIA's core measure of operating earnings and its growth over the year increased operating ROE by 130 basis points(1) to 14.8 per cent, supported by our capital management actions.

Operating margin remained strong at 16.0 per cent, reflecting our high-quality sources of earnings.

There are three main components of OPAT, as shown in the table below. The first is the insurance service result, which increased by 12 per cent compared with 2023 and was the main driver of growth, representing 74 per cent of operating profit before tax in 2024.

The insurance service result included 7 per cent growth in the CSM release, to US$5,625 million and benefitted from an increase in operating variances by US$172 million compared with 2023, supported by management actions taken on medical business.

The second component of OPAT is the net investment result after expenses of US$3,303 million. This was 1 per cent lower compared with 2023 reflecting a reduction in investment return on surplus assets used to support the share buy-back, and following the sale of our Savings and Investments (S&I) business in Australia, which was completed in the second half of 2023. Adjusting for these items, the net investment result after expenses grew by 6 per cent.

Lastly, other fees, revenue and expenses remained stable compared with 2023. It included expenses not directly attributable to insurance contracts under IFRS 17 of US$925 million, finance costs of US$489 million and net other fees and revenue of positive US$144 million.

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. Combined with our effective management of the in-force portfolio, we are confident in delivering our 3-year OPAT per share CAGR target of 9 to 11 per cent that we announced in 2024.

US$ millions, unless otherwise stated	**2024**	2023(2)	**YoY CER**	YoY AER
CSM release	**5,625**	5,314	**7%**	6%
Operating variances	**(56)**	(271)	**(75)%**	(79)%
Risk adjustment release and other	**122**	81	**69%**	51%
Insurance service result	**5,691**	5,124	**12%**	11%
Net investment result	**3,528**	3,581	**–**	(1)%
Investment management expenses	**(225)**	(187)	**22%**	20%
Net investment result after expenses	**3,303**	3,394	**(1)%**	(3)%
Net other fees and revenue(3)	**144**	76	**62%**	89%
Non-attributable expenses under IFRS 17	**(925)**	(921)	**3%**	–
Finance costs	**(489)**	(453)	**8%**	8%
Other fees, revenue and expenses	**(1,270)**	(1,298)	**1%**	(2)%
Tax	**(1,119)**	(1,007)	**10%**	11%
OPAT	**6,605**	6,213	**7%**	6%
Basic OPAT per share (US cents)	**59.70**	53.94	**12%**	11%

Notes:

(1) On an actual exchange rate (AER) basis.

(2) 2023 OPAT composition is based on the updated presentation in note 7 to the consolidated financial statements.

(3) After adjusting for non-insurance expenses.

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
OPAT	**6,605**	6,213	**7%**	6%
Weighted average number of ordinary shares outstanding (millions)	**11,063**	11,518	**(4)%**	(4)%
Basic OPAT per share (US cents)	**59.70**	53.94	**12%**	11%
Weighted average number of ordinary shares outstanding on diluted basis (millions)[1]	**11,073**	11,528	**(4)%**	(4)%
Diluted OPAT per share (US cents)[1]	**59.65**	53.89	**12%**	11%

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

Underlying growth[1] in the CSM of US$4,849 million was 9.1 per cent, demonstrating the compounding effect of the addition of large-scale, profitable new business over time.

We delivered a 11 per cent increase in new business CSM of US$7,675 million and the expected return on in-force business added a further US$2,799 million. Together these increased the CSM to US$63,589 million, equivalent to 20 per cent growth.

Variances and others reduced the CSM by US$956 million in 2024, largely driven by Hong Kong participating business, as higher US interest rates led to a corresponding increase in discount rates, and modelling refinements.

Translation effects in the Group's consolidated figures, as we report in US dollars, reduced the CSM by US$777 million.

The CSM increased to US$61,856 million before CSM release into OPAT of US$5,625 million. The closing CSM was US$56,231 million at 31 December 2024.

US$ millions, unless otherwise stated	2024	2023
Opening CSM	**53,115**	50,225
New business CSM	**7,675**	6,974
Expected return on in-force	**2,799**	2,569
CSM before variances and others, exchange rates and release	**63,589**	59,768
Variances and others	**(956)**	(992)
Exchange rates	**(777)**	(347)
Closing CSM before release	**61,856**	58,429
CSM release	**(5,625)**	(5,314)
Closing CSM	**56,231**	53,115
CSM release rate[2]	**9.4%**	9.5%
Underlying CSM growth after CSM release[1]	**9.1%**	8.4%

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) 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

For each of our reportable segments, the compounding effect of successive layers of profitable new business and broadly stable CSM release rates has driven a higher CSM release in all of our reportable segments, a key contributor to OPAT growth.

AIA Hong Kong achieved 15 per cent growth in OPAT, driven mainly by strong business growth and positive operating variances.

AIA China grew OPAT by 5 per cent as an increase in net investment result due to growth in our asset portfolio was partly offset by the effect of lower interest rates.

Our business in Thailand delivered OPAT growth of 9 per cent, as strong business growth was partially offset by negative operating variances after a prolonged flu season led to higher claims in the second half of 2024. We continue to monitor claims experience and took further actions in the second half to enhance claims management.

AIA Singapore's OPAT grew by 1 per cent as business growth was mostly offset by lower investment income on surplus assets due to increased remittances to support the share buy-back, as well as lower positive non-medical claims experience compared with 2023.

AIA Malaysia delivered OPAT growth of 10 per cent, supported by increased CSM release and net investment result reflecting business growth and favourable equity market performance.

For Other Markets, strong growth in the CSM release was offset by increased disability claims in Australia in line with market trends. In addition, the 2023 comparatives included the earnings from the S&I business in Australia until its disposal in the second half of 2023.

OPAT for GCC is small overall and primarily includes the net investment result on surplus assets held in GCC, unallocated Group Office operating expenses and finance costs.

US$ millions, unless otherwise stated	**2024**	2023	**YoY CER**	YoY AER
Mainland China	**1,597**	1,548	**5%**	3%
Hong Kong	**2,499**	2,180	**15%**	15%
Thailand	**1,019**	951	**9%**	7%
Singapore	**669**	669	**1%**	–
Malaysia	**331**	293	**10%**	13%
Other Markets	**507**	560	**(5)%**	(9)%
Group Corporate Centre	**(17)**	12	**n/m**	n/m
Total	**6,605**	6,213	**7%**	6%

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$5,816 million compared with 2023.

Non-participating insurance finance expenses and others[3] of US$2,288 million increased by 11 per cent from US$2,077 million for 2023.

Net investment result after expenses of US$3,303 million was 1 per cent lower compared with 2023, reflecting a reduction in investment return on surplus assets used to support the share buy-back, and following the sale of our S&I business in Australia, which was completed in the second half of 2023. Adjusting for these items, the net investment result after expenses grew by 6 per cent.

US$ millions, unless otherwise stated	**2024**	2023[4]	**YoY CER**	YoY AER
Interest revenue on financial assets	**4,432**	4,295	**5%**	3%
Expected long-term investment return for equities and real estate	**1,384**	1,363	**2%**	2%
Investment return on non-participating and surplus assets[2]	**5,816**	5,658	**4%**	3%
Non-participating insurance finance expenses and others[3]	**(2,288)**	(2,077)	**11%**	10%
Net investment result	**3,528**	3,581	**–**	(1)%
Investment management expenses	**(225)**	(187)	**22%**	20%
Net investment result after expenses	**3,303**	3,394	**(1)%**	(3)%

For participating[5] 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.

	2024		
US$ millions, unless otherwise stated	**Participating and unit-linked**	**Non-participating and surplus assets and others**	**Total**
Investment return	**5,066**	**5,816**	**10,882**
Insurance finance expenses and others	**(4,455)[6]**	**(2,288)[3]**	**(6,743)**
Movement in investment contract liabilities	**(582)**	**–**	**(582)**
Movement in third-party interests in consolidated investment funds	**(29)**	**–**	**(29)**
Net investment result	**–**	**3,528**	**3,528**

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 accreted on non-participating business liabilities.

(4) 2023 OPAT net investment result composition is based on the updated presentation in note 7 to the consolidated financial statements.

(5) Participating funds and other participating business with distinct portfolios under the variable fee approach (VFA).

(6) Primarily represents the insurance contract liability offset of participating and unit-linked investment return.

TWPI BY SEGMENT

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
Mainland China	**9,874**	8,589	**18%**	15%
Hong Kong	**12,456**	11,554	**8%**	8%
Thailand	**4,674**	4,425	**7%**	6%
Singapore	**4,445**	3,912	**13%**	14%
Malaysia	**2,742**	2,565	**7%**	7%
Other Markets	**7,207**	6,894	**7%**	5%
Total	**41,398**	37,939	**10%**	9%

TWPI increased by 10 per cent to US$41,398 million compared with 2023. All our reportable segments delivered positive TWPI growth in 2024.

OPERATING EXPENSES

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
Operating expenses	**3,660**	3,573	**4%**	2%
Expense ratio	**8.8%**	9.4%	**(0.6) pps**	(0.6) pps

While operating expenses grew by 4 per cent to US$3,660 million, the expense ratio based on TWPI improved by 60 basis points to 8.8 per cent for 2024, reflecting disciplined expense management.

NON-OPERATING MOVEMENT AND NET PROFIT

Net profit of US$6,836 million in 2024 increased by 92 per cent per share compared with 2023.

Net profit includes mark-to-market movements from equity and real estate investments backing non-participating business and shareholder surplus. Short-term investment and discount rate variances mainly reflect the short-term movements in these asset classes compared with our long-term investment return assumptions. While these variances were negative US$427 million in 2024, they were more than offset by other non-operating investment return and other items of US$836 million, mainly driven by fair value gains from derivatives held for interest rate risk management.

US$ millions, unless otherwise stated	2024	2023(1)	YoY CER	YoY AER
OPAT	**6,605**	6,213	**7%**	6%
Short-term investment and discount rate variances, net of tax(2)	**(427)**	(2,007)	**(79)%**	(79)%
Reclassification of revaluation gains for property held for own use, net of tax(2)	**(155)**	(8)	**1,838%**	1,838%
Corporate transaction related costs, net of tax	**(23)**	(30)	**(32)%**	(23)%
Other non-operating investment return and other items, net of tax	**836**	(404)	**n/m**	n/m
Net profit	**6,836**	3,764	**84%**	82%
Basic earnings per share (US cents)	**61.79**	32.68	**92%**	89%

Notes:

(1) 2023 non-operating movement is based on the updated presentation in note 5 to the consolidated financial statements.

(2) Short-term investment and discount rate variances include revaluation gains 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	2024	2023	YoY CER	YoY AER
Net profit	**6,836**	3,764	**84%**	82%
Weighted average number of ordinary shares outstanding (millions)	**11,063**	11,518	**(4)%**	(4)%
Basic earnings per share (US cents)	**61.79**	32.68	**92%**	89%
Weighted average number of ordinary shares outstanding on diluted basis (millions)(1)	**11,073**	11,528	**(4)%**	(4)%
Diluted earnings per share (US cents)(1)	**61.74**	32.65	**92%**	89%

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 be a view of shareholders' equity that better reflects the long-term nature of our business.

US$ millions, unless otherwise stated	2024	2023
Opening shareholders' allocated equity	**44,754**	47,171
Net profit	**6,836**	3,764
Dividends	**(2,328)**	(2,293)
Share buy-back	**(4,150)**	(3,637)
Foreign currency translation adjustments	**(872)**	(215)
Purchase of shares held by employee share-based trusts	**(43)**	(115)
Revaluation gains on property held for own use	**144**	28
Other capital movements	**63**	51
Total movement in shareholders' allocated equity	**(350)**	(2,417)
Closing shareholders' allocated equity	**44,404**	44,754
Shareholders' allocated equity per share (US dollars)	**4.11**	3.94
Average shareholders' allocated equity	**44,579**	45,963

After capital returns of US$6,478 million, shareholders' allocated equity was US$44,404 million at 31 December 2024, up by 6 per cent per share compared with the end of 2023.

CSM, NET OF REINSURANCE AND PROFIT BEFORE TAX SENSITIVITIES

Sensitivities for CSM and profit before tax to changes in equity prices and interest rate movements, including resulting management actions, are shown below. Interest rate sensitivities apply a 50 basis points movement in current bond yield curves to asset values with a corresponding movement in discount rates applied to the calculation of liabilities.

	As at 31 December 2024		As at 31 December 2023	
US$ millions, unless otherwise stated	CSM	% Change	CSM	% Change
Central value	56,231		53,115	
Effect of equity price changes				
10 per cent increase in equity prices	893	1.6%	679	1.3%
10 per cent decrease in equity prices	(917)	(1.6)%	(694)	(1.3)%
Effect of interest rate changes				
50 basis points increase in interest rates	(416)	(0.7)%	(487)	(0.9)%
50 basis points decrease in interest rates	427	0.8%	505	1.0%

	2024	2023
US$ millions, unless otherwise stated	Profit before tax	Profit before tax
Central value	7,831	4,564
Effect of equity price changes		
10 per cent increase in equity prices	1,448	1,170
10 per cent decrease in equity prices	(1,448)	(1,172)
Effect of interest rate changes		
50 basis points increase in interest rates	(627)	(150)
50 basis points decrease in interest rates	681	165

Sensitivity analyses on foreign exchange rate risk 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 2024	As at 31 December 2023	Change AER
Assets			
Financial investments	**272,151**	248,958	9%
Investment property	**4,570**	4,504	1%
Cash and cash equivalents	**8,101**	11,525	(30)%
Insurance and reinsurance contract assets	**6,702**	7,504	(11)%
Other assets	**13,930**	13,828	1%
Total assets	**305,454**	286,319	7%
Liabilities			
Insurance and reinsurance contract liabilities	**221,667**	203,607	9%
Investment contract liabilities	**6,967**	9,170	(24)%
Borrowings	**13,329**	11,800	13%
Other liabilities	**22,678**	20,148	13%
Less total liabilities	**264,641**	244,725	8%
Equity			
Total equity	**40,813**	41,594	(2)%
Less non-controlling interests	**323**	483	(33)%
Shareholders' equity	**40,490**	41,111	(2)%
Less			
Fair value reserve	**5,744**	516	1,013%
Insurance finance reserve	**(9,658)**	(4,159)	132%
Shareholders' allocated equity	**44,404**	44,754	(1)%

MOVEMENT IN SHAREHOLDERS' EQUITY

US$ millions, unless otherwise stated	2024	2023
Opening shareholders' equity	**41,111**	44,672
Net profit	**6,836**	3,764
Fair value gains on assets	**5,228**	4,253
Net finance expenses from insurance contracts and reinsurance contracts held	**(5,499)**	(5,397)
Dividends	**(2,328)**	(2,293)
Share buy-back	**(4,150)**	(3,637)
Foreign currency translation adjustments	**(872)**	(215)
Purchase of shares held by employee share-based trusts	**(43)**	(115)
Revaluation gains on property held for own use	**144**	28
Other capital movements	**63**	51
Total movement in shareholders' equity	**(621)**	(3,561)
Closing shareholders' equity	**40,490**	41,111
Number of ordinary shares outstanding (millions)	**10,793**	11,362
Shareholders' equity per share (US dollars)	**3.75**	3.62

ASSETS

Total assets increased by US$19,135 million to US$305,454 million at 31 December 2024 from US$286,319 million at 31 December 2023, mainly due to positive net investment cash inflows and fair value movements on financial investments, partly offset by the return of capital to shareholders.

LIABILITIES

Total liabilities increased to US$264,641 million at 31 December 2024 from US$244,725 million at 31 December 2023.

Insurance and reinsurance contract liabilities increased to US$221,667 million at 31 December 2024 compared with US$203,607 million at 31 December 2023, mainly from net cash inflows and changes in liability discount rates, partially offset by the reduction from foreign exchange rate movements.

Investment contract liabilities reduced to US$6,967 million at 31 December 2024 compared with US$9,170 million at 31 December 2023, as our pension business in Macau SAR(1) including its assets are no longer reflected in the IFRS balance sheet following updated custodial arrangements. This has no impact on our OPAT and shareholders' equity.

Borrowings increased to US$13,329 million at 31 December 2024, compared with US$11,800 million at 31 December 2023. Net proceeds from the issuances and redemption of MTNs totalled US$1,553 million.

Other liabilities increased to US$22,678 million at 31 December 2024 compared with US$20,148 million at 31 December 2023, driven mainly by an increase in the repo balance.

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 fair value reserve and insurance finance reserve. Shareholders' allocated equity was US$44,404 million at 31 December 2024.

Shareholders' equity includes other comprehensive income or expense from fair value gains on assets due to unrealised market movements on debt securities. Correspondingly, it also includes the net finance expenses from insurance contracts and reinsurance contracts held due to liability discount rate changes in our non-participating business(2).

In 2024, fair value gains on debt securities were US$5,228 million, offset by net finance expenses from insurance contracts and reinsurance contracts held of US$5,499 million.

Shareholders' equity increased to US$46,968 million before capital returns to shareholders of US$6,478 million. After capital returns, shareholders' equity was US$40,490 million at 31 December 2024.

Comprehensive equity of US$87,600 million at 31 December 2024 comprised shareholders' equity of US$40,490 million and net CSM of US$47,110 million and was up 10 per cent per share compared with the end of 2023.

Notes:

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

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

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 13.1 per cent at 31 December 2024, compared with 12.1 per cent at 31 December 2023. The increase was largely due to an increase in borrowings and reduced equity resulting from capital returns to shareholders, partly offset by the increase in net CSM.

US$ millions, unless otherwise stated	**As at 31 December 2024**	As at 31 December 2023	**Change CER**	Change AER
Shareholders' equity	**40,490**	41,111	**1%**	(2)%
Net CSM[1]	**47,110**	44,313	**8%**	6%
Comprehensive equity	**87,600**	85,424	**4%**	3%
Comprehensive equity per share (US dollars)	**8.12**	7.52	**10%**	8%
Leverage ratio	**13.1%**	12.1%	**0.9 pps**	1.0 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 2024**	**Percentage of total**	As at 31 December 2023	Percentage of total
Total policyholder and shareholder	**255,333**	**88%**	235,936	88%
Total unit-linked contracts and consolidated investment funds	**33,288**	**12%**	32,612	12%
Total investments	**288,621**	**100%**	268,548	100%

UNIT-LINKED CONTRACTS AND CONSOLIDATED INVESTMENT FUNDS

US$ millions, unless otherwise stated	**As at 31 December 2024**	**Percentage of total**	As at 31 December 2023	Percentage of total
Unit-linked contracts and consolidated investment funds				
Debt securities	**5,883**	**18%**	7,052	22%
Loans and deposits	**71**	**–**	65	–
Interests in investment funds and exchangeable loan notes	**18,110**	**54%**	17,626	54%
Equity shares	**8,413**	**25%**	7,150	22%
Cash and cash equivalents	**810**	**3%**	713	2%
Derivative financial instruments	**1**	**–**	6	–
Total unit-linked contracts and consolidated investment funds	**33,288**	**100%**	32,612	100%

POLICYHOLDER AND SHAREHOLDER INVESTMENTS

US$ millions, unless otherwise stated	As at 31 December 2024	Percentage of total	As at 31 December 2023	Percentage of total
Participating funds and other participating business with distinct portfolios[1]				
Government bonds	22,050	9%	21,027	9%
Government agency bonds	6,894	3%	6,838	3%
Corporate bonds and structured securities	39,499	15%	49,756	21%
Loans and deposits	392	–	470	–
Subtotal – Fixed income investments	68,835	27%	78,091	33%
Investment funds with debt instruments as underlying	3,126	1%	–	–
Others	37,250	15%	22,676	10%
Subtotal – Interests in investment funds and exchangeable loan notes[2]	40,376	16%	22,676	10%
Equity shares	6,115	2%	7,533	3%
Investment property and property held for own use	3,614	1%	3,574	2%
Cash and cash equivalents	1,917	1%	2,421	1%
Derivative financial instruments	338	–	376	–
Subtotal participating funds and other participating business with distinct portfolios	121,195	47%	114,671	49%
Other policyholder and shareholder				
Government bonds	65,870	26%	54,343	23%
Government agency bonds	7,508	3%	7,343	3%
Corporate bonds and structured securities	30,514	12%	31,399	13%
Loans and deposits	3,579	1%	3,460	2%
Subtotal – Fixed income investments	107,471	42%	96,545	41%
Investment funds with debt instruments as underlying	2,188	1%	280	–
Others	8,366	3%	6,584	2%
Subtotal – Interests in investment funds and exchangeable loan notes[2]	10,554	4%	6,864	2%
Equity shares	5,269	2%	4,604	2%
Investment property and property held for own use	4,755	2%	4,491	2%
Cash and cash equivalents	5,374	2%	8,391	4%
Derivative financial instruments	715	1%	370	–
Subtotal other policyholder and shareholder	134,138	53%	121,265	51%
Total policyholder and shareholder	255,333	100%	235,936	100%

Notes:

(1) Participating fund business is written in a segregated statutory fund with regulations governing the division of surplus between policyholders and shareholders.

Other participating business with distinct portfolios, representing Hong Kong participating business, are supported by segregated investment assets and explicit provisions for future surplus distribution.

(2) Interests in investment funds and exchangeable loan notes are based on the updated presentation in note 18 to the consolidated financial statements.

Total financial investments held in respect of policyholders and shareholders increased to US$255,333 million at 31 December 2024 compared with US$235,936 million at 31 December 2023.

Aggregate investment funds with debt instruments as underlying totalled US$5,314 million at 31 December 2024, compared with US$280 million at 31 December 2023. Other holdings within interests in investment funds and exchangeable loan notes held in respect of policyholders and shareholders increased to US$45,616 million at 31 December 2024 from US$29,260 million at 31 December 2023, largely driven by asset allocation changes in our participating funds and other participating business with distinct portfolios.

Government bonds and government agency bonds of US$102,322 million, which represented 58 per cent of fixed income investments at 31 December 2024, increased from 51 per cent at 31 December 2023, reflecting lower interest rates in Mainland China and Thailand at the end of 2024.

Corporate bonds and structured securities of US$70,013 million accounted for 40 per cent of fixed income investments at 31 December 2024, compared with 47 per cent at 31 December 2023. The reduction in corporate bonds and structured securities was driven by asset allocation changes within participating funds and other participating business with distinct portfolios which resulted in an increase in interests in investment funds and exchangeable loan notes.

The average credit rating of the fixed income portfolio including government bonds remained stable at A, compared with the position at 31 December 2023. The average credit rating of the fixed income portfolio excluding domestic government bonds(1) remained stable at A at 31 December 2024, compared with the position at 31 December 2023. The corporate bond portfolio was well diversified with over 1,700 issuers and an average holding size of US$38 million.

At 31 December 2024, 2 per cent of the total bond portfolio was rated below investment grade or not rated, representing approximately US$3.4 billion in value. Approximately US$118 million of bonds, representing 0.1 per cent of our total bond portfolio, were downgraded to below investment grade during the period.

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$18 million during the year. The ECL provision represented 0.5 per cent of the bond portfolio at 31 December 2024, reflecting AIA's overall high-quality investments.

Cash and cash equivalents held in respect of policyholders and shareholders decreased by US$3,521 million to US$7,291 million at 31 December 2024 compared with US$10,812 million at 31 December 2023, largely due to share buy-back and asset allocation changes.

Note:

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

CAPITAL

FREE SURPLUS

The Group's free surplus is the excess of adjusted net worth over required capital, including consolidated reserving and capital requirements, after deducting certain assets not eligible for regulatory capital purposes. Free surplus provides the Group with the financial flexibility to invest in profitable growth and absorb the effects of capital market stress.

Free surplus increased from US$16,329 million at 31 December 2023 to US$19,032 million at 31 December 2024 before returning capital to shareholders through dividends and share buy-back. The increase was due to net FSG of US$4,020 million, partly offset by investment return variances and other items of negative US$1,317 million driven by interest rate movements, foreign exchange movements and changes to regulatory capital requirements in South Korea.

After dividends of US$2,328 million and share buy-back of US$4,150 million, free surplus was US$12,554 million at 31 December 2024.

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

US$ millions, unless otherwise stated	2024	2023
Opening free surplus	**16,329**	17,850
Effect of acquisitions	**–**	(238)
UFSG	**6,327**	6,041
Free surplus used to fund new business	**(1,531)**	(1,328)
Unallocated Group Office expenses	**(293)**	(302)
Finance costs and other capital movements	**(483)**	(479)
Net free surplus generation (Net FSG)	**4,020**	3,932
Investment return variances and other items	**(1,317)**	715
Free surplus before dividends and share buy-back	**19,032**	22,259
Dividends	**(2,328)**	(2,293)
Share buy-back	**(4,150)**	(3,637)
Closing free surplus	**12,554**	16,329

UNDERLYING FREE SURPLUS GENERATION (UFSG)

UFSG of US$6,327 million was up by 10 per cent per share.

UFSG is a key operating financial metric that measures the amount of free surplus after tax generated from in-force business over the year before investment in new business, unallocated Group Office expenses, finance costs, investment return variances and other non-operating items.

UFSG comprises expected distributable earnings from in-force business, expected return on free surplus and assets backing MTNs, operating variances and a recurring diversification benefit from adding profitable new business to our in-force portfolio.

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
Expected return on free surplus and assets backing MTNs	**1,395**	1,348	**4%**	3%
Expected distributable earnings from in-force business	**4,302**	4,536	**(4)%**	(5)%
Diversification benefit due to new business	**757**	634	**21%**	19%
Other operating variances	**(127)**	(477)	**(74)%**	(73)%
UFSG	**6,327**	6,041	**6%**	5%
Basic UFSG per share (US cents)	**57.19**	52.45	**10%**	9%

Expected distributable earnings from in-force business decreased by 4 per cent to US$4,302 million, following the strengthening of claims assumptions at the end of 2023. The establishment of a provision for medical claims at the end of 2023, along with our effective management of the in-force portfolio, has helped improve other operating variances by US$355 million compared with 2023.

Adding new business to the in-force portfolio further diversifies underlying risks and leads to a lower total cost of reserving and capital. This recurring diversification benefit from new business added US$757 million to UFSG in 2024, up by 21 per cent compared with 2023 which is broadly in line with the growth in VONB.

NET FREE SURPLUS GENERATION (NET FSG)

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 and all of its components are shown net of relevant taxes.

Free surplus invested in writing new business increased by 17 per cent to US$1,531 million, in line with the growth in VONB, and added a present value of future expected distributable earnings of US$6,243 million.

Unallocated Group Office expenses were lower at US$293 million while finance costs and other capital movements was stable at negative US$483 million compared with 2023. Net FSG was US$4,020 million for 2024.

UFSG PER SHARE

	2024	2023	YoY CER	YoY AER
UFSG (US$ millions)	**6,327**	6,041	**6%**	5%
Weighted average number of ordinary shares outstanding (millions)	**11,063**	11,518	**(4)%**	(4)%
Basic UFSG per share (US cents)	**57.19**	52.45	**10%**	9%
Weighted average number of ordinary shares outstanding on diluted basis (millions) [1]	**11,073**	11,528	**(4)%**	(4)%
Diluted UFSG per share (US cents) [1]	**57.14**	52.40	**10%**	9%

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.

CAPITAL MANAGEMENT POLICY

In April 2024, we added a further US$2.0 billion to our original US$10.0 billion share buy-back programme announced in March 2022. Since we began buying back shares in March 2022, approximately 1,311 million shares were repurchased for an aggregate value of US$11,335 million as at 31 December 2024. After share buy-back of US$665 million in the first two months of 2025, the US$12.0 billion share buy-back programme was concluded with a total of approximately 1,409 million shares repurchased, reducing the outstanding share count by 11.7 per cent.

Over 2022 to 2024, we have returned US$18.2 billion to shareholders through dividends paid and share buy-back.

We also announced, in April 2024, our enhanced capital management policy to provide greater clarity on how we will deliver annual capital returns to shareholders. The policy includes two key components, a payout ratio target of 75 per cent of annual net FSG, as well as a commitment to regularly review our capital position and systematically return capital in excess of our needs.

As a result, the Board has recommended a 10 per cent increase in final dividend to 130.98 Hong Kong cents per share in line with AIA's established prudent, sustainable and progressive dividend policy. In addition, the Board has approved a new share buy-back of US$1.6 billion. This comprises US$0.6 billion to meet the payout ratio target of 75 per cent of annual net FSG of US$3.0 billion, after dividends of approximately US$2.4 billion(1) for 2024, and an additional US$1.0 billion following a further review of the Group's capital position.

The share buy-back will commence as soon as practicable and is expected to complete within 2025.

Note:

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

SHAREHOLDER CAPITAL RESOURCES

The shareholder capital ratio, our principal measure of the overall capital and free surplus position for shareholders, remained strong at 236 per cent at 31 December 2024. This compared with 269 per cent at 31 December 2023, with the reduction largely due to capital returns to shareholders, representing a decrease of 38 percentage points.

The following table shows a summary of the shareholder capital resources as at 31 December 2024.

US$ millions, unless otherwise stated	**As at 31 December 2024**	As at 31 December 2023
Shareholder capital ratio(1)	**236%**	269%
Shareholder capital resources	**40,439**	40,847
Free surplus(2)	**12,554**	16,329
Required capital(2)	**17,154**	15,177
Eligible Tier 2 debt capital(3)	**10,731**	9,341

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.

The Group targets for the shareholder capital ratio to comfortably exceed 200 per cent.

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.

In 2024, the Group LCSM coverage ratio remained strong at 257 per cent, compared with 275 per cent at 31 December 2023. The reduction in Group LCSM coverage ratio is largely due to capital returns to shareholders.

Eligible group capital resources increased from US$73,156 million to US$77,650 million, mainly from in-force generation and the issuance of eligible subordinated securities, partly offset by capital returns to shareholders.

The group prescribed capital requirement (GPCR) increased from US$26,646 million to US$30,159 million, mainly due to new business written during the year and the HKRBC coming into effect on 1 July 2024[1].

As a result, the Group LCSM surplus increased from US$46,510 million to US$47,491 million.

Tier 1 group capital increased from US$46,980 million to US$49,316 million, mainly from in-force generation partly offset by capital returns to shareholders.

The group minimum capital requirement (GMCR) increased from US$13,613 million to US$14,131 million, mainly from 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 2024.

US$ millions, unless otherwise stated	**As at 31 December 2024**	As at 31 December 2023
Group LCSM coverage ratio[2]	**257%**	275%
Tier 1 group capital coverage ratio[3]	**349%**	345%
Eligible group capital resources	**77,650**	73,156
Tier 1 group capital	**49,316**	46,980
Tier 2 group capital	**28,334**	26,176
Group prescribed capital requirement (GPCR)	**30,159**	26,646
Group minimum capital requirement (GMCR)	**14,131**	13,613
Group LCSM surplus	**47,491**	46,510

A shareholder view of the Group LCSM is also presented to show the position excluding the Group's participating business[4] 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 335 per cent at 31 December 2023 to 316 per cent at 31 December 2024 mainly due to capital returns to shareholders.

	As at 31 December 2024		As at 31 December 2023	
US$ millions, unless otherwise stated	**GWS basis**	**Shareholder basis[4]**	GWS basis	Shareholder basis[4]
Group LCSM coverage ratio	**257%[2]**	**316%**	275%[2]	335%
Eligible group capital resources	**77,650**	**56,360**	73,156	53,885
GPCR	**30,159**	**17,814**	26,646	16,076
Group LCSM surplus	**47,491**	**38,546**	46,510	37,809

Notes:

(1) The impact was mainly from AIA Co., AIA Everest and Blue Cross. AIA International, our principal operating entity in Hong Kong SAR, received the approval from the Hong Kong Insurance Authority (HKIA) to early adopt the HKRBC regime with an effective date of 1 January 2022.

(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 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 2024, eligible group capital resources on the GWS basis included the following items, which are included within Tier 2 group capital:

(i) US$6,324 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 contractual conditions are not expected to be subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

(ii) US$4,407 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

Group LCSM coverage ratio sensitivities arising from changes to the central assumptions from equity prices and interest rate movements, applied consistently as those used within EV reporting, are shown below.

Interest rate sensitivities apply a 50 basis points movement in current bond yield curves to asset values with a corresponding movement in discount rates applied to the calculation of liabilities. The amount of eligible debt capital is equal to the carrying value and is unchanged in the sensitivity calculations. The direction of interest rate sensitivities varies by market.

	As at 31 December 2024	As at 31 December 2023
Central value	**257%**	275%
Impact of equity price changes		
10 per cent increase in equity prices	**–**	1 pps
10 per cent decrease in equity prices	**–**	(2) pps
Impact of interest rate changes		
50 basis points increase in interest rates	**(10) 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 requirement between the Group LCSM solvency position and the shareholder capital.

	As at 31 December 2024		As at 31 December 2023	
US$ millions, unless otherwise stated	**Capital resources**	**Capital requirement**	Capital resources	Capital requirement
Group LCSM solvency position	**77,650**	**30,159**	73,156	26,646
Adjustments for:				
Removal of participating surplus and others[(1)]	**(21,594)**	**(12,913)**	(18,680)	(10,478)
Different capital requirements under EV for AIA China[(2)]	**(7,403)**	**(4,117)**	(9,261)	(3,603)
Reflecting EV consolidated reserving and capital requirements	**(8,214)**	**4,025**	(4,368)	2,612
Shareholder capital	**40,439**	**17,154**	40,847	15,177

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.

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 2024.

The key developments in local solvency requirements are summarised as follows:

Hong Kong SAR(1)

The Insurance (Amendment) Ordinance 2023 introduced into the Hong Kong Insurance Ordinance (Cap. 41) the legal basis for implementing the new Risk-based Capital regime and empowered the HKIA to prescribe detailed requirements in subsidiary legislation. The revised Ordinance came into effect on 1 July 2024.

AIA International, our principal operating entity in Hong Kong SAR, previously obtained approval from the HKIA to early-adopt the HKRBC regime with effect from 1 January 2022. The Group's other operating entities in Hong Kong SAR, including AIA Co., AIA Everest and Blue Cross, became subject to the revised legislation from 1 July 2024; the resulting effect on the Group's EV Equity was not material.

Malaysia

As part of a review of its capital adequacy framework for insurers, in June 2024 Bank Negara Malaysia (BNM) released an Exposure Draft for consultation on Risk-based Capital Framework for Insurers and Takaful Operators with a proposed effective date of 1 January 2027.

Macau SAR

In December 2023, the Monetary Authority of Macao (AMCM) began a consultation and assessment process to develop an RBC framework for the insurance industry of Macau SAR, with a draft Bill expected in 2027.

Taiwan (China)

The Taiwan Financial Supervisory Commission is targeting to implement revised solvency rules based on the Insurance Capital Standard, with effect from 1 January 2026.

Bermuda

The Bermuda Monetary Authority (BMA) enacted changes to the regulatory regime for commercial insurers in 2024 which included the enhancement of solvency rules and liquidity risk management requirements. The full impact of the changes to solvency rules will be phased-in over a 10-year transition period.

Note:

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

HOLDING COMPANY FINANCIAL RESOURCES

Holding company financial resources increased to US$15,588 million before shareholder dividends of US$2,328 million and US$4,150 million capital returns to shareholders through the share buy-back programme.

Capital flows from subsidiaries increased from US$3,292 million in 2023 to US$5,642 million in 2024, reflecting additional support for the expanded share buy-back programme.

Borrowings added US$1,553 million, while investment income, mark-to-market movements in debt securities and others increased holding company financial resources by US$794 million.

After total capital returns to shareholders, holding company financial resources were US$9,110 million at 31 December 2024.

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

US$ millions, unless otherwise stated	2024	2023
Opening holding company financial resources	**8,140**	10,668
Capital flows from subsidiaries	**5,642**	3,292
Corporate activity including acquisitions	**(74)**	(112)
Net capital flows to holding company	**5,568**	3,180
Increase in borrowings(1)	**1,553**	396
Interest payments on borrowings(1)	**(467)**	(418)
Investment income, mark-to-market movements in debt securities and others	**794**	244
Closing holding company financial resources before dividends and share buy-back	**15,588**	14,070
Dividends paid	**(2,328)**	(2,293)
Share buy-back	**(4,150)**	(3,637)
Closing holding company financial resources	**9,110**	8,140

Assets recoverable and liabilities repayable within 12 months as follows:

US$ millions, unless otherwise stated	As at 31 December 2024	As at 31 December 2023
Loans to/amounts due from subsidiaries(2)	**587**	66
Medium-term notes and securities(3)	**(251)**	(831)
Net other assets and other liabilities	**(250)**	(135)

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 2024, loans to/amounts due from subsidiaries was US$910 million (31 December 2023: US$895 million). US$587 million was recoverable within 12 months after 31 December 2024 (31 December 2023: US$66 million).

(3) As at 31 December 2024, medium-term notes and securities placed to the market was US$13,246 million (31 December 2023: US$11,764 million). US$154 million was repayable within 12 months after 31 December 2024 (31 December 2023: US$831 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

Under our Global Medium-term Note (GMTN) and Securities Programme, the Company issued three listed subordinated dated securities and two unlisted Hong Kong dollar-denominated fixed rate medium-term notes in 2024.

On 5 April 2024, the Company issued US dollar-denominated fixed rate subordinated dated securities. The offering comprised US$1,000 million of 10-year securities at an annual rate of 5.375 per cent. The securities are listed on The Stock Exchange of Hong Kong Limited.

On 10 September 2024, the Company issued two unlisted Hong Kong dollar-denominated fixed rate medium-term notes, which consisted of HK$3,900 million of 2.99-year notes at an annual rate of 3.70 per cent and HK$3,250 million of 5-year notes at an annual rate of 3.78 per cent. The US dollar equivalent issued were approximately US$500 million and US$417 million respectively.

On 30 September 2024, the Company issued two US dollar-denominated fixed rate subordinated dated securities, which consisted of US$750 million of 30-year securities at an annual rate of 5.40 per cent and US$500 million of 10.5-year securities at an annual rate of 4.95 per cent. These securities are listed on The Stock Exchange of Hong Kong Limited.

As at 31 December 2024, the aggregate carrying amount of the debt issued to the market under the programme was US$13,246 million compared with US$11,764 million at 31 December 2023.

CREDIT RATINGS

As at 31 December 2024, AIA Co. had financial strength ratings of AA (Very Strong) with a stable outlook from Fitch; AA- (Very Strong) with a positive outlook from S&P Global Ratings; and Aa2 (Very Low Credit Risk) with a negative outlook from Moody’s. S&P Global Ratings revised the outlook on AIA Co. from stable to positive on 23 December 2024 reflecting strengthened capital buffer levels and improved visibility on the future profits under IFRS 17 results. Moody’s revised the outlook on AIA Co. from stable to negative on 8 December 2023 following the agency’s decision to change both Mainland China and Hong Kong SAR sovereign ratings outlook from stable to negative.

As at 31 December 2024, the Company had issuer credit ratings of AA- (Very High Credit Quality) with a stable outlook from Fitch; A+ (Strong) with a positive outlook from S&P Global Ratings; and A1 (Low Credit Risk) with a negative outlook from Moody’s. S&P Global Ratings revised the outlook on the Company from stable to positive on 23 December 2024 reflecting strengthened capital buffer levels and improved visibility on the future profits under IFRS 17 results. Moody’s revised the outlook on the Company from stable to negative on 8 December 2023 following the agency’s decision to change both Mainland China and Hong Kong SAR sovereign ratings outlook from stable to negative.

REGULATORY AND INTERNATIONAL DEVELOPMENTS

INSURANCE CAPITAL STANDARD

In December 2024, the International Association of Insurance Supervisors (IAIS) formally adopted the Insurance Capital Standard (ICS), a group-wide capital standard for Internationally Active Insurance Groups (IAIGs), as the quantitative element of the IAIS Common Framework 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. It is expected that the Hong Kong Insurance Authority will do so by building upon the existing capital adequacy requirements applying to insurance groups in Hong Kong under its group-wide supervision regime.

Assessment by IAIS member regulators of their local regimes is expected to begin in 2026 following an assessment methodology being developed by the IAIS. These self-assessments will be followed by in-depth targeted jurisdictional assessments of ICS implementation in 2027.

OTHER STRATEGIC THEMES OF THE WORK OF THE IAIS

In addition to the ICS, the IAIS is working on key strategic themes that affect the insurance sector and the broader financial system, including strengthening the supervisory response to climate change, adapting to increasing digital innovation and cyber risks and supporting insurance to serve its societal purpose of building resilience. AIA will continue to monitor these developments closely.

BEPS 2.0

In October 2021, the “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” developed by the Organisation for Economic Co-operation and Development (OECD) as a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project that is commonly referred to as “BEPS 2.0”, was agreed by the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework). In December 2021, the Inclusive Framework published the Global Anti-Base Erosion (GloBE) Model Rules, on which jurisdictions may model new local tax laws to give effect to the second pillar of BEPS 2.0 (Pillar Two), which seeks to impose a minimum effective tax rate (ETR) on large multinational enterprises in respect of each jurisdiction in which they operate.

Under the Pillar Two income taxes, a multinational group is liable to pay top-up tax on the difference between its Pillar Two ETR, calculated on a jurisdiction-by-jurisdiction basis, and a 15 per cent minimum rate, regardless of the group’s overall ETR. As a result of specific adjustments set out in the Pillar Two income tax rules, which result in different ETRs compared to those arising on an IFRS basis, jurisdictions with an accounting ETR above 15 per cent may still be exposed to paying Pillar Two income taxes in any given year. Conversely, a jurisdiction’s accounting ETR may be below 15 per cent, yet it still may not be exposed to Pillar Two income taxes.

At the reporting date, Pillar Two legislation was effective in certain jurisdictions in which the Group operates, including Australia, South Korea and Vietnam. For these jurisdictions, the Group has no current tax exposure related to Pillar Two legislation. However, several jurisdictions in which the Group operates, including Hong Kong and Mainland China, have not yet enacted Pillar Two legislation.

For other jurisdictions in which the Group operates, including those such as Singapore and Thailand where Pillar Two legislation was enacted but not yet effective at the reporting date, the quantitative impact of the Pillar Two legislation is not yet known or reasonably estimable due to significant areas of uncertainty in the application of the legislation. However, based on currently available information and management expectations, Pillar Two income taxes are likely to adversely affect AIA’s ETR from 2025 onwards.

The Group expects to be able to determine its Pillar Two income tax liabilities for reporting periods ending after 31 December 2024, as the legislation becomes less uncertain.

UNRIVALLED DISTRIBUTION

AGENCY

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**3,707**	3,219	**16%**	15%
VONB margin	**67.6%**	65.4%	**2.1 pps**	2.2 pps
ANP	**5,486**	4,922	**13%**	11%

AIA's unrivalled, proprietary Premier Agency is the industry's leading agency, ranking number one internationally in terms of Million Dollar Round Table (MDRT) members for the tenth consecutive year. MDRT membership recognises agents who demonstrate exceptional professionalism, strict ethical codes of conduct and the highest standards of customer service and productivity. AIA holds the market-leading position in nine markets, with AIA China, AIA Hong Kong and AIA Thailand ranked as the top three individual companies with the highest number of MDRT members globally.

In 2024, our agency channel delivered 16 per cent growth in VONB – our primary measure of profitable new business – to US$3,707 million, with VONB margin increasing to 67.6 per cent. The agency channels in our four largest markets – Mainland China, Hong Kong, Thailand and Singapore – each achieved double-digit VONB growth. Agency distribution represented 74 per cent of the Group's total VONB in 2024.

AIA's 2024 results were achieved through the consistent execution of our Premier Agency strategy, which is focused on quality recruitment, extensive training and structured career progression. We use advanced digital technology to support a distinctive agency force that is well-equipped to advise across our broad and sophisticated range of protection and wealth propositions. We strive for best-in-class activity, productivity and profitability while scaling our Premier Agency. The professionalism of our agents sets AIA apart and enables us to deliver high-quality, profitable new business growth, as demonstrated by the increase in VONB margin to 67.6 per cent.

Our agency is fully digitally enabled across the entire value chain, from recruitment and onboarding to activity management, leads generation and career development. AIA prioritises attracting highly-educated and motivated individuals by offering professional careers through a stringent selection process and mandatory training. We shape the culture and provide the tools that agents need to succeed. The number of agency leaders increased by 9 per cent, which is critical to ensuring high-quality recruitment, training and management. In 2024, we introduced AI recruitment into our digital ecosystem, which was used in more than 85 per cent of our new agent hires, supporting 18 per cent growth in the number of new recruits. Overall, we saw an increase in new recruits in the majority of our markets.

Our interactive digital sales platform, iPoS, has an agency adoption rate of 99.5 per cent, and works alongside real-time activity management tracking. This system enables our agents to engage with customers more efficiently and manage their activities remotely, enhancing overall productivity and streamlining the sales process. Our integrated approach leverages data analytics to connect agents with customers based on their specific needs, and ensures agents remain focused on high-impact tasks that improve client engagement. It also supports agents in generating new leads, enhancing conversion rates and improving customer satisfaction. This approach resulted in a 7 per cent increase in the total number of active agents, and 5 per cent higher productivity in 2024.

AIA's Premier Agency strategy is designed to enhance both customer satisfaction and agent performance. A highly professional agency force enables AIA to advise more sophisticated and affluent customers with complex needs, thereby improving our customers' experience and increasing their demand for our services. This, in turn, attracts more high-calibre agents to join AIA's Premier Agency, creating a self-reinforcing cycle which contributes to our sustainable new business growth and leadership in the insurance industry.

PARTNERSHIPS

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**1,301**	1,031	**28%**	26%
VONB margin	**41.7%**	37.8%	**3.9 pps**	3.9 pps
ANP	**3,120**	2,728	**16%**	14%

AIA has valuable distribution opportunities through partnerships with banks and financial intermediaries, as well as corporate customers. Our extensive network of market-leading strategic partners significantly extends our reach and enables us to engage with hundreds of millions of potential customers across Asia, providing a growing source of profitable new business for AIA and our partners. The average duration of AIA's long-term strategic bank partnerships is more than 20 years; a critical factor in supporting our sustainable growth well into the future.

Partnership distribution delivered 28 per cent VONB growth to US$1,301 million and contributed 26 per cent of AIA's total VONB in 2024. The overall growth in VONB included a 39 per cent increase from bancassurance and 21 per cent growth from our intermediated channels.

AIA's broad network of long-term bank partnerships is an important competitive advantage for the Group. In 2024, we focused on increasing new business volumes and the profitability of our portfolio of existing partners. The 39 per cent growth in bancassurance VONB was driven by a 13 per cent increase in ANP due to a combination of more active sellers and improved productivity, and an increase in margin to more than 40 per cent.

Our long-term local strategic bank partnerships reported excellent VONB growth in aggregate, supported by very strong performances from Bangkok Bank Public Company Limited (Bangkok Bank) in Thailand, Public Bank Berhad (Public Bank) in Malaysia, Bank Central Asia (BCA) in Indonesia and Bank of the Philippine Islands (BPI) in the Philippines. During the year, we extended our partnership with BCA until the end of 2038. BCA is one of Indonesia's largest banks and this extension ensures AIA continues to leverage BCA's expansive distribution reach, unlocking further growth and strengthening our competitive position in an important market. Our exclusive partnerships with Citibank, N.A. and The Bank of East Asia, Limited (BEA) in Mainland China, Hong Kong, and Singapore delivered aggregate VONB growth of 33 per cent.

Our intermediated channels, including independent financial advisers (IFAs) and brokers, achieved 21 per cent VONB growth through a combination of increased sales volumes and higher VONB margin. Hong Kong is the largest contributor to this channel and our focus on high-quality standards and exceptional customer service has resulted in strong growth while maintaining attractive profitability. Singapore delivered 24 per cent growth, driven by our focus on deepening our relationships with key broker accounts and providing new high-net-worth propositions.

GEOGRAPHICAL MARKET HIGHLIGHTS

MAINLAND CHINA

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**1,217**	1,037	**20%**	17%
VONB margin	**56.1%**	51.3%	**4.9 pps**	4.8 pps
ANP	**2,168**	2,023	**10%**	7%
TWPI	**9,874**	8,589	**18%**	15%

AIA's strategy in Mainland China focuses on meeting the evolving needs of middle-class and affluent customers for protection, long-term savings and retirement, where demand for our products, services and brand remains strong. We achieve this through our differentiated Premier Agency model and a highly selective approach to bancassurance, leveraging our leading digital technology. We continue to expand and deepen our reach within our established geographies and in new provinces.

AIA China delivered 20 per cent VONB growth, resulting from a double-digit increase in our agency channel and a significant uplift from our bancassurance partnerships. VONB margin increased by 4.9 pps to 56.1 per cent from a positive shift in the mix of savings products towards tax-incentivised retirement products. Product repricing and lower commission rates to our bank partners helped to mitigate the effects of lower interest rates. VONB margin improved in both our main distribution channels, increasing to around 60 per cent in agency and around 40 per cent in bancassurance.

AIA is actively broadening its presence across Mainland China by establishing new branches in key provinces and municipalities, offering tremendous additional growth potential. In the first half of 2024, we successfully launched new operations in three major cities in Sichuan and Hubei provinces, and in the fourth quarter, we received further regulatory approvals to prepare new branches in three provinces and one municipality: Anhui, Shandong, Zhejiang and Chongqing. Together, these four geographies provide access to an additional 100 million target customers and had a combined gross domestic product (GDP) of RMB27 trillion in 2024. As a result, AIA now has access to around 340 million target customers across our 14 geographies in Mainland China. By replicating our efficient and scalable distribution model, our agency channel delivered 27 per cent VONB growth across the new branches established since 2019, when AIA China began its geographical expansion strategy beyond our five original geographies.

Central to our approach across all our operations in Mainland China is our full-time, professional Premier Agency model. AIA China is the number one ranked company in the world for MDRT members, and our proprietary agency distribution offers us a unique, profitable growth strategy in the market. Consumers' needs and buying habits change considerably as they become wealthier and older, demanding personalised financial planning, high-quality advisory services and long-term wealth protection. These requirements are fully aligned with the core strengths of AIA's professional Premier Agents, enabled by our leading digital technology.

We believe that AIA is uniquely placed with the right strategy to capture the enormous opportunities from the growing middle-class in Mainland China. In turn, this leads to greater customer satisfaction and value creation through higher average case sizes, better persistency, premium product offerings and high-quality new agency recruits that can sustain full-time careers. This is demonstrated by each customer in this segment holding over six AIA policies on average, and our agents continuing to earn incomes almost double the industry average. The execution of our Premier Agency strategy saw an 18 per cent increase in the number of new recruits and 9 per cent growth in active agents.

We extend AIA China's customer reach through highly selective partnerships with banks that share our long-term vision and commitment to creating mutual value. We have an exclusive partnership with BEA, a strong collaboration with Postal Savings Bank of China Co., Ltd., and strategic relationships with Shanghai Pudong Development Bank Co., Ltd. and Bank of China.

While our bank partners include some of the largest financial institutions in the market, our focus is on serving their most affluent clients, providing holistic protection and long-term savings solutions to drive high average case sizes and improved profitability, thereby delivering a significant uplift in VONB.

AIA China's distribution quality and focus on middle-class and affluent customers enable us to offer a broader suite of products, supported by a powerful ecosystem of value-added services, including the following categories:

- **Traditional protection:** This is a core and growing product category in which we are a market leader, providing long-term protection for our customers. In 2024, more than 95 per cent of our agents sold a protection policy, and agency VONB for traditional protection products increased by 26 per cent, accounting for 46 per cent of the channel's new business. We launched new high-end critical illness products, as well as a major medical proposition, "Zhuo Yue Yi Sheng", which offers middle-class customers access to more flexible lump-sum protection coverage.

- **Tax-incentivised products:** Our tax-incentivised private pensions products continued to be one of the top selling savings offerings within AIA China, providing wealth preserving solutions to our affluent customers in a higher tax bracket. In July 2024, we launched a new tax-incentivised private care product, targeted to be sold with our pensions proposition, further enhancing our comprehensive product suite.

- **Long-term savings:** We continued to see increasing demand for our participating products as they offer a higher expected return for policyholders through access to a broader range of assets, particularly in a low-interest rate environment. In the first two months of 2025, participating products accounted for the majority of new business volumes from our long-term savings proposition.

Our world-leading Premier Agency, complemented by our high-calibre bank partnerships, allows us to capture value by expanding our distribution reach and potential customer base.

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 RMB9.9 billion in 2024, an increase of 19 per cent compared to 2023, and 5.3 times the previously disclosed 2020 full year result. AIA's investment in China Post Life enables us to capture the significant value available from additional distribution channels and customer segments that are highly complementary to AIA China's strategy.

HONG KONG

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**1,764**	1,430	**23%**	23%
VONB margin	**65.5%**	57.5%	**8.0 pps**	8.0 pps
ANP	**2,609**	2,407	**8%**	8%
TWPI	**12,456**	11,554	**8%**	8%

AIA Hong Kong achieved 23 per cent VONB growth in 2024, with a 24 per cent increase from domestic customers and 22 per cent growth from Mainland Chinese visitor (MCV) customers. Both segments made broadly equal contributions to Hong Kong's VONB in 2024, reflecting our well-diversified and growing customer base.

Our market-leading Premier Agency in Hong Kong and Macau delivered 23 per cent VONB growth from an increase in the number of active agents and higher productivity. The fourth quarter delivered strong quarter-on-quarter growth and we had the highest quarter for agency VONB from MCV customers since the resumption of cross-border travel in early 2023, carrying on the strong momentum from the third quarter of the year. In 2024, our agency channel delivered its highest VONB from MCV customers since 2018. As our principal distribution channel, agency contributed more than 70 per cent of AIA Hong Kong's VONB.

In 2024, AIA Hong Kong maintained its number one position for MDRT members in Hong Kong and Macau, demonstrating our success in building a strong agency brand and providing an exceptional customer experience. As we accelerate our recruitment and training efforts, the number of new recruits increased by 16 per cent, while active new agents were up 35 per cent, reinforcing our strong foundation for future growth.

VONB from our partnership distribution channel grew by 25 per cent, driven by double-digit growth in both our bancassurance and intermediated channels. Growth in bancassurance was underpinned by improvements in activity levels and productivity. AIA Hong Kong continues to be selective in its approach to broker partnerships and we maintain our focus on high-quality new business supported by robust governance on sales practices. Despite a slowdown in sales in the third quarter as previously disclosed, our IFA and broker channel regained momentum in the fourth quarter of the year and achieved strong VONB growth for the full year.

In 2024, we enhanced our flagship participating savings product to capitalise on favourable interest rate conditions, increasing expected customer returns while also improving profitability. This resulted in continued strong demand across all channels and contributed to an 8.0 pps increase in VONB margin. Additionally, we launched a series of compelling health solutions to address the growing demand for high-quality medical insurance products that provide benefits in both Hong Kong and Mainland China. For example, we launched the Greater Bay Area (GBA) Health Connect Outpatient Plan in the first half of 2024, providing customers with outpatient coverage in Hong Kong, Macau and designated Mainland GBA cities.

THAILAND

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**816**	713	**15%**	14%
VONB margin	**99.5%**	93.3%	**6.2 pps**	6.2 pps
ANP	**821**	765	**8%**	7%
TWPI	**4,674**	4,425	**7%**	6%

AIA Thailand has firmly established itself as the clear market leader by combining the country's largest and most effective agency with a diverse range of products, cutting-edge technological innovation and a leading brand presence. Our comprehensive product portfolio encompassing protection, health, critical illness and unit-linked insurance enables us to meet the evolving needs of Thai consumers. We are also ranked number one in corporate solutions. Our market-leading positions in key product segments are due to our professional distribution and advisory capabilities. Investments in AIA+ and AIA One, our super-apps, have further enhanced digital engagement, streamlining our interactions with customers.

In 2024, we achieved 15 per cent VONB growth, driven by an 8 per cent growth in ANP and a 6.2 pps increase in VONB margin, demonstrating AIA Thailand's dominance in health, protection and unit-linked business, founded on our differentiated Premier Agency model.

Agency VONB increased by 17 per cent, from 10 per cent higher productivity and a 6 per cent increase in the number of active agents. We continued to drive higher agency quality through our proprietary Financial Adviser (FA) programme. Our FAs are three times as productive as our standard agents and have an activity ratio of over 70 per cent. In 2024, we saw a 21 per cent increase in new FAs, bringing the total number of these high-quality agents to over 11,000. AIA Thailand continued to rank number one in the market for MDRT members, a position that it has held since our IPO in 2010.

Our strategic partner Bangkok Bank, Thailand's largest bank by assets, delivered 18 per cent VONB growth. This was supported by higher productivity and an 11 per cent increase in the number of active insurance sellers, as well as the launch of a new long-term savings and retirement proposition.

SINGAPORE

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**454**	394	**15%**	15%
VONB margin	**50.5%**	67.2%	**(16.8) pps**	(16.7) pps
ANP	**897**	586	**52%**	53%
TWPI	**4,445**	3,912	**13%**	14%

Our Singapore business is well-positioned to capitalise on the growing demand for protection and long-term savings within the mass affluent and high-net-worth segments, serving both domestic and international customers. We drive sustainable growth by offering bespoke financial solutions, expert advice and integrated health offerings. In April, we launched AIA International Wealth, providing professional wealth management advice and services designed to meet the needs of high-net-worth individuals across the region. We are the leading life and health insurer in the market and are ranked number one in corporate solutions.

AIA Singapore delivered 15 per cent VONB growth, supported by double-digit increases across both our agency and partnership distribution channels. Our strategic focus on capturing the increasing wealth opportunities in Singapore has contributed to very strong growth in sales of long-term savings products. While this product mix shift contributed to a lower VONB margin of 50.5 per cent, broadly in line with the figure reported in the first half, this was more than offset by excellent ANP growth, resulting in higher total VONB. VONB from traditional protection products increased year-on-year and remains AIA Singapore’s largest product category with 41 per cent of the VONB mix.

Our agency channel delivered a 15 per cent increase in VONB, supported by 9 per cent higher productivity, as well as growth in the numbers of active agents by 6 per cent and active new agents by 15 per cent. AIA invests in producing top-tier advisers who have the capabilities to provide personalised wealth protection, estate planning and retirement solutions to our customers. As a result, we have the leading agency in Singapore and ranked number one by MDRT members for ten years.

Partnership distribution further strengthens our reach in the wealth management segment and achieved 10 per cent VONB growth driven by strong sales of high-net-worth and savings products, which were supported by our new wealth propositions.

MALAYSIA

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**349**	319	**10%**	9%
VONB margin	**67.3%**	67.3%	**(0.2) pps**	–
ANP	**517**	473	**10%**	9%
TWPI	**2,742**	2,565	**7%**	7%

AIA Malaysia delivered a 10 per cent increase in VONB, supported by ANP growth and a high-quality product mix with a VONB margin of 67.3 per cent. Our strategy focuses on multi-channel distribution providing a diverse product portfolio, including unit-linked life and health protection plans. We also place a strong emphasis on wellness and digital engagement to meet the needs of our diverse customer base, ranging from mass affluent to high-net-worth.

Premier Agency achieved positive growth, supported by an increase in VONB in our conventional business, partially offset by the results of our Takaful business. While recruitment for the Takaful business remains challenging as we continue to enforce stringent quality requirements, we have increased the agent activity ratio and average case sizes. Overall, we saw improved productivity and activity levels in our agency channel. We ranked number one in Malaysia for MDRT members in 2024, a position we have held for eight years.

Our strategic partnership with Public Bank achieved 21 per cent VONB growth, with an increased focus on our high-net-worth propositions to the bank's customers, supported by an improvement in the number of active sellers and higher productivity.

Our market-leading corporate solutions business achieved 20 per cent VONB growth, driven by both new clients and existing scheme renewals.

OTHER MARKETS

US$ millions, unless otherwise stated	2024	2023	YoY CER	YoY AER
VONB	**467**	406	**18%**	15%
VONB margin	**29.2%**	28.9%	**0.4 pps**	0.3 pps
ANP	**1,594**	1,396	**17%**	14%
TWPI	**7,207**	6,894	**7%**	5%

Overview

VONB for Other Markets increased by 18 per cent, with all markets in this segment reporting positive VONB growth.

Geographical Market Highlights

Australia: AIA Australia's VONB growth was principally from group insurance schemes delivering strong double-digit growth due to successful renewals. Adjusting for the disposal of the Savings and Investments (S&I) business in the prior year, the retail IFA channel also reported positive VONB growth.

Cambodia: AIA Cambodia's VONB increased in 2024, supported by a higher VONB margin from expense improvements, partially offset by lower ANP within our bancassurance channel.

India: Our joint venture in India, Tata AIA Life, delivered positive VONB growth with a double-digit increase from our agency channel, partially offset by a reduction in bancassurance due to a high volume of sales in the prior year ahead of personal tax rate changes. We saw a return to very strong growth in our bancassurance channel for the period from April to December 2024.

Tata AIA Life's Premier Agency ranked first in the country for MDRT members. In 2024, we became the market leader in protection, ranking number one across the whole industry by retail sum assured. We continued to rank the third largest private life insurer in India in 2024, based on individual weighted new business premiums, and we hold the market-leading position for persistency, underscoring our leadership in business quality.

Indonesia: Very strong VONB growth was driven by an excellent performance from our strategic partnership with BCA. In June 2024, we extended our partnership until the end of 2038, unlocking further significant growth potential for AIA in Indonesia. We continued to increase both agent activity and productivity levels over the year as we executed our agency strategy.

Myanmar: AIA Myanmar delivered excellent ANP growth from both agency and partnership channels due to an increase in active agents and growth in the number of our bank partner's branches selling our products.

New Zealand: VONB growth in AIA New Zealand was moderated by a reduction in the IFA and broker channel, which was impacted by economic conditions in 2024. Despite market challenges, our strategic partner ASB Bank Limited recorded strong growth, supported by our focus on AIA Vitality.

Philippines: AIA Philippines achieved excellent VONB growth. An increase in agency VONB was supported by a shift in product mix towards higher margin participating products. BPI AIA Life Assurance Corporation, our joint venture with BPI, ranked number one bancassurance entity in the market by new business annual premium equivalent in 2024, and delivered excellent VONB growth from higher average case sizes and an increase in the number of active insurance sellers.

South Korea: AIA Korea delivered strong double-digit VONB growth from our bancassurance and direct marketing channels. In particular, our differentiated US dollar-denominated products supported excellent performance through our bank partners.

Sri Lanka: AIA Sri Lanka delivered excellent VONB growth with exceptional performances from both our agency and partnership distribution channels. VONB from partnerships more than doubled, supported by our new long-term exclusive bancassurance partnership with the Commercial Bank of Ceylon PLC.

Taiwan (China): AIA Taiwan reported excellent VONB growth, mainly from our IFA and broker channel.

Vietnam: AIA Vietnam achieved strong VONB growth in 2024, with momentum improving over the year. Growth was driven by increased new business volumes in agency due to higher productivity and a favourable mix shift towards sales of protection products.

TECHNOLOGY, DIGITAL AND ANALYTICS

Technology, digital and analytics (TDA) is at the centre of our strategy, enabling every part of our business. Our significant and targeted investments are improving customer experience, increasing distributor productivity and making our operations more intelligent, efficient and resilient. TDA is also the key enabler of AIA's Integrated Healthcare Strategy, which aims to make healthcare more accessible, more affordable and more effective. Today, AIA is recognised as an industry leader in the use of TDA as we transform into a customer-centric, world class digitally-enabled insurer.

AIA's adoption of cloud technology reached globally industry-leading levels of over 90 per cent at the end of 2024, up from just 15 per cent in June 2020. The shift to on-demand cloud technology and software as a service (SaaS) solutions has enabled rapid deployment of digital tools and emerging technologies across the organisation. Our modernisation efforts have effectively mitigated our technology risks and our systems and platforms have maintained 99.98 per cent system stability.

Our digital platforms are making it easier for customers to obtain life and health insurance with superior and personalised experiences while generating richer data sets and deeper customer insights. Across the Group, more than 21 million existing and prospective customers now engage with us through digital channels, predominantly through our comprehensive customer super app, AIA+. Our agents and distribution partners benefit from high-quality digital tools and analytics, supporting increased productivity and professional financial advice to our customers.

We have a single view of our customer through our integrated data platforms, providing a consistent data source for all our analytical and generative AI solutions. Our analytics solutions have enhanced customer experiences and increased the productivity of our distribution channels, and we are deploying generative AI solutions at scale. We have deployed over 50 generative AI solutions across the Group spanning customer service, operations and agency distribution with tangible results. There is immense potential for generative AI to reshape the way insurance is delivered and customers are served, helping us further optimise distributor productivity, achieve higher operational efficiency and enhance customer experience.

Our capabilities have been recognised externally through numerous awards including Celent Model Insurer Award for Digital & Emerging Technologies, the second rank in the Fortune Fintech Innovators Asia 2024 List – Insurtech, and *InsuranceAsia News* – Digital Insurer of the Year.

DELIVERING LEADING CUSTOMER DIGITAL EXPERIENCE

Central to our ambition to deliver leading customer experience is AIA+, our comprehensive customer super app, that helps customers manage their insurance, health and wellness needs, and consolidates all policy and service management. AIA+ delivers seamless digital experiences and is rated highly by customers with an average app store rating of 4.7 out of 5. Across the Group, we have over 21 million registered users for AIA+, of which 30 per cent are actively using our apps monthly including through our programmes which are designed to enhance customer lifestyles and encourage healthier living.

Our focus on digital has supported a faster and simpler insurance application process and policy issuance, enhancing customers' overall experience and accessibility to coverage. Analytics and AI are used extensively to support underwriting and claims process, helping increase automation, turnaround times and efficiency. In 2024, we integrated generative AI into our operations in Thailand to support customer service staff with real-time actionable insights during customer interactions. AI-powered chatbots deliver personalised customer calls to support our renewal and persistency efforts in several of our major businesses, and Gen AI is supporting internal processes by summarising underwriting and claims documentation.

ENABLING OUR UNRIVALLED DISTRIBUTION

AIA's distribution channels are fully end-to-end digitally enabled, powering our Premier Agency, the most productive agency in the world, and making us the partner of choice for banks across the region. Key to sustaining our competitive advantage is continued investment in the digital and analytics capabilities that facilitate distribution growth, boost productivity, help us reach new customers and respond to their evolving needs more rapidly.

In Premier Agency, powerful digital tools span the entire agency value chain. Our intelligent recruitment tool, the Career Aptitude Test (CAT), automates the agent recruitment process at scale and uses insights to understand prospects' capabilities, enabling better hiring decisions and supporting customised career pathways for new recruits. Currently deployed in Mainland China, Hong Kong and Malaysia, and in the process of being extended to other markets, it has supported a double-digit growth in number of active new agents and higher new agent activity ratios across these three markets. We are also deepening our use of AI role play, a generative AI-powered intelligent agent training and development tool, designed to enhance our agents' sales capabilities and product knowledge through dynamic, scenario-based training. Generative AI enabled assistants are supporting agents in real-time with up-to-date product knowledge, customer policy summaries and are helping agents navigate agency processes.

Activity management tools enable our agents and agency leaders to manage their business more effectively. Across the Group, we have implemented an advanced activity management tool, enriched with features such as leads management, end-to-end sales performance tracking, customer insights and campaigns. Additionally, our sales platform, iPoS is enhanced with a protection needs analysis and product recommendation tool to better serve customers' needs.

Working closely with our bancassurance partners, we have deployed digital and data-driven solutions to help reach customers beyond the branch network, increase customer engagement and deliver a seamless customer experience. Through digital integration with our partners' systems, we are generating better quality sales leads and higher sales volumes. With the support of integrated leads management systems, customers benefit from a more efficient and effective insurance purchasing experience. In 2024, we deployed an integrated leads management system with BEA in Hong Kong, supporting strong growth in sales. In Thailand, we launched a generative AI-powered chatbot to help sellers access product specification and sales-related information.

STRENGTHENING HEALTH TECHNOLOGY FOUNDATIONS

A strong technology and data foundation is key to delivering AIA's Integrated Healthcare Strategy. In 2024, we have made significant progress with digital integration with our preferred healthcare providers, resulting in increased pre-admission approvals and enhanced fraud, waste and abuse (FWA) detection.

Through higher digital integration we provide our customers a seamless and cashless experience, while proactively guiding them along their healthcare journeys, avoiding unnecessary costs and delivering improved health outcomes. In 2024, we saw 19 per cent increase in pre-authorisation requests across our markets. Our health claims operations are increasingly using optical character recognition (OCR) technologies and AI-driven auto-adjudication to deliver faster claims turnaround times.

Moving forward, our focus remains on strengthening our partnerships with our preferred providers, driving digital pre-authorisation and improving our FWA detection capability.

DATA GOVERNANCE AND RESPONSIBLE USE OF AI

AIA is committed to leading data quality and protection standards; we have implemented over 9,500 data quality rules to ensure the quality and integrity of the data we use to serve our customers, delivering better decision-making and enhanced user experiences.

Since 2021, we have employed our Responsible Use of Artificial Intelligence Standard, recognising the need to ensure fairness and prevent unintended bias as our adoption of AI applications increases. We continue to strengthen our governance on the responsible use of AI with additional controls and guidelines, particularly on generative AI. Our Group AI Council, established in 2022, oversees AI governance across the Group and its framework has been cascaded to each business unit. This approach ensures consistency across the organisation, while providing the flexibility to meet local regulatory requirements and address emerging risks.

COMPREHENSIVE CYBERSECURITY FOR OUR TECHNOLOGY

Safeguarding the personal information of our customers, employees, and distributors is a fundamental priority for AIA. We are dedicated to ensuring that our systems and processes are secure and well-protected. In 2024, AIA has continued to obtain the Service Organization Controls ISAE 3000 Type II Report for AIA Company Limited's Group Information Security services, which provides assurance regarding our cybersecurity measures. Furthermore, AIA maintained the International Organization for Standardization (ISO) 27001 certification, which pertains to identity access management, cybersecurity and cloud security operations.

As part of our cyber defence strategy, we have integrated AI and machine learning to enhance our capabilities in threat detection and response. This proactive approach ensures that we maintain robust operational controls aligned with our information security objectives. We will continue to invest in information security safeguards and provide education to all key stakeholders within the organisation on emerging threats.

COMPELLING PROPOSITIONS

CUSTOMER CENTRIC APPROACH

AIA's compelling and high-quality propositions are developed under a well-established and structured framework based on shared value principles that align the interests of our customers, distributors and shareholders. Our success is differentiated by our commitment to deliver relevant and personalised propositions that meet customer needs for protection and savings, combining AIA's ecosystem services with insurance coverages designed based on data analytics and insights from in-depth customer research and delivered by our unrivalled distribution network who guide customers to their ideal product from thousands of possible coverage combinations. For 2024, our main focus of product development has been on two key areas. First, building on the strength in our core segments and supported by our professional agency, we broadened the customer segments we serve, deepened the coverages within each segment and made our propositions more relevant to meet a wider set of needs. Second, we continued to progress our Integrated Healthcare Strategy, to deliver more accessible, more affordable and, ultimately, more sustainable healthcare solutions for our customers through both proposition design and health technology and analytics.

BROADENING THE SEGMENTS WE SERVE

Providing segment-specific propositions that most directly meet customers' needs via insurance propositions and relevant ecosystem services is key to our proposition strategy.

Holistic Retirement Propositions

AIA China continues to upgrade retirement propositions to address the diversified needs and lifestyle of customers along their entire pre- and post-retirement journeys, supported by a dedicated retirement concierge to provide professional advice and service arrangement. In 2024, AIA China further expanded its range of retirement propositions including a new migrant retirement module that provides health and retirement services assistance for customers who wish to retire in a different location, both within Mainland China and in several popular overseas destinations. We further enhanced the retirement concierge with an affordable one-year service package for individuals without access through an AIA China policy, bringing significant new opportunities for customer acquisition and future cross-selling through our Premier Agency.

High Net Worth

Asian consumers continue to accumulate high levels of private savings at a rate faster than anywhere else globally and the number of high-net-worth (HNW) customers is growing rapidly. Our innovative savings propositions, which combine AIA's proprietary investment strategies and ecosystems, are designed to capitalise on this substantial and growing opportunity.

AIA Singapore's range of goal-based propositions combine AIA's Stewardship funds in the Regional Funds Platform with insurance coverage to meet customers' diverse goals and risk appetites. Platinum Indexed Legacy, an indexed universal life plan, was launched in 2024 and gives customers access to potential upside from equity markets with an underpin of long-term capital guarantees. Platinum Wealth Venture was enhanced to capture more of the income needs of the upper affluent and HNW segments. The proposition leverages AIA's Stewardship funds and provides bespoke income solutions with exclusive access to attractive income-generating strategies managed by leading institutional fund managers. This product has been a key driver in AIA Singapore's very strong growth in long-term savings in 2024.

To further serve HNW customers living across border and looking for solutions in multiple markets, following the footsteps of our business in Hong Kong, AIA Singapore launched our second HNW financial hub, AIA International Wealth in April, offering wealth management advice and services that go beyond traditional wealth preservation and accumulation consultation to give access to customers to a specialised panel of experts on areas such as legal, tax and trusts. This multi-disciplinary approach ensures that clients achieve their personal financial goals and well-being aspirations within a holistic framework.

In Hong Kong, we launched a high-end version of our market leading medical plan, OptimaCEO that provides holistic product coverage in hospital and outpatient surgery treatments with carefully-curated provider networks and health administration for more cost efficient and quality services. The newly-integrated Health Wallet rewards and incentivises customers to utilise the preferred provider networks engaged by AIA, and the Signature Healthcare Circle offering a new one-stop health concierge service to guide customers along their wellness and medical journeys.

AIA Vitality continues to be at the centre of our promise to support our customers to live Healthier, Longer, Better Lives and deliver shared value. It continues to deliver positive impacts on areas covering both health outcomes and increasing numbers of customers. In 2024, our businesses in Hong Kong and Singapore fully integrated AIA Vitality into their HNW product suite. AIA Vitality active membership grew by 9 per cent across the 12 AIA Vitality markets in 2024. AIA Vitality members performed more than 95 million physical activity events and completed more than 1.7 million mindfulness sessions over the year. A total of 36 new AIA Vitality integrated products were launched across the region. Around 65 per cent of our new customers added AIA Vitality to their policies when given the option to do so.

SUSTAINABLE MEDICAL

Our research shows that customers are increasingly concerned about both the quality of doctors they see and how much they are charged. As a leading health insurer in the region, we address this by strengthening our protection propositions and enhancing the ecosystem of health and wellness services to better support our customers through increasingly complex health journeys.

AIA Malaysia’s A-Plus Health solutions are leading examples of integrating comprehensive medical coverage with flexible cost saving options to cater to different customers’ needs. The proposition incorporates an enhanced Health Wallet to support customers’ health journeys and rewards them for making healthier choices. With more affordable options, we have been able to retain customers facing significant premium increases and also generate sales from consumers who previously could not afford our insurance.

In Hong Kong, we are seeing a rapid growth in skilled Mainland Chinese relocating to Hong Kong under the various government sponsored talent schemes in addition to the increasing traffic flows of domestic customers to the wider Greater Bay Area. To better support the emerging needs of the domestic segment, we launched propositions specifically targeting this growing opportunity, including a medical product giving customers access to a network of selected providers for quality outpatient treatments within the Greater Bay Area.

AIA'S INTEGRATED HEALTHCARE STRATEGY

AIA's Integrated Healthcare Strategy aims to make healthcare more accessible, more affordable and more effective for millions of people in Asia. In 2024, we made good progress by delivering more integrated health insurance where our propositions integrate with our healthcare provider networks to enhance the sustainability of our business, more proactively managing healthcare providers and deploying best-in-class health technology solutions across our markets, leveraging Amplify Health, AIA's leading health insurtech business.

Personalised Health Insurance

We are developing more personalised and relevant health propositions that help customers access healthcare services with greater convenience and a more integrated experience, delivering better health outcomes at lower cost. Health propositions that integrate with and steer to tailored provider networks, such as AIA Malaysia's SMART Option and AIA Hong Kong's OptimaCEO propositions, ensure our customers can continue to access affordable quality healthcare.

Integrated with Providers

We continue to improve our integration with healthcare providers, to proactively guide customers along their healthcare journeys, helping to avoid unnecessary costs and delivering improved health outcomes. In 2024, preferred networks that were tailored to proposition design, sustainability features and customer need were further enhanced in our five largest markets (Mainland China, Hong Kong, Thailand, Singapore and Malaysia) as well as in Indonesia, the Philippines and Vietnam. Leveraging proposition design and steerage mechanisms in the Philippines, MediCard saw a substantial shift in customer preference to our own clinic network in 2024 instead of unnecessary hospital visits and expansion of our own service delivery such as pharmacy and diagnostic services.

We continue to widen our day surgery centre networks and coverage across our markets to provide a lower cost setting, often by 20-25 per cent, compared with inpatient hospital treatments and avoid unnecessary overnight hospitalisation. To further this integration, we recently announced the acquisition of New Medical Centre Holding Limited (NMC), one of the largest clinic-based providers of gastroenterology and general surgery in Hong Kong. By integrating NMC's operating entities into our health insurance solutions, AIA's customers will benefit from greater choice and an enhanced healthcare experience. This complements our wider AIA-owned clinics, including those in MediCard in the Philippines and Blue Care in Hong Kong, providing our customers with greater choice and more cost-effective treatments.

Advanced Healthcare Administration and Management

AIA's healthcare administration and management ensures that customers have the support of a high-quality network that delivers more accessible, more affordable and more effective healthcare services. In 2024, we continued to enhance our digital pre-approval processes and delivered improvements in customer experience ensuring customers have greater clarity coverage prior to treatment. By further digitalising our claims information with Amplify Health, we have additional health data to support improved fraud, waste and abuse (FWA) detection, analytics for better health provider management such as benchmarking and outlier management alongside enhanced product development integrating with our preferred providers.

Amplify Health

Amplify Health, an independently operated joint venture between AIA and Discovery Group Limited, achieved significant milestones in 2024.

As a provider of AI-powered health technology and analytics solutions across Asia, Amplify Health is playing a pivotal role in building a more sustainable healthcare ecosystem. In 2024, Amplify Health's integrated solutions expanded to seven markets: Hong Kong, Thailand, Singapore, Malaysia, Indonesia, the Philippines and Vietnam.

Amplify Health achieved a major milestone with the launch of an AI machine learning health analytics solution stack. This platform combines a clinically enriched health claims management system with autonomous machine learning capabilities, integrating healthcare provider management with FWA detection and AI-driven decision-making to enable improved claims management cost effectiveness.

In Thailand, the use of AI-driven claims adjudication with built-in FWA detection with Amplify Health's Smart Claims solution reduced processing times to just 9.26 seconds per claim with a 120 times uplift from manual claims adjudication processing times enabling efficiency and effectiveness in claims management. Deployments in Malaysia have also delivered advanced analytic insights and benchmark tools that have enabled the selection of hospital for the SMART network, a curated panel of partner hospitals, in support of new insurance product development.

By combining advanced health AI with AIA's commitment to improving lives, Amplify Health is setting a new standard for healthcare innovation.

LEADING CUSTOMER EXPERIENCE

We continue to focus on implementing digitalisation and automation to deliver an outstanding experience in every customer interaction, increasingly supported by the use of AI and analytics. Our commitment to seamless, efficient, personalised and scalable processes has led to impressive improvements in operational efficiency and customer satisfaction and loyalty.

In December 2024, 88 per cent of all transactions across buy, service and claims were completed within one day, up from 50 per cent at the end of 2020, while unit costs per transaction have reduced by 43 per cent over the same period. Customer Satisfaction Score (CSAT) reached 96 per cent and AIA ranked first in seven of our markets by Net Promoter Score (NPS) in December 2024. Our efforts were recognised with the 2024 Future Enterprise Awards for Hong Kong – IDC Future of Operations Award and the Digital CX Awards 2024 – Outstanding Digital CX Insurance Strategy – Overall.

TRANSFORMING CUSTOMER JOURNEYS

Our customers demand high-quality and efficient interactions with a digital-first mindset. Since 2020, AIA has extensively digitalised processes and shifted to digital servicing models, transforming customer journeys. Across buy, service and claims, AIA had more than 58 million interactions with our customers in 2024. Our end-to-end straight-through processing (STP) reached 85 per cent in December 2024, up from 35 per cent in June 2020, providing quicker, accurate responses that meet customer expectations.

For customers buying a new policy, the STP rate reached 78 per cent in December 2024, compared with 36 per cent in June 2020, driven by enhanced auto-underwriting capabilities, increased digital adoption and a higher rate of e-payment. In 2024, 82 per cent of new business policies were underwritten automatically, streamlining the purchase process for customers with simplified underwriting rules and leveraging AI and machine learning.

Our end-to-end service STP has increased from 42 per cent in June 2020 to 92 per cent in December 2024. 96 per cent of servicing requests are now submitted digitally, supported by the successful launch of our comprehensive, user-friendly customer super app, AIA+, in four more markets. We achieved a further increase in the one-day turnaround rate for servicing to 95 per cent in December 2024, helped by greater deployment of powerful optical character and facial recognition technologies.

Higher digital adoption and the redesign of our claims processes to leverage advances in technology have driven the end-to-end STP for claims from 22 per cent in June 2020 to 73 per cent in December 2024. Auto-adjudication of claims has also increased from 41 per cent to 75 per cent, while e-payment has now reached 99 per cent.

AIA is further enhancing customer journeys by integrating generative AI. In 2024, the introduction of Microsoft Copilot to our contact centres in Thailand reduced overall processing time per call by 10 per cent, allowing customer service representatives to handle more cases and significantly reducing customer waiting time. With Microsoft Copilot summarising interaction history and offering insights for case management, our representatives can focus on building customer relationships rather than on time-consuming administrative tasks.

DRIVING REPURCHASES FROM EXISTING CUSTOMERS

Building deep, long-lasting customer relationships remains our focus. In 2024, AIA increased customer lifetime value by leveraging data-driven insights to achieve higher customer repurchase rates. We saw a 15 per cent growth in the number of existing customers buying another policy, contributing to a 20 per cent increase in VONB from repurchases.

AIA's strong delivery on customer repurchase in 2024 was driven by our robust customer campaigns designed with data-driven insights. To support the launch of our tax-incentivised savings product for meeting private care needs, AIA China leveraged data analytics in its marketing campaign to identify and target customers with higher potential to purchase. In Hong Kong, a campaign leveraging deep customer insights with segment-led marketing activities nearly tripled the repurchase rate when compared to non-targeted customers. In Singapore, a campaign targeted at existing customers, who were identified to have critical illness protection needs according to our data and digital insights, increased the conversion rate for critical illness protection products by 23 per cent, compared to customers without such an exclusive offer.

ENGAGING CUSTOMERS THROUGH DIGITAL CHANNELS

As customers engage with AIA through digital channels more frequently, we have expanded our omnichannel model by improving our digital capabilities and our online-to-offline (O2O) model for automated lead nurturing and customer conversion. In 2024, AIA acquired more new customers compared with 2023 through our proprietary direct-to-customer apps and websites as well as our partnerships with digital platforms. Overall, we saw a 61 per cent growth in ANP from leads of digital channels, compared with 2023.

AIA China achieved strong growth in both number of new customers and ANP sourced through our proprietary digital platform in 2024. Further enhancements were made to the lead scoring model on our integrated customer platform One Experience, to measure each prospective customer's engagement levels and provide actionable insights. Lead conversion benefitted from the increase in actionable insights and the 360-degree view of customers from the platform.

In Thailand, a higher number of leads were generated by our digital platform partners compared with previous year, leading to a 72 per cent increase in number of new customers sourced from AIA's digital channels in 2024. In Malaysia, we delivered higher ANP from our successful partnership with TNG Digital Sdn. Bhd. by targeting higher-income users of its TNG eWallet.

Our enhanced O2O model enabled more effective identification of prospective and existing customers with higher intent to purchase, leading to a 33 per cent increase in the number of mature leads who were prioritised for timely follow-up by our agents or telesales team. In Thailand, an AI-based lead scoring engine that assesses customers' readiness to purchase improved conversion rates by six times and leads assignment accuracy by 55 per cent. In India, Tata AIA Life's telesales team connected 80 per cent of mature leads within five minutes after they completed an online form.

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 our 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 2024 reflects its latest long-term investment return assumptions used at 31 December 2024.

(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 2024 and the twelve-month period ended 30 September 2023 in AIA's consolidated results for the year ended 31 December 2024 and the year ended 31 December 2023, 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 66 to 222, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and IFRS Accounting Standards 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 ("HKSAs") 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"), and we have 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
Valuation of insurance contracts	
Refer to the relevant references in the consolidated financial statements: 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 76-91. Note 3.1 to note 3.3 to the consolidated financial statements and material accounting policy information: Critical accounting estimates and judgements, pages 99-100. Note 24 to the consolidated financial statements and material accounting policy information: Insurance contracts and reinsurance contracts held, pages 161-180.	
As at 31 December 2024, the Group had net insurance contract liabilities of US$220,440 million. 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.	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: • 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.

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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contracts (continued)	
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. 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). 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.	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: • 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 Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contracts (continued)	
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. The CSM represents the unearned profits that the Group is expected to recognise as it provides services under the insurance contracts. 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. The coverage units represent the quantity of services being provided by the contracts. 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 of coverage units for existing material products, if any.	• 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 of 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. 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.

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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.

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 2024 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 14 March 2025.

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 HKFRSs issued by the HKICPA and IFRS Accounting Standards 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.

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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 HKSAs 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 HKSAs, 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.

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Certified Public Accountants

Hong Kong

14 March 2025

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CONSOLIDATED INCOME STATEMENT

US$m	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Insurance revenue	8, 24	**19,314**	17,514
Insurance service expenses	10, 24	**(13,136)**	(12,078)
Net expenses from reinsurance contracts held	24	**(409)**	(345)
Insurance service result		**5,769**	5,091
Interest revenue on	9		
Financial assets not measured at fair value through profit or loss		**4,275**	4,062
Financial assets measured at fair value through profit or loss		**3,713**	3,758
Other investment return	9	**3,965**	4,941
Net impairment loss on financial assets	9	**(16)**	(195)
Investment return	9	**11,937**	12,566
Net finance expenses from insurance contracts	9	**(7,612)**	(10,456)
Net finance income from reinsurance contracts held	9	**105**	65
Movement in investment contract liabilities	9, 25	**(791)**	(572)
Movement in third-party interests in consolidated investment funds	9	**(29)**	(56)
Net investment result	9	**3,610**	1,547
Fee income		**89**	114
Other operating revenue		**353**	294
Other expenses	10	**(1,771)**	(1,752)
Other finance costs	10	**(570)**	(463)
Profit before share of profit/(losses) from associates and joint ventures		**7,480**	4,831
Share of profit/(losses) from associates and joint ventures		**351**	(267)
Profit before tax		**7,831**	4,564
Tax expense	11	**(978)**	(783)
Net profit		**6,853**	3,781
Net profit attributable to:			
Shareholders of AIA Group Limited		**6,836**	3,764
Non-controlling interests		**17**	17
Earnings per share (US$)			
Basic	12	**0.62**	0.33
Diluted	12	**0.62**	0.33

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Net profit	**6,853**	3,781
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains on financial assets at fair value through other comprehensive income (net of tax of: 2024: US$(1,725)m; 2023: US$(997)m)	**4,528**	3,589
Fair value (gains)/losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal (net of tax of: 2024: US$3m; 2023: US$20m)	**(62)**	95
Foreign currency translation adjustments	**(768)**	(215)
Cash flow hedges	**(3)**	(8)
Net finance expenses from insurance contracts (net of tax of: 2024: US$1,591m; 2023: US$1,403m)	**(4,830)**	(4,400)
Net finance income from reinsurance contracts held (net of tax of: 2024: US$(35)m; 2023: US$(51)m)	**64**	60
Share of other comprehensive expense from associates and joint ventures	**(75)**	(496)
Subtotal	**(1,146)**	(1,375)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gains on property held for own use (net of tax of: 2024: US$4m; 2023: US$(19)m)	**144**	28
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: 2024: US$5m; 2023: US$2m)	**(30)**	(8)
Subtotal	**114**	20
Total other comprehensive expense	**(1,032)**	(1,355)
Total comprehensive income	**5,821**	2,426
Total comprehensive income attributable to:		
Shareholders of AIA Group Limited	**5,804**	2,417
Non-controlling interests	**17**	9

Note:

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$m	Notes	As at 31 December 2024	As at 31 December 2023
Assets			
Intangible assets	14	**3,478**	3,615
Investments in associates and joint ventures	15	**1,710**	1,331
Property, plant and equipment	16	**4,447**	4,058
Investment property	17	**4,570**	4,504
Insurance contract assets	24	**972**	1,457
Reinsurance contract assets	24	**5,730**	6,047
Financial investments:	18, 20		
At amortised cost			
Debt securities		**2,399**	2,165
Loans and deposits		**3,770**	3,723
At fair value through other comprehensive income			
Debt securities		**98,289**	88,612
At fair value through profit or loss			
Debt securities		**77,530**	86,981
Loans and deposits		**272**	272
Equity shares		**19,797**	19,287
Interests in investment funds and exchangeable loan notes		**69,040**	47,166
Derivative financial instruments	19	**1,054**	752
		272,151	248,958
Deferred tax assets	11	**549**	301
Current tax recoverable		**219**	207
Other assets	21	**3,527**	4,316
Cash and cash equivalents	22	**8,101**	11,525
Total assets		**305,454**	286,319
Liabilities			
Insurance contract liabilities	24	**221,412**	203,271
Reinsurance contract liabilities	24	**255**	336
Investment contract liabilities	25	**6,967**	9,170
Borrowings	26	**13,329**	11,800
Obligations under repurchase agreements	27	**4,616**	3,461
Derivative financial instruments	19	**8,615**	8,035
Provisions	29	**202**	174
Deferred tax liabilities	11	**4,116**	3,204
Current tax liabilities		**220**	387
Other liabilities	30	**4,909**	4,887
Total liabilities		**264,641**	244,725

US$m	Notes	As at 31 December 2024	As at 31 December 2023
Equity			
Share capital	31	**14,183**	14,176
Employee share-based trusts	31	**(376)**	(367)
Other reserves	31	**(11,733)**	(11,788)
Retained earnings		**44,691**	44,333
Other comprehensive income		**(6,275)**	(5,243)
Total equity attributable to:			
Shareholders of AIA Group Limited		**40,490**	41,111
Non-controlling interests	32	**323**	483
Total equity		**40,813**	41,594
Total liabilities and equity		**305,454**	286,319

Approved and authorised for issue by the Board of Directors on 14 March 2025.

Lee Yuan Siong
Director

Edmund Sze-Wing Tse
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income: Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
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		–	–	–	–	–	–	–	–	(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-back		–	–	–	(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)	–	–	–	–	–	–	–	–
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.

US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income: Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2023		14,171	(290)	(11,812)	46,499	(3,737)	(2,735)	1,238	1,279	59	476	45,148
Net profit		–	–	–	3,764	–	–	–	–	–	17	3,781
Fair value gains on financial assets at fair value through other comprehensive income		–	–	–	–	3,581	–	–	–	–	8	3,589
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		–	–	–	–	95	–	–	–	–	–	95
Foreign currency translation adjustments		–	–	–	–	–	(213)	–	–	–	(2)	(215)
Cash flow hedges		–	–	–	–	–	–	–	–	(8)	–	(8)
Net finance expenses from insurance contracts		–	–	–	–	–	–	(4,386)	–	–	(14)	(4,400)
Net finance income from reinsurance contracts held		–	–	–	–	–	–	60	–	–	–	60
Share of other comprehensive income/(expense) from associates and joint ventures		–	–	–	–	577	(2)	(1,071)	–	–	–	(496)
Revaluation gains on property held for own use		–	–	–	–	–	–	–	28	–	–	28
Effect of remeasurement of net liability of defined benefit schemes		–	–	–	–	–	–	–	–	(8)	–	(8)
Total comprehensive income/(expense) for the year		–	–	–	3,764	4,253	(215)	(5,397)	28	(16)	9	2,426
Dividends	13	–	–	–	(2,293)	–	–	–	–	–	(19)	(2,312)
Share buy-back		–	–	–	(3,637)	–	–	–	–	–	–	(3,637)
Shares issued under share option scheme and agency share purchase plan		5	–	–	–	–	–	–	–	–	–	5
Increase in non-controlling interests		–	–	(15)	–	–	–	–	–	–	17	2
Share-based compensation		–	–	77	–	–	–	–	–	–	–	77
Purchase of shares held by employee share-based trusts		–	(115)	–	–	–	–	–	–	–	–	(115)
Transfer of vested shares from employee share-based trusts		–	38	(38)	–	–	–	–	–	–	–	–
Balance at 31 December 2023		14,176	(367)	(11,788)	44,333	516	(2,950)	(4,159)	1,307	43	483	41,594

Note:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

US$m	Notes	**Year ended 31 December 2024**	Year ended 31 December 2023
Cash flows from operating activities			
Profit before tax		**7,831**	4,564
Adjustments for:			
Financial investments		**(20,800)**	(9,435)
Insurance contracts		**16,282**	15,772
Reinsurance contracts held		**43**	(269)
Investment contracts		**(2,110)**	(2,718)
Obligations under repurchase agreements	27	**1,239**	1,739
Other non-cash operating items, including investment income and the effect of exchange rate changes on certain operating items		**(8,453)**	(7,008)
Operating cash items:			
Interest received		**7,742**	7,486
Dividends received		**2,242**	1,663
Interest paid		**(139)**	(82)
Tax paid		**(614)**	(793)
Net cash provided by operating activities		**3,263**	10,919
Cash flows from investing activities			
Payments for intangible assets	14	**(237)**	(326)
Distribution or dividend from associates	15	**1**	1
Payments for increase in interests in associates and joint ventures		**(94)**	(68)
Payments for investment property and property, plant and equipment	16, 17	**(612)**	(1,420)
Acquisition of subsidiaries, net of cash acquired		**(3)**	(324)
Net cash used in investing activities		**(945)**	(2,137)
Cash flows from financing activities			
Issuances of medium-term notes and securities	26	**3,134**	996
Redemption of medium-term notes	26	**(1,581)**	(500)
Proceeds from other borrowings	26	**112**	150
Repayment of other borrowings	26	**(65)**	(114)
Capital contribution from non-controlling interests		**16**	2
Payments for lease liabilities[1]		**(149)**	(150)
Interest paid on medium-term notes and securities		**(450)**	(394)
Acquisition of non-controlling interests		**(186)**	–
Dividends paid during the year		**(2,333)**	(2,312)
Share buy-back		**(4,150)**	(3,637)
Purchase of shares held by employee share-based trusts		**(43)**	(115)
Shares issued under share option scheme and agency share purchase plan		**7**	5
Net cash used in financing activities		**(5,688)**	(6,069)

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Net (decrease)/increase in cash and cash equivalents	**(3,370)**	2,713
Cash and cash equivalents at beginning of the financial year	**11,450**	8,766
Effect of exchange rate changes on cash and cash equivalents	**(98)**	(29)
Cash and cash equivalents at end of the financial year	**7,982**	11,450

Note:
(1) The total cash outflow for leases for the year ended 31 December 2024 was US$151m (2023: US$157m).

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 2024	As at 31 December 2023
Cash and cash equivalents in the consolidated statement of financial position	22	**8,101**	11,525
Bank overdrafts		**(119)**	(75)
Cash and cash equivalents in the consolidated statement of cash flows		**7,982**	11,450

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 Hong Kong Financial Reporting Standards (HKFRS), IFRS® Accounting Standards and the Hong Kong Companies Ordinance. IFRS Accounting Standards are substantially consistent with HKFRS 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 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, 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 and IFRS Accounting Standards affecting these consolidated financial statements.

The consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2025.

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 as follows.

(a) The following relevant new amendments to standards have been adopted for the first time for the financial year ended 31 December 2024 and have no material impact to the Group:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1, Non-current Liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements; and
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback.

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 2024 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 is assessing the impacts on the Group's consolidated financial statements.

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:

- Amendments to IAS 21, Lack of Exchangeability (2025); and

- 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.

Operating profit 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% – 90%

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:

			Basis of accounting for:	
Policy type		Description of benefits payable	Insurance contracts	Investment contracts
Traditional participating life	Participating funds and other participating business with distinct portfolios	Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the aggregate amount of which is determined by the performance of a distinct fund of assets and liabilities. The timing of dividend and bonus declarations is at the discretion of the insurer For participating funds, local regulations generally prescribe a minimum proportion of policyholder participation in declared dividends For other participating business with distinct portfolios, the allocation of benefit from the assets held in such distinct portfolios is set according to the underlying bonus rule as determined by the relevant Board based on applicable regulatory requirements after considering the Appointed Actuary's recommendation. The extent of such policyholder participation may change over time	Participating products where there is a distinct portfolio meet the definition of an insurance contract with direct participation features and is measured under an approach commonly referred to as the Variable Fee Approach (VFA) measurement model. The VFA modifies the general measurement model in IFRS 17 to reflect the nature of the income to the insurer is a variable fee	Investment contracts with DPF are accounted for in the same way as insurance contracts under IFRS 17
	Other participating business without distinct portfolios	Participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the timing or amount of which are at the discretion of the insurer taking into account factors such as investment experience	The general measurement model is applied to these insurance contracts	Investment contracts with DPF are accounted for in the same way as insurance contracts under IFRS 17
Non-participating life, annuities and other protection products		Benefits payable are not at the discretion of the insurer	The general measurement model is applied to these insurance contracts except for some insurance contracts where the permitted premium allocation approach (PAA) simplification (see note 2.3.7) 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 and are excluded from the allocation of reinsurance premiums paid.

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. As permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. To the extent these hedges are effective, the change in fair value of the derivatives designated as hedging instruments is recognised in the cash flow hedge reserve in other comprehensive income within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss when the hedged item affects profit or loss. In respect of a forecast purchase of a debt security classified as fair value through other comprehensive income, the cash flows are expected to affect profit or loss when the coupons from the purchased bond are recognised, or on disposal of the security. The application of hedge accounting is discontinued when one of the following situations occurs: when a derivative designated as the hedging instrument expires or is sold, terminated or exercised prior to the occurrence of the forecast transaction, when the hedge is no longer highly effective or expected to be highly effective, or when the Group revokes the designation of the hedging relationship. In these situations, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. This amount is reclassified to profit or loss when the hedged item affects profit or loss. If the forecast transaction is no longer expected to occur, the entire amount is reclassified immediately to profit or loss.

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 2024	Year ended 31 December 2023
Mainland China	**7.20**	7.08
Hong Kong	**7.80**	7.83
Thailand	**35.23**	34.80
Singapore	**1.34**	1.34
Malaysia	**4.57**	4.56

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

	US dollar exchange rates	
	As at 31 December 2024	As at 31 December 2023
Mainland China	**7.30**	7.10
Hong Kong	**7.76**	7.81
Thailand	**34.26**	34.24
Singapore	**1.36**	1.32
Malaysia	**4.47**	4.59

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 2024	Year ended 31 December 2023
Operating profit after tax	7	**6,632**	6,228
Non-operating items, net of related taxes:			
Short-term investment and discount rate variances[(1)]		**(427)**	(2,007)
Reclassification of revaluation gains for property held for own use[(1)]		**(155)**	(8)
Other significant non-operating income and expenses			
Corporate transaction related costs		**(23)**	(30)
Other non-operating investment return and other items[(2)]		**826**	(402)
Subtotal		**221**	(2,447)
Net profit		**6,853**	3,781
Operating profit after tax attributable to:			
Shareholders of AIA Group Limited		**6,605**	6,213
Non-controlling interests		**27**	15
Net profit attributable to:			
Shareholders of AIA Group Limited		**6,836**	3,764
Non-controlling interests		**17**	17

Operating profit after tax breakdown:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Insurance service result:		
CSM recognised for services provided	**5,625**	5,314
Other insurance service result[(3)]	**66**	(190)
Net investment result[(3)]	**3,528**	3,581
Other net expenses[(3)]	**(1,468)**	(1,470)
Operating profit before tax	**7,751**	7,235
Taxation[(3)]	**(1,119)**	(1,007)
Operating profit after tax	**6,632**	6,228

Notes:

(1) Short-term investment and discount rate variances include revaluation gains 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) Other non-operating investment return and other items include implementation costs for new accounting standards. The 2023 comparative information in this report are presented on a consistent manner to conform with the enhanced presentation.

(3) The operating profit after tax disclosure has been enhanced in 2024 with no impact on the Group's operating profit after tax or net profit. The enhancement mainly relates to insurance contracts with direct participation features, to better represent the offsetting impact of certain operating cash flow variances which were previously presented in net investment result. In 2024, they have been classified under:

– Other insurance service result;
– Other net expenses; and
– Taxation.

The 2023 comparative information in this report are presented on a consistent manner to conform with the enhanced presentation.

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 2024**	Year ended 31 December 2023
TWPI by geography		
Mainland China	**9,874**	8,589
Hong Kong	**12,456**	11,554
Thailand	**4,674**	4,425
Singapore	**4,445**	3,912
Malaysia	**2,742**	2,565
Other Markets	**7,207**	6,894
Total	**41,398**	37,939
First year premiums by geography		
Mainland China	**2,105**	1,961
Hong Kong	**2,444**	2,243
Thailand	**779**	725
Singapore	**683**	429
Malaysia	**407**	392
Other Markets	**1,118**	766
Total	**7,536**	6,516
Single premiums by geography		
Mainland China	**426**	369
Hong Kong	**1,442**	1,205
Thailand	**76**	126
Singapore	**1,368**	944
Malaysia	**342**	255
Other Markets	**872**	693
Total	**4,526**	3,592

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

TWPI (continued) US$m	Year ended 31 December 2024	Year ended 31 December 2023
Renewal premiums by geography		
Mainland China	**7,726**	6,591
Hong Kong	**9,868**	9,190
Thailand	**3,887**	3,687
Singapore	**3,625**	3,389
Malaysia	**2,301**	2,147
Other Markets	**6,002**	6,060
Total	**33,409**	31,064

ANP US$m	Year ended 31 December 2024	Year ended 31 December 2023
ANP by geography		
Mainland China	**2,168**	2,023
Hong Kong	**2,609**	2,407
Thailand	**821**	765
Singapore	**897**	586
Malaysia	**517**	473
Other Markets	**1,594**	1,396
Total	**8,606**	7,650

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 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 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[3]	**(1,400)**	**(2,766)**	**(1,510)**	**(1,945)**	**(1,496)**	**(4,088)**	**–**	**(13,205)**
Net expenses from reinsurance contracts held[3]	**(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]	**(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[3]	**(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[3]	**(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**
Operating profit/(loss) after tax attributable to:								
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[(3)]:

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**

Note:

(3) The segment information disclosure has been enhanced in 2024 with no impact on the Group's operating profit after tax or net profit. The enhancement mainly relates to insurance contracts with direct participation features, to better represent the offsetting impact of certain operating cash flow variances which were previously presented in net finance expenses from insurance contracts and reinsurance contracts held. In 2024, they have been classified under:

- Insurance service expenses;
- Net expenses from reinsurance contracts held;
- Other expenses; and
- Tax on operating profit before tax.

Furthermore, in the segment information disclosure, the Group has disclosed the tax on operating profit before tax and operating profit after tax. The 2023 comparative information in this report are presented on a consistent manner to conform with the enhanced presentation.

7. SEGMENT INFORMATION (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Year ended 31 December 2023								
ANP	2,023	2,407	765	586	473	1,396	–	7,650
TWPI	8,589	11,554	4,425	3,912	2,565	6,894	–	37,939
Insurance revenue	3,122	3,816	2,264	2,196	1,574	4,542	–	17,514
Insurance service expenses(3)	(1,254)	(2,441)	(1,421)	(1,617)	(1,279)	(4,092)	–	(12,104)
Net (expenses)/income from reinsurance contracts held(3)	(53)	(54)	(51)	(89)	4	(32)	(11)	(286)
Insurance service result	1,815	1,321	792	490	299	418	(11)	5,124
Investment return	1,679	6,221	1,048	2,373	908	1,685	786	14,700
– Participating(1) and unit-linked	676	5,116	2	1,915	772	563	(2)	9,042(2)
– Others	1,003	1,105	1,046	458	136	1,122	788	5,658
Net finance expenses from insurance contracts and reinsurance contracts held(3)	(1,374)	(4,916)	(521)	(1,965)	(756)	(978)	(2)	(10,512)(2)
Movement in investment contract liabilities	(25)	(197)	(86)	(67)	–	(176)	–	(551)(2)
Movement in third-party interests in consolidated investment funds	–	(56)	–	–	–	–	–	(56)(2)
Net investment result	280	1,052	441	341	152	531	784	3,581
Fee income and other operating revenue	4	253	24	26	13	96	16	432
Other expenses(3)	(183)	(250)	(83)	(134)	(56)	(405)	(340)	(1,451)
Other finance costs	(41)	(27)	(1)	(8)	(2)	(8)	(366)	(453)
Share of (losses)/profit from associates and joint ventures	–	(1)	–	–	–	31	(28)	2
Operating profit before tax	1,875	2,348	1,173	715	406	663	55	7,235
Tax on operating profit before tax(3)	(327)	(163)	(222)	(46)	(102)	(93)	(54)	(1,007)
Operating profit after tax	1,548	2,185	951	669	304	570	1	6,228
Operating profit after tax attributable to:								
Shareholders of AIA Group Limited	1,548	2,180	951	669	293	560	12	6,213
Non-controlling interests	–	5	–	–	11	10	(11)	15

Notes:

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

(2) Net finance expenses from insurance contracts and reinsurance contracts held include changes in fair value of underlying items of contracts with direct participation features. Net finance expenses 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$(2,077)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	7.4%	6.2%	6.7%	7.1%	9.1%	16.2%	–	9.4%
Operating margin	18.0%	18.9%	21.5%	17.1%	11.9%	8.3%	–	16.4%
Operating return on shareholders' allocated equity	29.8%	16.9%	15.4%	15.6%	13.3%	7.2%	–	13.5%
Operating profit before tax includes:								
Operating expenses	633	718	295	277	233	1,115	302	3,573
Finance costs	51	29	2	17	2	8	366	475

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2023								
Total assets	46,394	104,506	26,204	41,921	14,529	36,511	16,254	286,319
Total liabilities	42,657	93,984	20,182	37,516	12,167	27,473	10,746	244,725
Total equity	3,737	10,522	6,022	4,405	2,362	9,038	5,508	41,594
Shareholders' allocated equity	5,417	12,605	6,135	4,247	2,251	7,887	6,212	44,754
Total assets include:								
Investments in associates and joint ventures	–	–	–	–	1	828	502	1,331

7. SEGMENT INFORMATION (continued)

Segment information may be reconciled to the consolidated income statement as shown below[3]:

US$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Consolidated income statement	
Year ended 31 December 2023					
Insurance revenue	17,514	–	–	17,514	Insurance revenue
Insurance service expenses	(12,104)	–	26	(12,078)	Insurance service expenses
Net expenses from reinsurance contracts held	(286)	–	(59)	(345)	Net expenses from reinsurance contracts held
Insurance service result	5,124	–	(33)	5,091	**Insurance service result**
Investment return	14,700	(2,097)	(37)	12,566	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	(10,512)	(99)	220	(10,391)	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	(551)	(21)	–	(572)	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	(56)	–	–	(56)	Movement in third-party interests in consolidated investment funds
Net investment result	3,581	(2,217)	183	1,547	**Net investment result**
Fee income and other operating revenue	432	–	(24)	408	Fee income and other operating revenue
Other expenses	(1,451)	–	(301)	(1,752)	Other expenses
Other finance costs	(453)	–	(10)	(463)	Other finance costs
Share of profit from associates and joint ventures	2	–	(269)	(267)	Share of losses from associates and joint ventures
Operating profit before tax	7,235	(2,217)	(454)	4,564	**Profit before tax**
Tax on operating profit before tax	(1,007)	210	14	(783)	Tax expense
Operating profit after tax	6,228	(2,007)	(440)	3,781	**Net profit**

Note:

(3) The segment information disclosure has been enhanced in 2024 with no impact on the Group's operating profit after tax or net profit. The enhancement mainly relates to insurance contracts with direct participation features, to better represent the offsetting impact of certain operating cash flow variances which were previously presented in net finance expenses from insurance contracts and reinsurance contracts held. In 2024, they have been classified under:

- Insurance service expenses;
- Net expenses from reinsurance contracts held;
- Other expenses; and
- Tax on operating profit before tax.

Furthermore, in the segment information disclosure, the Group has disclosed the tax on operating profit before tax and operating profit after tax. The 2023 comparative information in this report are presented on a consistent manner to conform with the enhanced presentation.

8. INSURANCE REVENUE

US$m	Note	Year ended 31 December 2024	Year ended 31 December 2023
Contracts not measured under the PAA			
Amounts related to changes in liabilities for remaining coverage			
Contractual service margin recognised for services provided	24	**5,958**	5,605
Change in risk adjustment for non-financial risk for risk expired		**236**	210
Expected incurred claims and other insurance service expenses		**8,960**	8,239
Others		**134**	85
Recovery of insurance acquisition cash flows		**1,073**	968
	24	**16,361**	15,107
Contracts measured under the PAA	24	**2,953**	2,407
Total insurance revenue		**19,314**	17,514
Represented by:			
Contracts under the modified retrospective approach		**1,693**	1,696
Contracts under the fair value approach		**7,445**	7,791
Other contracts		**10,176**	8,027

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 2024	Year ended 31 December 2023
Investment return			
Interest revenue on financial assets		**7,988**	7,820
Other investment return		**3,965**	4,941
Net impairment loss on financial assets		**(16)**	(195)
Amounts recognised in consolidated income statement		**11,937**	12,566
Amounts recognised in other comprehensive income		**6,328**	4,708
Total investment return		**18,265**	17,274
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		**(4,091)**	(8,313)
Interest accreted		**(2,949)**	(2,516)
Effect of changes in interest rates and other financial assumptions		**(6,246)**	(5,119)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		**(196)**	(638)
Net foreign exchange (losses)/gains		**(551)**	327
Total net finance expenses from insurance contracts	24	**(14,033)**	(16,259)
Net finance income from reinsurance contracts held			
Interest accreted		**75**	9
Effect of changes in interest rates and other financial assumptions		**211**	247
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		**(75)**	(38)
Net foreign exchange losses		**(7)**	(42)
Total net finance income from reinsurance contracts held	24	**204**	176
Movement in investment contract liabilities	25	**(791)**	(572)
Movement in third-party interests in consolidated investment funds		**(29)**	(56)
Net investment result		**3,616**	563
Net investment result is represented by:			
Amounts recognised in consolidated income statement		**3,610**	1,547
Amounts recognised in other comprehensive income		**6**	(984)
Total net investment result		**3,616**	563

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 2024	Year ended 31 December 2023
Net finance expenses from insurance contracts are represented by:		
Amounts recognised in consolidated income statement	**(7,612)**	(10,456)
Amounts recognised in other comprehensive income	**(6,421)**	(5,803)
Total net finance expenses from insurance contracts	**(14,033)**	(16,259)
Net finance income from reinsurance contracts held are represented by:		
Amounts recognised in consolidated income statement	**105**	65
Amounts recognised in other comprehensive income	**99**	111
Total net finance income from reinsurance contracts held	**204**	176

9. NET INVESTMENT RESULT (continued)

B. Interest revenue on financial assets and other investment return

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Interest revenue on financial assets		
Financial assets measured at amortised cost	**701**	546
Financial assets measured at fair value through other comprehensive income	**3,574**	3,516
Financial assets designated at fair value through profit or loss	**3,331**	3,403
Financial assets measured mandatorily at fair value through profit or loss	**382**	355
Total interest revenue on financial assets	**7,988**	7,820
Other investment return		
Dividend income	**1,739**	1,488
Rental income[1]	**167**	154
Net gains/(losses) of financial assets not at fair value through profit or loss		
Net realised gains/(losses) of debt securities measured at fair value through other comprehensive income	**65**	(74)
Net realised losses of financial assets measured at amortised cost[2]	**(33)**	–
At fair value through profit or loss		
Net (losses)/gains of financial assets designated at fair value through profit or loss		
Net (losses)/gains of debt securities	**(1,629)**	3,390
Net losses of loans and deposits	**–**	(9)
Net losses of equity shares, interests in investment funds and exchangeable loan notes	**(61)**	–
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains of debt securities	**27**	120
Net gains of equity shares, interests in investment funds and exchangeable loan notes	**5,864**	1,013
Net fair value movement on derivatives	**(2,946)**	(827)
Net gains in respect of financial instruments at fair value through profit or loss	**1,255**	3,687
Net fair value movement of investment property and property held for own use	**(47)**	(147)
Net foreign exchange gains/(losses)	**946**	(141)
Other net realised losses	**(127)**	(26)
Net gains	**2,059**	3,299
Total other investment return	**3,965**	4,941

Notes:

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

(2) During the year ended 31 December 2024, the Group disposed certain debt securities measured at amortised cost (31 December 2023: nil) for asset liability management.

9. NET INVESTMENT RESULT (continued)

Foreign currency movements resulted in the following 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 2024**	Year ended 31 December 2023
Foreign exchange gains	**151**	122

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 2024**	Year ended 31 December 2023
Balance at 1 January	**(177)**	(3,346)
Net change in fair value and others	**3,304**	2,945
Net amount reclassified to profit or loss	**140**	224
Balance at 31 December	**3,267**	(177)

10. EXPENSES

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Claims and benefits	**10,129**	9,250
Commission and other acquisition expenses incurred	**6,844**	6,370
Losses on onerous insurance contracts	**48**	101
Employee benefit expenses(3)	**2,321**	2,235
Depreciation(3)	**217**	221
Amortisation(3)	**190**	152
Investment management expenses and others	**497**	554
Depreciation on property held for own use	**66**	43
Finance costs	**615**	485
Other operating expenses(3)	**932**	965
Restructuring and other non-operating costs(1)	**211**	166
	22,070	20,542
Amounts attributed to insurance acquisition cash flows	**(8,093)**	(7,542)
Amortisation of insurance acquisition cash flows	**1,500**	1,293
Insurance service and other expenses	**15,477**	14,293

Insurance service and other expenses represented by:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Insurance service expenses	**13,136**	12,078
– Contracts not measured under the PAA	**10,256**	9,775
– Contracts measured under the PAA	**2,880**	2,303
Other expenses(2)	**1,771**	1,752
Other finance costs	**570**	463
Total	**15,477**	14,293

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, implementation costs for new accounting standards and other items that are not expected to be recurring in nature.

(2) Other expenses represent general expenses and investment management expenses that are not directly attributable to insurance contracts and reinsurance contracts held. It includes payments for short-term leases of US$2m (2023: US$7m).

(3) Operating expenses comprise employee benefit expenses, depreciation, amortisation and other operating expenses.

10. EXPENSES (continued)

Expenses include auditors' remuneration of US$32m (2023: US$33m), an analysis of which is set out below:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Audit services	**26**	27
Non-audit services, including:		
Audit-related services	**5**	5
Tax services	**–**	1
Other services	**1**	–
Total	**32**	33

Depreciation consists of:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Computer hardware, fixtures and fittings and others	**78**	75
Right-of-use assets		
Property held for own use	**138**	145
Computer hardware	**1**	1
Total	**217**	221

Finance costs may be analysed as:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Repurchase agreements	**100**	66
Medium-term notes and securities	**469**	403
Other loans	**34**	4
Lease liabilities	**12**	12
Total	**615**	485

Employee benefit expenses consist of:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	**1,902**	1,848
Share-based compensation	**84**	72
Pension costs – defined contribution plans	**145**	139
Pension costs – defined benefit plans	**9**	9
Other employee benefit expenses	**181**	167
Total	**2,321**	2,235

11. INCOME TAX

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Tax charged in the consolidated income statement		
Current income tax – Hong Kong Profits Tax	**139**	175
Current income tax – overseas	**257**	482
Deferred income tax on temporary differences	**582**	126
Total	**978**	783

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 2024	Year ended 31 December 2023
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 will introduce a corporate income tax at a rate of 15 per cent from 1 January 2025.

11. INCOME TAX (continued)

Corporate income tax (continued)

The Group continues to closely monitor developments in respect of the tax policy work led by the Organisation for Economic Co-operation and Development (OECD) on the “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy”, a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project that is commonly referred to as “BEPS 2.0”, and constructively engages with relevant governments and the OECD on their work.

In 2021, the OECD/G20 Inclusive Framework on BEPS published the Global Anti-Base Erosion (GloBE) Model Rules, on which jurisdictions may model new local tax laws to give effect to the second pillar of BEPS 2.0 (“Pillar Two”), which seeks to impose a minimum effective tax rate on large multinational enterprises in respect of each jurisdiction in which they operate across the globe.

The Group operates in certain jurisdictions that have enacted or substantively enacted Pillar Two legislation, including Australia, Indonesia, Malaysia, New Zealand, Singapore, South Korea, Thailand and Vietnam. However, several jurisdictions where the Group operates, including Hong Kong and Mainland China, have not yet substantively enacted Pillar Two legislation.

Some of the jurisdictions where Pillar Two legislation has been enacted or substantively enacted have introduced Qualified Domestic Minimum Top-up Taxes (QDMTT) that became effective for the Group from 1 January 2024. Broadly, a QDMTT in a jurisdiction charges top-up tax on a group where the aggregate effective tax rate of constituent entities of that group located in that jurisdiction, calculated under the rules of the QDMTT (that are based on the GloBE Model Rules), is below the minimum rate of 15%.

In some cases, the Pillar Two legislation (substantively) enacted also introduced Undertaxed Profits Rules (UTPR), which will be effective from 1 January 2025 or later. Broadly, UTPR are a backstop mechanism to charge top-up tax on an in-scope, multinational group where the aggregate effective tax rate of constituent entities of that group located in a particular jurisdiction, calculated under the GloBE Model Rules, is below the minimum rate of 15% but that group has not been charged to top-up tax in respect of that jurisdiction under other Pillar Two taxes (i.e. under an Income Inclusion Rule or QDMTT).

IAS 12 mandates that as a temporary exception to the standard’s requirements, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group has applied this exception and has not yet assessed the potential deferred tax impact of Pillar Two income taxes. The Group will continue to monitor the application of this temporary exception and will assess the accounting implications accordingly.

For the twelve-month period ended 31 December 2024, the Group had no current tax exposure related to Pillar Two legislation effective at the reporting date (twelve months ended 31 December 2023: nil).

Based on currently available information, the Group anticipates that such exposures may arise from 2025 onwards. However, due to significant areas of uncertainty in the application of the legislation, the quantitative impact of the Pillar Two legislation enacted or substantively enacted at the reporting date, but not yet effective, is not yet known or reasonably estimable. The Group expects to be able to determine its Pillar Two income tax liabilities for reporting periods ending after 31 December 2024, as the legislation becomes less uncertain.

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.

11. INCOME TAX (continued)

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Income tax reconciliation		
Profit before income tax	**7,831**	4,564
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**1,390**	932
Reduction in tax payable from:		
Exempt investment income	**(538)**	(338)
Provisions for uncertain tax positions(2)	**(57)**	–
Adjustments in respect of prior years	**–**	(26)
Changes in tax rate and law	**(181)**	(196)
	(776)	(560)
Increase in tax payable from:		
Life insurance tax(1)	**27**	62
Withholding taxes	**137**	88
Disallowed expenses	**118**	111
Unrecognised deferred tax assets	**40**	39
Provisions for uncertain tax positions(2)	**–**	82
Adjustments in respect of prior years	**11**	–
Others	**31**	29
	364	411
Total income tax expense	**978**	783

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: Fair value reserve[2]	Credited/(charged) to other comprehensive income: Foreign currency translation reserve	Credited/(charged) to other comprehensive income: Insurance finance reserve	Credited/(charged) to other comprehensive income: Others	Other movements	Net deferred tax asset/ (liability) at year end
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)**

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: Fair value reserve[2]	Credited/(charged) to other comprehensive income: Foreign currency translation reserve	Credited/(charged) to other comprehensive income: Insurance finance reserve	Credited/(charged) to other comprehensive income: Others	Other movements	Net deferred tax asset/ (liability) at year end
31 December 2023									
Revaluation of financial instruments	631	–	9	(1,002)	(11)	–	–	–	(373)
Insurance and investment contract liabilities	(3,427)	–	(469)	–	25	1,352	–	13	(2,506)
Withholding taxes	(267)	–	(23)	–	2	–	–	–	(288)
Provision for expenses	102	–	15	–	(1)	–	2	–	118
Losses available for offset against future taxable income	103	–	398	–	6	–	–	–	507
Life surplus[1]	(366)	–	(71)	–	6	–	–	–	(431)
Others	68	3	15	–	3	–	(19)	–	70
Total	(3,156)	3	(126)	(1,002)	30	1,352	(17)	13	(2,903)

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 charge of US$1,742m (2023: tax charge of US$1,022m) relates to fair value gains or losses on debt securities measured at fair value through other comprehensive income and tax credit of US$3m (2023: tax credit of US$20m) 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 (2023: US$3m) in respect of the acquisition of a subsidiary.

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$156m (2023: US$106m) 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$238m (2023: US$251m) 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 2026 (Macau), 2027 (Myanmar and the Philippines), 2028 (Thailand), 2029 (Cambodia, Mainland China and Vietnam) and 2034 (Malaysia, South Korea and Taiwan (China)).

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 2024	Year ended 31 December 2023
Net profit attributable to shareholders of AIA Group Limited (US$m)	**6,836**	3,764
Weighted average number of ordinary shares outstanding (million)	**11,063**	11,518
Basic earnings per share (US cents)	**61.79**	32.68

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 2024	Year ended 31 December 2023
Net profit attributable to shareholders of AIA Group Limited (US$m)	**6,836**	3,764
Weighted average number of ordinary shares outstanding (million)	**11,063**	11,518
Adjustment for share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans (million)	**10**	10
Weighted average number of ordinary shares for diluted earnings per share (million)	**11,073**	11,528
Diluted earnings per share (US cents)	**61.74**	32.65

At 31 December 2024, 21,639,515 share options (2023: 6,276,007) 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 2024	Year ended 31 December 2023
Basic operating profit after tax per share (US cents)	**59.70**	53.94
Diluted operating profit after tax per share (US cents)	**59.65**	53.89

13. DIVIDENDS

Dividends to shareholders of the Company attributable to the year:

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Interim dividend declared and paid of 44.50 Hong Kong cents per share (2023: 42.29 Hong Kong cents per share)	**623**	621
Final dividend proposed after the reporting date of 130.98 Hong Kong cents per share (2023: 119.07 Hong Kong cents per share)[1]	**1,814**	1,726
Total	**2,437**	2,347

Notes:

(1) Based upon shares outstanding at 31 December 2024 and 31 December 2023 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 14 March 2025 subject to shareholders' approval at the AGM to be held on 23 May 2025. 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 2024	Year ended 31 December 2023
Final dividend in respect of the previous financial year, approved and paid during the year of 119.07 Hong Kong cents per share (2023: 113.40 Hong Kong cents per share)	**1,705**	1,672

14. INTANGIBLE ASSETS

US$m	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2023	1,956	1,222	1,144	4,322
Additions	–	329	46	375
Acquisition of subsidiaries[1]	186	9	59	254
Disposals	(46)	(43)	(2)	(91)
Foreign exchange movements	(13)	(11)	(7)	(31)
At 31 December 2023	**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**
Accumulated amortisation and impairment				
At 1 January 2023	(180)	(652)	(213)	(1,045)
Amortisation charge for the year	–	(152)	(53)	(205)
Disposals	30	6	1	37
Foreign exchange movements	(4)	2	1	(1)
At 31 December 2023	**(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)**
Net book value				
At 31 December 2023	1,929	710	976	3,615
At 31 December 2024	**1,925**	**757**	**796**	**3,478**

Note:

(1) The Group was in the process of finalising the purchase price adjustments within the measurement period. The values of consideration and goodwill were therefore provisional as of 31 December 2023. The finalisation of the values of consideration and goodwill was expected to be completed within 12 months of the acquisition date.

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$656m (2023: US$640m), Hong Kong of US$484m (2023: US$481m), Australia of US$382m (2023: US$420m), Philippines of US$174m (2023: US$143m) and New Zealand of US$141m (2023: US$154m).

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. In the majority of instances 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 (2023: 7 per cent to 14 per cent) and the perpetual growth rates for future new business cash flows of 3 per cent (2023: 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 2024	As at 31 December 2023
Group		
Investments in associates	**1,710**	1,331
Investments in joint ventures	**–**	–
Total	**1,710**	1,331

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:

				Group's interests %	
	Place of incorporation	Principal activity	Type of shares held	As at 31 December 2024	As at 31 December 2023
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/(losses) and other comprehensive expense of these associates and joint ventures.

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Carrying amount in the statement of financial position	**1,710**	1,331
Profit/(losses) from continuing operations	**351**	(267)
Other comprehensive expense	**(75)**	(496)
Total comprehensive income/(expense)	**276**	(763)

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 2023	597	2,408	262	595	3,862
Additions	–	1,454	25	48	1,527
Acquisition of subsidiaries	–	8	1	6	15
Disposals	–	(174)	(15)	(92)	(281)
Net transfers from investment property	29	2	–	–	31
Decrease from valuation	(50)	(6)	–	–	(56)
Foreign exchange movements	–	(4)	–	–	(4)
At 31 December 2023	**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**
Accumulated depreciation					
At 1 January 2023	–	(362)	(217)	(439)	(1,018)
Depreciation charge for the year	–	(188)	(28)	(48)	(264)
Disposals	–	138	11	49	198
Revaluation adjustment	–	47	–	–	47
Foreign exchange movements	–	–	–	1	1
At 31 December 2023	**–**	**(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)**
Net book value					
At 31 December 2023	576	3,323	39	120	4,058
At 31 December 2024	**559**	**3,556**	**60**	**272**	**4,447**

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 2024	As at 31 December 2023
Property held for own use using fair value model	**493**	507
Other property held for own use	**911**	827
Computer hardware	**3**	2
Fixtures and fittings and others	**2**	2
Total	**1,409**	1,338

Additions to right-of-use assets for the year ended 31 December 2024 were US$149m (2023: US$150m).

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, nil expenditure (2023: 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$14m (2023: Decrease from revaluation on property held for own use of US$50m) were taken to profit or loss, of which US$12m (2023: US$47m) 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$52m (2023: US$53m). 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$524m (2023: US$526m).

Properties held for own use using revaluation model

During the year, nil expenditure (2023: US$177m) recognised in the carrying amount of property held for own use was in the course of its construction. Increase from revaluation on property held for own use of US$166m (2023: Increase from revaluation on property held for own use of US$41m) were taken to other comprehensive income, of which US$118m (2023: US$(17)m) 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$1,780m (2023: US$1,565m). 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$294m (2023: US$302m). 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 2023	4,600
Additions and capitalised subsequent expenditures	45
Acquisition of a subsidiary	1
Disposals	(4)
Net transfers to property, plant and equipment	(31)
Fair value losses	(97)
Foreign exchange movements	(10)
At 31 December 2023	**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**

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 five 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$167m (2023: US$154m). Direct operating expenses (including repair and maintenance) on investment property that generates rental income amounted to US$37m (2023: US$35m).

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 2024**	As at 31 December 2023
Leases of investment property classified as operating leases		
Expiring no later than one year	**132**	129
Expiring later than one year and no later than two years	**91**	87
Expiring later than two years and no later than three years	**64**	47
Expiring later than three years and no later than four years	**34**	28
Expiring later than four years and no later than five years	**31**	16
Expiring after five years or more	**24**	27
Total undiscounted lease receipts	**376**	334

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 FVTPL	Other policyholder and shareholder FVTPL	Other policyholder and shareholder FVOCI	Other policyholder and shareholder AC	Subtotal	Unit-linked FVTPL	Unit-linked[(2)] FVOCI	Consolidated investment funds[(1)] FVTPL	Total
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)

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
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)

Debt securities (continued)

Debt securities by type comprise the following: (continued)

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
31 December 2023									
Government bonds[3]									
By jurisdiction									
Mainland China	7,791	–	23,277	–	31,068	54	–	–	31,122
Thailand	–	1,323	11,314	–	12,637	–	–	–	12,637
United States	3,645	–	3,514	–	7,159	91	–	–	7,250
South Korea	–	–	6,524	–	6,524	248	–	–	6,772
Singapore	5,073	–	1,201	–	6,274	975	10	–	7,259
Philippines	275	82	1,643	36	2,036	238	–	–	2,274
Malaysia	1,416	202	543	–	2,161	346	43	–	2,550
Indonesia	792	–	1,148	16	1,956	131	27	–	2,114
Other	2,035	2	3,237	281	5,555	133	–	–	5,688
Subtotal, by jurisdiction	21,027	1,609	52,401	333	75,370	2,216	80	–	77,666
By credit rating									
AAA	6,211	–	3,807	–	10,018	977	10	–	11,005
AA	3,785	1	9,320	225	13,331	449	–	–	13,780
A	8,851	98	23,689	46	32,684	360	18	–	33,062
BBB	2,121	1,510	14,765	62	18,458	430	52	–	18,940
Below investment grade	59	–	820	–	879	–	–	–	879
Not rated	–	–	–	–	–	–	–	–	–
Subtotal, by credit rating	21,027	1,609	52,401	333	75,370	2,216	80	–	77,666
Government agency bonds[4]									
AAA	1,965	–	948	31	2,944	210	10	–	3,164
AA	633	1	2,089	102	2,825	72	–	131	3,028
A	3,467	33	2,244	50	5,794	170	44	–	6,008
BBB	705	19	1,586	50	2,360	45	3	–	2,408
Below investment grade	68	–	177	13	258	1	4	–	263
Not rated	–	–	–	–	–	12	–	–	12
Subtotal	6,838	53	7,044	246	14,181	510	61	131	14,883

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)

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
31 December 2023									
Corporate bonds									
AAA	643	1	205	–	849	–	–	–	849
AA	3,347	2	2,216	162	5,727	201	–	141	6,069
A	23,063	212	11,690	888	35,853	1,498	109	510	37,970
BBB	21,602	294	11,627	395	33,918	860	70	123	34,971
Below investment grade	748	317	1,459	132	2,656	244	17	–	2,917
Not rated	–	12	2	9	23	230	–	–	253
Subtotal	49,403	838	27,199	1,586	79,026	3,033	196	774	83,029
Structured securities[5]									
AAA	20	–	142	–	162	–	–	–	162
AA	52	–	246	–	298	–	–	–	298
A	82	–	598	–	680	32	–	–	712
BBB	127	73	645	–	845	19	–	–	864
Below investment grade	67	71	–	–	138	–	–	–	138
Not rated	5	1	–	–	6	–	–	–	6
Subtotal	353	145	1,631	–	2,129	51	–	–	2,180
Total[6]	77,621	2,645	88,275	2,165	170,706	5,810	337	905	177,758

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$8,869m 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:

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
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**

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
31 December 2023						
Equity shares	7,533	4,604	12,137	7,150	–	19,287
Interests in investment funds and exchangeable loan notes						
Investment funds with debt instruments as underlying[2]	–	280	280	2,994	–	3,274
Others	22,676	6,584	29,260	14,632	–	43,892
Total	30,209	11,468	41,677	24,776	–	66,453

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. The risks and rewards of ownership are retained by the Group. The carrying amount of the transferred assets is 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:

	As at 31 December 2024		As at 31 December 2023	
US$m	**Investment funds**	**Structured securities**[1]	Investment funds	Structured securities[1]
Debt securities at amortised cost	**42**[2]	**–**	13[2]	–
Debt securities at fair value through other comprehensive income	**849**[2]	**1,718**	830[2]	1,631
Debt securities at fair value through profit or loss	**1,549**[2]	**451**	1,965[2]	549
Interests in investment funds at fair value through profit or loss	**67,769**	**–**	45,994	–
Total	**70,209**	**2,169**	48,802	2,180

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 2024	As at 31 December 2023
Mortgage loans on residential real estate	**469**	452
Mortgage loans on commercial real estate	**3**	2
Other loans	**212**	203
Loss allowance for loans	**(9)**	(10)
Loans	**675**	647
Term deposits	**1,850**	1,834
Promissory notes[1]	**1,523**	1,524
Loss allowance for deposits measured at amortised cost	**(6)**	(10)
Total	**4,042**	3,995

Note:

(1) The promissory notes are issued by a government. Promissory notes of US$272m (2023: 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 2024, the restricted balance held within term deposits and promissory notes was US$1,901m (2023: US$372m).

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 2024, the carrying value of such receivables was US$115m (2023: US$99m).

At 31 December 2024 and 31 December 2023, 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 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**

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 2023						
Debt securities	170,706	5,754	19,990	16,630	128,332	–
Loans and deposits	3,930	996	917	454	1,553	10
Total	174,636	6,750	20,907	17,084	129,885	10

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative exposure was as follows:

		Fair value	
US$m	Notional amount	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	**35,103**	**368**	**(8,155)**
Netting	**(97)**	**–**	**–**
Total	**62,876**	**1,054**	**(8,615)**

		Fair value	
US$m	Notional amount	Assets	Liabilities
31 December 2023			
Foreign exchange contracts			
Cross-currency swaps	8,429	342	(271)
Forwards	4,964	41	(78)
Foreign exchange futures	41	–	–
Total foreign exchange contracts	13,434	383	(349)
Interest rate contracts			
Interest rate swaps	3,930	210	(109)
Other			
Warrants and options	1,424	11	(2)
Forward contracts	36,758	148	(7,575)
Netting	(41)	–	–
Total	55,505	752	(8,035)

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

Of the total derivatives, US$9m (2023: US$8m) 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.

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative assets and derivative liabilities are recognised in the consolidated statement of financial position as derivative financial assets at fair value through profit or loss and derivative financial liabilities respectively. The Group's derivative contracts are established to provide an economic hedge to financial exposures. The Group adopts hedge accounting in limited circumstances. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the consolidated statement of financial position as they do not represent the fair value of these transactions. The notional amounts in the previous table reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of derivative transactions.

Foreign exchange contracts

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

Interest rate contracts

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

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

Other derivatives

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

Netting adjustment

The netting adjustment is related to 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 2024, the Group had posted cash collateral of US$111m (2023: US$213m) and pledged debt securities with carrying value of US$9,692m (2023: US$8,639m) for liabilities, and held cash collateral of US$401m (2023: US$340m) and debt securities collateral with carrying value of US$170m (2023: US$95m) 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:

		Fair value					
US$m	Notes	FVTPL – mandatory	FVTPL – designated	FVOCI	Amortised cost	Total carrying value	Total fair value
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				
	Notes	FVTPL – mandatory	FVTPL – designated	Amortised cost	Total carrying value	Total fair value
Financial liabilities						
Investment contract liabilities	25	**–**	**6,320**	**485**	**6,805**	**6,805**
Borrowings	26	**–**	**–**	**13,329**	**13,329**	**12,364**
Obligations under repurchase agreements	27	**–**	**–**	**4,616**	**4,616**	**4,616**
Derivative financial instruments	19	**8,615**	**–**	**–**	**8,615**	**8,615**
Other liabilities	30	**–**	**812**	**4,097**	**4,909**	**4,909**
Financial liabilities		**8,615**	**7,132**	**22,527**	**38,274**	**37,309**

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 2023							
Financial investments	18						
Loans and deposits		–	272	–	3,723	3,995	4,100
Debt securities		8,086	78,895	88,612	2,165	177,758	177,508
Equity shares, interests in investment funds and exchangeable loan notes		66,453	–	–	–	66,453	66,453
Derivative financial instruments	19	752	–	–	–	752	752
Receivables	21	–	–	–	1,294	1,294	1,294
Accrued investment income	21	–	–	–	1,832	1,832	1,832
Cash and cash equivalents	22	4,970	–	–	6,555	11,525	11,525
Financial assets		80,261	79,167	88,612	15,569	263,609	263,464

	Notes	Fair value		Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated			
Financial liabilities						
Investment contract liabilities	25	–	8,460	515	8,975	8,975
Borrowings	26	–	–	11,800	11,800	10,875
Obligations under repurchase agreements	27	–	–	3,461	3,461	3,461
Derivative financial instruments	19	8,035	–	–	8,035	8,035
Other liabilities	30	–	844	4,043	4,887	4,887
Financial liabilities		8,035	9,304	19,819	37,158	36,233

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 2024 and 31 December 2023.

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 Level 1	Level 2	Level 3	Total
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**
Other policyholder and shareholder	**1,436**	**–**	**–**	**1,436**
Derivative financial instruments				
Foreign exchange contracts	**–**	**293**	**–**	**293**
Interest rate contracts	**–**	**386**	**–**	**386**
Other contracts	**4**	**191**	**180**	**375**
Total assets on a recurring fair value measurement basis	**57,846**	**179,418**	**37,627**	**274,891**
% of Total	*21.0%*	*65.3%*	*13.7%*	*100.0%*
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	**–**	**8,155**	**–**	**8,155**
Other liabilities	**–**	**812**	**–**	**812**
Total liabilities on a recurring fair value measurement basis	**–**	**13,707**	**2,040**	**15,747**
% of Total	*0.0%*	*87.0%*	*13.0%*	*100.0%*

20. FAIR VALUE MEASUREMENT (continued)

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

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2023				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	–	–	2,565	2,565
Investment property	–	–	4,504	4,504
Financial assets				
At fair value through other comprehensive income				
Debt securities	78	86,177	2,357	88,612
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	173	75,640	1,808	77,621
Unit-linked and consolidated investment funds	3	6,712	–	6,715
Other policyholder and shareholder	–	2,450	195	2,645
Loans and deposits	–	–	272	272
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	15,149	1,283	13,777	30,209
Unit-linked and consolidated investment funds	24,374	379	23	24,776
Other policyholder and shareholder	4,805	1,285	5,378	11,468
Cash and cash equivalents				
Other policyholder and shareholder	4,970	–	–	4,970
Derivative financial instruments				
Foreign exchange contracts	–	383	–	383
Interest rate contracts	–	210	–	210
Other contracts	4	147	8	159
Total assets on a recurring fair value measurement basis	49,556	174,666	30,887	255,109
% of Total	*19.4%*	*68.5%*	*12.1%*	*100.0%*
Financial liabilities				
Investment contract liabilities	–	6,607	1,853	8,460
Derivative financial instruments				
Foreign exchange contracts	–	349	–	349
Interest rate contracts	–	109	–	109
Other contracts	4	7,573	–	7,577
Other liabilities	–	844	–	844
Total liabilities on a recurring fair value measurement basis	4	15,482	1,853	17,339
% of Total	*0.0%*	*89.3%*	*10.7%*	*100.0%*

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 2024, the Group transferred US$5m (2023: US$1m) of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. The Group transferred US$11m (2023: US$58m) of assets from Level 2 to Level 1 during the year ended 31 December 2024.

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 2024 and 31 December 2023. The tables reflect gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 31 December 2024 and 31 December 2023.

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 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**	**–**

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 2023	1,235	4,600	3,835	279	15,558	41	(2,184)
Net movement on investment contract liabilities	–	–	–	–	–	–	331
Total gains/(losses)							
Reported under investment return and other expenses in the consolidated income statement	(40)	(97)	119	(9)	(178)	42	–
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the consolidated statement of comprehensive income	57	(10)	(40)	2	(37)	(1)	–
Acquisition of subsidiaries	2	1	–	–	–	–	–
Transfer to/from investment property	9	(31)	–	–	–	–	–
Purchases	1,306	45	899	–	4,874	–	–
Sales[(1)]	(4)	(4)	(257)	–	(926)	–	–
Settlements	–	–	(198)	–	–	(74)	–
Transfer into Level 3	–	–	2	–	50	–	–
Transfer out of Level 3	–	–	–	–	(163)	–	–
At 31 December 2023	2,565	4,504	4,360	272	19,178	8	(1,853)
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	(40)	(92)	63	(9)	(143)	(32)	–

Note:

(1) Includes amounts derecognised on disposal of held for sale assets and liabilities.

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.

In 2023, assets transferred out of Level 3 mainly relate to interests in investment funds 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 2024 and 31 December 2023, 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 2024 (US$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	**3,549**	**Discounted cash flows**	**Risk adjusted discount rate**	**2.37% – 13.81%**

Description	Fair value at 31 December 2023 (US$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	2,553	Discounted cash flows	Risk adjusted discount rate	3.17% – 47.22%

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 Chief Investment Officers of each of the business units are required to review the reasonableness of the prices used and report price exceptions, if any. Analysis of reported price exceptions and price challenge responses from private pricing providers are reviewed before final recommendation on the appropriate price to be used is made. 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 2024 and 31 December 2023 is given below.

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
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**

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2023				
Assets for which the fair value is disclosed				
Financial assets				
Debt securities	–	1,915	–	1,915
Loans and deposits	1,025	914	1,889	3,828
Receivables	207	1,024	63	1,294
Accrued investment income	24	1,808	–	1,832
Cash and cash equivalents	6,555	–	–	6,555
Total assets for which the fair value is disclosed	7,811	5,661	1,952	15,424
Liabilities for which the fair value is disclosed				
Financial liabilities				
Investment contract liabilities	–	–	515	515
Borrowings	9,244	1,631	–	10,875
Obligations under repurchase agreements	–	3,461	–	3,461
Other liabilities	347	3,680	16	4,043
Total liabilities for which the fair value is disclosed	9,591	8,772	531	18,894

21. OTHER ASSETS

US$m	As at 31 December 2024	As at 31 December 2023
Accrued investment income	**1,748**	1,832
Receivables	**848**	1,294
Pension scheme assets		
Defined benefit pension scheme surpluses	**49**	57
Others[(1)]	**882**	1,133
Total	**3,527**	4,316

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 2024	As at 31 December 2023
Cash	**3,324**	3,152
Cash equivalents	**4,777**	8,373
Total[(1)]	**8,101**	11,525

Note:
(1) US$778m (2023: US$667m) are held to back unit-linked contracts and US$32m (2023: US$46m) 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 2024 and 31 December 2023 are as follows:

	As at 31 December 2024	As at 31 December 2023
GDP growth (5-year average of year-over-year %)		
Base case scenario	**2.7%**	2.9%
Upside scenario	**2.9%**	3.5%
Downside scenario	**2.2%**	2.1%

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 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**

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 2023	1,778	4	15	2	–	–	1,793	6
Transfer to 12-month ECL	10	–	(10)	–	–	–	–	–
Transfer to lifetime ECL not credit-impaired	(10)	–	10	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–	–	–	–	–
Net remeasurement of loss allowance	–	–	–	–	–	–	–	–
New financial assets acquired	472	–	–	–	–	–	472	–
Financial assets derecognised other than write-offs	(105)	–	–	–	–	–	(105)	–
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	11	–	–	–	–	–	11	–
Balance at 31 December 2023	2,156	4	15	2	–	–	2,171	6

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

Loss allowance (continued)

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
US$m	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**

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
US$m	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 2023	4,572	17	11	3	10	7	4,593	27
Transfer to 12-month ECL	6	1	(4)	–	(2)	(1)	–	–
Transfer to lifetime ECL not credit-impaired	(8)	–	9	–	(1)	–	–	–
Transfer to lifetime ECL credit-impaired	(16)	–	–	–	16	–	–	–
Net remeasurement of loss allowance	–	(16)	–	–	–	2	–	(14)
New financial assets acquired	30,837	10	–	–	–	–	30,837	10
Financial assets derecognised other than write-offs	(31,654)	(1)	(1)	–	(3)	(1)	(31,658)	(2)
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	(29)	–	–	(1)	–	–	(29)	(1)
Balance at 31 December 2023	3,708	11	15	2	20	7	3,743	20

23. IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

Loss allowance (continued)

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
US$m	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**

	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
US$m	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 2023	89,556	167	511	50	103	83	90,170	300
Transfer to 12-month ECL	214	20	(214)	(20)	–	–	–	–
Transfer to lifetime ECL not credit-impaired	(312)	(15)	312	15	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	(250)	(13)	250	13	–	–
Net remeasurement of loss allowance	–	(45)	–	(13)	–	231	–	173
New financial assets acquired	18,909	29	–	–	–	–	18,909	29
Financial assets derecognised other than write-offs	(20,494)	(23)	(102)	(7)	–	–	(20,596)	(30)
Write-offs	–	–	–	–	–	–	–	–
Effects of movements in exchange rates and other movements	(364)	–	9	5	13	–	(342)	5
Balance at 31 December 2023	87,509	133	266	17	366	327	88,141	477

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 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**

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 2023	1,673	–	42	11	28	14	1,743	25
Transfer to lifetime ECL not credit-impaired	3	–	(3)	–	–	–	–	–
Transfer to lifetime ECL credit-impaired	(3)	–	(2)	(2)	5	2	–	–
Net remeasurement of loss allowance	–	–	–	(5)	–	2	–	(3)
Net decrease in receivables	(415)	–	(7)	(1)	(1)	–	(423)	(1)
Write-offs	–	–	–	–	(3)	(2)	(3)	(2)
Effects of movements in exchange rates and other movements	(4)	–	–	–	–	–	(4)	–
Balance at 31 December 2023	1,254	–	30	3	29	16	1,313	19

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

		Year ended 31 December 2024			
		Liabilities for remaining coverage			
US$m	Notes	Excluding loss component	Loss component	Liabilities for incurred claims	Total
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

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)

		Year ended 31 December 2023			
		Liabilities for remaining coverage			
US$m	Notes	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening assets		(1,230)	20	640	(570)
Opening liabilities		176,319	250	7,003	183,572
Net opening balance		175,089	270	7,643	183,002
Insurance revenue	8	(15,107)	–	–	(15,107)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(113)	8,974	8,861
Amortisation of insurance acquisition cash flows		968	–	–	968
Losses and reversal of losses on onerous contracts		–	214	–	214
Adjustments to liabilities for incurred claims		–	–	(268)	(268)
Total insurance service expenses		968	101	8,706	9,775
Investment components		(11,737)	–	11,737	–
Other changes		(14)	–	14	–
Insurance service result		(25,890)	101	20,457	(5,332)
Net finance expenses/(income) from insurance contracts	9	15,923	(24)	360	16,259
Effect of movements in exchange rates		(508)	56	(19)	(471)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(10,475)	133	20,798	10,456
Cash flows					
Premiums received		38,761	–	–	38,761
Claims and other insurance service expenses paid, including investment components		18	–	(24,074)	(24,056)
Insurance acquisition cash flows paid		(6,325)	–	–	(6,325)
Other amounts (paid)/received		(1)	–	3,770	3,769
Total cash flows		32,453	–	(20,304)	12,149
Adjusted for:					
Non-cash operating expenses		(161)	–	(71)	(232)
Other non-cash items		(370)	–	–	(370)
Total non-cash items		(531)	–	(71)	(602)
Contracts derecognised on disposal of held for sale assets and liabilities		(910)	(56)	(57)	(1,023)
Net closing balance		195,626	347	8,009	203,982
Closing assets		(454)	42	627	215
Closing liabilities		196,080	305	7,382	203,767
Net closing balance		195,626	347	8,009	203,982

Insurance contract assets of US$664m (2023: US$501m) and insurance contract liabilities of US$6,555m (2023: US$5,633m) 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 2024							
						CSM			
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		(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 measurement component of insurance contracts not measured under the premium allocation approach (continued)

US$m	Notes	Year ended 31 December 2023 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		(8,689)	739	7,380	(570)	–	4,983	2,397	7,380
Opening liabilities		135,747	2,796	45,029	183,572	10,627	26,411	7,991	45,029
Net opening balance		127,058	3,535	52,409	183,002	10,627	31,394	10,388	52,409
Insurance service result									
Changes that relate to current services									
CSM recognised for services provided	8	–	–	(5,605)	(5,605)	(1,009)	(2,670)	(1,926)	(5,605)
Change in risk adjustment for non-financial risk		–	(125)	–	(125)	–	–	–	–
Experience adjustments		581	–	–	581	–	–	–	–
Others		(129)	–	–	(129)	–	–	–	–
Changes that relate to future services									
Contracts initially recognised in the year		(7,380)	473	7,060	153	–	–	7,060	7,060
Changes in estimates that adjust the CSM		(971)	23	948	–	15	1,360	(427)	948
Changes in estimates that result in losses and reversal of losses on onerous contracts		17	44	–	61	–	–	–	–
Changes that relate to past services		(208)	(60)	–	(268)	–	–	–	–
Total insurance service result		(8,090)	355	2,403	(5,332)	(994)	(1,310)	4,707	2,403
Net finance expenses/(income) from insurance contracts	9	15,129	(26)	1,156	16,259	471	335	350	1,156
Effect of movements in exchange rates		(32)	(2)	(437)	(471)	(222)	(103)	(112)	(437)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		7,007	327	3,122	10,456	(745)	(1,078)	4,945	3,122
Cash flows		12,149	–	–	12,149	–	–	–	–
Non-cash operating expenses		(232)	–	–	(232)	–	–	–	–
Other non-cash items		(370)	–	–	(370)	–	–	–	–
Contracts derecognised on disposal of held for sale assets and liabilities		(986)	(24)	(13)	(1,023)	–	(13)	–	(13)
Net closing balance		144,626	3,838	55,518	203,982	9,882	30,303	15,333	55,518
Closing assets		(9,961)	888	9,288	215	–	5,640	3,648	9,288
Closing liabilities		154,587	2,950	46,230	203,767	9,882	24,663	11,685	46,230
Net closing balance		144,626	3,838	55,518	203,982	9,882	30,303	15,333	55,518

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

		Year ended 31 December 2024			
		Asset for remaining coverage			
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Asset for incurred claims	Total
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

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)

		Year ended 31 December 2023			
		Asset for remaining coverage			
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Asset for incurred claims	Total
Opening assets		2,044	124	3,537	5,705
Opening liabilities		(775)	6	374	(395)
Net opening balance		1,269	130	3,911	5,310
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)		(2,059)	10	1,762	(287)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net (expenses)/income from reinsurance contracts held		(2,059)	10	1,762	(287)
Investment components		(136)	–	136	–
Other changes		–	–	–	–
Net finance income from reinsurance contracts held	9	46	1	128	175
Effect of movements in exchange rates		138	1	(63)	76
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,011)	12	1,963	(36)
Cash flows					
Premiums paid		2,149	–	–	2,149
Amounts received		–	–	(1,807)	(1,807)
Other amounts paid		–	–	4	4
Total cash flows		2,149	–	(1,803)	346
Adjusted for:					
Non-cash operating expenses		–	–	–	–
Other non-cash items		–	–	–	–
Total non-cash items		–	–	–	–
Contracts derecognised on disposal of held for sale assets and liabilities		21	–	1	22
Net closing balance		1,428	142	4,072	5,642
Closing assets		2,091	133	3,746	5,970
Closing liabilities		(663)	9	326	(328)
Net closing balance		1,428	142	4,072	5,642

Reinsurance contract assets of US$401m (2023: US$1,547m) and reinsurance contract liabilities of US$(15)m (2023: US$(51)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

		Year ended 31 December 2024							
						CSM			
US$m	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		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 measurement component of reinsurance contracts held not measured under the premium allocation approach (continued)

		Year ended 31 December 2023							
						CSM			
US$m	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Total
Opening assets		3,356	523	1,826	5,705	(1,031)	3,110	(253)	1,826
Opening liabilities		(1,007)	254	358	(395)	–	115	243	358
Net opening balance		2,349	777	2,184	5,310	(1,031)	3,225	(10)	2,184
Net (expenses)/income from reinsurance contracts held									
Changes that relate to current services									
CSM recognised for services received		–	–	(291)	(291)	89	(367)	(13)	(291)
Change in risk adjustment for non-financial risk		–	(11)	–	(11)	–	–	–	–
Experience adjustments		(66)	–	–	(66)	–	–	–	–
Changes that relate to future services									
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		–	–	15	15	–	–	15	15
Contracts initially recognised in the year		(143)	72	71	–	–	–	71	71
Changes in estimates that adjust the CSM		(320)	(44)	364	–	124	54	186	364
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		36	(1)	–	35	–	–	–	–
Changes that relate to past services		45	(14)	–	31	–	–	–	–
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–	–	–	–
Total net (expenses)/income from reinsurance contracts held		(448)	2	159	(287)	213	(313)	259	159
Net finance income/(expenses) from reinsurance contracts held	9	39	3	133	175	(57)	199	(9)	133
Effect of movements in exchange rates		172	(6)	(90)	76	20	295	(405)	(90)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(237)	(1)	202	(36)	176	181	(155)	202
Cash flows		346	–	–	346	–	–	–	–
Non-cash operating expenses		–	–	–	–	–	–	–	–
Other non-cash items		–	–	–	–	–	–	–	–
Contracts derecognised on disposal of held for sale assets and liabilities		5	–	17	22	–	17	–	17
Net closing balance		2,463	776	2,403	5,642	(855)	3,423	(165)	2,403
Closing assets		3,371	579	2,020	5,970	(855)	3,040	(165)	2,020
Closing liabilities		(908)	197	383	(328)	–	383	–	383
Net closing balance		2,463	776	2,403	5,642	(855)	3,423	(165)	2,403

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

		Year ended 31 December 2024				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US$m	Notes	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
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 remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

		Year ended 31 December 2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US$m	Notes	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		–	–	1	–	1
Opening liabilities		308	–	412	18	738
Net opening balance		308	–	413	18	739
Insurance revenue	8	(2,407)	–	–	–	(2,407)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	2,099	12	2,111
Amortisation of insurance acquisition cash flows		325	–	–	–	325
Losses and reversal of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	(120)	(13)	(133)
Total insurance service expenses		325	–	1,979	(1)	2,303
Investment components		(6)	–	6	–	–
Other changes		(3)	–	3	–	–
Insurance service result		(2,091)	–	1,988	(1)	(104)
Net finance expenses/(income) from insurance contracts	9	–	–	–	–	–
Effect of movements in exchange rates		(16)	–	38	1	23
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(2,107)	–	2,026	–	(81)
Cash flows						
Premiums received		2,559	–	–	–	2,559
Claims and other insurance service expenses paid, including investment components		–	–	(1,984)	–	(1,984)
Insurance acquisition cash flows paid		(328)	–	–	–	(328)
Other amounts received		–	–	1	–	1
Total cash flows		2,231	–	(1,983)	–	248
Adjusted for:						
Non-cash operating expenses		(12)	–	(3)	–	(15)
Other non-cash items		–	–	–	–	–
Total non-cash items		(12)	–	(3)	–	(15)
Net closing balance		420	–	453	18	891
Closing assets		1	–	–	–	1
Closing liabilities		419	–	453	18	890
Net closing balance		420	–	453	18	891

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

		Year ended 31 December 2024				
		Asset for remaining coverage		Asset for incurred claims		
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		(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)

Movement in carrying amounts (continued)

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

		Year ended 31 December 2023				
		Asset for remaining coverage		Asset for incurred claims		
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		(248)	–	304	2	58
Opening liabilities		(77)	–	65	1	(11)
Net opening balance		(325)	–	369	3	47
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)		(346)	–	288	–	(58)
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–
Net (expenses)/income from reinsurance contracts held		(346)	–	288	–	(58)
Investment components		(26)	–	26	–	–
Other changes		–	–	–	–	–
Net finance income from reinsurance contracts held	9	1	–	–	–	1
Effect of movements in exchange rates		11	–	(3)	–	8
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(360)	–	311	–	(49)
Cash flows						
Premiums paid		384	–	–	–	384
Amounts paid/(received)		1	–	(316)	–	(315)
Other amounts paid		–	–	2	–	2
Total cash flows		385	–	(314)	–	71
Adjusted for:						
Non-cash operating expenses		–	–	–	–	–
Other non-cash items		–	–	–	–	–
Total non-cash items		–	–	–	–	–
Net closing balance		(300)	–	366	3	69
Closing assets		(241)	–	316	2	77
Closing liabilities		(59)	–	50	1	(8)
Net closing balance		(300)	–	366	3	69

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 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**

US$m	Profitable contracts issued	Onerous contracts issued	Profitable contracts acquired	Total
Year ended 31 December 2023				
Estimates of present value of future cash outflows				
Insurance acquisition cash flows	6,058	386	–	6,444
Claims payable and other expenses	28,637	2,217	–	30,854
Total estimates of present value of future cash outflows	34,695	2,603	–	37,298
Estimates of present value of future cash inflows	(42,195)	(2,483)	–	(44,678)
Risk adjustment for non-financial risk	440	33	–	473
Contractual service margin	7,060	–	–	7,060
Losses recognised on initial recognition	–	153	–	153

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

Effect of contracts initially recognised in the year (continued)

Reinsurance contracts held

	Year ended 31 December 2024			Year ended 31 December 2023		
US$m	Contracts originated	Contracts acquired	Total	Contracts originated	Contracts acquired	Total
Estimates of present value of future cash inflows	**1,264**	**–**	**1,264**	2,179	–	2,179
Estimates of present value of future cash outflows	**(1,310)**	**–**	**(1,310)**	(2,322)	–	(2,322)
Risk adjustment for non-financial risk	**30**	**–**	**30**	72	–	72
Income recognised on initial recognition	**(9)**	**–**	**(9)**	(15)	–	(15)
Contractual service margin	**(25)**	**–**	**(25)**	(86)	–	(86)

Analysis of assets for insurance acquisition cash flows

US$m	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance presented in insurance contract assets	**1,673**	1,468
Opening balance presented in insurance contract liabilities	**1,386**	1,411
Total opening balance	**3,059**	2,879
Acquisitions through business combinations	**–**	–
Assets recognised for insurance acquisition cash flows paid during the year	**247**	294
Allocation to groups of insurance contracts	**(218)**	(217)
Impairment losses and reversals	**–**	–
Effect of movements in exchange rates	**(253)**	103
Total closing balance	**2,835**	3,059
Closing balance presented in insurance contract assets	**1,496**	1,673
Closing balance presented in insurance contract liabilities	**1,339**	1,386
Total closing balance	**2,835**	3,059

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 2024				
Assets for insurance acquisition cash flows	**2,835**	**863**	**674**	**1,298**
31 December 2023				
Assets for insurance acquisition cash flows	3,059	794	613	1,652

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 2024				
Insurance contracts	**58,575**	**21,823**	**13,216**	**23,536**
Reinsurance contracts held	**2,344**	**886**	**502**	**956**
31 December 2023				
Insurance contracts	55,518	20,319	12,691	22,508
Reinsurance contracts held	2,403	980	497	926

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 currency and expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

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

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

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 2024	**1 year**		**5 years**		**10 years**		**15 years**		**20 years**	
Spot rates	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**
USD	**4.12%**	**4.72%**	**4.32%**	**4.93%**	**4.51%**	**5.35%**	**4.74%**	**5.61%**	**4.88%**	**5.73%**
HKD	**3.88%**	**4.48%**	**3.60%**	**4.21%**	**3.65%**	**4.49%**	**3.72%**	**4.59%**	**3.86%**	**4.71%**
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%**

As at 31 December 2023	1 year		5 years		10 years		15 years		20 years	
Spot rates	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium	Risk free	With illiquidity premium
USD	4.73%	5.33%	3.78%	4.56%	3.79%	4.78%	3.89%	4.98%	4.21%	5.24%
HKD	4.28%	4.88%	3.27%	4.05%	3.29%	4.28%	3.41%	4.50%	3.73%	4.76%
CNY	2.07%	2.55%	2.41%	2.84%	2.59%	2.96%	2.75%	3.16%	2.89%	3.37%
SGD	3.53%	4.28%	2.64%	4.07%	2.67%	3.95%	2.74%	3.97%	2.71%	3.90%
MYR	3.30%	3.75%	3.65%	3.94%	3.74%	4.11%	4.05%	4.50%	4.18%	4.70%
THB	2.39%	2.74%	2.47%	3.04%	2.73%	3.42%	3.11%	3.88%	3.37%	4.19%

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 2024**	As at 31 December 2023
Cash and cash equivalents	**2,260**	2,662
Financial investments and policy loans	**142,592**	133,092
Property held for own use and investment property	**1,636**	1,591
Investment in subsidiaries and associates	**1,640**	1,517
Other assets	**5,578**	5,813
Less: payables and other liabilities	**(18,676)**	(17,196)
Total	**135,030**	127,479

25. INVESTMENT CONTRACTS

US$m	Year ended 31 December 2024	Year ended 31 December 2023
At beginning of financial year	**9,170**	11,986
Investment contract benefits	**791**	572
Fees charged	**(52)**	(54)
Net withdrawals and other movements(1)	**(2,849)**	(3,236)
Effect of foreign exchange movements	**(93)**	(98)
At end of financial year(2)	**6,967**	9,170

Notes:

(1) Includes derecognition of assets and liabilities for Macau pension schemes. (2023: Includes amounts derecognised on disposal of held for sale assets and liabilities.)

(2) Of investment contract liabilities, US$162m (2023: US$195m) represents deferred fee income. Movement of deferred fee income of US$33m (2023: US$35m) represents revenue recognised as a result of performance obligations satisfied during the year.

26. BORROWINGS

US$m	As at 31 December 2024	As at 31 December 2023
Other loans	**83**	36
Medium-term notes and securities		
Senior notes	**6,922**	7,581
Subordinated securities	**6,324**	4,183
Total	**13,329**	11,800

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 2024:

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
24 October 2022	HK$1,200m	5.040%	2.99 years	17 October 2025
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

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%	10.5 years	30 March 2035
30 September 2024(1)(5)	US$750m	5.400%	30 years	30 September 2054

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.

The net proceeds from issuance during the years ended 31 December 2024 and 31 December 2023 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 2027 and a US$2,730m five-year credit facility expiring in 2029. The credit facilities will be used for general corporate purposes. There were no outstanding borrowings under these credit facilities as of 31 December 2024 and 31 December 2023.

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 2024, the obligations under repurchase agreements were US$4,616m (2023: US$3,461m).

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 2024**	As at 31 December 2023
Debt securities – FVOCI		
Repurchase agreements	**4,177**	2,665
Debt securities – FVTPL		
Repurchase agreements	**2,126**	1,406
Total	**6,303**	4,071

Collateral under repurchase agreements

At 31 December 2024 and 31 December 2023, 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 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**

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 2023						
Financial assets:						
Derivative assets	752	–	752	(95)	(340)	317
Reverse repurchase agreements	99	–	99	(99)	–	–
Total	851	–	851	(194)	(340)	317

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: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral pledged	Net amount
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)**

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: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral pledged	Net amount
31 December 2023						
Financial liabilities[1]:						
Derivative liabilities	8,035	–	8,035	(8,639)	(213)	(817)
Repurchase agreements	3,461	–	3,461	(3,461)	–	–
Total	11,496	–	11,496	(12,100)	(213)	(817)

Note:

(1) The amount of under-collateralised positions for derivative liabilities and repurchased agreements were US$212m and US$1m respectively (2023: US$162m and nil respectively). The amount of over-collateralised positions for derivative liabilities and repurchased agreements were US$(1,400)m and US$(1,688)m respectively (2023: US$(979)m and nil 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 2023	133	20	153
Charged to the consolidated income statement	9	12	21
Charged to other comprehensive income	7	–	7
Exchange differences	1	–	1
Released during the year	–	(4)	(4)
Utilised during the year	(5)	(7)	(12)
Other movements	8	–	8
At 31 December 2023	**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**

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 2024**	As at 31 December 2023
Trade and other payables	**3,756**	3,678
Lease liabilities	**341**	365
Third-party interests in consolidated investment funds	**812**	844
Total	**4,909**	4,887

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 2024		As at 31 December 2023	
	Million shares	US$m	Million shares	US$m
Ordinary shares[1], issued and fully paid				
At beginning of the financial year	**11,399**	**14,176**	11,781	14,171
Shares issued under share option scheme and agency share purchase plan	**2**	**7**	1	5
Shares cancelled after repurchase under the share buy-back programme[2]	**(569)**	**–**	(383)	–
At end of the financial year, issued and fully paid	**10,832**	**14,183**	11,399	14,176
Shares not yet cancelled after repurchase under the share buy-back programme[2]	**(39)**	**–**	(37)	–
At end of the financial year, outstanding	**10,793**	**14,183**	11,362	14,176

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 2024, the Company acquired a total of 571,028,800 ordinary shares (2023: 373,591,400 ordinary shares) on the Hong Kong Stock Exchange with the aggregate cost amounting to approximately HK$32,371m (2023: HK$28,472m) (equivalent to approximately US$4,150m (2023: US$3,637m)). Of these shares, 531,851,000 shares were cancelled during the year (2023: 336,045,200 shares were cancelled during the year) and 39,177,800 shares were in the process of share cancellation as at 31 December 2024 and were cancelled subsequent to the reporting date on 8 January 2025 (2023: 37,546,200 shares were in the process of share cancellation as at 31 December 2023 and were cancelled subsequently).

The Company issued 869,729 shares under share option scheme (2023: 661,786 shares) and 877,146 shares under agency share purchase plan (2023: 986,359 shares) during the year ended 31 December 2024.

During the year ended 31 December 2024, the employee share-based trusts purchased 5,466,874 shares (2023: 10,865,302 shares) and sold nil shares (2023: 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 2024, 5,358,937 shares (2023: 6,268,286 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 2024, 38,065,355 shares (2023: 37,957,417 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 and share-based compensation.

32. NON-CONTROLLING INTERESTS

US$m	As at 31 December 2024	As at 31 December 2023
Equity shares in subsidiaries	**135**	107
Share of earnings	**228**	416
Share of other reserves	**(40)**	(40)
Total	**323**	483

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 2024	As at 31 December 2023
Group LCSM coverage ratio[1]	**257%**	275%
Tier 1 group capital coverage ratio[2]	**349%**	345%
Eligible group capital resources	**77,650**	73,156
Tier 1 group capital	**49,316**	46,980
Tier 2 group capital	**28,334**	26,176
Group prescribed capital requirement (GPCR)	**30,159**	26,646
Group minimum capital requirement (GMCR)	**14,131**	13,613
Group LCSM surplus	**47,491**	46,510

At 31 December 2024, eligible group capital resources on the GWS basis included the following items, which are included within Tier 2 group capital:

(i) US$6,324m[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 contractual conditions are not expected to be subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

(ii) US$4,407m[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 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 Hong Kong solvency requirements. 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 for AIA Co.. For AIA International, the company received the approval from the HKIA to early adopt the HKRBC regime with an effective date of 1 January 2022 and since then this has been reflected where applicable. During the years ended 31 December 2024 and 31 December 2023, these two principal operating 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 the key to avoiding the 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 retention limits. For the years ended 31 December 2024 and 31 December 2023, 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, 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 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**

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 2023				
10% increase in attributable expenses	(59)	(781)	(61)	(842)
10% decrease in attributable expenses	56	784	57	841
10% increase in mortality/morbidity rates	(921)	(7,905)	(504)	(8,409)
10% decrease in mortality/morbidity rates	552	8,433	137	8,570
10% increase in lapse/discontinuance rates	(3)	(2,838)	338	(2,500)
10% decrease in lapse/discontinuance rates	(2)	3,137	(396)	2,741

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 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**

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 2023				
10% increase in attributable expenses	(58)	(781)	(61)	(842)
10% decrease in attributable expenses	56	784	56	840
10% increase in mortality/morbidity rates	(641)	(6,337)	(106)	(6,443)
10% decrease in mortality/morbidity rates	308	6,783	(238)	6,545
10% increase in lapse/discontinuance rates	1	(2,617)	259	(2,358)
10% decrease in lapse/discontinuance rates	(7)	2,861	(321)	2,540

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.

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 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 2024**	As at 31 December 2023
Investment grade	**5,727**	6,040
Below investment grade	**–**	–
Not rated	**3**	7
Total	**5,730**	6,047

34. RISK MANAGEMENT (continued)

Investment and financial risks (continued)

Exposure to credit risk (continued)

Financial assets measured at amortised cost[1]

	As at 31 December 2024					As at 31 December 2023				
US$m	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**	31	–	–	–	31
AA	**495**	**–**	**–**	**–**	**495**	490	–	–	–	490
A	**1,247**	**–**	**–**	**–**	**1,247**	985	–	–	–	985
BBB	**627**	**–**	**–**	**–**	**627**	509	–	–	–	509
Below investment grade	**10**	**–**	**–**	**–**	**10**	132	15	–	–	147
Not rated	**5**	**–**	**–**	**–**	**5**	9	–	–	–	9
Total gross carrying amount	**2,402**	**–**	**–**	**–**	**2,402**	2,156	15	–	–	2,171
Loss allowance	**(3)**	**–**	**–**	**–**	**(3)**	(4)	(2)	–	–	(6)
Amortised cost	**2,399**	**–**	**–**	**–**	**2,399**	2,152	13	–	–	2,165
Loans and deposits										
AAA	**14**	**–**	**–**	**–**	**14**	15	–	–	–	15
AA	**167**	**–**	**–**	**–**	**167**	171	–	–	–	171
A	**546**	**–**	**–**	**–**	**546**	597	–	–	–	597
BBB	**1,414**	**–**	**–**	**–**	**1,414**	1,488	–	–	–	1,488
Below investment grade	**979**	**–**	**–**	**–**	**979**	853	–	–	–	853
Not rated	**636**	**19**	**10**	**–**	**665**	584	15	20	–	619
Total gross carrying amount	**3,756**	**19**	**10**	**–**	**3,785**	3,708	15	20	–	3,743
Loss allowance	**(8)**	**(1)**	**(6)**	**–**	**(15)**	(11)	(2)	(7)	–	(20)
Amortised cost	**3,748**	**18**	**4**	**–**	**3,770**	3,697	13	13	–	3,723

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 2024					As at 31 December 2023				
	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	**4,551**	**–**	**–**	**–**	**4,551**	5,223	–	–	–	5,223
AA	**17,938**	**–**	**–**	**–**	**17,938**	14,735	–	–	–	14,735
A	**38,046**	**–**	**–**	**–**	**38,046**	35,814	–	–	–	35,814
BBB	**28,504**	**–**	**–**	**–**	**28,504**	29,618	–	–	–	29,618
Below investment grade	**1,968**	**264**	**365**	**–**	**2,597**	2,117	266	366	–	2,749
Not rated	**–**	**–**	**–**	**–**	**–**	2	–	–	–	2
Total gross carrying amount	**91,007**	**264**	**365**	**–**	**91,636**	87,509	266	366	–	88,141
Loss allowance	**(111)**	**(16)**	**(335)**	**–**	**(462)**	(133)	(17)	(327)	–	(477)
Amortised cost	**90,896**	**248**	**30**	**–**	**91,174**	87,376	249	39	–	87,664
Carrying amount – fair value	**98,010**	**252**	**27**	**–**	**98,289**	88,355	219	38	–	88,612

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 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**

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 2023				
Financial instruments				
Financial assets				
Loans and deposits	687	3,295	13	3,995
Receivables	192	–	1,102	1,294
Debt securities	13,384	164,374	–	177,758
Equity shares, interests in investment funds and exchangeable loan notes	–	1,172	65,281	66,453
Accrued investment income	–	–	1,832	1,832
Cash and cash equivalents	4,138	–	7,387	11,525
Derivative financial instruments	–	–	752	752
Total financial assets	18,401	168,841	76,367	263,609
Financial liabilities				
Investment contract liabilities	–	–	8,975	8,975
Borrowings	–	11,800	–	11,800
Obligations under repurchase agreements	2,996	465	–	3,461
Other liabilities	95	196	4,596	4,887
Derivative financial instruments	–	–	8,035	8,035
Total financial liabilities	3,091	12,461	21,606	37,158
Insurance contracts and reinsurance contracts held				
Assets				5,831
Liabilities				204,993

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 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 approximately 1 per cent (2023: approximately 1 per cent) of the total equity and debt investments as at 31 December 2024.

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 2024				
+ 50 basis points shift in yield curves:				
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)**
– 50 basis points shift in yield curves:				
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**

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 2023				
+ 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	6,633	9,859	6,633	(487)
Financial instruments	(6,783)	(11,916)	(6,783)	–
	(150)	(2,057)	(150)	(487)
– 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	(7,444)	(11,060)	(7,444)	505
Financial instruments	7,609	13,414	7,609	–
	165	2,354	165	505

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 2024				
10 per cent increase in equity prices:				
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**
10 per cent decrease in equity prices:				
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)**

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 2023				
10 per cent increase in equity prices:				
Insurance contracts and reinsurance contracts held	(2,998)	(3,039)	(2,998)	679
Financial instruments	4,168	4,168	4,168	–
	1,170	1,129	1,170	679
10 per cent decrease in equity prices:				
Insurance contracts and reinsurance contracts held	2,996	3,039	2,996	(694)
Financial instruments	(4,168)	(4,168)	(4,168)	–
	(1,172)	(1,129)	(1,172)	(694)

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 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**

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2023						
Insurance contracts and reinsurance contracts held						
Assets	–	1,564	635	719	1,246	42
Liabilities	(75,807)	(37,088)	(5,934)	(14,874)	(19,854)	(8,113)
Financial instruments						
Assets	118,532	44,699	1,418	19,675	15,954	8,961
Liabilities	(21,447)	(4,769)	(3,370)	(1,649)	(3,387)	(72)
Net positions of currency derivatives	(3,222)	(2,040)	390	2,190	2,684	441

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 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)

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 2023						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,055)	(11)	14	–	(6)	(3)
Financial instruments	1,011	8	(83)	27	(79)	12
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(1,777)	(94)	(708)	(539)	(404)
Financial instruments	–	1,894	(78)	1,011	763	467
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	818	57	322	148	123
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,055)	9	(13)	–	1	–
Financial instruments	1,011	(5)	88	(26)	94	(12)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	1,693	89	674	535	384
Financial instruments	–	(1,804)	74	(963)	(726)	(444)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(779)	(55)	(307)	(143)	(117)

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 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.

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 2023						
Borrowings	16,365	1,277	3,706[1]	4,842	4,994	1,546
Obligations under repurchase agreements	3,461	3,461	–	–	–	–
Other liabilities excluding lease liabilities	3,698	3,537	86	4	2	69
Lease liabilities	381	141	221	18	1	–
Derivative financial instruments	8,408	1,991	6,028	186	203	–
Subtotal	32,313	10,407	10,041	5,050	5,200	1,615
Investment contract liabilities and third-party interests in consolidated investment funds	9,992	87	264	237	213	9,191
Total	42,305	10,494	10,305	5,287	5,413	10,806

Notes:
(1) Including US$2,410m 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 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**

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 2023							
Insurance contract liabilities	155,459	(4,778)	(5,496)	(3,214)	(1,452)	1,172	169,227
Reinsurance contract liabilities	917	59	44	43	41	48	682

Note:
(1) The amounts of payable on demand of insurance contracts are US$208,003m as at 31 December 2024 (2023: US$190,031m).

Transactions within the Group

Intra-group transactions are overseen by the relevant Group Office functions to ensure adherence with the relevant Group policies. The Group Risk function oversees the processes to identify and assess material systematic intra-group transaction risks, and ensure risks assumed are within the Group's Risk Management Framework.

During the year ended 31 December 2024, 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 2024 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 43 per cent (2023: 52 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$101m (2023: US$109m). The total expenses relating to these plans recognised in the consolidated income statement was US$9m (2023: 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$145m (2023: US$139m). 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 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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. 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 2024	Year ended 31 December 2023
Restricted Share Units		
Outstanding at beginning of financial year	**29,913,377**	29,603,948
Granted	**17,620,057**	11,470,894
Forfeited	**(6,360,841)**	(6,337,282)
Vested	**(3,804,905)**	(4,824,183)
Outstanding at end of financial year	**37,367,688**	29,913,377

SO Schemes

The objectives of the SO Schemes are to align eligible participants' interests with those of the shareholders of the Company by allowing eligible participants to share in the value created at the point they exercise their share options. 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 2024		Year ended 31 December 2023	
	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	**25,105,172**	**68.07**	23,973,304	66.48
Granted	**3,019,542**	**62.33**	1,918,599	80.73
Exercised	**(869,729)**	**55.16**	(661,786)	44.16
Forfeited or expired	**(49,051)**	**76.33**	(124,945)	83.30
Outstanding at end of financial year	**27,205,934**	**67.83**	25,105,172	68.07
Share options exercisable at end of financial year	**19,970,322**	**66.05**	19,270,954	62.95

At the respective dates on which the SOs were exercised, the weighted average share price of the Company was HK$67.65 for the year ended 31 December 2024 (2023: HK$81.27).

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 2024 and 31 December 2023 is summarised in the table below.

	Year ended 31 December 2024		Year ended 31 December 2023	
	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	**1,637,947**	**1.18**	1,692,658	2.12
HK$46 – HK$55	**3,928,472**	**1.88**	4,396,614	2.75
HK$56 – HK$65	**3,849,978**	**7.78**	830,436	3.58
HK$66 – HK$75	**8,227,082**	**4.40**	8,609,199	5.36
HK$76 – HK$85	**7,805,626**	**6.16**	7,805,626	7.17
Over HK$86	**1,756,829**	**6.22**	1,770,639	7.23
Outstanding at end of financial year	**27,205,934**	**4.95**	25,105,172	5.32

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 2024, eligible employees paid US$38m (2023: US$39m) to purchase 5,243,069 ordinary shares (2023: 4,062,855 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 2024, eligible agents paid US$24m (2023: US$20m) to purchase 3,155,824 ordinary shares (2023: 2,143,422 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 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. 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 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%**
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**

	Year ended 31 December 2023			
	Share options	Restricted share units	ESPP Restricted stock purchase units	ASPP Restricted stock subscription units
Assumptions				
Risk-free interest rate	3.19%	3.27%*	3.16% – 4.17%	2.87%
Volatility	28%	28%	n/a	n/a
Dividend yield	1.60%	1.60%	1.60% – 1.70%	1.60%
Exercise price (HK$)	80.73	n/a	n/a	n/a
Share option life (in years)	10	n/a	n/a	n/a
Expected life (in years)	7.47	n/a	n/a	n/a
Weighted average fair value per option/unit at measurement date (HK$)	23.97	63.37	61.72	57.03

* Applicable to RSU with market conditions.

36. SHARE-BASED COMPENSATION (continued)

Valuation methodology (continued)

The weighted average share price for SO valuation for grants made during the year ended 31 December 2024 is HK$57.40 (2023: HK$78.95). The total fair value of SOs granted during the year ended 31 December 2024 is US$7m (2023: US$6m).

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation grants made by the Group for the year ended 31 December 2024 is US$87m (2023: US$77m).

37. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Directors' remuneration

The Executive Director receives compensation in the form of salaries, bonuses, contributions to pension schemes, long-term incentives, housing and other allowances, and benefits in kind subject to applicable laws, rules and regulations. Bonuses and long-term incentives represent the variable components in the Executive Director's compensation and are linked to the performance of the Group and the Executive Director. Details of share-based payment schemes are described in note 36.

US$	Director's fees	Salaries, allowances and benefits in kind(1)	Bonuses	Share-based payments(2)	Pension scheme contributions	Other benefits	Other payments(3)	Total
Year ended 31 December 2024								
Executive Director								
Mr. Lee Yuan Siong(4)	**–**	**1,773,661**	**5,280,460**	**5,644,406**	**72,642**	**–**	**959,978**	**13,731,147**
Total	**–**	**1,773,661**	**5,280,460**	**5,644,406**	**72,642**	**–**	**959,978**	**13,731,147**

US$	Director's fees	Salaries, allowances and benefits in kind(1)	Bonuses	Share-based payments(2)	Pension scheme contributions	Other benefits	Other payments(3)	Total
Year ended 31 December 2023								
Executive Director								
Mr. Lee Yuan Siong(4)	–	1,716,746	5,029,000	4,819,618	70,224	–	1,785,500	13,421,088
Total	–	1,716,746	5,029,000	4,819,618	70,224	–	1,785,500	13,421,088

Notes:

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

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

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

(4) Mr. Lee Yuan Siong is currently the Group Chief Executive and President of the Company. He receives his remuneration exclusively for his role as Group Chief Executive and President of the Company and receives no separate fees for his role as a director of the Company or for acting as a director of any subsidiary of the Company.

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 2024 and 31 December 2023 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 2024								
Independent Non-executive Directors								
Mr. Edmund Sze-Wing Tse	**860,000**	**413,275**	**–**	**–**	**–**	**–**	**–**	**1,273,275**
Mr. Jack Chak-Kwong So	**330,000**	**–**	**–**	**–**	**–**	**–**	**–**	**330,000**
Mr. 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(4)	**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**

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 2023								
Independent Non-executive Directors								
Mr. Edmund Sze-Wing Tse	860,000	146,721	–	–	–	–	–	1,006,721
Mr. Jack Chak-Kwong So	330,000	–	–	–	–	–	–	330,000
Mr. Chung-Kong Chow	288,356	–	–	–	–	–	–	288,356
Mr. John Barrie Harrison	350,000	–	–	–	–	–	–	350,000
Mr. George Yong-Boon Yeo	355,000	–	–	–	–	–	–	355,000
Professor Lawrence Juen-Yee Lau	280,000	–	–	–	–	–	–	280,000
Ms. Swee-Lian Teo[3]	216,370	–	–	–	–	–	–	216,370
Dr. Narongchai Akrasanee[4]	396,685	–	–	–	–	–	–	396,685
Mr. Cesar Velasquez Purisima	355,000	–	–	–	–	–	–	355,000
Ms. Sun Jie (Jane)	330,000	–	–	–	–	–	–	330,000
Ms. Mari Elka Pangestu[5]	120,986	–	–	–	–	–	–	120,986
Mr. Ong Chong Tee[6]	120,986	–	–	–	–	–	–	120,986
Ms. Nor Shamsiah Mohd Yunus[7]	67,068	–	–	–	–	–	–	67,068
Total	4,070,451	146,721	–	–	–	–	–	4,217,172

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 and company car.

(3) Ms. Swee-Lian Teo retired as an Independent Non-executive Director of the Company with effect from 1 September 2023.

(4) US$100,000 (2023: 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 2024 included in his fees stated above.

(5) Ms. Mari Elka Pangestu was appointed as an Independent Non-executive Director of the Company with effect from 1 July 2023.

(6) Mr. Ong Chong Tee was appointed as an Independent Non-executive Director of the Company with effect from 1 July 2023.

(7) Ms. Nor Shamsiah Mohd Yunus was appointed as an Independent Non-executive Director of the Company with effect from 21 September 2023.

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 2024 and 31 December 2023 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 2024	**–**	**6,060,321**	**10,774,960**	**14,091,117**	**380,664**	**–**	**959,978**	**32,267,040**
31 December 2023	–	5,898,388	10,372,280	12,352,364	369,727	–	1,785,500	30,778,259

Notes:

(1) Benefits in the years ended 31 December 2024 and 31 December 2023 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 2024	Year ended 31 December 2023
28,500,001 to 29,000,000	**–**	1
29,000,001 to 29,500,000	**–**	1
30,000,001 to 30,500,000	**–**	1
30,500,001 to 31,000,000	**2**	–
32,500,001 to 33,000,000	**1**	–
47,500,001 to 48,000,000	**–**	1
50,500,001 to 51,000,000	**1**	–
105,000,001 to 105,500,000	**–**	1
107,000,001 to 107,500,000	**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 2024	Year ended 31 December 2023
Key management compensation and other expenses		
Salaries and other short-term employee benefits	**32,719,085**	30,273,575
Post-employment benefits	**680,287**	631,999
Share-based payments[1]	**21,737,575**	19,053,974
Total	**55,136,947**	49,959,548

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 2024	Year ended 31 December 2023
Below 1,000,000	**1**	–
1,000,001 to 2,000,000	**–**	1
2,000,001 to 3,000,000	**4**	4
3,000,001 to 4,000,000	**5**	5
4,000,001 to 5,000,000	**1**	–
6,000,001 to 7,000,000	**1**	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 2024	As at 31 December 2023
Not later than one year	**15,149**	17,624
Later than one and not later than five years	**152**	123
Total	**15,301**	17,747

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 2024 Group's interest %	As at 31 December 2024 NCI's interest %	As at 31 December 2023 Group's interest %	As at 31 December 2023 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%**	**–**	90%	10%
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 14 March 2025, a Committee appointed by the Board of Directors proposed a final dividend of 130.98 Hong Kong cents per share (2023: final dividend of 119.07 Hong Kong cents per share).

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

US$m	As at 31 December 2024	As at 31 December 2023
Assets		
Investment in subsidiaries at cost(2)	**22,646**	22,506
Financial investments:		
At fair value through other comprehensive income		
Debt securities(3)	**6,121**	3,970
At fair value through profit or loss		
Interests in investment funds(2)	**2,240**	502
Derivative financial instruments	**199**	57
	8,560	4,529
Loans to/amounts due from subsidiaries	**910**	895
Other assets	**72**	126
Cash and cash equivalents	**749**	3,668
Total assets	**32,937**	31,724
Liabilities		
Borrowings	**13,739**	12,257
Derivative financial instruments	**98**	42
Other liabilities	**322**	261
Total liabilities	**14,159**	12,560
Equity		
Share capital	**14,183**	14,176
Employee share-based trusts	**(376)**	(367)
Other reserves	**443**	390
Retained earnings	**4,550**	4,853
Amounts reflected in other comprehensive income	**(22)**	112
Total equity	**18,778**	19,164
Total liabilities and equity	**32,937**	31,724

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. Interests in investment funds include US$2,238m (2023: US$494m) comprising the combined value of debt securities held by an investment fund controlled by the Group and interests in an external fixed income fund. Fixed income fund refers to the investment fund solely investing in fixed income instruments and cash equivalents, where investors of the fund own a pro-rata share of economic interests of the fund according to the number of shares or units they own of the fund.

(3) Includes United States Treasury securities of US$5,965m (2023: US$2,112m) and China Government bonds of US$156m (2023: US$1,858m) as at 31 December 2024.

Approved and authorised for issue by the Board of Directors on 14 March 2025.

Lee Yuan Siong	Edmund Sze-Wing Tse
Director	*Director*

43. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Amounts reflected in 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-back	**–**	**–**	**–**	**(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**

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Amounts reflected in other comprehensive income	Total equity
Balance at 1 January 2023	14,171	(290)	351	6,990	44	21,266
Net profit	–	–	–	3,793	–	3,793
Fair value gains on debt securities at fair value through other comprehensive income	–	–	–	–	132	132
Fair value gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	–	–	–	–	(64)	(64)
Dividends	–	–	–	(2,293)	–	(2,293)
Share buy-back	–	–	–	(3,637)	–	(3,637)
Shares issued under share option scheme and agency share purchase plan	5	–	–	–	–	5
Share-based compensation	–	–	77	–	–	77
Purchase of shares held by employee share-based trusts	–	(115)	–	–	–	(115)
Transfer of vested shares from employee share-based trusts	–	38	(38)	–	–	–
Balance at 31 December 2023	14,176	(367)	390	4,853	112	19,164

pwc 羅兵咸永道

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024
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 227 to 253, comprises:

- the consolidated Embedded Value results as at and for the year ended 31 December 2024; 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 2024 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 ("HKSAs") 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"), and we have 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.

羅兵咸永道

Other Matter

The Group has prepared a separate set of consolidated financial statements as at and for the year ended 31 December 2024 in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and IFRS Accounting Standards issued by the International Accounting Standards Board, on which we issued a separate auditor's report to the shareholders of the Company dated 14 March 2025.

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.

pwc

羅兵咸永道

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 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 HKSAs 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 HKSAs, 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.

pwc

羅兵咸永道

Auditor's Responsibilities for the Audit of the EV Information (continued)

- 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong
14 March 2025

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.

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 2024	As at 31 December 2023	Change CER	Change AER
EV Equity	**71,626**	70,153	4%	2%
EV Equity per share (US$)	**6.64**	6.17	9%	8%
EV	**69,035**	67,447	4%	2%
EV per share (US$)	**6.40**	5.94	10%	8%
Free surplus	**12,554**	16,329	(22)%	(23)%
Adjusted net worth (ANW)	**30,527**	32,009	(3)%	(5)%
Value of in-force business (VIF)	**38,508**	35,438	10%	9%

	Year ended 31 December 2024	Year ended 31 December 2023	YoY CER	YoY AER
VONB	**4,712**	4,034	18%	17%
Annualised new premiums (ANP)	**8,606**	7,650	14%	12%
VONB margin	**54.5%**	52.6%	1.9 pps	1.9 pps
EV operating profit	**10,025**	8,890	14%	13%
Operating return on EV (Operating ROEV)	**14.9%**	12.9%	n/a	2.0 pps
Underlying free surplus generation (UFSG)	**6,327**	6,041	6%	5%

Note:

(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.

2. EMBEDDED VALUE RESULTS

2.1 Embedded Value by Business Unit

The EV as at 31 December 2024 is presented consistently with the segment information in the consolidated financial statements.

Summary of EV by Business Unit (US$ millions)

	As at 31 December 2024				
Business Unit	ANW[1]	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[2]	**(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[3]	**–**	**(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[4]					**2,591**
Total EV Equity					**71,626**

2. EMBEDDED VALUE RESULTS (continued)

2.1 Embedded Value by Business Unit (continued)

	As at 31 December 2023				
Business Unit	ANW[1]	VIF before CoC	CoC	VIF after CoC	EV
AIA China	5,439	8,227	140	8,087	13,526
AIA Hong Kong	12,523	15,098	1,315	13,783	26,306
AIA Thailand	4,508	4,971	862	4,109	8,617
AIA Singapore	2,899	5,126	652	4,474	7,373
AIA Malaysia	1,169	2,270	207	2,063	3,232
Other Markets	5,935	4,056	1,459	2,597	8,532
Group Corporate Centre	4,274	–	–	–	4,274
Subtotal	36,747	39,748	4,635	35,113	71,860
Adjustment to reflect consolidated reserving and capital requirements[2]	(4,368)	2,816	597	2,219	(2,149)
After-tax value of unallocated Group Office expenses	–	(1,625)	–	(1,625)	(1,625)
Total EV (before non-controlling interests)	32,379	40,939	5,232	35,707	68,086
Non-controlling interests	(370)	(298)	(29)	(269)	(639)
Total EV	32,009	40,641	5,203	35,438	67,447
Goodwill and other intangible assets[4]					2,706
Total EV Equity					70,153

Notes:

(1) ANW by Business Unit is after net capital flows between Business Units and Group Corporate Centre.

(2) Adjustment reflects the consolidated reserving and capital requirements as described in Section 4.4 of this report.

(3) Refers to corporate income tax in Bermuda as described in Section 5.10 of this report.

(4) 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 2024	As at 31 December 2023
Shareholders' allocated equity	**44,404**	44,754
Fair value reserve	**5,744**	516
Insurance finance reserve	**(9,658)**	(4,159)
IFRS equity attributable to shareholders of the Company	**40,490**	41,111
Difference between net policy liabilities calculated and reported under IFRS® Accounting Standards and local statutory policy liabilities	**2,610**	(2,149)
Mark-to-market adjustment for property, mortgage loan and other investments, net of amounts attributable to participating funds	**(47)**	(63)
Elimination of intangible assets	**(3,478)**	(3,615)
Recognition of deferred tax impacts of the above adjustments	**(929)**	980
Recognition of non-controlling interests impacts of the above adjustments	**95**	113
ANW (Business Unit)	**38,741**	36,377
Adjustment to reflect consolidated reserving requirements, net of tax	**(8,214)**	(4,368)
ANW (Consolidated)	**30,527**	32,009

2.3 Reconciliation of Free Surplus from ANW

Derivation of Free Surplus from ANW (US$ millions)

	As at 31 December 2024		As at 31 December 2023	
	Business Unit	Consolidated	Business Unit	Consolidated
ANW	**38,741**	**30,527**	36,377	32,009
Adjustment for certain assets not eligible for regulatory capital purposes	**(819)**	**(819)**	(503)	(503)
Less: Required capital	**13,129**	**17,154**	12,565	15,177
Free surplus(1)	**24,793**	**12,554**	23,309	16,329

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)

	As at 31 December 2024	
Expected period of emergence	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**

	As at 31 December 2023	
Expected period of emergence	Undiscounted	Discounted
1 – 5 years	20,876	17,032
6 – 10 years	22,070	12,103
11 – 15 years	21,897	8,081
16 – 20 years	19,922	4,963
21 years and thereafter	204,392	8,436
Total	289,157	50,615

The profile of distributable earnings is shown on an undiscounted and discounted basis. The discounted value of after-tax distributable earnings of US$55,662 million (2023: US$50,615 million) plus the free surplus of US$12,554 million (2023: US$16,329 million) and the non-eligible assets excluded in the free surplus calculation of US$819 million (2023: US$503 million) as shown in Section 2.3 of this report is equal to the EV of US$69,035 million (2023: US$67,447 million) shown in Section 2.1 of this report.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business

The VONB for the Group for the year ended 31 December 2024 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 2024 was US$4,712 million, an increase of US$678 million, or 18 per cent, from US$4,034 million for the year ended 31 December 2023.

Summary of VONB by Business Unit (US$ millions)

	Year ended 31 December 2024			Year ended 31 December 2023		
Business Unit	**VONB before CoC**	**CoC**	**VONB after CoC**	VONB before CoC	CoC	VONB after CoC
AIA China	**1,368**	**151**	**1,217**	1,174	137	1,037
AIA Hong Kong	**1,837**	**73**	**1,764**	1,498	68	1,430
AIA Thailand	**854**	**38**	**816**	751	38	713
AIA Singapore	**492**	**38**	**454**	413	19	394
AIA Malaysia	**367**	**18**	**349**	336	17	319
Other Markets	**673**	**206**	**467**	547	141	406
Total before unallocated Group Office expenses, Group Corporate Centre tax[1] and non-controlling interests (Business Unit)	**5,591**	**524**	**5,067**	4,719	420	4,299
Adjustment to reflect consolidated reserving and capital requirements[2]	**(25)**	**48**	**(73)**	(43)	–	(43)
Total before unallocated Group Office expenses, Group Corporate Centre tax[1] and non-controlling interests (Consolidated)	**5,566**	**572**	**4,994**	4,676	420	4,256
After-tax value of unallocated Group Office expenses	**(205)**	**–**	**(205)**	(187)	–	(187)
Group Corporate Centre tax[1]	**(38)**	**–**	**(38)**	–	–	–
Total before non-controlling interests (Consolidated)	**5,323**	**572**	**4,751**	4,489	420	4,069
Non-controlling interests	**(44)**	**(5)**	**(39)**	(39)	(4)	(35)
Total	**5,279**	**567**	**4,712**	4,450	416	4,034

Notes:

(1) Refers to corporate income tax in Bermuda as described in Section 5.10 of this report.

(2) 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 2024.

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 2024 was 54.5 per cent compared with 52.6 per cent for the year ended 31 December 2023. The Group PVNBP margin for the year ended 31 December 2024 was 11 per cent compared with 10 per cent for the year ended 31 December 2023.

Breakdown of VONB, ANP, VONB Margin and PVNBP Margin (US$ millions)

	VONB after CoC	ANP	VONB margin	PVNBP margin
Year				
Values for 2024				
Twelve months ended 31 December 2024	**4,712**	**8,606**	**54.5%**	**11%**
Values for 2023				
Twelve months ended 31 December 2023	4,034	7,650	52.6%	10%
Quarter				
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%**
Values for 2023				
Three months ended 31 March 2023	1,046	1,998	52.3%	10%
Three months ended 30 June 2023	983	1,986	49.3%	9%
Three months ended 30 September 2023	994	1,938	51.2%	10%
Three months ended 31 December 2023	1,011	1,728	58.2%	11%

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)

	Year ended 31 December 2024			Year ended 31 December 2023		
Business Unit	VONB excluding pension	ANP	VONB margin	VONB excluding pension	ANP	VONB margin
AIA China	**1,217**	**2,168**	**56.1%**	1,037	2,023	51.3%
AIA Hong Kong	**1,708**	**2,609**	**65.5%**	1,384	2,407	57.5%
AIA Thailand	**816**	**821**	**99.5%**	713	765	93.3%
AIA Singapore	**454**	**897**	**50.5%**	394	586	67.2%
AIA Malaysia	**348**	**517**	**67.3%**	318	473	67.3%
Other Markets	**465**	**1,594**	**29.2%**	404	1,396	28.9%
Total before unallocated Group Office expenses and Group Corporate Centre tax(1) (Business Unit)	**5,008**	**8,606**	**58.2%**	4,250	7,650	55.6%
Adjustment to reflect consolidated reserving and capital requirements(2)	**(73)**	**–**		(42)	–	
Total before unallocated Group Office expenses and Group Corporate Centre tax(1) (Consolidated)	**4,935**	**8,606**	**57.4%**	4,208	7,650	55.0%
After-tax value of unallocated Group Office expenses	**(205)**	**–**		(187)	–	
Group Corporate Centre tax(1)	**(38)**	**–**		–	–	
Total	**4,692**	**8,606**	**54.5%**	4,021	7,650	52.6%

Notes:

(1) Refers to corporate income tax in Bermuda as described in Section 5.10 of this report.

(2) 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 2024			Year ended 31 December 2023			YoY AER
	ANW	VIF	EV	ANW	VIF	EV	EV
Opening EV Equity			**70,153**			71,202	(1)%
Removal of goodwill and other intangible assets[(1)]			**(2,706)**			(2,337)	16%
Opening EV	**32,009**	**35,438**	**67,447**	33,751	35,114	68,865	(2)%
Effect of acquisitions	**–**	**–**	**–**	(238)	–	(238)	n/m[(2)]
VONB	**(245)**	**4,957**	**4,712**	(45)	4,079	4,034	17%
Expected return on EV	**5,199**	**429**	**5,628**	5,115	112	5,227	8%
Operating experience variances	**178**	**(18)**	**160**	97	(22)	75	113%
Operating assumption changes	**279**	**(251)**	**28**	286	(325)	(39)	n/m
Finance costs	**(503)**	**–**	**(503)**	(407)	–	(407)	24%
EV operating profit	**4,908**	**5,117**	**10,025**	5,046	3,844	8,890	13%
Investment return variances	**1,380**	**(1,493)**	**(113)**	(873)	(1,917)	(2,790)	n/m
Effect of changes in economic assumptions	**(11)**	**66**	**55**	(6)	(537)	(543)	n/m
Other non-operating variances	**(643)**	**(168)**	**(811)**	506	(1,075)	(569)	n/m
Total EV profit	**5,634**	**3,522**	**9,156**	4,673	315	4,988	84%
Dividends	**(2,328)**	**–**	**(2,328)**	(2,293)	–	(2,293)	2%
Share buy-back	**(4,150)**	**–**	**(4,150)**	(3,637)	–	(3,637)	14%
Other capital movements	**20**	**–**	**20**	(72)	–	(72)	n/m
Effect of changes in exchange rates	**(658)**	**(452)**	**(1,110)**	(175)	9	(166)	n/m
Closing EV	**30,527**	**38,508**	**69,035**	32,009	35,438	67,447	2%
Inclusion of goodwill and other intangible assets[(1)]			**2,591**			2,706	(4)%
Closing EV Equity			**71,626**			70,153	2%
Closing EV per share (US$)			**6.40**			5.94	8%
Closing EV Equity per share (US$)			**6.64**			6.17	8%

Notes:

(1) Consistent with the consolidated financial statements, shown net of tax, amounts attributable to participating funds and non-controlling interests.

(2) Not meaningful (n/m).

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

The opening EV Equity was US$70,153 million at 31 December 2023.

The opening EV was US$67,447 million at 31 December 2023 after removal of goodwill and other intangible assets of US$2,706 million.

EV operating profit was US$10,025 million (2023: US$8,890 million), reflecting VONB of US$4,712 million (2023: US$4,034 million), an expected return on EV of US$5,628 million (2023: US$5,227 million), operating experience variances and operating assumption changes with a net positive impact of US$188 million (2023: US$36 million), net of finance costs of US$503 million (2023: US$407 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 2024. 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$160 million (2023: increased EV by US$75 million), driven by:

- Expense variances of US$50 million (2023: US$(31) million), partly offset by development costs of US$18 million (2023: US$13 million);
- Mortality and morbidity claims variances of US$(122) million (2023: US$(85) million); and
- Persistency and other variances of US$250 million (2023: US$204 million) which included persistency variances of US$16 million (2023: US$(41) million) and other variances including management actions of US$234 million (2023: US$245 million).

The effect of changes in operating assumptions during the year was an increase in EV of US$28 million (2023: a decrease in EV of US$39 million).

The EV profit of US$9,156 million (2023: US$4,988 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$113 million (2023: decreased EV by US$2,790 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$55 million (2023: a decrease in EV of US$543 million).

Other non-operating variances decreased EV by US$811 million (2023: decreased EV by US$569 million) which mainly comprised negative impacts from a reduction in the present value of future fees expected to be charged following the mandatory implementation of the new eMPF platform in Hong Kong, adjustments to capital requirements on consolidation and non-operating expenses, partly offset by positive impacts from model-related enhancements.

The Group paid total shareholder dividends of US$2,328 million (2023: US$2,293 million). The capital deployed for the share buy-back programme, under which 571 million shares(1) (2023: 374 million shares) have been repurchased in the year of 2024, was US$4,150 million (2023: US$3,637 million). Other capital movements increased EV by US$20 million (2023: decreased EV by US$72 million).

Foreign exchange movements decreased EV by US$1,110 million (2023: decreased EV by US$166 million).

The closing EV was US$69,035 million at 31 December 2024.

The closing EV Equity was US$71,626 million as at 31 December 2024, after inclusion of goodwill and other intangible assets of US$2,591 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$965 million to US$72,591 million (2023: increase by US$932 million to US$71,085 million).

Notes:

(1) Of these shares, 532 million shares were cancelled during 2024, and the remaining 39 million shares have subsequently been cancelled 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 14.9 per cent (2023: 12.9 per cent) for the year ended 31 December 2024.

	Year ended 31 December 2024	Year ended 31 December 2023	YoY CER	YoY AER
EV operating profit	**10,025**	8,890	14%	13%
Opening EV	**67,447**	68,865	(2)%	(2)%
Operating ROEV	**14.9%**	12.9%	n/a	2.0 pps
EV operating profit per share (US cents)(1)	**90.62**	77.18	19%	17%

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 2024	Year ended 31 December 2023	YoY CER	YoY AER
Opening free surplus	**16,329**	17,850	(8)%	(9)%
Effect of acquisitions	**–**	(238)	n/m[1]	n/m
UFSG	**6,327**	6,041	6%	5%
Free surplus used to fund new business	**(1,531)**	(1,328)	17%	15%
Unallocated Group Office expenses	**(293)**	(302)	(3)%	(3)%
Finance costs and other capital movements	**(483)**	(479)	1%	1%
Net free surplus generation	**4,020**	3,932	3%	2%
Investment return variances and other items	**(1,317)**	715	n/m	n/m
Dividends	**(2,328)**	(2,293)	2%	2%
Share buy-back	**(4,150)**	(3,637)	14%	14%
Closing free surplus	**12,554**	16,329	(22)%	(23)%

Free surplus decreased by US$3,775 million (2023: decreased by US$1,521 million) to US$12,554 million (2023: US$16,329 million) as of 31 December 2024, after reflecting the impact of share buy-back of US$4,150 million.

UFSG, as defined in Section 4.8, increased by 6 per cent, to US$6,327 million (2023: US$6,041 million), which comprised expected return on free surplus and assets backing MTNs of US$1,395 million (2023: US$1,348 million), expected distributable earnings from in-force business of US$4,302 million (2023: US$4,536 million), diversification benefit due to new business of US$757 million (2023: US$634 million) and other operating variances of US$(127) million (2023: US$(477) million). Investment in writing new business was US$1,531 million (2023: US$1,328 million).

Unallocated Group Office expenses amounted to US$293 million (2023: US$302 million).

	Year ended 31 December 2024	Year ended 31 December 2023	YoY CER	YoY AER
UFSG	**6,327**	6,041	6%	5%
Expected return on free surplus and assets backing MTNs	**1,395**	1,348	4%	3%
Expected distributable earnings from in-force business	**4,302**	4,536	(4)%	(5)%
Diversification benefit due to new business	**757**	634	21%	19%
Other operating variances	**(127)**	(477)	(74)%	(73)%
Free surplus used to fund new business	**(1,531)**	(1,328)	17%	15%
Unallocated Group Office expenses	**(293)**	(302)	(3)%	(3)%
Finance costs and other capital movements	**(483)**	(479)	1%	1%
Net free surplus generation	**4,020**	3,932	3%	2%

Investment return variances and other items amounted to US$(1,317) million (2023: US$715 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.

Note:

(1) Not meaningful (n/m).

3. SENSITIVITY ANALYSIS

The EV as at 31 December 2024 and the VONB for the year ended 31 December 2024 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 2024 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 2024); and
- Equity prices decreased proportionally by 10 per cent (i.e. 90 per cent of the prices at 31 December 2024).

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 2024 and the values of debt instruments and derivatives held at 31 December 2024 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 2024 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 2024 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)

	As at 31 December 2024		As at 31 December 2023	
Scenario	EV	% Change	EV	% Change
Central value	**69,035**		67,447	
Impact of:				
200 bps increase in risk discount rates	**(9,680)**	**(14.0)%**	(8,450)	(12.5)%
200 bps decrease in risk discount rates	**14,827**	**21.5%**	13,167	19.5%
10% increase in equity prices	**2,233**	**3.2%**	1,799	2.7%
10% decrease in equity prices	**(2,248)**	**(3.3)%**	(1,823)	(2.7)%
50 bps increase in interest rates	**(580)**	**(0.8)%**	(981)	(1.5)%
50 bps decrease in interest rates	**500**	**0.7%**	945	1.4%
100 bps decrease in equity and property returns and risk discount rates	**2,615**	**3.8%**	2,585	3.8%
5% appreciation in the presentation currency	**(1,164)**	**(1.7)%**	(1,374)	(2.0)%
5% depreciation in the presentation currency	**1,164**	**1.7%**	1,374	2.0%
10% increase in lapse/discontinuance rates	**(1,879)**	**(2.7)%**	(1,790)	(2.7)%
10% decrease in lapse/discontinuance rates	**2,106**	**3.1%**	1,984	2.9%
10% increase in mortality/morbidity rates	**(5,612)**	**(8.1)%**	(5,380)	(8.0)%
10% decrease in mortality/morbidity rates	**5,546**	**8.0%**	5,296	7.9%
10% decrease in maintenance expenses	**1,056**	**1.5%**	1,048	1.6%
Expense inflation set to 0%	**1,199**	**1.7%**	1,088	1.6%

Sensitivity of VONB (US$ millions)

	Year ended 31 December 2024		Year ended 31 December 2023	
Scenario	VONB	% Change	VONB	% Change
Central value	**4,712**		4,034	
Impact of:				
200 bps increase in risk discount rates	**(993)**	**(21.1)%**	(871)	(21.6)%
200 bps decrease in risk discount rates	**1,504**	**31.9%**	1,332	33.0%
50 bps increase in interest rates	**92**	**2.0%**	129	3.2%
50 bps decrease in interest rates	**(120)**	**(2.5)%**	(155)	(3.8)%
100 bps decrease in equity and property returns and risk discount rates	**492**	**10.4%**	412	10.2%
5% appreciation in the presentation currency	**(161)**	**(3.4)%**	(142)	(3.5)%
5% depreciation in the presentation currency	**161**	**3.4%**	142	3.5%
10% increase in lapse/discontinuance rates	**(265)**	**(5.6)%**	(261)	(6.5)%
10% decrease in lapse/discontinuance rates	**293**	**6.2%**	284	7.0%
10% increase in mortality/morbidity rates	**(509)**	**(10.8)%**	(480)	(11.9)%
10% decrease in mortality/morbidity rates	**509**	**10.8%**	478	11.8%
10% decrease in maintenance expenses	**118**	**2.5%**	103	2.6%
Expense inflation set to 0%	**84**	**1.8%**	77	1.9%

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.

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 capital requirement for the Hong Kong branch of AIA International reflects the early adoption approved by HKIA with effect from 1 January 2022 of the Hong Kong Risk-based Capital (HKRBC). AIA Everest Life Company Limited, which is a closed block of business under AIA Co., and the Hong Kong business written by AIA Co., became subject to HKRBC regime from 1 July 2024. For clarity, 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. Following the approval by HKIA to early adopt the new HKRBC regime for AIA International, starting from 1 January 2022, AIA International is subject to the capital requirement under the new HKRBC regime, while AIA Co. became subject to the HKRBC regime 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 2024 and 31 December 2023 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 2024 and the VONB for the year ended 31 December 2024 and highlights certain differences in assumptions between the EV as at 31 December 2023 and the EV as at 31 December 2024.

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.

	Current market 10-year government bond yields referenced in EV calculations (%)	
Business Unit	**As at 31 December 2024**	As at 31 December 2023
AIA Australia	**4.36**	3.89
AIA China	**1.68**	2.57
AIA Hong Kong[1]	**4.57**	3.84
AIA Indonesia	**7.00**	6.49
AIA Korea	**2.87**	3.18
AIA Malaysia	**3.81**	3.73
AIA New Zealand	**4.41**	4.31
AIA Philippines	**6.18**	5.95
AIA Singapore	**2.86**	2.70
AIA Sri Lanka	**11.27**	13.10
AIA Taiwan	**1.61**	1.21
AIA Thailand	**2.30**	2.70
AIA Vietnam	**3.12**	2.30

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 2024 reflect the weighted average of the risk margins of the in-force business at the start of 2024, and those of the new business written during 2024 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.

	Risk discount rates assumed in EV calculations (%)			Long-term investment returns assumed in EV calculations (%)					
				10-year government bonds			Local equities		
Business Unit	**As at 31 Dec 2024**	**As at 30 Jun 2024 (Unaudited)**	As at 31 Dec 2023	**As at 31 Dec 2024**	**As at 30 Jun 2024 (Unaudited)**	As at 31 Dec 2023	**As at 31 Dec 2024**	**As at 30 Jun 2024 (Unaudited)**	As at 31 Dec 2023
AIA Australia	**7.92**	7.92	7.93	**3.80**	3.80	3.80	**8.10**	8.10	8.10
AIA China	**8.36**	9.14	9.16	**2.70**	3.50	3.50	**8.00**	8.80	8.80
AIA Hong Kong(1)	**7.95**	7.96	7.97	**3.50**	3.50	3.50	**8.00**	8.00	8.00
AIA Indonesia	**12.08**	13.12	13.17	**7.50**	7.50	7.50	**11.00**	12.00	12.00
AIA Korea	**8.55**	8.68	8.81	**3.00**	3.00	3.00	**7.30**	7.30	7.30
AIA Malaysia	**8.20**	8.74	8.80	**4.30**	4.50	4.50	**8.60**	9.10	9.10
AIA New Zealand	**7.54**	7.85	7.85	**3.80**	3.80	3.80	**8.00**	8.30	8.30
AIA Philippines	**11.10**	12.10	12.10	**6.00**	6.00	6.00	**9.80**	10.80	10.80
AIA Singapore	**7.34**	7.36	7.38	**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	**7.62**	7.62	7.62	**1.50**	1.50	1.50	**6.10**	6.10	6.10
AIA Thailand	**7.42**	7.77	7.81	**3.40**	3.40	3.40	**7.80**	8.10	8.10
AIA Vietnam	**9.86**	9.55	9.54	**4.00**	4.00	4.00	**9.60**	9.30	9.30

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 2024. 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 2024**	As at 31 December 2023
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)	**6.35**	6.85

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. ASSUMPTIONS (continued)

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.

5.8 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. ASSUMPTIONS (continued)

5.10 Taxation

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.

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 2024**	As at 31 December 2023
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.

The Group EV has not reflected the effects of Base Erosion and Profit Shifting (BEPS) as described under note 11 to the consolidated financial statements. The Group anticipates that such exposures may arise from 2025 onwards. However, due to significant areas of uncertainty in the application of the legislation, the quantitative impact of the Pillar Two legislation enacted or substantively enacted at the reporting date, but not yet effective, is not yet known or reasonably estimable.

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 14 March 2025, a Committee appointed by the Board of Directors proposed a final dividend of 130.98 Hong Kong cents per share (2023: final dividend of 119.07 Hong Kong cents per share).

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2024, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, the Company bought back a total of 571,028,800 Shares on the Hong Kong Stock Exchange with the aggregate consideration paid (before expenses) amounting to approximately HK$32,325 million (equivalent to approximately US$4,144 million) pursuant to its US$12 billion share buy-back programme as announced on 11 March 2022 and 29 April 2024, which also set out the reasons for implementing the programme by the Company. All the Shares bought back were subsequently cancelled. As at 31 December 2024, the total number of Shares in issue was 10,831,704,133. Particulars of the Shares bought back are as follows:

		Price paid per Share			Aggregate consideration
Month	Number of Shares bought back	(Average) (HK$)	(Highest) (HK$)	(Lowest) (HK$)	(before expenses) (HK$ millions)
January 2024	41,873,000	62.83	68.10	58.10	2,631
February 2024	26,355,000	62.80	66.55	59.65	1,655
March 2024	55,654,000	57.80	64.90	50.20	3,217
April 2024	2,915,200	51.72	54.90	45.30	151
May 2024	35,533,800	60.57	66.10	59.55	2,152
June 2024	57,602,600	56.40	61.15	52.85	3,249
July 2024	86,702,000	52.40	55.45	50.50	4,543
August 2024	95,869,200	52.27	56.95	50.10	5,011
September 2024	28,897,800	54.60	61.55	52.30	1,578
October 2024	18,172,200	64.22	74.15	61.15	1,167
November 2024	82,276,200	57.87	63.75	56.15	4,761
December 2024	39,177,800	56.41	60.45	54.15	2,210
Total	**571,028,800**	**56.61**	**–**	**–**	**32,325**

In addition, the Company also purchased 5,466,874 Shares under the 2020 RSU Scheme and the 2020 ESPP for a total consideration of approximately HK$330 million (equivalent to approximately US$42 million) during the year ended 31 December 2024. 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.

As announced by the Company, the Company also redeemed and cancelled all of its outstanding US$750,000,000 3.200 per cent. notes due 2025 on 11 December 2024 which was listed on the Hong Kong Stock Exchange prior to redemption.

Save as disclosed above, during the year ended 31 December 2024, 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 2024 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 130.98 Hong Kong cents per Share for the year ended 31 December 2024 (2023: 119.07 Hong Kong cents per Share), consistent with AIA's established prudent, sustainable and progressive dividend policy.

Subject to Shareholders' approval at the AGM, the final dividend will be payable on Thursday, 12 June 2025 to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 29 May 2025, 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, 20 May 2025 to Friday, 23 May 2025, 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, 19 May 2025.

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 Thursday, 29 May 2025.

ANNUAL GENERAL MEETING

The AGM will be held at 11:00 a.m. (Hong Kong time) on Friday, 23 May 2025. 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, 23 May 2025 after the AGM.

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, 14 March 2025

As at the date of this announcement, the Board comprises:

Independent Non-executive Chairman and Independent Non-executive Director:
Mr. Edmund Sze-Wing TSE

Executive Director, Group Chief Executive and President:
Mr. LEE Yuan Siong

Independent Non-executive Directors:
Mr. Jack Chak-Kwong SO, Mr. 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. SUN Jie (Jane), Ms. Mari Elka PANGESTU, Mr. ONG Chong Tee and Ms. Nor Shamsiah MOHD YUNUS

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	A market in which all the following conditions exist: • 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. 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.

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	2025 Annual General Meeting of the Company to be held at 11:00 a.m. (Hong Kong time) on Friday, 23 May 2025.
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 Everest	AIA Everest Life Company Limited.
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, refer 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.
BEPS 2.0	The common name for the tax policy work led by the Organisation for Economic Co-operation and Development on the "Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy", a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project.
Blue Care	Blue Care Medical Services Limited.
Blue Cross	Blue Cross (Asia-Pacific) Insurance Limited.
Board	The board of Directors.
business model	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: • 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.
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.
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.
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.

eMPF	The eMPF Platform is a central and integrated electronic platform to standardise, streamline and automate MPF scheme administration work. It is built and operated by eMPF Platform Company Limited, a wholly-owned subsidiary of the Mandatory Provident Fund Schemes Authority (MPFA).
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	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.
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 41O 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 note 42 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 being 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	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 of 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	The Group's obligation to: (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: (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	The Group's obligation to: (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: (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	LCSM is the method used by the HKIA as a measure of group capital under the GWS framework. 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.
loss component	Loss component for onerous contracts. For details, please refer to note 2.3 to the consolidated financial statements.
MediCard	MediCard Philippines, Inc.
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).
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.

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.
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.

persistency	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 seeks to impose a minimum effective tax rate on large multinational enterprises in respect of each jurisdiction in which they operate.
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 financial 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.