

Registration No.

200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Registration No.

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(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the annual audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business.

The principal activities and the details of the subsidiaries are stated in Note 9 to the financial statements. There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Profit after tax for the financial year	<u>1,746,963</u>	<u>1,516,684</u>

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

SIGNIFICANT AND SUBSEQUENT EVENTS

There were no material events subsequent to or from the reporting date that require disclosures or adjustments to the financial statements.

DIVIDENDS

The Directors had on 10 June 2025 recommended the payment of final dividend of RM430,000,000 for the financial year ended 31 December 2024. The amount of dividends declared and paid by the Company since the end of the previous financial year was as follows:

In respect of the financial year ended 31 December 2024:

Final single tier dividend of RM2.2412 per ordinary share on 191,859,543 ordinary shares, paid on 11 June 2025 and 1 July 2025 respectively.	<u>RM'000</u> <u>430,000</u>
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The Directors have not recommended any final dividend to be paid for the current financial year under review.

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DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

There were no changes in the issued share capital of the Company during the financial year.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon (Chairman)
Dr. Chong Su-Lin
Ching Neng Shyan
Mahani binti Amat
Tan Teik Wei (Appointed on 1 November 2025)
Tan Hak Leh

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration in Note 32) by reason of a contract made by the Company or a related corporation with any Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS AND DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
	As at 1 January 2025	Acquired	Disposed	As at 31 December 2025
AIA Group Limited				
<u>Direct Interest</u>				
Tan Hak Leh	279,087	151,770	(154,642)	276,215

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS AND DEBENTURES (CONTINUED)

	Number of matching restricted stock purchase unit over ordinary shares under Employee Share Purchase Plan			
	<u>As at 1 January 2025</u>	<u>Granted</u>	<u>Vested</u>	<u>As at 31 December 2025</u>
AIA Group Limited				
<u>Direct Interest</u>				
Tan Hak Leh	2,488	1,148	(977)	2,659
	Number of restricted share units over ordinary shares			
	<u>As at 1 January 2025</u>	<u>Granted</u>	<u>Vested / Lapsed</u>	<u>As at 31 December 2025</u>
AIA Group Limited				
<u>Direct Interest</u>				
Tan Hak Leh	514,502	267,605	(142,713)	639,394
	Number of share options over ordinary shares			
	<u>As at 1 January 2025</u>	<u>Granted</u>	<u>Exercised / Lapsed</u>	<u>As at 31 December 2025</u>
AIA Group Limited				
<u>Direct Interest</u>				
Tan Hak Leh	459,939	437,368	(404,850)	492,457

Matching restricted stock purchase units, restricted share units and share options are granted to certain employees, Directors and Officers of the Company under the Employee Share Purchase Plan, Restricted Share Unit Scheme and Share Option Scheme of AIA Group Limited respectively. Details of the employee share purchase plan, restricted share units and share options are set out in Note 31 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

At the date of the statements of financial position, the immediate holding company of the Company is Orange Policy Sdn. Bhd. ("OPSB"), whose ultimate holding company is AIA Group Limited ("AIA Group"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") is satisfied that, the Company has complied with all the prescriptive requirements of, and adopts the Corporate Governance Policy Document, issued by Bank Negara Malaysia ("BNM").

(A) BOARD OF DIRECTORS

The brief profile of the Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows:

1. Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon (Chairman)
Independent Non-Executive Director

Tan Sri Dato' Gooi has over 38 years of experience in the fields of accounting and corporate finance. Tan Sri Dato' Gooi was instrumental in the successful implementation of several corporate exercises which included merger and acquisition and corporate debt restructuring exercises by PLCs. Tan Sri Dato' Gooi currently sits on the Boards of Securities Commission and JaGaSolution Berhad (formerly known as Red Ideas Holdings Berhad). Tan Sri Dato' Gooi was also a member of the National Debt and Liability Management Committee, Yinson Holdings Bhd, Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad, and is a member of the Investment Panel of EPF Malaysia. Tan Sri Dato' Gooi was former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd, and Deputy Chairman of Avenue Capital Resources Bhd. Tan Sri Dato' Gooi was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. Tan Sri Dato' Gooi is a Member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.

2. Dr. Chong Su-Lin
Independent Non-Executive Director

Dr. Chong is a graduate from the Royal Free Hospital School of Medicine, London. She began her career in the National Health Services, UK, following which she took an MBA at the London Business School. This was followed by two years with Cambridge Pharma Consultancy, specialising in the field of pharmaco-economics. She has also served as Chief Executive Officer of Sunway Medical Centre Berhad and Prince Court Medical Centre Sdn. Bhd.

3. Ching Neng Shyan
Independent Non-Executive Director

Mr. Ching is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of the Malaysian Institute of Accountants. He holds a Master of Business Administration from Universiti Sains Malaysia and was the Managing Director of Kennedy, Burkill & Company Berhad from 2008 until 2018. Mr. Ching had worked with Pannell Kerr Forster, Chartered Accountants in Liverpool, England and Ernst & Young in Malaysia.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The brief profile of the Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows: (continued)

4. Mahani binti Amat
Independent Non-Executive Director

Mahani holds a Bachelor of Economics (majoring in Business Administration) from University of Malaya. She has over 27 years of working experience in the banking industry. She began her career with Bank Negara Malaysia in 1977 where she spent 7 years in Reserves Management. In 1984, she moved on to RHB Bank in Singapore and held various positions in the Treasury and Offshore Banking, and Consumer Banking. She returned to RHB Bank Kuala Lumpur in 2001, where she held senior management positions in premium banking and international division, up to her last designation in 2004 as Executive Vice President of operations and services.

5. Tan Teik Wei (appointed on 1 November 2025)
Independent Non-Executive Director

Mr. Tan holds a Bachelor of Science degree from the University of Exeter and an MBA from the University of Aston, United Kingdom. He has over 40 years of experience in banking technology, digital transformation, and financial services across South-East Asia. He previously served as Group Chief Executive Officer and Board Member of Silverlake Axis Ltd, a Singapore-listed regional leader in core and digital banking solutions, where he led major business transformation and market expansion initiatives. Earlier in his career, he held senior leadership roles with Accenture, IBM, Arthur Andersen, Deloitte, SAS and Unisys across Malaysia, Singapore, ASEAN and Central Asia. Mr. Tan is currently the Chair of the FIDE (Financial Institutions Directors Education) Digitalisation Committee, focusing on strengthening IT governance, digital risk literacy, and innovation oversight at board level.

6. Tan Hak Leh
Executive Director

Hak Leh is the Regional Chief Executive responsible for AIA Group's business operating in Singapore, Brunei, Malaysia, Cambodia, Myanmar and Indonesia. He was Chief Executive Officer of AIA's operation in Thailand from 2016 to 2019, AIA Group Chief Risk Officer in 2015 and Chief Executive Officer of AIA's operation in Singapore from 2011 to 2015. Prior to joining AIA Group, Hak Leh was Chief Executive Officer of Great Eastern Life, Singapore. Prior to joining Great Eastern Life, Hak Leh was Director of the Monetary Authority of Singapore. Hak Leh has played an active role in the life insurance industry since 2005. His appointments include: President of the Life Insurance Association (LIA), Singapore from 2010 to 2013 and Vice Chair of Singapore College of Insurance from 2011 to 2013 and Vice President of Thailand Life Assurance Association from 2017 to 2018. He was also a Board member of Financial Industry Disputes Resolution Centre Ltd from 2008 to 2015.

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

In promoting independent oversight by the Board, the tenure limit for Independent Directors is nine (9) years from the date of the Director's initial appointment. The Board is also discouraged from having more than eight (8) Directors. However, a maximum of ten (10) Directors may be allowed provided the additional Directors are Independent Directors.

During the financial year, a total number of thirty one (31) Board and Board Committee Meetings were held, as set out below:

	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Board
Number of meetings	6	4	7	4	10

The Directors' attendance to the Board and Board Committee Meetings during the financial year was as follows:

Name of Director	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Board Meetings
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	6/6	4/4	7/7	4/4	10/10
Dr. Chong Su-Lin	6/6	2/4	7/7	4/4	10/10
Ching Neng Shyan	6/6	4/4	7/7	4/4	10/10
Mahani binti Amat	6/6	4/4	7/7	4/4	10/10
Tan Teik Wei (appointed on 1 November 2025)	1/1	1/1	2/2	1/1	3/3
Tan Hak Leh	N/A	N/A	7/7	N/A	10/10

* N/A – Not Applicable (Not a Member)

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Board is responsible for the overall governance of the Company and discharges this responsibility through compliance with the Financial Services Act ("FSA") and Corporate Governance Policy Document issued by BNM and other directives, in addition to adopting other best practices on corporate governance.

The Board has an overall responsibility to lead the Company, including setting the strategic future direction, review viability of the corporate objective and overseeing the conduct and performance of business.

As at the date of the report, the Board comprises five Independent Non-Executive Directors and one Executive Director to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

The Board met ten (10) times during the financial year, eight of which were scheduled and two Special Board Meetings. All Directors in office at the end of the financial year complied with the 75% minimum attendance requirement at such meeting.

The Members of the Board had attended briefings, conferences, seminars and trainings during the financial year, which include the following:

No.	Description
1.	BNM's engagement session with Chairpersons in conjunction with the release of Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for the 2nd Half 2024.
2.	Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024.
3.	AIA 2025 Climate Risk Stress Testing.
4.	AIA Annual Cyber Security Awareness.
5.	The Influence of Board Culture on Corporate Performance.
6.	Sasana Symposium 2025: Structural Reforms - Building A Resilient Malaysia.
7.	Asia School of Business: 10th Anniversary Celebrations - Executive Panels.
8.	Asia School of Business: 10th Anniversary Celebrations - Leadership & Entrepreneurship – The Resilience Playbook.
9.	Cloud for Directors of Regulated Financial Institutions.
10.	AIA Maqasid Shariah At The Helm: Navigating The Future Of Takaful.
11.	Bridging Standards & Shariah: Strengthening Islamic Finance in a Modern Banking Landscape.
12.	Economic Outlook & Post-Budget 2026.
13.	Securities Commission Malaysia Audit Oversight Board's Conversation with Audit Committees.
14.	AI Adoption Study & Launch Event.

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

The Members of the Board had attended briefings, conferences, seminars and trainings during the financial year, which include the following: (continued)

No.	Description
15.	AI-Powered Leadership Conference.
16.	Human Rights Day Forum 2025 : "Protecting Our Future Generations: Human Rights For All".

The Members of the Board were also regularly updated on the issuance of new related FSA and regulations as well as the requirements to be observed both by the Company and Directors.

The Company provides an in-house orientation to newly appointed Directors and the Directors may request trainings on specific subjects in facilitating the Directors to discharge their duties effectively. On an annual basis, the Nominating Committee ("NC") will conduct annual review of trainings attended by the Directors during each financial year.

To support sound corporate governance and processes, the Board formed various Board Committees namely the Nominating Committee, the Remuneration Committee, the Risk Management Committee and the Audit Committee ("the Committees") in accordance with the requirements of BNM's Corporate Governance Policy Document.

The roles and members of the Committees are as provided below.

Nominating Committee

As at the date of this report, the NC comprises six (6) members as follows:

Dr. Chong Su-Lin	Chairperson (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ching Neng Shyan	Member (Independent Non-Executive)
Mahani binti Amat	Member (Independent Non-Executive)
Tan Teik Wei (appointed on 1 November 2025)	Member (Independent Non-Executive)
Tan Hak Leh	Member (Executive)

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Nominating Committee (continued)

The objective of the NC is to establish a documented, formal and transparent procedure for the appointment of Directors, CEO and Key Senior Officers ("KSOs") and to assess the effectiveness of individual directors, the Board as a whole (including various committees of the Board), CEO and KSOs on an on-going basis.

The principal duties and responsibilities of the NC are:

- (a) establishing the minimum requirements of the Directors and senior management at the time of appointment and on a continuing basis;
- (b) ensuring that the composition of the Board and the designated board-level committee should include at least a member with technology experience and competencies;
- (c) establishing and regularly reviewing succession plans for senior management and the Board to promote the Board's renewal and address any vacancies;
- (d) establishing a rigorous process for the appointment and removal of Directors and senior management. The process must involve the assessment of candidates against the minimum requirements as set out in the Corporate Governance Policy Document to maintain the engagement between a candidate and the Committee and to ascertain the suitability of each candidate for the Board;
- (e) assessing against the minimum requirements for each senior management and Director on an annual basis, and as and when the Board becomes aware of information that may materially compromise the individual/Director's fitness and propriety, or any circumstance that suggests that the Director is ineffective, errant or otherwise unsuited to carry out his responsibilities;
- (f) recommending and assessing the appointment and reappointment of Directors and senior management as per the minimum requirements as set out in the Corporate Governance Policy Document before an application for approval is submitted to BNM;
- (g) assessing the Board and the Board Committees in terms of the appropriate size that promotes effective deliberation and encourages the active participation of all Directors and allows the work of the various Board Committees to be discharged without giving rise to an over-extension of Directors that are required to serve on multiple Board Committees;
- (h) assessing the performance and effectiveness of the Board, the Board Committees and individual Directors. This is important to enable the Board to identify areas for professional development and process improvements, having regard to the changing needs of the Company; and
- (i) overseeing the effective implementation of the transfer of knowledge of expatriates to local employees.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee

As at the date of this report, the Remuneration Committee ("RC") comprises five (5) members as follows:

Dr. Chong Su-Lin	Chairperson (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ching Neng Shyan	Member (Independent Non-Executive)
Mahani binti Amat	Member (Independent Non-Executive)
Tan Teik Wei (appointed on 1 November 2025)	Member (Independent Non-Executive)

The objective of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and KSOs and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

The principal duties and responsibilities of the RC are to review and assess:

- (a) the remuneration policy of the Company which must be approved by the Board and subject to periodic Board's review, including when material changes are made to the policy;
- (b) the remuneration for each Director, members of senior management and other material risk taker must be approved by the Board annually. The Company must maintain and regularly review a list of Officers who fall within the definition of "other material risk takers";
- (c) the overall remuneration system for the Company which must:
 - (i) be subject to the Board's active oversight to ensure that the system operates as intended;
 - (ii) be in line with the business and risk strategies, corporate values and long-term interests of the Company;
 - (iii) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Company as a whole, taking into account the interests of its customers; and
 - (iv) be designed and implemented with input from the control functions and the Board's Risk Management Committee to ensure that risk exposures and risk outcomes are adequately considered.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Remuneration Committee (continued)

The principal duties and responsibilities of the RC are to review and assess: (continued)

- (d) the remuneration for individuals which must be aligned with prudent risk-taking. Hence, remuneration outcomes must be symmetric with risk outcomes. This includes ensuring that:
- (i) remuneration is adjusted to account for all types of risk, and must be determined by both quantitative measures and qualitative judgment;
 - (ii) the size of the bonus pool is linked to the overall performance of the Company;
 - (iii) incentive payments are linked to the contribution of the individual and business unit to the overall performance of the Company;
 - (iv) bonuses are not guaranteed, except in the context of sign-on bonuses; and
 - (v) for members of senior management and other material risk takers:
 - a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and institution-wide measures that adequately assess performance; and
 - the variable portion of remuneration increases along with the individual's level of accountability.
- (e) the remuneration payout schedules which must reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time. As such, the Company must adopt a multi-year framework to measure the performance of members of senior management and other material risk takers. Such a framework must provide for:
- (i) the deferment of payment of a portion of variable remuneration to the extent that risks are realised over long periods, with these deferred portions increasing along with the individual's level of accountability;
 - (ii) the calibration of an appropriate mix of cash, shares, share-linked instruments, and other forms of remuneration to reflect risk alignment; and
 - (iii) adjustments to the vested and unvested portions of variable remuneration (through malus, clawbacks and other reversals or downward revaluations of awards) in the event of bad performance of the business unit or institution attributable to the individual or if he commits serious legal, regulatory or internal policy breaches.
- (f) the incentive structure to ensure that:
- (i) variables used to measure risk and performance outcomes of an individual relate closely to the level of accountability of that individual;
 - (ii) the determination of performance measures and variable remuneration considers that certain indicators (such as share prices) may be influenced in the short term by factors like market sentiment or general economic conditions which are not specifically related to the Company's performance or an individual's actions, and the use of such indicators does not create incentives for individuals to take on excessive risk in the short term; and
 - (iii) members of senior management and other material risk takers commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(a) BOARD OF DIRECTORS (CONTINUED)

Risk Management Committee

As at the date of this report, the Risk Management Committee ("RMC") comprises five (5) members as follows:

Mahani binti Amat	Chairperson (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Ching Neng Shyan	Member (Independent Non-Executive)
Dr. Chong Su-Lin	Member (Independent Non-Executive)
Tan Teik Wei (appointed on 1 November 2025)	Member (Independent Non-Executive)

The objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively. Risk Management Committee is also the designate board-level committee to oversee technology related matters and frameworks, ensure that risk assessments undertaken to material technology applications submitted to BNM are robust and comprehensive and to deliberate the outcome of information Security Risk Assessment.

The principal duties and responsibilities of the RMC are:

- (a) ensuring that the Company's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities;
- (b) providing effective oversight of senior management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework;
- (c) ensuring senior management oversight in the day-to-day management of the financial institution's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board;
- (d) ensuring that the risk management framework enables the identification, measurement and continuous monitoring of all relevant and material risks on a group and firm-wide basis, supported by robust management information systems that facilitate the timely and reliable reporting of risks and the integration of information across the institution. The sophistication of the Company's risk management framework must keep pace with any changes in the institution's risk profile (including its business growth and complexity) and the external risk environment;
- (e) ensuring that the risk management is well-integrated throughout the organisation and embedded into the culture and business operations of the institution;
- (f) establishing an independent senior risk executive role (Chief Risk Officer or its equivalent) with distinct responsibility for the risk management function and the institution's risk management framework across the entire organisation. The executive must have sufficient stature, authority and seniority within the organisation to meaningfully participate in and be able to influence decisions that affect the Company's exposures to risk;

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Risk Management Committee (continued)

The principal duties and responsibilities of the RMC are: (continued)

- (g) establishing and maintaining an effective risk management function with sufficient authority, stature, independence, resources and access to the Board;
- (h) effectively implementing the risk management framework that is reinforced with an effective compliance function and subjected to an independent internal audit review;
- (i) ensuring that the Company has appropriate mechanisms in place for communicating risks across the organisation and for reporting risk developments to the Board and senior management;
- (j) ensuring that the executive remuneration is aligned with prudent risk-taking and appropriately adjusted for risks. The Board must actively oversee the institution's remuneration structure and its implementation, and must monitor and review the remuneration structure to ensure that it operates as intended;
- (k) ensuring that the Board and senior management are aware of and understand the Company's operational and organisational structure and the risks it poses and be satisfied that it is not overly complex or opaque such that it hampers effective risk management by the Company;
- (l) ensuring that the Board and senior management understand the purpose, structure and unique risks of operations when the Company operates through special-purpose structures. Appropriate measures must be undertaken to mitigate the risks identified;
- (m) exercising oversight over its subsidiaries with appropriate established processes to monitor the subsidiaries' compliance to the Group's risk management policies;
- (n) establishing and approving the technology risk appetite and risk tolerance;
- (o) overseeing the adequacy of the Company's IT and cybersecurity strategic plans covering a period of no less than three years;
- (p) overseeing the effective implementation of a sound and robust technology risk management framework and cyber resilience framework; and
- (q) discussing cyber risks and related issues, including the strategic and reputational risks associated with a cyber-incident.

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Audit Committee

As at the date of this report, the Audit Committee ("AC") comprises five (5) members as follows:

Ching Neng Shyan	Chairman (Independent Non-Executive)
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	Member (Independent Non-Executive)
Mahani Binti Amat	Member (Independent Non-Executive)
Dr. Chong Su-Lin	Member (Independent Non-Executive)
Tan Teik Wei (appointed on 1 November 2025)	Member (Independent Non-Executive)

The primary objective of the AC is to ensure the integrity and transparency of the financial reporting process.

The principal duties and responsibilities of the AC are:

- (a) ensuring that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives;
- (b) reviewing and concurring the annual audit plan, audit charter and annual budget of the internal audit department and the appointment of the external auditors;
- (c) ensuring that internal audit staff have free and unrestricted access to the Company's records, assets, personnel or processes relevant to and within the scope of the audits;
- (d) reviewing and concurring with the appointment, removal and remuneration of the external auditors recommended by Group Audit Committee;
- (e) reviewing various relationships between the external auditors and the Company or any other entity that may impair or appear to impair the external auditors' judgement or independence in respect of the Company;
- (f) investigate reasons for any request made by management to dismiss the external auditor, or any resignation by the external auditor. The results of the investigation should be disclosed to the full Board and the Group Audit Committee together with the Audit Committee's recommendations on proposed actions to be taken.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Audit Committee (continued)

The principal duties and responsibilities of the AC are: (continued)

- (g) maintaining regular, timely, open and honest communication with the external auditors, and require the external auditors to report to the AC on significant matters;
- (h) reviewing with the external auditors that appropriate audit plans are in place and the scope of the audit plans reflect the terms of the engagement letter;
- (i) reviewing with the external auditors on the financial statements (before the audited financial statements are presented to the Board) and discussing the findings and issues arising from their work done, including but not limited to, any opinions or qualifications, significant/material changes and fluctuations reported therein;
- (j) audit reports, including obligation reports to BNM and discuss the findings and issues arising from the external audit;
- (k) ensuring that management's remediation efforts with respect to all findings and recommendations are resolved effectively and in a timely manner;
- (l) approving the provision of non-audit services by the external auditors and ensuring that the level of provision of non-audit services is compatible with maintaining auditor independence;
- (m) reviewing the Chairman's statement, interim financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report (where applicable);
- (n) reviewing any related party transactions and conflicts of interest situations that may arise including any transaction, procedure or conduct that raises questions of management integrity;
- (o) ensuring that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes;
- (p) monitoring compliance with the Board's conflict of interest policy; and
- (q) reviewing third-party opinions on the design and effectiveness of the Company's internal control framework.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(A) BOARD OF DIRECTORS (CONTINUED)

Audit Committee (continued)

The AC has the authority to investigate any matter within its terms of reference and has unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Company.

During the financial year, the AC members have met twice with the external auditors without the presence of the management.

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employees and formal performance appraisal is done annually. Information is effectively communicated to the relevant employees within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company has, in any circumstances, conflict of interest referred to in Sections 54 and 55 of the FSA.

The management meets all prescriptive requirements under this section, and has already adopted best practices in the areas of organisational structure and allocation of responsibilities, conflicts of interest, goal setting and the area of communication.

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on agreed terms as specified under BNM's Guidelines on Related-Party Transactions and BNM's Corporate Governance Policy Document. Related parties' transactions and balances have been disclosed in the financial statements in compliance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

(D) INTERNAL CONTROL FRAMEWORK

The Board, assisted by its committees, is responsible for overseeing AIA's risk management and internal control systems and for reviewing its effectiveness. The criteria applied by the Directors in judging the effectiveness of these controls are that they allow the maximisation of shareholders' value by exploiting business opportunities whilst ensuring that risks are properly identified and managed. The controls are regularly reviewed to ensure that they enable the proper management of business risks without so restricting efficiency and entrepreneurial nature that they inhibit proper running of the business.

AIA has an internal audit function ("Internal Audit"). The key features of AIA's internal control system include independent reviews and testing of internal controls, taking a risk-based approach and developing an annual audit plan presented to the Audit Committee. Reports of significant audit findings are prepared and communicated to management and the Audit Committee and where control weaknesses or defects are identified, recommendations are provided to resolve them. This includes issues formally identified from internal audits, forensic investigations, regulatory reports and special projects. Management is responsible for the design, implementation and evaluation of the internal control system, including ongoing mitigation, across the business and processes.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

AIA's Risk Management Framework ("RMF") does not seek to eliminate all risks, but rather to identify, understand and manage them within acceptable limits in order to support the sustainability of the business and the creation of long-term value, and can only provide reasonable and not absolute assurance against material misstatement or loss. The key features of AIA's RMF include:

(a) Risk Culture

Risk Culture refers to AIA's organisational culture that includes desirable individual and collective attributes and habits when employees encounter opportunity and accept risk to AIA. It influences the way we conduct our activities in relation to risk awareness, risk taking, risk management and risk controls. Strong Risk Culture facilitates organisation resilience and supports sustainable success in delivering AIA's commitments to customers in the long term, and is built through broader culture programmes which is aligned with AIA's Operating Philosophy of "Doing the Right Thing, In the Right Way, With the Right People and the Right Results will Come."

(b) Risk Governance

Risk Governance establishes clear responsibility and accountability across AIA to execute its risk strategy and carry out its day-to-day risk management and compliance activities. AIA's Risk Governance is organised through the "Three Lines of Defence" model which clearly defines roles and responsibilities for the management of risk and compliance between the executive management ("First Line"), Risk and Compliance ("Second Line") and Internal Audit ("Third Line") functions. Whilst each line of defence is independent from the others, they work closely to ensure effective oversight.

AIA has a suite of policies and standards which sets out the approach and minimum requirements for managing the AIA's key risks:

- (i) AIA Code of Conduct: The Code lays the foundation for good business decisions and guides staff and agents in conducting business honourably, ethically and with utmost professionalism. The Code specifies the standards of behaviour to which every AIA employee and stakeholder is expected to adhere. The Code guides us on compliance, ethics and risk issues and allows us to contribute positively to the societies where we operate.
- (ii) Whistleblowing Standard: The Standard aims to establish corporate values and culture that support ethical behaviour and to assure confidentiality and non-retaliation to whistleblowers. Every employee has the obligation to report unethical behaviour or suspected violations of law or policy connected with AIA's business activities.
- (iii) Anti-Fraud Standard: AIA is committed to conducting its business with the highest level of ethics and integrity. To uphold this commitment and in particular, a zero-tolerance approach to fraud, AIA requires adherence to this Anti-Fraud Standard. The Standard is intended to reinforce management procedures designed to aid in the prevention, detection and investigation of fraud, thereby safeguarding AIA's assets and providing protection from the legal and reputational consequences of fraudulent activities.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

The key features of the AIA's RMF include: (continued)

(b) Risk Governance (continued)

- (iv) **Anti-Corruption Standard:** AIA is committed to conducting business with integrity and in full compliance with applicable laws. We maintain zero-tolerance approach to bribery and any improper payments intended to gain an advantage. Such practices are strictly prohibited and may result in significant legal, regulatory and reputational implications for AIA.
- (v) **Anti-money Laundering & Counter Financing of Terrorism (AML/CFT) Policy:** AIA uphold a rigorous compliance programme aligned with all applicable AML/CFT laws and regulations to prevent misuse of its products and services for money laundering and terrorist financing purposes. The policy sets out the detailed requirements of AIA AML/CFT Programme, which includes a risk-based approach to conducting customer due diligence, ongoing monitoring, suspicious activity reporting, training and record keeping. AIA leverage advanced monitoring systems and screening tools to screen, risk profile and monitor customer activity. All employees and agents are also required to complete AML/CTF training. In addition, our Economics Sanctions Policy ensures compliance with global sanctions requirements when dealings with governments, individuals and entities.
- (vi) **Data Privacy Standard:** AIA is committed to safeguarding personal data and complying with applicable data protection laws and regulatory requirements. The Standard establishes principles and control requirements governing the lawful and responsible collection, use, disclosure, storage and disposal of personal data across the organization. Compliance with the Standard is supported through defined governance arrangements, risk-based assessments, employee awareness and ongoing oversight as part of AIA's internal control framework.
- (vii) **Compliance Policy:** AIA is subject to laws, regulations and supervisory expectations and takes these requirements very seriously. The policy sets out the principles for managing Compliance Risks across AIA and describes the key roles and responsibilities. AIA's principles for managing Compliance Risks are as follows: (a) AIA takes its requirements under laws, regulations and supervisory expectations seriously and is committed to have in place sound internal controls to minimise the downside risk from non-compliance; (b) Business Units and functional units of AIA must establish processes to effectively manage Compliance Risks; (c) All employees are responsible for maintaining a strong Compliance Culture; and (d) AIA will maintain transparent and proactive relationships with Regulators to provide assurance that AIA is across its regulatory requirements, has an effective risk management framework and governance structure in place, and sustains an appropriate Compliance Culture.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(D) INTERNAL CONTROL FRAMEWORK (CONTINUED)

The key features of the AIA's RMF include: (continued)

(c) Risk Strategy

Risk Strategy describes how, which types of risks, and to what extent risks are taken to pursue AIA's strategy and business objectives. Conversely, it also expresses those risks which are not desired and the extent to which they should be mitigated. AIA's Risk Appetite Framework is designed to articulate the Board's risk capacity in light of AIA's Risk Strategy and business objectives.

AIA also maintains a detailed risk taxonomy to ensure all risks are identified and systematically managed.

(d) Risk Management Process

AIA has a robust process that provides sufficient information, capability and tools to manage its key risks. Risks which AIA proactively accepts are identified, assessed and managed to support the creation of long-term value, while risks which AIA seeks to mitigate are managed through an effective internal controls system to maintain exposures within an acceptable residual level.

In order to encourage good management and to embed a culture of iterative process of continuous improvement, all business functions must incorporate the key risk management process in their activities to identify, assess, manage and monitor the risk exposures. This ensures that risk reviews undertaken by AIA are appropriate and contributes to optimisation of business decisions.

(e) Risk Reporting

Risk reporting represents the internal and external risk and compliance reporting processes which support an ongoing evaluation of AIA's risk profile, including any material intra-group transactions or events, compliance status, and overall effectiveness of the RMF.

(E) REMUNERATION POLICY

i. Objectives

The Group's executive remuneration policy is based on the principle to attract, motivate and retain staff at all levels. The policy aims to reward competitive and fair remuneration package, irrespective of gender, ethnicity, age, disability or other non-performance related factors to foster a strong performance-oriented culture within an appropriate risk management framework.

The policy aims to ensure that rewards and incentives relate directly to the performance of individuals, the operations and functions in which they work or for which they are responsible, and the overall performance of the Group. The compensation and benefits arrangements designed under the policy provides incentives that are consistent with the interests of the Group's stakeholders and do not encourage executives to take excessive risks that may threaten the value of the Group and impair the reputation of the brand.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration

The table below summarises the Group's remuneration policies regarding the elements of the remuneration structure as it applies to the CEO and Senior Management Team during the financial year.

Element	Purpose	Basis of determination	Notes on practices
Fixed Remuneration	The fixed portion of remuneration typically includes the annual base salary and other fixed remuneration elements according to local market practices. The fixed portion should be set appropriately to not induce any excessive risk taking behavior by leveraging the variable component. Fixed cash element of remuneration to recruit and retain talent.	Basic salary is determined with reference to the specific roles and responsibilities of the position, internal relativities, market practice, individual experience, performance and other factors to attract and retain employees with required capabilities to achieve the Group's business objectives.	The Remuneration Committee reviews salaries annually for the CEO and Senior Management Team against relevant industry survey sources. Salary increases, where applicable, typically take effect from 1 March.
Variable Cash Incentives	Short term incentives are discretionary and intended to incentivise the achievement of annual business objectives typically. Short term incentive awards recognise both business and individual performances, taking into consideration an individual's contribution and behaviours. Short term incentive awards are usually paid in cash.	Short-term incentive target and maximum opportunities are determined with reference to the market appropriateness of total compensation and the roles and responsibilities of the individual.	Annual short-term incentive is based on the achievement of financial performance measures and relevant strategic objectives, as well as individual contribution.
Variable Deferred Incentives	Long-term incentives are discretionary and intended to align senior employees with the Group's long-term strategic goals and ambitions and shareholders' interests. Long-term incentives promote risk awareness whilst encouraging to operate in a sustainable manner and are designed to motivate and retain senior employees. Long term incentives are usually made in form of restricted share units and / or share options for senior employees and generally vest after a multi-year performance period.	Long-term incentive target and maximum opportunities are determined with reference to the total competitiveness of the total compensation package and the roles and responsibilities of the individual.	Long-term incentives are discretionary and determined annually. Long-term incentives are delivered in the form of performance-vesting restricted share units, time-vesting restricted share units and/or time-vesting share options, and generally vest after a three-year period, with the performance-vesting restricted share units subject to pre-defined performance vesting requirement.
Benefits	Benefits including retirement, insurance arrangements and employee share purchase plan complement the total remuneration offering. Benefits are designed to be market competitive and driven by local rules, regulations and practices.	The benefits program is determined such that it is market competitive. It remains fully compliant with local regulations.	The CEO and Senior Management Team receive certain benefits, for example, medical and life insurance, use of company car and/or driver.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Short-Term Incentive Plan

The short-term incentive targets were determined and communicated to the CEO and Senior Management Team at the beginning of the financial year. The performance measures for short-term incentives were:

- Value of new business ("VONB");
- Operating profit after tax ("OPAT"); and
- Underlying Free Surplus Generation ("UFSG").

VONB is an estimate of the economic value of one (1) year's sales as published by the AIA Group; OPAT is the IFRS operating profit after tax based on the IFRS results published by the AIA Group; and UFSG is the free surplus generated by the business excluding the free surplus invested in new business, investment return variances and other items.

The weighting of the three (3) performance measures described above is forty per cent (40%), twenty per cent (20%) and ten per cent (10%) for VONB, OPAT and UFSG respectively. The remaining weighting is thirty per cent (30%) based on strategic key performance measures for the year. Based on the level of achievement of the performance measures, short-term incentive awards in respect of the financial year ended 31 December 2025 will be paid to the CEO and Senior Management Team in March 2026.

Long-Term Incentive Plan

The 2020 Restricted Share Unit Scheme ("RSU") and the 2020 Share Option Scheme ("SO") were adopted on 1 August 2020 and 29 May 2020 respectively, in place of the 2010 RSU Scheme and 2010 SO, which were terminated with effect from 31 July 2020 and 29 May 2020 respectively. Both the 2020 RSU Scheme and 2020 SO are also effective for a period of ten (10) years from the date of adoption.

These schemes are designed to motivate and reward participants who have not only made an important contribution to AIA Group's success but are expected to play a significant role in the future.

Awards made under these schemes are discretionary and are determined on an annual basis with reference to the magnitude of overall variable remuneration, the competitiveness of the total remuneration package, the roles, responsibilities, performance and potential of the individual.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

The schemes operate through the award of restricted share units and share options to deliver a balanced mix of incentives and ownership. The rewards are subject to eligibility criteria and generally vest after a three-year period.

As applicable to other remuneration payments, long-term incentive vesting is subject to the Remuneration Committee's approval and is in compliance with all relevant AIA Group's policies.

The schemes are reviewed regularly to ensure that the design, process, structure and governance work together to balance risk and incentives.

a. Restricted Share Unit Scheme

Under the Restricted Share Unit Scheme, AIA Group may award restricted share units to selected employees, Directors (excluding Independent Non-executive Directors) or Officers of the Group or any of its subsidiaries. The objectives of the Restricted Share Unit Scheme are to align participant's interests with those of the AIA Group through ownership of the AIA Group's shares and/or increase in value of AIA Group's shares.

Time-vesting Restricted Share Unit Scheme

Vesting of Time-vesting Restricted Share unit awards will be contingent on continuous employment with AIA and not being under notice at the end of a three-year vesting period.

Performance Measures and Vesting

Vesting of Performance-Vesting Restricted Share Unit awards will be contingent on continuous employment with AIA and not being under notice at the end of a three-year vesting period. In addition, it is subject to the achievement of pre-defined performance levels assessed over a three year performance period as outlined below for the following 2025 AIA Group metrics:

- (i) Value of new business;
- (ii) Equity attributable to shareholders on the embedded value basis;
- (iii) Total shareholder return; and
- (iv) Underlying Free Surplus Generation.

VONB is an estimate of the economic value of one (1) year's sales as published by the AIA Group.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

a. Restricted Share Unit Scheme (continued)

Performance Measures and Vesting (continued)

Equity attributable to shareholders of AIA Group on the embedded value basis ("EV Equity") is the total of embedded value, goodwill and other intangible assets as published by the AIA Group. Embedded value is an estimate of the economic value of in-force life insurance business, including the net worth on AIA Group's balance sheet but excluding any economic value attributable to future new business.

Relative total shareholder return ("TSR") is the compound annual return from the ownership of a share over a period of time, measured by calculating the change in the share price and the gross value of dividends received (and reinvested) during that period. AIA Group's TSR is compared with the TSR of the peer companies over the performance period.

Underlying Free Surplus Generation ("UFSG") is the free surplus generated by the business excluding the free surplus invested in new business, investment return variances and other items.

The three (3) performance measures of VONB, EV Equity and TSR are equally weighted at 28% each while UFSG is weighted at 16%. Threshold performance levels (for TSR, twenty fifth (25th) percentile of the peer companies' performance) are required for performance-vesting restricted share units to vest; at target performance levels, fifty per cent (50%) of the performance-vesting restricted share units will vest; and at maximum performance levels (for TSR, seventy fifth (75th) percentile of the peer companies' performance), the full allocation of performance-vesting restricted share units will vest.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

b. Share Option Scheme

The objectives of the 2010 and 2020 Share Option Schemes are to align eligible participants' interests with those of the AIA Group through ownership of AIA Group's shares and/or the increase in value of AIA Group's shares.

Under the Share Option Scheme, AIA Group may award share options to employees, Directors (excluding Independent Non-Executive Directors) or Officers of the Group or any of its subsidiaries. No consideration is payable by the eligible participants on the acceptance of the grant of a share option.

The exercise price of such share options was determined by applying the highest of:

- (i) The closing price of the shares on the date of grant;
- (ii) The average closing price of the shares for the five (5) business days immediately preceding the date of grant; or

During the 10-year period from the 2020 SO Scheme Adoption Date (i.e., 29 May 2020), the aggregate number of shares available for issue upon exercise of all share options granted by the AIA Group scheme shall not exceed 2.5 per cent of the number of shares in issue on the 2020 SO Scheme Adoption Date, being 302,264,978 (The maximum number of Shares underlying all grants (i.e., the new Shares issued and to be issued in respect of all options and awards granted) to any one participant under the Company's shares schemes (including the SO Scheme) in any 12-month period is 1 per cent (or 0.1 per cent for a substantial shareholder of the Company) of the number of Shares in issue as at the date of the relevant grant. No SOs have been granted to substantial shareholders or in excess of the individual limit pursuant to the SO Schemes since their adoption.

Performance Measures and Vesting

Share options awarded under the Share Option Scheme have a minimum holding period of twelve (12) months from date of acceptance, and a maximum life of ten (10) years before expiry. Generally, share options become exercisable three (3) years after the date of grant and remain exercisable for another seven (7) years, subject to participants continued employment in good standing or retirement. There are no performance conditions attached to the vesting of share options. Each share option entitles the eligible participant to subscribe for one (1) ordinary share. Benefits are realized only to the extent that share price exceeds the exercise price.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

ii. Main Components of Remuneration (continued)

Long-Term Incentive Plan (continued)

c. Employee Share Purchase Plan

AIA Group adopted a new employee share purchase plan (2020 ESPP) on 1 August 2020 (2020 ESPP Adoption Date) in place of the 2011 ESPP, which were terminated with effect from 31 October 2020. The 2020 ESPP is effective for a period of 10 years from the date of adoption.

Under the 2020 ESPP, eligible employees of the Group may elect to purchase the AIA Group's shares and, through the grant of matching RSPUs, employees who are still in employment with the Group will receive one (1) matching share for every two (2) shares purchased that are held until the vesting of the matching RSPUs, which generally takes place three (3) years from the day of the first share purchase in a plan year. Each eligible employee's participation level is capped at the lower of the ten (10) per cent of the monthly base salary or Hong Kong Dollars Twelve Thousand Five Hundred (HK\$12,500) (or local currency equivalent) per calendar month.

The matching shares can either be purchases of existing Share on market by the plan trustee or through the issuance of new shares by AIA Group. During the 10-year period from the 2020 ESPP Adoption Date, the aggregate number of shares available for issue by pursuant to the 2020 ESPP and any other employee share purchase plan (i.e., 2011 ESPP) shall not exceed two-point-five per cent (2.5%) of the number of shares in issue on the ESPP Reference Date (i.e., 18 May 2023) as specified under the rules of the 2020 ESPP.

iii. Remuneration Procedure

The levels of remuneration should be sufficient to attract, retain and motivate all levels of the management and staff of the quality required to run the Group effectively. In this respect, the Group has an independent, objective and robust review process for assessing the remuneration package for the financial year known as the Total Compensation Review ("TCR") process. The TCR process ensures linking remuneration to corporate and individual performance coupled with appropriate consideration of AIA's Group policy during the annual appraisal.

The Board and its respective Committees provide the necessary oversight in the formulation and implementation of the remuneration practices.

- Nominating Committee reviews the performance of the CEO and Senior Management Team, Key Senior Officer ("KSO") and Key Responsible Persons ("KRP") to ensure alignment with strategies, goals and culture.
- Remuneration Committee reviews policy and practices before recommending remuneration package for the Board's approval.

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STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

iii. Remuneration Procedure (continued)

- Audit Committee and Risk Committee reviews the relevant KRPs' performance before approval by the Board.
- At the management level, the Management Risk Committee reviews the Risk dashboard reports escalated by the Operational Risk Management Committee for all departments.

Officers in control functions with discretionary Short Term Incentive awards will be based on a combination of AIA Group's business performance and the Group's business performance; thereby ensuring the impartiality of the actions of the Officers in control functions.

iv. Quantification of Remuneration

The Directors' remuneration for the financial year is required to be tabled to the Remuneration Committee, Board and Members of the Company for approval. Set out below is the breakdown of the total amount of remuneration for the following Directors during the financial year:

Name of Director	Fixed Remuneration RM'000	Variable Remuneration RM'000	Total Remuneration RM'000
Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon	265	65	330
Dr. Chong Su-Lin	190	61	251
Ching Neng Shyan	195	65	260
Mahani Binti Amat	195	65	260
Tan Teik Wei	28	17	45
TOTAL	873	273	1,146

The Directors and Officers' liability insurance policy with a total premium of RM71,754 is taken and borne by the Company covering all Directors and Officers of the Company and its subsidiaries and related companies incorporated in Malaysia, collectively.

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DIRECTORS' REPORT (CONTINUED)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(E) REMUNERATION POLICY (CONTINUED)

iv. Quantification of Remuneration (continued)

The following breakdown provides the remuneration awarded to the CEO and Senior Management Team during the financial year:

Total value of remuneration awards	Unrestricted RM'000	Deferred RM'000
Fixed remuneration		
• Cash-based	16,212	-
• Other	3,675	-
Variable remuneration		
• Cash-based	7,958	-
• Shares and share-linked instruments	-	3,815

(F) PUBLIC ACCOUNTABILITY

As a custodian of public funds, the Group's dealings with the public are always conducted fairly, honestly and professionally. The Group meets all prescriptive and best practice requirements under this section relating to unfair practices.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that:
- (i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate impairment losses had been made for doubtful debts; and
 - (ii) any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected to realise.
 - (iii) There were adequate provisions for its insurance contract liabilities in accordance with MFRS 17, Insurance Contract.

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DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the Directors of the Group and of the Company are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of impairment losses in the Group and in the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (iii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

For the purpose of paragraphs (c) and (d), contingent and other liabilities do not include liabilities arising from insurance contracts underwritten in the ordinary course of business of the Company.

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DIRECTORS' REPORT (CONTINUED)

AUDITORS' REMUNERATION

The auditor's remuneration are as follow:

	<u>Group</u> <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
Fees payable to PricewaterhouseCoopers Malaysia		
- statutory audit	4,195	2,848
- non-audit related services	75	67
Fees payable to other member firms of PricewaterhouseCoopers Malaysia		
- audit related services	<u>1,356</u>	<u>1,356</u>
	<u>5,626</u>	<u>4,271</u>

There was no indemnity given to, or insurance effected for auditors of the Group and of the Company in respect of the liability for any act or omission in their capacity as auditors of the Group and of the Company during the financial year.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), are retiring and will not be seeking re-appointment.

This report was approved by the Board of Directors on 25 March 2026.
Signed on behalf of the Board of Directors:

TAN SRI DATO' (DR) WEE HOE SOON @
GOOI HOE SOON
DIRECTOR

CHING NENG SHYAN
DIRECTOR

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**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Tan Sri Dato' (Dr) Wee Hoe Soon @ Gooi Hoe Soon and Ching Neng Shyan, two of the Directors of AIA Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 246 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and financial performance of the Group and of the Company for the financial year ended 31 December 2025 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated on 25 March 2026.

TAN SRI DATO' (DR) WEE HOE SOON @
GOOI HOE SOON
DIRECTOR

CHING NENG SHYAN
DIRECTOR

Registration No.

200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**STATUTORY DECLARATION PURSUANT TO
SECTION 251(1) OF THE COMPANIES ACT 2016**

I, Chai Tze Siang, the Officer primarily responsible for the financial management of AIA Bhd., do solemnly and sincerely declare that, the financial statements set out on pages 36 to 246 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHAI TZE SIANG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25 March 2026.

Before me:

COMMISSIONER FOR OATH



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIA BHD.

(Incorporated in Malaysia)

Registration No. 200701032867 (790895-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AIA Bhd. (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 36 to 246.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the 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 and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIA BHD. (CONTINUED)

(Incorporated in Malaysia)

Registration No. 200701032867 (790895-D)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA BHD. (CONTINUED)**

(Incorporated in Malaysia)

Registration No. 200701032867 (790895-D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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.
- (b) 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 and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) 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 Group 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 the Directors 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.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA BHD. (CONTINUED)**

(Incorporated in Malaysia)

Registration No. 200701032867 (790895-D)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LIEW CHI MIN
03529/09/2026 J
Chartered Accountant

Kuala Lumpur
25 March 2026

Registration No.

200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		31.12.2025	31.12.2024	31.12.2025	31.12.2024
		RM'000	RM'000	RM'000	RM'000
Insurance revenue	3	9,142,374	8,434,636	7,697,982	6,995,882
Insurance service expenses	5	(7,280,355)	(6,665,820)	(6,073,938)	(5,541,965)
Net expenses from reinsurance contracts		(108,382)	(140,545)	(93,342)	(102,763)
Insurance service result		1,753,637	1,628,271	1,530,702	1,351,154
Interest revenue on	4a				
Financial assets not measured at fair value through profit or loss		650,801	608,362	599,141	562,918
Financial assets measured at fair value through profit or loss		1,274,882	1,291,942	1,135,851	1,164,225
Other investment income	4b	1,728,658	5,054,320	1,702,601	4,787,856
Movement in impairment loss on financial assets		(46,895)	(18,685)	(40,173)	(16,223)
Investment return		3,607,446	6,935,939	3,397,420	6,498,776
Net finance expenses from insurance contracts	4c	(2,731,514)	(5,438,852)	(2,641,860)	(5,076,968)
Net finance expenses from reinsurance contracts	4d	(7,065)	(3,425)	(8,368)	(4,848)
Net Investment result		868,867	1,493,662	747,192	1,416,960
Other operating revenue	3	59,850	63,008	146,809	148,652
Other expenses	5	(368,498)	(349,843)	(415,620)	(375,199)
Profit before share of profit from associate		2,313,856	2,835,098	2,009,083	2,541,567
Share of (losses)/ profit from associate		(2,607)	84	-	-
Profit before tax		2,311,249	2,835,182	2,009,083	2,541,567

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AIA BHD.
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**INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	Note	Group		Company	
		31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Profit before tax		2,311,249	2,835,182	2,009,083	2,541,567
Tax expense attributable to policyholders		(132,592)	(361,731)	(129,343)	(339,397)
Profit before tax attributable to shareholders		<u>2,178,657</u>	<u>2,473,451</u>	<u>1,879,740</u>	<u>2,202,170</u>
Tax expense	6	(564,286)	(840,912)	(492,399)	(763,971)
Tax expense attributable to policyholders		132,592	361,731	129,343	339,397
Tax expense attributable to shareholders		(431,694)	(479,181)	(363,056)	(424,574)
Profit after tax for the financial year		<u><u>1,746,963</u></u>	<u><u>1,994,270</u></u>	<u><u>1,516,684</u></u>	<u><u>1,777,596</u></u>
Profit attributable to:					
Owners of the parent		1,696,190	1,937,500	1,516,684	1,777,596
Non-controlling interest		50,773	56,770	-	-
		<u><u>1,746,963</u></u>	<u><u>1,994,270</u></u>	<u><u>1,516,684</u></u>	<u><u>1,777,596</u></u>
Basic/diluted earnings per share (sen)	23	<u><u>884</u></u>	<u><u>1,010</u></u>		

The accompanying notes form an integral part of these financial statements.

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AIA BHD.
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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
Profit after tax for the financial year		1,746,963	1,994,270	1,516,684	1,777,596
Other comprehensive income/(expense):					
<u>Items that may be subsequently reclassified to profit or loss</u>					
Net fair value gains on financial assets at fair value through other comprehensive income		156,769	77,272	145,530	72,604
Net realised gains on financial assets at fair value through other comprehensive income reclassified to profit or loss		(19,529)	(45,937)	(18,056)	(40,290)
Deferred taxation		(32,757)	(7,213)	(30,292)	(7,646)
Change in fair value reserve		104,483	24,122	97,182	24,668
Change in insurance finance reserve	4c	(36,196)	(112,177)	(34,484)	(111,797)
Deferred taxation		6,384	19,425	5,973	19,334
Change in insurance finance reserve		(29,812)	(92,752)	(28,511)	(92,463)
<u>Items that will not be subsequently reclassified to profit or loss</u>					
Revaluation gains arising during the financial year		11,298	12,060	11,298	12,060
Deferred taxation		(1,576)	(1,863)	(1,576)	(1,863)
Change in property revaluation reserve		9,722	10,197	9,722	10,197
Remeasurements of liability of defined benefit schemes		(1,681)	(7,457)	(1,681)	(7,457)
Deferred taxation		291	1,288	291	1,288
Change in post employee benefit obligations		(1,390)	(6,169)	(1,390)	(6,169)
Total other comprehensive income/(expense) – net of tax		<u>83,003</u>	<u>(64,602)</u>	<u>77,003</u>	<u>(63,767)</u>
Total comprehensive income for the financial year		<u>1,829,966</u>	<u>1,929,668</u>	<u>1,593,687</u>	<u>1,713,829</u>

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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
Total comprehensive income for the financial year		1,829,966	1,929,668	1,593,687	1,713,829
Total comprehensive income attributable to:					
Owners of the parents		1,777,567	1,872,774	1,593,687	1,713,829
Non-controlling interest		52,399	56,894	-	-
		<u>1,829,966</u>	<u>1,929,668</u>	<u>1,593,687</u>	<u>1,713,829</u>

The accompanying notes form an integral part of these financial statements.

Registration No.

200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	<u>Note</u>	<u>31.12.2025</u> RM'000	<u>Group</u> <u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>Company</u> <u>31.12.2024</u> RM'000
<u>ASSETS</u>					
Intangible assets	8	451,751	461,705	433,902	444,721
Investment in subsidiaries	9	-	-	597,859	597,859
Investments in associate	11	-	2,695	-	88
Property, plant and equipment	12	443,980	487,883	444,200	486,201
Investment properties	13	388,254	346,670	388,254	346,670
Insurance contract assets	19	37,000	82,759	-	-
Reinsurance contract assets	19	132,863	152,943	-	30,736
Financial investments:	14				
Amortised cost		2,144,331	2,096,389	2,073,829	2,038,374
Fair value through other comprehensive income ("FVOCI")		11,470,638	10,159,036	10,339,547	9,232,514
Fair value through profit or loss ("FVTPL")		57,981,490	55,673,556	53,261,328	51,459,985
Derivative financial instrument	21	25,776	37,937	25,776	37,937
Deferred tax assets	20	2,527	1,639	-	-
Current tax recoverable		356,782	350,753	353,570	334,817
Other assets	16	715,584	671,056	630,776	595,357
Cash and cash equivalents	17	3,644,133	2,981,643	3,281,202	2,597,981
Total assets		<u>77,795,109</u>	<u>73,506,664</u>	<u>71,830,243</u>	<u>68,203,240</u>

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AIA BHD.
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**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025 (Continued)**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
<u>LIABILITIES</u>					
Insurance contract liabilities	19	60,732,039	58,099,671	56,640,557	54,388,919
Reinsurance contract liabilities	19	281,049	246,617	281,049	246,617
Derivative financial instrument	21	1,060	3,241	1,060	3,241
Deferred tax liabilities	20	2,700,532	2,473,159	2,426,808	2,199,535
Current tax liabilities		21,963	847	-	-
Other liabilities	22	796,886	821,515	628,523	676,369
Total liabilities		<u>64,533,529</u>	<u>61,645,050</u>	<u>59,977,997</u>	<u>57,514,681</u>
<u>EQUITY</u>					
Share capital	23	810,000	810,000	810,000	810,000
Retained earnings	24	11,670,621	10,391,106	10,714,977	9,614,968
Other comprehensive income:					
Fair value reserve		375,315	272,458	361,574	264,392
Property revaluation reserve		176,087	181,080	176,087	181,080
Insurance finance reserve		(212,474)	(182,662)	(210,392)	(181,881)
Total equity attributable to:					
Owners of the parent		12,819,549	11,471,982	11,852,246	10,688,559
Non-controlling interest		442,031	389,632	-	-
Total equity		<u>13,261,580</u>	<u>11,861,614</u>	<u>11,852,246</u>	<u>10,688,559</u>
Total equity and liabilities		<u>77,795,109</u>	<u>73,506,664</u>	<u>71,830,243</u>	<u>68,203,240</u>

The accompanying notes form an integral part of these financial statements.

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200701032867 (790895-D)

AIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Group	Attributable to owners of the Company								
	Share capital	Fair value reserve	Property revaluation reserve	Non-distributable		Retained Earnings*	Total	Non-controlling interest	Total
				Insurance finance reserve	Share-based reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2025	810,000	272,458	181,080	(182,662)	-	10,391,106	11,471,982	389,632	11,861,614
Profit after tax for the financial year	-	-	-	-	-	1,696,190	1,696,190	50,773	1,746,963
Other comprehensive income for the financial year	-	102,857	9,722	(29,812)	-	(1,390)	81,377	1,626	83,003
Total comprehensive income for the financial year	-	102,857	9,722	(29,812)	-	1,694,800	1,777,567	52,399	1,829,966
Transfer of profit on disposal of self occupied property through other comprehensive income to retained earnings	-	-	(14,715)	-	-	14,715	-	-	-
Share based compensation:									
- value of employee services	-	-	-	-	17,394	-	17,394	-	17,394
- repayment to ultimate parent company	-	-	-	-	(17,394)	-	(17,394)	-	(17,394)
Dividend paid (note 7)	-	-	-	-	-	(430,000)	(430,000)	-	(430,000)
At 31 December 2025	<u>810,000</u>	<u>375,315</u>	<u>176,087</u>	<u>(212,474)</u>	<u>-</u>	<u>11,670,621</u>	<u>12,819,549</u>	<u>442,031</u>	<u>13,261,580</u>

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AIA BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Group	Attributable to owners of the Company							Non-controlling interest	Total
	Share capital	Fair value reserve	Property revaluation reserve	Non-distributable		Retained Earnings*	Total		
				Insurance finance reserve	Share-based reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2024	810,000	248,460	170,883	(89,910)	-	9,103,775	10,243,208	332,738	10,575,946
Profit after tax for the financial year	-	-	-	-	-	1,937,500	1,937,500	56,770	1,994,270
Other comprehensive income for the financial year	-	23,998	10,197	(92,752)	-	(6,169)	(64,726)	124	(64,602)
Total comprehensive income for the financial year	-	23,998	10,197	(92,752)	-	1,931,331	1,872,774	56,894	1,929,668
Share based compensation:									
- value of employee services	-	-	-	-	13,751	-	13,751	-	13,751
- repayment to ultimate parent company	-	-	-	-	(13,751)	-	(13,751)	-	(13,751)
Dividend paid (note 7)	-	-	-	-	-	(644,000)	(644,000)	-	(644,000)
At 31 December 2024	<u>810,000</u>	<u>272,458</u>	<u>181,080</u>	<u>(182,662)</u>	<u>-</u>	<u>10,391,106</u>	<u>11,471,982</u>	<u>389,632</u>	<u>11,861,614</u>

* Included in retained earnings is RM10,369 million (2024: RM8,837 million) which comprise surplus from the Life Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company. Balances that are distributable for the financial year ended 31 December 2025 amount to RM1,301 million (2024: RM1,554 million).

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AIA BHD.
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

<u>Company</u>	Non-distributable					<u>Retained earnings*</u>	<u>Total</u>
	<u>Share capital</u>	<u>Fair value reserve</u>	<u>Property revaluation reserve</u>	<u>Insurance finance reserve</u>	<u>Share-based reserve</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2025	810,000	264,392	181,080	(181,881)	-	9,614,968	10,688,559
Profit after tax for the financial year	-	-	-	-	-	1,516,684	1,516,684
Other comprehensive income for the financial year	-	97,182	9,722	(28,511)	-	(1,390)	77,003
Total comprehensive income for the financial year	-	97,182	9,722	(28,511)	-	1,515,294	1,593,687
Transfer of profit on disposal of self occupied property through other comprehensive income to retained earnings	-	-	(14,715)	-	-	14,715	-
Share based compensation:							
- value of employee services	-	-	-	-	16,940	-	16,940
- repayment to ultimate parent company	-	-	-	-	(16,940)	-	(16,940)
Dividend paid (note 7)	-	-	-	-	-	(430,000)	(430,000)
At 31 December 2025	<u>810,000</u>	<u>361,574</u>	<u>176,087</u>	<u>(210,392)</u>	<u>-</u>	<u>10,714,977</u>	<u>11,852,246</u>

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

<u>Company</u>	Non-distributable					<u>Retained earnings*</u>	<u>Total</u>
	<u>Share capital</u>	<u>Fair value reserve</u>	<u>Property revaluation reserve</u>	<u>Insurance finance reserve</u>	<u>Share-based reserve</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2024	810,000	239,724	170,883	(89,418)	-	8,487,541	9,618,730
Profit after tax for the financial year	-	-	-	-	-	1,777,596	1,777,596
Other comprehensive income for the financial year	-	24,668	10,197	(92,463)	-	(6,169)	(63,767)
Total comprehensive income for the financial year	-	24,668	10,197	(92,463)	-	1,771,427	1,713,829
Share based compensation:							
- value of employee services	-	-	-	-	13,477	-	13,477
- repayment to ultimate parent company	-	-	-	-	(13,477)	-	(13,477)
Dividend paid (note 7)	-	-	-	-	-	(644,000)	(644,000)
At 31 December 2024	<u>810,000</u>	<u>264,392</u>	<u>181,080</u>	<u>(181,881)</u>	<u>-</u>	<u>9,614,968</u>	<u>10,688,559</u>

* Included in retained earnings is RM9,618 million (2024: RM8,504 million) which comprise surplus from the Life Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company. Balances that are distributable for the financial year ended 31 December 2025 amount to RM1,097 million (2024: RM1,111 million).

The accompanying notes form an integral part of these financial statements.

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Group		Company	
	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax attributable to shareholders	2,178,657	2,473,451	1,879,740	2,202,170
Tax expense attributable to policyholders	132,592	361,731	129,343	339,397
Rental, interest and dividend income	(2,770,569)	(2,625,897)	(2,583,516)	(2,464,252)
Realised gains	(4,480,726)	(94,226)	(469,650)	(40,300)
Fair value gains	(443,606)	(4,209,927)	(418,038)	(3,988,231)
Allowance for impairment losses	46,895	18,685	40,173	16,223
Interest expense on lease liabilities	3,448	3,673	3,448	3,693
Depreciation				
- property, plant and equipment	21,461	23,505	20,978	22,965
- right of use assets	20,972	20,334	20,857	20,334
Amortisation				
- premium on investments	44,470	33,447	38,098	25,353
- intangible assets	92,004	78,413	86,844	71,715
Share of (profit)/losses from associate	2,607	(84)	-	-
Write off of property, plant and equipment	574	-	-	-
Write off intangible asset	265	13,895	265	13,815
(Gain)/Loss on sale of property, plant and equipment	(3,909)	417	(4,487)	417

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Group		Company	
	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000	RM'000
Changes in working capital:				
Increase in FVOCI and FVTPL financial assets	(2,859,370)	(2,437,461)	(2,106,908)	(1,961,946)
Decrease/(Increase) in reinsurance contract assets	20,080	(2,016)	30,736	(15,155)
(Increase)/decrease in other assets	(93,868)	18,536	(67,517)	13,513
Decrease in amortised cost financial assets	141,874	131,944	143,498	136,300
Increase in insurance contract liabilities	2,679,460	4,686,357	2,217,154	4,130,669
Increase in reinsurance contract liabilities	34,432	246,617	34,432	246,617
(Decrease)/increase in other liabilities	(10,133)	(18,987)	(42,826)	46,798
Increase in provisions	3,887	9,235	3,887	9,235
Cash used in operating activities	<u>(1,238,503)</u>	<u>(1,268,358)</u>	<u>(1,043,489)</u>	<u>(1,170,670)</u>
Income taxes paid	(350,373)	(294,309)	(309,483)	(250,206)
Rental income received	26,726	23,544	26,726	23,544
Interest income received	1,768,289	1,749,270	1,580,372	1,588,466
Interest paid	(3,448)	(3,673)	(3,448)	(3,693)
Zakat	(100)	(283)	-	-
Dividend income received	799,537	723,194	765,586	698,159
Net cash inflows from operating activities	<u>1,002,128</u>	<u>929,385</u>	<u>1,016,264</u>	<u>885,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(82,550)	(91,973)	(76,290)	(85,071)
Purchase of property, plant and equipment	(16,914)	(27,152)	(16,783)	(26,746)
Purchase of investment properties	(1,180)	(2,711)	(1,180)	(2,711)
Proceeds from disposal of property, plant and equipment	24,249	(204)	24,461	(204)
Settlement of derivative instruments	186,064	20,400	186,064	20,400
Net cash outflows from investing activities	<u>109,669</u>	<u>(101,640)</u>	<u>116,272</u>	<u>(94,332)</u>

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for lease liabilities	(19,307)	(23,249)	(19,315)	(23,307)
Dividends paid	(430,000)	(644,000)	(430,000)	(644,000)
Net cash outflows from financing activities	(449,307)	(667,249)	(449,315)	(667,307)
CASH AND CASH EQUIVALENTS NET INCREASE	662,490	160,496	683,221	123,961
AS AT 1 JANUARY	2,981,643	2,821,147	2,597,981	2,474,020
AS AT 31 DECEMBER	3,644,133	2,981,643	3,281,202	2,597,981
<u>Cash and cash equivalents comprised:</u>				
Cash and bank balances	678,480	768,040	447,435	496,927
Fixed and call deposits with licensed financial institutions	2,965,653	2,213,603	2,833,767	2,101,054
	3,644,133	2,981,643	3,281,202	2,597,981

The Group and Company classifies cash flows from the acquisition and disposal of financial assets as operating cash flows as the purchases are funded from cash flows predominantly associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under the operating activities.

Analysis of changes in lease liabilities arising from financing activities is as follows:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
As at 1 January	94,089	92,422	94,089	92,375
<u>Non-cash changes:</u>				
Addition	6,813	24,916	8,727	25,021
Interest expense	3,448	3,673	3,448	3,693
<u>Cash changes:</u>				
Net cash flows from operating activities	(3,448)	(3,673)	(3,448)	(3,693)
Net cash flows from financing activities	(17,401)	(23,249)	(19,315)	(23,307)
As at 31 December	83,501	94,089	83,501	94,089

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of life insurance business, including investment-linked business. The principal activities of the subsidiaries are stated in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act 2016 and the Financial Services Act, 2013 (“FSA”) and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 13 and Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is Orange Policy Sdn. Bhd. (“OPSB”), whose ultimate holding company is AIA Group Limited (“AIA Group”), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The financial statements are authorised for issue by the Board on 25 March 2026.

2 MATERIAL ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of all the years presented.

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards (‘MFRS’), International Financial Reporting Standards (‘IFRS’) and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise judgement in the process of applying the Group and Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual result may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.15 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and effects arising from adoption of revised MFRS

(a) Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial year ending 31 December 2025

(i) The following accounting standards, amendments and interpretations have been adopted for the first time for the financial year ending 31 December 2025 and have no material impact to the Group:

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

(b) Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but are not effective for the financial year ended 31 December 2025 and have not been early adopted.

The Group will apply the new standards, amendments to standards and interpretations in the financial year beginning on or after 1 January 2026.

- **MFRS 18 Presentation and Disclosure in Financial Statements**
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.
- **Amendments to MFRS 9 and MFRS 7, Amendments to the Classification and Measurement of Financial Instruments.**
Provides guidance on a number of areas such as the derecognition of financial liabilities settled through an electronic payment system, classification of financial assets with ESG and similar features, contractually linked instruments and certain new disclosure requirements. The Group has assessed the impacts on its consolidated financial statements and there is no material impact to the Group.

In addition, the amendments below are not expected to have a material impact on its financial position or results.

- **Amendments that are part of Annual Improvements—Volume 11:**
 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendments to MFRS 7 Financial Instruments: Disclosures
 - Amendments to MFRS 9 Financial Instruments
 - Amendments to MFRS 10 Consolidated Financial Statements
 - Amendments to MFRS 107 Statement of Cash Flows
- **Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts 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 MFRS 17 in subsequent interim periods or in the annual reporting period.

2.3.1 Insurance contracts 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.

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 discretionary participation features (DPF), MFRS 9, Financial Instruments, and, if the contract includes an investment management element, MFRS 15, Revenue from Contracts with Customers, are applied. Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.1 Insurance contracts and reinsurance contracts held classification (continued)

Approximately 90% of surpluses in the DPF funds must be distributed to the policyholders as a group in accordance with the relevant terms under the FSA. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders.

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 basis of accounting for insurance contracts and reinsurance contracts held is discussed in notes 2.3.2 to 2.3.10 below.

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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts 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 19.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.4 Fulfilment cash flows and contract boundaries (continued)

Contract boundaries

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

Insurance contracts

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

A substantive obligation to provide insurance contract services ends when:

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

Reinsurance contracts held

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach (“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.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach (“PAA”) (continued)

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.

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; and
- the amount recognised as insurance revenue for service provided in the period.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach (“PAA”) (continued)

2.3.6.2 Subsequent measurement (continued)

Insurance contracts without direct participation features (continued)

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

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

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

Insurance contracts with direct participation features

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

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

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

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.6 Measurement – insurance contracts not measured under premium allocation approach (“PAA”) (continued)

2.3.6.2 Subsequent measurement (continued)

Insurance contracts with direct participation features (continued)

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

- the CSM of any new contracts that are added to the group in the period;
- the change in the amount of the Group’s share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
 - a decrease in the amount of the Group’s share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM. The excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
 - an increase in the amount of the Group’s share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future service, 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; and
- the amount recognised as insurance revenue for service 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.

2.3.7 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 at 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 recognizes for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.7 Measurement – insurance contracts measured under the PAA (continued)

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 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.

2.3.8 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.8 Reinsurance contracts held (continued)

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 recognized 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 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; and
- the amount recognised in profit or loss for the services received in the period.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts 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 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 policies to measure a group of 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts 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 service, 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.

2.3.10 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

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

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

The 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

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.

2.3.10.6 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 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Insurance contracts and reinsurance contracts held (continued)

2.3.10 Presentation (continued)

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 period; 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments

2.4.1 Classification and designation of financial instruments

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

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

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

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

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

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

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

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

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 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.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment income 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 fund and unit-linked funds). 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 income/expense. 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.1 Classification and designation of financial instruments (continued)

Realised gains and losses on financial assets

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

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

Recognition of financial instruments

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

Derecognition, contract modification and offset

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

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled.

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****2 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.4 Financial instruments (continued)****2.4.1 Classification and designation of financial instruments (continued)***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 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 loans and deposits is recognised in investment return in the consolidated income statement using the effective interest method.

2.4.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the 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 15.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

2.4.3 Impairment of financial assets

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

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

Loss allowances for other 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 allowance for debt securities measured at fair value through other comprehensive income are recognised in other comprehensive income and do not reduce the carrying amount of the financial assets in the statement of financial position.

The gross carrying amount of financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****2 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.4 Financial instruments (continued)****2.4.4 Derivative financial instruments**

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

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 MFRS 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 MFRS 9.

2.5 Presentation of the consolidated statement of financial position

The Group's insurance 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 intangible assets, investments in associates, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

2.6 Business combination under common control

Business combinations under common control are accounted for using the predecessor method of accounting. Under the predecessor method of accounting, the income statements include the results of the acquired business from the date of combinations. The assets and liabilities of the acquired business are accounted for at the date of combination, based on the carrying amounts of the acquiree adjusted for alignment of accounting policies, if any. The excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Employee benefits

2.7.1 Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2.7.2 Post retirement benefit obligations

Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statements as incurred. Once the contributions have been paid, the Group has no further payment obligations.

The Group operates one unfunded post retirement employee benefit schemes, whose members receive benefits on a defined benefit basis (related to length of service). The defined benefit plans provide life and medical benefits for employees after retirement.

2.8 Investment in subsidiaries and associates under the Company's separate financial statements

In the Company's separate financial statements, investments in subsidiaries and associates are stated at cost less impairment losses. Income from investment in associates is recognised in the income statements to the extent of dividends received subsequent to the date of acquisition.

2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the original assessed standard of performance of the existing asset will flow to the Group.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Property, plant and equipment and depreciation (Continued)

Subsequent to initial recognition, property, plant and equipment except for land and owner occupied buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and owner occupied buildings are stated at revalued amount, which is the fair value at the date of the revaluation less subsequent depreciation and accumulated impairment losses, if any. The Group records its interest in leasehold land and land use rights associated with owner occupied buildings as right-of-use assets, which are reported as a component of property, plant and equipment and carried at fair value at last valuation date less accumulated depreciation.

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income to the extent of the decrease previously recognised. When an asset is adjusted for the latest fair value, any accumulated depreciation at the date of valuation is eliminated against the gross carrying amount of the asset. Upon disposal or retirement of an asset, any asset revaluation reserve relating to the particular asset is transferred directly to the retained earnings.

The residual values, useful life and depreciation method are reviewed and adjusted, if applicable, at each date of the statements of financial position. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains and losses on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statements and presented within other expense.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over its remaining lease term. Major building improvements are depreciated over the shorter of the remaining useful lives of the related assets or 10 years. Depreciation of other property and equipment is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, as summarised as follows:

Leasehold land	60 – 912 years
Buildings owner occupied properties	30 years
Furniture, fixtures and fittings	5 – 10 years
Office equipments	3 – 5 years
Motor vehicles	5 years

Depreciation is recognised in “insurance service expenses” if it is of meet by attributable to insurance service expenses as stated in note 19; otherwise, it is recognised in “other operating expenses”.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at by reference to market evidence of transactions priced for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and/or periodic intervening valuation by internal qualified professionals as appropriate.

Gains and losses arising from changes in the fair values of the investment properties are recognised in the income statements in the financial year in which they arise and presented within the other investment return.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statements and presented within net realised gains and losses in the financial year in which they arise.

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each date of the statements of financial position. The amortisation expense on intangible assets with finite lives is recognised in the income statements.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statements and presented within other operating expenses when the asset is derecognised.

Amortisation is recognised in "insurance service expenses" if it is of meet by attributable to insurance service expenses as stated in note 19; otherwise, it is recognised in "other operating expenses"

2.11.1 Software

The cost of acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, generally not exceeding a period of 5 years.

The cost of significant development of knowledge-based software and computer application to meet the unique requirements of the insurance/takaful business is capitalised and recognised as an intangible asset in accordance with MFRS 138. The Group establishes that these development costs will generate economic benefits beyond one year and are associated with identifiable software applications controlled by the commissioning, on a straight-line basis over its useful economic life. The carrying amount is assessed for impairment when there is an indication of impairment.

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Property, plant and equipment, investment properties, intangible assets and other non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's or cash generating unit's fair value less costs of disposal and its value in use. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statements. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately.

2.13 Leases

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

2.13.1 Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iii) below).

2.13.2 ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13.2 ROU assets (Continued)

Leasehold land and prepayments for land use rights that are held for the Group's own occupancy are recognised at cost and measured subsequently using the revaluation model in MFRS 16 Property, plant and equipment, where changes in fair values in subsequent periods are generally recognised in other comprehensive income. ROU assets that are not investment properties or property, plant and equipment are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2.13.3 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in statement of comprehensive income in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the other operating expenses in the income statement.

2.13.4 Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13.5 Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in income statement.

2.14 Taxation

Income tax on the income statements for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the date of statements of financial position.

Deferred tax is provided for, using the liability method, on temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of the statements of financial position. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity in which case the deferred tax is also charged or credited in other comprehensive income.

2.15 Critical accounting estimates and judgements in applying accounting policies

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 relate to insurance contracts.

2.15.1 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.

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NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15.2 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 represent 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 adjustments for non-financial risk are based on actual experience 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 affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts. 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, 19 and 28.

2.15.3 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 duration 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 service 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.

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NOTES TO THE FINANCIAL STATEMENTS
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3 REVENUE

Insurance revenue

	Note	Group		Company	
		<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
Contracts not measured under the PAA					
Amounts related to changes in liabilities for remaining coverage					
Contractual service margin recognised for services provided	19(b)	1,468,310	1,444,761	1,171,789	1,149,111
Change in risk adjustment for non-financial risk for risk expired		86,020	66,550	69,772	51,866
Expected incurred claims and other insurance service expenses		4,872,160	4,495,363	4,127,237	3,757,855
Others		123,272	123,160	131,364	111,368
Recovery of insurance acquisition cash flows		542,070	475,291	350,976	312,940
	19(a)	<u>7,091,832</u>	<u>6,605,125</u>	<u>5,851,138</u>	<u>5,383,140</u>
Contracts measured under the PAA					
	19(e)	<u>2,050,542</u>	<u>1,829,511</u>	<u>1,846,844</u>	<u>1,612,742</u>
Total insurance revenue		<u><u>9,142,374</u></u>	<u><u>8,434,636</u></u>	<u><u>7,697,982</u></u>	<u><u>6,995,882</u></u>
Represented by:					
Contracts under the modified retrospective approach		1,579,314	1,509,121	1,579,314	1,509,120
Contracts under the fair value approach		2,784,428	2,711,793	2,459,224	2,369,253
Other contracts		4,778,632	4,213,722	3,659,444	3,117,509
Total		<u><u>9,142,374</u></u>	<u><u>8,434,636</u></u>	<u><u>7,697,982</u></u>	<u><u>6,995,882</u></u>
<u>Other operating revenue</u>					
		Group		Company	
		<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
Management Service Fee		<u><u>59,850</u></u>	<u><u>63,008</u></u>	<u><u>146,809</u></u>	<u><u>148,652</u></u>

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4 NET INVESTMENT RESULT

4a. Interest revenue on financial assets

	Group		Company	
	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000	RM'000
Financial assets not measured at fair value through profit or loss				
Financial assets measured at amortised cost	191,714	174,012	181,825	164,593
Financial assets measured at fair value through other comprehensive income	<u>459,087</u>	<u>434,350</u>	<u>417,316</u>	<u>398,325</u>
	<u>650,801</u>	<u>608,362</u>	<u>599,141</u>	<u>562,918</u>
Financial assets measured at fair value through profit or loss				
Financial assets designated at fair value through profit or loss	1,012,755	1,061,394	921,065	978,766
Financial assets measured mandatorily at fair value through profit or loss	262,127	230,548	214,786	185,459
	<u>1,274,882</u>	<u>1,291,942</u>	<u>1,135,851</u>	<u>1,164,225</u>
Total interest revenue on financial assets	<u><u>1,925,683</u></u>	<u><u>1,900,304</u></u>	<u><u>1,734,992</u></u>	<u><u>1,727,143</u></u>

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4 NET INVESTMENT RESULT (CONTINUED)

4b. Other investment income and expense

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Other investment return				
Dividend income	773,690	709,988	783,700	708,213
Rental income	26,726	23,544	26,726	23,544
Net gains of financial assets not at fair value through profit or loss				
Measured at fair value through other comprehensive income	19,529	45,937	18,056	40,290
Measured at amortised cost	14	46	-	-
At fair value through profit or loss				
Net gains of financial assets designated at fair value through profit or loss				
Net gains of debt securities	383,889	134,965	345,806	113,482
Net gains of financial instruments mandatorily at fair value through profit or loss				
Net gains of debt securities	111,589	21,772	93,094	20,287
Net gains of equity shares and interests in investment funds	874,954	4,227,105	885,085	3,986,357
Net fair value movement on derivatives	201,637	75,172	201,637	75,172
Net gains in respect of financial instruments at fair value through profit or loss	1,572,069	4,459,014	1,525,622	4,195,298
Net fair value movement of investment property and property held for own use	27,891	(2,541)	27,891	(2,541)
Net foreign exchange loss	(690,683)	(181,668)	(679,394)	(176,948)
Other net realised loss	(578)	-	-	-
Net gains	928,242	4,320,788	892,175	4,056,099
Total other investment return	1,728,658	5,054,320	1,702,601	4,787,856

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4 NET INVESTMENT RESULT (CONTINUED)

4c. Net finance expenses from insurance contracts

	Group		Company	
	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts				
Changes in fair value of underlying items of contracts with direct participation features	(2,491,629)	(4,631,812)	(2,339,961)	(4,246,771)
Interest accreted	(743,713)	(684,241)	(727,481)	(670,053)
Effect of changes in interest rates and other financial assumptions	477,454	(203,357)	404,067	(241,932)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition	(9,822)	(31,619)	(12,969)	(30,009)
Total net finance expenses from insurance contracts	<u>(2,767,710)</u>	<u>(5,551,029)</u>	<u>(2,676,344)</u>	<u>(5,188,765)</u>
Represented by:				
Amount recognised in income statement	(2,731,514)	(5,438,852)	(2,641,860)	(5,076,968)
Amount recognised in other comprehensive income	(36,196)	(112,177)	(34,484)	(111,797)
Total	<u>(2,767,710)</u>	<u>(5,551,029)</u>	<u>(2,676,344)</u>	<u>(5,188,765)</u>

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4 NET INVESTMENT RESULT (CONTINUED)

4d. Net finance expenses from reinsurance contracts

	Group		Company	
	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000	RM'000
Net finance expenses from reinsurance contracts held				
Interest accreted	(7,096)	(3,452)	(8,399)	(4,875)
Effect of measuring changes in interest rates and other financial assumptions	-	-	-	-
Net foreign exchange gains	31	27	31	27
Total net finance expenses from reinsurance contracts held	<u>(7,065)</u>	<u>(3,425)</u>	<u>(8,368)</u>	<u>(4,848)</u>

On transition to MFRS 17, for certain groups of contracts that the Group and the Company 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.

	Group		Company	
	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	(93,256)	(81,731)	(93,137)	(80,658)
Net change in fair value and others	(37,855)	(14,057)	(38,117)	(14,627)
Net amount reclassified to profit or loss	(629)	2,532	(346)	2,148
Balance at 31 December	<u>(131,740)</u>	<u>(93,256)</u>	<u>(131,600)</u>	<u>(93,137)</u>

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5 EXPENSES

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Claims and benefits	5,917,767	5,513,757	5,032,381	4,639,741
Commission and other acquisition expenses incurred	1,993,022	2,131,337	1,573,060	1,692,013
Losses/(Reversal of losses) on onerous insurance contracts	23,260	(73,084)	17,665	(57,504)
Employee benefit expenses	556,054	566,705	482,097	491,640
Depreciation (Note 12)				
- property, plant and equipment	21,461	23,505	20,978	22,965
- right of use assets	20,972	20,334	20,857	20,334
Amortisation (Note 8)	92,004	78,413	86,844	71,715
Investment management expenses and others	108,474	104,852	81,401	77,774
Foreign exchange losses / (gains):				
- realised	24,210	-	24,210	(126)
- unrealised	7,654	(1,144)	7,654	(1,205)
Interest expense on lease liabilities	3,448	3,693	3,448	3,693
Other expenses	478,217	489,240	475,047	478,573
	<u>9,246,543</u>	<u>8,857,608</u>	<u>7,825,642</u>	<u>7,439,613</u>
Amounts attributed to insurance acquisition cash flows	(2,111,570)	(2,516,449)	(1,863,088)	(1,994,196)
Amortisation of insurance acquisition cash flows	517,027	677,303	529,246	473,861
Insurance service and other expenses	<u>7,652,000</u>	<u>7,018,462</u>	<u>6,491,800</u>	<u>5,919,278</u>

Insurance service and other expenses represented by:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Insurance service expenses				
- Contracts not measured under the PAA	5,491,780	5,012,214	4,464,707	4,074,020
- Contracts measured under the PAA	1,788,575	1,653,606	1,609,231	1,467,945
	<u>7,280,355</u>	<u>6,665,820</u>	<u>6,073,938</u>	<u>5,541,965</u>
Other incurred expenses directly attributable to reinsurance contracts held	3,147	2,799	2,242	2,114
Other expenses	368,498	349,843	415,620	375,199
Total	<u>7,652,000</u>	<u>7,018,462</u>	<u>6,491,800</u>	<u>5,919,278</u>

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5 EXPENSES (CONTINUED)

Expenses include auditors' remuneration, an analysis of which is set out below:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Fee payable to PricewaterhouseCoopers Malaysia				
- statutory audit				
current financial year	4,195	4,008	2,848	2,721
- audit related services	-	22	-	-
- non-audit services	75	104	67	96
Fee payable to other member firm of PricewaterhouseCoopers Malaysia				
- audit-related services	1,356	1,381	1,356	1,381
Total	5,626	5,515	4,271	4,198

Employee benefit expenses consist of:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	436,475	455,136	377,476	394,839
Share-based compensation	17,394	13,751	16,940	13,477
Pension costs – defined contribution plans	67,079	59,779	58,412	51,593
Pension costs – defined benefit plans	2,841	3,023	2,841	2,380
Other employee benefit expenses	32,265	35,016	26,428	29,351
Total	556,054	566,705	482,097	491,640

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6 TAX EXPENSE

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Tax expense:				
- current	365,459	308,360	290,730	268,865
- deferred (Note 20)	198,827	532,552	201,669	495,106
	<u>564,286</u>	<u>840,912</u>	<u>492,399</u>	<u>763,971</u>
<u>Current tax</u>				
Current financial year	357,112	326,282	281,379	281,259
Under/(over) provision in prior financial years	8,347	(17,922)	9,351	(12,394)
	<u>365,459</u>	<u>308,360</u>	<u>290,730</u>	<u>268,865</u>
<u>Deferred tax</u>				
Origination and reversal of temporary differences	199,237	534,890	201,669	495,106
Over provision in prior financial years	(410)	(2,338)	-	-
	<u>198,827</u>	<u>532,552</u>	<u>201,669</u>	<u>495,106</u>
Total	<u>564,286</u>	<u>840,912</u>	<u>492,399</u>	<u>763,971</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,311,249	2,835,182	2,009,083	2,541,567
Tax at Malaysian statutory tax rate of 24%	554,700	680,444	482,180	609,976
Income not subject to tax	(116,364)	(107,385)	(95,651)	(89,106)
Tax on investment income of policyholders	132,592	361,731	129,343	339,397
Expenses not deductible for tax purposes	63,726	22,220	38,121	5,137
Tax relief on actuarial surplus transferred to Shareholders' fund	(78,305)	(95,839)	(70,945)	(89,039)
Under/(over) provision of tax expense in prior financial years	7,937	(20,259)	9,351	(12,394)
Tax expense	<u>564,286</u>	<u>840,912</u>	<u>492,399</u>	<u>763,971</u>

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6 TAX EXPENSE (CONTINUED)

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

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

Global Minimum Tax legislation in Malaysia introduced a QDMTT which is effective from 1 January 2025. Broadly, the QDMTT charges top-up tax on a group where the aggregated corporate tax rate of its constituent entities located in Malaysia is below the minimum rate of 15 per cent. The Company is in scope of the QDMTT since it has operations in Malaysia and is part of an MNE group in-scope of the GMT rules.

MFRS 112 mandates that as a temporary exception to the requirements under that standard, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to the GMT top-up tax. The Company has applied this exception and has not assessed the potential deferred tax impacts of the GMT top-up tax. The Company will continue to monitor the requirement to apply this exception and prepare its accounts accordingly.

For the year ended 31 December 2025, the Company had no current tax exposure related to the GMT top-up tax (2024: nil). As at 31 December 2025, the Company's GMT top-up tax position for the year ended 31 December 2025 has not yet been assessed or confirmed by the relevant tax authorities.

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

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7 DIVIDENDS

	Group and Company	
	31.12.2025	31.12.2024
	RM'000	RM'000
<u>Dividends paid:</u>		
<u>In respect of the financial year ended 31 December 2024:</u>		
Final single tier dividend on 191,859,543 ordinary shares	430,000	-
<u>In respect of the financial year ended 31 December 2023:</u>		
Final single tier dividend on 191,859,543 ordinary shares	-	644,000
	<u>430,000</u>	<u>644,000</u>
Dividend per share (sen)	<u>224</u>	<u>336</u>

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8 INTANGIBLE ASSETS

<u>Group</u>	<u>Software</u> RM'000	<u>Membership</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2025</u>				
<u>Cost</u>				
At 1 January 2025	683,583	553	123,452	807,588
Additions	1,072	-	81,478	82,550
Disposal	-	-	-	-
Written off	(5,278)	-	(265)	(5,543)
Transfer to property, plant and equipment (Note 12)	-	-	(235)	(235)
Reclassification	73,975	-	(73,975)	-
At 31 December 2025	<u>753,352</u>	<u>553</u>	<u>130,455</u>	<u>884,360</u>
<u>Accumulated amortisation</u>				
At 1 January 2025	345,647	236	-	345,883
Amortisation for the financial year (Note 5)	91,997	7	-	92,004
Written off	(5,278)	-	-	(5,278)
At 31 December 2025	<u>432,366</u>	<u>243</u>	<u>-</u>	<u>432,609</u>
Net Book Value at 31 December 2025	<u>320,986</u>	<u>310</u>	<u>130,455</u>	<u>451,751</u>
<u>At 31 December 2024</u>				
<u>Cost</u>				
At 1 January 2024	496,413	553	234,592	731,558
Additions	19,092	-	72,883	91,975
Disposal	-	-	-	-
Written off	(3,174)	-	(12,309)	(15,483)
Transfer to property, plant and equipment (Note 12)	-	-	(462)	(462)
Reclassification	171,252	-	(171,252)	-
At 31 December 2024	<u>683,583</u>	<u>553</u>	<u>123,452</u>	<u>807,588</u>
<u>Accumulated amortisation</u>				
At 1 January 2024	268,829	229	-	269,058
Amortisation for the financial year (Note 5)	78,406	7	-	78,413
Written off	(1,588)	-	-	(1,588)
At 31 December 2024	<u>345,647</u>	<u>236</u>	<u>-</u>	<u>345,883</u>
Net Book Value at 31 December 2024	<u>337,936</u>	<u>317</u>	<u>123,452</u>	<u>461,705</u>

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8 INTANGIBLE ASSETS (CONTINUED)

<u>Company</u>	<u>Software</u> RM'000	<u>Membership</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2025</u>				
<u>Cost</u>				
At 1 January 2025	633,624	553	121,923	756,100
Additions	992	-	75,298	76,290
Written off	-	-	(265)	(265)
Reclassification	72,711	-	(72,711)	-
At 31 December 2025	<u>707,327</u>	<u>553</u>	<u>124,245</u>	<u>832,125</u>
<u>Accumulated amortisation</u>				
At 1 January 2025	311,143	236	-	311,379
Amortisation for the financial year (Note 5)	86,837	7	-	86,844
Written off	-	-	-	-
At 31 December 2025	<u>397,980</u>	<u>243</u>	<u>-</u>	<u>398,223</u>
Net Book Value at 31 December 2025	<u>309,347</u>	<u>310</u>	<u>124,245</u>	<u>433,902</u>
<u>At 31 December 2024</u>				
<u>Cost</u>				
At 1 January 2024	456,580	553	229,299	686,432
Additions	13,783	-	71,288	85,071
Reclassification	166,435	-	(166,435)	-
Written off	(3,174)	-	(12,229)	(15,403)
At 31 December 2024	<u>633,624</u>	<u>553</u>	<u>121,923</u>	<u>756,100</u>
<u>Accumulated amortisation</u>				
At 1 January 2024	241,023	229	-	241,252
Amortisation for the financial year (Note 5)	71,708	7	-	71,715
Written off	(1,588)	-	-	(1,588)
At 31 December 2024	<u>311,143</u>	<u>236</u>	<u>-</u>	<u>311,379</u>
Net Book Value at 31 December 2024	<u>322,481</u>	<u>317</u>	<u>121,923</u>	<u>444,721</u>

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9 INVESTMENT IN SUBSIDIARIES

	<u>31.12.2025</u>	<u>Company</u> <u>31.12.2024</u>
	<u>RM'000</u>	<u>RM'000</u>
Unquoted shares, at cost	<u>597,859</u>	<u>597,859</u>

(i) Details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective interest</u>		<u>Principal activities</u>
		<u>2025</u> %	<u>2024</u> %	
AIA General Berhad ("AIAGB")	Malaysia	100	100	Underwriting of general insurance business.
AIA Pension and Asset Management Sdn. Bhd. ("APAM")	Malaysia	100	100	Managing private retirement scheme and asset management business.
AIA PUBLIC Takaful Bhd. ("APTb")	Malaysia	70	70	Management of family takaful including takaful investment-linked business.
AIA Health Services Sdn. Bhd. ("AHS")	Malaysia	100	100	Provision of healthcare marketing and management services.

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9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Non-controlling interest

Set out below is the Group's subsidiary company that has material non-controlling interest:

Proportion of equity ownership held by owners of non-controlling interest	2025	2024
AIA PUBLIC Takaful Bhd.	30%	30%

Summarised financial information for the subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	<u>AIA PUBLIC Takaful Bhd.</u>	
	31.12.2025	31.12.2024
	RM'000	RM'000
<u>Assets and liabilities</u>		
Total assets	5,630,356	5,038,334
Total liabilities	<u>4,156,920</u>	<u>3,739,561</u>
Net assets	<u>1,473,436</u>	<u>1,298,773</u>
Equity attributable to owners of the Company	1,031,405	909,141
Non-controlling interest	<u>442,031</u>	<u>389,632</u>
	<u>1,473,436</u>	<u>1,298,773</u>
<u>Results</u>		
Insurance revenue	1,083,656	1,084,226
Profit after tax	169,244	189,234
Total comprehensive income	<u>174,664</u>	<u>189,647</u>
<u>Attributable to owners of non-controlling interest</u>		
Profit after tax	50,773	56,770
Total comprehensive income	52,399	56,894
<u>Cash flows</u>		
Net cash generated in operating activities	19,319	25,188
Net cash used in investing activities	(6,058)	(6,825)
Net cash used in from financing activities	(383)	(367)
Net increase in cash and cash equivalents	<u>12,878</u>	<u>17,996</u>

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10 INVESTMENT IN STRUCTURED ENTITIES

Controlled structured entities

The Company has determined that its investment in wholesale unit trust funds amounting to RM 577,649,000 (2024: RM525,733,000) as disclosed in Note 14 to the financial statements as investment in structured entities ("investee funds"). The Company invests in an investee fund whose objective is to achieve medium to long-term returns while preserving capital and whose investment strategy does not include the use of leverage. The investee fund is managed by Affin Hwang Asset Management Berhad and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and available for sale value in the investee fund's net assets.

The Company holds 56% of the Affin Hwang Income Fund 4, a fund established in Malaysia, and thus has control over the investee fund. The remaining investment of 44% is by virtue of the shareholding through the Company's wholly-owned subsidiary company, AIA General Berhad. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The investee fund is classified as FVTPL investment and the change in fair value of the investee fund is included in the income statement in the Company's financial statements.

The Company's exposure to investments in the investee funds is disclosed below.

	<u>2025</u>	<u>2024</u>
Number of wholesale unit trust funds	1	1
Average net asset value per unit of wholesale unit trust funds: Affin Hwang Income Fund 4 (RM)	1.0395	1.0357
Fair value of underlying net assets:	RM'000	RM'000
Malaysian Government Securities	515,446	476,587
Unquoted corporate debt securities	56,129	17,011
Cash and cash equivalents	5,735	32,009
Receivables	339	126
	<u>577,649</u>	<u>525,733</u>
Total fair value gain for the financial year	<u>10,908</u>	<u>13,907</u>

The Company's maximum exposure to loss from its interests in the investee fund is equivalent to the fair value of its investment in the investee fund.

As the Company has control over the investee fund which is considered a controlled structured entity, the structured entity is consolidated at the Group level. The underlying assets of the structured entity are duly consolidated in the financial statements.

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10 INVESTMENT IN STRUCTURED ENTITIES (CONTINUED)

Unconsolidated structured entities

The Group has determined that the investment funds and structured securities, such as mortgage-backed securities, mutual funds and real estate investment trust funds that the Group has interest are structured entities.

The following tables summarise the Group's and the Company's interest in unconsolidated structured entities as at 31 December 2025:

	Investment funds RM'000	Group Structured securities⁽¹⁾ RM'000
<u>At 31 December 2025</u>		
Debt securities FVOCI	-	9,092
Debt securities at fair value through profit or loss	-	31,316
Interest in investment funds at fair value through profit or loss	5,653,453 ⁽²⁾	-
	<u>5,653,453</u>	<u>40,408</u>
		<u>Company</u>
	Investment funds RM'000	Structured securities⁽¹⁾ RM'000
<u>At 31 December 2025</u>		
Debt securities FVOCI	-	9,092
Debt securities at fair value through profit or loss	-	31,316
Interest in investment funds at fair value through profit or loss	5,450,897 ⁽²⁾	-
	<u>5,450,897</u>	<u>40,408</u>

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10 INVESTMENT IN STRUCTURED ENTITIES (CONTINUED)

Unconsolidated structured entities (continued)

The following tables summarise the Group's and the Company's interest in unconsolidated structured entities as at 31 December 2024:

	Investment funds RM'000	Group Structured securities⁽¹⁾ RM'000
<u>At 31 December 2024</u>		
Debt securities FVOCI	-	19,074
Debt securities at fair value through profit or loss	-	138,772
Interest in investment funds at fair value through profit or loss	5,333,087 ⁽²⁾	-
	<u>5,333,087</u>	<u>157,846</u>
		Company
	Investment funds RM'000	Structured securities⁽¹⁾ RM'000
<u>At 31 December 2024</u>		
Debt securities FVOCI	-	19,074
Debt securities at fair value through profit or loss	-	138,772
Interest in investment funds at fair value through profit or loss	5,189,599 ⁽²⁾	-
	<u>5,189,599</u>	<u>157,846</u>

Notes:

(1) Structured securities include mortgage-backed securities.

(2) Balance represents the Group's interests in mutual funds and 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 income are received during the reporting period from these interests in unconsolidated structured entities.

In addition, the Group receives management fees in respect of providing management and administrative services to certain investment funds. As the investment funds are not held by the Group and the associated investment risks are not borne by the Group, the Group does not have exposure to losses in these funds.

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11 INVESTMENT IN ASSOCIATE

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	88	88	88	88
Share of post-acquisition reserve	(88)	2,607	-	-
Impairment losses	-	-	(88)	-
	<u>-</u>	<u>2,695</u>	<u>-</u>	<u>88</u>

Details of the associate company are as follows:

Name	Country of incorporation	Effective interest		Principal activities
		2025	2024	
		%	%	
Panareno Sdn. Bhd.	Malaysia	35	35	Property management and development

The summarised financial information of the associate are as follows:

	31.12.2025	31.12.2024
	RM'000	RM'000
Assets and liabilities		
Total assets	<u>7,658</u>	<u>7,860</u>
Total liabilities	<u>12,652</u>	<u>160</u>
Net assets	<u>(4,994)</u>	<u>7,700</u>
Results		
Revenue	232	372
Profit/(loss) for the financial year	(12,694)	241
Total other comprehensive income/(expense)	(12,694)	241

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12 PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in- progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2025</u>									
<u>Cost/Valuation</u>									
At 1 January 2025	147,408	19,180	171,120	1,218	199,953	92,250	22,417	202,552	856,098
Additions	-	-	-	-	2,956	848	13,110	9,266	26,180
Disposal	(14,409)	-	(5,316)	-	(2,263)	(3,349)	(157)	-	(25,494)
Revaluation surplus recognised in other comprehensive income	4,003	876	6,419	-	-	-	-	-	11,298
Elimination of accumulated depreciation and impairment on revaluation	-	(284)	(7,968)	-	-	-	-	-	(8,252)
Transfer from intangible assets (Note 8)	-	-	-	-	-	-	235	-	235
Transfer to investment property (Note 13)	(14,903)	-	(2,097)	-	-	-	-	-	(17,000)
Reclassification	-	-	-	-	7,695	4,840	(12,535)	-	-
Written off	-	-	-	-	(848)	(1,397)	-	-	(2,245)
Lease modification/ expiry	-	-	-	-	-	-	-	(605)	(605)
At 31 December 2025	122,099	19,772	162,158	1,218	207,493	93,192	23,070	211,213	840,215

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u> (continued)	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2025</u>									
<u>Accumulated depreciation and impairment</u>									
At 1 January 2025	-	-	-	928	172,990	81,549	-	112,748	368,215
Depreciation charge for the financial year (Note 5)	-	284	7,985	173	7,772	5,247	-	20,972	42,433
Disposal	-	-	(17)	-	(2,111)	(3,026)	-	-	(5,154)
Elimination of accumulated depreciation and impairment on revaluation	-	(284)	(7,968)	-	-	-	-	-	(8,252)
Reclassification	-	-	-	-	-	-	-	-	-
Written off	-	-	-	-	(274)	(1,397)	-	-	(1,671)
Lease modification/ expiry	-	-	-	-	-	-	-	664	664
At 31 December 2025	-	-	-	1,101	178,377	82,373	-	134,384	396,235
Net Book Value at 31 December 2025	122,099	19,772	162,158	117	29,116	10,819	23,070	76,829	443,980

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in- progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2024</u>									
<u>Cost/Valuation</u>									
At 1 January 2024	145,566	18,869	169,243	1,218	198,848	88,359	11,729	189,920	823,752
Additions	-	-	-	-	2,090	1,311	23,751	25,298	52,450
Disposal	-	-	-	-	(10,417)	(1,513)	-	-	(11,930)
Revaluation surplus recognised in other comprehensive income	1,842	648	9,570	-	-	-	-	-	12,060
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Transfer from intangible assets (Note 8)	-	-	-	-	-	-	462	-	462
Reclassification	-	-	-	-	9,432	4,093	(13,525)	-	-
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
Lease modification	-	-	-	-	-	-	-	(270)	(270)
At 31 December 2024	147,408	19,180	171,120	1,218	199,953	92,250	22,417	202,552	856,098

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group (continued)</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2024</u>									
<u>Accumulated depreciation and impairment</u>									
At 1 January 2024	-	-	-	743	172,625	78,335	-	104,813	356,516
Depreciation charge for the financial year (Note 5)	-	337	7,693	185	10,578	4,712	-	20,331	43,836
Disposal	-	-	-	-	(10,213)	(1,498)	-	-	(11,711)
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
At 31 December 2024	-	-	-	928	172,990	81,549	-	112,748	368,215
Net Book Value at 31 December 2024	147,408	19,180	171,120	290	26,963	10,701	22,417	89,804	487,883

*Right-of-use assets in relation to leasehold land are reported within property, plant and equipment

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>As at 31 December 2025</u>									
<u>Cost/Valuation</u>									
At 1 January 2025	147,408	19,180	171,120	1,218	199,300	89,357	22,417	202,285	852,285
Additions	-	-	-	-	2,956	717	13,110	9,996	26,779
Disposal	(14,409)	-	(5,316)	-	(2,146)	(2,058)	(157)	-	(24,086)
Revaluation surplus recognised in other comprehensive income	4,003	876	6,419	-	-	-	-	-	11,298
Elimination of accumulated depreciation and impairment on revaluation	-	(284)	(7,968)	-	-	-	-	-	(8,252)
Reclassification	-	-	-	-	7,460	4,840	(12,300)	-	-
Transfer to investment property (note 13)	(14,903)	-	(2,097)	-	-	-	-	-	(17,000)
Lease modification/ expiry	-	-	-	-	-	-	-	(605)	(605)
At 31 December 2025	122,099	19,772	162,158	1,218	207,570	92,856	23,070	211,676	840,419

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company (continued)</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>Accumulated depreciation and impairment</u>									
At 1 January 2025	-	-	-	928	172,997	79,406	-	112,753	366,084
Depreciation charge for the financial year (Note 5)	-	284	7,985	173	7,642	4,894	-	20,857	41,835
Disposal	-	-	(17)	-	(2,047)	(2,048)	-	-	(4,112)
Elimination of accumulated depreciation and impairment on revaluation	-	(284)	(7,968)	-	-	-	-	-	(8,252)
Reclassification	-	-	-	-	-	-	-	-	-
Lease modification/ expiry	-	-	-	-	-	-	-	664	664
At 31 December 2025	-	-	-	1,101	178,592	82,252	-	134,274	396,219
Net Book Value at 31 December 2025	122,099	19,772	162,158	117	28,978	10,604	23,070	77,402	444,200

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>As at 31 December 2024</u>									
<u>Cost/Valuation</u>									
At 1 January 2024	145,566	18,869	169,243	1,218	198,783	85,746	11,729	189,660	820,814
Additions	-	-	-	-	1,964	1,031	23,751	25,021	51,767
Disposal	-	-	-	-	(10,417)	(1,513)	-	-	(11,930)
Revaluation surplus recognised in other comprehensive income	1,842	648	9,570	-	-	-	-	-	12,060
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Reclassification	-	-	-	-	8,970	4,093	(13,063)	-	-
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
At 31 December 2024	147,408	19,180	171,120	1,218	199,300	89,357	22,417	202,285	852,285

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company (continued)</u>	<u>Freehold land</u> RM'000	<u>Leasehold Land</u> RM'000	<u>Buildings owner occupied properties</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Office equipments</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Right of use asset</u> RM'000	<u>Total</u> RM'000
<u>Accumulated depreciation and impairment</u>									
At 1 January 2024	-	-	-	743	172,786	76,584	-	104,815	354,928
Depreciation charge for the financial year (Note 5)	-	337	7,693	185	10,424	4,326	-	20,334	43,299
Disposal	-	-	-	-	(10,213)	(1,504)	-	-	(11,717)
Elimination of accumulated depreciation and impairment on revaluation	-	(337)	(7,693)	-	-	-	-	-	(8,030)
Lease expiry	-	-	-	-	-	-	-	(12,396)	(12,396)
At 31 December 2024	-	-	-	928	172,997	79,406	-	112,753	366,084
Net Book Value at 31 December 2024	147,408	19,180	171,120	290	26,303	9,951	22,417	89,532	486,201

*Right-of-use assets in relation to leasehold land are reported within property, plant and equipment

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties held for own use are carried at fair value at the reporting date less accumulated depreciation. The Group and the Company use 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 values and are determined based on appropriate valuation techniques which may consider among other income projection, value of comparable property and adjustments for factors such as size, location, quality and prospective use. These valuation inputs are deemed unobservable inputs under the level 3 fair value hierarchy.

Increases in revaluation surplus on properties held for own use of RM11 million (2024: RM12 million) for the Group and Company were recognised in other comprehensive income during the financial year. The net book value of revalued buildings had these assets been carried at cost less accumulated depreciation are as follows:

	Group and Company	
	31.12.2025	31.12.2024
	RM'000	RM'000
Freehold land	5,297	5,950
Leasehold land	4,084	5,463
Buildings owner occupied properties	<u>118,048</u>	<u>123,975</u>

The table below sets out the summary of changes in level 3 fair value for non-financial assets during the financial year.

	Freehold land	Leasehold land	Building owner occupied properties
	RM'000	RM'000	RM'000
At 1 January 2025	147,408	19,180	171,120
Disposal	(14,409)	-	(5,316)
Depreciation charge for the financial year	-	(284)	(7,968)
Revaluation surplus for the financial year recognised in other comprehensive income	4,003	876	6,419
Transfer to investment properties (Note 13)	(14,903)	-	(2,097)
At 31 December 2025	<u>122,099</u>	<u>19,772</u>	<u>162,158</u>

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The table below sets out the summary of changes in level 3 fair value for non-financial assets during the financial year. (continued)

	Freehold land	Leasehold land	Building owner occupied properties
	RM'000	RM'000	RM'000
At 1 January 2024	145,566	18,869	169,243
Addition	-	-	-
Depreciation charge for the financial year	-	(337)	(7,693)
Revaluation surplus for the financial year recognised in other comprehensive income	1,842	648	9,570
At 31 December 2024	<u>147,408</u>	<u>19,180</u>	<u>171,120</u>

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:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Properties	76,708	89,702	77,281	89,430
Others	121	102	121	102
	<u>76,829</u>	<u>89,804</u>	<u>77,402</u>	<u>89,532</u>

Additions to the right-of-use assets during the 2025 financial year for Group were RM9 million (2024: RM25 million) and for Company were RM10 million (2024: RM25 million).

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**NOTES TO THE FINANCIAL STATEMENTS
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13 INVESTMENT PROPERTIES

<u>Group and Company</u>	<u>Freehold land</u> RM'000	<u>Buildings</u> RM'000	<u>Work-in-progress</u> RM'000	<u>Total</u> RM'000
At 1 January 2025	195,860	147,137	3,673	346,670
Fair value changes (Note 4)	29,757	(6,353)	-	23,404
Addition	-	-	1,180	1,180
Transfer from property, plant and equipment (Note 12)	14,903	2,097	-	17,000
At 31 December 2025	<u>240,520</u>	<u>142,881</u>	<u>4,853</u>	<u>388,254</u>
At 1 January 2024	195,710	149,390	1,400	346,500
Fair value changes (Note 4)	150	(2,691)	-	(2,541)
Addition	-	438	2,273	2,711
At 31 December 2024	<u>195,860</u>	<u>147,137</u>	<u>3,673</u>	<u>346,670</u>

Investment properties are carried at fair value at the reporting date as determined by independent professional valuers. Fair value of the Group and the Company's investment properties are determined based on appropriate valuation techniques which may consider among other income projection, value of comparable property and adjustments for factors such as size, location, quality and prospective use. These valuation inputs are deemed unobservable inputs under the level 3 fair value hierarchy.

No investment properties were pledged as security for banking facilities as at the date of the statements of financial position.

The following are amounts arising from investment properties that have been recognised in the income statements during the financial year:

	<u>Group and Company</u>	
	<u>31.12.2025</u> RM'000	<u>31.12.2024</u> RM'000
Rental income	21,372	18,646
Direct operating expenses arising from investment properties that generate rental income	(12,138)	(11,750)

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14 FINANCIAL INVESTMENTS

	31.12.2025		31.12.2024	
	FVTPL RM'000	FVOCI RM'000	FVTPL RM'000	FVOCI RM'000
Group				
Debt securities				
Government bonds	11,688,556	3,285,462	11,114,186	3,008,987
Corporate bonds	19,620,676	8,185,176	18,603,748	7,150,049
Equity securities				
Equity shares				
Quoted	20,163,373	-	20,126,039	-
Unquoted	855,432	-	800,001	-
Mutual funds	5,510,693	-	4,914,190	-
Real estate investment trust (REITs)	142,760	-	115,392	-
	<u>57,981,490</u>	<u>11,470,638</u>	<u>55,673,556</u>	<u>10,159,036</u>
Current	27,200,395	330,698	25,884,201	101,617
Non-Current	30,781,095	11,139,940	29,789,355	10,057,419
	<u>57,981,490</u>	<u>11,470,638</u>	<u>55,673,556</u>	<u>10,159,036</u>
Company				
Debt securities				
Government bonds	10,054,840	3,091,164	9,685,160	2,901,168
Corporate bonds	17,511,242	7,248,383	16,726,715	6,331,346
Equity securities				
Equity shares				
Quoted	18,829,308	-	18,846,486	-
Unquoted	837,392	-	789,797	-
Mutual funds	5,308,137	-	4,770,702	-
Real estate investment trust (REITs)	142,760	-	115,392	-
Controlled structured entities	577,649	-	525,733	-
	<u>53,261,328</u>	<u>10,339,547</u>	<u>51,459,985</u>	<u>9,232,514</u>
Current	25,554,560	150,919	24,400,083	65,068
Non-Current	27,706,768	10,188,628	27,059,902	9,167,446
	<u>53,261,328</u>	<u>10,339,547</u>	<u>51,459,985</u>	<u>9,232,514</u>

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14 FINANCIAL INVESTMENTS (CONTINUED)

Loans and deposits

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Amortised cost				
Loans				
Mortgage loans	2,094,526	2,060,059	2,094,490	2,058,951
Other loans	807	861	554	579
Loss allowance for loans	(21,379)	(21,285)	(21,215)	(21,156)
	<u>2,073,954</u>	<u>2,039,635</u>	<u>2,073,829</u>	<u>2,038,374</u>
Fixed and cash deposit	70,377	56,754	-	-
	<u>2,144,331</u>	<u>2,096,389</u>	<u>2,073,829</u>	<u>2,038,374</u>
Current	193,352	179,843	122,980	122,994
Non-current	<u>1,950,979</u>	<u>1,916,546</u>	<u>1,950,849</u>	<u>1,915,380</u>
	<u>2,144,331</u>	<u>2,096,389</u>	<u>2,073,829</u>	<u>2,038,374</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****15 FAIR VALUE MEASUREMENT****Fair value of financial investments**

The Group classifies all financial assets as either at fair value through profit or loss (mandatory and by 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 or at amortised cost.

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

Group	Note	Fair value			Amortised cost RM'000	Total carrying value RM'000	Total fair value RM'000
		FVTPL- Mandatory RM'000	FVTPL- designated RM'000	FVOCI RM'000			
31 December 2025							
Financial investments	14						
Loans and deposits		-	-	-	2,144,331	2,144,331	2,144,401
Debt securities		6,626,064	24,683,168	11,470,638	-	42,779,870	42,779,870
Equity shares and interest in investment funds		26,672,258	-	-	-	26,672,258	26,672,258
Derivative financial instruments	21	25,776	-	-	-	25,776	25,776
Other receivables	16	-	-	-	249,334	249,334	249,334
Accrued investment income	16	-	-	-	466,250	466,250	466,250
Cash and cash equivalents	17	-	-	-	3,644,133	3,644,133	3,644,133
Financial assets		<u>33,324,098</u>	<u>24,683,168</u>	<u>11,470,638</u>	<u>6,504,048</u>	<u>75,981,952</u>	<u>75,982,022</u>
				FVTPL	Amortised cost	Total carrying value	Total fair value
Derivative financial instruments	21			1,060	-	1,060	1,060
Other liabilities	22			-	713,385	713,385	713,385
Financial liabilities				<u>1,060</u>	<u>713,385</u>	<u>714,445</u>	<u>714,445</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****15 FAIR VALUE MEASUREMENT (CONTINUED)****Fair value of financial investments (Continued)**

Group	Note	Fair value			Amortised cost RM'000	Total carrying value RM'000	Total fair value RM'000
		FVTPL- Mandatory RM'000	FVTPL- designated RM'000	FVOCI RM'000			
31 December 2024							
Financial investments	14						
Loans and deposits		-	-	-	2,096,389	2,096,389	1,991,375
Debt securities		7,632,488	22,085,446	10,159,036	-	39,876,970	39,876,970
Equity shares and interest in investment funds		25,955,622	-	-	-	25,955,622	25,955,622
Derivative financial instruments	21	37,937	-	-	-	37,937	37,937
Other receivables	16	-	-	-	238,171	238,171	238,171
Accrued investment income	16	-	-	-	432,885	432,885	432,885
Cash and cash equivalents	17	-	-	-	2,981,643	2,981,643	2,981,643
Financial assets		<u>33,626,047</u>	<u>22,085,446</u>	<u>10,159,036</u>	<u>5,749,088</u>	<u>71,619,617</u>	<u>71,514,603</u>
				FVTPL	Amortised cost	Total carrying value	Total fair value
Derivative financial instruments	21			3,241	-	3,241	3,241
Other liabilities	22			-	727,426	727,426	727,426
Financial liabilities				<u>3,241</u>	<u>727,426</u>	<u>730,667</u>	<u>730,667</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****15 FAIR VALUE MEASUREMENT (CONTINUED)****Fair value of financial investments (Continued)**

<u>Company</u>	Note	Fair value			Amortised cost RM'000	Total carrying value RM'000	Total fair value RM'000
		FVTPL- Mandatory RM'000	FVTPL- designated RM'000	FVOCI RM'000			
31 December 2025							
Financial investments	14						
Loans and deposits		-	-	-	2,073,829	2,073,829	2,073,899
Debt securities		5,275,789	22,290,293	10,339,547	-	37,905,629	37,905,629
Equity shares and interest in investment funds		25,695,246	-	-	-	25,695,246	25,695,246
Derivative financial instruments	21	25,776	-	-	-	25,776	25,776
Other receivables	16	-	-	-	213,789	213,789	213,789
Accrued investment income	16	-	-	-	416,987	416,987	416,987
Cash and cash equivalents	17	-	-	-	3,281,202	3,281,202	3,281,202
Financial assets		<u>30,996,811</u>	<u>22,290,293</u>	<u>10,339,547</u>	<u>5,985,807</u>	<u>69,612,458</u>	<u>69,612,528</u>
				FVTPL	Amortised cost	Total carrying value	Total fair value
Derivative financial instruments	21			1,060	-	1,060	1,060
Other liabilities	22			-	545,022	545,022	545,022
Financial liabilities				<u>1,060</u>	<u>545,022</u>	<u>546,082</u>	<u>546,082</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****15 FAIR VALUE MEASUREMENT (CONTINUED)****Fair value of financial investments (Continued)**

<u>Company</u>	Note	Fair value			Amortised cost RM'000	Total carrying value RM'000	Total fair value RM'000
		FVTPL- Mandatory RM'000	FVTPL- designated RM'000	FVOCI RM'000			
31 December 2024							
Financial investments	14						
Loans and deposits		-	-	-	2,038,374	2,038,374	1,990,184
Debt securities		4,326,429	22,085,446	9,232,514	-	35,644,389	35,644,389
Equity shares and interest in investment funds		25,048,110	-	-	-	25,048,110	25,048,110
Derivative financial instruments	21	37,937	-	-	-	37,937	37,937
Other receivables	16	-	-	-	205,319	205,319	205,319
Accrued investment income	16	-	-	-	390,038	390,038	390,038
Cash and cash equivalents	17	-	-	-	2,597,981	2,597,981	2,597,981
Financial assets		<u>29,412,476</u>	<u>22,085,446</u>	<u>9,232,514</u>	<u>5,231,712</u>	<u>65,962,148</u>	<u>65,913,958</u>
				FVTPL	Amortised	Total	Total
Derivative financial instruments	21			3,241	cost	carrying value	fair value
Other liabilities	22			-	-	3,241	3,241
Financial liabilities				<u>3,241</u>	<u>582,280</u>	<u>582,280</u>	<u>582,280</u>
					<u>582,280</u>	<u>585,521</u>	<u>585,521</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy for fair value measurement 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 and investments in non-consolidated investment funds 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 financial year ended 31 December 2025 and 31 December 2024.

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

Determination of fair value

Loans and receivables

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**15 FAIR VALUE MEASUREMENT (CONTINUED)****Determination of fair value (Continued)****Debt securities, equity shares and interests in investment funds**

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

Derivative financial instruments

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

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value (Continued)

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 its fair value.

Other assets

The carrying amount of other financial assets is not materially different to their fair value.

Other liabilities

Carrying value of other financial liabilities approximates their fair value.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15 FAIR VALUE MEASUREMENT (CONTINUED)

Determination of fair value (Continued)

Fair value hierarchy for fair value measurement on a recurring basis

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

- **Level 1:** Fair value measurements that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access as of the measurement date. Market price data is generally obtained from exchange or dealer markets. The Group does not adjust the quoted price for such instruments. Assets measured at fair value on a recurring basis and classified as Level 1 are actively traded equities.
- **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.
- **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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 FAIR VALUE MEASUREMENT (CONTINUED)

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

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.

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

<u>Group</u>	<u>Fair value hierarchy</u>			
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
31 December 2025				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	304,029	304,029
Investment property	-	-	388,254	388,254
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	11,470,638	-	11,470,638
At fair value through profit or loss				
Debt securities	-	31,309,232	-	31,309,232
Equity shares and interests in investment funds	20,903,809	5,380,810	387,639	26,672,258
Derivative financial instruments	-	25,776	-	25,776
Total assets on a recurring fair value measurement basis	<u>20,903,809</u>	<u>48,186,456</u>	<u>1,079,922</u>	<u>70,170,187</u>
Financial liabilities				
Derivative financial instruments	-	1,060	-	1,060
Total liabilities on a recurring fair value measurement basis	<u>-</u>	<u>1,060</u>	<u>-</u>	<u>1,060</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 FAIR VALUE MEASUREMENT (CONTINUED)

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

<u>Group</u>	<u>Fair value hierarchy</u>			
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	337,708	337,708
Investment property	-	-	346,670	346,670
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	10,159,036	-	10,159,036
At fair value through profit or loss				
Debt securities	-	29,717,934	-	29,717,934
Equity shares and interests in investment funds	23,903,594	1,653,848	398,180	25,955,622
Derivative financial instruments	-	37,937	-	37,937
Total assets on a recurring fair value measurement basis	<u>23,903,594</u>	<u>41,568,755</u>	<u>1,082,558</u>	<u>66,554,907</u>
Financial liabilities				
Derivative financial instruments	-	3,241	-	3,241
Total liabilities on a recurring fair value measurement basis	<u>-</u>	<u>3,241</u>	<u>-</u>	<u>3,241</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 FAIR VALUE MEASUREMENT (CONTINUED)

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

<u>Company</u>	<u>Fair value hierarchy</u>			
	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
31 December 2025				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	304,029	304,029
Investment property	-	-	388,254	388,254
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	10,339,547	-	10,339,547
At fair value through profit or loss				
Debt securities	-	27,566,082	-	27,566,082
Equity shares and interests in investment funds	19,367,188	5,940,419	387,639	25,695,246
Derivative financial instruments	-	25,776	-	25,776
Total assets on a recurring fair value measurement basis	<u>19,367,188</u>	<u>43,871,824</u>	<u>1,079,922</u>	<u>64,318,934</u>
Financial liabilities				
Derivative financial instruments	-	1,060	-	1,060
Total liabilities on a recurring fair value measurement basis	<u>-</u>	<u>1,060</u>	<u>-</u>	<u>1,060</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15 FAIR VALUE MEASUREMENT (CONTINUED)

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

<u>Company</u>	<u>Fair value hierarchy</u>			
	<u>Level 1</u> <u>RM'000</u>	<u>Level 2</u> <u>RM'000</u>	<u>Level 3</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	337,708	337,708
Investment property	-	-	346,670	346,670
Financial assets				
At fair value through other comprehensive income				
Debt securities	-	9,232,514	-	9,232,514
At fair value through profit or loss				
Debt securities	-	26,411,875	-	26,411,875
Equity shares and interests in investment funds	22,480,553	2,169,377	398,180	25,048,110
Derivative financial instruments	-	37,937	-	37,937
Total assets on a recurring fair value measurement basis	<u>22,480,553</u>	<u>37,851,703</u>	<u>1,082,558</u>	<u>61,414,814</u>
Financial liabilities				
Derivative financial instruments	-	3,241	-	3,241
Total liabilities on a recurring fair value measurement basis	<u>-</u>	<u>3,241</u>	<u>-</u>	<u>3,241</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15 FAIR VALUE MEASUREMENT (CONTINUED)

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

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

Level 3 financial assets and liabilities

	Property held for own use RM'000	Investment property RM'000	Equity shares and interests in investment funds RM'000
At 1 January 2025	337,708	346,670	398,180
Total gains/(losses)	3,046	23,404	(9,959)
Transfer	(17,000)	17,000	-
Purchases	-	1,180	1,186
Sales	(19,725)	-	(1,768)
At 31 December 2025	<u>304,029</u>	<u>388,254</u>	<u>387,639</u>
At 1 January 2024	333,678	346,500	390,005
Total gains/(losses)	4,030	(2,541)	7,266
Purchases	-	2,711	3,211
Sales	-	-	(2,302)
At 31 December 2024	<u>337,708</u>	<u>346,670</u>	<u>398,180</u>

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.

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15 FAIR VALUE MEASUREMENT (CONTINUED)

Significant unobservable inputs for Level 3 fair value measurements

The following table shows the valuation techniques used in determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

<u>Description</u>	<u>Valuation techniques</u>	<u>Valuation unobservable input</u>	<u>2025</u>	<u>2024</u>
Private equity funds	Net asset value	Net asset value	N/A	N/A
Common and preferred shares of private companies	Price-to-Sales (P/S) multiple	Price-to-Sales (P/S) multiple	5.8x – 7.0x	8.6x - 10.0x
Investment properties and properties held for own use	Discounted cash flows	Expected market rental growth	1.20% - 2.00%	1.20% - 2.00%
		Discount rate	6.95% - 7.50%	6.95% - 7.50%
		Yield cost	5.50% -5.75%	5.50% - 5.75%

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 Officer is required to review the reasonableness of the prices used and report price exceptions, if any. The Group Investment team analyses reported price exceptions and reviews price challenge responses from private pricing providers and provides the final recommendation on the appropriate price to be used. Any changes in valuation policies are reviewed and approved by the Group Valuations Advisory Committee which is part of the Group's wider financial risk governance processes.

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15 FAIR VALUE MEASUREMENT (CONTINUED)

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

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

Group

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
31 December 2025	RM'000	RM'000	RM'000	RM'000
Assets for which the fair value is disclosed				
<u>Financial assets</u>				
Loans and deposits	-	-	2,144,401	2,144,401
Receivables	-	249,334	-	249,334
Accrued investment income	22,508	443,742	-	466,250
Cash and cash equivalents	3,644,133	-	-	3,644,133
Total assets for which the fair value is disclosed	3,666,641	693,076	2,144,401	6,504,118

Liabilities for which the fair value is disclosed

Financial liabilities

Other liabilities	101,700	611,685	-	713,385
Total liabilities for which the fair value is disclosed	101,700	611,685	-	713,385

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
31 December 2024	RM'000	RM'000	RM'000	RM'000
Assets for which the fair value is disclosed				
<u>Financial assets</u>				
Loans and deposits	-	-	1,991,375	1,991,375
Receivables	-	238,171	-	238,171
Accrued investment income	3,407	429,478	-	432,885
Cash and cash equivalents	2,981,643	-	-	2,981,643
Total assets for which the fair value is disclosed	2,985,050	667,649	1,991,375	5,644,074

Liabilities for which the fair value is disclosed

Financial liabilities

Other liabilities	84,166	643,260	-	727,426
Total liabilities for which the fair value is disclosed	84,166	643,260	-	727,426

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NOTES TO THE FINANCIAL STATEMENTS
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15 FAIR VALUE MEASUREMENT (CONTINUED)

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

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

Company

	Fair value hierarchy			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2025	RM'000	RM'000	RM'000	RM'000
Assets for which the fair value is disclosed				
<u>Financial assets</u>				
Loans and deposits	-	-	2,073,899	2,073,899
Receivables	-	213,789	-	213,789
Accrued investment income	20,841	396,146	-	416,987
Cash and cash equivalents	3,281,202	-	-	3,281,202
Total assets for which the fair value is disclosed	3,302,043	609,935	2,073,899	5,985,877

Liabilities for which the fair value is disclosed

Financial liabilities

Other liabilities	95,473	449,549	-	545,022
Total liabilities for which the fair value is disclosed	95,473	449,549	-	545,022

	Fair value hierarchy			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2024	RM'000	RM'000	RM'000	RM'000
Assets for which the fair value is disclosed				
<u>Financial assets</u>				
Loans and deposits	-	-	1,990,184	1,990,184
Receivables	-	205,319	-	205,319
Accrued investment income	2,727	387,311	-	390,038
Cash and cash equivalents	2,597,981	-	-	2,597,981
Total assets for which the fair value is disclosed	2,600,708	592,630	1,990,184	5,183,522

Liabilities for which the fair value is disclosed

Financial liabilities

Other liabilities	80,123	502,157	-	582,280
Total liabilities for which the fair value is disclosed	80,123	502,157	-	582,280

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16 OTHER ASSETS

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Accrued investment income	466,250	432,885	416,987	390,038
Deposit and prepayments	22,378	28,456	21,709	28,193
Investments related receivables	5,236	39,113	5,236	39,113
Others receivables	221,720	170,602	186,844	138,013
Total	715,584	671,056	630,776	595,357

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

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Cash	678,480	768,040	447,435	496,927
Cash Equivalents	2,965,653	2,213,603	2,833,767	2,101,054
Total	3,644,133	2,981,643	3,281,202	2,597,981

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 IMPAIRMENT OF FINANCIAL ASSETS****Inputs, assumptions and techniques used for estimating impairment****Significant increase in credit risk**

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

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

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

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

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

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons including changing market conditions and other factors not related to current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies in note 2.4.1.

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**18 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)****Inputs, assumptions and techniques used for estimating impairment (continued)****Definition of default**

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

Incorporation of forward-looking information

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

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.

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18 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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.

	12-month ECL		Lifetime ECL not credit impaired		Lifetime ECL credit impaired		Group Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2025	2,002,715	360	80,415	1,201	34,544	19,724	2,117,674	21,285
Transfer to 12-month ECL	29,896	479	(29,276)	(430)	(620)	(49)	-	-
Transfer to lifetime ECL not credit-impaired	(47,513)	(122)	50,422	675	(2,909)	(553)	-	-
Transfer to lifetime ECL credit-impaired	(8,172)	(9)	(14,844)	(218)	23,016	227	-	-
Net remeasurement of loss allowance	-	(196)	-	985	-	818	-	1,607
New financial assets acquired	297,112	255	-	-	-	-	297,112	255
Financial assets derecognised other than write-offs	(238,193)	(22)	(1,608)	(43)	(9,275)	(1,703)	(249,076)	(1,768)
Balance at 31 December 2025	2,035,845	745	85,109	2,170	44,756	18,464	2,165,710	21,379

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Group Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2024	1,994,919	650	57,891	1,429	32,395	19,829	2,085,205	21,908
Transfer to 12-month ECL	23,020	644	(21,478)	(450)	(1,542)	(194)	-	-
Transfer to lifetime ECL not credit-impaired	(48,302)	(70)	51,971	1,531	(3,669)	(1,461)	-	-
Transfer to lifetime ECL credit-impaired	(6,405)	(278)	(4,922)	(305)	11,327	583	-	-
Net remeasurement of loss allowance	-	(627)	-	(940)	-	2,771	-	1,204
New financial assets acquired	186,632	55	-	-	-	-	186,632	55
Financial assets derecognised other than write-offs	(147,149)	(14)	(3,047)	(64)	(3,967)	(1,804)	(154,163)	(1,882)
Balance at 31 December 2024	2,002,715	360	80,415	1,201	34,544	19,724	2,117,674	21,285

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Company Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2025	1,945,822	359	80,415	1,201	33,293	19,596	2,059,530	21,156
Transfer to 12-month ECL	29,896	479	(29,276)	(430)	(620)	(49)	-	-
Transfer to lifetime ECL not credit-impaired	(47,513)	(122)	50,422	675	(2,909)	(553)	-	-
Transfer to lifetime ECL credit-impaired	(8,172)	(9)	(14,844)	(218)	23,016	227	-	-
Net remeasurement of loss allowance	-	(142)	-	985	-	818	-	1,661
New financial assets acquired	177,521	153	-	-	-	-	177,521	153
Financial assets derecognized other than write-offs	(132,247)	(9)	(1,608)	(43)	(8,152)	(1,703)	(142,007)	(1,755)
Balance at 31 December 2025	1,965,307	709	85,109	2,170	44,628	18,336	2,095,044	21,215

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Company Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and deposits measured at amortised cost								
Balance at 1 January 2024	1,942,541	700	57,891	1,429	30,785	19,564	2,031,217	21,693
Transfer to 12-month ECL	23,020	644	(21,478)	(450)	(1,542)	(194)	-	-
Transfer to lifetime ECL not credit-impaired	(48,302)	(70)	51,971	1,531	(3,669)	(1,461)	-	-
Transfer to lifetime ECL credit-impaired	(6,389)	(278)	(4,922)	(305)	11,311	583	-	-
Net remeasurement of loss allowance	-	(678)	-	(940)	-	2,775	-	1,157
New financial assets acquired	186,616	55	-	-	-	-	186,616	55
Financial assets derecognized other than write-offs	(151,664)	(14)	(3,047)	(64)	(3,592)	(1,671)	(158,303)	(1,749)
Balance at 31 December 2024	1,945,822	359	80,415	1,201	33,293	19,596	2,059,530	21,156

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Group Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2025	9,794,775	17,753	22,304	209	-	-	9,817,079	17,962
Net remeasurement of loss allowance	-	(65)	-	23	-	-	-	(42)
New financial assets acquired	3,846,313	6,306	-	-	-	-	3,846,313	6,306
Financial assets derecognised other than write-offs	(2,568,855)	(2,303)	(20,365)	(204)	-	-	(2,589,220)	(2,507)
Effects of movements in exchange rates and other movements	(77,222)	(160)	(1,939)	(28)	-	-	(79,161)	(188)
Balance at 31 December 2025	10,995,011	21,531	-	-	-	-	10,995,011	21,531

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Group Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2024	9,775,077	15,960	22,867	219	-	-	9,797,944	16,179
Net remeasurement of loss allowance	-	1,563	-	(6)	-	-	-	1,557
New financial assets acquired	3,208,373	2,062	-	-	-	-	3,208,373	2,062
Financial assets derecognised other than write-offs	(3,169,816)	(2,260)	-	-	-	-	(3,169,816)	(2,260)
Effects of movements in exchange rates and other movements	(18,859)	428	(563)	(4)	-	-	(19,422)	424
Balance at 31 December 2024	9,794,775	17,753	22,304	209	-	-	9,817,079	17,962

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Company Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2025	8,877,864	15,334	22,304	209	-	-	8,900,168	15,543
Net remeasurement of loss allowance	-	(258)	-	23	-	-	-	(235)
New financial assets acquired	3,454,386	5,485	-	-	-	-	3,454,386	5,485
Financial assets derecognised other than write-offs	(2,374,477)	(1,989)	(20,367)	(204)	-	-	(2,394,844)	(2,193)
Effects of movements in exchange rates and other movements	(75,176)	(160)	(1,937)	(28)	-	-	(77,113)	(188)
Balance at 31 December 2025	9,882,597	18,412	-	-	-	-	9,882,597	18,412

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****18 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		Company Total	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities measured at fair value through other comprehensive income								
Balance at 1 January 2024	8,882,137	13,819	22,867	270	-	-	8,905,004	14,089
Net remeasurement of loss allowance	-	1,445	-	(57)	-	-	-	1,388
New financial assets acquired	2,797,531	1,450	-	-	-	-	2,797,531	1,450
Financial assets derecognised other than write-offs	(2,784,444)	(1,721)	-	-	-	-	(2,784,444)	(1,721)
Effects of movements in exchange rates and other movements	(17,360)	341	(563)	(4)	-	-	(17,923)	337
Balance at 31 December 2024	8,877,864	15,334	22,304	209	-	-	8,900,168	15,543

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NOTES TO THE FINANCIAL STATEMENTS
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19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

Insurance contracts and reinsurance contracts held

	Assets	Liabilities	Group
At 31 December 2025	RM'000	RM'000	Total
			RM'000
Insurance contracts liabilities not measured under the PAA	28,003	60,238,616	60,266,619
Insurance contracts liabilities measured under the PAA	28,347	653,625	681,972
Assets for insurance acquisition cash flows not measured under the PAA	(93,350)	(160,202)	(253,552)
	<u>(37,000)</u>	<u>60,732,039</u>	<u>60,695,039</u>
Reinsurance contracts liabilities not measured under the PAA	(105,308)	256,687	151,379
Reinsurance contracts liabilities measured under the PAA	(27,555)	24,362	(3,193)
	<u>(132,863)</u>	<u>281,049</u>	<u>148,186</u>
At 31 December 2024			
Insurance contracts liabilities not measured under the PAA	4,422	57,642,358	57,646,780
Insurance contracts liabilities measured under the PAA	-	617,029	617,029
Assets for insurance acquisition cash flows not measured under the PAA	(87,181)	(159,716)	(246,897)
	<u>(82,759)</u>	<u>58,099,671</u>	<u>58,016,912</u>
Reinsurance contracts liabilities not measured under the PAA	(101,007)	246,617	145,610
Reinsurance contracts liabilities measured under the PAA	(51,936)	-	(51,936)
	<u>(152,943)</u>	<u>246,617</u>	<u>93,674</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Insurance contracts and reinsurance contracts held (continued)

	Company		
	Assets	Liabilities	Total
At 31 December 2025	RM'000	RM'000	RM'000
Insurance contracts liabilities not measured under the PAA	-	56,150,395	56,150,395
Insurance contracts liabilities measured under the PAA	-	512,556	512,556
Assets for insurance acquisition cash flows not measured under the PAA	-	(22,394)	(22,394)
	-	<u>56,640,557</u>	<u>56,640,557</u>
Reinsurance contracts liabilities not measured under the PAA	-	256,687	256,687
Reinsurance contracts liabilities measured under the PAA	-	24,362	24,362
	-	<u>281,049</u>	<u>281,049</u>
At 31 December 2024			
Insurance contracts liabilities not measured under the PAA	-	53,963,570	53,963,570
Insurance contracts liabilities measured under the PAA	-	442,843	442,843
Assets for insurance acquisition cash flows not measured under the PAA	-	(17,494)	(17,494)
	-	<u>54,388,919</u>	<u>54,388,919</u>
Reinsurance contracts liabilities not measured under the PAA	(80)	246,617	246,537
Reinsurance contracts liabilities measured under the PAA	(30,656)	-	(30,656)
	<u>(30,736)</u>	<u>246,617</u>	<u>215,881</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Insurance contracts and reinsurance contracts held (continued)

Movement in carrying amounts

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

<u>Group</u>	Note	31 December 2025				31 December 2024			
		Liabilities for remaining coverage			Liabilities for incurred claims	Liabilities for remaining coverage			Liabilities for incurred claims
		Excluding loss component	Loss component	Total		Excluding loss component	Loss component	Total	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Opening assets		(24,342)	-	28,764	4,422	(13,917)	4,499	11,639	2,221
Opening liabilities		55,866,053	29,008	1,747,297	57,642,358	50,884,198	79,254	1,870,618	52,834,070
Net opening balance		55,841,711	29,008	1,776,061	57,646,780	50,870,281	83,753	1,882,257	52,836,291
Insurance revenue	3	(7,091,832)	-	-	(7,091,832)	(6,605,125)	-	-	(6,605,125)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	(30,576)	5,187,058	5,156,482	-	1,897	5,044,621	5,046,518
Amortisation of insurance acquisition cash flows		542,070	-	-	542,070	475,291	-	-	475,291
Losses and reversal of losses on onerous contracts		-	56,470	-	56,470	-	(60,005)	-	(60,005)
Adjustments to liabilities for incurred claims		-	-	(263,242)	(263,242)	-	-	(449,590)	(449,590)
Total insurance service expenses	5	542,070	25,894	4,923,816	5,491,780	475,291	(58,108)	4,595,031	5,012,214

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

<u>Group</u>	31 December 2025				31 December 2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment components	(4,113,433)	-	4,113,433	-	(4,175,379)	-	4,175,379	-
Insurance service result	(10,663,195)	25,894	9,037,249	(1,600,052)	(10,305,213)	(58,108)	8,770,410	(1,592,911)
Net finance expenses from insurance contracts	2,727,608	11,272	28,830	2,767,710	5,524,022	3,363	23,644	5,551,029
Total changes in the income statement and statement of comprehensive income	(7,935,587)	37,166	9,066,079	1,167,658	(4,781,191)	(54,745)	8,794,054	3,958,118

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

<u>Group</u>	31 December 2025				31 December 2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash flows								
Premium received	12,508,945	-	-	12,508,945	12,030,550	-	-	12,030,550
Claims and other insurance service expenses paid, including investment components	-	-	(9,276,745)	(9,276,745)	-	-	(9,201,801)	(9,201,801)
Insurance acquisition cash flows paid	(2,119,860)	-	-	(2,119,860)	(2,210,114)	-	-	(2,210,114)
Other amounts (paid)/received	(47,981)	-	411,168	363,187	(45,757)	-	301,551	255,794
Total cash flows	10,341,104	-	(8,865,577)	1,475,527	9,774,679	-	(8,900,250)	874,429
Adjusted for:								
Allocation from assets for insurance acquisition cash flows	(23,346)	-	-	(23,346)	(22,058)	-	-	(22,058)
Net closing balance	58,223,882	66,174	1,976,563	60,266,619	55,841,711	29,008	1,776,061	57,646,780
Closing assets	(16,380)	15,231	29,152	28,003	(24,342)	-	28,764	4,422
Closing liabilities	58,240,262	50,943	1,947,411	60,238,616	55,866,053	29,008	1,747,297	57,642,358
Net closing balance	58,223,882	66,174	1,976,563	60,266,619	55,841,711	29,008	1,776,061	57,646,780

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	Note	31 December 2025				31 December 2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component			Excluding loss component	Loss component		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets		-	-	-	-	-	-	-	-
Opening liabilities		52,640,144	18,947	1,304,479	53,963,570	48,234,725	75,929	1,417,560	49,728,214
Net opening balance		52,640,144	18,947	1,304,479	53,963,570	48,234,725	75,929	1,417,560	49,728,214
Insurance revenue	3	(5,851,138)	-	-	(5,851,138)	(5,383,140)	-	-	(5,383,140)
Insurance service expenses									
Incurred claims and other insurance service expenses		-	(26,542)	4,334,782	4,308,240	-	2,789	4,179,490	4,182,279
Amortisation of insurance acquisition cash flows		350,976	-	-	350,976	312,940	-	-	312,940
Losses and reversal of losses on onerous contacts		-	44,207	-	44,207	-	(60,293)	-	(60,293)
Adjustments to liabilities for incurred claims		-	-	(238,716)	(238,716)	-	-	(360,906)	(360,906)
Total insurance service expenses	5	350,976	17,665	4,096,066	4,464,707	312,940	(57,504)	3,818,584	4,074,020

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	31 December 2025				31 December 2024			
	Liabilities for remaining coverage			Liabilities for incurred claims	Liabilities for remaining coverage			Liabilities for incurred claims
	Excluding loss component	Loss component	Total		Excluding loss component	Loss component	Total	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Investment components	(3,922,698)	-	3,922,698	-	(3,990,639)	-	3,990,639	-
Insurance service result	(9,422,860)	17,665	8,018,764	(1,386,431)	(9,060,839)	(57,504)	7,809,223	(1,309,120)
Net finance expenses from insurance contracts	2,646,290	10,891	19,163	2,676,344	5,171,432	522	16,811	5,188,765
Total changes in the income statement and statement of comprehensive income	(6,776,570)	28,556	8,037,927	1,289,913	(3,889,407)	(56,982)	7,826,034	3,879,645

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2025				31 December 2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash flows								
Premium received	10,525,613	-	-	10,525,613	10,096,872	-	-	10,096,872
Claims and other insurance service expenses paid, including investment components	-	-	(8,300,398)	(8,300,398)	-	-	(8,240,799)	(8,240,799)
Insurance acquisition cash flows paid	(1,691,859)	-	-	(1,691,859)	(1,758,729)	-	-	(1,758,729)
Other amounts (paid)/received	(45,518)	-	409,907	364,389	(42,326)	-	301,684	259,358
Total cash flows	8,788,236	-	(7,890,491)	897,745	8,295,817	-	(7,939,115)	356,702
Adjusted for:								
Allocation from assets for insurance acquisition cash flows	(833)	-	-	(833)	(991)	-	-	(991)
Net closing balance	54,650,977	47,503	1,451,915	56,150,395	52,640,144	18,947	1,304,479	53,963,570
Closing assets	-	-	-	-	-	-	-	-
Closing liabilities	54,650,977	47,503	1,451,915	56,150,395	52,640,144	18,947	1,304,479	53,963,570
Net closing balance	54,650,977	47,503	1,451,915	56,150,395	52,640,144	18,947	1,304,479	53,963,570

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group

	Note	31 December 2025						Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			
					Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Opening assets		(50,424)	2,913	51,933	-	19,242	32,691	4,422
Opening liabilities		44,873,419	1,449,578	11,319,361	3,297,849	3,006,413	5,015,099	57,642,358
Net opening balance		44,822,995	1,452,491	11,371,294	3,297,849	3,025,655	5,047,790	57,646,780
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,468,310)	(368,220)	(355,728)	(744,362)	(1,468,310)
Change in risk adjustment for non-financial risk		-	(39,168)	-	-	-	-	(39,168)
Experience adjustments		291,547	103	-	-	-	-	291,650
Others		(155,141)	-	-	-	-	-	(155,141)
Changes that relate to future services								
Contracts initially recognised in the year		(2,193,906)	146,449	2,069,560	-	-	2,069,560	22,103
Changes in estimates that adjust the CSM		951,799	(49,246)	(902,553)	(110,459)	107,808	(899,902)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(29,966)	44,447	(2,425)	-	-	(2,425)	12,056
Changes that relate to past services		(220,893)	(42,349)	-	-	-	-	(263,242)
Total insurance service result		(1,356,560)	60,236	(303,728)	(478,679)	(247,920)	422,871	(1,600,052)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group	Note	31 December 2025						Total RM'000
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Net finance expenses from insurance contracts	4c	2,498,525	-	269,185	98,333	26,139	144,713	2,767,710
Total changes in the income statement and statement of comprehensive income		1,141,965	60,236	(34,543)	(380,346)	(221,781)	567,584	1,167,658
Cash flows		1,475,527	-	-	-	-	-	1,475,527
Allocation from assets for insurance acquisition cash flows		(23,346)	-	-	-	-	-	(23,346)
Net closing balance		47,417,141	1,512,727	11,336,751	2,917,503	2,803,874	5,615,374	60,266,619
Closing assets		(11,844)	3,094	36,753	-	710	36,043	28,003
Closing liabilities		47,428,985	1,509,633	11,299,998	2,917,503	2,803,164	5,579,331	60,238,616
Net closing balance		47,417,141	1,512,727	11,336,751	2,917,503	2,803,874	5,615,374	60,266,619

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group	Note	31 December 2024						Total RM'000
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets		(8,386)	1,174	9,433	-	117	9,316	2,221
Opening liabilities		40,619,968	1,191,887	11,022,215	3,688,555	2,900,468	4,433,192	52,834,070
Net opening balance		40,611,582	1,193,061	11,031,648	3,688,555	2,900,585	4,442,508	52,836,291
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,444,761)	(397,435)	(333,410)	(713,916)	(1,444,761)
Change in risk adjustment for non-financial risk		-	(19,699)	-	-	-	-	(19,699)
Experience adjustments		503,640	(103)	-	-	-	-	503,537
Others		(144,702)	-	-	-	-	-	(144,702)
Changes that relate to future services								
Contracts initially recognised in the year		(2,284,557)	143,700	2,154,931	-	-	2,154,931	14,074
Changes in estimates that adjust the CSM		438,004	154,563	(592,567)	(105,937)	433,227	(919,857)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(81,288)	31,663	(2,145)	-	-	(2,145)	(51,770)
Changes that relate to past services		(398,896)	(50,694)	-	-	-	-	(449,590)
Total insurance service result		(1,967,799)	259,430	115,458	(503,372)	99,817	519,013	(1,592,911)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group	Note	31 December 2024						
		Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	CSM			Total RM'000
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Net finance expenses from insurance contracts	4c	5,326,841	-	224,188	112,666	25,253	86,269	5,551,029
Total changes in the income statement and statement of comprehensive income		3,359,042	259,430	339,646	(390,706)	125,070	605,282	3,958,118
Cash flows		874,429	-	-	-	-	-	874,429
Allocation from assets for insurance acquisition cash flows		(22,058)	-	-	-	-	-	(22,058)
Net closing balance		44,822,995	1,452,491	11,371,294	3,297,849	3,025,655	5,047,790	57,646,780
Closing assets		(50,424)	2,913	51,933	-	19,242	32,691	4,422
Closing liabilities		44,873,419	1,449,578	11,319,361	3,297,849	3,006,413	5,015,099	57,642,358
Net closing balance		44,822,995	1,452,491	11,371,294	3,297,849	3,025,655	5,047,790	57,646,780

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	31 December 2025							
	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	CSM			Total RM'000
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets		-	-	-	-	-	-	-
Opening liabilities		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570
Net opening balance		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,171,789)	(368,220)	(299,952)	(503,617)	(1,171,789)
Change in risk adjustment for non-financial risk		-	(40,209)	-	-	-	-	(40,209)
Experience adjustments		187,099	103	-	-	-	-	187,202
Others		(144,816)	-	-	-	-	-	(144,816)
Changes that relate to future services								
Contracts initially recognised in the year		(1,774,089)	125,693	1,661,838	-	-	1,661,838	13,442
Changes in estimates that adjust the CSM		951,607	(51,288)	(900,319)	(110,459)	58,631	(848,491)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(34,852)	45,732	(2,425)	-	-	(2,425)	8,455
Changes that relate to past services		(212,701)	(26,015)	-	-	-	-	(238,716)
Total insurance service result		(1,027,752)	54,016	(412,695)	(478,679)	(241,321)	307,305	(1,386,431)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	Note	31 December 2025						Total RM'000
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Net finance expenses from insurance contracts	4c	2,411,567	-	264,777	98,333	26,167	140,277	2,676,344
Total changes in the income statement and statement of comprehensive income		1,383,815	54,016	(147,918)	(380,346)	(215,154)	447,582	1,289,913
Cash flows		897,745	-	-	-	-	-	897,745
Allocation from assets for insurance acquisition cash flows		(833)	-	-	-	-	-	(833)
Net closing balance		44,944,690	1,403,304	9,802,401	2,917,503	2,358,100	4,526,798	56,150,395
Closing assets		-	-	-	-	-	-	-
Closing liabilities		44,944,690	1,403,304	9,802,401	2,917,503	2,358,100	4,526,798	56,150,395
Net closing balance		44,944,690	1,403,304	9,802,401	2,917,503	2,358,100	4,526,798	56,150,395

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	31 December 2024							
	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	CSM			Total RM'000
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets		-	-	-	-	-	-	-
Opening liabilities		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214
Net opening balance		38,846,339	1,074,864	9,807,011	3,688,555	2,495,848	3,622,608	49,728,214
Changes that relate to current services								
CSM recognised for services provided	3	-	-	(1,149,111)	(397,435)	(289,614)	(462,062)	(1,149,111)
Change in risk adjustment for non-financial risk		-	(22,444)	-	-	-	-	(22,444)
Experience adjustments		399,958	(103)	-	-	-	-	399,855
Others		(138,531)	-	-	-	-	-	(138,531)
Changes that relate to future services								
Contracts initially recognised in the year		(1,849,140)	121,766	1,739,015	-	-	1,739,015	11,641
Changes in estimates that adjust the CSM		528,829	180,411	(709,240)	(105,937)	341,991	(945,294)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(77,540)	30,061	(2,145)	-	-	(2,145)	(49,624)
Changes that relate to past services		(325,639)	(35,267)	-	-	-	-	(360,906)
Total insurance service result		(1,462,063)	274,424	(121,481)	(503,372)	52,377	329,514	(1,309,120)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company

	Note	31 December 2024						Total RM'000
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Net finance expenses from insurance contracts	4c	4,923,976	-	264,789	112,666	25,029	127,094	5,188,765
Total changes in the income statement and statement of comprehensive income		3,461,913	274,424	143,308	(390,706)	77,406	456,608	3,879,645
Cash flows		356,702	-	-	-	-	-	356,702
Allocation from assets for insurance acquisition cash flows		(991)	-	-	-	-	-	(991)
Net closing balance		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570
Closing assets		-	-	-	-	-	-	-
Closing liabilities		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570
Net closing balance		42,663,963	1,349,288	9,950,319	3,297,849	2,573,254	4,079,216	53,963,570

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2025				31 December 2024				
	Asset for remaining coverage				Asset for remaining coverage				
	Note	Excluding loss-recovery component RM'000	Loss recovery component RM'000	Asset for incurred claims RM'000	Total RM'000	Excluding loss-recovery component RM'000	Loss recovery component RM'000	Asset for incurred claims RM'000	Total RM'000
Opening assets		(15,454)	-	116,461	101,007	(864,951)	-	974,340	109,389
Opening liabilities		(1,007,990)	-	761,373	(246,617)	-	-	-	-
Net opening balance		(1,023,444)	-	877,834	(145,610)	(864,951)	-	974,340	109,389
Changes in the income statement and statement of comprehensive income									
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(1,758,212)	-	1,537,558	(220,654)	(1,618,908)	-	1,513,655	(105,253)
Net expenses from reinsurance contracts held		(1,758,212)	-	1,537,558	(220,654)	(1,618,908)	-	1,513,655	(105,253)
Net finance income from reinsurance contracts held	4d	(7,096)	-	-	(7,096)	(3,452)	-	-	(3,452)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2025				31 December 2024			
	Asset for remaining coverage				Asset for remaining coverage			
	Excluding loss-recovery component RM'000	Loss recovery component RM'000	Asset for incurred claims RM'000	Total RM'000	Excluding loss-recovery component RM'000	Loss recovery component RM'000	Asset for incurred claims RM'000	Total RM'000
Total changes in the income statement and statement of comprehensive income	(1,765,308)	-	1,537,558	(227,750)	(1,622,360)	-	1,513,655	(108,705)
Cash flows								
Premiums paid	1,621,937	-	-	1,621,937	1,463,867	-	-	1,463,867
Amounts received	-	-	(1,402,637)	(1,402,637)	-	-	(1,612,974)	(1,612,974)
Other amounts paid	-	-	2,321	2,321	-	-	2,398	2,398
Total cash flows	1,621,937	-	(1,400,316)	221,621	1,463,867	-	(1,610,576)	(146,709)
Adjusted for :								
Non-cash operating expenses	-	-	360	360	-	-	415	415
Total non-cash items	-	-	360	360	-	-	415	415
Net closing balance	(1,166,815)	-	1,015,436	(151,379)	(1,023,444)	-	877,834	(145,610)
Closing assets	(55,993)	-	161,301	105,308	(15,454)	-	116,461	101,007
Closing liabilities	(1,110,822)	-	854,135	(256,687)	(1,007,990)	-	761,373	(246,617)
Net closing balance	(1,166,815)	-	1,015,436	(151,379)	(1,023,444)	-	877,834	(145,610)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2025				31 December 2024			
	Asset for remaining coverage				Asset for remaining coverage			
Note	Excluding loss-recovery component RM'000	Loss recovery component RM'000	Asset for incurred claims RM'000	Total RM'000	Excluding loss-recovery component RM'000	Loss recovery component RM'000	Asset for incurred claims RM'000	Total RM'000
Opening assets	4,361	-	(4,281)	80	(868,417)	-	872,913	4,496
Opening liabilities	(1,007,992)	-	761,375	(246,617)	-	-	-	-
Net opening balance	(1,003,631)	-	757,094	(246,537)	(868,417)	-	872,913	4,496
Changes in the income statement and statement of comprehensive income								
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(1,664,087)	-	1,447,372	(216,715)	(1,533,078)	-	1,441,946	(91,132)
Net expenses from reinsurance contracts held	(1,664,087)	-	1,447,372	(216,715)	(1,533,078)	-	1,441,946	(91,132)
Net finance income from reinsurance contracts held	4d (8,399)	-	-	(8,399)	(4,875)	-	-	(4,875)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2025				31 December 2024			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
Excluding loss-recovery component	Loss recovery component	RM'000			RM'000	Excluding loss-recovery component		
Total changes in the income statement and statement of comprehensive income	(1,672,486)	-	1,447,372	(225,114)	(1,537,953)	-	1,441,946	(96,007)
Cash flows								
Premiums paid	1,565,294	-	-	1,565,294	1,402,739	-	-	1,402,739
Amounts received	-	-	(1,352,554)	(1,352,554)	-	-	(1,560,179)	(1,560,179)
Other amounts paid	-	-	1,883	1,883	-	-	2,017	2,017
Total cash flows	1,565,294	-	(1,350,671)	214,623	1,402,739	-	(1,558,162)	(155,423)
Adjusted for :								
Non-cash operating expenses	-	-	341	341	-	-	397	397
Total non-cash items	-	-	341	341	-	-	397	397
Net closing balance	(1,110,823)	-	854,136	(256,687)	(1,003,631)	-	757,094	(246,537)
Closing assets	-	-	-	-	4,361	-	(4,281)	80
Closing liabilities	(1,110,823)	-	854,136	(256,687)	(1,007,992)	-	761,375	(246,617)
Net closing balance	(1,110,823)	-	854,136	(256,687)	(1,003,631)	-	757,094	(246,537)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2025							
	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	CSM			Total RM'000
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets		(493,100)	241	593,866	-	593,866	-	101,007
Opening liabilities		849,645	14,032	(1,110,294)	-	(1,110,294)	-	(246,617)
Net opening balance		356,545	14,273	(516,428)	-	(516,428)	-	(145,610)
Changes that relate to current services								
CSM recognised for services received		-	-	(84,549)	-	(84,549)	-	(84,549)
Change in risk adjustment for non-financial risk		-	10,400	-	-	-	-	10,400
Experience adjustments		(855)	-	-	-	-	-	(855)
Changes that relate to future services		(178,512)	-	178,512	-	178,512	-	-
Changes that relate to past services		(131,377)	(14,273)	-	-	-	-	(145,650)
Total net income/(expenses) from reinsurance contracts held		(310,744)	(3,873)	93,963	-	93,963	-	(220,654)
Net finance expenses from reinsurance contracts held	4d	233	-	(7,329)	-	(7,329)	-	(7,096)
Total changes in the income statement and statement of comprehensive income		(310,511)	(3,873)	86,634	-	86,634	-	(227,750)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group

	31 December 2025						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Cash flows	221,621	-	-	-	-	-	221,621
Non-cash operating expenses	360	-	-	-	-	-	360
Net closing balance	268,015	10,400	(429,794)	-	(429,794)	-	(151,379)
Closing assets	306,499	300	(201,491)	-	(201,491)	-	105,308
Closing liabilities	(38,484)	10,100	(228,303)	-	(228,303)	-	(256,687)
Net closing balance	268,015	10,400	(429,794)	-	(429,794)	-	(151,379)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group	31 December 2024							
	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	CSM			Total RM'000
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets		497,675	-	(388,286)	-	(388,286)	-	109,389
Opening liabilities		-	-	-	-	-	-	-
Net opening balance		497,675	-	(388,286)	-	(388,286)	-	109,389
Changes that relate to current services								
CSM recognised for services received		-	-	(104,281)	-	(104,281)	-	(104,281)
Change in risk adjustment for non-financial risk		-	14,273	-	-	-	-	14,273
Experience adjustments		121,847	-	-	-	-	-	121,847
Changes that relate to future services		18,705	-	(18,705)	-	(18,705)	-	-
Changes that relate to past services		(137,092)	-	-	-	-	-	(137,092)
Total net income/(expenses) from reinsurance contracts held	4d	3,460	14,273	(122,986)	-	(122,986)	-	(105,253)
Net finance expenses from reinsurance contracts held		1,704	-	(5,156)	-	(5,156)	-	(3,452)
Total changes in the income statement and statement of comprehensive income		5,164	14,273	(128,142)	-	(128,142)	-	(108,705)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group

	31 December 2024						Total RM'000
	CSM					Other contracts RM'000	
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000		
Cash flows	(146,709)	-	-	-	-	-	(146,709)
Non-cash operating expenses	415	-	-	-	-	-	415
Net closing balance	356,545	14,273	(516,428)	-	(516,428)	-	(145,610)
Closing assets	(493,100)	241	593,866	-	593,866	-	101,007
Closing liabilities	849,645	14,032	(1,110,294)	-	(1,110,294)	-	(246,617)
Net closing balance	356,545	14,273	(516,428)	-	(516,428)	-	(145,610)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company**31 December 2025**

Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Total CSM RM'000	CSM			Total RM'000
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets	(755,407)	-	755,487	-	755,487	-	80
Opening liabilities	849,643	14,033	(1,110,293)	-	(1,110,293)	-	(246,617)
Net opening balance	94,236	14,033	(354,806)	-	(354,806)	-	(246,537)
Changes that relate to current services							
CSM recognised for services received	-	-	(95,817)	-	(95,817)	-	(95,817)
Change in risk adjustment for non-financial risk	-	10,100	-	-	-	-	10,100
Experience adjustments	26,389	-	-	-	-	-	26,389
Changes that relate to future services	(224,019)	-	224,019	-	224,019	-	-
Changes that relate to past services	(143,354)	(14,033)	-	-	-	-	(157,387)
Total net (expenses)/income from reinsurance contracts held	(340,984)	(3,933)	128,202	-	128,202	-	(216,715)
Net finance expenses from insurance contracts held	(6,701)	-	(1,698)	-	(1,698)	-	(8,399)
Total changes in the income statement and statement of comprehensive income	(347,685)	(3,933)	126,504	-	126,504	-	(225,114)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company

	31 December 2025						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Cash flows	214,623	-	-	-	-	-	214,623
Non-cash operating expenses	341	-	-	-	-	-	341
Net closing balance	(38,485)	10,100	(228,302)	-	(228,302)	-	(256,687)
Closing assets	-	-	-	-	-	-	-
Closing liabilities	(38,485)	10,100	(228,302)	-	(228,302)	-	(256,687)
Net closing balance	(38,485)	10,100	(228,302)	-	(228,302)	-	(256,687)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company

	Note	31 December 2024						Total RM'000
		Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
					Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets		259,488	-	(254,992)	-	(254,992)	-	4,496
Opening liabilities		-	-	-	-	-	-	-
Net opening balance		259,488	-	(254,992)	-	(254,992)	-	4,496
Changes that relate to current services								
CSM recognised for services received		-	-	(113,556)	-	(113,556)	-	(113,556)
Change in risk adjustment for non-financial risk		-	14,033	-	-	-	-	14,033
Experience adjustments		146,618	-	-	-	-	-	146,618
Changes that relate to future services		(14,004)	-	14,004	-	14,004	-	-
Changes that relate to past services		(138,227)	-	-	-	-	-	(138,227)
Total net income/(expenses) from reinsurance contracts held		(5,613)	14,033	(99,552)	-	(99,552)	-	(91,132)
Net finance expenses from insurance contracts held	4d	(4,613)	-	(262)	-	(262)	-	(4,875)
Total changes in the income statement and statement of comprehensive income		(10,226)	14,033	(99,814)	-	(99,814)	-	(96,007)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company

	31 December 2024						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			Total
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash flows	(155,423)	-	-	-	-	-	(155,423)
Non-cash operating expenses	397	-	-	-	-	-	397
Net closing balance	94,236	14,033	(354,806)	-	(354,806)	-	(246,537)
Closing assets	(755,407)	-	755,487	-	755,487	-	80
Closing liabilities	849,643	14,033	(1,110,293)	-	(1,110,293)	-	(246,617)
Net closing balance	94,236	14,033	(354,806)	-	(354,806)	-	(246,537)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group	31 December 2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Note	Excluding loss	Loss	Estimates of	
component		component	present value of	for non-	
			future cash flows	financial risk	
	RM'000	RM'000	RM'000	RM'000	
Opening assets	-	-	-	-	-
Opening liabilities	309,753	5,096	281,087	21,093	617,029
Net opening balance	309,753	5,096	281,087	21,093	617,029
Insurance revenue	3	(2,050,542)	-	-	(2,050,542)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	1,546,969	19,846	1,566,815
Amortisation of insurance acquisition cash flows		223,697	-	-	223,697
Losses and reversal of losses on onerous contract		-	(2,632)	-	(2,632)
Adjustments to liabilities for incurred claims		-	20,034	(19,339)	695
Total insurance service expenses	5	223,697	(2,632)	1,567,003	507
Investment components		(1,181)	-	1,181	-
Insurance service result		(1,828,026)	(2,632)	1,568,184	507

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Group	31 December 2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Note	Excluding loss	Loss	Estimates of	
component		component	present value of	for non-	
	RM'000	RM'000	future cash flows	financial risk	
			RM'000	RM'000	
Total changes in the income statement and statement of comprehensive income	(1,828,026)	(2,632)	1,568,184	507	(261,967)
Cash flows					
Premium received	2,063,686	-	-	-	2,063,686
Claims and other insurance service expenses paid, including investment components	-	-	(1,513,846)	-	(1,513,846)
Insurance acquisition cash flows paid	(212,524)	-	-	-	(212,524)
Total cash flows	1,851,162	-	(1,513,846)	-	337,316
Adjusted for:					
Non-cash operating expenses	(6,485)	-	(3,921)	-	(10,406)
Net closing balance	326,404	2,464	331,504	21,600	681,972
Closing assets	5,783	-	21,972	592	28,347
Closing liabilities	320,621	2,464	309,532	21,008	653,625
Net closing balance	326,404	2,464	331,504	21,600	681,972

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Note	Excluding loss	Loss	Estimates of	
component		component	present value of	for non-	
	RM'000	RM'000	future cash flows	financial risk	
			RM'000	RM'000	
Opening assets	-	-	-	-	-
Opening liability	301,967	20,071	273,859	20,955	616,852
Net opening balance	301,967	20,071	273,859	20,955	616,852
Insurance revenue	3	(1,829,511)	-	-	(1,829,511)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	1,451,022	19,047	1,470,069
Amortisation of insurance acquisition cash flows		202,012	-	-	202,012
Losses and reversal of losses on onerous contract		-	(14,975)	-	(14,975)
Adjustments to liabilities for incurred claims		-	15,409	(18,909)	(3,500)
Total insurance service expenses	5	202,012	1,466,431	138	1,653,606
Investment components		(390)	390	-	-
Insurance service result		(1,627,889)	1,466,821	138	(175,905)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2024					
	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
		Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
Total changes in the income statement and statement of comprehensive income		(1,627,889)	(14,975)	1,466,821	138	(175,905)
Cash flows						
Premium received		1,827,298	-	-	-	1,827,298
Claims and other insurance service expenses paid, including investment components		-	-	(1,455,470)	-	(1,455,470)
Insurance acquisition cash flows paid		(186,091)	-	-	-	(186,091)
Total cash flows		<u>1,641,207</u>	<u>-</u>	<u>(1,455,470)</u>	<u>-</u>	<u>185,737</u>
Adjusted for:						
Non-cash operating expenses		(5,532)	-	(4,123)	-	(9,655)
Net closing balance		<u>309,753</u>	<u>5,096</u>	<u>281,087</u>	<u>21,093</u>	<u>617,029</u>
Closing assets		-	-	-	-	-
Closing liabilities		309,753	5,096	281,087	21,093	617,029
Net closing balance		<u>309,753</u>	<u>5,096</u>	<u>281,087</u>	<u>21,093</u>	<u>617,029</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Note	Excluding loss	Loss	Estimates of	
component		component	present value of	for non-	
	RM'000	RM'000	future cash flows	financial risk	
			RM'000	RM'000	
Opening assets	-	-	-	-	-
Opening liability	269,998	-	161,599	11,246	442,843
Net opening balance	269,998	-	161,599	11,246	442,843
Insurance revenue	3	(1,846,844)	-	-	(1,846,844)
Insurance service expenses		-	-	-	-
Incurred claims and other insurance service expenses		-	1,422,960	12,867	1,435,827
Amortisation of insurance acquisition cash flows		178,270	-	-	178,270
Losses and reversal of losses on onerous contract		-	-	-	-
Adjustments to liabilities for incurred claims		-	6,026	(10,892)	(4,866)
Total insurance service expenses	5	178,270	1,428,986	1,975	1,609,231
Investment components		(1,181)	1,181	-	-
Insurance service result		(1,669,755)	1,430,167	1,975	(237,613)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2025					
	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
		Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
Total changes in the income statement and statement of comprehensive income		(1,669,755)	-	1,430,167	1,975	(237,613)
Cash flows						
Premium received		1,868,439	-	-	-	1,868,439
Claims and other insurance service expenses paid, including investment components		-	-	(1,381,694)	-	(1,381,694)
Insurance acquisition cash flows paid		(169,425)	-	-	-	(169,425)
Total cash flows		<u>1,699,014</u>	<u>-</u>	<u>(1,381,694)</u>	<u>-</u>	<u>317,320</u>
Adjusted for:						
Non-cash operating expenses		(6,254)	-	(3,740)	-	(9,994)
Net closing balance		<u>293,003</u>	<u>-</u>	<u>206,332</u>	<u>13,221</u>	<u>512,556</u>
Closing assets		-	-	-	-	-
Closing liabilities		293,003	-	206,332	13,221	512,556
Net closing balance		<u>293,003</u>	<u>-</u>	<u>206,332</u>	<u>13,221</u>	<u>512,556</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Note	Excluding loss	Loss	Estimates of	
component		component	present value of	for non-	
	RM'000	RM'000	future cash flows	financial risk	
			RM'000	RM'000	
Opening assets	-	-	-	-	-
Opening liabilities	243,484	-	175,707	11,870	431,061
Net opening balance	243,484	-	175,707	11,870	431,061
Insurance revenue	3	(1,612,742)	-	-	(1,612,742)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	1,299,963	10,989	1,310,952
Amortisation of insurance acquisition cash flows		160,921	-	-	160,921
Adjustments to liabilities for incurred claims		-	7,685	(11,613)	(3,928)
Total insurance service expenses	5	160,921	1,307,648	(624)	1,467,945
Investment components		(390)	390	-	-
Insurance service result		(1,452,211)	1,308,038	(624)	(144,797)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2024					
	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
		Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
Total changes in the income statement and statement of comprehensive income		(1,452,211)	-	1,308,038	(624)	(144,797)
Cash flows						
Premium received		1,634,903	-	-	-	1,634,903
Claims and other insurance service expenses paid, including investment components		-	-	(1,318,257)	-	(1,318,257)
Insurance acquisition cash flows paid		(150,923)	-	-	-	(150,923)
Total cash flows		1,483,980	-	(1,318,257)	-	165,723
Adjusted for:						
Non-cash operating expenses		(5,255)	-	(3,889)	-	(9,144)
Net closing balance		269,998	-	161,599	11,246	442,843
Closing assets		-	-	-	-	-
Closing liabilities		269,998	-	161,599	11,246	442,843
Net closing balance		269,998	-	161,599	11,246	442,843

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by remaining coverage and incurred claims of reinsurance contracts held measured under the premium allocation approach

Group	31 December 2025					
	Note	Assets for remaining coverage		Assets for incurred claims		Total RM'000
		Excluding loss recovery component RM'000	Loss recovery component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
Opening assets		(113,470)	127	164,456	823	51,936
Opening liabilities		-	-	-	-	-
Net opening balance		(113,470)	127	164,456	823	51,936
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(235,875)	(66)	343,025	5,188	112,272
Net (expenses)/income from reinsurance contracts held		(235,875)	(66)	343,025	5,188	112,272
Net finance income from reinsurance contracts held	4d	31	-	-	-	31
Total changes in the income statement and statement of comprehensive income		(235,844)	(66)	343,025	5,188	112,303

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2025				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	
Note	RM'000	RM'000	RM'000	RM'000	
Cash flows					
Premiums paid		179,829	-	-	179,829
Amounts received		-	-	(341,397)	(341,397)
Other amounts paid		-	-	484	484
Total cash flows		179,829	-	(340,913)	(161,084)
Adjusted for:					
Non-cash operating expenses		-	-	38	38
Net closing balance		(169,485)	61	166,606	3,193
Closing assets		1,770	61	24,779	27,555
Closing liabilities		(171,255)	-	141,827	(24,362)
Net closing balance		(169,485)	61	166,606	3,193

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2024				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Note	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(198,640)	-	240,178	-	41,538
Opening liabilities	-	-	-	-	-
Net opening balance	(198,640)	-	240,178	-	41,538
Changes in the income statement and statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(177,126)	127	140,884	823	(35,292)
Net (expenses)/income from reinsurance contracts held	(177,126)	127	140,884	823	(35,292)
Net finance income from reinsurance contracts held	27	-	-	-	27
Total changes in the income statement and statement of comprehensive income	(177,099)	127	140,884	823	(35,265)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Group	31 December 2024				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Note	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	
RM'000		RM'000	RM'000	RM'000	
Cash flows					
Premiums paid	262,269	-	-	-	262,269
Amounts received	-	-	(216,788)	-	(216,788)
Other amounts paid	-	-	234	-	234
Total cash flows	262,269	-	(216,554)	-	45,715
Adjusted for:					
Non-cash operating expenses	-	-	(52)	-	(52)
Net closing balance	(113,470)	127	164,456	823	51,936
Closing assets	(113,470)	127	164,456	823	51,936
Closing liabilities	-	-	-	-	-
Net closing balance	(113,470)	127	164,456	823	51,936

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2025					
	Assets for remaining coverage		Assets for incurred claims		Total RM'000	
	Note	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows		Risk adjustment for non- financial risk
RM'000		RM'000	RM'000	RM'000		
Opening assets		(117,749)	-	148,196	209	30,656
Opening liabilities		-	-	-	-	-
Net opening balance		(117,749)	-	148,196	209	30,656
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(210,920)	-	329,436	4,857	123,373
Net (expenses)/income from reinsurance contracts held		(210,920)	-	329,436	4,857	123,373
Net finance income from reinsurance contracts held	4d	31	-	-	-	31
Total changes in the income statement and statement of comprehensive income		(210,889)	-	329,436	4,857	123,404

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	31 December 2025				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Note	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	
RM'000		RM'000	RM'000	RM'000	
Cash flows					
Premiums paid		157,386	-	-	157,386
Amounts received		-	-	(335,834)	(335,834)
Other amounts paid		-	-	(9)	(9)
Total cash flows		157,386	-	(335,843)	(178,457)
Adjusted for:					
Non-cash operating expenses		-	-	35	35
Net closing balance		(171,252)	-	141,824	5,066
Closing assets		-	-	-	-
Closing liabilities		(171,252)	-	141,824	5,066
Net closing balance		(171,252)	-	141,824	5,066

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

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

Company	31 December 2024					
	Assets for remaining coverage		Assets for incurred claims		Total RM'000	
	Note	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows		Risk adjustment for non- financial risk
RM'000		RM'000	RM'000	RM'000		
Opening assets		(202,549)	-	213,634	-	11,085
Opening liabilities		-	-	-	-	-
Net opening balance		(202,549)	-	213,634	-	11,085
Changes in the income statement and statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(153,957)	-	142,117	209	(11,631)
Net (expenses)/income from reinsurance contracts held		(153,957)	-	142,117	209	(11,631)
Net finance income from reinsurance contracts held	4d	27	-	-	-	27
Total changes in the income statement and statement of comprehensive income		(153,930)	-	142,117	209	(11,604)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

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

Company	31 December 2024				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Note	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	
RM'000		RM'000	RM'000	RM'000	
Cash flows					
Premiums paid	238,730	-	-	-	238,730
Amounts received	-	-	(207,461)	-	(207,461)
Other amounts paid	-	-	(39)	-	(39)
Total cash flows	238,730	-	(207,500)	-	31,230
Adjusted for:					
Non-cash operating expenses	-	-	(55)	-	(55)
Net closing balance	(117,749)	-	148,196	209	30,656
Closing assets	(117,749)	-	148,196	209	30,656
Closing liabilities	-	-	-	-	-
Net closing balance	(117,749)	-	148,196	209	30,656

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Movement in carrying amounts (continued)

(g) Analysis of assets for insurance acquisition cash flows not measured under the premium allocation approach

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Opening balance	246,897	234,301	17,494	12,822
Assets recognized for insurance acquisition cash flows paid during the period	30,001	34,654	5,733	5,663
Allocation to groups of insurance contracts	(23,346)	(22,058)	(833)	(991)
Net closing balance	253,552	246,897	22,394	17,494
Closing assets	93,350	87,181	-	-
Closing liabilities	160,202	159,716	22,394	17,494
Net closing balance	253,552	246,897	22,394	17,494

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.

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
<u>Assets for insurance acquisition cash flow</u>				
Five year or less	86,788	82,816	9,998	7,699
After five years through ten years	57,045	54,641	6,053	4,708
After ten years	109,719	109,440	6,343	5,087
Total	253,552	246,897	22,394	17,494

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

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.

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
<u>Insurance contracts</u>				
Five year or less	5,145,566	5,122,745	4,361,731	4,405,556
After five years through ten years	2,878,782	2,893,471	2,484,974	2,530,734
After ten years	3,312,403	3,355,078	2,955,696	3,014,029
Total	11,336,751	11,371,294	9,802,401	9,950,319
<u>Reinsurance contracts</u>				
Five year or less	4,204	314,336	44,862	331,891
After five years through ten years	(59,651)	(227,773)	(20,746)	(194,835)
After ten years	(374,347)	(602,991)	(252,418)	(491,862)
Total	(429,794)	(516,428)	(228,302)	(354,806)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 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 financial year.

Insurance contracts

Group	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Year ended 31 December 2025			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,839,970	42,853	1,882,823
Claims payable and other expenses	7,001,348	95,547	7,096,895
Total estimates of present value of future cash outflows	8,841,318	138,400	8,979,718
Estimates of present value of future cash inflows	(11,053,950)	(119,674)	(11,173,624)
Risk adjustment for non-financial risk	143,072	3,377	146,449
Contractual service margin	2,069,560	-	2,069,560
Losses recognised on initial recognition	-	22,103	22,103
Year ended 31 December 2024			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,991,462	25,264	2,016,726
Claims payable and other expenses	7,548,032	70,631	7,618,663
Total estimates of present value of future cash outflows	9,539,494	95,895	9,635,389
Estimates of present value of future cash inflows	(11,836,355)	(83,591)	(11,919,946)
Risk adjustment for non-financial risk	141,930	1,770	143,700
Contractual service margin	2,154,931	-	2,154,931
Losses recognised on initial recognition	-	14,074	14,074

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Effect of contracts initially recognised in the year (continued)

Insurance contracts (continued)

Company	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Year ended 31 December 2025			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,449,022	17,591	1,466,613
Claims payable and other expenses	5,913,748	79,695	5,993,443
Total estimates of present value of future cash outflows	7,362,770	97,286	7,460,056
Estimates of present value of future cash inflows	(9,148,737)	(85,408)	(9,234,145)
Risk adjustment for non-financial risk	124,129	1,564	125,693
Contractual service margin	1,661,838	-	1,661,838
Losses recognised on initial recognition	-	13,442	13,442
Year ended 31 December 2024			
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	1,618,214	10,646	1,628,860
Claims payable and other expenses	6,426,268	54,843	6,481,111
Total estimates of present value of future cash outflows	8,044,482	65,489	8,109,971
Estimates of present value of future cash inflows	(9,904,347)	(54,764)	(9,959,111)
Risk adjustment for non-financial risk	120,850	916	121,766
Contractual service margin	1,739,015	-	1,739,015
Losses recognised on initial recognition	-	11,641	11,641

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 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 right and obligations that existing 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 the Group based on recent historical experience, and 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Methodology and assumptions (continued)

Morbidity

Assumptions have been developed by the Group based on recent historical experience, and 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 the Group based on recent historical experience, and best estimate expectations of 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.

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.

Expenses 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Fulfilment cash flows (Continued)

Methodology and assumptions (continued)

Reinsurance

Reinsurance assumptions have been developed by the Group 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 the Group reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and the Group's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

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

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

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

The Group adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates 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 characteristic of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contract (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 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 characteristic 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.

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19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

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

As at 31 December 2025										
	<u>1 year</u>		<u>5 years</u>		<u>10 years</u>		<u>15 years</u>		<u>20 years</u>	
	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
Spot rates	2.85%	3.48%	3.31%	3.66%	3.56%	3.84%	3.87%	4.19%	4.03%	4.46%
As at 31 December 2024										
	<u>1 year</u>		<u>5 years</u>		<u>10 years</u>		<u>15 years</u>		<u>20 years</u>	
	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
Spot rates	3.28%	3.71%	3.66%	3.97%	3.86%	4.10%	4.03%	4.31%	4.11%	4.49%

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

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts, 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 75th percentile (the target confidence level) over the expected present value of the future cash flows.

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19 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

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.

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	1,981,561	1,464,990	1,735,700	1,272,450
Financial investments and policy loans	47,162,414	45,965,071	43,056,332	42,278,399
Property held for own use and investment property	559,377	552,238	559,377	552,238
Investment in subsidiaries and associate	-	2,695	-	2,695
Other assets	803,010	896,905	585,554	599,767
Less: Dividend payable to policyholders and other liabilities	(9,113,405)	(8,885,832)	(8,669,632)	(8,433,442)
Total	41,392,957	39,996,067	37,267,331	36,272,107

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20 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets/liabilities shown in the statements of financial position are determined after appropriate offsetting.

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	2,700,532	2,473,159	2,426,808	2,199,535
Deferred tax assets	(2,527)	(1,639)	-	-
	<u>2,698,005</u>	<u>2,471,520</u>	<u>2,426,808</u>	<u>2,199,535</u>
Current	162,985	171,894	157,203	164,391
Non-current	2,535,020	2,299,626	2,269,605	2,035,144
	<u>2,698,005</u>	<u>2,471,520</u>	<u>2,426,808</u>	<u>2,199,535</u>
At 1 January	2,471,520	1,950,605	2,199,535	1,715,542
Recognised in:				
Income statements (Note 6)	198,827	532,552	201,669	495,106
Other comprehensive loss	27,658	(11,637)	25,604	(11,113)
At 31 December	<u>2,698,005</u>	<u>2,471,520</u>	<u>2,426,808</u>	<u>2,199,535</u>

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20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

<u>Group</u>	<u>Fair value of properties</u> RM'000	<u>Insurance contract liabilities</u> RM'000	<u>Revaluation of investments</u> RM'000	<u>Accelerated depreciation</u> RM'000	<u>Total</u> RM'000
At 31 December 2025					
Deferred tax liabilities at 1 January 2025	680	1,978,449	475,885	18,145	2,473,159
Recognised in:					
Income statement	-	205,967	(9,421)	3,169	199,715
Other comprehensive income	36,346	(6,675)	(2,013)	-	27,658
Disposal of property- revaluation	(3,051)	3,051	-	-	-
Deferred tax liabilities at 31 December 2025 (before offsetting)	33,975	2,180,792	464,451	21,314	2,700,532
Offsetting					(2,527)
Deferred tax liabilities at 31 December 2025 (after offsetting)					<u>2,698,005</u>
		<u>Unutilised capital allowance and tax losses</u> RM'000	<u>Revaluation of investments</u> RM'000	<u>Unrealised amortisation</u> RM'000	<u>Total</u> RM'000
Deferred tax assets at 1 January 2025		(2,942)	4,289	(2,986)	(1,639)
Recognised in:					
Income statement		2,778	(6,652)	2,986	(888)
Deferred tax assets at 31 December 2025 (before offsetting)		(164)	(2,363)	-	(2,527)
Offsetting					2,527
Deferred tax assets at 31 December 2025 (after offsetting)					<u>-</u>

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20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

<u>Group</u>	Fair value of properties RM'000	Insurance contract liabilities RM'000	Revaluation of investments RM'000	Accelerated depreciation RM'000	Total RM'000
At 31 December 2024					
Deferred tax liabilities at 1 January 2024	(1,183)	1,748,570	194,241	10,643	1,952,271
Recognised in:					
Income statement	-	250,592	274,431	7,502	532,525
Other comprehensive income	1,863	(20,713)	7,213	-	(11,637)
Deferred tax liabilities at 31 December 2024 (before offsetting)	680	1,978,449	475,885	18,145	2,473,159
Offsetting					(1,639)
Deferred tax liabilities at 31 December 2024 (after offsetting)					<u>2,471,520</u>
		Unutilised capital allowance and tax losses RM'000	Revaluation of investments RM'000	Unrealised amortisation RM'000	Total RM'000
Deferred tax assets at 1 January 2024		-	(317)	(1,349)	(1,666)
Recognised in:					
Income statement		(2,942)	4,606	(1,637)	27
Deferred tax assets at 31 December 2024 (before offsetting)		(2,942)	4,289	(2,986)	(1,639)
Offsetting					1,639
Deferred tax assets at 31 December 2024 (after offsetting)					<u>-</u>

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20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

<u>Company</u>	<u>Fair value of poperties</u> RM'000	<u>Insurance Contract liabilities</u> RM'000	<u>Revaluation of investments</u> RM'000	<u>Accelerated depreciation</u> RM'000	<u>Total</u> RM'000
<u>At 31 December 2025</u>					
Deferred tax liabilities at 1 January 2025	680	1,760,463	434,891	16,481	2,212,515
Recognised in:					
Income statement	-	177,498	17,544	2,830	197,872
Other comprehensive income	36,346	(6,264)	(4,478)	-	25,604
Disposal of property - revaluation	(3,051)	3,051	-	-	-
Deferred tax liabilities at 31 December 2025 (before offsetting)	33,975	1,934,748	447,957	19,311	2,435,991
Offsetting					(9,183)
Deferred tax liabilities at 31 December 2025 (after offsetting)					<u>2,426,808</u>
				<u>Unrealised amortisation</u> RM'000	<u>Total</u> RM'000
Deferred tax assets at 1 January 2025				(12,980)	(12,980)
Recognised in:					
Income statement				3,797	3,797
Other comprehensive income				-	-
Deferred tax assets at 31 December 2025 (before offsetting)				(9,183)	(9,183)
Offsetting					9,183
Deferred tax assets at 31 December 2025 (after offsetting)					<u>-</u>

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20 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

<u>Company</u>	Fair value of properties RM'000	Insurance contract liabilities RM'000	Revaluation of investments RM'000	Accelerated depreciation RM'000	Total RM'000
At 31 December 2024					
Deferred tax liabilities at 1 January 2024	(1,183)	1,553,218	165,390	10,046	1,727,471
Recognised in:					
Income statement	-	227,867	261,855	6,435	496,157
Other comprehensive income	1,863	(20,622)	7,646	-	(11,113)
Deferred tax liabilities at 31 December 2024 (before offsetting)	680	1,760,463	434,891	16,481	2,212,515
Offsetting					(12,980)
Deferred tax liabilities at 31 December 2024 (after offsetting)					<u>2,199,535</u>
				Unrealised amortisation RM'000	Total RM'000
Deferred tax assets at 1 January 2024				(11,929)	(11,929)
Recognised in:					
Income statement				(1,051)	(1,051)
Other comprehensive income					
Deferred tax assets at 31 December 2024 (before offsetting)				(12,980)	(12,980)
Offsetting					12,980
Deferred tax assets at 31 December 2024 (after offsetting)					<u>-</u>

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21 DERIVATIVE FINANCIAL INSTRUMENTS

Group and Company	Notional amount RM'000	Fair value		
		Assets RM'000	Liabilities RM'000	Net RM'000
At 31 December 2025				
Foreign exchange contracts:				
Cross-currency swaps	108,608	13,368	-	13,368
Foreign exchange forwards	2,225,288	12,408	(1,060)	11,348
Total	2,333,896	25,776	(1,060)	24,716
At 31 December 2024				
Foreign exchange contracts:				
Cross-currency swaps	556,607	34,223	(960)	33,263
Foreign exchange forwards	1,633,720	3,714	(2,281)	1,433
Total	2,190,327	37,937	(3,241)	34,696

The column "notional amount" in the above table represents the pay leg of derivative transactions. The derivatives in the table above are over-the-counter ("OTC") derivatives which consists of cross currency swaps. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

Derivative assets and derivative liabilities are recognized at fair value through profit or loss. The Group's derivative contracts are established to economic hedge 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 statement of financial position as they do not represent the fair value of these transactions. The notional amounts in the table above 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 forward contracts represent agreements to exchange one currency for another currency at an agreed price and settlement date.

Currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gains and losses on these 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.

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25 CAPITAL COMMITMENTS

	Group and Company	
	31.12.2025	31.12.2024
	RM'000	RM'000
Capital expenditure		
<u>Approved and contracted for:</u>		
Property, plant and equipment	13,789	4,906
Investment properties	5,879	4,189
Intangible assets	18,202	15,608
Investments	61,826	69,574
	<u>99,696</u>	<u>94,277</u>
<u>Approved but not contracted for:</u>		
Property, plant and equipment	140	6,715
Investment properties	-	-
Intangible assets	7,797	41,617
	<u>7,937</u>	<u>48,332</u>
Total	<u>107,633</u>	<u>142,609</u>

26 OPERATING LEASE ARRANGEMENTS

(a) The Company as lessee

The Company has entered into operating lease agreements for the use of buildings, computers and printers.

The Company has recognised right-of-use assets for these lease, except for short term lease and lease of low value assets. The related information are disclosed in Note 3 and Note 5.

(b) The Company as lessor

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	13,712	14,835	15,842	21,158
Later than 1 year and not later than 6 years	9,882	12,757	9,882	14,978
	<u>23,594</u>	<u>27,592</u>	<u>25,724</u>	<u>36,136</u>

Rental income recognised in the income statements during the financial year are disclosed in Note 4 to the financial statements.

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27 RISK MANAGEMENT

Risk Management Framework

The Group recognises the importance of sound risk management in every aspect of the Group's business and for all stakeholders. The Group's Risk Management Framework ("RMF") does not seek to eliminate all risk but rather to identify, understand and manage them within acceptable limits in order to support the creation of long-term value.

The Group's RMF is built around developing an appropriate and mindful risk culture at every level of the organisation in support of our strategic objectives. The RMF provides the business with appropriate tools, processes and capabilities for the identification, assessment and, where required, upward referral of identified material risks for further evaluation.

Capital Management Framework

The Company and its insurance/takaful subsidiaries actively manage its capital adequacy by taking into account the potential impact of business strategies on the Company's risk profile and overall resilience. This is in line with BNM Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for Insurers/Takaful Operators and the Risk-Based Capital Framework for Insurers/Takaful Operators ("RBC Framework").

Under the RBC Framework, the Company and its insurance/takaful subsidiaries have to maintain a capital adequacy level that is commensurate with its risk profiles at all times. The Capital Adequacy Ratio of the Company and its insurance/takaful subsidiaries remained well above the minimum capital requirement of 130% under the RBC Framework, regulated by BNM.

The ICAAP is the overall process (including oversight and operational frameworks and processes) by which the Company and its insurance/takaful subsidiaries ensure adequate capital to meet their capital requirements on an ongoing basis. The key elements of ICAAP includes Board and senior management oversight; comprehensive risk assessment; Individual Target Capital Level ("ITCL") and stress testing; sound capital management and ongoing monitoring, reporting and review of the ICAAP.

A Capital Management Plan has been established which lists the thresholds that act as triggers for actions to ensure maintenance of appropriate capital levels at all times as well as the corresponding corrective actions that are required for different scenarios and at each specified thresholds. Results of stress tests shall be considered when evaluating the appropriateness of capital thresholds and corrective actions with consideration of the particular stage of the business cycle in which the Company and its insurance/takaful subsidiaries are operating, given the potential changes in its operating environment that could affect the risk profile.

The Company and its insurance/takaful subsidiaries set an ITCL that reflects the overall risk tolerance and risk appetite set by the Board, its own risk profile and risk management practices. The Company and its insurance/takaful subsidiaries shall operate at capital levels above ITCL at all times. The ITCL provides a robust threshold in the management of capital adequacy, where a breach of this level would trigger timely responses by management to restore capital to the ITCL and heighten the Board's scrutiny based on the Capital Management Plan.

The planning and assessment of capital and ITCL will be formally conducted by senior management at least annually or as and when the need arises. The result will be reported to the Board and/or the Board's RMC.

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27 RISK MANAGEMENT (CONTINUED)

Capital Management Framework (continued)

The Group has complied with the capital requirements prescribed by the respective regulators during the reported financial year.

Governance and Regulatory Framework

The Group's risk governance framework is built on the "Three Lines of Defence" model. With regard to risk management, the objective is to ensure that an appropriate framework is in place, including an independent system of checks and balances to provide assurance that risks are identified, assessed, managed and governed properly. The framework clearly defines roles and responsibilities for the management of risks between the executive management ("First Line"), Risk and Compliance ("Second Line") and Internal Audit ("Third Line") functions. Whilst each line of defence is independent from the others, they work closely to ensure effective oversight.

The Group is required to comply with the requirements of the Financial Services Act 2013, relevant laws and guidelines including those from BNM, Securities Commission, Life Insurance Association of Malaysia ("LIAM"), Persatuan Insurans Am Malaysia ("PIAM") and Malaysian Takaful Association ("MTA").

28 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 assumption regarding future experience for these risks.

Persistency (Lapse)

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.

Expense

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

28 INSURANCE RISK (CONTINUED)

Morbidity and Mortality

Morbidity and mortality risks are the risks that the incidence and/or amount 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 conducts 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 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 insurance benefit type to the amount of insurance coverage per insured. The exposure in excess of these limits is ceded to reinsurers / retakaful operators.

Sensitivity analysis on insurance risk

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

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

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28 INSURANCE RISK (CONTINUED)

Sensitivity analysis on insurance risk (continued)

Sensitivity analysis before risk mitigation by reinsurance

	Group		
	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on Contractual Service Margin
	RM'000	RM'000	RM'000
31 December 2025			
10% increase in attributable expenses	(26,994)	(30,997)	(286,887)
10% decrease in attributable expenses	26,930	30,933	286,098
10% increase in mortality/morbidity rates	(413,391)	(459,908)	(3,819,687)
10% decrease in mortality/morbidity rates	355,165	402,424	3,916,841
10% increase in lapse/discontinuance rates	(42,671)	(49,557)	(646,831)
10% decrease in lapse/discontinuance rates	45,100	53,134	689,648
31 December 2024			
10% increase in attributable expenses	(23,856)	(26,529)	(279,601)
10% decrease in attributable expenses	30,139	32,429	273,054
10% increase in mortality/morbidity rates	(408,405)	(412,418)	(3,773,321)
10% decrease in mortality/morbidity rates	339,908	362,039	3,856,741
10% increase in lapse/discontinuance rates	(40,262)	(41,366)	(637,320)
10% decrease in lapse/discontinuance rates	48,839	50,034	678,283
	Company		
	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on Contractual Service Margin
	RM'000	RM'000	RM'000
31 December 2025			
10% increase in attributable expenses	(24,698)	(28,701)	(261,268)
10% decrease in attributable expenses	24,634	28,637	260,479
10% increase in mortality/morbidity rates	(391,427)	(437,941)	(3,620,768)
10% decrease in mortality/morbidity rates	335,367	382,622	3,704,071
10% increase in lapse/discontinuance rates	(42,247)	(49,133)	(589,729)
10% decrease in lapse/discontinuance rates	44,688	52,722	628,460
31 December 2024			
10% increase in attributable expenses	(21,961)	(24,634)	(257,953)
10% decrease in attributable expenses	28,248	30,540	251,406
10% increase in mortality/morbidity rates	(383,907)	(387,915)	(3,472,559)
10% decrease in mortality/morbidity rates	315,532	337,671	3,554,471
10% increase in lapse/discontinuance rates	(39,644)	(40,747)	(586,887)
10% decrease in lapse/discontinuance rates	47,501	48,697	624,379

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28 INSURANCE RISK (CONTINUED)

Sensitivity analysis on insurance risk (continued)

Sensitivity analysis after risk mitigation by reinsurance

	Group		
	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on Contractual Service Margin
	RM'000	RM'000	RM'000
31 December 2025			
10% increase in attributable expenses	(26,994)	(30,997)	(286,887)
10% decrease in attributable expenses	26,930	30,933	286,098
10% increase in mortality/morbidity rates	(413,391)	(459,908)	(3,819,687)
10% decrease in mortality/morbidity rates	355,165	402,424	3,916,841
10% increase in lapse/discontinuance rates	(42,671)	(49,557)	(646,831)
10% decrease in lapse/discontinuance rates	45,100	53,134	689,648
31 December 2024			
10% increase in attributable expenses	(23,856)	(26,529)	(279,601)
10% decrease in attributable expenses	30,139	32,429	273,054
10% increase in mortality/morbidity rates	(408,405)	(412,418)	(3,773,321)
10% decrease in mortality/morbidity rates	339,908	362,039	3,856,741
10% increase in lapse/discontinuance rates	(40,262)	(41,366)	(637,320)
10% decrease in lapse/discontinuance rates	48,839	50,034	678,283
	Company		
	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on Contractual Service Margin
	RM'000	RM'000	RM'000
31 December 2025			
10% increase in attributable expenses	(24,698)	(28,701)	(261,268)
10% decrease in attributable expenses	24,634	28,637	260,479
10% increase in mortality/morbidity rates	(391,427)	(437,941)	(3,620,768)
10% decrease in mortality/morbidity rates	335,367	382,622	3,704,071
10% increase in lapse/discontinuance rates	(42,247)	(49,133)	(589,729)
10% decrease in lapse/discontinuance rates	44,688	52,722	628,460
31 December 2024			
10% increase in attributable expenses	(21,961)	(24,634)	(257,953)
10% decrease in attributable expenses	28,248	30,540	251,406
10% increase in mortality/morbidity rates	(383,907)	(387,915)	(3,472,559)
10% decrease in mortality/morbidity rates	315,532	337,671	3,554,471
10% increase in lapse/discontinuance rates	(39,644)	(40,747)	(586,887)
10% decrease in lapse/discontinuance rates	47,501	48,697	624,379

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29 FINANCIAL RISKS

Financial risk relates to the potential loss arising from adverse movements in financial markets, deterioration in the financial condition of counterparties, changes in market liquidity that affect the ability to buy and sell investments as well as changes in tax legislations and regulations. It includes the risk of adverse market movements resulting in reduction in assets value and/or increase in liabilities value. The balance sheet's sensitivity to factors, such as foreign exchange and interest rates fluctuations, as well as the ability to meet financial commitments as they fall due.

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 the unit-linked policyholders/ participants, 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.

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, operational and treasury activities.

Fundamental to AIA's credit risk management is adherence to a well-controlled underwriting process especially for its significant credit risk exposure. Credit risk limits are applied to control concentrations in individual exposures, sector and cross-border investments. A detailed analysis of each key counterparties is performed and a rating determined by the investment team according to an internal rating framework. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

The Group monitors concentrations of credit arising from investment in debt securities by type, nature and rating.

The table below presents the credit quality of reinsurance contract assets and financial assets. It shows the credit risk exposure of the Group and the Company, classified according to credit ratings assigned by Rating Agency of Malaysia, Malaysian Rating Corporation Berhad and other equivalent rating agencies. AAA is the highest possible credit rating.

Reinsurance contract assets

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
AA	9,786	10,685	-	-
A	90,333	119,956	-	30,639
BBB	25,359	24,662	-	-
Not rated	7,385	(2,360)	-	97
Total	<u>132,863</u>	<u>152,943</u>	<u>-</u>	<u>30,736</u>

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29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through profit or loss

Group

	Policyholder and shareholder	Unit-linked	Consolidated Investment funds	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2025				
Government bonds				
Not rated	9,401,321	1,380,153	907,082	11,688,556
Subtotal	<u>9,401,321</u>	<u>1,380,153</u>	<u>907,082</u>	<u>11,688,556</u>
Corporate bonds				
AAA	7,030,843	1,780,114	-	8,810,957
AA	2,242,548	1,416,560	-	3,659,108
A	545,071	412,891	-	957,962
BBB	115,815	14,166	-	129,981
Not rated	5,614,879	349,284	98,505	6,062,668
Subtotal	<u>15,549,156</u>	<u>3,973,015</u>	<u>98,505</u>	<u>19,620,676</u>
Total	<u>24,950,477</u>	<u>5,353,168</u>	<u>1,005,587</u>	<u>31,309,232</u>
31 December 2024				
Government bonds				
Not rated	8,898,689	1,370,566	844,931	11,114,186
Subtotal	<u>8,898,689</u>	<u>1,370,566</u>	<u>844,931</u>	<u>11,114,186</u>
Corporate bonds				
AAA	6,270,701	1,239,224	-	7,509,925
AA	1,996,168	1,067,514	-	3,063,682
A	439,730	362,597	-	802,327
BBB	49,783	25,459	-	75,242
Not rated	6,828,265	294,228	30,079	7,152,572
Subtotal	<u>15,584,647</u>	<u>2,989,022</u>	<u>30,079</u>	<u>18,603,748</u>
Total	<u>24,483,336</u>	<u>4,359,588</u>	<u>875,010</u>	<u>29,717,934</u>

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29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through profit or loss (continued)

Company

	<u>Policyholder and shareholder</u>	<u>Unit-linked</u>	<u>Total</u>
	RM'000	RM'000	RM'000
31 December 2025			
Government bonds			
Not rated	8,730,124	1,324,716	10,054,840
Subtotal	<u>8,730,124</u>	<u>1,324,716</u>	<u>10,054,840</u>
Corporate bonds			
AAA	6,022,658	1,652,724	7,675,382
AA	1,910,813	1,361,733	3,272,546
A	520,188	366,555	886,743
BBB	115,815	14,166	129,981
Not rated	5,208,031	338,559	5,546,590
Subtotal	<u>13,777,505</u>	<u>3,733,737</u>	<u>17,511,242</u>
Total	<u>22,507,629</u>	<u>5,058,453</u>	<u>27,566,082</u>
31 December 2024			
Government bonds			
Not rated	8,382,239	1,302,921	9,685,160
Subtotal	<u>8,382,239</u>	<u>1,302,921</u>	<u>9,685,160</u>
Corporate bonds			
AAA	5,363,671	1,139,333	6,503,004
AA	1,735,232	1,018,080	2,753,312
A	439,730	330,847	770,577
BBB	49,783	25,459	75,242
Not rated	6,356,094	268,486	6,624,580
Subtotal	<u>13,944,510</u>	<u>2,782,205</u>	<u>16,726,715</u>
Total	<u>22,326,749</u>	<u>4,085,126</u>	<u>26,411,875</u>

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29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at fair value through other comprehensive income

Group

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	RM'000	RM'000	RM'000	RM'000
<u>31 December 2025</u>				
Debt securities				
AAA	3,043,747	-	-	3,043,747
AA	1,187,984	-	-	1,187,984
A	165,251	-	-	165,251
BBB	71,327	-	-	71,327
Non rated	7,002,329	-	-	7,002,329
Carrying amount – fair value	<u>11,470,638</u>	<u>-</u>	<u>-</u>	<u>11,470,638</u>

31 December 2024

Debt securities				
AAA	2,629,686	-	-	2,629,686
AA	835,472	-	-	835,472
A	133,907	-	-	133,907
BBB	74,252	-	-	74,252
Non rated	6,465,700	20,019	-	6,485,719
Carrying amount – fair value	<u>10,139,017</u>	<u>20,019</u>	<u>-</u>	<u>10,159,036</u>

Company

31 December 2025

Debt securities				
AAA	2,609,976	-	-	2,609,976
AA	887,391	-	-	887,391
A	132,089	-	-	132,089
BBB	71,327	-	-	71,327
Non rated	6,638,764	-	-	6,638,764
Carrying amount – fair value	<u>10,339,547</u>	<u>-</u>	<u>-</u>	<u>10,339,547</u>

31 December 2024

Debt securities				
AAA	2,246,560	-	-	2,246,560
AA	584,521	-	-	584,521
A	115,755	-	-	115,755
BBB	74,252	-	-	74,252
Non rated	6,191,407	20,019	-	6,211,426
Carrying amount – fair value	<u>9,212,495</u>	<u>20,019</u>	<u>-</u>	<u>9,232,514</u>

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29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

Financial assets measured at amortised cost

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
<u>31 December 2025</u>				
Loans and deposits				
Not rated	2,035,845	85,109	44,756	2,165,710
Total gross carrying amount	2,035,845	85,109	44,756	2,165,710
Loss allowance	(745)	(2,170)	(18,464)	(21,379)
Amortised cost	<u>2,035,100</u>	<u>82,939</u>	<u>26,292</u>	<u>2,144,331</u>
<u>31 December 2024</u>				
Loans and deposits				
Not rated	2,002,715	80,415	34,544	2,117,674
Total gross carrying amount	2,002,715	80,415	34,544	2,117,674
Loss allowance	(360)	(1,201)	(19,724)	(21,285)
Amortised cost	<u>2,002,355</u>	<u>79,214</u>	<u>14,820</u>	<u>2,096,389</u>
<u>Company</u>				
<u>31 December 2025</u>				
Loans and deposits				
Not rated	1,965,307	85,109	44,628	2,095,044
Total gross carrying amount	1,965,307	85,109	44,628	2,095,044
Loss allowance	(709)	(2,170)	(18,336)	(21,215)
Amortised cost	<u>1,964,598</u>	<u>82,939</u>	<u>26,292</u>	<u>2,073,829</u>
<u>31 December 2024</u>				
Loans and deposits				
Not rated	1,945,822	80,415	33,293	2,059,530
Total gross carrying amount	1,945,822	80,415	33,293	2,059,530
Loss allowance	(359)	(1,201)	(19,596)	(21,156)
Amortised cost	<u>1,945,463</u>	<u>79,214</u>	<u>13,697</u>	<u>2,038,374</u>

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, majority of which is arising from the financial assets rated as investment grade and deposits with reputable financial institutions.

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29 FINANCIAL RISKS (CONTINUED)

Credit risk (continued)

The financial assets are classified according to the credit rating assigned by rating agencies approved by BNM.

The financial assets comprise Malaysian Government Securities and certain corporate debt securities that are not rated as these investments are issued by the government or guaranteed by government which were exempted from the need of getting rating from rating agencies. Other unrated financial assets comprise fixed and call deposits with licensed bank, as well as loans and receivables as the issuer did not obtain any credit rating from the respective rating agencies. Such financial assets although not rated are issued by companies with sound financial standing and high creditworthiness. The Group actively monitors the creditworthiness of issuers and tracks any downgrade news related to investments within the debt portfolio.

Liquidity risk

Liquidity risk is defined 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 and other liabilities.

Liquidity risk is managed in accordance with the Group's 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. 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 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 liquidity profile of the Group and the Company.

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29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Contractual maturities of financial liabilities

<u>Group</u>	<u>Carrying Value</u>	<u>Total</u>	<u>Due in one year or less</u>	<u>Due after one year through five years</u>	<u>Due after five years through ten years</u>	<u>Due after ten years</u>	<u>No fixed maturity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2025							
Other liabilities excluding lease liabilities	713,385	713,385	713,385	-	-	-	-
Lease liabilities	83,501	91,056	25,601	53,057	11,808	590	-
Derivative financial instruments	1,060	1,060	1,060	-	-	-	-
Total	797,946	805,501	740,046	53,057	11,808	590	-
At 31 December 2024							
Other liabilities excluding lease liabilities	727,426	727,426	727,426	-	-	-	-
Lease liabilities	94,089	105,768	23,570	68,571	10,895	2,732	-
Derivative financial instruments	3,241	3,241	2,281	960	-	-	-
Total	824,756	836,435	753,277	69,531	10,895	2,732	-

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29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Contractual maturities of financial liabilities (continued)

<u>Company</u>	<u>Carrying Value</u>	<u>Total</u>	<u>Due in one year or less</u>	<u>Due after one year through five years</u>	<u>Due after five years through ten years</u>	<u>Due after ten years</u>	<u>No fixed maturity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2025							
Other liabilities excluding lease liabilities	545,022	545,022	545,022	-	-	-	-
Lease liabilities	83,501	91,056	25,601	53,057	11,808	590	-
Derivative financial instruments	1,060	1,060	1,060	-	-	-	-
Total	629,583	637,138	571,683	53,057	11,808	590	-
At 31 December 2024							
Other liabilities excluding lease liabilities	582,280	582,280	582,280	-	-	-	-
Lease liabilities	94,089	105,768	23,570	68,571	10,895	2,732	-
Derivative financial instruments	3,241	3,241	2,281	960	-	-	-
Total	679,610	691,289	608,131	69,531	10,895	2,732	-

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29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity analysis of insurance and reinsurance contract liabilities

<u>Group</u>	Total RM'000	Due in one year or less RM'000	Due after one year through two years RM'000	Due after two years through three years RM'000	Due after three years through four years RM'000	Due after four years through five years RM'000	Due after five years RM'000
At 31 December 2025							
Insurance contract liabilities	48,059,137	4,148,786	1,273,826	1,486,863	1,810,926	2,173,985	37,164,751
Reinsurance contract liabilities	67,913	32,063	1,227	1,407	1,637	1,899	29,680
At 31 December 2024							
Insurance contract liabilities	45,452,922	3,616,144	984,858	1,278,374	1,592,510	1,922,564	36,058,472
Reinsurance contract liabilities	-	-	-	-	-	-	-
Company							
At 31 December 2025							
Insurance contract liabilities	45,444,023	3,605,476	1,366,328	1,531,844	1,816,298	2,145,557	34,978,520
Reinsurance contract liabilities	67,848	32,058	1,222	1,403	1,633	1,895	29,637
At 31 December 2024							
Insurance contract liabilities	43,095,559	3,106,183	1,094,038	1,334,510	1,606,832	1,897,476	34,056,520
Reinsurance contract liabilities	-	-	-	-	-	-	-

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29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity profile of debt securities, loans and deposits

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

Group	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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2025						
Debt securities	37,426,702	2,554,612	8,015,648	10,609,226	16,247,216	-
Loans and deposits	2,144,331	192,604	453,364	484,825	990,816	22,722
Total	39,571,033	2,747,216	8,469,012	11,094,051	17,238,032	22,722
At 31 December 2024						
Debt securities	35,517,382	837,590	7,627,410	9,977,130	17,075,252	-
Loans and deposits	2,096,389	179,844	452,482	478,907	967,053	18,103
Total	37,613,771	1,017,434	8,079,892	10,456,037	18,042,305	18,103

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29 FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

Maturity profile of debt securities, loans and deposits (continued)

<u>Company</u>	<u>Total</u>	<u>Due in one year or less</u>	<u>Due after one year through five years</u>	<u>Due after five years through ten years</u>	<u>Due after ten years</u>	<u>No fixed maturity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2025						
Debt securities	32,847,176	2,202,674	6,507,498	9,436,482	14,700,522	-
Loans and deposits	2,073,829	122,227	453,364	484,822	990,694	22,722
Total	34,921,005	2,324,901	6,960,862	9,921,304	15,691,216	22,722
At 31 December 2024						
Debt securities	31,559,263	709,823	6,071,350	8,944,831	15,833,259	-
Loans and deposits	2,038,374	122,994	451,841	478,582	966,854	18,103
Total	33,597,637	832,817	6,523,191	9,423,413	16,800,113	18,103

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29 FINANCIAL RISKS (CONTINUED)

Interest rate risk

Interest rate risk is the risk arising from the impact of interest rate movements on the value of future asset and liability cash flows.

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 its insurance contract liabilities, an uncertainty arises around the reinvestment of maturing assets to match the Group's insurance contract liabilities.

The Group manages its interest rate risk by investing in financial instruments with tenors that match the duration of its liabilities as much as practicable and appropriate. The Group also considers the effect of interest rate risk in its overall product strategy. Certain products such as investment-linked, universal life and participating business, inherently carry lower interest rate risk due to their design flexibility as to crediting interest rates and policyholder dividend scales. For new products, the Group emphasises flexibility in product design and generally avoids excessive long-term interest rate guarantees. For in-force policies, bonus payout and crediting interest rates applicable to policyholders' account balances are regularly reviewed and adjusted by considering, amongst others, the earned yields, policyholder' communications and reasonable expectations.

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.

Group	Variables interest rate	Fixed interest rate	Non-interest bearing	Total
At 31 December 2025	RM'000	RM'000	RM'000	RM'000
Financial investment				
Loans and deposits	125,298	2,019,033	-	2,144,331
Debt securities	459,840	42,320,030	-	42,779,870
Equity shares and interest in investment funds	-	-	26,672,258	26,672,258
Derivative Financial Instruments	-	-	25,776	25,776
Other receivables	-	-	249,334	249,334
Accrued investment income	-	-	466,250	466,250
Cash and cash equivalents	3,234,763	-	409,370	3,644,133
Financial assets	<u>3,819,901</u>	<u>44,339,063</u>	<u>27,822,988</u>	<u>75,981,952</u>
Derivative Financial Instruments	-	-	1,060	1,060
Other liabilities	-	-	713,385	713,385
Financial liabilities	<u>-</u>	<u>-</u>	<u>714,445</u>	<u>714,445</u>

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29 FINANCIAL RISKS (CONTINUED)

Interest rate risk (continued)

Exposure to interest rate risk (continued)

Group	Variables interest rate	Fixed interest rate	Non-interest bearing	Total
At 31 December 2024	RM'000	RM'000	RM'000	RM'000
Financial investment				
Loans and deposits	130,546	1,965,843	-	2,096,389
Debt securities	502,773	39,374,197	-	39,876,970
Equity shares and interest in investment funds	-	-	25,955,622	25,955,622
Derivative Financial Instruments	-	-	37,937	37,937
Other receivables	-	-	238,171	238,171
Accrued investment income	-	-	432,885	432,885
Cash and cash equivalents	2,420,696	-	560,947	2,981,643
Financial assets	<u>3,054,015</u>	<u>41,340,040</u>	<u>27,225,562</u>	<u>71,619,617</u>
Derivative Financial Instruments	-	-	3,241	3,241
Other liabilities	-	-	727,426	727,426
Financial liabilities	<u>-</u>	<u>-</u>	<u>730,667</u>	<u>730,667</u>

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29 FINANCIAL RISKS (CONTINUED)

Interest rate risk (continued)

Exposure to interest rate risk (continued)

<u>Company</u>	<u>Variables interest rate</u>	<u>Fixed interest rate</u>	<u>Non-interest bearing</u>	<u>Total</u>
At 31 December 2025	RM'000	RM'000	RM'000	RM'000
Financial investment				
Loans and deposits	122,226	1,951,603	-	2,073,829
Debt securities	397,480	37,508,151	-	37,905,631
Equity shares and interest in investment funds	-	-	25,695,246	25,695,246
Derivative Financial Instruments	-	-	25,776	25,776
Other receivables	-	-	213,788	213,788
Accrued investment income	-	-	416,987	416,987
Cash and cash equivalents	3,069,267	-	211,935	3,281,202
Financial assets	3,588,973	39,459,754	26,563,732	69,612,459
Derivative Financial Instruments	-	-	1,060	1,060
Other liabilities	-	-	545,022	545,022
Financial liabilities	-	-	546,082	546,082

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29 FINANCIAL RISKS (CONTINUED)

Interest rate risk (continued)

Exposure to interest rate risk (continued)

<u>Company</u>	<u>Variables interest rate</u>	<u>Fixed interest rate</u>	<u>Non- interest bearing</u>	<u>Total</u>
At 31 December 2024	RM'000	RM'000	RM'000	RM'000
Financial investment				
Loans and deposits	122,994	1,915,380	-	2,038,374
Debt securities	490,771	35,153,618	-	35,644,389
Equity shares and interest in				
investment funds	-	-	25,048,110	25,048,110
Derivative Financial Instruments	-	-	37,937	37,937
Other receivables	-	-	205,319	205,319
Accrued investment income	-	-	390,038	390,038
Cash and cash equivalents	2,269,527	-	328,454	2,597,981
Financial assets	<u>2,883,292</u>	<u>37,068,998</u>	<u>26,009,858</u>	<u>65,962,148</u>
Derivative Financial Instruments	-	-	3,241	3,241
Other liabilities	-	-	582,280	582,280
Financial liabilities	<u>-</u>	<u>-</u>	<u>585,521</u>	<u>585,521</u>

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29 FINANCIAL RISKS (CONTINUED)

Equity risk

Equity risk refers to the risk of adverse market movement in equity investments leading to a reduction in surplus, or current and future fee income share.

The Group manages equity risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regard also to such limits stipulated by BNM. The Group complies with BNM's stipulated limits during the financial year and has no significant concentration risk.

Sensitivity analysis

Sensitivity analysis to the key variables, namely interest rate and equity risk, 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.

Information is presented to illustrate the estimated impact on profits, total 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 as 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 results 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 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.

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29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on interest rate risk

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.

<u>Group</u>	<u>Impact on profit before tax</u> RM'000	<u>Impact on total equity (before the effects of taxation)</u> RM'000	<u>Impact on CSM</u> RM'000
At 31 December 2025			
<i>+ 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	813,842	959,875	(42,020)
Financial instruments	(747,635)	(1,365,728)	-
<i>- 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	(863,945)	(1,021,466)	43,593
Financial instruments	1,019,794	1,459,278	-
At 31 December 2024			
<i>+ 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	936,468	1,058,547	37,461
Financial instruments	(1,031,054)	(1,407,403)	-
<i>- 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	(998,632)	(1,131,860)	(59,392)
Financial instruments	1,107,597	1,511,658	-

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29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on interest rate risk (continued)

<u>Company</u>	<u>Impact on profit before tax RM'000</u>	<u>Impact on total equity (before the effects of taxation) RM'000</u>	<u>Impact on CSM RM'000</u>
At 31 December 2025			
<i>+ 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	812,616	956,187	(59,006)
Financial instruments	(839,954)	(1,224,187)	-
<i>- 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	(862,593)	(1,017,592)	62,325
Financial instruments	893,197	1,306,739	-
At 31 December 2024			
<i>+ 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	937,405	1,059,456	48,544
Financial instruments	(933,391)	(1,290,255)	-
<i>- 50 basis points shift in yield curves:</i>			
Insurance contracts and reinsurance contracts held	(999,428)	(1,132,626)	(68,902)
Financial instruments	1,002,167	1,385,968	-

Sensitivity analysis on equity risk

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

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29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on equity risk (continued)

<u>Group</u>	<u>Impact on profit before tax RM'000</u>	<u>Impact on total equity (before the effects of taxation) RM'000</u>	<u>Impact on CSM RM'000</u>
At 31 December 2025			
<i>10 per cent increase in equity prices:</i>			
Insurance contracts and reinsurance contracts held	(615,711)	(615,711)	58,585
Financial instruments	851,180	851,180	-
<i>10 per cent decrease in equity prices:</i>			
Insurance contracts and reinsurance contracts held	615,711	615,711	(58,585)
Financial instruments	(851,180)	(851,180)	-
At 31 December 2024			
<i>10 per cent increase in equity prices:</i>			
Insurance contracts and reinsurance contracts held	(635,363)	(635,066)	219,037
Financial instruments	965,395	965,395	-
<i>10 per cent decrease in equity prices:</i>			
Insurance contracts and reinsurance contracts held	640,388	639,714	(232,928)
Financial instruments	(965,395)	(965,395)	-

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29 FINANCIAL RISKS (CONTINUED)

Sensitivity analysis (continued)

Sensitivity analysis on equity risk (continued)

<u>Company</u>	<u>Impact on profit before tax</u> RM'000	<u>Impact on total equity (before the effects of taxation)</u> RM'000	<u>Impact on CSM</u> RM'000
At 31 December 2025			
<i>10 per cent increase in equity prices:</i>			
Insurance contracts and reinsurance contracts held	(615,711)	(615,711)	58,585
Financial instruments	824,206	824,206	-
<i>10 per cent decrease in equity prices:</i>			
Insurance contracts and reinsurance contracts held	615,711	615,711	(58,585)
Financial instruments	(824,206)	(824,206)	-
At 31 December 2024			
<i>10 per cent increase in equity prices:</i>			
Insurance contracts and reinsurance contracts held	(635,363)	(635,066)	219,037
Financial instruments	943,413	943,413	-
<i>10 per cent decrease in equity prices:</i>			
Insurance contracts and reinsurance contracts held	640,388	639,714	(232,928)
Financial instruments	(943,413)	(943,413)	-

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**NOTES TO THE FINANCIAL STATEMENTS
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29 FINANCIAL RISKS (CONTINUED)

Foreign Exchange risk

Foreign exchange risk is the risk arising from foreign exchange rate movements on the relative value of asset and liability cash flows. The Group's primary transactions are carried out in RM and its exposure to foreign exchange risk arises principally with respect to United State Dollar ("USD") and Hong Kong Dollar ("HKD"). The Group manages foreign exchange risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments. Cross-currency swaps and foreign exchange forward contracts are commonly used to hedge exposures that are subject to foreign exchange risks.

Foreign currency transactions 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.

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

Exposure to foreign exchange rates¹

Group	31 December 2025		31 December 2024	
	RM'000 HKD	RM'000 USD	RM'000 HKD	RM'000 USD
Financial Instruments				
Assets	171,184	2,971,705	196,629	2,718,204
Liabilities	-	23,316	-	20,356
Net positions of currency derivatives	740	23,976	381	34,315
Company	31 December 2025		31 December 2024	
	RM'000 HKD	RM'000 USD	RM'000 HKD	RM'000 USD
Financial Instruments				
Assets	171,184	2,917,731	196,629	2,688,232
Liabilities	-	20,184	-	17,397
Net positions of currency derivatives	740	23,976	381	34,315

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.

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29 FINANCIAL RISKS (CONTINUED)

Foreign Exchange risk (continued)

Sensitivity analysis on foreign exchange rate risk

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.

<u>Group</u>	<u>Impact on profit before tax</u> RM'000	<u>Impact on total equity (before the effects of taxation)</u> RM'000	<u>Impact on CSM</u> RM'000
At 31 December 2025			
<i>5% strengthening of USD</i>			
Insurance contracts and reinsurance contracts held	(102,817)	(102,817)	10,282
Financial instruments	144,923	144,923	-
<i>5% strengthening of HKD</i>			
Insurance contracts and reinsurance contracts held	(6,170)	(6,170)	617
Financial instruments	8,568	8,568	-
At 31 December 2024			
<i>5% strengthening of USD</i>			
Financial instruments	38,606	38,606	9,274
<i>5% strengthening of HKD</i>			
Financial instruments	2,879	2,879	697

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29 FINANCIAL RISKS (CONTINUED)

Foreign Exchange risk (continued)

Sensitivity analysis on foreign exchange rate risk (continued)

<u>Company</u>	<u>Impact on profit before tax RM'000</u>	<u>Impact on total equity (before the effects of taxation) RM'000</u>	<u>Impact on CSM RM'000</u>
At 31 December 2025			
<i>5% strengthening of USD</i>			
Insurance contracts and reinsurance contracts held	(102,817)	(102,817)	10,282
Financial instruments	144,923	144,923	-
<i>5% strengthening of HKD</i>			
Insurance contracts and reinsurance contracts held	(6,170)	(6,170)	617
Financial instruments	8,568	8,568	-
At 31 December 2024			
<i>5% strengthening of USD</i>			
Financial instruments	38,606	38,606	9,274
<i>5% strengthening of HKD</i>			
Financial instruments	2,879	2,879	697

30 NON FINANCIAL RISKS

Operational risk

Operational risk arises from internal processes, people, systems or external events which may result in a direct or indirect business impact. This includes potential legal or regulatory sanctions, financial loss, or loss of reputation the Group may suffer as a result of a failure (or perceived failure) to comply with applicable laws, regulations or industry standards.

The Group protects itself against financial losses by establishing controls for day-to-day management of the business' Operational and Compliance Risks as per the Internal Control Framework, which is set out in part of the Directors' Report.

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31 SHARE-BASED PAYMENT

During the financial year, the AIA Group made further grants of share options, restricted share units and restricted share purchase units to certain employees, Directors and Officers of the Group under the Share Option ("SO") Scheme, the Restricted Share Unit ("RSU") Scheme and Employee Share Purchase Plan ("ESPP").

(a) RSU Scheme

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.

Number of shares	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Outstanding in the beginning of the financial year	1,782,386	1,286,636	1,672,041	1,176,291
Granted	780,003	868,750	779,740	868,750
Vested	(225,106)	(124,914)	(225,106)	(124,914)
Transferred in	90,873	35,673	7,826	35,673
Transferred out	(537,769)	(38,251)	(537,769)	(38,251)
Forfeited or expired	(321,645)	(245,508)	(313,919)	(245,508)
Outstanding at the end of the financial year	<u>1,568,742</u>	<u>1,782,386</u>	<u>1,382,813</u>	<u>1,672,041</u>

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31 SHARE-BASED PAYMENT (CONTINUED)

(b) SO Scheme

The objectives of the SO Scheme are to align eligible participants' interests with those of the shareholders of AIA Group by allowing eligible participants to share in the value created at the point they exercise their 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 AIA Group. For SO grants are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period. The granted SOs expire ten 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 options outstanding and options exercisable by the Group's employees and Directors as at the end of the reporting period are as follows:

<u>Group and Company</u>	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>Number of share options</u>	<u>Weighted average exercise price (HK\$)</u>	<u>Number of share options</u>	<u>Weighted average exercise price (HK\$)</u>
Outstanding in the beginning of financial year	309,871	67.92	335,266	65.13
Granted	27,702	62.42	28,890	62.33
Exercise	<u>(337,573)</u>	<u>67.47</u>	<u>(54,285)</u>	<u>47.73</u>
Outstanding at the end of financial year	<u>-</u>	<u>-</u>	<u>309,871</u>	<u>67.92</u>

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31 SHARE-BASED PAYMENT (CONTINUED)

(b) SO Scheme (continued)

The range of exercise prices for the share options outstanding as of 31 December 2025 is summarised in the table below.

	31 December 2025		31 December 2024	
	Number of share options outstanding	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
Rang of exercise price				
HK\$46 – HK\$ 55	-	-	73,388	2.18
HK\$56 – HK\$ 65	-	-	28,890	9.21
HK\$66 – HK\$ 75	-	-	99,287	4.18
HK\$76 – HK\$ 85	-	-	89,388	5.93
HK\$86 – HK\$ 98	-	-	18,918	6.22
Outstanding at end of the financial year	-	-	309,871	4.81

(c) ESPP

Under ESPPs, eligible employees of the Group can purchase ordinary shares of AIA Group with qualified employees' contributions and the AIA Group will award one matching restricted stock purchase unit to them at the end of the vesting period for each two shares purchased through the qualified employees' contributions (contribution shares). Contribution shares are purchased from the open market. During the vesting period, the eligible employees must hold the contribution shares purchased during the plan cycle and remain employed by the AIA Group in order to qualify to receive the matching shares upon the vesting of the matching RSPUs. 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 financial year ended 31 December 2025, eligible employees paid RM6,540,225 (2024: RM7,767,766) to purchase 181,492 (2024: 237,411) ordinary shares of AIA Group under ESPP.

Valuation methodology

The Company utilises a binomial lattice model to calculate the fair value of the share options grant, a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU and ESPP, taking into account the terms and conditions upon which the grant were made. The price volatility is estimated on the basis of implied volatility of AIA Group's shares which is based on an analysis of historical data since they are traded in the Stock Exchange of Hong Kong and takes into consideration the historical volatility of peer companies. The expected life of the options 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 estimate of market condition for performance based RSUs is based on one-year historical data preceding the grant date.

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31 SHARE-BASED PAYMENT (CONTINUED)

Valuation methodology (continued)

<u>Group and Company</u>	<u>Share Options</u>	<u>Restricted Share Units</u>	<u>ESPP Restricted Stock Purchase Units</u>
<u>Assumptions</u>			
<u>31 December 2025</u>			
Risk free interest rate	3.41%	3.09%*	1.80%-3.35%
Volatility	29%	29%	N/A
Dividend yield	1.80%	N/A	1.80%-2.10%
Assumed dividend payment	N/A	0.45-1.46	N/A
Option life (in years)	10	N/A	N/A
Exercise price (HK\$)	62.42	N/A	N/A
Expected life (in years)	7.38	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK\$)	19.92	53.58	72.87
<u>31 December 2024</u>			
Risk free interest rate	3.67%	3.69%*	2.54% - 3.87%
Volatility	29%	29%	N/A
Dividend yield	1.70%	1.70%	1.70% - 1.80%
Option life (in years)	10	N/A	N/A
Exercise price (HK\$)	62.33	N/A	N/A
Expected life (in years)	7.74	N/A	N/A
Weighted average fair value per option/unit at measurement date (HK\$)	17.37	39.90	49.64

* *Applicable to RSU with market condition.*

The weighted average share price for share option valuation is HK\$62.42 (2024: HK\$62.33).

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation awards granted under the RSU Scheme, SO Scheme and ESPP by the Group and the Company for the financial year ended 31 December 2025 are RM17,394,000 (2024: RM13,751,000) and RM16,940,000 (2024: RM13,477,000) respectively.

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32 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

(i) The Directors' remuneration and other emoluments are as follows:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:				
Directors' fees				
Tan Sri Dato' (Dr) Wee Hoe Soon				
@ Gooi Hoe Soon	265	265	265	265
Dr. Chong Su-Lin	190	190	190	190
Ching Neng Shyan	195	195	195	195
Mahani binti Amat	288	355	195	195
Tan Teik Wei	28	-	28	-
	<u>966</u>	<u>1,005</u>	<u>873</u>	<u>845</u>
Other remuneration or emoluments				
Tan Sri Dato' (Dr) Wee Hoe Soon				
@ Gooi Hoe Soon	65	69	65	69
Dr. Chong Su-Lin	61	71	61	71
Ching Neng Shyan	65	71	65	71
Mahani binti Amat	94	117	65	71
Tan Teik Wei	17	-	17	-
	<u>302</u>	<u>328</u>	<u>273</u>	<u>282</u>
Total	<u>1,268</u>	<u>1,333</u>	<u>1,146</u>	<u>1,127</u>

(ii) The number of Executive and Non-Executive Directors whose total remuneration received during the financial year that fall within the following bands are as follows:

	Number of Directors			
	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Executive Director				
RM0 – RM100,000	1	1	1	1
Non-Executive Directors:				
RM0 – RM100,000	1	-	1	-
RM200,001 – RM300,000	2	2	3	3
RM300,001 – RM400,000	2	1	1	1
RM400,001 – RM500,000	-	1	-	-

Total staff costs of the Group and Company (including the Executive Directors) is RM556,054,000 and RM482,097,000 respectively (2024 : RM566,705,000 and RM491,640,000).

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32 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

(iii) Compensation of key management personnel

Members of key management personnel comprise those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of the Group and the Company.

Compensation of key management personnel during the financial year are as follows:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	33,872	31,761	23,863	21,236
Post-employment benefits				
- Defined contribution plan	4,557	4,103	2,923	2,538
Share-based payments	4,463	2,849	3,815	2,471
Allowances	2,521	2,404	2,204	1,856
	<u>45,413</u>	<u>41,117</u>	<u>32,805</u>	<u>28,101</u>

Included in the compensation of key management personnel are:

	Group and Company	
	31.12.2025	31.12.2024
	RM'000	RM'000
Chief Executive Officer:		
- Remuneration	5,066	5,408
- Share-based payments	1,179	695
- Other remuneration or emoluments	412	294
	<u>6,657</u>	<u>6,397</u>

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33 RELATED PARTY DISCLOSURES

In the normal course of business, the Group and the Company undertake various transactions with the immediate holding company and other related corporations deemed related parties by virtue of them being members of AIA Group Limited and its subsidiaries ("AIA Group"). These transactions were carried out on terms and conditions negotiated between the related parties.

(a) Significant related party transactions

The following are the significant transactions held by the Group and the Company with the related parties during the financial year:

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company:				
<u>AIA Group Ltd.</u>				
<i>Hong Kong</i>				
Employee benefits	(17,394)	(13,751)	(16,940)	(13,477)
Managerial, Secretarial or like services	(326)	(292)	(326)	(292)
Penultimate holding company:				
<u>AIA Company Ltd.</u>				
<i>Hong Kong</i>				
Group service fee	(83,829)	(94,074)	(84,612)	(91,807)
IT related expenses:				
- Paid	(1,512)	(2,800)	(1,512)	(2,800)
- Received	-	199	-	199
Reinsurance	(22,636)	(6,559)	(22,636)	(6,559)
Fellow related companies:				
<u>AIA Shared Services (Hong Kong) Ltd.</u>				
<i>Hong Kong</i>				
IT related expenses	(36,148)	(33,572)	(36,148)	(33,572)
<u>AIA Information Technology (Guangzhou) Co. Ltd</u>				
<i>China</i>				
IT related expenses	(22,224)	(27,455)	(22,224)	(27,299)
<u>AIA Information Technology (Beijing) Co. Ltd.</u>				
<i>China</i>				
IT related expenses	(17,939)	(19,234)	(17,939)	(18,986)

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33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Group and the Company with the related parties during the financial year: (continued)

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Fellow related companies: (cont.)	RM'000	RM'000	RM'000	RM'000
AIA Information Technology (Chengdu) Co. Ltd.				
<i>China</i>				
IT related expenses	(17,056)	(9,916)	(17,056)	(9,916)
AIA IT(M) SDN BHD				
<i>Malaysia</i>				
Rental received	2,794	2,786	2,794	2,786
Insurance premiums received	1,104	1,449	1,104	1,449
IT related expenses paid	(21,611)	(16,305)	(21,611)	(16,305)
Group applications support services	(8,191)	(11,436)	(8,191)	(11,436)
AIA Investment management Private Limited				
<i>Singapore</i>				
Managerial, secretarial or like services paid	(8,678)	(7,535)	(8,678)	(7,535)
IT related expenses paid	(4,622)	(387)	(4,622)	(387)
Amplify Health Asia Pte. Limited (HK)				
<i>Hong Kong</i>				
IT related expenses	702	(23,611)	702	(6,253)
Amplify Health Asia Pte. Limited (SG)				
<i>Singapore</i>				
IT related expenses	(10,908)	(7,400)	(10,908)	(7,400)
AIA Reinsurance Ltd.				
<i>Bermuda</i>				
Reinsurance arrangement	(27,117)	67,727	(27,117)	67,727

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33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Group and the Company with the related parties during the financial year: (continued)

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Fellow related companies: (cont.)				
<i>AIA Information Technology Philippines Inc</i>				
<i>Philippines</i>				
IT related expenses paid	(136)	(29)	(136)	(29)
<i>AIA Shared Services Sdn. Bhd. (MY)</i>				
<i>Malaysia</i>				
IT related expenses paid	(443)	(398)	(443)	(398)
IT related expenses received	-	199	-	199
Rental income	452	434	452	434
Premium income	537	1,075	530	1,068
Managerial, secretarial or like services				
Paid	(91)	(387)	-	-
Received	344	145	344	145
Technical consultation services	(1,830)	(1,685)	(1,830)	(1,685)
Investment related services	(759)	(698)	(759)	(698)
Internal audit	(1,363)	(430)	(1,363)	(430)
Subsidiary companies:				
<i>AIA General Berhad</i>				
<i>Malaysia</i>				
Managerial, secretarial or like service received	-	-	44,686	45,715
Rental income	-	-	363	364
Premium income	-	-	-	58
Premium expense	-	-	-	(248)
IT related expenses received	-	-	1,144	3,411

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33 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (continued)

The following are the significant transactions held by the Group and the Company with the related parties during the financial year: (continued)

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Fellow related companies: (cont.)				
<u>AIA Health Services Sdn. Bhd.</u>				
<i>Malaysia</i>				
Claims administration fee	-	-	(43,213)	(49,327)
Managerial, secretarial or like services received	-	-	8,435	6,882
Rental income	-	-	1,789	1,781
Premium income	-	-	(1)	359
Vitality fee	-	-	(1,826)	(2,002)
Vitality IT platform fees	-	-	(15,757)	(13,760)
IT related expenses received	-	-	44	110
Transfer of fixed assets	-	-	(425)	-
<u>AIA PUBLIC Takaful Bhd.</u>				
<i>Malaysia</i>				
Managerial, secretarial or like services received	-	-	98,985	88,823
Rental income	-	-	805	806
IT related expenses received	-	-	3,377	11,949
Premium income	-	-	(1)	15
<u>AIA Pension and Asset Management Sdn. Bhd.</u>				
<i>Malaysia</i>				
Rental income	-	-	258	259
Managerial, secretarial or like services received	-	-	2,114	1,883
Premium income	-	-	-	32
IT related expenses received	-	-	91	88

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33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

	Group		Company	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Amount due from related parties	<u>22,811</u>	<u>48,765</u>	<u>22,803</u>	<u>47,684</u>
Amount due to related parties	<u>(267,190)</u>	<u>(331,995)</u>	<u>(265,012)</u>	<u>(246,494)</u>

The amounts due from/(to) related parties are unsecured, interest free and repayable within 30 days.

34 REGULATORY CAPITAL REQUIREMENT

Under Risk-Based Capital Framework for Insurers ("RBC Framework") issued by BNM, insurance companies need to maintain a capital adequacy level that commensurate with their risk profiles. All insurance companies are required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130% and an internal target capital level required by BNM or level determined under the Internal Capital Adequacy Assessment Process. The internal target will include additional capacity to absorb unexpected losses beyond those that are covered under the minimum required CAR.

The Company has been in compliance with the said requirement by maintaining a CAR that is in excess of the minimum requirement.

The capital structure of the Company as at 31 December 2025, as prescribed under the RBC Framework is provided below:

	Company	
	31.12.2025	31.12.2024
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (Paid up)	810,000	810,000
Reserves, including retained earnings	<u>10,817,492</u>	<u>10,966,561</u>
	<u>11,627,492</u>	<u>11,776,561</u>
<u>Tier 2 Capital</u>		
Revaluation reserves	212,506	218,974
Fair value reserves	<u>435,710</u>	<u>318,410</u>
	<u>648,216</u>	<u>537,384</u>
Amount deducted from capital	<u>(1,032,191)</u>	<u>(1,042,580)</u>
Total capital available	<u>11,243,517</u>	<u>11,271,365</u>

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events to or from the reporting date that require disclosures or adjustments to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
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36 OPERATING SEGMENTS

The Group's principal activities are life insurance business, general insurance business, family takaful business and others.

The life insurance/family takaful business offers a wide range of participating and non-participating whole life, term assurance, endowment as well as investment-linked products.

The general insurance business offers general insurance products which include personal accident, motor, fire and other classes.

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS
YEAR ENDED 31 DECEMBER 2025

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Insurance revenue	7,697,982	360,736	1,083,656	-	9,142,374
Insurance service expense	(6,073,938)	(272,792)	(933,625)	-	(7,280,355)
Net expenses from reinsurance contracts	(93,342)	(11,246)	(3,794)	-	(108,382)
Insurance service result	1,530,702	76,698	146,237	-	1,753,637
Investment return	3,397,420	33,406	190,181	(13,561)	3,607,446
Net finance expenses	(2,650,228)	(9,563)	(78,788)	-	(2,738,579)
Net Investment result a	747,192	23,843	111,393	(13,561)	868,867
Other operating revenue	146,809	-	-	(86,959)	59,850
Other operating expenses	(415,620)	(12,930)	(35,509)	95,561	(368,498)
Share of losses from associate	-	-	-	(2,607)	(2,607)
Profit before tax	2,009,083	87,611	222,121	(7,566)	2,311,249
Tax (expense)/credit	(492,399)	(15,387)	(52,877)	(3,623)	(564,286)
Profit after tax for the year	1,516,684	72,224	169,244	(11,189)	1,746,963
Profit attributable to:					
Owners of the parent	1,516,684	72,224	118,471	(11,189)	1,696,190
Non-controlling interest	-	-	50,773	-	50,773
	1,516,684	72,224	169,244	(11,189)	1,746,963

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

36 OPERATING SEGMENTS (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS
YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Other comprehensive income:					
Total other comprehensive expense – net of tax for the year	77,003	580	5,420	-	83,003
Total comprehensive income for the year	<u>1,593,687</u>	<u>73,804</u>	<u>174,664</u>	<u>(11,189)</u>	<u>1,829,966</u>
Total comprehensive income attributable to:					
Owners of the parent	1,593,687	73,804	122,265	(11,189)	1,777,567
Non-controlling interest	-	-	52,399	-	52,399
	<u>1,593,687</u>	<u>73,804</u>	<u>174,664</u>	<u>(11,189)</u>	<u>1,829,966</u>

a. Net investment result

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Interest revenue	1,734,992	9,984	142,511	38,196	1,925,683
Other investment income/ (expense)	1,702,601	23,596	54,197	(51,736)	1,728,658
Movement in impairment loss on financial assets	(40,173)	(174)	(6,527)	(21)	(46,895)
Net finance expense from insurance contracts	(2,641,860)	(9,390)	(80,264)	-	(2,731,514)
Net finance expense/(income) from reinsurance contracts	(8,368)	(173)	1,476	-	(7,065)
Net investment result	<u>747,192</u>	<u>23,843</u>	<u>111,393</u>	<u>(13,561)</u>	<u>868,867</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

36 OPERATING SEGMENTS (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS
YEAR ENDED 31 DECEMBER 2024

<u>Group</u>	Life Insurance Business RM'000	General Insurance Business RM'000	Family Takaful Business RM'000	Others RM'000	Total RM'000
Insurance revenue	6,995,882	354,528	1,084,226	-	8,434,636
Insurance service expense	(5,541,965)	(281,933)	(841,922)	-	(6,665,820)
Net expenses from reinsurance contracts	(102,763)	(25,101)	(12,681)	-	(140,545)
Insurance service result	1,351,154	47,494	229,623	-	1,628,271
Investment return	6,498,776	28,632	423,141	(14,610)	6,935,939
Net finance expenses	(5,081,816)	(8,337)	(352,124)	-	(5,442,277)
Net Investment result a	1,416,960	20,295	71,017	(14,610)	1,493,662
Other operating revenue	148,652	14	113	(85,771)	63,008
Other operating expenses	(375,199)	(35,149)	(36,161)	96,666	(349,843)
Share of losses from associate	-	-	-	84	84
Profit before tax	2,541,567	32,654	264,592	(3,631)	2,835,182
Tax (expense)/credit	(763,971)	1,376	(75,358)	(2,959)	(840,912)
Profit after tax for the year	1,777,596	34,030	189,234	(6,590)	1,994,270
Profit attributable to:					
Owners of the parent	1,777,596	34,030	132,464	(6,590)	1,937,500
Non-controlling interest	-	-	56,770	-	56,770
	1,777,596	34,030	189,234	(6,590)	1,994,270

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

36 **OPERATING SEGMENTS (CONTINUED)**

STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS
YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Other comprehensive income:					
Total other comprehensive expense – net of tax for the year	(63,767)	(1,248)	413	-	(64,602)
Total comprehensive income for the year	1,713,829	32,782	189,647	(6,590)	1,929,668
Total comprehensive income attributable to:					
Owners of the parent	1,713,829	32,782	132,753	(6,590)	1,872,774
Non-controlling interest	-	-	56,894	-	56,894
	1,713,829	32,782	189,647	(6,590)	1,929,668

a. Net investment result

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Interest revenue	1,727,143	10,626	124,850	37,685	1,900,304
Other investment income/ (expense)	4,787,856	17,985	300,767	(52,288)	5,054,320
Movement in impairment loss on financial assets	(16,223)	21	(2,476)	(7)	(18,685)
Net finance expense from insurance contracts	(5,076,968)	(8,135)	(353,749)	-	(5,438,852)
Net finance expense/(income) from reinsurance contracts	(4,848)	(202)	1,625	-	(3,425)
Net investment result	1,416,960	20,295	71,017	(14,610)	1,493,662

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**NOTES TO THE FINANCIAL STATEMENTS
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36 OPERATING SEGMENTS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY REPORTABLE SEGMENTS

As at 31 December 2025

<u>Group</u>	<u>Life Insurance Business RM'000</u>	<u>General Insurance Business RM'000</u>	<u>Family Takaful Business RM'000</u>	<u>Others RM'000</u>	<u>Total RM'000</u>
Total Assets	<u>71,830,243</u>	<u>762,706</u>	<u>5,630,356</u>	<u>(428,196)</u>	<u>77,795,109</u>
Total Liabilities	59,977,997	298,375	4,156,920	100,237	64,533,529
Total Equity	11,852,246	464,331	1,473,436	(528,433)	13,261,580
Total equity and liabilities	<u>71,830,243</u>	<u>762,706</u>	<u>5,630,356</u>	<u>(428,196)</u>	<u>77,795,109</u>

As at 31 December 2024

<u>Group</u>	<u>Life Insurance Business RM'000</u>	<u>General Insurance Business RM'000</u>	<u>Family Takaful Business RM'000</u>	<u>Others RM'000</u>	<u>Total RM'000</u>
Total Assets	<u>68,203,240</u>	<u>713,104</u>	<u>5,038,334</u>	<u>(448,014)</u>	<u>73,506,664</u>
Total Liabilities	57,514,681	301,578	3,739,561	89,230	61,645,050
Total Equity	10,688,559	411,526	1,298,773	(537,244)	11,861,614
Total equity and liabilities	<u>68,203,240</u>	<u>713,104</u>	<u>5,038,334</u>	<u>(448,014)</u>	<u>73,506,664</u>