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Notice to Hong Kong investors: *The Issuer confirms that the Instruments (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and the Programme (as defined below) has been, and the Instruments (to the extent they are to be listed on the Hong Kong Stock Exchange (as defined below)) will be, listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Instruments are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

**PUBLICATION OF SUPPLEMENTAL OFFERING CIRCULAR
ON THE STOCK EXCHANGE OF HONG KONG LIMITED**



AIA Group Limited
友邦保險控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Codes: 1299 (HKD counter) and 81299 (RMB counter)
(the "Issuer")

US\$16,000,000,000 Global Medium Term Note and Securities Programme
(the "Programme")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

Please refer to the supplemental offering circular dated 23 August 2024 (the "**Supplemental Offering Circular**") appended hereto in relation to the Programme, which is supplemental to the offering circular dated 15 March 2024 (the "**Original Offering Circular**", and together with the Supplemental Offering Circular, the "**Offering Circular**"). A copy of the Original Offering Circular is available at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0318/2024031800230.pdf>. As disclosed in the Offering Circular, the instruments to be issued under the Programme (the "**Instruments**") are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and the Programme has been, and the Instruments (to the extent they are to be listed on the Hong Kong Stock Exchange) will be, listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

Hong Kong, 26 August 2024

As at the date of this announcement, the board of directors of the Issuer comprises:

Independent Non-executive Chairman and Independent Non-executive Director:

Mr. Edmund Sze-Wing TSE

Executive Director, Group Chief Executive and President:

Mr. LEE Yuan Siong

Independent Non-executive Directors:

Mr. Jack Chak-Kwong SO, Mr. Chung-Kong CHOW, Mr. John Barrie HARRISON, Mr. George Yong-Boon YEO, Professor Lawrence Juen-Yee LAU, Dr. Narongchai AKRASANEE, Mr. Cesar Velasquez PURISIMA, Ms. SUN Jie (Jane), Ms. Mari Elka PANGESTU, Mr. ONG Chong Tee and Ms. Nor Shamsiah MOHD YUNUS

SUPPLEMENTAL OFFERING CIRCULAR



AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

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

US\$16,000,000,000

Global Medium Term Note and Securities Programme

This supplemental offering circular (the "**Supplemental Offering Circular**") is supplemental to, and should be read in conjunction with, the offering circular dated 15 March 2024 (the "**Original Offering Circular**", and together with this Supplemental Offering Circular, the "**Offering Circular**") and all other documents that are deemed to be incorporated by reference therein in relation to the Global Medium Term Note and Securities Programme (the "**Programme**") established by AIA Group Limited (the "**Issuer**"). Save to the extent defined in this Supplemental Offering Circular, terms defined or otherwise attributed meanings in the Original Offering Circular have the same meaning when used in this Supplemental Offering Circular. References in the Original Offering Circular and this Supplemental Offering Circular to "this Offering Circular" or "the Offering Circular" mean the Original Offering Circular as supplemented by this Supplemental Offering Circular. To the extent that the Original Offering Circular is inconsistent with this Supplemental Offering Circular, the terms of this Supplemental Offering Circular shall prevail.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or "**HKSE**") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of the Original Offering Circular on the Hong Kong Stock Exchange. This Supplemental Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: the Issuer confirms that each Tranche of Instruments to be issued under the Programme is intended for purchase by Professional Investors only, and the Programme has been, and the Instruments, to the extent such Instruments are to be listed on the Hong Kong Stock Exchange, will be, listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Instruments are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this Supplemental Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this Supplemental Offering Circular. Listing of the Programme or the Instruments on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Instruments, the Issuer or the Group or quality of disclosure in the Supplemental Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Supplemental Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Supplemental Offering Circular.

Investors should be aware that the Instruments may include complex features such as variable interest rates or interest rates linked to an index or formula – such associated risks are set out more fully on page 53 of the Original Offering Circular. Securities may also be subordinated and/or perpetual, and the Issuer may elect or be required to defer or cancel Distribution payments under the Securities – see "**Risks Relating to the Securities**" beginning on page 54 of the Original Offering Circular. There are various other risks relating to the Instruments, the Issuer and the Group, as well as the business and jurisdictions in which they operate, of which investors should be aware before making an investment in the Instruments. See "**Risk Factors**" beginning on page 35 of the Original Offering Circular.

Arrangers

Citigroup HSBC

Dealers

ANZ BNP PARIBAS BofA Securities Citigroup Crédit Agricole CIB DBS Bank Ltd. Deutsche Bank
Goldman Sachs HSBC ICBC (Asia) Morgan Stanley MUFG Standard Chartered Bank Wells Fargo Securities

The date of this Supplemental Offering Circular is 23 August 2024.

DISCLAIMERS

This Supplemental Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

EXCHANGE RATE INFORMATION

Our principal overseas operations during the reporting period were located within the Asia region. Items included in the financial statements of each of our Group's entities are measured in the currency of the primary economic environment in which that entity operates, which is their functional currency. Unless otherwise stated, our consolidated financial statements are presented in millions of U.S. dollars, which is our functional currency, and our and the Group's presentation currency. The functional currency of each entity within the Group is converted into U.S. dollars utilising period-end exchange rates for assets and liabilities and corresponding period weighted average exchange rates for the consolidated statement of income accounts.

The following table shows, for the periods indicated, the exchange rate at the end of each period between functional currencies of certain markets within the Group and the U.S. dollar. The table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers payable in these functional currencies as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated.

U.S. dollar Period-End Exchange Rates⁽¹⁾

	August 2024 (through 16 August 2024)	July 2024	Six months ended 30 June 2024	Year ended 31 December 2023	Six months ended 30 June 2023
Mainland China	7.16	7.22	7.27	7.10	7.25
Hong Kong	7.80	7.81	7.81	7.81	7.84
Thailand	34.78	35.58	36.73	34.35	35.30
Singapore	1.32	1.34	1.36	1.32	1.35
Malaysia	4.43	4.59	4.72	4.59	4.67

Source: H.10 statistical release of the Federal Reserve Board.

(1) Exchange rates are expressed in units of local currency per US\$1.00

No representation is made that amounts presented in a particular currency in this Supplemental Offering Circular could have been converted into such currency at any particular rate or at all.

SIGNIFICANT / MATERIAL CHANGE

Since 30 June 2024, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer and the Group.

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RECENT DEVELOPMENTS

REGULATORY AND INTERNATIONAL DEVELOPMENTS

Hong Kong RBC Regime

On 1 July 2024, the Hong Kong Risk-based Capital (“HKRBC”) regime took effect and became part of the Hong Kong Insurance Ordinance (“HKIO”).

AIA International, our principal operating entity in Hong Kong, received the approval from the HKIA to early adopt the HKRBC regime with an effective date of 1 January 2022 and the effects have been reflected since the year ended 31 December 2022. The Group’s other operating entities in Hong Kong, including AIA Co., AIA Everest and Blue Cross, became subject to the revised legislation from 1 July 2024 and the effect on the Group’s EV Equity is not expected to be material.

Insurance Capital Standard (“ICS”)

In 2020, the International Association of Insurance Supervisors (“IAIS”) began the assessment of a ‘Reference ICS’. This is the key quantitative element of the Common Framework for the Supervision of Internationally Active Insurance Groups (“IAIGs”), defining a minimum standard comprising valuation, capital requirements and qualifying capital resources that IAIS regulators will implement in local capital adequacy regimes for IAIGs, taking into consideration specific market circumstances. This Reference ICS has been assessed during a five-year monitoring period during which IAIGs have participated in a series of data collection exercises prescribed by the IAIS. The IAIS is expected to publish a calibration document and specifications to explain the basis for the ICS after it is launched at the end of 2024, and in 2025 will begin the development of an ICS implementation assessment methodology. Following this, the IAIS has confirmed that in 2026 it will coordinate baseline self-assessments by regulators of their implementation of the ICS, followed by in-depth targeted jurisdictional assessments of ICS implementation in 2027. It is therefore expected that the Hong Kong Insurance Authority will, in due course, self-assess the existing GWS capital adequacy rules against the requirements of the ICS, while also considering the broader requirements within the IAIS ‘Holistic Framework’. This may include the designation of domestic systemically important insurers, which could lead to such designated insurers being within scope financial institutions under the Financial Institutions (Resolution) Ordinance (Cap. 628).

In addition to the ICS, the IAIS is working on key strategic themes that affect the insurance sector and the broader financial system, including climate related risk, financial inclusion, digital innovation, operational resilience and cyber risk, protection gaps, and diversity, equity and inclusion. We will continue to monitor these developments closely.

BEPS 2.0

We continue to closely monitor developments in respect of the tax policy work led by the Organisation for Economic Co-operation and Development (“OECD”) on the “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy”, a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project that is commonly referred to as “BEPS 2.0”, and constructively engages with relevant governments and the OECD on their work. In 2021, the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) published draft Global Anti-Base Erosion (GloBE) Model Rules to give effect to Pillar Two of BEPS 2.0, which imposes a global minimum effective tax rate (“ETR”) on large multinational enterprises in respect of each jurisdiction in which they operate. The Inclusive Framework originally agreed that participating jurisdictions should enact these rules into law in 2022, with the majority of the rules to be effective from 2023. However, on 22 February 2023, it was announced in the Hong Kong Budget that Hong Kong will defer the application of the GloBE rules, and introduce a domestic minimum top-up tax, to start from 2025 onwards. This announcement, which was reaffirmed when Hong Kong initiated its public consultation on Pillar Two income taxes on 21 December 2023, reflects similar deferrals announced by other jurisdictions (e.g., the European Union, Vietnam, South Korea and Australia, which have deferred until 2024, and Malaysia, New Zealand, Singapore and Thailand, which have also deferred until 2025).

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

At the date of this Supplemental Offering Circular, Pillar Two legislation was effective in certain jurisdictions in which the Group operates, including South Korea and Vietnam. For these jurisdictions, the Group has no current tax exposure related to Pillar Two income taxes. However, several jurisdictions where the Group operates, including Hong Kong, Mainland China, Singapore and Thailand, have not yet substantively enacted Pillar Two legislation.

For other jurisdictions in which the Group operates, including those where Pillar Two legislation was enacted or substantively enacted but not yet effective at the date of this Supplemental Offering Circular, the Group is still progressing its program of work to enable it to calculate Pillar Two income tax liabilities from 1 January 2025 onwards, when it anticipates that such exposures may arise. Due to significant areas of uncertainty in the application of the legislation, the quantitative impact of the Pillar Two legislation in respect of these jurisdictions is not yet known or reasonably estimable. However, based on currently available information and management expectations, these jurisdictions' Pillar Two income taxes are likely to adversely affect our ETR from 2025 onwards.

The Group has engaged tax specialists to assist with its program of work being undertaken to apply the Pillar Two legislation and expects to be able to determine its Pillar Two income tax liabilities from 1 January 2025 onwards.

OTHER DEVELOPMENTS

Update on the Share Buy-Back Programme

In April 2024, we announced a US\$2 billion addition to the existing share buy-back programme, increasing the total to US\$12 billion. The overall programme is expected to complete by no later than April 2025.

Since the commencement of the programme up to 30 June 2024, approximately 960 million shares have been repurchased for an aggregate value of US\$8,880 million. All the shares repurchased were subsequently cancelled.

TOTAL CAPITALISATION

The following table sets out the consolidated Total Capitalisation (as defined below) of the Group as derived from our unaudited interim condensed consolidated financial statements (the “**2024 interim condensed consolidated financial statements**”). The table should be read in conjunction with the 2024 interim condensed consolidated financial statements and the notes thereto included elsewhere in this Supplemental Offering Circular.

	As of 30 June 2024 (Unaudited) <hr/> (in US\$ millions)
Other loans.....	56
Medium term notes and securities ⁽¹⁾	11,867
Total Borrowings	11,923
Equity	
Share capital	14,177
Employee share-based trusts.....	(379)
Other reserves.....	(11,761)
Retained earnings	44,269
Fair value reserve.....	1,709
Foreign currency translation reserve	(4,136)
Insurance finance reserve.....	(5,955)
Property revaluation reserve.....	1,398
Others.....	43
Non-controlling interests.....	303
Total Equity	39,668
Total Capitalisation ⁽²⁾	51,591

Notes:

(1) Represents our outstanding medium term notes and securities placed to the market as of 30 June 2024.

(2) Total Capitalisation is the sum of Total Borrowings plus Total Equity.

There has been no material change in our Total Capitalisation since 30 June 2024.

SELECTED INTERIM CONSOLIDATED FINANCIAL AND OTHER DATA

The tables set forth below show certain selected historical consolidated financial information and other data of the Group. The financial information as at and for the six months ended 30 June 2024 and 2023 set forth below has been derived from our 2024 interim condensed consolidated financial statements included elsewhere in this Supplemental Offering Circular. The information on VONB for the six months ended 30 June 2024 and 2023 and the information on EV Equity as at 30 June 2024 and 31 December 2023 set forth below has been derived from the “*Supplementary Embedded Value Information*” included elsewhere in this Supplemental Offering Circular. The selected historical consolidated financial and other data should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” set forth in the Original Offering Circular and the 2024 interim condensed consolidated financial statements and the information in the “*Supplementary Embedded Value Information*” included elsewhere in this Supplemental Offering Circular.

CONSOLIDATED INCOME STATEMENT

(in US\$ millions)	Six months ended 30 June (Unaudited)	Six months ended 30 June (Unaudited)
	2024	2023
Insurance revenue	9,469	8,352
Insurance service expenses	(6,222)	(5,344)
Net expenses from reinsurance contracts held	(221)	(202)
Insurance service result	3,026	2,806
Interest revenue on		
Financial assets not measured at fair value through profit or loss	2,095	2,023
Financial assets measured at fair value through profit or loss	1,871	1,829
Other investment return	1,227	3,608
Net impairment gain/(loss) on financial assets	1	(47)
Investment return	5,194	7,413
Net finance expenses from insurance contracts	(3,279)	(6,313)
Net finance income reinsurance contracts held	61	55
Movement in investment contract liabilities	(320)	(370)
Movement in third-party interests in consolidated investment funds	(11)	(29)
Net investment result	1,645	756
Fee income	48	65
Other operating revenue	164	138
Other expenses	(851)	(815)
Other finance costs	(263)	(227)
Profit before share of profit/(losses) from associates and joint ventures	3,769	2,723
Share of profit/(losses) from associates and joint ventures	73	(102)
Profit before tax	3,842	2,621
Tax expense	(522)	(366)
Net profit	3,320	2,255
Less: amounts attributable to non-controlling interests	6	5
Net profit attributable shareholders of the Issuer	3,314	2,250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in US\$ millions)	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Assets		
Intangible assets	3,523	3,615
Investments in associates and joint ventures	1,537	1,331
Property, plant and equipment	4,481	4,058
Investment property	4,419	4,504
Insurance contract assets	1,150	1,457
Reinsurance contract assets	5,912	6,047
Financial investments:		
At amortised cost		
Debt securities	2,199	2,165
Loans and deposits	4,004	3,723
At fair value through other comprehensive income		
Debt securities	88,097	88,612
At fair value through profit or loss		
Debt securities	80,192	86,981
Loans and deposits	251	272
Equity shares	19,494	19,287
Interests in investment funds and exchangeable loan notes	58,914	47,166
Derivative financial instruments	831	752
Total financial investments	253,982	248,958
Deferred tax assets	331	301
Current tax recoverable	192	207
Other assets	4,406	4,316
Cash and cash equivalents.....	9,312	11,525
Total assets	289,245	286,319
Liabilities		
Insurance contract liabilities.....	208,080	203,271
Reinsurance contract liabilities	266	336
Investment contract liabilities.....	9,141	9,170
Borrowings.....	11,923	11,800
Obligations under repurchase agreements.....	3,304	3,461
Derivative financial instruments	8,241	8,035
Provisions	173	174
Deferred tax liabilities	3,393	3,204
Current tax liabilities	395	387
Other liabilities	4,661	4,887
Total liabilities	249,577	244,725
Equity		
Share capital.....	14,177	14,176
Employee share-based trusts	(379)	(367)
Other reserves.....	(11,761)	(11,788)
Retained earnings	44,269	44,333
Amounts reflected in other comprehensive income	(6,941)	(5,243)
Total equity attributable to shareholders of the Issuer	39,365	41,111
Non-controlling interests.....	303	483
Total equity	39,668	41,594
Total liabilities and equity	289,245	286,319

OTHER DATA

We measure the scale and profitability of our business using various key performance indicators, including VONB, ANP, TWPI, OPAT and EV Equity. For a discussion of these metrics, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview – Key Performance Indicators” in the Original Offering Circular.

	For the six months ended 30 June	
(in US\$ millions, except ratios)	2024	2023
VONB ^{(1) (2)}	2,455	2,029
ANP ^{(1) (2)}	4,546	3,984
TWPI ^{(1) (3)}	21,086	19,300
OPAT ^{(1) (2) (4)}	3,386	3,272
	As at	As at
	30 June 2024	31 December 2023
EV Equity ^{(1) (2)}	70,856	70,153
Group LCSM Coverage Ratio ^{(1) (5)}	262%	275%
Comprehensive Equity ^{(1) (6)}	84,650	85,424
Leverage Ratio ⁽⁷⁾	12.3%	12.1%

Notes:

- (1) Definitions of VONB, ANP, TWPI, OPAT, EV Equity, Group LCSM Coverage Ratio and Comprehensive Equity are provided in the Glossary beginning on page A-1 of the Original Offering Circular.
- (2) VONB and ANP include the results from our 49% shareholding in Tata AIA Life. VONB and ANP do not include any contribution from our 24.99% shareholding in China Post Life. Both the IFRS Accounting Standards results of Tata AIA Life and China Post Life are accounted for using the equity method.
- (3) TWPI does not include any contribution from Tata AIA Life and China Post Life.
- (4) For a reconciliation of OPAT to net profit, see note 4 to our 2024 interim consolidated financial statements included elsewhere in this Supplemental Offering Circular. OPAT is before non-operating investment returns and other items, net of tax.
- (5) The Group LCSM Coverage Ratio is called the "eligible group capital resources coverage ratio" in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.
- (6) Comprehensive Equity is the total of shareholders' equity and net contractual service margin after allowing for reinsurance, taxes and net of non-controlling interests.
- (7) Leverage ratio is defined as total borrowings expressed as a percentage of the sum of total borrowings, total equity and contractual service margin net of reinsurance and net of taxes. Contractual service margin is defined as a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides insurance contract services under the insurance contracts in the group.

INTERIM RESULTS

INTERIM FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2024

The management discussion and analysis below covers the financial results for the six month period from 1 January 2024 to 30 June 2024 for the current period and for the six month period from 1 January 2023 to 30 June 2023 for the prior period. All figures included in this Supplemental Offering Circular are presented in actual reporting currency (U.S. dollar) and based on actual exchange rates unless otherwise stated.

New Business Performance

VONB, ANP AND VONB MARGIN BY SEGMENT

US\$ millions, unless otherwise stated	Six months ended 30 June 2024			Six months ended 30 June 2023			VONB Change
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	%
Mainland China	782	56.6%	1,382	601	50.3%	1,195	30%
Hong Kong	858	65.7%	1,272	681	56.9%	1,165	26%
Thailand	359	93.1%	386	327	91.5%	357	10%
Singapore	219	52.4%	417	173	65.0%	267	27%
Malaysia	183	64.2%	285	170	64.8%	261	8%
Other Markets	224	27.7%	804	212	28.6%	739	6%
Subtotal	2,625	57.2%	4,546	2,164	53.8%	3,984	21%
Consolidated capital requirements	(38)	n/m	-	(20)	n/m	-	90%
Value of unallocated Group Office expenses	(98)	n/m	-	(100)	n/m	-	(2)%
Group Corporate Centre tax	(16)	n/m	-	-	n/m	-	n/m
Total before non-controlling interests	2,473	53.9%	4,546	2,044	50.8%	3,984	21%
Non-controlling interests	(18)	n/m	n/m	(15)	n/m	n/m	20%
Total	2,455	53.9%	4,546	2,029	50.8%	3,984	21%

The Group reported 21% VONB growth for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by the majority of markets achieving strong growth, demonstrating the strength of our business model and our geographical diversification.

Our Premier Agency achieved 15% growth in VONB, driven by an increase in the number of active agents and higher productivity. VONB for our partnership distribution grew by 39% with strong performances from both bancassurance and intermediated channels.

ANP of US\$4,546 million for the six months ended 30 June 2024 was 14% higher compared to the six months ended 30 June 2023. VONB margin for the six months ended 30 June 2024 increased by 3.1 percentage points to 53.9% compared to the six months ended 30 June 2023, driven by a favourable product mix shift and repricing in Hong Kong and Mainland China, partially offset by the effect of economic assumptions updated at the end of 2023.

AIA China reported 30% VONB growth for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by 15% growth in VONB from our Premier Agency and an uplift in VONB from our bancassurance partnerships. VONB margin was higher by 6.3 percentage points at 56.6% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. The increase was driven by a favourable product mix shift and active repricing, supported by changes to industry-wide regulations on bancassurance commissions implemented in the six months ended 31

December 2023. ANP increased by 16% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023.

VONB from AIA Hong Kong increased 26% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, with growth from domestic and Mainland Chinese Visitor (“**MCV**”) customers. New product launches and product repricing contributed to an overall VONB margin increase of 8.8 percentage points to 65.7% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. Strong demand for our flagship participating savings products continued to support our new business growth. VONB from our wide range of traditional protection products increased by 15% in the six months ended 30 June 2024.

AIA Thailand’s VONB for the six months ended 30 June 2024 increased by 10% compared to the six months ended 30 June 2023, driven by strong ANP growth in both Agency and Partnership channels. VONB margin was stable, supported by our focus on the sale of unit-linked products and protection riders, reflecting the quality of our distribution and ability to advise on more sophisticated products targeted at meeting the financial protection needs of a broader range of customers.

VONB from AIA Singapore increased by 27% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, supported by strong performances across all distribution channels. We had strong growth in our long-term savings products as we continued to capture the growing wealth opportunities in Singapore. ANP growth was 56% for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023. VONB margin decreased to 52.4% due to a shift in product mix for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

AIA Malaysia reported 8% VONB growth and 9% ANP growth for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. Our focus on protection sales, both from traditional and unit-linked business attached with protection riders, delivered a high-quality product mix with VONB margin of 64.2% for the six months ended 30 June 2024.

VONB for the Other Markets segment for the six months ended 30 June 2024 increased by 6% compared to the six months ended 30 June 2023, with VONB growth in Australia, Myanmar, the Philippines, South Korea, Sri Lanka and Taiwan (China), partially offset by declines in India, Indonesia, New Zealand and Vietnam.

EV EQUITY

EV EQUITY MOVEMENT

EV Equity was US\$70,856 million as at 30 June 2024 compared to US\$70,153 million as at 31 December 2023. Before the return of US\$3,378 million to shareholders through shareholder dividends and share buy-backs, EV Equity grew by 6% for the six months ended 30 June 2024 to US\$74,234 million.

The key driver of the increase in EV Equity was EV operating profit of US\$5,350 million. The strong growth in EV operating profit was supported by 21% growth in VONB and US\$406 million from positive operating experience variances and operating assumption changes. Operating experience variances included positive expense variances of US\$148 million. Operating return on EV increased by 360 basis points to 16.5% on an annualised basis compared with the twelve months ended 31 December 2023.

We have released a portion of the medical claims provision that we established in 2023 as planned and we have continued our repricing programme and proactive claims management initiatives for our medical business. Cumulative operating experience variances and assumption changes since our IPO in 2010 have added US\$4.3 billion to EV Equity, demonstrating our strategic focus on consistently writing high-quality business and proactive management of the in-force business over many years.

Actual investment performance was better than our investment return assumptions and added US\$497 million to EV Equity. Our investment return assumptions reflect actual spot market yields and trend over time to long-term assumptions. The U.S. dollar strengthened relative to some local market currencies,

resulting in a US\$1,653 million reduction in EV Equity through foreign exchange rate translation into our reporting currency.

After shareholder dividends of US\$1,705 million and share buy-backs of US\$1,673 million, EV Equity was US\$70,856 million as of 30 June 2024.

Our EV methodology deducts the value of the Group's outstanding medium-term notes and securities at amortised cost.

Our investment in China Post Life is included in the Group's EV Equity at IFRS net asset value.

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

US\$ millions, unless otherwise stated	Six months ended 30 June 2024		
	ANW, goodwill and other intangible assets	VIF	EV Equity
Opening EV Equity	34,715	35,438	70,153
Value of new business	(117)	2,572	2,455
Expected return on EV	2,437	276	2,713
Operating experience variances	304	6	310
Operating assumption changes	186	(90)	96
Finance costs	(224)	-	(224)
EV operating profit	2,586	2,764	5,350
EV Equity before non-operating items	37,301	38,202	75,503
Investment return variances	1,077	(580)	497
Other non-operating variances	(1,125)	996	(129)
EV non-operating items	(48)	416	368
Total EV Equity profit	2,538	3,180	5,718
Other capital movements	16	-	16
Effect of changes in exchange rates	(789)	(864)	(1,653)
EV Equity before dividends and share buy-backs	36,480	37,754	74,234
Dividends	(1,705)	-	(1,705)
Share buy-backs	(1,673)	-	(1,673)
Closing EV Equity	33,102	37,754	70,856

US\$ millions, unless otherwise stated	Six months ended 30 June 2023		
	ANW, goodwill and other intangible assets	VIF	EV Equity
Opening EV Equity	36,088	35,114	71,202
Value of new business	(55)	2,084	2,029
Expected return on EV	2,667	(58)	2,609
Operating experience variances	186	(19)	167
Operating assumption changes	(170)	(13)	(183)
Finance costs	(199)	-	(199)
EV operating profit	2,429	1,994	4,423
EV Equity before non-operating items	38,517	37,108	75,625
Investment return variances	(56)	(597)	(653)
Other non-operating variances	1,205	(587)	618
EV non-operating items	1,149	(1,184)	(35)
Total EV profit	3,578	810	4,388
Other capital movements	(70)	-	(70)
Effect of changes in exchange rates	(667)	(594)	(1,261)
EV Equity before dividend and share buy-backs	38,929	35,330	74,259
Dividends	(1,672)	-	(1,672)
Share buy-backs	(1,966)	-	(1,966)
Closing EV Equity	35,291	35,330	70,621

US\$ millions, unless otherwise stated	As at	As at
	30 June 2024	31 December 2023
EV	68,247	67,447
Goodwill and other intangible assets ⁽¹⁾	2,609	2,706
EV Equity	70,856	70,153

Note:

(1) Goodwill and other intangible assets are consistent with the figures in the 2024 interim condensed consolidated financial statements and are shown net of tax, amounts attributable to participating funds and non-controlling interests.

IFRS EARNINGS

OPAT increased by 3% to US\$3,386 million for the six months ended 30 June 2024, from US\$3,272 million for the six months ended 30 June 2023. Operating return on shareholders' allocated equity or operating ROE, calculated as operating profit after tax attributable to shareholders of the Issuer expressed as a percentage of the simple average of opening and closing shareholders' allocated equity, increased to 15.3% on an annualised basis, up 180 basis points from 13.5% for the year ended 31 December 2023. Operating margin remained strong at 16.1% and reflects our high-quality sources of earnings.

The growth in OPAT was primarily driven by the 6% growth in the CSM release which reflects the compounding addition of large-scale, profitable new business into the CSM for our in-force portfolio. Operating variances made a positive contribution to OPAT. We have released a portion of the medical claims provision that we established in 2023 as expected and we have continued our repricing programme and proactive claims management initiatives for our medical business.

Net investment result after expenses decreased by 3% to US\$1,637 million for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023. This was driven by lower investment returns as surplus assets were reduced by the ongoing share buy-back programme, the sale of our Savings and Investments business in Australia which was completed in the six months ended 31 December 2023, and the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms, which was offset by growth in our non-participating business.

OPAT⁽¹⁾ COMPOSITION⁽²⁾

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023	YoY AER
CSM release	2,782	2,618	6%
Operating variances	71	49	45%
Risk adjustment release and other	85	119	(29)%
Insurance service result	2,938	2,786	5%
Net investment result	1,744	1,780	(2)%
Investment management expenses	(107)	(97)	10%
Net investment result after expenses	1,637	1,683	(3)%
Net other fees and revenue ⁽³⁾	33	52	(37)%
Non-attributable expenses under IFRS 17	(433)	(425)	2%
Finance costs	(229)	(226)	1%
Other fees, revenue and expenses	(629)	(599)	5%
Tax	(560)	(598)	(6)%
OPAT	3,386	3,272	3%

Notes:

- (1) Attributable to shareholders of the Issuer only, excluding non-controlling interests.
- (2) OPAT Composition is based on the updated presentation as described in note 6 to the 2024 interim condensed consolidated financial statements. In addition, the net other fees and revenue and non-attributable expenses under IFRS 17 for the six months ended 30 June 2023 have been updated to conform to the presentation as used in the results for the year ended 31 December 2023.
- (3) After adjusting for non-insurance expenses.

CSM MOVEMENT, NET OF REINSURANCE

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023
Opening CSM	53,115	50,225
New business CSM	3,776	3,393
Expected return on in-force	1,358	1,240
CSM before variances and others, exchange rates and release	58,249	54,858
Variances and others	(172)	(1,443)
Exchange rates	(1,227)	(1,050)
Closing CSM before release	56,850	52,365
CSM release	(2,782)	(2,618)
Closing CSM	54,068	49,747
CSM release rate⁽¹⁾	9.5%	9.5%
Underlying CSM growth after CSM release⁽²⁾	9.1%	8.2%

The continued addition of large-scale profitable new business has driven growth in the CSM in the last twelve months and this supported the 6% increase in the CSM release to US\$2,782 million, a core contributor to OPAT growth, in the six months ended 30 June 2024. The CSM release rate remained stable at 9.5%.

In the six months ended 30 June 2024, we delivered 11% higher new business CSM at US\$3,776 million compared to the six months ended 30 June 2023, and the expected return from our in-force business added a further US\$1,358 million to the CSM. The CSM at 30 June 2024 grew to US\$58,249 million, equivalent to 20% growth on an annualised basis for the six months ended 30 June 2024.

CSM variances and others improved from the six months ended 30 June 2024 as compared to the six months ended 30 June 2023, and were a small negative of US\$172 million for the six months ended 30 June 2024. This included investment return variances of negative US\$177 million, driven mainly by the increase in U.S. interest rates over the six months ended 30 June 2024. The strengthening of the U.S. dollar reporting currency relative to some local market currencies led to a US\$1,227 million reduction in CSM.

CSM increased to US\$56,850 million before release to OPAT. After the CSM release, the closing CSM was US\$54,068 million for the six months ended 30 June 2024.

We delivered underlying growth⁽²⁾ in the CSM of US\$2,352 million, equivalent to 9.1% growth on an annualised basis over the period, demonstrating the compounding effect of the continued addition of large-scale, profitable new business.

Notes:

- (1) Calculated after variances and others and exchange rates and shown on an annualised basis. Since the year ended 31 December 2023, the Group updated the CSM release rate presentation so that for the six months ended 30 June and the six months ended 31 December, end-of-period exchange rates are used to derive the CSM release rate. Under the previously used approach, the CSM release rate was 9.7% for the six months ended 30 June 2023.
- (2) Underlying CSM growth refers to the growth in CSM after the CSM release and before variances and others and the effect of exchange rate movements, expressed as a percentage of the opening CSM on an annualised basis.

OPERATING NET INVESTMENT RESULT ⁽¹⁾

The net investment result included in OPAT relates to non-participating business⁽²⁾ and surplus assets. For participating⁽³⁾ and unit-linked business, investment returns are offset by corresponding movements in contract liabilities as shown below.

US\$ millions, unless otherwise stated	Six months ended 30 June 2024		
	Participating and unit-linked	Non-participating and surplus assets and others	Total
Investment return	1,933	2,859	4,792
Insurance finance expenses and others	(1,598) ⁽⁴⁾	(1,115) ⁽⁵⁾	(2,713)
Movement in investment contract liabilities	(324)	-	(324)
Movement in third-party interests in consolidated investment funds	(11)	-	(11)
Net investment result	-	1,744	1,744

US\$ millions, unless otherwise stated	Six months ended	Six months ended	YoY AER
	30 June 2024	30 June 2023	
Interest revenue on financial assets	2,191	2,156	2%
Expected long-term investment return for equities and real estate	668	662	1%
Investment return on non-participating and surplus assets⁽⁶⁾	2,859	2,818	1%
Non-participating insurance finance expenses and others ⁽⁵⁾	(1,115)	(1,038)	7%
Net investment result	1,744	1,780	(2)%
Investment management expenses	(107)	(97)	10%
Net investment result after expenses	1,637	1,683	(3)%

The investment return on non-participating and surplus assets increased by 1% to US\$2,859 million for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Non-participating insurance finance expenses and others of US\$1,115 million for the six months ended 30 June 2024 increased by 7% from US\$1,038 million for the six months ended 30 June 2023.

Net investment result after expenses decreased by 3% to US\$1,637 million for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023. This was driven by lower investment returns as surplus assets were reduced by the ongoing share buy-back programme, the sale of our Savings and Investments business in Australia which was completed in the six months ended 31 December 2023, and the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms, which was partially offset by growth in our non-participating business.

Notes:

- (1) Operating net investment result composition is based on the updated presentation in note 6 to the interim condensed consolidated financial statements.
- (2) Non-participating business includes all insurance liabilities under the general measurement model (GMM), covering traditional protection, unit-linked with significant protection benefits, universal life and other participating business without distinct portfolios.
- (3) Participating funds and other participating business with distinct portfolios under the variable fee approach (VFA).
- (4) Primarily represents the insurance contract liability offset of participating and unit-linked investment return.
- (5) Primarily represents the interest accreted on non-participating business liabilities.
- (6) Non-participating and surplus assets are referred to as "Other policyholder and shareholder investments" under "IFRS Balance Sheet – Policyholder and Shareholder Investments" below and in our 2024 interim condensed consolidated financial statements included elsewhere in this Supplemental Offering Circular.

OPAT BY SEGMENT

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023	YoY AER
Mainland China	827	833	(1)%
Hong Kong	1,223	1,066	15%
Thailand	514	496	4%
Singapore	343	344	-
Malaysia	178	170	5%
Other Markets	292	346	(16)%
Group Corporate Centre	9	17	(47)%
Total	3,386	3,272	3%

The table shows the breakdown of the Group's OPAT by reportable segment and includes a separate line for the Group Corporate Centre ("**GCC**"). OPAT for GCC is small and comprises primarily the net investment result on surplus assets held in GCC and unallocated Group Office operating expenses.

For each of our reportable segments, the addition of profitable new business supported underlying growth in the CSM over the six months ended 30 June 2024. The compounding effect of successive layers of profitable new business and broadly stable CSM release rates has driven a higher CSM release, a key contributor to OPAT.

Proactive claims management initiatives and repricing of our medical business across our key markets have supported an improvement in claims variances compared with the six months ended 31 December 2023. As a result, claims variances, including the planned release of medical claims provision established in 2023, were positive in the six months ended 30 June 2024 for the Group.

Mainland China's OPAT of US\$827 million for the six months ended 30 June 2024 decreased by 1% compared to the six months ended 30 June 2023. This was mainly driven by the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms. Excluding the effect of the appreciation of the U.S. dollar against the local currency, Mainland China's OPAT was 4% higher for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023, resulting from the growth in the in-force portfolio, which was partially offset by the effect of lower interest rates.

Hong Kong reported OPAT of US\$1,223 million for the six months ended 30 June 2024, a 15% increase compared to the six months ended 30 June 2023. This was driven by strong business growth, improved operating variances and expense efficiencies.

Thailand's OPAT for the six months ended 30 June 2024 increased by 4% compared to the six months ended 30 June 2023, as a result of strong business growth, improved operating variances and expense efficiencies, which was partially offset by the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms. Excluding the effect of the appreciation of the U.S. dollar against the local currency, Thailand's OPAT was 11% higher for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Singapore's OPAT remained stable at US\$343 million for the six months ended 30 June 2024, compared to the six months ended 30 June 2023. This was driven by underlying business growth, and was partially offset by lower investment income resulting from increased remittances to the Group Corporate Centre to support the share buy-back programme and the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms.

Malaysia's OPAT for the six months ended 30 June 2024 increased by 5% to US\$178 million compared to the six months ended 30 June 2023, as a result of strong business growth, improved operating variances and expense efficiencies, which was partially offset by the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms. Excluding the effect of the appreciation of the U.S. dollar against the local currency, Malaysia's OPAT was 11% higher for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

OPAT from Other Markets of US\$292 million for the six months ended 30 June 2024 declined by 16% compared to the six months ended 30 June 2023, as a result of the impacts from a business disposal and worsened claims variances in Australia, negative persistency variances in Vietnam and Indonesia, and higher new business strain in Tata AIA Life. These were partially offset by growth in the CSM release for the six months ended 30 June 2024.

TWPI BY SEGMENT

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023	YoY AER
Mainland China	5,985	4,992	20%
Hong Kong	5,930	5,594	6%
Thailand	2,098	2,051	2%
Singapore	2,209	1,981	12%
Malaysia	1,310	1,284	2%
Other Markets	3,554	3,398	5%
Total	21,086	19,300	9%

TWPI increased by 9% to US\$21,086 million for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. All our reportable segments delivered positive TWPI growth for the six months ended 30 June 2024.

OPERATING EXPENSES

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023	YoY AER
Operating expenses	1,720	1,617	6%

Operating expenses grew by 6% to US\$1,720 million, the expense ratio improved to 8.2% for the six months ended 30 June 2024 from 8.4% for the six months ended 30 June 2023.

NON-OPERATING MOVEMENT AND NET PROFIT⁽¹⁾

Net profit increased by 47% to US\$3,314 million for the six months ended 30 June 2024 compared to the six months ended 30 June 2023.

Net profit includes mark-to-market movements from equity and real estate investments backing non-participating business and shareholder surplus. Short-term investment and discount rate variances mainly reflect the short-term movements in these asset classes compared with our long-term investment return assumptions. While these variances were negative US\$319 million for the six months ended 30 June 2024, they were offset by other non-operating investment return and other items of US\$364 million.

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023	YoY AER
OPAT	3,386	3,272	3%
Short-term investment and discount rate variances, net of tax ⁽²⁾	(319)	(715)	(55)%
Reclassification of revaluation gains for property held for own use, net of tax ⁽²⁾	(110)	(66)	67%
Corporate transaction related costs, net of tax	(7)	(12)	(42)%
Implementation costs for new accounting standards, net of tax	-	(32)	n/m
Other non-operating investment return and other items, net of tax	364	(197)	n/m
Net profit	3,314	2,250	47%

Notes:

(1) Attributable to shareholders of the Issuer only, excluding non-controlling interests.

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

SEGMENTAL INFORMATION

Our reporting segments are categorised as follows: (i) each Key Segment, consisting of Mainland China, Hong Kong (which includes Macau), Thailand, Singapore (which includes Brunei) and Malaysia; (ii) combined results for our Other Markets, consisting of the combined results of Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam; and (iii) our Group Corporate Centre reporting segment.

The following summarises the results of operations of each of our geographical market segments.

Mainland China

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	782	601
VONB margin ⁽²⁾	56.6%	50.3%
ANP	1,382	1,195
TWPI	5,985	4,992
OPAT	827	833

Notes:

(1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.

(2) VONB margin excludes pension business which is consistent with the definition of ANP used within the calculation.

Six Months Ended 30 June 2024 Compared with Six Months Ended 30 June 2023

AIA China delivered VONB growth of 30% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by 15% growth in our Premier Agency and an uplift in VONB from our bancassurance partnerships. VONB for the six months ended 30 June 2023 has not been recalculated using the economic assumptions applied in the six months ended 30 June 2024.

VONB margin increased by 6.3 percentage points at 56.6% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. The increase was driven by a positive product mix shift and active repricing, supported by changes to industry-wide regulations on bancassurance commissions implemented in the six months ended 31 December 2023. ANP increased by 16% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023.

Bancassurance VONB growth was driven by our deepening cooperation with selected bank partners and steadily improving VONB margin over time.

Mainland China's OPAT of US\$827 million for the six months ended 30 June 2024 decreased by 1% compared to the six months ended 30 June 2023. This was mainly driven by the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms. Excluding the effect of the appreciation of the U.S. dollar against the local currency, Mainland China's OPAT was 4% higher for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023, resulting from the growth in the in-force portfolio, which was partially offset by the effect of lower interest rates.

Hong Kong

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	858	681
VONB margin ⁽²⁾	65.7%	56.9%
ANP	1,272	1,165
TWPI	5,930	5,594
OPAT	1,223	1,066

Notes:

- (1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.
- (2) VONB margin excludes pension business which is consistent with the definition of ANP used within the calculation.

Six Months Ended 30 June 2024 Compared with Six Months Ended 30 June 2023

VONB from AIA Hong Kong increased 26% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, with growth from both the domestic customer segment and from Mainland Chinese Visitor customers.

New product launches and product repricing contributed to an overall VONB margin increase of 8.8 percentage points to 65.7% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. Strong demand for our flagship participating savings products continued to support our new business growth. VONB from our wide range of traditional protection products increased by 15% in the six months ended 30 June 2024.

Premier Agency continues to be the key contributor to AIA Hong Kong's new business, and we delivered 20% VONB growth for the six months ended 30 June 2024. New recruits increased as agency leaders continued to attract a diverse range of quality candidates. AIA Hong Kong continued to rank number one in the market for MDRT members.

Partnership channel achieved 41% VONB growth. The Hong Kong domestic customer segment has been a key driver for our overall bancassurance growth in the six months ended 30 June 2024, alongside improvements in activity and productivity levels.

Hong Kong reported OPAT of US\$1,223 million for the six months ended 30 June 2024, a 15% increase compared to the six months ended 30 June 2023, driven by strong business growth, improved operating variances and expense efficiencies.

Thailand

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	359	327
VONB margin ⁽²⁾	93.1%	91.5%
ANP	386	357
TWPI	2,098	2,051
OPAT	514	496

Notes:

- (1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.
- (2) VONB margin excludes pension business, which is consistent with the definition of ANP used within the calculation.

Six Months Ended 30 June 2024 Compared with Six Months Ended 30 June 2023

AIA Thailand's VONB for the six months ended 30 June 2024 increased by 10% from the six months ended 30 June 2023, driven by strong ANP growth in both Agency and Partnership channels.

VONB margin was stable, supported by our focus on the sale of unit-linked products and protection riders, reflecting the quality of our distribution and ability to advise on more sophisticated products targeted at meeting the financial protection needs of a broader range of customers.

Agency delivered 12% VONB growth, as we continued to uplift quality through our financial adviser programme. The number of active agents grew, and we also saw an uplift in productivity, supported by the widespread adoption of our digital tools. Quality recruitment remains a key priority and AIA has been ranked number one for MDRT members in Thailand since our IPO in 2010.

Our strategic bancassurance partner, Bangkok Bank, delivered strong VONB growth as our training programmes focusing on activation management and our enhanced long-term savings product helped to drive an increase in both productivity and the number of active insurance sellers.

Thailand's OPAT for the six months ended 30 June 2024 increased by 4% compared to the six months ended 30 June 2023, as a result of strong business growth, improved operating variances and expense efficiencies, which was partially offset by the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms. Excluding the effect of the appreciation of the U.S. dollar against the local currency, Thailand's OPAT was 11% higher for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Singapore

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	219	173
VONB margin ⁽²⁾	52.4%	65.0%
ANP	417	267
TWPI	2,209	1,981
OPAT	343	344

Notes:

- (1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.
- (2) VONB margin excludes pension business which is consistent with the definition of ANP used within the calculation.

Six Months Ended 30 June 2024 Compared with Six Months Ended 30 June 2023

VONB from AIA Singapore increased by 27% for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, supported by strong performance across all distribution channels. We had strong growth in our long-term savings products as we continued to capture the growing wealth opportunities in Singapore. ANP growth was 56% for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023. VONB margin decreased to 52.4% due to a shift in product mix for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Premier Agency delivered 30% growth as we continued to invest in digital tools which helped to increase both productivity and the number of active agents for the six months ended 30 June 2024.

Our Partnership channel achieved 15% VONB growth, driven by strong sales of high net worth and savings products, supported by our new wealth propositions.

Singapore's OPAT remained stable at US\$343 million for the six months ended 30 June 2024, compared to the six months ended 30 June 2023. Underlying business growth was partially offset by lower investment income resulting from increased remittances to the Group Corporate Centre to support the share buy-back programme and the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms.

Malaysia

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	183	170
VONB margin ⁽²⁾	64.2%	64.8%
ANP	285	261
TWPI	1,310	1,284
OPAT	178	170

Notes:

- (1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.
- (2) VONB margin excludes pension business which is consistent with the definition of ANP used within the calculation.

Six Months Ended 30 June 2024 Compared with Six Months Ended 30 June 2023

AIA Malaysia reported 8% VONB growth and 9% ANP growth for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. Our focus on protection sales, both from traditional

and unit-linked business attached with protection riders, delivered a high-quality product mix with VONB margin of 64.2% for the six months ended 30 June 2024.

Premier Agency delivered VONB growth of 1% in the six months ended 30 June 2024, as investments in technology, digital and analytics enabled us to increase productivity and drive stronger customer engagement.

Our Bancassurance partnership with Public Bank Berhad achieved strong VONB growth, driven by our compelling high net worth proposition. We have also increased the number and the activity of our insurance specialists. Group insurance business delivered strong growth driven by both new business and renewals.

Malaysia's OPAT for the six months ended 30 June 2024 increased by 5% to US\$178 million compared to the six months ended 30 June 2023, as a result of strong business growth, improved operating variances and expense efficiencies, which was partially offset by the appreciation of the U.S. dollar during the six months ended 30 June 2024 that reduced the local currency earnings in U.S. dollar terms. Excluding the effect of the appreciation of the U.S. dollar against the local currency, Malaysia's OPAT was 11% higher for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023.

Other Markets

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾⁽⁴⁾	224	212
VONB margin ⁽²⁾	27.7%	28.6%
ANP ⁽⁴⁾	804	739
TWPI ⁽³⁾	3,554	3,398
OPAT ⁽⁴⁾	292	346

Notes:

- (1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.
- (2) VONB margin excludes pension business, which is consistent with the definition of ANP used within the calculation.
- (3) TWPI excludes the contribution from Tata AIA Life.
- (4) ANP, VONB and OPAT include the contribution from Tata AIA Life.

Six Months Ended 30 June 2024 Compared with Six Months Ended 30 June 2023

VONB for the Other Markets segment for the six months ended 30 June 2024 increased by 6% compared to the six months ended 30 June 2023, with VONB growth in Australia, Myanmar, the Philippines, Sri Lanka, South Korea and Taiwan (China), partially offset by declines in India, Indonesia, New Zealand and Vietnam.

OPAT from Other Markets of US\$292 million for the six months ended 30 June 2024 declined by 16% compared to the six months ended 30 June 2023, as a result of a business disposal and higher claims variances in Australia, negative persistency variances in Vietnam and Indonesia, and higher new business strain in Tata AIA Life.

Other Market Highlights

AIA Australia delivered strong VONB growth in the six months ended 30 June 2024. Group insurance delivered strong VONB growth as we benefitted from new members joining existing schemes and successful renewals.

AIA Cambodia's ANP remained stable for the six months ended 30 June 2024 compared to the six months ended 30 June 2023. Reduced loan disbursements affected sales in our bancassurance channel, which was offset by strong ANP growth from our agency channel, driven by an increase in active agents.

VONB for Tata AIA Life declined for the six months ended 30 June 2024, as the prior half year comparative benefitted from a one-time increase in sales ahead of the introduction of limitations on personal taxation benefits relating to life insurance purchases. We have seen a return to positive VONB growth from April to June 2024, mainly driven by strong performance from our Premier Agency. We maintained our leadership in protection and remained the number one ranked private insurer by retail sum assured. Our industry-leading Premier Agency ranked first in the country by MDRT qualifiers and continued to deliver strong results as it further expanded its reach through new, digitally-enabled branches across the country.

VONB for AIA Indonesia declined slightly for the six months ended 30 June 2024, driven by a reduction in the agency channel. This was offset by VONB growth from our strategic partner Bank Central Asia (“**BCA**”). We have extended our partnership with BCA in June 2024 until the end of 2038, unlocking further long term growth potential for AIA in Indonesia.

AIA Myanmar delivered ANP growth in our Agency and Partnership channels for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by an increase in the number of active agents and bank branches.

VONB for AIA New Zealand declined for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by a reduction in the IFA channel which was partially offset by growth from our strategic partner ASB Bank Limited (“**ASB**”).

AIA Philippines achieved VONB growth, driven by strong performance in our joint venture with the Bank of the Philippine Islands (“**BPI**”) from an increase in the number of active in-branch insurance specialists.

AIA Korea reported strong VONB growth for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by the continued strong performance in our bancassurance channel and a rebound in sales from our direct marketing channel.

AIA Sri Lanka delivered VONB growth in the six months ended 30 June 2024 compared to the six months ended 30 June 2023, supported by strong growth in both our Agency and Partnership channels. Our Partnership channel benefited from the strong performance from our new long-term exclusive bancassurance partnership with the Commercial Bank of Ceylon PLC.

AIA Taiwan achieved positive VONB growth for the six months ended 30 June 2024 compared to the six months ended 30 June 2023, driven by strong performance from the broker channel.

VONB for AIA Vietnam declined overall for the six months ended 30 June 2024 compared to the six months ended 30 June 2023.

HOLDING COMPANY FINANCIAL RESOURCES

Holding company financial resources increased to US\$9,890 million before shareholder dividends of US\$1,705 million and the US\$1,673 million return of capital to shareholders through the share buy-back programme.

Capital flows from subsidiaries of US\$1,469 million in the six months ended 30 June 2024 were lower compared with the six months ended 30 June 2023, primarily due to differences in the timing of capital flow to the holding company.

Borrowings increased by US\$152 million, while investment income, mark-to-market movements in debt securities and others increased holding company financial resources by US\$390 million.

After total capital returns to shareholders, holding company financial resources were US\$6,512 million at 30 June 2024.

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

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Six months ended 30 June 2023
Opening holding company financial resources	8,140	10,668
Capital flows from subsidiaries	1,469	1,703
Corporate activity including acquisitions	(53)	(43)
Net capital flows to holding company	1,416	1,660
Increase in borrowings ⁽¹⁾	152	94
Interest payments on borrowings ⁽¹⁾	(208)	(197)
Investment income, mark-to-market movements in debt securities and others	390	116
Closing holding company financial resources before dividends and share buy-backs	9,890	12,341
Dividends paid	(1,705)	(1,672)
Share buy-backs	(1,673)	(1,966)
Closing holding company financial resources	6,512	8,703

Assets recoverable and liabilities repayable within 12 months as follows:

US\$ millions, unless otherwise stated	As at 30 June 2024	As at 30 June 2023
Loans to/amounts due from subsidiaries ⁽²⁾	144	53
Medium-term notes and securities ⁽³⁾	(750)	(927)
Net other assets and other liabilities	(259)	(139)

Notes:

- (1) Borrowings principally include medium-term notes and securities; other intercompany loans; and amounts outstanding, if any, from the Issuer's US\$2,980 million unsecured committed credit facilities.
- (2) As at 30 June 2024, loans to/amounts due from subsidiaries was US\$973 million (31 December 2023: US\$895 million). US\$144 million was recoverable within the 12 months after 30 June 2024 (31 December 2023: US\$66 million).
- (3) As at 30 June 2024, medium-term notes and securities placed to the market was US\$11,867 million (31 December 2023: US\$11,764 million). US\$750 million was repayable within the 12 months after 30 June 2024 (30 June 2023: US\$927 million). Details of the medium-term notes and securities placed to the market are included in note 20 to the 2024 interim condensed consolidated financial statements.

IFRS Balance Sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ millions, unless otherwise stated	As at 30 June 2024	As at 31 December 2023	Change AER
Assets			
Financial investments	253,982	248,958	2%
Investment property	4,419	4,504	(2)%
Cash and cash equivalents	9,312	11,525	(19)%
Insurance and reinsurance contract assets	7,062	7,504	(6)%
Other assets	14,470	13,828	5%
Total assets	289,245	286,319	1%
Liabilities			
Insurance and reinsurance contract liabilities	208,346	203,607	2%

Investment contract liabilities	9,141	9,170	-
Borrowings	11,923	11,800	1%
Other liabilities	20,167	20,148	-
Less total liabilities	249,577	244,725	2%
Equity			
Total equity	39,668	41,594	(5)%
Less non-controlling interests	303	483	(37)%
Shareholders' equity	39,365	41,111	(4)%
Less			
Fair value reserve	1,709	516	231%
Insurance finance reserve	(5,955)	(4,159)	43%
Shareholders' allocated equity	43,611	44,754	(3)%

MOVEMENT IN SHAREHOLDERS' EQUITY

US\$ millions, unless otherwise stated	Six months ended 30 June 2024	Year ended 31 December 2023
Opening shareholders' equity	41,111	44,672
Net profit	3,314	3,764
Fair value gains on assets	1,193	4,253
Net finance expenses from insurance contracts and reinsurance contracts held	(1,796)	(5,397)
Dividends	(1,705)	(2,293)
Share buy-backs	(1,673)	(3,637)
Foreign currency translation adjustments	(1,186)	(215)
Purchase of shares held by employee share-based trusts	(33)	(115)
Revaluation gains on property held for own use	91	28
Other capital movements	49	51
Total movement in shareholders' equity	(1,746)	(3,561)
Closing shareholders' equity	39,365	41,111

COMPREHENSIVE EQUITY

US\$ millions, unless otherwise stated	As at 30 June 2024	As at 31 December 2023
Shareholders' equity	39,365	41,111
Net CSM ⁽¹⁾	45,285	44,313
Comprehensive equity	84,650	85,424

Note:

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

ASSETS

Total assets increased by US\$2,926 million to US\$289,245 million at 30 June 2024 from US\$286,319 million at 31 December 2023, driven mainly by positive net investment cash inflows and fair value movements on financial investments, partially offset by the return of capital to shareholders.

LIABILITIES

Total liabilities increased to US\$249,577 million at 30 June 2024 from US\$244,725 million at 31 December 2023.

Insurance and reinsurance contract liabilities increased to US\$208,346 million at 30 June 2024 compared with US\$203,607 million at 31 December 2023, driven mainly by net cash inflows and changes in liability discount rates, partially offset by the reduction from foreign exchange rate movements.

Borrowings increased to US\$11,923 million at 30 June 2024, compared with US\$11,800 million at 31 December 2023. Net proceeds from the issuances and redemption of medium-term notes and securities totaled US\$152 million.

The leverage ratio, which is defined as total borrowings expressed as a percentage of the sum of total borrowings, total equity and CSM net of reinsurance and net of taxes, was 12.3% at 30 June 2024, compared with 12.1% at 31 December 2023. The increase was largely due to a reduction in total equity following capital returns to shareholders in the form of shareholder dividends and share buy-backs, partially offset by the increase in net CSM.

Details of commitments and contingencies are included in note 27 to the interim condensed consolidated financial statements.

EQUITY

Management considers that shareholders' allocated equity better reflects the long-term nature of our business and is shown before fair value reserve and insurance finance reserve. Shareholders' allocated equity was US\$43,611 million at 30 June 2024.

Shareholders' equity reflects the other comprehensive income or expense from fair value gains on assets due to unrealised market movements on debt securities and the net finance expenses from insurance contracts and reinsurance contracts held due to liability discount rate changes in our non-participating business⁽¹⁾ and surplus assets. In the six months ended 30 June 2024, fair value gains on debt securities were US\$1,193 million, offset by net finance expenses from insurance contracts and reinsurance contracts held of US\$1,796 million.

Shareholders' equity increased to US\$42,743 million, before US\$3,378 million of capital returns to shareholders. This compared with US\$41,111 million at 31 December 2023. After capital returns to shareholders during the period, shareholders' equity was US\$39,365 million at 30 June 2024.

Comprehensive equity of US\$84,650 million at 30 June 2024 comprised of shareholders' equity of US\$39,365 million and net CSM of US\$45,285 million. This compared with US\$85,424 million of comprehensive equity at 31 December 2023.

Note:

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

TOTAL INVESTMENTS

US\$ millions, unless otherwise stated	As at 30 June 2024	Percentage of total	As at 31 December 2023	Percentage of total
Total policyholder and shareholder	237,764	88%	235,936	88%
Total unit-linked contracts and consolidated investment funds	33,864	12%	32,612	12%
Total investments	271,628	100%	268,548	100%

UNIT-LINKED CONTRACTS AND CONSOLIDATED INVESTMENT FUNDS

US\$ millions, unless otherwise stated	As at 30 June 2024	Percentage of total	As at 31 December 2023	Percentage of total
Unit-linked contracts and consolidated investment funds				
Debt securities	7,083	21%	7,052	22%
Loans and deposits	76	-	65	-
Interests in investment funds and exchangeable loan notes	17,970	53%	17,626	54%
Equity shares	8,055	24%	7,150	22%
Cash and cash equivalents	676	2%	713	2%
Derivative financial instruments	4	-	6	-
Total unit-linked contracts and consolidated investment funds	33,864	100%	32,612	100%

POLICYHOLDER AND SHAREHOLDER INVESTMENTS

US\$ millions, unless otherwise stated	As at 30 June 2024	Percentage of total	As at 31 December 2023	Percentage of total
Participating funds and other participating business with distinct portfolios⁽¹⁾				
Government bonds	18,948	8%	21,027	9%
Government agency bonds	6,231	3%	6,838	3%
Corporate bonds and structured securities	45,408	19%	49,756	21%
Loans and deposits	449	-	470	-
Subtotal – Fixed income investments	71,036	30%	78,091	33%
Interests in investment funds and exchangeable loan notes	33,109	14%	22,676	10%
Equity shares	6,928	3%	7,533	3%
Investment property and property held for own use	3,648	1%	3,574	2%
Cash and cash equivalents	1,511	1%	2,421	1%
Derivative financial instruments	365	-	376	-
Subtotal participating funds and other participating business with distinct portfolios	116,597	49%	114,671	49%
Other policyholder and shareholder				
Government bonds	53,861	23%	54,343	23%
Government agency bonds	7,254	3%	7,343	3%
Corporate bonds and structured securities	31,703	13%	31,399	13%
Loans and deposits	3,730	2%	3,460	2%
Subtotal – Fixed income investments	96,548	41%	96,545	41%
Interests in investment funds and exchangeable loan notes	7,835	3%	6,864	2%
Equity shares	4,511	2%	4,604	2%
Investment property and property held for own use	4,686	2%	4,491	2%
Cash and cash equivalents	7,125	3%	8,391	4%
Derivative financial instruments	462	-	370	-
Subtotal other policyholder and shareholder	121,167	51%	121,265	51%
Total policyholder and shareholder	237,764	100%	235,936	100%

Note:

- (1) Participating fund is written in a segregated statutory fund with regulations governing the division of surplus between policyholders and shareholders.
Other participating business with distinct portfolios, representing Hong Kong participating business, are supported by segregated investment assets and explicit provisions for future surplus distribution.

Financial investments held in respect of policyholders and shareholders increased to US\$237,764 million at 30 June 2024 compared with US\$235,936 million at 31 December 2023.

Equity shares held in respect of policyholders and shareholders decreased by US\$698 million to US\$11,439 million at 30 June 2024 compared with US\$12,137 million at 31 December 2023.

Interests in investment funds and exchangeable loan notes held in respect of policyholders and shareholders totaled US\$40,944 million at 30 June 2024, compared with US\$29,540 million at 31 December 2023, largely driven by a tactical asset allocation change in our participating funds and other participating business with distinct portfolios.

This tactical asset allocation change also resulted in a reduction in fixed income investments, including debt securities, loans and term deposits held in respect of policyholders and shareholders, to US\$167,584 million at 30 June 2024, compared with US\$174,636 million at 31 December 2023. Government bonds and government agency bonds of US\$86,294 million represented 51% of fixed income investments at 30 June 2024, consistent with 51% at 31 December 2023.

Corporate bonds and structured securities of US\$77,111 million accounted for 46% of fixed income investments at 30 June 2024, compared with 47% at 31 December 2023.

The average credit rating of the fixed income portfolio including government bonds remained stable at A, compared with the position at 31 December 2023. The average credit rating of the fixed income portfolio excluding domestic government bonds⁽¹⁾ changed to A- at 30 June 2024 from A at 31 December 2023. The corporate bond portfolio was well diversified with over 1,800 issuers and an average holding size of US\$40 million.

At 30 June 2024, 2% of the total bond portfolio was rated below investment grade or not rated, representing approximately US\$3.6 billion in value. Approximately US\$123 million of bonds, representing 0.1% of our total bond portfolio, were downgraded to below investment grade during the period.

The expected credit loss (“ECL”) provision for the bond asset holdings measured at amortised cost or fair value through other comprehensive income decreased by US\$24 million during the six months ended 30 June 2024. The ECL provision represented 0.5% of the bond portfolio at 30 June 2024, reflecting AIA’s overall high-quality investments.

Cash and cash equivalents held in respect of policyholders and shareholders decreased by US\$2,176 million to US\$8,636 million at 30 June 2024 compared with US\$10,812 million at 31 December 2023.

Note:

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

Capital

GROUP LCSM SOLVENCY POSITION

Under the GWS capital adequacy rules, the Group’s solvency is measured based on the Local Capital Summation Method (“LCSM”), which aggregates the available capital, minimum capital requirements and prescribed capital requirements measured under the regulatory requirements of each entity within the Group.

As at 30 June 2024, the Group LCSM coverage ratio remained strong at 262%. This compared with 275% at 31 December 2023 with the difference largely due to capital returns to shareholders.

Eligible group capital resources increased from US\$73,156 million to US\$74,654 million, driven mainly by in-force business capital generation and the issuance of eligible subordinated debt, partially offset by capital returns to shareholders.

The group prescribed capital requirement (“**GPCR**”) increased from US\$26,646 million to US\$28,517 million from new business written during the period and a tactical asset allocation change to increase equity investments within our participating business, which had no overall impact on the Group LCSM coverage ratio on a shareholder basis⁽¹⁾.

As a result, the Group LCSM surplus decreased from US\$46,510 million to US\$46,137 million.

Tier 1 group capital decreased from US\$46,980 million to US\$46,711 million, mainly from capital returns to shareholders, partially offset by in-force capital generation.

The Group minimum capital requirement (“**GMCR**”) increased from US\$13,613 million to US\$14,069 million mainly from new business written during the period.

The table shows a summary of the Group LCSM solvency position on the GWS basis as at 30 June 2024 and 31 December 2023.

US\$ millions, unless otherwise stated	As at	As at
	30 June 2024	31 December 2023
Group LCSM coverage ratio ⁽²⁾	262%	275%
Tier 1 group capital coverage ratio ⁽³⁾	332%	345%
Eligible group capital resources	74,654	73,156
Tier 1 group capital	46,711	46,980
Tier 2 group capital	27,943	26,176
Group prescribed capital requirement (GPCR)	28,517	26,646
Group minimum capital requirement (GMCR)	14,069	13,613
Group LCSM surplus	46,137	46,510

A shareholder view of the Group LCSM is also presented to show the position excluding the Group’s participating business⁽¹⁾ and for comparability with other companies that report on this basis.

The Group LCSM coverage ratio on the shareholder basis is defined as the ratio of eligible group capital resources to the GPCR with both items excluding participating business. The ratio decreased from 335% at 31 December 2023 to 329% at 30 June 2024 due to capital returns to shareholders.

US\$ millions, unless otherwise stated	As at 30 June 2024		As at 31 December 2023	
	GWS basis	Shareholder basis ⁽¹⁾	GWS basis	Shareholder basis ⁽¹⁾
Group LCSM coverage ratio	262% ⁽²⁾	329%	275% ⁽²⁾	335%
Eligible group capital resources	74,654	54,066	73,156	53,885
GPCR	28,517	16,418	26,646	16,076
Group LCSM surplus	46,137	37,648	46,510	37,809

At 30 June 2024, eligible group capital resources on the GWS basis included the following items, which are included within Tier 2 group capital:

- (i) US\$5,115 million⁽⁴⁾ of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20% per annum until maturity. Subordinated securities with a maturity where principal repayment is subject to contractual conditions are not expected to be subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

- (ii) US\$5,158 million⁽⁴⁾ of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20% per annum until 14 May 2036.

Notes:

- (1) Excludes the contribution from participating funds and other participating business with distinct portfolios except for Brunei and the Macau Special Administrative Region of the People's Republic of China (Macau SAR). Participating businesses in Brunei and Macau SAR are not considered as participating funds or other participating business with distinct portfolios under applicable local regulatory regimes within our LCSM reporting.
- (2) The Group LCSM coverage ratio on the GWS basis is referred to as the "eligible group capital resources coverage ratio" in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.
- (3) The Tier 1 group capital coverage ratio is defined in the GWS framework as the ratio of the Tier 1 group capital to the GMCR.
- (4) The amounts represent the carrying value of medium-term notes and securities contributing to eligible group capital resources.

LOCAL SOLVENCY REQUIREMENTS

The Group's individual branches and subsidiaries are also subject to supervision, including relevant capital requirements, in the jurisdictions in which they and their parent entities operate. The local operating units were in compliance with the capital requirements of their respective entity and local regulators in each of our geographical markets at 30 June 2024.

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

Hong Kong

On 1 July 2024, the Hong Kong Risk-based Capital ("HKRBC") regime took effect and became part of the Hong Kong Insurance Ordinance ("HKIO").

AIA International, our principal operating entity in Hong Kong, received the approval from the HKIA to early adopt the HKRBC regime with an effective date of 1 January 2022. The Group's other operating entities in Hong Kong, including AIA Co., AIA Everest and Blue Cross, became subject to the revised legislation from 1 July 2024, and the effect to the Group's EV Equity is not expected to be material.

Malaysia

As part of the multi-phased review of the capital adequacy framework, in June 2024 Bank Negara Malaysia ("BNM") released an Exposure Draft of Risk-based Capital Framework for Insurers and Takaful Operators for consultation and the second quantitative impact study ("QIS 2"). The BNM plans for the proposed enhancement to take effect for the reporting period beginning 1 January 2027.

Macau SAR

In December 2023, the Monetary Authority of Macao ("AMCM") started a consultation and assessment process to develop an RBC framework for the insurance industry of Macau SAR, with a draft Bill expected in 2027. In May 2024, AMCM issued the first quantitative impact study ("QIS") on Pillar 1 regulatory capital requirements for the RBC framework and requested all life and general insurers as well as pension fund management company to submit the required data before 31 August 2024.

Global Medium-term Note and Securities Programme

On 5 April 2024, the Issuer issued US dollar-denominated fixed rate subordinated dated securities under our Global Medium-term Note and Securities Programme. The offering comprised US\$1,000 million of 10-year securities at an annual rate of 5.375 per cent. The securities are listed on The Stock Exchange of Hong Kong Limited.

As at 30 June 2024, the aggregate carrying amount of the debt issued to the market under the programme was US\$11,867 million compared with US\$11,764 million at 31 December 2023.

Credit Ratings

As at 30 June 2024, AIA Co. had unchanged financial strength ratings of AA (Very Strong) with a stable outlook from Fitch; AA- (Very Strong) with a stable outlook from S&P Global Ratings; and Aa2 (Very Low Credit Risk) with a negative outlook from Moody's. Moody's revised the outlook on AIA Co. from stable to negative on 8 December 2023 following the agency's decision to change both Mainland China and Hong Kong sovereign ratings outlook from stable to negative.

As at 30 June 2024, the Issuer had unchanged issuer credit ratings of AA- (Very High Credit Quality) with a stable outlook from Fitch; A+ (Strong) with a stable outlook from S&P Global Ratings; and A1 (Low Credit Risk) with a negative outlook from Moody's. Moody's revised the outlook on the Issuer from stable to negative on 8 December 2023 following the agency's decision to change both Mainland China and Hong Kong sovereign ratings outlook from stable to negative.

Auditor

In 2024, the Board endorsed the recommendation from the Audit Committee to commence an audit tender for the Group for the year ending 31 December 2026. Selected accounting firms, including the Issuer's current auditor, PricewaterhouseCoopers ("**PwC**"), will be invited to the tender process.

Having been re-appointed as the Issuer's auditor at the 2024 annual general meeting ("**AGM**") held on 24 May 2024, PwC will undertake the audit of the Group's consolidated financial statements for the year ending 31 December 2024 and will remain the Issuer's auditor for the year ending 31 December 2025, subject to the approval of the Issuer's shareholders at the 2025 AGM.

DISTRIBUTION

Agency

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB	1,860	1,613
VONB margin	67.2%	62.8%
ANP	2,766	2,567

AIA's proprietary Premier Agency is a core competitive advantage and sits at the heart of our relationship with our customers. Our professional agency meets the diverse and rapidly growing needs of millions of customers across Asia through personalised advice and our comprehensive suite of products. We hold market-leading positions across the region and have been named the number one Million Dollar Round Table ("MDRT") multinational company in the world for the tenth consecutive year.

The scale and consistent quality of our agency platform has enabled us to deliver 15% VONB growth in the six months ended 30 June 2024, with 8% ANP growth and a VONB margin increase to 67.2%. We achieved growth in Mainland China, Hong Kong and the ASEAN region, driven by an increase in the number of active agents and higher activity levels. Overall, agency distribution accounted for 71% of the Group's total VONB in the six months ended 30 June 2024.

Quality recruitment is an important strategic priority and driver of our future growth. Our proprietary recruitment programmes provide new recruits with best-in-class, digitally enabled training designed to fast track their development and support them in achieving a full-time professional and productive career. We delivered an increase in new recruits in the six months ended 30 June 2024, reinforcing the strength of our business model and growth opportunities.

Our next-generation agency leaders are critical to the successful execution of our Premier Agency strategy, ensuring high-quality recruitment, training and management as we prioritise the growth of professional agents across our markets. In the six months ended 30 June 2024, our agency leadership programmes successfully generated strong growth in the number of agency leaders.

We continue to support our Premier Agency strategy with enhanced digital tools that power agency recruitment and onboarding, activity management and new leads generation. Our data analytics equip agents with enhanced customer insights in areas such as customer lifecycle management, needs analysis and recommendations to optimise cross-selling opportunities.

AIA China, AIA Hong Kong and AIA Thailand retained their positions as the top three individual companies with the highest number of MDRT members globally. Our continued leadership in MDRT demonstrates the effectiveness of our Premier Agency strategy.

Partnerships

	Six months ended 30 June	
	2024	2023
	(in US\$ millions, except VONB margin)	
VONB	742	532
VONB margin	41.7%	37.5%
ANP	1,780	1,417

AIA's extensive network of market-leading distribution partners extends our customer reach across Asia. These partners provide us with a unique opportunity to connect with millions of potential customers and fulfil a wide range of insurance needs across the region.

Our partnership channel delivered VONB growth of 39%, driven by strong performances from both the bancassurance and intermediated channels. ANP grew by 26% and VONB margin increased by 4.2 percentage points. In the six months ended 30 June 2024, our partnership channel contributed 29% of AIA's total VONB.

Our bancassurance channel delivered 56% VONB growth in the six months ended 30 June 2024. We achieved growth through strong collaboration with our bank partners, including our regional exclusive partnerships with Citibank, N.A. ("**Citibank**") and BEA, as well as our strategic partners in Thailand, Malaysia and the Philippines and Indonesia, where we extended our partnership with BCA until the end of 2038.

Our digitally led bancassurance strategy, together with our health and wellness propositions, improve customer engagement and productivity. For example, our strategic partnership with BEA in China delivered strong VONB growth as we launched digital tools and health checks in bank branches, supporting growth in ANP, average case size and activity ratios.

IFAs and brokers from our intermediated channels delivered 29% VONB growth in the six months ended 30 June 2024, mainly driven by Hong Kong. Business momentum was also strong in Singapore, where VONB growth in the IFA channel was driven by our compelling high-net-worth propositions.

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(1) References to page numbers in the Report on Review of the Interim Condensed Consolidated Financial Statements and the Report on Review of the Supplementary Embedded Value Information as at and for the six-month period ended 30 June 2024 (collectively, "**Independent Review Reports**") refer to the original page numbers in the 2024 interim results announcement of the Issuer which may be found at <http://www.aia.com>, and cross-references to page numbers included in the Independent Review Reports are to such original page numbering. Neither the 2024 interim results announcement nor any other information on the Issuer's website has been incorporated by reference into the Supplemental Offering Circular.