AIA Group Limited
友邦保險控股有限公司

Interim Report 2024

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

AIA DELIVERS EXCELLENT RESULTS IN THE FIRST HALF OF 2024

VONB UP 25 PER CENT TO A RECORD HIGH
OPAT AND UFSG PER SHARE BOTH UP 10 PER CENT; OPAT PER SHARE GROWTH TARGET
US$3.4 BILLION SHAREHOLDER RETURNS; INTERIM DIVIDEND PER SHARE UP 5.2 PER CENT

The Board of AIA Group Limited (the "Company") is pleased to announce the Group's financial results for the six months ended 30 June 2024. Growth rates are shown on a constant exchange rate basis:

New business performance

- Value of new business (VONB) up 25 per cent to a record high of US$2,455 million
- Sales up 17 per cent to US$4,546 million of annualised new premiums (ANP)
- New business profitability increased with VONB margin up 3.3 pps to 53.9 per cent

Embedded Value

- Embedded value (EV) operating profit of US$5,350 million, up 29 per cent per share
- Operating ROEV of 16.5 per cent, increased from 12.9 per cent in full year 2023
- Positive operating and investment variances in the first half
- EV Equity of US$70.9 billion after capital returns to shareholders, up 5 per cent per share over the first half

IFRS earnings

- Operating profit after tax (OPAT) of US$3,386 million, up 10 per cent per share
- Operating ROE of 15.3 per cent, up from 13.5 per cent in full year 2023
- OPAT per share CAGR target of 9 to 11 per cent from 2023 to 2026

Free Surplus Generation

- Underlying free surplus generation (UFSG) of US$3,391 million, up 10 per cent per share
- Net free surplus generation (Net FSG)(3) of US$2,243 million after reinvestment in organic new business
- Shareholder capital ratio(4) of 242 per cent on a pro forma basis

Dividend and share buy-backs

- US$3.4 billion returned to shareholders in the first half through dividend and share buy-backs
- Additional US$2.0 billion to the share buy-back programme announced in April, bringing the total to US$12.0 billion
- Interim dividend of 44.50 Hong Kong cents per share, up 5.2 per cent

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

"AIA has delivered excellent results in the first half of 2024. We have achieved record new business profits, significant earnings growth, strong free surplus generation and returned substantial capital to shareholders. We are also announcing an OPAT per share CAGR target of 9 to 11 per cent from 2023 to 2026. Today's headline figures, with VONB up by 25 per cent, are a direct result of AIA's ability to deliver successive layers of profitable new business that compound over time to sustain growth in earnings and cash generation.

"In the first six months of 2024, we returned US$3.4 billion to shareholders through dividend and share buy-backs. The Board announced an increase to our existing share buy-back programme by US$2.0 billion in April, bringing the total to US$12.0 billion. Today, the Board has declared a further 5.2 per cent increase in the interim dividend to 44.50 Hong Kong cents per share, reflecting AIA's very strong financial position and confidence in our future operational and financial delivery.

"AIA is exceptionally well positioned to leverage the long-term structural growth opportunities in Asia, the most attractive region in the world for life and health insurance. I am confident that, through the consistent execution of our clear and ambitious strategy, we will continue to build on AIA's substantial competitive advantages to capture the opportunities ahead of us to generate long-term sustainable shareholder value."

About AIA

AIA Group Limited and its subsidiaries (collectively "AIA" or the "Group") comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR(5), Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR(6), and a 49 per cent joint venture in India. In addition, AIA has a 24.99 per cent shareholding in China Post Life Insurance Co., Ltd.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US$289 billion as of 30 June 2024.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 42 million individual policies and 16 million participating members of group insurance schemes.

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

Contacts

Investment Community		**News Media**	
Lance Burbidge	+852 2832 1398	Cecilia Ma Zecha	+852 2832 5666
Evelyn Lam	+852 2832 1633	Duke Malan	+852 2832 4726
Feon Lee	+852 2832 4704	Kitty Liu	+852 2832 1742
Ismar Tuzovic	+852 2832 1777		
Rachel Poon	+852 2832 4792		

Notes:

(1) Operating return on EV (operating ROEV) is calculated, on an annualised basis, as EV operating profit expressed as a percentage of the opening embedded value. Operating return on shareholders' allocated equity (operating ROE) is calculated as operating profit after tax attributable to shareholders of AIA Group Limited, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.

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

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

(4) Shareholder capital ratio is defined as total capital resources calculated on the shareholder basis, comprising free surplus, eligible Tier 2 debt capital, and required capital (as used in our embedded value calculations), as a percentage of the required capital. Shareholder capital ratio on a pro forma basis assumes the effect of the remaining share buy-backs from the existing US$10.0 billion share buy-back programme and the additional US$2.0 billion share buy-backs newly announced in April 2024.

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

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

FINANCIAL SUMMARY

Performance Highlights

US$ millions, unless otherwise stated	**Six months ended 30 Jun 2024**	Six months ended 30 Jun 2023	**YoY CER**	YoY AER
New Business				
Value of new business (VONB)	**2,455**	2,029	**25%**	21%
VONB margin	**53.9%**	50.8%	**3.3 pps**	3.1 pps
Annualised new premiums (ANP)	**4,546**	3,984	**17%**	14%
EV Operating Profit				
Embedded value (EV) operating profit	**5,350**	4,423	**24%**	21%
Operating ROEV	**16.5%**	13.3%	**3.6 pps**	3.2 pps
Basic EV operating profit per share (US cents)	**47.68**	38.11	**29%**	25%
IFRS Earnings				
Operating profit after tax (OPAT)	**3,386**	3,272	**7%**	3%
Operating ROE	**15.3%**	14.2%	**1.4 pps**	1.1 pps
Total weighted premium income (TWPI)	**21,086**	19,300	**12%**	9%
Basic OPAT per share (US cents)	**30.18**	28.19	**10%**	7%
Free Surplus Generation				
Underlying free surplus generation (UFSG)	**3,391**	3,288	**6%**	3%
Basic UFSG per share (US cents)	**30.22**	28.33	**10%**	7%
Net free surplus generation (Net FSG)[8]	**2,243**	2,124	**9%**	6%
Dividends				
Dividend per share (HK cents)	**44.50**	42.29	**n/a**	5.2%

US$ millions, unless otherwise stated	**As at 30 Jun 2024**	As at 31 Dec 2023	**Change CER**	Change AER
Embedded Value				
EV Equity	**70,856**	70,153	**3%**	1%
Embedded value	**68,247**	67,447	**3%**	1%
Free surplus	**14,560**	16,329	**(9)%**	(11)%
EV Equity per share (US$)	**6.36**	6.17	**5%**	3%
Equity and Capital				
Shareholder capital resources[9]	**40,140**	40,847	**n/a**	(2)%
Shareholder capital ratio on a pro forma basis[9]	**242%**	238%	**n/a**	4 pps
Shareholders' allocated equity	**43,611**	44,754	**–**	(3)%
Shareholders' allocated equity per share (US$)	**3.91**	3.94	**2%**	(1)%

New Business Performance by Segment

US$ millions, unless otherwise stated	Six months ended 30 Jun 2024 VONB	VONB Margin	ANP	Six months ended 30 Jun 2023 VONB	VONB Margin	ANP	VONB Change YoY CER	YoY AER
Mainland China	**782**	**56.6%**	**1,382**	601	50.3%	1,195	**36%**	30%
Hong Kong	**858**	**65.7%**	**1,272**	681	56.9%	1,165	**26%**	26%
Thailand	**359**	**93.1%**	**386**	327	91.5%	357	**16%**	10%
Singapore	**219**	**52.4%**	**417**	173	65.0%	267	**27%**	27%
Malaysia	**183**	**64.2%**	**285**	170	64.8%	261	**14%**	8%
Other Markets	**224**	**27.7%**	**804**	212	28.6%	739	**9%**	6%
Subtotal	**2,625**	**57.2%**	**4,546**	2,164	53.8%	3,984	**25%**	21%
Consolidated capital requirements	**(38)**	**n/m**	**n/m**	(20)	n/m	n/m	**111%**	90%
Value of unallocated Group Office expenses	**(98)**	**n/m**	**n/m**	(100)	n/m	n/m	**(2)%**	(2)%
Group Corporate Centre tax	**(16)**	**n/m**	**n/m**	–	n/m	n/m	**n/a**	n/a
Total before non-controlling interests	**2,473**	**53.9%**	**4,546**	2,044	50.8%	3,984	**25%**	21%
Non-controlling interests	**(18)**	**n/m**	**n/m**	(15)	n/m	n/m	**20%**	20%
Total	**2,455**	**53.9%**	**4,546**	2,029	50.8%	3,984	**25%**	21%

Notes:

(1) The video presentation along with accompanying presentation slides and transcript are available on AIA's website.

http://www.aia.com/en/investor-relations/results-presentations.html

(2) All figures are presented in actual reporting currency (US dollar) and based on actual exchange rates (AER) unless otherwise stated. Change on constant exchange rates (CER) is calculated using constant average exchange rates for the first half of 2024 and for the first half of 2023, other than for balance sheet items that use CER as at 30 June 2024 and as at 31 December 2023.

(3) Change is shown on a year-on-year basis unless otherwise stated.

(4) VONB is calculated based on assumptions applicable at the point of sale.

VONB for the Group excludes VONB attributable to non-controlling interests.

(5) VONB includes pension business. ANP and VONB margin exclude pension business and are reported before deduction of non-controlling interests.

(6) Operating return on EV (operating ROEV) is calculated, on an annualised basis, as EV operating profit expressed as a percentage of the opening embedded value.

Operating return on shareholders' allocated equity (operating ROE) is calculated as operating profit after tax attributable to shareholders of AIA Group Limited, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.

(7) OPAT and OPAT per share are shown after non-controlling interests unless otherwise stated.

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

(9) Shareholder capital resources represent total capital resources calculated on the shareholder basis, comprising free surplus, eligible Tier 2 debt capital, and required capital (as used in our embedded value calculations).

Shareholder capital ratio represents shareholder capital resources presented as a percentage of the required capital, and shareholder capital ratio on a pro forma basis assumes the effect of the remaining share buy-backs from the existing US$10.0 billion share buy-back programme and the additional US$2.0 billion share buy-backs newly announced in April 2024.

(10) In the context of our reportable segments, Hong Kong refers to operations in the Hong Kong Special Administrative Region (SAR) and the Macau SAR; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.

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

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

For clarity, TWPI does not include any contribution from Tata AIA Life and China Post Life.

(12) The results of Tata AIA Life and China Post Life are both reported on a one-quarter-lag basis.

The results of Tata AIA Life and China Post Life are both accounted for using the six-month period ended 31 March 2024 and the six-month period ended 31 March 2023 in AIA's consolidated results for the six-month period ended 30 June 2024 and the six-month period ended 30 June 2023, respectively.

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

TABLE OF CONTENTS

GROUP CHIEF EXECUTIVE AND PRESIDENT'S REPORT

AIA's results in the first half of 2024 are the direct outcome of exceptional businesses operating in the right markets, with our excellent people working closely together to execute our strategy. This is a unique combination and one that has delivered superior profitable new business growth, strong earnings and free surplus generation.

Following a record first half VONB result, with 25 per cent growth, AIA's core earnings (OPAT) increased by 10 per cent per share and our key operating measure of cash generation (UFSG), also grew by 10 per cent per share. We are also announcing an OPAT per share CAGR[(1)] target of 9 to 11 per cent from 2023 to 2026.

In the first six months of 2024, we returned US$3.4 billion to shareholders in the form of dividends and share buy-backs. As we optimise returns to shareholders, we generated an increased annualised operating ROEV of 16.5 per cent, up by 360 basis points[(2)], and an operating ROE of 15.3 per cent, up by 180 basis points[(2)].

In April 2024, the Group announced its new capital management policy to deliver higher annual distributions for shareholders. We target to pay out 75 per cent of annual net FSG, which is UFSG less new business investment and expenses, through shareholder dividends and share buy-backs. We will also regularly review our capital position, systematically returning capital that is in excess of our needs.

Reflecting AIA's very strong financial position and confidence in our future operational and financial delivery, the board of Directors (Board) approved a US$2.0 billion addition to our existing share buy-back programme in April 2024, bringing the total to US$12.0 billion. As at 30 June 2024, US$3.1 billion remained outstanding under the current programme.

In addition, the Board has declared an increase of 5.2 per cent in the interim dividend to 44.50 Hong Kong cents per share. This follows AIA's established prudent, sustainable and progressive dividend policy, a key part of our overall capital management policy.

AIA's very strong financial performance in the first half of 2024 was the result of executing a clear growth strategy, focused on Asia, the world's most attractive region for life and health insurance. High levels of private savings, growing yet ageing populations, low insurance penetration and limited welfare coverage continue to fuel strong demand for our products. These structural drivers play to our strengths and we have the right strategy to address these evolving consumer needs.

Our strategic pillars guide our operations and growth, demonstrating our commitment to sustainable development, customer-centricity, innovation and long-term value creation. Powered by world-class technology, digital and analytics capabilities, AIA's integrated product ecosystems offer greater relevance in meeting each of our customers' individual demands. This is reflected in our emphasis on providing customers with greater financial security, preventive health measures, wellness programmes and integrated healthcare solutions.

We leverage our leading digital solutions and data analytics to improve customer interactions and provide personalised services to simplify processes, ensure transparency, and enhance customer engagement across all touchpoints. Our unrivalled distribution continues to uplift its professionalism and expand its reach, ensuring customers receive the expert advice and services they need to navigate life's opportunities and challenges.

VONB growth from our highly productive Premier Agency was 19 per cent, supported by an increase in numbers of active agents and higher agent productivity. New agency recruits were up by 22 per cent with growth across the vast majority of our markets, including a substantial uptick in Mainland China. This strong recruitment performance reflects the confidence in our future growth opportunities and the high levels of trust in our business model, as agency leaders persuade the best candidates to leave their existing careers to join us.

AIA's success is built on our proprietary agency development, training and activity management programmes, combined with digital tools to enhance the efficiency and productivity of our agents. We are committed to maintaining the highest professional standards and increased registered Million Dollar Round Table (MDRT) members by 20 per cent compared with the previous year. AIA is the number one MDRT multinational company in the world for a record ten years in a row, with AIA China, AIA Hong Kong and AIA Thailand ranking as the top three individual companies globally on a stand-alone basis.

Our distribution is further strengthened by long-term strategic partnerships with leading financial institutions, health providers and digital platforms that provide access to new customer bases. Our partnership distribution channel generated a 43 per cent increase in VONB with bancassurance recording a 61 per cent rise, supported by very strong performances in Hong Kong, Indonesia, Mainland China, Malaysia, the Philippines and Thailand.

Given AIA's scale and influence, we play an important role in promoting economic and social development in our markets. Our Purpose of helping people live Healthier, Longer, Better Lives underscores our growth strategy as well as our commitment to addressing the material Environmental, Social and Governance issues that our communities face. In November 2023, we published AIA's inaugural Climate Transition Plan and have since made strong progress in integrating climate considerations into our governance, risk management and engagement initiatives along our path to achieving net-zero emissions.

AIA's ability to combine our broad competitive strengths for the benefit of all our stakeholders sets us apart. I have every confidence there are substantial opportunities for us to continue to deliver attractive returns for shareholders well into the future.

GROUP PERFORMANCE HIGHLIGHTS

VALUE OF NEW BUSINESS

VONB for the Group grew by 25 per cent to a record US$2,455 million. Our performance was strong across the region with 11 markets delivering double-digit VONB growth, including our five largest businesses. VONB margin for the Group increased by 3.3 pps to 53.9 per cent.

We prioritise profitable organic new business as an important driver of shareholder value, generating an internal rate of return in excess of 20 per cent in the first half of 2024, with short payback periods on capital invested. Annualised new premiums increased by 17 per cent to a record US$4,546 million in the first half of 2024, and this adds a significant further layer of premium revenues to our growing in-force renewal premiums of more than US$30 billion for the full year 2023.

EV EQUITY

Operating profit on an EV basis was US$5,350 million, up 29 per cent per share, mainly as a result of profitable new business growth. This led to an 8 per cent increase in EV Equity over the first half of 2024 to US$74,234 million, before returning US$3,378 million to shareholders through dividends and share buy-backs. Net of these items, EV Equity was US$70.9 billion, up 5 per cent per share over the first half of 2024.

IFRS EARNINGS

OPAT of US$3,386 million increased by 10 per cent per share in the first half of 2024. The contractual service margin (CSM) represents our "stock" of future OPAT and is therefore a key driver of OPAT growth. The strong growth in OPAT in the first half of 2024 was primarily driven by a 10 per cent increase in the release from the CSM following the addition of large-scale, profitable new business. Operating margin remained very strong at 16.1 per cent, reflecting our high-quality sources of earnings.

Shareholders' allocated equity was US$46,989 million, an increase of 8 per cent before returning $3,378 million to shareholders. Net of these returns, shareholders' allocated equity was US$43,611 million at 30 June 2024, up 2 per cent per share over the first half of 2024.

UNDERLYING FREE SURPLUS GENERATION AND CAPITAL

UFSG is a key operating measure of the Group's cash generation and was US$3,391 million, up by 10 per cent per share. Net FSG was US$2,243 million after investing US$788 million in new business.

AIA's capital position remained very strong with free surplus of US$14.6 billion and shareholder capital ratio of 242 per cent as at 30 June 2024 on a pro forma basis allowing for the completion of the remaining US$3.1 billion under the ongoing US$12.0 billion share buy-back programme.

NEW BUSINESS PERFORMANCE BY MARKET

AIA Hong Kong was the largest contributor to the Group's VONB, delivering US$858 million in the first half of 2024, up by 26 per cent. VONB was up 28 per cent from domestic customers and up 24 per cent from Mainland Chinese visitors. New product launches contributed to an overall VONB margin increase of 8.8 pps to 65.7 per cent.

AIA China delivered 36 per cent VONB growth to a record high of US$782 million. We target a resilient middle-class and affluent customer base through our market-leading proprietary distribution. Our Premier Agency grew VONB by 20 per cent. There was also a significant uplift in VONB from our bancassurance partnerships, as we continued to focus on meeting the holistic protection and long-term savings needs of their most affluent customers. VONB margin was higher by 6.4 pps to 56.6 per cent with increases in both agency to 61.3 per cent and bancassurance to 41.3 per cent.

In the first half of 2024, we were pleased to successfully launch operations in three new cities in Sichuan and Hubei provinces. By replicating our efficient and scalable model across new operations, we delivered 44 per cent growth in VONB from our new geographies in the first half of 2024. Mainland China offers tremendous growth potential for AIA, both within our existing footprint and in new geographies.

AIA Thailand continued its strong track record of growth with a 16 per cent increase in VONB to US$359 million. Our market-leading agency achieved VONB growth of 18 per cent driven by higher agent activity as well as productivity, and the number of new recruits increased by 20 per cent. Our strategic bancassurance partner, Bangkok Bank Public Company Limited (Bangkok Bank), delivered strong double-digit VONB growth driven by increased productivity of insurance sellers.

All distribution channels at **AIA Singapore** grew very strongly to deliver VONB of US$219 million, up 27 per cent. Our Premier Agency delivered 31 per cent VONB growth as we continued to invest in digital tools, which helped to increase productivity and the number of active agents in the first half of 2024. We successfully launched AIA International Wealth in April 2024, offering professional wealth management advice and services to meet the needs of affluent and high-net-worth individuals across the region.

AIA Malaysia reported VONB growth of 14 per cent to US$183 million with increases from both agency and partnership distribution channels. Our focus on protection sales, both from traditional and unit-linked business, delivered a high-quality product mix with VONB margin of 64.2 per cent.

VONB from **Other Markets** grew by 9 per cent to US$224 million with double-digit growth in Australia, Myanmar, the Philippines, South Korea, Sri Lanka and Taiwan (China), which were partially offset by declines in India, Indonesia, New Zealand and Vietnam.

OUTLOOK

I am pleased that AIA has delivered a very strong first half performance and we remain well-positioned to achieve our ambitions in 2024 and beyond. My confidence stems from the leading positions we hold in our markets, alongside the expansive headroom to grow in each of our operations.

Asia offers the most promising opportunities for life and health insurance and I believe that the powerful social and demographic trends driving our growth in the region will only continue to strengthen over time. The near-term geopolitical and global macroeconomic uncertainty does not diminish the immense potential for our business.

AIA has the right strategic priorities as well as the unique competitive advantages to capture the full growth opportunities in the region. Our ability to deliver profitable new business that compounds over time allows us to sustain growth in earnings and cashflow generation for longer. We have much more to offer our customers, employees, partners and shareholders as we realise AIA’s full potential.

Lee Yuan Siong
Group Chief Executive and President
22 August 2024

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

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

(2) Compared with full year 2023. On an actual exchange rate (AER) basis.

FINANCIAL AND OPERATING REVIEW

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

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

Summary and Key Financial Highlights

AIA delivered an excellent performance in the first half of 2024, with double-digit growth in our key financial metrics across growth, earnings and free surplus generation. VONB was up 25 per cent to a record level for the first six months. Successive cohorts of profitable new business add substantial layers of recurring earnings and cash generation to our in-force business, driving growth in OPAT and UFSG and enhancing shareholder returns. Excellent new business growth and proactive management of our in-force portfolio translated into faster growth in OPAT and UFSG, which were both up by 10 per cent per share. We are also announcing an OPAT per share CAGR(1) target of 9 to 11 per cent from 2023 to 2026.

Our capital management actions returned a further US$3,378 million to shareholders through dividends and share buy-backs in the first half of 2024. As we optimise returns to shareholders, we achieved annualised operating return on shareholders' allocated equity (operating ROE) of 15.3 per cent, up by 180 basis points(2), and operating return on EV (operating ROEV) of 16.5 per cent, up by 360 basis points(2). Our solvency position remained very strong and the Board has declared a 5.2 per cent increase in the interim dividend per share. In April 2024, the Board also approved a US$2.0 billion addition to the existing US$10.0 billion share buy-back programme, bringing the total to US$12.0 billion. AIA is exceptionally well positioned to deliver sustained profitable new business growth that will drive superior earnings and cash returns in the years to come.

Growth

VONB grew by 25 per cent to US$2,455 million with 11 markets achieving double-digit growth, including our five largest businesses. This excellent performance was driven by a combination of higher sales volumes and increased new business profitability with annualised new premiums (ANP) up 17 per cent and VONB margin increasing by 3.3 pps to 53.9 per cent.

EV Equity grew by 8 per cent over the first half of 2024 to US$74,234 million before shareholder dividends and share buy-backs. The key driver of the increase in EV Equity was EV operating profit of US$5,350 million, up 29 per cent per share and equivalent to an annualised operating ROEV of 16.5 per cent, up 360 basis points(2) compared with the full year 2023. The very strong growth in EV operating profit was driven by VONB growth and positive operating experience variances of US$310 million as actual experience was better than assumed.

Actual investment performance was better than our investment return assumptions and added US$497 million to EV Equity. The US dollar strengthened relative to many of our local market currencies, causing 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 at 30 June 2024, up 5 per cent per share over the first half of 2024.

IFRS Earnings

OPAT growth accelerated to 10 per cent per share compared with 4 per cent per share in the same period last year, driven by compounding additional layers of large-scale, profitable new business.

Operating variances made a positive contribution to OPAT. As expected, we have released a portion of the medical claims provision that we established in 2023 and our repricing programme and proactive claims management initiatives for medical business are progressing. Operating margin remained very strong at 16.1 per cent and reflects our high-quality sources of earnings.

Operating ROE increased by 180 basis points[(2)] to 15.3 per cent on an annualised basis compared with the full year 2023. This increase was driven by strong growth in OPAT and our capital management actions.

Shareholders' allocated equity was US$46,989 million, an increase of 8 per cent over the first half of 2024 before capital returns to shareholders. After shareholder dividends and share buy-backs of US$3,378 million in total, shareholders' allocated equity was US$43,611 million at 30 June 2024, up 2 per cent per share compared with the end of 2023.

Free Surplus Generation

UFSG is a key operating measure of the Group's cash generation and was US$3,391 million in the first half of 2024, up 10 per cent per share, supported by the addition of a further cohort of profitable new business and positive operating variances.

Net free surplus generation (net FSG) is calculated as UFSG less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements. After investing US$788 million in profitable new business to drive further growth in UFSG, net FSG was US$2,243 million.

On 29 April 2024, the Group announced its new capital management policy to provide greater clarity on how we will deliver higher annual capital returns to shareholders. We target to pay out 75 per cent of annual net FSG, as determined at the annual full year results, through dividends and share buy-backs.

We also committed to regularly review our capital position and to systematically return capital that is in excess of our needs. In April 2024, the Board approved a US$2.0 billion addition to the existing US$10.0 billion share buy-back programme, bringing the total to US$12.0 billion. Since the commencement of the share buy-back programme in March 2022, approximately 960 million shares have been repurchased for an aggregate value of US$8,880 million as at 30 June 2024, reducing the outstanding share count by 8 per cent. As at 30 June 2024, US$3.1 billion remained outstanding under the current programme.

The Board has declared an increase of 5.2 per cent in the interim dividend to 44.50 Hong Kong cents per share. This follows AIA's established prudent, sustainable and progressive dividend policy, a key part of our overall capital management policy.

We remain exceptionally well positioned to capture the attractive growth opportunities for AIA's businesses through our competitive advantages, including our financial strength and flexibility. We are focused on driving high-quality profitable new business growth that increases future earnings and free surplus generation. Combined with our disciplined and clear approach to capital management, we are confident in our ability to deliver higher capital returns to shareholders.

Notes:

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

(2) Compared with full year 2023. On an actual exchange rate (AER) basis.

New Business Performance

VONB, ANP AND MARGIN BY SEGMENT

US$ millions, unless otherwise stated	Six months ended 30 June 2024 VONB	VONB Margin	ANP	Six months ended 30 June 2023 VONB	VONB Margin	ANP	VONB Change YoY CER	YoY AER
Mainland China	**782**	**56.6%**	**1,382**	601	50.3%	1,195	**36%**	30%
Hong Kong	**858**	**65.7%**	**1,272**	681	56.9%	1,165	**26%**	26%
Thailand	**359**	**93.1%**	**386**	327	91.5%	357	**16%**	10%
Singapore	**219**	**52.4%**	**417**	173	65.0%	267	**27%**	27%
Malaysia	**183**	**64.2%**	**285**	170	64.8%	261	**14%**	8%
Other Markets	**224**	**27.7%**	**804**	212	28.6%	739	**9%**	6%
Subtotal	**2,625**	**57.2%**	**4,546**	2,164	53.8%	3,984	**25%**	21%
Consolidated capital requirements	**(38)**	**n/m**	**-**	(20)	n/m	-	**111%**	90%
Value of unallocated Group Office expenses	**(98)**	**n/m**	**-**	(100)	n/m	-	**(2)%**	(2)%
Group Corporate Centre tax	**(16)**	**n/m**	**-**	-	n/m	-	**n/m**	n/m
Total before non-controlling interests	**2,473**	**53.9%**	**4,546**	2,044	50.8%	3,984	**25%**	21%
Non-controlling interests	**(18)**	**n/m**	**n/m**	(15)	n/m	n/m	**20%**	20%
Total	**2,455**	**53.9%**	**4,546**	2,029	50.8%	3,984	**25%**	21%

AIA generated 25 per cent growth in VONB to a record level for the first six months. VONB for the Group grew by 25 per cent to US$2,455 million with 11 markets achieving double-digit growth, including our five largest businesses, demonstrating the strength of our business model and our geographical diversification.

Our Premier Agency achieved 19 per cent growth in VONB, driven by an increase in the number of active agents and higher productivity. VONB for our partnership distribution grew by 43 per cent with excellent performances from both bancassurance and intermediated channels.

Annualised new premiums (ANP) grew by 17 per cent to US$4,546 million. VONB margin of 53.9 per cent increased by 3.3 pps compared with the first half of 2023, driven by a favourable product mix shift and repricing in Hong Kong and Mainland China, partly offset by the effect of economic assumption changes updated at the end of 2023. Margin reported on a present value of new business premium (PVNBP) basis increased to 11 per cent, compared with 10 per cent for the first half of 2023.

AIA China delivered 36 per cent VONB growth to a record high of US$782 million, from 20 per cent growth in our Premier Agency and a significant uplift in VONB from our highly selective bancassurance partnerships. VONB margin was up by 6.4 pps to 56.6 per cent with increases in both the agency margin to 61.3 per cent and the bancassurance margin to 41.3 per cent. The increase was driven by a positive product mix shift and active repricing, supported by favourable changes to industry-wide regulations on bancassurance commissions implemented in the second half of 2023.

AIA Hong Kong delivered a 26 per cent increase in VONB in the first half of 2024 with growth of 28 per cent from domestic customers and 24 per cent from Mainland Chinese visitor (MCV) customers. New product launches and product repricing contributed to an overall VONB margin increase of 8.8 pps. Strong demand for our flagship participating savings products across customer segments continued to support our new business growth. We also provide a wide range of market-leading traditional protection products and delivered 15 per cent growth in VONB from these products in the first half.

AIA Thailand delivered a 16 per cent increase in VONB in the first half of 2024 from strong ANP growth in both our agency and partnership channels. VONB margin was strong and stable, supported by our focus on the sale of unit-linked products and protection riders, reflecting the quality of our distribution and its ability to advise on more sophisticated products targeted at meeting a broader range of customers' financial protection needs.

AIA Singapore delivered 27 per cent VONB growth with very strong performances across all distribution channels. Our success in capturing the growing wealth opportunities in Singapore drove very strong growth in sales of long-term savings products. The resulting product mix shift saw a reduced VONB margin of 52.4 per cent, but this was more than offset by excellent ANP growth of 57 per cent.

AIA Malaysia delivered VONB growth of 14 per cent in the first half of 2024. Our focus on protection sales, both from traditional and unit-linked business, delivered a high-quality product mix with a VONB margin of 64.2 per cent.

VONB for Other Markets increased by 9 per cent in the first half of 2024 with double-digit 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.

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

EV Equity

EV EQUITY MOVEMENT

EV Equity grew by 8 per cent over the first half of 2024 to US$74,234 million, before the return of US$3,378 million to shareholders through shareholder dividends and share buy-backs.

The key driver of the increase in EV Equity was EV operating profit of US$5,350 million, up 29 per cent per share. The very strong growth in EV operating profit was supported by 25 per cent growth in VONB and US$406 million from positive operating experience variances and assumption changes. Operating experience variances included positive expense variances of US$148 million, reflecting our usual pattern over recent years where expense variances have been higher in the first half compared with the second half. Operating ROEV increased by 360 basis points(1) to 16.5 per cent on an annualised basis compared with the full year 2023.

As expected, we have released a portion of the medical claims provision that we established in 2023 and our repricing programme and proactive claims management initiatives for medical business are progressing. 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 US dollar strengthened relative to many of our local market currencies, causing 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 at 30 June 2024, an increase of 5 per cent per share compared with the end of 2023.

Our EV methodology deducts the value of the Group's outstanding medium-term notes and securities (MTNs) at amortised cost. If the MTNs were measured at fair value, EV Equity would increase by US$1,024 million to US$71,880 million.

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

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

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 Equity profit	3,578	810	4,388
Other capital movements	(70)	–	(70)
Effect of changes in exchange rates	(667)	(594)	(1,261)
EV Equity before dividends 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

EV EQUITY PER SHARE

US$ millions, unless otherwise stated	As at 30 June 2024	As at 31 December 2023	Change CER	Change AER
ANW	**30,493**	32,009	**(3)%**	(5)%
VIF	**37,754**	35,438	**9%**	7%
EV	**68,247**	67,447	**3%**	1%
Goodwill and other intangible assets[1]	**2,609**	2,706	**(1)%**	(4)%
EV Equity	**70,856**	70,153	**3%**	1%
Number of ordinary shares outstanding (millions)	**11,143**	11,362	**(2)%**	(2)%
EV Equity per share (US dollars)	**6.36**	6.17	**5%**	3%

Note:

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

EV OPERATING PROFIT PER SHARE

	Six months ended 30 June 2024	Six months ended 30 June 2023	YoY CER	YoY AER
EV operating profit (US$ millions)	**5,350**	4,423	**24%**	21%
Weighted average number of ordinary shares outstanding (millions)	**11,221**	11,605	**(3)%**	(3)%
Basic EV operating profit per share (US cents)	**47.68**	38.11	**29%**	25%
Weighted average number of ordinary shares outstanding on diluted basis (millions)[1]	**11,227**	11,615	**(3)%**	(3)%
Diluted EV operating profit per share (US cents) [1]	**47.65**	38.08	**29%**	25%

Note:

(1) Diluted EV operating profit per share includes the dilutive effects, if any, of the awards under various share-based compensation plans as described in note 25 to the interim condensed consolidated financial statements.

EV AND VONB SENSITIVITIES

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

US$ millions, unless otherwise stated	**As at 30 June 2024** EV	**As at 30 June 2024** % Change	As at 31 December 2023 EV	As at 31 December 2023 % Change
Central value	**68,247**		67,447	
Effect of equity price changes				
10 per cent increase in equity prices	**2,082**	**3.1%**	1,799	2.7%
10 per cent decrease in equity prices	**(2,099)**	**(3.1)%**	(1,823)	(2.7)%
Effect of interest rate changes				
50 basis points increase in interest rates	**(492)**	**(0.7)%**	(981)	(1.5)%
50 basis points decrease in interest rates	**563**	**0.8%**	945	1.4%

US$ millions, unless otherwise stated	**Six months ended 30 June 2024** VONB	**Six months ended 30 June 2024** % Change	Six months ended 30 June 2023 VONB	Six months ended 30 June 2023 % Change
Central value	**2,455**		2,029	
Effect of interest rate changes				
50 basis points increase in interest rates	**77**	**3.1%**	85	4.2%
50 basis points decrease in interest rates	**(93)**	**(3.8)%**	(101)	(5.0)%

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

IFRS Earnings

OPAT[1] COMPOSITION[2]

OPAT of US$3,386 million increased by 10 per cent per share in the first half of 2024 compared with growth of 4 per cent per share in the same period last year. Operating ROE increased to 15.3 per cent on an annualised basis, up 180 basis points[3] from 13.5 per cent for the full year 2023. Operating margin remained very strong at 16.1 per cent and reflects our high-quality sources of earnings.

The strong growth in OPAT was primarily driven by the 10 per cent 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. As expected, we have released a portion of the medical claims provision that we established in 2023 and our repricing programme and proactive claims management initiatives for medical business are progressing.

Net investment result after expenses of US$1,637 million was stable year-on-year as growth in our non-participating business was offset by lower investment returns as surplus assets were reduced by the ongoing share buy-back programme and the sale of our Savings and Investments business in Australia, which was completed in the second half of 2023. On an underlying basis, the net investment result after expenses grew by approximately US$100 million.

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
CSM release	**2,782**	2,618	**10%**	6%
Operating variances	**71**	49	**58%**	45%
Risk adjustment release and other	**85**	119	**(28)%**	(29)%
Insurance service result	**2,938**	2,786	**9%**	5%
Net investment result	**1,744**	1,780	**–**	(2)%
Investment management expenses	**(107)**	(97)	**11%**	10%
Net investment result after expenses	**1,637**	1,683	**–**	(3)%
Net other fees and revenue [4]	**33**	52	**(35)%**	(37)%
Non-attributable expenses under IFRS 17	**(433)**	(425)	**5%**	2%
Finance costs	**(229)**	(226)	**2%**	1%
Other fees, revenue and expenses	**(629)**	(599)	**8%**	5%
Tax	**(560)**	(598)	**(4)%**	(6)%
OPAT	**3,386**	3,272	**7%**	3%
Basic OPAT per share (US cents)	**30.18**	28.19	**10%**	7%

Notes:

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

(2) OPAT composition is based on the updated presentation in note 6 to the interim condensed consolidated financial statements. Also, the net other fees and revenue and non-attributable expenses under IFRS 17 for the first half of 2023 have been updated to conform to the presentation as used in our full year 2023 results.

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

(4) After adjusting for non-insurance expenses.

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
OPAT	**3,386**	3,272	**7%**	3%
Weighted average number of ordinary shares outstanding (millions)	**11,221**	11,605	**(3)%**	(3)%
Basic OPAT per share (US cents)	**30.18**	28.19	**10%**	7%
Weighted average number of ordinary shares outstanding on diluted basis (millions)(1)	**11,227**	11,615	**(3)%**	(3)%
Diluted OPAT per share (US cents)(1)	**30.16**	28.17	**10%**	7%

Note:
(1) Diluted OPAT per share includes the dilutive effects, if any, of the awards under various share-based compensation plans as described in note 25 to the interim condensed consolidated financial statements.

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 strong growth in CSM over the twelve months to 30 June 2024 and this supported a 10 per cent increase in the CSM release to US$2,782 million, a core contributor to OPAT growth. The CSM release rate(1) remained stable at 9.5 per cent.

In the first half of 2024, we delivered 14 per cent higher new business CSM of US$3,776 million and the expected return from our in-force business added a further US$1,358 million. Together these increased the CSM to US$58,249 million, equivalent to 20 per cent growth on an annualised basis.

CSM variances and others significantly improved from the same period last year and were a small negative of US$172 million. This included investment return variances of negative US$177 million, driven mainly by the increase in US interest rates over the first half of 2024. Our US dollar reporting currency strengthened relative to most of our local market currencies leading 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 at 30 June 2024.

We delivered underlying growth(2) in the CSM of US$2,352 million, equivalent to 9.1 per cent 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. From our full year 2023 results onwards, the Group updated the CSM release rate presentation by using end-of-period exchange rates to derive the CSM release rate for the first half and the second half of the year respectively. Under the previously used approach, the CSM release rate was 9.7 per cent for the first half of 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.

OPAT BY SEGMENT

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 first half. 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 second half of 2023. As a result, claims variances, including the planned release of medical claims provision established in 2023, were positive in the first half for the Group.

Our businesses in Hong Kong, Thailand and Malaysia all achieved double-digit growth in OPAT as a result of strong business growth, improved operating variances and expense efficiencies. AIA China delivered OPAT growth of 4 per cent, as growth in the in-force portfolio was partly offset by the effect of lower interest rates. AIA Singapore's OPAT increased by 2 per cent reflecting lower investment income on surplus assets due to the increased remittances to the GCC in 2023. For Other Markets, very strong growth in the CSM release was more than offset as a result of the impacts from business disposal and worsened claims variances in Australia, negative persistency variances in Vietnam and Indonesia and higher new business strain in Tata AIA Life.

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
Mainland China	**827**	833	**4%**	(1)%
Hong Kong	**1,223**	1,066	**15%**	15%
Thailand	**514**	496	**11%**	4%
Singapore	**343**	344	**2%**	–
Malaysia	**178**	170	**11%**	5%
Other Markets	**292**	346	**(13)%**	(16)%
Group Corporate Centre	**9**	17	**(47)%**	(47)%
Total	**3,386**	3,272	**7%**	3%

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 30 June 2024	Six months ended 30 June 2023	YoY CER	YoY AER
Interest revenue on financial assets	**2,191**	2,156	**4%**	2%
Expected long-term investment return for equities and real estate	**668**	662	**2%**	1%
Investment return on non-participating and surplus assets[6]	**2,859**	2,818	**4%**	1%
Non-participating insurance finance expenses and others[5]	**(1,115)**	(1,038)	**10%**	7%
Net investment result	**1,744**	1,780	**–**	(2)%
Investment management expenses	**(107)**	(97)	**11%**	10%
Net investment result after expenses	**1,637**	1,683	**–**	(3)%

The investment return on non-participating and surplus assets[6] increased by 4 per cent to US$2,859 million compared with the first half of 2023.

Non-participating insurance finance expenses and others[5] of US$1,115 million increased by 10 per cent from US$1,038 million for the first half of 2023.

Net investment result after expenses of US$1,637 million was stable year-on-year as growth in our non-participating business was offset by lower investment returns as surplus assets were reduced by the ongoing share buy-back programme and the sale of our Savings and Investments business in Australia, which was completed in the second half of 2023. On an underlying basis, the net investment result after expenses grew by approximately US$100 million.

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" in the IFRS Balance Sheet section of Group Chief Financial Officer's Review.

TWPI BY SEGMENT

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
Mainland China	**5,985**	4,992	**25%**	20%
Hong Kong	**5,930**	5,594	**6%**	6%
Thailand	**2,098**	2,051	**8%**	2%
Singapore	**2,209**	1,981	**12%**	12%
Malaysia	**1,310**	1,284	**8%**	2%
Other Markets	**3,554**	3,398	**8%**	5%
Total	**21,086**	19,300	**12%**	9%

TWPI increased by 12 per cent to US$21,086 million compared with the first half of 2023. All our reportable segments delivered positive TWPI growth in the first half of 2024.

OPERATING EXPENSES

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
Operating expenses	**1,720**	1,617	**9%**	6%

While operating expenses grew by 9 per cent to US$1,720 million, the expense ratio based on TWPI improved to 8.2 per cent for the first half of 2024 from 8.4 per cent for the same period in 2023.

NON-OPERATING MOVEMENT AND NET PROFIT[(1)]

Net profit of US$3,314 million in the first half of 2024 increased by 58 per cent per share.

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 in the first half of 2024, they were broadly 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 CER**	YoY AER
OPAT	**3,386**	3,272	**7%**	3%
Short-term investment and discount rate variances, net of tax[(2)]	**(319)**	(715)	**(55)%**	(55)%
Reclassification of revaluation gains for property held for own use, net of tax[(2)]	**(110)**	(66)	**64%**	67%
Corporate transaction related costs, net of tax	**(7)**	(12)	**(42)%**	(42)%
Implementation costs for new accounting standards, net of tax	**–**	(32)	**n/m**	n/m
Other non-operating investment return and other items, net of tax	**364**	(197)	**n/m**	n/m
Net profit	**3,314**	2,250	**53%**	47%

Notes:

(1) Attributable to shareholders of the Company 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.

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
Net profit	**3,314**	2,250	**53%**	47%
Weighted average number of ordinary shares outstanding (millions)	**11,221**	11,605	**(3)%**	(3)%
Basic earnings per share (US cents)	**29.53**	19.39	**58%**	52%
Weighted average number of ordinary shares outstanding on diluted basis (millions)[1]	**11,227**	11,615	**(3)%**	(3)%
Diluted earnings per share (US cents)[1]	**29.52**	19.37	**58%**	52%

Note:

(1) Diluted earnings per share includes the dilutive effects, if any, of the awards under various share-based compensation plans as described in note 25 to the interim condensed consolidated financial statements.

MOVEMENT IN SHAREHOLDERS' ALLOCATED EQUITY

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

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Year ended 31 December 2023	Six months ended 30 June 2023
Opening shareholders' allocated equity	**44,754**	47,171	47,171
Net profit	**3,314**	3,764	2,250
Dividends	**(1,705)**	(2,293)	(1,672)
Share buy-backs	**(1,673)**	(3,637)	(1,966)
Foreign currency translation adjustments	**(1,186)**	(215)	(689)
Purchase of shares held by employee share-based trusts	**(33)**	(115)	(105)
Revaluation gains on property held for own use	**91**	28	58
Other capital movements	**49**	51	24
Total movement in shareholders' allocated equity	**(1,143)**	(2,417)	(2,100)
Closing shareholders' allocated equity	**43,611**	44,754	45,071
Shareholders' allocated equity per share (US dollars)	**3.91**	3.94	3.90
Average shareholders' allocated equity	**44,183**	45,963	46,121

Shareholders' allocated equity increased by 8 per cent to US$46,989 million, before the payment of shareholder dividends of US$1,705 million and US$1,673 million through the share buy-back programme. Shareholders' allocated equity was US$43,611 million at 30 June 2024, up by 2 per cent per share compared with the end of 2023.

CSM, NET OF REINSURANCE AND PROFIT BEFORE TAX SENSITIVITIES

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

US$ millions, unless otherwise stated	As at 30 June 2024 CSM	As at 30 June 2024 % Change	As at 31 December 2023 CSM	As at 31 December 2023 % Change
Central value	**54,068**		53,115	
Effect of equity price changes				
10 per cent increase in equity prices	**857**	**1.6%**	679	1.3%
10 per cent decrease in equity prices	**(874)**	**(1.6)%**	(694)	(1.3)%
Effect of interest rate changes				
50 basis points increase in interest rates	**(429)**	**(0.8)%**	(487)	(0.9)%
50 basis points decrease in interest rates	**426**	**0.8%**	505	1.0%

US$ millions, unless otherwise stated	Six months ended 30 June 2024 Profit before tax	Year ended 31 December 2023 Profit before tax
Central value	**3,842**	4,564
Effect of equity price changes		
10 per cent increase in equity prices	**1,282**	1,170
10 per cent decrease in equity prices	**(1,282)**	(1,172)
Effect of interest rate changes		
50 basis points increase in interest rates	**(433)**	(150)
50 basis points decrease in interest rates	**459**	165

Sensitivity analyses on foreign exchange rate risk are included in note 24 to the 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
Number of ordinary shares outstanding (millions)	**11,143**	11,362
Shareholders' equity per share (US dollars)	**3.53**	3.62

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
Comprehensive equity per share (US dollars)	**7.60**	7.52

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, partly 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 MTNs totalled 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 per cent at 30 June 2024, compared with 12.1 per cent at 31 December 2023. The increase was largely due to a reduction in total equity following capital returns to shareholders from shareholder dividends and share buy-backs, partly 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 first half of 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 is 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 shareholders' equity of US$39,365 million and net CSM of US$45,285 million. This is 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 business is written in a segregated statutory fund with regulations governing the division of surplus between policyholders and shareholders.

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

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 totalled US$40,944 million at 30 June 2024, compared with US$29,540 million at 31 December 2023, largely driven by 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 per cent of fixed income investments at 30 June 2024, consistent with 51 per cent at 31 December 2023.

Corporate bonds and structured securities of US$77,111 million accounted for 46 per cent of fixed income investments at 30 June 2024, compared with 47 per cent 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 per cent 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 per cent 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 either at amortised cost or fair value through other comprehensive income decreased by US$24 million during the first half of 2024. The ECL provision represented 0.5 per cent 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

FREE SURPLUS

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

Free surplus increased from US$16,329 million at 31 December 2023 to US$17,938 million at 30 June 2024 before returning capital to shareholders through dividends and share buy-backs. The increase was due to net FSG of US$2,243 million, partly offset by investment variances and other items of negative US$634 million, largely due to foreign exchange rate translation into our reporting currency.

After dividends of US$1,705 million and share buy-backs of US$1,673 million, free surplus was US$14,560 million at 30 June 2024.

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

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023
Opening free surplus	**16,329**	17,850
Effect of acquisitions	**–**	(238)
UFSG	**3,391**	3,288
Free surplus used to fund new business	**(788)**	(738)
Unallocated Group Office expenses	**(152)**	(157)
Finance costs and other capital movements	**(208)**	(269)
Net free surplus generation (Net FSG)	**2,243**	2,124
Investment return variances and other items	**(634)**	162
Free surplus before dividends and share buy-backs	**17,938**	19,898
Dividends	**(1,705)**	(1,672)
Share buy-backs	**(1,673)**	(1,966)
Closing free surplus	**14,560**	16,260

UNDERLYING FREE SURPLUS GENERATION (UFSG)

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

The following table shows a further breakdown of UFSG.

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**
Expected return on free surplus and assets backing MTNs	**698**
Expected distributable earnings from in-force business	**1,956**
Diversification benefit due to new business	**427**
Other operating variances	**310**
UFSG	**3,391**

UFSG of US$3,391 million was up by 10 per cent per share. UFSG comprised expected distributable earnings from our in-force business, expected return on free surplus and assets backing MTNs, positive operating variances and a recurring diversification benefit from adding profitable new business to our in-force portfolio. Adding new business to the in-force portfolio further diversifies the underlying risks and leads to a lower total cost of reserving and capital. This recurring diversification benefit from new business added US$427 million to UFSG in the first half of 2024.

NET FREE SURPLUS GENERATION (NET FSG)

Net FSG is calculated as UFSG less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements.

Free surplus invested in writing new business increased by 11 per cent to US$788 million. This increase was at a slower rate compared with VONB growth of 25 per cent, reflecting a shift towards more capital-efficient products and higher VONB margin. In the first half of 2024, US$788 million of new business investment added discounted value of future expected distributable earnings of US$3,243 million.

Unallocated Group Office expenses were lower at US$152 million and finance costs and other capital movements also reduced to negative US$208 million. Net FSG was US$2,243 million for the first half of 2024.

UFSG PER SHARE

	Six months ended 30 June 2024	Six months ended 30 June 2023	**YoY CER**	YoY AER
UFSG (US$ millions)	**3,391**	3,288	**6%**	3%
Weighted average number of ordinary shares outstanding (millions)	**11,221**	11,605	**(3)%**	(3)%
Basic UFSG per share (US cents)	**30.22**	28.33	**10%**	7%
Weighted average number of ordinary shares outstanding on diluted basis (millions) (1)	**11,227**	11,615	**(3)%**	(3)%
Diluted UFSG per share (US cents) (1)	**30.20**	28.31	**10%**	7%

Note:
(1) Diluted UFSG per share includes the dilutive effects, if any, of the awards under various share-based compensation plans as described in note 25 to the interim condensed consolidated financial statements.

CAPITAL MANAGEMENT POLICY

On 29 April 2024, the Group announced its new capital management policy to provide greater clarity on how we will deliver higher annual capital returns to shareholders through:

(1) A payout ratio target of 75 per cent of annual net FSG returned to shareholders each year through dividends and share buy-backs. The annual payout of net FSG to shareholders will be determined at the annual full year results.

(2) In addition, regularly reviewing our capital position and returning capital to shareholders that is in excess of our needs.

Within the first component, our established prudent, sustainable and progressive dividend policy is unchanged with positive annual growth in the total regular dividend per share. The balance of the 75 per cent payout ratio target of annual net FSG will be returned to shareholders by way of share buy-backs each year.

While the Group Local Capital Summation Method (LCSM) surplus is our principal regulatory solvency measure, we believe that free surplus provides a more representative view of the capital position for shareholders. We have provided broad guidance in relation to the level of free surplus that we will target as a Group going forward and that we will do this based on the shareholders' view of total capital resources (shareholder capital resources).

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

Based on our assessment of the capital needs of our business, we target for the shareholder capital ratio to comfortably exceed 200 per cent.

SHAREHOLDER CAPITAL RESOURCES

Shareholder capital ratio was 262 per cent as at 30 June 2024, compared with 269 per cent as at 31 December 2023. Capital generation over the period and the issuance of eligible subordinated debt were offset by new business investment and return of capital to shareholders.

On a pro forma basis, allowing for the completion of the remaining US$3.1 billion of the current US$12.0 billion share buy-back programme, the shareholder capital ratio was 242 per cent at 30 June 2024.

The following table shows a summary of the shareholder capital resources as at 30 June 2024.

US$ millions, unless otherwise stated	**Pro forma as at 30 June 2024(1)**	**As at 30 June 2024**	As at 31 December 2023
Shareholder capital ratio(2)	**242%**	**262%**	269%
Shareholder capital resources	**37,020**	**40,140**	40,847
Free surplus(3)	**11,440**	**14,560**	16,329
Required capital(3)	**15,307**	**15,307**	15,177
Eligible Tier 2 debt capital(4)	**10,273**	**10,273**	9,341

Notes:

(1) Pro forma assuming completion of the announced US$12.0 billion share buy-back programme.

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

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

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

GROUP LCSM SOLVENCY POSITION

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

In the first half of 2024, the Group LCSM coverage ratio remained very strong at 262 per cent. This is compared with 275 per cent 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, mainly from in-force capital generation and the issuance of eligible subordinated debt, partly offset by capital returns to shareholders.

The group prescribed capital requirement (GPCR) increased from US$26,646 million to US$28,517 million, mainly from new business written during the period and 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 partly 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 following table shows a summary of the Group LCSM solvency position on the GWS basis as at 30 June 2024.

US$ millions, unless otherwise stated	**As at 30 June 2024**	As at 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 per cent at 31 December 2023 to 329 per cent at 30 June 2024 due to capital returns to shareholders.

	As at 30 June 2024		As at 31 December 2023	
US$ millions, unless otherwise stated	**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

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.

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

(ii) US$5,158 million(1) of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

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

GROUP LCSM COVERAGE RATIO SENSITIVITIES

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

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

	As at 30 June 2024	As at 31 December 2023
Central value	**262%**	275%
Impact of equity price changes		
10 per cent increase in equity prices	**–**	1 pps
10 per cent decrease in equity prices	**(1) pps**	(2) pps
Impact of interest rate changes		
50 basis points increase in interest rates	**(10) pps**	(10) pps
50 basis points decrease in interest rates	**7 pps**	10 pps

RECONCILIATION BETWEEN GROUP LCSM SOLVENCY POSITION AND SHAREHOLDER CAPITAL

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

US$ millions, unless otherwise stated	As at 30 June 2024 Capital resources	Capital requirement	Ratio	As at 31 December 2023 Capital resources	Capital requirement	Ratio
Group LCSM solvency position	**74,654**	**28,517**	**262%**	73,156	26,646	275%
Adjustments for:						
Removal of participating surplus and others[1]	**(19,721)**	**(11,959)**	**70 pps**	(18,680)	(10,478)	62 pps
Different capital requirements under EV for AIA China[2]	**(8,878)**	**(3,911)**	**32 pps**	(9,261)	(3,603)	23 pps
Reflecting EV consolidated reserving and capital requirements	**(5,915)**	**2,660**	**(102) pps**	(4,368)	2,612	(91) pps
Shareholder capital	**40,140**	**15,307**	**262%**	40,847	15,177	269%

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

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

LOCAL SOLVENCY REQUIREMENTS

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

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

Hong Kong SAR[1]

The Hong Kong Risk-based Capital (HKRBC) regime has become part of the Hong Kong Insurance Ordinance (HKIO) and has taken effect from 1 July 2024.

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

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

HOLDING COMPANY FINANCIAL RESOURCES

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

Capital flows from subsidiaries of US$1,469 million in the first half of 2024 were lower compared with US$1,703 million the first half of 2023, primarily due to differences in the timing of capital remittances.

Borrowings added 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 Company'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 12 months after 30 June 2024 (30 June 2023: US$53 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 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 interim condensed consolidated financial statements.

Global Medium-term Note and Securities Programme

On 5 April 2024, the Company 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 SAR sovereign ratings outlook from stable to negative.

As at 30 June 2024, the Company 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 Company from stable to negative on 8 December 2023 following the agency's decision to change both Mainland China and Hong Kong SAR sovereign ratings outlook from stable to negative.

Dividends

The Board has declared an increase of 5.2 per cent in the interim dividend to 44.50 Hong Kong cents per share. This follows AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

Share Buy-back Programme

In March 2022, the Group announced a share buy-back programme of up to US$10.0 billion over a period of three years.

In April 2024, the Group announced a US$2.0 billion addition to the programme, increasing the total to US$12.0 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.

REGULATORY AND INTERNATIONAL DEVELOPMENTS

INSURANCE CAPITAL STANDARD

In 2020 the International Association of Insurance Supervisors (IAIS) began the assessment of a ‘Reference Insurance Capital Standard (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 specification 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.

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. AIA will continue to monitor these developments closely.

BEPS 2.0

AIA continues to closely monitor developments in respect of the tax policy work led by the Organisation for Economic Co-operation and Development (OECD) on the “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy”, a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project that is commonly referred to as “BEPS 2.0”, and constructively engages with relevant governments and the OECD on their work. In 2021, the OECD/G20 Inclusive Framework on BEPS (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 also the introduction of 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 reporting date, 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 legislation. 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 reporting date, the Group is still progressing its programme 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 AIA's ETR from 2025 onwards.

The Group has engaged tax specialists to assist with its programme 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.

BUSINESS REVIEW

Distribution

AGENCY

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**1,860**	1,613	**19%**	15%
VONB margin	**67.2%**	62.8%	**4.5 pps**	4.4 pps
ANP	**2,766**	2,567	**11%**	8%

AIA's unrivalled, 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 19 per cent VONB growth in the first half of 2024, with 11 per cent ANP growth and a VONB margin increase to 67.2 per cent. We achieved double-digit 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 per cent of the Group's total VONB in the first half of 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 a 22 per cent increase in new recruits in the first half of 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 first half of 2024, our agency leadership programmes successfully generated double-digit 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-sell opportunities. We delivered 12 per cent growth in agency productivity and 6 per cent growth in the total number of active agents in the first half of 2024 through execution of our strategy.

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

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**742**	532	**43%**	39%
VONB margin	**41.7%**	37.5%	**4.2 pps**	4.2 pps
ANP	**1,780**	1,417	**28%**	26%

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 43 per cent, driven by excellent performances from both the bancassurance and intermediated channels. ANP grew by 28 per cent and VONB margin increased by 4.2 pps. In the first half of 2024, our partnership channel contributed 29 per cent of AIA's total VONB.

In the first half of 2024, our bancassurance channel delivered 61 per cent VONB growth and a 10 pps increase in VONB margin to more than 40 per cent, supported by an increase in active sellers. We achieved growth through strong collaboration with our bank partners, including our regional exclusive partnerships with Citibank, N.A. (Citibank) and The Bank of East Asia, Limited (BEA), as well as our strategic partners in Thailand, Malaysia, the Philippines and Indonesia, where we extended our partnership with Bank Central Asia (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 Mainland China delivered excellent VONB growth as we launched digital tools and health checks in bank branches, supporting growth in ANP, average case size and activity ratios.

Independent Financial Advisers (IFAs) and brokers from our intermediated channels delivered 30 per cent VONB growth in the first half of 2024, mainly driven by Hong Kong. Business momentum was also strong in Singapore, where excellent VONB growth in the IFA channel was driven by our compelling high-net-worth propositions.

Geographical Market Highlights

MAINLAND CHINA

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**782**	601	**36%**	30%
VONB margin	**56.6%**	50.3%	**6.4 pps**	6.3 pps
ANP	**1,382**	1,195	**21%**	16%
TWPI	**5,985**	4,992	**25%**	20%

AIA China delivered 36 per cent VONB growth to a record high of US$782 million, from 20 per cent growth in our Premier Agency and a significant uplift in VONB from our highly selective bancassurance partnerships. Our strategy of targeting middle-class customers in Mainland China through our professional distribution sets AIA apart in the market, ensuring that demand for our products remains robust. For clarity, VONB growth is shown with no recalculation of the comparative 2023 VONB results using economic assumptions applied in the first half of 2024, which would otherwise have further increased the reported VONB growth rate on a like-for-like basis.

VONB margin was up by 6.4 pps to 56.6 per cent with increases in both the agency margin to 61.3 per cent and the bancassurance margin to 41.3 per cent. The increase was driven by a positive product mix shift and active repricing, supported by favourable changes to industry-wide regulations on bancassurance commissions implemented in the second half of 2023.

Our full-time professional Premier Agency is the clear market leader and AIA China is the number one ranked company in this market for MDRT members. Our success is driven by young, dynamic and entrepreneurial agency leaders who ensure sustainable new business growth by attracting, developing and retaining the best agents. New recruits were up 26 per cent in the first half of 2024 and 94 per cent of AIA's new agents are college graduates or above. Universal adoption of our advanced digital platforms drove higher productivity and efficiency alongside an 11 per cent increase in the number of active agents.

AIA China's comprehensive product suite meets a broad range of needs for the affluent middle-class, with our customers holding on average around 6 AIA policies, helping them achieve their protection and long-term savings goals. We saw 30 per cent growth in new customers in the first half of 2024, providing us with significant additional opportunities as we build on these relationships over time. We launched a new high-end critical illness product, and this has supported double-digit VONB growth from traditional protection business. As previously reported, in the third quarter of 2023, we experienced very strong customer demand ahead of the industry-wide repricing in response to the lower interest rate environment. Our professional Premier Agents have successfully continued to make strong progress in shifting our long-term savings product mix towards participating and tax-deductible private pension business that can meet the evolving needs of our more affluent customers.

Bancassurance VONB growth was driven by our deepening cooperation with our selected bank partners and an increased VONB margin. While our partners are some of the largest players in the market, we are focused on meeting the holistic protection and long-term savings needs of their most affluent customers.

Mainland China offers tremendous growth potential for AIA. As we continue to execute our plans, we believe the vast majority of Mainland China's growing middle-class population will be within our reach. Starting in 2019, we have been expanding into new geographies. We successfully launched operations in three new cities in Sichuan and Hubei in the first half of 2024 and by replicating our efficient and scalable model across new operations, we delivered excellent growth in VONB from our new geographies in the first half.

China Post Life

China Post Life Insurance Co., Ltd. (China Post Life) delivered a VONB growth of 16 per cent on a like-for-like basis in the first half of 2024, as prepared and reported by China Post Life. AIA China's reported results do not include any contribution from China Post Life.

HONG KONG

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**858**	681	**26%**	26%
VONB margin	**65.7%**	56.9%	**8.8 pps**	8.8 pps
ANP	**1,272**	1,165	**9%**	9%
TWPI	**5,930**	5,594	**6%**	6%

AIA Hong Kong delivered a 26 per cent increase in VONB in the first half of 2024 with growth of 28 per cent from domestic customers and 24 per cent from Mainland Chinese visitor (MCV) customers.

New product launches and product repricing contributed to an overall VONB margin increase of 8.8 pps. Strong demand for our flagship participating savings products across customer segments continued to support our new business growth. We also provide a wide range of market-leading traditional protection products and delivered 15 per cent growth in VONB from these products in the first half.

Premier Agency delivered 20 per cent VONB growth in the first half of 2024 and continues to be the key contributor to AIA Hong Kong's new business, accounting for around two-thirds of VONB. New recruits increased by 19 per cent as agency leaders continued to attract a diverse range of top-tier candidates, reflecting confidence in the sustainable growth of our business in Hong Kong. AIA Hong Kong continued to rank number one in the market for MDRT members.

Our partnership channel achieved 41 per cent VONB growth with bank partnerships that provide access to over 2 million customers. The Hong Kong domestic customer segment has been a key driver for our overall bancassurance growth in the first half of 2024, alongside improvements in activity and productivity levels. AIA Hong Kong continues to maintain its focus on delivering high-quality new business supported by robust governance of sales practices.

THAILAND

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**359**	327	**16%**	10%
VONB margin	**93.1%**	91.5%	**1.5 pps**	1.6 pps
ANP	**386**	357	**14%**	8%
TWPI	**2,098**	2,051	**8%**	2%

AIA Thailand delivered a 16 per cent increase in VONB in the first half of 2024 from strong ANP growth in both our agency and partnership channels.

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

AIA is the clear market leader in Thailand with 45 per cent market share in the agency distribution channel. Our Premier Agency delivered 18 per cent VONB growth, as we continued to uplift quality through our financial adviser programme, which accounted for 39 per cent of VONB in the first half. The number of active agents grew by 6 per cent and we saw an uplift in productivity, supported by the widespread adoption of our digital tools. Quality recruitment remains a key priority, which supported 20 per cent growth in the number of new recruits. AIA has been ranked number one for MDRT members in Thailand since our IPO in 2010.

Our strategic bancassurance partner, Bangkok Bank Public Company Limited (Bangkok Bank), delivered 22 per cent VONB growth as our training programmes focusing on activation management and our enhanced long-term savings product helped drive an increase in both productivity and active insurance sellers.

SINGAPORE

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**219**	173	**27%**	27%
VONB margin	**52.4%**	65.0%	**(12.6) pps**	(12.6) pps
ANP	**417**	267	**57%**	56%
TWPI	**2,209**	1,981	**12%**	12%

AIA Singapore delivered 27 per cent VONB growth, with very strong performances across all distribution channels. Our success in capturing the growing wealth opportunities in Singapore drove very strong growth in sales of long-term savings products. The resulting product mix shift saw a reduced VONB margin of 52.4 per cent, but this was more than offset by excellent ANP growth of 57 per cent. Traditional protection remains our largest product category, accounting for 45 per cent of VONB in the first half.

Our business in Singapore is well positioned to leverage the growing opportunity for long-term savings in the mass affluent and high-net-worth segment both from domestic and overseas customers. In October 2023, we launched a new unit-linked product with exclusive access to our AIA Regional Funds Platform that provides access to leading global fund managers. This product has been a key driver in the very strong growth in long-term savings in the first half. We are also seeing very positive results from AIA Altitude, an exclusive loyalty programme for our most valued customers. In April, we launched AIA International Wealth, offering professional wealth management advice and services to serve the needs of affluent and high-net-worth individuals across the region.

Premier Agency delivered 31 per cent VONB growth as we continued to invest in digital tools, which helped to increase both productivity and the number of active agents in the first half of 2024. New recruits were up by 13 per cent. A quarter of our agents are MDRT members and we are ranked number one in Singapore.

Our partnership channel achieved 16 per cent VONB growth driven by strong sales of high-net-worth and savings products, supported by our new wealth propositions.

MALAYSIA

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**183**	170	**14%**	8%
VONB margin	**64.2%**	64.8%	**(0.7) pps**	(0.6) pps
ANP	**285**	261	**16%**	9%
TWPI	**1,310**	1,284	**8%**	2%

AIA Malaysia delivered VONB growth of 14 per cent in the first half of 2024. Our focus on protection sales, both from traditional and unit-linked business, delivered a high-quality product mix with a VONB margin of 64.2 per cent. Around 90 per cent of our unit-linked sales had protection coverage in the first half.

Our Premier Agency delivered VONB growth of 7 per cent in the first half of 2024 as investments in technology, digital and analytics enabled us to increase productivity and drive stronger customer engagement. AIA Malaysia has been ranked number one in Malaysia for MDRT members for 8 years.

Our bancassurance partnership with Public Bank Berhad achieved 18 per cent VONB growth, driven by our compelling high-net-worth propositions. We have also increased the manpower and activity of our insurance specialists. Corporate solutions business delivered excellent growth driven by both new business and renewals.

OTHER MARKETS

US$ millions, unless otherwise stated	**Six months ended 30 June 2024**	Six months ended 30 June 2023	**YoY CER**	YoY AER
VONB	**224**	212	**9%**	6%
VONB margin	**27.7%**	28.6%	**(0.7) pps**	(0.9) pps
ANP	**804**	739	**12%**	9%
TWPI	**3,554**	3,398	**8%**	5%

Overview

VONB for Other Markets increased by 9 per cent in the first half of 2024 with double-digit 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.

Geographical Market Highlights

Australia: AIA Australia delivered strong double-digit VONB growth in the first half of 2024. Group insurance delivered very strong VONB growth as we benefitted from new members joining existing schemes and successful renewals.

Cambodia: While ANP declined in the first half of 2024 as reduced loan disbursements affected sales in our bancassurance channel, our agency channel maintained double-digit ANP growth, driven by an increase in active agents.

India: VONB declined in the first half of 2024 as compared to the same period in 2023, as that period benefitted from a one-time significant increase in sales ahead of the introduction of limitations on personal taxation benefits relating to life insurance purchases, as previously reported. 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.

Indonesia: VONB declined slightly in the first half of 2024 as strong double-digit VONB growth from our strategic partner BCA was offset by a reduction in the agency channel. We are very pleased to have extended our partnership with BCA in June 2024 until the end of 2038, unlocking further significant long-term growth potential for AIA in Indonesia.

Myanmar: AIA Myanmar delivered strong ANP growth in our agency and partnership channels, driven by an increase in the number of active agents and active bank branches.

New Zealand: VONB declined in the first half of 2024 as very strong growth from our strategic partner ASB Bank Limited (ASB) was offset by a reduction in the IFA channel.

Philippines: AIA Philippines achieved excellent VONB growth mainly driven by very strong performance in our joint venture with the Bank of Philippine Islands (BPI), supported by a double-digit increase in the number of active in-branch insurance specialists.

South Korea: AIA Korea delivered excellent VONB growth in the first half of 2024 from the continued strong performance in our bancassurance channel and a rebound in sales from our direct marketing channel.

Sri Lanka: AIA Sri Lanka delivered excellent VONB growth in the first half of 2024 supported by double-digit growth in both our agency and partnership channels. Our partnership channel benefitted from an excellent performance from our new long-term exclusive bancassurance partnership with the Commercial Bank of Ceylon PLC.

Taiwan (China): AIA Taiwan achieved very strong VONB growth in the first half of 2024, driven by an excellent performance from our broker channel.

Vietnam: While VONB declined overall in the first half of 2024, we achieved strong year-on-year growth in the second quarter of 2024 following a strong recovery in agency performance and a higher protection mix in our partnership channel.

Notes:

(1) Growth rates and commentaries are provided on a constant exchange rate (CER) basis.

(2) Throughout the Distribution section, VONB and VONB margin by distribution channel are based on local statutory reserving and capital requirements and exclude pension business.

(3) AIA China's financial results do not include any contribution from our 24.99 per cent shareholding in China Post Life.

(4) ANP and VONB for Other Markets include the results from our 49 per cent shareholding in Tata AIA Life. ANP and VONB do not include any contribution from our 24.99 per cent shareholding in China Post Life. For clarity, TWPI does not include any contribution from Tata AIA Life and China Post Life.

(5) The results of Tata AIA Life are reported on a one-quarter-lag basis. The results of Tata AIA Life are accounted for using the six-month period ended 31 March 2024 and the six-month period ended 31 March 2023 in AIA's consolidated results for the six-month period ended 30 June 2024 and the six-month period ended 30 June 2023, respectively.

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2024, with the exception of Code Provision C.6.3, the Company complied with all applicable code provisions in the Corporate Governance Code. Code Provision C.6.3 provides that the company secretary should report to the chairman of the board and/ or the chief executive. The Company operates under a variant of this model whereby the Group Company Secretary reports to the Group General Counsel, who is ultimately accountable for the company secretarial function of the Company and who in turn reports directly to the Group Chief Executive.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own Directors' and Chief Executives' Dealing Policy on terms no less exacting than those set out in the Model Code in respect of dealings by the Directors and Group Chief Executive in the securities of the Company. All of the Directors (including the Group Chief Executive) confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and the Dealing Policy throughout the six months ended 30 June 2024.

CHANGES IN DIRECTORS' INFORMATION

As announced by the Company on 8 July 2024, Ms. Sun Jie (Jane) and Mr. John Barrie Harrison ceased to be a member of the Audit Committee of the Company (Audit Committee) and the Risk Committee of the Company (Risk Committee) respectively, while Ms. Mari Elka Pangestu and Mr. Ong Chong Tee were appointed as members of the Audit Committee, and Ms. Nor Shamsiah Mohd Yunus was appointed as a member of the Risk Committee, all with effect from 8 July 2024.

Other changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Directors	Details of Changes
Mr. LEE Yuan Siong	• Appointed as the chairman of The Geneva Association with effect from 5 June 2024
Mr. Jack Chak-Kwong SO	• Ceased to be the chairman of the Airport Authority Hong Kong with effect from 1 June 2024
Mr. Chung-Kong CHOW	• Ceased to be an independent non-executive representative of EYG Global Governance Council with effect from 1 July 2024
Mr. John Barrie HARRISON	• Ceased to be an independent non-executive director of Cathay Pacific Airways Limited (listed on the Hong Kong Stock Exchange) with effect from 20 May 2024
Mr. George Yong-Boon YEO	• Appointed as a non-executive and independent director of Wilmar International Limited (listed on the Singapore Exchange) with effect from 19 April 2024
Professor Lawrence Juen-Yee LAU	• Ceased to be an independent non-executive director of Far EasTone Telecommunications Co., Ltd. (listed on the Taiwan Stock Exchange) with effect from 21 June 2024 • Ceased to be an independent non-executive director of Semiconductor Manufacturing International Corporation (listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) with effect from 28 June 2024

Directors' biographies are available on the Company's website at www.aia.com.

Save as disclosed above, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the Directors' and the Chief Executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, are as follows:

Interests and short positions in the Shares and underlying Shares

Name of Directors	**Number of Shares or underlying Shares** Long Position (L)	**Class**	**Percentage of the total number of Shares in issue**[1]	**Capacity**
Mr. LEE Yuan Siong[2]	1,996,419 (L)[3]	Ordinary	0.01	Beneficial owner
	2,743,051 (L)[4]		0.02	Beneficial owner
	3,682,864 (L)[5]		0.03	Beneficial owner
	2,735 (L)[6]		<0.01	Beneficial owner
Mr. Edmund Sze-Wing TSE[7]	3,330,400 (L)[3]	Ordinary	0.02	Beneficial owner
	230,000 (L)[3]		<0.01	Interest of controlled corporation[8]
Mr. Jack Chak-Kwong SO	190,000 (L)[3]	Ordinary	<0.01	Interest of controlled corporation[9]
Mr. Chung-Kong CHOW	126,000 (L)[3]	Ordinary	<0.01	Beneficial owner
Mr. John Barrie HARRISON	80,000 (L)[3]	Ordinary	<0.01	Interests held jointly with another person[10]
Mr. George Yong-Boon YEO	50,000 (L)[3]	Ordinary	<0.01	Beneficial owner
Professor Lawrence Juen-Yee LAU	250,000 (L)[3]	Ordinary	<0.01	Interest of spouse[11]

Notes:

(1) Based on 11,200,409,115 Shares in issue as at 30 June 2024.

(2) The aggregate number of the Shares and underlying Shares held by Mr. Lee Yuan Siong was 8,425,069, representing 0.07 per cent of the total number of Shares in issue.

(3) The interests were in the Shares.

(4) The interests were in RSUs granted to Mr. Lee Yuan Siong under the restricted share unit schemes adopted by the Company from time to time, of which 522,031 RSUs were awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employment as also disclosed in the Company's announcement dated 22 November 2019.

(5) The interests were in SOs granted to Mr. Lee Yuan Siong under the share option schemes adopted by the Company from time to time.

(6) The interests were in matching RSPUs granted under the employee share purchase plans adopted by the Company from time to time.

(7) The aggregate number of the Shares and underlying Shares held by Mr. Edmund Sze-Wing Tse was 3,560,400, representing 0.03 per cent of the total number of Shares in issue.

(8) The 230,000 Shares were held by Edmund & Peggy Tse Foundation Limited, one-third interest of which is beneficially held by Mr. Edmund Sze-Wing Tse.

(9) The 190,000 Shares were held by Cyber Project Developments Limited, a company beneficially wholly-owned by Mr. Jack Chak-Kwong So.

(10) The 80,000 Shares were jointly held by Mr. John Barrie Harrison and his spouse, Ms. Rona Irene Harrison, as beneficial owners.

(11) The 250,000 Shares were held by Ms. Ayesha Abbas Macpherson, the spouse of Professor Lawrence Juen-Yee Lau, as beneficial owner.

Save as disclosed above, as at 30 June 2024, neither the Directors nor the Chief Executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF PERSONS OTHER THAN THE DIRECTORS OR THE CHIEF EXECUTIVE

As at 30 June 2024, the following persons, other than the Directors or the Chief Executive of the Company, had interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	**Number of Shares or underlying Shares (Note 1)** Long Position (L) Short Position (S) Lending Pool (P)	**Class**	**Percentage of the total number of Shares in issue (Note 2)**	**Capacity**
The Bank of New York Mellon Corporation	1,152,420,823 (L) 326,741,568 (S) 793,262,466 (P)	Ordinary	10.28 2.91 7.08	Note 3
JPMorgan Chase & Co.	982,666,184 (L) 49,086,477 (S) 676,171,626 (P)	Ordinary	8.77 0.43 6.03	Note 4
Citigroup Inc.	786,364,974 (L) 34,605,346 (S) 748,547,327 (P)	Ordinary	7.02 0.30 6.68	Note 5
The Capital Group Companies, Inc.	776,543,981 (L)	Ordinary	6.93	Interest of controlled corporations
BlackRock, Inc.	668,472,748 (L) 798,200 (S)	Ordinary	5.96 <0.01	Interest of controlled corporations
Brown Brothers Harriman & Co.	605,177,810 (L) 597,387,808 (P)	Ordinary	5.40 5.33	Note 6

Notes:

(1) Amongst the interests and short positions in the Shares and underlying Shares set out in the table above, the following interests and short positions were related to derivative interests held by the Shareholders:

	Long Position					Short Position				
Name of Shareholders	**Physically settled listed derivatives**	**Cash settled listed derivatives**	**Physically settled unlisted derivatives**	**Cash settled unlisted derivatives**	**Convertible instruments listed derivatives**	**Physically settled listed derivatives**	**Cash settled listed derivatives**	**Physically settled unlisted derivatives**	**Cash settled unlisted derivatives**	**Convertible instruments listed derivatives**
The Bank of New York Mellon Corporation	4,941,108	–	–	–	–	–	–	326,741,568	–	–
JPMorgan Chase & Co.	11,209,000	1,406,600	2,985,127	14,565,800	3,482,826	5,640,000	13,472,646	14,237,480	6,300,667	–
Citigroup Inc.	7,101,542	–	2,998,703	17,934,636	–	4,181,000	–	7,801,672	22,370,996	–
The Capital Group Companies, Inc.	–	–	24,767,952	–	–	–	–	–	–	–
BlackRock, Inc.	–	–	–	3,900,000	–	–	–	–	798,200	–
Brown Brothers Harriman & Co.	–	–	–	–	–	–	–	–	–	–

(2) Based on 11,200,409,115 Shares in issue as at 30 June 2024.

(3) The Bank of New York Mellon Corporation held the interests and short positions in the following capacity:

Capacity	Number of Shares or underlying Shares (Long Position)	Number of Shares or underlying Shares (Short Position)
Interest of controlled corporations	1,152,420,823	326,741,568

(4) JPMorgan Chase & Co. held the interests and short positions in the following capacities:

Capacity	Number of Shares or underlying Shares (Long Position)	Number of Shares or underlying Shares (Short Position)
Approved lending agent	676,171,626	–
Investment manager	258,681,056	–
Interest of controlled corporations	42,753,561	49,086,477
Person having a security interest in Shares	4,926,982	–
Trustee	132,959	–

(5) Citigroup Inc. held the interests and short positions in the following capacities:

Capacity	Number of Shares or underlying Shares (Long Position)	Number of Shares or underlying Shares (Short Position)
Approved lending agent	748,547,327	–
Interest of controlled corporations	37,817,647	34,605,346

(6) Brown Brothers Harriman & Co. held the interests and short positions in the following capacities:

Capacity	Number of Shares or underlying Shares (Long Position)	Number of Shares or underlying Shares (Short Position)
Approved lending agent	597,387,808	–
Investment manager	7,790,002	–

Save as disclosed above, as at 30 June 2024, no person, other than the Directors or the Chief Executive of the Company whose interests are set out in the section entitled "Directors' and the Chief Executive's Interests and Short Positions in Shares and Underlying Shares", had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

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

During the six months ended 30 June 2024, the Company bought back a total of 219,933,600 Shares on the Hong Kong Stock Exchange with the aggregate consideration paid (before expenses) amounting to approximately HK$13,054 million (equivalent to approximately US$1,670 million). All the Shares bought back were subsequently cancelled. As at 30 June 2024, the total number of Shares in issue was 11,200,409,115. Particulars of the Shares bought back are as follows:

Month	Number of Shares bought back	Price paid per Share (Average) (HK$)	Price paid per Share (Highest) (HK$)	Price paid per Share (Lowest) (HK$)	Aggregate consideration (before expenses) (HK$ million)
January 2024	41,873,000	62.83	68.10	58.10	2,631
February 2024	26,355,000	62.80	66.55	59.65	1,655
March 2024	55,654,000	57.80	64.90	50.20	3,217
April 2024	2,915,200	51.72	54.90	45.30	151
May 2024	35,533,800	60.57	66.10	59.55	2,152
June 2024	57,602,600	56.40	61.15	52.85	3,248
Total	**219,933,600**	**59.35**	**–**	**–**	**13,054**

In addition, the Company also purchased 4,178,569 Shares under the 2020 RSU Scheme and the 2020 ESPP for a total consideration of approximately HK$257 million (equivalent to approximately US$33 million) during the six months ended 30 June 2024. These purchases were made by the trustee of these share schemes on the Hong Kong Stock Exchange. These Shares are held on trust for the participants of relevant schemes and therefore were not cancelled. Please refer to note 22 to the interim condensed consolidated financial statements for details.

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EXTERNAL AUDITOR

In line with our commitment to maintaining the highest standards of corporate governance, management consistently evaluates the need and appropriate timing for initiating an audit tender, considering multiple factors.

In 2024, the Board endorsed the recommendation from its Audit Committee to commence an audit tender for the Group for the 2026 financial year.

This decision highlights AIA's commitment to robust corporate governance, transparency, and quality in our financial disclosures.

Shortlisted accounting firms, including AIA's incumbent auditor, PricewaterhouseCoopers (PwC), will be invited to the tender process. The proposals submitted by the prospective firms will be evaluated fairly and objectively by the Tender Committee (comprising all members of the Audit Committee) established for this purpose. The final decision of the selection and appointment of the prospective external auditor of the Group for the 2026 financial year will be endorsed by the Audit Committee and submitted for approval by the Board.

Having been re-appointed as the Company's auditor at the Company's 2024 annual general meeting held on 24 May 2024, PwC will undertake the audit of the Group's consolidated financial statements for the 2024 financial year.

SHARE-BASED COMPENSATION

LONG-TERM INCENTIVE PLAN

The 2010 RSU Scheme and the 2010 SO Scheme, both adopted by the Company on 28 September 2010, were terminated with effect from 31 July 2020 and 29 May 2020, respectively, and no further grants may be made under these schemes, although outstanding grants continue to vest based on their original terms.

The 2020 RSU Scheme and the 2020 SO Scheme, with substantially the same terms as the 2010 RSU Scheme and the 2010 SO Scheme respectively, were adopted by the Company on 1 August 2020 (2020 RSU Scheme Adoption Date) and 29 May 2020 (2020 SO Scheme Adoption Date) respectively. Both the 2020 RSU Scheme and the 2020 SO Scheme are effective for a period of 10 years from their respective dates of adoption.

RESTRICTED SHARE UNIT SCHEMES

During the six months ended 30 June 2024, the Company granted 16,593,246 RSUs under the 2020 RSU Scheme to employees, directors (excluding independent non-executive directors) and officers of the Company and its subsidiaries. During the same period, 315,561 RSUs vested under the 2010 RSU Scheme and 3,364,059 RSUs vested under the 2020 RSU Scheme, all of which were satisfied with purchases of existing Shares on market by the scheme trustee. As at 30 June 2024, there were a total of 38,051,980 RSUs outstanding under the 2010 RSU Scheme and the 2020 RSU Scheme, representing 0.34 per cent of the number of Shares in issue as at 30 June 2024.

During the 10-year period from the 2020 RSU Scheme Adoption Date, the aggregate number of Shares available for issue underlying the RSUs granted by the Company under the 2020 RSU Scheme and any other restricted share unit scheme of the Company (i.e., the 2010 RSU Scheme) shall not exceed 2.5 per cent of the number of Shares in issue on the RSU Scheme Limit Reference Date (i.e., 18 May 2023) as specified under the rules of the 2020 RSU Scheme, being 290,494,815 Shares. 260,581,438 and 252,442,835 RSUs were available for grant pursuant to the scheme mandate as at 1 January 2024 and 30 June 2024, respectively.

Since the 2020 RSU Scheme Adoption Date and up to 30 June 2024, no new Shares were issued upon vesting of the awards granted under the 2010 RSU Scheme and the 2020 RSU Scheme.

The table below summarises the movements in RSUs under the 2010 RSU Scheme and the 2020 RSU Scheme during the six months ended 30 June 2024.

	Date of grant (day/month/year)[(1)]	Date of vesting (day/month/year)[(2)]	RSUs outstanding as at 1 January 2024	RSUs granted during the six months ended 30 June 2024[(3)]	RSUs vested during the six months ended 30 June 2024	RSUs cancelled/lapsed/reclassified during the six months ended 30 June 2024	RSUs outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the dates on which RSUs vested (HK$)
Group Chief Executive and President	**2010 RSU Scheme**							
Mr. LEE Yuan Siong	13/3/2020	See note[(4)]	837,592	–	(315,561)	–	522,031	63.75
	2020 RSU Scheme							
	24/3/2021	24/3/2024[(5)]	429,546	–	(198,773)	(230,773)	–	55.95
	17/3/2022	17/3/2025[(5)]	586,664	–	–	–	586,664	n/a
	17/3/2023	17/3/2026[(5)]	599,256	–	–	–	599,256	n/a
	19/3/2024	19/3/2027[(6)]	–	1,035,100	–	–	1,035,100	n/a

All eligible employees and participants		Date of grant (day/month/year)(1)	Date of vesting (day/month/year)(2)	RSUs outstanding as at 1 January 2024	RSUs granted during the six months ended 30 June 2024(3)	RSUs vested during the six months ended 30 June 2024	RSUs cancelled/lapsed/reclassified during the six months ended 30 June 2024	RSUs outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the dates on which RSUs vested (HK$)
Five highest-paid individuals	**2010 RSU Scheme**								
		13/3/2020	See note(4)	837,592	–	(315,561)	–	522,031	63.75
	2020 RSU Scheme								
		24/3/2021	24/3/2024(5)	787,498	–	(364,417)	(423,081)	–	55.95
		14/3/2022	See note(7)	47,147	–	(47,147)	–	–	64.85
		17/3/2022	17/3/2025(5)	2,042,596	–	–	–	2,042,596	n/a
		17/3/2022	17/3/2025(8)	21,891	–	–	–	21,891	n/a
		17/3/2023	17/3/2026(5)	1,217,852	–	–	–	1,217,852	n/a
		19/3/2024	19/3/2027(6)	–	2,115,941	–	–	2,115,941	n/a
Other eligible employees and participants	**2020 RSU Scheme**								
		24/3/2021	24/3/2024(5)	6,156,838	–	(2,771,130)	(3,385,708)	–	56.10
		24/3/2021	24/3/2024(8)	77,480	–	(77,480)	–	–	55.95
		2/6/2021	2/6/2024(5)	34,634	–	(15,871)	(18,763)	–	60.95
		2/6/2021	2/6/2024(8)	4,484	–	(4,484)	–	–	59.85
		30/9/2021	30/9/2024(5)	51,994	–	–	–	51,994	n/a
		17/12/2021	17/12/2024(8)	58,773	–	–	–	58,773	n/a
		17/3/2022	17/3/2025(5)	8,777,543	–	(55,691)	(435,101)	8,286,751	62.23
		17/3/2022	17/3/2025(8)	60,449	–	–	–	60,449	n/a
		28/3/2022	17/3/2025(5)	12,030	–	–	–	12,030	n/a
		19/5/2022	17/3/2025(5)	9,002	–	–	–	9,002	n/a
		19/5/2022	19/5/2025(5)	20,374	–	–	–	20,374	n/a
		15/9/2022	15/9/2025(5)	36,748	–	–	–	36,748	n/a
		17/3/2023	17/3/2026(5)	9,658,452	–	(27,507)	(450,277)	9,180,668	61.75
		19/3/2024	19/3/2027(6)	–	12,325,643	(232)	(53,055)	12,272,356	62.90
		19/3/2024	19/3/2027(8)	–	1,859,170	(100)	(9,038)	1,850,032	62.90
		19/3/2024	See note(9)	–	266,576	–	–	266,576	n/a
		4/6/2024	4/6/2027(6)	–	22,123	–	–	22,123	n/a
		4/6/2024	4/6/2027(8)	–	3,793	–	–	3,793	n/a
Grand total	**2010 RSU Scheme**			837,592	–	(315,561)	–	522,031	
	2020 RSU Scheme			29,075,785	16,593,246	(3,364,059)	(4,775,023)	37,529,949	
	Total			29,913,377	16,593,246	(3,679,620)	(4,775,023)	38,051,980	

Notes:

(1) The measurement date (i.e., the date used to determine the value of the grants for accounting purposes) for grants made during the year ended 31 December 2020 was determined to be 13 March 2020. The measurement dates for grants made during the year ended 31 December 2021 were determined to be 24 March 2021, 2 June 2021, 30 September 2021 and 17 December 2021. The measurement dates for grants made during the year ended 31 December 2022 were determined to be 14 March 2022, 17 March 2022, 28 March 2022, 19 May 2022 and 15 September 2022. The measurement date for grants made during the year ended 31 December 2023 was determined to be 17 March 2023. The measurement dates for grants made during the six months ended 30 June 2024 were determined to be 19 March 2024 and 4 June 2024. These measurement dates were determined in accordance with IFRS 2 *Share-based Payment*.

(2) The date of vesting is subject to applicable dealing restrictions.

(3) No consideration shall be payable by the participant on acceptance of any RSUs granted.

(4) Reference is made to the Company's announcement dated 22 November 2019. These RSUs relate to the awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employment. The vesting of these time-vesting RSUs is service-based only (i.e., there are no further performance conditions attached except for continued employment). The first five tranches of 315,561 RSUs had each vested on 13 September 2020, 21 February 2021, 21 February 2022, 21 February 2023 and 21 February 2024 respectively. Subject to continued employment, 522,031 RSUs are scheduled to vest on 21 February 2025.

(5) The vesting of these performance-vesting RSUs is subject to service requirements and the achievement of performance measures shown on page 135 of the Company's Annual Report 2023.

(6) The vesting of these performance-vesting RSUs is subject to service requirements, the achievement of performance measures (i.e., VONB, EV Equity and relative total shareholder return (TSR) with weighting of 28 per cent each and UFSG with weighting of 16 per cent) and the maximum vesting level of 250 per cent of the target number of performance-vesting RSUs. For the RSUs granted on 19 March 2024, the closing price of the Shares immediately before the date on which RSUs were granted was HK$59.05 and the fair value of the RSUs at the date of grant was determined to be HK$39.90. For the RSUs granted on 4 June 2024, the closing price of the Shares immediately before the date on which RSUs were granted was HK$59.85 and the fair value of the RSUs at the date of grant was determined to be HK$40.96.

(7) The vesting of these time-vesting RSUs is service-based only (i.e., there are no further performance conditions attached except for continued employment). The three tranches of 47,147 RSUs had each vested on 14 September 2022, 14 March 2023 and 14 March 2024 respectively.

(8) The vesting of these time-vesting RSUs is service-based only (i.e., there are no further performance conditions attached except for continued employment). For the RSUs granted on 19 March 2024, the closing price of the Shares immediately before the date on which RSUs were granted was HK$59.05 and the fair value of the RSUs at the date of grant was determined to be HK$54.55. For the RSUs granted on 4 June 2024, the closing price of the Shares immediately before the date on which RSUs were granted was HK$59.85 and the fair value of the RSUs at the date of grant was determined to be HK$55.97.

(9) The vesting of these performance-vesting RSUs is subject to service requirements, the achievement of performance measures (i.e., VONB, EV Equity and TSR with weighting of 28 per cent each and UFSG with weighting of 16 per cent) and the maximum vesting level of 250 per cent of the target number of performance-vesting RSUs. The closing price of the Shares immediately before the date on which RSUs were granted was HK$59.05. As required by the relevant jurisdiction related to deferred variable remuneration, the first tranche of 123,090 RSUs is scheduled to vest on 19 March 2028 (fair value was determined to be HK$39.22), the second tranche of 123,086 RSUs is scheduled to vest on 19 March 2029 (fair value was determined to be HK$38.57) and the third tranche of 20,400 RSUs is scheduled to vest on 19 March 2030 (fair value was determined to be HK$37.91) respectively.

SHARE OPTION SCHEMES

During the six months ended 30 June 2024, the Company granted 3,019,542 SOs under the 2020 SO Scheme to employees, directors (excluding independent non-executive directors) and officers of the Company and its subsidiaries. During the same period, 54,711 new Shares were issued upon exercise of the SOs granted under the 2010 SO Scheme and no new Shares were issued under the 2020 SO Scheme. As at 30 June 2024, there were a total of 28,070,003 SOs outstanding under the 2010 SO Scheme and the 2020 SO Scheme, representing 0.25 per cent of the number of Shares in issue as at 30 June 2024.

During the 10-year period from the 2020 SO Scheme Adoption Date, the aggregate number of Shares available for issue upon exercise of all SOs granted by the Company (excluding SOs that have lapsed) pursuant to the 2020 SO Scheme and any other share option scheme of the Company (i.e., the 2010 SO Scheme) shall not exceed 2.5 per cent of the number of Shares in issue on the 2020 SO Scheme Adoption Date, being 302,264,978 Shares. 269,390,346 and 266,370,804 SOs were available for grant pursuant to the scheme mandate as at 1 January 2024 and 30 June 2024, respectively.

Since the 2020 SO Scheme Adoption Date and up to 30 June 2024, a cumulative total of 7,824,171 new Shares were issued under the 2010 SO Scheme, representing approximately 0.06 per cent of the number of Shares in issue as at the 2020 SO Scheme Adoption Date. During the same period, no new Shares were issued under the 2020 SO Scheme.

The table below summarises the movements in SOs under the 2010 SO Scheme and the 2020 SO Scheme during the six months ended 30 June 2024.

All eligible employees and participants	Date of grant (day/month/year)[1]	Period during which SOs are exercisable (day/month/year)[2]	SOs outstanding as at 1 January 2024	SOs granted during the six months ended 30 June 2024	SOs vested during the six months ended 30 June 2024	SOs cancelled/ lapsed/ reclassified during the six months ended 30 June 2024	SOs exercised during the six months ended 30 June 2024	Exercise price (HK$)	SOs outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the dates on which SOs were exercised (HK$)
Group Chief Executive and President	**2010 SO Scheme**									
	25/3/2020	25/3/2023 – 24/3/2030[3]	1,197,133	–	–	–	–	68.10	1,197,133	n/a
Mr. LEE Yuan Siong	**2020 SO Scheme**									
	24/3/2021	24/3/2024 – 23/3/2031[3]	464,526	–	464,526	–	–	97.33	464,526	n/a
	17/3/2022	17/3/2025 – 16/3/2032[3]	660,259	–	–	–	–	79.85	660,259	n/a
	17/3/2023	17/3/2026 – 16/3/2033[3]	552,217	–	–	–	–	80.73	552,217	n/a
	19/3/2024	19/3/2027 – 18/3/2034[4]	–	808,729	–	–	–	62.33	808,729	n/a
Other eligible employees and participants	**2010 SO Scheme**									
	5/3/2014	5/3/2017 – 4/3/2024[3]	54,711	–	–	–	(54,711)	37.56	–	62.81
	12/3/2015	12/3/2018 – 11/3/2025[3]	956,899	–	–	–	–	47.73	956,899	n/a
	9/3/2016	9/3/2019 – 8/3/2026[3]	1,637,947	–	–	–	–	41.90	1,637,947	n/a
	10/3/2017	10/3/2020 – 9/3/2027[3]	3,439,715	–	–	–	–	50.30	3,439,715	n/a
	31/7/2017	1/6/2020 – 30/7/2027[3]	830,436	–	–	–	–	61.55	830,436	n/a
	15/3/2018	15/3/2021 – 14/3/2028[3]	3,690,126	–	–	–	–	67.15	3,690,126	n/a
	27/3/2019	27/3/2022 – 26/3/2029[3]	3,300,258	–	–	–	–	76.38	3,300,258	n/a
	15/5/2019	1/5/2022 – 14/5/2029[3]	82,221	–	–	–	–	78.70	82,221	n/a
	25/3/2020	25/3/2023 – 24/3/2030[3]	3,721,940	–	–	–	–	68.10	3,721,940	n/a
	2020 SO Scheme									
	24/3/2021	24/3/2024 – 23/3/2031[3]	1,306,113	–	1,153,622	–	–	97.33	1,306,113	n/a
	17/3/2022	17/3/2025 – 16/3/2032[3]	1,844,289	–	–	–	–	79.85	1,844,289	n/a
	17/3/2023	17/3/2026 – 16/3/2033[3]	1,366,382	–	–	–	–	80.73	1,366,382	n/a
	19/3/2024	19/3/2027 – 18/3/2034[4]	–	2,187,374	–	–	–	62.33	2,187,374	n/a
	19/3/2024	See note[5]	–	23,439	–	–	–	62.33	23,439	n/a
Grand total	**2010 SO Scheme**		18,911,386	–	–	–	(54,711)		18,856,675	
	2020 SO Scheme		6,193,786	3,019,542	1,618,148	–	–		9,213,328	
	Total		25,105,172	3,019,542	1,618,148	–	(54,711)		28,070,003	

Notes:

(1) The measurement date (i.e., the date used to determine the value of the grants for accounting purposes) for grants made during the year ended 30 November 2014 was determined to be 5 March 2014. The measurement date for grants made during the year ended 30 November 2015 was determined to be 12 March 2015. The measurement date for grants made during the year ended 30 November 2016 was determined to be 9 March 2016. The measurement dates for grants made during the year ended 30 November 2017 were determined to be 10 March 2017 and 31 July 2017. The measurement date for grants made during the thirteen months ended 31 December 2018 was determined to be 15 March 2018. The measurement dates for grants made during the year ended 31 December 2019 were determined to be 27 March 2019 and 15 May 2019. The measurement date for grants made during the year ended 31 December 2020 was determined to be 25 March 2020. The measurement date for grants made during the year ended 31 December 2021 was determined to be 24 March 2021. The measurement date for grants made during the year ended 31 December 2022 was determined to be 17 March 2022. The measurement date for grants made during the year ended 31 December 2023 was determined to be 17 March 2023. The measurement date for grants made during the six months ended 30 June 2024 was determined to be 19 March 2024. These measurement dates were determined in accordance with IFRS 2 *Share-based Payment*.

(2) The date of vesting is the first day of the period during which SOs are exercisable and subject to applicable dealing restrictions.

(3) The vesting of SOs is service-based only.

(4) The vesting of SOs is service-based only. The closing price of the Shares immediately before the date on which SOs were granted was HK$59.05. The fair value of the SOs at the date of grant was determined to be HK$17.37.

(5) The vesting of SOs is service-based only. The closing price of the Shares immediately before the date on which SO were granted was HK$59.05. The first tranche of 7,735 SOs will vest on 19 March 2028 and be exercisable from 19 March 2028 to 18 March 2034 (fair value was determined to be HK$17.93), the second tranche of 7,735 SOs will vest on 19 March 2029 and be exercisable from 19 March 2029 to 18 March 2034 (fair value was determined to be HK$18.40), the third tranche of 7,969 SOs will vest on 19 March 2030 and be exercisable from 19 March 2030 to 18 March 2034 (fair value was determined to be HK$18.81).

EMPLOYEE SHARE PURCHASE PLAN

Following the expiry of the 2011 ESPP, the 2020 ESPP was adopted by the Company on 1 August 2020 (2020 ESPP Adoption Date). It is effective for a period of 10 years from the 2020 ESPP Adoption Date.

Under the 2020 ESPP, eligible employees of the Group may elect to purchase Shares and, through the grant of matching RSPUs, employees who are still in employment with the Group will receive one matching Share for every two Shares purchased that are held until the vesting of the matching RSPUs, which generally takes place three years from the day of the first Share purchase in a plan year. Each eligible employee's participation level is capped at the lower of 10 per cent of the monthly base salary or HK$12,500 (or local currency equivalent) per calendar month. The matching Shares can either be awarded through the issuance of new Shares or the purchases of existing Shares on market by the plan trustee.

During the six months ended 30 June 2024, 1,314,972 matching RSPUs were granted, 58,480 matching RSPUs vested and no new Shares were issued under the 2020 ESPP. As at 30 June 2024, there were a total of 4,834,813 RSPUs outstanding under 2020 ESPP, representing 0.04 per cent of the number of Shares in issue as at 30 June 2024.

During the 10-year period from the 2020 ESPP Adoption Date, the aggregate number of Shares available for issue pursuant to the 2020 ESPP and any other employee share purchase plan shall not exceed 2.5 per cent of the number of Shares in issue on the reference date (i.e., 18 May 2023) as specified under the rules of the 2020 ESPP, being 290,494,815 Shares. 286,751,826 and 285,660,001 RSPUs were available for grant pursuant to the plan limit as at 1 January 2024 and 30 June 2024, respectively.

Since the 2020 ESPP Adoption Date and up to 30 June 2024, no new Shares were issued upon vesting of the awards granted under the 2020 ESPP and the 2011 ESPP.

The table below summarises the movements in RSPUs under the 2020 ESPP during the six months ended 30 June 2024.

	ESPP	RSPUs outstanding as at 1 January 2024	RSPUs granted during the six months ended 30 June 2024[1][3]	RSPUs vested during the six months ended 30 June 2024	RSPUs cancelled/ lapsed/ reclassified during the six months ended 30 June 2024	RSPUs outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the dates on which RSPUs vested (HK$)
Group Chief Executive and President							
Mr. LEE Yuan Siong	2020 ESPP[2]	2,095	640	–	–	2,735	n/a

All eligible employees and participants	ESPP	RSPUs outstanding as at 1 January 2024	RSPUs granted during the six months ended 30 June 2024[1][3]	RSPUs vested during the six months ended 30 June 2024	RSPUs cancelled/ lapsed/ reclassified during the six months ended 30 June 2024	RSPUs outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the dates on which RSPUs vested (HK$)
Five highest-paid individuals	2020 ESPP[2]	6,284	1,919	–	–	8,203	n/a
Other eligible employees and participants	2020 ESPP[2]	3,736,704	1,313,053	(58,480)	(164,667)	4,826,610	60.30
Grand Total		3,742,988	1,314,972	(58,480)	(164,667)	4,834,813	

Notes:

1. The measurement dates (i.e., the dates used to determine the value of the grants for accounting purposes) for grants made during the six months ended 30 June 2024 were determined to be the first day of the month after participants enrolled in the ESPP, in accordance with the requirements in IFRS 2 *Share-based Payment*. The weighted average fair value per matching RSPU granted during the six months ended 30 June 2024 were measured to be HK$51.97 for January 2024 grant, HK$51.19 for February 2024 grant, HK$50.17 for March 2024 grant, HK$53.20 for April 2024 grant, HK$51.51 for May 2024 grant and HK$51.73 for June 2024 grant. No consideration is payable by participants on the grant of RSPUs.

2. Monthly Share purchases and the grant of matching RSPUs under the 2020 ESPP are conducted on the 15th day of each month (or, if such day is not a business day, the next succeeding business day). For the 2021 ESPP plan year, such monthly purchases were conducted from November 2021 to October 2022, with a vesting date of 15 November 2024. For the 2022 ESPP plan year, such monthly purchases were conducted from November 2022 to October 2023, with a vesting date of 15 November 2025. For the 2023 ESPP plan year, such monthly purchases were/will be conducted from November 2023 to October 2024, with a vesting date of 15 November 2026.

3. For details of the closing price of Shares immediately before the dates on which RSPUs were granted, please refer to the share price on www.aia.com.

AGENCY SHARE PURCHASE PLANS

Following the expiry of the 2012 ASPP, the 2021 ASPP was adopted by the Company on 1 February 2021 (2021 ASPP Adoption Date). It is effective for a period of 10 years from the 2021 ASPP Adoption Date.

Under the 2021 ASPP, the participants may elect[1] to purchase Shares and, through the grant of matching RSSUs, receive one matching Share for every two Shares purchased that are held until the vesting of the matching RSSUs, which generally takes place three years from the day of the first Share purchase in a plan year. Each eligible agent's participation level is capped at HK$12,500 (or local currency equivalent) per calendar month.

During the six months ended 30 June 2024, 579,631 matching RSSUs were granted, 877,146 matching RSSUs vested and 877,146 new Shares were issued under the 2021 ASPP. The new Shares were issued at a subscription price of US$1.00 each to Computershare Hong Kong Trustees Limited (being the plan trustee) to hold the same on trust for certain eligible agents upon vesting of their matching RSSUs. As at 30 June 2024, there were a total of 2,197,599 RSSUs outstanding under the 2021 ASPP, representing 0.02 per cent of the number of Shares in issue as at 30 June 2024.

During the 10-year period from the 2021 ASPP Adoption Date, the aggregate number of Shares available for issue pursuant to the 2021 ASPP and any other agency share purchase plan shall not exceed 2.5 per cent of the number of Shares in issue on the reference date (i.e., 18 May 2023), as specified under the rules of the 2021 ASPP being 290,494,815 Shares. 284,622,774 and 284,121,593 RSSUs were available for grant pursuant to the plan limit as at 1 January 2024 and 30 June 2024, respectively.

Since the 2021 ASPP Adoption Date and up to 30 June 2024, a cumulative total of 4,175,623 matching RSSUs vested and 4,175,623 new Shares were issued under either the 2012 ASPP or the 2021 ASPP.

The table below summarises the movements in RSSUs under 2021 ASPP during the six months ended 30 June 2024 for the eligible participants.

	ASPP	RSSUs outstanding as at 1 January 2024	RSSUs granted during the six months ended 30 June 2024[1][3][4][5]	RSSUs vested during the six months ended 30 June 2024	RSSUs cancelled/ lapsed/ reclassified during the six months ended 30 June 2024	RSSUs outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the dates on which RSSUs vested (HK$)
Eligible participants	2021 ASPP[2]	2,573,564	579,631	(877,146)	(78,450)	2,197,599	60.45

Notes:

1. The measurement date (i.e., the date used to determine the value of the grants for accounting purposes) for grants made during the six months ended 30 June 2024 is determined to be 25 March 2024, being the last date of the enrolment period of the 2024 ASPP plan year, in accordance with the requirements in IFRS 2 *Share-based Payment*. The weighted average fair value per matching RSSU granted during the six months ended 30 June 2024 was measured to be HK$42.29.

2. Monthly Share purchases and the grant of matching RSSUs under the 2021 ASPP are conducted on the 27th day of each month (or, if such day is not a business day, the next succeeding business day). For the 2021 ASPP plan year, such monthly purchases were conducted from May 2021 to April 2022 with a vesting date of 27 May 2024. For the 2022 ASPP plan year, such monthly purchases were conducted from May 2022 to April 2023, with a vesting date of 27 May 2025. For the 2023 ASPP plan year, such monthly purchases were conducted from May 2023 to April 2024, with a vesting date of 29 May 2026. For the 2024 ASPP plan year, such monthly purchases were/will be conducted from May 2024 to April 2025, with a vesting date of 27 May 2027.

3. For details of the closing price of Shares immediately before the date on which RSSUs were granted, please refer to the share price on www.aia.com.

4. As disclosed in the Company's announcement dated 4 April 2023, the Company estimated that a total of 1,055,863 RSSUs will be granted to the participants for the 2023 ASPP plan year which runs from 1 May 2023 to 30 April 2024. The actual number of matching RSSUs granted in relation to the 2023 ASPP plan year was 1,208,797.

5. As disclosed in the Company's announcement dated 2 April 2024, the Company estimated that a total of 1,878,120 RSSUs will be granted to the participants for the 2024 ASPP plan year which runs from 1 May 2024 to 30 April 2025. During the six months ended 30 June 2024, the actual number of matching RSSUs granted in relation to the 2024 ASPP plan year was 282,687.

The number of Shares that may be issued in respect of SOs and awards granted under the share schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue as at 30 June 2024 is 0.19 per cent.

Details regarding the fair value measurement of the SOs and awards granted under the share schemes of the Company during the six months ended 30 June 2024 and the accounting standard and policy adopted are set out in note 25 to the interim condensed consolidated financial statements.

For further information regarding the above share schemes of the Company, please refer to the Remuneration Report in the Company's Annual Report 2023.

EMPLOYEES

As of 30 June 2024, there has been no material change to the information disclosed in the Company's Annual Report 2023 relating to the number and remuneration of employees of the Group, its remuneration policies, share schemes and training programmes.

CONTENTS

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

羅兵咸永道

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 61 to 143, which comprise the interim consolidated statement of financial position of AIA Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34 and IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with HKAS 34 and IAS 34.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong,
22 August 2024

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INTERIM CONSOLIDATED INCOME STATEMENT

US$m	Notes	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Insurance revenue	7,18	**9,469**	8,352
Insurance service expenses	9,18	**(6,222)**	(5,344)
Net expenses from reinsurance contracts held	18	**(221)**	(202)
Insurance service result		**3,026**	2,806
Interest revenue on	8		
Financial assets not measured at fair value through profit or loss		**2,095**	2,023
Financial assets measured at fair value through profit or loss		**1,871**	1,829
Other investment return	8	**1,227**	3,608
Net impairment gain/(loss) on financial assets	8	**1**	(47)
Investment return	8	**5,194**	7,413
Net finance expenses from insurance contracts	8	**(3,279)**	(6,313)
Net finance income from reinsurance contracts held	8	**61**	55
Movement in investment contract liabilities	8	**(320)**	(370)
Movement in third-party interests in consolidated investment funds	8	**(11)**	(29)
Net investment result	8	**1,645**	756
Fee income		**48**	65
Other operating revenue		**164**	138
Other expenses	9	**(851)**	(815)
Other finance costs	9	**(263)**	(227)
Profit before share of profit/(losses) from associates and joint ventures		**3,769**	2,723
Share of profit/(losses) from associates and joint ventures		**73**	(102)
Profit before tax		**3,842**	2,621
Tax expense	10	**(522)**	(366)
Net profit		**3,320**	2,255
Net profit attributable to:			
Shareholders of AIA Group Limited		**3,314**	2,250
Non-controlling interests		**6**	5
Earnings per share (US$)			
Basic	11	**0.30**	0.19
Diluted	11	**0.30**	0.19

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Net profit	**3,320**	2,255
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains on financial assets at fair value through other comprehensive income (net of tax of: six months ended 30 June 2024: US$(473)m; six months ended 30 June 2023: US$(427)m)	**953**	1,960
Fair value (gains)/losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal (net of tax of: six months ended 30 June 2024: US$9m; six months ended 30 June 2023: US$13m)	**(139)**	137
Foreign currency translation adjustments	**(1,171)**	(698)
Cash flow hedges	**(1)**	(7)
Net finance expenses from insurance contracts (net of tax of: six months ended 30 June 2024: US$555m; six months ended 30 June 2023: US$985m)	**(1,597)**	(2,995)
Net finance income from reinsurance contracts held (net of tax of: six months ended 30 June 2024: US$(33)m; six months ended 30 June 2023: US$(71)m)	**119**	133
Share of other comprehensive income/(expense) from associates and joint ventures	**34**	(8)
Subtotal	**(1,802)**	(1,478)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gains on property held for own use (net of tax of: six months ended 30 June 2024: US$4m; six months ended 30 June 2023: US$(16)m)	**91**	58
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: six months ended 30 June 2024: US$(1)m; six months ended 30 June 2023: nil)	**1**	2
Subtotal	**92**	60
Total other comprehensive expense	**(1,710)**	(1,418)
Total comprehensive income	**1,610**	837
Total comprehensive income/(expense) attributable to:		
Shareholders of AIA Group Limited	**1,616**	833
Non-controlling interests	**(6)**	4

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$m	Notes	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Assets			
Intangible assets	13	**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	18	**1,150**	1,457
Reinsurance contract assets	18	**5,912**	6,047
Financial investments:	14,16		
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	15	**831**	752
		253,982	248,958
Deferred tax assets		**331**	301
Current tax recoverable		**192**	207
Other assets		**4,406**	4,316
Cash and cash equivalents	17	**9,312**	11,525
Total assets		**289,245**	286,319
Liabilities			
Insurance contract liabilities	18	**208,080**	203,271
Reinsurance contract liabilities	18	**266**	336
Investment contract liabilities	19	**9,141**	9,170
Borrowings	20	**11,923**	11,800
Obligations under repurchase agreements	21	**3,304**	3,461
Derivative financial instruments	15	**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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

US$m	Note	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Equity			
Share capital	22	**14,177**	14,176
Employee share-based trusts		**(379)**	(367)
Other reserves		**(11,761)**	(11,788)
Retained earnings		**44,269**	44,333
Other comprehensive income		**(6,941)**	(5,243)
Total equity attributable to:			
Shareholders of AIA Group Limited		**39,365**	41,111
Non-controlling interests		**303**	483
Total equity		**39,668**	41,594
Total liabilities and equity		**289,245**	286,319

Approved and authorised for issue by the Board of Directors on 22 August 2024.

Lee Yuan Siong
Director

Edmund Sze-Wing Tse
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income: Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2024		**14,176**	**(367)**	**(11,788)**	**44,333**	**516**	**(2,950)**	**(4,159)**	**1,307**	**43**	**483**	**41,594**
Net profit		-	-	-	3,314	-	-	-	-	-	6	3,320
Fair value gains/(losses) on financial assets at fair value through other comprehensive income		-	-	-	-	958	-	-	-	-	(5)	953
Fair value gains on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	-	(139)	-	-	-	-	-	(139)
Foreign currency translation adjustments		-	-	-	-	-	(1,157)	-	-	-	(14)	(1,171)
Cash flow hedges		-	-	-	-	-	-	-	-	(1)	-	(1)
Net finance (expenses)/income from insurance contracts		-	-	-	-	-	-	(1,604)	-	-	7	(1,597)
Net finance income from reinsurance contracts held		-	-	-	-	-	-	119	-	-	-	119
Share of other comprehensive income/(expense) from associates and joint ventures		-	-	-	-	374	(29)	(311)	-	-	-	34
Revaluation gains on property held for own use		-	-	-	-	-	-	-	91	-	-	91
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	-	1	-	1
Total comprehensive income/ (expense) for the period		-	-	-	3,314	1,193	(1,186)	(1,796)	91	-	(6)	1,610
Dividends	12	-	-	-	(1,705)	-	-	-	-	-	(2)	(1,707)
Share buy-back		-	-	-	(1,673)	-	-	-	-	-	-	(1,673)
Shares issued under share option scheme and agency share purchase plan		1	-	-	-	-	-	-	-	-	-	1
Increase in non-controlling interests		-	-	(5)	-	-	-	-	-	-	24	19
Acquisition of non-controlling interests		-	-	14	-	-	-	-	-	-	(196)	(182)
Share-based compensation		-	-	39	-	-	-	-	-	-	-	39
Purchase of shares held by employee share-based trusts		-	(33)	-	-	-	-	-	-	-	-	(33)
Transfer of vested shares from employee share-based trusts		-	21	(21)	-	-	-	-	-	-	-	-
Balance at 30 June 2024 – Unaudited		**14,177**	**(379)**	**(11,761)**	**44,269**	**1,709**	**(4,136)**	**(5,955)**	**1,398**	**43**	**303**	**39,668**

Note:

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

						Other comprehensive income						
US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2023		14,171	(290)	(11,812)	46,499	(3,737)	(2,735)	1,238	1,279	59	476	45,148
Net profit		–	–	–	2,250	–	–	–	–	–	5	2,255
Fair value gains on financial assets at fair value through other comprehensive income		–	–	–	–	1,955	–	–	–	–	5	1,960
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		–	–	–	–	137	–	–	–	–	–	137
Foreign currency translation adjustments		–	–	–	–	–	(696)	–	–	–	(2)	(698)
Cash flow hedges		–	–	–	–	–	–	–	–	(7)	–	(7)
Net finance expenses from insurance contracts		–	–	–	–	–	–	(2,991)	–	–	(4)	(2,995)
Net finance income from reinsurance contracts held		–	–	–	–	–	–	133	–	–	–	133
Share of other comprehensive income/(expense) from associates and joint ventures		–	–	–	–	335	7	(350)	–	–	–	(8)
Revaluation gains on property held for own use		–	–	–	–	–	–	–	58	–	–	58
Effect of remeasurement of net liability of defined benefit schemes		–	–	–	–	–	–	–	–	2	–	2
Total comprehensive income/(expense) for the period		–	–	–	2,250	2,427	(689)	(3,208)	58	(5)	4	837
Dividends	12	–	–	–	(1,672)	–	–	–	–	–	(2)	(1,674)
Share buy-back		–	–	–	(1,966)	–	–	–	–	–	–	(1,966)
Shares issued under share option scheme and agency share purchase plan		4	–	–	–	–	–	–	–	–	–	4
Increase in non-controlling interests		–	–	(6)	–	–	–	–	–	–	7	1
Share-based compensation		–	–	31	–	–	–	–	–	–	–	31
Purchase of shares held by employee share-based trusts		–	(105)	–	–	–	–	–	–	–	–	(105)
Transfer of vested shares from employee share-based trusts		–	27	(27)	–	–	–	–	–	–	–	–
Balance at 30 June 2023 – Unaudited		14,175	(368)	(11,814)	45,111	(1,310)	(3,424)	(1,970)	1,337	54	485	42,276

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

US$m	Notes	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Cash flows from operating activities			
Profit before tax		**3,842**	2,621
Adjustments for:			
Financial investments		**(9,098)**	(8,625)
Insurance contracts		**7,578**	9,630
Reinsurance contracts held		**10**	(109)
Investment contracts		**172**	(60)
Obligations under repurchase agreements	21	**(85)**	318
Other non-cash operating items, including investment income and the effect of exchange rate changes on certain operating items		**(4,738)**	(3,980)
Operating cash items:			
Interest received		**3,837**	3,654
Dividends received		**1,040**	753
Interest paid		**(66)**	(53)
Tax paid		**(171)**	(364)
Net cash provided by operating activities		**2,321**	3,785
Cash flows from investing activities			
Payments for intangible assets	13	**(111)**	(115)
Distribution or dividend from an associate		**–**	1
Payments for increase in interests in associates and joint ventures		**(94)**	(11)
Payments for investment property and property, plant and equipment		**(507)**	(924)
Acquisition of subsidiaries, net of cash acquired		**–**	(250)
Net cash used in investing activities		**(712)**	(1,299)
Cash flows from financing activities			
Issuances of medium-term notes and securities	20	**983**	594
Redemption of medium-term notes	20	**(831)**	(500)
Proceeds from other borrowings	20	**39**	–
Repayment of other borrowings	20	**(18)**	–
Capital contribution from non-controlling interests		**19**	1
Payments for lease liabilities[1]		**(73)**	(76)
Interest paid on medium-term notes and securities		**(199)**	(186)
Acquisition of non-controlling interests		**(182)**	–
Dividends paid during the period		**(1,707)**	(1,674)
Share buy-back		**(1,673)**	(1,966)
Purchase of shares held by employee share-based trusts		**(33)**	(105)
Shares issued under share option scheme and agency share purchase plan		**1**	4
Net cash used in financing activities		**(3,674)**	(3,908)
Net decrease in cash and cash equivalents		**(2,065)**	(1,422)
Cash and cash equivalents at beginning of the financial period		**11,450**	8,766
Effect of exchange rate changes on cash and cash equivalents		**(138)**	(95)
Cash and cash equivalents at end of the financial period		**9,247**	7,249

Note:
(1) The total cash outflow for leases for the six months ended 30 June 2024 was US$76m (six months ended 30 June 2023: US$78m).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

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

US$m	Note	**As at 30 June 2024 (Unaudited)**	As at 30 June 2023 (Unaudited)
Cash and cash equivalents in the interim consolidated statement of financial position	17	**9,312**	7,391
Bank overdrafts		**(65)**	(142)
Cash and cash equivalents in the interim consolidated statement of cash flows		**9,247**	7,249

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

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

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

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

2. Basis of preparation and statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, Interim Financial Reporting and IAS 34, Interim Financial Reporting. IFRS® Accounting Standards are substantially consistent with Hong Kong Financial Reporting Standards (HKFRS) and the accounting policy selections that the Group has made in preparing these interim condensed consolidated financial statements are such that the Group is able to comply with both HKFRS and IFRS Accounting Standards. References to IFRS Accounting Standards, IAS® Standards and IFRIC® Interpretations in these interim condensed consolidated financial statements should be read as referring to the equivalent HKFRS, HKAS and Hong Kong (IFRIC) Interpretations (HK(IFRIC) – Int) as the case may be. Accordingly, there are not any differences of accounting practice between HKFRS and IFRS Accounting Standards affecting these interim condensed consolidated financial statements. The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2023.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. The accounting policies adopted are consistent with those of the previous financial year, except as described as follows.

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

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

2. Basis of preparation and statement of compliance (continued)

(b) The following relevant new standard and amendments to standards have been issued but are not effective for the financial year ending 31 December 2024 and have not been early adopted (the financial years for which the adoption is required for the Group are stated in parentheses):

- IFRS 18, Presentation and Disclosure in Financial Statements (2027) introduces new presentation requirements in the income statement, including among others, the classification of income and expense items by categories, specific totals and subtotals. It also sets out new requirements on management-defined performance measures, as well as aggregation and disaggregation of financial information. The standard is expected to change the presentation and disclosures of the Group's consolidated financial statements but is not expected to impact the financial position or net results of the Group; and

- Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments (2026) provides guidance on a number of areas such as the derecognition of financial liabilities settled through an electronic payment system, classification of financial assets with Environmental, Social and Governance (ESG) and similar features, contractually linked instruments and certain new disclosure requirements. The Group is assessing the impacts on the Group's consolidated financial statements.

In addition, the Group has assessed the impact of the below amendments on its financial position and results of operations and they are not expected to have a material impact on the financial position or results of operations of the Group:

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

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgement on estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS and IFRS Accounting Standards.

The interim condensed consolidated financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers in accordance with the Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers' independent review report to the Company's Board of Directors is included on page 60. The interim condensed consolidated financial statements have also been reviewed by the Company's Audit Committee.

2. Basis of preparation and statement of compliance (continued)

The financial statements relating to the financial year ended 31 December 2023 that are included in the interim condensed consolidated financial statements as comparative information does not constitute the Group's statutory financial statements for that financial period but is derived from those financial statements. The Group has delivered its statutory financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The auditors have expressed an unqualified opinion on those financial statements in their report dated 14 March 2024. Their report did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Items included in the interim condensed consolidated financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the functional currency). The interim condensed consolidated financial statements are presented in millions of US dollar (US$m) unless otherwise stated, which is the Company's functional currency, and the presentation currency of the Company and the Group.

3. Exchange rates

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

	US dollar exchange rates		
	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023	Six months ended 30 June 2023 (Unaudited)
Mainland China	**7.22**	7.08	6.93
Hong Kong	**7.82**	7.83	7.84
Thailand	**36.15**	34.80	34.21
Singapore	**1.35**	1.34	1.34
Malaysia	**4.73**	4.56	4.46

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

	US dollar exchange rates		
	As at 30 June 2024 (Unaudited)	As at 31 December 2023	As at 30 June 2023 (Unaudited)
Mainland China	**7.27**	7.10	7.26
Hong Kong	**7.81**	7.81	7.84
Thailand	**36.80**	34.24	35.53
Singapore	**1.36**	1.32	1.36
Malaysia	**4.72**	4.59	4.67

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

4. Operating profit after tax

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

US$m	Note	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Operating profit after tax	6	**3,401**	3,279
Non-operating items, net of related taxes:			
Short-term investment and discount rate variances(1)		**(319)**	(715)
Reclassification of revaluation gains for property held for own use(1)		**(110)**	(66)
Other significant non-operating income and expenses			
Corporate transaction related costs		**(7)**	(12)
Implementation costs for new accounting standards		**–**	(32)
Other non-operating investment return and other items		**355**	(199)
Subtotal(2)		**(81)**	(1,024)
Net profit		**3,320**	2,255
Operating profit after tax attributable to:			
Shareholders of AIA Group Limited		**3,386**	3,272
Non-controlling interests		**15**	7
Net profit attributable to:			
Shareholders of AIA Group Limited		**3,314**	2,250
Non-controlling interests		**6**	5

4. Operating profit after tax (continued)

Operating profit after tax breakdown:

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Insurance service result:		
Contractual service margin (CSM) recognised for services provided	**2,782**	2,618
Other insurance service result[3]	**156**	168
Net investment result[3]	**1,744**	1,780
Other net expenses[3]	**(721)**	(689)
Operating profit before tax	**3,961**	3,877
Taxation[3]	**(560)**	(598)
Operating profit after tax	**3,401**	3,279

Notes:

(1) Short-term investment and discount rate variances include revaluation gains for property held for own use. This amount is then reclassified out of net profit to conform to IFRS Accounting Standards measurement and presentation.

(2) The amount is net of tax of US$38m (six months ended 30 June 2023: US$232m[3]). The gross amount before tax is US$(119)m (six months ended 30 June 2023: US$(1,256)m[3]).

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

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

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

5. Total weighted premium income and annualised new premiums

For management decision-making and internal performance management purposes, the Group measures business volumes during the period using a performance measure referred to as total weighted premium income (TWPI). The Group measures new business activity using a performance measure referred to as annualised new premiums (ANP). The presentation of this note is consistent with our reportable segment presentation in note 6.

TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded.

Management considers that TWPI provides an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not intended to be indicative of insurance revenue and fee income recorded in the interim consolidated income statement.

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

TWPI US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
TWPI by geography		
Mainland China	**5,985**	4,992
Hong Kong	**5,930**	5,594
Thailand	**2,098**	2,051
Singapore	**2,209**	1,981
Malaysia	**1,310**	1,284
Other Markets	**3,554**	3,398
Total	**21,086**	19,300
First year premiums by geography		
Mainland China	**1,343**	1,153
Hong Kong	**1,204**	1,086
Thailand	**366**	338
Singapore	**323**	190
Malaysia	**208**	191
Other Markets	**552**	364
Total	**3,996**	3,322

5. Total weighted premium income and annualised new premiums (continued)

TWPI (continued) US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Single premiums by geography		
Mainland China	**227**	109
Hong Kong	**615**	622
Thailand	**38**	63
Singapore	**574**	450
Malaysia	**145**	113
Other Markets	**319**	361
Total	**1,918**	1,718
Renewal premiums by geography		
Mainland China	**4,619**	3,828
Hong Kong	**4,664**	4,446
Thailand	**1,728**	1,707
Singapore	**1,829**	1,746
Malaysia	**1,087**	1,082
Other Markets	**2,971**	2,997
Total	**16,898**	15,806

ANP US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
ANP by geography		
Mainland China	**1,382**	1,195
Hong Kong	**1,272**	1,165
Thailand	**386**	357
Singapore	**417**	267
Malaysia	**285**	261
Other Markets	**804**	739
Total	**4,546**	3,984

6. Segment information

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

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

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

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

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

6. Segment information (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Six months ended 30 June 2024 – Unaudited								
ANP	1,382	1,272	386	417	285	804	–	4,546
TWPI	5,985	5,930	2,098	2,209	1,310	3,554	–	21,086
Insurance revenue	1,633	2,205	1,145	1,202	871	2,413	–	9,469
Insurance service expenses(3)	(660)	(1,371)	(688)	(948)	(675)	(1,973)	–	(6,315)
Net expenses from reinsurance contracts held(3)	(19)	(17)	(27)	(21)	(13)	(117)	(2)	(216)
Insurance service result	954	817	430	233	183	323	(2)	2,938
Investment return	1,597	(751)	533	1,510	770	750	383	4,792
– Participating(1) and unit-linked	1,025	(1,322)	45	1,291	702	190	2	1,933(2)
– Others	572	571	488	219	68	560	381	2,859
Net finance (expenses)/income from insurance contracts and reinsurance contracts held(3)	(1,429)	1,453	(294)	(1,244)	(694)	(506)	1	(2,713)(2)
Movement in investment contract liabilities	(14)	(168)	(38)	(88)	–	(16)	–	(324)(2)
Movement in third-party interests in consolidated investment funds	–	(11)	–	–	–	–	–	(11)(2)
Net investment result	154	523	201	178	76	228	384	1,744
Fee income and other operating revenue	–	128	12	18	8	49	13	228
Other expenses(3)	(78)	(130)	(23)	(74)	(29)	(185)	(191)	(710)
Other finance costs	(24)	(14)	–	(4)	(1)	(3)	(183)	(229)
Share of losses from associates and joint ventures	–	–	–	–	–	(10)	–	(10)
Operating profit before tax	1,006	1,324	620	351	237	402	21	3,961
Tax on operating profit before tax(3)	(179)	(99)	(106)	(8)	(55)	(94)	(19)	(560)
Operating profit after tax	827	1,225	514	343	182	308	2	3,401
Operating profit after tax attributable to:								
Shareholders of AIA Group Limited	827	1,223	514	343	178	292	9	3,386
Non-controlling interests	–	2	–	–	4	16	(7)	15

Notes:

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

(2) Net finance (expenses)/income from insurance contracts and reinsurance contracts held includes changes in fair value of underlying items of contracts with direct participation features. Net finance (expenses)/income from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US$(1,115)m, primarily related to other insurance contracts without direct participation features.

Key operating ratios:

Expense ratio	5.0%	5.8%	6.5%	6.3%	8.3%	14.6%	–	8.2%
Operating margin	13.8%	20.7%	24.5%	15.5%	13.9%	8.7%	–	16.1%
Operating return on shareholders' allocated equity	29.2%	19.6%	17.0%	16.0%	15.7%	7.4%	–	15.3%

Operating profit before tax includes:

Operating expenses	301	344	136	140	109	518	172	1,720
Finance costs	34	15	1	10	1	4	183	248

6. Segment information (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
30 June 2024 – Unaudited								
Total assets	**51,604**	**104,513**	**24,853**	**42,554**	**15,101**	**35,562**	**15,058**	**289,245**
Total liabilities	**47,374**	**94,927**	**18,677**	**38,084**	**12,713**	**26,864**	**10,938**	**249,577**
Total equity	**4,230**	**9,586**	**6,176**	**4,470**	**2,388**	**8,698**	**4,120**	**39,668**
Shareholders' allocated equity	**5,925**	**12,328**	**5,959**	**4,353**	**2,289**	**7,871**	**4,886**	**43,611**
Total assets include:								
Investments in associates and joint ventures	**–**	**–**	**–**	**–**	**1**	**912**	**624**	**1,537**

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

US$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Interim consolidated income statement	
Six months ended 30 June 2024 – Unaudited					
Insurance revenue	**9,469**	**–**	**–**	**9,469**	Insurance revenue
Insurance service expenses	**(6,315)**	**–**	**93**	**(6,222)**	Insurance service expenses
Net expenses from reinsurance contracts held	**(216)**	**–**	**(5)**	**(221)**	Net expenses from reinsurance contracts held
Insurance service result	**2,938**	**–**	**88**	**3,026**	**Insurance service result**
Investment return	**4,792**	**(258)**	**660**	**5,194**	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	**(2,713)**	**(124)**	**(381)**	**(3,218)**	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	**(324)**	**4**	**–**	**(320)**	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	**(11)**	**–**	**–**	**(11)**	Movement in third-party interests in consolidated investment funds
Net investment result	**1,744**	**(378)**	**279**	**1,645**	**Net investment result**
Fee income and other operating revenue	**228**	**–**	**(16)**	**212**	Fee income and other operating revenue
Other expenses	**(710)**	**–**	**(141)**	**(851)**	Other expenses
Other finance costs	**(229)**	**–**	**(34)**	**(263)**	Other finance costs
Share of losses from associates and joint ventures	**(10)**	**–**	**83**	**73**	Share of profit from associates and joint ventures
Operating profit before tax	**3,961**	**(378)**	**259**	**3,842**	**Profit before tax**
Tax on operating profit before tax	**(560)**	**–**	**38**	**(522)**	Tax expense
Operating profit after tax	**3,401**	**(378)**	**297**	**3,320**	**Net profit**

Note:

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

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

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

6. Segment information (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Six months ended 30 June 2023 – Unaudited								
ANP	1,195	1,165	357	267	261	739	–	3,984
TWPI	4,992	5,594	2,051	1,981	1,284	3,398	–	19,300
Insurance revenue	1,592	1,832	1,103	1,077	783	1,965	–	8,352
Insurance service expenses[4]	(599)	(1,125)	(644)	(805)	(609)	(1,602)	–	(5,384)
Net (expenses)/income from reinsurance contracts held[4]	(1)	(42)	(20)	(41)	2	(82)	2	(182)
Insurance service result	992	665	439	231	176	281	2	2,786
Investment return	930	3,421	535	1,598	437	922	381	8,224
– Participating[1] and unit-linked	436	2,876	6	1,370	370	369	(21)	5,406[2]
– Others	494	545	529	228	67	553	402	2,818
Net finance (expenses)/income from insurance contracts and reinsurance contracts held[4]	(781)	(2,749)	(266)	(1,371)	(368)	(520)	1	(6,054)[2]
Movement in investment contract liabilities	(13)	(126)	(42)	(57)	–	(123)	–	(361)[2]
Movement in third-party interests in consolidated investment funds	–	(29)	–	–	–	–	–	(29)[2]
Net investment result	136	517	227	170	69	279	382	1,780
Fee income and other operating revenue	3	124	11	12	9	51	2	212
Other expenses[4]	(86)	(124)	(68)	(53)	(27)	(158)	(171)	(687)
Other finance costs	(23)	(14)	–	(6)	(1)	(2)	(180)	(226)
Share of profit from associates and joint ventures	–	–	–	–	–	11	1	12
Operating profit before tax	1,022	1,168	609	354	226	462	36	3,877
Tax on operating profit before tax[4]	(189)	(99)	(113)	(10)	(52)	(111)	(24)	(598)
Operating profit after tax	833	1,069	496	344	174	351[3]	12	3,279
Operating profit after tax attributable to:								
Shareholders of AIA Group Limited	833	1,066	496	344	170	346	17	3,272
Non-controlling interests	–	3	–	–	4	5	(5)	7

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

(2) Net finance (expenses)/income from insurance contracts and reinsurance contracts held includes changes in fair value of underlying items of contracts with direct participation features. Net finance (expenses)/income from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US$(1,038)m, primarily related to other insurance contracts without direct participation features.

(3) Certain approximations have been made in the Operating profit after tax of the Other Markets segment which were immaterial.

Key operating ratios:

Expense ratio	5.9%	5.7%	7.1%	6.5%	8.6%	13.4%	–	8.4%
Operating margin	16.7%	19.1%	24.2%	17.4%	13.6%	10.3%	–	17.0%
Operating return on shareholders' allocated equity	33.2%	16.6%	16.0%	16.6%	16.1%	9.0%	–	14.2%

Operating profit before tax includes:

Operating expenses	295	321	146	129	111	454	161	1,617
Finance costs	25	15	–	7	1	2	180	230

6. Segment information (continued)

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

Segment information may be reconciled to the interim consolidated income statement as shown below[4]:

US$m	Segment information	Short-term investment and discount rate variances	Other non-operating items	Interim consolidated income statement	
Six months ended 30 June 2023 – Unaudited					
Insurance revenue	8,352	–	–	8,352	Insurance revenue
Insurance service expenses	(5,384)	–	40	(5,344)	Insurance service expenses
Net expenses from reinsurance contracts held	(182)	–	(20)	(202)	Net expenses from reinsurance contracts held
Insurance service result	2,786	–	20	2,806	**Insurance service result**
Investment return	8,224	(807)	(4)	7,413	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	(6,054)	(16)	(188)	(6,258)	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	(361)	(9)	–	(370)	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	(29)	–	–	(29)	Movement in third-party interests in consolidated investment funds
Net investment result	1,780	(832)	(192)	756	**Net investment result**
Fee income and other operating revenue	212	–	(9)	203	Fee income and other operating revenue
Other expenses	(687)	–	(128)	(815)	Other expenses
Other finance costs	(226)	–	(1)	(227)	Other finance costs
Share of profit from associates and joint ventures	12	–	(114)	(102)	Share of losses from associates and joint ventures
Operating profit before tax	3,877	(832)	(424)	2,621	**Profit before tax**
Tax on operating profit before tax	(598)	–	232	(366)	Tax expense
Operating profit after tax	3,279	(832)	(192)	2,255	**Net profit**

Note:

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

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

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

7. Insurance revenue

US$m	Note	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Contracts not measured under the premium allocation approach (PAA)			
Amounts related to changes in liabilities for remaining coverage			
Contractual service margin recognised for services provided	18	**2,944**	2,729
Change in risk adjustment for non-financial risk for risk expired		**112**	110
Expected incurred claims and other insurance service expenses		**4,410**	3,975
Others		**53**	40
Recovery of insurance acquisition cash flows		**522**	448
	18	**8,041**	7,302
Contracts measured under the PAA	18	**1,428**	1,050
Total insurance revenue		**9,469**	8,352

8. Net investment result

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

US$m	Note	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Investment return			
Interest revenue on financial assets		**3,966**	3,852
Other investment return		**1,227**	3,608
Net impairment gain/(loss) on financial assets		**1**	(47)
Amounts recognised in interim consolidated income statement		**5,194**	7,413
Amounts recognised in other comprehensive income		**1,365**	2,585
Total investment return		**6,559**	9,998
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		**(1,373)**	(4,903)
Interest accreted		**(1,439)**	(1,349)
Effect of changes in interest rates and other financial assumptions		**(2,099)**	(3,902)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		**(97)**	(121)
Net foreign exchange losses		**(423)**	(18)
Total net finance expenses from insurance contracts	18	**(5,431)**	(10,293)
Net finance income from reinsurance contracts held			
Interest accreted		**40**	45
Effect of changes in interest rates and other financial assumptions		**196**	210
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		**(18)**	9
Net foreign exchange losses		**(5)**	(5)
Total net finance income from reinsurance contracts held	18	**213**	259
Movement in investment contract liabilities		**(320)**	(370)
Movement in third-party interests in consolidated investment funds		**(11)**	(29)
Net investment result		**1,010**	(435)

8. Net investment result (continued)

A. Group's net investment result in interim consolidated income statement and other comprehensive income (continued)

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Net investment result is represented by:		
Amounts recognised in interim consolidated income statement	**1,645**	756
Amounts recognised in other comprehensive income	**(635)**	(1,191)
Total net investment result	**1,010**	(435)
Net finance expenses from insurance contracts are represented by:		
Amounts recognised in interim consolidated income statement	**(3,279)**	(6,313)
Amounts recognised in other comprehensive income	**(2,152)**	(3,980)
Total net finance expenses from insurance contracts	**(5,431)**	(10,293)
Net finance income from reinsurance contracts held are represented by:		
Amounts recognised in interim consolidated income statement	**61**	55
Amounts recognised in other comprehensive income	**152**	204
Total net finance income from reinsurance contracts held	**213**	259

8. Net investment result (continued)

B. Interest revenue on financial assets and other investment return

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Interest revenue on financial assets		
Financial assets measured at amortised cost (AC)	**352**	263
Financial assets measured at fair value through other comprehensive income (FVOCI)	**1,743**	1,760
Financial assets designated at fair value through profit or loss (FVTPL – designated)	**1,680**	1,669
Financial assets measured mandatorily at fair value through profit or loss (FVTPL – mandatory)	**191**	160
Total interest revenue on financial assets	**3,966**	3,852
Other investment return		
Dividend income	**776**	740
Rental income[1]	**83**	77
Net gains/(losses) of financial assets not at fair value through profit or loss		
Net realised gains/(losses) of debt securities measured at fair value through other comprehensive income	**149**	(125)
Net realised losses of financial assets measured at amortised cost[2]	**(21)**	–
At fair value through profit or loss		
Net (losses)/gains of financial assets designated at fair value through profit or loss		
Net (losses)/gains of debt securities	**(2,173)**	1,341
Net losses of loans and deposits	**(2)**	(6)
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net (losses)/gains of debt securities	**(26)**	81
Net gains of equity shares, interests in investment funds and exchangeable loan notes	**3,128**	938
Net fair value movement on derivatives	**(1,715)**	249
Net (losses)/gains in respect of financial instruments at fair value through profit or loss (FVTPL)	**(788)**	2,603
Net fair value movement of investment property and property held for own use	**(14)**	(57)
Net foreign exchange gains	**1,047**	310
Other net realised (losses)/gains	**(5)**	60
Net gains	**368**	2,791
Total other investment return	**1,227**	3,608

Notes:

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

(2) During the period ended 30 June 2024, the Group disposed certain debt securities measured at amortised cost (31 December 2023: nil) for asset liability management.

8. Net investment result (continued)

Foreign currency movements resulted in the following gains recognised in the interim consolidated income statement (other than gains and losses arising on items measured at fair value through profit or loss):

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Foreign exchange gains	**263**	58

On transition to IFRS 17, for certain groups of contracts that the Group applies the modified retrospective approach or the fair value approach, the cumulative insurance finance income or expenses recognised in other comprehensive income at 1 January 2022 was determined:

- to be zero; or
- retrospectively based on observable yield curve.

For those groups of contracts, the movement in the fair value reserve for the debt securities at fair value through other comprehensive income was as follows:

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Balance at 1 January	**(177)**	(3,346)
Net change in fair value and others	**537**	1,456
Net amount reclassified to profit or loss	**78**	320
Balance at 30 June	**438**	(1,570)

9. Expenses

US$m	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Claims and benefits	**4,755**	4,106
Commission and other acquisition expenses incurred	**3,422**	3,081
Losses on onerous insurance contracts	**45**	30
Employee benefit expenses[3]	**1,103**	1,046
Depreciation[3]	**106**	111
Amortisation[3]	**87**	66
Investment management expenses and others	**258**	258
Depreciation on property held for own use	**32**	16
Finance costs	**281**	232
Other operating expenses[3]	**424**	394
Restructuring and other non-operating costs[1]	**79**	69
	10,592	9,409
Amounts attributed to insurance acquisition cash flows	**(3,977)**	(3,622)
Amortisation of insurance acquisition cash flows	**721**	602
Insurance service and other expenses	**7,336**	6,389

Insurance service and other expenses represented by:

US$m	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Insurance service expenses	**6,222**	5,344
– Contracts not measured under the PAA	**4,833**	4,394
– Contracts measured under the PAA	**1,389**	950
Other incurred expenses directly attributable to reinsurance contracts held	**–**	3
Other expenses[2]	**851**	815
Other finance costs	**263**	227
Total	**7,336**	6,389

Notes:

(1) Restructuring costs represent costs related to restructuring programmes and are primarily comprised of redundancy and contract termination costs. Other non-operating costs primarily consist of corporate transaction related costs, implementation costs for new accounting standards and other items that are not expected to be recurring in nature.

(2) Other expenses represent general expenses and investment management expenses that are not directly attributable to insurance contracts and reinsurance contracts held.

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

9. Expenses (continued)

Finance costs may be analysed as:

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Repurchase agreements	**51**	27
Medium-term notes and securities	**216**	196
Other loans	**8**	3
Lease liabilities	**6**	6
Total	**281**	232

Employee benefit expenses consist of:

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Wages and salaries	**906**	867
Share-based compensation	**40**	27
Pension costs – defined contribution plans	**69**	68
Pension costs – defined benefit plans	**5**	5
Other employee benefit expenses	**83**	79
Total	**1,103**	1,046

10. Income tax

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Tax charged in the interim consolidated income statement		
Current income tax – Hong Kong Profits Tax	**69**	75
Current income tax – overseas	**120**	183
Deferred income tax on temporary differences	**333**	108
Total	**522**	366

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year.

10. Income tax (continued)

In 2023, Bermuda has introduced and enacted a corporate income tax rate of 15 per cent that will become effective from 1 January 2025.

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

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

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

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

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

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

For the six months ended on 30 June 2024, the Group has no current tax exposure related to the Pillar Two legislation effective at the reporting date (six months ended 30 June 2023: nil).

The Group is still progressing its programme 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 enacted or substantively enacted at the reporting date, but not yet effective, is not yet known or reasonably estimable. The Group has engaged tax specialists to assist with its programme 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.

11. Earnings per share

BASIC

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

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Net profit attributable to shareholders of AIA Group Limited (US$m)	**3,314**	2,250
Weighted average number of ordinary shares outstanding (million)	**11,221**	11,605
Basic earnings per share (US cents)	**29.53**	19.39

DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive instruments are the share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted to eligible directors, officers, employees and agents under various share-based compensation plans as described in note 25.

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Net profit attributable to shareholders of AIA Group Limited (US$m)	**3,314**	2,250
Weighted average number of ordinary shares outstanding (million)	**11,221**	11,605
Adjustment for share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans (million)	**6**	10
Weighted average number of ordinary shares for diluted earnings per share (million)	**11,227**	11,615
Diluted earnings per share (US cents)	**29.52**	19.37

At 30 June 2024, 22,035,442 share options (30 June 2023: 5,986,709) were excluded from the diluted weighted average number of ordinary shares calculation as they have no effect to the diluted earnings per share.

11. Earnings per share (continued)

OPERATING PROFIT AFTER TAX PER SHARE

Operating profit after tax (see note 4) per share is calculated by dividing the operating profit after tax attributable to shareholders of AIA Group Limited by the weighted average number of ordinary shares outstanding during the period. The dilutive instruments are the share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted to eligible directors, officers, employees and agents under various share-based compensation plans as described in note 25.

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Basic operating profit after tax per share (US cents)	**30.18**	28.19
Diluted operating profit after tax per share (US cents)	**30.16**	28.17

12. Dividends

Dividends to shareholders of the Company attributable to the interim period:

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Interim dividend declared after the reporting date of 44.50 Hong Kong cents per share (six months ended 30 June 2023: 42.29 Hong Kong cents per share) [(1)]	**633**	623

Note:

(1) Based upon shares outstanding at 30 June 2024 and 30 June 2023 that are entitled to a dividend, other than those held by employee share-based trusts.

The above interim dividend was declared after the reporting date and has not been recognised as a liability at the reporting date.

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

US$m	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Final dividend in respect of the previous financial period, approved and paid during the interim period of 119.07 Hong Kong cents per share (six months ended 30 June 2023: 113.40 Hong Kong cents per share)	**1,705**	1,672

13. Intangible assets

US$m	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2024	2,083	1,506	1,240	4,829
Additions	36	86	1	123
Disposals	–	(6)	–	(6)
Foreign exchange movements	(54)	(41)	(26)	(121)
At 30 June 2024 – Unaudited	**2,065**	**1,545**	**1,215**	**4,825**
Accumulated amortisation and impairment				
At 1 January 2024	(154)	(796)	(264)	(1,214)
Amortisation charge for the period	–	(87)	(38)	(125)
Disposals	–	4	–	4
Foreign exchange movements	6	23	4	33
At 30 June 2024 – Unaudited	**(148)**	**(856)**	**(298)**	**(1,302)**
Net book value				
At 31 December 2023	1,929	710	976	3,615
At 30 June 2024 – Unaudited	**1,917**	**689**	**917**	**3,523**

The Group holds other intangible assets for its long-term use and, accordingly, the annual amortisation charge approximates to the amount expected to be recovered through consumption within 12 months after the end of the reporting period.

14. Financial investments

DEBT SECURITIES

Debt securities by type comprise the following:

US$m	Policyholder and shareholder: Participating funds and other participating business with distinct portfolios FVTPL	Policyholder and shareholder: Other policyholder and shareholder FVTPL	Policyholder and shareholder: Other policyholder and shareholder FVOCI	Policyholder and shareholder: Other policyholder and shareholder AC	Subtotal	Unit-linked FVTPL	Unit-linked[2] FVOCI	Consolidated investment funds[1] FVTPL	Total
30 June 2024 – Unaudited									
Government bonds[3]	**18,948**	**1,737**	**51,795**	**329**	**72,809**	**2,119**	**125**	**–**	**75,053**
Government agency bonds[4]	**6,231**	**47**	**6,986**	**221**	**13,485**	**436**	**51**	**133**	**14,105**
Corporate bonds	**45,134**	**1,019**	**27,201**	**1,649**	**75,003**	**3,174**	**246**	**753**	**79,176**
Structured securities[5]	**274**	**141**	**1,693**	**–**	**2,108**	**46**	**–**	**–**	**2,154**
Total[6]	**70,587**	**2,944**	**87,675**	**2,199**	**163,405**	**5,775**	**422**	**886**	**170,488**
31 December 2023									
Government bonds[3]	21,027	1,609	52,401	333	75,370	2,216	80	–	77,666
Government agency bonds[4]	6,838	53	7,044	246	14,181	510	61	131	14,883
Corporate bonds	49,403	838	27,199	1,586	79,026	3,033	196	774	83,029
Structured securities[5]	353	145	1,631	–	2,129	51	–	–	2,180
Total[6]	77,621	2,645	88,275	2,165	170,706	5,810	337	905	177,758

Notes:

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

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

(3) Government bonds include bonds issued in local or foreign currencies by either the government of the jurisdiction in which the respective business unit operates or other governments.

(4) Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities; government-related entities; multilateral development banks and supranational organisations.

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

(6) Debt securities of US$8,917m (31 December 2023: US$8,869m) are restricted due to local regulatory requirements.

14. Financial investments (continued)

EQUITY SHARES, INTERESTS IN INVESTMENT FUNDS AND EXCHANGEABLE LOAN NOTES

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

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	**Other policyholder and shareholder**		**Unit-linked**	**Consolidated investment funds[(1)]**	
US$m	**FVTPL**	**FVTPL**	**Subtotal**	**FVTPL**	**FVTPL**	**Total**
30 June 2024 – Unaudited						
Equity shares	**6,928**	**4,511**	**11,439**	**8,055**	**–**	**19,494**
Interests in investment funds and exchangeable loan notes	**33,109**	**7,835**	**40,944**	**17,970**	**–**	**58,914**
Total	**40,037**	**12,346**	**52,383**	**26,025**	**–**	**78,408**

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds[(1)]	
US$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
31 December 2023						
Equity shares	7,533	4,604	12,137	7,150	–	19,287
Interests in investment funds and exchangeable loan notes	22,676	6,864	29,540	17,626	–	47,166
Total	30,209	11,468	41,677	24,776	–	66,453

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

14. Financial investments (continued)

LOANS AND DEPOSITS

Loans and deposits by type comprise the following:

US$m	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Mortgage loans on residential real estate	**443**	452
Mortgage loans on commercial real estate	**2**	2
Other loans	**537**	203
Loss allowance for loans	**(9)**	(10)
Loans	**973**	647
Term deposits	**1,873**	1,834
Promissory notes[1]	**1,416**	1,524
Loss allowance for deposits measured at amortised cost	**(7)**	(10)
Total	**4,255**	3,995

Note:

(1) The promissory notes are issued by a government. Promissory notes of US$251m (31 December 2023: US$272m) are measured at fair value through profit or loss.

Other loans include receivables from reverse repurchase agreements (reverse repos) under which the Group does not take physical possession of securities purchased under the agreements. Reverse repos are initially recorded at the cost of the loan or collateral advanced. At 30 June 2024, the carrying value of such receivables was US$440m (31 December 2023: US$99m).

At 30 June 2024 and 31 December 2023, there was no material debt collateral received in respect of reverse repos.

14. Financial investments (continued)

MATURITY PROFILE OF DEBT SECURITIES, LOANS AND DEPOSITS

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

US$m	**Total**	**Due in one year or less**	**Due after one year through five years**	**Due after five years through ten years**	**Due after ten years**	**No fixed maturity**
30 June 2024 – Unaudited						
Debt securities	**163,405**	**6,998**	**19,312**	**16,529**	**120,566**	**–**
Loans and deposits	**4,179**	**1,520**	**1,035**	**152**	**1,463**	**9**
Total	**167,584**	**8,518**	**20,347**	**16,681**	**122,029**	**9**

US$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2023						
Debt securities	170,706	5,754	19,990	16,630	128,332	–
Loans and deposits	3,930	996	917	454	1,553	10
Total	174,636	6,750	20,907	17,084	129,885	10

INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT

Significant increase in credit risk

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

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

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

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

14. Financial investments (continued)

INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT (continued)

Significant increase in credit risk (continued)

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

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons including changing market conditions and other factors not related to current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies in note 2.5.1 to the consolidated financial statements in the Company's Annual Report 2023.

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

Definition of default

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

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial instrument has increased significantly since initial recognition and its measurement of expected credit losses (ECL). It formulates a "base case" view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on management knowledge and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the jurisdictions in which the Group operates, supranational organisations, and selected private-sector and academic forecasters.

The base case represents a best estimate and the other scenarios represent more optimistic and more pessimistic outcomes.

14. Financial investments (continued)

INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT (continued)

Incorporation of forward-looking information (continued)

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationship between macroeconomic variables and key drivers of credit risk. The specific values of the core macroeconomic variable used by the Group for evaluating ECL for the six months ended 30 June 2024 and the year ended 31 December 2023 are as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Gross Domestic Product (GDP) growth (5-year average of year-over-year %)		
Base case scenario	**2.8%**	2.9%
Upside scenario	**3.4%**	3.5%
Downside scenario	**1.9%**	2.1%

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of probability of default (PD), loss given default (LGD) and exposure at default (EAD). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To determine lifetime and 12-month PDs, the Group leverages on the internal rating and convert it into PD based on the level of rating and obligor characteristics like industry type and country. Changes in the rating at the reporting date for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group leverages on recovery statistics to calculate LGD. The LGD models consider a number of factors including among others, the structure, collateral and seniority of the claim, that are integral to the financial asset. LGD estimates are recalibrated for different economic scenarios.

PDs and LGDs are adjusted to reflect forward-looking information and different economic scenarios as described above.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default. The Group derives the EAD from the current exposure to the counterparty, with any adjustments for changes to the current exposure, such as amortisation, and prepayments.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any debtor's extension options) over which it is exposed to credit risk.

14. Financial investments (continued)

INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT (continued)

Measurement of ECL (continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include instrument type, credit risk gradings, collateral type, date of initial recognition, remaining term to maturity, industry and geographical location of debtor.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external information that the Group uses to derive the default rates of its portfolios.

Credit-impaired financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment regularly. This requires the exercise of management judgement. The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is credit-impaired. Objective evidence that a financial asset, or a group of financial assets, is credit-impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

15. Derivative financial instruments

The Group's derivative exposure was as follows:

US$m	Notional amount	Fair value Assets	Fair value Liabilities
30 June 2024 – Unaudited			
Foreign exchange contracts			
Cross-currency swaps	**9,140**	**203**	**(393)**
Forwards	**4,905**	**49**	**(25)**
Foreign exchange futures	**105**	**–**	**–**
Total foreign exchange contracts	**14,150**	**252**	**(418)**
Interest rate contracts			
Interest rate swaps	**4,406**	**243**	**(96)**
Swaptions	**4,979**	**164**	**–**
Total interest rate contracts	**9,385**	**407**	**(96)**
Other			
Warrants and options	**1,444**	**5**	**(1)**
Forward contracts	**34,116**	**167**	**(7,726)**
Netting	**(105)**	**–**	**–**
Total	**58,990**	**831**	**(8,241)**

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

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

Of the total derivatives, US$2m (31 December 2023: US$8m) are listed in exchange or dealer markets and the rest are over-the-counter (OTC) derivatives. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. OTC derivatives include forwards, swaps, swaptions and options. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

15. Derivative financial instruments (continued)

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

FOREIGN EXCHANGE CONTRACTS

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

INTEREST RATE CONTRACTS

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

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

OTHER DERIVATIVES

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

NETTING ADJUSTMENT

The netting adjustment is related to futures contracts executed through clearing house where the settlement arrangement satisfies the netting criteria under IFRS Accounting Standards.

COLLATERAL UNDER DERIVATIVE TRANSACTIONS

At 30 June 2024, the Group had posted cash collateral of US$246m (31 December 2023: US$213m) and pledged debt securities with carrying value of US$9,231m (31 December 2023: US$8,639m) for liabilities, and held cash collateral of US$357m (31 December 2023: US$340m) and debt securities collateral with carrying value of US$50m (31 December 2023: US$95m) for assets in respect of derivative transactions. The Group did not sell or repledge the debt collateral received. These transactions are conducted under terms that are usual and customary to collateralised transactions including, where relevant, standard repurchase agreements.

16. Fair value measurement

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group classifies all financial assets as either at fair value through profit or loss (mandatory and designated), or as at fair value through other comprehensive income, or at amortised cost. Financial liabilities are classified as either at fair value through profit or loss (mandatory and designated) or at amortised cost, except for investment contracts with discretionary participation features (DPF) which are accounted for under IFRS 17.

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

US$m	Notes	Fair value FVTPL – mandatory	Fair value FVTPL – designated	Fair value FVOCI	Amortised cost	Total carrying value	Total fair value
30 June 2024 – Unaudited							
Financial investments	14						
Loans and deposits		–	251	–	4,004	4,255	4,348
Debt securities		7,936	72,256	88,097	2,199	170,488	170,168
Equity shares, interests in investment funds and exchangeable loan notes		78,408	–	–	–	78,408	78,408
Derivative financial instruments	15	831	–	–	–	831	831
Receivables		–	–	–	1,459	1,459	1,459
Accrued investment income		–	–	–	1,818	1,818	1,818
Cash and cash equivalents	17	3,721	–	–	5,591	9,312	9,312
Financial assets		90,896	72,507	88,097	15,071	266,571	266,344

	Notes	Fair value FVTPL – mandatory	Fair value FVTPL – designated	Amortised cost	Total carrying value	Total fair value
Financial liabilities						
Investment contract liabilities	19	–	8,462	500	8,962	8,962
Borrowings	20	–	–	11,923	11,923	10,899
Obligations under repurchase agreements	21	–	–	3,304	3,304	3,304
Derivative financial instruments	15	8,241	–	–	8,241	8,241
Other liabilities		–	821	3,840	4,661	4,661
Financial liabilities		8,241	9,283	19,567	37,091	36,067

16. Fair value measurement (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

US$m	Notes	Fair value FVTPL – mandatory	Fair value FVTPL – designated	Fair value FVOCI	Amortised cost	Total carrying value	Total fair value
31 December 2023							
Financial investments	14						
Loans and deposits		–	272	–	3,723	3,995	4,100
Debt securities		8,086	78,895	88,612	2,165	177,758	177,508
Equity shares, interests in investment funds and exchangeable loan notes		66,453	–	–	–	66,453	66,453
Derivative financial instruments	15	752	–	–	–	752	752
Receivables		–	–	–	1,294	1,294	1,294
Accrued investment income		–	–	–	1,832	1,832	1,832
Cash and cash equivalents	17	4,970	–	–	6,555	11,525	11,525
Financial assets		80,261	79,167	88,612	15,569	263,609	263,464

	Notes	Fair value FVTPL – mandatory	Fair value FVTPL – designated	Amortised cost	Total carrying value	Total fair value
Financial liabilities						
Investment contract liabilities	19	–	8,460	515	8,975	8,975
Borrowings	20	–	–	11,800	11,800	10,875
Obligations under repurchase agreements	21	–	–	3,461	3,461	3,461
Derivative financial instruments	15	8,035	–	–	8,035	8,035
Other liabilities		–	844	4,043	4,887	4,887
Financial liabilities		8,035	9,304	19,819	37,158	36,233

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the six months ended 30 June 2024.

When the Group holds a group of derivative assets and derivative liabilities entered into with a particular counterparty, the Group takes into account the arrangements that mitigate credit risk exposure in the event of default (e.g. International Swap and Derivatives Association (ISDA) Master Agreements and Credit Support Annex (CSA) that require the exchange of collateral on the basis of each party's net credit risk exposure). The Group measures the fair value of the group of financial assets and financial liabilities on the basis of its net exposure to the credit risk of that counterparty or the counterparty's net exposure to our credit risk that reflects market participants' expectations about the likelihood that such an arrangement would be legally enforceable in the event of default.

16. Fair value measurement (continued)

FAIR VALUE HIERARCHY FOR FAIR VALUE MEASUREMENT ON A RECURRING BASIS

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

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
30 June 2024 – Unaudited				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	–	–	2,828	2,828
Investment property	–	–	4,419	4,419
Financial assets				
At fair value through other comprehensive income				
Debt securities	130	85,157	2,810	88,097
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	245	68,240	2,102	70,587
Unit-linked and consolidated investment funds	1	6,660	–	6,661
Other policyholder and shareholder	–	2,757	187	2,944
Loans and deposits	–	–	251	251
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	23,511	944	15,582	40,037
Unit-linked and consolidated investment funds	25,484	518	23	26,025
Other policyholder and shareholder	4,879	1,123	6,344	12,346
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	11	–	–	11
Other policyholder and shareholder	3,710	–	–	3,710
Derivative financial instruments				
Foreign exchange contracts	–	252	–	252
Interest rate contracts	–	407	–	407
Other contracts	–	113	59	172
Total assets on a recurring fair value measurement basis	57,971	166,171	34,605	258,747
% of Total	*22.4%*	*64.2%*	*13.4%*	*100.0%*
Financial liabilities				
Investment contract liabilities	–	6,742	1,720	8,462
Derivative financial instruments				
Foreign exchange contracts	–	418	–	418
Interest rate contracts	–	96	–	96
Other contracts	2	7,725	–	7,727
Other liabilities	–	821	–	821
Total liabilities on a recurring fair value measurement basis	2	15,802	1,720	17,524
% of Total	*0.0%*	*90.2%*	*9.8%*	*100.0%*

16. Fair value measurement (continued)

FAIR VALUE HIERARCHY FOR FAIR VALUE MEASUREMENT ON A RECURRING BASIS (continued)

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

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the six months ended 30 June 2024, the Group transferred US$15m (year ended 31 December 2023: US$1m) of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There was no asset (year ended 31 December 2023: US$58m) transferred from Level 2 to Level 1 during the six months ended 30 June 2024.

16. Fair value measurement (continued)

FAIR VALUE HIERARCHY FOR FAIR VALUE MEASUREMENT ON A RECURRING BASIS (continued)

The Group's Level 2 financial instruments include debt securities, equity shares, interests in investment funds, derivative financial instruments, investment contract liabilities and other liabilities. The fair values of Level 2 financial instruments are estimated using values obtained from private pricing services and brokers corroborated with internal review as necessary. When the quotes from private pricing services and brokers are not available, internal valuation techniques and inputs will be used to derive the fair value for the financial instruments.

The table below sets out a summary of changes in the Group's Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended 30 June 2024. The table reflects gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 30 June 2024.

Level 3 assets and liabilities

US$m	Property held for own use	Investment property	Debt securities	Loans and deposits	Equity shares, interests in investment funds and exchangeable loan notes	Derivative financial assets/ (liabilities)	Investment contracts
At 1 January 2024	**2,565**	**4,504**	**4,360**	**272**	**19,178**	**8**	**(1,853)**
Net movement on investment contract liabilities	–	–	–	–	–	–	133
Total gains/(losses)							
Reported under investment return and other expenses in the interim consolidated income statement	(29)	(6)	145	(2)	164	73	–
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the interim consolidated statement of comprehensive income	(49)	(92)	(113)	(19)	(126)	(1)	–
Transfer to/from investment property	(2)	5	–	–	–	–	–
Purchases	369	8	955	–	3,059	–	–
Sales	(26)	–	(37)	–	(326)	–	–
Settlements	–	–	(213)	–	–	(21)	–
Transfer into Level 3	–	–	2	–	–	–	–
At 30 June 2024 – Unaudited	**2,828**	**4,419**	**5,099**	**251**	**21,949**	**59**	**(1,720)**
Change in unrealised gains or losses included in the interim consolidated income statement for assets and liabilities held at the end of the reporting period, under investment return and other expenses	**(29)**	**(6)**	**94**	**(2)**	**210**	**52**	**–**

Movements in investment contract liabilities at fair value are offset by movements in the underlying portfolio of matching assets.

Assets transferred out of Level 3 mainly relate to interests in investment funds of which market-observable inputs became available during the period and were used in determining the fair value.

There are not any differences between the fair values on initial recognition and the amounts determined using valuation techniques since the models adopted are calibrated using initial transaction prices.

16. Fair value measurement (continued)

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FAIR VALUE MEASUREMENTS

As at 30 June 2024, the valuation techniques and applicable unobservable inputs used to measure the Group's Level 3 financial instruments are summarised as follows:

Description	Fair value at 30 June 2024 (Unaudited) (US$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	**3,393**	**Discounted cash flows**	**Risk adjusted discount rate**	**2.69% – 44.89%**

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

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

VALUATION PROCESSES

The Group has the valuation policies, procedures and analyses in place to govern the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. In determining the fair values of financial assets, the Group in general uses private pricing providers and, only in rare cases when third-party prices do not exist, will use prices derived from internal models. The Chief Investment Officers of each of the business units are required to review the reasonableness of the prices used and report price exceptions, if any. The Group Investment team analyses reported price exceptions and reviews price challenge responses from private pricing providers and provides the final recommendation on the appropriate price to be used. Any changes in valuation policies are reviewed and approved by the Group Valuations Advisory Committee which is part of the Group's wider financial risk governance processes. Changes in Level 2 and 3 fair values are analysed at each reporting date.

The main Level 3 input used by the Group pertains to the discount rate for the debt securities and investment contracts. The unobservable inputs for determining the fair value of these instruments include the obligor's credit spread and/or the liquidity spread. A significant increase/(decrease) in any of the unobservable input may result in a significantly lower/(higher) fair value measurement. The Group has subscriptions to private pricing services for gathering such information. If the information from private pricing services is not available, the Group uses the proxy pricing method based on internally-developed valuation inputs.

17. Cash and cash equivalents

US$m	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Cash	**3,021**	3,152
Cash equivalents	**6,291**	8,373
Total[(1)]	**9,312**	11,525

Note:

(1) US$642m (31 December 2023: US$667m) are held to back unit-linked contracts and US$34m (31 December 2023: US$46m) are held by consolidated investment funds.

Cash comprises cash at bank and cash in hand. Cash equivalents comprise bank deposits and highly liquid short-term investments with maturities at acquisition of three months or less and money market funds that are convertible into known amounts of cash and subject to insignificant risk of changes in value. Accordingly, all such amounts are expected to be realised within 12 months after the end of the reporting period.

18. Insurance contracts and reinsurance contracts held

MOVEMENT IN CARRYING AMOUNTS

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

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

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

		Six months ended 30 June 2024 (Unaudited)			
		Liabilities for remaining coverage			
US$m	Notes	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening assets		(454)	42	627	215
Opening liabilities		196,080	305	7,382	203,767
Net opening balance		195,626	347	8,009	203,982
Insurance revenue	7	(8,041)	–	–	(8,041)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(60)	4,485	4,425
Amortisation of insurance acquisition cash flows		523	–	–	523
Losses and reversal of losses on onerous contracts		–	105	–	105
Adjustments to liabilities for incurred claims		–	–	(220)	(220)
Total insurance service expenses		523	45	4,265	4,833
Investment components		(4,944)	–	4,944	–
Other changes		(7)	–	7	–
Insurance service result		(12,469)	45	9,216	(3,208)
Net finance expenses from insurance contracts	8	5,410	10	11	5,431
Effect of movements in exchange rates		(4,405)	(12)	(248)	(4,665)
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(11,464)	43	8,979	(2,442)
Cash flows					
Premiums received		20,651	–	–	20,651
Claims and other insurance service expenses paid, including investment components		–	–	(12,017)	(12,017)
Insurance acquisition cash flows paid		(3,626)	–	–	(3,626)
Other amounts received		–	–	2,704	2,704
Total cash flows		17,025	–	(9,313)	7,712
Adjusted for:					
Non-cash operating expenses		(82)	–	(41)	(123)
Other non-cash items		(215)	–	–	(215)
Total non-cash items		(297)	–	(41)	(338)
Net closing balance		200,890	390	7,634	208,914
Closing assets		(224)	45	646	467
Closing liabilities		201,114	345	6,988	208,447
Net closing balance		200,890	390	7,634	208,914

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

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

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

US$m	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
		Six months ended 30 June 2024 (Unaudited)			
Opening assets		(9,961)	888	9,288	215
Opening liabilities		154,587	2,950	46,230	203,767
Net opening balance		144,626	3,838	55,518	203,982
Insurance service result					
Changes that relate to current services					
CSM recognised for services provided	7	–	–	(2,944)	(2,944)
Change in risk adjustment for non-financial risk		–	(60)	–	(60)
Experience adjustments		(27)	–	–	(27)
Others		(62)	–	–	(62)
Changes that relate to future services					
Contracts initially recognised in the period		(3,905)	194	3,763	52
Changes in estimates that adjust the CSM		(749)	40	709	–
Changes in estimates that result in losses and reversal of losses on onerous contracts		37	16	–	53
Changes that relate to past services		(165)	(55)	–	(220)
Total insurance service result		(4,871)	135	1,528	(3,208)
Net finance expenses from insurance contracts	8	4,739	–	692	5,431
Effect of movements in exchange rates		(3,199)	(154)	(1,312)	(4,665)
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(3,331)	(19)	908	(2,442)
Cash flows		7,712	–	–	7,712
Non-cash operating expenses		(123)	–	–	(123)
Other non-cash items		(215)	–	–	(215)
Net closing balance		148,669	3,819	56,426	208,914
Closing assets		(9,871)	866	9,472	467
Closing liabilities		158,540	2,953	46,954	208,447
Net closing balance		148,669	3,819	56,426	208,914

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

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

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

		Six months ended 30 June 2024 (Unaudited)			
		Asset for remaining coverage			
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Asset for incurred claims	Total
Opening assets		2,091	133	3,746	5,970
Opening liabilities		(663)	9	326	(328)
Net opening balance		1,428	142	4,072	5,642
Changes in the interim consolidated income statement and interim consolidated statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(1,026)	3	791	(232)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net (expenses)/income from reinsurance contracts held		(1,026)	3	791	(232)
Investment components		(64)	–	64	–
Other changes		–	–	–	–
Net finance income/(expenses) from reinsurance contracts held	8	225	–	(14)	211
Effect of movements in exchange rates		(62)	(5)	(104)	(171)
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(927)	(2)	737	(192)
Cash flows					
Premiums paid		881	–	–	881
Amounts received		–	–	(798)	(798)
Other amounts paid		–	–	3	3
Total cash flows		881	–	(795)	86
Adjusted for:					
Non-cash operating expenses		–	–	–	–
Other non-cash items		–	–	–	–
Total non-cash items		–	–	–	–
Net closing balance		1,382	140	4,014	5,536
Closing assets		2,081	133	3,586	5,800
Closing liabilities		(699)	7	428	(264)
Net closing balance		1,382	140	4,014	5,536

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

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

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

US$m	Note	Six months ended 30 June 2024 (Unaudited) Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets		3,371	579	2,020	5,970
Opening liabilities		(908)	197	383	(328)
Net opening balance		2,463	776	2,403	5,642
Net (expenses)/income from reinsurance contracts held					
Changes that relate to current services					
CSM recognised for services received		–	–	(162)	(162)
Change in risk adjustment for non-financial risk		–	(6)	–	(6)
Experience adjustments		(70)	–	–	(70)
Changes that relate to future services					
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		–	–	5	5
Contracts initially recognised in the period		3	15	(18)	–
Changes in estimates that adjust the CSM		(216)	21	195	–
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		29	–	–	29
Changes that relate to past services		(19)	(9)	–	(28)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Total net (expenses)/income from reinsurance contracts held		(273)	21	20	(232)
Net finance income from reinsurance contracts held	8	191	–	20	211
Effect of movements in exchange rates		(60)	(26)	(85)	(171)
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(142)	(5)	(45)	(192)
Cash flows		86	–	–	86
Non-cash operating expenses		–	–	–	–
Other non-cash items		–	–	–	–
Net closing balance		2,407	771	2,358	5,536
Closing assets		3,251	585	1,964	5,800
Closing liabilities		(844)	186	394	(264)
Net closing balance		2,407	771	2,358	5,536

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

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

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

		Six months ended 30 June 2024 (Unaudited)				
		Liabilities for remaining coverage		Liabilities for incurred claims		
US$m	Notes	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		1	–	–	–	1
Opening liabilities		419	–	453	18	890
Net opening balance		420	–	453	18	891
Insurance revenue	7	(1,428)	–	–	–	(1,428)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	1,198	17	1,215
Amortisation of insurance acquisition cash flows		198	–	–	–	198
Losses and reversal of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	(11)	(13)	(24)
Total insurance service expenses		198	–	1,187	4	1,389
Investment components		(3)	–	3	–	–
Other changes		(2)	–	2	–	–
Insurance service result		(1,235)	–	1,192	4	(39)
Net finance expenses from insurance contracts	8	–	–	–	–	–
Effect of movements in exchange rates		(14)	–	(11)	(1)	(26)
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(1,249)	–	1,181	3	(65)
Cash flows						
Premiums received		1,490	–	–	–	1,490
Claims and other insurance service expenses paid, including investment components		–	–	(1,139)	–	(1,139)
Insurance acquisition cash flows paid		(197)	–	–	–	(197)
Other amounts received		–	–	1	–	1
Total cash flows		1,293	–	(1,138)	–	155
Adjusted for:						
Non-cash operating expenses		(5)	–	(2)	–	(7)
Other non-cash items		–	–	–	–	–
Total non-cash items		(5)	–	(2)	–	(7)
Net closing balance		459	–	494	21	974
Closing assets		1	–	–	–	1
Closing liabilities		458	–	494	21	973
Net closing balance		459	–	494	21	974

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

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

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

		Six months ended 30 June 2024 (Unaudited)				
		Asset for remaining coverage		Asset for incurred claims		
US$m	Note	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		(241)	–	316	2	77
Opening liabilities		(59)	–	50	1	(8)
Net opening balance		(300)	–	366	3	69
Changes in the interim consolidated income statement and interim consolidated statement of comprehensive income						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)		(157)	–	168	–	11
Effect of changes in non-performance risk of reinsurers		–	–	–	–	–
Net (expenses)/income from reinsurance contracts held		(157)	–	168	–	11
Investment components		(14)	–	14	–	–
Other changes		–	–	–	–	–
Net finance income from reinsurance contracts held	8	–	–	2	–	2
Effect of movements in exchange rates		6	–	(9)	–	(3)
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(165)	–	175	–	10
Cash flows						
Premiums paid		177	–	–	–	177
Amounts received		–	–	(147)	–	(147)
Other amounts paid		–	–	1	–	1
Total cash flows		177	–	(146)	–	31
Adjusted for:						
Non-cash operating expenses		–	–	–	–	–
Other non-cash items		–	–	–	–	–
Total non-cash items		–	–	–	–	–
Net closing balance		(288)	–	395	3	110
Closing assets		(281)	–	390	3	112
Closing liabilities		(7)	–	5	–	(2)
Net closing balance		(288)	–	395	3	110

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

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

18. Insurance contracts and reinsurance contracts held (continued)

FULFILMENT CASH FLOWS

Estimates of future cash flows

The Group's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows are within the boundary of a contract if they arise from substantive right and obligations that exist during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Methodology and assumptions

Mortality

Assumptions have been developed by each business unit based on their recent historical experience, and their expectations of current and expected future experience including mortality improvement. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Group.

Morbidity

Assumptions have been developed by each business unit based on their recent historical experience, and their expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

18. Insurance contracts and reinsurance contracts held (continued)

FULFILMENT CASH FLOWS (continued)

Methodology and assumptions (continued)

Persistency

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender), premium persistency, premium holidays, partial withdrawals, policy loan take up and repayment and retirement rates for pension products.

Assumptions have been developed by each of the business units based on their recent historical experience, and their best estimate expectations of currency and expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

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

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

Expenses

The expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition, maintenance and other activities, and then to allocate these acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expense assumptions have been determined for acquisition and maintenance activities that can be directly attributed to the portfolio of insurance contracts, split by product type, and unit costs expressed as a percentage of premiums, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy administration and claims handling efficiency.

Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

Reinsurance

Reinsurance assumptions have been developed by each business unit based on the reinsurance arrangements in-force as at the reporting date and the recent historical and expected future experience.

18. Insurance contracts and reinsurance contracts held (continued)

FULFILMENT CASH FLOWS (continued)

Methodology and assumptions (continued)

Policyholder dividends, profit sharing and interest crediting

The projected policyholder dividends, profit sharing and interest crediting assumptions set by each business unit reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and each business unit's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

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

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

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

The Group adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates to reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The top-down approach has been primarily adopted for the derivation of discount rates. A top-down approach starts with considering a yield curve that reflects the current market rates of return of a reference portfolio of assets that have similar characteristics of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contracts (primarily the allowance for credit risk). The assessment of credit risk premium is done on external and internal ratings when the reference portfolio contains assets which are locally rated. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable and also relevant in reflecting the characteristics of the insurance contracts. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method etc.

18. Insurance contracts and reinsurance contracts held (continued)

FULFILMENT CASH FLOWS (continued)

Methodology and assumptions (continued)

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

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

As at 30 June 2024 – Unaudited	**1 year**		**5 years**		**10 years**		**15 years**		**20 years**	
Spot rates	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**	**Risk free**	**With illiquidity premium**
USD	**5.02%**	**5.55%**	**4.23%**	**4.98%**	**4.23%**	**5.24%**	**4.32%**	**5.36%**	**4.57%**	**5.54%**
HKD	**4.56%**	**5.10%**	**3.71%**	**4.46%**	**3.61%**	**4.62%**	**3.68%**	**4.73%**	**3.93%**	**4.91%**
CNY	**1.53%**	**1.99%**	**1.99%**	**2.22%**	**2.24%**	**2.43%**	**2.48%**	**2.72%**	**2.67%**	**3.00%**
SGD	**3.49%**	**4.09%**	**3.20%**	**4.16%**	**3.21%**	**3.74%**	**3.21%**	**3.64%**	**3.13%**	**3.59%**
MYR	**3.32%**	**3.72%**	**3.66%**	**3.90%**	**3.90%**	**4.13%**	**4.05%**	**4.34%**	**4.13%**	**4.51%**
THB	**2.37%**	**2.65%**	**2.49%**	**3.08%**	**2.71%**	**3.45%**	**3.06%**	**3.90%**	**3.29%**	**4.18%**

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

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

18. Insurance contracts and reinsurance contracts held (continued)

RISK ADJUSTMENTS FOR NON-FINANCIAL RISK

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment for each of the geographical markets in which the Group operates, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows.

CONTRACTUAL SERVICE MARGIN

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

INVESTMENT COMPONENTS

The Group identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. Investment components are excluded from insurance revenue and insurance service expenses. Generally, for relevant contracts, surrender value would be determined as an investment component.

19. Investment contracts

Investment contract liabilities include deferred fee income of US$179m (31 December 2023: US$195m).

20. Borrowings

US$m	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Other loans	**56**	36
Medium-term notes and securities		
Senior notes	**6,752**	7,581
Subordinated securities	**5,115**	4,183
Total	**11,923**	11,800

20. Borrowings (continued)

The following table summarises the Company's outstanding medium-term notes and securities placed to the market at 30 June 2024:

SENIOR NOTES

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
11 March 2014(1)	US$500m	4.875%	30 years	11 March 2044
11 March 2015(1)	US$750m	3.200%	10 years	11 March 2025
16 March 2016(1)	US$750m	4.500%	30 years	16 March 2046
23 May 2017(2)	US$500m	4.470%	30 years	23 May 2047
6 April 2018(1)	US$500m	3.900%	10 years	6 April 2028
16 January 2019	HK$1,100m	3.680%	12 years	16 January 2031
9 April 2019(1)	US$1,000m	3.600%	10 years	9 April 2029
7 April 2020(1)	US$1,000m	3.375%	10 years	7 April 2030
24 June 2020	A$90m	2.950%	10 years	24 June 2030
24 October 2022	HK$1,200m	5.040%	2.99 years	17 October 2025
25 October 2022(1)	US$850m	5.625%	5 years	25 October 2027
4 April 2023(1)	US$600m	4.950%	10 years	4 April 2033

SUBORDINATED SECURITIES

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

Notes:

(1) These medium-term notes and securities are listed on The Stock Exchange of Hong Kong Limited.

(2) These medium-term notes are listed on The Taipei Exchange, Taiwan. The Company has the right to redeem these notes at par on 23 May of each year beginning on 23 May 2022.

(3) The Company has the right to redeem these securities in whole, at par on predetermined dates as set out within the terms and conditions of the securities, subject to regulatory approval.

(4) The coupon rate of these securities is fixed for a predetermined period as set out within the terms and conditions of the securities, and then resets to the initial spread plus a then prevailing benchmark rate if the securities have not been redeemed.

(5) These securities include the 'lock-in' feature as set out within the terms and conditions of the securities. Payment of the final coupon and principal at maturity is subject to the Company meeting regulatory capital requirements.

The net proceeds from issuance during the six months ended 30 June 2024 are used for refinancing and general corporate purposes.

The Group has access to an aggregate of US$2,980m unsecured committed credit facilities, which includes a US$250m revolving three-year credit facility expiring in 2024 and a US$2,730m five-year credit facility expiring in 2026. The credit facilities will be used for general corporate purposes. There were no outstanding borrowings under these credit facilities as of 30 June 2024 and 31 December 2023.

21. Obligations under repurchase agreements

The Group has entered into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. At 30 June 2024, the obligations under repurchase agreements were US$3,304m (31 December 2023: US$3,461m).

The securities sold under repurchase agreements continue to be recognised within the appropriate financial asset classification. A liability is established for the consideration received. During the term of the repurchase agreements, the Group is restricted from selling or pledging the transferred debt securities. The following table specifies the amounts included within financial investments subject to repurchase agreements which do not qualify for de-recognition at each period end:

US$m	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Debt securities – FVOCI		
Repurchase agreements	**2,110**	2,665
Debt securities – FVTPL		
Repurchase agreements	**1,872**	1,406
Total	**3,982**	4,071

COLLATERAL UNDER REPURCHASE AGREEMENTS

At 30 June 2024 and 31 December 2023, there was no material collateral in respect of repurchase agreements.

22. Share capital and reserves

SHARE CAPITAL

	As at 30 June 2024		As at 31 December 2023	
	Million shares (Unaudited)	**US$m (Unaudited)**	Million shares	US$m
Ordinary shares[1], issued and fully paid				
At beginning of the financial period	**11,399**	**14,176**	11,781	14,171
Shares issued under share option scheme and agency share purchase plan	**1**	**1**	1	5
Shares cancelled after repurchase under the share buy-back programme[2]	**(200)**	**–**	(383)	–
At end of the financial period, issued and fully paid	**11,200**	**14,177**	11,399	14,176
Shares not yet cancelled after repurchase under the share buy-back programme[2]	**(57)**	**–**	(37)	–
At end of the financial period, outstanding	**11,143**	**14,177**	11,362	14,176

Notes:

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

(2) During the six months ended 30 June 2024, the Company acquired a total of 219,933,600 ordinary shares (year ended 31 December 2023: 373,591,400 ordinary shares) on the Hong Kong Stock Exchange with the aggregate cost amounting to approximately HK$13,073m (year ended 31 December 2023: HK$28,472m) (equivalent to approximately US$1,673m (year ended 31 December 2023: US$3,637m)). Of these shares, 162,331,000 shares were cancelled during the period (year ended 31 December 2023: 336,045,200 shares were cancelled during the year) and 57,602,600 shares were in the process of share cancellation as at 30 June 2024 and were cancelled subsequent to the reporting date on 9 July 2024 (year ended 31 December 2023: 37,546,200 shares were in the process of share cancellation as at 31 December 2023 and were cancelled subsequently).

The Company issued 54,711 shares under share option scheme (year ended 31 December 2023: 661,786 shares) and 877,146 shares under agency share purchase plan (year ended 31 December 2023: 986,359 shares) during the six months ended 30 June 2024.

During the six months ended 30 June 2024, the employee share-based trusts purchased 4,178,569 shares (year ended 31 December 2023: 10,865,302 shares) and sold nil shares (year ended 31 December 2023: nil). These purchases were made by the relevant scheme trustees on the Hong Kong Stock Exchange (HKSE). These shares are held on trust for participants of the relevant schemes and therefore were not cancelled.

During the six months ended 30 June 2024, 3,738,123 shares (six months ended 30 June 2023: 4,991,984 shares) were transferred to eligible directors, officers and employees of the Group from the employee share-based trusts under share-based compensation plans as a result of vesting. As at 30 June 2024, 38,397,864 shares (31 December 2023: 37,957,417 shares) of the Company were held by the employee share-based trusts.

22. Share capital and reserves (continued)

RESERVES

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt securities measured at fair value through other comprehensive income held at the end of the reporting period plus the related loss allowance recognised in profit or loss until the assets are derecognised.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income or expenses recognised in other comprehensive income.

Employee share-based trusts

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

Property revaluation reserve

Property revaluation reserve comprises the cumulative net change in the revalued amount of property held for own use at the end of the reporting period. Property revaluation surplus is not considered to be a realised profit available for distribution to shareholders.

Other reserves

Other reserves mainly include the impact of merger accounting for business combinations under common control and share-based compensation.

23. Group capital structure

CAPITAL MANAGEMENT APPROACH

The Group's capital management objectives focus on maintaining a strong capital base to support the development of its business, maintaining the ability to move capital freely among Group members and satisfying regulatory capital requirements at all times.

The Group's capital management function oversees all capital-related activities of the Group and assists senior management in making capital decisions. The capital management function participates in decisions concerning asset-liability management, strategic asset allocation and ongoing solvency management. This includes ensuring capital considerations are paramount in the strategy and business planning processes and when determining AIA's capacity to pay dividends to shareholders.

GROUP-WIDE SUPERVISION FRAMEWORK AND THE LOCAL CAPITAL SUMMATION METHOD

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

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

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

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

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

23. Group capital structure (continued)

GROUP-WIDE SUPERVISION FRAMEWORK AND THE LOCAL CAPITAL SUMMATION METHOD (continued)

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

US$m	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Group LCSM coverage ratio[1]	**262%**	275%
Tier 1 group capital coverage ratio[2]	**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

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

(i) US$5,115m[3] of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

(ii) US$5,158m[3] of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

Notes:

(1) The Group LCSM coverage ratio is referred to as the “eligible group capital resources coverage ratio” in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.

(2) The Tier 1 group capital coverage ratio is defined in the GWS framework as the ratio of the Tier 1 group capital to the GMCR.

(3) The amounts represent the carrying value of medium-term notes and securities contributing to the eligible group capital resources.

23. Group capital structure (continued)

LOCAL REGULATORY SOLVENCY

The Group's individual branches and subsidiaries are also subject to the supervision of government regulators in the jurisdictions in which those branches and subsidiaries and their parent entity operate and, in relation to subsidiaries, in which they are incorporated.

The Group's principal operating companies AIA Company Limited (AIA Co.) and AIA International Limited (AIA International), as authorised insurers in Hong Kong, are required by the HKIA to meet the Hong Kong solvency requirements. During the six months ended 30 June 2024 and the year ended 31 December 2023, these two principal operating companies were in compliance with these solvency requirements.

DIVIDENDS, REMITTANCES AND OTHER PAYMENTS FROM INDIVIDUAL BRANCHES AND SUBSIDIARIES

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

24. Risk management

The financial risks that the Group is exposed to include, but are not limited to, credit risk, credit spread risk, interest rate risk, equity risk, foreign exchange rate risk and liquidity risk.

CREDIT RISK

Credit risk arises from third parties failing to meet their obligations to the Group when they fall due. Although the primary source of credit risk is the Group's investment portfolio, such risk can also arise through reinsurance and treasury activities.

The Group's credit risk management oversight process is governed centrally, but provides for decentralised management and accountability by our lines of defence. Fundamental to AIA's credit risk management is adherence to a well-controlled underwriting process. Credit risk limits are applied to control concentrations in individual exposures, sector and cross-border investments. A detailed analysis of each counterparty is performed and a rating is determined by the investment teams according to an internal rating framework. The Group's Risk Management function manages the Group's internal ratings framework and conducts periodic rating validations. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

CREDIT SPREAD RISK

Credit spread movements affect both the value of assets and liabilities. Credit spread risk is in a large part managed through the strategic asset allocation process, whereby the two key drivers of spread risk – credit rating and spread duration – are managed for capital efficiency, taking into account both the economic risk and the local solvency capital considerations. The risk is monitored by the business units, with special attention paid to any issuers with credit ratings close to the lower boundary of investment grade.

24. Risk management (continued)

INTEREST RATE RISK

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

AIA manages interest rate risk primarily on an economic basis. Interest rate risk on the local solvency basis is also taken into consideration for business units where local solvency regimes deviate from the economic basis. Furthermore, AIA actively manages interest rate risk by extending asset duration, managing liability duration, repricing products, and implementing appropriate hedging programmes and reinsurance solutions where possible. For products with discretionary benefits, additional modelling of interest rate risk is performed to guide the determination of appropriate management actions. Management also takes into consideration the asymmetrical impact of interest rate movements when evaluating products with options and guarantees.

EQUITY RISK

Equity risk arises from changes in the market value of equity shares, interests in investment funds and exchangeable loan notes. Investments in equity shares, interests in investment funds and exchangeable loan notes on a long-term basis are expected to align with policyholders' reasonable expectations, provide diversification benefits and enhance returns. The extent of exposure to equities at any time is subject to the terms of the Group's strategic asset allocations. Equity risk arising from the underlying items of participating contracts is generally borne by policyholders except to the extent of the Group's share of the performance of the underlying items. The Group is also exposed to equity price risk from equity guarantees in variable contracts and hedges its exposure using equity derivatives.

Equity risk is managed through strategic asset allocation and tactical asset allocation. Equity investments are subject to benchmarks and controls relating to maximum concentration and tracking errors. Equity limits are also applied to contain concentration risk of individual stocks and sectors, liquidity as well as equity volatility. Equity exposures are included in the aggregate exposure reports on each individual counterparty to ensure concentrations are avoided.

SENSITIVITY ANALYSIS

Sensitivity analysis to the key variables, namely interest rate and equity risks, affecting insurance contracts and reinsurance contracts held, and financial instruments held by the Group is set out below. The carrying values of other financial assets are not subject to changes in response to movements in interest rates or equity prices. In calculating the sensitivity to changes in interest rates and equity prices, the Group has made assumptions about the corresponding impact of asset valuations on liabilities to policyholders. The market risk in respect of unit-linked investments is generally borne by our customers, and the investment return gains or losses are largely offset by the changes in fair value of underlying items. Policyholder and shareholder investments include all financial investments other than unit-linked investments.

Information is presented to illustrate the estimated impact on profits, total equity, allocated equity and CSM arising from a change in a single variable before taking into account the effects of taxation. The effects on these items are mainly as follows:

- The effects on profit or loss are changes relating to CSM recognised for services provided, loss components and changes in investment return, insurance finance income or expenses and foreign exchange differences that are recognised in profit or loss.
- The effects on equity are the effects on profit or loss, and the effects on other comprehensive income arising from net changes in net investment result and net insurance finance income or expenses.
- The effects on CSM reflects the change of the corresponding market risks that impacts CSM.

The impact of any impairments of financial assets has been ignored for the purpose of illustrating the sensitivity of profit before tax, total equity, allocated equity and CSM before the effects of taxation to changes in interest rates and equity prices on the grounds that default events reflect the characteristics of individual issuers.

24. Risk management (continued)

SENSITIVITY ANALYSIS ON INTEREST RATE RISK[1]

An analysis of the Group's sensitivity to 50 basis points parallel increase or decrease in yield curves at the reporting date, assuming that all other variables remain constant, is presented below.

US$m	**Impact on profit before tax**	**Impact on total equity (before the effects of taxation)**	**Impact on allocated equity (before the effects of taxation)**	**Impact on CSM**
30 June 2024 – Unaudited				
+ 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	**5,967**	**9,406**	**5,967**	**(429)**
Financial instruments	**(6,400)**	**(11,440)**	**(6,400)**	**–**
	(433)	**(2,034)**	**(433)**	**(429)**
- 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	**(6,735)**	**(10,525)**	**(6,735)**	**426**
Financial instruments	**7,194**	**12,899**	**7,194**	**–**
	459	**2,374**	**459**	**426**

US$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2023				
+ 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	6,633	9,859	6,633	(487)
Financial instruments	(6,783)	(11,916)	(6,783)	–
	(150)	(2,057)	(150)	(487)
- 50 basis points shift in yield curves:				
Insurance contracts and reinsurance contracts held	(7,444)	(11,060)	(7,444)	505
Financial instruments	7,609	13,414	7,609	–
	165	2,354	165	505

Note:
(1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

24. Risk management (continued)

SENSITIVITY ANALYSIS ON EQUITY RISK[1]

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

US$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
30 June 2024 – Unaudited				
10 per cent increase in equity prices:				
Insurance contracts and reinsurance contracts held	**(3,956)**	**(4,008)**	**(3,956)**	**857**
Financial instruments	**5,238**	**5,238**	**5,238**	**–**
	1,282	**1,230**	**1,282**	**857**
10 per cent decrease in equity prices:				
Insurance contracts and reinsurance contracts held	**3,956**	**4,008**	**3,956**	**(874)**
Financial instruments	**(5,238)**	**(5,238)**	**(5,238)**	**–**
	(1,282)	**(1,230)**	**(1,282)**	**(874)**

US$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2023				
10 per cent increase in equity prices:				
Insurance contracts and reinsurance contracts held	(2,998)	(3,039)	(2,998)	679
Financial instruments	4,168	4,168	4,168	–
	1,170	1,129	1,170	679
10 per cent decrease in equity prices:				
Insurance contracts and reinsurance contracts held	2,996	3,039	2,996	(694)
Financial instruments	(4,168)	(4,168)	(4,168)	–
	(1,172)	(1,129)	(1,172)	(694)

Note:
(1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

24. Risk management (continued)

FOREIGN EXCHANGE RATE RISK

The Group's foreign exchange rate risk arises mainly from the Group's operations in multiple markets in Asia and the translation of multiple currencies to the US dollar for financial reporting purposes. The balance sheet values of our operating units and subsidiaries are not hedged to the Group's presentation currency, the US dollar.

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

EXPOSURE TO FOREIGN EXCHANGE RATES(1)

US$m	**United States Dollar**	**China Renminbi**	**Hong Kong Dollar**	**Thai Baht**	**Singapore Dollar**	**Malaysian Ringgit**
30 June 2024 – Unaudited						
Insurance contracts and reinsurance contracts held						
Assets	**397**	**1,655**	**8**	**642**	**1,229**	**11**
Liabilities	**(77,219)**	**(42,902)**	**(4,981)**	**(13,482)**	**(19,609)**	**(8,069)**
Financial instruments						
Assets	**121,022**	**47,980**	**1,030**	**18,329**	**15,376**	**9,062**
Liabilities	**(23,928)**	**(3,501)**	**(2,355)**	**(1,174)**	**(3,891)**	**(127)**
Net positions of currency derivatives	**(1,256)**	**(2,508)**	**(13)**	**1,473**	**2,615**	**404**

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

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

24. Risk management (continued)

SENSITIVITY ANALYSIS ON FOREIGN EXCHANGE RATE RISK[1]

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

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
30 June 2024 – Unaudited						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,114)	(21)	17	–	(7)	–
Financial instruments	1,088	(88)	(75)	(2)	(61)	18
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(2,071)	(80)	(642)	(500)	(403)
Financial instruments	–	2,099	(67)	931	705	467
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	830	64	314	146	127
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,114)	18	(16)	–	2	–
Financial instruments	1,088	86	82	2	73	(17)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	1,972	76	611	476	384
Financial instruments	–	(1,999)	64	(887)	(671)	(445)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(790)	(61)	(299)	(139)	(121)

Note:

(1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

24. Risk management (continued)

SENSITIVITY ANALYSIS ON FOREIGN EXCHANGE RATE RISK[(1)] (continued)

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

Note:
(1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.

24. Risk management (continued)

LIQUIDITY RISK

The Group defines liquidity risk as the risk of failure to meet current and future financial commitments as they fall due. This incorporates the risks arising from the timing mismatch of cash inflows and outflows in day-to-day operations, including policyholder and third-party payments, collateral requirements, as well as insufficient market liquidity of assets required for policyholder liabilities.

AIA manages liquidity risk in accordance with the Group's Board approved liquidity framework. This framework contains the standards, procedures, and tools used by the Group to monitor and manage liquidity risk on a forward-looking basis in base and stressed conditions across multiple time horizons from daily to monthly time steps for 12-month period, as well as a projection in line with strategic planning. The forward-looking management of liquidity over short to longer-term horizons allows for the early detection of risks and enables management to action the pre-defined liquidity contingency plans.

The Group's liquidity framework builds liquidity resiliency in all our markets while providing central oversight and the ability to take timely management action if required to ensure we meet all our financial commitments as they fall due.

25. Share-based compensation

SHARE-BASED COMPENSATION PLANS

During the six months ended 30 June 2024, the Group made further grants of share options (SOs), restricted share units (RSUs) and restricted stock purchase units (RSPUs) to certain directors, officers and employees of the Group under the Share Option (SO) Scheme, the Restricted Share Unit (RSU) Scheme and the Employee Share Purchase Plan (ESPP). In addition, the Group made further grants of restricted stock subscription units (RSSUs) to eligible agents under the Agency Share Purchase Plan.

Valuation methodology

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

The Group utilises a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU, RSPU and RSSU grants, taking into account the terms and conditions upon which the grants were made. Significant assumptions include expected dividend yield and risk-free interest rate. The value of expected dividends during the vesting period is estimated based on an analysis of historical dividend relative to historical share price. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. For performance-based RSUs, the simulation for achievement of market condition depends on assumptions of expected volatility of the Company's share and other market comparators as well as the correlations. These assumptions are estimated based on an analysis of historical data over a period consistent with the expected life of the RSUs.

Forfeitures prior to vesting are not allowed for in the valuation of the grants.

The fair values calculated for the grants are inherently subjective due to the assumptions made and the limitations of the models utilised.

	Share options	
	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023
Assumptions		
Risk-free interest rate	**3.67% – 3.77%**	3.19%
Volatility	**29%**	28%
Dividend yield	**1.70%**	1.60%
Exercise price (HK$)	**62.33**	80.73
Share option life (in years)	**10**	10
Expected life (in years)	**7.73**	7.47
Weighted average fair value per option/unit at measurement date (HK$)	**17.38**	23.97

The weighted average share price for SO valuation for grants made during the six months ended 30 June 2024 is HK$57.40 (year ended 31 December 2023: HK$78.95). The total fair value of SO granted during the six months ended 30 June 2024 is US$7m (six months ended 30 June 2023: US$6m).

RECOGNISED COMPENSATION COST

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation grants made by the Group for the six months ended 30 June 2024 is US$41m (six months ended 30 June 2023: US$31m).

26. Remuneration of key management personnel

Key management personnel have been identified as the members of the Group's Executive Committee.

US$	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Key management compensation and other expenses		
Salaries and other short-term employee benefits	**12,464,950**	12,056,247
Post-employment benefits	**330,517**	314,682
Share-based payments[1]	**8,925,022**	7,866,786
Total	**21,720,489**	20,237,715

Note:

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

The emoluments of the key management personnel are within the following bands:

US$	**Six months ended 30 June 2024 (Unaudited)**	Six months ended 30 June 2023 (Unaudited)
Below 1,000,000	**–**	1
1,000,001 to 2,000,000	**10**	9
2,000,001 to 3,000,000	**1**	1
5,000,001 to 6,000,000	**1**	1

27. Commitments and contingencies

INVESTMENT AND CAPITAL COMMITMENTS

US$m	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
Not later than one year	**16,424**	17,624
Later than one and not later than five years	**91**	123
Total	**16,515**	17,747

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

CONTINGENCIES

The Group is subject to regulation in each of the geographical markets in which it operates from insurance, securities, capital markets, pension, data privacy and other regulators and is exposed to the risk of regulatory actions in response to perceived or actual non-compliance with regulations relating to suitability, sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. The Group believes that these matters have been adequately provided for in these financial statements.

The Group is exposed to legal proceedings, complaints and other actions from its activities including those arising from commercial activities, sales practices, suitability of products, policies, claims and taxes. The Group believes that these matters are adequately provided for in these financial statements.

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

28. Events after the reporting period

On 22 August 2024, a Committee appointed by the Board of Directors declared an interim dividend of 44.50 Hong Kong cents per share (six months ended 30 June 2023: 42.29 Hong Kong cents per share).

29. Interim statement of financial position of the Company

US$m	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Assets		
Investment in subsidiaries at cost[(2)]	**22,624**	22,506
Financial investments:		
At fair value through other comprehensive income		
Debt securities[(3)]	**3,830**	3,970
At fair value through profit or loss		
Interests in investment funds[(2)]	**505**	502
Derivative financial instruments	**112**	57
	4,447	4,529
Loans to/amounts due from subsidiaries	**973**	895
Other assets	**23**	126
Cash and cash equivalents	**2,177**	3,668
Total assets	**30,244**	31,724
Liabilities		
Borrowings	**12,359**	12,257
Derivative financial instruments	**4**	42
Other liabilities	**282**	261
Total liabilities	**12,645**	12,560
Equity		
Share capital	**14,177**	14,176
Employee share-based trusts	**(379)**	(367)
Other reserves	**408**	390
Retained earnings	**3,405**	4,853
Other comprehensive income	**(12)**	112
Total equity	**17,599**	19,164
Total liabilities and equity	**30,244**	31,724

Notes:

(1) The financial information of the Company should be read in conjunction with the interim condensed consolidated financial statements of the Group.

(2) The Company's interests in investment funds such as mutual funds and unit trusts, including funds controlled by the Group, are measured at fair value through profit or loss. Interests in other entities controlled by the Group are measured at cost, unless impaired, and presented as investment in subsidiaries at cost. Interests in investment funds include US$496m (31 December 2023: US$494m) comprising the combined value of debt securities held by an investment fund controlled by the Group and interests in an external fixed income fund. Fixed income fund refers to the investment fund solely investing in fixed income instruments and cash equivalents, where investors of the fund own a pro-rata share of economic interests of the fund according to the number of shares or units they own of the fund. Investment fund may use derivatives for hedging purpose.

(3) Includes United States Treasury securities of US$3,692m (31 December 2023: US$2,112m) and China Government bonds of US$138m (31 December 2023: US$1,858m) as at 30 June 2024.

Approved and authorised for issue by the Board of Directors on 22 August 2024.

Lee Yuan Siong
Director

Edmund Sze-Wing Tse
Director

30. Interim statement of changes in equity of the Company

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2024	**14,176**	**(367)**	**390**	**4,853**	**112**	**19,164**
Net profit	**–**	**–**	**–**	**1,930**	**–**	**1,930**
Fair value gains on debt securities at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**88**	**88**
Fair value gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	**–**	**–**	**–**	**–**	**(212)**	**(212)**
Dividends	**–**	**–**	**–**	**(1,705)**	**–**	**(1,705)**
Share buy-back	**–**	**–**	**–**	**(1,673)**	**–**	**(1,673)**
Shares issued under share option scheme and agency share purchase plan	**1**	**–**	**–**	**–**	**–**	**1**
Share-based compensation	**–**	**–**	**39**	**–**	**–**	**39**
Purchase of shares held by employee share-based trusts	**–**	**(33)**	**–**	**–**	**–**	**(33)**
Transfer of vested shares from employee share-based trusts	**–**	**21**	**(21)**	**–**	**–**	**–**
Balance at 30 June 2024 – Unaudited	**14,177**	**(379)**	**408**	**3,405**	**(12)**	**17,599**

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2023	14,171	(290)	351	6,990	44	21,266
Net profit	–	–	–	1,615	–	1,615
Fair value gains on debt securities at fair value through other comprehensive income	–	–	–	–	46	46
Fair value losses on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	–	–	–	–	9	9
Dividends	–	–	–	(1,672)	–	(1,672)
Share buy-back	–	–	–	(1,966)	–	(1,966)
Shares issued under share option scheme and agency share purchase plan	4	–	–	–	–	4
Share-based compensation	–	–	31	–	–	31
Purchase of shares held by employee share-based trusts	–	(105)	–	–	–	(105)
Transfer of vested shares from employee share-based trusts	–	27	(27)	–	–	–
Balance at 30 June 2023 – Unaudited	14,175	(368)	355	4,967	99	19,228

REPORT ON REVIEW OF SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

羅兵咸永道

Introduction

We have reviewed the Supplementary Embedded Value Information ("the EV Information") set out on pages 145 to 168, which comprises the consolidated Embedded Value results of AIA Group Limited (the "Company") and its subsidiaries (together, the "Group") as at and for the six-month period ended 30 June 2024, the sensitivity analysis, methodology, assumptions and other explanatory information. The directors of the Company are responsible for the preparation and presentation of the EV Information in accordance with the EV basis of preparation set out in Sections 4 and 5 of the EV Information. Our responsibility is to express a conclusion on this EV Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the EV Information, which comprises the consolidated Embedded Value results, the sensitivity analysis, methodology, assumptions and other explanatory information, consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the EV Information of the Group is not prepared, in all material respects, in accordance with the EV basis of preparation set out in Sections 4 and 5 of the EV Information.

Basis of Preparation

Without modifying our conclusion, we draw attention to Sections 4 and 5 of the EV Information, which describes the EV basis of preparation. As a result, the EV Information may not be suitable for another purpose. This report does not extend to any financial statements of the Company.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 August 2024

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

SUPPLEMENTARY EMBEDDED VALUE INFORMATION

Cautionary Statements Concerning Supplementary Embedded Value Information

This report includes non-IFRS results and should not be viewed as a substitute for IFRS results.

The results shown in this report are not intended to represent an opinion of market value and should not be interpreted in that manner. This report does not purport to encompass all of the many factors that may bear upon a market value.

The results shown in this report are based on a series of assumptions as to the future. It should be recognised that actual future results may differ from those shown, on account of the changes in the operating and economic environments and natural variations in experience. The results shown are presented at the valuation dates stated in this report and no warranty is given by the Group that future experience after these valuation dates will be in line with the assumptions made.

The Supplementary Embedded Value Information is unaudited, but has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers' independent review report to the Board of Directors is included on page 144.

1. SUMMARY

The Embedded Value (EV) is a measure of the value of shareholders' interests in the earnings distributable from assets allocated to the in-force business after allowance for the aggregate risks in that business. AIA Group Limited (the "Company"), together with its subsidiaries (collectively the "Group") use a traditional deterministic discounted cash flow methodology for determining its EV and value of new business (VONB) for all entities other than Tata AIA Life Insurance Company Limited (Tata AIA Life). This methodology makes an implicit overall level of allowance for risk including the cost of investment return guarantees and policyholder options, asset-liability mismatch risk, credit risk, the risk that actual experience in future years differs from that assumed, and the economic cost of capital, through the use of a risk discount rate. For Tata AIA Life, the Group uses the Indian Embedded Value (IEV) methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, consistent with local practice in India.

The equity attributable to shareholders of the Company on the embedded value basis (EV Equity) is the total of EV, goodwill and other intangible assets attributable to shareholders of the Company, after allowing for taxes. More details on the EV results, methodology and assumptions are covered in later sections of this report.

The Supplementary Embedded Value Information in this report should be read in conjunction with the Supplementary Embedded Value Information of the Group in the Company's Annual Report 2023.

Unless otherwise stated, the growth rates provided in the commentaries are shown on a constant exchange rate (CER) basis, and the per-share information provided in the tables are based on the basic number of ordinary shares outstanding as at the specified point in time, as disclosed in the interim condensed consolidated financial statements.

1. SUMMARY (continued)

Summary of Key Metrics(1) (US$ millions)

	As at 30 June 2024 (Unaudited)	As at 31 December 2023	Change CER	Change AER
EV Equity	**70,856**	70,153	3%	1%
EV Equity per share (US$)	**6.36**	6.17	5%	3%
EV	**68,247**	67,447	3%	1%
EV per share (US$)	**6.12**	5.94	6%	3%
Free surplus	**14,560**	16,329	(9)%	(11)%
Adjusted net worth (ANW)	**30,493**	32,009	(3)%	(5)%
Value of in-force business (VIF)	**37,754**	35,438	9%	7%

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	YoY CER	YoY AER
VONB	**2,455**	2,029	25%	21%
Annualised new premiums (ANP)	**4,546**	3,984	17%	14%
VONB margin	**53.9%**	50.8%	3.3 pps	3.1 pps
EV operating profit	**5,350**	4,423	24%	21%
Operating return on EV (Operating ROEV)(2)	**16.5%**	13.3%	3.6 pps	3.2 pps
Underlying free surplus generation (UFSG)	**3,391**	3,288	6%	3%

Notes:

(1) The results are after adjustment to reflect the consolidated reserving and capital requirements, the present value of future after-tax unallocated Group Office expenses and Group Corporate Centre tax.

(2) On an annualised basis.

2. EMBEDDED VALUE RESULTS

2.1 Embedded Value by Business Unit

The EV as at 30 June 2024 is presented consistently with the segment information in the interim condensed consolidated financial statements.

Summary of EV by Business Unit (US$ millions)

	As at 30 June 2024 (Unaudited)				
Business Unit	**ANW**[1]	**VIF before CoC**	**CoC**	**VIF after CoC**	**EV**
AIA China	**7,448**	**6,969**	**174**	**6,795**	**14,243**
AIA Hong Kong	**11,965**	**16,807**	**1,201**	**15,606**	**27,571**
AIA Thailand	**4,316**	**5,109**	**848**	**4,261**	**8,577**
AIA Singapore	**3,216**	**5,213**	**684**	**4,529**	**7,745**
AIA Malaysia	**1,100**	**2,501**	**212**	**2,289**	**3,389**
Other Markets	**5,688**	**4,286**	**1,495**	**2,791**	**8,479**
Group Corporate Centre	**2,875**	**–**	**–**	**–**	**2,875**
Subtotal	**36,608**	**40,885**	**4,614**	**36,271**	**72,879**
Adjustment to reflect consolidated reserving and capital requirements[2]	**(5,915)**	**4,115**	**596**	**3,519**	**(2,396)**
After-tax value of unallocated Group Office expenses	**–**	**(1,636)**	**–**	**(1,636)**	**(1,636)**
Group Corporate Centre tax[3]	**–**	**(178)**	**2**	**(180)**	**(180)**
Total EV (before non-controlling interests)	**30,693**	**43,186**	**5,212**	**37,974**	**68,667**
Non-controlling interests	**(200)**	**(284)**	**(64)**	**(220)**	**(420)**
Total EV	**30,493**	**42,902**	**5,148**	**37,754**	**68,247**
Goodwill and other intangible assets[4]					**2,609**
Total EV Equity					**70,856**

2. EMBEDDED VALUE RESULTS (continued)

2.1 Embedded Value by Business Unit (continued)

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

Notes:

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

(2) Adjustment reflects the consolidated reserving and capital requirements as described in Section 4.4 of the Supplementary Embedded Value Information in the Company's Annual Report 2023 and Section 4.1 of this report.

(3) Refers to corporate income tax in Bermuda as described in Section 5.4 of this report.

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

2. EMBEDDED VALUE RESULTS (continued)

2.2 Reconciliation of ANW from IFRS Equity

Derivation of the Consolidated ANW from IFRS Equity (US$ millions)

	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Shareholders' allocated equity	**43,611**	44,754
Fair value reserve	**1,709**	516
Insurance finance reserve	**(5,955)**	(4,159)
IFRS equity attributable to shareholders of the Company	**39,365**	41,111
Difference between net policy liabilities calculated and reported under IFRS® Accounting Standards and local statutory policy liabilities	**536**	(2,149)
Mark-to-market adjustment for property, mortgage loan and other investments, net of amounts attributable to participating funds	**(157)**	(63)
Elimination of intangible assets	**(3,523)**	(3,615)
Recognition of deferred tax impacts of the above adjustments	**84**	980
Recognition of non-controlling interests impacts of the above adjustments	**103**	113
ANW (Business Unit)	**36,408**	36,377
Adjustment to reflect consolidated reserving requirements, net of tax	**(5,915)**	(4,368)
ANW (Consolidated)	**30,493**	32,009

2. EMBEDDED VALUE RESULTS (continued)

2.3 Reconciliation of Free Surplus from ANW

Derivation of Free Surplus from ANW (US$ millions)

	As at 30 June 2024 (Unaudited)		As at 31 December 2023	
	Business Unit	**Consolidated**	Business Unit	Consolidated
ANW	**36,408**	**30,493**	36,377	32,009
Adjustment for certain assets not eligible for regulatory capital purposes	**(626)**	**(626)**	(503)	(503)
Less: Required capital	**12,647**	**15,307**	12,565	15,177
Free surplus(1)	**23,135**	**14,560**	23,309	16,329

Note:

(1) The free surplus is defined as the ANW in excess of the required capital adjusted for certain assets that are not eligible for regulatory capital purposes. The free surplus on consolidated basis is further adjusted for the consolidated reserving and capital requirements.

2. EMBEDDED VALUE RESULTS (continued)

2.4 Earnings Profile

The tables below show how the after-tax distributable earnings from the assets backing the statutory reserves and required capital of the in-force business of the Group are projected to emerge over future years. The projected values reflect the consolidated reserving and capital requirements.

Profile of Projected After-Tax Distributable Earnings for the Group's In-force Business (US$ millions)

	As at 30 June 2024 (Unaudited)	
Expected period of emergence	**Undiscounted**	**Discounted**
1 – 5 years	**21,835**	**17,857**
6 – 10 years	**23,144**	**12,753**
11 – 15 years	**22,640**	**8,418**
16 – 20 years	**20,919**	**5,252**
21 years and thereafter	**196,562**	**8,781**
Total	**285,100**	**53,061**

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

The profile of distributable earnings is shown on an undiscounted and discounted basis. The discounted value of after-tax distributable earnings of US$53,061 million (31 December 2023: US$50,615 million) plus the free surplus of US$14,560 million (31 December 2023: US$16,329 million) and the non-eligible assets excluded in the free surplus calculation of US$626 million (31 December 2023: US$503 million) as shown in Section 2.3 of this report is equal to the EV of US$68,247 million (31 December 2023: US$67,447 million) shown in Section 2.1 of this report.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business

The VONB for the Group for the six months ended 30 June 2024 is summarised in the table below. The VONB is defined as the present value, at the point of sale, of the projected after-tax statutory profits less the cost of required capital. Results are presented consistently with the segment information in the interim condensed consolidated financial statements.

The Group VONB for the six months ended 30 June 2024 was US$2,455 million, an increase of US$426 million, or 25 per cent, from US$2,029 million for the six months ended 30 June 2023.

Summary of VONB by Business Unit (US$ millions)

	Six months ended 30 June 2024 (Unaudited)			Six months ended 30 June 2023 (Unaudited)		
Business Unit	**VONB before CoC**	**CoC**	**VONB after CoC**	VONB before CoC	CoC	VONB after CoC
AIA China	**875**	**93**	**782**	677	76	601
AIA Hong Kong	**895**	**37**	**858**	712	31	681
AIA Thailand	**377**	**18**	**359**	345	18	327
AIA Singapore	**234**	**15**	**219**	182	9	173
AIA Malaysia	**193**	**10**	**183**	178	8	170
Other Markets	**316**	**92**	**224**	275	63	212
Total before unallocated Group Office expenses, Group Corporate Centre tax[(1)] and non-controlling interests (Business Unit)	**2,890**	**265**	**2,625**	2,369	205	2,164
Adjustment to reflect consolidated reserving and capital requirements	**(23)**	**15**	**(38)**	(21)	(1)	(20)
Total before unallocated Group Office expenses, Group Corporate Centre tax[(1)] and non-controlling interests (Consolidated)	**2,867**	**280**	**2,587**	2,348	204	2,144
After-tax value of unallocated Group Office expenses	**(98)**	**–**	**(98)**	(100)	–	(100)
Group Corporate Centre tax[(1)]	**(16)**	**–**	**(16)**	–	–	–
Total before non-controlling interests (Consolidated)	**2,753**	**280**	**2,473**	2,248	204	2,044
Non-controlling interests	**(19)**	**(1)**	**(18)**	(15)	–	(15)
Total	**2,734**	**279**	**2,455**	2,233	204	2,029

Note:
(1) Refers to corporate income tax in Bermuda as described in Section 5.4 of this report.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business (continued)

The table below shows the breakdown of the VONB, ANP, VONB margin, and present value of new business premium (PVNBP) margin for the Group, by quarter, for business written in the six months ended 30 June 2024.

The VONB margin and PVNBP margin are defined as VONB, gross of non-controlling interests and excluding pension business, expressed as a percentage of ANP and PVNBP, respectively. The VONB used in the margin calculation is gross of non-controlling interests and excludes pension business to be consistent with the definition of ANP and PVNBP.

The Group VONB margin for the six months ended 30 June 2024 was 53.9 per cent compared with 50.8 per cent for the six months ended 30 June 2023. The Group PVNBP margin for the six months ended 30 June 2024 was 11 per cent compared with 10 per cent for the six months ended 30 June 2023.

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

	VONB after CoC	ANP	VONB margin	PVNBP margin
Half Year				
Values for 2024				
Six months ended 30 June 2024 (Unaudited)	**2,455**	**4,546**	**53.9%**	**11%**
Values for 2023				
Six months ended 30 June 2023 (Unaudited)	2,029	3,984	50.8%	10%
Quarter				
Values for 2024				
Three months ended 31 March 2024 (Unaudited)	**1,327**	**2,449**	**54.2%**	**11%**
Three months ended 30 June 2024 (Unaudited)	**1,128**	**2,097**	**53.6%**	**10%**
Values for 2023				
Three months ended 31 March 2023 (Unaudited)	1,046	1,998	52.3%	10%
Three months ended 30 June 2023 (Unaudited)	983	1,986	49.3%	9%

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business (continued)

The table below shows the VONB (excluding pension business), ANP, and VONB margin by Business Unit.

Summary of VONB Excluding Pension, ANP and VONB Margin by Business Unit (US$ millions)

	Six months ended 30 June 2024 (Unaudited)			Six months ended 30 June 2023 (Unaudited)		
Business Unit	**VONB excluding pension**	**ANP**	**VONB margin**	VONB excluding pension	ANP	VONB margin
AIA China	**782**	**1,382**	**56.6%**	601	1,195	50.3%
AIA Hong Kong	**836**	**1,272**	**65.7%**	662	1,165	56.9%
AIA Thailand	**359**	**386**	**93.1%**	327	357	91.5%
AIA Singapore	**219**	**417**	**52.4%**	173	267	65.0%
AIA Malaysia	**183**	**285**	**64.2%**	169	261	64.8%
Other Markets	**223**	**804**	**27.7%**	213	739	28.6%
Total before unallocated Group Office expenses and Group Corporate Centre tax[1] (Business Unit)	**2,602**	**4,546**	**57.2%**	2,145	3,984	53.8%
Adjustment to reflect consolidated reserving and capital requirements	**(39)**	**–**		(21)	–	
Total before unallocated Group Office expenses and Group Corporate Centre tax[1] (Consolidated)	**2,563**	**4,546**	**56.4%**	2,124	3,984	53.3%
After-tax value of unallocated Group Office expenses	**(98)**	**–**		(100)	–	
Group Corporate Centre tax[1]	**(16)**	**–**		–	–	
Total	**2,449**	**4,546**	**53.9%**	2,024	3,984	50.8%

Note:
(1) Refers to corporate income tax in Bermuda as described in Section 5.4 of this report.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement

Analysis of Movement in EV (US$ millions)

	Six months ended 30 June 2024 (Unaudited)			Six months ended 30 June 2023 (Unaudited)			YoY AER
	ANW	**VIF**	**EV**	ANW	VIF	EV	EV
Opening EV Equity			**70,153**			71,202	(1)%
Removal of goodwill and other intangible assets[1]			**(2,706)**			(2,337)	16%
Opening EV	**32,009**	**35,438**	**67,447**	33,751	35,114	68,865	(2)%
Effect of acquisitions	**–**	**–**	**–**	(238)	–	(238)	n/m[2]
VONB	**(117)**	**2,572**	**2,455**	(55)	2,084	2,029	21%
Expected return on EV	**2,437**	**276**	**2,713**	2,667	(58)	2,609	4%
Operating experience variances	**304**	**6**	**310**	186	(19)	167	86%
Operating assumption changes	**186**	**(90)**	**96**	(170)	(13)	(183)	n/m
Finance costs	**(224)**	**–**	**(224)**	(199)	–	(199)	13%
EV operating profit	**2,586**	**2,764**	**5,350**	2,429	1,994	4,423	21%
Investment return variances	**1,077**	**(580)**	**497**	(56)	(597)	(653)	n/m
Other non-operating variances	**(1,093)**	**996**	**(97)**	1,150	(587)	563	n/m
Total EV profit	**2,570**	**3,180**	**5,750**	3,523	810	4,333	33%
Dividends	**(1,705)**	**–**	**(1,705)**	(1,672)	–	(1,672)	2%
Share buy-back	**(1,673)**	**–**	**(1,673)**	(1,966)	–	(1,966)	(15)%
Other capital movements	**16**	**–**	**16**	(70)	–	(70)	n/m
Effect of changes in exchange rates	**(724)**	**(864)**	**(1,588)**	(625)	(594)	(1,219)	n/m
Closing EV	**30,493**	**37,754**	**68,247**	32,703	35,330	68,033	0%
Inclusion of goodwill and other intangible assets[1]			**2,609**			2,588	1%
Closing EV Equity			**70,856**			70,621	0%
Closing EV per share (US$)			**6.12**			5.89	4%
Closing EV Equity per share (US$)			**6.36**			6.11	4%

Notes:

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

(2) Not meaningful (n/m).

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

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

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

EV operating profit was US$5,350 million (2023: US$4,423 million), reflecting VONB of US$2,455 million (2023: US$2,029 million), an expected return on EV of US$2,713 million (2023: US$2,609 million), operating experience variances and operating assumption changes with a net impact of US$406 million (2023: net impact of US$(16) million), and net of finance costs of US$224 million (2023: US$199 million).

The VONB is calculated at the point of sale for business written during the period. The expected return on EV is the expected change in the EV over the period plus the expected return on the VONB up to 30 June 2024. Operating experience variances reflect the impact on the ANW and VIF from differences between the actual experience over the period and that expected based on the operating assumptions.

The operating experience variances, net of tax, increased EV by US$310 million (2023: increased by US$167 million), driven by:

- Expense variances of US$148 million (2023: US$92 million), partly offset by development costs of US$8 million (2023: US$7 million);
- Mortality and morbidity claims variances of US$26 million (2023: US$33 million); and
- Persistency and other variances of US$144 million (2023: US$49 million) which included persistency variances of US$(5) million (2023: US$(47) million) and other variances, including management actions, of US$149 million (2023: US$96 million).

The effect of changes in operating assumptions during the period was an increase in EV of US$96 million (2023: a decrease in EV of US$183 million).

The EV profit of US$5,750 million (2023: US$4,333 million) is the total of EV operating profit, investment return variances and other non-operating variances.

The investment return variances increased EV by US$497 million (2023: decreased EV by US$653 million) driven by the effect of short-term fluctuations in interest rates and equity markets, and other capital market movements, on the Group's investment portfolio and the reserves and capital requirements compared with the expected returns.

Other non-operating variances decreased EV by US$97 million (2023: increased EV by US$563 million) which mainly comprised negative impacts from non-operating expenses and adjustments to capital requirements on consolidation, partly offset by positive impacts from model-related enhancements.

The final shareholder dividend for 2023 paid in the first half of 2024 totalled US$1,705 million (2023: US$1,672 million). The capital deployed for the share buy-back programme, under which 220 million shares(1) (2023: 185 million shares) have been repurchased in the first half of 2024, was US$1,673 million (2023: US$1,966 million). Other capital movements increased EV by US$16 million (2023: decreased EV by US$70 million).

Foreign exchange movements decreased EV by US$1,588 million (2023: decreased EV by US$1,219 million).

The closing EV was US$68,247 million at 30 June 2024.

The closing EV Equity was US$70,856 million as at 30 June 2024, after inclusion of goodwill and other intangible assets of US$2,609 million.

Our EV methodology deducts the value of the Group's outstanding medium-term notes and securities(2) (MTNs) at amortised cost. If the MTNs were measured at fair value, EV Equity would increase by US$1,024 million to US$71,880 million.

Notes:

(1) Of these shares, 162 million shares were cancelled in the first half of 2024, and the remaining 58 million shares have subsequently been cancelled as per note 22 to the interim condensed consolidated financial statements.

(2) Refers to medium-term notes and securities under note 20 to the interim condensed consolidated financial statements.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

Operating ROEV (US$ millions)

Operating return on EV (Operating ROEV) is calculated as EV operating profit expressed as a percentage of the opening EV and was 16.5 per cent (2023: 13.3 per cent) for the six months ended 30 June 2024.

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	YoY CER	YoY AER
EV operating profit	**5,350**	4,423	24%	21%
Opening EV	**67,447**	68,865	(2)%	(2)%
Operating ROEV(1)	**16.5%**	13.3%	3.6 pps	3.2 pps
EV operating profit per share (US cents)(2)	**47.68**	38.11	29%	25%

Notes:
(1) On an annualised basis.

(2) Based on weighted average number of ordinary shares outstanding during the respective period.

2. EMBEDDED VALUE RESULTS (continued)

2.7 Free Surplus Generation

Free Surplus Generation (US$ millions)

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)	YoY CER (Unaudited)	YoY AER (Unaudited)
Opening free surplus	**16,329**	17,850	(8)%	(9)%
Effect of acquisitions	**–**	(238)	n/m[1]	n/m
UFSG	**3,391**	3,288	6%	3%
Free surplus used to fund new business	**(788)**	(738)	11%	7%
Unallocated Group Office expenses	**(152)**	(157)	(3)%	(3)%
Finance costs and other capital movements	**(208)**	(269)	(23)%	(23)%
Net free surplus generation	**2,243**	2,124	9%	6%
Investment return variances and other items	**(634)**	162	n/m	n/m
Dividends	**(1,705)**	(1,672)	2%	2%
Share buy-back	**(1,673)**	(1,966)	(15)%	(15)%
Closing free surplus	**14,560**	16,260	(10)%	(10)%

Free surplus decreased by US$1,769 million to US$14,560 million (31 December 2023: US$16,329 million) as at 30 June 2024, after reflecting the impact of share buy-back of US$1,673 million.

UFSG, as defined in Section 4.8 of the Supplementary Embedded Value Information in the Company's Annual Report 2023, increased by 6 per cent, to US$3,391 million (2023: US$3,288 million), which comprised expected return on free surplus and assets backing MTNs of US$698 million, expected distributable earnings from in-force business of US$1,956 million, diversification benefit due to new business of US$427 million and other operating variances of US$310 million. Investment in writing new business was US$788 million (2023: US$738 million).

Unallocated Group Office expenses amounted to US$152 million (2023: US$157 million).

	Six months ended 30 June 2024 (Unaudited)
UFSG	**3,391**
Expected return on free surplus and assets backing MTNs	**698**
Expected distributable earnings from in-force business	**1,956**
Diversification benefit due to new business	**427**
Other operating variances	**310**
Free surplus used to fund new business	**(788)**
Unallocated Group Office expenses	**(152)**
Finance costs and other capital movements	**(208)**
Net free surplus generation	**2,243**

Investment return variances and other items amounted to US$(634) million (2023: US$162 million), reflecting the effect of short-term fluctuations in interest rates and equity markets, and other capital market movements, on the Group's investment portfolio and the reserves and capital requirements compared with the expected returns and other items, including the free surplus impacts arising from other non-operating variances as described in Section 2.6.

Note:

(1) Not meaningful (n/m).

3. SENSITIVITY ANALYSIS

The EV as at 30 June 2024 and the VONB for the six months ended 30 June 2024 have been recalculated to illustrate the sensitivity of the results to changes in certain central assumptions discussed in Section 5 of this report.

The sensitivities analysed were:

- Risk discount rates 200 basis points per annum higher than the central assumptions;
- Risk discount rates 200 basis points per annum lower than the central assumptions;
- Interest rates 50 basis points per annum higher than the central assumptions;
- Interest rates 50 basis points per annum lower than the central assumptions;
- Equity return, property return and risk discount rates 100 basis points per annum lower than the central assumptions;
- The presentation currency (as explained below) appreciated by 5 per cent;
- The presentation currency depreciated by 5 per cent;
- Lapse and premium discontinuance rates increased proportionally by 10 per cent (i.e. 110 per cent of the central assumptions);
- Lapse and premium discontinuance rates decreased proportionally by 10 per cent (i.e. 90 per cent of the central assumptions);
- Mortality/morbidity rates increased proportionally by 10 per cent (i.e. 110 per cent of the central assumptions);
- Mortality/morbidity rates decreased proportionally by 10 per cent (i.e. 90 per cent of the central assumptions);
- Maintenance expenses 10 per cent lower (i.e. 90 per cent of the central assumptions); and
- Expense inflation set to 0 per cent.

The EV as at 30 June 2024 has been further analysed for the following sensitivities:

- Equity prices increased proportionally by 10 per cent (i.e. 110 per cent of the prices at 30 June 2024); and
- Equity prices decreased proportionally by 10 per cent (i.e. 90 per cent of the prices at 30 June 2024).

3. SENSITIVITY ANALYSIS (continued)

For the interest rate sensitivities, the investment return assumptions and the risk discount rates were changed by 50 basis points per annum; the projected bonus rates on participating business, the statutory reserving bases at 30 June 2024 and the values of debt instruments and derivatives held at 30 June 2024 were changed to be consistent with the interest rate assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

For the equity return, property return and risk discount rates sensitivity, the projected bonus rates on participating business were changed to be consistent with the equity return assumptions and property return assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

As the Group operates in multiple geographical markets, the EV results for the Group are translated from multiple currencies to US dollar which is the Group's presentation currency. In order to provide sensitivity results for EV and VONB of the impact of foreign currency movements, a change of 5 per cent to the US dollar is included.

For the equity price sensitivities, the projected bonus rates on participating business and the values of equity securities and equity funds held at 30 June 2024 were changed to be consistent with the equity price assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

For each of the remaining sensitivity analyses, the statutory reserving bases as at 30 June 2024 and the projected bonus rates on participating business were changed to be consistent with the sensitivity analysis assumptions, while all the other assumptions remain unchanged.

The sensitivities chosen do not represent the boundaries of possible outcomes, but instead illustrate how certain alternative assumptions would affect the results.

3. SENSITIVITY ANALYSIS (continued)

Sensitivity of EV (US$ millions)

	As at 30 June 2024 (Unaudited)		As at 31 December 2023	
Scenario	**EV**	**% Change**	EV	% Change
Central value	**68,247**		67,447	
Impact of:				
200 bps increase in risk discount rates	**(9,080)**	**(13.3)%**	(8,450)	(12.5)%
200 bps decrease in risk discount rates	**13,871**	**20.3%**	13,167	19.5%
10% increase in equity prices	**2,082**	**3.1%**	1,799	2.7%
10% decrease in equity prices	**(2,099)**	**(3.1)%**	(1,823)	(2.7)%
50 bps increase in interest rates	**(492)**	**(0.7)%**	(981)	(1.5)%
50 bps decrease in interest rates	**563**	**0.8%**	945	1.4%
100 bps decrease in equity and property returns and risk discount rates	**2,599**	**3.8%**	2,585	3.8%
5% appreciation in the presentation currency	**(1,213)**	**(1.8)%**	(1,374)	(2.0)%
5% depreciation in the presentation currency	**1,213**	**1.8%**	1,374	2.0%
10% increase in lapse/discontinuance rates	**(1,714)**	**(2.5)%**	(1,790)	(2.7)%
10% decrease in lapse/discontinuance rates	**1,931**	**2.8%**	1,984	2.9%
10% increase in mortality/morbidity rates	**(5,238)**	**(7.7)%**	(5,380)	(8.0)%
10% decrease in mortality/morbidity rates	**5,085**	**7.5%**	5,296	7.9%
10% decrease in maintenance expenses	**1,121**	**1.6%**	1,048	1.6%
Expense inflation set to 0%	**1,208**	**1.8%**	1,088	1.6%

Sensitivity of VONB (US$ millions)

	Six months ended 30 June 2024 (Unaudited)		Six months ended 30 June 2023 (Unaudited)	
Scenario	**VONB**	**% Change**	VONB	% Change
Central value	**2,455**		2,029	
Impact of:				
200 bps increase in risk discount rates	**(500)**	**(20.4)%**	(433)	(21.3)%
200 bps decrease in risk discount rates	**761**	**31.0%**	655	32.3%
50 bps increase in interest rates	**77**	**3.1%**	85	4.2%
50 bps decrease in interest rates	**(93)**	**(3.8)%**	(101)	(5.0)%
100 bps decrease in equity and property returns and risk discount rates	**239**	**9.7%**	198	9.8%
5% appreciation in the presentation currency	**(87)**	**(3.5)%**	(73)	(3.6)%
5% depreciation in the presentation currency	**87**	**3.5%**	73	3.6%
10% increase in lapse/discontinuance rates	**(132)**	**(5.4)%**	(126)	(6.2)%
10% decrease in lapse/discontinuance rates	**146**	**5.9%**	138	6.8%
10% increase in mortality/morbidity rates	**(254)**	**(10.3)%**	(236)	(11.6)%
10% decrease in mortality/morbidity rates	**254**	**10.3%**	236	11.6%
10% decrease in maintenance expenses	**62**	**2.5%**	53	2.6%
Expense inflation set to 0%	**44**	**1.8%**	38	1.9%

4. METHODOLOGY

The methodology used by the Group for determining the EV results for the period is consistent with that described in Section 4 of the Supplementary Embedded Value Information in the Company's Annual Report 2023 taking into account the capital requirements as set out in Section 4.1. The Group ANW has included the financial results from the entity China Post Life Insurance Co., Ltd. (China Post Life), which is 24.99 per cent owned by AIA Company Limited (AIA Co.), using the equity method, while the Group's ANP, VONB and VIF do not include any contribution from China Post Life. For Tata AIA Life, the Group has included its EV using the Indian Embedded Value (IEV) methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, consistent with local practice in India.

4.1 Capital Requirements

Each of the Business Units has a regulatory requirement to hold shareholder capital in addition to the assets backing the insurance liabilities. The table below sets out the Group's assumed level of capital requirement for each Business Unit:

Business Unit	Capital requirements
AIA Australia	100% of regulatory capital adequacy requirement
AIA China	100% of required capital following the China Association of Actuaries (CAA) EV assessment guidance, updated to reflect C-ROSS II(1)
AIA Hong Kong(2)	100% of regulatory Risk-Based Capital requirement
AIA Indonesia	120% of regulatory Risk-Based Capital requirement
AIA Korea	150% of regulatory Risk-Based Capital requirement
AIA Malaysia	170% of regulatory Risk-Based Capital requirement
AIA New Zealand	100% of regulatory capital adequacy requirement
AIA Philippines	125% of regulatory Risk-Based Capital requirement
AIA Singapore	Higher of 135% of capital adequacy requirement and 80% of Tier 1 capital requirement under the regulatory Risk-Based Capital framework
AIA Sri Lanka	120% of regulatory Risk-Based Capital requirement
AIA Taiwan	250% of regulatory Risk-Based Capital requirement
AIA Thailand	140% of regulatory Risk-Based Capital requirement
AIA Vietnam	100% of required minimum solvency margin
Tata AIA Life	175% of required minimum solvency margin

Notes:

(1) China Risk-Oriented Solvency System phase II (C-ROSS II).

(2) The capital requirement for the Hong Kong branch of AIA International Limited (AIA International) reflects the early adoption approved by the Hong Kong Insurance Authority (HKIA) with effect from 1 January 2022 of the Hong Kong Risk-based Capital (HKRBC). For clarity, AIA Everest Life Company Limited, which is a closed block of business under AIA Co., and the Hong Kong business written by AIA Co., were evaluated based on 150 per cent of required minimum solvency margin under the existing Hong Kong Insurance Ordinance (HKIO) requirements which applied at 30 June 2024, prior to the amended HKIO requirements reflecting HKRBC taking effect on 1 July 2024. The Macau branch of AIA International is subject to 150 per cent of Macau statutory requirement.

Capital Requirements on Consolidation

The Company's subsidiaries, AIA Co. and AIA International, are both subject to the HKIA reserving and capital requirements. Following the approval by HKIA to early adopt the new HKRBC regime for AIA International, starting from 1 January 2022, AIA International is subject to the capital requirement under the new HKRBC regime, while AIA Co. continued to be subject to the existing HKIO requirements which applied at 30 June 2024, prior to the amended HKIO requirements reflecting HKRBC taking effect on 1 July 2024. The non-Hong Kong branches of AIA Co. and AIA International hold required capital of no less than 100 per cent of the HKIO solvency margin requirement and the HKRBC capital requirement respectively.

In addition, AIA International, which is incorporated in Bermuda, is subject to the Bermuda Monetary Authority (BMA) reserving and capital requirements. AIA International and its subsidiaries hold required capital of no less than 100 per cent of the BMA regulatory capital requirement.

The above regulatory reserving and capital requirements, and other consolidated reserving and capital requirements as determined by the Group, apply in addition to the relevant local requirements applicable to our Business Units.

The Company is also subject to the group-wide supervision (GWS) framework implemented by the HKIA, including group capital adequacy requirements based on the Local Capital Summation Method (LCSM), under which the Group's published eligible group capital resources, group minimum capital requirement (GMCR) and group prescribed capital requirement (GPCR) are calculated as the sum of the eligible capital resources, minimum capital requirements and prescribed capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA. This has not imposed any additional capital requirement to those mentioned above.

5. ASSUMPTIONS

5.1 Introduction

This section summarises the assumptions used by the Group to determine the EV as at 30 June 2024 and the VONB for the period ended 30 June 2024.

Long-term investment return assumptions as disclosed in Section 5.2 of the Supplementary Embedded Value Information in the Company's Annual Report 2023 used in the EV basis for the interim results remain unchanged from those shown in Section 5.2 of the Supplementary Embedded Value Information in the Company's Annual Report 2023, while risk discount rates were updated to reflect the risks associated with new business written during the reporting period as disclosed in Section 5.2 of the Supplementary Embedded Value Information in the Company's Annual Report 2023.

The non-economic assumptions used are based on those at 31 December 2023, updated to reflect the Group's latest view of expected future experience. A more detailed description of the assumptions can be found in Section 5 of the Supplementary Embedded Value Information in the Company's Annual Report 2023.

5.2 Economic Assumptions

Investment Returns

The Group has set the assumed long-term future returns for fixed income assets to reflect its view of expected returns having regard to estimates of long-term forward rates from yields available on government bonds and current bond yields. In determining returns on fixed income assets, the Group allows for the risk of default, and this allowance varies by the credit rating of the underlying asset.

Where long-term views of investment return assumptions differ from current market yields on existing fixed income assets, an adjustment was made to make allowance for the current market yields. In these cases, in calculating the VIF, adjustments have been made to the investment return assumptions such that the investment returns on existing fixed income assets were set consistently with the current market yield on these assets for their full remaining term, to be consistent with the valuation of the assets backing the policy liabilities.

The Group has set the equity return and property return assumptions by reference to the long-term return on 10-year government bonds, allowing for an internal assessment of risk premia that vary by asset class and by territory.

For each Business Unit, the non-linked portfolio is divided into a number of distinct product groups, and the returns for each of these product groups have been derived by considering current and future targeted asset allocations and associated investment returns for major asset classes.

For unit-linked business, fund growth assumptions have been determined based on actual asset mix within the funds at the valuation date and expected long-term returns for major asset classes.

For Tata AIA Life, the Group uses the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India for determining its EV and VONB. This methodology uses investment returns and risk discount rates that reflect the market-derived government bond yield curve. Therefore, the risk discount rate and long-term investment returns are not provided for Tata AIA Life.

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates

The risk discount rates can be considered as the sum of the appropriate risk-free interest rate, to reflect the time value of money, and a risk margin to make an implicit allowance for risk.

The table below summarises the current market 10-year government bond yields referenced in EV calculations.

	Current market 10-year government bond yields referenced in EV calculations (%)		
Business Unit	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023	As at 30 June 2023 (Unaudited)
AIA Australia	**4.31**	3.89	4.02
AIA China	**2.21**	2.57	2.64
AIA Hong Kong(1)	**4.40**	3.84	3.84
AIA Indonesia	**7.07**	6.49	6.26
AIA Korea	**3.26**	3.18	3.66
AIA Malaysia	**3.86**	3.73	3.84
AIA New Zealand	**4.67**	4.31	4.62
AIA Philippines	**6.65**	5.95	6.30
AIA Singapore	**3.21**	2.70	3.07
AIA Sri Lanka	**12.84**	13.10	19.43
AIA Taiwan	**1.67**	1.21	1.16
AIA Thailand	**2.68**	2.70	2.58
AIA Vietnam	**2.83**	2.30	2.68

Note:
(1) The majority of AIA Hong Kong's assets and liabilities are denominated in US dollars. The 10-year government bond yields shown above are those of US dollar-denominated bonds.

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates (continued)

The table below summarises the risk discount rates and long-term investment returns assumed in EV calculations. The risk discount rates as at 30 June 2024 reflect the weighted average of the risk margins of the in-force business at the start of 2024, and those of the new business written during the first half of 2024 which are determined at a product level to better reflect the market and non-market risks associated with the mix of products sold during the reporting period. In addition, the VONB results are calculated based on start-of-quarter long-term investment return assumptions consistent with the measurement at the point of sale. The present value of unallocated Group Office expenses was calculated using the AIA Hong Kong risk discount rate. The investment returns on existing fixed income assets were set consistently with the market yields on these assets. The investment returns shown are gross of tax and investment expenses.

	Risk discount rates assumed in EV calculations (%)			Long-term investment returns assumed in EV calculations (%)					
				10-year government bonds			Local equities		
Business Unit	**As at 30 Jun 2024 (Unaudited)**	As at 31 Dec 2023	As at 30 Jun 2023 (Unaudited)	**As at 30 Jun 2024 (Unaudited)**	As at 31 Dec 2023	As at 30 Jun 2023 (Unaudited)	**As at 30 Jun 2024 (Unaudited)**	As at 31 Dec 2023	As at 30 Jun 2023 (Unaudited)
AIA Australia	**7.92**	7.93	7.43	**3.80**	3.80	3.30	**8.10**	8.10	7.60
AIA China	**9.14**	9.16	9.67	**3.50**	3.50	3.70	**8.80**	8.80	9.30
AIA Hong Kong(1)	**7.96**	7.97	7.45	**3.50**	3.50	3.00	**8.00**	8.00	7.50
AIA Indonesia	**13.12**	13.17	13.13	**7.50**	7.50	7.50	**12.00**	12.00	12.00
AIA Korea	**8.68**	8.81	8.86	**3.00**	3.00	3.00	**7.30**	7.30	7.30
AIA Malaysia	**8.74**	8.80	8.86	**4.50**	4.50	4.50	**9.10**	9.10	9.10
AIA New Zealand	**7.85**	7.85	7.39	**3.80**	3.80	3.30	**8.30**	8.30	7.80
AIA Philippines	**12.10**	12.10	12.10	**6.00**	6.00	5.80	**10.80**	10.80	10.80
AIA Singapore	**7.36**	7.38	7.22	**3.10**	3.10	2.90	**7.60**	7.60	7.40
AIA Sri Lanka	**14.70**	14.70	21.00	**10.00**	10.00	10.00	**12.00**	12.00	12.00
AIA Taiwan	**7.62**	7.62	7.64	**1.50**	1.50	1.50	**6.10**	6.10	6.10
AIA Thailand	**7.77**	7.81	8.00	**3.40**	3.40	3.20	**8.10**	8.10	8.20
AIA Vietnam	**9.55**	9.54	9.55	**4.00**	4.00	4.00	**9.30**	9.30	9.30

Note:

(1) The majority of AIA Hong Kong's assets and liabilities are denominated in US dollars. The 10-year government bond assumptions shown above are those of US dollar-denominated bonds, and the local equities assumption shown is that of US dollar-denominated equities.

5. ASSUMPTIONS (continued)

5.3 Expense Inflation

The expected long-term expense inflation rates used by each Business Unit are set out below:

Expense Inflation Assumptions by Business Unit (%)

Business Unit	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
AIA Australia	**2.25**	2.25
AIA China	**2.00**	2.00
AIA Hong Kong	**2.00**	2.00
AIA Indonesia	**3.50**	3.50
AIA Korea	**3.50**	3.50
AIA Malaysia	**3.00**	3.00
AIA New Zealand	**2.00**	2.00
AIA Philippines	**3.50**	3.50
AIA Singapore	**2.00**	2.00
AIA Sri Lanka	**6.50**	6.50
AIA Taiwan	**1.20**	1.20
AIA Thailand	**2.00**	2.00
AIA Vietnam	**4.00**	4.00
Tata AIA Life(1)	**6.70**	6.85

Note:

(1) For Tata AIA Life, in accordance with the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, the inflation assumption is derived by applying a spread to the reference interest rate.

Unallocated Group Office expenses are assumed to inflate by the weighted average of the Business Unit expense inflation rates.

5. ASSUMPTIONS (continued)

5.4 Taxation

The EV and VONB presented in this report are net of tax based on current taxation legislation. The projected corporate income tax payable in any year allows for the benefits arising from any tax loss carried forward where relevant. Where applicable, tax payable on investment income has been reflected in the projected investment returns. Any withholding tax payable on future remittances from local business units is also reflected under the appropriate operating segment.

The local corporate income tax rates used by each Business Unit are set out below:

Local Corporate Income Tax Rates by Business Unit (%)

Business Unit	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023
AIA Australia	**30.0**	30.0
AIA China	**25.0**	25.0
AIA Hong Kong	**16.5**	16.5
AIA Indonesia	**22.0**	22.0
AIA Korea	**23.1**	23.1
AIA Malaysia	**24.0**	24.0
AIA New Zealand	**28.0**	28.0
AIA Philippines	**25.0**	25.0
AIA Singapore	**17.0**	17.0
AIA Sri Lanka	**30.0**	30.0
AIA Taiwan	**20.0**	20.0
AIA Thailand	**20.0**	20.0
AIA Vietnam	**20.0**	20.0
Tata AIA Life	**14.6**	14.6

In 2023, Bermuda had introduced and enacted a corporate income tax rate of 15 per cent, effective from 1 January 2025. The impact of the introduction of corporate income tax in Bermuda has been reflected in Group EV since 31 December 2023.

The Group EV has not reflected the effects of Base Erosion and Profit Shifting (BEPS) as described under note 10 to the interim condensed consolidated financial statements. The Group is still progressing its programme 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 enacted or substantively enacted at the reporting date, but not yet effective, is not yet known or reasonably estimable. The Group has engaged tax specialists to assist with its programme 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.

6. EVENTS AFTER THE REPORTING PERIOD

On 22 August 2024, a Committee appointed by the Board of Directors declared an interim dividend of 44.50 Hong Kong cents per share (six months ended 30 June 2023: 42.29 Hong Kong cents per share).

The HKRBC regime has become part of the Hong Kong Insurance Ordinance (HKIO) and has taken effect from 1 July 2024. The effects of HKRBC adoption have already been reflected for AIA International, the Group's principal operating entity in Hong Kong, following the early adoption of HKRBC regime as approved by the HKIA with effect from 1 January 2022. For the Group's other operating entities, the effect to Group EV is expected to be immaterial.

INFORMATION FOR SHAREHOLDERS

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board has declared an interim dividend of 44.50 Hong Kong cents per Share for the six months ended 30 June 2024 (six months ended 30 June 2023: 42.29 Hong Kong cents per Share).

The interim dividend will be payable on Wednesday, 25 September 2024 to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 10 September 2024.

RELEVANT DATES FOR THE 2024 INTERIM DIVIDEND

Ex-dividend date	Monday, 9 September 2024
Record date	Tuesday, 10 September 2024
Payment date	Wednesday, 25 September 2024

RECORD DATE

In order to qualify for the entitlement of the interim dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 10 September 2024.

SHARE REGISTRAR

If you have any enquiries relating to your shareholding, please contact the Company's share registrar with the contact details set out below:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone: +852 2862 8555
Website: www.computershare.com
www.computershare.com/hk/contact (for general enquiries)

INTERIM REPORT

This Interim Report is printed in English and Chinese and is available on the website of the Company. If you would like to have a printed version of this Interim Report, please contact the Company's share registrar using the contact details provided in this Interim Report.

The Company makes every effort to ensure consistency between the English and Chinese versions of this Interim Report. In the event of any inconsistency, the English version shall prevail.

For environmental and cost reasons, Shareholders are encouraged to elect to receive the Company's corporate communications (as defined in the Listing Rules) by electronic means through the Company's website at www.aia.com and Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. You may at any time send a written notice to the Company c/o the Company's share registrar or via email at aia.ecom@computershare.com.hk specifying your name, address and request to change your choice of language and/or means of receipt of all of the Company's corporate communications.

INVESTMENT COMMUNITY AND NEWS MEDIA

Enquiries may be directed to:

Investment Community		News Media	
Lance Burbidge	+852 2832 1398	Cecilia Ma Zecha	+852 2832 5666
Evelyn Lam	+852 2832 1633	Duke Malan	+852 2832 4726
Feon Lee	+852 2832 4704	Kitty Liu	+852 2832 1742
Ismar Tuzovic	+852 2832 1777		
Rachel Poon	+852 2832 4792		

BOARD OF DIRECTORS

The Board comprises:

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

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

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

FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements relating to the Group that are based on the beliefs and expectations of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

When used in this document, the words "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "target", "will", "would" and similar expressions, as they relate to the Group or the Group's management, are intended to identify forward-looking statements. These forward-looking statements reflect the Group's views as of the date hereof with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements as a result of a number of factors, including any changes in the laws, rules and regulations relating to any aspects of the Group's business operations, general economic, market and business conditions, including capital market developments, changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the actions and developments of the Group's competitors and the effects of competition in the insurance industry on the demand for, and price of, the Group's products and services, various business opportunities that the Group may or may not pursue, changes in population growth and other demographic trends, including mortality, morbidity and longevity rates, persistency levels, the Group's ability to identify, measure, monitor and control risks in the Group's business, including its ability to manage and adapt its overall risk profile and risk management practices, its ability to properly price its products and services and establish reserves for future policy benefits and claims, seasonal fluctuations and factors beyond the Group's control. Subject to the requirements of the Listing Rules, the Group does not intend to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, forward-looking events and circumstances discussed in this document might not occur in the way the Group expects, or at all. Accordingly, you should not place reliance on any forward-looking information or statements. All forward-looking statements in this document are qualified by reference to the cautionary statements set forth in this section.

GLOSSARY

2010 RSU Scheme	Restricted Share Unit Scheme of the Company adopted on 28 September 2010 (as amended) under which the Company granted restricted share units to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. It was terminated with effect from 31 July 2020 prior to the adoption of the 2020 RSU Scheme.
2010 SO Scheme	Share Option Scheme of the Company adopted on 28 September 2010 (as amended), under which the Company granted share options to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. It was terminated with effect from 29 May 2020 upon the adoption of the 2020 SO Scheme.
2011 ESPP	Employee Share Purchase Plan of the Company adopted on 25 July 2011 (as amended), a voluntary share purchase plan with matching offer to facilitate and encourage ownership of Shares by employees. It was terminated with effect from 31 October 2020 (being the last day of the 2019/2020 plan year).
2012 ASPP	Agency Share Purchase Plan of the Company adopted on 23 February 2012, a share purchase plan with matching offer of new Shares to facilitate and encourage ownership of Shares by agents. It was terminated with effect from 31 March 2021 (being the last day of the 2020/2021 plan year).
2020 ESPP	Employee Share Purchase Plan of the Company adopted on 1 August 2020 (as amended), a voluntary share purchase plan with matching offer to facilitate and encourage ownership of Shares by employees, and is effective for a period of 10 years from the date of adoption.
2020 RSU Scheme	Restricted Share Unit Scheme of the Company adopted on 1 August 2020 (as amended), under which the Company may grant restricted share units to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries, and is effective for a period of 10 years from the date of adoption.
2020 SO Scheme	Share Option Scheme of the Company adopted on 29 May 2020 (as amended), under which the Company may grant share options to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries, and is effective for a period of 10 years from the date of adoption.
2021 ASPP	Agency Share Purchase Plan of the Company adopted on 1 February 2021 (as amended), a share purchase plan with matching offer of new Shares to facilitate and encourage ownership of Shares by agents, and is effective for a period of 10 years from the date of adoption.

active agent	An agent who sells at least one policy per month. The number of active agents is calculated as the average number of active agents across the specific period.
active market	A market in which all the following conditions exist: • the items traded within the market are homogeneous; • willing buyers and sellers can normally be found at any time; and • prices are available to the public. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
adjusted net worth or ANW	ANW is the market value of assets in excess of the assets backing the policy reserves and other liabilities of the life (and similar) business of AIA, plus the IFRS equity value of other activities, such as general insurance business, less the value of intangible assets. It excludes any amounts not attributable to shareholders of AIA Group Limited. ANW for AIA is stated after adjustment to reflect consolidated reserving requirements. ANW by market is stated before adjustment to reflect consolidated reserving requirements, and presented on a local statutory basis.
AER	Actual exchange rates.
AIA or the Group	AIA Group Limited and its subsidiaries.
AIA Co.	AIA Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company.
AIA Everest	AIA Everest Life Company Limited.
AIA International	AIA International Limited, a company incorporated in Bermuda and an indirect wholly-owned subsidiary of the Company.
amortised cost or AC	Other than cash and cash equivalents, financial assets measured at amortised cost primarily include debt securities, loans and deposits, and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any loss allowance. Interest revenue from debt securities measured at amortised cost is recognised in investment return in the consolidated income statement using the effective interest method.

annualised new premiums or ANP	ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. It is an internally used measure of new business sales or activity for all entities within AIA. ANP excludes new business of pension business, personal lines and motor insurance. For group renewable business, it includes any premium payable on existing schemes that exceeds the prior year's premiums.
ASEAN	ASEAN, officially the Association of Southeast Asian Nations, refers to AIA's operations in Thailand, Singapore, Malaysia, Vietnam, Indonesia, the Philippines, Cambodia, Myanmar and Brunei.
Asia	Mainland China, Hong Kong SAR, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR and India.
average credit rating of the fixed income portfolio	The average credit rating of the fixed income portfolio represents the credit rating of our bonds, weighted by each bond's market value.
bancassurance	The distribution of insurance products through banks or other financial institutions.
BEPS 2.0	The common name for the tax policy work led by the Organisation for Economic Co-operation and Development on the "Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy", a phase of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project.
Blue Cross	Blue Cross (Asia-Pacific) Insurance Limited.
Board	The board of Directors.
CER	Constant exchange rates. Change on constant exchange rates is calculated for all figures for the current period and for the prior period, using constant average exchange rates, other than for balance sheet items as at the end of the current period and as at the end of the prior year, which is translated using the constant balance sheet exchange rates.
China Post Life	China Post Life Insurance Co., Ltd.

Company	AIA Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock codes: 1299 (HKD counter) and 81299 (RMB counter)).
comprehensive equity	The total of shareholders' equity and net contractual service margin (CSM).
consolidated investment funds	Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds, and consist of third-party unit holders' interests in these funds. These are consolidated in the financial statements.
contract boundary	The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. For details, please refer to note 2.3.4 to the consolidated financial statements in the Company's Annual Report 2023.
contractual service margin or CSM	A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group. For details, please refer to note 2.3.6 to the consolidated financial statements in the Company's Annual Report 2023.
Corporate Governance Code	Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended from time to time.
cost of capital or CoC	CoC is calculated as the face value of the required capital as at the valuation date less the present value of the net-of-tax investment return on the shareholder assets backing the required capital and the present value of projected releases from the assets backing the required capital. Where the required capital may be covered by policyholder assets such as surplus assets in participating funds, there is no associated cost of capital included in the VIF or VONB. CoC for AIA is stated after adjustment to reflect consolidated capital requirements. CoC by market is stated before adjustment to reflect consolidated capital requirements, and presented on a local statutory basis.
coverage unit	The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period. Determination of coverage unit is further elaborated in note 3.3 to the consolidated financial statements in the Company's Annual Report 2023.
C-ROSS	China Risk-Oriented Solvency System.
Dealing Policy	Directors' and Chief Executives' Dealing Policy of the Company.
Director(s)	The director(s) of the Company.

eligible capital resources	For a regulated entity, eligible capital resources refers to the resources and financial instruments eligible to be counted towards satisfying the prescribed capital requirement according to the respective regulatory requirements. For a non-regulated entity, eligible capital resources refers to IFRS equity less intangible assets, plus eligible financial instruments, including subordinated securities as well as senior notes approved for inclusion.
eligible group capital resources	The sum of the eligible capital resources of each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the Hong Kong Insurance Authority (HKIA).
eligible group capital resources coverage ratio or the Group LCSM coverage ratio	The ratio of the eligible group capital resources to the group prescribed capital requirement (GPCR).
embedded value or EV	An actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. EV for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. EV by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.
equity attributable to shareholders of the Company on the embedded value basis or EV Equity	EV Equity is the total of embedded value, goodwill and other intangible assets attributable to shareholders of the Company, after allowing for taxes.
ESG	Environmental, Social and Governance.
ExCo	The Executive Committee of the Group.
expected credit losses or ECL	The weighted average of credit losses with the respective risks of a default occurring as the weights.
expense ratio	Expense ratio is measured as operating expenses divided by total weighted premium income (TWPI).
fair value reserve	Fair value reserve comprises the cumulative net change in the fair value of debt securities measured at fair value through other comprehensive income and the cumulative related loss allowance recognised in profit or loss.
fair value through other comprehensive income or FVOCI	For financial assets and liabilities measured at fair value through other comprehensive income, some changes in fair value are recognised in other comprehensive income. For details, please refer to note 2.5.1 to the consolidated financial statements in the Company's Annual Report 2023.
fair value through profit or loss or FVTPL	For financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result. For details, please refer to note 2.5.1 to the consolidated financial statements in the Company's Annual Report 2023.
first year premiums	First year premiums are the premiums received in the first year of a recurring premium policy. As such, they provide an indication of the volume of new policies sold.

free surplus	ANW in excess of the required capital adjusted for certain assets that are not eligible for regulatory capital purposes. Free surplus for AIA is stated after adjustment to reflect consolidated reserving and capital requirements.
fulfilment cash flows	An explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the Group fulfils insurance contracts, including a risk adjustment for non-financial risk.
gross carrying amount	Gross carrying amount is the amortised cost before adjusting for loss allowance.
Group LCSM surplus	The excess of the eligible group capital resources over the GPCR.
group minimum capital requirement or GMCR	The sum of the minimum capital requirements of each entity within the Group, subject to any variation considered necessary by the HKIA.
Group Office	Group Office includes the activities of the Group Corporate Centre segment consisting of the Group's corporate functions, shared services and eliminations of intragroup transactions.
group prescribed capital requirement or GPCR	The sum of the prescribed capital requirements of each entity within the Group, subject to any variation considered necessary by the HKIA. It represents the level below which the HKIA may intervene on grounds of capital adequacy.
GWS	Group-wide supervision.
GWS Capital Rules	Insurance (Group Capital) Rules (Chapter 41O of the Laws of Hong Kong).
HKFRS	Hong Kong Financial Reporting Standards.
holding company financial resources	Debt securities, equity shares and interests in investment funds, deposits, cash and cash equivalents and dividends paid but not settled by subsidiaries, net of obligations under repurchase agreements, at the Group's listed holding company, AIA Group Limited. These are presented in note 29 to the interim condensed consolidated financial statements.
Hong Kong or HKSAR	The Hong Kong Special Administrative Region (SAR) of the People's Republic of China (PRC); in the context of our reportable market segments, Hong Kong includes the Macau SAR.
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time.
Hong Kong Insurance Authority or HKIA	Insurance Authority established under the Hong Kong Insurance Ordinance.
Hong Kong Insurance Ordinance or HKIO	Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as amended from time to time. It provides a legislative framework for the prudential supervision of the insurance industry in Hong Kong.
Hong Kong Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited.

IAIG	Internationally Active Insurance Group.
IAIS	International Association of Insurance Supervisors.
IFRS assumptions	Assumptions made and used to determine IFRS results.
IFRS balance sheet	Balance sheet prepared in accordance with the IFRS Accounting Standards.
IFRS earnings	Earnings calculated and reported under the IFRS Accounting Standards.
IFRS equity	Equity position calculated and reported under the IFRS Accounting Standards.
IFRS model	Models used to determine IFRS results.
IFRS net asset value	Net asset value calculated and reported under the IFRS Accounting Standards.
IFRS profit	Profit calculated and reported under the IFRS Accounting Standards.
IFRS results	Financial results calculated and reported under the IFRS Accounting Standards.
insurance acquisition cash flows	Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.
Insurance Capital Standard or ICS	A risk-based global insurance capital standard applicable to IAIGs being developed by the IAIS.
insurance finance reserve	Insurance finance reserve comprises the cumulative insurance finance income or expenses recognised in other comprehensive income.
insurance revenue	Insurance revenue arising from insurance contracts and exclude any investment components. For details, please refer to notes 2.3.11.1 and 2.3.11.3 to the consolidated financial statements in the Company's Annual Report 2023.
insurance service expenses	Insurance service expenses arising from insurance contracts and exclude repayments of investment components. For details, please refer to note 2.3.11.5 to the consolidated financial statements in the Company's Annual Report 2023.
insurance service result	Insurance service result comprises insurance revenue, insurance service expenses and net expenses from reinsurance contracts held.
investment component	Amount that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Generally, for relevant contracts, surrender value would be determined as an investment component.
investment income	Investment income comprises interest income, dividend income and rental income.
investment return	Investment return comprises interest revenue on financial assets, other investment return and net impairment loss on financial assets.

IPO	Initial Public Offering.
liability for incurred claims or LIC	The Group's obligation to: (a) investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and (b) pay amounts that are not included in (a) and that relate to: (i) insurance contract services that have already been provided; or (ii) any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the liability for remaining coverage.
liability for remaining coverage or LRC	The Group's obligation to: (a) investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage); and (b) pay amounts under existing insurance contracts that are not included in (a) and that relate to: (i) insurance contract services not yet provided (i.e. the obligations that relate to future provision of insurance contract services); or (ii) any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims.
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time.
Local Capital Summation Method or LCSM	LCSM is the method used by the HKIA as a measure of group capital under the GWS framework. Under the LCSM, AIA's published eligible group capital resources, GMCR and GPCR are calculated as the sum of the eligible capital resources, minimum capital requirements and prescribed capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA. Adjustments are made to eliminate double counting.
loss component	Loss component for onerous contracts. For details, please refer to note 2.3 to the consolidated financial statements in the Company's Annual Report 2023.

Million Dollar Round Table or MDRT	MDRT is a global professional trade association of life insurance and financial services professionals that recognises significant sales achievements and high service standards.
minimum capital requirement or MCR	The level at which, if not maintained by the regulated entity, may result in the severest penalty, the most extreme intervention measures, or the withdrawal of authorisation to carry on the whole or any part of its business, being imposed on or taken against the regulated entity under the laws relating to regulatory capital in the jurisdiction in which the entity is authorised. (For details, please refer to the Insurance (Group Capital) Rules, Rule 4 from the HKIA).
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, as amended from time to time.
n/a	Not available.
n/m	Not meaningful.
net CSM	CSM after allowing for reinsurance, taxes and net of non-controlling interests.
net free surplus generation or net FSG	Net free surplus generation is calculated as underlying free surplus generation less free surplus used to fund new business, unallocated Group Office expenses, finance costs and other capital movements as disclosed in the Supplementary Embedded Value Information.
net investment result	Comprises investment return, net finance income or expenses from insurance contracts and reinsurance contracts held, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds.
operating margin	Operating margin is measured as operating profit after tax expressed as a percentage of TWPI.
operating profit after tax or OPAT	Operating profit is determined using, among others, expected long-term investment return for equities and real estate. Short-term fluctuations between expected long-term investment return and actual investment return for these asset classes are excluded from operating profit. The assumptions used to determine expected long-term investment return are the same, in all material respects, as those used by the Group in determining its embedded value and are disclosed in the Supplementary Embedded Value Information.
operating return on EV or operating ROEV	Operating return on EV is calculated as EV operating profit, expressed as a percentage of the opening embedded value.
operating return on shareholders' allocated equity or operating ROE	Operating return on shareholders' allocated equity is calculated as operating profit after tax attributable to shareholders of the Company, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.

OTC	Over-the-counter.
Other Markets	AIA's Other Markets are Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.
other participating business with distinct portfolios	Business where it is expected that the policyholders will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory.
participating funds	Participating funds are distinct portfolios where the policyholders have a contractual right to receive at the discretion of the insurer additional benefits based on factors such as the performance of a pool of assets held within the fund, as a supplement to any guaranteed benefits. The allocation of benefits from the assets held in such participating funds is subject to minimum policyholder participation mechanisms which are established by regulation.
persistency	The percentage of insurance policies remaining in force from month to month in the past 12 months, as measured by premiums.
policyholder and shareholder investments	Investments other than those held to back unit-linked contracts as well as assets from consolidated investment funds.
portfolio of insurance contracts	Insurance contracts subject to similar risks and managed together.
pps	Percentage points.
premium allocation approach or PAA	Simplified measurement of insurance contracts where the coverage period of each contract in the group of contracts is one year or less; or the Group reasonably expects that the resulting measurement of the liabilities for remaining coverage would not differ materially from the result of applying the accounting policies of contracts not measured under PAA.
prescribed capital requirement or PCR	The level at which, if maintained by the regulated entity, would not give rise to a power to impose any penalty, sanction or intervention measures against, or withdrawal of authorisation of, the regulated entity under the laws relating to regulatory capital in the jurisdiction in which the entity is authorised. (For details, please refer to the Insurance (Group Capital) Rules, Rule 5 from the HKIA).
PVNBP margin	VONB gross of non-controlling interests excluding pension business, expressed as a percentage of present value of new business premiums (PVNBP). PVNBP margin for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax.
renewal premiums	Premiums receivable in subsequent years of a recurring premium policy.
reverse repo	Reverse repurchase agreement.

rider	A supplemental plan that can be attached to a basic insurance policy, typically with payment of additional premiums.
risk adjustment	The compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts.
Risk-Based Capital or RBC	RBC represents an amount of capital based on an assessment of risks that a company should hold to protect customers against adverse developments.
RSPUs	Restricted stock purchase units.
RSSUs	Restricted stock subscription units.
RSUs	Restricted share units.
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time.
Share(s)	For the Company, shall mean ordinary share(s) in the capital of the Company.
Shareholder(s)	Holder(s) of the Shares.
shareholders' allocated equity	Shareholders' allocated equity is total equity attributable to shareholders of the Company less fair value reserve and insurance finance reserve.
shareholder capital ratio	Shareholder capital ratio is the shareholder capital resources as a percentage of the required capital on consolidated basis as disclosed in the Supplementary Embedded Value Information.
shareholder capital resources	Shareholder capital resources comprise free surplus and required capital on consolidated basis as disclosed in the Supplementary Embedded Value Information and eligible Tier 2 debt capital as used in the Group LCSM solvency position.
Singapore	The Republic of Singapore; in the context of our reportable market segments, Singapore includes Brunei.
single premium	A single payment that covers the entire cost of an insurance policy.
solvency	The ability of an insurance company to satisfy its policyholder benefits and claims obligations.
SOs	Share options.
Tata AIA Life	Tata AIA Life Insurance Company Limited.
Tier 1 group capital	The resources and financial instruments of the group eligible to be included, in accordance with the Insurance (Group Capital) Rules, Rule 7(1) from the HKIA.

Tier 1 group capital coverage ratio	Tier 1 group capital coverage ratio is calculated as the ratio of the Tier 1 group capital to the GMCR.
Tier 2 group capital	The resources and financial instruments of the group eligible to be included, in accordance with the Insurance (Group Capital) Rules, Rule 7(3) from the HKIA.
total weighted premium income or TWPI	TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded. As such it provides an indication of AIA's longer-term business volumes as it smoothes the peaks and troughs in single premiums. The amounts are not intended to be indicative of insurance revenue and fee income recorded in the consolidated income statement.
underlying free surplus generation or UFSG	Underlying free surplus generation represents free surplus generated from the in-force business, adjusted for certain non-recurring items and before free surplus used to fund new business, unallocated Group Office expenses, finance costs, investment return variances and other non-operating items. The underlying free surplus generation is also calculated after reflecting consolidated reserving and capital requirements.
underlying items	Items that determine some of the amounts payable to a policyholder. Underlying items can comprise any items; for example, a reference portfolio of assets, the net assets of the Group, or a specified subset of the net assets of the Group.
unit-linked investments	Financial investments held to back unit-linked contracts.
value of in-force business or VIF	VIF is the present value of projected after-tax statutory profits by Business Units emerging in the future from the current in-force business less the cost arising from holding the required capital (CoC) to support the in-force business. VIF for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. VIF by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.
value of new business or VONB	VONB is the present value, measured at the point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period less the cost of holding the required capital in excess of regulatory reserves to support this business. VONB for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. VONB by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.

variable fee approach or VFA	The VFA modifies the general measurement model in IFRS 17 to reflect the nature of the income to the insurer is a variable fee.
VONB margin	VONB gross of non-controlling interests excluding pension business, expressed as a percentage of ANP. VONB margin for AIA is stated after adjustments to reflect consolidated reserving and capital requirements, the after-tax value of unallocated Group Office expenses and Group Corporate Centre tax. VONB margin by market is stated before adjustments to reflect consolidated reserving and capital requirements, unallocated Group Office expenses and Group Corporate Centre tax, and presented on a local statutory basis.

AIA Group Limited
友邦保險控股有限公司

AIA.COM

RECYCLED
Paper made from recycled material
FSC® C021898
www.fsc.org