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

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

AIA Group Limited

友邦保險控股有限公司

(Incorporated in Hong Kong with limited liability)

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

(the "Issuer")

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

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

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

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

Hong Kong, 23 September 2024

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

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

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

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

SUPPLEMENTAL OFFERING CIRCULAR

AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

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

US$16,000,000,000
Global Medium Term Note and Securities Programme

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

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

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

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

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

Arrangers

Citigroup HSBC

Dealers

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

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

DISCLAIMERS

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

EXCHANGE RATE INFORMATION

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

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

U.S. dollar Period-End Exchange Rates[1]

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

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

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

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

SIGNIFICANT / MATERIAL CHANGE

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

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RECENT DEVELOPMENTS

REGULATORY AND INTERNATIONAL DEVELOPMENTS

Hong Kong RBC Regime

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

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

Insurance Capital Standard ("ICS")

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

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

BEPS 2.0

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

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

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

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

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

OTHER DEVELOPMENTS

Update on the Share Buy-Back Programme

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

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

TOTAL CAPITALISATION

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

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

Notes:
(1) Represents our outstanding medium term notes and securities placed to the market as of 30 June 2024.
(2) Total Capitalisation is the sum of Total Borrowings plus Total Equity.

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

SELECTED INTERIM CONSOLIDATED FINANCIAL AND OTHER DATA

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

CONSOLIDATED INCOME STATEMENT

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

OTHER DATA

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

	For the six months ended 30 June	
(in US$ millions, except ratios)	**2024**	**2023**
VONB(1) (2)	**2,455**	**2,029**
ANP(1) (2)	**4,546**	**3,984**
TWPI(1) (3)	**21,086**	**19,300**
OPAT(1) (2) (4)	**3,386**	**3,272**

	As at 30 June 2024	As at 31 December 2023
EV Equity(1) (2)	**70,856**	**70,153**
Group LCSM Coverage Ratio(1) (5)	**262%**	**275%**
Comprehensive Equity(1) (6)......................	**84,650**	**85,424**
Leverage Ratio(7)	**12.3%**	**12.1%**

Notes:

(1) Definitions of VONB, ANP, TWPI, OPAT, EV Equity, Group LCSM Coverage Ratio and Comprehensive Equity are provided in the Glossary beginning on page A-1 of the Original Offering Circular.

(2) VONB and ANP include the results from our 49% shareholding in Tata AIA Life. VONB and ANP do not include any contribution from our 24.99% shareholding in China Post Life. Both the IFRS Accounting Standards results of Tata AIA Life and China Post Life are accounted for using the equity method.

(3) TWPI does not include any contribution from Tata AIA Life and China Post Life.

(4) For a reconciliation of OPAT to net profit, see note 4 to our 2024 interim consolidated financial statements included elsewhere in this Supplemental Offering Circular. OPAT is before non-operating investment returns and other items, net of tax.

(5) The Group LCSM Coverage Ratio is called the "eligible group capital resources coverage ratio" in the GWS framework and is defined as the ratio of the eligible group capital resources to the GPCR.

(6) Comprehensive Equity is the total of shareholders' equity and net contractual service margin after allowing for reinsurance, taxes and net of non-controlling interests.

(7) Leverage ratio is defined as total borrowings expressed as a percentage of the sum of total borrowings, total equity and contractual service margin net of reinsurance and net of taxes. Contractual service margin is defined as a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides insurance contract services under the insurance contracts in the group.

INTERIM RESULTS

INTERIM FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

New Business Performance

VONB, ANP AND VONB MARGIN BY SEGMENT

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

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

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

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

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

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

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

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

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

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

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

EV EQUITY

EV EQUITY MOVEMENT

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

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

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

Actual investment performance was better than our investment return assumptions and added US$497 million to EV Equity. Our investment return assumptions reflect actual spot market yields and trend over time to long-term assumptions. The U.S. dollar strengthened relative to some local market currencies, resulting in a US$1,653 million reduction in EV Equity through foreign exchange rate translation into our reporting currency.

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

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

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

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

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

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

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

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

IFRS EARNINGS

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

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

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

OPAT[1] COMPOSITION[2]

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

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

CSM MOVEMENT, NET OF REINSURANCE

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

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

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

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

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

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

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

OPERATING NET INVESTMENT RESULT (1)

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

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

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

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

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

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

OPAT BY SEGMENT

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

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

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

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

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

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

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

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

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

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

TWPI BY SEGMENT

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

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

OPERATING EXPENSES

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

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

NON-OPERATING MOVEMENT AND NET PROFIT[1]

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

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

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

Notes:
(1) Attributable to shareholders of the Issuer only, excluding non-controlling interests.
(2) Short-term investment and discount rate variances include revaluation gains for property held for own use. This amount is then reclassified from net profit to other comprehensive income to conform to IFRS® Accounting Standards measurement and presentation requirements.

SEGMENTAL INFORMATION

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

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

Mainland China

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

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

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

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

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

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

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

Hong Kong

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

Notes:

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

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

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

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

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

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

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

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

Thailand

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

Notes:

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

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

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

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

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

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

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

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

Singapore

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

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

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

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

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

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

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

Malaysia

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

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

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

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

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

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

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

Other Markets

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

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

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

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

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

Other Market Highlights

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

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

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

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

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

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

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

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

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

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

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

HOLDING COMPANY FINANCIAL RESOURCES

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

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

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

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

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

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

Assets recoverable and liabilities repayable within 12 months as follows:

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

Notes:

(1) Borrowings principally include medium-term notes and securities; other intercompany loans; and amounts outstanding, if any, from the Issuer's US$2,980 million unsecured committed credit facilities.

(2) As at 30 June 2024, loans to/amounts due from subsidiaries was US$973 million (31 December 2023: US$895 million). US$144 million was recoverable within the 12 months after 30 June 2024 (31 December 2023: US$66 million).

(3) As at 30 June 2024, medium-term notes and securities placed to the market was US$11,867 million (31 December 2023: US$11,764 million). US$750 million was repayable within the 12 months after 30 June 2024 (30 June 2023: US$927 million). Details of the medium-term notes and securities placed to the market are included in note 20 to the 2024 interim condensed consolidated financial statements.

IFRS Balance Sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

MOVEMENT IN SHAREHOLDERS' EQUITY

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

COMPREHENSIVE EQUITY

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

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

ASSETS

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

LIABILITIES

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

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

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

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

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

EQUITY

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

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

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

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

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

TOTAL INVESTMENTS

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

UNIT-LINKED CONTRACTS AND CONSOLIDATED INVESTMENT FUNDS

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

POLICYHOLDER AND SHAREHOLDER INVESTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

Capital

GROUP LCSM SOLVENCY POSITION

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

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

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

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

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

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

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

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

US$ millions, unless otherwise stated	**As at 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% at 31 December 2023 to 329% 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

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

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

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

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

LOCAL SOLVENCY REQUIREMENTS

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

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

Hong Kong

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

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

Malaysia

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

Macau SAR

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

Global Medium-term Note and Securities Programme

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

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

Credit Ratings

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

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

Auditor

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

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

DISTRIBUTION

Agency

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

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

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

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

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

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

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

Partnerships

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

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

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

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

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

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

INDEX TO THE INTERIM FINANCIAL STATEMENTS AND SUPPLEMENTARY EMBEDDED VALUE INFORMATION

(1) INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

(2) INTERIM SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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

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
Certified Public Accountants

Hong Kong,
22 August 2024

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
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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.

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)

US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income: Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2023		14,171	(290)	(11,812)	46,499	(3,737)	(2,735)	1,238	1,279	59	476	45,148
Net profit		–	–	–	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:

	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
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:

	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
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:

	Policyholder and shareholder								
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				Unit-linked	Unit-linked[2]	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	FVOCI	AC	Subtotal	FVTPL	FVOCI	FVTPL	Total
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			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated	FVOCI			
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		Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated			
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

		Six months ended 30 June 2024 (Unaudited)			
US$m	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
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

		Six months ended 30 June 2024 (Unaudited)			
US$m	Note	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.

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)

pwc 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
Certified Public Accountants

Hong Kong, 22 August 2024

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)

Scenario	**As at 30 June 2024 (Unaudited)** EV	**% Change**	As at 31 December 2023 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)

Scenario	**Six months ended 30 June 2024 (Unaudited)** VONB	**% Change**	Six months ended 30 June 2023 (Unaudited) 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.