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Notice to Hong Kong investors: *The Issuer (as defined below) 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 (each as defined below)) will be, listed on the Hong Kong Stock Exchange (as defined below) on that basis. Accordingly, the Issuer (as defined below) confirms that the Instruments (as defined below) 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\$18,000,000,000 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 22 August 2025 (the "**Supplemental Offering Circular**") appended hereto in relation to the Programme, which is supplemental to the offering circular dated 17 March 2025 (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/2025/0318/2025031800417.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, 25 August 2025

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, Sir 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. Mari Eika 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\$18,000,000,000

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 17 March 2025 (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 51 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 52 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 33 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 22 August 2025.

DISCLAIMERS

This Supplemental Offering Circular, together with the Original 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 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 2025 (through 15 August 2025)	July 2025	Six months ended 30 June 2025	Year ended 31 December 2024	Six months ended 30 June 2024
Mainland China	7.18	7.20	7.16	7.30	7.27
Hong Kong	7.82	7.85	7.85	7.77	7.81
Thailand	32.45	32.74	32.47	34.32	36.73
Singapore	1.28	1.30	1.27	1.37	1.36
Malaysia	4.21	4.26	4.21	4.47	4.72

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 2025, 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

Insurance Capital Standard

In December 2024, the International Association of Insurance Supervisors (“IAIS”) formally adopted the Insurance Capital Standard (“ICS”), a group-wide capital standard for Internationally Active Insurance Groups (“IAIGs”), as the quantitative element of the IAIS Common Framework for the Supervision of IAIGs.

The ICS aims to provide a globally comparable risk-based measure of capital adequacy for IAIGs, based on requirements for valuation, capital requirements and qualifying capital resources. IAIS member regulators will be required to implement the minimum requirements of the ICS within local capital adequacy regimes for IAIGs, taking into consideration specific market circumstances. It is expected that the Hong Kong Insurance Authority (“HKIA”) will do so by building upon the existing capital adequacy requirements applying to insurance groups in Hong Kong under its group-wide supervision regime.

A baseline self-assessment by IAIS member regulators of their local regimes is expected to begin in 2026, following an ICS implementation assessment methodology currently being developed by the IAIS. These self-assessments are expected to be followed by in-depth targeted jurisdictional assessments of ICS implementation by the IAIS starting from 2027.

In July 2025, the IAIS agreed on a set of High-Level Principles to guide the development of the ICS implementation assessment methodology as well as the development of the self-assessment questionnaire that jurisdictions will use to measure their ICS implementation progress. The principles require assessment against components of the ICS with reference to the technical requirements specified in the Level 1 and Level 2 ICS texts published by the IAIS.

Other strategic themes of the work of the IAIS

In addition to the ICS, the IAIS is working on key strategic themes, including the increased allocation to alternative assets, the rising adoption of cross-border asset-intensive reinsurance, strengthening the supervisory response to climate change, adapting to increasing digital innovation and cyber risks and supporting insurance to serve its societal purpose of building resilience.

Domestic Systemically Important Insurer Framework In Hong Kong

In June 2025, the HKIA confirmed its intention to implement a Domestic Systemically Important Insurer (“D-SII”) framework for Hong Kong, with the aim of addressing potential systemic risks posed by D-SIIs to the stability and effective functioning of Hong Kong's financial system.

TAXATION

BEPS 2.0 – Global Minimum Tax

Pillar Two, which is the second pillar of the international tax reform project developed by the Organisation for Economic Co-operation and Development (“OECD”) and commonly referred to as Base Erosion and Profit Shifting (“BEPS”) 2.0, seeks to impose a minimum effective tax rate on large multinational enterprises in respect of each jurisdiction in which they operate. Several jurisdictions in which the Group operates have enacted Pillar Two legislation, including Hong Kong where Pillar Two legislation was enacted on 6 June 2025. Hong Kong's Pillar Two legislation includes a Hong Kong minimum top-up tax (“HKMTT”) and an income inclusion rule (“IIR”), which apply in relation to fiscal years beginning on or after 1 January 2025. As a result of these developments, the Group has been able to determine its Pillar Two income tax liabilities for the interim financial reporting period ended 30 June 2025.

CHANGES TO THE BOARD OF DIRECTORS

On 23 May 2025, we announced that Ms. Sun Jie (Jane) retired as an Independent Non-executive Director of the Issuer with effect from the conclusion of the Issuer's 2025 annual general meeting held

on the same day. Following her retirement, she also ceased to be a member of each of the Nomination Committee and the Remuneration Committee of the Board of Directors (the “**Board**”).

On 6 June 2025, we announced that Mr. Edmund Sze-Wing Tse, the Independent Non-executive Chairman and Independent Non-executive Director of the Issuer, will retire from his positions with the Issuer effective from 30 September 2025, to be succeeded by Sir Mark Tucker, who previously served as Group Chief Executive Officer and President of the Issuer between 2010 and 2017, on 1 October 2025. Sir Mark was also appointed as the Chairman of the Nomination Committee and a member of the Remuneration Committee, also effective from the same date.

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 “**2025 interim condensed consolidated financial statements**”). The table should be read in conjunction with the 2025 interim condensed consolidated financial statements and the notes thereto included elsewhere in this Supplemental Offering Circular.

	As of 30 June 2025 (Unaudited) <hr/> (in US\$ millions)
Medium term notes and securities ⁽¹⁾	14,321
Total Borrowings	14,321
Equity	
Share capital	14,197
Employee share-based trusts	(419)
Other reserves	(11,719)
Retained earnings	43,515
Fair value reserve	8,123
Foreign currency translation reserve	(2,568)
Insurance finance reserve	(12,092)
Property revaluation reserve	1,464
Others	8
Non-controlling interests	359
Total Equity	40,868
Total Capitalisation ⁽²⁾	55,189

Notes:

- (1) Represents our outstanding medium term notes and securities placed to the market as of 30 June 2025.
(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 2025.

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 2025 and 2024 set forth below has been derived from our 2025 interim condensed consolidated financial statements included elsewhere in this Supplemental Offering Circular. The information on VONB for the six months ended 30 June 2025 and 2024 and the information on EV Equity as at 30 June 2025 and 31 December 2024 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 2025 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 2025	Six months ended 30 June 2024
	(Unaudited)	(Unaudited)
Insurance revenue	10,463	9,469
Insurance service expenses	(6,544)	(6,222)
Net expenses from reinsurance contracts held	(292)	(221)
Insurance service result	3,627	3,026
Interest revenue on		
Financial assets not measured at fair value through profit or loss	2,137	2,095
Financial assets measured at fair value through profit or loss ..	1,745	1,871
Other investment return.....	1,700	1,227
Net impairment (loss)/gain on financial assets.....	(36)	1
Investment return.....	5,546	5,194
Net finance expenses from insurance contracts	(4,969)	(3,279)
Net finance income reinsurance contracts held	54	61
Movement in investment contract liabilities.....	(519)	(320)
Movement in third-party interests in consolidated investment funds.....	(27)	(11)
Net investment result.....	85	1,645
Fee income.....	42	48
Other operating revenue.....	196	164
Other expenses	(793)	(851)
Other finance costs	(325)	(263)
Profit before share of profit from associates and joint ventures.....	2,832	3,769
Share of profit from associates and joint ventures	273	73
Profit before tax	3,105	3,842
Tax expense.....	(556)	(522)
Net profit	2,549	3,320
Less: amounts attributable to non-controlling interests.....	15	6
Net profit attributable shareholders of the Issuer.....	2,534	3,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in US\$ millions)	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Assets		
Intangible assets	3,662	3,478
Investments in associates and joint ventures	1,719	1,710
Property, plant and equipment	4,506	4,447
Investment property	4,581	4,570
Insurance contract assets	923	972
Reinsurance contract assets	6,666	5,730
Financial investments:		
At amortised cost		
Debt securities	2,573	2,399
Loans and deposits	4,541	3,770
At fair value through other comprehensive income		
Debt securities	106,696	98,289
At fair value through profit or loss		
Debt securities	80,286	77,530
Loans and deposits	291	272
Equity shares	19,544	19,797
Interests in investment funds and exchangeable loan notes	75,543	69,040
Derivative financial instruments	1,323	1,054
Total financial investments	290,797	272,151
Deferred tax assets	516	549
Current tax recoverable	147	219
Other assets	4,857	3,527
Cash and cash equivalents	10,056	8,101
Total assets	328,430	305,454
Liabilities		
Insurance contract liabilities	241,170	221,412
Reinsurance contract liabilities	274	255
Investment contract liabilities	7,463	6,967
Borrowings	14,321	13,329
Obligations under repurchase agreements	5,073	4,616
Derivative financial instruments	6,916	8,615
Provisions	215	202
Deferred tax liabilities	4,558	4,116
Current tax liabilities	416	220
Other liabilities	7,156	4,909
Total liabilities	287,562	264,641
Equity		
Share capital	14,197	14,183
Employee share-based trusts	(419)	(376)
Other reserves	(11,719)	(11,733)
Retained earnings	43,515	44,691
Other comprehensive income	(5,065)	(6,275)
Total equity attributable to shareholders of the Issuer	40,509	40,490
Non-controlling interests	359	323
Total equity	40,868	40,813
Total liabilities and equity	328,430	305,454

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)	2025	2024
VONB ^{(1) (2)}	2,838	2,455
ANP ^{(1) (2)}	4,942	4,546
TWPI ^{(1) (3)}	23,936	21,086
OPAT ^{(1) (2) (4)}	3,609	3,386
	As at 30 June 2025	As at 31 December 2024
EV Equity ^{(1) (2)}	73,670	71,626
Group LCSM Coverage Ratio ^{(1) (5)}	254%	257%
Comprehensive Equity ^{(1) (6)}	92,116	87,600
Leverage Ratio ⁽⁷⁾	13.4%	13.1%

Notes:

- (1) Definitions of VONB, ANP, TWPI, OPAT, EV Equity, Group LCSM Coverage Ratio, GPCR 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 2025 interim condensed consolidated financial statements included elsewhere in this Supplemental Offering Circular and note 4 to our 2024 interim condensed consolidated financial statements. OPAT is before non-operating investment returns and other items, net of tax.
- (5) 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.
- (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) The 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 2025

The management discussion and analysis below covers the financial results for the six month period from 1 January 2025 to 30 June 2025 for the current period and for the six month period from 1 January 2024 to 30 June 2024 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 2025			Six months ended 30 June 2024			VONB Change
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	
Mainland China	743	58.6%	1,268	782	56.6%	1,382	(5)%
Hong Kong	1,063	65.8%	1,609	858	65.7%	1,272	24%
Thailand	522	115.7%	452	359	93.1%	386	45%
Singapore	259	47.4%	547	219	52.4%	417	18%
Malaysia	192	68.9%	278	183	64.2%	285	5%
Other Markets	249	31.5%	788	224	27.7%	804	11%
Subtotal	3,028	61.2%	4,942	2,625	57.2%	4,546	15%
Consolidated capital requirements	(46)	n/m	-	(38)	n/m	-	21%
Value of unallocated Group Office expenses	(71)	n/m	-	(98)	n/m	-	(28)%
Group Corporate Centre tax	(54)	n/m	-	(16)	n/m	-	238%
Total before non-controlling interests	2,857	57.7%	4,942	2,473	53.9%	4,546	16%
Non-controlling interests	(19)	n/m	n/m	(18)	n/m	n/m	6%
Total	2,838	57.7%	4,942	2,455	53.9%	4,546	16%

VONB grew by 16% to US\$2,838 million for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with growth from the majority of our businesses. Our proprietary agency channel achieved VONB growth of 19% while our partnerships delivered an 8% increase in VONB.

ANP grew by 9% to US\$4,942 million for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. VONB margin of 57.7% was up by 3.8 percentage points compared to the six months ended 30 June 2024, driven by favourable product mix shift and repricing in Thailand and Mainland China.

AIA China's VONB reduced by 5% and ANP declined by 8%, while VONB margin increased to 58.6% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. The reduction in VONB reflects the effect of economic assumption changes, including using the start-of-quarter Chinese government bond spot yields, as well as the reduction of 80 basis points in our long-term investment return assumption. Before the effect of economic assumption changes, AIA China delivered a resilient performance for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with VONB up by 10%. Premier Agency is the foundation of our success in Mainland China, contributing more than 80% of VONB in the six months ended 30 June 2025. The combination of a high-quality agency advising affluent customers and a differentiated product range that meets wide-ranging financial needs underpinned our strong agency VONB margin of 67.3% in the six months ended 30 June 2025.

AIA Hong Kong delivered 24% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with growth from both domestic and Mainland Chinese visitor (“**MCV**”) customers and a balanced mix across the two customer segments, reflecting our well-diversified and growing customer base. VONB margin remained stable while ANP increased by 26% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. Our market-leading Premier Agency achieved 35% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by an increase in the number of active agents and growth in agent productivity. As our principal distribution channel, agency contributed to more than 70% of AIA Hong Kong’s VONB. VONB from our partnership distribution channel grew by 10% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with growth in our partnership with Bank of East Asia (“**BEA**”), underpinned by increases in the number and productivity of active insurance sellers.

AIA Thailand achieved VONB growth of 45% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. The growth benefitted from one-off sales of higher-margin individual medical insurance products ahead of the new industry-wide co-payment rules introduced from March 2025. These higher sales, combined with favourable shifts in new business product mix, led to an increase in the VONB margin to 115.7%. ANP reported an increase of 17% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. Agency channel delivered 49% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by increases in the number of active agents and higher productivity as we continue to focus on quality recruitment and next-generation leader development. Our strategic partnership with Bangkok Bank delivered positive VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with segmented propositions and targeted training programs leading to higher activity and average case size of our insurance sellers.

AIA Singapore delivered 18% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, supported by growth across both our agency and partnership distribution channels. The product mix shift towards unit-linked long-term savings product contributed to a lower margin of 47.4% alongside ANP growth of 31%, resulting in VONB growth overall for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. Our agency channel achieved 16% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. Partnership distribution delivered VONB growth of 25% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, supported by strong sales of our wealth propositions to high-net-worth customers. Our strategic partnership with Citibank achieved strong VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by momentum from the offshore customer segment.

AIA Malaysia generated a 5% increase in VONB for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by a growth of 28% in partnership distribution channel, offset by a 10% decline from agency, which reflected the resilience of our multi-channel distribution model. VONB margin increased to 68.9% while ANP declined by 2% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. Our bancassurance channel delivered strong VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by our strategic partnership with Public Bank Berhad. This was supported by higher productivity from insurance specialists and the successful launch of a first-to-market life insurance product targeting high-net-worth customers which offers benefits linked to major foreign currencies.

In our Other Markets segment, eight out of eleven markets delivered positive VONB growth, leading to 11% growth overall for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. VONB margin increased to 31.5% while ANP declined by 2% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

EV EQUITY

EV EQUITY MOVEMENT

EV operating profit increased by 10% to US\$5,893 million for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. The growth in EV operating profit was mainly driven by the continued execution of our growth strategy that delivered high-quality VONB as well as our proactive in-force management which has resulted in more positive operating variances.

Operating experience variances and assumption changes added US\$512 million to EV Equity, supported by continued management actions on medical business and improved claims variances, which benefitted from a less severe flu season in the six months ended 30 June 2025.

Cumulative operating experience variances and assumption changes have added US\$4.6 billion to EV Equity since our IPO in 2010, demonstrating our consistent focus on writing high-quality new business, adopting prudent assumptions and proactively managing our in-force portfolio over many years.

Non-operating items, currency translation and other capital movements resulted in a small negative variance of US\$139 million on EV equity. Negative investment return variances of US\$1,397 million were mainly related to equity market and interest rate movements in Thailand and were offset by positive currency translation effects of US\$1,371 million, as local market currencies strengthened against the U.S. dollar for the six months ended 30 June 2025.

As per our usual practice, investment return variances include the update to actual spot market yields at the end of 30 June 2025, while our long-term investment return assumptions and risk discount rates are unchanged from those used at the end of 31 December 2024.

EV Equity grew by 8% for the six months ended 30 June 2025 to US\$77,380 million, before returning US\$3,710 million to shareholders through shareholder dividends and share buy-back.

After these capital returns to shareholders, EV Equity was US\$73,670 million for the six months ended 30 June 2025.

AIA's EV methodology deducts the value of the Group's outstanding medium term notes and securities ("MTNs") at amortised cost. If MTNs were included at fair value, EV Equity would increase by US\$696 million to US\$74,366 million. Also, our investment in China Post Life is included in the Group's EV Equity at IFRS net asset value and does not reflect any value of in-force business.

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

US\$ millions, unless otherwise stated	Six months ended 30 June 2025		
	ANW, goodwill and other intangible assets	VIF	EV Equity
Opening EV Equity	33,118	38,508	71,626
Value of new business	(34)	2,872	2,838
Expected return on EV ⁽¹⁾	2,415	413	2,828
Operating experience variances	370	(81)	289
Operating assumption changes	801	(578)	223
Finance costs	(285)	-	(285)
EV operating profit	3,267	2,626	5,893
EV Equity before non-operating items	36,385	41,134	77,519
Investment return variances ⁽²⁾	(1,070)	(327)	(1,397)
Other non-operating variances	(325)	229	(96)
EV non-operating items	(1,395)	(98)	(1,493)
Total EV Equity profit⁽³⁾	1,872	2,528	4,400
Other capital movements	(17)	-	(17)
Effect of changes in exchange rates	335	1,036	1,371
EV Equity before dividends and share buy-back	35,308	42,072	77,380

Dividends	(1,768)	-	(1,768)
Share buy-back	(1,942)	-	(1,942)
Closing EV Equity⁽⁴⁾	31,598	42,072	73,670

Notes:

- (1) For the six months ended 30 June 2025, expected return on EV is net of a notional top-up tax under the Global Minimum Tax regime (“GMT”) of negative US\$136 million calculated on an operating profit basis.
- (2) For the six months ended 30 June 2025, investment return variances include a positive US\$85 million, representing the difference between the notional GMT top-up tax calculated on an operating profit basis of negative US\$136 million and the actual GMT top-up tax incurred of negative US\$51 million.
- (3) For the six months ended 30 June 2025, total EV Equity profit is net of actual GMT top-up tax incurred of negative US\$51 million.
- (4) The Group has not reflected any potential future GMT top-up tax in the Group EV, VONB and projected future distributable earnings. For more details on the treatment of GMT top-up tax, please refer to the “Taxation” section in the “Supplementary Embedded Value Information” included elsewhere in this Supplemental Offering Circular.

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

US\$ millions, unless otherwise stated	As at	As at
	30 June 2025	31 December 2024
EV	70,853	69,035
Goodwill and other intangible assets ⁽¹⁾	2,817	2,591
EV Equity	73,670	71,626

Note:

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

IFRS EARNINGS

OPAT, our core measure of operating earnings, grew by 7% to US\$3,609 million for the six months ended 30 June 2025, reflecting the compounding effect as we continue to add layers of profitable new business with recurring earnings.

The operating margin was 15.1%, reflecting our high-quality and diversified sources of earnings.

There are three main components of operating profit, which are insurance service result, net investment result after expenses and other fees, revenue and expenses.

The most significant driver of OPAT growth in the six months ended 30 June 2025 was the 20% increase in the insurance service result to US\$3,517 million. The growth in insurance service result reflected both the continued addition of successive layers of new business driving a higher CSM release, and more positive claims variances supported by progress on our Integrated Healthcare Strategy. The improved claims variances for individual business are included in the operating variances of US\$231 million, while those relating to our corporate solutions business are within the US\$243 million of risk adjustment release and other.

The net investment result after expenses of US\$1,536 million in the six months ended 30 June 2025 reduced by US\$101 million compared to the six months ended 30 June 2024, primarily driven by a reduced balance of surplus assets following further share buy-backs and approximately US\$40 million from lower interest rates in Mainland China.

Other fees, revenue and expenses remained stable compared to the six months ended 30 June 2024 as higher net other fees and revenue were offset by increased finance costs from the Programme.

Tax increased due to higher operating profit before tax and included for the first-time the effect of both Global Minimum Tax regime (“GMT”) top-up tax of US\$136 million and Bermuda corporate income tax of US\$31 million, both of which became effective from 1 January 2025.

The GMT top-up tax is reflected on an operating profit basis as a notional tax charge under Pillar Two of BEPS 2.0. This increased the Group’s effective tax rate (“ETR”) on an operating profit basis from 15% to 18% in the six months ended 30 June 2025.

The actual GMT top-up tax incurred in any period is based on net profit before any GMT top-up tax and will differ from the notional GMT top-up tax calculated on an operating profit basis. In the six months ended 30 June 2025, actual GMT top-up tax incurred was US\$51 million which is reflected in the reported net profit.

OPAT COMPOSITION

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024	YoY AER
CSM release	3,043	2,782	9%
Operating variances	231	71	225%
Risk adjustment release and other	243	85	186%
Insurance service result	3,517	2,938	20%
Net investment result	1,634	1,744	(6)%
Investment management expenses	(98)	(107)	(8)%
Net investment result after expenses	1,536	1,637	(6)%
Net other fees and revenue ⁽¹⁾	91	33	176%
Non-attributable expenses under IFRS 17	(442)	(433)	2%
Finance costs	(274)	(229)	20%
Other fees, revenue and expenses	(625)	(629)	(1)%
Tax ⁽²⁾	(819)	(560)	46%
OPAT	3,609	3,386	7%

Notes:

(1) After adjusting for non-insurance expenses.

(2) Includes GMT top-up tax and Bermuda corporate income tax.

CSM MOVEMENT, NET OF REINSURANCE

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024
Opening CSM	56,231	53,115
New business CSM ⁽¹⁾	4,387	3,776
Expected return on in-force	1,470	1,358
CSM before variances and others, exchange rates and release	62,088	58,249
Variances and others ⁽¹⁾	1,036	(172)
Exchange rates	1,299	(1,227)
Closing CSM before release	64,423	56,850
CSM release	(3,043)	(2,782)
Closing CSM	61,380	54,068
CSM release rate⁽²⁾	9.4%	9.5%

New business CSM⁽¹⁾ increased by 16% to US\$4,387 million and the expected return on in-force business added a further US\$1,470 million. Together, these increased the CSM to US\$62,088 million, equivalent to 22% growth on an annualised basis for the six months ended 30 June 2025.

Variances and others⁽¹⁾ increased the CSM by US\$1,036 million for the six months ended 30 June 2025, largely due to favourable operating assumption changes reflecting the latest experience and management actions on medical business, as well as positive investment return variances in our Hong Kong participating business.

Currency translation effects in the Group's consolidated figures benefitted the CSM by US\$1,299 million as our local market currencies strengthened against the U.S. dollar for the six months ended 30 June 2025.

The CSM increased to US\$64,423 million before CSM release into OPAT of US\$3,043 million, at a stable rate of release compared to the prior year. As a result, the closing CSM was US\$61,380 million for the six months ended 30 June 2025.

Notes:

- (1) For the six months ended 30 June 2025, we have reallocated US\$83 million relating to reinsurance transactions on in-force business from "New business CSM" to "Variances and others", consistent with how we calculate VONB. The closing CSM balance is not affected.
- (2) Calculated after variances and others and based on end-of-period exchange rates and shown on an annualised basis.

OPERATING NET INVESTMENT RESULT

The net investment result included in OPAT relates to non-participating business⁽¹⁾ and surplus assets.

The investment return on non-participating and surplus assets⁽²⁾ increased by 4% to US\$2,968 million for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. Growth in the investment return in the period was moderated by a lower balance of surplus assets following further share buy-backs and approximately US\$40 million from lower interest rates in Mainland China.

Non-participating insurance finance expenses and others⁽³⁾ of US\$1,334 million increased by 20% for the six months ended 30 June 2025 from US\$1,115 million for the six months ended 30 June 2024, largely driven by the increase in insurance and reinsurance contract liabilities balance.

The net investment result after expenses of US\$1,536 million reduced by US\$101 million for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, primarily due to the lower balance of surplus assets.

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024	YoY AER
Interest revenue on financial assets	2,211	2,191	1%
Expected long-term investment return for equities and real estate	757	668	13%
Investment return on non-participating and surplus assets⁽²⁾	2,968	2,859	4%
Non-participating insurance finance expenses and others ⁽³⁾	(1,334)	(1,115)	20%
Net investment result	1,634	1,744	(6)%
Investment management expenses	(98)	(107)	(8)%
Net investment result after expenses	1,536	1,637	(6)%

For participating⁽⁴⁾ and unit-linked business, investment returns were offset by corresponding movements in contract liabilities as shown below and therefore have no material net effect on the net investment result.

US\$ millions, unless otherwise stated	Six months ended 30 June 2025		
	Participating and unit-linked	Non-participating and surplus assets and others	Total
Investment return	4,686	2,968	7,654
Insurance finance expenses and others	(4,351) ⁽⁵⁾	(1,334) ⁽³⁾	(5,685)
Movement in investment contract liabilities	(308)	-	(308)
Movement in third-party interests in consolidated investment funds	(27)	-	(27)
Net investment result	-	1,634	1,634

Notes:

- (1) Non-participating business includes all insurance liabilities under the general measurement model (“GMM”), covering traditional protection, unit-linked with significant protection benefits, universal life and other participating business without distinct portfolios.
- (2) Non-participating and surplus assets are referred to as “Other policyholder and shareholder investments” in the “Investment Portfolio” section in the Offering Circular.
- (3) Primarily represents the interest accreted on non-participating business liabilities.
- (4) Participating funds and other participating business with distinct portfolios under the variable fee approach (“VFA”).
- (5) Primarily represents the insurance contract liability offset of participating and unit-linked investment return.

OPAT BY SEGMENT

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024	YoY AER
Mainland China	873	827	6%
Hong Kong	1,401	1,223	15%
Thailand	621	514	21%
Singapore	355	343	3%
Malaysia	210	178	18%
Other Markets	338	292	16%
Group Corporate Centre	(189)	9	n/m
Total	3,609	3,386	7%

In all of our reportable segments, successive layers of profitable new business have driven a higher CSM release in the six months ended 30 June 2025.

Claims variances also improved across our reportable segments, supported by the management actions taken and a less severe flu season in the six months ended 30 June 2025.

AIA China's OPAT grew by 6% for the six months ended 30 June 2025 as a result of in-force portfolio growth and improved claims variances, partly offset by lower interest rates.

AIA Hong Kong reported OPAT of US\$1,401 million for the six months ended 30 June 2025, a 15% increase compared to the six months ended 30 June 2024. This was driven by business growth as well as improved claims experiences.

AIA Thailand's OPAT for the six months ended 30 June 2025 increased by 21% compared to the six months ended 30 June 2024, as a result of business growth and improved claims experiences.

AIA Singapore delivered OPAT growth of 3% for the six months ended 30 June 2025 as business growth was partly offset by lower investment income on surplus assets due to increased remittances to support the share buy-backs.

AIA Malaysia's OPAT for the six months ended 30 June 2025 increased by 18% to US\$210 million compared to the six months ended 30 June 2024, as a result of business growth as well as improved claims experiences.

OPAT from Other Markets of US\$338 million for the six months ended 30 June 2025 increased by 16% compared to the six months ended 30 June 2024, supported by the increase in revenue of MediCard in AIA Philippines, improved medical claims experience in AIA Indonesia, as well as in-force portfolio growth in AIA Taiwan.

OPAT for Group Corporate Centre ("**GCC**") primarily includes the net investment result on surplus assets held in GCC, unallocated Group Office operating expenses, finance costs and the new top-up tax arising from GMT in the six months ended 30 June 2025.

TWPI BY SEGMENT

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024	YoY AER
Mainland China	6,774	5,985	13%
Hong Kong	7,017	5,930	18%
Thailand	2,450	2,098	17%
Singapore	2,616	2,209	18%
Malaysia	1,526	1,310	16%
Other Markets	3,553	3,554	-
Total	23,936	21,086	14%

TWPI increased by 14% to US\$23,936 million for the six months ended 30 June 2025 compared to the six months ended 30 June 2024 and all our reportable segments delivered positive TWPI growth, except the Other Markets segment. TWPI from Other Markets remained stable for the six months ended 30 June 2025.

OPERATING EXPENSES

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024	YoY AER
Operating expenses	1,751	1,720	2%
Expense ratio	7.3%	8.2%	(0.9)pps

Our disciplined expense management helped limit operating expense growth to 2% and resulted in a 90 basis points improvement in expense ratio based on TWPI to 7.3% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

NON-OPERATING MOVEMENT AND NET PROFIT

Net profit of US\$2,534 million decreased by 24% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

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. These variances were negative US\$754 million for the six months ended 30 June 2025, largely driven by market movements in Thailand.

Other non-operating investment return and other items were negative US\$354 million for the six months ended 30 June 2025, largely due to fair value movement of derivatives held for currency risk management. The negative non-operating variances were offset by the positive US\$1,254 million from foreign currency translation adjustments that flow directly to shareholders' equity and are not included in net profit.

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024	YoY AER
OPAT	3,609	3,386	7%
Short-term investment and discount rate variances, net of tax ⁽¹⁾	(754)	(319)	136%
Reclassification of revaluation losses/(gains) for property held for own use, net of tax ⁽¹⁾	35	(110)	n/m
Corporate transaction related costs, net of tax	(2)	(7)	(71)%
Other non-operating investment return and other items, net of tax	(354)	364	n/m
Net profit	2,534	3,314	(24)%

Note:

(1) 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	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	743	782
VONB margin ⁽²⁾	58.6%	56.6%
ANP	1,268	1,382
TWPI	6,774	5,985
OPAT	873	827

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 2025 Compared with Six Months Ended 30 June 2024

AIA China's VONB reduced by 5% and ANP declined by 8%, while VONB margin increased to 58.6% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. The reduction in VONB reflects the effect of economic assumption changes, including using the start-of-quarter Chinese government bond spot yields, as well as the reduction of 80 basis points in our long-term investment return assumption. Before the effect of economic assumption changes, AIA China delivered a resilient performance for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with VONB up by 10%.

AIA China's differentiated distribution model and disciplined execution continue to set us apart. Premier Agency is the foundation of our success in Mainland China, contributing more than 80% of VONB in the six months ended 30 June 2025.

The combination of a high-quality agency advising affluent customers and a differentiated product range that meets wide-ranging financial needs underpinned our strong agency VONB margin of 67.3% in the six months ended 30 June 2025.

AIA China's OPAT grew by 6% for the six months ended 30 June 2025 as a result of in-force portfolio growth and improved claims variances, partly offset by lower interest rates.

Hong Kong

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	1,063	858
VONB margin ⁽²⁾	65.8%	65.7%
ANP	1,609	1,272
TWPI	7,017	5,930
OPAT	1,401	1,223

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 2025 Compared with Six Months Ended 30 June 2024

AIA Hong Kong delivered 24% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024 with growth from both domestic and MCV customers and a balanced mix across the two customer segments, reflecting our well-diversified and growing customer base. VONB margin remained stable while ANP increased by 26% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

Our market-leading Premier Agency achieved 35% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by an increase in the number of active agents and growth in agent productivity. As our principal distribution channel, agency contributed to more than 70% of AIA Hong Kong's VONB.

VONB from our partnership distribution channel grew by 10% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with growth in our partnership with BEA, underpinned by increases in the number and productivity of active insurance sellers. Through the IFA and broker channel, we continue to focus on deepening the quality of our relationships with advisers to support high-quality sustainable growth.

AIA Hong Kong reported OPAT of US\$1,401 million for the six months ended 30 June 2025, a 15% increase compared to the six months ended 30 June 2024. This was driven by business growth as well as improved claims experiences.

Thailand

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	522	359
VONB margin ⁽²⁾	115.7%	93.1%
ANP	452	386
TWPI	2,450	2,098
OPAT	621	514

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 2025 Compared with Six Months Ended 30 June 2024

AIA Thailand achieved VONB growth of 45% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. The growth benefitted from one-off sales of higher-margin individual medical insurance products ahead of the new industry-wide co-payment rules introduced from March 2025. These higher sales, combined with favourable shifts in new business product mix, led to an increase in VONB margin to 115.7%. ANP reported an increase of 17% for the six months ended 30 June 2025 as compared to the six months ended 30 June 2024.

Agency channel delivered 49% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by an increase in the number of active agents and higher productivity as we continue to focus on quality recruitment and next-generation leader development.

Our strategic partnership with Bangkok Bank delivered positive VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024 with segmented propositions and targeted training programs delivering higher activity and larger average case sizes for our insurance sellers.

AIA Thailand's OPAT for the six months ended 30 June 2025 increased by 21% compared to the six months ended 30 June 2024, as a result of business growth and improved claims experiences.

Singapore

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	259	219
VONB margin ⁽²⁾	47.4%	52.4%
ANP	547	417
TWPI	2,616	2,209
OPAT	355	343

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 2025 Compared with Six Months Ended 30 June 2024

AIA Singapore delivered 18% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, supported by growth across both our agency and partnership distribution channels. The product mix shift towards unit-linked long-term savings product contributed to a lower margin of 47.4% alongside ANP growth of 31% resulting in VONB growth overall for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

Our agency channel achieved 16% VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. We enhanced our agency super-app to empower agents to better manage and engage their prospects and leads, and to service their customers.

Partnership distribution delivered VONB growth of 25% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, supported by strong sales of our wealth propositions to high-net-worth customers. Our strategic partnership with Citibank achieved strong VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by momentum from the offshore customer segment.

AIA Singapore delivered OPAT growth of 3% for the six months ended 30 June 2025 as business growth was partly offset by lower investment income on surplus assets due to increased remittances to support the share buy-backs.

Malaysia

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾	192	183
VONB margin ⁽²⁾	68.9%	64.2%
ANP	278	285
TWPI	1,526	1,310
OPAT	210	178

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 2025 Compared with Six Months Ended 30 June 2024

AIA Malaysia generated a 5% increase in VONB for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by a growth of 28% in partnership distribution channel, offset by a 10% decline in agency, which reflected the resilience of our multi-channel distribution model. VONB margin increased to 68.9% while ANP declined by 2% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

Our bancassurance channel delivered strong VONB growth for the six months ended 30 June 2025 compared to 30 June 2024, driven by our strategic partnership with Public Bank Berhad. This was supported by higher productivity from insurance specialists and the successful launch of a first-to-market life insurance product targeting high-net-worth customers which offers benefits linked to major foreign currencies.

Malaysia's OPAT for the six months ended 30 June 2025 increased by 18% to US\$210 million compared to the six months ended 30 June 2024, as a result of business growth as well as improved claims experiences.

Other Markets

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB ⁽¹⁾⁽²⁾	249	224
VONB margin ⁽³⁾	31.5%	27.7%
ANP	788	804
TWPI ⁽⁴⁾	3,553	3,554
OPAT ⁽⁵⁾	338	292

Notes:

- (1) VONB figures shown in the table are based on local statutory reserving and capital requirements and include pension business.
(2) Includes the contribution from Tata AIA Life attributable to our 49% interest in Tata AIA Life.
(3) VONB margin excludes pension business to be consistent with the definition of ANP used within the calculation.
(4) TWPI excludes the contribution from Tata AIA Life.
(5) OPAT includes the contribution from Tata AIA Life.

Six Months Ended 30 June 2025 Compared with Six Months Ended 30 June 2024

In our Other Markets segment, eight out of eleven markets delivered positive VONB growth, leading to 11% growth overall for the six months ended 30 June 2025. VONB margin increased to 31.5% while

ANP declined by 2% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

OPAT from Other Markets of US\$338 million for the six months ended 30 June 2025 increased by 16% compared to the six months ended 30 June 2024, supported by the increase in revenue of MediCard in AIA Philippines, improved medical claims experience in AIA Indonesia, as well as in-force portfolio growth in AIA Taiwan.

Other Market Highlights

AIA Australia achieved strong VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

AIA Cambodia's VONB increased for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, supported by higher sales in our bancassurance channel.

Tata AIA Life, our joint venture in India, delivered strong VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, with growth across both our agency and partnership channels. Tata AIA Life's Premier Agency channel achieved strong growth, driven by an increase in the number of active agents.

AIA Indonesia's VONB remained stable for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by an improved performance from our strategic partnership with Bank Central Asia, where the expansion of our comprehensive product suite supported increased insurance seller productivity.

AIA Myanmar reported strong ANP growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, despite the business disruption caused by the earthquake in March 2025. This performance was a result of an increase in the number of active agents and active bank branches.

VONB grew in AIA New Zealand for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, as we continued to deepen our relationships with our partners and provide differentiated propositions to our customers.

AIA Philippines delivered positive VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by our joint venture with BPI, BPI-AIA, as our focus on the affluent customer segment supported higher insurance seller productivity.

AIA Korea reported VONB growth for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, underpinned by improved performance from our bancassurance and agency channels. We continued to strengthen our differentiated U.S. dollar-denominated propositions by introducing a new suite of protection-focused whole life products, with innovative features designed to enhance customer experience.

AIA Sri Lanka delivered strong VONB growth for the six months ended 30 June 2025 compared to 30 June 2024, driven by both our agency and partnership distribution channels. VONB from our bancassurance channel increased, supported by our long-term exclusive bancassurance partnership with the Commercial Bank of Ceylon PLC, and VONB margin continued to improve as we built scale in this market.

AIA Taiwan's VONB declined for the six months ended 30 June 2025 as compared to 30 June 2024 as overall customer sentiment was impacted by significant exchange rate volatility. AIA Taiwan's disciplined management and currency matching of assets and liabilities have supported its financial resilience amid market uncertainty.

AIA Vietnam's VONB increased for the six months ended 30 June 2025 compared to 30 June 2024, driven by both our agency and bancassurance channels. This was underpinned by higher agent activity and productivity, strong sales growth in our bank partners, as well as our strategic focus on protection products.

HOLDING COMPANY FINANCIAL RESOURCES

Holding company financial resources increased to US\$13,606 million at 30 June 2025 before shareholder dividends of US\$1,768 million and US\$1,942 million in capital returns to shareholders through the share buy-back programme.

Capital flows from subsidiaries increased from US\$1,469 million for the six months ended 30 June 2024 to US\$3,162 million for the six months ended 30 June 2025, primarily due to differences in the timing of capital remittances.

Borrowings added US\$920 million, while investment income, mark-to-market movements in debt securities and others increased holding company financial resources by US\$309 million for the six months ended 30 June 2025.

After total capital returns to shareholders, holding company financial resources were US\$9,896 million at 30 June 2025.

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

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Six months ended 30 June 2024
Opening holding company financial resources	9,110	8,140
Capital flows from subsidiaries	3,162	1,469
Corporate activity including acquisitions	(134)	(53)
Net capital flows to holding company	3,028	1,416
Settlement of intercompany loans receivables	506	-
Increase in borrowings ⁽¹⁾	920	152
Interest payments on borrowings ⁽¹⁾	(267)	(208)
Investment income, mark-to-market movements in debt securities and others	309	390
Closing holding company financial resources before dividends and share buy-back	13,606	9,890
Dividends paid	(1,768)	(1,705)
Share buy-back	(1,942)	(1,673)
Closing holding company financial resources	9,896	6,512

Assets recoverable and liabilities repayable within 12 months as follows:

US\$ millions, unless otherwise stated	As at 30 June 2025	As at 30 June 2024
Loans to/amounts due from subsidiaries ⁽²⁾	423	144
Medium term notes and securities ⁽³⁾	(250)	(750)
Net other assets and other liabilities	(297)	(259)

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 2025, loans to/amounts due from subsidiaries was US\$423 million (31 December 2024: US\$910 million). US\$423 million was recoverable within 12 months after 30 June 2025 (30 June 2024: US\$144 million).
- (3) As at 30 June 2025, medium term notes and securities placed to the market was US\$14,321 million (31 December 2024: US\$13,246 million). US\$153 million was repayable within the 12 months after 30 June 2025 (30 June 2024: US\$750 million). Details of the medium term notes and securities placed to the market are included in note 20 to the 2025 interim condensed consolidated financial statements.

IFRS Balance Sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ millions, unless otherwise stated	As at 30 June 2025	As at 31 December 2024	Change AER
Assets			
Financial investments	290,797	272,151	7%
Investment property	4,581	4,570	-
Cash and cash equivalents	10,056	8,101	24%
Insurance and reinsurance contract assets	7,589	6,702	13%
Other assets	15,407	13,930	11%
Total assets	328,430	305,454	8%
Liabilities			
Insurance and reinsurance contract liabilities	241,444	221,667	9%
Investment contract liabilities	7,463	6,967	7%
Borrowings	14,321	13,329	7%
Other liabilities	24,334	22,678	7%
Less total liabilities	287,562	264,641	9%
Equity			
Total equity	40,868	40,813	-
Less non-controlling interests	359	323	11%
Shareholders' equity	40,509	40,490	-
<i>Less</i>			
Fair value reserve	8,123	5,744	41%
Insurance finance reserve	(12,092)	(9,658)	25%
Shareholders' allocated equity	44,478	44,404	-

MOVEMENT IN SHAREHOLDERS' EQUITY

US\$ millions, unless otherwise stated	Six months ended 30 June 2025	Year ended 31 December 2024
Opening shareholders' equity	40,490	41,111
Net profit	2,534	6,836
Fair value gains on assets	2,379	5,228
Net finance expenses from insurance contracts and reinsurance contracts held	(2,434)	(5,499)
Dividends	(1,768)	(2,328)
Share buy-back	(1,942)	(4,150)
Foreign currency translation adjustments	1,254	(872)
Purchase of shares held by employee share-based trusts	(80)	(43)
Revaluation gains on property held for own use	13	144
Other capital movements	63	63
Total movement in shareholders' equity	19	(621)
Closing shareholders' equity	40,509	40,490

COMPREHENSIVE EQUITY

US\$ millions, unless otherwise stated	As at 30 June 2025	As at 31 December 2024
Shareholders' equity	40,509	40,490
Net CSM ⁽¹⁾	51,607	47,110
Comprehensive equity	92,116	87,600

Note:

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

ASSETS

Total assets increased to US\$328,430 million at 30 June 2025 from US\$305,454 million at 31 December 2024, mainly due to positive net investment cash inflows and fair value movements on financial investments, partly offset by the return of capital to shareholders.

LIABILITIES

Total liabilities increased to US\$287,562 million at 30 June 2025 from US\$264,641 million at 31 December 2024.

Insurance and reinsurance contract liabilities increased to US\$241,444 million at 30 June 2025 compared to US\$221,667 million at 31 December 2024, mainly due to net cash inflows, changes in fair value of underlying items of contracts measured under the variable fee approach and foreign exchange rate movements.

Investment contract liabilities increased to US\$7,463 million at 30 June 2025 compared to US\$6,967 million at 31 December 2024, mainly due to equity market and interest rate movements.

Borrowings increased to US\$14,321 million at 30 June 2025, compared to US\$13,329 million at 31 December 2024. Net proceeds from the issuances and redemption of MTNs totaled US\$920 million.

Details of commitments and contingencies are included in note 27 to the 2025 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\$44,478 million at 30 June 2025.

Shareholders' equity includes other comprehensive income or expense from fair value gains on assets due to unrealised market movements on debt securities. Correspondingly, it also includes the net finance expenses from insurance contracts and reinsurance contracts held due to liability discount rate changes in our non-participating business⁽¹⁾.

In the six months ended 30 June 2025, fair value gains on debt securities were US\$2,379 million, offset by net finance expenses from insurance contracts and reinsurance contracts held of US\$2,434 million.

Shareholders' equity increased to US\$44,219 million before capital returns to shareholders of US\$3,710 million. After capital returns, shareholders' equity was US\$40,509 million at 30 June 2025.

Comprehensive equity of US\$92,116 million at 30 June 2025 comprised shareholders' equity of US\$40,509 million and net CSM of US\$51,607 million.

Our leverage ratio, which is defined as total borrowings expressed as a percentage of the sum of total borrowings, total equity and CSM net of reinsurance and net of taxes, was 13.4% at 30 June 2025, compared to 13.1% at 31 December 2024. The increase was largely due to an increase in borrowings

and reduced equity resulting from capital returns to shareholders, partly offset by the increase in net CSM.

Note:

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

TOTAL INVESTMENTS

US\$ millions, unless otherwise stated	As at 30 June 2025	Percentage of total	As at 31 December 2024	Percentage of total
Total policyholder and shareholder	273,257	88%	255,333	88%
Total unit-linked contracts and consolidated investment funds	35,999	12%	33,288	12%
Total investments	309,256	100%	288,621	100%

UNIT-LINKED CONTRACTS AND CONSOLIDATED INVESTMENT FUNDS

US\$ millions, unless otherwise stated	As at 30 June 2025	Percentage of total	As at 31 December 2024	Percentage of total
Unit-linked contracts and consolidated investment funds				
Debt securities	6,405	18%	5,883	18%
Loans and deposits	39	-	71	-
Interests in investment funds and exchangeable loan notes	19,718	54%	18,110	54%
Equity shares	8,929	25%	8,413	25%
Cash and cash equivalents	900	3%	810	3%
Derivative financial instruments	8	-	1	-
Total unit-linked contracts and consolidated investment funds	35,999	100%	33,288	100%

POLICYHOLDER AND SHAREHOLDER INVESTMENTS

US\$ millions, unless otherwise stated	As at 30 June 2025	Percentage of total	As at 31 December 2024	Percentage of total
Participating funds and other participating business with distinct portfolios⁽¹⁾				
Government bonds	23,336	8%	22,050	9%
Government agency bonds	7,017	3%	6,894	3%
Corporate bonds and structured securities	40,264	15%	39,499	15%
Loans and deposits	788	-	392	-
Subtotal – Fixed income investments	71,405	26%	68,835	27%
Investment funds with debt instruments as underlying	3,207	1%	3,126	1%
Others	41,368	15%	37,250	15%
Subtotal – Interests in investment funds and exchangeable loan notes	44,575	16%	40,376	16%
Equity shares	6,078	2%	6,115	2%
Investment property and property held for own use	3,572	2%	3,614	1%
Cash and cash equivalents	3,742	2%	1,917	1%
Derivative financial instruments	536	-	338	-
Subtotal participating funds and other participating business with distinct portfolios	129,908	48%	121,195	47%

Other policyholder and shareholder				
Government bonds	72,920	27%	65,870	26%
Government agency bonds	7,867	3%	7,508	3%
Corporate bonds and structured securities	31,746	12%	30,514	12%
Loans and deposits	4,005	1%	3,579	1%
Subtotal – Fixed income investments	116,538	43%	107,471	42%
Investment funds with debt instruments as underlying	2,207	1%	2,188	1%
Others	9,043	3%	8,366	3%
Subtotal – Interests in investment funds and exchangeable loan notes	11,250	4%	10,554	4%
Equity shares	4,537	1%	5,269	2%
Investment property and property held for own use	4,831	2%	4,755	2%
Cash and cash equivalents	5,414	2%	5,374	2%
Derivative financial instruments	779	-	715	1%
Subtotal other policyholder and shareholder	143,349	52%	134,138	53%
Total policyholder and shareholder	273,257	100%	255,333	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.

Total financial investments held in respect of policyholders and shareholders increased to US\$273,257 million at 30 June 2025 compared to US\$255,333 million at 31 December 2024.

Fixed income investments, including debt securities, loans and term deposits held in respect of policyholders and shareholders, totaled US\$187,943 million at 30 June 2025 compared to US\$176,306 million at 31 December 2024.

Government bonds and government agency bonds increased to US\$111,140 million from US\$102,322 million and represented 59% of fixed income investments at 30 June 2025, compared to 58% at 31 December 2024.

Corporate bonds and structured securities increased to US\$72,010 million from US\$70,013 million, accounting for 38% of fixed income investments at 30 June 2025 compared to 40% at 31 December 2024.

The average credit rating of the fixed income portfolio including government bonds remained stable at A, compared to the position at 31 December 2024. The average credit rating of the fixed income portfolio excluding domestic government bonds⁽¹⁾ remained stable at A at 30 June 2025, compared to the position at 31 December 2024. The corporate bond portfolio was well diversified with over 1,600 issuers and an average holding size of US\$40 million.

At 30 June 2025, 2% of the total bond portfolio was rated below investment grade or not rated, representing approximately US\$3.1 billion in value. Approximately US\$110 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 bond asset holdings measured either at amortised cost or fair value through other comprehensive income decreased by US\$151 million in the six months ended 30 June 2025. The ECL provision represented 0.3% of the bond portfolio at 30 June 2025, reflecting overall quality of AIA’s investments.

Interests in investment funds and exchangeable loan notes held in respect of policyholders and shareholders increased to US\$55,825 million from US\$50,930 million and represented 20% of total

financial investments held in respect of policyholders and shareholders at 30 June 2025, remained stable compared to 31 December 2024.

Equity shares held in respect of policyholders and shareholders decreased to US\$10,615 million at 30 June 2025, compared to US\$11,384 million at 31 December 2024.

Cash and cash equivalents held in respect of policyholders and shareholders increased to US\$9,156 million at 30 June 2025 compared to US\$7,291 million at 31 December 2024.

Note:

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

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.

At 30 June 2025, the Group LCSM coverage ratio was 254%, compared to 257% at 31 December 2024.

Eligible group capital resources increased from US\$77,650 million at 31 December 2024 to US\$80,063 million at 30 June 2025, mainly from in-force generation and the issuance of eligible subordinated securities, partly offset by capital returns to shareholders.

The group prescribed capital requirement ("**GPCR**") increased from US\$30,159 million at 31 December 2024 to US\$31,579 million at 30 June 2025, mainly due to new business written during the period.

As a result, the Group LCSM surplus increased from US\$47,491 million at 31 December 2024 to US\$48,484 million at 30 June 2025.

Tier 1 group capital remained stable at US\$49,873 million at 30 June 2025 compared to US\$49,316 million at 31 December 2024, as in-force generation was offset by capital returns to shareholders.

The group minimum capital requirement ("**GMCR**") increased from US\$14,131 million at 31 December 2024 to US\$14,872 million at 30 June 2025, mainly from new business written during the period.

The following table shows a summary of the Group LCSM solvency position on the GWS basis as at 30 June 2025 and 31 December 2024.

US\$ millions, unless otherwise stated	As at 30 June 2025	As at 31 December 2024
Group LCSM coverage ratio ⁽¹⁾	254%	257%
Tier 1 group capital coverage ratio ⁽²⁾	335%	349%
Eligible group capital resources	80,063	77,650
<i>Tier 1 group capital</i>	49,873	49,316
<i>Tier 2 group capital</i>	30,190	28,334
Group prescribed capital requirement (GPCR)	31,579	30,159
Group minimum capital requirement (GMCR)	14,872	14,131
Group LCSM surplus	48,484	47,491

A shareholder view of the Group LCSM is also presented to show the position excluding the Group's participating business⁽³⁾ and for comparability with other companies that report on this basis.

The Group LCSM coverage ratio on the shareholder basis is defined as the ratio of eligible group capital resources to the GPCR with both items excluding participating business. The ratio reduced from 316% at 31 December 2024 to 307% at 30 June 2025 mainly due to capital returns to shareholders.

US\$ millions, unless otherwise stated	As at 30 June 2025		As at 31 December 2024	
	GWS basis	Shareholder basis ⁽³⁾	GWS basis	Shareholder basis ⁽³⁾
Group LCSM coverage ratio	254% ⁽¹⁾	307%	257% ⁽¹⁾	316%
Eligible group capital resources	80,063	56,830	77,650	56,360
GPCR	31,579	18,514	30,159	17,814
Group LCSM surplus	48,484	38,316	47,491	38,546

Notes:

- (1) 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.
- (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) Excludes the contribution from participating funds and other participating business with distinct portfolios except for Brunei and Macau. Participating businesses in Brunei and Macau are not considered as participating funds or other participating business with distinct portfolios under applicable local regulatory regimes within our LCSM reporting.

At 30 June 2025, eligible group capital resources under the GWS framework included the following items, which are included within Tier 2 group capital:

- (i) US\$7,107 million⁽¹⁾ of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20% per annum until maturity. Subordinated securities with a maturity where principal repayment is subject to contractual conditions are not expected to be subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and
- (ii) US\$4,410 million⁽¹⁾ of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20% per annum until 14 May 2036.

Note:

- (1) The amounts represent the carrying value of MTNs 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 2025.

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

Malaysia

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

Macau

In December 2023, the Monetary Authority of Macao (“AMCM”) began a consultation and assessment process to develop an RBC framework for the insurance industry of Macau, with the first quantitative impact study on Pillar 1 regulatory capital requirements conducted in 2024 and a draft Bill expected in 2027.

Taiwan (China)

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

GLOBAL MEDIUM TERM NOTE AND SECURITIES PROGRAMME

Under our Programme, the Issuer issued two unlisted fixed rate medium term notes and one listed fixed rate subordinated dated securities in the six months ended 30 June 2025.

On 6 May 2025, the Issuer issued unlisted U.S. dollar-denominated fixed rate medium term notes. The offering comprised US\$128 million of 2.99-year notes at an annual rate of 4.17%.

On 9 May 2025, the Issuer issued unlisted Hong Kong dollar-denominated fixed rate medium term notes. The offering comprised HK\$1,350 million of 2.5-year notes at an annual rate of 3.477%. The U.S. dollar equivalent issued was approximately US\$174 million.

On 11 June 2025, the Issuer issued Singapore dollar-denominated fixed rate subordinated dated securities. The offering comprised SG\$800 million of 10-year securities at an annual rate of 3.58%. The securities are listed on The Stock Exchange of Hong Kong Limited. The U.S. dollar equivalent issued was approximately US\$622 million.

As at 30 June 2025, the aggregate carrying amount of the debt issued to the market under the programme was US\$14,321 million compared to US\$13,246 million at 31 December 2024.

CREDIT RATINGS

As at 30 June 2025, AIA Co. had financial strength ratings of AA (Very Strong) with a stable outlook from Fitch; AA- (Very Strong) with a positive outlook from S&P Global Ratings; and Aa2 (Very Low Credit Risk) with a stable outlook from Moody's. Moody's revised the outlook on AIA Co. from negative to stable on 28 May 2025 following the agency's decision to change Hong Kong sovereign ratings outlook from negative to stable.

As at 30 June 2025, the Issuer had issuer credit ratings of AA- (Very High Credit Quality) with a stable outlook from Fitch; A+ (Strong) with a positive outlook from S&P Global Ratings; and A1 (Low Credit Risk) with a stable outlook from Moody's. Moody's revised the outlook on the Issuer from negative to stable on 28 May 2025 following the agency's decision to change Hong Kong sovereign ratings outlook from negative to stable.

AUDITOR

On 28 May 2025, we announced that the Board has recommended the appointment of KPMG as the external auditor of the Group for the year ending 31 December 2026, subject to shareholder approval at the Issuer's 2026 annual general meeting. The recommendation was made following a thorough and competitive external auditor tender process overseen by the Audit Committee. An extensive and robust evaluation process was conducted, carefully considering the submissions of KPMG and other globally recognized audit firms, including the Issuer's incumbent auditor, PricewaterhouseCoopers ("**PwC**"). While the Group is not subject to mandatory auditor rotation requirements, in August 2024, the Group announced the commencement of an audit tender for the Group for the year ending 31 December 2026, highlighting the Group's commitment to robust corporate governance, transparency, and quality in the Group's financial disclosures.

PwC, the Group's incumbent auditor, will continue in its external auditor role and will undertake the audit of the Group's consolidated financial statements for the year ending 31 December 2025, having been reappointed at the annual general meeting held on 23 May 2025.

DISTRIBUTION

Agency

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB.....	2,220	1,860
VONB margin.....	72.0%	67.2%
ANP	3,083	2,766

AIA's proprietary Premier Agency is our key distribution channel and a core driver of sustainable, profitable growth. Our extensive reach allows us to deliver personalised advice to millions of customers across Asia. Our agency channel consistently delivers business with strong profitability and persistency, underpinning AIA's industry-leading VONB and margin metrics.

In the six months ended 30 June 2025, the agency channel generated over US\$3 billion of ANP with a VONB margin of 72.0%, resulting in VONB growth of 19%. This growth was broad-based, with Hong Kong and India delivering 35% and 29% respectively.

Partnerships

	Six months ended 30 June	
	2025	2024
	(in US\$ millions, except VONB margin)	
VONB.....	804	742
VONB margin	43.3%	41.7%
ANP	1,859	1,780

VONB from partnerships increased by 8% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024. VONB margin increased to 43.3% for the six months ended 30 June 2025, supported by a favourable shift in geographical mix and more profitable products in Hong Kong and Malaysia. Within the partnership channel, bancassurance VONB grew by 11% for the six months ended 30 June 2025 compared to the six months ended 30 June 2024, driven by increased sales volumes with a VONB margin of 43%. Growth was broad-based, with 11 markets delivering positive VONB growth.

**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 2025**

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**(2) INTERIM SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE SIX-
MONTH PERIOD ENDED 30 JUNE 2025**

Report on Review of the Supplementary Embedded Value Information as at and for the six-month period ended 30 June 2025 ⁽¹⁾	F-86
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(1) References to page numbers in the Report on Review of the Interim Condensed Consolidated Financial Statements and the Report on Review of the Supplementary Embedded Value Information as at and for the six-month period ended 30 June 2025 (collectively, “**Independent Review Reports**”) refer to the original page numbers in the 2025 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 2025 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 62 to 144, 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 2025 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”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board (the “IASB”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34 as issued by the HKICPA and IAS 34 as issued by the IASB. 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” as issued by the HKICPA. 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 as issued by the HKICPA and IAS 34 as issued by the IASB.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong,
21 August 2025

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INTERIM CONSOLIDATED INCOME STATEMENT

US\$m	Notes	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Insurance revenue	7,18	10,463	9,469
Insurance service expenses	9,18	(6,544)	(6,222)
Net expenses from reinsurance contracts held	18	(292)	(221)
Insurance service result		3,627	3,026
Interest revenue on	8		
Financial assets not measured at fair value through profit or loss		2,137	2,095
Financial assets measured at fair value through profit or loss		1,745	1,871
Other investment return	8	1,700	1,227
Net impairment (loss)/gain on financial assets	8	(36)	1
Investment return	8	5,546	5,194
Net finance expenses from insurance contracts	8	(4,969)	(3,279)
Net finance income from reinsurance contracts held	8	54	61
Movement in investment contract liabilities	8	(519)	(320)
Movement in third-party interests in consolidated investment funds	8	(27)	(11)
Net investment result	8	85	1,645
Fee income		42	48
Other operating revenue		196	164
Other expenses	9	(793)	(851)
Other finance costs	9	(325)	(263)
Profit before share of profit from associates and joint ventures		2,832	3,769
Share of profit from associates and joint ventures		273	73
Profit before tax		3,105	3,842
Tax expense	10	(556)	(522)
Net profit		2,549	3,320
<i>Net profit attributable to:</i>			
Shareholders of AIA Group Limited		2,534	3,314
Non-controlling interests		15	6
Earnings per share (US\$)			
Basic	11	0.24	0.30
Diluted	11	0.24	0.30

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Net profit	2,549	3,320
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 2025: US\$(558)m; six months ended 30 June 2024: US\$(473)m)	2,164	953
Fair value losses/(gains) 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 2025: US\$35m; six months ended 30 June 2024: US\$9m)	188	(139)
Foreign currency translation adjustments	1,247	(1,171)
Cash flow hedges	(1)	(1)
Net finance expenses from insurance contracts (net of tax of: six months ended 30 June 2025: US\$422m; six months ended 30 June 2024: US\$555m)	(1,768)	(1,597)
Net finance (expenses)/income from reinsurance contracts held (net of tax of: six months ended 30 June 2025: US\$3m; six months ended 30 June 2024: US\$(33)m)	(71)	119
Share of other comprehensive (expense)/income from associates and joint ventures	(545)	34
Subtotal	<u>1,214</u>	<u>(1,802)</u>
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 2025: US\$(2)m; six months ended 30 June 2024: US\$4m)	13	91
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: six months ended 30 June 2025: US\$2m; six months ended 30 June 2024: US\$(1)m)	(1)	1
Subtotal	<u>12</u>	<u>92</u>
Total other comprehensive income/(expense)	<u>1,226</u>	<u>(1,710)</u>
Total comprehensive income	<u>3,775</u>	<u>1,610</u>
<i>Total comprehensive income attributable to:</i>		
Shareholders of AIA Group Limited	3,744	1,616
Non-controlling interests	31	(6)

Note:

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$m	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Assets			
Intangible assets	13	3,662	3,478
Investments in associates and joint ventures		1,719	1,710
Property, plant and equipment		4,506	4,447
Investment property		4,581	4,570
Insurance contract assets	18	923	972
Reinsurance contract assets	18	6,666	5,730
Financial investments:	14,16		
At amortised cost			
Debt securities		2,573	2,399
Loans and deposits		4,541	3,770
At fair value through other comprehensive income			
Debt securities		106,696	98,289
At fair value through profit or loss			
Debt securities		80,286	77,530
Loans and deposits		291	272
Equity shares		19,544	19,797
Interests in investment funds and exchangeable loan notes		75,543	69,040
Derivative financial instruments	15	1,323	1,054
		290,797	272,151
Deferred tax assets		516	549
Current tax recoverable		147	219
Other assets		4,857	3,527
Cash and cash equivalents	17	10,056	8,101
Total assets		328,430	305,454
Liabilities			
Insurance contract liabilities	18	241,170	221,412
Reinsurance contract liabilities	18	274	255
Investment contract liabilities	19	7,463	6,967
Borrowings	20	14,321	13,329
Obligations under repurchase agreements	21	5,073	4,616
Derivative financial instruments	15	6,916	8,615
Provisions		215	202
Deferred tax liabilities		4,558	4,116
Current tax liabilities		416	220
Other liabilities		7,156	4,909
Total liabilities		287,562	264,641

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

US\$m	Note	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Equity			
Share capital	22	14,197	14,183
Employee share-based trusts		(419)	(376)
Other reserves		(11,719)	(11,733)
Retained earnings		43,515	44,691
Other comprehensive income		(5,065)	(6,275)
<i>Total equity attributable to:</i>			
Shareholders of AIA Group Limited		40,509	40,490
Non-controlling interests		359	323
Total equity		40,868	40,813
Total liabilities and equity		328,430	305,454

Approved and authorised for issue by the Board of Directors on 21 August 2025.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US\$m	Note	Other comprehensive income										Total equity
		Share capital	Employee share-based trusts	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	
Balance at 1 January 2025		14,183	(376)	(11,733)	44,691	5,744	(3,822)	(9,658)	1,451	10	323	40,813
Net profit		-	-	-	2,534	-	-	-	-	-	15	2,549
Fair value gains on financial assets at fair value through other comprehensive income		-	-	-	-	2,164	-	-	-	-	-	2,164
Fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss on disposal		-	-	-	-	188	-	-	-	-	-	188
Foreign currency translation adjustments		-	-	-	-	-	1,236	-	-	-	11	1,247
Cash flow hedges		-	-	-	-	-	-	-	-	(1)	-	(1)
Net finance (expenses)/income from insurance contracts		-	-	-	-	-	-	(1,773)	-	-	5	(1,768)
Net finance expenses from reinsurance contracts held		-	-	-	-	-	-	(71)	-	-	-	(71)
Share of other comprehensive income/(expense) from associates and joint ventures		-	-	-	-	27	18	(590)	-	-	-	(545)
Revaluation gains on property held for own use		-	-	-	-	-	-	-	13	-	-	13
Effect of remeasurement of net liability of defined benefit schemes		-	-	-	-	-	-	-	-	(1)	-	(1)
Total comprehensive income/ (expense) for the period		-	-	-	2,534	2,379	1,254	(2,434)	13	(2)	31	3,775
Dividends	12	-	-	-	(1,768)	-	-	-	-	-	-	(1,768)
Share buy-back		-	-	-	(1,942)	-	-	-	-	-	-	(1,942)
Shares issued under share option scheme and agency share purchase plan		14	-	-	-	-	-	-	-	-	-	14
Increase in non-controlling interests		-	-	(5)	-	-	-	-	-	-	5	-
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-
Share-based compensation		-	-	56	-	-	-	-	-	-	-	56
Purchase of shares held by employee share-based trusts		-	(80)	-	-	-	-	-	-	-	-	(80)
Transfer of vested shares from employee share-based trusts		-	37	(37)	-	-	-	-	-	-	-	-
Balance at 30 June 2025 – Unaudited		14,197	(419)	(11,719)	43,515	8,123	(2,568)	(12,092)	1,464	8	359	40,868

Note:

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

US\$m	Note	Other comprehensive income										Total equity
		Share capital	Employee share-based trusts	Other reserves	Retained earnings	Fair value reserve	Foreign currency translation reserve	Insurance finance reserve	Property revaluation reserve	Others	Non-controlling interests	
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		<u>14,177</u>	<u>(379)</u>	<u>(11,761)</u>	<u>44,269</u>	<u>1,709</u>	<u>(4,136)</u>	<u>(5,955)</u>	<u>1,398</u>	<u>43</u>	<u>303</u>	<u>39,668</u>

Note:

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

US\$m	Notes	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Cash flows from operating activities			
Profit before tax		3,105	3,842
Adjustments for:			
Financial investments		(8,481)	(9,098)
Insurance contracts		11,180	7,578
Reinsurance contracts held		(757)	10
Investment contracts		264	172
Obligations under repurchase agreements	21	358	(85)
Investment income and non-cash operating items, including the effect of exchange rate changes on certain operating items		(5,320)	(4,738)
Operating cash items:			
Interest received		3,903	3,837
Dividends received		1,592	1,040
Interest paid		(71)	(66)
Tax paid		(87)	(171)
Net cash provided by operating activities		5,686	2,321
Cash flows from investing activities			
Payments for intangible assets	13	(133)	(111)
Distribution or dividend from associates		–	–
Payments for increase in interests in associates		(277)	(94)
Payments for investment property and property, plant and equipment		(83)	(507)
Acquisition of subsidiaries, net of cash acquired		(123)	–
Net cash used in investing activities		(616)	(712)
Cash flows from financing activities			
Issuances of medium-term notes and securities	20	920	983
Redemption of medium-term notes	20	–	(831)
Proceeds from other borrowings	20	31	39
Repayment of other borrowings	20	(114)	(18)
Capital contribution from non-controlling interests		–	19
Payments for lease liabilities ⁽¹⁾		(73)	(73)
Interest paid on medium-term notes and securities		(259)	(199)
Acquisition of non-controlling interests		–	(182)
Dividends paid during the period		(1,768)	(1,707)
Share buy-back		(1,942)	(1,673)
Purchase of shares held by employee share-based trusts		(80)	(33)
Shares issued under share option scheme and agency share purchase plan		14	1
Net cash used in financing activities		(3,271)	(3,674)
Net increase/(decrease) in cash and cash equivalents		1,799	(2,065)
Cash and cash equivalents at beginning of the financial period		7,982	11,450
Effect of exchange rate changes on cash and cash equivalents		157	(138)
Cash and cash equivalents at end of the financial period		9,938	9,247

Note:

(1) The total cash outflow for leases for the six months ended 30 June 2025 was US\$76m (six months ended 30 June 2024: US\$76m).

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 2025 (Unaudited)	As at 30 June 2024 (Unaudited)
Cash and cash equivalents in the interim consolidated statement of financial position	17	10,056	9,312
Bank overdrafts		<u>(118)</u>	<u>(65)</u>
Cash and cash equivalents in the interim consolidated statement of cash flows		<u>9,938</u>	<u>9,247</u>

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 HKAS 34, Interim Financial Reporting and IAS 34, Interim Financial Reporting. IFRS[®] Accounting Standards are substantially consistent with HKFRS Accounting Standards 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 Accounting Standards 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 Accounting Standards, HKAS and Hong Kong (IFRIC) Interpretations (HK (IFRIC) – Int) as the case may be. Accordingly, there are not any differences of accounting practice between HKFRS Accounting Standards 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 2024.

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 the following relevant new amendments to standard have been adopted for the first time for the financial year ending 31 December 2025 which have no material impact to the Group:

- Amendments to IAS 21, Lack of Exchangeability

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 2024 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 Accounting Standards and IFRS Accounting Standards.

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

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 61. The interim condensed consolidated financial statements have also been reviewed by the Company's Audit Committee.

The financial statements relating to the financial year ended 31 December 2024 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 2024 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 2025. 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 the US dollar at the following average rates:

	US dollar exchange rates		
	Six months ended 30 June 2025 (Unaudited)	Year ended 31 December 2024	Six months ended 30 June 2024 (Unaudited)
Mainland China	7.25	7.20	7.22
Hong Kong	7.79	7.80	7.82
Thailand	33.52	35.23	36.15
Singapore	1.32	1.34	1.35
Malaysia	4.38	4.57	4.73

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

	US dollar exchange rates		
	As at 30 June 2025 (Unaudited)	As at 31 December 2024	As at 30 June 2024 (Unaudited)
Mainland China	7.17	7.30	7.27
Hong Kong	7.85	7.76	7.81
Thailand	32.50	34.26	36.80
Singapore	1.27	1.36	1.36
Malaysia	4.21	4.47	4.72

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Operating profit after tax	6	3,624	3,401
Non-operating items, net of related taxes:			
Short-term investment and discount rate variances ⁽¹⁾		(754)	(319)
Reclassification of revaluation losses/(gains) for property held for own use ⁽¹⁾		35	(110)
Other significant non-operating income and expenses			
Corporate transaction related costs		(2)	(7)
Other non-operating investment return and other items ⁽²⁾		(354)	355
Subtotal		(1,075)	(81)
Net profit		2,549	3,320
<i>Operating profit after tax attributable to:</i>			
Shareholders of AIA Group Limited		3,609	3,386
Non-controlling interests		15	15
<i>Net profit attributable to:</i>			
Shareholders of AIA Group Limited		2,534	3,314
Non-controlling interests		15	6

4. Operating profit after tax (continued)

Operating profit after tax breakdown:

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Insurance service result:		
Contractual service margin (CSM) recognised for services provided	3,043	2,782
Other insurance service result	474	156
Net investment result	1,634	1,744
Other net expenses	(708)	(721)
Operating profit before tax	4,443	3,961
Tax on operating profit before tax ⁽³⁾	(819)	(560)
Operating profit after tax	3,624	3,401

Notes:

- (1) Short-term investment and discount rate variances include revaluation losses/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) This balance includes non-operating movement from net foreign exchange gains/losses, realised gains/losses on debt securities and share of profit or losses from associates and joint ventures.
- (3) This includes a notional amount for the Global Minimum Tax regime (GMT) top-up tax of US\$(136)m on an operating profit basis for the current period. On a net profit basis, the provision for the GMT top-up tax is US\$(51)m.

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
TWPI by geography		
Mainland China	6,774	5,985
Hong Kong	7,017	5,930
Thailand	2,450	2,098
Singapore	2,616	2,209
Malaysia	1,526	1,310
Other Markets	3,553	3,554
Total	23,936	21,086
First year premiums by geography		
Mainland China	1,242	1,343
Hong Kong	1,479	1,204
Thailand	435	366
Singapore	419	323
Malaysia	212	208
Other Markets	539	552
Total	4,326	3,996

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

TWPI (continued) US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Single premiums by geography		
Mainland China	170	227
Hong Kong	1,081	615
Thailand	35	38
Singapore	707	574
Malaysia	176	145
Other Markets	510	319
Total	2,679	1,918
Renewal premiums by geography		
Mainland China	5,515	4,619
Hong Kong	5,430	4,664
Thailand	2,011	1,728
Singapore	2,126	1,829
Malaysia	1,296	1,087
Other Markets	2,964	2,971
Total	19,342	16,898
ANP US\$m		
	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
ANP by geography		
Mainland China	1,268	1,382
Hong Kong	1,609	1,272
Thailand	452	386
Singapore	547	417
Malaysia	278	285
Other Markets	788	804
Total	4,942	4,546

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 on an annualised basis 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					Other Markets	Group Corporate Centre	Total
	China	Hong Kong	Thailand	Singapore	Malaysia			
Six months ended 30 June 2025 – Unaudited								
ANP	1,268	1,609	452	547	278	788	-	4,942
TWPI	6,774	7,017	2,450	2,616	1,526	3,553	-	23,936
Insurance revenue	1,702	2,580	1,379	1,342	1,024	2,436	-	10,463
Insurance service expenses	(671)	(1,481)	(810)	(1,023)	(770)	(1,946)	(2)	(6,703)
Net (expenses)/income from reinsurance contracts held	(35)	(17)	(35)	(37)	(9)	(114)	4	(243)
Insurance service result	996	1,082	534	282	245	376	2	3,517
Investment return	979	3,433	440	1,516	213	708	365	7,654
– Participating ⁽¹⁾ and unit-linked	315	2,905	(97)	1,305	136	117	5	4,686 ⁽²⁾
– Others	664	528	537	211	77	591	360	2,968
Net finance expenses from insurance contracts and reinsurance contracts held	(808)	(2,750)	(187)	(1,310)	(141)	(488)	(1)	(5,685) ⁽²⁾
Movement in investment contract liabilities	(15)	(202)	(45)	(38)	-	(8)	-	(308) ⁽²⁾
Movement in third-party interests in consolidated investment funds	-	(27)	-	-	-	-	-	(27) ⁽²⁾
Net investment result	156	454	208	168	72	212	364	1,634
Fee income and other operating revenue	-	116	16	13	6	62	26	239
Other expenses	(78)	(120)	(29)	(78)	(32)	(180)	(158)	(675)
Other finance costs	(23)	(7)	(3)	(2)	(1)	(4)	(234)	(274)
Share of (losses)/profit from associates and joint ventures	-	-	-	-	(1)	3	-	2
Operating profit before tax	1,051	1,525	726	383	289	469	-	4,443
Tax on operating profit before tax	(178)	(124)	(105)	(28)	(74)	(117)	(193) ⁽³⁾	(819)
Operating profit/(loss) after tax	873	1,401	621	355	215	352	(193)	3,624
<i>Operating profit/(loss) after tax attributable to:</i>								
Shareholders of AIA Group Limited	873	1,401	621	355	210	338	(189)	3,609
Non-controlling interests	-	-	-	-	5	14	(4)	15

Notes:

- (1) Participating refers to participating funds and other participating business with distinct portfolios.
- (2) Net finance expenses from insurance contracts and reinsurance contracts held include changes in fair value of underlying items of contracts with direct participation features. Net finance expenses from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US\$(1,334)m, primarily related to other insurance contracts without direct participation features.
- (3) This includes a notional amount for the GMT top-up tax of US\$(136)m on an operating profit basis and Bermuda corporate income tax of US\$(31)m for the current period.

Key operating ratios:

Expense ratio	4.5%	5.2%	6.3%	5.9%	8.4%	14.0%	-	7.3%
Operating margin	12.9%	20.0%	25.3%	13.6%	14.1%	9.9%	-	15.1%
Operating return on shareholders' allocated equity	25.3%	24.1%	18.7%	18.2%	15.5%	8.7%	-	16.2%

Operating profit before tax includes:

Operating expenses	304	365	155	154	128	498	147	1,751
Finance costs	33	14	10	4	1	4	233	299

6. Segment information (continued)

US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
30 June 2025 – Unaudited								
Total assets	67,810	107,130	32,588	47,739	17,833	37,967	17,363	328,430
Total liabilities	61,783	99,302	25,057	43,243	14,840	29,200	14,137	287,562
Total equity	6,027	7,828	7,531	4,496	2,993	8,767	3,226	40,868
Shareholders' allocated equity	7,232	10,816	6,830	4,162	2,846	8,043	4,549	44,478

Total assets include:

Investments in associates and joint ventures	-	-	-	-	-	901	818	1,719
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Segment information may be reconciled to the interim consolidated income statement as shown below:

US\$m	Segment information	Short-term investment and discount rate variances	Other non- operating items	Interim consolidated income statement	
Six months ended 30 June 2025 – Unaudited					
Insurance revenue	10,463	-	-	10,463	Insurance revenue
Insurance service expenses	(6,703)	-	159	(6,544)	Insurance service expenses
Net expenses from reinsurance contracts held	(243)	-	(49)	(292)	Net expenses from reinsurance contracts held
Insurance service result	3,517	-	110	3,627	Insurance service result
Investment return	7,654	(822)	(1,286)	5,546	Investment return
Net finance expenses from insurance contracts and reinsurance contracts held	(5,685)	138	632	(4,915)	Net finance expenses from insurance contracts and reinsurance contracts held
Movement in investment contract liabilities	(308)	(211)	-	(519)	Movement in investment contract liabilities
Movement in third-party interests in consolidated investment funds	(27)	-	-	(27)	Movement in third-party interests in consolidated investment funds
Net investment result	1,634	(895)	(654)	85	Net investment result
Fee income and other operating revenue	239	-	(1)	238	Fee income and other operating revenue
Other expenses	(675)	-	(118)	(793)	Other expenses
Other finance costs	(274)	-	(51)	(325)	Other finance costs
Share of profit from associates and joint ventures	2	-	271	273	Share of profit from associates and joint ventures
Operating profit before tax	4,443	(895)	(443)	3,105	Profit before tax
Tax on operating profit before tax	(819) ⁽¹⁾	141	122	(556) ⁽¹⁾	Tax expense
Operating profit after tax	3,624	(754)	(321)	2,549	Net profit

Note:

- (1) This includes a notional amount for the GMT top-up tax of US\$(136)m on an operating profit basis for the current period. On a net profit basis, the provision for the GMT top-up tax is US\$(51)m.

6. Segment information (continued)

US\$m	Mainland						Other Markets	Group Corporate Centre	Total
	China	Hong Kong	Thailand	Singapore	Malaysia				
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	(660)	(1,371)	(688)	(948)	(675)	(1,973)	–	(6,315)	
Net expenses from reinsurance contracts held	(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	(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	(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	(179)	(99)	(106)	(8)	(55)	(94)	(19)	(560)	
Operating profit after tax	827	1,225	514	343	182	308	2	3,401	
<i>Operating profit after tax attributable to:</i>									
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 include changes in fair value of underlying items of contracts with direct participation features. Net finance (expenses)/income from insurance contracts and reinsurance contracts held, net of investment return relating to participating and unit-linked businesses, movement in investment contract liabilities and movement in third-party interests in consolidated investment funds amounted to US\$(1,115)m, primarily related to other insurance contracts without direct participation features.

Key operating ratios:

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

Operating profit before tax includes:

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

6. Segment information (continued)

US\$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2024								
Total assets	60,121	104,669	29,205	42,990	16,475	35,290	16,704	305,454
Total liabilities	54,885	95,405	22,097	39,131	13,809	26,988	12,326	264,641
Total equity	5,236	9,264	7,108	3,859	2,666	8,302	4,378	40,813
Shareholders' allocated equity	6,596	12,440	6,488	3,642	2,558	7,500	5,180	44,404

Total assets include:

Investments in associates and joint ventures	-	-	-	-	1	892	817	1,710
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Segment information may be reconciled to the interim consolidated income statement as shown below:

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 ⁽¹⁾	(560)	59	(21)	(522)	Tax expense ⁽¹⁾
Operating profit after tax	3,401	(319)	238	3,320	Net profit

Note:

- (1) The segment information disclosure has been enhanced in the consolidated financial statements in the Company's Annual Report 2024 with no impact on the Group's operating profit after tax or net profit. The 2024 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 2025 (Unaudited)	Six months ended 30 June 2024 (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	3,193	2,944
Change in risk adjustment for non-financial risk for risk expired		145	112
Expected incurred claims and other insurance service expenses		4,818	4,410
Others		37	53
Recovery of insurance acquisition cash flows		591	522
	18	8,784	8,041
Contracts measured under the PAA	18	1,679	1,428
Total insurance revenue		10,463	9,469

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Investment return			
Interest revenue on financial assets		3,882	3,966
Other investment return		1,700	1,227
Net impairment (loss)/gain on financial assets		(36)	1
Amounts recognised in interim consolidated income statement		<u>5,546</u>	5,194
Amounts recognised in other comprehensive income		<u>2,890</u>	1,365
Total investment return		<u>8,436</u>	<u>6,559</u>
Net finance expenses from insurance contracts			
Changes in fair value of underlying items of contracts with direct participation features		(4,549)	(1,373)
Interest accreted		(1,531)	(1,439)
Effect of changes in interest rates and other financial assumptions		(1,543)	(2,099)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		(356)	(97)
Net foreign exchange gains/(losses)		820	(423)
Total net finance expenses from insurance contracts	18	<u>(7,159)</u>	<u>(5,431)</u>
Net finance (expenses)/income from reinsurance contracts held			
Interest accreted		44	40
Effect of changes in interest rates and other financial assumptions		(54)	196
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		(5)	(18)
Net foreign exchange losses		(5)	(5)
Total net finance (expenses)/income from reinsurance contracts held	18	<u>(20)</u>	<u>213</u>
Movement in investment contract liabilities		(519)	(320)
Movement in third-party interests in consolidated investment funds		(27)	(11)
Net investment result		<u>711</u>	<u>1,010</u>

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Net investment result is represented by:		
Amounts recognised in interim consolidated income statement	85	1,645
Amounts recognised in other comprehensive income	626	(635)
Total net investment result	711	1,010
Net finance expenses from insurance contracts are represented by:		
Amounts recognised in interim consolidated income statement	(4,969)	(3,279)
Amounts recognised in other comprehensive income	(2,190)	(2,152)
Total net finance expenses from insurance contracts	(7,159)	(5,431)
Net finance (expenses)/income from reinsurance contracts held are represented by:		
Amounts recognised in interim consolidated income statement	54	61
Amounts recognised in other comprehensive income	(74)	152
Total net finance (expenses)/income from reinsurance contracts held	(20)	213

8. Net investment result (continued)

B. Interest revenue on financial assets and other investment return

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Interest revenue on financial assets		
Financial assets measured at amortised cost (AC)	283	352
Financial assets measured at fair value through other comprehensive income (FVOCI)	1,854	1,743
Financial assets designated at fair value through profit or loss (FVTPL – designated)	1,558	1,680
Financial assets measured mandatorily at fair value through profit or loss (FVTPL – mandatory)	187	191
Total interest revenue on financial assets	3,882	3,966
Other investment return		
Dividend income	1,089	776
Rental income ⁽¹⁾	82	83
Net (losses)/gains of financial assets not at fair value through profit or loss		
Net realised (losses)/gains of debt securities measured at fair value through other comprehensive income	(154)	149
Net realised losses of financial assets measured at amortised cost ⁽²⁾	(1)	(21)
At fair value through profit or loss		
Net gains/(losses) of financial assets designated at fair value through profit or loss		
Net gains/(losses) of debt securities	751	(2,173)
Net gains/(losses) of loans and deposits	4	(2)
Net gains of equity shares, interests in investment funds and exchangeable loan notes	81	–
Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss		
Net gains/(losses) of debt securities	119	(26)
Net gains of equity shares, interests in investment funds and exchangeable loan notes	2,341	3,128
Net fair value movement on derivatives	(49)	(1,715)
Net gains/(losses) in respect of financial instruments at fair value through profit or loss (FVTPL)		
Net fair value movement of investment property and property held for own use	(76)	(14)
Net foreign exchange (losses)/gains	(2,454)	1,047
Other net realised losses	(33)	(5)
Net gains	529	368
Total other investment return	1,700	1,227

Notes:

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

(2) During the period ended 30 June 2025 and 31 December 2024, the Group disposed certain debt securities measured at amortised cost for asset liability management.

8. Net investment result (continued)

Foreign currency movements resulted in the following (losses)/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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Foreign exchange (losses)/gains	(449)	263

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Balance at 1 January	3,267	(177)
Net change in fair value and others	1,633	537
Net amount reclassified to profit or loss	228	78
Balance at 30 June	5,128	438

9. Expenses

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Claims and benefits	5,051	4,755
Commission and other acquisition expenses incurred	3,894	3,422
(Reversal of losses)/losses on onerous insurance contracts	(63)	45
Employee benefit expenses ⁽³⁾	1,162	1,103
Depreciation ⁽³⁾	109	106
Amortisation ⁽³⁾	98	87
Investment management expenses and others	239	258
Depreciation on property held for own use	34	32
Finance costs	350	281
Other operating expenses ⁽³⁾	382	424
Restructuring and other non-operating costs ⁽¹⁾	62	79
	<u>11,318</u>	<u>10,592</u>
Amounts attributed to insurance acquisition cash flows	(4,470)	(3,977)
Amortisation of insurance acquisition cash flows	814	721
Insurance service and other expenses	<u>7,662</u>	<u>7,336</u>

Insurance service and other expenses represented by:

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Insurance service expenses	6,544	6,222
– Contracts not measured under the PAA	5,018	4,833
– Contracts measured under the PAA	1,526	1,389
Other expenses ⁽²⁾	793	851
Other finance costs	325	263
Total	<u>7,662</u>	<u>7,336</u>

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 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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Repurchase agreements	58	51
Medium-term notes and securities	268	216
Other loans	17	8
Lease liabilities	7	6
Total	350	281

Employee benefit expenses consist of:

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Wages and salaries	940	906
Share-based compensation	51	40
Pension costs – defined contribution plans	77	69
Pension costs – defined benefit plans	7	5
Other employee benefit expenses	87	83
Total	1,162	1,103

10. Income tax

US\$m	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Tax charged in the interim consolidated income statement		
Current income tax – Hong Kong Profits Tax	68	69
Current income tax – overseas	220	120
GMT top-up tax ⁽¹⁾	51	–
Deferred income tax on temporary differences	217	333
Total	556	522

Note:

(1) Refers to Pillar Two income taxes as described in this note.

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 enacted the Corporate Income Tax Act, which introduced a corporate income tax at a rate of 15 per cent from 1 January 2025.

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

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

On 6 June 2025, Hong Kong enacted Global Minimum Tax legislation to implement a Hong Kong minimum top-up tax (HKMTT) (which is intended to be a QDMTT) and an income inclusion rule (IIR), which apply in relation to fiscal years beginning on or after 1 January 2025. The Group is in scope of these rules since it is headquartered and has operations in Hong Kong.

Broadly, under the HKMTT, the Group is required to pay top-up tax where the aggregated corporate tax rate of its constituent entities located in Hong Kong is below the minimum rate of 15 per cent. Under Hong Kong's IIR, the Group is further required to pay top-up tax, on a jurisdiction-by-jurisdiction basis, where the aggregated corporate tax rate of its constituent entities located in a jurisdiction other than Hong Kong is below the minimum rate of 15 per cent.

However, Hong Kong's IIR does not apply in respect of the Group's constituent entities located in jurisdictions other than Hong Kong that have enacted a QDMTT. In these circumstances, any top-up tax payable is collected in that jurisdiction under its local QDMTT. Jurisdictions where the Group operates that have enacted QDMTTs include Australia, Indonesia, Malaysia, Singapore, Thailand and Vietnam.

The jurisdictions where the Group operates that have not yet enacted QDMTTs include Mainland China, Macau and Brunei, and therefore Hong Kong retains the right to impose top-up tax in respect of the Group's constituent entities located in such jurisdictions if chargeable under Hong Kong's IIR.

IAS 12, Income Taxes mandates that as a temporary exception to the requirements under that standard, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to the GMT top-up tax. The Group has applied this exception and has not assessed the potential deferred tax impacts of the GMT top-up tax. The Group will continue to monitor the requirement to apply this exception and prepare its accounts accordingly.

For the six months ended 30 June 2025, the Group recognised current tax expenses of US\$51 million in respect of the GMT top-up tax (six months ended 30 June 2024: nil), arising from its operations in Mainland China, Macau, Brunei and Singapore. The Group's HKMTT expense for the period is nil.

The top-up tax chargeable in respect of the Group's operations in Mainland China, Macau and Brunei is expected to be payable in Hong Kong, whereas the top-up tax chargeable in respect of the Group's operations in Singapore is expected to be payable in Singapore.

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Net profit attributable to shareholders of AIA Group Limited (US\$m)	2,534	3,314
Weighted average number of ordinary shares outstanding (million)	10,634	11,221
Basic earnings per share (US cents)	23.83	29.53

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Net profit attributable to shareholders of AIA Group Limited (US\$m)	2,534	3,314
Weighted average number of ordinary shares outstanding (million)	10,634	11,221
Adjustment for share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans (million)	10	6
Weighted average number of ordinary shares for diluted earnings per share (million)	10,644	11,227
Diluted earnings per share (US cents)	23.81	29.52

At 30 June 2025, 23,672,263 share options (30 June 2024: 22,035,442) 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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Basic operating profit after tax per share (US cents)	33.94	30.18
Diluted operating profit after tax per share (US cents)	33.91	30.16

12. Dividends

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

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
US\$m		
Interim dividend declared after the reporting date of 49.00 Hong Kong cents per share (six months ended 30 June 2024: 44.50 Hong Kong cents per share) ⁽¹⁾	655	633

Note:

(1) Based upon shares outstanding at 30 June 2025 and 30 June 2024 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:

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
US\$m		
Final dividend in respect of the previous financial period, approved and paid during the interim period of 130.98 Hong Kong cents per share (six months ended 30 June 2024: 119.07 Hong Kong cents per share)	1,768	1,705

13. Intangible assets

US\$m	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2025	2,065	1,675	1,223	4,963
Additions	–	79	42	121
Acquisition of subsidiaries ⁽¹⁾	113	–	–	113
Disposals	–	(15)	–	(15)
Foreign exchange movements	72	76	6	154
At 30 June 2025 – Unaudited	2,250	1,815	1,271	5,336
Accumulated amortisation and impairment				
At 1 January 2025	(140)	(918)	(427)	(1,485)
Amortisation charge for the period	–	(98)	(45)	(143)
Disposals	–	14	–	14
Foreign exchange movements	(6)	(50)	(4)	(60)
At 30 June 2025 – Unaudited	(146)	(1,052)	(476)	(1,674)
Net book value				
At 31 December 2024	1,925	757	796	3,478
At 30 June 2025 – Unaudited	2,104	763	795	3,662

Note:

- (1) The Group is in the process of finalising the purchase price adjustments for the acquisition of New Medical Centre Holding Limited within the measurement period. The values of consideration and goodwill are therefore provisional as of 30 June 2025. The finalisation of the values of consideration and goodwill is expected to be completed within 12 months of the acquisition date.

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

14. Financial investments

DEBT SECURITIES

Debt securities by type comprise the following:

US\$m	Policyholder and shareholder				Subtotal	Unit-linked		Consolidated investment funds ⁽¹⁾		Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				FVTPL	Unit-linked ⁽²⁾	FVOCI	FVTPL	
		FVTPL	FVTPL	FVOCI						
30 June 2025 – Unaudited										
Government bonds ⁽³⁾	23,336	2,217	70,344	359	96,256	1,993	232	-	-	98,481
Government agency bonds ⁽⁴⁾	7,017	62	7,602	203	14,884	600	109	3	3	15,596
Corporate bonds	39,877	1,478	24,847	2,011	68,213	2,417	256	748	748	71,634
Structured securities ⁽⁵⁾	387	104	3,306	-	3,797	47	-	-	-	3,844
Total⁽⁶⁾	70,617	3,861	106,099	2,573	183,150	5,057	597	751	751	189,555
31 December 2024										
Government bonds ⁽³⁾	22,050	2,766	62,767	337	87,920	2,024	151	-	-	90,095
Government agency bonds ⁽⁴⁾	6,894	52	7,244	212	14,402	395	90	112	112	14,999
Corporate bonds	39,179	765	26,091	1,850	67,885	2,082	228	755	755	70,950
Structured securities ⁽⁵⁾	320	90	1,718	-	2,128	46	-	-	-	2,174
Total⁽⁶⁾	68,443	3,673	97,820	2,399	172,335	4,547	469	867	867	178,218

Notes:

- (1) Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. Consolidated investment funds reflect 100 per cent of assets and liabilities held by such funds.
- (2) Represents primarily the financial assets backing non-unit reserves of unit-linked contracts.
- (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\$11,426m (31 December 2024: US\$9,952m) 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:

US\$m	Policyholder and shareholder		Subtotal	Unit-linked	Consolidated investment funds ⁽¹⁾	Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder				
	FVTPL	FVTPL				
30 June 2025 – Unaudited⁽²⁾						
Equity shares	6,078	4,537	10,615	8,929	–	19,544
Interests in investment funds and exchangeable loan notes						
Investment funds with debt instruments as underlying ⁽³⁾	3,207	2,207	5,414	3,434	–	8,848
Others	41,368	9,043	50,411	16,284	–	66,695
Total	50,653	15,787	66,440	28,647	–	95,087
	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds ⁽¹⁾	
US\$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
31 December 2024						
Equity shares	6,115	5,269	11,384	8,413	–	19,797
Interests in investment funds and exchangeable loan notes						
Investment funds with debt instruments as underlying ⁽³⁾	3,126	2,188	5,314	3,003	–	8,317
Others	37,250	8,366	45,616	15,107	–	60,723
Total	46,491	15,823	62,314	26,523	–	88,837

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) The presentation of interests in investment funds and exchangeable loan notes disclosure has been enhanced in 2025 on a consistent manner as the presentation in the Company's Annual Report 2024.
- (3) Investment funds with debt instruments as underlying refer to investment funds solely investing in debt securities and cash therefrom.

14. Financial investments (continued)

LOANS AND DEPOSITS

Loans and deposits by type comprise the following:

US\$m	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Mortgage loans on residential real estate	500	469
Mortgage loans on commercial real estate	4	3
Other loans	901	212
Loss allowance for loans	(9)	(9)
Loans	1,396	675
Term deposits	1,831	1,850
Promissory notes ⁽¹⁾	1,610	1,523
Loss allowance for deposits measured at amortised cost	(5)	(6)
Total	4,832	4,042

Note:

(1) The promissory notes are issued by a government. Promissory notes of US\$291m (31 December 2024: 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 2025, the carrying value of such receivables was US\$792m (31 December 2024: US\$115m).

At 30 June 2025 and 31 December 2024, 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 2025 – Unaudited						
Debt securities	183,150	6,122	22,326	18,009	136,693	–
Loans and deposits	4,793	1,843	1,115	167	1,651	17
Total	187,943	7,965	23,441	18,176	138,344	17
US\$m	Total	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	No fixed maturity
31 December 2024						
Debt securities	172,335	7,143	22,376	16,665	126,151	–
Loans and deposits	3,971	1,297	945	156	1,563	10
Total	176,306	8,440	23,321	16,821	127,714	10

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 2024.

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 2025 and the year ended 31 December 2024 are as follows:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Gross Domestic Product (GDP) growth (5-year average of year-over-year %)		
Base case scenario	2.5%	2.7%
Upside scenario	3.0%	2.9%
Downside scenario	1.6%	2.2%

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	Liabilities
30 June 2025 – Unaudited			
Foreign exchange contracts			
Cross-currency swaps	11,544	501	(420)
Forwards	5,230	84	(64)
Foreign exchange futures	185	–	–
Total foreign exchange contracts	16,959	585	(484)
Interest rate contracts			
Interest rate swaps	4,760	275	(56)
Swaptions	6,035	92	–
Total interest rate contracts	10,795	367	(56)
Other			
Warrants and options	1,156	10	(2)
Forward contracts	34,378	361	(6,374)
Netting	(185)	–	–
Total	63,103	1,323	(6,916)
31 December 2024			
Foreign exchange contracts			
Cross-currency swaps	10,661	214	(317)
Forwards	4,773	79	(35)
Foreign exchange futures	97	–	–
Total foreign exchange contracts	15,531	293	(352)
Interest rate contracts			
Interest rate swaps	4,908	261	(108)
Swaptions	6,035	125	–
Total interest rate contracts	10,943	386	(108)
Other			
Warrants and options	1,396	7	–
Forward contracts	35,103	368	(8,155)
Netting	(97)	–	–
Total	62,876	1,054	(8,615)

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\$32m (31 December 2024: US\$9m) 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 2025, the Group had posted cash collateral of US\$25m (31 December 2024: US\$111m) and pledged debt securities with carrying value of US\$8,387m (31 December 2024: US\$9,692m) for liabilities, and held cash collateral of US\$584m (31 December 2024: US\$401m) and debt securities collateral with carrying value of US\$317m (31 December 2024: US\$170m) 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 2025 – Unaudited							
Financial investments	14						
Loans and deposits		-	291	-	4,541	4,832	5,246
Debt securities		8,377	71,909	106,696	2,573	189,555	189,192
Equity shares, interests in investment funds and exchangeable loan notes		91,880	3,207 ⁽¹⁾	-	-	95,087	95,087
Derivative financial instruments	15	1,323	-	-	-	1,323	1,323
Receivables		-	-	-	2,075	2,075	2,075
Accrued investment income		-	-	-	1,846	1,846	1,846
Cash and cash equivalents	17	3,017	-	-	7,039	10,056	10,056
Financial assets		104,597	75,407	106,696	18,074	304,774	304,825

	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated				
Financial liabilities							
Investment contract liabilities	19	-	6,826		486	7,312	7,312
Borrowings	20	-	-		14,321	14,321	13,625
Obligations under repurchase agreements	21	-	-		5,073	5,073	5,073
Derivative financial instruments	15	6,916	-		-	6,916	6,916
Other liabilities		-	780		6,376	7,156	7,156
Financial liabilities		6,916	7,606		26,256	40,778	40,082

Note:

(1) Includes certain financial assets held through investment vehicles.

16. Fair value measurement (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

US\$m	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated	FVOCI			
31 December 2024							
Financial investments	14						
Loans and deposits		–	272	–	3,770	4,042	4,292
Debt securities		6,396	71,134	98,289	2,399	178,218	177,858
Equity shares, interests in investment funds and exchangeable loan notes		85,711	3,126 ⁽¹⁾	–	–	88,837	88,837
Derivative financial instruments	15	1,054	–	–	–	1,054	1,054
Receivables		–	–	–	848	848	848
Accrued investment income		–	–	–	1,748	1,748	1,748
Cash and cash equivalents	17	1,628	–	–	6,473	8,101	8,101
Financial assets		94,789	74,532	98,289	15,238	282,848	282,738

	Notes	Fair value			Amortised cost	Total carrying value	Total fair value
		FVTPL – mandatory	FVTPL – designated				
Financial liabilities							
Investment contract liabilities	19	–	6,320	–	485	6,805	6,805
Borrowings	20	–	–	–	13,329	13,329	12,364
Obligations under repurchase agreements	21	–	–	–	4,616	4,616	4,616
Derivative financial instruments	15	8,615	–	–	–	8,615	8,615
Other liabilities		–	812	–	4,097	4,909	4,909
Financial liabilities		8,615	7,132	–	22,527	38,274	37,309

Note:

(1) Includes certain financial assets held through investment vehicles.

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the six months ended 30 June 2025.

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:

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
30 June 2025 – Unaudited				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	-	-	2,700	2,700
Investment property	-	-	4,581	4,581
Financial assets				
At fair value through other comprehensive income				
Debt securities	84	105,001	1,611	106,696
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	137	68,344	2,136	70,617
Unit-linked and consolidated investment funds	9	5,798	1	5,808
Other policyholder and shareholder	-	3,829	32	3,861
Loans and deposits	-	-	291	291
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	25,270	5,983	19,400	50,653
Unit-linked and consolidated investment funds	26,874	1,749	24	28,647
Other policyholder and shareholder	5,306	3,050	7,431	15,787
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	1,483	-	-	1,483
Other policyholder and shareholder	1,534	-	-	1,534
Derivative financial instruments				
Foreign exchange contracts	-	585	-	585
Interest rate contracts	-	367	-	367
Other contracts	2	192	177	371
Total assets on a recurring fair value measurement basis				
	60,699	194,898	38,384	293,981
<i>% of Total</i>	<i>20.6%</i>	<i>66.3%</i>	<i>13.1%</i>	<i>100.0%</i>
Financial liabilities				
Investment contract liabilities	-	4,459	2,367	6,826
Derivative financial instruments				
Foreign exchange contracts	-	484	-	484
Interest rate contracts	-	56	-	56
Other contracts	2	6,374	-	6,376
Other liabilities	-	780	-	780
Total liabilities on a recurring fair value measurement basis				
	2	12,153	2,367	14,522
<i>% of Total</i>	<i>0.0%</i>	<i>83.7%</i>	<i>16.3%</i>	<i>100.0%</i>

16. Fair value measurement (continued)

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

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Property held for own use	–	–	2,711	2,711
Investment property	–	–	4,570	4,570
Financial assets				
At fair value through other comprehensive income				
Debt securities	–	95,318	2,971	98,289
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	63	66,198	2,182	68,443
Unit-linked and consolidated investment funds	16	5,398	–	5,414
Other policyholder and shareholder	–	3,551	122	3,673
Loans and deposits	–	–	272	272
Equity shares, interests in investment funds and exchangeable loan notes				
Participating funds and other participating business with distinct portfolios	24,963	3,835	17,693	46,491
Unit-linked and consolidated investment funds	25,137	1,363	23	26,523
Other policyholder and shareholder	6,035	2,885	6,903	15,823
Cash and cash equivalents				
Participating funds and other participating business with distinct portfolios	192	–	–	192
Other policyholder and shareholder	1,436	–	–	1,436
Derivative financial instruments				
Foreign exchange contracts	–	293	–	293
Interest rate contracts	–	386	–	386
Other contracts	4	191	180	375
Total assets on a recurring fair value measurement basis				
	57,846	179,418	37,627	274,891
<i>% of Total</i>	<i>21.0%</i>	<i>65.3%</i>	<i>13.7%</i>	<i>100.0%</i>
Financial liabilities				
Investment contract liabilities	–	4,280	2,040	6,320
Derivative financial instruments				
Foreign exchange contracts	–	352	–	352
Interest rate contracts	–	108	–	108
Other contracts	–	8,155	–	8,155
Other liabilities	–	812	–	812
Total liabilities on a recurring fair value measurement basis				
	–	13,707	2,040	15,747
<i>% of Total</i>	<i>0.0%</i>	<i>87.0%</i>	<i>13.0%</i>	<i>100.0%</i>

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 2025, the Group transferred US\$2,129m (year ended 31 December 2024: US\$5m) of assets measured at fair value from Level 1 to Level 2. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. The Group transferred US\$7m (year ended 31 December 2024: US\$11m) of assets from Level 2 to Level 1 during the six months ended 30 June 2025.

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 2025. The table reflects gains and losses, including gains and losses on assets and liabilities categorised as Level 3 as at 30 June 2025.

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 2025	2,711	4,570	5,275	272	24,619	180	(2,040)
Net movement on investment contract liabilities	-	-	-	-	-	-	(327)
Total gains/(losses)							
Reported under investment return and other expenses in the interim consolidated income statement	(56)	(76)	(17)	4	399	12	-
Reported under fair value reserve, foreign currency translation reserve and property revaluation reserve in the interim consolidated statement of comprehensive income	42	56	62	15	186	3	-
Transfer to/from investment property	-	-	-	-	-	-	-
Purchases	3	31	580	-	2,397	-	-
Sales	-	-	(132)	-	(746)	-	-
Settlements	-	-	(819)	-	-	(18)	-
Transfer into Level 3	-	-	3	-	-	-	-
Transfer out of Level 3	-	-	(1,172)	-	-	-	-
At 30 June 2025 – Unaudited	2,700	4,581	3,780	291	26,855	177	(2,367)
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	(56)	(76)	76	4	692	(8)	-

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 debt securities 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 2025, 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 2025 (Unaudited) (US\$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	3,526	Discounted cash flows	Risk adjusted discount rate	2.12%-11.64%

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 Group Valuation Committee supports the Group Chief Financial Officer in relation to financial assets valuation for financial reporting. Under the oversight of the Group Valuation Committee, the Chief Investment Officers of each of the business units review the reasonableness of the prices used and report price exceptions, if any. Any changes in valuation policies are reviewed and approved by the Group Valuation Committee which is part of the Group's wider financial risk governance processes. Changes in Level 2 and 3 fair values are analysed at each reporting date.

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

17. Cash and cash equivalents

	As at 30 June 2025 (Unaudited)	As at 31 December 2024
US\$m		
Cash	3,694	3,324
Cash equivalents	6,362	4,777
Total⁽¹⁾	<u>10,056</u>	<u>8,101</u>

Note:

(1) US\$870m (31 December 2024: US\$778m) are held to back unit-linked contracts and US\$30m (31 December 2024: US\$32m) 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 2025 (Unaudited)			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total
US\$m	Notes	Excluding loss component	Loss component		
Opening assets		54	31	434	519
Opening liabilities		214,276	365	7,170	221,811
Net opening balance		214,330	396	7,604	222,330
Insurance revenue	7	(8,784)	-	-	(8,784)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(56)	4,798	4,742
Amortisation of insurance acquisition cash flows		591	-	-	591
Losses and reversal of losses on onerous contracts		-	(7)	-	(7)
Adjustments to liabilities for incurred claims		-	-	(308)	(308)
Total insurance service expenses		591	(63)	4,490	5,018
Investment components		(5,170)	-	5,170	-
Other changes		(7)	-	7	-
Insurance service result		(13,370)	(63)	9,667	(3,766)
Net finance expenses from insurance contracts	8	7,005	8	146	7,159
Effect of movements in exchange rates		6,214	17	359	6,590
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(151)	(38)	10,172	9,983
Cash flows					
Premiums received		23,906	-	-	23,906
Claims and other insurance service expenses paid, including investment components		-	-	(12,681)	(12,681)
Insurance acquisition cash flows paid		(3,937)	-	-	(3,937)
Other amounts received		-	-	2,940	2,940
Total cash flows		19,969	-	(9,741)	10,228
Adjusted for:					
Non-cash operating expenses		(86)	-	(48)	(134)
Other non-cash items		(223)	-	-	(223)
Total non-cash items		(309)	-	(48)	(357)
Net closing balance		233,839	358	7,987	242,184
Closing assets		172	38	474	684
Closing liabilities		233,667	320	7,513	241,500
Net closing balance		233,839	358	7,987	242,184

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)

US\$m	Year ended 31 December 2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
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	(16,361)	-	-	(16,361)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	(115)	9,251	9,136
Amortisation of insurance acquisition cash flows	1,073	-	-	1,073
Losses and reversal of losses on onerous contracts	-	163	-	163
Adjustments to liabilities for incurred claims	-	-	(116)	(116)
Total insurance service expenses	1,073	48	9,135	10,256
Investment components	(10,662)	-	10,662	-
Other changes	(13)	-	13	-
Insurance service result	(25,963)	48	19,810	(6,105)
Net finance expenses from insurance contracts	13,868	17	148	14,033
Effect of movements in exchange rates	(3,703)	(16)	(572)	(4,291)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(15,798)	49	19,386	3,637
Cash flows				
Premiums received	42,142	-	-	42,142
Claims and other insurance service expenses paid, including investment components	-	-	(24,997)	(24,997)
Insurance acquisition cash flows paid	(7,058)	-	-	(7,058)
Other amounts received	-	-	5,291	5,291
Total cash flows	35,084	-	(19,706)	15,378
Adjusted for:				
Non-cash operating expenses	(174)	-	(85)	(259)
Other non-cash items	(408)	-	-	(408)
Total non-cash items	(582)	-	(85)	(667)
Net closing balance	214,330	396	7,604	222,330
Closing assets	54	31	434	519
Closing liabilities	214,276	365	7,170	221,811
Net closing balance	214,330	396	7,604	222,330

18. Insurance contracts and reinsurance contracts held (continued)

MOVEMENT IN CARRYING AMOUNTS (continued)

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

US\$m	Notes	Six months ended 30 June 2025 (Unaudited)			
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets		(5,091)	698	4,912	519
Opening liabilities		164,813	3,335	53,663	221,811
Net opening balance		159,722	4,033	58,575	222,330
Insurance service result					
Changes that relate to current services					
CSM recognised for services provided	7	-	-	(3,193)	(3,193)
Change in risk adjustment for non-financial risk		-	(85)	-	(85)
Experience adjustments		(85)	-	-	(85)
Others		(88)	-	-	(88)
Changes that relate to future services					
Contracts initially recognised in the period		(4,626)	252	4,413	39
Changes in estimates that adjust the CSM		(1,982)	144	1,838	-
Changes in estimates that result in losses and reversal of losses on onerous contracts		(53)	7	-	(46)
Changes that relate to past services		(247)	(61)	-	(308)
Total insurance service result		(7,081)	257	3,058	(3,766)
Net finance expenses from insurance contracts					
	8	6,580	-	579	7,159
Effect of movements in exchange rates		4,984	174	1,432	6,590
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		4,483	431	5,069	9,983
Cash flows		10,228	-	-	10,228
Non-cash operating expenses		(134)	-	-	(134)
Other non-cash items		(223)	-	-	(223)
Net closing balance		174,076	4,464	63,644	242,184
Closing assets		(5,691)	878	5,497	684
Closing liabilities		179,767	3,586	58,147	241,500
Net closing balance		174,076	4,464	63,644	242,184

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)

US\$m	Year ended 31 December 2024			
	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	–	–	(5,958)	(5,958)
Change in risk adjustment for non-financial risk	–	(210)	–	(210)
Experience adjustments	167	–	–	167
Others	(151)	–	–	(151)
Changes that relate to future services				
Contracts initially recognised in the year	(8,025)	435	7,700	110
Changes in estimates that adjust the CSM	(949)	125	824	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	21	32	–	53
Changes that relate to past services	(48)	(68)	–	(116)
Total insurance service result	(8,985)	314	2,566	(6,105)
Net finance expenses from insurance contracts				
	12,620	–	1,413	14,033
Effect of movements in exchange rates	(3,250)	(119)	(922)	(4,291)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	385	195	3,057	3,637
Cash flows	15,378	–	–	15,378
Non-cash operating expenses	(259)	–	–	(259)
Other non-cash items	(408)	–	–	(408)
Net closing balance	159,722	4,033	58,575	222,330
Closing assets	(5,091)	698	4,912	519
Closing liabilities	164,813	3,335	53,663	221,811
Net closing balance	159,722	4,033	58,575	222,330

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

US\$m	Note	Six months ended 30 June 2025 (Unaudited)			Total
		Asset for remaining coverage		Asset for incurred claims	
		Excluding loss-recovery component	Loss-recovery component		
Opening assets		2,107	139	3,416	5,662
Opening liabilities		(687)	11	433	(243)
Net opening balance		1,420	150	3,849	5,419
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)		(1,093)	(20)	823	(290)
Effect of changes in non-performance risk of reinsurers		-	-	-	-
Net (expenses)/income from reinsurance contracts held		(1,093)	(20)	823	(290)
Investment components		(37)	-	37	-
Other changes		-	-	-	-
Net finance (expenses)/income from reinsurance contracts held	8	(76)	-	60	(16)
Effect of movements in exchange rates		38	8	179	225
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(1,168)	(12)	1,099	(81)
Cash flows					
Premiums paid		1,881	-	-	1,881
Amounts received		-	-	(908)	(908)
Other amounts paid		-	-	3	3
Total cash flows		1,881	-	(905)	976
Adjusted for:					
Non-cash operating expenses		-	-	-	-
Other non-cash items		-	-	-	-
Total non-cash items		-	-	-	-
Net closing balance		2,133	138	4,043	6,314
Closing assets		2,903	125	3,555	6,583
Closing liabilities		(770)	13	488	(269)
Net closing balance		2,133	138	4,043	6,314

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)

US\$m	Year ended 31 December 2024			
	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening assets	2,091	133	3,746	5,970
Opening liabilities	(663)	9	326	(328)
Net opening balance	1,428	142	4,072	5,642
Changes in the consolidated income statement and consolidated statement of comprehensive income				
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(2,258)	22	1,843	(393)
Effect of changes in non-performance risk of reinsurers	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(2,258)	22	1,843	(393)
Investment components	(77)	–	77	–
Other changes	–	–	–	–
Net finance income from reinsurance contracts held	167	–	37	204
Effect of movements in exchange rates	41	(14)	(282)	(255)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(2,127)	8	1,675	(444)
Cash flows				
Premiums paid	2,119	–	–	2,119
Amounts received	–	–	(1,903)	(1,903)
Other amounts paid	–	–	5	5
Total cash flows	2,119	–	(1,898)	221
Adjusted for:				
Non-cash operating expenses	–	–	–	–
Other non-cash items	–	–	–	–
Total non-cash items	–	–	–	–
Net closing balance	1,420	150	3,849	5,419
Closing assets	2,107	139	3,416	5,662
Closing liabilities	(687)	11	433	(243)
Net closing balance	1,420	150	3,849	5,419

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 2025 (Unaudited)			
US\$m	Note	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets		3,054	530	2,078	5,662
Opening liabilities		(688)	179	266	(243)
Net opening balance		2,366	709	2,344	5,419
Net (expenses)/income from reinsurance contracts held					
Changes that relate to current services					
CSM recognised for services received		-	-	(150)	(150)
Change in risk adjustment for non-financial risk		-	(8)	-	(8)
Experience adjustments		(103)	-	-	(103)
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		44	18	(62)	-
Changes in estimates that adjust the CSM		11	6	(17)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts		(11)	-	-	(11)
Changes that relate to past services		(10)	(13)	-	(23)
Effect of changes in non-performance risk of reinsurers		-	-	-	-
Total net (expenses)/income from reinsurance contracts held		(69)	3	(224)	(290)
Net finance (expenses)/income from reinsurance contracts held	8	(27)	-	11	(16)
Effect of movements in exchange rates		53	39	133	225
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(43)	42	(80)	(81)
Cash flows		976	-	-	976
Non-cash operating expenses		-	-	-	-
Other non-cash items		-	-	-	-
Net closing balance		3,299	751	2,264	6,314
Closing assets		4,003	559	2,021	6,583
Closing liabilities		(704)	192	243	(269)
Net closing balance		3,299	751	2,264	6,314

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)

US\$m	Year ended 31 December 2024			
	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	–	–	(333)	(333)
Change in risk adjustment for non-financial risk	–	(40)	–	(40)
Experience adjustments	(135)	–	–	(135)
Changes that relate to future services				
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	9	9
Contracts initially recognised in the year	(46)	30	16	–
Changes in estimates that adjust the CSM	(363)	6	357	–
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	23	–	–	23
Changes that relate to past services	92	(9)	–	83
Effect of changes in non-performance risk of reinsurers	–	–	–	–
Total net (expenses)/income from reinsurance contracts held	(429)	(13)	49	(393)
Net finance income/(expenses) from reinsurance contracts held	167	–	37	204
Effect of movements in exchange rates	(56)	(54)	(145)	(255)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(318)	(67)	(59)	(444)
Cash flows	221	–	–	221
Non-cash operating expenses	–	–	–	–
Other non-cash items	–	–	–	–
Net closing balance	2,366	709	2,344	5,419
Closing assets	3,054	530	2,078	5,662
Closing liabilities	(688)	179	266	(243)
Net closing balance	2,366	709	2,344	5,419

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 2025 (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		3	-	2	-	5	
Opening liabilities		446	-	474	20	940	
Net opening balance		449	-	476	20	945	
Insurance revenue	7	(1,679)	-	-	-	(1,679)	
Insurance service expenses							
Incurred claims and other insurance service expenses		-	-	1,202	21	1,223	
Amortisation of insurance acquisition cash flows		223	-	-	-	223	
Losses and reversal of losses on onerous contracts		-	-	-	-	-	
Adjustments to liabilities for incurred claims		-	-	95	(15)	80	
Total insurance service expenses		223	-	1,297	6	1,526	
Investment components		(3)	-	3	-	-	
Other changes		(2)	-	2	-	-	
Insurance service result		(1,461)	-	1,302	6	(153)	
Net finance expenses from insurance contracts	8	-	-	-	-	-	
Effect of movements in exchange rates		25	-	10	1	36	
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(1,436)	-	1,312	7	(117)	
Cash flows							
Premiums received		1,774	-	-	-	1,774	
Claims and other insurance service expenses paid, including investment components		-	-	(1,279)	-	(1,279)	
Insurance acquisition cash flows paid		(243)	-	-	-	(243)	
Other amounts received		-	-	-	-	-	
Total cash flows		1,531	-	(1,279)	-	252	
Adjusted for:							
Non-cash operating expenses		(7)	-	(3)	-	(10)	
Other non-cash items		-	-	-	-	-	
Total non-cash items		(7)	-	(3)	-	(10)	
Net closing balance		537	-	506	27	1,070	
Closing assets		12	-	(4)	-	8	
Closing liabilities		525	-	510	27	1,062	
Net closing balance		537	-	506	27	1,070	

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)

US\$m	Year ended 31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	1	-	-	-	1
Opening liabilities	419	-	453	18	890
Net opening balance	420	-	453	18	891
Insurance revenue	(2,953)	-	-	-	(2,953)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	2,390	13	2,403
Amortisation of insurance acquisition cash flows	427	-	-	-	427
Losses and reversal of losses on onerous contracts	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	61	(11)	50
Total insurance service expenses	427	-	2,451	2	2,880
Investment components	(13)	-	13	-	-
Other changes	(4)	-	4	-	-
Insurance service result	(2,543)	-	2,468	2	(73)
Net finance expenses from insurance contracts	-	-	-	-	-
Effect of movements in exchange rates	(8)	-	(11)	-	(19)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(2,551)	-	2,457	2	(92)
Cash flows					
Premiums received	2,979	-	-	-	2,979
Claims and other insurance service expenses paid, including investment components	-	-	(2,431)	-	(2,431)
Insurance acquisition cash flows paid	(386)	-	-	-	(386)
Other amounts received	-	-	-	-	-
Total cash flows	2,593	-	(2,431)	-	162
Adjusted for:					
Non-cash operating expenses	(13)	-	(3)	-	(16)
Other non-cash items	-	-	-	-	-
Total non-cash items	(13)	-	(3)	-	(16)
Net closing balance	449	-	476	20	945
Closing assets	3	-	2	-	5
Closing liabilities	446	-	474	20	940
Net closing balance	449	-	476	20	945

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 2025 (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		(253)	-	318	3	68
Opening liabilities		(74)	-	62	-	(12)
Net opening balance		(327)	-	380	3	56
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)		(198)	-	196	-	(2)
Effect of changes in non-performance risk of reinsurers		-	-	-	-	-
Net (expenses)/income from reinsurance contracts held		(198)	-	196	-	(2)
Investment components		-	-	-	-	-
Other changes		-	-	-	-	-
Net finance income/(expenses) from reinsurance contracts held	8	1	-	(5)	-	(4)
Effect of movements in exchange rates		(9)	-	15	-	6
Total changes in the interim consolidated income statement and interim consolidated statement of comprehensive income		(206)	-	206	-	-
Cash flows						
Premiums paid		221	-	-	-	221
Amounts received		-	-	(199)	-	(199)
Other amounts paid		-	-	-	-	-
Total cash flows		221	-	(199)	-	22
Adjusted for:						
Non-cash operating expenses		-	-	-	-	-
Other non-cash items		-	-	-	-	-
Total non-cash items		-	-	-	-	-
Net closing balance		(312)	-	387	3	78
Closing assets		(210)	-	290	3	83
Closing liabilities		(102)	-	97	-	(5)
Net closing balance		(312)	-	387	3	78

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)

US\$m	Year ended 31 December 2024				Total
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	(241)	–	316	2	77
Opening liabilities	(59)	–	50	1	(8)
Net opening balance	(300)	–	366	3	69
Changes in the consolidated income statement and consolidated statement of comprehensive income					
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(328)	–	312	–	(16)
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(328)	–	312	–	(16)
Investment components	(23)	–	23	–	–
Other changes	–	–	–	–	–
Net finance income from reinsurance contracts held	–	–	–	–	–
Effect of movements in exchange rates	6	–	(8)	–	(2)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(345)	–	327	–	(18)
Cash flows					
Premiums paid	318	–	–	–	318
Amounts received	–	–	(313)	–	(313)
Other amounts paid	–	–	–	–	–
Total cash flows	318	–	(313)	–	5
Adjusted for:					
Non-cash operating expenses	–	–	–	–	–
Other non-cash items	–	–	–	–	–
Total non-cash items	–	–	–	–	–
Net closing balance	(327)	–	380	3	56
Closing assets	(253)	–	318	3	68
Closing liabilities	(74)	–	62	–	(12)
Net closing balance	(327)	–	380	3	56

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

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

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

Methodology and assumptions

Mortality

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

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

Morbidity

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

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 2025 –
Unaudited

Spot rates	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium								
USD	3.92%	4.43%	3.80%	4.52%	4.31%	5.19%	4.74%	5.64%	5.00%	5.89%
HKD	2.47%	2.99%	2.59%	3.31%	2.90%	3.78%	3.10%	4.00%	3.36%	4.25%
CNY	1.34%	1.68%	1.52%	1.83%	1.66%	1.99%	1.90%	2.31%	2.17%	2.69%
SGD	1.80%	2.74%	1.84%	3.10%	2.23%	3.03%	2.33%	3.02%	2.31%	3.03%
MYR	3.01%	3.58%	3.20%	3.67%	3.50%	3.83%	3.76%	4.14%	3.91%	4.39%
THB	1.47%	1.74%	1.41%	1.83%	1.61%	2.12%	1.73%	2.34%	1.97%	2.68%

As at 31 December 2024

Spot rates	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium								
USD	4.12%	4.72%	4.32%	4.93%	4.51%	5.35%	4.74%	5.61%	4.88%	5.73%
HKD	3.88%	4.48%	3.60%	4.21%	3.65%	4.49%	3.72%	4.59%	3.86%	4.71%
CNY	1.08%	1.65%	1.42%	1.81%	1.70%	2.03%	1.99%	2.34%	2.26%	2.68%
SGD	2.80%	3.45%	2.81%	3.78%	2.90%	3.42%	2.93%	3.36%	2.84%	3.31%
MYR	3.28%	3.71%	3.66%	3.97%	3.86%	4.10%	4.03%	4.31%	4.11%	4.49%
THB	1.99%	2.37%	2.11%	2.72%	2.33%	3.08%	2.54%	3.37%	2.75%	3.64%

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 the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

CONTRACTUAL SERVICE MARGIN

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

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

INVESTMENT COMPONENTS

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

19. Investment contracts

Investment contract liabilities include deferred fee income of US\$151m (31 December 2024: US\$162m).

20. Borrowings

	As at 30 June 2025 (Unaudited)	As at 31 December 2024
US\$m		
Other loans	–	83
Medium-term notes and securities		
Senior notes	7,214	6,922
Subordinated securities	7,107	6,324
Total	14,321	13,329

20. Borrowings (continued)

The following table summarises the Company's outstanding medium-term notes and securities placed to the market at 30 June 2025:

SENIOR NOTES

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
11 March 2014 ⁽¹⁾	US\$500m	4.875%	30 years	11 March 2044
16 March 2016 ⁽¹⁾	US\$750m	4.500%	30 years	16 March 2046
23 May 2017 ⁽²⁾	US\$500m	4.470%	30 years	23 May 2047
6 April 2018 ⁽¹⁾	US\$500m	3.900%	10 years	6 April 2028
16 January 2019	HK\$1,100m	3.680%	12 years	16 January 2031
9 April 2019 ⁽¹⁾	US\$1,000m	3.600%	10 years	9 April 2029
7 April 2020 ⁽¹⁾	US\$1,000m	3.375%	10 years	7 April 2030
24 June 2020	A\$90m	2.950%	10 years	24 June 2030
24 October 2022	HK\$1,200m	5.040%	2.99 years	17 October 2025
25 October 2022 ⁽¹⁾	US\$850m	5.625%	5 years	25 October 2027
4 April 2023 ⁽¹⁾	US\$600m	4.950%	10 years	4 April 2033
10 September 2024	HK\$3,250m	3.780%	5 years	10 September 2029
10 September 2024	HK\$3,900m	3.700%	2.99 years	2 September 2027
6 May 2025	US\$128m	4.170%	2.99 years	28 April 2028
9 May 2025	HK\$1,350m	3.477%	2.50 years	9 November 2027

SUBORDINATED SECURITIES

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
16 September 2020 ⁽¹⁾	US\$1,750m	3.200%	20 years	16 September 2040
7 April 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	US\$750m	2.700%	Perpetual	n/a
11 June 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	S\$500m	2.900%	Perpetual	n/a
9 September 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	EUR750m	0.880%	12 years	9 September 2033
19 October 2021 ⁽¹⁾⁽³⁾⁽⁴⁾	S\$105m	3.000%	30 years	19 October 2051
12 September 2023 ⁽¹⁾⁽³⁾⁽⁴⁾	S\$550m	5.100%	Perpetual	n/a
5 April 2024 ⁽¹⁾⁽⁵⁾	US\$1,000m	5.375%	10 years	5 April 2034
30 September 2024 ⁽¹⁾⁽⁵⁾	US\$500m	4.950%	10.5 years	30 March 2035
30 September 2024 ⁽¹⁾⁽⁵⁾	US\$750m	5.400%	30 years	30 September 2054
11 June 2025 ⁽¹⁾⁽⁵⁾	S\$800m	3.580%	10 years	11 June 2035

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 2025 are used for refinancing and general corporate purposes.

The Group has access to an aggregate of US\$2,980m unsecured committed credit facilities, which includes a US\$250m revolving three-year credit facility expiring in 2027 and a US\$2,730m five-year credit facility expiring in 2029. The credit facilities will be used for general corporate purposes. There were no outstanding borrowings under these credit facilities as of 30 June 2025 and 31 December 2024.

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 2025, the obligations under repurchase agreements were US\$5,073m (31 December 2024: US\$4,616m).

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 2025 (Unaudited)	As at 31 December 2024
Debt securities – FVOCI Repurchase agreements	5,588	4,177
Debt securities – FVTPL Repurchase agreements	1,393	2,126
Total	6,981	6,303

COLLATERAL UNDER REPURCHASE AGREEMENTS

At 30 June 2025 and 31 December 2024, there was no material collateral in respect of repurchase agreements.

22. Share capital and reserves

SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	Million shares (Unaudited)	US\$m (Unaudited)	Million shares	US\$m
Ordinary shares⁽¹⁾, issued and fully paid				
At beginning of the financial period	10,832	14,183	11,399	14,176
Shares issued under share option scheme and agency share purchase plan	3	14	2	7
Shares cancelled after repurchase under the share buy-back programme ⁽²⁾	(205)	–	(569)	–
At end of the financial period, issued and fully paid	10,630	14,197	10,832	14,183
Shares not yet cancelled after repurchase under the share buy-back programme ⁽²⁾	(87)	–	(39)	–
At end of the financial period, outstanding	10,543	14,197	10,793	14,183

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 2025, the Company acquired a total of 252,856,000 ordinary shares (year ended 31 December 2024: 571,028,800 ordinary shares) on the Hong Kong Stock Exchange with the aggregate cost amounting to approximately HK\$15,159m (year ended 31 December 2024: HK\$32,371m) (equivalent to approximately US\$1,942m (year ended 31 December 2024: US\$4,150m)). Of these shares, 165,620,400 shares were cancelled during the period (year ended 31 December 2024: 531,851,000 shares were cancelled during the year) and 87,235,600 shares were in the process of share cancellation as at 30 June 2025 and were cancelled subsequent to the reporting date on 25 July 2025 (year ended 31 December 2024: 39,177,800 shares were in the process of share cancellation as at 31 December 2024 and were cancelled subsequently).

The Company issued 2,218,522 shares under share option scheme (year ended 31 December 2024: 869,729 shares) and 868,334 shares under agency share purchase plan (year ended 31 December 2024: 877,146 shares) during the six months ended 30 June 2025.

During the six months ended 30 June 2025, the employee share-based trusts purchased 10,605,189 shares (year ended 31 December 2024: 5,466,874 shares) and sold nil shares (year ended 31 December 2024: 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 2025, 6,498,542 shares (six months ended 30 June 2024: 3,738,123 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 2025, 42,172,003 shares (31 December 2024: 38,065,355 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 2025 (Unaudited)	As at 31 December 2024
Group LCSM coverage ratio ⁽¹⁾	254%	257%
Tier 1 group capital coverage ratio ⁽²⁾	335%	349%
Eligible group capital resources	80,063	77,650
<i>Tier 1 group capital</i>	49,873	49,316
<i>Tier 2 group capital</i>	30,190	28,334
Group prescribed capital requirement (GPCR)	31,579	30,159
Group minimum capital requirement (GMCR)	14,872	14,131
Group LCSM surplus	48,484	47,491

At 30 June 2025, eligible group capital resources in the GWS framework included the following items, which are included within Tier 2 group capital:

- (i) US\$7,107m⁽³⁾ of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Subordinated securities with a maturity where principal repayment is subject to contractual conditions are not expected to be subject to capital credit amortisation. Perpetual subordinated securities receive full capital credit unless they are redeemed; and
- (ii) US\$4,410m⁽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 2025 and the year ended 31 December 2024, 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 2025 – Unaudited				
<i>+ 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	6,258	10,377	6,258	(522)
Financial instruments	(6,856)	(13,659)	(6,856)	–
	<u>(598)</u>	<u>(3,282)</u>	<u>(598)</u>	<u>(522)</u>
<i>– 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	(7,059)	(11,679)	(7,059)	567
Financial instruments	7,701	15,449	7,701	–
	<u>642</u>	<u>3,770</u>	<u>642</u>	<u>567</u>
US\$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2024				
<i>+ 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	6,055	9,817	6,055	(416)
Financial instruments	(6,682)	(12,585)	(6,682)	–
	<u>(627)</u>	<u>(2,768)</u>	<u>(627)</u>	<u>(416)</u>
<i>– 50 basis points shift in yield curves:</i>				
Insurance contracts and reinsurance contracts held	(6,832)	(11,049)	(6,832)	427
Financial instruments	7,513	14,215	7,513	–
	<u>681</u>	<u>3,166</u>	<u>681</u>	<u>427</u>

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 2025 – Unaudited				
<i>10 per cent increase in equity prices:</i>				
Insurance contracts and reinsurance contracts held	(4,663)	(4,700)	(4,663)	971
Financial instruments	6,117	6,117	6,117	–
	<u>1,454</u>	<u>1,417</u>	<u>1,454</u>	<u>971</u>
<i>10 per cent decrease in equity prices:</i>				
Insurance contracts and reinsurance contracts held	4,667	4,701	4,667	(999)
Financial instruments	(6,117)	(6,117)	(6,117)	–
	<u>(1,450)</u>	<u>(1,416)</u>	<u>(1,450)</u>	<u>(999)</u>
US\$m	Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	Impact on CSM
31 December 2024				
<i>10 per cent increase in equity prices:</i>				
Insurance contracts and reinsurance contracts held	(4,270)	(4,309)	(4,270)	893
Financial instruments	5,718	5,718	5,718	–
	<u>1,448</u>	<u>1,409</u>	<u>1,448</u>	<u>893</u>
<i>10 per cent decrease in equity prices:</i>				
Insurance contracts and reinsurance contracts held	4,270	4,306	4,270	(917)
Financial instruments	(5,718)	(5,718)	(5,718)	–
	<u>(1,448)</u>	<u>(1,412)</u>	<u>(1,448)</u>	<u>(917)</u>

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 2025 – Unaudited						
Insurance contracts and reinsurance contracts held						
Assets	187	2,586	11	417	1,311	11
Liabilities	(85,546)	(53,818)	(4,935)	(18,142)	(22,971)	(9,039)
Financial instruments						
Assets	131,826	62,573	1,417	24,118	18,624	10,188
Liabilities	(22,590)	(6,517)	(3,527)	(2,447)	(5,120)	(25)
Net positions of currency derivatives	(1,087)	(3,776)	680	(103)	3,794	459
US\$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2024						
Insurance contracts and reinsurance contracts held						
Assets	290	1,694	5	539	1,230	9
Liabilities	(79,756)	(48,587)	(5,049)	(15,514)	(20,576)	(8,569)
Financial instruments						
Assets	126,194	56,317	1,189	21,998	15,973	9,532
Liabilities	(25,451)	(5,035)	(3,329)	(2,167)	(3,784)	–
Net positions of currency derivatives	(975)	(3,249)	502	591	2,944	435

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⁾⁽²⁾

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

US\$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
30 June 2025 – Unaudited						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,158)	(14)	20	–	(9)	–
Financial instruments	1,247	(155)	(51)	(49)	(72)	29
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(2,554)	(64)	(886)	(652)	(451)
Financial instruments	–	2,614	(72)	1,078	865	531
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	909	80	387	175	142
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,158)	12	(19)	–	2	–
Financial instruments	1,247	151	78	46	91	(28)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	2,432	61	844	631	430
Financial instruments	–	(2,489)	68	(1,027)	(824)	(506)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(865)	(76)	(368)	(167)	(135)

Notes:

- (1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.
- (2) The impact on total equity and CSM comprises primarily the effects from the translation of the financial statements of foreign operations recognised in other comprehensive income, as well as the net foreign exchange gains or losses recognised in consolidated income statement and other translation movement recognised in other comprehensive income.

24. Risk management (continued)

SENSITIVITY ANALYSIS ON FOREIGN EXCHANGE RATE RISK⁽¹⁾⁽²⁾ (continued)

US\$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2024						
5% strengthening of original currency						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,125)	(19)	14	–	(8)	–
Financial instruments	1,107	(121)	(89)	(49)	(45)	18
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	(2,347)	(82)	(749)	(549)	(428)
Financial instruments	–	2,402	(82)	1,021	757	498
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	846	69	350	152	137
5% strengthening of the US dollar						
Impact on profit before tax						
Insurance contracts and reinsurance contracts held	(1,125)	17	(13)	–	2	–
Financial instruments	1,107	118	107	47	60	(17)
Impact on total equity						
Insurance contracts and reinsurance contracts held	–	2,235	78	713	533	408
Financial instruments	–	(2,287)	78	(972)	(721)	(475)
Impact on CSM						
Insurance contracts and reinsurance contracts held	–	(806)	(65)	(333)	(146)	(131)

Notes:

- (1) The scope of this sensitivity analysis excludes unit-linked investments on the basis that the market risk in respect of unit-linked investments is generally borne by our customers.
- (2) The impact on total equity and CSM comprises primarily the effects from the translation of the financial statements of foreign operations recognised in other comprehensive income, as well as the net foreign exchange gains or losses recognised in consolidated income statement and other translation movement recognised in other comprehensive income.

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 2025, 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, assumed dividend payments 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. For RSUs granted in 2025, the value of assumed dividend payments during the vesting period is estimated based on an analysis of historical dividend payout and the Group's dividend policy. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. For performance-vesting RSUs, the simulation for achievement of market condition depends on assumptions of expected volatility of the Company's shares and other market comparators as well as the correlations. These assumptions are estimated based on an analysis of historical data over a period consistent with the expected life of the RSUs.

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

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

	Share options	
	Six months ended	Year ended
	30 June	31 December
	2025	2024
	(Unaudited)	
Assumptions		
Risk-free interest rate	3.41% – 3.48%	3.67% – 3.83%
Volatility	29%	29%
Dividend yield	1.80%	1.70%
Exercise price (HK\$)	62.42	62.33
Share option life (in years)	10	10
Expected life (in years)	7.63 – 8.85	7.73 – 8.89
Weighted average fair value per option/unit at measurement date (HK\$)	19.93	17.38

The weighted average share price for SO valuation for grants made during the six months ended 30 June 2025 is HK\$62.25 (year ended 31 December 2024: HK\$57.40). The total fair value of SOs granted during the six months ended 30 June 2025 is US\$8m (six months ended 30 June 2024: US\$7m).

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 2025 is US\$56m (six months ended 30 June 2024: US\$41m).

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Key management compensation and other expenses		
Salaries and other short-term employee benefits	13,448,029	12,464,950
Post-employment benefits	403,602	330,517
Share-based payments ⁽¹⁾	10,349,172	8,925,022
Total	<u>24,200,803</u>	<u>21,720,489</u>

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 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Below 1,000,000	–	–
1,000,001 to 2,000,000	12	10
2,000,001 to 3,000,000	–	1
5,000,001 to 6,000,000	–	1
Over 6,000,000	1	–

27. Commitments and contingencies

INVESTMENT AND CAPITAL COMMITMENTS

US\$m	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Not later than one year	15,353	15,149
Later than one and not later than five years	268	152
Total	15,621	15,301

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 21 August 2025, a Committee appointed by the Board of Directors declared an interim dividend of 49.00 Hong Kong cents per share (six months ended 30 June 2024: 44.50 Hong Kong cents per share).

29. Interim statement of financial position of the Company

US\$m	Note	As at 30 June 2025 (Unaudited)	As at 31 December 2024
Assets			
Investment in subsidiaries at cost ⁽²⁾		22,780	22,646
Financial investments:			
At fair value through other comprehensive income			
Debt securities ⁽³⁾		6,526	6,121
At fair value through profit or loss			
Debt securities		4	–
Interests in investment funds ⁽²⁾	31	2,161	2,240
Derivative financial instruments		142	199
		<u>8,833</u>	<u>8,560</u>
Loans to/amounts due from subsidiaries		423	910
Other assets		87	72
Promissory notes from subsidiaries ⁽⁴⁾		281	–
Cash and cash equivalents		924	749
Total assets		<u>33,328</u>	<u>32,937</u>
Liabilities			
Borrowings		14,814	13,739
Derivative financial instruments		329	98
Other liabilities		384	322
Total liabilities		<u>15,527</u>	<u>14,159</u>
Equity			
Share capital		14,197	14,183
Employee share-based trusts		(419)	(376)
Other reserves		462	443
Retained earnings		3,545	4,550
Other comprehensive income		16	(22)
Total equity		<u>17,801</u>	<u>18,778</u>
Total liabilities and equity		<u>33,328</u>	<u>32,937</u>

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.
- (3) Includes United States Treasury securities of US\$6,180m (31 December 2024: US\$5,965m) and China Government bonds of US\$161m (31 December 2024: US\$156m) as at 30 June 2025.
- (4) The promissory notes from subsidiaries are repayable on demand.

Approved and authorised for issue by the Board of Directors on 21 August 2025.

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 2025	14,183	(376)	443	4,550	(22)	18,778
Net profit	-	-	-	2,705	-	2,705
Fair value gains on debt securities at fair value through other comprehensive income	-	-	-	-	38	38
Fair value gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	-	-	-	-	-	-
Dividends	-	-	-	(1,768)	-	(1,768)
Share buy-back	-	-	-	(1,942)	-	(1,942)
Shares issued under share option scheme and agency share purchase plan	14	-	-	-	-	14
Share-based compensation	-	-	56	-	-	56
Purchase of shares held by employee share-based trusts	-	(80)	-	-	-	(80)
Transfer of vested shares from employee share-based trusts	-	37	(37)	-	-	-
Balance at 30 June 2025 – Unaudited	14,197	(419)	462	3,545	16	17,801

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

31. Interests in investment funds of the Company

Interests in investment funds comprise the following:

US\$m	Other policyholder and shareholder FVTPL	Total
30 June 2025		
<u>Interests in investment funds</u>		
Investment funds with debt instruments as underlying ⁽¹⁾	2,161	2,161
Others	-	-
Total – Unaudited	2,161	2,161
	Other policyholder and shareholder FVTPL	Total
31 December 2024		
<u>Interests in investment funds</u>		
Investment funds with debt instruments as underlying ⁽¹⁾	2,238	2,238
Others	2	2
Total	2,240	2,240

Note:

- (1) Investment funds with debt instruments as underlying refer to investment funds solely investing in debt securities and cash therefrom.

REPORT ON REVIEW OF SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025 TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)



羅兵咸永道

Introduction

We have reviewed the Supplementary Embedded Value Information (“the EV Information”) set out on pages 146 to 169, 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 2025, 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” as 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, 21 August 2025

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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 145.

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.

On 6 June 2025, Hong Kong enacted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 to implement Global Minimum Tax regime (GMT) developed as part of Pillar Two of the Base Erosion and Profit Shifting 2.0 (BEPS 2.0) initiative which became effective in Hong Kong from 1 January 2025, as described in note 10 to the interim condensed consolidated financial statements. For further details, please refer to Section 5.4 of this report which details the taxation methodology and assumptions for EV.

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 2024.

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 2025 (Unaudited)	As at 31 December 2024	Change CER	Change AER
EV Equity	73,670	71,626	0%	3%
EV Equity per share (US\$)	6.99	6.64	3%	5%
EV	70,853	69,035	0%	3%
EV per share (US\$)	6.72	6.40	2%	5%
Free surplus	9,898	12,554	(22)%	(21)%
Adjusted net worth (ANW)	28,781	30,527	(8)%	(6)%
Value of in-force business (VIF)	42,072	38,508	6%	9%

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)	YoY CER	YoY AER
VONB	2,838	2,455	14%	16%
Annualised new premiums (ANP)	4,942	4,546	8%	9%
VONB margin	57.7%	53.9%	3.4 pps	3.8 pps
EV operating profit	5,893	5,350	9%	10%
Operating return on EV (Operating ROEV)⁽²⁾	17.8%	16.5%	n/a	1.3 pps
Underlying free surplus generation (UFSG)	3,569	3,391	4%	5%
UFSG per share (US cents)⁽³⁾	33.56	30.22	10%	11%

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. Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.
- (2) On an annualised basis.
- (3) Based on weighted average number of ordinary shares outstanding during the respective period.

2. EMBEDDED VALUE RESULTS

2.1 Embedded Value by Business Unit

The EV as at 30 June 2025 is presented consistently with the segment information in the interim condensed consolidated financial statements.

Summary of EV by Business Unit (US\$ millions)

Business Unit	As at 30 June 2025 ⁽¹⁾ (Unaudited)				EV
	ANW ⁽²⁾	VIF before CoC	CoC	VIF after CoC	
AIA China	10,735	5,394	267	5,127	15,862
AIA Hong Kong	10,882	19,173	1,398	17,775	28,657
AIA Thailand	4,798	5,643	500	5,143	9,941
AIA Singapore	2,943	5,702	933	4,769	7,712
AIA Malaysia	1,258	3,159	218	2,941	4,199
Other Markets	5,599	4,777	1,606	3,171	8,770
Group Corporate Centre	1,848	–	–	–	1,848
Subtotal	38,063	43,848	4,922	38,926	76,989
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(9,014)	6,300	1,032	5,268	(3,746)
After-tax value of unallocated Group Office expenses	–	(1,539)	–	(1,539)	(1,539)
Group Corporate Centre tax ⁽⁴⁾	–	(395)	4	(399)	(399)
Total EV (before non-controlling interests)	29,049	48,214	5,958	42,256	71,305
Non-controlling interests	(268)	(211)	(27)	(184)	(452)
Total EV	28,781	48,003	5,931	42,072	70,853
Goodwill and other intangible assets ⁽⁵⁾					2,817
Total EV Equity					73,670

2. EMBEDDED VALUE RESULTS (continued)

2.1 Embedded Value by Business Unit (continued)

Business Unit	As at 31 December 2024				EV
	ANW ⁽²⁾	VIF before CoC	CoC	VIF after CoC	
AIA China	10,143	5,290	264	5,026	15,169
AIA Hong Kong	12,150	17,430	1,402	16,028	28,178
AIA Thailand	4,654	5,422	414	5,008	9,662
AIA Singapore	2,611	5,341	739	4,602	7,213
AIA Malaysia	1,256	2,853	211	2,642	3,898
Other Markets	5,233	4,254	1,531	2,723	7,956
Group Corporate Centre	2,922	–	–	–	2,922
Subtotal	38,969	40,590	4,561	36,029	74,998
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(8,214)	5,391	869	4,522	(3,692)
After-tax value of unallocated Group Office expenses	–	(1,615)	–	(1,615)	(1,615)
Group Corporate Centre tax ⁽⁴⁾	–	(302)	3	(305)	(305)
Total EV (before non-controlling interests)	30,755	44,064	5,433	38,631	69,386
Non-controlling interests	(228)	(192)	(69)	(123)	(351)
Total EV	30,527	43,872	5,364	38,508	69,035
Goodwill and other intangible assets ⁽⁵⁾					2,591
Total EV Equity					71,626

Notes:

- (1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.
- (2) ANW by Business Unit is after net capital flows between Business Units and Group Corporate Centre.
- (3) 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 2024 and Section 4.1 of this report.
- (4) Refers to corporate income tax in Bermuda as described in Section 5.4 of this report.
- (5) 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 2025 ⁽¹⁾ (Unaudited)	As at 31 December 2024
Shareholders' allocated equity	44,478	44,404
Fair value reserve	8,123	5,744
Insurance finance reserve	(12,092)	(9,658)
IFRS equity attributable to shareholders of the Company	40,509	40,490
Difference between net policy liabilities calculated and reported under IFRS® Accounting Standards and local statutory policy liabilities	1,645	2,610
Mark-to-market adjustment for property, mortgage loan and other investments, net of amounts attributable to participating funds	102	(47)
Elimination of intangible assets	(3,662)	(3,478)
Recognition of deferred tax impacts of the above adjustments	(889)	(929)
Recognition of non-controlling interests impacts of the above adjustments	90	95
ANW (Business Unit)	37,795	38,741
Adjustment to reflect consolidated reserving requirements, net of tax	(9,014)	(8,214)
ANW (Consolidated)	28,781	30,527

Note:

(1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.

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 2025 (Unaudited)		As at 31 December 2024	
	Business Unit	Consolidated	Business Unit	Consolidated
ANW	37,795	28,781	38,741	30,527
Adjustment for certain assets not eligible for regulatory capital purposes	(820)	(820)	(819)	(819)
Less: Required capital	13,600	18,063	13,129	17,154
Free surplus⁽¹⁾	23,375	9,898	24,793	12,554

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)

Expected period of emergence	As at 30 June 2025 ⁽¹⁾ (Unaudited)	
	Undiscounted	Discounted
1 – 5 years	23,784	19,596
6 – 10 years	25,857	14,554
11 – 15 years	24,648	9,515
16 – 20 years	23,316	6,154
21 years and thereafter	213,507	10,316
Total	311,112	60,135

Expected period of emergence	As at 31 December 2024	
	Undiscounted	Discounted
1 – 5 years	22,156	18,195
6 – 10 years	24,480	13,696
11 – 15 years	23,153	8,832
16 – 20 years	21,476	5,567
21 years and thereafter	197,635	9,372
Total	288,900	55,662

The profile of distributable earnings is shown on an undiscounted and discounted basis. The discounted value of after-tax distributable earnings of US\$60,135 million (31 December 2024: US\$55,662 million) plus the free surplus of US\$9,898 million (31 December 2024: US\$12,554 million) and the non-eligible assets excluded in the free surplus calculation of US\$820 million (31 December 2024: US\$819 million) as shown in Section 2.3 of this report is equal to the EV of US\$70,853 million (31 December 2024: US\$69,035 million) shown in Section 2.1 of this report.

Note:

(1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business

The VONB for the Group for the six months ended 30 June 2025 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 2025 was US\$2,838 million, an increase of US\$383 million, or 14 per cent, from US\$2,455 million for the six months ended 30 June 2024.

Summary of VONB by Business Unit (US\$ millions)

Business Unit	Six months ended 30 June 2025 ⁽¹⁾ (Unaudited)			Six months ended 30 June 2024 (Unaudited)		
	VONB before CoC	CoC	VONB after CoC	VONB before CoC	CoC	VONB after CoC
AIA China	815	72	743	875	93	782
AIA Hong Kong	1,098	35	1,063	895	37	858
AIA Thailand	539	17	522	377	18	359
AIA Singapore	284	25	259	234	15	219
AIA Malaysia	201	9	192	193	10	183
Other Markets	345	96	249	316	92	224
Total before unallocated Group Office expenses, Group Corporate Centre tax⁽²⁾ and non-controlling interests (Business Unit)	3,282	254	3,028	2,890	265	2,625
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(33)	13	(46)	(23)	15	(38)
Total before unallocated Group Office expenses, Group Corporate Centre tax⁽²⁾ and non-controlling interests (Consolidated)	3,249	267	2,982	2,867	280	2,587
After-tax value of unallocated Group Office expenses	(71)	–	(71)	(98)	–	(98)
Group Corporate Centre tax ⁽²⁾	(54)	–	(54)	(16)	–	(16)
Total before non-controlling interests (Consolidated)	3,124	267	2,857	2,753	280	2,473
Non-controlling interests	(24)	(5)	(19)	(19)	(1)	(18)
Total	3,100	262	2,838	2,734	279	2,455

Notes:

- (1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.
- (2) Refers to corporate income tax in Bermuda as described in Section 5.4 of this report.
- (3) 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 2024 and Section 4.1 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 2025.

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 2025 was 57.7 per cent compared with 53.9 per cent for the six months ended 30 June 2024. The Group PVNBP margin for the six months ended 30 June 2025 was 11 per cent compared with 11 per cent for the six months ended 30 June 2024.

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

	VONB after CoC	ANP	VONB margin	PVNBP margin
Half Year				
Values for 2025⁽¹⁾				
Six months ended 30 June 2025 (Unaudited)	2,838	4,942	57.7%	11%
Values for 2024				
Six months ended 30 June 2024 (Unaudited)	2,455	4,546	53.9%	11%
Quarter				
Values for 2025⁽¹⁾				
Three months ended 31 March 2025 (Unaudited)	1,497	2,617	57.5%	11%
Three months ended 30 June 2025 (Unaudited)	1,341	2,325	58.0%	11%
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%

Note:

(1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.

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)

Business Unit	Six months ended 30 June 2025 ⁽¹⁾ (Unaudited)			Six months ended 30 June 2024 (Unaudited)		
	VONB excluding pension	ANP	VONB margin	VONB excluding pension	ANP	VONB margin
AIA China	743	1,268	58.6%	782	1,382	56.6%
AIA Hong Kong	1,059	1,609	65.8%	836	1,272	65.7%
AIA Thailand	522	452	115.7%	359	386	93.1%
AIA Singapore	259	547	47.4%	219	417	52.4%
AIA Malaysia	192	278	68.9%	183	285	64.2%
Other Markets	249	788	31.5%	223	804	27.7%
Total before unallocated Group Office expenses and Group Corporate Centre tax⁽²⁾ (Business Unit)	3,024	4,942	61.2%	2,602	4,546	57.2%
Adjustment to reflect consolidated reserving and capital requirements ⁽³⁾	(46)	–		(39)	–	
Total before unallocated Group Office expenses and Group Corporate Centre tax⁽²⁾ (Consolidated)	2,978	4,942	60.3%	2,563	4,546	56.4%
After-tax value of unallocated Group Office expenses	(71)	–		(98)	–	
Group Corporate Centre tax ⁽²⁾	(54)	–		(16)	–	
Total	2,853	4,942	57.7%	2,449	4,546	53.9%

Notes:

- (1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.
- (2) Refers to corporate income tax in Bermuda as described in Section 5.4 of this report.
- (3) 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 2024 and Section 4.1 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 2025 ⁽¹⁾ (Unaudited)			Six months ended 30 June 2024 (Unaudited)			YoY AER
	ANW	VIF	EV	ANW	VIF	EV	EV
Opening EV Equity			71,626			70,153	2%
Removal of goodwill and other intangible assets ⁽²⁾			(2,591)			(2,706)	(4)%
Opening EV	30,527	38,508	69,035	32,009	35,438	67,447	2%
VONB	(34)	2,872	2,838	(117)	2,572	2,455	16%
Expected return on EV ⁽³⁾	2,415	413	2,828	2,437	276	2,713	4%
Operating experience variances	370	(81)	289	304	6	310	(7)%
Operating assumption changes	801	(578)	223	186	(90)	96	132%
Finance costs	(285)	–	(285)	(224)	–	(224)	27%
EV operating profit	3,267	2,626	5,893	2,586	2,764	5,350	10%
Investment return variances ⁽⁴⁾	(1,070)	(327)	(1,397)	1,077	(580)	497	n/m ⁽⁵⁾
Other non-operating variances ⁽⁶⁾	(486)	229	(257)	(1,093)	996	(97)	n/m
Total EV profit⁽⁷⁾	1,711	2,528	4,239	2,570	3,180	5,750	(26)%
Dividends	(1,768)	–	(1,768)	(1,705)	–	(1,705)	4%
Share buy-back	(1,942)	–	(1,942)	(1,673)	–	(1,673)	16%
Other capital movements	(17)	–	(17)	16	–	16	n/m
Effect of changes in exchange rates	270	1,036	1,306	(724)	(864)	(1,588)	n/m
Closing EV	28,781	42,072	70,853	30,493	37,754	68,247	4%
Inclusion of goodwill and other intangible assets ⁽²⁾			2,817			2,609	8%
Closing EV Equity			73,670			70,856	4%
Closing EV per share (US\$)			6.72			6.12	10%
Closing EV Equity per share (US\$)			6.99			6.36	10%

Notes:

- (1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.
- (2) Consistent with the interim condensed consolidated financial statements, shown net of tax, amounts attributable to participating funds and non-controlling interests.
- (3) For the six months ended 30 June 2025, expected return is net of a notional GMT top-up tax of negative US\$136 million calculated on an operating profit basis.
- (4) For the six months ended 30 June 2025, investment return variances include a positive US\$85 million, representing the difference between the notional GMT top-up tax on an operating profit basis of negative US\$136 million and the actual GMT top-up tax of negative US\$51 million.
- (5) Not meaningful (n/m).
- (6) Includes the acquisition of New Medical Centre Holding Limited for the six months ended 30 June 2025.
- (7) For the six months ended 30 June 2025, total EV profit is net of actual GMT top-up tax incurred of negative US\$51 million.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

The opening EV Equity was US\$71,626 million at 31 December 2024.

The opening EV was US\$69,035 million at 31 December 2024 after removal of goodwill and other intangible assets of US\$2,591 million.

EV operating profit was US\$5,893 million (2024: US\$5,350 million), reflecting VONB of US\$2,838 million (2024: US\$2,455 million), an expected return on EV of US\$2,828 million (2024: US\$2,713 million), operating experience variances and operating assumption changes with a net impact of US\$512 million (2024: net impact of US\$406 million), and net of finance costs of US\$285 million (2024: US\$224 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 2025. 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\$289 million (2024: increased EV by US\$310 million), driven by:

- Expense variances of US\$83 million (2024: US\$148 million), partly offset by development costs of US\$5 million (2024: US\$8 million);
- Mortality and morbidity claims variances of US\$201 million (2024: US\$26 million); and
- Persistency and other variances of US\$10 million (2024: US\$144 million) which included persistency variances of US\$(165) million (2024: US\$(5) million) and other variances, including management actions, of US\$175 million (2024: US\$149 million).

The effect of changes in operating assumptions during the period was an increase in EV of US\$223 million (2024: an increase in EV of US\$96 million).

The EV profit of US\$4,239 million (2024: US\$5,750 million) is the total of EV operating profit, investment return variances and other non-operating variances.

The investment return variances decreased EV by US\$1,397 million (2024: increased EV by US\$497 million) driven by the effect of short-term fluctuations in interest rates, equities and other capital market movements, after allowing for consolidated reserving and capital requirements, compared with the expected returns.

Other non-operating variances decreased EV by US\$257 million (2024: decreased EV by US\$97 million) which mainly comprised negative impacts from the effect of acquisition, regulation changes and non-operating expenses.

The final shareholder dividend for 2024 paid in the first half of 2025 totalled US\$1,768 million (2024: US\$1,705 million). The capital deployed for the share buy-back programme, under which 253 million shares⁽¹⁾ (2024: 220 million shares) have been repurchased in the first half of 2025, was US\$1,942 million (2024: US\$1,673 million). Other capital movements decreased EV by US\$17 million (2024: increased EV by US\$16 million).

Foreign exchange movements increased EV by US\$1,306 million (2024: decreased EV by US\$1,588 million).

The closing EV was US\$70,853 million at 30 June 2025.

The closing EV Equity was US\$73,670 million as at 30 June 2025, after inclusion of goodwill and other intangible assets of US\$2,817 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\$696 million to US\$74,366 million (2024: increase by US\$1,024 million).

Notes:

(1) Of these shares, 166 million shares were cancelled in the first half of 2025, and the remaining 87 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 17.8 per cent (2024: 16.5 per cent) for the six months ended 30 June 2025.

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)	YoY CER	YoY AER
EV operating profit	5,893	5,350	9%	10%
Opening EV	69,035	67,447	4%	2%
Operating ROEV⁽¹⁾	17.8%	16.5%	n/a	1.3 pps
EV operating profit per share (US cents)⁽²⁾	55.42	47.68	15%	16%

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 2025 ⁽¹⁾ (Unaudited)	Six months ended 30 June 2024 (Unaudited)	YoY CER	YoY AER
Opening free surplus	12,554	16,329	(22)%	(23)%
UFSG	3,569	3,391	4%	5%
Free surplus used to fund new business	(699)	(788)	(12)%	(11)%
Unallocated Group Office expenses	(138)	(152)	(9)%	(9)%
Finance costs and other capital movements	(302)	(208)	45%	45%
Net free surplus generation	2,430	2,243	7%	8%
Investment return variances and other items	(1,376)	(634)	n/m ⁽²⁾	n/m
Dividends	(1,768)	(1,705)	4%	4%
Share buy-back	(1,942)	(1,673)	16%	16%
Closing free surplus	9,898	14,560	(33)%	(32)%

Free surplus decreased by US\$2,656 million to US\$9,898 million (31 December 2024: US\$12,554 million) as at 30 June 2025, after reflecting the impact of share buy-back of US\$1,942 million.

UFSG, as defined in Section 4.8 of the Supplementary Embedded Value Information in the Company's Annual Report 2024, after the GMT top-up tax impact, increased by 4 per cent, to US\$3,569 million (2024: US\$3,391 million), which comprised expected return on free surplus and assets backing MTNs of US\$676 million (2024: US\$698 million), expected distributable earnings from in-force business of US\$2,105 million (2024: US\$1,956 million), diversification benefit due to new business of US\$344 million (2024: US\$427 million) and other operating variances of US\$580 million (2024: US\$310 million). Investment in writing new business was US\$699 million (2024: US\$788 million).

Unallocated Group Office expenses amounted to US\$138 million (2024: US\$152 million).

	Six months ended 30 June 2025 ⁽¹⁾ (Unaudited)	Six months ended 30 June 2024 (Unaudited)	YoY CER	YoY AER
UFSG	3,569	3,391	4%	5%
Expected return on free surplus and assets backing MTNs	676	698	(3)%	(3)%
Expected distributable earnings from in-force business	2,105	1,956	7%	8%
Diversification benefit due to new business	344	427	(20)%	(19)%
Other operating variances	580	310	82%	87%
GMT top-up tax in the current period	(136)	–	n/m	n/m
Free surplus used to fund new business	(699)	(788)	(12)%	(11)%
Unallocated Group Office expenses	(138)	(152)	(9)%	(9)%
Finance costs and other capital movements	(302)	(208)	45%	45%
Net free surplus generation	2,430	2,243	7%	8%

Investment return variances and other items amounted to US\$(1,376) million (2024: US\$(634) million). This mainly reflects the effect of short-term fluctuations in interest rates, equities and other capital market movements, after allowing for consolidated reserving and capital requirements, compared with the expected returns as well as other non-operating variances as described in Section 2.6 of this report.

Notes:

(1) Please refer to Section 5.4 of this report on the treatment of GMT top-up tax.

(2) Not meaningful (n/m).

3. SENSITIVITY ANALYSIS

The EV as at 30 June 2025 and the VONB for the six months ended 30 June 2025 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 2025 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 2025); and
- Equity prices decreased proportionally by 10 per cent (i.e. 90 per cent of the prices at 30 June 2025).

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 2025 and the values of debt instruments and derivatives held at 30 June 2025 were changed to be consistent with the interest rate assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

For the equity return, property return and risk discount rates sensitivity, the projected bonus rates on participating business were changed to be consistent with the equity return assumptions and property return assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

As the Group operates in multiple geographical markets, the EV results for the Group are translated from multiple currencies to the US dollar which is the Group's presentation currency. In order to provide sensitivity results for EV and VONB of the impact of foreign currency movements, a change of 5 per cent to the US dollar is included.

For the equity price sensitivities, the projected bonus rates on participating business and the values of equity securities and equity funds held at 30 June 2025 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 2025 and the projected bonus rates on participating business were changed to be consistent with the sensitivity analysis assumptions, while all the other assumptions remain unchanged.

3. SENSITIVITY ANALYSIS (continued)

The sensitivities chosen do not represent the boundaries of possible outcomes, but instead illustrate how certain alternative assumptions would affect the results.

Sensitivity of EV (US\$ millions)

Scenario	As at 30 June 2025 (Unaudited)		As at 31 December 2024	
	EV	% Change	EV	% Change
Central value	70,853		69,035	
<i>Impact of:</i>				
200 bps increase in risk discount rates	(10,374)	(14.6)%	(9,680)	(14.0)%
200 bps decrease in risk discount rates	16,076	22.7%	14,827	21.5%
10% increase in equity prices	2,289	3.2%	2,233	3.2%
10% decrease in equity prices	(2,312)	(3.3)%	(2,248)	(3.3)%
50 bps increase in interest rates	(804)	(1.1)%	(580)	(0.8)%
50 bps decrease in interest rates	611	0.9%	500	0.7%
100 bps decrease in equity and property returns and risk discount rates	3,087	4.4%	2,615	3.8%
5% appreciation in the presentation currency	(936)	(1.3)%	(1,164)	(1.7)%
5% depreciation in the presentation currency	936	1.3%	1,164	1.7%
10% increase in lapse/discontinuance rates	(1,975)	(2.8)%	(1,879)	(2.7)%
10% decrease in lapse/discontinuance rates	2,232	3.2%	2,106	3.1%
10% increase in mortality/morbidity rates	(6,290)	(8.9)%	(5,612)	(8.1)%
10% decrease in mortality/morbidity rates	6,239	8.8%	5,546	8.0%
10% decrease in maintenance expenses	1,148	1.6%	1,056	1.5%
Expense inflation set to 0%	1,315	1.9%	1,199	1.7%

Sensitivity of VONB (US\$ millions)

Scenario	Six months ended 30 June 2025 (Unaudited)		Six months ended 30 June 2024 (Unaudited)	
	VONB	% Change	VONB	% Change
Central value	2,838		2,455	
<i>Impact of:</i>				
200 bps increase in risk discount rates	(595)	(21.0)%	(500)	(20.4)%
200 bps decrease in risk discount rates	907	32.0%	761	31.0%
50 bps increase in interest rates	29	1.0%	77	3.1%
50 bps decrease in interest rates	(54)	(1.9)%	(93)	(3.8)%
100 bps decrease in equity and property returns and risk discount rates	292	10.3%	239	9.7%
5% appreciation in the presentation currency	(95)	(3.3)%	(87)	(3.5)%
5% depreciation in the presentation currency	95	3.3%	87	3.5%
10% increase in lapse/discontinuance rates	(150)	(5.3)%	(132)	(5.4)%
10% decrease in lapse/discontinuance rates	168	5.9%	146	5.9%
10% increase in mortality/morbidity rates	(290)	(10.2)%	(254)	(10.3)%
10% decrease in mortality/morbidity rates	289	10.2%	254	10.3%
10% decrease in maintenance expenses	60	2.1%	62	2.5%
Expense inflation set to 0%	44	1.6%	44	1.8%

4. METHODOLOGY

The methodology used by the Group on GMT top-up tax, effective from 1 January 2025, is set out in Section 5.4 of this report. Apart from the treatment of GMT top-up tax, the methodology 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 2024 taking into account the capital requirements as set out in Section 4.1 of this report. 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 Hong Kong Insurance Authority (HKIA) with effect from 1 January 2022 of the Hong Kong Risk-based Capital (HKRBC). AIA Everest Life Company Limited, which is a closed block of business under AIA Co., and the Hong Kong business written by AIA Co., became subject to HKRBC regime from 1 July 2024. For clarity, the Macau branch of AIA International is further subject to 150 per cent of Macau statutory requirement.

Capital Requirements on Consolidation

The Company's subsidiaries, AIA Co. and AIA International, are both subject to the HKIA reserving and capital requirements. Following the approval by HKIA to early adopt the new HKRBC regime for AIA International, starting from 1 January 2022, AIA International is subject to the capital requirement under the new HKRBC regime, while AIA Co. became subject to the HKRBC regime from 1 July 2024. Further, the branches of AIA Co. and AIA International hold required capital of no less than 100 per cent of the HKRBC capital requirement.

In addition, AIA International, which is incorporated in Bermuda, is subject to the 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) capital adequacy rules, including group capital adequacy requirements based on the Local Capital Summation Method (LCSM), under which the Group's published eligible group capital resources, group minimum capital requirement (GMCR) and group prescribed capital requirement (GPCR) are calculated as the sum of the eligible capital resources, minimum capital requirements and prescribed capital requirements for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA. This has not imposed any additional capital requirement to those mentioned above.

5. ASSUMPTIONS

5.1 Introduction

This section summarises the assumptions used by the Group to determine the EV as at 30 June 2025 and the VONB for the period ended 30 June 2025.

Long-term investment return assumptions as disclosed in Section 5.2 of the Supplementary Embedded Value Information in the Company's Annual Report 2024 used in the EV basis for the interim results remain unchanged, 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 2024.

The non-economic assumptions used are based on those at 31 December 2024, 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 2024.

5.2 Economic Assumptions

Investment Returns

The Group has set the assumed long-term future returns for fixed income assets to reflect its view of expected returns having regard to estimates of long-term forward rates from yields available on government bonds and current bond yields. In determining returns on fixed income assets, the Group allows for the risk of default, and this allowance varies by the credit rating of the underlying asset.

Where long-term views of investment return assumptions differ from current market yields on existing fixed income assets, an adjustment was made to make allowance for the current market yields. In these cases, in calculating the VIF, adjustments have been made to the investment return assumptions such that the investment returns on existing fixed income assets were set consistently with the current market yield on these assets for their expected remaining term, to be consistent with the valuation of the assets backing the policy liabilities.

The Group has set the equity return and property return assumptions by reference to the long-term return on 10-year government bonds, allowing for an internal assessment of risk premia that vary by asset class and by territory.

For each Business Unit, the non-linked portfolio is divided into a number of distinct product groups, and the returns for each of these product groups have been derived by considering current and future targeted asset allocations and associated investment returns for major asset classes.

For unit-linked business, fund growth assumptions have been determined based on actual asset mix within the funds at the valuation date and expected long-term returns for major asset classes.

For Tata AIA Life, the Group uses the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India for determining its EV and VONB. This methodology uses investment returns and risk discount rates that reflect the market-derived government bond yield curve. Therefore, the risk discount rate and long-term investment returns are not provided for Tata AIA Life.

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates

The risk discount rates can be considered as the sum of the appropriate risk-free interest rate, to reflect the time value of money, and a risk margin to make an implicit allowance for risk.

The table below summarises the current market 10-year government bond yields referenced in EV calculations.

Business Unit	Current market 10-year government bond yields referenced in EV calculations (%)		
	As at 30 June 2025 (Unaudited)	As at 31 December 2024	As at 30 June 2024 (Unaudited)
	AIA Australia	4.16	4.36
AIA China	1.65	1.68	2.21
AIA Hong Kong ⁽¹⁾	4.23	4.57	4.40
AIA Indonesia	6.63	7.00	7.07
AIA Korea	2.80	2.87	3.26
AIA Malaysia	3.49	3.81	3.86
AIA New Zealand	4.54	4.41	4.67
AIA Philippines	6.28	6.18	6.65
AIA Singapore	2.20	2.86	3.21
AIA Sri Lanka	10.99	11.27	12.84
AIA Taiwan	1.44	1.61	1.67
AIA Thailand	1.60	2.30	2.68
AIA Vietnam	3.22	3.12	2.83

Note:

(1) The majority of AIA Hong Kong's assets and liabilities are denominated in the US dollar. The 10-year government bond yields shown above are those of US dollar-denominated bonds.

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates (continued)

The table below summarises the risk discount rates and long-term investment returns assumed in EV calculations. The risk discount rates as at 30 June 2025 reflect the weighted average of the risk margins of the in-force business at the start of 2025, and those of the new business written during the first half of 2025 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.

Business Unit	Risk discount rates assumed in EV calculations (%)			Long-term investment returns assumed in EV calculations (%)					
				10-year government bonds			Local equities		
	As at 30 Jun 2025 (Unaudited)	As at 31 Dec 2024	As at 30 Jun 2024 (Unaudited)	As at 30 Jun 2025 (Unaudited)	As at 31 Dec 2024	As at 30 Jun 2024 (Unaudited)	As at 30 Jun 2025 (Unaudited)	As at 31 Dec 2024	As at 30 Jun 2024 (Unaudited)
AIA Australia	7.92	7.92	7.92	3.80	3.80	3.80	8.10	8.10	8.10
AIA China	8.33	8.36	9.14	2.70	2.70	3.50	8.00	8.00	8.80
AIA Hong Kong ⁽¹⁾	7.95	7.95	7.96	3.50	3.50	3.50	8.00	8.00	8.00
AIA Indonesia	12.06	12.08	13.12	7.50	7.50	7.50	11.00	11.00	12.00
AIA Korea	8.43	8.55	8.68	3.00	3.00	3.00	7.30	7.30	7.30
AIA Malaysia	8.16	8.20	8.74	4.30	4.30	4.50	8.60	8.60	9.10
AIA New Zealand	7.54	7.54	7.85	3.80	3.80	3.80	8.00	8.00	8.30
AIA Philippines	11.10	11.10	12.10	6.00	6.00	6.00	9.80	9.80	10.80
AIA Singapore	7.31	7.34	7.36	3.10	3.10	3.10	7.60	7.60	7.60
AIA Sri Lanka	14.70	14.70	14.70	10.00	10.00	10.00	12.00	12.00	12.00
AIA Taiwan	7.61	7.62	7.62	1.50	1.50	1.50	6.10	6.10	6.10
AIA Thailand	7.38	7.42	7.77	3.40	3.40	3.40	7.80	7.80	8.10
AIA Vietnam	9.87	9.86	9.55	4.00	4.00	4.00	9.60	9.60	9.30

Note:

- (1) The majority of AIA Hong Kong's assets and liabilities are denominated in the US dollar. The 10-year government bond assumptions shown above are those of US dollar-denominated bonds, and the local equities assumption shown is that of US dollar-denominated equities.

5. ASSUMPTIONS (continued)

5.3 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 2025 (Unaudited)	As at 31 December 2024
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⁾	6.20	6.35

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

On 6 June 2025, Hong Kong enacted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 to implement GMT developed as part of Pillar Two of BEPS 2.0 initiative which became effective in Hong Kong from 1 January 2025, as described in note 10 to the interim condensed consolidated financial statements. The Embedded Value Results reflect the quantitative impact of the GMT top-up tax up to the end of the current reporting period. For the first half of 2025, EV operating profit and UFSG are stated net of a notional GMT top-up tax of negative US\$136 million, as estimated on an operating profit basis. The actual GMT top-up tax incurred by the Group in any period will differ from the operating top-up tax since it is based on net profit rather than operating profit. In the first half of 2025, total EV profit is stated net of the actual GMT top-up tax incurred of negative US\$51 million.

The potential impact of GMT top-up tax for future periods will depend on a number of factors, including the effective tax rates for future new business, future new business volumes and the jurisdiction where they are written as well as profitability and asset mix. In addition, the accounting treatment of deferred taxes is still evolving, as set out by the IASB under IAS 12, Income Taxes, requiring the mandatory temporary exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes. Under IAS 12, the IASB states that it is difficult to reliably forecast the future period tax rates expected in the context of GMT top-up tax. This mandatory temporary exception aims to avoid the development of diverse interpretations of IAS 12 under the complex new tax legislation enacted in multiple jurisdictions in a short period of time. Given the mandatory temporary exception applicable under IAS 12, as well as the uncertainties around, and developing interpretations of, GMT top-up tax legislation in multiple jurisdictions, the Group has not reflected any potential future GMT top-up tax in the Group EV, VONB and projected future distributable earnings.

For taxation other than GMT top-up tax, 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 2025 (Unaudited)	As at 31 December 2024
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.

6. EVENTS AFTER THE REPORTING PERIOD

On 21 August 2025, a Committee appointed by the Board of Directors declared an interim dividend of 49.00 Hong Kong cents per share (six months ended 30 June 2024: 44.50 Hong Kong cents per share).