This announcement is for information purposes only and does not constitute an invitation or offer by any person to acquire, purchase or subscribe for securities. This announcement is not, and is not intended to be, an offer of securities of the Company for sale in the United States. The securities of the Company have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements under the U.S. Securities Act. There is not, and is not intended to be, any public offering of the securities of the Company in the United States.

AIA Group Limited

友 邦 保 險 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

Stock Code: 1299

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

AIA REPORTS FINANCIAL RESULTS FOR THE FIRST HALF OF 2022

STRONG VONB MOMENTUM IN THE SECOND QUARTER WITH POSITIVE GROWTH IN JUNE
FREE SURPLUS UP TO US$20.6 BILLION; OPAT UP 4 PER CENT
INTERIM DIVIDEND UP 6 PER CENT

AIA Group Limited (the "Company"; stock code: 1299) today announces financial results for the six months ended 30 June 2022.

Growth rates are shown on a constant exchange rate basis:

New business performance

- Value of new business (VONB) reduced by 13 per cent to US$1,536 million
- Strong month-on-month improvement in the second quarter with positive VONB growth in June
- Robust annualised new premiums (ANP) of US$2,778 million, a decline of 7 per cent
- VONB margin of 55.2 per cent
- AIA China returned to VONB growth in July as movement restrictions eased

Earnings and capital

- Free surplus increased by US$3.6 billion to US$20.6 billion
- Underlying free surplus generation (UFSG) up 5 per cent(1) to US$3,190 million
- Operating profit after tax (OPAT) up 4 per cent to US$3,223 million
- Very strong Group LCSM cover ratio(2) of 277 per cent on the new PCR basis and 567 per cent on the previously reported MCR basis
- EV Equity of US$72.3 billion after returning US$3.0 billion to shareholders through the share buy-back programme and dividend
- Shareholders' allocated equity of US$46.8 billion

Interim dividend

- Interim dividend increased by 6 per cent to 40.28 Hong Kong cents per share

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

"AIA has delivered a resilient performance in the first half of 2022. Sales momentum in the second quarter improved as the temporary disruption caused by the initial outbreak of the Omicron variant declined and we delivered positive VONB growth in June.

"Our growing high-quality in-force portfolio supported an increase in both OPAT and UFSG(1). The Group's financial position remained very strong with free surplus increasing to US$20.6 billion and a Group LCSM cover ratio(2) of 277 per cent despite the significant stress in capital markets. EV Equity was US$72.3 billion, representing an increase of 3 per cent in the first half before the return of US$3.0 billion to shareholders through our share buy-back programme and payment of the 2021 final dividend.

"The Board has declared a 6 per cent increase in the interim dividend to 40.28 Hong Kong cents per share. This follows AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

“AIA’s wide adoption of technology, digital and analytics throughout the Group continues to enhance our business capabilities and resilience. Our agents rapidly switched from in-person to digital remote sales, helping to offset the effect of the initial Omicron wave on face-to-face sales activities, and leveraged our social-media-integrated leads management platforms as a powerful way to generate new customer leads. Agency new business momentum increased month-on-month in the second quarter and we returned to VONB growth in June. In July, AIA was ranked the number one global Million Dollar Round Table (MDRT) multinational for a record eighth year in a row, demonstrating our consistent focus on high-quality and professional advice.

“Our strategic partnerships with leading banks delivered double-digit VONB growth in the first half, driven by very strong performances in Hong Kong, Malaysia and India. Overall, our partnership distribution business reported a positive increase in the first half and strong VONB growth in the second quarter, supported by double-digit growth in Malaysia, Indonesia and the Philippines and a material contribution from our partnership with The Bank of East Asia, Limited (BEA).

“While sales activity in the second quarter for AIA China was substantially affected by stringent containment measures in Shanghai, Suzhou and Beijing, we achieved positive VONB growth across our other geographies. In the first half, VONB was lower due to the restrictions and following a record result in the first half of 2021, which was driven by an exceptionally high level of traditional protection sales, as previously reported. Our high-quality Premier Agency model remained resilient with growth in active agent productivity, new recruits and the overall agency force. As restrictions reduced across our operations, AIA China achieved positive VONB growth in July.

“The Mainland Chinese life insurance market remains significantly underpenetrated and offers tremendous growth potential for AIA. We continue to make strong progress in geographical expansion and our new branch in Wuhan, Hubei province, commenced sales in the first half, making a strong contribution to the excellent VONB growth from our new geographies. In May, we received regulatory approval to prepare a new branch in Henan, the third most populous province in Mainland China.

“In the first half of 2022, AIA Hong Kong delivered 3 per cent growth in VONB, supported by growth in both agency and partnership distribution channels. Sales momentum in our domestic customer segment rebounded from May as daily infections subsided. While travel across the Hong Kong border remains limited, we delivered strong VONB growth from sales to Mainland Chinese visitors through our Macau branch.

“The rest of the Group generated close to 50 per cent of total VONB in the first half of 2022 with progressive improvements in sales activities in the second quarter. In June, our market-leading ASEAN businesses returned to growth with a very strong double-digit increase in VONB.

“Tata AIA Life, our joint venture in India, is well positioned to capture the significant opportunities available in the life insurance market. We achieved excellent VONB growth in the first half, supported by the success of our multi-channel distribution platform. Our highly-digitalised Premier Agency delivered very strong increases in recruitment, agency leaders, active agents and productivity. We continued to strengthen relationships with a wide range of bank partners and brokers and generated excellent VONB growth in our partnership channel.

“I am confident that the long-term prospects for AIA’s broad and diverse business remain exceptional. AIA’s geographical diversity across Asia and our unrivalled distribution platform are key strengths. We are focused on the disciplined execution of our strategic priorities which will continue to deliver long-term sustainable value for all our stakeholders.”

About AIA

AIA Group Limited and its subsidiaries (collectively "AIA" or the "Group") comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR[3], Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR[4], and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US$302 billion as of 30 June 2022.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 40 million individual policies and over 17 million participating members of group insurance schemes.

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

Contacts

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

Notes:

(1) The 5 per cent growth of UFSG in the first half of 2022 is calculated on a comparable basis. UFSG was US$3,434 million before the effects of the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime from 1 January 2022 and the release of additional resilience margins held by the Group at 1 January 2022 under the previous Hong Kong Insurance Ordinance (HKIO) basis.

(2) AIA's group available capital, group prescribed capital requirement (GPCR) and group minimum capital requirement (GMCR) are calculated based on the Local Capital Summation Method (LCSM). From 1 January 2022, the Group LCSM cover ratio is calculated as the ratio of group available capital to GPCR on the new prescribed capital requirement (PCR) basis. Prior to 1 January 2022, the Group LCSM cover ratio was calculated using the GMCR on the previously reported minimum capital requirement (MCR) basis. Please refer to note 21 to the unaudited interim condensed consolidated financial statements for the first half of 2022 for details.

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

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

FINANCIAL SUMMARY

Performance Highlights

US$ millions, unless otherwise stated	**Six months ended 30 Jun 2022**	Six months ended 30 Jun 2021	**YoY CER**	YoY AER
New Business				
Value of new business (VONB)	**1,536**	1,814	**(13)%**	(15)%
VONB margin	**55.2%**	59.0%	**(4.1) pps**	(3.8) pps
Annualised new premiums (ANP)	**2,778**	3,060	**(7)%**	(9)%
EV Operating Profit				
Embedded value (EV) operating profit	**3,953**	4,092	**(2)%**	(3)%
Operating return on EV	**11.1%**	12.9%	**(1.7) pps**	(1.8) pps
Basic EV operating earnings per share (US cents)	**32.82**	33.92	**(1)%**	(3)%
IFRS Earnings				
Operating profit after tax (OPAT)	**3,223**	3,182	**4%**	1%
Operating return on shareholders' allocated equity	**12.7%**	12.8%	**(0.2) pps**	(0.1) pps
Total weighted premium income (TWPI)	**18,568**	18,511	**3%**	–
Operating earnings per share (US cents)				
– Basic	**26.76**	26.37	**4%**	1%
– Diluted	**26.76**	26.33	**4%**	2%
Underlying Free Surplus Generation				
Underlying free surplus generation (UFSG) on a comparable basis*	**3,434**	3,374	**5%**	2%
Effects of early adoption of Hong Kong Risk-based Capital (HKRBC) regime and release of resilience margins	**(244)**	–	**n/m**	n/m
UFSG	**3,190**	3,374	**(3)%**	(5)%
Basic UFSG per share (US cents)	**26.49**	27.97	**(2)%**	(5)%
Dividends				
Dividend per share (HK cents)	**40.28**	38.00	**n/a**	6%

US$ millions, unless otherwise stated	**As at 30 Jun 2022**	As at 31 Dec 2021	**Change CER**	Change AER
Embedded Value				
EV Equity	**72,326**	75,001	**(1)%**	(4)%
Embedded value	**70,105**	72,987	**(1)%**	(4)%
Free surplus	**20,626**	17,025	**23%**	21%
EV Equity per share (US$)	**6.02**	6.20	**–**	(3)%
Equity and Capital				
Shareholders' allocated equity	**46,788**	52,060	**(8)%**	(10)%
Group Local Capital Summation Method (LCSM) cover ratio**				
– Prescribed capital requirement (PCR) basis	**277%**	291%	**n/a**	(14) pps
– Minimum capital requirement (MCR) basis	**567%**	399%	**n/a**	168 pps
Shareholders' allocated equity per share (US$)	**3.90**	4.30	**(7)%**	(9)%

* Please refer to Note 8.

** Please refer to Note 9.

New Business Performance by Segment

US$ millions, unless otherwise stated	**Six months ended 30 Jun 2022**			Six months ended 30 Jun 2021			**VONB Change**	
	VONB	**VONB Margin**	**ANP**	VONB	VONB Margin	ANP	**YoY CER**	YoY AER
Mainland China	**563**	**67.4%**	**835**	738	82.1%	899	**(24)%**	(24)%
Hong Kong	**323**	**69.3%**	**443**	313	57.5%	505	**3%**	3%
Thailand	**260**	**83.8%**	**311**	312	93.5%	333	**(9)%**	(17)%
Singapore	**161**	**65.9%**	**244**	176	63.2%	279	**(6)%**	(9)%
Malaysia	**161**	**67.2%**	**239**	157	61.7%	253	**7%**	3%
Other Markets	**207**	**29.1%**	**706**	253	32.1%	791	**(15)%**	(18)%
Subtotal	**1,675**	**59.6%**	**2,778**	1,949	62.9%	3,060	**(12)%**	(14)%
Adjustment to reflect consolidated reserving and capital requirements	**(25)**	**n/m**	**n/m**	(31)	n/m	n/m	**n/m**	n/m
After-tax value of unallocated Group Office expenses	**(99)**	**n/m**	**n/m**	(88)	n/m	n/m	**n/m**	n/m
Total before non-controlling interests	**1,551**	**55.2%**	**2,778**	1,830	59.0%	3,060	**(13)%**	(15)%
Non-controlling interests	**(15)**	**n/m**	**n/m**	(16)	n/m	n/m	**n/m**	n/m
Total	**1,536**	**55.2%**	**2,778**	1,814	59.0%	3,060	**(13)%**	(15)%

Notes:

(1) The video presentation along with accompanying presentation slides and transcript will be available on AIA's website today:

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

(2) All figures are presented in actual reporting currency (US dollar) and based on actual exchange rates (AER) unless otherwise stated. Change on constant exchange rates (CER) is calculated using constant average exchange rates for the first half of 2022 and for the first half of 2021, other than for balance sheet items that use CER as at 30 June 2022 and as at 31 December 2021.

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

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

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

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

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

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

(8) The 5 per cent growth of UFSG in the first half of 2022 is calculated on a comparable basis. UFSG was US$3,434 million before the effects of the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime from 1 January 2022 and the release of additional resilience margins held by the Group at 1 January 2022 under the previous Hong Kong Insurance Ordinance (HKIO) basis.

(9) AIA's group available capital, group prescribed capital requirement (GPCR) and group minimum capital requirement (GMCR) are calculated based on the Local Capital Summation Method (LCSM). From 1 January 2022, the Group LCSM cover ratio is calculated as the ratio of group available capital to GPCR on the new prescribed capital requirement (PCR) basis. Prior to 1 January 2022, the Group LCSM cover ratio was calculated using the GMCR on the previously reported minimum capital requirement (MCR) basis. The pro forma Group LCSM cover ratio on the new PCR basis as at 31 December 2021 is presented as comparative information. Please refer to note 21 to the unaudited interim condensed consolidated financial statements for the first half of 2022 for details.

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

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

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

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

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

The results of Tata AIA Life are accounted for using the six-month period ended 31 March 2022 and the six-month period ended 31 March 2021 in AIA's consolidated results for the six-month period ended 30 June 2022 and the six-month period ended 30 June 2021, respectively.

The results of China Post Life are accounted for using the period from the completion of the investment on 11 January 2022 to 31 March 2022 in AIA's consolidated results for the six-month period ended 30 June 2022.

(13) AIA's financial information in this Financial Summary is based on the unaudited interim condensed consolidated financial statements and supplementary embedded value information for the first half of 2022, unless otherwise stated.

TABLE OF CONTENTS

GROUP CHIEF EXECUTIVE AND PRESIDENT'S REPORT

AIA is exceptionally well positioned to meet the evolving needs of our customers and to benefit from the enormous scale and resilience of the growth opportunities in Asia. The compounding effect of substantial economic growth, increasing affluence, growing healthcare spend and shifting population demographics generates immense potential for our business. The pandemic has accelerated many of these structural trends and financial protection, health and wellness are top of mind for billions of people across the region. The growing need for our products, services and high-quality advice has never been more evident than it is today. Our exclusive focus, strength in geographical breadth and unparalleled distribution platform in the world's most attractive region for life and health insurance mean our long-term growth prospects are fully intact.

AIA has successfully navigated through many periods of uncertainty and change over the last century, earning our company a reputation which is synonymous with trust, resilience and doing the right thing. Our communities faced unprecedented COVID-19 outbreaks in the first half of this year. Exponential rises in cases and the reintroduction of containment measures in response to the Omicron wave caused short-term disruptions to everyday life. While value of new business of US$1,536 million was lower in the first half, as the effects of the initial wave subsided, sales momentum improved and we returned to positive VONB growth in June. Rapid adoption and scaling of digital technology have reinforced our business resilience. Our diversified portfolio of growth businesses is underpinned by robust operating models and the experience of our outstanding management teams.

Our financial discipline and balance sheet strength is an important differentiator for AIA, particularly in the current environment of global capital market uncertainty and evolving macroeconomic conditions. The Group's very strong financial position enables us to move forward with confidence, financing organic new business growth and value-enhancing inorganic opportunities, while delivering attractive capital returns to shareholders. Earlier this year, we announced AIA's first-ever share buy-back programme of up to US$10 billion, which is the direct result of the execution of our profitable growth strategy that has delivered substantial free surplus generation over time.

Our large and growing in-force portfolio supported a further increase in operating profit after tax by 4 per cent in the first half to US$3,223 million and underlying free surplus generation of US$3,190 million grew by 5 per cent on a comparable basis(1). EV Equity was US$75,318 million, before the payment of the final shareholder dividend for 2021 of US$1,650 million and return of capital of US$1,342 million under the share buy-back programme. The Group's capital position remained very strong with a Group Local Capital Summation Method (LCSM) cover ratio(2) of 277 per cent on the new prescribed capital requirement (PCR) basis and free surplus growth of US$3,601 million in the first half to US$20,626 million.

The board of Directors (Board) has declared an increase in the interim dividend of 6 per cent to 40.28 Hong Kong cents per share. This reflects the resilience of AIA's business performance and the Board's confidence in the future prospects of the Group. The Board continues to follow AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

Our unrivalled distribution is a distinctive competitive advantage, offering AIA's customers professional, high-quality advice and products that serve their evolving needs. Although face-to-face new business activities were affected by the outbreaks of the Omicron variant, agency new business sales momentum improved in the second quarter and we delivered positive year-on-year VONB growth in June. Increased capacity from more agency leaders supported double-digit growth in new recruits and positive growth in our total agency force in the second quarter compared with the first quarter. Our strategic partnerships with leading banks delivered double-digit VONB growth in the first half, driven by very strong growth in Hong Kong, Malaysia and India.

In July 2022, for the first time, AIA China was named the number one Million Dollar Round Table (MDRT) company globally. AIA Thailand and AIA Hong Kong rounded out the global top three company positions and AIA was the number one MDRT multinational company for an historic eighth consecutive year.

Mainland China was once again the largest contributor to the Group's VONB and our differentiated proprietary agency strategy saw year-on-year growth in numbers of new recruits, while maintaining our stringent quality requirements. Premier Agency is also the cornerstone of our proven geographical expansion model. In May, we were delighted to receive approval from the China Banking and Insurance Regulatory Commission (CBIRC) to begin preparations to open our new operations in Henan province. This follows the successful launch of our branch in Hubei province where we continue our track record of attracting the best industry talent and maintaining the highest recruitment standards.

I am also very pleased that the CBIRC has recently granted us approval to upgrade our operations in Tianjin and Shijiazhuang, enabling us to expand our presence through additional sales offices. Our existing geographies continue to offer immense potential for growth as we deepen our reach into new cities and enlarge our addressable target market. As we replicate our proven and differentiated strategy in new geographies in Mainland China, we can access a base of potential customers five times the reach of our existing geographical footprint.

We have completed our 24.99 per cent equity investment in China Post Life Insurance Co., Ltd. (China Post Life), the leading bank-affiliated life insurer that brings financial protection to the mass and emerging mass-affluent segments in Mainland China. This business is highly complementary to AIA China's strategy and enables the Group to capture opportunities from additional distribution channels and customer segments. A joint technical assistance advisory committee with dedicated support from AIA Group Office, together with committed business transformation from China Post Life, has achieved a very strong performance.

Since we announced the transaction in June last year, VONB in the first half of 2022 was a multiple of 2.8 times the previously disclosed 2020 full-year result. This has been driven by a strategic shift towards sales of longer-term savings and protection products, which have significantly improved VONB margin, as well as enhancements to distribution productivity. China Post Life's embedded value has increased by 32 per cent(3) from 31 December 2020 to 30 June 2022 and the business has a robust comprehensive solvency ratio of 182 per cent.

AIA has the ambition and financial strength to expand our unparalleled reach across all of our 18 markets. Our exclusive bancassurance relationship with The Bank of East Asia, Limited (BEA) is unlocking further growth in Hong Kong and is already a material contributor to VONB as we reach new customers through a broader suite of products and services. Earlier this year, we extended the scope of our partnership to include personal lines general insurance products following our acquisition of Blue Cross (Asia-Pacific) Insurance Limited, a leading health insurer, and 80 per cent of Blue Care JV (BVI) Holdings Limited, a health services provider with a medical network in Hong Kong.

This is an opportune time for the Group to play a leading role in transforming health insurance and healthcare delivery across the region. There is a substantial and growing unmet consumer demand for healthcare to be more accessible, affordable and effective. In 2030, total healthcare expenditure is forecast to exceed US$4 trillion across AIA's markets with one-third of this expected to be out-of-pocket. When combined with the unprecedented acceleration of digital adoption and new advancements in health technology, this creates tremendous potential for AIA.

AIA is the leading health insurer in Asia and we have a significant opportunity to build on our key competitive strengths, including our unrivalled distribution, privileged relationships with our customers and our trusted brand. By expanding our offering of personalised, accessible and affordable integrated health protection products, we fulfil the needs and expectations of our customers while reinforcing the many benefits of our core life insurance business. It is central to our Purpose, of helping people live Healthier, Longer, Better Lives, and is a major part of our overall protection proposition to our customers.

AIA's Purpose underscores our responsibility to safeguard a better future for the societies in which we operate by addressing material Environmental, Social and Governance (ESG) issues. The sustainable deployment of our investment portfolio is crucial to our ambitions and we were among the first in the industry to fully divest from directly-managed listed equity and fixed income exposures to coal mining and coal-fired power businesses. We are committed to achieving net-zero greenhouse gas emissions by 2050 and, through our work with the Science Based Targets initiative, we will set ambitious emissions reduction targets using the latest climate science. Our global ESG leadership is well recognised and, as the largest pan-Asian life and health insurer, our scale and influence enable us to contribute meaningfully to the economic and social development of the region.

OUTLOOK

After strong expansion in 2021, the global economy began to slow down in the first half of 2022. Current geopolitical tensions are also creating heightened volatility in global capital markets. The combined effect of constrained supply chains and high levels of demand-led inflation in developed countries prompted central banks to accelerate the pace of monetary policy normalisation through policy rate hikes and quantitative tightening. Furthermore, fiscal policies have become less stimulative, if not restrictive in some cases, reducing the scope of pent-up demand and managing inflation is likely to be a key priority for policymakers.

In Asia, fiscal easing policies have generally been more restrained than in other parts of the world. Mainland China stands out in this context as its monetary and fiscal policies are eased further rather than tightened. While household consumption remains subdued, exports are providing some economic support. Inflationary pressures in Asia are relatively more stable and current account surpluses are supported by robust export growth.

Our resilient business performance in the first half of this year is a testament to our substantial competitive advantages, the breadth and diversity of our markets, our financial strength and the quality of our people. I am deeply grateful to all our employees, agents and partners for their outstanding and unwavering professionalism during these extraordinary times.

The long-term prospects for AIA's business remain exceptional despite near-term macroeconomic uncertainty. I have great confidence that through the focused execution of our strategic priorities, AIA will continue to deliver long-term sustainable value for all our stakeholders.

Lee Yuan Siong
Group Chief Executive and President
25 August 2022

Growth rates are shown on constant exchange rates as management believes this provides a clearer picture of the year-on-year performance of the underlying business.

Notes:

(1) Growth on a comparable basis refers to the exclusion of the impacts from the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime from 1 January 2022 and the release of additional resilience margins held by the Group at 1 January 2022 under the previous Hong Kong Insurance Ordinance (HKIO) basis.

(2) The Group LCSM cover ratio definition changed from the ratio of the group available capital to the group minimum capital requirement (GMCR) at 31 December 2021 to the ratio of the group available capital to the group prescribed capital requirement (GPCR) at 1 January 2022 and onwards. Further details of the adoption of the change and its impact are included in later pages of this announcement.

(3) On a stand-alone basis after adjusting for the effect of the Group's investment in China Post Life.

FINANCIAL AND OPERATING REVIEW

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

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

Summary and Key Financial Highlights

AIA has delivered resilient financial results in the first half of 2022 despite volatility in global capital markets and temporary disruption from the initial Omicron outbreak in Asia. Our businesses have progressively regained momentum through the second quarter as the numbers of COVID-19 cases reduced and the Group's value of new business (VONB) returned to positive year-on-year growth in June.

Our financial discipline and consistent strategic focus on high-quality business over many years is reflected in continued growth in operating profit after tax (OPAT) and underlying free surplus generation (UFSG)[1]. The Group's very strong financial position enabled us to finance our organic new business investment and value-enhancing inorganic opportunities, while delivering a progressive shareholder dividend and a return of excess capital to shareholders through our share buy-back programme[2].

The initial outbreak of the Omicron variant in the first quarter affected consumer demand across many of our markets, and extended into the second quarter especially in Mainland China. While VONB of US$1,536 million was lower in the first half by 13 per cent, as the effects of the initial wave subsided, sales momentum improved and we delivered positive VONB growth in June.

The Group's financial position remained very strong with free surplus increasing to US$20.6 billion at 30 June 2022, and the Group Local Capital Summation Method (LCSM) cover ratio[3] based on the prescribed capital requirements (the PCR basis) was 277 per cent.

Embedded Value (EV) Equity increased by 3 per cent to US$75,318 million, before the payment of the final shareholder dividend for 2021 of US$1,650 million and the US$1,342 million additional return of capital to shareholders from the first four months of our US$10 billion share buy-back programme.

The increase in EV Equity was driven by EV operating profit of US$3,953 million, which included US$359 million from positive operating variances as our overall experience exceeded our EV assumptions. Capital market movements caused negative investment return variances of US$4,793 million and these were partly offset by the positive effects from the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime of US$2,379 million and the release of additional resilience margins held by the Group under the previous Hong Kong Insurance Ordinance (HKIO) basis of US$885 million, in line with the pro forma figures shown in our Annual Report 2021.

Total EV profit was US$2,278 million and EV Equity was US$72,326 million at 30 June 2022, after the payment of the final shareholder dividend for 2021 and the additional return of capital through the share buy-back programme.

Our high-quality, recurring sources of earnings and the proactive management of our growing in-force portfolio underpinned a 4 per cent increase in OPAT to US$3,223 million and a 5 per cent increase[1] in UFSG on a comparable basis to US$3,190 million. International Financial Reporting Standards (IFRS) operating margin was up by 20 basis points to 17.5 per cent.

Before the payment of the final shareholder dividend for 2021 and the additional return of capital through the share buy-back programme, shareholders' allocated equity reduced by US$2,280 million to US$49,780 million over the first half of 2022. While we delivered further OPAT growth in the first half, the positive impact on shareholders' allocated equity was more than offset by capital market movements. After dividend payments to shareholders and the share buy-back of US$2,992 million in total, shareholders' allocated equity was US$46,788 million at 30 June 2022.

The board of Directors (Board) has declared an increase of 6 per cent in the interim dividend to 40.28 Hong Kong cents per share. This follows AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

We remain confident in the opportunities for AIA's businesses across the Asia-Pacific region, allowing us to continue to focus on delivering profitable new business growth, leveraging our competitive advantages to invest capital where we see attractive opportunities, while maintaining our financial discipline.

Notes:

(1) Growth on a comparable basis refers to the exclusion of the impacts from the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime from 1 January 2022 and the release of additional resilience margins held by the Group at 1 January 2022 under the previous Hong Kong Insurance Ordinance (HKIO) basis.

(2) In March 2022, the Group announced a share buy-back programme of up to US$10 billion over a period of three years. As at 30 June 2022, 132 million shares have been repurchased for an aggregate value of US$1,342 million. As a result of the share buy-back, 92 million ordinary shares were cancelled in the first half of 2022, and the remaining shares have subsequently been cancelled.

(3) The Group LCSM cover ratio definition changed from the ratio of the group available capital to the group minimum capital requirement (GMCR) at 31 December 2021 to the ratio of the group available capital to the group prescribed capital requirement (GPCR) at 1 January 2022 and onwards. Further details are included later in this review.

New Business Performance

VONB, ANP AND MARGIN BY SEGMENT

US$ millions, unless otherwise stated	**Six months ended 30 June 2022** VONB	**VONB Margin**	**ANP**	Six months ended 30 June 2021 VONB	VONB Margin	ANP	**VONB Change YoY CER**	YoY AER
Mainland China	**563**	**67.4%**	**835**	738	82.1%	899	**(24)%**	(24)%
Hong Kong	**323**	**69.3%**	**443**	313	57.5%	505	**3%**	3%
Thailand	**260**	**83.8%**	**311**	312	93.5%	333	**(9)%**	(17)%
Singapore	**161**	**65.9%**	**244**	176	63.2%	279	**(6)%**	(9)%
Malaysia	**161**	**67.2%**	**239**	157	61.7%	253	**7%**	3%
Other Markets	**207**	**29.1%**	**706**	253	32.1%	791	**(15)%**	(18)%
Subtotal	**1,675**	**59.6%**	**2,778**	1,949	62.9%	3,060	**(12)%**	(14)%
Adjustment to reflect consolidated reserving and capital requirements	**(25)**	**n/m**	**n/m**	(31)	n/m	n/m	**n/m**	n/m
After-tax value of unallocated Group Office expenses	**(99)**	**n/m**	**n/m**	(88)	n/m	n/m	**n/m**	n/m
Total before non-controlling interests	**1,551**	**55.2%**	**2,778**	1,830	59.0%	3,060	**(13)%**	(15)%
Non-controlling interests	**(15)**	**n/m**	**n/m**	(16)	n/m	n/m	**n/m**	n/m
Total	**1,536**	**55.2%**	**2,778**	1,814	59.0%	3,060	**(13)%**	(15)%

The initial outbreak of the Omicron variant in the first quarter affected consumer demand across many of our markets, and extended into the second quarter especially in Mainland China. While VONB of US$1,536 million was lower in the first half by 13 per cent, as the effects of the initial wave subsided, sales momentum improved and we delivered positive VONB growth in June.

VONB for the first half of 2022 has been calculated using the HKRBC and the new China Risk-Oriented Solvency System phase II (C-ROSS II) bases. The impact on VONB of the adoption of both new bases was immaterial.

Annualised new premiums (ANP) of US$2,778 million was 7 per cent lower and VONB margin reduced by 4.1 pps to 55.2 per cent, driven mainly by increased acquisition expense overruns resulting from lower sales volumes and a more balanced product mix for AIA China compared to the first half of 2021.

VONB for AIA China in the first half of 2022 reduced compared with the record result in the first half last year. As pandemic containment measures eased across Mainland China, we achieved strong improvement in VONB momentum and a return to positive growth in July. Product mix was more balanced than in the first half of 2021, which saw an exceptionally high level of traditional protection sales driven by a change in regulation, as previously reported. VONB margin was in line with the trend observed in the second half of last year, reflecting very strong VONB growth from our broad range of long-term savings products.

AIA Hong Kong delivered a 3 per cent increase in VONB in the first half of 2022, supported by growth from both our agency and partnership channels. Enhanced profitability from our participating products drove a strong increase in VONB margin to 69.3 per cent, more than offsetting the decline in ANP compared to the first half of 2021. The continuing suspension of the Individual Visit Scheme has restricted cross-border travel and hence limited sales to Mainland Chinese visitors in Hong Kong. The scheme has resumed in Macau since the end of 2020 and our Macau branch achieved excellent VONB growth from Mainland Chinese visitors in the first half of 2022.

AIA Thailand's VONB of US$260 million in the first half of 2022 declined from the very strong performance in the same period last year. ANP was up by 2 per cent, supported by continued growth in unit-linked sales, where AIA Thailand remains the market leader. VONB margin remained at a similar level to the second half of 2021, although it reduced compared to the first half of 2021 due to lower rider sales. As the first wave of Omicron subsided, new business momentum improved and VONB returned to positive growth in June.

AIA Singapore delivered double-digit VONB growth in the second quarter, which was more than offset by the decline in the first quarter as the first Omicron wave disrupted sales activity. Overall in the first half of 2022, VONB decreased by 6 per cent and ANP declined by 11 per cent, while VONB margin increased to 65.9 per cent.

AIA Malaysia delivered 7 per cent VONB growth in the first half of 2022, as strong double-digit growth from both our agency and partnership channels in the second quarter more than offset the decline in the first quarter. VONB margin improved by 5.4 pps to 67.2 per cent, supported by a reduction in acquisition expense overruns.

VONB for Other Markets segment reduced by 15 per cent, as the first wave of Omicron caused disruption to sales in a number of our markets. Our businesses in India and Taiwan (China) achieved excellent VONB growth in the first half. ANP for Other Markets segment reduced by 6 per cent, and VONB margin reduced to 29.1 per cent, as the reduction in volumes drove an increase in acquisition expense overruns.

EV Equity

EV MOVEMENT

EV increased by 3 per cent over the first half of 2022 to US$73,097 million at 30 June 2022, before the payment of the final shareholder dividend for 2021 of US$1,650 million and the US$1,342 million additional return of capital through the share buy-back programme.

EV operating profit of US$3,953 million for the first half of 2022 reflects VONB of US$1,536 million and an expected return on EV of US$2,229 million. The higher opening EV is the primary driver of the increase in expected return on EV compared with last year. Overall operating experience continued to exceed EV assumptions, generating US$359 million positive operating variances. A continuous track record of positive operating variances has accumulated over US$4.0 billion of additional EV since the Company's initial public offering in 2010.

Annualised operating return on EV (operating ROEV) was 11.1 per cent compared with 12.9 per cent in the first half of 2021, mainly due to a higher opening EV.

Total EV profit of US$2,278 million included the effects of early adoption of the HKRBC regime of US$2,379 million and the release of additional resilience margins of US$885 million, in line with the pro forma figures shown in the Annual Report 2021, which were offset by negative investment return variances of US$4,793 million. Within this figure, higher bond yields and equity market movements generated US$4,436 million of negative mark-to-market movements on surplus assets within ANW. EV was US$70,105 million at 30 June 2022, after negative exchange rate movements of US$2,113 million.

Long-term investment return assumptions remained unchanged from those reported at the end of 2021.

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

US$ millions, unless otherwise stated	Six months ended 30 June 2022 ANW	VIF	EV
Opening EV	**33,302**	**39,685**	**72,987**
Release of resilience margins	**2,168**	**(1,283)**	**885**
Impact of HKRBC early adoption	**8,407**	**(6,028)**	**2,379**
Value of new business	**(144)**	**1,680**	**1,536**
Expected return on EV	**2,338**	**(109)**	**2,229**
Operating experience variances	**388**	**(4)**	**384**
Operating assumption changes	**(2)**	**(23)**	**(25)**
Finance costs	**(171)**	**–**	**(171)**
EV operating profit	**2,409**	**1,544**	**3,953**
Investment return variances	**(4,436)**	**(357)**	**(4,793)**
Other non-operating variances	**(1,548)**	**1,402**	**(146)**
Total EV profit	**7,000**	**(4,722)**	**2,278**
Dividends	**(1,650)**	**–**	**(1,650)**
Share buy-back	**(1,342)**	**–**	**(1,342)**
Other capital movements	**(55)**	**–**	**(55)**
Effect of changes in exchange rates	**(960)**	**(1,153)**	**(2,113)**
Closing EV	**36,295**	**33,810**	**70,105**
Closing EV per share (US dollars)			**5.84**

US$ millions, unless otherwise stated	Six months ended 30 June 2021 ANW	VIF	EV
Opening EV	28,503	36,744	65,247
Value of new business	(400)	2,214	1,814
Expected return on EV	2,456	(391)	2,065
Operating experience variances	471	(85)	386
Operating assumption changes	42	(65)	(23)
Finance costs	(150)	–	(150)
EV operating profit	2,419	1,673	4,092
Investment return variances	1,482	(463)	1,019
Other non-operating variances	833	(794)	39
Total EV profit	4,734	416	5,150
Dividends	(1,558)	–	(1,558)
Other capital movements	(48)	–	(48)
Effect of changes in exchange rates	(86)	(526)	(612)
Closing EV	31,545	36,634	68,179
Closing EV per share (US dollars)			5.64

EV EQUITY

US$ millions, unless otherwise stated	**As at 30 June 2022**	As at 31 December 2021
EV	**70,105**	72,987
Goodwill and other intangible assets[1]	**2,221**	2,014
EV Equity	**72,326**	75,001
Number of ordinary shares (millions)	**12,006**	12,097
EV Equity per share (US dollars)	**6.02**	6.20

Note:

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

EV OPERATING EARNINGS PER SHARE – BASIC

	Six months ended 30 June 2022	Six months ended 30 June 2021	**YoY CER**	YoY AER
EV operating profit (US$ millions)	**3,953**	4,092	**(2)%**	(3)%
Weighted average number of ordinary shares (millions)	**12,043**	12,065	**n/a**	n/a
Basic EV operating earnings per share (US cents)	**32.82**	33.92	**(1)%**	(3)%

EV OPERATING EARNINGS PER SHARE – DILUTED

	Six months ended 30 June 2022	Six months ended 30 June 2021	**YoY CER**	YoY AER
EV operating profit (US$ millions)	**3,953**	4,092	**(2)%**	(3)%
Weighted average number of ordinary shares[1] (millions)	**12,043**	12,087	**n/a**	n/a
Diluted EV operating earnings per share[1] (US cents)	**32.82**	33.85	**(1)%**	(3)%

Note:

(1) Diluted EV operating earnings per share including the dilutive effects, if any, of the awards of share options, restricted share units, restricted stock purchase units (RSPUs) and restricted stock subscription units (RSSUs) granted to eligible directors, officers, employees and agents under the share-based compensation plans as described in note 40 to the consolidated financial statements in our Annual Report 2021.

EV AND VONB SENSITIVITIES

Sensitivities of EV and VONB arising from changes to central assumptions from equity price and interest rate movements, including management actions, are shown below. The interest rate sensitivities apply a 50 basis points movement in current government bond yields, long-term investment return assumptions and risk discount rates, including the corresponding effect on asset values.

The sensitivities of EV to interest rates at 30 June 2022 increased compared with 31 December 2021, mainly from the mark-to-market movement on the additional free surplus released on the early adoption of the HKRBC regime and lower sensitivity for our business units outside Hong Kong as bond yields have increased. In line with AIA's usual practice, long-term investment return assumptions for 30 June 2022 are unchanged from those used at 31 December 2021. The effect on EV of adjusting long-term investment return assumptions to spot rates at 30 June 2022 and consistently moving risk discount rates was immaterial.

The 50 basis points increase in interest rates sensitivity of VONB for the first half of 2022 was slightly higher than the corresponding period in 2021.

	As at 30 June 2022		As at 31 December 2021	
US$ millions, unless otherwise stated	**EV**	**% Change**	EV	% Change
Central value	**70,105**		72,987	
Effect of equity price changes				
10 per cent increase in equity prices	**1,632**	**2.3%**	1,878	2.6%
10 per cent decrease in equity prices	**(1,708)**	**(2.4)%**	(1,871)	(2.6)%
Effect of interest rate changes				
50 basis points increase in interest rates	**(1,299)**	**(1.9)%**	(330)	(0.5)%
50 basis points decrease in interest rates	**1,330**	**1.9%**	279	0.4%

	Six months ended 30 June 2022		Six months ended 30 June 2021	
US$ millions, unless otherwise stated	**VONB**	**% Change**	VONB	% Change
Central value	**1,536**		1,814	
Effect of interest rate changes				
50 basis points increase in interest rates	**47**	**3.1%**	50	2.8%
50 basis points decrease in interest rates	**(61)**	**(4.0)%**	(66)	(3.6)%

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

IFRS Profit

OPAT[1] BY SEGMENT

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
Mainland China	**749**	722	**4%**	4%
Hong Kong	**1,129**	1,055	**7%**	7%
Thailand	**341**	485	**(22)%**	(30)%
Singapore	**371**	339	**13%**	9%
Malaysia	**201**	194	**8%**	4%
Other Markets	**388**	391	**4%**	(1)%
Group Corporate Centre	**44**	(4)	**n/m**	n/m
Total	**3,223**	3,182	**4%**	1%

Note:

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

OPAT grew by 4 per cent to US$3,223 million and operating margin increased to 17.5 per cent. OPAT grew by 8 per cent excluding Thailand, where many customers were treated for COVID-19 in private hospitals during the initial Omicron wave, resulting in increased medical claims. As the number of infections in the country reduced in the second quarter, COVID-related claims declined compared to the first quarter. We have also seen a lower average cost per COVID-related claim in the second quarter, driven by shorter average hospital stays. Growth in our overall in-force portfolio continued to drive increased OPAT, as successive cohorts of new business add to our in-force portfolio and translate into higher earnings over time.

Annualised operating return on shareholders' allocated equity (operating ROE) was broadly stable at 12.7 per cent as higher average shareholders' allocated equity offset OPAT growth.

TWPI BY SEGMENT

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
Mainland China	**4,509**	3,961	**14%**	14%
Hong Kong	**5,404**	5,773	**(6)%**	(6)%
Thailand	**1,989**	2,089	**4%**	(5)%
Singapore	**1,800**	1,730	**7%**	4%
Malaysia	**1,248**	1,200	**8%**	4%
Other Markets	**3,618**	3,758	**3%**	(4)%
Total	**18,568**	18,511	**3%**	–

TWPI increased by 3 per cent to US$18,568 million compared with the first half of 2021. In Hong Kong, TWPI reduced as a significant cohort of long-term participating policies reached the end of premium payment term, while continuing to generate OPAT. In Thailand, TWPI reduced on AER basis due to negative exchange rate movements.

Total recurring premiums accounted for over 90 per cent of premiums received in the first half of 2022.

IFRS OPERATING PROFIT INVESTMENT RETURN

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
Interest income	**3,783**	3,754	**4%**	1%
Expected long-term investment return for equities and real estate	**1,818**	1,427	**30%**	27%
Total	**5,601**	5,181	**11%**	8%

International Financial Reporting Standards (IFRS) operating profit investment return increased by 11 per cent to US$5,601 million compared with the first half of 2021, primarily driven by higher investment balances of equities and real estate.

OPERATING EXPENSES

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
Operating expenses	**1,564**	1,439	**13%**	9%

Operating expenses grew by 13 per cent to US$1,564 million. Base salaries accounted for 3 per cent of the increase in operating expenses. Additional project costs and investments to accelerate the Group's step change in the use of technology, digital and analytics were the main drivers of the remaining increase compared with the first half of 2021. The expense ratio was 8.4 per cent compared with 7.8 per cent in the first half of 2021.

IFRS NON-OPERATING MOVEMENT

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
OPAT	**3,223**	3,182	**4%**	1%
Short-term fluctuations in investment return related to equities and real estate, net of tax(1)	**(1,813)**	199	**n/m**	n/m
Reclassification of revaluation gains for property held for own use, net of tax(1)	**(21)**	(37)	**n/m**	n/m
Corporate transaction related costs, net of tax	**(28)**	(19)	**n/m**	n/m
Implementation costs of new accounting standards, net of tax	**(29)**	(28)	**n/m**	n/m
Other non-operating investment return and other items, net of tax	**(1,903)**	(52)	**n/m**	n/m
Net (loss)/profit	**(571)**	3,245	**n/m**	n/m

Note:

(1) Short-term fluctuations in investment return include the revaluation gains for property held for own use. This amount is then reclassified out of net (loss)/profit to conform to IFRS measurement and presentation.

AIA's IFRS net profit definition includes mark-to-market movements from equity and investment property portfolios. In the first half of 2022, negative short-term movements compared with long-term assumptions for equities and real estate were US$1,813 million, compared with a positive movement of US$199 million in the first half of 2021.

Other non-operating investment return and other items of negative US$1,903 million were largely from non-economic fair value movements on interest rate derivative financial instruments of US$1,552 million due to a significant increase in interest rates in the first half of 2022. While the Group aims to economically hedge underlying interest rate exposures, hedge accounting is not applied, resulting in an accounting mismatch within IFRS net profit.

MOVEMENT IN SHAREHOLDERS' ALLOCATED EQUITY

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Year ended 31 December 2021	Six months ended 30 June 2021
Opening shareholders' allocated equity	**52,060**	48,030	48,030
Net (loss)/profit	**(571)**	7,427	3,245
Purchase of shares held by employee share-based trusts	**(94)**	(106)	(97)
Dividends	**(1,650)**	(2,147)	(1,558)
Revaluation gains on property held for own use	**5**	42	22
Foreign currency translation adjustments	**(1,652)**	(1,301)	(819)
Share buy-back	**(1,342)**	–	–
Other capital movements	**32**	115	48
Total movement in shareholders' allocated equity	**(5,272)**	4,030	841
Closing shareholders' allocated equity	**46,788**	52,060	48,871
Closing shareholders' allocated equity per share (US dollars)	**3.90**	4.30	4.04
Average shareholders' allocated equity	**50,729**	50,045	49,747

The movement in shareholders' allocated equity is shown before fair value reserve movements. We believe this provides a clearer reflection of the underlying movement in shareholders' equity over the period, before the IFRS accounting treatment of market value movements in available for sale debt securities.

Shareholders' allocated equity decreased by US$2,280 million to US$49,780 million over the first half of 2022, before the payment of the final shareholder dividend for 2021 of US$1,650 million and share buy-back of US$1,342 million. While we delivered further OPAT growth in the first half, this positive contribution to shareholders' allocated equity was more than offset by negative movements in capital markets. After dividend payments to shareholders and the share buy-back of US$2,992 million in total, shareholders' allocated equity was US$46,788 million at 30 June 2022.

Average shareholders' allocated equity for the six months ended 30 June 2022 was US$50,729 million, 5 per cent higher than the same period last year.

Sensitivities to foreign exchange rate, interest rate and equity price movements are included in note 22 to the interim condensed consolidated financial statements.

IFRS Earnings per Share (EPS)

Basic EPS based on OPAT attributable to shareholders increased by 4 per cent to 26.76 US cents.

Basic EPS based on IFRS net loss attributable to shareholders, including mark-to-market movements from our equity and investment property portfolios, was negative 4.74 US cents.

IFRS EPS – BASIC

	Net (Loss)/Profit[1]		OPAT[1]	
	Six months ended 30 June 2022	Six months ended 30 June 2021	**Six months ended 30 June 2022**	Six months ended 30 June 2021
(Loss)/Profit (US$ millions)	**(571)**	3,245	**3,223**	3,182
Weighted average number of ordinary shares (millions)	**12,043**	12,065	**12,043**	12,065
Basic (loss)/earnings per share (US cents)	**(4.74)**	26.90	**26.76**	26.37

IFRS EPS – DILUTED

	Net (Loss)/Profit[1]		OPAT[1]	
	Six months ended 30 June 2022	Six months ended 30 June 2021	**Six months ended 30 June 2022**	Six months ended 30 June 2021
(Loss)/Profit (US$ millions)	**(571)**	3,245	**3,223**	3,182
Weighted average number of ordinary shares[2] (millions)	**12,043**[3]	12,087	**12,043**[3]	12,087
Diluted (loss)/earnings per share[2] (US cents)	**(4.74)**	26.85	**26.76**	26.33

Notes:

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

(2) Diluted earnings per share including the dilutive effects, if any, of the awards of share options, restricted share units, RSPUs and RSSUs granted to eligible directors, officers, employees and agents under the share-based compensation plans as described in note 40 to the consolidated financial statements in our Annual Report 2021.

(3) All share options, restricted share units, RSPUs and RSSUs granted under share-based compensation plans as at 30 June 2022 have no effect to the loss per ordinary share, and hence diluted loss per ordinary share is the same as the basic loss per ordinary share for the first half of 2022.

IFRS Balance Sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$ millions, unless otherwise stated	As at 30 June 2022	As at 31 December 2021	Change AER
Assets			
Financial investments	**241,265**	281,876	(14)%
Investment property	**4,553**	4,716	(3)%
Cash and cash equivalents	**6,878**	4,989	38%
Deferred acquisition and origination costs	**29,126**	28,708	1%
Other assets	**19,700**	19,585	1%
Total assets	**301,522**	339,874	(11)%
Liabilities			
Insurance and investment contract liabilities	**228,844**	251,283	(9)%
Borrowings	**10,338**	9,588	8%
Other liabilities	**20,902**	18,069	16%
Less total liabilities	**260,084**	278,940	(7)%
Equity			
Total equity	**41,438**	60,934	(32)%
Less non-controlling interests	**438**	467	(6)%
Total equity attributable to shareholders of AIA Group Limited	**41,000**	60,467	(32)%
Shareholders' allocated equity	**46,788**	52,060	(10)%

MOVEMENT IN SHAREHOLDERS' EQUITY

US$ millions, unless otherwise stated	Six months ended 30 June 2022	Year ended 31 December 2021	Six months ended 30 June 2021
Opening shareholders' equity	**60,467**	63,200	63,200
Net (loss)/profit	**(571)**	7,427	3,245
Fair value losses on assets	**(14,195)**	(6,763)	(5,097)
Purchase of shares held by employee share-based trusts	**(94)**	(106)	(97)
Dividends	**(1,650)**	(2,147)	(1,558)
Revaluation gains on property held for own use	**5**	42	22
Foreign currency translation adjustments	**(1,652)**	(1,301)	(819)
Share buy-back	**(1,342)**	–	–
Other capital movements	**32**	115	48
Total movement in shareholders' equity	**(19,467)**	(2,733)	(4,256)
Closing shareholders' equity	**41,000**	60,467	58,944
Number of ordinary shares (millions)	**12,006**	12,097	12,097
Closing shareholders' equity per share (US dollars)	**3.42**	5.00	4.87

TOTAL INVESTMENTS

US$ millions, unless otherwise stated	**As at 30 June 2022**	**Percentage of total**	As at 31 December 2021	Percentage of total
Total policyholder and shareholder	**217,431**	**85%**	253,585	86%
Total unit-linked contracts and consolidated investment funds	**37,402**	**15%**	40,059	14%
Total investments	**254,833**	**100%**	293,644	100%

UNIT-LINKED CONTRACTS AND CONSOLIDATED INVESTMENT FUNDS

US$ millions, unless otherwise stated	**As at 30 June 2022**	**Percentage of total**	As at 31 December 2021	Percentage of total
Unit-linked contracts and consolidated investment funds				
Debt securities	**5,851**	**16%**	6,660	17%
Loans and deposits	**323**	**1%**	365	1%
Equity shares and interests in investment funds	**29,863**	**80%**	31,909	80%
Cash and cash equivalents	**1,302**	**3%**	1,076	2%
Derivatives	**63**	**–**	49	–
Total unit-linked contracts and consolidated investment funds	**37,402**	**100%**	40,059	100%

POLICYHOLDER AND SHAREHOLDER INVESTMENTS

US$ millions, unless otherwise stated	As at 30 June 2022	Percentage of total	As at 31 December 2021	Percentage of total
Participating funds and Other participating business with distinct portfolios(1)				
Government bonds	**11,063**	**5%**	11,092	4%
Other government and government agency bonds	**9,622**	**4%**	11,372	5%
Corporate bonds and structured securities	**44,616**	**21%**	55,697	22%
Loans and deposits	**2,502**	**1%**	2,699	1%
Subtotal – Fixed income investments	**67,803**	**31%**	80,860	32%
Equity shares and interests in investment funds	**25,063**	**12%**	29,185	12%
Investment property and property held for own use	**1,068**	**–**	1,081	–
Cash and cash equivalents	**1,115**	**1%**	1,317	1%
Derivatives	**90**	**–**	1,190	–
Subtotal Participating funds and Other participating business with distinct portfolios	**95,139**	**44%**	113,633	45%
Other policyholder and shareholder				
Government bonds	**39,549**	**18%**	44,901	18%
Other government and government agency bonds	**16,459**	**7%**	19,345	8%
Corporate bonds and structured securities	**40,662**	**19%**	51,013	20%
Loans and deposits	**5,877**	**3%**	6,247	2%
Subtotal – Fixed income investments	**102,547**	**47%**	121,506	48%
Equity shares and interests in investment funds	**9,471**	**4%**	9,923	4%
Investment property and property held for own use	**5,622**	**3%**	5,698	2%
Cash and cash equivalents	**4,461**	**2%**	2,596	1%
Derivatives	**191**	**–**	229	–
Subtotal other policyholder and shareholder	**122,292**	**56%**	139,952	55%
Total policyholder and shareholder	**217,431**	**100%**	253,585	100%

Note:

(1) Participating business is written in a segregated statutory fund, with regulations governing the division of surplus between policyholders and shareholders. Other participating business with distinct portfolios, which represents the Hong Kong participating business, is supported by segregated investment assets and explicit provisions for future surplus distribution, though the division of surplus between policyholders and shareholders is not defined in regulations.

ASSETS

Total assets decreased by US$38,352 million to US$301,522 million at 30 June 2022, compared with US$339,874 million at 31 December 2021 as positive net cash inflows were offset by negative fair value movements on debt securities driven by a significant increase in government bond yields and credit spreads over the first half of 2022 and a reduction in equity markets.

Fixed income investments, including debt securities, loans and term deposits held in respect of policyholders and shareholders, totalled US$170,350 million at 30 June 2022 compared with US$202,366 million at 31 December 2021.

Government bonds and other government and government agency bonds represented 45 per cent of fixed income investments at 30 June 2022, compared with 43 per cent at 31 December 2021. Corporate bonds and structured securities accounted for 50 per cent of fixed income investments at 30 June 2022, compared with 53 per cent at 31 December 2021. Corporate bonds and structured securities decreased to US$85,278 million at 30 June 2022 compared with US$106,710 million at 31 December 2021, driven by a significant increase in both government bond yields and credit spreads over the first half of 2022. The average credit rating of the fixed income portfolio excluding government bonds remained stable at A- compared with the position at 31 December 2021. The corporate bond portfolio is well diversified with over 2,000 issuers with an average holding size of US$36 million. At 30 June 2022, approximately US$3.6 billion of bonds were rated below investment grade or not rated, representing 2 per cent of the total bond portfolio. Approximately US$155 million of bonds, representing 0.1 per cent of our total bond portfolio, were downgraded to below investment grade and there were no material impairments in the first half of 2022, reflecting the overall quality of the investment portfolio.

Equity shares and interests in investment funds totalled US$34,534 million at 30 June 2022, compared with US$39,108 million at 31 December 2021. The US$4,574 million decrease was mainly due to negative mark-to-market movements. Within this figure, equity shares and interests in investment funds of US$25,063 million were held in participating funds and other participating business with distinct portfolios.

Cash and cash equivalents increased by US$1,889 million to US$6,878 million at 30 June 2022 compared with US$4,989 million at 31 December 2021.

Other assets was broadly stable at US$19,700 million at 30 June 2022 compared with US$19,585 million at 31 December 2021.

LIABILITIES

Total liabilities decreased to US$260,084 million at 30 June 2022 from US$278,940 million at 31 December 2021. Insurance and investment contract liabilities decreased to US$228,844 million at 30 June 2022 compared with US$251,283 million at 31 December 2021, reflecting negative mark-to-market movements on equities backing unit-linked and participating policies.

Borrowings increased to US$10,338 million at 30 June 2022, due to the net proceeds from the issuances of medium-term notes and securities totalling US$824 million. The leverage ratio, which is defined as borrowings expressed as a percentage of total borrowings and equity, was 20.0 per cent at 30 June 2022, compared with 13.6 per cent at 31 December 2021. The increase in the leverage ratio has been largely driven by the decline in the total equity attributable to shareholders, due to market conditions and an accounting mismatch under IFRS 4.

Details of commitments and contingencies are included in note 25 to the interim condensed consolidated financial statements.

EQUITY

Total equity attributable to shareholders includes a fair value reserve of negative US$5,788 million, which reflects mainly unrealised losses on available for sale debt securities. While these debt securities are held at market value, insurance contract liabilities under IFRS 4 are based on long-term investment return assumptions that are locked in at the point of sale, creating an accounting mismatch that does not reflect the underlying business economics. In the first half of 2022, the significant increase in both government bond yields and credit spreads caused a US$14,195 million reduction in the fair value reserve. Total equity attributable to shareholders was US$41,000 million at 30 June 2022 after the payment of the final shareholder dividend for 2021 of US$1,650 million and the US$1,342 million additional return of capital through the share buy-back programme. Shareholders' allocated equity more clearly represents the underlying shareholder position by removing the fair value reserve and was US$46,788 million at 30 June 2022.

Capital

FREE SURPLUS

The Group's free surplus is the excess of adjusted net worth over required capital, including consolidated reserving and capital requirements, adjusted for certain assets not eligible for regulatory capital purposes. The Group holds free surplus to enable it to invest in organic new business growth, take advantage of inorganic opportunities and absorb the effects of capital market stress conditions.

The Group's financial position remained very strong with an increase of US3,601 million in free surplus over the first half of 2022 to US$20,626 million at 30 June 2022. The overall negative effect from investment return variances and other items was US$3,357 million, mainly reflecting higher bond yields and a reduction in equity markets. Free surplus is shown after the payment of the final shareholder dividend for 2021 of US$1,650 million and the US$1,342 million additional return of capital through the share buy-back programme.

The following table summarises the change in free surplus:

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021
Opening free surplus	**17,025**	13,473
Release of resilience margins	**3,400**	–
Impact of HKRBC early adoption	**4,403**	–
UFSG	**3,190**	3,374
Free surplus used to fund new business	**(686)**	(921)
Unallocated Group Office expenses	**(131)**	(182)
Finance costs and other capital movements	**(226)**	(198)
Free surplus before investment return variances, dividends and share buy-back	**26,975**	15,546
Investment return variances and other items	**(3,357)**	3,919
Free surplus before dividends and share buy-back	**23,618**	19,465
Dividends	**(1,650)**	(1,558)
Share buy-back	**(1,342)**	–
Closing free surplus	**20,626**	17,907

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

UFSG increased by 5 per cent on a comparable basis before taking into account the effects of the early adoption of the HKRBC regime and the release of additional resilience margins held by the Group under the previous HKIO basis. These two factors increased free surplus by US$7,803 million, in line with the pro forma figures shown in our Annual Report 2021. The accelerated recognition of future UFSG upon early adoption correspondingly reduced the result in the first half of 2022 by US$244 million.

The increase in UFSG on a comparable basis was driven by the continued growth of the in-force portfolio, partly offset by less positive claims experience compared with the first half of 2021. Free surplus invested in writing new business of US$686 million decreased by 23 per cent as the new business efficiency of the Hong Kong business improved under the new HKRBC regime.

UNDERLYING FREE SURPLUS GENERATION PER SHARE – BASIC

	Six months ended 30 June 2022	Six months ended 30 June 2021	YoY CER	YoY AER
UFSG on a comparable basis before the effects of HKRBC early adoption and release of resilience margins (US$ millions)	**3,434**	3,374	**5%**	2%
Impact of HKRBC early adoption and release of resilience margins (US$ millions)	**(244)**	–	**n/m**	n/m
UFSG (US$ millions)	**3,190**	3,374	**(3)%**	(5)%
Weighted average number of ordinary shares (millions)	**12,043**	12,065	**n/a**	n/a
Basic UFSG per share (US cents)	**26.49**	27.97	**(2)%**	(5)%

UNDERLYING FREE SURPLUS GENERATION PER SHARE – DILUTED

	Six months ended 30 June 2022	Six months ended 30 June 2021	YoY CER	YoY AER
UFSG (US$ millions)	**3,190**	3,374	**(3)%**	(5)%
Weighted average number of ordinary shares (millions)	**12,043**	12,087	**n/a**	n/a
Diluted UFSG per share (US cents)	**26.49**	27.91	**(2)%**	(5)%

GROUP LCSM SOLVENCY POSITION

The group-wide supervision (GWS) Capital Rules set out the capital requirements and overall solvency position for the Group under the 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 group available capital and group required capital are calculated as the sum of the available capital and required capital for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the Hong Kong Insurance Authority (HKIA).

Prior to 1 January 2022, the Group LCSM surplus and cover ratio were based on minimum capital requirements (the MCR basis). The group minimum capital requirement (GMCR) is the sum of the minimum capital requirement of each entity within the Group. The Group LCSM surplus was defined as the excess of the group available capital over the GMCR. The Group LCSM cover ratio was calculated as the ratio of the group available capital to the GMCR.

Applying the anticipated changes in disclosure requirements, the Group LCSM surplus and the Group LCSM cover ratio are now based on the PCR basis.

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 surplus is now defined as the excess of the group available capital over the GPCR and the Group LCSM cover ratio is calculated as the ratio of the group available capital to the GPCR. The use of GPCR in these revised definitions is more relevant for shareholders when assessing the capital position of the Group and brings the LCSM required capital requirements more in line with the capital requirements currently used within the EV.

On the new PCR basis as at 31 December 2021, the pro forma Group LCSM surplus was US$54,745 million compared with the previous reported figure of US$50,663 million on the MCR basis. The increase was due to the early adoption of the HKRBC regime, the release of additional resilience margins held by the Group under the previous HKIO basis, as well as the introduction of C-ROSS II.

On the new PCR basis as at 31 December 2021, the pro forma Group LCSM cover ratio was 291 per cent compared with 399 per cent on the MCR basis. The reduction was due to the higher capital requirements under the new PCR basis of US$28,711 million compared with the MCR basis of US$16,948 million.

The Group LCSM surplus decreased by US$5,499 million over the first half of 2022, before the payment of the final shareholder dividend for 2021 of US$1,650 million and the US$1,342 million additional return of capital through the share buy-back programme. The reduction was primarily due to movements in capital markets, reflecting higher bond yields and lower equity markets. As a result, the Group LCSM cover ratio reduced from 291 per cent to 277 per cent over the first half of 2022 and remains very strong.

The table shows a summary of the Group LCSM solvency position and includes the effects of early adoption of the HKRBC regime, the introduction of C-ROSS II regime and the move to the PCR basis as of 30 June 2022.

US$ millions, unless otherwise stated	**As at 30 June 2022**	As at 31 December 2021
Group LCSM cover ratio (PCR basis)[(2)]	**277%**	n/a
Group LCSM cover ratio (MCR basis)[(2)]	**567%**	399%
Group available capital	**72,412**	67,611
Tier 1 capital[(3)]	**47,520**	n/a
Other Than Tier 1 capital	**24,892**	n/a
Group minimum capital requirement (GMCR)	**12,778**	16,948
Group prescribed capital requirement (GPCR)	**26,158**	n/a
Group LCSM surplus (MCR basis)[(4)]	**n/a**	50,663
Group LCSM surplus (PCR basis)[(4)]	**46,254**	n/a
Senior notes approved as contributing to group available capital[(1)]	**5,817**	5,820

Notes:

(1) The amounts represent the carrying value of medium-term notes and securities contributing to group available capital. These are counted as Other Than Tier 1 capital under the GWS Capital Rules.

(2) The Group LCSM cover ratio definition changed from the ratio of the group available capital to the GMCR at 31 December 2021 to the ratio of the group available capital to the GPCR at 1 January 2022 and onwards.

(3) The Group Tier 1 capital is maintained in excess of GMCR with the Group Tier 1 capital to GMCR ratio of 372 per cent at 30 June 2022.

(4) The Group LCSM surplus definition changed from group available capital less GMCR at 31 December 2021 to group available capital less GPCR at 1 January 2022 and onwards.

At 30 June 2022, the group available capital includes the following items, which are not included within Group Tier 1 capital:

(i) US$3,698 million[(1)] of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

(ii) US$5,817 million[(1)] of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

Note:

(1) The amounts represent the carrying value of medium-term notes and securities contributing to group available capital. These are counted as Other Than Tier 1 capital under the GWS Capital Rules.

GROUP LCSM COVER RATIO SENSITIVITIES

Group LCSM cover ratio sensitivities arising from changes to the central assumptions from equity price and interest rate movements and applied consistently with those in EV, are shown below.

The interest rate sensitivities apply a 50 basis points movement in current bond yields and the corresponding movement on discount rates applied to the calculation of liabilities. The amount of eligible debt capital is equal to the carrying value and is unchanged in the sensitivity calculations.

	As at 30 June 2022 Group LCSM cover ratio
Central value	**277%**
Impact of equity price changes	
10 per cent increase in equity prices	**3 pps**
10 per cent decrease in equity prices	**(4) pps**
Impact of interest rate changes	
50 basis points increase in interest rates	**(7) pps**
50 basis points decrease in interest rates	**5 pps**

RECONCILIATION BETWEEN GROUP LCSM SURPLUS AND FREE SURPLUS

AIA considers free surplus on a consolidated basis a more representative view of the capital position of the Group from a shareholder perspective than the LCSM. The table below shows a reconciliation between the Group LCSM surplus and free surplus. The reduction of the adjustment for reflecting shareholders' view of capital over the first half of 2022 was mainly the result of a decrease in participating fund surplus, reflecting the effect of higher bond yields and equity market performance.

US$ millions, unless otherwise stated	**As at 30 June 2022**	As at 31 December 2021
Group LCSM surplus[(1)]	**46,254**	50,663
Adjustments for:		
Eligible Other Than Tier 1 debt capital	**(9,515)**	(9,588)
Different capital requirements under EV for AIA China[(2)]	**(5,614)**	(7,733)
Reflecting shareholders' view of capital[(3)]	**(5,491)**	(9,902)
Free surplus on business unit basis	**25,634**	23,440
Adjustment to reflect consolidated reserving and capital requirements	**(5,008)**	(6,415)
Free surplus on consolidated basis	**20,626**	17,025

Notes:

(1) The Group LCSM surplus definition changed from group available capital less GMCR at 31 December 2021 to group available capital less GPCR at 1 January 2022 and onwards.

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

(3) Reflects change from GPCR to EV required capital and the removal of participating fund surplus, as at 30 June 2022; change from GMCR to EV required capital and the removal of participating fund surplus, as at 31 December 2021.

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 entity 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 2022.

At 1 January 2022, the local solvency requirements for Hong Kong and Mainland China were updated as follows:

Hong Kong

The HKIA is in the process of developing amendments to the HKIO to cater for the new HKRBC regime with an effective date of 1 January 2024. In a letter dated 8 April 2022, the HKIA approved AIA International Limited's request to early adopt the HKRBC regime, with an effective date of 1 January 2022.

Mainland China

On 30 December 2021 the China Banking and Insurance Regulatory Commission issued updates, referred to as C-ROSS II, to the existing solvency regime effective from the first quarter of 2022.

HOLDING COMPANY FINANCIAL RESOURCES

At 30 June 2022, holding company financial resources increased to US$14,342 million, before the payment of the final shareholder dividend for 2021 of US$1,650 million and the US$1,342 million additional return of capital through the share buy-back programme.

Net capital flows to the holding company from subsidiaries were US$1,478 million and net proceeds from the issuances of medium-term notes and securities were US$824 million. Investment income and mark-to-market movements caused a US$927 million reduction, mainly due to fair value movements on debt securities from a significant increase in bond yields and a reduction in equity markets.

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

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021
Opening holding company financial resources	**13,136**	12,388
Capital flows from subsidiaries	**1,478**	1,908
Corporate activity including acquisitions	**–**	–
Net capital flows to holding company	**1,478**	1,908
Increase in borrowings[1]	**824**	619
Interest payments on borrowings[1]	**(169)**	(157)
Investment income, mark-to-market movements in debt securities and others	**(927)**	(281)
Closing holding company financial resources before dividends and share buy-back	**14,342**	14,477
Dividends paid	**(1,650)**	(1,558)
Share buy-back	**(1,342)**	–
Closing holding company financial resources	**11,350**	12,919

Assets recoverable and liabilities repayable within 12 months as follows:

US$ millions, unless otherwise stated	**As at 30 June 2022**	As at 30 June 2021
Loans to/amounts due from subsidiaries[2]	**99**	85
Medium-term notes and securities[3]	**(665)**	(500)
Net other assets and other liabilities	**(37)**	(65)

Notes:

(1) Borrowings principally include medium-term notes and securities; other intercompany loans; and amounts outstanding, if any, from the Company's US$2,290 million unsecured committed credit facilities.

(2) As at 30 June 2022, loans to/amounts due from subsidiaries was US$1,913 million (31 December 2021: US$1,917 million). US$99 million was recoverable within the 12 months after the six months ended 30 June 2022 (30 June 2021: US$85 million).

(3) As at 30 June 2022, medium-term notes and securities placed to the market was US$10,338 million (31 December 2021: US$9,588 million). US$665 million was repayable within the 12 months after the six months ended 30 June 2022 (30 June 2021: US$500 million). Details of the medium-term notes and securities placed to the market are included in note 18 to the interim condensed consolidated financial statements.

Global Medium-term Note and Securities Programme

Under our Global Medium-term Note (GMTN) and Securities Programme, on 29 March 2022, the Company issued unlisted Hong Kong dollar-denominated fixed rate medium-term notes, which consisted of HK$6,500 million of 2-year notes at an annual rate of 2.25 per cent. The US dollar-equivalent issued is approximately US$830 million.

At 30 June 2022, the aggregate carrying amount of the debt issued to the market under the GMTN and Securities Programme was US$10,338 million compared with US$9,588 million at 31 December 2021.

Credit Ratings

At 30 June 2022, AIA Co. had financial strength ratings of Aa2 (Very Low Credit Risk) with a stable outlook from Moody's; AA (Very Strong) with a stable outlook from Fitch; and AA- (Very Strong) with a stable outlook from S&P Global Ratings.

At 30 June 2022, the Company had issuer credit ratings of A1 (Low Credit Risk) with a stable outlook from Moody's; AA- (Very High Credit Quality) with a stable outlook from Fitch; and A+ (Strong) with a stable outlook from S&P Global Ratings.

Dividends

The Board has declared an increase of 6 per cent in the interim dividend to 40.28 Hong Kong cents per share. This follows AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

Share Buy-back Programme

The Group announced in March 2022 a share buy-back programme of up to US$10 billion over a period of three years. As at 30 June 2022, 132 million shares have been repurchased for an aggregate value of US$1,342 million. As a result of the share buy-back, 92 million ordinary shares were cancelled in the first half of 2022, and the remaining shares have subsequently been cancelled.

REGULATORY AND INTERNATIONAL DEVELOPMENTS

GROUP-WIDE SUPERVISION

The Company was designated a “designated insurance holding company” under the HKIA’s group-wide supervision (GWS) framework on 14 May 2021. The GWS framework was developed to align with international standards and practices to supervise Hong Kong-domiciled Internationally Active Insurance Groups (IAIGs) and is reflective of the requirements of ComFrame, the Common Framework for the Supervision of IAIGs. Under the GWS framework, the HKIA has established group capital adequacy requirements, requirements for a group internal economic capital assessment (GIECA), for a group own risk and solvency assessment (ORSA), for a group recovery plan and for a group-wide risk and governance framework and controls. The HKIA also has direct regulatory powers over the Company including powers to approve a shareholder controller, a chief executive, a director and a key person in control function to hold a specified position, and powers to intervene, inspect and investigate.

COMFRAME AND INSURANCE CAPITAL STANDARD

Since 2019, the International Association of Insurance Supervisors (IAIS) has applied ComFrame. Pursuant to ComFrame, IAIGs are identified as insurance groups that meet minimum requirements with regard to the size and geographical footprint of their operations. The Group has accordingly been designated an IAIG.

In 2020 the IAIS began the first of two phases in the development and implementation of the Insurance Capital Standard (ICS). Under the first phase, a “Reference ICS” is being assessed during a five-year Monitoring Period for reporting privately to group-wide supervisors. It is proposed that the second phase, beginning in 2025, will include implementation of the ICS as a group prescribed capital requirement. The IAIS is also collecting data on the “aggregation method” (AM), an alternative proposed by US regulators, that would define group solvency by referencing the local regimes to which a group is subject. The IAIS will make a determination by the end of the Monitoring Period whether the AM can be considered to produce “comparable outcomes” to the Reference ICS and therefore be used in its place.

BEPS 2.0

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

On 20 December 2021, the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) published draft model rules to give effect to Pillar Two, which are intended to serve as a template that participating jurisdictions can translate into domestic law. The Inclusive Framework has agreed that participating jurisdictions should enact these rules into law in 2022, with the majority of the rules to be effective from 2023.

BEPS 2.0 is likely to adversely impact AIA’s effective tax rate, however a number of material areas remain unclear.

BUSINESS REVIEW

Distribution

AGENCY

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**1,317**	1,574	**(15)%**	(16)%
VONB margin	**70.5%**	76.0%	**(5.5) pps**	(5.5) pps
ANP	**1,869**	2,069	**(8)%**	(10)%

AIA's proprietary Premier Agency network is a core competitive advantage and sits at the heart of our relationship with our customers. Our professional, resilient and productive agency force holds market-leading positions across the region. The quality and scale of our Premier Agency platform enable us to reach and serve millions of customers across Asia by meeting their diverse and evolving needs with personalised advice and our comprehensive suite of propositions.

While VONB reduced by 15 per cent in the first half of 2022, our agency business achieved a strong month-on-month improvement in the second quarter. The initial response to the outbreak of the Omicron variant constrained our agents' ability to meet customers face-to-face, particularly in the first quarter. As the effects of the first Omicron outbreak declined, sales momentum returned and we delivered positive year-on-year VONB growth in June.

Next-generation agency leaders are critical to the successful execution of our Premier Agency strategy to ensure high-quality recruitment, training and management as we prioritise growth in professional agents and productivity across our markets. In the first half of 2022, our enhanced agency leadership programmes have successfully generated very strong growth in new leaders and an increase in the total number of agency leaders compared to the prior year. Increased capacity from more agency leaders supported double-digit growth in new recruits and positive growth in our total agency force in the second quarter compared with the first quarter.

We continue to support our agency force with enhanced technology, digital and analytics capabilities. When agents and customers cannot meet in person, our digital remote sales tools help to mitigate the impact on sales activity. In the first half, over 40 per cent of new policies were issued through this functionality. Our social media integrated leads management platform had been increasingly adopted by agents across our markets and continued to be an important contributor to new business sales in the first half. Over 80 per cent of new agents were onboarded through iRecruit, our digital recruitment platform.

In July 2022, AIA Group was named the number one Million Dollar Round Table (MDRT) multinational company in the world, marking our eighth consecutive year of achieving the largest number of registered members worldwide. AIA China became the MDRT company with the most members globally. Our continued leadership in MDRT demonstrates the effectiveness of our differentiated Premier Agency strategy.

PARTNERSHIPS

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**340**	352	**1%**	(3)%
VONB margin	**37.5%**	35.5%	**2.0 pps**	2.0 pps
ANP	**907**	991	**(4)%**	(8)%

AIA's long-term distribution partnerships with market-leading financial institutions and other corporate partners provide us with a unique opportunity to engage with and meet the protection, health, wellness and long-term savings needs of hundreds of millions of potential customers.

VONB grew by 1 per cent to US$340 million, as strong growth in the second quarter, supported by double-digit growth in Malaysia, Indonesia and the Philippines, was offset by the first quarter during the initial outbreak of the Omicron variant. ANP reduced by 4 per cent and VONB margin improved by 2.0 pps to 37.5 per cent.

BANCASSURANCE, INTERMEDIATED CHANNELS AND DIRECT MARKETING

Our bancassurance channel delivered double-digit VONB growth in the first half of 2022, driven by very strong performances in Hong Kong, Malaysia and India.

Working closely with our long-term strategic bank partners, we have continued to improve activity management of insurance specialists and enhance leads generation capabilities. This has supported double-digit growth in the productivity of our insurance specialists in Malaysia and Vietnam. Our partnership with Bank of East Asia, Limited (BEA) in Hong Kong and Mainland China has continued to grow quarter-on-quarter since its launch and is a material contributor to our overall bancassurance results in the first half of 2022. Citibank, N.A. delivered strong VONB growth in Hong Kong and Singapore combined, supported by the deepening of our partnership in these markets.

Our digital capabilities enabled us to leverage customer analytics, digital marketing platforms and social media to increase sales leads, as well as provide a seamless omnichannel experience to customers during their purchasing journey. In India, we saw excellent VONB growth in our partnership channel and an increase in wallet share with a number of our strategic bank partners as we continued to enhance the customer onboarding experience.

DIGITAL PLATFORMS

Through our next-generation partnerships with technology companies that have significant active user bases in new customer segments, we have engaged with users at these partners at scale and applied new analytical models to identify customers with unmet needs to build and deliver compelling propositions. For example, our collaboration with TNG Digital Sdn. Bhd. in Malaysia has brought in more than 500,000 customers since launch, over 70 per cent of which were not existing AIA customers. In the first half of 2022, we continued to collaborate with existing partners to address various lifestyle needs of their users and expand our digital insurance propositions.

Geographical Market Highlights

MAINLAND CHINA

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**563**	738	**(24)%**	(24)%
VONB margin	**67.4%**	82.1%	**(14.8) pps**	(14.7) pps
ANP	**835**	899	**(7)%**	(7)%
TWPI	**4,509**	3,961	**14%**	14%
OPAT	**749**	722	**4%**	4%

VONB for AIA China in the first half of 2022 reduced compared with the record result in the first half last year. As pandemic containment measures eased across Mainland China, we achieved strong improvement in VONB momentum and a return to positive growth in July. Product mix was more balanced than in the first half of 2021, which saw an exceptionally high level of traditional protection sales driven by a change in regulation, as previously reported. VONB margin was in line with the trend observed in the second half of last year, reflecting very strong VONB growth from our broad range of long-term savings products. OPAT increased by 4 per cent, as growth in our in-force portfolio was partially offset by lower operating investment returns.

AIA China's long-established Premier Agency strategy is a key differentiator and a significant competitive advantage. In the first half of 2022, our enhanced recruitment platform supported an 8 per cent growth in the number of new recruits, while maintaining stringent quality requirements. Proprietary training programmes and digital tools support the career development of agents and equip them to provide professional advice. Through our Family Insurance Consulting service application and data-driven integrated customer platform, One Experience, agents can provide targeted and tailored recommendations based on the customer's individual needs for long-term savings and protection. In the first half of 2022, these powerful customer-centric tools have supported strong growth in the productivity of our active agents and traditional protection products remained the largest contributor to VONB for our new agents and AIA China overall. Our geographical expansion continues to advance at pace as we replicate our efficient and scalable model in new provinces, with agency generating 47 per cent VONB growth in these new operations compared to the same period last year.

Mainland China offers tremendous growth potential for AIA both within our existing footprint and in new geographies. We have continued to make good progress expanding into new provinces with the launch in January of our new operation in Wuhan, Hubei. In May, we also received approval from the China Banking and Insurance Regulatory Commission to begin preparations for a new branch in Zhengzhou, Henan. We have continued to expand our distribution channels following the launch of our partnership with BEA last year, and we began sales through Postal Savings Bank of China Co., Ltd. in Shenzhen in the second quarter of 2022.

HONG KONG

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**323**	313	**3%**	3%
VONB margin	**69.3%**	57.5%	**11.8 pps**	11.8 pps
ANP	**443**	505	**(12)%**	(12)%
TWPI	**5,404**	5,773	**(6)%**	(6)%
OPAT	**1,129**	1,055	**7%**	7%

AIA Hong Kong delivered a 3 per cent increase in VONB in the first half of 2022, supported by growth from both our agency and partnership channels. Enhanced profitability from our participating products drove a strong increase in VONB margin to 69.3 per cent, more than offsetting the decline in ANP compared to the first half of 2021. The continuing suspension of the Individual Visit Scheme has restricted cross-border travel and hence limited sales to Mainland Chinese visitors in Hong Kong. The scheme has resumed in Macau since the end of 2020 and our Macau branch achieved excellent VONB growth from Mainland Chinese visitors in the first half of 2022.

Our Premier Agency remained the market leader in agency distribution in Hong Kong and our powerful digital tools supported a further increase in agency productivity. Partnership channel achieved excellent VONB growth in the first half of 2022, supported by a very strong performance from BEA.

OPAT grew by 7 per cent, driven by growth in our in-force portfolio as well as higher operating investment returns compared to the same period last year.

THAILAND

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**260**	312	**(9)%**	(17)%
VONB margin	**83.8%**	93.5%	**(9.8) pps**	(9.7) pps
ANP	**311**	333	**2%**	(7)%
TWPI	**1,989**	2,089	**4%**	(5)%
OPAT	**341**	485	**(22)%**	(30)%

AIA Thailand's VONB of US$260 million in the first half of 2022 declined from the very strong performance in the same period last year. ANP was up by 2 per cent, supported by continued growth in unit-linked sales, where AIA Thailand remains the market leader. VONB margin remained at a similar level to the second half of 2021, although reduced compared to the first half of 2021 due to lower rider sales. As the first wave of Omicron subsided, new business momentum improved and VONB returned to positive growth in June.

In agency, we have continued to accelerate the use of digital tools to support our market-leading agency force and improved productivity in the first half of 2022. Our focus on quality recruitment helped deliver strong double-digit growth in the number of new recruits.

OPAT reduced by 22 per cent due to higher medical claims compared with the first half of 2021, primarily from customers seeking treatment for COVID-19 in private hospitals during the first Omicron wave. As the number of infections in the country reduced in the second quarter, COVID-19 related claims declined compared to the first quarter. We have also seen a lower average cost per COVID-19 related claim in the second quarter, driven by shorter hospital stays.

SINGAPORE

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**161**	176	**(6)%**	(9)%
VONB margin	**65.9%**	63.2%	**2.7 pps**	2.7 pps
ANP	**244**	279	**(11)%**	(13)%
TWPI	**1,800**	1,730	**7%**	4%
OPAT	**371**	339	**13%**	9%

AIA Singapore delivered double-digit VONB growth in the second quarter, which was more than offset by the decline in the first quarter as the initial Omicron wave disrupted sales activity. Overall in the first half of 2022, VONB decreased by 6 per cent and ANP declined by 11 per cent, while VONB margin increased to 65.9 per cent.

We continued to enhance our digital tools and drive increased agency productivity. Our iSMART mobile application supports agents to leverage their social media for leads generation. Leads from this platform continued to generate over 10 per cent of our agency sales. Our partnership channel achieved excellent double-digit growth. As borders reopened, we saw a gradual return of our offshore businesses, supported by our enhanced sales process.

OPAT increased by 13 per cent, driven by growth in our in-force portfolio, increased equity operating investment returns and favourable claims experience.

MALAYSIA

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**161**	157	**7%**	3%
VONB margin	**67.2%**	61.7%	**5.4 pps**	5.5 pps
ANP	**239**	253	**(2)%**	(6)%
TWPI	**1,248**	1,200	**8%**	4%
OPAT	**201**	194	**8%**	4%

AIA Malaysia delivered 7 per cent VONB growth in the first half of 2022, as strong double-digit growth from both our agency and partnership channels in the second quarter more than offset the decline in the first quarter. VONB margin improved by 5.4 pps to 67.2 per cent, supported by a reduction in acquisition expense overruns.

In agency, our continued efforts on driving adoption of digital tools to manage their day-to-day activities has supported growth in the number of active agents. As we continue to enhance our recruitment programmes, we saw strong growth in new recruits for our full-time agency schemes. Our partnership channel delivered double-digit VONB growth, driven by our exclusive bancassurance partnership with Public Bank Berhad. Our Takaful business delivered double-digit VONB growth compared to the first half of 2021.

OPAT grew by 8 per cent, driven by growth in our in-force portfolio and favourable claims experience.

OTHER MARKETS

US$ millions, unless otherwise stated	**Six months ended 30 June 2022**	Six months ended 30 June 2021	**YoY CER**	YoY AER
VONB	**207**	253	**(15)%**	(18)%
VONB margin	**29.1%**	32.1%	**(3.1) pps**	(3.0) pps
ANP	**706**	791	**(6)%**	(11)%
TWPI	**3,618**	3,758	**3%**	(4)%
OPAT	**388**	391	**4%**	(1)%

Overview

VONB for Other Markets segment reduced by 15 per cent, as the first wave of Omicron caused disruption to sales in a number of our markets. Our businesses in India and Taiwan (China) achieved excellent VONB growth in the first half of 2022. ANP for Other Markets segment reduced by 6 per cent, and VONB margin reduced to 29.1 per cent, as the reduction in volumes drove an increase in acquisition expense overruns. OPAT increased by 4 per cent, as growth in our in-force portfolio and improved claims experience were partially offset by increased expenses, primarily driven by our investments in technology.

Geographical Market Highlights

Australia: AIA Australia delivered strong OPAT growth driven by improved claims experience compared to the same period last year. VONB reduced in the first half of 2022 as ANP of protection policies from our independent financial adviser (IFA) channel reduced significantly, causing an increase in acquisition expense overruns.

Cambodia: AIA Cambodia delivered VONB growth as we continued to execute our multi-channel distribution strategy. In agency, our focus on quality recruitment and training supported a double-digit increase in agency activity and productivity.

India: Tata AIA Life achieved excellent growth across all channels and maintained our industry-leading position in the pure retail protection market in the first half of 2022. Our highly-digitalised Premier Agency model, coupled with quality recruitment, helped deliver very strong growth in agency VONB. We achieved strong double-digit VONB growth in our bancassurance channel as we continued to strengthen the relationship with our partners and drove productivity management. Our partnership with PolicyBazaar also reported excellent growth, supported by our comprehensive suite of digital capabilities and differentiated product offerings.

Indonesia: AIA Indonesia returned to double-digit growth in the second quarter of 2022, supported by a proactive shift in product mix away from unit-linked products. Overall VONB reduced compared to the same period last year as the strong performance in the second quarter was more than offset by the first quarter result, which was heavily impacted by the Omicron outbreak. Our ongoing focus on quality recruitment in our agency channel supported excellent growth in new agent productivity. Our strategic bancassurance partnership with Bank Central Asia delivered VONB growth in the first half of 2022.

Myanmar: AIA Myanmar delivered VONB growth in the first half of 2022, supported by an increase in the number of active agents and expansion of bank branch coverage. VONB margin also improved as sales shifted towards our first-in-market enhanced coverage protection products.

New Zealand: AIA New Zealand reported positive growth in ANP and a double-digit decline in VONB. Strong VONB growth through our bancassurance channel, supported by an increase in the number of insurance specialists and higher utilisation of digital tools, was more than offset by lower production from our IFA channel.

Philippines: AIA Philippines delivered very strong double-digit VONB growth in the second quarter as the impact of Omicron subsided. Overall VONB declined by a single-digit percentage in the first half of 2022. In agency, our continued focus on the adoption of digital tools and quality recruitment drove strong double-digit growth in the number of new recruits. The increased utilisation of digital tools and the development of digital direct capabilities supported an improvement in the productivity of our bank insurance specialists.

South Korea: AIA Korea recorded a double-digit decline in VONB as recruitment of sales representatives into our direct salesforce was impacted by an industry-wide regulatory change implemented at the start of 2022. Our bancassurance business delivered excellent VONB growth as we continued to enhance our product offering.

Sri Lanka: AIA Sri Lanka delivered strong VONB growth in the first half of 2022, driven by an excellent performance in the first quarter. As the operating environment became increasingly challenging, we have focused on providing additional support to our customers, agents and employees.

Taiwan (China): AIA Taiwan recorded excellent growth in VONB, driven by a very strong performance from our broker channel and a favourable product mix shift. We continued to focus on strengthening our relationships with key bancassurance and IFA partners by offering tailor-made training programmes and comprehensive sales support.

Vietnam: AIA Vietnam's strategic bancassurance partnership with VPBank achieved growth in VONB, supported by improved productivity of bank insurance specialists. Overall VONB declined by double-digit compared with a strong performance in the first half of 2021, prior to the introduction of strict COVID-19 restrictions in August 2021. In agency, we continued to focus on enhancing and driving adoption of our digital tools among our agents, resulting in a double-digit increase in remote sales adoption in the first half of 2022. As the Omicron wave subsided, we saw a recovery in agency recruitment momentum, with an increase in the number of new recruits in the second quarter compared with the first quarter.

Notes:

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

(2) AIA China's VONB, ANP, TWPI and OPAT results do not include any contribution from our 24.99 per cent shareholding in China Post Life Insurance Co., Ltd.

(3) AIA's Other Markets VONB and ANP results include the results from our 49 per cent shareholding in Tata AIA Life. The IFRS results for Tata AIA Life are accounted for using the equity method on a one-quarter-lag basis. For clarity, TWPI does not include any contribution from Tata AIA Life. The results of Tata AIA Life are accounted for using the six-month period ended 31 March 2022 and the six-month period ended 31 March 2021 in AIA's consolidated results for the first half of 2022 and the first half of 2021, respectively.

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

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2022, with the exception of Code Provision C.6.3, AIA Group Limited (Company) complied with all applicable code provisions in the Corporate Governance Code set out in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules). Code Provision C.6.3 provides that the company secretary should report to the chairman of the board and/or the chief executive. The Company operates under a variant of this model whereby the Group Company Secretary reports to the Group General Counsel, who is ultimately accountable for the company secretarial function of the Company and who in turn reports directly to the Group Chief Executive.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own Directors' and Chief Executives' Dealing Policy (Dealing Policy) on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code) set out in Appendix 10 to the Listing Rules in respect of dealings by the directors of the Company (Directors) and Group Chief Executive in the securities of the Company. All of the Directors (including the Group Chief Executive) confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and the Dealing Policy throughout the six months ended 30 June 2022.

CHANGES IN DIRECTORS' INFORMATION

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

Name of Directors	Details of Changes
Mr. Jack Chak-Kwong SO	Ceased to be a non-official member of the Chief Executive's Council of Advisers on Innovation and Strategic Development with effect from 1 July 2022
Mr. Chung-Kong CHOW	• Ceased to be a non-official member of the Executive Council of Hong Kong with effect from 1 July 2022 • Ceased to be a member of the Financial Leaders Forum set up by the Hong Kong Government with effect from 1 July 2022
Mr. John Barrie HARRISON	Resigned as independent non-executive director of Grosvenor Asia Pacific Limited on 14 March 2022
Mr. Cesar Velasquez PURISIMA	Appointed as independent director of Ayala Corporation (listed on The Philippine Stock Exchange) on 29 April 2022
Ms. SUN Jie (Jane)	• Appointed as a member of the Audit Committee and the Remuneration Committee of the Company with effect from 1 June 2022 • Resigned as independent director of iQIYI, Inc. (listed on the Nasdaq Global Select Market) on 14 April 2022 • Resigned as independent director of TAL Education Group (listed on the New York Stock Exchange) on 29 April 2022

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

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

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

As at 30 June 2022, the Directors' and the Chief Executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (SFO)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, are as follows:

Interests in the shares and underlying shares of the Company:

Name of Directors	**Number of shares or underlying shares** Long Position (L)	**Class**	**Percentage of the total number of shares in issue**[1]	**Capacity**
Mr. LEE Yuan Siong	950,506 (L)[2]	Ordinary	<0.01	Beneficial owner
	2,589,789 (L)[3]		0.02	Beneficial owner
	2,321,918 (L)[4]		0.01	Beneficial owner
	1,868 (L)[5]		<0.01	Beneficial owner
Mr. Edmund Sze-Wing TSE	3,330,400 (L)[2]	Ordinary	0.02	Beneficial owner
	230,000 (L)[2]		<0.01	Interest of controlled corporation[6]
Mr. Jack Chak-Kwong SO	130,000 (L)[2]	Ordinary	<0.01	Interest of controlled corporation[7]
Mr. Chung-Kong CHOW	126,000 (L)[2]	Ordinary	<0.01	Beneficial owner
Mr. John Barrie HARRISON	80,000 (L)[2]	Ordinary	<0.01	Interests held jointly with another person[8]
Mr. George Yong-Boon YEO	50,000 (L)[2]	Ordinary	<0.01	Beneficial owner
Professor Lawrence Juen-Yee LAU	250,000 (L)[2]	Ordinary	<0.01	Interest of spouse[9]

Notes:

(1) Based on 12,006,389,208 shares of the Company in issue as at 30 June 2022.

(2) The interests were in the shares of the Company.

(3) The interests were in restricted share units (RSUs) granted to Mr. Lee Yuan Siong under the restricted share unit schemes adopted by the Company from time to time, of which 1,153,153 RSUs were awarded compensation for unvested long-term incentives and deferred payments that Mr. Lee Yuan Siong forfeited on leaving his prior employment as also disclosed in the Company's announcement dated 22 November 2019.

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

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

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

(7) The 130,000 shares were held by Cyber Project Developments Limited, a company beneficially wholly-owned by Mr. Jack Chak-Kwong So.

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

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

Save as disclosed above, as at 30 June 2022, neither the Directors nor the Chief Executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 30 June 2022, the following persons, other than the Directors or the Chief Executive of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	**Number of shares or underlying shares**[1] Long Position (L) Short Position (S) Lending Pool (P)	**Class**	**Percentage of the total number of shares in issue**[2]	**Capacity**
The Bank of New York Mellon Corporation	1,179,391,206 (L) 365,447,988 (S) 786,549,137 (P)	Ordinary	9.82 3.04 6.55	Note 3
JPMorgan Chase & Co.	970,147,879 (L) 26,003,042 (S) 574,993,167 (P)	Ordinary	8.08 0.21 4.78	Note 4
The Capital Group Companies, Inc.	844,813,989 (L)	Ordinary	7.03	Interest of controlled corporations
BlackRock, Inc.	720,265,945 (L) 200,800 (S)	Ordinary	5.99 <0.01	Interest of controlled corporations
Citigroup Inc.	660,806,896 (L) 12,569,204 (S) 638,044,228 (P)	Ordinary	5.50 0.10 5.31	Note 5
Brown Brothers Harriman & Co.	605,177,810 (L) 597,387,808 (P)	Ordinary	5.04 4.97	Note 6

Notes:

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

	Long Position				Short Position			
Name of Shareholders	**Physically settled listed derivatives**	**Cash settled listed derivatives**	**Physically settled unlisted derivatives**	**Cash settled unlisted derivatives**	**Physically settled listed derivatives**	**Cash settled listed derivatives**	**Physically settled unlisted derivatives**	**Cash settled unlisted derivatives**
The Bank of New York Mellon Corporation	–	–	–	–	–	–	365,447,988	–
JPMorgan Chase & Co.	2,380,000	126,740	535,204	13,821,074	4,178,000	810,807	9,170,835	5,807,701
The Capital Group Companies, Inc.	–	–	25,193,864	–	–	–	–	–
BlackRock, Inc.	–	–	–	1,588,600	–	–	–	200,800
Citigroup Inc.	4,996,665	–	873,284	2,400,610	2,250,000	–	4,670,893	2,030,704
Brown Brothers Harriman & Co.	–	–	–	–	–	–	–	–

(2) Based on 12,006,389,208 shares of the Company in issue as at 30 June 2022.

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

Capacity	Number of shares or underlying shares (Long Position)	Number of shares or underlying shares (Short Position)
Interest of controlled corporations	1,179,391,206	365,447,988

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

Capacity	Number of shares or underlying shares (Long Position)	Number of shares or underlying shares (Short Position)
Approved lending agent	574,993,167	–
Investment manager	363,638,028	–
Interest of controlled corporations	23,546,479	26,003,042
Person having a security interest in shares	6,387,461	–
Trustee	1,582,744	–

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

Capacity	Number of shares or underlying shares (Long Position)	Number of shares or underlying shares (Short Position)
Approved lending agent	638,044,228	–
Interest of controlled corporations	22,762,668	12,569,204

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

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

Save as disclosed above, as at 30 June 2022, no person, other than the Directors or the Chief Executive of the Company whose interests are set out in the section entitled “Directors’ and the Chief Executive’s Interests and Short Positions in Shares and Underlying Shares”, had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

During the six months ended 30 June 2022, the Company bought back a total of 132,492,000 shares of the Company on the Hong Kong Stock Exchange with the aggregate consideration paid (before expenses) amounting to approximately HK$10,504 million (equivalent to approximately US$1,339 million). All the shares of the Company bought back were subsequently cancelled. As at 30 June 2022, the total number of shares of the Company in issue was 12,006,389,208. Particulars of the shares of the Company bought back are as follows:

Month	Number of shares bought back	Price paid per share (Average) (HK$)	Price paid per share (Highest) (HK$)	Price paid per share (Lowest) (HK$)	Aggregate consideration (before expenses) (HK$ million)
March 2022	16,832,000	81.63	84.20	78.40	1,374
April 2022	36,729,800	79.74	84.40	74.10	2,929
May 2022	38,567,600	76.41	81.30	71.60	2,947
June 2022	40,362,600	80.61	85.60	76.65	3,254

In addition, the Company also purchased 8,983,269 shares of the Company under the restricted share unit scheme (2020 RSU Scheme) and the employee share purchase plan (2020 ESPP) both adopted by the Company on 1 August 2020 for a total consideration of approximately HK$732 million (equivalent to approximately US$94 million) during the six months ended 30 June 2022. These purchases were made by the trustee of these plans on the Hong Kong Stock Exchange. These shares of the Company are held on trust for the participants of relevant plans and therefore were not cancelled. Please refer to note 20 to the interim condensed consolidated financial statements for details.

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE-BASED COMPENSATION

LONG-TERM INCENTIVE PLAN

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

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

During the six months ended 30 June 2022, the Company granted 12,498,391 RSUs under the 2020 RSU Scheme and 2,519,456 SOs under the 2020 SO Scheme to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. For further information regarding the 2020 RSU Scheme and the 2020 SO Scheme, please refer to pages 95 to 96 and pages 122 to 128 of the Company's Annual Report 2021, and Appendix III of the shareholders' circular of the Company's 2020 annual general meeting.

RESTRICTED SHARE UNIT SCHEME

During the six months ended 30 June 2022, the Company granted 12,498,391 RSUs under the 2020 RSU Scheme.

Upon the termination of the 2010 RSU Scheme, no further RSUs can be granted thereunder. However, the 2010 RSU Scheme shall remain in full force and effect for all RSUs granted prior to its termination, and the vesting of such RSUs shall be subject to and made in accordance with the terms on which they were granted under the 2010 RSU Scheme.

During the 10-year period from the 2020 RSU Scheme Adoption Date, the aggregate number of shares that may underlie all RSUs granted by the Company (excluding RSUs that have lapsed or been cancelled) pursuant to the 2020 RSU Scheme and any other restricted share unit scheme of the Company (i.e. the 2010 RSU Scheme) shall not exceed 2.5 per cent of the number of shares in issue on 29 May 2020 (RSU Reference Date).

Since the 2020 RSU Scheme Adoption Date and up to 30 June 2022, a cumulative total of 11,619,591 RSUs vested under the 2010 RSU Scheme and the 2020 RSU Scheme, underlying shares of which represent 0.096 per cent of the shares in issue as at the RSU Reference Date. During the same period, no new shares have been issued under either the 2010 RSU Scheme or the 2020 RSU Scheme.

The table below summarises the movements in RSUs under the 2010 RSU Scheme during the six months ended 30 June 2022.

Group Chief Executive and President, Key Management Personnel and other eligible employees and participants	Date of grant (day/month/year)[(2)]	Date of vesting (day/month/year)[(3)]	RSUs outstanding as at 1 January 2022	RSUs granted during the six months ended 30 June 2022	RSUs vested during the six months ended 30 June 2022	RSUs cancelled/lapsed/reclassified during the six months ended 30 June 2022	RSUs outstanding as at 30 June 2022[(7)]
Group Chief Executive and President	13/3/2020	See Note[(4)]	1,468,714	–	(315,561)	–	1,153,153
Mr. LEE Yuan Siong	25/3/2020	25/3/2023[(5)]	420,426	–	–	–	420,426
Key Management Personnel (excluding the Group Chief Executive and President)	27/3/2019	27/3/2022[(5)]	832,594	–	(408,181)	(424,413)	–
	15/5/2019	1/5/2022[(5)]	27,182	–	(15,116)	(12,066)	–
	30/12/2019	30/12/2022[(6)]	445,308	–	(197,913)	–	247,395
	25/3/2020	25/3/2023[(5)]	963,062	–	(59,983)	(162,643)	740,436
Other eligible employees and participants[(1)]	27/3/2019	27/3/2022[(5)]	7,017,884	–	(3,886,488)	(3,131,396)	–
	15/5/2019	1/5/2022[(5)]	16,480	–	(9,166)	(7,314)	–
	25/3/2020	25/3/2023[(5)]	8,204,467	–	(11,793)	(137,190)	8,055,484
	10/6/2020	10/6/2023[(5)]	31,142	–	–	–	31,142

Notes:

(1) Includes the RSUs of the retired Group Chief Executive and President, Mr. Ng Keng Hooi, that were outstanding as at 1 January 2022.

(2) The measurement dates (i.e. the dates used to determine the value of the grants for accounting purposes) for grants made during the financial year ended 31 December 2019 were determined to be 27 March 2019, 15 May 2019 and 30 December 2019. The measurement dates for grants made during the financial year ended 31 December 2020 were determined to be 13 March 2020, 25 March 2020 and 10 June 2020. These measurement dates were determined in accordance with IFRS 2.

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

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

(5) The vesting of these RSUs is subject to service requirements and the achievement of performance measures shown on page 123 of the Company's Annual Report 2021.

(6) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). Subject to continued employment, all RSUs will vest on 30 December 2022.

(7) Includes RSUs outstanding as at 30 June 2022 that, in accordance with the 2010 RSU Scheme rules, will lapse on or before the respective vesting date.

The table below summarises the movements in RSUs under the 2020 RSU Scheme during the six months ended 30 June 2022.

Group Chief Executive and President, Key Management Personnel and other eligible employees and participants	Date of grant (day/month/year)[1]	Date of vesting (day/month/year)[2]	RSUs outstanding as at 1 January 2022	RSUs granted during the six months ended 30 June 2022	RSUs vested during the six months ended 30 June 2022	RSUs cancelled/lapsed/reclassified during the six months ended 30 June 2022	RSUs outstanding as at 30 June 2022[10]
Group Chief Executive and President	24/3/2021	24/3/2024[3]	429,546	–	–	–	429,546
Mr. LEE Yuan Siong	17/3/2022	17/3/2025[3]	–	586,664	–	–	586,664
Key Management Personnel (excluding the Group Chief Executive and President)	24/3/2021	24/3/2022[4]	88,071	–	(77,470)	(10,601)	–
	24/3/2021	24/3/2024[3]	1,041,558	–	(70,504)	(175,394)	795,660
	14/3/2022	See note[5]	–	141,441	–	–	141,441
	17/3/2022	17/3/2025[3]	–	2,217,284	(91,998)	(91,998)	2,033,288
	17/3/2022	17/3/2025[6]	–	93,804	(11,464)	–	82,340
Other eligible employees and participants	24/3/2021	24/3/2022[4]	374,155	–	(379,279)	5,124	–
	24/3/2021	24/3/2024[3]	6,742,791	–	(2,250)	(102,737)	6,637,804
	24/3/2021	24/3/2024[7]	77,480	–	–	–	77,480
	30/3/2021	24/3/2022[4]	40,223	–	(40,223)	–	–
	2/6/2021	2/6/2024[3]	82,624	–	–	(15,014)	67,610
	2/6/2021	2/6/2024[8]	4,484	–	–	–	4,484
	30/9/2021	30/9/2024[3]	51,994	–	–	–	51,994
	17/12/2021	17/12/2024[9]	58,773	–	–	–	58,773
	17/3/2022	17/3/2025[3]	–	9,417,792	–	(99,644)	9,318,148
	28/3/2022	17/3/2025[3]	–	12,030	–	–	12,030
	19/5/2022	17/3/2025[3]	–	9,002	–	–	9,002
	19/5/2022	19/5/2025[3]	–	20,374	–	–	20,374

Notes:

(1) The measurement dates (i.e. the dates used to determine the value of the grants for accounting purposes) for grants made during the year ended 31 December 2021 were determined to be 24 March 2021, 30 March 2021, 2 June 2021, 30 September 2021 and 17 December 2021. The measurement dates for grants made during the six months ended 30 June 2022 were determined to be 14 March 2022, 17 March 2022, 28 March 2022 and 19 May 2022. These measurement dates were determined in accordance with IFRS 2.

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

(3) The vesting of these RSUs is subject to service requirements and the achievement of performance measures shown on page 123 of the Company's Annual Report 2021.

(4) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). All RSUs vested on 24 March 2022.

(5) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). Subject to continued employment, the RSUs will vest in three equal tranches (i.e. 47,147 RSUs each) and are scheduled to vest on 14 September 2022, 14 March 2023 and 14 March 2024 respectively.

(6) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). Subject to continued employment, all RSUs will vest on 17 March 2025.

(7) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). Subject to continued employment, all RSUs will vest on 24 March 2024.

(8) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). Subject to continued employment, all RSUs will vest on 2 June 2024.

(9) The vesting of these RSUs is service-based only (i.e. there are no further performance conditions attached except for continued employment). Subject to continued employment, all RSUs will vest on 17 December 2024.

(10) Includes RSUs outstanding as at 30 June 2022 that, in accordance with the 2020 RSU Scheme rules, will lapse on or before the respective vesting date.

SHARE OPTION SCHEME

During the six months ended 30 June 2022, the Company granted 2,519,456 SOs under the 2020 SO Scheme.

Upon the termination of the 2010 SO Scheme, no further SOs can be granted thereunder. However, the 2010 SO Scheme shall remain in full force and effect for all SOs granted prior to its termination, and the exercise of such SOs shall be subject to and made in accordance with the terms on which they were granted under the 2010 SO Scheme and the Listing Rules.

During the 10-year period from the 2020 SO Scheme Adoption Date, the aggregate number of shares that may be issued upon exercise of all SOs granted by the Company (excluding SOs that have lapsed) pursuant to 2020 SO Scheme and any other share option scheme of the Company (i.e. the 2010 SO Scheme) must not exceed 2.5 per cent of the number of shares in issue on the 2020 SO Scheme Adoption Date.

Since the 2020 SO Scheme Adoption Date and up to 30 June 2022, a cumulative total of 5,607,369 new shares were issued under the 2010 SO Scheme, representing approximately 0.046 per cent of the shares in issue as at the 2020 SO Scheme Adoption Date. During the same period, no new shares were issued under the 2020 SO Scheme.

As at the date of this report, the total number of shares which will be available for issue under the SO Schemes is 296,657,609 shares, representing approximately 2.49 per cent of the number of shares in issue of the Company.

Details regarding the valuation of the SOs are set out in note 23 to the interim condensed consolidated financial statements.

The table below summarises the movements in SOs under the 2010 SO Scheme during the six months ended 30 June 2022.

Group Chief Executive and President, Key Management Personnel and other eligible employees and participants	Date of grant (day/month/year)[2]	Period during which SOs are exercisable (day/month/year)	SOs outstanding as at 1 January 2022	SOs granted during the six months ended 30 June 2022	SOs vested during the six months ended 30 June 2022	SOs cancelled/ lapsed/ reclassified during the six months ended 30 June 2022	SOs exercised during the six months ended 30 June 2022	Exercise price (HK$)	SOs outstanding as at 30 June 2022[14]	Weighted average closing price of shares immediately before the dates on which SOs were exercised (HK$)
Group Chief Executive and President Mr. LEE Yuan Siong	25/3/2020	25/3/2023 – 24/3/2030[3]	1,197,133	–	–	–	–	68.10	1,197,133	n/a
Key Management Personnel (excluding the Group Chief Executive and President)	11/3/2013	11/3/2016 – 10/3/2023[4]	76,937	–	–	–	–	34.35	76,937	n/a
	5/3/2014	5/3/2017 – 4/3/2024[5]	527,584	–	–	–	–	37.56	527,584	n/a
	12/3/2015	12/3/2018 – 11/3/2025[6]	473,259	–	–	–	–	47.73	473,259	n/a
	9/3/2016	9/3/2019 – 8/3/2026[7]	1,413,600	–	–	–	–	41.90	1,413,600	n/a
	10/3/2017	10/3/2020 – 9/3/2027[8]	1,499,764	–	–	(424,205)	–	50.30	1,075,559	n/a
	31/7/2017	1/6/2020 – 30/7/2027[9]	353,650	–	–	–	–	61.55	353,650	n/a
	15/3/2018	15/3/2021 – 14/3/2028[10]	2,351,059	–	–	(296,828)	–	67.15	2,054,231	n/a
	27/3/2019	27/3/2022 – 26/3/2029[11]	2,195,342	–	1,923,042	(272,300)	–	76.38	1,923,042	n/a
	15/5/2019	1/5/2022 – 14/5/2029[12]	72,856	–	72,856	–	–	78.70	72,856	n/a
	25/3/2020	25/3/2023 – 24/3/2030[3]	2,742,235	–	341,592	(292,313)	–	68.10	2,449,922	n/a
Other eligible employees and participants[1]	15/3/2012	15/3/2015 – 14/3/2022[13]	237,858	–	–	–	(237,858)	28.40	–	78.86
	11/3/2013	11/3/2016 – 10/3/2023[4]	438,536	–	–	–	–	34.35	438,536	n/a
	5/3/2014	5/3/2017 – 4/3/2024[5]	280,952	–	–	–	–	37.56	280,952	n/a
	12/3/2015	12/3/2018 – 11/3/2025[6]	1,026,353	–	–	–	–	47.73	1,026,353	n/a
	9/3/2016	9/3/2019 – 8/3/2026[7]	406,581	–	–	–	(33,000)	41.90	373,581	77.15
	10/3/2017	10/3/2020 – 9/3/2027[8]	2,104,430	–	–	424,205	–	50.30	2,528,635	n/a
	31/7/2017	1/6/2020 – 30/7/2027[9]	476,786	–	–	–	–	61.55	476,786	n/a
	15/3/2018	15/3/2021 – 14/3/2028[10]	1,420,647	–	–	296,828	(45,213)	67.15	1,672,262	79.75
	27/3/2019	27/3/2022 – 26/3/2029[11]	1,152,095	–	1,377,216	272,300	(47,179)	76.38	1,377,216	79.75
	15/5/2019	1/5/2022 – 14/5/2029[12]	9,365	–	9,365	–	–	78.70	9,365	n/a
	25/3/2020	25/3/2023 – 24/3/2030[3]	1,062,956	–	–	292,313	(32,205)	68.10	1,323,064	79.75

Notes:

(1) Includes SOs of the retired Group Chief Executive and Presidents, Mr. Mark Edward Tucker and Mr. Ng Keng Hooi, that were outstanding as at 1 January 2022.

(2) The measurement date (i.e. the date used to determine the value of the grants for accounting purposes) for grants made during the year ended 30 November 2012 was determined to be 15 March 2012. The measurement date for grants made during the year ended 30 November 2013 was determined to be 11 March 2013. The measurement date for grants made during the year ended 30 November 2014 was determined to be 5 March 2014. The measurement date for grants made during the year ended 30 November 2015 was determined to be 12 March 2015. The measurement date for grants made during the year ended 30 November 2016 was determined to be 9 March 2016. The measurement dates for grants made during the year ended 30 November 2017 were determined to be 10 March 2017 and 31 July 2017. The measurement date for grants made during the thirteen months ended 31 December 2018 was determined to be 15 March 2018. The measurement dates for grants made during the year ended 31 December 2019 were determined to be 27 March 2019 and 15 May 2019. The measurement date for grant made during the year ended 31 December 2020 was determined to be 25 March 2020. These measurement dates were determined in accordance with IFRS 2.

(3) The vesting of SOs is service-based only. Subject to continued employment, all SOs will vest on 25 March 2023.

(4) The vesting of SOs is service-based only. All SOs vested on 11 March 2016.

(5) The vesting of SOs is service-based only. All SOs vested on 5 March 2017.

(6) The vesting of SOs is service-based only. All SOs vested on 12 March 2018.

(7) The vesting of SOs is service-based only. All SOs vested on 9 March 2019.

(8) The vesting of SOs is service-based only. All SOs vested on 10 March 2020.

(9) The vesting of SOs is service-based only. All SOs vested on 1 June 2020.

(10) The vesting of SOs is service-based only. All SOs vested on 15 March 2021.

(11) The vesting of SOs is service-based only. All SOs vested on 27 March 2022.

(12) The vesting of SOs is service-based only. All SOs vested on 1 May 2022.

(13) The vesting of SOs is service-based only. All SOs vested on 15 March 2015.

(14) Includes SOs outstanding as at 30 June 2022 that, in accordance with the 2010 SO Scheme rules, will lapse on or before the end of the respective periods during which the SOs are exercisable.

The table below summarises the movements in SOs under the 2020 SO Scheme during the six months ended 30 June 2022.

Group Chief Executive and President, Key Management Personnel and other eligible employees and participants	Date of grant (day/month/year)[1]	Period during which SOs are exercisable (day/month/year)	SOs outstanding as at 1 January 2022	SOs granted during the six months ended 30 June 2022	SOs vested during the six months ended 30 June 2022	SOs cancelled/ lapsed/ reclassified during the six months ended 30 June 2022	SOs exercised during the six months ended 30 June 2022	Exercise price (HK$)	SOs outstanding as at 30 June 2022[4]	Weighted average closing price of shares immediately before the dates on which SOs were exercised (HK$)
Group Chief Executive and President Mr. LEE Yuan Siong	24/3/2021	24/3/2024 – 23/3/2031[2]	464,526	–	–	–	–	97.33	464,526	n/a
	17/3/2022	17/3/2025 – 16/3/2032[3]	–	660,259	–	–	–	79.85	660,259	n/a
Key Management Personnel (excluding the Group Chief Executive and President)	24/3/2021	24/3/2024 – 23/3/2031[2]	1,126,373	–	152,491	(113,430)	–	97.33	1,012,943	n/a
	17/3/2022	17/3/2025 – 16/3/2032[3]	–	1,559,128	207,077	–	–	79.85	1,559,128	n/a
Other eligible employees and participants	24/3/2021	24/3/2024 – 23/3/2031[2]	248,894	–	–	113,430	–	97.33	362,324	n/a
	17/3/2022	17/3/2025 – 16/3/2032[3]	–	300,069	–	–	–	79.85	300,069	n/a

Notes:

(1) The measurement date (i.e. the date used to determine the value of the grants for accounting purposes) for grants made during the year ended 31 December 2021 was determined to be 24 March 2021. The measurement date for grants made during the six months ended 30 June 2022 was determined to be 17 March 2022. These measurement dates were determined in accordance with IFRS 2.

(2) The vesting of SOs is service-based only. Subject to continued employment, all SOs will vest on 24 March 2024.

(3) The closing price of the Company's shares immediately before the date on which SOs were granted was HK$75.00. The vesting of SOs is service-based only. Subject to continued employment, all SOs will vest on 17 March 2025.

(4) Includes SOs outstanding as at 30 June 2022 that, in accordance with the 2020 SO Scheme rules, will lapse on or before the end of the respective periods during which the SOs are exercisable.

EMPLOYEE SHARE PURCHASE PLAN

The 2011 employee share purchase plan (2011 ESPP) adopted by the Company on 25 July 2011 was terminated with effect from 31 October 2020. The 2020 employee share purchase plan (2020 ESPP), with substantially the same terms as the 2011 ESPP, was adopted by the Company on 1 August 2020 (2020 ESPP Adoption Date). The 2020 ESPP is effective for a period of 10 years from the 2020 ESPP Adoption Date.

Upon the termination of the 2011 ESPP, no further RSPUs can be granted thereunder. However, the 2011 ESPP shall remain in full force and effect for all RSPUs granted prior to its termination, and the vesting of such RSPUs shall be subject to and made in accordance with the terms on which they were granted under the 2011 ESPP.

Under the 2020 ESPP, eligible employees of the Group may elect to purchase the Company's shares and, through the grant of matching RSPUs, receive one matching share for every two shares purchased and held until the end of the vesting period. Each eligible employee's participation level is capped at the lower of 10 per cent of his or her base salary or HK$12,500 (or local currency equivalent) per calendar month.

Upon vesting of the matching RSPUs (i.e. three years from the first share purchase date in a plan year), those employees who are still employed with the Group will receive one matching share for each RSPU granted to him or her. The matching shares can either be provided to recipients through the issuance of new shares by the Company or be purchased on market by the trustee of the 2020 ESPP.

During the six months ended 30 June 2022, no matching RSPUs were granted, 14,033 matching RSPUs were vested and no new shares were issued under the 2011 ESPP. During the same period, 961,672 matching RSPUs were granted, 18,755 matching RSPUs were vested and no new shares were issued under the 2020 ESPP.

During the 10-year period from the 2020 ESPP Adoption Date, the aggregate number of shares which can be issued by the Company pursuant to the 2020 ESPP and any other employee share purchase plan (i.e. the 2011 ESPP) shall not exceed 2.5 per cent of the number of shares in issue on 29 May 2020 (ESPP Reference Date).

Since 2020 ESPP Adoption Date and up to 30 June 2022, a cumulative total of 2,173,607 matching RSPUs were vested under ESPPs and no new shares have been issued under either the 2011 ESPP or the 2020 ESPP.

AGENCY SHARE PURCHASE PLAN

The 2012 agency share purchase plan (2012 ASPP) adopted by the Company on 23 February 2012 was terminated with effect from 31 March 2021. The 2021 agency share purchase plan (2021 ASPP), with substantially the same terms as the 2012 ASPP, was adopted by the Company on 1 February 2021 (2021 ASPP Adoption Date). The 2021 ASPP is effective for a period of 10 years from the 2021 ASPP Adoption Date.

Upon the termination of the 2012 ASPP, no further RSSUs can be granted thereunder. However, the 2012 ASPP shall remain in full force and effect for all RSSUs granted prior to its termination, and the vesting of such RSSUs shall be subject to and made in accordance with the terms on which they were granted under 2012 ASPP.

Under the 2021 ASPP, certain agents of the Group are selected to participate in the plan. Those agents selected for participation may elect to purchase the Company's shares and, through the grant of matching RSSUs, receive one matching share for every two shares purchased and held until the end of the vesting period. Each eligible agent's participation level is capped at HK$12,500 (or local currency equivalent) per calendar month.

Upon vesting of the matching RSSUs (i.e. three years from the first share purchase date in a plan year), those agents who remain with the Group will receive one matching share for each RSSU granted to him or her.

During the six months ended 30 June 2022, no matching RSSUs were granted, 1,119,763 matching RSSUs were vested, and 1,119,763 new shares (Awarded Shares) were issued for RSSUs vested pursuant to the 2012 ASPP. During the same period, 510,503 matching RSSUs were granted, no matching RSSUs were vested, and no new shares (Awarded Shares) were issued accordingly pursuant to the 2021 ASPP. The Awarded Shares were issued at the subscription price of US$1.00 each to Computershare Hong Kong Trustees Limited (being the plan trustee) to hold the same on trust for certain eligible agents upon vesting of their matching RSSUs. The closing price of the Company's shares on 29 April 2022 was HK$77.75. The proceeds received amounted to approximately US$1.12 million, which were used to fund the administration expenses of the 2012 ASPP and as general working capital of the Company.

During the 10-year period from the 2021 ASPP Adoption Date, the aggregate number of shares which can be issued by the Company pursuant to the 2021 ASPP and any other agency share purchase plan (i.e. the 2012 ASPP) shall not exceed 2.5 per cent of the number of shares in issue on 29 May 2020 (ASPP Reference Date).

Since 2021 ASPP Adoption Date and up to 30 June 2022, a cumulative total of 2,312,118 matching RSSUs were vested under the ASPPs and 2,312,118 new shares were issued for the RSSUs, representing approximately 0.019 per cent of the shares in issue as at the ASPP Reference Date.

EMPLOYEES

As of 30 June 2022, there has been no material change to the information disclose in the Company's Annual Report 2021 relating to the number and remuneration of employees of the Group, its remuneration policies, share incentive schemes and training programmes.

CONTENTS

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

(incorporated in Hong Kong with limited liability)

pwc

羅兵咸永道

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 54 to 108, 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 2022 and the interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and a summary of material accounting policy information and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34 and IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
25 August 2022

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

INTERIM CONSOLIDATED INCOME STATEMENT

US$m	Notes	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Revenue			
Premiums and fee income		**18,732**	18,609
Premiums ceded to reinsurers		**(1,339)**	(1,361)
Net premiums and fee income		**17,393**	17,248
Investment return	7	**(14,464)**	6,780
Other operating revenue		**153**	166
Total revenue		**3,082**	24,194
Expenses			
Insurance and investment contract benefits		**663**	17,272
Insurance and investment contract benefits ceded		**(1,063)**	(1,202)
Net insurance and investment contract benefits		**(400)**	16,070
Commission and other acquisition expenses		**2,061**	2,267
Operating expenses		**1,564**	1,439
Finance costs		**183**	176
Other expenses		**375**	530
Total expenses	8	**3,783**	20,482
(Loss)/Profit before share of (losses)/profit from associates and joint ventures		**(701)**	3,712
Share of (losses)/profit from associates and joint ventures		**(23)**	2
(Loss)/Profit before tax		**(724)**	3,714
Tax credit/(expense)	9	**168**	(445)
Net (loss)/profit		**(556)**	3,269
Net (loss)/profit attributable to:			
Shareholders of AIA Group Limited		**(571)**	3,245
Non-controlling interests		**15**	24
Earnings per share (US$)			
Basic	10	**(0.05)**	0.27
Diluted	10	**(0.05)**	0.27

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Net (loss)/profit	**(556)**	3,269
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Fair value losses on available for sale financial assets (net of tax of: six months ended 30 June 2022: US$1,740m; six months ended 30 June 2021: US$739m)[2]	**(14,140)**	(4,092)
Fair value losses/(gains) on available for sale financial assets transferred to profit or loss upon disposal and impairment (net of tax of: six months ended 30 June 2022: US$(22)m; six months ended 30 June 2021: US$42m)[2]	**93**	(1,061)
Foreign currency translation adjustments	**(1,568)**	(813)
Cash flow hedges	**(1)**	–
Share of other comprehensive (expense)/income from associates and joint ventures	**(262)**	33
Subtotal	**(15,878)**	(5,933)
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 2022: US$5m; six months ended 30 June 2021: nil)	**3**	22
Effect of remeasurement of net liability of defined benefit schemes (net of tax of: six months ended 30 June 2022: nil; six months ended 30 June 2021: nil)	**1**	4
Subtotal	**4**	26
Total other comprehensive expense	**(15,874)**	(5,907)
Total comprehensive expense	**(16,430)**	(2,638)
Total comprehensive (expense)/income attributable to:		
Shareholders of AIA Group Limited	**(16,413)**	(2,646)
Non-controlling interests	**(17)**	8

Notes:

(1) Where applicable, amounts are presented net of tax, policyholders' participation and other shadow accounting related movements.

(2) Gross of tax, policyholders' participation and other shadow accounting related movements, US$26,024m (six months ended 30 June 2021: US$7,246m) relates to the fair value losses on available for sale financial assets and US$115m relates to the fair value losses (six months ended 30 June 2021: US$1,103m relates to fair value gains) on available for sale financial assets transferred to profit or loss upon disposal and impairment during the period.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US$m	Notes	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Assets			
Intangible assets	12	**3,132**	2,914
Investments in associates and joint ventures	26	**2,265**	679
Property, plant and equipment		**2,740**	2,744
Investment property		**4,553**	4,716
Reinsurance assets		**4,956**	4,991
Deferred acquisition and origination costs		**29,126**	28,708
Financial investments:	13, 15		
Loans and deposits		**8,702**	9,311
Available for sale			
Debt securities		**131,039**	161,087
At fair value through profit or loss			
Debt securities		**36,783**	38,993
Equity shares		**25,847**	30,822
Interests in investment funds		**38,550**	40,195
Derivative financial instruments	14	**344**	1,468
		241,265	281,876
Deferred tax assets		**278**	50
Current tax recoverable		**112**	120
Other assets		**6,217**	8,087
Cash and cash equivalents	16	**6,878**	4,989
Total assets		**301,522**	339,874
Liabilities			
Insurance contract liabilities	17	**218,606**	239,423
Investment contract liabilities	17	**10,238**	11,860
Borrowings	18	**10,338**	9,588
Obligations under repurchase agreements	19	**2,186**	1,588
Derivative financial instruments	14	**6,844**	1,392
Provisions		**188**	194
Deferred tax liabilities		**3,508**	5,982
Current tax liabilities		**578**	389
Other liabilities		**7,598**	8,524
Total liabilities		**260,084**	278,940

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

US$m	Notes	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Equity			
Share capital	20	**14,163**	14,160
Employee share-based trusts	20	**(290)**	(225)
Other reserves	20	**(11,841)**	(11,841)
Retained earnings		**46,421**	49,984
Fair value reserve	20	**(5,788)**	8,407
Foreign currency translation reserve	20	**(2,720)**	(1,068)
Property revaluation reserve	20	**1,074**	1,069
Others		**(19)**	(19)
Amounts reflected in other comprehensive income		**(7,453)**	8,389
Total equity attributable to:			
Shareholders of AIA Group Limited		**41,000**	60,467
Non-controlling interests		**438**	467
Total equity		**41,438**	60,934
Total liabilities and equity		**301,522**	339,874

Approved and authorised for issue by the Board of Directors on 25 August 2022.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income: Fair value reserve	Other comprehensive income: Foreign currency translation reserve	Other comprehensive income: Property revaluation reserve	Other comprehensive income: Others	Non-controlling interests	Total equity
Balance at 1 January 2022		**14,160**	**(225)**	**(11,841)**	**49,984**	**8,407**	**(1,068)**	**1,069**	**(19)**	**467**	**60,934**
Net (loss)/profit		–	–	–	(571)	–	–	–	–	15	(556)
Fair value losses on available for sale financial assets[2]		–	–	–	–	(14,128)	–	–	–	(12)	(14,140)
Fair value losses on available for sale financial assets transferred to profit or loss upon disposal and impairment[2]		–	–	–	–	93	–	–	–	–	93
Foreign currency translation adjustments		–	–	–	–	–	(1,548)	–	–	(20)	(1,568)
Cash flow hedges		–	–	–	–	–	–	–	(1)	–	(1)
Share of other comprehensive (expense)/income from associates and joint ventures		–	–	–	–	(160)	(104)	2	–	–	(262)
Revaluation gains on property held for own use		–	–	–	–	–	–	3	–	–	3
Effect of remeasurement of net liability of defined benefit schemes		–	–	–	–	–	–	–	1	–	1
Total comprehensive (expense)/ income for the period		**–**	**–**	**–**	**(571)**	**(14,195)**	**(1,652)**	**5**	**–**	**(17)**	**(16,430)**
Dividends	11	–	–	–	(1,650)	–	–	–	–	(15)	(1,665)
Share buy-back		–	–	–	(1,342)	–	–	–	–	–	(1,342)
Shares issued under share option scheme and agency share purchase plan		3	–	–	–	–	–	–	–	–	3
Increase in non-controlling interests		–	–	(7)	–	–	–	–	–	7	–
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(4)	(4)
Share-based compensation		–	–	36	–	–	–	–	–	–	36
Purchase of shares held by employee share-based trusts		–	(94)	–	–	–	–	–	–	–	(94)
Transfer of vested shares from employee share-based trusts		–	29	(29)	–	–	–	–	–	–	–
Balance at 30 June 2022 – Unaudited		**14,163**	**(290)**	**(11,841)**	**46,421**	**(5,788)**	**(2,720)**	**1,074**	**(19)**	**438**	**41,438**

Notes:

(1) Where applicable, amounts are presented net of tax, policyholders' participation and other shadow accounting related movements.

(2) Gross of tax, policyholders' participation and other shadow accounting related movements, US$26,024m relates to the fair value losses on available for sale financial assets and US$115m relates to the fair value losses on available for sale financial assets transferred to profit or loss upon disposal and impairment during the six months ended 30 June 2022.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

US$m	Note	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Other comprehensive income: Fair value reserve	Other comprehensive income: Foreign currency translation reserve	Other comprehensive income: Property revaluation reserve	Others	Non-controlling interests	Total equity
Balance at 1 January 2021		14,155	(155)	(11,891)	44,704	15,170	233	1,027	(43)	468	63,668
Net profit		–	–	–	3,245	–	–	–	–	24	3,269
Fair value losses on available for sale financial assets(2)		–	–	–	–	(4,081)	–	–	–	(11)	(4,092)
Fair value gains on available for sale financial assets transferred to profit or loss upon disposal(2)		–	–	–	–	(1,061)	–	–	–	–	(1,061)
Foreign currency translation adjustments		–	–	–	–	–	(808)	–	–	(5)	(813)
Share of other comprehensive income/(expense) from associates and joint ventures		–	–	–	–	45	(11)	(1)	–	–	33
Revaluation gains on property held for own use		–	–	–	–	–	–	22	–	–	22
Effect of remeasurement of net liability of defined benefit schemes		–	–	–	–	–	–	–	4	–	4
Total comprehensive income/ (expense) for the period		–	–	–	3,245	(5,097)	(819)	21	4	8	(2,638)
Dividends	11	–	–	–	(1,558)	–	–	–	–	(14)	(1,572)
Shares issued under share option scheme and agency share purchase plan		4	–	–	–	–	–	–	–	–	4
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	11	11
Share-based compensation		–	–	41	–	–	–	–	–	–	41
Purchase of shares held by employee share-based trusts		–	(97)	–	–	–	–	–	–	–	(97)
Transfer of vested shares from employee share-based trusts		–	27	(27)	–	–	–	–	–	–	–
Balance at 30 June 2021 – Unaudited		14,159	(225)	(11,877)	46,391	10,073	(586)	1,048	(39)	473	59,417

Notes:

(1) Where applicable, amounts are presented net of tax, policyholders' participation and other shadow accounting related movements.

(2) Gross of tax, policyholders' participation and other shadow accounting related movements, US$7,246m relates to the fair value losses on available for sale financial assets and US$1,103m relates to the fair value gains on available for sale financial assets transferred to profit or loss upon disposal during the six months ended 30 June 2021.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Cash flows from operating activities		
(Loss)/Profit before tax	**(724)**	3,714
Adjustments for:		
Financial investments	**12,194**	(12,101)
Insurance and investment contract liabilities, and deferred acquisition and origination costs	**(6,292)**	10,139
Obligations under repurchase agreements	**620**	1,774
Other non-cash operating items, including investment income and the effect of exchange rate changes on certain operating items	**(4,534)**	(4,193)
Operating cash items:		
Interest received	**3,700**	3,712
Dividends received	**566**	519
Interest paid	**(16)**	(24)
Tax paid	**(376)**	(446)
Net cash provided by operating activities	**5,138**	3,094
Cash flows from investing activities		
Payments for intangible assets	**(396)**	(120)
Distribution or dividend from an associate	**1**	–
Payments for increase in interest of joint ventures	**(4)**	(27)
Proceeds from sales of investment property and property, plant and equipment	**3**	1
Payments for investment property and property, plant and equipment	**(72)**	(51)
Net cash used in investing activities	**(468)**	(197)
Cash flows from financing activities		
Issuances of medium-term notes and securities	**824**	1,121
Redemption of medium-term notes	**–**	(502)
Proceeds from other borrowings	**225**	94
Repayment of other borrowings	**(225)**	(83)
Capital contributions from non-controlling interests	**–**	11
Payments for lease liabilities(1)	**(85)**	(95)
Interest paid on medium-term notes and securities	**(160)**	(148)
Dividends paid during the period	**(1,665)**	(1,572)
Share buy-back	**(1,342)**	–
Purchase of shares held by employee share-based trusts	**(94)**	(97)
Shares issued under share option scheme and agency share purchase plan	**3**	4
Net cash used in financing activities	**(2,519)**	(1,267)
Net increase in cash and cash equivalents	**2,151**	1,630
Cash and cash equivalents at beginning of the financial period	**4,695**	5,393
Effect of exchange rate changes on cash and cash equivalents	**(184)**	(94)
Cash and cash equivalents at end of the financial period	**6,662**	6,929

Note:

(1) The total cash outflow for leases for the six months ended 30 June 2022 was US$88m (six months ended 30 June 2021: US$98m).

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:

	Note	**As at 30 June 2022 (Unaudited)**	As at 30 June 2021 (Unaudited)
Cash and cash equivalents in the interim consolidated statement of financial position	16	**6,878**	7,149
Bank overdrafts		**(216)**	(220)
Cash and cash equivalents in the interim consolidated statement of cash flows		**6,662**	6,929

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 code "1299" with American Depositary Receipts (Level 1) being traded on the over-the-counter market (ticker symbol: "AAGIY").

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

2. Basis of preparation and statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, Interim Financial Reporting and International Accounting Standard (IAS) 34, Interim Financial Reporting. International Financial Reporting Standards (IFRS) is substantially consistent with Hong Kong Financial Reporting Standards (HKFRS) and the accounting policy selections that the Group has made in preparing these interim condensed consolidated financial statements are such that the Group is able to comply with both HKFRS and IFRS. References to IFRS, IAS and Interpretations developed by the IFRS Interpretations Committee (IFRS IC) in these interim condensed consolidated financial statements should be read as referring to the equivalent HKFRS, HKAS and Hong Kong (IFRIC) Interpretations (HK(IFRIC) – Int) as the case may be. Accordingly, there are not any differences of accounting practice between HKFRS and IFRS 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 2021.

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

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

(a) The following relevant new amendments to standards have been adopted for the first time for the financial year ending 31 December 2022 and have no material impact to the Group:

- Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract;
- Amendment to IAS 41, Taxation in Fair Value Measurements;
- Amendment to IFRS 1, First-time Adoption of International Financial Reporting Standards;
- Amendments to IFRS 3, Reference to the Conceptual Framework; and
- Amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021.

The preparation of an interim financial report 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 2021 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS and IFRS.

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 Board of Directors is included on page 53. The interim condensed consolidated financial statements have also been reviewed by the Company's Audit Committee.

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

The financial statements relating to the financial year ended 31 December 2021 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 the financial statements for the year ended 31 December 2021 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 11 March 2022. 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 dollars (US$m) unless otherwise stated, which is the Company's functional currency, and the presentation currency of the Company and the Group.

3. Exchange rates

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

	US dollar exchange rates		
	Six months ended 30 June 2022 (Unaudited)	Year ended 31 December 2021	Six months ended 30 June 2021 (Unaudited)
Mainland China	**6.48**	6.45	6.47
Hong Kong	**7.83**	7.77	7.76
Thailand	**33.71**	31.97	30.82
Singapore	**1.36**	1.34	1.33
Malaysia	**4.27**	4.14	4.10

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

	US dollar exchange rates		
	As at 30 June 2022 (Unaudited)	As at 31 December 2021	As at 30 June 2021 (Unaudited)
Mainland China	**6.70**	6.37	6.46
Hong Kong	**7.85**	7.80	7.77
Thailand	**35.30**	33.26	32.03
Singapore	**1.39**	1.35	1.34
Malaysia	**4.41**	4.17	4.15

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 (loss)/profit as follows:

US$m	Note	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Operating profit after tax	6	**3,243**	3,206
Non-operating items, net of related changes in insurance and investment contract liabilities and taxes:			
Short-term fluctuations in investment return related to equities and real estate[1]		**(1,813)**	196
Reclassification of revaluation gains for property held for own use[1]		**(21)**	(37)
Corporate transaction related costs		**(28)**	(19)
Implementation costs for new accounting standards		**(29)**	(28)
Other non-operating investment return and other items		**(1,908)**[3]	(49)
Subtotal[2]		**(3,799)**	63
Net (loss)/profit		**(556)**	3,269
Operating profit after tax attributable to:			
Shareholders of AIA Group Limited		**3,223**	3,182
Non-controlling interests		**20**	24
Net (loss)/profit attributable to:			
Shareholders of AIA Group Limited		**(571)**	3,245
Non-controlling interests		**15**	24

Notes:

(1) Short-term fluctuations in investment return include the revaluation gains for property held for own use. This amount is then reclassified out of net (loss)/profit to conform to IFRS measurement and presentation.

(2) The amount is net of tax of US$396m (six months ended 30 June 2021: US$13m). The gross amount before tax is US$(4,195)m (six months ended 30 June 2021: US$50m).

(3) Includes net fair value movement on derivatives (net of tax and policyholders' participation) of US$(1,552)m.

Operating profit is determined using, among others, expected long-term investment return for equities and real estate. Short-term fluctuations between expected long-term investment return and actual investment return for these asset classes are excluded from operating profit. The assumptions used to determine expected long-term investment return are the same, in all material respects, as those used by the Group in determining its embedded value (EV) and are disclosed in the Supplementary Embedded Value Information.

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, and includes deposits and contributions for contracts that are accounted for as deposits in accordance with the Group's accounting policies.

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 premiums 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 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
TWPI by geography		
Mainland China	**4,509**	3,961
Hong Kong	**5,404**	5,773
Thailand	**1,989**	2,089
Singapore	**1,800**	1,730
Malaysia	**1,248**	1,200
Other Markets	**3,618**	3,758
Total	**18,568**	18,511
First year premiums by geography		
Mainland China	**784**	872
Hong Kong	**324**	357
Thailand	**284**	291
Singapore	**166**	188
Malaysia	**190**	186
Other Markets	**444**	518
Total	**2,192**	2,412
Single premiums by geography		
Mainland China	**156**	92
Hong Kong	**1,059**	1,376
Thailand	**135**	256
Singapore	**617**	711
Malaysia	**141**	163
Other Markets	**485**	448
Total	**2,593**	3,046

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

TWPI (continued) US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Renewal premiums by geography		
Mainland China	**3,709**	3,080
Hong Kong	**4,974**	5,278
Thailand	**1,691**	1,772
Singapore	**1,572**	1,471
Malaysia	**1,044**	998
Other Markets	**3,127**	3,195
Total	**16,117**	15,794

ANP US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
ANP by geography		
Mainland China	**835**	899
Hong Kong	**443**	505
Thailand	**311**	333
Singapore	**244**	279
Malaysia	**239**	253
Other Markets	**706**	791
Total	**2,778**	3,060

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;
- investment return;
- 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 and fair value reserve).

Business volumes in respect of the Group's five largest customers are less than 30 per cent of premiums and fee income.

6. Segment information (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Six months ended 30 June 2022 – Unaudited								
ANP	**835**	**443**	**311**	**244**	**239**	**706**	**–**	**2,778**
TWPI	**4,509**	**5,404**	**1,989**	**1,800**	**1,248**	**3,618**	**–**	**18,568**
Net premiums, fee income and other operating revenue (net of reinsurance ceded)	4,374	5,903	1,849	1,839	1,029	2,474	79	17,547
Investment return	707	2,273	564	739	279	634	405	5,601
Total revenue	**5,081**	**8,176**	**2,413**	**2,578**	**1,308**	**3,108**	**484**	**23,148**
Net insurance and investment contract benefits	3,556	5,944	1,470	1,925	793	1,591	75	15,354
Commission and other acquisition expenses	331	648	368	125	136	439	14	2,061
Operating expenses	267	266	132	120	109	541	129	1,564
Finance costs and other expenses	20	97	27	18	8	43	172	385
Total expenses	**4,174**	**6,955**	**1,997**	**2,188**	**1,046**	**2,614**	**390**	**19,364**
Share of profit/(losses) from associates and joint ventures	–	–	–	–	–	2	(25)	(23)
Operating profit before tax	**907**	**1,221**	**416**	**390**	**262**	**496**	**69**	**3,761**
Tax on operating profit before tax	(158)	(86)	(75)	(19)	(54)	(101)	(25)	(518)
Operating profit after tax	**749**	**1,135**	**341**	**371**	**208**	**395**	**44**	**3,243**
Operating profit after tax attributable to:								
Shareholders of AIA Group Limited	**749**	**1,129**	**341**	**371**	**201**	**388**	**44**	**3,223**
Non-controlling interests	–	6	–	–	7	7	–	20
Key operating ratios:								
Expense ratio	5.9%	4.9%	6.6%	6.7%	8.7%	15.0%	–	8.4%
Operating margin	16.6%	21.0%	17.1%	20.6%	16.7%	10.9%	–	17.5%
Operating return on shareholders' allocated equity	30.5%	16.9%	10.1%	17.9%	18.8%	8.6%	–	12.7%
Operating profit before tax includes:								
Finance costs	8	15	–	2	1	3	151	180
Depreciation and amortisation	55	48	11	15	11	48	14	202

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
30 June 2022 – Unaudited								
Total assets	**42,571**	**106,281**	**29,170**	**41,630**	**16,270**	**45,289**	**20,311**	**301,522**
Total liabilities	**36,817**	**98,816**	**24,149**	**38,423**	**14,275**	**37,472**	**10,132**	**260,084**
Total equity	**5,754**	**7,465**	**5,021**	**3,207**	**1,995**	**7,817**	**10,179**	**41,438**
Shareholders' allocated equity	**4,392**	**10,708**	**6,481**	**3,756**	**1,973**	**8,781**	**10,697**	**46,788**
Total assets include:								
Investments in associates and joint ventures	–	1	–	–	1	648	1,615	2,265

6. Segment information (continued)

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

US$m	Segment information	Short-term fluctuations in investment return related to equities and real estate	Other non-operating items[(1)]	Interim consolidated income statement	
Six months ended 30 June 2022 – Unaudited					
Net premiums, fee income and other operating revenue	**17,547**	**–**	**(1)**	**17,546**	Net premiums, fee income and other operating revenue
Investment return	**5,601**	**(5,879)**	**(14,186)**	**(14,464)**	Investment return
Total revenue	**23,148**	**(5,879)**	**(14,187)**	**3,082**	**Total revenue**
Net insurance and investment contract benefits	**15,354**	**(3,868)**	**(11,886)**	**(400)**	Net insurance and investment contract benefits
Other expenses	**4,010**	**–**	**173**	**4,183**	Other expenses
Total expenses	**19,364**	**(3,868)**	**(11,713)**	**3,783**	**Total expenses**
Share of losses from associates and joint ventures	**(23)**	**–**	**–**	**(23)**	Share of losses from associates and joint ventures
Operating profit before tax	**3,761**	**(2,011)**	**(2,474)**	**(724)**	**Loss before tax**

Note:
(1) Include unit-linked contracts.

6. Segment information (continued)

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
Six months ended 30 June 2021 – Unaudited								
ANP	899	505	333	279	253	791	–	3,060
TWPI	3,961	5,773	2,089	1,730	1,200	3,758	–	18,511
Net premiums, fee income and other operating revenue (net of reinsurance ceded)	3,776	6,192	1,968	1,877	999	2,535	63	17,410
Investment return	658	1,993	614	709	298	610	299	5,181
Total revenue	4,434	8,185	2,582	2,586	1,297	3,145	362	22,591
Net insurance and investment contract benefits	2,978	5,985	1,415	1,918	807	1,627	57	14,787
Commission and other acquisition expenses	303	747	421	185	123	480	8	2,267
Operating expenses	232	209	128	111	109	509	141	1,439
Finance costs and other expenses	29	92	28	22	8	45	140	364
Total expenses	3,542	7,033	1,992	2,236	1,047	2,661	346	18,857
Share of (losses)/profit from associates and joint ventures	–	(1)	–	–	–	3	–	2
Operating profit before tax	892	1,151	590	350	250	487	16	3,736
Tax on operating profit before tax	(170)	(89)	(105)	(11)	(51)	(84)	(20)	(530)
Operating profit/(loss) after tax	722	1,062	485	339	199	403	(4)	3,206
Operating profit/(loss) after tax attributable to:								
Shareholders of AIA Group Limited	722	1,055	485	339	194	391	(4)	3,182
Non-controlling interests	–	7	–	–	5	12	–	24
Key operating ratios:								
Expense ratio	5.9%	3.6%	6.1%	6.4%	9.1%	13.5%	–	7.8%
Operating margin	18.2%	18.4%	23.2%	19.6%	16.6%	10.7%	–	17.3%
Operating return on shareholders' allocated equity	31.4%	16.3%	14.5%	16.0%	17.9%	8.6%	–	12.8%
Operating profit before tax includes:								
Finance costs	18	15	–	1	1	4	133	172
Depreciation and amortisation	49	46	11	14	12	50	16	198

US$m	Mainland China	Hong Kong	Thailand	Singapore	Malaysia	Other Markets	Group Corporate Centre	Total
31 December 2021								
Total assets	41,330	127,690	34,333	46,552	17,660	51,655	20,654	339,874
Total liabilities	35,289	108,980	26,386	41,488	15,449	41,690	9,658	278,940
Total equity	6,041	18,710	7,947	5,064	2,211	9,965	10,996	60,934
Shareholders' allocated equity	4,696	14,914	6,624	4,174	2,107	8,790	10,755	52,060
Total assets include:								
Investments in associates and joint ventures	–	2	–	–	2	675	–	679

6. Segment information (continued)

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

US$m	Segment information	Short-term fluctuations in investment return related to equities and real estate	Other non-operating items[1]	Interim consolidated income statement	
Six months ended 30 June 2021 – Unaudited					
Net premiums, fee income and other operating revenue	17,410	–	4	17,414	Net premiums, fee income and other operating revenue
Investment return	5,181	741	858	6,780	Investment return
Total revenue	22,591	741	862	24,194	**Total revenue**
Net insurance and investment contract benefits	14,787	503	780	16,070	Net insurance and investment contract benefits
Other expenses	4,070	–	342	4,412	Other expenses
Total expenses	18,857	503	1,122	20,482	**Total expenses**
Share of profit from associates and joint ventures	2	–	–	2	Share of profit from associates and joint ventures
Operating profit before tax	3,736	238	(260)	3,714	**Profit before tax**

Note:
(1) Include unit-linked contracts.

7. Investment return

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Interest income	**3,664**	3,681
Dividend income	**593**	539
Rental income[1]	**84**	84
Investment income	**4,341**	4,304
Available for sale		
Net realised (losses)/gains from debt securities	**(115)**	1,103
Net (losses)/gains of available for sale financial assets reflected in the interim consolidated income statement	**(115)**	1,103
At fair value through profit or loss		
Net losses of debt securities	**(2,998)**	(907)
Net (losses)/gains of equity shares and interests in investment funds	**(8,873)**	2,798
Net fair value movement on derivatives	**(6,952)**	(864)
Net (losses)/gains in respect of financial instruments at fair value through profit or loss	**(18,823)**	1,027
Net fair value movement of investment property	**12**	(2)
Net foreign exchange gains	**114**	395
Other net realised gains/(losses)	**7**	(47)
Investment experience	**(18,805)**	2,476
Investment return	**(14,464)**	6,780

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

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

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Foreign exchange gains	**177**	261

8. Expenses

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Insurance contract benefits	**7,788**	7,596
Change in insurance contract liabilities	**(6,038)**	9,004
Investment contract benefits	**(1,087)**	672
Insurance and investment contract benefits	**663**	17,272
Insurance and investment contract benefits ceded	**(1,063)**	(1,202)
Insurance and investment contract benefits, net of reinsurance ceded	**(400)**	16,070
Commission and other acquisition expenses incurred	**2,593**	2,857
Deferral and amortisation of acquisition costs	**(532)**	(590)
Commission and other acquisition expenses	**2,061**	2,267
Employee benefit expenses	**988**	932
Depreciation	**130**	135
Amortisation	**53**	43
Other operating expenses	**393**	329
Operating expenses	**1,564**	1,439
Investment management expenses and others	**285**	297
Depreciation on property held for own use	**17**	16
Restructuring and other non-operating costs(1)	**102**	207
Change in third-party interests in consolidated investment funds	**(29)**	10
Other expenses	**375**	530
Finance costs	**183**	176
Total	**3,783**	20,482

Note:

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

8. Expenses (continued)

Finance costs may be analysed as:

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Repurchase agreements	**5**	19
Medium-term notes and securities	**165**	147
Other loans	**6**	3
Lease liabilities	**7**	7
Total	**183**	176

Employee benefit expenses consist of:

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Wages and salaries	**814**	751
Share-based compensation	**31**	39
Pension costs – defined contribution plans	**64**	60
Pension costs – defined benefit plans	**6**	7
Other employee benefit expenses	**73**	75
Total	**988**	932

9. Income tax

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Tax charged in the interim consolidated income statement		
Current income tax – Hong Kong Profits Tax	**92**	86
Current income tax – overseas	**499**	595
Deferred income tax on temporary differences	**(759)**	(236)
Total	**(168)**	445

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.

During the period ended 30 June 2022, Myanmar enacted changes in the corporate income tax rate from 25 per cent to 22 per cent effective from October 2021.

In 2021, changes in the corporate income tax rates have been enacted in the Philippines and Sri Lanka. For the Philippines, the corporate income tax rate changed from 30 per cent to 25 per cent effective from 1 July 2020. For Sri Lanka, the corporate income tax rate changed from 28 per cent to 24 per cent effective from 1 January 2020.

10. Earnings per share

BASIC

Basic earnings per share is calculated by dividing the net (loss)/profit attributable to shareholders of AIA Group Limited by the weighted average number of ordinary shares in issue during the period. The shares held by employee share-based trusts 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Net (loss)/profit attributable to shareholders of AIA Group Limited (US$m)	**(571)**	3,245
Weighted average number of ordinary shares in issue (million)	**12,043**	12,065
Basic (loss)/earnings per share (US cents)	**(4.74)**	26.90

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 23.

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Net (loss)/profit attributable to shareholders of AIA Group Limited (US$m)	**(571)**	3,245
Weighted average number of ordinary shares in issue (million)	**12,043**	12,065
Adjustment for share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans (million)	**–**	22
Weighted average number of ordinary shares for diluted earnings per share (million)	**12,043**	12,087
Diluted (loss)/earnings per share (US cents)	**(4.74)**	26.85

All share options, restricted share units, restricted stock purchase units and restricted stock subscription units granted under share-based compensation plans as at 30 June 2022 have no effect to the loss per ordinary share, and hence diluted loss per ordinary share is the same as the basic loss per ordinary share for the six months ended 30 June 2022.

At 30 June 2021, 1,849,222 share options were excluded from the diluted weighted average number of ordinary shares calculation as they have no effect to the diluted earnings per share.

10. 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 in issue 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 23.

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Basic (US cents)	**26.76**	26.37
Diluted (US cents)	**26.76**	26.33

11. Dividends

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

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Interim dividend declared after the reporting date of 40.28 Hong Kong cents per share (six months ended 30 June 2021: 38.00 Hong Kong cents per share)(1)	**615**	590

Note:
(1) Based upon shares outstanding at 30 June 2022 and 30 June 2021 that are entitled to a dividend, other than those held by employee share-based trusts.

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

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

US$m	**Six months ended 30 June 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Final dividend in respect of the previous financial period, approved and paid during the interim period of 108.00 Hong Kong cents per share (six months ended 30 June 2021: 100.30 Hong Kong cents per share)	**1,650**	1,558

12. Intangible assets

US$m	Goodwill	Computer software	Distribution and other rights	Total
Cost				
At 1 January 2022	1,854	923	903	3,680
Additions	–	200	243	443
Disposals	–	(3)	(28)	(31)
Foreign exchange movements	(94)	(45)	(21)	(160)
At 30 June 2022 – Unaudited	**1,760**	**1,075**	**1,097**	**3,932**
Accumulated amortisation and impairment				
At 1 January 2022	(4)	(569)	(193)	(766)
Amortisation charge for the period	–	(53)	(19)	(72)
Disposals	–	–	20	20
Impairment loss	(13)	–	–	(13)
Foreign exchange movements	–	25	6	31
At 30 June 2022 – Unaudited	**(17)**	**(597)**	**(186)**	**(800)**
Net book value				
At 31 December 2021	1,850	354	710	2,914
At 30 June 2022 – Unaudited	**1,743**	**478**	**911**	**3,132**

The Group holds 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.

13. Financial investments

DEBT SECURITIES

Debt securities by type comprise the following:

	Policyholder and shareholder							
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder			Unit-linked	Consolidated investment funds(5)	
US$m	FVTPL	AFS	FVTPL	AFS	Subtotal	FVTPL	FVTPL	Total
30 June 2022 – Unaudited								
Government bonds(1)	**11,063**	**–**	**1,105**	**38,444**	**50,612**	**1,282**	**2**	**51,896**
Other government and government agency bonds(2)	**6,153**	**3,469**	**357**	**16,102**	**26,081**	**410**	**606**	**27,097**
Corporate bonds	**9,299**	**35,067**	**1,924**	**36,652**	**82,942**	**1,237**	**2,180**	**86,359**
Structured securities(3)	**250**	**–**	**781**	**1,305**	**2,336**	**134**	**–**	**2,470**
Total(4)	**26,765**	**38,536**	**4,167**	**92,503**	**161,971**	**3,063**	**2,788**	**167,822**
31 December 2021								
Government bonds(1)	11,092	–	1,192	43,709	55,993	1,527	–	57,520
Other government and government agency bonds(2)	6,956	4,416	93	19,252	30,717	540	732	31,989
Corporate bonds	10,116	45,297	2,222	47,065	104,700	1,275	2,425	108,400
Structured securities(3)	284	–	378	1,348	2,010	161	–	2,171
Total(4)	28,448	49,713	3,885	111,374	193,420	3,503	3,157	200,080

Notes:

(1) Government bonds include bonds issued in local or foreign currencies by the government of the country where respective business unit operates.

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

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

(4) Debt securities of US$7,221m (31 December 2021: US$9,238m) are restricted due to local regulatory requirements.

(5) 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.

13. Financial investments (continued)

EQUITY SHARES AND INTERESTS IN INVESTMENT FUNDS

Equity shares and interests in investment funds comprise the following:

	Policyholder and shareholder					
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder		Unit-linked	Consolidated investment funds[1]	
US$m	FVTPL	FVTPL	Subtotal	FVTPL	FVTPL	Total
30 June 2022 – Unaudited						
Equity shares	**12,730**	**4,477**	**17,207**	**6,097**	**2,543**	**25,847**
Interests in investment funds	**12,333**	**4,994**	**17,327**	**17,392**	**3,831**	**38,550**
Total	**25,063**	**9,471**	**34,534**	**23,489**	**6,374**	**64,397**

	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 2021						
Equity shares	15,718	5,096	20,814	7,258	2,750	30,822
Interests in investment funds	13,467	4,827	18,294	20,605	1,296	40,195
Total	29,185	9,923	39,108	27,863	4,046	71,017

Note:

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

13. Financial investments (continued)

LOANS AND DEPOSITS

Loans and deposits by type comprise the following:

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Policy loans	**3,630**	3,625
Mortgage loans on residential real estate	**480**	525
Mortgage loans on commercial real estate	**2**	44
Other loans	**541**	732
Allowance for loan losses	**(14)**	(13)
Loans	**4,639**	4,913
Term deposits	**2,604**	2,850
Promissory notes[1]	**1,459**	1,548
Total	**8,702**	9,311

Note:
(1) The promissory notes are issued by a government.

Certain term deposits with financial institutions and promissory notes are restricted due to local regulatory requirements or other pledge restrictions. At 30 June 2022, the restricted balance held within term deposits and promissory notes was US$1,811m (31 December 2021: US$1,905m).

Other loans include receivables from reverse repurchase agreements (reverse repo) 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 2022, the carrying value of such receivables was US$366m (31 December 2021: US$407m).

At 30 June 2022, there was no material debt collateral received in respect of reverse repo.

14. Derivative financial instruments

The Group's derivative exposure is as follows:

US$m	Notional amount	Fair value Assets	Fair value Liabilities
30 June 2022 – Unaudited			
Foreign exchange contracts			
Cross-currency swaps	**7,062**	**75**	**(524)**
Forwards	**5,167**	**56**	**(60)**
Foreign exchange futures	**57**	**–**	**–**
Total foreign exchange contracts	**12,286**	**131**	**(584)**
Interest rate contracts			
Interest rate swaps	**7,098**	**182**	**(335)**
Other			
Warrants and options	**197**	**3**	**(1)**
Forward contracts	**38,008**	**17**	**(5,916)**
Swaps	**1,309**	**11**	**(8)**
Netting	**(57)**	**–**	**–**
Total	**58,841**	**344**	**(6,844)**
31 December 2021			
Foreign exchange contracts			
Cross-currency swaps	7,191	79	(401)
Forwards	3,726	72	(10)
Foreign exchange futures	73	–	–
Total foreign exchange contracts	10,990	151	(411)
Interest rate contracts			
Interest rate swaps	9,174	326	(223)
Other			
Warrants and options	200	2	(1)
Forward contracts	35,233	973	(754)
Swaps	1,492	16	(3)
Netting	(73)	–	–
Total	57,016	1,468	(1,392)

The column "notional amount" in the above table refers to the pay leg of derivative transactions other than equity-index options. For certain equity-index call and put options with the same notional amount that are purchased to hedge the downside risk of the underlying equities by means of a collar strategy, the notional amount represents the exposure of the hedged equities.

Of the total derivatives, US$31m (31 December 2021: US$23m) 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 and options. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

Derivative assets and derivative liabilities are recognised in the interim consolidated statement of financial position as 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.

14. Derivative financial instruments (continued)

FOREIGN EXCHANGE CONTRACTS

Foreign exchange forward and futures contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date. Currency options are agreements that give the buyer the right to exchange the currency of one country for the currency of another country 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 SWAPS

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.

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 an 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.

COLLATERAL UNDER DERIVATIVE TRANSACTIONS

At 30 June 2022, the Group had posted cash collateral of US$453m (31 December 2021: US$322m) and pledged debt securities with carrying value of US$7,195m (31 December 2021: US$664m) for liabilities, and held cash collateral of US$61m (31 December 2021: US$642m) and debt securities collateral with carrying value of US$9m (31 December 2021: US$21m) 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.

15. Fair value measurement of financial instruments

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group classifies all financial assets as either at fair value through profit or loss, or as available for sale, which are carried at fair value, or as loans and receivables, which are carried at amortised cost. Financial liabilities are classified as either at fair value through profit or loss or at amortised cost, except for investment contracts with discretionary participation features (DPF) which are accounted for under IFRS 4.

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

US$m	Notes	Fair value				
		Fair value through profit or loss	**Available for sale**	**Cost/ amortised cost**	**Total carrying value**	**Total fair value**
30 June 2022 – Unaudited						
Financial investments	13					
Loans and deposits		**–**	**–**	**8,702**	**8,702**	**8,651**
Debt securities		**36,783**	**131,039**	**–**	**167,822**	**167,822**
Equity shares and interests in investment funds		**64,397**	**–**	**–**	**64,397**	**64,397**
Derivative financial instruments	14	**344**	**–**	**–**	**344**	**344**
Reinsurance receivables		**–**	**–**	**1,031**	**1,031**	**1,031**
Other receivables		**–**	**–**	**3,364**	**3,364**	**3,364**
Accrued investment income		**–**	**–**	**1,825**	**1,825**	**1,825**
Cash and cash equivalents	16	**–**	**–**	**6,878**	**6,878**	**6,878**
Financial assets		**101,524**	**131,039**	**21,800**	**254,363**	**254,312**

	Notes	**Fair value through profit or loss**	**Cost/ amortised cost**	**Total carrying value**	**Total fair value**
Financial liabilities					
Investment contract liabilities	17	**9,441**	**552**	**9,993**	**9,993**
Borrowings	18	**–**	**10,338**	**10,338**	**9,542**
Obligations under repurchase agreements	19	**–**	**2,186**	**2,186**	**2,186**
Derivative financial instruments	14	**6,844**	**–**	**6,844**	**6,844**
Other liabilities		**907**	**6,691**	**7,598**	**7,598**
Financial liabilities		**17,192**	**19,767**	**36,959**	**36,163**

15. Fair value measurement of financial instruments (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

US$m	Notes	Fair value: Fair value through profit or loss	Fair value: Available for sale	Cost/ amortised cost	Total carrying value	Total fair value
31 December 2021						
Financial investments	13					
Loans and deposits		–	–	9,311	9,311	9,592
Debt securities		38,993	161,087	–	200,080	200,080
Equity shares and interests in investment funds		71,017	–	–	71,017	71,017
Derivative financial instruments	14	1,468	–	–	1,468	1,468
Reinsurance receivables		–	–	992	992	992
Other receivables		–	–	3,352	3,352	3,352
Accrued investment income		–	–	1,837	1,837	1,837
Cash and cash equivalents	16	–	–	4,989	4,989	4,989
Financial assets		111,478	161,087	20,481	293,046	293,327

	Notes	Fair value through profit or loss	Cost/ amortised cost	Total carrying value	Total fair value
Financial liabilities					
Investment contract liabilities	17	11,023	572	11,595	11,595
Borrowings	18	–	9,588	9,588	10,285
Obligations under repurchase agreements	19	–	1,588	1,588	1,588
Derivative financial instruments	14	1,392	–	1,392	1,392
Other liabilities		925	7,599	8,524	8,524
Financial liabilities		13,340	19,347	32,687	33,384

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the six months ended 30 June 2022.

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.

15. Fair value measurement of financial instruments (continued)

FAIR VALUE HIERARCHY FOR FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS ON A RECURRING BASIS

A summary of financial assets and liabilities carried at fair value according to fair value hierarchy is given below:

	Fair value hierarchy			
US$m	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2022 – Unaudited				
Financial assets				
Available for sale				
Debt securities				
Participating funds and other participating business with distinct portfolios	**–**	**38,528**	**8**	**38,536**
Other policyholder and shareholder	**54**	**90,686**	**1,763**	**92,503**
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	**61**	**25,612**	**1,092**	**26,765**
Unit-linked and consolidated investment funds	**12**	**5,839**	**–**	**5,851**
Other policyholder and shareholder	**47**	**3,390**	**730**	**4,167**
Equity shares and interests in investment funds				
Participating funds and other participating business with distinct portfolios	**18,589**	**1,151**	**5,323**	**25,063**
Unit-linked and consolidated investment funds	**25,406**	**258**	**4,199**	**29,863**
Other policyholder and shareholder	**6,111**	**1,419**	**1,941**	**9,471**
Derivative financial instruments				
Foreign exchange contracts	**–**	**131**	**–**	**131**
Interest rate contracts	**–**	**182**	**–**	**182**
Other contracts	**16**	**15**	**–**	**31**
Total financial assets on a recurring fair value measurement basis	**50,296**	**167,211**	**15,056**	**232,563**
% of Total	***21.6***	***71.9***	***6.5***	***100.0***
Financial liabilities				
Investment contract liabilities	**–**	**9,121**	**320**	**9,441**
Derivative financial instruments				
Foreign exchange contracts	**–**	**584**	**–**	**584**
Interest rate contracts	**–**	**335**	**–**	**335**
Other contracts	**15**	**5,910**	**–**	**5,925**
Other liabilities	**–**	**907**	**–**	**907**
Total financial liabilities on a recurring fair value measurement basis	**15**	**16,857**	**320**	**17,192**
% of Total	***0.1***	***98.0***	***1.9***	***100.0***

15. Fair value measurement of financial instruments (continued)

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

	Fair value hierarchy			
US$m	Level 1	Level 2	Level 3	Total
31 December 2021				
Financial assets				
Available for sale				
Debt securities				
Participating funds and other participating business with distinct portfolios	–	49,701	12	49,713
Other policyholder and shareholder	–	109,770	1,604	111,374
At fair value through profit or loss				
Debt securities				
Participating funds and other participating business with distinct portfolios	1	27,564	883	28,448
Unit-linked and consolidated investment funds	15	6,645	–	6,660
Other policyholder and shareholder	–	3,588	297	3,885
Equity shares and interests in investment funds				
Participating funds and other participating business with distinct portfolios	23,129	1,000	5,056	29,185
Unit-linked and consolidated investment funds	30,003	310	1,596	31,909
Other policyholder and shareholder	6,847	1,256	1,820	9,923
Derivative financial instruments				
Foreign exchange contracts	–	151	–	151
Interest rate contracts	–	326	–	326
Other contracts	12	979	–	991
Total financial assets on a recurring fair value measurement basis	60,007	201,290	11,268	272,565
% of Total	*22.0*	*73.9*	*4.1*	*100.0*
Financial liabilities				
Investment contract liabilities	–	10,723	300	11,023
Derivative financial instruments				
Foreign exchange contracts	–	411	–	411
Interest rate contracts	–	223	–	223
Other contracts	11	747	–	758
Other liabilities	–	925	–	925
Total financial liabilities on a recurring fair value measurement basis	11	13,029	300	13,340
% of Total	*0.1*	*97.7*	*2.2*	*100.0*

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the six months ended 30 June 2022, the Group transferred US$198m (year ended 31 December 2021: US$184m) 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$33m (year ended 31 December 2021: US$15m) of assets from Level 2 to Level 1 during the six months ended 30 June 2022.

The Group's Level 2 financial instruments include debt securities, equity shares and 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.

15. Fair value measurement of financial instruments (continued)

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

The table below sets out a summary of changes in the Group's Level 3 financial assets and liabilities measured at fair value on a recurring basis for the six months ended 30 June 2022. The table reflects gains and losses, including gains and losses on financial assets and liabilities categorised as Level 3 as at 30 June 2022.

Level 3 financial assets and liabilities

US$m	Debt securities	Equity shares and interests in investment funds	Derivative financial assets/ (liabilities)	Investment contracts
At 1 January 2022	**2,796**	**8,472**	**–**	**(300)**
Net movement on investment contract liabilities	–	–	–	(20)
Total gains/(losses)				
Reported under investment return in the interim consolidated income statement	(22)	253	–	–
Reported under fair value reserve and foreign currency translation reserve in the interim consolidated statement of comprehensive income	(205)	(170)	–	–
Purchases	1,177	3,308	–	–
Sales	(5)	(268)	–	–
Settlements	(148)	–	–	–
Transfer out of Level 3	–	(132)	–	–
At 30 June 2022 – Unaudited	**3,593**	**11,463**	**–**	**(320)**
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	**(28)**	**184**	**–**	**–**

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 equity shares and interests in investment funds of which market-observable inputs became available during the period and were used in determining the fair value.

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

15. Fair value measurement of financial instruments (continued)

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FAIR VALUE MEASUREMENTS

As at 30 June 2022, 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 2022 (Unaudited) (US$m)	Valuation techniques	Unobservable inputs	Range
Debt securities	1,379	Discounted cash flows	Risk adjusted discount rate	2.94% – 23.65%

VALUATION PROCESSES

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

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

16. Cash and cash equivalents

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Cash	**3,021**	2,868
Cash equivalents	**3,857**	2,121
Total(1)	**6,878**	4,989

Note:
(1) US$953m (31 December 2021: US$892m) are held to back unit-linked contracts and US$349m (31 December 2021: US$184m) 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.

17. Insurance and investment contract liabilities

INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities (including liabilities in respect of investment contracts with DPF) can be analysed as follows:

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Deferred profit	**30,152**	28,893
Unearned revenue	**2,955**	2,042
Policyholders’ share of participating surplus	**11,237**	31,269
Liabilities for future policyholder benefits	**174,262**	177,219
Total	**218,606**	239,423

INVESTMENT CONTRACT LIABILITIES

Investment contract liabilities include deferred fee income of US$245m (31 December 2021: US$265m).

18. Borrowings

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Medium-term notes and securities		
Senior notes	**6,640**	5,820
Subordinated securities	**3,698**	3,768
Total	**10,338**	9,588

18. Borrowings (continued)

The following table summarises the Company's outstanding medium-term notes and securities placed to the market at 30 June 2022:

SENIOR NOTES

Issue date	Nominal amount	Interest rate	Tenor at issue	Maturity
13 March 2013[(1)]	US$500m	3.125%	10 years	13 March 2023
11 March 2014[(1)]	US$500m	4.875%	30 years	11 March 2044
11 March 2015[(1)]	US$750m	3.200%	10 years	11 March 2025
16 March 2016[(1)]	US$750m	4.500%	30 years	16 March 2046
23 May 2017[(2)]	US$500m	4.470%	30 years	23 May 2047
6 April 2018[(1)]	US$500m	3.900%	10 years	6 April 2028
16 January 2019	HK$1,300m	2.950%	3.5 years	16 July 2022
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
29 March 2022	HK$6,500m	2.250%	2 years	28 March 2024

SUBORDINATED SECURITIES

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

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. No change in terms since issue date.

(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.

The net proceeds from issuance during the six months ended 30 June 2022 are used for refinancing and general corporate purposes.

The Group has access to an aggregate of US$2,290m unsecured committed credit facilities, which includes a US$100m revolving three-year credit facility expiring in 2024 and a US$2,190m five-year credit facility expiring in 2026. The credit facilities will be used for general corporate purposes. There were no outstanding borrowings under these credit facilities as of 30 June 2022 and 31 December 2021.

19. 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 2022, the obligations under repurchase agreements were US$2,186m (31 December 2021: US$1,588m).

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 derecognition at each period end:

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Debt securities – AFS		
Repurchase agreements	**2,066**	1,511
Debt securities – FVTPL		
Repurchase agreements	**155**	92
Total	**2,221**	1,603

COLLATERAL UNDER REPURCHASE AGREEMENTS

At 30 June 2022, the Group had posted cash collateral of nil (31 December 2021: US$1m) and pledged debt securities with carrying value of US$21m (31 December 2021: US$8m). Cash collateral of US$5m (31 December 2021: US$1m) was held based on the market value of the securities transferred. In the absence of default, the Group does not sell or repledge the collateral received.

20. Share capital and reserves

SHARE CAPITAL

	As at 30 June 2022		As at 31 December 2021	
	Million shares (Unaudited)	**US$m (Unaudited)**	Million shares	US$m
Ordinary shares[1], issued and fully paid				
At beginning of the financial period	**12,097**	**14,160**	12,095	14,155
Shares issued under share option scheme and agency share purchase plan	**1**	**3**	2	5
Share cancelled after repurchase under the share buy-back programme[2]	**(92)**	**–**	–	–
At end of the financial period	**12,006**	**14,163**	12,097	14,160

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) The Company acquired a total of 132,492,000 ordinary shares on the Hong Kong Stock Exchange with the aggregate consideration paid (before expenses) amounting to approximately HK$10,504m (equivalent to approximately US$1,339m). Of these shares, 92,129,400 shares were cancelled during the period and 40,362,600 shares were cancelled subsequent to the reporting date on 11 July 2022.

The Company issued 395,455 shares under share option scheme (year ended 31 December 2021: 871,896 shares) and 1,119,763 shares under agency share purchase plan (year ended 31 December 2021: 1,192,355 shares) during the six months ended 30 June 2022.

During the six months ended 30 June 2022, the employee share-based trusts purchased 8,983,269 shares (year ended 31 December 2021: 8,277,353 shares) and sold nil shares (year ended 31 December 2021: 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 2022, 5,671,209 shares (six months ended 30 June 2021: 5,570,654 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 2022, 33,623,362 shares (31 December 2021: 30,311,301 shares) of the Company were held by the employee share-based trusts.

20. Share capital and reserves (continued)

RESERVES

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available for sale securities held at the end of the reporting period.

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.

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.

21. 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 group available capital and group required capital are calculated as the sum of the available capital and required capital for each entity within the Group according to the respective local regulatory requirements, subject to any variation considered necessary by the HKIA.

Prior to 1 January 2022, the Group LCSM surplus and cover ratio were based on minimum capital requirements (the MCR basis). The group minimum capital requirement (GMCR) is the sum of the minimum capital requirements of each entity within the Group. The Group LCSM surplus was defined as the excess of the group available capital over the GMCR. The Group LCSM cover ratio was calculated as the ratio of the group available capital to the GMCR.

Applying anticipated changes in disclosure requirements, the Group LCSM surplus and the Group LCSM cover ratio are now based on prescribed capital requirements (the PCR basis).

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

The Group LCSM surplus is now defined as the excess of the group available capital over the GPCR and the Group LCSM cover ratio is calculated as the ratio of the group available capital to the GPCR. The use of GPCR in these revised definitions is more relevant for shareholders when assessing the capital position of the Group and brings the LCSM required capital requirements more in line with the capital requirements currently used within the EV.

On the new PCR basis as at 31 December 2021, the pro forma Group LCSM surplus was US$54,745m compared with the previous reported figure of US$50,663m on the MCR basis. The increase was due to the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime, the release of additional resilience margins held by the Group under the previous Hong Kong Insurance Ordinance basis, as well as the introduction of the China Risk-Oriented Solvency System phase II (C-ROSS II).

On the new PCR basis as at 31 December 2021, the pro forma Group LCSM cover ratio was 291 per cent compared with 399 per cent on the MCR basis. The reduction was due to the higher capital requirements under the new PCR basis of US$28,711m compared with the MCR basis of US$16,948m.

21. Group capital structure (continued)

Group-wide Supervision Framework and the Local Capital Summation Method (continued)

The table shows a summary of the Group LCSM solvency position and includes the effects of early adoption of the HKRBC regime, the introduction of C-ROSS II regime and the move to the PCR basis as of 30 June 2022.

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Group LCSM cover ratio (PCR basis)(2)	**277%**	n/a
Group LCSM cover ratio (MCR basis)(2)	**567%**	399%
Group available capital	**72,412**	67,611
Tier 1 capital(3)	**47,520**	n/a
Other Than Tier 1 capital	**24,892**	n/a
Group minimum capital requirement (GMCR)	**12,778**	16,948
Group prescribed capital requirement (GPCR)	**26,158**	n/a
Group LCSM surplus (MCR basis)(4)	**n/a**	50,663
Group LCSM surplus (PCR basis)(4)	**46,254**	n/a
Senior notes approved as contributing to group available capital(1)	**5,817**	5,820

Notes:

(1) The amounts represent the carrying value of medium-term notes and securities contributing to group available capital. These are counted as Other Than Tier 1 capital under the GWS Capital Rules.

(2) The Group LCSM cover ratio definition changed from the ratio of the group available capital to the GMCR at 31 December 2021 to the ratio of the group available capital to the GPCR at 1 January 2022 and onwards.

(3) The Group Tier 1 capital is maintained in excess of GMCR with the Group Tier 1 capital to GMCR ratio of 372 per cent at 30 June 2022.

(4) The Group LCSM surplus definition changed from group available capital less GMCR at 31 December 2021 to group available capital less GPCR at 1 January 2022 and onwards.

At 30 June 2022, the group available capital includes the following items, which are not included within Group Tier 1 capital:

(i) US$3,698m(1) of subordinated securities. Subordinated securities with a fixed maturity receive full capital credit up to the date that is 5 years prior to the date of maturity, with the capital credit then reducing at the rate of 20 per cent per annum until maturity. Perpetual subordinated securities receive full capital credit unless they are redeemed; and

(ii) US$5,817m(1) of senior notes issued before designation that have been approved by the HKIA as capital. Prior to maturity, the approved senior notes receive full capital credit until 14 May 2031, after which the capital credit reduces at the rate of 20 per cent per annum until 14 May 2036.

Note:

(1) The amounts represent the carrying value of medium-term notes and securities contributing to group available capital. These are counted as Other Than Tier 1 capital under the GWS Capital Rules.

21. 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 various regulators overseeing the Group actively monitor our local solvency positions.

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 solvency margin requirements of the Hong Kong Insurance Ordinance. During the six months ended 30 June 2022 and the year ended 31 December 2021, 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.

22. Risk management

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

CREDIT RISK

Credit risk is the risk that third parties fail 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, procurement, 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. A key to AIA's credit risk management is adherence to a well-controlled underwriting process. The Group's credit risk management starts with the assignment of an internal rating to all counterparties. A detailed analysis of each counterparty is performed and a rating is determined by the investment teams. 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.

22. Risk management (continued)

INTEREST RATE RISK

The Group's exposure to interest rate risk predominantly arises from any differences between the duration of the Group's liabilities and assets. Since most markets do not have assets of sufficient tenor to match life insurance liabilities, an uncertainty arises around the reinvestment of maturing assets to match the Group's insurance liabilities.

AIA manages interest rate risk primarily on an economic basis. Interest rate risk on local solvency basis is also taken into consideration for business units where local solvency regimes deviate from economic basis. Furthermore, for products with discretionary benefits, additional modelling of interest rate risk is performed to guide 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 PRICE RISK

Equity price risk arises from changes in the market value of equity shares and interests in investment funds. Investments in equity shares and investment funds on a long-term basis are expected to align policyholders' 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 price risk is managed in the first instance through the individual investment mandates which define benchmarks and any tracking error targets. Equity limits are also applied to contain individual exposures. 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 affecting financial assets and liabilities is set out in the table 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 of debt and equity instruments to changes in interest rates and equity prices, the Group has made assumptions about the corresponding impact of asset valuations on liabilities to policyholders. Assets held to support unit-linked contracts have been excluded on the basis that changes in fair value are wholly borne by policyholders. Sensitivity analysis for assets held in participating funds has been calculated after allocation of returns to policyholders using the applicable minimum policyholder participation ratios.

Information is presented to illustrate the estimated impact on profits and total equity arising from a change in a single variable before taking into account the effects of taxation.

The impact of any impairments of financial assets has been ignored for the purpose of illustrating the sensitivity of profit before tax and total equity 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. As the Group's accounting policies lock in interest rate assumptions on policy inception and the Group's assumptions incorporate a provision for adverse deviations, the level of movement illustrated in this sensitivity analysis does not result in loss recognition and so there is not any corresponding effect on liabilities.

22. Risk management (continued)

SENSITIVITY ANALYSIS (continued)

US$m	**30 June 2022 (Unaudited)** Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)	31 December 2021 Impact on profit before tax	Impact on total equity (before the effects of taxation)	Impact on allocated equity (before the effects of taxation)
Equity price risk						
10 per cent increase in equity prices	**1,428**	**1,428**	**1,428**	1,608	1,608	1,608
10 per cent decrease in equity prices	**(1,428)**	**(1,428)**	**(1,428)**	(1,608)	(1,608)	(1,608)
Interest rate risk						
+ 50 basis points shift in yield curves	**(896)**	**(6,437)**	**(896)**	(1,152)	(8,585)	(1,152)
- 50 basis points shift in yield curves	**932**	**7,151**	**932**	1,193	9,539	1,193

FOREIGN EXCHANGE RATE RISK

The Group's foreign exchange rate risk arises mainly from the Group's operations in multiple geographical markets in Asia and the translation of multiple currencies to 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 with the exception of holdings of equities and other non-fixed income assets denominated in currencies other than the functional currency, or any expected capital movements due within one year which may be hedged. Bonds denominated in currencies other than the functional currency are commonly hedged with cross-currency swaps or foreign exchange forward contracts.

22. Risk management (continued)

FOREIGN EXCHANGE RATE NET EXPOSURE

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
30 June 2022 – Unaudited						
Equity analysed by original currency	**17,698**	**13,064**	**1,586**	**2,929**	**(4,824)**	**2,277**
Net positions of currency derivatives	**(8,009)**	**–**	**306**	**2,104**	**3,739**	**291**
Currency exposure	**9,689**	**13,064**	**1,892**	**5,033**	**(1,085)**	**2,568**
5% strengthening of original currency						
Impact on profit before tax	**277**	**231**	**(28)**	**4**	**12**	**10**
Impact on other comprehensive income	**(294)**	**328**	**58**	**247**	**(65)**	**118**
Impact on total equity	**(17)**	**559**	**30**	**251**	**(53)**	**128**
5% strengthening of the US dollar						
Impact on profit before tax	**277**	**(226)**	**63**	**(2)**	**4**	**(9)**
Impact on other comprehensive income	**(294)**	**(333)**	**(93)**	**(249)**	**49**	**(119)**
Impact on total equity	**(17)**	**(559)**	**(30)**	**(251)**	**53**	**(128)**

US$m	United States Dollar	China Renminbi	Hong Kong Dollar	Thai Baht	Singapore Dollar	Malaysian Ringgit
31 December 2021						
Equity analysed by original currency	30,845	11,470	2,539	5,144	(5,700)	2,410
Net positions of currency derivatives	(8,610)	–	323	2,739	3,704	329
Currency exposure	22,235	11,470	2,862	7,883	(1,996)	2,739
5% strengthening of original currency						
Impact on profit before tax	469	253	33	9	7	5
Impact on other comprehensive income	(487)	320	44	385	(106)	132
Impact on total equity	(18)	573	77	394	(99)	137
5% strengthening of the US dollar						
Impact on profit before tax	469	(249)	2	(8)	13	(5)
Impact on other comprehensive income	(487)	(324)	(79)	(386)	86	(132)
Impact on total equity	(18)	(573)	(77)	(394)	99	(137)

22. Risk management (continued)

LIQUIDITY RISK

The liquidity principle adopted by the Group Board is "*AIA will maintain sufficient liquidity to meet our expected financial commitments as they fall due*" and as such AIA has defined 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 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 twelve months. The forward-looking management of liquidity allows early detection of trends enabling management to proactively manage liquidity with reference to the pre-defined contingency plan. The framework is comprised of four key pillars:

- Daily Cash Forecasting and Liquidity Adequacy Ratio;
- Structural Liquidity Adequacy Ratio;
- Market-based Asset Liquidity Monitoring; and
- Liquidity Management and Contingency Plans.

AIA supports its liquidity internally by maintaining appropriate pools of unencumbered high-quality liquid investment assets. Liquidity is further supported externally via access to committed credit facilities, use of bond repurchase markets and debt markets via the Group's Global Medium-term Note and Securities Programme.

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.

The maturity profile of our financial assets, financial liabilities and insurance contract liabilities are presented below which provides a supplemental long-term view on the Group's liquidity profile.

22. Risk management (continued)

LIQUIDITY RISK (continued)

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[(2)]
30 June 2022 – Unaudited						
Financial assets (Policyholder and shareholder investments)						
Loans and deposits	**8,379**	**2,105**	**680**	**434**	**1,521**	**3,639**
Other receivables	**2,785**	**2,685**	**49**	**4**	**6**	**41**
Debt securities	**161,971**	**4,593**	**20,696**	**21,882**	**114,800**	**–**
Equity shares and interests in investment funds	**34,534**	**–**	**–**	**–**	**–**	**34,534**
Reinsurance receivables	**1,031**	**1,031**	**–**	**–**	**–**	**–**
Accrued investment income	**1,748**	**1,738**	**3**	**–**	**–**	**7**
Cash and cash equivalents	**5,576**	**5,576**	**–**	**–**	**–**	**–**
Derivative financial instruments	**281**	**30**	**66**	**80**	**105**	**–**
Subtotal	**216,305**	**17,758**	**21,494**	**22,400**	**116,432**	**38,221**
Financial assets (Unit-linked contracts and consolidated investment funds)	**37,910**	**–**	**–**	**–**	**–**	**37,910[(3)]**
Total	**254,215**	**17,758**	**21,494**	**22,400**	**116,432**	**76,131**
Financial and insurance contract liabilities (Policyholder and shareholder investments)						
Insurance and investment contract liabilities (net of deferred acquisition and origination costs, and reinsurance)	**164,612**	**4,440**	**15,828**	**16,867**	**127,477**	**–**
Borrowings	**10,338**	**665**	**1,571[(1)]**	**2,684**	**4,309**	**1,109**
Obligations under repurchase agreements	**2,186**	**2,186**	**–**	**–**	**–**	**–**
Other liabilities excluding lease liabilities	**5,813**	**4,448**	**199**	**122**	**129**	**915**
Lease liabilities	**438**	**149**	**260**	**28**	**1**	**–**
Derivative financial instruments	**6,790**	**1,103**	**5,208**	**149**	**330**	**–**
Subtotal	**190,177**	**12,991**	**23,066**	**19,850**	**132,246**	**2,024**
Financial and insurance contract liabilities (Unit-linked contracts and consolidated investment funds)	**32,571**	**–**	**–**	**–**	**–**	**32,571**
Total	**222,748**	**12,991**	**23,066**	**19,850**	**132,246**	**34,595**

Note:
(1) Including US$748m which fall due after 2 years through 5 years.

22. Risk management (continued)

LIQUIDITY RISK (continued)

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[2]
31 December 2021						
Financial assets (Policyholder and shareholder investments)						
Loans and deposits	8,946	2,477	754	458	1,623	3,634
Other receivables	2,694	2,598	47	6	7	36
Debt securities	193,420	4,234	21,155	28,484	139,547	–
Equity shares and interests in investment funds	39,108	–	–	–	–	39,108
Reinsurance receivables	992	992	–	–	–	–
Accrued investment income	1,764	1,754	2	–	–	8
Cash and cash equivalents	3,913	3,913	–	–	–	–
Derivative financial instruments	1,419	51	1,037	97	234	–
Subtotal	252,256	16,019	22,995	29,045	141,411	42,786
Financial assets (Unit-linked contracts and consolidated investment funds)	40,453	–	–	–	–	40,453[3]
Total	292,709	16,019	22,995	29,045	141,411	83,239
Financial and insurance contract liabilities (Policyholder and shareholder investments)						
Insurance and investment contract liabilities (net of deferred acquisition and origination costs, and reinsurance)	182,484	4,857	17,564	18,621	141,442	–
Borrowings	9,588	167	1,247[4]	2,686	4,374	1,114
Obligations under repurchase agreements	1,588	1,588	–	–	–	–
Other liabilities excluding lease liabilities	6,811	5,330	213	141	154	973
Lease liabilities	502	174	303	24	1	–
Derivative financial instruments	1,369	356	659	131	223	–
Subtotal	202,342	12,472	19,986	21,603	146,194	2,087
Financial and insurance contract liabilities (Unit-linked contracts and consolidated investment funds)	37,109	–	–	–	–	37,109
Total	239,451	12,472	19,986	21,603	146,194	39,196

Notes:

(2) Financial assets with no fixed maturity are equities or receivables on demand which the Group has the choice to call. Borrowings with no fixed maturity are resettable subordinated perpetual securities issued by the Company. Other financial liabilities with no fixed maturity are payables on demand as the counterparty has a choice of when the amount is paid.

(3) The total value of amounts within financial assets (Unit-linked contracts and consolidated investment funds) is included within the no fixed maturity category to facilitate comparison with the corresponding total value of amounts within financial and insurance contract liabilities (Unit-linked contracts and consolidated investment funds). Included within financial assets (Unit-linked contracts and consolidated investment funds) are debt securities of US$699m (31 December 2021: US$626m) due in one year or less, US$2,520m (31 December 2021: US$2,753m) due after 1 year through 5 years, US$1,520m (31 December 2021: US$2,019m) due after 5 years through 10 years and US$1,112m (31 December 2021: US$1,262m) due after 10 years, in accordance with the contractual terms of the financial investments.

(4) Including US$748m which fall due after 2 years through 5 years.

23. Share-based compensation

SHARE-BASED COMPENSATION PLANS

During the six months ended 30 June 2022, 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 Scheme, the Restricted Share Unit Scheme and the Employee Share Purchase Plan. 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, 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. The price volatility is estimated on the basis of implied volatility of the Company's shares which is based on an analysis of historical data since they are traded in the HKSE. The expected life of the SOs is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees. The estimate of market condition for performance-based RSUs is based on one-year historical data preceding the grant date. An allowance for forfeiture prior to vesting is not included in the valuation of the grants.

The fair value calculated for SOs is inherently subjective due to the assumptions made and the limitations of the model utilised.

	Share options	
	Six months ended 30 June 2022 (Unaudited)	Year ended 31 December 2021
Assumptions		
Risk-free interest rate	**1.93%**	1.24%
Volatility	**26%**	26%
Dividend yield	**1.70%**	1.60%
Exercise price (HK$)	**79.85**	97.33
Share option life (in years)	**10**	10
Expected life (in years)	**7.45**	7.82
Weighted average fair value per option/unit at measurement date (HK$)	**21.00**	22.26

The weighted average share price for SO valuation for grants made during the six months ended 30 June 2022 is HK$79.85 (year ended 31 December 2021: HK$92.75). The total fair value of SO granted during the six months ended 30 June 2022 is US$7m (six months ended 30 June 2021: US$5m).

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 2022 is US$36m (six months ended 30 June 2021: US$44m).

24. 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 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Key management compensation and other expenses		
Salaries and other short-term employee benefits	**12,301,026**	12,829,872
Post-employment benefits	**330,267**	343,746
Termination benefits	**2,844,552**	–
Share-based payments[1]	**9,130,368**	7,182,450
Total	**24,606,213**	20,356,068

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 2022 (Unaudited)**	Six months ended 30 June 2021 (Unaudited)
Below 1,000,000	**1**	3
1,000,001 to 2,000,000	**8**	8
2,000,001 to 3,000,000	**1**	–
3,000,001 to 4,000,000	**1**	–
6,000,001 to 7,000,000	**1**	–
7,000,001 and above	**–**	1

25. Commitments and contingencies

INVESTMENT AND CAPITAL COMMITMENTS

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Not later than one year	**11,956**	7,830
Later than one and not later than five years	**96**	130
Total	**12,052**	7,960

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.

26. Investments in associates and joint ventures

On 11 January 2022, the Group completed its investment in an associate, China Post Life Insurance Co., Ltd., through an investment of RMB12,033m (approximately US$1,860m) for a 24.99 per cent equity stake, which is accounted for using the equity method of accounting on a one-quarter-lag basis.

27. Events after the reporting period

On 25 August 2022, a Committee appointed by the Board of Directors declared an interim dividend of 40.28 Hong Kong cents per share (six months ended 30 June 2021: 38.00 Hong Kong cents per share).

28. Interim statement of financial position of the Company

US$m	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021
Assets		
Investment in subsidiaries at cost[2]	**19,090**	19,062
Financial investments:		
At fair value through other comprehensive income		
Debt securities[3]	**5,768**	7,024
At fair value through profit or loss		
Debt securities	**13**	27
Equity shares	**28**	126
Interests in investment funds[2]	**4,558**	4,359
	10,367	11,536
Loans to/amounts due from subsidiaries	**1,913**	1,917
Other assets	**64**	49
Promissory notes from subsidiaries[4]	**1,486**	2,510
Cash and cash equivalents	**497**	90
Total assets	**33,417**	35,164
Liabilities		
Borrowings	**10,931**	10,181
Obligations under repurchase agreements	**1,000**	1,000
Derivative financial instruments	**1**	–
Other liabilities	**101**	95
Total liabilities	**12,033**	11,276
Equity		
Share capital	**14,163**	14,160
Employee share-based trusts	**(290)**	(225)
Other reserves	**316**	309
Retained earnings	**7,279**	9,519
Amounts reflected in other comprehensive income	**(84)**	125
Total equity	**21,384**	23,888
Total liabilities and equity	**33,417**	35,164

Notes:

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

(2) The Company's interests in investment funds such as mutual funds and unit trusts, including funds controlled by the Group, are measured at fair value through profit or loss. Interests in other entities controlled by the Group are measured at cost, unless impaired, and presented as investment in subsidiaries at cost. Interests in investment funds include US$2,909m (31 December 2021: US$2,359m) comprising the combined value of debt securities held by an investment fund controlled by the Group and interests in an external fixed income fund. Fixed income fund refers to the investment fund solely investing in fixed income instruments and cash equivalents, where investors of the fund own a pro-rata share of economic interests of the fund according to the number of shares or units they own of the fund. Investment fund may use derivatives for hedging purpose.

(3) Includes United States Treasury securities of US$1,435m (31 December 2021: US$1,589m) and China Government bonds of US$4,058m (31 December 2021: US$4,262m) as at 30 June 2022.

(4) The promissory notes from subsidiaries are repayable on demand.

Approved and authorised for issue by the Board of Directors on 25 August 2022.

29. Interim statement of changes in equity of the Company

US$m	**Share capital**	**Employee share-based trusts**	**Other reserves**	**Retained earnings**	**Amounts reflected in other comprehensive income**	**Total equity**
Balance at 1 January 2022	**14,160**	**(225)**	**309**	**9,519**	**125**	**23,888**
Net profit	**–**	**–**	**–**	**752**	**–**	**752**
Fair value losses on debt securities at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(253)**	**(253)**
Fair value losses on debt securities at fair value through other comprehensive income transferred to profit or loss on disposal	**–**	**–**	**–**	**–**	**44**	**44**
Dividends	**–**	**–**	**–**	**(1,650)**	**–**	**(1,650)**
Share buy-back	**–**	**–**	**–**	**(1,342)**	**–**	**(1,342)**
Shares issued under share option scheme and agency share purchase plan	**3**	**–**	**–**	**–**	**–**	**3**
Share-based compensation	**–**	**–**	**36**	**–**	**–**	**36**
Purchase of shares held by employee share-based trusts	**–**	**(94)**	**–**	**–**	**–**	**(94)**
Transfer of vested shares from employee share-based trusts	**–**	**29**	**(29)**	**–**	**–**	**–**
Balance at 30 June 2022 – Unaudited	**14,163**	**(290)**	**316**	**7,279**	**(84)**	**21,384**

US$m	Share capital	Employee share-based trusts	Other reserves	Retained earnings	Amounts reflected in other comprehensive income	Total equity
Balance at 1 January 2021	14,155	(155)	259	7,360	836	22,455
Net profit	–	–	–	1,925	–	1,925
Fair value losses on debt securities at fair value through other comprehensive income	–	–	–	–	(404)	(404)
Fair value gains on debt securities at fair value through other comprehensive income transferred to profit or loss on disposal	–	–	–	–	(179)	(179)
Dividends	–	–	–	(1,558)	–	(1,558)
Shares issued under share option scheme and agency share purchase plan	4	–	–	–	–	4
Share-based compensation	–	–	41	–	–	41
Purchase of shares held by employee share-based trusts	–	(97)	–	–	–	(97)
Transfer of vested shares from employee share-based trusts	–	27	(27)	–	–	–
Balance at 30 June 2021 – Unaudited	14,159	(225)	273	7,727	253	22,187

REPORT ON REVIEW OF SUPPLEMENTARY EMBEDDED VALUE INFORMATION AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 TO THE BOARD OF DIRECTORS OF AIA GROUP LIMITED

(incorporated in Hong Kong with limited liability)

pwc 羅兵咸永道

Introduction

We have reviewed the Supplementary Embedded Value Information ("the EV Information") set out on pages 110 to 133, which comprises the EV consolidated results of AIA Group Limited (the "Company") and its subsidiaries (together, the "Group") as at and for the six-month period ended 30 June 2022, comprising sensitivity analysis and significant methodology and assumptions and other explanatory information. The directors of the Company are responsible for the preparation and presentation of the EV Information in accordance with the EV basis of preparation set out in Sections 4 and 5 of the EV Information. Our responsibility is to express a conclusion on this EV Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the EV Information, including the summary of significant methodology and assumptions, 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, 25 August 2022

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

SUPPLEMENTARY EMBEDDED VALUE INFORMATION

Cautionary Statements Concerning Supplementary Embedded Value Information

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

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 109.

1. HIGHLIGHTS

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 8 April 2022, the Hong Kong Insurance Authority (HKIA) granted approval for AIA to early adopt the Hong Kong Risk-based Capital (HKRBC) regime with effect from 1 January 2022. In addition, the China Banking and Insurance Regulatory Commission (CBIRC) announced the new rules for the China Risk-Oriented Solvency System phase II (C-ROSS II) for insurers effective from the first quarter of 2022. The effects of these changes have been reflected in the Group's EV results with effect from 1 January 2022.

Following the announcement of the share buy-back programme reported in the Company's Annual Report 2021, the Group has commenced the repurchase of shares over a three-year period starting from March 2022. The effects of this programme on the Group's EV results are shown in Sections 2.6 and 2.8 of this report.

The Supplementary Embedded Value Information in this report should be read in conjunction with the Supplementary Embedded Value Information of the Group in the Company's Annual Report 2021.

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 as at the specified point in time, as disclosed in the IFRS interim condensed consolidated financial statements.

1. HIGHLIGHTS (continued)

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

	As at 30 June 2022 (Unaudited)	As at 31 December 2021	Change CER	Change AER
EV Equity	**72,326**	75,001	(1)%	(4)%
EV Equity per share (US dollars)	**6.02**	6.20	–	(3)%
EV	**70,105**	72,987	(1)%	(4)%
EV per share (US dollars)	**5.84**	6.03	(1)%	(3)%
Free surplus	**20,626**	17,025	23%	21%
Adjusted net worth (ANW)	**36,295**	33,302	11%	9%
Value of in-force business (VIF)	**33,810**	39,685	(12)%	(15)%

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	YoY CER	YoY AER
VONB	**1,536**	1,814	(13)%	(15)%
Annualised new premiums (ANP)	**2,778**	3,060	(7)%	(9)%
VONB margin	**55.2%**	59.0%	(4.1) pps	(3.8) pps
EV operating profit	**3,953**	4,092	(2)%	(3)%
Operating return on EV (Operating ROEV)[2]	**11.1%**	12.9%	(1.7) pps	(1.8) pps
Underlying free surplus generation (UFSG)	**3,190**	3,374	(3)%	(5)%
UFSG on a comparable basis before the effects of HKRBC early adoption and release of resilience margins	**3,434**	3,374	5%	2%

Notes:

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

(2) On an annualised basis.

2. EMBEDDED VALUE RESULTS

2.1 Embedded Value by Business Unit

The EV as at 30 June 2022 is presented consistently with the segment information in the IFRS interim condensed consolidated financial statements.

Summary of EV by Business Unit (US$ millions)

	As at 30 June 2022 (Unaudited)				
Business Unit	ANW[1]	VIF before CoC	CoC	VIF after CoC	**EV**
AIA China[2]	4,303	8,670	36	8,634	**12,937**
AIA Hong Kong[3]	13,424	12,683	1,205	11,478	**24,902**
AIA Thailand	4,706	3,904	772	3,132	**7,838**
AIA Singapore	2,595	4,743	556	4,187	**6,782**
AIA Malaysia	1,095	2,249	201	2,048	**3,143**
Other Markets	3,632	5,395	1,213	4,182	**7,814**
Group Corporate Centre	9,673	–	–	–	**9,673**
Subtotal	39,428	37,644	3,983	33,661	**73,089**
Adjustment to reflect consolidated reserving and capital requirements[4]	(2,802)	1,658	92	1,566	**(1,236)**
After-tax value of unallocated Group Office expenses	–	(1,243)	–	(1,243)	**(1,243)**
Total (before non-controlling interests)	36,626	38,059	4,075	33,984	**70,610**
Non-controlling interests	(331)	(185)	(11)	(174)	**(505)**
Total	36,295	37,874	4,064	33,810	**70,105**

2. EMBEDDED VALUE RESULTS (continued)

2.1 Embedded Value by Business Unit (continued)

	As at 31 December 2021				
Business Unit	ANW[1]	VIF before CoC	CoC	VIF after CoC	EV
AIA China	4,509	8,734	6	8,728	13,237
AIA Hong Kong	8,669	20,372	1,993	18,379	27,048
AIA Thailand	4,345	4,331	891	3,440	7,785
AIA Singapore	3,020	4,743	749	3,994	7,014
AIA Malaysia	1,239	2,283	248	2,035	3,274
Other Markets	4,998	5,311	1,363	3,948	8,946
Group Corporate Centre	10,602	–	–	–	10,602
Subtotal	37,382	45,774	5,250	40,524	77,906
Adjustment to reflect consolidated reserving and capital requirements[4]	(3,723)	1,547	1,096	451	(3,272)
After-tax value of unallocated Group Office expenses	–	(1,103)	–	(1,103)	(1,103)
Total (before non-controlling interests)	33,659	46,218	6,346	39,872	73,531
Non-controlling interests	(357)	(198)	(11)	(187)	(544)
Total	33,302	46,020	6,335	39,685	72,987

Notes:

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

(2) Includes the effects of the change in solvency regime to C-ROSS II effective from 1 January 2022.

(3) Includes the effects of the early adoption of HKRBC effective from 1 January 2022.

(4) 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 2021 and Section 4.1 of this report.

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 2022 (Unaudited)	As at 31 December 2021
IFRS shareholders' allocated equity	**46,788**	52,060
Fair value reserve	**(5,788)**	8,407
IFRS equity attributable to shareholders of the Company	**41,000**	60,467
Elimination of IFRS deferred acquisition and origination costs assets	**(29,126)**	(28,708)
Difference between IFRS policy liabilities and local statutory policy liabilities (1)	**27,684**	4,365
Difference between net IFRS policy liabilities and local statutory policy liabilities	**(1,442)**	(24,343)
Mark-to-market adjustment for property, mortgage loan and other investments, net of amounts attributable to participating funds	**(47)**	282
Elimination of intangible assets	**(3,132)**	(2,914)
Recognition of deferred tax impacts of the above adjustments	**2,611**	3,423
Recognition of non-controlling interests impacts of the above adjustments	**107**	110
ANW (Business Unit)	**39,097**	37,025
Adjustment to reflect consolidated reserving requirements, net of tax	**(2,802)**	(3,723)
ANW (Consolidated)	**36,295**	33,302

Note:

(1) Includes the effects of the early adoption of HKRBC and the change in solvency regime in Mainland China to C-ROSS II effective from 1 January 2022.

2. EMBEDDED VALUE RESULTS (continued)

2.3 Reconciliation of Free Surplus from ANW

The reconciliation of free surplus from ANW for the Group is set out below:

Derivation of Free Surplus from ANW (US$ millions)

	As at 30 June 2022 (Unaudited)		As at 31 December 2021	
	Business Unit	**Consolidated**	Business Unit	Consolidated
ANW	**39,097**	**36,295**	37,025	33,302
Adjustment for certain assets not eligible for regulatory capital purposes	**(1,616)**	**(1,616)**	(1,860)	(1,860)
Less: Required capital	**11,847**	**14,053**	11,725	14,417
Free surplus(1)	**25,634**	**20,626**	23,440	17,025

Note:

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

2. EMBEDDED VALUE RESULTS (continued)

2.4 Earnings Profile

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

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

	As at 30 June 2022 (Unaudited)	
Expected period of emergence	**Undiscounted**	**Discounted**
1 – 5 years	**21,686**	**18,050**
6 – 10 years	**19,176**	**10,817**
11 – 15 years	**18,571**	**7,146**
16 – 20 years	**15,697**	**4,226**
21 years and thereafter	**131,132**	**7,624**
Total	**206,262**	**47,863**

	As at 31 December 2021	
Expected period of emergence	Undiscounted	Discounted
1 – 5 years	22,225	18,516
6 – 10 years	20,405	11,579
11 – 15 years	21,695	8,502
16 – 20 years	21,795	5,903
21 years and thereafter	151,924	9,602
Total	238,044	54,102

The profile of distributable earnings is shown on an undiscounted and discounted basis. The discounted value of after-tax distributable earnings of US$47,863 million (31 December 2021: US$54,102 million) plus the free surplus of US$20,626 million (31 December 2021: US$17,025 million) and the non-eligible assets excluded in the free surplus calculation of US$1,616 million (2021: US$1,860 million) as shown in Section 2.3 of this report is equal to the EV of US$70,105 million (31 December 2021: US$72,987 million) shown in Section 2.1 of this report. The emergence of future distributable earnings as at 30 June 2022 includes the effects of the early adoption of HKRBC, which has accelerated future profits into free surplus.

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business

The VONB for the Group for the six months ended 30 June 2022 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 IFRS interim condensed consolidated financial statements.

The Group VONB for the six months ended 30 June 2022 was US$1,536 million, a decrease of US$278 million, or 13 per cent, from US$1,814 million for the six months ended 30 June 2021.

Summary of VONB by Business Unit (US$ millions)

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
Business Unit	VONB before CoC	CoC	**VONB after CoC**	VONB before CoC	CoC	VONB after CoC
AIA China[1]	599	36	**563**	782	44	738
AIA Hong Kong[2]	351	28	**323**	346	33	313
AIA Thailand	278	18	**260**	329	17	312
AIA Singapore	167	6	**161**	185	9	176
AIA Malaysia	171	10	**161**	168	11	157
Other Markets	260	53	**207**	302	49	253
Total before unallocated Group Office expenses and non-controlling interests (Business Unit)	1,826	151	**1,675**	2,112	163	1,949
Adjustment to reflect consolidated reserving and capital requirements	(17)	8	**(25)**	(29)	2	(31)
Total before unallocated Group Office expenses and non-controlling interests (Consolidated)	1,809	159	**1,650**	2,083	165	1,918
After-tax value of unallocated Group Office expenses	(99)	–	**(99)**	(88)	–	(88)
Total before non-controlling interests (Consolidated)	1,710	159	**1,551**	1,995	165	1,830
Non-controlling interests	(16)	(1)	**(15)**	(16)	–	(16)
Total	1,694	158	**1,536**	1,979	165	1,814

Notes:

(1) The VONB for the six months ended 30 June 2022 has reflected the change in solvency regime to C-ROSS II effective from 1 January 2022.

(2) The VONB for the six months ended 30 June 2022 has reflected the early adoption of HKRBC effective from 1 January 2022.

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 2022.

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 2022 was 55.2 per cent compared with 59.0 per cent for the six months ended 30 June 2021. The Group PVNBP margin for the six months ended 30 June 2022 was 10 per cent compared with 10 per cent for the six months ended 30 June 2021.

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

	VONB after CoC	ANP	VONB margin	PVNBP margin
Half Year				
Values for 2022				
Six months ended 30 June 2022 (Unaudited)	**1,536**	**2,778**	**55.2%**	**10%**
Values for 2021				
Six months ended 30 June 2021 (Unaudited)	1,814	3,060	59.0%	10%
Quarter				
Values for 2022				
Three months ended 31 March 2022 (Unaudited)	**853**	**1,567**	**54.4%**	**10%**
Three months ended 30 June 2022 (Unaudited)	**683**	**1,211**	**56.2%**	**10%**
Values for 2021				
Three months ended 31 March 2021 (Unaudited)	1,052	1,703	61.6%	10%
Three months ended 30 June 2021 (Unaudited)	762	1,357	55.7%	9%

2. EMBEDDED VALUE RESULTS (continued)

2.5 Value of New Business (continued)

The table below shows the VONB (excluding pension business), ANP, and VONB margin by Business Unit.

Summary of VONB Excluding Pension, ANP and VONB Margin by Business Unit (US$ millions)

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
Business Unit	VONB excluding pension	ANP	**VONB margin**	VONB excluding pension	ANP	VONB margin
AIA China[1]	563	835	**67.4%**	738	899	82.1%
AIA Hong Kong[2]	307	443	**69.3%**	290	505	57.5%
AIA Thailand	260	311	**83.8%**	312	333	93.5%
AIA Singapore	161	244	**65.9%**	176	279	63.2%
AIA Malaysia	160	239	**67.2%**	156	253	61.7%
Other Markets	206	706	**29.1%**	254	791	32.1%
Total before unallocated Group Office expenses (Business Unit)	1,657	2,778	**59.6%**	1,926	3,060	62.9%
Adjustment to reflect consolidated reserving and capital requirements	(25)	–		(32)	–	
Total before unallocated Group Office expenses (Consolidated)	1,632	2,778	**58.8%**	1,894	3,060	61.9%
After-tax value of unallocated Group Office expenses	(99)	–		(88)	–	
Total	1,533	2,778	**55.2%**	1,806	3,060	59.0%

Notes:

(1) The VONB for the six months ended 30 June 2022 has reflected the change in solvency regime to C-ROSS II effective from 1 January 2022.

(2) The VONB for the six months ended 30 June 2022 has reflected the early adoption of HKRBC effective from 1 January 2022.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement

Analysis of Movement in EV (US$ millions)

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)			YoY AER
	ANW	VIF	**EV**	ANW	VIF	EV	EV
Opening EV	33,302	39,685	**72,987**	28,503	36,744	65,247	12%
Release of resilience margins	2,168	(1,283)	**885**	–	–	–	n/m[1]
Impact of HKRBC early adoption	8,407	(6,028)	**2,379**	–	–	–	n/m
VONB	(144)	1,680	**1,536**	(400)	2,214	1,814	(15)%
Expected return on EV	2,338	(109)	**2,229**	2,456	(391)	2,065	8%
Operating experience variances	388	(4)	**384**	471	(85)	386	n/m
Operating assumption changes	(2)	(23)	**(25)**	42	(65)	(23)	n/m
Finance costs	(171)	–	**(171)**	(150)	–	(150)	14%
EV operating profit	2,409	1,544	**3,953**	2,419	1,673	4,092	(3)%
Investment return variances[2]	(4,436)	(357)	**(4,793)**	1,482	(463)	1,019	n/m
Other non-operating variances	(1,548)	1,402	**(146)**	833	(794)	39	n/m
Total EV profit	7,000	(4,722)	**2,278**	4,734	416	5,150	(56)%
Dividends	(1,650)	–	**(1,650)**	(1,558)	–	(1,558)	6%
Share buy-back	(1,342)	–	**(1,342)**	–	–	–	n/m
Other capital movements	(55)	–	**(55)**	(48)	–	(48)	15%
Effect of changes in exchange rates	(960)	(1,153)	**(2,113)**	(86)	(526)	(612)	n/m
Closing EV	36,295	33,810	**70,105**	31,545	36,634	68,179	3%
Opening EV per share (US dollars)			**6.03**			5.39	12%
Closing EV per share (US dollars)			**5.84**			5.64	4%

Notes:

(1) Not meaningful (n/m).

(2) Includes the effect of change in economic assumption due to the change in risk discount rate of AIA Sri Lanka.

2. EMBEDDED VALUE RESULTS (continued)

2.6 Analysis of EV Movement (continued)

The opening EV was US$72,987 million at 31 December 2021.

The release of resilience margins and the effects of early adoption of the HKRBC regime increased EV by US$3,264 million.

EV operating profit was US$3,953 million (2021: US$4,092 million), reflecting VONB of US$1,536 million (2021: US$1,814 million), an expected return on EV of US$2,229 million (2021: US$2,065 million), operating experience variances and operating assumption changes which were again positive and amounted to US$359 million (2021: US$363 million), net of finance costs of US$171 million (2021: US$150 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 2022. 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$384 million (2021: US$386 million), driven by:

- Expense variances of US$79 million (2021: US$115 million), partly offset by development costs of US$3 million (2021: US$4 million);
- Mortality and morbidity claims variances of US$208 million (2021: US$195 million); and
- Persistency and other variances of US$100 million (2021: US$80 million) which included persistency variances of US$71 million (2021: US$(109) million) and other variances including management actions of US$29 million (2021: US$189 million).

The effect of changes in operating assumptions during the period was a decrease in EV of US$25 million (2021: decrease in EV of US$23 million).

The EV profit of US$2,278 million (2021: US$5,150 million) is the total of EV operating profit, investment return variances and other non-operating variances.

The investment return variances decreased EV by US$4,793 million (2021: increased EV by US$1,019 million) driven by the effect of short-term fluctuations in interest rates and equity markets, and other capital market movements, on the Group's investment portfolio and the reserves and capital requirements compared with the expected returns.

Other non-operating variances decreased EV by US$146 million (2021: increased EV by US$39 million) which comprised negative impacts from non-operating expenses, partly offset by positive impacts from modelling-related enhancements. The effect of the implementation of C-ROSS II is not material.

The final shareholder dividend for 2021 paid in the first half of 2022 totalled US$1,650 million (2021: US$1,558 million). The capital deployed for the share buy-back programme, under which 132 million shares(1) (2021: nil) have been repurchased in the first half of 2022, was US$1,342 million (2021: nil). Other capital movements decreased EV by US$55 million (2021: decreased EV by US$48 million).

Foreign exchange movements decreased EV by US$2,113 million (2021: decreased EV by US$612 million).

The closing EV was US$70,105 million at 30 June 2022.

Note:
(1) As a result of the share buy-back, 92 million ordinary shares were cancelled in the first half of 2022, and the remaining shares have subsequently been cancelled.

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 11.1 per cent (2021: 12.9 per cent) for the six months ended 30 June 2022.

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	YoY CER	YoY AER
EV operating profit	**3,953**	4,092	(2)%	(3)%
Opening EV	**72,987**	65,247	13%	12%
Operating ROEV[1]	**11.1%**	12.9%	(1.7) pps	(1.8) pps
EV operating earnings per share (US cents)[2]	**32.82**	33.92	(1)%	(3)%

Notes:
(1) On an annualised basis.

(2) Based on weighted average number of ordinary shares during the respective period.

2.7 EV Equity

EV Equity decreased to US$72,326 million at 30 June 2022, a decrease of 1 per cent from US$75,001 million as at 31 December 2021.

Derivation of EV Equity from EV (US$ millions)

	As at 30 June 2022 (Unaudited)	As at 31 December 2021	Change CER	Change AER
EV	**70,105**	72,987	(1)%	(4)%
Goodwill and other intangible assets[1]	**2,221**	2,014	15%	10%
EV Equity	**72,326**	75,001	(1)%	(4)%
EV Equity per share (US dollars)	**6.02**	6.20	–	(3)%

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

2. EMBEDDED VALUE RESULTS (continued)

2.8 Free Surplus Generation

Free Surplus Generation (US$ millions)

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	YoY CER (Unaudited)	YoY AER (Unaudited)
Opening free surplus	**17,025**	13,473	19%	26%
Release of resilience margins	**3,400**	–	n/m[1]	n/m
Impact of HKRBC early adoption	**4,403**	–	n/m	n/m
UFSG	**3,190**	3,374	(3)%	(5)%
Free surplus used to fund new business	**(686)**	(921)	(23)%	(26)%
Investment return variances and other items	**(3,357)**	3,919	n/m	n/m
Unallocated Group Office expenses	**(131)**	(182)	(28)%	(28)%
Dividends	**(1,650)**	(1,558)	6%	6%
Share buy-back	**(1,342)**	–	n/m	n/m
Finance costs and other capital movements	**(226)**	(198)	n/m	n/m
Closing free surplus	**20,626**	17,907	16%	15%

Free surplus increased by US$3,601 million to US$20,626 million (31 December 2021: US$17,025 million) as at 30 June 2022, after reflecting the impact of HKRBC early adoption and release of resilience margins totalling US$7,803 million.

UFSG, as defined in Section 4.8 of the Supplementary Embedded Value Information in the Company's Annual Report 2021, decreased by 3 per cent to US$3,190 million (2021: US$3,374 million). On a comparable basis[2], UFSG increased by 5 per cent. Investment in writing new business was US$686 million (2021: US$921 million).

Investment return variances and other items amounted to US$(3,357) million (2021: US$3,919 million), reflecting the effect of short-term fluctuations in interest rates and equity markets, and other capital market movements, on the Group's investment portfolio and the reserves and capital requirements compared with the expected returns, and other items, including the free surplus impacts arising from other non-operating variances as described in Section 2.6.

Unallocated Group Office expenses amounted to US$131 million (2021: US$182 million).

Notes:

(1) Not meaningful (n/m).

(2) Comparable basis refers to the growth rate of UFSG before the effects of HKRBC early adoption and release of resilience margins in the six months ended 30 June 2022.

3. SENSITIVITY ANALYSIS

The EV as at 30 June 2022 and the VONB for the six months ended 30 June 2022 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 2022 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 2022); and
- Equity prices decreased proportionally by 10 per cent (i.e. 90 per cent of the prices at 30 June 2022).

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 2022 and the values of debt instruments and derivatives held at 30 June 2022 were changed to be consistent with the interest rate assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

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

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

For the equity price sensitivities, the projected bonus rates on participating business and the values of equity securities and equity funds held at 30 June 2022 were changed to be consistent with the equity price assumptions in the sensitivity analysis, while all the other assumptions were unchanged.

3. SENSITIVITY ANALYSIS (continued)

For each of the remaining sensitivity analyses, the statutory reserving bases as at 30 June 2022 and the projected bonus rates on participating business were changed to be consistent with the sensitivity analysis assumptions, while all the other assumptions remain unchanged.

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

Sensitivity of EV (US$ millions)

	As at 30 June 2022 (Unaudited)		As at 31 December 2021	
Scenario	**EV**	**% Change**	EV	% Change
Central value	**70,105**		72,987	
Impact of:				
200 bps increase in risk discount rates	**(7,870)**	**(11.2)%**	(9,806)	(13.4)%
200 bps decrease in risk discount rates	**12,437**	**17.7%**	15,325	21.0%
10% increase in equity prices	**1,632**	**2.3%**	1,878	2.6%
10% decrease in equity prices	**(1,708)**	**(2.4)%**	(1,871)	(2.6)%
50 bps increase in interest rates	**(1,299)**	**(1.9)%**	(330)	(0.5)%
50 bps decrease in interest rates	**1,330**	**1.9%**	279	0.4%
100 bps decrease in equity and property returns and risk discount rates	**2,661**	**3.8%**	3,876	5.3%
5% appreciation in the presentation currency	**(2,188)**	**(3.1)%**	(2,164)	(3.0)%
5% depreciation in the presentation currency	**2,188**	**3.1%**	2,164	3.0%
10% increase in lapse/discontinuance rates	**(1,618)**	**(2.3)%**	(1,135)	(1.6)%
10% decrease in lapse/discontinuance rates	**1,799**	**2.6%**	1,280	1.8%
10% increase in mortality/morbidity rates	**(5,747)**	**(8.2)%**	(4,876)	(6.7)%
10% decrease in mortality/morbidity rates	**5,618**	**8.0%**	4,779	6.5%
10% decrease in maintenance expenses	**844**	**1.2%**	865	1.2%
Expense inflation set to 0%	**913**	**1.3%**	1,047	1.4%

Sensitivity of VONB (US$ millions)

	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
Scenario	**VONB**	**% Change**	VONB	% Change
Central value	**1,536**		1,814	
Impact of:				
200 bps increase in risk discount rates	**(308)**	**(20.1)%**	(393)	(21.7)%
200 bps decrease in risk discount rates	**451**	**29.4%**	590	32.5%
50 bps increase in interest rates	**47**	**3.1%**	50	2.8%
50 bps decrease in interest rates	**(61)**	**(4.0)%**	(66)	(3.6)%
100 bps decrease in equity and property returns and risk discount rates	**161**	**10.5%**	n/a	n/a
5% appreciation in the presentation currency	**(66)**	**(4.3)%**	(79)	(4.4)%
5% depreciation in the presentation currency	**66**	**4.3%**	79	4.4%
10% increase in lapse/discontinuance rates	**(102)**	**(6.6)%**	(110)	(6.1)%
10% decrease in lapse/discontinuance rates	**108**	**7.0%**	123	6.8%
10% increase in mortality/morbidity rates	**(205)**	**(13.3)%**	(214)	(11.8)%
10% decrease in mortality/morbidity rates	**205**	**13.3%**	214	11.8%
10% decrease in maintenance expenses	**53**	**3.5%**	54	3.0%
Expense inflation set to 0%	**37**	**2.4%**	47	2.6%

4. METHODOLOGY

The methodology used by the Group for determining the EV results for the period is consistent with that described in Section 4 of the Supplementary Embedded Value Information in the Company's Annual Report 2021 taking into account the capital requirements as set out in Section 4.1.

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[(1)]	100% of required capital following the China Association of Actuaries (CAA) EV assessment guidance, updated to reflect C-ROSS II
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	100% 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) With effect from 1 January 2022, the capital requirement is updated to C-ROSS II following the update issued by the China Banking and Insurance Regulatory Commission on 30 December 2021.

(2) With effect from 1 January 2022, the capital requirement for the Hong Kong branch of AIA International is updated following the HKRBC early adoption as approved by HKIA in a letter dated 8 April 2022. For clarity, AIA Everest Life Company Limited, which is a closed block of business acquired from The Bank of East Asia, Limited under AIA Co., is still evaluated based on 150% of required minimum solvency margin under existing Hong Kong Insurance Ordinance (HKIO) requirements, and the Macau branch of AIA International is subject to 150% of Macau statutory requirement.

Capital Requirements on Consolidation

The Company's subsidiaries, AIA Company Limited (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. continues to be subject to the existing HKIO requirements. The non-Hong Kong branches of AIA Co. and AIA International hold required capital of no less than 100 per cent of the HKIO solvency margin requirement and the HKRBC capital requirement respectively.

In addition, AIA International, which is incorporated in Bermuda, is subject to the Bermuda Monetary Authority (BMA) reserving and capital requirements. AIA International and its subsidiaries hold required capital of no less than 100 per cent of the BMA regulatory capital requirement.

The above regulatory reserving and capital requirements, and other consolidated reserving and capital requirements as determined by the Group, apply in addition to the relevant local requirements applicable to our Business Units.

The Company is also subject to the new GWS framework implemented by the HKIA, including group capital adequacy requirements based on the LCSM, under which the Group's published group available capital, group minimum capital requirement (GMCR) and group prescribed capital requirement (GPCR) are calculated as the sum of the available capital, minimum capital requirements and prescribed capital requirements according to the respective regulatory requirements for each entity within the Group, 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 2022 and the VONB for the period ended 30 June 2022.

Long-term investment return assumptions used in the EV basis for the interim results remain unchanged from those shown in Section 5.2 of the Supplementary Embedded Value Information in the Company's Annual Report 2021, 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 2021.

The non-economic assumptions used are based on those at 31 December 2021, 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 2021.

5.2 Economic Assumptions

Investment Returns

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

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

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

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

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

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

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates

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

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

	Current market 10-year government bond yields referenced in EV calculations (%)		
Business Unit	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021	As at 30 June 2021 (Unaudited)
AIA Australia	**3.66**	1.67	1.53
AIA China	**2.82**	2.78	3.09
AIA Hong Kong(1)	**3.01**	1.51	1.47
AIA Indonesia	**7.22**	6.38	6.59
AIA Korea	**3.62**	2.26	2.10
AIA Malaysia	**4.24**	3.58	3.29
AIA New Zealand	**3.86**	2.39	1.77
AIA Philippines	**7.04**	4.82	3.92
AIA Singapore	**2.98**	1.67	1.58
AIA Sri Lanka	**21.47**	11.71	8.20
AIA Taiwan	**1.25**	0.73	0.42
AIA Thailand	**2.90**	1.90	1.78
AIA Vietnam	**3.27**	2.08	2.21

Note:

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

5. ASSUMPTIONS (continued)

5.2 Economic Assumptions (continued)

Risk Discount Rates (continued)

The table below summarises the risk discount rates and long-term investment returns assumed in EV calculations. The risk discount rates as at 30 June 2022 reflect the weighted average of the risk margins of the in-force business at the start of 2022, and those of the new business written during the first half of 2022 which are determined at a product level to better reflect the market and non-market risks associated with the mix of products sold during the reporting period. In addition, the VONB results are calculated based on start-of-quarter long-term investment return assumptions consistent with the measurement at the point of sale. The present value of unallocated Group Office expenses was calculated using the AIA Hong Kong risk discount rate. The investment returns on existing fixed income assets were set consistently with the market yields on these assets. The investment returns shown are gross of tax and investment expenses.

	Risk discount rates assumed in EV calculations (%)			Long-term investment returns assumed in EV calculations (%)					
				10-year government bonds			Local equities		
Business Unit	**As at 30 Jun 2022 (Unaudited)**	As at 31 Dec 2021	As at 30 Jun 2021 (Unaudited)	**As at 30 Jun 2022 (Unaudited)**	As at 31 Dec 2021	As at 30 Jun 2021 (Unaudited)	**As at 30 Jun 2022 (Unaudited)**	As at 31 Dec 2021	As at 30 Jun 2021 (Unaudited)
AIA Australia	**6.42**	6.41	6.43	**2.30**	2.30	2.30	**6.60**	6.60	6.60
AIA China	**9.70**	9.72	9.73	**3.70**	3.70	3.70	**9.30**	9.30	9.30
AIA Hong Kong(1)	**6.96**	6.98	7.00	**2.20**	2.20	2.20	**7.00**	7.00	7.00
AIA Indonesia	**13.03**	12.98	12.99	**7.50**	7.50	7.50	**12.00**	12.00	12.00
AIA Korea	**8.10**	8.10	8.10	**2.20**	2.20	2.20	**6.50**	6.50	6.50
AIA Malaysia	**8.49**	8.56	8.55	**4.00**	4.00	4.00	**8.60**	8.60	8.60
AIA New Zealand	**6.48**	6.53	6.53	**2.30**	2.30	2.30	**6.80**	6.80	6.80
AIA Philippines	**11.80**	11.80	11.80	**5.30**	5.30	5.30	**10.50**	10.50	10.50
AIA Singapore	**6.59**	6.59	6.60	**2.20**	2.20	2.20	**6.70**	6.70	6.70
AIA Sri Lanka	**20.00**	14.70	15.70	**9.00**	9.00	10.00	**11.00**	11.00	12.00
AIA Taiwan	**7.20**	7.25	7.25	**1.00**	1.00	1.00	**5.60**	5.60	5.60
AIA Thailand	**7.65**	7.69	7.75	**2.70**	2.70	2.70	**7.70**	7.70	7.70
AIA Vietnam	**9.11**	9.16	9.71	**3.50**	3.50	4.00	**8.80**	8.80	9.30

Note:

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

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 2022 (Unaudited)**	As at 31 December 2021
AIA Australia	**2.05**	2.05
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)	**6.45**	5.75

Note:

(1) For Tata AIA Life, in accordance with the IEV methodology as defined in Actuarial Practice Standard 10 issued by the Institute of Actuaries of India, the inflation assumption is derived by applying a spread to the reference interest rate.

Unallocated Group Office expenses are assumed to inflate by the weighted average of the Business Unit expense inflation rates.

5. ASSUMPTIONS (continued)

5.4 Taxation

The EV and VONB presented in this report are net of tax based on current taxation legislation. The projected corporate income tax payable in any year allows for the benefits arising from any tax loss carried forward where relevant. Where applicable, tax payable on investment income has been reflected in the projected investment returns. Any withholding tax payable on future remittances from local business units are 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 2022 (Unaudited)**	As at 31 December 2021
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[1]	**27.5**	27.5
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	**24.0**	24.0
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

Note:

(1) AIA Korea is subject to an assumed corporate income tax of 27.5 per cent up to fiscal year 2022, which includes an Accumulated Earnings Tax following the subsidiarisation of the branch in AIA Korea. Based on current regulations, the corporate income tax rate will revert to 24.2 per cent from 1 January 2023 onwards.

6. EVENTS AFTER THE REPORTING PERIOD

On 25 August 2022, a Committee appointed by the Board of Directors declared an interim dividend of 40.28 Hong Kong cents per share (six months ended 30 June 2021: 38.00 Hong Kong cents per share).

INFORMATION FOR SHAREHOLDERS

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board has declared an interim dividend of 40.28 Hong Kong cents per share for the six months ended 30 June 2022 (six months ended 30 June 2021: 38.00 Hong Kong cents per share).

The interim dividend will be payable on Thursday, 29 September 2022 to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 13 September 2022.

RELEVANT DATES FOR THE 2022 INTERIM DIVIDEND

Ex-dividend date	Friday, 9 September 2022
Record date	Tuesday, 13 September 2022
Payment date	Thursday, 29 September 2022

RECORD DATE

In order to qualify for the entitlement of the interim dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 13 September 2022.

SHARE REGISTRAR

If you have any enquiries relating to your shareholding, please contact the Company's share registrar with the contact details set out below:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone: +852 2862 8555
Email: aia.ecom@computershare.com.hk (for obtaining printed copies of the Company's corporate communications)
Website: www.computershare.com
www.computershare.com/hk/contact (for general enquiries)

ELECTRONIC COMMUNICATIONS

For environmental and cost reasons, Shareholders are encouraged to elect to receive the Company's corporate communications (as defined in the Listing Rules) by electronic means through the Company's website at www.aia.com and Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. You may at any time send a written notice to the Company c/o the Company's share registrar or via email at aia.ecom@computershare.com.hk specifying your name, address and request to change your choice of language and/or means of receipt of all of the Company's corporate communications.

The Company makes every effort to ensure consistency between the English and Chinese versions of this interim results announcement. In the event of any inconsistency, the English version shall prevail.

FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

When used in this document, the words "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to the Group or the Group's management, are intended to identify forward-looking statements. These forward-looking statements reflect the Group's views as of the date hereof with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements as a result of a number of factors, including any changes in the laws, rules and regulations relating to any aspects of the Group's business operations, general economic, market and business conditions, including capital market developments, changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the actions and developments of the Group's competitors and the effects of competition in the insurance industry on the demand for, and price of, the Group's products and services, various business opportunities that the Group may or may not pursue, changes in population growth and other demographic trends, including mortality, morbidity and longevity rates, persistency levels, the Group's ability to identify, measure, monitor and control risks in the Group's business, including its ability to manage and adapt its overall risk profile and risk management practices, its ability to properly price its products and services and establish reserves for future policy benefits and claims, seasonal fluctuations and factors beyond the Group's control. Subject to the requirements of the Listing Rules, the Group does not intend to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, forward-looking events and circumstances discussed in this document might not occur in the way the Group expects, or at all. Accordingly, you should not place reliance on any forward-looking information or statements. All forward-looking statements in this document are qualified by reference to the cautionary statements set forth in this section.

By Order of the Board
Lee Yuan Siong
Executive Director,
Group Chief Executive and President

Hong Kong, 25 August 2022

As at the date of this announcement, the Board comprises:

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

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

Independent Non-executive Directors:
Mr. Jack Chak-Kwong SO, Mr. Chung-Kong CHOW, Mr. John Barrie HARRISON, Mr. George Yong-Boon YEO, Professor Lawrence Juen-Yee LAU, Ms. Swee-Lian TEO, Dr. Narongchai AKRASANEE, Mr. Cesar Velasquez PURISIMA and Ms. SUN Jie (Jane)

GLOSSARY

2010 RSU Scheme	Restricted Share Unit Scheme of the Company adopted on 28 September 2010 (as amended) under which the Company granted restricted share units to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. It was terminated with effect from 31 July 2020 prior to the adoption of the 2020 RSU Scheme.
2010 SO Scheme	Share Option Scheme of the Company adopted on 28 September 2010 (as amended), under which the Company granted share options to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries. It was terminated with effect from 29 May 2020 upon the adoption of the 2020 SO Scheme.
2011 ESPP	Employee Share Purchase Plan of the Company adopted on 25 July 2011 (as amended), a voluntary share purchase plan with matching offer to facilitate and encourage AIA share ownership by employees. It was terminated with effect from 31 October 2020 (being the last day of the 2019/2020 plan year).
2012 ASPP	Agency Share Purchase Plan of the Company adopted on 23 February 2012, a share purchase plan with matching offer to facilitate and encourage AIA share ownership by agents. It was terminated with effect from 31 March 2021 (being the last day of the 2020/2021 plan year).
2020 ESPP	Employee Share Purchase Plan of the Company adopted on 1 August 2020, a voluntary share purchase plan with matching offer to facilitate and encourage AIA share ownership by employees, and is effective for a period of 10 years from the date of adoption.
2020 RSU Scheme	Restricted Share Unit Scheme of the Company adopted on 1 August 2020, under which the Company may grant restricted share units to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries, and is effective for a period of 10 years from the date of adoption.
2020 SO Scheme	Share Option Scheme of the Company adopted on 29 May 2020, under which the Company may grant share options to employees, directors (excluding independent non-executive directors) or officers of the Company or any of its subsidiaries, and is effective for a period of 10 years from the date of adoption.
2021 ASPP	Agency Share Purchase Plan of the Company adopted on 1 February 2021, a share purchase plan with matching offer to facilitate and encourage AIA share ownership by agents, and is effective for a period of 10 years from the date of adoption.

active agent	An agent who sells at least one policy per month. The number of active agents is calculated as the average number of active agents across the specific period.
active market	A market in which all the following conditions exist: • the items traded within the market are homogeneous; • willing buyers and sellers can normally be found at any time; and • prices are available to the public. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
adjusted net worth or ANW	ANW is the market value of assets in excess of the assets backing the policy reserves and other liabilities of the life (and similar) business of AIA, plus the IFRS equity value of other activities, such as general insurance business, less the value of intangible assets. It excludes any amounts not attributable to shareholders of AIA Group Limited. ANW for AIA is stated after adjustment to reflect consolidated reserving requirements. ANW by market is stated before adjustment to reflect consolidated reserving requirements, and presented on a local statutory basis.
AER	Actual exchange rates.
AIA or the Group	AIA Group Limited and its subsidiaries.
AIA Co.	AIA Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company.
AIA Everest	AIA Everest Life Company Limited, a subsidiary of AIA Co. acquired from The Bank of East Asia, Limited.
AIA International	AIA International Limited, a company incorporated in Bermuda and an indirect wholly-owned subsidiary of the Company.
amortised cost	The amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.
annualised new premiums or ANP	ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. It is an internally used measure of new business sales or activity for all entities within AIA. ANP excludes new business of pension business, personal lines and motor insurance. For group renewable business, it includes any premium payable on existing schemes that exceeds the prior year's premiums.

Asia	Mainland China, Hong Kong SAR, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR and India.
available capital	For a regulated entity, available capital refers to the resources and financial instruments eligible to be counted towards satisfying the prescribed capital requirement according to the respective regulatory requirements. For a non-regulated entity, available capital refers to IFRS equity less intangible assets, plus eligible financial instruments, including subordinated securities as well as senior notes approved for inclusion.
available for sale (AFS) financial assets	Financial assets that may be sold before maturity and that are used to back insurance and investment contract liabilities and shareholders' equity, and which are not managed on a fair value basis. Non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables or as at fair value through profit or loss. Available for sale financial instruments are measured at fair value, with movements in fair value recorded in other comprehensive income.
bancassurance	The distribution of insurance products through banks or other financial institutions.
BEA	The Bank of East Asia, Limited.
BEA Life	BEA Life Limited, a wholly-owned subsidiary of The Bank of East Asia, Limited.
BEPS 2.0	The common name for the tax policy work led by the Organisation for Economic Co-operation and Development on the "Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy".
Board	The board of Directors.
CBIRC	The China Banking and Insurance Regulatory Commission.
CER	Constant exchange rates. Change on constant exchange rates is calculated for all figures for the current period and for the prior period, using constant average exchange rates, other than for balance sheet items as at the end of the current period and as at the end of the prior year, which is translated using the constant balance sheet exchange rates.
China Post Life	China Post Life Insurance Co., Ltd.
Company	AIA Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1299).
consolidated investment funds	Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds.

Corporate Governance Code	Corporate Governance Code set out in Appendix 14 to the Listing Rules, as amended from time to time.
cost of capital or CoC	CoC is calculated as the face value of the required capital as at the valuation date less the present value of the net-of-tax investment return on the shareholder assets backing the required capital and the present value of projected releases from the assets backing the required capital. Where the required capital may be covered by policyholder assets such as surplus assets in participating funds, there is no associated cost of capital included in the VIF or VONB. CoC for AIA is stated after adjustment to reflect consolidated capital requirements. CoC by market is stated before adjustment to reflect consolidated capital requirements, and presented on a local statutory basis.
COVID-19	COVID-19 is the disease caused by the coronavirus called SARS-CoV-2.
C-ROSS	China Risk-Oriented Solvency System.
Dealing Policy	Directors' and Chief Executives' Dealing Policy of the Company.
deferred acquisition costs or DAC	Acquisition costs are expenses of an insurer which are incurred in connection with the acquisition of new insurance contracts or the renewal of existing insurance contracts. They include commissions and other variable sales inducements and the direct costs of issuing the policy, such as underwriting and other policy issue expenses. These costs are deferred and expensed to the consolidated income statement on a systematic basis over the life of the policy. Such assets are tested for recoverability at least annually.
deferred origination costs or DOC	Origination costs are expenses which are incurred in connection with the origination of new investment contracts or the renewal of existing investment contracts. For contracts that involve the provision of investment management services, these include commissions and other incremental expenses directly related to the issue of each new contract. Origination costs on contracts with investment management services are deferred and recognised as an asset in the consolidated statement of financial position and expensed to the consolidated income statement on a systematic basis in line with the revenue generated by the investment management services provided. Such assets are tested for recoverability.
Director(s)	The director(s) of the Company.
embedded value or EV	An actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. EV for AIA is stated after adjustments to reflect consolidated reserving and capital requirements and the after-tax value of unallocated Group Office expenses. EV by market is stated before adjustments to reflect consolidated reserving and capital requirements and unallocated Group Office expenses, and presented on a local statutory basis.

EPS	Earnings per share.
equity attributable to shareholders of the Company on the embedded value basis or EV Equity	EV Equity is the total of embedded value, goodwill and other intangible assets attributable to shareholders of the Company, after allowing for taxes.
ExCo	The Executive Committee of the Group.
fair value through profit or loss or FVTPL	Under IAS 39, Financial Instruments: Recognition and Measurement, financial assets that are held to back unit-linked contracts and participating funds or financial assets and liabilities that are held for trading. A financial asset or financial liability that is measured at fair value in the statement of financial position with gains and losses arising from movements in fair value being presented in the consolidated income statement as a component of the profit or loss for the period.
first year premiums	First year premiums are the premiums received in the first year of a recurring premium policy. As such, they provide an indication of the volume of new policies sold.
free surplus	ANW in excess of the required capital adjusted for certain assets that are not eligible for regulatory capital purposes. Free surplus for AIA is stated after adjustment to reflect consolidated reserving and capital requirements.
group available capital	The sum of the available capital of each entity within the Group.
group minimum capital requirement or GMCR	The sum of the minimum capital requirements of each entity within the Group.
Group Office	Group Office includes the activities of the Group Corporate Centre segment consisting of the Group's corporate functions, shared services and eliminations of intragroup transactions.
group prescribed capital requirement or GPCR	The sum of the prescribed capital requirements of each entity within the Group. It represents the level below which the HKIA may intervene on grounds of capital adequacy.
GWS	Group-wide Supervision.
GWS Capital Rules	Insurance (Group Capital) Rules (Chapter 41O of the Laws of Hong Kong).
HKFRS	Hong Kong Financial Reporting Standards.
holding company financial resources	Debt, equity shares and interests in investment funds, deposits, cash and cash equivalents and dividends paid but not settled by subsidiaries, net of obligations under repurchase agreements, at the Group's listed holding company, AIA Group Limited. These are presented in note 28 to the interim condensed consolidated financial statements.

Hong Kong	The Hong Kong Special Administrative Region (SAR) of the People's Republic of China (PRC); in the context of our reportable market segments, Hong Kong includes Macau SAR.
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time.
Hong Kong Insurance Authority or HKIA	Insurance Authority established under the Hong Kong Insurance Ordinance.
Hong Kong Insurance Ordinance or HKIO	Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), as amended from time to time. It provides a legislative framework for the prudential supervision of the insurance industry in Hong Kong.
Hong Kong Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited.
IAIG	Internationally Active Insurance Group.
IAIS	International Association of Insurance Supervisors.
IAS	International Accounting Standards.
IFA	Independent financial adviser.
IFRS	Standards and interpretations adopted by the IASB comprising: • International Financial Reporting Standards; • IAS; and • Interpretations developed by the IFRS Interpretations Committee (IFRS IC) or the former Standing Interpretations Committee (SIC).
Insurance Capital Standard or ICS	A risk-based global insurance capital standard applicable to IAIGs being developed by the IAIS.
investment experience	Realised and unrealised investment gains and losses recognised in the consolidated income statement.
investment income	Investment income comprises interest income, dividend income and rental income.
investment return	Investment return consists of investment income plus investment experience.
IPO	Initial Public Offering.
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time.

Local Capital Summation Model or LCSM	LCSM is the method used by the HKIA as a measure of group capital under the new Group-wide Supervision (GWS) framework. Under the LCSM, AIA's published group available capital, group minimum capital requirement (GMCR) and group prescribed capital requirement (GPCR) are calculated as the sum of the available capital, minimum capital requirements and prescribed capital requirements according to the respective regulatory requirements for each entity within the Group, subject to any variation considered necessary by the HKIA. Adjustments are made to eliminate double counting. From 1 January 2022 onwards, Group LCSM surplus is the excess of the group available capital over the GPCR, and the Group LCSM cover ratio is the ratio of the group available capital to the GPCR. Prior to 1 January 2022, the Group LCSM surplus and the Group LCSM cover ratio are calculated by replacing the GPCR with the GMCR.
minimum capital requirement or MCR	The level at which, if not maintained by the regulated entity, may result in the severest penalty, the most extreme intervention measures, or the withdrawal of authorisation to carry on the whole or any part of its business, being imposed on or taken against the regulated entity under the laws relating to regulatory capital in the jurisdiction in which the entity is authorised. (For details, please refer to the Insurance (Group Capital) Rules, Rule 4 from the HKIA)
Million Dollar Round Table or MDRT	MDRT is a global professional trade association of life insurance and financial services professionals that recognises significant sales achievements and high service standards.
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, as amended from time to time.
n/a	Not available.
n/m	Not meaningful.
operating profit after tax or OPAT	Operating profit is determined using, among others, expected long-term investment return for equities and real estate. Short-term fluctuations between expected long-term investment return and actual investment return for these asset classes are excluded from operating profit. The assumptions used to determine expected long-term investment return are the same, in all material respects, as those used by the Group in determining its embedded value and are disclosed in the Supplementary Embedded Value Information.
operating return on EV or operating ROEV	Operating return on EV is calculated as EV operating profit, expressed as a percentage of the opening embedded value.
operating return on shareholders' allocated equity or operating ROE	Operating return on shareholders' allocated equity is calculated as operating profit after tax attributable to shareholders of the Company, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.
OTC	Over-the-counter.

Other Markets	AIA's Other Markets are Australia, Cambodia, India, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.
other participating business with distinct portfolios	Business where it is expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory.
participating funds	Participating funds are distinct portfolios where the policyholders have a contractual right to receive at the discretion of the insurer additional benefits based on factors such as the performance of a pool of assets held within the fund, as a supplement to any guaranteed benefits. The allocation of benefits from the assets held in the participating funds is subject to minimum policyholder participation mechanisms established by regulation.
persistency	The percentage of insurance policies remaining in force from month to month in the past 12 months, as measured by premiums.
prescribed capital requirement or PCR	The level at which, if maintained by the regulated entity, would not give rise to a power to impose any penalty, sanction or intervention measures against, or withdrawal of authorisation of, the regulated entity under the laws relating to regulatory capital in the jurisdiction in which the entity is authorised. (For details, please refer to the Insurance (Group Capital) Rules, Rule 5 from the HKIA)
policyholder and shareholder investments	Investments other than those held to back unit-linked contracts as well as assets from consolidated investment funds.
pps	Percentage points.
PVNBP margin	VONB gross of non-controlling interests excluding pension business, expressed as a percentage of present value of new business premiums (PVNBP). PVNBP margin for AIA is stated after adjustments to reflect consolidated reserving and capital requirements and the after-tax value of unallocated Group Office expenses.
renewal premiums	Premiums receivable in subsequent years of a recurring premium policy.
reverse repo	Reverse repurchase agreements.
rider	A supplemental plan that can be attached to a basic insurance policy, typically with payment of additional premiums.
Risk-Based Capital or RBC	RBC represents an amount of capital based on an assessment of risks that a company should hold to protect customers against adverse developments.
RSPUs	Restricted stock purchase units.
RSSUs	Restricted stock subscription units.
RSUs	Restricted share units.

SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time.
share(s)	For the Company, shall mean ordinary share(s) in the capital of the Company.
Shareholder(s)	Holder(s) of shares of the Company.
shareholders' allocated equity	Shareholders' allocated equity is total equity attributable to shareholders of the Company less fair value reserve.
Singapore	The Republic of Singapore; in the context of our reportable market segments, Singapore includes Brunei.
single premium	A single payment that covers the entire cost of an insurance policy.
solvency	The ability of an insurance company to satisfy its policyholder benefits and claims obligations.
SOs	Share options.
Takaful	Insurance which is based on the Islamic principles of mutual assistance and risk sharing.
Tata AIA Life	Tata AIA Life Insurance Company Limited.
total weighted premium income or TWPI	TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded. As such it provides an indication of AIA's longer-term business volumes as it smoothes the peaks and troughs in single premiums.
underlying free surplus generation or UFSG	Underlying free surplus generation represents free surplus generated from the in-force business, adjusted for certain non-recurring items and before free surplus used to fund new business, unallocated Group Office expenses, finance costs, investment return variances and other non-operating items. The underlying free surplus generation is also calculated after reflecting consolidated reserving and capital requirements.
unit-linked investments	Financial investments held to back unit-linked contracts.

unit-linked products	Unit-linked products are insurance products where the policy value is linked to the value of underlying investments (such as collective investment schemes, internal investment pools or other property) or fluctuations in the value of underlying investment or indices. Investment risk associated with the product is usually borne by the policyholder. Insurance coverage, investment and administration services are provided for which the charges are deducted from the investment fund assets. Benefits payable will depend on the price of the units prevailing at the time of death of the insured or surrender or maturity of the policy, subject to surrender charges.
value of in-force business or VIF	VIF is the present value of projected after-tax statutory profits by Business Units emerging in the future from the current in-force business less the cost arising from holding the required capital (CoC) to support the in-force business. VIF for AIA is stated after adjustments to reflect consolidated reserving and capital requirements and the after-tax value of unallocated Group Office expenses. VIF by market is stated before adjustments to reflect consolidated reserving and capital requirements and unallocated Group Office expenses, and presented on a local statutory basis.
value of new business or VONB	VONB is the present value, measured at the point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period less the cost of holding the required capital in excess of regulatory reserves to support this business. VONB for AIA is stated after adjustments to reflect consolidated reserving and capital requirements and the after-tax value of unallocated Group Office expenses. VONB by market is stated before adjustments to reflect consolidated reserving and capital requirements and unallocated Group Office expenses, and presented on a local statutory basis.
VONB margin	VONB gross of non-controlling interests excluding pension business, expressed as a percentage of ANP. VONB margin for AIA is stated after adjustments to reflect consolidated reserving and capital requirements and the after-tax value of unallocated Group Office expenses. VONB margin by market is stated before adjustments to reflect consolidated reserving and capital requirements and unallocated Group Office expenses, and presented on a local statutory basis.