

TRANSCRIPT

AIA Group Limited 2025 Interim Results

Analyst Briefing Presentation

Business Highlights by Lee Yuan Siong – Group Chief Executive and President

Slide 2 – Disclaimer

Slide 3

Good morning and thank you for joining AIA's 2025 interim results presentation. I will take you through our performance in the first half of the year and provide an update on our strategic outlook. Let's begin with the financial highlights.

Slide 4

AIA delivered excellent results with double-digit growth across our key financial metrics. Value of new business increased by 14 per cent to a record high of US\$2.8 billion. Underlying free surplus generation per share grew by 10 per cent and operating profit after tax per share rose by 12 per cent. We returned US\$3.7 billion to shareholders in the first half. Today, the Board has declared a 10 per cent increase in the interim dividend per share, highlighting our confidence in future growth.

These results demonstrate AIA's ability to deliver compounding new business growth that drives both cash generation and higher earnings for many years to come. Importantly, our results come from a portfolio of high-quality recurring profit streams anchored in protection, health and long-term savings that are resilient across economic cycles.

Slide 5

In Hong Kong, we achieved record VONB of US\$1.1 billion, up 24 per cent, with higher momentum in the second quarter. Demand was strong in both the domestic market and from Mainland Chinese visitors with broadly equal contributions showing how our customer base is diversified and expanding.

AIA's Premier Agency remains the number one in Hong Kong and Macau and continues to be the main driver of growth. VONB from agency increased by 35 per cent to a record high, supported by both a larger active agent base and substantial productivity gains. New recruits were up by 15 per cent, expanding our capacity to capture future demand.

Within partnerships, bancassurance VONB grew by 27 per cent and the IFA and broker channels showed solid quarter-on-quarter growth, with VONB up 33 per cent in the second quarter. Overall, with our distribution leadership and comprehensive product range, AIA Hong Kong remains exceptionally well-positioned for continued growth.

Slide 6

Moving now to AIA China, VONB was US\$743 million in the first half, with growth accelerating to 15 per cent in the second quarter. Our professional Premier Agency is what sets AIA apart, contributing more than 80 per cent of VONB, and achieving productivity levels 3 times the peer average.

This is a major advantage in attracting and retaining the very best candidates, positioning us firmly as the number one for MDRT in the market. Recruitment increased 18 per cent alongside strong growth in new leaders as we continue to expand our market-leading agency.

VONB margin remained very strong at more than 65 per cent, reflecting our differentiated product mix. Traditional protection is our largest product category and sits at the heart of our customer propositions. Our participating products deliver higher expected returns to policyholders, while generating earnings with low sensitivity to interest rates. In addition, we are a leading provider of tax-incentivised private pension products. Selective bank partnerships broaden our reach in the affluent and high-net-worth customer segments, where we sell large average case sizes and see strong profitability.

Slide 7

AIA's long-term opportunity in Mainland China is unique. We have grown very successfully over many years in our original five regions. Yet we have still only captured a small proportion of the potential market. With our expansion since 2019, AIA now operates in 14 regions.

The nine new regions we have entered grew by 36 per cent in the first half and contributed more than 8 per cent of AIA China's VONB. Looking ahead, we expect new business from the new regions to accelerate with compound annual VONB growth of 40 per cent over the next 5 years.

Our proven ability to replicate success across regions, combined with the sheer scale of the opportunity gives us great confidence in our future and in the delivery of our ambition. We have also provided further detail on our Mainland China strategy in a separate presentation by Fisher Zhang, our Regional Chief Executive.

Slide 8

Turning now to ASEAN, where AIA is the leading life and health insurer. This region represents more than one-third of Group VONB, making this our second largest growth engine. VONB grew by 20 per cent to over US\$1 billion, for the first time. We delivered strong performances across both agency and partnership distribution channels with agency VONB up by 22 per cent in the first half and partnerships up by 16 per cent.

Our agency is the most professional⁽¹⁾ in the region, while our strategic bank partnerships remain a key long-term asset, giving us scale, reach and privileged access to high-quality customer segments. Across ASEAN, AIA is the number one ranked for protection. 95 per cent of our VONB comes from traditional protection and long-term savings products, generating high-quality earnings and a VONB margin of around 70 per cent.

With our strong competitive advantages, AIA is exceptionally well placed to meet the growing customer needs in this region.

Slide 9

In India, Tata AIA Life delivered another excellent performance with VONB up by 38 per cent. Our business continues to rank number one for persistency, and it is the market leader in retail protection. Agency now contributes more than half of total VONB, with high productivity and a clear focus on quality making it the most professional⁽¹⁾ in India.

Our bank and broker partners complement our agency, extending our customer reach and driving equally strong growth. Tata AIA's protection-focused strategy, leading distribution and proven execution ensure that we are well on our way to capturing India's huge potential.

Slide 10

Today's excellent results are the outcome of a growth strategy that plays directly to AIA's core strengths. Asia is the most attractive region in the world for life and health insurance and AIA is uniquely positioned to unlock its full potential. The demographics are compelling. By 2030, Asia will have nearly 2.6 billion people of working age, and 700 million aged 60 and above. That means a rapidly expanding base of customers with protection, health and retirement needs.

At the same time, wealth generation in the region is unmatched. Personal financial assets in Asia, excluding Japan, are projected to grow at 8 per cent a year, far outpacing other major regions of the world. Healthcare demand is rising sharply. Annual healthcare expenditure across Asia, excluding Japan, is already more than US\$1.4 trillion and around 45 per cent of that is out-of-pocket. This creates a clear role for private insurance solutions.

What differentiates us is our competitive advantages: unrivalled distribution, innovative propositions and a leading customer experience, all powered by world-class technology and digital capabilities. This is why AIA is the insurer of choice and Asia's most powerful brand. And it is why we have absolute confidence in our ability to deliver sustainable growth and long-term value for our shareholders.

Let me now take you through how we are extending these competitive advantages.

Slide 11

AIA's multi-channel distribution platform is unrivalled in both scale and quality. Agency continues to be the main source of profitable new business, delivering 73 per cent of the Group's VONB through more than 96,000 active advisers.

Our agents are highly professional, building lifelong relationships with customers and advising them as their needs evolve. We have the world's leading agency, having been number one MDRT globally for the last 11 years. The success of our model is self-reinforcing as it attracts more high-calibre agents to join AIA, extending our industry leadership further.

Fast-growing partnerships provide complementary growth, reaching hundreds of millions of customers through our network of strategic bank and broker partners. Together, our agency and partnership channels create a powerful model that drives long-term growth and sets AIA apart.

Slide 12

Our propositions are designed to meet the needs of Asia's rapidly-growing middle-class and affluent populations. Our solutions are about changing behaviour. By rewarding positive choices and integrating health into financial solutions, we create an advantage that goes beyond pure product design. This model is deeply embedded in how we engage with customers and it cannot be easily replicated.

In the first half, we sold new policies to more than 2 million customers with loyalty from existing policyholders remaining very high. 89 per cent of the Group's VONB comes from protection and fee-based insurance products. Protection generates underwriting earnings unaffected by capital market volatility.

While long-term savings deliver fee-based insurance income, with limited guarantees. This diversified portfolio is further strengthened by our Integrated Healthcare Strategy which enhances customer value and supports sustainable profitability.

Slide 13

Our ambition is to make healthcare and health insurance more accessible, more affordable and more effective. AIA is already the leading private health insurer in Asia and continuous innovation is making our health products more personalised.

By integrating more closely with healthcare providers, we help customers receive the right care in the right setting. Our strategy is powered by Amplify Health, our AI-driven health technology and analytics company.

In the first half, we delivered higher VONB growth and a 250 basis point improvement in loss ratio, demonstrating tangible progress. These improvements strengthen customer outcomes, enhance profitability and reinforce the long-term sustainability of our health business.

Slide 14

Over the past five years we have built a strong foundation in cloud, digital platforms and structured data. This means we can now deploy generative AI across the Group at speed and scale. This transformation goes well beyond efficiency gains, it unlocks greater value for our customers, distributors and operations.

For customers, this means more personalised engagement, faster service and better outcomes. For distributors, it means higher-quality leads, smarter product matching and improved productivity. Our operations benefit from intelligent automation at scale, freeing our people to focus on the relationship driven work that matters the most.

As we expand our uses of AI, these innovations will reinforce AIA's position as a trusted, forward-looking leader in life and health insurance.

Slide 15

In summary, we are executing a growth strategy that plays directly to our core strengths and sharpens our competitive advantages. We are driving strong momentum across key financial metrics, demonstrating our ability to execute with discipline.

I am confident that our ability to deliver compounding new business growth will sustain higher earnings and cashflow generation well into the future. Our growth ambitions are bolder than ever and with the scale, resilience and unique advantages we have built, I am certain we are well placed to deliver our commitments as we realise AIA's full potential.

Thank you. I will now hand over to Garth who will take you through the financial results in more detail.

Financial Results by Garth Jones – Group Chief Financial Officer

Slide 16

Good morning everyone. I'll now take you through our financial results.

Slide 17

As Yuan Siong highlighted, AIA delivered an excellent performance in the first half of 2025 with double-digit growth across our key financial metrics of VONB for new business, OPAT for earnings and UFSG for cash generation.

VONB was up 14 per cent to US\$2.8 billion. This drove a 290 basis points increase in operating ROEV to 17.8 per cent and growth in EV Equity to US\$73.7 billion. The layering of new business onto our in-force portfolio saw UFSG, our key operating measure of cash generation, increase by 10 per cent per share to US\$3.6 billion.

OPAT also grew to US\$3.6 billion, up 12 per cent per share and operating ROE jumped to a record 16.2 per cent. During the first six months, we returned US\$3.7 billion to shareholders through dividend and share buy-backs which reduced the shareholder capital ratio, in line with our expectations, to 219 per cent.

Based on this excellent financial performance, the Board has declared an increase in the interim dividend per share of 10 per cent.

Slide 18

I will take you through further details in three sections. First, the Embedded Value results, which show how we generate increased shareholder value.

Slide 19

AIA is dedicated to writing profitable new business, which compounds over time to support higher earnings and cash generation for the long term. VONB growth of 14 per cent came from growth in both volumes and margin, with ANP up 8 per cent and margin up 3.4 percentage points.

Our VONB is geographically diverse with broad-based growth from 13 markets. We also grew both our agency and partnership channels. Our financial discipline, product innovation and regular repricing, backed by our powerful distribution platform, have delivered a strong track record of new business profitability. However, the high quality of our new business cannot be judged by VONB margin alone.

Slide 20

We are focused on products that deliver for both our customers and our shareholders. Our traditional protection products provide valuable and affordable cover for families and generate underwriting profits that are not driven by capital markets.

Participating and unit-linked products target attractive expected long-term returns for customers while delivering fee-based insurance earnings. Close to 90 per cent of VONB comes from these preferred products with a very low average guarantee, producing sustainable, strong and predictable cash generation.

New business has consistently delivered an IRR above 20 per cent and as we have reduced capital intensity, we generate more VONB per dollar of capital we invest in the business. Every dollar we invest is paid back rapidly and generates nearly 4 dollars of distributable earnings in just 10 years.

Our ability to write large-scale, high-quality, and profitable new business, with a very attractive financial profile, is a key differentiator for AIA and a major factor in our confidence in the Group's future growth.

Slide 21

Compounding layers of profitable new business, prudent assumptions and proactive in-force management together drive higher EV operating profit, which increases EV Equity and, in turn, cash generation.

EV operating profit grew to US\$5.9 billion, mainly from the higher VONB and improved operating variances, supported by our management actions on medical business. Since IPO, we have achieved positive operating variances every single year and in total, these have added US\$4.6 billion to EV Equity, demonstrating the ongoing prudence in our assumptions.

As a result of the strong increase in EV operating profit, operating return on EV increased by 290 basis points to 17.8 per cent.

Slide 22

EV Equity grew by 8 per cent to US\$77.4 billion, before shareholder returns, with EV operating profit the key driver. Non-operating items were small, as negative investment return variances were largely offset by the positive effects of exchange rates.

After the US\$3.7 billion of dividend and share buy-backs, EV Equity was US\$73.7 billion, up 5 per cent per share over the first six months of the year.

Slide 23

EV Equity represents the value to shareholders of our large in-force portfolio, which we have built from many years of writing high-quality, profitable new business, which compounds over time to support higher earnings and cash generation for the long term.

The future earnings from the in-force are mainly from protection and long-term savings products with recurring and resilient cash flows. The combination of our high-quality product mix and prudent approach to asset-liability matching delivers predictable cash flow and low sensitivity to interest rates.

While earnings continue for decades into the future, the in-force is highly cash generative with close to US\$50 billion emerging within the next 10 years. From this we can fund both increased returns to shareholders and organic new business investment, which further grows our stock of future earnings.

New business investment in the first half of 2025 supported a US\$3 billion increase in distributable earnings over the next 10 years, demonstrating the virtuous circle between VONB and higher cash generation.

Slide 24

UFSG is our key operating measure of cash generation after tax and is shown before reinvestment in new business and central costs. The key component of UFSG is the expected distributable earnings from in-force business, which increased by 7 per cent in the first half, reflecting growth in the business.

Operating variances improved from our proactive in-force management while the expected return on free surplus reduced due to share buy-backs. Overall, UFSG grew to US\$3.6 billion, up by 10 per cent per share.

Slide 25

Now moving to the IFRS Results.

Slide 26

The IFRS results provide an accounting view of our business. EV and UFSG are more reflective of shareholder value because they consider regulatory reserves and capital, which drive the earnings that can be distributed to shareholders.

Even so, IFRS 17 has some similar concepts to EV, in particular the contractual service margin or CSM. The CSM represents our accumulated stock of expected future IFRS earnings, with each cohort of new business adding further to this stock. New business CSM grew by 15 per cent and supported strong growth in the CSM balance to US\$61.4 billion at 30 June 2025. The underlying CSM growth, net of releases, increased to 10.3 per cent, demonstrating our strong organic growth.

As a result of a stable release rate and a larger stock, the CSM release increased to US\$3 billion and was the key driver of OPAT.

Slide 27

One simple way to understand how OPAT moves from period to period is to look at the drivers of revenue and expenses. A 9 per cent increase in the CSM release and an improvement in operating variances were the main drivers of higher revenue.

Improved claims variances were supported by progress in our Integrated Healthcare Strategy, while our disciplined expense management created significant operating leverage. OPAT in 2025 is net of the first time effect of the OECD Global Minimum Tax regime, with our resulting effective tax rate in line with previous guidance.

Overall, OPAT was up 12 per cent per share and increased to US\$3.6 billion. Our excellent business fundamentals, consistent execution and financial discipline mean that we are well on track to achieve our 9 to 11 per cent OPAT per share CAGR target.

Slide 28

Strong growth in OPAT and our ongoing capital management actions supported a strong increase in operating ROE, which reached a record level of 16.2 per cent. Comprehensive equity provides a more economic view of IFRS shareholders' equity by adding the CSM, on a net of tax basis, to include the value of future earnings.

New business growth and positive operating variances supported a 9 per cent increase over the first half and after returning US\$3.7 billion to shareholders, comprehensive equity was US\$92.1 billion at 30 June 2025.

Slide 29

Finally, capital management

Slide 30

We follow a robust internal capital management framework. Backed by strong financial discipline, our unwavering focus on profitable growth delivers substantial free surplus generation. This supports a prudent, sustainable and progressive dividend and, in addition, we look to return capital to shareholders that is surplus to our needs all while retaining sufficient financial flexibility to capture the huge growth opportunities available to us.

AIA's clear capital management policy sets out how we deliver sustainable and growing returns to shareholders over time through dividends and share buy-backs. The first part is a payout ratio target of 75 per cent of annual net free surplus generation.

The second is a commitment to review our capital position and regularly return capital in excess of our needs. We believe that AIA's ability to deliver across growth earnings and cash sets us apart from our competitors.

Slide 31

Following our established dividend policy, the Board has declared a 10 per cent increase in the interim dividend per share. In the first half, net free surplus generation after reinvestment into new business was US\$2.4 billion. We expect a similar seasonal pattern of net FSG in 2025 as in previous years.

The total 2025 net FSG will determine the overall shareholder payout for the year from the first part of the capital management policy. The final dividend and the balance of the 75 per cent target payout will be announced at the 2025 annual results.

Now moving to our capital position, which is best viewed through Free Surplus and the Shareholder Capital Ratio.

Slide 32

Looking at the development of free surplus since the start of 2022, when we commenced our first share buy-back programme, you can see three major components. You can also see that variances over time and our inorganic capital investments have both been small.

The first component, net FSG, after investments made into organic new business at highly attractive returns, has generated US\$14.5 billion of capital. This net FSG comfortably supported the second component, US\$8.6 billion of shareholder dividends.

Our commitment to return excess capital resulted in the third component, which saw us deploy a further US\$13.3 billion through share buy-backs. In aggregate, we have returned US\$22 billion to shareholders through our disciplined capital management. As a result, you can see that our Shareholder capital ratio has reduced progressively in line with our expectations, and stood at 219 per cent at 30 June 2025.

Slide 33

In conclusion, the Group has delivered an excellent financial performance in the first half of 2025 with double-digit growth across our key financial metrics of new business, earnings and cash generation.

We remain confident in our outlook. AIA is exceptionally well positioned to capture the enormous growth opportunities in Asia, the most attractive region in the world for life and health insurance. We believe that our strong balance sheet, financial flexibility, and clear growth strategy set us apart, while our proven track record gives us great confidence in our execution capabilities.

We are focused on driving high-quality, profitable new business growth with highly attractive reinvestment economics. This adds further substantial layers of recurring earnings and cash generation well into the future that, in turn, will generate highly attractive returns for shareholders. Thank you.

– End –

Q&A session

Lance Burbidge (AIA): Good morning from AIA Central in Hong Kong, and welcome to our 2025 Interim Results analyst briefing. I'm Lance Burbidge, Chief Investor Relations Officer for AIA Group. Together with me on stage today, are Lee Yuan Siong, our Group Chief Executive and President, Garth Jones, our Group Chief Financial Officer and our four Regional Chief Executives, Jacky, Fisher, Hak Leh and Leo. We also have other members of our Group Executive Committee with us in the room.

Before we start our Q&A, let me just remind you that we've shared on our website a separate video on AIA China's growth strategy. I hope if you haven't had a chance to watch it, you will be able to later. With that, we can begin our Q&A session. If you want to ask a question, please make sure you're logged into the zoom webinar.

Operator, over to you please.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, please click the "hand raising" button and wait for your name to be announced. After I call your name, please press the unmute button shown on your screen and ask your question. If at any time you need to cancel your request, please unclick the "hand raising" button.

Let's proceed and our first question comes from MW Kim of JP Morgan. MW, please press the unmute button shown on your screen and ask your questions.

MW Kim (JP Morgan): Good morning and thank you for taking my question. First of all, congratulations on the strong result in the first half and we really appreciate a new update on China mid-term growth strategy with a clear guidance. I have two questions.

One is about the TSR, so that is about the 2026 figure. The challenge aspect is that when you consider 75 per cent about net free surplus generation for 2026 TSR, it appears to be a somewhat lower than other financial stocks in Hong Kong. However, over the past few years, as mentioned in the presentation slide and as part of company's capital management policy, one component of the TSR is to return a portion of surplus capital to the shareholders on a regular basis.

Could you provide some guidance on 2026 TSR on that basis? And the other one is about India, so the company mentioned that Tata AIA delivered a strong 38 per cent growth in new business value in the first half of 2025. Additionally, the company highlighted this joint venture as one of the other top three private life insurer in India, so could you please remind us how significant India's new business value is in relation to the total group new business value at this stage? Is it closer to 5 per cent of Group's new business value or still below that level? And also, when can you expect separate disclosure for India business please? Thank you.

Lee Yuan Siong (AIA): Thank you. Kim, like you, I'm very pleased with the results that we are announcing for the first half of 2025.

As Garth shared, we grew our VONB by 14 per cent, and that's off the back of very strong growth in 2024 and 2023, you know. So, I'm quite pleased with that. At the same time, in terms of some of our operating metrics, like ROEV of 17.8 per cent and ROE of 16.2 per cent – these are at record highs.

And we have also, you know, achieved 10 per cent per share growth in UFSG and hence our board has recommended a 10 per cent per share growth in interim dividend. Now, as for your question about TSR, I'll hand over to Garth to talk about it and I'll invite Leo to talk about India. Thank you.

Garth Jones (AIA): Yeah. Thanks, MW. I think there are sort of two points to make really. The first is, if you look at the direct returns to shareholders, we've seen increasing dividends – we saw another 10 per cent increase. And you saw the buy-backs that we've done, US\$3.7 billion in total return to shareholders in the first half and, in July, we have (finished) the US\$1.6 billion buy-back, so that was another US\$350 million. So there's the direct returns, but I think beyond that, you should look at the ROE, which has increased to 16.2 per cent – a substantial increase in the ROE through our capital management, and in the ROEV to 17.8 per cent, because this is based not only on the dividend and so on. But also you have to think about the growth in the balance sheet over time, and you've seen very strong growth in the balance sheet in the first half. And despite that, you've also seen, the improved capital metrics as well. So I think ROE and ROEV should really be where you're focusing your attention. If you think about, the future rather than, looking at the TSR and the way you did.

Leo Grepin (AIA): And good morning MW, and thanks for your question on India, as you highlighted, we're very pleased with the excellent performance of Tata AIA this past period. In terms of separate disclosure on India, we're not yet ready to proceed with that at this point in time or indicate a timing for it. But I'd just like to highlight and just reinforce the performance that we're seeing with Tata AIA.

We've been delivering very strong performance, but performance with quality. If you look at VONB growth, it's been excellent. Driven by both, ANP growth in agency as well as banca and the broker segment, and improving margins. Our growth in agency is on the back of very strong fundamentals, double digit growth in our number of active agents, our number of leaders, and our broker and banca growth is also very broad based, in particular with a couple of new partners we've added over the past year. And then improving margins with strong fundamentals – operating margins, are improving with strong improvements in cost efficiency, as well as a big focus on product mix, which is also fuelling those margins. And then we're seeing this being delivered with very strong quality – Tata AIA continues to be the number one insurer in India in terms of persistency. We also continue to be the number one in total sum assured in India, which reflects our leadership and our focus on protection. And then finally, also number one in terms of MDRT this past year, reflecting our focus on premier agency. Thank you.

Lance Burbidge (AIA): Thanks, Leo. In terms of its scale, and obviously this is at the 49 per cent, it's about one third of Other Markets in the first half of the year. Does that answer the questions MW?

MW Kim (JP Morgan): Yes. Thank you so much.

Lance Burbidge (AIA): Right. Thank you. Next question please.

Operator: The next question comes from Charles Zhou of UBS securities. Charles, please press the unmute button shown on your screen and ask your questions.

Charles Zhou (UBS Securities): Okay thanks. So first of all, congratulations on a very solid set of results. I have three questions.

The first one, we see a very ambitious growth for AIA China, 40 per cent CAGR from 2025 to 2030 in the new regions. So can you maybe share a little bit more color about this target? The second question, we also see the annualised operating ROEV being 18 per cent and operating ROE being 16 per cent. So both I think are record highs. What are the key drivers behind and are these levels sustainable going forward? And the third question, perhaps it's a bit difficult, but I have to ask, if at all possible, I would like to touch on the topic of Mark Tucker's new role as the chairman, who will join AIA on October 1, and this is also a key area of interest for the investor. So, I'm keen to see if there's any initial thoughts on what this means for AIA future direction – mainly on three aspects. First is about the business growth strategy in terms of geographical focus, organic/inorganic growth and also distribution focus. Second is the capital management policy. And third is the senior management set up. Thank you.

Lee Yuan Siong (AIA): Thank you Charles for your three questions. First, on the question of VONB growth ambition for the new geographies in China. As you know this has always been a question that many investors have asked us, you know, so what are all these new geographies? What are they going to do for AIA that can be material. Just like to share with you, first of all that, this ambition has been set bottom up – it came from the business unit. And based on my experience in China, looking at this 40 per cent CAGR over the next five years, I think it's a very good ambition. First of all, I think it's quite stretching – 40 per cent CAGR. Secondly, at the same time, it demonstrates that the business unit is thinking about building this and achieving this growth on strong foundations, and delivering it in sustainable (way) based on high quality. So, it's a good balance between stretch, quality and strong foundations, and I really actually, you know, commend the business unit for setting this ambition for the new geographies. I'll invite Fisher to talk about it a bit more.

Fisher Zhang (AIA): Thanks Yuan Siong, and thanks Charles for the question. I think we are very confident to replicate our success across the new geographies.

A couple of factors, and the first one is the potential. I think the new geographies have a great business potential. If you look at, you know, those factors like urbanization, rising affluence, demographic change, and also you know, the huge base of our target customers. I think you know, it's great potential for us. I wouldn't go through the details in this category.

But I think the second one which is very important is key success factors – those key drivers. I think we are very solid in the key drivers. We believe three key things – and the first one is a proven business model, which is our premier agency model and also our differentiated bancassurance model. You know we are very disciplined in executing, and there is a new geographies acceleration program underway. The second one is a scalable operating model. Our shared service office works very well, you know, almost fully digitalised if you look at our STP ratio and we are accelerating the generative AI to further improve the efficiency and effectiveness. The last one is about the strong talent preparation. We are recently refining our target operating model. I introduce a new chief expansion officer. There is a dedicated team looking at this. And also we have about one hundred strong talents in our program for future GM and also the DoA.

So lastly, I think it's about the strong track record. You know this time, we show some details to you and actually for the first half, our new geographies has increased by 36 per cent, and for the past three years, the figure is more than 40 per cent – so quite good progress. And for the new four, which are Zhejiang, Anhui, Shandong and Chongqing, we launched the businesses in May. We already accumulated more than 1,700 strong talents or new agents joining us. So, combining all these potentials, our solid key drivers and also our strong track record, so we think as Yuan Siong said, as we set this aspirational target, we think it's operational and also achievable.

Lee Yuan Siong (AIA): Thank you, Charles. And on your question on the record high operating ROEV and operating ROE. Very pleased with what we achieved. Just about the drivers – clearly the primary driver for this is to write high quality, profitable new business. I think Garth explained at length about what he means by high quality, profitable new business that generates layers of future earnings and cash.

And I think the second very important driver clearly is the management of our highly profitable in-force book that has been accumulated over many, many years. Then you've seen that our in-force book is largely in what we call, traditional protection or products that have based on fee based income, that are resilient to capital market movements.

And thirdly, I think it's really about a disciplined capital management. I will hand over to Garth to elaborate further.

Garth Jones (AIA): Yeah, I think you got it well, Yuan Siong. And you've seen in the first half, great progress has been made on all of those, and then the results come through in the ROE improvement and the ROEV improvement, with the profitable new business growth being very strong. The operating variances are also improving. And then the capital actions that we've taken during the first half. So, all adding up to a very strong and a very attractive position for ROE and ROEV.

Lee Yuan Siong (AIA): And Charles, on your third question about Sir Mark Tucker, I must say that our current chairman, Dr Edmund Tse and the rest of the board of directors and myself, are very pleased that we are able to get Sir Mark Tucker to join us as the incoming chairman. He'll be coming in October. Mark will be based in Hong Kong, but knowing Mark will be traveling extensively across the region and globally to promote AIA with all the major stakeholders. You know, in identifying Mark as the incoming chairman, the board ran a very, very thorough process, that started in the middle of last year.

We appointed external consultant to help with the search. And the board set up a working committee, that comprise the chairs and all the previous chairs of board committees. And I was also in the working committee when we identified Mark as our preferred and our top target.

And Edmund and I, we both, approach Mark and through many conversations, we were able to come to agreement with him that he will join us this year in October. Your questions about his priorities, I would suggest maybe we leave (until) when Mark arrives in October. But in my conversations with Mark, I think he has made very clear to me that he'll be focusing on three areas, one is governance, second is on strategy and third is on leadership development, but the details may be you wait until Mark arrives. Thank you.

Lance Burbidge (AIA): Thanks Yuan Siong. And (does) that get the answers to your questions, Charles?

Charles Zhou (UBS Securities): Yes. Thank you.

Lance Burbidge (AIA): Question, please.

Operator: Sure. The next question comes from Thomas Wang of Goldman Sachs. Thomas, please press the unmute button shown on your screen and ask your question.

Thomas Wang (Goldman Sachs): Thank you. Morning, everyone. Congratulation on the good set of numbers. Couple of questions. Firstly, I think China margin was a positive surprise. We're now almost back to 60 per cent margin. and then that's despite all the economic assumption changes. Can you just help to give a little bit more colour what drove that margin change and the basis? And then when we think about another round of repricing action coming in the third quarter, how do we see margin heading to for next year? And then the second question on Hong Kong. Obviously there's some promotion ahead of 1st of July, how much of growth in the second quarter do you see kind of as a sustainable level or just what is the sort of views of both MCV and domestic sales in Hong Kong? Thank you.

Lee Yuan Siong (AIA): Yeah. Thank you, Thomas. For your question on the China margin, I think really it's about our differentiated strategy and model in China. You know, we had the market leading Premier Agency channel. We have a very differentiated bancassurance model. And in terms of the products that we sell, we have also shown that, we have a very differentiated product mix that comprise 43 per cent traditional protection, 41 per cent participating, which has very low interest guarantees. And the tax incentivised – we are also a leading writer of tax incentivise products.

In terms of the new business economics itself, I think Garth explained that, although, the market focuses a lot on value of new business margin, we also look at other metrics that reflect the quality of the new business, and they include IRR, the capital efficiency of the new business, how the future generation of cash behind, and how fast the cash return is generated. And you know these are indicators that we look at in terms of managing the quality of our new business.

Specifically on China VONB margin, I'll hand over to Fisher to talk about it.

Fisher Zhang (AIA): Yea, okay. Thanks, Yuan Siong. Thanks, Thomas. I think the margin change was mainly driven by several key factors, like economic assumption change, especially the investment return assumption. And also, we proactively shifted to par. As you can see from the presentation, we actually, in the first half, has successfully shifted basically all the long-term saving product to participating product.

So, these two factors actually dragged down the margin, but these two actually have been offset by another factor – our proactive repricing of our product by lowering the cost of guarantee. So, basically the margin was, (due to) these three factors, kind of flat.

So, another factor is, we proactively shifted more product to the longer premium payment policies. Last year, we saw some three-year pay policies, and this year we reduced a portion and shifted them more to the longer-pay, so these actually helped the customer because it's more affordable for them, and also the customer is more sticky to our company. So, these actually increased the margin a little bit.

Together with all these factors, the margin we have observed improved a bit.

So, talking about the future, you know we have consistently said, we manage the business by focusing on the absolute amount of VONB rather than looking at the margin or the volume only. But what I can see is, as Yuan Siong said, our product is quite well balanced and our agents are very capable, so we will definitely ensure a decent margin and manage the business very well. Thank you.

Lee Yuan Siong (AIA): Hong Kong is our largest segment, and we've seen a very strong demand for our products in Hong Kong, both from the Mainland Chinese visitors, and also from Hong Kong domestic. As you can see, in terms of MCV, it grew by 30 per cent in the first half and domestic grew a strong 18 per cent in the first half of 2025 as well. Hand over to Jacky to talk about Hong Kong.

Jacky Chan (AIA): Thank you Yuan Siong. We are very pleased with AIA Hong Kong and Macau record first half result, delivering VONB growth of 24 per cent with broad-based growth – both MCV customer segment and domestic customer segment has double-digit growth. And you can also see that all these growths are driven by our very strong underlying driver, especially the number one agency in the Hong Kong market. We are number one MDRT Hong Kong and Macau, and also number one MDRT globally for the membership year 2025. The agency force continued to grow from strength to strength, through increase in active agent, 15 per cent increase in new recruit. This underlying driver actually continues to propel our business strongly. And in fact, you can see that AIA Hong Kong and Macau delivered double-digit growth in first quarter and another very strong double-digit growth in second quarter. Of course, we do benefit from the higher demand for our participating product, especially for the month of June. But, in AIA Hong Kong, we don't compete on illustration. We compete on the innovative product proposition. So, effective July 1, AIA Hong Kong and Macau launched a new innovative long-term saving product, and this product is very well received by the market through all our channels. With the strong underlying drivers of our premier agency and selected quality partners, AIA Hong Kong and Macau are well positioned to capture the growing opportunity going forward.

Lance Burbidge (AIA): Thanks, Jacky, and thanks for the questions, Thomas. Does that answer them? I'll take that as a yes. Next question, please.

Operator: The next question comes from Richard Xu of Morgan Stanley. Richard, please press the unmute button shown on your screen and ask your question.

Richard Xu (Morgan Stanley): Thank you for the opportunity for the questions, also congratulations for the very solid results. I got three questions. One is on Hong Kong. Obviously there's some change in the competitive landscape because of these broker channels aggressive sales in second quarter. Do we see any impact in our second half demand? any front loading? And also, will that change our pace of sales for the second half of this year?

On China, 40 per cent CAGR is obviously very impressive expectations, so wondering whether there's any inflection point. Obviously, there's been a lot of preparation. The sales has been very strong. Any periods of potential acceleration over the next several years, essentially whether the 40 per cent CAGR will be smoothly paced over the next five years, or it's going to be some acceleration or slow down. And lastly, on the free surplus at the moment, it comes down to somewhat comfortable levels. Do we expect more of dividends as a main channel for shareholder returns, or will buy-back still be considered next year? Thank you.

Lee Yuan Siong (AIA): Thank you, Richard. For your question on Hong Kong, I will hand it over again to Jacky to talk about this topic that seems to be attracting a lot of interest.

Jacky Chan (AIA): Very pleased to see that in AIA Hong Kong and Macau, actually, the Premier Agency contribute more than 70 per cent of our sales, and we have very strong fundamental to continue to grow, and our partnership distribution also gave us a double-digit growth in the first half of the year, driven by a very strong result from BEA and also a quarter-to-quarter increase from Citibank. For our broker channel in Hong Kong, we have a quarter-to-quarter performance growth and also delivered growth for the whole first half. This was, of course, also driven by the stronger demand for participating product in the month of June in the broker channel. As I said, we launched a new innovative long-term saving plan, effective July 1. And that plan was very well received by the market by all our channels which include the IFA and broker channel, and we continue to see the strong momentum already built in our IFA and broker channel, and we continue to be very careful in managing our financial performance and make sure that we deliver quality new business through all our channels.

Lee Yuan Siong (AIA): Thank you. Richard, on your question on the VONB ambition for the new geographies. As I said before, I think this is a good ambition – balances stretch and the focus on quality. Also I'd like to remind you that over the period of the first half of 2022 to 2025, the new geographies actually grew by 46 per cent, but I wouldn't say that it implies that it will grow at that kind of pace. But I just remind you of that. And I also invite you to take a look at the video that we've uploaded where Fisher – it could be Fisher, it could be his AI – who's presenting on our AIA China strategy. Hopefully that will give you clarity on how we intend to deliver a strong growth ambitions for the new geographies, as well as to deliver strong sustainable growth in our existing, original five regions and I also like to remind you that at the end of 2030, despite the strong growth in the new geographies, the original five will still be contributing to the bulk of the VONB from AIA China. And then the question to Garth.

Garth Jones (AIA): In terms of returns to shareholders, besides any change in the share price, clearly that we have the dividends and buy-backs. We've set out in our capital management policy, clearly the target of 75 per cent of net free surplus generation to be paid through a combination of dividends and buy-backs. We've also said our dividend policy for many years has been prudent, sustainable and progressive. And you can see from the very first dividend, it's been prudent, sustainable and progressive. And on top of that, we'll look at the business and the balance sheet and look at if there is any capital in excess of our needs will also return that to shareholders. If you look back from 2022 onwards, we've returned a total of US\$22 billion, of which US\$8.6 billion has been through dividends and US\$13.3 billion has been through share buy-backs. So, we have flexibility and tools to manage the capital effectively and to provide the best returns possible for shareholders, but clearly the best way we can deploy capital is in organic growth. That's where we get the highest returns, and you can see how we've done that in the first half very well.

Lance Burbidge (AIA): Thanks, Garth. Does that answer your questions, Richard?

Richard Xu (Morgan Stanley): Yes, thank you very much.

Lance Burbidge (AIA): Thank you. Next question, please.

Operator: The next question comes from Michelle Ma from Citibank. Michelle, please press the unmute button on your screen and ask your question.

Michelle Ma (Citi): Thank you management for giving me this opportunity. This is Michelle Ma from Citi Research. I have three questions. First, as Yuan Siong just mentioned for China business, the bulk part is still with the original five regions. So, given we have a very high growth target – 40 per cent for the coming five years, how do we think about the original five regions, which still accounted for like 92 per cent of Mainland China's VONB, that's the first question.

The second question is, Fisher shared the new regions which obtained license last year, we have already seen 1,700 agents in that four areas. That's really impressive. I was just wondering, have we adopted a different recruitment approach? Have we been trying something new in these four areas? Because just within one year, on average, each region has already recruited more than 400 agents. That's really impressive. And if that's the case, will we expand or extend this experience to other regions, like the five developing regions in China.

The last one is with Malaysia. Because of the regulation updates on the product repricing in December last year, that took a lot of time for our agents to explain what happens to our customers, so that dragged down the first half agency channels growth. I'm just wondering, from management's perspective, how long this negative impact will last, because we've seen very strong growth in the partnership channel. So, please provide rough estimates of the timing of impact on the agency channel. Thank you.

Lee Yuan Siong (AIA): Thank you, Michelle. I will hand the two questions on China to Fisher, and again I repeat: I encourage you to watch the video.

Fisher Zhang (AIA): Okay, thanks Yuan Siong and thanks for the question. Let me add a little bit about the first half performance. So, actually you can see that especially the second quarter is gaining momentum. The reported VONB is back to the positive growth and, like-for-like is 15 per cent growth. Actually, if you look at not just the par shift, if you look at the agency foundation, we are very good, the number of recruits increased by 18 per cent, and the number of active new agents increased by 11 per cent. The most important thing, which is the future manpower growth engine, new leader, which increased by 71 per cent. So, I want to point out that all of these are majorly from the existing five regions, because the existing five regions are still more than 90 per cent of the share. So, we are seeing a very good momentum and very good foundation. This time we especially talk a little bit more about the new regions, because it's quite new. Our existing regions have a strong track record, and we do expect they can still deliver very solid, strong growth in the future. As Yuan Siong said, I highly recommend you to watch my video and my presentation, that is delivered by my digital avatar. I may have a future opportunity to introduce more about that generative AI, but I firmly believe the potential of the Mainland China market is still huge, and we have unique growth opportunity. We are uniquely positioned to capture that opportunity in China by our Premier Agency, differentiated bancassurance model and unique geographical expansion. So, that's my answer. We still, in short, still believe and are confident that our existing regions can deliver strong growth in the future.

As for the second question, for the new regions, thanks for your encouragement. I also think 1,700 is a very good achievement. I want to confirm that we are very disciplined. We never sacrifice our quality. We follow the original standard and frankly speaking, especially for these new regions, we are more stringent. The selection is very stringent. The standard is very high. And, among these 1,700 agents, almost all of them hold bachelor's degree. So, it's very good. What I also want to point out is that we are not doing this from scratch. You know, we already have so many agents in different regions. Because I'm from Anhui, I know quite a lot of Anhui-nese who have actually worked in Beijing or Shanghai. So, we do have some agency leaders who worked in developed cities. So, this time, when we open the new regions, actually, they are very willing to refer their family, their friends to us. So, that kind of programme actually helps us a lot. It definitely will replicate that kind of practice in the future.

But I also want to point out, the good recruitment achievement is also because of our strong branding and strong differentiated capability in the Premier Agency. I think that's the key.

Lee Yuan Siong (AIA): Regarding your quick question on Malaysia, I want to say that we have a very high quality business in Malaysia. I think we are also the number one agency in Malaysia for the last nine years. We have a very excellent partnership with Public Bank. The underlying momentum of the agency channel is healthy. The first half is really a temporary disruption. But if you look at the underlying performance of the agency channel, it is healthy. And I'd like to hand over to Hak Leh to talk about Malaysia.

Hak Leh Tan (AIA): Thank you Yuan Siong. Thanks Michelle for the question. Yes. As you've correctly pointed out that AIA Malaysia VONB was lower in the first half of 2025. It was very much because of the slowdown in the sales of individual health business as a result of Malaysia's industry wide review on health insurance. And during that period, our agents devoted substantial amount of their time serving customers to helping them understand various options available to them under the reform. This is clearly the right thing to do, we are very proud of what they are doing, although it's taken a fabric of their time from focusing on sales activities during that period. And then we were very pleased to see that the medical claims experience in the first half have actually improved quite substantially because of heightened awareness, heightened public awareness of the underlying issues, as well as the effective implementation of numerous cost containment measures.

And then all these have contributed to strong OPAT growth of our Malaysia business in the first half. In terms of new business, we are beginning to see new medical sales achieved positive month on month growth in the second quarter of this year. And we are also encouraged by the very strong recruitment momentum of our market leading agency force: nine times number one MDRT; recruitment recovered strongly in second quarter this year. And in fact, our takaful agency is now back on positive year on year growth at the end of this half.

So overall, as Yuan Siong highlighted, our new business portfolio in Malaysia remains of high quality and profitable with very strong focus on protection. And of course, other than agency slowed down, especially in the first quarter that we see the partnership distribution continues to grow very strongly, supported by our ability to serve the affluent and high-net-worth customer segment of Public Bank.

So overall we are pleased. Although this temporary slowdown, we are pleased and confident with the strong underlying fundamentals of our business in Malaysia. Thank you.

Lance Burbidge (AIA): Thanks Hak Leh. I think that's pretty comprehensive answer, Michelle. So next question please.

Operator: The next question comes from Michael Chang of CGSI Securities. Michael, please press the unmute button shown on your screen and ask your question.

Michael Chang (CGSI Securities): Thanks. Some questions for management. Firstly, in relation to the par mix, I notice it was very high in Mainland China, can I just get a sense – is this a new normal? Or should we actually expect the par mix to actually increase going forward? Secondly, the Thailand margins of 160 per cent in the first half. That's a record high of any regions since the IPO. So, what in particular is driving that, and so far that there's been a market increase in the mix of medical insurance products. How optimistic are you about further shifts in the product mix towards health and protection going forward? And then lastly, could I get Garth to elaborate a bit on the BEPS 2.0 impact, how it impacted the numbers this period? Can I just confirm that it only impacted on OPAT and not so much on CSM, EV and VONB? Thanks.

Lee Yuan Siong (AIA): Okay, on the par mix in China. Fisher?

Fisher Zhang (AIA): Thanks for the question. In China, in the first half, we basically shifted all the long-term saving in agency to the par products. But I think the par mix will be further improved because nowadays the CI products are still non-par. It's stipulated by the regulation. But going forward, it may have some relaxation on that. So very probably, we could introduce the par CI product in future that will further increase the par mix.

Lee Yuan Siong (AIA): Hak Leh on the Thai margin?

Hak Leh Tan (AIA): Thanks Yuan Siong. Thank you, Michael. We are very pleased with the excellent VONB growth of our Thailand business in the first half of 36 per cent. Yes, we benefited from the one-off sales of individual health insurance business in the first quarter, ahead of new regulatory requirements that were introduced towards the end of March. But in addition to that, we also saw a very positive shift in product mix throughout the first half towards protection, especially critical illness riders, and that's substantially increased the overall portfolio margins of our business in Thailand.

Of course, as Yuan Siong mentioned, our focus is always on growing, achieving strong VONB growth, rather than focusing solely on volume or margin alone. As you can see, we are a clear market leader in Thailand. We have the strongest agency force. We've been consistently number one in MDRT every year since IPO. Our agency force continued to grow in productivity and manpower. Our agency force has 44 per cent of overall market share, and more than 50 per cent of the new protection business in the market. In addition to that, we are encouraged by the strong growth of partnership with Bangkok Bank, supported by the increase in the case size, as well as the activity of the sales force. So, we are very strongly positioned with our market leadership across all key segments in Thailand, extremely strong positioned to support the growth of life and health business in Thailand.

Garth Jones (AIA): The global minimum tax, Michael. It's the first time as it came into effect from 1 January this year. We have included in the appendix slide 69, details of the numbers that have flown through the various measures, which I think should be helpful to you. Just to give some colour and a high overview, the global minimum tax is something that has come in this year. It's the first time. It's already included in our numbers for the first half. So, it's already included in the OPAT growth, in the UFSG growth, and in those actual numbers. It's also something that we have in the net profit, and the number in net profit is US\$51 million. You'll see the details in slide 69 as I say.

When we look at the global minimum tax, we see that it's very difficult to estimate what it will be in the future. It depends on a number of different things. It's based broadly on net profit in each jurisdiction, and that net profit may vary from year to year. It also depends on new business volumes and exactly which jurisdiction the profits arise in. For that reason, we don't think it's appropriate to calculate it in the EV, and we don't have it in the CSM either. That's in line with IAS 12. There was actually a specific guidance from the IASB and IAS 12, that it wasn't to be accounted for as a deferred tax item. So, that gives you some idea of the difficulty of projecting it.

What we can say is what we've said before, that it will mean that the effective tax rate goes to between 15 and 18 per cent, and you'll see that the effective tax rate is at 18 per cent, which is in line with the guidance we've given, and the only guidance I can really give you is that, we expect 15 to 18 per cent to be there for the near term, but it is very difficult to estimate beyond that. But as you can see, our numbers are still very strong, and it's a relatively small amount compared with our overall numbers.

Lance Burbidge (AIA): Just one final thing to add on the EV. The EV operating profit and the ROEV is net of the GMT/BEPS as well. Does that answer all your questions, Michael?

Michael Chang (CGSI Securities): That's good. Thanks a lot

Lance Burbidge (AIA): . Thank you. Next question please.

Operator: The next question comes from Michael Li of BofA Global Research. Michael, please press the unmute button shown on your screen and ask your question.

Michael Li (BofA): Thank you for giving me this chance to ask questions. My questions are for Garth. It is about capital management and the buy-back. I know you have two parts of the buy-back, one part is from the net free surplus generation every year, and a major part is from your annual review of your capital status. So, I want to make it clear whether you have a certain level of capital ratio you want to maintain, or you have a certain level of free surplus balance that you want to maintain, because free surplus balance in the first half this year dropped by quite a lot to below US\$10 billion. Will it impact your buy-back decision? And also, another question about buy-back is, whether stock price in the market will impact your buy-back decision. Of course, I hope that the stock price of AIA could remain strong, but this will impact the effect of your buy-back. So, do you have some consideration about buy-back size and timing, when it links to stock prices. And also about buy-back period, so this year your buy-back was between April and July, any consideration about this kind of buy-back period? Thank you.

Garth Jones (AIA): Thanks, Michael, a few questions there. I mean in terms of the amounts of buy-backs, we said that we will look at those at least annually, as we get the year end position and our business plans in place. With that, you will see that we said also that we want to remain, our current level is comfortably above 200 per cent in the shareholder capital ratio, although we will review that as the business changes over time. When we look at the level, we do look at the stresses and so on that we have in the business, and the stress capital that we need, so we tend to think of it more in terms of the absolute numbers. The ratio is helpful as guidance, but we tend to think of it as absolute numbers overall and so on. But at US\$9.9 billion of free surplus, we are very strong, very comfortable, and the shareholder capital ratio has reduced in line with our expectations, but remains at 219 per cent, which is comfortably above 200 per cent.

In terms of the buy-back considerations, clearly we look at the way which we will use the capital. The obvious is to use buy-backs, and we have done that to date. If you look at the value of the stock, not just in terms of the IFRS book value, but look at it more generally and thinking about future growth and so on, and we look at the overall level of share price in deciding what is the best action for shareholders. To date we have bought shares, we thought the shares were good value, and I think that has been the case.

In terms of timing, we would tend to declare every year, so that would be at the end of March, and then the natural timing is April to July. It depends also on the size of the buy-back. You have a certain proportion of the market that you can have as buy-backs each day, and so that also impacts the period. But you would expect that it would normally start in April, and then run from there, depending on the market volume and so on.

Michael Li (BofA): Thank you.

Lance Burbidge (AIA): Thanks, Michael. We've got time for one final question, please.

Operator: Sure. Last question comes from Leon Qi of CLSA. Leon, please press the unmute button shown on your screen and ask your question.

Leon Qi (CLSA): Good morning. Thanks for taking my questions. This is Leon Qi from CLSA. My first question is on the how we should understand the China growth strategy and our capital management policy. A very ambitious 40 per cent growth target – appreciate that. On the other hand, we do understand market focuses on the capital management. So, if the management could share any color on how we should understand the relationship between such a very ambitious growth target and also capital management policy? I understand it's probably more on the new business investment side, impact on free surplus and shareholder capital resources.

Second question is on the product repricing and also China growth. We all know that, from 1 September, the regulatory pricing interest rate cap on all the different products in Mainland China is being cut once again. And 1 September is just a few days ahead of us now. Also earlier, Fisher mentioned our repricing efforts and market demand, some other also has touched this, but I'm just trying to see if we could be more specific on the repricing, our products and how our client demand looks like on that front.

And certainly on the interest rate impact on our capital management. I remember that in the second half last year, actually the interest rate declines, in particular in Mainland China and also Thailand, has caused some quite significant, negative impact on our free surplus and also shareholder capital. In particular, the required capital cost has also given a few numbers few months ago on the second half last year. This time around in the first six months of this year, actually treasury yield in China has been going sideways. So specifically on these two metrics, is it safe for us to say that in the first half of this year, interest rate has already become a non-material factor in the movement of our required capital and also free surplus, if we could try to quantify this interest rate impact?

So three questions from the China growth versus capital management; secondly, China product repricing and China growth; and thirdly, the interest rate impact – is it behind us now for capital management. Thank you very much.

Lee Yuan Siong (AIA): Okay. Thank you for your question, Leon. First, I want to clarify that the 40 per cent of VONB compound CAGR ambition relates to the new geographies in China, which makes up currently 8 per cent of the VONB of AIA China. So it is the 40 per cent on the 8 per cent, right? And it's not the 40 per cent CAGR on the whole of China.

Second, I would like to point out also the fact that, as Garth explained, some of the metrics that we look at in addition to VONB margin, the proportion of how much VONB is returned per dollar of new business investment, the IRR, the new business investment. And actually, in China, because of the shift to par, the capital efficiency has actually improved.

Thirdly, I think you will see our solvency position of our AIA China is very strong. So, I hope I address your first question on the growth target versus capital management. And on repricing, I think I will hand over to Fisher to talk about it.

Fisher Zhang (AIA): Thanks for the question. Thanks, Yuan Siong. For the repricing, the regulatory requirement actually reduced the pricing interest rate of the non-par to 2 per cent, and the participating product to 1.75 per cent. We have prepared all the repricing, we filed a new product already, and we plan to launch it in September, so everything is ready now.

Talking about the product attractiveness, that is a key for the future, because the PIR has down so much, whether the product is still attractive, the answer is yes, it is because we shifted them all to par. We are so keen on the par shift, because the par products are kind of a win-win for the company and for the customer, because in the low interest rate environment, par product definitely can reduce interest rate sensitivity, but for the customer it can have future upside potential. I think that is very important for us. Again, I want to repeat that we have shifted most of our long-term saving to par product. I think that is okay for the future.

Last but not least, you can find that our product is very diversified. Our Premier Agency positions themselves as a lifetime partner and advisor. We are not just selling product, we are selling the total solution, we are selling the proposition. We provide high professional advisory service, innovative products, relevant and value-added services supported by a solid ecosystem. Again, I would highly recommend that you watch my presentation that includes what we are doing. I cited the two typical examples, how we sell the critical illness (CI) product, and how we innovate the product from CI 1.0 to 2.0 to 3.0, supported strongly by the case management, by the prevention, by the ecosystem, by the hospital network. I think that this combination well positioned us to capture the customer needs. Even in the low interest environment, with participating product, with all this combination, we have the confidence to further satisfy customer needs, and we think the market potential is still huge. Thank you.

Lee Yuan Siong (AIA): I'll just add that in China, because we are focused on serving the needs of middle class and affluent families in the major cities, we have seen that these customers in terms of their shift in attitude, there is a distinct shift towards buying insurance. I think there is increasing propensity of middle class and affluent families in Mainland China to buy insurance, and buy insurance from trusted companies like AIA. The demand for our products, despite the various rounds of repricing, the demand for products remains very strong. The last question is for Garth on interest rates.

Garth Jones (AIA): Yes, thanks, Leon. As you say, interest rates fell, right at the end of last year, and they have remained fairly stable during the first half. To that extent, it's behind this in the numbers, if you look in pages 84 and 85 of the deck, you will see in free surplus, the investment return variances were negative US\$0.5 billion. That is largely Thai equities, and not China. And then if you look underneath on page 85, you will see the investment variances and others is positive US\$0.1 billion on the regulatory capital / required capital. In China, we hold additional reserves that eliminate the 750-day averaging effect that comes through, because we got the market-to-market on the assets, we think it is right that we take that into account as well. So that has already been accounted for, and therefore you can say that at current rates, it is behind us.

Lance Burbidge (AIA): And I think just to reinforce what we said at the full year on China in particular, in terms of our EV methodology is different from most other companies that, we start at the spot rate and grade over a long period for our long-term assumptions. The same is true for Thailand clearly, and so the movement in Thailand interest rates is now baked in at the half year point.

With that, we are out of time. Thank you everybody for listening. Thanks for your questions. If you have got any follow up questions, please come through to AIA investor relations. We are around. Thank you very much.

Operator: Ladies and gentlemen. This concludes AIA's 2025 Interim Results Q&A sessions. Thank you for your participation.

Disclaimer:

The transcript of the 2025 Interim Results Presentation Webcast held on 21 August 2025 has solely been provided for informational purposes only and may not be relied upon. In accessing this transcript, you acknowledge and agree that your use of this transcript is at your own risk.

This transcript should be read and construed in conjunction with the 2025 Interim Results Presentation slides, which is available on our website at <http://www.aia.com/en/investor-relations/results-presentations.html>.

No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information contained herein. The information contained herein has not been verified and is subject to change without notice. The accuracy of the information contained in this transcript is not guaranteed. None of the Company nor any of its affiliates or any of their directors, officers, employees, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any information contained or presented in this transcript or otherwise arising in connection with this transcript.

This transcript contains certain forward-looking statements relating to the Company that have been made orally by management and are based on the beliefs and expectations of the Company's management as well as assumptions made by and information currently available to the Company's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. The words "anticipate", "believe", "could", "continue", "estimate", "expect", "going forward", "intend", "may", "ought", "plan", "project", "seek", "target", "should", "will", "would" and similar expressions, as they relate to the Company or the Company's management, are intended to identify forward-looking statements. These forward-looking statements reflect the Company's views as of the date of the presentation 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. The Company assumes no obligation to update or otherwise revise these forward-looking statements for new information, events or circumstances that occur subsequent to the date of the presentation.