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Media Release

AIA REPORTS NEW BUSINESS RESULTS FOR THE THIRD QUARTER OF 2022 VALUE OF NEW BUSINESS UP 7 PER CENT STRONG VONB MOMENTUM; GROWTH FROM ALL REPORTABLE SEGMENTS

HONG KONG, 1 November 2022 – AIA Group Limited (the “Company”; stock code: 1299) announces key new business indicators for the third quarter ended 30 September 2022.

KEY FINANCIAL SUMMARY

Growth rates are shown on a constant exchange rate basis.

- Value of new business (VONB) of US\$741 million, up 7 per cent
- VONB grew in all reportable segments
- Annualised new premiums (ANP) up 8 per cent to US\$1,271 million
- VONB margin of 58.1 per cent
- Total weighted premium income (TWPI) up 2 per cent to US\$8,656 million

US\$ millions, unless otherwise stated	Three months ended 30 September				Nine months ended 30 September			
	2022	2021	YoY CER	YoY AER	2022	2021	YoY CER	YoY AER
VONB	741	735	7%	1%	2,277	2,549	(8)%	(11)%
VONB margin	58.1%	58.5%	(0.3) pps	(0.4) pps	56.1%	58.9%	(2.9) pps	(2.8) pps
ANP	1,271	1,249	8%	2%	4,049	4,309	(3)%	(6)%
TWPI	8,656	8,952	2%	(3)%	27,224	27,463	3%	(1)%

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

“AIA has delivered VONB growth from all of our reportable segments, resulting in a 7 per cent increase in VONB for the Group in the third quarter. The momentum that returned to our businesses in the second quarter has continued through the third quarter.

“Our proprietary Premier Agency and partnership channels both generated higher VONB compared to the third quarter of 2021, demonstrating the strength of our unrivalled distribution platform across Asia. In agency, recruitment improved in the third quarter and higher agent productivity supported the year-on-year increase in VONB. Our bancassurance partners delivered another quarter of excellent VONB growth with very strong performances across our leading ASEAN operations.

“We remain focused on executing our clear strategic priorities to ensure that AIA is best positioned to leverage the structural growth opportunities available to us. Our investments in technology, digital and analytics (TDA) continue at pace, delivering enhanced customer experience and providing significant benefits to our unrivalled distribution.

“In August, we completed the acquisition of Blue Cross, a specialist health insurer in Hong Kong, and, in September, we announced the acquisition of MediCard, a leading Health Maintenance Organisation (HMO) in the Philippines. These new additions to AIA will accelerate our new Integrated Health Strategy, supporting our ambition to make healthcare more accessible, more affordable and more effective for our customers.

“The Group’s financial position remains very strong despite capital market volatility and we continue to return excess capital to shareholders through our ongoing share buy-back programme. Our capital management framework ensures that we can withstand capital market stresses and retain sufficient resources and financial flexibility to invest in organic new business growth and value-enhancing inorganic opportunities.

“I am confident that our growth strategy will continue to deliver sustainable value for all of our stakeholders as we help millions more people live Healthier, Longer, Better Lives.”

SUMMARY FOR THE THIRD QUARTER

VONB of US\$741 million increased by 7 per cent compared to the third quarter of 2021 with growth from all reportable segments and from both our agency and partnership channels.

As pandemic containment measures eased across Mainland China, AIA China achieved a strong improvement in sales momentum in the third quarter with 6 per cent VONB growth compared to the third quarter of 2021. We delivered both year-on-year and quarter-on-quarter growth from our branches established before geographical expansion, supported by a rebound in activity in Shanghai. We also continued to generate excellent year-on-year VONB growth from our new geographies. Our digitally-enabled, professional Premier Agency model differentiates AIA China from our competition and achieved healthy levels of new agent recruitment as well as increased productivity from both our new and existing agents in the third quarter.

AIA Hong Kong delivered another quarter of increased VONB, supported by excellent growth in sales to Mainland Chinese visitors through our Macau branch. We saw increased VONB from both our leading proprietary agency and partnership channels. Our exclusive bancassurance partnership with The Bank of East Asia, Limited continued to generate excellent VONB growth.

AIA Thailand grew VONB with a broad-based performance in the third quarter as sales activity across all channels improved, including very strong growth from our bank partners. We achieved very strong recruitment in our agency, contributing to growth in the number of active agents and VONB. Continuing the positive trend in the second quarter, we saw a further strong quarter-on-quarter decline in COVID-19 related claims in the third quarter.

The strong momentum that returned to AIA Singapore and AIA Malaysia in the second quarter continued through the third quarter with both businesses again delivering double-digit VONB growth. In each market, both our Premier Agency and partnership distribution channels grew VONB, supported by our ongoing investments in TDA. In Singapore, an increase in active agent numbers and a more favourable product mix drove growth, while we delivered excellent results from our exclusive partnership with Public Bank Berhad in Malaysia.

VONB for Other Markets increased compared to the third quarter of 2021. While our businesses in Australia and South Korea continued to see lower VONB, we generated very strong total VONB growth from the remaining markets in this reportable segment. Tata AIA Life in India continued to deliver excellent VONB growth, driven by strong performances across its multi-channel distribution platform.

Overall, ANP for the Group increased by 8 per cent to US\$1,271 million and VONB margin remained broadly consistent with last year at 58.1 per cent. The long-term investment return assumptions used to calculate VONB remained unchanged from those shown in our Annual Report 2021. Margin reported on a present value of new business premium (PVNBP) basis increased to 10 per cent from 9 per cent in the third quarter of 2021, while TWPI increased by 2 per cent to US\$8,656 million over the same period.

UPDATE ON IFRS 17 ADOPTION

From 1 January 2023, AIA will adopt International Financial Reporting Standards (IFRS) 9 and 17 for the Group's consolidated financial statements. As previously reported, the adoption of these accounting standards does not affect the underlying economics of our business with no material changes expected to the Group's VONB, embedded value, solvency, capital, cash generation and the established prudent, sustainable and progressive dividend policy.

Operating profit after tax (OPAT) and shareholders' allocated equity will remain the Group's key IFRS performance indicators following adoption of the new standards.

Our preparation for adoption is on track and we intend to provide a further update on the 2022 full year position in our annual results and the Group's full restated consolidated financial statements for 2022 in the second quarter of 2023, prior to announcing the 2023 interim results.

For clarity, the adoption of IFRS 17 will resolve a large part of the non-economic accounting mismatch that is created between assets and liabilities in the Group's consolidated financial statements under IFRS 4. In particular, the adoption of IFRS 9 and 17 will eliminate US\$1.4 billion of the US\$1.552 billion negative non-economic fair value movements on interest rate derivative financial instruments included within the net profit reported in the 2022 interim results. The Group uses these derivative financial instruments for risk management purposes.

OUTLOOK

The global economy began to slow at the beginning of 2022, following a strong expansion in 2021 and progressive relaxation of pandemic containment measures, while global capital markets are highly volatile. AIA's momentum in the third quarter of 2022 reflects our substantial competitive advantages, the breadth and diversity of our markets, our financial strength and the quality of our people.

The long-term prospects for AIA's business remain exceptional, powered by the structural drivers of rising wealth, low insurance penetration levels and limited social welfare coverage across Asia. AIA is uniquely positioned to capture the enormous long-term opportunities in the Asian life and health insurance market and deliver long-term sustainable value for all our stakeholders.

FOREIGN EXCHANGE VOLATILITY

AIA receives the vast majority of its premiums in local currencies and we closely match our local assets and liabilities to minimise the economic effects of foreign exchange movements. When reporting the Group's consolidated figures, there is a currency translation effect as we report in US dollars. We have provided growth rates and commentaries on CER unless otherwise stated, since this provides a clearer picture of the underlying performance of the businesses.

- End -

Notes:

1. AIA's third fiscal quarter of 2022 and 2021 ended on 30 September 2022 and 30 September 2021, respectively.
2. All figures are presented in actual reporting currency (US dollars) and based on actual exchange rates (AER) unless otherwise stated. Change is shown on a year-on-year basis and based on constant exchange rates (CER) unless otherwise stated. Change on CER is calculated using constant average exchange rates for 2022 and 2021.
3. Long-term investment return assumptions used in the embedded value (EV) basis for the third quarter 2022 results are the same as at 31 December 2021 shown in the supplementary embedded value information in our Annual Report 2021. Non-economic assumptions used in the EV basis are based on those as at 31 December 2021, updated to reflect AIA's latest view of expected future experience.
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. ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded and excluding pension business.
7. 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.
8. 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.

Our branches established before geographical expansion in Mainland China refer to our branches in Beijing, Shanghai, Shenzhen, Guangdong and Jiangsu.

ASEAN, officially the Association of Southeast Asian Nations, refers to operations in Thailand, Singapore, Malaysia, Brunei, Cambodia, Indonesia, Myanmar, the Philippines and Vietnam.
9. 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).

For clarity, TWPI does not include any contribution from Tata AIA Life and China Post Life.
10. The results of Tata AIA Life are accounted for using the three-month period ended 30 June 2022 and the three-month period ended 30 June 2021 in AIA's consolidated results for the third quarter ended 30 September 2022 and the third quarter ended 30 September 2021, respectively.

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, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR, 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”).

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As for all quarterly new business highlights announcements, there will not be a conference call for media or investors and your usual contact will be available to answer queries.

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