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**AIA Group Limited**

**友邦保險控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**Stock Code: 1299**

**FIRST QUARTER 2023 NEW BUSINESS HIGHLIGHTS**

## AIA DELIVERS EXCELLENT NEW BUSINESS GROWTH

### VALUE OF NEW BUSINESS UP 28 PER CENT TO US\$1,046 MILLION FOR THE FIRST QUARTER OF 2023

**HONG KONG, 27 April 2023** – AIA Group Limited (the “Company”; stock code: 1299) announces 28 per cent growth in value of new business (VONB) on constant exchange rates (CER) for the first quarter ended 31 March 2023.

#### KEY FINANCIAL SUMMARY

Growth rates are shown on a constant exchange rate basis.

- VONB growth of 28 per cent to US\$1,046 million
- Year-on-year VONB growth from all reportable segments
- Strong momentum from AIA China with double-digit VONB growth
- Excellent double-digit VONB growth for AIA Hong Kong
- Double-digit VONB growth in ASEAN, excellent VONB growth in India
- Annualised new premiums (ANP) increased by 34 per cent to US\$1,998 million

<b>US\$ millions, unless otherwise stated</b>	<b>1Q 2023</b>	<b>1Q 2022</b>	<b>YoY CER</b>	<b>YoY AER</b>
Value of new business (VONB)	<b>1,046</b>	853	<b>28%</b>	23%
VONB margin	<b>52.3%</b>	54.4%	<b>(2.3) pps</b>	(2.1) pps
Annualised new premiums (ANP)	<b>1,998</b>	1,567	<b>34%</b>	28%

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

“AIA has delivered excellent results with a 28 per cent increase in VONB, exceeding US\$1 billion for the first quarter of 2023. We are seeing continued strong momentum across the Group as Asian economies recover post the pandemic and we are uniquely positioned to capture increasing customer demand for life and health insurance. I am delighted that AIA China has received regulatory approval to begin operations in Zhengzhou, Henan province.

“AIA’s financial strength, resilient distribution model and proven management team are key differentiators that help us successfully navigate volatile financial markets and capture profitable new business opportunities sustainably at scale.

“AIA operates in the most attractive region in the world for life and health insurance, fuelled by growing wealth, increasing healthcare expenditure and evolving customer needs. I have full confidence that the focused execution of our growth strategy and our substantial competitive advantages will continue to deliver long-term sustainable value for all of our stakeholders.”

## **SUMMARY FOR THE FIRST QUARTER**

AIA delivered year-on-year growth from all of our reportable segments and an overall 28 per cent increase in VONB to US\$1,046 million for the first quarter of 2023. We achieved double-digit VONB growth from our operations in Mainland China, Hong Kong, ASEAN and India. Our performance was broad-based with excellent VONB growth from both our agency and partnership channels, with a double-digit uplift in agent productivity and an increase in new recruits compared with the same period last year.

AIA China remained the largest contributor to the Group's VONB and delivered double-digit growth compared with the first quarter of 2022. As the disruptive effects of the pandemic eased and normal day-to-day activities resumed in Mainland China, we achieved a strong improvement in sales momentum throughout the first quarter of 2023. Supported by our continuing investments in technology, digital and analytics, our differentiated Premier Agency model generated a double-digit increase in agent productivity for the quarter. We continued to deliver excellent VONB growth in our new operations and we are deploying new recruitment initiatives at scale across all our geographies as we continue to leverage AIA China's unique growth opportunity. We also delivered excellent VONB growth in our bancassurance channel compared with the first quarter of 2022.

AIA China has recently received the regulatory approval to begin operations in Henan.

AIA Hong Kong achieved an excellent increase in VONB for the first quarter of 2023, supported by double-digit growth from our domestic customer segment and very strong demand for our long-term savings products, including from Mainland Chinese visitors following the full resumption of normal travel in February. Our diversified distribution platform and broad product range of long-term savings and protection solutions position AIA to meet the increasing needs of existing and new customers. We delivered excellent growth from both our market-leading agency and through our high-quality partnerships in the first quarter of 2023.

AIA Thailand continued its strong momentum from the second half of 2022 and delivered very strong double-digit VONB growth in the first quarter of 2023 supported by higher sales with a favourable product mix. Our businesses in Singapore and Malaysia reported double-digit increases in VONB, driven by growth from both our agency and partnership distribution channels.

VONB from Other Markets was higher year-on-year with strong performances from our businesses in India, Indonesia, New Zealand and the Philippines. Tata AIA Life continued to deliver excellent VONB growth across both agency and partnership distribution channels and was ranked as the third largest private life insurer in India.

The Group's investment in China Post Life Insurance Co., Ltd. (China Post Life), the leading bank-affiliated life insurer in Mainland China, is helping capture significant value from additional distribution channels and customer segments that are highly complementary to AIA China's strategy. Building on more than US\$1 billion of VONB over the year in 2022, China Post Life delivered excellent year-on-year VONB growth in the first quarter of 2023, driven by higher sales of longer-duration regular premium products. For clarity, the Group's reported VONB, ANP and TWPI do not include any contribution from China Post Life.

Overall, ANP for the Group increased by 34 per cent to US\$1,998 million. VONB margin reduced by 2.3 pps to 52.3 per cent, driven by the shift in product mix towards long-term savings products in Mainland China and Hong Kong, partially offset by the effect of economic assumption changes and reduced acquisition expense overruns compared with the first quarter of 2022. The long-term investment return assumptions used to calculate VONB remained unchanged from those shown in our Annual Report 2022. Margin reported on a present value of new business premium (PVNBP) basis remained stable at 10 per cent, while TWPI increased by 7 per cent to US\$10,236 million compared with the first quarter of 2022.

AIA's very strong and resilient financial position is an important differentiator and substantial competitive advantage, demonstrated by our strong in-force portfolio management and liability-driven investment approach. In the first quarter of 2023, the persistency of the Group's in-force portfolio remained consistently strong at 95 per cent.

We have provided additional detail on the Group's investments in corporate bonds as at 31 December 2022 in the appendix on pages 6 to 7.

## **OUTLOOK**

The long-term prospects for AIA's businesses are exceptional given our substantial competitive advantages, geographical diversification and the powerful structural growth drivers for life and health insurance in Asia. Rising incomes, low levels of private insurance penetration and limited social welfare coverage continue to drive demand for AIA's insurance products across our markets.

Asia's economic fundamentals remain strong with further support expected from increased economic growth in Mainland China following the removal of pandemic restrictions. We are confident that the continued execution of our strategic priorities positions AIA 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.

Notes:

1. AIA's first fiscal quarter of 2023 and 2022 ended on 31 March 2023 and 31 March 2022, 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 2023 and 2022.
3. Long-term investment return assumptions used in the embedded value (EV) basis for the first quarter 2023 results are the same as at 31 December 2022 shown in the supplementary embedded value information in our Annual Report 2022. Non-economic assumptions used in the EV basis are based on those as at 31 December 2022, 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 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 Hong Kong Special Administrative Region (SAR) and 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 new operations in Mainland China refer to our operations in Tianjin, Shijiazhuang, Sichuan province and Hubei province.  
  
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 31 December 2022 and the three-month period ended 31 December 2021 in AIA's consolidated results for the first quarter ended 31 March 2023 and the first quarter ended 31 March 2022, respectively.
11. Tata AIA Life was ranked as the third largest private life insurer in India for the three-month period ended 31 March 2023 based on individual weighted new business premiums.

## 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. In addition, AIA has a 24.99 per cent shareholding in China Post Life Insurance Co., Ltd.

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\$303 billion as of 31 December 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 41 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.

## APPENDIX

### ADDITIONAL DISCLOSURES ON INVESTMENTS IN CORPORATE BONDS AS AT 31 DECEMBER 2022

#### Corporate bonds by average credit rating

US\$ billions	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder	Total policyholder and shareholder
AAA	0.5	0.3	0.8
AA	2.8	2.2	5.1
A	19.7	14.1	33.8
BBB	19.1	14.8	33.9
Below investment grade and not rated	0.6	1.8	2.4
<b>Total</b>	<b>42.6</b>	<b>33.2</b>	<b>75.8</b>

#### Other policyholder and shareholder corporate bonds – BBB rating category

	US\$ billions	% of total
BBB+	6.6	44%
BBB	4.5	31%
BBB-	3.7	25%
<b>Total</b>	<b>14.8</b>	<b>100%</b>

#### Other policyholder and shareholder corporate bonds by geography

	US\$ billions	% of total
United States	8.4	25%
Asia Pacific	20.5	62%
Other	4.3	13%
<b>Total</b>	<b>33.2</b>	<b>100%</b>

#### Other policyholder and shareholder corporate bonds by type

	US\$ billions	% of total
Senior notes	31.6	95%
Subordinated debt instruments	1.6	5%
including: Additional Tier 1 debt instruments	0.04	0.1%
<b>Total</b>	<b>33.2</b>	<b>100%</b>

## Other policyholder and shareholder corporate bonds by sector

	US\$ billions	% of total
Energy	3.4	10%
Materials	1.3	4%
Industrials	3.8	11%
Consumer Discretionary	1.7	5%
Consumer Staples	1.5	5%
Healthcare	1.3	4%
Financials – Banks	4.7	14%
Financials – Financial Services	4.4	14%
Financials – Insurance	1.1	3%
Real Estate	3.4	10%
Information Technology	1.6	5%
Communication Services	2.7	8%
Utilities	2.3	7%
<b>Total</b>	<b>33.2</b>	<b>100%</b>

## Other policyholder and shareholder corporate bonds – Financials and Real Estate sector by geography

	US\$ billions	% of total
United States	2.1	15%
Asia Pacific	10.4	76%
Other	1.2	9%
<b>Total</b>	<b>13.7</b>	<b>100%</b>

Notes:

- (1) Due to rounding, numbers presented in the tables may not add up precisely.
- (2) Please refer to page 205 of our Annual Report 2022 for the definition of the average credit rating categories.



*This announcement 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. When used in this document, the words "will", "should", "continue", "future", "expect", "anticipate", "believe" and similar expressions are intended to identify forward-looking statements. 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.*

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

Hong Kong, 27 April 2023

As at the date of this announcement, the board of directors of the Company 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)