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## Media Release

### AIA REPORTS FINANCIAL RESULTS FOR THE FIRST HALF OF 2022

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

Hong Kong, 25 August 2022 – AIA Group Limited (the “Company”; stock code: 1299) today announces financial results for the six months ended 30 June 2022.

Growth rates are shown on a constant exchange rate basis:

#### New business performance

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

#### Earnings and capital

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

#### Interim dividend

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

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

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

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

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

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

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

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

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

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

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

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

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

### **AIA Singapore’s Business Results in the First Half of 2022:**

Singapore is steadily emerging from the pandemic’s headwinds but uncertainty about the global economic environment had resulted in a decline in weighted new business premiums for the life insurance industry in the first half of the year (1H2022).

Easing of restrictions in the second quarter of 2022 has helped rebuild business momentum for AIA Singapore.

- AIA Singapore delivered double-digit Value of New Business (VONB) growth in the second quarter, recovering strongly from the first quarter.
- In the first half, VONB dipped 6 per cent and Annualised New Premium (ANP) contracted 11 per cent, while a shift in product mix increased VONB margin to 65.9 per cent.
- Operating Profit After Tax (OPAT) also increased by 13 per cent for the 1H2022, attributed to growth in our in-force portfolio, increased equity operating investment returns and favourable claims experience.
- Total Weighted Premium Income (TWPI) also recorded 7 per cent growth for 1H2022 buoyed by strong renewal business.

AIA’s Tied Distribution channel continues to be the key contributor to AIA Singapore’s resilient business despite the challenging external environment. As part of AIA’s strategy embedding Technology, Digital and Analytics in everything we do and transforming AIA into an organisation of the future, we continue to invest in digital tools to enhance AIA insurance representatives’ capabilities and productivity. This transformation enhances AIA’s ability to provide high-touch, high-tech and high-trust services to meet customers’ evolving protection, savings, investments, health, and wealth needs. For instance, AIA’s iSMART mobile application enables insurance representatives to leverage social media for lead generation, contributing to over 10 per cent of our tied distribution sales.

AIA Singapore’s Corporate Solutions continued its growth momentum with excellent business performance including crossing a new milestone of now managing more than S\$600 million in-force premiums. AIA eBenefits portal won Singapore Business Review’s Technology Award 2022 in the category of Digital Life Insurance and maintained our reign for sixteen consecutive years as the best employee insurance provider presented by HR Vendors of the Year, reinforcing our leadership position in protecting the holistic health and wellness of the Singapore workforce.

Strong business recovery was also attributed to AIA's Partnership Distribution channel due to a gradual pick up of offshore business with the reopening of borders towards end April.

**Wong Sze Keed, Chief Executive Officer of AIA Singapore, said:**

"AIA Singapore's business remained resilient, as we recovered strongly in the second quarter with double digit growth in Value of New Business (VONB) over the same period last year. Our digital-first ecosystem and strategic focus on Technology, Digital and Analytics has equipped our AIA insurance representatives with the necessary tools to deepen engagement with customers as we navigate through the ongoing COVID-19 pandemic challenges. We also delivered growth in Operating Profit After Tax (OPAT) and Total Weighted Premium Income (TWPI), demonstrating our commitment in managing a resilient and sustainable business while helping our customers achieve their financial priorities with the support of our distributors, partners, and employees.

Our heartfelt thank you to our AIA insurance representatives who remain unwavering in their commitment amidst the challenges faced over the past two years.

Despite the difficulties faced, AIA Singapore attained the #1 MDRT Company for the 8th time, with 1,240 Million Dollar Round Table (MDRT) members in 2022. This is testament to their outstanding dedication to serving our customers. AIA Singapore also topped the charts to achieve the highest retention rate of MDRT members worldwide. Approximately 4 in 5 of our AIA insurance representatives retained their MDRT status this year.

As a leading insurer who has protected generations of Singaporeans, we developed [AIA Elite Secure Income](#) to address the evolving concerns of our customers to bridge their insurance gap in retirement. This is a first-in-market affordable, capital-guaranteed investment-linked plan enabling customers to confidently achieve their retirement goals. This comes as an extension of AIA Singapore's comprehensive range of holistic solutions to help customers achieve their financial goals and live their desired golden years.

In January, we introduced "[Wealthbeing by AIA](#)" – the pairing of Wealth and Well-being – offering high-net-worth individuals a well-rounded approach to protecting and growing wealth and health, while helping them and their families live their best lives. Additionally, we took the opportunity to enrich our [AIA Altitude](#) programme with specially curated privileges to further elevate their lifestyle and experiences with AIA.

Our customers continue to be the centre of everything we do, as we continue dedicating our efforts to deliver leading customer experiences. We implemented Real-time Customer Survey (RCS) to gather feedback across various touchpoints to help improve business processes and ease customer pain points. A rewards marketplace, AIA Delights, was also introduced to digitalise and offer a wider selection of rewards for our customers.

As a people-first and customer-centric organisation, AIA Singapore remains steadfast in our commitment to enable Healthier, Longer, Better Lives for our customers and the community. We will continue to develop valuable propositions to care for their holistic well-being in both health and wealth."

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**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<sup>(3)</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR<sup>(4)</sup>, 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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Notes:

- (1) The 5 per cent growth of UFSG in the first half of 2022 is calculated on a comparable basis. UFSG was US\$3,434 million before the effects of the early adoption of the Hong Kong Risk-based Capital (HKRBC) regime from 1 January 2022 and the release of additional resilience margins held by the Group at 1 January 2022 under the previous Hong Kong Insurance Ordinance (HKIO) basis.
- (2) AIA’s group available capital, group prescribed capital requirement (GPCR) and group minimum capital requirement (GMCR) are calculated based on the Local Capital Summation Method (LCSM). From 1 January 2022, the Group LCSM cover ratio is calculated as the ratio of group available capital to GPCR on the new prescribed capital requirement (PCR) basis. Prior to 1 January 2022, the Group LCSM cover ratio was calculated using the GMCR on the previously reported minimum capital requirement (MCR) basis. Please refer to note 21 to the unaudited interim condensed consolidated financial statements for the first half of 2022 for details.
- (3) Hong Kong SAR refers to the Hong Kong Special Administrative Region.
- (4) Macau SAR refers to the Macau Special Administrative Region.