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Media Release

AIA DELIVERS EXCELLENT GROWTH IN THE FIRST HALF OF 2023

VONB UP 37 PER CENT WITH GROWTH FROM ALL REPORTABLE SEGMENTS OPAT PER SHARE UP 4 PER CENT; INTERIM DIVIDEND PER SHARE UP 5 PER CENT

Hong Kong, 24 August 2023 – The Board of AIA Group Limited (the “Company”) is pleased to announce the Group’s financial results for the six months ended 30 June 2023.

Growth rates are shown on a constant exchange rate basis:

New business performance

- Value of new business (VONB) grew by 37 per cent to US\$2,029 million
- Annualised new premiums (ANP) increased by 49 per cent to US\$3,984 million
- All reportable segments and all distribution channels delivered positive VONB growth

Earnings and capital

- Embedded value (EV) operating profit of US\$4,423 million, up 20 per cent per share
- Operating return on EV (ROEV) of 13.3 per cent, up from 9.4 per cent in full year 2022
- Underlying free surplus generation (UFSG) of US\$3,288 million, up 10 per cent per share
- Operating profit after tax (OPAT) of US\$3,272 million, up 4 per cent per share
- EV Equity of US\$70.6 billion after returning US\$3.6 billion in dividend and share buy-back
- Free surplus of US\$16.3 billion at 30 June 2023
- Very strong Group LCSM coverage ratio of 260 per cent on the PCR basis⁽²⁾

Interim dividend and share buy-back programme

- Interim dividend of 42.29 Hong Kong cents per share, up 5 per cent
- US\$2.0 billion returned to shareholders through the share buy-back programme in the first half of 2023

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

“AIA has delivered excellent new business results with VONB up 37 per cent to over US\$2 billion for the first half of 2023. We also reported growth in our other key financial metrics, namely OPAT, EV operating profit, UFSG and EV Equity.

“We have seen our business return to strong and sustainable growth in the first half of 2023 and all of our reportable segments and all distribution channels delivered higher VONB. With the pandemic disruption behind us, the strength of AIA’s unrivalled distribution platform across Asia has powered a return to very strong new business momentum, including double-digit VONB growth from AIA China, our combined ASEAN business and Tata AIA Life, our joint venture in India. AIA Hong Kong more than doubled VONB compared to the first half of 2022, driven by substantial business from Mainland Chinese visitors (MCV).

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“Our growing high-quality in-force portfolio and consistent financial discipline supported an increase in both OPAT and UFSG. We returned a total of US\$3.6 billion to shareholders in the first half of 2023 through the dividend and our ongoing share buy-back programme, which has enhanced shareholder returns and significantly benefited OPAT and UFSG per share. EV Equity of US\$70.6 billion was up 6 per cent over the first half of 2023 before dividend and share buy-back. AIA’s capital position remained very strong with free surplus of US\$16.3 billion and a Group LCSM coverage ratio⁽²⁾ of 260 per cent at 30 June 2023.

“The Board has declared a 5 per cent increase in the interim dividend to 42.29 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 unrivalled distribution is a core competitive advantage and we have made substantial investments in technology, digital and analytics over the past three years to further enhance and differentiate our Premier Agency and partnership channels.

“Supported by our long-standing commitment to quality, training and digitalisation, we have increased the size, reach and capabilities of our agency force during the pandemic. As normal day-to-day activities resumed in the first half of 2023 across all markets, our focus on uplifting agent activity and productivity has generated 27 per cent VONB growth and a 49 per cent increase in Million Dollar Round Table (MDRT) qualifiers. In July, AIA was named the number one MDRT multinational company for the ninth consecutive year.

“VONB from our partnership distribution grew strongly by 62 per cent, driven by our bancassurance and retail independent financial adviser (IFA) channels. AIA’s long-term strategic partnerships with leading banks generated a 38 per cent increase in VONB, supported by excellent performances in Mainland China, Hong Kong, Thailand, Singapore, India and the Philippines. We continued to work with our high-quality bank partners to improve the productivity of insurance sellers through structured training and strengthening our digital capabilities.

“AIA China rapidly regained very strong momentum with VONB growth of 29 per cent from February as the final surge in COVID-19 cases subsided and normal day-to-day activities resumed. While we have seen very strong demand for our long-term savings products, including our newly-launched tax-deductible private pension products, traditional protection products remain a core proposition for our customers, accounting for the majority of new policies sold in the first half of 2023. Overall VONB grew 14 per cent in the first half of 2023 for AIA China.

“Mainland China offers tremendous potential for AIA, both within our existing footprint and in new geographies. We have continued to expand into new provinces with the launch of our new operation in Zhengzhou, Henan in May this year. By replicating our efficient and scalable model, we delivered 36 per cent higher agency VONB and a 44 per cent increase in the number of active agents in our new operations⁽³⁾. We also delivered very strong results from our strategic bancassurance partnerships, including a strong uplift in sales through Postal Savings Bank of China. While not included in our VONB results, our 24.99 per cent investment in China Post Life continued to deliver excellent results, with China Post Life’s VONB⁽⁴⁾ increasing by 55 per cent in the first half of 2023.

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“AIA Hong Kong’s VONB more than doubled in the first half of 2023, supported by double-digit growth from our domestic customer segment and a very substantial increase in MCV business following the full resumption of normal travel in February. Our Premier Agency remains the clear market leader and we achieved a double-digit increase in the number of active agents and significantly higher agent productivity. VONB from our partnership distribution more than trebled with an excellent performance from our bancassurance channel and we returned to the number one market position in the IFA channel with the return of MCV business.

“AIA Thailand achieved a 28 per cent increase in VONB, sustaining the strong new business momentum from the second half of last year. Our consistent focus on quality recruitment delivered very strong growth in the number of active new agents, contributing to a double-digit increase in agency VONB. Our strategic partnership with Bangkok Bank delivered excellent VONB growth, driven by higher insurance sellers’ productivity.

“Our business in Singapore reported 5 per cent increase in VONB, mainly driven by higher new business sales from agency and the strong performance of partnership distribution. Our strategic partnership with Citibank recorded very strong growth, supported by an increase in both onshore and offshore business.

“AIA Malaysia reported a 10 per cent higher VONB, driven by both agency and partnership distribution channels. Our Premier Agency delivered a double-digit increase in VONB as a result of higher agent activity and productivity. Improved productivity of our insurance specialists drove further VONB growth from our bancassurance partnership with Public Bank.

“VONB of our Other Markets segment was up 8 per cent in the first half of 2023, largely driven by double-digit growth in Australia, New Zealand, India, Indonesia and the Philippines. Our performance in Vietnam has been negatively impacted by industry-wide sentiment and the reduction in the number of our new recruits as we continue to transform our agency and focus on improving quality. Tata AIA Life has delivered an outstanding performance with excellent VONB growth. Tata AIA Life is now a top three private life insurer in the market and remains the leader in retail protection.

“AIA operates in the most attractive markets in the world for life and health insurance. I am confident that the long-term prospects for AIA remain exceptional. Our new business performance in the first half of 2023 was broad-based, reflecting AIA’s substantial competitive advantages in capturing the significant growth opportunities in Asia. We will remain focused on helping people live Healthier, Longer, Better Lives as we execute our strategic priorities to generate long-term sustainable value for all our stakeholders.”

AIA Singapore's Business Results in the First Half of 2023:

In the first half of the year, AIA Singapore delivered resilient performance despite challenges arising from the uncertain economic environment.

- AIA Singapore delivered 5 per cent growth in Value of New Business (VONB) for the first half of 2023.
- Total Weighted Premium Income (TWPI) achieved 8 per cent growth buoyed by strong renewal business.
- Annualised New Premium (ANP) recorded 7 per cent growth for 1H2023 and VONB margin remained strong at 65 per cent.
- In the first half, Operating Profit After Tax (OPAT) reduced slightly to US\$344 million, primarily attributed to less favourable claims experience.

AIA Singapore's tied distribution channel which includes our agency force as well as AIA Financial Advisers demonstrated remarkable resilience in the face of challenging external environment. Our Premier Agency strategy, combined with our unique ecosystem of products and services resulted in AIA Singapore achieving a double-digit increase in new recruits. Our unwavering commitment to digital innovation also enabled our AIA insurance representatives to continue generating new customer leads while enhancing their productivity levels and provide customers with the best service experiences.

Our partnership channel maintained a robust and steady momentum, recording excellent growth in the first half of 2023. Our bancassurance partnership with Citibank continues to play a pivotal role in driving both our onshore and offshore business. The strong performance and continued success of this partnership are also supported by a series of enhancements to new business sales processes.

AIA Singapore's corporate solutions continued its outstanding performance, solidifying our position as the number one Employee Benefits insurer in Singapore for both new business and in-force premiums. Remarkably, AIA Singapore has been named the Best Employee Insurance Provider for seventeen consecutive years at the HR Vendors of the Year awards. This ongoing achievement underscores AIA's commitment to excellence in supporting companies, employees, and their families.

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

"AIA Singapore has achieved resilient business performance, demonstrating an overall growth in Value of New Business (VONB), Total Weighted Premium Income (TWPI) and Annualised New Premium (ANP).

"In 2023, for the ninth year, we achieved the prestigious #1 Million Dollar Round Table (MDRT) Company in Singapore. This is testament to the effectiveness of our Premier Agency strategy which focuses on empowering AIA insurance representatives with cutting-edge tools, industry-leading training programmes, and opportunities for career growth. This remarkable achievement not only underscores the calibre of our insurance representatives but also highlights their dedication in going above and beyond to support customers throughout life's journeys.

“Our commitment to Technology, Digital and Analytics (TDA) drives us to continuously strengthen our digital capabilities for customers, insurance representatives and distribution partners. We introduced iSMART+, an enhanced version of iSMART, in 2023 to further improve agent productivity. With features such as enhanced cyber security, user experience, application usability, performance tracking with download capabilities as well as a new leads management feature which identifies valuable leads for our insurance representatives, iSMART+ was awarded the Advisers Initiative of the Year at the Insurance Asia Awards 2023.

“In addition to providing a diverse range of compelling solutions to meet customers’ evolving health and wellbeing needs, we are continually enhancing our comprehensive ecosystem of health and wellness partners. As mental wellness becomes prominent, we partnered with WhiteCoat, Southeast Asia’s leading digital health company, to launch Think Well, the region’s first insurer-backed digital mental health solution. The goal of this initiative is to increase accessibility to mental health support and assist our Singapore workforce in their mental well-being journey, helping them live Healthier, Longer, Better Lives.

“At the beginning of the year, we announced the appointment of Son Heung-min, the renowned Tottenham Hotspur Captain, as our first Singapore brand ambassador. With his appointment, Son continues to play a pivotal role in embodying our brand promise, inspiring Singaporeans to live better by achieving holistic wellness.

“AIA’s partnership with Tottenham Hotspur Football Club has allowed us to stay engaged with both stakeholders and the wider community, promoting healthy living. In July 2023, we welcomed Tottenham Hotspur to Singapore for a pre-season friendly match, providing opportunities for customers and fans to participate in various activities supporting charitable causes. Through the AIA Kids’ Football Clinic and AIA-Spurs Elite Player Development Camp, young aspiring footballers have also benefited from exclusive training sessions with Tottenham Hotspur International Development coaches. The proceeds from such initiatives have contributed to the AIA Better Lives Fund, providing greater access and opportunities for education, growth and development for its beneficiaries.

“As a leading life insurer in Singapore, we are committed to enhancing our capabilities through compelling propositions with a well-diversified suite of solutions, establishing AIA Singapore as our customers’ preferred insurance partner. This year, AIA Singapore attained notable accolades, including the Reader’s Digest Trusted Brand 2023 Platinum Award in the Life Insurance category for four consecutive years. We have also been honoured as the Domestic Life Insurer of the Year for the seventh consecutive time at the Insurance Asia Awards 2023. These remarkable achievements reinforce our dedication to enabling Singaporeans to live Healthier, Longer, Better Lives.”

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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⁽⁵⁾, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR⁽⁶⁾, 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\$276 billion as of 30 June 2023.

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 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 codes “1299” for HKD counter and “81299” for RMB counter with American Depositary Receipts (Level 1) traded on the over-the-counter market under the ticker symbol “AAGIY”.

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Notes:

- (1) The Group’s 2023 interim results have been calculated and reported after the adoption of International Financial Reporting Standards (IFRS) 9 and IFRS 17 from 1 January 2023.
- (2) AIA’s eligible group capital resources and group prescribed capital requirement (GPCR) are calculated based on the Local Capital Summation Method (LCSM). The Group LCSM coverage ratio is referred to as the “eligible group capital resources coverage ratio” in the group-wide supervision (GWS) framework and is calculated as the ratio of the eligible group capital resources to the GPCR on the prescribed capital requirement (PCR) basis.
- (3) Our new operations in Mainland China refer to our operations in Tianjin, Shijiazhuang, Sichuan province, Hubei province and Henan province.

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- (4) VONB is calculated by China Post Life based on the principles and methodology in the China Association of Actuaries embedded value assessment guidance (CAA basis), consistent with the industry practice in Mainland China.
- (5) Hong Kong SAR refers to the Hong Kong Special Administrative Region.
- (6) Macau SAR refers to the Macau Special Administrative Region.