TRANSCRIPT

AIA Group Limited 2022 Annual Results

Analyst Presentation

Lee Yuan Siong – *Group Chief Executive and President*

Good morning from Hong Kong and welcome to AIA's annual results presentation for 2022. As you have seen from this morning's announcement, we have delivered a resilient performance with strong growth momentum returning in the second half. We have successfully navigated through a challenging year for the region given the impacts of COVID-19 restrictions and I firmly believe that the long-term prospects for AIA's business remain as clear and strong as ever. I have full confidence that the execution of our growth strategy combined with our unmatched financial flexibility, will enable AIA to capture the immense opportunities ahead as our markets rebound from the pandemic.

I will now take you through the highlights.

New business momentum improved strongly in the second half of 2022 as the effects of the initial Omicron wave subsided and normal activities resumed. VONB for the Group was up by 6 per cent in the second half with positive growth in our 5 largest markets. For the full year, VONB exceeded 3 billion dollars and EV Equity was 77 billion before returning more than 5.8 billion dollars to shareholders through dividends and our share buy-back during the year. Operating Profit After Tax increased by 5 per cent per share supported by our large and diversified in-force portfolio and our operating return on equity increased by 40 basis points to 13.2 per cent.

The Group's capital position remained very strong despite significant capital market volatility over the year. Free Surplus was higher at 23.7 billion dollars before shareholder returns and the Board has recommended an increase of 5 per cent in the final dividend, bringing the total dividend for the year to 153.68 Hong Kong cents per share, up 5.3 per cent. In the first ten months of our ongoing 10 billion dollar buy-back programme, we have already returned 3.6 billion dollars, reflecting the power of AIA's business model that enables us to capture the growth opportunities across Asia and deliver cash returns to shareholders.

In Mainland China, our largest market, we saw a return of double-digit VONB growth in the second half of 2022 before a surge of COVID-19 infections affected sales in December. As cases subsided, we have seen new business momentum recover and a return to positive VONB growth in the first two months of 2023.

Traditional protection products remained the largest contributor to VONB for AIA China in 2022. In November, we began sales of a new product, Ru Yi You Xiang, which supported a double-digit increase in sales of critical illness products in the fourth quarter. The strength of our Premier Agency model continues to differentiate AIA and we have significantly outperformed the industry once again. While the market continued to see a large reduction in agent numbers, our headcount grew over the year with recruitment broadly in line with 2021 levels and we maintained our high-quality standards.

In July, AIA China was named the largest MDRT company globally, helping AIA Group become the No.1 MDRT multinational for a record 8th time! We successfully launched our Hubei operation and are preparing to launch our newest branch in Zhengzhou, Henan, the third most populous province in Mainland China with close to 100 million people. Our geographical expansion has delivered excellent results with agency VONB growth of 50 per cent.

In Hong Kong, VONB was up compared to 2021 with strong momentum building through the second half of the year. We achieved growth across all channels and Mainland Chinese Visitor business more than trebled in 2022, underscoring the continued demand for our products from this segment.

AIA's Premier Agency remains the clear leader in both Hong Kong and Macau and we grew our market share in a very competitive environment. New recruits were also up over the year with an 11 per cent increase in the fourth quarter and we maintained our focus on reinforcing the strengths of our agency platform. Through our partnerships channel, we delivered more than 20 per cent growth. This was supported by a material contribution from our new relationship with The Bank of East Asia and an excellent performance in the IFA channel. With the border reopening, we are well-positioned to capture future growth opportunities by meeting the needs of both domestic and Mainland customers across all our distribution channels.

ASEAN is a major driver of growth for the Group and accounted for 44 per cent of total VONB in the second half. Our markets returned to strong growth in the second half with broad-based performances across Thailand, Singapore, Malaysia, and the Philippines. We have a powerful multi-channel distribution platform which drives substantial scale in each of our markets. Over the course of the year, VONB momentum from agency also increased progressively and was up by 14 per cent in the fourth quarter. Our agency is the No.1 for MDRT in ASEAN, demonstrating the quality of our leading platform. AIA's long-term strategic partnerships are a key asset and achieved 16 per cent VONB growth in the second half of the year. By increasing our reach to tens of millions of active users, our partnerships with digital platforms are a valuable source of leads, especially for new customers in younger demographics.

Turning to India, our joint venture TATA-AIA continued its excellent track record with VONB up by 52 per cent. Our strong growth has moved us up to the number 3 ranked private life insurer and we are the market-leader in retail protection. We're also the No.1 MDRT life insurer in India and our focus on scaling and enhancing our leading Premier Agency has delivered a very strong increase in new recruits. Our fast-growing business is also supported by high-quality bank partners with the potential to reach more than 150 million existing customers through over 5,000 insurance specialists. Together with our key brokers, where we have the number one share of wallet, our digitally-enabled partnerships have driven superior growth.

Our resilient results in 2022 could not have been delivered without the significant progress we have made in Technology, Digital and Analytics and AIA was once again named the Digital Insurer of the Year. Back in 2020, we said that a step change in TDA would be at the heart of our new strategy and we set out ambitious transformation goals. Our transition to cloud is already very close to our target of 90 per cent adoption and we are generating significant cost efficiencies compared to legacy infrastructure and 70 per cent of our customer service transactions across the Group are now fully automated from end-to-end, supporting faster turnaround times and leading customer experience.

We have invested in more than 230 high-impact AI and analytics projects since we began our TDA programme with over 110 delivered in 2022, far exceeding our original targets. Integrating social media marketing into our digital tools is a compelling way to reach customers. Across our distribution channels, the enhanced quality of these targeted leads has generated more than half a billion dollars in annualised new premiums for the Group in 2022. As you can see, our significant investments in our TDA transformation are achieving strong results for customers, distributors and AIA, accelerating our profitable growth strategy.

AIA is the market leader in health insurance in the region and in 2022, over 40 per cent of VONB came from products with health benefits including medical and critical illness. At our interim results, we announced our new Integrated Health Strategy which reinforces our core life insurance business and makes health insurance and health care more accessible, more affordable and more effective for our customers. This in turn, leads to greater customer lifetime value as satisfied policyholders stay with us for longer and our Premier Agents and partners have a broader product suite, reaching new customer segments with increased interactions, resulting in higher sales and productivity.

Amplify Health, our new Health InsurTech business powers the delivery of our strategy. Since its launch in early 2022, we have made strong progress with our local businesses to transform how customers experience health insurance and health care. We are also advancing the Group's capabilities through targeted acquisitions, bringing new assets and know-how across product, distribution and network management. In AIA's markets, annual healthcare expenditure is expected to exceed 4 trillion US dollars in 2030, presenting another significant opportunity to accelerate AIA's profitable growth strategy. This is the right time for us to play a leading role in transforming health insurance and health care delivery across the region.

We also have a substantial responsibility to contribute to the sustainable development of Asia. Our business is multi-generational in nature and so sustainability is naturally at the forefront of how we operate. We are committed to achieving net-zero by 2050 and are setting ambitious emissions reduction targets that are expected to be validated by SBTi, the Science Based Targets initiative. The sustainable deployment of our investment portfolio is critical to delivering our ESG ambitions. Following our full divestment from coal, we have implemented an ESG rating scorecard across our investee companies in all our directly managed asset classes. Across our markets, we are committed to a better, more sustainable future. I know there is much more we can do as we help more people live Healthier, Longer, Better Lives.

In summary, AIA has the ambition, scale and financial strength to capture the enormous opportunities across all our markets. We saw a strong return of VONB growth momentum in the second half for the Group. In Mainland China, our Premier Agency has outperformed the industry and our differentiated strategy ensures we are able to capture the full potential of this market as it reopens. AIA Hong Kong delivered VONB growth across all channels. Our number one agency is gaining market share and we have leading partners and strong IFA relationships.

With the border now reopened, we are very well positioned for the recovery of MCV business across our unrivalled distribution. Our ASEAN markets swiftly regained momentum to grow strongly in the second half and are a material engine of VONB growth for AIA. Our fast-growing, industry-leading business at TATA AIA has achieved another excellent result with VONB up by more than 50 per cent.

AIA's strong, resilient balance sheet is an important differentiator, particularly during times of capital market volatility. Our multiple engines of growth combined with our unmatched financial flexibility has resulted in a strong recovery and ensures AIA is exceptionally well-placed as Asia rapidly opens up for further growth.

Garth will now take you through the details of our financial performance.

Garth Jones – *Group Chief Financial Officer*

Thanks Yuan Siong. Good morning everyone.

As you've just heard, new business momentum improved strongly and the Group returned to positive VONB growth in the second half. Our consistent financial discipline and focus on AIA's high-quality business supported continued growth in OPAT. Free surplus was up over the year despite significant capital market volatility and we returned 5.8 billion dollars of capital to shareholders through dividends and our ongoing share buy-back programme. Our robust financial results demonstrate not only the resilience of our business, but also underpin our confidence in the outlook for AIA in 2023 and beyond. We have the financial strength to capture the tremendous growth opportunities across all of our markets as they rebound from the effects of the pandemic.

Let me now take you through the financials in more detail.

After a resilient performance in the first half, the Group delivered VONB growth of 6 per cent to more than 1.5 billion dollars in the second half of 2022. AIA China grew by 3 per cent, reflecting the resilience of our high-quality professional agency force and powerful differentiated business model. As you heard from Yuan Siong, VONB in the second half recovered strongly with double-digit year-on-year growth, before increased COVID infections affected sales in December.

As normal activity resumed, we saw a return to positive VONB growth over the first two months of 2023. AIA Hong Kong grew by 5 per cent, driven by a strong performance from the Mainland Chinese Visitor segment, particularly in Macau, as momentum gathered pace through the second half. Our leading Premier Agency in Hong Kong continued to outperform the market and our partnership channel achieved double-digit VONB growth over the full year driven by very strong performances in the IFA channel and our partnership with BEA.

AIA Thailand delivered growth of 19 per cent in the second half, reflecting a strong performance from our agency channel and AIA remained the market leader in unit linked sales. In Singapore, our strategic initiatives delivered improved agency productivity and a strong performance from our partnership channel as cross-border travel restrictions eased, leading to 7 per cent growth overall.

AIA Malaysia delivered excellent growth of 26 per cent, supported by strong performances from both our agency channel and our partnership with Public Bank. VONB for Other Markets was lower by 8 per cent with strong double-digit growth from India, New Zealand and the Philippines in particular, mainly offset by reductions in Australia and South Korea. Overall, the Group delivered a broad-based return to growth with a positive increase across all of our 5 largest markets.

AIA focuses on writing high-quality, profitable new business that generates attractive returns over time. Growth in the second half was supported by a stable VONB margin at 58.8 per cent. PVNBP margin increased to 10 per cent overall, reflecting higher protection and unit-linked margins. Our ability to meet the full range of customer needs across protection, long-term savings and retirement products is a key differentiator for AIA and a major factor in our confidence in the Group's future growth.

EV Equity increased to 77 billion dollars before dividends and additional capital returns to shareholders. An uplift of 3.1 billion dollars, after the acquisition of Blue Cross, was from the early adoption of the HKRBC regime and release of resilience margins as I previously reported. Together with operating profit of 6.8 billion, EV Equity grew by 13 per cent to 85 billion dollars. Negative investment return variances were primarily from capital market movements in the first half with the impact in the second half significantly lower at 599 million dollars. Economic assumption changes were a small negative of 300 million dollars from increased risk discount rates, offsetting higher long-term investment return assumptions as I highlighted at the half-year results. Foreign exchange rate movements from the strength of the US dollar were relatively unchanged from the first half of the year. Closing EV Equity was 71.2 billion dollars after returning 3.6 billion through the share buy-back that began in March and 2.3 billion dollars for shareholder dividends.

Our EV methodology uses spot market yields and trends over time to our long-term assumptions, which aim to smooth out short-term volatility in markets. The interest rate sensitivity shown here applies a 50 basis points movement from current spot government bond yields and our long-term assumptions including equity returns and risk discount rates. While AIA is not immune to exceptional movements in interest rates, you can see from the sensitivities that our financial results remain highly resilient to short-term market volatility. We have a substantial allowance for risk in our discount rates with a risk premium of more than 500 basis points for the Group, consistent with the levels used since IPO. While EV declines slightly as interest rates rise as higher discount rates offset increased earnings and cashflows, you can see that VONB increases overall.

AIA's strong track record of positive operating experience demonstrates the prudence in our embedded value assumptions and the quality of our in-force business. We continued to benefit from favourable claims experience compared with our assumptions and our Persistency and Other Variances were positive. Overall, consistently favourable operating variances have added close to 3.9 billion dollars to EV operating profit and Embedded Value since our IPO.

EV Equity has grown by 12 per cent per annum compound since 2010 to 90 billion dollars before the return of 18.8 billion dollars of capital to shareholders. EV operating profit included more than 68 billion dollars from the addition of profitable new business and return from our in-force portfolio. As you can see, net cumulative operating and investment return variances over this period are small and the effects of foreign exchange movements and other items averaged out over time, clearly demonstrating the appropriateness of our EV assumptions and methodology.

Now moving to IFRS earnings. The Group's operating profit after tax increased to 6.4 billion dollars up by 5 per cent per share. OPAT grew in all of our reportable segments except Thailand, where, in contrast to our markets elsewhere, many customers were treated for COVID in private hospitals during the initial Omicron wave, as we reported in the first half. As infections subsided, OPAT for Thailand returned to positive growth in the second half.

AIA Hong Kong grew by 4 per cent to more than 2.2 billion dollars. AIA China also increased by 8 per cent, with 12 per cent growth in the second half, supported by our growing in-force portfolio and favourable claims experience. Singapore and Malaysia both delivered 6 per cent growth and Other Markets increased by 11 per cent with very strong growth in the second half supported by more favourable claims experience.

Operating margin remained strong and stable at 17.7 per cent and operating ROE increased by 40 basis points to 13.2 per cent. Earnings are predominantly insurance and fee-based, accounting for 56 per cent of operating profit. Together with our geographically diverse portfolio across the region, this demonstrates both the quality and sustainability of our earnings.

Shareholders' allocated equity provides a clearer reflection of the underlying drivers of the change in equity, before the IFRS accounting treatment of bonds. Before dividends and the share buy-back, allocated equity was relatively stable at just over 50 billion dollars. Operating profit of 6.4 billion was offset by short-term mark-to-market movements on equities and real estate, other non-operating items and the effects of foreign exchange translation. After the payment of shareholder dividends and the share buy-back of 5.8 billion dollars, shareholders' allocated equity was 44.8 billion at the end of 2022.

Our high-quality investment portfolio is constructed to match our insurance liabilities as closely as possible. As a result, 77 per cent of total invested assets are fixed income, the vast majority of which are government bonds and investment grade corporate bonds. The corporate bond portfolio is well diversified with more than 1,900 issuers and the average credit rating of A minus remains unchanged. There were no material impairments in 2022 and total impairments since IPO have been just 105 million dollars in total. This demonstrates the strength of our investment process and portfolio quality. Our exposures to real estate, banks and local government financing vehicles in Mainland China remain small and 60 per cent of our equity and real estate portfolios are held in participating funds to match liabilities.

I will now take you through a brief update on our IFRS 17 progress. As you know we are adopting IFRS 9 and IFRS 17 in our Group financial statements from 1 January 2023. In June, we will provide updated financials for the first half and full year 2022 on the new bases. And in August, we report our results on the new accounting standards for the first time. As previously highlighted, this change in accounting does not affect the underlying economics of our business. There is no change to our VONB, embedded value, cashflows, solvency or capital metrics. Our strategic priorities, capital management framework and dividend policy also remain unchanged. We will continue to report OPAT and Shareholders' Allocated Equity as non-GAAP measures as they better reflect the long-term economics of our business.

Overall, the adoption of the new reporting standards is expected to be positive for the Group as at the end of 2022. The effect on OPAT will be minimal for the full year. Net profit will be significantly higher by at least 2 billion dollars. This is mainly because of the treatment of derivatives used for hedging purposes. Fair value movements on derivatives are offset by the corresponding changes in liabilities under IFRS 17, which is not the case under IFRS 4. Therefore the fair value losses currently shown in net profit in the IFRS 4 accounts do not exist under IFRS 17 as the new accounting treatment is better aligned with the underlying economics of the business. On transition at 1 January 2022, the contractual service margin, which represents the discounted value of expected future profits from the in-force business, was 55 billion dollars. Shareholders' Allocated Equity and Shareholders' Equity are expected to be higher at the end of 2022 compared with the corresponding IFRS 4 numbers.

Moving on to balance sheet metrics. Shareholders' Allocated Equity will continue to be our key measure of equity deployed in the business. This is also consistent with our definition of Operating ROE. A new measure under IFRS17, Comprehensive Equity, is the sum of Shareholders' Equity plus net CSM and represents the aggregate value of historical and expected future profits from the in-force business. As you can see Comprehensive Equity is more than 100 billion dollars, the inclusion of net CSM in our Financial Leverage calculation reduces our ratio by 5 percentage points to 8.6 per cent as at 1 January 2022. The corresponding financial leverage ratio at the end of 2022 is expected to also reduce by at least this amount.

Here we show a reconciliation of Comprehensive Equity to EV Equity. As at transition on 1 January 2022, Comprehensive Equity was 1.3 times EV Equity. This is mainly driven by higher discount rates within our Embedded Value which include additional margins for risk, as well as allowing for the cost of capital. We expect a similar ratio for new business CSM to VONB. As I said earlier, the change in accounting standards does not affect the underlying economics of our business. We will continue to focus on delivering growth, earnings and cash.

Finally, capital and dividends. The Local Capital Summation Method cover ratio is the Group's principal regulatory solvency measure taking a fully consolidated view of local business requirements. As we disclosed at the interim results, we now report the LCSM position on a prescribed capital requirement basis. This replaces the previously disclosed minimum capital requirement basis. While the new basis is more consistent with the capital requirements used within EV, Free Surplus continues to be more representative of our capital position for shareholders. AIA remains very well-capitalised with Group available capital of 70.7 billion dollars and a very strong LCSM Cover Ratio of 283 per cent, an increase on last year, before the effect of the share buy-back. The sensitivity of our LCSM cover ratio to both equity and interest rate movements is small, reflecting the resilience of our balance sheet and our robust risk management.

The Group's financial position remained very strong with Free Surplus increasing to 23.7 billion dollars, before dividends and capital return to shareholders. Underlying free surplus generation was 6 billion dollars, an increase of 7 per cent per share on a comparable basis. We reinvested a further 1.3 billion in growing our new business to generate attractive long-term returns. This figure reduced from the prior year as a result of increased capital efficiency of new products under the new HKRBC regime. Non-operating items reflected the mark-to-market impact of higher bond yields and lower equity markets, mainly in the first half. This was more than offset by the increase from the early adoption of the HKRBC regime and the release of resilience margins. Overall, free surplus increased to 17.9 billion dollars after the payment of shareholder dividends and share buy-back of 5.8 billion dollars in total.

The consistent execution of our profitable growth strategy and our financial discipline have generated close to 61 billion of additional free surplus since IPO. We have invested 17.5 billion in new business to drive recurring and sustainable long-term value creation. While our focus continues to be on organic growth, we have the financial flexibility to take advantage of inorganic opportunities that create additional value for shareholders. Since IPO, we have deployed more than 6 billion dollars of strategic investments into acquisitions and partnerships to accelerate our growth and strengthen our market-leading positions. Our unique business model and financial discipline have enabled us to do all of this and return 18.8 billion of capital to shareholders while growing Free Surplus 3.6 times to 17.9 billion at the end of 2022.

The Board has recommended an increase of 5 per cent in the final dividend, bringing the total dividend for the year to 153.68 Hong Kong cents per share, up 5.3 per cent. The Board follows AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group. Since commencing our ongoing 10 billion dollars share buy-back in March, we have returned an additional 3.6 billion by the end of December, bringing the total capital returned to shareholders during 2022 including dividends to 5.8 billion dollars.

In conclusion, the Group has delivered resilient financial results for 2022 across growth, earnings and cash. We delivered strong new business momentum in the second half of the year and VONB grew by 6 per cent. Over the year, Operating Profit per share increased and our cash generation was very strong, with free surplus up by 6.7 billion dollars to 23.7 billion before returning 5.8 billion dollars to shareholders. AIA's robust balance sheet is a key competitive advantage, ensuring we retain our unmatched financial flexibility to invest in the enormous potential for profitable new business growth in the region, fully harnessing the exceptional qualities of AIA.

I will now hand back to Yuan Siong.

Lee Yuan Siong – *Group Chief Executive and President*

Thank you, Garth. I will now take you through what makes AIA exceptional, how we will extend our market-leading positions and enhance our substantial competitive advantages.

First of all, we are one hundred per cent focused on the most attractive markets for life and health insurance in the world. The last three years have been challenging for the region, but Asia's long-term prospects are robust and undeniable and as we enter the post-COVID world, we are confident that they will only get stronger over time. The pandemic has underscored the importance of life and health insurance in providing peace of mind in uncertain times. High levels of private savings growing, yet ageing populations, low levels of insurance penetration and limited welfare coverage create an urgent need for AIA's personalised products and high-quality advice. The potential for our business is immense, our strategy is aligned to these long-term structural trends and we have the superior financial strength to capture the full economics of growth for all our stakeholders. Let me now take you through how we are doing this across our multiple growth engines, starting with Mainland China.

With a population of 1.4 billion and a very low life insurance penetration rate, Mainland China presents an exceptional long-term opportunity as the country reopens. AIA Group has a unique advantage in capturing the full growth potential of the Chinese life and health insurance market. We have a complementary strategy across distribution channels and customer segments. AIA China, our 100 per cent subsidiary, caters to the middle-class and more affluent segments, offering comprehensive protection and long-term savings products through its differentiated Premier Agency. AIA Group also holds a 24.99 per cent strategic stake in China Post Life, the leading bank-affiliated life insurer, focusing on bringing financial protection to the under-penetrated mass market through the largest retail financial distribution network in the country. Taken together, this brings AIA full exposure to the most attractive life insurance market in the world.

Our core strategy is our Premier Agency model, which meets customer preferences for high-quality products backed by professional advice from our full-time agents and AIA China has significant headroom to grow as we continue to expand geographically. By deepening our presence in existing geographies and entering new provinces, our potential target market increases five times. In our existing footprint, we have a very strong track record yet we have only just covered 3 per cent of our target market that's 4 million people out of a projected 226 million by 2030. Our recently established new operations bring one hundred million potential customers to AIA China, with a further 300 million to come as we enter new provinces and we delivered 50 per cent agency VONB growth in 2022.

Undoubtedly, we have the most professional agency in Mainland China. While the rest of the industry was disrupted over the last three years, our agency headcount remained stable and the resilience of our Premier Agency model has kept us well-positioned and ready to capture China's reopening. Our full-time agents are four times more productive than the industry and earn more than double the average local income. And we are building selective partnerships with banks, including Postal Savings Bank of China and BEA, to create long-term relationships with aligned values that bring new sources of profitable growth. For all these reasons I am confident that our differentiated business is primed to deliver strong and sustainable results well into the future.

Our strategic investment in China Post Life has continued to go from strength-to-strength. Given its significant reach through PSBC's distribution network of 33,000 retail financial outlets and more than 600 million customers, the potential for China Post Life is enormous. We have a joint Technical Assistance Advisory team with dedicated experts from AIA Group Office, helping China Post Life advance its strategic priorities. Since we announced our investment, value of new business has increased by 3.8 times and in 2022 it exceeded one billion dollars for the first time. This investment is highly complementary to our strategy at AIA China and enables the Group to capture significant upside from additional distribution channels and customer segments.

In Hong Kong and Macau, AIA has unparalleled capabilities and multiple opportunities to meet the growing needs for life and health insurance. We are the clear leader in Agency distribution and continue to outperform the industry. We also rank in the top three for agency new business in the GBA cities in Guangdong province. Our partnerships are a material contributor to VONB in 2022 and we maintain excellent relationships with IFAs. Historically, Mainland Chinese Visitors were a significant source of profitable new business for AIA Hong Kong. It is still early days but visitors to Hong Kong are progressively on the rise since the border reopened.

As we showed earlier, MCV VONB more than trebled in 2022 and strong momentum has continued into the first two months of 2023. We are exceptionally well-placed for a sustainable recovery in this customer segment. Our infrastructure is intact. We have close to 7,000 agents that service Mainland Chinese Visitors, three-quarters of whom have been AIA Premier Agents since before 2020 with the rest recruited during the pandemic. Importantly, our Macau license and our domestic Hong Kong business ensured that the vast majority remained engaged and active. In short, as the market gears up, AIA Hong Kong is fully ready to service the needs of both domestic customers and the returning demand of Mainland Chinese Visitors.

In ASEAN, AIA ranks number one by total ANP and there is huge growth potential for us in this market. We have built significant scale over our long history as well as leading health businesses in Thailand, Singapore and Malaysia and the region contributed 44 per cent of the Group's total VONB in the second half. Our multi-channel distribution platform is unrivalled, powered by technology, digital and analytics which allows us to drive the proven execution of our strategy. AIA's Premier Agency is of the highest quality and since the beginning of the pandemic, new recruits have grown by more than 20 per cent and MDRT members are up by 39 per cent. Our industry leading partnerships with strategic banks and digital platforms bring access to more than one hundred million potential new customers and in 2022, our bancassurance VONB exceeded 2019 levels. This region is already a major driver of diversified growth for AIA and will continue to offer enormous potential with its huge protection gap and growing affluent population of more than 500 million people.

And finally, TATA AIA has a strong track record of delivery in India. VONB has grown consistently over the last 5 years, increasing by 3 and a half times. We are the fastest growing life insurer at almost double the growth rate of the number two player. TATA-AIA is also the number one player in the retail protection market and ahead of the next competitor by nearly two times. We are rapidly scaling our Premier Agency with an additional 100 digitally-enabled agency offices launched in 2022. Our business is also supported by key broker partners and six high-quality banks and as the industry opens up further, we are the partner of choice.

In this exciting market, we are seeing a progressive and evolving regulatory environment, that is creating a more dynamic sector, allowing for greater growth and innovation. By 2030, the middle-class population will double in size to more than one billion and protection coverage is very low. The scale and power of India's compounding economic growth and increasing life insurance demand is clear. Our protection-focused strategy, quality distribution and proven execution ensures that TATA-AIA is well on its way to capturing India's massive potential.

In conclusion, AIA's long-term prospects remain clear and strong. We operate in the fastest growing and most attractive region for life and health insurance in the world. Our ambitious strategy aligns our scale, position and influence with the powerful structural drivers of growth in Asia. We have substantial competitive advantages across all our markets and our proven execution will extend our strong track record of superior profitable growth, earnings, free surplus generation and cash returns to shareholders. I have full confidence that the combination of our multiple growth engines and unmatched financial flexibility ensures AIA is uniquely positioned for future growth.

Thank you for listening.