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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 Codes: 1299 (HKD Counter) and 81299 (RMB Counter)

FIRST QUARTER 2025 NEW BUSINESS HIGHLIGHTS

AIA DELIVERS CONTINUED STRONG GROWTH IN VALUE OF NEW BUSINESS

VONB UP 13 PER CENT TO US\$1,497 MILLION IN THE FIRST QUARTER OF 2025

HONG KONG, 30 April 2025 – AIA Group Limited (the Company) announces 13 per cent growth in value of new business (VONB) on constant exchange rates (CER) for the first quarter ended 31 March 2025.

Growth rates are shown on a constant exchange rate basis.

- VONB up 13 per cent to US\$1,497 million
- Annualised new premiums (ANP) increased by 7 per cent to US\$2,617 million
- VONB margin up 3.0 pps to 57.5 per cent
- New business contractual service margin (NB CSM) up 16 per cent
- Shareholder capital ratio remained strong and comfortably above 200 per cent

US\$ millions, unless otherwise stated	1Q 2025	1Q 2024	YoY CER	YoY AER
Value of new business (VONB)	1,497	1,327	13%	13%
VONB margin	57.5%	54.2%	3.0 pps	3.3 pps
Annualised new premiums (ANP)	2,617	2,449	7%	7%

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

"AIA has continued to build on our excellent results and momentum in 2024 with VONB of US\$1.5 billion in the first quarter of 2025, up 13 per cent compared with last year's record quarterly result. Our ability to capture profitable new business opportunities sustainably at scale is the direct result of our highly diversified and resilient business model and growing demand for AIA's products and services.

"Our Premier Agency is a key pillar of our growth strategy, delivering over 75 per cent of the Group's total VONB in the first quarter of 2025. We continue to grow our reach with strong, high-quality recruitment supporting an overall 8 per cent increase in active agent numbers. Our differentiated agency model, focused on long-term customer relationships and powered by leading digital platforms, has driven further increases in agent activity and productivity while maintaining a diversified and resilient product mix.

"Our proven management team's commitment to building a high-quality, sustainable business for the long term, and continued focus on executing our strategic priorities help us successfully deliver against a global backdrop of volatile capital markets and capture the strong fundamental growth drivers in Asia, which is the most attractive region in the world for life and health insurance. I have full confidence that our substantial competitive advantages will continue to deliver long-term sustainable value for all of our stakeholders."

SUMMARY FOR THE FIRST QUARTER

AIA delivered a 13 per cent increase in VONB to US\$1,497 million in the first quarter of 2025, with growth from both our agency and partnership distribution channels.

Our unrivalled, proprietary **Premier Agency** grew VONB by 21 per cent to US\$1,218 million with very strong growth from both traditional protection and participating products. The focused execution of our strategy drove higher agent productivity, an 8 per cent increase in the number of active agents and a 9 per cent increase in the number of new recruits. The agency channel accounted for over 75 per cent of the Group's total VONB in the first quarter of 2025.

VONB from our **partnership distribution** was up 2 per cent to US\$397 million, as we remain financially disciplined in AIA Hong Kong's independent financial adviser (IFA) and broker channel as well as AIA China's bancassurance channel. Outside Mainland China, our bancassurance businesses delivered VONB growth of 21 per cent.

Our largest business, **AIA Hong Kong**, delivered another very strong quarter with VONB up 16 per cent, supported by balanced growth across both the domestic and Mainland Chinese visitor (MCV) customer segments. We achieved excellent performances in both our Premier Agency and bancassurance channels. Our Premier Agency is the market leader in Hong Kong and Macau, and our strategy continues to drive increased agent activity and productivity as well as very strong recruitment.

AIA China's VONB was up by 8 per cent, before the effects of economic assumption changes, compared with the very strong result we reported in the first quarter of 2024. VONB included in the Group's reported results for the first quarter of 2025 reflects Chinese government bond spot yields as at 31 December 2024, as well as the reduction of 80 basis points in our long-term investment return assumption made at the end of 2024. On this prudent basis, VONB reduced by 7 per cent compared with the first quarter of 2024 while VONB margin was above 50 per cent, as previously indicated.

Our Premier Agency model is unique in Mainland China, combining high-quality professional advice with a focus on long-term relationships with middle-class and affluent customers, our economically robust target segment. The proactive training and professionalism of our agents have been critical enablers of our product strategy with a successful shift towards participating products and our product mix overall remained balanced. Recruitment continued to be strong with the number of active new agents increasing by 15 per cent, supporting an overall increase of 6 per cent in active agent numbers, further building sales momentum.

Agency VONB in our new geographies established between 2019 and 2023 grew by more than 20 per cent. In March and April, we successfully launched new operations in another four new geographies, namely Anhui, Shandong, Chongqing and Zhejiang, providing access to 100 million potential new customers in our target segment.

AIA Thailand delivered exceptional VONB growth as we benefitted from one-off sales through the agency channel ahead of regulatory changes relating to individual medical insurance products introduced from March 2025. We also saw very strong VONB growth through the bancassurance channel, driven by our strategic partnership with Bangkok Bank.

In **Singapore**, we achieved excellent growth in VONB and continued to see strong sales from our unit-linked long-term savings products that provide access to leading global fund managers through the AIA Regional Funds Platform. The strong performance of our market-leading Premier Agency was supported by very strong growth in agent productivity.

AIA Malaysia reported higher VONB as excellent growth through our strategic partnership with Public Bank was partially offset by a decline in the agency channel, where we continue to focus on quality recruitment.

Other Markets delivered very strong VONB growth, driven by increases from most of the markets in the segment. Our joint venture in India, **Tata AIA Life**, achieved excellent VONB growth with strong performances across its multi-channel distribution platform, and maintained its number one industry ranking in retail protection by sum assured in the first quarter of 2025.

Overall, VONB for the Group was up by 13 per cent to US\$1,497 million. ANP grew by 7 per cent to US\$2,617 million, while VONB margin increased to 57.5 per cent, benefitting from the favourable shift in product mix, partially offset by the change in economic assumptions. Margin reported on a present value of new business premium (PVNBP) basis remained stable while total weighted premium income (TWPI) increased by 14 per cent to US\$12,680 million.

NB CSM for the first quarter of 2025 increased by 16 per cent, faster than VONB growth of 13 per cent. Successive layers of profitable new business add to our substantial, recurring earnings from in-force business, providing us with confidence in delivering our operating profit after tax (OPAT) per share CAGR target of 9 to 11 per cent from 2023 to 2026.

Whilst the global macro environment and capital markets remain volatile, AIA's financial strength and flexibility are key differentiators for the Group. The shareholder capital ratio, our principal measure of the overall capital and free surplus position for shareholders, remained strong and comfortably above 200 per cent at 31 March 2025. Our recently announced US\$1.6 billion share buy-back programme commenced on 14 April 2025 and is expected to complete over a three-month period.

The number of outstanding shares as at 31 March 2025 was 5 per cent lower compared with 31 March 2024.

OUTLOOK

Despite capital market volatility and geopolitical tensions, high levels of private savings, growing yet ageing populations, low insurance penetration and limited welfare coverage continue to be powerful structural growth drivers in Asia, and create substantial demand for insurance products. AIA's strong momentum in the first quarter of 2025 reflects our substantial competitive advantages, the breadth and diversity of our markets, our financial strength and the quality of our people, which are critical success factors for AIA's exceptional long-term business prospects. Our strategic priorities leverage the significant opportunities ahead to drive profitable new business growth that delivers increased future earnings, free surplus generation and greater shareholder value.

UPDATE ON INVESTMENT PORTFOLIO

AIA's very strong and resilient financial position is an important differentiator and competitive advantage, underpinned by our in-force portfolio management and liability-driven investment approach.

The average credit rating of the fixed income portfolio as at 31 March 2025 held in respect of policyholders and shareholders remained stable compared with the position as at 31 December 2024, at A. The corporate bond portfolio is well diversified with over 1,700 issuers and an average holding size of US\$39 million.

As at 31 March 2025, 2 per cent of the total bond portfolio was rated below investment grade or not rated, representing approximately US\$3.2 billion in value, similar to the amount as at 31 December 2024. Approximately US\$34 million of bonds, representing 0.02 per cent of our total bond portfolio, were downgraded to below investment grade in the first quarter of 2025.

The expected credit loss (ECL) provision for our bond portfolio decreased by US\$2 million in the first quarter of 2025. The ECL provision of US\$463 million represented 0.5 per cent of the bond portfolio at 31 March 2025, reflecting AIA's overall high-quality investment portfolio.

As at 31 March 2025, the Group's investment exposures in Mainland China relating to other policyholder and shareholder included US\$1.5 billion of local government financing vehicles (LGFVs) and US\$0.9 billion of real estate bonds and equities (excluding LGFVs).

As at 31 March 2025, over 80 per cent of AIA China's investment portfolio relating to other policyholder and shareholder was held in fixed income investments. Of these, over 90 per cent were government and government agency bonds. The average international rating of AIA China's other policyholder and shareholder bond portfolio remained stable compared with the position as at 31 December 2024, at A+.

We have provided details of the Group's investment portfolio as at 31 March 2025 in the appendix on pages 8 to 9.

UPDATE ON BEPS 2.0 – GLOBAL MINIMUM TAX

Pillar Two, which is the second pillar of the international tax reform project developed by the Organisation for Economic Co-operation and Development (OECD) and commonly referred to as Base Erosion and Profit Shifting (BEPS) 2.0, seeks to impose a minimum effective tax rate on large multinational enterprises in respect of each jurisdiction in which they operate.

Several jurisdictions in which the Group operates, including Mainland China and Hong Kong, have not yet enacted Pillar Two legislation. Due to the significant uncertainty that this creates, the figures in this announcement do not include any impact from BEPS 2.0.

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 2025 and 2024 ended on 31 March 2025 and 31 March 2024, respectively.
2. All figures are presented in actual reporting currency (US dollar) 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 2025 and 2024.
3. Long-term investment return assumptions used in the embedded value (EV) basis for the first quarter 2025 results are the same as at 31 December 2024 shown in the supplementary embedded value information in our Annual Report 2024. Non-economic assumptions used in the EV basis are based on those as at 31 December 2024, updated to reflect AIA's latest view of expected future experience.
4. VONB for the Group excludes VONB attributable to non-controlling interests.
5. VONB is calculated based on assumptions applicable at the point of sale.

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. New business contractual service margin (NB CSM) is the contractual service margin relating to new business written in the period, net of any related reinsurance. For clarity, NB CSM does not include any contribution from Tata AIA Life Insurance Company Limited (Tata AIA Life) and China Post Life Insurance Co., Ltd. (China Post Life).
9. Compound annual growth rate (CAGR) from 2023 to 2026 calculated on a constant exchange rate basis.

10. Shareholder capital ratio is defined as total capital resources calculated on the shareholder basis, comprising free surplus and required capital (as used in our embedded value calculations) and eligible Tier 2 debt capital (as used in our Group Local Capital Summation Method solvency position), as a percentage of the required capital.
11. 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.

AIA China's new geographies established between 2019 and 2023 refer to our operations in Tianjin, Hebei, Sichuan, Hubei and Henan. In March and April, we successfully launched new operations in another four new geographies, namely Anhui, Shandong, Chongqing and Zhejiang.

12. VONB by distribution channel is based on local statutory reserving and capital requirements and exclude pension business.
13. ANP and VONB for Other Markets include the results from our 49 per cent shareholding in Tata AIA Life. ANP and VONB do not include any contribution from our 24.99 per cent shareholding in China Post Life.

For clarity, TWPI does not include any contribution from Tata AIA Life and China Post Life.

14. The results of Tata AIA Life are accounted for using the three-month period ended 31 December 2024 and the three-month period ended 31 December 2023 in AIA's consolidated results for the first quarter ended 31 March 2025 and the first quarter ended 31 March 2024, 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. 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\$305 billion as of 31 December 2024.

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 43 million individual policies and 16 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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For this quarterly new business highlights announcement, there will not be a conference call for media or investors and your usual contact will be available to answer queries.

APPENDIX

DISCLOSURES ON INVESTMENT PORTFOLIO AS AT 31 MARCH 2025

Overall investment portfolio

US\$ billions	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder	Total policyholder and shareholder
Fixed income	69.7	109.8	179.6
Government and government agency bonds	29.9	75.6	105.5
Corporate bonds	39.1	28.6	67.6
Structured securities	0.3	2.1	2.4
Loans and deposits	0.4	3.6	4.0
Equities	47.8	15.5	63.4
Interests in investment funds and exchangeable loan notes	42.1	11.0	53.1
Equity shares	5.8	4.5	10.3
Real estate	3.6	4.8	8.4
Others	2.4	6.4	8.8
Total invested assets	123.6	136.5	260.2

Corporate bonds by credit rating

US\$ billions	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder	Total policyholder and shareholder
AAA	0.5	0.1	0.6
AA	2.9	2.2	5.1
A	19.2	13.5	32.7
BBB	16.0	11.2	27.2
Below investment grade and not rated	0.4	1.6	2.0
Total	39.1	28.6	67.6

Other policyholder and shareholder corporate bonds – BBB rating category

	US\$ billions	% of total
BBB+	4.4	39%
BBB	4.4	39%
BBB-	2.4	22%
Total	11.2	100%

Other policyholder and shareholder corporate bonds by geography

	US\$ billions	% of total
Asia Pacific	19.4	68%
United States	5.3	19%
Other	3.9	13%
Total	28.6	100%

Other policyholder and shareholder corporate bonds by sector

	US\$ billions	% of total
Energy	2.5	9%
Materials	1.2	4%
Industrials	3.6	13%
Consumer discretionary	1.3	5%
Consumer staples	1.0	3%
Healthcare	0.9	3%
Financials – Banks	5.2	18%
Financials – Financial services	4.2	15%
Financials – Insurance	0.9	3%
Real estate	2.5	9%
Information technology	1.0	3%
Communication services	2.2	8%
Utilities	2.1	7%
Total	28.6	100%

AIA China's other policyholder and shareholder investment portfolio

	US\$ billions	% of total
Fixed income	32.5	83%
Government and government agency bonds	30.4	77%
Corporate bonds	1.9	5%
Structured securities and loans and deposits	0.2	1%
Equities	5.2	13%
Real estate	0.9	2%
Others	0.8	2%
Total invested assets	39.4	100%

Notes:

- (1) Due to rounding, numbers presented in the tables may not add up precisely.
- (2) Please refer to page 231 of our Annual Report 2024 for the definition of the 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", "target", "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, 30 April 2025

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, Dr. Narongchai AKRASANE, Mr. Cesar Velasquez PURISIMA, Ms. SUN Jie (Jane), Ms. Mari Elka PANGESTU, Mr. ONG Chong Tee and Ms. Nor Shamsiah MOHD YUNUS