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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 2022 NEW BUSINESS HIGHLIGHTS

AIA REPORTS NEW BUSINESS RESULTS FOR THE FIRST QUARTER OF 2022

HONG KONG, 29 April 2022 – AIA Group Limited (the “Company”; stock code: 1299) announces new business indicators for the first quarter ended 31 March 2022.

KEY FINANCIAL SUMMARY

Growth rates are shown on a constant exchange rate basis.

- Value of new business (VONB) of US\$853 million, down 18 per cent
- New business sales regaining momentum as Omicron infections subside
- Annualised new premiums (ANP) reduced by 7 per cent to US\$1,567 million
- VONB margin down 7.6 pps to 54.4 per cent
- Total weighted premium income (TWPI) up 5 per cent to US\$9,948 million

US\$ millions, unless otherwise stated	1Q 2022	1Q 2021	YoY CER	YoY AER
Value of new business (VONB)	853	1,052	(18)%	(19)%
VONB margin	54.4%	61.6%	(7.6) pps	(7.2) pps
Annualised new premiums (ANP)	1,567	1,703	(7)%	(8)%
Total weighted premium income (TWPI)	9,948	9,663	5%	3%

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

“AIA’s geographically diversified portfolio of businesses is well positioned to capture the long-term opportunities across Asia, the world’s most attractive region for life and health insurance. While the Omicron variant of COVID-19 caused a temporary disruption to new business sales in the first quarter of 2022 as we previously highlighted, our businesses are regaining momentum where infections have passed their peak and disruptions have begun to subside.

“Our significant investments in technology, digital and analytics are enabling our businesses to successfully adapt to the complex and fluid operating environment, helping to progressively reduce the impact on our sales from successive waves of the pandemic. Supported by our digital tools and remote capabilities, our businesses outside Mainland China and Hong Kong delivered VONB in the first quarter of 2022 that was 50 per cent above the level achieved in the first wave of the pandemic during the second quarter of 2020.

“I am confident that our consistent focus on the execution of our strategy will deliver long-term growth and sustainable value for all of our stakeholders as we help millions more people live Healthier, Longer, Better Lives.”

SUMMARY FOR THE FIRST QUARTER

In the first quarter of 2022, the Omicron variant drove unprecedented levels of COVID-19 infections and a temporary disruption to new business sales across many of our markets. While the timing has varied by market, in most cases daily infections increased exponentially and subsequently fell rapidly, limiting the duration of the most significant sales disruption. In markets where infections have fallen substantially from their peak, we have seen sales activity rebound.

AIA China remained the largest contributor to the Group in the first quarter of 2022. As previously reported, a regulatory change in February 2021 accelerated demand for traditional protection and drove an exceptional first quarter. While VONB margin declined as strong sales of long-term savings maintained the more balanced product mix of the second half of last year, we delivered an increase in ANP compared to the first quarter of 2021.

Our new initiatives supported a double-digit increase in new recruits for AIA China compared with the first quarter of 2021, building on the strong recruitment momentum we achieved in the second half of last year. We have also continued to make strong progress in our geographical expansion with our new branch in Wuhan, Hubei, commencing sales in the first quarter of 2022 and contributing to excellent VONB growth across our new geographies.

While the high volume of COVID-19 infections drove widespread social distancing and economic disruption during the first quarter of 2022, our reportable segments outside Mainland China delivered a resilient performance in aggregate with an 8 per cent decline in VONB compared with the excellent result achieved in the first quarter of 2021.

AIA Hong Kong reported an increase in VONB compared to the first quarter of 2021, supported by growth from both our Premier Agency and partnership channels. While travel across the Hong Kong border remains subject to restrictions, we achieved a substantial increase in VONB from sales to Mainland Chinese visitors through our Macau branch.

Overall, VONB margin decreased by 7.6 pps to 54.4 per cent, driven mainly by a shift in Mainland China to a more balanced product mix as well as increased acquisition expense overruns resulting from the Group's reduced sales volumes. The long-term investment return assumptions used to calculate VONB remain unchanged from those shown in our Annual Report 2021. Margin reported on a present value of new business premium (PVNBP) basis remained at 10 per cent. ANP of US\$1,567 million declined by 7 per cent while TWPI increased by 5 per cent to US\$9,948 million over the same period.

On 8 April 2022, the Hong Kong Insurance Authority granted approval for AIA to early adopt the Hong Kong Risk-based Capital (HKRBC) regime from 1 January 2022. While we have calculated VONB for the first quarter of 2022 under both the HKRBC basis and the new China Risk-Oriented Solvency System phase 2 (C-ROSS II) basis, the impacts were immaterial.

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.

Global economic growth continued in the first quarter of 2022 although supply-side disruptions, labour shortages and high energy prices are fuelling rising consumer inflation and interest rates. The current geopolitical tensions are also creating volatility in global capital markets.

While we expect new COVID-19 variants to continue to emerge, we are cautiously optimistic that the success of vaccination programmes and new therapeutics will further reduce the severity of illness.

We are confident that the continued execution of our strategic priorities will build on our strong track record of growth and generate long-term sustainable value for shareholders.

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 2022 and 2021 ended on 31 March 2022 and 31 March 2021, 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 2022 and 2021.
3. Long-term investment return assumptions used in the embedded value (EV) basis for the first quarter 2022 results are the same as at 31 December 2021 shown in the supplementary embedded value information in our Annual Report 2021. Non-economic assumptions used in the EV basis are based on those as at 31 December 2021, 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.
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).
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.
TWPI does not include any contribution from Tata AIA Life and China Post Life.
8. For further details on the adoption of the Hong Kong Risk-based Capital regime, please refer to our Annual Report 2021.
9. 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.
10. The results of Tata AIA Life are accounted for the three-month period ended 31 December 2021 in AIA's consolidated results for the first quarter ended 31 March 2022.

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.

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\$340 billion as of 31 December 2021.

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 39 million individual policies and over 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 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.

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, 29 April 2022

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 AKRASANE, Mr. Cesar Velasquez PURISIMA and Ms. SUN Jie (Jane)