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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**

## **THIRD QUARTER 2021 NEW BUSINESS HIGHLIGHTS**

**AIA REPORTS NEW BUSINESS RESULTS**  
**VALUE OF NEW BUSINESS UP 15 PER CENT FOR THE NINE MONTHS**  
**ENDED 30 SEPTEMBER 2021**

**HONG KONG, 12 November 2021** – AIA Group Limited (the “Company”; stock code: 1299) today announces key new business indicators for the nine months ended 30 September 2021.

**KEY FINANCIAL SUMMARY**

Growth rates are shown on a constant exchange rate basis.

- Value of new business (VONB) of US\$2,549 million, up 15 per cent
- Annualised new premiums (ANP) up 6 per cent to US\$4,309 million
- VONB margin up 5.1 pps to 58.9 per cent
- Total weighted premium income (TWPI) up 3 per cent to US\$27,463 million

US\$ millions, unless otherwise stated	Nine months ended 30 September				Three months ended 30 September			
	2021	2020	YoY CER	YoY AER	2021	2020	YoY CER	YoY AER
VONB	<b>2,549</b>	2,116	<b>15%*</b>	20%	<b>735</b>	706	<b>2%</b>	4%
VONB margin	<b>58.9%</b>	53.4%	<b>5.1 pps</b>	5.5 pps	<b>58.5%</b>	51.6%	<b>6.6 pps</b>	6.9 pps
ANP	<b>4,309</b>	3,938	<b>6%</b>	9%	<b>1,249</b>	1,359	<b>(10)%</b>	(8)%
TWPI	<b>27,463</b>	25,723	<b>3%</b>	7%	<b>8,952</b>	8,797	<b>1%</b>	2%

\* VONB increased by 20 per cent on a like-for-like basis as per Note 6.

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

“AIA has reported strong VONB growth of 15 per cent for the nine months ended 30 September. We have maintained good momentum and delivered very strong VONB growth of 20 per cent on a like-for-like basis. Excluding Hong Kong, where sales to Mainland Chinese visitors remain extremely limited due to ongoing travel restrictions, the Group’s VONB exceeded the pre-pandemic level of the first nine months of 2019.

“In Mainland China, we are making good progress growing our Premier Agency in our new cities and I am delighted that AIA China has recently received regulatory approval to commence operations in Wuhan, Hubei. I am also encouraged by the early positive results from our new bancassurance partnership with The Bank of East Asia in Mainland China and Hong Kong.

“Across the Group, we are leveraging the power of technology, digital and analytics to enable the execution of our strategic priorities and further extend our competitive advantages. While the pandemic continues to disrupt some of our markets, AIA’s performance demonstrates the benefits of our diversification across Asia and the resilience of our business model that has been enhanced by technology.

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

## **SUMMARY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

In the first nine months of 2021, VONB of US\$2,549 million for the Group increased by 15 per cent compared to the corresponding period in 2020. We have maintained good momentum and delivered very strong VONB growth of 20 per cent on a like-for-like basis. VONB for the Group outside Hong Kong remained above the pre-pandemic level of 2019.

AIA China continued to be the largest contributor to the Group's VONB and delivered double-digit VONB growth in the first nine months of 2021 on a like-for-like basis. Our differentiated Premier Agency model has generated significantly higher agent productivity compared to the first nine months of 2020. Average agent incomes have exceeded the pre-pandemic levels of 2019, supporting agent recruitment and retention. While traditional protection products remain the largest contributor to our VONB, we have achieved strong sales from our expanded suite of long-term savings products as we deepen our share of customer wallet. We continue to make good progress as we establish and grow our Premier Agency in new cities to AIA China. We also recently received approval from the China Banking and Insurance Regulatory Commission Hubei Bureau to commence operations in Wuhan, Hubei.

Our business in Hong Kong reported very strong VONB growth, driven by an excellent performance from our domestic customer segment. Sales to Mainland Chinese visitors remained limited as a result of ongoing travel restrictions. Over the first nine months of 2021, our Premier Agency has delivered sequential VONB growth quarter by quarter. We also achieved strong growth in our bancassurance channel, supported by an encouraging start from our new partnership with The Bank of East Asia that commenced in early July.

Both AIA Singapore and AIA Malaysia delivered VONB growth for the first nine months of 2021. In the third quarter of 2021, tighter pandemic restrictions contributed to reduced VONB compared to the very strong performances from both businesses in the third quarter of 2020. Supported by increased adoption of digital tools, we have grown active agent numbers and productivity in our Premier Agency in both markets.

Excluding AIA Vietnam, VONB from Other Markets in the first nine months of 2021 was above the corresponding period in 2020 on a like-for-like basis. The more infectious Delta variant of COVID-19 has had a significant effect on several markets within this reportable segment during the third quarter of 2021. Vietnam experienced unprecedented levels of infection and lockdowns compared to a largely unaffected third quarter in 2020. While significantly higher adoption of remote sales processes helped to mitigate the impacts of pandemic restrictions on sales activity, VONB from Other Markets was slightly lower in the first nine months of 2021 on a like-for-like basis.

AIA Thailand has delivered excellent VONB growth, driven by strong performances from both our agency and bancassurance channels. Our very strong growth momentum of the first half of 2021 has continued in the third quarter.

Overall, VONB margin for the first nine months of 2021 of 58.9 per cent increased 5.1 pps, driven by product mix shift, reduced acquisition expense overruns and higher government bond yields. The VONB margin is stated net of acquisition expense overruns, and the long-term investment return assumptions remain unchanged from those shown in our Annual Report 2020. Margin reported on a present value of new business premium (PVNBP) basis was 10 per cent, an increase from 9 per cent for the first nine months of 2020. ANP of US\$4,309 million increased by 6 per cent and TWPI increased by 3 per cent to US\$27,463 million over the same period.

## **OUTLOOK**

Rising incomes, low levels of private insurance penetration and limited social welfare coverage continue to drive structural demand for AIA's insurance products across Asia. Our substantial competitive advantages enable us to leverage this demand to generate sustainable long-term growth. While the global economy has recovered strongly in 2021, the ongoing effects of the pandemic have slowed the pace of growth in the third quarter. We continue to see disruption from pandemic restrictions and increased claims in some of our markets, particularly where vaccination levels are low. Despite near-term uncertainty, we are confident that the execution of our strategic priorities will build on our strong track record of growth and generate long-term shareholder value.

## **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 third fiscal quarter of 2021 and 2020 ended on 30 September 2021 and 30 September 2020, 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 2021 and 2020.
3. Long-term investment return assumptions used in the embedded value (EV) basis for the third quarter 2021 results are the same as at 31 December 2020 shown in the supplementary embedded value information in our Annual Report 2020. Non-economic assumptions used in the EV basis are based on those as at 31 December 2020, updated to reflect AIA's latest view of expected future experience.
4. VONB is calculated based on assumptions applicable at the point of sale. Starting from 2021, the risk margins assumed in the VONB calculations are determined at a product level to better reflect the market and non-market risks associated with the mix of products sold during the reporting period, as previously announced in our Annual Report 2020.

VONB for the Group excludes VONB attributable to non-controlling interests.

ANP and VONB for Other Markets include the results from 49 per cent shareholding in Tata AIA Life Insurance Company Limited (Tata AIA Life).

5. VONB includes pension business. ANP and VONB margin exclude pension business and are before deduction of non-controlling interests.
6. Throughout the quarterly new business highlights announcement, growth on a like-for-like basis refers to the exclusion of the 5 per cent withholding tax applied since July 2020 for AIA China following subsidiarisation, the exclusion of the Mainland Chinese visitor customer segment in our Hong Kong business and the exclusion of the one-off contribution from Commonwealth Bank of Australia (CBA) in the first quarter of 2020 for Other Markets.
7. ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded and excluding pension business.
8. 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.
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 30 June 2021 in AIA's consolidated results for the third quarter ended 30 September 2021. For clarity, TWPI does not include any contribution from Tata AIA Life.

## 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\$330 billion as of 30 June 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, 12 November 2021

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