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Media Release

AIA ANNOUNCES VERY STRONG FINANCIAL RESULTS FOR 2021 AND A US\$10.0 BILLION SHARE BUY-BACK PROGRAMME

**VALUE OF NEW BUSINESS UP 18 PER CENT
EV EQUITY UP 13 PER CENT TO US\$75.0 BILLION
TOTAL DIVIDEND UP 8 PER CENT**

Hong Kong, 11 March 2022 – The Board of AIA Group Limited (the “Company”; stock code: 1299) is pleased to announce the Group’s financial results for the year ended 31 December 2021.

Growth rates are shown on a constant exchange rate basis:

New business performance

- Value of new business (VONB) up 18 per cent to US\$3,366 million
- VONB growth in all reportable segments on a like-for-like basis⁽¹⁾
- Annualised new premiums (ANP) up 6 per cent to US\$5,647 million
- VONB margin up 6.3 pps to 59.3 per cent

Earnings and capital

- Underlying free surplus generation (UFSG) of US\$6,451 million, up 8 per cent
- Embedded value (EV) operating profit up 7 per cent to US\$7,896 million
- Operating profit after tax (OPAT) increased by 6 per cent to US\$6,409 million
- Free surplus up US\$3.6 billion to US\$17.0 billion; US\$24.8 billion on a pro forma basis⁽²⁾
- EV Equity reached a new high of US\$75.0 billion, up 13 per cent
- Shareholders’ allocated equity of US\$52.1 billion, up 11 per cent
- Group Local Capital Summation Method (LCSM) cover ratio⁽³⁾ of 399 per cent

Dividends and share buy-back programme

- Final dividend of 108.00 Hong Kong cents per share
- Total dividend of 146.00 Hong Kong cents per share, up 8 per cent
- Share buy-back programme of US\$10.0 billion⁽⁴⁾

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

“AIA has delivered very strong results in 2021 with VONB up by 18 per cent and growth in all of our key financial metrics including a new high for EV Equity of US\$75.0 billion. On a like-for-like basis, VONB for the Group outside Hong Kong exceeded pre-pandemic levels and all of our reportable segments grew VONB year-on-year. Our financial position continues to be very strong with pro forma free surplus of US\$24.8 billion.

“The Board has recommended a final dividend of 108.00 Hong Kong cents per share which increases the total dividend by 8 per cent. This follows AIA’s established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

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“As a result of our very strong financial position, the Board has approved a return of capital to shareholders of up to US\$10.0billion to be conducted through a share buy-back programme over the next three years. The share buy-back represents capital accumulated over time that is surplus to our needs, allowing for capital market stress conditions and retention of capital for strategic and financial flexibility. This capital return programme enhances shareholder returns while retaining the financial strength that allows AIA to continue investing in the significant growth opportunities available to us with confidence.

“Our focus on profitable growth continued to deliver attractive returns and, since our IPO, our new business investment of US\$16.2 billion has increased the value of future distributable earnings for shareholders by US\$44.5 billion. In 2021, we also committed US\$2.4 billion to additional growth opportunities, further increasing our exposure to the highly-attractive Chinese life insurance market through our investment in China Post Life Insurance Co., Ltd. (China Post Life) and extending our distribution by partnering with The Bank of East Asia, Limited (BEA). In addition, we are investing up to US\$1.5 billion by 2023 as we transform our use of technology, digital and analytics across the Group to support our future growth ambitions.

“AIA China was again the largest contributor to the Group’s VONB and delivered a 10 per cent increase on a like-for-like basis, driven by a very strong double-digit increase in agent productivity in 2021. While active agent numbers declined slightly in the first half, our initiatives successfully supported a significant increase in recruitment and returned our differentiated agency to growth in the second half. The Chinese life insurance market remains significantly underpenetrated, offering tremendous growth potential for AIA. We see significant additional opportunities to help customers save for their long-term financial needs including retirement. Our new suite of long-term savings propositions are helping us to attract new customers and to deepen our share of wallet with existing customers.

“AIA China is uniquely positioned to leverage the growth potential of the Chinese life insurance market. Following the launch of our Sichuan branch in March 2021, our new branch in Hubei province opened for business in January 2022. We are making strong progress as we establish and grow our Premier Agency in new geographies with a 74 per cent increase in VONB on a like-for-like basis from Tianjin, Shijiazhuang and Sichuan compared to 2020. AIA China is taking advantage of changes to bancassurance models in Mainland China and we launched our exclusive partnership with BEA in 2021. We have also signed a new bancassurance partnership with Postal Savings Bank of China Co., Ltd in February 2022.

“Our business in Hong Kong delivered excellent VONB growth of 37 per cent in 2021, driven by our domestic customer segment. While the Individual Visit Scheme with Mainland China remained suspended for Hong Kong throughout 2021, the scheme has resumed for Macau supporting excellent growth in sales to Mainland Chinese visitors for our Macau branch compared to 2020. Supported by momentum from the launch of new flagship products, AIA Hong Kong achieved very strong growth from both our agency and bancassurance channels. Our new partnership with BEA has delivered a strong performance since launching in July 2021 and contributed to the excellent growth of our bancassurance channel. In March 2022, we announced the deepening of our partnership with BEA and the acquisition of Blue Cross (Asia-Pacific) Insurance Limited to accelerate our health and wellness strategy in Hong Kong.

“AIA Thailand delivered 34 per cent growth in VONB for 2021, reflecting a proactive shift in product mix to regular premium unit-linked and protection products and double-digit growth in both our agency and partnership distribution channels. Our business in Singapore reported 6 per cent VONB growth for 2021 as increased adoption of digital tools by agents helped mitigate the impact from tighter pandemic restrictions in the second half.

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“AIA Malaysia achieved a 26 per cent increase in VONB, supported by double-digit growth in both agency and partnership distribution channels and excellent growth from our Takaful business. Other Markets delivered higher VONB in 2021 on a like-for-like basis as double-digit growth in the first half was offset by strict pandemic containment measures in the second half.

“In 2021, we accelerated the delivery of our key strategic priorities as we transform AIA into a simpler, faster, more connected organisation. Rapid adoption and scaling of technology, digital and analytics throughout the Group has been critical in our successful navigation through the pandemic and enables us to create significant new growth opportunities through digitally-led models, drive higher productivity of our distribution channels and deliver greater efficiency and improved customer experience.

“I am delighted that we have completed our investment in a 24.99 per cent equity stake of China Post Life, a leading bank-affiliated life insurer focused on bringing financial protection to the mass and emerging mass-affluent segments in Mainland China. This is a significant step for AIA and further increases our exposure to the highly-attractive Chinese life insurance market. This investment is complementary to AIA China’s strategy that focuses on middle-class and affluent customers, and will allow AIA to benefit from growth in Mainland China more broadly across customer segments.

“In February 2022, we announced the establishment of an innovative digital Health InsurTech and services business called Amplify Health, in partnership with Discovery Limited (Discovery), our long-standing partner in AIA Vitality. There are tremendous opportunities for Amplify Health with total healthcare expenditure in our markets expected to exceed US\$4 trillion in 2030. We are bringing together the best of both companies – AIA’s strong brand, unrivalled distribution platform and execution capabilities with Discovery’s proven technology, and more than three decades of intellectual property and health expertise. Our vision is for Amplify Health to transform how individuals, corporates, payors and providers experience and manage health insurance and healthcare delivery, improving the health and wellness outcomes of patients and communities across Asia.

“AIA aims to be a global industry leader in Environmental, Social and Governance (ESG) as we shape a more sustainable future for our communities in Asia. In 2021, we made significant progress towards our ambition with the announcement of our new ESG strategy and the entire divestment of our directly-managed listed equity and fixed income exposure to coal mining and coal-fired power businesses, seven years ahead of schedule. In December, we also committed to achieving net-zero greenhouse gas emissions by 2050.

“Our dedicated teams have made excellent progress in 2021, further strengthening AIA’s position and competitive advantages. I am confident that the long-term prospects for all of our businesses remain exceptionally bright, driven by the strong domestic drivers of demand and major demographic trends in Asia. We will remain focused on the delivery of our Purpose to help 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 2021:

AIA Singapore delivered growth in Value of New Business (VONB) of 6 per cent for the year. The strong performance in the first half of 2021 was offset by slower sales activity in the second half due to stricter COVID-19 containment measures from May 2021.

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- IFRS Operating Profit After Tax (OPAT) increased by 13 per cent, driven by growth in our in-force portfolio and increased investment returns in 2021.
- Total Weighted Premium Income (TWPI) achieved 8 per cent growth buoyed by recovery in new business and steady growth in renewal premiums.
- Annualised New Premium (ANP) grew by 3 per cent, as double-digit growth in our agency channel was offset by a reduction in new business from our partnership distribution channel. VONB margin improved by 1.4 pps to 64.7 per cent and remains at a healthy level.

Our agency business continues to be the key contributor to the business growth despite the challenging external environment. Leveraging AIA's digital capabilities, our Premier Agency strategy delivered an increase in the number of active agents and further improvements in tied-distribution productivity. This was aided by iSMART, our interactive mobile super-app, which integrates cross-functional capabilities into a single, seamless experience enabling our AIA Insurance Representatives to nurture deeper relationships with customers. This includes sharing of marketing content with customised URLs through iSMART and has helped generate close to 200,000 leads for our tied-distribution force. The increased adoption of iSMART has helped generate over US\$70 million of ANP since launch.

AIA Singapore's Corporate Solutions channel also delivered strong double-digit growth in VONB and remains as the top Employee Benefits insurer in Singapore with over S\$590 million in-force premiums. We won the Best Employee Insurance Provider (Gold) Award presented by HR Vendors of the Year for the sixteenth consecutive year and the Best Response to COVID-19 (Silver) Award, reinforcing our leadership position in protecting the holistic health and wellness needs of the Singapore workforce.

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

"AIA Singapore delivered strong performance, reporting growth in IFRS Operating Profit After Tax (OPAT) and Total Weighted Premium Income (TWPI), supported by our digital-first ecosystem and strategy that has equipped our AIA Insurance Representatives with the necessary tools to better engage with customers every step of the way.

As we continue to navigate through the ongoing COVID-19 pandemic, AIA remains steadfast in our commitment to enable healthier, longer, better lives for everyone. We continue to put our customers at the heart of everything we do, and find new ways to make positive environmental, social and governance impact.

In 2021, we marked an important milestone for AIA Singapore – celebrating 90 years of caring for generations of Singaporeans. We celebrated our 90th anniversary with a renewed and expanded brand promise to make positive impact on Singapore's environment, with the launch of a new green pledge. The pledge is the largest contribution by an organisation to the OneMillionTrees movement and Garden City Fund's Plant-A-Tree programme to date. AIA Better Lives Fund was also launched to raise funds to support disadvantaged children, youths and their families, giving them greater access to education, growth and development.

We leverage our strategic focus areas of Technology, Digital and Analytics to enhance and transform our digital capabilities to provide high-tech, high-touch and high-trust services to meet our customers' evolving health and wealth needs:

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- Our award-winning AIA Claims EZ platform, together with our customer self-service portal My AIA SG, delivers a seamless, end-to-end online experience for our customers, from appointment booking, pre-authorisation, to claims submission and settlement. Awarded with a total of six awards in 2021, AIA Claims EZ harnesses artificial intelligence and supervised machine learning technologies to automatically assess and process claims without human intervention. With this, we are able to pay claims directly to customers' bank account within one to four working days, giving our customers peace of mind to focus on their recovery.
- We also launched Xplore with Ally, our multi-needs financial calculator last November. Designed to help today's digitally savvy customers get a better understanding of their priorities and financial needs, and initiate conversation with their AIA Insurance Representatives.

As a result of our concerted efforts in enhancing digital capabilities to better support our customers and AIA Insurance Representatives, we saw an improvement of 14 pps in our Customer Satisfaction Score (CSAT) from 69 per cent in 2019 to 83 per cent in our 2021 Customer Relationship Survey.

As we forge ahead as a people-first and customer-centric organisation, AIA Singapore remains committed to protecting Singaporeans and enabling them to live healthier, longer, better lives. We will continually develop valuable holistic propositions to care for their wealth and well-being.”

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About AIA Group

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.

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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Notes:

- (1) 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 and the exclusion of the one-off contribution from Commonwealth Bank of Australia (CBA) in the first quarter of 2020 for Other Markets.
- (2) Pro forma free surplus as at 31 December 2021 assumes immediate adoption of the new Hong Kong Risk-based Capital regime and the release of existing additional resilience margins held by the Group.
- (3) In 2021, the Hong Kong Insurance Authority implemented the new group-wide supervision (GWS) framework. On 14 May 2021, AIA Group Limited became a designated insurance holding company and is therefore subject to the GWS framework in Hong Kong, including the Insurance (Group Capital) Rules. The Group LCSM cover ratio is the ratio of group available capital to group minimum capital requirement based on the Local Capital Summation Method (LCSM).
- (4) Please refer to our separate announcement on the share buy-back programme for details.
- (5) Hong Kong SAR refers to the Hong Kong Special Administrative Region.
- (6) Macau SAR refers to the Macau Special Administrative Region.