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## Media Release

### AIA REPORTS FINANCIAL RESULTS FOR THE FIRST HALF OF 2020

**5 PER CENT INCREASE IN INTERIM DIVIDEND**

**5 PER CENT GROWTH IN OPERATING PROFIT; VALUE OF NEW BUSINESS DOWN 37 PER CENT**

**STRONG SOLVENCY RATIO OF 328 PER CENT**

**HONG KONG, 20 August 2020** – AIA Group Limited (the “Company”; stock code: 1299) today announces a resilient financial performance for the six months ended 30 June 2020.

Operating profit after tax (OPAT) increased by 5 per cent to US\$2,933 million, reflecting the quality and growth of in-force business.

While value of new business (VONB) of US\$1,410 million was lower in the first half, the Group has delivered very strong month-on-month VONB growth in markets as they emerged from COVID-19 containment measures.

The Group’s financial position remained strong and robust with 11 per cent growth in underlying free surplus generation and the solvency ratio on the HKIO basis for AIA Company Limited (AIA Co.) was 328 per cent.

The Board has declared a 5 per cent increase in the interim dividend to 35.00 Hong Kong cents per share. This reflects both the Group’s strong financial position and the unprecedented macroeconomic and capital markets environment caused by COVID-19.

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

“I am extremely proud of the way AIA’s businesses have responded with speed and compassion to the challenges brought by the COVID-19 pandemic, and provided uninterrupted support to our customers and communities. I am grateful for their dedication, collaboration and contributions in these unprecedented times.

“We saw very strong signs of recovery in new business sales from our markets as containment measures were eased. The growth in operating profit after tax and underlying free surplus generation demonstrates the resilience of our large and growing in-force portfolio and solvency for AIA Co. remains strong. The Board has declared a 5 per cent increase in the interim dividend following our prudent, sustainable and progressive dividend policy allowing for future growth opportunities and the financial flexibility of the Group.

“Since I assumed the role of Group Chief Executive and President in June, I have been working closely with the senior leadership team across the Group to develop and implement our strategic plans. We will build on our significant competitive advantages and transform AIA into a simpler, faster, more connected organisation. We will provide personalised and meaningful propositions for our customers, backed by exceptional technology and digital tools to deliver outstanding service. I am incredibly excited to embark on the next successful chapter in AIA’s history and to continue to deliver long-term sustainable value for our shareholders.”

*\*All growth rates are shown on a constant exchange rate basis unless otherwise stated.*

**AIA Singapore's Business Results in the First Half of 2020:**

AIA Singapore reported a strong performance in the first quarter of 2020, which was offset by the impact from the Circuit Breaker imposed in the second quarter of 2020, resulting in a 24 per cent decline in Value of New Business (VONB). Despite the lower level of new business, Operating Profit After Tax (OPAT) recorded growth.

- IFRS OPAT increased 11 per cent due to earnings from our in-force portfolio, the additional earnings from new business, and reduced claims from the deferment of all non-essential medical services during the period of strict containment measures in the second quarter.
- Total Weighted Premium Income (TWPI) achieved 6 per cent growth supported by strong growth in renewal premiums.
- AIA Singapore reported US\$127 million of VONB in the first half of 2020. Annualized New Premium (ANP) experienced a 17 per cent reduction while VONB margin decreased by 5.5 per cent, driven primarily by the impact of acquisition expense overruns that reflect the sudden large reduction in sales and a higher proportion of single premium unit-linked business.

We remain committed in executing our differentiated Premier Agency strategy to propel our agency business to the next level. In response to the prohibition of face-to-face meetings during the Circuit Breaker, we enhanced our digital sales processes by introducing an end-to-end remote sales capability in April that enables our agents to conduct sales remotely with customers while working from home during the Circuit Breaker. Even as restrictions eased in June, more than 80 per cent of cases sold through our agency continued to be closed on the new digital platform, which highlights the ability of our professional agency to quickly adopt new technology. During the first half of 2020, we launched iSmart, a mobile application which provides our agents with digital tools and curated content to grow and leverage their social media presence. We also maintained our market leadership in agency distribution for the sixth consecutive year, with the largest number of MDRT registered members in Singapore and globally.

Our exclusive bancassurance partnership with Citibank has historically served onshore and offshore customers. In the first half of 2020, the offshore segment was particularly impacted by border controls that were implemented in January. Combined with the impact of the Circuit Breaker on the onshore customer segment, our partnership distribution saw a double-digit decline in VONB for the second quarter.

We maintained the market leadership position of employee benefits insurance in Singapore in terms of new and in-force premiums. COVID-19 has presented an opportunity for AIA to further encourage customers to use our interactive eBenefits portal to access their employee medical insurance benefits, in addition to Whitecoat, an on-demand telemedicine services covering diagnosis, treatment, medical referrals, and delivery of medication.

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

"AIA Singapore reported growth in both IFRS Operating Profit After Tax (OPAT) and Total Weighted Premium Income (TWPI), despite the challenges posed during this unprecedented time.

Even though our new business declined during the Circuit Breaker period, our fundamentals remained unchanged and we will emerge more resilient from this. We are more determined than ever to provide positive personalised experiences for customers to plan for theirs and their family's future and ensure everyone is sufficiently protected in all areas.

While the COVID-19 pandemic situation has been a catalyst to accelerate enhancements to our digital capabilities, AIA Singapore has long been focused on innovating and harnessing our assets for more meaningful customer experiences. We will explore further digital innovations to ensure a more seamless,

digital-led, and high touch customer journey from end to end, so we can continue to support customers through good times and bad no matter the circumstances.

It's with thanks to our people that we can do this, and our business remains strong; taking care of them remains one of our key priorities:

- Our representatives succeeded in adopting remote sales capability within a short period of time, and rose to the occasion in terms of servicing and engaging customers remotely without any disruptions, giving customers peace of mind when they need us the most. To better support our representatives during this time, we rolled out several initiatives including training and upskilling opportunities
- To ensure our employees' holistic wellbeing, we introduced a work from home assistance scheme, extended flexible work from home arrangements, and virtual sessions on fitness and mental wellness, so our employees are better placed to take care of themselves and their loved ones physically and mentally in this trying time.

Key initiatives launched in 2020, where we embraced innovation, adapted to industry shifts, and transformed to meet customers' evolving needs, include:

- **Covering the costs of 50,000 video medical consultations provided by WhiteCoat, an on-demand tele-medicine provider, for all policyholders of AIA HealthShield Gold Max, a MediSave-approved Integrated Shield Plan** – Individuals who require professional medical advice can engage WhiteCoat's Singapore-registered doctors from the comfort of their own home, exclusively via the AIA Healthcare App. This is part of a series of proactive initiatives from AIA Singapore to protect individuals and families from COVID-19 and to provide policyholders with peace of mind and continued access to quality healthcare.
- **Offering free COVID-19 coverage for 2.6 million existing eligible individual customers, corporate members, employees and AIA Representatives** – The automatic additional coverage, part of AIA Singapore's proactive efforts to protect individuals against the ongoing public health threat posed by COVID-19, reaffirms AIA's promise of helping all Singaporeans live healthier, longer, better lives.
- **Continuing to enhance leading health and wellness programme, AIA Vitality** – Even amid a pandemic, AIA Vitality continues to help customers make real and positive changes to their health for the long term. AIA Vitality yielded strong clinical outcomes <sup>1</sup> for members including improvements in glucose levels, heart rate, cholesterol levels and BMI. Ongoing enhancements to the AIA Vitality programme will look to double down on its personalised and holistic approach to help members make an even bigger difference to their health.
- **Empowering the community to live healthier even from a distance with AIA Live** – On 2 August 2020, AIA hosted AIA Live, an online wellness event where AIA Global Ambassador David Beckham, award-winning chef Jeremy Pang and celebrities from across Asia Pacific came together to explore how to achieve healthier, longer, better lives. Local personalities Andie Chen, Andrew Marko, and Amanda Chaang were part of the exciting line-up for the day, which covered

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<sup>1</sup> Metrics improvements tabulated based on members' first submission and latest submission of their health screening results:

- 51% improved their blood pressure
- 39% improved their cholesterol levels
- 66% improved their glucose levels
- 16% improved their body mass index (BMI) readings

multiple aspects of health and wellness including sessions on fitness, meditation, making healthier meals, body positivity, and more.

- **Exploring how insurance solutions can help High-Net-Worth Individuals with their overall wealth management** – AIA Singapore together with EY released a report providing new insights into High-Net-Worth Individuals, in the context of their views and adoption of insurance solutions. The report identifies specific challenges faced by HNWI's and explores how insurance solutions can help this segment with their wealth and legacy planning.

Our customers remain at the heart of everything we do at AIA. While we continue to face challenges posed by the COVID-19 pandemic, we will work even harder to assure our customers that AIA Singapore is here for them, enabling them and their loved ones to live healthier, longer, better lives.

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## **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 in Asia-Pacific – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR<sup>(1)</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Taiwan (China), Vietnam, Brunei, Macau SAR<sup>(2)</sup>, New Zealand, a 99 per cent subsidiary in Sri Lanka, 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 the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$291 billion as of 30 June 2020.

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-Pacific, AIA serves the holders of more than 36 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. Hong Kong SAR refers to Hong Kong Special Administrative Region.
2. Macau SAR refers to Macau Special Administrative Region.