



友邦保險控股有限公司
香港中環干諾道中一號
友邦金融中心三十五樓

AIA Group Limited
35/F, AIA Central
1 Connaught Road Central
Hong Kong
T: (852) 2832 6166
F: (852) 2838 2005
AIA.COM

Media Release

AIA REPORTS FINANCIAL RESULTS FOR 2019

VALUE OF NEW BUSINESS UP 6 PER CENT; UP 16 PER CENT EXCLUDING HONG KONG OPERATING PROFIT UP 9 PER CENT; FINAL DIVIDEND UP 10 PER CENT

HONG KONG, 12 March 2020 – AIA Group Limited (the “Company”; stock code: 1299) today announces financial results for the year ended 31 December 2019.

Growth rates are shown on a constant exchange rate basis below:

Robust growth in value of new business

- 6 per cent growth in value of new business (VONB) to US\$4,154 million
- 16 per cent growth in VONB excluding Hong Kong
- Annualised new premiums (ANP) up 2 per cent to US\$6,585 million
- VONB margin increased by 3.0 pps to 62.9 per cent

Increased operating profit and attractive returns

- Operating profit after tax (OPAT) up by 9 per cent to US\$5,741 million
- Embedded value (EV) operating profit increased by 6 per cent to US\$8,685 million
- Operating return on EV (operating ROEV) at 15.9 per cent

Strong cash flow and resilient capital position

- EV Equity of US\$63.9 billion and EV of US\$62.0 billion, both up 12 per cent
- Underlying free surplus generation of US\$5,501 million, up 13 per cent
- Free surplus increased to US\$14.9 billion
- Net remittances of US\$3.7 billion
- Solvency ratio for AIA Company Limited (AIA Co.) remained strong at 362 per cent on the HKIO basis, after the effect of the acquisition of The Colonial Mutual Life Assurance Society Limited (CMLA) in Australia

Total dividend up 11 per cent

- 10 per cent growth in final dividend to 93.30 Hong Kong cents per share
- Total dividend of HK\$1.266 per share, up 11 per cent (excluding special dividend in 2018)

Ng Keng Hooi, AIA’s Group Chief Executive and President, said:

“AIA has delivered a resilient performance in 2019, despite a challenging operating environment, with continued growth in all our main financial metrics. Headline VONB growth of 6 per cent was the result of very strong growth in the first half of the year set against a second half significantly affected by social unrest in Hong Kong. VONB grew strongly at 16 per cent excluding Hong Kong. Operating profit after tax increased by 9 per cent, underlying free surplus generation grew by 13 per cent, and EV Equity grew by 12 per cent.

“Our wholly-owned operation in Mainland China once again delivered a very strong performance with 27 per cent growth in VONB. I am also pleased that OPAT from Mainland China exceeded US\$1 billion for the first time, illustrating the attractive financial dynamics of our business. Following the announcement late last year of the further opening of Mainland China to foreign life insurers, we submitted an application for regulatory approval to convert our Shanghai branch into a subsidiary. Subject to regulatory approval,

this will form the new foundation for our geographical expansion plans in Mainland China, which began with the opening of new sales and service centres in Tianjin and Shijiazhuang, Hebei during 2019.

“The 5 per cent VONB reduction in Hong Kong reflected a decline in sales from Mainland Chinese visitors in the second half of 2019, broadly tracking the fall in the number of visitor arrivals as previously highlighted. Our domestic customer segment in Hong Kong continued to deliver a strong performance with double-digit VONB growth for the year.

“VONB growth in Thailand and Malaysia was supported by our Premier Agency strategy and bancassurance partnerships. Other Markets achieved 27 per cent growth in VONB, led by strong performances in Australia, the Philippines and Vietnam.

“AIA’s proprietary agency distribution delivered 11 per cent VONB growth as we focused on our quality recruitment programmes to drive an increase in the number of active agents. Our partnership distribution business reported slightly lower VONB as strong VONB growth in the bancassurance channel was offset by a significant decline from the retail IFA channel in Hong Kong in the second half. Excluding Hong Kong, agency distribution VONB grew by 16 per cent and partnership distribution VONB increased by 19 per cent for the year.

“The Board has recommended a 10 per cent increase in final dividend for 2019 to 93.30 Hong Kong cents per share, following AIA’s established prudent, sustainable and progressive dividend policy allowing for future growth opportunities and the financial flexibility of the Group within the context of the immediate macroeconomic and capital markets environment.

“While our insurance benefits provide financial support to our millions of customers when they need it most, we continue our journey of moving beyond the traditional transaction-focused insurance model towards being a lifelong partner to our customers. The further growth in the membership of our wellness programmes to 1.7 million reflects our commitment to helping millions of people live Healthier, Longer, Better Lives.

“Over the last century, AIA has successfully managed through many different economic cycles. Some of our markets are facing near-term headwinds from the lower interest rate environment and the past two months have seen COVID-19 emerge as a new global risk. We have seen a significant disruption in the Group’s new business sales in the first quarter from reduced face-to-face interactions and have taken a number of proactive measures including a rapid acceleration of digital platforms to further support agency recruitment, training and sales activities. AIA’s agency recruitment pipeline in Mainland China remains strong. Our local businesses in affected areas have also been assisting communities with enhanced benefits and expedited claims procedures. Our thoughts are with the families and communities who have been affected by this public health emergency.

“The strong domestic drivers of demand and major demographic trends in Asia provide powerful structural support for the long-term prospects of AIA’s business. We have unrivalled distribution capabilities and a diversified, high-quality portfolio of businesses across 18 markets, the latest addition being our recently-launched operation in Myanmar, and we are continuing our preparations for further geographical expansion in Mainland China. The need for AIA’s insurance products will continue to grow strongly given rising incomes, low levels of private insurance penetration and limited social welfare coverage and I am confident that AIA is ideally positioned to deliver long-term sustainable growth.”

AIA Singapore's Business Results in 2019:

In 2019, amidst the challenging macroeconomic environment, AIA Singapore delivered profitable performance through our continued focus on regular premium business.

- IFRS Operating Profit After Tax (OPAT) increased 6 per cent to US\$583 million with underlying business growth partly offset by continuing pressure on the profitability of our HealthShield portfolio.
- Total Weighted Premium Income (TWPI) achieved 8 per cent growth supported by increase in regular premiums.
- AIA Singapore reported US\$352 million of Value of New Business (VONB) in 2019 as Annualized New Premium (ANP) was flat compared with 2018, reflecting lower single premium sales in our non-exclusive partnership distribution channels. VONB margin remained consistent at 65.5 per cent.

We are committed to our Premier Agency strategy with an ongoing focus on quality recruitment, professional career development and investing in next-generation integrated digital platforms. Continued execution of our strategic priorities has enabled AIA Singapore to maintain its market leadership in agency distribution with the largest number of MDRT registered members in Singapore. During the year, we delivered an increase in the number of active agents which supported modest VONB growth from our agency.

Our strategic bancassurance partnership with Citibank delivered double-digit VONB growth supported by increased number and higher productivity of insurance specialists from the mass affluent and retail segments. Overall VONB was lower from our partnership distribution as we maintained our disciplined approach to the pricing of single premium high net worth products through our broker and non-exclusive bancassurance channels in the face of strong competitive pressures.

Our group insurance business also had a double-digit VONB growth as we remain the leader in the industry in terms of both new and in-force premiums. In 2019, for the 14th consecutive year, AIA Singapore won the prestigious Best Employee Insurance Provider (GOLD) Award at the HR Vendors of the Year 2019 Awards.

Ensuring the affordability of health protection solutions remains our priority, as we invest in numerous initiatives to support customers throughout their entire health journey. We continued to focus on proactively mitigating the effects of claims inflation on our HealthShield medical insurance portfolio through the introduction of deductibles, active re-pricing and strengthened relationships with key medical providers in the market.

We improved our customers' digital experience with the launch of a new online platform that enables our agents to facilitate all customer requests digitally. We also rolled out major enhancements to our customer app, My AIA SG, with full integration with our award-winning AIA Vitality wellness programme to provide a seamless digital customer experience. My AIA SG has been widely adopted by our customers and over 70 per cent of customer service requests are now submitted and responded to digitally.

Patrick Teow, Chief Executive Officer of AIA Singapore, said:

"AIA Singapore delivered profitable performance, reflected in growth in both IFRS Operating Profit After Tax (OPAT) and Total Weighted Premium Income (TWPI), despite the challenging macroeconomic environment.

Our fundamentals remain strong and we will continue to invest in product innovations and strategic partnerships to deliver on our commitment of helping Singaporeans live healthier, longer, better lives. At AIA, we always have our customers' best interests at heart, and we actively find new ways to make a difference to our customers' lives.

Market-first initiatives launched in 2019 include:

- **Strengthening AIA's wealth management proposition to better serve Singapore's rapidly growing affluent population** – To address a crucial gap for the affluent, AIA Singapore unveiled AIA Platinum Wealth Elite, a single plan to urgently meet the dual needs of wealth accumulation and protection. This innovative product is the first flexible plan in Singapore offering customers potential upside made possible by providing access to a range of funds, managed by AIA's own investments team, and powered by leading institutional investors including Baillie Gifford, Wellington Management, and BlackRock.
- **Supporting the nation's healthcare needs with a focus on protection** – We launched AIA Power Critical Cover, an innovative critical illness (CI) plan offering our most comprehensive protection from diagnosis of pre-early conditions to all stages of critical illness – diagnosis of early, intermediate, major, and relapse – for 175 conditions, the highest in the market. The policy allows continued coverage for multiple illnesses, guaranteed cash value and guaranteed savings to ensure individuals and families remain adequately protected.
- **Driving change for previously unprotected areas** – AIA Singapore marked another milestone as part of its 2019 centennial celebrations by unveiling AIA Beyond Critical Care, Singapore's first-ever CI plan to provide coverage for mental health conditions. Comprehensive support beyond pay-outs includes coverage for recurring CI, and 100 per cent Refund of Premium (ROP) benefit at the end of the policy term for policyholders who remain in the pink of health.
- **Partnering with Singtel to drive wellness in today's digital age** – We announced a strategic partnership with Singtel to leverage digital innovation to inspire Singaporeans to make real changes to their health, with initiatives such as the launch of Singtel's StepUp. This collaboration is the first of its kind between two industry leaders in communications technology and life insurance in Singapore.
- **Teaming up with WhiteCoat to enhance convenient access to quality healthcare with telehealth** – AIA Singapore entered an exclusive, landmark partnership with WhiteCoat, a leading digital healthcare provider founded in Singapore, to extend on-demand telemedicine services to AIA Singapore' corporate clients and health insurance policyholders. This strategic partnership allows busy and digitally connected customers to get easy access to Singapore-registered doctors via video consultations without having to leave their home.

As part of our efforts to encourage holistic wellness in 2019, we hosted 15,000 attendees at our inaugural AIA GLOW Festival which featured a charity fun run, yoga for all levels, healthy bites and masterclasses, live music from local and global performing artists, and activities for all members of the family. We also engaged the community to come together to keep active while having fun at Fitness Fest by AIA, contributing to a healthier population where more than 4,000 fitness enthusiasts gathered for a 12-hour fit-a-thon.

As AIA enters a new century in 2020, customer-centricity remains our driving force to propel the sustainable growth of our business. This includes a continued focus to protect our customers against healthcare challenges including the COVID-19 outbreak, as well as a more tailored approach to retirement and long-term savings for different segments of our customer base. We are committed to upholding our promise of helping our customers live healthier, longer, better lives, in good and bad times, so everyone can enjoy peace of mind when they need it the most.”

- End -

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 Hong Kong SAR, Thailand, Singapore, Malaysia, Mainland China, South Korea, the Philippines, Australia, Indonesia, Taiwan (China), Vietnam, New Zealand, Macau SAR, Brunei, Cambodia, Myanmar, 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 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\$284 billion as of 31 December 2019.

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”).

Contacts

Investment Community		News Media	
Lance Burbidge	+852 2832 1398	Stephen Thomas	+852 2832 6178
Evelyn Lam	+852 2832 1633	Emerald Ng	+852 2832 4720
Feon Lee	+852 2832 4704	Joanna Ash	+65 6530 0863
Rachel Poon	+852 2832 4792	Elizabeth Wong	+65 6530 0891

Notes:

1. Hong Kong SAR refers to Hong Kong Special Administrative Region.
2. Macau SAR refers to Macau Special Administrative Region.

Financial Summary

Performance Highlights

US\$ millions, unless otherwise stated	Year ended 31 Dec 2019	Twelve months ended 31 Dec 2018	YoY CER	YoY AER
New Business Value				
Value of new business (VONB)	4,154	3,955	6%	5%
VONB margin	62.9%	60.0%	3.0 pps	2.9 pps
Annualised new premiums (ANP)	6,585	6,510	2%	1%
EV Operating Profit				
Embedded value (EV) operating profit	8,685	8,278	6%	5%
Operating return on EV	15.9%	16.3%	(0.6) pps	(0.4) pps
Basic EV operating earnings per share (US cents)	72.12	68.86	6%	5%
IFRS Earnings				
Operating profit after tax (OPAT)	5,741	5,298	9%	8%
Operating return on shareholders' allocated equity	14.4%	14.5%	-	(0.1) pps
Total weighted premium income (TWPI)	34,002	30,543	13%	11%
Operating earnings per share (US cents)				
- Basic	47.67	44.07	9%	8%
- Diluted	47.56	43.94	9%	8%
Underlying Free Surplus Generation				
Underlying free surplus generation	5,501	4,945	13%	11%
Dividends				
Dividend per share (HK cents)				
- Final	93.30	84.80	n/a	10%
- Total	126.60	114.00	n/a	11%
Special Dividend				
Special dividend per share (HK cents)	-	9.50	n/a	n/a

US\$ millions, unless otherwise stated	As at 31 Dec 2019	As at 31 Dec 2018	YoY CER	YoY AER
Embedded Value				
EV Equity	63,905	56,203	12%	14%
Embedded value	61,985	54,517	12%	14%
Free surplus	14,917	14,751	1%	1%
EV Equity per share (US cents)	528.62	465.37	12%	14%
Equity and Capital				
Shareholders' allocated equity	42,845	36,795	15%	16%
AIA Co. HKIO solvency ratio	362%	421%	n/a	(59) pps
Shareholders' allocated equity per share (US cents)	354.41	304.67	15%	16%

New Business Performance by Segment

US\$ millions, unless otherwise stated	Year ended 31 Dec 2019			Twelve months ended 31 Dec 2018			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY CER	YoY AER
Hong Kong	1,621	66.1%	2,393	1,712	62.0%	2,697	(5)%	(5)%
Thailand	494	67.7%	729	447	73.1%	611	6%	11%
Singapore	352	65.5%	538	357	65.4%	547	-	(1)%
Malaysia	258	63.1%	406	247	63.8%	382	7%	4%
Mainland China	1,167	93.5%	1,248	965	90.5%	1,067	27%	21%
Other Markets ⁽³⁾	535	41.9%	1,271	435	35.8%	1,206	27%	23%
Subtotal	4,427	66.6%	6,585	4,163	63.2%	6,510	8%	6%
Adjustment to reflect consolidated reserving and capital requirements	(87)	n/m	n/m	(56)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(154)	n/m	n/m	(152)	n/m	n/m	n/m	n/m
Total before non-controlling interests	4,186	62.9%	6,585	3,955	60.0%	6,510	7%	6%
Non-controlling interests ⁽³⁾	(32)	n/m	n/m	-	n/m	n/m	n/m	n/m
Total	4,154	62.9%	6,585	3,955	60.0%	6,510	6%	5%

Singapore

US\$ millions, unless otherwise stated	2019	2018	YoY CER	YoY AER
VONB	352	357	0%	(1)%
VONB margin	65.5%	65.4%	0.1 pps	0.1 pps
ANP	538	547	0%	(2)%
TWPI	2,916	2,738	8%	7%
OPAT	583	558	6%	4%

Notes:

- (1) All figures are presented in actual reporting currency (US dollar) and based on actual exchange rates (AER) unless otherwise stated. Change on constant exchange rates (CER) is calculated using constant average exchange rates for the year ended 31 December 2019 and for the twelve months ended 31 December 2018 other than for balance sheet items that use CER as at 31 December 2019 and as at 31 December 2018.
- (2) Change is shown on a year-on-year basis compared with the corresponding twelve-month period ended 31 December 2018, unless otherwise stated.
- (3) VONB is calculated based on assumptions applicable at the point of sale. In 2019, ANP and VONB for Other Markets include 49 per cent of the results from our joint venture in India, Tata AIA Life Insurance Company Limited (Tata AIA Life), to reflect our shareholding. The reported ANP and VONB for 2018 have not been restated and do not include any contribution from Tata AIA Life. The total reported VONB for the Group in 2019 excludes the VONB attributable to non-controlling interests of US\$32 million. VONB for 2018 has not been restated and is reported before deducting the amount attributable to non-controlling interests of US\$27 million, as previously disclosed in our Annual Report 2018.
- (4) VONB includes pension business. ANP and VONB margin exclude pension business and are before deduction of non-controlling interests.
- (5) OPAT and operating earnings per share are shown after non-controlling interests unless otherwise stated.

- (6) Total dividend of HK\$1.14 per share for the twelve months ended 31 December 2018 does not include the special dividend for the additional month in the accounting period due to the change in financial year-end date.
- (7) In the context of our reportable market segments, Hong Kong refers to operations in Hong Kong Special Administrative Region and Macau Special Administrative Region; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, India, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.
- (8) The results of Tata AIA Life are accounted for the twelve-month period ended 30 September 2019 and the twelve-month period ended 30 September 2018 in AIA's consolidated results for the year ended 31 December 2019 and the twelve months ended 31 December 2018 respectively.
The IFRS results of Tata AIA Life are accounted for using the equity method. For clarity, TWPI does not include any contribution from Tata AIA Life.
- (9) AIA's financial information in this Financial Summary is based on the audited consolidated financial statements and supplementary embedded value information for the year ended 31 December 2019, unless otherwise stated.