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## Media Release

### AIA DELIVERS STRONG RESULTS IN THE FIRST HALF OF 2021

#### VALUE OF NEW BUSINESS UP 22 PER CENT

#### EV EQUITY RECORD HIGH OF US\$70.1 BILLION; FREE SURPLUS OF US\$17.9 BILLION INTERIM DIVIDEND UP 8.6 PER CENT

**Hong Kong, 17 August 2021** – The Board of AIA Group Limited (the “Company”; stock code: 1299) is pleased to announce the Group’s financial results for the six months ended 30 June 2021.

Growth rates are shown on a constant exchange rate basis.

#### KEY FINANCIAL SUMMARY

- 22 per cent growth in value of new business (VONB) to US\$1,814 million
- VONB exceeded pre-pandemic levels in all reportable segments except Hong Kong
- EV Equity of US\$70.1 billion, up 5 per cent from 31 December 2020
- Operating profit after tax (OPAT) increased by 5 per cent to US\$3,182 million
- Free surplus of US\$17.9 billion, up US\$4.4 billion from 31 December 2020
- Group Local Capital Summation Method (LCSM) cover ratio<sup>(1)</sup> of 412 per cent
- Interim dividend increased by 8.6 per cent to 38.00 Hong Kong cents per share

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

“AIA has delivered very strong VONB growth of 22 per cent and an increase in all of our key financial metrics. I am very pleased that VONB exceeded the pre-pandemic levels of the first half of 2019 for each of our reportable segments except Hong Kong, where travel restrictions continue to affect sales to Mainland Chinese visitors.

“Our growing high-quality in-force portfolio supported growth in both OPAT and UFSG. EV Equity and shareholders’ allocated equity reached record highs and our very strong financial position is reflected in a significant increase in free surplus and a Group LCSM cover ratio of 412 per cent.

“The Board has declared an 8.6 per cent increase in interim dividend to 38.00 Hong Kong cents per share. This follows AIA’s established prudent, sustainable, and progressive dividend policy, allowing for future growth opportunities and the financial flexibility of the Group.

“Our focus on further enabling our business with technology has significantly improved resilience in the face of ongoing pandemic containment measures. Compared to the first half of 2020, our Premier Agency has increased both agent productivity and our number of active agents. We have delivered a 25 per cent increase in our registered Million Dollar Round Table (MDRT) members to more than 16,000. This is our seventh consecutive year of achieving the largest number of registered MDRT members globally.

“AIA’s Purpose of helping people live Healthier, Longer, Better Lives comes to life through our compelling propositions which integrate our Health and Wellness Ecosystem and long-term savings solutions. We continue to focus on advancing the key components of our ecosystem to deliver improved health outcomes for our customers.

“We believe that creating distinctive, personalised and meaningful experiences for our customers will generate a range of business benefits. Transforming AIA into a simpler, faster, more connected organisation will support the delivery of our strategic ambitions for the next era of growth, building on the powerful demographic trends and immense opportunities in the life insurance market in Asia. I am confident that the continued execution of our strategic priorities will enable us to generate long-term sustainable value for our shareholders.”

## **SUMMARY OF THE FIRST HALF**

VONB growth was broad-based with all our reportable segments achieving double-digit growth on a like-for-like basis<sup>(2)</sup>, driven by the excellent performance of our agency distribution and increased demand for our protection products. The strong performance of our leading local bancassurance partners supported VONB growth<sup>(3)</sup> in our partnership channel.

AIA China remained the largest contributor to the Group’s VONB and delivered a very strong 20 per cent increase in VONB on a like-for-like basis<sup>(4)</sup>. We have also made rapid progress in our geographical expansion in Mainland China with the launch of our new operation in Sichuan Province and the regulatory approval to prepare for a new branch in Hubei Province.

While travel restrictions continue to limit sales to Mainland Chinese visitors, our Hong Kong business achieved 16 per cent VONB growth in the domestic customer segment, benefiting from our targeted propositions and new growth initiatives. In our Macau branch, Mainland Chinese visitor sales contributed over one-third of total ANP in the first half of 2021, supported by the resumption of the Individual Visit Scheme.

Our business in Thailand achieved excellent VONB growth of 52 per cent compared to the first half of 2020, driven by our successful shift in product mix towards protection and unit-linked products. AIA Singapore’s VONB was 32 per cent higher year-on-year despite a tightening of containment measures from May. AIA Malaysia delivered the highest VONB growth among our reportable segments of 89 per cent. While we continued to see ongoing effects of the pandemic in many of our markets, Other Markets reported double-digit VONB growth<sup>(3)</sup>.

We have continued to make excellent progress with our strategic priorities as we embrace the transformation that will further extend our competitive advantages and enable AIA to capture the significant growth opportunities available to us across Asia. The upgrading of our technology to world-class modern architecture and systems has gathered pace as we make targeted investments in digital tools and embed data analytics at scale into our businesses. This transformation is enabling us to significantly enhance the experience of our customers, distributors, partners, and employees while achieving greater growth and efficiency.

## **AIA SINGAPORE’S BUSINESS RESULTS IN THE FIRST HALF OF 2021**

AIA Singapore delivered an excellent set of results in the first half of 2021.

Highlights on a constant exchange rate basis, include:

- 32 per cent increase in Value of New Business (VONB) to US\$176 million, driven by double-digit growth across all channels.
- VONB margin was up 3.9 pps supported by 25 per cent growth in Annualised New Premium, largely driven by increased sales momentum.

- IFRS Operating Profit After Tax (OPAT) was up 8 per cent, reflecting our large and growing in-force portfolio and positive investment experience.
- Total Weighted Premium Income (TWPI) increased by 10 per cent, supported by a strong recovery in new business premiums and renewal premiums.

This strong performance was also bolstered by AIA Singapore's continued focus on equipping our agency force with unparalleled capabilities, which resulted in a double-digit improvement in our AIA Insurance Representatives' productivity.

Despite the challenging operating environment, AIA Singapore's Corporate Solutions continued to be the largest employee benefits provider in Singapore. It generated over S\$560 million in-force premiums for the six months ended 30 June 2021, upholding our commitment to protecting the physical and mental health of Singapore's workforce in times of distress.

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

"AIA Singapore's mid-year business results reflected strong recovery and also positive growth momentum across our business, underpinned by our digitally-optimised experience, customers' continued confidence in our product propositions, trusted AIA Insurance Representatives, and longstanding commitment to enabling Healthier, Longer, Better Lives for everyone including future generations.

"AIA Singapore's investment in technology, digital and analytics has transformed us into a simpler, faster and more connected organisation, empowering our AIA Insurance Representatives to deliver greater value to our customers despite the ongoing COVID-19 pandemic.

"Our end-to-end digital experience continues to be enhanced at scale to make the insurance purchase process easier and more intuitive for both our customers and AIA Insurance Representatives. Amid Phase 2 Heightened Alert in Q2, swift digital adoption by the agency force led to a 120 per cent increase in the number of cases submitted via remote platforms.

"We also reassured our customers of our commitment and ability to pay out claims quickly with further enhancements in the AI infrastructure of AIA Claims EZ portal, a fully integrated end-to-end digital claims platform that won the Digital – Life Insurance Award in the recent SBR Technology Awards 2021. Today, claim officers can focus on more complex claims since simpler cases are being automated, enabling them to expedite the assessment and turnaround times for complicated cases. 60% of AIA Integrated Shield Plan (IP) claims and 100% of all pre-authorisation submissions are processed without human intervention.

"2021 also marks AIA's 90th anniversary of serving and protecting the people of Singapore. Today, AIA Singapore continues to enhance our COVID-19 support programme to protect our customers even better – from extending free COVID-19 special coverage to expanding the scope of our WhiteCoat teleconsultation services to include pediatric care and psychologist offerings. AIA is a leader in taking the most comprehensive approach to health and wellness, covering different facets of health, from financial and physical to mental wellness.

"We also entered our 90th year anniversary with a renewed and expanded brand promise to make a positive impact on Singapore's environment. As part of our Environmental, Social and Governance (ESG) strategy, we launched a new green pledge – the largest contribution by an organisation to the OneMillionTrees movement and Garden City Fund's Plant-A-Tree programme to date – as we look to connect our community more deeply with the environment. We view our

new green living commitments as our way of building a more sustainable society for families and future generations to live more enjoyable lives.

“AIA Singapore won Insurance Company of the Year and Digital Transformation of the Year at the 6th Asia Trusted Life Agents & Advisers Awards 2021 and was declared Domestic Life Insurer of the Year for the 5th consecutive year at the Insurance Asia Awards 2021, clear testaments to our industry leadership.

“As a people-first and customer-centric organisation, we stand by our commitment of comprehensively protecting Singaporeans, taking concrete steps to ensure they have peace of mind when they need it most, and doubling down on our promise of enabling Healthier, Longer, Better Lives for everyone.”

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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 – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR<sup>(5)</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei and Macau SAR<sup>(6)</sup>, 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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Notes:

- (1) 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 now 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).
- (2) Excluding Mainland Chinese visitor customer segment in our Hong Kong business and the one-off contribution to VONB in Australia from the purchase of mortality cover by Commonwealth Bank of Australia (CBA) on behalf of its existing home loan customers in the first half of 2020, as previously reported.
- (3) Excluding the one-off contribution to VONB in Australia in the first half of 2020, as previously reported.
- (4) The like-for-like basis compares the results for AIA China in both periods gross of 5 per cent withholding tax which has been applied since July 2020 following subsidiarisation.
- (5) Hong Kong SAR refers to Hong Kong Special Administrative Region.
- (6) Macau SAR refers to Macau Special Administrative Region.