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Media Release

AIA REPORTS STRONG FINANCIAL RESULTS FOR 2020

OPERATING PROFIT UP 5 PER CENT

SALES MOMENTUM RETURNED AS COVID-19 RESTRICTIONS EASED

VALUE OF NEW BUSINESS UP 15 PER CENT IN FIRST TWO MONTHS OF 2021

VERY STRONG SOLVENCY POSITION; FINAL DIVIDEND UP 7.5 PER CENT

HONG KONG, 12 March 2021 – The Board of Directors of AIA Group Limited (the “Company”; stock code: 1299) is pleased to announce the Group’s financial results for the year ended 31 December 2020. Growth rates are shown on a constant exchange rate basis.

AIA’s large and growing in-force portfolio with recurring, high-quality sources of earnings has supported a 5 per cent growth in operating profit after tax (OPAT) and a 7.5 per cent increase in the final dividend to 100.30 Hong Kong cents per share.

For the full year, value of new business (VONB) of US\$2,765 million was 33 per cent lower, reflecting operational challenges caused by the COVID-19 pandemic. Sales momentum returned as movement restrictions were eased with VONB up 15 per cent year-on-year in the first two months of 2021.

The Group’s financial position remains very strong and resilient as demonstrated by the Group Local Capital Summation Method (LCSM) cover ratio of 374 per cent⁽¹⁾.

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

“AIA has delivered another very strong performance despite unprecedented macroeconomic conditions and the operational challenges caused by the COVID-19 pandemic. While VONB was affected by social distancing measures, we achieved growth in all of our other key financial metrics. Sales momentum returned as restrictions were eased and we have delivered year-on-year VONB growth in the first two months of 2021. The Group’s financial position remains very strong and we increased the final dividend.

“Our first priority is to ensure the safety of our employees and support all of our stakeholders. I would like to thank our employees for their tireless efforts as they provide uninterrupted service to our customers, agents and partners. We always look for every reason to pay a claim and, during the year, paid more than US\$16 billion in benefits and claims, providing vital financial support for customers. We extended additional protection cover to our customers and the wider communities where we operate, helping provide peace of mind in uncertain times.

“Following the restrictions on movement and in-person meetings, we accelerated the development and adoption of online and remote capabilities across our markets. We introduced remote sales completion, moved recruitment, onboarding and training online for agents, and launched simpler streamlined services and claim processes for customers. These new capabilities have enabled our businesses to continue operating smoothly in rapidly changing conditions.

“While 2020 was an extraordinary and challenging year, it has made me more optimistic about the future for AIA. Now more than ever, Asian consumers are acutely aware of the need for financial security and the need to protect the well-being of their families, making our purpose and propositions even more relevant. In 2020, we developed and implemented a new strategy which will transform AIA and position us to harness the powerful structural growth drivers of life insurance across Asia. I am confident that AIA is in the right business, in the right region and at the right time and we will continue to deliver our purpose of helping people live Healthier, Longer, Better Lives.”

AIA Singapore's Business Results in 2020

AIA Singapore VONB declined just 5 per cent for the year, driven by the impact of strict movement restrictions in the first half. As movement restrictions were eased in the second half, we achieved excellent sequential growth and 12 per cent year-on-year growth in VONB. Our agency business delivered positive growth for the year, offset by significantly lower VONB in our partnership distribution channel.

- IFRS OPAT increased 8 per cent as supported by the growth in our in-force portfolio and improved operating experience across persistency, expenses and claims.
- Total Weighted Premium Income (TWPI) achieved 7 per cent growth supported by strong growth in renewal premiums.
- Annualised New Premium declined by 2 per cent and VONB margin declined by 2.2 pps to 63.4 per cent

As a digitally-enabled insurer, AIA Singapore's investment in technology enabled us to adapt quickly to changes brought upon by the pandemic, limiting impact to customers and operations. Enhancing digital capabilities is integral to empowering AIA's next-gen insurance representatives with robust digital tools to continue servicing customers virtually, as non-face-to-face meetings will remain important even as containment measures have eased.

Despite a challenging year, AIA Singapore's Corporate Solutions delivered double-digit growth and maintained its position as the largest employee benefits provider in Singapore with over S\$500 million in in-force premiums. We also won the prestigious Best Employee Insurance Provider (Gold) Award presented by HR Vendors of the Year for the 15th consecutive year, reinforcing our leadership position in protecting the holistic health and wellness needs of the Singapore workforce.

2020 was also an unprecedented year marked by critical shifts in how people value their most important asset, their health. In recognising the need to do more to uplift wellbeing comprehensively, AIA Singapore teamed up with Potential Project, a global leader in organisational effectiveness programmes, to introduce a complimentary mental resilience training programme for all AIA staff and corporate customers free of charge. The programme rolled out in the last quarter of 2020 and is now available to 1.2 million (or 1 in 3) employed in Singapore to help them cope with workplace challenges by practising positive habits daily. Additionally, we also provided our corporate customers the option to include mental health insurance coverage for their employees.

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

"AIA Singapore reported resilient business performance with growth in IFRS Operating Profit After Tax (OPAT) and Total Weighted Premium Income (TWPI). This reflects our position of strength in transforming the experience of our customers, distributors, partners and employees to achieve greater efficiency and sustained business success, even in extraordinary times.

"2021 will be an important milestone for AIA, as we mark 90 years of insuring lives in Singapore and at a time when people most need protection. Our aim is to make life simpler and our experiences and interactions more enjoyable, so that our customers and their families can lead healthier, longer, better lives and focus on the moments that matter most.

"We rolled out several initiatives in 2020 that strengthened our digital ecosystem and made our organisation simpler, faster and more connected, thereby enabling our AIA insurance representatives to focus on delivering greater value to our customers with quality advice and support. Together, these initiatives provide a seamless end-to-end digital journey for our customers.

- In January, we launched iSmart, an all-in-one agency mobile app for leads generation, customer management and engagement.
- We also launched AIA Now, a new platform for customer self-fulfilment to make it even easier for customers to plan for their financial future.

- AIA is the first insurer in Singapore to provide customers with enhanced government-supported user verification capabilities. This “Sign with SingPass” feature strengthens cybersecurity processes while enabling customers to remotely authenticate and digitally sign new business applications in a more seamless and secure manner.
- We have also increased the adoption of artificial intelligence (AI) by introducing AI engine to facilitate instant claims assessment and decisions, as well as instant assessment of pre-authorisation requests for hospitalisation. By leveraging AI in claims assessment, claims are made more seamless and secure.

“In view of people’s heightened concerns over their financial future amid a pandemic, we launched a new wealth management product, AIA Platinum Retirement Elite, to help individuals and families hedge against economic uncertainties with innovative insurance solutions. The plan helps our customers protect their financial health by designing a retirement pathway that is personalised to their individual pace while remaining flexible enough to cater to their evolving needs. It provides an added source of passive income stream and asset diversification required to protect one from market volatility.

“As a people-first and customer-centric organisation, we have been embracing new norms, placing an increasing focus on leveraging digital channels to stay connected with our existing customers and reach new audiences. The impact of COVID-19 will continue to accelerate our digitalisation roadmap. Our staff readily adopted a digital-first mindset to ensure that we continue to provide our customers with the best service experiences. AIA insurance representatives also succeeded in adopting remote sales capability within a short period of time, giving customers peace of mind when they need us the most.

“Our strategic focus areas of Technology, Digital and Analytics and Holistic Health and Wellness will transform the experience of our customers, distributors, partners and employees, enabling more people 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 – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR⁽²⁾, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR⁽³⁾ and New Zealand, 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\$326 billion as of 31 December 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, AIA serves the holders of more than 38 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) The Hong Kong Insurance Authority is introducing a group-wide capital framework for monitoring insurance groups under its supervision. The cover ratio of group available capital to group minimum capital requirement under the Local Capital Summation Method is based on our current understanding of the framework as it applies to the Group.
- (2) Hong Kong SAR refers to Hong Kong Special Administrative Region.
- (3) Macau SAR refers to Macau Special Administrative Region.