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Media Release

AIA DELIVERS EXCELLENT RESULTS IN THE FIRST HALF OF 2019 **VALUE OF NEW BUSINESS UP 20 PER CENT** **OPERATING PROFIT UP 12 PER CENT; INTERIM DIVIDEND UP 14 PER CENT**

HONG KONG, 23 August 2019 – AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) delivered an excellent performance in the six months ended 30 June 2019 with double-digit growth across our main financial metrics. Value of new business (VONB) increased by 20 per cent on a constant exchange rate basis, compared with the corresponding six-month period ended 30 June 2018.

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

Very strong growth in value of new business

- 20 per cent growth in VONB to US\$2,275 million
- Annualised new premiums (ANP) increased by 9 per cent to US\$3,443 million
- VONB margin up 6.2 pps to 65.6 per cent

Robust operating profit generation and increased returns

- Operating profit after tax (OPAT) up by 12 per cent to US\$2,898 million
- Embedded value (EV) operating profit increased by 11 per cent to US\$4,523 million
- Operating return on EV (operating ROEV) up by 30 bps to 17.3 per cent

Strong cash flow and resilient capital position

- EV Equity of US\$61.4 billion; EV of US\$59.7 billion, up US\$5.2 billion from 31 December 2018
- Underlying free surplus generation of US\$2,804 million, up 15 per cent
- Free surplus of US\$16.1 billion, up US\$1.3 billion from 31 December 2018
- Solvency ratio for AIA Company Limited (AIA Co.) of 415 per cent on the HKIO basis

Strong increase in interim dividend

- 14 per cent growth in interim dividend to 33.30 Hong Kong cents per share

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

“AIA has delivered double-digit increases in our main financial metrics in the first half of 2019, continuing our consistent track record of growth. Value of new business increased by 20 per cent to a record half-year result of US\$2,275 million for the Group. We also generated a 12 per cent increase in operating profit after tax and 15 per cent growth in underlying free surplus generation.

“The Board has declared a 14 per cent increase in interim dividend for 2019. This reflects our continued strong financial performance and demonstrates our confidence in the outlook for the Group.

“AIA’s wholly-owned business in China was our fastest growing market segment with excellent growth of 34 per cent in VONB. I am also pleased that our new sales and service centres in Tianjin and Shijiazhuang, Hebei commenced operations at the end of July. Our business in Hong Kong once again performed strongly with a 19 per cent increase in VONB, benefiting from broad-based growth across customer segments and distribution channels.

“VONB growth of our operations in Thailand and Malaysia was supported by our sustained focus on enhancing agent professionalism and developing our strategic bancassurance partnerships. Within our Other Markets, 17 per cent growth in VONB was driven by strong performances in Australia, the Philippines and Vietnam.

“AIA’s proprietary agency distribution delivered 21 per cent growth in VONB as our Premier Agency strategy achieved a further increase in active agents and productivity. I am delighted that AIA continues to rank number one in the world for Million Dollar Round Table members with more than 12,000 registered members. VONB from our partnership business increased by 17 per cent, supported by excellent growth of our multiple bancassurance partnerships across the region.

“In June, AIA’s brand was recognised as Asia’s Number One Insurance Brand*. Our purpose-led brand promise, Healthier, Longer, Better Lives, exemplifies our commitment to become a lifelong partner to our customers. The ongoing success of AIA Vitality demonstrates our focus on customer centricity and membership of our wellness programmes exceeded 1.5 million at the end of June.

“AIA’s excellent performance in the first half of 2019 is a clear reflection of our consistent focus on executing our strategic priorities and is underpinned by our significant competitive advantages in the Asia-Pacific region. While we are not immune to market volatility, our diversified, robust and high-quality business model continues to place AIA in an advantaged position in the Asian life insurance markets where growth fundamentals remain resilient.

“As we celebrate our centennial this year, we remain very confident about the long-term outlook for AIA. We will continue to focus on delivering long-term sustainable value for our shareholders and helping millions of our customers live Healthier, Longer, Better Lives.”

AIA Singapore’s Business Results in the First Half of 2019

AIA Singapore continued to deliver profitable performance through our increased focus on regular premium business.

- IFRS Operating Profit After Tax (OPAT) increased 5 per cent with underlying business growth.
- Total Weighted Premium Income (TWPI) achieved 7 per cent growth supported by renewal premiums.
- AIA Singapore reported US\$173 million of Value of New Business (VONB) in the first half of 2019, while VONB margin strengthened by +3.4 pps to 64.8 per cent.
- Annualized New Premium (ANP) was lower by 6 per cent year-on-year against the first half of 2018 to US\$267 million.

AIA Singapore maintained its leading agency position through continued execution of our Premier Agency strategy. In the first half of 2019, we made further investments in our next generation digital platforms to improve engagement with our customers. This supported an increase in the number of active agents, which was offset by lower sales of single premium business.

Our exclusive partnership with Citibank delivered solid growth in VONB, supported by a strong performance from the bank’s domestic mass affluent and retail customer segments. We continue to optimize our strategic partnership with Citibank, with a focus on mitigating the protection and retirement gaps of our customers.

With the strong performance of our corporate solutions channel, AIA Singapore remains the leader in Singapore’s group insurance market in terms of both new and in-force premiums. Serving over 1.2 million employees and their dependents, we provide access to affordable and comprehensive healthcare whilst advocating workplace wellness and leveraging technology for the best employee experience.

Ensuring the affordability of health protection remains our priority, as we continue to invest in numerous initiatives to support customers throughout their entire health journey. Since the launch of AIA Vitality in 2013, of the AIA Vitality members who had done health checks at least twice, 75% saw their glucose levels improve, 52% saw their blood pressure improve and 43% saw their cholesterol levels improve. We are also

the first insurance company to introduce an early detection screening benefit to our HealthShield products, which is part of our ongoing transformation journey to build a more sustainable healthcare business.

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

“Despite a challenging market environment, AIA Singapore reported profitable performance and remains committed to investing in our digital transformation to better serve our customers.

As we celebrate AIA’s Centennial in 2019, we are thankful for the trust, support and loyalty of our customers over the years and will continue to keep our customers and their families at the heart of everything we do, enabling them to live healthier, longer, better lives.”

AIA Singapore continues to offer innovative products and initiatives to cater to the diverse needs of customers, to help bridge the underinsurance gap in Singapore. Key launches in 2019 include:

- Thanking our customers with an exclusive AIA Centennial offer - As a token of our heartfelt appreciation, we have designed the **AIA PA 100** personal accident plan with existing customers in mind. The plan allows customers to enjoy protection against unfortunate events as they work, play, or commute, to safeguard the future of their loved ones. With coverage of up to S\$1 million in the event of accidental death at just 55 cents per day, this personal accident insurance plan is significant because it offers the same premium across all ages and occupation classes.
- First-in-market Critical Illness plan to provide coverage for mental conditions - AIA Singapore marked another milestone by winning the New Insurance Product of the Year – Singapore in the Insurance Asia Awards 2019 for **AIA Beyond Critical Care**, Singapore’s first-ever Critical Illness plan to provide coverage for mental conditions. It provides comprehensive support beyond payouts which 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 pink of health.
- Serving customers’ needs through continuous innovation - Developed in partnership with Government Technology Agency (GovTech), AIA Singapore launched **a new digital service** which enables SingPass users to authorise retrieval of personal data from MyInfo via SingPass Mobile. This service is one of the first in Singapore among insurers that facilitates faster and more secure transactions for customers. We also created POS EZ, an award winning online platform and first-in-market innovation that has improved our after-sales service. With POS EZ, our agency can facilitate a multitude of customer requests digitally with customers authenticating their requests securely anywhere, anytime.

A testament to our industry leadership, AIA Singapore was declared the Insurance Company of the Year at the 4th Asia Trusted Life Agents & Advisers Awards presentation in 2019, where we edged out about 400 nominations from 15 markets. Attaining the award for the second time, we are recognised as the life insurance company with a remarkable agency force that sets high professional standards, and a company that continues to invest in and support its agency force to thrive in the changing insurance landscape.

AIA Singapore continues to make a real, positive impact on the health and wellbeing of individuals and families in Singapore through initiatives that encourage the community to get active and live healthy lifestyles. This includes the successful completion of the inaugural AIA GLOW Festival, Fitness Fest by AIA, and AIA Charity Golf. Through the various initiatives throughout our Centennial year, we have also raised over S\$500,000 to support our adopted charity, Children’s Wishing Well.

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, Thailand, Singapore, Malaysia, Mainland China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka and a 49 per cent joint venture in India. In April 2019, AIA was also granted approval as a preferred applicant to operate in Myanmar through a 100 per cent wholly-owned subsidiary.

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\$256 billion as of 30 June 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 34 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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APPENDIX

Financial Summary

Key Performance Highlights

US\$ millions, unless otherwise stated	Six months ended 30 Jun 2019	Six months ended 30 Jun 2018	YoY CER	YoY AER
New Business Value				
Value of new business (VONB)	2,275	1,954	20%	16%
VONB margin	65.6%	59.5%	6.2 pps	6.1 pps
Annualised new premiums (ANP)	3,443	3,252	9%	6%
IFRS Earnings				
Operating profit after tax (OPAT)	2,898	2,653	12%	9%
Dividends				
Dividend per share (HK cents)	33.30	29.20	n/a	14%
US\$ millions, unless otherwise stated	As at 30 Jun 2019	As at 30 Dec 2018	Change CER	Change AER
Embedded Value (EV) Equity	61,418	56,203	8%	9%

New Business Performance by Segment

US\$ millions, unless otherwise stated	Six months ended 30 Jun 2019			Six months ended 30 Jun 2018			VONB Change	
	VONB	Margin	ANP	VONB	Margin	ANP	YoY CER	YoY AER
Hong Kong	945	68.0%	1,367	796	62.2%	1,252	19%	19%
Thailand	215	66.8%	321	204	71.0%	287	5%	5%
Singapore	173	64.8%	267	178	61.4%	290	-	(3)%
Malaysia	130	65.4%	198	124	60.3%	204	10%	5%
China	702	93.2%	753	556	91.0%	611	34%	26%
Other Markets	224	41.8%	537	201	32.8%	608	17%	11%
Subtotal	2,389	68.9%	3,443	2,059	62.7%	3,252	19%	16%
Adjustment to reflect consolidated reserving and capital requirements	(39)	n/m	n/m	(28)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(75)	n/m	n/m	(77)	n/m	n/m	n/m	n/m
Total	2,275	65.6%	3,443	1,954	59.5%	3,252	20%	16%

Singapore

US\$ millions, unless otherwise stated	Six months ended 30 June 2019	Six months ended 30 June 2018	YoY CER	YoY AER
VONB ⁽¹⁾	173	178	0%	(3)%
VONB margin ⁽²⁾	64.8%	61.4%	3.4 pps	3.4 pps
ANP	267	290	(6)%	(8)%
TWPI	1,456	1,392	7%	5%
OPAT	281	273	5%	3%

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 six months ended 30 June 2019 and for the six months ended 30 June 2018 other than for balance sheet items that use CER as at 30 June 2019 and as at 31 December 2018.

- (2) Change is shown on a year-on-year basis compared with the corresponding six-month period ended 30 June 2018, unless otherwise stated.
- (3) Long-term economic assumptions used in the EV basis for the interim results are the same as at 31 December 2018 as shown in the supplementary embedded value information in our Annual Report 2018. Non-economic assumptions used in the EV basis are based on those as at 31 December 2018 updated to reflect AIA's latest view of expected future experience.
- (4) VONB is calculated based on assumptions applicable at the point of sale and before deducting the amount attributable to non-controlling interests. The amounts of VONB attributable to non-controlling interests in the six months ended 30 June 2019 and in the six months ended 30 June 2018 were US\$15 million and US\$13 million respectively.
- (5) VONB includes pension business. ANP and VONB margin exclude pension business.
- (6) OPAT is shown after non-controlling interests unless otherwise stated.
- (7) Operating return on EV is measured on an annualised basis.
- (8) Interim dividends for 2019 and 2018 were declared for the six months ended 30 June 2019 and the seven months ended 30 June 2018, respectively.
- (9) 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; China refers to operations in Mainland China; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, Indonesia, Korea, the Philippines, Sri Lanka, Taiwan, Vietnam and India. The results of our joint venture in India are accounted for using the equity method. For clarity, TWPI, ANP and VONB exclude any contribution from India.
- (10) AIA's financial information in this document is based on the unaudited interim condensed consolidated financial statements and supplementary embedded value information for the six months ended 30 June 2019.

This document contains forward-looking statements relating to AIA Group Limited that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. When used in this document, the words "will", "future" and similar expressions are intended to identify forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements.

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