

### AIA Group Limited 2023 Interim Results

#### Analyst Briefing Presentation

#### Business Highlights by Lee Yuan Siong – *Group Chief Executive and President*

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Good morning from Hong Kong and welcome to AIA's interim results presentation for 2023. I am delighted to announce very strong results in the first half with excellent new business momentum and growth in all of our key financial metrics. Let me provide some highlights from the results.

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AIA's unrivalled distribution platform has powered a very strong acceleration of sales momentum in the first half. VONB grew by 37 per cent for the Group.

AIA Hong Kong delivered an outstanding performance, more than doubling its VONB and we delivered double-digit growth in Mainland China, ASEAN and Tata AIA Life in India. Our excellent new business performance contributed to growth in EV Equity to 70.6 billion dollars and operating ROEV of 13.3 per cent, up nearly 4 percentage points from the full year 2022.

Our large and diversified in-force portfolio drove growth in operating profit after tax and underlying free surplus generation and our operating return on equity increased by 120 basis points to 14.2 per cent. The Group's capital position remained very strong with free surplus of 16.3 billion dollars and the Board has declared an increase of 5 per cent in the interim dividend.

In addition, we have now returned 5.5 billion dollars to shareholders through our ongoing share buy-back programme. These results again demonstrate the power of AIA's business model that enables us to capture the growth opportunities across Asia and deliver cash returns to shareholders. Let me explain how we have delivered the excellent VONB result.

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Our proprietary Premier Agency is the core of our unrivalled distribution platform and generated 75 per cent of the Group's VONB in the first half. Critically, AIA's consistent focus on quality and dedicated support over many years enabled us to grow and enhance our agency during the pandemic. As each market reopened, our initial emphasis has been on uplifting the activity and productivity of our existing high-quality agents.

Our success in the first half of 2023 is clear with 27 per cent VONB growth and higher agent incomes. We have also grown both agency leaders and new recruits as we focus on increasing the scale and reach of our agency force.

Our differentiated Premier Agency is the clear leader in Asia. AIA Group has been the number one MDRT company globally for the last nine years and we are also number one in Mainland China, Hong Kong, ASEAN and India.

The excellent first half performance has driven a 49 per cent increase in the number of MDRT qualifiers and our significant investments in TDA help to ensure that AIA is the company of choice for professional agents, positioning us to fully capture Asia's growth opportunities in life and health insurance.

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Our strategic partnerships with banks, brokers and digital platforms bring us complementary access to large customer pools across our markets. We have seen excellent performance in the first half and our partnerships in total generated VONB growth of 62 per cent. Within this, bancassurance delivered an increase of 38 per cent and the return of Mainland Chinese visitors to Hong Kong helped to more than double our IFA VONB. These results reflect the breadth and quality of our partnerships.

In bancassurance, our approach is to build long-term strategic partnerships with high-quality banks. We are partnered with leading banks in Hong Kong, across ASEAN, Australia and New Zealand and most have more than a decade to run.

In Mainland China, we adopt a differentiated model leveraging Postal Savings Bank's vast network, targeting affluent customers with tailored products from AIA China and accessing the mass-market segment through our investment in China Post Life. And in India, Tata AIA Life's digital capabilities allow us to successfully partner with multiple banks in open architecture models.

AIA's extensive capabilities in product, distribution, digital and analytics help our bank partners better engage with their customers, delivering profitable growth to our partners and AIA. Let me now take you through the performance from each of our key growth engines, starting with Mainland China.

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In Mainland China, as the surge in COVID cases subsided, AIA China saw a rapid return of strong momentum with 29 per cent VONB growth from February.

In our Premier Agency, we focused on uplifting agent productivity to leverage the reopening, driving strong growth and recruitment momentum. Protection is a core component of our customer proposition and AIA China has grown VONB from critical illness products post reopening. We have also seen strong customer demand for our long-term savings products where we focus on long duration products that address our customer needs.

AIA China has a unique opportunity from geographical expansion, and we continue to make excellent progress. In May, we successfully launched our newest branch in Zhengzhou, Henan and we have nearly doubled new recruits across new operations compared with the first half of last year.

While still small, our partnerships provide incremental VONB growth for AIA China. Here we saw VONB more than treble, driven by excellent results from Postal Savings Bank and BEA.

## **Slide 8**

AIA China's ability to deliver long-term sustainable growth is centred on our high-quality and differentiated Premier Agency that targets the rapidly-growing and attractive middle class and affluent customer segment with our broad range of compelling propositions to meet their evolving needs.

## **Slide 9**

In our Premier Agency, our commitment to quality recruitment, a full-time model and extensive digitalisation differentiates our agents and they are significantly more productive than the industry.

Our Premier Agents are experienced professionals with the skills, tools and products to successfully meet the increasing demands of Mainland China's expanding middle class and affluent customers. This segment contributes 85 per cent of AIA China's ANP with an average customer holding over 6 AIA policies. Our digitally-powered, needs-based advice process identifies individual protection gaps and sees our customers increase their critical illness sum assured by a factor of almost 3 times.

And the third component is our propositions. The majority of our new policies are protection and more than 90 per cent of our agents sold protection in the first half. And our long-term savings products help our customers meet their broader financial goals with 75 per cent sold to existing customers, almost all of whom already have an AIA protection policy. For example, our popular new private pension products launched in April take advantage of tax benefits and many of our products include additional retirement planning and medical services tailored to our customers' needs.

It is AIA's unique combination of our differentiated Premier Agency, underinsured wealthy customers, and our compelling propositions that enables AIA China to build on its track record of sustained value creation across both our established and new operations.

#### **Slide 10**

Also in the Mainland, our strategic investment in China Post Life targets the mass-market opportunity and complements AIA China. China Post Life has continued to deliver excellent results with VONB up 55 per cent in the first half to more than 1.1 billion dollars.

Supported by dedicated experts from AIA Group Office, China Post Life has continued to advance its strategic priorities. We have seen a further shift towards higher-quality new business and an excellent increase in critical illness sales. Our investment in China Post Life enables AIA to capture significant additional upside in Mainland China.

#### **Slide 11**

Moving to Hong Kong, VONB more than doubled and AIA Hong Kong became the largest contributor to the Group's VONB in the first half. We achieved excellent growth across all channels and customer segments. While increased demand from Mainland Chinese visitors was the main driver of growth, we also delivered double-digit VONB growth from domestic customers.

AIA's Premier Agency remains the leader across Hong Kong and Macau and the combination of higher agent activity and productivity drove VONB growth of 82 per cent. We are focused on increasing the scale of our agency with new leader numbers up 29 per cent and new recruits up 60 per cent.

Through our partnerships channel, we saw VONB more than treble with excellent growth from our bank partners and a return to market leadership in IFA.

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As visitor numbers increased, we have delivered very strong quarter-on-quarter VONB growth in our MCV business. Sales have been to visitors from across Mainland China with around 60 per cent coming from outside the Greater Bay Area.

In the second quarter we have seen an increase in demand for protection with close to 40 per cent of new policies from critical illness products. And while average case size has remained stable, we have seen a strong increase in sales to customers who are new to AIA. We are confident that demand is strong and sustainable as we scale our recruitment and build new capabilities to attract and retain our target customers. AIA is well positioned to capture the opportunities in Hong Kong and the GBA by meeting customer needs across our extensive distribution channels.

### **Slide 13**

Turning to our ASEAN markets. The region is a key growth engine for the Group and accounted for one third of total VONB in the first half. Excluding Vietnam, where industry-wide issues have impacted new business sales, we have delivered aggregate VONB growth of 16 per cent, and we continue to rank number one in ASEAN by new business sales.

Awareness and demand for insurance continues to rise across the region, driving a 20 per cent increase in traditional protection VONB. Our powerful multi-channel distribution platform is exceptionally placed to meet growing customer needs with both our agency and partnerships delivering strong growth. We have the most professional agency in the region and achieved increases in overall productivity and active new agents. Our long-term strategic partnerships are a key asset and we delivered excellent growth with Bangkok Bank in Thailand, Citibank in Singapore and BPI in the Philippines. ASEAN offers enormous potential for AIA with a huge protection gap and growing middle class and affluent population that will exceed 500 million by 2030.

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Our largest ASEAN business is in Thailand where we achieved 28 per cent VONB growth in the first half, supported by excellent performance across distribution channels and we continued to lead the market in new business sales.

Our agency is the largest and most professional in the market by far and we continue to uplift quality and standards year on year. Our Financial Adviser programme continues to grow and further differentiates our market-leading agency with VONB more than double the first half 2019 levels, driven by greater headcount, productivity and enhanced product mix. Only AIA's agents can deliver the superior mix of integrated unit-linked and protection products that makes us the market leader in these segments. We have a differentiated strategy focused on growth through quality protection and long-term savings products, and there is still substantial headroom for growth for AIA in Thailand.

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Finally turning to India where our joint venture Tata AIA Life continued its excellent track record with VONB up by 48 per cent. We are the number three private life insurer, the market-leader in retail protection and we have a balanced multi-channel distribution platform.

Our Premier Agency strategy has made us the number one MDRT life insurer and our focus on scaling and enhancing our agency delivered ANP growth of 80 per cent. We delivered more than 30 per cent ANP growth through our 6 high-quality bank partners with the potential to reach more than 165 million customers. And we have the number one share of wallet through our key brokers, driving ANP growth of 45 per cent in our digitally-enabled partnerships.

India's economic growth and increasing population is driving compounding demand for life and health insurance. Our protection-focused strategy, quality distribution and proven execution ensure that Tata AIA Life is well on its way to capturing India's massive potential.

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In summary, our unrivalled distribution platform and multiple engines of growth have achieved a return to excellent momentum and VONB growth of 37 per cent. In Mainland China, we saw a rapid recovery post reopening and our differentiated strategy can capture the full potential of this market. AIA Hong Kong more than doubled VONB, with double-digit growth in the domestic customer segment and very strong and sustained sales to Mainland Chinese visitors. We are the leader in ASEAN where we delivered strong VONB growth and excellent results in Thailand, our largest business in this region. Our fast-growing, industry-leading business in India has achieved another excellent result with VONB up by 48 per cent.

Asia continues to offer the best prospects in the world for life and health insurance and I am confident that they will only get stronger over time. High levels of private savings, growing yet ageing populations, low levels of insurance penetration and limited welfare coverage create an urgent need for AIA's personalised products and high-quality advice. Our strategy is aligned to these structural growth trends, and we have the superior financial strength to capture the full economics of growth in the region.

AIA is the right business to deliver sustainable long-term value for all our stakeholders. Thank you.