TRANSCRIPT

AIA Group Limited 2026 Interim Results

Analyst Briefing Presentation

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

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Good morning and thank you for joining AIA's 2026 Interim Results presentation.

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We have delivered a strong set of results with double-digit growth across our key financial metrics. Value of New Business increased by 10 per cent to a record high of 3.2 billion dollars. We saw growth across all distribution channels and reportable segments, excluding Thailand which had an exceptionally high comparative, as previously disclosed. Underlying VONB growth was 14 per cent, adjusting for Thailand.

AIA's consistent delivery of high-quality new business has accelerated growth in earnings. Operating profit after tax of 4.2 billion dollars was up 13 per cent per share, driving a record operating ROE of 17.5 per cent. And we now expect to exceed our 9 to 11 per cent OPAT per share CAGR target over 2023 through 2026. Operating cash generation grew strongly with underlying free surplus generation up 10 per cent per share and net free surplus generation up 12 per cent per share.

The Board has declared a 10 per cent increase in the interim dividend per share. These results demonstrate that our strategy is working as intended. We are growing fast, returning substantial cash to shareholders, generating higher returns on equity and maintaining a resilient balance sheet with low leverage. Sustained over time, that combination is the key driver of long-term value creation.

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Our strong results are underpinned by our position as the leading pan-Asian life and health insurer. But what sets us apart is not just that we operate in the most attractive markets in the world, it is that we combine a long runway for growth with a unique business model and tangible competitive advantages that allow us to capture this significant opportunity consistently and profitably. Our proven track record of execution is demonstrated by VONB compounding at 17 per cent per annum over the last three years while maintaining strong margins.

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AIA's world-leading Premier Agency is at the core of our growth strategy, contributing 72 per cent of Group VONB. We train and develop the highest-quality agents, equipping them with the best possible tools to meet customer needs. This is why our tied agency has been the number one in MDRT globally for the last 12 years with more than double the members of our nearest competitor.

The success of our strategy is evident in our agency's excellent track record of growth, achieved through consistent investment in growing active agent numbers and productivity. Continued disciplined execution of this strategy drove first-half VONB growth of 11 per cent, excluding Thailand, at a very strong VONB margin of 68 per cent.

The significant investments we have already made in technology and AI across recruitment, training, sales and service are delivering strong results. New agency leaders grew by 19 per cent and new recruits by 24 per cent. We are giving them the best possible opportunities to succeed, through structured career development and targeted schemes that identify and nurture our most promising talent. And as we bring more AI-powered capabilities into this platform, the opportunity multiplies. AI helps our agents work more effectively, identify customer needs more precisely and deliver more timely, personalised advice. That means the potential of Premier Agency can be unlocked faster than before — supporting continued value creation and sustainable performance over the long term.

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Partnerships complement our Premier Agency, by extending our reach to millions of potential new customers. Our approach is selective and we focus on a small number of high-quality partnerships that share our ambitions to drive customer value and long-term growth.

Partnership VONB increased by 18 per cent in the first half, supported by double-digit growth in both bancassurance and IFA and broker channels. Bancassurance VONB grew by 15 per cent as we focus on driving higher share of wallet in the affluent and high net worth customer segments. This approach is translating into higher productivity for bank staff with VONB margin remaining healthy at over 45 per cent. We maintain a disciplined approach to distribution through IFAs and brokers. VONB from this channel grew by 21 per cent, supported by excellent performances in Hong Kong and Singapore.

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AIA creates financial value by compounding layers of new business, which generate earnings and cash well into the future. Our first half results show that strong new business flows in recent years have driven a step-up in operating profit growth. As a result of this, we achieved OPAT growth of 13 per cent per share in the first half. Combined with consistent improvements in the efficiency of our balance sheet, the rise in profits led to a record operating ROE of 17.5 per cent. The strength of the momentum in our earnings gives us confidence in our outlook and we now expect to exceed our OPAT per share target. Strong new business flows are also driving growing cash generation, as you can see from our surplus generation numbers. Garth will address this in more detail later.

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Moving now to the business highlights from our four growth engines.

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AIA China delivered an excellent performance in the first half, with VONB growth of 20 per cent. The result was driven by our market-leading Premier Agency, which is our key competitive advantage in the Chinese Mainland. AIA's agents are three times more productive than the market average, reflecting the depth of customer relationships built on the provision of personalised advice. Premier Agency achieved a 24 per cent increase in VONB and accounted for nearly 90 per cent of new business. We continued to build capacity for future growth, with active agents up 14 per cent and active new agents up 25 per cent. This stands out in an industry where agent numbers remain significantly below pre-COVID levels.

We also delivered excellent growth in capital-efficient participating products and protection, while maintaining an industry-leading VONB margin of around 60 per cent. We have built excellent momentum in our new geographies, contributing 11 per cent of AIA China's VONB, and we remain on track to deliver our VONB target of 40 per cent compound annual growth to 2030. Together, these results demonstrate the strength of our differentiated model and AIA remains well-positioned to capture the long-term growth opportunities in the Chinese Mainland.

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Turning now to Hong Kong, where we achieved another record first-half result. VONB of 1.2 billion increased by 10 per cent with margin remaining strong at 72 per cent, reflecting our financial discipline. Our Premier Agency accounts for the majority of our business and sets the standard for quality and professionalism. AIA Hong Kong was once again ranked the number one MDRT company globally. Around 30 per cent of agents are MDRT members, following an 18 per cent increase compared with the previous year.

First-half agency VONB remained stable at a high level, while we continued to invest in recruitment, development and leadership to drive future growth. Active new agents grew by 7 per cent and active new leaders by 22 per cent. Partnership distribution delivered excellent VONB growth. We saw strong performances in our IFA and broker channel as well as our strategic partnerships with Citibank and The Bank of East Asia.

Closer engagement and tailored propositions for affluent and high-net-worth customers are driving significantly higher sales productivity. More broadly, AIA Hong Kong's performance reflects the quality of our distribution and the attractiveness of our products across key customer segments. Let me turn to these now.

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Our domestic business performed very strongly, with VONB up 23 per cent. This was supported by deeper engagement with our more than 3 million existing customers, a large contribution from new Hong Kong residents and average policy sizes increasing by 10 per cent.

VONB from Chinese Mainland Visitors was stable against a high comparative, which benefited from a surge in demand ahead of product changes in the middle of 2025. Underlying demand remained strong. Second-quarter VONB was higher than the first quarter, with June the strongest month.

Customer flows also remained strong, with more than 25,000 new customers in the first half. Our customer base is diversified with around two-thirds coming from outside the Greater Bay Area. AIA's products offer broad appeal to people seeking attractive long-term returns, protection and diversification.

Many customers have multiple policies with us and persistency remained high at 99% while premium-financed business accounted for less than 1 per cent of VONB. Yet, with only 550,000 customers in total, the potential runway for future growth remains substantial.

AIA Hong Kong's strong track record of growth across distribution channels and customer segments reflects the strength of our business and the depth of demand. Since these attractive fundamentals remain fully intact, I have every confidence that we can continue to deliver attractive long-term growth in this market.

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AIA is the leading life insurer across ASEAN, which contributed almost one-third of Group VONB of more than 1 billion dollars. Our Premier Agency ranks number 1 for MDRT, and combined with high-quality partnerships, we have a very strong platform for sustained growth across the region.

In Thailand, our largest ASEAN market, VONB grew by 13 per cent in the second quarter. Premier Agency remains the core strength of the business, complemented by very strong growth from our partnership with Bangkok Bank.

Singapore delivered 10 per cent VONB growth, including a 19 per cent increase in the second quarter, with growth from both agency and partnership distribution.

Malaysia VONB was up by 10 per cent in the half with growth accelerating in the second quarter on the back of strong contributions from partnerships and continued improvement in agency momentum.

The strong performance across our major ASEAN markets reinforces our belief in the long-term growth potential of the region. Moving now to India.

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Tata AIA Life delivered another excellent set of results, with VONB growth of 31 per cent in the first half, as we continued to capture the huge potential in the market.

Agency represents 55 per cent of our business in India and delivered excellent VONB growth of 38 per cent. We continued to build scale and invest in future growth, as evidenced by the strong increases in active agents, new recruits and new leaders.

We expanded our customer reach with bank and broker distribution and continued to see sales growth with VONB up 23 per cent across these channels. Tata AIA ranks number 1 in retail protection and persistency in India, reflecting our focus on delivering high-quality advice and products to our customers.

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In summary, today’s strong results are a continuation of AIA’s exceptional track record of delivering growth across our key financial metrics. Our ability to deliver sustained strong performance reflects our unique position as the leading pan-Asian life and health insurer, delivering growth by capitalising on the huge opportunity set in the region.

We are focused on driving high-quality, profitable new business growth with attractive reinvestment economics that adds further layers of recurring earnings and cash generation. I am confident in our ability to continue to drive future growth and attractive shareholder value creation.

I will now hand over to our CFO, Garth Jones, who will take you through the details of our financial results.

Financial Performance by Garth Jones – *Group Chief Financial Officer*

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Good morning. I'm delighted to take you through another strong set of results for AIA, demonstrating the quality of the business we have built over many years. Let me start by highlighting three things that I see as key in these results.

First, we achieved double-digit growth across new business, earnings and cash generation. Second, the profitable new business written over many years is now compounding visibly, driving higher operating profit and free surplus generation. Third, disciplined capital deployment is lifting returns to record levels and we have continued to both grow strongly and return capital to shareholders.

In combination, these results provide clear evidence that AIA's growth model is creating sustained shareholder value.

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Let me now take you through the results in more detail. VONB increased to a record 3.2 billion dollars, up by 10 per cent, with growth across all distribution channels, and reportable segments other than Thailand. OPAT increased to 4.2 billion dollars, up 13 per cent per share and operating ROE reached a record 17.5 per cent.

This strong result gives us confidence in the outlook, and we now expect to exceed our OPAT per share growth target. UFSG, our key operating measure of cash generation, increased to 3.9 billion dollars, up 10 per cent per share. During the first half, we returned 3.6 billion dollars to shareholders through dividend and share buy-back.

Based on this strong performance, the Board has declared a 10 per cent increase in the interim dividend per share, reflecting both our sustained strong performance and our confidence in the future.

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Turning to new business, AIA is focused on writing large-scale, high-quality and profitable new business that creates value for both our customers and shareholders. Our proprietary Premier Agency accounted for 72 per cent of Group VONB, with partnership distribution contributing the remaining 28 per cent.

VONB margin stood at 57.1 per cent, broadly stable compared with prior year. The financial profile of our product mix is highly attractive. Traditional protection products generate underwriting profits, while participating and unit-linked products generate recurring fee-based earnings. Together, these products accounted for 96 per cent of Group VONB in the first half.

This high-quality product mix generates strong and predictable cash flows, with highly attractive returns on the capital we invest. Every dollar of capital invested in new business is expected to generate 4 dollars of distributable earnings within 10 years and with a rapid payback period of just three years.

The internal rate of return on our new business investment remains above 20 per cent. Our ability to write profitable new business at scale, while maintaining these attractive economics, is a key differentiator for AIA, and underpins our confidence in our ability to compound value over time.

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Our embedded value clearly demonstrates the financial dynamics of AIA's growth model, each cohort of profitable new business adds another layer of future earnings and cash generation, supported by prudent assumptions and disciplined management of the in-force portfolio.

EV operating profit increased to 6.6 billion dollars in the first half, up 12 per cent per share. Growth was driven by the higher VONB, increased expected return from our in-force and positive operating variances, reflecting the overall quality of our business and our focused operational management.

As a result, operating ROEV increased by 220 basis points to a record 18 per cent. Investment return variances added one billion to EV Equity, mainly from positive equity market performance in the period, while exchange rates and other non-operating items were small.

Overall, EV Equity increased by 9 per cent to 87.1 billion before returns to shareholders. After the 3.6 billion of dividend and share buy-back, EV Equity reached 83.4 billion dollars, up by 6 per cent per share over the first half.

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AIA's embedded value reflects the high quality of our in-force portfolio built from many years of profitable new business. Similar to our new business, future earnings from our in-force book are predominantly sourced from protection and long-term savings products, which provide recurring and resilient cash flows.

Our prudent assumptions and active management of the in-force portfolio have consistently resulted in positive operating variances. In the first half, these added 742 million dollars to EV operating profit. This included positive medical claims experience, reflecting claim savings of around 200 million dollars for the half.

At the same time, due to disciplined expense management and continued business growth, our expense ratio has improved by 130 basis points over two years to 6.9% this half. Since our IPO, operating variances have been positive every year and have now added over 5 billion dollars to EV Equity.

This strong track record and the limited sensitivity to capital market movements demonstrates the prudence of our assumptions, and the quality of the in-force portfolio. Overall, our EV provides a prudent and reliable measure of the economic value created for shareholders.

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Now moving to the IFRS results. First, on the left-hand side of the slide. The Contractual Service Margin, or CSM, represents the accumulated stock of expected future IFRS earnings from our in-force portfolio. Each new cohort of profitable new business adds a further layer to this stock, which is then released into earnings over time.

During the first half, new business added 4.9 billion dollars, while the expected return contributed a further 1.7 billion. After a release of 3.4 billion of CSM into earnings, together with small other items including variances and exchange-rate movements, the CSM balance increased to 67.8 billion dollars. Underlying CSM growth was 10 per cent, driven by our strong organic growth.

Turning to the right-hand side. Since the adoption of IFRS 17, new business and the expected return on the in-force portfolio have added 38.1 billion to the CSM. After releases of 20.5 billion into earnings, the CSM has increased by a net 17.5 billion dollars, thereby expanding our stock of future earnings, while the release rate has remained broadly stable.

This demonstrates how successive cohorts of profitable new business compound over time to support sustained growth in recurring earnings.

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The CSM release is the principal contributor to OPAT, our core measure of operating earnings. The greater release into profit, due to a higher CSM, is the main driver of the 11 per cent increase in the insurance service result seen in the first half.

Positive variances also flow into this, reflecting continued disciplined management of expenses and claims, including progress in executing our integrated health strategy. The net investment result after expenses also increased compared with last year. Overall, OPAT increased to 4.2 billion in the first half, up by 13 per cent per share.

Strong earnings growth, together with disciplined capital management, drove operating ROE up by 200 basis points to a record 17.5 per cent. The growth in CSM, and the quality and resilience of our in-force portfolio, give us confidence in the earnings outlook and we now expect to exceed our 9 to 11 per cent OPAT per share CAGR target for 2023 to 2026.

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The same compounding dynamic that drives earnings also underpins cash generation. Each new policy that we write adds a future stream of cash flows to our growing in-force portfolio, which emerges progressively over future years. At the end of the first half, we expect our in-force portfolio to generate 57 billion dollars of distributable earnings over the next 10 years. This is 15 per cent higher than at the end of the first half of 2025, reflecting the addition of profitable new business, together with an uplift from positive variances.

As these distributable earnings emerge, they drive higher operating cash generation. In the first half, UFSG increased to 3.9 billion dollars, up 10 per cent per share. After investment in new business and central costs, net free surplus generation increased to 2.8 billion dollars, up 12 per cent per share. The stronger growth in net free surplus generation than UFSG reflects the increased capital efficiency of new business written, in particular the shift in product mix towards participating business in the Chinese Mainland.

These results demonstrate the direct progression from profitable new business, to growth in the in-force portfolio, and then into higher earnings and ultimately cash generation.

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We follow a clear and shareholder value-focused capital management framework. Our capital management policy targets the return of 75 per cent of annual net free surplus generation through dividends and share buy-backs. We also regularly review our capital position and return capital in excess of our needs.

Since 2022, we have returned 26.6 billion dollars to shareholders through dividends and share buy-backs, while continuing to invest in profitable growth. The shareholder capital ratio stood at 210 per cent at 30 June 2026, following the 3.6 billion dollars returned to shareholders during the first half, in line with our expectations.

Our capital position remains very strong, and we retain substantial financial flexibility given our low leverage and high financial strength ratings.

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Consistent with our long-established prudent, sustainable and progressive dividend policy, the Board has declared an interim dividend per share of 53.9 Hong Kong cents, which represents an increase of 10 per cent over last year.

AIA has increased its dividend every year after IPO, ever since our very first dividend in 2011, and including during the COVID period. Our ability to sustain this track record reflects the resilience of our earnings and cash generation from the growing in-force portfolio. As a reminder, the final dividend and the balance of shareholder returns under our capital management policy will be determined and announced with the 2026 annual results, in March 2027.

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To conclude, AIA has delivered another strong financial performance in the first half of 2026, with double-digit growth across new business, earnings and cash generation and record operating returns.

These results reflect the strength of AIA's platform, the depth of our distribution, the quality of our product mix and the disciplined way in which we manage capital. AIA is exceptionally well positioned in Asia, the most attractive region in the world for life and health insurance.

I am confident in AIA's outlook, with a clear strategy, a proven model, and a demonstrable ability to execute effectively. We continue to drive profitable growth and we are converting this into earnings, cash and shareholder returns with discipline and consistency. Thank you.

– End –

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