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Media Release

AIA DELIVERS VERY STRONG NEW BUSINESS GROWTH VALUE OF NEW BUSINESS UP 19 PER CENT IN THE FIRST QUARTER OF 2021

HONG KONG, 14 May 2021 – AIA Group Limited (the “Company”; stock code: 1299) today announces key new business indicators for the first quarter ended 31 March 2021.

KEY FINANCIAL SUMMARY

Growth rates are shown on a constant exchange rate basis.

- Value of new business (VONB) of US\$1,052 million, up 19 per cent
- Annualised new premiums (ANP) grew 10 per cent to US\$1,703 million
- VONB margin up 4.5 pps to 61.6 per cent
- Total weighted premium income (TWPI) up 6 per cent to US\$9,663 million

US\$ millions, unless otherwise stated	1Q 2021	1Q 2020	YoY CER	YoY AER
Value of new business (VONB)	1,052	841	19%	25%
VONB margin	61.6%	56.6%	4.5 pps	5.0 pps
Annualised new premiums (ANP)	1,703	1,483	10%	15%
Total weighted premium income (TWPI)	9,663	8,796	6%	10%

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

“AIA has exceeded pre-pandemic levels of new business for each of our segments other than Hong Kong, where travel restrictions continue to affect sales to Mainland Chinese visitors. Outside Hong Kong, VONB for all segments in the first quarter of 2021 was higher than the first quarter of 2019. Compared with the first quarter of 2020, we have delivered 19 per cent overall VONB growth for the Group, including excellent growth in Mainland China, Thailand and Malaysia and double-digit growth from our domestic customer segment in Hong Kong.

“The momentum that returned to our businesses, as movement restrictions eased in 2020, has continued into 2021. VONB growth is broad-based across the Group, and has been driven by excellent performance from our Premier Agency and increased demand for our protection products.

“We are making excellent progress with our strategic priorities, further extending our competitive advantages as we harness the opportunities available to AIA across Asia. In particular, I am delighted that we have launched our new provincial branch in Sichuan as we continue to leverage our unique opportunity in Mainland China.

“The Group’s financial position has remained very strong through the recent exceptional volatility, giving peace of mind to our millions of customers. The pandemic has increased awareness of health and wellness and we have seen very strong growth in protection VONB compared to the first quarter of 2020 as we help more people across Asia live Healthier, Longer, Better Lives.”

SUMMARY FOR THE FIRST QUARTER

AIA's wholly-owned operation in Mainland China remained the largest contributor to the Group's VONB and achieved excellent growth compared with the first quarter of 2020. VONB margin was consistent with the prior year despite the deduction of 5 per cent withholding tax since July 2020. Following approval from the China Banking and Insurance Regulatory Commission in March, our new branch in Sichuan has now successfully launched operations.

AIA Hong Kong achieved double-digit VONB growth from the domestic customer segment, while travel restrictions continue to limit sales from Mainland Chinese visitors. In our Macau branch, Mainland Chinese visitor sales contributed around one-third of ANP in the first quarter, supported by the resumption of the Individual Visit Scheme.

In March, we announced a 15-year exclusive bancassurance partnership with The Bank of East Asia, Limited (BEA) covering Hong Kong and Mainland China. In Hong Kong, this partnership further broadens our extensive distribution capabilities, providing exclusive access to BEA's 1.2 million predominantly domestic customers. AIA also gains exclusive access to BEA's fast-growing, affluent customer base in Mainland China where the bank is a top three foreign bank.

AIA Thailand achieved excellent VONB growth, driven by both agency and partnership channels, and was the second-largest contributor to the Group's VONB in the first quarter of 2021. VONB margin increased significantly resulting from our successful shift in product mix towards protection and unit-linked businesses.

In Singapore, we delivered positive VONB growth, with double-digit growth from our agency, partially offset by a decline in partnership channels as offshore new business sales remain limited given ongoing border controls.

AIA Malaysia continued its strong momentum from the second half of 2020 and delivered the highest VONB growth among our reportable segments, supported by both our agency and our bancassurance partnership with Public Bank Berhad.

VONB from Other Markets reduced, reflecting the effect of ongoing movement controls in the Philippines and the significant one-off contribution to VONB in Australia in the first quarter of 2020, as previously disclosed. Excluding these two markets, VONB from Other Markets increased compared with the first quarter of 2020.

Overall, VONB margin improved to 61.6 per cent, up from 56.6 per cent in the first quarter of 2020, mainly driven by geographical mix shift and higher government bond yields, partially offset by the deduction of withholding tax for AIA China. The VONB margin is stated net of acquisition expense overruns, and the long-term investment return assumptions remain unchanged from those shown in our Annual Report 2020. Margin reported on a present value of new business premium (PVNBP) basis was stable compared with the first quarter of 2020 at 10 per cent. ANP of US\$1,703 million increased by 10 per cent compared with the first quarter of 2020. TWPI increased by 6 per cent to US\$9,663 million, reflecting further growth of our in-force portfolio and continued strong persistency.

OUTLOOK

The long-term prospects for AIA's businesses are exceptional given our substantial competitive advantages and the powerful structural growth drivers for life and health insurance in Asia. Rising incomes, low levels of private insurance penetration and limited social welfare coverage continue to drive demand for AIA's insurance products across our markets.

Global economic growth gained traction in the first quarter of 2021 as unprecedented fiscal and monetary support helped reduce the burden of the pandemic shock. While the outlook remains dependent on government and central bank policies, effectiveness of containment measures and the acceleration of vaccination programmes, we remain cautiously optimistic as the economic recovery extends from manufacturing-led sectors to consumption and services.

We are confident that the execution of our strategic priorities will build on our strong track record of growth and generate long-term sustainable value for shareholders.

FOREIGN EXCHANGE VOLATILITY

AIA receives the vast majority of its premiums in local currencies and we closely match our local assets and liabilities to minimise the economic effects of foreign exchange movements. When reporting the Group's consolidated figures, there is a currency translation effect as we report in US dollars. We have provided growth rates and commentaries on CER unless otherwise stated, since this provides a clearer picture of the underlying performance of the businesses.

– End –

Notes:

1. AIA's first fiscal quarter of 2021 and 2020 ended on 31 March 2021 and 31 March 2020, respectively.
2. All figures are presented in actual reporting currency (US dollars) and based on actual exchange rates (AER) unless otherwise stated. Change is shown on a year-on-year basis and based on constant exchange rates (CER) unless otherwise stated. Change on CER is calculated using constant average exchange rates for 2021 and 2020.
3. Long-term investment return assumptions used in the embedded value (EV) basis for the first quarter 2021 results are the same as at 31 December 2020 shown in the supplementary embedded value information in our Annual Report 2020. Non-economic assumptions used in the EV basis are based on those as at 31 December 2020, updated to reflect AIA's latest view of expected future experience.
4. VONB is calculated based on assumptions applicable at the point of sale. Starting from 2021, the risk margins assumed in the VONB calculations are determined at a product level to better reflect the risk associated with the mix of products sold during the reporting period, as previously announced in our Annual Report 2020.

VONB for the Group excludes VONB attributable to non-controlling interests.

ANP and VONB for Other Markets include the results from our 49 per cent shareholding in Tata AIA Life Insurance Company Limited (Tata AIA Life).

5. VONB includes pension business. ANP and VONB margin exclude pension business and are before deduction of non-controlling interests.
6. ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded and excluding pension business.
7. TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded.
8. In the context of our reportable market segments, Hong Kong refers to operations in Hong Kong Special Administrative Region (SAR) and Macau SAR; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, India, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China) and Vietnam.
9. The results of Tata AIA Life are accounted for the three-month period ended 31 December 2020 in AIA's consolidated results for the first quarter ended 31 March 2021. For clarity, TWPI does not include any contribution from Tata AIA Life.

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, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR 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 the 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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As for all quarterly new business highlights announcements, there will not be a conference call for media or investors and your usual contact will be available to answer queries.

This document may contain certain forward-looking statements relating to the Group 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”, “should”, “continue”, “future”, “expect”, “anticipate”, “believe” 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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