



AIA Group Limited

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Media Release

AIA DELIVERS RECORD FIRST-HALF NEW BUSINESS PERFORMANCE

HONG KONG, 27 July 2012 – AIA Group Limited (stock code: 1299), the leading pan-Asian life insurance group, is pleased to announce a record new business performance for the six months ended 31 May 2012.

AIA continued to deliver strong growth in value of new business (VONB), our key performance measure:

- VONB grew by 28 per cent to US\$512 million compared with the first half of 2011.
- VONB margin expanded substantially to 42.6 per cent, a 6.6 percentage points improvement.
- Annualised new premium (ANP) increased by 9 per cent to US\$1,187 million.

AIA's sustained focus on value creation resulted in:

- Embedded value (EV) of US\$28,840 million, increasing by US\$1,601 million over the first half from US\$27,239 million as at 30 November 2011.

AIA posted robust operating profit and maintained a strong capital position:

- Operating profit after tax (OPAT) rose 12 per cent to US\$1,080 million.
- Solvency ratio of 456 per cent as at 31 May 2012, on the Hong Kong Insurance Companies Ordinance (HKICO) basis and following the subsidiarisation of our branch operation in Singapore.

AIA remains committed to a prudent and progressive dividend policy:

- An interim dividend of 12.33 Hong Kong cents per share, an increase of 12 per cent.
- If trading conditions continue in line with present expectations, the 2012 interim dividend will represent approximately one-third of the 2012 full-year dividend. Any final dividend remains subject to Board recommendation and shareholder approval at the Annual General Meeting.

Commenting on the results, Mark Tucker, AIA's Group Chief Executive and President, said:

"AIA has delivered another excellent set of results with a record first-half value of new business, our key performance measure, and a healthy increase in our margin. The continuing momentum and strong growth are a testament to the effective execution of the clear strategic objectives we have put in place since our listing. We will continue to focus on delivering quality new business growth through our Premier Agency sales force and profitable partnerships.

"We are pleased to declare an interim dividend of 12.33 Hong Kong cents per share, which is in line with our prudent and progressive dividend policy.

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“We are proud of having successfully operated in the region for over ninety years and we continue to be excited and optimistic about the opportunities presented by the continued dynamic economic growth and strong underlying demand for long-term savings, accident and health and other protection products in Asia.

“Our unique combination of extensive brand reach, powerful agency distribution franchise, broad product range and balance sheet strength means we remain in an excellent position to capture these growth opportunities and to generate sustainable value for our shareholders.”

AIA Singapore reported strong growth in the first half financial year 2012, achieving US\$99M in Value of New Business (VONB) which is a 27 per cent increase, compared to 2011 of the same period. We also achieved US\$152M in the annualised new premiums for the half year 2012, a 27 per cent growth as compared to 2011 for the same period. Operating Profit After Tax remained encouraging at US\$168M for the first half financial year.

Commenting on the business results for AIA Singapore, Mr Tan Hak Leh, Chief Executive Officer, AIA Singapore said, “AIA Singapore’s strong growth for the first half financial year 2012 is attributed to our focus on innovation to bridge the protection gap amongst families in Singapore, and we are well-placed to sustain the business growth momentum for the rest of 2012.

Group Insurance and Partnership Distribution, in particular with IFAs and Brokerages, reflected robust performance. Our strategy has been to focus on the growing high net worth segment. This is in addition to the strength of our agency force which continues to be AIA Singapore’s leading distribution channel.

AIA Singapore also continues to make headway in bridging the underinsurance gap amongst families in Singapore as reflected in increased sales of protection and investment-linked products like AIA Complete Critical Cover, AIA HealthShield Gold Max and AIA Family First Protect. We remain committed to delivering solid financial advice and services to customers by investing in innovations which simplify the insurance-purchasing process, and will continue to introduce internal training programmes supporting MAS’ drive to establish a corporate culture that supports Fair Dealing practices.”

AIA Singapore launched AIA Premier Disability Cover in July 2012, a disability income protection plan and a first in Singapore which offers certainty of benefit payout regardless of any future changes to your income or payouts from other disability income policies, in the event of disability and you are unable to work due either to an injury or illness. In February 2012, the company launched a fully mobile Sales Quotation System on iPad which is a first in the global insurance market, with another first-in-market system to be launched within the year to further simplify the insurance-purchasing process and boost overall productivity of the organisation.

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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 in the world. It has wholly-owned main operating subsidiaries or branches in 14 markets in Asia Pacific – Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau and Brunei and a 26 per cent joint venture shareholding in India.

The business that is now AIA was first established in Shanghai over 90 years ago. 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\$119,494 million as of 31 May 2012.

AIA meets the savings and protection needs of individuals by offering a range of products and services including retirement planning, life insurance and accident and health insurance. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents and employees across Asia Pacific, AIA serves the holders of more than 24 million individual policies and over 10 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 HIGHLIGHTS

Key Performance Metrics

US\$ millions, unless otherwise stated	Six months ended 31 May 2012	Six months ended 31 May 2011	YoY
New Business Value			
Value of new business (VONB)	512	399	28%
VONB margin	42.6%	36.0%	6.6 pps
Annualised new premium (ANP)	1,187	1,094	9%
Embedded Value⁽¹⁾	28,840	27,239	6%
IFRS			
Operating profit after tax (OPAT) ⁽²⁾	1,080	967	12%
Dividend per Share (HK cents)	12.33	11.00	12%

(1) Comparative for balance sheet item is shown at 30 November 2011

(2) Attributable to shareholders of AIA Group Limited

Value of New Business (VONB) By Market

US\$ millions, unless otherwise stated	Six months ended 31 May 2012	Six months ended 31 May 2011	YoY
Hong Kong	140	121	16%
Thailand ⁽¹⁾	131	101	30%
Singapore	99	78	27%
Malaysia	31	22	41%
China	60	44	36%
Korea	33	42	(21)%
Other Markets	66	44	50%
Subtotal	560	452	24%
Adjustment to reflect additional Hong Kong reserving and capital requirements	(16)	(24)	n/m
After-tax value of unallocated Group Office expenses	(32)	(29)	n/m
Total	512	399	28%

(1) VONB of Thailand for 2012 was calculated using the regulatory Risk-Based Capital basis. VONB for 2011 was calculated using the statutory reserving and solvency basis applicable prior to the implementation of the Risk-Based Capital requirements. The difference arising from the change in methodologies was not material.

AIA Singapore Business Results

US\$ millions, unless otherwise stated	Six months ended 31 May 2012	Six months ended 31 May 2011	YoY
VONB ⁽¹⁾	99	78	27%
VONB margin ⁽²⁾	65.0%	65.1%	(0.1) pps
ANP	152	120	27%
TWPI	998	910	10%
Operating profit after tax	168	155	8%

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Notes:

- (1) The results of our joint venture in India are accounted for using the equity method. For clarity, ANP and VONB exclude any contribution from India.
- (2) ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded.
- (3) ANP and VONB margin exclude corporate pension business.
- (4) VONB includes corporate pension business.
- (5) All figures are presented in actual reported currency (US dollar) unless otherwise stated.
- (6) Change is shown on a year-on-year basis unless otherwise stated.
- (7) Hong Kong refers to operations in Hong Kong and Macau; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia, the Philippines, Indonesia, Vietnam, Taiwan and New Zealand.
- (8) The amounts of VONB attributable to non-controlling interests in the first half of 2012 and the first half of 2011 were US\$5 million and US\$2 million respectively.
- (9) IFRS operating profit after tax is shown after non-controlling interests unless otherwise stated.

This document contains forward-looking statements relating to AIA Group Limited that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. These forward-looking statements are, by their nature, subject to significant risks. When used in this document, the words "will", "plan", "should" 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.