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## Media Release

### **AIA Delivers Excellent Growth in the First Half of 2016**

#### **VONB up 37 per cent on constant exchange rates Strong operating profit growth and progressive dividend**

**HONG KONG, 28 July 2016** – The Board of Directors of AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) is pleased to announce the Group’s unaudited consolidated results for the six months ended 31 May 2016.

#### **Record growth in value of new business (VONB) (on a constant exchange rate basis)**

- 37 per cent growth in VONB to US\$1,260 million
- 31 per cent increase in annualised new premiums (ANP) to US\$2,355 million
- VONB margin up 2.4 pps to 52.7 per cent

#### **Strong operating profit growth (on a constant exchange rate basis)**

- Embedded value (EV) operating profit up 28 per cent to US\$2,896 million
- IFRS operating profit after tax (OPAT) up 14 per cent to US\$1,956 million
- IFRS operating earnings per share up 14 per cent to 16.34 US cents

#### **Robust cash flow and capital position**

- Underlying free surplus generation of US\$2,073 million, up 12 per cent on constant exchange rates
- Free surplus up 10 per cent in the first half to US\$8.2 billion, after payment of 2015 final dividend
- EV Equity of US\$41.7 billion; EV of US\$40.1 billion, up 5 per cent in the first half
- Solvency ratio for AIA Co. of 381 per cent on the HKICO basis after taking into account the payment for our increased shareholding in Tata AIA

#### **Progressive interim dividend**

- 17 per cent increase in interim dividend to 21.90 Hong Kong cents per share

#### **Mark Tucker, AIA’s Group Chief Executive and President, said:**

“AIA has delivered an excellent set of results with record VONB growth of 37 per cent on a constant exchange rate basis in the first half. The strength of this performance reflects the disciplined execution of our growth strategy, the resilience of our operating model and our commitment to building a high-quality, sustainable business for the long term. This has enabled us to deliver a strong and consistent track record of year-on-year growth notwithstanding an uncertain global macroeconomic and capital market environment.

“Asia is the most attractive and dynamic region in the world for life insurance. We are operating in markets that continue to offer sustainable economic growth, increased disposable incomes, powerful demographic and urbanisation trends and very low insurance penetration rates. AIA is exceptionally well placed to benefit directly from these significant and robust drivers of life insurance growth across our region. We have a highly-diversified and resilient business model underpinned by our market-leading brand and the financial strength to enable us to capture these opportunities.

“Our focus remains on executing our strategic priorities aimed at expanding the reach and increasing the effectiveness of our proprietary agency and partnership distribution channels. We shall continue to find innovative ways to broaden our range of products and provide customers with the critically important protection and savings support they need.

“The Board has declared a 17 per cent increase in the interim dividend for 2016. This demonstrates once again our strong financial performance and our confidence in the future outlook for the Group. The consistent execution of our strategy and the strong fundamentals in the region will enable us to continue to generate sustainable value for our shareholders.”

**AIA Singapore’s Business Results in the First Half of 2016:**

AIA Singapore continued to achieve a positive set of financial results for the first half of 2016, sustaining the strong growth momentum in recent years.

Based on a constant exchange rate basis, AIA Singapore achieved 10% increase in Value of New Business (VONB) which is the company’s priority as it remains focused on achieving sustainable growth. Our Operating Profit After Tax (OPAT) also achieved an increase of 8%.

Correspondingly, there was a slight 2% dip in Annualised New Premiums (ANP) for the first half of 2016 as compared to the same period in 2015. This is attributed to a general shift in product mix from single premium to regular premium as AIA Singapore continues to focus on driving more sustainable regular premium business. Uptake of regular premium products has increased significantly to contribute to the company’s overall growth.

Overall, AIA Singapore’s positive business results are attributed to:

- The continual increased in productivity of our market leading agency force, as a result of our commitment in AIA’s Premier Agency Strategy of developing quality leaders and agents.
- Strong growth in our Bancassurance channel fuelled by our strategic partnership with Citibank, which delivered strong VONB growth as we continued to increase the engagement with Citi’s sales team. We have also expanded our cooperation with Citibank to include telemarketing sales to its customer base which have seen good traction since the launch of this telemarketing initiative last year.
- We maintained our leadership in corporate solutions through deeper broker engagement and success in targeting the SME segment via AIA Singapore’s agency force. AIA Singapore’s Corporate Solutions has also been recognised with the Best Employee Insurance Vendor award for 10 consecutive years from 2006 to 2015 nominated by Human Resources professionals.

**Patrick Teow, AIA Singapore’s Chief Executive Officer, said:**

“AIA Singapore had a positive start to 2016. As we continue to transform the company to better serve our customers, we remain focused on executing the strategic priorities that will deliver our sustainable long term growth objective.

“Most importantly, as AIA Singapore celebrates our 85<sup>th</sup> birthday this year, we reaffirm our commitment to putting our customers at the heart of everything we do and this is reflected in the numerous innovations and initiatives that we launched in the first half of the year.

“For example, I am delighted to share that two of our Agency Leaders recently won coveted awards at the inaugural Asia Trusted Agents & Advisors Awards 2016<sup>1</sup> organised by the Asia Insurance Review and LIMRA. The Awards drew some 500 entries across 15 countries in Asia and recognises outstanding agents and advisors, who have helped to meet the vital protection and savings needs of many individuals and their families.

“On the innovation front, we launched AIA Wealth Pro Advantage with a new trademarked concept we call Savest™, where this 2-in-1 savings and investment plan helps individuals build their wealth by providing

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<sup>1</sup> More information about the awards available at <http://www.asiainsurancereview.com/asiailifeawards/#about> (Accurate as at July 25, 2016)

the growth potential of investments with the stability of long-term savings. This innovation was developed based on deep consumer insights, which won AIA Singapore the Life Insurance award at the Singapore Business Review's International Business Awards 2016.<sup>2</sup>

"We also advocate greater innovation in the insurance and health space with the AIA – Konica Minolta Digital Health Accelerator programme which recently concluded with a Demo Day, where 8 finalist startups presented their ideas to potential investors following 12 weeks of mentorship from experts including AIA Singapore executives.

"AIA Vitality, our transformational science-backed wellness programme, continues to be the centrepiece in our efforts to help our customers lead healthier, happier and better lives with their families. This investment in Singapore's health is further reflected in our support of initiatives for the community such as the successful The Music Run™ by AIA which we hosted for the second time in Singapore this year.

"In the spirit of fulfilling our commitment as The Real Life Company, AIA Singapore looks to actively engage in the lives of our customers and their families for the next 85 years and beyond. More exciting innovations and initiatives will be revealed in the second half of 2016. "

- End -

## **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, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and representative offices in Myanmar and Cambodia.

The business that is now AIA was first established in Shanghai almost a century 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\$181 billion as of 31 May 2016.

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 29 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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<sup>2</sup> More information about the awards available at <http://sbr.com.sg/media-marketing/news/these-trailblazing-firms-are-top-their-game-in-singapore%E2%80%99s-ultra-competitive-co> (Accurate as at July 25, 2016)

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#### APPENDIX Financial Summary

##### Key Performance Highlights

US\$ millions, unless otherwise stated	Six months ended	Six months ended	YoY	YoY
	31 May 2016	31 May 2015	CER	AER
<b>New Business Value</b>				
Value of new business (VONB)	1,260	959	37%	31%
VONB margin	52.7%	50.2%	2.4pps	2.5pps
Annualised new premiums (ANP)	2,355	1,878	31%	25%
<b>Embedded value (EV) Equity<sup>(1)</sup></b>	<b>41,657</b>	39,818	<b>4%</b>	5%
<b>IFRS</b>				
Operating profit after tax (OPAT)	1,956	1,798	14%	9%
Dividend per share (HK cents)	21.90	18.72	n/a	17%

(1) Comparatives for balance sheet items are shown at 30 November 2015.

##### New Business Performance by Segment

US\$ millions, unless otherwise stated	Six months ended 31 May 2016			Six months ended 31 May 2015			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY	YoY
							CER	AER
Hong Kong	537	52.9%	988	335	59.6%	540	60%	60%
Thailand	175	80.9%	216	183	71.5%	256	4%	(4)%
Singapore	152	71.1%	214	142	62.9%	225	10%	7%
Malaysia	90	55.7%	159	78	55.4%	138	30%	15%
China	278	86.8%	321	187	84.8%	220	56%	49%
Korea	16	16.7%	94	23	17.5%	132	(24)%	(30)%
Other Markets	120	32.5%	363	115	31.2%	367	10%	4%
<b>Subtotal</b>	<b>1,368</b>	<b>57.3%</b>	<b>2,355</b>	<b>1,063</b>	<b>55.8%</b>	<b>1,878</b>	<b>34%</b>	<b>29%</b>
Adjustment to reflect additional Hong Kong reserving and capital requirements	(35)	n/m	n/m	(48)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(73)	n/m	n/m	(56)	n/m	n/m	n/m	n/m
<b>Total</b>	<b>1,260</b>	<b>52.7%</b>	<b>2,355</b>	<b>959</b>	<b>50.2%</b>	<b>1,878</b>	<b>37%</b>	<b>31%</b>

##### SINGAPORE

US\$ millions, unless otherwise stated	Six months ended	Six months ended	YoY	YoY
	31 May 2016	31 May 2015	CER	AER
VONB	152	142	10%	7%
VONB margin	71.1%	62.9%	8.0pps	8.2pps
ANP	214	225	(2)%	(5)%
TWPI	1,114	1,141	1%	(2)%
Operating profit after tax	211	201	8%	5%

##### 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 first half of 2016 and for the first half of 2015 other

than for balance sheet items that use constant exchange rates as at 31 May 2016 and as at 30 November 2015.

- (2) Change is shown on a year-on-year basis unless otherwise stated.
- (3) Long-term economic assumptions used in the EV basis for the interim results are the same as those shown as at 30 November 2015 in our 2015 annual results preliminary announcement published on 25 February 2016. Non-economic assumptions used in the EV basis are based on those at 30 November 2015 updated to reflect AIA's view of the latest experience observed.
- (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 first half of 2016 and in the first half of 2015 were US\$9 million and US\$11 million respectively.
- (5) VONB includes pension business. ANP and VONB margin exclude pension business.
- (6) IFRS operating profit after tax and operating earnings per share are shown after non-controlling interests 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, Indonesia, New Zealand, 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.
- (8) 2015 financial information has been adjusted to reflect the changes in definition of operating profit and accounting policies for real estate with effect from 1 December 2015, as previously highlighted in notes 48 and 49 to the financial statements in our Annual Report 2015.
- (9) AIA's financial information in this document is based on the unaudited interim condensed consolidated financial statements and supplementary embedded value information for the first half of 2016.

*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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