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## Media Release

### AIA Delivers Another Excellent Set of Results

**VONB up 28 per cent on constant exchange rates**  
**Operating profit up 15 per cent — Final dividend up 25 per cent**

**HONG KONG, 24 February 2017** – The Board of Directors of AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) is pleased to announce that AIA has delivered excellent results for the year ended 30 November 2016. Highlights are shown on a constant exchange rate basis:

#### **Excellent growth in value of new business (VONB)**

- 28 per cent growth in VONB to US\$2,750 million
- 31 per cent increase in annualised new premiums (ANP) to US\$5,123 million
- VONB margin of 52.8 per cent

#### **Strong operating profit generation**

- IFRS operating profit after tax (OPAT) up 15 per cent to US\$3,981 million
- IFRS operating earnings per share up 15 per cent to 33.25 US cents
- Embedded value (EV) operating profit up 19 per cent to US\$5,887 million
- Operating return on EV (ROEV) increased to 15.4 per cent

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

- Underlying free surplus generation of US\$4,024 million, up 11 per cent
- Free surplus of US\$9.8 billion
- EV Equity of US\$43.7 billion; EV of US\$42.1 billion, up 12 per cent
- Net remittances of US\$2.0 billion
- Solvency ratio for our principal operating company, AIA Co., of 404 per cent on the HKICO basis

#### **Significant increase in recommended final dividend**

- 25 per cent increase in final dividend to 63.75 Hong Kong cents per share
- Total dividend of 85.65 Hong Kong cents per share, an increase of 23 per cent

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

“AIA has delivered an excellent set of results in 2016. We have achieved record new business profits, significant earnings growth, strong free surplus generation and a step up in shareholder dividends. Today’s headline figures, with VONB up by 28 per cent, and our consistent track record of year-on-year profitable growth are the direct result of the strong fundamental growth drivers in the Asia-Pacific region, our highly-diversified and resilient business model and our commitment to building a high-quality, sustainable business for the long term.

“The Board has recommended a further step up of 25 per cent in the 2016 final dividend from our higher base in 2015 to 63.75 Hong Kong cents per share. This dividend uplift reflects our excellent financial performance and our confidence in the future outlook for the Group.

“AIA has been in Asia for close to a century. The powerful structural economic, social and demographic changes taking place across the region present an unparalleled opportunity for the Asian life insurance industry and one which AIA, with our distribution reach, trusted brand, financial strength and people capabilities, is in an advantaged position to capture.

“We have made an excellent start to 2017 with strong value of new business growth in the first two months of our financial year. We have clear strategic priorities in place and are committed to building on our strong competitive advantages by helping our customers meet their long-term financial needs through our products and services. This provides us with a strong foundation to deliver profitable growth and long-term value for our shareholders, as we help our customers live longer, healthier, better lives and plan for a brighter future.”

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AIA Singapore continued to drive sustainable long-term business growth through an increased focus on regular premium business. New business profits, measured by Value of New Business (VONB), from regular premium business grew by 16% compared with 2015. Coupled with our selective approach to single premium business, the overall VONB and Annualised New Premium (ANP) decreased by 7% and 9% respectively. Overall profits, measured by Operating Profit After Tax (OPAT) increased by 6%.

AIA Singapore's continued disciplined execution of our Premier Agency strategy drove strong performance in the agency channel. We delivered double digit growth in new business profits from the agency channel, measured by Value of New Business (VONB), via increased number of active agents and higher agent productivity. Our efforts were supported by high adoption rate of iPOS and enhanced capabilities of iMO. Approximately 80% of new business applications were submitted through iPOS.

We retained our leadership in Singapore's protection market in terms of new business sum assured, with strong performance further driven by our strategic partnership with Citibank. We also continue to hold the top position in group insurance business.

#### **Patrick Teow, Chief Executive Officer of AIA Singapore, said:**

"AIA Singapore kick-started the transformation of our business in 2016, laying the foundation to put our customers at the heart of everything we do.

"2017 is a year where we will be investing in the health and wellness of Singaporeans by introducing more innovations and initiatives such as the AIA Quality HealthCare Partners and AIA Vitality, among many others, empowering individuals and families to live longer, healthier and better lives. This is AIA Singapore's commitment to continue investing in the health and well-being of our community, at a time of increasing incidence of chronic illnesses, healthcare cost inflation and a rapidly ageing population.

"We believe our long-term success will be achieved only by creating and adding value to the community we are in. We are confident of the greater value and benefits these investments will bring in the coming years."

Key drivers of AIA Singapore's ongoing business success include:

- **Continued market leadership of our agency force** with increased active agents and higher productivity in terms of ANP per active agent. We introduced a new MDRT mentoring programme in 2016 which provides our high potential agents with coaching from existing MDRT members. AIA Singapore continued to rank first in the country for MDRT registered members and the number of qualifying MDRT members increased by 30% compared with 2015. The strength of our agency force contributed significantly to AIA Group's ranking as the world's #1 MDRT Company for the second consecutive year, making it the only company in the world to achieve this feat.
- **Our exclusive strategic partnership with Citibank** continued to deliver strong VONB growth with more structured trainings and coaching sessions for bank staff to boost their knowledge and expertise in insurance. The collaboration was also expanded with the offering of simplified protection solutions to Citibank's credit card holders via telemarketing.
- **Maintained market leadership in corporate solutions** driven by deeper engagement with brokers and the agency force, supported by enhanced operational efficiencies. AIA Singapore also won The Best Employee Insurance Provider (Gold) Award for 11 consecutive years, nominated by Human Resources professionals.

AIA Singapore constantly develops new product innovations focusing on human centered designs, through deep insights to meet the evolving needs of our customers. In 2016, this included the introduction of:

- **AIA Triple Critical Cover**, a critical illness policy with a first-in-market 'Power Reset' feature which not only pays out for early stage critical illness conditions, it also restores coverage to its full amount 12 months after the previous claim, allowing for policyholders to make multiple claims under a single plan.
- **AIA Wealth Pro Advantage**, a 2-in-1 savings and investment plan that offers the stability of long-term savings and the growth potential of investments. This concept which AIA Singapore termed 'Savest' has since been trademarked and provides an easy first step for individuals to begin investing.

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AIA Singapore also continues to support fun, health-centric initiatives to promote active lifestyles such as The Music Run™ by AIA, Cold Storage Kids Run, KidZania Singapore's "AIA at the Stadium" and more, enabling the community to get active and lead fuller lives.

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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. 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\$185 billion as of 30 November 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 30 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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#### APPENDIX Financial Summary

##### Key Performance Highlights

US\$ millions, unless otherwise stated	2016	2015	YoY CER	YoY AER
<b>New Business Value</b>				
Value of new business (VONB)	2,750	2,198	28%	25%
VONB margin	52.8%	54.0%	(1.3) pps	(1.2) pps
Annualised new premiums (ANP)	5,123	3,991	31%	28%
<b>Embedded value (EV) Equity</b>	<b>43,650</b>	39,818	<b>11%</b>	10%
<b>IFRS</b>				
Operating profit after tax (OPAT)	3,981	3,556	15%	12%
<b>Dividend per share (HK cents)</b>				
- Final	63.75	51.00	n/a	25%
- Total	85.65	69.72	n/a	23%

##### New Business Performance by Segment

US\$ millions, unless otherwise stated	2016			2015			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY CER	YoY AER
Hong Kong	1,161	48.8%	2,294	820	62.0%	1,263	42%	42%
Thailand	384	81.5%	471	395	75.8%	520	1%	(3)%
Singapore	316	74.1%	427	341	72.4%	471	(7)%	(7)%
Malaysia	198	57.1%	341	172	57.9%	292	23%	15%
China	536	86.4%	621	366	83.5%	438	54%	46%
Other Markets	321	32.9%	969	296	29.4%	1,007	10%	8%
<b>Subtotal</b>	<b>2,916</b>	<b>56.0%</b>	<b>5,123</b>	2,390	58.9%	3,991	<b>25%</b>	22%
Adjustment to reflect additional Hong Kong reserving and capital requirements	(37)	n/m	n/m	(72)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(129)	n/m	n/m	(120)	n/m	n/m	n/m	n/m
<b>Total</b>	<b>2,750</b>	<b>52.8%</b>	<b>5,123</b>	2,198	54.0%	3,991	<b>28%</b>	25%

##### Singapore

US\$ millions, unless otherwise stated	FY 2016	FY 2015	YoY (CER)	YoY (AER)
VONB	316	341	(7)%	(7)%
VONB margin	74.1%	72.4%	1.4pps	1.7pps
ANP	427	471	(9)%	(9)%
TWPI	2,276	2,283	1%	-
Operating profit after tax	453	426	6%	6%

##### 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 2016 and for 2015 other than for balance sheet items that use constant exchange rates as at 30 November 2016 and as at 30 November 2015.
- (2) Change is shown on a year-on-year basis unless otherwise stated.
- (3) 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 2016 and in 2015 were US\$19 million and US\$21 million respectively.

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- (4) VONB includes pension business. ANP and VONB margin exclude pension business.
- (5) IFRS operating profit after tax and operating earnings per share are shown after non-controlling interests unless otherwise stated.
- (6) 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, Korea, 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, ANP and VONB exclude any contribution from India.
- (7) 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.
- (8) For 2016, Korea is no longer disclosed separately as a reportable segment and is now included as part of the Other Markets segment. Prior year comparatives have been adjusted accordingly to conform to current year presentation.
- (9) AIA's financial information in this document is based on the audited consolidated financial statements and supplementary embedded value information for the year.

*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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