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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), the parent company of Philam Life, 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.

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“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.”

Ariel G. Cantos, Philam Life CEO, said:

“The excellent first half 2016 performance of our parent company, AIA, reflects the Group’s financial strength and proven track record of growth. We are proud of AIA Group’s long tradition of leadership in Asia Pacific and strong commitment to excellence and innovation.”

The Philippine American Life and General Insurance (Philam Life) Company is the Philippine subsidiary of AIA.

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About Philam Life

The Philippine American Life and General Insurance (Philam Life) Company is the country’s premier life insurance company. Established on 21 June 1947, Philam Life has earned the trust of customers for its financial strength, strong brand name, and ability to deliver on its promises.

Philam Life has PHP236.4 billion in total assets as of 31 December 2015 and has delivered timely payouts of over PHP10 billion in education benefits (2004-2015) and over PHP131 billion in insurance benefits (1950-2015), while serving close to 600,000 individual policyholders and over 2 million insured group members.

Philam Life understands the real life needs of its customers and provides the right plans and the right solutions including life protection, health insurance, savings, education, retirement, investment, group and credit life insurance. It also offers bancassurance and fund management products and services through its subsidiaries – BPI Philam Life Assurance Company (BPI-Philam) and Philam Asset Management Inc. (PAMI).

Philam Life is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.

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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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
New Business Value				
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%
Embedded value (EV) Equity⁽¹⁾	41,657	39,818	4%	5%
IFRS				
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%
Subtotal	1,368	57.3%	2,355	1,063	55.8%	1,878	34%	29%
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
Total	1,260	52.7%	2,355	959	50.2%	1,878	37%	31%

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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