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Media Release

AIA Delivers Strong New Business Growth for Third Quarter 2017

Value of New Business up 20 per cent

HONG KONG, 20 October 2017 – AIA Group Limited (stock code: 1299) today announces 20 per cent growth in value of new business (VONB) for the third quarter ended 31 August 2017.

Highlights of the third quarter:

- 20 per cent growth in VONB to US\$824 million
- Annualised new premiums (ANP) up 3 per cent to US\$1,367 million
- 8.4 pps increase in VONB margin to 59.1 per cent
- Total weighted premium income (TWPI) up 15 per cent to US\$6,534 million

KEY FINANCIAL SUMMARY

US\$ millions, unless otherwise stated	Three months ended 31 August				Nine months ended 31 August			
	2017	2016	YoY CER	YoY AER	2017	2016	YoY CER	YoY AER
VONB	824	689	20%	20%	2,577	1,949	34%	32%
VONB margin	59.1%	50.7%	8.4 pps	8.4 pps	55.7%	52.0%	3.9 pps	3.7 pps
ANP	1,367	1,333	3%	3%	4,563	3,688	25%	24%
TWPI	6,534	5,678	15%	15%	18,927	16,010	19%	18%

Ng Keng Hooi, AIA's Group Chief Executive and President, said:

"AIA has delivered another strong performance in the third quarter with 20 per cent growth in value of new business to US\$824 million. The excellent progress we have made so far this year demonstrates the scale and resilience of AIA's extraordinary growth opportunities, the strength of AIA's businesses and the successful execution of our clear growth strategy.

"Asia's economic progress has been driven by large populations entering the workforce, generating sharply rising incomes and creating a rapidly growing middle-class. The compounding effect of this increasing affluence and shift in spending habits is leading to a step change in life insurance demand across the region. AIA is deeply committed to helping these millions of people meet their substantial and growing long-term savings and protection needs. We are uniquely placed in the right markets to achieve this and we have built significant capabilities over our long history in the region, from our distribution and product platforms to our leading brand and strong financial position.

"Our focus continues to be on the strategic priorities that will sustain and build on these competitive advantages and make a material difference in shaping AIA's future. I am confident that our teams will continue to deliver large-scale profitable growth by providing high-quality products and services to meet the evolving needs of our customers and generate sustainable value for our shareholders."

SUMMARY FOR THE THIRD QUARTER

AIA's wholly-owned operation in China continued to be our fastest growing business in the third quarter. VONB growth was driven by higher agent productivity and a significant increase in the number of active agents. This excellent performance was the direct result of the consistent execution of our strategy to recruit and develop full-time, professional agents that are better able to serve the rapidly growing financial needs of consumers in China.

AIA Hong Kong delivered strong double-digit VONB growth in the third quarter. We continued to benefit from strong performances in our agency and partnership distribution channels and with broad-based growth across a number of different customer segments. The growth rate in the retail IFA channel moderated in line with our expectations as highlighted in our first-half results. Our agency performance was driven by an increase in the number of active agents and a positive shift in product mix resulting in a higher VONB margin.

In Singapore, VONB was higher compared with the third quarter of 2016, mainly driven by strong growth in the agency channel from enhanced agent productivity and an increase in the number of active agents. VONB in Thailand was lower in the third quarter, consistent with the performance in the first half, and we remain focused on the ongoing transformation of our market-leading agency distribution.

Malaysia delivered solid VONB growth from increased sales of unit-linked business in both our agency and bancassurance channels. Our Other Markets segment continued to deliver very strong VONB growth with excellent performances across a number of our individual markets, including Indonesia, Korea and Vietnam.

ANP grew by 3 per cent to US\$1,367 million, while VONB margin increased by 8.4 pps to 59.1 per cent compared with the third quarter of 2016. The increase in VONB margin was mainly the result of positive changes in geographical mix, product mix and others. Margin reported on a present value of new business premium (PVNBP) basis was higher at 10 per cent for the nine months ended 31 August 2017 compared with 9 per cent for the same period in the prior year with largely positive movements across our broad product categories. Long-term economic assumptions remain unchanged from those shown in our Annual Report 2016, following the same approach that we have applied consistently for quarterly new business highlights.

TWPI grew strongly by 15 per cent to US\$6,534 million, compared with the third quarter of 2016.

OUTLOOK

Asian macroeconomic fundamentals remain strong and resilient. Public finances are in a robust position and inflation remains benign, with policymakers retaining significant monetary and fiscal flexibility. Domestic consumption continues to replace traditional industrial output and manufacturing exports as an increasingly important driver of economic growth alongside the transition towards more service-driven economies across the region.

AIA benefits significantly from this positive economic backdrop and our strategy is fully aligned with the fundamental social and economic drivers of Asia's long-term structural growth. These drivers include large and growing working populations, accelerating urbanisation, rapidly rising incomes and low levels of existing social welfare and private insurance cover.

We remain confident that our significant competitive advantages developed over our long history in Asia place us in a highly-advantaged position to continue to capture our many significant growth opportunities in this extremely dynamic and attractive region for life insurance.

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 constant exchange rates unless otherwise stated, since this provides a clearer picture of the year-on-year performance of the underlying businesses.

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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, Cambodia, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and a representative office in Myanmar.

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\$200 billion as of 31 May 2017.

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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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.

Notes:

1. AIA's third fiscal quarter of 2017 ended on 31 August 2017.
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 2017 and 2016.
3. Long-term economic assumptions are the same as those shown as at 30 November 2016 in Section 5.2 of the Supplementary Embedded Value Information in our 2016 annual results preliminary announcement published on 24 February 2017. Non-economic assumptions are based on those used at 30 November 2016 updated to reflect 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 three months ended 31 August 2017 and in the three months ended 31 August 2016 were US\$5 million and US\$5 million respectively.
5. VONB includes pension business. ANP and VONB margin exclude pension business.
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.

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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