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AIA Group Limited
友邦保險控股有限公司
(Incorporated in Hong Kong with limited liability)
Stock Code: 1299

AIA GROUP LIMITED – FIRST QUARTER 2014 NEW BUSINESS HIGHLIGHTS

AIA ANNOUNCES STRONG GROWTH

VALUE OF NEW BUSINESS UP 22 PER CENT

HONG KONG, 11 April 2014 – AIA Group Limited (stock code: 1299) (the “Company”) today announces a record first quarter value of new business (VONB) for the quarter ended 28 February 2014.

AIA’s continuing profitable growth strategy has delivered:

- 22 per cent growth in VONB to US\$354 million (28 per cent on constant exchange rates (CER))
- 43.8 per cent VONB margin, an increase of 5.4 pps
- Annualised new premium (ANP) of US\$799 million up 7 per cent (13 per cent on CER)
- Total weighted premium income (TWPI) of US\$4,428 million up 6 per cent (12 per cent on CER)

KEY FINANCIAL SUMMARY

US\$ millions, unless otherwise stated	1Q 2014	1Q 2013	YoY AER	YoY CER
Value of new business (VONB)	354	291	22%	28%
VONB margin	43.8%	38.4%	5.4 pps	5.3 pps
Annualised new premium (ANP)	799	745	7%	13%
Total weighted premium income (TWPI)	4,428	4,177	6%	12%

Mark Tucker, AIA's Group Chief Executive and President, said:

“We are pleased to report that AIA has made a very positive start to 2014 with value of new business up 22 per cent. The consistent execution of our growth strategy has again delivered a strong operating performance, building on our established track record of profitable growth, to achieve our highest-ever first quarter VONB figure.

“AIA's geographically diversified portfolio of growth businesses is exceptionally well-placed to benefit from the structural demographic growth drivers in Asia. Large-scale population expansion and significant increases in household wealth combined with low levels of social welfare and existing private provision create a substantial and growing need for long-term savings and protection cover. This makes Asia one of the most attractive and resilient regions for life insurance in the world.

“We are confident that the scale, reach and strength of AIA's distribution and brand, the quality and breadth of our products, our unrivalled financial strength and our robust business model will enable us to capture these outstanding growth opportunities and to deliver strong and sustainable returns for our customers and shareholders.”

SUMMARY FOR THE FIRST QUARTER

VONB grew by 22 per cent on actual exchange rates compared with the first quarter of 2013 to US\$354 million. Underlying VONB growth was 28 per cent on constant exchange rates.

Highlights for the quarter include excellent growth and consistent execution in Hong Kong and Singapore; a solid performance in Thailand; and continued growth momentum in Malaysia. Each of these markets delivered double-digit VONB growth on actual exchange rates.

China was our strongest performing business over the quarter. We continued to benefit from our differentiated protection focus to deliver outstanding VONB growth, with ongoing margin improvements and increased activity and productivity levels from our Premier Agency strategy.

As previously highlighted in our 2013 full year results presentation, our business in Korea was temporarily affected by the regulatory, industry-wide suspension of outbound telesales. Other Markets experienced a slower start to the year from unfavourable exchange rate movements and liquidity tightening in the first quarter.

VONB margin increased by 5.4 pps to 43.8 per cent compared with the first quarter of 2013. Margin expansion was mainly driven by product mix improvements of 3.5 pps, an overall positive shift in geographical and channel mix which contributed 1.2 pps and economic assumption changes and other items which represented 0.7 pps. Economic assumptions are unchanged for the first quarter from those shown at the 2013 annual results. ANP increased by 13 per cent to US\$799 million on constant exchange rates (7 per cent on actual exchange rates).

TWPI increased by 12 per cent on constant exchange rates (6 per cent on actual exchange rates) compared with the first quarter of 2013 with particularly strong growth in our higher margin markets.

OUTLOOK

Asian economies have proven resilient and strong through recent economic cycles and are well-positioned as global interest rates begin to normalise in 2014. Asian policymakers have demonstrated the ability and capacity to respond effectively to contain short-term economic challenges and stronger demand from the U.S. and Japan will continue to supplement the domestic drivers of growth across Asia. In particular, China's deliberate policy of moving towards more stable, higher qualitative growth will be positive for the region in the long term.

The profitable growth AIA has delivered in the first quarter of 2014 once again demonstrates the quality and diversity of AIA's franchise, our focus on the effective execution of our clear strategy, our cash flow and financial strength and our disciplined focus on profitability. It is this distinct and powerful combination of strengths and capabilities that differentiates AIA and is the reason that we remain confident of our considerable future growth opportunities in the region.

– 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 operations in 17 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 26 per cent joint venture in India and a representative office in Myanmar.

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\$147 billion as of 30 November 2013.

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 and employees across Asia-Pacific, AIA serves the holders of more than 28 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”).

Contacts

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As for all quarterly new business 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 first fiscal quarter of 2014 ended on 28 February 2014.
2. Change is shown on a year-on-year basis unless otherwise stated.
3. All figures are presented in actual reported currency (US dollar) and based on actual average exchange rates (AER) unless otherwise stated. Change in constant exchange rates (CER) is calculated using constant average exchange rates for 2014 and 2013.
4. VONB is calculated based on assumptions applicable at the point of sale and before deducting the amount attributable to non-controlling interests. The amount of VONB attributable to non-controlling interests in the three months ended 28 February 2014 was US\$1 million (three months ended 28 February 2013: US\$2 million).
5. Economic assumptions are unchanged from those shown as at 30 November 2013 in the 2013 annual results preliminary announcement published on 21 February 2014. Non-economic assumptions used are based on those at 30 November 2013 updated to reflect the latest experience observed.
6. TWPI consists of 100 per cent of regular and 10 per cent of single premiums, before reinsurance ceded.
7. ANP represents 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded and excluding pension business.
8. ANP and VONB margin exclude pension business.

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.

By Order of the Board
Mark Edward Tucker
*Executive Director,
Group Chief Executive and President*

Hong Kong, 11 April 2014

As at the date of this announcement, the Board of Directors of the Company comprises:

Non-executive Chairman and Non-executive Director:

Mr. Edmund Sze-Wing Tse

Executive Director, Group Chief Executive and President:

Mr. Mark Edward Tucker

Independent Non-executive Directors:

Mr. Jack Chak-Kwong So, Mr. Chung-Kong Chow, Dr. Qin Xiao, Mr. John Barrie Harrison, Mr. George Yong-Boon Yeo, Dr. Narongchai Akrasanee and Mr. Mohamed Azman Yahya