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**THE REAL LIFE
COMPANY**

AIA Group Limited

友邦保險控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 1299

THIRD QUARTER 2016 NEW BUSINESS HIGHLIGHTS



**THE REAL LIFE
COMPANY**

友邦保險控股有限公司

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Media Release

AIA Delivers Excellent Growth for Third Quarter 2016

VONB up 27 per cent on constant exchange rates

HONG KONG, 14 October 2016 – AIA Group Limited (stock code: 1299) today announces 27 per cent growth in value of new business (VONB) on constant exchange rates (CER) for the third quarter ended 31 August 2016.

Highlights of the third quarter on constant exchange rates:

- 27 per cent growth in VONB to US\$689 million
- 44 per cent increase in annualised new premiums (ANP) to US\$1,333 million
- VONB margin of 50.7 per cent
- Total weighted premium income (TWPI) of US\$5,678 million, up 17 per cent

KEY FINANCIAL SUMMARY

US\$ millions, unless otherwise stated	Three months ended 31 August				Nine months ended 31 August			
	2016	2015	YoY CER	YoY AER	2016	2015	YoY CER	YoY AER
VONB	689	552	27%	25%	1,949	1,511	33%	29%
VONB margin	50.7%	57.6%	(6.8) pps	(6.9) pps	52.0%	52.7%	(0.8) pps	(0.7) pps
ANP	1,333	936	44%	42%	3,688	2,814	36%	31%
TWPI	5,678	4,846	17%	17%	16,010	14,479	15%	11%

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

“AIA has delivered another strong performance in the third quarter of 2016 achieving our highest-ever quarter with VONB up 27 per cent to US\$689 million. Today's headline figures and our consistent track record of delivering profitable growth are the direct outcome of the successful execution of our strategy to build on and sustain AIA's significant competitive advantages in the Asia-Pacific region. Our broad distribution and product platforms, combined with the power of our brand, the strength of our balance sheet and the quality of our people, place AIA in a highly advantaged position to provide high-quality advice to our customers to meet their substantial and growing financial needs for the long term.

“Asia is the most attractive and dynamic region in the world for life insurance. Our performance over the first nine months of 2016 has once again demonstrated AIA's ability to deliver profitable growth through market cycles as we align our strategic priorities with the huge growth opportunities the region presents. We remain focused on the quality of the advice we provide to our customers and on the quality of the new business we write. This provides us with a strong foundation to continue to deliver profitable new business growth and increasing returns for shareholders as we help our customers live longer, healthier lives and plan for a brighter future.”

SUMMARY FOR THE THIRD QUARTER

VONB increased by 27 per cent compared with the third quarter of 2015 to US\$689 million.

Our Hong Kong business delivered another excellent quarter of VONB growth driven by a significant increase in active agent productivity and an excellent result from our partnership business. We continued to benefit from a strong performance in the domestic Hong Kong market and a positive uplift in new business from mainland Chinese customers. AIA Hong Kong has recently retained its top ranking in Hong Kong for Million Dollar Round Table (MDRT) membership and is also individually the third ranked company in the world.

In China, our focus on the provision of regular premium protection cover embedded across our product range combined with the professionalism of our distribution provides high-quality earnings that underpin our track record of profitable growth. Our commitment to the execution of our Premier Agency strategy and providing needs-based advice continues to differentiate our proposition to customers and has helped AIA maintain the strong growth momentum from the first half of the year.

Malaysia delivered another strong performance with double-digit VONB growth from higher active agent productivity and the result of our strategy of writing regular premium unit-linked business combined with higher levels of protection cover. VONB in Singapore was lower in the third quarter, as growth in regular premium business through the agency channel was offset by a reduction in single premium sales from partnerships as previously highlighted. In Thailand, we continued our focus on improving the quality of our market-leading agency distribution and increasing sales of regular premium unit-linked business, while our Other Markets segment continued to deliver double-digit VONB growth compared with the third quarter of 2015.

ANP grew by 44 per cent compared with the third quarter of 2015 to US\$1,333 million and VONB margin was 50.7 per cent. The significant growth in ANP benefited from improvements in agent productivity, increased active agent numbers and an excellent performance from partnership distribution. VONB margin was lower than the prior year comparative which was boosted by a higher proportion of protection sales during a period of significant equity market volatility and from strong growth in long-term participating business in the current quarter. Long-term economic assumptions remain unchanged from those shown in our Annual Report 2015, following the same approach that we have applied consistently for the quarterly new business highlights. VONB margin was 52.0 per cent for the nine months ended 31 August 2016 compared with 52.7 per cent for the prior year and margin on a present value of new business premium (PVNBP) basis has remained stable at 9 per cent for the nine months ended 31 August 2016.

TWPI increased by 17 per cent to US\$5,678 million compared with the third quarter of 2015.

OUTLOOK

Economies in Asia ex-Japan remain resilient and benefit from the strongest macroeconomic fundamentals of any region in the world. While not immune from the continued volatility in global capital markets, the region has continued to weather the negative effects of US monetary policy tightening and the adoption of negative interest rate policies in Japan and some European countries. China's transition to higher qualitative growth has been supported by faster growth in the service sector and benign inflationary trends. We believe that growth in the remainder of the region will pick up next year, after the slight fall this year. Life insurance markets in Asia will continue to benefit from the significant structural economic and demographic trends, rapid urbanisation and increases in disposable incomes across the region which together create a growing and important need for our products. We remain confident in the prospects for AIA and our ability to generate further sustainable value for our shareholders.

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.

PASSING OF THAILAND'S KING

The entire AIA Group wishes to express our deepest condolences and sympathy to the Royal Family and to the people of Thailand during this time of great sadness. We join the people of Thailand in mourning the death of King Bhumibol Adulyadej, who will always be remembered as a remarkable individual who served Thailand with great distinction.

– 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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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.

AIA Delivers Excellent Growth for Third Quarter 2016

Notes:

1. AIA's third fiscal quarter of 2016 ended on 31 August 2016.
2. All figures are presented in actual reporting currency (US dollar) 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 2016 and 2015.
3. Long-term economic assumptions are the same as those shown as at 30 November 2015 in Section 5.2 of the Supplementary Embedded Value Information in our 2015 annual results preliminary announcement published on 25 February 2016. Non-economic assumptions used are based on those at 30 November 2015 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 2016 and in the three months ended 31 August 2015 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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By Order of the Board
Mark Edward Tucker
Executive Director
Group Chief Executive and President

Hong Kong, 14 October 2016

As at the date of this announcement, the Board of Directors of AIA Group Limited 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, Mr. John Barrie Harrison, Mr. George Yong-Boon Yeo, Mr. Mohamed Azman Yahya, Professor Lawrence Juen-Yee Lau, Ms. Swee-Lian Teo and Dr. Narongchai Akrasanee