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Media Release

AIA DELIVERS STRONG GROWTH IN THE FIRST HALF OF 2018 VALUE OF NEW BUSINESS INCREASED BY 17 PER CENT OPERATING PROFIT UP 14 PER CENT; INTERIM DIVIDEND UP 14 PER CENT

HONG KONG, 24 August 2018 – AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) is pleased to announce its 2018 interim results¹.

In respect of the first six months of 2018, AIA has delivered double-digit growth across our main financial metrics, including very strong growth in value of new business (VONB) of 17 per cent on a constant exchange rate basis and 22 per cent on an actual exchange rate basis, compared with the corresponding six-month period ended 30 June 2017.

Highlights are shown on a constant exchange rate basis below:

Very strong growth in value of new business

- 17 per cent growth in VONB to US\$1,954 million
- 24 per cent growth in VONB, excluding the retail IFA channel in our Hong Kong business which had an exceptional performance in the first half of 2017
- Annualised new premiums (ANP) increased by 9 per cent to US\$3,252 million
- VONB margin up 4.4 pps to 59.5 per cent

Continued growth in operating profit

- IFRS operating profit after tax (OPAT) up by 14 per cent to US\$2,653 million
- Embedded value (EV) operating profit increased by 19 per cent to US\$4,152 million
- Operating return on EV (operating ROEV) up by 70 bps to 17.0 per cent

Robust cash flow and resilient capital position

- EV Equity of US\$53.6 billion; EV of US\$52.0 billion, up US\$1.2 billion from 31 December 2017
- Underlying free surplus generation of US\$2,497 million, up 11 per cent on a comparable basis
- Free surplus of US\$13.7 billion
- Solvency ratio for AIA Co., our principal operating company, of 458 per cent on the HKIO basis

Significant increase in interim dividend

- 14 per cent increase in interim dividend to 29.20 Hong Kong cents per share

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

“AIA achieved a very strong set of results in the first half of 2018 with VONB growth of 17 per cent to US\$1,954 million as well as 14 per cent growth in IFRS operating profit. VONB for the period was up 24 per cent when excluding the retail IFA channel in our Hong Kong business which delivered an exceptional growth in the first half of 2017. These results are underpinned by the continued execution of our proven growth strategy and the scale, quality and breadth of AIA’s exceptional businesses across the Asia-Pacific region.

“The Board has declared a 14 per cent increase in the interim dividend for 2018, reflecting the strength of AIA’s financial results as well as our confidence in the outlook for the Group. This is in line with our prudent, sustainable and progressive dividend policy.

¹ The Company announced the Group’s unaudited consolidated results for the seven months ended 30 June 2018 today. In February 2018, the Board resolved to change the Company’s financial year-end date from 30 November to 31 December. Accordingly, the current financial period-end date of the Company is 31 December 2018. The interim condensed consolidated financial statements adopting the new year-end date is for the seven months ended 30 June 2018 with the comparative figures prepared based on the six months ended 31 May 2017. For details, please visit www.aia.com for the Company’s 2018 Interim Results Announcement published today.

“AIA continues to hold a uniquely advantaged position stemming from the significant competitive advantages we have created over our long history in Asia. The quality of our results comes from our diverse and balanced platforms – across distribution, product and geography. Our clear strategy continues to work well as our experienced team of outstanding people collaborate to harness the enormous growth opportunities that the region presents.

“We remain confident that we will continue to execute our strategic priorities to realise AIA’s full potential as we help millions of people to live healthier, longer, better 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, 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 in 1919. 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\$221 billion as of 30 June 2018.

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 32 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 CER	YoY AER
	30 June 2018	30 June 2017		
New Business Value				
Value of new business (VONB)	1,954	1,605	17%	22%
VONB margin	59.5%	54.5%	4.4 pps	5.0 pps
Annualised new premiums (ANP)	3,252	2,906	9%	12%
IFRS Earnings				
Operating profit after tax (OPAT)	2,653	2,233	14%	19%
Dividend per share (HK cents)				
	29.20	25.62	n/a	14%
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US\$ millions, unless otherwise stated	As at	As at	Change CER	Change AER
	30 June 2018	31 December 2017		
Embedded value (EV) equity				
	53,628	52,429	4%	2%

New Business Performance by Segment

US\$ millions, unless otherwise stated	Six months ended 30 June 2018			Six months ended 30 June 2017			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY CER	YoY AER
Hong Kong	796	62.2%	1,252	723	49.2%	1,434	10%	10%
Thailand	204	71.0%	287	179	75.3%	237	5%	14%
Singapore	178	61.4%	290	138	71.1%	194	22%	29%
Malaysia	124	60.3%	204	106	62.3%	169	5%	17%
China	556	91.0%	611	377	88.2%	428	37%	47%
Other Markets	201	32.8%	608	185	41.2%	444	7%	9%
Subtotal	2,059	62.7%	3,252	1,708	58.1%	2,906	16%	21%
Adjustment to reflect consolidated reserving and capital requirements	(28)	n/m	n/m	(24)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(77)	n/m	n/m	(79)	n/m	n/m	n/m	n/m
Total	1,954	59.5%	3,252	1,605	54.5%	2,906	17%	22%

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 six months ended 30 June 2018 and for the six months ended 30 June 2017 other than for balance sheet items that use CER as at 30 June 2018 and as at 31 December 2017.
- (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 31 December 2017 in the supplementary embedded value information included in this document and consistent with those shown as at 30 November 2017 in our Annual Report 2017. Non-economic assumptions used in the EV basis are based on those at 31 December 2017 updated to reflect AIA's view of the latest experience observed.

AIA DELIVERS STRONG GROWTH IN THE FIRST HALF OF 2018

Page 4

- (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 six months ended 30 June 2018 and in the six months ended 30 June 2017 were US\$13 million and US\$11 million respectively.
- (5) VONB includes pension business. ANP and VONB margin exclude pension business.
- (6) IFRS operating profit after tax is shown after non-controlling interests unless otherwise stated.
- (7) Operating ROEV is measured on an annualised basis.
- (8) The 11 per cent growth of underlying free surplus generated is calculated on a comparable basis before the reduction of US\$141 million in the first half of 2018 relating to the change in reserving and capital requirements for consolidation purposes following the subsidiarisation of AIA Korea.
- (9) Interim dividends for 2018 and 2017 were declared for the seven months ended 30 June 2018 and the six months ended 31 May 2017, respectively.
- (10) 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 (including New Zealand), Cambodia, Indonesia, Korea, 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.
- (11) AIA's financial information in this document is based on the unaudited interim condensed consolidated financial statements and supplementary embedded value information for the six months ended 30 June 2018.

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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