



HEALTHIER, LONGER,  
BETTER LIVES

友邦保險控股有限公司  
香港中環干諾道中一號  
友邦金融中心三十五樓

**AIA Group Limited**  
35/F, AIA Central  
1 Connaught Road Central  
Hong Kong  
T: (852) 2832 6166  
F: (852) 2838 2005  
AIA.COM

## Media Release

### AIA Reports New Business Results for the Third Quarter of 2019

#### Value of New Business up 1 per cent; up 14 per cent excluding Hong Kong

**HONG KONG, 28 October 2019** – AIA Group Limited (the “Company”; stock code: 1299) today announces key new business indicators for the third quarter ended 30 September 2019.

Growth rates are shown on a constant exchange rate basis:

- Value of new business (VONB) of US\$980 million, up 1 per cent
- 14 per cent growth in VONB excluding Hong Kong
- Annualised new premiums (ANP) lower by 8 per cent at US\$1,444 million
- VONB margin up 6.0 pps to 67.0 per cent
- Total weighted premium income (TWPI) up 8 per cent to US\$8,168 million

#### KEY FINANCIAL SUMMARY

US\$ millions, unless otherwise stated	Three months ended 30 September				Nine months ended 30 September			
	2019	2018	YoY CER	YoY AER	2019	2018	YoY CER	YoY AER
VONB	980	979	1%	-	3,255	2,933	13%	11%
VONB margin	67.0%	61.1%	6.0 pps	5.9 pps	66.0%	60.0%	6.1 pps	6.0 pps
ANP	1,444	1,582	(8)%	(9)%	4,887	4,834	3%	1%
TWPI	8,168	7,610	8%	7%	24,573	22,039	14%	11%

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

“AIA has delivered growth in VONB to US\$980 million in a challenging operating environment, particularly in relation to current events in Hong Kong. Excluding Hong Kong, the Group’s VONB grew by 14 per cent compared to the third quarter of 2018 with Mainland China continuing as our fastest growing market segment.

“I am optimistic about the long-term outlook for AIA given the structural drivers of growth for our business and our deep experience of successfully managing our business through different market cycles. Despite some headwinds, AIA’s markets across the region will benefit over the long term from increasing demand for our products driven by rapid growth in the middle-class population.

“We remain committed to delivering our brand promise and making a real and positive impact on people’s lives. We will do this by executing our clear strategic priorities and leveraging the quality and scale of our multi-channel distribution. AIA’s financial strength and market-leading brand provide reassurance for our customers as we help safeguard their future health and financial security. Our teams will continue to focus on delivering high-quality growth and generating long-term returns for our shareholders.”

## SUMMARY FOR THE THIRD QUARTER

VONB grew to US\$980 million, up by 1 per cent compared to the third quarter of 2018. Growth from our proprietary agency and bancassurance channels was offset by a substantial decline in VONB through the retail IFA channel in Hong Kong. The Group's VONB grew by 14 per cent in the third quarter of 2019 excluding Hong Kong.

Our Hong Kong business reported a double-digit reduction in VONB in the third quarter. Double-digit VONB growth from domestic customers was offset by a decline in VONB from Mainland Chinese visitors which broadly tracked the reduction in overall visitor arrivals to Hong Kong reported in July and August.

AIA's wholly-owned operation in Mainland China continued to deliver very strong VONB growth and was our fastest-growing reportable market segment in the third quarter. Our differentiated Premier Agency recruitment and training programmes have supported a further increase in both new recruits and numbers of active agents. Early results from our newly-opened sales and service centres in Tianjin and Shijiazhuang, Hebei have been encouraging and we are continuing our preparations in anticipation of potential further geographical expansion in due course.

Our Thailand operation delivered growth from both our agency and partnership channels to generate solid overall VONB growth. Our ongoing agency transformation provided a further increase in active agent productivity and our partnership with Bangkok Bank Public Company Limited continued to make strong progress.

AIA's business in Singapore reported unchanged VONB compared to the third quarter of 2018 as lower single premium business offset regular premium growth. In Malaysia, we delivered solid VONB growth, driven by growth from both our agency and partnership channels.

VONB growth from Other Markets was led by strong performances from our businesses in the emerging ASEAN countries of Indonesia, the Philippines and Vietnam. AIA Australia reported lower VONB due to the timing of large group schemes, as previously reported. Excluding the impact of these large group schemes, Other Markets delivered double-digit growth in VONB compared to the third quarter of 2018.

Overall, ANP decreased by 8 per cent compared with the third quarter of 2018 to US\$1,444 million. VONB margin improved to 67.0 per cent, up 6.0 pps, mainly driven by a positive shift in both product and geographical mix, operating assumption changes and the positive effect of a tax rule change that increased the tax deductibility of commissions in Mainland China. Margin reported on a present value of new business premium (PVNBP) basis increased to 12 per cent from 10 per cent in the third quarter of 2018. Long-term economic assumptions remain unchanged from those shown in our Annual Report 2018, following the same approach that we have applied consistently for quarterly new business highlights. TWPI increased by 8 per cent to US\$8,168 million, compared with the third quarter of 2018.

## **OUTLOOK**

The Asian region continues to deliver solid economic growth, driven by economic diversity and supported by proactive macro policy actions. While global economic growth rates are expected to slow, the strong domestic drivers of demand and major demographic trends in Asia provide positive structural support for the long-term prospects of AIA's business. Some of our markets are experiencing headwinds from the lower interest rate environment, falling consumer confidence and rising political and trade tensions. In particular, the reduced numbers of Mainland Chinese visitors to Hong Kong continue to affect sales. Despite this uncertain backdrop, the need for AIA's insurance products will continue to grow over the long term, given low levels of private insurance penetration and social welfare coverage. AIA is uniquely positioned through its powerful distribution and product innovation to capture the enormous long-term opportunities in Asian life and health 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 CER unless otherwise stated, since this provides a clearer picture of the year-on-year performance of the underlying businesses.

## **CAUTION**

It has just come to the Company's attention that there was a circulation of information purporting to relate to a certain business unit of the Company for the first three quarters of 2019. The information in question is incomplete and does not accurately reflect the financial performance of the relevant business unit or the Company during the period. In view of this, the Company has accelerated the publication of its new business highlights for the third quarter of 2019 in order to ensure an orderly market for the trading of the Company's securities is maintained.

Shareholders and potential investors are advised not to rely on any information other than that provided in the official announcements of the Company and not to use unofficial information as a basis for making investment decisions relating to the Company's securities as such information may not represent a complete or accurate view of the Company's performance.

- 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 SAR, Thailand, Singapore, Malaysia, Mainland China, South Korea, the Philippines, Australia, Indonesia, Taiwan (China), Vietnam, New Zealand, Macau SAR, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka, and a 49 per cent joint venture in India. In April 2019, AIA was also granted approval as a preferred applicant to operate in Myanmar through a 100 per cent wholly-owned subsidiary.

The business that is now AIA was first established in Shanghai 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\$256 billion as of 30 June 2019.

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 34 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

---

### Investment Community

Lance Burbidge	+852 2832 1398
Evelyn Lam	+852 2832 1633
Feon Lee	+852 2832 4704
Rachel Poon	+852 2832 4792

### News Media

Stephen Thomas	+852 2832 6178
Emerald Ng	+852 2832 4720

---

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 quarter of 2019 ended on 30 September 2019 and comparatives for 2018 relate to the three-month period ended on 30 September 2018.
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 2019 and 2018.
3. Long-term economic assumptions used in the EV basis for the third quarter results are the same as at 31 December 2018 shown in the supplementary embedded value information in our Annual Report 2018. Non-economic assumptions used in the EV basis are based on those as at 31 December 2018, updated to reflect AIA's latest view of expected future experience.
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 30 September 2019 and in the three months ended 30 September 2018 were US\$8 million and US\$7 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.
8. In the context of our reportable market segments, Hong Kong refers to operations in Hong Kong Special Administrative Region (SAR) and Macau SAR; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, Indonesia, South Korea, the Philippines, Sri Lanka, Taiwan (China), Vietnam and India. For clarity, TWPI, ANP and VONB exclude any contribution from our joint venture in India.

*This document may contain certain forward-looking statements relating to the Group 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.*

*This document is for information purposes only and does not constitute an invitation or offer by any person to acquire, purchase or subscribe for securities. This document is not, and is not intended to be, an offer of securities of the Company for sale in the United States. The securities of the Company have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements under the U.S. Securities Act. There is not, and is not intended to be, any public offering of the securities of the Company in the United States.*

###