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Media Release

AIA Delivers Another Excellent Set of Results

VONB up 28 per cent on constant exchange rates Operating profit up 15 per cent — Final dividend up 25 per cent

HONG KONG, 24 February 2017 – The Board of Directors of AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) is pleased to announce that AIA has delivered excellent results for the year ended 30 November 2016. Highlights are shown on a constant exchange rate basis:

Excellent growth in value of new business (VONB)

- 28 per cent growth in VONB to US\$2,750 million
- 31 per cent increase in annualised new premiums (ANP) to US\$5,123 million
- VONB margin of 52.8 per cent

Strong operating profit generation

- IFRS operating profit after tax (OPAT) up 15 per cent to US\$3,981 million
- IFRS operating earnings per share up 15 per cent to 33.25 US cents
- Embedded value (EV) operating profit up 19 per cent to US\$5,887 million
- Operating return on EV (ROEV) increased to 15.4 per cent

Robust cash flow and resilient capital position

- Underlying free surplus generation of US\$4,024 million, up 11 per cent
- Free surplus of US\$9.8 billion
- EV Equity of US\$43.7 billion; EV of US\$42.1 billion, up 12 per cent
- Net remittances of US\$2.0 billion
- Solvency ratio for our principal operating company, AIA Co., of 404 per cent on the HKICO basis

Significant increase in recommended final dividend

- 25 per cent increase in final dividend to 63.75 Hong Kong cents per share
- Total dividend of 85.65 Hong Kong cents per share, an increase of 23 per cent

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

“AIA has delivered an excellent set of results in 2016. We have achieved record new business profits, significant earnings growth, strong free surplus generation and a step up in shareholder dividends. Today’s headline figures, with VONB up by 28 per cent, and our consistent track record of year-on-year profitable growth are the direct result of the strong fundamental growth drivers in the Asia-Pacific region, our highly-diversified and resilient business model and our commitment to building a high-quality, sustainable business for the long term.

“The Board has recommended a further step up of 25 per cent in the 2016 final dividend from our higher base in 2015 to 63.75 Hong Kong cents per share. This dividend uplift reflects our excellent financial performance and our confidence in the future outlook for the Group.

“AIA has been in Asia for close to a century. The powerful structural economic, social and demographic changes taking place across the region present an unparalleled opportunity for the Asian life insurance industry and one which AIA, with our distribution reach, trusted brand, financial strength and people capabilities, is in an advantaged position to capture.

“We have made an excellent start to 2017 with strong value of new business growth in the first two months of our financial year. We have clear strategic priorities in place and are committed to building on our strong competitive advantages by helping our customers meet their long-term financial needs through our products and services. This provides us with a strong foundation to deliver profitable growth and long-term value for our shareholders, as we help our customers live longer, healthier, better lives and plan for a brighter future.”

- End -

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AIA New Zealand continued to record strong growth in 2016, furthering its mission to make a difference in the lives of Kiwis. According to the latest FSC results, AIA New Zealand recorded the strongest new business market share growth, from 5.4% to 10.3%, over the last 2 years to December 2016.

Commenting on the results Chief Executive Officer AIA New Zealand, Natalie Cameron, said:

“AIA Group has continued to perform well in 2016, and we are proud to be a part of that success in New Zealand. We continue to focus on retention of our partnerships and grow through new relationships meeting the protection needs of the people in New Zealand. We look forward to an exciting year ahead in 2017 to continue working with our partners to engage people in New Zealand with respect to their life insurance needs.”

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\$185 billion as of 30 November 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 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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APPENDIX Financial Summary

Key Performance Highlights

US\$ millions, unless otherwise stated	2016	2015	YoY CER	YoY AER
New Business Value				
Value of new business (VONB)	2,750	2,198	28%	25%
VONB margin	52.8%	54.0%	(1.3) pps	(1.2) pps
Annualised new premiums (ANP)	5,123	3,991	31%	28%
Embedded value (EV) Equity	43,650	39,818	11%	10%
IFRS				
Operating profit after tax (OPAT)	3,981	3,556	15%	12%
Dividend per share (HK cents)				
- Final	63.75	51.00	n/a	25%
- Total	85.65	69.72	n/a	23%

New Business Performance by Segment

US\$ millions, unless otherwise stated	2016			2015			VONB Change	
	VONB	VONB Margin	ANP	VONB	VONB Margin	ANP	YoY CER	YoY AER
Hong Kong	1,161	48.8%	2,294	820	62.0%	1,263	42%	42%
Thailand	384	81.5%	471	395	75.8%	520	1%	(3)%
Singapore	316	74.1%	427	341	72.4%	471	(7)%	(7)%
Malaysia	198	57.1%	341	172	57.9%	292	23%	15%
China	536	86.4%	621	366	83.5%	438	54%	46%
Other Markets	321	32.9%	969	296	29.4%	1,007	10%	8%
Subtotal	2,916	56.0%	5,123	2,390	58.9%	3,991	25%	22%
Adjustment to reflect additional Hong Kong reserving and capital requirements	(37)	n/m	n/m	(72)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(129)	n/m	n/m	(120)	n/m	n/m	n/m	n/m
Total	2,750	52.8%	5,123	2,198	54.0%	3,991	28%	25%

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 2016 and for 2015 other than for balance sheet items that use constant exchange rates as at 30 November 2016 and as at 30 November 2015.
- (2) Change is shown on a year-on-year basis unless otherwise stated.
- (3) 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 2016 and in 2015 were US\$19 million and US\$21 million respectively.
- (4) VONB includes pension business. ANP and VONB margin exclude pension business.
- (5) IFRS operating profit after tax and operating earnings per share are shown after non-controlling interests unless otherwise stated.
- (6) 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, Indonesia, Korea, New Zealand, 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, ANP and VONB exclude any contribution from India.
- (7) 2015 financial information has been adjusted to reflect the changes in definition of operating profit and accounting policies for real estate with effect from 1 December 2015, as previously highlighted in notes 48 and 49 to the financial statements in our Annual Report 2015.

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- (8) For 2016, Korea is no longer disclosed separately as a reportable segment and is now included as part of the Other Markets segment. Prior year comparatives have been adjusted accordingly to conform to current year presentation.
- (9) AIA's financial information in this document is based on the audited consolidated financial statements and supplementary embedded value information for the year.

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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