



AIA Group Limited

35/F AIA Central
1 Connaught Road Central
Hong Kong
T: (852) 2832 1800
F: (852) 2572 4695

AIA.COM

Media Release

AIA Group – Third Quarter 2011 New Business Highlights AIA Reports Record New Business Performance

HONG KONG, 14 October 2011 – AIA Group Limited (AIA or Group; stock code: 1299) announces a record new business performance for the quarter ended 31 August 2011, with Value of New Business rising 53 per cent compared with the third quarter of 2010 to its highest ever quarterly figure of US\$245 million.

Our continued focus on AIA's profitable growth strategy delivered:

- **Value of New Business¹ (VONB) up 53 per cent to US\$245 million**
- **Underlying Group VONB margin² up 4.5 percentage points (pps) to 36.0 per cent**
- **Annualised New Premium³ (ANP) up 52 per cent to US\$766 million**
- **Total Weighted Premium Income⁴ (TWPI) up 14 per cent to US\$3,752 million**

Margin excludes the VONB from a single large Australian group scheme mandate acquired and announced in 2010 which came into effect in the third quarter of 2011. Including this scheme, the overall margin for the quarter was broadly unchanged from the previous year at 31.6 per cent.

KEY FINANCIAL SUMMARY

US\$ millions, unless otherwise stated	Three months ended 31 August			Nine months ended 31 August		
	2011	2010	YoY%	2011	2010	YoY%
Value of New Business (VONB)	245	160	53%	644	463	39%
VONB Margin ex large group scheme	36.0%	31.5%	4.5 pps	36.0%	32.9%	3.1 pps
Annualised New Premium (ANP)	766	503	52%	1,860	1,390	34%
Total Weighted Premium Income (TWPI)	3,752	3,305	14%	10,517	9,327	13%

Commenting on the positive results, Mark Tucker, AIA's Group Chief Executive and President, said: "AIA's very strong new business performance over the third quarter demonstrates a continued focus on our strategic priority of delivering sustained profitable growth.

"AIA's 53 per cent growth in VONB builds on the strong momentum reported at the half-year and reflects the Group's early successes in launching new product initiatives targeted at meeting the life insurance protection and savings needs of the Asian consumer. We have continued to deliver productivity increases and product enhancements while rolling out our core Premier Agency strategy across the region.

“AIA’s diversified operations are exclusively focused on Asia Pacific, with a spread of businesses across 15 markets. The Group has operated successfully in the region through many economic cycles over its 90-year history and Asia is the most attractive place in the world in which to operate as a life insurer.

“We remain confident that the region’s dynamic economic growth and vast demand for savings and protection products will continue to provide the Group with significant profitable growth opportunities for many years to come.

“AIA has the brand reach, agency distribution franchise, balance sheet strength, broad product range and exceptional cash flow generation to place the Group in an excellent position to capture these opportunities.”

SUMMARY FOR THE THIRD QUARTER

Value of New Business

VONB increased 53 per cent to US\$245 million compared with the third quarter of 2010.

All major geographies contributed a strong performance to the overall increase with momentum continuing from the half-year results. Malaysia, in particular, reported an uplift compared to the first half of the year as a result of ongoing repricing, an increase in sales of investment-linked products and a targeted focus on life protection products. China saw continued growth in VONB with increased sales of its innovative comprehensive protection product.

The number of active agents increased over the period, while productivity improved as AIA continued to roll out its Premier Agency strategy across the region. New product launches targeted at the under-penetrated Protection market, ongoing repricing actions of existing products and shifts in product mix towards regular premium products with higher life insurance content continued to drive margin expansion. Increased numbers of active agents, productivity improvements and margin expansion combined to drive the substantial increase in VONB over the year to date.

AIA’s margin expanded 4.5 pps year-on-year to 36.0 per cent excluding the previously announced single large group life policy in Australia. This is consistent with the 36.0 per cent margin reported over the first half of 2011. Each of the major geographies contributed materially to the increase.

Annualised New Premium and Total Weighted Premium Income

While AIA’s new business focus is on VONB, ANP also rose significantly by 52 per cent to US\$766 million in the third quarter. TWPI increased by 14 per cent to US\$3,752 million with double-digit growth across most operations.

Outlook

Volatility in global capital markets increased over the summer due to a deteriorating economic outlook in Europe and the US and concerns over European sovereign debt. Asian economies start from a more secure foundation with stronger economic growth, lower leverage and the political will and capacity to take the appropriate counter-cyclical measures.

The drivers of the future growth in Asian insurance markets remain firmly in place. Rising affluence is profoundly important in extending the scope for long term savings and, with accelerating health care costs further increasing demand for medical protection across the region, consumers are seeking greater security and stability which will also benefit AIA.

Against this backdrop, AIA continues to focus on the key business fundamentals and executing its growth strategy. AIA is in a unique position within the region to meet this rising demand and we remain highly confident about AIA's growth prospects in Asia.

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Investment Community

Paul Lloyd	+852 2832 6160
Angela Chang	+852 2832 5480
Feon Lee	+852 2832 4704

News Media

Paul Scanlon	+852 2832 6178
Sonia Tsang	+852 2832 1868
Emerald Ng	+852 2832 4720

As for all quarterly new business announcements, there will not be a conference call for media or investors but your usual contact will be available to answer queries.

About the AIA Group

AIA Group Limited and its subsidiaries comprise the largest independent publicly listed pan-Asian life insurance group in the world. It has wholly-owned main operating subsidiaries or branches in 14 markets in Asia Pacific – Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau and Brunei – and a 26 per cent joint venture shareholding in India.

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\$115,782 million as of 31 May 2011.

AIA meets the savings and protection needs of individuals by offering a comprehensive suite of products and services including retirement planning, life insurance and accident and health insurance. 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 over 23 million individual policies and over 10 million participating members of group schemes.

AIA 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) being traded on the OTC market (ticker symbol: “AAGIY”).

Footnotes

- ¹ Growth is shown on a year-on-year basis unless stated otherwise.
- ² VONB margin excludes corporate pensions business.
- ³ ANP represents 100 per cent of annualised first year premiums plus 10 per cent of single premiums excluding corporate pensions business.
- ⁴ TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums.

Notes

5. The third fiscal quarter ended on 31 August 2011.
6. All figures are presented in actual reported currency (US dollar) and based on actual average exchange rates unless stated otherwise.
7. 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 nine months ended 31 August 2011 was US\$2 million (nine months 2010: US\$2 million). Economic assumptions are materially unchanged from those shown as at 30 November 2010 in the 2010 full-year Preliminary Announcement published on 25 February 2011. Non-economic assumptions used are based on those at 30 November 2010 updated to reflect the latest experience observed.

This document contains forward looking statements relating to AIA Group Limited that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. These forward looking statements are, by their nature, subject to significant risks. When used in this document, the words “will”, “plan”, “should” 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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