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Media Release

AIA FURTHER EXTENDS PROTECTION LEADERSHIP POSITION IN THE AUSTRALIAN AND NEW ZEALAND LIFE INSURANCE MARKETS

Acquisition and 20-Year Strategic Partnerships With Exclusivity in the Bancassurance Channel Expected to Deliver Significant Value and Scale Benefits

HONG KONG, 21 September 2017 – AIA Group Limited (“AIA” or the “Company”; stock code: 1299) has reached agreement with the Commonwealth Bank of Australia (“CBA”), subject to securing all necessary regulatory and governmental approvals, to acquire CommInsure Life and Sovereign, CBA’s life insurance business in Australia and life and health insurance businesses in New Zealand. In addition, AIA will enter into 20-year strategic bancassurance partnerships with CBA in Australia and ASB Bank Limited (“ASB”) in New Zealand.

Ng Keng Hooi, AIA’s Group Chief Executive and President, commenting on the Proposed Transaction, said:

“This transaction provides a highly-attractive opportunity to transform AIA’s businesses in Australia and New Zealand by extending our protection market leadership positions and expanding our distribution capabilities through strategic long-term partnerships with leading retail banks in these markets.

“The transaction will generate substantial financial benefits for our shareholders through enabling us to deliver further profitable new business growth by leveraging AIA’s capabilities and leading product solutions.

“The acquisition of CBA’s life insurance businesses and the new 20-year bancassurance partnerships with CBA will strengthen AIA’s protection market leadership and expand our distribution capabilities in these markets. We look forward to welcoming our new customers and colleagues, and working with CBA to deliver innovative insurance products and services that meet the growing financial protection needs of customers across Australia and New Zealand.”

The gross consideration to be paid with respect to the transaction is AUD3,800 million (which is equivalent to US\$3,036 million) payable in cash on completion of the transaction and subject to certain adjustments at completion. After taking into account the proceeds from reinsurance agreements, and the free surplus within CommInsure Life and Sovereign, the final net cash outlay by AIA is expected to be AUD1,882 million (equivalent to US\$1,503 million). The aggregate gross embedded value of CommInsure Life and Sovereign was AUD3,531 million (equivalent to US\$2,821 million) as at 30 June 2017.

The acquisition and bancassurance partnerships represent very attractive opportunities that will deliver a range of strategic and financial benefits to AIA:

- AIA will become the clear number one ranked life insurance provider in both Australia and New Zealand's profitable individual life protection markets. Australia has the largest life protection market in the Asia-Pacific region ex-Japan. It also has relatively low life insurance penetration and a mortality protection gap estimated at US\$1.1 trillion.
- It is an excellent fit with AIA's corporate strengths and strategic priorities of achieving profitable market leadership positions and delivering high-quality growth through developing partnerships with leading financial institutions across AIA's markets in the Asia-Pacific region.
- It will materially expand and strengthen AIA's distribution capabilities and customer reach in Australia and New Zealand. CBA is the largest retail bank in Australia, and CBA's wholly-owned subsidiary, ASB, is the second-largest retail bank in New Zealand. Together, they have a combined total of 13 million existing bank customers. The existing customer base represents a significant growth opportunity for AIA over the 20-year strategic partnerships.
- AIA believes that the application of AIA's differentiated propositions (including AIA Vitality) and industry-leading rehabilitation and claims management experience will result in an enhanced customer experience and increased new business profitability over time.
- The acquired life insurance businesses are highly complementary to AIA's existing Australian and New Zealand businesses. The transaction represents a compelling financial investment for AIA and will be accretive to earnings in the first year following completion.

The parties are working towards completion during 2018.

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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. 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\$200 billion as of 31 May 2017.

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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This document contains forward-looking statements relating to the Company and/or the targets of the Proposed Transaction 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 and uncertainties. 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.