



2013 Interim Results Presentation
CREATING SUSTAINABLE VALUE

26 July 2013



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Agenda



Presenter	Position	Topic
Mark Tucker	Group Chief Executive	1H2013 Group Review
Garth Jones	Group Chief Financial Officer	1H2013 Financial Results
Ng Keng Hooi	Regional Chief Executive	China, Thailand, Singapore, Malaysia
Gordon Watson	Regional Chief Executive	Hong Kong, Korea, Other Markets
Mark Tucker	Group Chief Executive	Creating Sustainable Value Q&A

Creating Sustainable Value

- **Delivered another set of record results**
 - **Sustained growth momentum**
 - **Continued strong execution**
 - **Progressed strategic priorities**
 - **Well positioned to capture growth opportunities**
- 

1H2013: Excellent Financial Performance



	\$m	1H2013	1H2012	YoY	
Value Creation	VONB	645	512	26%	↑
	VONB Margin	41.6%	42.6%	(1.0) pps	↓
	ANP	1,527	1,187	29%	↑
	EV Equity⁽¹⁾	33,296	31,657	5%	↑
IFRS Results	Operating Profit After Tax	1,268	1,080	17%	↑
	Net Profit	1,934	1,444	34%	↑
	TWPI	8,495	7,305	16%	↑
	Expense Ratio	8.9%	8.7%	0.2 pps	↓
Capital & Dividend	Net Remittance	972	844	15%	↑
	HKICO Solvency Ratio⁽¹⁾	427%	353%	74 pps	↑
	Dividend per Share (HK cents)	13.93	12.33	13%	↑

Note:

(1) Comparison for balance sheet items are shown against the position as at the end of the 2012 financial year

1H2013: Clear Strategy – Well Executed



Distribution

- Continued strong growth across all channels

Product

- Targeted product innovation and improved mix

Customer

- Created additional value from focused customer management

Organisation

- Enhanced local empowerment and employee engagement

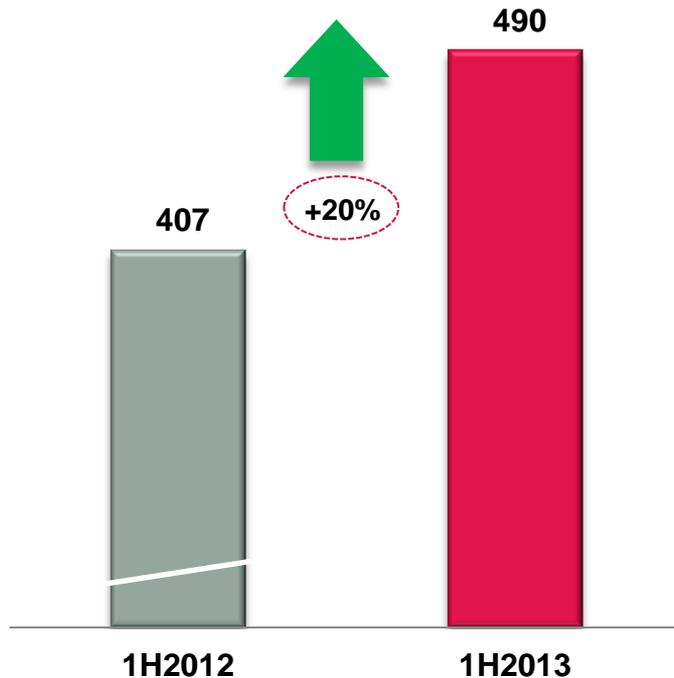
Financial

- Advantaged capital position sustained by strong cash flow

Distribution: Premier Agency Delivery



VONB (\$m)



ANP (\$m)

782

982

VONB
Margin

52.1%

49.9%

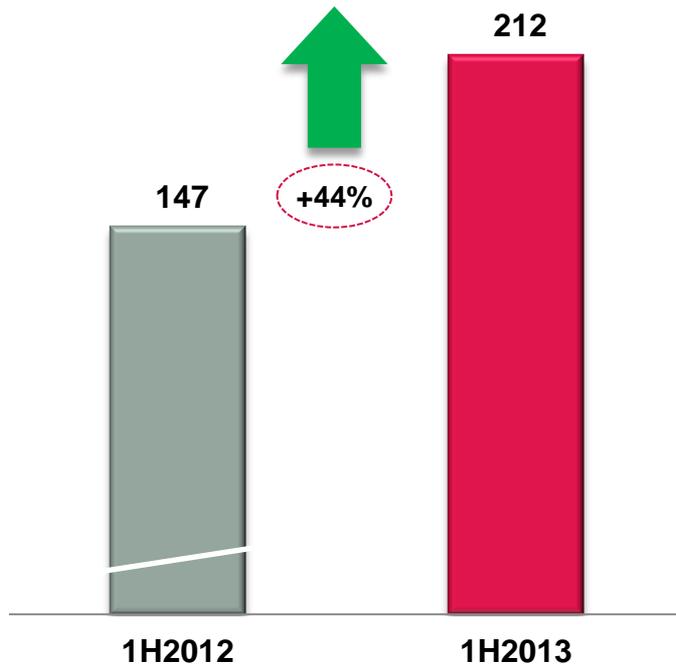
Premier Agency

- VONB up 20%; ANP up 26%
- Double-digit increase in active agents
- Number 1 for MDRT in Asia
- Further roll-out of iPoS to enhance agency productivity
- Quality recruitment focus
- AIA Premier Academy expansion
- Partnership with GAMA International to support agency leadership development

Distribution: Profitable Partnerships Expansion



VONB (\$m)



Partnerships Expansion

- Profitable channel diversification
 - VONB margin up 2.6 pps
 - ANP up 35%
- Bancassurance execution
 - New agreements launched
 - Doubled VONB
- Direct marketing expansion
- Continued to grow IFA channel in selected markets
- Group insurance VONB up 32%

ANP (\$m)

405

545

VONB
Margin

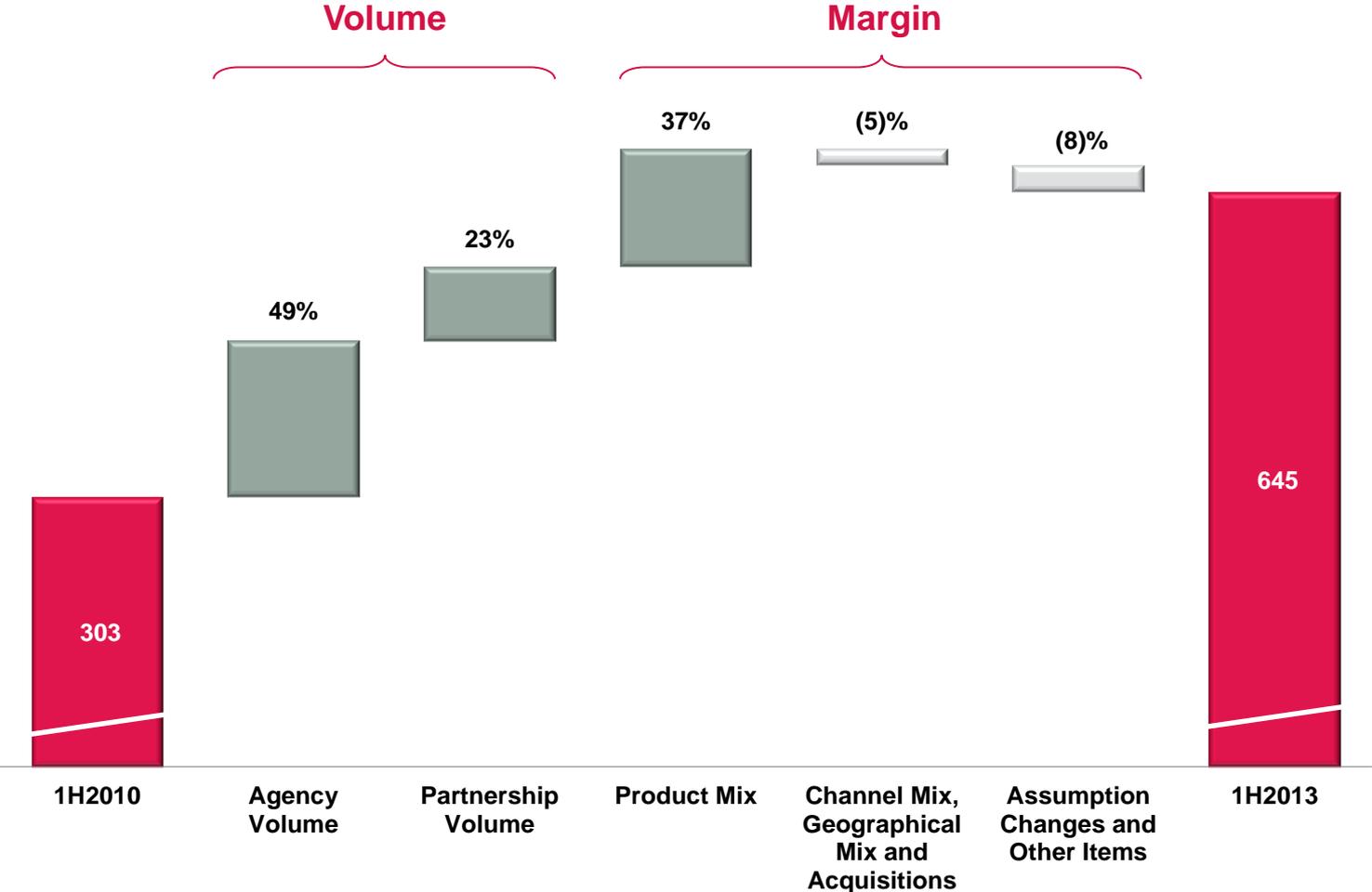
36.3%

38.9%

Creating Sustainable Value: Distribution and Product



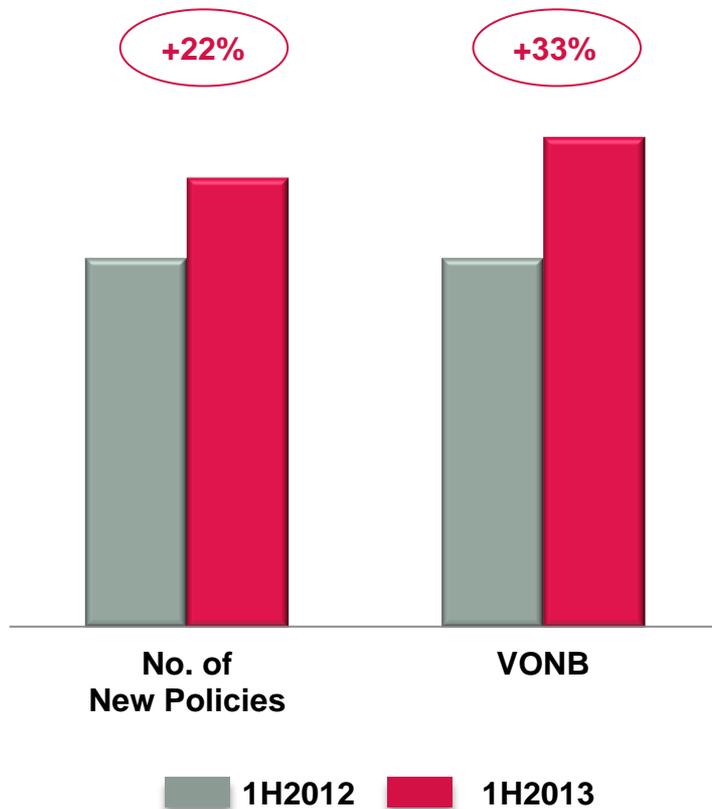
VONB (\$m) more than doubled since IPO



Creating Sustainable Value: Existing Customers



Excellent Results from Existing Customer Marketing⁽¹⁾



Significant Opportunities to Engage Existing Customers

- 27m individual in-force policies and 16m group members
- Existing Customer Marketing initiatives active across the region
- Focus on areas that make a material difference to experience and profitability
- Additional 350,000 policies sold
- Positive initial results with VONB up 33%
- iPoS enhanced customer experience

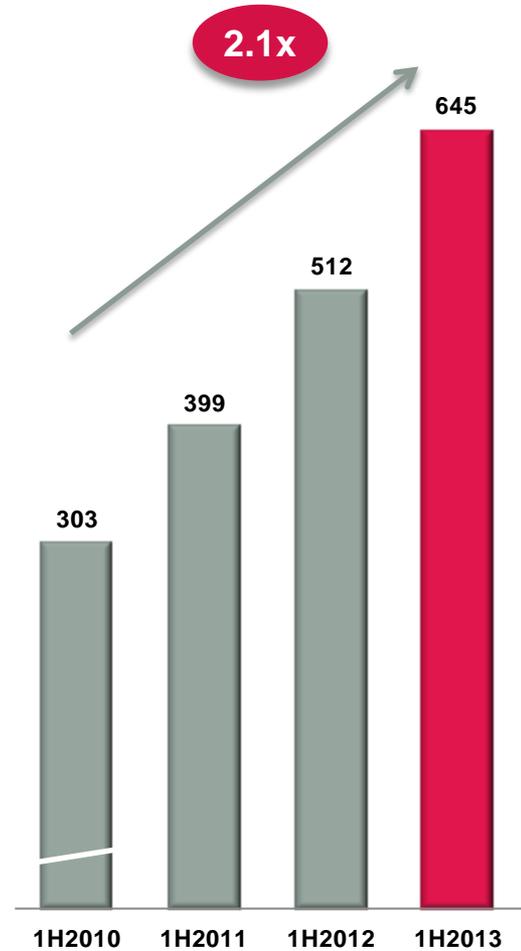
Note:

(1) Results of eight markets including Hong Kong, Thailand, Singapore, Malaysia, China, Korea, Indonesia and the Philippines.

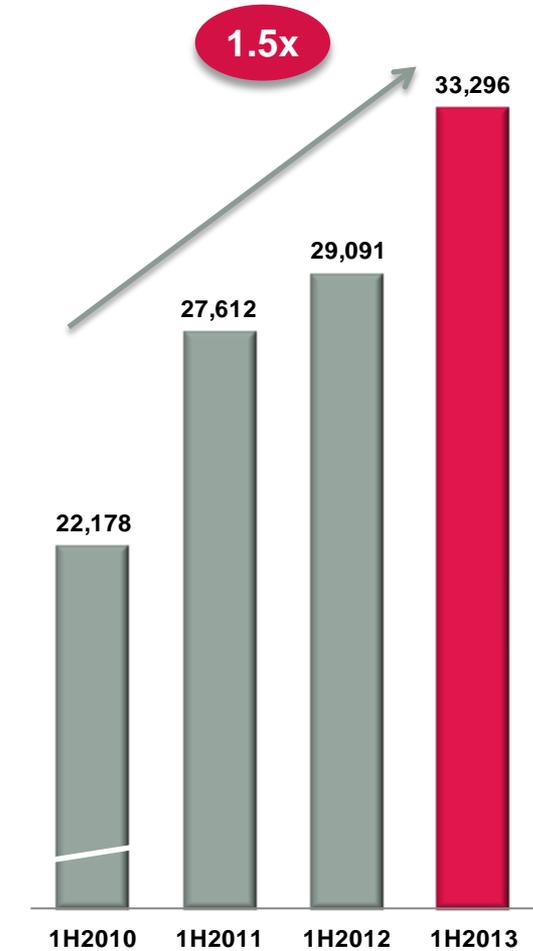
Financial: Sustained Momentum Across All Key Metrics



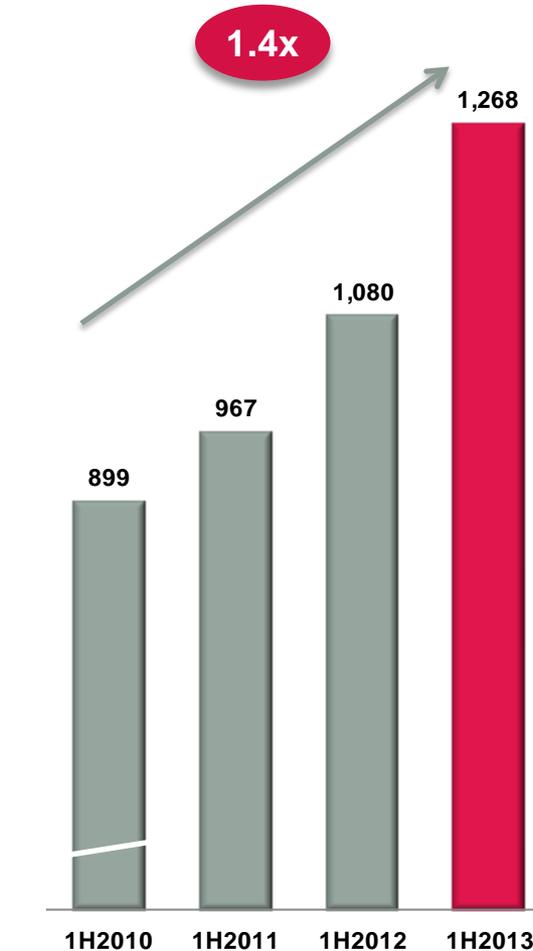
VONB (\$m)



EV Equity (\$m)



IFRS OPAT (\$m)





1H2013 Group Review

Mark Tucker

1H2013 Financial Results

Garth Jones

1H2013 Business Review

**Ng Keng Hooi
Gordon Watson**

Creating Sustainable Value

Mark Tucker



Value Creation

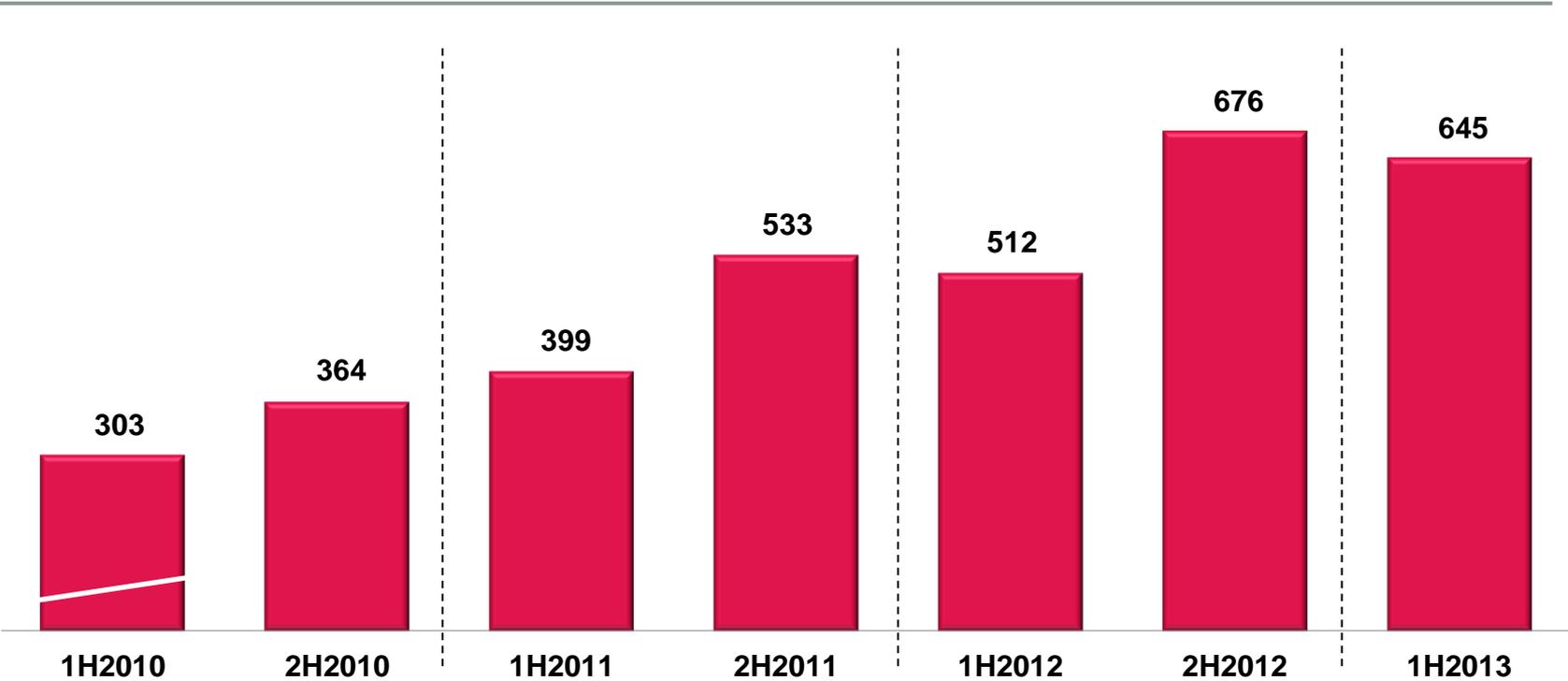
IFRS Results

Capital and Dividends

1H2013: Sustained Growth in VONB



VONB (\$m)



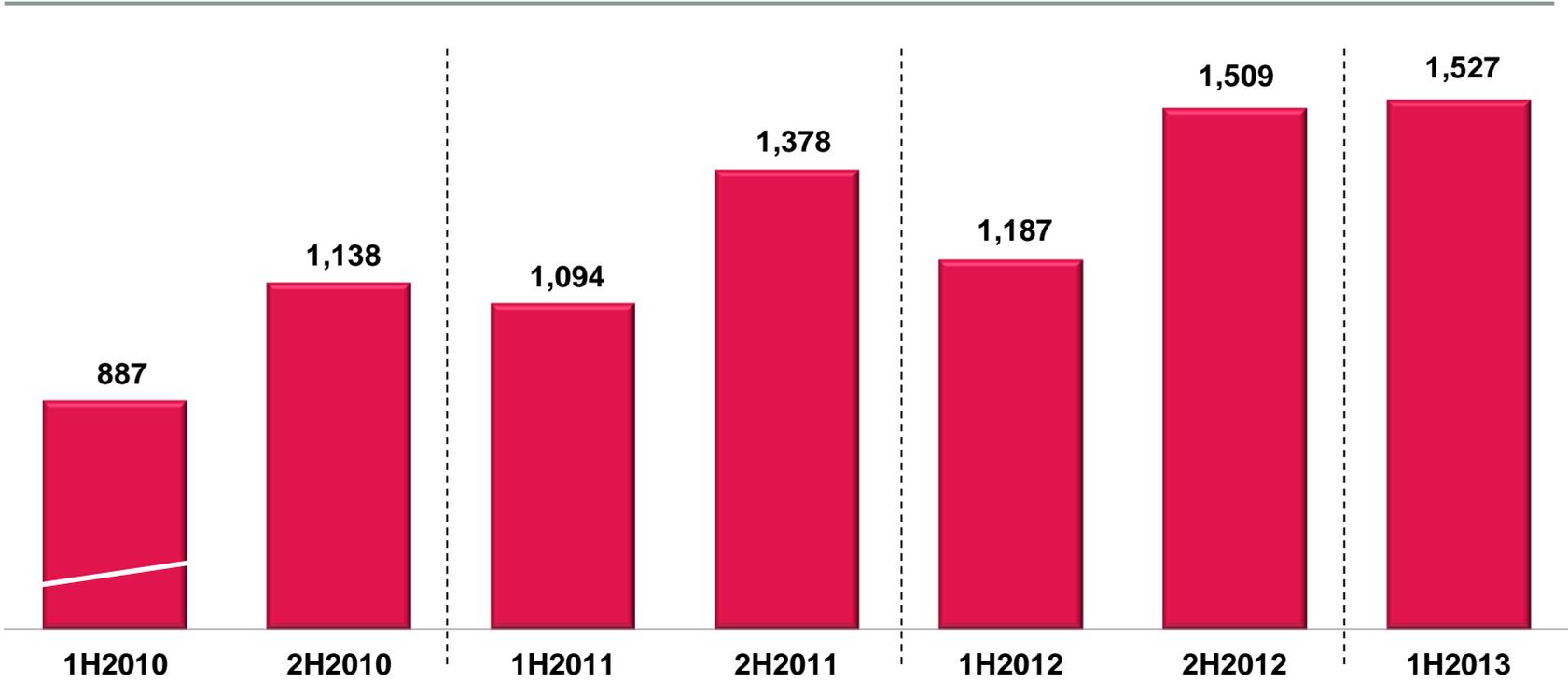
Growth Rate

1H2013 v 1H2012 **+26%**

1H2013: Sustained Growth in ANP



ANP (\$m)



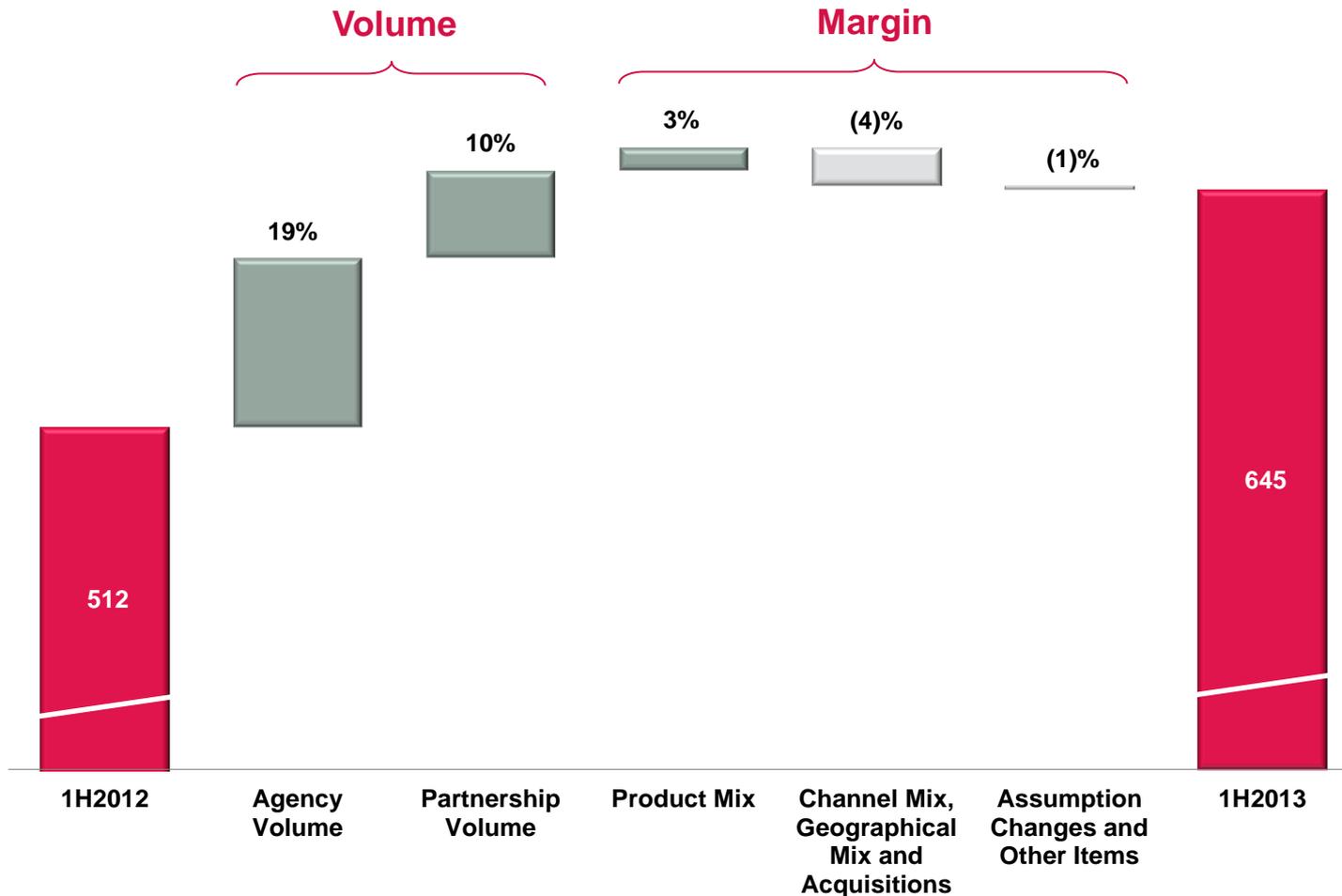
Growth Rate

1H2013 v 1H2012 **+29%**

1H2013: Volume and Margin Movement



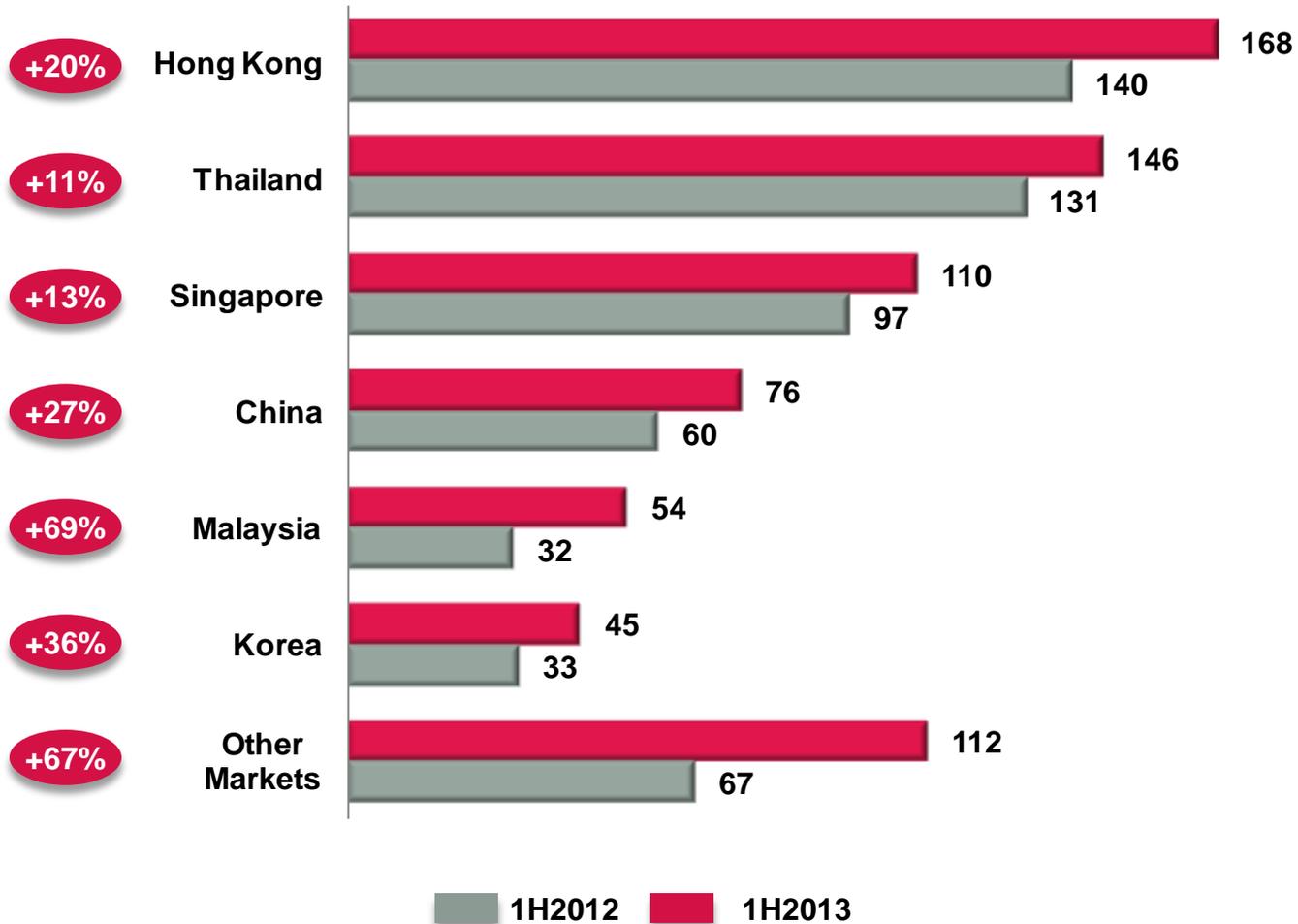
26% Growth in VONB (\$m)



1H2013: Broad-based VONB Uplift



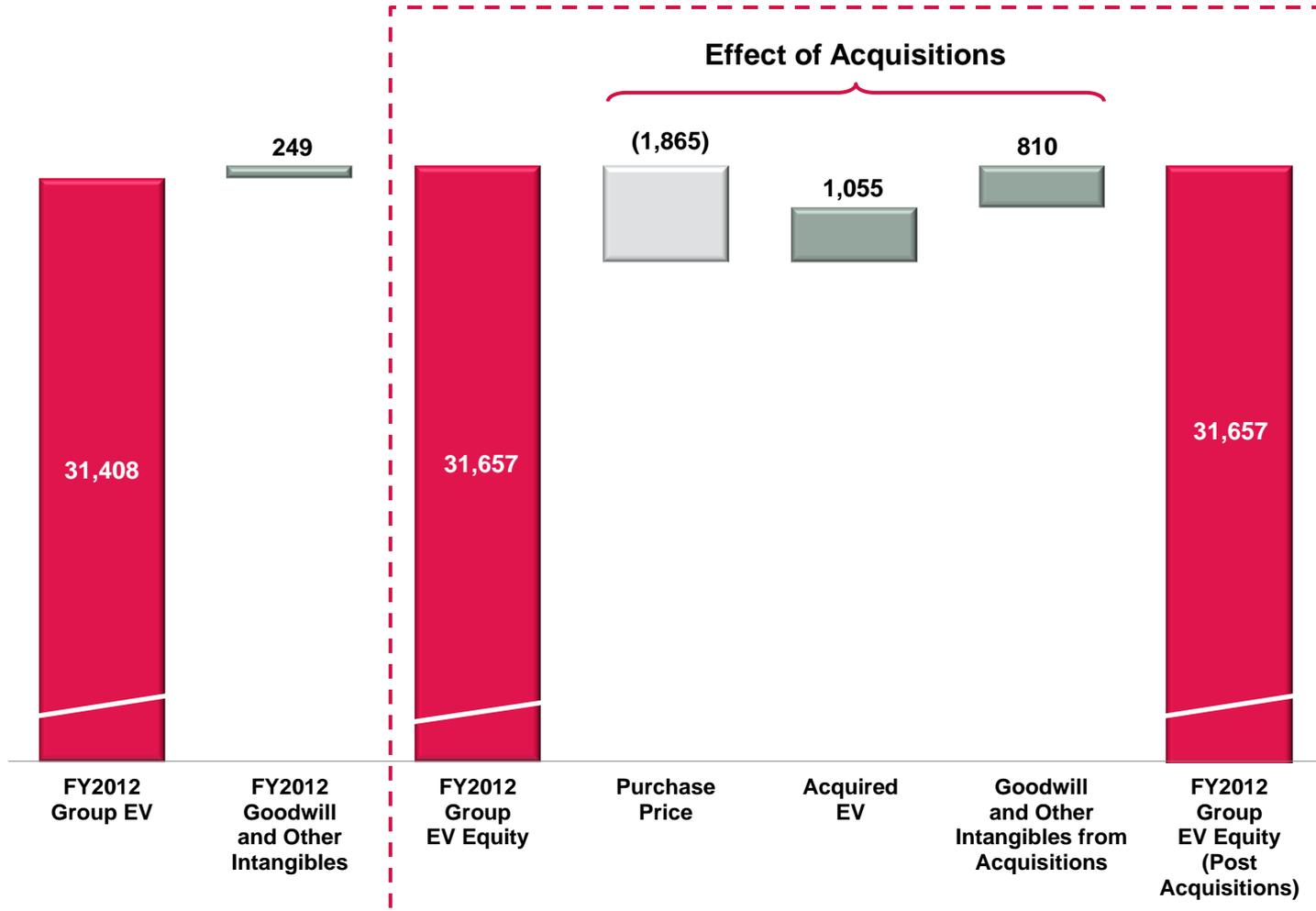
VONB (\$m)



EV Equity: Effect of Acquisitions



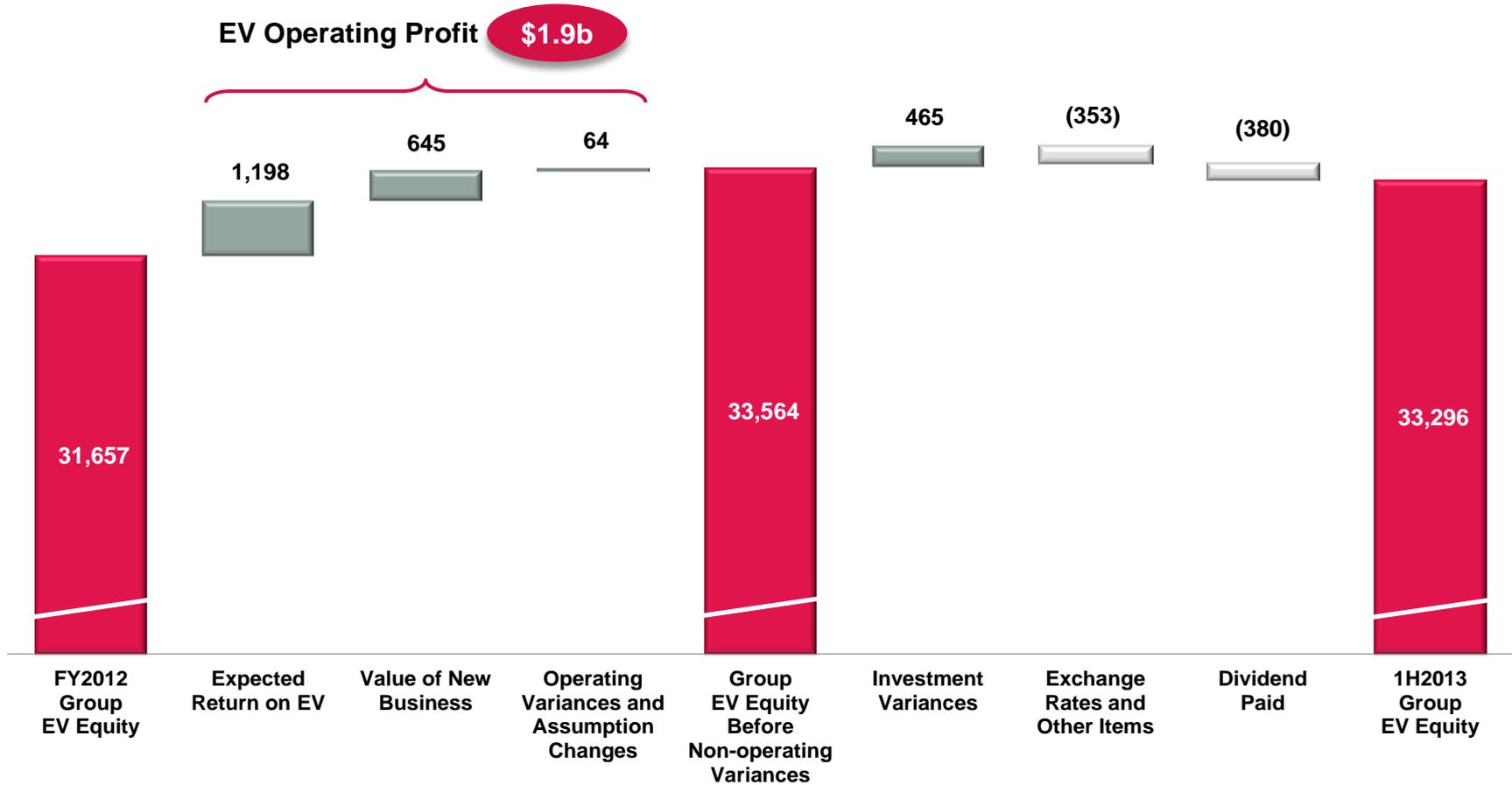
FY2012 EV Equity Reconciliation (\$m)



EV Equity up 5% to \$33.3b



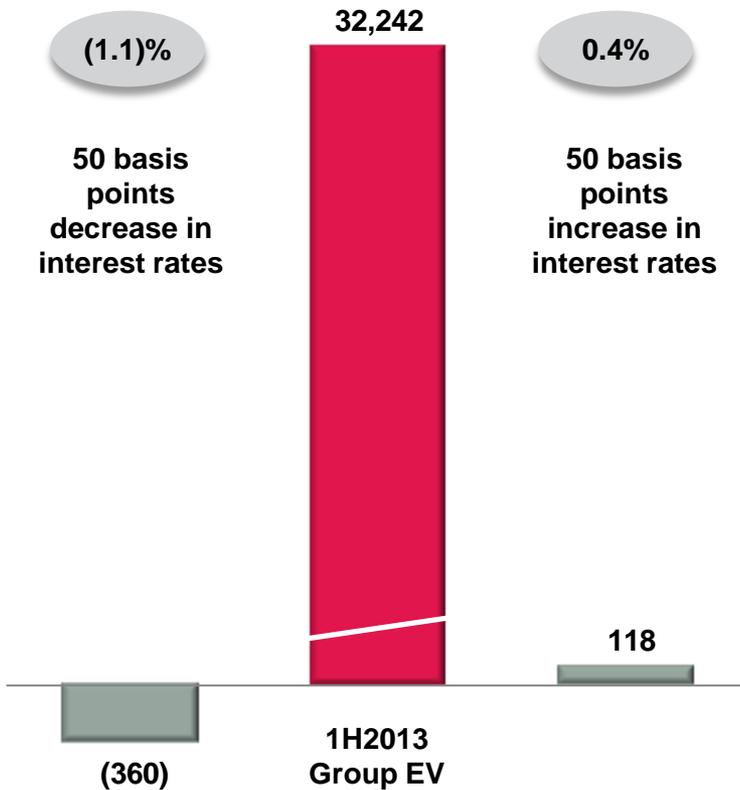
1H2013 EV Equity Movement (\$m)



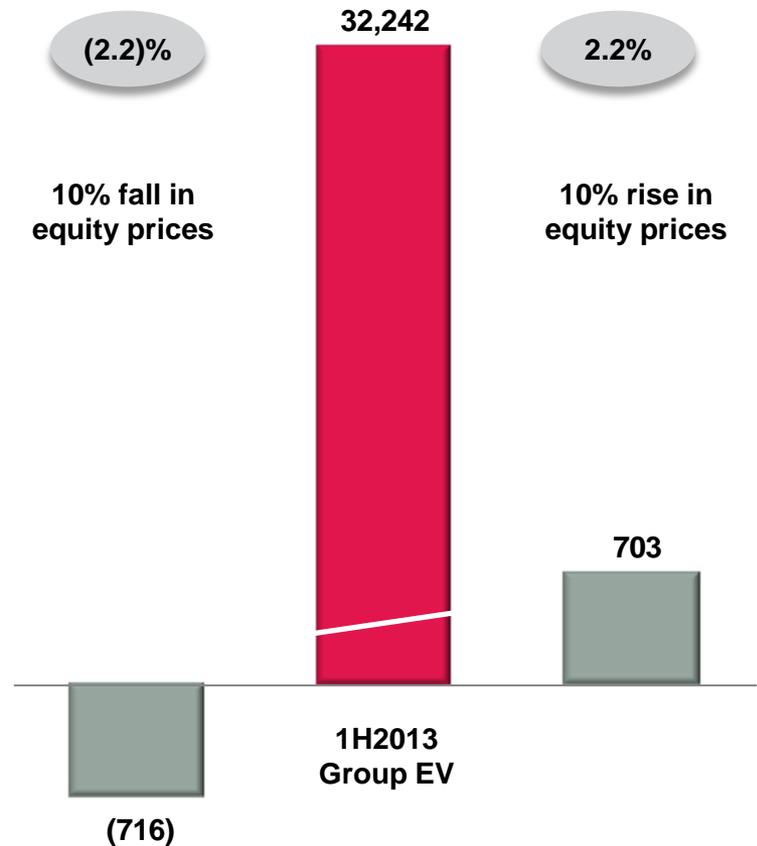
EV Sensitivity to Capital Market Movements



Interest Rates (\$m)



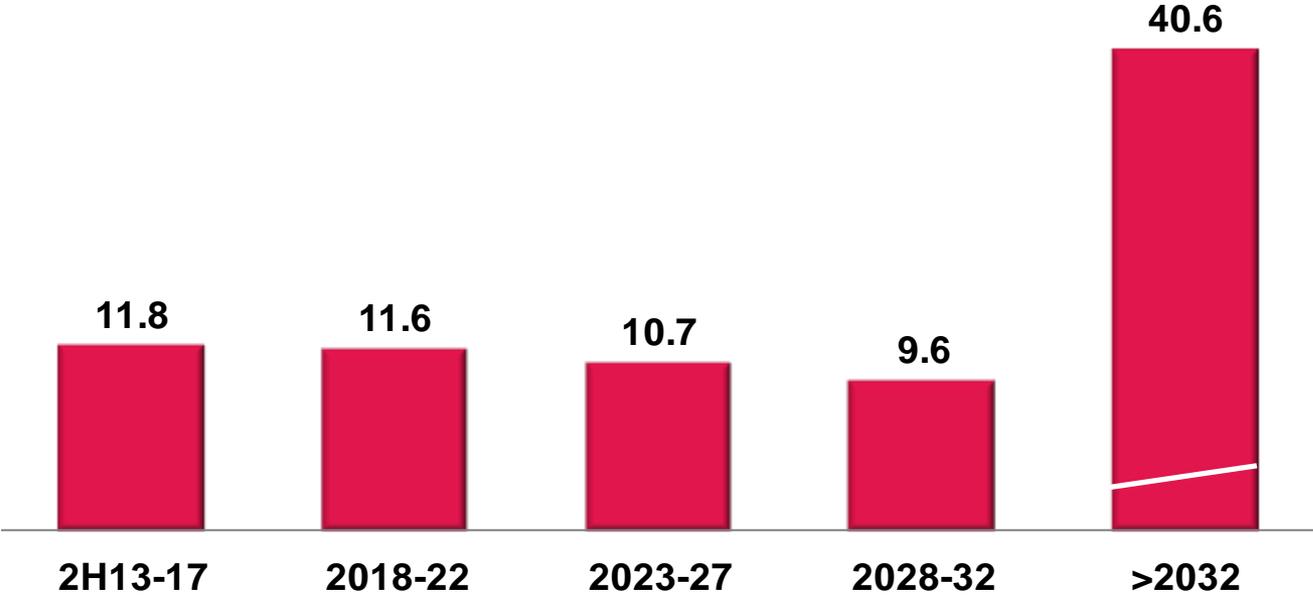
Equities (\$m)



Strong Cash Flow Generation



Undiscounted Net Cash Flows⁽¹⁾ (\$b)



% of Total	14%	14%	13%	11%	48%
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Note:

(1) Undiscounted net cash flows are defined as the after-tax surplus generated from the assets backing the statutory reserves and required capital of the in-force business of AIA on the Embedded Value basis.

1H2013 Financial Results



Value Creation

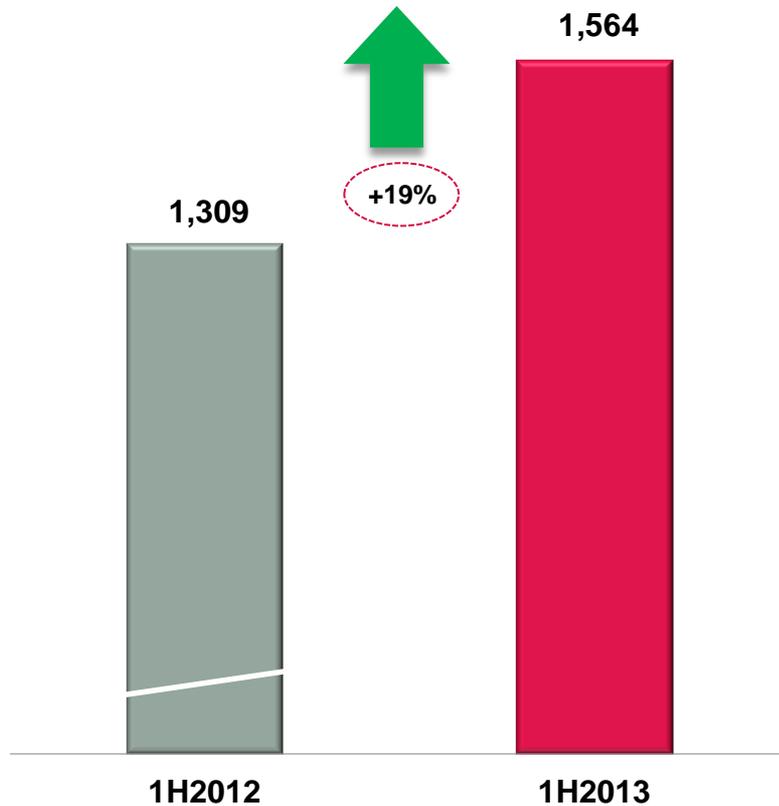
IFRS Results

Capital and Dividends

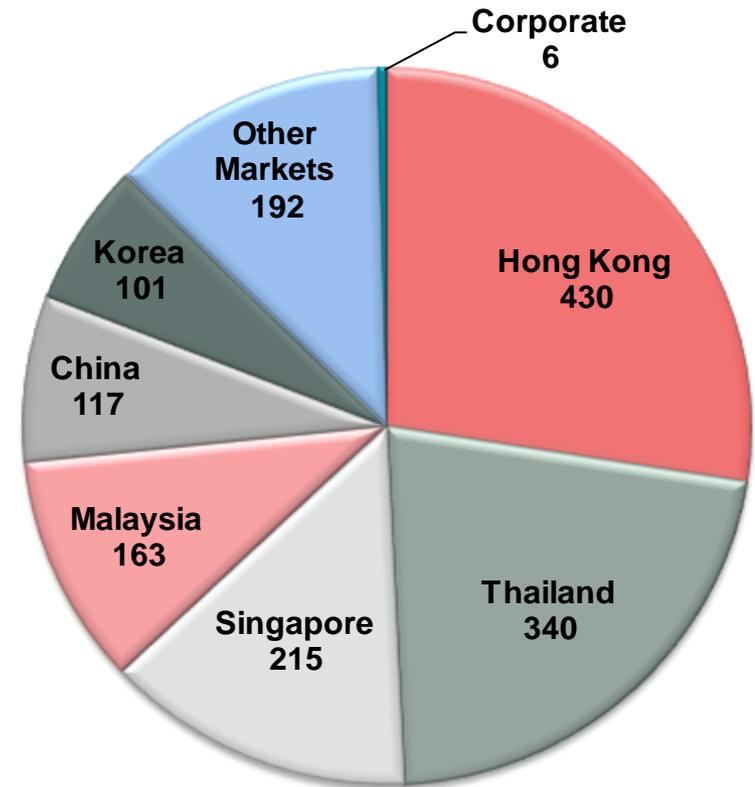
Operating Profit Up to \$1.6b; Diversified Earnings



Operating Profit Before Tax (\$m)



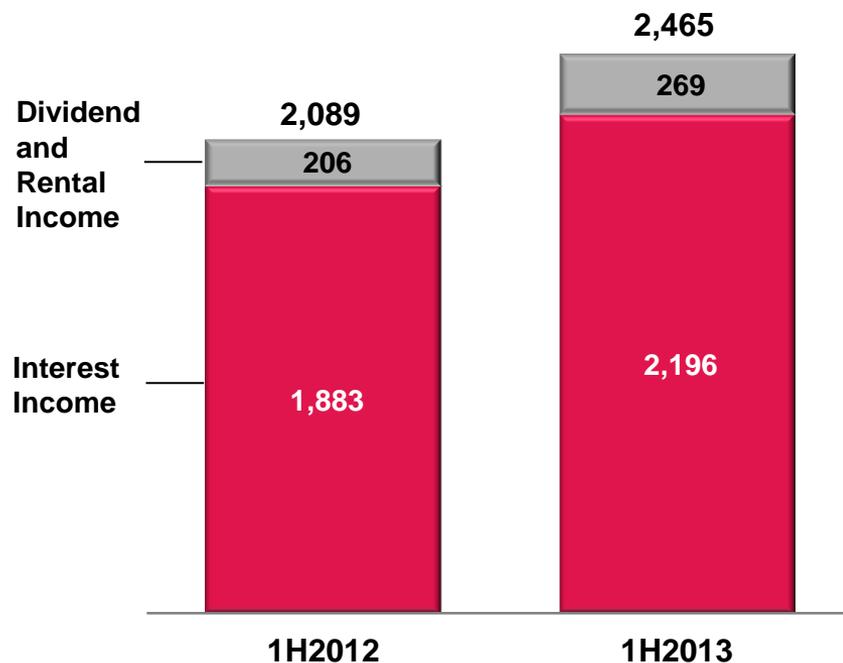
Operating Profit Before Tax by Segment (\$m)



Investment Income Up to \$2.5b; Stable Yield



Investment Income (\$m)



Investment Yield

5.0%

4.8%

(FY12: 4.8%)

Investment Return

6.5%

7.1%

Invested Assets Composition (\$m)

	As at 30 Nov 2012	As at 31 May 2013
Fixed Income ⁽¹⁾	87%	86%
Equity	10%	11%
Fixed Income & Equity	97%	97%
Cash	2%	2%
Properties	1%	1%
Total	100%	100%
Total Invested Assets	98,240	106,703

Note:

(1) Includes debt securities, loans and term deposits

OPAT Up 17% and Net Profit Up 34%



Net Profit (\$m)

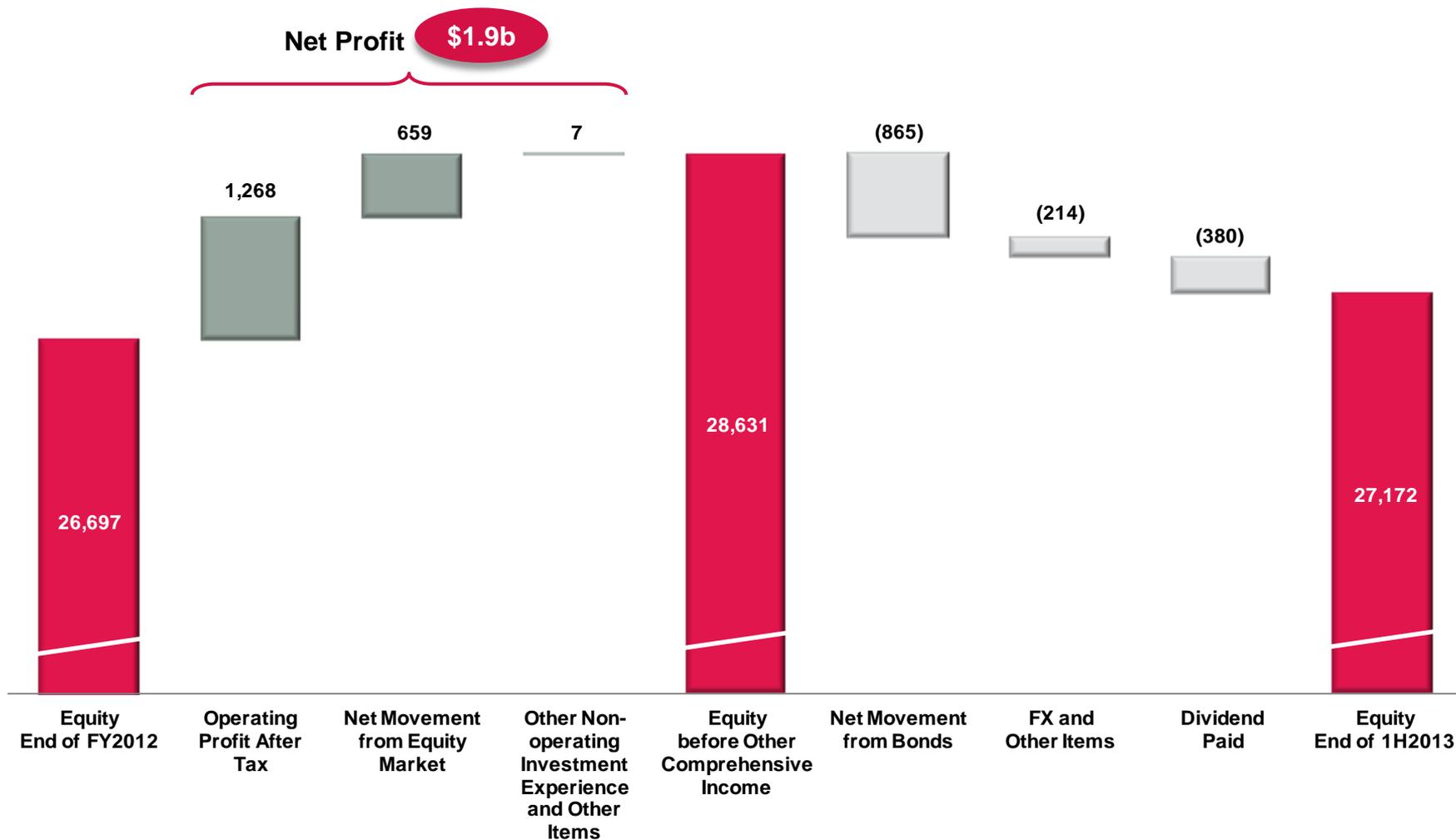
	1H2012	1H2013	
Operating Profit After Tax	1,080	1,268	17%
Net gains from equities, net of tax	329	659	
Other non-operating investment experience and other items, net of tax	35	7	
Net Profit	1,444	1,934	34%

- Operating profit excludes any actual or assumed gains
- Net profit includes mark-to-market of equities as at 31 May 2013
- Net profit excludes unrealised gains and losses on AFS bonds
- Average non-operating gains of \$460m from past four financial years

IFRS Shareholders' Equity of \$27.2b



Shareholders' Equity Movement (\$m)



1H2013 Financial Results



Value Creation

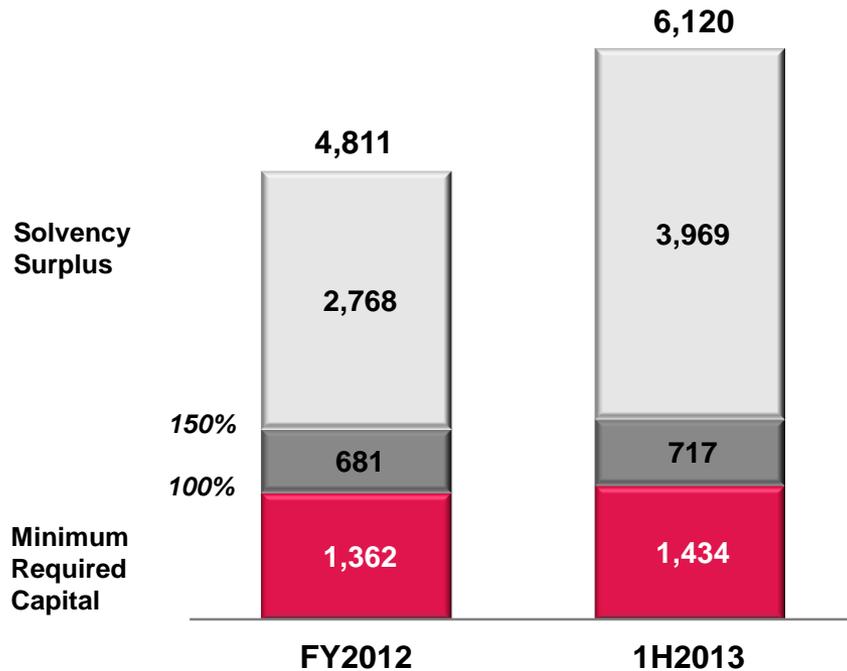
IFRS Results

Capital and Dividends

HKICO Solvency Ratio at 427%



Solvency Surplus (\$m) and Solvency Ratio on HKICO basis for AIA Co.



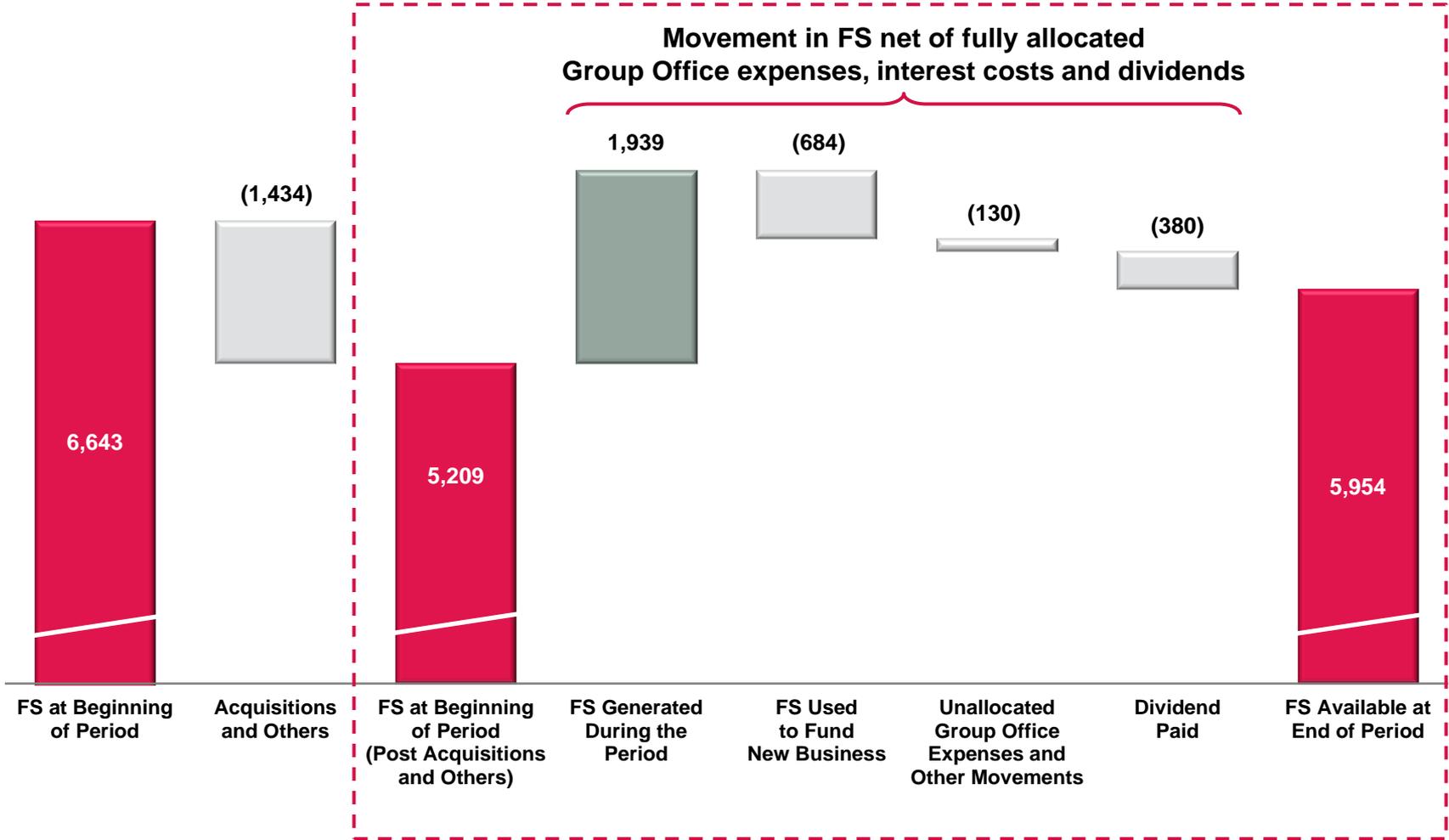
- Ongoing capital strength
- Disciplined approach to investment and capital management
- Positive impact from retained earnings generation and equity gains
- Finance growth and absorb capital market volatility

HKICO Solvency Ratio	353%	427%
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Self-financed New Business Growth and Dividends



Free Surplus Generation (\$m)



Prudent, Sustainable and Progressive Dividend



- **Interim dividend increase of 13%**
- **HK13.93 cents per share**
- **Ex-dividend date: 8 August 2013**
- **Payment date: 30 August 2013**



1H2013 Group Review

Mark Tucker

1H2013 Financial Results

Garth Jones

1H2013 Business Review

**Ng Keng Hooi
Gordon Watson**

Creating Sustainable Value

Mark Tucker

Business Review: Creating Sustainable Value



Ng Keng Hooi

China, Thailand, Singapore, Malaysia

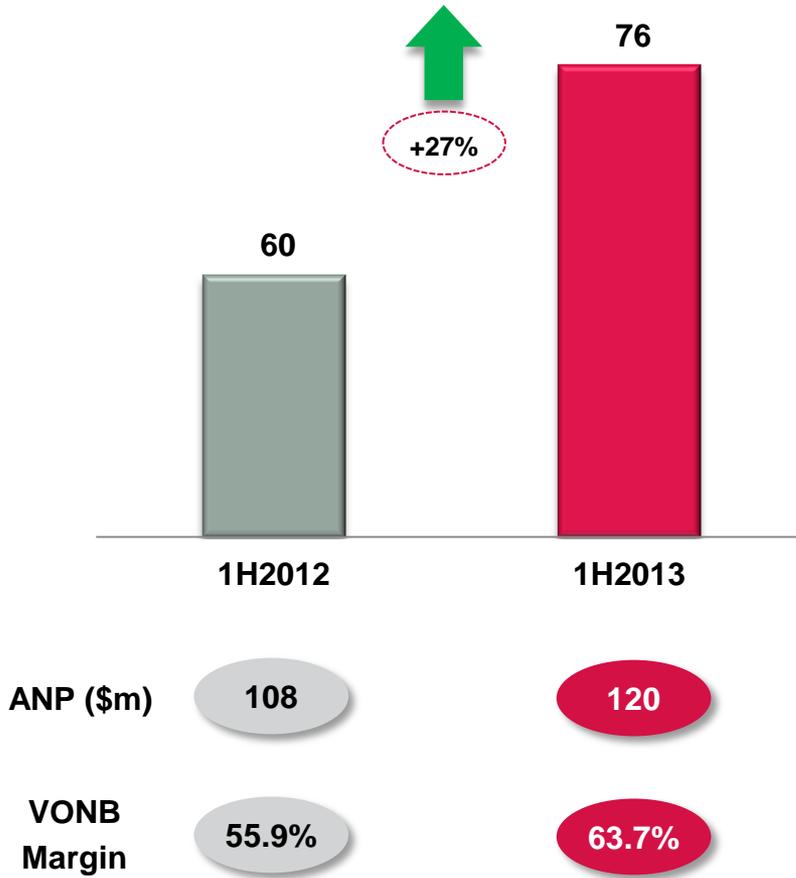
Gordon Watson

Hong Kong, Korea, Other Markets

China: Enhancing Product and Distribution Quality



VONB (\$m)



■ Premier Agency

- Focus on quality and professionalism
- Active new agents up over 30%
- Strong growth in active agents
- Improved product mix and productivity

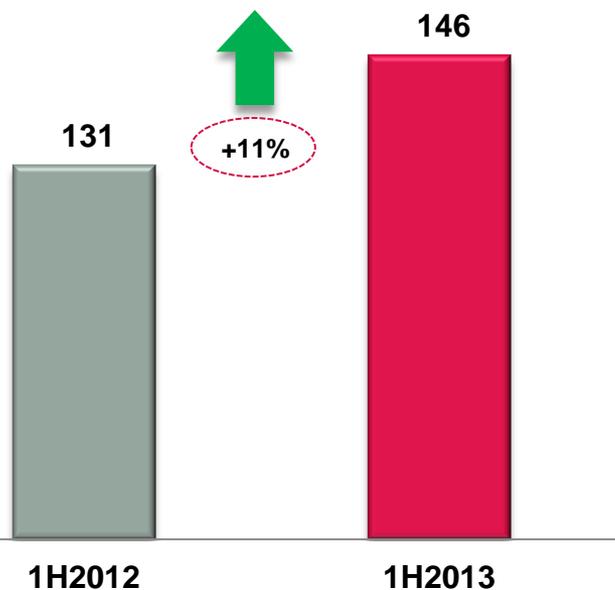
■ Product Segmentation

- Protection sales up 20%
- Improved flagship “All-in-One”
- Encouraging growth in Next Gen ULP
- Group insurance VONB doubled

Thailand: Reinforcing our Competitive Advantage



VONB (\$m)



▪ Premier Agency

- Quality recruitment, selection and training
- Active new agents up over 20%
- On track to retain no.1 MDRT ranking

▪ Profitable Partnerships

- VONB up 45%

▪ Product Segmentation

- Continued success of critical illness product “AIA Health Lifetime”
- Launched Next Gen ULP – first of its kind in Thailand

ANP (\$m)

244

265

VONB
Margin

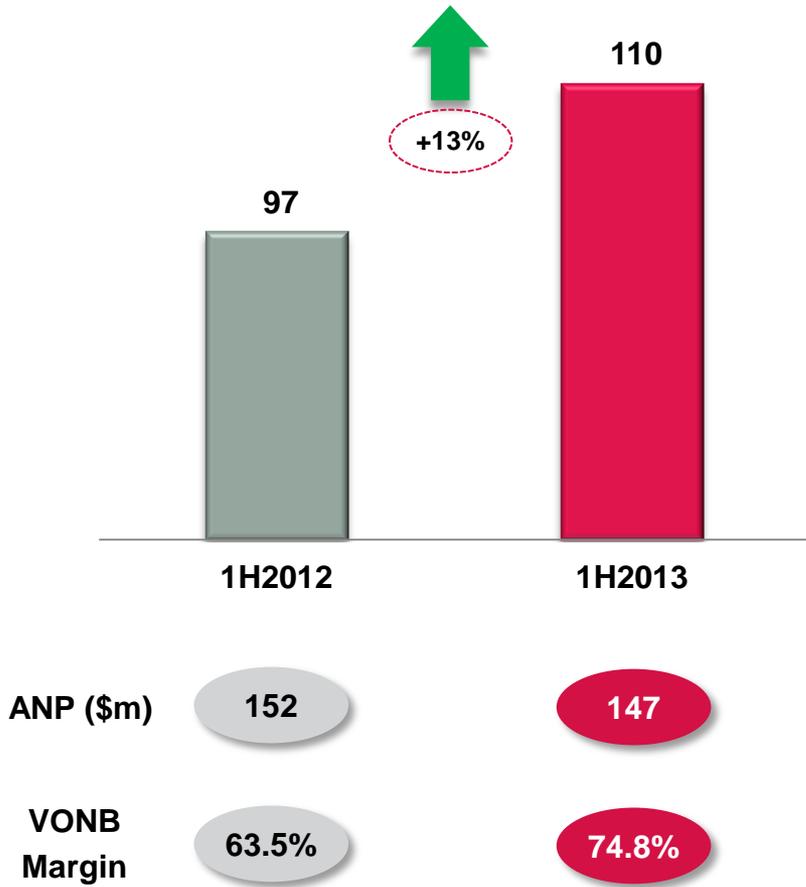
53.6%

55.1%

Singapore: Continuing to Innovate



VONB (\$m)



■ Premier Agency

- New agency career structure supporting better recruitment
- Active new agents up 22%
- Strong adoption of iPoS

■ Product Segmentation

- Strengthened protection leadership
- New critical illness plans and protection riders launched
- Aligned “HealthShield” with current government scheme upgrade
- July launch of *AIA Vitality*

ING Malaysia Integration On Track



Very Large Scale Integration



- 3rd & 4th largest
- 4 admin systems
- 2,300 employees
- 45 branches
- 240 agency offices

Single Licence Achieved



- Legal merger completed
- AIA brand adopted
- Single new business platform

Market Leadership



- No. 1 life insurer
- No. 1 group insurer
- No. 2 bancassurer
- 16,000 agents
- 3.5m policies

Positioned for Growth



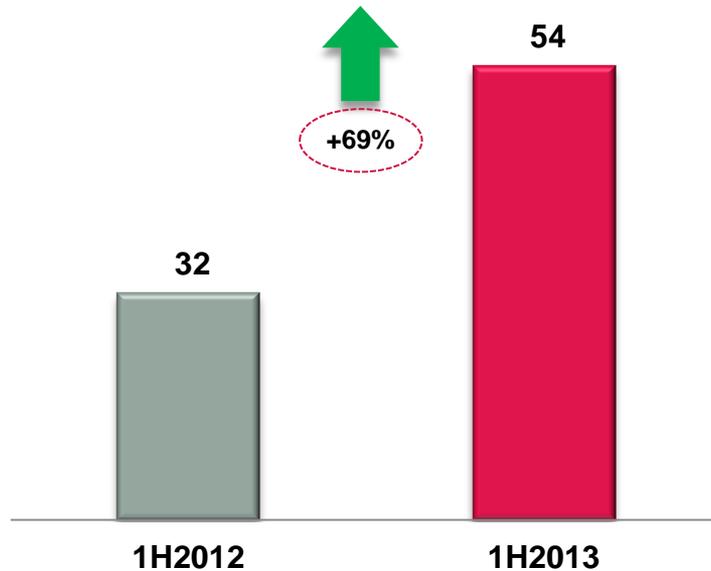
- Broader coverage
- New products launched
- iPoS
- Public Bank partnership

Enhanced growth prospects for AIA Malaysia

Malaysia: Strengthening our Growth Platform



VONB (\$m)



ANP (\$m)

76

152

VONB
Margin

42.3%

35.3%

■ Combined 1H13 Results

- Important milestone achieved
- VONB uplift of 69%
- VONB margin reflects acquisition

■ Premier Agency

- Broader geographic coverage
- More than doubled agency force
- Recruitment focused on younger agents
- Rolled out iPoS with positive take-up

■ Product Segmentation

- Enhanced single product set in place
- Launched “Empower” ULP with Public Bank

Business Review: Creating Sustainable Value



Ng Keng Hooi

China, Thailand, Singapore, Malaysia

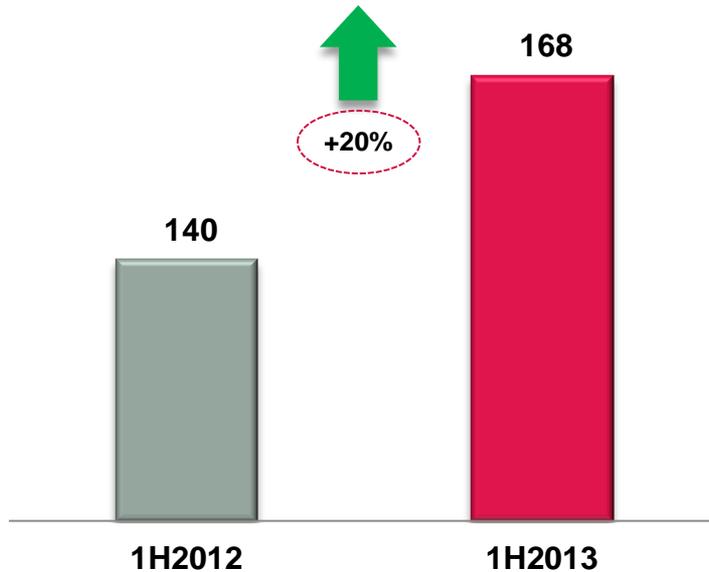
Gordon Watson

Hong Kong, Korea, Other Markets

Hong Kong: Sustaining Strong Performance



VONB (\$m)



ANP (\$m)

243

326

VONB
Margin

55.1%

48.7%

■ Premier Agency

- Focus on recruitment and productivity
- New recruits up 11%
- Agency productivity up over 25%
- Agency Executive Development focus within AIA Premier Academy
- On track to exceed MDRT qualifiers record

■ Group Insurance

- VONB up 50%
- Group cases from brokers up 170%

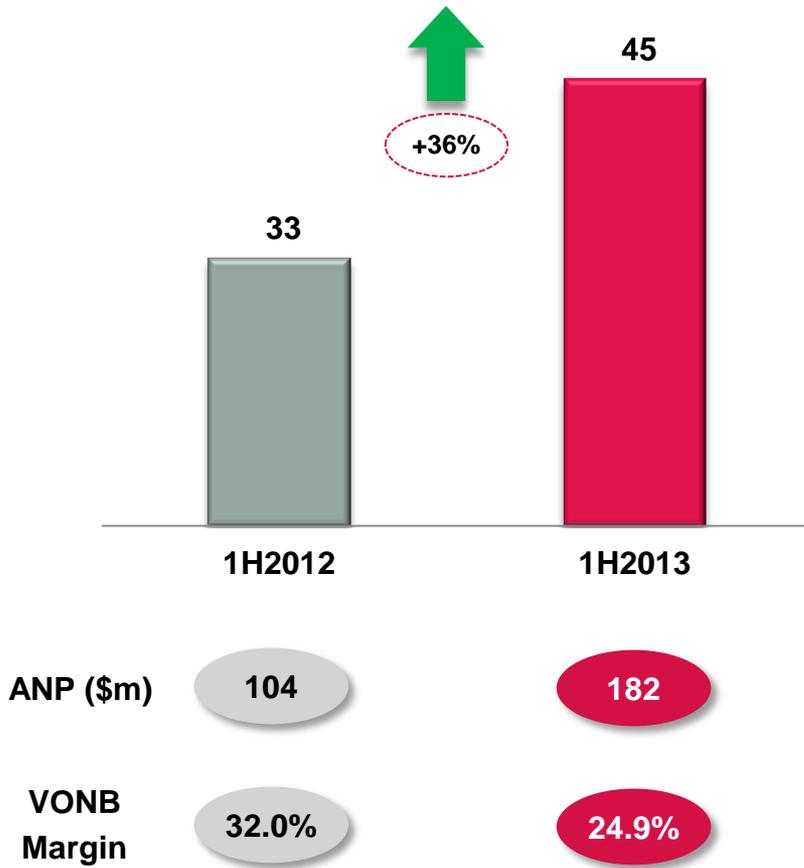
■ Product Segmentation

- New products to address needs of young families and pre-retirees

Korea: Repositioning in Progress



VONB (\$m)



■ Premier Agency

- Recruitment and training focus
- Active new agents doubled
- Active agents up over 30%
- Agency productivity up over 30%
- Successful launch of “Next AIA” recruiting and training programme

■ Direct Marketing

- Transforming DM remains a priority
- Number of TSRs grew by 30%

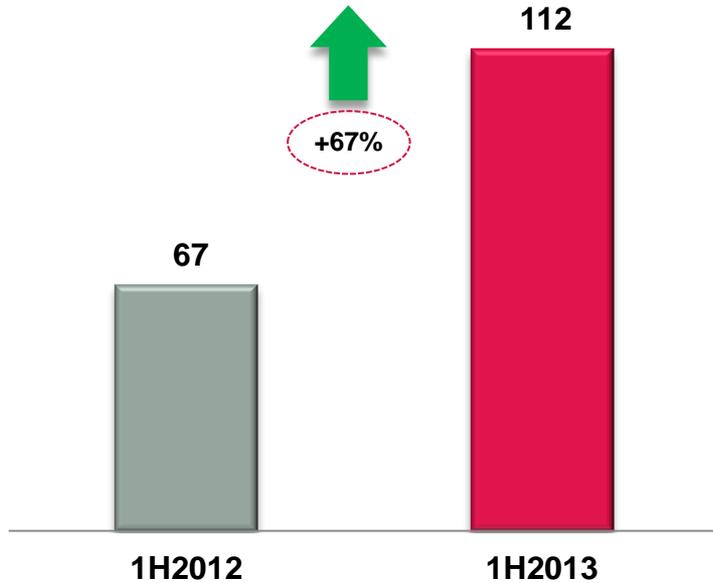
■ Product Segmentation

- Successful launch of simplified protection product for DM

Other Markets: Delivering Excellent Growth



VONB (\$m)



ANP (\$m)

260

335

VONB Margin

25.9%

33.3%

Australia

- Excellent VONB results
- Expansion of Premier IFA model
- Reinforced independent risk specialist position
- Top 3 position in retail IFA market

Indonesia

- Strong VONB growth
- New protection rider benefits for ULP
- Number of active in-branch insurance specialists up 30%
- Strong bancassurance performance

Philippines

- VONB more than doubled
- Strong growth in BPI
- Active agents up 21%
- Strong Next Gen ULP performance
- New recruits doubled



1H2013 Group Review

Mark Tucker

1H2013 Financial Results

Garth Jones

1H2013 Business Review

**Ng Keng Hooi
Gordon Watson**

Creating Sustainable Value

Mark Tucker

AIA – Creating Sustainable Value



Asian Growth Opportunity

- Rapid urbanisation with growing disposable incomes
- Low social welfare provision and insurance take-up
- Vast latent need for all forms of life and health insurance

Advantaged Platform

- 100% Asia-focused and advantaged ownership structure
- Scale and leadership through proprietary distribution
- Exceptional financial strength and cash flow

Right Priorities

- Premier Agency and Profitable Partnerships
- Proactive product management and innovation
- Targeting and engaging customers

Proven Execution

- Focused on the right priorities
- Relentless execution of clear strategy
- Track record of profitable growth with scale



2013 Interim Results Presentation
CREATING SUSTAINABLE VALUE



**THE REAL LIFE
COMPANY**

Definitions and Notes



- 1H2013 figures include the financial and operational results of AIA's acquisitions from the respective dates of completion.
- Annualised new premium (ANP) excludes pension business.
- Certain segmental reclassifications have been made in the prior period VONB and VONB margin results to conform to current period presentation. The reclassification has no impact on the total VONB and VONB margin of the Group for the six months ended 31 May 2012.
- EV Equity is the total of embedded value, goodwill and other intangible assets attributable to shareholders of the Company.
- Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and the minimum regulatory required capital. For branches of AIA Co. and AIA International, the statutory liabilities are based on HKICO statutory accounting and the required capital based on 150% HKICO minimum solvency margin.
- Hong Kong market includes Macau; Singapore market includes Brunei; Other Markets includes Australia, the Philippines, Indonesia, Vietnam, Taiwan, New Zealand and Sri Lanka.
- Investment income and invested assets composition excludes unit-linked contracts.
- Investment return is defined as investment income with the addition of realised and unrealised gains and losses as a percentage of average invested assets.
- Investment yield is defined as net investment income as a percentage of average policyholder and shareholder invested assets for the relevant periods (i.e. excluding unit-linked investments); AIA's net investment income does not include realised or unrealised gains and losses.
- Market positions in Malaysia are based on the aggregate of new business individual life and group life businesses for 2012 using data from industry sources. Individual life business is based on annualised premium plus 10% of single premium. Group life business is based on total gross premium.
- Operating profit after tax, net profit and IFRS shareholders' equity are shown post minorities.
- Operating profit before tax excludes non-operating items such as investment experience, investment income and investment management expenses related to unit-linked contracts, corresponding changes in insurance and investment contract liabilities in respect of unit-linked contracts and participating funds and other significant items considered to be non-operating income and expenses.
- VONB is after unallocated Group Office expenses and adjustment to reflect additional Hong Kong reserving and capital requirements; includes pension business and is shown before minorities.
- VONB margin = VONB / ANP. VONB for the margin calculations excludes pension business to be consistent with the definition of ANP.
- VONB and VONB margin by distribution channel are based on local statutory reserving and capital basis, before the deduction of unallocated Group Office expenses and exclude pension business.
- VONB and VONB margin by market are based on local statutory reserving and capital basis, before the deduction of unallocated Group Office expenses and include pension business.