



2011 Interim Results Presentation

DELIVERING QUALITY GROWTH

29 July 2011



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Agenda



Time	Presenter	Position	Topic
0930 – 0940	Mark Tucker	Group Chief Executive	Delivering on 1H2011
0940 – 1000	Garth Jones	Group CFO	Financial Results
1000 – 1020	Gordon Watson	Regional Managing Director	Hong Kong and Korea
	Ng Keng Hooi	Regional Managing Director	Thailand and China
	Huynh Thanh Phong	Regional Managing Director	Singapore and Malaysia
1020 – 1030	Mark Tucker	Group Chief Executive	Delivering Quality Growth
1030 – 1130	Mark Tucker	Group Chief Executive	Q&A

Delivering Quality Growth

- **World's most dynamic region and markets**
- **Executing strategic priorities laid out at FY10**
- **Record VONB and new business margins**
- **Franchise of unique scale and quality**
- **Relentless focus on shareholder value**

1H2011: Strong Performance on All Key Measures



	\$m	1H2011	1H2010	YoY	
Value	VONB⁽¹⁾	399	303	32%	↑
	VONB Margin⁽²⁾	36.0%	33.7%	2.3 pps	↑
	ANP⁽³⁾	1,094	887	23%	↑
	Embedded Value⁽⁴⁾	27,394	24,748	11%	↑
IFRS Results	TWPI	6,765	6,022	12%	↑
	Operating Profit After Tax⁽⁵⁾	967	899	8%	↑
	Net Profit⁽⁵⁾	1,314	1,057	24%	↑
Capital & Dividend	Shareholders' Equity^{(4) (5)}	21,141	19,555	8%	↑
	ICO Solvency Ratio⁽⁴⁾	356%	337%	19 pps	↑
	Dividend per Share (HK cents)	11	n/a	n/a	↑

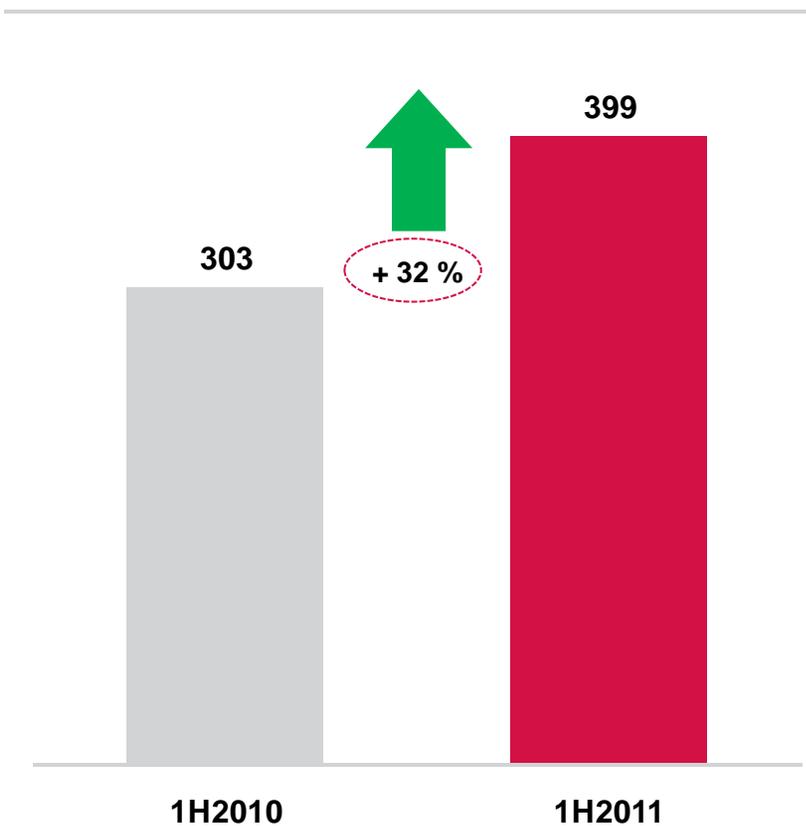
Notes:

- (1) VONB is after group office expenses and Hong Kong statutory adjustment; includes corporate pension business and is shown before minorities
- (2) VONB Margin = VONB / ANP. VONB excludes corporate pension business to be consistent with the definition of ANP
- (3) ANP excludes corporate pension business
- (4) Comparisons for balance sheet items are shown against the end of the 2010 financial year
- (5) Operating profit after tax, net profit and shareholders' equity for shareholders of AIA Group Limited are shown post minorities

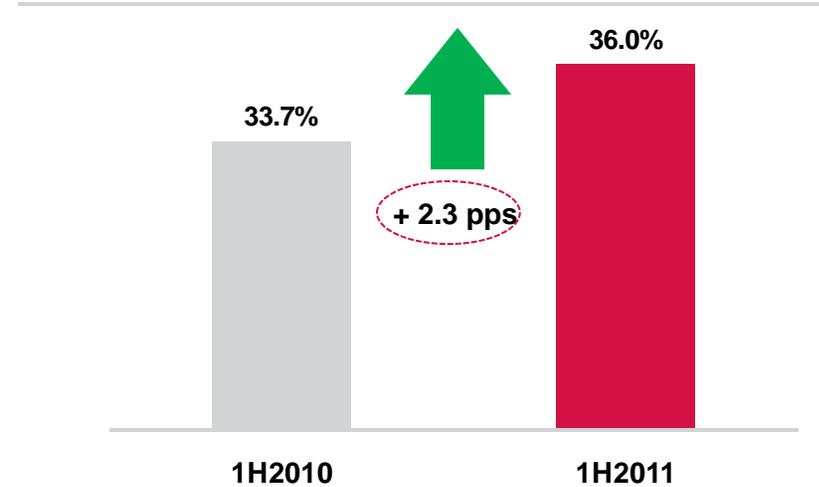
1H2011: Delivering Profitable Growth



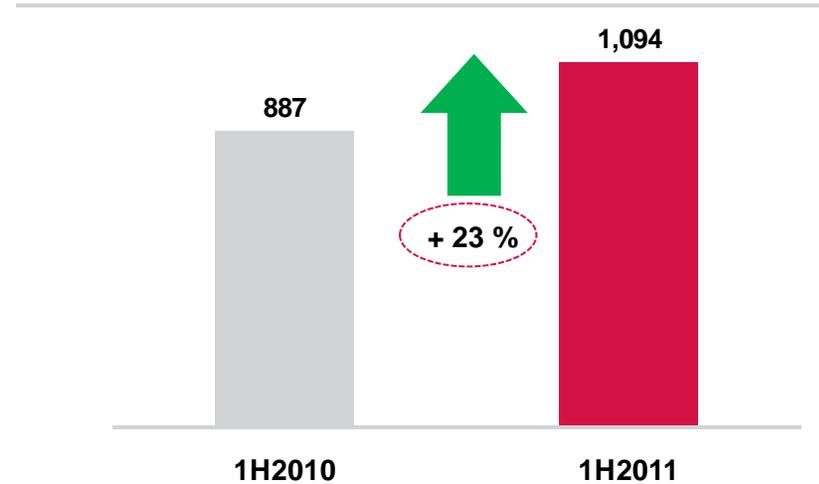
1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H10 vs 1H11 VONB Margin⁽²⁾



1H10 vs 1H11 ANP⁽³⁾ (\$m)



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(3) ANP excludes corporate pension business

1H2011: Foundations of Shareholder Value Creation



Distribution

- Rolled out **Premier Agency** and profitable **Partnership** strategy

Product

- Proactively managed **mix and margin enhancement**

Customer

- Focused on **protection** and **persistence**

Organisation

- Strengthened our **leadership** in Group Office and local markets

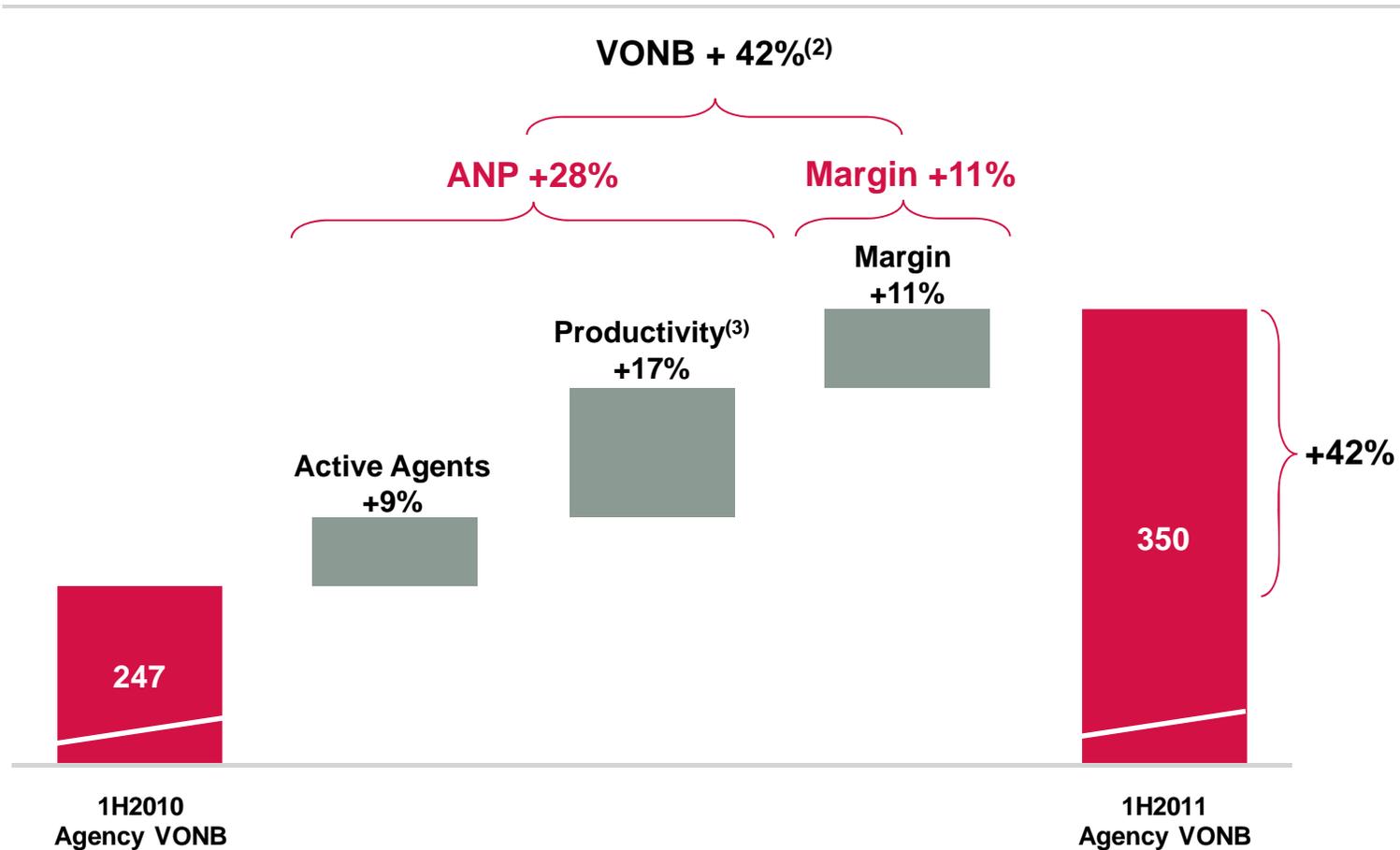
Financial

- Delivered self-financing **growth** and sustainable **dividend**

Distribution: Premier Agency Delivery



Agency VONB⁽¹⁾ (\$m)



Notes:

(1) Distribution VONB is pre-group office expenses and pre-Hong Kong statutory adjustment and presented on a local statutory basis

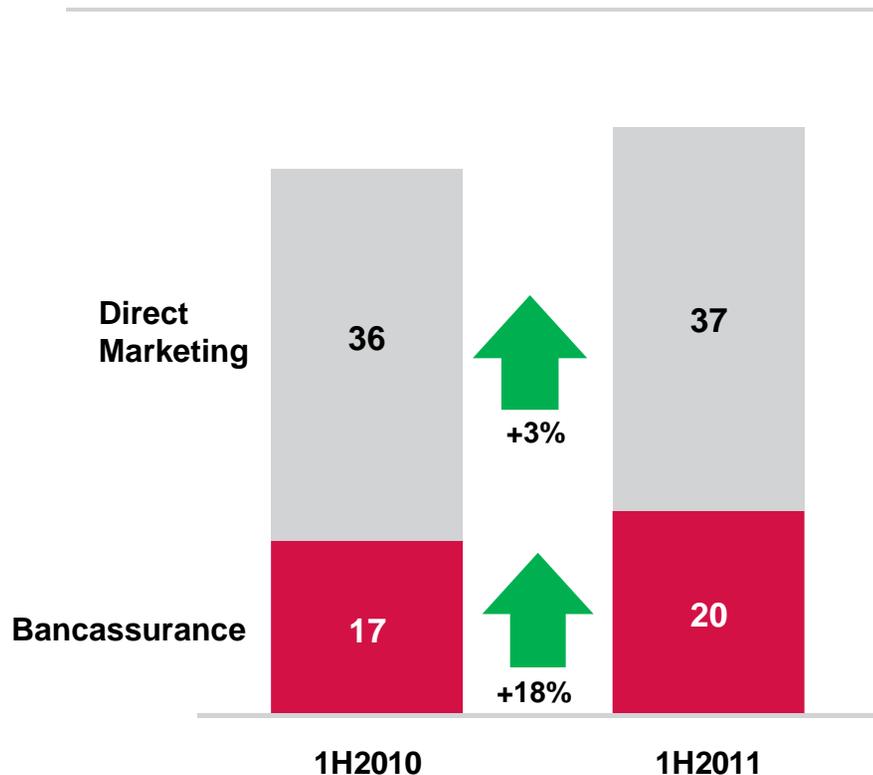
(2) VONB increases shown to get to overall growth are multiplicative

(3) Productivity per active agent

Distribution: Profitable Partnership



Partnership Distribution VONB⁽¹⁾ (\$m)



Bancassurance

- Launched new regional partnerships with Citi and ANZ
- Strengthened existing partnerships with bank partners in key markets

Direct Marketing

- Re-priced and re-designed lower margin products
- Tightened DM links with bancassurance partners
- Stepped up recruitment of high quality Telephone Sales Representatives (TSRs)

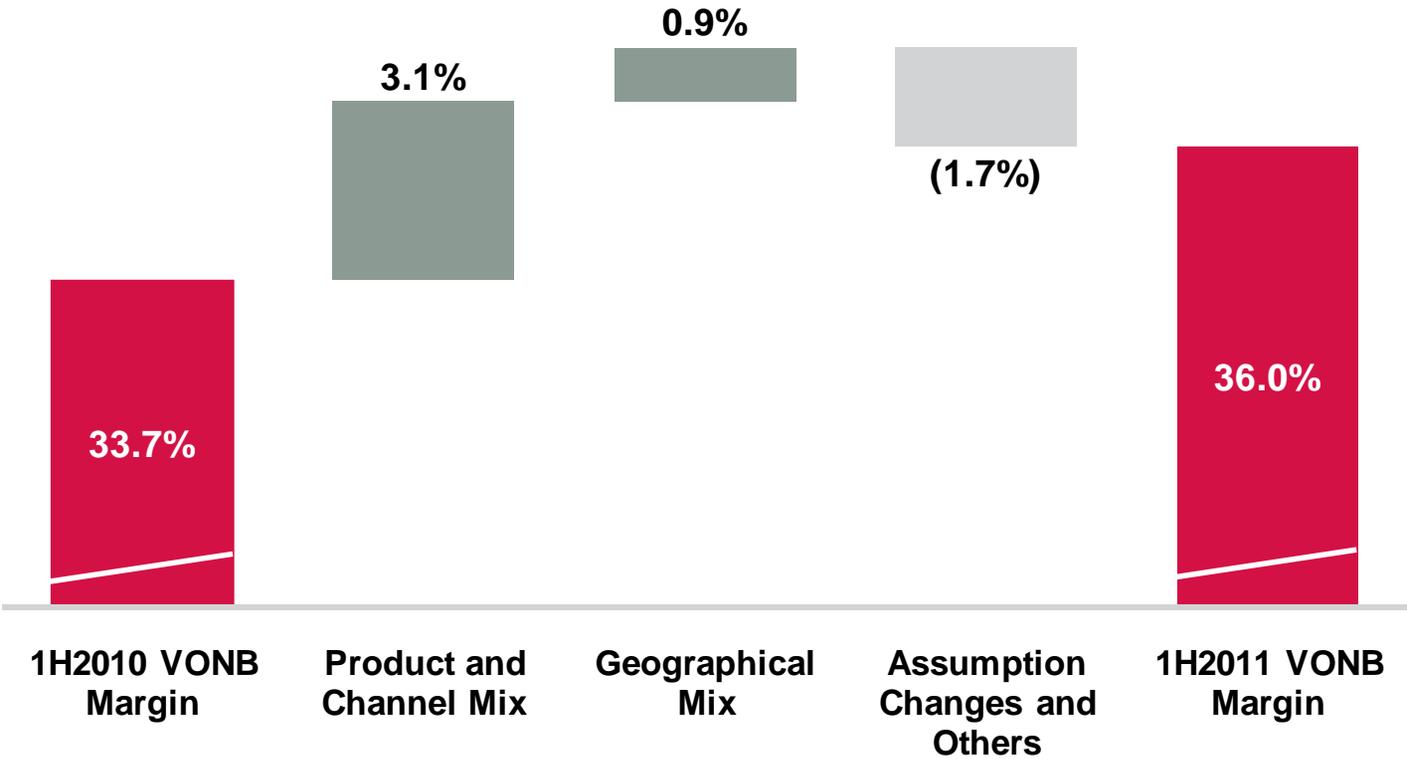
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Product: Mix and Margin Enhancement



VONB Margin⁽¹⁾ Movement



Note:
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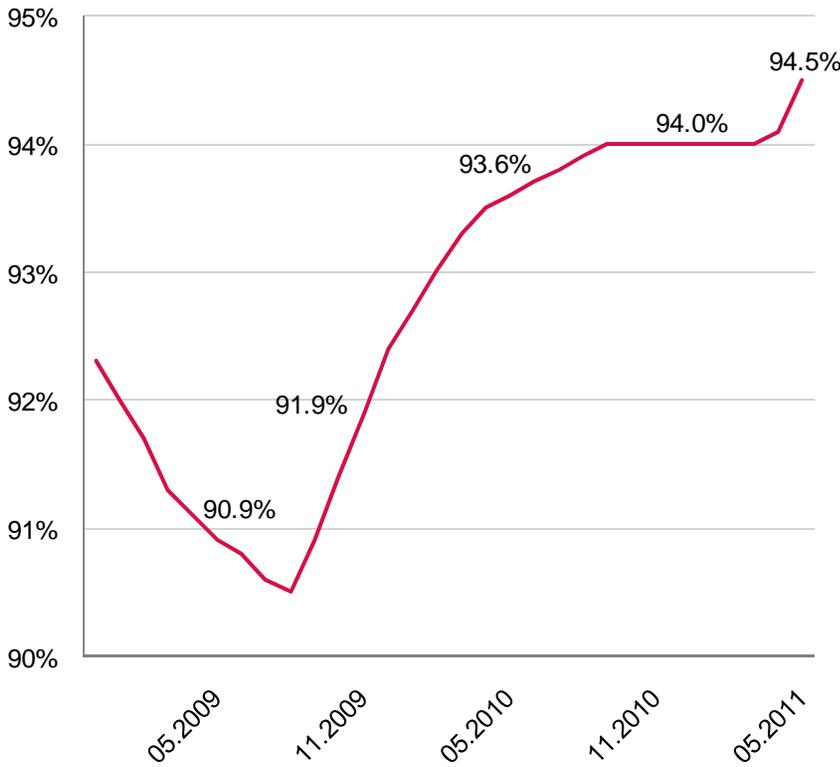
Customer: Protection and Persistency Focus



Protection Focus



Persistency Ratio⁽¹⁾



Note:
 (1) Persistency ratio = 1 – rate of surrenders and lapses net of reinstatements by premium measured on a 12-month basis; on Ordinary Individual Life and Standalone A&H only; excluding Philamlife until November 2009 and India; unaudited and non-IFRS information for reference only

Financial: Self-Financing Growth & Sustainable Dividend



**Delivered
Profitable
Growth**

**Maintained
Capital
Strength**

**Enhanced
Capital
Productivity**

**Declared
Sustainable
Dividend**

Interim dividend of HK11 cents per share



First Half Delivery

- **Strong performance on key measures**
- **Significant progress over short period**
- **Delivered quality growth for shareholders**
- **Foundations for future value creation are in place and are delivering well**



Delivering on 1H2011

Mark Tucker

Financial Results

Garth Jones

Country Review

**Gordon Watson
Ng Keng Hooi
Huynh Thanh Phong**

Delivering Quality Growth

Mark Tucker

Q&A

1H2011 Financial Results



Value Creation

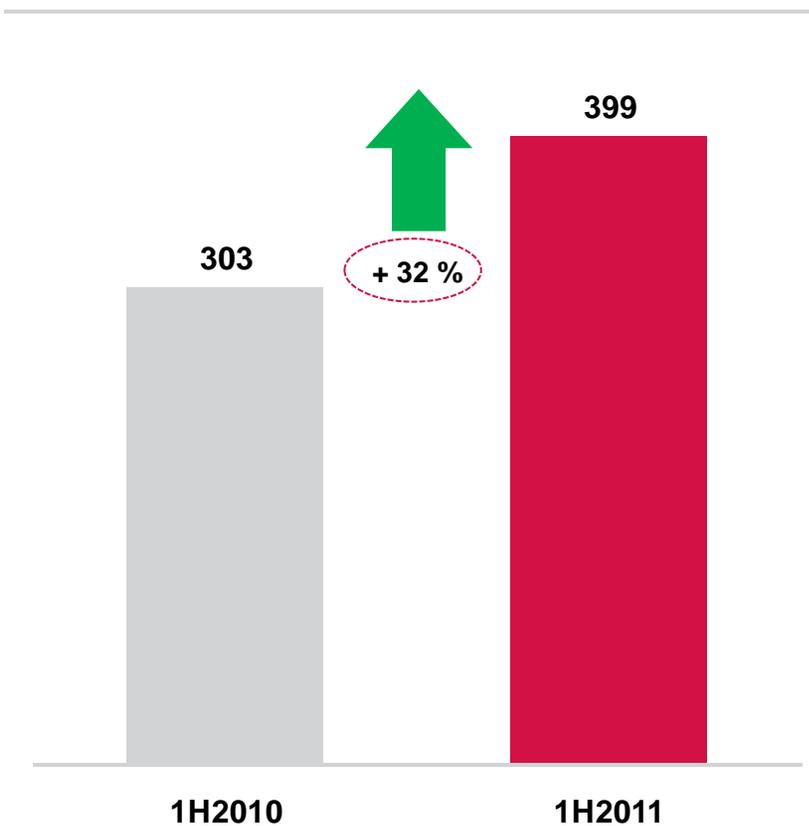
IFRS Results

Capital and Dividends

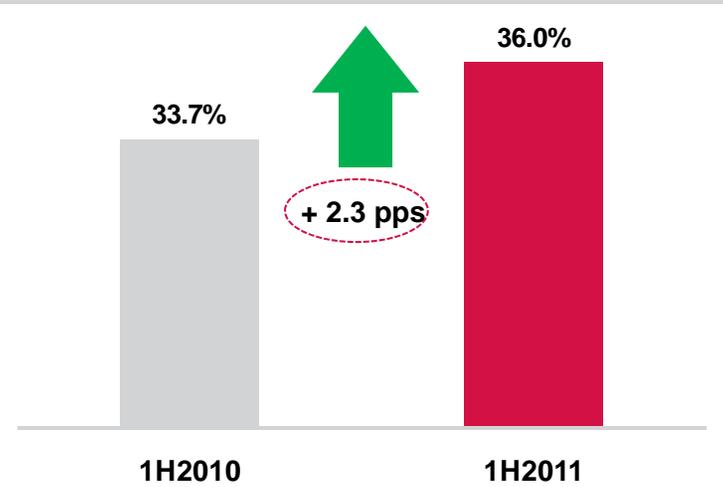
1H2011: Record VONB



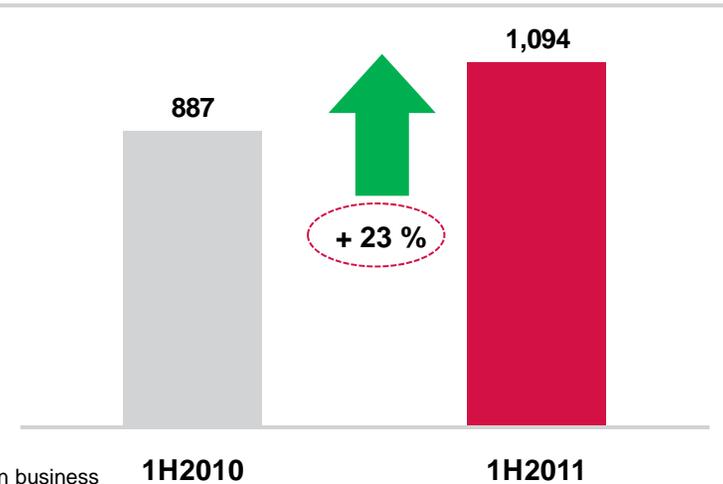
1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H10 vs 1H11 VONB Margin⁽²⁾



1H10 vs 1H11 ANP⁽³⁾ (\$m)



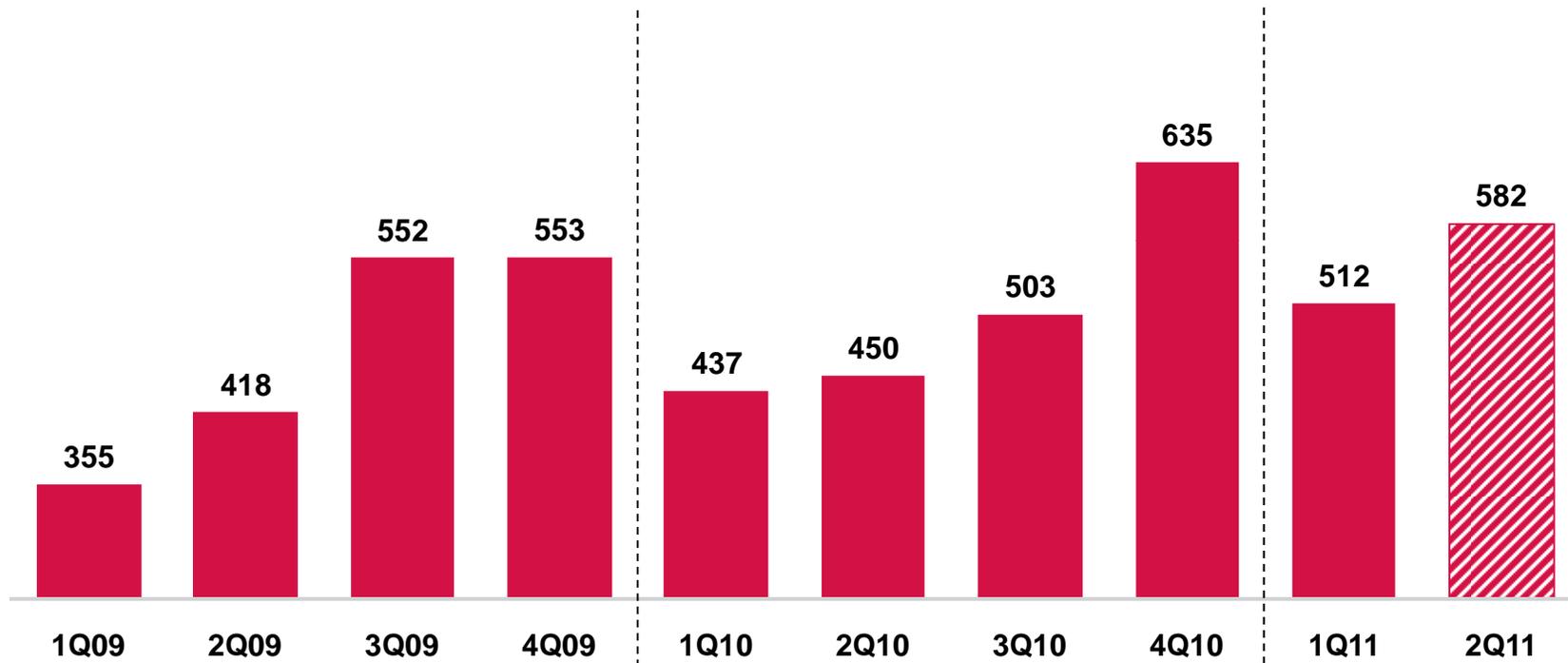
Notes:

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- (2) VONB Margin = VONB / ANP. VONB excludes corporate pension business to be consistent with the definition of ANP
- (3) ANP excludes corporate pension business

1H2011: Record ANP



Annualised New Premium (ANP)⁽¹⁾ (\$m)



Growth Rates

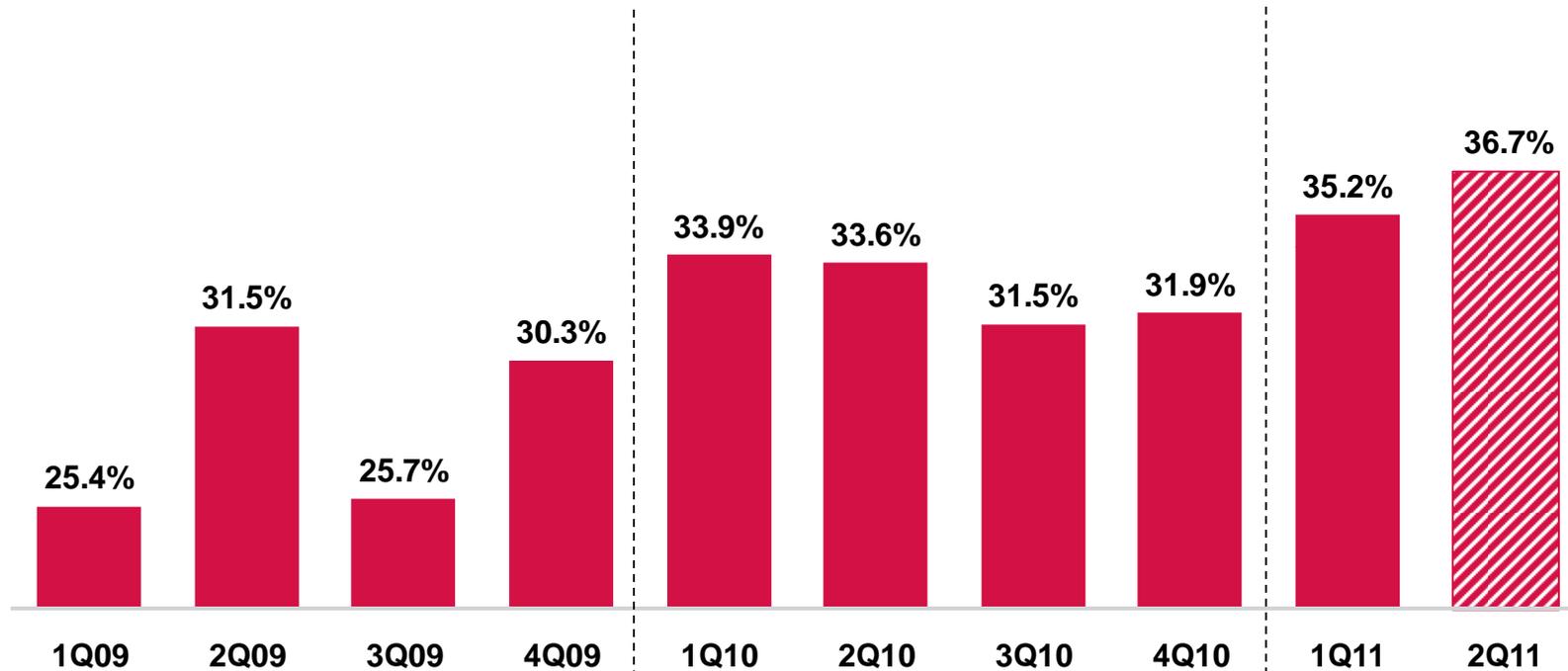
2Q2011 v 2Q2010	29%
1H2011 v 1H2010	23%

Note:
(1) ANP excludes corporate pension business

1H2011: Record Margin



VONB Margin⁽¹⁾



Margin Uplift

2Q2011 v 2Q2010 **3.1 pps**
 1H2011 v 1H2010 **2.3 pps**

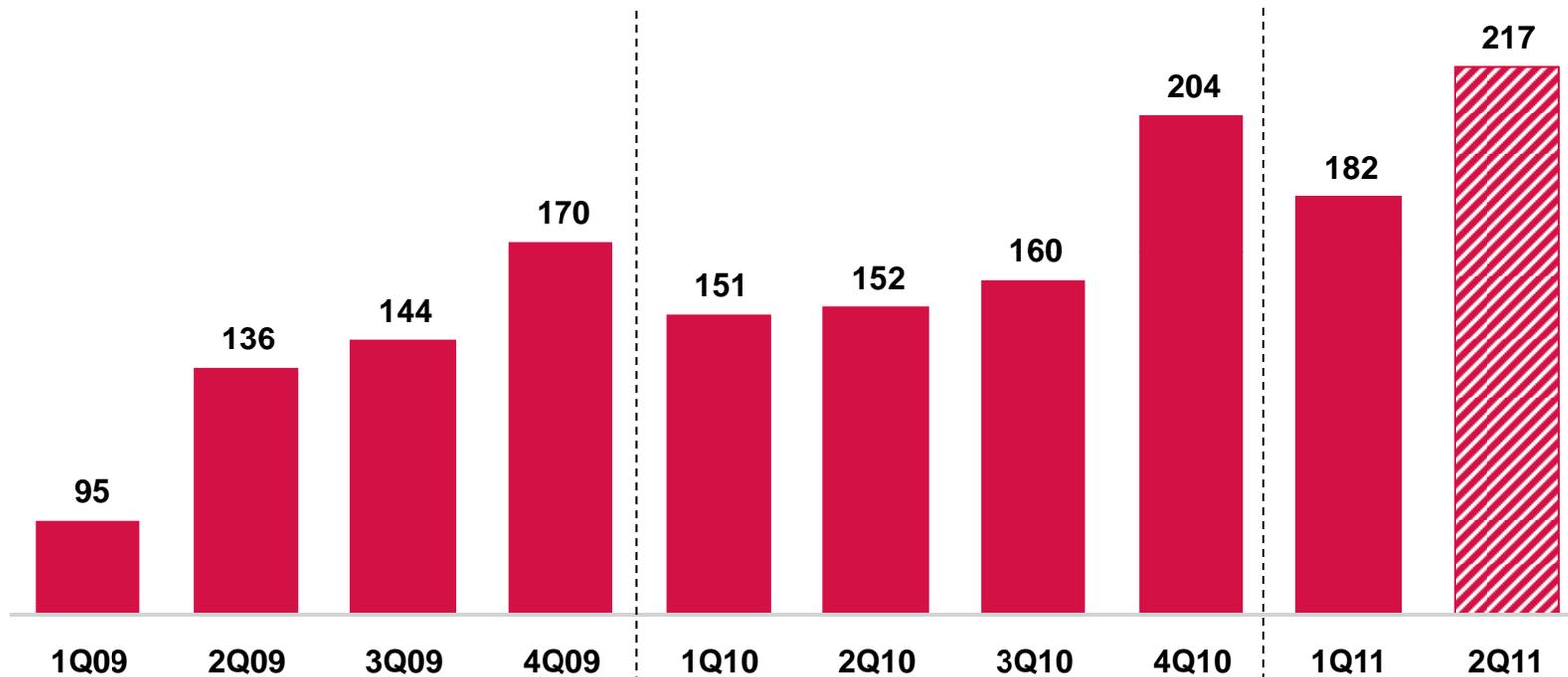
Note:

(1) VONB Margin = VONB / ANP. VONB excludes corporate pension business to be consistent with the definition of ANP

1H2011: Record VONB



VONB⁽¹⁾ (\$m)



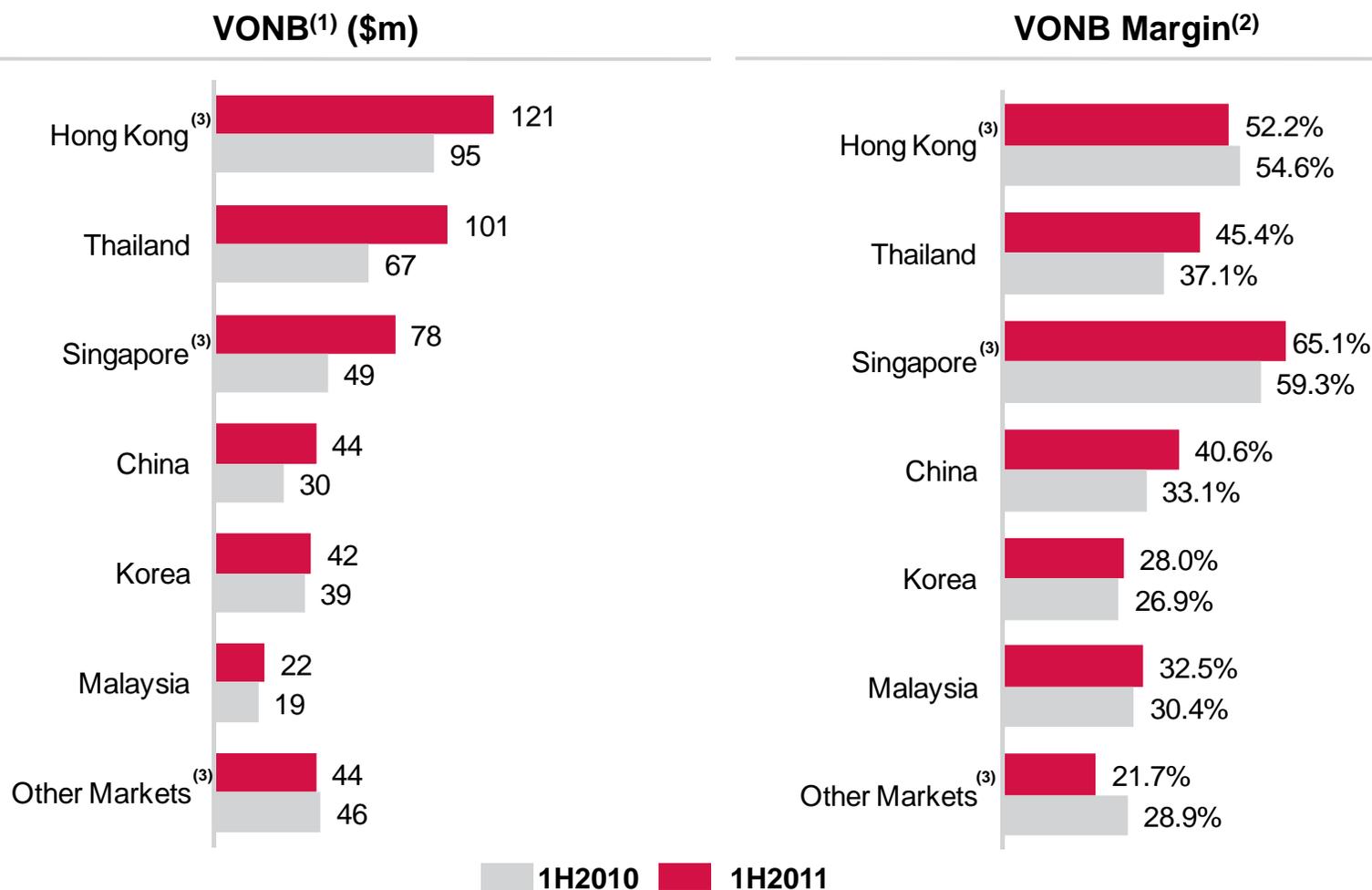
Growth Rates

2Q2011 v 2Q2010	43%
1H2011 v 1H2010	32%

Note:

(1) VONB is after group office expenses and Hong Kong statutory adjustment; includes corporate pension business

VONB Uplift Over 1H2011



Notes:

(1) VONB by market is based on local statutory basis, excluding unallocated corporate expenses; includes corporate pension business

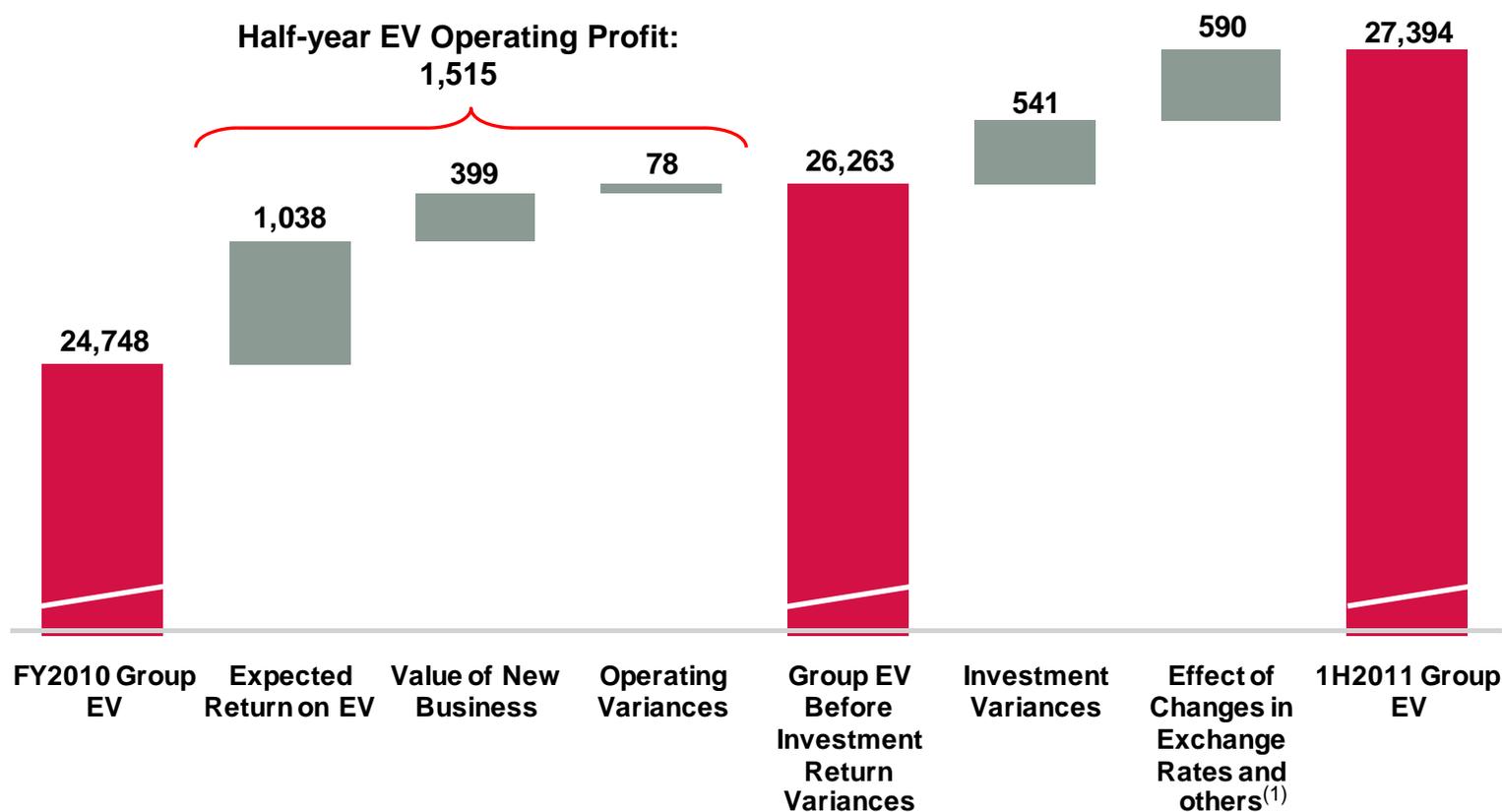
(2) VONB Margin = VONB / ANP. VONB excludes corporate pension business to be consistent with the definition of ANP

(3) Hong Kong includes Macau; Singapore includes Brunei; Other markets includes Australia, New Zealand, Philippines, Indonesia, Vietnam and Taiwan

EV Up 11% During 1H2011 to \$27.4b



1H2011 Embedded Value Movement (\$m)



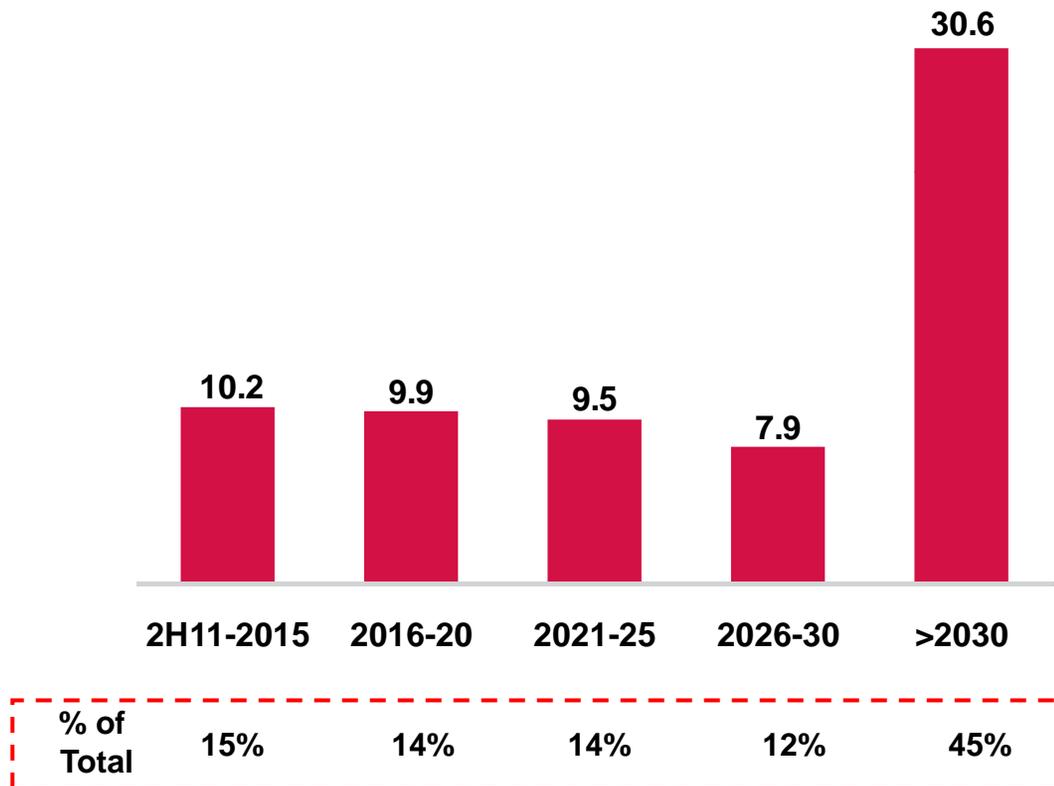
Note:

(1) Others include model changes, non-operating variances and any capital / dividend movements over the period

VIF Up 10% to \$16.8b; \$10.2b Monetised Within 5 Years



Undiscounted Net Cash Flows⁽¹⁾ (\$b)



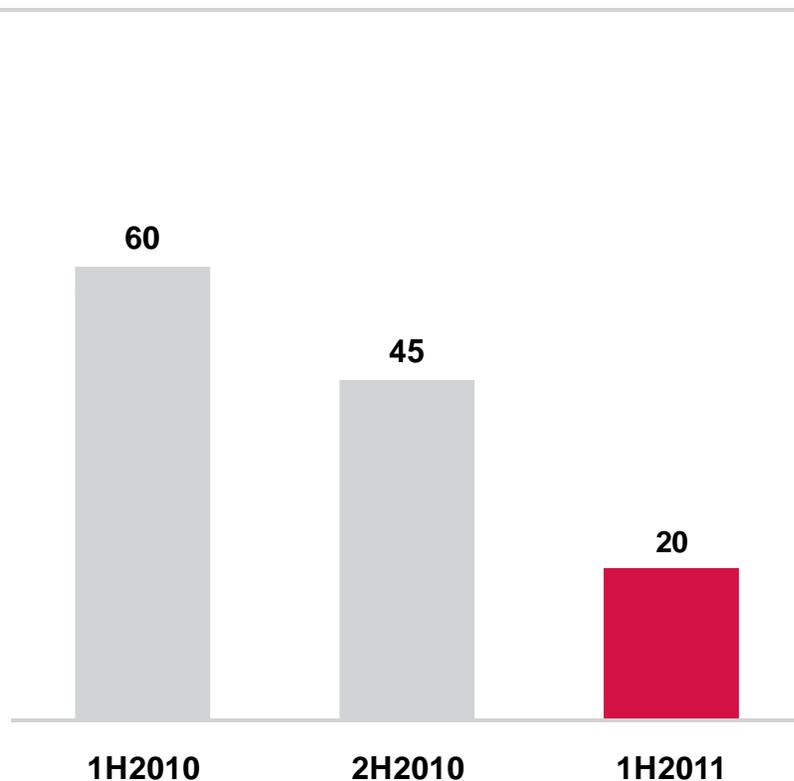
Notes:

(1) Figures on chart represent the after-tax cash flows from the assets backing the reserves and required capital of the in-force business of AIA on the Embedded Value basis

Improving Operating Performance



Acquisition Expense Overrun (\$m)



Persistency Ratio⁽¹⁾



Note:

(1) Persistency ratio = 1 – rate of surrenders and lapses net of reinstatements by premium on a 12-month basis; on Ordinary Individual Life and Standalone A&H only; excluding Philamlife until November 2009 and India; unaudited and non-IFRS information for reference only

1H2011 Financial Results



Value Creation

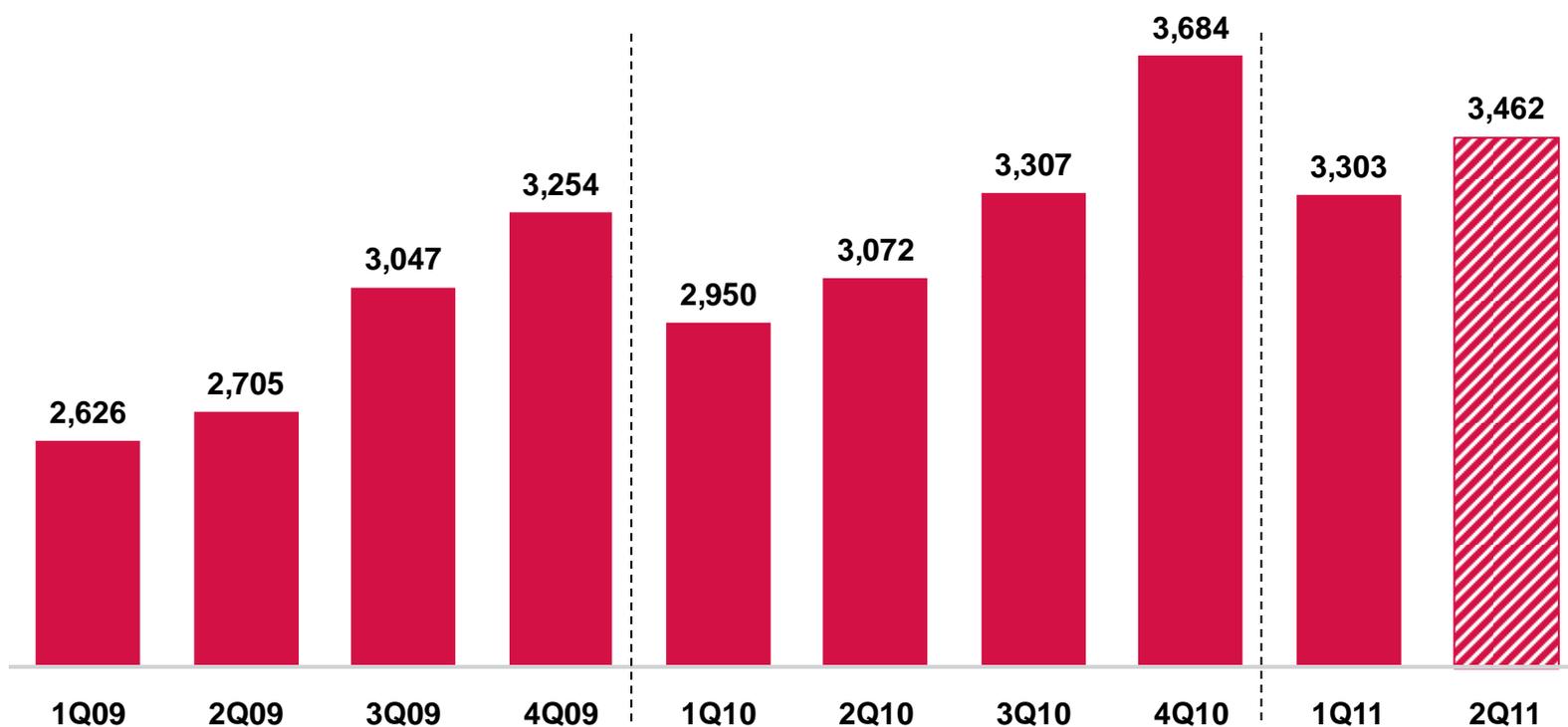
IFRS Results

Capital and Dividends

1H2011: TWPI Up 12% to \$6.8b



Total Weighted Premium Income (TWPI) (\$m)



Growth Rates

2Q2011 v 2Q2010	13%
1H2011 v 1H2010	12%

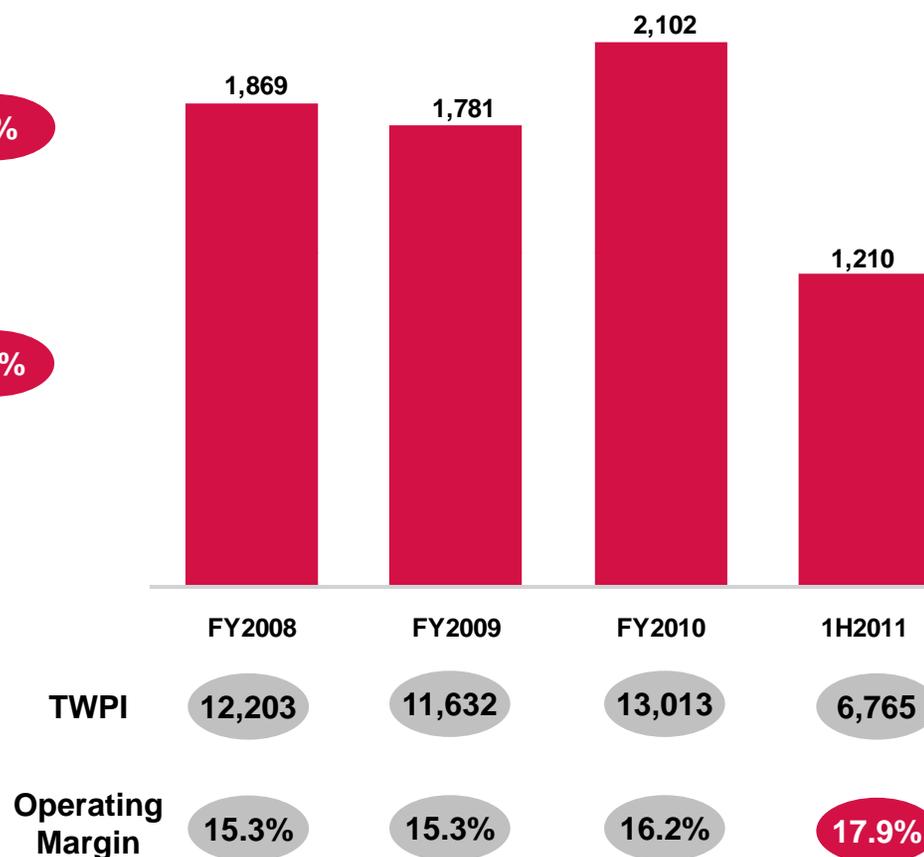
Operating Profit Up 7% to \$1.2b; Underlying Up 13%



Operating Profit Before Tax (\$m)

	1H2010	1H2011	
Operating Profit Before Tax	1,134	1,210	7%
Add back: One-off adjustments	(56)	4	
Underlying	1,078	1,214	13%

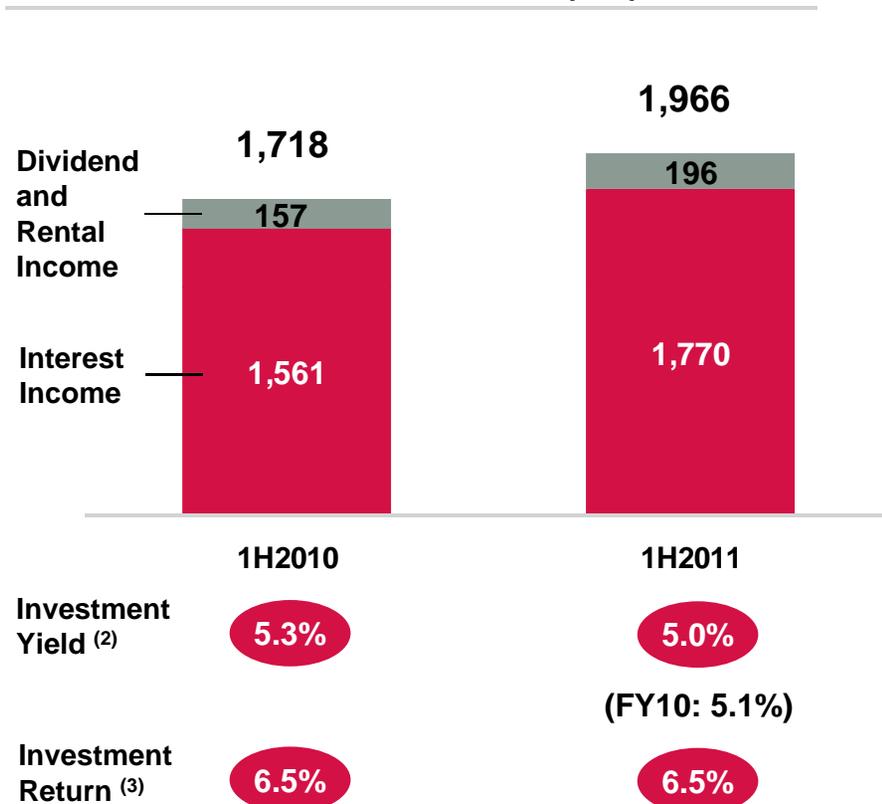
Operating Profit Before Tax (\$m)



Investment Income Up 14% to \$2.0b



Investment Income⁽¹⁾ (\$m)



Invested Assets⁽¹⁾ Composition (\$m)

	As at 30 Nov 2010	As at 31 May 2011
Fixed Income ⁽⁴⁾	85%	84%
Equity	11%	11%
Fixed Income & Equity	96%	95%
Cash	3%	4%
Properties	1%	1%
Total	100%	100%
Total Invested Assets	76,013	81,588

Notes:

- (1) Excludes investment-linked contracts
- (2) AIA's investment yield defined as net investment income as % of average policyholder and shareholder invested assets for the relevant periods (i.e. excluding investment-linked investments); AIA's net investment income does not include realised and unrealised gains and losses
- (3) Investment return defined as investment income with the addition of realised and unrealised gains and losses as % of invested assets
- (4) Includes debt securities, loans, term deposits and derivatives

Net Profit Up 24% to \$1.3b



Net Profit⁽¹⁾ (\$m)

	1H2010	1H2011
Operating Profit	1,134	1,210
Non-operating Investment Return	265	462
Other non-operating items	34	14
Profit before tax ⁽¹⁾	1,433	1,686
Tax expense	(376)	(372)
Net Profit⁽¹⁾	1,057	1,314

24%

Note:

(1) Profit before tax and net profit to shareholders of AIA Group Limited are shown post minorities

1H2011 Financial Results



Value Creation

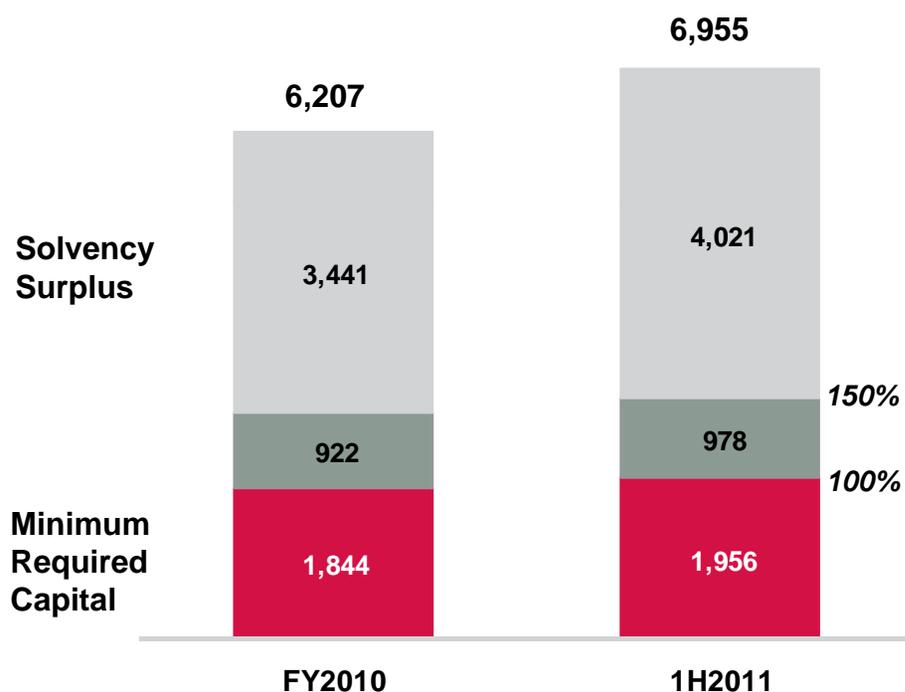
IFRS Results

Capital and Dividends

Solvency Surplus Up by \$580m; ICO Solvency Ratio 356%



Solvency Surplus and Solvency Ratio on HK ICO basis (\$m)



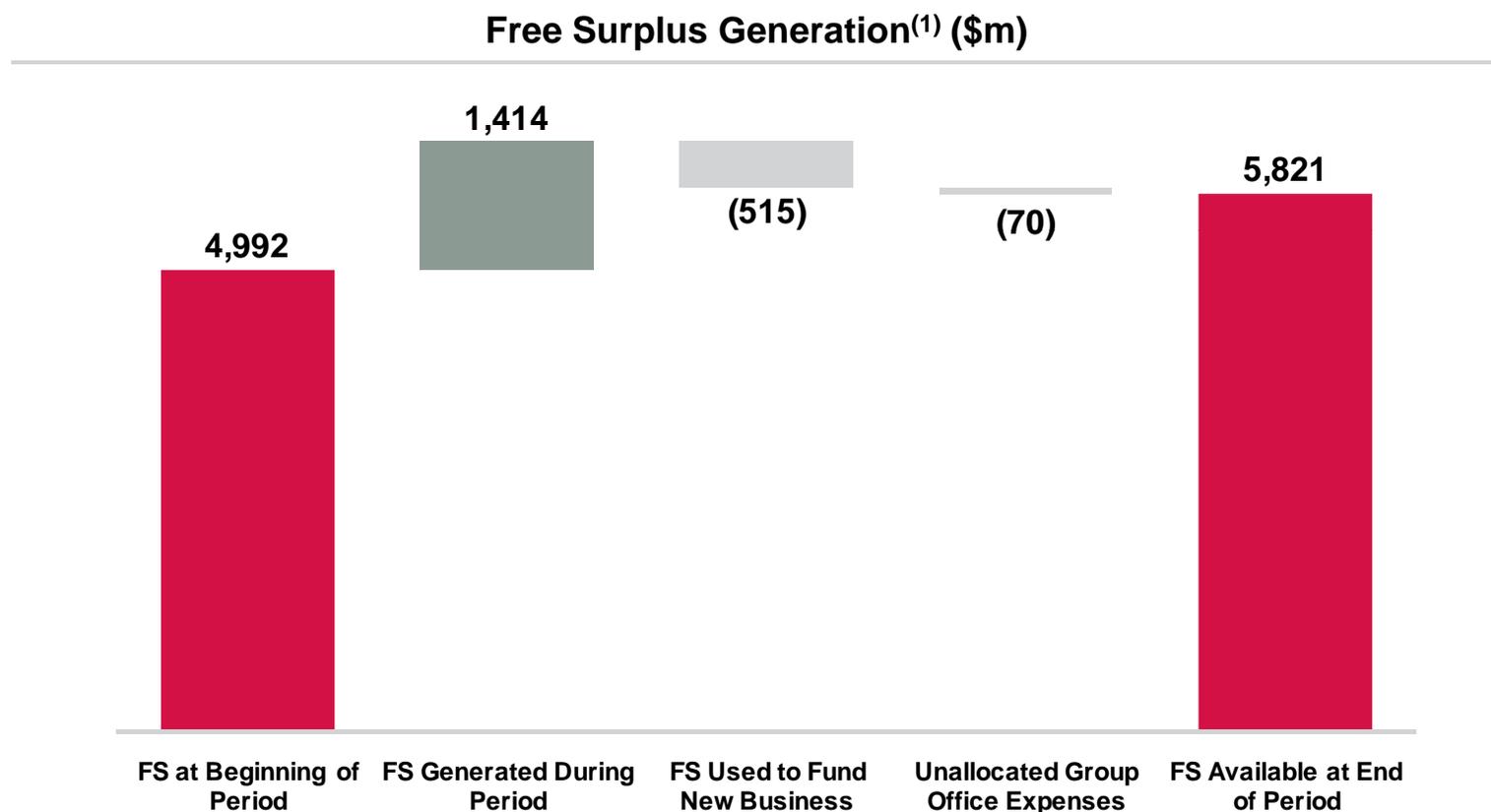
- Solvency ratio up 19 percentage points to 356%
- S&P credit rating of AA-
- Robust solvency position to cover adverse scenarios
- Capital to fund accelerated business growth

HK ICO Solvency Ratio	337%	356%
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Net Cash Generation of \$0.8b During 1H2011



Self-financing model to support new business growth and sustainable dividend



Note:

(1) Free surplus here is the excess of the market value of AIA's assets over the sum of the statutory liabilities and the minimum regulatory required capital across all business units. For branches of AIA Co and AIA-B, the statutory liabilities are based on HKICO statutory accounting and the required capital based on 150% HKICO minimum solvency margin

Interim Dividend



- **HK11 cents per share**
- **Ex-dividend date: 11 August 2011**
- **Book closure period: 15 August – 17 August 2011 (inclusive)**
- **Record date: 17 August 2011**
- **Payment date: 2 September 2011**

**Aim to pay a prudent, sustainable and
progressive dividend**

1H2011: Strong Performance on All Key Measures



	\$m	1H2011	1H2010	YoY	
Value	VONB⁽¹⁾	399	303	32%	↑
	VONB Margin⁽²⁾	36.0%	33.7%	2.3 pps	↑
	ANP⁽³⁾	1,094	887	23%	↑
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Capital & Dividend	Shareholders' Equity^{(4) (5)}	21,141	19,555	8%	↑
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	Dividend per Share (HK cents)	11	n/a	n/a	↑

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Delivering on 1H2011

Mark Tucker

Financial Results

Garth Jones

Country Review

**Gordon Watson
Ng Keng Hooi
Huynh Thanh Phong**

Delivering Quality Growth

Mark Tucker

Q&A

Country Review: Delivering Quality Growth



Major Markets

Other Markets

Gordon Watson

Hong Kong
Korea

Philippines
Taiwan
Group Insurance

Ng Keng Hooi

Thailand
China

Australia
New Zealand

Huynh Thanh Phong

Malaysia
Singapore

Indonesia
Vietnam
India

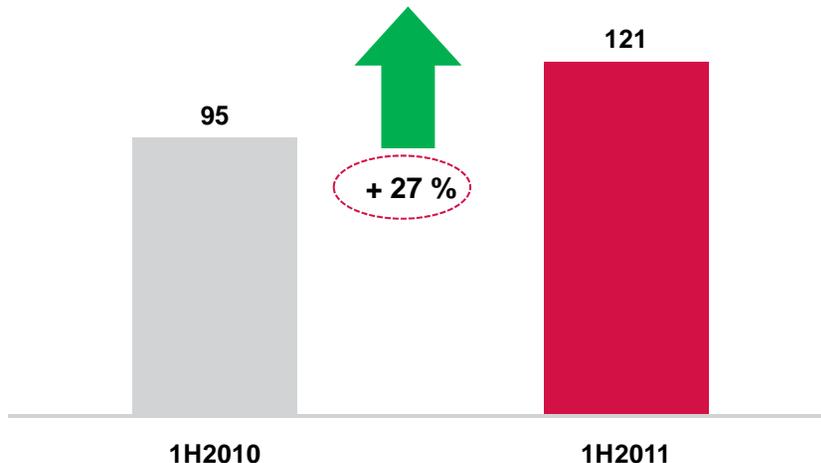


- **Profitable Growth**
- **Customer-led Innovation**
- **Premier Agency**

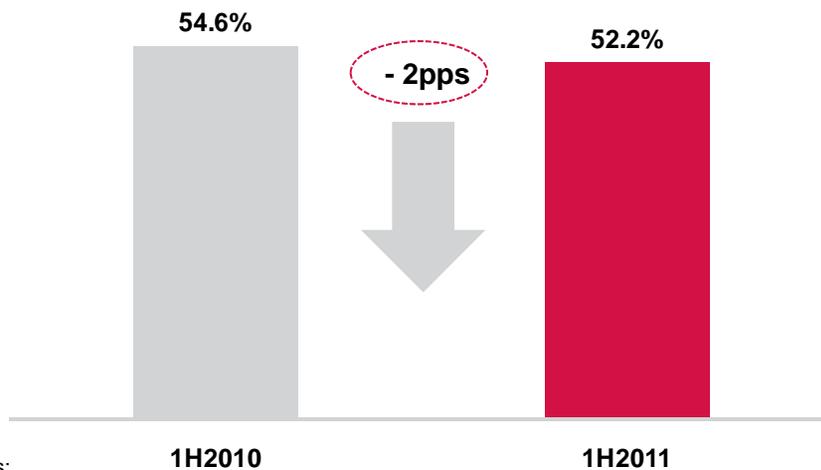
Delivering Quality Growth in Hong Kong



1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H10 vs 1H11 VONB Margin⁽²⁾



■ Premier Agency

- ANP growth 35% over prior year
- Boosted productivity by 20%
- Number of active agents up 9% on last year
- Increase in MDRT potential qualifiers
- VONB margin up 5 pps in 2Q vs 1Q

■ Customer-led Innovation

- Launched integrated programmes to help bridge the Protection Gap

■ Group Insurance

- Number of agents selling Group Insurance cases increased

Notes:

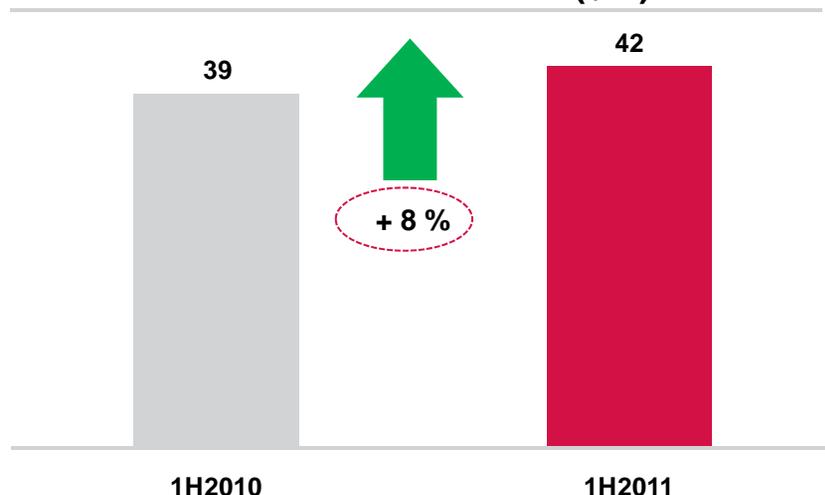
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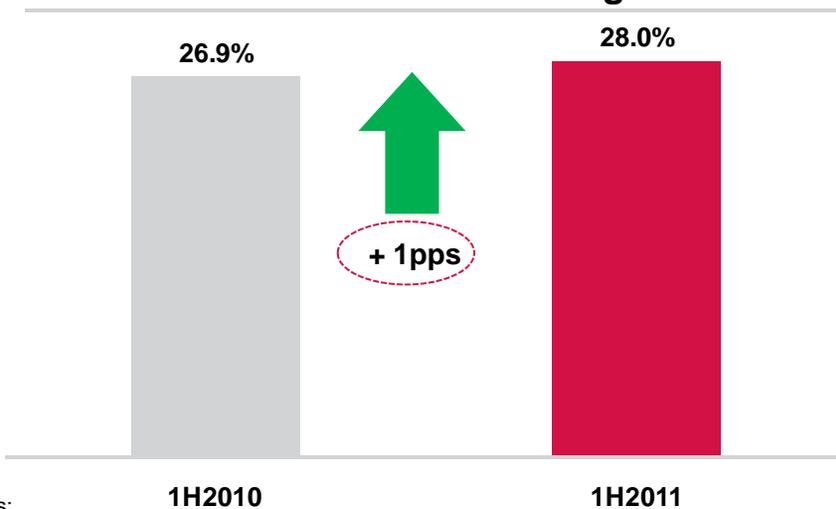
Delivering Quality Growth in Korea



1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H10 vs 1H11 VONB Margin⁽²⁾



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- **Leadership**
 - New executive team in place 2Q, fully focused on VONB delivery
- **Premier Agency**
 - Grew agent productivity by 22%
 - New agent productivity amongst the highest in the Group
- **Customer-led Innovation**
 - Shifted mix to protection through re-pricing and new product initiatives
- **Operations**
 - Reduced expense and headcount to deliver operational efficiencies and manage overruns

Country Review: Delivering Quality Growth



Major Markets

Other Markets

Gordon Watson

Hong Kong
Korea

Philippines
Taiwan
Group Insurance

Ng Keng Hooi

Thailand
China

Australia
New Zealand

Huynh Thanh Phong

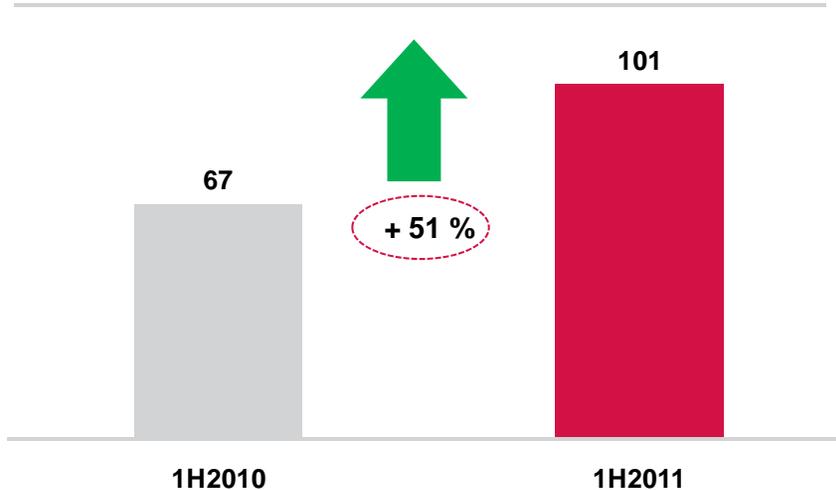
Malaysia
Singapore

Indonesia
Vietnam
India

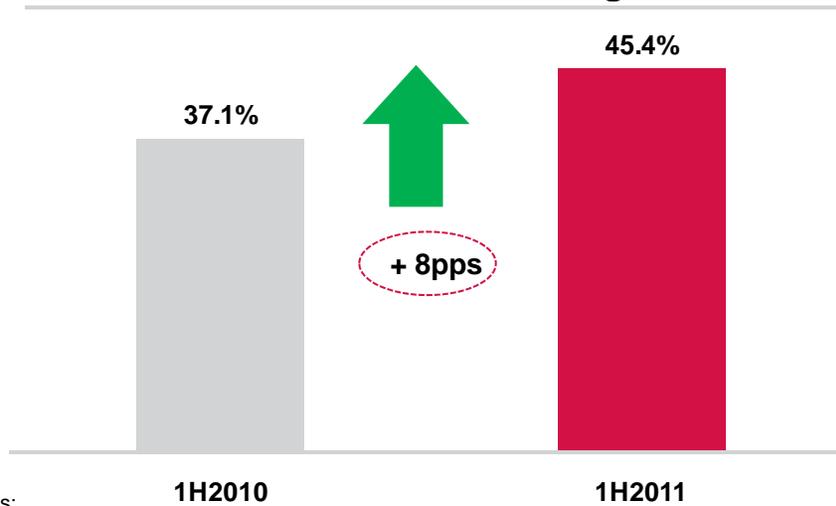
Delivering Quality Growth in Thailand



1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H10 vs 1H11 VONB Margin⁽²⁾



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■ Premier Agency

- Leveraged agency proposition on competitive strengths of brand and service
- Re-engagement of agents and intensive training
- Productivity up 20%

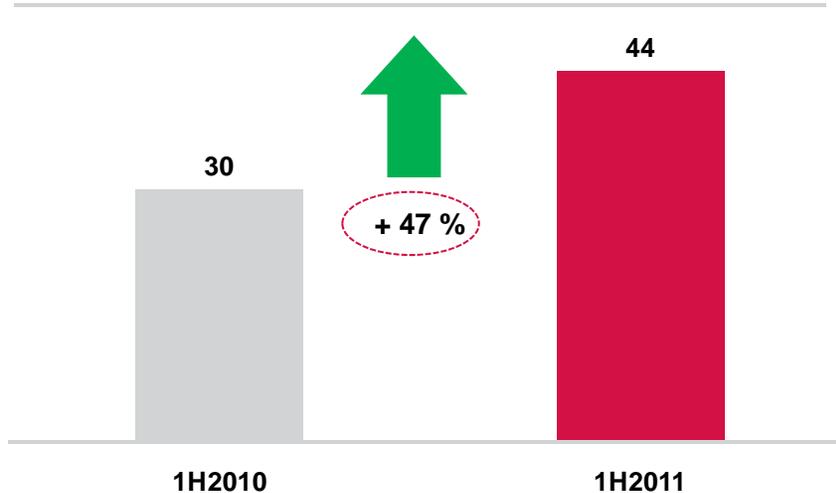
■ Product Alignment

- Margins up from increased sales of protection products and re-pricing
- Removal of negative margin and re-priced low margin products.

Delivering Quality Growth in China



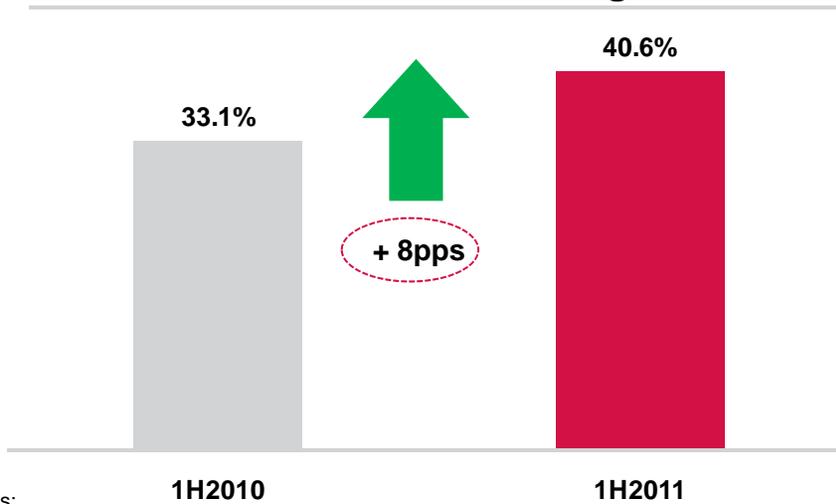
1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H2010

1H2011

1H10 vs 1H11 VONB Margin⁽²⁾



1H2010

1H2011

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■ Premier Agency

- Two-pronged focus on agency training and Protection Gap
- Intensive Premier Agency development programme launched company wide
- Active agents up 38%

■ Product Alignment

- Realigned product offering to drive mix shift towards Protection Gap
- Large sales contribution from award winning “All in One” product with embedded protection

Country Review: Delivering Quality Growth



Major Markets

Other Markets

Gordon Watson

Hong Kong
Korea

Philippines
Taiwan
Group Insurance

Ng Keng Hooi

Thailand
China

Australia
New Zealand

Huynh Thanh Phong

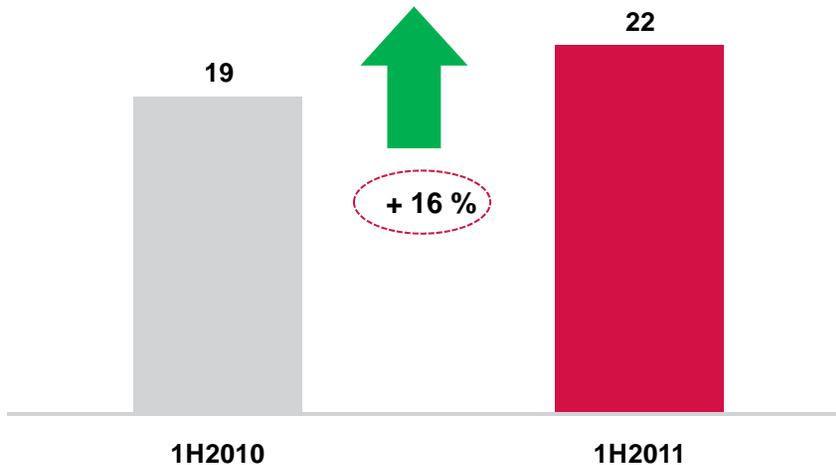
Malaysia
Singapore

Indonesia
Vietnam
India

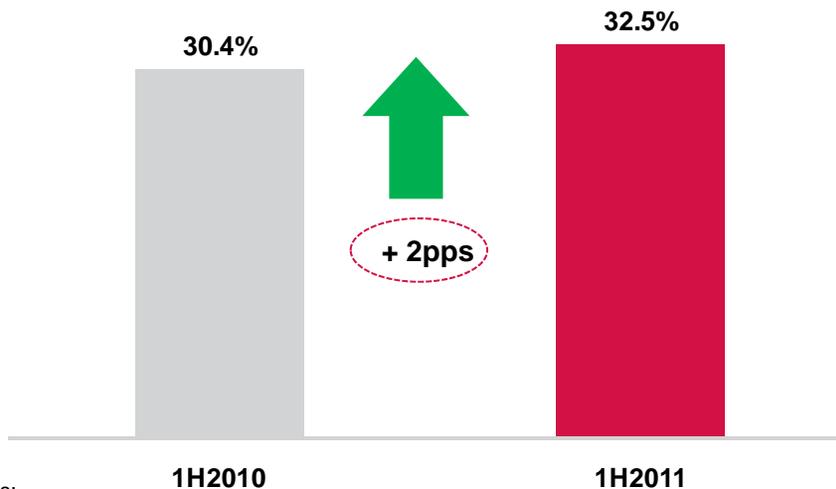
Delivering Quality Growth in Malaysia



1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H2010 vs 1H11 VONB Margin⁽²⁾



■ Premier Agency

- Premier Agency strategy launched
- Built momentum in 2Q
- Quality sales focus continues to improve persistency

■ Product Alignment

- Shifted mix towards higher-margin Investment Linked and A&H protection products
- Takaful JV launched

Notes:

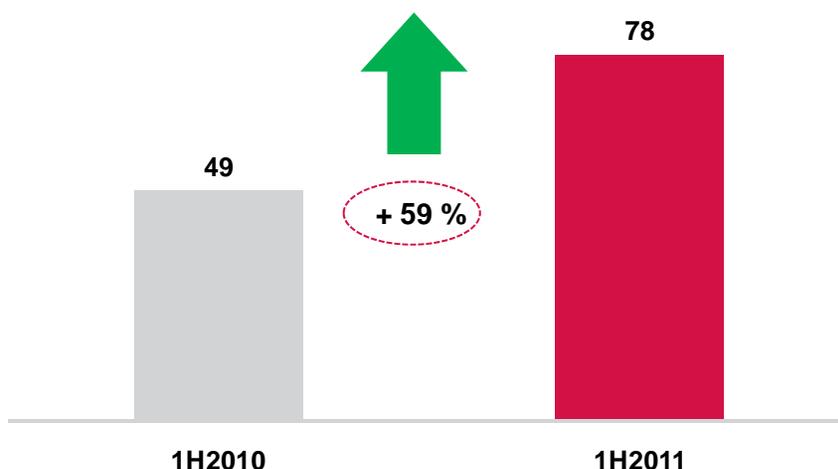
(1) VONB by market is based on local statutory basis, excluding unallocated corporate expenses; includes corporate pension business

(2) VONB Margin = VONB / ANP. VONB excludes corporate pension business to be consistent with the definition of ANP

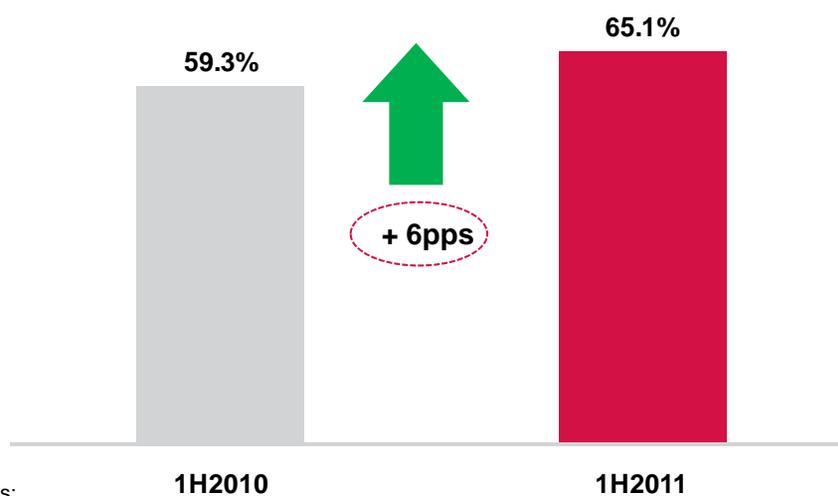
Delivering Quality Growth in Singapore



1H10 vs 1H11 VONB⁽¹⁾ (\$m)



1H10 vs 1H11 VONB Margin⁽²⁾



Notes:

(1) VONB by market is based on local statutory basis, excluding unallocated corporate expenses; includes corporate pension business

(2) VONB Margin = VONB / ANP. VONB excludes corporate pension business to be consistent with the definition of ANP

■ Premier Agency

- Targeted recruitment and agency training boosted productivity
- MDRT on track to double this year
- #1 Agency market position as of 1Q

■ Product Alignment

- New product launches focused on Protection Gap
- Recent launch of next generation ILP

■ Group Insurance

- Expanded our market-leading Group Insurance business (40% of agents sold a Group Insurance case in the first half)



Delivering on 1H2011

Mark Tucker

Financial Results

Garth Jones

Country Review

**Gordon Watson
Ng Keng Hooi
Huynh Thanh Phong**

Delivering Quality Growth

Mark Tucker

Q&A

2H2011: Relentless Focus on Value Creation



Distribution

- Premier Agency and Profitable Partnerships

Product

- Margin Enhancement and Protection Focus

Customer

- Consumer-led Innovation and Existing Customer Management

Organisation

- In-market Empowerment and Capability Development

Financial

- Self-financed Growth and Sustainable Dividend

AIA – Positioned to Win

- 
- The AIA logo is a watermark in the background of the slide. It features a stylized globe with a hand holding a leaf, and the letters 'AIA' below it.
- **World's most dynamic region and markets**
 - **Uniquely advantaged franchise and control**
 - **Exceptional financial strength**
 - **World-class senior management team**
 - **Extraordinary value growth opportunities**
 - **Quality growth momentum**
 - Economic growth, demographics, savings and protection needs
 - Only 100% Asia retail financial services play, 100% ownership in 14 markets, pan-regional scale and distribution
 - Self-funding model, increasing free surplus, strong capital
 - Deep expertise, experience in building, running regional businesses
 - Premier Agency, protection, lean operations, capital management
 - Much more to go for....



Delivering on 1H2011

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Q&A

Glossary



- **A&H** Accident & Health
- **AIA-B** American International Assurance Company (Bermuda) Limited
- **AIA Co** American International Assurance Company, Limited
- **ANP** Annualised New Premiums
- **CEO** Chief Executive Officer
- **DM** Direct Marketing
- **EV** Embedded Value
- **FS** Free Surplus
- **FY** Financial Year
- **ICO** Insurance Companies Ordinance
- **IFRS** International Financial Reporting Standards
- **ILP** Investment-Linked Product
- **MDRT** Million Dollar Round Table
- **RMD** Regional Managing Director
- **OPAT** Operating Profit After Tax on an IFRS reporting basis
- **S&P** Standard & Poor's
- **TWPI** Total Weighted Premium Income
- **VIF** Value of In Force business
- **VONB** Value of New Business
- **YOY** Year on Year

Note: For a full glossary with explanations of key terms please refer to the AIA Group Limited 2011 Interim Results Announcement