



Acquisition of ING Malaysia

Expanding Asian Leadership

11 October 2012

Disclaimer



This document (“document”) has been prepared by AIA Group Limited (the “Company”) and its advisors solely for use at the presentation (the “Presentation”) held in connection with the announcement of the acquisition of ING Malaysia. Document in this disclaimer shall be construed to include any oral commentary, statements, questions, answers and responses at the Presentation.

No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The information and opinions contained herein are subject to change without notice. The accuracy of the information and opinions contained in this document is not guaranteed. Neither the Company nor any of its affiliates or any of their directors, officers, employees, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any information contained or presented in this document or otherwise arising in connection with this document.

This document contains certain forward looking statements relating to us 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 “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought” and similar expressions, as they relate to us or our management, are intended to identify forward looking statements. These forward looking statements reflect our views as of the date hereof with respect to future events and are not a guarantee of future performance or developments. 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. The Company assumes no obligation to update or otherwise revise these forward-looking statements for new information, events or circumstances that occur subsequent to such dates.

As at the date of this document, ING Malaysia is not a subsidiary of the Company and accordingly, there are limitations as to the extent and quality of the information relating to ING Malaysia contained in this document. There are limitations as to whether this document contains all information in relation to ING Malaysia that any individual investor may deem appropriate or sufficient for the purpose of considering the proposed transaction and its impact on the Company. Further, certain information contained in this document relating to ING Malaysia has been provided by ING Malaysia and the information has not been independently verified by the Company. Whilst the Company has no reasons to doubt the accuracy of the information provided or authorised to be provided for inclusion in this document, no representation is given as to its accuracy.

This document does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any holding company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this document, nor the fact of its distribution, shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. No shares of the Company may be sold in the United States or to U.S. persons without registration with the United States Securities and Exchange Commission except pursuant to an exemption from, or in a transaction not subject to, such registration. In Hong Kong, no shares of the Company may be offered to the public unless a prospectus in connection with the offering for sale or subscription of such shares has been authorized by The Stock Exchange of Hong Kong Limited for registration by the Registrar of Companies under the provisions of the Companies Ordinance (Cap.32 of the Laws of Hong Kong), and has been so registered.

By accepting this document, you agree to maintain absolute confidentiality regarding the information contained herein. The information herein is given to you solely for your own use and information, and no part of this document may be copied or reproduced, or redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organization/firm) in any manner or published, in whole or in part, for any purpose. The distribution of this document may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

Highlights – Terms and Financing



Transaction Scope

- Acquisition of ING's insurance operations in Malaysia⁽¹⁾ ("ING Malaysia")

ING Malaysia

- #3 Malaysian life insurer
- Over 1.6m customers and ~9,200 agents⁽²⁾
- #2 in bancassurance with exclusive arrangement with Public Bank
- #1 Employee Benefits provider⁽³⁾
- Strong profitability – earnings up 32% over last 2 years and VONB of \$48m

Price and Consideration

- \$1.73 billion purchase price⁽⁴⁾
- All cash offer

Financing

- Purchase to be financed by internal cash resources and debt financing

Conditions

- Signing of SPA conditional upon approval of Bank Negara Malaysia
- Completion conditional upon receipt of regulatory approvals in Malaysia and the Netherlands

Note: (1) Does not include ING Investment Malaysia, which is not part of the acquisition; (2) As of 31 Dec 2011; (3) 50% market share by 2011 ANP; (4) Subject to any closing adjustments; At EUR / US\$1.2953

A Rare and Quality Acquisition Opportunity



Acquisition of ING Malaysia is an excellent fit with AIA's objectives and strengths

**Focus on Asia,
the World's Most
Dynamic Region**

**Market
Leadership**

**Strength in
Agency**

**Extend
Bancassurance
Relationships**

**Relentless Focus
on Shareholder
Value**



- Malaysia is an attractive growth market
- Seven profitable growth markets in Asia where AIA ranks #1

- AIA has long-standing expertise in Malaysia
- Establishes AIA as #1 in Malaysia
- #1 in Employee Benefits market

- Creates the largest tied agency force in Malaysia
- Expands and deepens geographical coverage across Malaysia

- Adds a highly attractive exclusive long-term bancassurance arrangement with Public Bank
- #2 bancassurance player in Malaysia

- Immediate positive financial impact
- Value creation from distribution scale, breadth and product mix enhancement

Enhances AIA's quality growth strategy

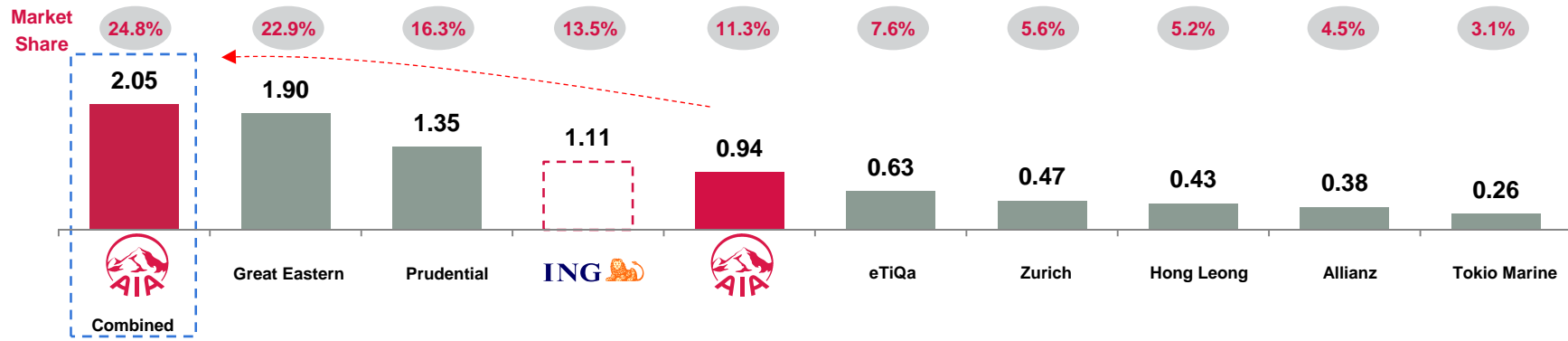
Establishes AIA as #1 in High Growth Malaysian Market



2011 Historical Data and Pre-synergies

	<u>AIA Malaysia</u>	+	<u>ING Malaysia</u>	=	<u>New AIA Malaysia</u>
VONB	\$58m		\$48m		\$106m
ANP	\$142m		\$189m		\$331m
VONB Margin	40.7%		25.4%		32.0%
Net Profit	\$132m		\$103m		\$235m
EV	\$1,046m		\$952m		\$1,998m
Agents	~7,400		~9,200		~16,600
Bancassurance as % of distribution⁽¹⁾	1%		24%		14%

Malaysia Life Insurance Premiums (\$b)



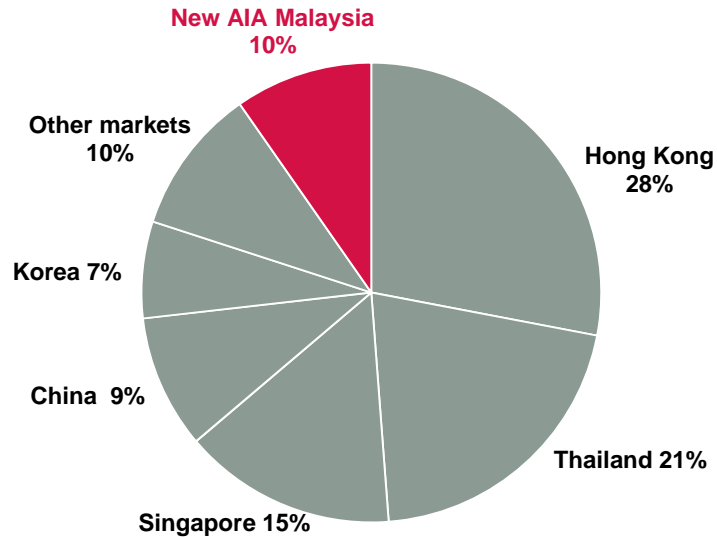
Source: Company filings, ING
Note: (1) By 2011 ANP

Increases the Geographic Diversity of Earnings

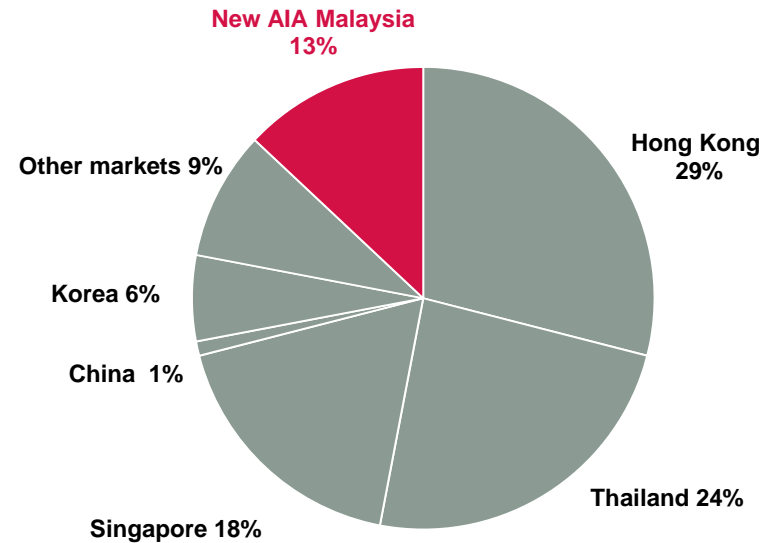


Malaysia becomes AIA Group's 4th largest market, further enhancing the quality of AIA Group's earnings

2011 AIA Combined VONB



2011 AIA Combined Net Profit⁽¹⁾

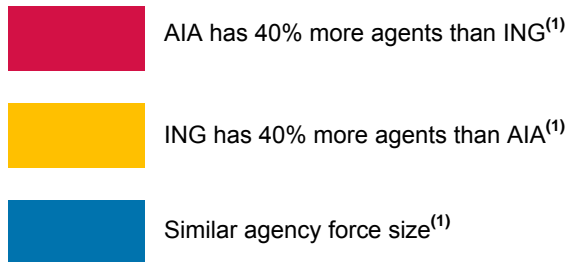


Source: Company filings, ING
 Note: (1) AIA Group net profit by country excludes Group Corporate Centre

Materially Strengthens Distribution Capability and Mix

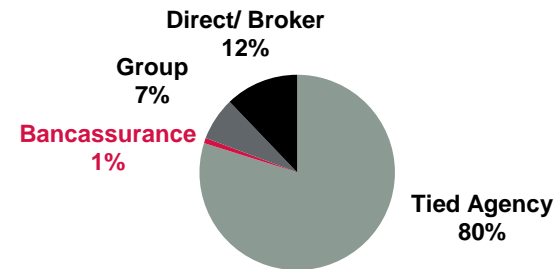


Complementary Agency Expansion

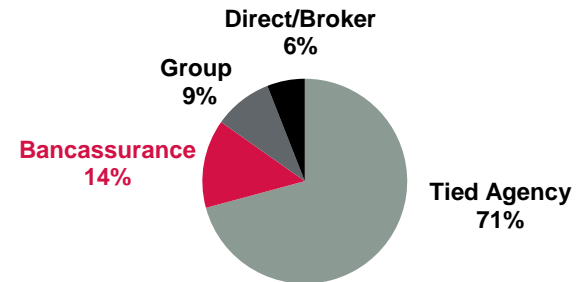


Significant Bancassurance Uplift

AIA Malaysia Distribution Mix⁽²⁾



New AIA Malaysia Distribution Mix⁽²⁾



Note: (1) Based on Life Insurance Association of Malaysia (LIAM) Agency Statistics for 2011; (2) Percentage of ANP as of 2011

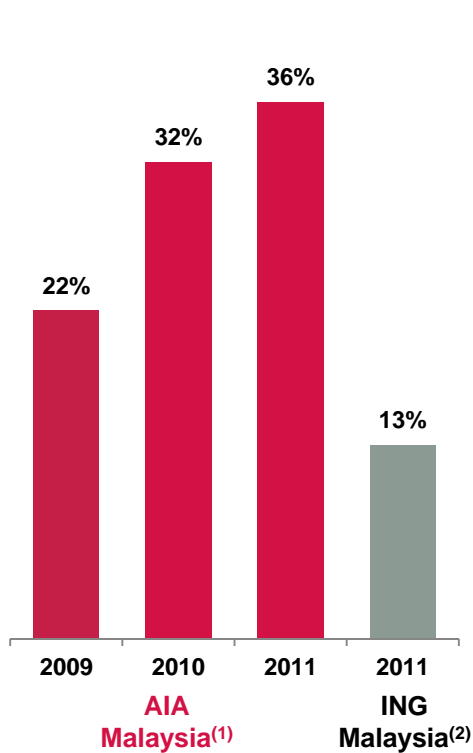
Value Creation Opportunity from Enhanced Product Mix & Margins



Significant opportunity to increase VONB by applying AIA's current expertise and experience

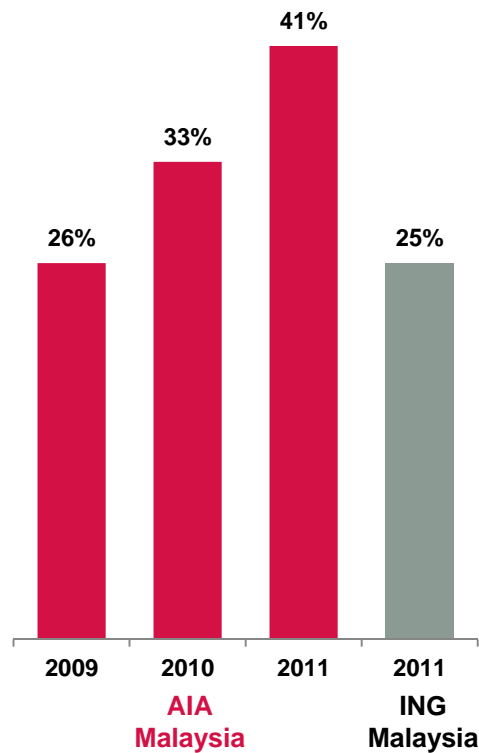
Product Mix Uplift

Unit-linked as % of ANP



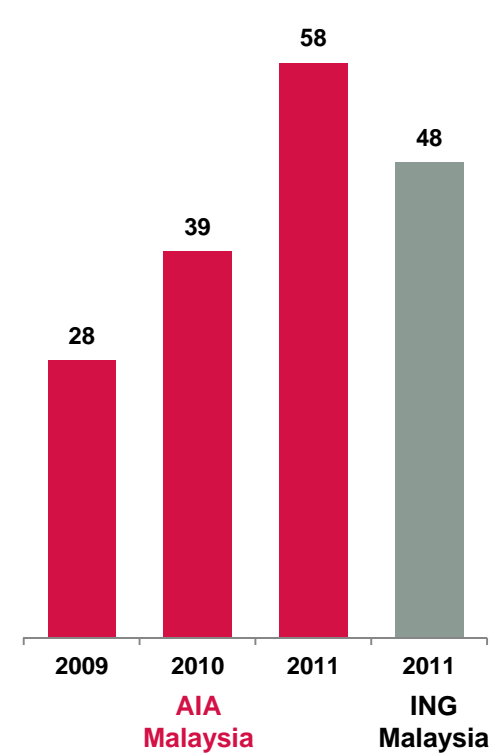
Margin Enhancement

VONB Margin



Strong VONB Growth

VONB (\$m)



Note: (1) Based on Life Insurance Association of Malaysia (LIAM) Agency Statistics for 2011; (2) Based on ING data

Financially Compelling for AIA's Shareholders



Immediate Positive Financial Impact

- Immediately accretive to IFRS earnings⁽¹⁾
- Attractive multiples for growth company with substantial profit upside
 - 2011 historical P/E: 14.3x⁽²⁾
 - 2011 historical P/EV: 1.8x
- Annual pre-tax cost synergies of \$24m⁽³⁾

Maintains Financial Strength

- Financed by internal cash resources and debt financing
- Solvency ratio remains at very strong level

Value Creation Opportunity

- Leverage distribution scale and diversity: Premier Agency and exclusive bancassurance
- Application of AIA's proven track record of product mix optimisation with focus on higher margin A&H / protection / unit-linked products
- VONB margin enhancement of existing products
- Leverage ING Malaysia's leading position in Employee Benefits

Note: (1) Earnings defined as operating profit after tax, before one-off integration and transaction costs; (2) Allowing for annualised run rate, pre-tax cost synergies of \$24m, net of a 25% tax rate; (3) Net of allocations to participating policyholders, before tax and before one-off integration and transaction costs with annualised run rate expected to be achieved by end 2015

Focused Transition and Integration Priorities



Overview

- In-market and single-market consolidation
- Complementary geographical spread of agency force
- Transition committee established

In-depth Market Knowledge

- Experienced regional and local management teams at AIA and ING
- In-depth market knowledge from both companies
- Track-record of delivering performance improvements in Malaysia

Integration

- Detailed and clear integration priorities:
 - Agency training and harmonisation
 - Bancassurance relationship management
 - Talent retention
 - Product focus
 - Operating platform
 - Communications and re-branding
- Integration costs of approx. \$55m spread over 3 years



- **High quality acquisition in attractive growth market**
- **Rare opportunity to expand agency scale and reach**
- **Exclusive bancassurance arrangement with major partner**
- **Financially compelling with immediate earnings accretion**
- **Substantial upside from delivery of profitable growth strategy**



Appendices

Appendices



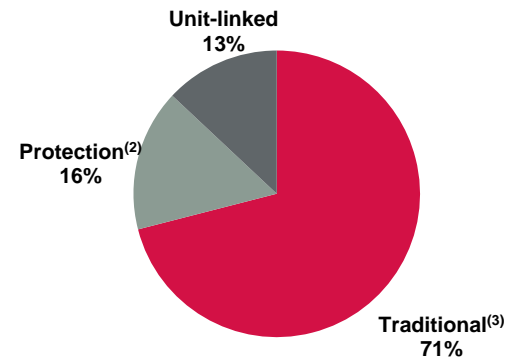
- I. ING Malaysia – Business Overview**
- II. AIA Malaysia + ING Malaysia Combined Financial Metrics**
- III. AIA Group + ING Malaysia Combined Financial Metrics**
- IV. AIA Group + ING Malaysia Combined Investment Portfolio**
- V. ING Malaysia – Financial Track Record**

I. ING Malaysia – Business Overview

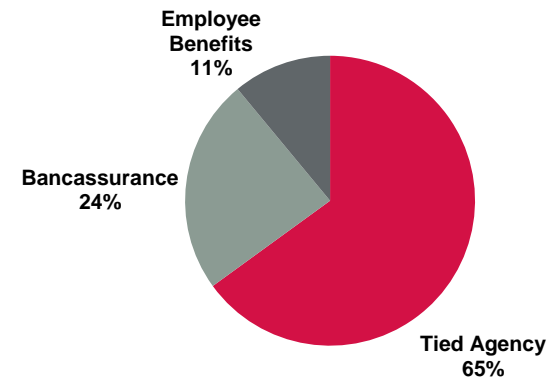


ING Malaysia ⁽¹⁾ – A Market Leader			
Market Position / Share	#3 / 13.5%	Customers	1.6m
EV	\$952m	ANP	\$189m
VONB	\$48m	VONB Margin	25.4%
Net Profit	\$103m	# Agents	~9,200
Strengths	<ul style="list-style-type: none"> ✓ Top tier agency force providing 65% of ANP with 22 branches / service centres ✓ Number 2 in bancassurance (18% ANP market share) ✓ Exclusive long-term bancassurance arrangement with Public Bank, the 2nd largest bank by assets covering 252 contracted branches and >5m customers in Malaysia ✓ Number 1 in Employee Benefits since 2002 ✓ Strong profit growth – earnings up 32% over the last 2 years 		

2011 ANP Product Mix



2011 ANP Channel Mix



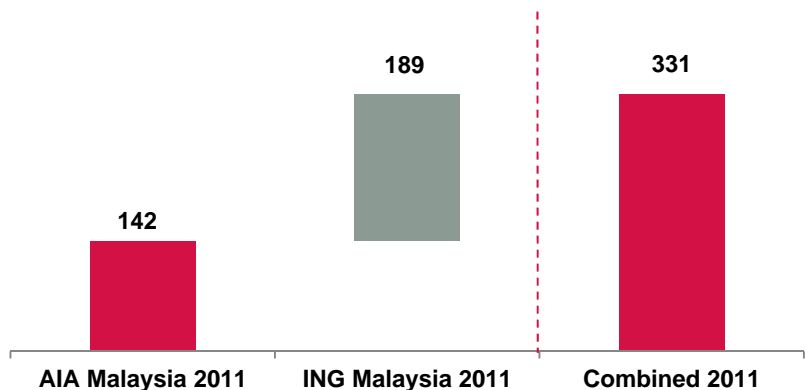
Source: Company filings, AIA estimates

Notes: (1) Data and rankings as of 2011; (2) Protection includes Health and Personal Accident & Disability products; (3) Traditional includes Traditional, Group, Term and Credit Life products

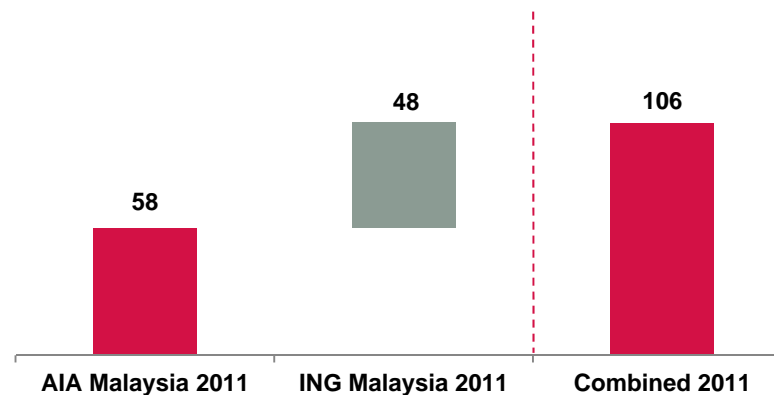
II. AIA Malaysia + ING Malaysia Combined Financial Metrics



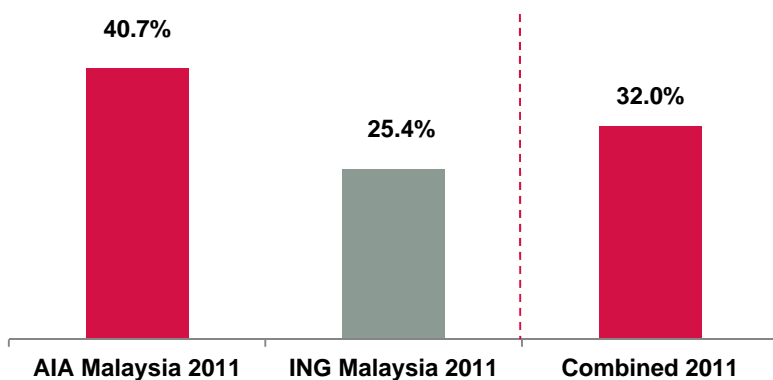
ANP (\$m)



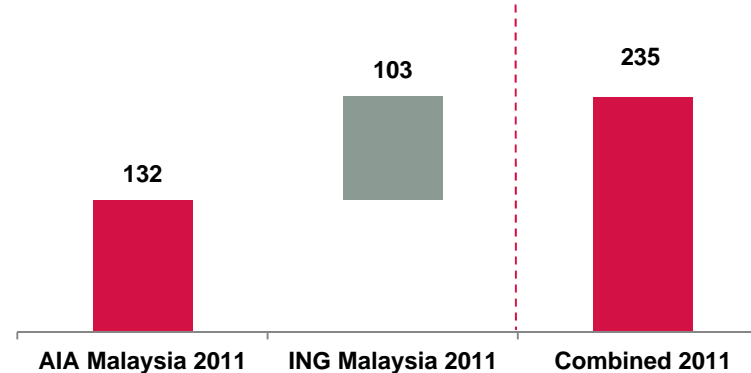
VONB (\$m)



VONB Margin (%)



Net Profit (\$m)

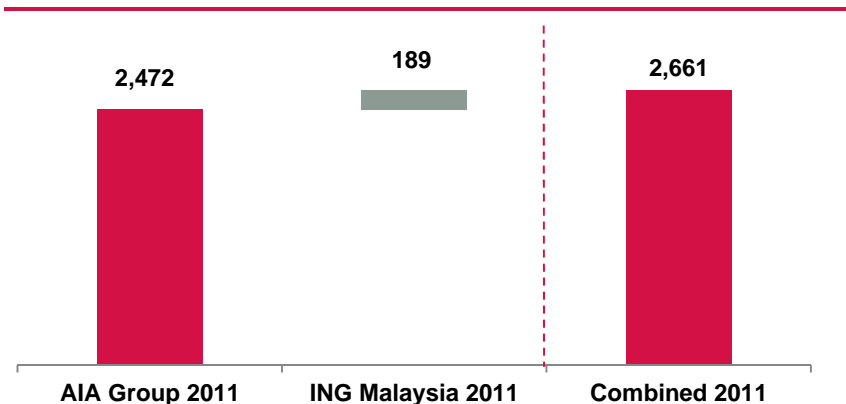


Source: AIA; ING

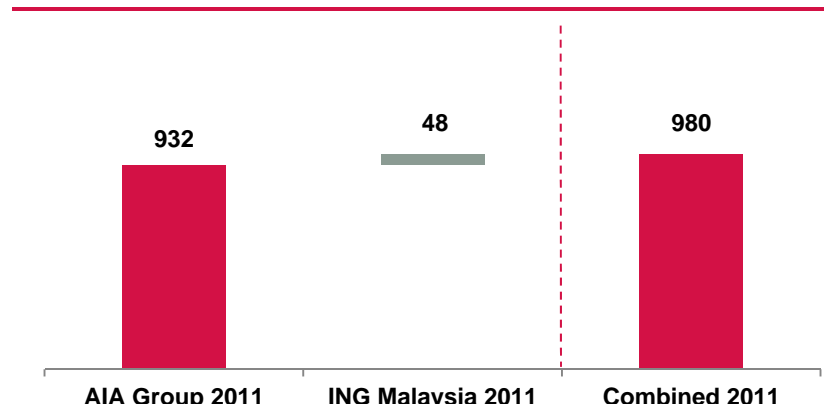
III. AIA Group + ING Malaysia Combined Financial Metrics



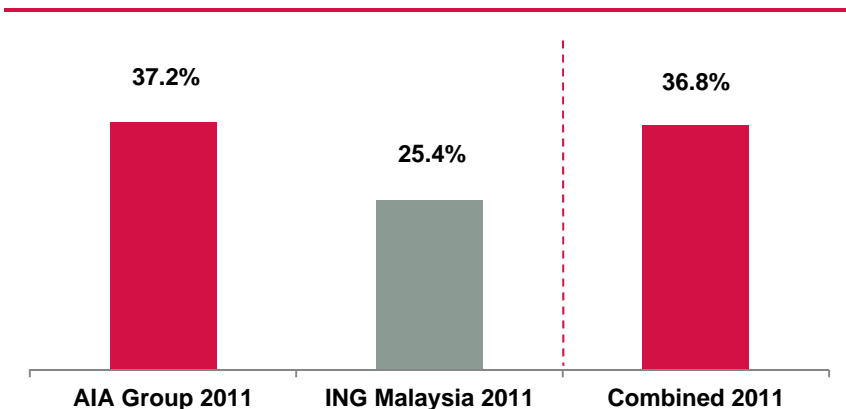
ANP (\$m)



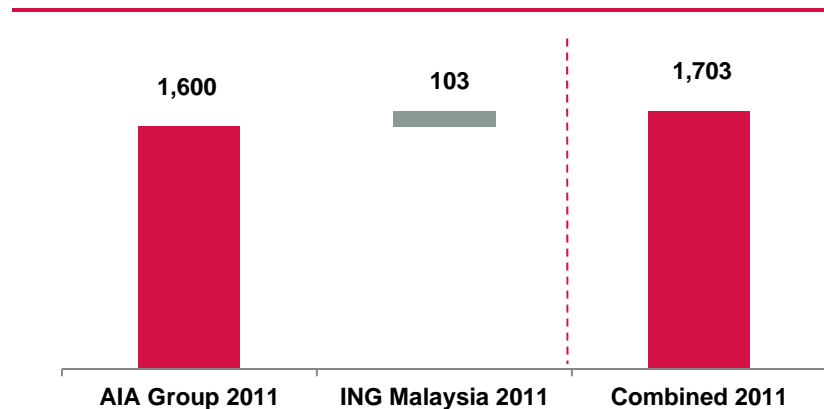
VONB (\$m)



VONB Margin (%)



Net Profit (\$m)



Source: AIA; ING

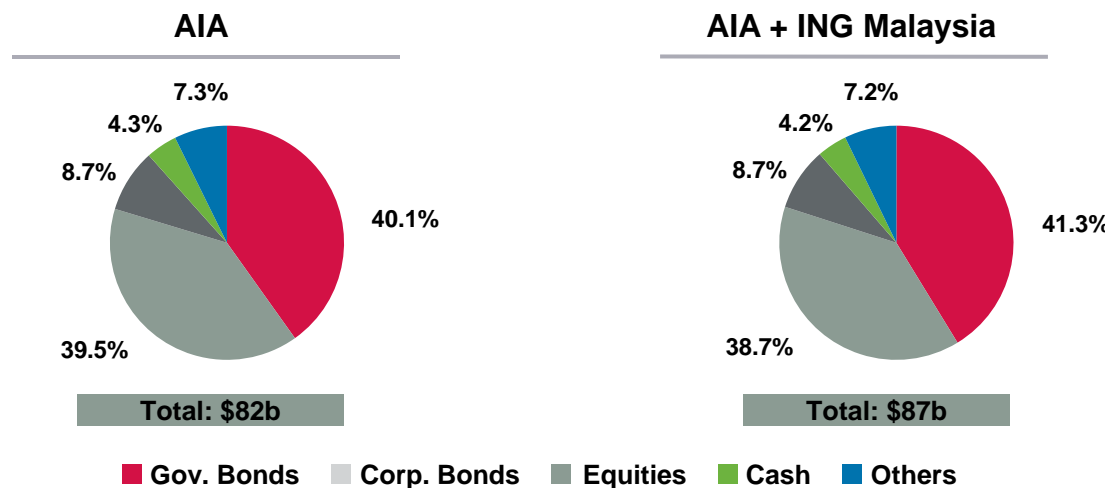
IV. AIA Group + ING Malaysia Combined Investment Portfolio



Highly complementary and conservative investment portfolio

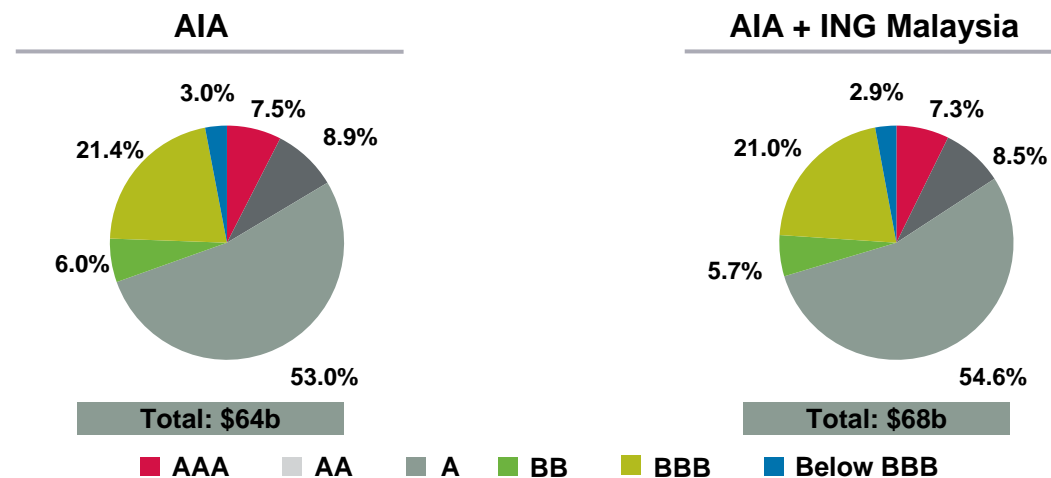
**Investment Breakdown
by Asset Class ⁽¹⁾**

2011



**Bonds Breakdown
by Rating ⁽²⁾**

2011



Notes: (1) Excludes Unit-Linked contracts; (2) Excludes bonds that are not rated

V. ING Malaysia – Financial Track Record



31 December YE (\$m)	2009	2010	2011
Income statement			
Life operating income	206	269	327
Administrative expenses	(67)	(74)	(85)
DAC amortization	(28)	(72)	(103)
Trail commissions	(12)	(12)	(12)
Life operating expenses	(107)	(158)	(200)
Operating result	99	111	127
Gains/losses and impairments	6	9	10
Revaluations	0	1	1
Underlying result before tax	105	121	138
Taxation	(27)	(30)	(35)
Net result	78	91	103
Balance sheet			
Invested assets	3,939	4,600	5,025
Other assets	808	914	1,043
Total assets	4,747	5,514	6,068
Insurance and investment contracts	3,791	4,361	4,730
Other liabilities	402	486	605
Total liabilities	4,193	4,847	5,335
Shareholders' equity	554	667	733
Total liabilities and shareholders' equity	4,747	5,514	6,068

Notes: Figures on ING accounting basis
Source: ING

Definition and Notes



General

- ING Malaysia comprises ING Insurance, Takaful, ING Management Holdings and employee benefits. It does not include ING Investment Malaysia, which will be transferred to ING Insurance Asia pre-completion
- ING Investment Malaysia: IFB Management Holdings Sdn Bhd, the investment management business of ING Malaysia
- All financial information of AIA Group Limited, AIA Malaysia and ING Malaysia is presented in accordance with their respective accounting policies with no adjustments
- AIA Group Limited / AIA Malaysia financial year end is as of 30 Nov; ING Malaysia financial year end is as of 31 Dec
- All financial and operating information of AIA Group Limited / AIA Malaysia combined with ING Malaysia represents the aggregation of their respective results presented based on their respective accounting policies with no adjustments
- Market share data / rankings are based on gross earned premiums for 2011 unless otherwise stated
- AIA ranks number one in seven Asian markets in terms of life insurance premiums in 2011. Based on data published by relevant regulatory and industry sources, including AIA as the largest foreign life insurer in China in terms of life insurance premiums during the same period
- All figures used in this presentation are subject to rounding
- Unless otherwise stated, all AIA Group Limited / AIA Malaysia figures are based on the exchange rates at the reporting periods; All ING figures are translated throughout the presentation, for illustration purposes only, using the exchange rates of MYR3.0538 / US\$ as at 5 Oct 2012. No representation is made that any amounts in MYR could have been or could be converted at this specific rate or at any other rates

For AIA Group Limited financial information

- ANP excludes corporate pension business
- VONB is after unallocated Group Office expenses and adjustments to reflect additional Hong Kong reserving and capital requirements; includes corporate pension business and is shown before minorities
- VONB by market is based on local statutory basis and excludes unallocated Group Office expenses
- VONB Margin: VONB/ANP. VONB for the margin calculations excludes corporate pension business to be consistent with the definition of ANP
- Net Profit is stated as post minorities

For AIA Malaysia financial information

- ANP excludes corporate pension business
- VONB is based on local statutory basis and excludes unallocated Group Office expenses; includes corporate pension business and is shown before minorities
- VONB margin: VONB / ANP. VONB for the margin calculations excludes corporate pension business to be consistent with the definition of ANP.
- Net Profit is stated as post minorities
- EV of AIA Malaysia stated on AIA basis as of 30 Nov 2011

For ING Malaysia financial information

- VONB is stated on ING TEV basis before acquisition expense overrun, excluding Takaful
- VONB margin: VONB / ANP
- Net Profit is stated as post minorities
- EV is stated on ING TEV basis as of 31 Dec 2011 and excludes VIF related to Takaful