

2014 RESULTS PRESENTATION

26 February 2015



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Mark Tucker
GROUP CHIEF EXECUTIVE



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Excellent Financial Results



- **Value of new business up 24% to \$1,845m**
- **Operating profit up 16% to \$2,910m**
- **EV Equity up 12% to \$39.0b**
- **Free surplus generation up 16% to \$4.4b**
- **Final dividend increase of 19%**

Agenda



Presenter	Position	Topic
Mark Tucker	Group Chief Executive	2014 Group Review
Garth Jones	Group Chief Financial Officer	2014 Financial Results
Gordon Watson	Regional Chief Executive	Hong Kong, Korea, Other Markets, Citibank
Ng Keng Hooi	Regional Chief Executive	Singapore, Malaysia, Thailand, China
Mark Tucker	Group Chief Executive	Closing Remarks
All Presenters	ExCo Members	Q&A

Aligned Growth Platforms and Priorities

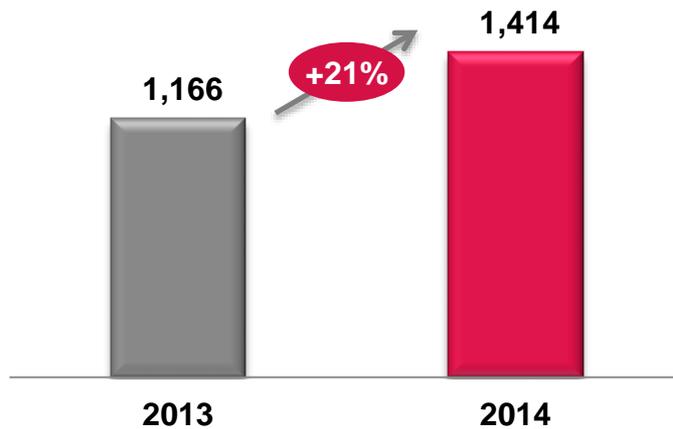


Growth Drivers	Growth Platforms	Growth Priorities
Large Population Growth	Premier Agency	<ul style="list-style-type: none"> Sustain competitive advantages in Premier Agency Recruit, develop and promote next generation of agents Enhance productivity and service through iPoS technology
Rapid Urbanisation	Profitable Partnerships	<ul style="list-style-type: none"> Expand distribution platform reach Optimise new and existing partnerships Generate additional sources of profitable growth
Rising Income & Wealth	Protection & Savings	<ul style="list-style-type: none"> Maintain protection-focused portfolio Expand integrated savings and protection covers Capture incremental high-quality savings opportunities
Low Social Welfare	Brand & Marketing	<ul style="list-style-type: none"> Transform customer experience Increase existing customer engagement levels Enhance analytics and segmentation
Low Private Cover	Financial Strength	<ul style="list-style-type: none"> Support strong new business growth and returns Maintain strong capital and cash flow Deliver prudent, sustainable and progressive dividend

Delivering Distribution Quality and Expansion



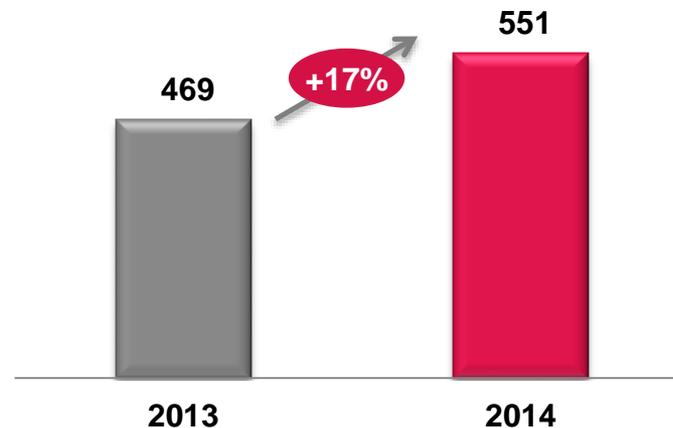
Premier Agency VONB (\$m)



Premier Agency Delivery

- VONB up 21%
- Quality recruitment focus
- Expanding AIA Premier Academy training
- Active new agents up 14%
- iPoS in 11 markets; ANP trebled in 12 months
- No. 2 MDRT worldwide; up 24%

Partnership Distribution VONB (\$m)



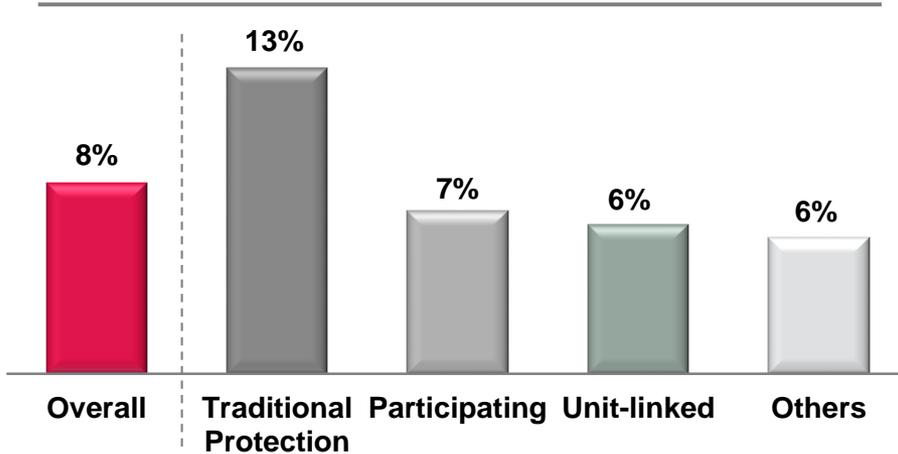
Profitable Partnership Expansion

- VONB up 17%
- DM affected by Korean industry suspension
- VONB up over 30% ex Korea DM on CER
- Citibank launched in 11 markets
- Expanded relationships with IFAs

Product and Customer Growth Drivers



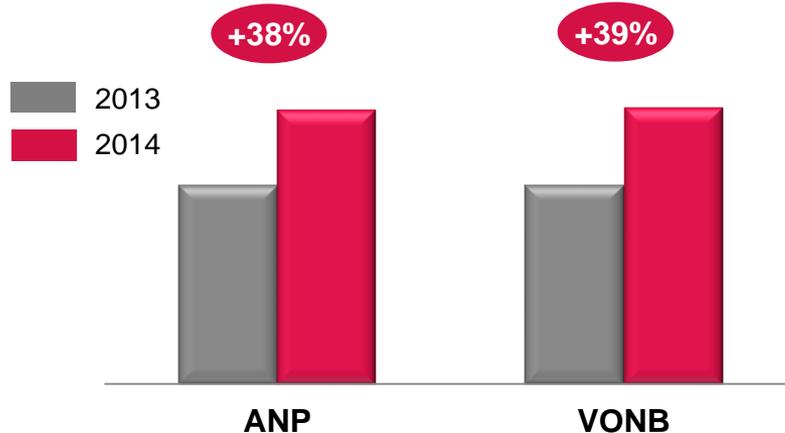
2014 Margin by Product⁽¹⁾



Diversified, Value-oriented Portfolio

- Diversified protection and long-term savings focused portfolio
- High levels of protection embedded within and across product categories
- Comprehensive product range aligned with customer needs
- Resilient portfolio through market cycles

Existing Customer Marketing Results



Significant Growth Opportunity

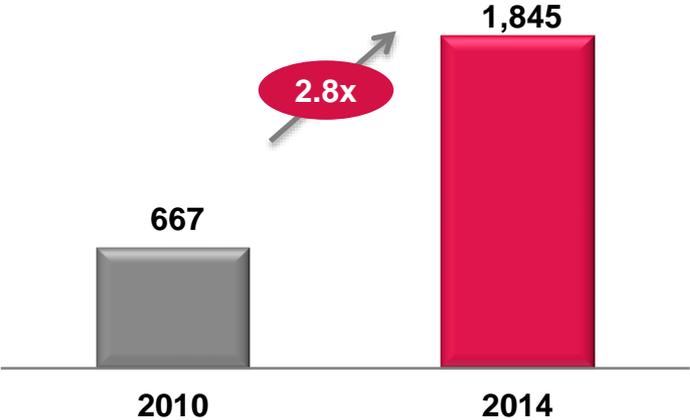
- Substantially enhanced value from new and existing customers
- Over 28m individual policies in-force and over 16m group members
- Active marketing initiatives targeting existing customers across the region
- Large-scale and growing existing customer base – a significant source of future growth

Note:
(1) Margin on a present value of new premium basis

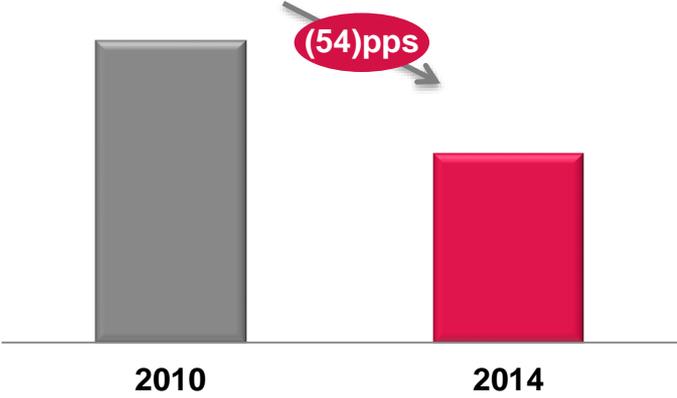
New Business Growth with Increasing Returns



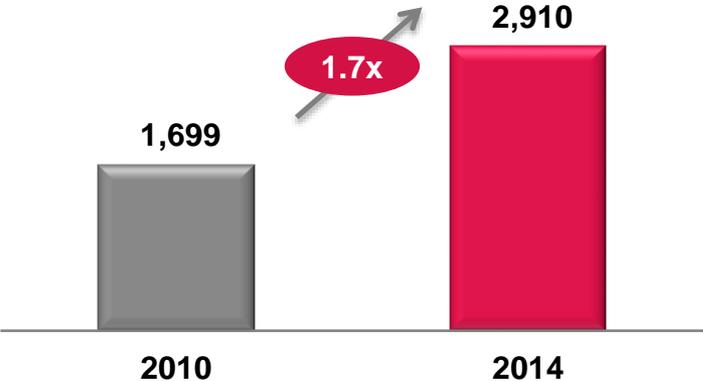
VONB (\$m)



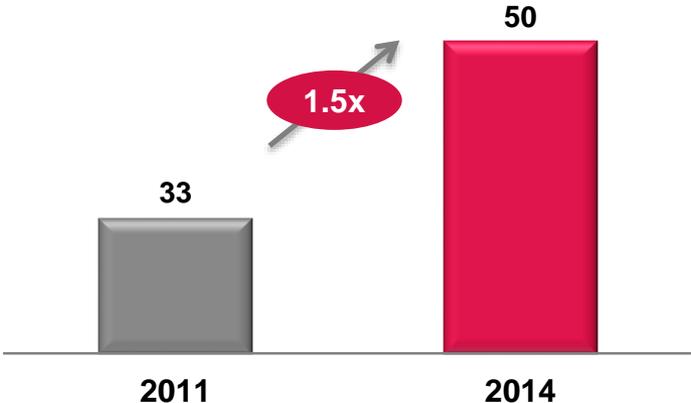
New Business Strain as % of VONB



OPAT (\$m)



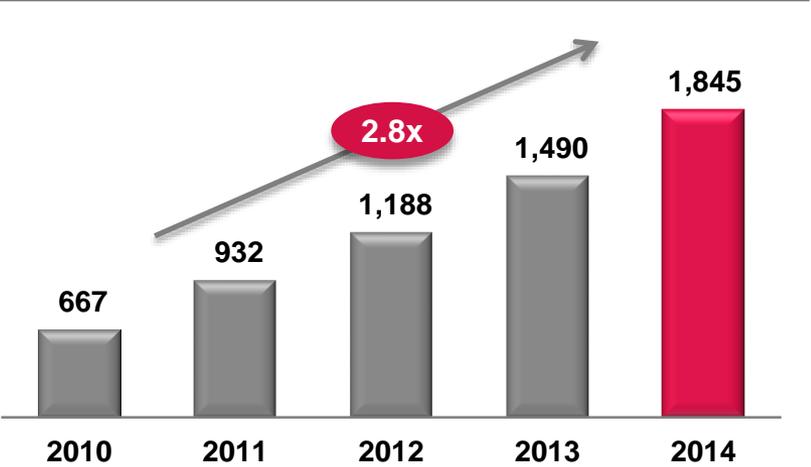
Total Dividend Per Share (HK cents)



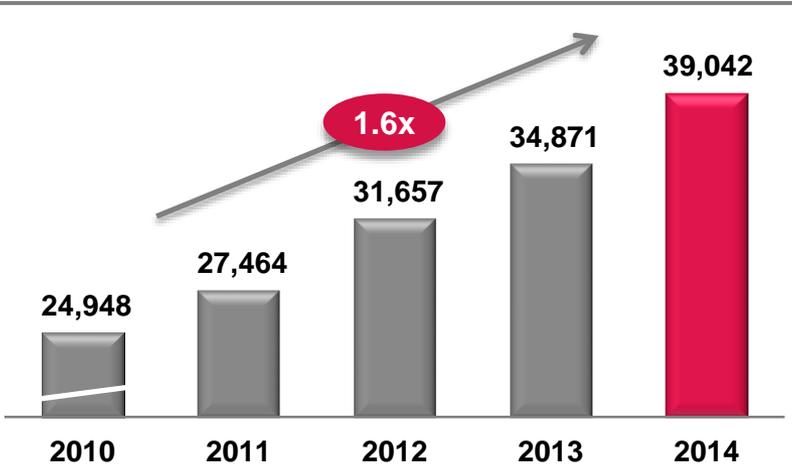
Sustained Growth Momentum



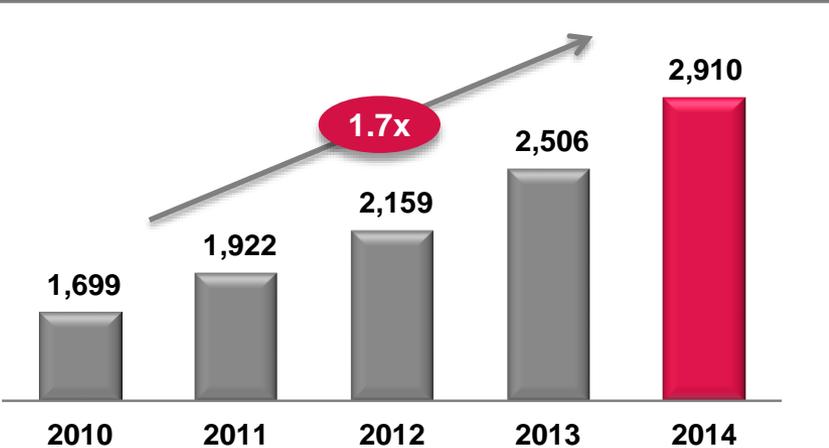
VONB (\$m)



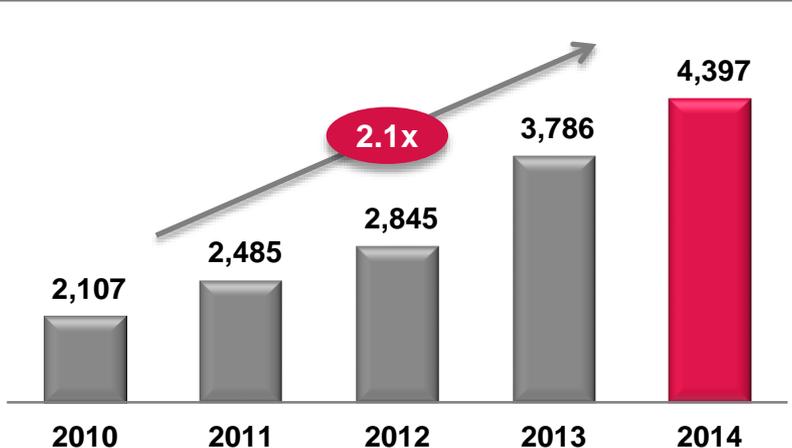
EV Equity (\$m)



OPAT (\$m)



Free Surplus Generation (\$m)





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Garth Jones

GROUP CHIEF FINANCIAL OFFICER



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Excellent Financial Results – Across All Key Metrics



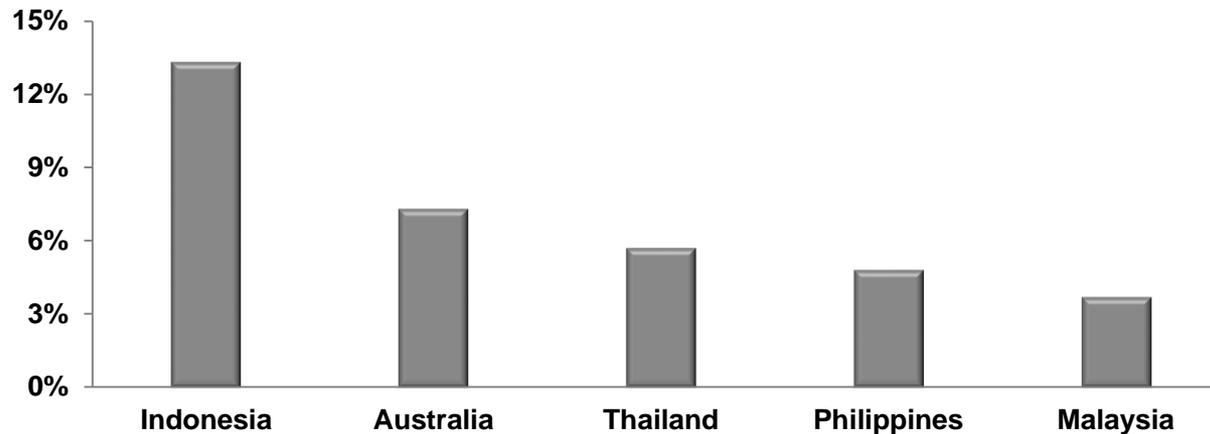
	(\$m)	2014	2013	GROWTH
Growth	VONB	1,845	1,490	24% ↑
	VONB Margin	49.1%	44.1%	5.0 pps ↑
	ANP	3,700	3,341	11% ↑
	EV Equity	39,042	34,871	12% ↑
Earnings	Operating Profit After Tax	2,910	2,506	16% ↑
	TWPI	19,211	17,808	8% ↑
	Operating Margin	18.2%	17.3%	0.9 pps ↑
Capital & Dividends	Free Surplus Generation	4,397	3,786	16% ↑
	AIA Co. HKICO Solvency Ratio	427%	433%	(6) pps
	Final Dividend per Share (HK cents)	34.00	28.62	19% ↑
	Total Dividend per Share (HK cents)	50.00	42.55	18% ↑

Key Metrics on Constant Exchange Rates



	(\$m)	2014	2013	AER Growth	CER Growth
VONB		1,845	1,490	24% ↑	27% ↑
ANP		3,700	3,341	11% ↑	14% ↑
Operating Profit After Tax		2,910	2,506	16% ↑	18% ↑
EV Equity		39,042	34,871	12% ↑	14% ↑

Average Currency Depreciation Against USD in 2014



Growth

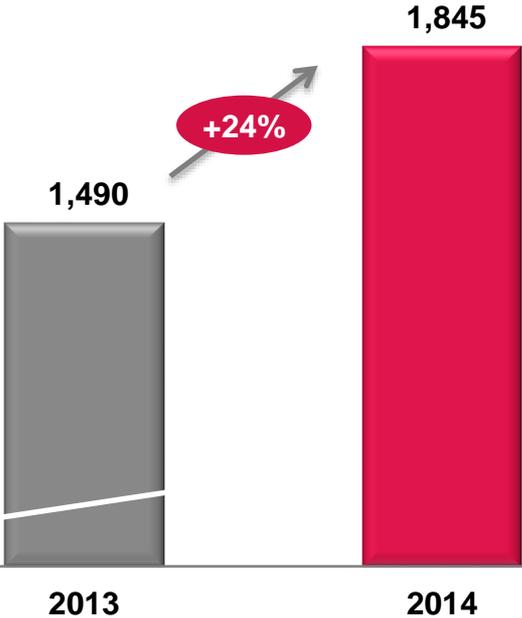
Earnings

Capital and Dividends

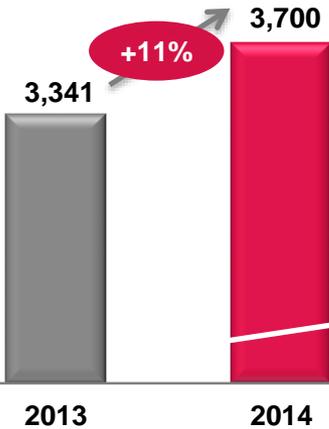
Sustained VONB Growth



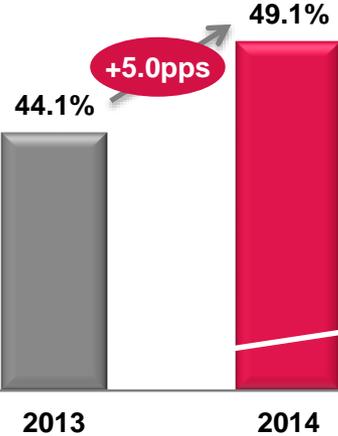
VONB (\$m)



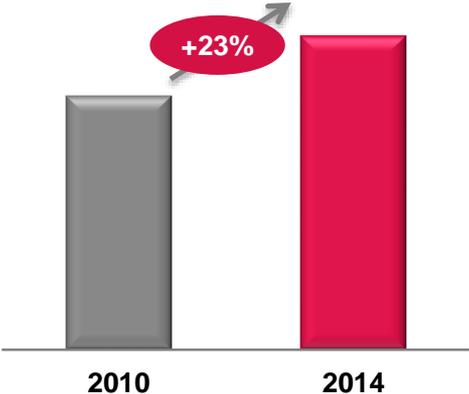
ANP (\$m)



VONB Margin



Increasing IRRs
Consistently above 20%

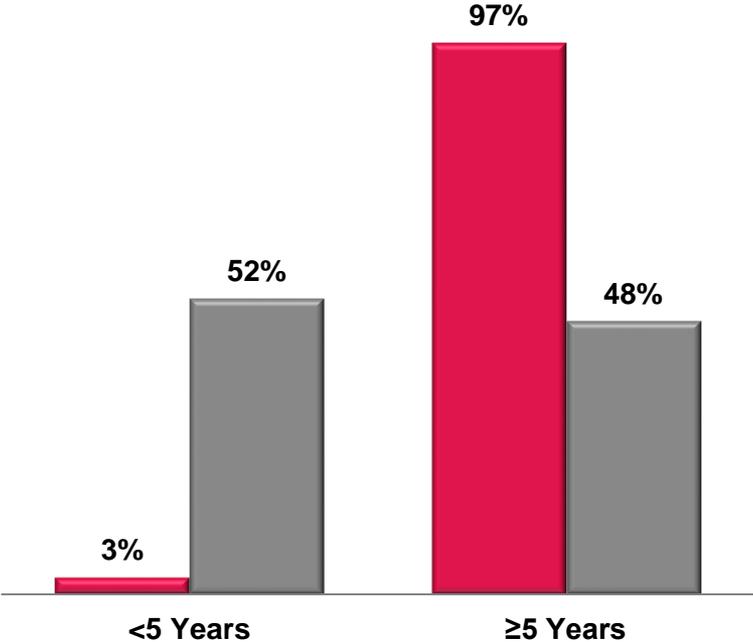


High Quality New Business



AIA Hong Kong

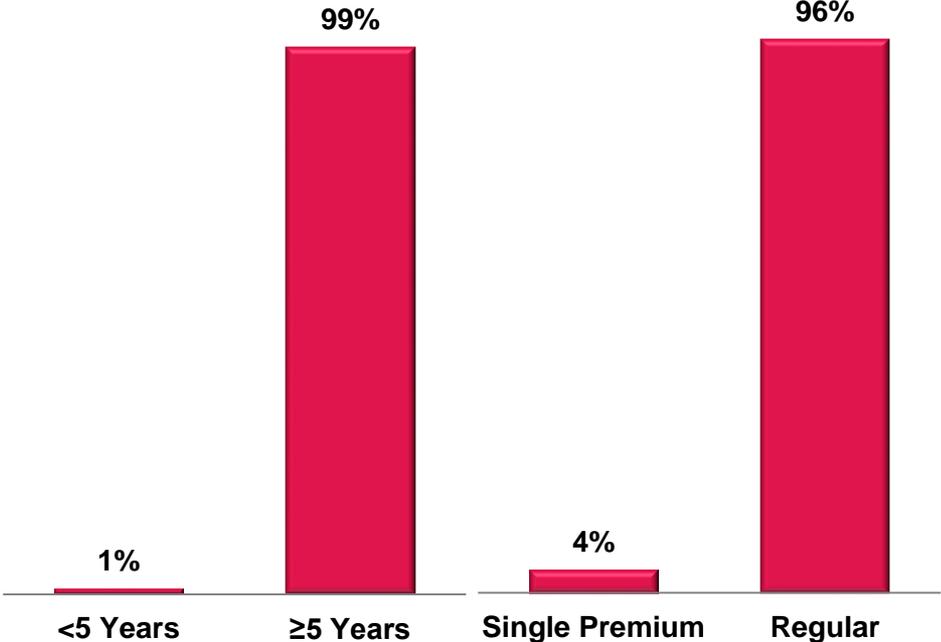
New Regular Premium by Payment Term



■ AIA HK ■ Market⁽¹⁾

AIA Thailand

New Regular Premium by Payment Term



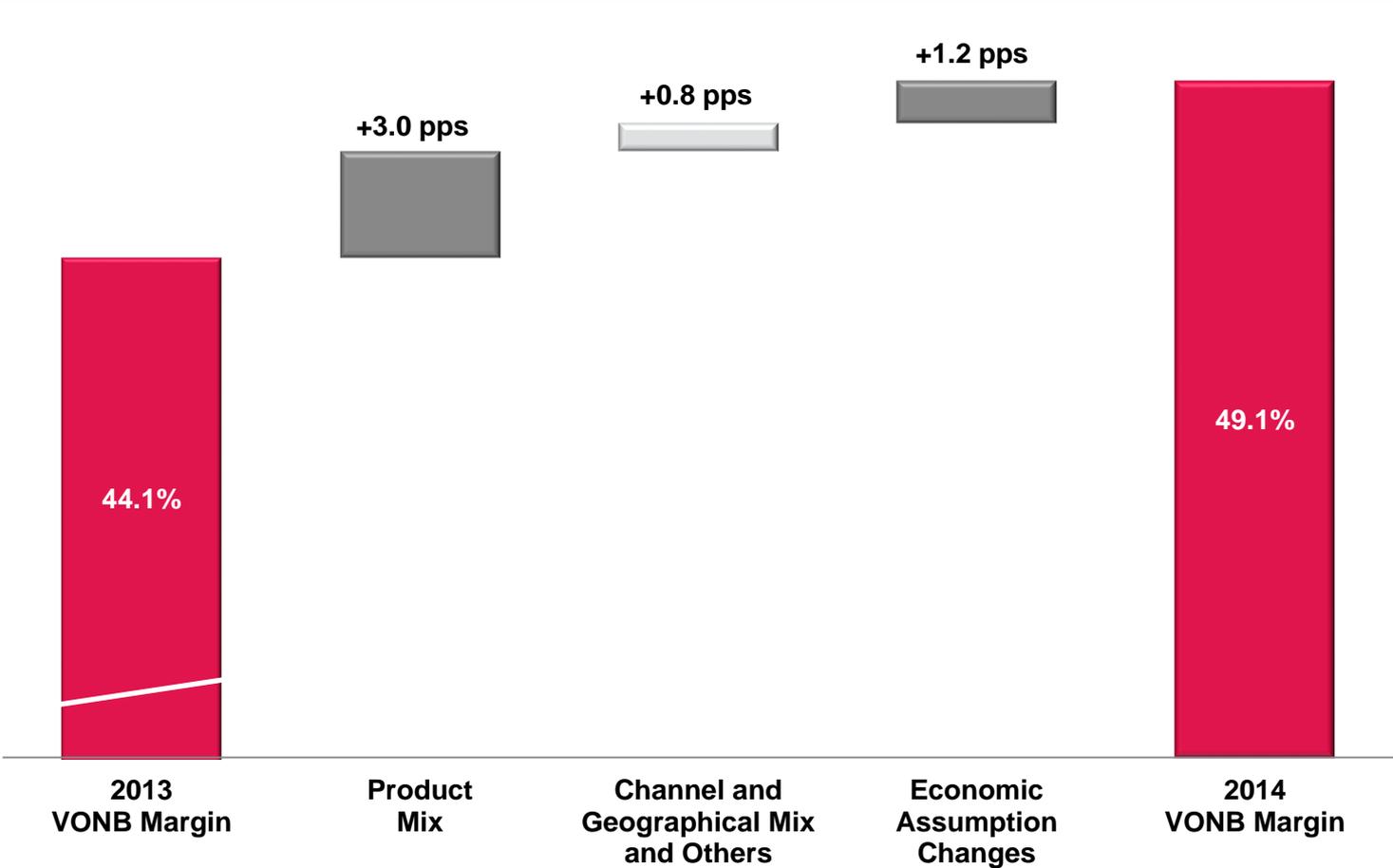
■ AIA Thailand

Note:
 (1) Source: HKOCI; 3Q2014 annualised new regular premium

Product Mix Driving Margin



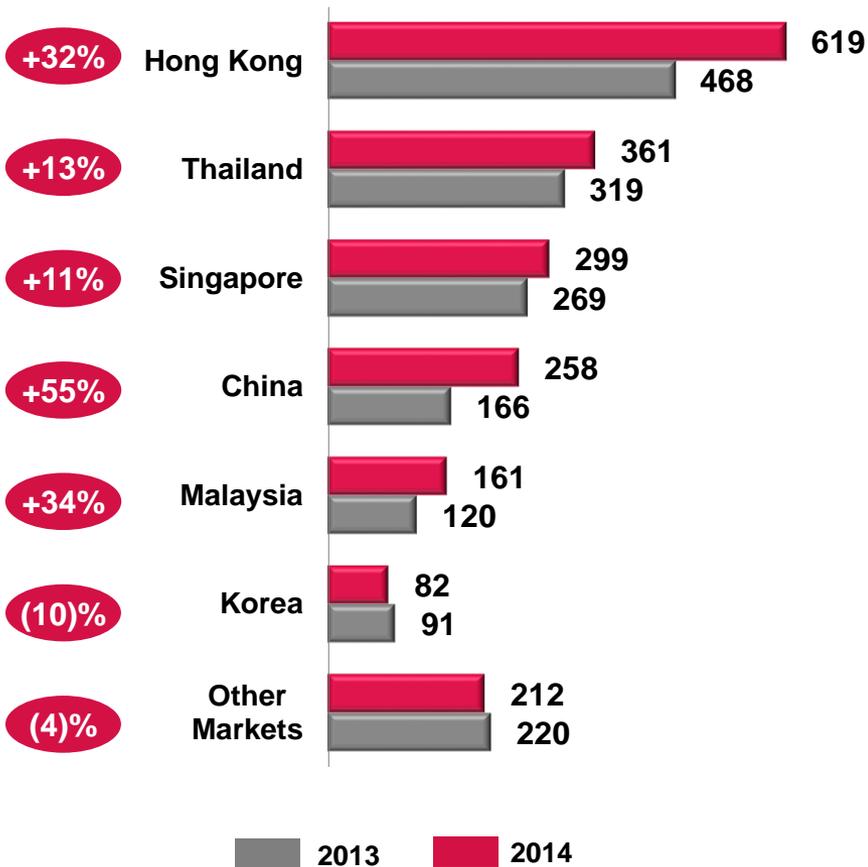
5.0 pps Increase in VONB Margin



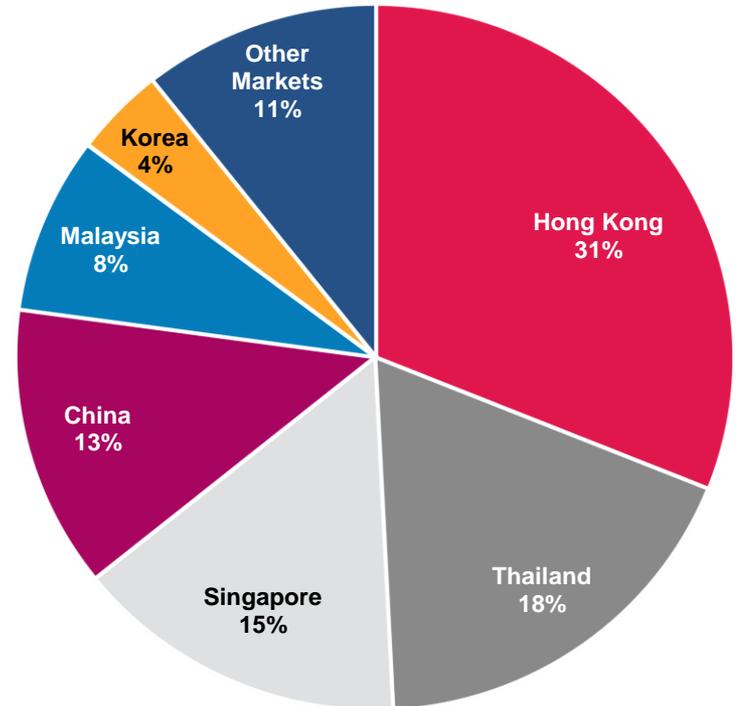
Diversified Growth Portfolio



VONB (\$m)



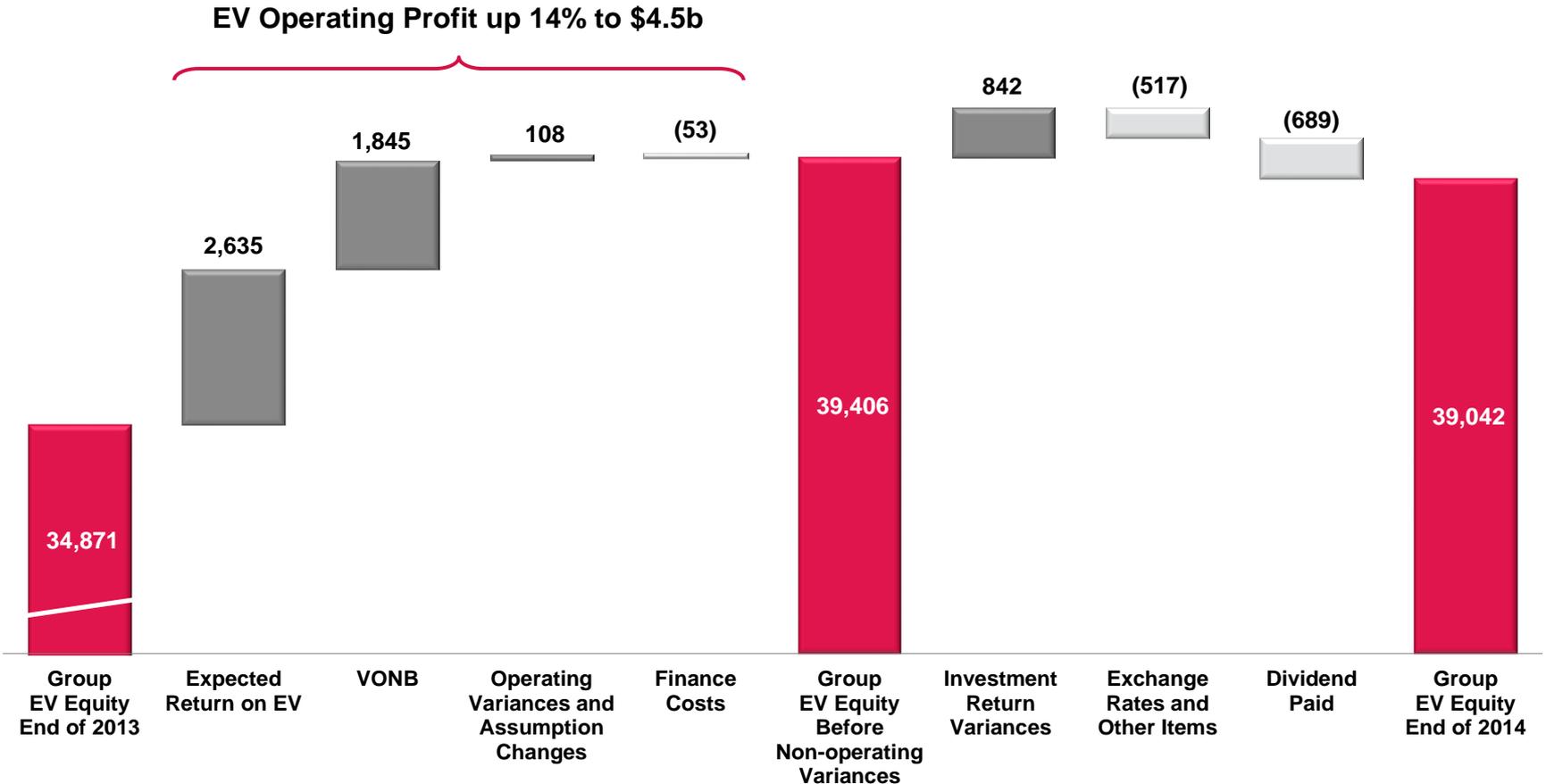
2014 VONB by Market Segment



EV Equity of \$39.0b – Strong Operating Performance



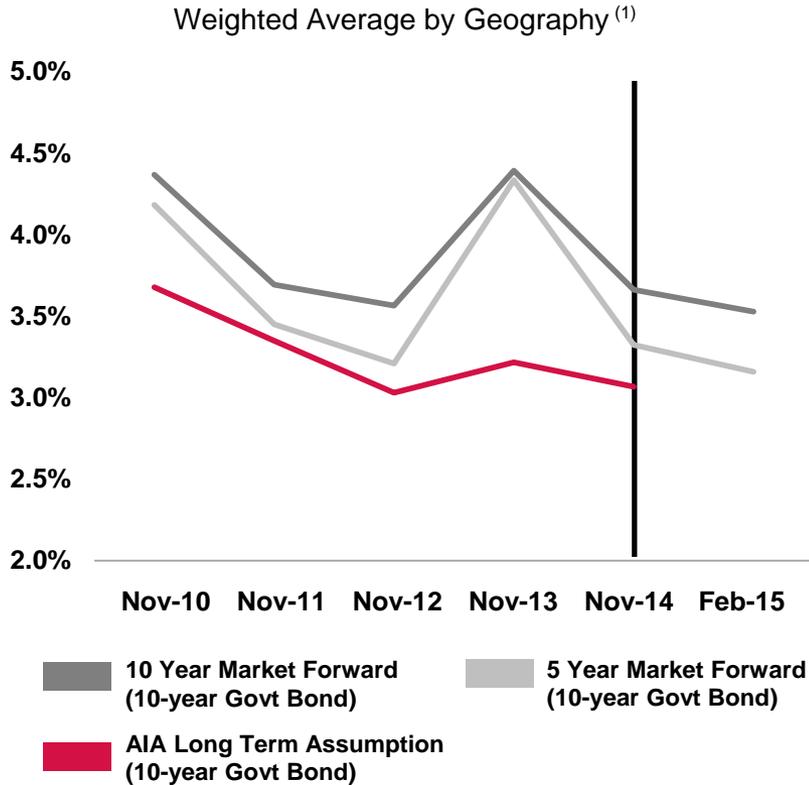
2014 EV Equity Movement (\$m)



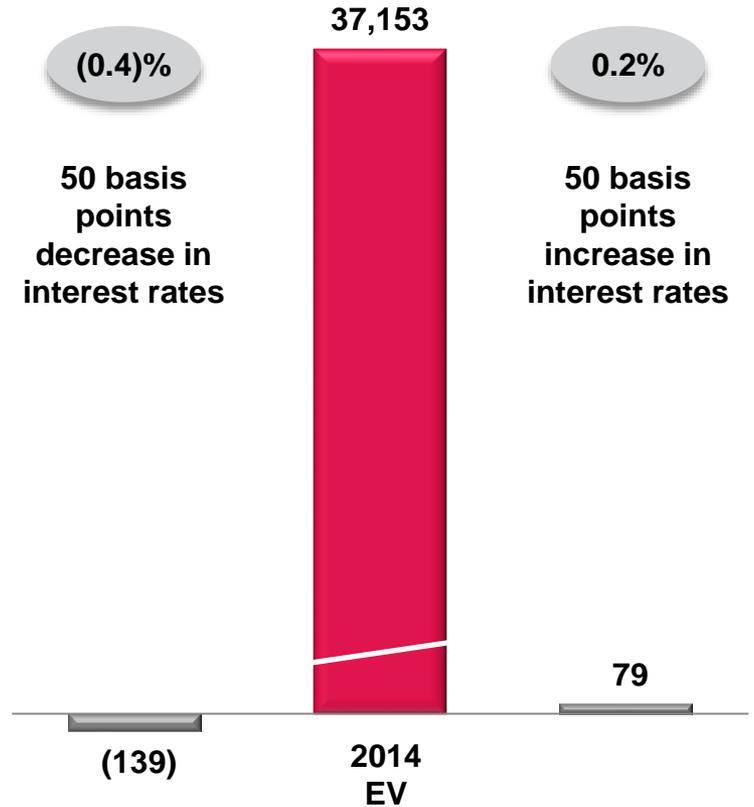
Interest Rates and Sensitivity



AIA Long-term Assumptions vs Market Rates



EV Sensitivity to Interest Rates (\$m)



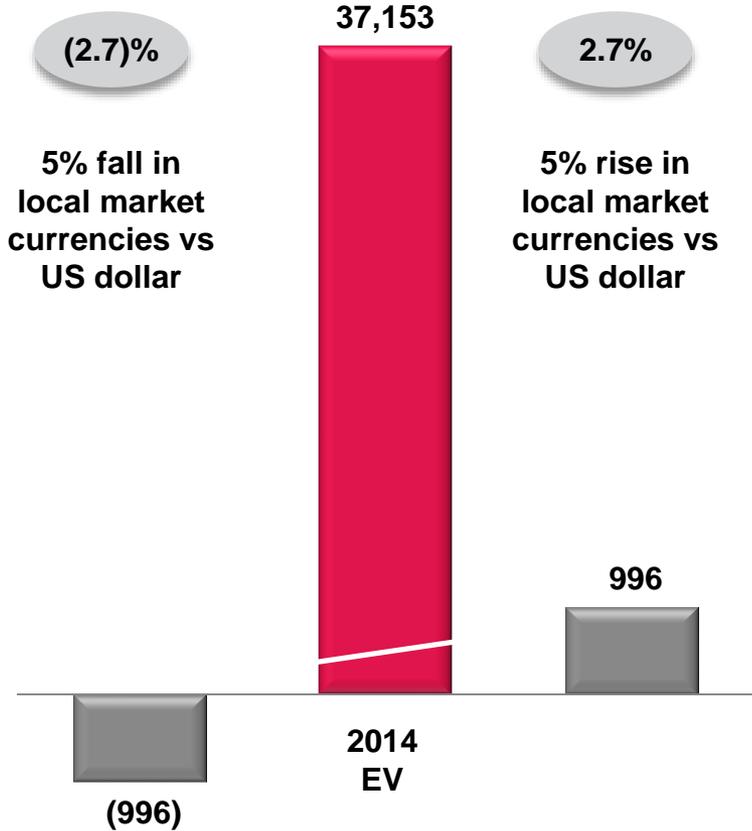
Note:

(1) Weighted average interest rates by EV for largest markets of Hong Kong, Thailand, Singapore, China, Malaysia and Korea; Data as of 30 November in 2010 to 2014 and 20 February 2015

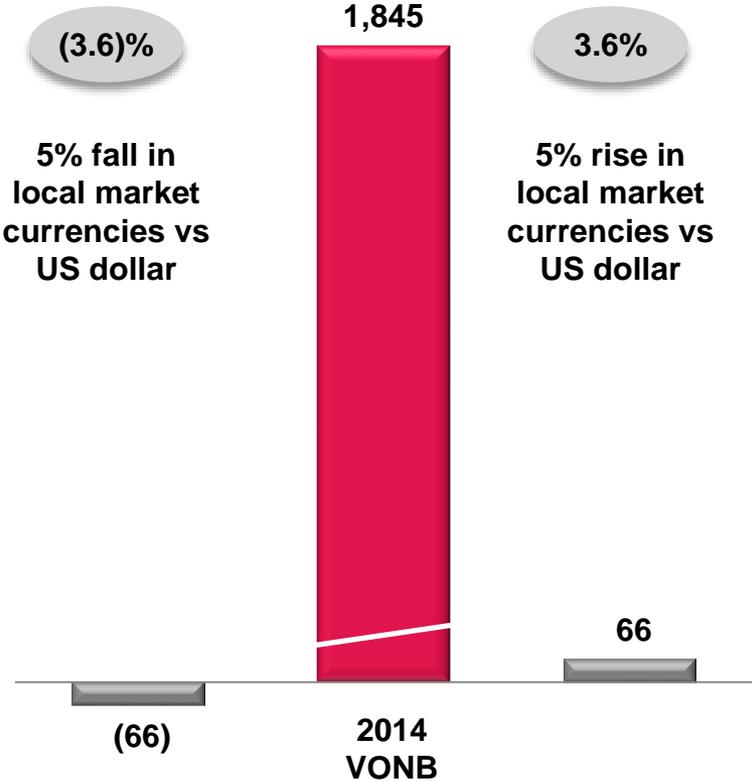
Currency Sensitivity



EV (\$m)

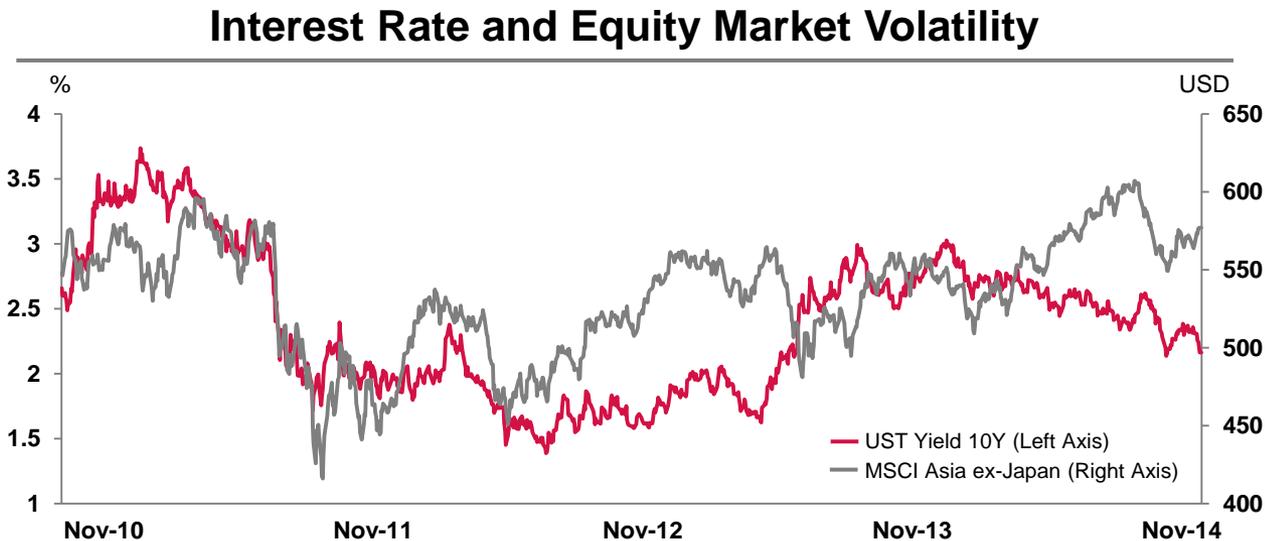
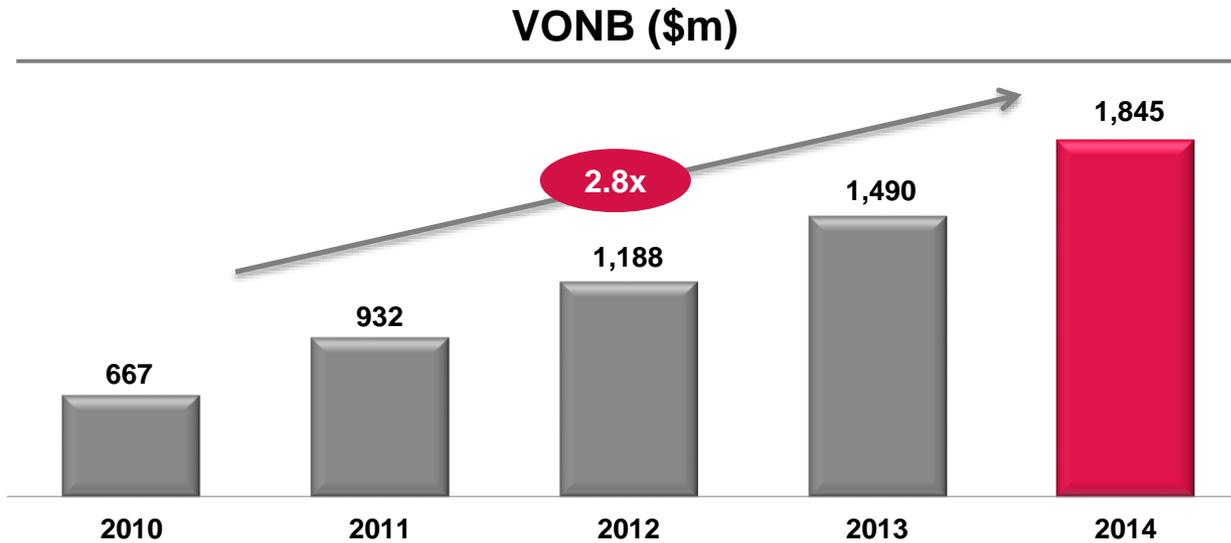


VONB (\$m)



Note: The translation sensitivities shown assume a constant Hong Kong dollar and US dollar exchange rate.

Delivering Through Market Cycles



Growth

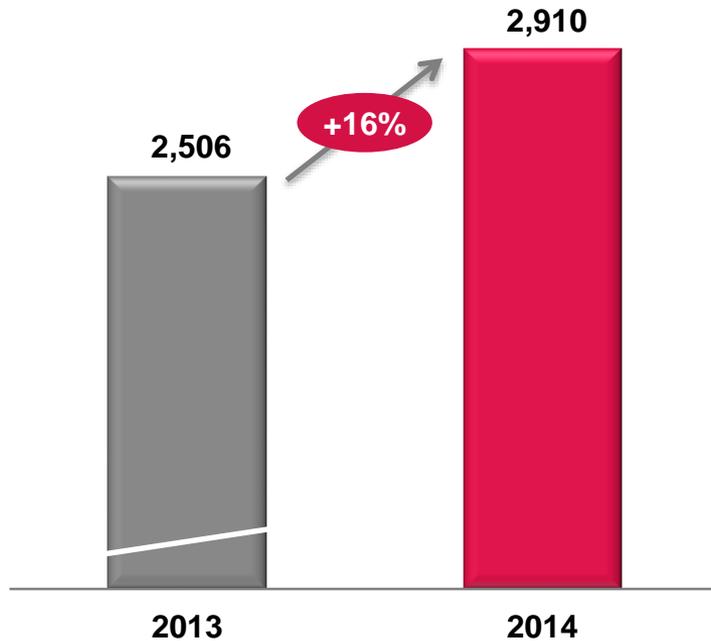
Earnings

Capital and Dividends

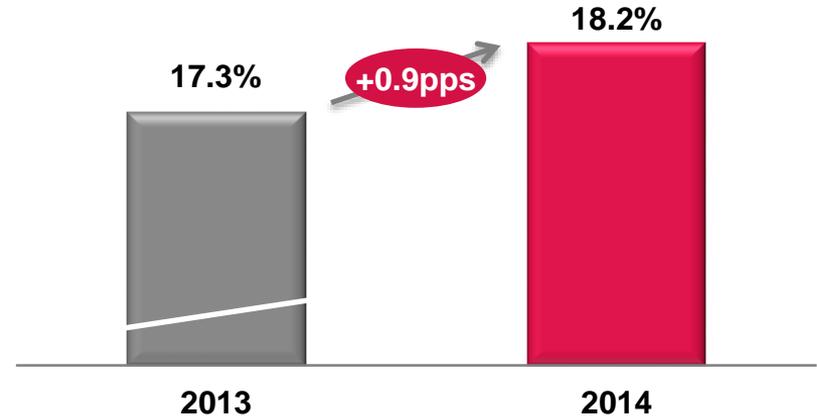
IFRS Operating Profit up 16%



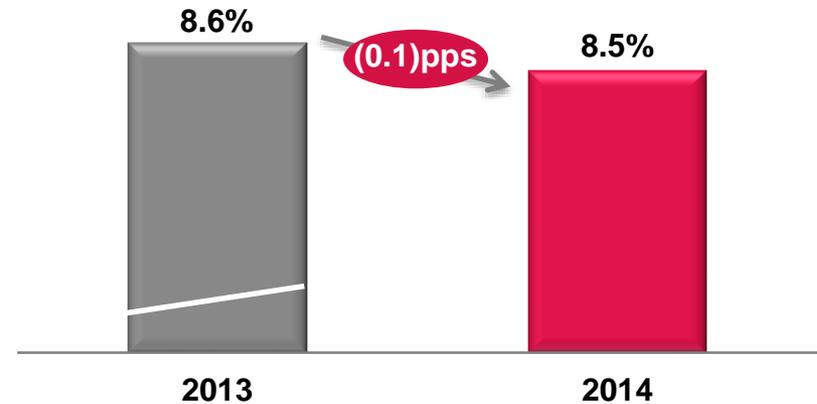
Operating Profit After Tax (\$m)



Operating Margin



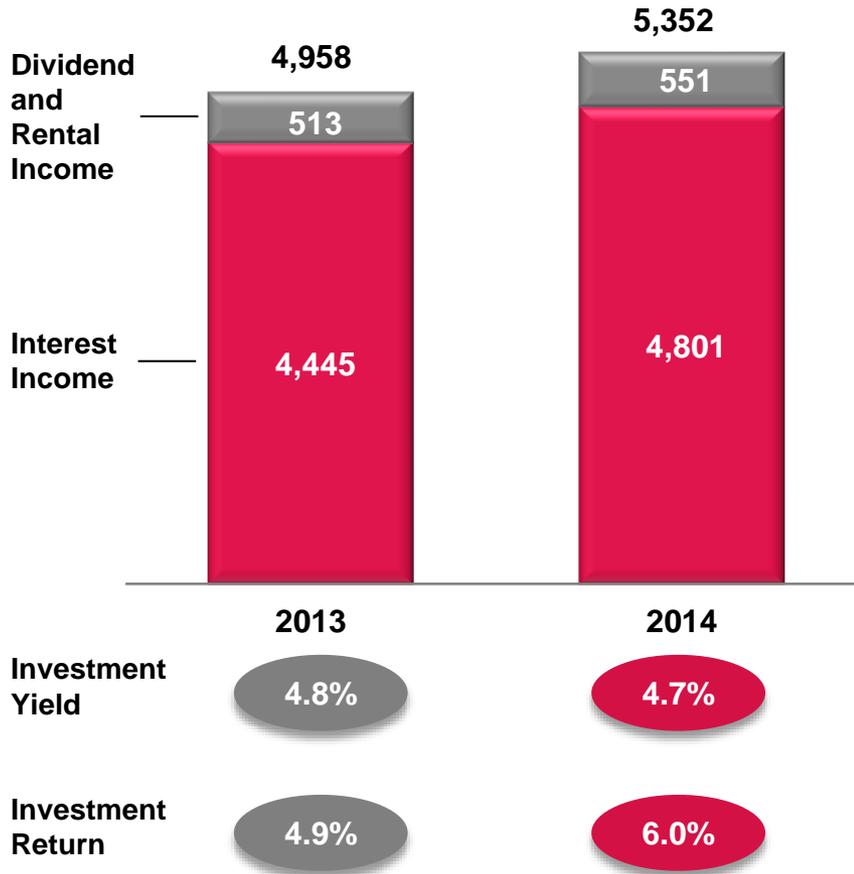
Expense Ratio



Stable Investment Yield

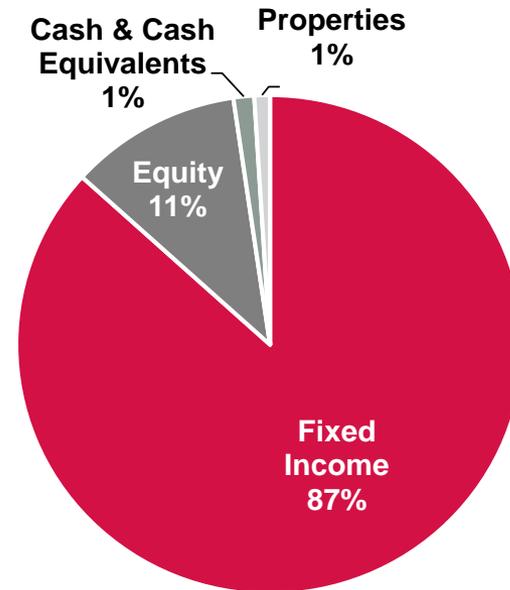


Investment Income (\$m)



Total Invested Assets of \$121b

% of Total in 2014



Note:

(1) Includes debt securities, loans and term deposits.

Net Profit up 22%



Net Profit (\$m)

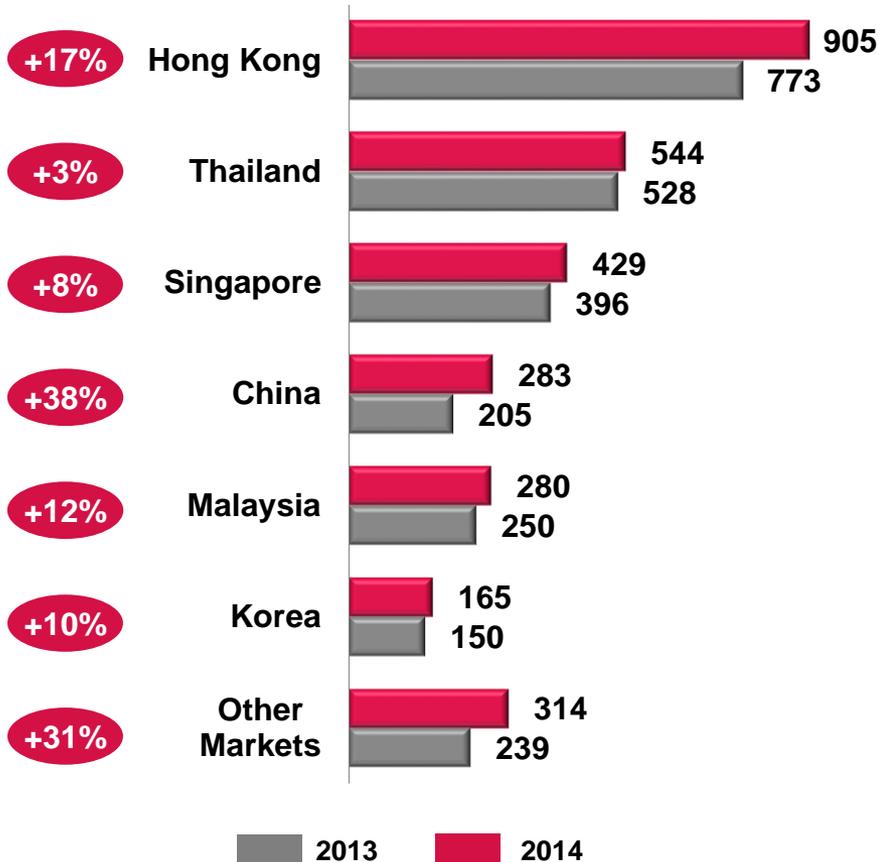
	<u>2014</u>	<u>2013</u>	
Operating Profit After Tax	2,910	2,506	+16%
Net gains from equities	508	424	
Other non-operating items	32	(106)	
Net Profit	3,450	2,824	+22%

- Net profit includes mark-to-market of equities
- Operating profit excludes any actual or assumed gains
- Average non-operating gains of \$473m for past five full financial years
- Net profit excludes unrealised gains and losses on AFS bonds

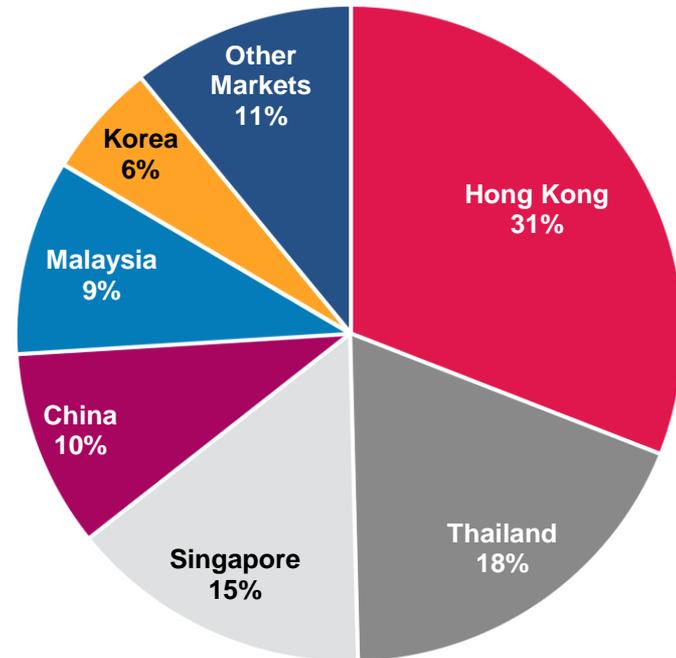
Diversified Earnings



OPAT (\$m)



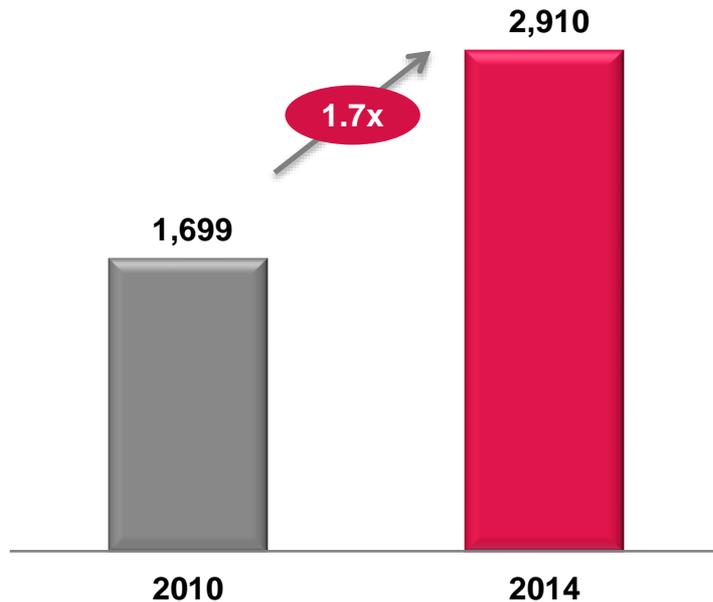
2014 OPAT by Market Segment



Profitable Earnings Growth – Delivered with Scale



Operating Profit After Tax (\$m)

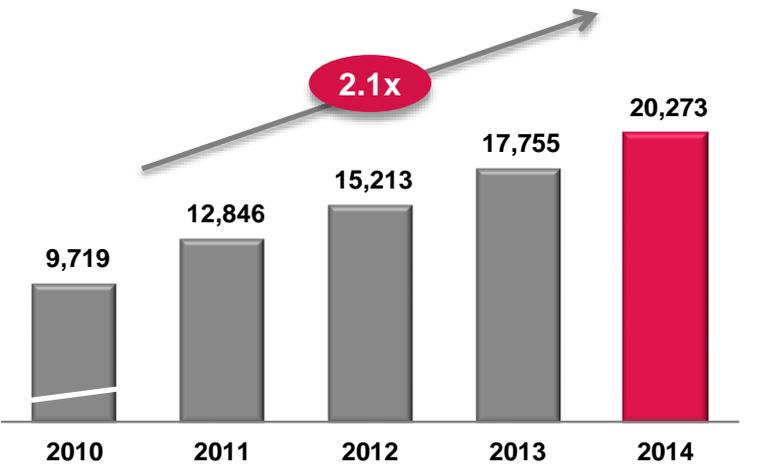


OPAT	2010	2014
>\$800m		Hong Kong
\$600–800m	Hong Kong	
\$400–600m		Thailand Singapore
\$200–400m	Thailand Singapore	Malaysia China Other Markets
<\$200m	Malaysia China Korea Other Markets	Korea

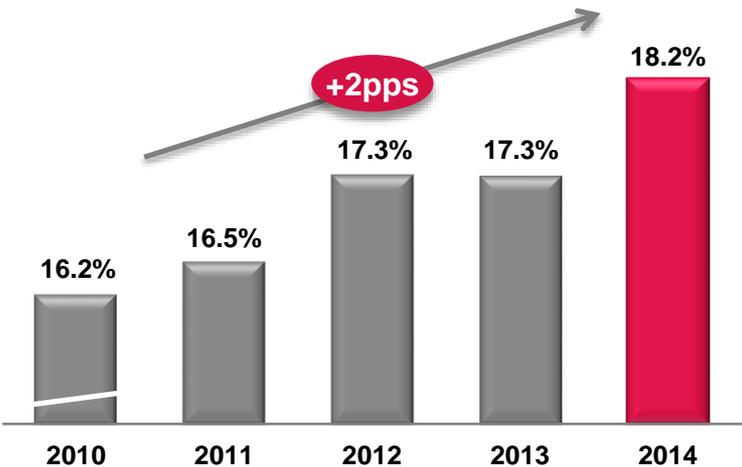
Asian Scale and Quality Driving Earnings



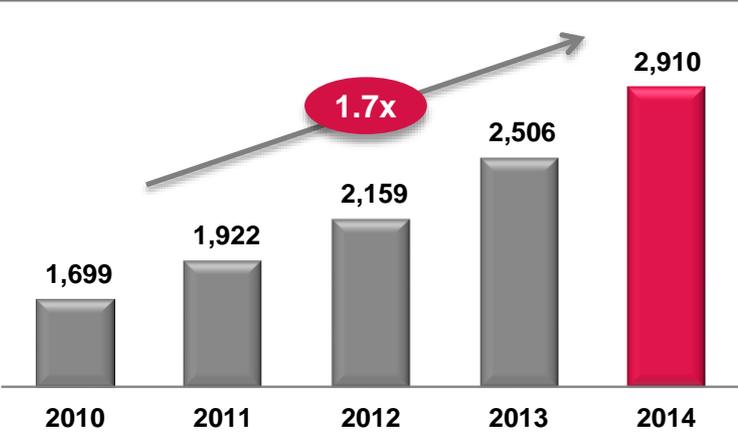
Gross Inflows (\$m)⁽¹⁾



Operating Margin



OPAT (\$m)



Note:
 (1) Excludes investment contract liabilities



Growth

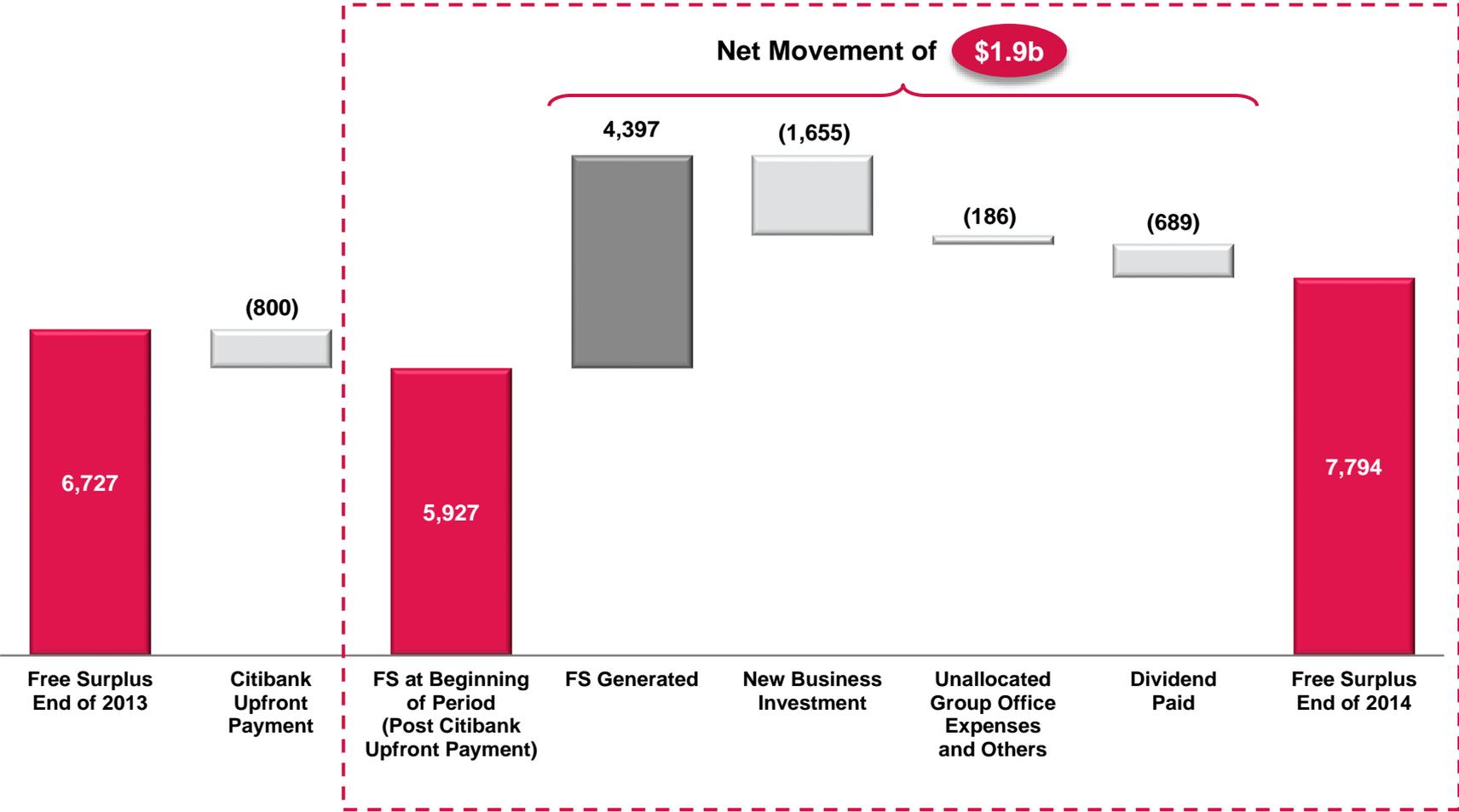
Earnings

Capital and Dividends

Self-financed Growth at High Returns



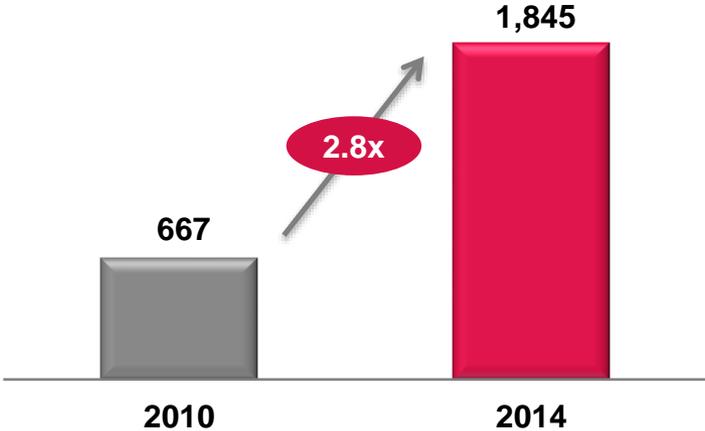
Free Surplus on the HKICO Solvency Basis (\$m)



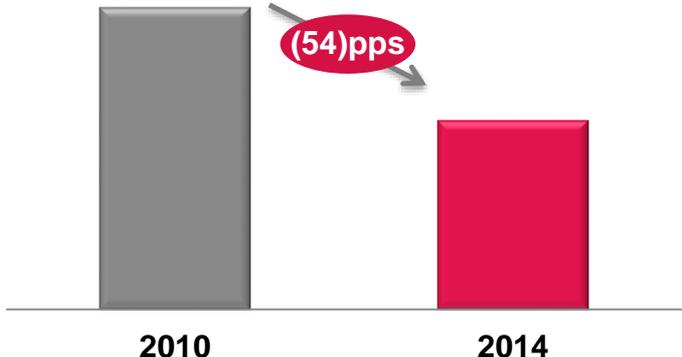
Increasing Returns and Capital Efficiency



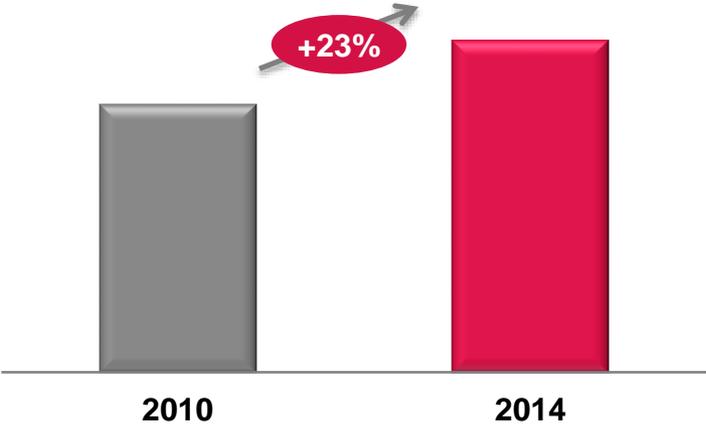
VONB Growth



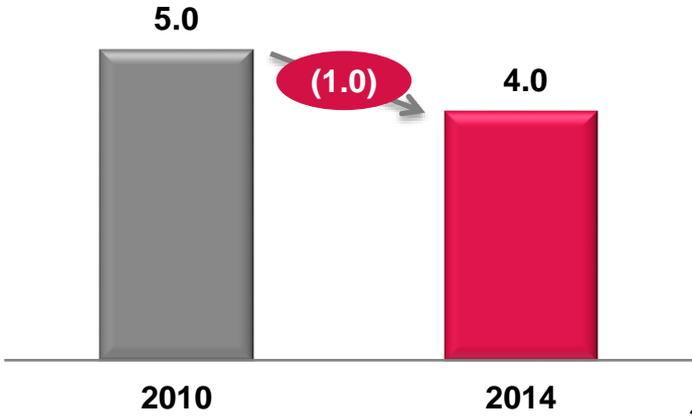
New Business Strain as % of VONB



Increasing IRRs Consistently above 20%



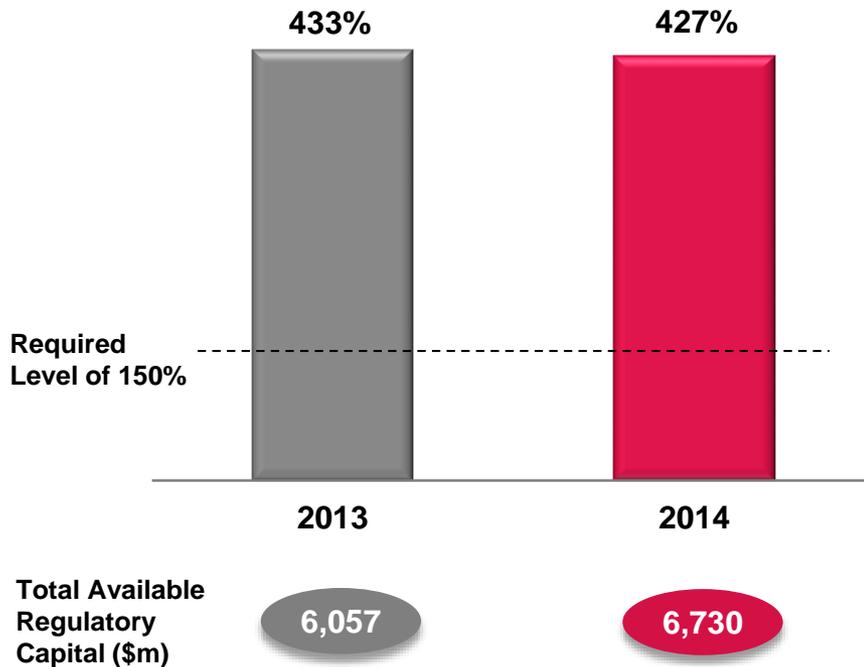
Decreasing Payback Periods (Years)



Regulatory Solvency Ratio of 427%



Solvency Ratio on HKICO Basis for AIA Co.



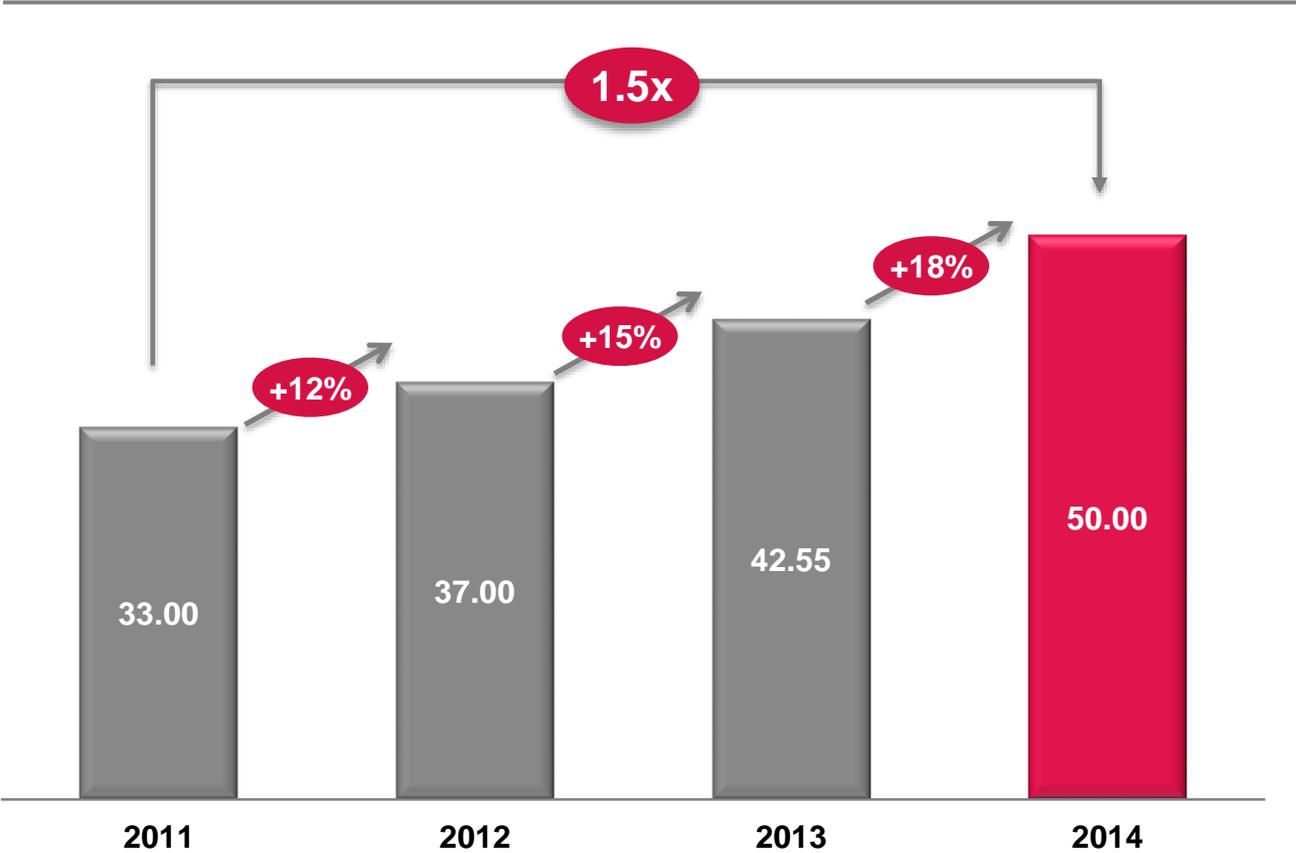
Ongoing Capital Strength

- Resilient solvency position
- Prudent HKICO reserves and capital
- Strong retained earnings
- After Citibank upfront payment
- AIA Co. S&P Rating of AA- and Moody's Rating of Aa3
- Completed \$1b senior debt offering in March 2014

Prudent, Sustainable and Progressive Dividend



Total Dividend Per Share (HK cents)



2014 Financial Results Summary



Growth

- Considerable growth in profitable new business
 - Significant capital investment at high returns
 - Improvement in new business capital efficiency
-

Earnings

- Strong increase in IFRS operating profit
 - Consistent growth across the region
 - Diversified and scale source of earnings
-

Capital & Dividends

- Substantial cash and capital generation
- Resilient solvency position
- Prudent, sustainable and progressive dividend



REAL LIFE NEVER STOPS

Gordon Watson

REGIONAL CHIEF EXECUTIVE

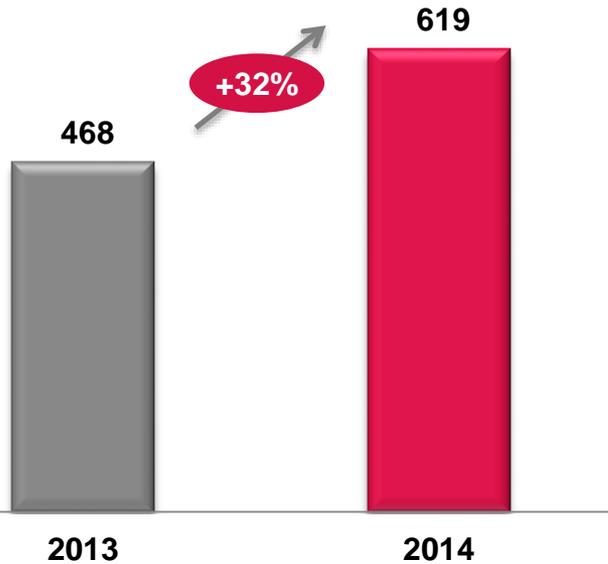


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Hong Kong: Delivering Excellent Growth



VONB (\$m)



ANP (\$m)

781

952

VONB
Margin

57.6%

62.3%

▪ Premier Agency

- Delivered excellent VONB growth
- Active new agents up 15%
- Increased active agent productivity
- MDRT qualifiers up 18%

▪ Profitable Partnerships

- Strong growth in bancassurance and IFA
- Enhanced segmentation and protection focus

▪ Group Insurance VONB up 26%

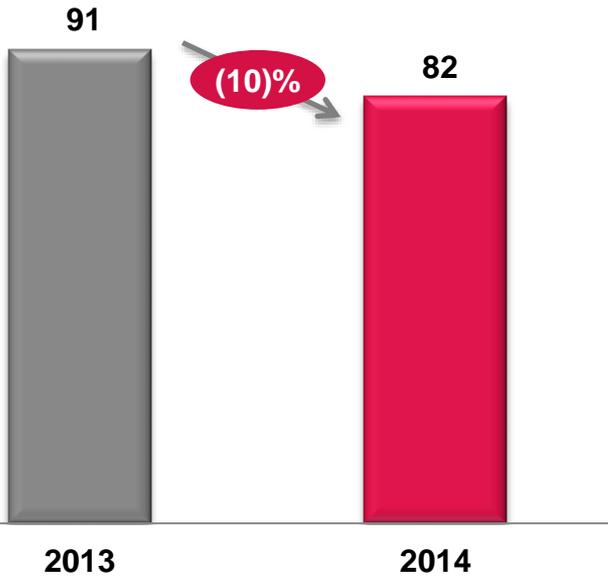
▪ Products and Customers

- Expanded critical illness product range
- Raised awareness on retirement planning

Korea: Outperforming the Market



VONB (\$m)



ANP (\$m)

338

380

VONB Margin

26.8%

21.7%

- **Direct Marketing**

- Industry-wide temporary suspension
- Timely management response
- Costs incurred included in VONB
- Adapting to ongoing regulatory changes

- **Premier Agency**

- Captured profitable market share

- **Bancassurance**

- Opportunistic VONB growth
- Selective new products launched

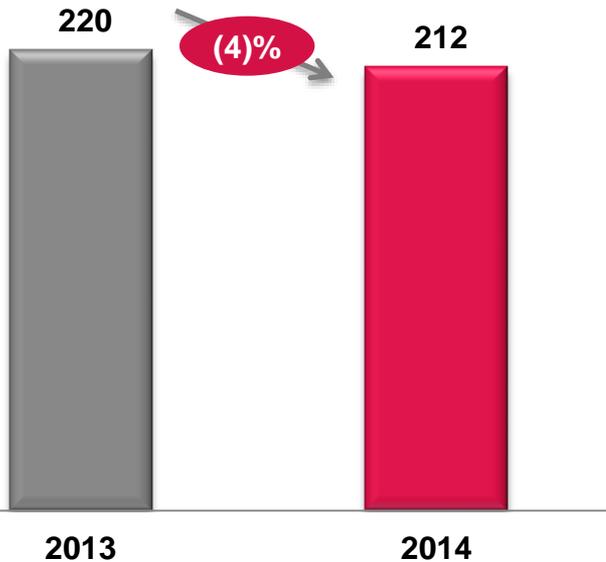
- **Products and Customers**

- Marketing campaigns targeting young customers

Other Markets: Improving Fundamentals



VONB (\$m)



ANP (\$m)

689

676

VONB Margin

32.0%

31.3%

Australia

- #1 ranked in IFA individual risk market
- New platform partnerships
- AIA Vitality* well received

Indonesia

- Double-digit underlying VONB growth in 2H
- #3 ranked in full year and #2 in 4Q 2014
- Strong performance in group insurance

Philippines

- Strong underlying VONB growth
- Double-digit growth in active new agents
- Active bancassurance specialists up 49%

Citibank Partnership: Delivering on Key Priorities



Key Priorities

Achievement



Obtain regulatory approval and implement partnership across all markets

All 11 Markets
launched



Train bank staff and embed dedicated insurance specialists in Citibank's broad distribution platform

>2,000 Sales Staff
engaged



Launch call centers for Direct Marketing offers to high potential Citibank customers

>150,000 Customer Contacts
referred per month



Develop comprehensive suite of long-term protection and savings products

>80 Products
launched

Supported by close collaboration on enhancing customer segmentation



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Ng Keng Hooi
REGIONAL CHIEF EXECUTIVE

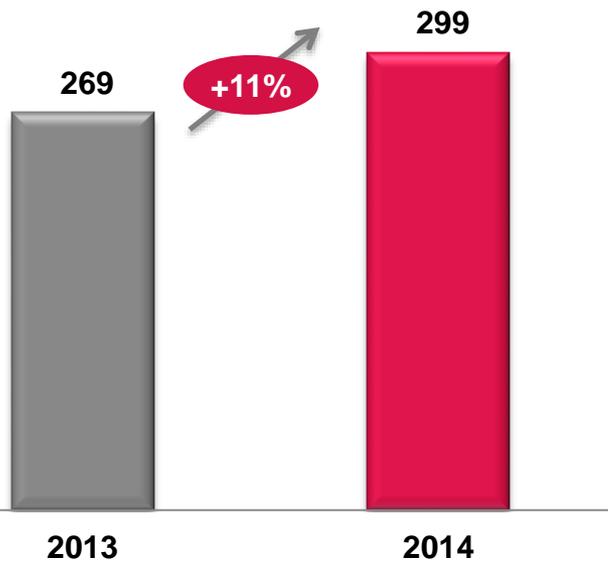


THE REAL LIFE
COMPANY

Singapore: Continued Solid Performance



VONB (\$m)



ANP (\$m)

400

489

VONB
Margin

67.3%

61.2%

- **Premier Agency**

- Market-leading agency position
- Active agents up 16%
- Strong iPoS take up

- **Profitable Partnerships**

- Solid VONB growth

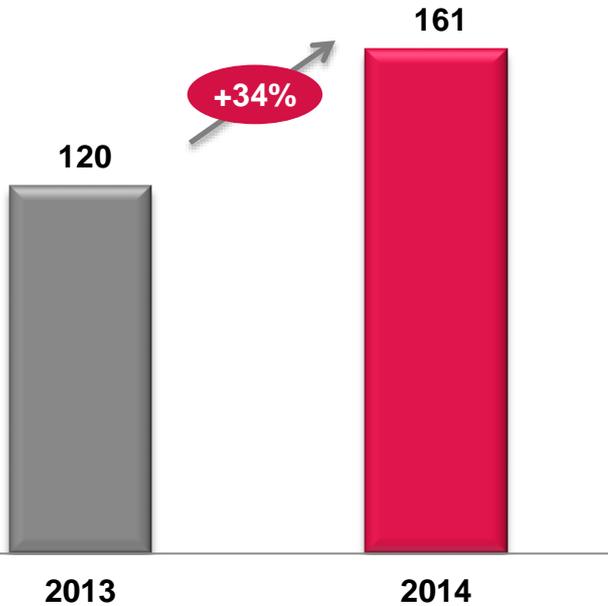
- **Products and Customers**

- Very strong unit-linked VONB growth
- More balanced product mix between protection and savings
- HealthShield upgrade phased out in 1Q14
- *AIA Vitality* gaining traction

Malaysia: Strengthening our Growth Platform



VONB (\$m)



ANP (\$m)

319

320

VONB Margin

37.8%

50.1%

▪ Premier Agency

- Delivered excellent VONB growth
- Recruitment programme targeting young agents
- Strong iPoS take up
- Unified agency compensation structure
- Active new agents up 29%

▪ Profitable Partnerships

- Excellent performance with Public Bank

▪ Group Insurance VONB up 35%

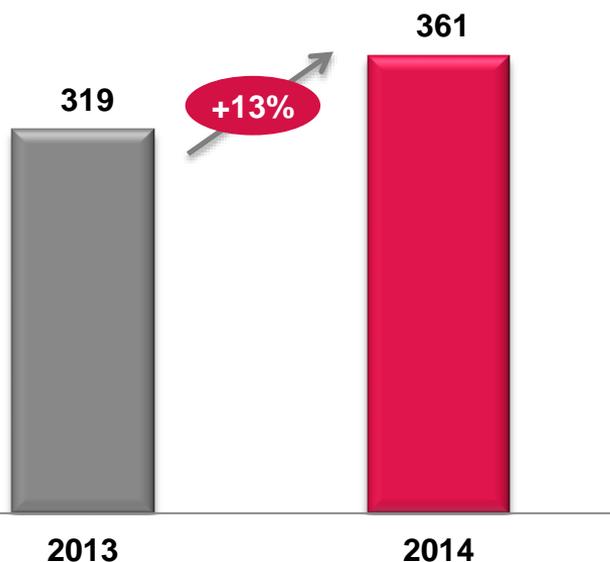
▪ Products and Customers

- Unit-linked VONB up 38%
- Takaful VONB up over 50%

Thailand: Resilient Growth



VONB (\$m)



ANP (\$m)

565

572

VONB
Margin

56.3%

63.2%

■ Premier Agency

- Agency VONB up over 20% on CER
- Unit-linked licensed agents up 60%
- MDRT qualifiers up 45%

■ Profitable Partnerships

- Solid progress in direct marketing

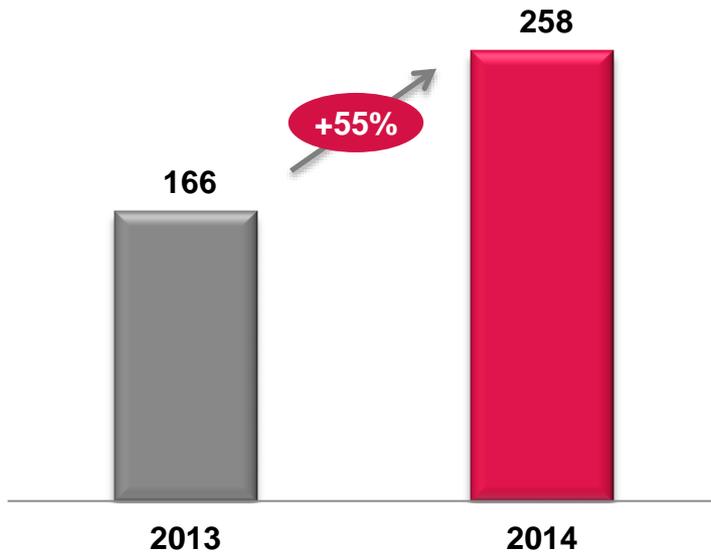
■ Products and Customers

- Higher rider attachment ratio
- Strong comprehensive health product sales
- Unit-linked VONB doubled

China: Sustained Outperformance



VONB (\$m)



ANP (\$m)

249

311

VONB
Margin

66.4%

83.1%

■ Premier Agency

- Focus on superior recruitment, best-in-class training and leadership development
- MDRT qualifiers up 58%
- Active new agents up 42%
- Active agent productivity up 9%
- Increased average agent income

■ Products and Customers

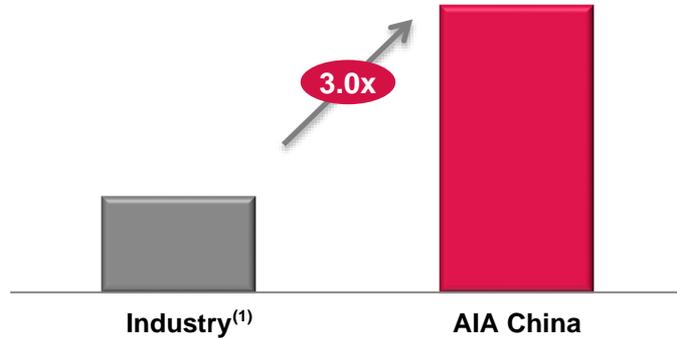
- Positive shift towards longer-term savings and protection products
- Strong sales of new protection and savings products targeting young family segment

China: Differentiated Strategy

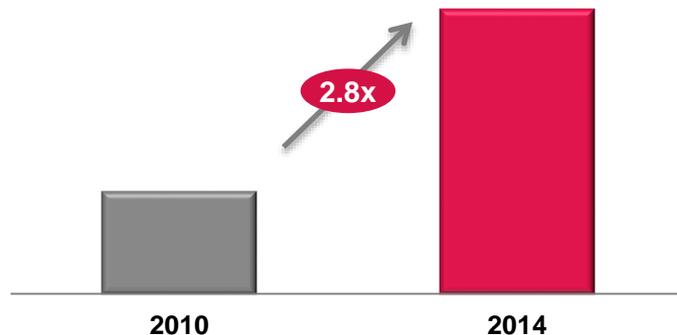


Premier Agency Strategy

2014 VONB per Agent

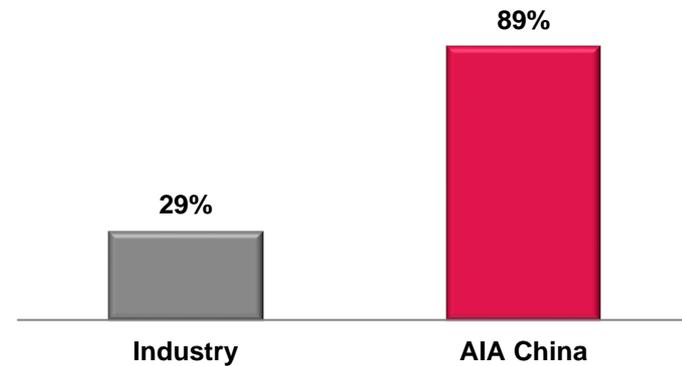


Monthly Average Agent Income

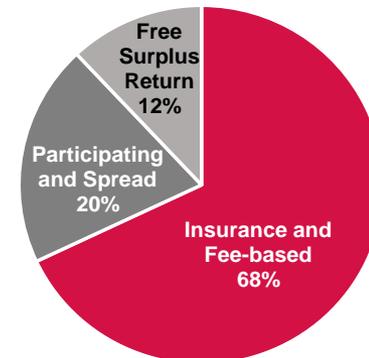


High Quality Product Portfolio

Regular Premium as % of New Premium⁽²⁾



AIA China 2014 Source of Statutory Earnings



Notes:

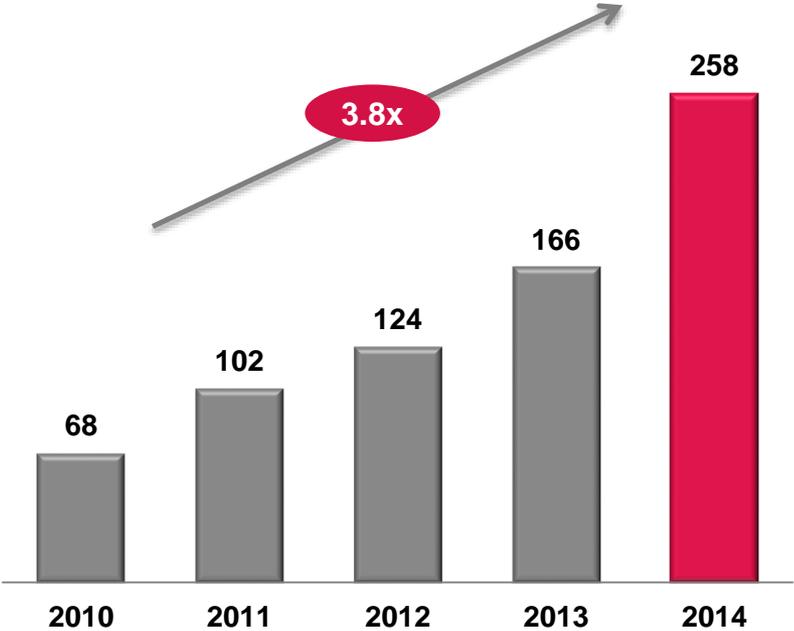
(1) Source: 2014E VONB consensus from broker research and latest reported agency numbers

(2) 2013 CIRC industry data and company data

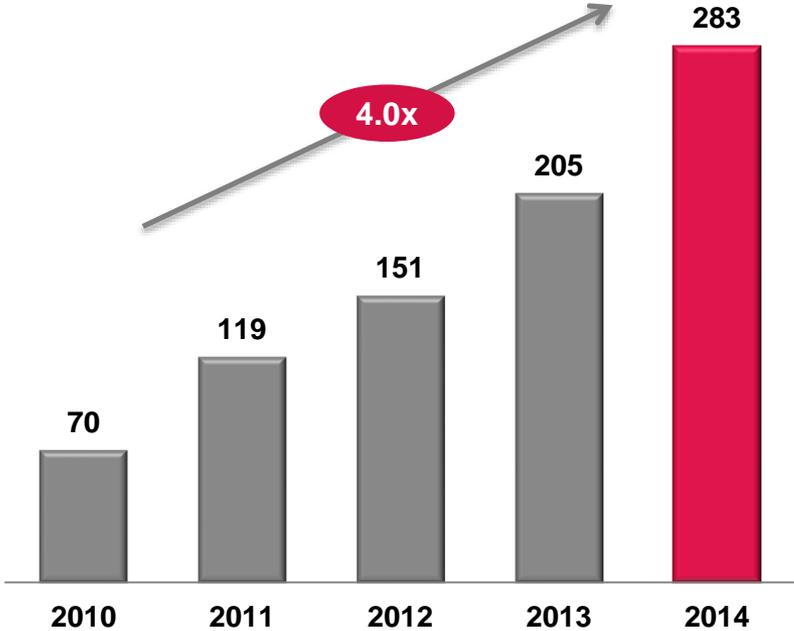
China: Differentiated Outperformance



VONB (\$m)



OPAT (\$m)





REAL SUPPORT NEVER STOPS

Mark Tucker

GROUP CHIEF EXECUTIVE



THE REAL LIFE
COMPANY

Long-term Structural Growth Drivers



Large Population Growth	<ul style="list-style-type: none">4.1 billion people by 2020; increase of 700 million people since 20004x the population of the G7 in 2020
Rapid Urbanisation	<ul style="list-style-type: none">1.7 billion urban dwellers by 2020, an additional 720 million in 20 years2x the urban population of the G7 by 2020
Rising Income & Wealth	<ul style="list-style-type: none">464 million households by 2017 with disposable incomes >\$10,0008x the new spending power created by the G7 at \$3.8 trillion
Low Social Welfare	<ul style="list-style-type: none">Low social spending in Asia at \$1.1 trillion1/6th the spending of the G7
Low Private Cover	<ul style="list-style-type: none">Low private cover with substantial life protection gap of \$33 trillion1/17th of the penetration of the G7

Right Growth Strategy Executed Well



	2010	Since IPO
	A New Beginning	Strong Performance, Consistent Execution
Strategic Progress	<ul style="list-style-type: none"> Corporate strengthening and reorientation Building blocks of sustained value creation 	<ul style="list-style-type: none"> Premier Agency strategy delivery Profitable partnership expansion Integrating savings and protection Transforming customer experience
Corporate Actions	<ul style="list-style-type: none"> Largest-ever insurance IPO 	<ul style="list-style-type: none"> AIA fully independent Transformational acquisitions Inaugural Global MTN programme Landmark regional bancassurance agreement
Financial Outcomes	<ul style="list-style-type: none"> VONB \$667m OPAT \$1.7b FS Generated \$2.1b EV Equity \$24.9b 	<ul style="list-style-type: none"> VONB generated \$5.5b to date OPAT delivered \$9.5b to date FS Generation of \$13.5b to date EV Equity added \$14.1b to date

Excellent Financial Results



- **Value of new business up 24% to \$1,845m**
- **Operating profit up 16% to \$2,910m**
- **EV Equity up 12% to \$39.0b**
- **Free surplus generation up 16% to \$4.4b**
- **Final dividend increase of 19%**



**REAL
LIFE
NEVER
STOPS**



**THE REAL LIFE
COMPANY**

Definitions and Notes



- 2013 financial information as well as EV and EV Equity have been adjusted to reflect the adoption of new and revised accounting standards by AIA in 2014. For a description of the new and revised accounting standards and a reconciliation of the adjustments made to the 2013 financial information as previously reported, please refer to our 2014 audited consolidated financial statements.
- 2013 and 2014 figures include the financial and operational results of AIA's acquisitions from the respective dates of completion.
- Annualised new premium (ANP) excludes pension business.
- 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 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, Indonesia, New Zealand, the Philippines, Sri Lanka, Taiwan and Vietnam.
- Investment income and invested assets composition exclude unit-linked contracts and consolidated investment funds.
- 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 and consolidated investment funds); AIA's net investment income does not include realised or unrealised gains and losses.
- IFRS operating profit after tax (OPAT), 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 and consolidated investment funds, corresponding changes in insurance and investment contract liabilities in respect of unit-linked contracts and consolidated investment funds and participating funds and other significant items considered to be non-operating income and expenses.
- TWPI consists of 100% of renewal premiums, 100% of first year premiums and 10% of single premiums, before reinsurance ceded.
- 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 exclude 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 requirements, before the deduction of unallocated Group Office expenses and exclude pension business.
- VONB and VONB margin by geographical market are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses.

APPENDIX



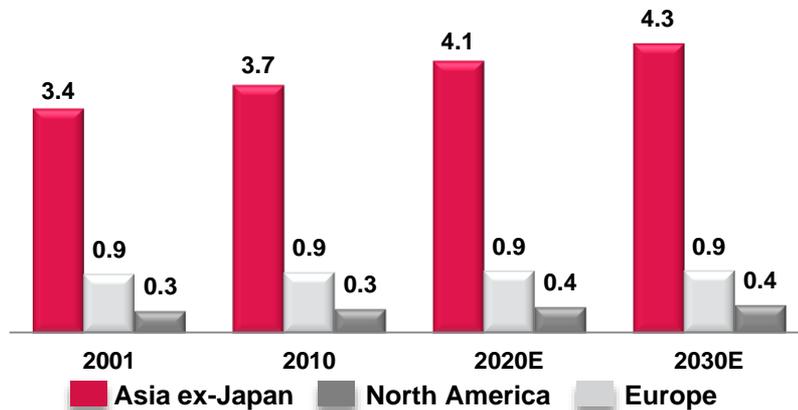
THE REAL LIFE
COMPANY

Asia's Significant Growth Opportunity



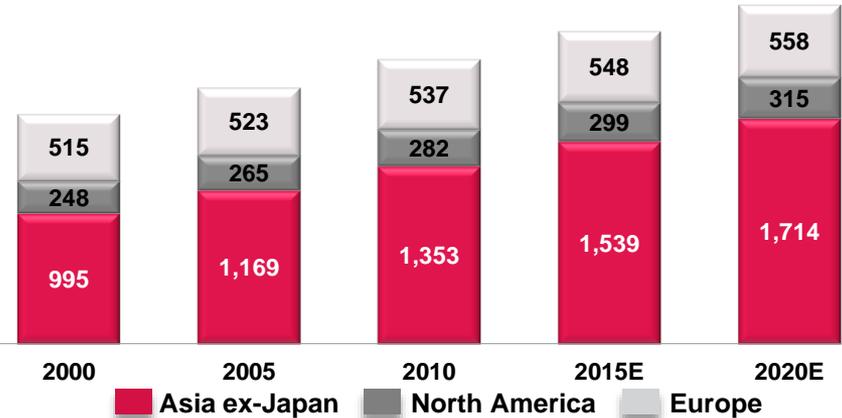
Population by Region

(Billions)



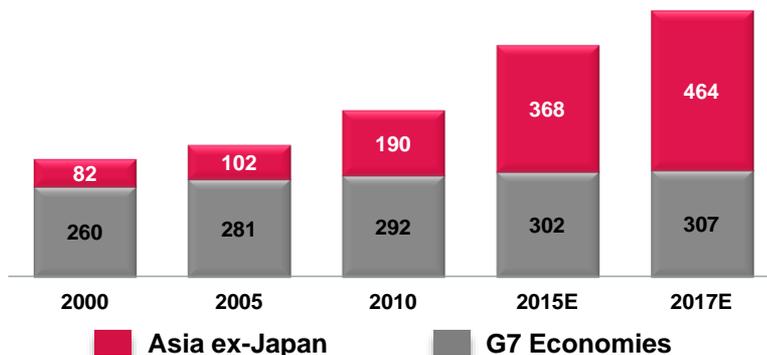
Rapid Urbanisation

Urban population (Millions)



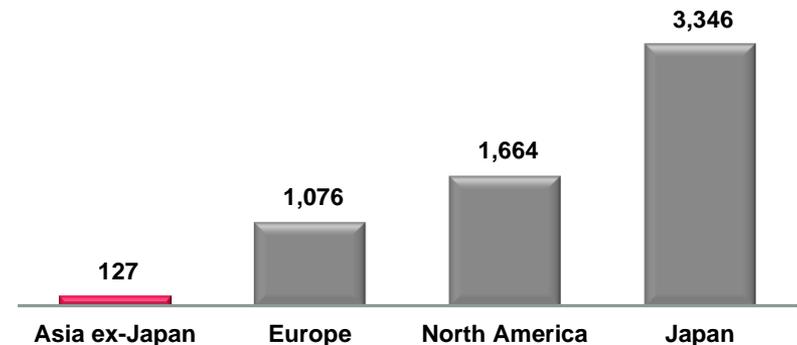
Growth in Disposable Incomes

No. of households with disposable income above US\$10k (Millions)



Underpenetrated Asian Life Insurance

2013 Density Rate (US\$)

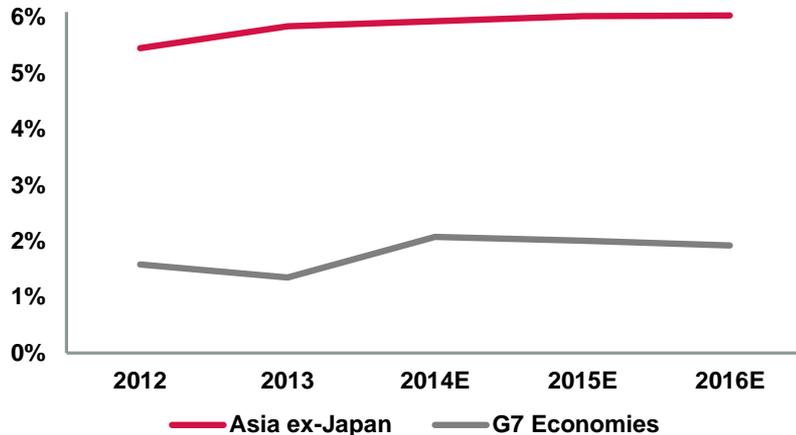


Asia's Macroeconomic Stability



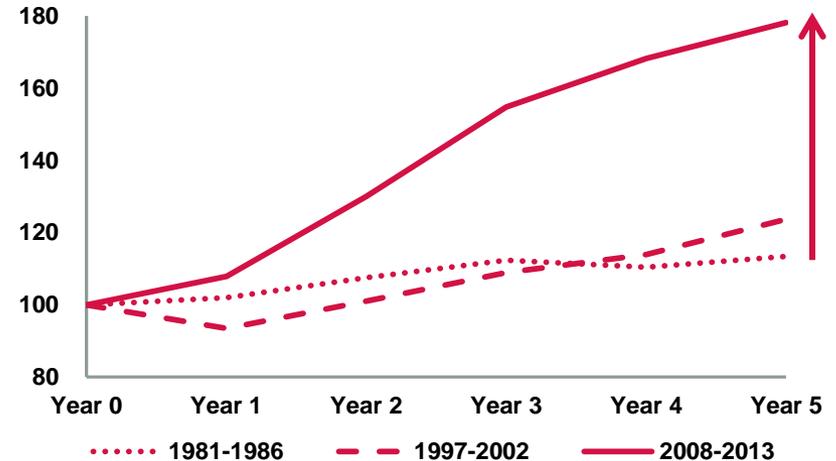
Asia's Stable Growth Outlook

Real GDP Growth Rates



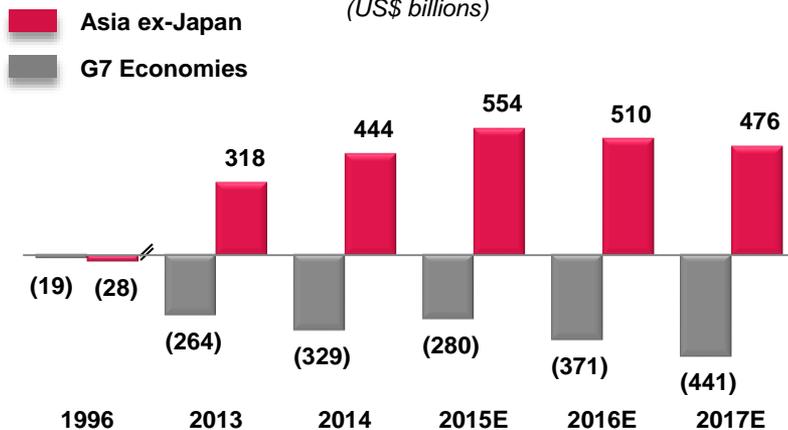
Asia ex-Japan Macroeconomic Resilience

GDP at Current Prices (Rebased to 100)



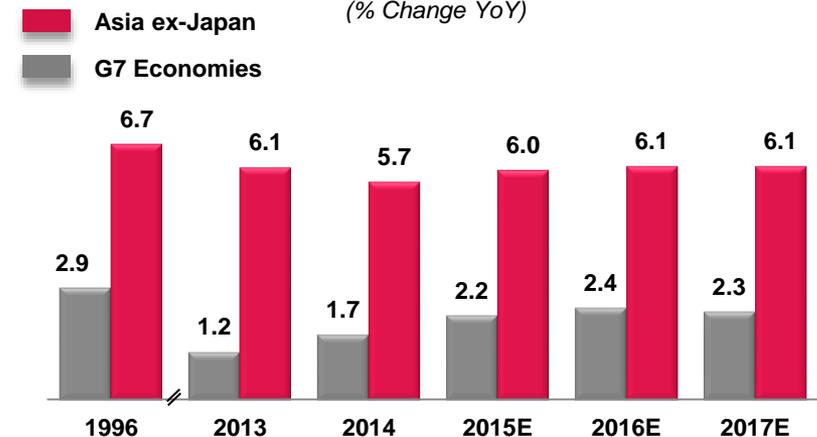
Current Accounts⁽¹⁾

(US\$ billions)



Domestic Demand⁽¹⁾

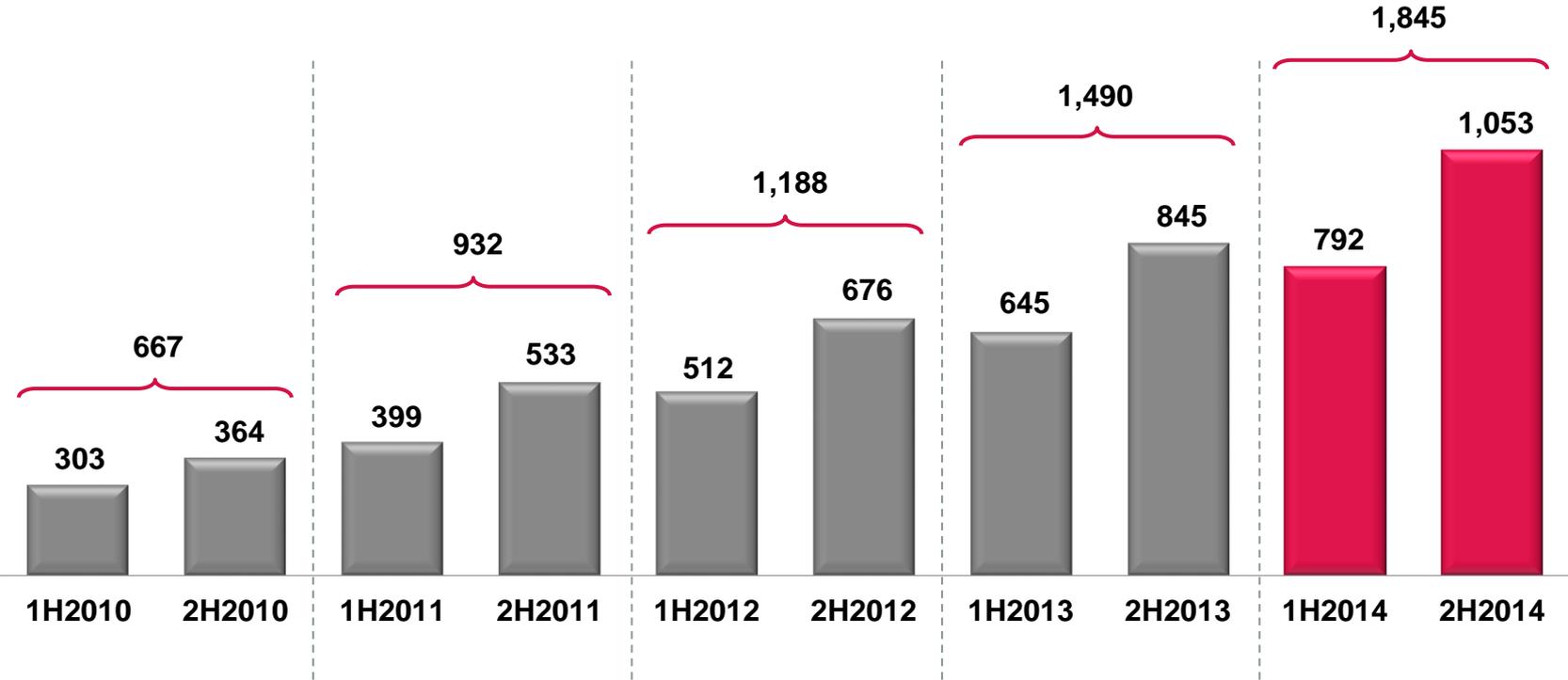
(% Change YoY)



Sustained Growth in New Business Profitability



VONB (\$m)

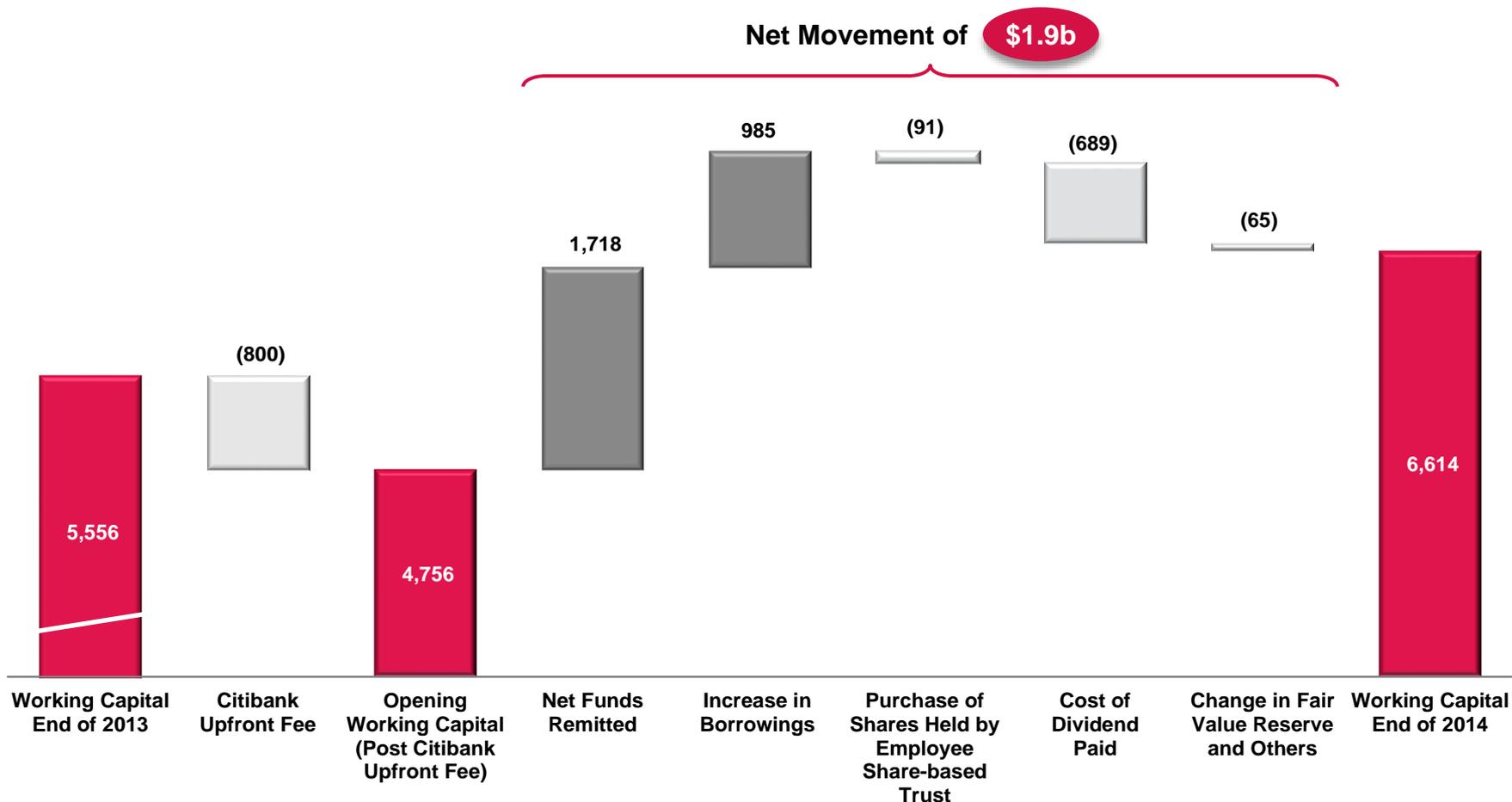


2014 vs 2013 **+24%**

2014 Working Capital Movement



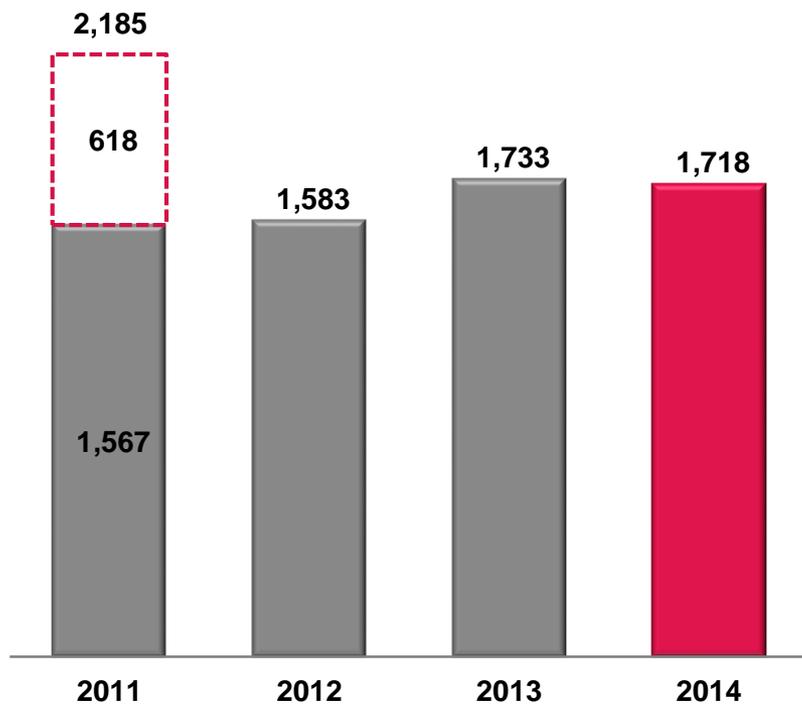
Working Capital Movement (\$m)



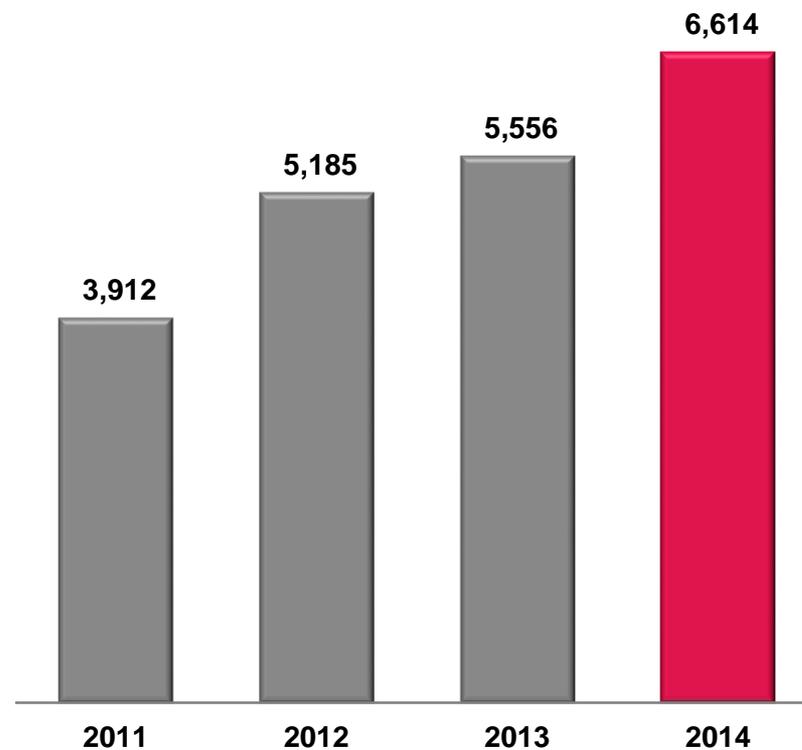
Capital Fungibility



Net Funds Remitted to Group (\$m)



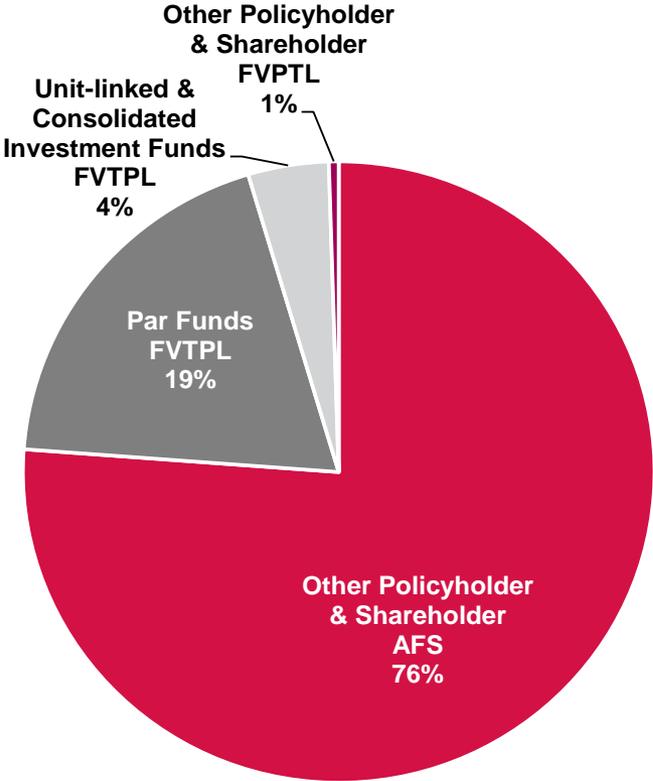
Group Working Capital (\$m)



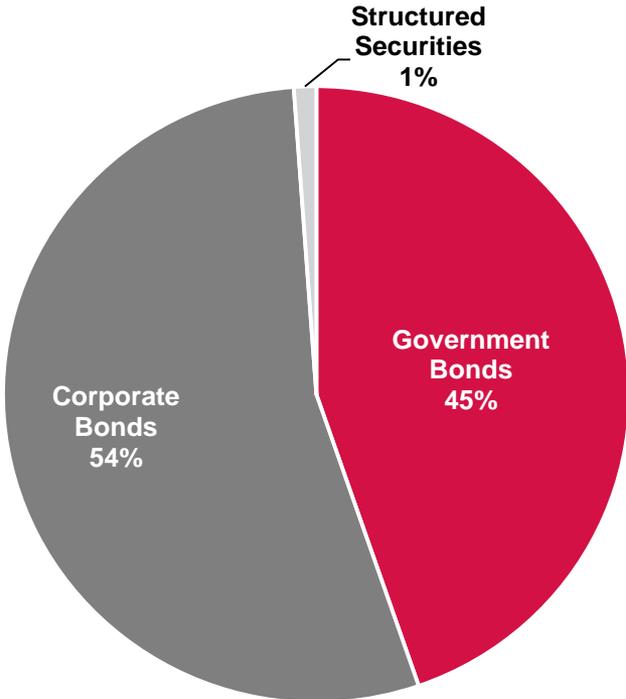
Fixed Income Portfolio



Debt Securities by Accounting Classification



Debt Securities by Type

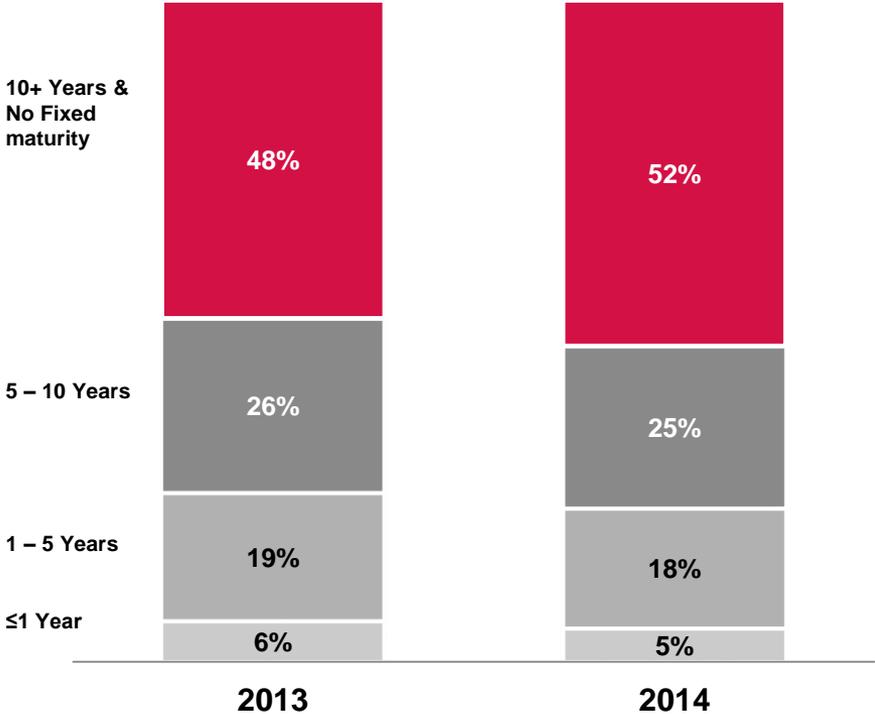


(1) AFS refers to available for sale; FVTPL refers to fair value through profit or loss

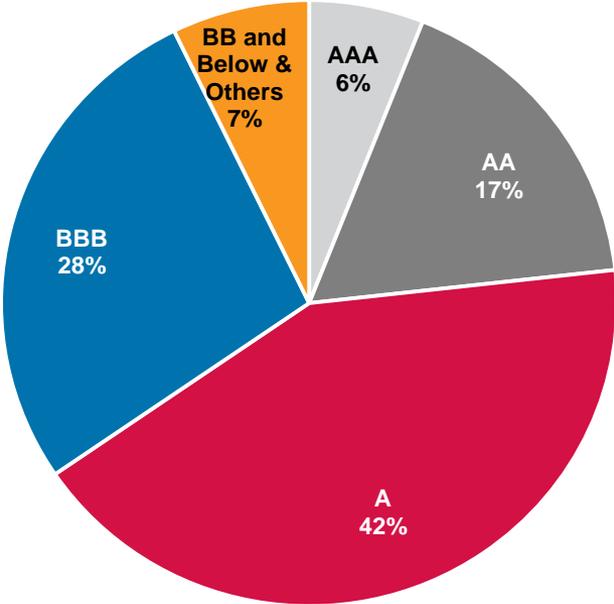
High-Quality and Long-Duration Asset Base



Fixed Income Portfolio Duration



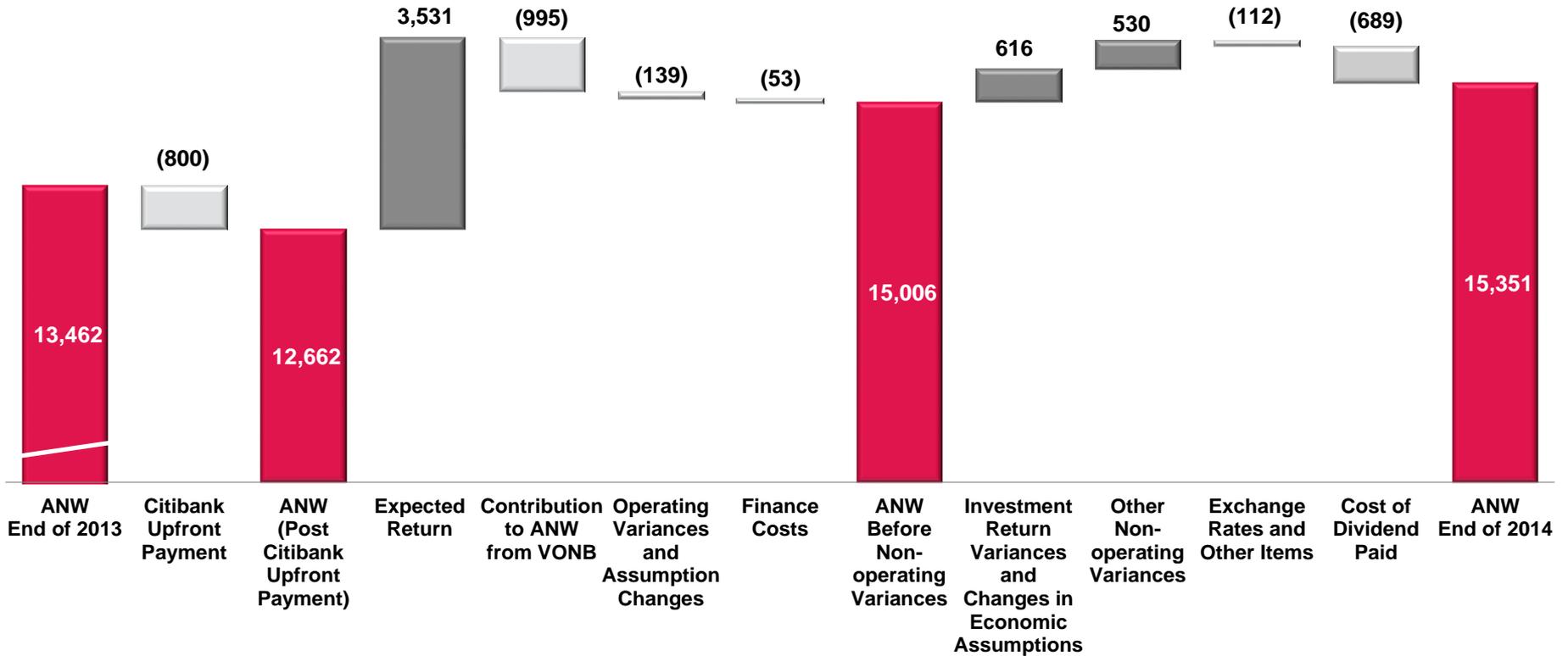
Fixed Income Portfolio by Rating



2014 ANW Movement



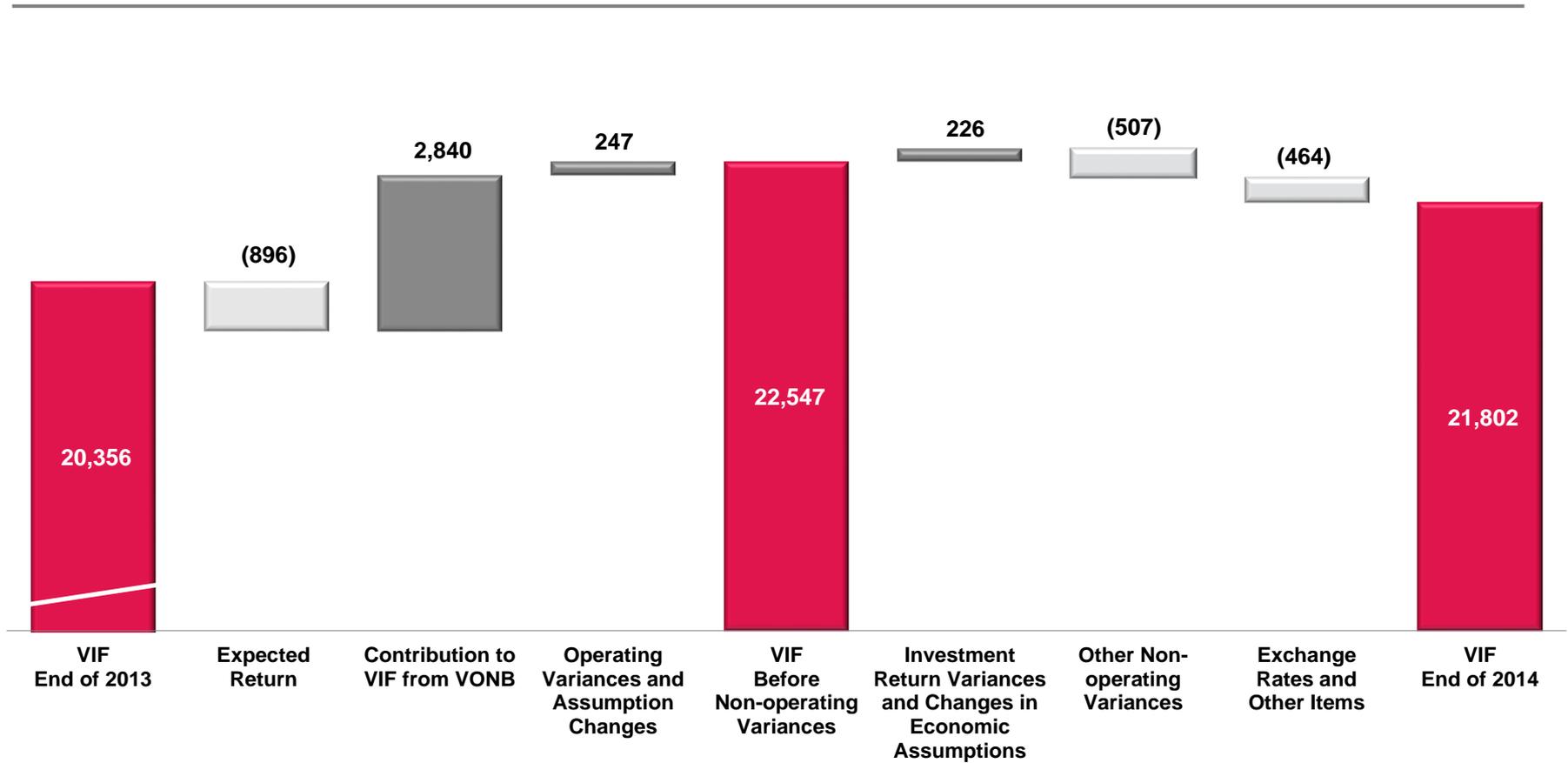
ANW Movement (\$m)



2014 VIF Movement



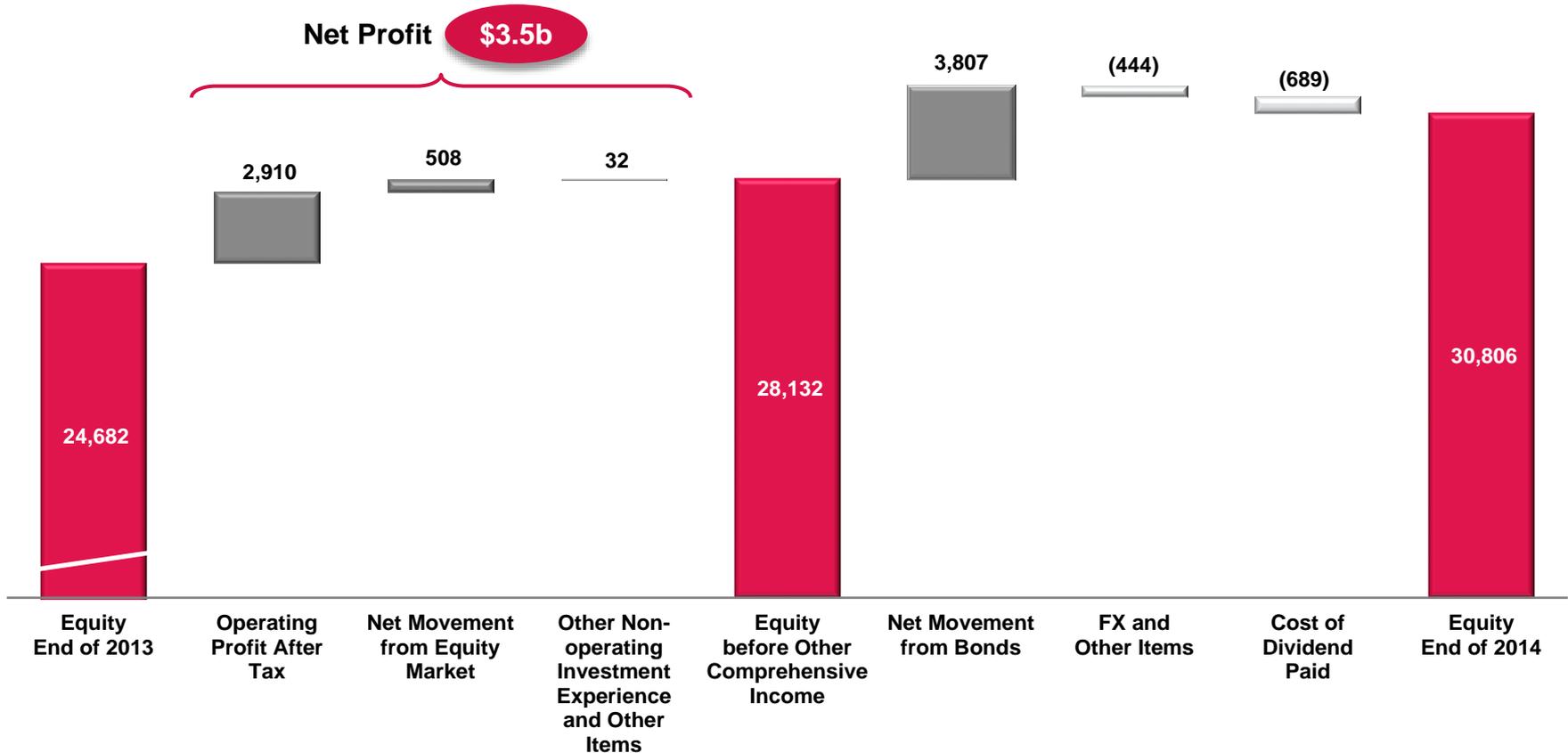
VIF Movement (\$m)



2014 Shareholders' Equity Movement



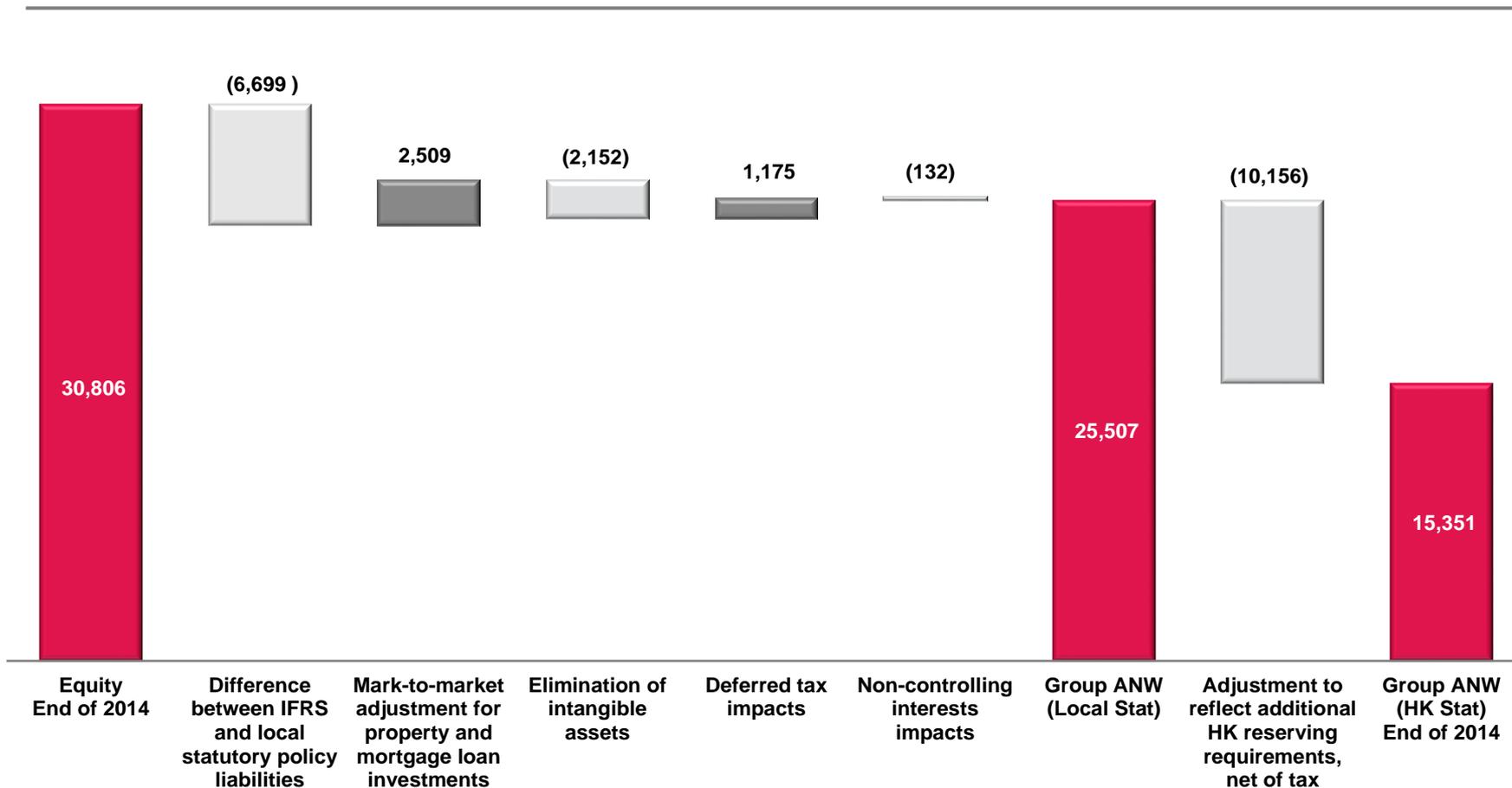
Shareholders' Equity Movement (\$m)



IFRS Shareholders' Equity and ANW



Reconciliation of IFRS Shareholders' Equity to ANW (\$m)

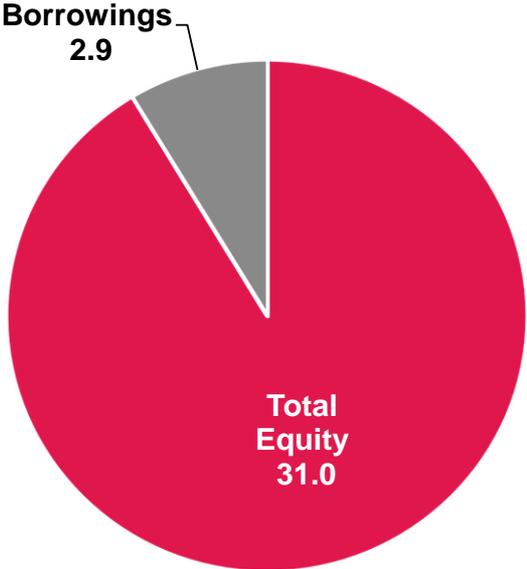


Robust Capital Structure

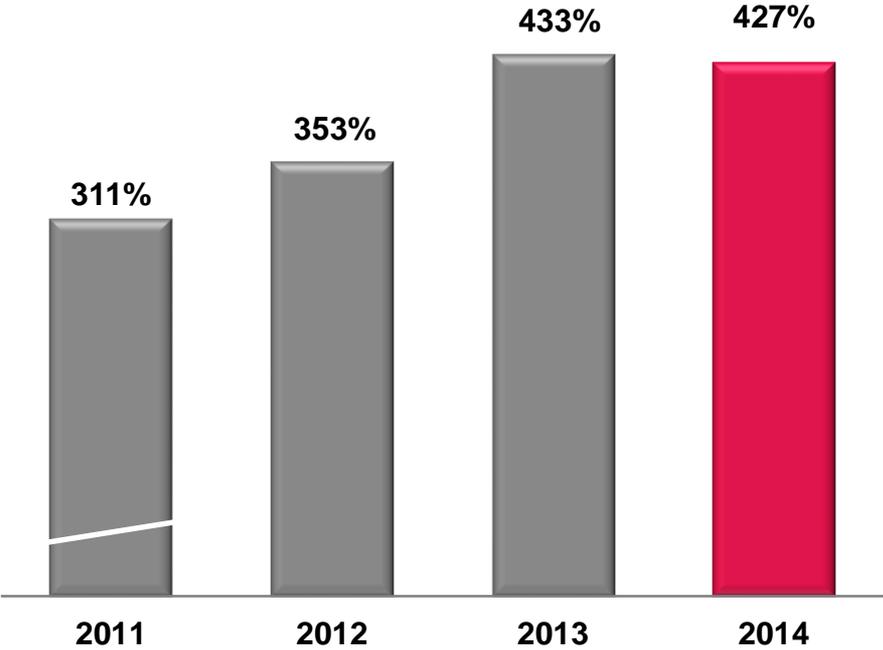


AIA Capital Structure (\$b)

2014 Leverage Ratio⁽¹⁾ **8.7%**



Solvency Ratio on HKICO Basis for AIA Co.

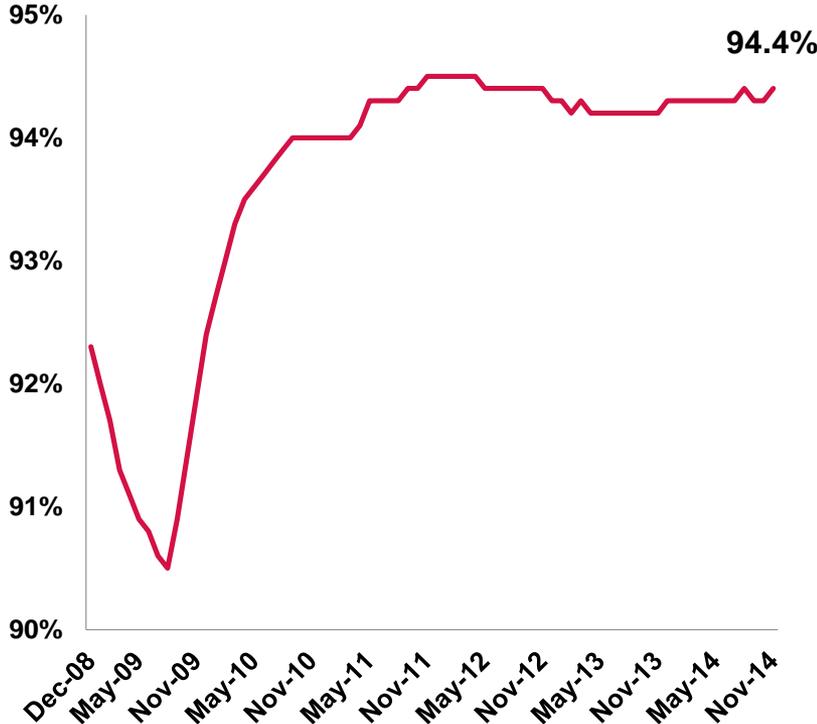


Note:
 (1) Leverage ratio defined as Borrowings / (Borrowings + Total Equity)

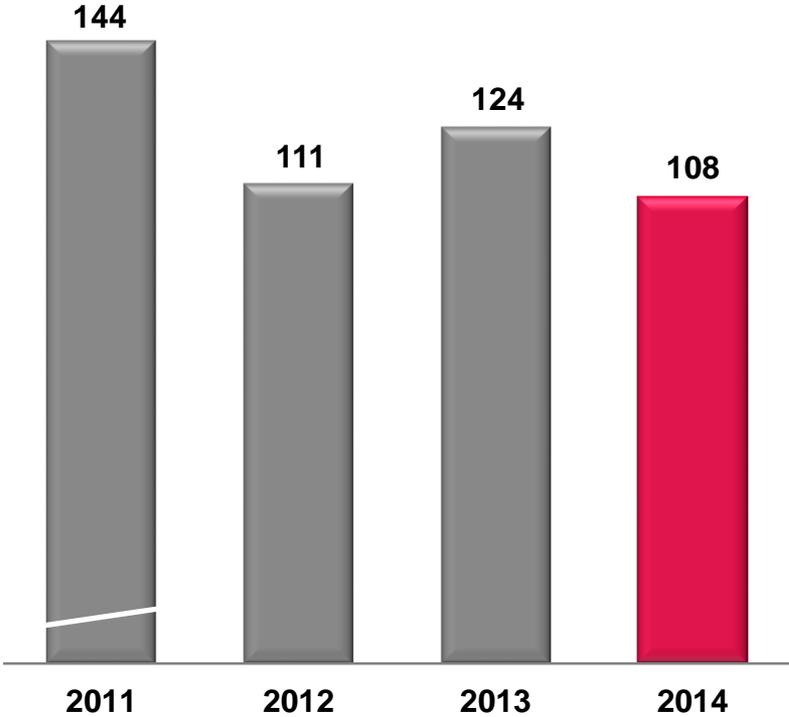
Operational Efficiency



Persistency Rate



Operating Variances & Assumption Changes (\$m)



Risk Discount Rate and Risk Premium



%	2010			2014		
	Risk Discount Rates	10-year Govt Bonds	Risk Premium	Risk Discount Rates	10-year Govt Bonds	Risk Premium
Australia	8.75	5.65	3.10	7.75	3.37	4.38
China	10.00	3.74	6.26	9.75	3.74	6.01
Hong Kong	8.00	3.53	4.47	7.00	2.50	4.50
Indonesia	15.00	7.90	7.10	13.00	7.50	5.50
Korea	10.50	4.82	5.68	9.50	3.60	5.90
Malaysia	9.00	4.45	4.55	8.75	4.20	4.55
New Zealand⁽¹⁾	9.00	6.13	2.87	8.25	3.99	4.26
Philippines	13.00	6.00	7.00	10.50	4.00	6.50
Singapore	7.75	2.93	4.82	6.75	2.23	4.52
Sri Lanka⁽²⁾	-	-	-	18.00	12.33	5.67
Taiwan	8.00	1.73	6.27	7.75	1.48	6.27
Thailand	9.50	3.87	5.63	9.00	3.62	5.38
Vietnam⁽¹⁾	16.00	10.20	5.80	13.80	8.00	5.80
Weighted Average⁽³⁾	8.95	3.85	5.10	8.35	3.25	5.10

Notes:

(1) For New Zealand in 2010-14 and for Vietnam in 2010-11, the assumed asset allocations do not include equities.

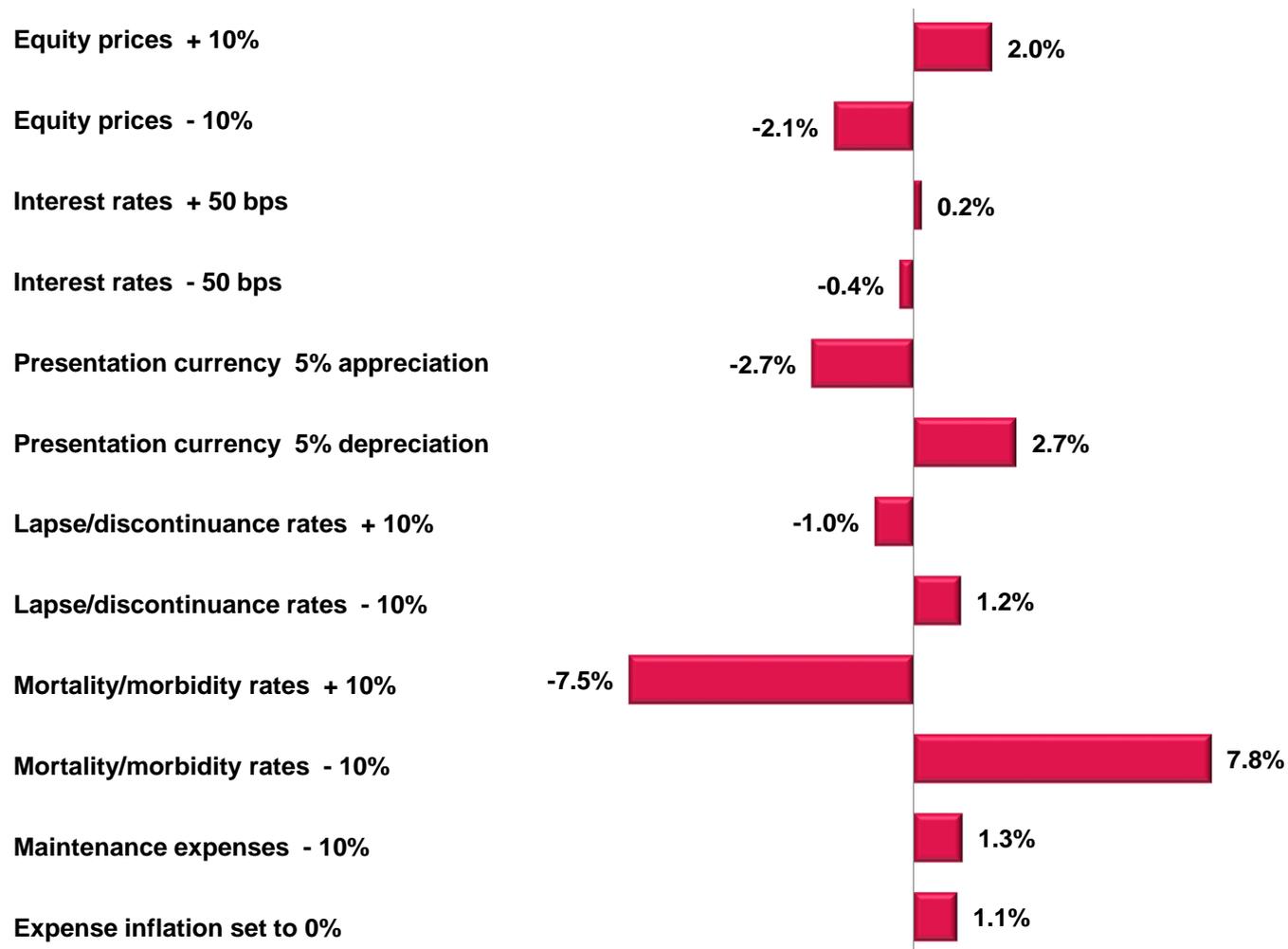
(2) Sri Lanka is included since the acquisition completion date of 5 December 2012.

(3) Weighted average by EV contribution

Sensitivity Analysis – EV



Sensitivity of EV as at 30 November 2014



Sensitivity Analysis – VONB



Sensitivity of VONB as at 30 November 2014

