



2012 Interim Results Presentation

DELIVERING QUALITY GROWTH

27 July 2012



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Agenda



Time	Presenter	Position	Topic
0930 – 0945	Mark Tucker	Group Chief Executive	1H2012 Group Review
0945 – 1000	Garth Jones	Group Chief Financial Officer	1H2012 Financial Results
1000 – 1025	Gordon Watson	Regional Chief Executive	Hong Kong and Korea
	Ng Keng Hooi	Regional Chief Executive	Singapore, Malaysia and China
	Huynh Thanh Phong	Regional Chief Executive	Thailand and Other Markets
1025 – 1030	Mark Tucker	Group Chief Executive	Delivering Quality Growth
1030 – 1130	Mark Tucker	Group Chief Executive	Q&A

Delivering Quality Growth

- **Sustained growth momentum**
- **Record first-half VONB**
- **Execution of clear strategy**
- **Strong financial and capital management**
- **Right platform, right priorities, right people**

1H2012: Delivered Strong Financial Performance



	\$m	1H2012	1H2011	YoY	
Value	VONB	512	399	28%	↑
	VONB Margin	42.6%	36.0%	6.6 pps	↑
	ANP	1,187	1,094	9%	↑
	Embedded Value⁽¹⁾	28,840	27,239	6%	↑
IFRS Results	TWPI	7,305	6,765	8%	↑
	Expense Ratio	8.7%	9.1%	(0.4) pps	↑
	Operating Profit After Tax	1,080	967	12%	↑
	Net Profit	1,444	1,314	10%	↑
Capital & Dividend	Shareholders' Equity⁽¹⁾	23,012	21,313	8%	↑
	HKICO Solvency Ratio⁽¹⁾	456%	446% ⁽²⁾	10 pps	↑
	Dividend per Share (HK cents)	12.33	11.00	12%	↑

Notes

(1) Comparison for balance sheet items are shown against the position as at the end of the 2011 financial year

(2) The HKICO solvency ratio as at 30 November 2011 is shown on a pro forma basis after allowing for the effect of the subsidiarisation of our branch operation in Singapore

1H2012: Continuing Strong Execution of Clear Strategy



Distribution

- Advanced Premier Agency and profitable partnerships

Product

- Expanded margins and improved quality of mix

Customer

- Enhanced customer relationships to create value

Organisation

- Empowered local businesses to generate sustainable results

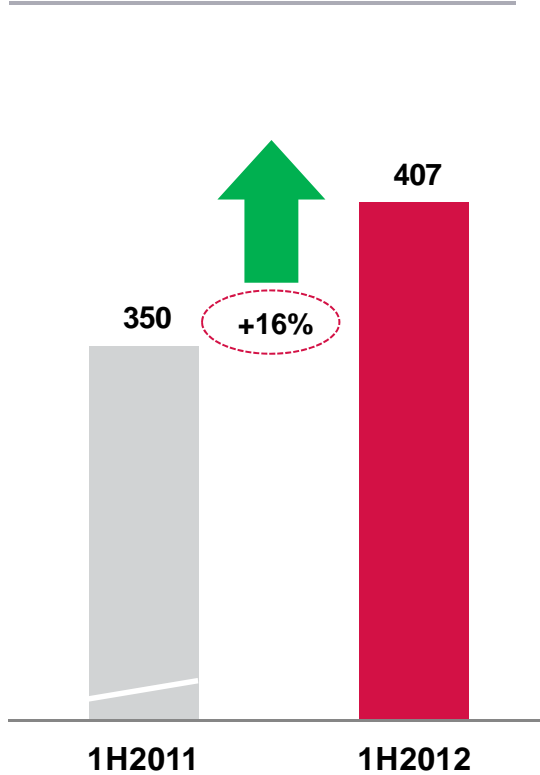
Financial

- Strong momentum established and sustained capital advantage

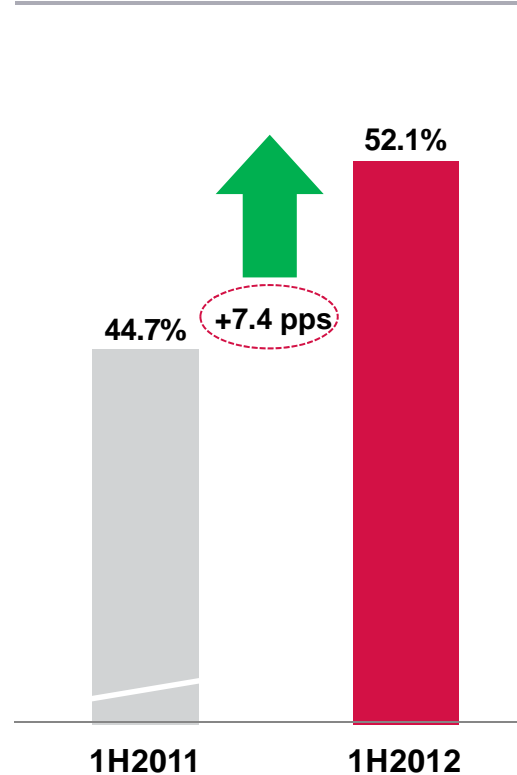
Distribution: Premier Agency Delivery



VONB⁽¹⁾ (\$m)



VONB Margin⁽¹⁾



Premier Agency

- New recruitment processes
- Premier Agency candidate profiling
- Structured induction programmes
- Premier Academy expansion
- Agency-leader development focus
- Number of active agents up 7%
- Number one MDRT in Asia Pacific⁽²⁾

Note

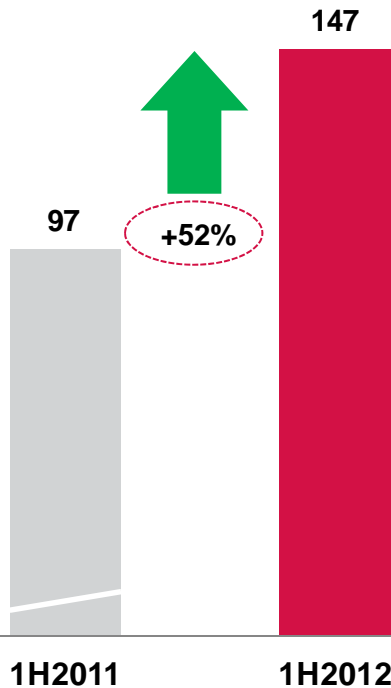
(1) VONB and VONB Margin by distribution are shown based on the local statutory basis and exclude unallocated Group Office expenses and corporate pension business

(2) 2011 MDRT registered members excluding India

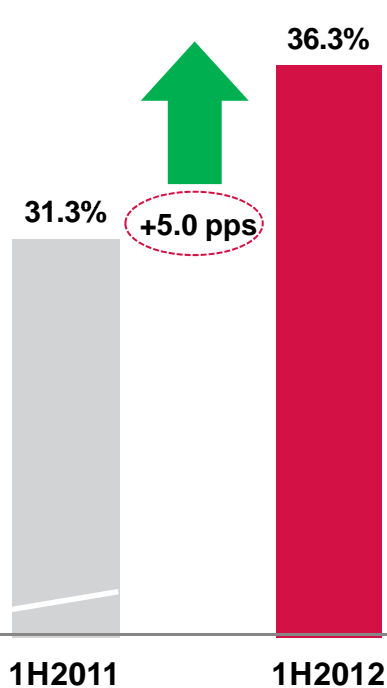
Distribution: Profitable Partnerships



VONB⁽¹⁾ (\$m)



VONB Margin⁽¹⁾



Partnership Expansion

- Promoted channel diversification
- Focused on profitability
- Disciplined bancassurance
 - Insurance specialists model
 - Region-wide best practice
 - VONB up 75%
- Direct marketing channel infrastructure development
- Growth in HNW segment
- Group Insurance focus

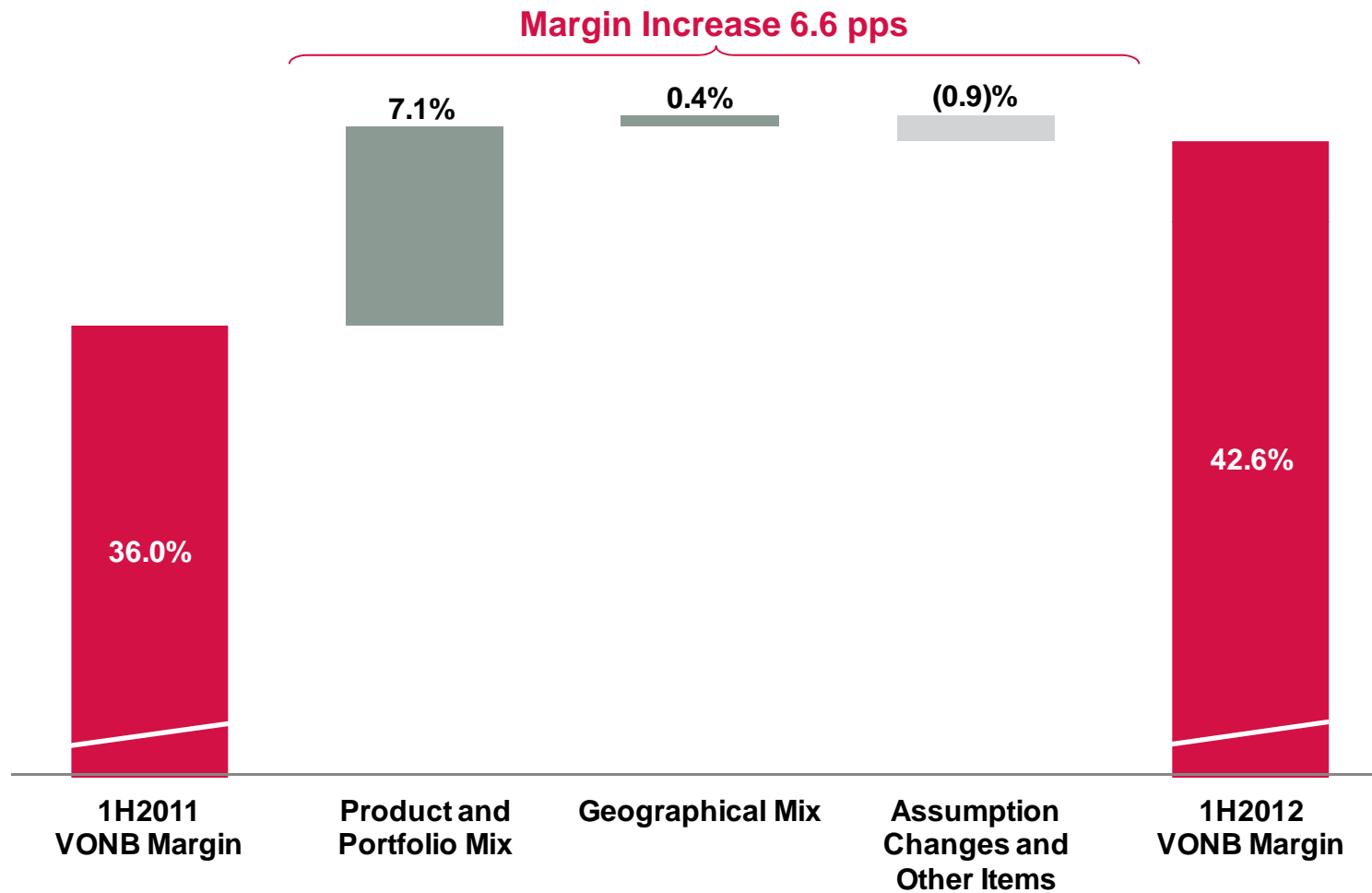
Note

(1) VONB and VONB Margin by distribution are shown based on the local statutory basis and exclude unallocated Group Office expenses and corporate pension business

Product: Focused on VONB Growth



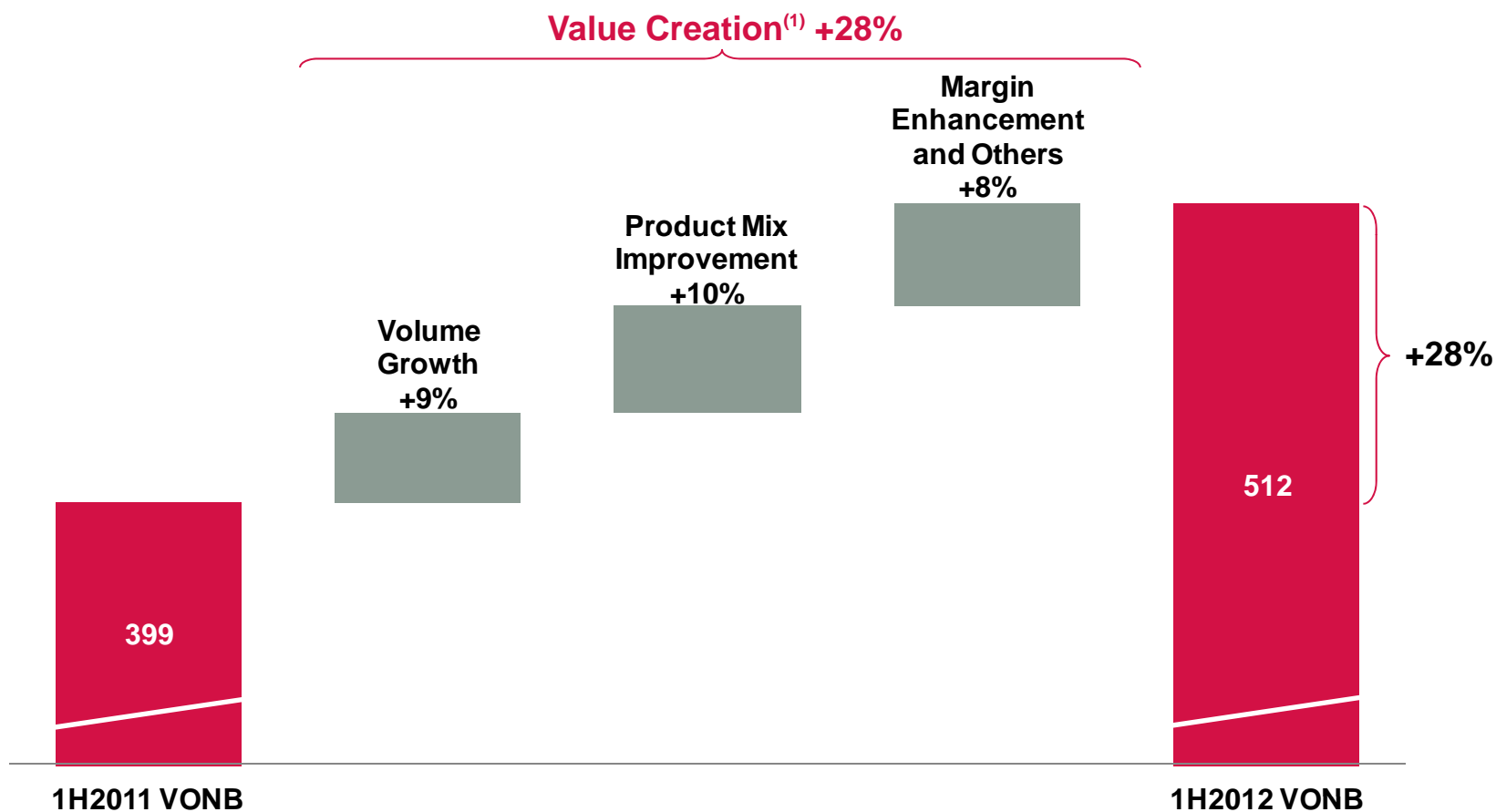
VONB Margin Movement



Product: Quality New Business Growth



VONB (\$m)



Note

(1) Value creation splits by volume growth, product mix improvement and margin enhancement categories are rounded and multiplicative

Customer: Improving Experience Creates Value



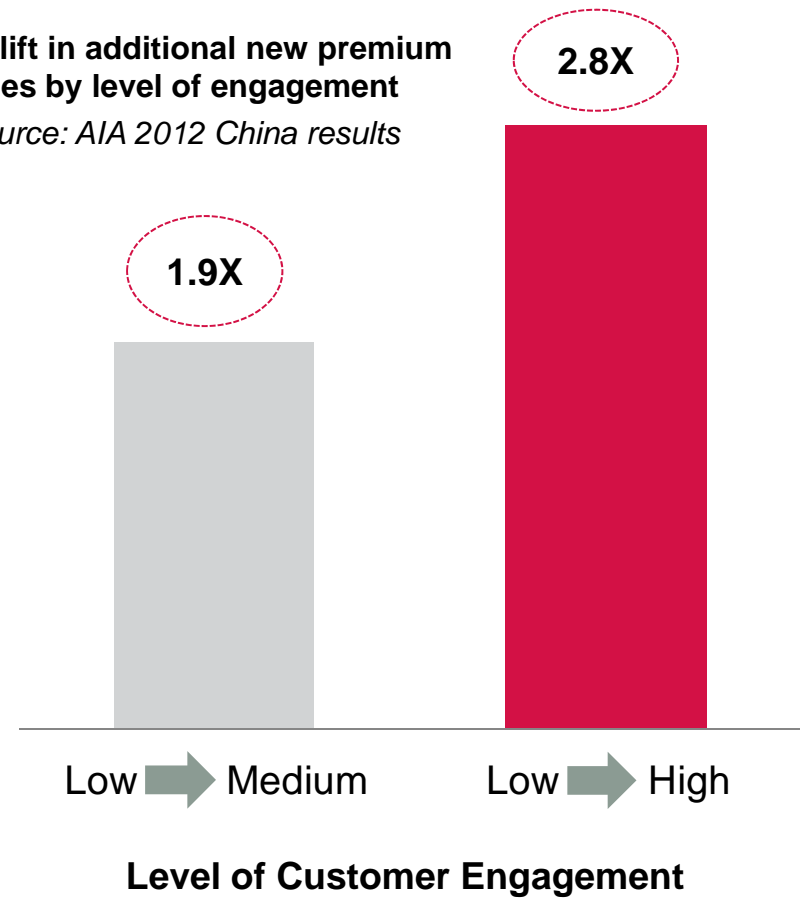
Improving the Customer Experience Creates Value

- Large-scale customer experience programme established in key markets
- Customer and agent research expanded
- Setting priorities that make a material difference to both customers and value
- Execution of local action plans to generate more profitable business

Highly Engaged Customers in China have Bought Significantly More

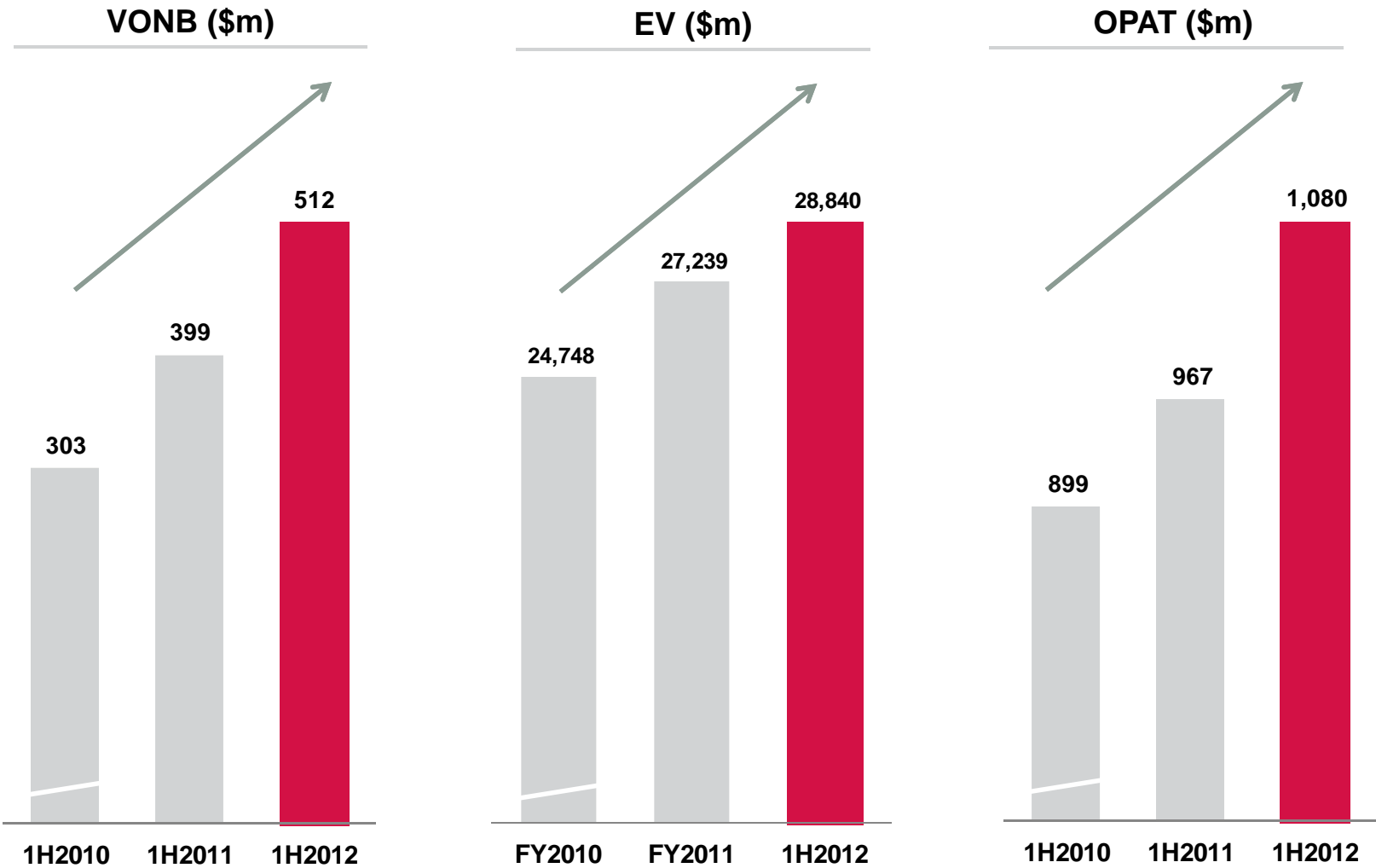
Uplift in additional new premium sales by level of engagement

Source: AIA 2012 China results





Financial: Sustained Momentum Across Major Metrics





1H2012 Group Review

Mark Tucker

1H2012 Financial Results

Garth Jones

1H2012 Country Review

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

Delivering Quality Growth

Mark Tucker

Q&A

1H2012 Financial Results



Value Creation

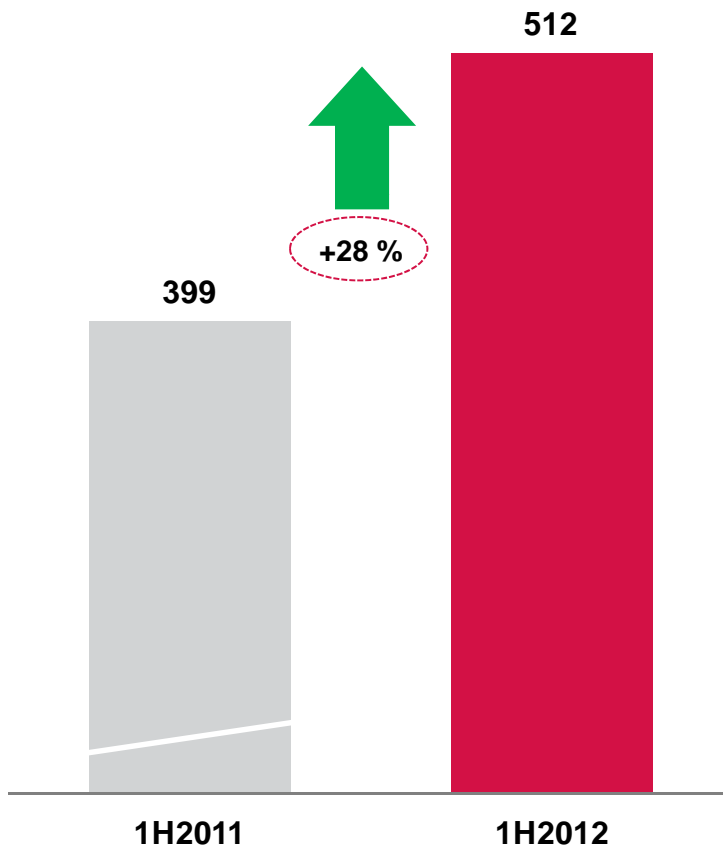
IFRS Results

Capital and Dividends

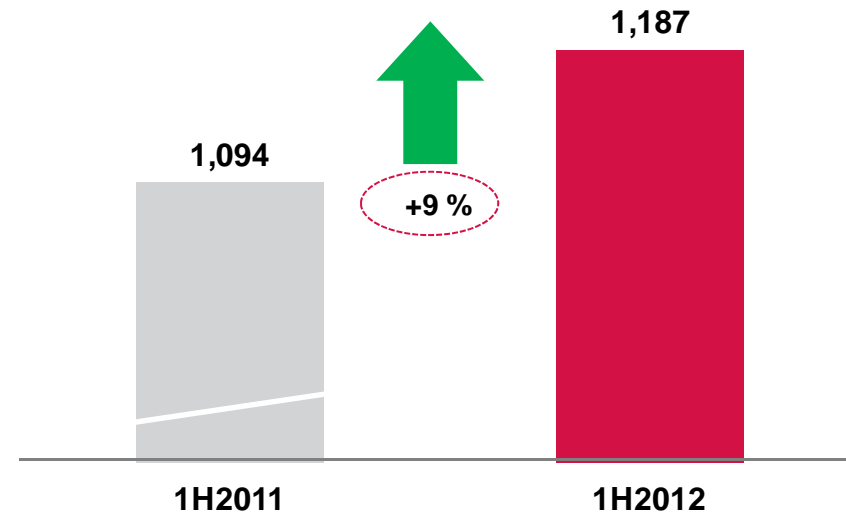
1H2012: Record First-Half New Business Performance



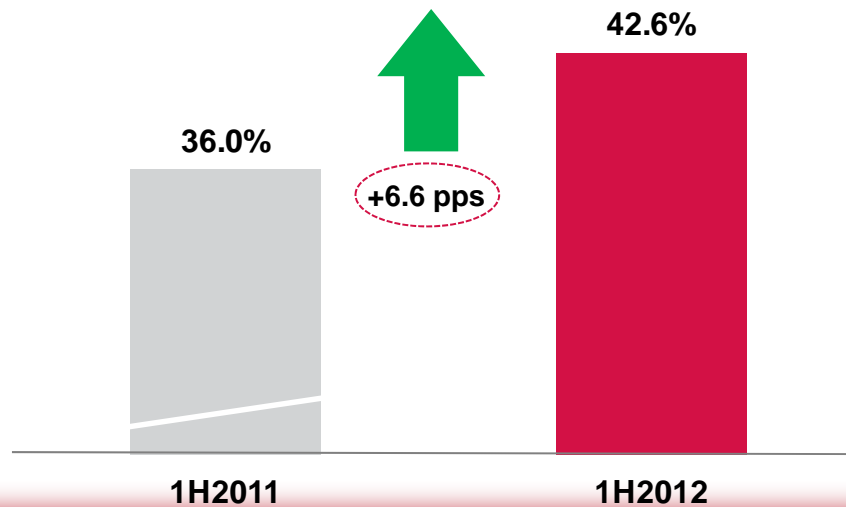
1H11 vs 1H12 VONB (\$m)



1H11 vs 1H12 ANP (\$m)



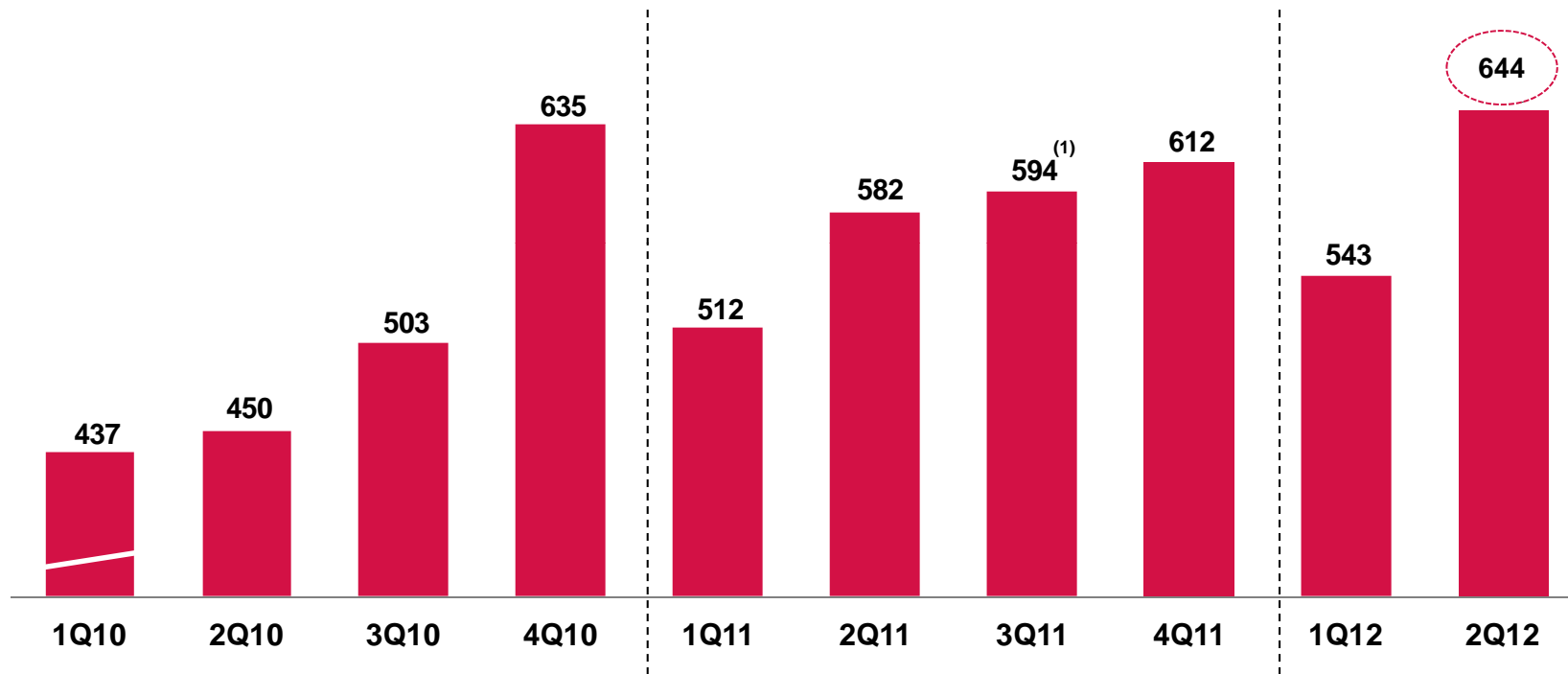
1H11 vs 1H12 VONB Margin



1H2012: Record ANP



Annualised New Premium (ANP) (\$m)



Growth Rates

1H2012 v 1H2011 **+9%**

2Q2012 v 2Q2011 **+11%**

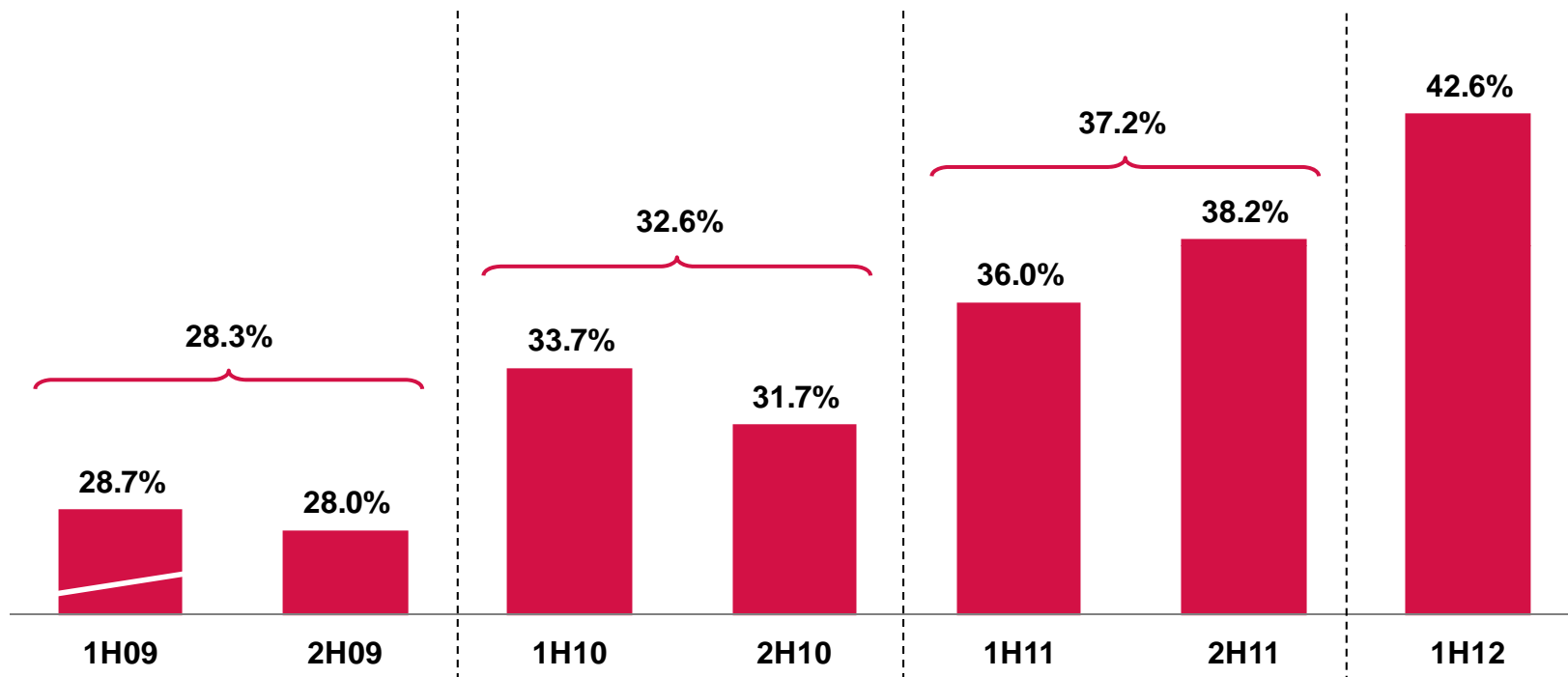
Note

(1) Excluding ANP from the single large Australian group insurance scheme which came into effect in 3Q2011

1H2012: Record Margin at 42.6%



VONB Margin



Margin Uplift

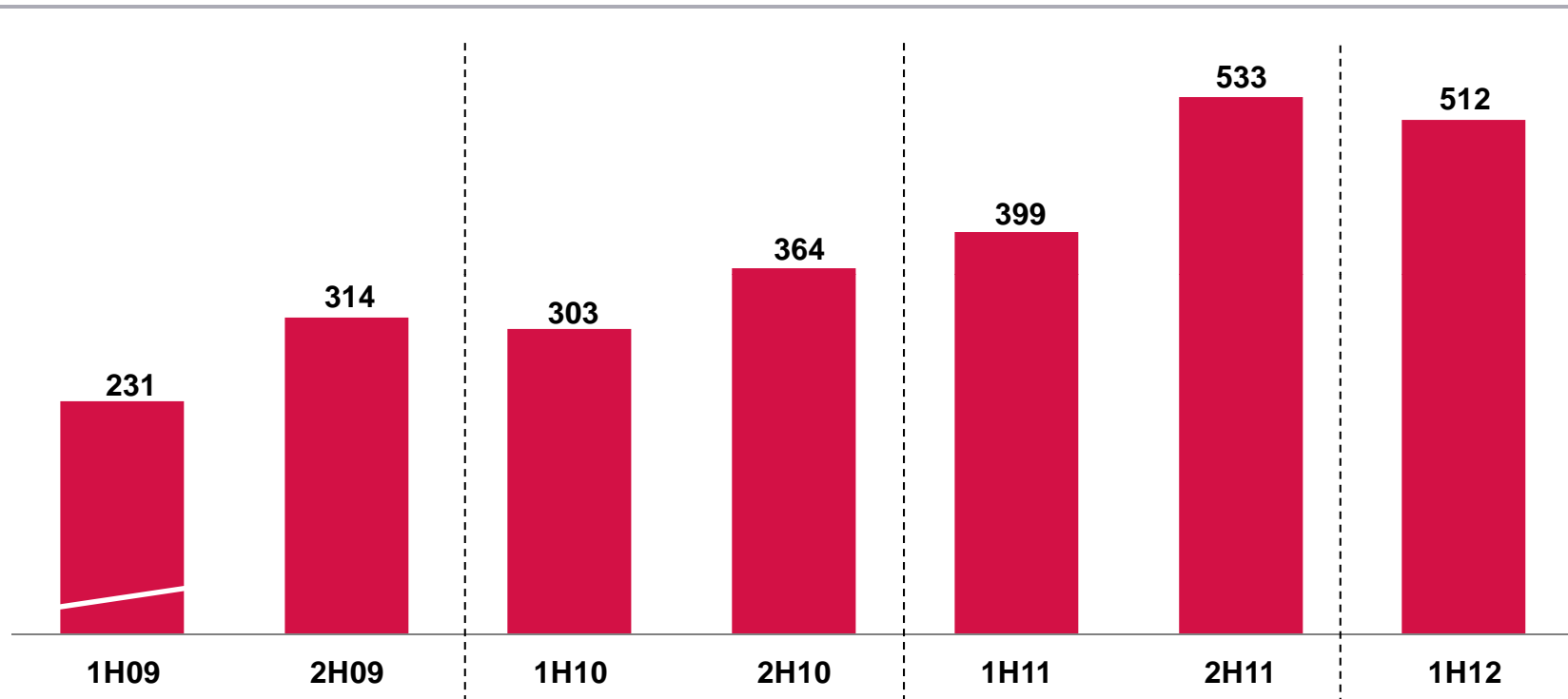
1H2012 v 1H2011 **+6.6 pps**

2Q2012 v 2Q2011 **+6.4 pps**

1H2012: Record First-Half VONB



VONB (\$m)



Growth Rates

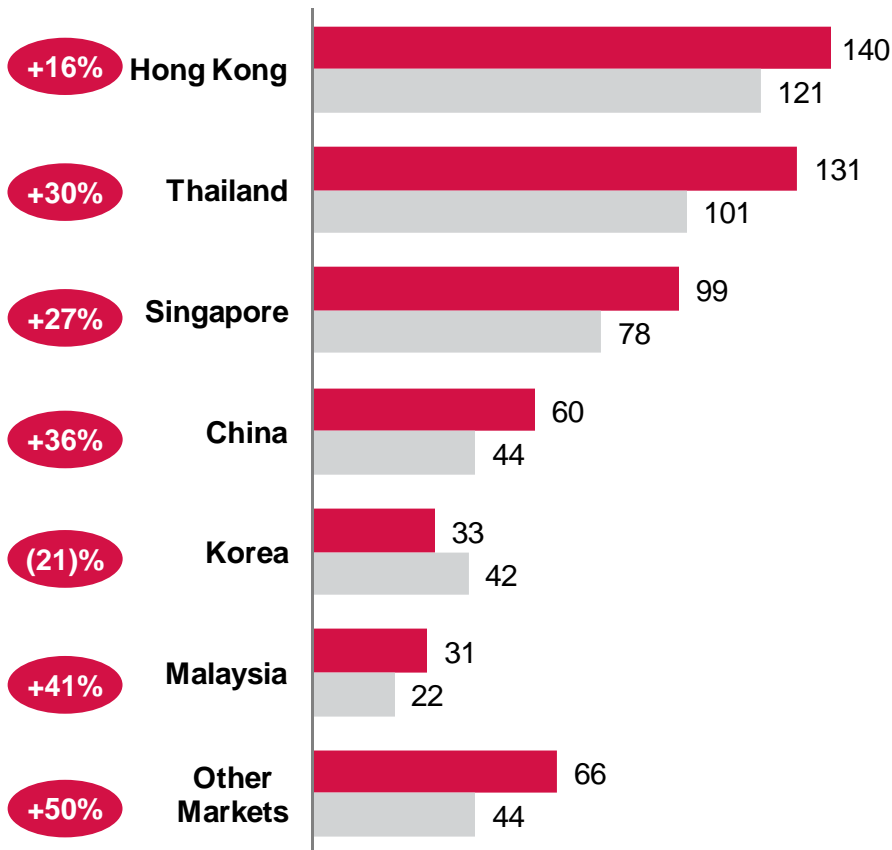
1H2012 v 1H2011 **+28%**

2Q2012 v 2Q2011 **+29%**

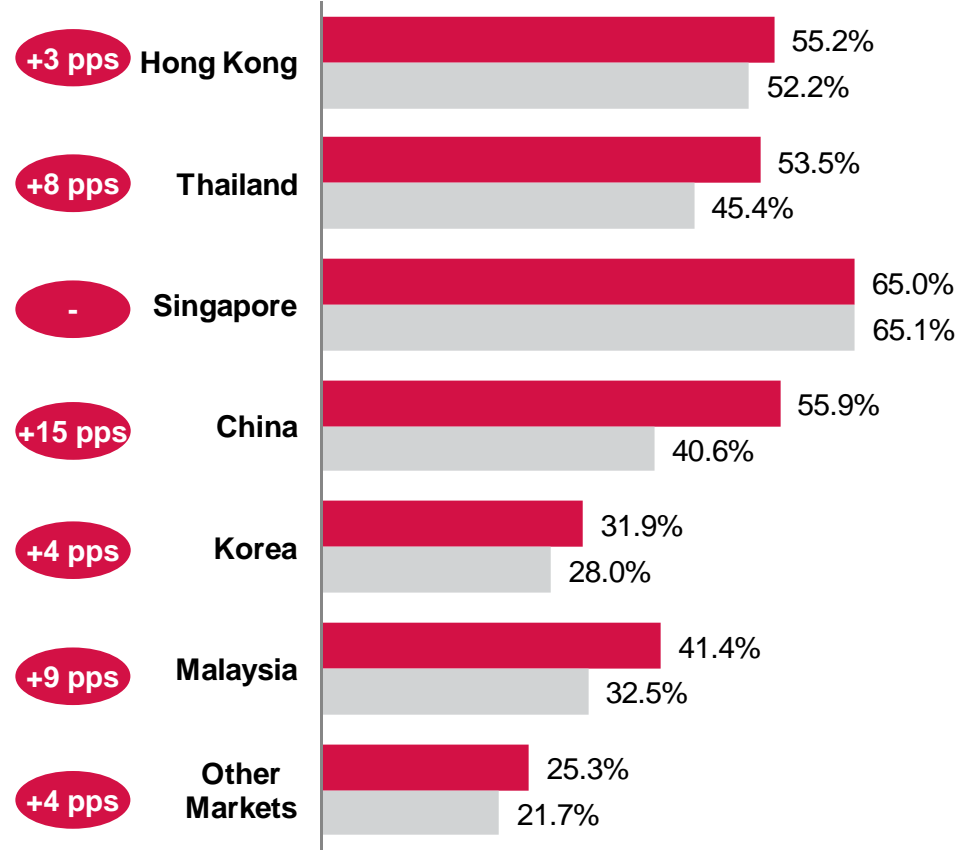
1H2012: Broad-based VONB Growth



VONB (\$m)



VONB Margin

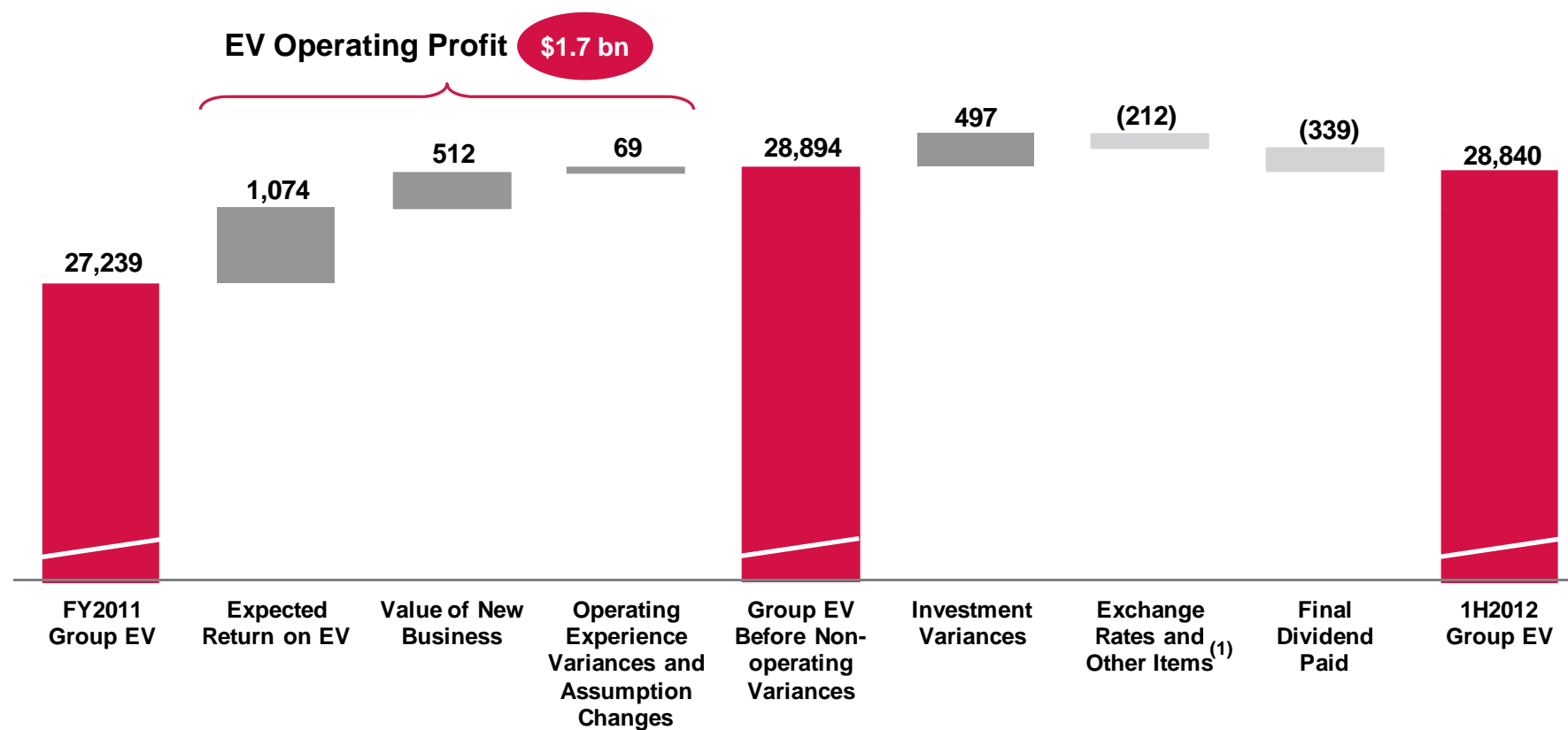


1H2011 1H2012

EV of \$28.8b; First Half up \$1.6b



1H2012 Embedded Value Movement (\$m)



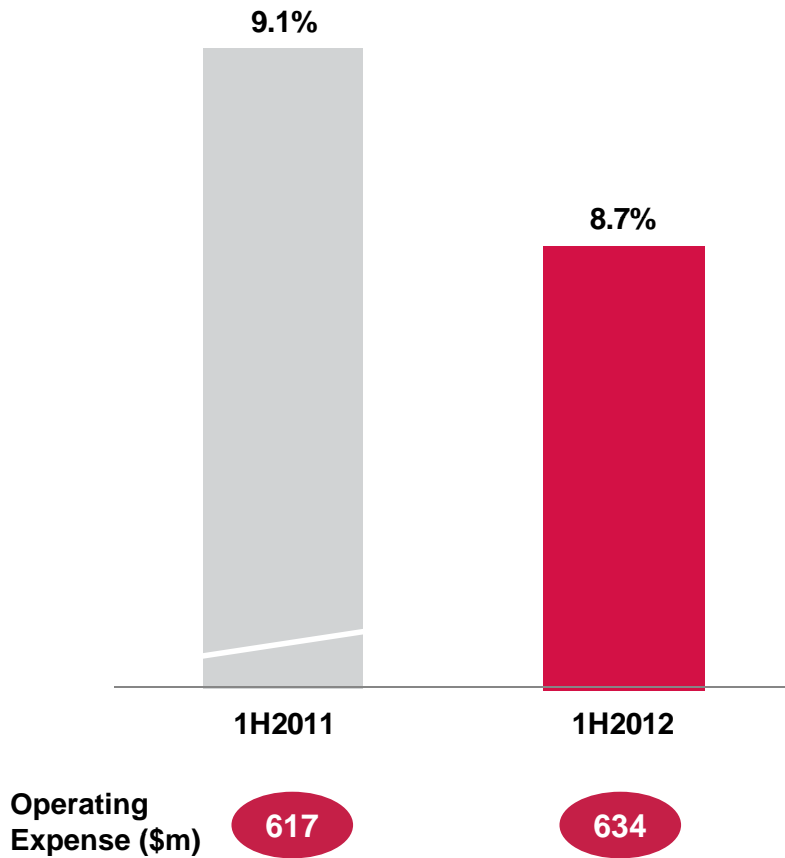
Note

(1) Other items include other non-operating variances and any capital movements over the period

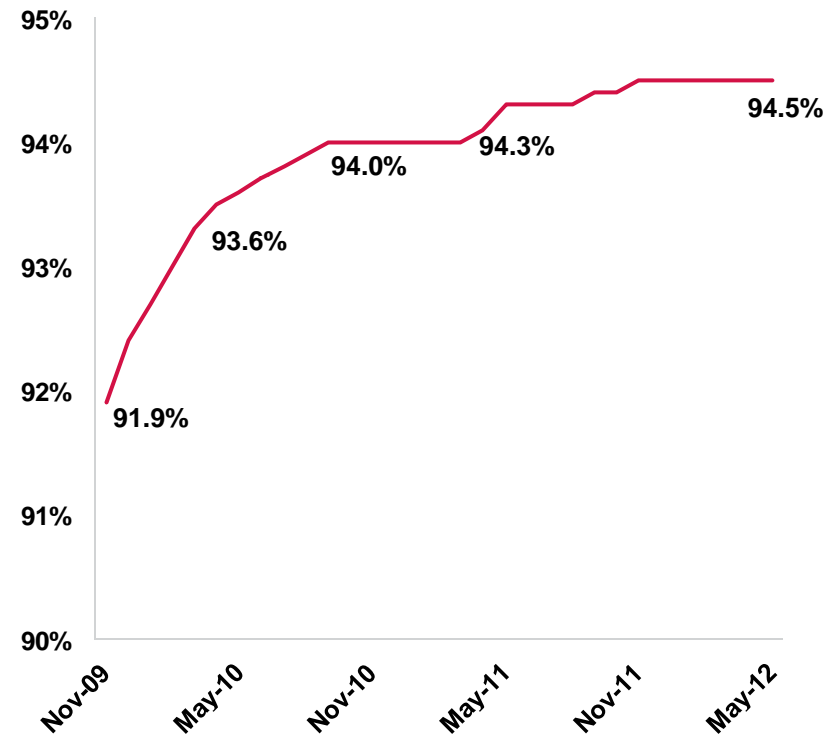
Enhanced Operating Performance



Operating Expense and Expense Ratio



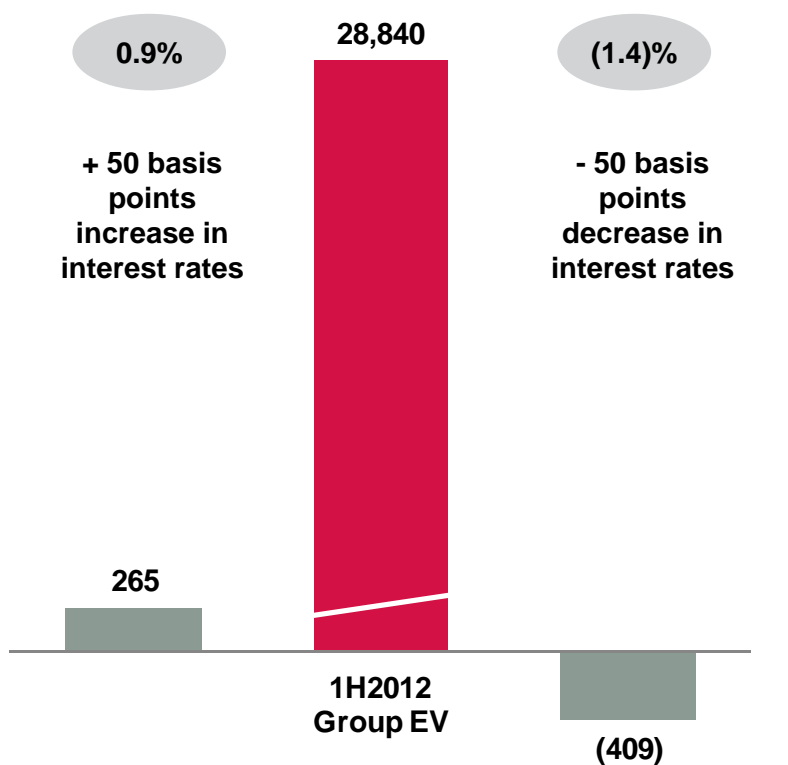
Persistency Ratio



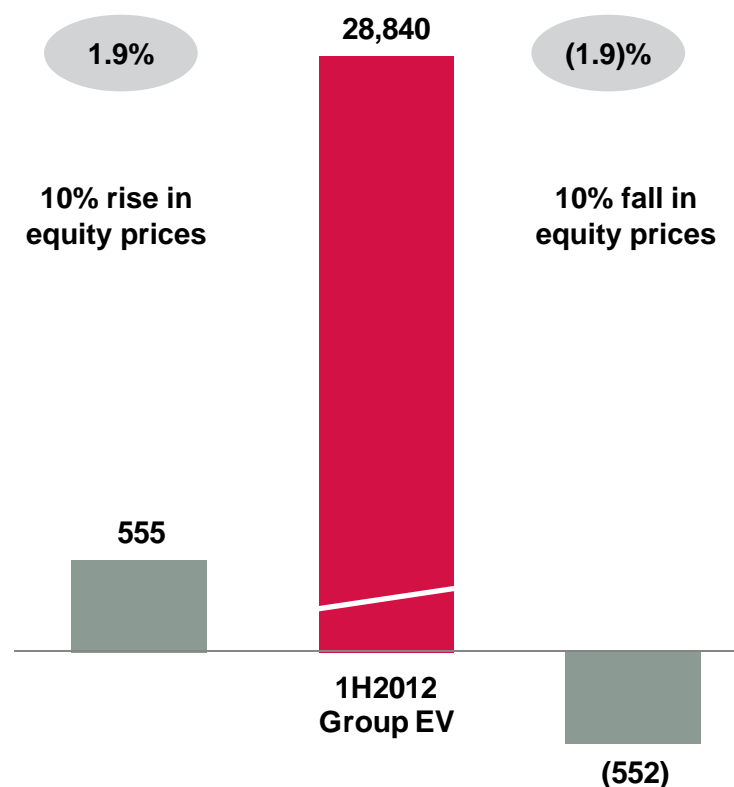
EV Sensitivity to Capital Market Movements



Interest Rates (\$m)



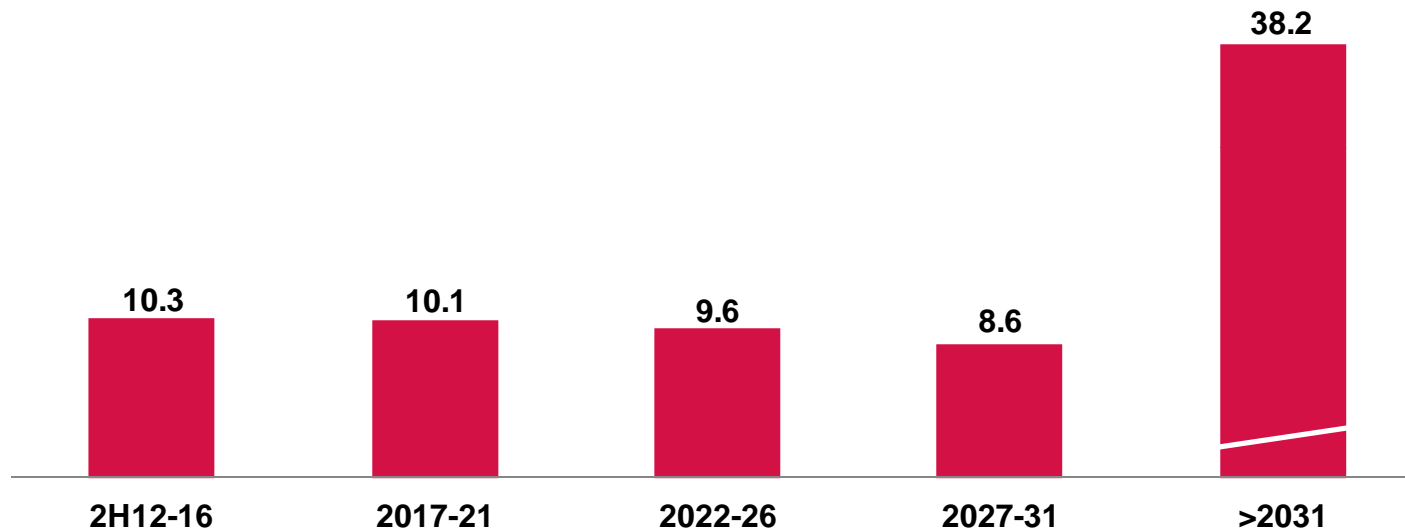
Equities (\$m)



Strong Cash Flow Generation



Undiscounted Net Cash Flows⁽¹⁾ (\$b)



Period	% of Total
2H12-16	13%
2017-21	13%
2022-26	13%
2027-31	11%
>2031	50%

Note

(1) Undiscounted Net Cash Flows represent the after-tax distributable earnings from the assets backing the statutory reserves and required capital of the in-force business of AIA on the Embedded Value basis

1H2012 Financial Results



Value Creation

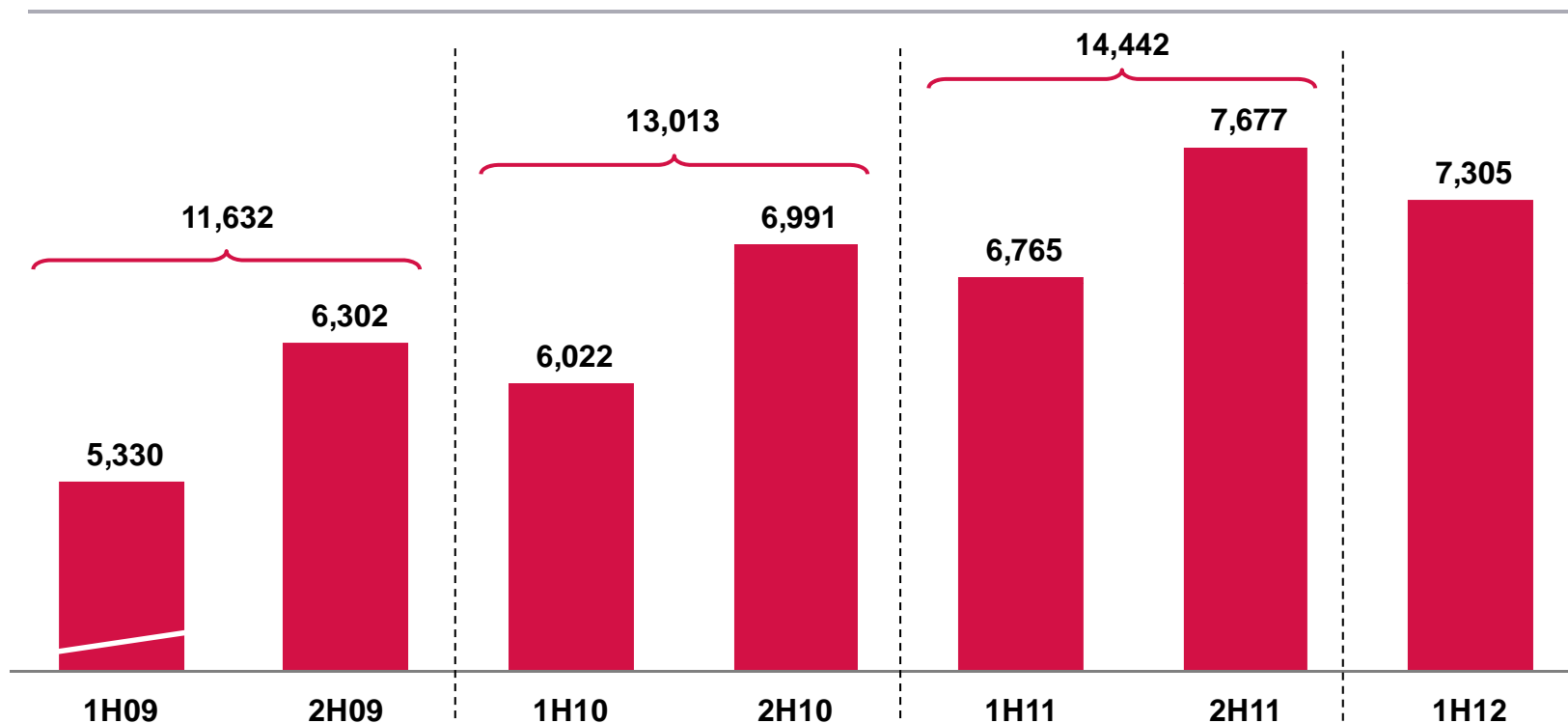
IFRS Results

Capital and Dividends

TWPI Up to \$7.3b



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



Growth Rates

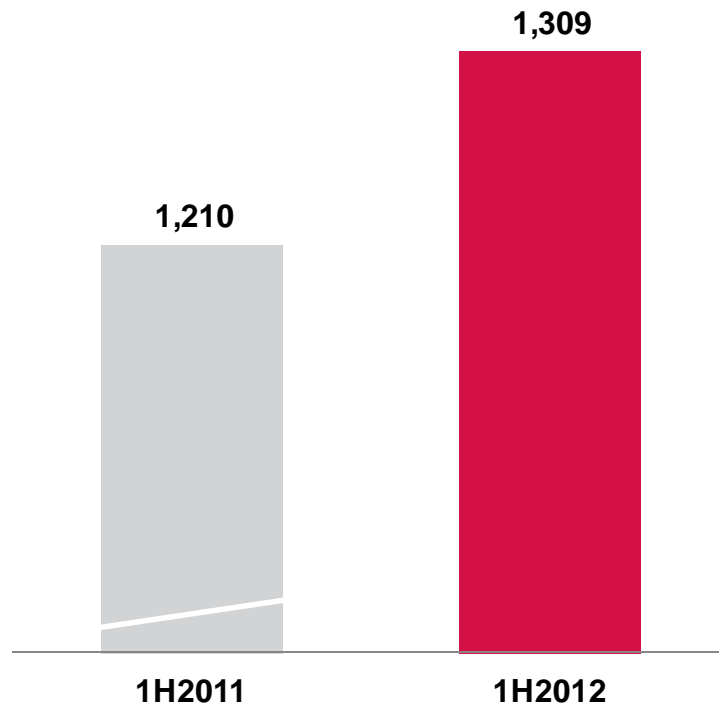
1H2012 v 1H2011 +8%

2Q2012 v 2Q2011 +7%

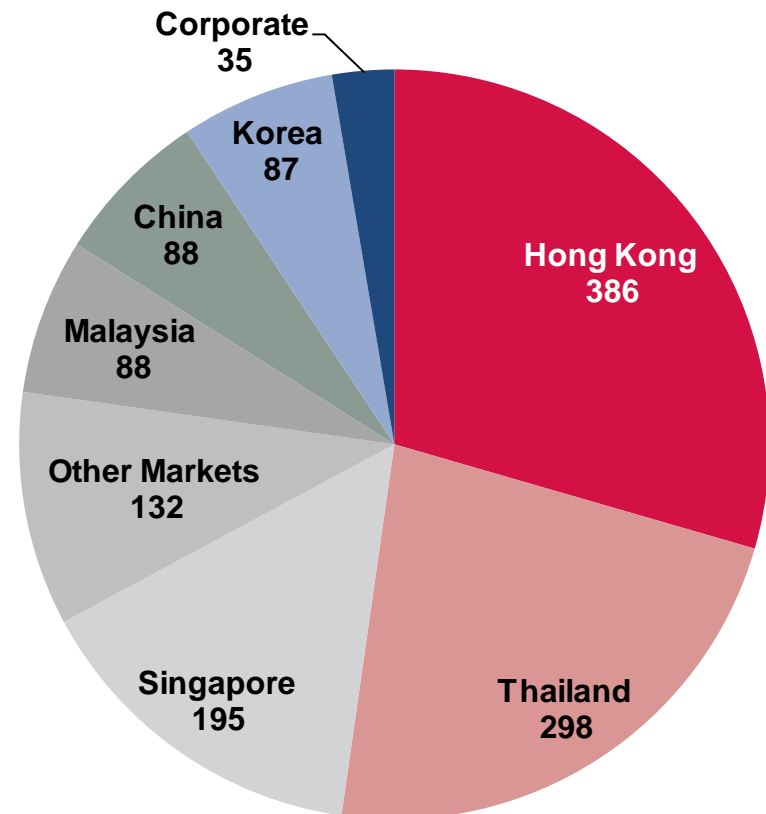
Operating Profit Up to \$1.3b; Diversified earnings



Operating Profit Before Tax (\$m)



Operating Profit Before Tax by Market (\$m)



TWPI

6,765

7,305

Operating Margin

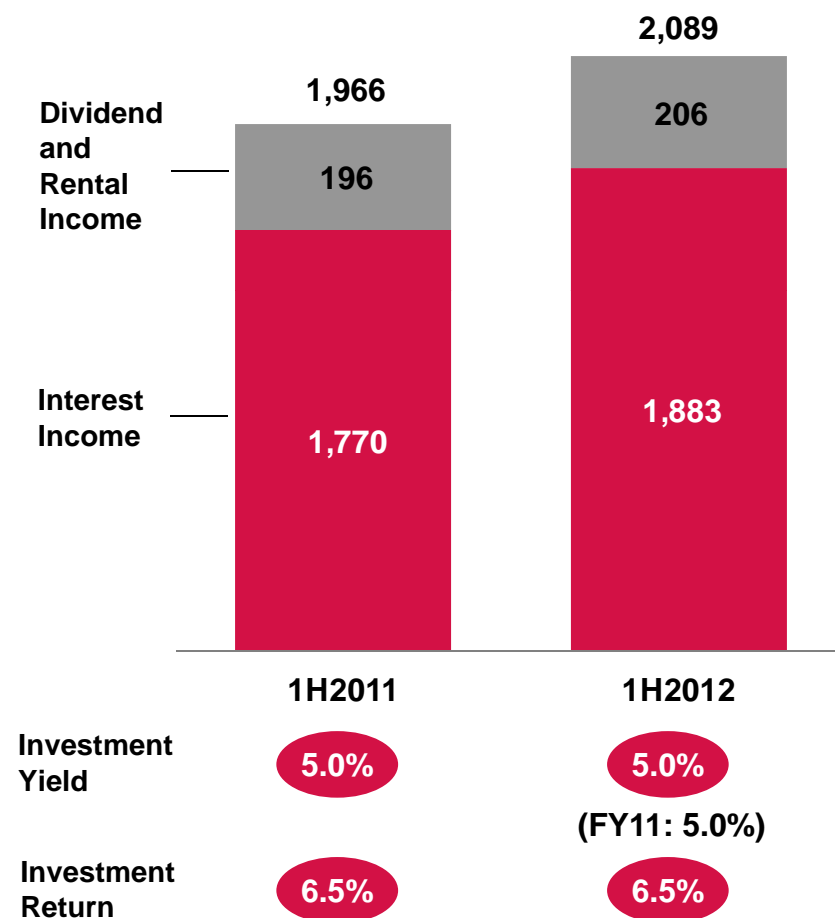
17.9%

17.9%

Investment Income Up to \$2.1b; Stable Yield



Investment Income⁽¹⁾ (\$m)



Invested Assets Composition⁽¹⁾ (\$m)

	As at 30 Nov 2011	As at 31 May 2012
Fixed Income ⁽²⁾	86%	86%
Equity	9%	10%
Fixed Income & Equity	95%	96%
Cash	4%	3%
Properties	1%	1%
Total	100%	100%
Total Invested Assets	82,284	86,690

Notes

(1) Excluding unit-linked contracts

(2) Includes debt securities, loans, term deposits and derivatives

OPAT Up 12% and Net Profit Up to \$1.4b



Net Profit (\$m)

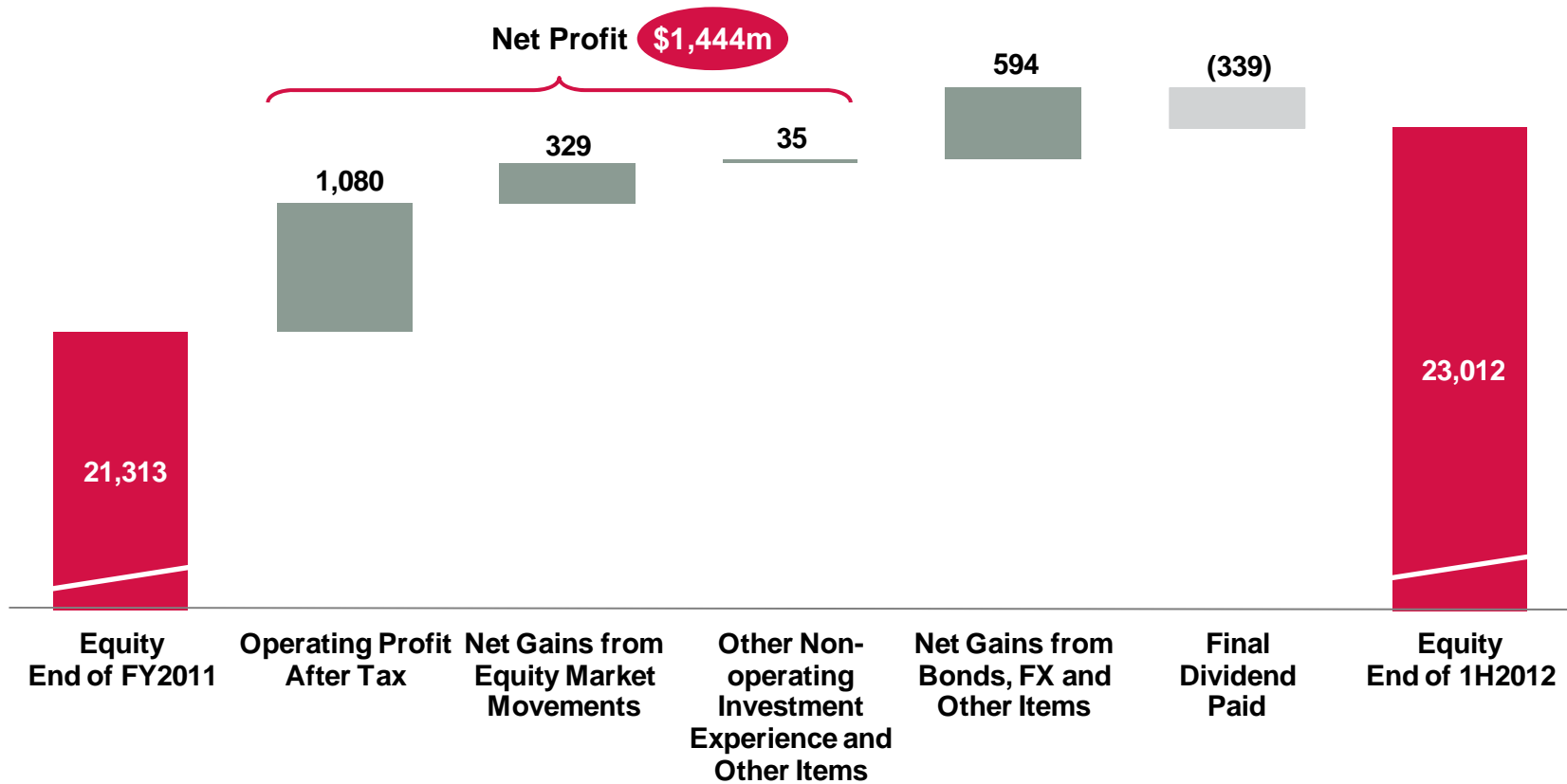
	1H2011	1H2012	
Operating Profit After Tax	967	1,080	12%
Net gains from equities securities, net of tax	300	329	
Other non-operating investment experience and other items, net of tax	47	35	
Net Profit	1,314	1,444	10%

- Operating profit excludes gains
- Average non-operating gains over the past three full years were \$331m
- Net profit includes mark-to-market of equity portfolio
- Net profit excludes \$594m of net gains from bonds and other items in the first half of 2012

Shareholders' Equity Up 8% over the Half Year to \$23b



Shareholder Equity Movement (\$m)



1H2012 Financial Results



Value Creation

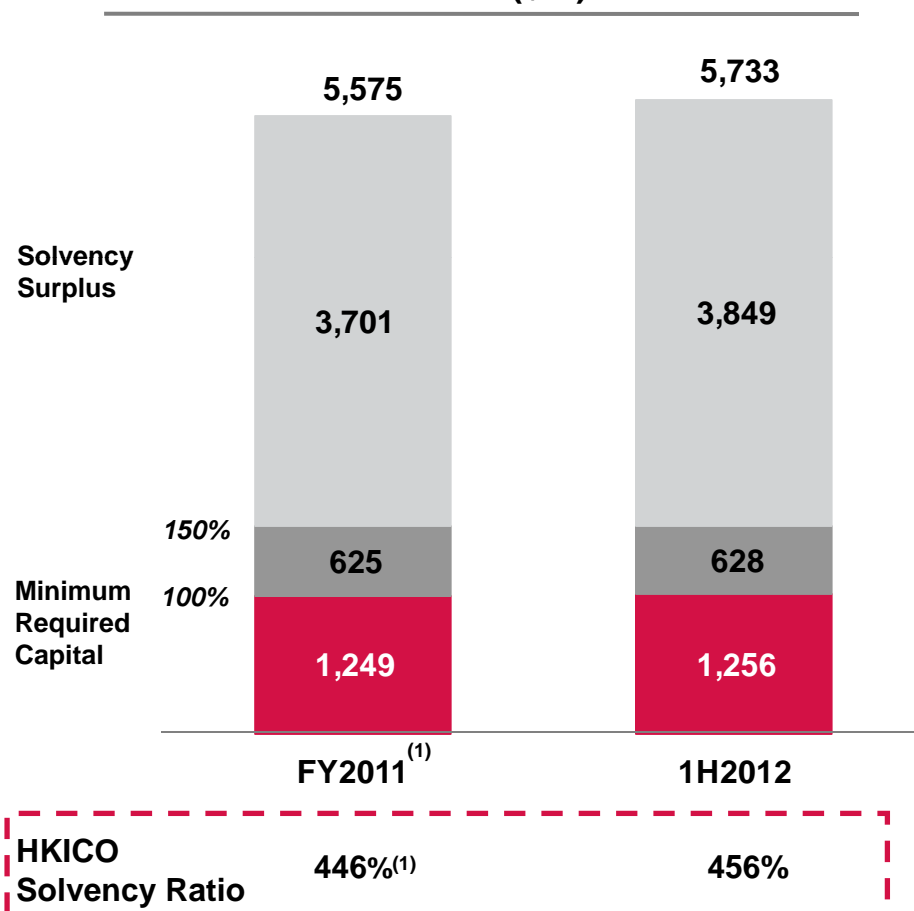
IFRS Results

Capital and Dividends

HKICO Solvency Surplus \$3.8b



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



- Positive impact on solvency ratio from Singapore subsidiarisation
- Ongoing capital strength despite market uncertainty
- Prudent approach to investment and capital management
- Finance growth and absorb capital market volatility
- S&P credit rating of AA- with stable outlook

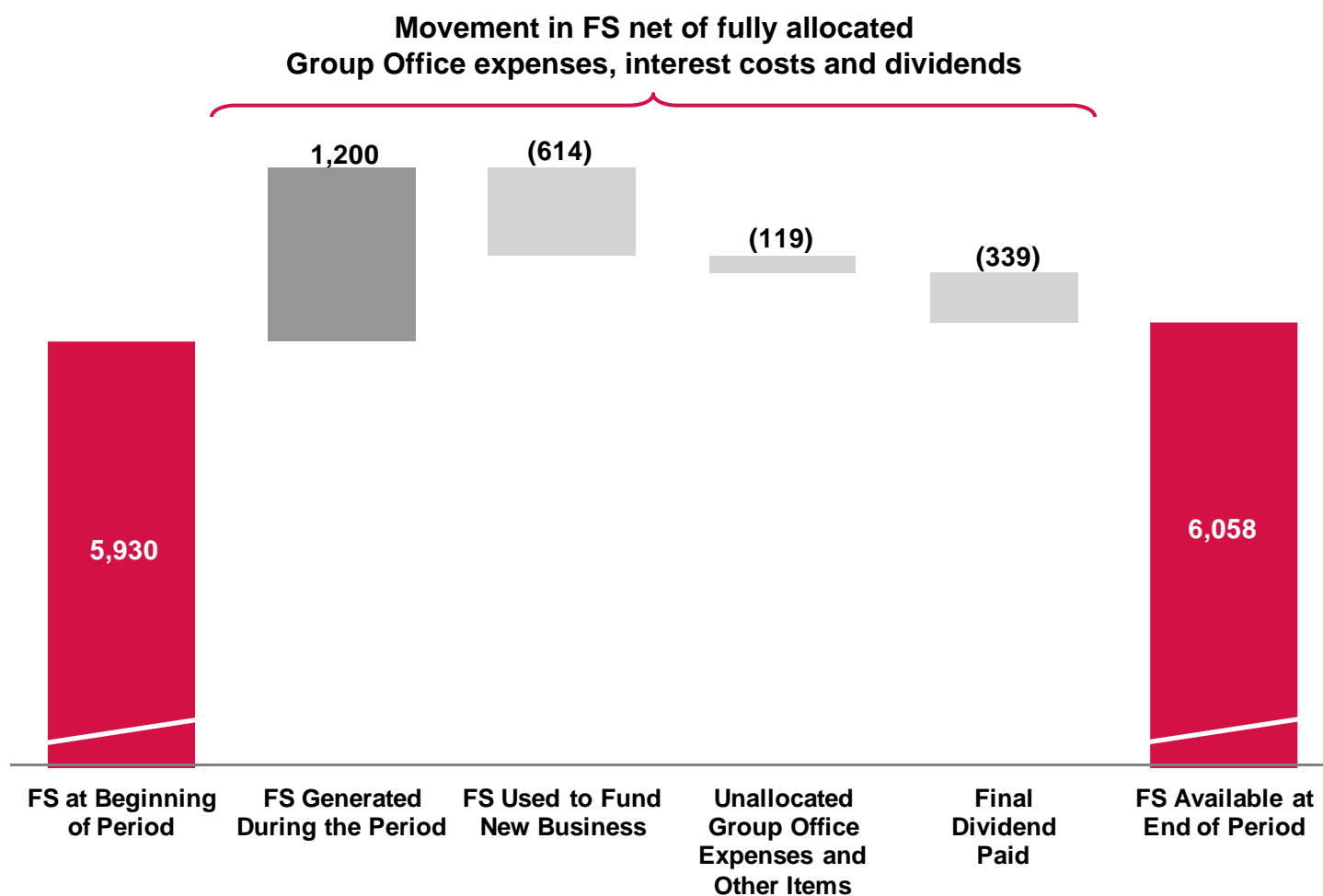
Note:

(1) The HKICO solvency surplus and ratio as at 30 November 2011 is shown on a pro forma basis after allowing for the effect of the subsidiarisation of our branch operation in Singapore

Self-financed New Business Growth and Dividend



Free Surplus Generation (\$m)



Prudent, Sustainable and Progressive Dividend Policy



- **Interim dividend of HK12.33 cents per share declared**
- **Ex-dividend date: 9 August 2012**
- **Payment date: 31 August 2012**



1H2012 Group Review

Mark Tucker

1H2012 Financial Results

Garth Jones

1H2012 Country Review

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

Delivering Quality Growth

Mark Tucker

Q&A

Country Review: Delivering Quality Growth



Gordon Watson

Hong Kong
Korea

Ng Keng Hooi

Singapore
Malaysia
China

Huynh Thanh Phong

Thailand
Other Markets

2012: Focus for RCEs and Country CEOs

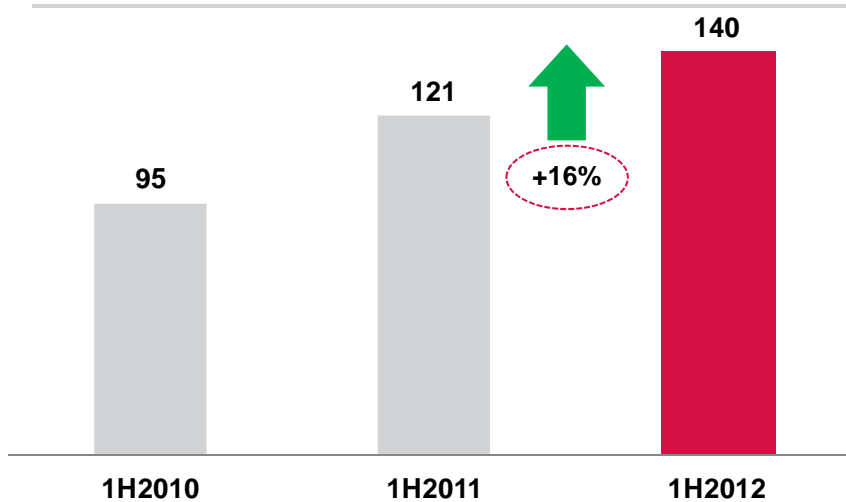


- **Profitable Growth**
- **Premier Distribution**
- **Product and Service Innovation**

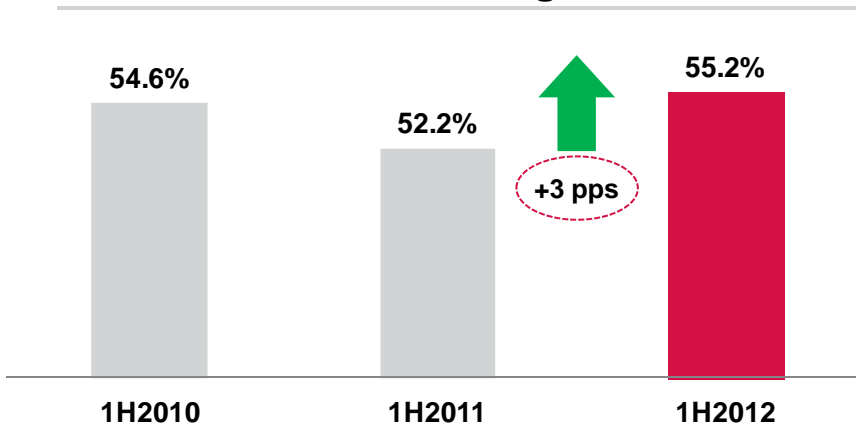
Delivering Quality Growth in Hong Kong



VONB (\$m)



VONB Margin



▪ Premier Agency

- Reactivation and recruitment focus
- Number of active agents up 7%
- Number of new active agents up 35%
- Agents selling group cases up 80%

▪ Profitable Partnerships

- Growth in HNW segment

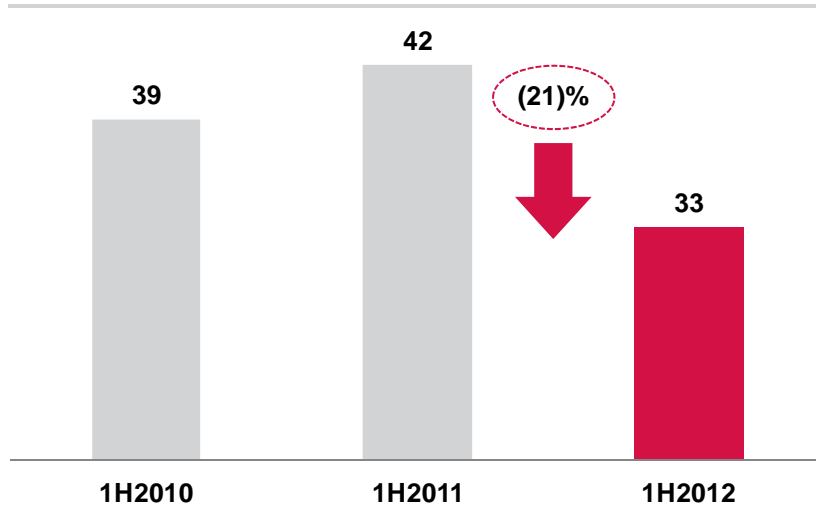
▪ Product Alignment

- Mind-the-Gap strategy ongoing
- New sales of critical illness and other protection products up 32%

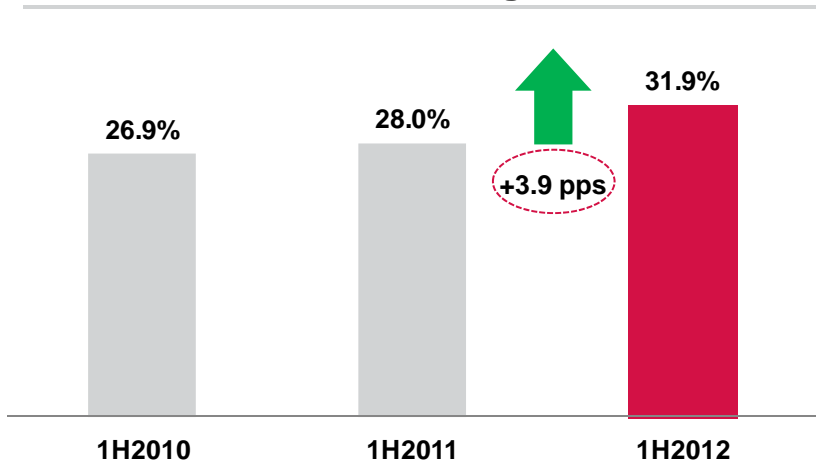
Repositioning in Progress in Korea



VONB (\$m)



VONB Margin



■ Premier Agency

- Positive early signs
- Active agents up 2% in 2Q vs 1Q
- Productivity up 13% in 2Q vs 1Q

■ Direct Marketing

- ANP up 10% in 2Q vs 1Q
- Call centre expansion
- Product and service innovation

■ Product Alignment

- Repriced key products
- Enhanced focus on accident and health protection sales

Country Review: Delivering Quality Growth



Gordon Watson

Hong Kong
Korea

Ng Keng Hooi

Singapore
Malaysia
China

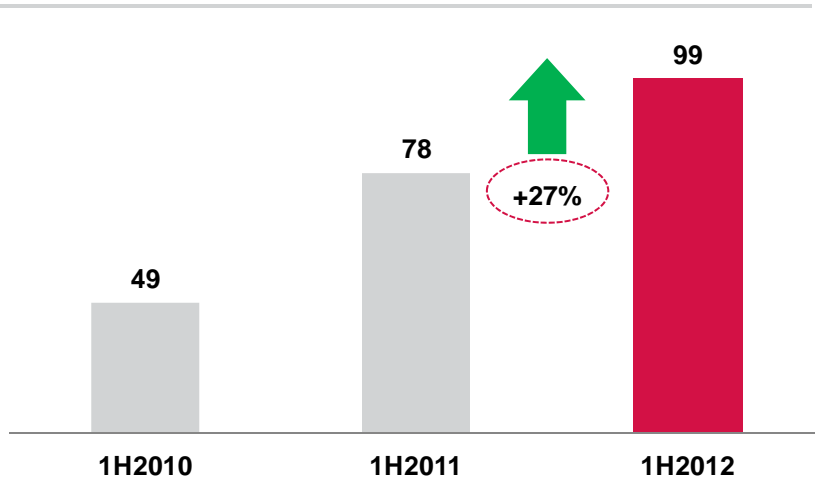
Huynh Thanh Phong

Thailand
Other Markets

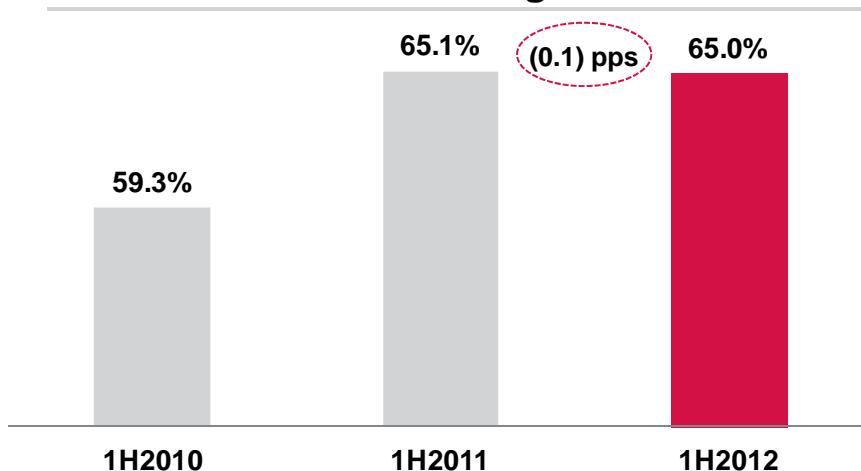
Delivering Quality Growth in Singapore



VONB (\$m)



VONB Margin



- **Premier Agency**

- Enhanced training and development
- Training programmes for new recruits

- **Profitable Partnerships**

- Growth in HNW segment
- Group Insurance VONB up 31%

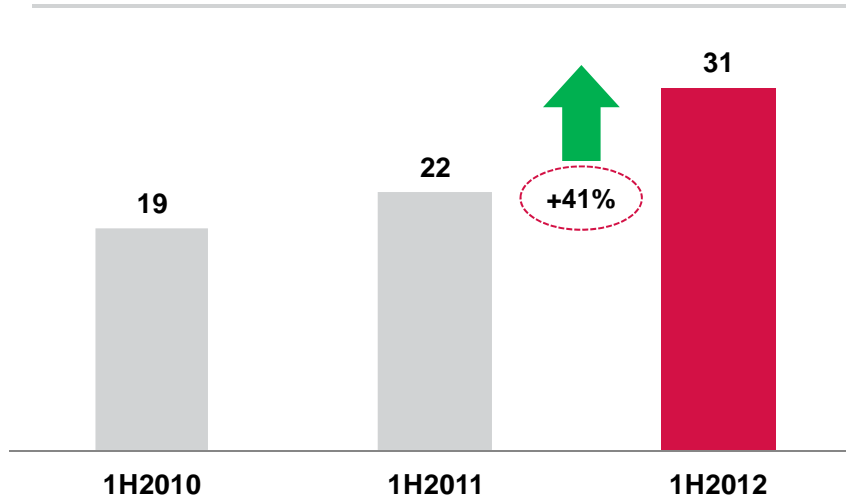
- **Product Alignment**

- Flagship critical illness product relaunched
- Regular premium unit-linked VONB up more than 50%
- Integrated sales campaigns focused on critical illness protection gap

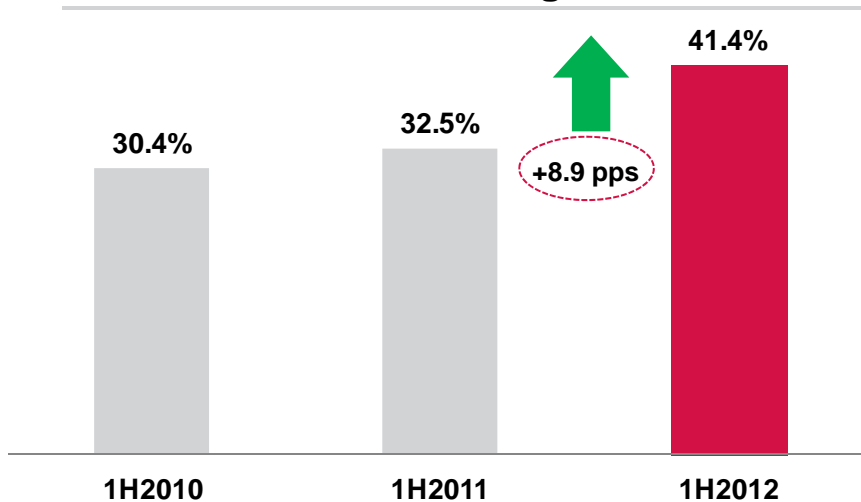
Delivering Quality Growth in Malaysia



VONB (\$m)



VONB Margin



▪ Premier Agency

- Segmented and customised approach
- Quality recruitment initiatives
- Premier Academy training

▪ Profitable Partnerships

- Distribution arrangement with Alliance Bank

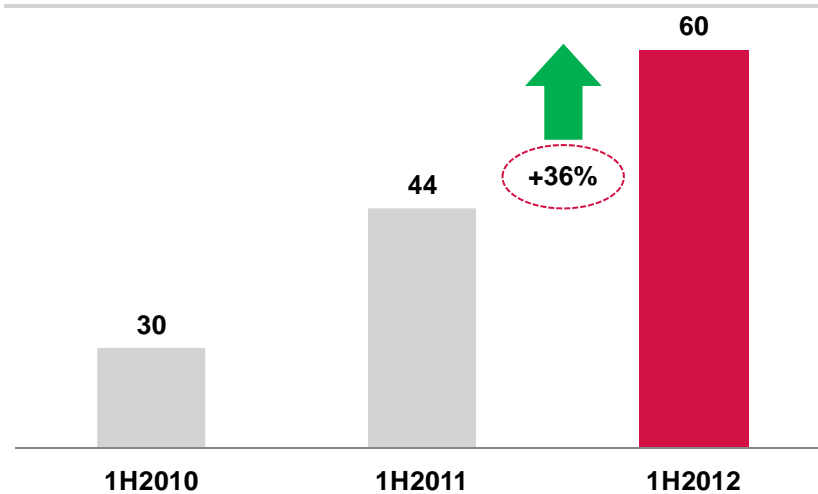
▪ Product Alignment

- Regular premium unit-linked VONB up 32%
- Successful A&H campaigns to existing customers
- Takaful gaining traction

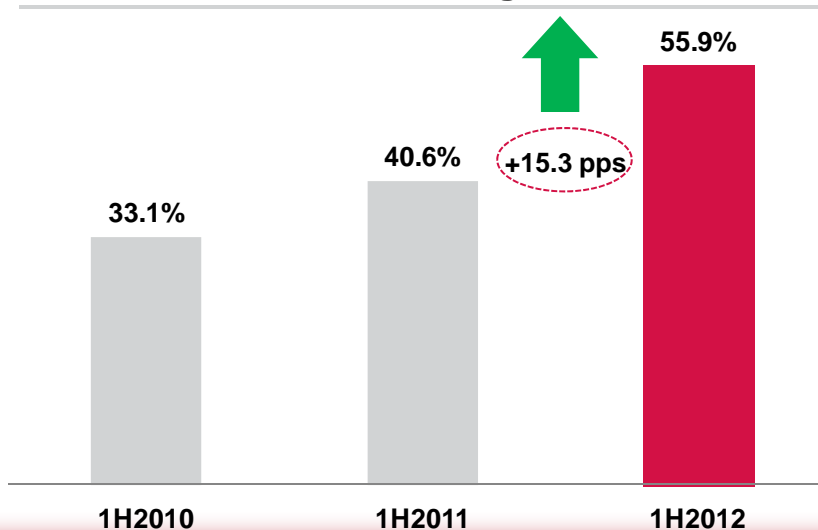
Delivering Quality Growth in China



VONB (\$m)



VONB Margin



■ Premier Agency

- Built on initiatives launched in 2011
- Double-digit growth in active agents
- MDRT run rate up more than 50%
- Higher productivity and shift to protection providing earnings growth for agents
- Attracting higher calibre of new recruits

■ Product Alignment

- Reinforce “protection expert” reputation
- New sales from comprehensive protection products up 31%

Country Review: Delivering Quality Growth



Gordon Watson

Hong Kong
Korea

Ng Keng Hooi

Singapore
Malaysia
China

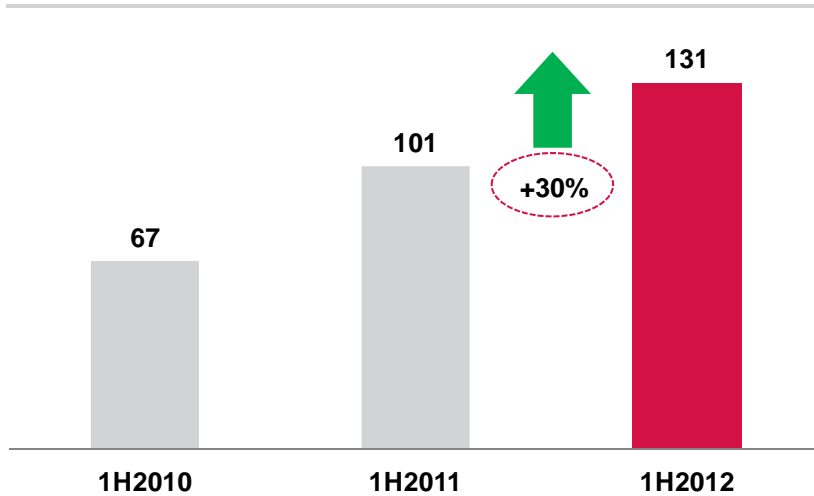
Huynh Thanh Phong

Thailand
Other Markets

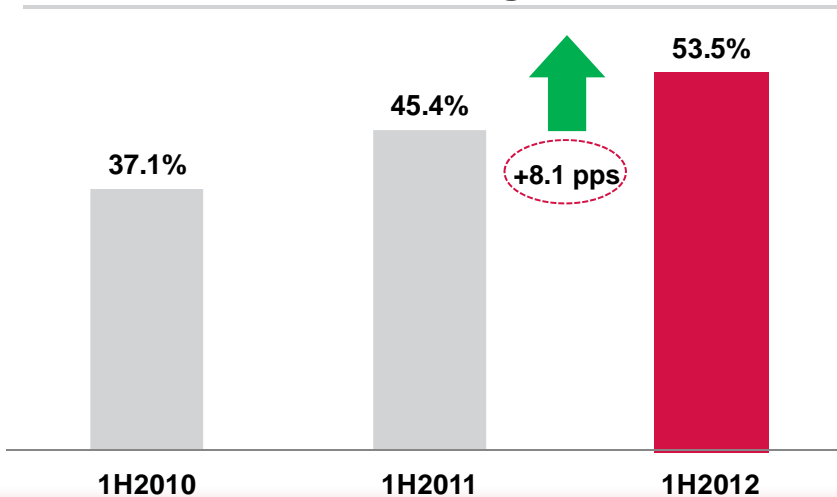
Delivering Quality Growth in Thailand



VONB (\$m)



VONB Margin



■ Premier Agency

- LIMRA profiling introduced to generate higher-quality recruitment
- Training upgrade improved productivity and also higher-margin sales mix
- Number one for MDRT
- Group Insurance VONB up strongly

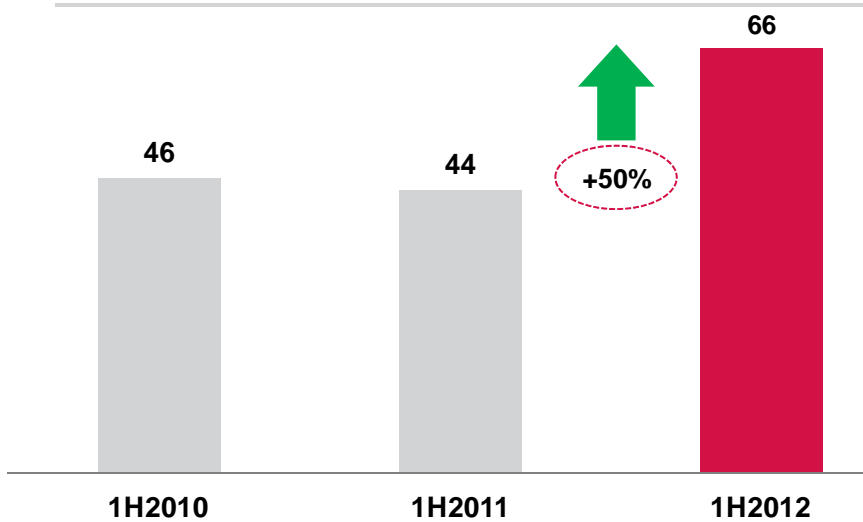
■ Product Alignment

- Launched AIA Health Lifetime in April
- Increased rider attachments at higher margins

Delivering Quality Growth in Other Markets

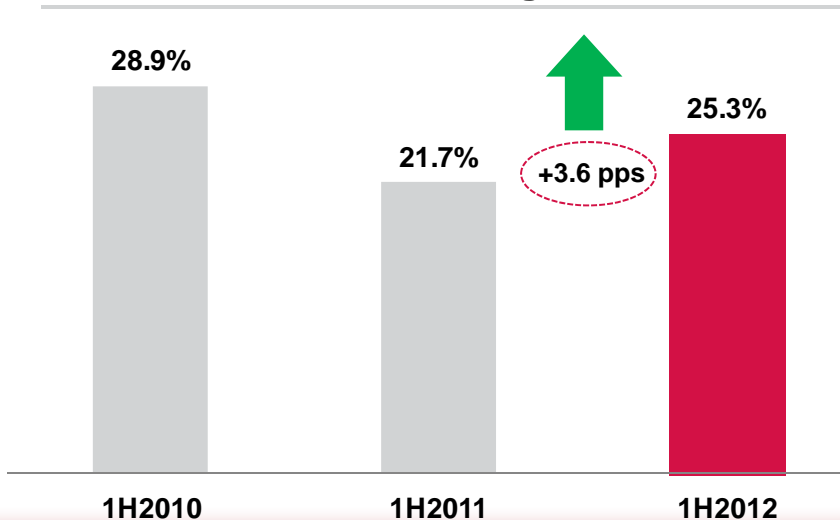


VONB (\$m)



- Australia**
- Strong VONB growth
 - Gains in retail IFA and Group channels
 - Premier IFA model and best-in-class advisory service

VONB Margin



- Indonesia**
- Successful launch of new unit-linked products
 - Active agents up around 70%
 - Strong performance from BCA, CIMB and other profitable partnerships

- Philippines**
- Agency productivity up 11%
 - Active new recruits more than doubled
 - BPI partnership more than doubled VONB



1H2012 Group Review

Mark Tucker

1H2012 Financial Results

Garth Jones

1H2012 Country Review

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

Delivering Quality Growth

Mark Tucker

Q&A

A Unique and Exciting Growth Proposition



Right Platform

- Unrivalled access to dynamic region and markets
- Advantaged scale and franchise
- Exceptional financial strength and cash flow

x

Right Priorities

- Premier Agency and Profitable Partnerships
- Proactive product management
- Empower local teams and enhance customer service

x

Right People

- Track record of building sustainable growth businesses
- Experienced senior management team
- Strong local expertise and execution



1H2012 Group Review

Mark Tucker

1H2012 Financial Results

Garth Jones

1H2012 Country Review

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

Delivering Quality Growth

Mark Tucker

Q&A



Definitions and Notes

- ANP excludes corporate pension business
- 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 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
- Hong Kong market includes Macau; Singapore market includes Brunei; Other Markets includes Australia, New Zealand, the Philippines, Indonesia, Vietnam and Taiwan
- Investment Income excludes unit-linked contracts
- Investment return defined as investment income with the addition of realised and unrealised gains and losses as a percentage of invested assets
- Investment yield 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 and unrealised gains and losses
- Operating Expense and Expense Ratio exclude restructuring costs
- Operating profit after tax, net profit and 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
- Persistency ratio = $1 - \text{rate of surrenders and lapses net of reinstatements by premium on a 12-month basis}$; on Ordinary Individual Life and Standalone A&H only; excluding Philam Life until November 2009 and India; unaudited and non-IFRS information for reference only
- VONB is after unallocated Group Office expenses and adjustment to reflect additional Hong Kong reserving and capital requirements; includes corporate pension business and is shown before minorities
- $\text{VONB Margin} = \text{VONB} / \text{ANP}$. VONB for the margin calculations excludes corporate pension business to be consistent with the definition of ANP. VONB Margin includes a single large Australian group insurance scheme in 2H2011
- VONB and VONB Margin by market are based on local statutory basis and exclude unallocated Group Office expenses
- VONB and VONB Margin by distribution are based on local statutory basis and exclude unallocated Group Office expenses and corporate pension business