

2017 INTERIM RESULTS PRESENTATION

28 July 2017



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Value of New Business

\$1,753m

+42%

Operating Profit After Tax

\$2,262m

+16%

Interim Dividend Per Share

25.62 HK cents

+17%

Ng Keng Hooi

Group Chief Executive

1H2017 Excellent Performance Across All Key Metrics



Value of New Business

\$1,753m

+42%

Operating Profit After Tax

\$2,262m

+16%

Underlying Free Surplus Gen

\$2,307m

+13%

EV Equity

\$47.8b

+\$4.2b

AIA Co. Solvency Ratio

427%

+23 pps

Interim Dividend Per Share

25.62 HK cents

+17%

Agenda

01

INTRODUCTION

Ng Keng Hooi, Group Chief Executive

02

FINANCIAL RESULTS

Garth Jones, Group Chief Financial Officer

03

MARKET REVIEWS

Jacky Chan, Regional Chief Executive

Bill Lisle, Regional Chief Executive

John Cai, Regional Chief Executive

04

OUTLOOK

Ng Keng Hooi, Group Chief Executive



Garth Jones

Group Chief Financial Officer



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赤柱國際龍舟錦標賽

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ANLEY Int'l Dra

AIA Vitality



Excellent Financial Results – Across All Key Metrics



		(\$m)	1H2017	1H2016	CER	AER	
Growth	VONB		1,753	1,260	42%	39%	↑
	EV Operating Profit		3,456	2,896	21%	19%	↑
	EV Equity ⁽¹⁾		47,832	43,650	8%	10%	↑
IFRS Earnings	Operating Profit After Tax		2,262	1,956	16%	16%	↑
	Operating ROE ⁽²⁾		14.2%	13.8%	n/a	0.4 pps	↑
	Shareholders' Allocated Equity ⁽¹⁾		32,196	29,632	7%	9%	↑
Capital & Dividends	Underlying Free Surplus Generation		2,307	2,073	13%	11%	↑
	AIA Co. HKIO Solvency Ratio ⁽¹⁾		427%	404%	n/a	23 pps	↑
	Interim Dividend per Share (HK cents)		25.62	21.90	17%	17%	↑

Notes:

(1) Comparatives for balance sheet items are shown against the position as at the end of the 2016 financial year

(2) On an annualised basis



Growth

Earnings

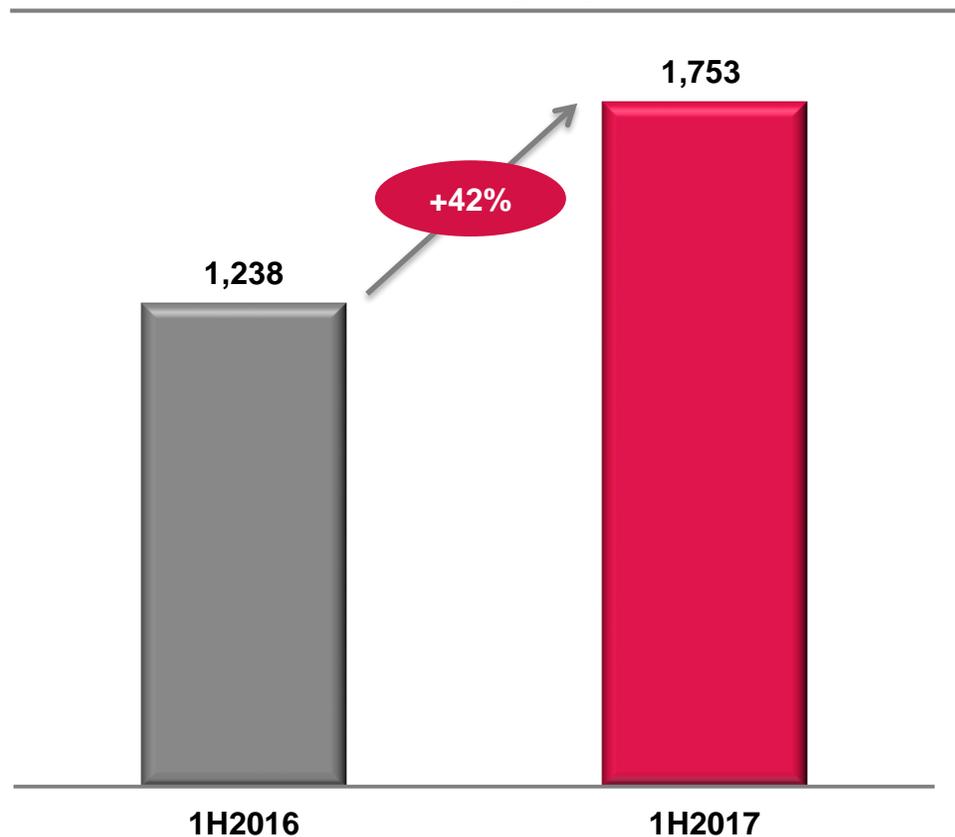
Capital and Dividends

Significant Profitable New Business Growth

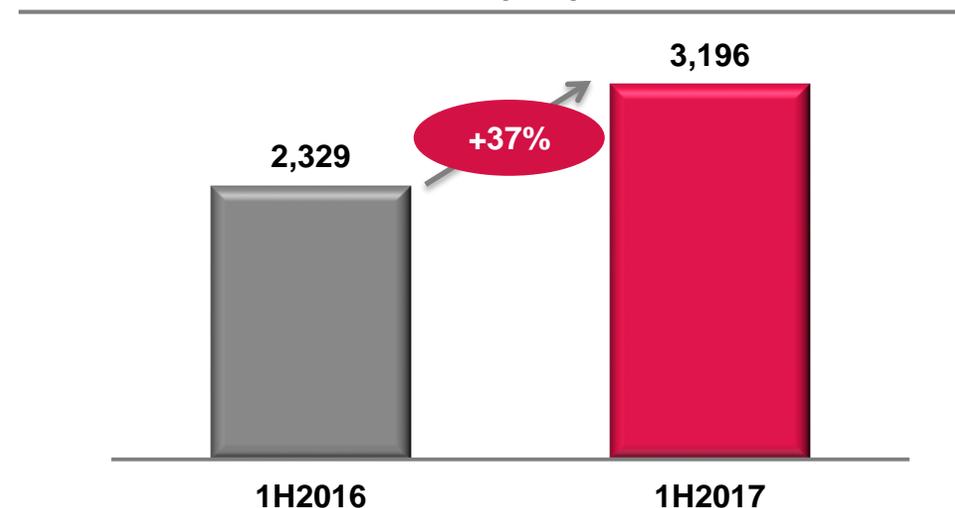


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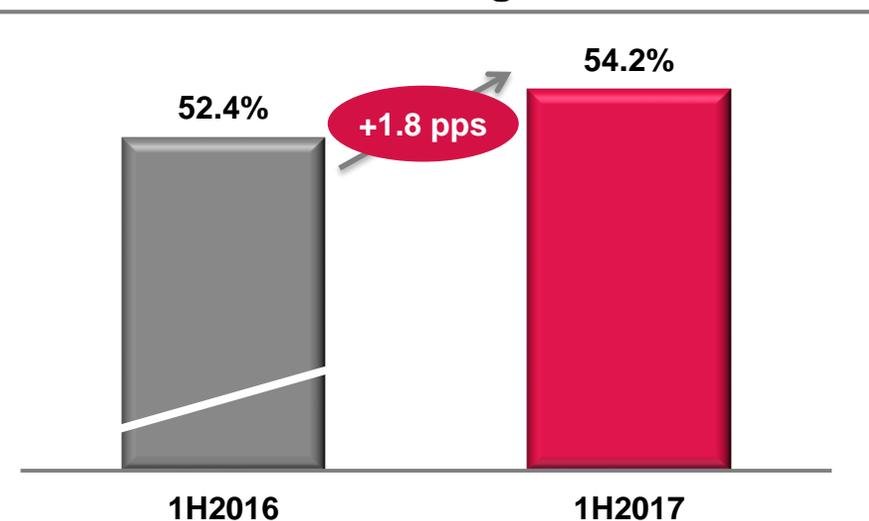
VONB (\$m)



ANP (\$m)



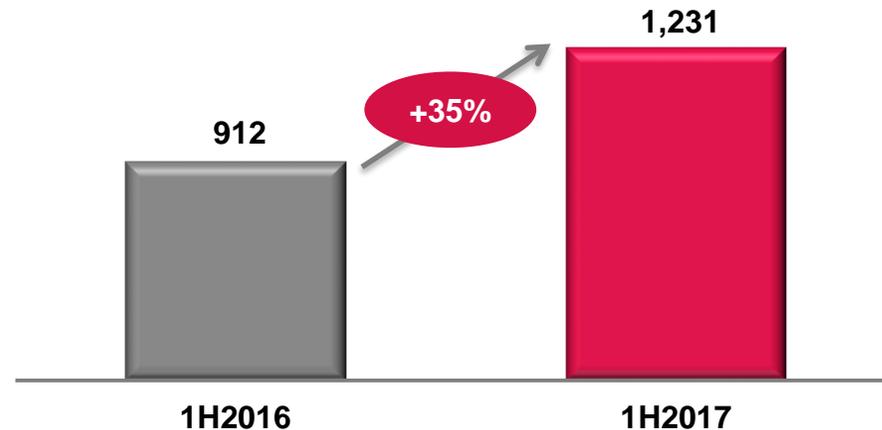
VONB Margin



Note:
Comparatives are shown on a constant exchange rate basis

Delivering High-quality Distribution

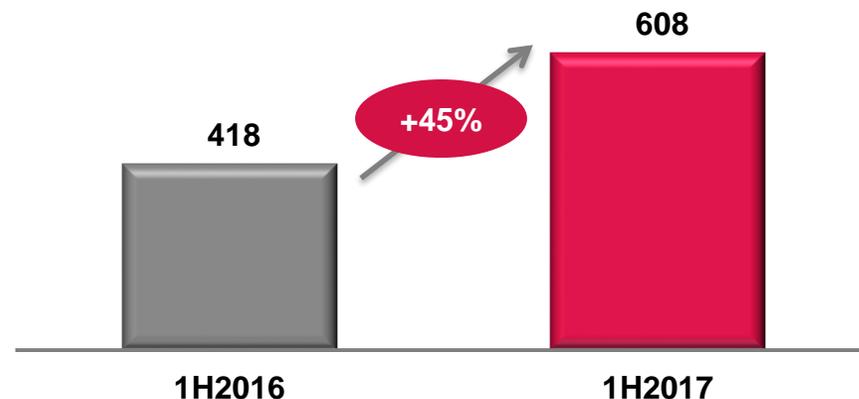
Premier Agency VONB (\$m)



Premier Agency Delivery

- VONB up 35%
- Active new agents up 22%
- Active agent productivity up more than 20%
- #1 MDRT worldwide for 3 consecutive years

Partnership Distribution VONB (\$m)



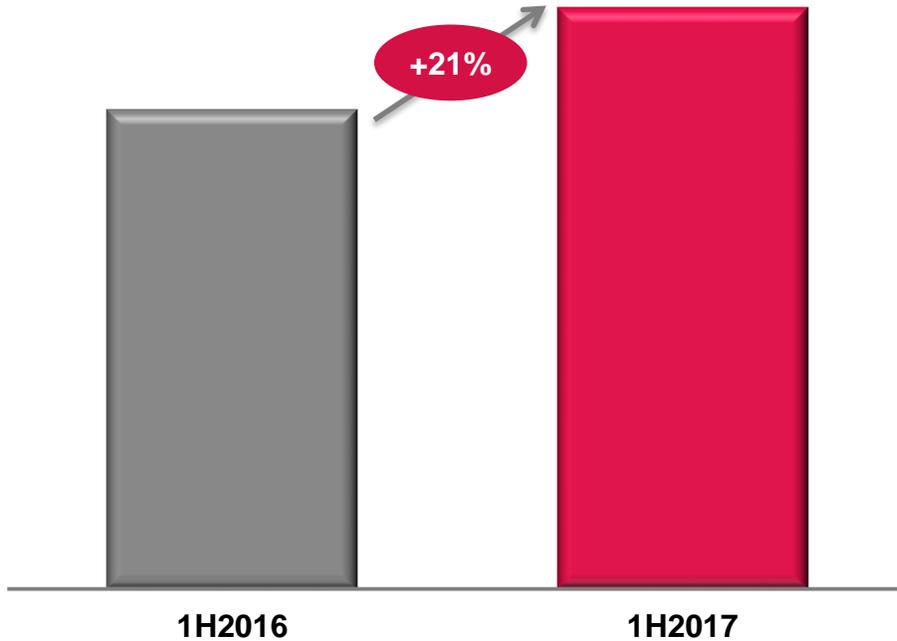
Profitable Partnership Expansion

- VONB up 45%
- 33% of Group VONB
- Exceptional performance in IFA channel
- Double-digit bancassurance VONB growth

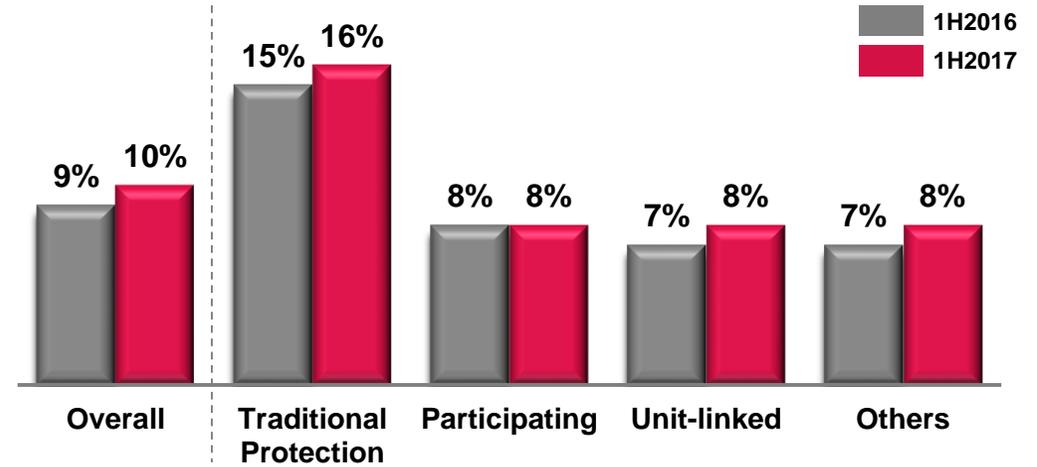
Investing Capital at Attractive Returns



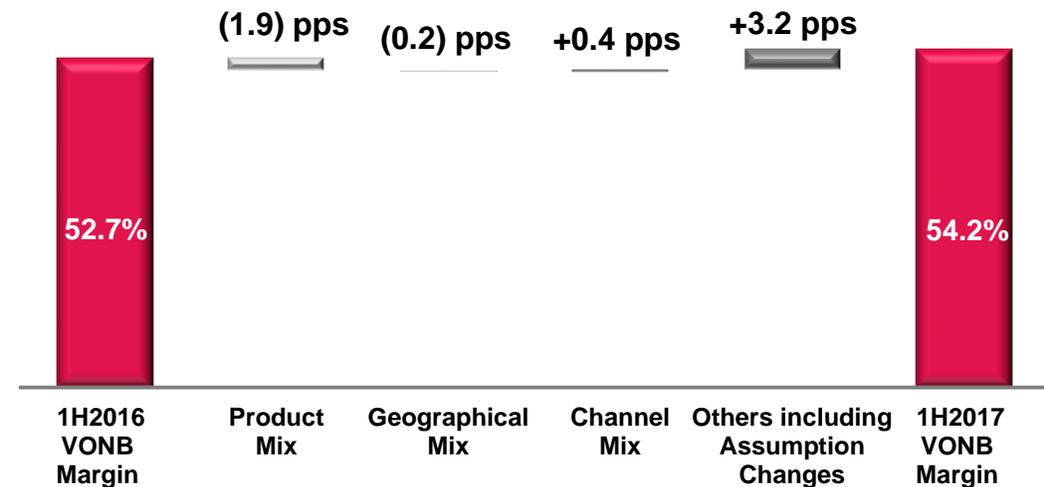
IRRs Consistently Above 20%



PVNB Margin by Product



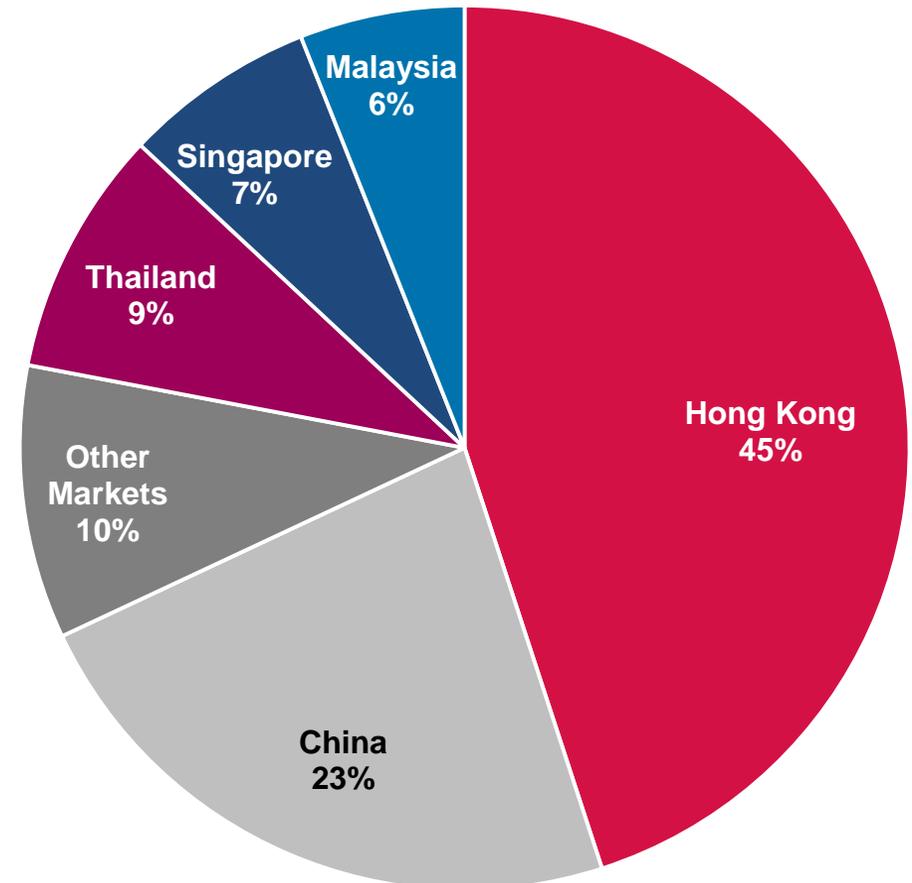
VONB Margin Movement



Strong and Resilient Growth Portfolio



1H2017 VONB by Market Segment



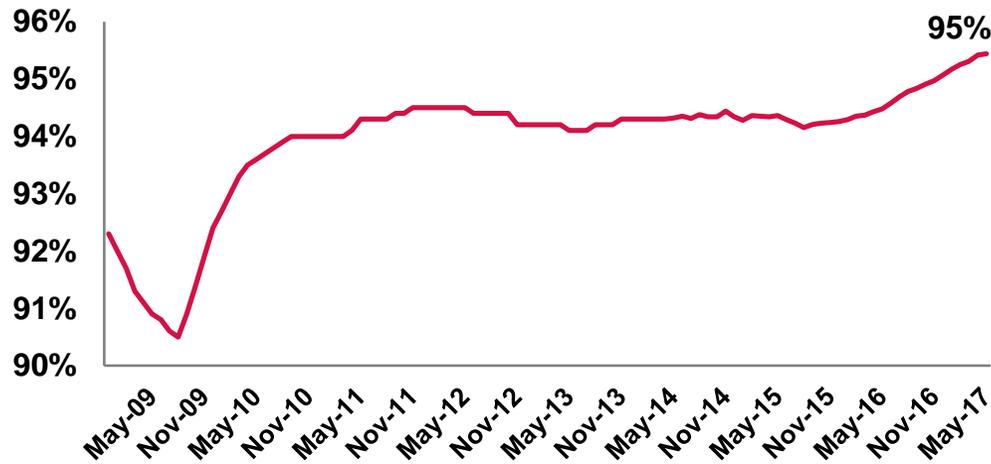
Note:
Growth rates are shown on a constant exchange rate basis

Strong Operating Performance Driving Positive Returns

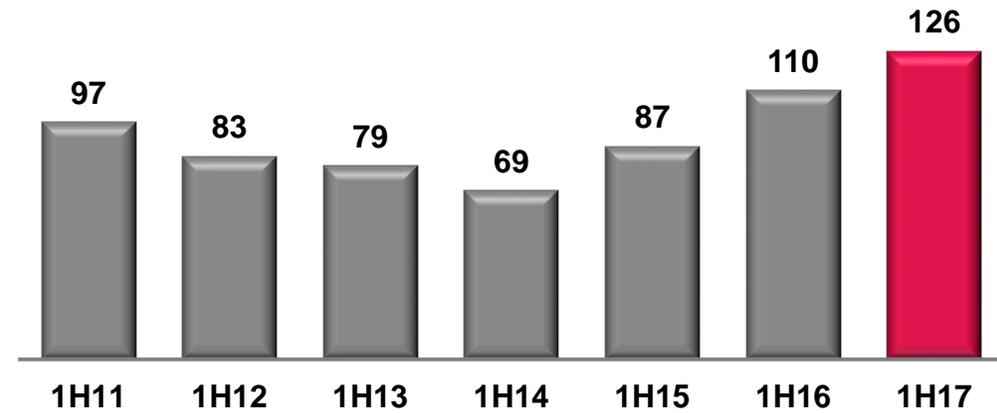


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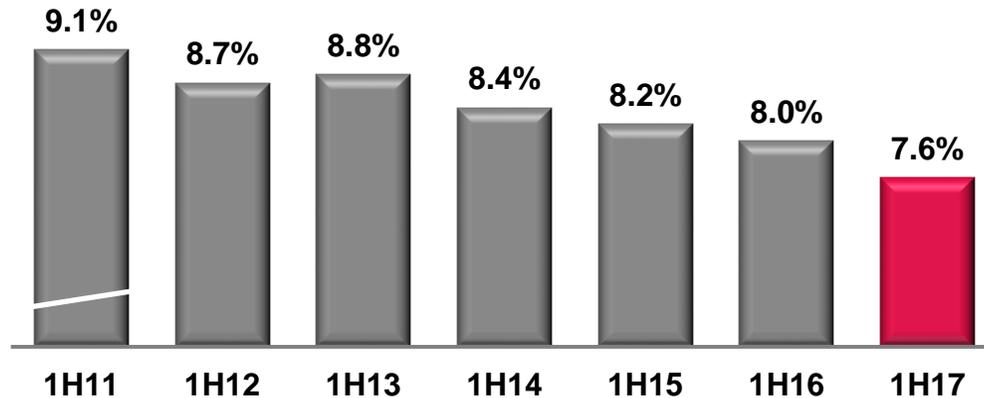
Persistency Rate



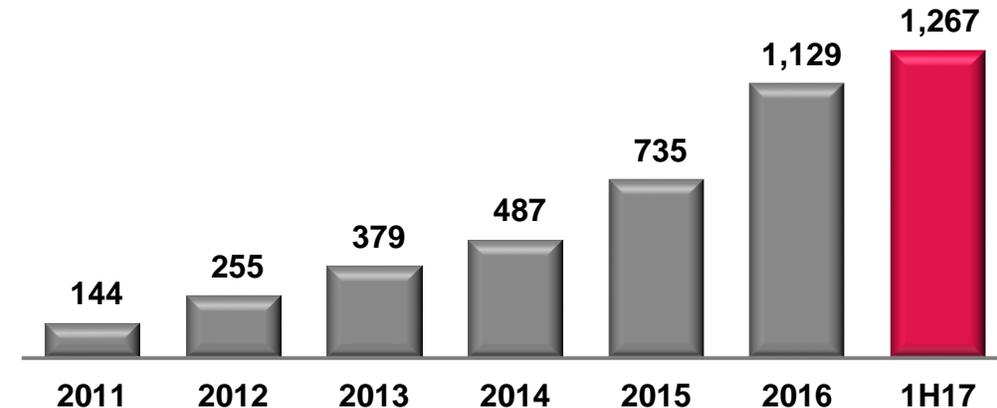
Mortality and Morbidity Claims Experience Variances (\$m)



Expense Ratio



Cumulative EV Operating Variances (\$m)

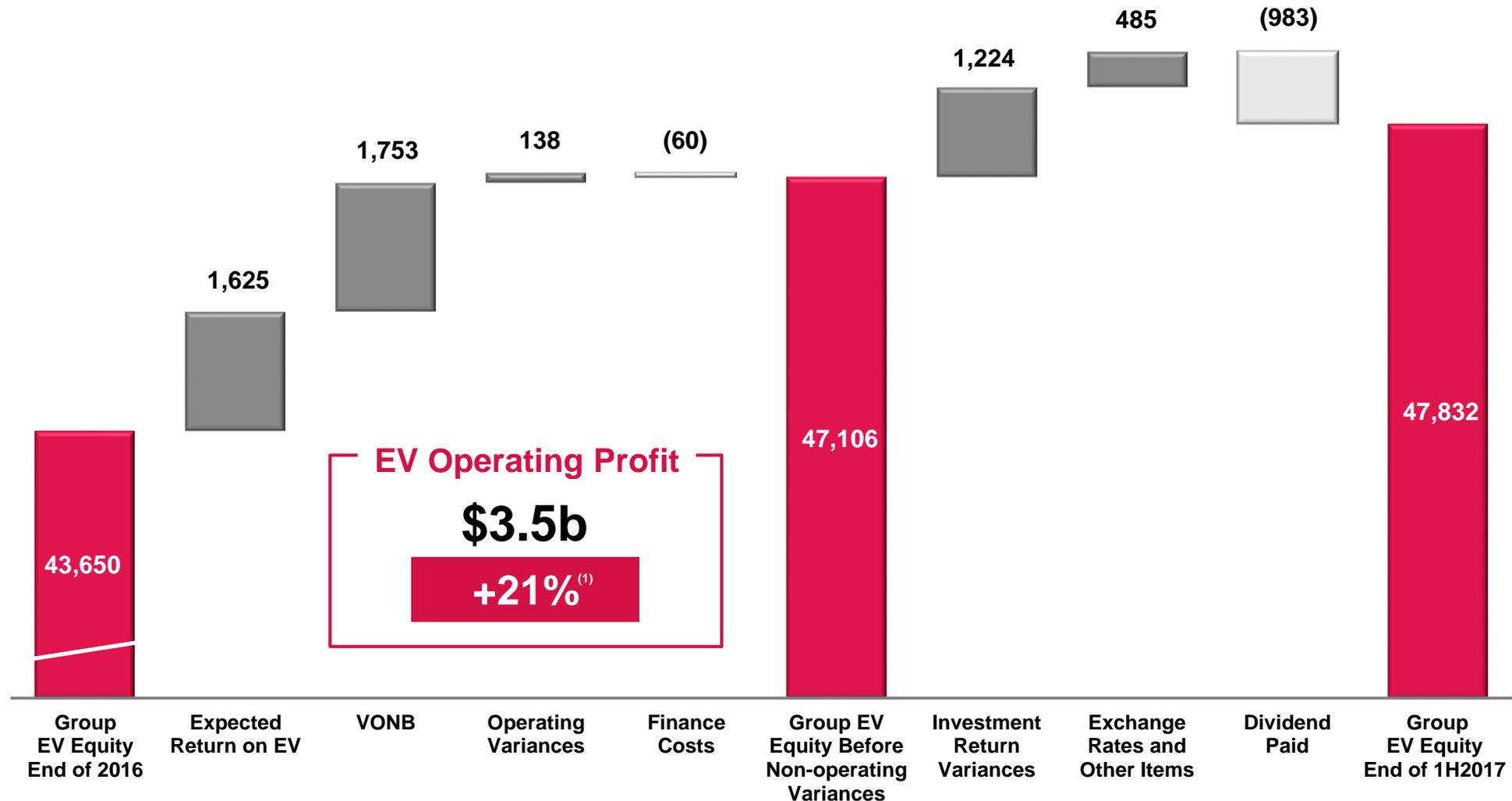


EV Operating Profit up 21% – EV Equity of \$47.8b



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1H2017 EV Equity Movement (\$m)

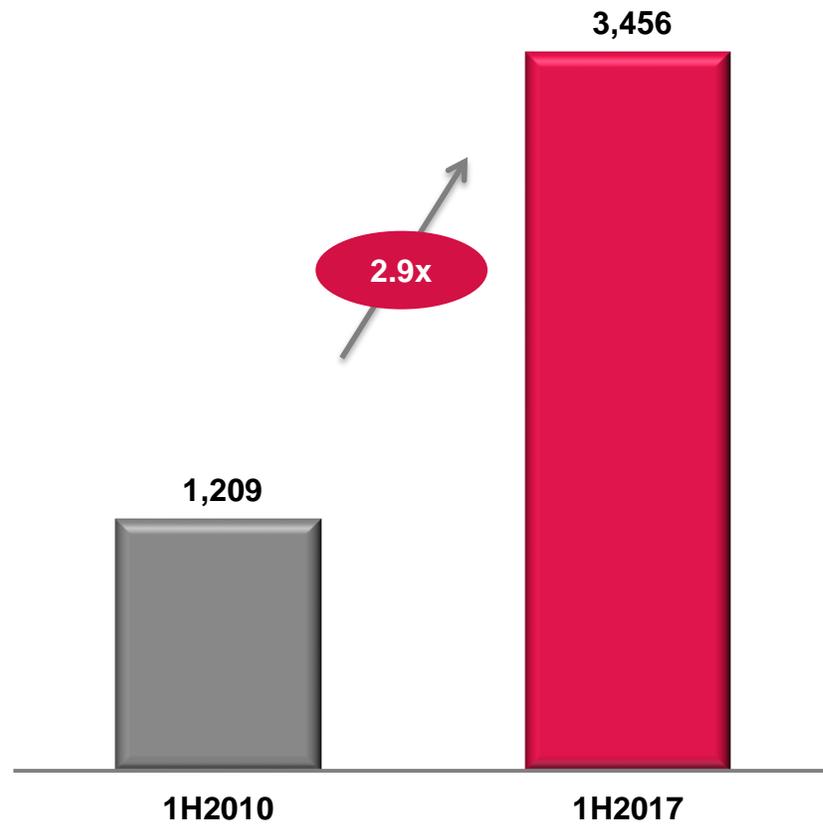


Note:
 (1) On a constant exchange rate basis

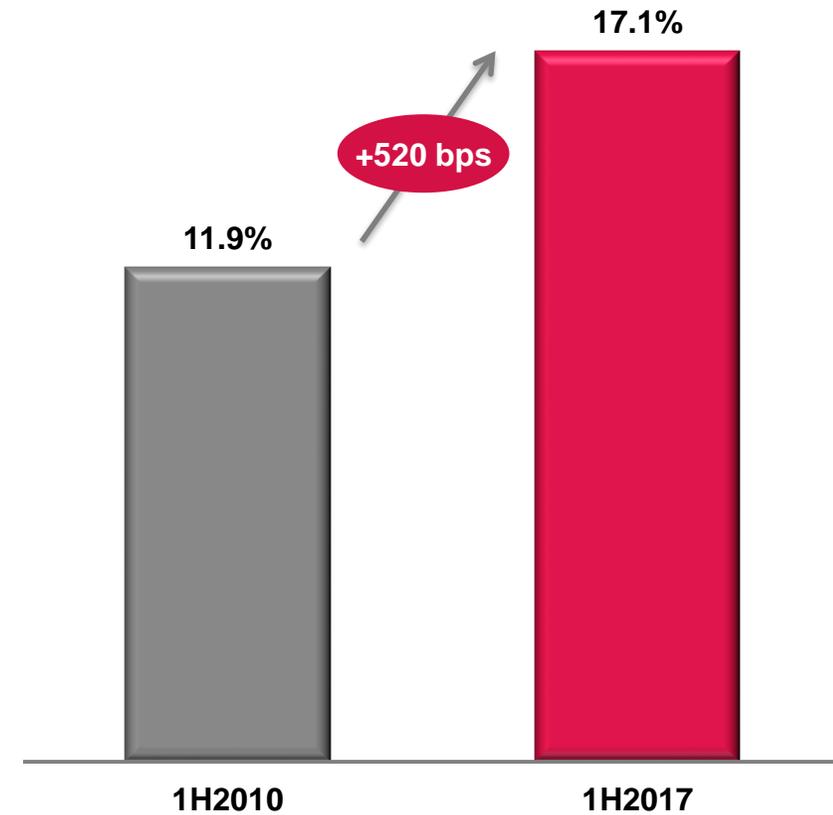
Profitable New Business Driving Increased ROEV



EV Operating Profit (\$m)



Operating ROEV⁽¹⁾

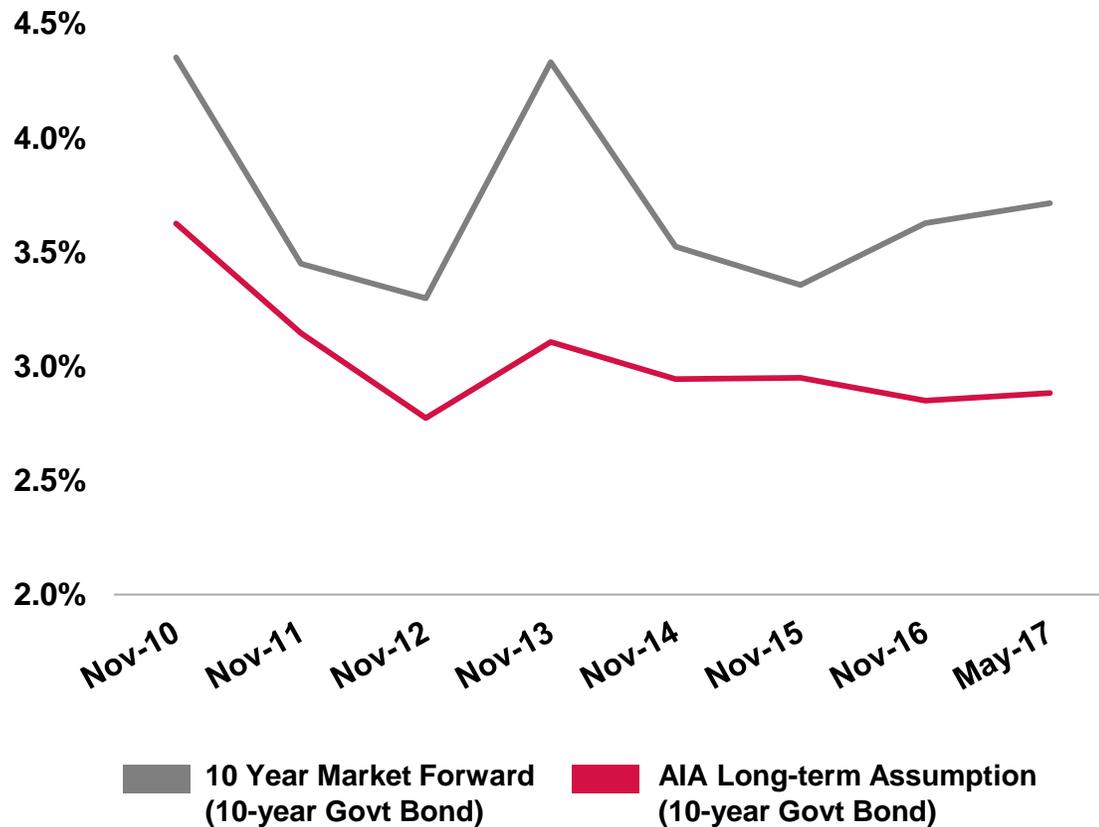


Note:
(1) On an annualised basis

Interest Rates and EV Sensitivity

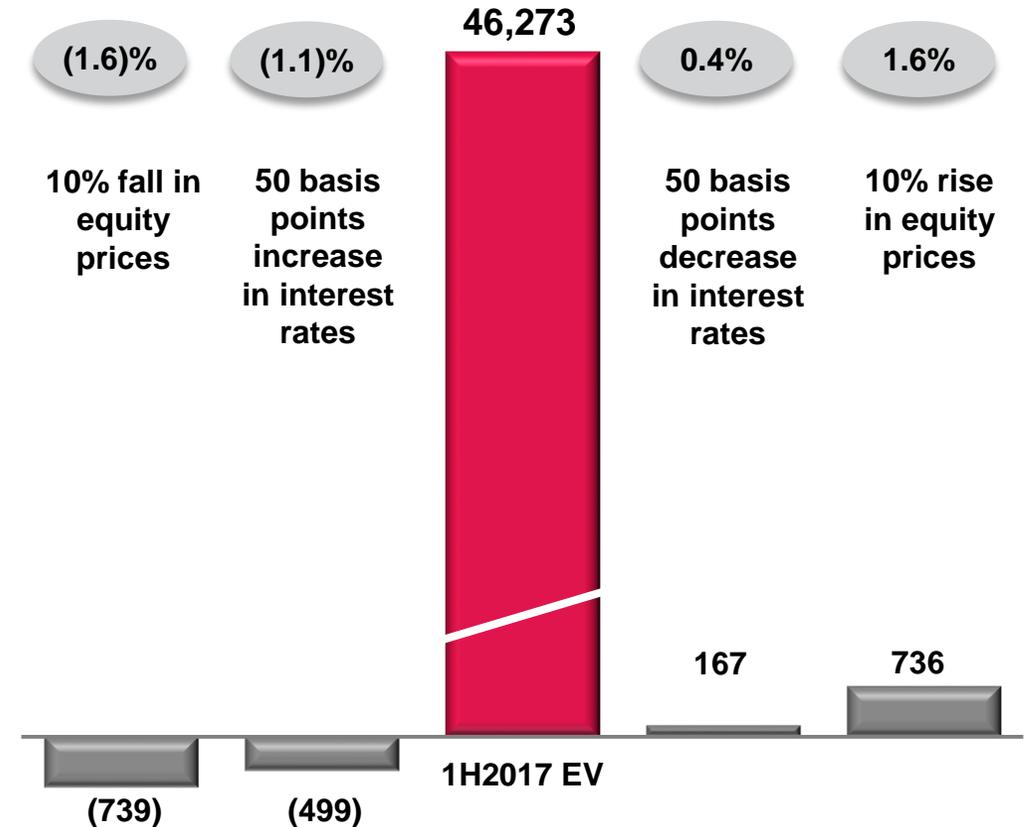
AIA Long-term Assumptions vs Market Rates

Weighted Average by Geography⁽¹⁾



Sensitivity of EV

As at 31 May 2017



Note:

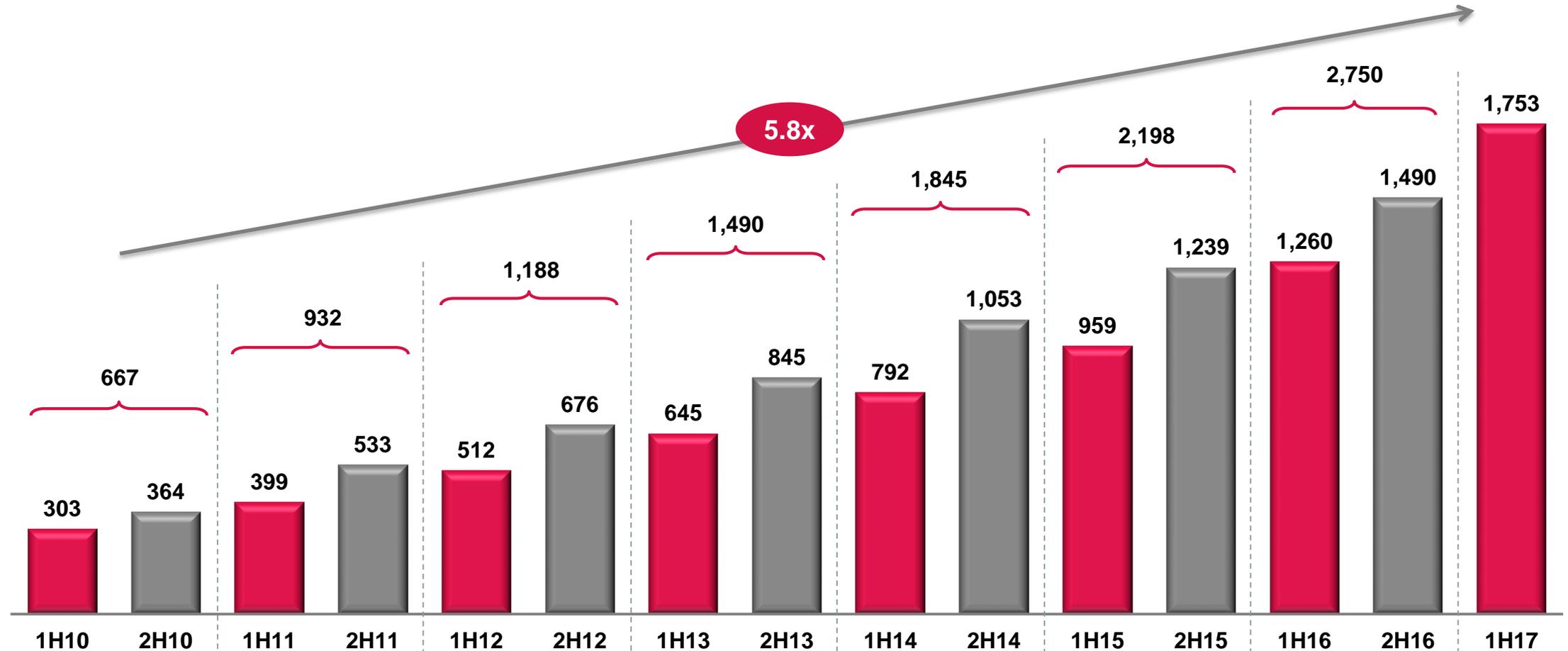
(1) Weighted average interest rates by VIF of Hong Kong, Thailand, Singapore, China, Malaysia and Korea

Strong & Sustained Growth in Profitable New Business



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VONB (\$m)





Growth

Earnings

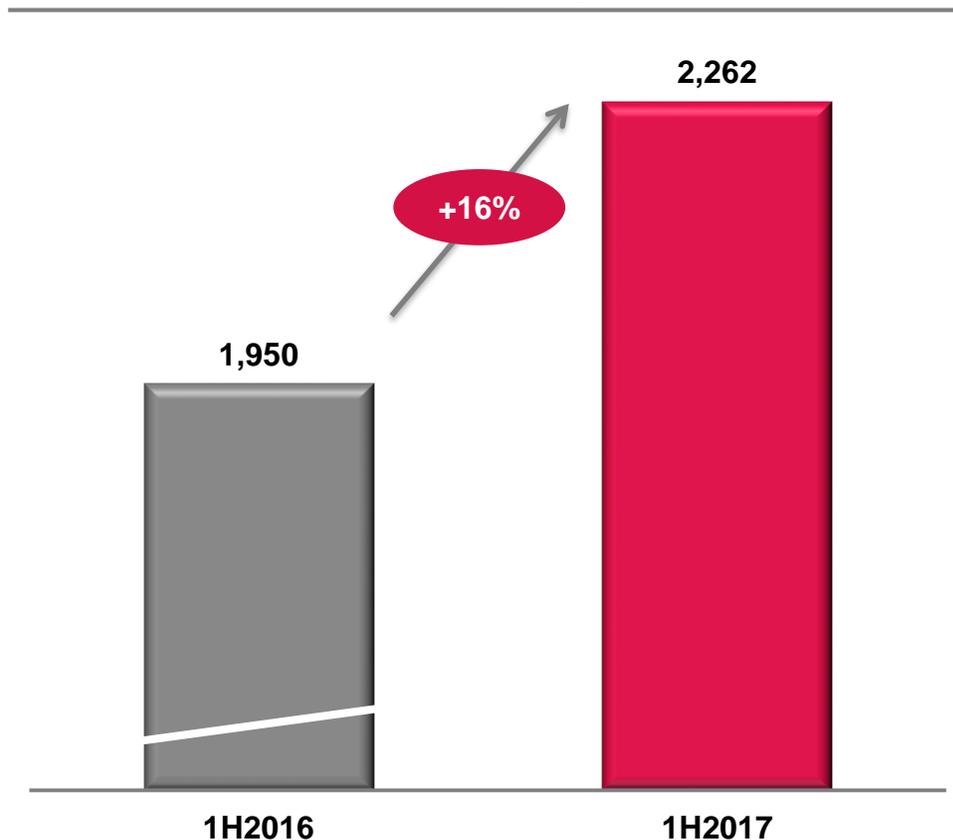
Capital and Dividends

IFRS Operating Profit up 16%

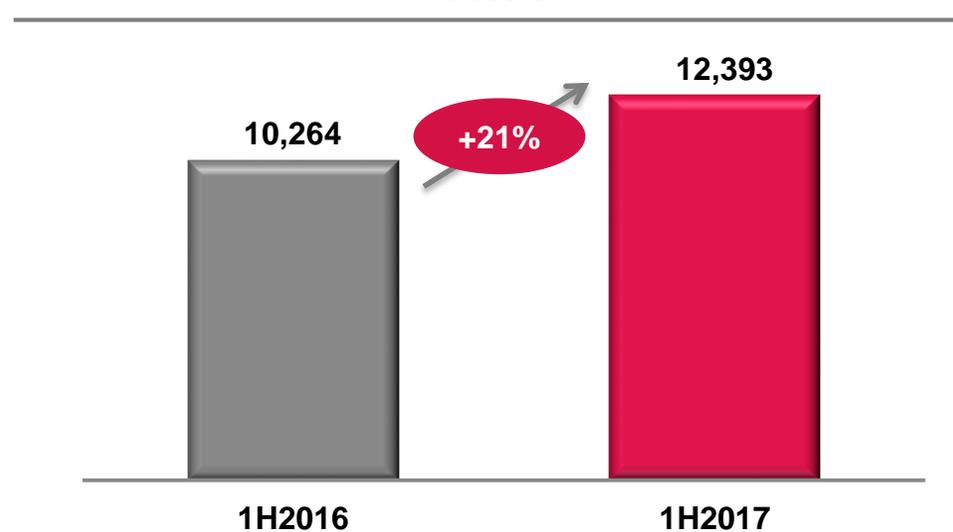


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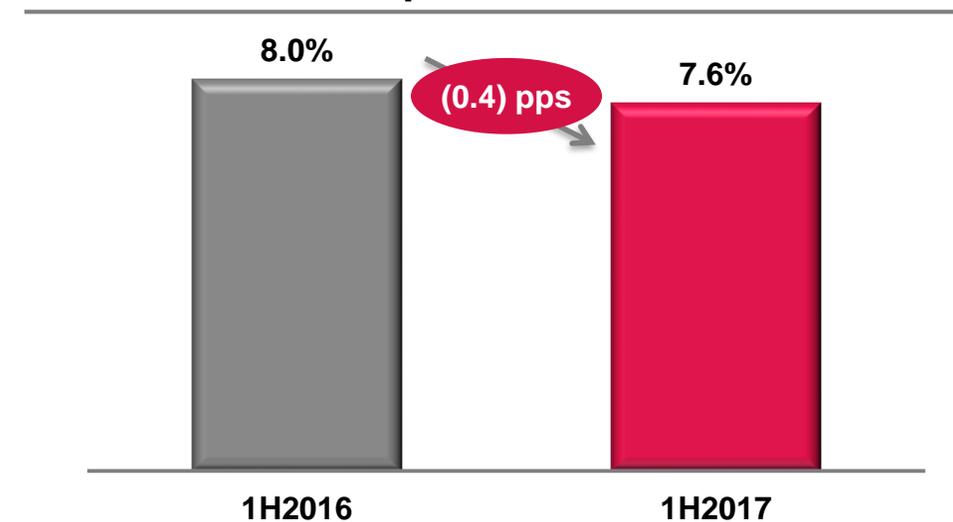
OPAT (\$m)



TWPI



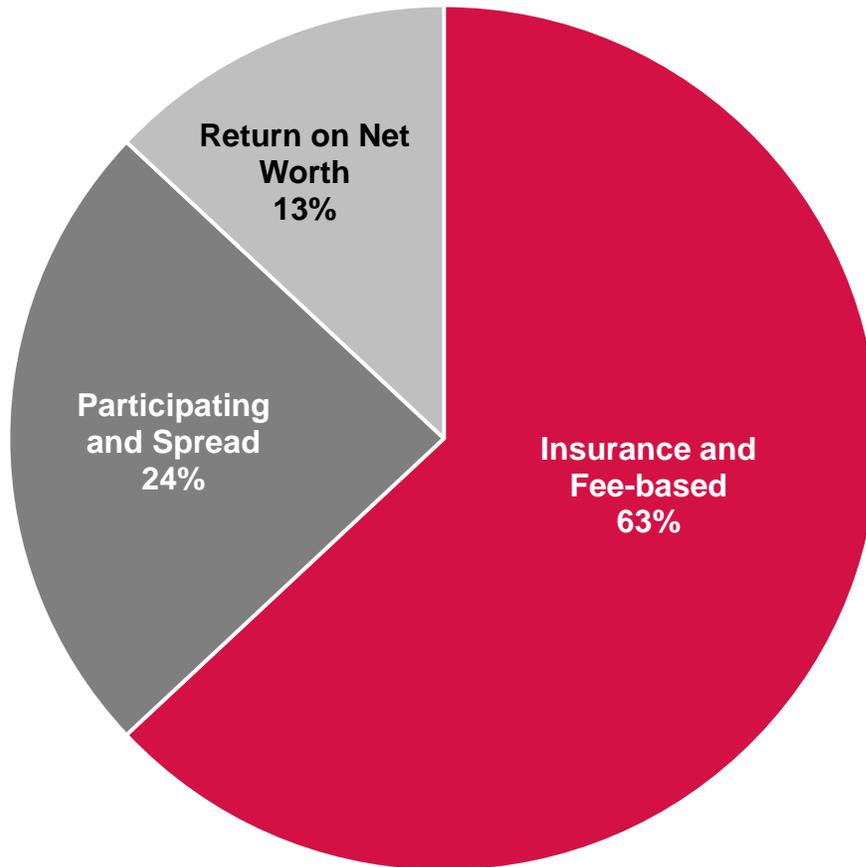
Expense Ratio



Note:
Comparatives are shown on a constant exchange rate basis

Resilient and Diversified Earnings

1H2017 Sources of IFRS Operating Profit⁽¹⁾



High-quality Business

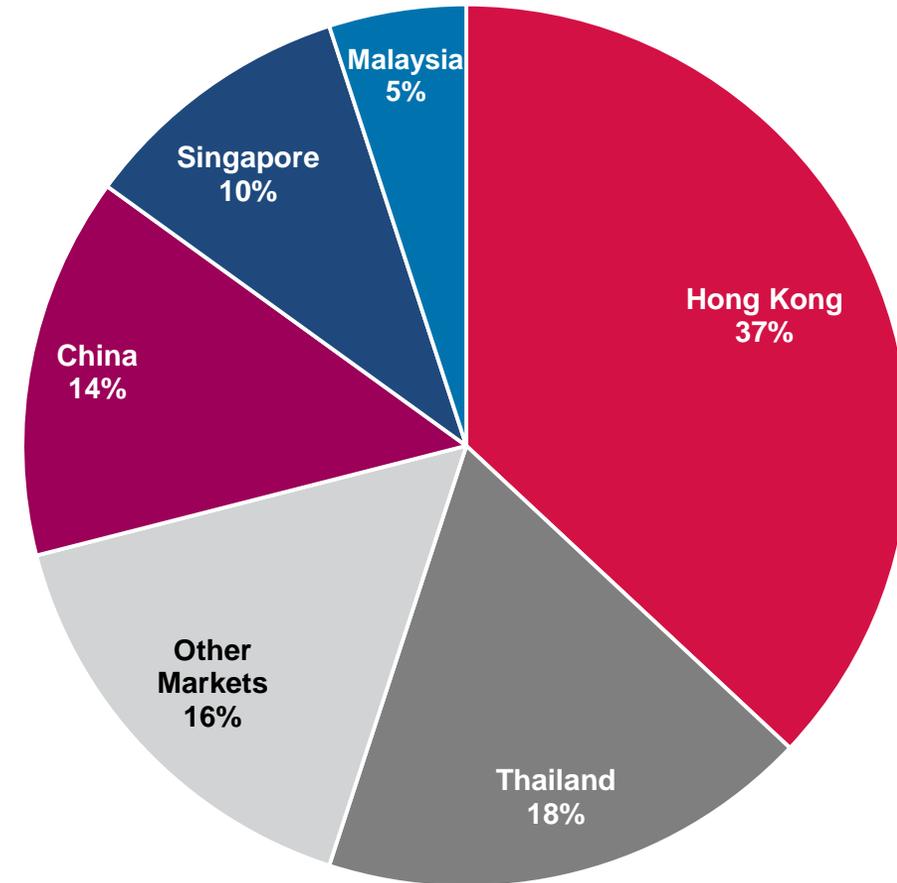
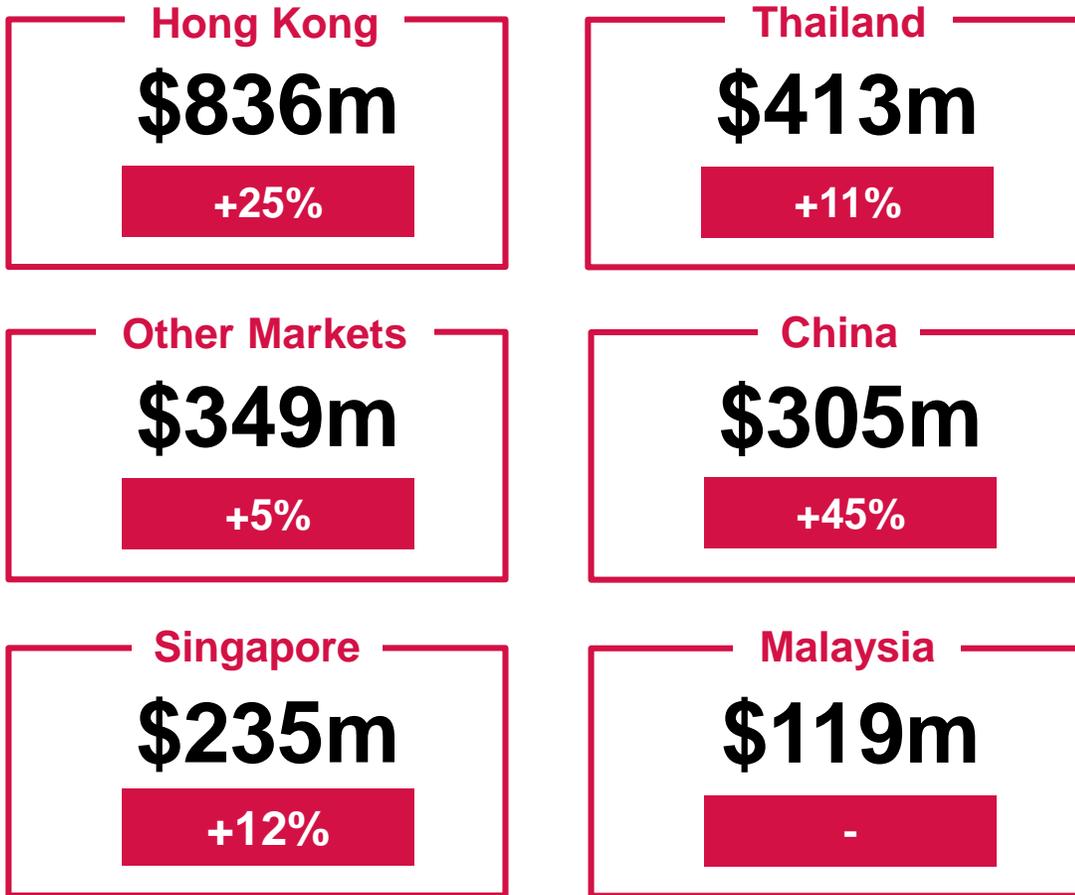
- Balanced sources of earnings
- Majority insurance and fee-based profits
- Profitable new business mix
- Underpinned by focus on regular premiums and protection business
- Resilient across cycles

Note:

(1) Before Group Corporate Centre expenses; IFRS operating profit includes the expected long-term investment return for equities and real estate

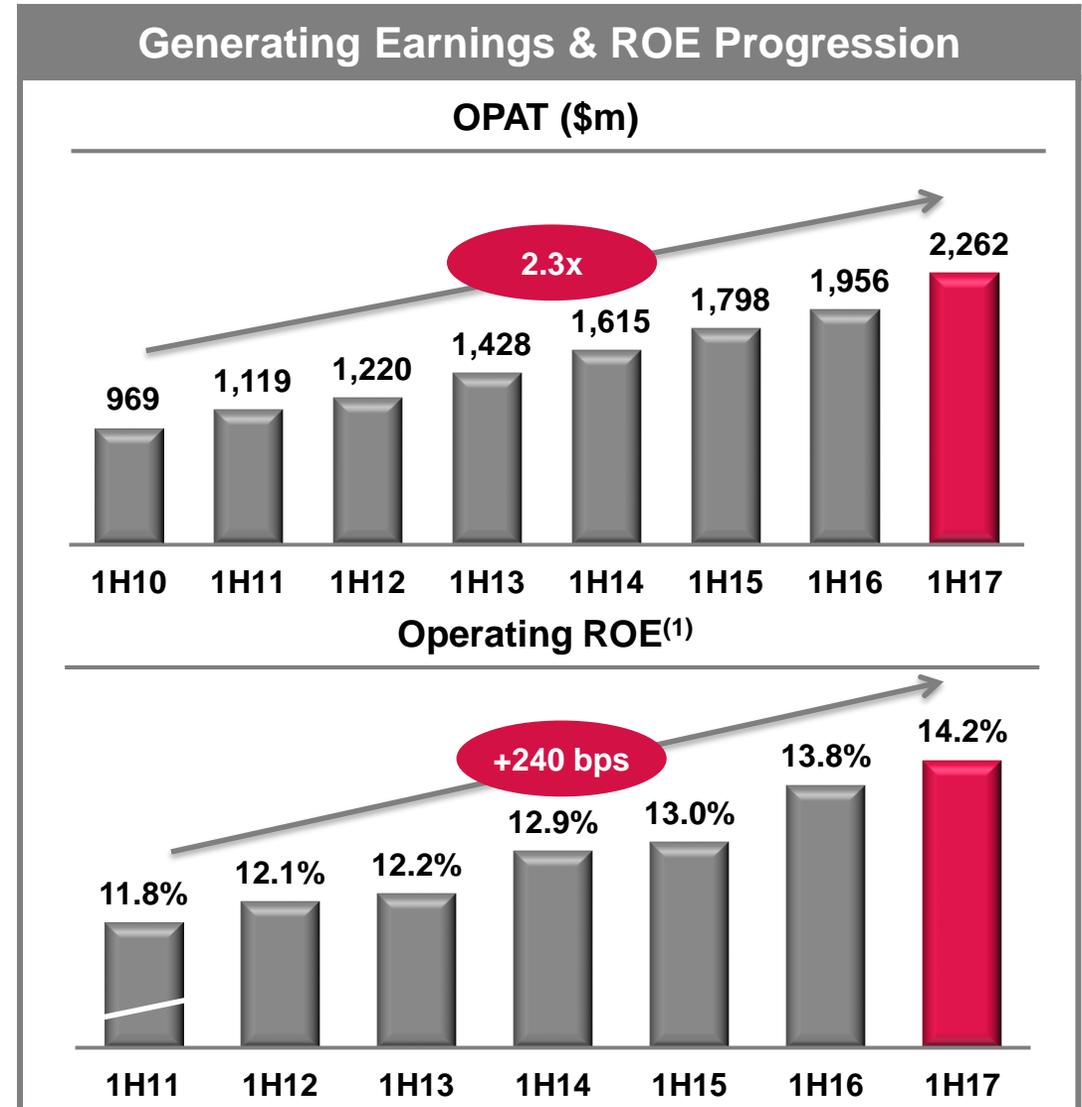
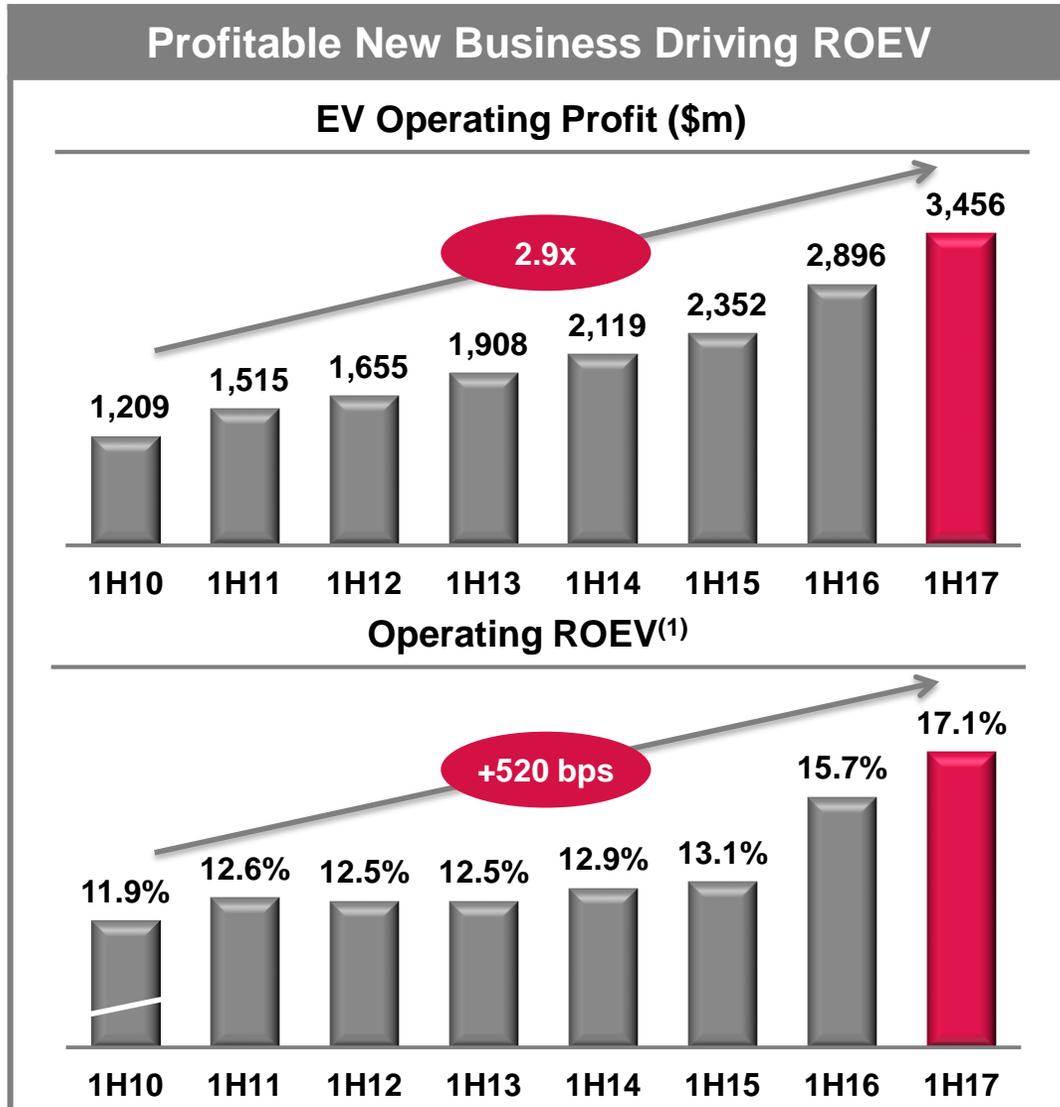
Profitable Growth – Delivered with Scale

1H2017 IFRS OPAT by Market Segment



Note:
Growth rates are shown on a constant exchange rate basis

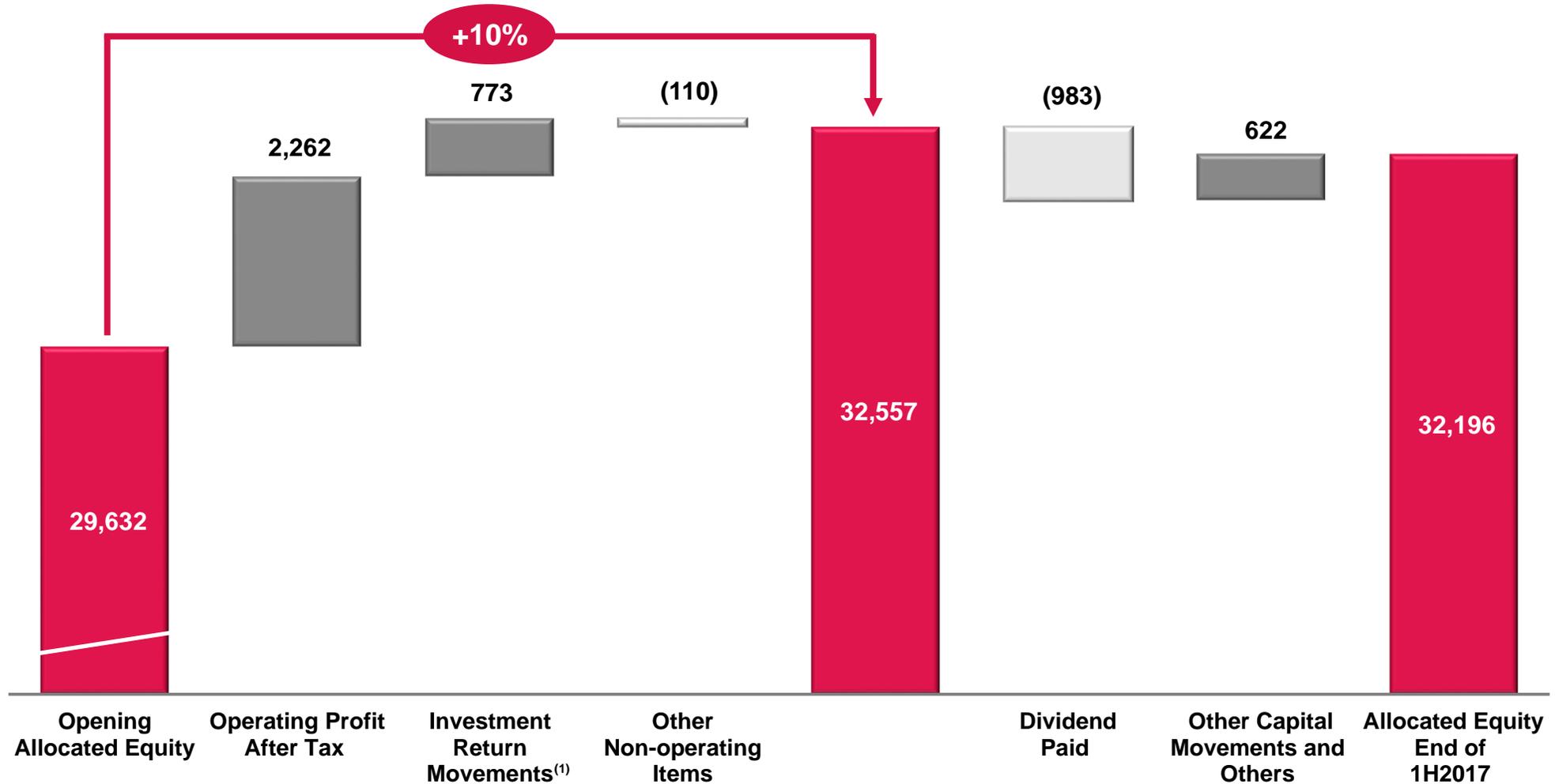
Strong ROEV and ROE Progression



Note:
(1) On an annualised basis

Growth in Allocated Equity

IFRS Shareholders' Allocated Equity Movement in 1H2017 (\$m)



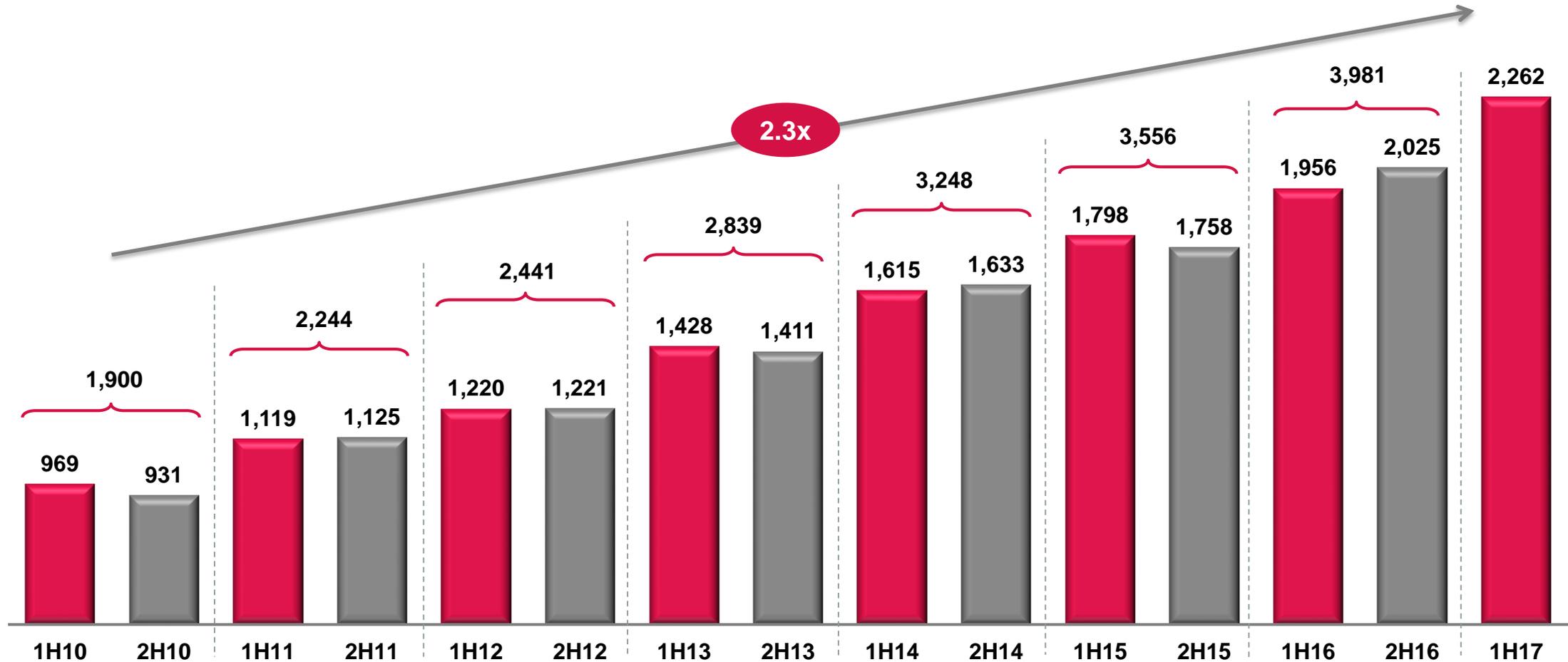
Note:
 (1) Short-term fluctuations in investment return related to equities and real estate, net of tax

Strong and Sustained Earnings Growth



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OPAT (\$m)





Growth

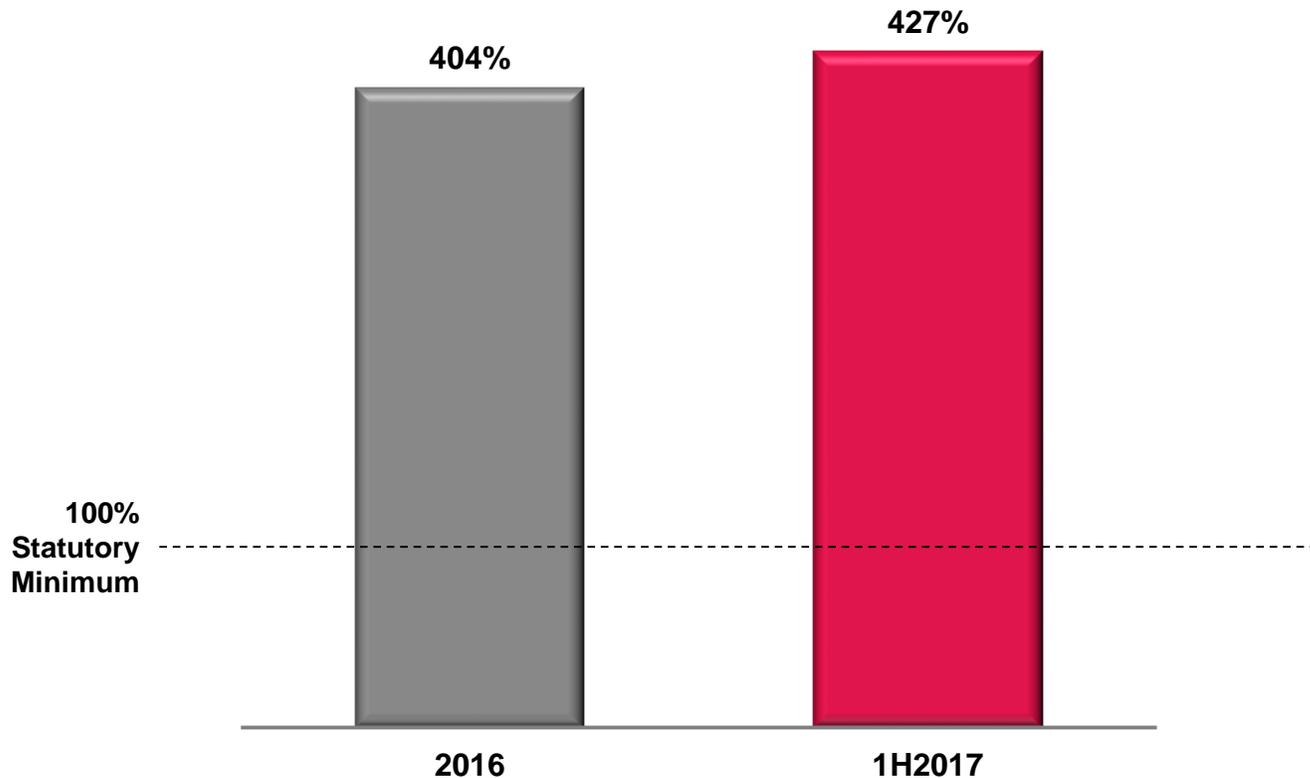
Earnings

Capital and Dividends

Solvency Ratio of 427% for AIA Co.



Solvency Ratio on the HKIO Basis for AIA Co.



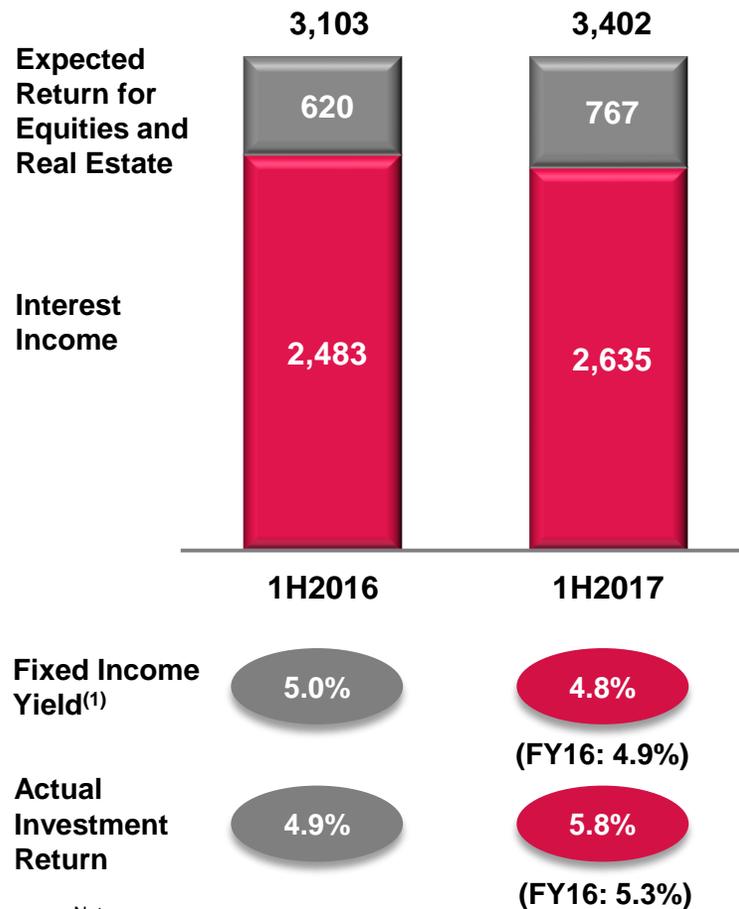
Resilient Solvency Position

- Growth in retained earnings and positive mark-to-market movements
- Prudent HKIO reserving basis
- AIA Co. S&P rating of AA- and Fitch rating of AA
- Moody's upgraded rating to Aa2

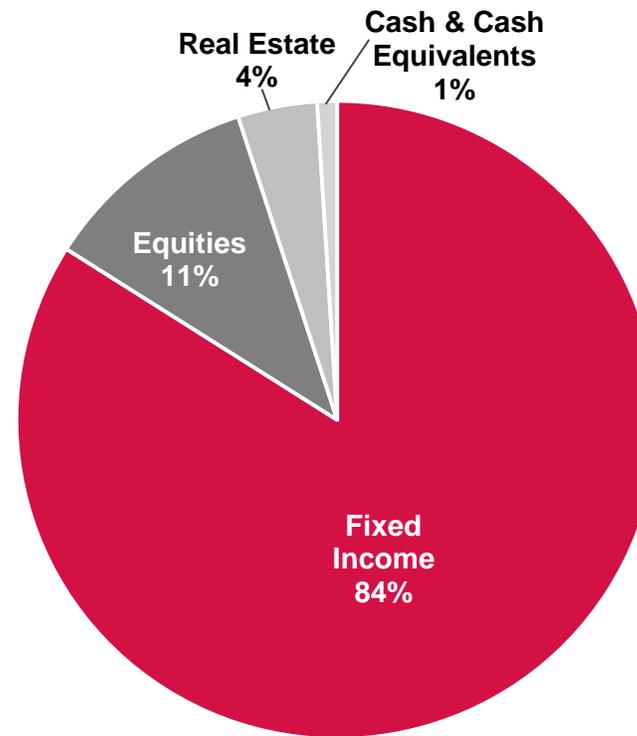
Prudent Investment Portfolio – Stable Yield



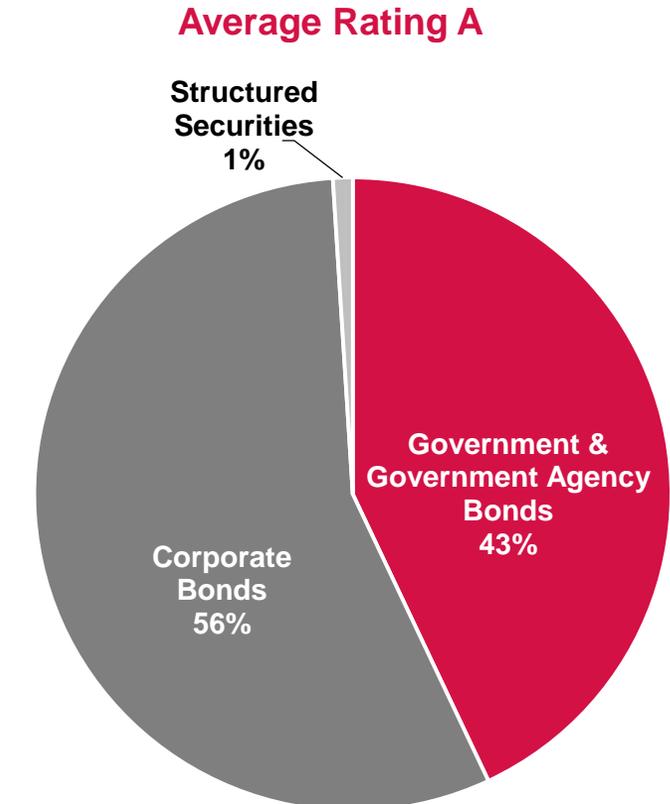
IFRS Operating Profit Investment Return (\$m)



Total Investments of \$149b⁽²⁾



Total Bond Portfolio of \$117b⁽²⁾

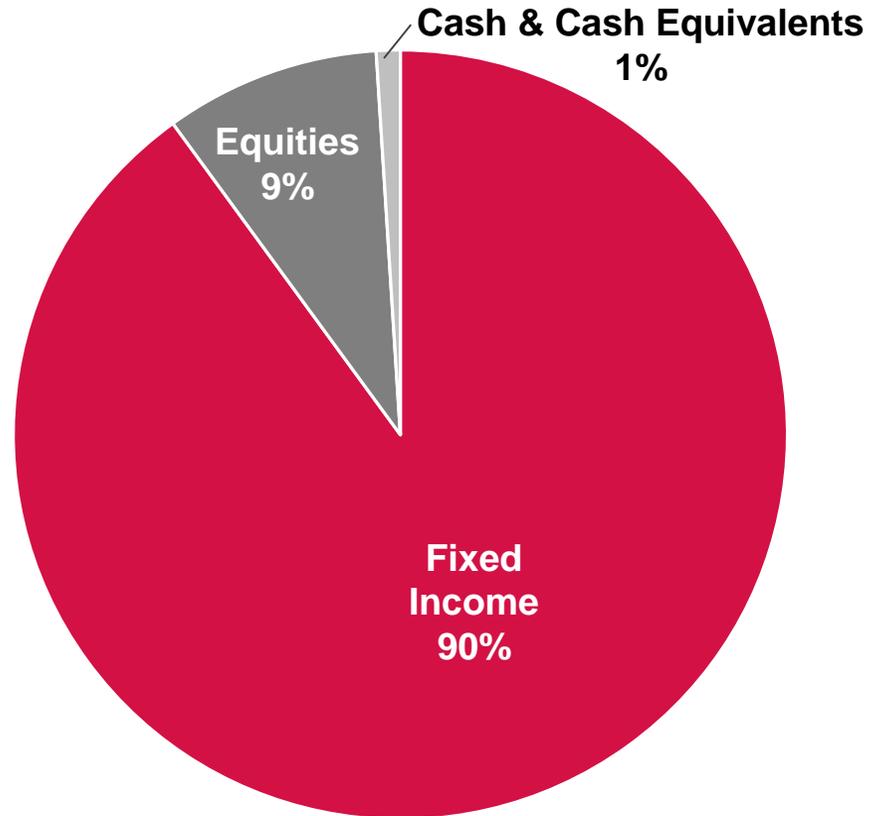


Notes:
 IFRS operating profit investment return comparatives are shown on a constant exchange rate basis
 (1) Interest income from fixed income investments, as a percentage of average fixed income investments measured at amortised cost over the period. This excludes unit-linked contracts and consolidated investment funds
 (2) As of 31 May 2017

AIA China – Prudent Investment Portfolio



Asset Mix



Prudent ALM Approach

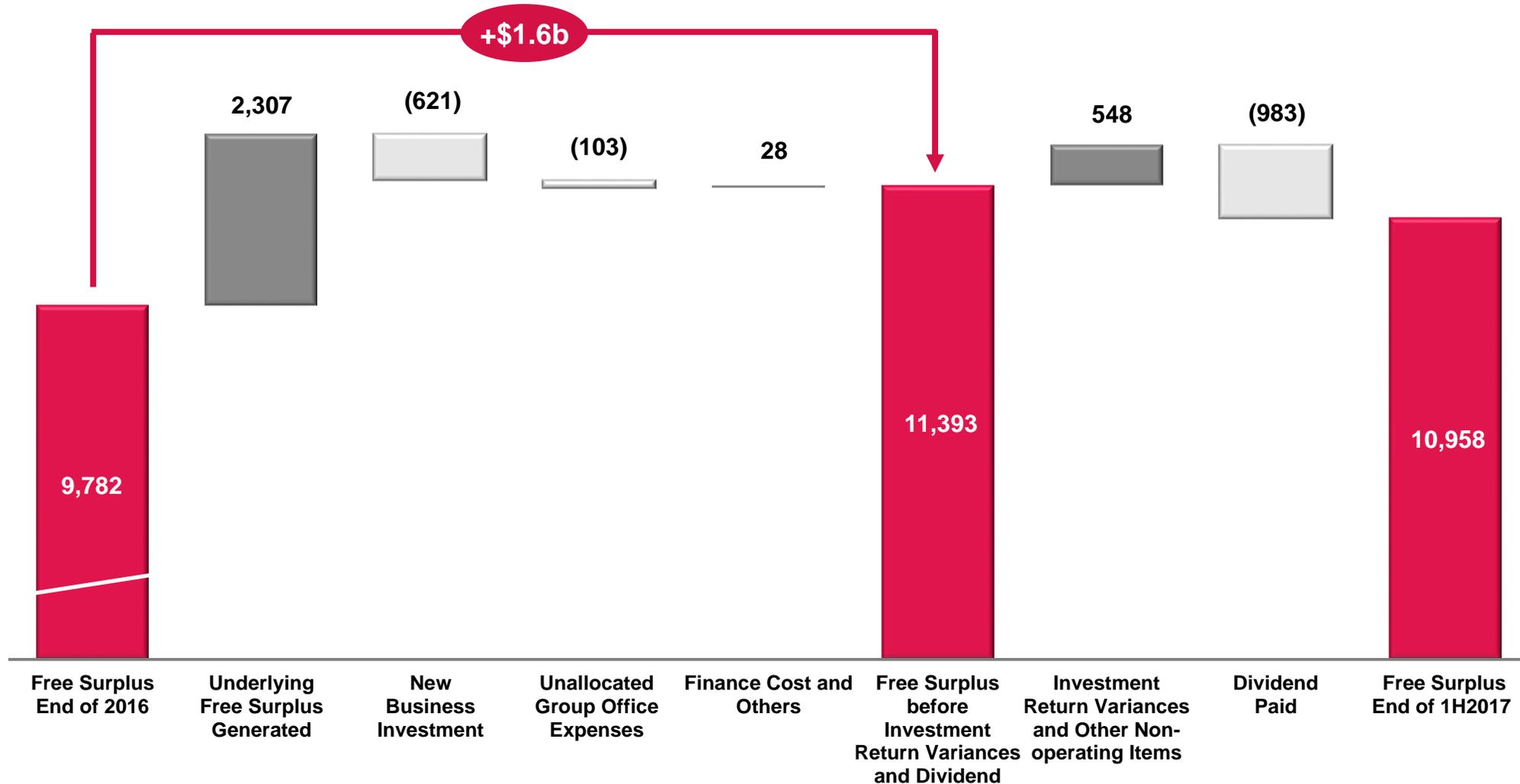
- Asset allocation driven by liability cash flow matching in local currency
- 80% of earnings from insurance and fees
- 90% of assets in fixed income
- 84% of bond portfolio in government and government agency bonds
- Bond portfolio average international rating A+
- Asset portfolio well diversified with insignificant alternative assets

Self-financed Growth at Attractive Returns



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Free Surplus of \$11.0b on the HKIO Basis (\$m)

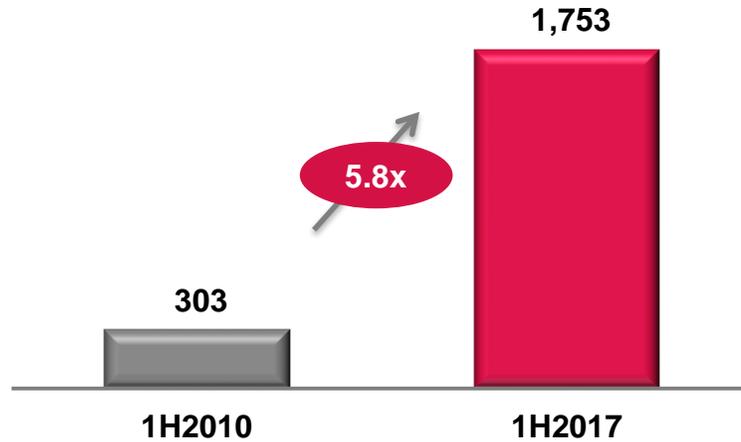


Increased Returns and Capital Efficiency Since IPO

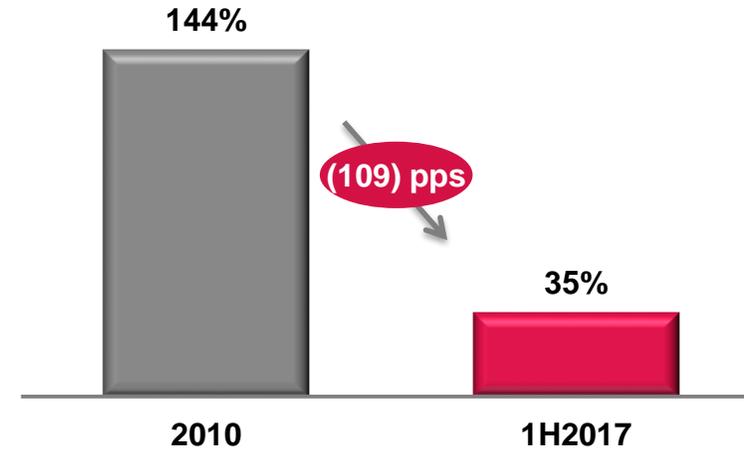


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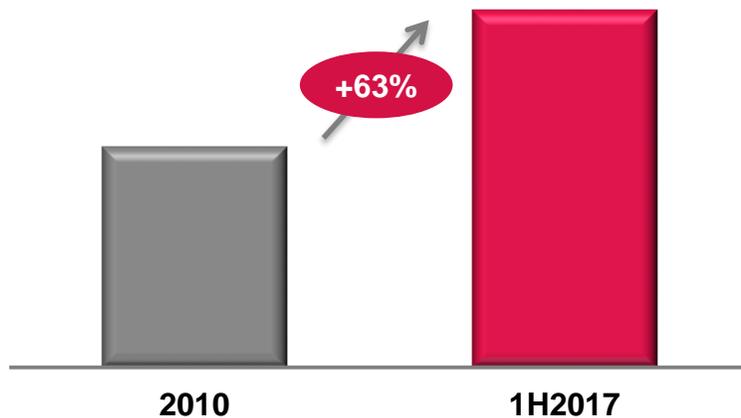
VONB (\$m)



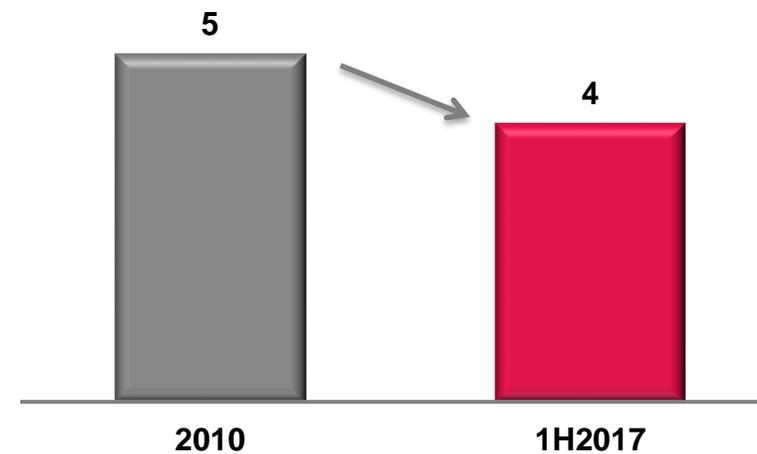
New Business Strain as % of VONB



IRRs Consistently Above 20%



Decreasing Payback Periods (Years)

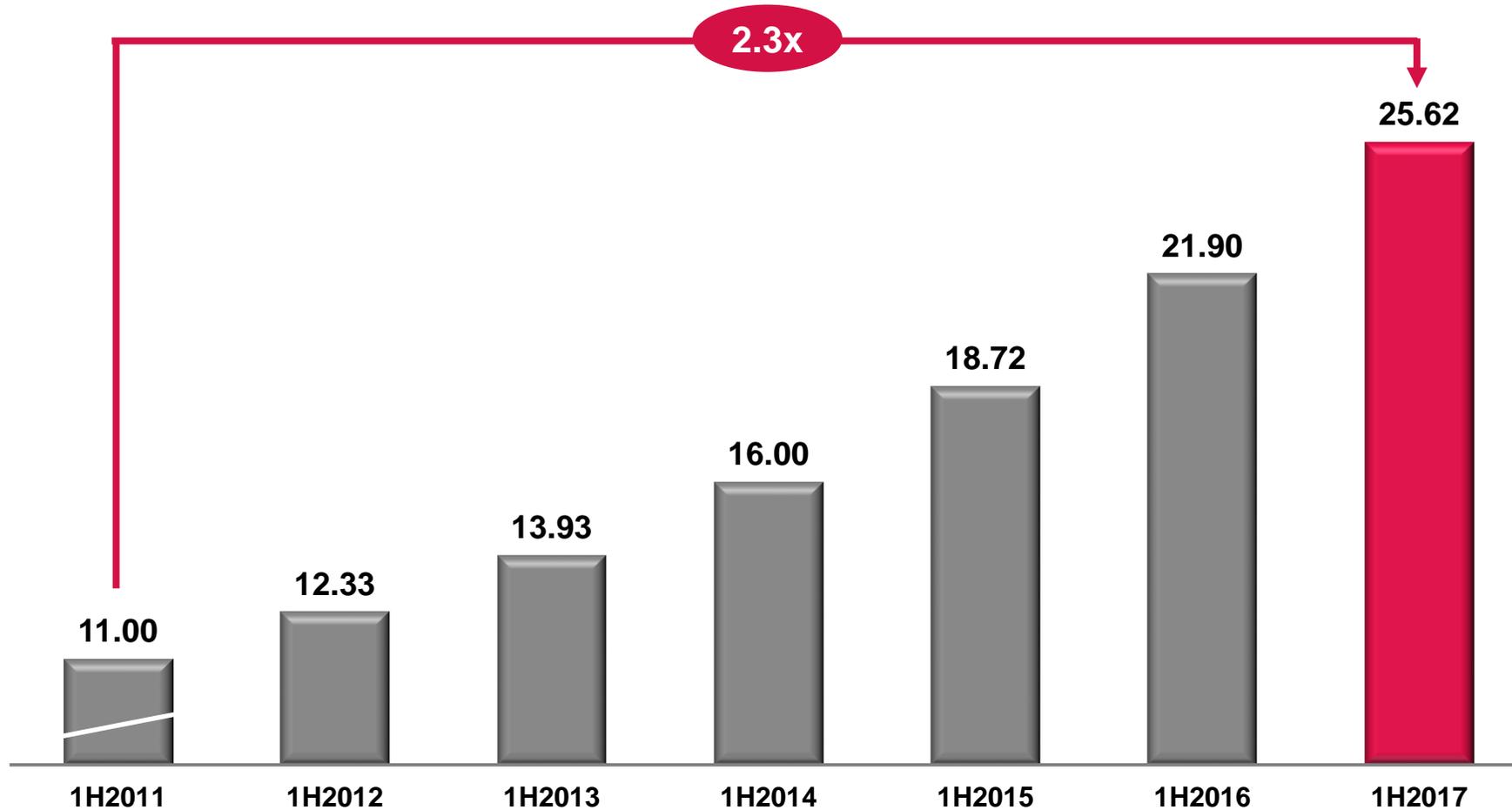


Significant Interim Dividend Increase of 17%



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Interim Dividend Per Share (HK cents)



1H2017 Financial Results – Consistent Execution



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Growth

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

Earnings

- Strong growth in IFRS operating profit
 - Increased ROE over time
 - Diversified and large-scale sources of earnings
-

Capital & Dividends

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

Jacky Chan

Regional Chief Executive



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AIA Vitality
健康程式



World
Without
Poverty



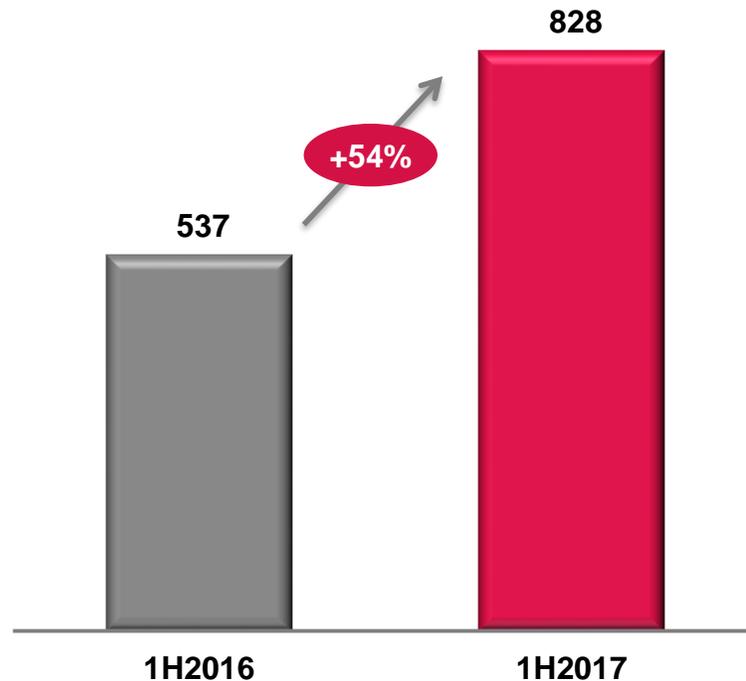
AIA Vitality
健康程式



Hong Kong: Delivering Excellent Results



VONB (\$m)



ANP (\$m)	988	1,696
VONB Margin	52.9%	47.9%

Premier Agency

- Excellent VONB growth
- New recruits up 17%
- Active agent productivity up 30%
- Two-thirds of new recruits aged 35 or below

Profitable Partnerships

- Significant VONB growth
- Exceptional performance from IFA channel
- High double-digit VONB growth from Citibank

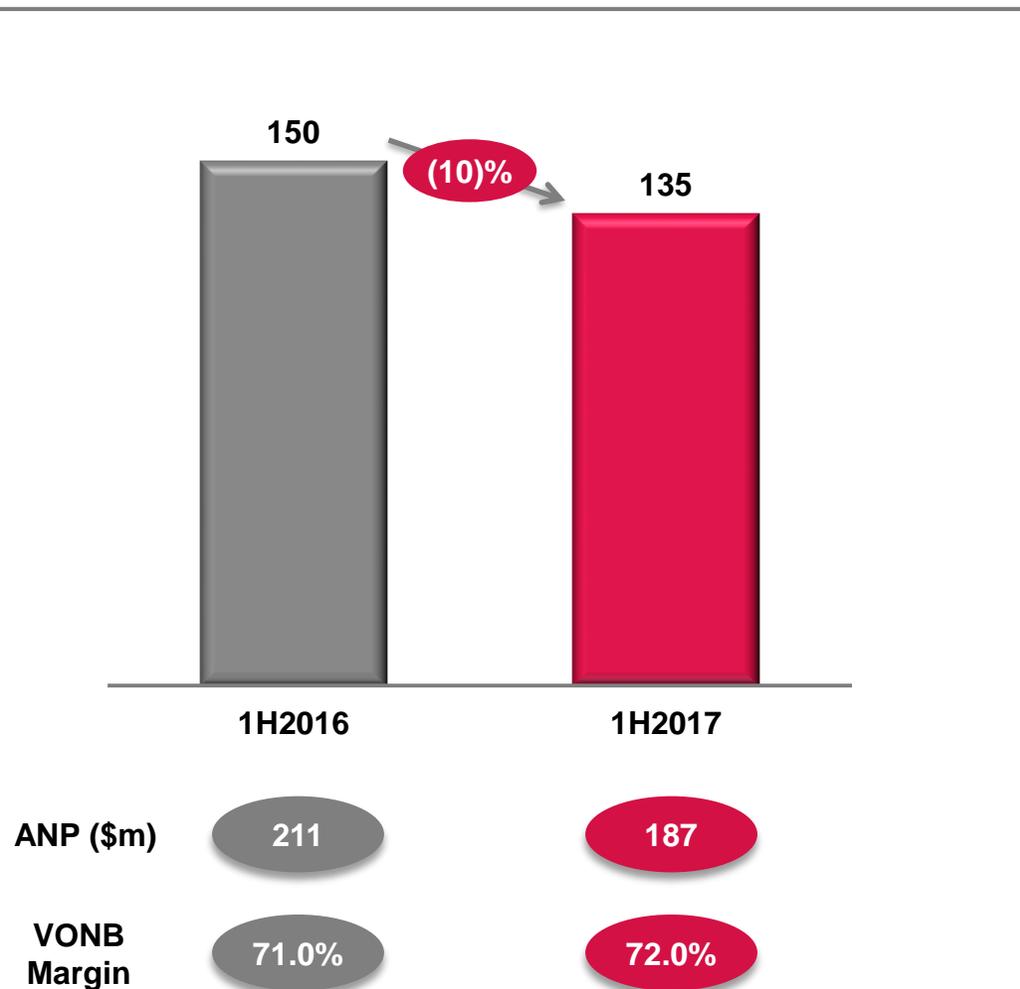
Products and Customers

- Significant take-up of *AIA Vitality* with integrated products

Singapore: Disciplined Focus on Quality Business



VONB (\$m)



Premier Agency

- Market leader in Singapore
- Growth in active new agents
- >85% of new business submissions via iPoS

Profitable Partnerships

- Double-digit VONB growth in Citibank
- Reduction in single premium broker sales

Products and Customers

- #1 in protection market
- *AIA Vitality* integrated product VONB up >3x

Note:
Comparatives are shown on a constant exchange rate basis

Bill Lisle
Regional Chief Executive

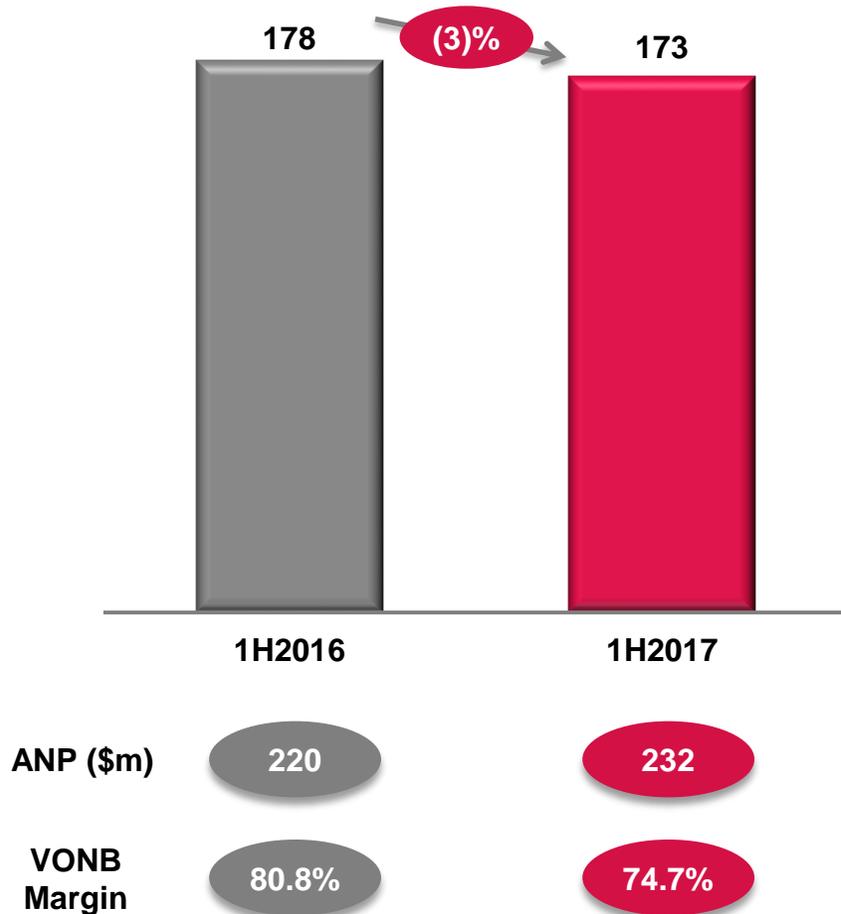


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Thailand: Transforming Our Distribution



VONB (\$m)



Premier Agency

- Recruitment and training programmes targeting young, highly-educated candidates
- New Financial Adviser recruits up 34%
- 25% more productive than average recruits
- Unit-linked licensed agents up 31%
- #1 MDRT in Thailand

Products and Customers

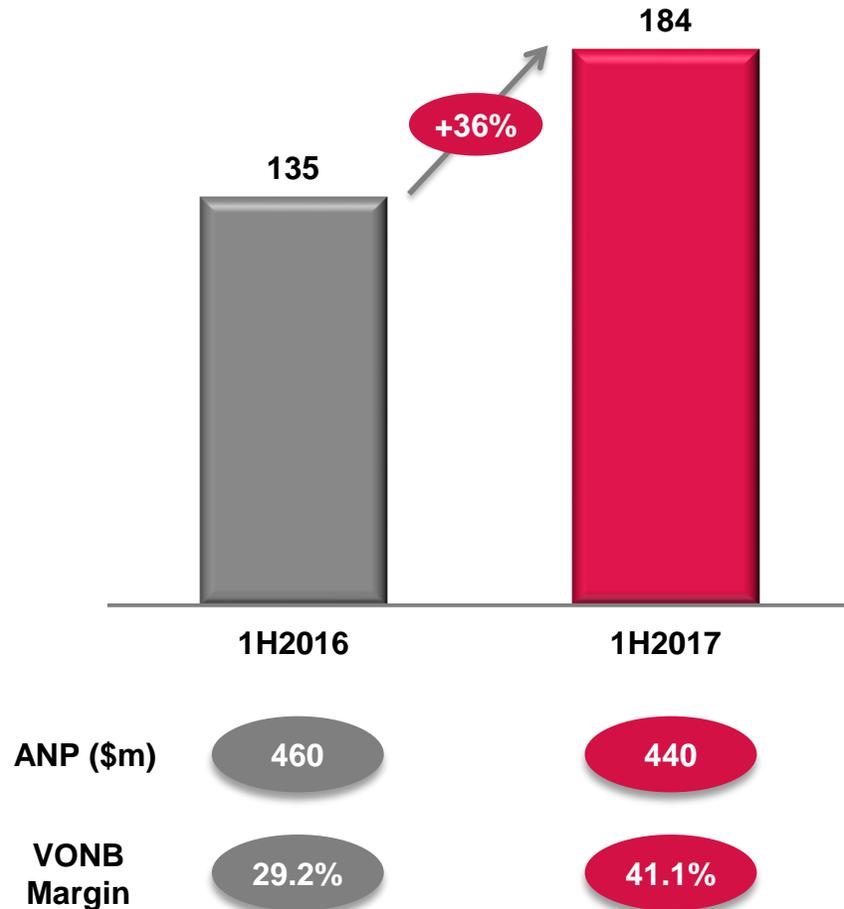
- Market leader in the protection market
- 96% of ANP from regular premium sales
- *AIA Vitality* membership trebled in first half

Note:
Comparatives are shown on a constant exchange rate basis

Other Markets: Delivering Excellent Growth



VONB (\$m)



Australia

- #1 ranked in IFA individual life market
- Strong VONB growth in group insurance
- Launched myOwn health brand

Indonesia

- Strong double-digit agency VONB growth
- Positive shift in product mix
- Renewed and extended BCA relationship

Korea

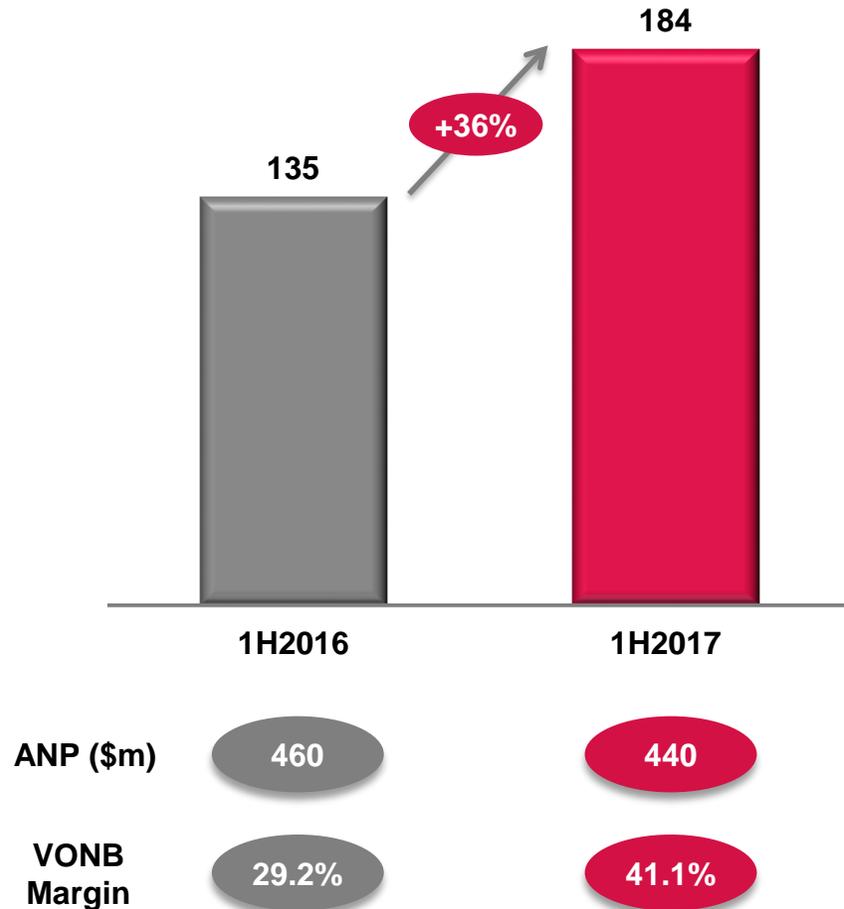
- VONB more than doubled
- Quality DM recruitment and protection focus
- Increased margins from shift in product mix

Notes:
Comparatives are shown on a constant exchange rate basis;
Korea has been included as part of the Other Markets segment, as previously disclosed in our Annual Report 2016. Prior period comparatives have been adjusted accordingly to conform to current period presentation

Other Markets: Delivering Excellent Growth



VONB (\$m)



Philippines

- Strong VONB growth
- Active new agents up over 30%
- #1 ranked in bancassurance market

India

- Focus on significant protection gap opportunity
- Differentiated Premier Agency platform
- Profitable bancassurance growth

Vietnam

- Excellent VONB growth
- Protection business driving higher margin
- Active agents up more than 30%

Notes:
Comparatives are shown on a constant exchange rate basis;
Korea has been included as part of the Other Markets segment, as previously disclosed in our Annual Report 2016. Prior period comparatives have been adjusted accordingly to conform to current period presentation



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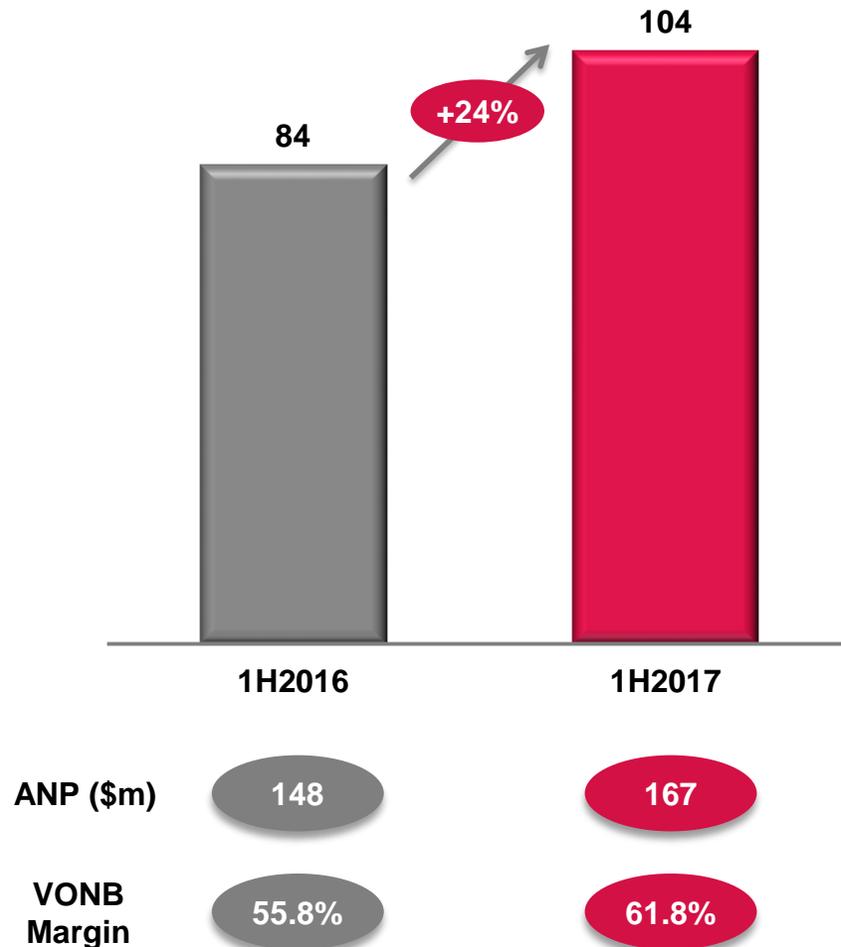
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John Cai
Regional Chief Executive

Malaysia: Delivering Strong Growth

VONB (\$m)



Premier Agency

- Quality recruitment and agency development
- Significant increase in training
- Active new agents up 26%
- Active Takaful agents up 50%

Profitable Partnerships

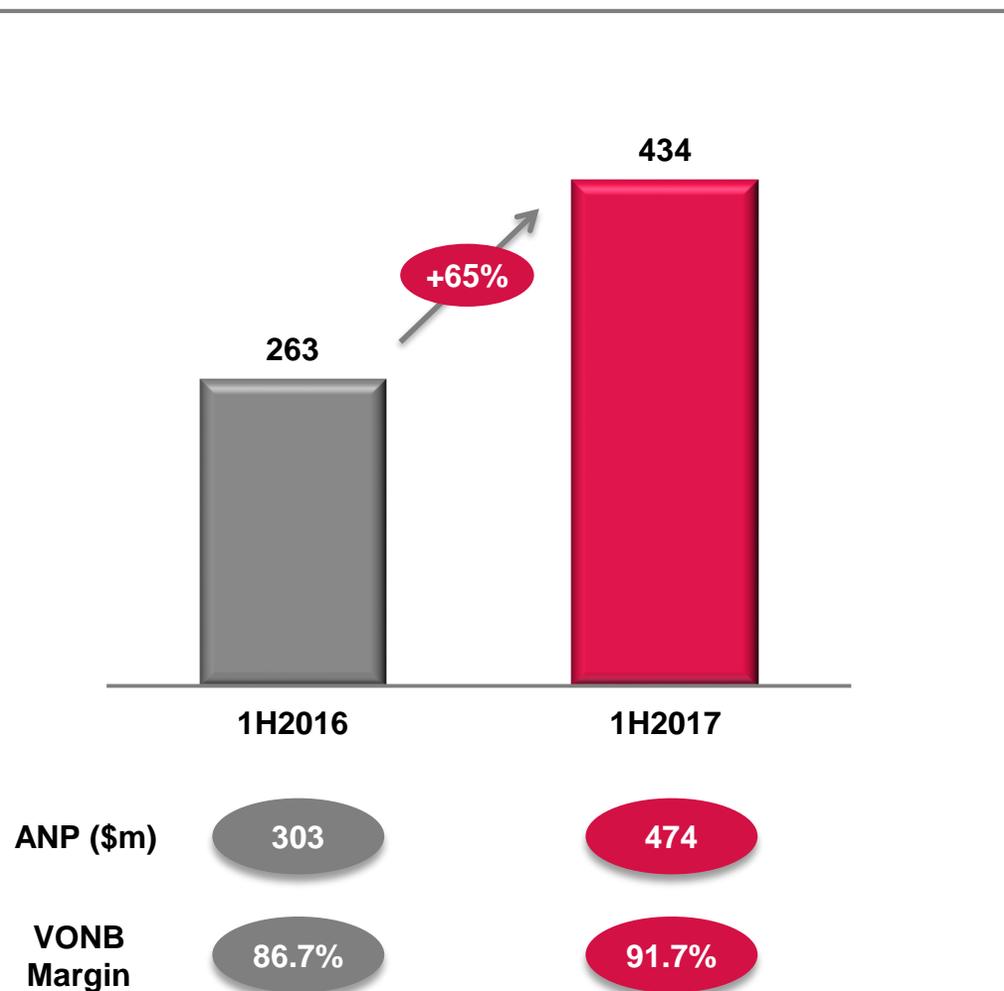
- Double-digit VONB growth from Public Bank
- 48% VONB growth from direct marketing

Products and Customers

- Expanded *AIA Vitality* to corporate clients

China: Sustained Quality Outperformance

VONB (\$m)



Premier Agency

- Differentiated agency distribution strategy
- Focus on quality recruitment and training
- Active agents up more than 40%
- Active new agent productivity up 28%

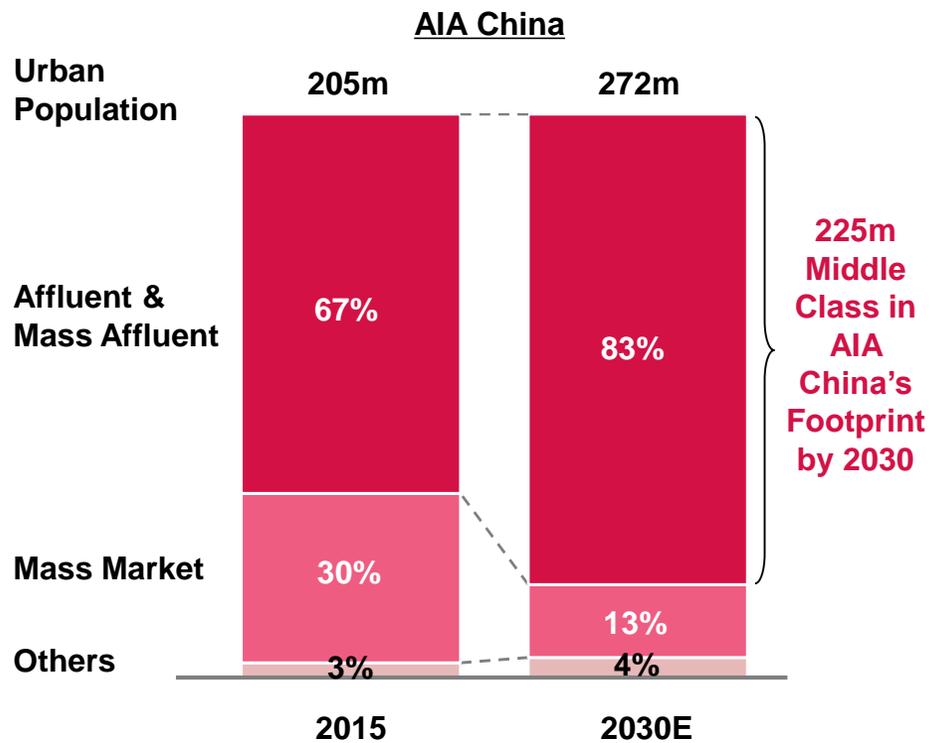
Products and Customers

- Positioned as the protection provider of choice
- Dedicated product range targeting the rapidly growing affluent segment
- New wellness programme launched

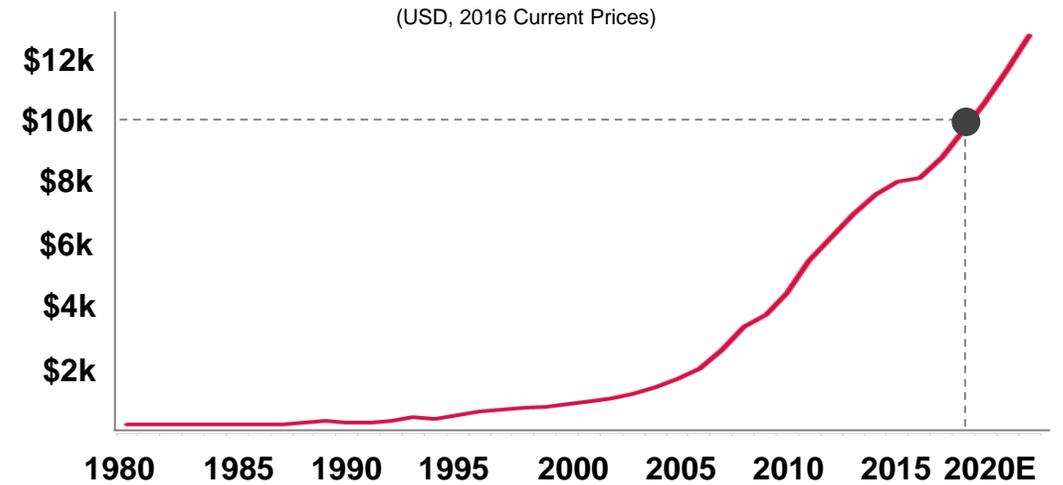
AIA China's Unprecedented Growth Potential



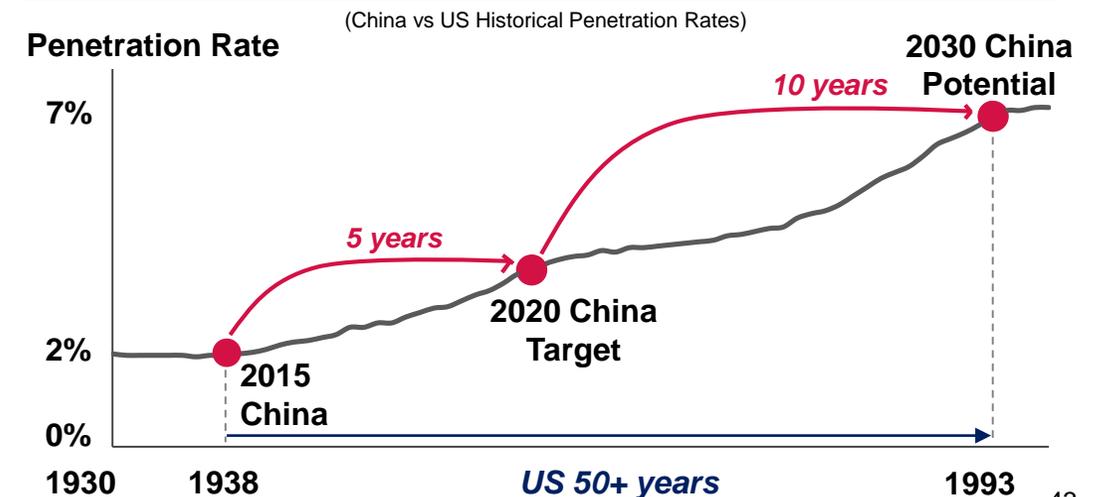
Larger and Wealthier Middle Class



Rapidly Rising GDP per Capita

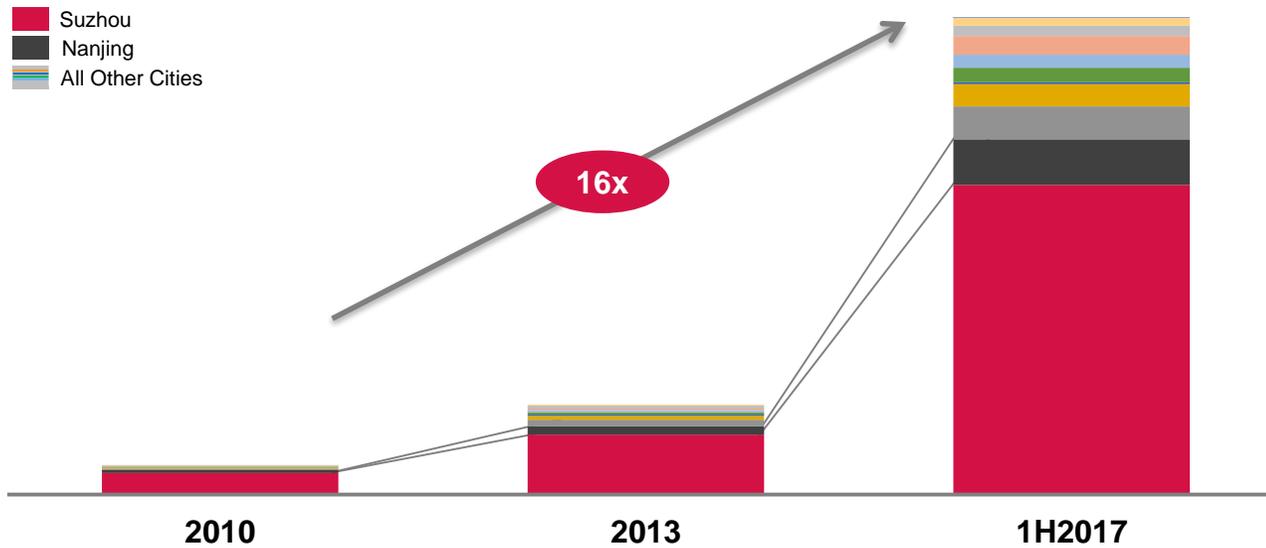


China's Increasing Penetration Rate

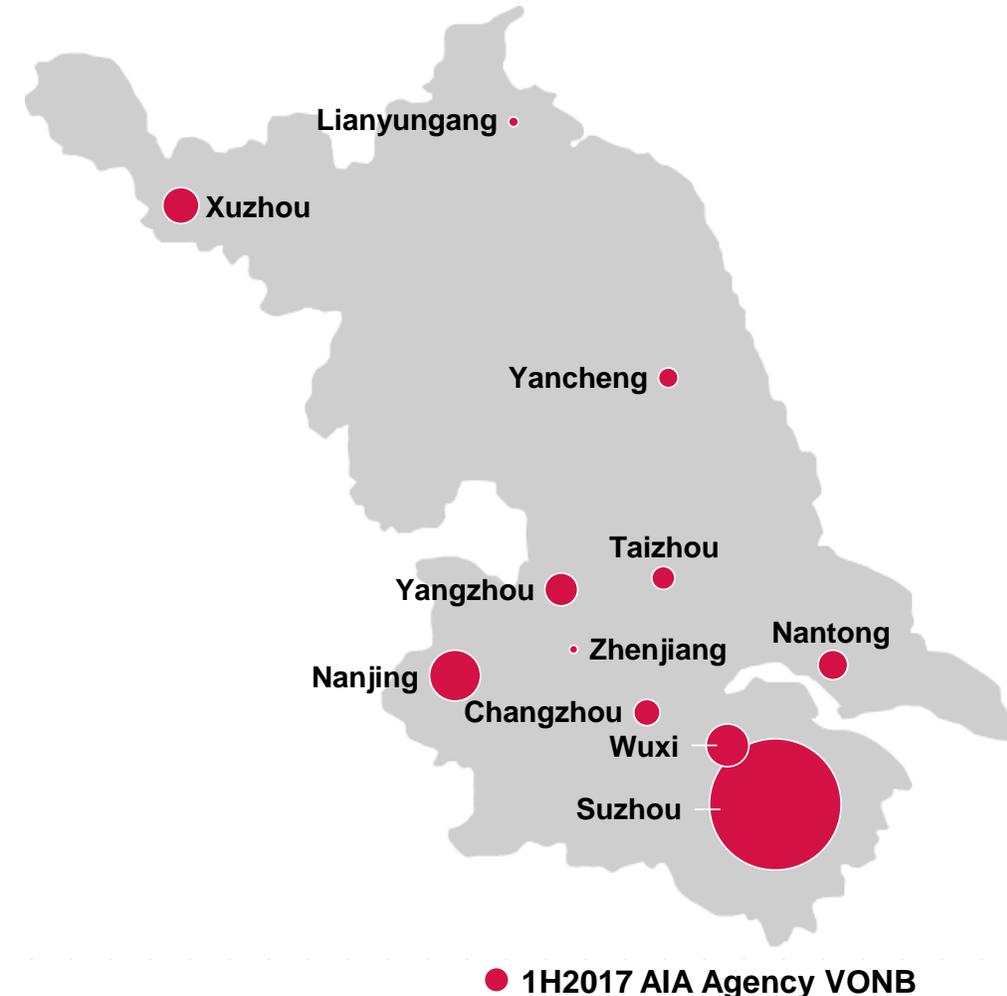


AIA China: Jiangsu Example

AIA Jiangsu Agency VONB Growth



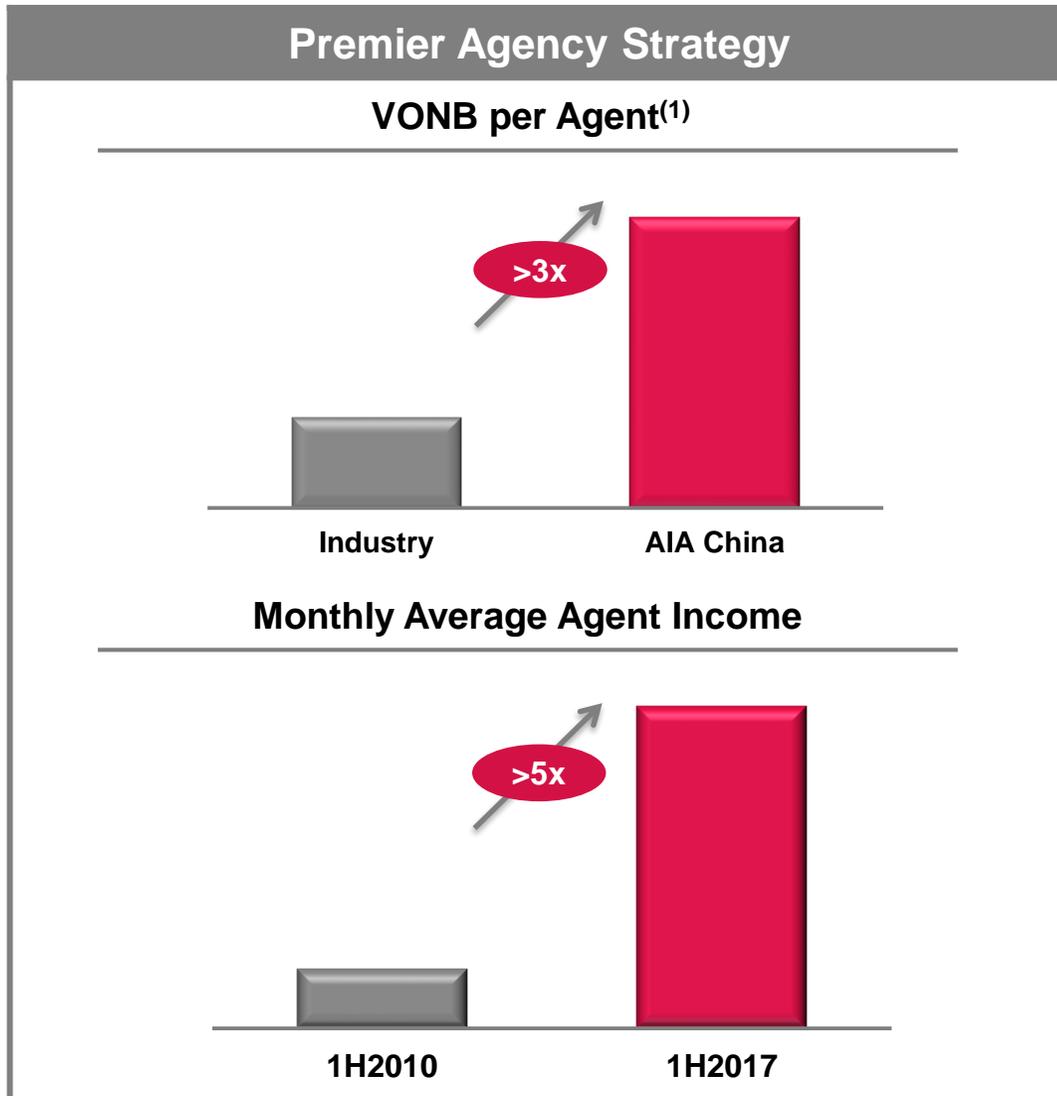
AIA Jiangsu Agency VONB by City



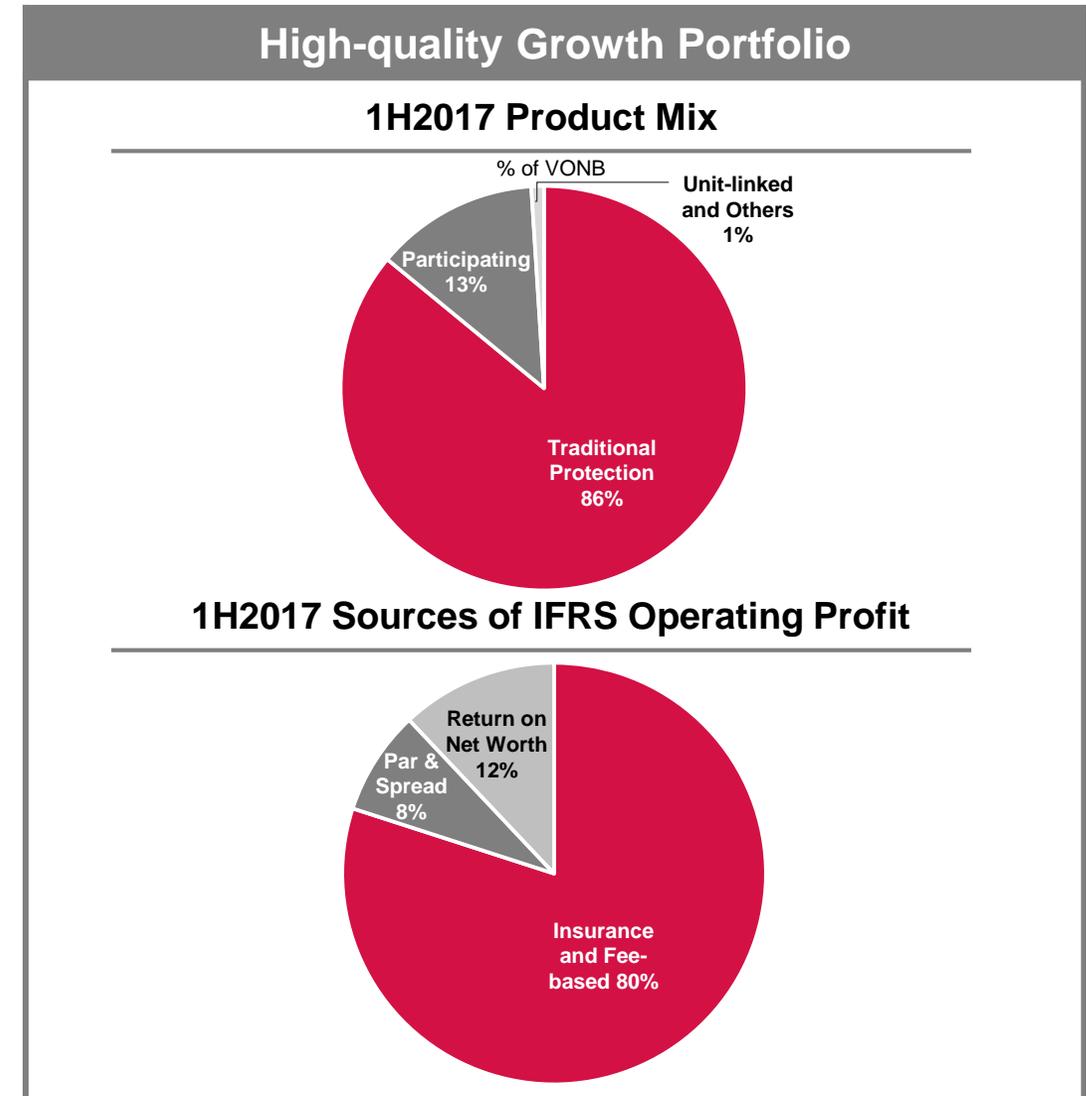
AIA Jiangsu's Significant Potential

- Jiangsu province is the 2nd largest economy in China at \$1.1trn
- GDP per capita of \$14,000, increased from \$8,000 in 2010
- One of the most densely populated provinces with 80m people
- AIA Jiangsu currently covers 11 cities
- Life insurance growth led by urban centres of Suzhou and Nanjing

AIA China: Differentiated Strategy and Execution



Note:
 (1) For the year 2016; industry statistics based on company reports



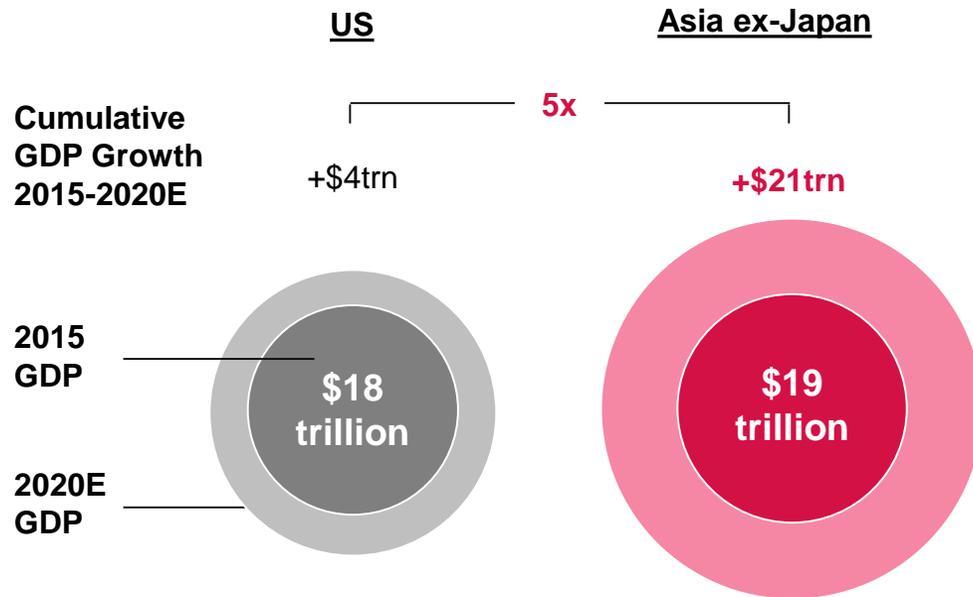


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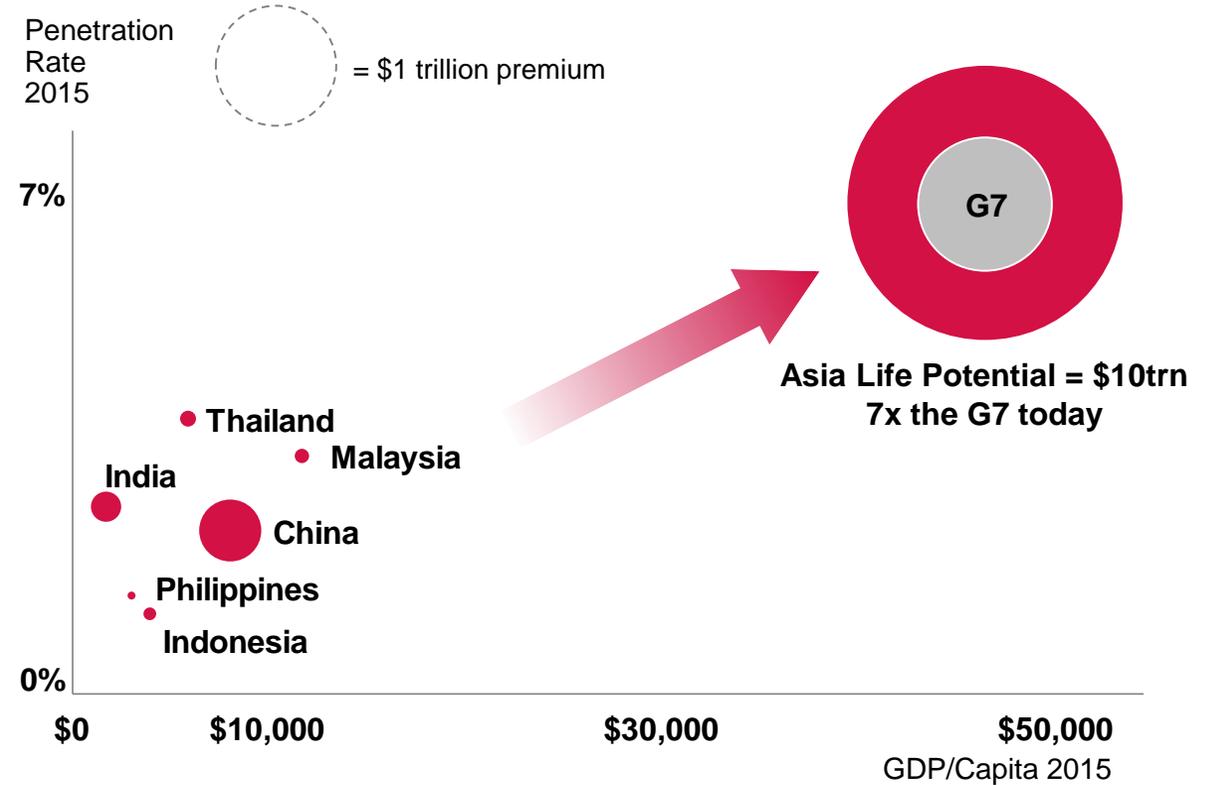
Ng Keng Hooi
Group Chief Executive

Asia's Unprecedented Growth Opportunity

Unprecedented New Economic Activity



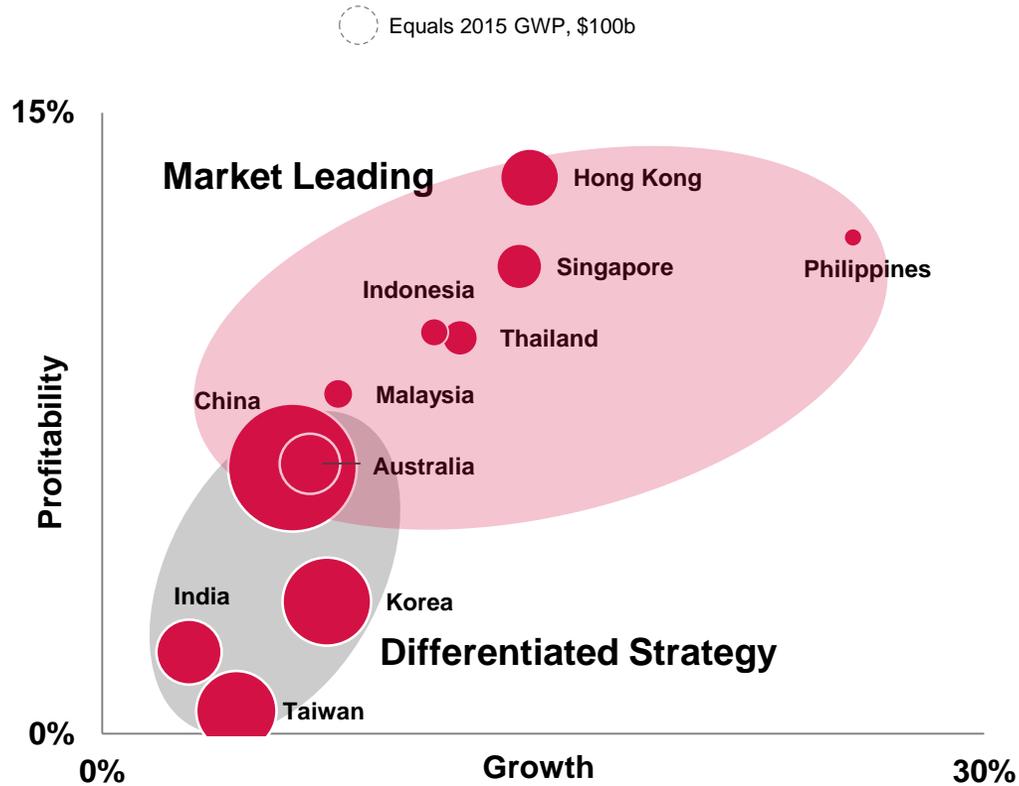
Compounding Growth – Growing GDP & Increasing Penetration



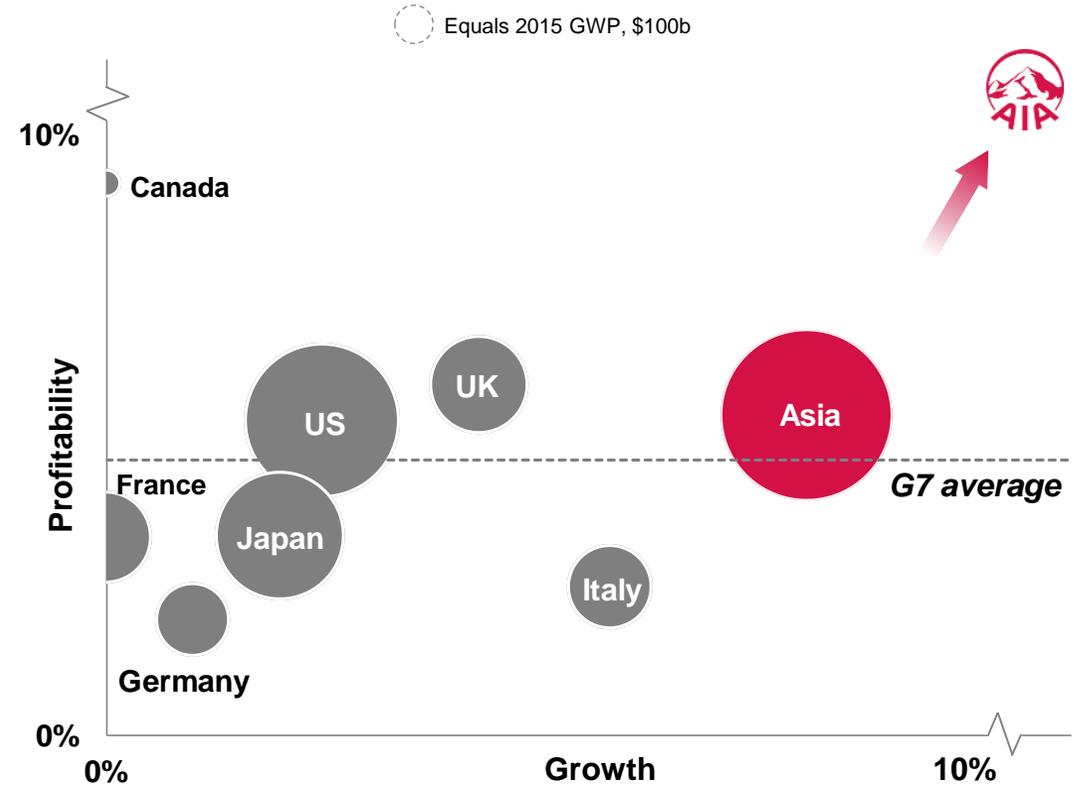
AIA is in the Right Place at the Right Time



Strategic Market Participation



Asia vs G7 Growth and Profitability



Sources: McKinsey, Company estimates
 Note: Y-axis: Average profitability defined by 2010-2015 OPAT / 2010-2015 GWP; X-axis: Compound Annual Growth 2010-2015 GWP

Delivering the Right Strategic Priorities



Premier Agency

- Recruit, develop and promote next generation of agents
- Deliver advice through specialisation and technology
- Deepen relationships to serve broader customer needs

Profitable Partnerships

- Expand partnerships to grow distribution reach
- Strengthen and differentiate partner value proposition
- Drive profitable growth through analytics-led capabilities

Product Innovation

- Maintain protection-focused portfolio
- Expand integrated savings and protection solutions
- Capture high-value health and wellness opportunities

Customer Experience

- Leverage existing data to gain greater customer insights
- Transform customer experience through technology
- Increase customer engagement levels

People Development

- Attract, develop and retain the best people
- Empower our local leadership teams to deliver results
- Ensure clear accountability for performance

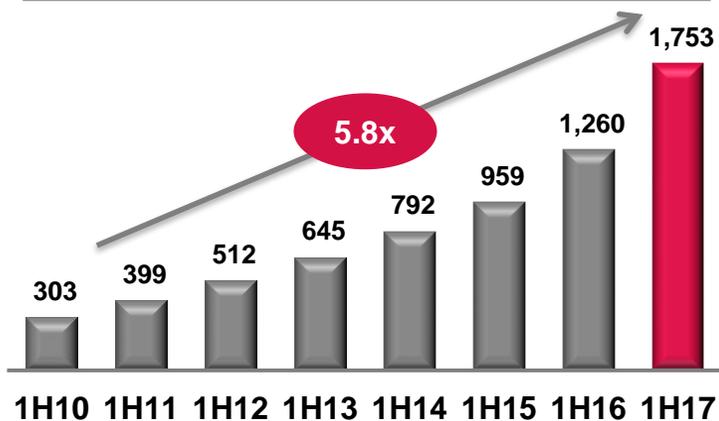
Financial Discipline

- Support superior new business growth and returns
- Optimise capital efficiency and cash flow
- Deliver prudent, sustainable and progressive dividend

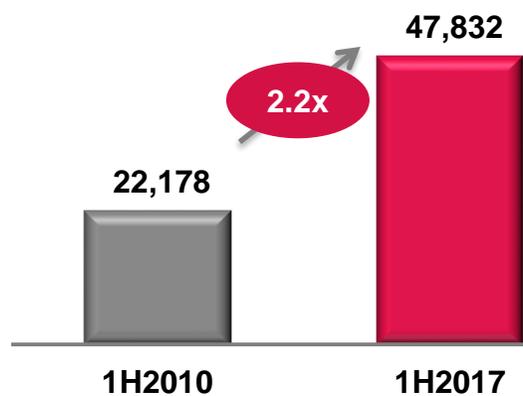
Consistent Execution Driving Strong Returns

Profitable Growth

VONB (\$m)

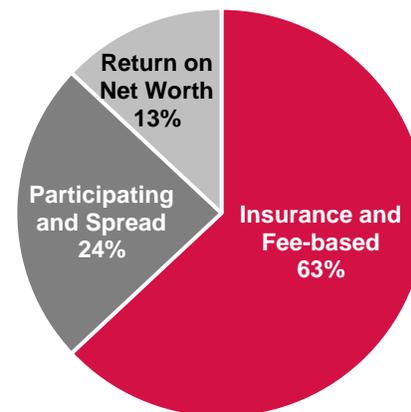


EV Equity (\$m)

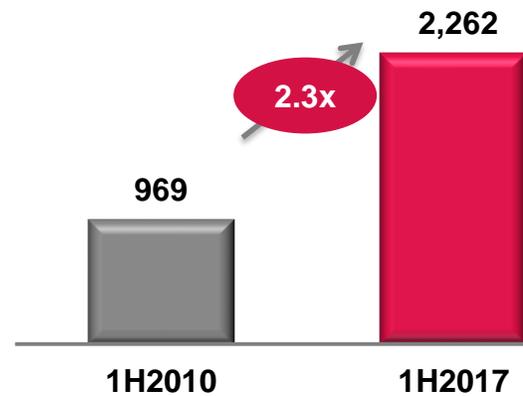


Delivering Quality Earnings

Sources of IFRS Operating Profit⁽¹⁾

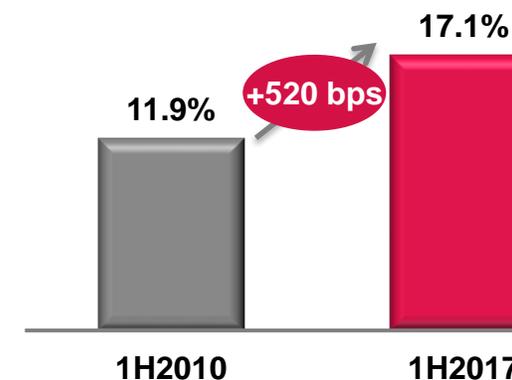


OPAT (\$m)

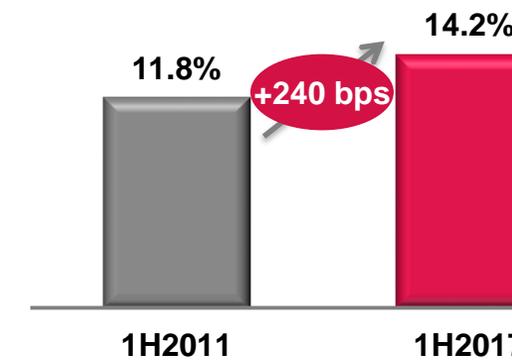


Optimising Returns

Operating ROEV⁽²⁾



Operating ROE⁽²⁾



Notes:

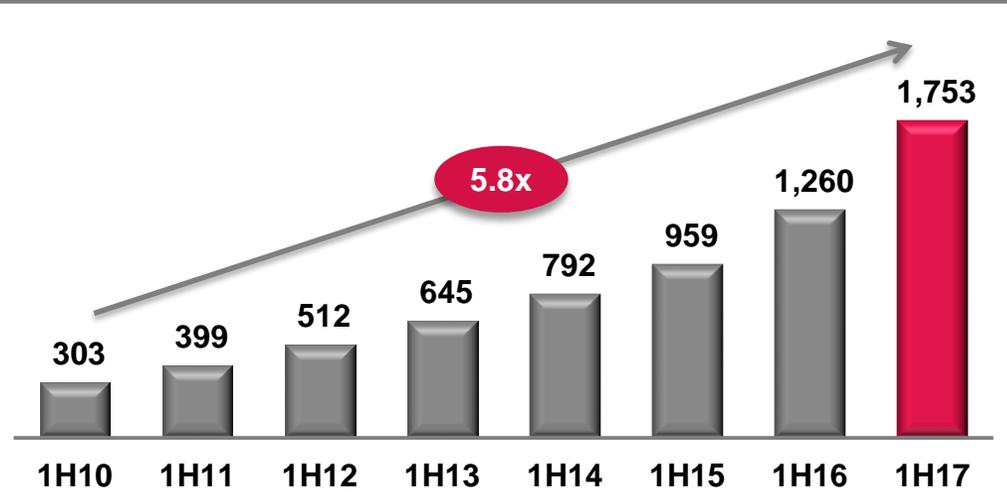
(1) For 1H2017; before Group Corporate Centre expenses; IFRS operating profit includes the expected long-term investment return for equities and real estate

(2) On an annualised basis

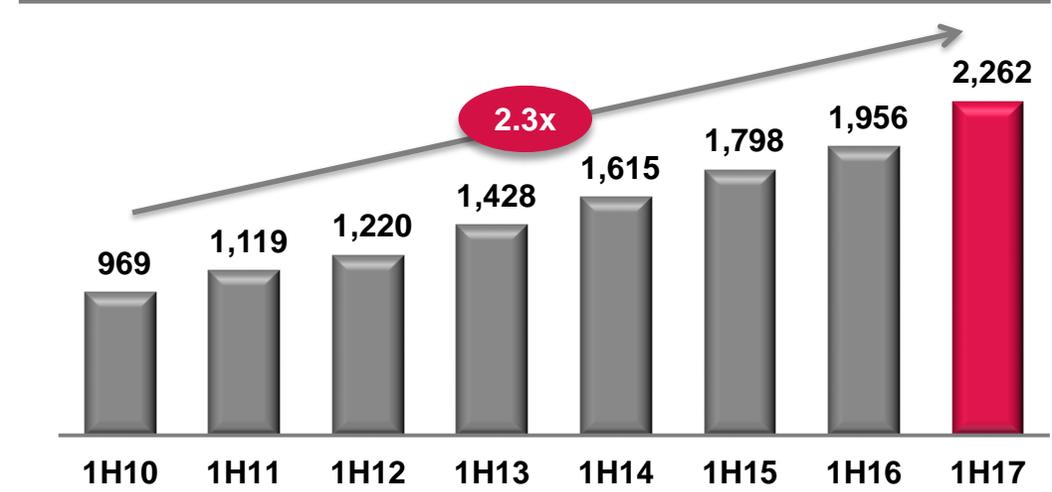
Clear Strategy, Sustained Value Creation



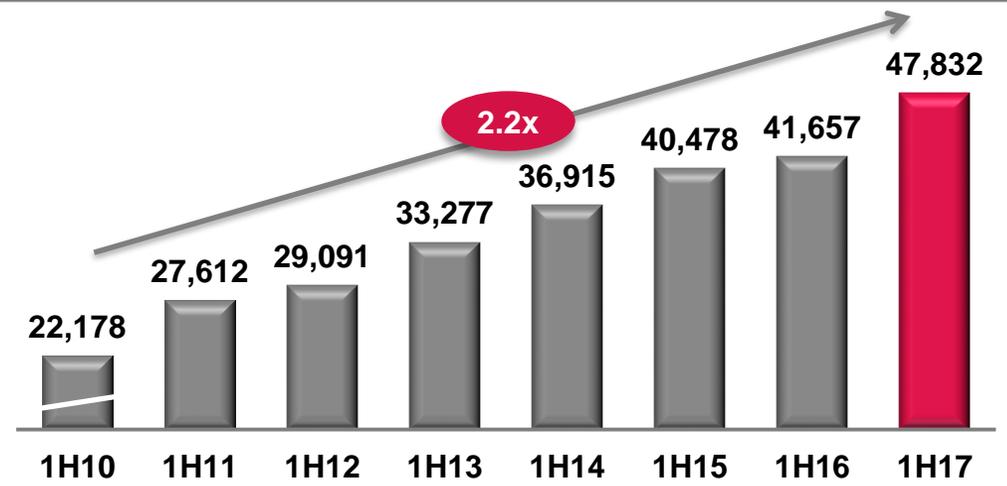
VONB (\$m)



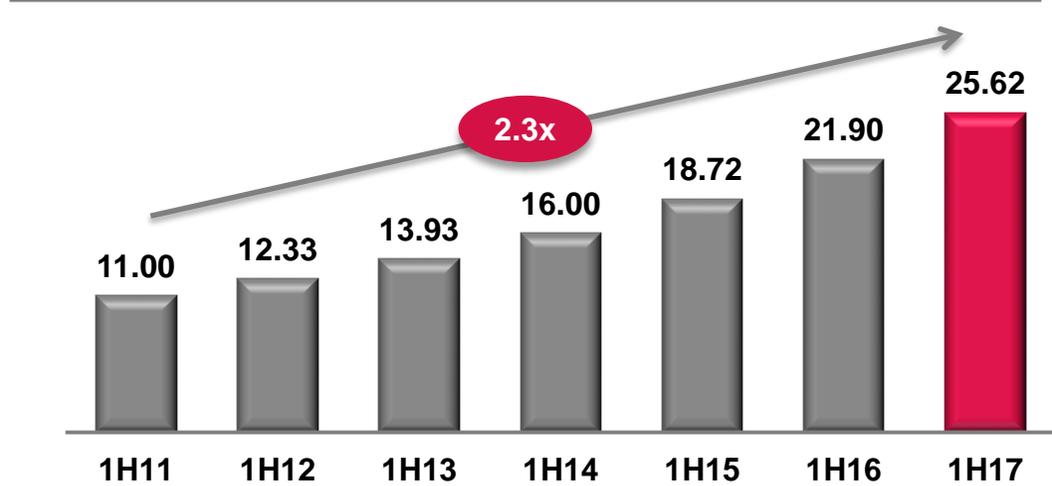
OPAT (\$m)



EV Equity (\$m)



Interim Dividend Per Share (HK cents)



AIA Group – Creating Sustainable Shareholder Value



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- Unprecedented long-term growth opportunities
- Significant and sustainable competitive advantages
- Clear and aligned growth strategy
- Experienced and proven management team
- Disciplined and consistent execution

Q&A Session



Definitions and Notes



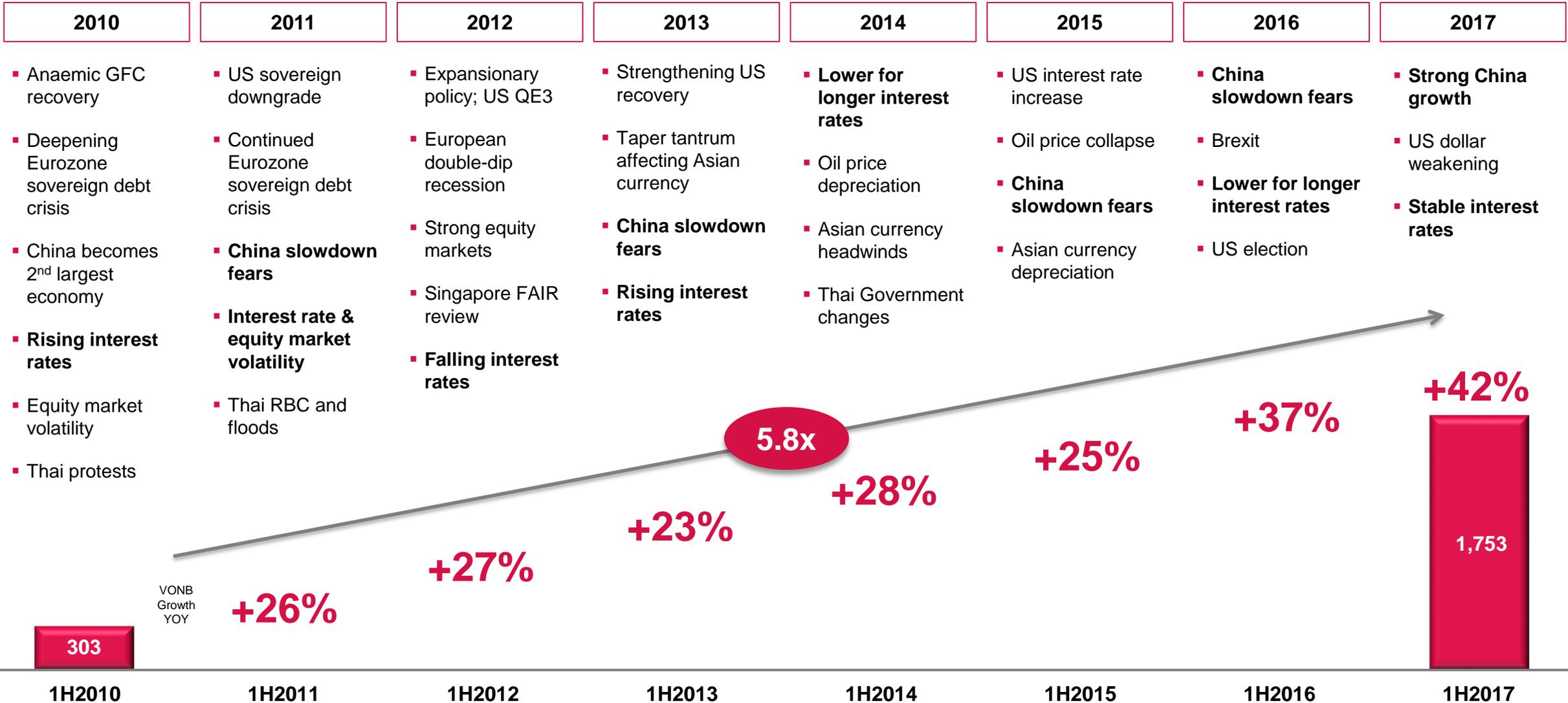
- Actual investment return is the interest income from fixed income investments and actual investment returns of equities and real estate, as a percentage of average fixed income investments, equities and real estate over the period. This excludes unit-linked contracts and consolidated investment funds.
- Annualised new premiums (ANP) excludes pension business.
- Change on a constant exchange rate basis is calculated using constant average exchange rates for the first half of 2017 and for the first half of 2016 other than for balance sheet items that use constant exchange rates as at 31 May 2017 and as at 30 November 2016.
- EV Equity is the total of embedded value, goodwill and other intangible assets attributable to shareholders of the Company.
- Fixed income yield is the interest income from fixed income investments, as a percentage of average fixed income investments measured at amortised cost over the period. This excludes unit-linked contracts and consolidated investment funds.
- Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and required capital.
- Hong Kong refers to operations in Hong Kong and Macau; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, Indonesia, Korea, the Philippines, Sri Lanka, Taiwan, Vietnam and India. The results of our joint venture in India are accounted for using the equity method. For clarity, TWPI, ANP and VONB exclude any contribution from India.
- IFRS operating profit after tax (OPAT), net profit, IFRS shareholders' allocated equity and IFRS shareholders' equity are shown post minorities.
- IFRS operating profit includes the expected long-term investment return for equities and real estate.
- Investment return and composition of investments 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 investments excluding property held for own use.
- Investments include financial investments, investment property, property held for own use, and cash and cash equivalents. Investment property and property held for own use are at fair value.
- PVNBP margin stands for margin on a present value of new business premium basis.
- Operating ROE stands for operating return on shareholders' allocated equity and is calculated as operating profit after tax attributable to shareholders of the Company, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.
- Operating ROEV stands for operating return on EV and is calculated as EV operating profit, expressed as a percentage of the opening embedded value.
- Shareholders' allocated equity is total equity attributable to shareholders of the Company less fair value reserve.
- 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 consolidated 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



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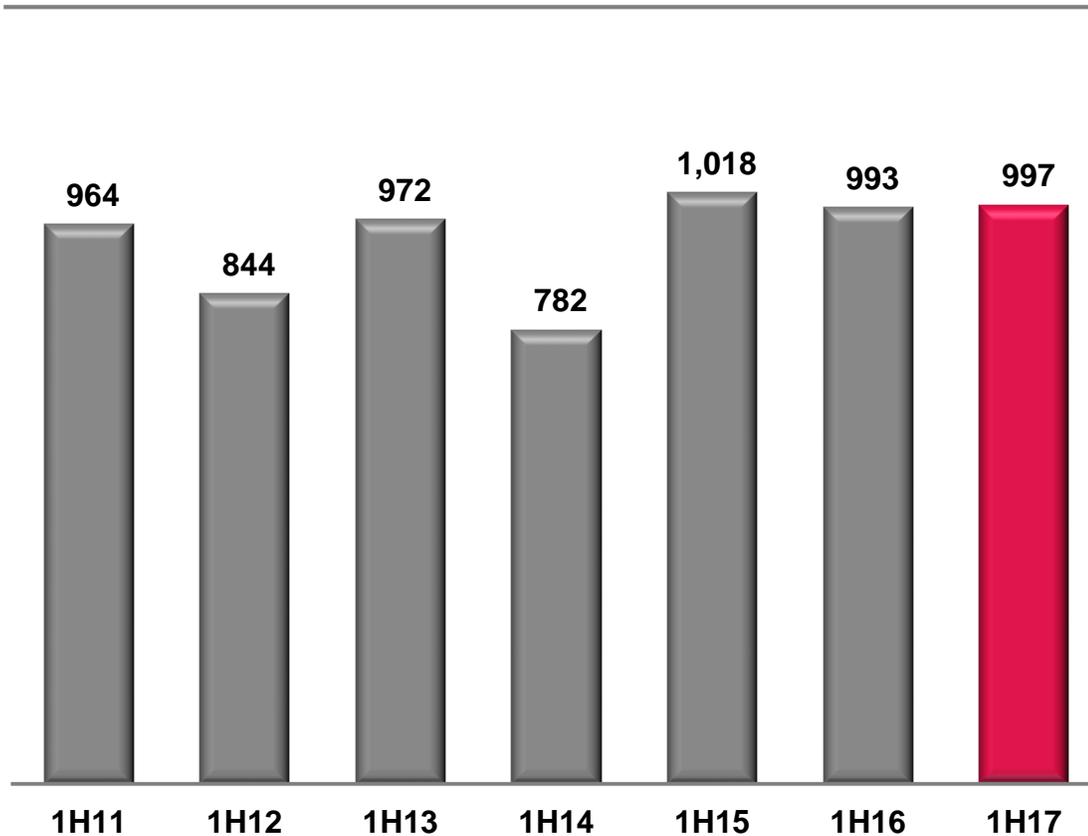
Consistent Delivery Through Market Cycles



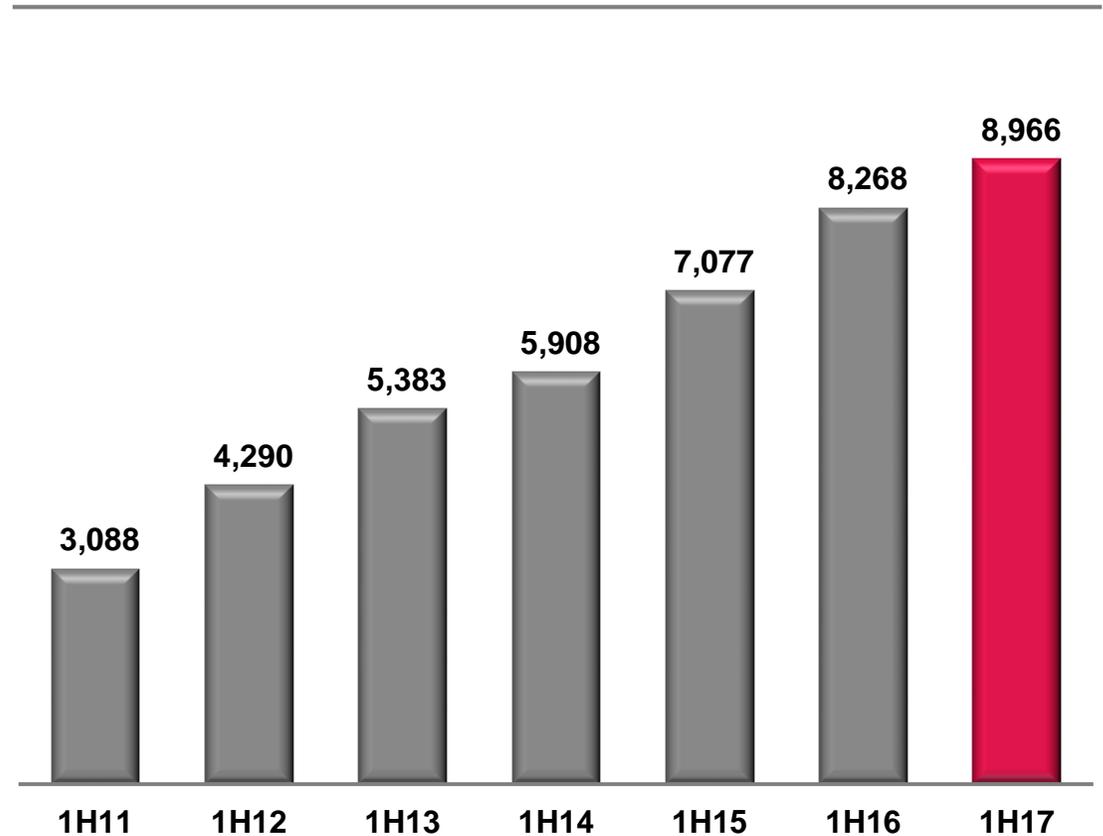
Note:
Chart shows VONB (\$m); Year-on-year growth is shown on a constant exchange rate basis

Capital Fungibility

Net Funds Remitted to Group (\$m)



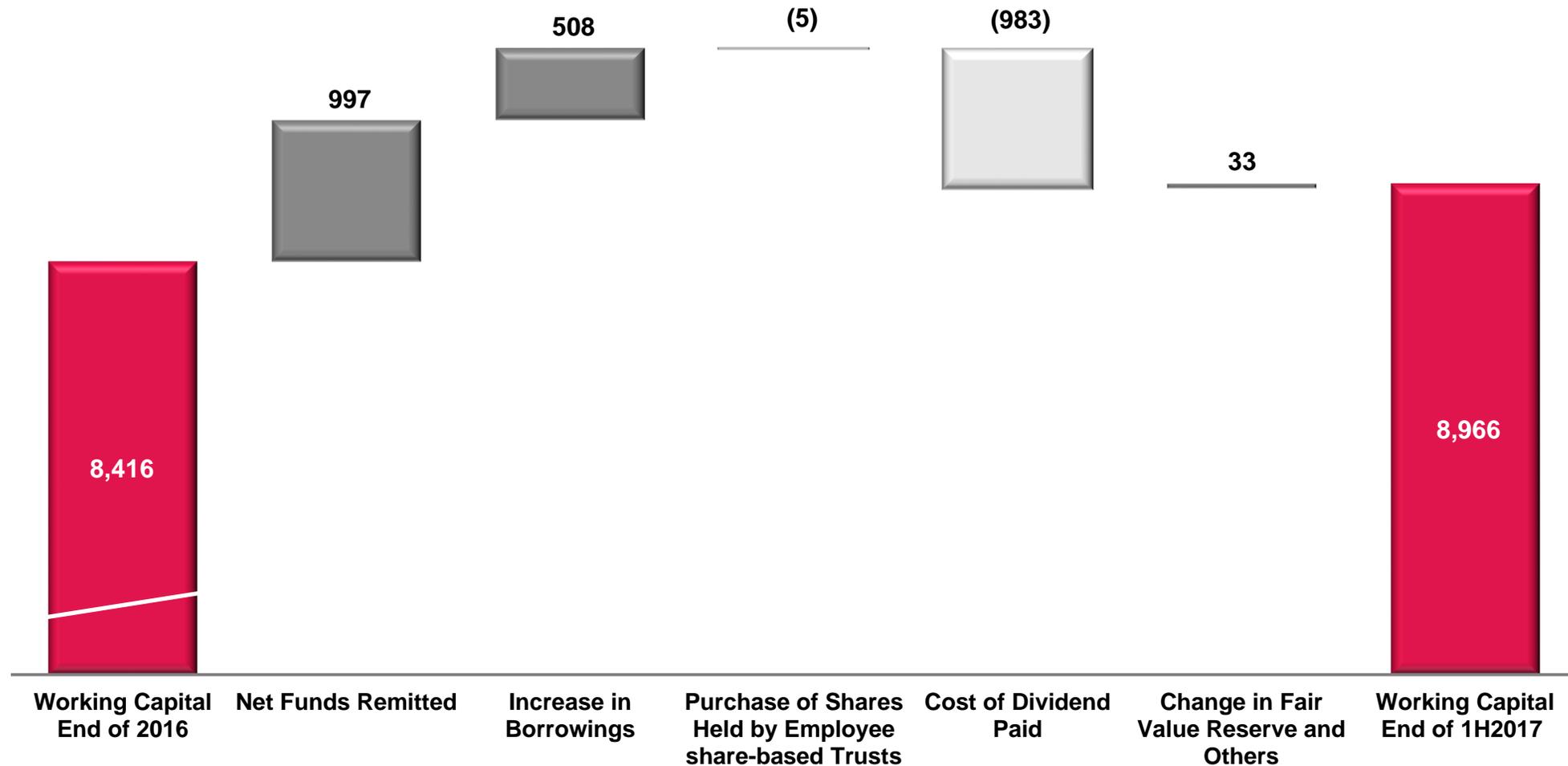
Group Working Capital (\$m)



1H2017 Working Capital Movement

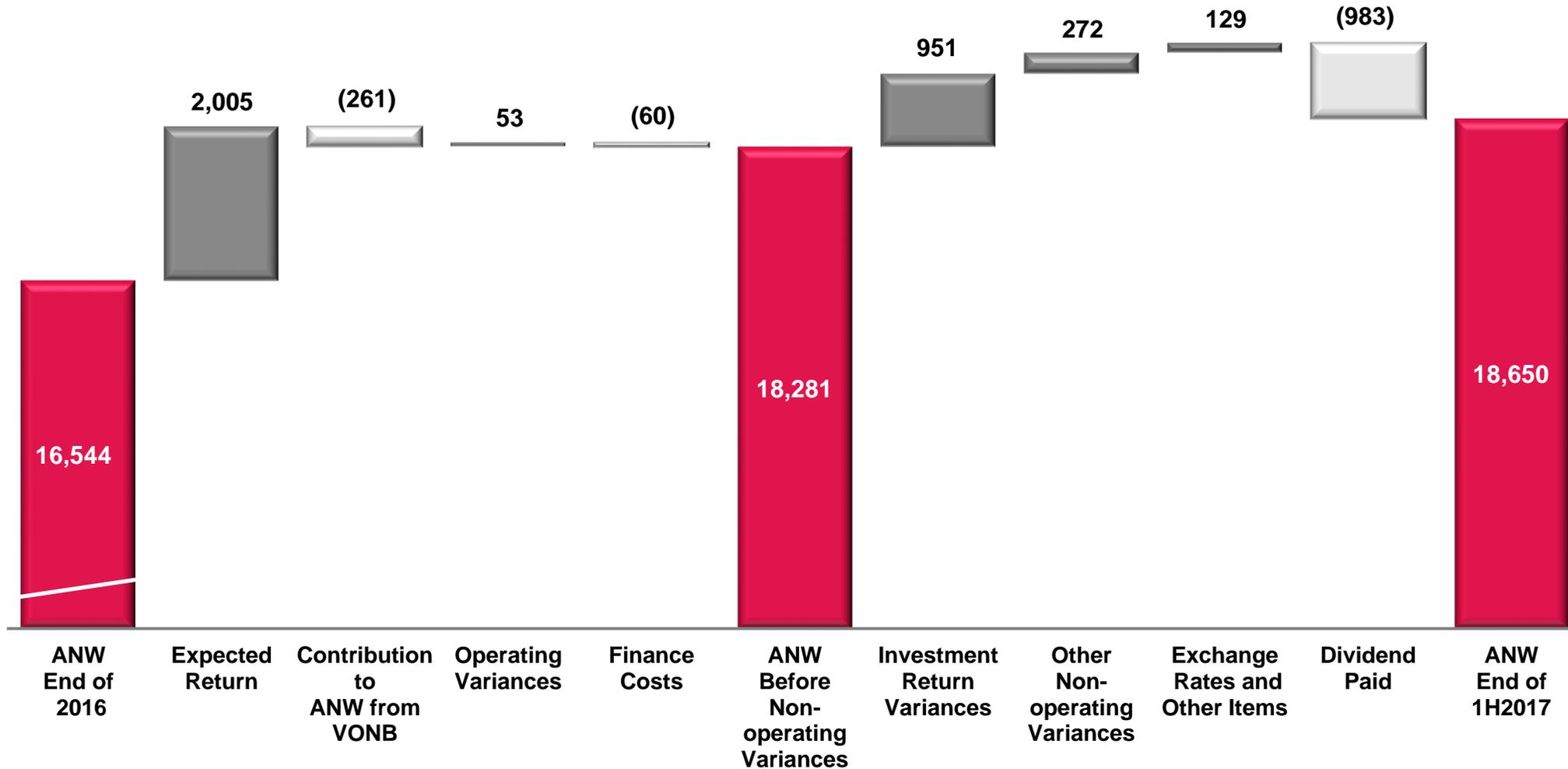


Working Capital Movement (\$m)



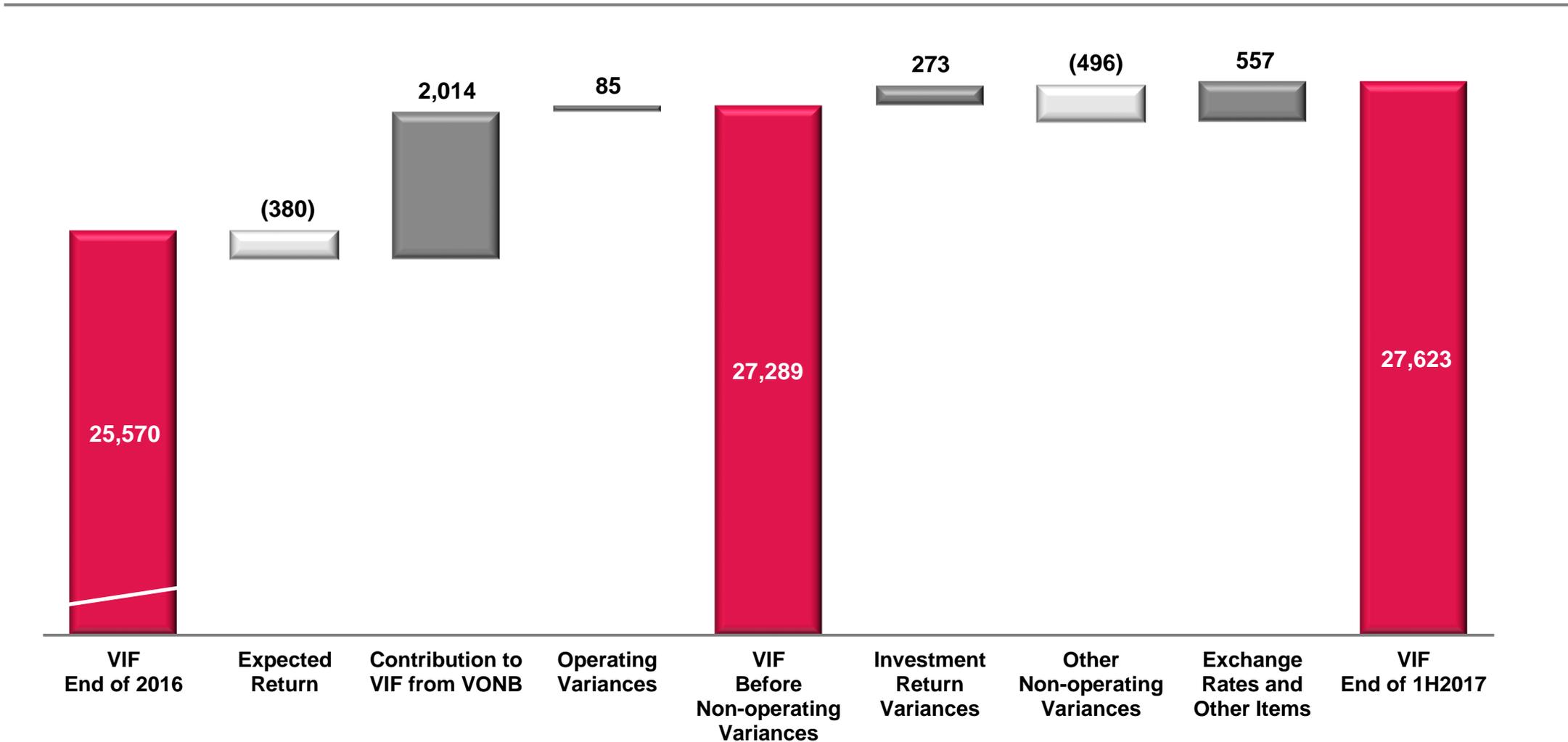
1H2017 ANW Movement

ANW Movement (\$m)



1H2017 VIF Movement

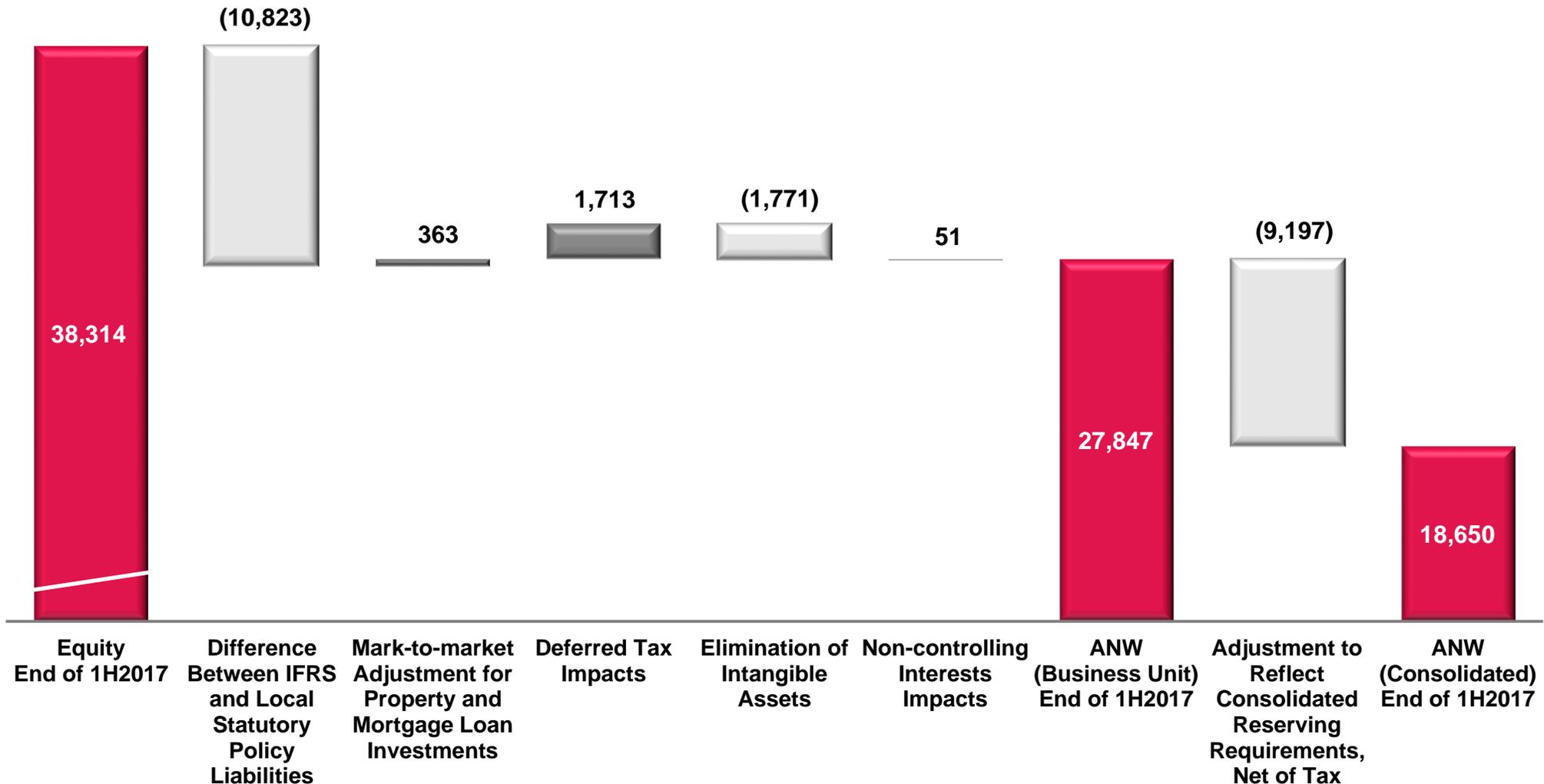
VIF Movement (\$m)



1H2017 IFRS Shareholders' Equity and ANW

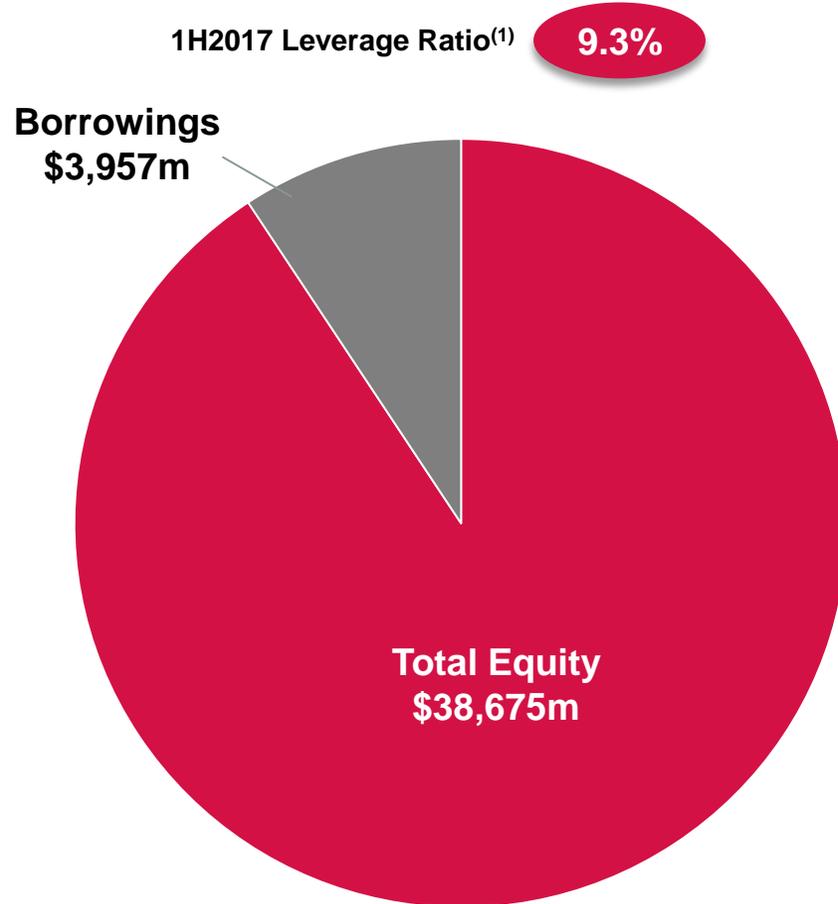


Reconciliation of IFRS Shareholders' Equity to ANW (\$m)

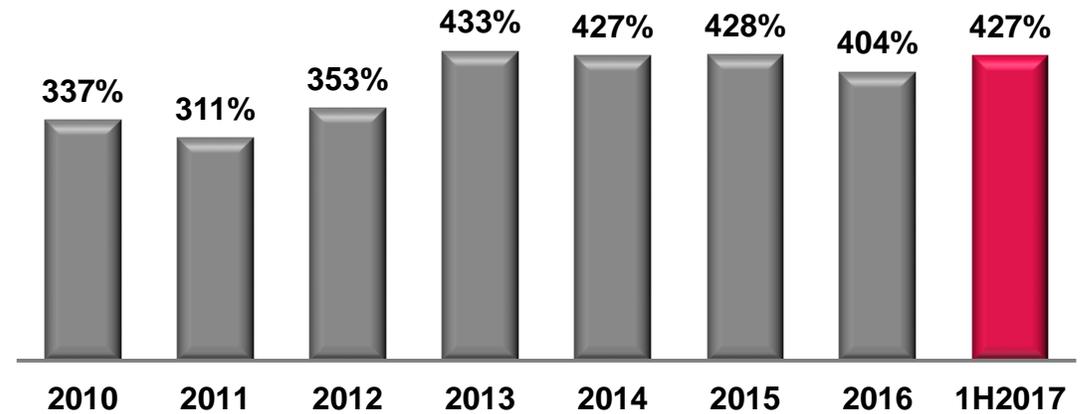


Robust Capital Structure

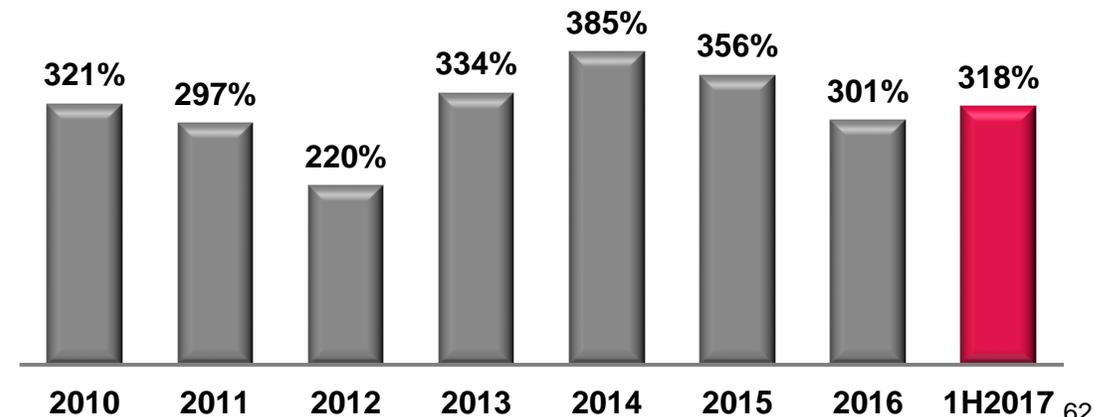
AIA Capital Structure



Solvency Ratio on the HKIO Basis for AIA Co.



Solvency Ratio on the HKIO Basis for AIA International



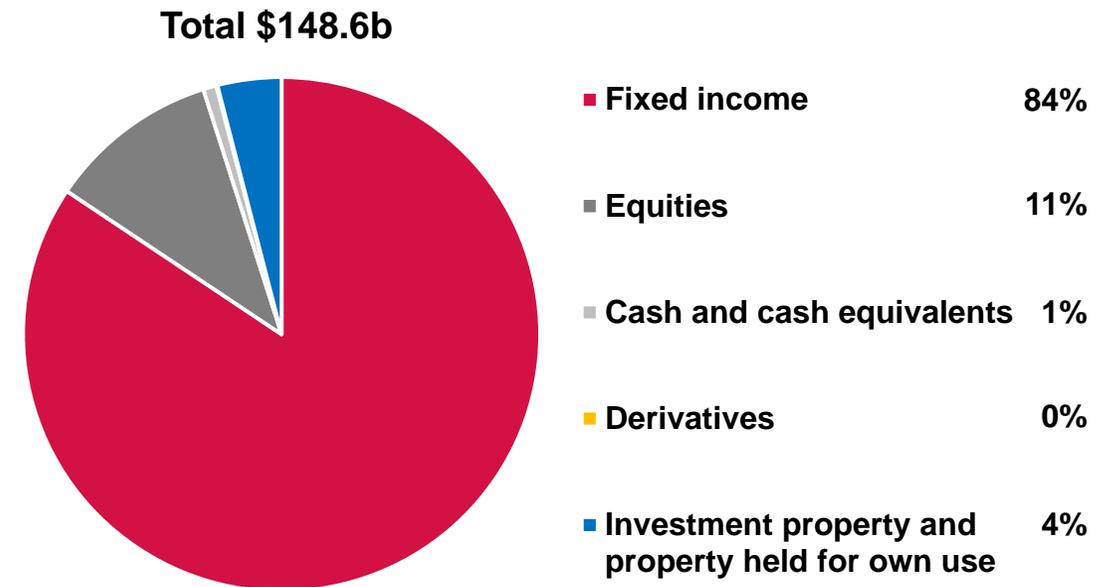
Note:
(1) Leverage ratio defined as Borrowings / (Borrowings + Total Equity)

Total Invested Assets



\$m	Participating Funds	Other Policyholder and Shareholder	Total
Fixed Income	21,426	102,879	124,305
Equities	6,412	10,613	17,025
Cash and cash equivalents	220	1,046	1,266
Derivatives	41	113	154
Investment property and property held for own use	452	5,350	5,802
Total Invested Assets	28,551	120,001	148,552

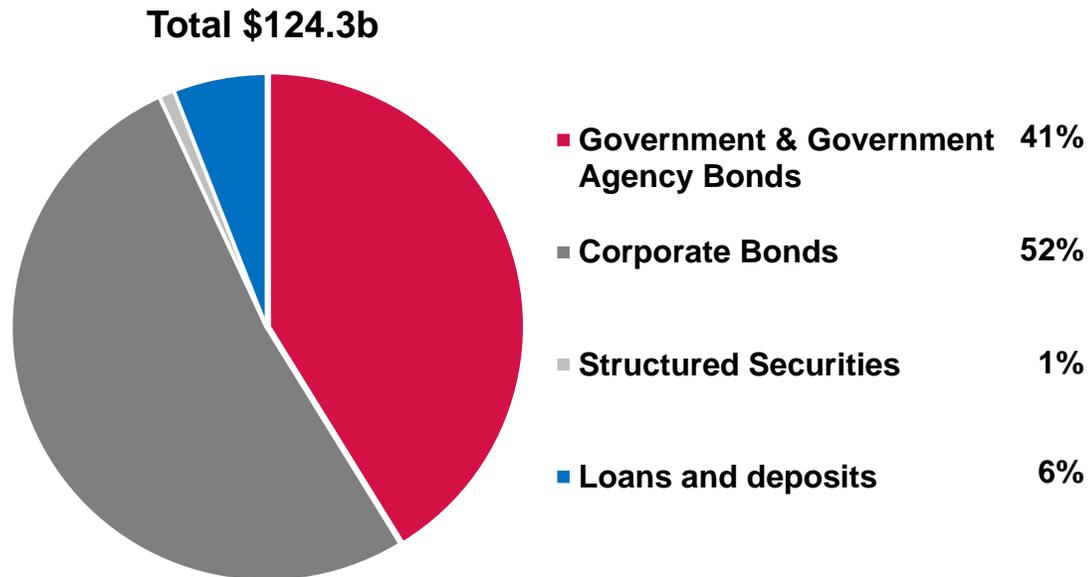
Total Invested Assets by Type



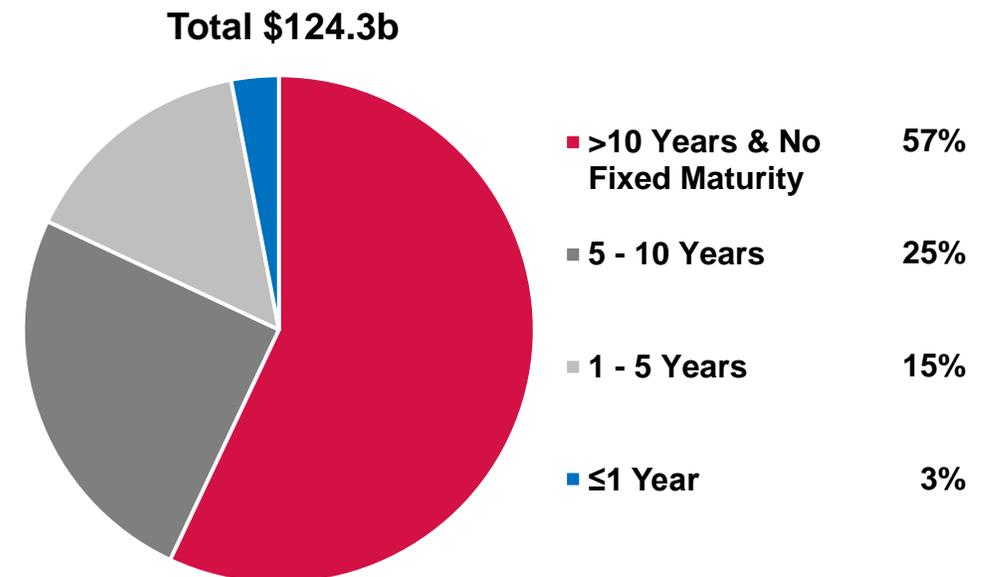
Prudent and High-quality Fixed Income Portfolio



Total Fixed Income by Type



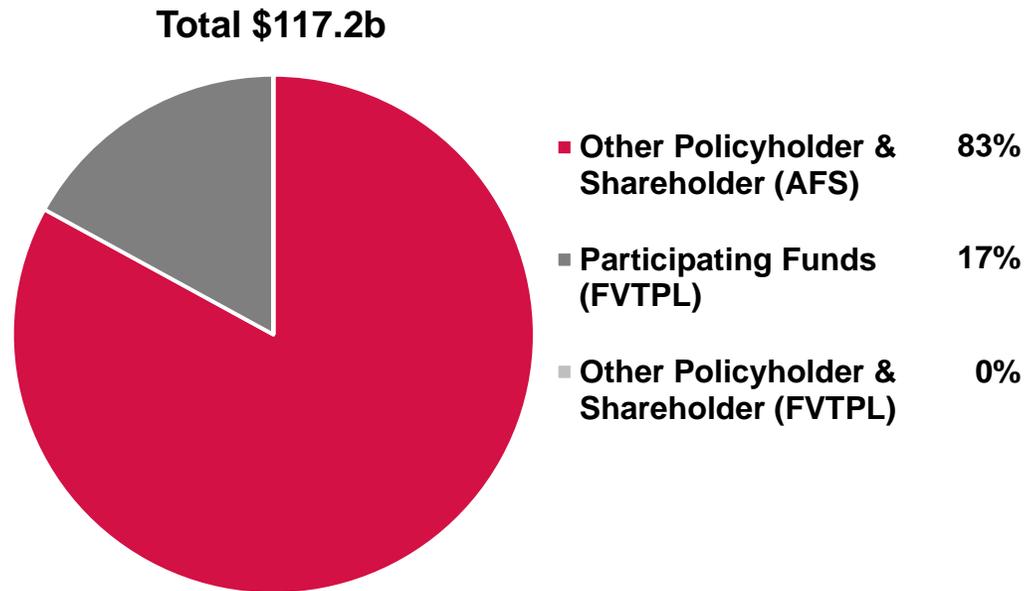
Total Fixed Income by Maturity



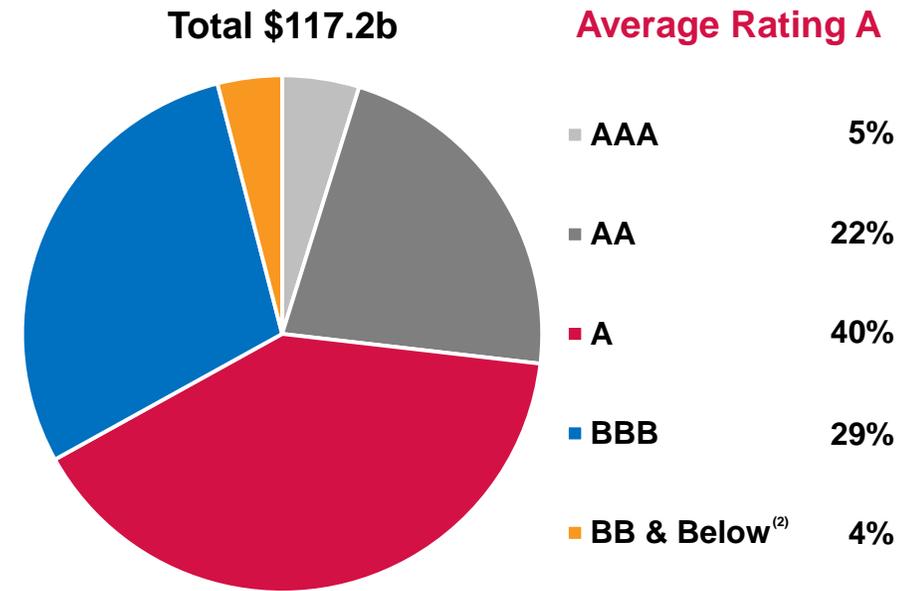
Prudent and High-quality Fixed Income Portfolio



Total Bonds by Accounting Classification



Total Bonds by Rating⁽¹⁾



Notes:

As of 31 May 2017

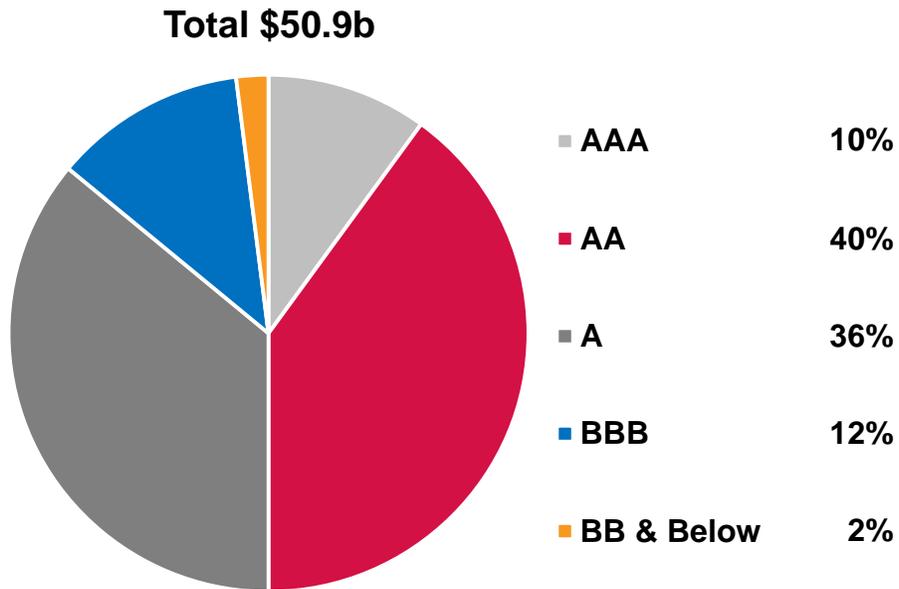
(1) For government bonds and government agency bonds, ratings for local currency and foreign currency securities for the same issuer are included separately

(2) Including not rated bonds

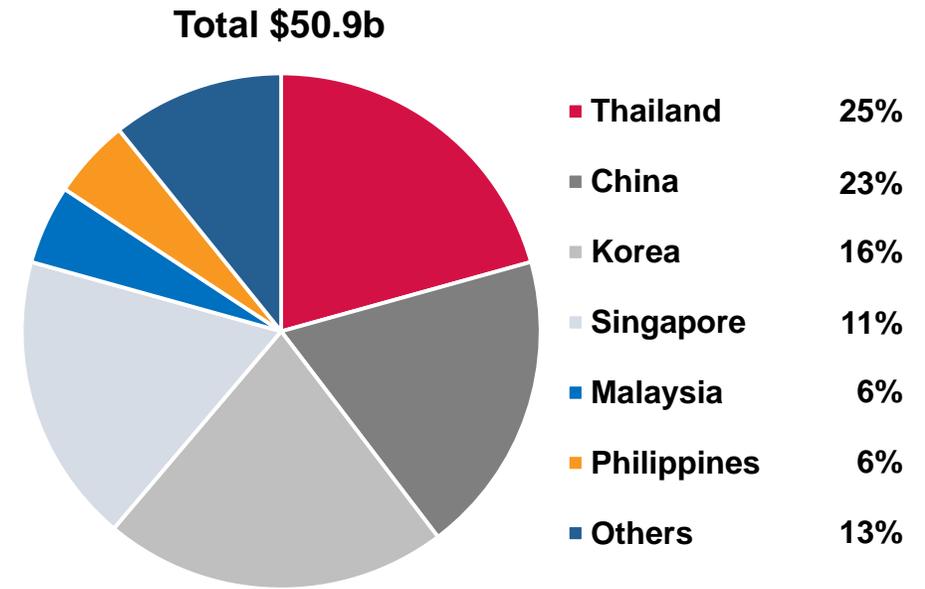
Government Bond Portfolio



Government and Agency Bonds by Rating⁽¹⁾



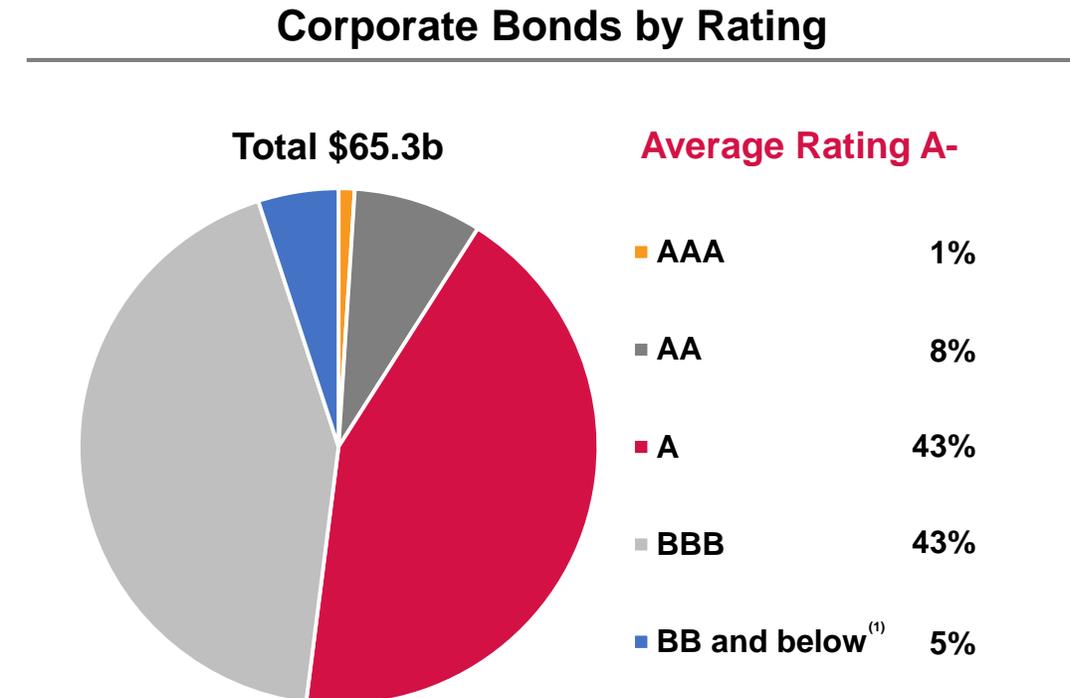
Government and Agency Bonds by Geography



Notes:
 As of 31 May 2017
 (1) For government bonds and government agency bonds, ratings for local currency and foreign currency securities for the same issuer are included separately

Corporate Bond Portfolio

Rating	Total (\$m)
AAA	360
AA	5,306
A	28,095
BBB	27,915
BB and below ⁽¹⁾	3,616
Total	65,292

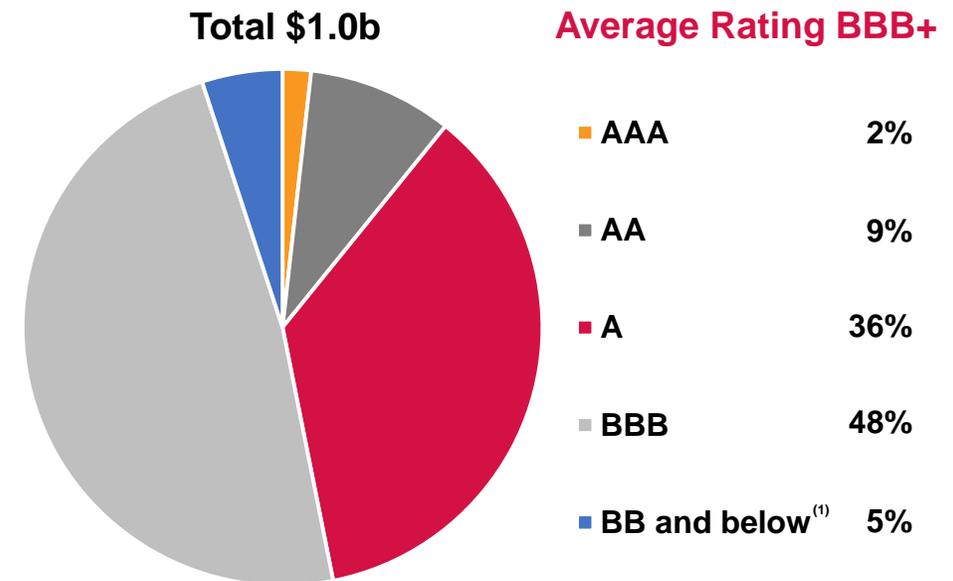


Notes:
As of 31 May 2017
(1) Including not rated bonds

Structured Security Portfolio

Rating	Total (\$m)
AAA	20
AA	86
A	359
BBB	479
BB and below ⁽¹⁾	56
Total	1,000

Structured Securities by Rating

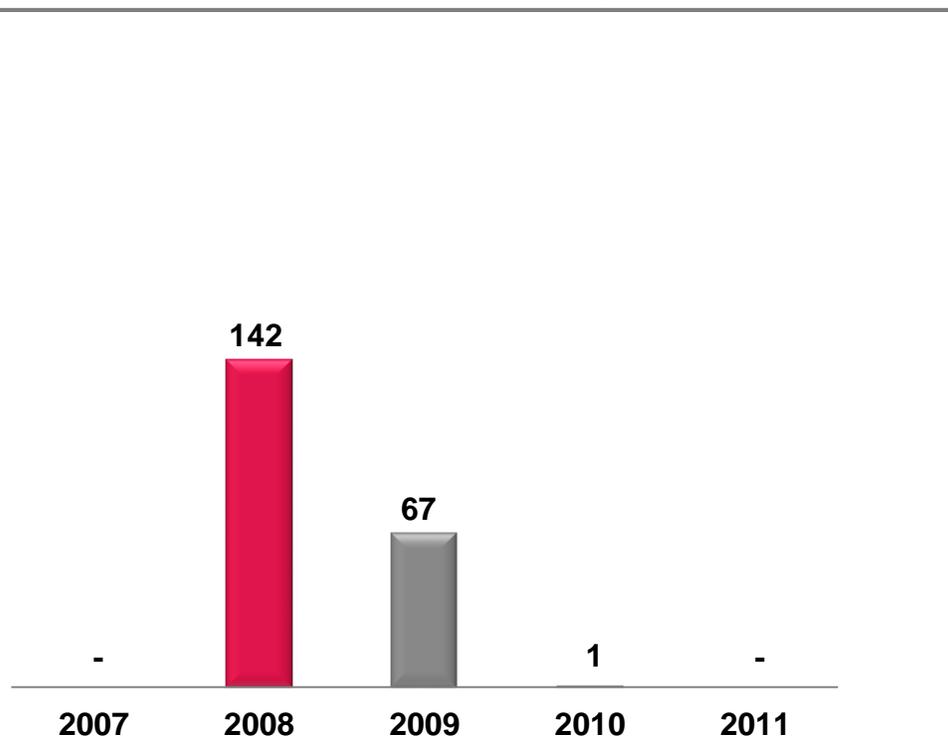


Notes:
As of 31 May 2017
(1) Including not rated bonds

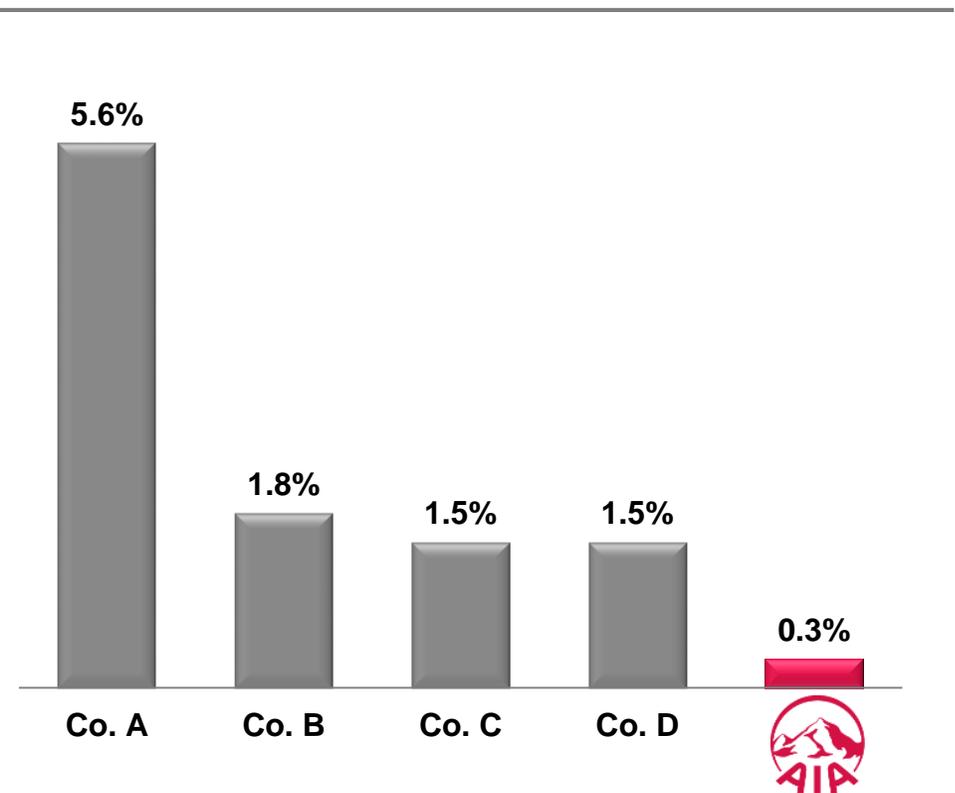
Impairment Experience During Global Financial Crisis



AIA Impairments on Invested Assets (\$m)



2008 Impairment Charges as % of Invested Assets

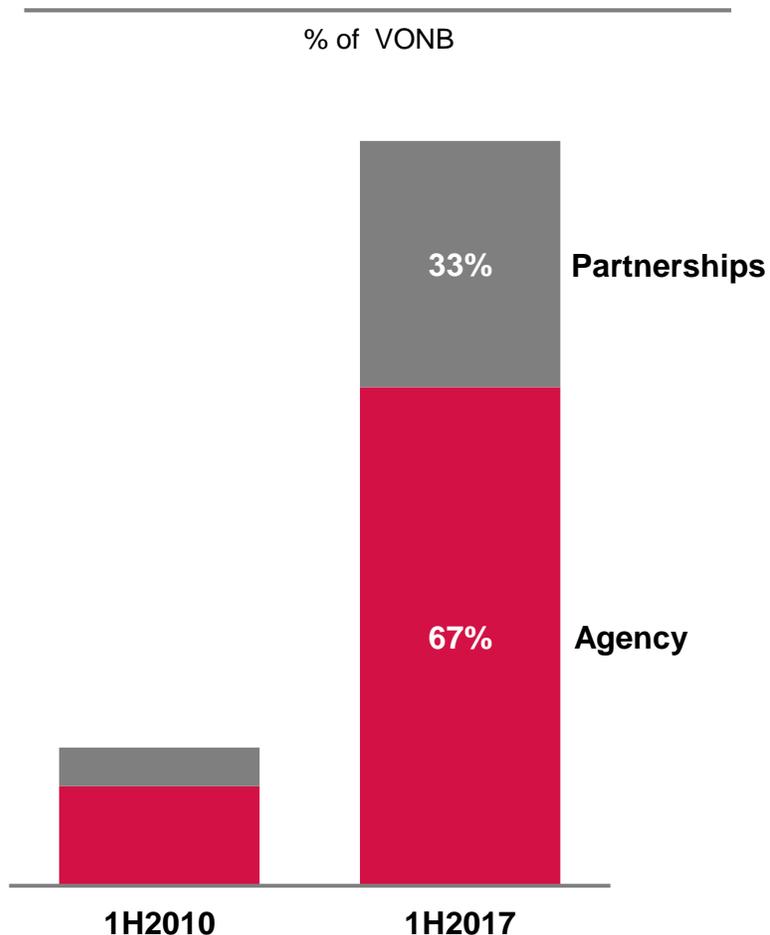


Clear Strategy, Advantaged Growth Platform



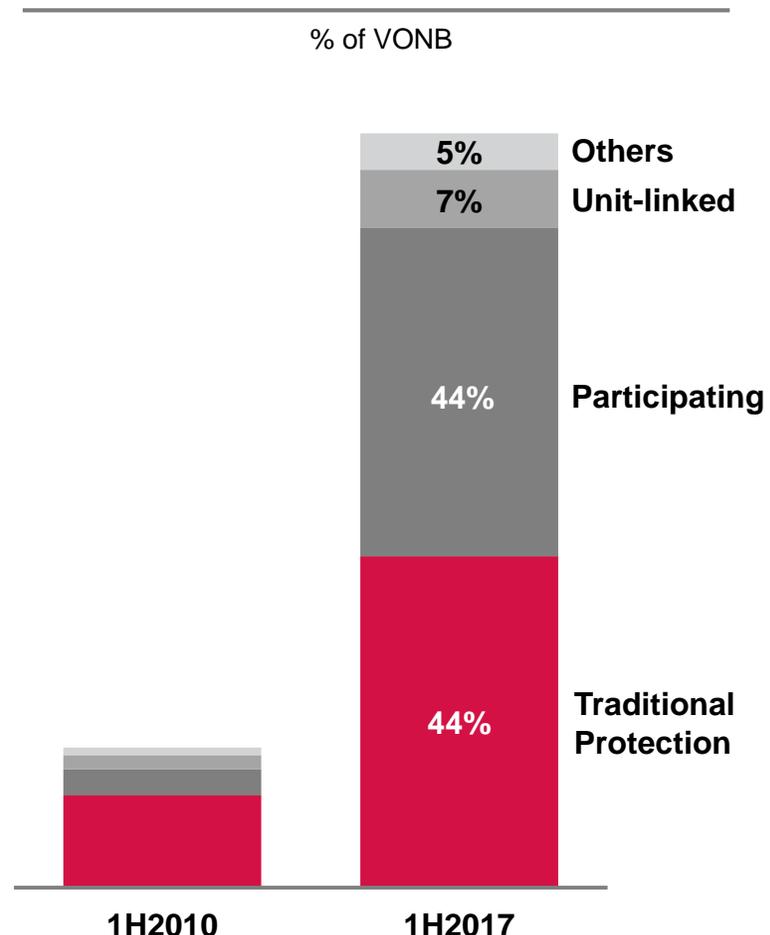
Distribution Mix

% of VONB



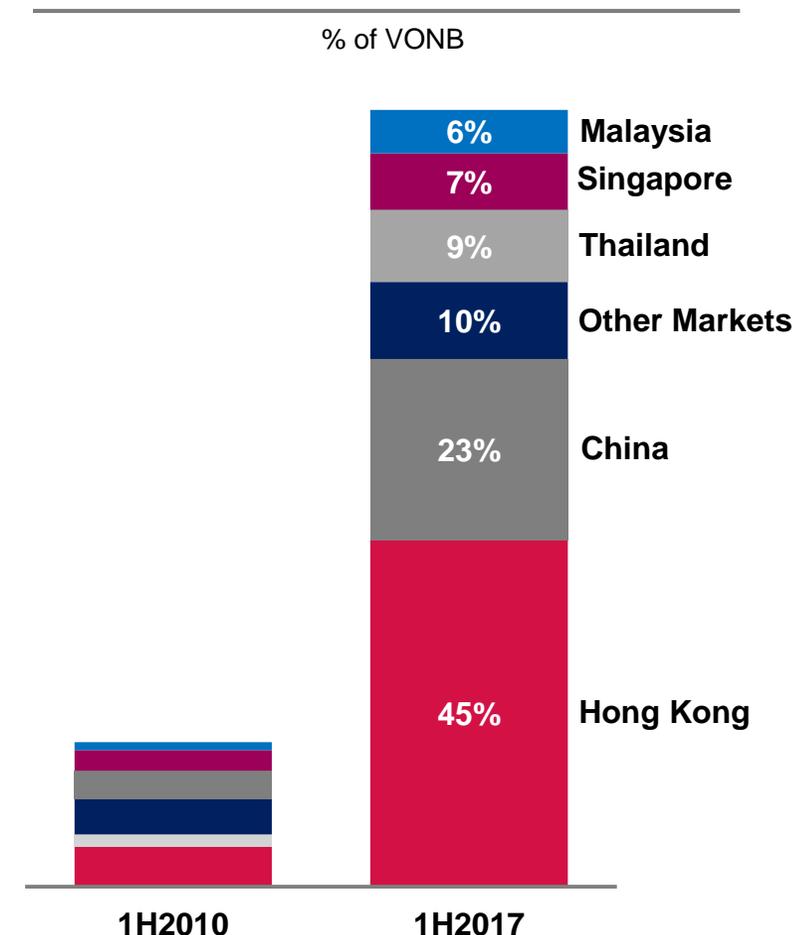
Product Mix

% of VONB



Geographical Mix

% of VONB



Note:
 Distribution mix is based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses and excluding pension business;
 Product and geographical mix are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses

Risk Discount Rate and Risk Premium



%	As at 30 November 2010			As at 31 May 2017		
	Risk Discount Rates	Long-term 10-year Govt Bonds	Risk Premium	Risk Discount Rates	Long-term 10-year Govt Bonds	Risk Premium
Australia	8.75	5.65	3.10	7.35	3.00	4.35
China	10.00	3.74	6.26	9.55	3.50	6.05
Hong Kong	8.00	3.53	4.47	7.00	2.50	4.50
Indonesia	15.00	7.90	7.10	13.50	8.00	5.50
Korea	10.50	4.82	5.68	8.60	2.70	5.90
Malaysia	9.00	4.45	4.55	8.75	4.20	4.55
Philippines	13.00	6.00	7.00	11.00	4.50	6.50
Singapore	7.75	2.93	4.82	6.90	2.50	4.40
Sri Lanka⁽¹⁾	-	-	-	15.70	10.00	5.70
Taiwan	8.00	1.73	6.27	7.85	1.60	6.25
Thailand	9.50	3.87	5.63	8.60	3.20	5.40
Vietnam	16.00	10.20	5.80	12.80	7.00	5.80
Weighted Average⁽²⁾	8.95	3.85	5.10	8.17	3.06	5.11

Notes:

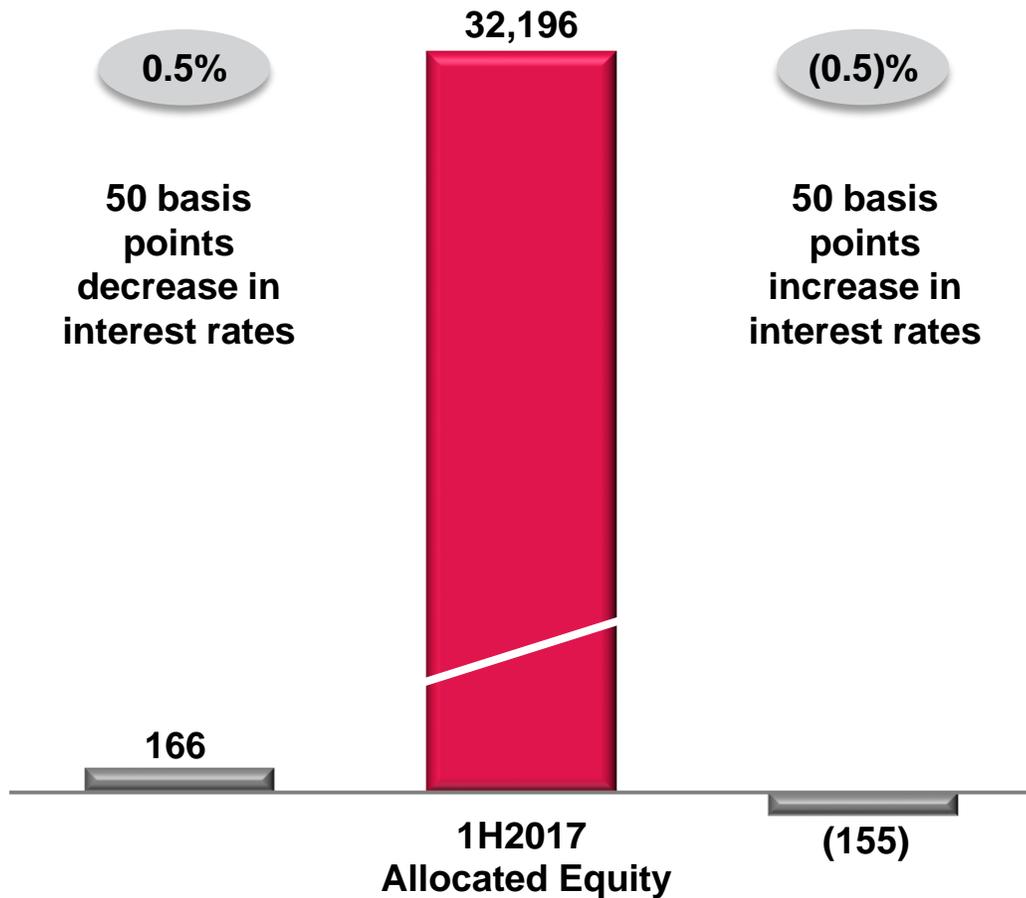
(1) Sri Lanka is included since the acquisition completion date of 5 December 2012

(2) Weighted average by VIF contribution

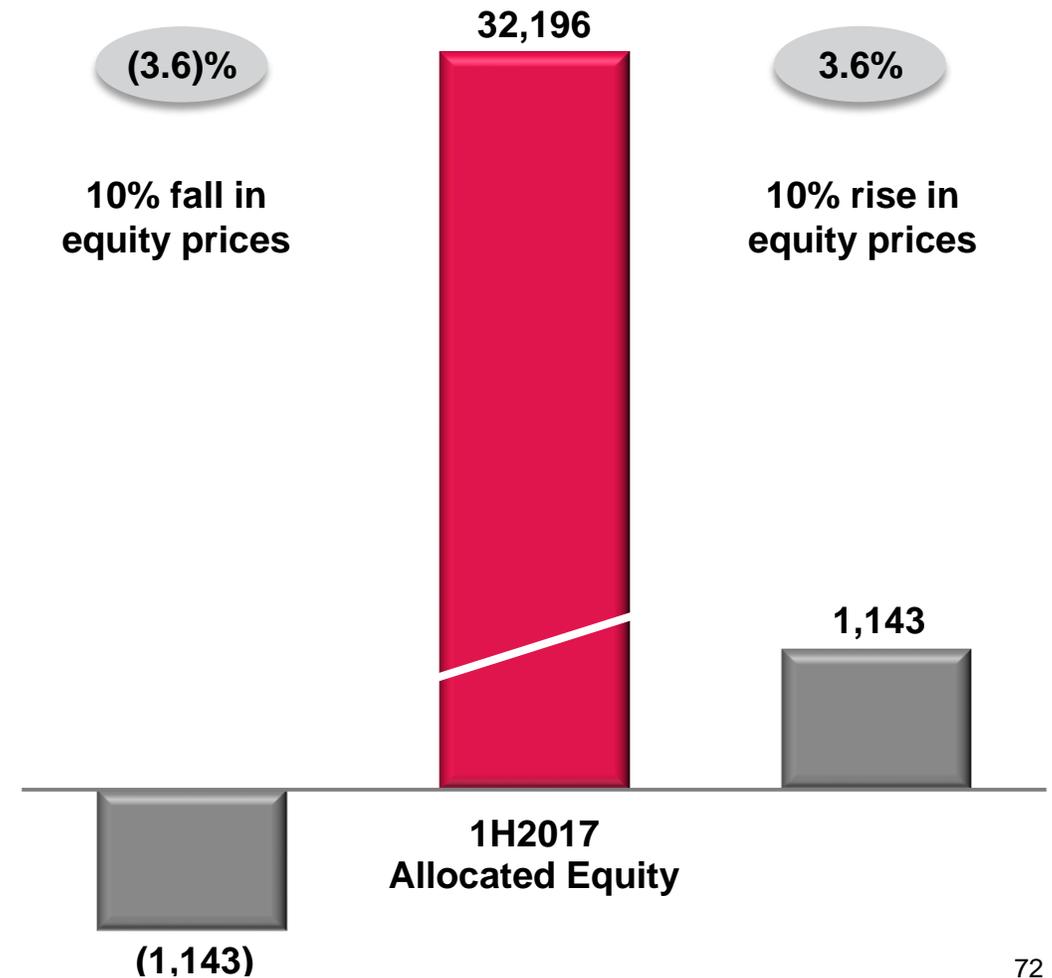
Sensitivity Analysis – Allocated Equity



Interest Rates (\$m)



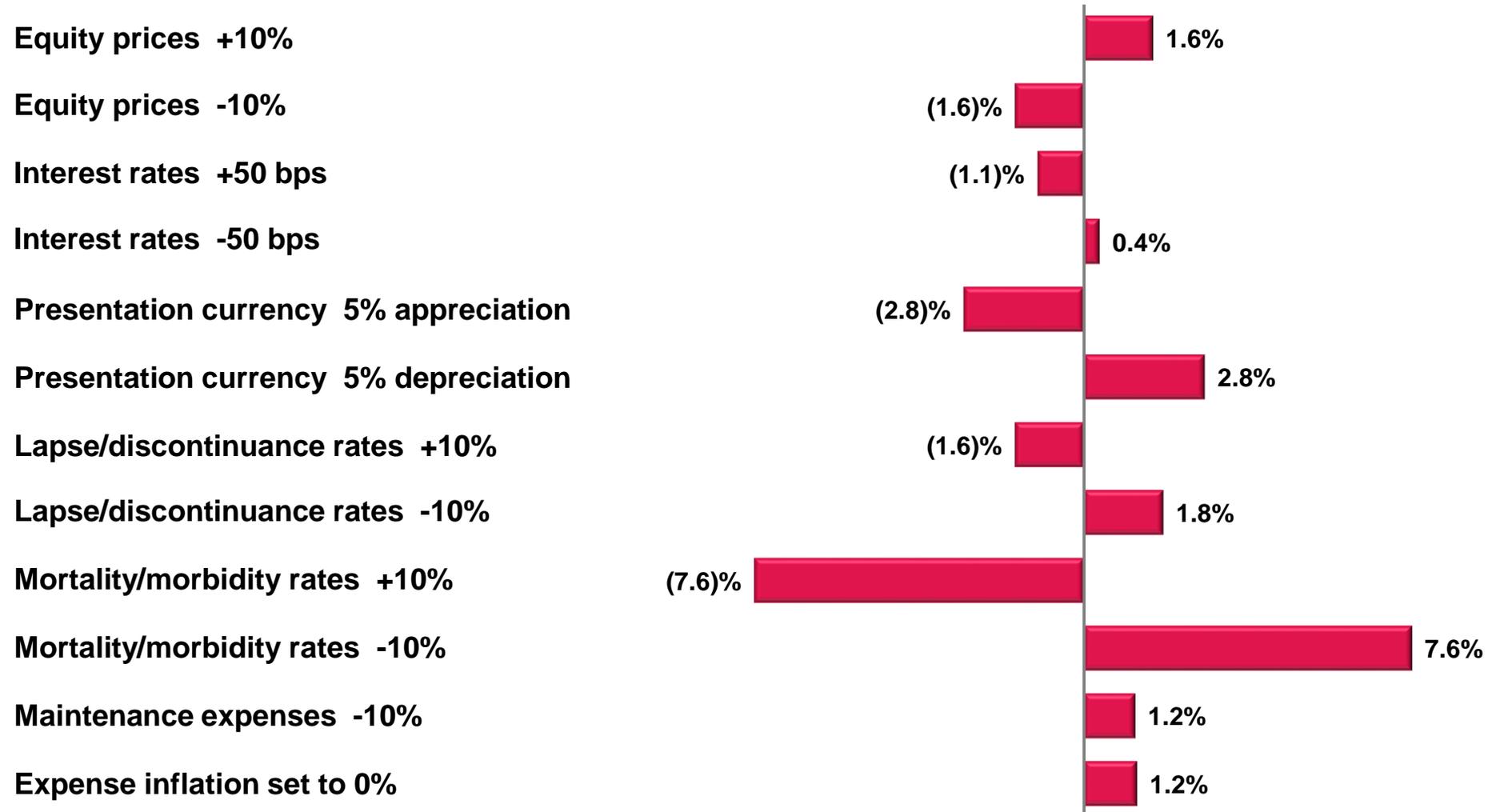
Equities (\$m)



Sensitivity Analysis – EV



Sensitivity of EV as at 31 May 2017

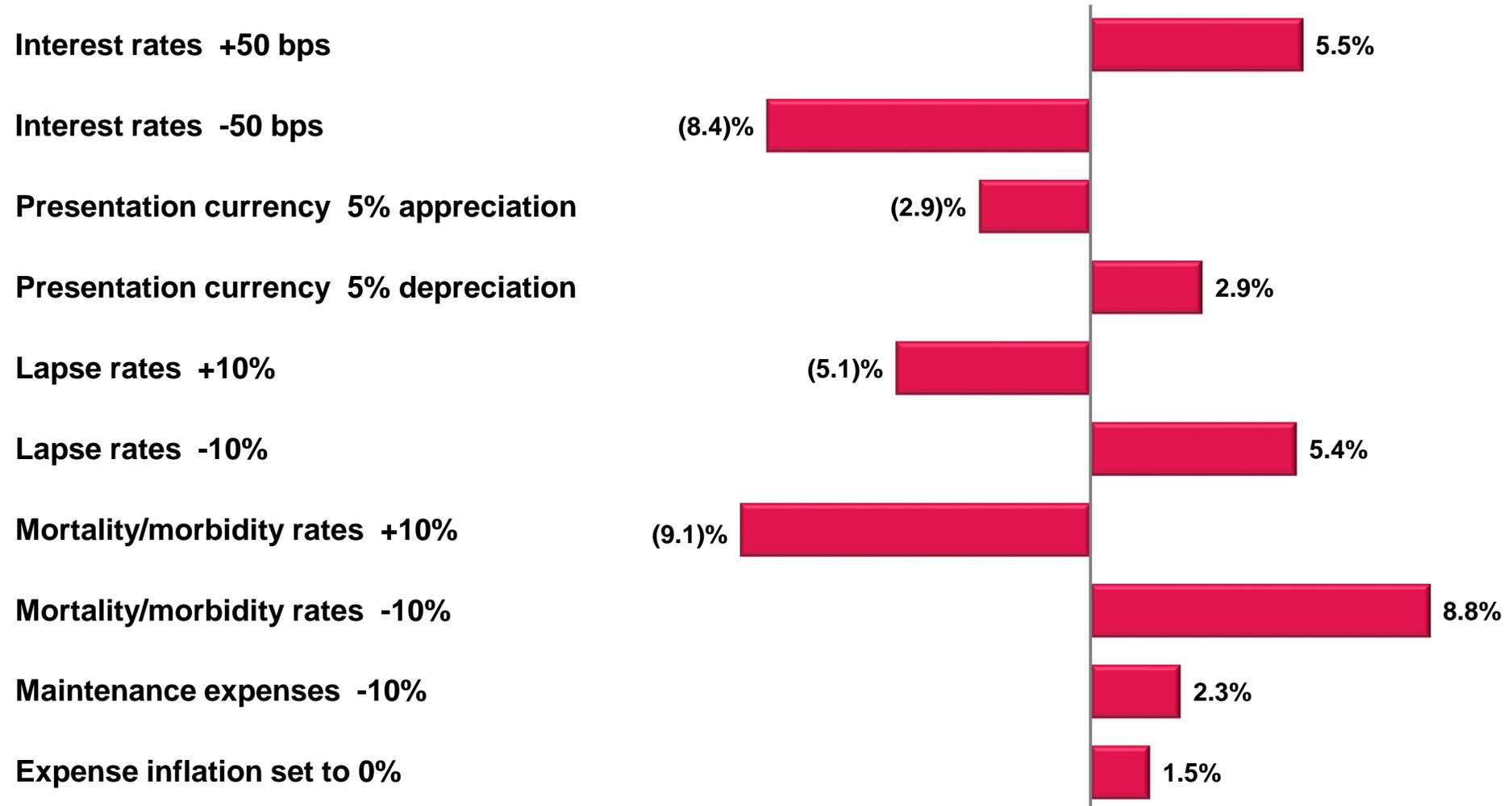


Sensitivity Analysis – VONB



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Sensitivity of VONB as at 31 May 2017

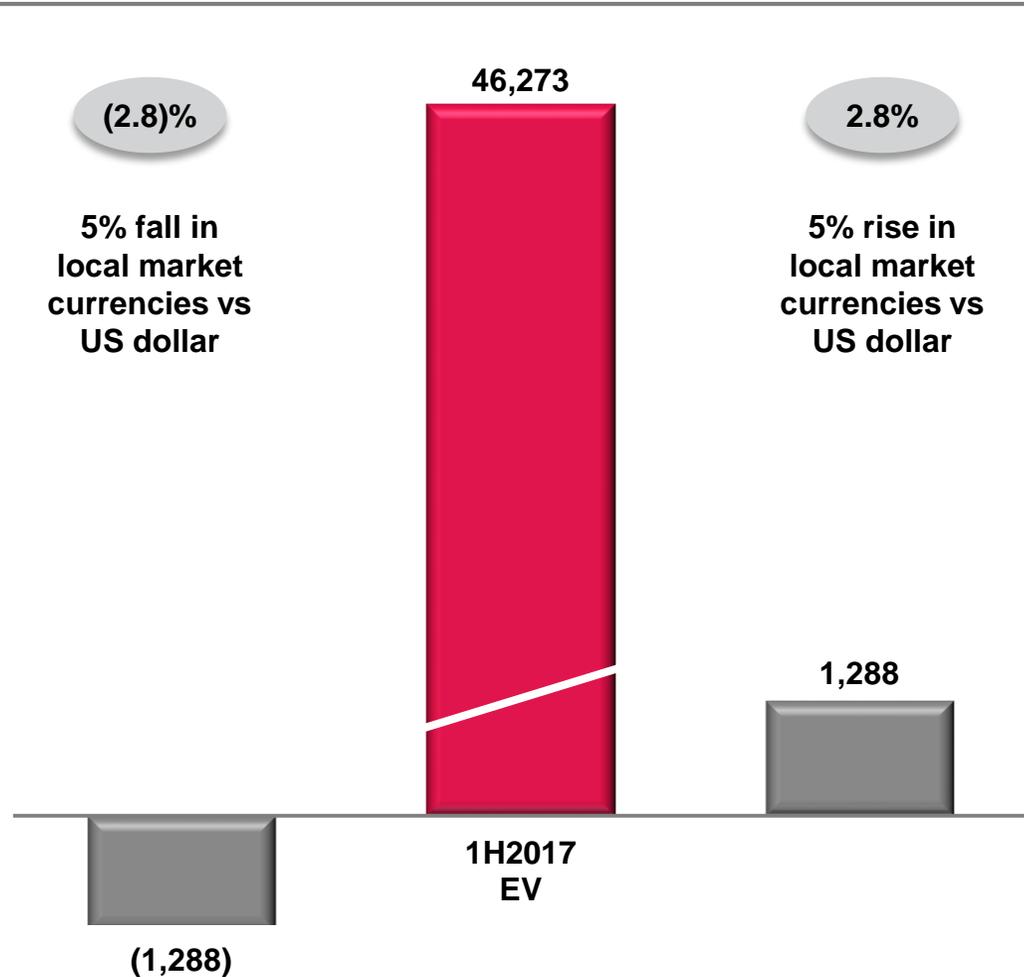


Currency Sensitivity

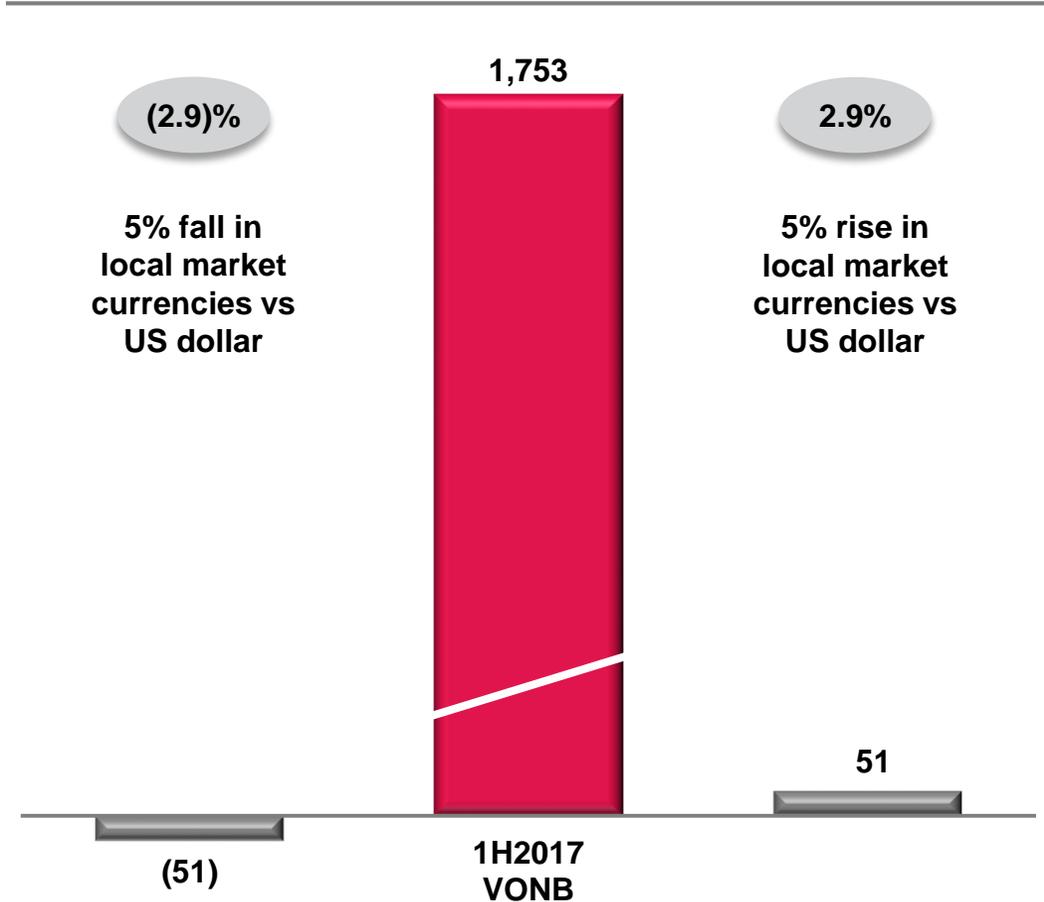


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EV (\$m)



VONB (\$m)



Note:
The currency sensitivities shown assume a constant Hong Kong dollar to US dollar exchange rate