

2018 INTERIM RESULTS PRESENTATION

24 August 2018

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Agenda

01 KEY BUSINESS HIGHLIGHTS

Ng Keng Hooi, Group Chief Executive

02 FINANCIAL RESULTS

Garth Jones, Group Chief Financial Officer

03 STRATEGIC PRIORITIES

Ng Keng Hooi, Group Chief Executive

04 Q&A

Ng Keng Hooi, Group Chief Executive

Garth Jones, Group Chief Financial Officer

Bill Lisle, Regional Chief Executive

Jacky Chan, Regional Chief Executive

John Cai, Regional Chief Executive



Note:

Due to the change of the Company's financial year-end date from 30 November to 31 December and for the purpose of enhancing the comparability of financial information, the financial information in this presentation covers a six-month period from 1 January 2018 to 30 June 2018 for the current period and a six-month period from 1 January 2017 to 30 June 2017 for the prior period, unless otherwise stated. Balance sheet items are presented as at 30 June 2018 for the current period and 31 December 2017 for the prior period. The financial information from 2010 to 2016 is presented on the 30 November financial year-end basis.



HEALTHIER, LONGER,
BETTER LIVES

Ng Keng Hooi
Group Chief Executive

Value of New Business

\$1,954m

+17%

Operating Profit After Tax

\$2,653m

+14%

Interim Dividend Per Share

29.20 HK cents

+14%

1H2018 Consistent Delivery Across All Key Metrics



Growth

Value of New Business

\$1,954m

+17%

Earnings

Operating Profit After Tax

\$2,653m

+14%

Capital & Dividends

Underlying Free Surplus Gen

\$2,497m

+11%⁽¹⁾

EV Equity

\$53.6b

+\$1.2b

Operating ROE⁽²⁾

14.2%

+30bps⁽³⁾

Interim Dividend Per Share

29.20 HK cents

+14%

Notes:

(1) On a comparable basis before the reduction of \$141m in 1H2018 relating to the subsidiarisation of AIA Korea

(2) On an annualised basis

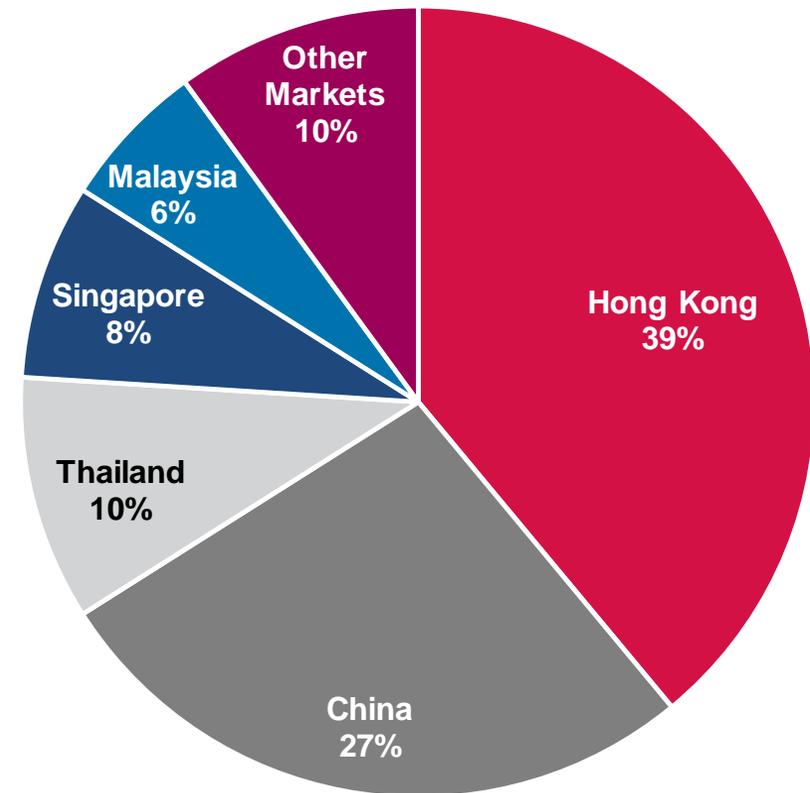
(3) On an actual exchange rate basis

Strong and Resilient Growth Portfolio



| VONB (\$m) | 1H2018 | CER | AER | |
|--------------------|--------------|-------------|-------------|----------|
| Hong Kong | 796 | +10% | +10% | ↑ |
| China | 556 | +37% | +47% | ↑ |
| Thailand | 204 | +5% | +14% | ↑ |
| Singapore | 178 | +22% | +29% | ↑ |
| Malaysia | 124 | +5% | +17% | ↑ |
| Other Markets | 201 | +7% | +9% | ↑ |
| Group Total | 1,954 | +17% | +22% | ↑ |

1H2018 VONB by Market Segment



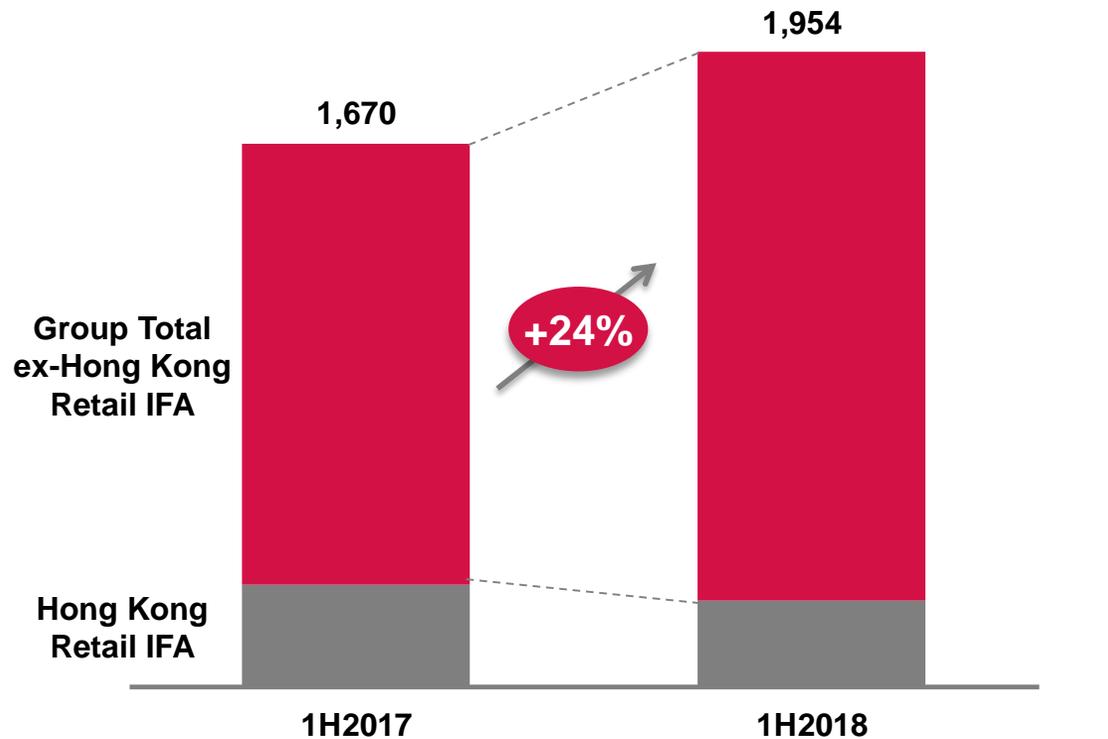
Note:

VONB by market segment are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses and include pension business. Group VONB is after unallocated Group Office expenses and adjustment to reflect consolidated reserving and capital requirements; includes pension business and is shown before minorities.

Strong VONB Growth on Exceptional 1H2017



VONB (\$m)



Strong Underlying VONB Growth

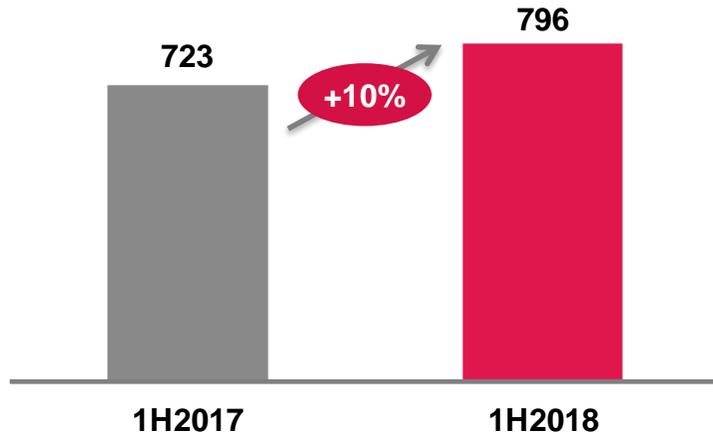
- Group VONB up 24% excluding Hong Kong retail IFA
- 27% VONB growth in Premier Agency
- VONB from Hong Kong retail IFA channel lower following exceptional performance in 1H2017
- Strong double-digit bancassurance VONB growth

Market Highlights



Hong Kong

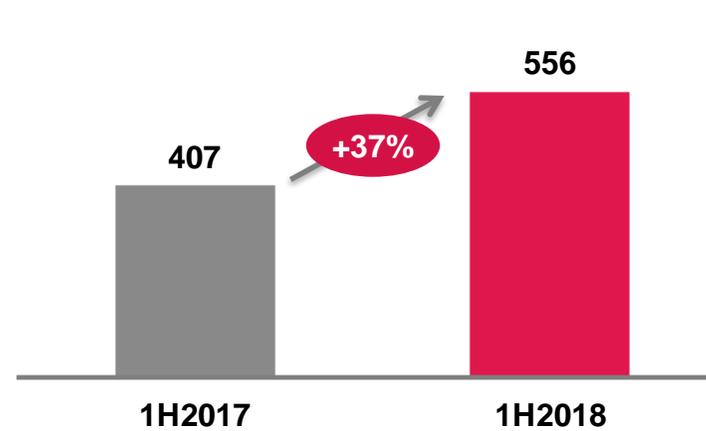
VONB (\$m)



- Very strong double-digit agency VONB growth
- >20% of agents being MDRT members
- Excellent VONB growth from Citibank
- *AIA Vitality* members up over 60%

China

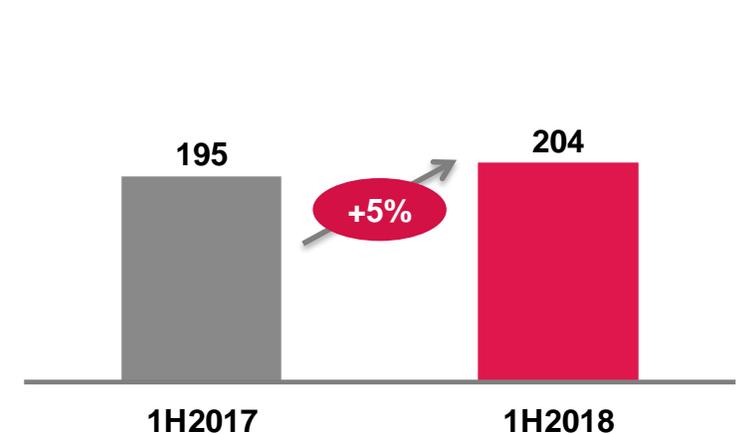
VONB (\$m)



- VONB up 37%, mainly driven by active agent growth
- MDRT members up 31%
- ~100% digital adoption ratio
- Wellness members up ~5 times

Thailand

VONB (\$m)



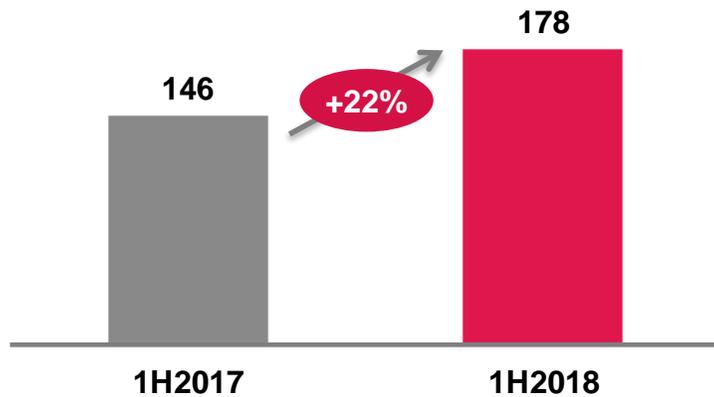
- Double-digit growth in FA new recruits; 24% more productive than non-FA
- MDRT members up 48%
- Bangkok Bank partnership launched
- Market leader in protection

Market Highlights (cont.)



Singapore

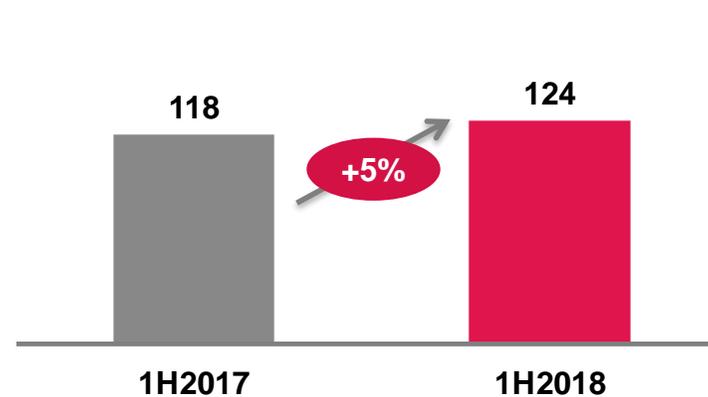
VONB (\$m)



- Very strong agency VONB growth in regular premium protection business
- Agent productivity up double-digit
- Excellent VONB growth from Citibank
- **AIA Vitality** members doubled

Malaysia

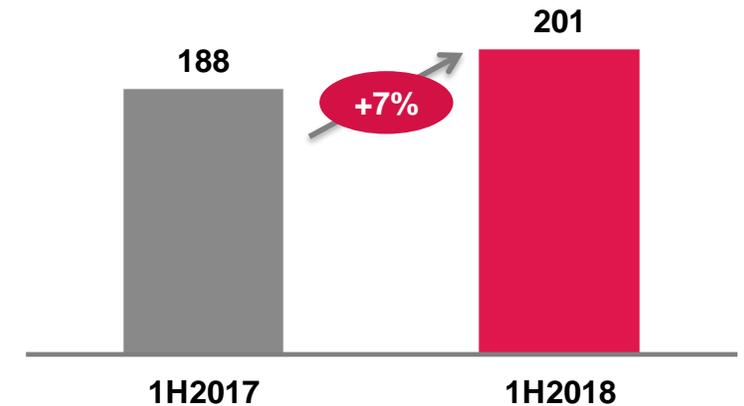
VONB (\$m)



- Impacted by General Election in 2Q
- Active Takaful agents up double-digit
- Double-digit banca VONB growth
- **AIA Vitality** members up ~50%

Other Markets

VONB (\$m)

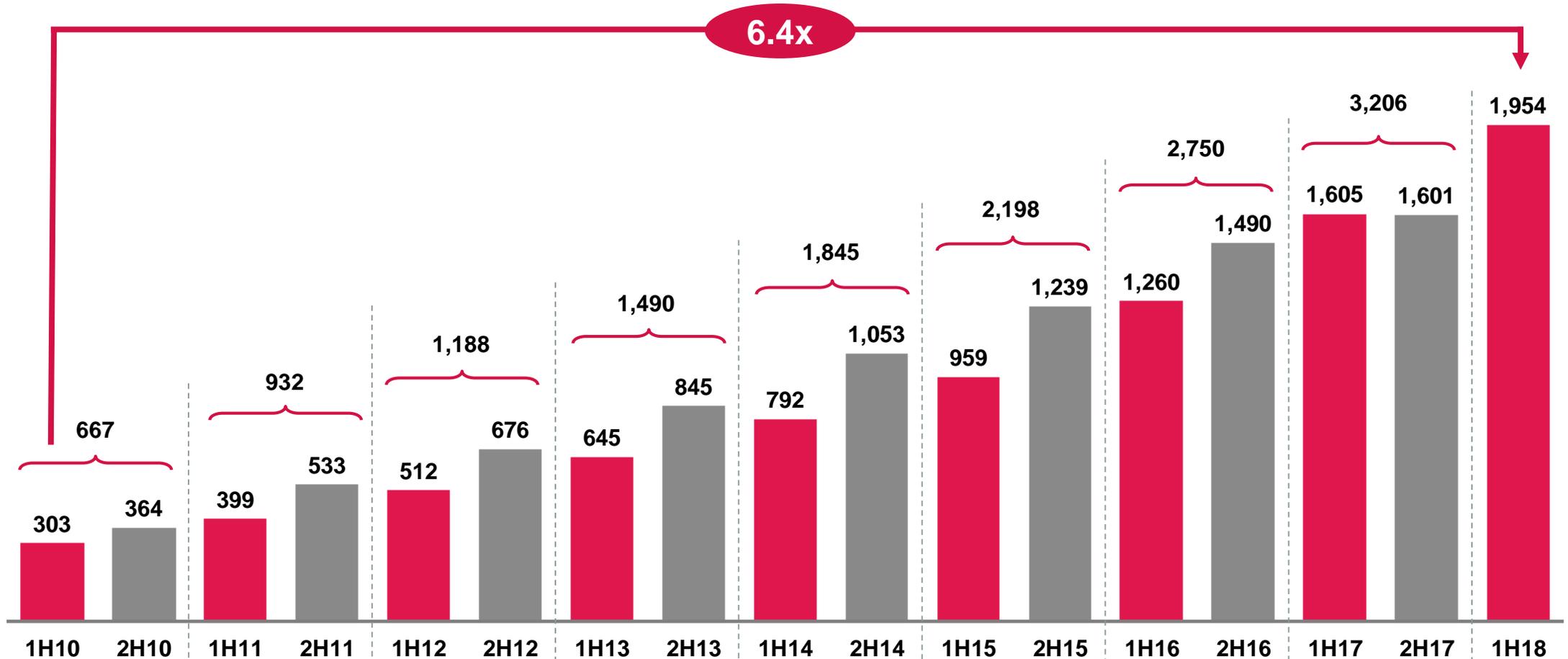


- 18% VONB growth adjusting for very large group schemes in Australia
- Strong VONB growth in Korea, the Philippines and Taiwan
- Double-digit VONB growth in Vietnam and from agency in Indonesia

Strong and Sustained Growth Momentum



VONB (\$m)





Garth Jones

Group Chief Financial Officer



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BETTER LIVES

Excellent Financial Results



| | | (\$m) | 1H2018 | 1H2017 | CER | AER | |
|--------------------------------|---|-------|--------|--------|---------|---------|---|
| Growth | VONB | | 1,954 | 1,605 | 17% | 22% | ↑ |
| | EV Operating Profit | | 4,152 | 3,370 | 19% | 23% | ↑ |
| | Operating ROEV ⁽¹⁾ | | 17.0% | 16.3% | 0.7 pps | 0.7 pps | ↑ |
| | EV Equity ⁽²⁾ | | 53,628 | 52,429 | 4% | 2% | ↑ |
| IFRS Earnings | Operating Profit After Tax | | 2,653 | 2,233 | 14% | 19% | ↑ |
| | Operating ROE ⁽¹⁾ | | 14.2% | 13.9% | - | 0.3 pps | ↑ |
| | Shareholders' Allocated Equity ⁽²⁾ | | 36,328 | 36,413 | 1% | - | ↑ |
| Capital & Dividends | Underlying Free Surplus Generation ⁽³⁾ | | 2,497 | 2,290 | 11% | 15% | ↑ |
| | AIA Co. HKIO Solvency Ratio ⁽²⁾ | | 458% | 446% | n/a | 12 pps | ↑ |
| | Interim Dividend per Share (HK cents) | | 29.20 | 25.62 | n/a | 14% | ↑ |

Notes:

- (1) On an annualised basis
- (2) Comparatives for balance sheet items are shown against the position as at 31 December 2017
- (3) Growth rates are calculated on a comparable basis before the reduction of \$141m in 1H2018 relating to the subsidiarisation of AIA Korea

Growth

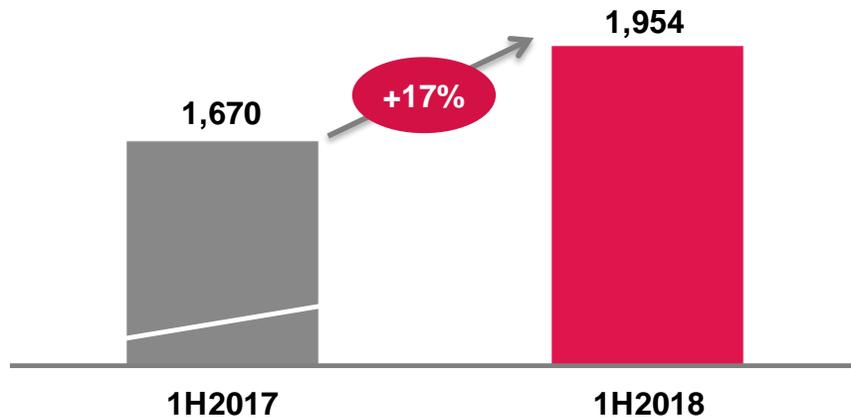
Earnings

Capital and Dividends

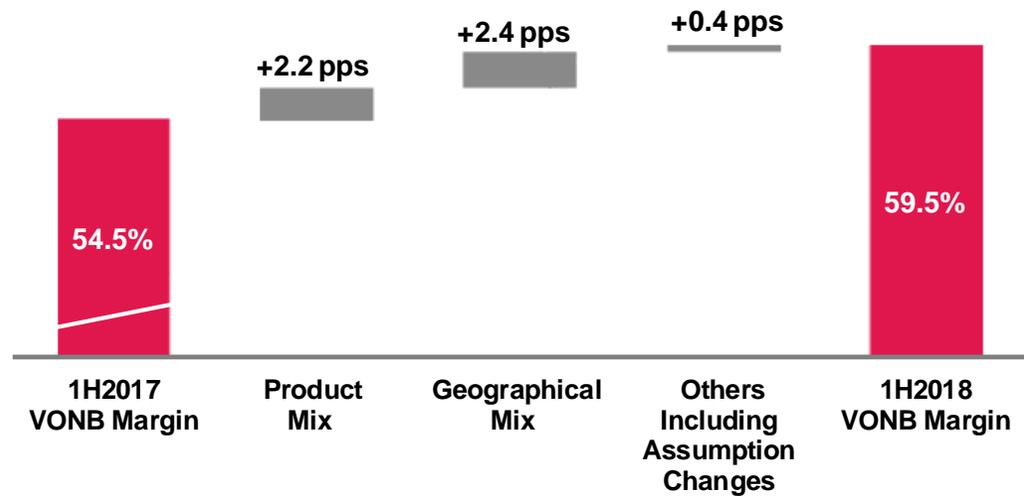
Strong and Broad-based Profitability



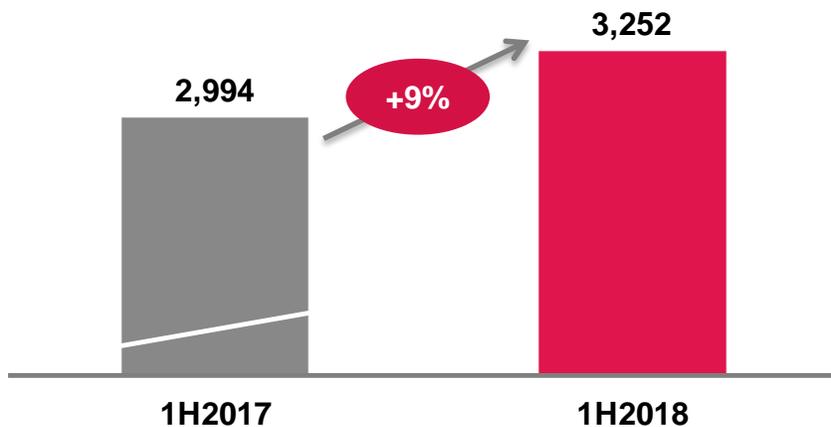
VONB (\$m)



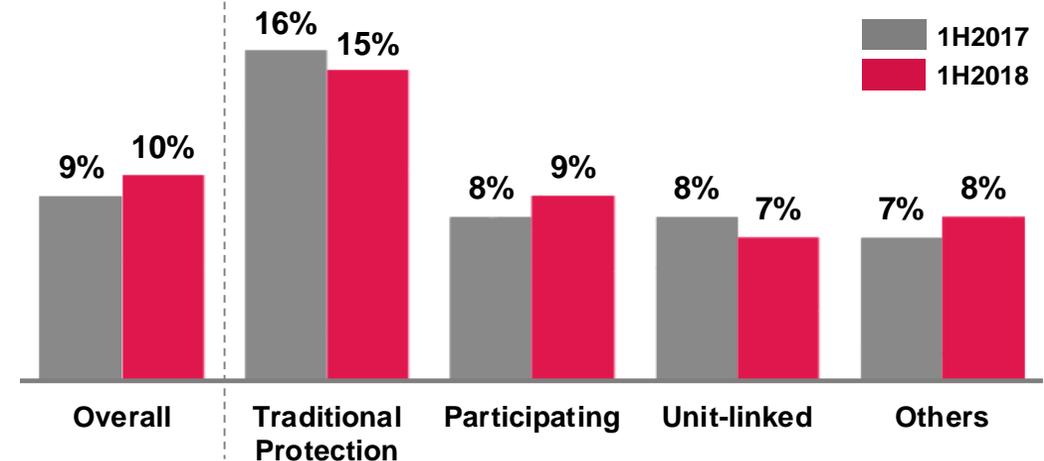
VONB Margin Movement



ANP (\$m)



PVNB Margin by Product

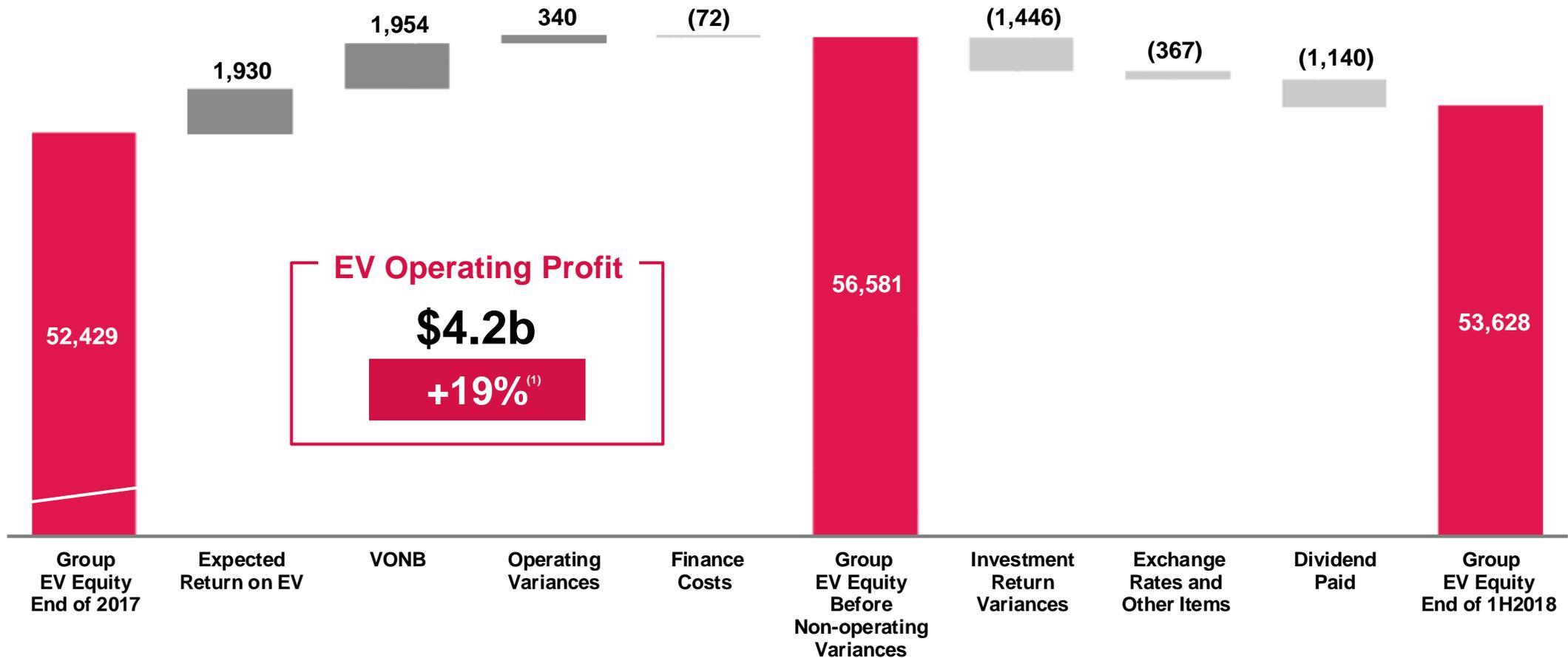


Note: VONB and ANP comparatives are shown on a constant exchange rate basis

EV Operating Profit up 19% – EV Equity of \$53.6b



1H2018 EV Equity Movement (\$m)

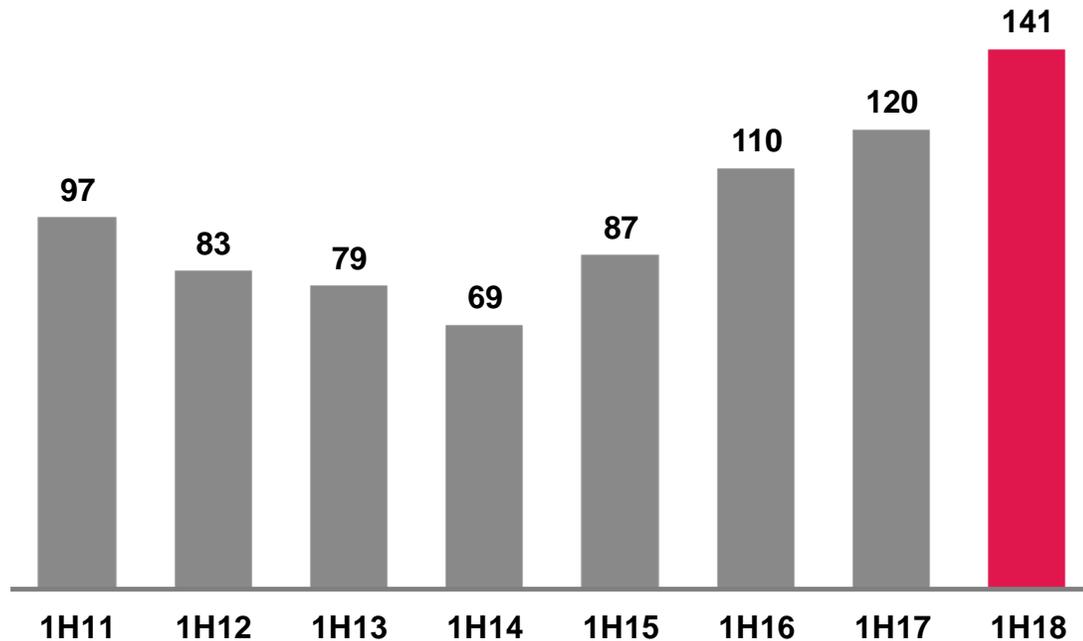


Note:
 (1) On a constant exchange rate basis

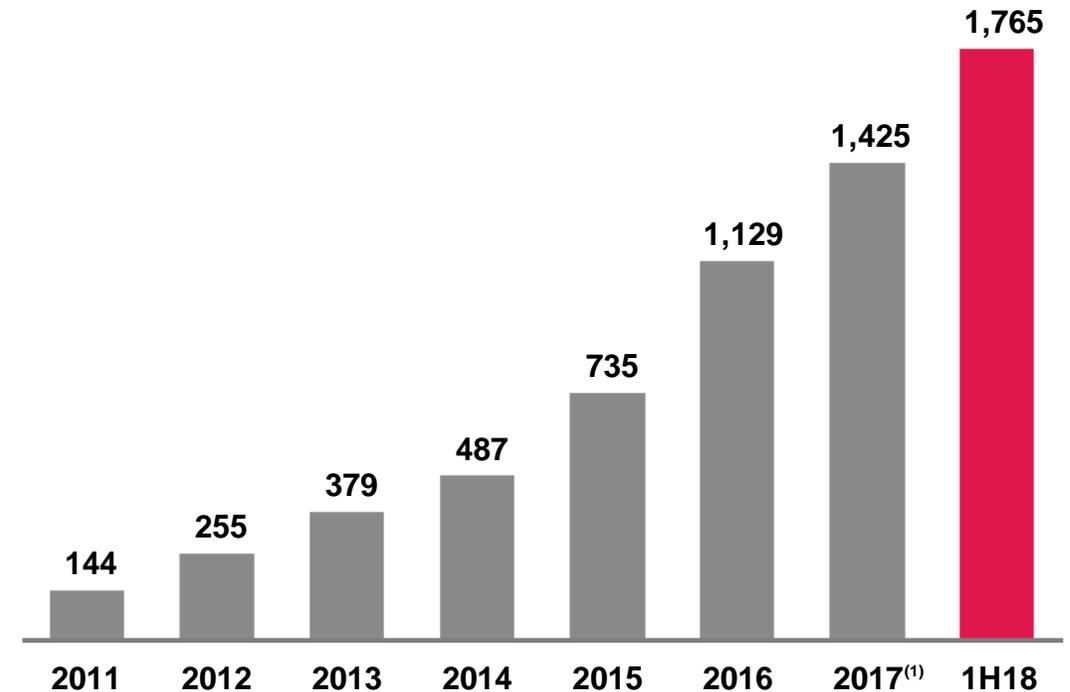
Value Creation from Quality Operating Performances



Mortality and Morbidity Claims Experience Variances (\$m)



Cumulative EV Operating Variances (\$m)



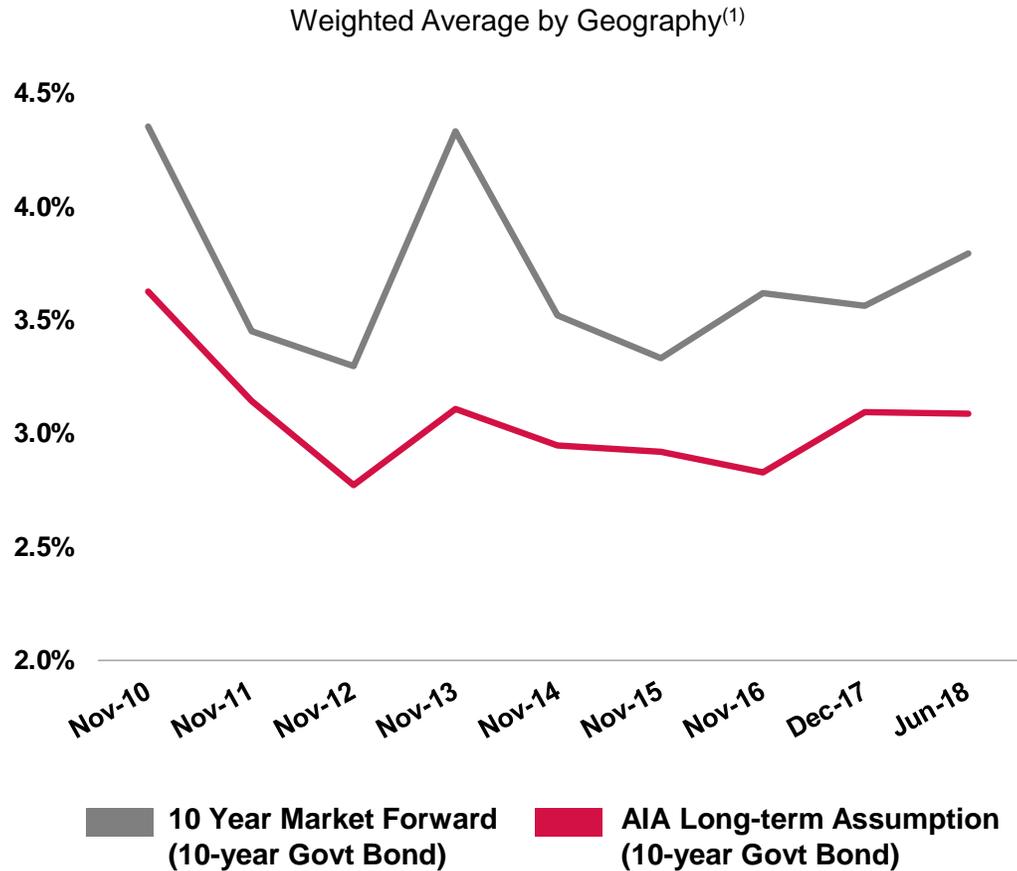
Note:

(1) 2017 figure covers a 13-month period from 1 December 2016 to 31 December 2017

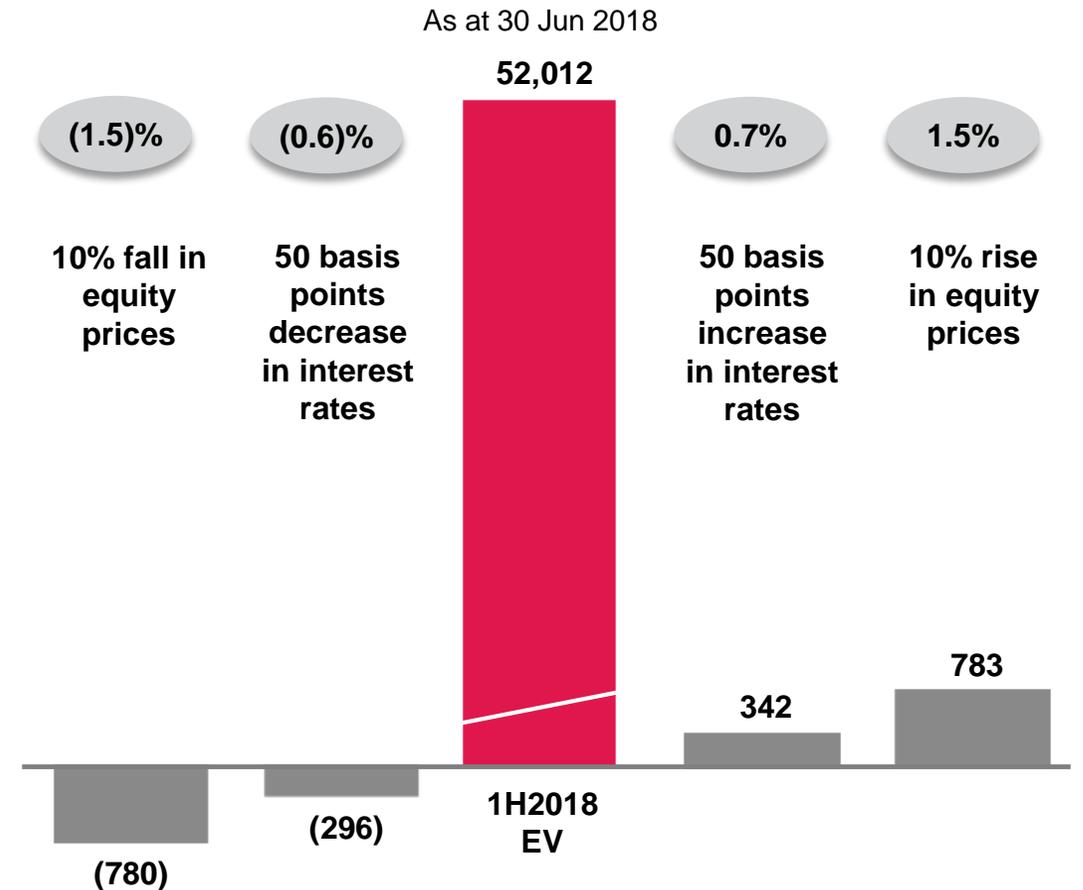
Interest Rates and EV Sensitivity



AIA Long-term Assumptions vs Market Rates



Sensitivity of EV



Note:

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

Growth

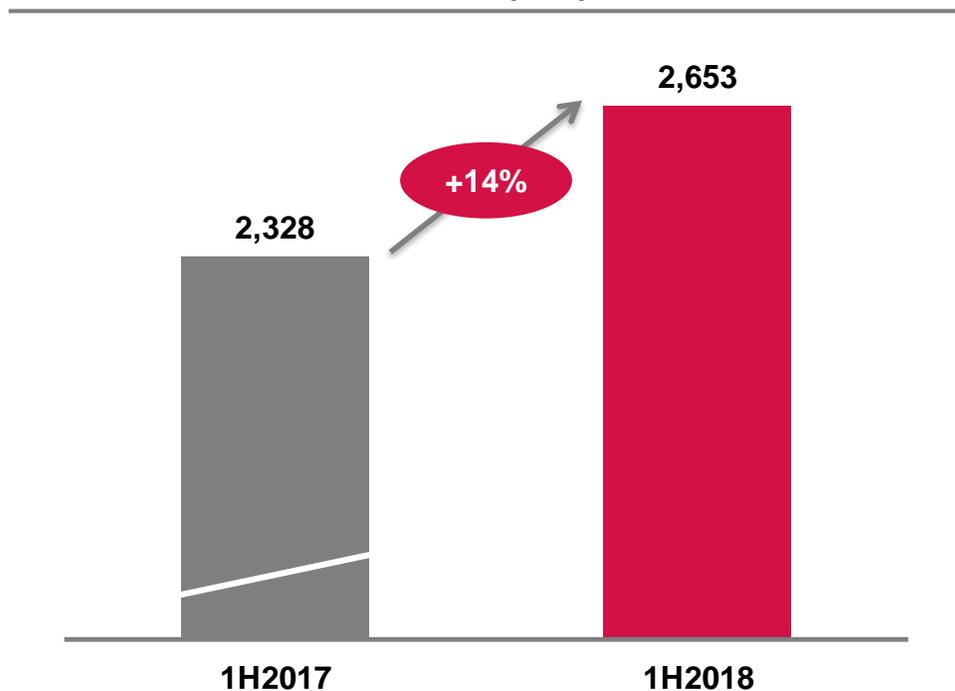
Earnings

Capital and Dividends

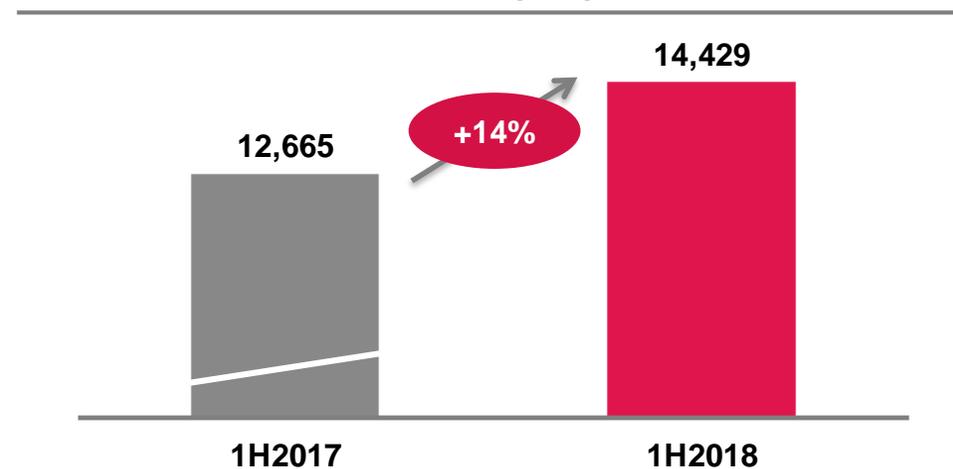
IFRS Operating Profit after Tax up 14%



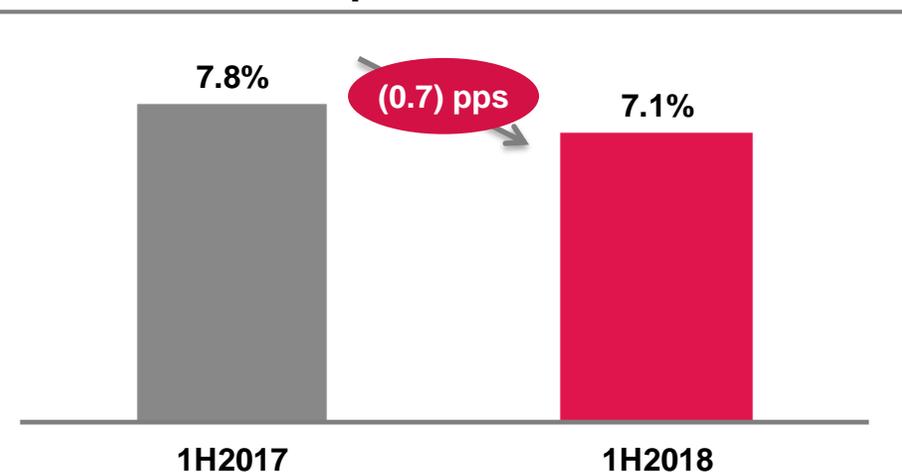
OPAT (\$m)



TWPI (\$m)



Expense Ratio



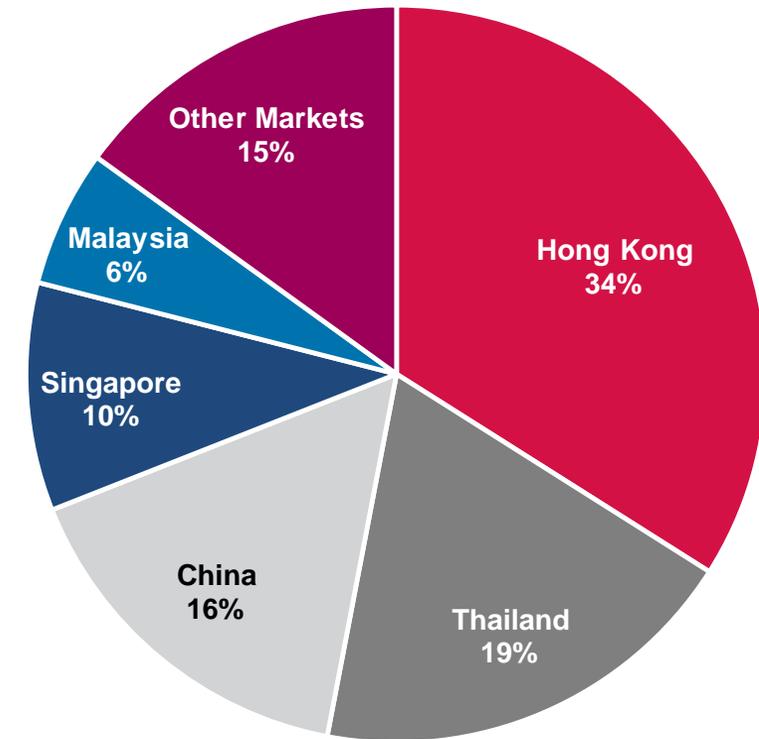
Note:
Comparatives are shown on a constant exchange rate basis

Diversified OPAT Growth Across the Region



| IFRS OPAT (\$m) | 1H2018 | CER | AER | |
|--------------------|--------------|-------------|-------------|---|
| Hong Kong | 922 | +12% | +12% | ↑ |
| Thailand | 496 | +7% | +17% | ↑ |
| China | 436 | +37% | +48% | ↑ |
| Singapore | 273 | +9% | +14% | ↑ |
| Malaysia | 158 | +19% | +34% | ↑ |
| Other Markets | 393 | +16% | +17% | ↑ |
| Group Total | 2,653 | +14% | +19% | ↑ |

1H2018 IFRS OPAT by Market Segment

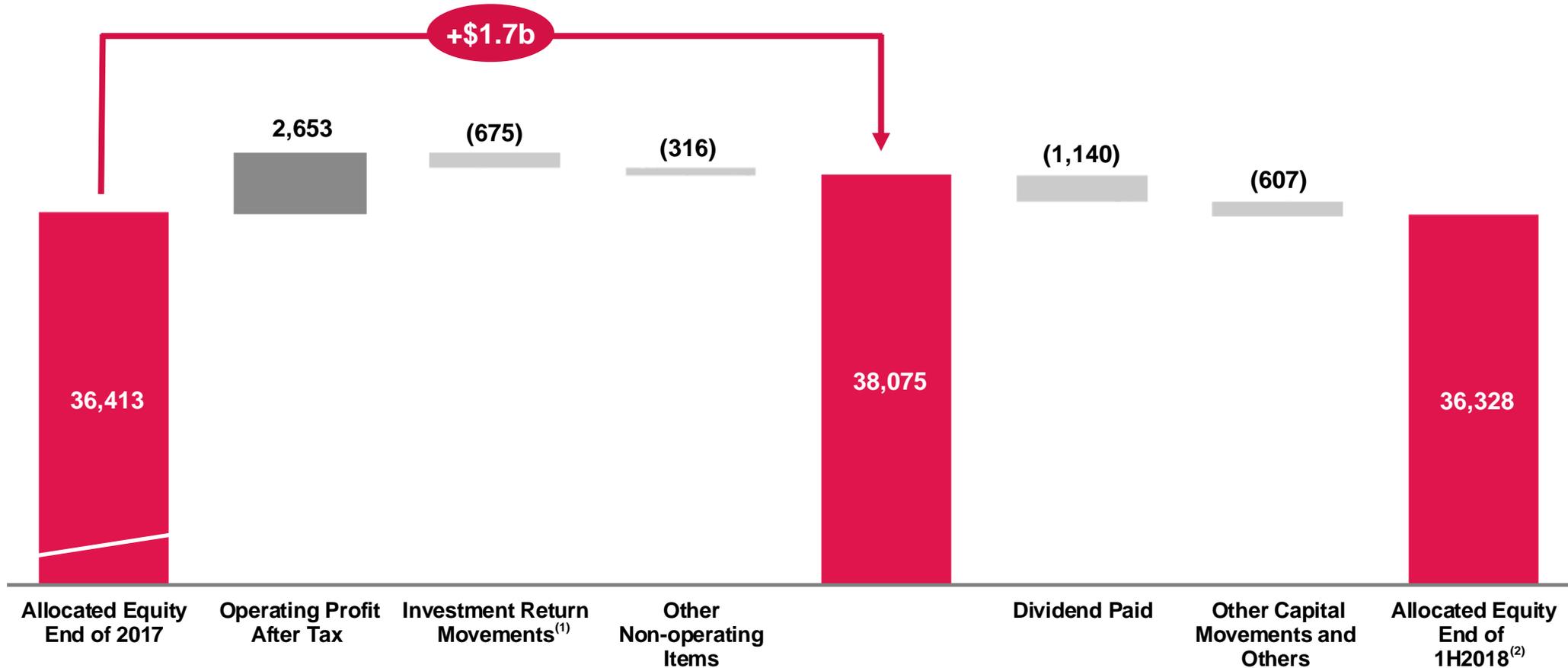


Note:
Group OPAT includes OPAT from Group Corporate Centre

IFRS Shareholders' Allocated Equity of \$36.3b



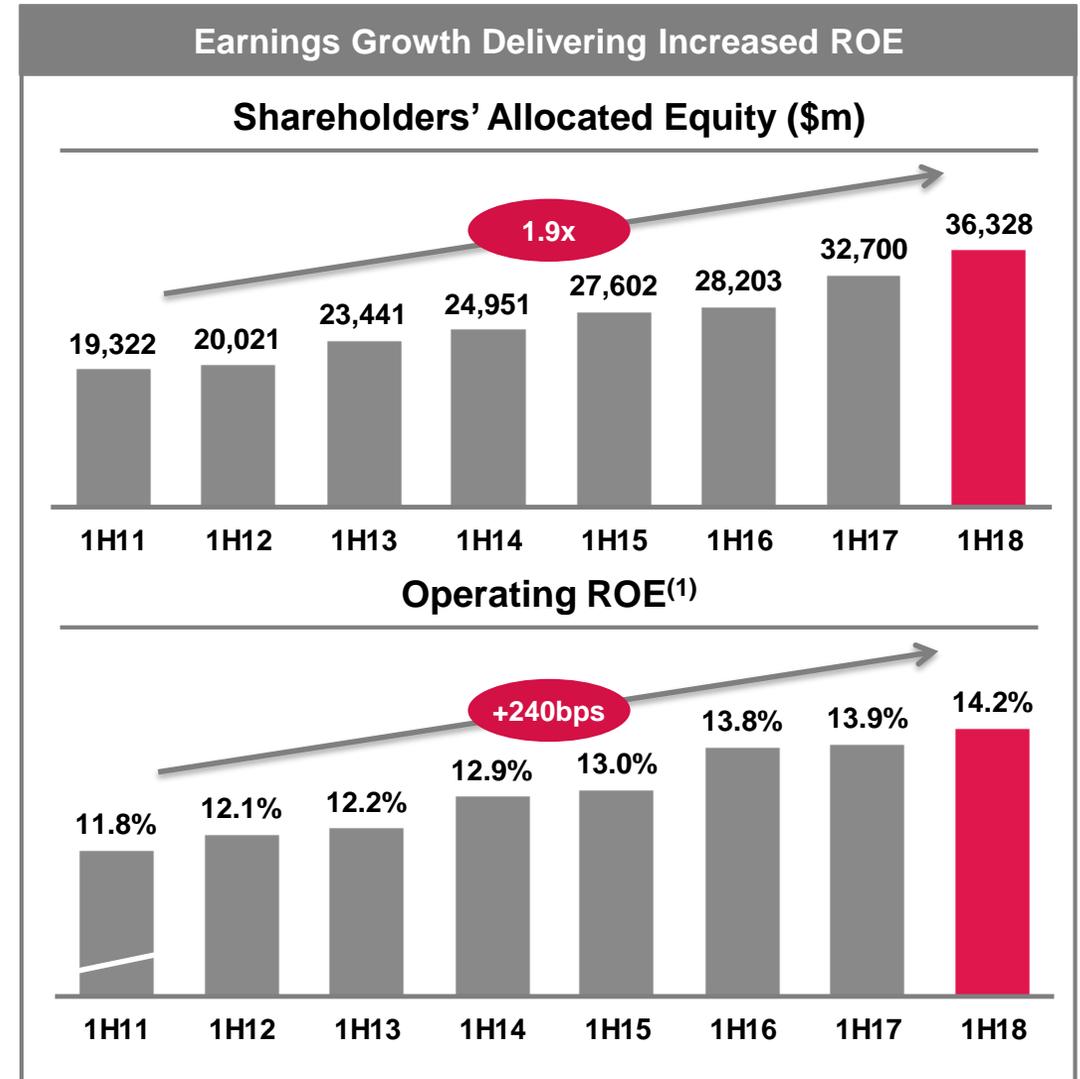
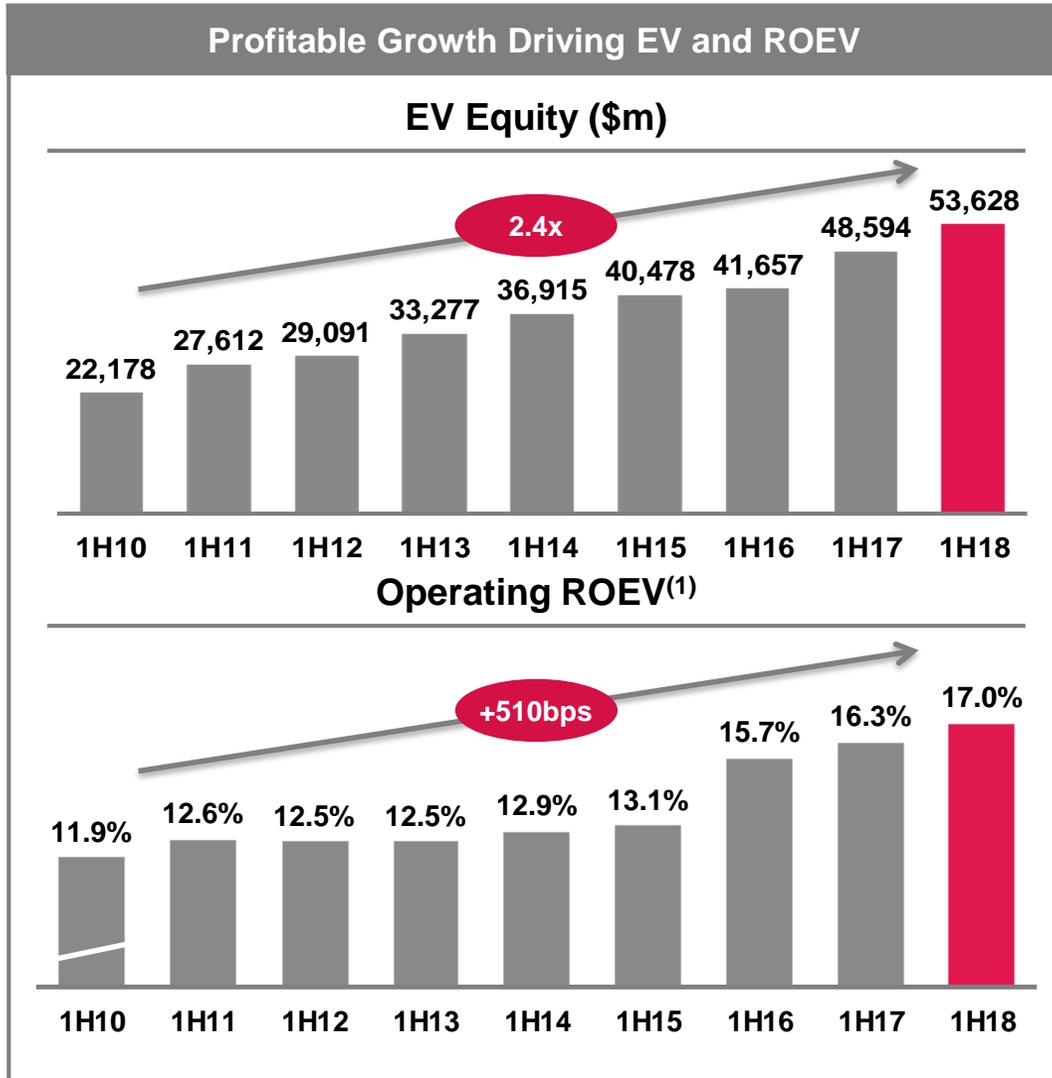
IFRS Shareholders' Allocated Equity Movement (\$m)



Notes:

- (1) Short-term fluctuations in investment return related to equities and real estate, net of tax
- (2) Shareholders' allocated equity is shown before fair value reserve of \$2.2b as at 30 June 2018

Strong ROEV and ROE Progression



Note:
(1) On an annualised basis

Growth

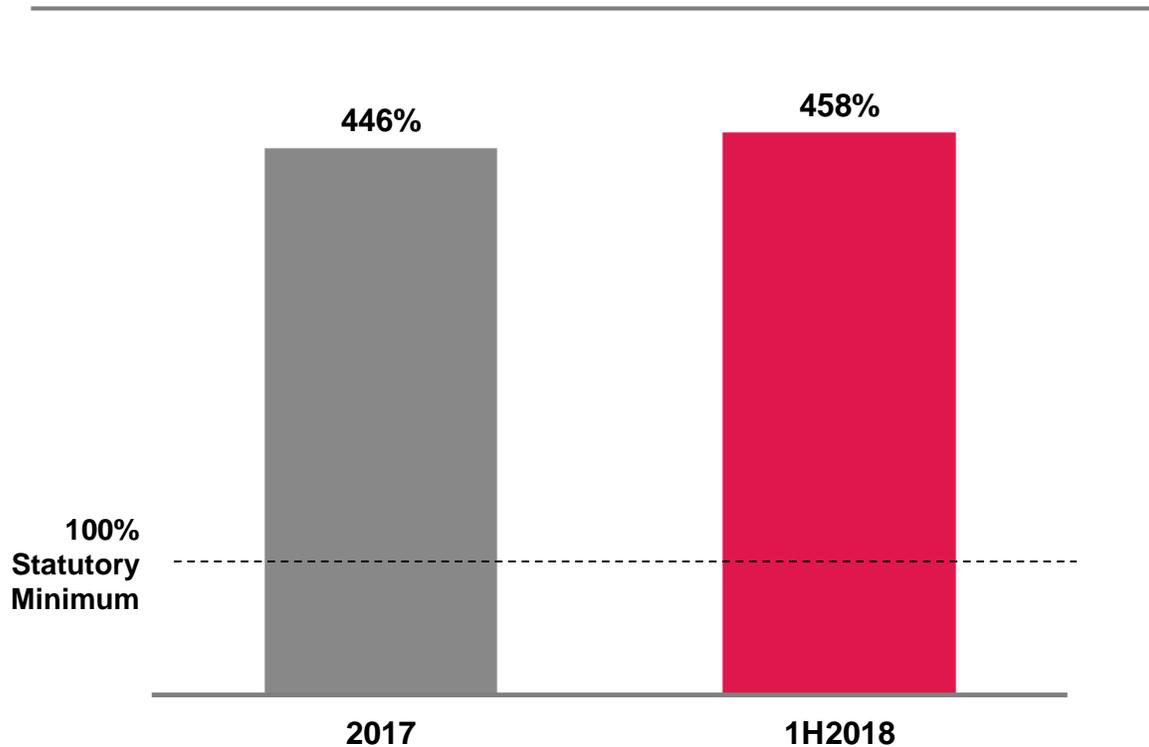
Earnings

Capital and Dividends

Solvency Ratio of 458% for AIA Co.



**Solvency Ratio
on the HKIO Basis for AIA Co.**



Resilient Solvency Position

- Strong growth in retained earnings
- Negative mark-to-market movements on assets and reserves
- Impact from CBA acquisition targeted in 2H2018 subject to completion⁽¹⁾
- S&P rating of AA-, Moody's rating of Aa2 and Fitch rating of AA for AIA Co.

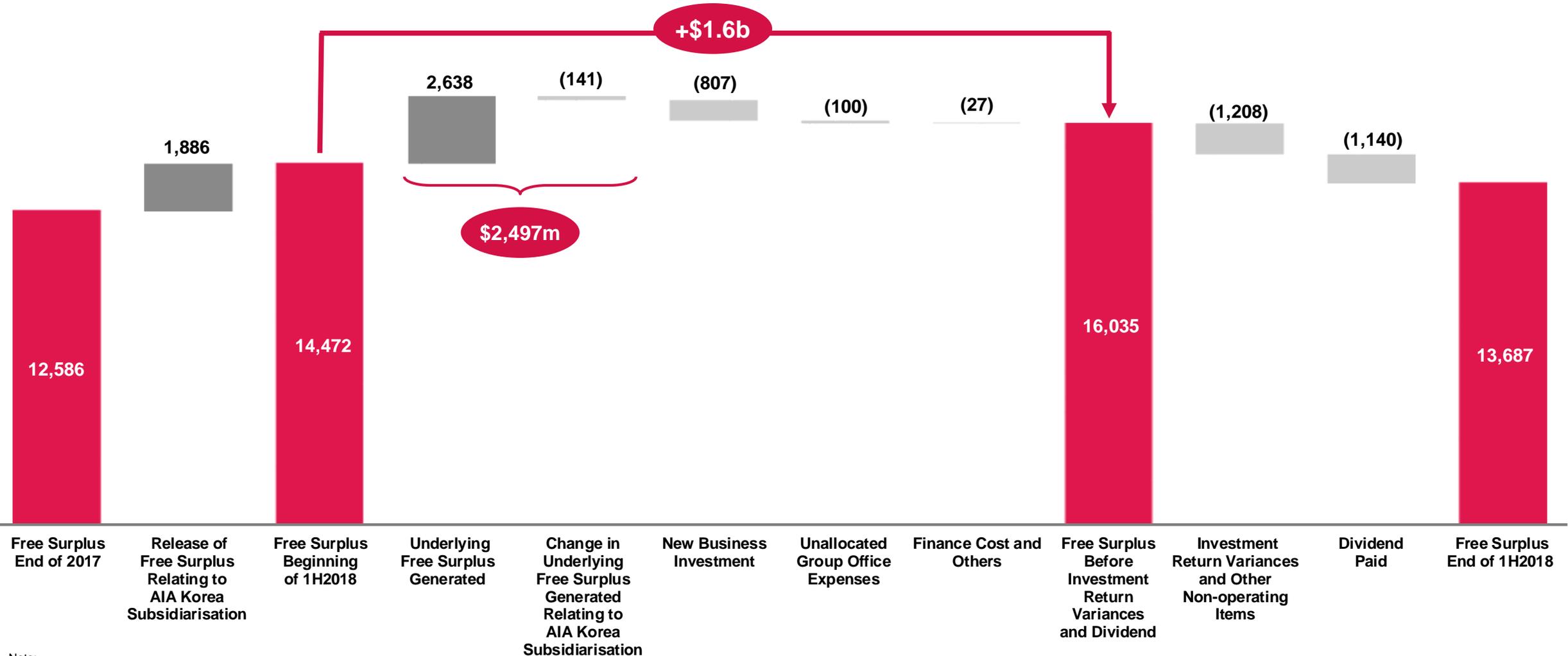
Note:

(1) On 2 July 2018, AIA completed the acquisition of Sovereign Assurance Company Limited in New Zealand while the acquisition of CommInsure Life in Australia remains in progress, subject to securing all necessary regulatory and governmental approvals

Self-financed Growth at Attractive Returns



Free Surplus⁽¹⁾ of \$13.7b (\$m)

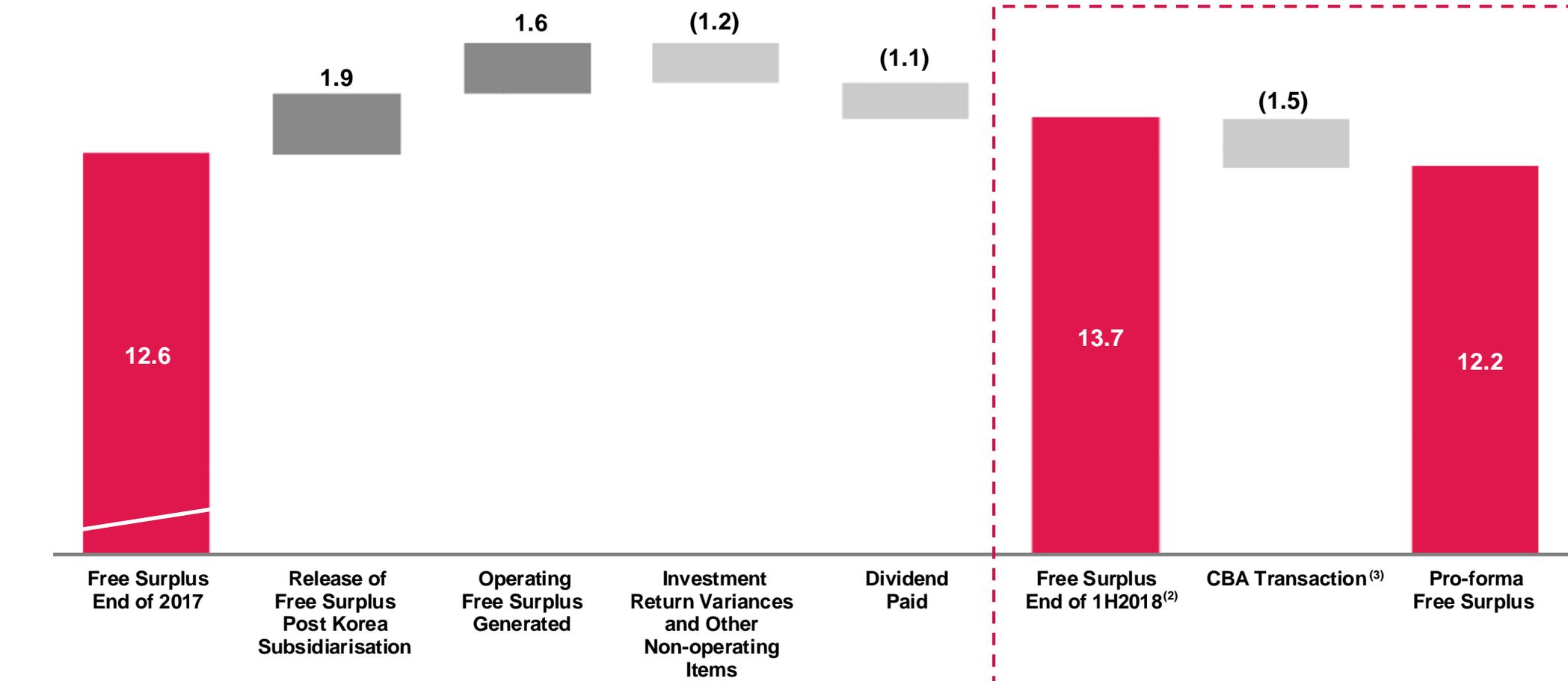


Note:
 (1) Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and required capital

Pro-forma Free Surplus



Pro-forma Free Surplus⁽¹⁾ Post CBA Transaction (\$b)



Notes:

(1) Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and required capital

(2) Free surplus end of 1H2018 is shown on a non-additive aggregation due to rounding

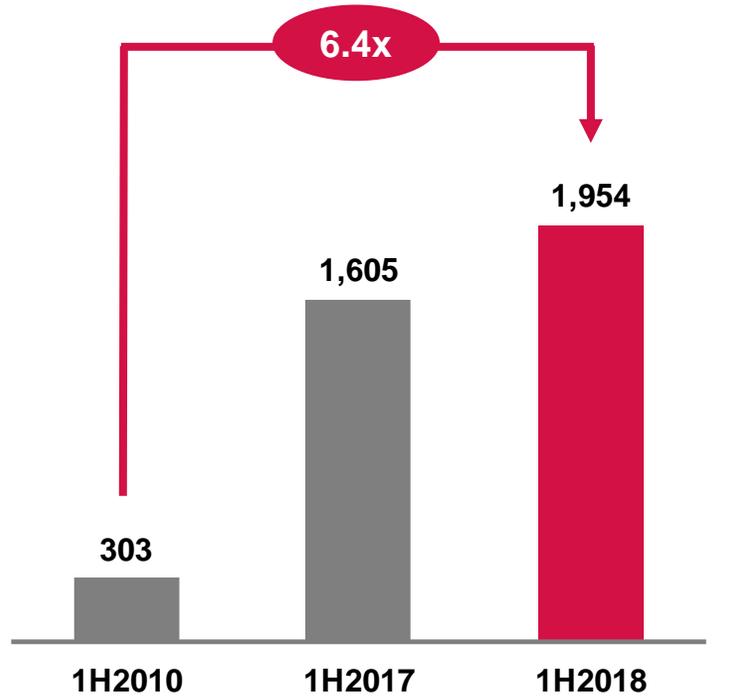
(3) On 2 July 2018, AIA completed the acquisition of Sovereign Assurance Company Limited in New Zealand while the acquisition of CommInsure Life in Australia remains in progress, subject to securing all necessary regulatory and governmental approvals

Disciplined Financial Management



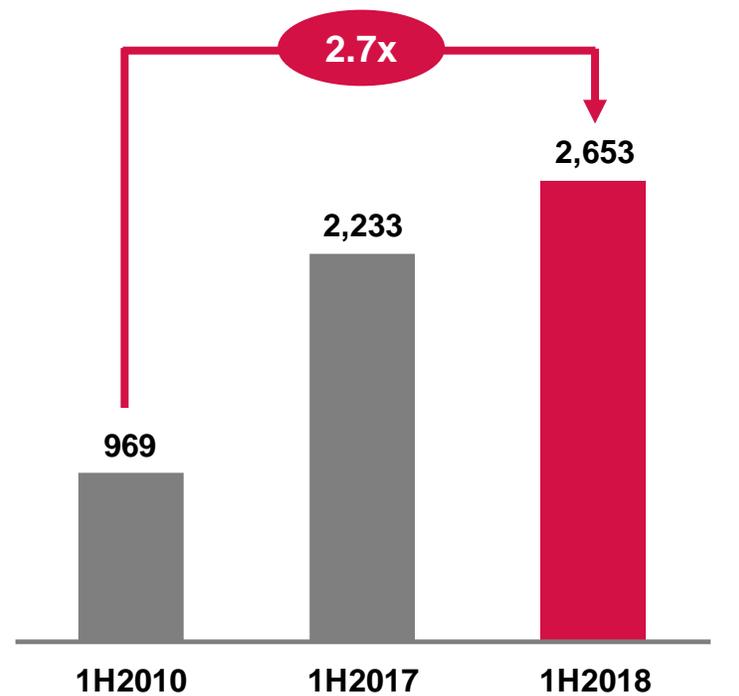
Growth

VONB (\$m)



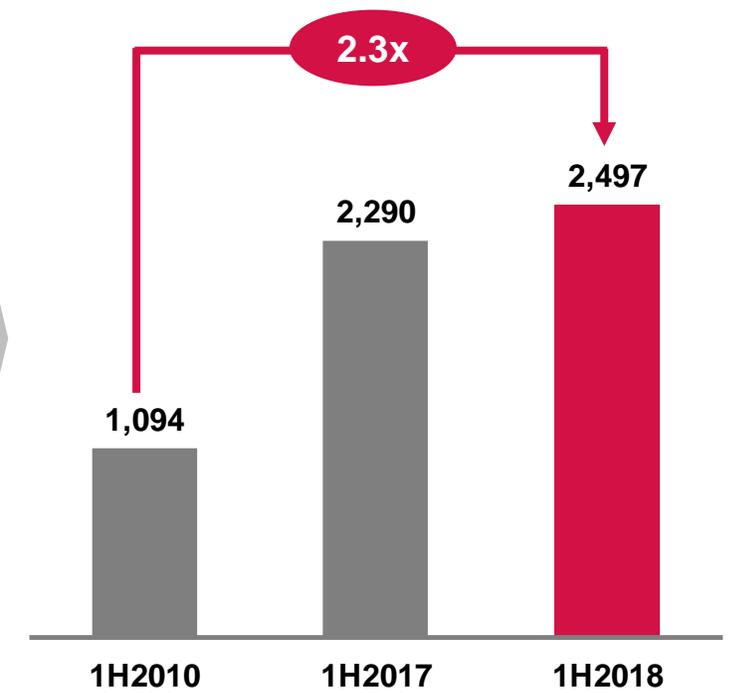
Earnings

IFRS OPAT (\$m)



Capital & Dividends

Underlying Free Surplus Generation (\$m)



Uses of Underlying Free Surplus Generation



Maintain Strong Balance Sheet through Capital Market Stress

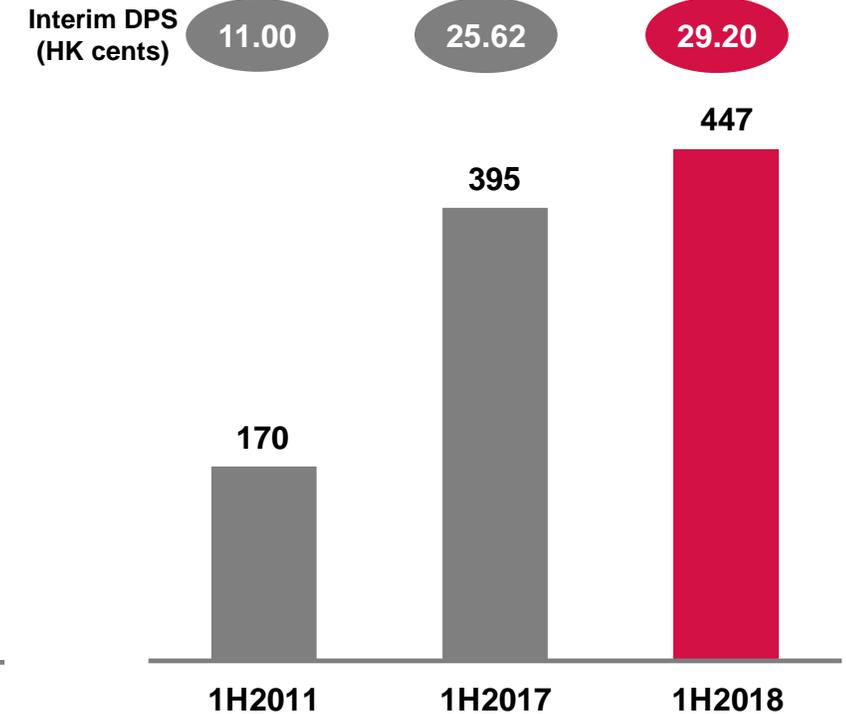
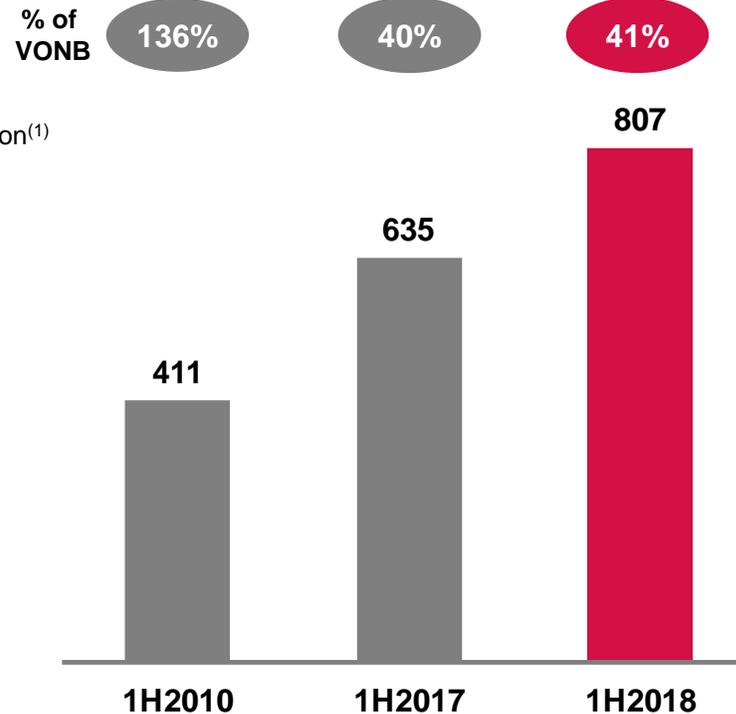
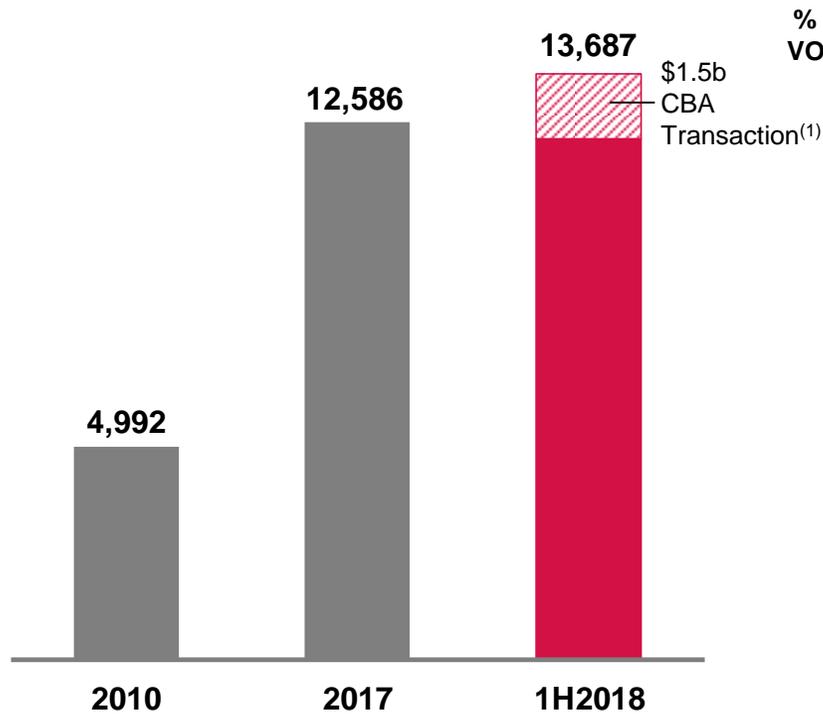
Reinvest Capital in Profitable New Business Growth

Pay Prudent, Sustainable and Progressive Dividend

Free Surplus (\$m)

New Business Investment (\$m)

Interim Dividend Declared (\$m)



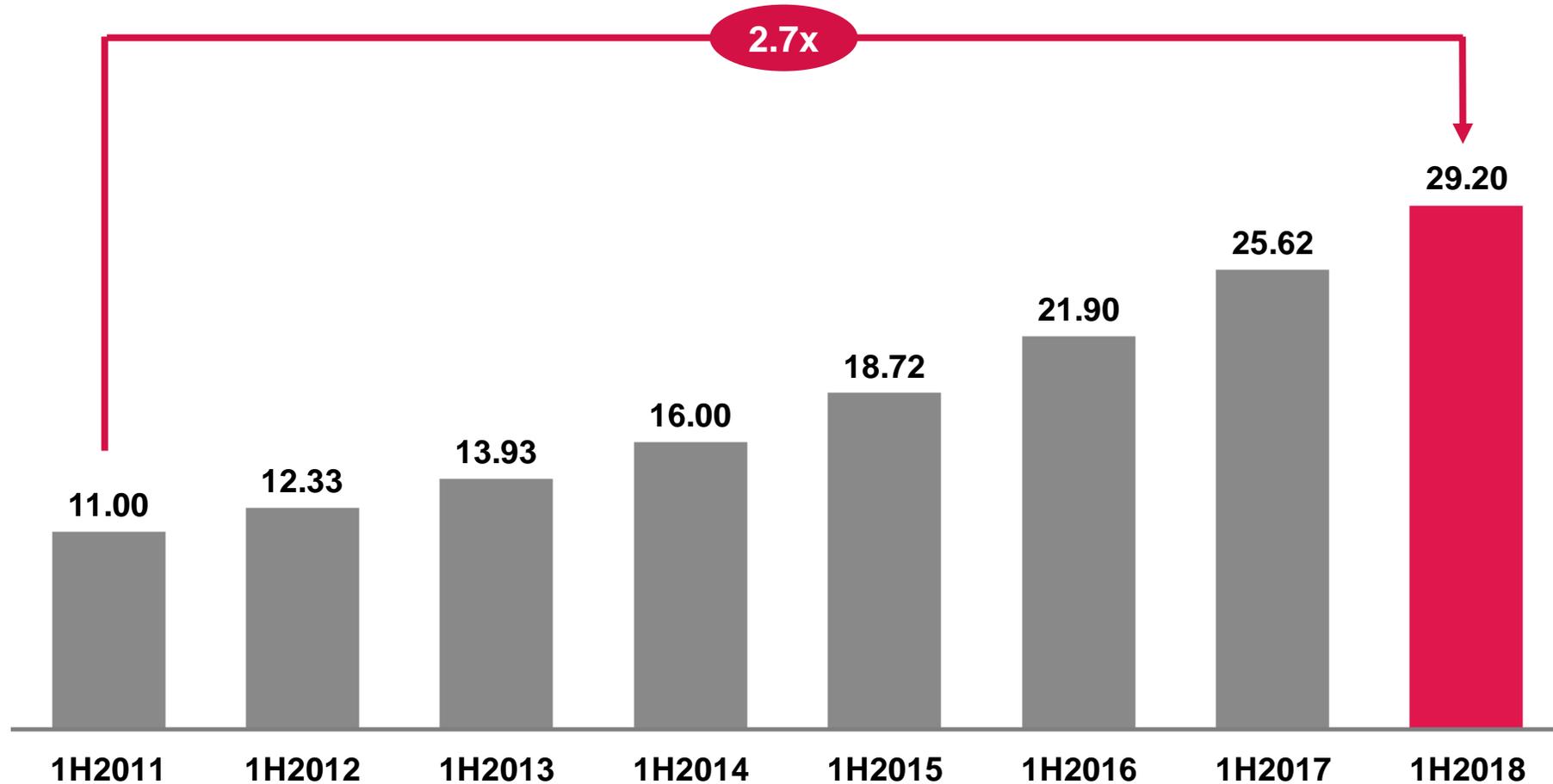
Note:

(1) On 2 July 2018, AIA completed the acquisition of Sovereign Assurance Company Limited in New Zealand while the acquisition of Commlnsure Life in Australia remains in progress, subject to securing all necessary regulatory and governmental approvals

Interim Dividend Increase of 14%



Interim Dividend Per Share (HK cents)



Financial Discipline and Consistent Execution



Growth

- Material growth in profitable new business
 - Strong and resilient pan-regional growth portfolio
 - VONB growth delivered increased ROEV at scale
-

Earnings

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

Capital & Dividends

- Resilient capital position
- Self-financed new business growth
- Prudent, sustainable and progressive dividend



Ng Keng Hooi
Group Chief Executive



HEALTHIER, LONGER,
BETTER LIVES

AIA's Competitive Advantages and Strategic Priorities



Structural Drivers of Growth



Rapid urbanisation and significant wealth creation



Increasing prevalence of lifestyle-related diseases



Low insurance penetration and limited social welfare provision



Ageing population and growing need for retirement savings



Understanding consumer preferences and expectations

Strategic Priorities

| Premier Agency | Next-Generation Partnerships | Health & Wellness | Customer Centricity | Product Innovation |
|---|---|---|--|--|
| <ul style="list-style-type: none"> Promote next generation agency recruitment and training support Enable with technology and support specialisation Deliver professional advice on broader customer needs | <ul style="list-style-type: none"> Deepen engagement with strategic partners Strengthen and differentiate partner value proposition Expand distribution reach through non-traditional partners | <ul style="list-style-type: none"> Extend regional leadership in health and wellness Engage customers in healthy living Evolve from conventional payer to active partner | <ul style="list-style-type: none"> Leverage data analytics for greater customer insights Transform customer experience Increase customer engagement | <ul style="list-style-type: none"> Maintain protection-oriented portfolio Expand integrated savings and protection solutions Meet rapidly growing long-term savings needs |

People Development

Digital Enablement

Financial Discipline

1H2018 Strategic Highlights



Opening up of Chinese Insurance Market

- AIA China already 100% owned
- Differentiated strategy and strong track record
- Commenced planning for broader geographical access



AIA Korea Subsidiarisation

- Completed on 1 January 2018
- Released \$1.9b free surplus at Group level
- Added \$0.5b to embedded value



Bancassurance Partnership with Bangkok Bank

- Launched in March 2018
- 15-year strategic partnership
- Exclusive for protection and long-term savings business



HEALTHIER, LONGER,
BETTER LIVES

New Brand Promise

- “Healthier, longer, better lives”
- Introduced in 2Q 2018
- Underpins all marketing activities across the region



Strategic Partnership with WeDoctor

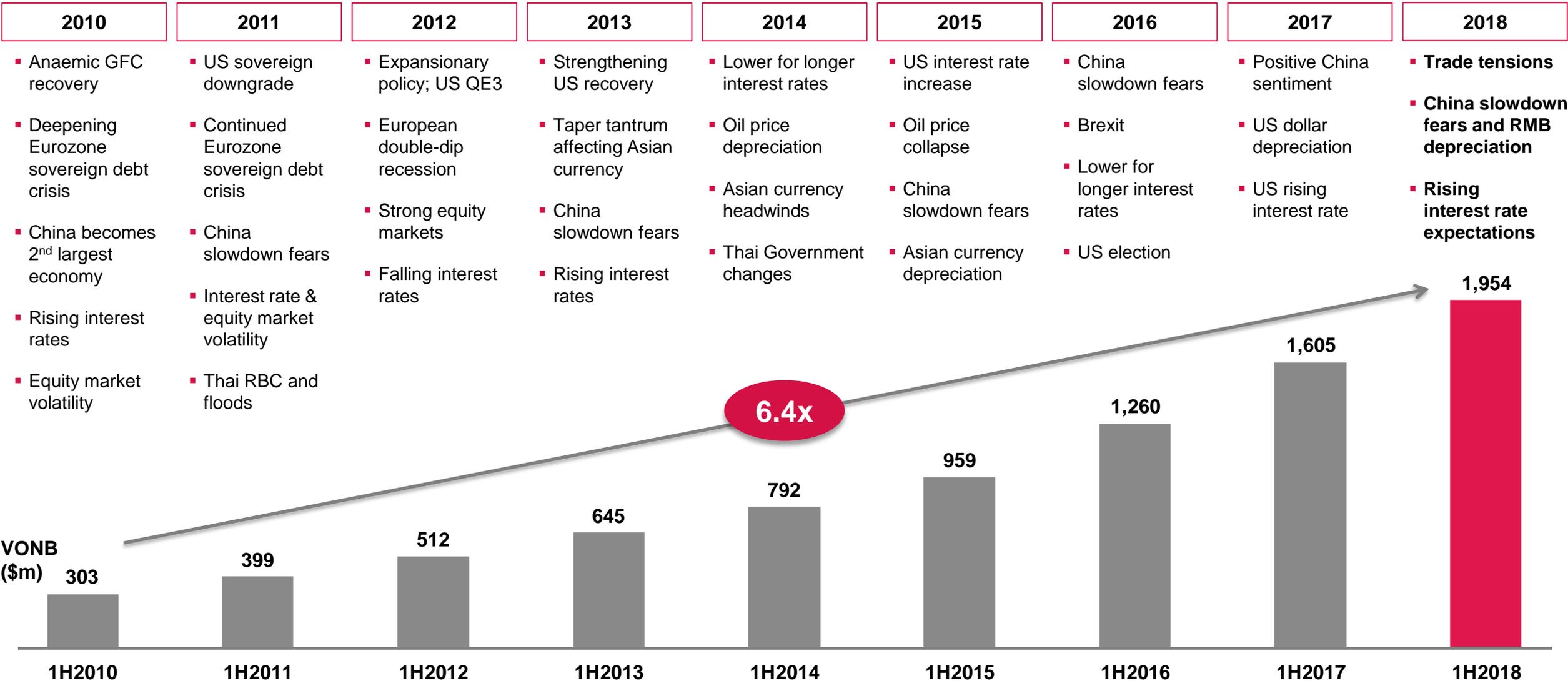
- Announced in May 2018
- Long-term strategic partnership
- Positive outcomes for customers & transforming experience with AIA



#1 in MDRT Members in the World

- #1 MDRT members for four consecutive years
- >10,000 registered members
- Premier Agency strategy execution

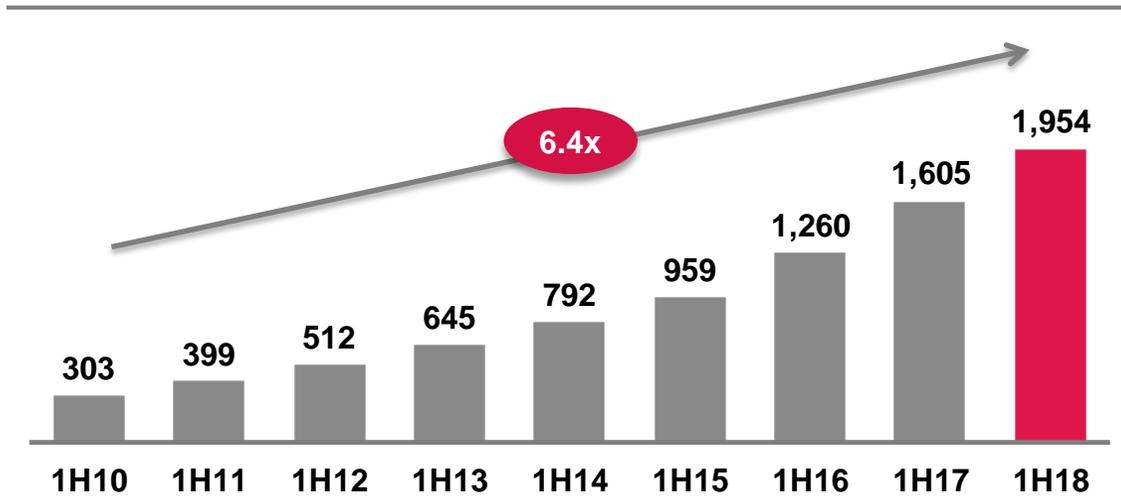
Delivering Through Market Cycles



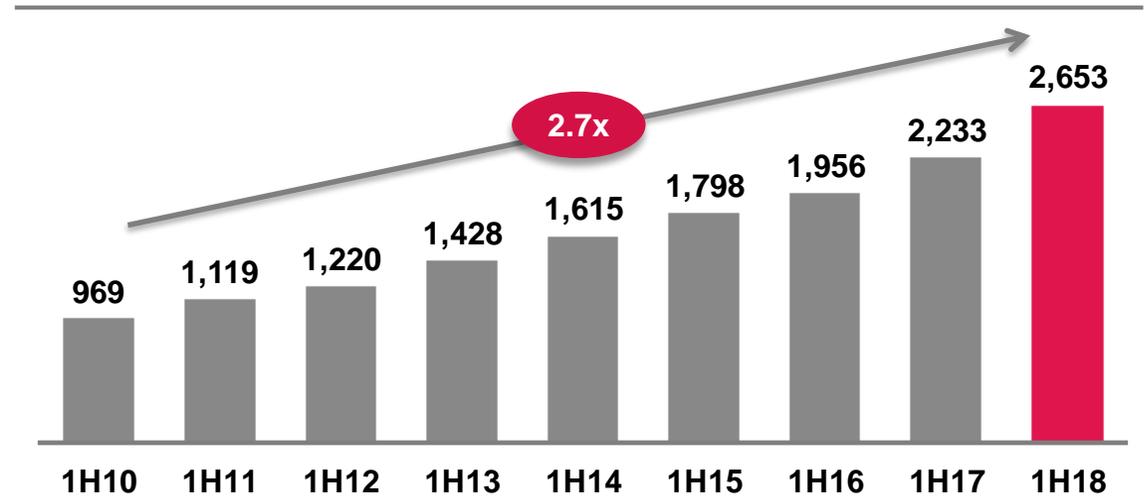
Consistent Execution Driving Strong Returns



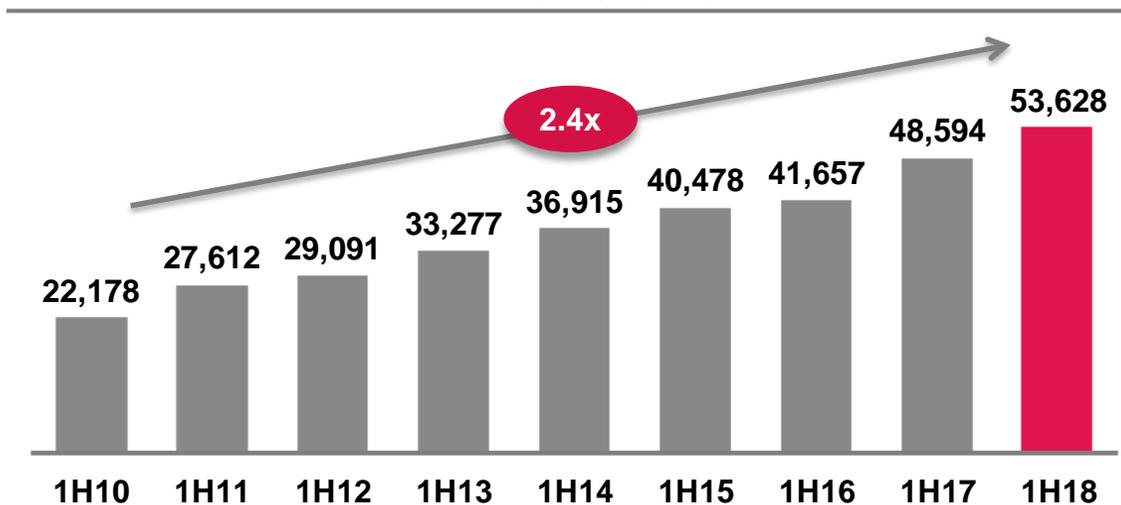
VONB (\$m)



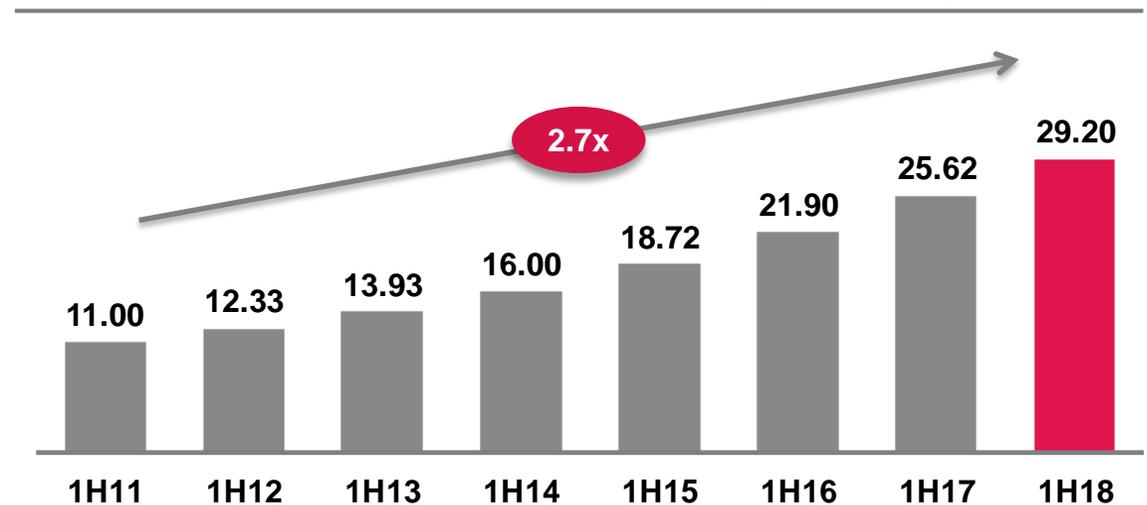
OPAT (\$m)



EV Equity (\$m)



Interim Dividend Per Share (HK cents)



AIA Group – Creating Sustainable Shareholder Value



- 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



HEALTHIER, LONGER,
BETTER LIVES

Definitions and Notes



- **Due to the change of the Company's financial year-end date from 30 November to 31 December and for the purpose of enhancing the comparability of financial information, the financial information in this presentation covers a six-month period from 1 January 2018 to 30 June 2018 for the current period and a six-month period from 1 January 2017 to 30 June 2017 for the prior period, unless otherwise stated. Balance sheet items are presented as at 30 June 2018 for the current period and 31 December 2017 for the prior period. The financial information from 2010 to 2016 is presented on the 30 November financial year-end basis.**
- 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.
- AIA has a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and a representative office in Myanmar.
- Annualised new premiums (ANP) excludes pension business.
- Change on constant exchange rates (CER) is calculated using constant average exchange rates for the six months ended 30 June 2018 and for the six months ended 30 June 2017 other than for balance sheet items that use CER as at 30 June 2018 and as at 31 December 2017.
- 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.
- Interim dividends for 2018 and 2017 were declared for the seven months ended 30 June 2018 and the six months ended 31 May 2017, respectively.
- 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

Geographical Market Performance



| Hong Kong (\$m) | 1H18 | 1H17 | CER | AER |
|-----------------|-------|-------|----------|----------|
| VONB | 796 | 723 | +10% | +10% |
| VONB Margin | 62.2% | 49.2% | +13.0pps | +13.0pps |
| ANP | 1,252 | 1,434 | (13)% | (13)% |
| TWPI | 5,075 | 4,275 | +19% | +19% |
| OPAT | 922 | 821 | +12% | +12% |

| Singapore (\$m) | 1H18 | 1H17 | CER | AER |
|-----------------|-------|-------|----------|----------|
| VONB | 178 | 138 | +22% | +29% |
| VONB Margin | 61.4% | 71.1% | (9.7)pps | (9.7)pps |
| ANP | 290 | 194 | +42% | +49% |
| TWPI | 1,392 | 1,172 | +12% | +19% |
| OPAT | 273 | 240 | +9% | +14% |

| Thailand (\$m) | 1H18 | 1H17 | CER | AER |
|----------------|-------|-------|----------|----------|
| VONB | 204 | 179 | +5% | +14% |
| VONB Margin | 71.0% | 75.3% | (4.4)pps | (4.3)pps |
| ANP | 287 | 237 | +11% | +21% |
| TWPI | 1,803 | 1,571 | +5% | +15% |
| OPAT | 496 | 423 | +7% | +17% |

| Malaysia (\$m) | 1H18 | 1H17 | CER | AER |
|----------------|-------|-------|----------|----------|
| VONB | 124 | 106 | +5% | +17% |
| VONB Margin | 60.3% | 62.3% | (1.9)pps | (2.0)pps |
| ANP | 204 | 169 | +8% | +21% |
| TWPI | 1,047 | 882 | +7% | +19% |
| OPAT | 158 | 118 | +19% | +34% |

| China (\$m) | 1H18 | 1H17 | CER | AER |
|-------------|-------|-------|---------|---------|
| VONB | 556 | 377 | +37% | +47% |
| VONB Margin | 91.0% | 88.2% | +2.8pps | +2.8pps |
| ANP | 611 | 428 | +32% | +43% |
| TWPI | 2,076 | 1,467 | +31% | +42% |
| OPAT | 436 | 294 | +37% | +48% |

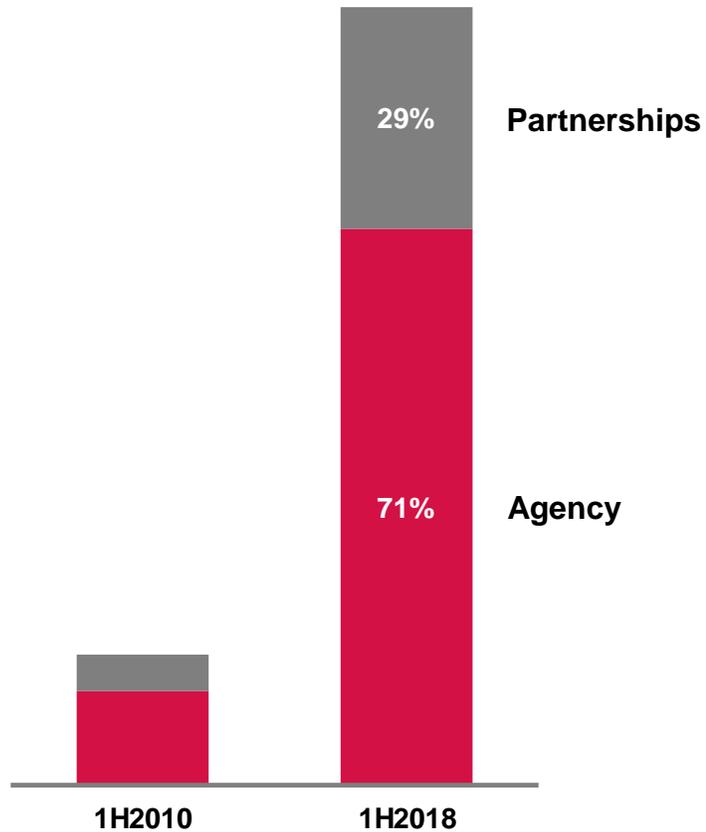
| Other Markets (\$m) | 1H18 | 1H17 | CER | AER |
|---------------------|-------|-------|----------|----------|
| VONB | 201 | 185 | +7% | +9% |
| VONB Margin | 32.8% | 41.2% | (8.6)pps | (8.4)pps |
| ANP | 608 | 444 | +36% | +37% |
| TWPI | 3,036 | 2,807 | +6% | +8% |
| OPAT | 393 | 337 | +16% | +17% |

Unique and Advantaged Growth Platform



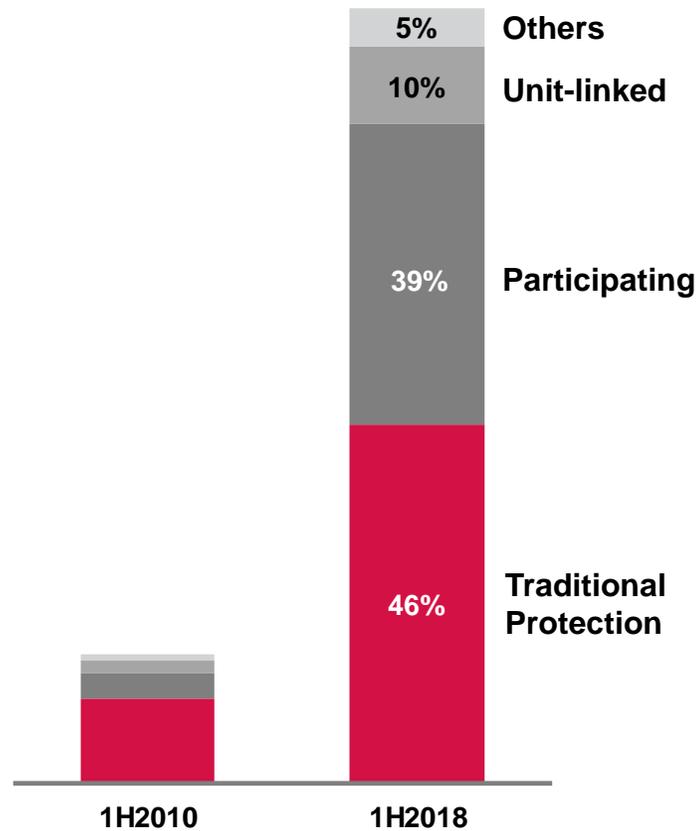
Distribution Mix

% of VONB



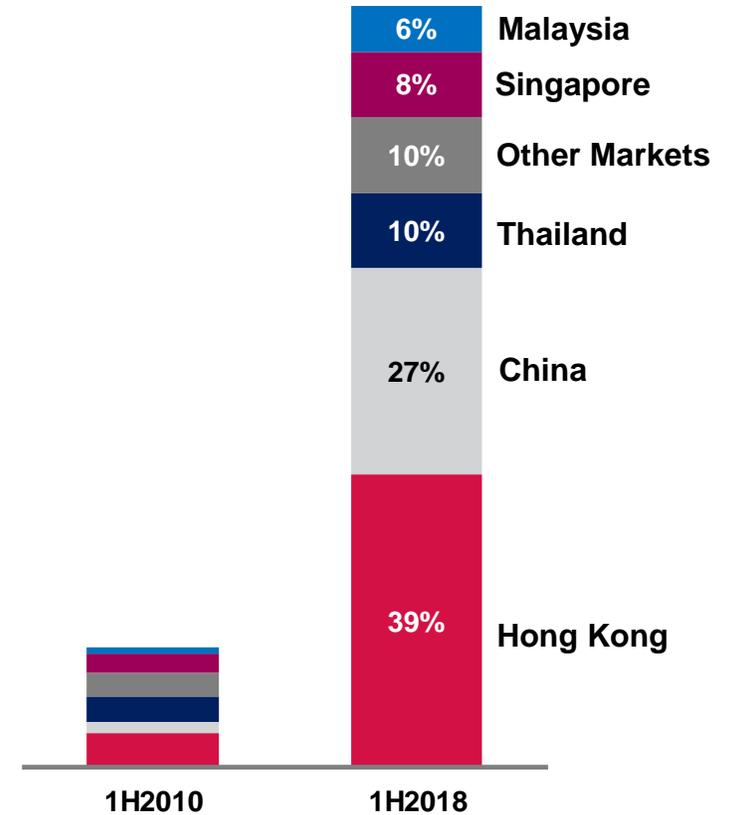
Product Mix

% of VONB



Geographical Mix

% of VONB



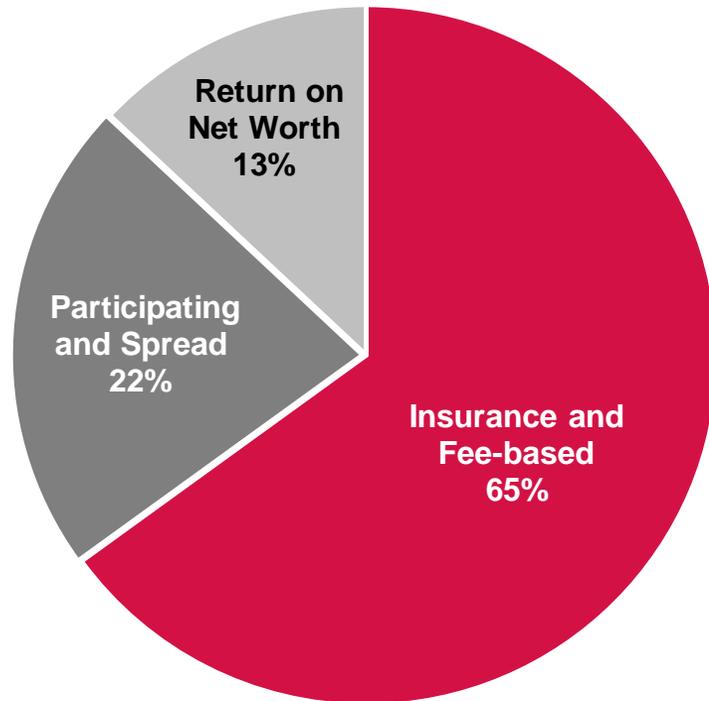
Notes:

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

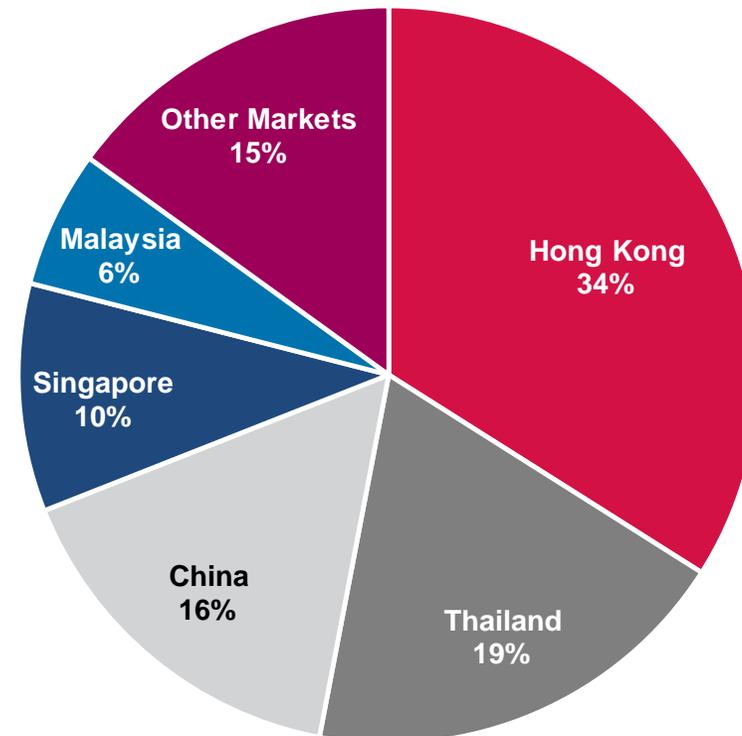
Balanced Product Mix and Diversified Earnings



Sources of IFRS Operating Profit⁽¹⁾



IFRS OPAT by Market Segment

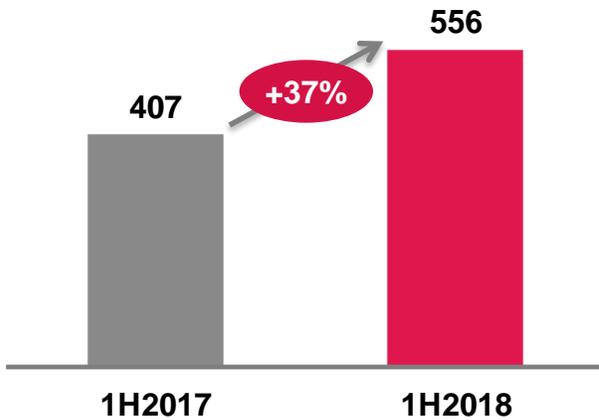


Notes:
For the Group in 1H2018
(1) Operating profit before tax and before Group Corporate Centre expenses

Differentiation in China



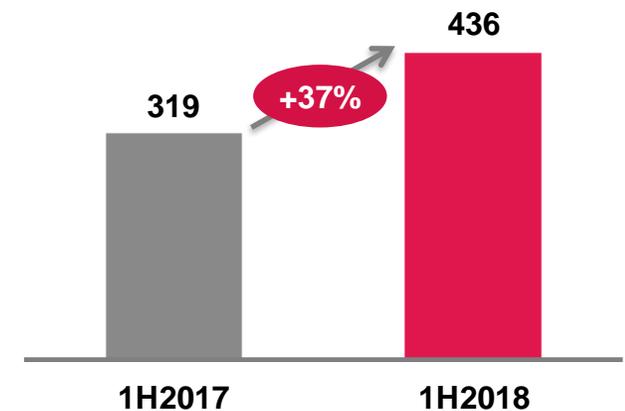
VONB (\$m)



Premier Agency

- Highly differentiated Premier Agency Strategy
- VONB growth mainly driven by active agent growth
- Registered MDRT members up 31%
- #1 NPS among major players in China⁽²⁾

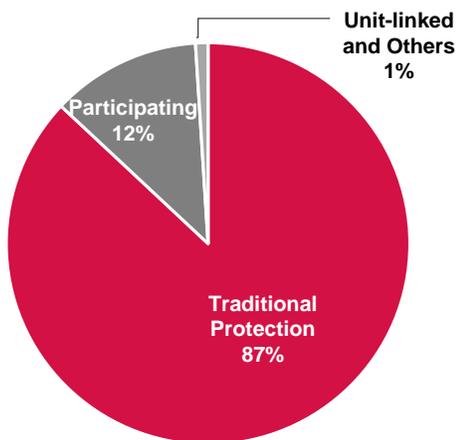
OPAT (\$m)



Strategic Developments

- Planning for opening up of insurance market
- Announcement of WeDoctor partnership
- Wellness members up ~5 times
- Remittance of \$440m to Group in 1H2018

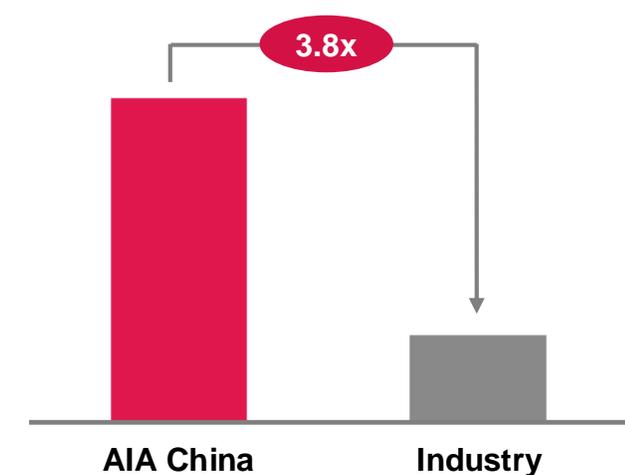
Product Mix⁽¹⁾



Digital Enablement

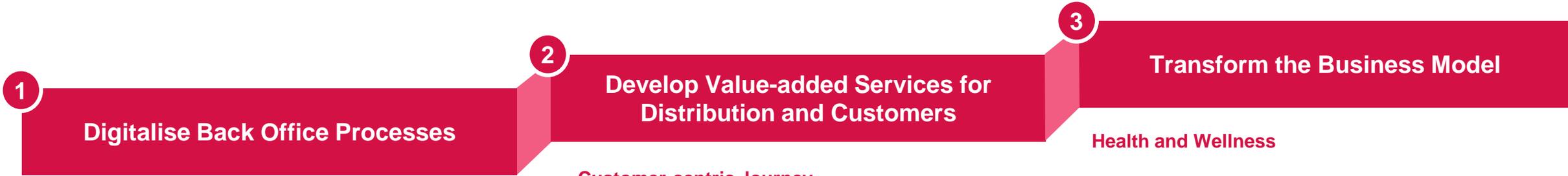
- ~100% digital adoption ratio
- ~70% fully automated new business
- >70% service requests automated

VONB per Agent⁽³⁾



Notes:
 VONB and OPAT comparatives are shown on a constant exchange rate basis
 (1) For 1H18, % of VONB
 (2) As of 2017; Source: Ipsos China (2017)
 (3) For the period FY2017; industry statistics based on latest company reports

Digital Strategy: Making a Material Difference to What We Do



1 Digitalise Back Office Processes

Artificial Intelligence and Machine Learning



1st AI-enabled customer service centre in Korea



1st insurance chatbot in Malaysia



1st Cantonese insurance chatbot in Hong Kong

Digitalising Operations

>99%

Accuracy on claims eligibility in Australia



40%

Reduction in turnaround times in Australia

>30%

Increase in auto-underwriting rates in China and Singapore

Cloud and Big Data



One of the largest cloud migration programmes in the insurance industry in Asia

2 Develop Value-added Services for Distribution and Customers

Customer-centric Journey



Social Media

integration with AIA customer and agency services with AI in Malaysia and China



MyPage

One-stop portal for self-service, health support and claims

>85%

of all new agency submission completely paperless with e-signatures



Next-Gen iMO

with full range of functionality across recruitment, training, sales and customer service



3 Transform the Business Model

Health and Wellness

30 million



AIA Vitality mobile app interactions

>75%

AIA Vitality take-up in Hong Kong

Non-traditional Distribution Partnerships with Leading Telecom Service Providers



Emerging Insurtech Opportunities



Pilot Blockchain-enabled bancassurance network in Hong Kong



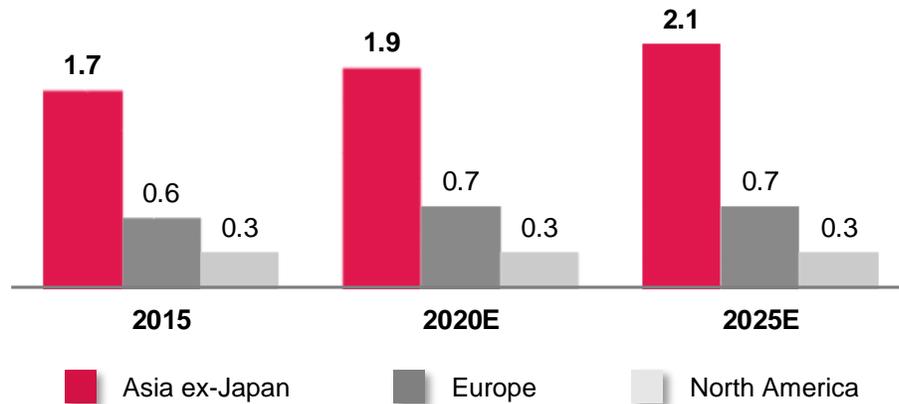
Robotic Process Automation in customer engagement

Asia's Unprecedented Middle Class Growth Opportunity



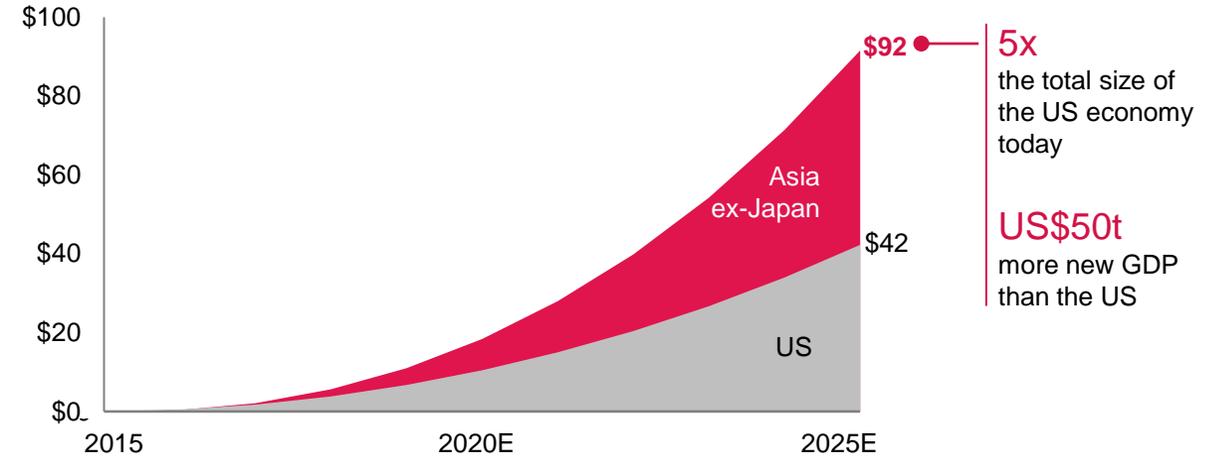
Rapid Urbanisation

Urban population (billions)



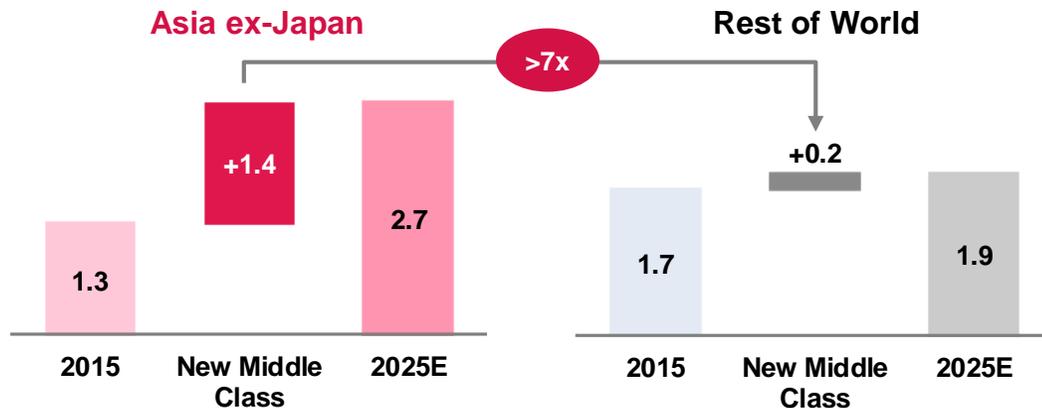
Unprecedented Levels of New Economic Activity

Cumulative growth in GDP (US\$ trillions)



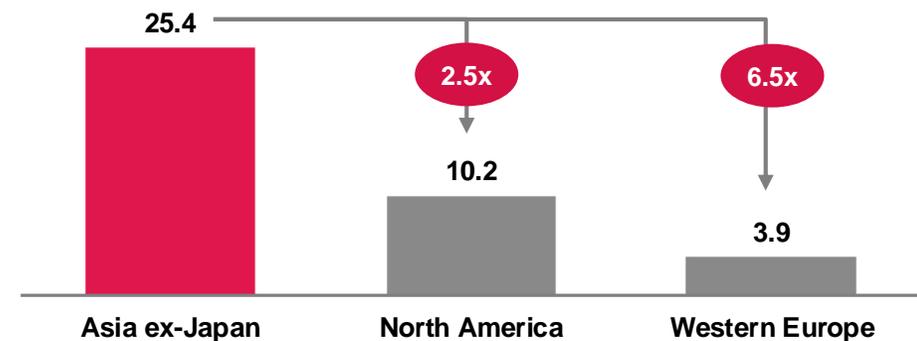
Expanding Middle Class

Middle class population (billions)



Significant Wealth Creation

2015-2025E New personal financial assets creation (US\$ trillions)

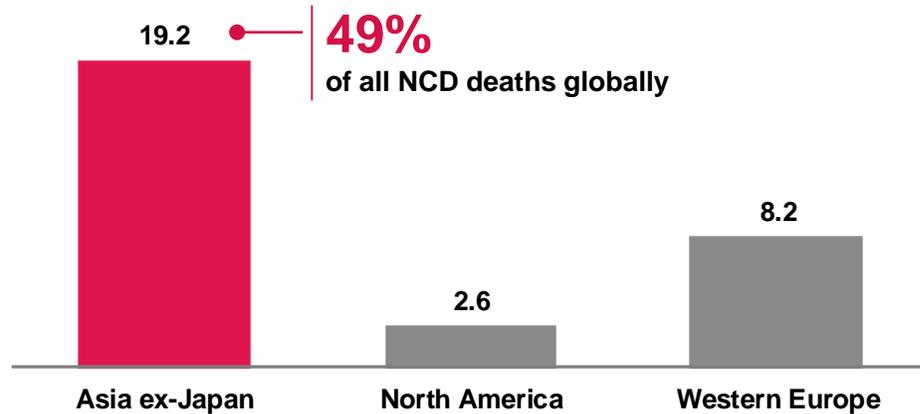


An Urgent and Growing Need for Life and Health Insurance



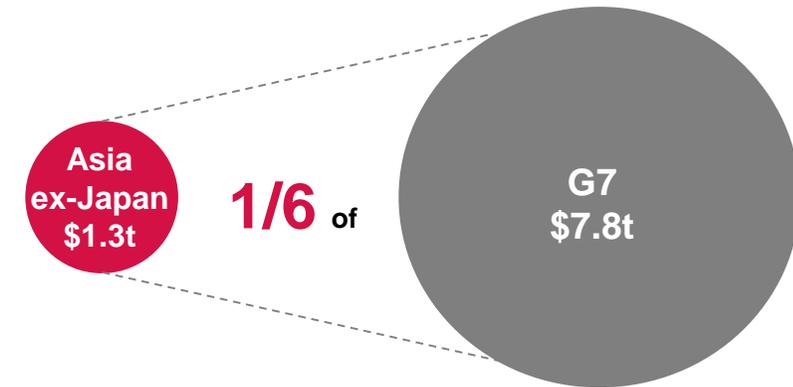
Increasing Prevalence of Lifestyle-Related Diseases

Deaths by non-communicable diseases (millions)



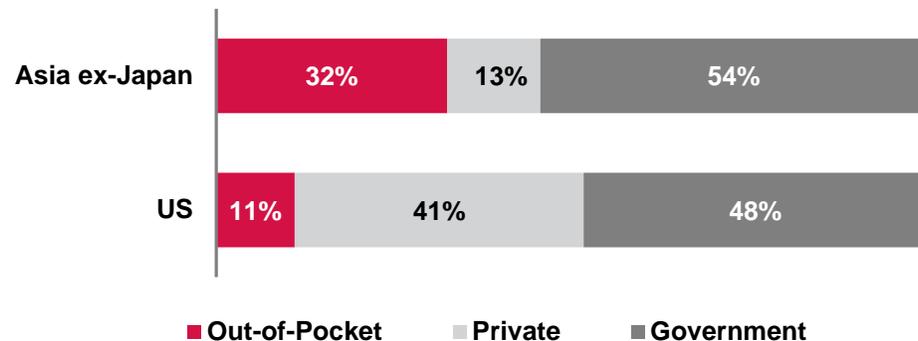
Limited Provision of Social Welfare

Total social expenditure (US\$ trillions)



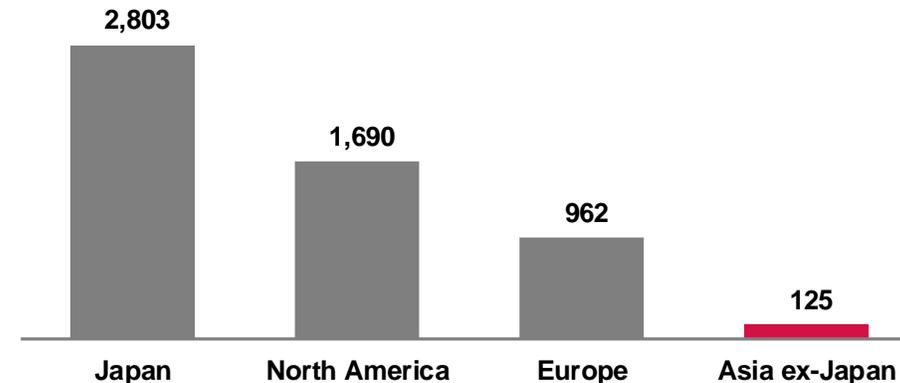
High Out-of-Pocket Healthcare Expenditure

Breakdown of total healthcare expenditure



Low Levels of Life Insurance Cover

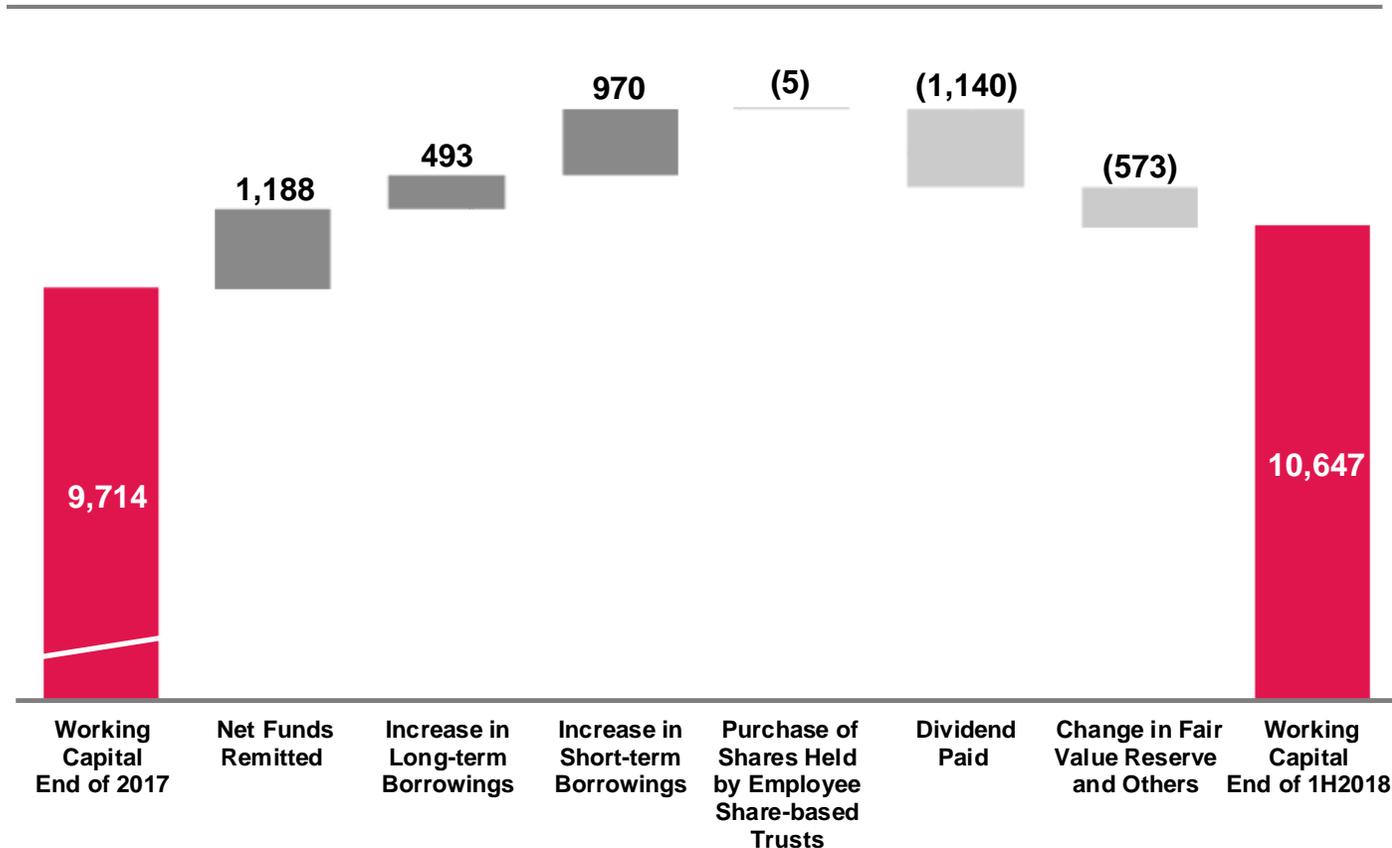
Life insurance density (US\$ per capita)



Resilient Working Capital Position



Working Capital Movement (\$m)



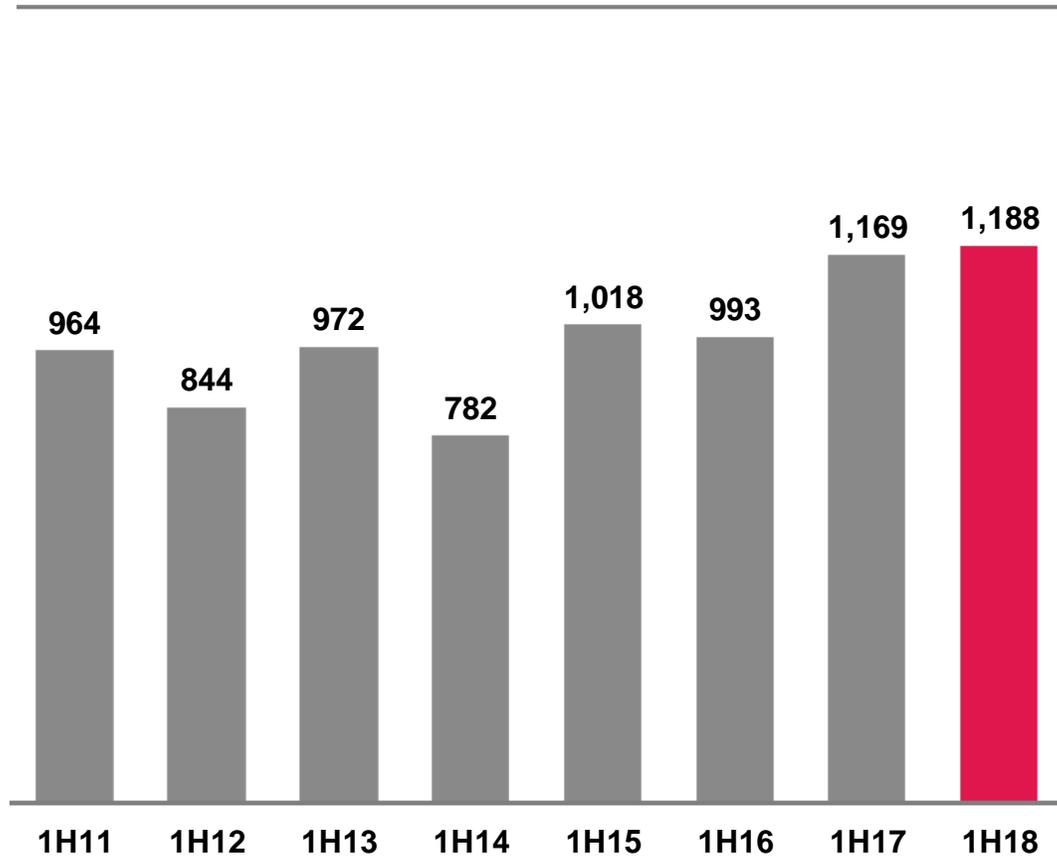
Resilient Position

- Net funds remitted of \$1.2b
- China remitted \$440m; up from \$206m in 1H2017
- Closing working capital included \$970m short-term loan
- Stable working capital before increase from short-term loan

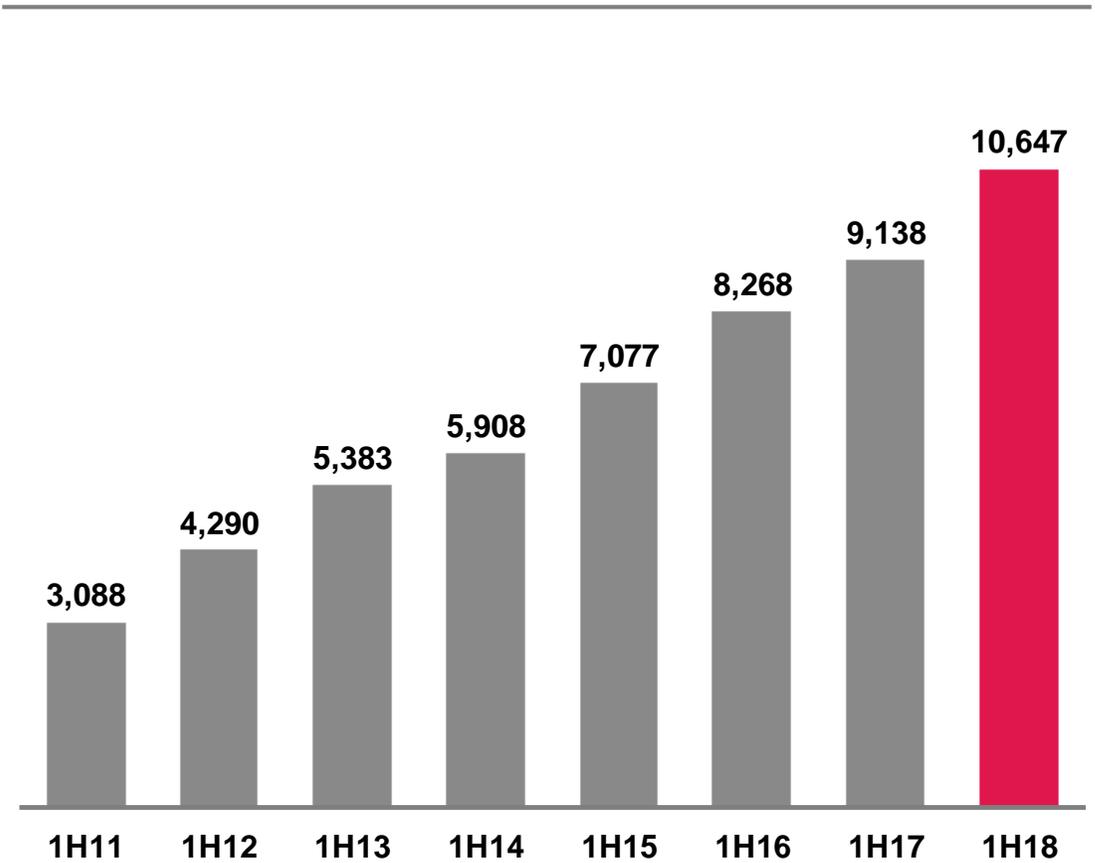
Capital Fungibility



Net Funds Remitted to Group (\$m)



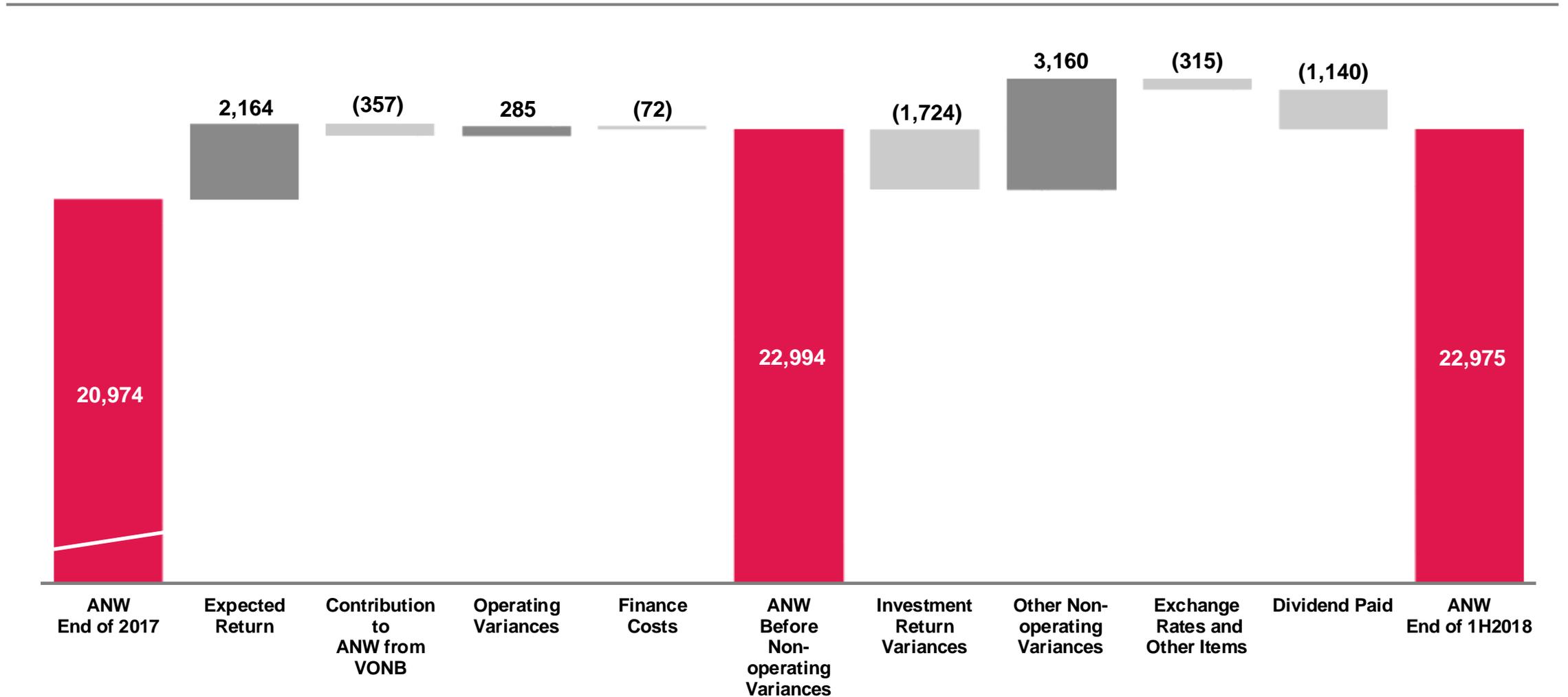
Group Working Capital (\$m)



1H2018 ANW Movement



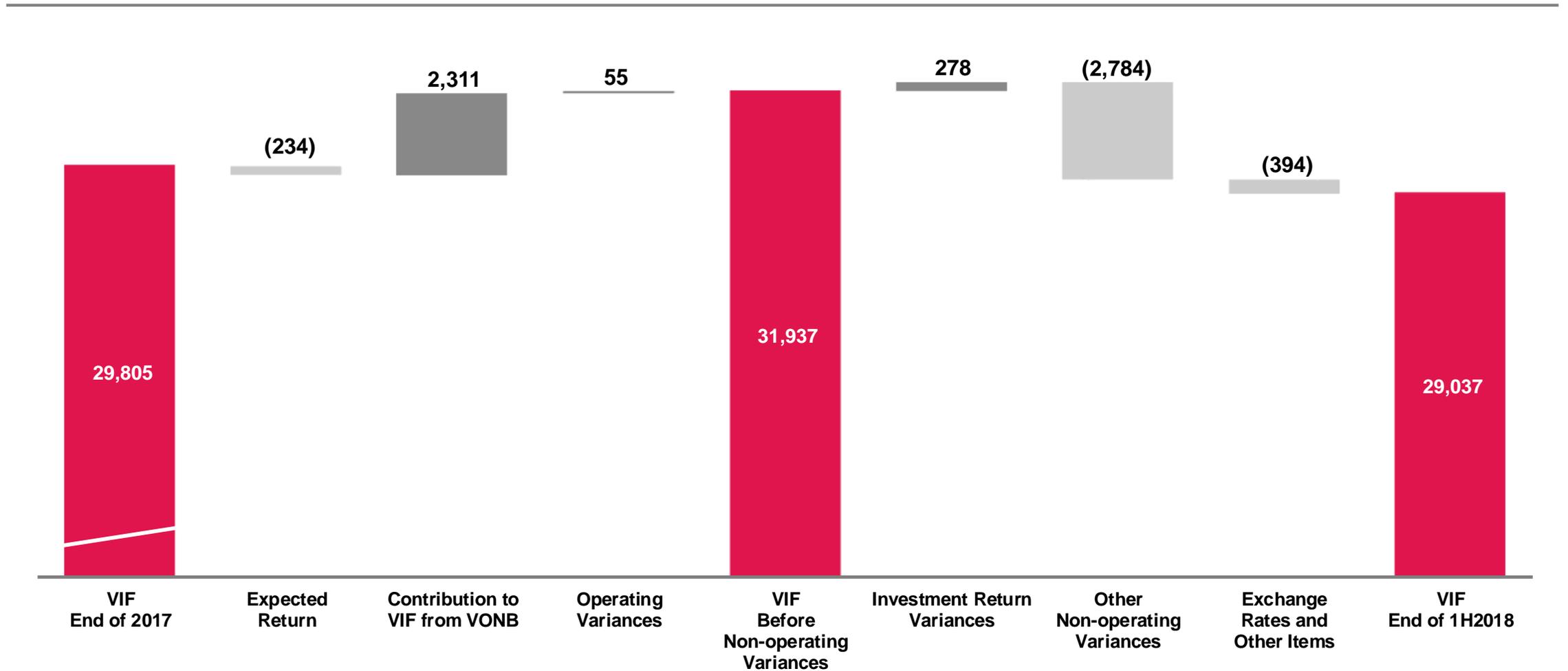
ANW Movement (\$m)



1H2018 VIF Movement



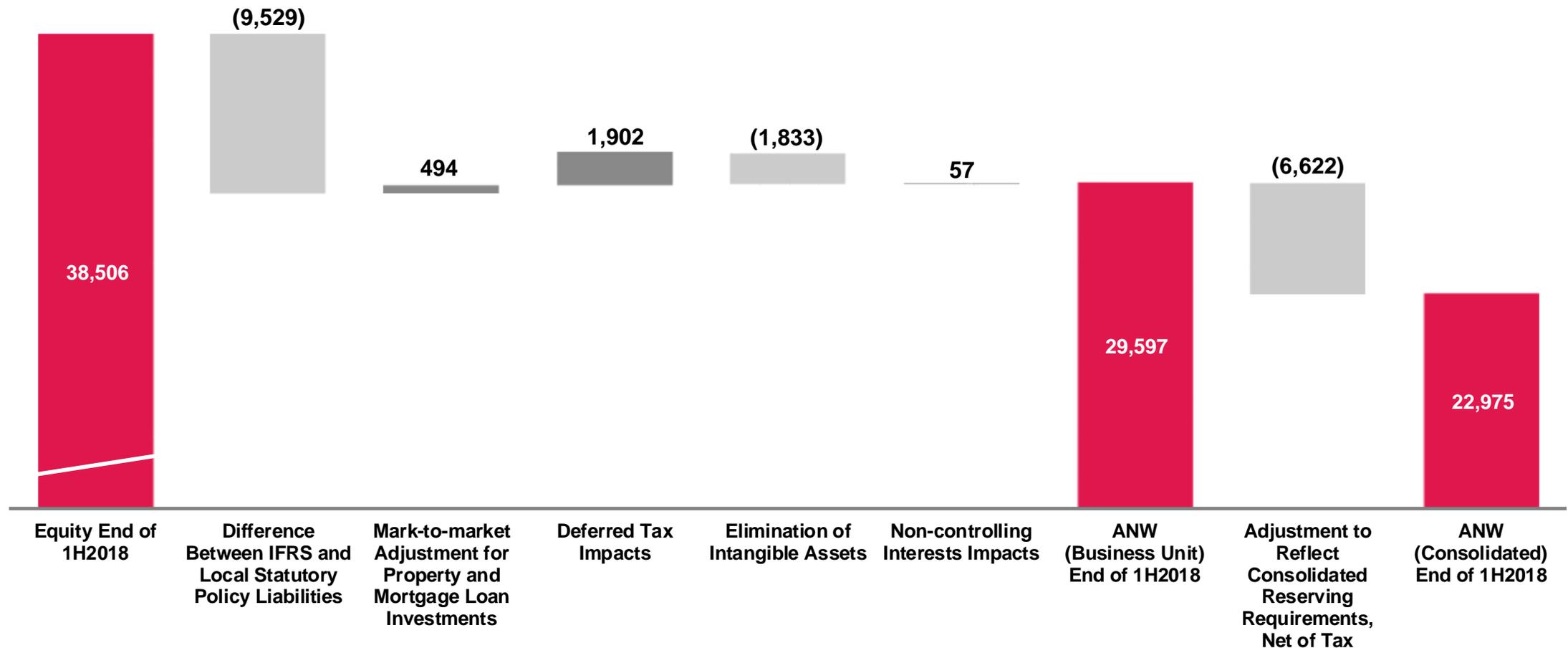
VIF Movement (\$m)



1H2018 IFRS Shareholders' Equity and ANW



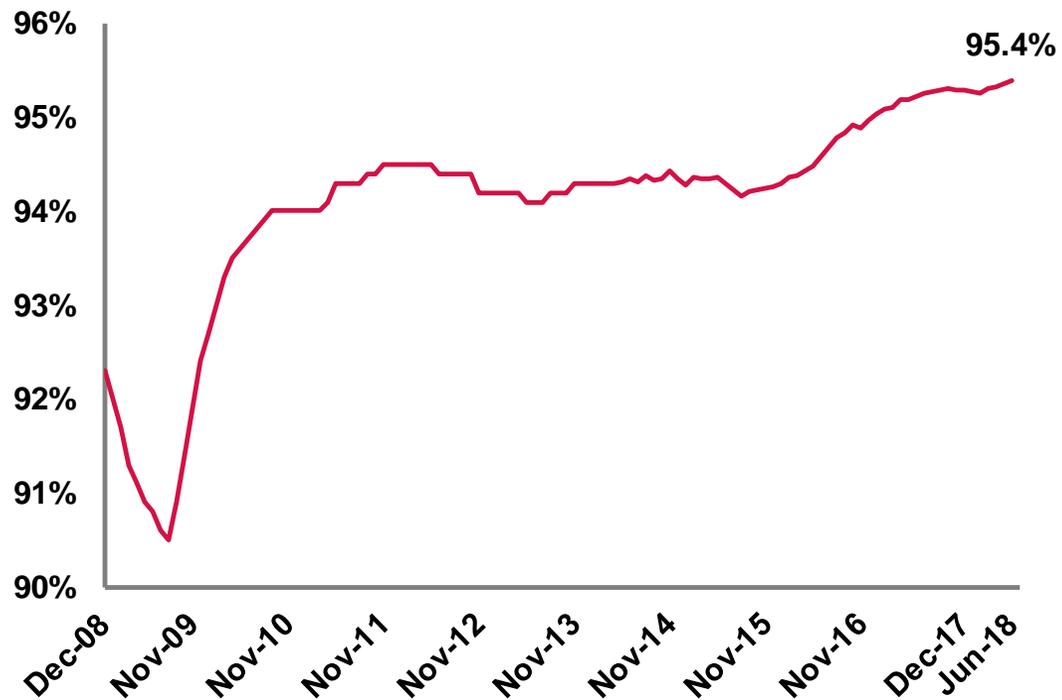
Reconciliation of IFRS Shareholders' Equity to ANW (\$m)



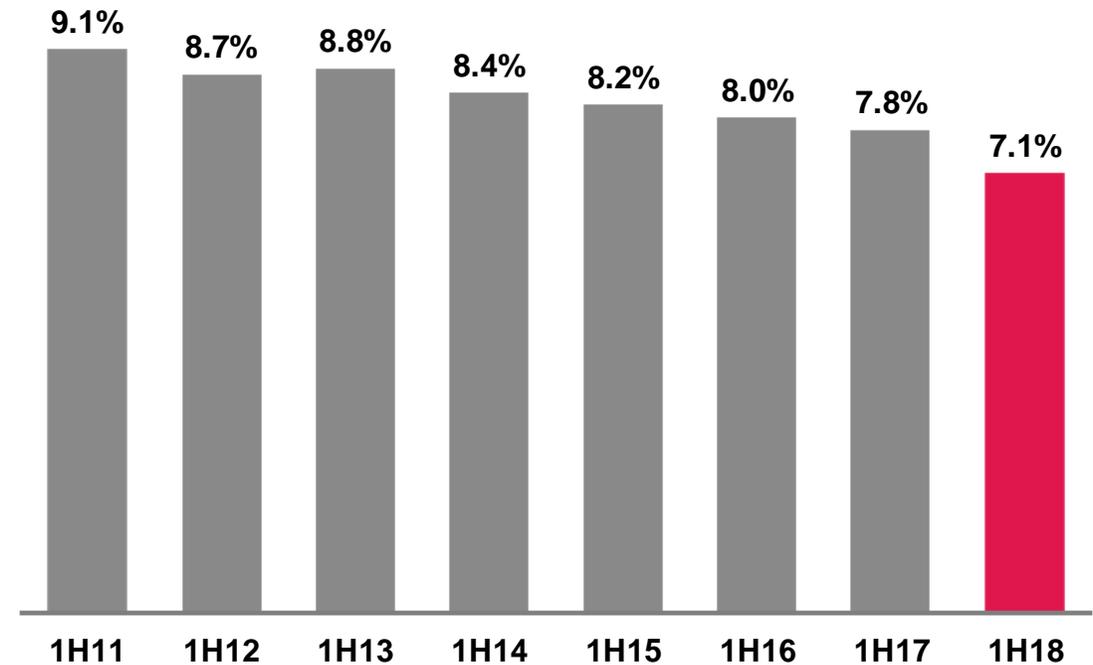
Value Creation from Quality Operating Performances



Stable Persistency Rate



Expense Ratio



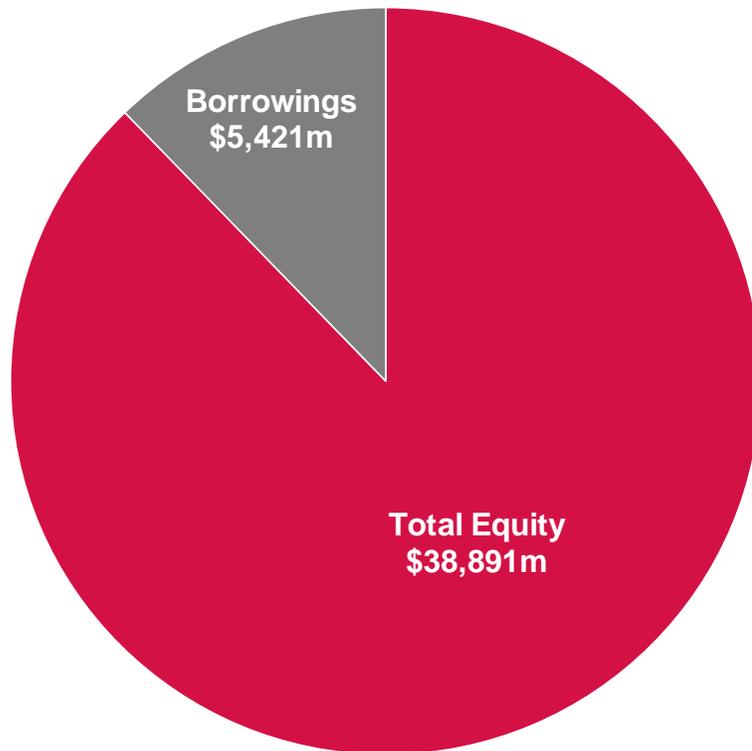
Robust Capital Structure



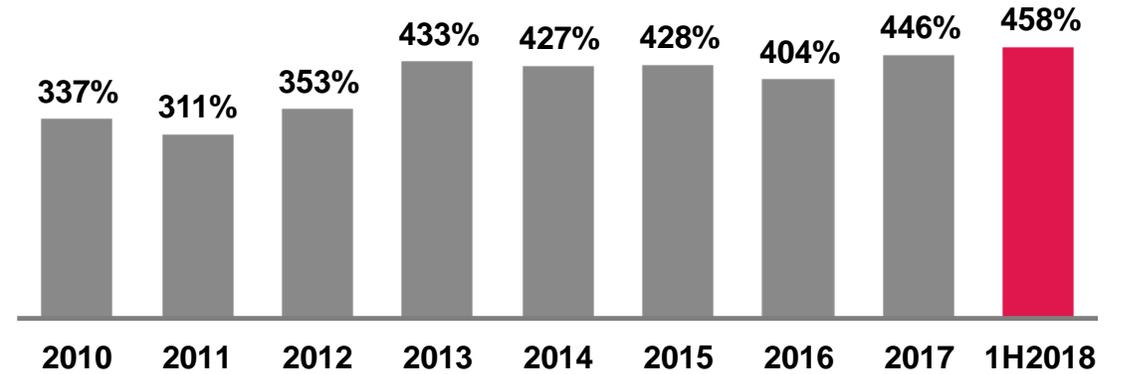
AIA Capital Structure

1H2018 Leverage Ratio⁽¹⁾

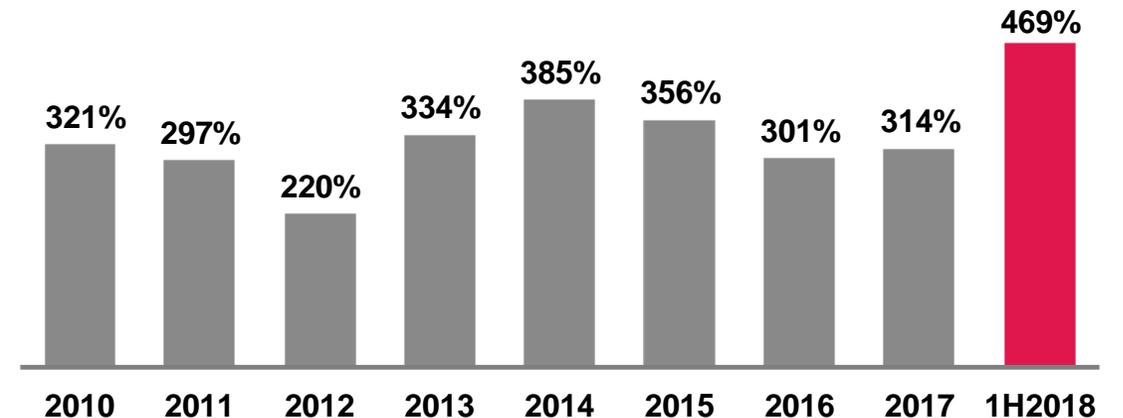
12.2%



Solvency Ratio on the HKIO Basis for AIA Co.



Solvency Ratio on the HKIO Basis for AIA International

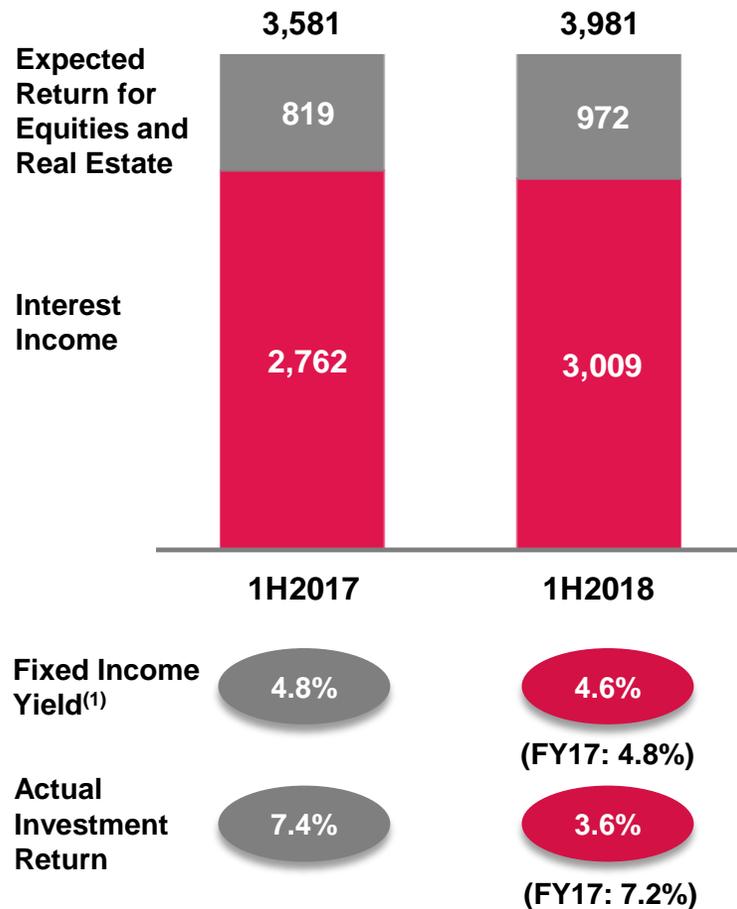


Note:
 (1) Leverage ratio defined as Borrowings / (Borrowings + Total Equity)

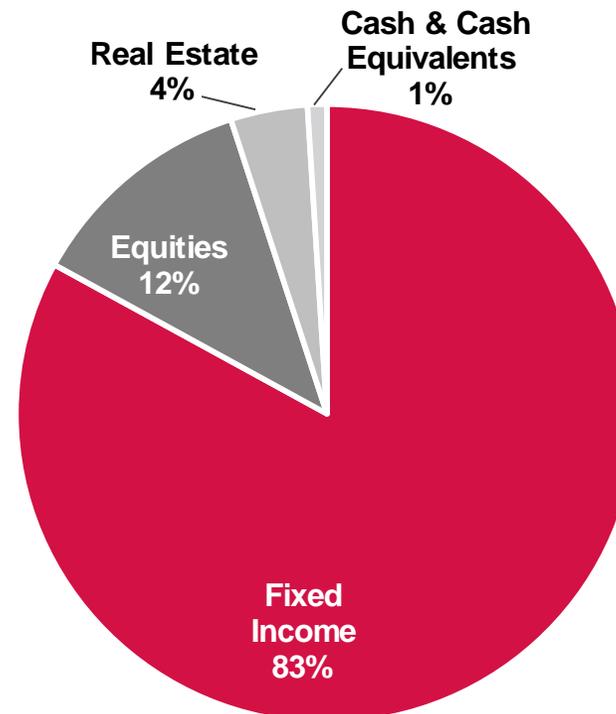
Prudent Investment Portfolio Summary



IFRS Operating Profit Investment Return (\$m)

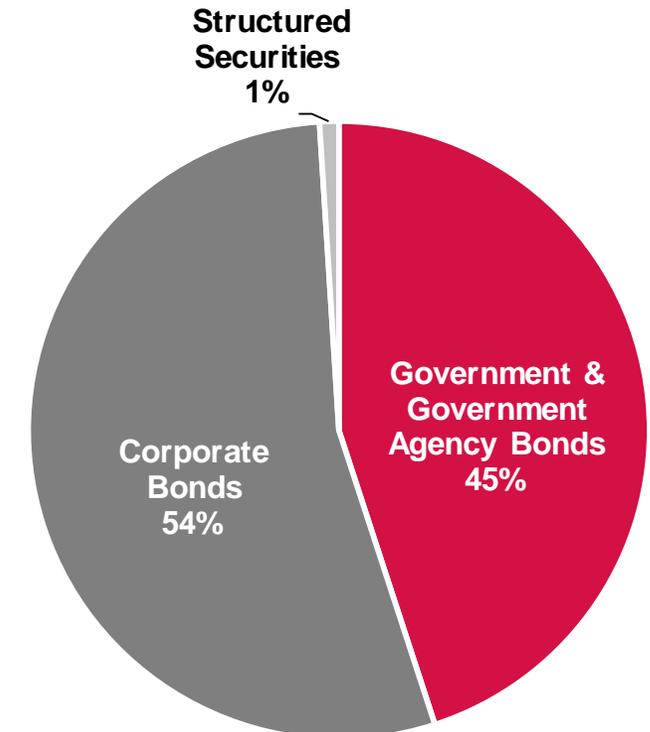


Total Investments of \$164b⁽²⁾



Total Bond Portfolio of \$128b⁽²⁾

Average Rating A



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

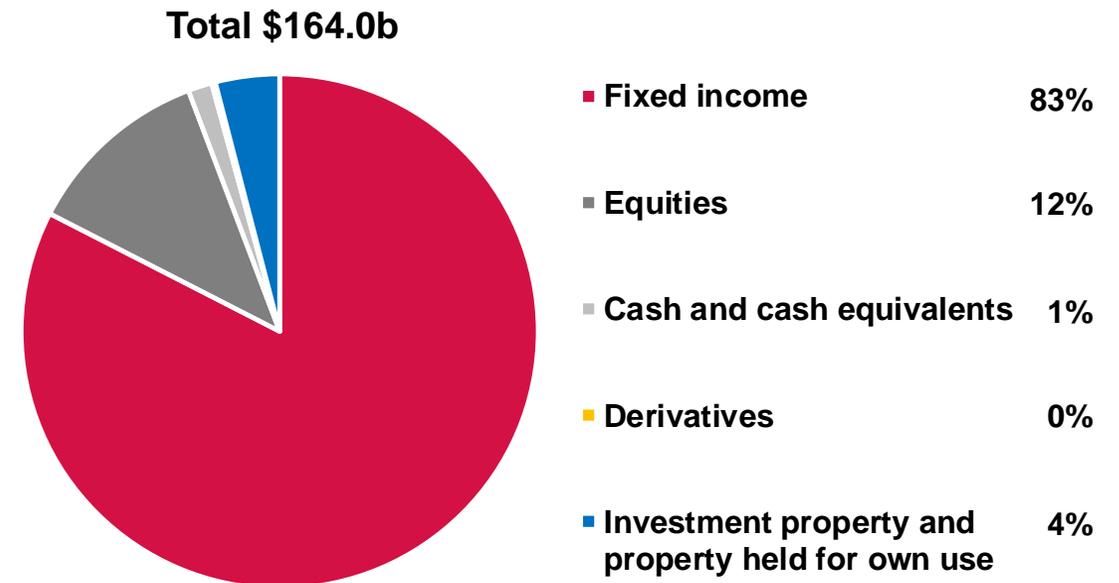
(2) As of 30 June 2018

Total Invested Assets



| \$m | Participating Funds | Other Policyholder and Shareholder | Total |
|---|---------------------|------------------------------------|----------------|
| Fixed Income | 23,414 | 111,980 | 135,394 |
| Equities | 6,766 | 12,418 | 19,184 |
| Cash and cash equivalents | 188 | 2,269 | 2,457 |
| Derivatives | 46 | 335 | 381 |
| Investment property and property held for own use | 472 | 6,105 | 6,577 |
| Total Invested Assets | 30,886 | 133,107 | 163,993 |

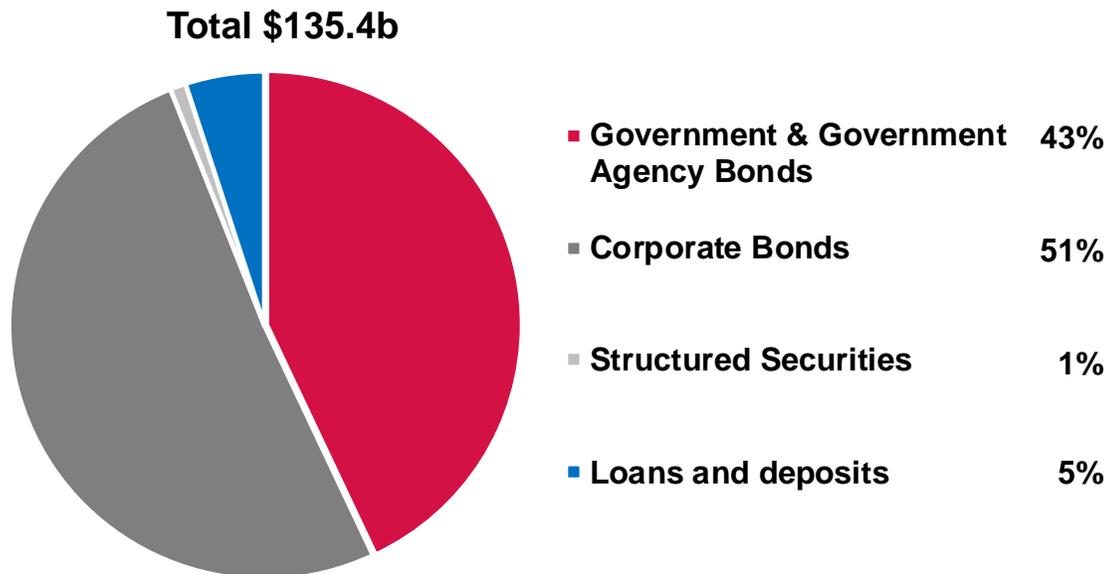
Total Invested Assets by Type



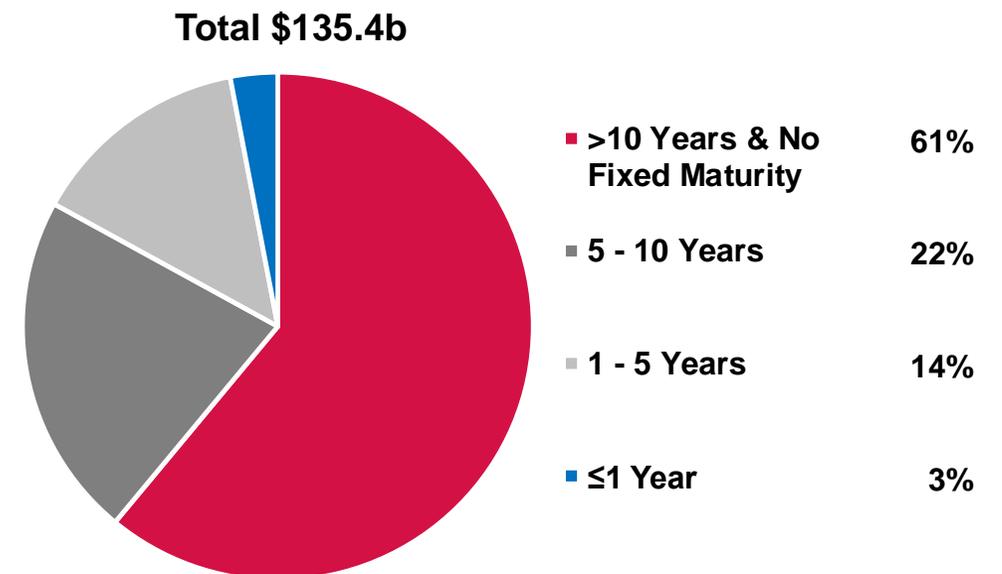
Prudent and High-quality Fixed Income Portfolio



Total Fixed Income by Type



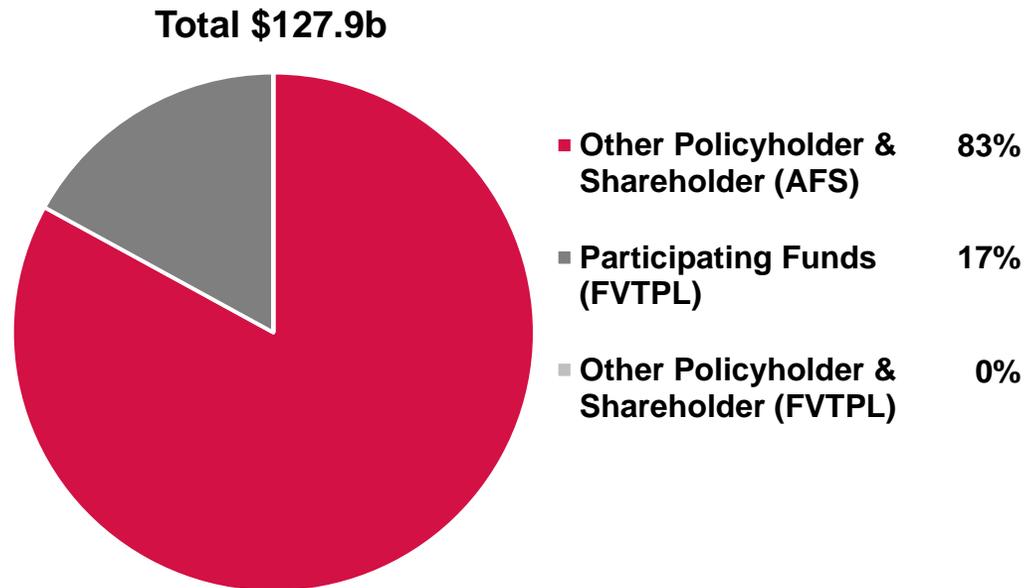
Total Fixed Income by Maturity



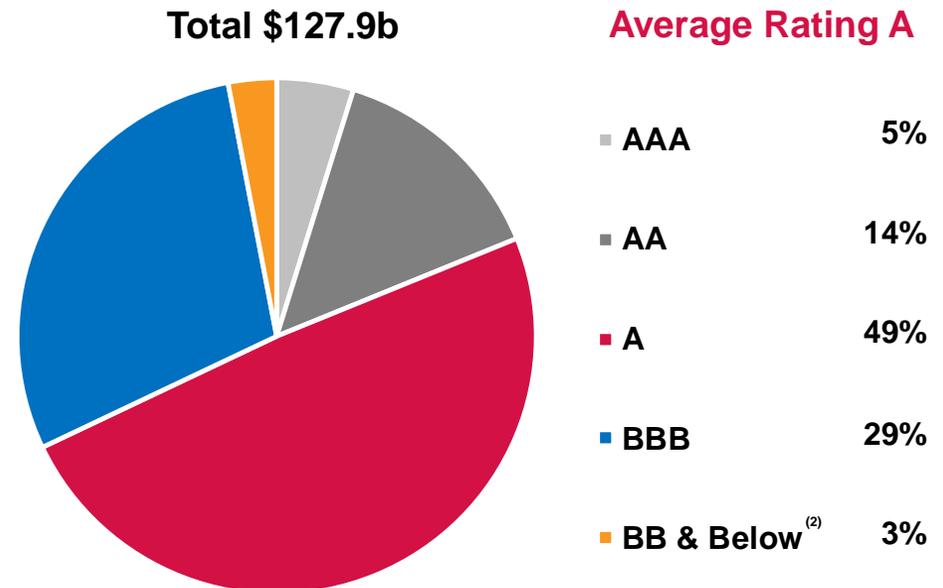
Prudent and High-quality Fixed Income Portfolio



Total Bonds by Accounting Classification



Total Bonds by Rating⁽¹⁾



Notes:

As of 30 June 2018

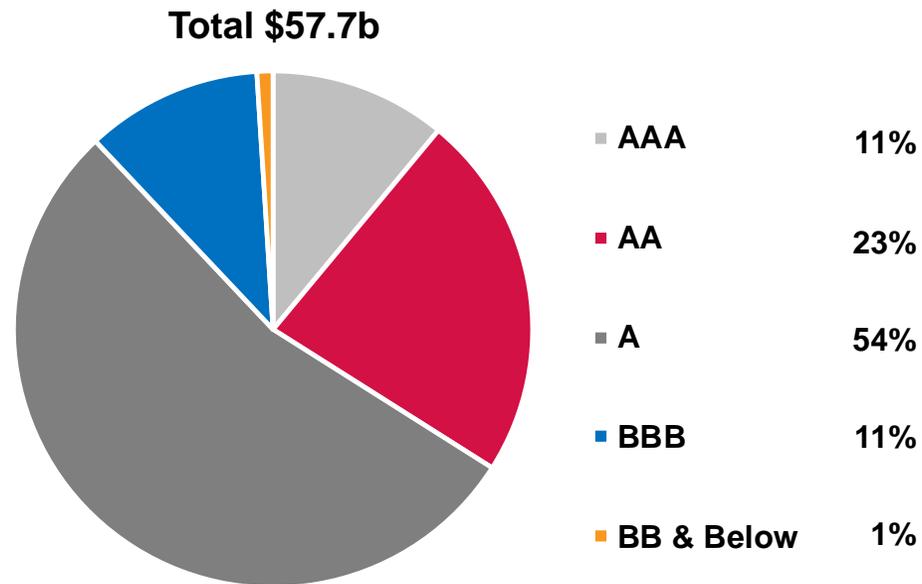
(1) For government bonds and government agency bonds, ratings for local currency and foreign currency securities for the same issuer are included separately

(2) Including not rated bonds

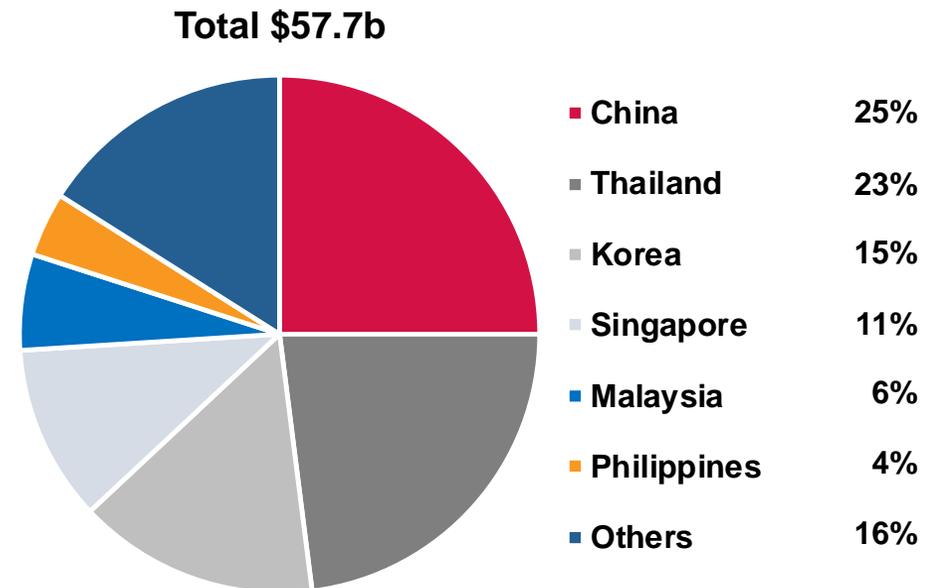
Government Bond Portfolio



Government and Agency Bonds by Rating⁽¹⁾



Government and Agency Bonds by Geography



Notes:

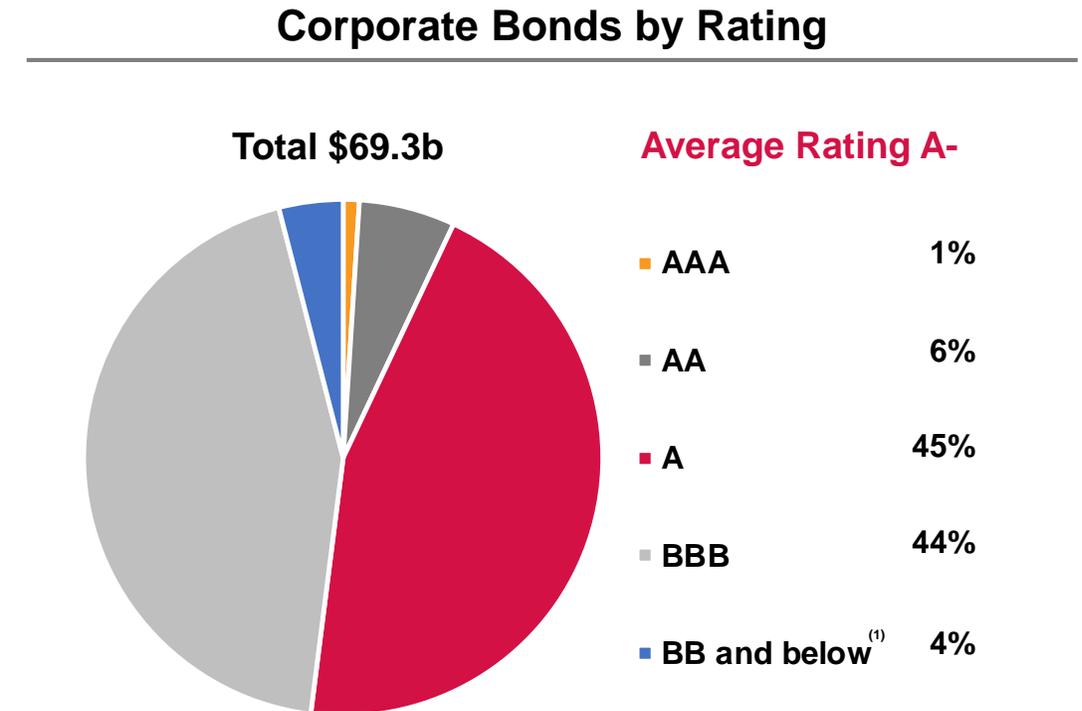
As of 30 June 2018

(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 | 550 |
| AA | 4,486 |
| A | 31,182 |
| BBB | 30,270 |
| BB and below ⁽¹⁾ | 2,786 |
| Total | 69,274 |



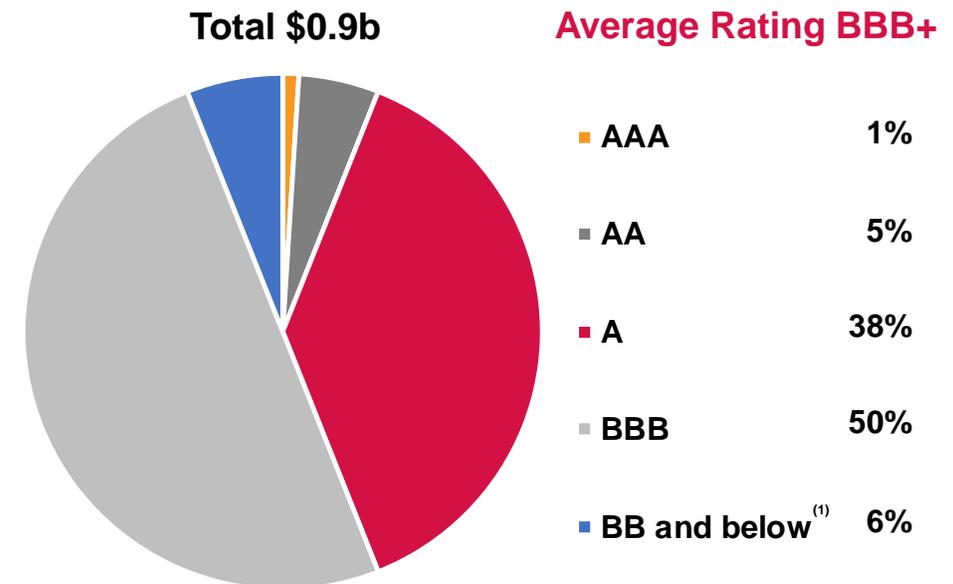
Notes:
 As of 30 June 2018
 (1) Including not rated bonds

Structured Security Portfolio



| Rating | Total (\$m) |
|-----------------------------|-------------|
| AAA | 8 |
| AA | 49 |
| A | 353 |
| BBB | 464 |
| BB and below ⁽¹⁾ | 57 |
| Total | 931 |

Structured Securities by Rating

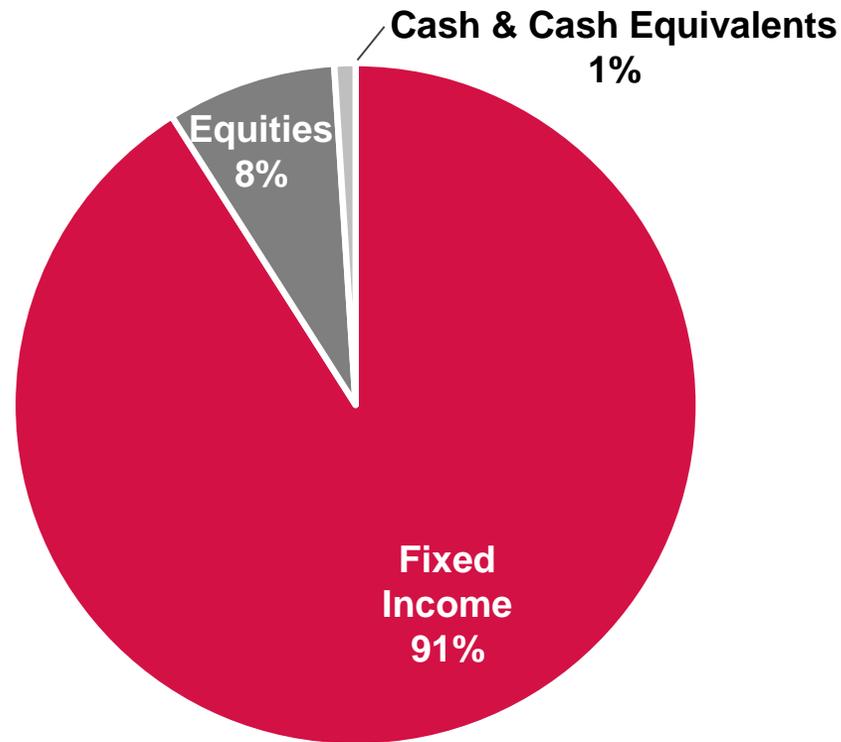


Notes:
As of 30 June 2018
(1) Including not rated bonds

AIA China – Prudent Investment Portfolio



AIA China Asset Mix



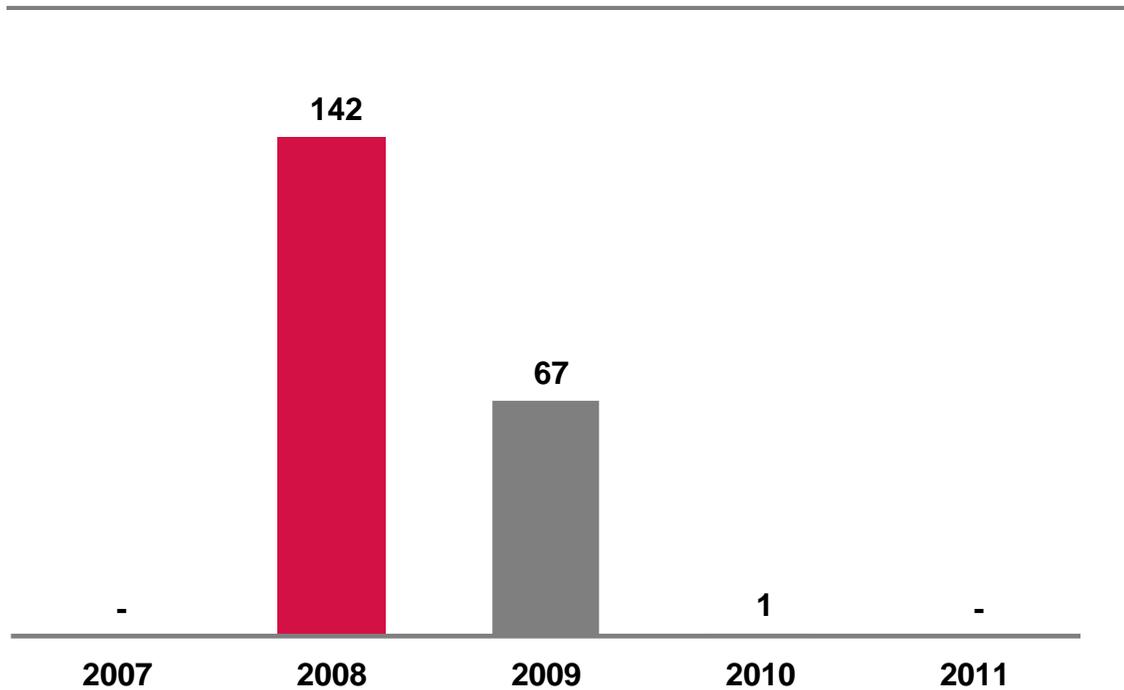
Prudent ALM Approach

- Asset allocation driven by liability cash flow matching in local currency
- Over 80% of earnings from insurance and fees
- Over 90% of assets in fixed income
- 87% of bond portfolio in government and government agency bonds
- Bond portfolio average international rating A+
- Asset portfolio well diversified with insignificant alternative assets

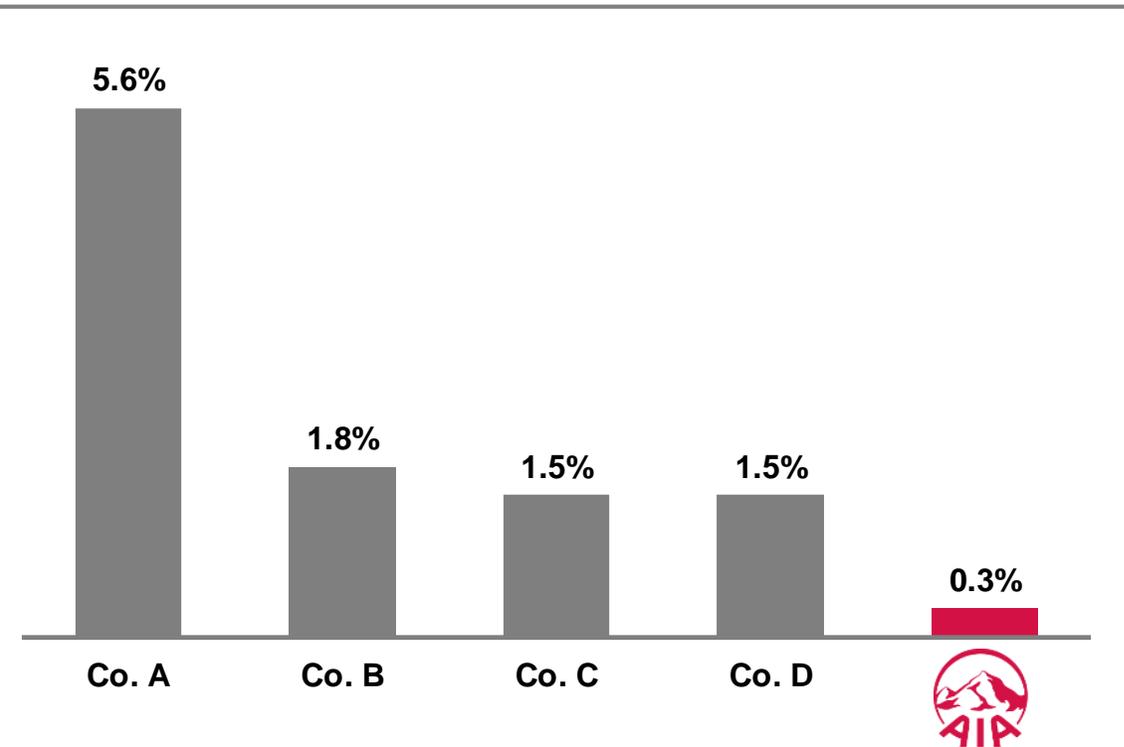
Impairment Experience During Global Financial Crisis



AIA Impairments on Invested Assets (\$m)



2008 Impairment Charges as % of Invested Assets



Risk Discount Rate and Risk Premium



| % | As at 30 November 2010 | | | As at 30 June 2018 | | |
|---------------------------------------|------------------------|------------------------------|--------------|---------------------|------------------------------|--------------|
| | 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 | 9.75 | 3.70 | 6.05 |
| Hong Kong | 8.00 | 3.53 | 4.47 | 7.30 | 2.80 | 4.50 |
| Indonesia | 15.00 | 7.90 | 7.10 | 13.00 | 7.50 | 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 | 11.30 | 4.80 | 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 | 12.30 | 6.50 | 5.80 |
| Weighted Average⁽²⁾ | 8.95 | 3.85 | 5.10 | 8.29 | 3.24 | 5.05 |

Notes:

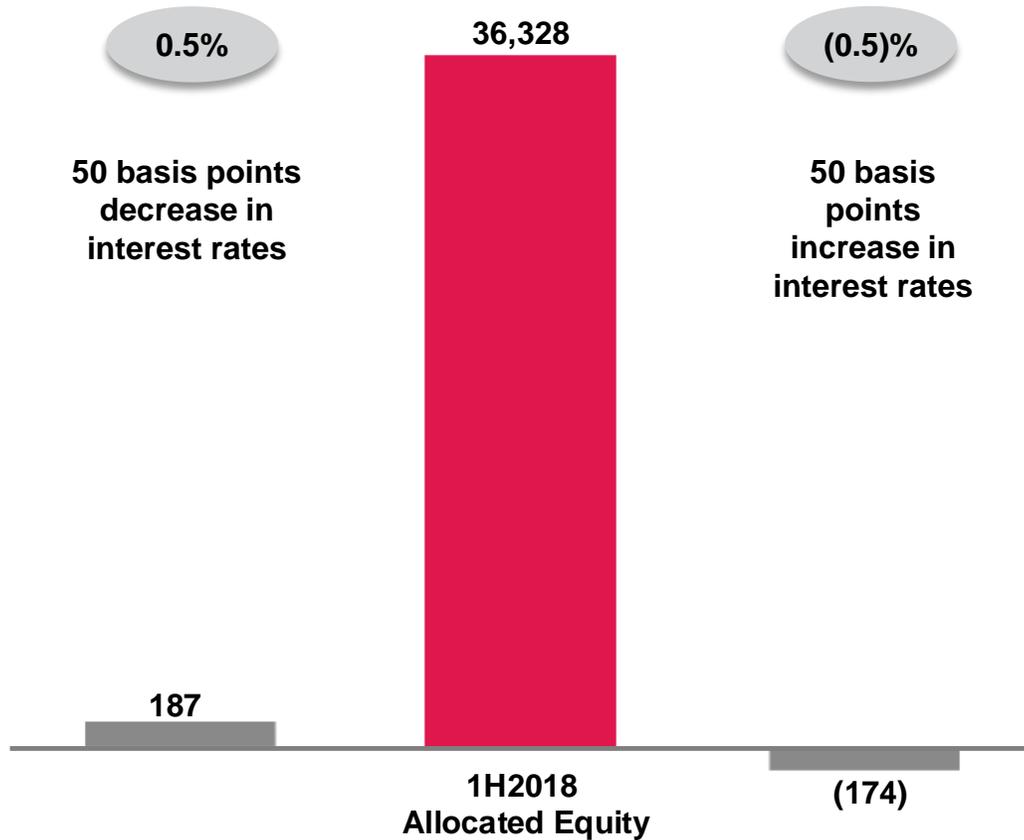
(1) Sri Lanka is included since the acquisition completion date of 5 December 2012

(2) Weighted average by VIF contribution

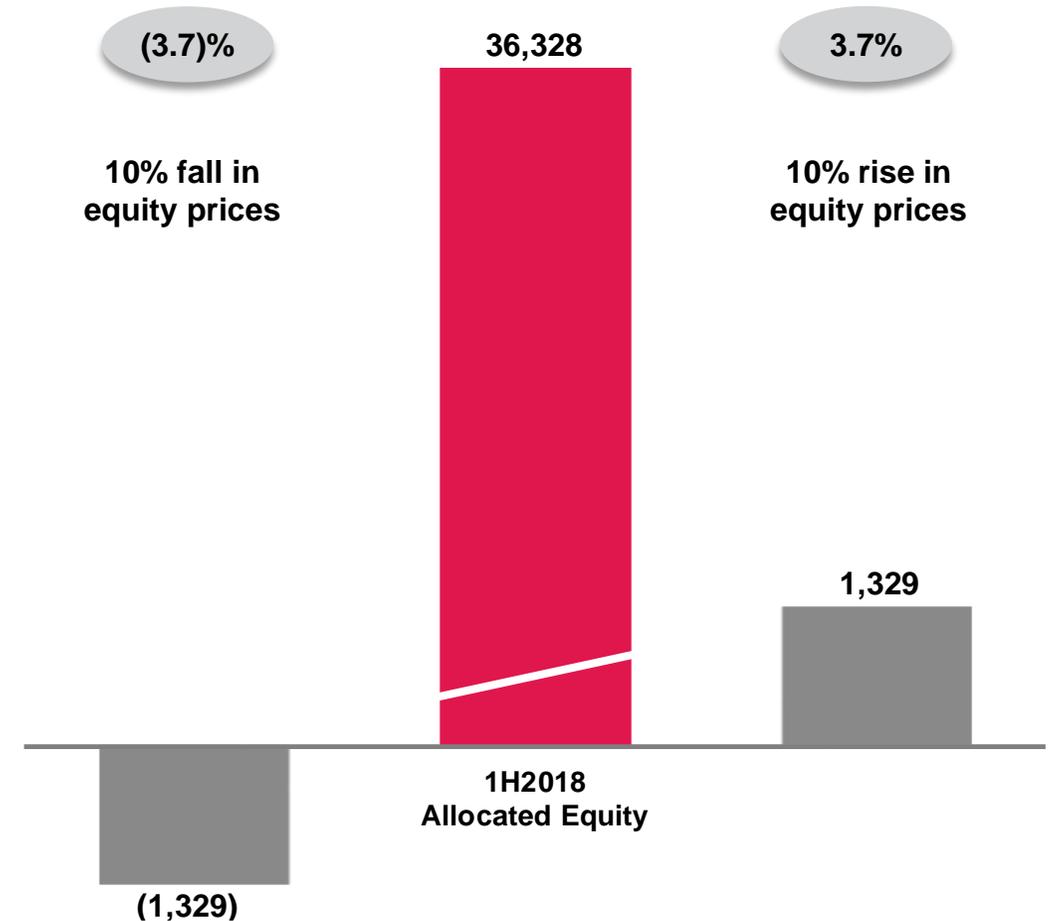
Sensitivity Analysis – Allocated Equity



Interest Rates (\$m)



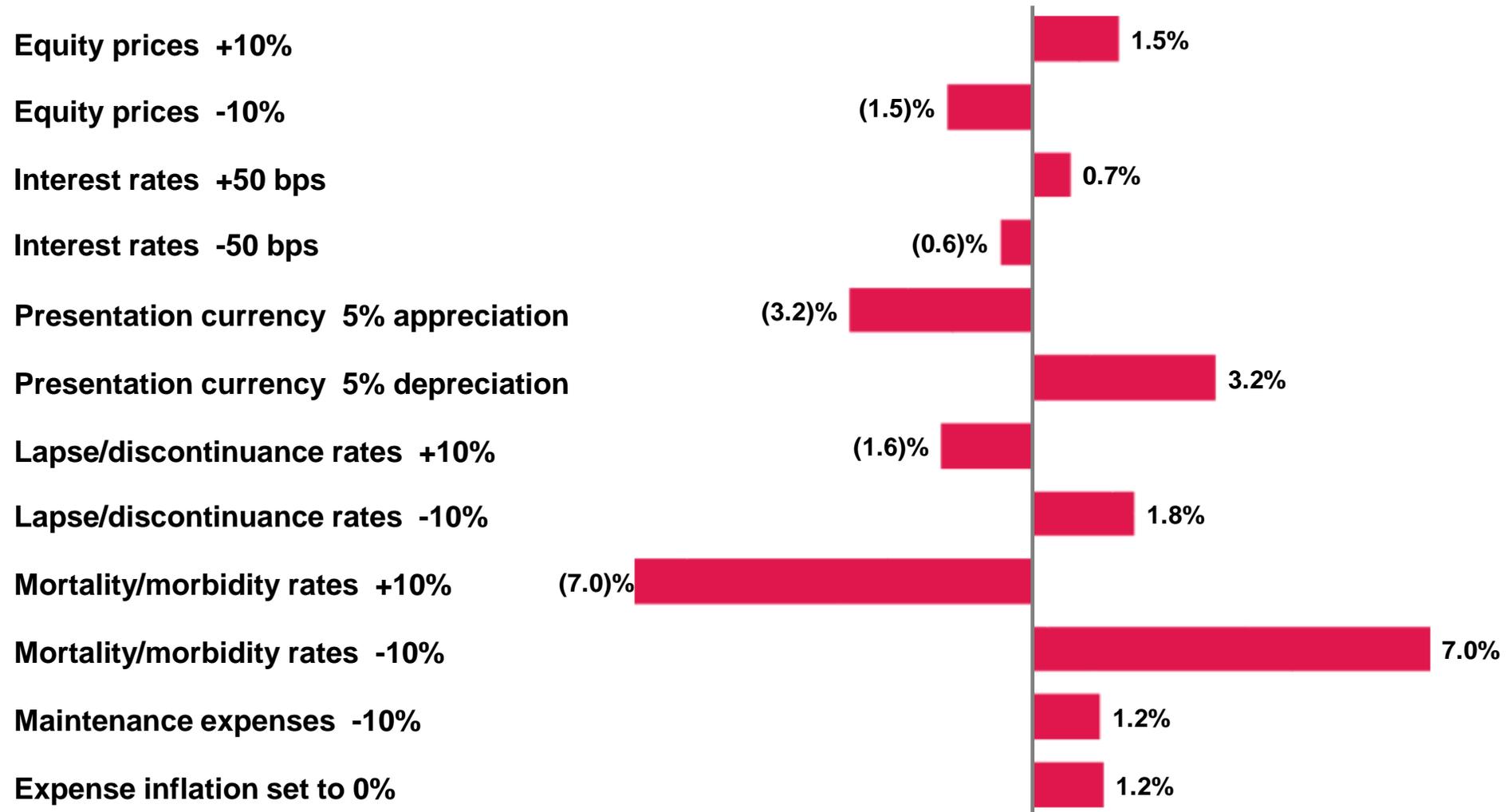
Equities (\$m)



Sensitivity Analysis – EV



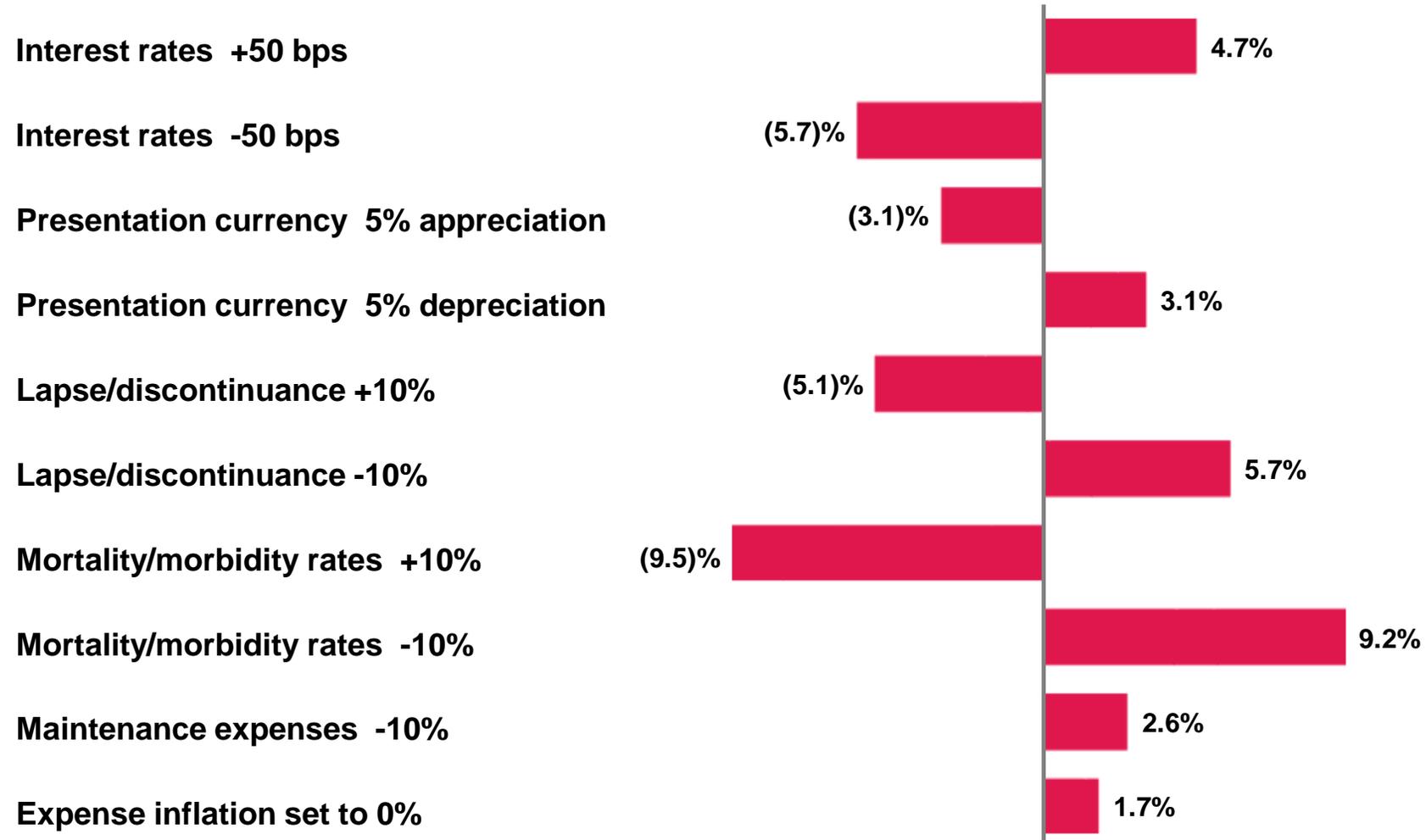
Sensitivity of EV as at 30 June 2018



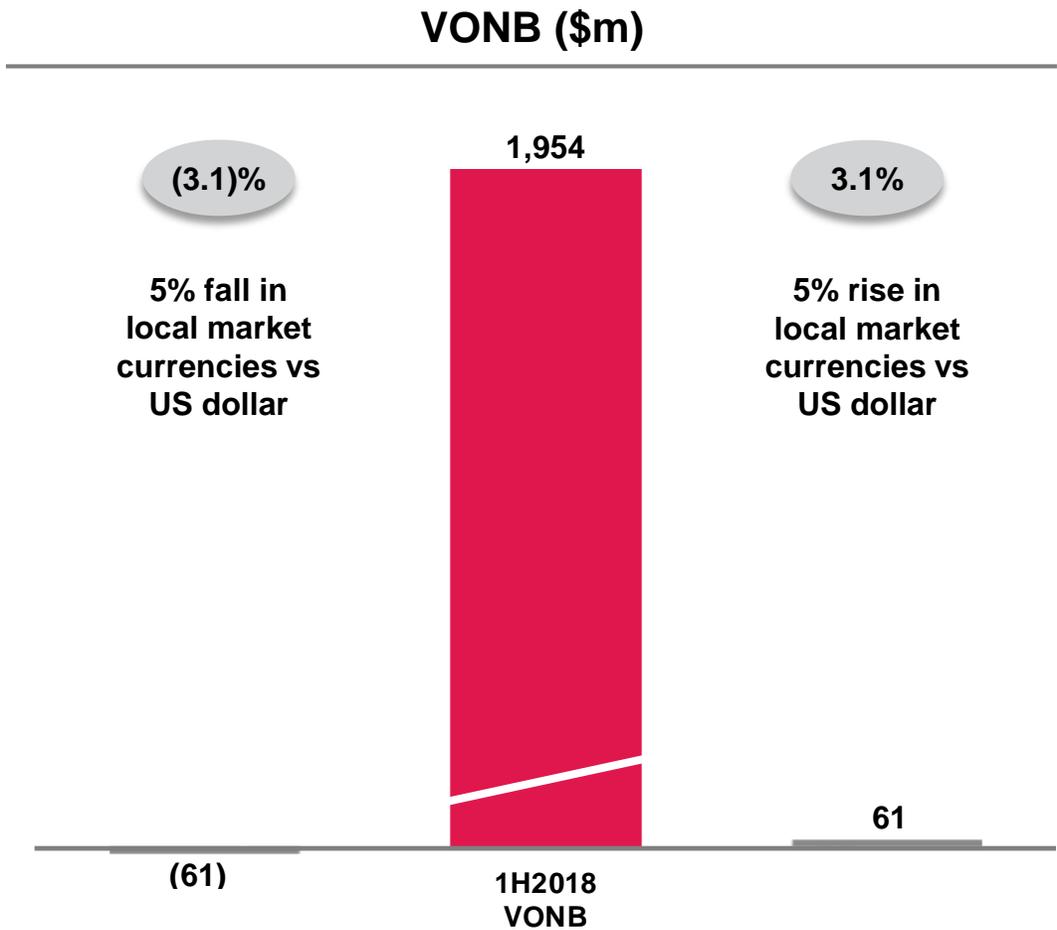
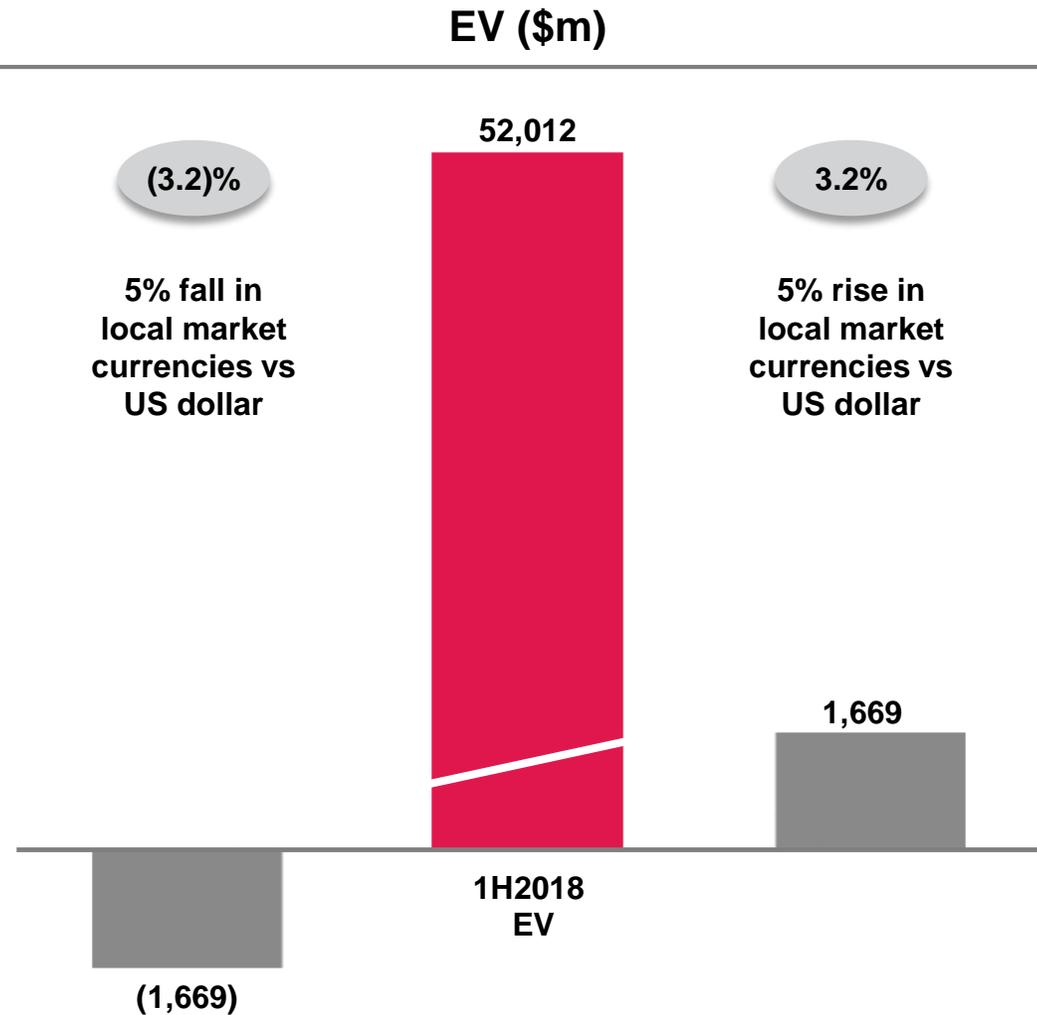
Sensitivity Analysis – VONB



Sensitivity of VONB for the six months ended 30 June 2018



Currency Sensitivity



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