



2012 Results Presentation

CREATING SUSTAINABLE VALUE

27 February 2013



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Agenda



Presenter	Position	Topic
Mark Tucker	Group Chief Executive	2012 Group Review
Garth Jones	Group Chief Financial Officer	2012 Financial Results
Gordon Watson	Regional Chief Executive	Hong Kong, Korea & Group Insurance
Ng Keng Hooi	Regional Chief Executive	Singapore, Malaysia & China
Huynh Thanh Phong	Regional Chief Executive	Thailand & Other Markets
Mark Tucker	Group Chief Executive	Creating Sustainable Value Q&A

2012: Another Year of Delivery

- 
- **Delivered record results – again**
 - **Executed clear priorities**
 - **Continued proven growth strategy**
 - **Extended leadership position**
 - **Engaged in value enhancing initiatives**

2012: Excellent Financial Performance



	\$m	FY2012	FY2011	YoY	
Value	VONB	1,188	932	27%	↑
	VONB Margin	43.6%	37.2%	6.4 pps	↑
	ANP	2,696	2,472	9%	↑
	Embedded Value	31,408	27,239	15%	↑
IFRS Results	TWPI	15,360	14,442	6%	↑
	Expense Ratio	8.7%	8.7%	-	—
	Operating Profit After Tax	2,159	1,922	12%	↑
	Net Profit	3,019	1,600	89%	↑
Capital & Dividend	Shareholders' Equity	26,697	21,313	25%	↑
	HKICO Solvency Ratio	353%	311%	42 pps	↑
	Dividend per Share (HK cents)	37.00	33.00	12%	↑

2012: Clear Strategy – Well Executed



Distribution

- Expanded Premier Agency and partnership engagement

Product

- Broadened product range and enhanced profitability

Customer

- Improved customer targeting and sales to existing customers

Organisation

- Ongoing local empowerment and launched innovative technology

Financial

- Sustained profitable growth momentum and strong capital position

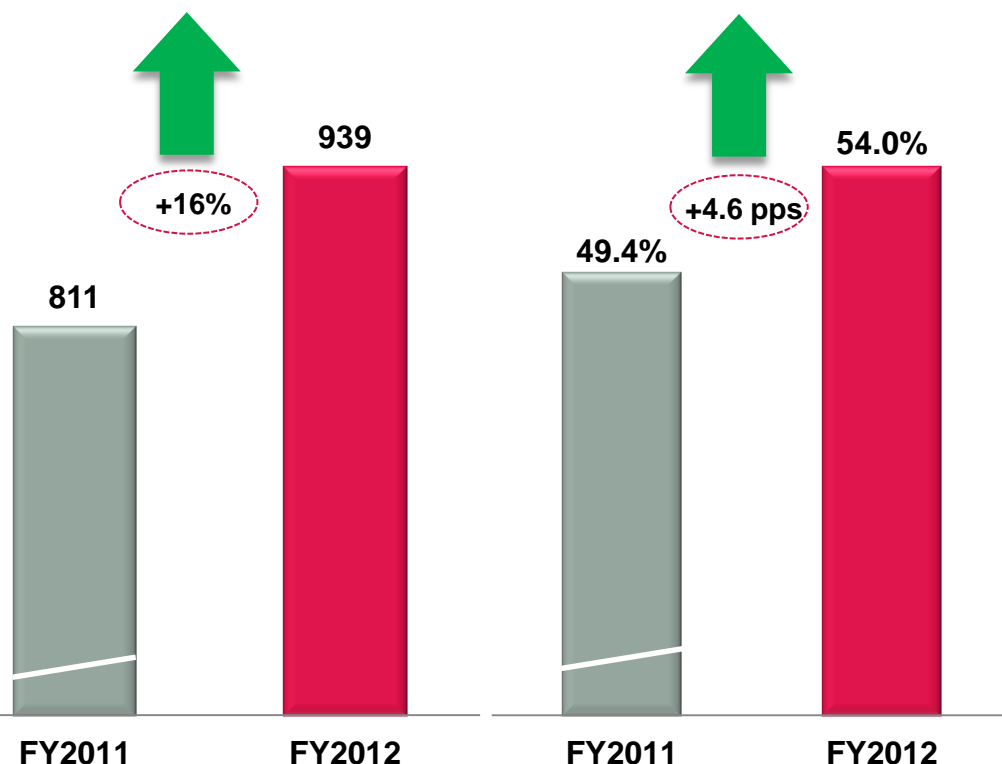
Distribution: Premier Agency Delivery



VONB⁽¹⁾ (\$m)

VONB Margin⁽¹⁾

Premier Agency



- Key competitive advantage
- Quality recruitment focus
- AIA Premier Academy expansion
- Strategic partnership with LIMRA
- Agency leadership development
- Number of active agents up 7%
- MDRT growth of 11%

Note

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

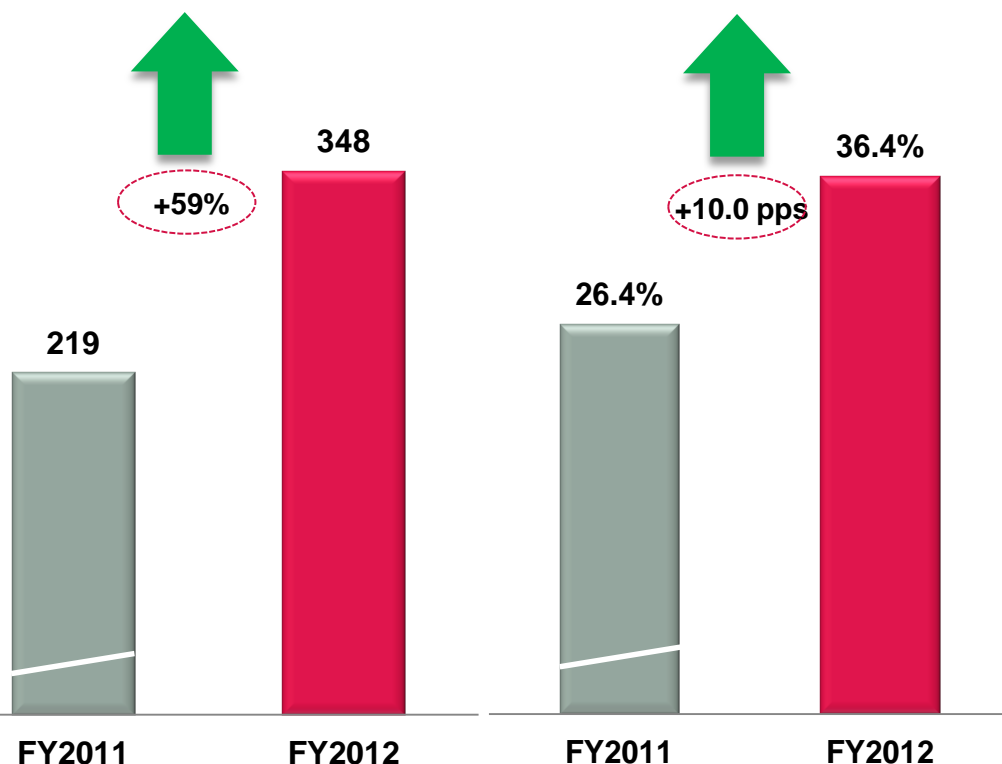
Distribution: Profitable Partnerships Expansion



VONB⁽¹⁾ (\$m)

VONB Margin⁽¹⁾

Partnership Expansion



- Profitable channel diversification
- Bancassurance execution
 - Disciplined pricing
 - VONB more than doubled
- New long-term bank agreements
- Direct marketing expansion
- Focused approach to IFA channel with VONB up by more than 50%

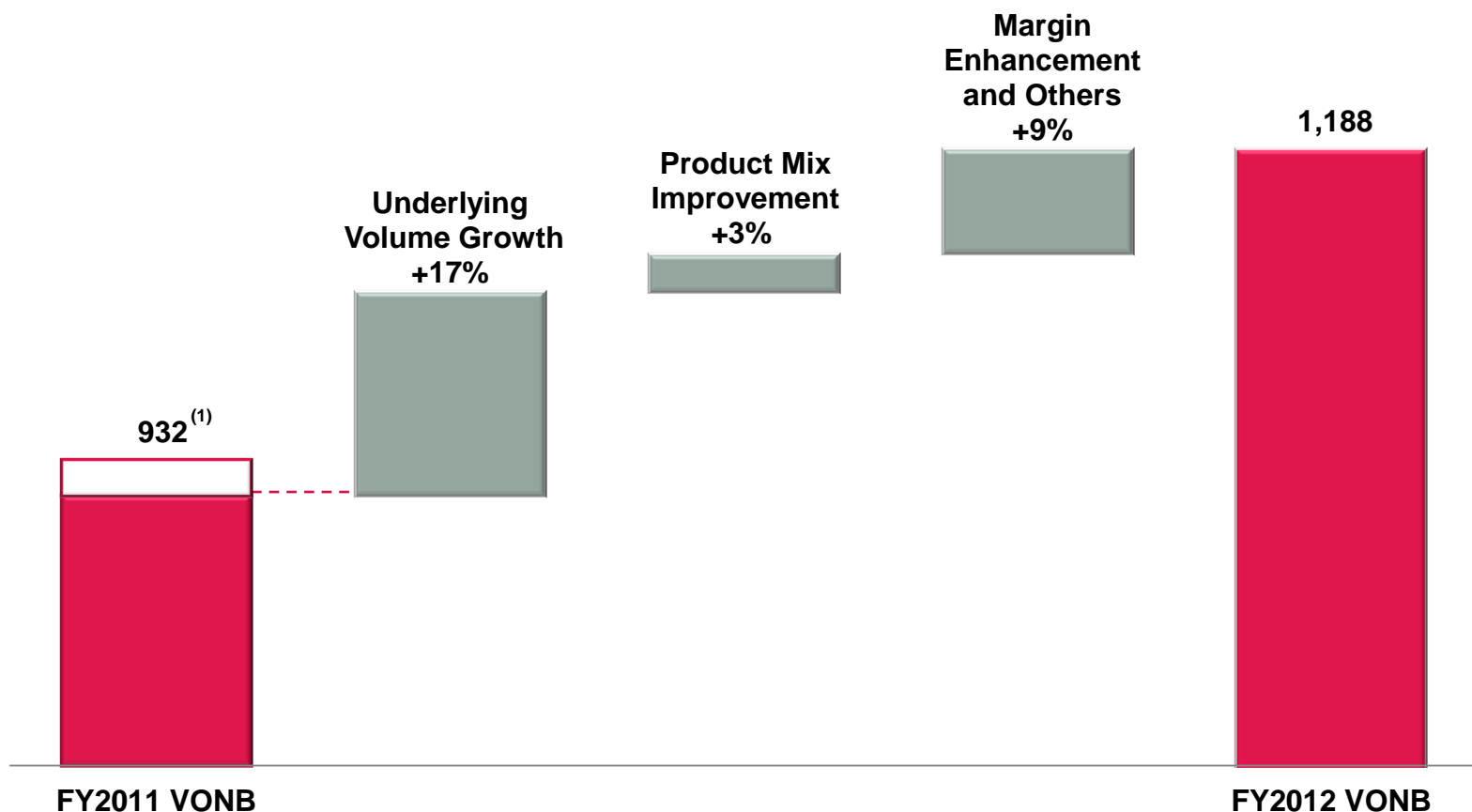
Note

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

Product: Quality VONB Growth



VONB⁽¹⁾ (\$m)



Note

(1) VONB movement excludes the effect of a single large Australian group insurance scheme which came into effect in 3Q 2011. The VONB movement splits shown are rounded and multiplicative.

Customer Experience: Creating Sustainable Value

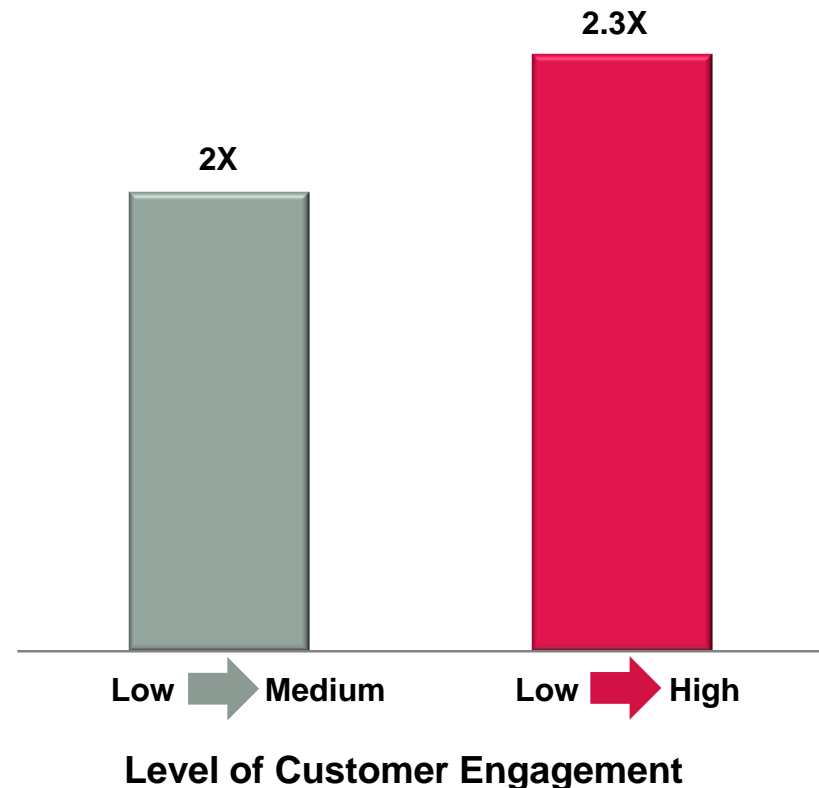


Improving the Customer Experience Creates Sustainable Value

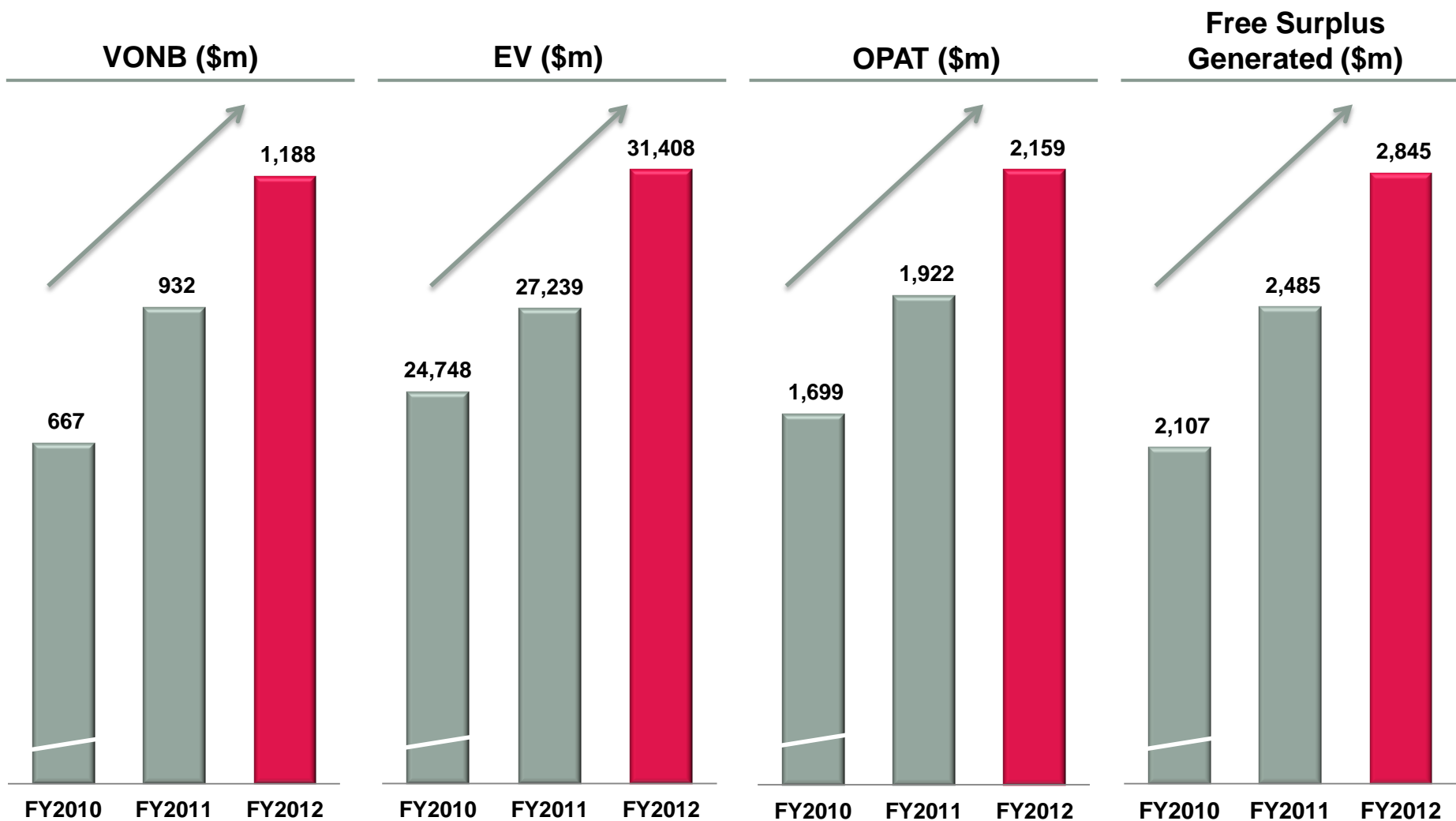
- Customer Experience programme expanded to cover 10 markets
- Focus on areas that make a material difference to profitability and experience
- Sustainable revenue growth from new business referrals and cross sales
- Additional 500,000 policies sold to existing customers in 2012

Highly Engaged Customers Buy Significantly More

Uplift in additional new premium sales by level of engagement



Financial: Sustained Momentum Across All Metrics





2012 Group Review

Mark Tucker

2012 Financial Results

Garth Jones

2012 Business Review

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

Creating Sustainable Value

Mark Tucker

2012 Financial Results



Value Creation

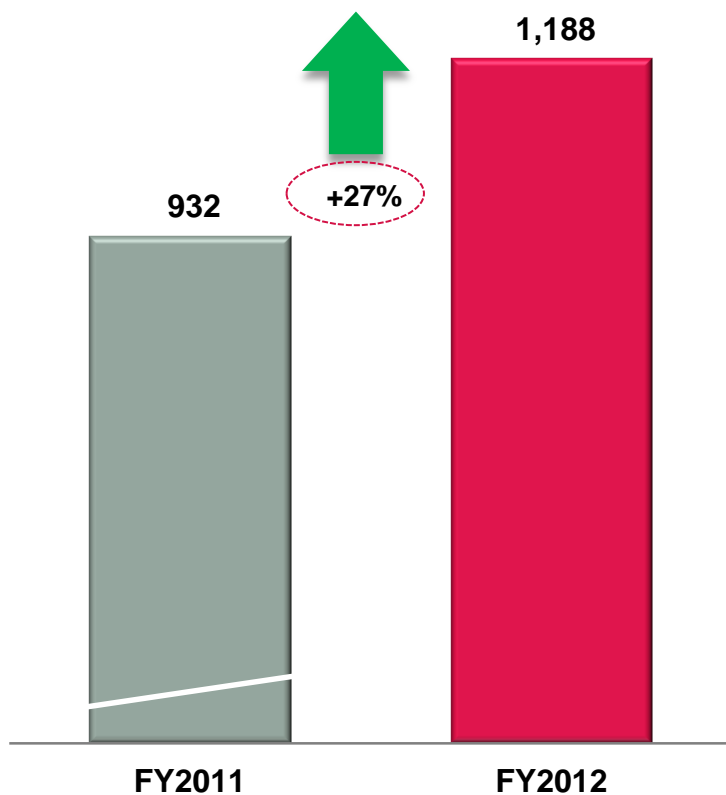
IFRS Results

Capital and Dividends

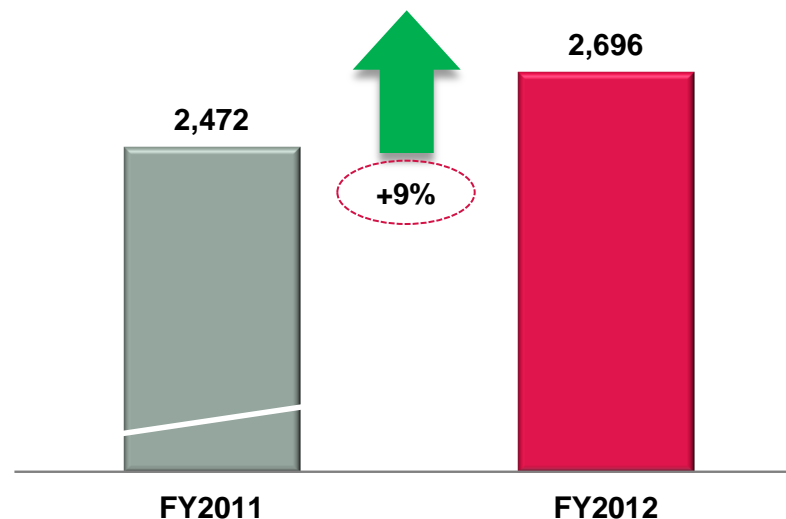
2012: Record New Business Performance



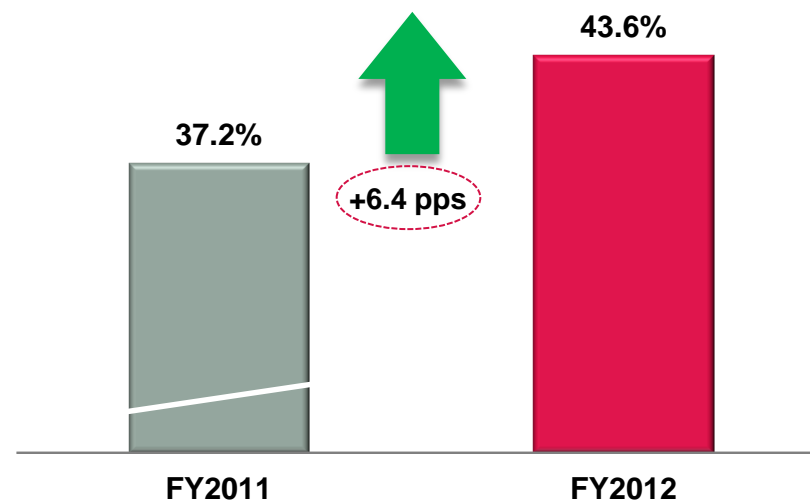
VONB (\$m)



ANP (\$m)



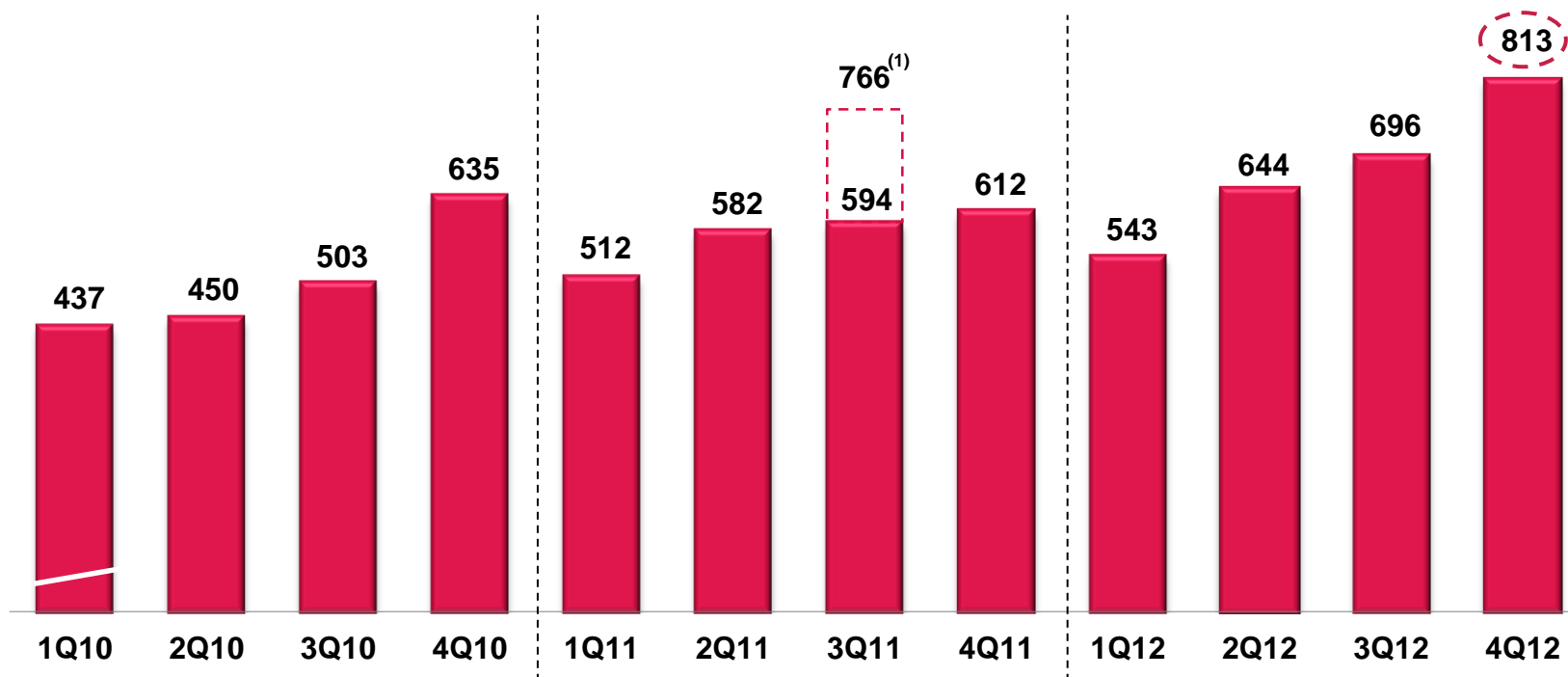
VONB Margin



2012: Record ANP



Annualised New Premium (ANP) (\$m)



Growth
Rates

FY2012 v FY2011

+9%

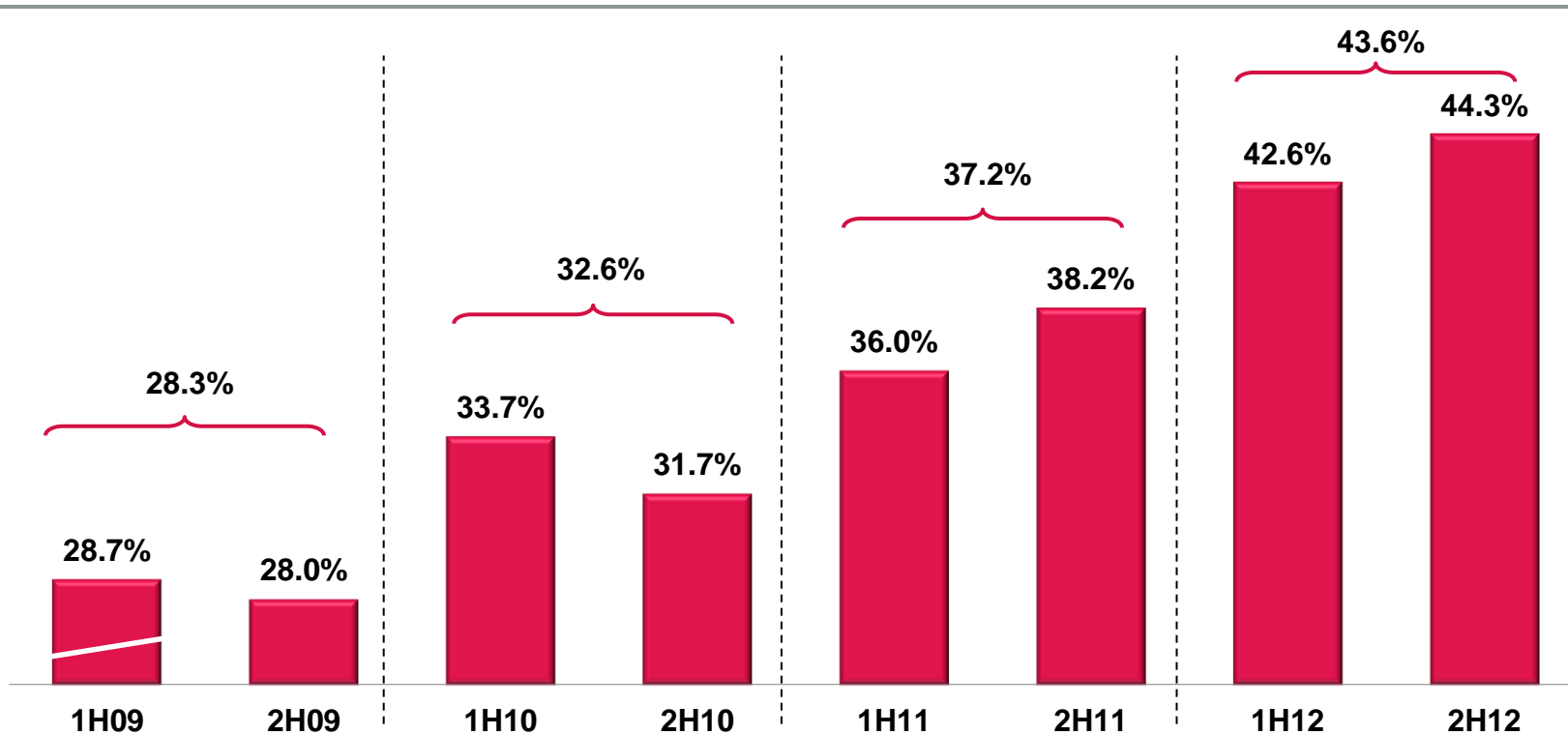
Note

(1) Including ANP from a single large Australian group insurance scheme which came into effect in 3Q 2011.

2012: Record Margin



VONB Margin

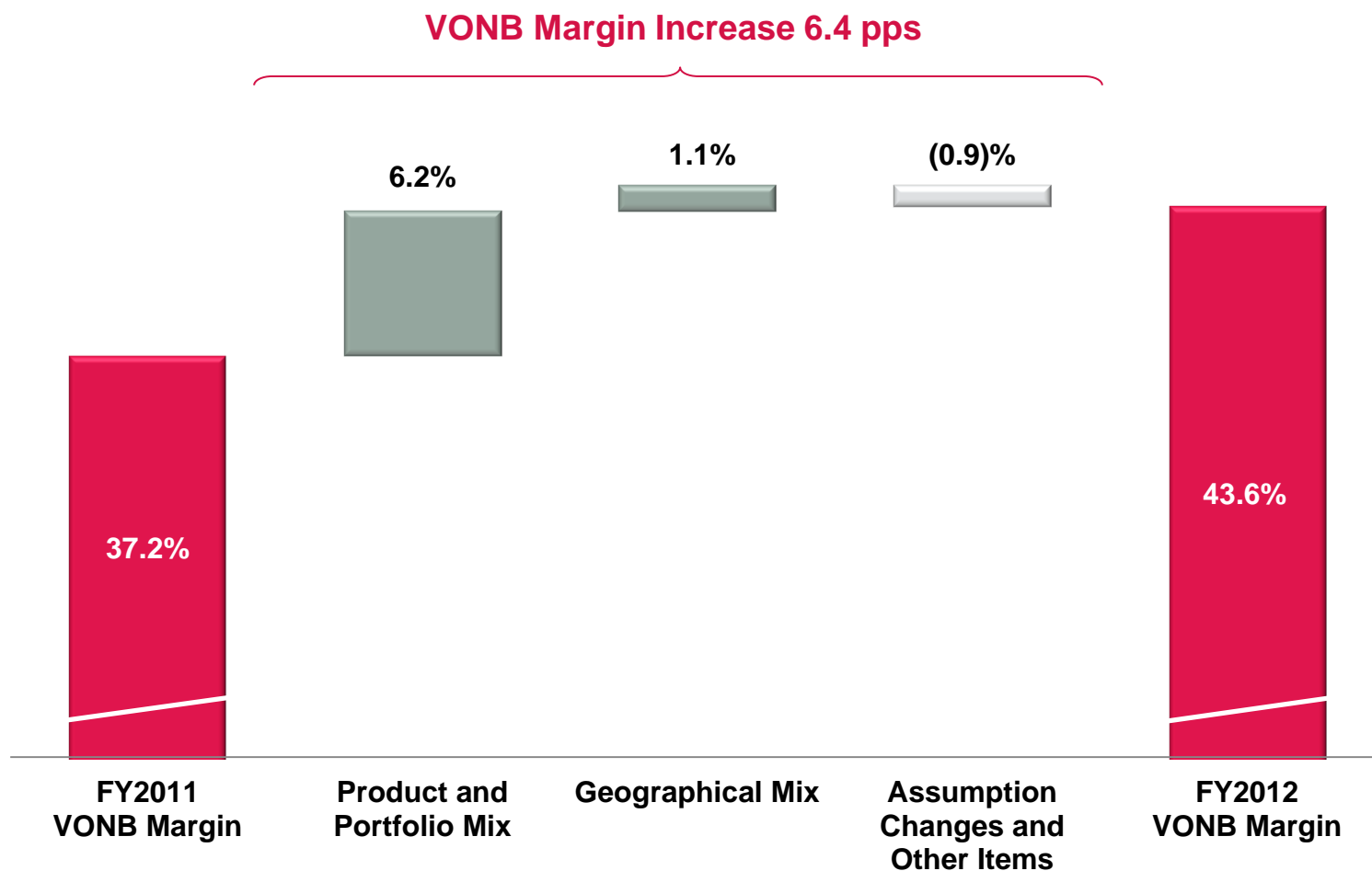


Margin
Uplift

FY2012 v FY2011

+6.4 pps

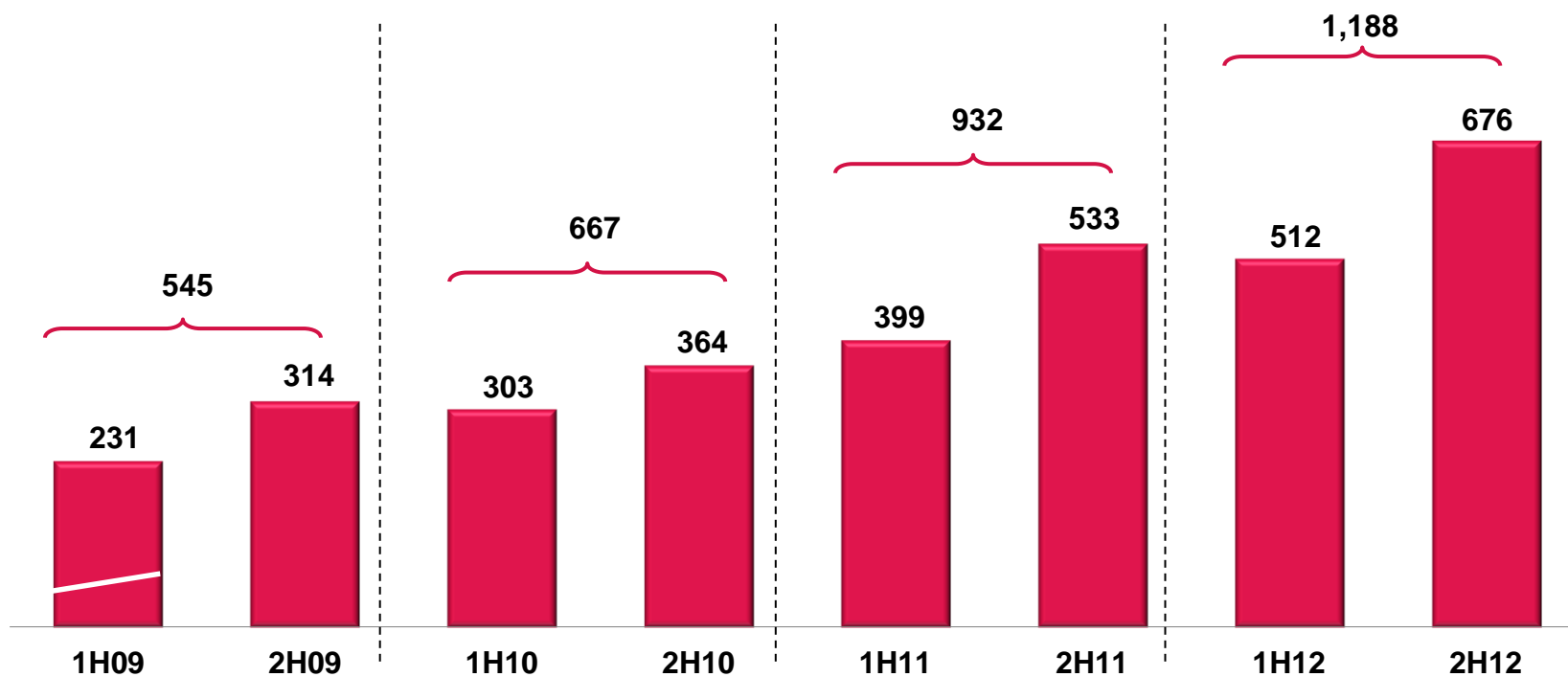
VONB Margin: Positive Actions on Mix and Pricing



2012: Record VONB



VONB (\$m)

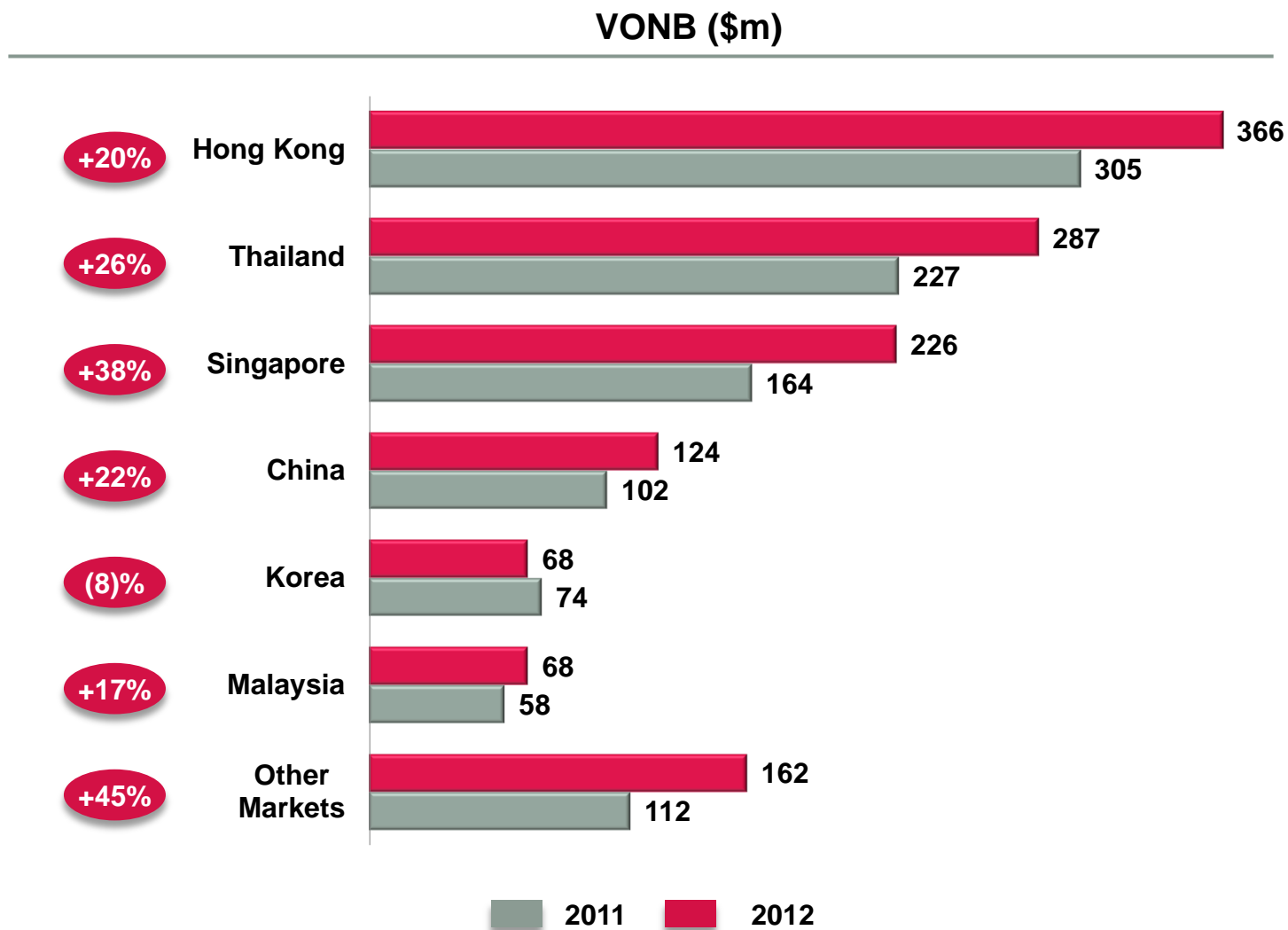


Growth
Rates

FY2012 v FY2011

+27%

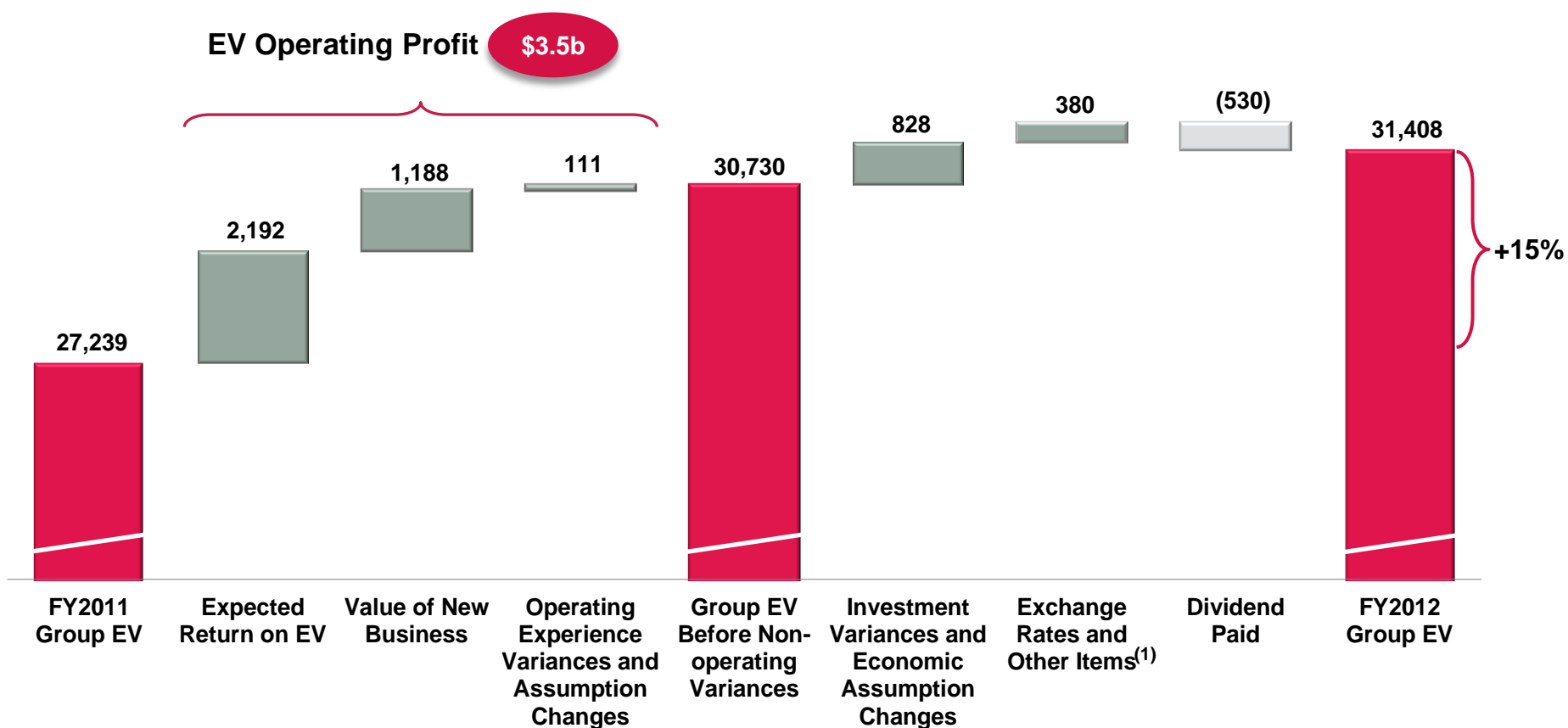
2012: Broad-based VONB Uplift over 2011



Record EV up 15% to \$31.4b; Increase of \$4.2b



2012 Embedded Value Movement (\$m)



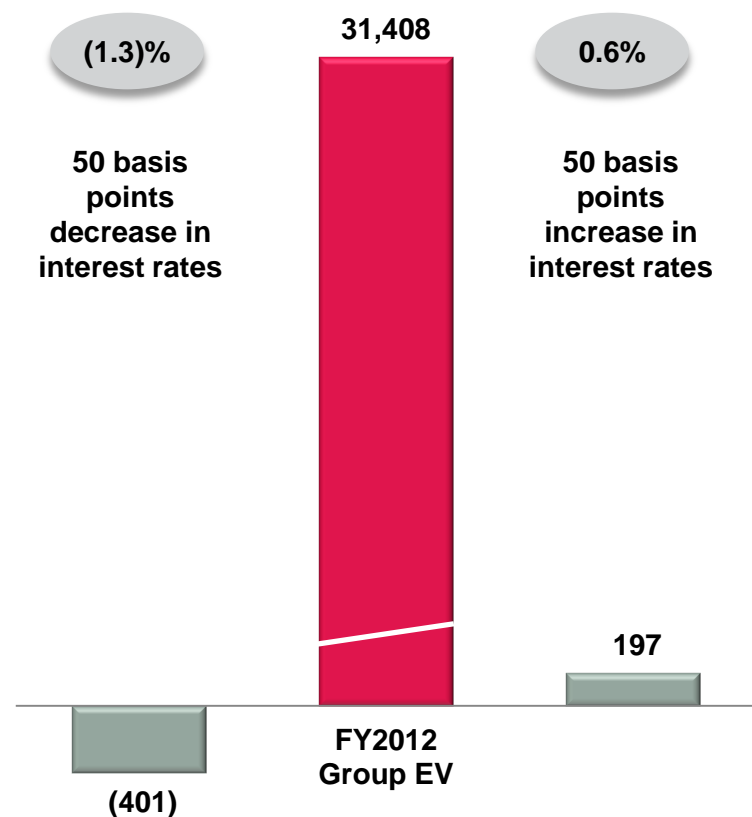
Note

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

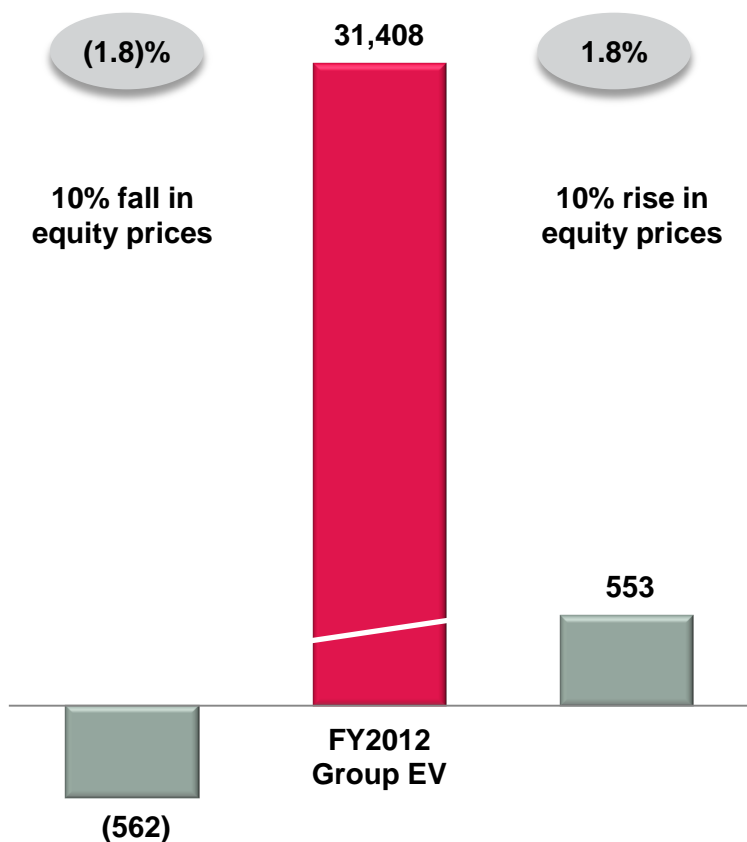
EV Sensitivity to Capital Market Movements



Interest Rates (\$m)



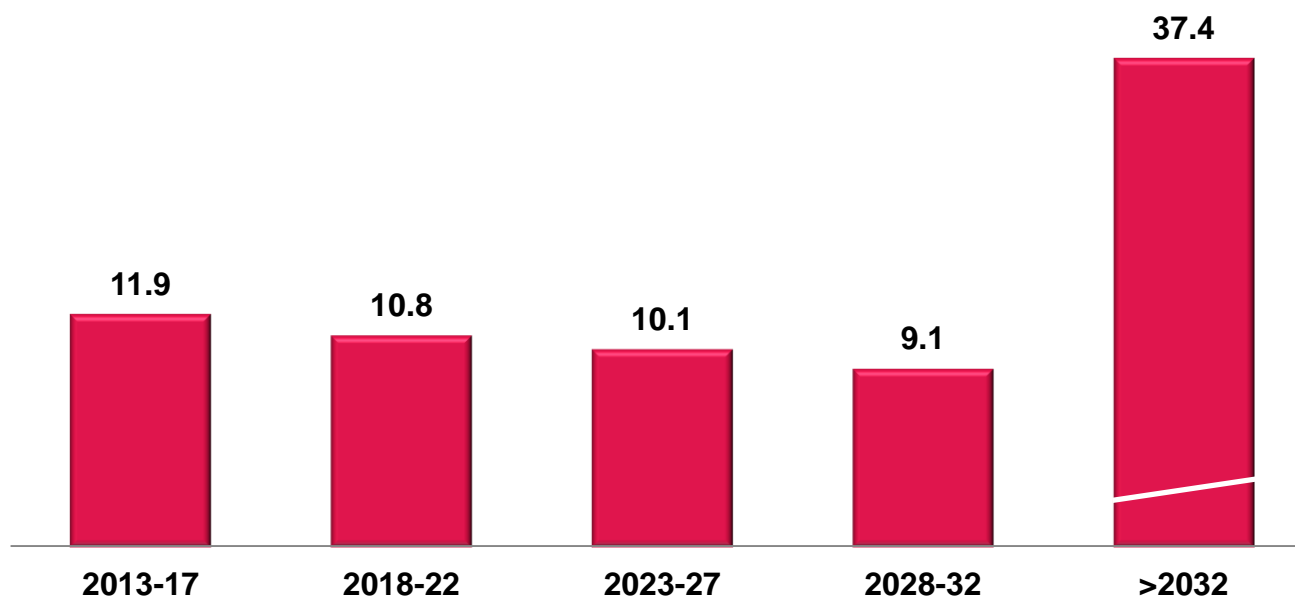
Equities (\$m)



Strong Cash Flow Generation



Undiscounted Net Cash Flows⁽¹⁾ (\$b)



% of Total	15%	14%	13%	11%	47%

Note

(1) Undiscounted net cash flows are defined as the after-tax surplus generated from the assets backing the statutory reserves and required capital of the in-force business of AIA on the Embedded Value basis.

2012 Financial Results



Value Creation

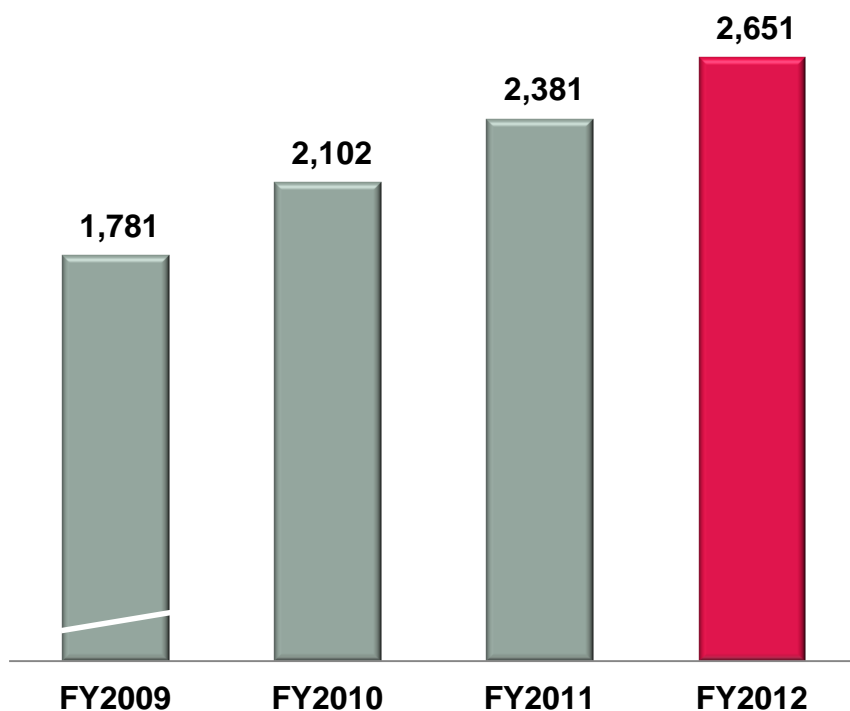
IFRS Results

Capital and Dividends

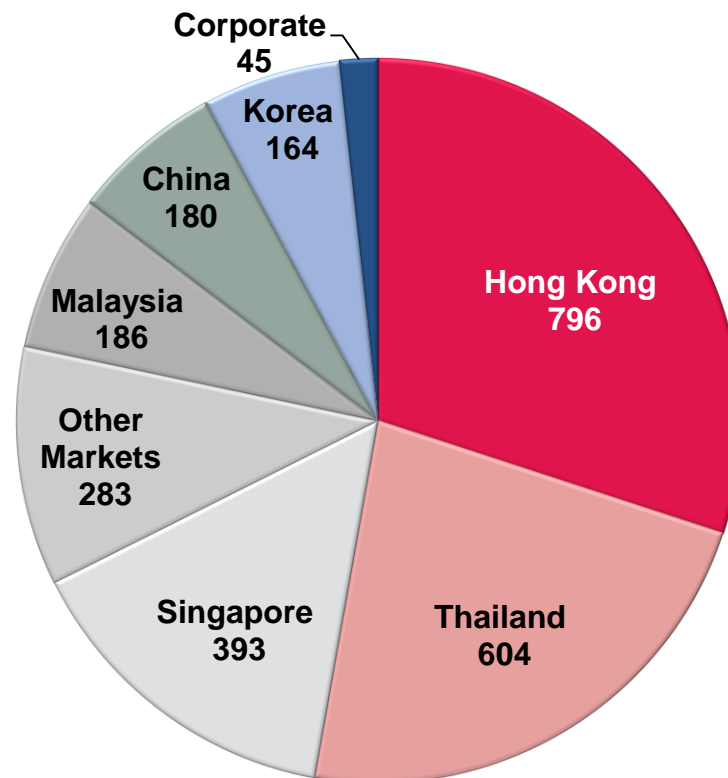
Operating Profit Up to \$2.7b; Diversified Earnings



Operating Profit Before Tax (\$m)



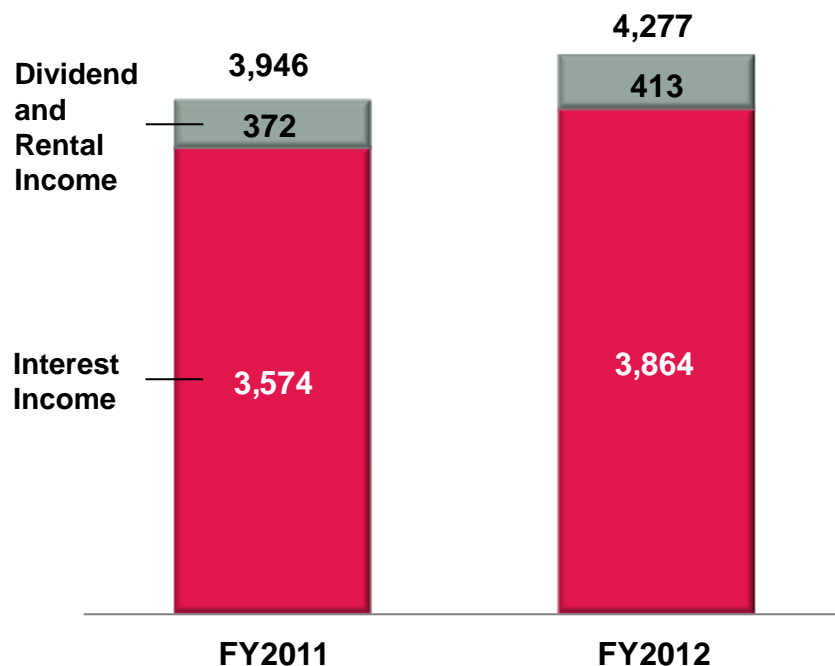
Operating Profit Before Tax by Segment (\$m)



Investment Income Up to \$4.3b; Stable Yield



Investment Income (\$m)



Investment
Yield

5.0%

4.8%

Investment
Return

4.4%

6.7%

Invested Assets Composition (\$m)

	As at 30 Nov 2011	As at 30 Nov 2012
Fixed Income ⁽¹⁾	86%	87%
Equity	9%	10%
Fixed Income & Equity	95%	97%
Cash	4%	2%
Properties	1%	1%
Total	100%	100%
Total Invested Assets	82,284	98,240

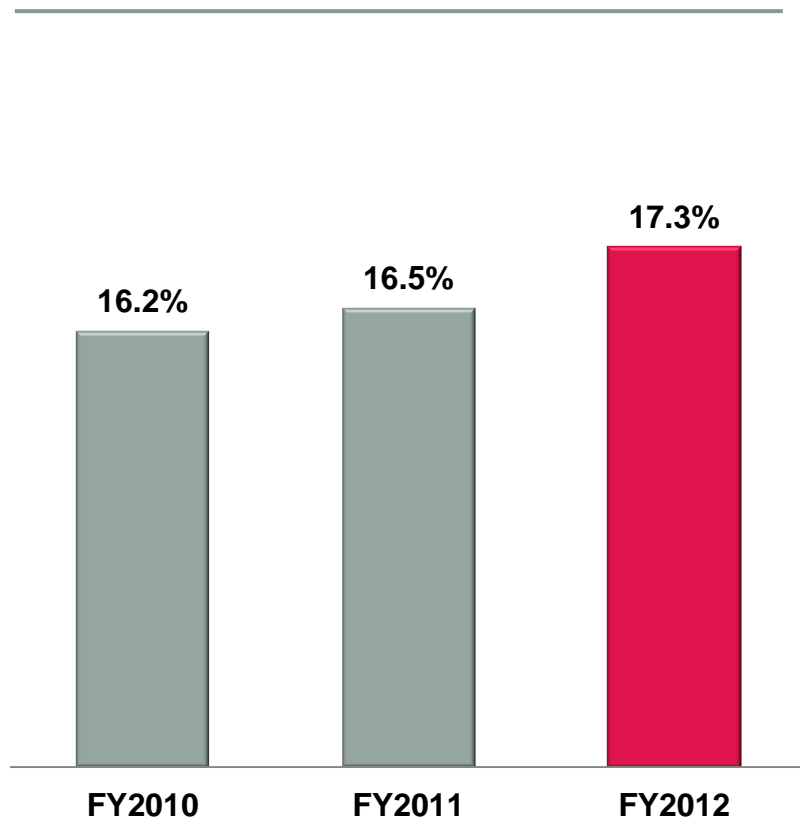
Note

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

Operating and Expense Efficiency

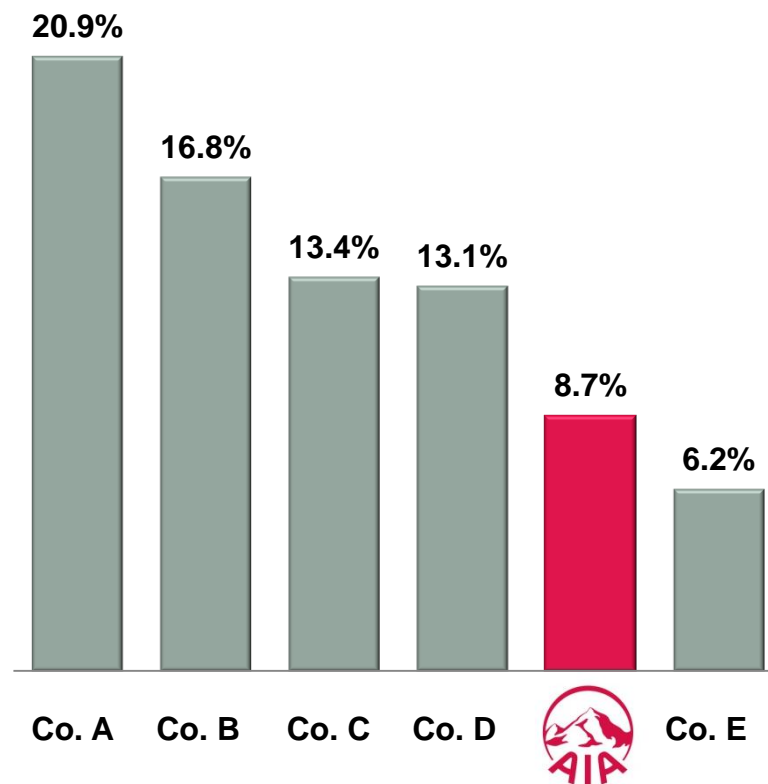


Operating Margin⁽¹⁾



Expense Ratio Regional Comparison

Reported Operating Expenses / Reported Premium Income⁽²⁾



Notes

(1) Operating margin is shown gross of tax.

(2) For the companies shown in the chart other than AIA, accounting standards are as per each company's 1H2012 reporting period.

OPAT Up 12% and Net Profit Up to \$3b



Net Profit (\$m)

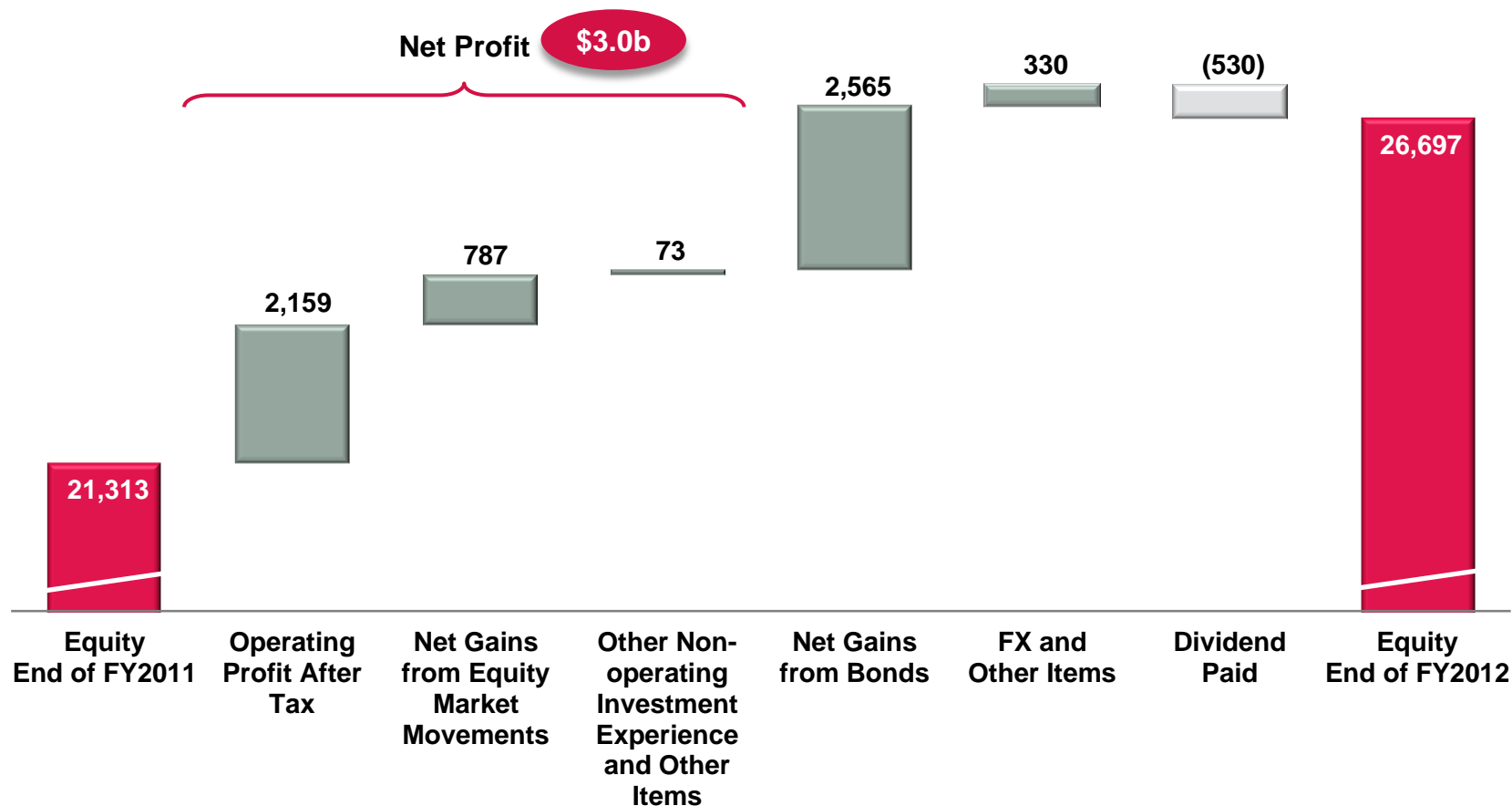
	2011	2012	
Operating Profit After Tax	1,922	2,159	12%
Net (losses) / gains from equities securities, net of tax	(207)	787	
Other non-operating investment experience and other items, net of tax	(115)	73	
Net Profit	1,600	3,019	89%

- Operating profit excludes any actual or assumed gains
- Average annual non-operating gains over the past four years were \$460 million
- Net profit includes the mark-to-market of our equity portfolio

Shareholders' Equity Up 25% to \$26.7b



Shareholder Equity Movement (\$m)



2012 Financial Results



Value Creation

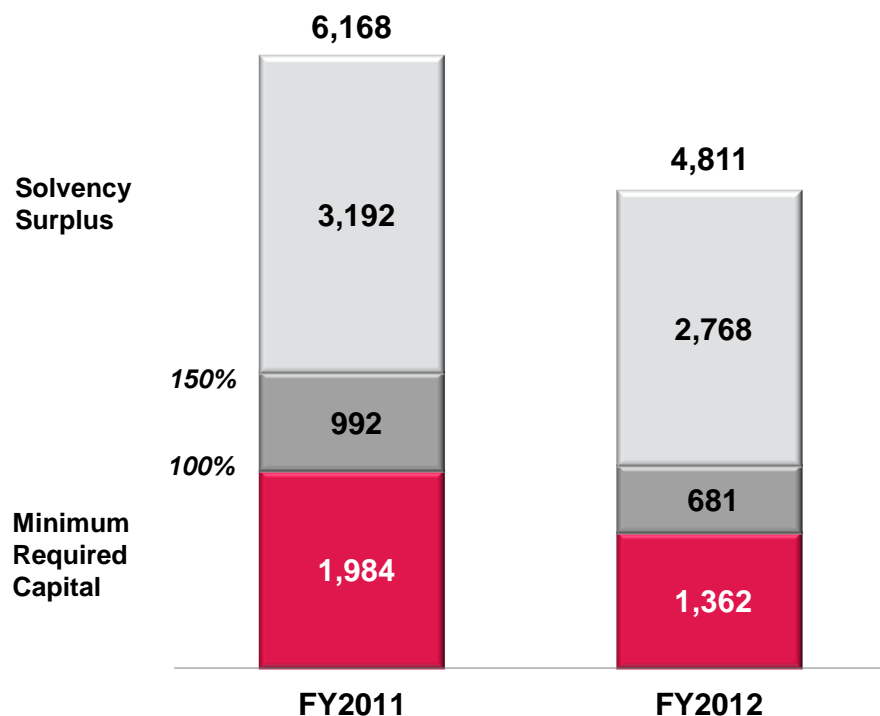
IFRS Results

Capital and Dividends

HKICO Solvency Ratio at 353%



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



- Ongoing capital strength
- Prudent approach to investment and capital management
- Positive impact on solvency ratio from retained earnings generation and Singapore subsidiarisation
- Net reduction in solvency surplus of \$424m due to dividends and the acquisition
- Finance growth and absorb capital market volatility

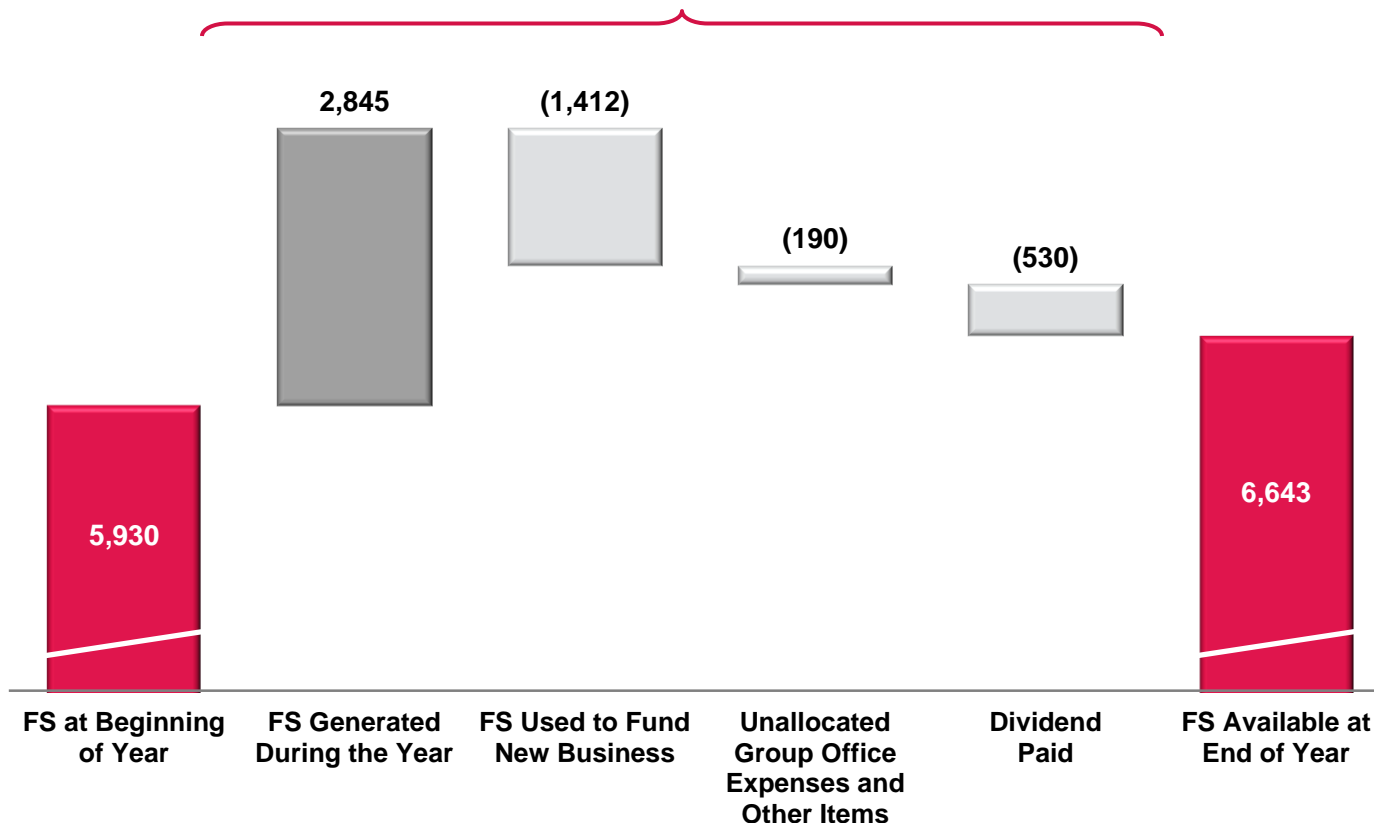
HKICO Solvency Ratio	311%	353%
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Self-financed New Business Growth and Dividends



Free Surplus Generation (\$m)

Movement in FS net of fully allocated
Group Office expenses, interest costs and dividends



Prudent, Sustainable and Progressive Dividend Policy



- **Final dividend of HK24.67 cents per share recommended**
- **Total dividend for 2012 of HK37.00 cents per share**
- **Ex-dividend date: 14 May 2013**
- **Payment date: 30 May 2013**

2012 Group Review

Mark Tucker

2012 Financial Results

Garth Jones

2012 Business Review

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

Creating Sustainable Value

Mark Tucker

Business Review: Creating Sustainable Value



Gordon Watson

**Hong Kong
Korea
Group Insurance**

Ng Keng Hooi

Singapore
Malaysia
China

Huynh Thanh Phong

Thailand
Other Markets

2012: Focus for RCEs and Country CEOs

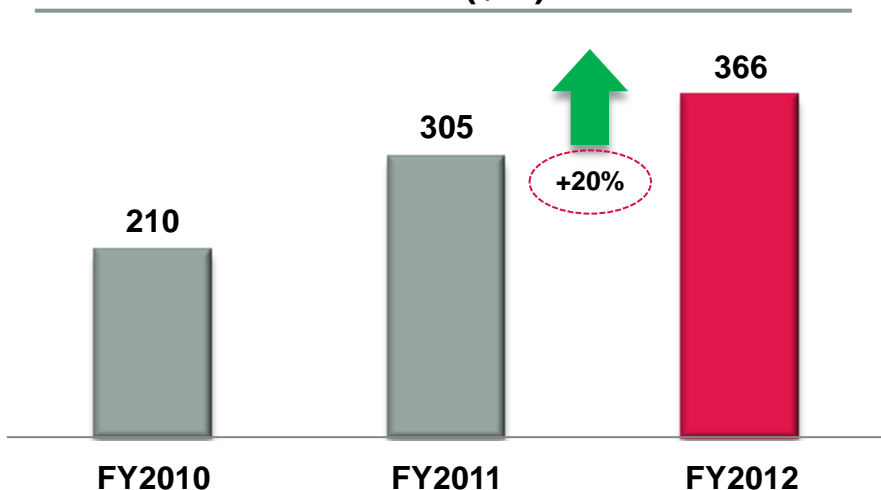


- **Profitable Growth**
- **Premier Distribution**
- **Product and Service Innovation**

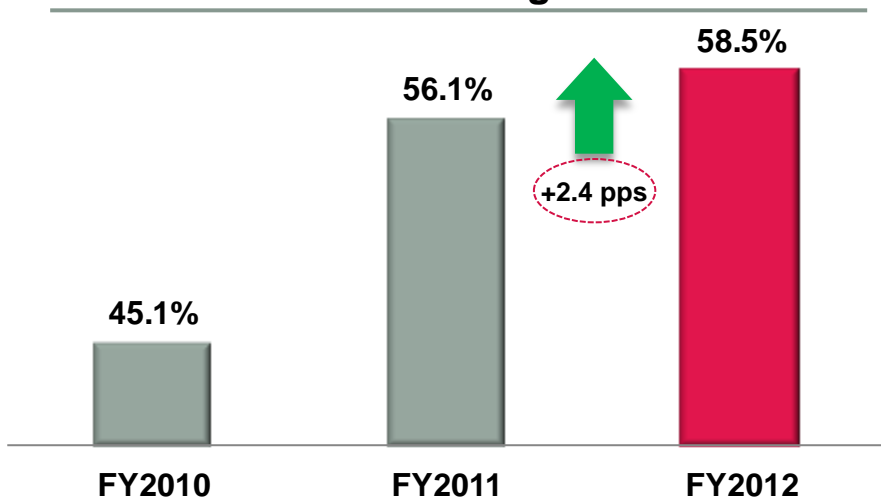
Creating Sustainable Value in Hong Kong



VONB (\$m)



VONB Margin



■ Premier Agency

- Focus on quality recruitment, effective reactivation and increased productivity
- 24 Month retention up 20%
- AIA Premier Academy advantage
- MDRT Qualifiers up 9%
- Agents selling group cases up 44%

■ Profitable Partnerships

- VONB from bank & IFA channels doubled
- Group cases from brokers grew by 90%

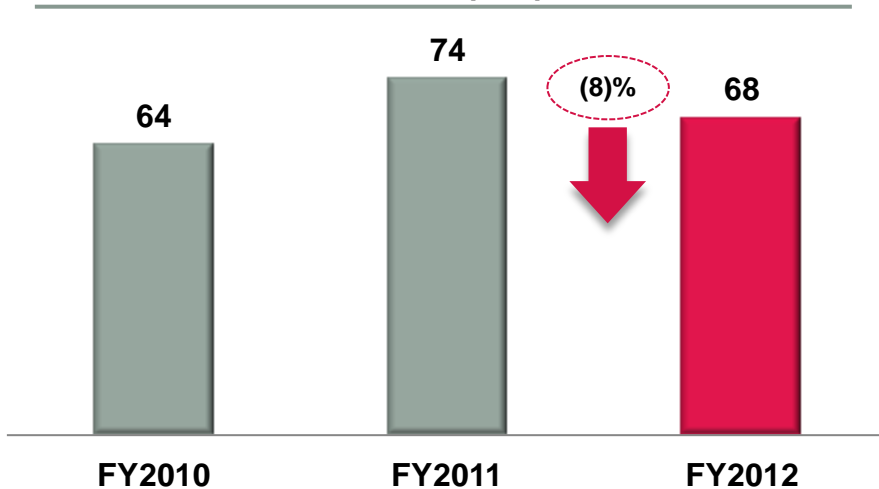
■ Market Segmentation

- Existing Customer Management

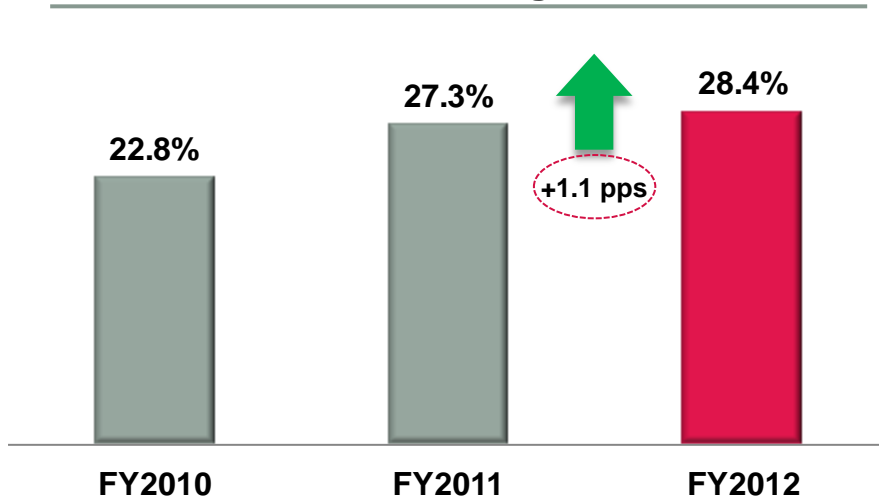
Repositioning in Progress in Korea



VONB (\$m)



VONB Margin



- **Positive Signs from 2H growth**

- ANP up 10% in 2H12 vs 2H11
- VONB up 9% in 2H12 vs 2H11
- First positive growth in agency since 2008

- **Premier Agency**

- New active agents up 61%
- MDRT qualifiers up 40%

- **Direct Marketing**

- Building “Premier DM”

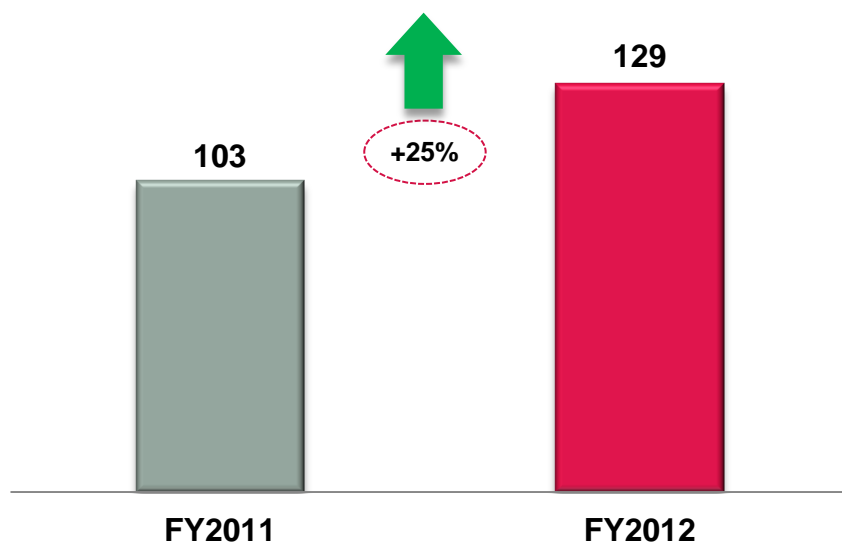
- **Brand**

- Successful digital campaigns generated over 1 million views on YouTube

Group Insurance: A Growing Opportunity in Asia



VONB⁽¹⁾ (\$m)



- **An Underpenetrated Market**
 - 1.5 billion people employed in the region⁽²⁾
 - \$17 billion in Group Premiums in 2012⁽³⁾
- **A Strong Market Presence**
 - Market leader in Asia
 - More than 100,000 corporate clients
 - More than 13 million members
- **Leveraging our Key Distribution Channels**
 - Large group cases sold through brokers
 - Group cases through brokers up 27%
 - SME packaged cases via Premier Agency
 - Agents selling group cases up 38%

Notes

(1) VONB growth in 2012 is reduced by the effect of a single large Australian group insurance scheme which came into effect in 3Q 2011.

(2) Source: Economist Intelligence Unit

(3) Source: Estimate based on published data in Asia-Pacific, Ernst & Young market research and AIA market research

Business Review: Creating Sustainable Value



Gordon Watson

Hong Kong
Korea
Group Insurance

Ng Keng Hooi

**Singapore
Malaysia
China**

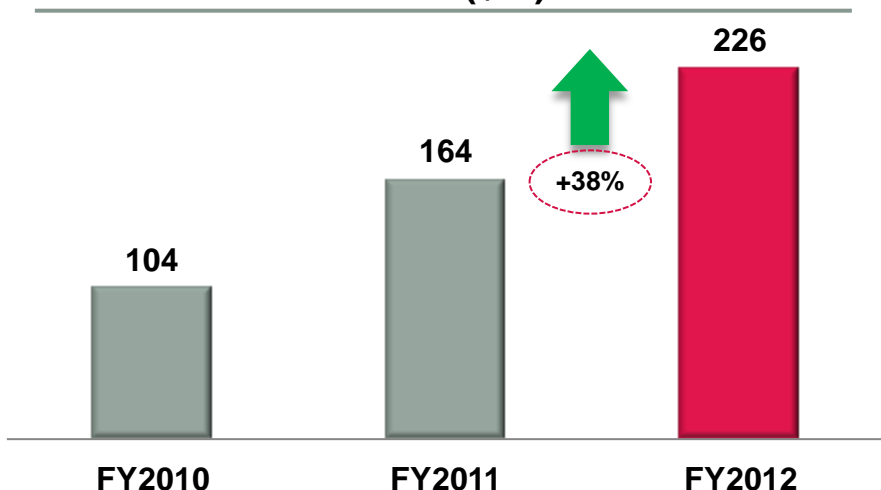
Huynh Thanh Phong

Thailand
Other Markets

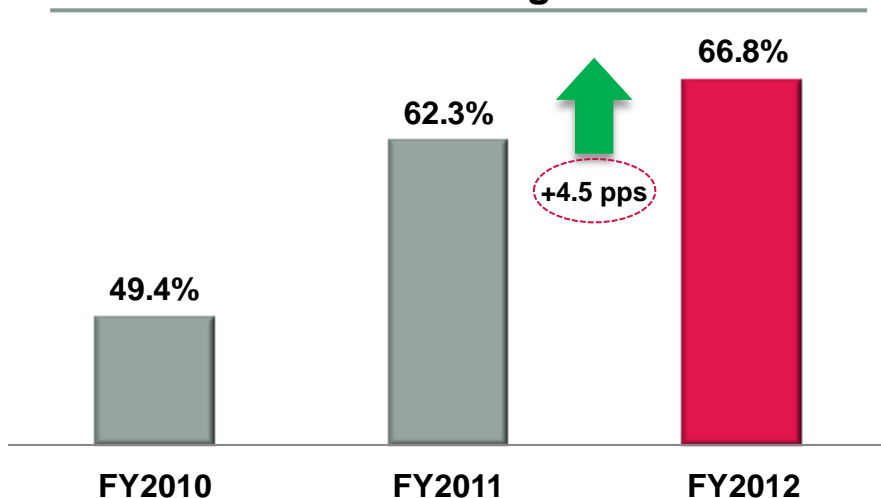
Creating Sustainable Value in Singapore



VONB (\$m)



VONB Margin



■ Premier Agency

- Focus on agency leader development
- New recruits up 12%
- Technological innovation – iPoS
- Awarded 'Life Company of the Year'

■ Profitable Partnerships

- Growth in private bank & IFA channels

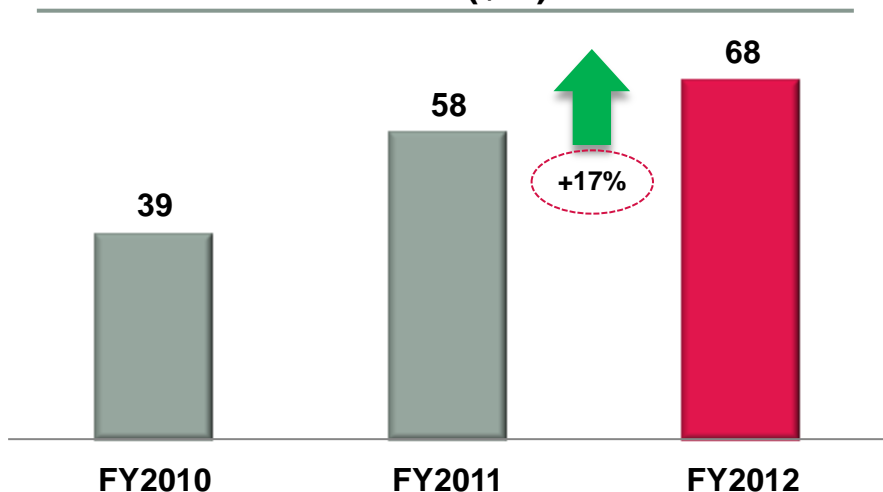
■ Product Alignment

- VONB of flagship Term, Critical Illness and HealthShield plans up 60%
- Market leadership in group insurance
 - Group insurance VONB up 62%

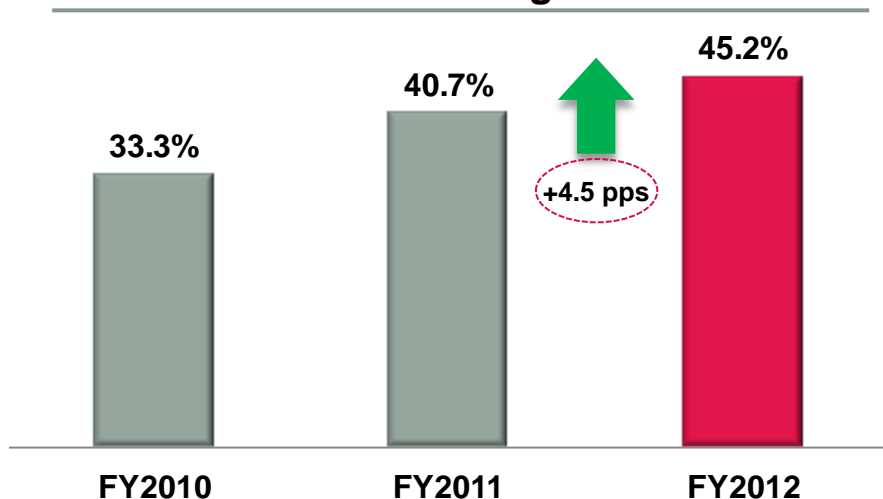
Creating Sustainable Value in Malaysia



VONB (\$m)



VONB Margin



■ Premier Agency

- New recruitment programmes
- Premier Academy to develop agency leaders and Premier Agents

■ Profitable Partnerships

- VONB from banks and DM more than doubled
- Awarded Private Retirement Scheme (PRS) Provider licence

■ Product Alignment

- Strong unit-linked growth – VONB up 31%

■ Takaful

- Material Takaful contribution in first full year

ING Malaysia Integration Progressing Well



Transaction Closure

- Transaction closed on 18 December 2012
- Regulatory approval to merge both life and Takaful companies

Experienced Leadership In Place

- Bill Lisle appointed new CEO
- Management team in place comprising AIA and ex-ING staff
- Complemented by extensive Group support

Active Stakeholder Engagement

- Active engagement with staff, agency and partners
- Extensive communication programme ongoing
- Strong start to relationship with Public Bank

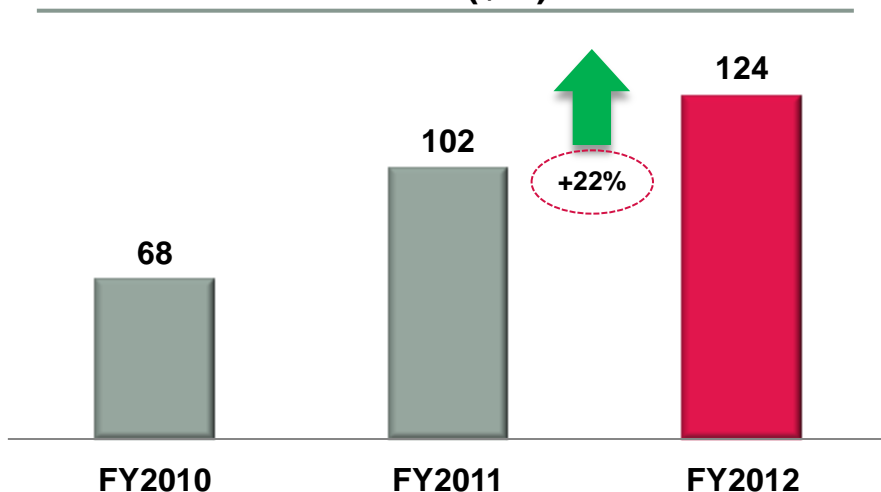
Focused Execution

- Teams in place and integrated business plans completed
- Establishing single new business platform, product range, brand
- Integrating agency with a single agency compensation

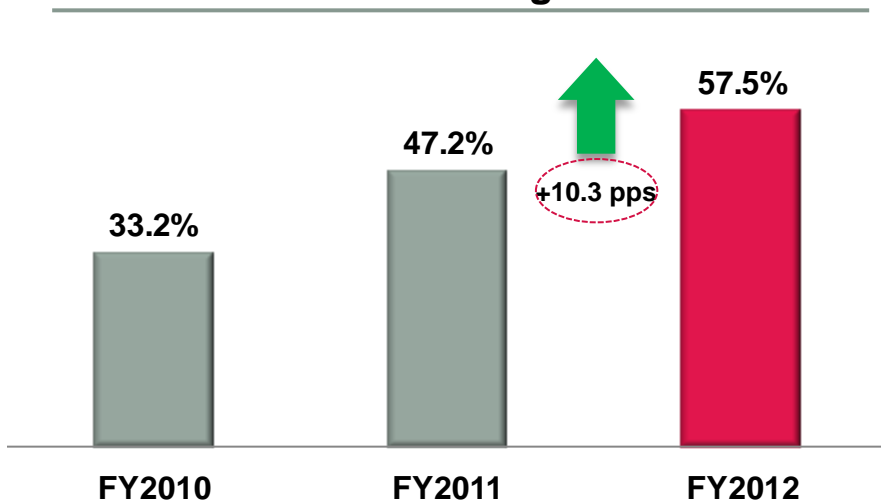
Creating Sustainable Value in China



VONB (\$m)



VONB Margin



■ Premier Agency

- Quality recruitment training for leaders
- Agent training focused on advice skills to close protection gap
- Increased professionalism to sustain increase in average agent incomes
- Quality growth with MDRT qualifiers up 19%

■ Product Alignment

- Reinforce protection leadership
- Launched new version of All-in-One
- New products to address long-term savings needs

Business Review: Creating Sustainable Value



Gordon Watson

Hong Kong
Korea
Group Insurance

Ng Keng Hooi

Singapore
Malaysia
China

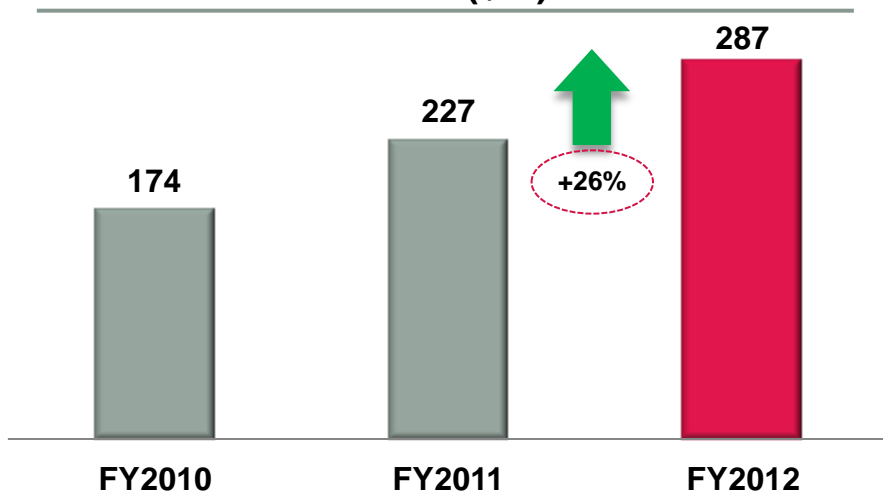
Huynh Thanh Phong

**Thailand
Other Markets**

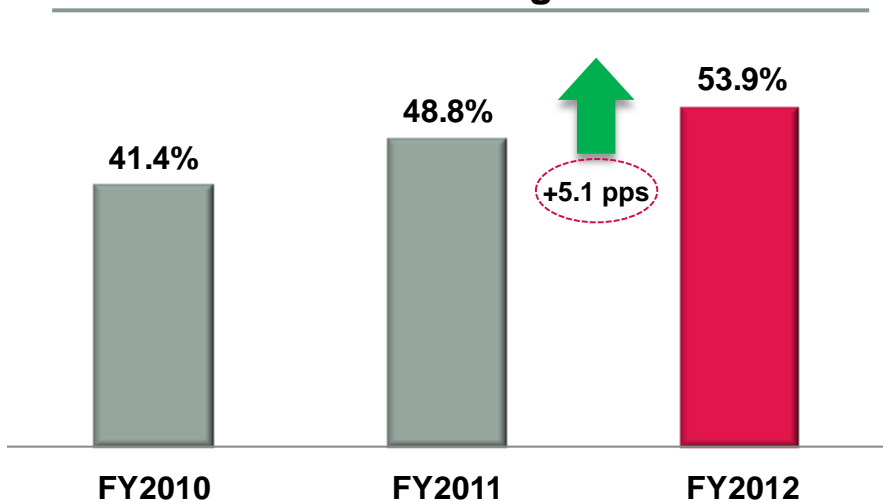
Creating Sustainable Value in Thailand



VONB (\$m)



VONB Margin



■ Premier Agency

- Upgraded recruitment and training
- Agency productivity improvements
- Number one MDRT with qualifiers up 26%

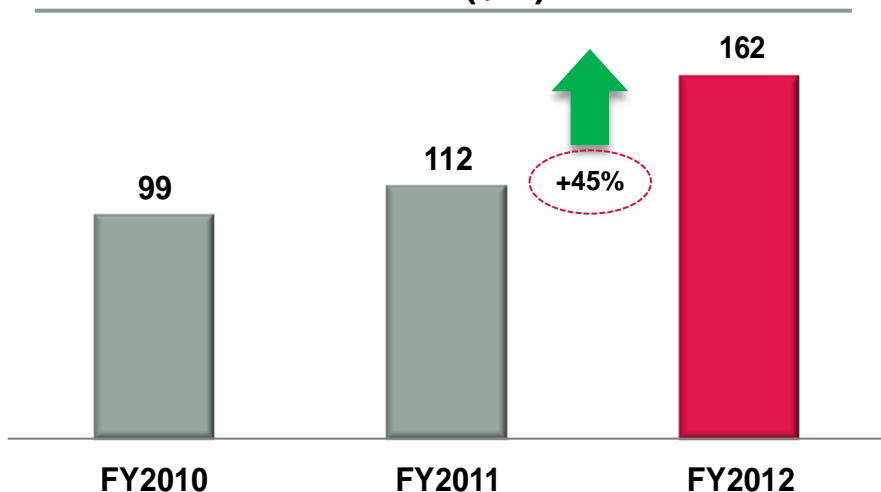
■ Product Alignment

- Reinforced leadership in life and health
 - Launched AIA Health Lifetime
- Focus on 7 million in-force customers
 - Promoted “Double Sum Assured” campaign to existing customers
- Protection business VONB up 30%
- Group insurance VONB growth over 90%

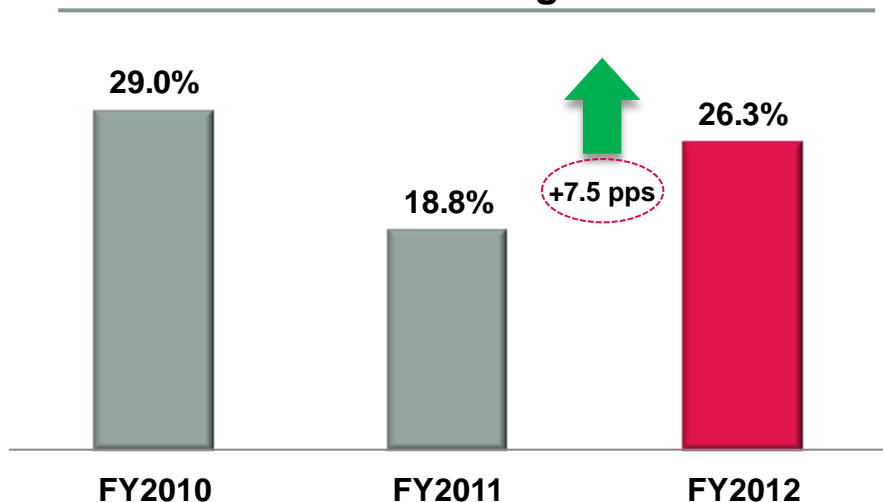
Creating Sustainable Value in Other Markets



VONB (\$m)



VONB Margin



Australia

- Fastest growing life company in 2012
- Premier IFA VONB grew by 78%
- Established independent risk specialist
- Awarded 'Life Company of the Year'

Indonesia

- Strong sales of protection and unit-linked business driving VONB growth
- Enhanced training programme for agents
- Active agents up 37%
- Excellent performance from BCA, CIMB and other bank partners

Philippines

- Outstanding VONB growth
- Active agents up by 16%
- MDRT qualifiers up 59%
- BPI partnership VONB trebled

2012 Group Review

Mark Tucker

2012 Financial Results

Garth Jones

2012 Business Review

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

Creating Sustainable Value

Mark Tucker

AIA – Creating Sustainable Value

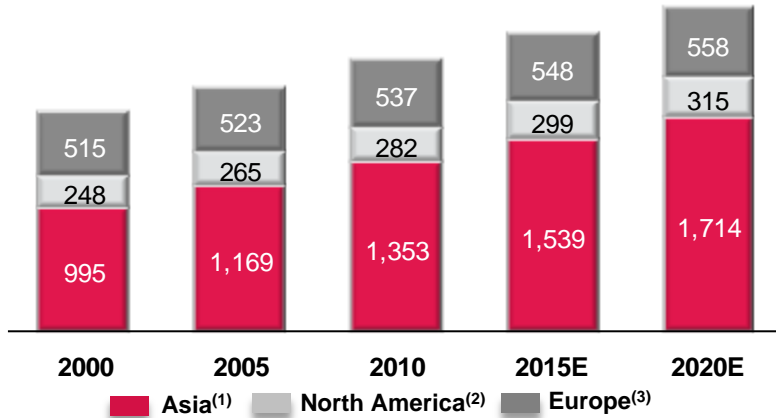




Enormous Asian Growth Opportunity

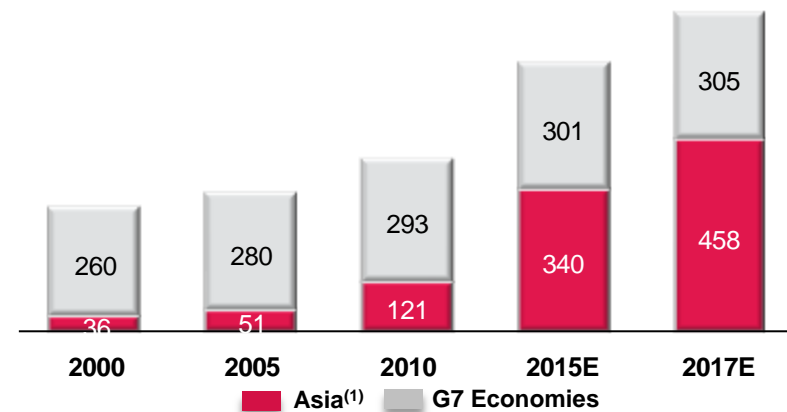
Rapid Urbanisation

Urban population (Millions)



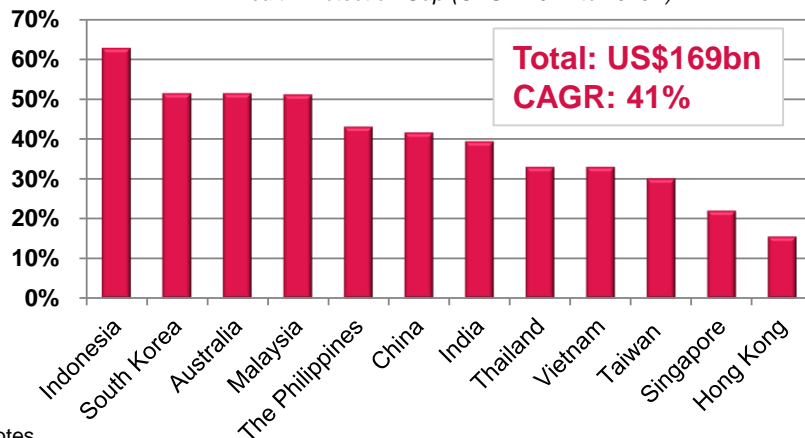
Growth in Disposable Incomes

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



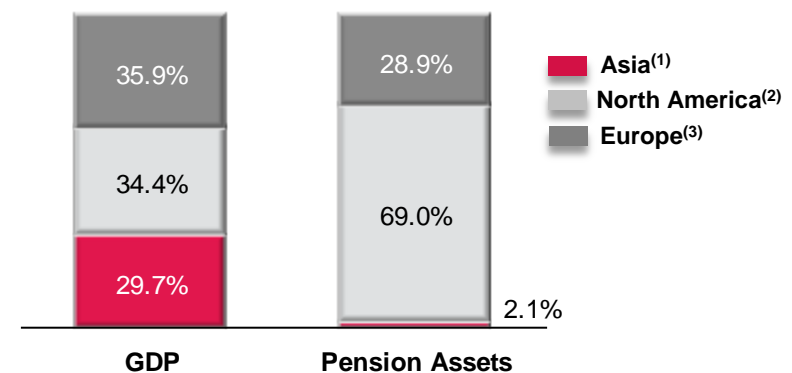
Rising Demand for A&H

Health Protection Gap (CAGR 2011 to 2020E)



Retirement Savings Still at a Nascent Stage

2011



Notes

(1) Asia excludes Japan (2) North America includes U.S. and Canada (3) Europe includes Eurozone countries, Norway, Switzerland and UK

Source: World Economic Outlook Database April 2012, Swiss Re, World Health Organisation, OECD Health Data 2012, World Urbanization Prospects: The 2011 Revision, OECD Global Pension Statistics; EIU

Advantaged Platform to Capture Growth



- Only pure play pan-Asian life insurance company
- Advantaged scale and franchise with the market-leading brand
- Proprietary distribution with direct access to the Asian consumer
- Broad, diversified and innovative products and customer services
- Exceptional financial strength and cash flow to capture opportunities

Right Priorities for 2013



Distribution Effectiveness



Product Targeting



Customer Engagement

- Premier Agency implementation
- Recruit next generation
- Expand bancassurance relationships
- Group insurance opportunity

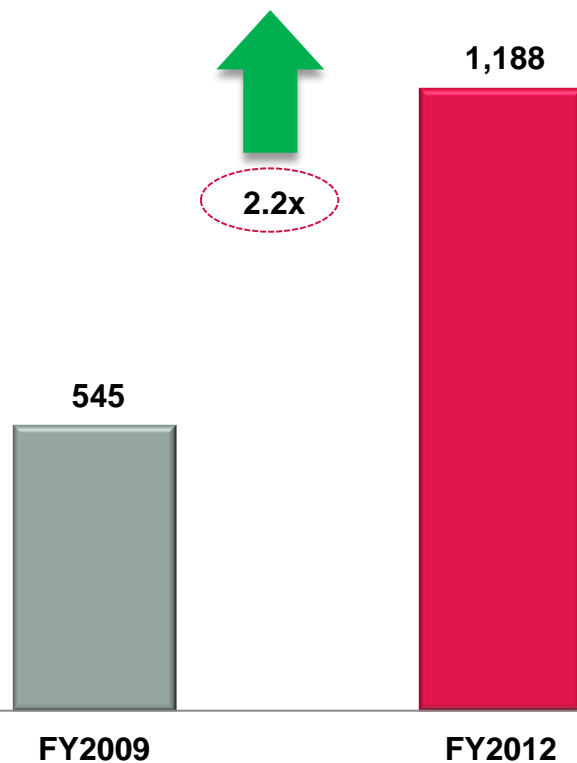
- Tailored by channel, market and segment
- Integrated savings and protection
- Comprehensive protection products
- Easier to sell and to understand

- Customer experience transformation
- Existing Customer Management focus
- Better analytics and segmentation
- iPoS roll-out

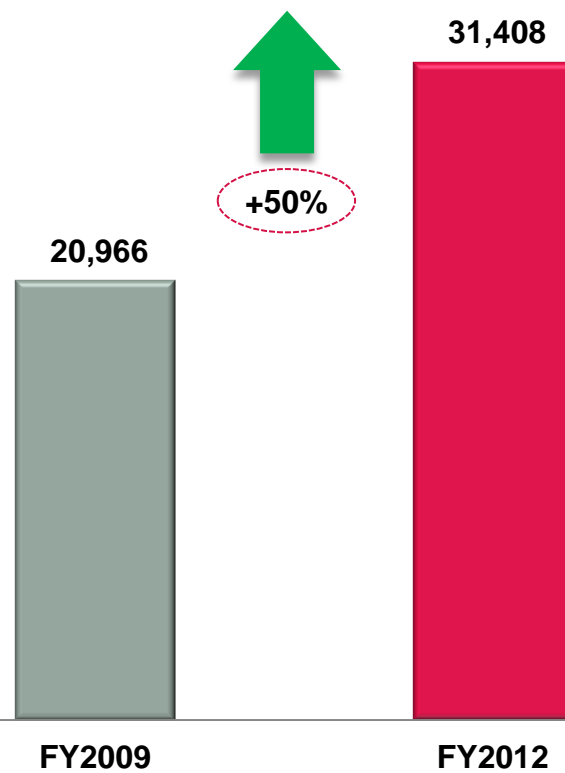
Record of Delivery



Doubled VONB (\$m)



EV up 50% (\$m)



AIA – Creating Sustainable Value

- **Significant growth opportunities**
 - **Asia-based and Asia-focused**
 - **Advantaged platform**
 - **Execute relentlessly on priorities**
 - **Ideally positioned to capture growth**
- 
- A large, light gray watermark of the AIA logo is centered in the background. It features a circular emblem with a stylized mountain range and a sun or moon, with the letters 'AIA' prominently displayed below the emblem.



2012 Results Presentation

CREATING SUSTAINABLE VALUE



Definitions and Notes



- Hong Kong market includes Macau; Singapore market includes Brunei; Other Markets includes Australia, New Zealand, the Philippines, Indonesia, Vietnam and Taiwan
- ANP excludes corporate pension business
- VONB is after unallocated Group Office expenses and adjustment to reflect additional Hong Kong reserving and capital requirements; includes corporate pension business and is shown before minorities
- VONB Margin = VONB / ANP. VONB for the margin calculations excludes corporate pension business to be consistent with the definition of ANP.
- VONB and VONB Margin by market are based on local statutory basis and exclude unallocated Group Office expenses
- VONB and VONB Margin by distribution are based on local statutory basis and exclude unallocated Group Office expenses and corporate pension business
- Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and the minimum regulatory required capital. For branches of AIA Co. and AIA-B, the statutory liabilities are based on HKICO statutory accounting and the required capital based on 150% HKICO minimum solvency margin
- Investment income and invested assets composition exclude unit-linked contracts
- Investment return is defined as investment income with the addition of realised and unrealised gains and losses as a percentage of average invested assets
- Investment yield is defined as net investment income as a percentage of average policyholder and shareholder invested assets for the relevant periods (i.e. excluding unit-linked investments); AIA's net investment income does not include realised or unrealised gains and losses
- Operating expense and expense ratio exclude restructuring costs
- Operating margin defined as Operating profit before tax as a percentage of Total Weighted Premium Income
- Operating profit after tax, net profit and shareholders' equity are shown post minorities
- Operating profit before tax excludes non-operating items such as investment experience, investment income and investment management expenses related to unit-linked contracts, corresponding changes in insurance and investment contract liabilities in respect of unit-linked contracts and participating funds and other significant items considered to be non-operating income and expenses