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PRIVATE AND CONFIDENTIAL

18 October 2010

The Directors
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Dear Sirs

ACTUARIAL CONSULTANTS' REPORT

1. Introduction

AIA Group Limited ("AIA Group", "you" or the "Company") has prepared, in respect of AIA Group and its subsidiaries, the embedded value ("EV") as at 31 May 2010, the Value of New Business ("VONB") for the six month period 1 December 2008 to 31 May 2009, the twelve month period 1 June 2009 to 31 May 2010, and the three month period 1 June 2010 to 31 August 2010 together with certain sensitivity tests. The Company has also prepared an analysis of movement in the EV from 30 November 2009 to 31 May 2010.

Towers Watson Pennsylvania Inc. trading as Towers Watson ("Towers Watson", "we" or "us") has been engaged jointly by AIA Group and American International Group Inc., to perform certain review work and provide opinions on certain matters relating to these results, in connection with the listing of AIA Group on the Hong Kong Stock Exchange.

This report has been produced for inclusion in this document (the "Prospectus"), and sets out the scope of work that we have been engaged to undertake and summarise the results of our review. This report also summarises the methodology and assumptions chosen by the AIA Group and the results calculated by the Company.

This report should be read in conjunction with the rest of the Prospectus which provides a more complete description of the Company's various businesses and related risk factors. The reader's attention is also drawn to Section 9 of this report which sets out certain reliances and limitations relating to the use of this report.

Towers Watson is acting exclusively for AIA Group, American International Group Inc. and no-one else in connection with the listing of shares of the Company. This report is not addressed to, and may not be relied upon, by any third party for any purpose whatsoever.

2. Scope of work

2.1 Scope

The scope of our work was as follows:

- to review and report on the methodology and assumptions used by the Company to calculate the EV as at 31 May 2010 and VONB for the twelve months preceding 31 May 2010;

- to review and report on the following results prepared by the Company (collectively the "EV Results"):
  - — the EV of AIA Group as at 31 May 2010;
  - — the VONB for the twelve month period 1 June 2009 to 31 May 2010, for the six month period 1 December 2008 to 31 May 2009 and for the three month period 1 June 2010 to 31 August 2010;
  - — the analysis of movement in the EV of AIA Group from 30 November 2009 to 31 May 2010;
  - — the sensitivity tests of the value of in-force business as at 31 May 2010 and of the VONB for the twelve month period 1 June 2009 to 31 May 2010 to changes in certain assumptions.

Our review of the results was designed to confirm whether the EV Results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this report.

2.2 Entities included in our review

AIA Group, a company incorporated in Hong Kong, operates through a number of subsidiaries and branches. Its two main operating subsidiaries are American International Assurance Company, Limited ("AIA"), a subsidiary of AIA Group and American International Assurance Company (Bermuda) Limited ("AIA-B"), a subsidiary of AIA. Furthermore, AIA has branches located in Brunei, China, Singapore and Thailand and AIA-B has branches located in Hong Kong, Korea, Macau, New Zealand and Taiwan.

The scope of our review includes the business written by AIA, the branches of AIA and AIA-B and their insurance subsidiaries in Australia, Hong Kong, Indonesia, Malaysia, the Philippines and Vietnam.

The following is a full list of the entities included in our review and shows the mapping of these entities to "Business Units" for the purpose of this report.

- AIA Australia refers to AIA Australia Limited, a subsidiary of AIA;
- AIA China refers to the Chinese branches of AIA;
- AIA Hong Kong refers to the total of the following three entities:
  - — the Hong Kong and Macau branches of AIA-B;
  - — the Hong Kong and Macau business written by AIA; and
  - — AIA Pension & Trustee Company Limited, a subsidiary of AIA.
- AIA Indonesia refers to PT AIA Financial, a subsidiary of AIA-B;
- AIA Korea refers to the Korean branch of AIA-B;
- AIA Malaysia refers to American International Assurance Bhd., a subsidiary of AIA;
- AIA New Zealand refers to the New Zealand branch of AIA-B;

- Philamlife refers to The Philippine American Life and General Insurance Company, an AIA subsidiary;
- AIA Singapore refers to the Singaporean and Brunei branches of AIA;
- AIA Taiwan refers to the Taiwanese branch of AIA-B;
- AIA Thailand refers to the Thailand branches of AIA; and
- AIA Vietnam refers to AIA (Vietnam) Life Insurance Company Limited, a subsidiary of AIA-B.

In addition, we note that the entity Tata AIG Life Insurance Limited, which is 26% owned by AIA-B, has been included in the Group adjusted net worth presented in this report on an IFRS equity method accounting basis.

The summary of the EV of AIA Group by Business Unit shown in Appendix A to this report also includes a segment for "Corporate and Other" results. The results shown for this segment consist of the adjusted net worth for AIA Group's corporate functions and the present value of remittance taxes payable on distributable profits to Hong Kong. The adjusted net worth has been derived by the Company as the IFRS equity for this segment plus mark-to-market adjustments less the value of excluded intangible assets.

3. Embedded value methodology

3.1 Introduction

The EV is a measure of the value of shareholders' interests in the earnings distributable from assets allocated to the in-force business after allowance for the aggregate risks in that business.

AIA Group uses a traditional deterministic discounted cash flow methodology for determining its EV and VONB. This methodology makes implicit allowance for all sources of risk including the cost of investment return guarantees and policyholder options, asset/liability mismatch risk, credit risk, the risk that actual experience in future years differs from that assumed, and for the economic cost of capital, through the use of a risk adjusted discount rate. Typically, the higher the risk discount rate, the greater the allowance for these factors.

3.2 Embedded value and value of new business

A traditional actuarial appraisal valuation develops the economic value of an insurance company from the following components:

- Group adjusted net worth ("ANW");
- Value of in-force business ("VIF"); and
- VONB.

The sum of the first two components is referred to in this report as the Group embedded value ("Group EV").

The business included in the VIF and VONB calculations includes all life business written within the Group, plus other lines of business which may not be classified as life business but have similar characteristics. These include Accident & Health, Group and Pensions businesses. The projected in-force business included in the VIF also incorporates expected renewals on short term business with a term of one year or less.

ANW is the market value of assets in excess of the assets backing the policy reserves and other liabilities of the life (and similar) business of AIA Group, plus the IFRS equity value (excluding the value of intangible assets) of other activities, such as general insurance business. It excludes any amounts not attributable to the shareholders of AIA Group. The market value of investment properties and property held for use used to determine the ANW is based on the fair value disclosed in AIA Group's IFRS financial statements as at the valuation date. It is AIA Group's policy to obtain external property valuations annually except in the event of a discrete event occurring in the interim that has a significant impact on the fair value of the properties.

The VIF is the present value of projected after-tax statutory profits emerging in the future from the current in-force business less the cost arising from holding the required capital ("CoC") to support the in-force business. CoC is calculated as the face value of the required capital as at the valuation date less the present value of the net of tax investment return on the shareholder assets backing the required capital less the present value of projected releases from the assets backing the required capital. Where the required capital may be covered by policyholder assets such as surplus assets in a participating fund there is no associated cost of capital included in the VIF or VONB.

The VONB is the present value, measured at point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period less the cost of holding required capital in excess of regulatory reserves to support this business. The VONB for AIA Group is calculated before deducting the amount attributable to non-controlling interests. The VONB attributable to non-controlling interests was US$1m for the twelve month period ending 31 May 2010.

A deduction has been made from the Group EV and VONB for the present value of future after-tax group office expenses, representing the expenses incurred by the group staff departments which are not allocated to the Business Units. These group office expenses have been allocated to acquisition and maintenance activities, and a deduction made from the VONB and VIF respectively.

We note that for Business Units that are in a development phase, or where the new business volumes during the period were lower than in previous years, the VONB has been determined using expected future acquisition expense assumptions rather than actual acquisition expenses during the valuation period. Any excess of actual acquisition expenses in the period (including commissions) over the acquisition expense allowances during the period has not been deducted from the VONB figures presented in this report. The amount of the excess of acquisition expenses over the allowances included in the VONB for AIA Group for the twelve month period ending 31 May 2010 is shown in Section 5.5 of this report.

Certain elements of the methodology used by AIA Group to determine EV and VONB are outlined in the remainder of this section of the report. The assumptions used by the Company to calculate the projected future cash flows are described in Section 5 of this report.

3.3 Definition of new business

New business includes the sale of new contracts during the period, additional single premium payments on recurrent single premium contracts and increments to existing contracts where these are not variations allowed for in the calculation of the VIF. The VONB also includes the present value of cash flows associated with new policies written during the reporting period but subsequently terminated before the valuation date.

For group yearly renewable term business, new business is composed of new schemes set up during the period plus any premium payable on existing schemes that exceeds 125% of the prior year's premium.

For short-term accident and health business with a term of one year or less, renewals of existing contracts are not considered new business, and the value of expected renewals on this business is included in the VIF.

For corporate pensions business, only new schemes set up during the period are considered as new business for the calculation of the VONB.

New business volumes shown in this Report are measured using Annualised New Premiums ("ANP"), which is an internal measure of new business sales. This is equal to 100% of the annualised regular premiums on newly issued recurring premium contracts plus 10% of the single premiums received. It excludes new business sales for corporate pensions business.

3.4 Consolidation of Hong Kong branches

AIA Group's subsidiaries, AIA and AIA-B, are both Hong Kong regulated entities. As described above, AIA Group operates in a number of territories as branches of these entities. Therefore, the business written in these branches is subject to the local reserving and capital requirements in the relevant territory and the Hong Kong reserving and capital requirements applicable to AIA and AIA-B.

For these branches, the consolidated AIA Group EV Results shown in Section 4 and Appendix A have been calculated reflecting the more onerous of the Hong Kong and branch level regulatory reserving and capital requirements. This was done because the ultimate distribution of profits to AIA Group shareholders from AIA and AIA-B will depend on both the Hong Kong and the local regulatory reserving and capital requirements. At the end of May 2010, the more onerous reserving basis for both AIA and AIA-B was the Hong Kong regulatory basis. This impact is shown as a group level adjustment to the EV and VONB. The EV and VONB for each Business Unit reflect only the local reserving and capital requirements, as discussed in Section 3.6.

3.5 Valuation of future statutory losses

For certain lines of business, projected future statutory profits are negative due to the local statutory reserves being insufficient to meet the value of future policyholder cash flows. Within a traditional embedded value framework, there are a number of acceptable methods for determining the value of a combination of positive and negative statutory profits for different lines of business.

For the purposes of this valuation, future projected statutory losses have been valued by discounting them at the risk discount rate for the relevant Business Unit. This has been done because the allowance for risk in the range of selected risk discount rates for each Business Unit has been set taking into account the presence of any such business lines with projected statutory losses. Also, the currently more onerous Hong Kong regulatory reserving requirements for the branches of AIA and AIA-B have the effect of reducing the level of any future projected statutory losses for these Business Units. Based on the central assumptions described in Section 5, and allowing for the Hong Kong statutory reserving and capital requirements for the branches of AIA and AIA-B, the overall projected annual distributable profits from the current in-force business and the assets backing the required capital of AIA Group are positive over the remaining lifetime of the business.

3.6 Required capital

Each of the Business Units has to hold shareholder capital in addition to the assets backing the insurance liabilities. This is for a number of reasons including to satisfy regulatory capital requirements.

AIA Group's assumed levels of required capital for each Business Unit are set out in the table below. Further, the consolidated EV Results for AIA Group have been calculated reflecting the more onerous of the Hong Kong and branch level local regulatory reserving and capital requirements for AIA and AIA-B.

TABLE 3.1

Required capital by Business Unit

Business Unit	Required Capital
AIA Australia	100% of the regulatory capital adequacy requirement
AIA China	100% of required minimum solvency margin
AIA Hong Kong	150% of required minimum solvency margin(1)
AIA Indonesia	120% of regulatory risk-based capital requirement (standard basis)
AIA Korea	150% of regulatory risk-based capital requirement
AIA Malaysia	170% of regulatory risk- based capital requirement
AIA New Zealand	100% of the local regulatory requirement(2)
Philamlife	100% of regulatory risk-based capital requirement
AIA Singapore — Brunei business	100% of the local regulatory requirement
AIA Singapore — Singapore business	200% of regulatory risk-based capital requirement
AIA Taiwan	200% of regulatory risk-based capital requirement
AIA Thailand	150% of required minimum solvency margin
AIA Vietnam	100% of required minimum solvency margin

(1) The assumed level of required capital for AIA Hong Kong is also used for the branches of AIA and AIA-B in the calculation of the consolidated EV Results of AIA Group

(2) The local regulatory standard is considered to be defined by the Professional Standards of the New Zealand Society of Actuaries

4. Results

4.1 Embedded value

This section of the report summarises the embedded value calculated by the Company.

The Group EV as at 31 May 2010 is detailed in the table below. The EV figures are presented under three different risk discount rate scenarios, entitled "Low", "Central" and "High". The risk discount rates for each Business Unit are set out in Table 5.3 of this report.

TABLE 4.1

AIA Group EV as at 31 May 2010
(US$ millions)

	Risk discount rate		
Components of EV	**Low**	**Central**	**High**
Group ANW (local statutory basis)	13,598	13,598	13,598
Adjustment to ANW to reflect Hong Kong reserving requirements[1]	(5,542)	(5,542)	(5,542)
Group ANW (after allowing for Hong Kong reserving requirements)	**8,056**	**8,056**	**8,056**
VIF after tax and before CoC (local statutory basis)	14,578	12,124	10,402
Less: CoC (local statutory basis)	(861)	(1,289)	(1,579)
VIF before group office expenses (local statutory basis)	**13,716**	**10,835**	**8,823**
Adjustment to VIF to reflect Hong Kong reserving and capital requirements[1]	4,162	3,631	3,207
After-tax value of group office expenses	(631)	(544)	(479)
VIF (after Hong Kong reserving and capital requirements and group office expenses)	**17,247**	**13,922**	**11,551**
Group EV	**25,303**	**21,978**	**19,606**

Note: The figures may not be additive due to rounding

(1) Adjustment to Group EV for the branches of AIA and AIA-B, as described in Section 3.4 of this report

Tables A.1, A.2 and A.3 in Appendix A to this report provide greater detail on the EV of AIA Group under the three risk discount rate scenarios. Results are presented separately for the six largest Business Units, with those for the remaining Business Units included in the scope of our review presented together under the category "Other Markets".

The table below sets out the derivation of adjusted net worth from IFRS equity at 31 May 2010.

TABLE 4.2

AIA Group ANW as at 31 May 2010
(US$ millions)

IFRS equity attributable to shareholders of AIA Group		**16,547**
Elimination of IFRS deferred acquisition costs asset	(11,227)	
Difference between IFRS and local statutory policy liabilities (for entities included in EV Results)	6,889	(4,338)
Mark-to-market adjustment for property and mortgage loan investments, net of amounts attributable to participating funds		1,162
Elimination of intangible assets		(243)
Recognition of deferred tax impacts of above changes		529
Recognition of non-controlling interest impacts of the above adjustments		(61)
Group ANW (local statutory basis)		**13,598**
Adjustment to reflect Hong Kong reserving requirements, net of tax		(5,542)
Group ANW (after Hong Kong reserving requirements)		**8,056**

Note: The figures may not be additive due to rounding

The table below shows the breakdown of the ANW for AIA Group between the required capital, as defined in Section 3.6 of this report, and the free surplus, which is the ANW in excess of the required capital.

Table 4.3

Free surplus and required capital for AIA Group as at 31 May 2010 (US$ millions)

	Local statutory basis	**Hong Kong basis for branches of AIA and AIA-B**
Free surplus	10,653	4,070
Required capital	2,944	3,986
ANW	**13,598**	**8,056**

Table 4.4 shows how the after-tax distributable earnings from the assets backing the statutory reserves and required capital of the in-force business of AIA Group are projected to emerge over future years. The projected values are based on the central assumptions described in Section 5 of this report and reflect the Hong Kong reserving and capital requirements for the branches of AIA and AIA-B. The profile of distributable earnings is shown on an undiscounted and discounted basis, with the discounted values calculated at the central risk discount rate for each Business Unit. The discounted value of after-tax distributable earnings of US$17,909m is equal to the Group EV, at the central risk discount rate, of US$21,978m shown in Table 4.1 less the free surplus of US$4,070m shown in Table 4.3.

TABLE 4.4

Profile of projected after-tax distributable earnings for AIA Group (US$ millions)

Financial year	Undiscounted	Discounted
2010 – 2015	10,892	8,784
2016 – 2020	7,953	3,904
2021 – 2025	7,218	2,344
2026 – 2030	5,783	1,233
2030 +	23,427	1,643
Total	**55,273**	**17,909**

Note: The figures may not be additive due to rounding

4.2 Value of new business

This section of the report summarises the VONB calculated by the Company.

The VONB for AIA Group for the period from 1 June 2009 to 31 May 2010 is summarised in the table below. The VONB figures are presented under three different risk discount rate scenarios, entitled "Low", "Central" and "High". The risk discount rates for each Business Unit are set out in Table 5.3 of this report and are the same as those used for the VIF.

The table also shows the New Business Margin for AIA Group. The New Business Margin is defined as the present value, at the point of sale, of the projected after-tax statutory profits less the cost of required capital (i.e. the VONB), excluding corporate pension business, expressed as a percentage of ANP. The VONB for corporate pension business is excluded from the margin calculation to be consistent with the definition of ANP.

TABLE 4.5

AIA Group VONB for period 1 June 2009 to 31 May 2010
(US$ millions)

	Risk discount rate		
Components of VONB	**Low**	**Central**	**High**
VONB after tax and before CoC (local statutory basis)	1,007	809	661
Less: CoC (local statutory basis)	(68)	(100)	(119)
VONB before group office expenses (local statutory basis)	**939**	**709**	**542**
Adjustment to VONB to reflect Hong Kong reserving and capital requirements(1)	(26)	(49)	(70)
VONB before group office expenses (after Hong Kong reserving and capital requirements)	**913**	**660**	**472**
After-tax value of group office expenses	(49)	(43)	(40)
VONB (after Hong Kong reserving and capital requirements and group office expenses)	**865**	**617**	**432**
VONB excluding corporate pensions business	854	608	426
ANP(2)	1,992	1,992	1,992
New Business Margin	**43%**	**31%**	**21%**

Note: The figures may not be additive due to rounding

(1) Adjustment to VONB for the branches of AIA and AIA-B, as described in Section 3.4 of this report

(2) ANP = Annualised New Premiums = annualised regular premiums plus 10% of single premiums for new business. ANP excludes the new business from AIA Group's corporate pension business.

Tables A.4, A.5 and A.6 in Appendix A to this report detail the VONB per Business Unit under the three risk discount rate scenarios. Results are presented separately for the six largest Business Units, with those for the remaining Business Units included in the scope of our review presented together under the category "Other Markets".

Table A.7 in Appendix A shows the breakdown of the VONB for AIA Group by quarter for the twelve months to 31 May 2010. Table A.8 shows the New Business Margin for AIA Group for each quarter. For comparison purposes, the quarterly VONB and New Business Margin for the three month periods 1 December 2008 to 28 February 2009 and 1 March 2009 to 31 May 2009 are also shown in Tables A.7 and A.8.

Table A.9 shows the New Business Margin for the six month periods 1 December 2008 to 31 May 2009, 1 June 2009 to 30 November 2009 and 1 December 2009 to 31 May 2010. The New Business Margin is shown separately for the six largest Business Units, with those for the remaining Business Units included in the scope of our review presented together under the category "Other Markets".

Table A.10 shows the VONB and New Business Margin by Business Unit for the period 1 June 2010 to 31 Augusts 2010. The results are shown separately for the six largest Business Units, with those for the remaining Business Units included in the scope of our review presented together under the category "Other Markets".

4.3 Analysis of movement

Table 4.6 shows the analysis of movement in the EV from 30 November 2009 to 31 May 2010 calculated by the Company at the central risk discount rate.

TABLE 4.6

Analysis of movement in EV of AIA Group from 30 November 2009 to 31 May 2010 (US$ millions)

	ANW	VIF	EV
Opening EV	**7,765**	**13,201**	**20,965**
Value of new business	(300)	603	303
Expected return on EV	1,246	(311)	935
Operating experience variances	(80)	31	(49)
Operating assumption changes	(82)	102	20
EV operating profit	**784**	**426**	**1,209**
Investment return variances	(417)	287	(130)
Effect of changes in economic assumptions	—	(29)	(29)
Other non-operating variances	(160)	68	(92)
Total EV profit	**206**	**751**	**958**
Capital/Dividend movements	—	—	—
Effect of changes in exchange rates	85	(29)	55
Ending EV	**8,056**	**13,922**	**21,978**

Note: The figures may not be additive due to rounding

The value of new business shown in Table 4.6 is the VONB at the point of sale written during the six month period 1 December 2009 to 31 May 2010. This does not include any excess of actual acquisition expenses over the unit cost assumptions which is reflected in the operating experience variances.

The expected return on EV is the expected change in the EV resulting from projecting the EV at the start of the period and the VONB from the point of sale to 31 May 2010 using the best estimate assumptions.

The operating experience variances reflect the impacts on the ANW and VIF caused by differences between the actual experience during the period and that expected on the operating assumptions. The main operating variances (net of tax) are:

- An expense variance of US$(69)m which includes the excess of actual acquisition expenses over the unit cost assumptions during the period;
- A mortality and morbidity claims variance of US$58m;
- A persistency variance of US$(26)m; and
- Other variances of US$(12)m.

The operating assumption changes reflect changes in the assumptions in respect of expected future operating experience between the start and end of the period. This includes the impact on the EV of changes in the operating assumptions used in the regulatory reserving bases for AIA Group.

The EV operating profit is the sum of the VONB, the expected return on EV, the operating experience variances and the operating assumption changes.

The investment return variances arise from the impact of differences between the actual investment returns in the period and the expected investment returns. This includes the impact on the EV of changes in the economic assumptions used in the regulatory reserving bases for AIA Group. The most significant contributions to the investment return variances relate to actual government bond yields in Thailand and China being lower than the Company's assumptions. This caused an increase in the Hong Kong statutory reserving and capital requirements for these branches of AIA, which resulted in a reduction in the EV.

The other non-operating variances reflect the following:

- Changes in legislation such as taxation during the period which resulted in a increase in the EV of US$48m;
- A change in the allowance for remittance taxes to deduct the present value of expected remittance taxes payable on the VIF which caused a change in the EV of US$(60)m;
- A change in the approach for calculating the statutory reserves on a Hong Kong regulatory basis for certain policyholder options and guarantees. This caused a change in the EV of US$(41)m; and
- Other modelling enhancements made during the period 30 November 2009 and 31 May 2010 which caused a change in EV of US$(40)m.

The EV profit is the total of the EV operating profit, the investment return variances, the effect of economic assumption changes and the other non-operating variances.

The effect of changes in exchange rates reflects the gains and losses in respect of exchange rate movements over the period.

5. Assumptions

5.1 Introduction

This section summarises the assumptions used by the Company to determine the EV as at 31 May 2010 and the VONB for the twelve months to 31 May 2010 and highlights certain differences in assumptions between the EV as at 30 November 2009 and the EV as at 31 May 2010. It also outlines the basis for the assumptions used to determine the VONB for the six month period 1 December 2008 to 31 May 2009 and for the three month period 1 June 2010 to 31 August 2010.

5.2 Investment returns

AIA Group has set the assumed long-term future returns for fixed income assets to reflect its view of expected returns having regard to historical returns, estimates of long-term forward rates from yields available on government bonds and current bond yields. In determining returns on fixed income assets the Company allows for the risk of default, and this allowance varies by credit rating of the underlying asset.

Where these long-term views of investment return assumptions differ from current market yields on existing fixed income assets such that there would be a significant impact on value, an adjustment was made to make some allowance for the current market yields. In these cases, in calculating the VIF, returns are assumed to grade from the current market yield to the long term returns linearly over the estimated mean term of the existing fixed income assets.

Furthermore, for AIA Thailand, where market yields as at the valuation date of 31 May 2010 are substantially lower than the long-term assumptions a further adjustment was made to the investment return assumptions such that the investment returns on existing fixed interest assets are set consistently with the current market yield on these assets for their full term, to be consistent with the valuation of the assets backing the policy liabilities.

AIA Group has set the equity return assumptions by reference to the return on 10-year government bonds, allowing for an internal assessment of equity risk premia that vary by territory subject to a maximum equity risk premium of 600 basis points.

For each Business Unit, the non-linked portfolio is divided into a number of distinct product groups, and the returns for each of these product groups have been derived by considering current and future targeted asset mix and associated investment returns for major investment classes.

For unit-linked business, fund growth assumptions have been determined based on actual fund mix at the valuation date and expected long-term returns for major asset classes.

Table 5.1 summarises the assumed long-term investment returns for the major asset classes for each Business Unit as at 31 May 2010. The returns shown are gross of tax and investment expenses. The fixed income investment return assumption shown is the weighted average, weighted by the assumed asset mix, of the assumptions for all fixed income assets. The majority of fixed income assets are government and corporate issued bonds.

TABLE 5.1

Long-term investment return assumptions by Business Unit as at 31 May 2010 (%)

Business Unit	10-yr government bonds	Fixed income	Local equities
AIA Australia	5.75	5.97	8.15
AIA China	3.74	4.15	9.74
AIA Hong Kong(1)	3.83	5.48	8.48
AIA Indonesia (Rupiah denominated business)	8.94	9.37	12.86
AIA Korea	5.16	5.29	8.58
AIA Malaysia	4.46	4.68	8.34
AIA New Zealand	6.30	6.16(2)	n/a(3)
Philamlife (Peso denominated business)	7.47	7.88	11.16
AIA Singapore — Brunei business	2.93	4.24	8.00
AIA Singapore — Singapore business	2.93	3.67	8.00
AIA Taiwan	1.73	2.81	6.87
AIA Thailand	4.16	4.86	10.16
AIA Vietnam	9.25	9.22(2)	n/a(3)

(1) The majority of AIA Hong Kong's assets and liabilities are denominated in U.S. dollars. The 10-year government bond assumption is for U.S. dollar denominated bonds.

(2) The fixed income returns are lower than the 10-year government bond assumptions for these Business Units reflecting the lower investment return assumptions on shorter duration fixed income asset classes

(3) The assumed asset allocations do not include equities for these Business Units

For the majority of Business Units, the long-term investment return assumptions shown in Table 5.1 were also used to determine the EV as at 30 November 2009. Table 5.2 shows the long-term investment return assumptions for the major asset classes as at 30 November 2009 where these differ from those assumed as at 31 May 2010.

TABLE 5.2

Long-term investment return assumptions by Business Unit as at 30 November 2009 (%)

Business Unit	10-yr government bonds	Fixed income	Local equities
AIA Indonesia (Rupiah denominated business)	11.00	11.30	13.48
AIA Korea	5.16	5.29	9.08
AIA Taiwan	1.73	2.62	6.87

The VONB for the six month period ending 31 May 2009 and the six month period ending 30 November 2009 have been determined using the investment return assumptions as at 30 November 2009. The VONB for the six month period ending 31 May 2010 and the three month period ending 31 August 2010 have been determined using the investment return assumptions as at 31 May 2010.

5.3 Risk discount rates

The risk discount rates for each Business Unit can be considered as the sum of the appropriate risk free rate, to reflect the time value of money, and a risk margin to make allowance for the risk profile of the business.

AIA Group has generally set the central risk discount rates to be equal to the estimated cost of equity capital for each Business Unit within AIA Group. The cost of equity capital is derived using an estimated long-term risk free interest rate, an equity risk premium and a market risk factor. In some cases, adjustments have been made by the Company to reflect territorial or Business Unit specific factors.

Sensitivities are shown to the level of the risk discount rate. The high and low risk discount rates are 2 percentage points above and below the central risk discount rate. In calculating values at alternative risk discount rates, all other assumptions, including those relating to investment returns, have been left unchanged. The present value of unallocated group office expenses has been calculated using the AIA Hong Kong risk discount rates.

The risk discount rates set by AIA Group for each Business Unit are shown in the table below. The same risk discount rates were used by the Company for all the results shown in this report.

TABLE 5.3

Risk discount rates by Business Unit

Business unit	Low	Central	High
AIA Australia	6.75%	8.75%	10.75%
AIA China	8.00%	10.00%	12.00%
AIA Hong Kong	6.00%	8.00%	10.00%
AIA Indonesia (U.S. dollar denominated business)	10.50%	12.50%	14.50%
AIA Indonesia (Rupiah denominated business)	15.00%	17.00%	19.00%
AIA Korea	9.00%	11.00%	13.00%
AIA Malaysia	7.00%	9.00%	11.00%
AIA New Zealand	7.00%	9.00%	11.00%
Philamlife	12.00%	14.00%	16.00%
AIA Singapore	5.75%	7.75%	9.75%
AIA Taiwan	6.00%	8.00%	10.00%
AIA Thailand	8.00%	10.00%	12.00%
AIA Vietnam	14.00%	16.00%	18.00%

For the branches of AIA and AIA-B, the consolidated AIA Group EV Results reflecting the Hong Kong reserving and capital requirements have been calculated using the risk discount rates shown in Table 5.3.

5.4 Persistency

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender), premium persistency, premium holidays, partial withdrawals and retirement rates for pension products.

Assumptions have been developed by each of the Business Units based on their recent historical experience, and their best estimate expectations of current and expected future experience. Persistency assumptions vary by policy year and product type with different rates for regular and single premium products.

Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions.

In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

5.5 Expenses

For the established Business Units, the expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate firstly total expenses between acquisition and maintenance activities, and then to allocate these acquisition and maintenance expenses to various product categories to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expense assumptions have been determined for acquisition and maintenance activities, split by product type, and unit costs expressed as a percentage of premium, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy and claims handling efficiency.

Assumptions for commission rates and other sales related payments have been set in line with actual experience.

Maintenance expenses

For AIA China and AIA Vietnam, which are still in a development phase, expense assumptions were based on assumed long term levels of unit costs. Therefore, the estimated future maintenance expenses are in excess of the projected future expense allowances (based on long-term expected unit costs) for these Business Units. The Company has made a deduction in the VIF as at 31 May 2010 of the after tax net present value of the expected future maintenance expense overruns. The maintenance expense overrun has been calculated by projecting the future maintenance expense allowances generated each year, allowing for expected future new business volumes, and comparing these to the estimated future maintenance expenses.

For those units where there is a maintenance expense overrun, the amount of the estimated future maintenance expense overrun (before tax) is shown in the table below.

TABLE 5.4

Projected maintenance expenses above assumed long-term levels for AIA Group (by financial year) (US$ millions)

Business Unit	2nd Half 2010	2011	2012	2013	2014
AIA China	12	9	—	—	—
AIA Vietnam	2	4	3	3	1

Acquisition expenses

For Business Units that are in a development phase or where the new business volumes during the valuation period were lower than in previous years, the VONB has been determined using expected future acquisition expense assumptions rather than actual acquisition expenses during the valuation period. For the Business Units in a development phase, the acquisition expense assumptions have been set equal to expected long-term levels. For Business Units where new business volumes were significantly below historical levels, the expected acquisition expense assumptions have been derived using actual acquisition expenses and new business volumes for periods before 2009. Any excess of actual acquisition expenses (including commissions) over the unit cost assumptions has not been deducted from the VONB figures presented in this report.

While any projected excess of the acquisition expenses over the unit cost assumptions has not been included in the Group EV or VONB, the historical excess of actual acquisition expenses over the unit cost assumptions has reduced the amount of assets and hence the ANW component of the Group EV.

The before tax excess of the actual acquisition expenses above the acquisition expenses reflected in the VONB for AIA Group for the twelve month period ending 31 May 2010 is shown in the table below.

TABLE 5.5

Excess of acquisition expenses above acquisition expenses reflected in VONB (US$ millions)

Business Unit	
Business Units in a development phase	
AIA China	33
AIA Vietnam	5
Sub-total	38
Other Business Units	
AIA Hong Kong	34
AIA Korea	—
AIA Malaysia	—
AIA Singapore[(1)]	26
AIA Thailand	—
Other Markets excluding AIA Vietnam	3
Sub-total	63
Total	**101**

(1) This includes US$6m attributable to the participating fund

Group office expenses

Group office expense assumptions have been set, after excluding non-recurring expenses, based on actual acquisition expenses in the twelve month period to 31 May 2010 and actual and budgeted maintenance expenses for 2010. The group office acquisition expenses have been deducted from the VONB. The present value of the projected future group office maintenance expenses has been included in the Group EV. The maintenance expense assumptions in the VONB also allow for the allocation of group office expenses.

5.6 Expense inflation

The assumed expense inflation rates are based on expectations of long-term consumer price and salary inflation. The expense inflation assumptions are shown in the table below.

TABLE 5.6

Expense inflation assumptions by Business Unit as at 31 May 2010 (%)

Business Unit	Expense inflation
AIA Australia	3.25
AIA Brunei	2.0
AIA China	2.0
AIA Hong Kong	2.0
AIA Indonesia	6.0
AIA Korea	3.5
AIA Malaysia	3.0
AIA New Zealand	2.0
Philamlife	4.5
AIA Singapore	2.0
AIA Taiwan	1.0
AIA Thailand	2.0
AIA Vietnam	6.0 for 2010; 5.0 thereafter

Unallocated group office expenses are assumed to inflate by the weighted average of the Business Unit expense inflation rates.

5.7 Mortality

Assumptions have been developed by each Business Unit based on their recent historical experience, and their expectations of current and expected future experience. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Company.

For products that are exposed to longevity risk, an allowance has been made for expected improvements in mortality; otherwise no allowance has been made for mortality improvements.

5.8 Morbidity

Assumptions have been developed by each Business Unit based on their recent historical experience, and their expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

5.9 Reinsurance

Reinsurance assumptions have been developed by each Business Unit based on the reinsurance arrangements in-force as at the valuation date and the recent historical and expected future experience.

5.10 Policyholder dividends, profit sharing and interest crediting

The projected policyholder dividend, profit sharing and interest crediting assumptions set by each Business Unit that have been used in calculating the EV Results presented in this report, reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and each Business Unit's best estimate of future policies, strategies and operations consistent with the investment return assumptions used in the EV Results.

Participating fund surpluses have been assumed to be distributed between policyholders and shareholders via future final bonuses or at the end of the projection period so that there are no residual assets at the end of the projection period.

5.11 Taxation

The projections of distributable profits underlying the values presented in this report are net of corporate tax, based on current taxation legislation and corporate tax rates. The projected amount of tax payable in any year allows, where relevant, for the benefits arising from any tax loss carried forward.

The local corporate tax rates used by each Business Unit are set out in the table below.

TABLE 5.7

Local corporate tax rates by Business Unit (%)

Business Unit	Applicable taxation rate
AIA Australia	30.0
AIA China	25.0
AIA Hong Kong — Hong Kong business	16.5
AIA Hong Kong — Macau business	12.0
AIA Indonesia	28.0 for 2009; 25.0 thereafter
AIA Korea	24.2 until 31st March 2012; 22.0 thereafter
AIA Malaysia	25.0
AIA New Zealand	30.0 until year-end 2010; 28.0 thereafter
Philamlife	30.0
AIA Singapore — Brunei business	23.5
AIA Singapore — Singapore business	17.0
AIA Taiwan	25.0 until year-end 2010; 17.0 thereafter
AIA Thailand	30.0
AIA Vietnam	25.0

The tax assumptions employed in the valuation reflect the local corporate tax rates set out above. Where applicable, tax payable on investment income has been reflected in projected investment returns.

In China a new accounting standard for insurance contracts was issued by the Ministry of Finance in December 2009. For AIA China, the projected taxable profits in the EV as at 31 May 2010, the VONB for the year to 31 May 2010 and the VONB for the three months to 31 August 2010 have been calculated in accordance with this new accounting standard which is consistent with the tax treatment for the IFRS results. The EV as at 30 November 2009 and the VONB for the six months to 31 May 2009 have been calculated on the prior basis for determining taxable profits. We note that, at present, it is still uncertain whether future taxable profits for Chinese insurers will be based on the prior basis or the new accounting standard. The impact of this change on the EV is included in the other non-operating variances in the analysis of movement in the EV shown in Section 4.3.

The EV of AIA Group as at 31 May 2010 is calculated after deducting any remittance taxes payable on both the distribution of the ANW and VIF.

Where territories have an imputation credit system in place, e.g. Australia, no allowance has been made for the value of the imputation credits in the results shown in this report.

5.12 Statutory valuation bases

The projection of regulatory liabilities at future points in time assumes the continuation of the reserving methodologies used to value policyholder liabilities as at the valuation date.

5.13 Product charges

Management fees and product charges reflected in the VIF and VONB have been assumed to remain at existing levels.

5.14 Foreign exchange

The EV as at 30 November 2009 and 31 May 2010 have been translated into U.S. Dollars using exchanges rates as at each valuation date. The VONB results shown in this report have been translated into U.S. Dollars using the average rate, weighted by ANP, for each quarter. The other components of the EV profit shown in the analysis of movement of the EV have been translated using average rates for the period.

The exchange rates used are shown in Appendix B.

6. Sensitivity tests

The VIF at 31 May 2010 and the VONB for the twelve month period 1 June 2009 to 31 May 2010 have been recalculated by the Company to illustrate the sensitivity of the results to changes in certain of the central assumptions discussed in Section 5.

The sensitivities tested were:

- Investment return 0.5 percentage points per annum higher than the central assumptions.
- Investment return 0.5 percentage points per annum lower than the central assumptions.
- Lapse and premium discontinuance rates increased proportionally by 10% (i.e. 110% of the central assumptions).
- Lapse and premium discontinuance rates decreased proportionally by 10% (i.e. 90% of the central assumptions).
- Mortality/morbidity rates increased proportionally by 10% (i.e. 110% of the central assumptions).

- Mortality/morbidity rates decreased proportionally by 10% (i.e. 90% of the central assumptions).

- Maintenance expenses 10% lower than in the central case (i.e. 90% of central assumptions).

- Expense inflation set to 0%.

For the investment return sensitivities, projected bonus rates on participating business were changed to be consistent with the investment return assumption in the sensitivity test while all of the other assumptions and the statutory valuation bases were unchanged. For each of the remaining sensitivity tests, where bonus rates are set using a fixed proportion of surplus emerging from the participating fund, the projected bonus rates were changed to be consistent with sensitivity test assumptions, while all of the other assumptions and statutory valuation bases remain unchanged.

The results of the above sensitivity tests are shown in Table A.11 of Appendix A for in-force business and in Table A.12 of Appendix A for new business.

The sensitivities chosen do not represent the boundaries of possible outcomes, but instead illustrate how certain alternative assumptions would affect the results.

7. Towers Watson review

This section of the report describes the basis and approach we have adopted in performing our review of the Company's values.

7.1 Valuation methodology

The EV and VONB have been prepared by the Company using a deterministic discounted cash flow methodology. The methodology is consistent with the EV Guidance and Framework developed by AIA Group. Allowance for risk has been made through the use of risk-adjusted discount rates varying by Business Unit and an explicit allowance for the cost of holding required capital. We have reviewed the methodology set out in AIA Group's EV Guidance and Framework and the compliance of each Business Unit with AIA Group's methodology.

In reviewing the risk discount rates selected by AIA Group we considered the risk characteristics of the business, prevailing economic conditions, the other valuation assumptions adopted, the level of required capital (including the Hong Kong reserving and capital requirements for branches of AIA and AIA-B), market practice in relation to recent Hong Kong listings, EV publications and other traditional EV valuations performed for companies based in Asia, the overall EV and VONB (and how these compared with other published results) and the materiality of each individual Business Unit's results in the context of the overall EV and VONB.

It should be noted that, in assessing the total value of a life insurance company, the value attributable to future sales may be determined as the product of the value of new business in one year and a multiplier which reflects an allowance for future sales growth and the risks associated with achieving future sales at the assumed profit margin. The scope of our work did not include providing an opinion on those matters such as the new business multiplier by which to assess the total value of the life insurance company.

7.2 Valuation assumptions

The operating assumptions used to determine the EV as at 31 May 2010 and VONB for the twelve months preceding 31 May 2010 have been selected by the relevant Business Unit having regard to past, current and expected future operating experience. The economic assumptions have been set with regard to economic conditions as at the valuation date. Our review involved an assessment of each Business Unit's compliance with assumption setting guidelines established by AIA Group, whether the operating assumptions selected were reasonable given the results of underlying experience investigations and in light of the future outlook and the materiality of each individual Business Unit's results in the context of the overall EV and VONB for AIA Group. Our scope did not include a review of the assumptions used to determine the VONB for the six month period 1 December 2008 to 31 May 2009 and for the three month period 1 June 2010 to 31 August 2010 although we note that the economic and operating assumptions used for the VONB for the six months to 31 May 2009 are the same as those used to determine the VONB for the six months to 30 November 2009.

Although the Business Units have developed the financial projections with a view as to "most probable" future experience within each of their territories, it should be recognised that actual future results will vary from those projected. Consequently, we recommend that readers of this report examine the sensitivity test results provided in order to assess the significance of each assumption and the potential impact on value that would result from the use of alternative assumptions.

7.3 Review of results

We have reviewed the EV Results against the methodology and assumptions determined by AIA Group. Our review was designed to confirm whether the EV Results were calculated, in all material respects, in accordance with the methodology and assumptions adopted. Our review included a number of reasonableness checks on the projected aggregate revenue account output from AIA Group's valuation models, checks on the validation of the valuation models to accounting data, and reasonableness checks on the consolidation of the results from the models to arrive at the final results. In addition, we carried out checking, in respect of material blocks of business of AIA Group, of both the models and processes involved in calculating the EV as at 31 May 2010 and the VONB for the twelve month period 1 June 2009 to 31 May 2010.

8. Opinion

On the basis of our review of the methodology and assumptions used by AIA Group to calculate the EV at 31 May 2010 and the VONB for the twelve month period 1 June 2009 to 31 May 2010, Towers Watson has concluded that:

- The methodology used is consistent with recent industry practice in Hong Kong listings as regards traditional embedded value calculations based on discounted values of projected deterministic after-tax cash-flows. This methodology makes an overall allowance for risk for AIA Group through the use of risk discount rates which vary by Business Unit and incorporate risk margins, together with an explicit allowance for the cost of holding required capital.

- The economic assumptions are internally consistent and have been set with regard to current economic conditions; and

- The operating assumptions have been set with appropriate regard to past, current and expected future experience, taking into account the nature of the business conducted by each Business Unit.

On the basis of our review of the results described in Section 7.3, we are satisfied that the EV Results shown in Section 4 and Appendix A of this report have been prepared, in all material respects, in accordance with the methodology and assumptions described in this report.

This opinion is subject to the reliances and limitations set out below.

9. Reliances and limitations

In performing our work, we have relied upon audited and unaudited information supplied to us by, or on behalf of, the Company for periods up to 31 August 2010 and on information from a range of public sources.

In particular, we have relied on:

- Policy data covering the numbers and types of policies issued and in force (including policy details), levels of in-force premiums and volumes of new business written;
- New business data and ANP for the period 1 December 2008 to 31 August 2010 for AIA Group;
- Premium rates, base commission rates, override allowances and other compensation payments made to agents and other distributors;
- Details of product terms and conditions including surrender and cash values;
- Information regarding reinsurance arrangements and terms and conditions;
- Statistical data and experience investigations relating to the current and historical operating experience of the Company;
- Information on expenses incurred by AIA Group and each of the Business Units during 2010 and earlier years;
- Information on forecast future expense levels and new business volumes;
- Regulatory returns and supporting valuation information for each of the Business Units prepared during 2008, 2009 and 2010;
- Asset values (both book and market value) as at 30 November 2009 and 31 May 2010;
- Information on current and future investment strategies;
- Information on the Company's practices in determining bonus rates and credited interest rates;
- Certain external economic and exchange rate data for the period 1 June 2008 to 31 August 2010;
- Consolidated IFRS financial statements and segmental information for each of the Business Units as at 30 November 2009 and 31 May 2010;
- Information regarding non-controlling interests and the adjustments required to the adjusted net worth in respect of these interests as at 30 November 2009 and 31 May 2010;
- Statutory value of liabilities for AIA Group, AIA, AIA-B, their branches and subsidiaries as at 30 November 2009 and 31 May 2010;
- Information regarding the net of tax difference between the market value of assets and the value shown in the IFRS consolidated financial statements and other tax adjustments made in the derivation of the ANW; and
- Information regarding the taxation basis for AIA Group and its Business Units and the tax treatment of certain investment income for the purpose of determining taxable profits.

We have reviewed certain information provided to us for reasonableness and consistency with our knowledge of the territories in which the Company operates. It should be noted that our scope did not include an independent verification, or audit, of the accuracy or completeness of the policy data and other information supplied to us.

Our scope did not include a review of the value or quality of the asset portfolio for each of the companies that form part of AIA Group, nor did it include a review of the adequacy of balance sheet provisions.

The results shown in this report only consider claims by policyholders in the normal course of business under the terms of the policies issued to them. No attempt has been made to determine the effect on the results of any other claims by or against the various companies that form part of AIA Group. The results shown in this report only consider the capital requirements described in Section 3.6.

The results shown in this report are not intended to represent an opinion of market value and should not be interpreted in that manner. This report does not purport to encompass all of the many factors that may bear upon a market value.

Judgements as to the contents of this report should be made only after studying the report in its entirety, together with the rest of the Prospectus, as a review of a single section or sections on an isolated basis may not provide sufficient information to draw appropriate conclusions.

The results shown in this report are based on a series of assumptions as to the future. It should be recognised that actual future results will differ from those shown, on account of changes in the operating and economic environments and natural variations in experience. The results shown are presented at the valuation dates stated in this report and no warranty is given by Towers Watson that future experience after these valuation dates will be in line with the assumptions made.

10. Disclosures and consents

Towers Watson has previously been engaged by AIA Group to provide advice and assistance on various actuarial matters in connection with the offer of shares in AIA Group. Towers Watson has given, and not withdrawn, its written consent to the inclusion of this report and its name within the prospectus in the form and context in which they are included. Towers Watson does not authorise or cause the issue of this prospectus and takes no responsibility for its contents other than this report.

Yours faithfully
for Towers Watson Pennsylvania Inc.

Mark Saunders
Managing Director
Risk Consulting & Software Practice Leader, Asia Pacific

James Creedon
Director

APPENDIX A — RESULTS

Tables A.1, A.2 and A.3 provide details of the EV for AIA Group under the Low, Central and High risk discount rate scenarios. Results are shown separately for each of the major Business Units, with results for the smaller Business Units being grouped under the category "Other Markets".

We note that the figures may not be additive due to rounding.

TABLE A.1

Summary of AIA Group EV by Business Unit as at 31 May 2010 (US$ millions)

Low risk discount rate

Business Unit	ANW	VIF after tax and before CoC	CoC	VIF after tax and CoC	EV
AIA Hong Kong	4,372	6,752	50	6,702	11,074
AIA Thailand	3,462	1,795	159	1,636	5,098
AIA Singapore	1,583	2,320	248	2,072	3,655
AIA Malaysia	489	625	81	544	1,033
AIA China	364	1,218	65	1,153	1,517
AIA Korea	737	1,029	135	894	1,631
Other Markets	1,460	907	122	784	2,244
Corporate and Other	1,130	(69)	—	(69)	1,061
Sub-total	**13,598**	**14,578**	**861**	**13,716**	**27,314**
Adjustment to reflect Hong Kong reserving and capital requirements	(5,542)	4,290	128	4,162	(1,380)
After-tax value of group office Expenses	—	(631)	—	(631)	(631)
Group EV	**8,056**	**18,236**	**989**	**17,247**	**25,303**

Note: The figures may not be additive due to rounding

TABLE A.2

Summary of AIA Group EV by Business Unit as at 31 May 2010 (US$ millions)

Central risk discount rate

Business Unit	ANW	VIF after tax and before CoC	CoC	VIF after tax and CoC	EV
AIA Hong Kong	4,372	5,404	231	5,173	9,545
AIA Thailand	3,462	1,554	198	1,357	4,819
AIA Singapore	1,583	1,928	353	1,575	3,159
AIA Malaysia	489	530	115	416	905
AIA China	364	1,038	73	965	1,328
AIA Korea	737	904	162	742	1,480
Other Markets	1,460	827	158	669	2,129
Corporate and Other	1,130	(62)	—	(62)	1,069
Sub-total	**13,598**	**12,124**	**1,289**	**10,835**	**24,433**
Adjustment to reflect Hong Kong reserving and capital requirements	(5,542)	3,872	241	3,631	(1,911)
After-tax value of group office Expenses	—	(544)	—	(544)	(544)
Group EV	**8,056**	**15,452**	**1,530**	**13,922**	**21,978**

Note: The figures may not be additive due to rounding

TABLE A.3

Summary of AIA Group EV by Business Unit as at 31 May 2010 (US$ millions)

High risk discount rate

Business Unit	ANW	VIF after tax and before CoC	CoC	VIF after tax and CoC	EV
AIA Hong Kong	4,372	4,507	349	4,158	8,530
AIA Thailand	3,462	1,370	225	1,145	4,607
AIA Singapore	1,583	1,652	423	1,229	2,813
AIA Malaysia	489	460	139	321	810
AIA China	364	902	77	825	1,188
AIA Korea	737	805	180	625	1,362
Other Markets	1,460	761	186	575	2,035
Corporate and Other	1,130	(55)	—	(55)	1,075
Sub-total	**13,598**	**10,402**	**1,579**	**8,823**	**22,421**
Adjustment to reflect Hong Kong reserving and capital requirements	(5,542)	3,538	332	3,207	(2,335)
After-tax value of group office Expenses	—	(479)	—	(479)	(479)
Group EV	**8,056**	**13,461**	**1,910**	**11,551**	**19,606**

Note: The figures may not be additive due to rounding

Tables A.4, A,5 and A.6 detail the VONB per Business Unit under the low, central and high risk discount rate scenarios. Results are shown separately for each of the major Business Units, with results for the smaller Business Units being grouped under the category "Other Markets".

TABLE A.4

Summary of VONB by Business Unit for the period 1 June 2009 to 31 May 2010 (US$ millions)

Low risk discount rate

Business Unit	VONB before CoC	CoC	VONB after CoC	VONB excluding corporate pensions	ANP(1)	New Business Margin(2)
AIA Hong Kong	272	4	268	258	423	61%
AIA Thailand	196	12	184	184	397	46%
AIA Singapore	150	12	138	138	184	75%
AIA Malaysia	50	6	44	44	114	39%
AIA China	98	14	84	84	200	42%
AIA Korea	115	9	106	106	340	31%
Other Markets	126	11	115	115	334	34%
Total before group office expenses (local statutory basis)	**1,007**	**68**	**939**	**928**	**1,992**	**47%**
Adjustment to reflect Hong Kong reserving and capital requirements	(16)	9	(26)	(25)		
Total before group office expenses (after Hong Kong reserving and capital requirements)	**990**	**77**	**913**	**903**	**1,992**	**45%**
After-tax value of group office expenses	(49)	—	(49)	(49)		
Total	**942**	**77**	**865**	**854**	**1,992**	**43%**

Note: The figures may not be additive due to rounding

(1) ANP excludes the new business from AIA Group's corporate pension business.

(2) The New Business Margin is defined as the VONB, excluding corporate pension business, expressed as a percentage of ANP. The VONB for corporate pension business is excluded from the margin calculation to be consistent with the definition of ANP.

TABLE A.5

Summary of VONB by Business Unit for the period 1 June 2009 to 31 May 2010 (US$ millions)

Central risk discount rate

Business Unit	VONB before CoC	CoC	VONB after CoC	VONB excluding Corporate pensions	ANP[1]	New Business Margin[2]
AIA Hong Kong	228	18	210	202	423	48%
AIA Thailand	149	13	135	135	397	34%
AIA Singapore	117	17	100	100	184	54%
AIA Malaysia	42	8	34	34	114	29%
AIA China	75	16	59	59	200	30%
AIA Korea	93	11	82	82	340	24%
Other Markets	105	16	89	89	334	27%
Total before group office expenses (local statutory basis)	**809**	**100**	**709**	**701**	**1,992**	**35%**
Adjustment to reflect Hong Kong reserving and capital requirements	(28)	21	(49)	(49)		
Total before group office expenses (after Hong Kong reserving and capital requirements)	**781**	**121**	**660**	**652**	**1,992**	**33%**
After-tax value of group office expenses	(43)	—	(43)	(43)		
Total	**738**	**121**	**617**	**608**	**1,992**	**31%**

Note: The figures may not be additive due to rounding

(1) ANP excludes the new business from AIA Group's corporate pension business.

(2) The New Business Margin is defined as the VONB, excluding corporate pension business, expressed as a percentage of ANP. The VONB for corporate pension business is excluded from the margin calculation to be consistent with the definition of ANP.

TABLE A.6

Summary of VONB by Business Unit for the period 1 June 2009 to 31 May 2010 (US$ millions)

High risk discount rate

Business Unit	VONB before CoC	CoC	VONB after CoC	VONB excluding corporate pensions	ANP(1)	New Business Margin(2)
AIA Hong Kong	194	26	168	161	423	38%
AIA Thailand	113	14	99	99	397	25%
AIA Singapore	94	20	74	74	184	40%
AIA Malaysia	36	10	26	26	114	23%
AIA China	59	17	41	41	200	21%
AIA Korea	76	12	64	64	340	19%
Other Markets	89	20	69	69	334	21%
Total before group office expenses (local statutory basis)	661	119	542	535	1,992	27%
Adjustment to reflect Hong Kong reserving and capital requirements	(38)	31	(70)	(70)		
Total before group office expenses (after Hong Kong reserving and capital requirements)	623	151	472	465	1,992	23%
After-tax value of group office expenses	(40)	—	(40)	(40)		
Total	583	151	432	426	1,992	21%

Note: The figures may not be additive due to rounding

(1) ANP excludes the new business from AIA Group's corporate pension business.

(2) The New Business Margin is defined as the VONB, excluding corporate pension business, expressed as a percentage of ANP. The VONB for corporate pension business is excluded from the margin calculation to be consistent with the definition of ANP.

Table A.7 shows the breakdown of the VONB for AIA Group by quarter for the year ended 31 May 2010. The table also shows the equivalent VONB for the first and second quarter of the year ending 30 November 2009. The VONB for the six months ending 31 May 2009 was calculated using the Company's best estimate of future operating experience with reference to the available analyses of historical experience up to 30 November 2009.

TABLE A.7

Summary of the VONB by quarter for AIA Group (US$ millions)

	VONB after CoC at risk discount rate		
Quarter	Low	Central	High
Three months ended 31 August 2009	209	144	95
Three months ended 30 November 2009	241	170	118
Three months ended 28 February 2010	204	151	111
Three months ended 31 May 2010	211	152	109
Values for the previous year			
Three months ended 28 February 2009	141	95	63
Three months ended 31 May 2009	194	136	95

Table A.8 shows the ANP and New Business Margin by quarter for AIA Group. The New Business Margin is defined as the VONB, excluding corporate pensions business, expressed as a percentage of ANP.

TABLE A.8

Summary of ANP and the New Business Margin by quarter for AIA Group (US$ millions)

Quarter		New Business Margin at risk discount rate		
	ANP[(1)]	Low	Central	High
Three months ended 31 August 2009	552	37%	26%	17%
Three months ended 30 November 2009	553	43%	30%	21%
Three months ended 28 February 2010	437	46%	34%	25%
Three months ended 31 May 2010	450	46%	34%	24%
Values for the previous year				
Three months ended 28 February 2009	355	38%	25%	16%
Three months ended 31 May 2009	418	45%	31%	22%

(1) Excludes corporate pensions business

Table A.9 shows the New Business Margin, on the central risk discount rate scenario, for AIA Group for the six month periods ending 31 May 2009, 30 November 2009 and 31 May 2010.

Results are shown separately for each of the major Business Units, with results for the smaller Business Units being grouped under the category "Other Markets". The values shown for each Business Unit are on a local statutory basis and the values for AIA Group include the effect of the Hong Kong statutory reserving and capital requirements and group office expenses.

TABLE A.9

Summary of New Business Margin by Business Unit for each six month period

Central risk discount rate	Six months ending 31 May 2009	Six months ending 30 November 2009	Six months ending 31 May 2010
AIA Hong Kong	62%	43%	55%
AIA Thailand	34%	32%	37%
AIA Singapore	76%	50%	59%
AIA Malaysia	24%	28%	30%
AIA China	24%	27%	33%
AIA Korea	12%	22%	27%
Other Markets	23%	25%	29%
New Business Margin for AIA Group	**29%**	**28%**	**34%**

The movements in VONB and New Business Margin over time shown in Tables A.7, A.8 and A.9 mainly reflect changes in new business volumes, business and product mix and exchange rates over the period.

Table A.10 shows the ANP, VONB and the New Business Margin, at the central risk discount rate, for the three month period 1 June 2010 to 31 August 2010. The VONB for the three months ending 31 August 2010 was calculated using the Company's best estimate of future operating experience with reference to the available analyses of historical experience up to 31 August 2010.

TABLE A.10

ANP and New Business Margin for the three month period ending 31 August 2010 (US$ millions)

Business Unit	VONB after CoC	VONB excluding corporate pensions	ANP(1)	New Business Margin(2)
AIA Hong Kong	45	44	100	44%
AIA Thailand	48	48	107	45%
AIA Singapore	25	25	72	35%
AIA Malaysia	10	10	29	36%
AIA China	18	18	49	36%
AIA Korea	12	12	63	19%
Other Markets	24	24	83	28%
Total before group office expenses (local statutory basis)	**182**	**181**	**503**	**36%**
Adjustment to reflect Hong Kong reserving and capital requirements	(12)	(12)		
After-tax value of group office expenses	(10)	(10)		
Total	**160**	**159**	**503**	**32%**

Note: The figures may not be additive due to rounding

(1) ANP excludes the new business from AIA Group's corporate pension business.

(2) The New Business Margin is defined as the VONB, excluding corporate pension business, expressed as a percentage of ANP. The VONB for corporate pension business is excluded from the margin calculation to be consistent with the definition of ANP.

Table A.11 sets out the results of the sensitivity tests described in Section 6 of this report on the VIF of AIA Group.

TABLE A.11

Sensitivity of the Value of In-Force business at 31 May 2010 (US$ millions)

	Low risk discount rate			Central risk discount rate			High risk discount rate		
Scenario	VIF after tax and before CoC	CoC	VIF after tax and CoC	VIF after tax and before CoC	CoC	VIF after tax and CoC	VIF after tax and before CoC	CoC	VIF after tax and CoC
Central value	18,236	989	17,247	15,452	1,530	13,922	13,461	1,910	11,551
0.5% increase in investment return	20,057	787	19,271	16,918	1,358	15,560	14,684	1,761	12,922
0.5% decrease in investment return	16,420	1,194	15,227	13,985	1,704	12,282	12,234	2,062	10,172
10% increase in lapse/ discontinuance rates	17,787	954	16,833	15,157	1,479	13,678	13,263	1,852	11,412
10% decrease in lapse/ discontinuance rates	18,747	1,027	17,721	15,787	1,584	14,203	13,686	1,973	11,713
10% increase in mortality/ morbidity rates	17,367	989	16,377	14,269	1,529	12,739	12,845	1,910	10,935
10% decrease in mortality/ morbidity rates	19,125	990	18,135	16,650	1,532	15,119	14,089	1,912	12,177
10% decrease in maintenance expenses	18,581	988	17,593	15,753	1,528	14,225	13,729	1,908	11,821
Expense inflation set to 0%	18,557	989	17,568	15,698	1,529	14,169	13,656	1,910	11,746

Table A.12 sets out the results of the sensitivity tests described in Section 6 of this report on the VONB of AIA Group.

TABLE A.12

Sensitivity of the VONB for the period 1 June 2009 to 31 May 2010 (US$ millions)

	Low risk discount rate		Central risk discount rate		High risk discount rate	
Scenario	Value of New Business before CoC	Value of New Business after CoC	Value of New Business before CoC	Value of New Business after CoC	Value of New Business before CoC	Value of New Business after CoC
Central value	942	865	738	617	583	432
0.5% increase in investment return	1,033	973	808	702	640	502
0.5% decrease in investment return	843	750	663	529	522	361
10% increase in lapse rates	863	792	676	564	534	393
10% decrease in lapse rates	1,028	947	803	675	634	476
10% increase in mortality/morbidity rates	770	694	589	469	450	301
10% decrease in mortality/morbidity rates	1,111	1,036	884	765	712	564
10% decrease in maintenance expenses	979	903	770	650	612	466
Expense inflation set to 0%	968	892	757	637	598	449

APPENDIX B — FOREIGN EXCHANGE RATES

TABLE B.1

U.S. dollar exchange rates

	Average rates for VONB							Rates for EV	
Currency	Average for 1 December 2008 to 28 February 2009	Average for 1 March 2009 to 31 May 2009	Average for 1 June 2009 to 31 August 2009	Average for 1 September 2009 to 30 November 2009	Average for 1 December 2009 to 28 February 2010	Average for 1 March 2010 to 31 May 2010	Average for 1 June 2010 to 31 August 2010	30 November 2009	31 May 2010
Australian Dollar	1.526	1.413	1.226	1.108	1.109	1.111	1.135	1.094	1.178
Brunei Dollar	1.496	1.496	1.447	1.400	1.402	1.393	1.373	1.385	1.404
China Yuan Renminbi	6.844	6.832	6.834	6.829	6.829	6.827	6.794	6.828	6.832
Hong Kong Dollar	7.753	7.751	7.751	7.750	7.759	7.767	7.778	7.750	7.786
Indonesian Rupiah	11,544	11,093	10,102	9,569	9,358	9,120	9,091	9,434	9,259
Korean Won	1,387	1,343	1,254	1,184	1,154	1,137	1,199	1,163	1,195
Malaysian Ringgit	3.585	3.602	3.527	3.426	3.400	3.265	3.209	3.392	3.297
New Zealand Dollar	1.845	1.753	1.531	1.381	1.402	1.421	1.415	1.400	1.471
Philippine Peso	47.63	48.09	48.08	47.29	46.21	45.35	45.998	47.21	46.20
Singapore Dollar	1.496	1.496	1.447	1.400	1.401	1.393	1.365	1.385	1.404
New Taiwanese Dollar	33.59	33.72	32.86	32.41	32.08	31.77	32.14	32.17	32.17
Thai Baht	35.13	35.22	34.07	33.47	33.14	32.41	32.18	33.24	32.56
Vietnamese Dong	17,334	17,779	17,857	17,857	18,614	18,868	19,131	18,519	18,868