*This glossary contains explanations of certain terms used in this listing document. These terms and their meanings may not always correspond to standard industry meanings or usage of these terms.*

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| **"AER"** | Actual Exchange Rate; |
| **"affinity customers"** | a group of customers who share a common enterprise or social affinity or relationship; |
| **"agency leaders"** | an agent who manages a group of agents; |
| **"allocated equity"** | equity attributable to shareholders of AIA, less amounts reflected in other comprehensive income, consisting of the fair value reserve and the foreign currency translation reserve; |
| **"allocated segment equity"** | segment assets less segment liabilities in respect of each reportable segment less fair value less non-controlling interests and foreign currency translation reserves; |
| **"annual premium equivalent" or "APE"** | a measure of new business activity that is calculated as the sum of annualised regular premiums from new business plus 10%. single premiums on new business written during the period; |
| **"annuity"** | a contract providing for periodic payments to an annuitant for a specified period of time, often until the annuitant's death; |
| **"bancassurance"** | the distribution of insurance products through bank branches and/or joint ventures with banks; |
| **"cash surrender value"** | the amount of cash available to a policy holder on the surrender of or withdrawal from a life insurance policy or annuity contract; |
| **"cede"** | when an insurer reinsures its risk with another insurer, it "cedes" business; |
| **"claim"** | an occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Depending on the terms of the insurance policy, a claim may be covered, limited or excluded from coverage; |
| **"commission"** | a fee paid to an agent or broker by an insurance company for services rendered in connection with the sale or maintenance of an insurance product; |
| **"credit risk"** | the risk of loss if another party fails to meet its obligations, or fails to do so in a timely fashion; |
| **"currency risk"** | the risk that asset or liability values, cash flows, income or expenses will be affected by changes in exchange rates. Also referred to as foreign exchange risk; |
| **"deferred acquisition costs" or "DAC"** | deferred acquisition costs are expenses of an insurer which are incurred in connection with the acquisition of new insurance contracts or the renewal of existing insurance policies. They include commissions and other variable sales inducements and the direct costs of issuing the policy, such as underwriting and other policy issue expenses; |

**"density rate"** a market's life insurance premium per capita;

**"discretionary participation features" or "DPF"** a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on asset, fund, company or other entity performance as discussed in IFRS 4;

**"duration"** the number of years required to receive the present value of a stream of future cash flow, which is often used as an indicator of a bond's price volatility resulting from changes in interest rates;

**"endowment product"** an ordinary individual life insurance product that provides the insured party with various guaranteed benefits if it survives specific maturity dates or periods stated in the policy. Upon the death of the insured party within the coverage period, a designated beneficiary receives the face value of the policy;

**"European Embedded Value" or "EEV"** financial results prepared in accordance with a set of Principles issued by the Chief Financial Officers' Forum of European Insurance Companies in May 2004 and expanded by the Additional Guidance of EEV Disclosures published in October 2005;

**"fixed annuity"** annuities, which allow for tax-deferred accumulation of funds, are used for asset accumulation in retirement planning and for providing income in retirement and offer flexible payout options. The contract holder pays the insurer a premium, which is credited to the contract holder's account. Periodically, interest is credited to the contract holder's account and administrative charges are deducted, as appropriate;

**"fixed indexed annuity"** fixed index annuities are similar to fixed annuities in that the contract holder pays the insurer a premium, which is credited to the contract holder's account, and periodically, interest is credited to the contract holder's account and administrative charges are deducted, as appropriate. An annual minimum interest rate may be guaranteed, although actual interest credited may be higher and is linked to an equity index over its indexed option period;

**"first year premiums"** premiums received in the first year of a recurring premium policy;

**"health and protection"** health and personal accident insurance products, which provide morbidity or sickness benefits and include health, disability, critical illness and accident coverage. Health and protection products are sold both as standalone policies and as riders that can be attached to life insurance products. Health and protection riders are presented together with ordinary individual life insurance products for purposes of disclosure of financial information;

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| **"high net worth"** | individuals who have investable assets of US$1.0 million or more; |
| **"IFA"** | independent financial adviser; |
| **"IGD surplus"** | the Prudential Group's solvency surplus measured in accordance with the EU Insurance Groups Directive; |
| **"in-force"** | an insurance policy or contract reflected on records that has not expired, matured or otherwise been surrendered or terminated; |
| **"investment funds"** | pools of funds held for collective investment purposes; |
| **"investment grade"** | BBB- or above for S&P Baa3 or above for Moody's; |
| **"investment-linked investments"** | investments held to back investment-linked contracts; |
| **"investment-linked products" or "investment-linked contracts"** | investment-linked products are insurance products where the surrender value of the policy is linked to the value of underlying investments (such as collective investment schemes, internal investment pools or other property) or fluctuations in the value of underlying investment or indices. Investment risk associated with the product is usually borne by the policyholder. Insurance coverage, investment and administration services are provided for which the charges are deducted from the investment fund assets. Benefits payable will depend on the price of the units prevailing at the time of surrender, death or the maturity of the product, subject to surrender charges. These are also referred to as unit linked products or unit linked contracts; |
| **"investment property"** | property (land and/or a building or part of a building) held to earn rentals or for capital appreciation or both rather than for use by the Prudential Group's or AIA Group's operations; |
| **"life insurance premiums"** | consideration received with respect to life insurance policies issued or reissued by an insurance company; |
| **"loans"** | policy loans, mortgage loans on residential and commercial real estate and other loans outside of AIA Group or Prudential Group; |
| **"morbidity rate"** | incidence rates and period of disability, varying by such parameters as age, gender and period since disability, used in pricing and computing liabilities for insurance products containing morbidity risk; |
| **"mortality rate"** | rate of death, varying by such parameters as age, gender, and health, used in pricing and computing liabilities for future policyholders of life and annuity products, which contain mortality risks; |
| **"net premiums"** | life insurance premiums net of reinsurance premiums ceded to third party reinsurers; |
| **"new business contribution"** | the profits, calculated in accordance with European Embedded Value Principles, from business sold in the financial reporting period under consideration; |

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| **"new business margin"** | the value of new business on an EEV basis expressed as a percentage of the present value of new business premiums expected to be received from the new business; |
| **"participating funds"** | participating funds are distinct portfolios where the policyholders have a contractual right to receive at the discretion of the insurer additional benefits based on factors such as the performance of a pool of assets held within the fund, as a supplement to any guaranteed benefits. The insurer may either have discretion as to the timing of the allocation of those benefits to participating policyholders or may have discretion as to the timing and the amount of the additional benefits. These also are referred to as with-profits funds; |
| **"participating policies" or "participating business"** | contracts of insurance where the policyholders have a contractual right to receive, at the discretion of the insurer, additional benefits based on factors such as investment performance, as a supplement to any guaranteed benefits. This is also referred to as with-profits business; |
| **"penetration rate"** | life insurance premium as a percentage of GDP; |
| **"policy fees"** | an annual charge to the policyholder collected in addition to the premium to cover the costs of policy administration (premium collected and tax payments); |
| **"present value of new business premiums" or "PVNBP"** | the present value of new business premiums is calculated as equalling single premiums plus the present value of expected premiums of new regular premium business, allowing for lapses and other assumptions made in determining the EEV new business contribution; |
| **"private equities"** | ordinary shares in a company that are not publicly traded on a stock exchange; |
| **"public equities"** | ordinary shares publicly traded on an exchange; |
| **"recapture"** | the voluntary termination of a contract of life insurance; |
| **"regular premium product"** | a life insurance product with regular periodic premium payments; |
| **"RBV"** | Risk based valuation; |
| **"reinsurance"** | the practice whereby an insurer, in consideration of a premium paid to it, agrees to indemnify another party for part or all of the liabilities assumed by the reinsured party under an insurance contract, which the reinsured party has issued; |
| **"renewal premiums"** | premiums receivable in subsequent years of a multi-year insurance policy; |
| **"repurchase agreement"** | a repurchase transaction involves the sale of financial investments by the AIA Group to a counterparty, subject to a simultaneous agreement to repurchase those securities at a later date at an agreed price; |
| **"re-Takaful"** | reinsurance of Takaful business compliant with Islamic principles; |

**"rider"** a supplemental plan that can be attached to a basic insurance policy, with payment of additional premium;

**"savings rate"** savings as a percentage of disposable income;

**"securities lending"** securities lending consists of the loan of certain of the AIA Group's financial investments in third parties securities on a short term basis. AIG established a global securities lending programme in the late 1990s, in which AIA-B, AIA and AIA-B's Hong Kong branches and AIA's Brunei branch participated to enhance portfolio return. AIG Global Securities Lending Group acted as an agent for AIG subsidiaries in this programme. The operating units that participated in the programme lent assets, primarily bonds for long-term holdings, from their Policyholder and Shareholder Investments in exchange for cash as collateral from the borrowers of the assets. The cash collateral was then used to reinvest generally in securities which were rated as investment grade at the date of purchase. Due to the deterioration of market conditions and liquidity issues in the securities lending programme at AIG, the AIA Group began to restructure and wind down its participation in this programme, which was largely completed by 30 November 2009. References to the effects of securities lending in "Information about the AIA Group" relate to the investment income, investment management expenses and finance costs and non-operating investment return directly arising from this programme of securities lending and their consequent impact on operating profit, Operating Profit After Tax and net profit attributable to shareholders of AIA;

**"separate account"** a separate account is a pool of investments held by an insurance company not in or "separate" from its general account. The returns from the separate account generally accrue to the policyholder. A separate account allows an investor to choose an investment category according to his individual risk tolerance, and desire for performance;

**"single premiums"** single premium policies of insurance are those that require only a single lump sum payment from the policyholder;

**"solvency margin"** a measure of an insurance company's solvency;

**"surrender"** the termination of a life insurance policy or annuity contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, of the contract;

**"surrender charge" or "surrender fee"** the fee charged to a policyholder when a life insurance policy or annuity contract is surrendered for its cash surrender value prior to the end of the surrender charge period;

**"Takaful"** insurance that is compliant with Islamic principles;

**"tied agency, tied agent"** an agency model which employs sales representatives who sell the products of one company exclusively; a sales representative who sells the products of one company exclusively;

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| **"total investment portfolio"** | investment portfolio composed of cash and cash equivalents, investment property and financial investments but excluding receivables (consisting of amounts due from insurance and investment contract holders, amounts due from agents, brokers and intermediaries as well as insurance and intercompany receivables, receivables from sales of investments and other receivables); |
| **"total premiums"** | life insurance premiums for both in-force insurance policies and insurance policies sold during that year; |
| **"total weighted premium income" or "TWPI"** | total weighted premium income consists of 100% of renewal premiums, 100% of first year premiums and 10% of single premiums (which the AIA Group refers to as weighted single premiums); it provides an indication of the AIA Group's longer term business volumes as it smooths the peaks and troughs in single premiums; |
| **"underwriting"** | the process of examining, accepting or rejecting insurance risks, and classifying those accepted, in order to change an appropriate premium for each accepted risk; |
| **"unit-linked products" or "unit-linked contracts"** | see "investment-linked products or investment-linked contracts" above; |
| **"universal life"** | an insurance product where the customer pays flexible premiums, subject to specified limits, that are accumulated in an account and are credited with interest (at a rate either set by the insurer or reflecting returns on a pool of matching assets). The customer may vary the death benefit and the contract may permit the customer to withdraw the account balance, typically subject to a surrender charge; |
| **"variable annuity"** | variable annuities are tax-advantaged deferred annuities where the rate of return depends upon the performance of the underlying portfolio. Insurers often offer a choice of guaranteed benefit options to attach to a variable annuity, which customer can elect and pay for. These include the guaranteed minimum death benefit ("GMDB"), which guarantees that, upon death of the annuitant, the contract holder or beneficiary receives a minimum value regardless of past market performance; |
| **"value of new business" or "VNB"** | embedded value of new insurance contracts written in the year; |
| **"weighted single premium"** | 10% of single premium; it provides an indication of longer term business volumes that takes account of changes in the mix of regular and single premium business; and |
| **"with-profits funds"** | see "participating funds" above. |