

# 2015 Results

# Disclaimer

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Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the presentation include, but are not limited to: the impact of ongoing difficult conditions in the global financial markets and the economy generally; the impact of simplifying our operating structure and activities; the impact of various local political, regulatory and economic conditions; market developments and government actions regarding the referendum on UK membership of the European Union; the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value of our portfolio and impact our asset and liability matching; the impact of changes in short or long term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events on our business activities and results of operations; our reliance on information and technology and third-party service providers for our operations and systems; the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; increased competition in the UK and in other countries where we have significant operations; regulatory approval of extension of use of the Group’s internal model for calculation of regulatory capital under the European Union’s Solvency II rules; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs (“DAC”) and acquired value of in-force business (“AVIF”); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events (including cyber attack); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of fluctuations in share price as a result of general market conditions or otherwise; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in government regulations or tax laws in jurisdictions where we conduct business, including decreased demand for annuities in the UK due to proposed changes in UK law; the inability to protect our intellectual property; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing/regulatory approval impact, integration risk, and other uncertainties, such as non-realisation of expected benefits or diversion of management attention and other resources, relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US or elsewhere, including the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see Item 3d, “Risk Factors”, and Item 5, “Operating and Financial Review and Prospects” in Aviva’s most recent Annual Report on Form 20-F as filed with the SEC on 16 March 2015 and also the risk factors contained in the Euro Note Programme prospectus published on 1 May 2015. Aviva undertakes no obligation to update the forward looking statements in this presentation or any other forward-looking statements we may make. Forward-looking statements in this presentation are current only as of the date on which such statements are made.

# 2015 results – key milestones

## Capital management



Solvency II ratio 180%<sup>1</sup>  
Surplus £9.7bn



Resilient to a wide range of  
market stresses



SII Capital surplus generation  
£2.7bn



Internal loan reduction plan  
completed and exceeded.  
Reduced from £5.8bn to  
£1.5bn<sup>3</sup>

## Friends Life integration



Well ahead of schedule, with  
£168m of run-rate savings  
secured



£225m synergy target  
expected in 2016 – 1 year early



£1.2bn of capital benefits with  
£0.4bn realised to date



UK Life expected to upstream  
£1bn additional remittances to  
Group over the next 3 years

## Results



Operating profit up 20%,  
to £2,665m



Operating EPS up 2% to 49.2p



Combined operating ratio 94.6%,  
an improvement of 1.1pp



VNB up 24%<sup>2</sup>



Aviva Investors fund management  
operating profit £105m up 33%



15% increase in dividend

## Executing better than planned

<sup>1</sup> The estimated Solvency II ratio represents the shareholder view. This ratio excludes the contribution to Group Solvency Capital Requirement ('SCR') and Group Own Funds of fully ring-fenced with-profits funds (£2.7 billion) and staff pension schemes in surplus (£0.7 billion) – these exclusions have no impact on Solvency II surplus. The impact from internal reinsurance arrangements between UK Life, UK and Ireland General Insurance and Aviva International Insurance Limited and the securitisation of equity release mortgages held by UK Life, effective 1 January 2016, have also been reflected in the Solvency II position

<sup>2</sup> Constant currency basis

<sup>3</sup> As at the end of February 2016

# 180% Solvency II coverage ratio<sup>1</sup> – top of working range

## Group SII ratio

FY15: 180%  
coverage ratio

Capital redeployment

Working range

Risk Reduction

100% Solvency  
Capital Requirement  
("SCR")

Minimum Capital  
requirement  
("MCR")

Not to scale

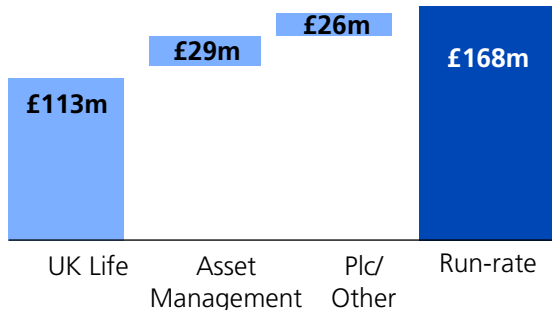
## Strength and resilience

- FY 2015 Solvency II cover ratio 180% of SCR
- Limited sensitivity to market movements
- February low point down 6pp
- SCR represents key stress point at 1:200
- Further scope for SII optimisation
- Working range influences capital management decision making – not prescriptive

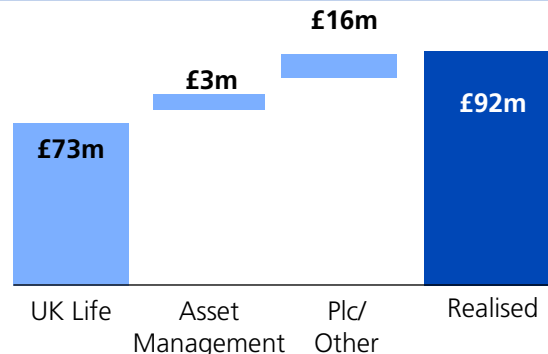
<sup>1</sup> The estimated Solvency II ratio represents the shareholder view. This ratio excludes the contribution to Group SCR and Group Own Funds of fully ring-fenced with-profits funds (£2.7 billion) and staff pension schemes in surplus (£0.7 billion) – these exclusions have no impact on Solvency II surplus. The impact from internal reinsurance arrangements between UK Life, UK and Ireland General Insurance and Aviva International Insurance Limited and the securitisation of equity release mortgages held by UK Life, effective 1 January 2016, have also been reflected in the Solvency II position. For interest rate stresses, the transitional is assumed to be reset

# Friends Life integration – 1 year ahead of schedule

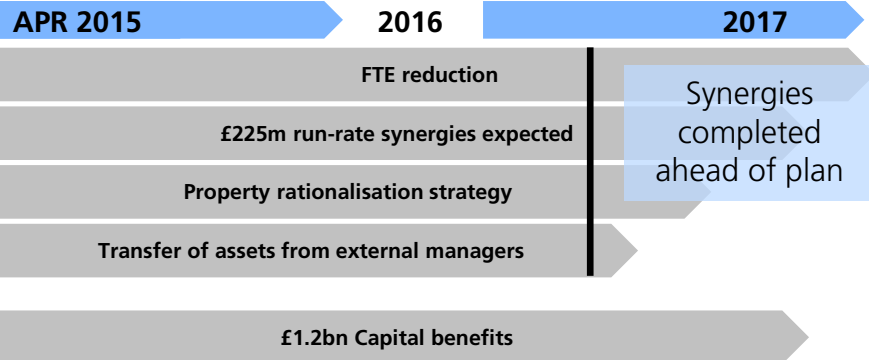
## Progress towards £225m synergy target



## 2015 benefits included in the P&L



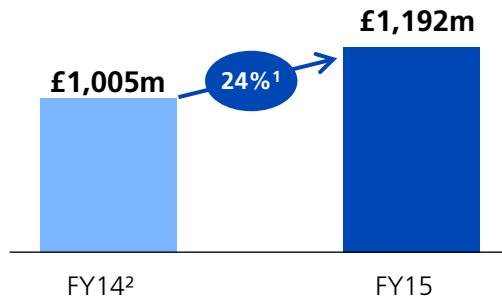
## Key integration deliverables



## Integration update

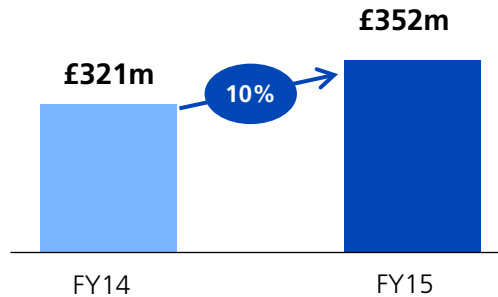
- Synergy target brought forward one year
- £45bn AUM transferred to Aviva Investors
- Rationalisation of group functions completed less than 6 months post completion
- Integration costs in line with guidance
- Capital benefits quantified

## Life: Value of new business



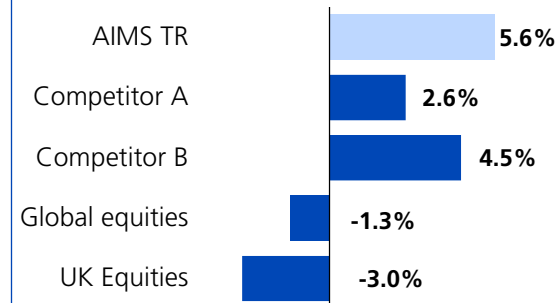
- Group VNB up 24%<sup>1</sup>
- 12 consecutive quarters of growth
- Protection 39% of VNB
- Italy VNB up 40%<sup>1,2</sup>, Ireland VNB up 97%<sup>1</sup>

## GI: Underwriting profit



- Underwriting profit up 10%
- RBC Insurance acquisition in core Canadian market - strengthens our position
- New partnerships - Homeserve and TSB

## Aviva Investors



- Operating profit up 33%: £105m
- New fund flows – higher margin
- £3bn AUM in AIMS as at end of Feb 2016
- AIMS outperforming peers<sup>3</sup>

Consistent with investment thesis of cash flow plus growth

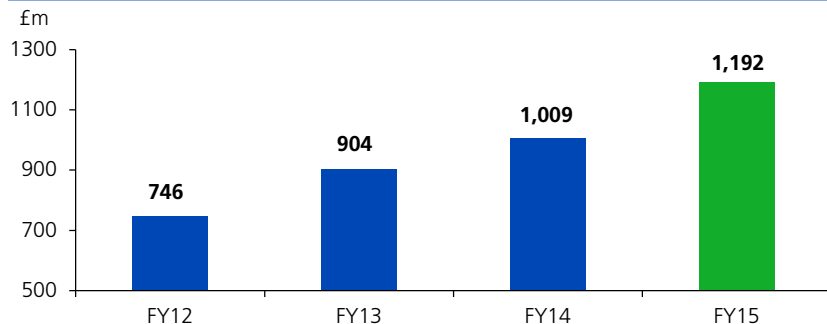
<sup>1</sup> Constant currency basis

<sup>2</sup> Italy excludes Eurovita, Spain excludes CxG and Asia excludes South Korea

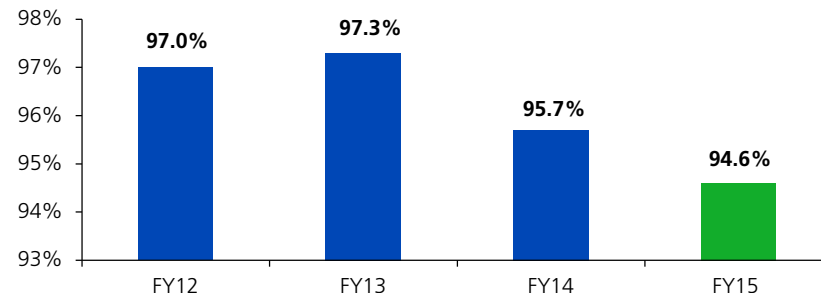
<sup>3</sup> Annualised return from 1 July 2014 to 29 February 2016

# Continuing a track record of delivery

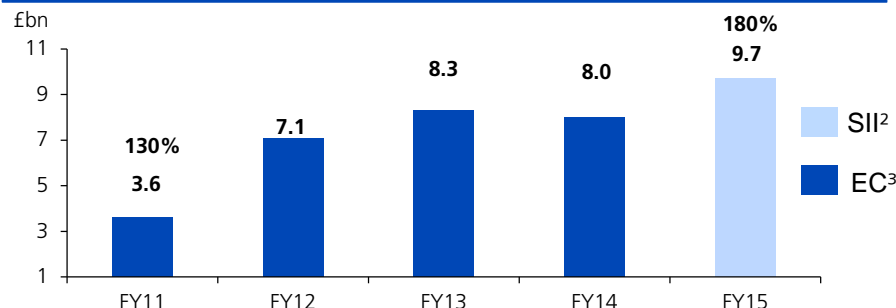
## VNB<sup>1</sup>



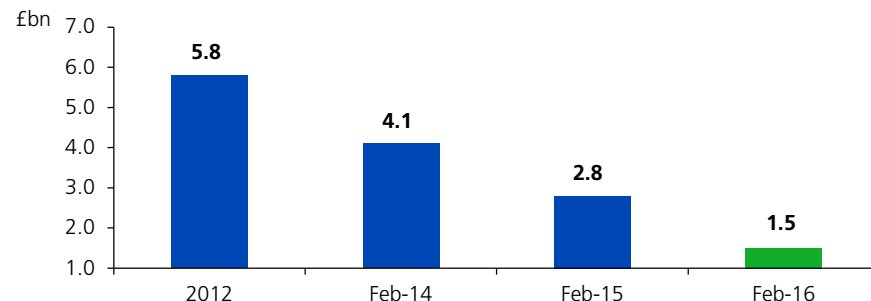
## Combined operating ratio



## Solvency surplus



## Inter-company loan



Strong progress but a long way left to travel

<sup>1</sup> As reported, 2012 VNB has not been restated to reflect the changes in MCEV methodology implemented in 2014.

<sup>2</sup> The estimated Solvency II ratio represents the shareholder view.

<sup>3</sup> The economic capital position represents an estimated position. The economic capital requirement is based on Aviva's own internal assessment and capital management policies. The term 'economic capital' does not imply capital as required by regulators or other third parties.

# 2015 Results

Tom Stoddard  
Chief Financial Officer



# Key achievements in 2015

## Solid execution

- Operating profit up 20% to £2,665m, operating EPS up 2% to 49.2p
- VNB up 24%<sup>1</sup>, COR improved by 1.1pp to 94.6%
- £225m FLG synergies to be completed 1 year ahead of plan
- Expense ratio improved to 50.0%, one year early

## Balance sheet secured

- Solvency II 180% of SCR<sup>2</sup>
- Low sensitivity to economic risks
- Disposed non core commercial mortgages and latent exposures
- S&P leverage 27%

## Capital management

- Dividend up 15% to 20.8p
- SII Capital surplus generation £2.7bn
- Internal loan reduced to £1.5bn<sup>3</sup> ahead of £2.2bn target
- Extra £1bn of cash remittances to Group over 3 years due to FL synergies
- Holding company liquidity £1.3bn<sup>3</sup>

## Strategic

- Secured GI distribution deals in UK and Canada
- Acquired more controlled distribution in Poland
- Not everywhere: refining geographic and product footprint
- Investing for growth in AI, Asia and Digital / TCC

## Resilient balance sheet and strong operational progress

<sup>1</sup> Constant currency basis

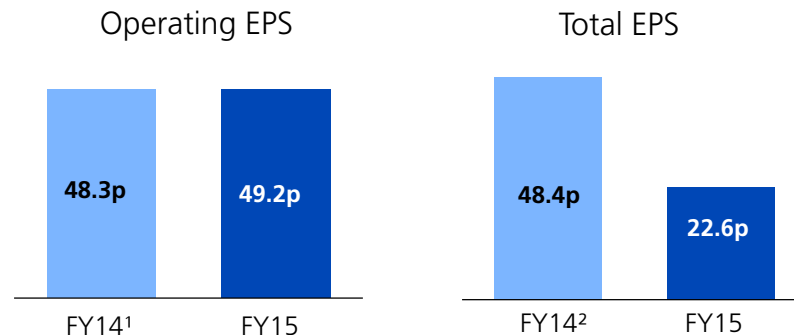
<sup>2</sup> The estimated Solvency II ratio represents the shareholder view. This ratio excludes the contribution to SCR and Group Own Funds of fully ring-fenced with-profits funds (£2.7 billion) and staff pension schemes in surplus (£0.7 billion) – these exclusions have no impact on Solvency II surplus. The impact from internal reinsurance arrangements between UK Life, UK and Ireland General Insurance and Aviva International Insurance Limited and the securitisation of equity release mortgages held by UK Life, effective 1 January 2016, have also been reflected in the Solvency II position

<sup>3</sup> As at end of February 2016

# Operating profit

Operating profit (£m)	FY14 <sup>1</sup>	<b>FY15</b>	Change
Life	2,019	<b>2,419</b>	20%
General Insurance	808	<b>765</b>	(5)%
Fund Management	86	<b>106</b>	23%
Other operations	(105)	<b>(84)</b>	20%
<b>Life, GI, fund management &amp; other operations</b>	<b>2,808</b>	<b>3,206</b>	<b>14%</b>
Corporate costs	(132)	<b>(180)</b>	(36)%
Group debt & other interest costs	(463)	<b>(361)</b>	22%
<b>Operating profit</b>	<b>2,213</b>	<b>2,665</b>	<b>20%</b>
Integration & restructuring	(140)	<b>(379)</b>	-
<b>Operating profit after integration &amp; restructuring</b>	<b>2,073</b>	<b>2,286</b>	<b>10%</b>

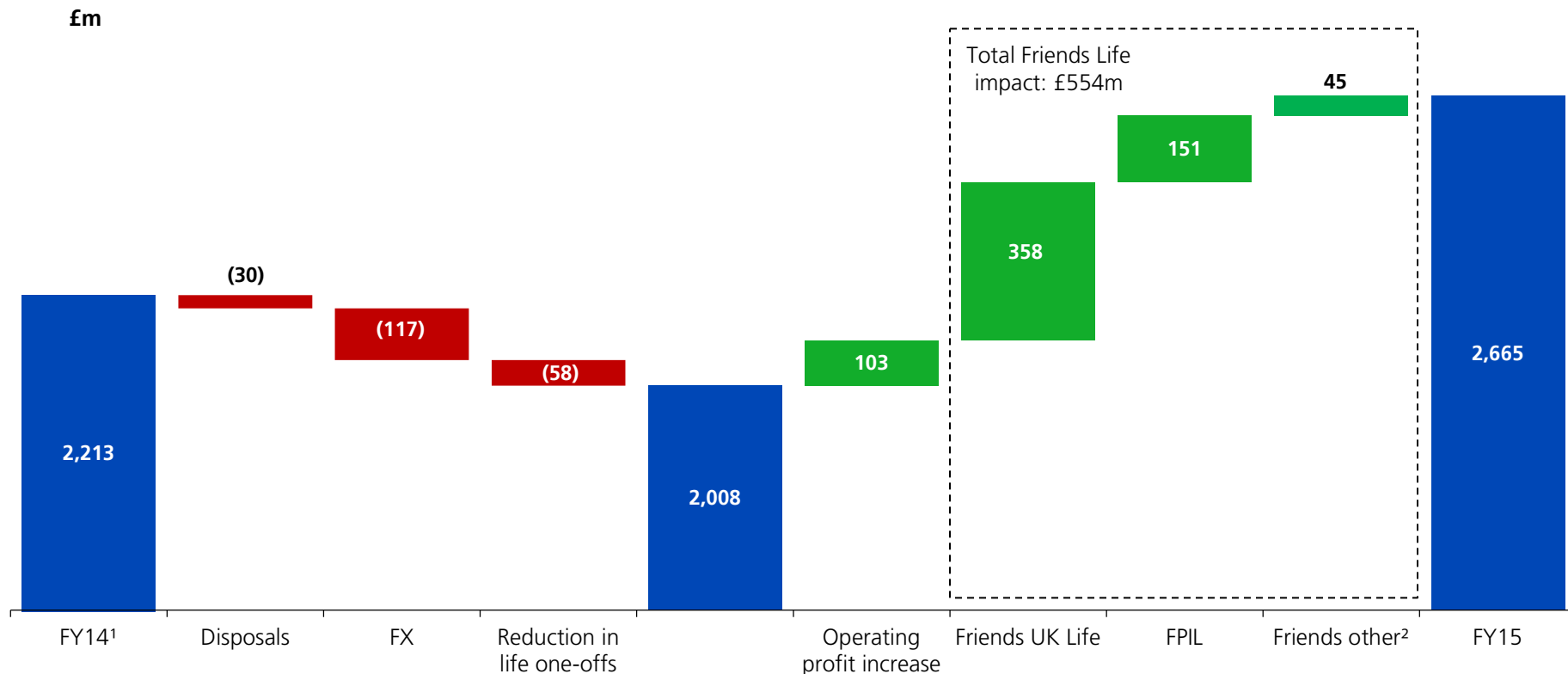
Integration & restructuring costs (£m)	FY14	<b>FY15</b>
Friends Life:		
– integration	n/a	<b>143</b>
– acquisition	11	<b>30</b>
Solvency II	94	<b>82</b>
UK property restructuring	-	<b>34</b>
Other	35	<b>90</b>
<b>Total</b>	<b>140</b>	<b>379</b>



<sup>1</sup> Operating profit has been restated to exclude amortisation and impairment of acquired value of in-force business, which is now shown as a non-operating item. There is no impact on the result or the total equity for any period presented as a result of this restatement.

<sup>2</sup> Continuing operations

# Operating profit progression

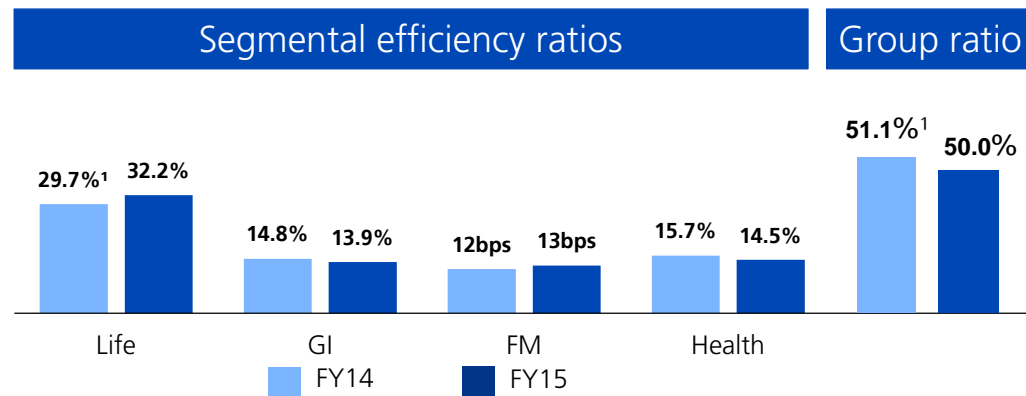


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<sup>2</sup> Friends other includes non-insurance business of Friends UK, Friends Life Investments, Friends other activities and Friends corporate and debt costs

# Operating expenses – discipline in all business units

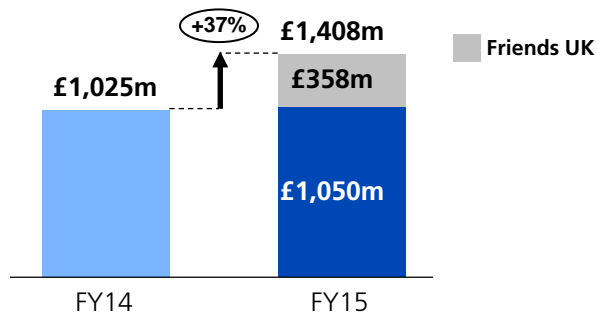
	GBP £m	
	FY14	FY15
Aviva UK Life	529	502 <span>5% ↓</span>
Friends UK	-	286 <span>n/a</span>
Ireland Life	36	27 <span>25% ↓</span>
<b>UK &amp; Ireland Life</b>	565	815 <span>44% ↑</span>
<b>UK &amp; Ireland GI</b>	755	697 <span>8% ↓</span>
<b>Europe</b>	596	526 <span>12% ↓</span>
<b>Canada</b>	316	298 <span>6% ↓</span>
<b>Asia</b>	80	141 <span>76% ↑</span>
<b>Aviva Investors</b>	298	345 <span>16% ↑</span>
<b>Group and other</b>	185	208 <span>12% ↑</span>
<b>Operating Expenses</b>	<b>2,795</b>	<b>3,030</b>



- Expenses (excl. Friends Life) down 1% on constant currency basis
- Expense ratio target achieved 1 year early
- Intense focus on efficiency will continue to support profit growth

# UK Life – larger and stronger business

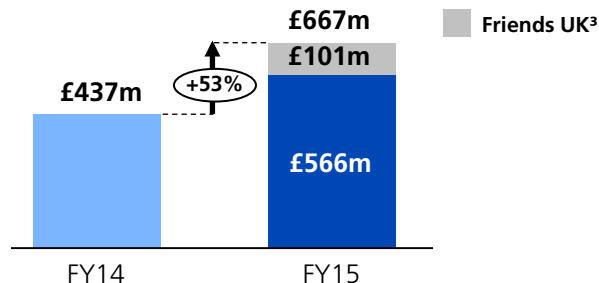
## IFRS operating profit



## Value of new business

£m	FY14	FY15	% Δ
Protection	95	156	64%
Annuities	233	298	28%
Pensions & platforms	69	97	41%
Equity release & other <sup>2</sup>	76	58	(24)%
<b>Total</b>	<b>473</b>	<b>609</b>	<b>29%</b>

## Cash remittance<sup>1</sup>



- Expense reserve releases of £259m related entirely to heritage Aviva
- Increased contribution from capital light products (platform and protection)
- Total pensions and platform AUM increased to £75bn
- Cash remittances from Friends UK do not include £150m of dividend paid prior to deal completion

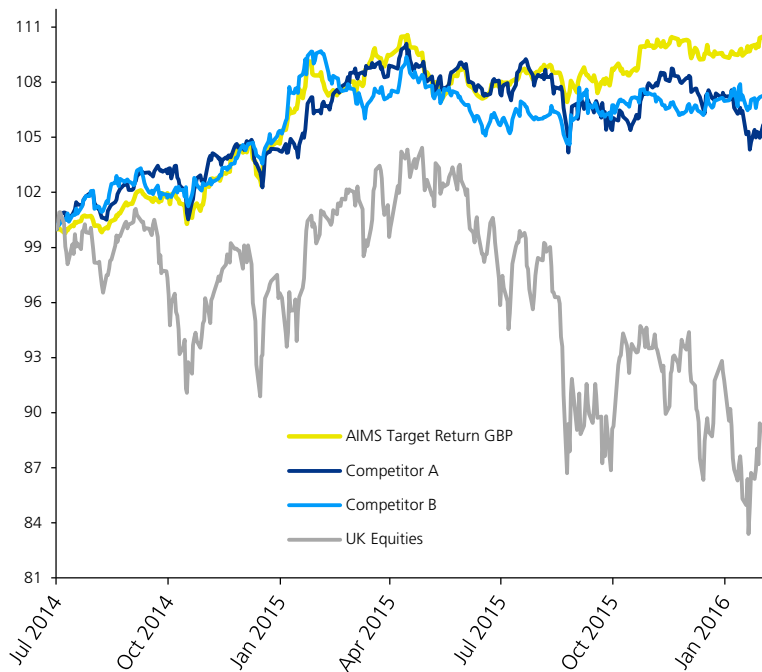
<sup>1</sup> Includes remittances from Ireland following the transfer of ALPI into the UK business (FY14 restated)

<sup>2</sup> Includes UK Health business

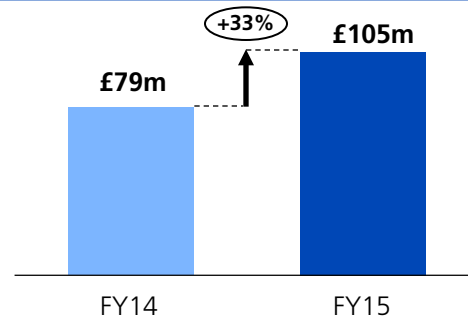
<sup>3</sup> Reflects £101m of debt interest from Friends

# Aviva Investors – AIMS building momentum

## AIMS outperforming peers



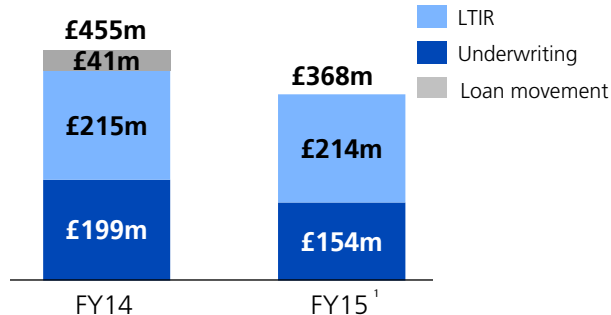
## IFRS operating profit



- Profit improvement driven by growth in asset base and higher external performance fees
- £45bn AUM transferred to Aviva Investors from Friends Life
- Strong AIMS performance with AUM up to £3bn
- Revenue benefits expected from higher margin new business inflows

# UK GI – resilient result despite UK floods

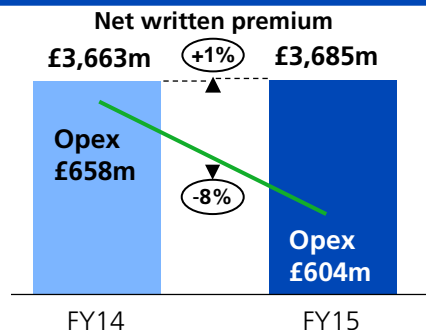
## IFRS operating profit



## Combined operating ratio

	FY14	FY15 <sup>1</sup>
Personal Motor	97.4%	<b>97.8%</b>
Home	93.1%	<b>90.6%</b>
Commercial Motor	99.3%	<b>99.4%</b>
Commercial Property & Liability	89.9%	<b>93.9%</b>
<b>Total</b>	<b>94.8%</b>	<b>95.1%</b>

## Returning to growth and improving efficiency



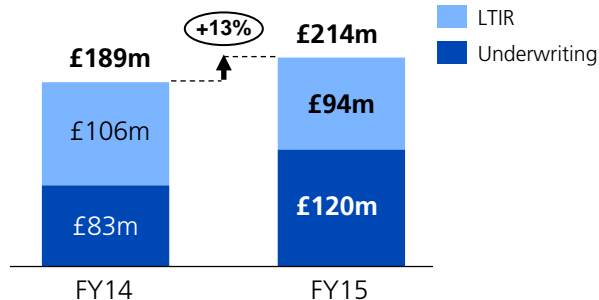
- COR maintained at 95%, despite £132m cost of December floods
- Returning to growth
- Continued focus on efficiency with expenses down 8%
- Significant capital actions improved cash remittances to £351m<sup>2</sup>
- Strengthening ratings in motor in H2 2015, commercial and household pricing remains subdued

<sup>1</sup> Excludes the impact from an outward quota share reinsurance agreement completed in 2015 in Aviva Insurance Limited (AIL)

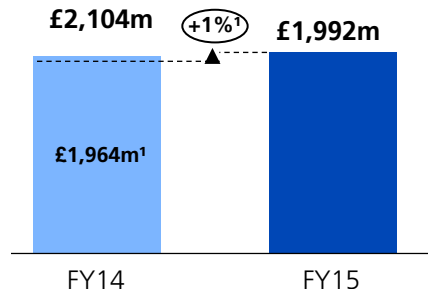
<sup>2</sup> Received in February 2016 in respect of 2015 activity

# Canada – strong results in a core market

## IFRS operating profit



## NWP



## Combined operating ratio

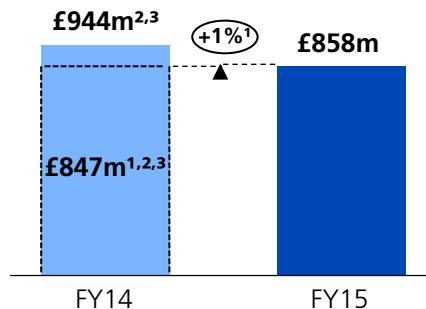
	FY14	FY15
Personal Motor	92.9%	<b>94.9%</b>
Home	103.2%	<b>93.9%</b>
Commercial Motor	98.0%	<b>95.2%</b>
Commercial Property & Liability	94.3%	<b>91.4%</b>
<b>Total</b>	<b>96.1%</b>	<b>93.8%</b>

- 2015 operating profit up 22%<sup>1</sup> and net written premiums up 1% in local currency
- Actions taken in personal property and commercial SME having a positive impact together with improved weather
- Premium growth driven by rate actions and selective growth in commercial lines
- Acquisition of RBC Insurance announced in Jan 2016 improves Canada premiums by 20% and provides important diversification of distribution

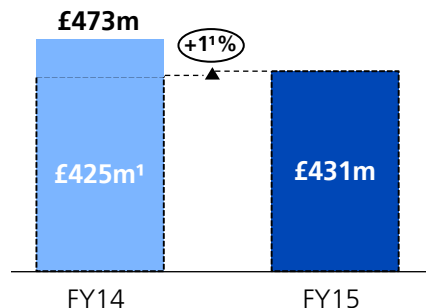


# Europe – solid performance despite headwinds

## IFRS operating profit



## Cash remittance



## Value of new business

£m	FY14	FY15	% Δ	% Δ cc <sup>1</sup>
France	205	<b>198</b>	(4)%	7%
Poland	64	<b>65</b>	2%	13%
Italy <sup>2</sup>	63	<b>79</b>	26%	40%
Spain <sup>2</sup>	30	<b>31</b>	5%	17%
Turkey	30	<b>27</b>	(10)%	4%
<b>Total<sup>2</sup></b>	<b>392</b>	<b>400</b>	<b>2%</b>	<b>14%</b>

- 6%<sup>1</sup> increase in operating profit, excluding disposals and Poland regulatory one-off in 2014
- Strong VNB performance in Italy, Spain and Poland, with 7%<sup>1</sup> growth in France despite adverse impact of euro-swap yields
- Protection VNB up 27%<sup>1,2</sup> now representing 49% of total VNB (FY14: 44%<sup>2</sup>)
- GI premiums up 2%<sup>1</sup> and an improving COR of 95.4% (FY14: 96.0%<sup>3</sup>)
- Resilient cash remittances, up 1%<sup>1</sup>

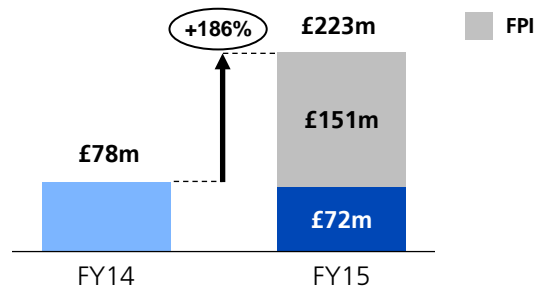
<sup>1</sup> On a constant currency basis

<sup>2</sup> Italy excludes Eurovita, Spain excludes CxG

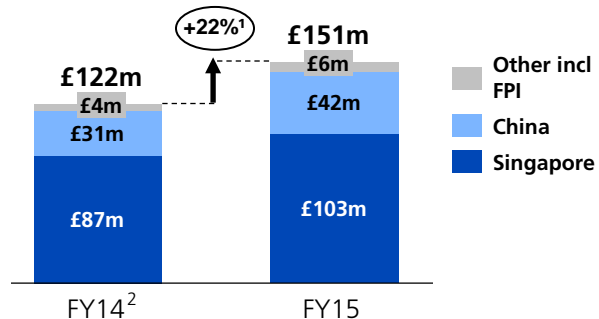
<sup>3</sup> Excluding Turkey GI

# Asia – moving forward

## IFRS operating profit



## VNB



## Value of new business

£ million	FY14 <sup>2</sup>	FY15	%Δ cc <sup>1</sup>
Protection	84	<b>109</b>	27%
Unit Linked	0	<b>8</b>	n/a
Health	23	<b>24</b>	2%
Participating	8	<b>14</b>	71%
Other	7	<b>(4)</b>	(157)%
<b>Total</b>	<b>122</b>	<b>151</b>	<b>22%</b>

- 22%<sup>1,2</sup> growth in VNB largely driven by increased protection sales in China and Singapore and despite non-renewal of DBS partnership (£28m contribution in 2015)
- Continued investment for growth with Digital Garage launched
- FPI is a turnaround business

<sup>1</sup> On a constant currency basis

<sup>2</sup> Excluding South Korea

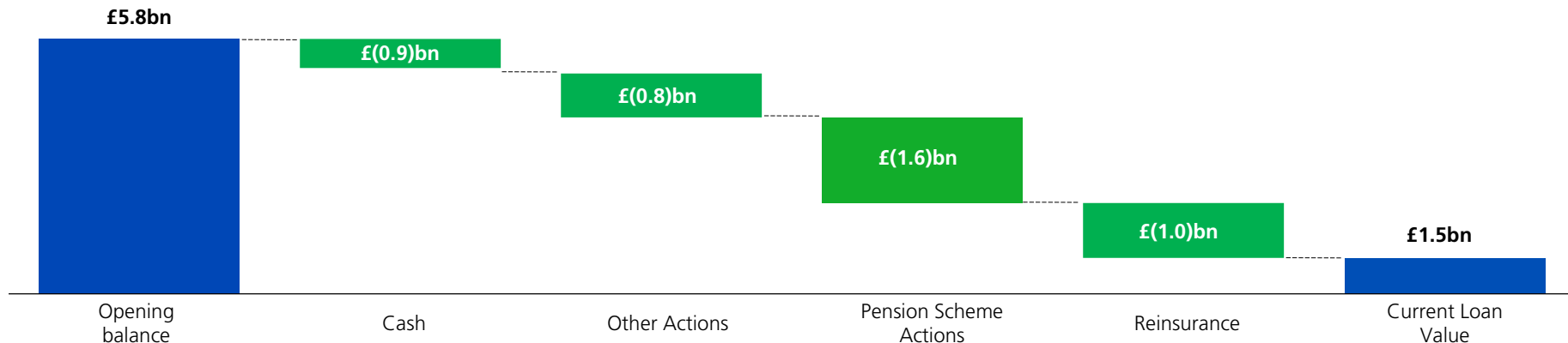
# Net asset value

Net asset value per share	IFRS	MCEV
<b>Opening NAV per share at 31 December 2014</b>	<b>340p</b>	<b>527p</b>
Operating profit <sup>1</sup>	48p	43p
Friends Life acquisition	55p	5p
Dividends	(16)p	(16)p
Investment variances & AFS equity movements	(4)p	(19)p
Pension fund	(4)p	(4)p
Foreign exchange	(8)p	(11)p
Integration and restructuring costs	(6)p	(8)p
AVIF amortisation	(9)p	(0)p
Other	(7)p	(2)p
<b>Closing NAV per share at 31 December 2015</b>	<b>389p</b>	<b>515p</b>

Movements shown net of tax and non controlling interests

<sup>1</sup> Operating profit has been restated to exclude amortisation and impairment of acquired value of in-force business, which is now shown as a non-operating item. There is no impact on the result or the total equity for any period presented as a result of this restatement.

# Inter-company Loan – plan complete



## Internal loan value reduced by over £4bn

- Plan initiated in 2013 to reduce internal loan value from £5.8bn. This has been executed and exceeded
- UK GI business strongly capitalised through combination of loan and non-loan assets

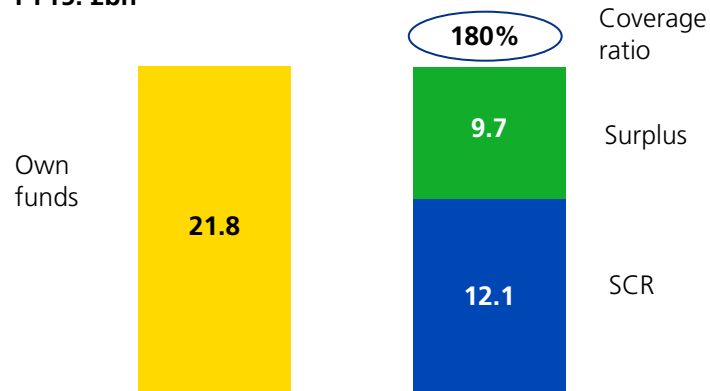
## Actions taken

- Cash payments
- Other actions include removal of commercial paper guarantee
- De-risking of exposure to pension schemes through funding basis negotiation, funding contributions and management actions (including longevity swap)
- Effective use of internal and external reinsurance

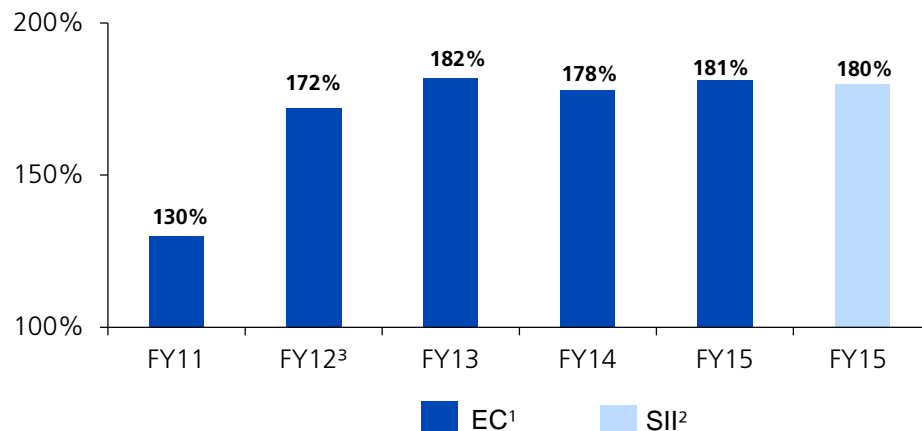
Reduced intercompany balance to £1.5bn, exceeding target of £2.2bn

# Smooth transition from economic capital

FY15: £bn



Consistent ratios



- No dramatic change in old or new coverage ratio
- No reliance on equivalence or UFR
- Capital position resilient to wide range of market stresses and to market moves in January and February this year

1. Economic capital represents an estimated position. The economic capital requirement is based on Aviva's own internal assessment and capital management policies. The term 'economic capital' does not imply capital as required by regulators or other third parties.

2. The estimated Solvency II ratio represents the shareholder view.

3 On a pro forma basis

# Capital resilient to stresses

## Group SII ratio

FY15: 180% coverage ratio

Capital redeployment

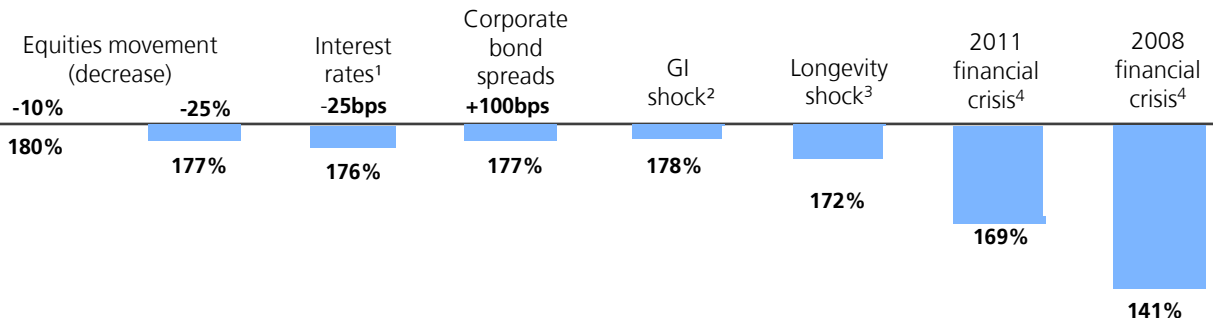
Working range

Risk reduction

100% Solvency Capital Requirement ("SCR")

Minimum Capital requirement ("MCR")

Not to scale



- Balance sheet prudently positioned in terms of ALM risk appetite with further protection provided by hedging
- This strength and resilience provides confidence in the sustainability of shareholder dividends under most economic and market scenarios
- Working range influences capital management decision making rather than being prescriptive

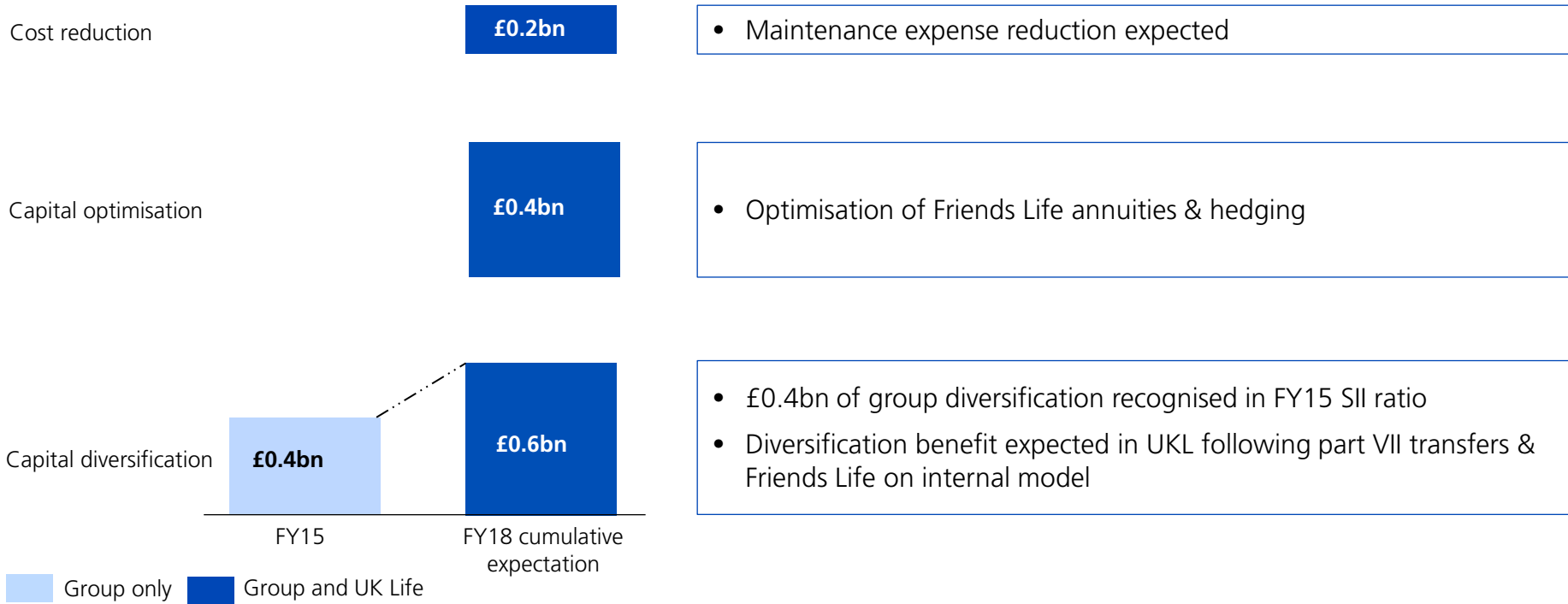
<sup>1</sup> For interest rate stresses, the transitional is assumed to be reset

<sup>2</sup> 5% increase in gross loss ratio

<sup>3</sup> 5% decrease in mortality rates for annuity business

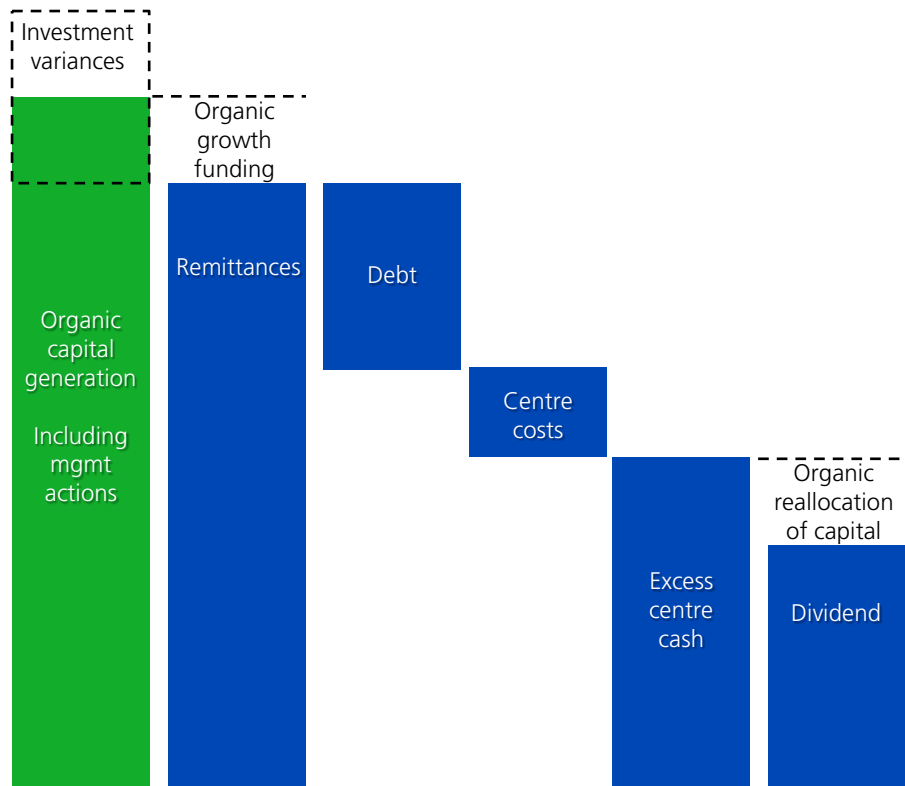
<sup>4</sup> The financial impacts are estimates based on observed market movements during these crises and are intended to provide a high level indication of the Group's Solvency position in these scenarios

# Capital Roadmap – capital & cash benefits of FL acquisition



**£1.2bn of capital benefits from Friends Life acquisition**

# Cash and capital generation



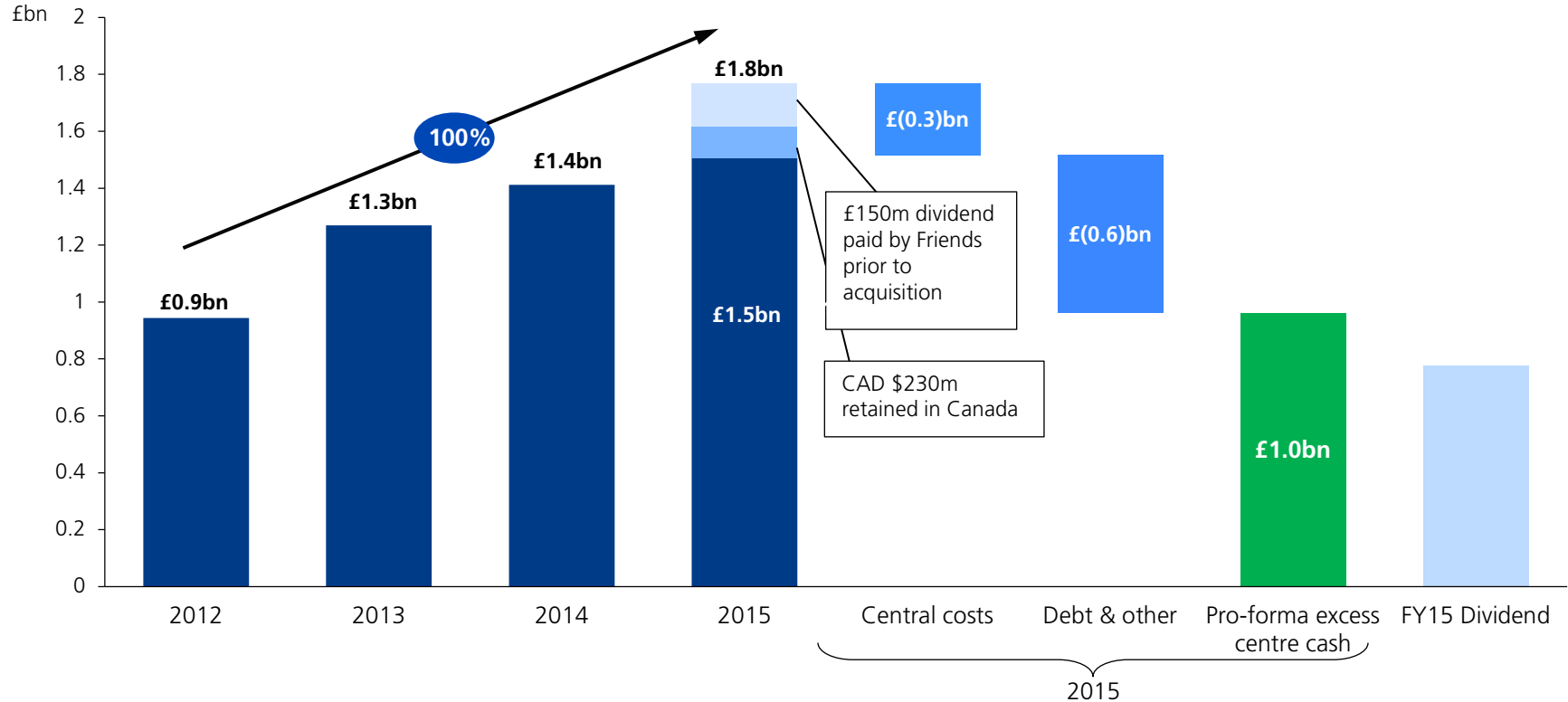
Not to scale

## What happened in 2015?

- Estimated SII capital generation of £2.7bn primarily from management actions and operating activities partly offset by investment variances
- £2.7bn is before dividends paid, centre costs, and external interest. It also excludes impact of hybrid debt financing and impact of FL at closing
- Expected increased levels of remittances, in particular in UK Life following capital actions
- 2016 outlook: after allowing for a progressive dividend, expect growth in SII cover ratio of between 5 and 10 pp before investment variances and redeployment



# Continued development of excess centre cash



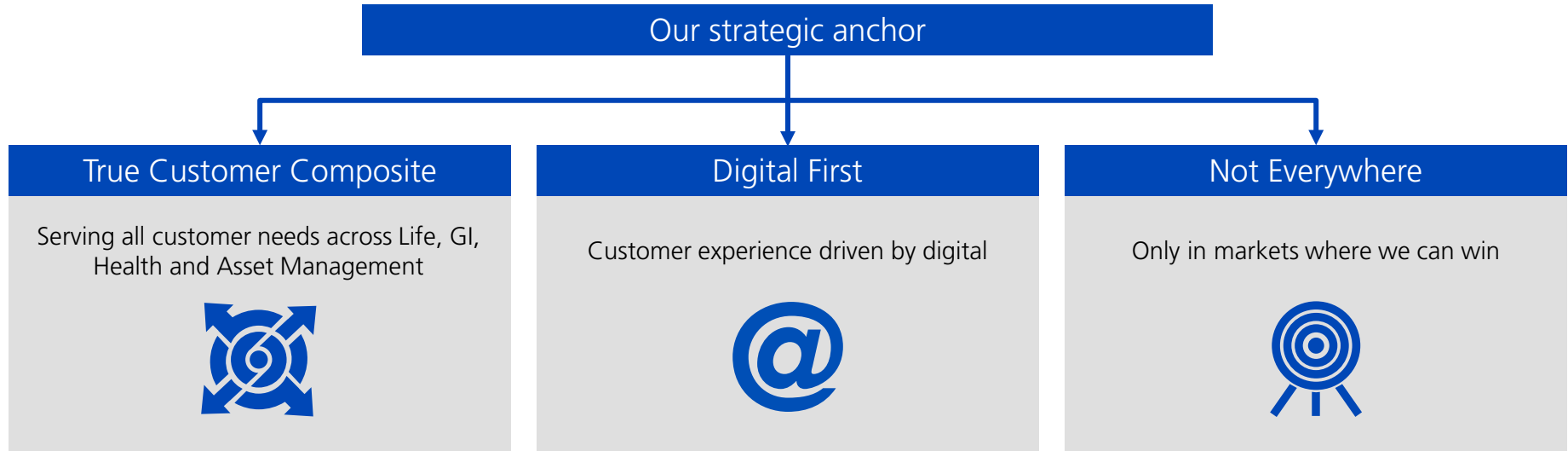
Underlying cash remittances improving, but still work to do

# 2015 Results

Mark Wilson

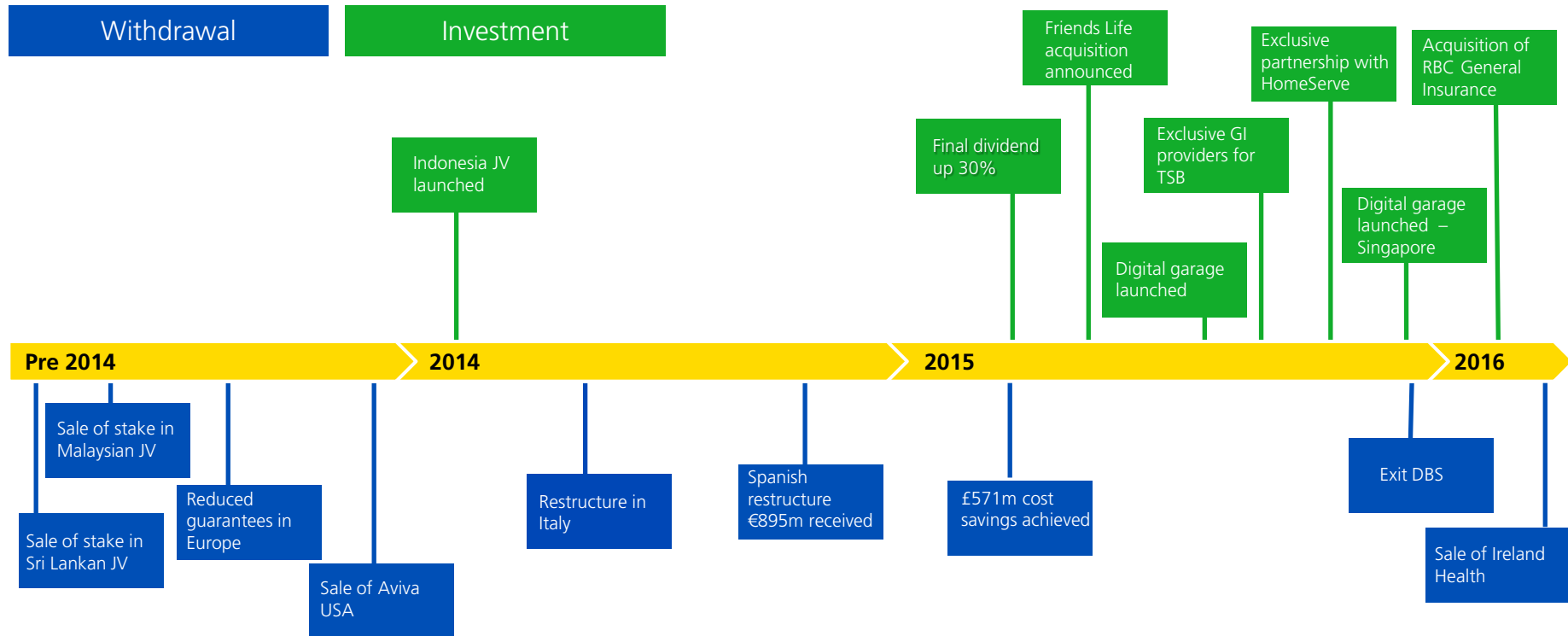
Group Chief Executive Officer

# Investment Thesis – “Cash flow plus growth”



Sustainable and progressive cash flow growth

# Capital Allocation remains a competitive sport



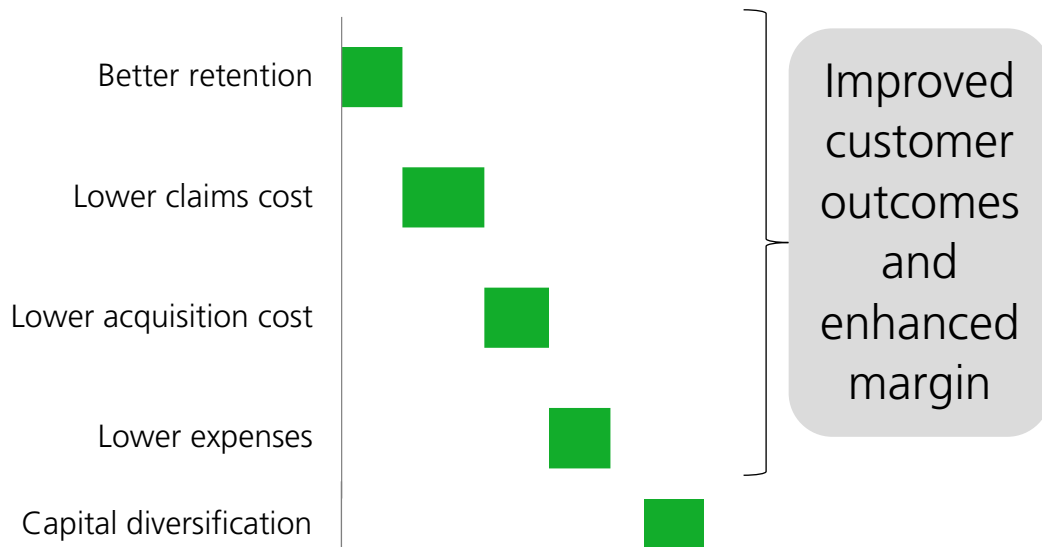
Capital will be prioritised to markets with superior return and growth prospects

# Why Composite counts for Aviva and the customer

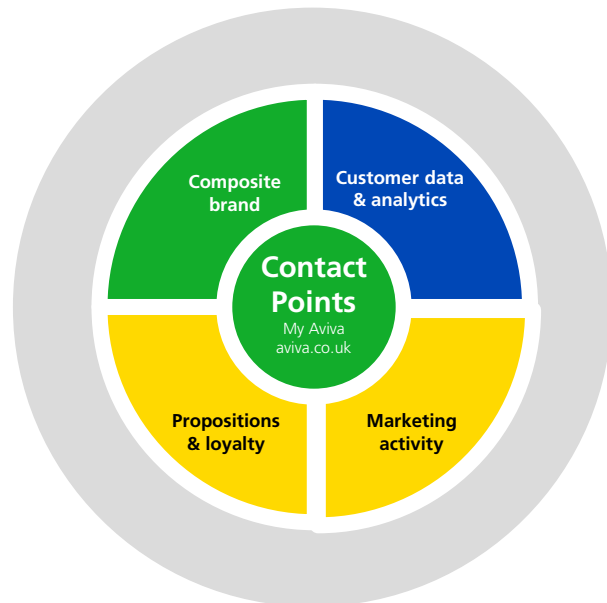
31% of people prefer their products with one provider, 47% when given a reason to consolidate

## Economics of composite

Impact on net margin (% premium)\*



## Composite delivery model



We will continue to prioritise our investment in digital

\* e.g. 5 year view of motor cross-sell to pensions customer at marginal cost versus single product to new customer

# Investment Thesis – so what's next?

## Cash flow

- Additional £1bn of remittances from UK Life
- Refine geographic footprint
- Rebalance earnings to Asset Management, GI and Accident & Health
- Dividend moving 2x IFRS cover

## Growth

- Capital prioritised to markets with superior return and growth
- Further expense efficiencies
- True Customer Composite and Digital with MyAviva registrations – key leading indicator
- Aviva Investors operating profit growth

Strong capital position ensures full suite of options available

# 2015 Results

Q&A

# 2015 Results

## Appendix



# Limited interest rate sensitivity<sup>1</sup>

## Group SII ratio

FY15: 180%  
coverage ratio

Capital redeployment

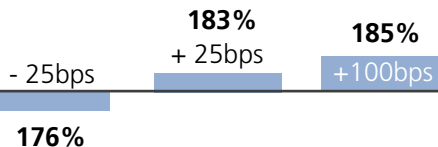
Working range

Risk reduction

100% Solvency  
Capital Requirement  
("SCR")

Minimum Capital  
requirement  
("MCR")

Not to scale



- Low appetite for interest rate risk reflected in product design and in-force product mix
- Life business primarily in UK where interest rate risk is limited
- Average in-force guarantee in France below 1% and Italy below 2%. Guarantees on new business are even lower
- No reliance on UFR

<sup>1</sup> For interest rate stresses, the transitional is assumed to be reset

# Limited spread sensitivity

## Group SII ratio

FY15: 180% coverage ratio

Capital redeployment

Working range

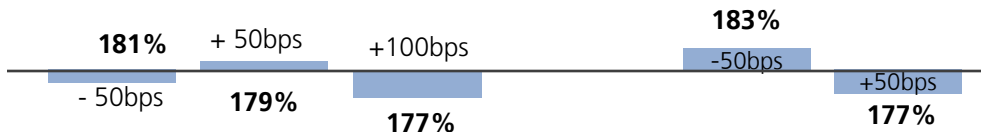
Risk reduction

100% Solvency Capital Requirement ("SCR")

Minimum Capital requirement ("MCR")

Not to scale

## Corporate bond spreads



## Sovereign bond spreads

183%

-50bps

+50bps

177%

Shareholder assets	Debt securities	
£ million	£m	% of portfolio
AAA	6,770	14.1%
AA	16,271	34.0%
A	13,145	27.4%
BBB	8,347	17.4%
Less than BBB	691	1.4%
Non rated	2,712	5.7%
<b>Total</b>	<b>47,936</b>	<b>100%</b>

- Less than 2% of total shareholder debt relates to oil and gas companies including service companies and pipelines
- Exposure to worldwide bank debt securities both senior and sub debt amounts to £5.9bn

# Limited equity sensitivity

## Group SII ratio

FY15: 180%  
coverage ratio

Capital redeployment

Working range

Risk reduction

100% Solvency  
Capital Requirement  
("SCR")

Minimum Capital  
requirement  
("MCR")

Not to scale

**181%**

- 10%

- 25%

+ 10%

**180%**

**177%**

- Limited equity exposure in the shareholder backed funds
- Participating products in France and Italy have low equity backing ratios, leading to modest sensitivity to equity market movements
- In the UK, equity sensitivity primarily arises through AUM impacts in our savings businesses
- In recent years, we have reduced direct unhedged equity exposure and maintained our long standing equity hedging programme at Group (which has successfully dampened volatility over the past 12 months)
- Hedging in the business units has also increased, providing significant benefits during recent market turmoil

# Earnings per share

	FY14 <sup>1</sup>	FY15
Group operating profit	2,213	<b>2,665</b>
Less operating tax	(563)	<b>(598)</b>
Minority Interest	(143)	<b>(152)</b>
DCI and fixed rate tier 1 notes	(69)	<b>(57)</b>
Preference shares	(17)	<b>(17)</b>
<b>Total operating earnings after tax, MI &amp; DCI and preference shares</b>	<b>1,421</b>	<b>1,841</b>
Weighted average number of shares	2,943	3,741
<b>Operating earnings per share</b>	<b>48.3p</b>	<b>49.2p</b>
	FY14 <sup>1</sup>	FY15
Operating profit attributable to shareholders	1,421	<b>1,841</b>
Investment return variances and economic assumption changes on long-term business	4	<b>(37)</b>
Short-term fluctuation in return on investments backing non long-term business	197	<b>(62)</b>
Economic assumption changes on GI & Health business	(114)	<b>(80)</b>
Impairment of goodwill, joint ventures and associates and other amounts expensed	(24)	<b>(22)</b>
Amortisation and impairment of intangibles	(61)	<b>(121)</b>
Amortisation and impairment of acquired value of in-force business	(38)	<b>(376)</b>
Profit on disposal and remeasurement of subsidiaries, JVs and associates	170	<b>2</b>
Integration and restructuring costs and other	(130)	<b>(301)</b>
<b>Profit attributable to ordinary shareholders from continuing operations</b>	<b>1,425</b>	<b>844</b>
Weighted average number of shares	2,943	3,741
<b>Basic earnings per share</b>	<b>48.4p</b>	<b>22.6p</b>

<sup>1</sup> Operating profit has been restated to exclude amortisation and impairment of acquired value of in-force business, which is now shown as a non-operating item. There is no impact on the result or the total equity for any period presented as a result of this restatement.

# 2015 Results