

Aviva Capital Markets Day

9th July 2014



Mark Wilson
Group Chief Executive Officer



Cautionary statements:

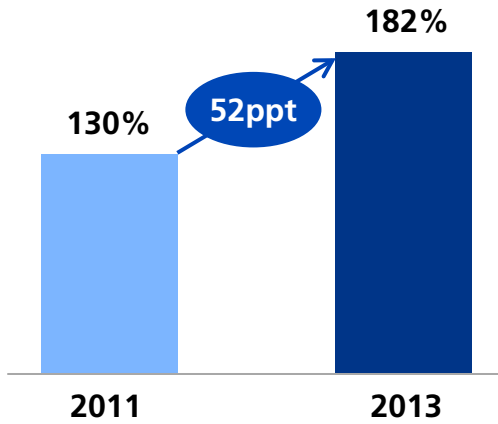
This should be read in conjunction with the documents filed by Aviva plc (the “Company” or “Aviva”) with the United States Securities and Exchange Commission (“SEC”). This announcement contains, and we may make other verbal or written “forward-looking statements” with respect to certain of Aviva’s plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words “believes”, “intends”, “expects”, “projects”, “plans”, “will,” “seeks”, “aims”, “may”, “could”, “outlook”, “estimates” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. 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 various local political, regulatory and economic conditions; market developments and government actions regarding the sovereign debt crisis in Europe; 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 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; a cyclical downturn of the insurance industry; 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; the impact of catastrophic events on our business activities and results of operations; 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; the effect of the European Union’s “Solvency II” rules on our regulatory capital requirements; 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; risks associated with arrangements with third parties, including joint ventures; 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 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; 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 and other uncertainties relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries. 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. Aviva undertakes no obligation to update the forward looking statements in this announcement or any other forward-looking statements we may make. Forward-looking statements in this announcement are current only as of the date on which such statements are made.

Agenda

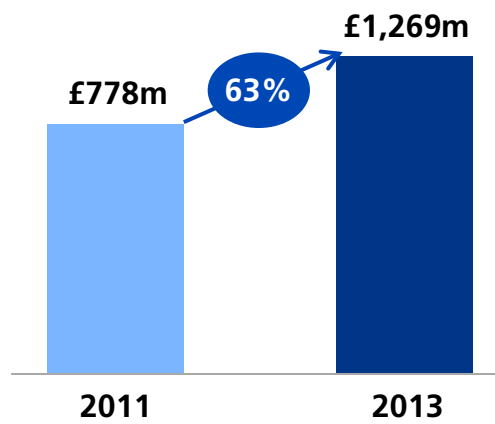
Aviva Reloaded	Mark Wilson
Still more to do	Tom Stoddard
Break	9.30 – 9.45
Aviva Investors – Making asset management core	Euan Munro
Aviva UK Life – Cash flow and growing the franchise	David Barral
Break	11.15 – 11.30
Aviva GI – digital, analytics and opportunities to grow underwriting profits	Maurice Tulloch
Transforming our customer experience	Monique Shivanandan
Lunch and demonstrations	12.30 – 14.00
Aviva Europe – Cash, turnaround and growth	David McMillan
Aviva Asia – Capitalising on Asia’s growth potential	Khor Hock Seng
Break	15.15 – 15.30
People – creating a performance-based culture	Christine Deputy
Productivity and systems thinking	Nick Amin & Scott McFie
CEO Summary and Q&A	Mark Wilson
Close	17.30

Some progress since 2011

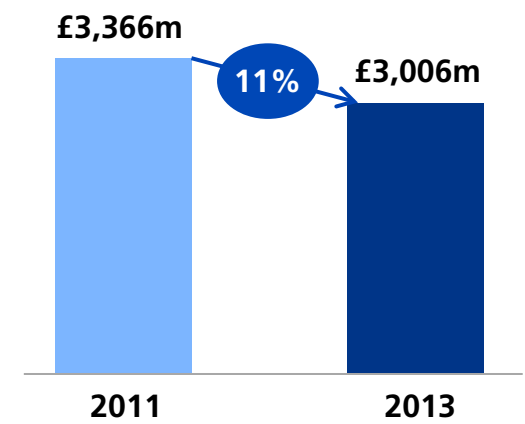
Economic Capital



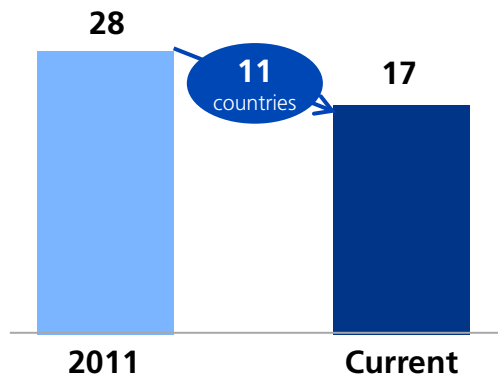
Remittances



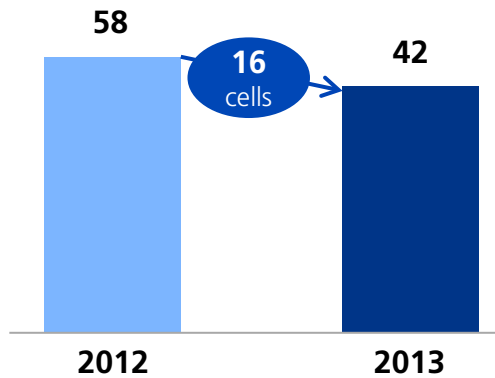
Operating expenses



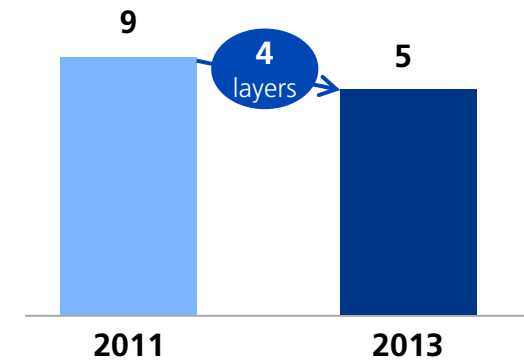
Countries



Cells



Management layers



Winning Through Data

Those who interpret data quickly and intuitively to inform the development of products and services will lead the way

The Power of Communities

The economic power of governments will have declined further and the power of 'communities', both virtual and local, will have increased

Older & Healthier

The emergence of a generation aged 50 plus who will live longer and who are healthier. Markets will be driven increasingly by this group's attitudes and needs

My Life, My Way

Customers will be much more in control, expecting to self-serve and self-solve. They will want to be able to access data and insight, and use it to guide their own decisions

The Age of Disruption

New agile competitors will act faster to disrupt our core business

Shifting Wealth

Developing markets will have a much larger share of the world's savings pool

Our strategic anchor

Our strategic anchor

True customer composite

Serving all customer needs across Life, GI, Health and Asset Management



Digital first

Customer experience driven by digital



Not everywhere

Only in markets where we can win



Supported by:

MULTI

Multiple lines of service and multiple lines of distribution

CONVENIENT

Allowing customers to interact with us simply, in their way

EXPERT

Technical expertise in underwriting, risk and asset management, data and analytics

BRITISH

Actively harnessing the heritage from being an iconic British business

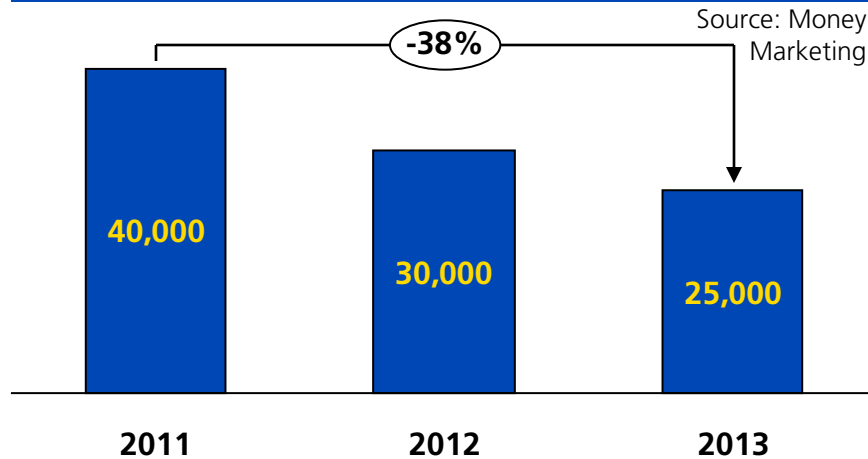
COLLABORATION

Leveraging the commonalities across all our businesses

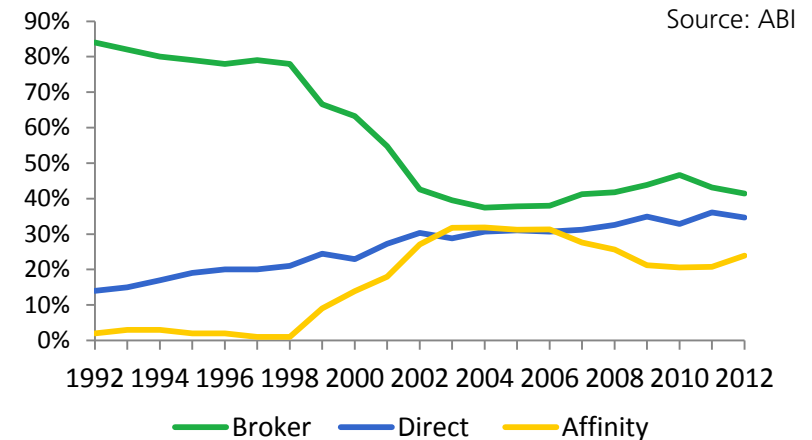
A focussed, clear, simple, differentiated business strategy

True customer composite

Numbers of IFAs in the UK has dropped 38% since 2011



UK personal lines insurance has steadily become disintermediated



Historical view of a composite

- Financial benefits of diversification were clear, operational benefits elusive.
- No cross business line packaging
- Intermediary dominated distribution and customer relationships
- Wide geographic footprint lacking agility and focus

True customer composite

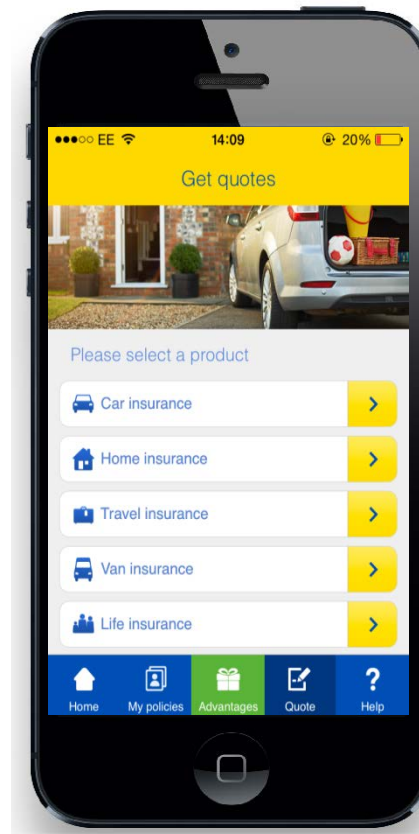
- Packaged customer solutions across product groups
- More product holdings lead to greater engagement, retention and profitability
- Simpler, often cheaper proposition
- Asset management increasingly important
- Enabled by digital technology
- Lower insurance risk profile

Historical distribution has prevented composite packaging

Digital first vision

- One customer view
- One place for all products and services
- One statement
- One premium
- No paper
- MyAviva

MyAviva



Life



General Insurance



Health

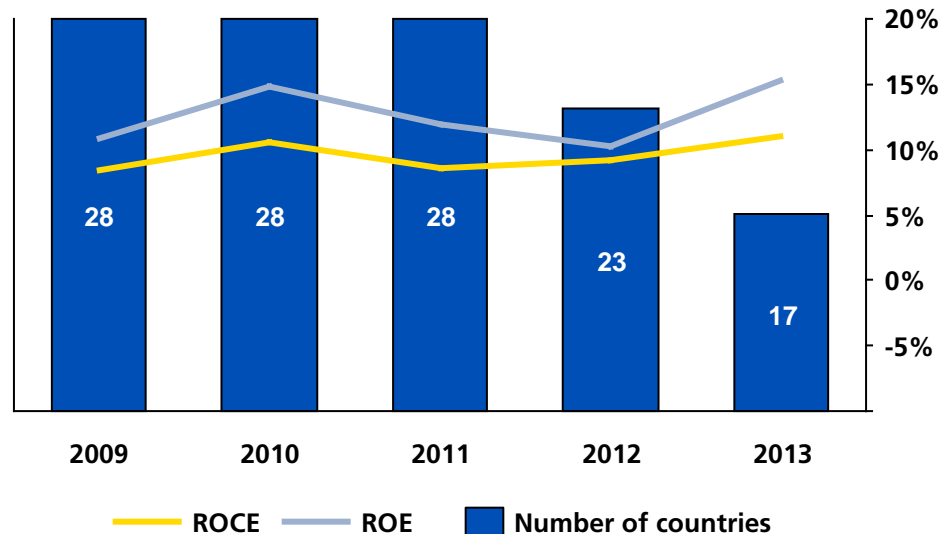


Asset Management



Digital is a key enabler to true customer composite

Despite a reduction in the number of countries
ROCE and ROE has increased*



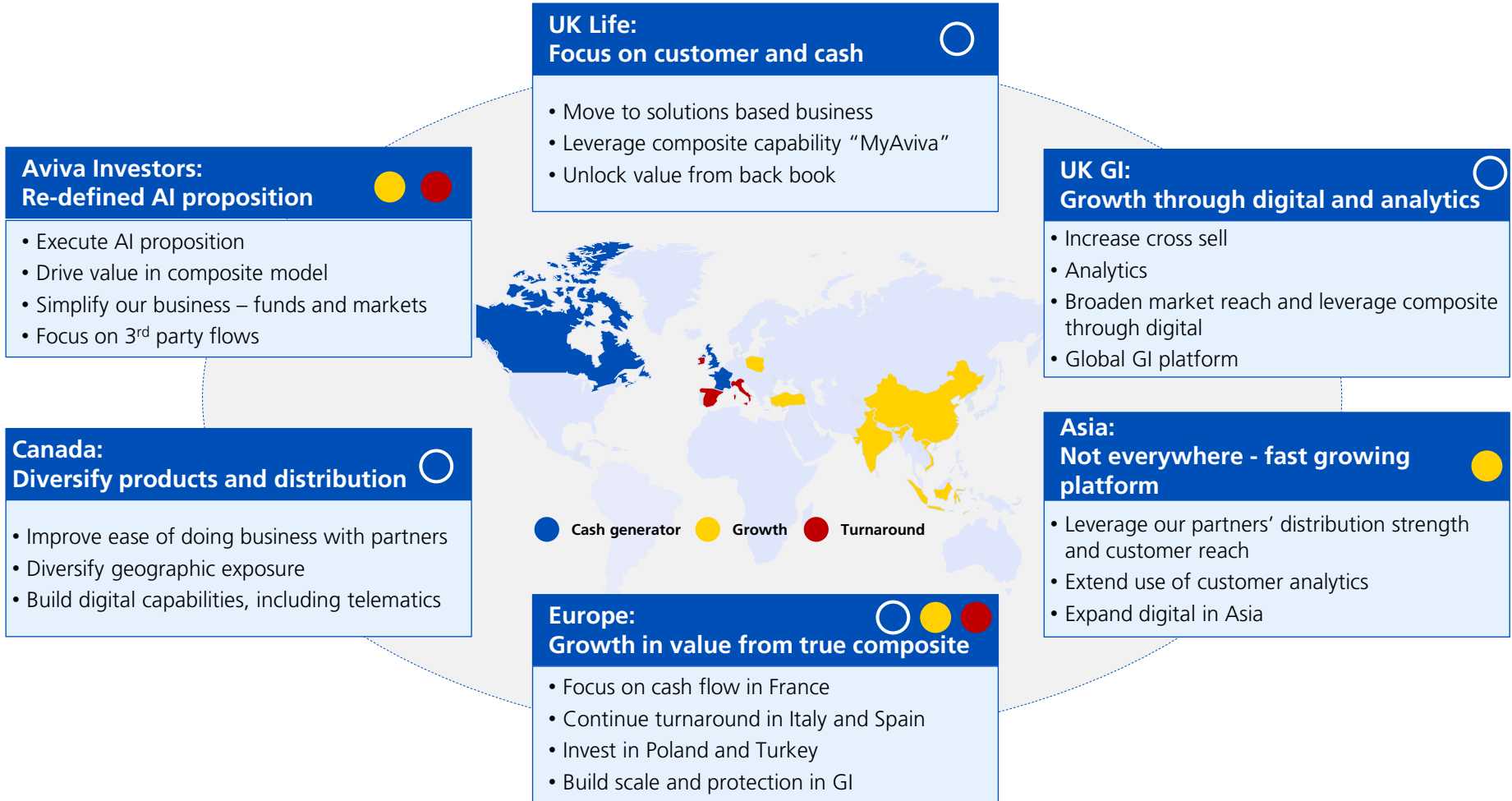
We will continue to reshape our portfolio to drive returns higher

- Only operate in markets where we have scale and defined competitive advantage
- Allocate capital between cells and countries
- A preference for composite where margins and regulation are supportive

We have focussed our footprint and returns have improved

*All years as reported with the exception of 2013 which excludes the US.

Our local business strategies



We have clear strategies to deliver cash flow and growth


Key issues – Cash flow

Cash flow

Issue	Plan	Timing
1 Operating expense ratio is too high	Below 50%	YE 2016
2 Excess cash flow is inadequate considering our earnings power	More than double annual run-rate to £0.8bn	YE 2016
3 Life back books are inefficient and capital intensive	Increase cash flow, efficiency and retention	Ongoing
4 High external leverage and debt service levels deflates profits and restricts financial flexibility	Below 40% on TNAV basis and AA equivalent on S&P basis	Medium Term

Clear plan to deliver improvements in cash flow

Key issues – Growth

	Issue	Plan	Timing
 Growth	5 Growth is necessary but not at the cost of dividends	Reallocate resources to growth businesses	Ongoing
	6 Third party flows are weak	Positive external fund flows at Aviva Investors	From 2015
	7 Current cross-sell rate is unacceptable	Increase average product holdings	Ongoing
	8 We rely too heavily on others for distributions	Two million MyAviva customers	Within 12 months

Potential for growth through reallocation of capital

A strengthened management team



Tom Stoddard
Chief Financial Officer
Aviva <1 year
Previously Blackstone



Euan Munro
CEO of Aviva Investors
Aviva <1 year
Previously Standard Life



David McMillan
Chairman Global Health
Insurance and CEO Europe
Aviva 11 years



Maurice Tulloch
Chairman Global General
Insurance and CEO UK&I GI
Aviva 22 years



Chris Wei
CEO Global Life Insurance and
Chairman Asia
Aviva start date Oct 2014
Previously Great Eastern



Nick Amin
Chief Operations &
Transformation Director
Aviva 1 year
Previously AIA Group



David Barral
CEO, UK&I Life Insurance
Aviva 15 years



Paul Boyle
Chief Audit Officer
Aviva 4 years
Previously FRC, FSA



Kirstine Cooper
Group General Counsel and
Company Secretary
Aviva 23 years



Christine Deputy
Group HR Director
Aviva 1 year
Previously Barclays, Starbucks



Khor Hock Seng
CEO, Aviva Asia
Aviva 1 year
Previously AIA Malaysia



John Lister
Group Chief Risk Officer
Aviva 28 years



Amanda Mackenzie
Chief Marketing and
Communications Officer
Aviva 6 years
Previously BT, British Gas



Monique Shivanandan
Chief Information Officer
Aviva <1 year
Previously Capital One, BT



Jason Windsor
Chief Capital and Investments
Officer
Aviva 4 years
Previously Morgan Stanley

Still more to do

Tom Stoddard

Group Chief Financial Officer

Industry challenges

- Regulatory change
 - Solvency II
 - GSII
 - Consumer value
- Legacy of global financial crisis
- New reporting requirements
- Systems and Management Information in transition

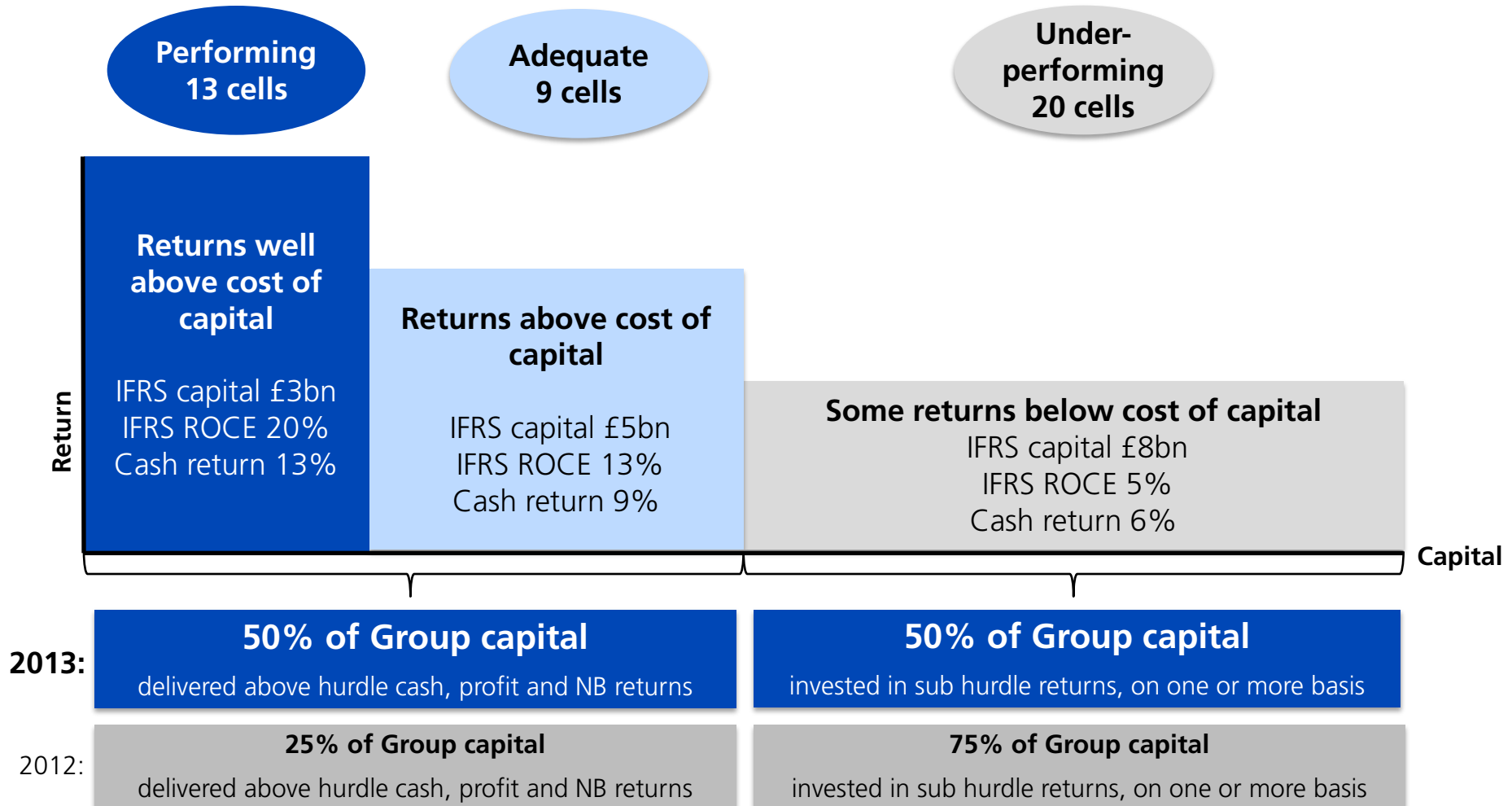
Who would want to be an insurance CFO?

Finance issues and actions

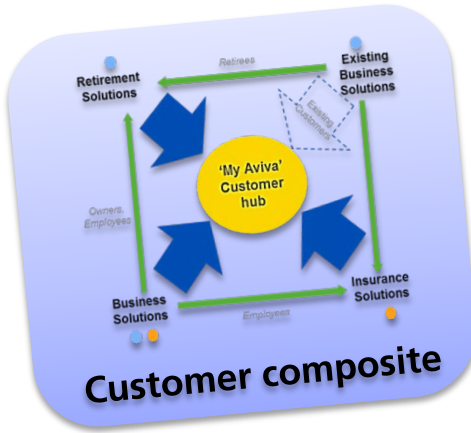
- Invest in change
- Improve profitability
- Reduce internal and external leverage
- Accelerate cash flow and growth

Increased scrutiny on underperforming cells

Capital backing underperforming cells has improved to 50%, but this is still unacceptable



Invest in change: True Customer Composite & Digital First



Customer composite



Digital first



Delivering our strategic anchor

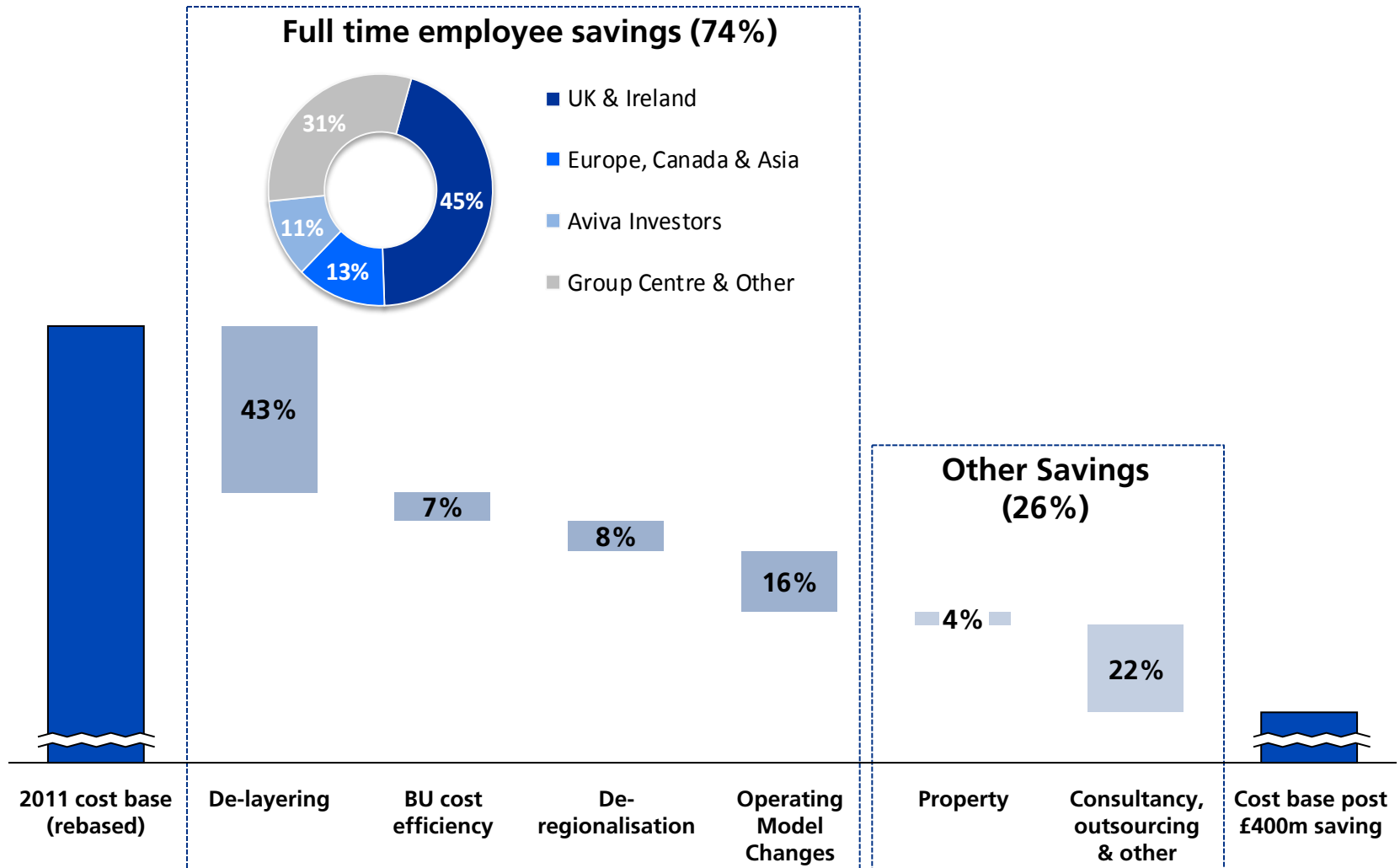


Cash, turnaround & growth

- Reboot for success in Aviva Investors**
- 1 Re-orient around 'outcomes' & spearhead by multi-strategy suite
 - 2 Enhance & globalise specialist investment capabilities
 - 3 Open up new winnable markets & profit pools
 - 4 Invest in & re-align distribution
 - 5 Drive value in Composite model
 - 6 Engineer complexity out & build scalability in
 - 7 Simplify our business
 - 8 Implement world class controls
 - 9 Transform culture, capability & performance

More focus on strategic spend

How we achieved £400m run-rate savings

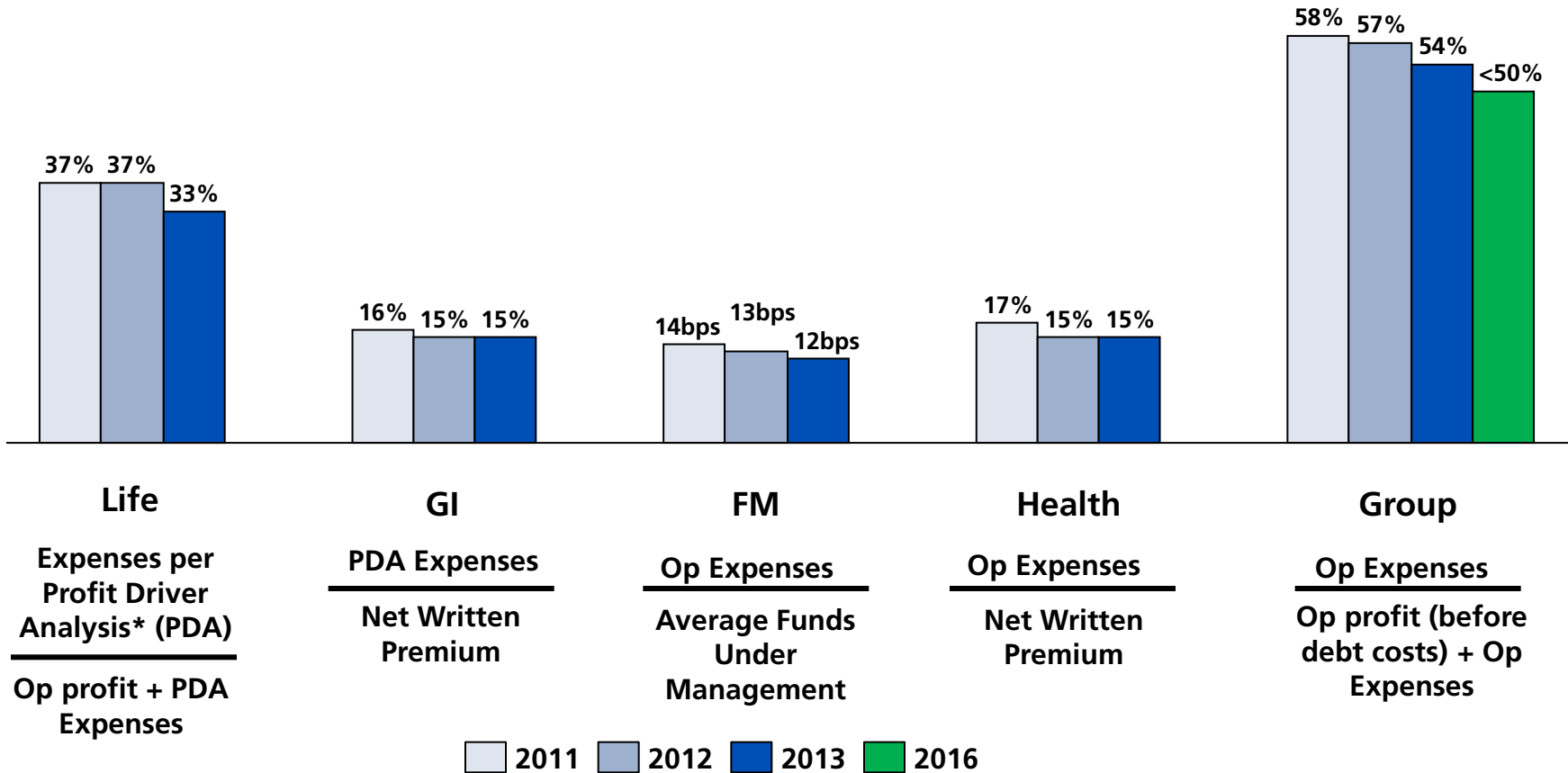


Moving away from 'big-bang' restructuring

A focus on improving efficiency ratios

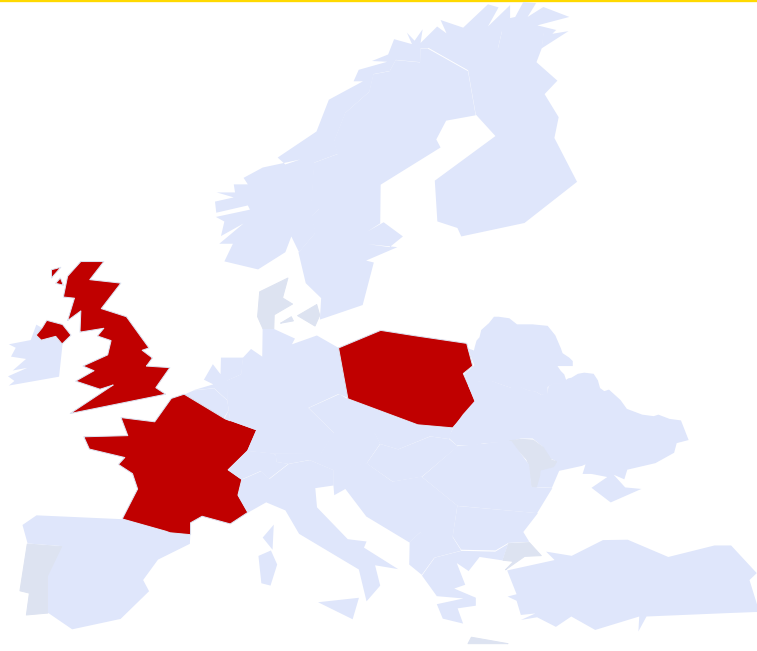
Segmental efficiency ratios

Group ratio



We expect Group operating expense ratio to improve every year

Improve profitability: Unlocking value in back books



UK Life

MCEV: £7.4bn

Policies in-force: 6.6mn



France

MCEV: £3.7bn

Policies in-force: 2.6mn



Poland

MCEV: £1.3bn

Policies in-force: 4.7mn



Back book strategies

- Improved retention by:
 - Integrated customer / distributor plan
 - Greater engagement
- Further expense and capital initiatives

Aviva Systems Thinking

- View from a customer perspective
- Study process to identify “failure demand”
- Eliminate waste and improve customer experience

Urgent need to improve back book efficiency relative to peer benchmarks

Assets

- Group asset allocation framework
- Greater collaboration with Aviva Investors
- Consistent approach to Investment Management Agreements
- New asset class capability

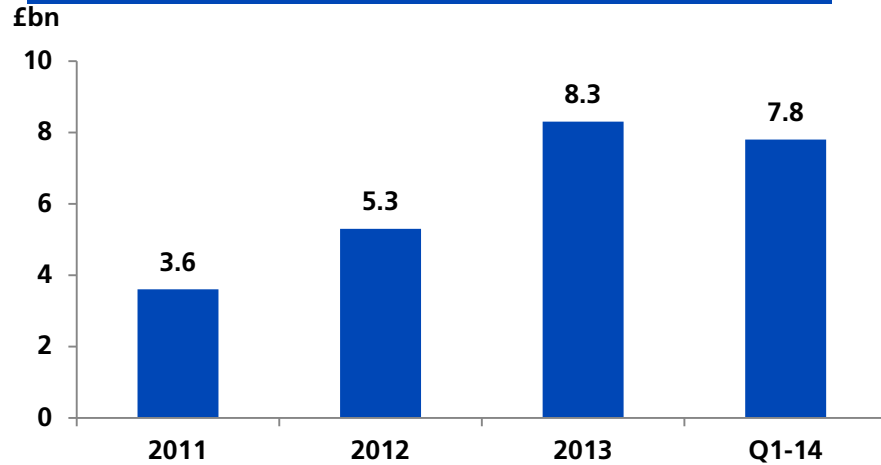
Liabilities

- Creation of Reinsurance Mixer
- Significant opportunities from Back Book management
- Revised and improved debt structure
- Capital efficient products
- Free up underutilised capital

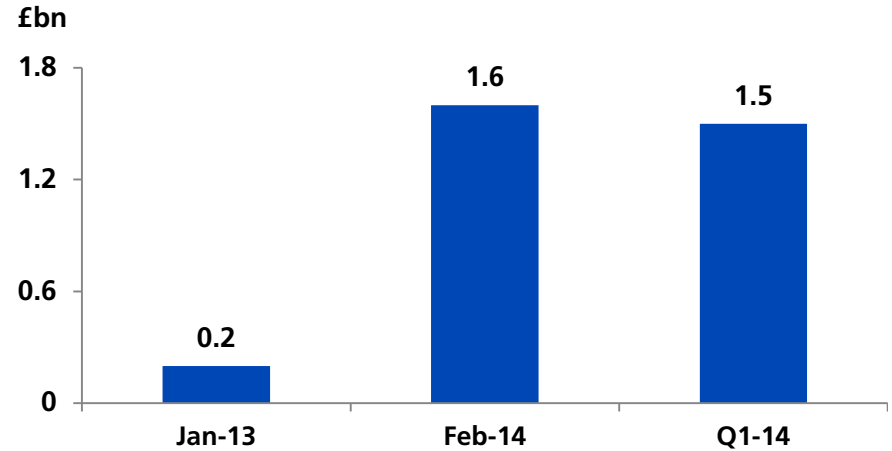
We can make our balance sheet work harder

Improving financial flexibility

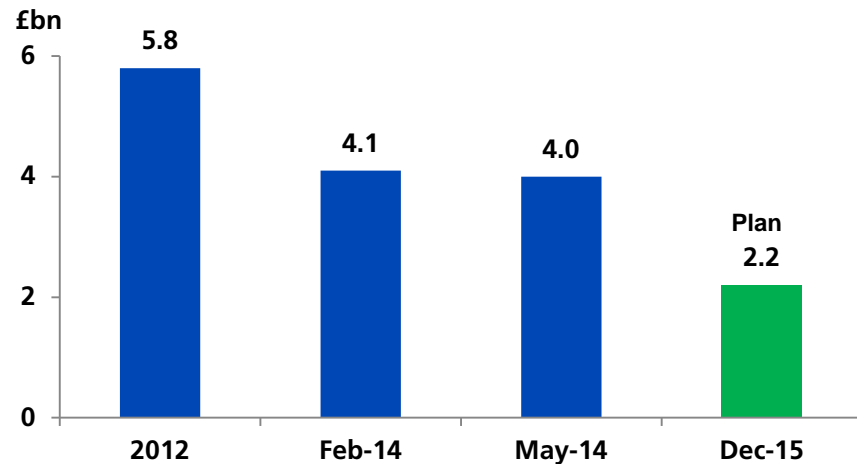
Economic capital surplus¹



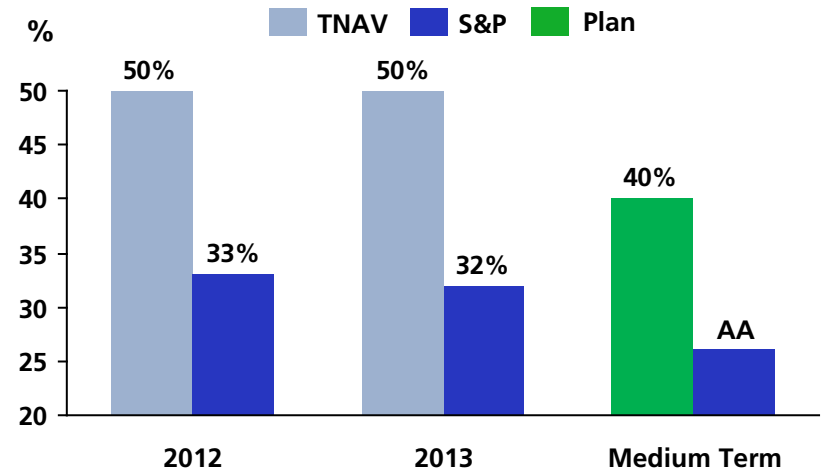
Holding company liquidity



Inter-company loan



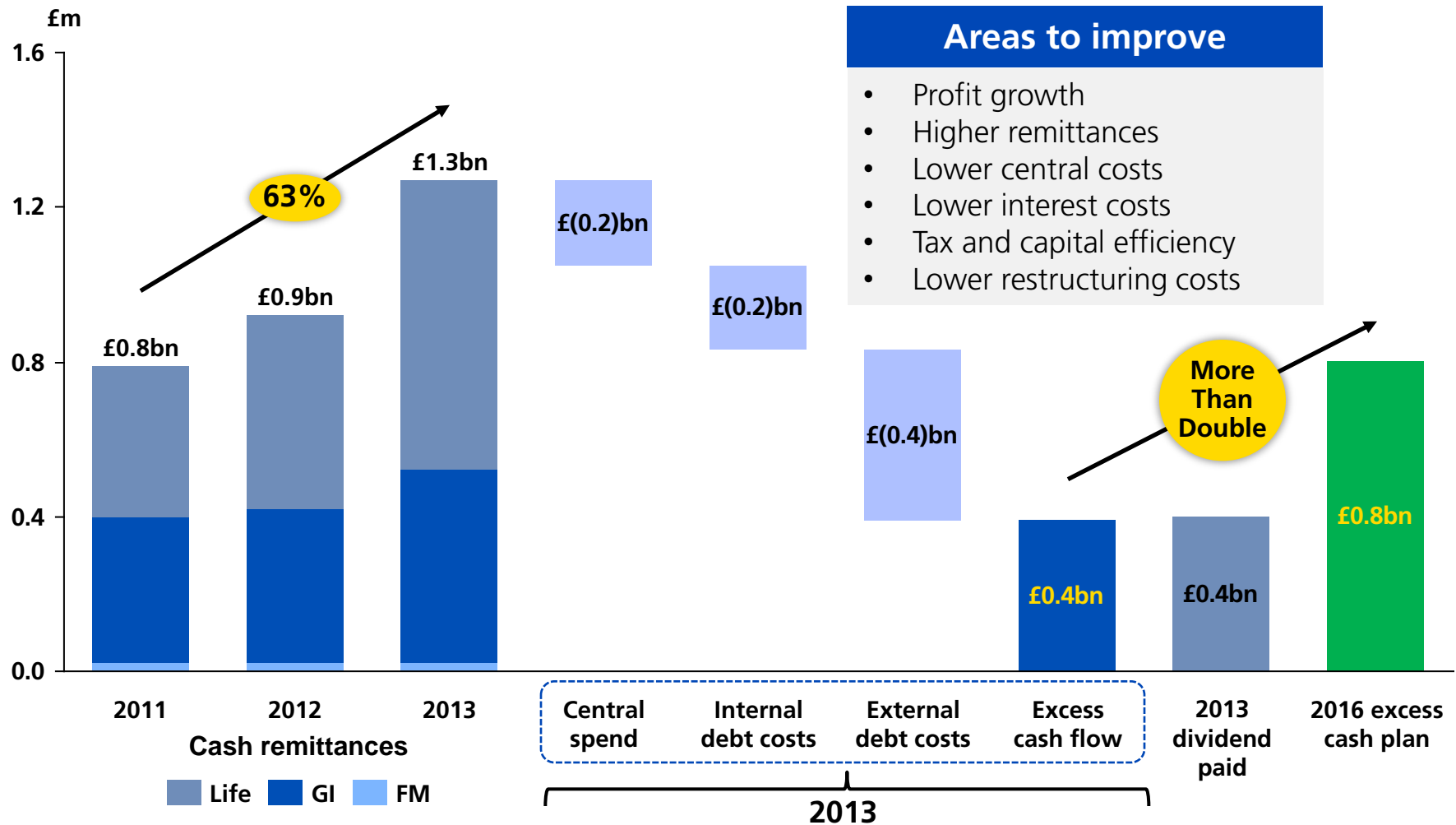
External leverage ratio



Priority to reduce debt leverage and financing cost

1. The economic capital surplus represents an estimated unaudited position. The term 'economic capital' relates to Aviva's own internal assessment and capital management policies and does not imply capital as required by regulators or other third parties.

Accelerating growth of holdco excess cash flow



Our plan is to more than double the sustainable annual run rate of excess cash flow from operations at the holding company level from 2013 to 2016

Summary of financial plan and desired outcomes

Growing the sustainable level of excess cash flow from operations at the holding company level is the key to our investment thesis and business strategy

	Metric	Plan	Timing
Financial Outcomes	Group operating expense ratio	Below 50%	YE 2016
	Holdco excess cash flow	More than double annual run-rate to £0.8bn	YE 2016
	Inter-company loan balance	£2.2 billion	YE 2015
	External debt leverage	Below 40% on TNAV basis and AA equivalent on S&P basis	Medium Term

The financial outcomes we want to deliver from managing toward this plan are:

- Consistently growing cash dividends to shareholders
- Financial flexibility to withstand stress and invest in opportunities
- Stronger ratings
- Adding to Aviva's reputation as an admired brand

Becoming more efficient, generating more cash and improving financial flexibility

Q & A

Tom Stoddard
Group Chief Financial Officer

Aviva Investors

Making Asset Management Core

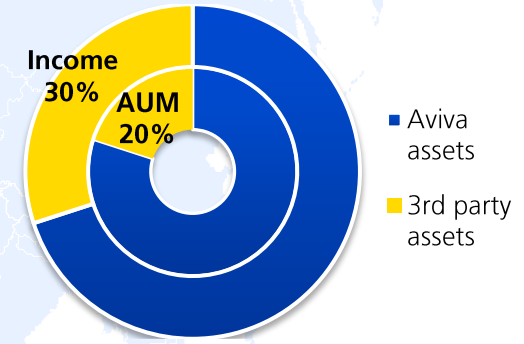
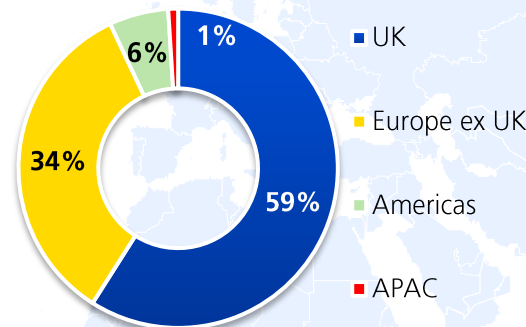
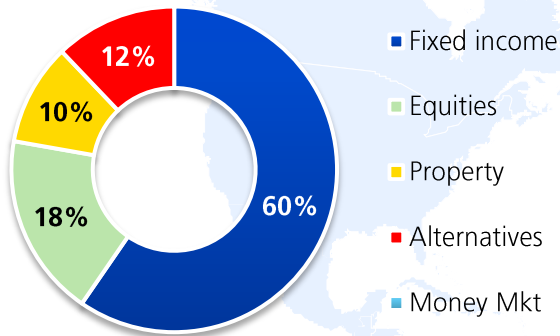
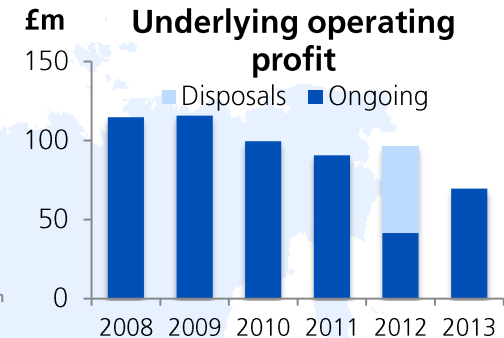
Euan Munro

Chief Executive Officer, Aviva Investors

An introduction to Aviva Investors

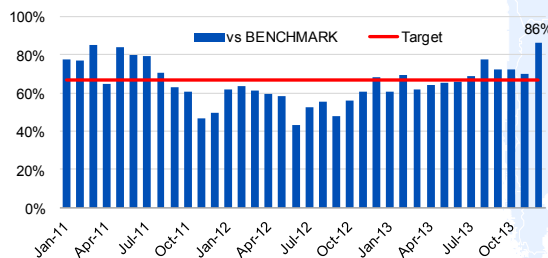


- Total AUM c. £240bn
- Predominantly captive asset manager
- 90% of business with Institutional clients
- Largest market positions by AUM are UK (#7) & France (#8)
- Strength in Fixed Income, Real Estate & Multi Asset

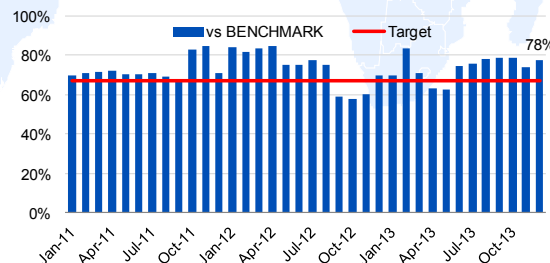


Core investment performance has been good with significant value added for the client (£1.4bn above benchmark)

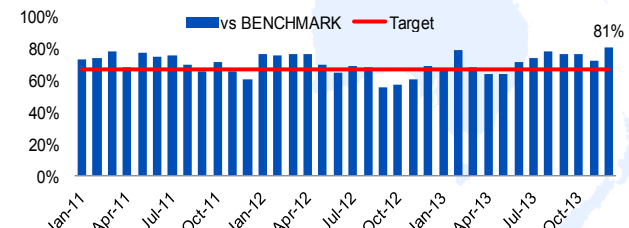
1 yr performance above benchmark



3 yr performance above benchmark

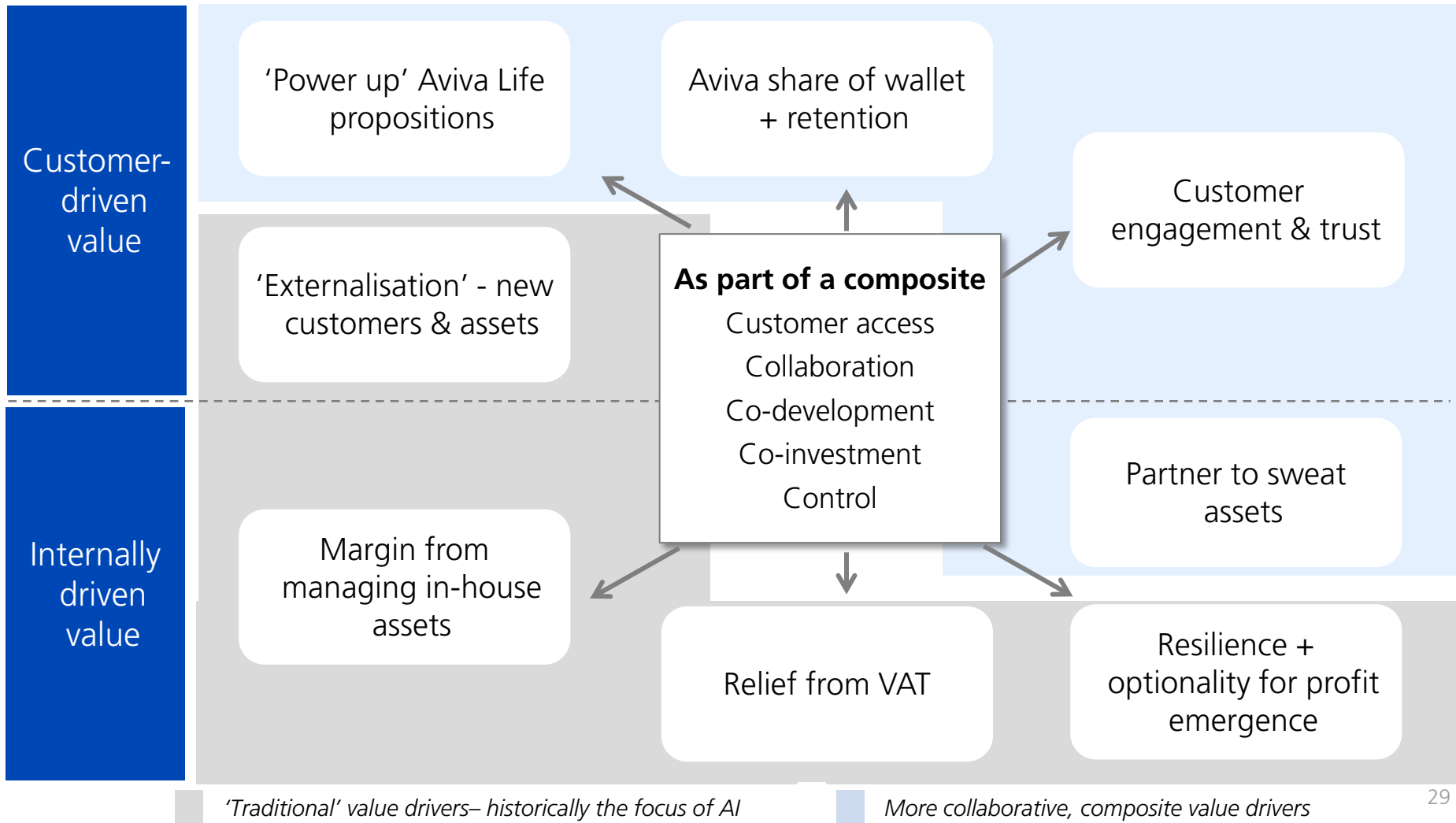


1/3 yr weighted performance above benchmark



Strategic potential of an in-house asset manager

A composite has a number of roles to play in driving shareholder value



Strategy fundamentals – the value proposition

We will align AI around a single overarching proposition: Outcomes

Objective	Deliver outcomes central to customers' success & well being	
Value proposition	Target return	Income
	Inflation+	Liabilities
Customers	Anyone needing assistance in achieving those outcomes	
Value add	Expertise in assembling & shaping the solutions	
	Deliver critical specialist investments	

Why 'outcomes'?

- Fading of guarantees
- Retreat of state provision
- More uncertain lives
- Scarcity of advice & support
- Institutions with hard promises to keep

Why Aviva Investors?

- Insurance heritage
- Low volatility skill set
- Investment orientation
- We care
- Group strength & links

Reposition & re-boot for success

Align to customer needs

Valued solutions - not sold products

Growth via Aviva & 3rd party

From complexity to simplicity

Manage Group assets optimally

Re-define & scale AI value proposition

Drive value in Composite model

Simplify our business

- 1 Re-orient around 'outcomes' and spearhead by multi-strategy suite
- 2 Enhance and globalise specialist investment capabilities
- 3 Open up new winnable markets and profit pools
- 4 Invest in and re-align distribution
- 5 'Power up' Aviva Composite initiatives and positions
- 6 Engineer complexity out and build scalability in
- 7 Implement world class controls
- 8 Transform culture, capability and performance

Taking the proposition to market

We will deploy a focussed market & distribution strategy based around 3 strands

Market type, criteria & focus areas			Routes to market	Focus
1 Aviva Customer Composite presence	<ol style="list-style-type: none"> 1. Life, GI customers 2. Distribution platforms / assets 3. Digital 	<p>UK&I France Singapore Indonesia</p>	<p>Aviva platforms Distribution partners 3rd party platforms</p>	<p><i>Invest in:</i></p> <ul style="list-style-type: none"> • Marketing & brand • Proposition • Training / up skilling
2 AI's current direct-to-institution markets	<ol style="list-style-type: none"> 1. Distribution in place 2. AI brand building 3. Profitable 4. Near Composite hubs 	<p>Develop AI's current footprint</p>	<p>Consultants Wealth Platforms Pension Schemes Insurers</p>	<p><i>Reinforce capability:</i></p> <ul style="list-style-type: none"> • Minimal in-market presence • Service via local hubs • Build B2B sales capacity
3 Winnable new markets	<ol style="list-style-type: none"> 1. High scale markets 2. Diversifies asset base 3. Leveraged distribution 	<p><i>E.g.</i> US Japan</p>	<p>Financial Institutions Sub-advisory Distribution partners Consultants</p>	<p><i>Build in-market capability:</i></p> <ul style="list-style-type: none"> • B2B sales capacity • Client relationship management • Consultant relations

We have already been active in progressing this strategy

Value proposition & direction

- New ExCo, new strategy
- Exits from trading or non-outcomes style desks
- First multi-strategy suite launched – Target Return
- Built capability in active LDI, Multi Asset & Illiquid

Efficiency, effectiveness, complexity

- Single operating platform
- Initiated fund rationalisation programme
- Globalised front office capability in Fixed Income
- Controls Environment Improvement program

Driving value via Composite

- Global Solutions Directorate to develop solutions for Aviva
- Re-amalgamated UK Collectives into Aviva Investors
- Initiated co-led projects with Aviva Life companies

Our approach to successful implementation

We see 4 drivers of successful implementation. We have made progress – but challenges over the next 18 months remain

Key delivery requirement	Now in place	18 month priorities & challenges
Organisation and culture	<ul style="list-style-type: none"> Streamlined to 960 FTE Global front offices 1 operating platform Enhanced controls environment 	<ul style="list-style-type: none"> Globalisation / rationalisation Global culture Partnering and collaboration culture World class controls, KPIs and KRIs
Implementation approach	<ul style="list-style-type: none"> Rigorous change methodology Strategic roadmap Benefits realisation process 	<ul style="list-style-type: none"> Deliver our 8 strategic initiatives Align transformation agenda cross Aviva
Leadership	<ul style="list-style-type: none"> Consistent strategy New Exec and external new hires Functional expertise Global Solutions for Aviva 	<ul style="list-style-type: none"> Align Exec round balanced scorecard Integrate into Aviva strategic initiatives Programs to Kill Complexity across Aviva Aviva service and collaboration levels
Measuring and evidence	<ul style="list-style-type: none"> Cost/income Customer and employee metrics 'External' and 'Internal' cells 	<ul style="list-style-type: none"> Net new revenue Delivery of earnings Lead indicators of strategy delivery

Summary: the Aviva Investors 5 year journey

From

Captive insurance asset manager selling its expertise in the open market

Strong but inconsistent & heavily siloed specialist investment capability

Skeletal distribution, operating 'standalone' with a handful of relevant propositions

Fragmented & hard to scale operating model built round insurance legacy structures

A challenged controls environment

To

Investment manager with clear value proposition directly targeted at real customer needs

Collaborative investment professionals working across borders to develop relevant propositions

Focussed and resourced distribution, leading globally-relevant propositions, well-integrated with Aviva platforms

Streamlined, less complex & scalable model, organised to harness capability across the globe

A world class controls framework, with the accompanying mindset and culture

Aviva UK Life:

Cash flow and growing the franchise

David Barral

Chief Executive Officer, Aviva UK & Ireland Life

 **c£124bn** assets under management - 3rd largest

 **6.4 million** customers

2 **Number 2** market share by Value of New Business*

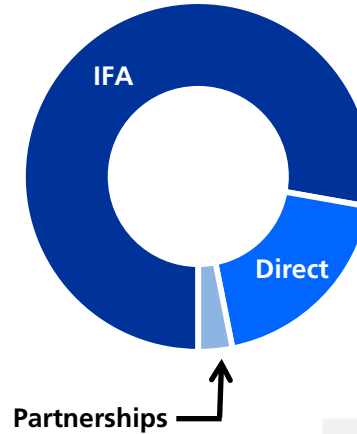
 **£7.4bn** Embedded Value

 **£300m** Net Cash Remittance

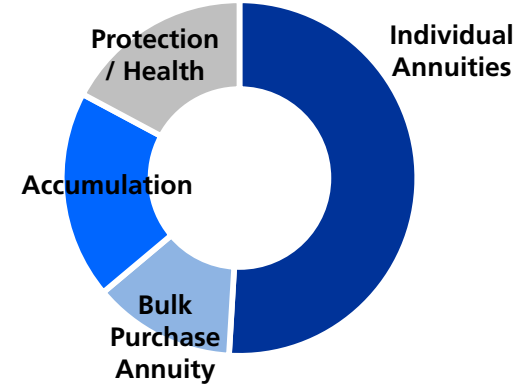
(*) Derived from external released data

2013 Value of New Business

By Channel



By Product



Partnerships

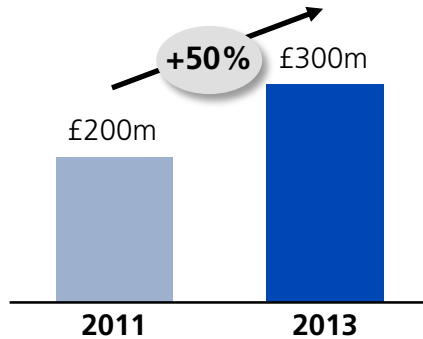


FY13 Volume Market Share

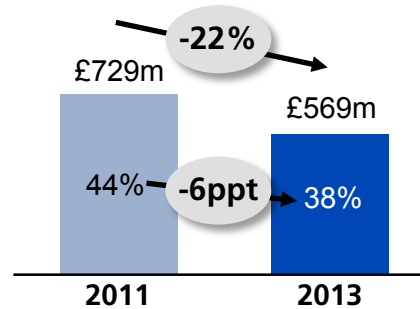
- No2 Individual Annuity
- No2 Protection
- No3 Bulk Purchase Annuity
- No3 Healthcare
- No4 Pensions

Large back book and customer base, multi products and multi distribution

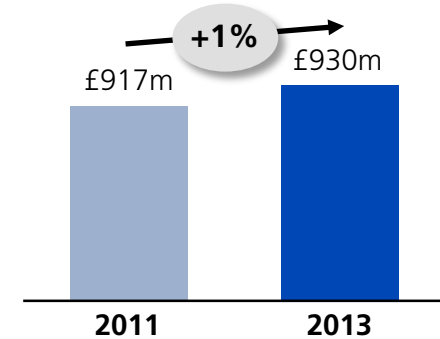
Cash Remittance



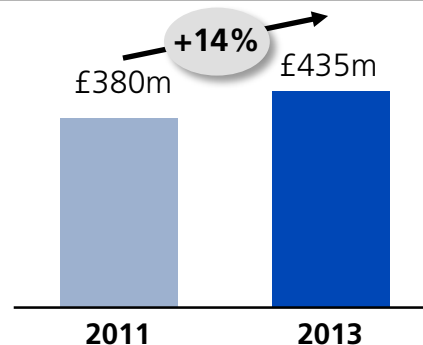
Operating Expenses*



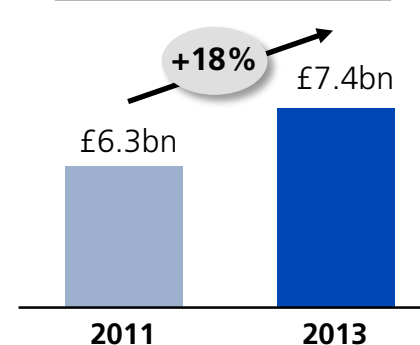
Operating Profit



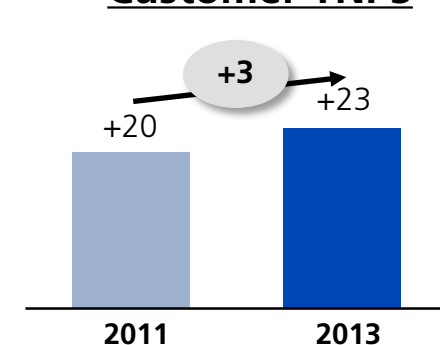
Value of New Business



Embedded Value



Customer TNPS



(* Excluding Restructuring Costs)

Delivered improvement across key metrics, but more to do

Cash flow

Composite / Digital

Growth

Back Book



GI

Life

Health

Asset Management

Retirement

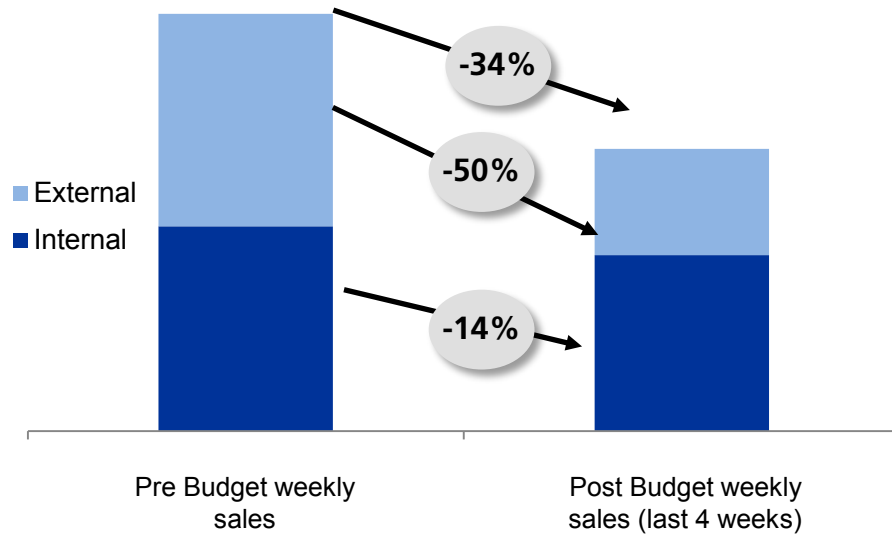
SME Corporate benefits

Protection

True composite, digital first, not everywhere

Post Budget individual annuities experience

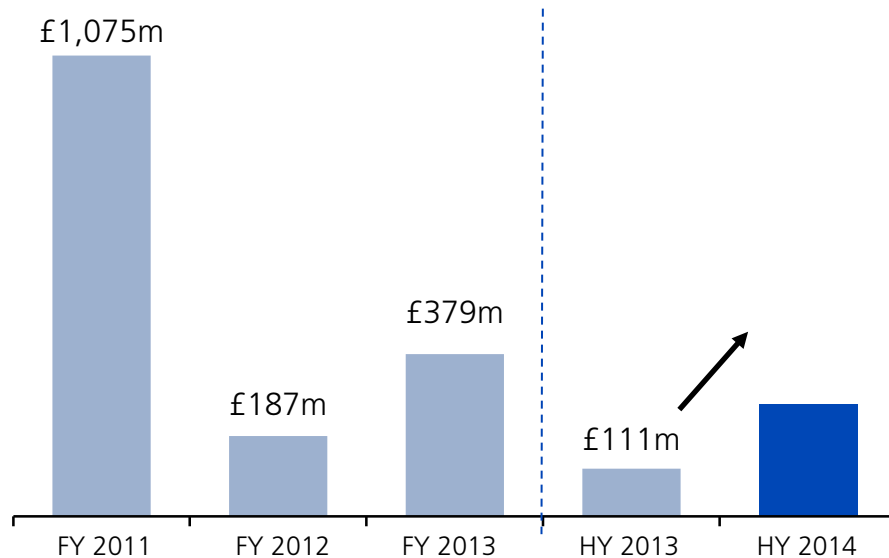
Individual Annuity Sales



- Average weekly sales down 34%
- External sales down 50%
- Internal sales down 14%
- New business margins broadly unchanged

Still early, but we expect c50% reduction in our volumes in long term, in line with guidance

Bulk Purchase Annuity Sales



- 2012 refocused on smaller, profitable schemes
- 2013 60 schemes with an average size of £6m
- H1 2014 30 schemes
- H2 2014 strong pipeline
- Margins remain acceptable

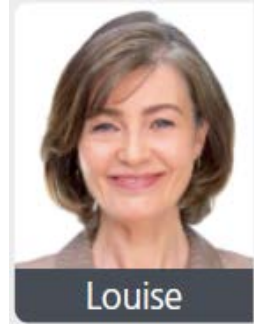
Winning due to longevity and asset sourcing skills, pricing and brand

What our customers want

"Take control for me and make it simple"

"Give me the tools and support I need to make good decisions"

"I want advice and solutions that allow me to secure a good lifestyle in retirement"



Simplicity

Certainty

Choice

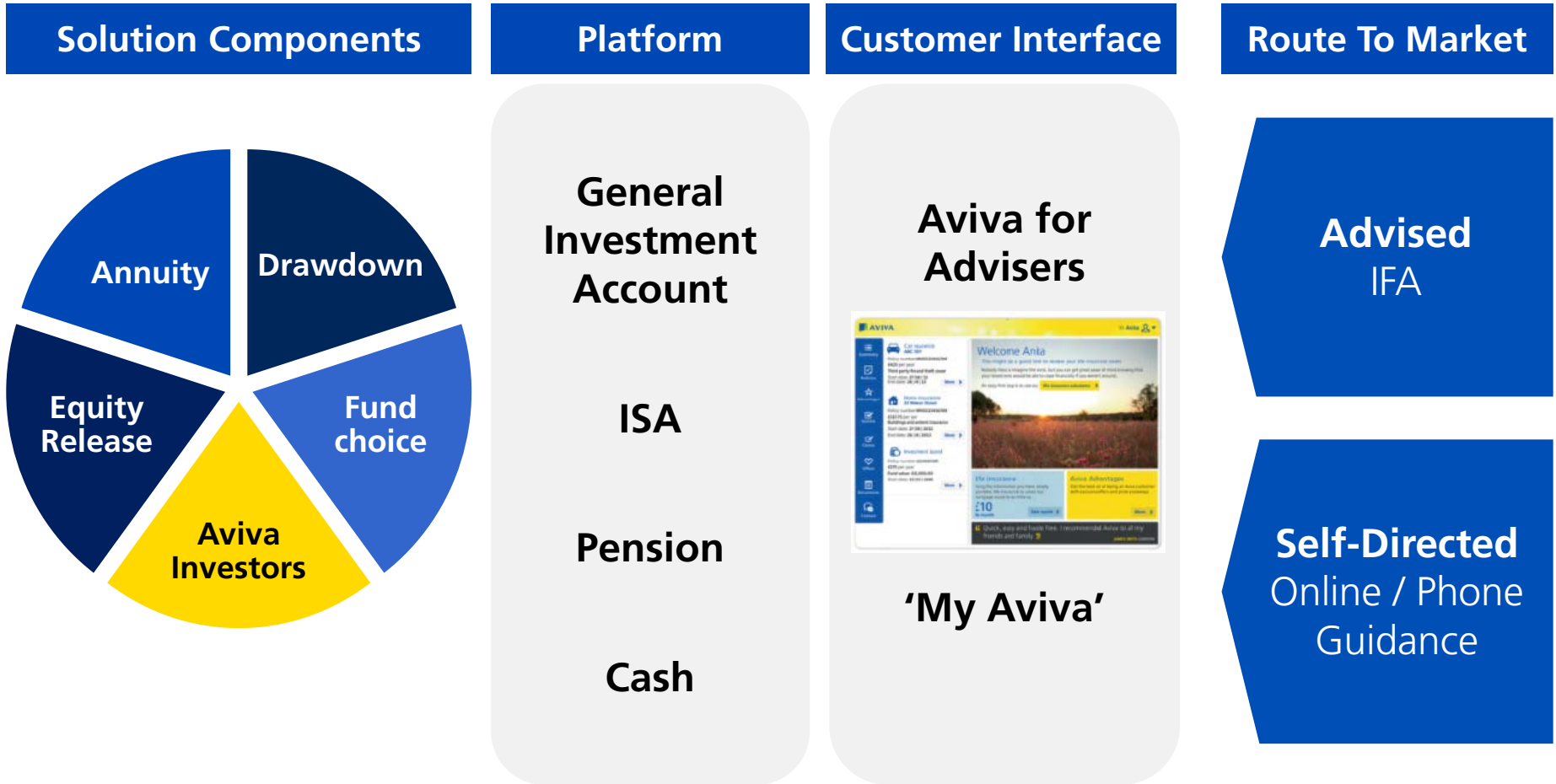
Help

The Opportunity

- The budget creates a new paradigm for UK retirement savings
- No longer a point in time but a transition
- High concentration of UK assets in 50+
- 23m customers in UK - 6m Aviva
- £0.7bn of sales came to us direct in 2013 for retirement products

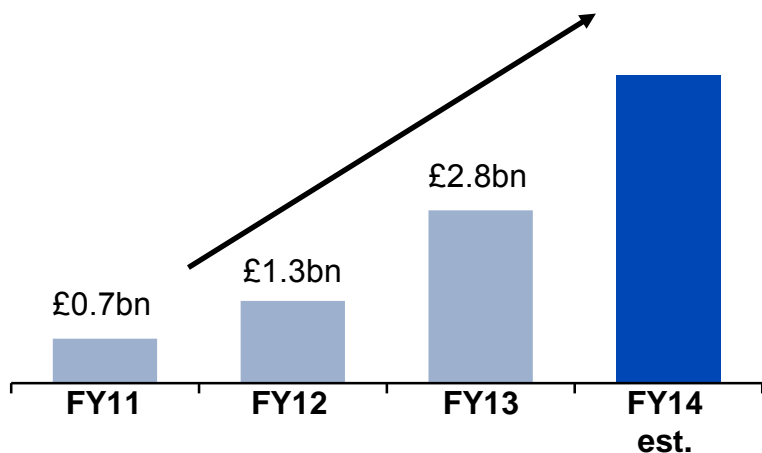
Focussed on winning in the new 50+ market

Enhancing Capabilities



Leveraging existing strengths and enhancing capabilities

IFA Platform



- Simplicity and low cost
- Efficient for advisers
- Digital and fully mobile
- c13% of assets in AI funds versus best in class 25%

Aviva
UK Life



Aviva
Investors

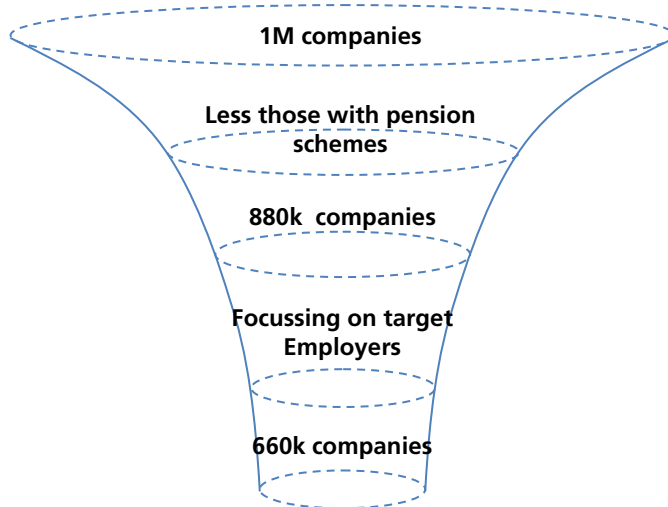
Launching D2C



- Simple, engaging digital experience
- Do it for me (easy ready-made solutions)
- Do it myself (self select)
- Help and Guidance

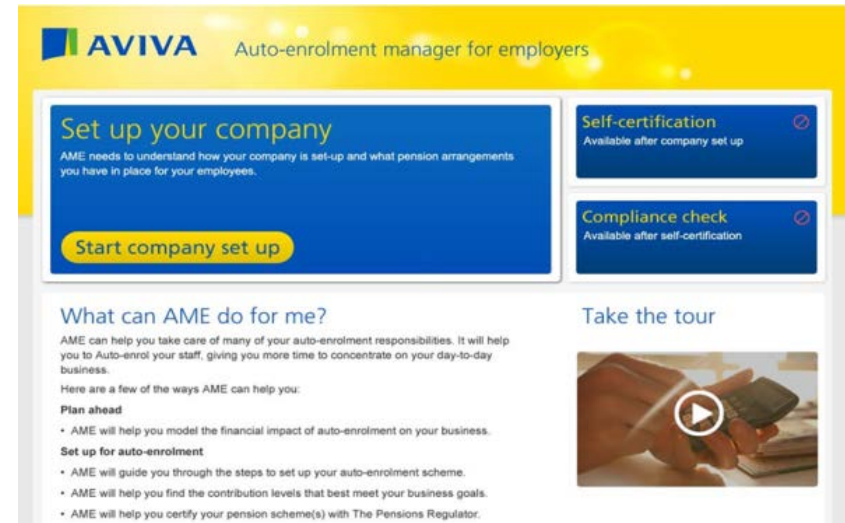
Good traction on IFA platform; opportunity to grow Aviva Investors and Direct

The Opportunity



- Auto-enrolment opportunity - SME's staging from now through to July 2017
- Targeting small businesses (5-99 lives), higher margin segment
- Leveraging benefits of Aviva brand
- Significant direct opportunity

A Winning Proposition



The screenshot shows the AVIVA Auto-enrolment manager for employers interface. It features a yellow header with the AVIVA logo and the text 'Auto-enrolment manager for employers'. Below the header, there are several sections: 'Set up your company' with a 'Start company set up' button, 'Self-certification' (Available after company set up), 'Compliance check' (Available after self-certification), 'What can AME do for me?' with a list of benefits, and 'Take the tour' with a video player showing a hand holding a smartphone.

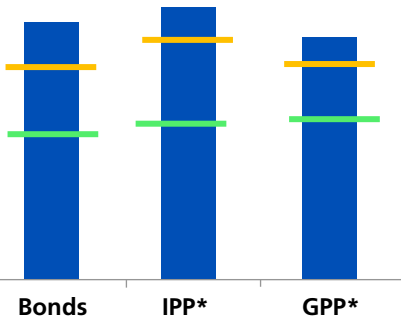
- Market leading Auto-enrolment tool (AME)
- Proposition focussed on SME needs
- Aviva Investor default fund
- Cost efficient packaged solution
- Cross-sell across composite

Capitalising on SME auto-enrolment opportunity and leveraging composite to become Trusted Advisor for small businesses

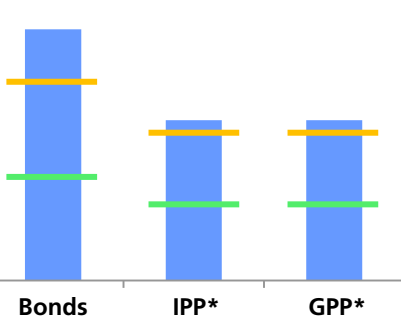
Back Book value

The Opportunity

Unit Cost Benchmarking



Lapse Rate Benchmarking



■ Aviva cost per policy
— Median benchmarks
— Top quartile benchmarks
■ Aviva lapse rates

- Large back book but not achieving scale efficiencies
- Retention programme making a difference but more to do
- Clear management focus

Driving Improvement

Costs

- Process simplification
- Automation
- Digital documents
- Commission actions

Retention

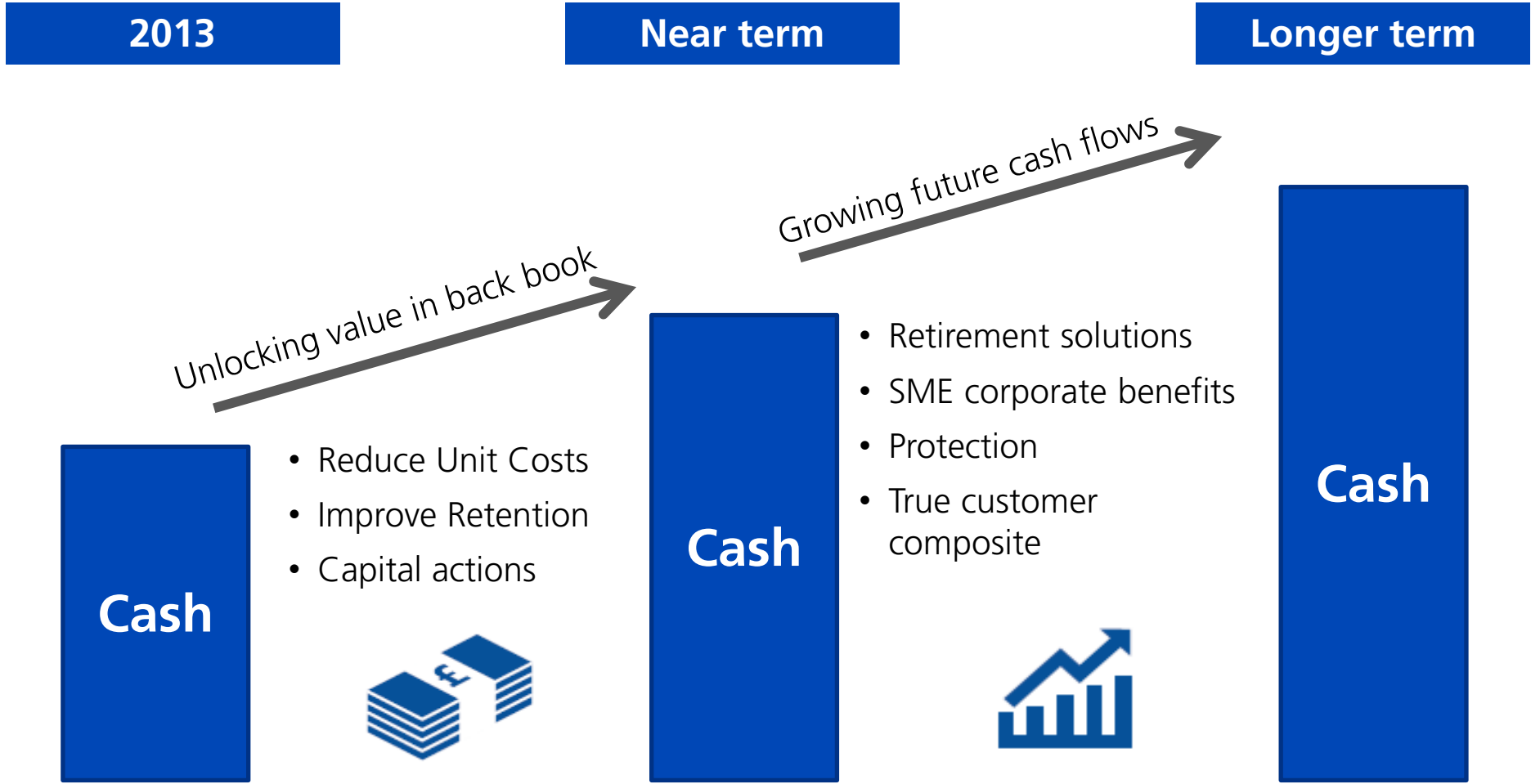
- Customer engagement / My Aviva
- Data Analytics
- D2C investment proposition

Capital

- Leverage group-wide diversification
- Legal entity rationalisation
- De-risking

Forensic approach to improve back book efficiency unlocking value and cash

Delivering cash flows and growing the franchise



We will grow cash flows over near and longer term

Q & A

Euan Munro
Chief Executive Officer, Aviva Investors

David Barral
Chief Executive Officer, Aviva UK & Ireland Life

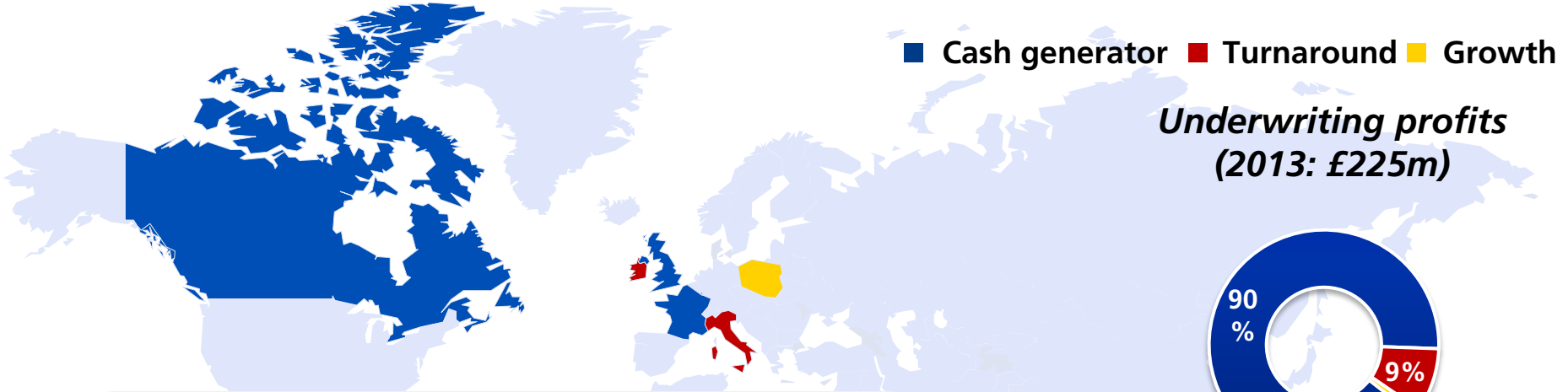
Aviva General Insurance

Digital, analytics and opportunities to grow underwriting profits

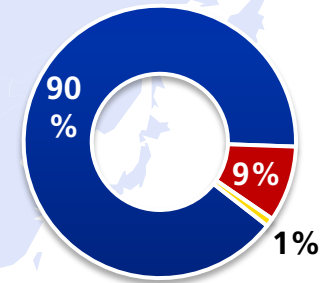
Maurice Tulloch

Chairman Global, General Insurance and CEO, UK&I GI

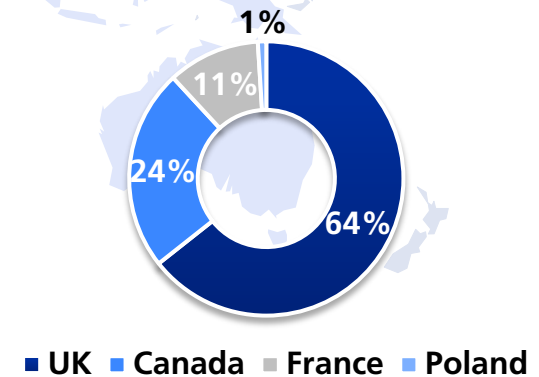
Aviva General Insurance – at a glance



**Underwriting profits
(2013: £225m)**



**Net cash remittance
(2013: £538m)**



15 million customers



£8.1bn GI gross written premiums



Top 3 GI position UK, Canada & Ireland



97% COR, operating profit **£763m**

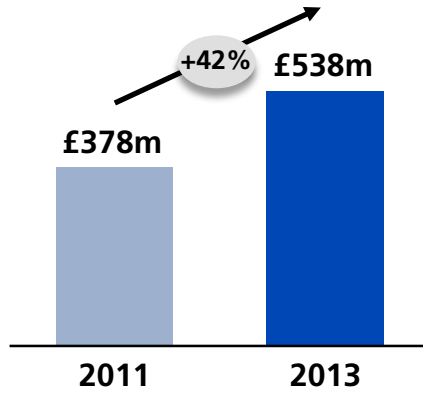


£17.5bn assets under management

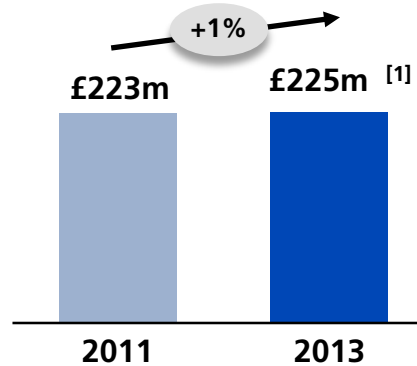
Aviva GI: In 7 markets and delivering over 40% of Group cash flow

Financial progress – total general insurance

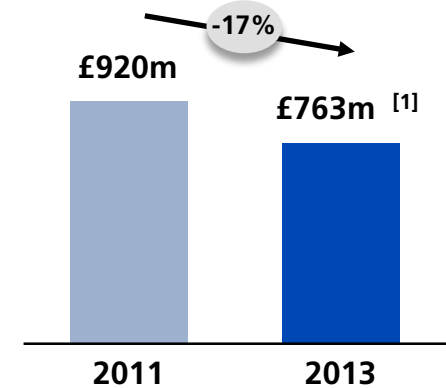
Net Cash Remittance



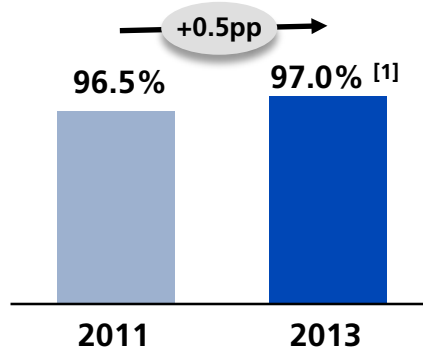
Underwriting result



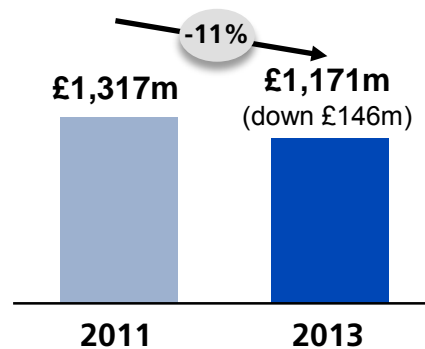
Operating profit



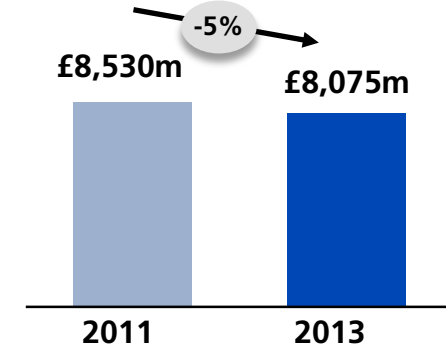
COR



Operating expenses



Gross written premium



Some progress made, more to do

^[1] Excluding impact of Canadian floods (two 1-in-100 events) underwriting result would have been £354m, COR 95.3% & operating profit £892m
 Note: GI Financials exclude discontinued operations (Turkey) (with the exception of operating expenses); Global totals include Aviva Re & other.

Our strategic agenda

Growth	Cash	Analytics
Grow UK Direct and leverage composite opportunity	Improving cost efficiency	Broaden underwriting appetite
Focus on retention & average product holding	Accelerating automation	Risk analytics
Grow commercial lines	Reducing internal leverage	Customer analytics
Not Everywhere	Grow operating earnings	Behavioural analytics



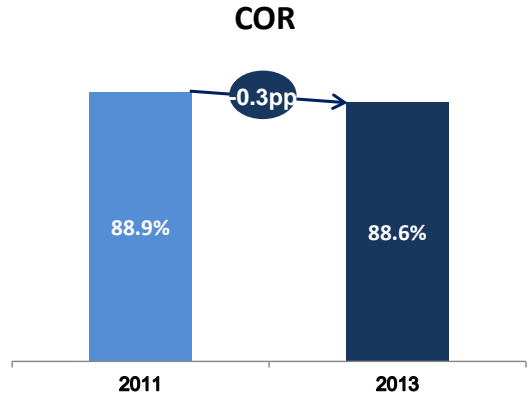
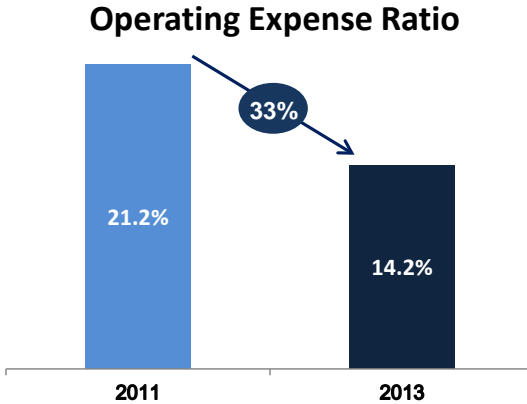
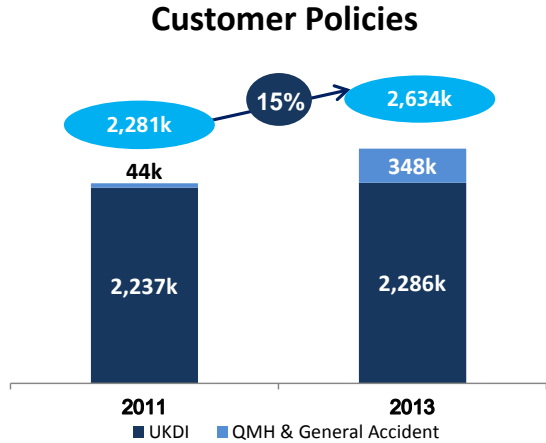
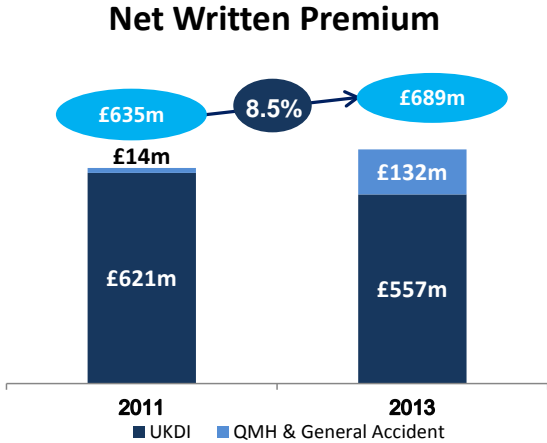
Global exploitation of expertise through the operating model

Digital first: Winning in a commoditised world



Low cost direct – UK retail personal lines

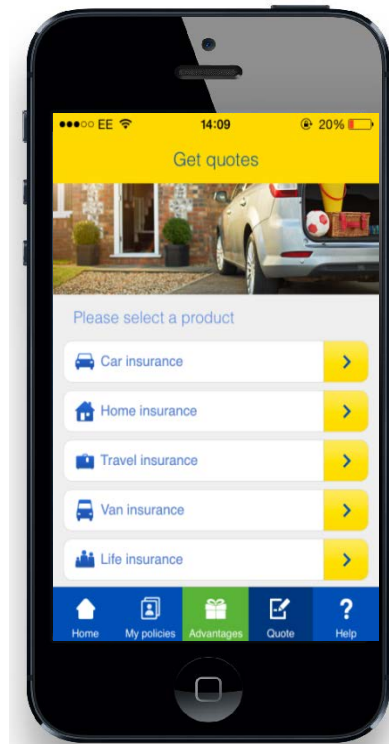
	UKDI*	Broker
Motor – retention	70%	50%
Home – retention	85%	75%
Average product holding	2.0	1.5



Note: Retention statistics for Broker based on premium persistency. Average product holding includes policies & add-on insurance products, and for Broker is estimated based on internal MI. Customer policies for Motor based on vehicle count.

Digital first: Proof points

General Insurance



- 1,025,000 logins
- 100% increase in cross-sell
- 15x more travel insurance
- Mobile/ tablet motor quotes to overtake desktop in 12 months
- Increased customer interaction

Life



Health



Asset Management



Grow commercial: A capability led business

Underwriting actions taken to improve profitability; expertise being exported across our Global model

InsuranceAge
SERVING THE INSURANCE BROKER COMMUNITY

No.1
Commercial Underwriting
Commercial Claims
Online Portal

InsuranceAge
SENTIMENT
SURVEY

Fast Trade
wins Best
Portal for
the 3rd time



We couldn't have done
it without you!

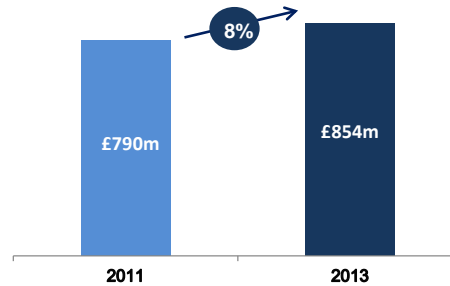
Insurance Age Sentiment Survey - Number 1 for
commercial underwriting, commercial claims
and Fast Trade.

[Find out more >](#)

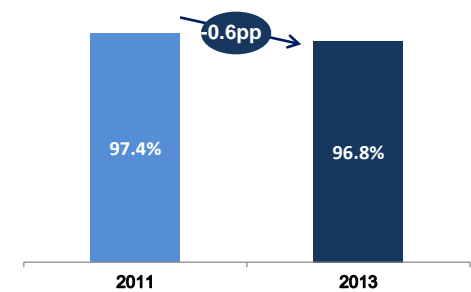
DATAMONITOR
Financial

Spotlight on Canada Commercial

Net Written Premium



COR

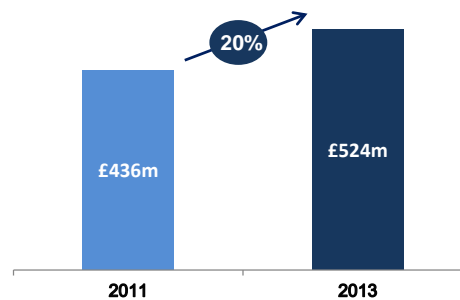


Principles & benefits

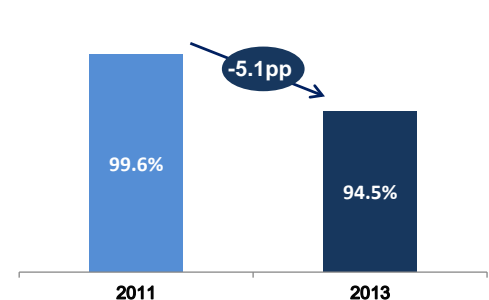
- Single operating model
- Global underwriting strategy
- Growth opportunity in untapped markets
- Diversification benefits
- Leverage existing capability & expertise
- Earnings improvement & stability

Spotlight on UK Large Commercial

Net Written Premium



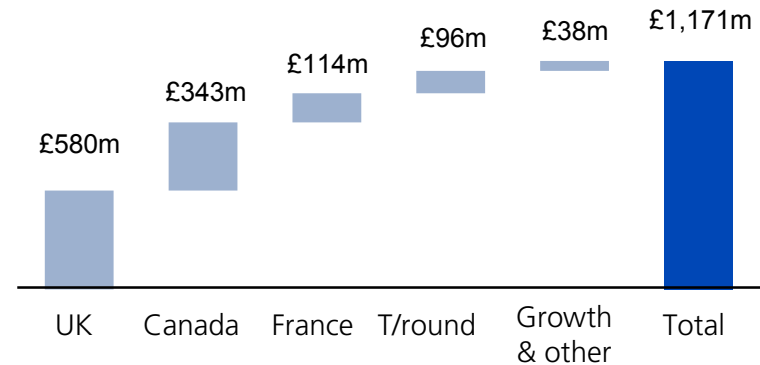
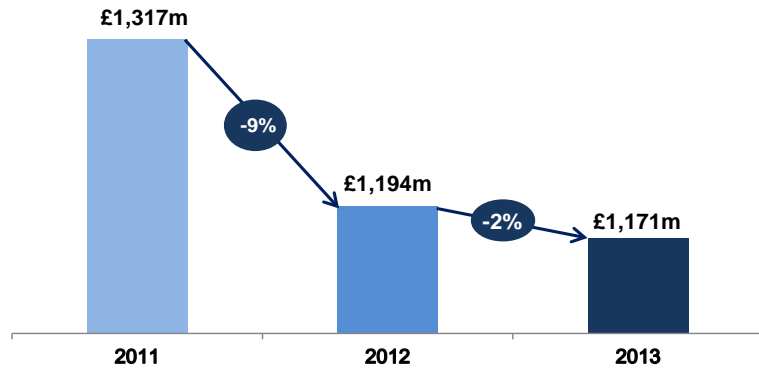
COR



Exploiting Analytics in commercial and controlled growth in Large Commercial

Improving cost efficiency

Global GI – Lower expenses in 2013 ...



Lower operating expense ratios ...

	2011	2013	Trend
UK	15.2%	15.2%	0.0% ↔
Canada	12.9%	11.9%	1.0% ↓
Global GI – Total	15.9%	15.1%	0.8% ↓
Comprises: – management	11.2%	10.7%	0.5% ↓
– claims handling	4.7%	4.4%	0.3% ↓

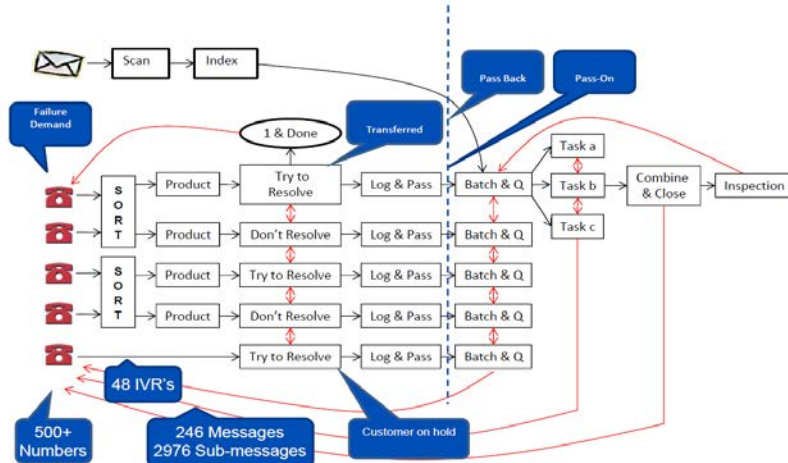
- **Global GI expenses** down 11%.
- Continued focus on **distribution ratio** efficiency across all businesses.
- Focus on total COR rather than component parts.

GI expenses down 11% in the last 2 years – still more efficiency opportunities to explore, particularly as we grow

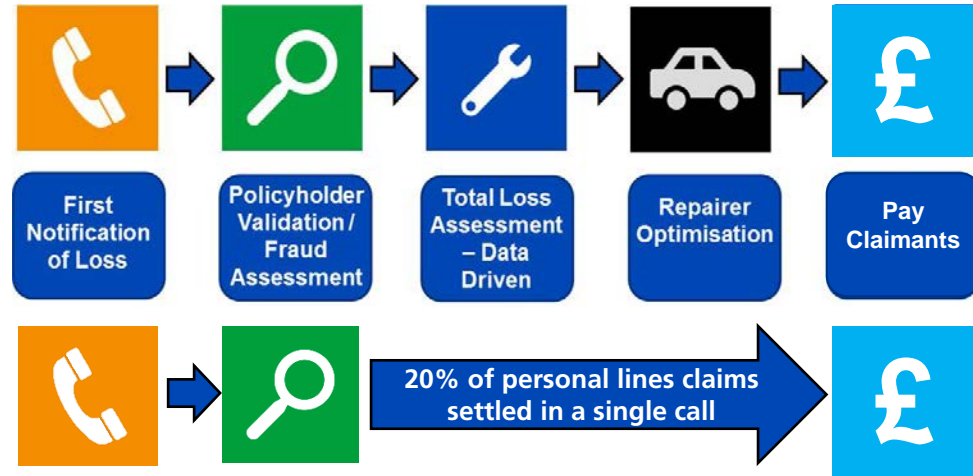
Automation in claims: Continually improving customer service and efficiency

Improving our process through automation, systems thinking & analytics working together

Old processes



New processes



Investing in Guidewire

- Integrated solutions across billing, claims & administration.
- Canada – personal lines claims implemented.
- UK – commercial admin and claims live.
- UK & Canada – further roll-outs planned through to Q4 2016 across both personal & commercial lines.
- Other markets under review.

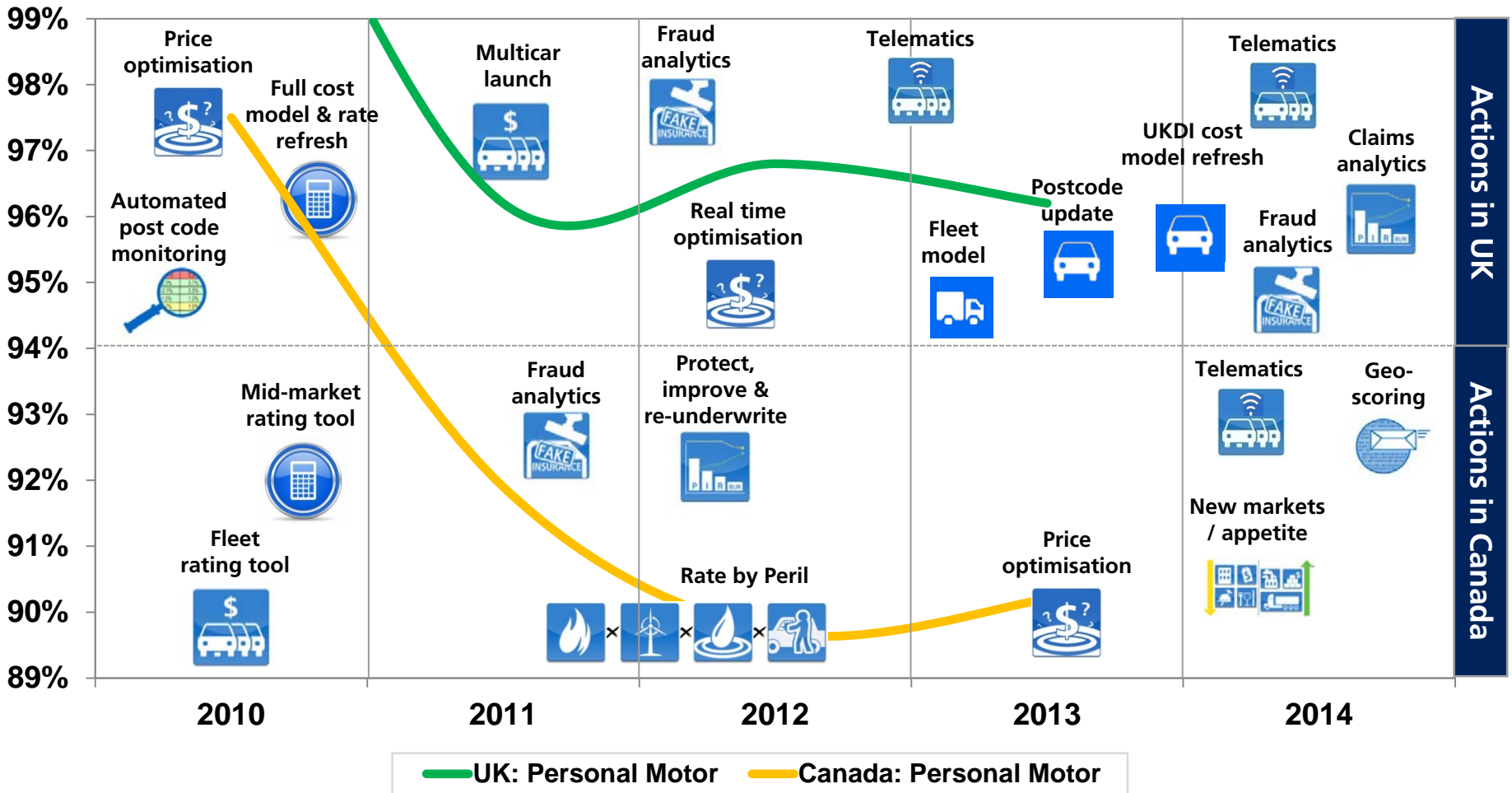
Developments in train

- Moving towards fully automated customer journey:
 - Log claim
 - Choose replacement product
 - Arrange delivery.
- Customer choice in how to interact – e.g. trial use of video chat capability.

Analytics: Continually evolving to win the data arms race



Analytics: a major contributor to COR improvement and competitive advantage

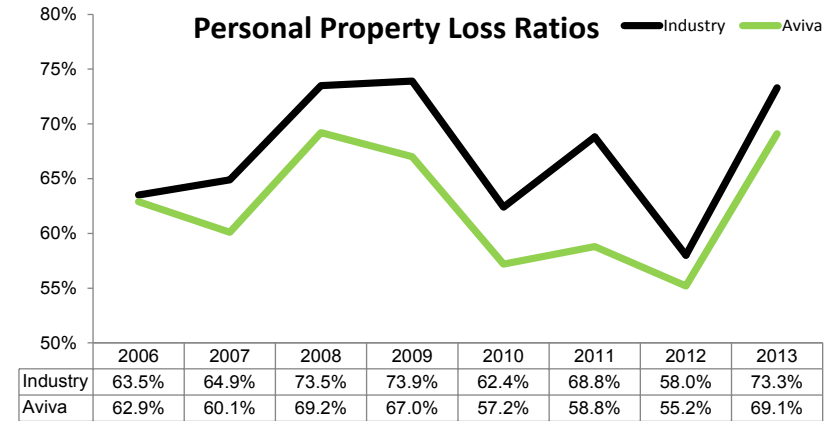
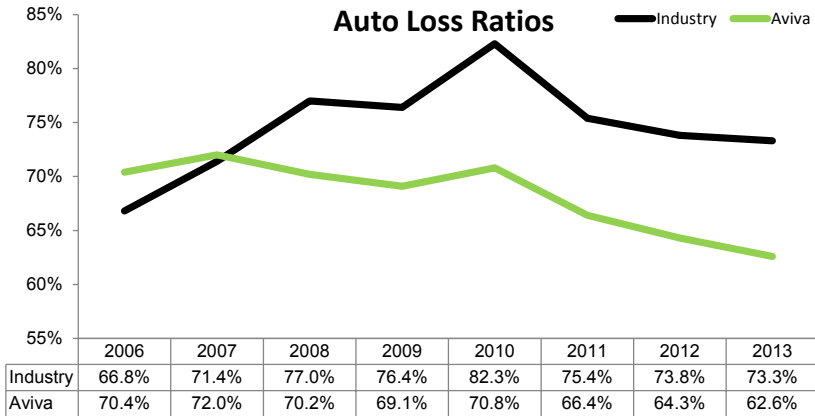


Actions in UK

Actions in Canada

Risk Analytics: Demonstrating outperformance

Canada – Leveraging predictive analytics to be an industry leader across Personal Lines



UK 2014 floods – losses of c 5% significantly lower than our market share of 11%



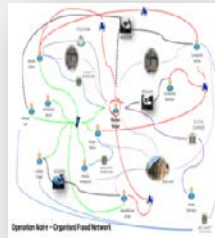
- Yellow outline marks a single postcode – previously no acceptable risks.
- Prior to developing capability we would not have written any properties.
- Further level of sophistication identifies specific areas of high flood risk (shown as red / black).
- We now know address points for insured properties are not at significant risk of flood.

Behavioural analytics: Combatting claims fraud

Aviva UK & Ireland GI repudiated 15,000 fraud claims at £110m in 2013;
Fraud costs each household an extra £50 per year through increased premiums

Organised Fraud

- 6,000+ claims under investigation
- 90% repudiation rate



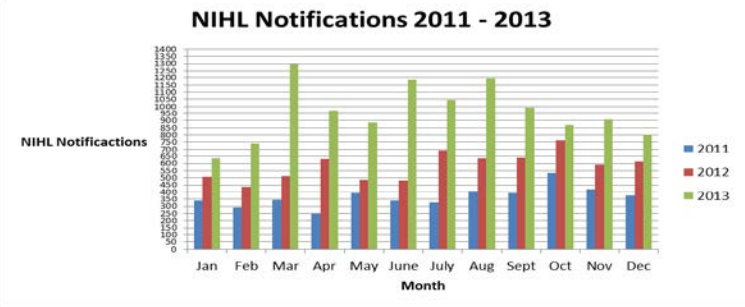
Defending injury claims

- Aviva UK & Ireland GI 'nil-settle' 40% of Injury cases
- Government Lobbying:
 - Independent Medicals
 - Dealing with non-fault differently

Is the Customer who they say they are?



Noise Induced Hearing Loss Claims - current repudiation rate: 85%



Our Philosophy – Prevent | Identify | Investigate | Deter

Growth	Cash	Analytics
Grow UK Direct and leverage composite opportunity	Improving cost efficiency	Broaden underwriting appetite
Focus on retention & average product holding	Accelerating automation	Risk analytics
Grow commercial lines	Reducing internal leverage	Customer analytics
Not Everywhere	Grow operating earnings	Behavioural analytics



Global exploitation of expertise through the operating model

Q & A

Maurice Tulloch
Chairman, Global General Insurance
Chief Executive Officer, UK & I GI

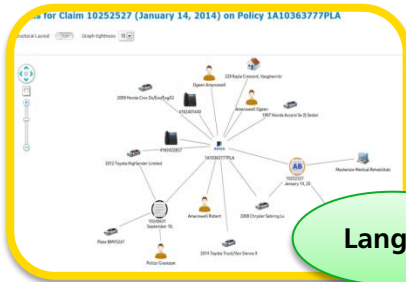
Transforming our customer experience

Monique Shivanandan
Group Chief Information Officer

Overview of Digital Exhibitions

Business Unit

Demonstration Details



Langlet

Aviva Canada
Fraud Management
Command Centre
(with UKGI)

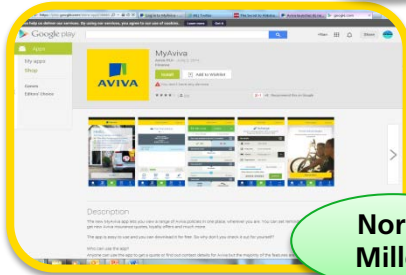
- Shows how insurance fraud is uncovered using the internet and Aviva's technology tools in replica command centre
- Explains collaboration with UK central fraud teams



Swan

Aviva Poland
Virtual Branch

- Video showing key functionalities of Virtual Branch from an end to end customer experience perspective
- Live connection via website to a Virtual Branch consultant



Norie Miller

Aviva UKGI
MyAviva
(customer portal and app)

- Shows how we have made it easier for customers to engage with us via customer portal, app (single view of customer) and other connections (e.g. telematics)



DR1

Aviva UK Life
Auto-Enrolment Manager
for Employers

- Shows online tool that helps employers become compliant with the auto-enrolment regulations set out by The Pensions Regulator
- Fastest capability to stage an employer in market (20 minutes)

Here are a few logistical instructions

1. Find your group number on the front of your name tag (1 – 4).
2. Follow the events leader holding a paddle with your group number on it.
3. Pick up a take-away boxed lunch at your first demo station – 10 minutes.
4. Each demo will be 20 minutes in length.
5. Afternoon session will commence at 2pm back in this room.
6. If you get lost – our events team will usher you around the floor.
7. For those watching online, we will resume the live streaming in about 90 minutes.

Aviva Europe

Cash, Turnaround & Growth

David McMillan

Chairman, Global Health

Chief Executive Officer, Aviva Europe

Aviva Europe – In a nutshell



c£100bn assets under management



13 million customers



Top 5 Life provider in Poland & Turkey

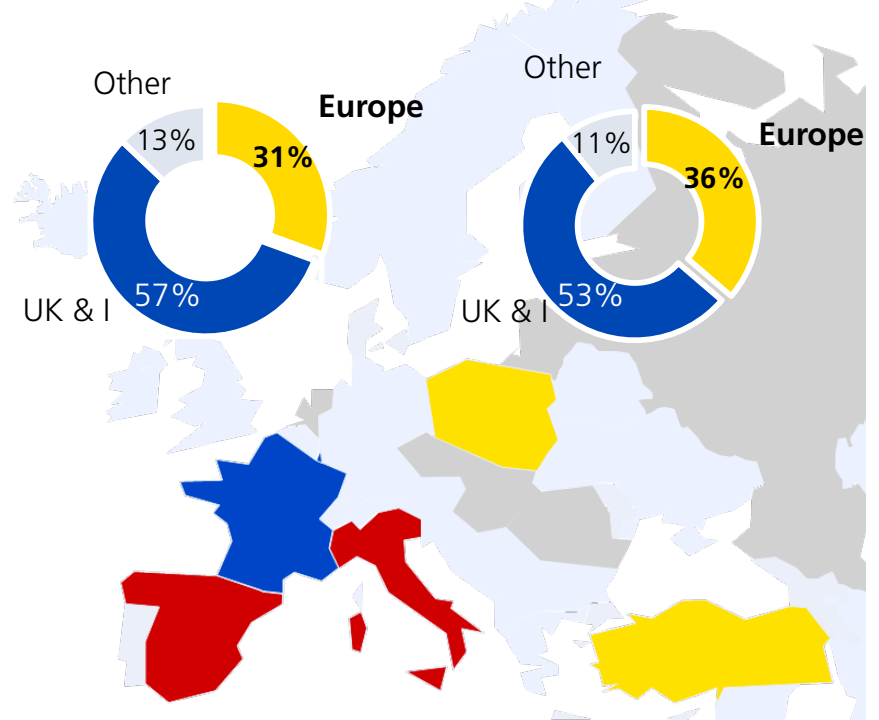


£1.6bn GI and Health net written premiums



Composite player in 3 markets

Cash remittance (2013)



■ Cash generator ■ Turnaround ■ Growth ■ Disposals

Aviva Europe is focussed on 5 markets and accounts for 1/3 of the Group

Our European portfolio – cash, turnaround & growth

Cash Generator



France

Our business

- ✓ #9 insurer*

Owned channels

- ✓ #1 direct funeral provider
- ✓ #2 direct GI player
- ✓ Largest FA network
- ✓ 900 tied-agents



Key partners



Turnaround



Italy

- ✓ #10 life insurer
- ✓ #4 protection provider



Spain

- ✓ #6 life insurer
- ✓ #4 protection provider



Growth



Poland

- ✓ #2 insurer

- ✓ Largest life direct sales force network (2,300 advisors and management)
- ✓ #3 largest life tied-agents network in Lithuania (500 advisors)



Turkey

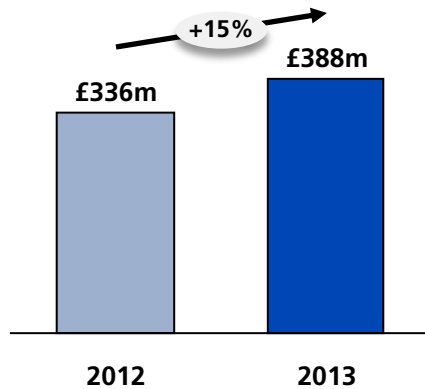
- ✓ #2 pensions provider
- ✓ #5 life insurer

- ✓ Largest life direct sales force network (700 advisors and management)

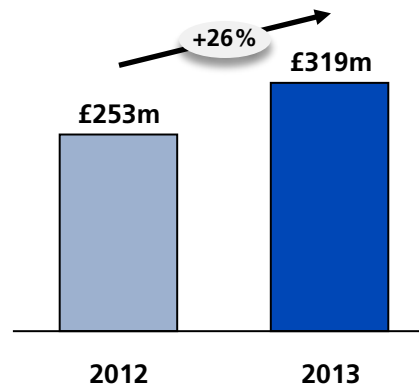


*Based on Aviva's internal profit analysis

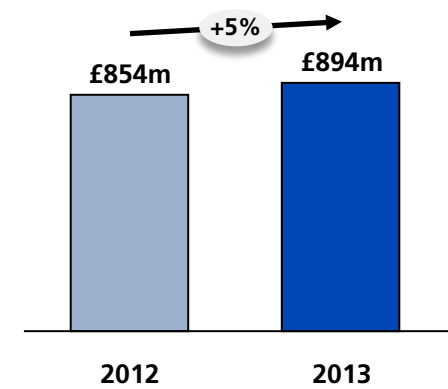
Dividend to Group



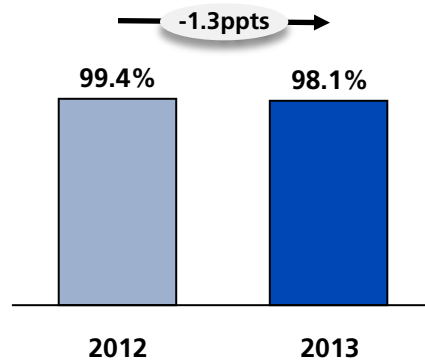
Value of new business



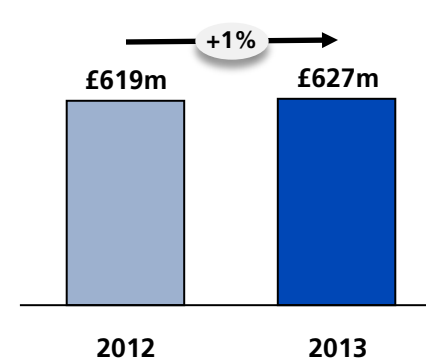
Operating profit



COR (GI only)

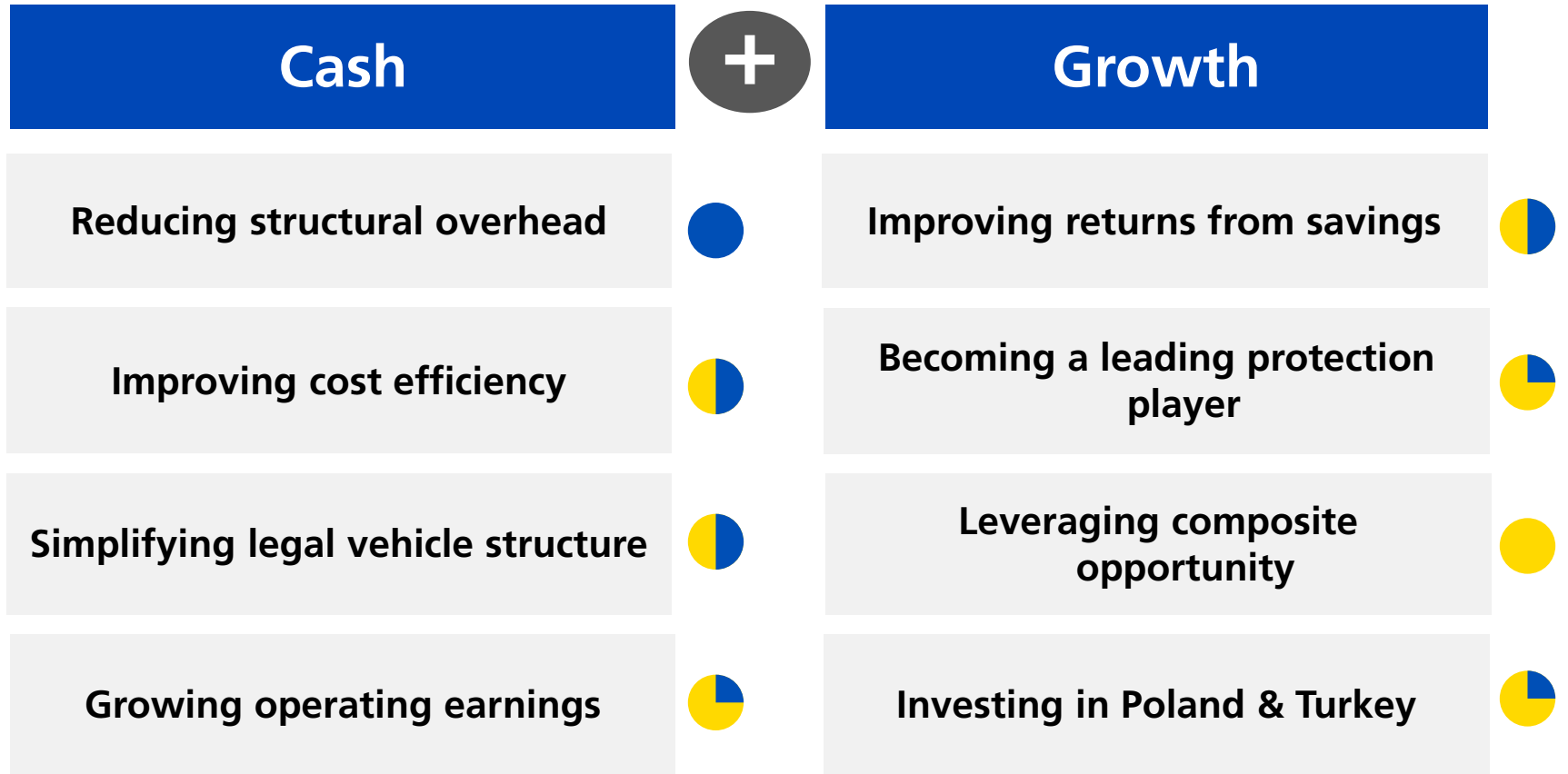


Operating expenses



Over the last year we have focussed on tackling underlying performance and delivering stronger results

Our strategic agenda

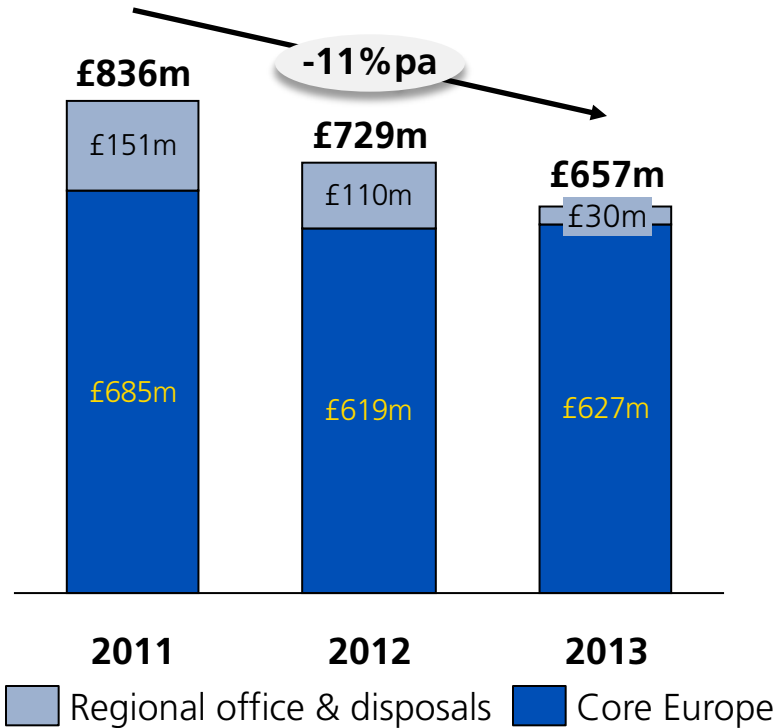


● Completed
● Not started

The turnaround is at an early stage and there remains a lot to do

Cash: Reducing structural overhead

Operating expenses



Actions taken

- ✓ Exited sub-scale, unprofitable businesses
- ✓ Removed the regional office
- ✓ Improved efficiencies in markets

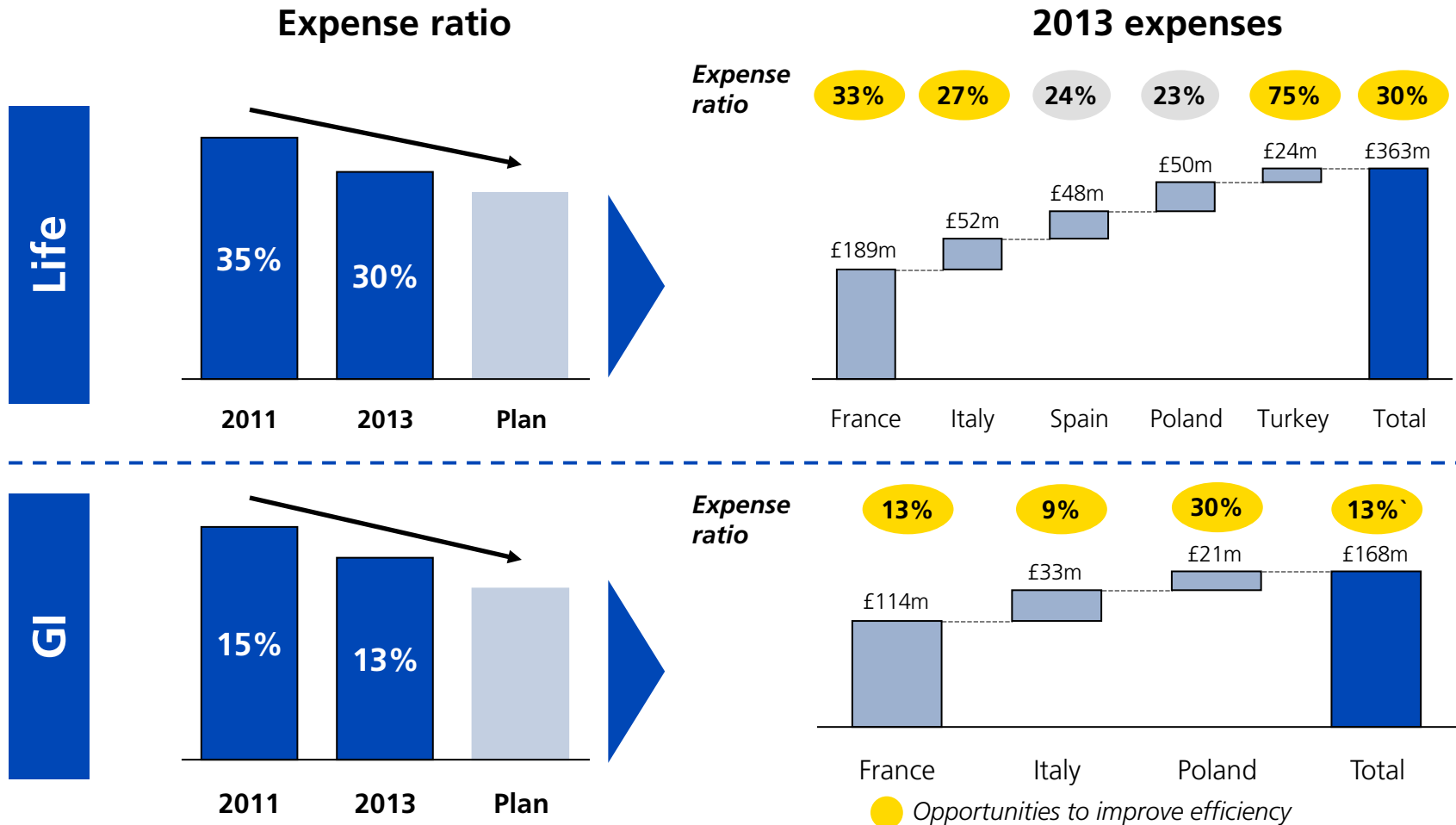
c£40m savings

c£80m savings

c£60m savings

Since 2011 we have eliminated the European regional office and exited sub-scale businesses saving c£180m

Cash: Improving cost efficiency



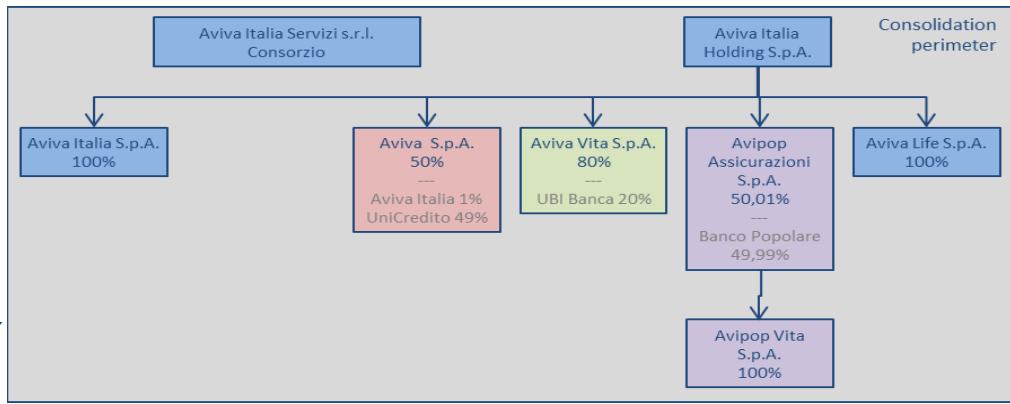
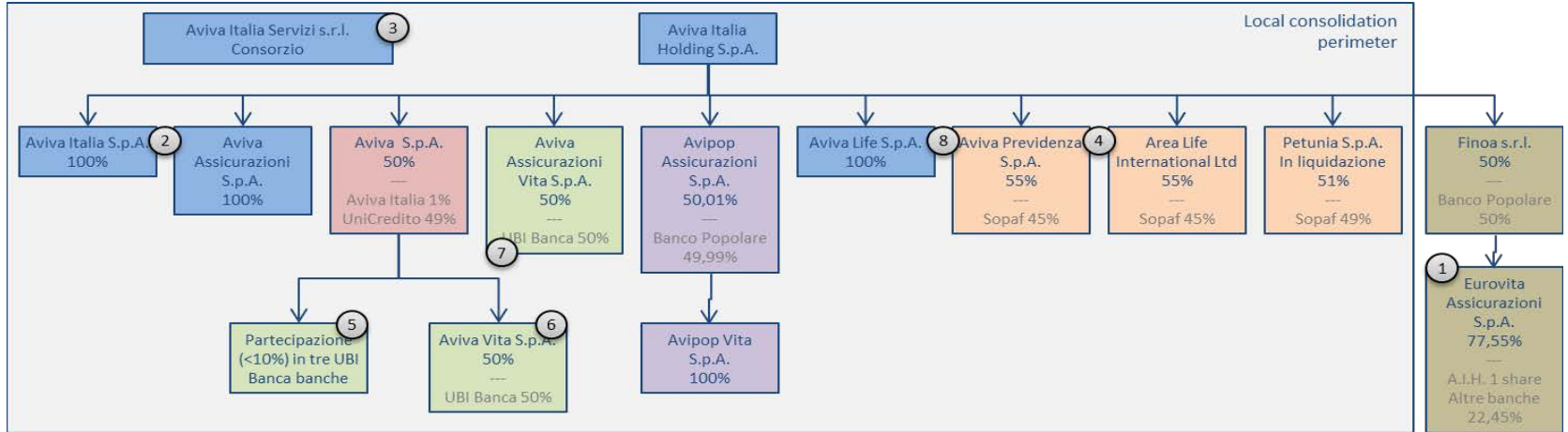
We are now focussed on achieving 'best of breed' efficiency ratios through further automation and reengineering



Cash: Simplifying legal vehicle structures

An Italian example

Transforming the structure



- ① Sale of Eurovita
Liquidation of Finoa
- ② Merger of 100% owned GI companies
- ③ Creation of an economic interest group for outsourcing governance purpose
- ④ Buy-out of JVs from Sopaf by Aviva Life
Transfer of Irish portfolio back to Italy
- ⑤ Stakes in banks to go back to UBI Banca
Increase of stake in UBI Banca JVs
New distribution agreement
- ⑥ Buy-out of UBI Banca JV from UniCredito
Commercial refocus
- ⑦ Merger of UBI Banca JVs
- ⑧ Merger of 100% owned Life companies

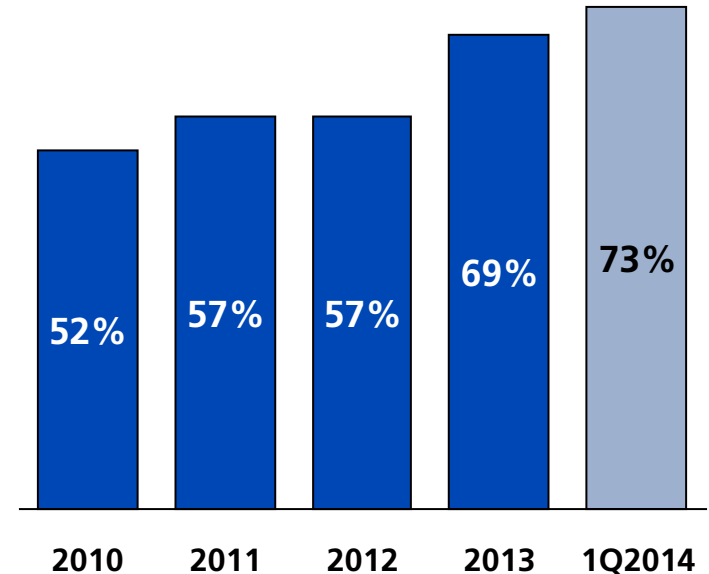
Simplifying legal vehicle structures to remove cash traps and increase remittances to Group

Growth: VNB and capital efficiency

Value of new business (£m)

	FY12		FY13
France	119	39%	166
Poland	35	46%	51
Turkey	30	23%	37
Italy	31	13%	35
Spain	37	19%	30
Total Europe	253	26%	319

VNB / Capital strain

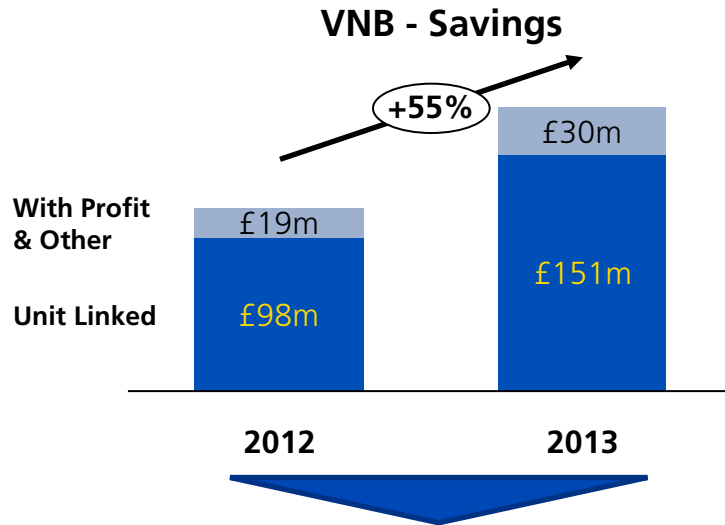


VNB and strain net of taxation and minority interests

VNB has grown by 26% with a more efficient new business capital strain

Growth: Optimising Life product mix

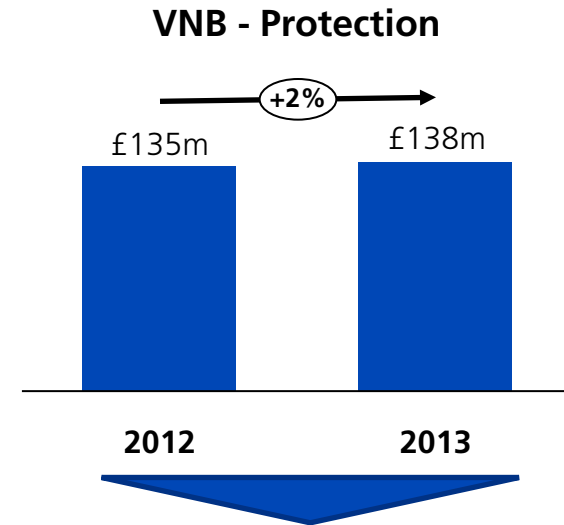
Improving returns from savings



Progress so far

- ✓ Lowering guarantees
- ✓ Exiting value destroying businesses
- ✓ Turbo-charging Unit linked

Becoming a leading protection player








	France	Italy	Spain*	Poland	Turkey
Market size	€19bn	€1.2bn	€2.4bn	€3.2bn	€1.1bn
Aviva share	1%	9%	7%	7%	7%
Aviva Ranking	#20	#4	#4	#2	#5

We have shifted our product mix towards unit-linked and improved profitability of guaranteed products. Our focus is now on growing protection

Growth: Leveraging composite opportunity

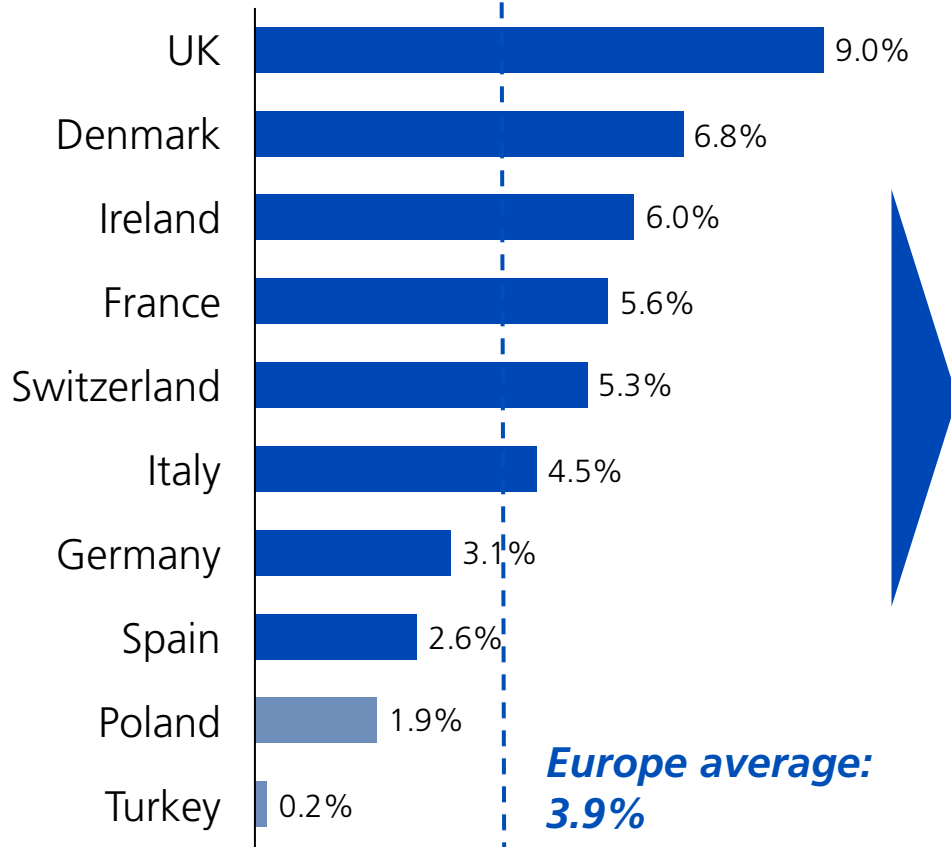
A French example

Channel / Product	Tied-Agents 	Aviva Direct 	Eurofil 	UFF 	Antarius 	Brokers	DSF (Epargne Actuelle)
Savings & investments	✓	✗	✗	✓✓	✓✓	✓✓	✓✓
Protection	✓	✓	✗	✓	✓	✓	✗
General Insurance	✓✓	✗	✓	✗	✗	✓	✗
Health	✓	✗	✗	✗	✗	✓	✗
Customers	1.2m	0.5m	0.2m	0.2m	0.4m	0.3m	0.2m

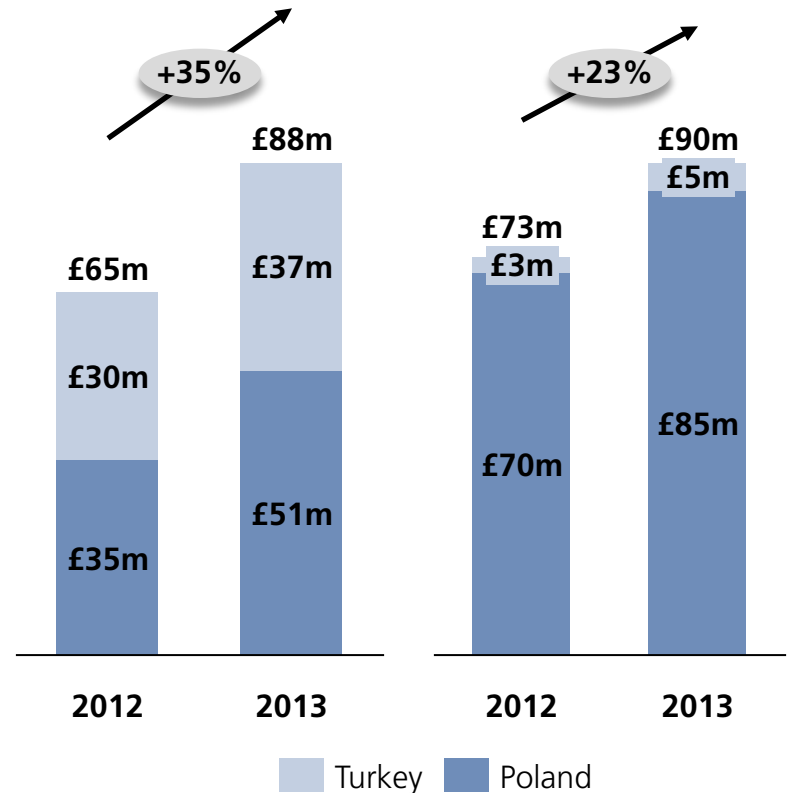
Our ambition is to move from fragmented operating models towards true customer composite across all our markets

Growth: Investing in Poland & Turkey

Life penetration in Europe*

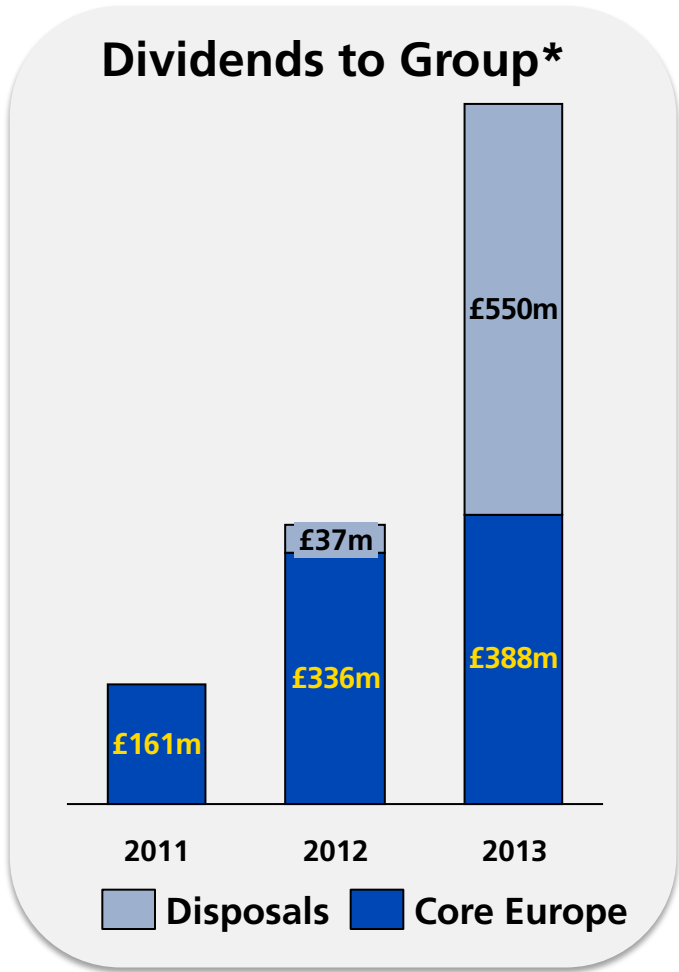


Value of new business

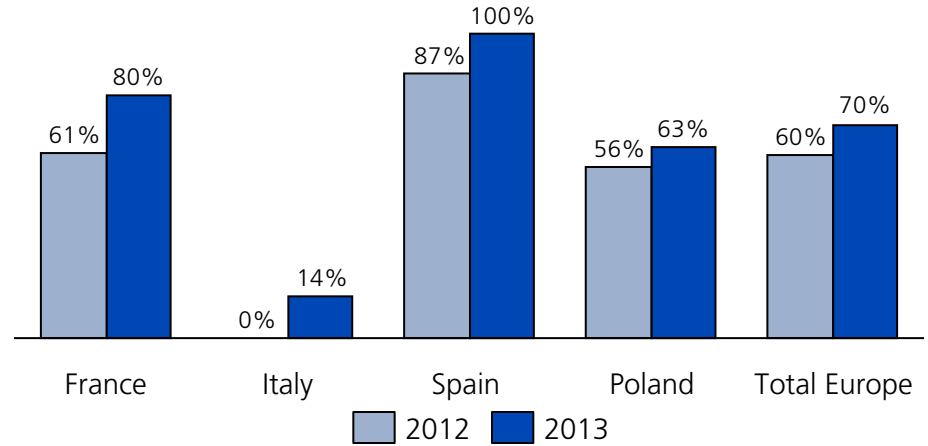


We have strong positions in two of the fastest growing European markets. We will invest in our brand, products and distribution to capture future growth

Delivering dividends to Group



Remittance ratio by market



Areas of focus

- ✓ Remove cash traps
- ✓ Improve operating performance
- ✓ Manage back book
- ✓ Reduce volatility to market shocks

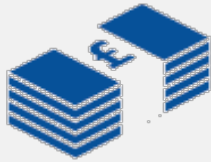
Since 2011 dividends to Group increased by £200m+
but there is more we can do to grow cash

*Financials exclude Aseval, Eurovita, Russia and Danube

Good franchise in selected key European markets

Priorities

- 1 Sustainable cash growth from France
- 2 Complete turnaround in Italy & Spain
- 3 Target best of breed efficiency



- 4 Invest in Poland & Turkey
- 5 Double protection and build GI scale



Our ambition

True composite

All products through all channels

Digital

Digitally enabled distribution & multi access capabilities

Not everywhere

Strong position in Europe's key markets

Aviva Europe is well positioned for a European recovery but not dependent on it




Aviva Asia

Capitalising on Asia's growth potential

Khor Hock Seng

Chief Executive Officer, Aviva Asia

Greater China




-  **China:** 50:50 JV with COFCO Group
-  **Hong Kong:** 100% Aviva owned
-  **Taiwan:** 49:51 JV with First Financial Holdings



Geographically focussed in markets with enormous growth potential

- Large population, 25% of world total
- Strong GDP growth
- Rising Wealth and Middle Class
- Low Insurance Penetration

South East Asia

-  **Singapore:** 100% Aviva owned
-  **Indonesia:** 50:50 JV with Astra International
-  **Vietnam:** 50:50 JV with VietinBank

Strategically positioned footprint

Strong local partners with great brands and customer reach



Market position

- Leading conglomerate in Indonesia
- US\$25 billion market cap*
- 179 companies, including Bank Permata, finance companies & automotive manufacturing

Distribution & Customer Reach

- 300 Bank Permata branches nationwide, with 2m customers
- Nationwide network of finance companies, with over 200 branches
- 10m AstraWorld customer database



- Largest supplier of food & agricultural products in China
- Diversified business (real estate, financial services)
- RMB 266.8 billion total assets in 2013

- 1m offline customer database (real estate)



- #1 Bank in Singapore
- S\$402 billion total assets in 2013

- Operates in Singapore, Hong Kong, China, India and Taiwan
- C.4m retail customers in Singapore with the largest branch network



- #8 bank in Taiwan by total asset (NT\$ 2,263 billion 2013)

- 190 branches
- 5m retail customers

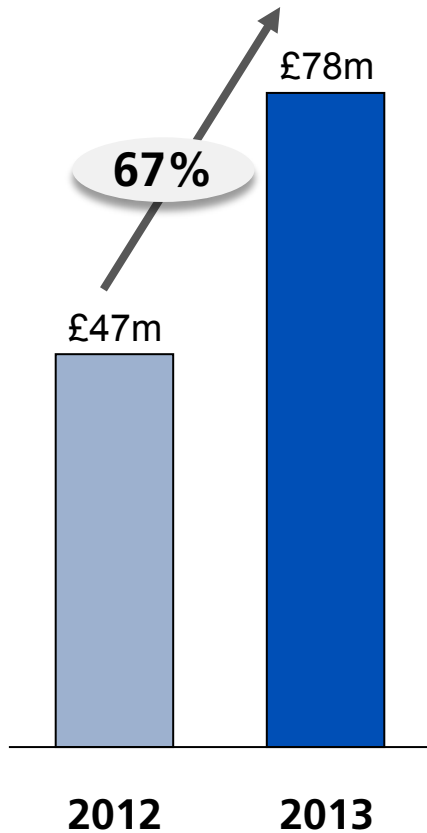


- #1 bank by total asset (VND 576 trillion in 2013)

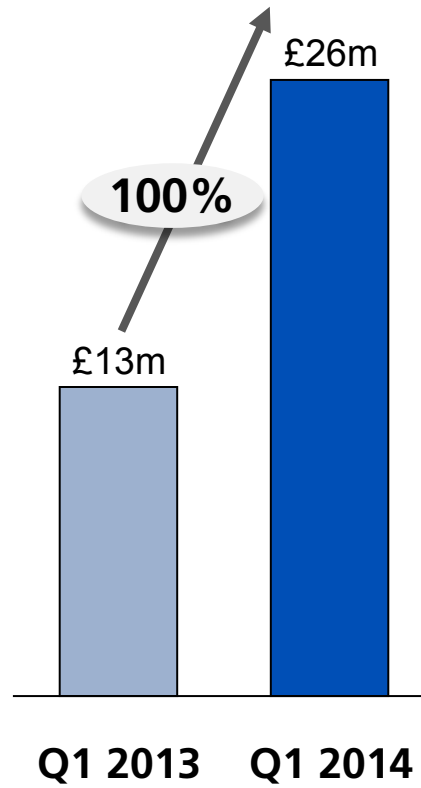
- 150 branches and 1,000 transaction offices
- 1,000 corporate clients
- 1.2m retail customers

Foundation for growth evidenced by recent strong results

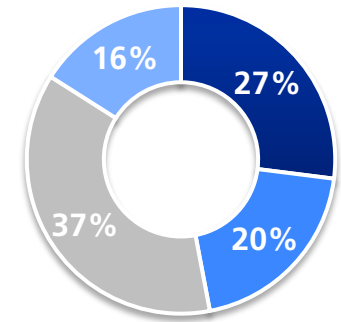
Value of new business*



Value of new business*



VNB by distribution*
(Q1 2014)



- Direct
- Tied Agents
- Brokers/IFAs
- Bancassurance

Strong results and momentum

1

Capitalise on the distribution strength and customer reach of our partners

- Build an integrated distribution network with our partners to penetrate the customer base
- Offer a holistic customer proposition supported by digital & analytics capabilities

2

Optimise and expand our multi-distribution platform

- Grow owned channels by expanding Agency, Telemarketing and Online distribution
- Accelerate growth of FA channel
- Expand bancassurance channel by implementing an integrated sales model

3

Develop our multi-line and integrated product offering

- Realise protection and savings market potential via multi-pronged product strategy
- Optimise product mix to enhance profit margin

4

Deliver a superior customer experience

- Tailored products based on customer segmentation and data analytics
- Superior customer experience via digitally enabled multi-service touch points

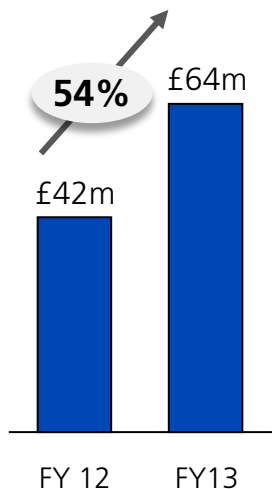
5

Drive digital into the DNA of the organisation

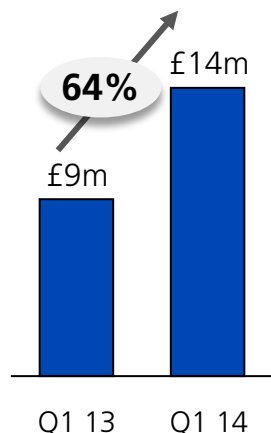
- Digital to be embedded within both sales processes and customer service touch points
- Develop a holistic online digital sales platform offering GI, Life and retail Asset Management products where appropriate (e.g. Singapore)

Singapore: Winning through innovation and multi-distribution

Value of new business



Value of new business



Current Position

- Aviva is ranked #4 in Individual Life & Health with a market share of 10%
- Market leader in Group Business with a market share of c. 30%
- Market leader in online GI
- Ownership of PIAS, the largest FA in Singapore and Navigator, a funds administrative platform

Market APE by Distribution

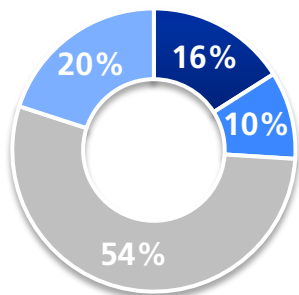
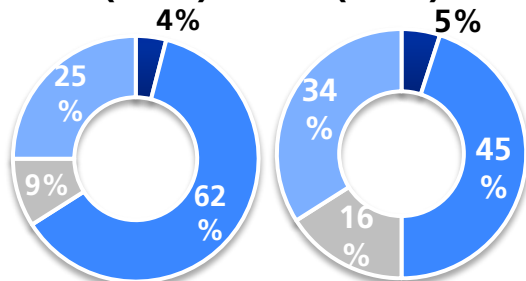
(2006)

(2013)

Aviva VNB by Distribution (2014 Q1)

Strategic Priorities

- Further expand bancassurance distribution with DBS
- Accelerate growth of the FA channel through a hybrid proposition
- Develop an integrated online sales platform offering GI and Life and retail asset management

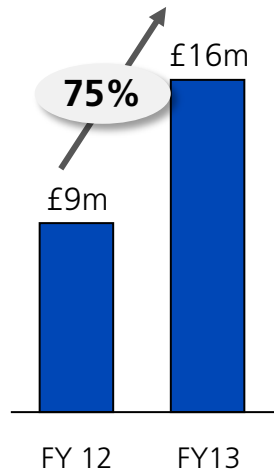


■ Direct ■ Tied Agents ■ Brokers/IFAs ■ Bancassurance

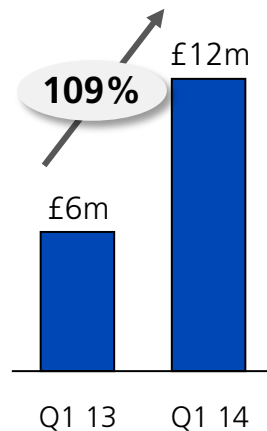
Well positioned with great distribution platform

China: Deepening distribution to drive profitable growth

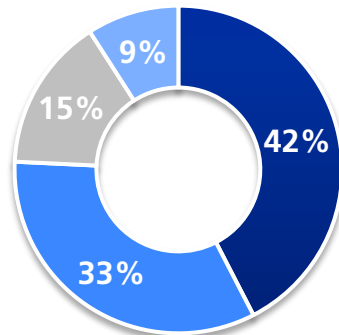
Value of new business



Value of new business



VNB by Distribution (2014 Q1)



■ Direct ■ Tied Agents ■ Brokers/IFAs ■ Bancassurance

Current Position

- One of the broadest footprints among foreign JVs
 - 54 cities in 12 provinces
 - Total population of 800m
- Ranked in the Top 5 JVs in 8 provinces
- 9% spontaneous brand awareness
- Multi-channel distribution
- Strong partnership with COFCO (11m+ retail customers) – aligned objectives

Strategic Priorities

- Aggressively grow tied agency in tier 2 & tier 3 cities
- Accelerate telemarketing channel through an enhanced and integrated model
- Build a digital platform to support the COFCO customer proposition and wider customer base

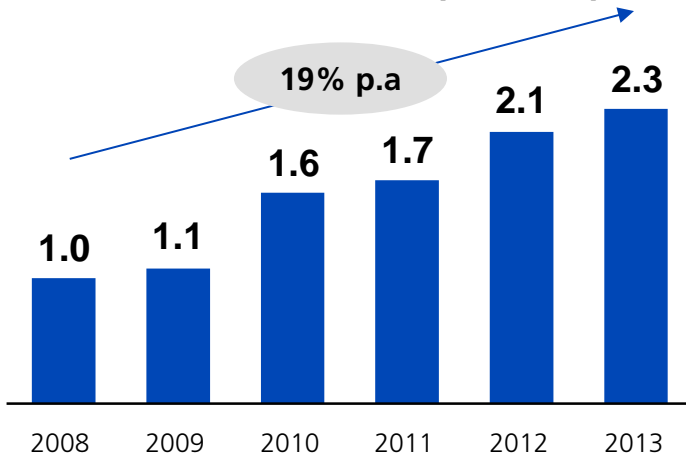
Strong foundation for accelerated growth

Indonesia: Unlocking the JV potential

Market opportunity

- Largest economy in S.E. Asia: Growth at 6% p.a.
- Huge population of 250m
- Penetration is low at 1.2%
- Market margins at 50%+
- Future market growth at 10 - 15% p.a.

Indonesia Market APE (US\$ bn*)



Current Position

- Newly formed JV with Astra – May 2014
- Exclusive partnership with Permata Bank
- Exclusive partnership with Astra’s finance companies
- Access to AstraWorld’s 10m customer base and 4-5m new customers each year from their finance and automotive businesses

Strategic Priorities

- Launch Bancassurance with Permata Bank
- Build distribution to support Astra’s finance companies and AstraWorld customer base
- Strengthen management team

Excellent opportunity to build a leading life insurer

Well positioned in excellent growth markets in Greater China and South East Asia

Strong local partners with great brands and customer reach

Strong distribution foundation

Strategies to enable us to drive our future growth

Q & A

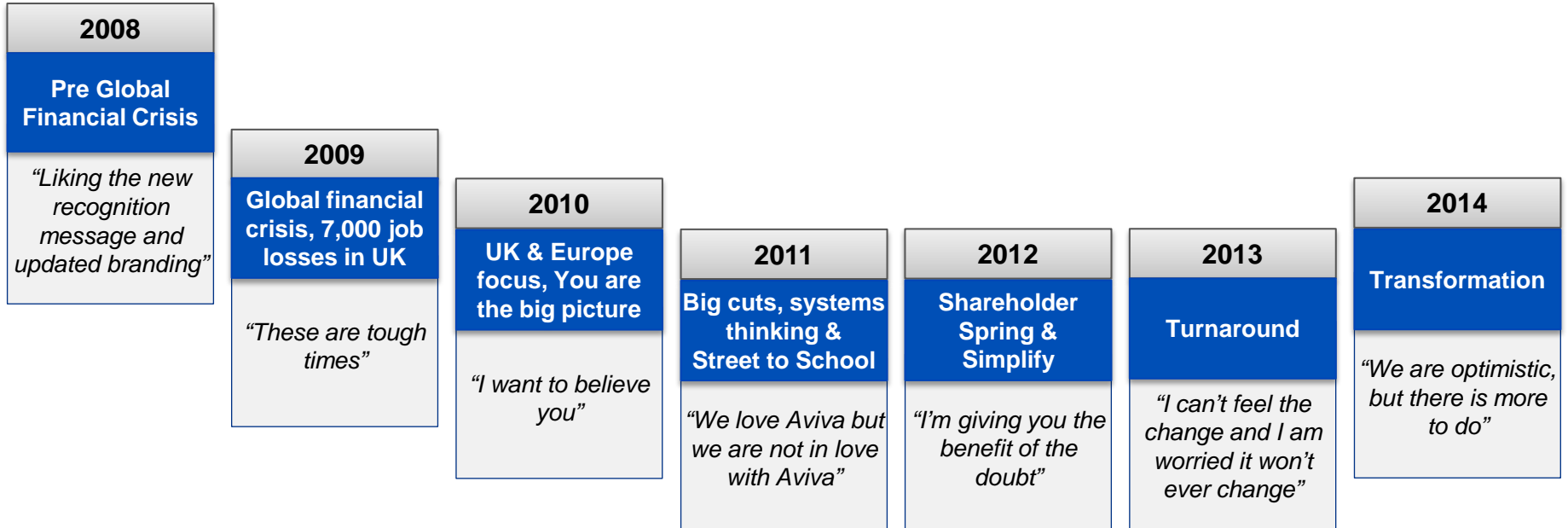
Khor Hock Seng
Chief Executive Officer, Aviva Asia

David McMillan
Chairman, Global Health
Chief Executive Officer, Aviva Europe

Welcome to the Agora

Christine Deputy
Group HR Director

Similar to our investors, our people were losing patience







Achievement



Potential



Collaboration

What colleagues are saying...

"We are encouraged to be innovative in our work but don't really have the opportunity to collaborate and share with our colleagues"

80% → encouraged to be innovative

53% → have opportunities to collaborate

"Our strategy is nearly there but now we need more detail and to see how it will work in practice"

71% → Feel our strategy is the right one

"It's great to see how the performance of the business has improved, but we're not getting the recognition for the work we do"

Just over **1/2** → Feel colleagues are recognised for doing a good job
11 points

"We're starting to feel proud to work for Aviva again"

Pride → **70%**
9 points

"We appreciate the increased openness and honesty of our senior leaders, particularly when they engage with us directly"

3/5 → Believe there is open and honest communication
10 points



Productivity and systems thinking

Nick Amin

Chief Operations and Transformation Officer



'Life begins at the end of your comfort zone'

Neale Donald Walsh

1. More to do, we are not done
2. Ship is turning
3. We will deliver as we have the execution focus
4. We are on it

We will not call victory too early

Systems Thinking in Aviva

Why, What, How and So What.



Scott McFie, Head of Systems Thinking

Why?...Systems Thinking

Commercial – it works... on all levels

Typical +30 point increase in NPS

Predictably up to 60% failure demand identified

Purpose
Design against customer demand

Removing waste
One stop, end to end thinking

CUSTOMER

EFFICIENCY

PEOPLE

FINANCIAL

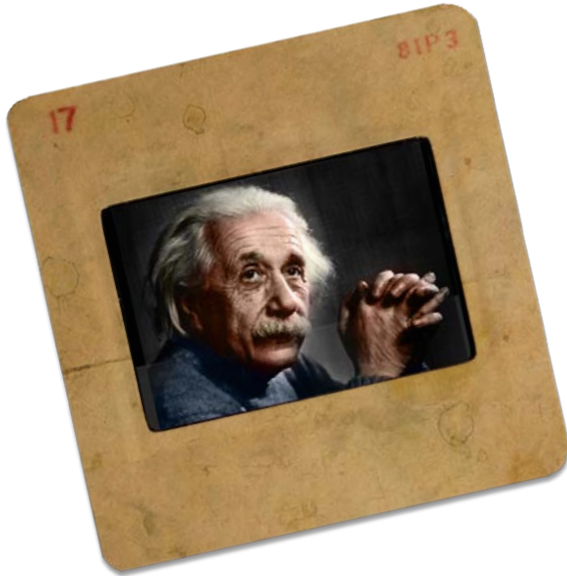
Developing leaders
Building capability

Economic Model
Macro Cost Savings

Sustained +20 point increase in EPS Engagement

Typical 10% - 20% initial cost opportunity across the business

We have consistently found improved results in every area we have worked in



“We can’t solve problems by using the same kind of **thinking** we used when we created them” –

Relates to *Thinking*

“Insanity: doing the same thing over and over again and expecting different results” –

Relates to *Method*

Albert Einstein

Systems Thinking is about more than Operations

We can use Systems Thinking to become more efficient in support functions...



But...more importantly, how do support functions ENABLE “Systems Think” Operations to better understand and meet customer purpose.

We have Systems Thinking work in IT and Change, HR and more recently, Finance, Audit and Marketing.

What?...Systems Thinking

A gentle Intro

... there is a (tenuous) connection between these two, honest!

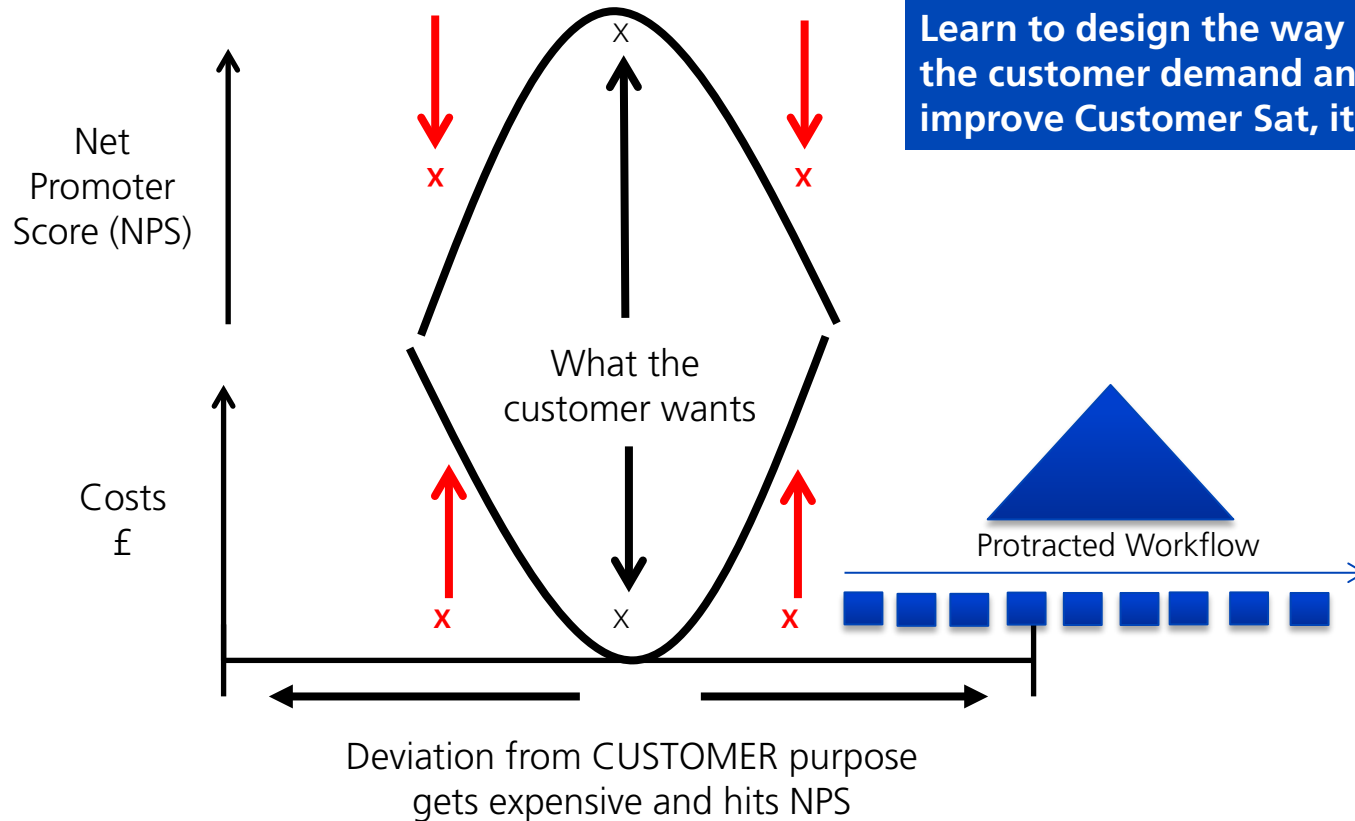


Genichi Taguchi
1924 - 2012



Brodie McFie
(age 12)

Why this works –



Hierarchy and Management factory

- Reporting
- MI
- (Local) process Improvement
- Projects
- Complaints Team
- New Business/ Marketing

But surely claims cost would rise?

A major Claims area

- Like for like claims cost down £15m p.a. on c £350m spend and still reducing

AND...

- Net Promoter Score from -3 to +53
- Headcount from 355 to 280 and a further 150 roles insourced and absorbed
- 40%+ more efficient.

How?... Systems Thinking



So what's going on? - how do we see the "before" for what it really is, and make the transition to "the after"



CHECK (STUDY)

- Understand current performance – “what and why”
- Use front line staff to study the work – with leaders and data.

RE-DESIGN (PLAN)

- Identify levers for change and Experiment to get to perfect. Design against the customer demand.
- Do different assumptions and operating principles lead to improved performance

DO

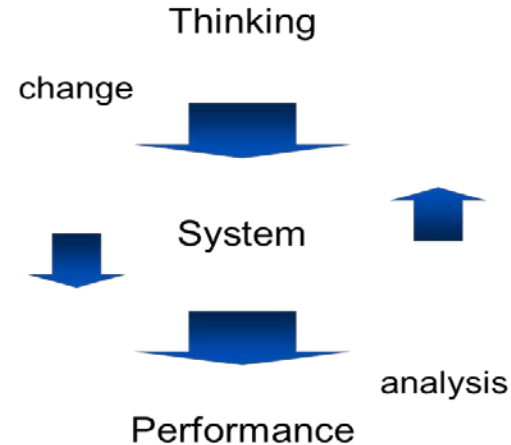
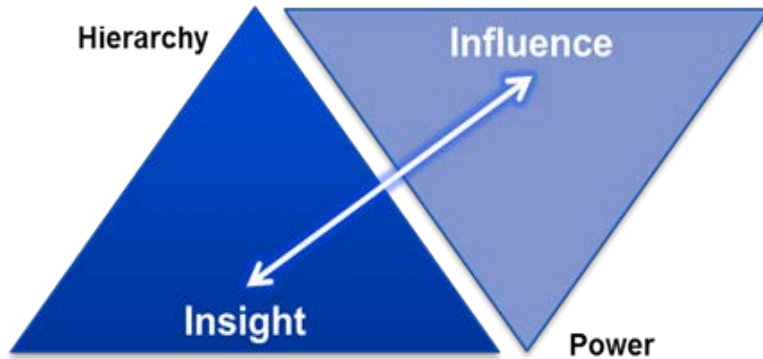
- Implement the changes. Roll-In to the new design
- Make the new principles normal & sustainable at an organisational level. Much harder than in Re-design. This phase is about achieving **because** of the system design, not **despite** it.

Without exception, the Leaders who have been through the “Check” have been surprised by what they have learned, and are more aware that it’s a work design problem.

And they now have a moral imperative and ambition to act sustainably

It's a different type of Leadership ...

Systems thinking connects real insight with real influence.



If you want to change Performance, (Leadership) Thinking must change. Analysis is bottom up from the work (with Leaders). Change happens at the thinking level. More attention to the system.

So What ... Results and next steps

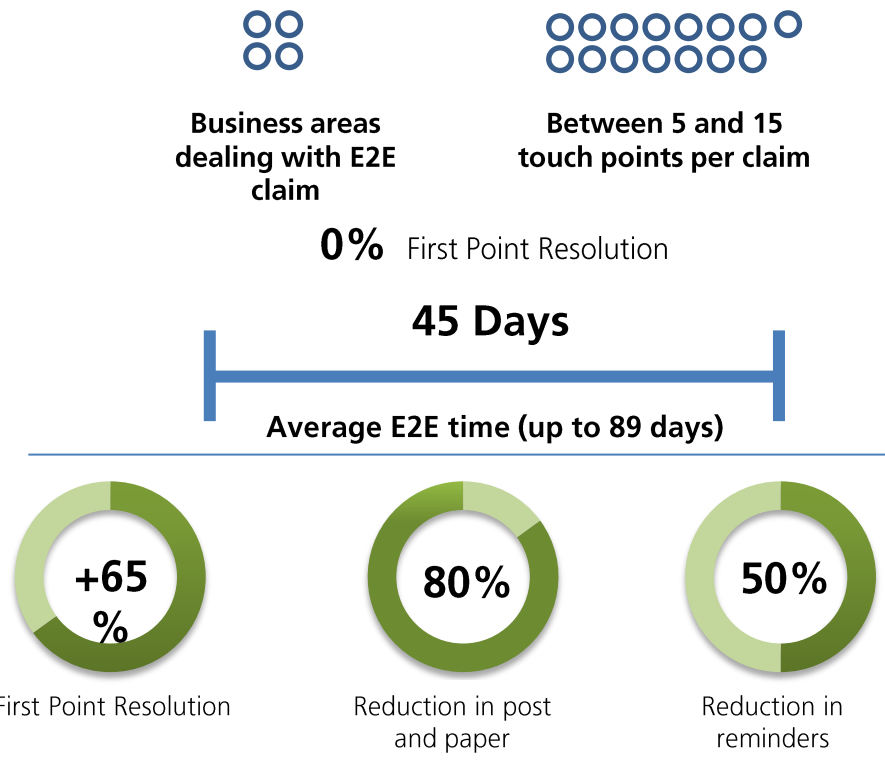


Life Policyholder Contact



£2.5m cost savings even with repatriation of offshore work (160 FTE)

Annuity death claims



Reduced cost £0.9m IN 4 MONTHS, from £1.3m to £0.4m (70%)

...to conclude

- We have tried and tested method and capability in Systems Thinking that drives and underpins our Theses – Investor, Customer, Distributor and People
- It aligns perfectly to our Values
- So, when we say we will be more efficient AND transform the customer experience... **we can, we have and we will.**

...Thank You

Q & A

Mark Wilson
Group Chief Executive Officer

Tom Stoddard
Group Chief Financial Officer