

Focus

Strengthen

Perform

Bank of America Merrill Lynch

Banking and Insurance CEO conference

Disclaimer



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Feedback on Aviva



Strengths

Strong core businesses and a great brand

Growing GI business with improving CORs

UK Life business performing strongly

A greater emphasis on cash flow and new business capital efficiency

But clear challenges

Complex business

Weaker than peers on leverage and capital with Eurozone volatility

Issues on strategic execution

Uncertainty over growth and metrics

Focus, Strengthen, Perform



Narrowed Focus

- Allocate capital to most attractive businesses
- Improve underperforming segments
- Exit non core businesses
- Create an attractive portfolio foundation for the future

Financial Strength

- 160% – 175% economic capital surplus target range
- Reduce capital volatility
- Reduce leverage

Improved Performance

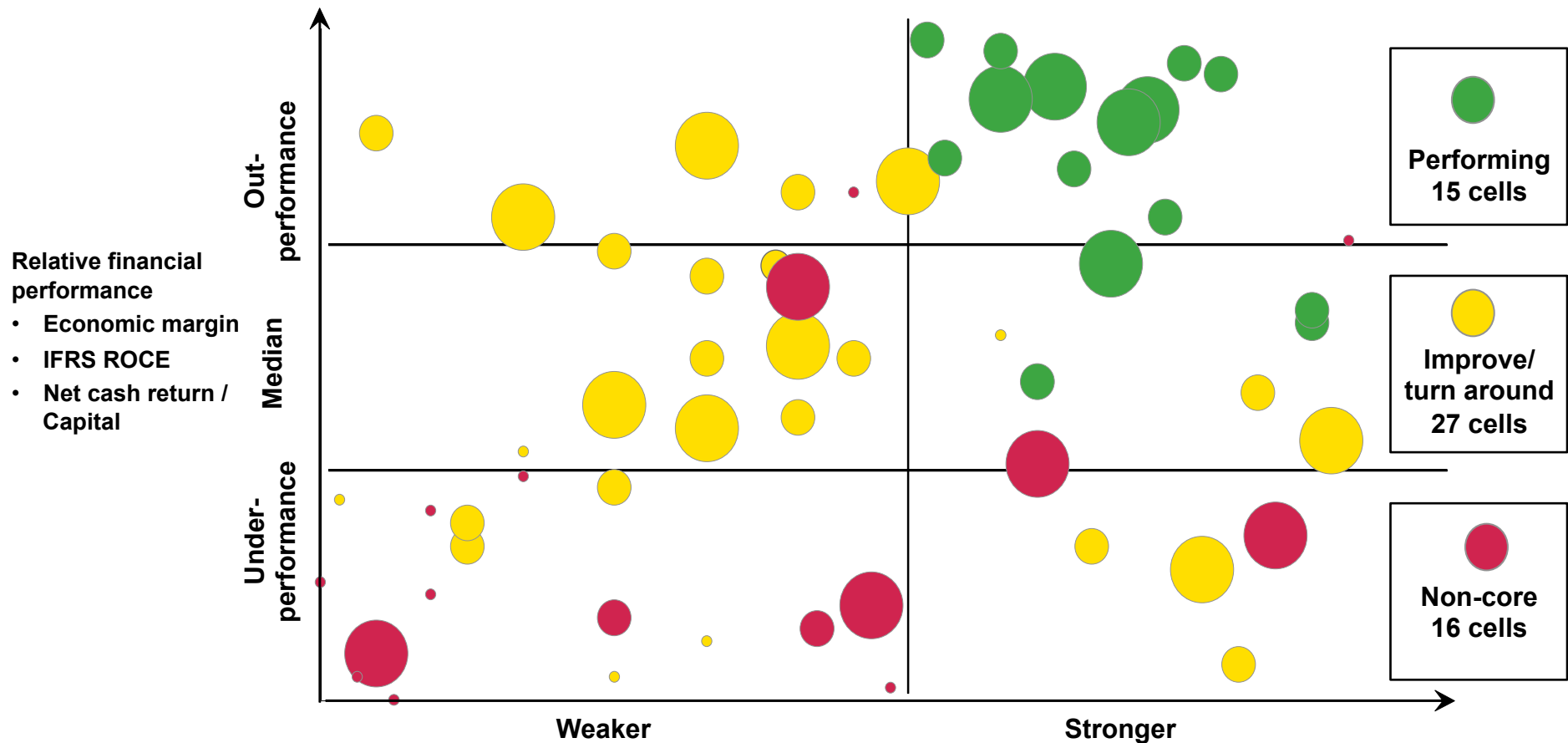
- Revenue growth where possible
- Expense savings of £400 million from end of 2011
- Lower losses & claims
- Increase return on equity through capital efficiency

**The economic capital surplus represents an estimated unaudited position. The 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. Pension scheme risk is allowed for through five years of stressed contributions.*

Narrowed focus



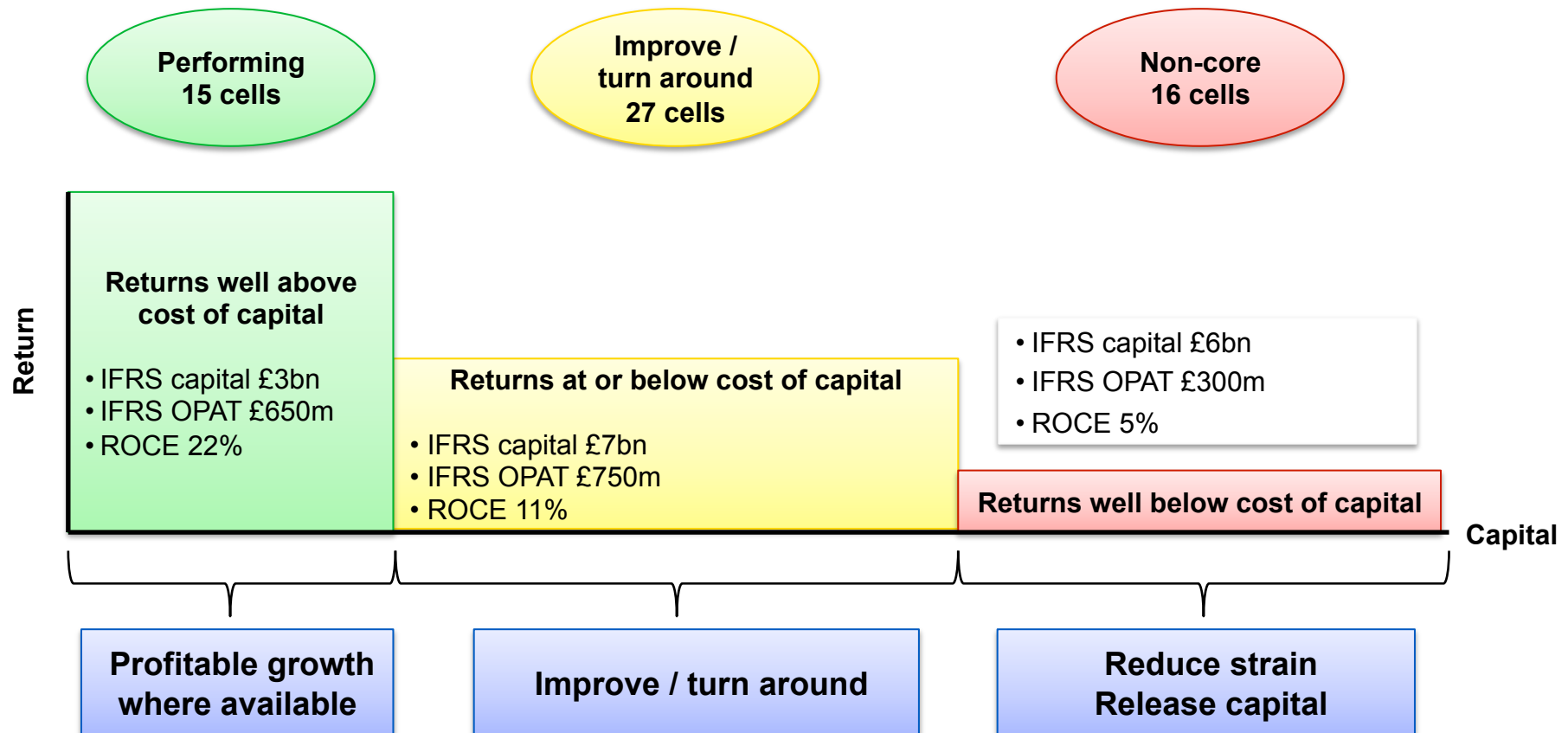
Portfolio assessed on relative financial performance & market prospects / competitive position



Market prospects & Aviva's competitive position

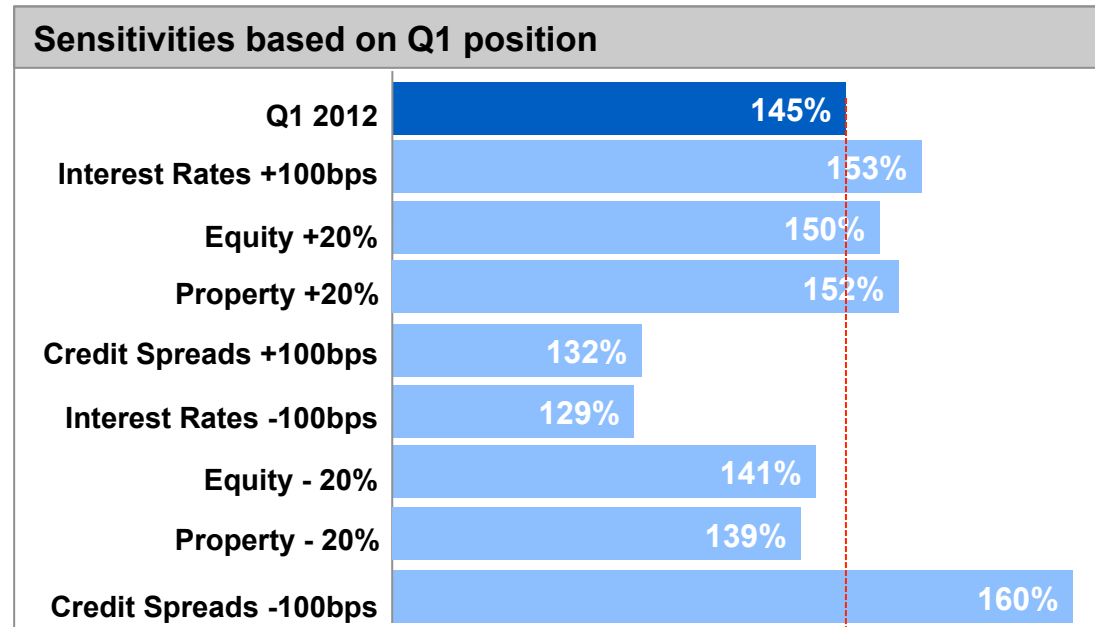
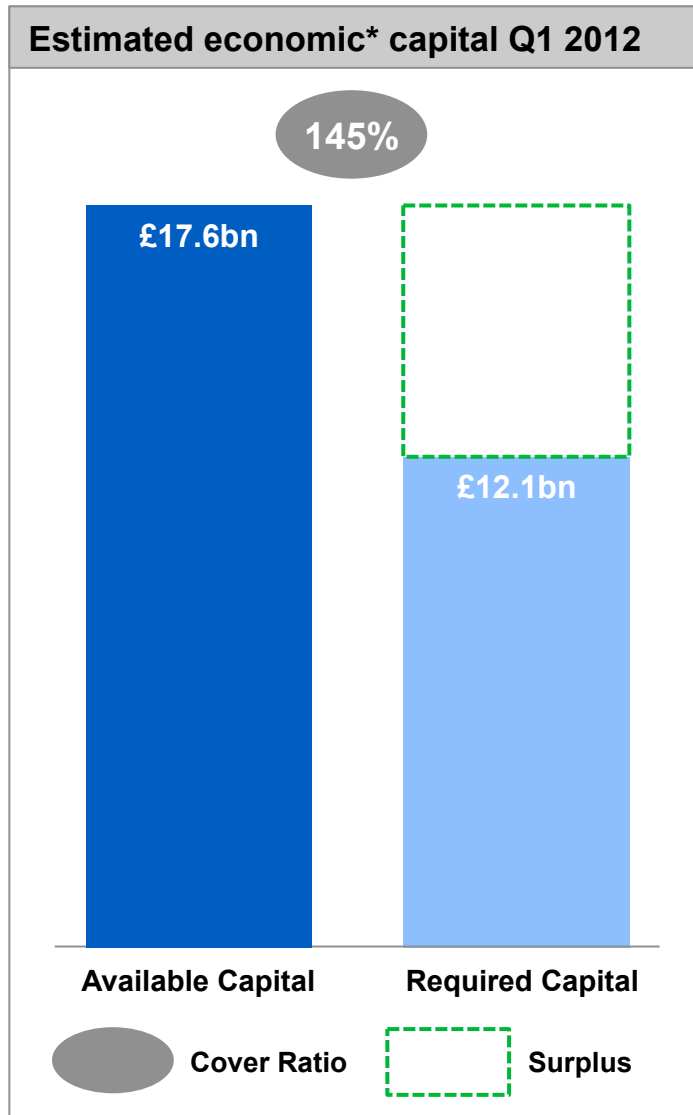
- Market growth outlook
- Absolute market share
- Size of Aviva relative to largest in the market

Dynamic capital allocation



1. OPAT = operating profit after tax and minority interests
 2. Nothing contained in the presentation is, or can be construed as, a profit forecast

Economic capital

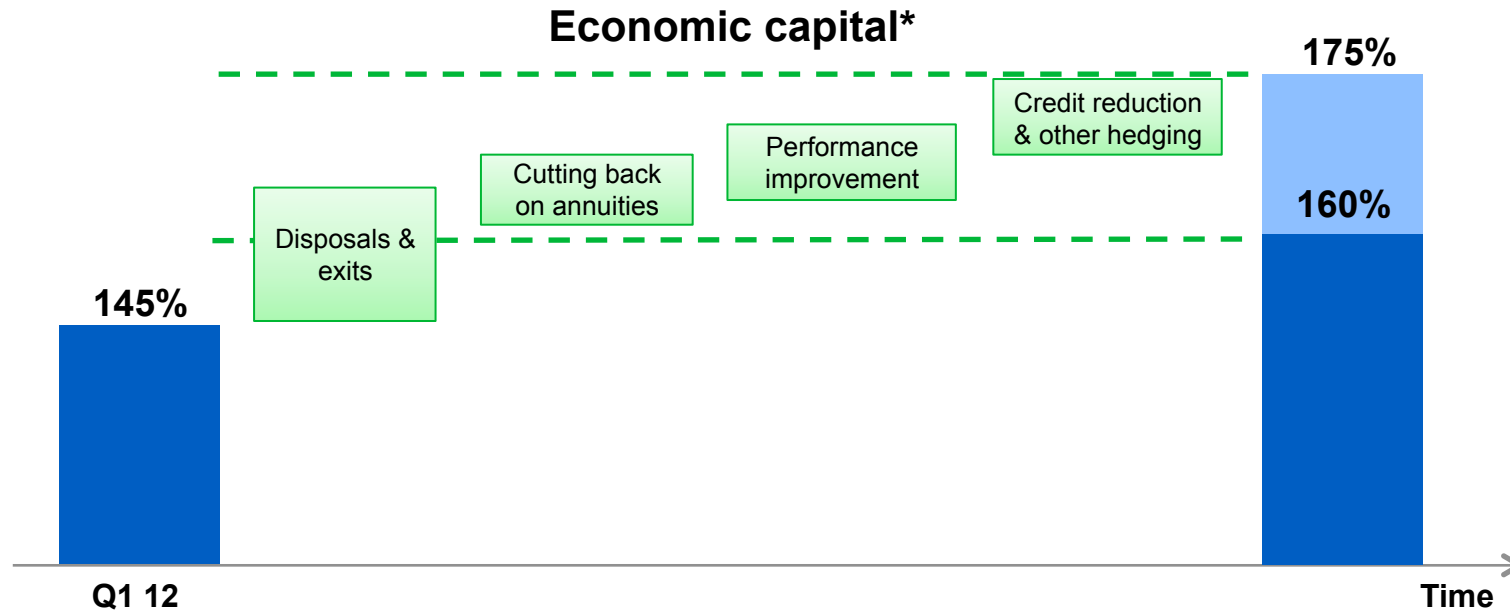


Q1 economic capital surplus of £5.5 billion
 Coverage 164% if US included on an equivalence basis
 Principal sensitivities to credit and equity movements
 Interest rate sensitivity driven mainly by cost of guarantees in France and the US
 A number of levers are available to control these exposures

Economic capital* cover of approximately 140% as at end June

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How we are going to get our target range

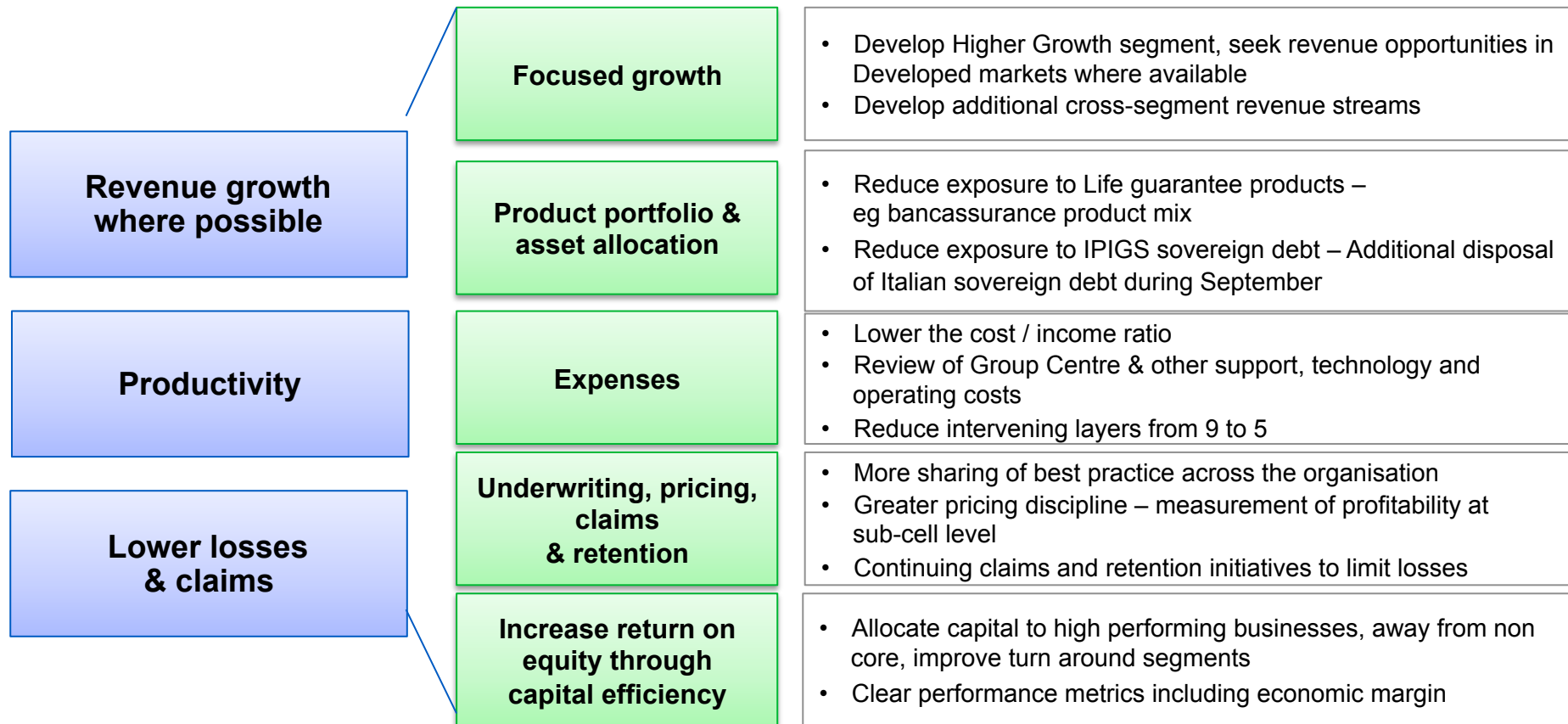


Mechanisms for and impact from increasing capital surplus

<p><u>Impact of disposals</u></p> <ul style="list-style-type: none"> • Decreases required capital – in some cases materially • Increases available capital depending on proceeds 	<p><u>Impact of actions on profits</u></p> <ul style="list-style-type: none"> • Disposals and hedging decrease profits • Offset by the performance improvement programme
<p><u>Increase available capital:</u></p> <ul style="list-style-type: none"> • Reduce costs (in-force cost savings are capitalised) • Lower claims • Increased persistency 	<p><u>Decrease required capital:</u></p> <ul style="list-style-type: none"> • Reduce product guarantees • Asset mix changes • Hedging • Reinsurance

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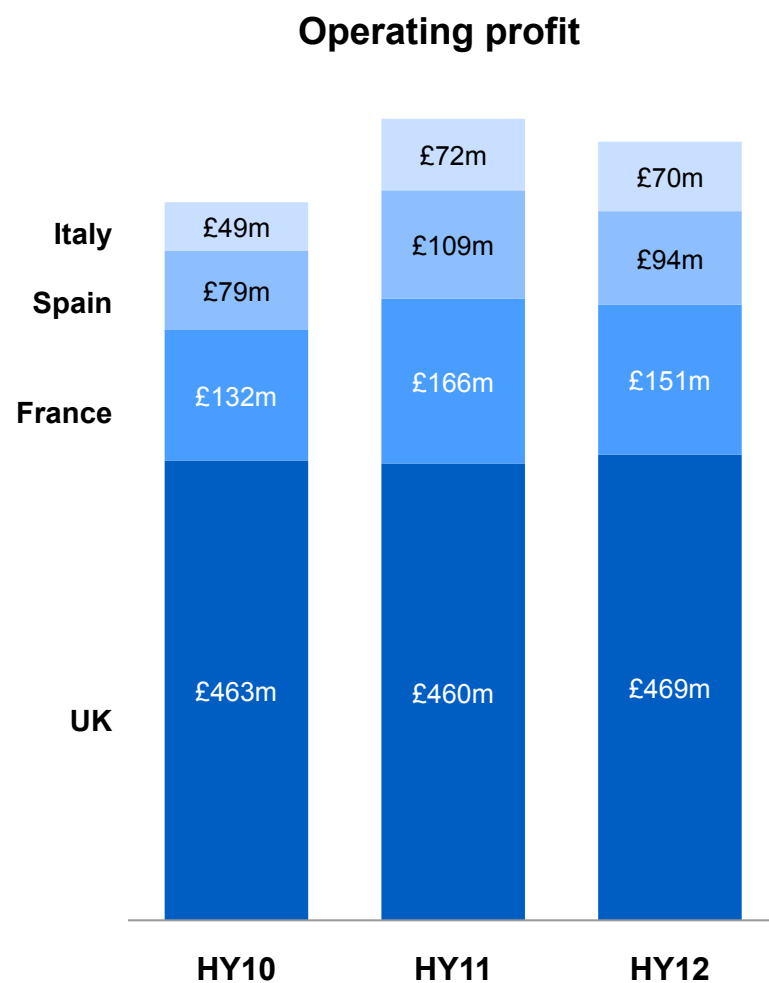
Group-wide performance improvement themes



Cultural change

- Implement a group-wide cultural and values change programme to achieve a high performance ethic through stretched goals and rigorous performance management
- Eliminate unusually high levels of bureaucracy whilst maintaining strong risk controls and increasing personal accountability

Life: resilience in the UK, lower profits in France, Spain and Italy



Italy	HY10	HY11	HY12	% change
Operating profit (£m)	49	72	70	(3)%
Operating Capital Generation (£m)	(41)	-	42	-
Average reserves (£bn)	18	19	17	(11)%
Annualised ROCE*	4.8%	7.9%	7.6%	(0.3)ppt

Spain	HY10	HY11	HY12	% change
Operating profit (£m)	79	109	94	(14)%
Operating Capital Generation (£m)	17	24	26	8%
Average reserves (£bn)	11	12	11	(8)%
Annualised ROCE*	7.9%	12.6%	11.4%	(1.2)ppt

France	HY10	HY11	HY12	% change
Operating profit (£m)	132	166	151	(9)%
Operating Capital Generation (£m)	11	110	128	16%
Average reserves (£bn)	59	64	59	(8)%
Annualised ROCE*	10.7%	12.3%	10.6%	(1.7)ppt

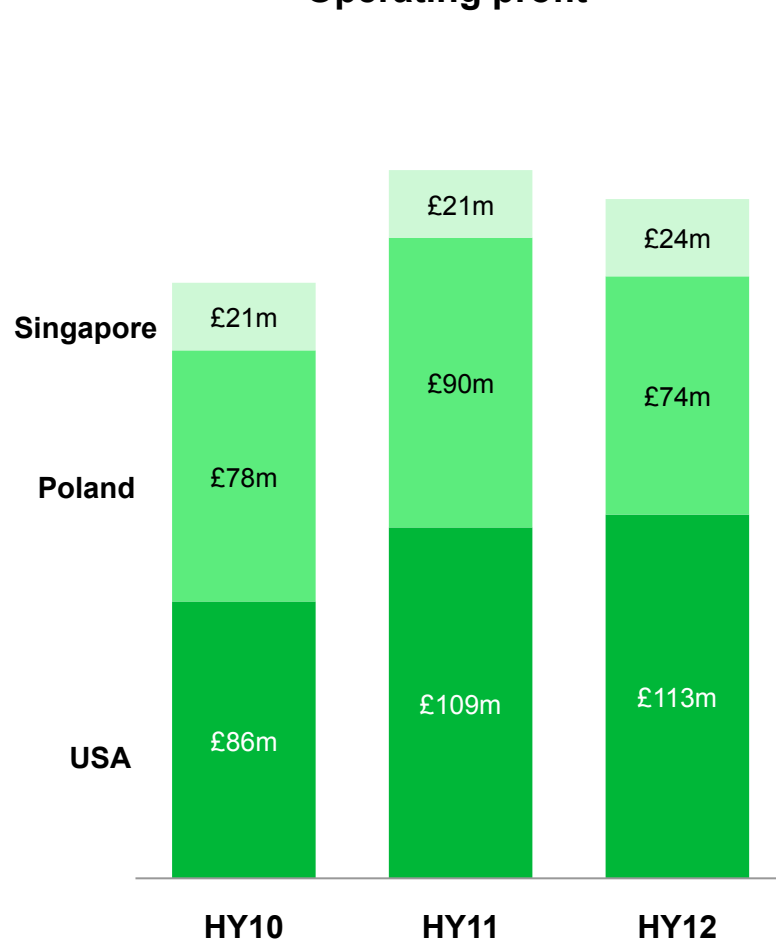
UK	HY10	HY11	HY12	% change
Operating profit (£m)	463	460	469	2%
Operating Capital Generation (£m)	235	184	374	103%
Average reserves (£bn)	103	113	115	2%
Annualised ROCE*	14.6%	19.6%	16.1%	(3.5)ppt

* Gross of minority interest where applicable

Life: higher profits in the US and Singapore, lower profits in Poland



Operating profit



Singapore	HY10	HY11	HY12	% change
Operating profit (£m)	21	21	24	14%
Operating Capital Generation (£m)	(6)	7	4	(43)%
Average reserves (£bn)	1	2	2	-
Annualised ROCE*	18.0%	14.3%	18.8%	4.5ppt

Poland	HY10	HY11	HY12	% change
Operating profit (£m)	78	90	74	(18)%
Operating Capital Generation (£m)	81	57	56	(2)%
Average reserves (£bn)	12	15	12	(20)%
Annualised ROCE*	52.7%	52.6%	45.5%	(7.1)ppt

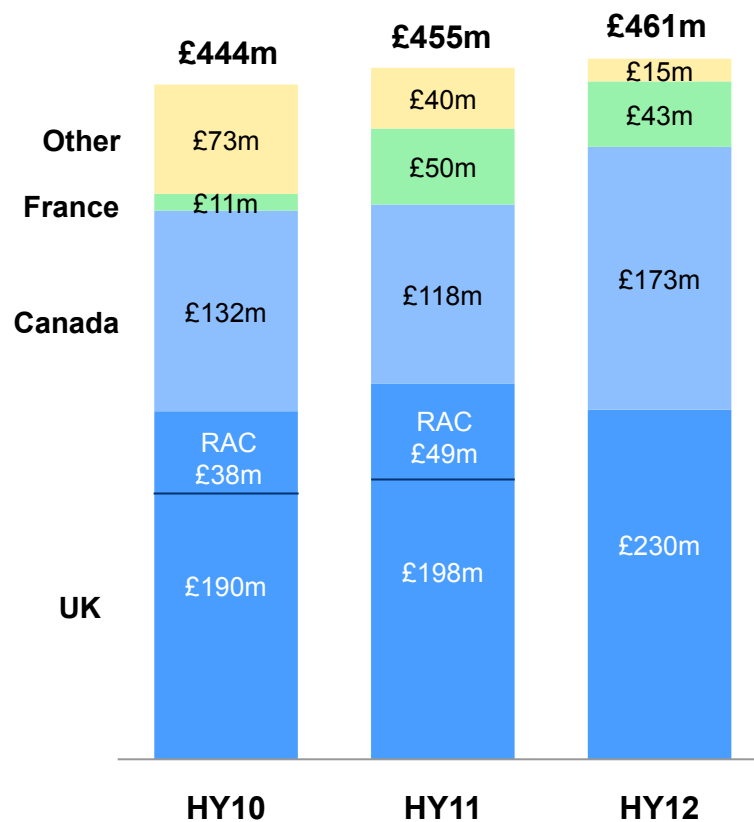
USA	HY10	HY11	HY12	% change
Operating profit (£m)	86	109	113	4%
Operating Capital Generation (£m)	92	50	(98)	-
Average reserves (£bn)	29	32	34	6%
Annualised ROCE (including goodwill)	3.6%	3.0%	3.8%	0.8ppt
Annualised ROCE based on regulatory capital	4.6%	4.3%	7.9%	3.6ppt

* Gross of minority interest where applicable

GI & Health: higher profits in the UK and Canada offset by the RAC disposal and weather



Operating profit

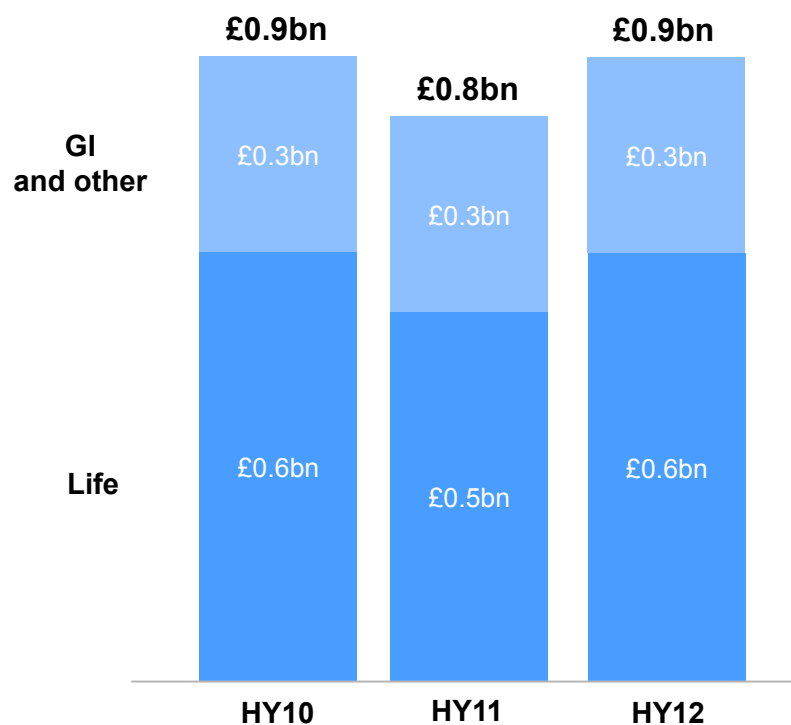


COR	97.0%	96.3%	95.5%
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Group operating capital generation ahead of HY11



Operating capital generation



Operating capital generation

£bn	HY11	HY12	HY12	
	Net	Net	Generated	Invested
Life	0.5	0.6	1.0	(0.4)
General Insurance	0.3	0.3	0.3	-
Total	0.8	0.9	1.3	(0.4)
		<i>HY11</i>	1.3	(0.5)

Capital efficiency¹

	HY10	HY11	HY12
Capital / sales	4.5%	4.0%	3.9%

Liquidity at Group Centre

£bn	FY11	HY12 ²
Central liquidity	1.5	1.7

1. Capital efficiency = life allocation/PVNB net of tax and minorities.
 2. Pro-forma for the further sale of shares in Delta Lloyd on 6 July

We will end up being



Focused

Financially strong

Performing

Q & A