2014 Interim Results

Disclaimer

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.

2014 Interim Results

Mark Wilson

Group Chief Executive Officer

Half Year 2014 Results summary

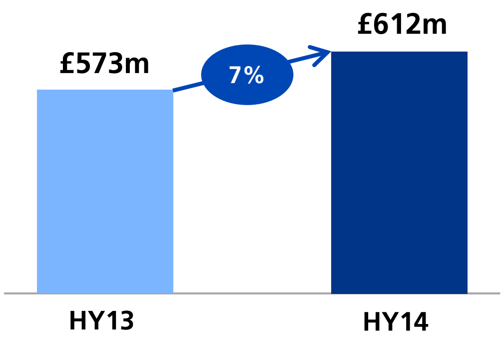
Cash flow	■ Cash remittances to Group up 7% at £612m *(HY13: £573 million)* ■ Operating capital generation ("OCG") stable at £910 million *(HY13: £933 million)* ■ Interim dividend per share 5.85p (*HY13: 5.6p*)
Profit	■ Profit after tax[1] up 113% to £863 million (*HY13: £406 million*) due to lower restructuring costs and positive investment variances ■ Operating profit[1] 4% higher at £1,052 million (*HY13: £1,008 million*) ■ Operating EPS[1] 16% higher at 23.6p (*HY13: 20.3p*)
Expenses	■ Operating expenses £1,399 million[1] down £129 million year on year ■ Annualised expense reduction run-rate equivalent to £568 million vs £400 million target ■ Group operating expense ratio of 52.1% *(HY13: 54.8%[1])*
Value of new business	■ Value of new business[2] ("VNB") up 9%[2] to £453 million (*HY13: £428 million*) ■ Poland, Turkey and Asia grew 54%[2] and contributed 25% of Group VNB
Combined operating ratio	■ Combined operating ratio ("COR") improved to 95.5% *(HY13: 96.2%)* ■ UK COR of 94.3%, best in 7 years
Balance sheet	■ IFRS net asset value per share up 7% at 290p (*FY13: 270p*) ■ MCEV Net asset value per share up 3% at 478p (*FY13: 463p*) ■ External leverage ratio 46% of tangible capital *(FY13: 50%)*, 30% on S&P basis ■ Intercompany loan reduced to £3.6bn at end of July 2014 *(Feb14: £4.1bn)* ■ Economic capital surplus[3] £8.0 billion, 180% *(FY13: £8.3 billion, 182%)*

All metrics in this document other than balance sheet metrics are on a continuing basis

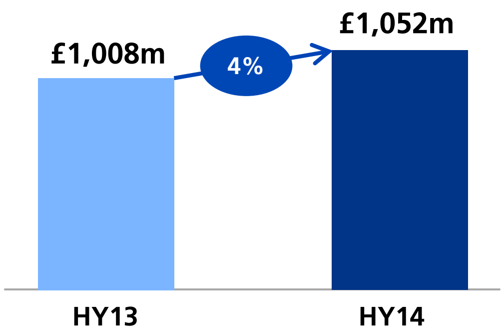
1. *On a continuing basis, excluding US Life.*
2. *VNB on constant currency basis, excluding Eurovita, Malaysia and Aseval. Poland includes Lithuania.*
3. *The economic capital surplus represents an estimated unaudited position. The term 'economic capital' relates to Aviva's own internal assessment and capital management policies and does not imply capital as required by regulators or other third parties.*

5 key metrics

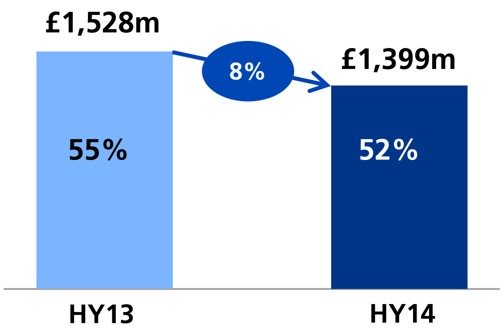
Cash remittances



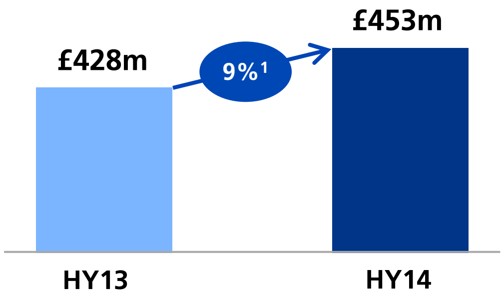
Operating profit



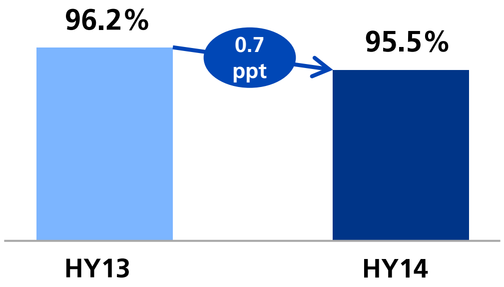
Operating expenses



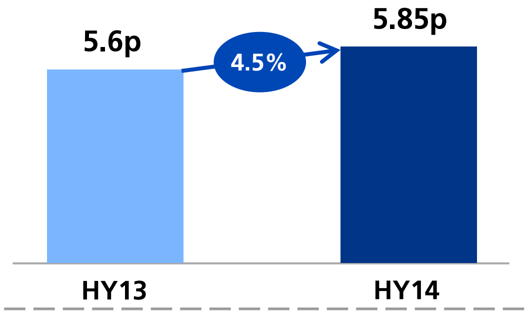
Value of new business



Combined operating ratio



Interim dividend



1. *VNB on constant currency basis, excluding Eurovita, Malaysia and Aseval.*

Progress on cash flow

Cash flow

	Issue	Plan	HY update
1	Operating expense ratio is too high	Below 50%	52% (*FY13 54%*)
2	Excess cash flow is inadequate considering our earnings power	More than double annual run-rate to £0.8bn	Remittances up 7% to £612m. Central spend 24% lower
3	Life back books are inefficient and capital intensive	Increase cash flow, efficiency and retention	£100m from UK Life back book actions
4	High external leverage and debt service levels deflates profits and restricts financial flexibility	Below 40% on TNAV basis and below 30% on S&P basis	46% on TNAV basis, 30% on S&P basis

Early progress satisfactory

Progress on growth

AVIVA

Growth

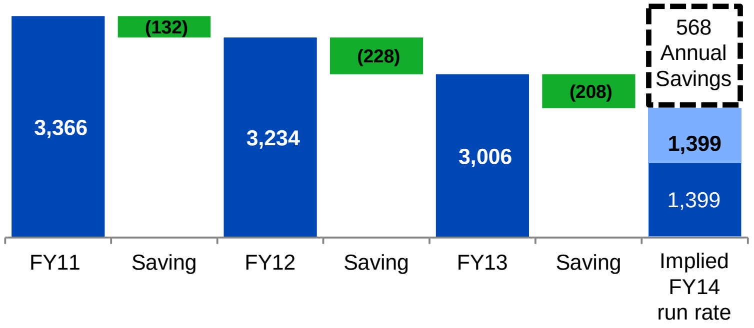
	Issue	Plan	HY update
5	Growth is necessary but not at the cost of dividends	Reallocate resources to growth businesses	VNB up 9%[1] VNB of growth markets up 54%[1] U/W result up 11%
6	Third party flows are weak	Positive external fund flows at Aviva Investors	£1 billion of platform net flows. New AIMS product launched
7	Current cross-sell rate is unacceptable	Increase average product holdings	Ongoing
8	Need to grow digital and direct	Two million MyAviva customers	1.2 million customers

Potential for growth through reallocation of capital

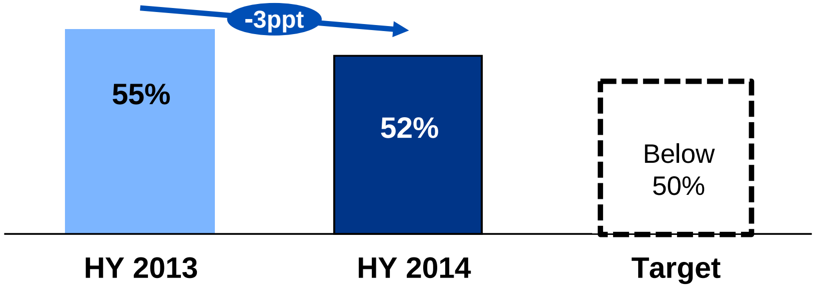
1. *Constant currency basis. Growth markets: Poland, Turkey and Asia*

Expense ratios

Savings achieved ahead of £400m target



Operating expense ratio



Actions taken in 2014

- Addressing fixed nature of operating cost base
- Applying Systems Thinking to drive sustainable efficiencies
- Cells to improve expense ratio
- Savings on restructuring costs are in addition to operating expense reductions

Reduction in Restructuring costs

	FY 2013	HY 2013	HY 2014
Restructuring costs	284	120	3
Solvency II	79	44	39
Total	**363**	**164**	**42**

Satisfactory progress towards operating expense ratio target

Investment Thesis – "Cash flow plus growth"

AVIVA

Cash flow	**Remittances from business units less central and debt financing costs**

Growth	1. Life	→	Value of new business
	2. GI	→	Underwriting result
	3. AI	→	External net fund flows

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

Sustainable and progressive cash flow growth

2014 Interim Results

Tom Stoddard
Chief Financial Officer

Operating profit improvement

Operating profit £ million	HY13	HY14	Change
Life	910	954	5%
General Insurance & Health	428	403	(6)%
Fund Management	42	48	14%
Other operations	(49)	(54)	(10)%
Life, GI, fund management & other operations	**1,331**	**1,351**	**2%**
Corporate costs	(72)	(64)	11%
Group debt & other interest costs	(251)	(235)	6%
Operating profit (continuing basis)	**1,008**	**1,052**	**4%**
Integration & restructuring	(164)	(42)	74%
Operating profit after integration & restructuring (continuing basis)	**844**	**1,010**	**20%**
Investment Variances	(308)	209	N/A
Tax & other Items	(130)	(356)	(174)%
Profit after tax (continuing basis)	**406**	**863**	**113%**

IFRS Operating profit reconciliation	
Operating profit HY13	**1,008**
UK Annuities	(40)
Weather year on year	(40)
Aseval	(22)
Foreign exchange impact on income	(90)
Operating expense savings	129
Other	107
Operating profit HY14	**1,052**

Earnings per share (basic pps)	HY13	HY14	Growth
Operating EPS	20.3	**23.6**	**16%**
Total EPS	10.2	**25.0**	**145%**

Net asset value

AVIVA

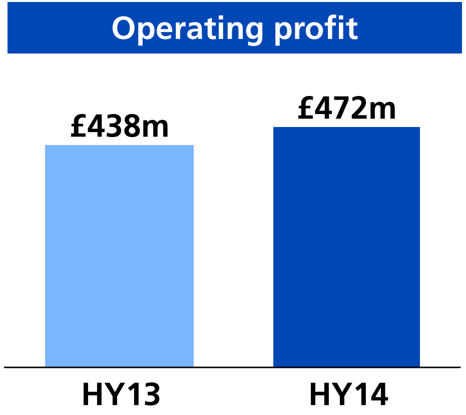
Net asset value per share	IFRS	MCEV*
Opening NAV per share at 31 December 2013	**270p**	**463p**
Operating profit	24p	31p
Dividends and appropriations	(9)p	(9)p
Investment variances & AFS equity movements	4p	3p
Pension fund	11p	11p
Integration and restructuring costs, goodwill impairment, other	(1)p	(8)p
Foreign exchange	(9)p	(13)p
Closing NAV per share at 30 June 2014	**290p**	**478p**

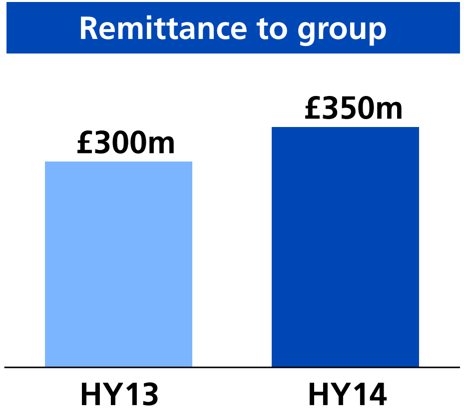
Movements shown net of tax and non controlling interests
**Opening MCEV net assets restated*

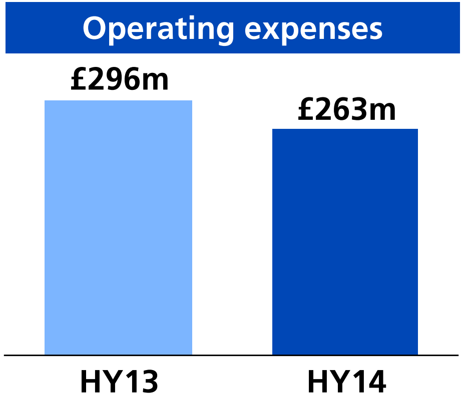
UK Life

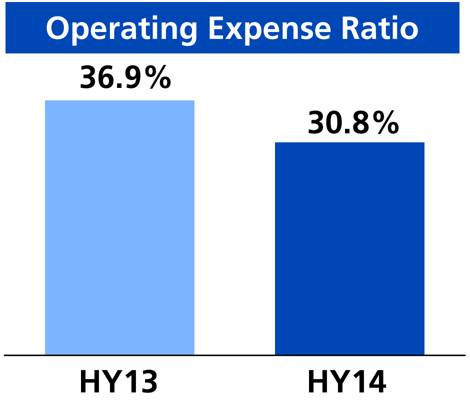
Value of new business			
£ million	HY13	**HY14**	
Annuities	138	**81**	(41)%
Protection	36	**45**	25%
Pensions	30	**27**	(10)%
Equity release & other	20	**24**	20%
Total	224	**177**	(21)%

- Expense focus giving improved operating profit
- £100m of back book actions achieved in H1
  - Early stages of back book actions
- Regulatory changes impacting VNB but business adapting
- Assets under management on IFA platform increased to £4bn









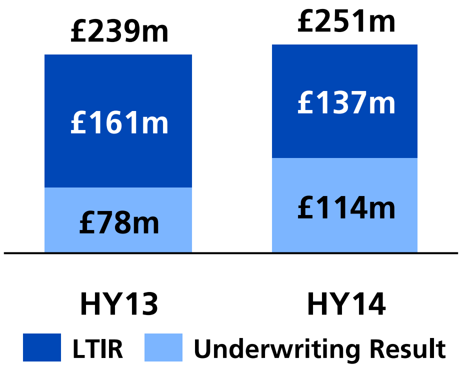
UK GI

Operating profit		
£m	HY13	**HY14**
Underwriting result	78	**114**
Inv Income internal loan	116	**82**
Other Inv Income	45	**55**
Total	239	**251**

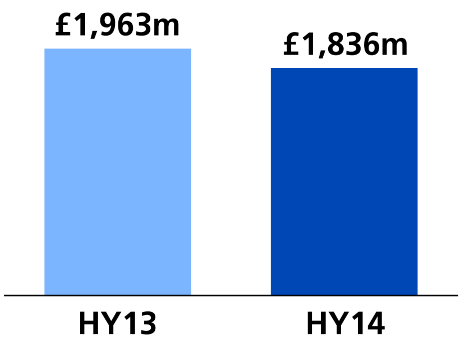
Combined operating ratio		
	HY13	**HY14**
Personal Motor	96%	**95%**
Home	90%	**95%**
Commercial Motor	113%	**99%**
Commercial Property	86%	**87%**
Total	96%	**94%**

- COR is at its best level for 7 years despite storms in January & February
- Continued benefits from risk selection capabilities
- Expense discipline in the face of lower volumes
- H2 focus on returning to growth

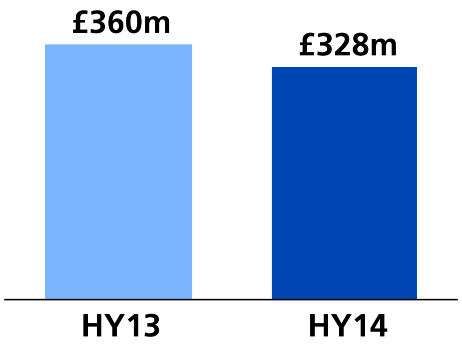
Operating profit



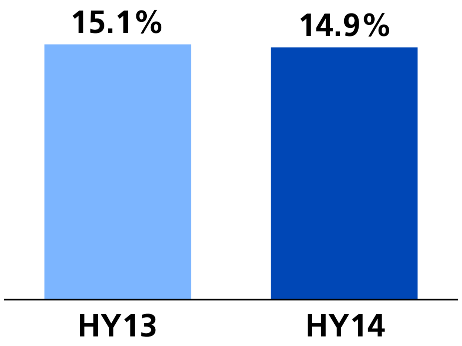
Net written premium



Operating expenses



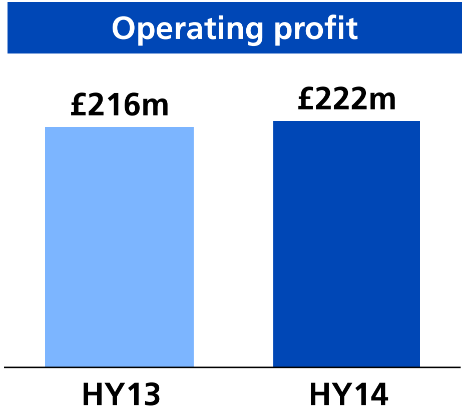
Operating Expense Ratio

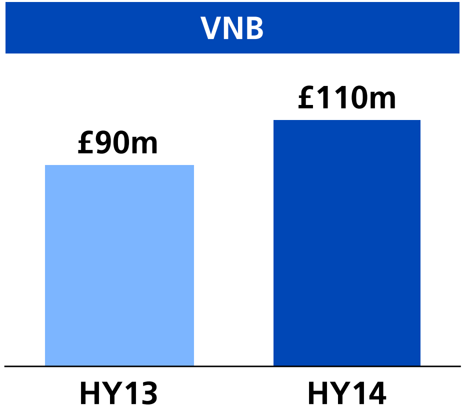


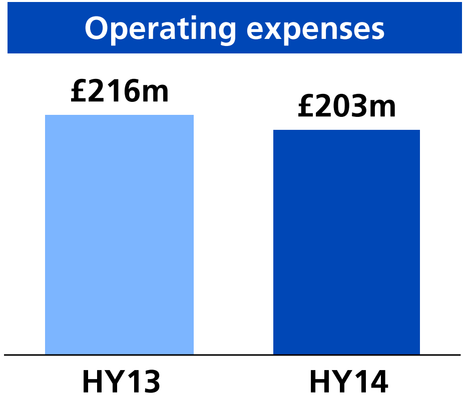
France

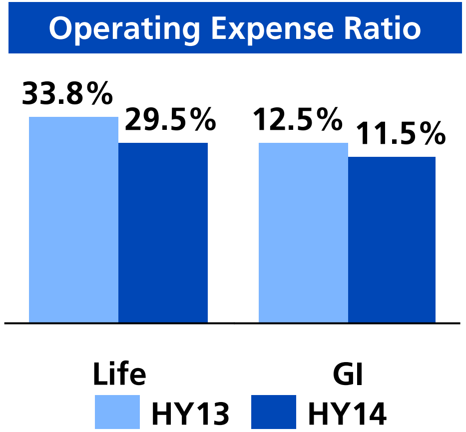
Value of new business			
£m	HY13	**HY14**	
Protection	30	**30**	0%
Unit linked savings	32	**53**	66%
Other savings	28	**27**	(4)%
Total	90	**110**	23%

- Operating profit up 6% in constant currency
- 23% VNB growth on top 39% growth in 2013
- Assets under management of over €90bn generating stable revenue
- COR improved two percentage points to 94%





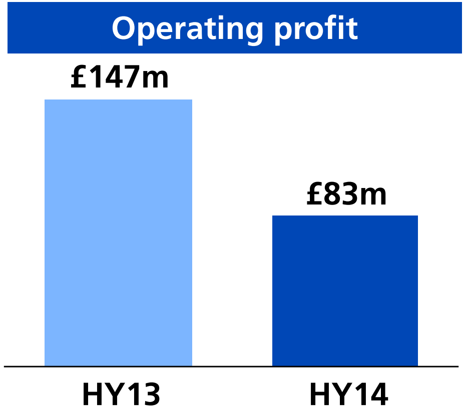


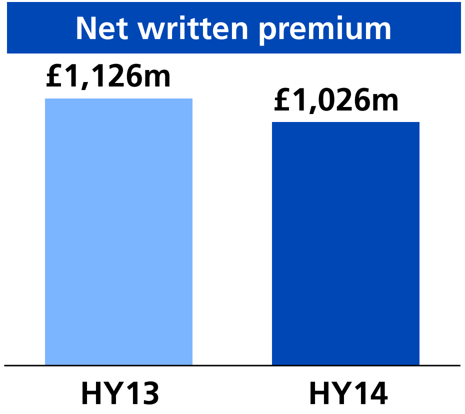


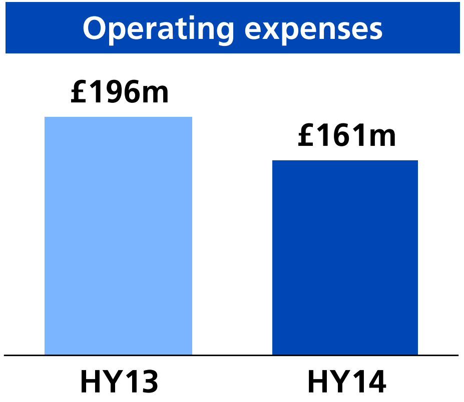
Canada

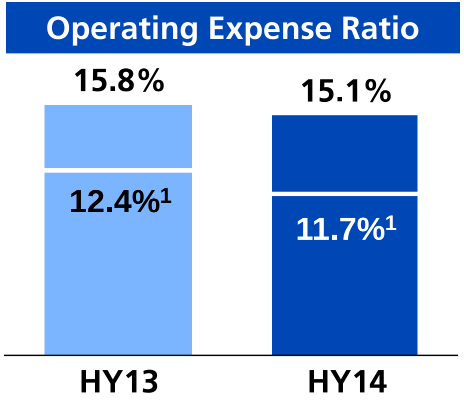
Combined operating ratio		
	HY13	**HY14**
Personal Motor	87%	**95%**
Home	95%	**101%**
Commercial	97%	**97%**
Total	92%	**97%**

- Net written premiums up 6% on constant currency basis
- Remittances expected in H2 2014
- Adverse operating profit impacts of weather £40m and foreign exchange £21m
- Ontario regulatory reforms progressing in line with expectations – margin neutral



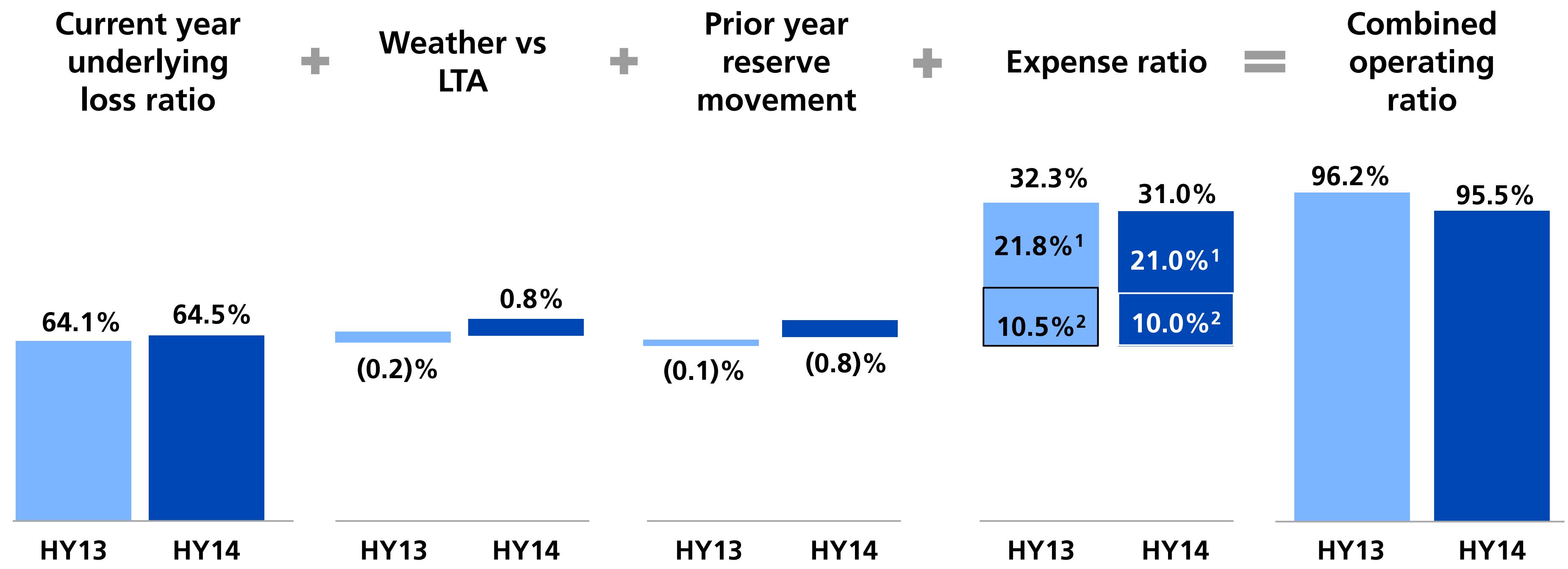






1 Excludes premium tax at c. 3.4%

General Insurance Combined Operating Ratio



1Commission ratio
2Expense ratio

Value of new business

	GBP			Constant Currency
	HY13**		**HY14**	
UK & Ireland	226	19%	**183**	19%
France	90	**23%**	**110**	**27%**
Poland*	21	**58%**	**34**	**64%**
Turkey	20	30%	**14**	10%
Asia*	41	**62%**	**66**	**76%**
Italy*	18	**44%**	**26**	**49%**
Spain*	11	**61%**	**18**	**67%**
Total VNB*	428	**6%**	**453**	**9%**
New business margin* (%APE)	29%	1ppt	28%	1ppt

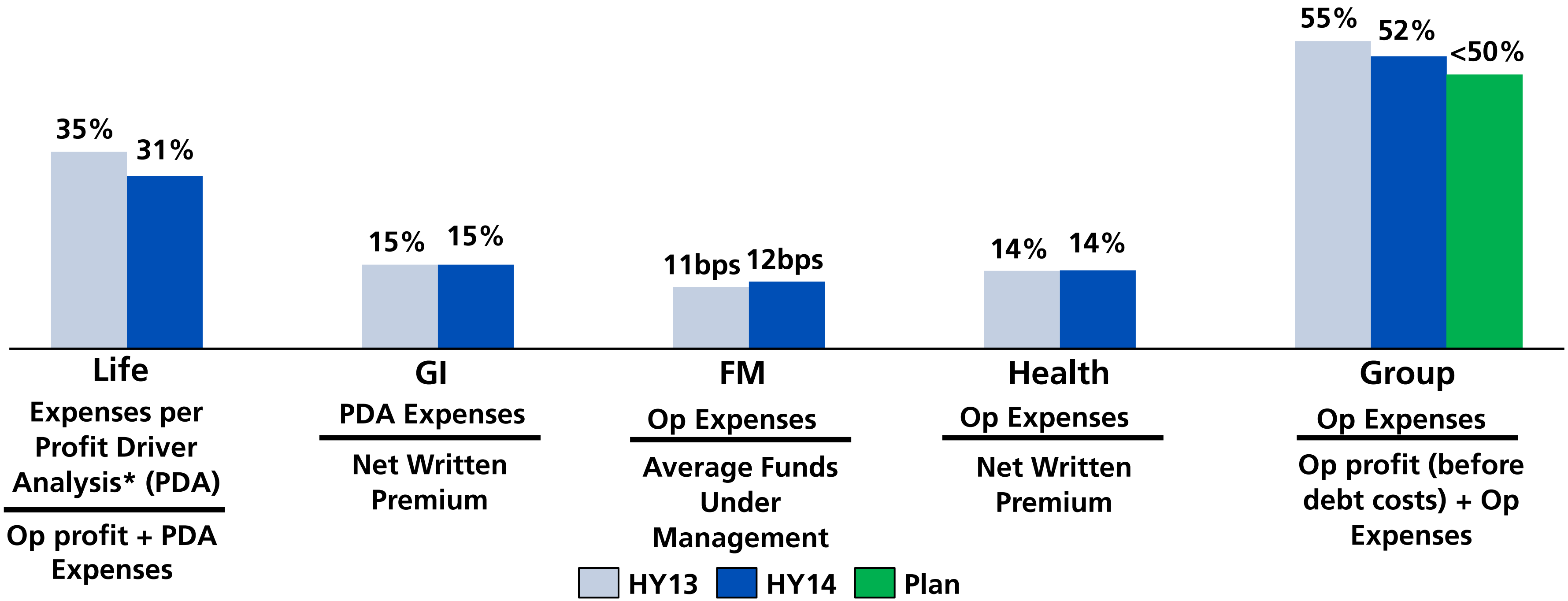
- UK VNB impacted significantly by lower individual annuities
- Greater collaboration with Aviva Investors and UK Life
- Improvement in France driven by higher volumes of higher margin unit linked products
- Spain and Italy grew VNB as their turnaround continues, but remain below their potential
- Growth markets Poland, Turkey and Asia accounted for 25% of Group VNB *(HY13: 19%)*
- Excluding the impact of a change in withholding tax methodology Turkey VNB stable
- Reduction of margin due to the impact of individual annuities offset by higher margin protection and unit linked

**Poland includes Lithuania, Italy excludes Eurovita, Spain excludes Aseval and Asia excludes Malaysia.*
***HY13 total includes £1m for Russia*

A focus on improving efficiency ratios

Segmental efficiency ratios

Group ratio



Life	GI	FM	Health	Group
Expenses per Profit Driver Analysis* (PDA) / Op profit + PDA Expenses	PDA Expenses / Net Written Premium	Op Expenses / Average Funds Under Management	Op Expenses / Net Written Premium	Op Expenses / Op profit (before debt costs) + Op Expenses

We expect Group operating expense ratio to improve

*Life expenses are per the profit driver analysis, excluding commission expenses and DAC on new business.

Cash remittances

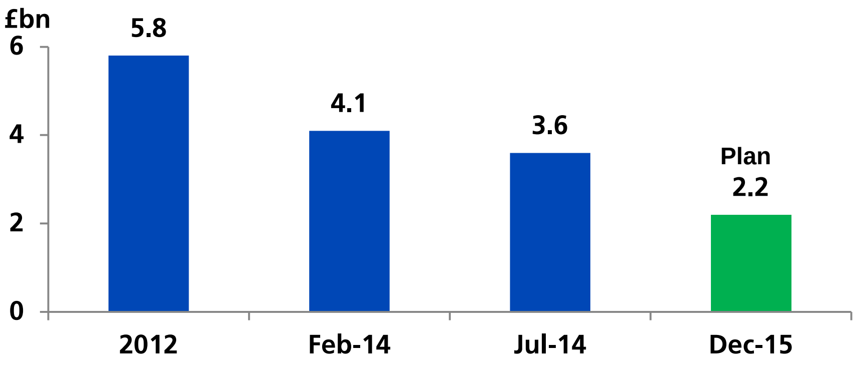
Total by country*	Operating capital generation		Remittances		Comments on remittances
£ million	**HY 13**	**HY 14**	**HY 13**	**HY 14**	
UK & Ireland Life	258	414	300	350	Increased by 17%
UK & Ireland GI	216	228	0	0	Payable in H2 in line with prior year
France	174	127	103	90	Further remittance due in H2
Canada	108	40	63	0	No interim HY14. Full remittance H2
Spain	33	23	17	33	Increased by 94%
Italy	52	33	0	0	Payable in H2 in line with prior year
Poland	65	85	83	99	Increased by 19%
Asia	63	(13)	0	21	Singapore received H1 (2013 received H2)
Other**	(36)	(27)	7	19	AI received H1 (2013 received H2)
Total	**933**	**910**	**573**	**612**	

Remittances up 7% to £612m

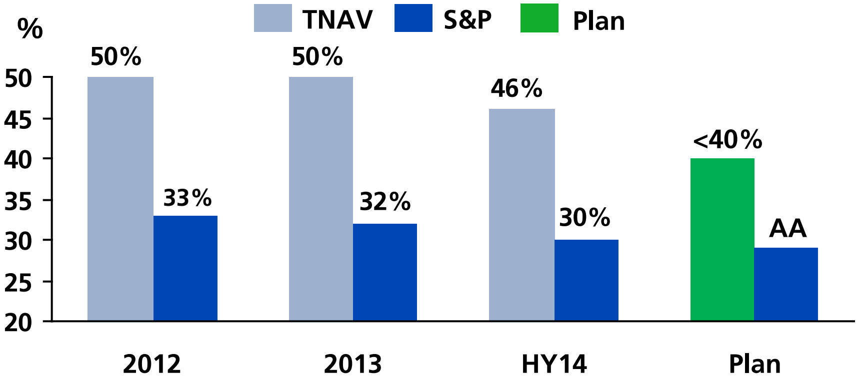
** Continuing operations*
*** Other includes AI, Turkey, Other Europe, Aviva Reinsurance and Group activities*

Improving financial strength

Intercompany loan



External leverage ratio



- Economic capital surplus[1] £8.0bn (1Q14: £7.8bn)
- Central liquidity £1.2bn
- External leverage reduced to 46% from 50% at FY13 on TNAV basis
- Leverage reduced to 30% on S&P basis from 32% at FY13
- Intercompany loan reduced to £3.6bn – On plan for £2.2bn for December 2015

External leverage ratio reduced to 46%

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.*

2014 Interim Results

Mark Wilson

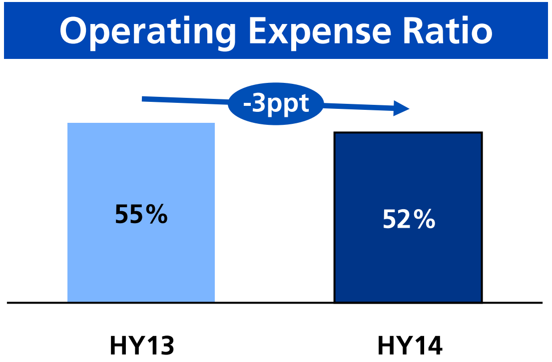
Group Chief Executive Officer

2014 Interim Results

Q & A

2014 Interim Results
Appendix

Operating Expense Ratio



Components of Operating Expense Ratio		
£ million	HY13	**HY14**
Market Operating Profit	1,331	**1,351**
Less Corporate Centre	(72)	**(64)**
Group Operating profit excluding Debt Costs and Pension income	1,259	**1,287**
Add operating expenses	1,528	**1,399**
Operating Income	2,787	**2,686**
Total Operating Expenses over Operating Income	55%	**52%**

$$\frac{\text{Operating expenses}}{\text{Operating income}}$$

= Expense ratio