

Morgan Stanley 10th Annual European Financials Conference

Mark Wilson
Chief Executive Officer

March 2014



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.

Who is Aviva and what is the attraction?



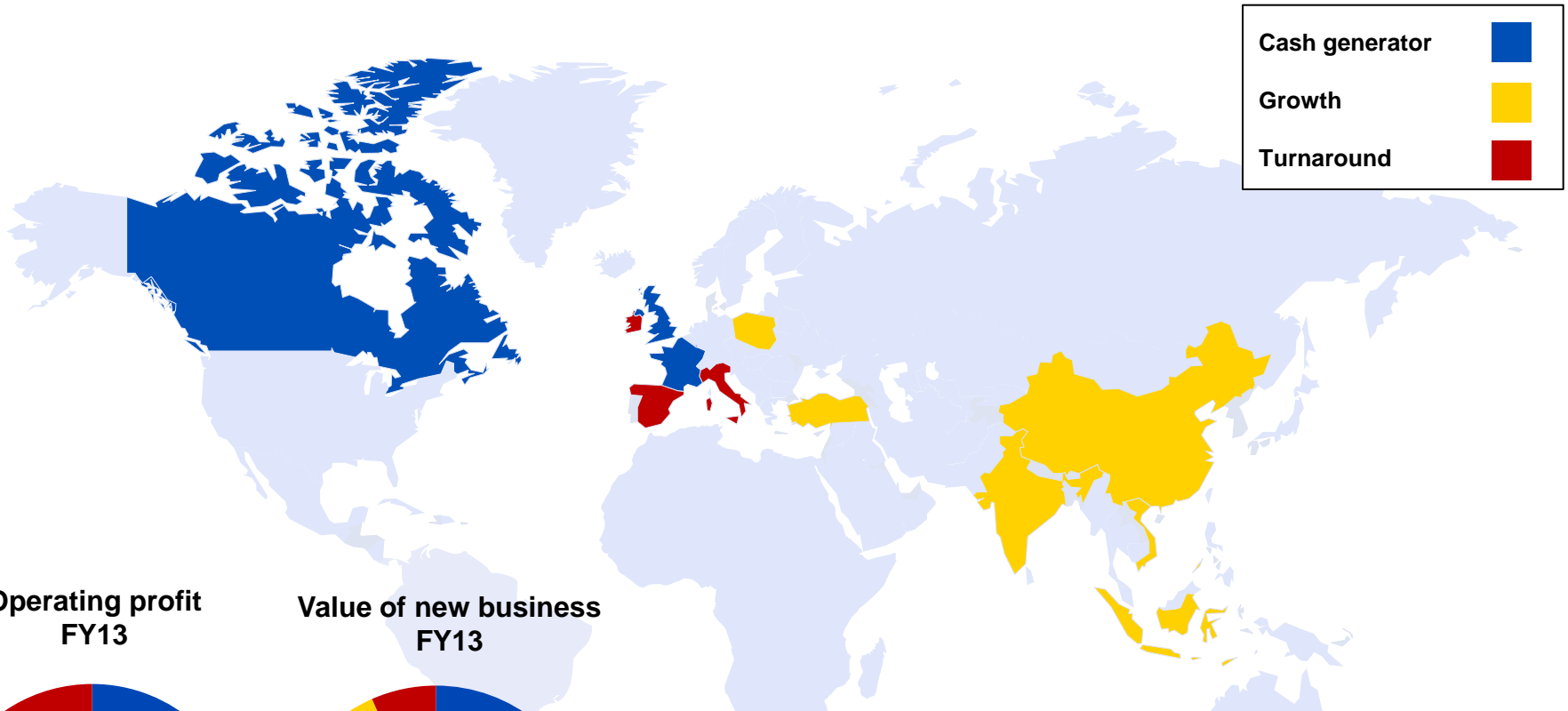
- **Largest** insurance company¹ in the UK
- Businesses in **selected international markets** including France, Canada, Poland and Singapore
- Established **317 years** ago
- 34 million customers
- The **world's largest bancassurer**, with 23% of our sales through this channel
- Number 1 **brand** in the UK for spontaneous awareness and consideration³
- Recent winner of 6 categories at the Financial Advisers Life and Pensions **Awards** 2013

1. Based on 2011 UK life and pensions sales (PVNBP) and general insurance GWP

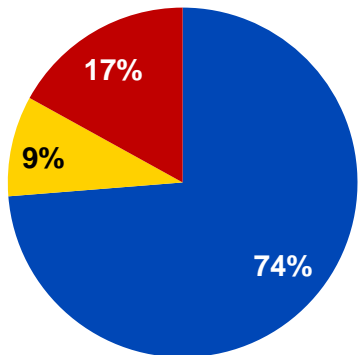
2. In continuing operations as at 31 December 2012

3. Aviva global brand tracker

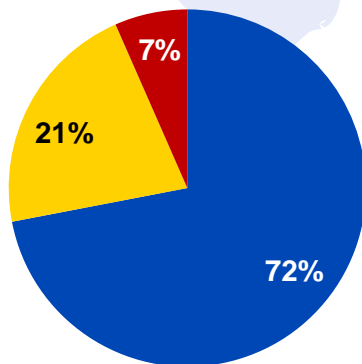
Where is Aviva?



Operating profit FY13



Value of new business FY13



Cash generators	Market position	Growth Markets	Market position	Turnaround
UK Life	1	Turkey pensions	2	Ireland
UK GI	1	Poland Life	2	Italy
Canada GI	2	Singapore Life	5	Spain
France Life	12	China	7	Aviva Investors

Investment Thesis – “Cash flow plus growth”

Cash flow Cash remitted to Group from Business units

Growth

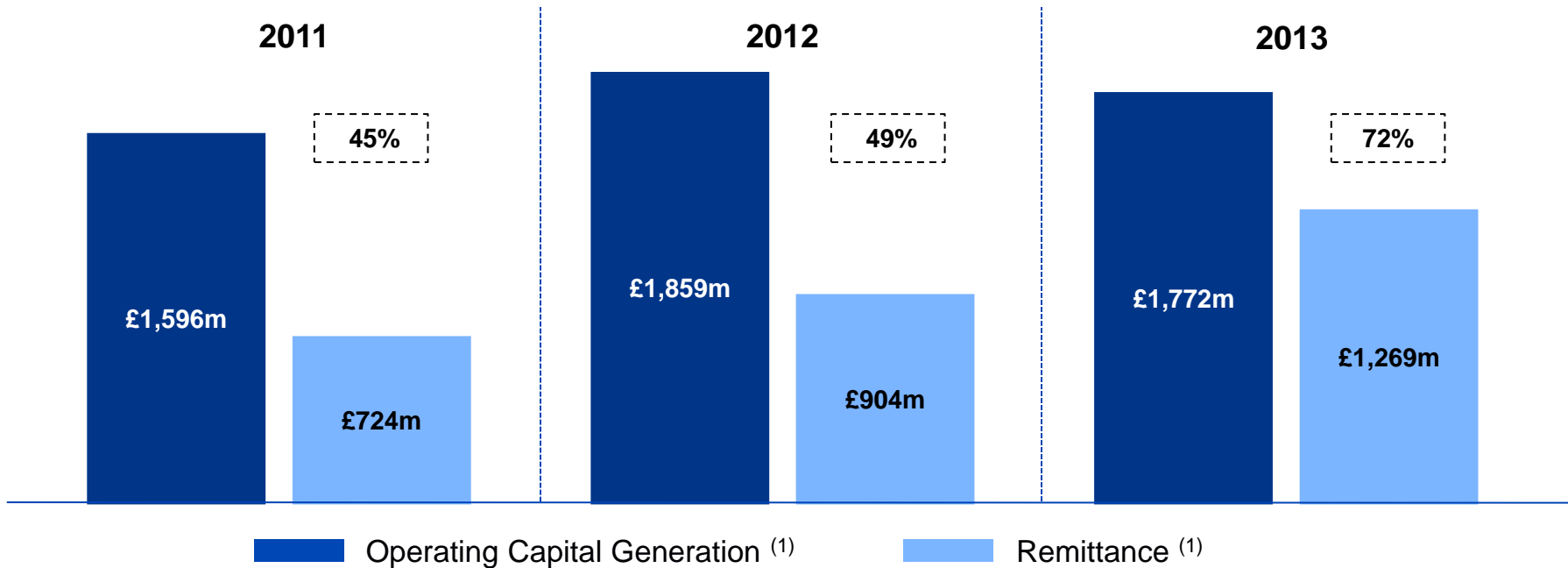
1. Life \Rightarrow Value of new business “VNB”
2. GI \Rightarrow \triangle Underwriting result
3. AI \Rightarrow External net fund flows

- Actions taken**
- Remittances increased to £1,269m, remittance ratio 72%
 - Intercompany Loan reduced to £4.1bn
 - Plans in place to reduce balance to £2.2bn by FY 2015
 - Expense reduction target on track – achieved £360m

	Cash flow	IFRS Op Profit	Expenses	VNB	COR
UK Life	●	●	●	●	-
UK General Insurance	●	●	●	-	●
France	●	●	●	●	●
Canada	●	●	●	-	●
Aviva Investors	●	●	●	-	-
Italy	●	●	●	●	●
Spain	●	●	●	●	-
Ireland	●	●	●	●	●
Poland	●	●	●	●	●
Turkey	●	●	●	●	●
Asia	●	●	●	●	●
Key					
	Critical ●	Significant ●	Important ●		

Sustainable and progressive cash flow underpinned by a diversified insurance and asset management group with a robust balance sheet

Cash flow: where to from here?



Focus areas

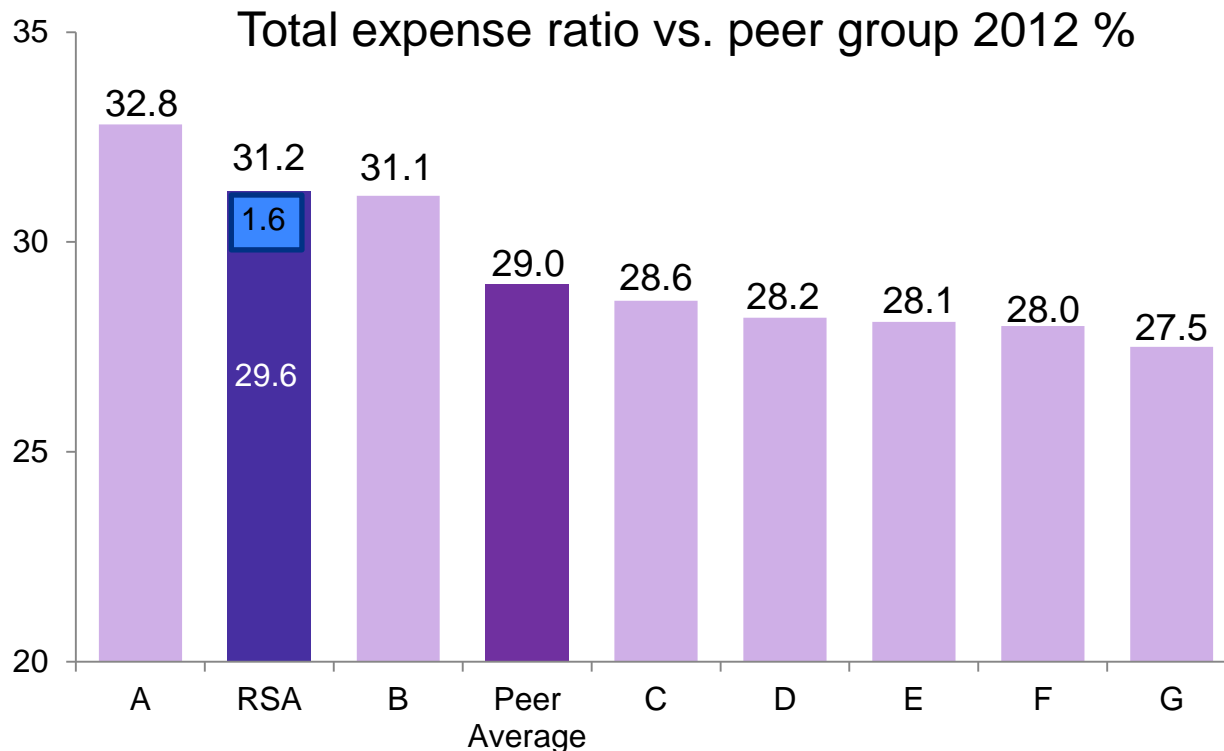
- Move the remittance to greater than 80%
- Operating expense reduction to flow through to bottom line
- Reduce Integration and Restructuring costs
- Execute Internal Leverage plans
- Continue structural simplification
- Manage back book
- Improve resilience to macro and market shocks

Remittances up 40% to £1,269m. Remittance ratio 72% with an ambition of 80%+

¹ OCG and Remittances exclude the US and Delta Lloyd

3

Expenses



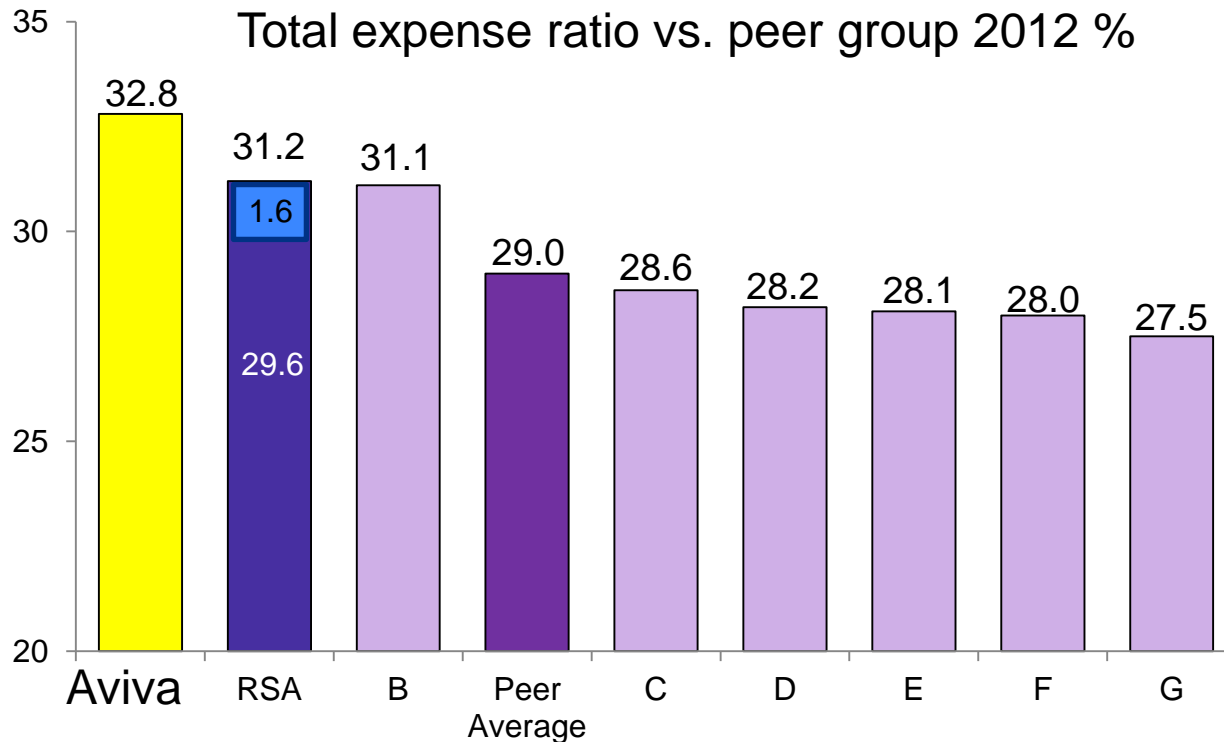
 RSA Headline ratio

 Adjustment due to central costs not included in RSA's headline expense ratio that are generally included in peers' expense ratios

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3

Expenses



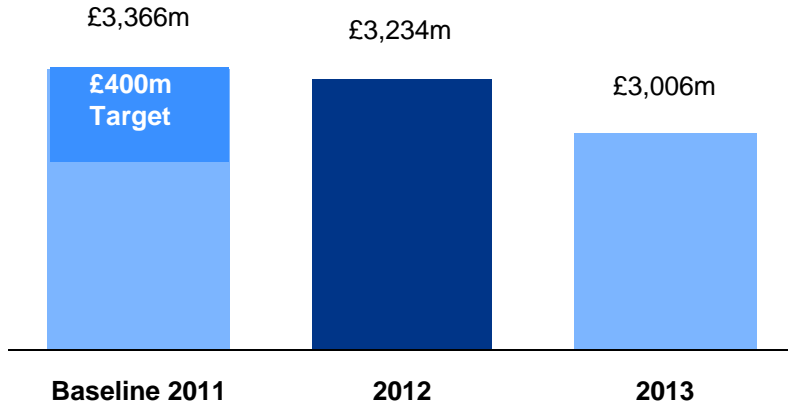
 RSA Headline ratio



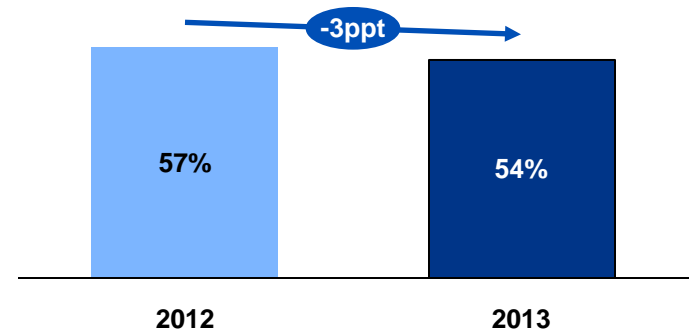
Adjustment due to central costs not included in RSA's headline expense ratio that are generally included in peers' expense ratios

How much more can expenses fall?

Material progress made on 2014 target



Operating Expense Ratio



Actions taken in 2013

- Delaying and efficiency savings
- Reduced consultancy & contractor spend
- Property expense savings
- Automation

Expense ratio: $\frac{\text{Operating expenses}}{\text{Operating income}}$

Integration & Restructuring costs £m			
	2011	2012	2013
Restructuring Costs	172	344	284
Solvency II	89	117	79

Additional savings allocated to focus areas of digital and automation



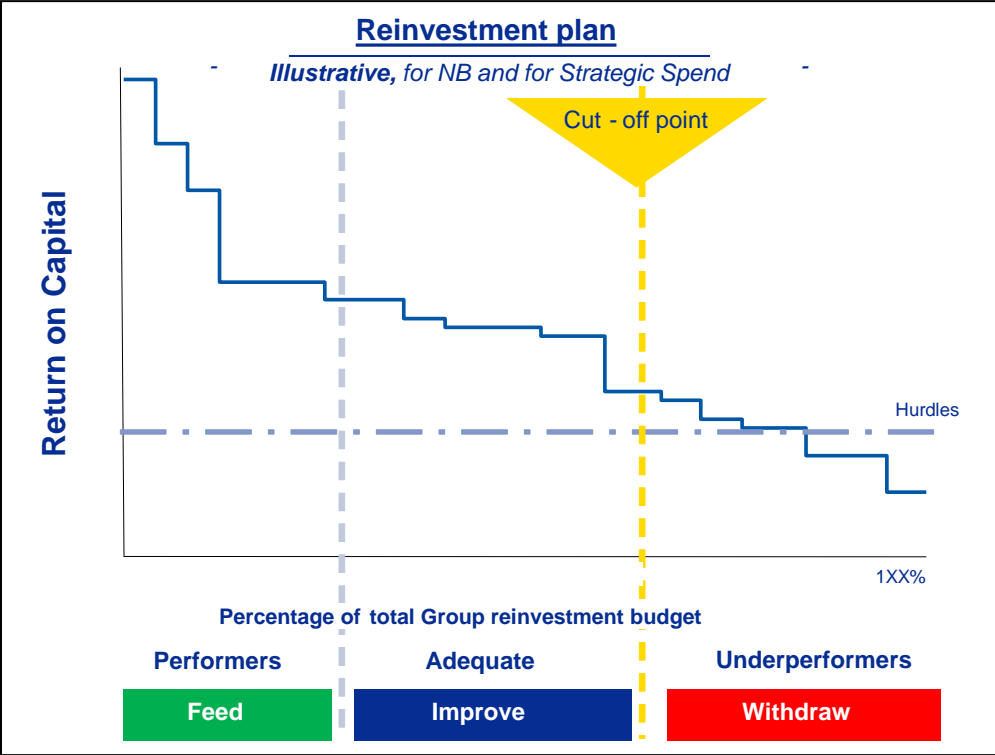
What Return on Equity should a steady state Aviva produce?

3 filters (strategic, execution, and financial) enable us to identify priorities

A. Strategic filters
Focus and prioritise investment to align with Group strategy and BU imperatives.

B. Execution filters
Ensure plans and outcomes can be delivered with a high degree of confidence

C. Financial filters
Ensure investment is affordable and delivers strong returns and payback, improving priority KPIs

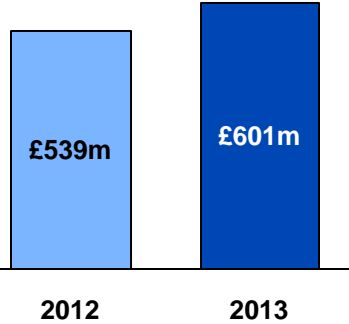


IFRS			
	2011	2012	2013
Return on Capital Employed	8.9%	9.3%	12.0%
Return on Equity	12.5%	11.2%	17.8%

Where is growth going to come from?

Cash Generators

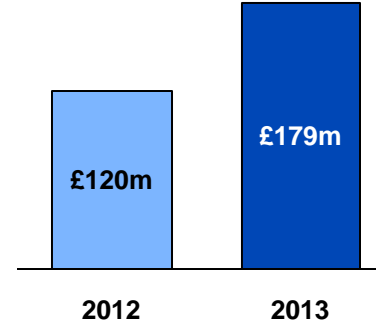
VNB



- Move to Digital
- Predictive analytics
- Ageing population
- Cost income ratio
- Back book management

Growth Markets

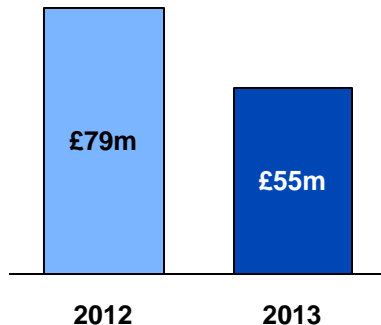
VNB



- Economic growth
- Favourable demographics
- Strategic partners
- Distribution agreements

Turnaround

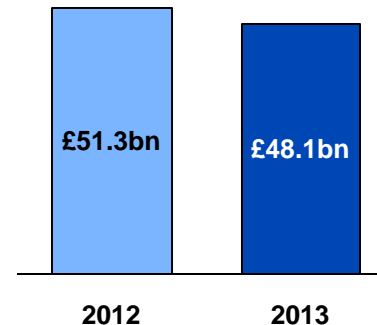
VNB



- Pricing, product design and mix
- Capital allocation
- Broaden distribution
- Cost income ratio
- Structural simplification

Aviva Investors

External AUM

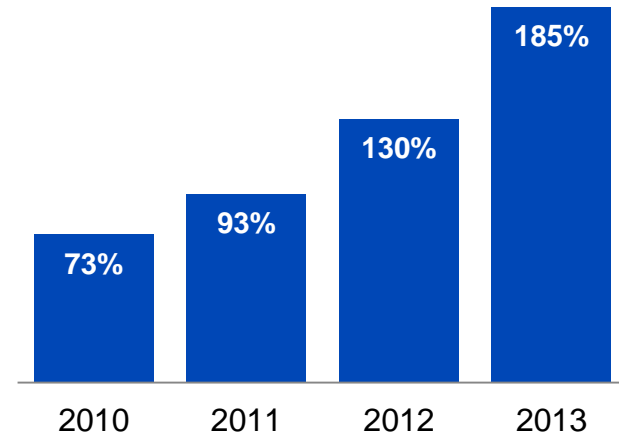


- New management
- Strategic focus
- External net fund flows
- Cost Income ratio

Growth in value of new business and capital efficiency

	FY12		FY13
UK & Ireland	412	7% ↗	441
France	119	39% ↗	166
Poland	35	46% ↗	51
Turkey	30	23% ↗	37
Asia*	55	65% ↗	91
Italy	29	48% ↘	15
Spain ¹	58	41% ↘	34
Total VNB*	738	13% ↗	835
New business margin* (%APE)	27%	4ppt ↗	31%

VNB/Capital Strain improved by 112ppt since 2010



VNB and Strain net of taxation and minority interests

Mix and pricing

- Re-pricing annuity book in UK Life

Volume

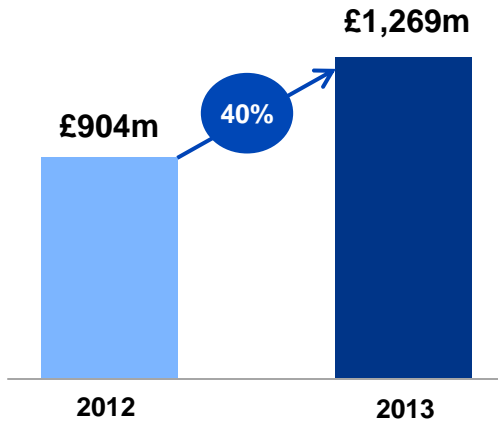
- Improvement in French Unit-Linked sales
- Improved profitability of guaranteed products in European markets

* Excludes Malaysia and Sri Lanka

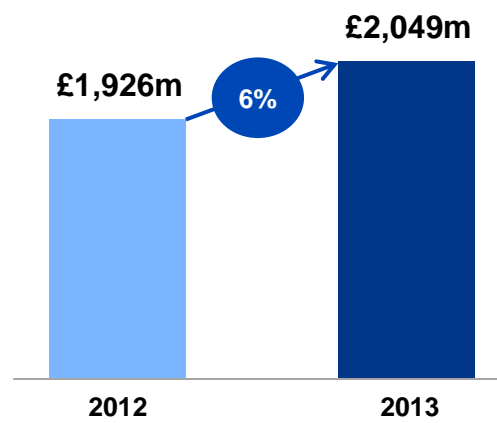
¹Spain includes Other Europe of £1 million (FY12: £2 million)

2013 Results - 5 key metrics

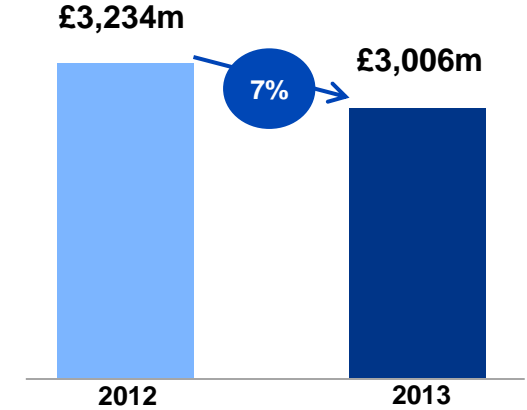
Cash flow



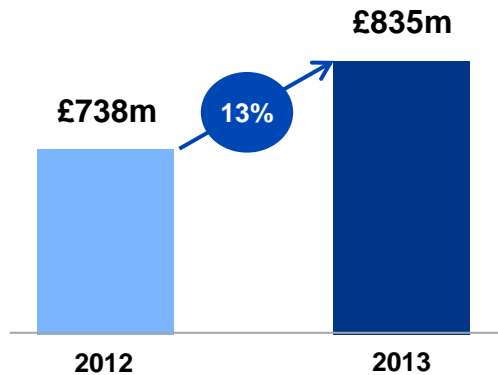
Operating profit



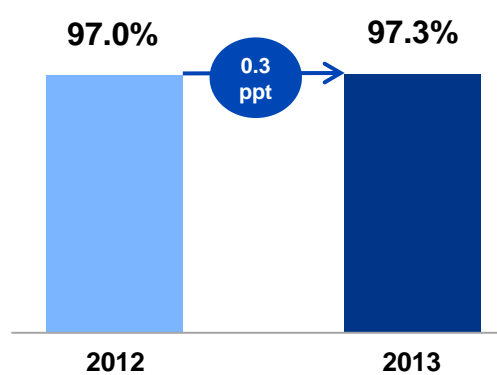
Operating expenses



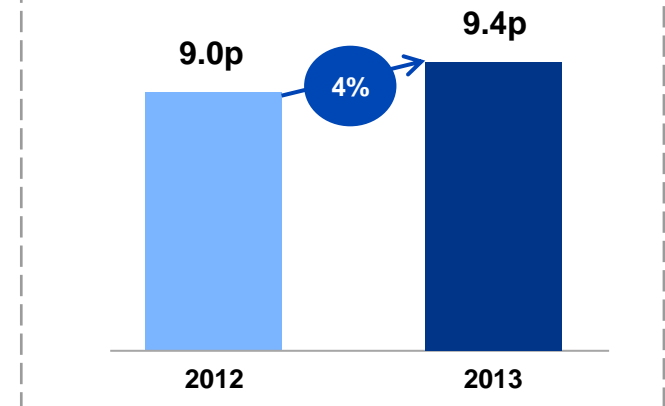
Value of new business



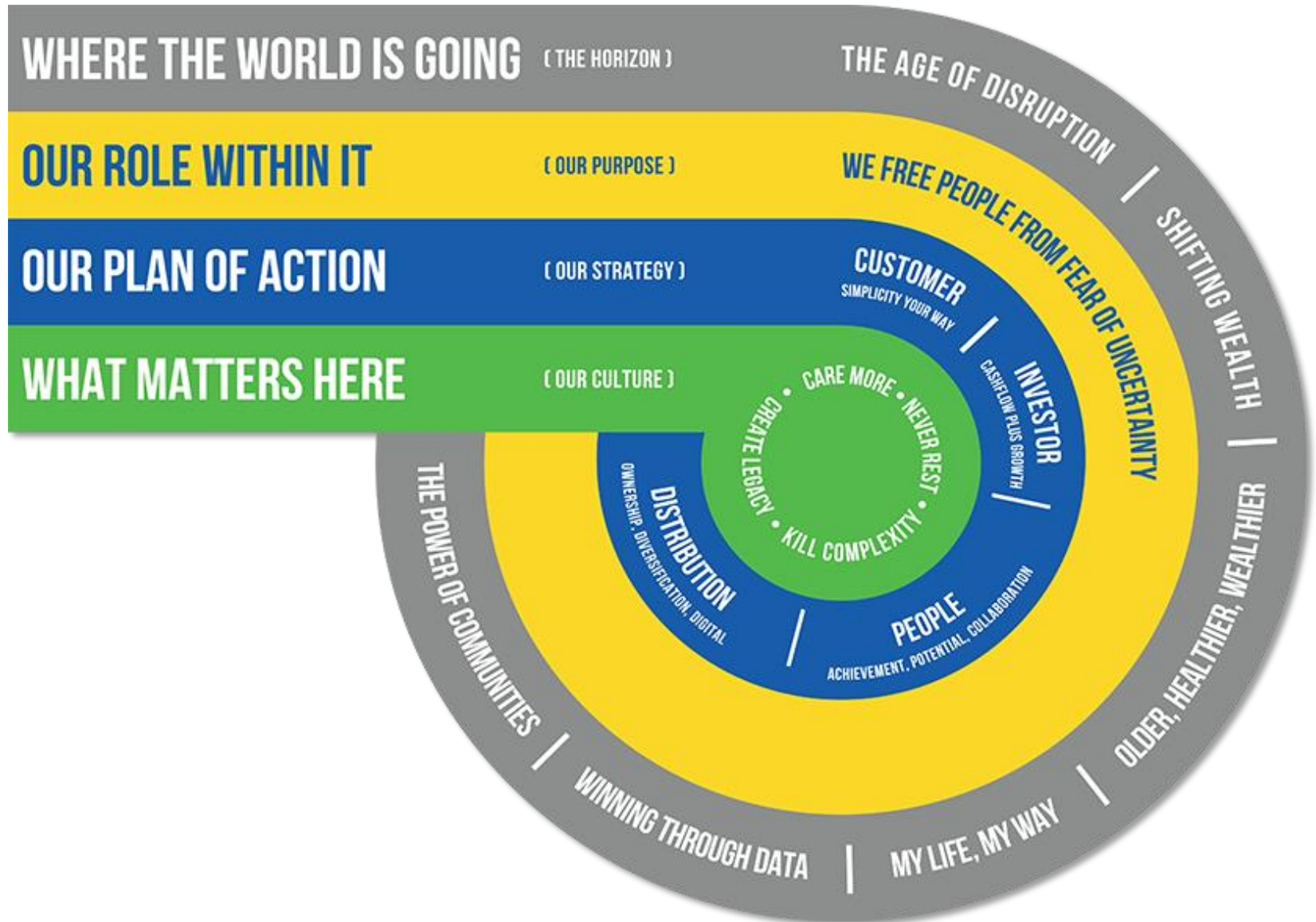
Combined operating ratio



Final dividend



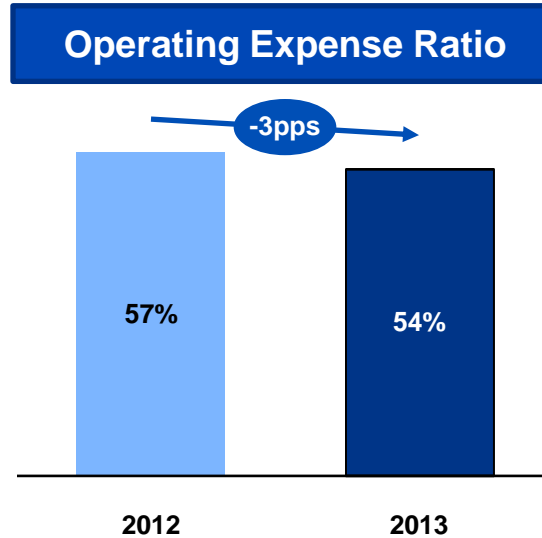
Our purpose and accompanying value set



Q&A

Appendix

Operating Expense Ratio



Components of Operating Expense Ratio		
£ million	FY12	FY13
Regional Operating Profit	2,599	2,701
Less Corporate Centre	(136)	(150)
Group Operating profit excluding Debt Costs and Pension income	2,463	2,551
Add operating expenses	3,234	3,006
Operating Income	5,697	5,557
Total Operating Expenses over Operating Income	57%	54%

$$\frac{\text{Operating expenses}}{\text{Operating income}} = \text{Expense ratio}$$