

2015 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 presentation 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”, “likely”, “target”, “goal”, “guidance”, “trends”, “future”, “estimates”, “potential” 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 simplifying our operating structure and activities; 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 short or long term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives or an acceleration of repayment of intercompany indebtedness; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events on our business activities and results of operations; our reliance on information and technology and third-party service providers for our operations and systems; the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; increased competition in the UK and in other countries where we have significant operations; 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; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of fluctuations in share price as a result of general market conditions or otherwise; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in government regulations or tax laws in jurisdictions where we conduct business, including decreased demand for annuities in the UK due to proposed changes in UK law; the inability to protect our intellectual property; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing/regulatory approval impact, integration risk, including specifically the integration of Friends Life; and other uncertainties, such as non-realisation of expected benefits or diversion of management attention and other resources, relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US or elsewhere, including the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see Item 3d, “Risk Factors”, and Item 5, “Operating and Financial Review and Prospects” in Aviva’s most recent Annual Report on Form 20-F as filed with the SEC on 16 March 2015 and also the risk factors contained in the Euro Note Programme prospectus published on 1 May 2015. Aviva undertakes no obligation to update the forward looking statements in this presentation or any other forward-looking statements we may make. Forward-looking statements in this presentation are current only as of the date on which such statements are made.

Who we are

We have a clear strategy to deliver sustainable and progressive cash flows underpinned by good potential for growth, by always putting the customer first



True Customer Composite

Meeting all our customer needs across life, general, health insurance and asset management



Digital First

Emphasising customer experience driven by digital – online and mobile



Not Everywhere

Focusing only in markets and segments where we can win

Across our 16 businesses, we protect our 34 million customers and the things that are important to them:

£24.6bn

Paid in benefits and claims in 2014

£1.4m

Paid out per day for UK life insurance and critical illness claims in 2014

£328bn

Life Managed Assets

319 years

Protecting our customers since 1696

Our investment thesis of cash flow plus growth sets out why investors should choose us:



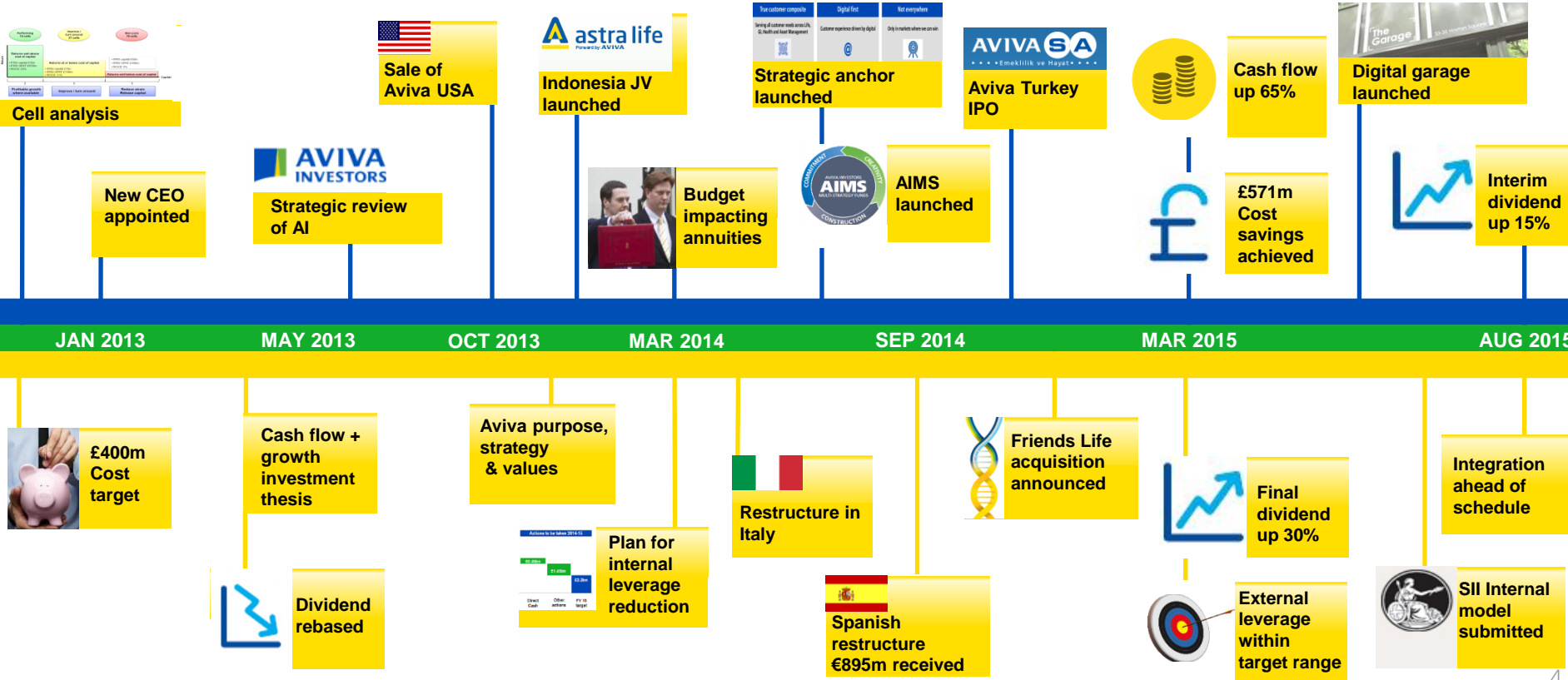
The Aviva Turnaround



Fix

Transform

Grow



2015 Interim Results – 3 key areas

Results



Operating profit up 9%



VNB growth up 25%¹



Combined operating ratio of 93.1%, improvement of 2.4ppts



Economic Capital surplus £10.8bn²



15% increase in interim dividend

Integration



Ahead of schedule



Run-rate savings £63m



£22.3bn Assets transferred



Agreement for additional £24bn



Property rationalisation announced – 33% reduction



FTE plans communicated

Solvency II



Internal model submitted June 2015



Internal model approval expected December 2015



Already disposed of a number of capital intensive businesses



Economic Capital model more closely aligned to SII - £900m strengthening



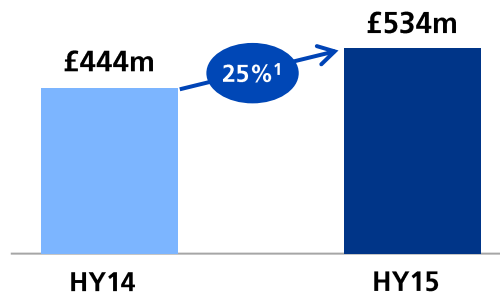
Currently operating within SII target range

1. Constant currency basis.

2. 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.

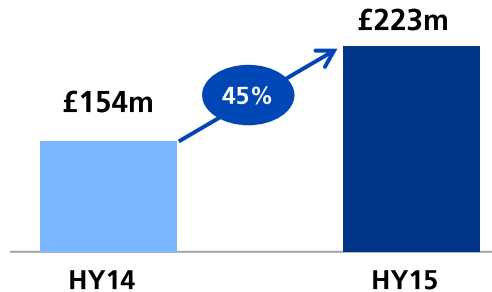
Results - Growth initiatives delivering

Life: Value of new business



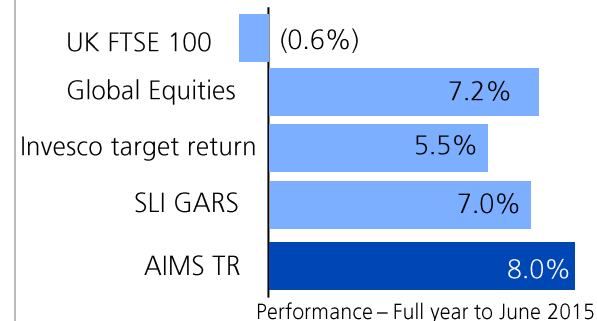
- Group VNB up 25%¹
- UK Life VNB up 31% ex FL
- Results show benefits of product diversification

GI: Underwriting profit



- Underwriting profit up 45%
- New bancassurance distribution agreement with TSB
- Net written premiums¹ up 1%, returning to growth in the UK after 3 years

Asset Management

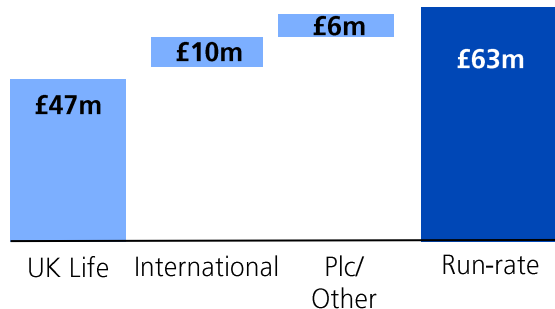


- Net flows improved
- AIMS AUM of £1.7bn
- Platform net inflows of £1.5bn. £7 billion of FUM
- AIMS return 8% outperforming peers

Consistent with investment thesis of cash flow plus growth

Friends Life Integration – ahead of schedule

Progress towards £225m synergy target



Integration update

- 869,000 sqft. of property reductions.
 - Total footprint reduced by 33% by end 2016
- £22.3bn Assets transferred
- Agreement for additional £24bn
- FTE plans communicated
- FL New World Retirement project stopped

Key Integration deliverables



UK Life update


- Leadership teams appointed
- UK Life VNB +31% excluding contribution from Friends Life
- Equity release, BPAs and protection have offset the reduction in individual annuities
- Direct to consumer platform and new core protection system launched

Current status


- Internal model application June 2015
- PRA approval expected December 2015
- Yardstick for dividends after the benefit of transitionals
- Risk margin / transitionals broadly offsetting
- Expect additional capital synergies from Friends Life acquisition to be realised in 2016 and 2017
- Focused on synergy extraction and capital generation to grow the dividend

Currently operating within our expected Solvency II target range


Digital experience / True Customer Composite


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Hello Sarah
 sarah.whitmore@gmail.com


Your policies and others that might be of interest



Pension


ISA


Your price £400*


Your price £50*


Your price £200*


Health

Your Pension

Policy number	GY007111	Your payment (salary exchange)	£215.22 per month
Fund value**	£56,860.30	Your employer's payment	£430.44 per month

[Details](#)

**Values shown are the latest available. They are not guaranteed and may go up or down depending on market conditions.

[Can't see a policy?](#)

*This price is based on some assumptions and may change based on the cover you choose. It includes your customer discount.

Improved customer proposition

- Composite product offering creates competitive advantage
- Separate UK digital entity based in our digital garage in Hoxton
- £100m per annum reallocated to digital
- Ambition to increase average product holding from 1.7 to 3
- Enhancing MyAviva - single view of underwriting and pricing at customer level
- UK Digital Insurer of the year 2014

9

Interim 2015 Results

Tom Stoddard

Chief Financial Officer

Operating profit

Operating profit	£ million	HY14 ¹	HY15	Change
Life		973	1,021	5%
General Insurance & Health		403	422	5%
Fund Management		48	33	(31)%
Other operations		(54)	(57)	(6)%
Life, GI, fund management & other operations		1,370	1,419	4%
Corporate costs		(64)	(79)	(23)%
Group debt & other interest costs		(235)	(170)	28%
Operating profit		1,071	1,170	9%
Integration & restructuring		(42)	(172)	(310)%
Operating profit after integration & restructuring		1,029	998	(3)%
Investment variances		209	91	(56)%
AVIF amortisation		(19)	(162)	(753)%
Tax & other Items		(356)	(382)	(7)%
Profit after tax		863	545	(37)%

IFRS Operating profit reconciliation	£m
Operating profit HY14¹	1,071
Aviva Underlying operating profit growth (excl. FL)	86
Foreign exchange	(54)
Disposals	(22)
2014 Poland one-off from regulatory change	(35)
Reduction in UK Life management actions	(50)
Friends UK Life operating profit	120
Friends International operating profit	38
Other Friends Life	16
Operating profit HY15	1,170

Earnings per share (basic pps)	HY14 ¹	HY15	Growth
Operating EPS	24.2	22.1	(9)%
Total EPS	25.0	12.8	(49)%

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

Net asset value

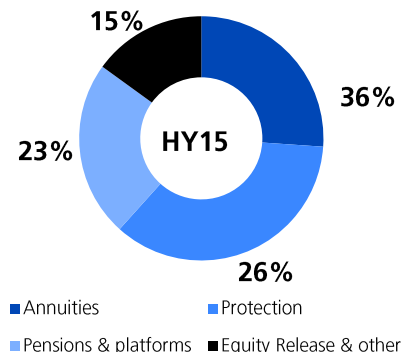
Net asset value per share	IFRS	MCEV
Opening NAV per share at 31 December 2014	340p	527p
Operating profit	19p	20p
Friends Life acquisition	55p	5p
Dividends	(9)p	(9)p
Investment variances & AFS equity movements	1p	(3)p
Pension fund	(7)p	(7)p
Foreign exchange	(10)p	(16)p
Integration and restructuring costs, AVIF amortisation, other	(9)p	(9)p
Closing NAV per share at 30 June 2015	380p	508p

Value of new business

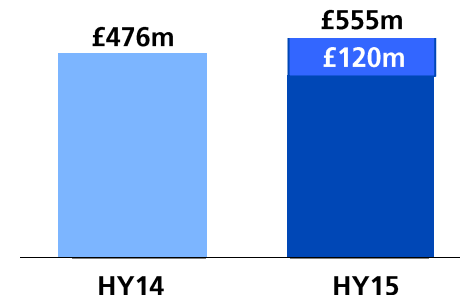
£ million	HY14	HY15	Δ
Protection	45	66	47%
Annuities	81	90	11%
Pensions & platforms	30	59	97%
Equity release & other	21	38	81%
Total	177	253	43%

- Improved business mix with greater contribution from protection, pensions and platforms.
- Excluding Friends UK, VNB up 31%
- Assets under management £218bn. Pension and platform AUM £72bn
- Excluding Friends UK, expenses £24m lower
- Remittances to be paid bi-annually

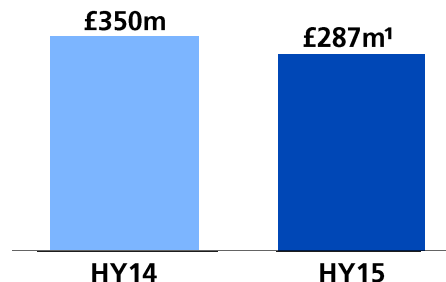
Value of new business



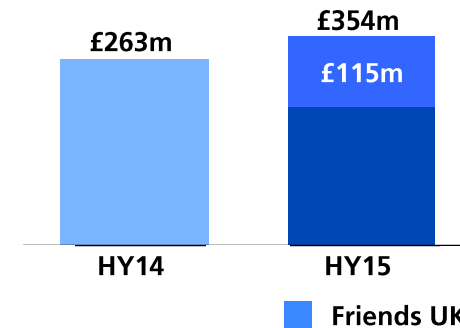
Operating profit



Cash remittances



Operating expenses



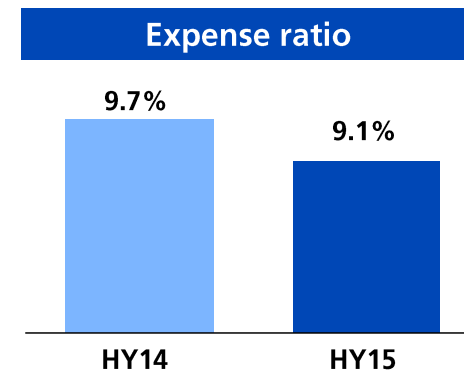
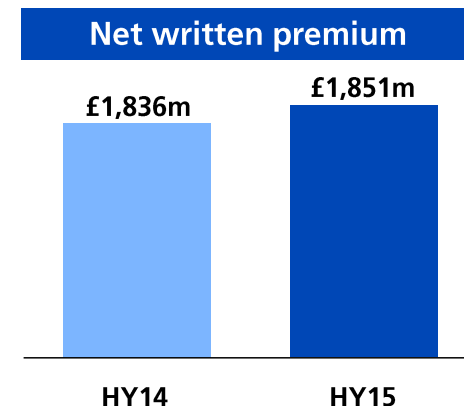
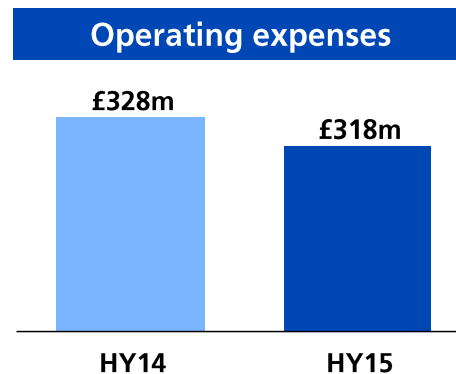
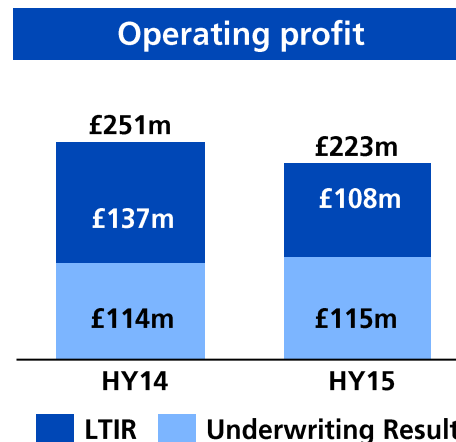
Friends UK

¹Includes remittances from Ireland following the transfer of ALPI into the UK business

Operating profit		
£m	HY14	HY15
Underwriting result	114	115
Investment income on portfolio	55	56
Inv Income internal loan	82	52
Total	251	223

Combined operating ratio		
	HY14	HY15
Personal Motor	95%	101%
Home	95%	88%
Commercial Motor	99%	96%
Commercial Property	87%	84%
Total	94%	93%

- Best HY COR in eight years at 93.2%
- Net written premiums up 1% reversing three years of decline
- Continued focus on efficiency with expense ratio down to 9.1%

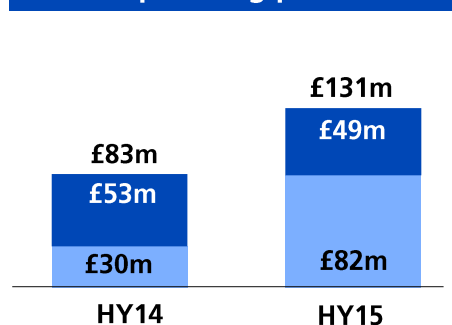


Combined operating ratio

	HY14	HY15
Personal Motor	95%	89%
Home	101%	102%
Commercial	97%	89%
Total	97%	92%

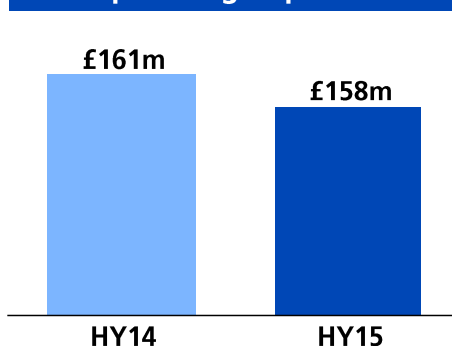
- Underwriting profit improved to £82m (HY14: £30m) mostly due to improved pricing, weather and favourable prior year development
- Net written premium up 1% in constant currency
- Home result impacted by higher claims frequency and large losses
- Return on capital 19.7% (FY14: 14.2%)

Operating profit

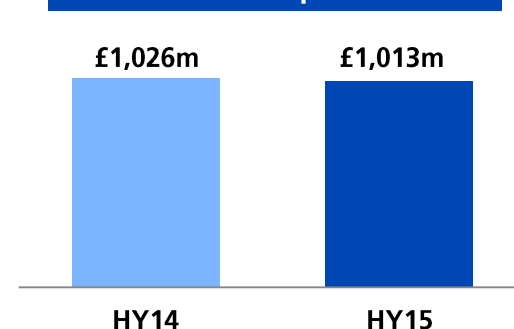


■ LTIR ■ Underwriting Result

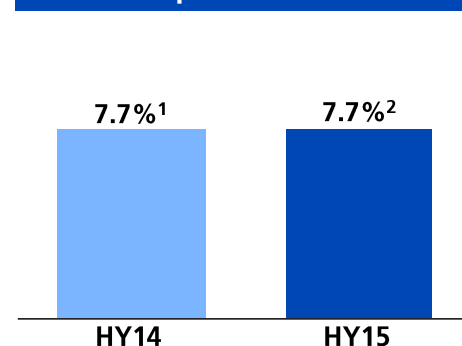
Operating expenses



Net written premium



Expense ratio



¹ Excludes premium tax at c3.4%
² Excludes premium tax at c3.5%

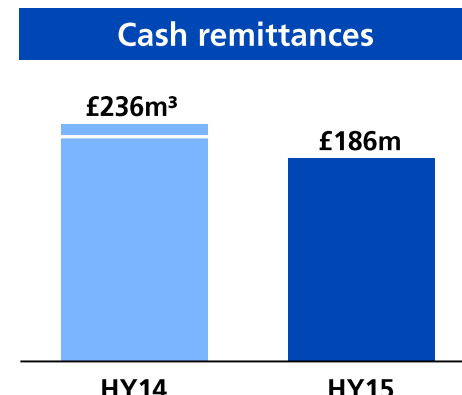
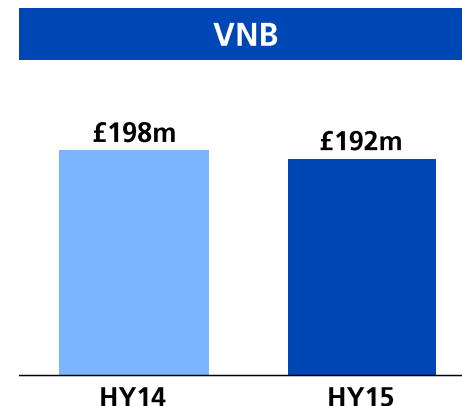
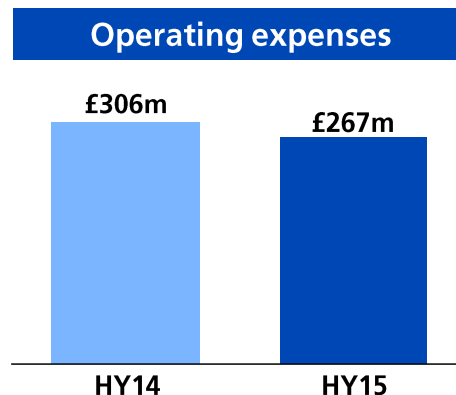
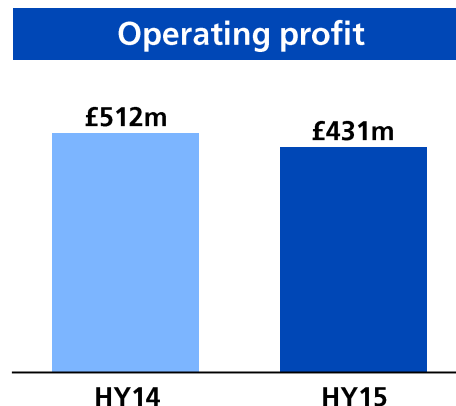
Value of new business ¹			
£m	HY14	HY15	Δ ²
France	110	98	(1)%
Poland	34	30	(1)%
Italy	26	39	66%
Spain	14	13	(2)%
Turkey	14	12	(6)%
Total	198	192	7%

- Operating profit adversely impacted by FX, disposals and a one-off in Poland in HY14
- VNB up 7% in constant currency mainly due to strong performance in Italy
- Cash remittances impacted by adverse FX and timing of remittance in Poland

¹ Value of new business excludes Eurovita & CxG

² Value of new business movement shown in constant currency

³ Cash remittances have been restated to include interest remitted on internal loans.



³ HY14 included a £16m one-off dividend in Spain

Value of new business

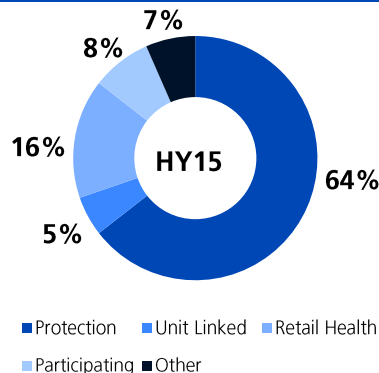
£ million	HY14	HY15	Δ ¹
Protection	36	49	31%
Unit Linked	-	4	-
Health	10	12	11%
Participating	5	6	8%
Other	10	5	(49)%
Total	61	76	18%

- Increased protection driven by Singapore and China
- Joint venture with Astra in Indonesia progressing at pace
- Digital Garage announced in Singapore
- DBS contributed £12m of VNB in HY15
- FPI included in Asia

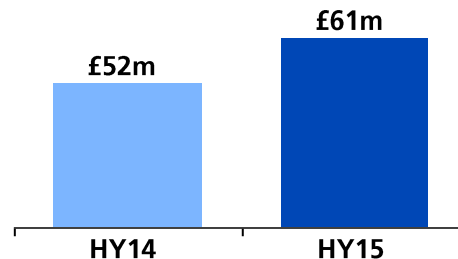
¹ Value of new business movement shown in constant currency

² Net written premium is comprised of GI & Health

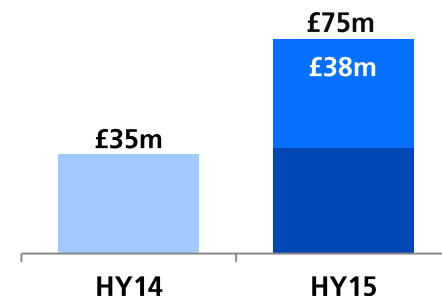
Value of new business¹



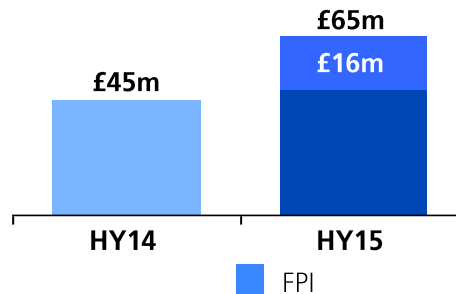
Net written premium²



Operating profit













Operating expenses



FPI

Operating expenses

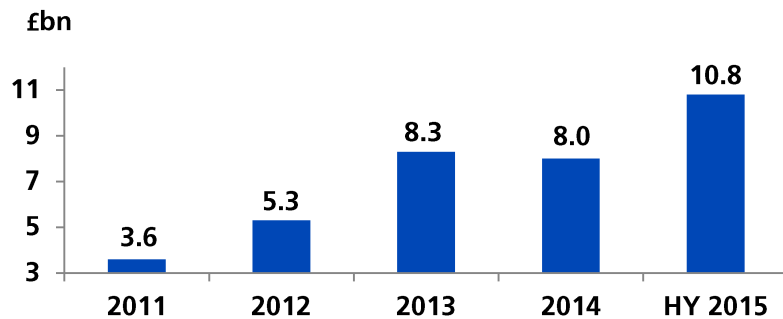
	GBP £m	
	HY14	HY15
Aviva UK Life	263	239 
Friends UK Life	-	115 
Ireland Life	15	15 
UK & Ireland Life	278	369 
UK & Ireland GI	378	364 
Europe	306	267 
Canada	161	158 
Asia	45	65 
Aviva Investors	143	169 
Group and other	88	106 
Operating Expenses	1,399	1,498

Integration & restructuring costs £m	HY14	HY15
Solvency II	39	46
Friends Life related costs	n/a	109
Other	3	17
Total	42	172

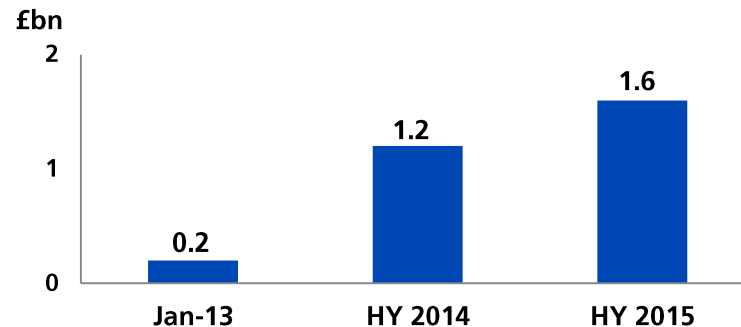
- UK Life expenses reflect continued cost reduction initiatives in the business
- UK GI expenses lower despite increased volume
- European expenses benefited from FX, otherwise in line with prior year
- Asia includes £16m of FPI expenses. Additional spend in Asia reflecting growth in the business
- Increased expenditure in Aviva Investors reflecting investment in the business and £4m from Friends Life Investments
- Other includes higher spend on digital, employee share-scheme and £6m from Friends corporate centre

Improved financial flexibility

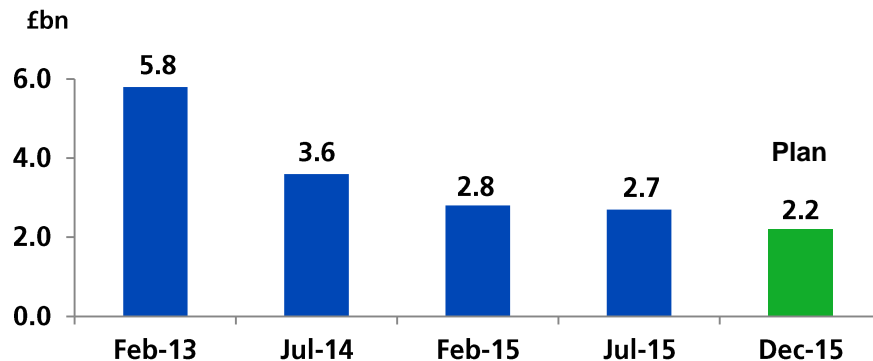
Economic capital surplus¹



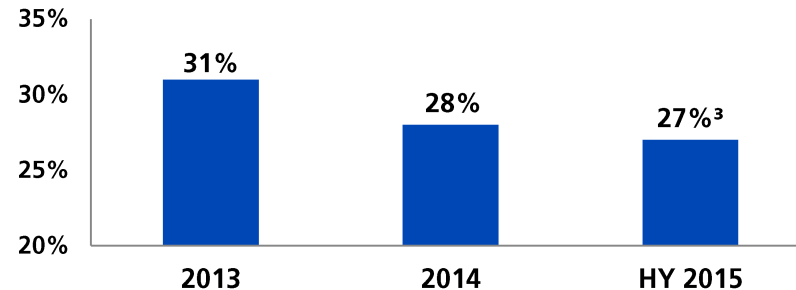
Holding company liquidity²



Intercompany loan



S&P leverage ratio



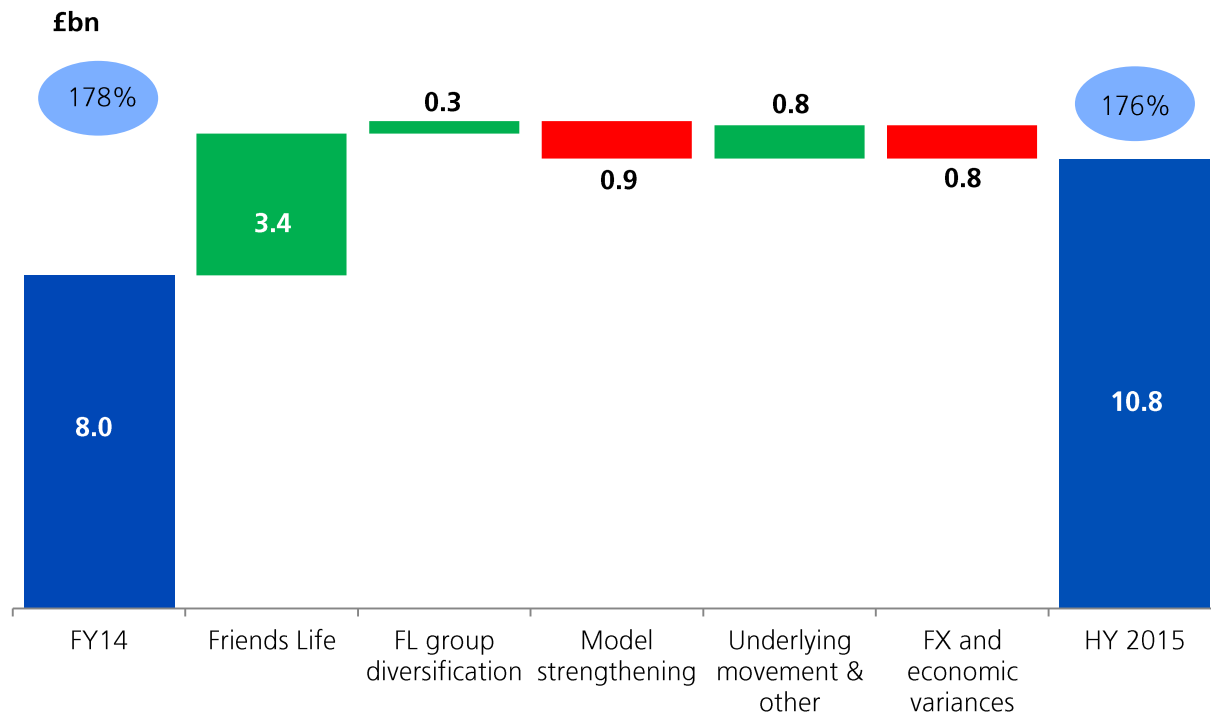
1. The economic capital surplus represents an estimated unaudited position. The term 'economic capital' relates to Aviva's own internal assessment and capital management policies and does not imply capital as required by regulators or other third parties.

2. Holding company liquidity consists of cash, liquid assets and c.£200 million of syndicated loans, held in Aviva and Friends Life holding companies. Excludes amounts set aside to meet debt redemptions in Q3 2015.

3. Pro-forma basis excluding pre-financed debt redemptions.

More surplus, better aligned to Solvency II

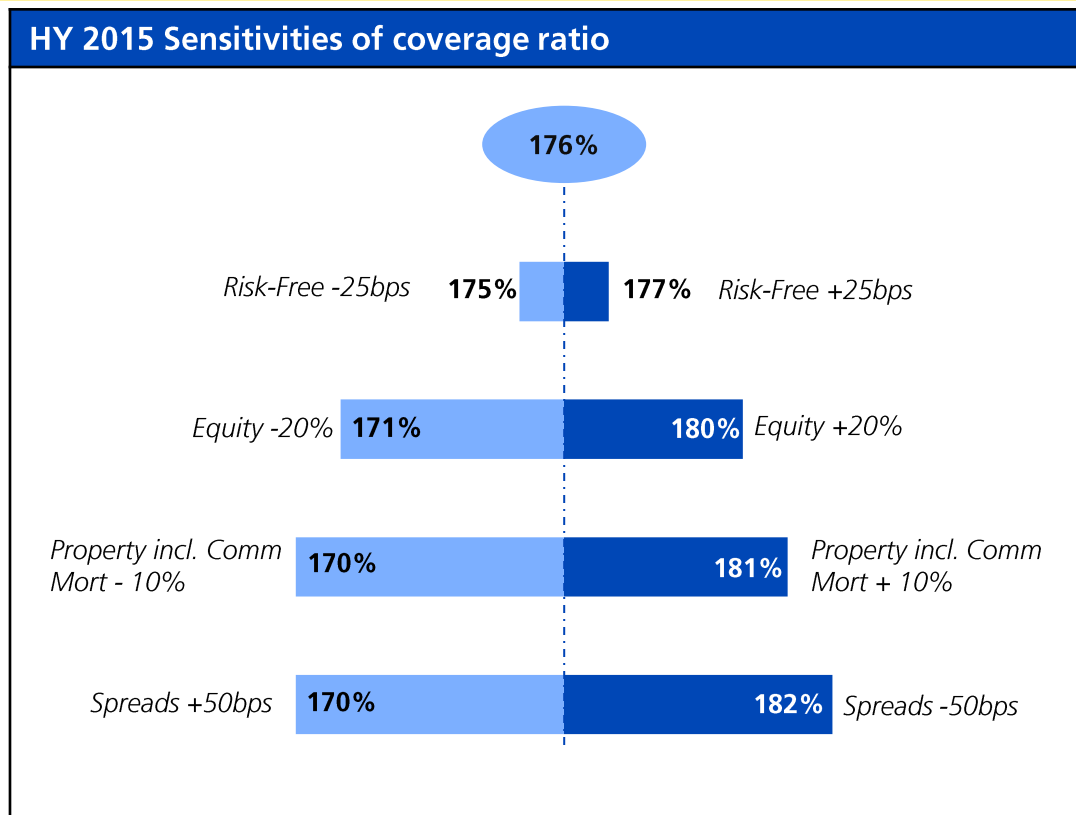
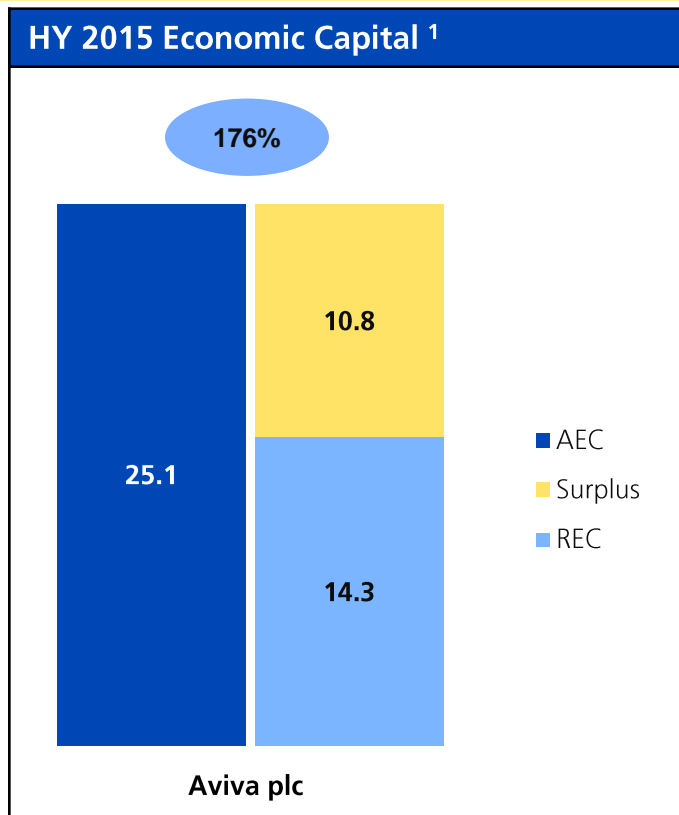
Economic capital surplus¹



- Enlarged capital base following Friends Life acquisition, with healthy economic capital cover ratio
- Solvency II capital surplus cover ratio expected to differ from Economic Capital surplus cover ratio
 - more closely aligned following model review
- Expect additional capital synergies from Friends Life acquisition to be realised in 2016 and 2017

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Economic Capital sensitivities

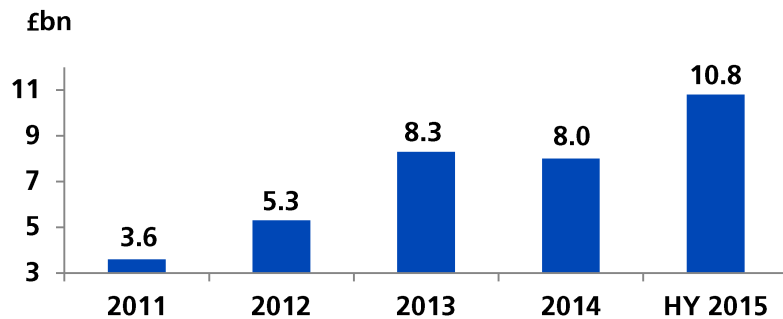


And Solvency II sensitivities broadly similar to economic capital

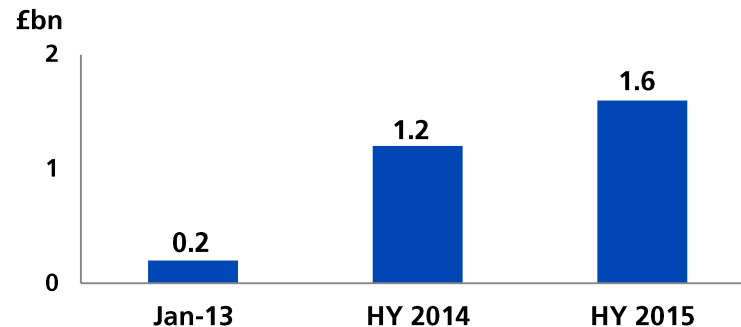
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Improved financial flexibility

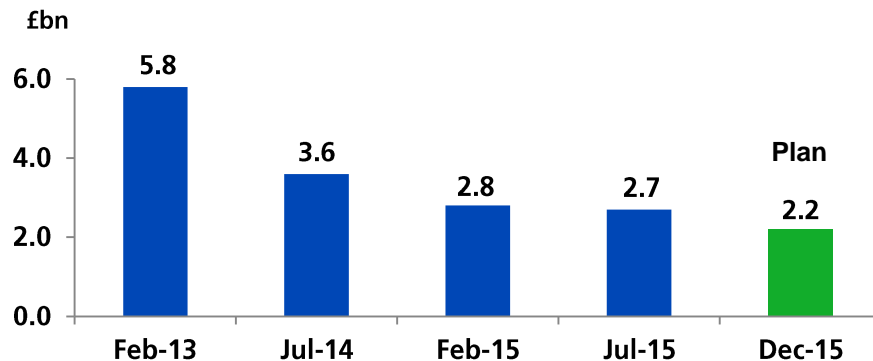
Economic capital surplus¹



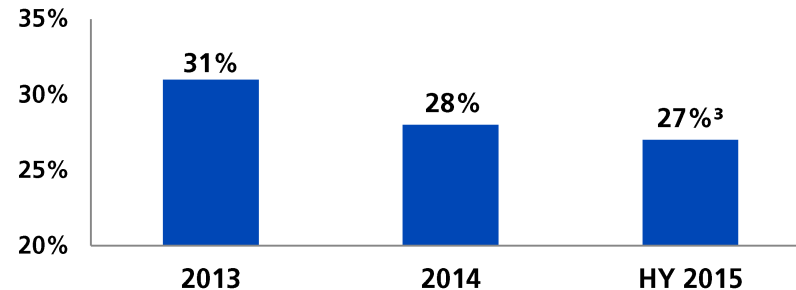
Holding company liquidity²



Intercompany loan



S&P leverage ratio



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3. Pro-forma basis excluding pre-financed debt redemptions.

Interim 2015 Results

Mark Wilson

Group Chief Executive Officer

Interim 2015 Results

Q & A

Appendix

Adjustments to Friends Life Operating Profit

Operating profit £ million	FY14
FL Operating profit per FL analyst pack	556
Adjustments	
Remove Corporate, FLI & Sesame	22
Remove STICs interest	31
Reallocate non-recurring costs	(67)
Align LTIR rates	(29)
Align presentation of policyholder tax	40
	(3)
Remove DAC amortisation	108
Revised Life operating profit	661
Of which:	
Principal reserving changes & one offs	235

Group IFRS based operating profit		
£m	FY 2013	FY 2014
In-force surplus	473	504
Expected return on shareholder assets	51	78
Finance costs	(120)	(120)
New business strain	(66)	(73)
Development costs	(47)	(46)
Other income and charges	(53)	(22)
	238	321 +35%
Principal reserving changes & one-offs	164	235
IFRS based operating profit before tax	402	556 +38%

- FL operating profit of £556m includes £526m UK, £54m FPI, (£24m) corporate. Profit drivers Life only

FY 2014 Group Profit Drivers – Life Only

£ million	Aviva ¹	Friends Life	Total
New Business Income	815	208	1,023
Underwriting margin	463	99	562
Investment return	1,901	827	2,728
Total income	3,179	1,134	4,313
Acquisition expenses	(637)	(279)	(916)
Admin expenses	(867)	(485)	(1,352)
Total expenses	(1,504)	(764)	(2,268)
DAC & Other	344	291	635
Total	2,019	661	2,680

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

Appendix FY 2014 Group Life profit driver analysis

Key:

IFRS Profit Driver		
Aviva	FL	Total

Pre-tax operating profit					
2,019	661	2,680			
Income			DAC amortisation and other		
3,179	1,134	4,313	344	291	635
Expenses and commissions					
(1,504)	(764)	(2,268)			
New business income			Investment return		
815	208	1,023	1,901	827	2,728
Underwriting margin					
463	99	562			
Acquisition expenses and commissions			Admin expenses and renewal commissions		
(637)	(279)	(916)	(867)	(485)	(1,352)

Appendix FY 2014 Group Life profit driver analysis

Key:

IFRS Profit Driver		
Aviva	FL	Total

Investment return		
1,901	827	2,728

Unit linked margin				Participating business			Spread margin			Expected return on shareholder assets		
886	594	1,480		624	66	690	187	121	308	204	46	250

Appendix FY 2014 Group Life profit driver analysis

Basis of preparation:

Aviva's acquisition of Friends Life completed on 10 April 2015 and the results of Friends Life are included in Aviva's reported numbers from that date.

This appendix illustrates the estimated effect of aligning Friends Life's FY14 life operating profit to Aviva's accounting policies as if the acquisition had taken place on 1 January 2014. In preparing this appendix:

The figures for Aviva and Friends Life have been extracted from their respective FY14 preliminary announcements
Aviva's FY14 life operating profit has been restated to exclude amortisation and impairment of acquired value of in-force business which is now shown as a non-operating item.
No account has been taken of amortisation of new DAC arising post acquisition.

This appendix has been prepared for illustrative purposes only and because of its nature addresses a hypothetical situation. It does not purport to represent what Friends Life's or the Aviva Group's results actually would have been if the acquisition had completed on 1 January 2014, nor does it purport to represent the results for any future period.