

Aviva plc

Interim results 2020



Disclaimer

Cautionary statements:

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Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the announcement 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 and international political, regulatory and economic conditions; market developments and government actions (including those arising from the outcome of the negotiations on the future economic relationship between the UK and the EU); 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; 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 (including the impact of COVID-19) 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 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 (including cyber attack); 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 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 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 ‘Other information – Shareholder Information – Risks relating to our business’ in Aviva’s most recent Annual Report. 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 presentation are current only as of the date on which such statements are made.

Our priorities

Focus the portfolio

Aviva will focus on the UK, Ireland and Canada where it has leading market positions and significant potential

International businesses in Europe and Asia will be managed for long term value with selective participation and capital withdrawal where appropriate

Transform performance

Develop a tougher competitive edge to capitalise on our strong customer and distributor franchises

Deliver top quartile efficiency and real customer centricity through data, underwriting and digital

Financial strength

Strong solvency and liquidity, and reducing debt leverage

Actions to focus the group will further strengthen financial fundamentals, enhancing long-term optionality in relation to capital deployment and returns

Aviva needs decisions and action – we are working at pace

Focus the portfolio

Life & Investments



General Insurance



International



Invest for growth



- Focus on growing stock of cash-flows
- S&R, Health and Protection growth
- Build upon large customer base and strong distribution
- Maintain balanced approach to growth in annuities and equity release

- Personal Lines performance step change
- Capitalise on very strong customer and distributor relationships
- Targeted growth in GCS and capitalise on exceptionally hardening rate market

Manage for value



- Withdraw capital where we cannot meet strategic objectives
- Invest if we see opportunities to be market leaders, generate strong returns and sustainable cash remittances

Transform performance

Efficiency

- Performance management at the core of our approach, with efficiency a key component
- Better use of technology will drive simplification
- Making progress on expenses but more needs to be done

40% less

enquiries in Canada

Since introduction of new service in April 2020

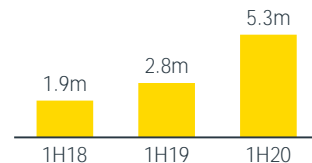
40% less enquiries in Canada personal auto following introduction of automated text message service
New service sends updates as claim is progressed, lowering inbound calls and improving speed of claim resolution

+180%

MyAviva app logins

(1H20 vs 1H19)

Consistent strong growth in logins to MyAviva, reducing number of direct contacts



70k

Digital UK pension transactions *(1H20)*

Steady growth, with 1 in 3 customers registered and 15% of all pension customers considered 'highly engaged'

Customer experience

- Our customer franchise is under-appreciated
- Digital is about better customer experience, not disruption
- Customer insights led by data science

+47 TNPS

S&R

1H20 YTD (+5pts vs 2019)

135k calls answered during lockdown. Proactive identification of vulnerable customers. Continued financial education seminars reaching 6.5k employees virtually in three week period

+53 TNPS

Health & Protection

(1H20 +3pts vs 1H19)

Data science improving speed of claims
Digital GP app: 33k registrations and 5.5k GP appointments since launch in May

+56 TNPS

UKGI Claims

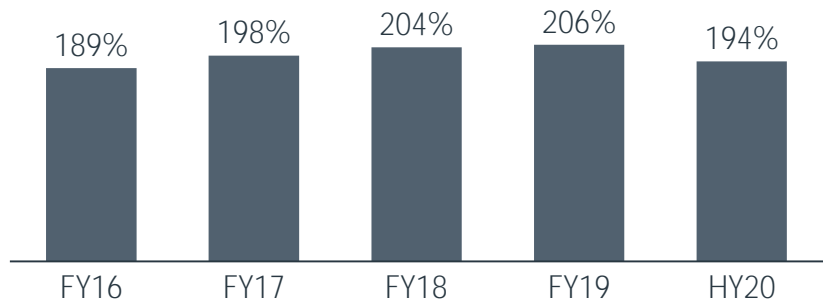
2020 YTD (+3pts vs 2019)

56% of Aviva Direct Motor and home claims submitted online (2018: 18%).
85% increase in same day claim payments

Aviva has fantastic franchises but we must improve execution to deliver better performance

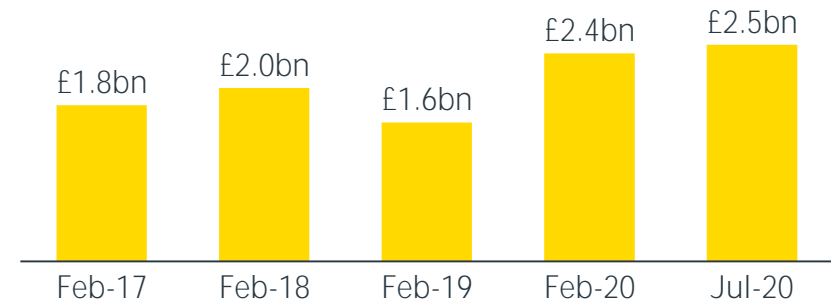
Financial strength

Solvency II cover ratio¹



- Track record of disciplined financial management
- Our capital position, which has remained strong despite challenging backdrop

Centre liquidity



- Conservative management of cash-flows and centre liquidity despite significant outlays on capital management

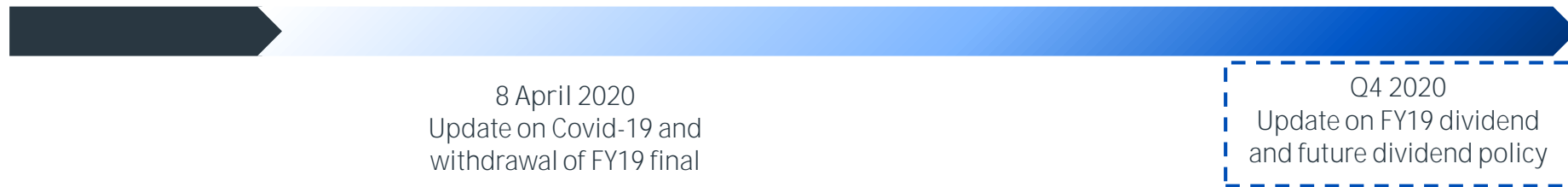
Leverage

- Committed to reducing leverage and we will meet or exceed our £1.5bn target
- Actions to focus the group will ultimately give us optionality in relation to capital deployment and return

Dividends

FY19 results
Announced final
dividend of 21.4p

HY20 results
Announced dividend of
6p per share



- Second interim dividend of 6p per share. This strikes a balance between paying income to ordinary shareholders, consistent with our strong financial position and first half performance, while preserving capital and liquidity to reflect uncertainty in the economic outlook
- While the Board continues to monitor the impact of COVID-19 and the economic outlook carefully and with appropriate prudence, we have decided to take the opportunity to review our longer term dividend policy, as well as the 2019 final dividend, in light of our strategic priorities and the future shape of the group, with the objective of a sustainable pay-out and lower leverage. We will update shareholders as previously indicated in the fourth quarter.

Today's key highlights

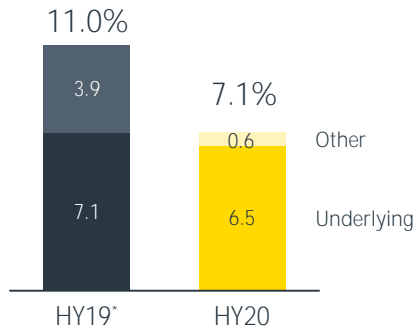
- | Impacts of COVID-19 have been challenging but we have responded well both operationally and in terms of financial resilience
- | With the change in leadership, there is a change in approach. Meaningful change is required to unlock value and we are taking decisive action
- | **We will focus Aviva on our strongest businesses in the UK, Ireland and Canada and aim to be the UK's leading insurer. In our International businesses we will manage for long term shareholder value, and will withdraw capital where we cannot meet our strategic objectives**
- | We have great businesses which have under-appreciated customers franchises and excellent digital capability. We must become more competitive to translate our strong market positions into superior business performance
- | Financial strength, resilience and sustainability is a key underpin. The Board has declared a 6p second interim dividend and will review the 2019 final dividend and our longer term dividend policy in the fourth quarter of this year

Financials

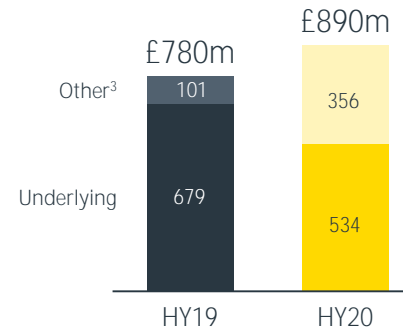


HY20 snapshot

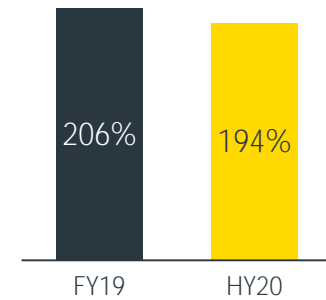
SII ROE² -3.9pp



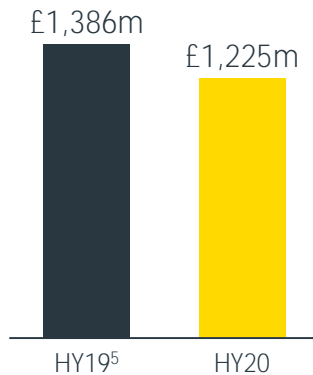
Total OCG +14%



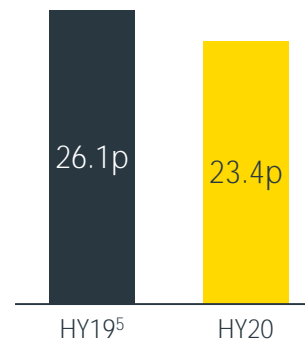
SII ratio¹ 194%



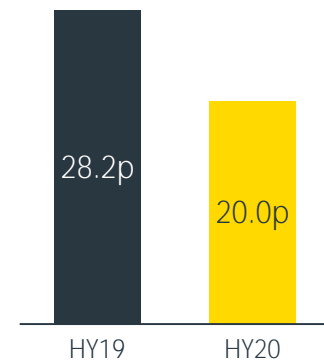
Operating profit⁴ -12%



Operating EPS⁶ -10%

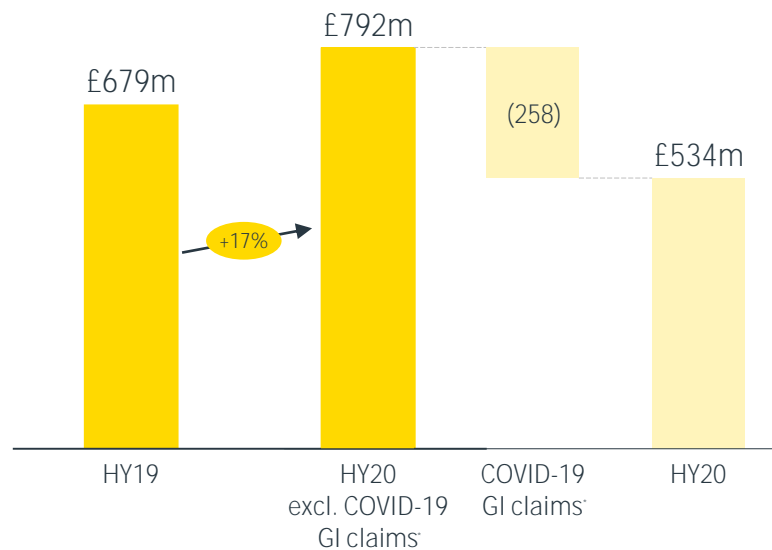


Basic EPS -29%



Underlying OCG and operating profit

Underlying OCG

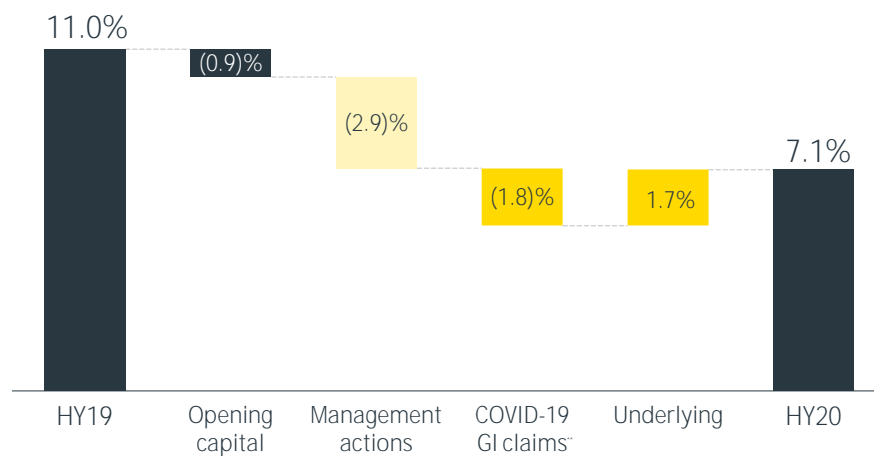


Operating profit⁴

£m	HY19 ⁵	HY20	Change
UK Life and ISR	812	852	5%
General Insurance	332	167	(50)%
Europe Life	392	367	(7)%
Asia Life (excl. FPI/HfS)	68	67	(1)%
Corporate & other	(103)	(99)	4%
Debt costs	(199)	(202)	(2)%
FPI & other disposals	84	73	(13)%
Group	1,386	1,225	(12)%
COVID-19 GI net claims*	-	(165)	-
Group excl. GI COVID-19	1,386	1,390	-
GI excl. GI COVID-19	332	332	-

Return on equity

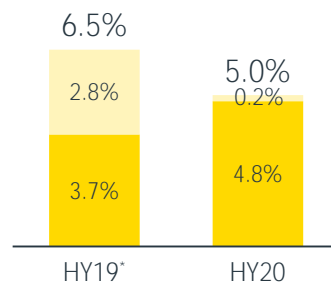
SII Group ROE²



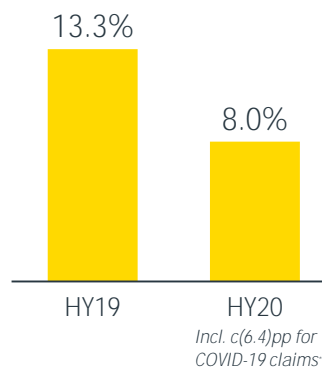
Group (£m)	HY19*	HY20	Change
Life new business	305	361	18%
Existing business	480	455	(5)%
Debt & centre costs (incl. pref/DCI costs)	(243)	(283)	(16)%
Management actions & other ³	297	53	(82)%
Own funds generated (UT1)	839	586	(30)%
Opening own Funds (UT1)	15,296	16,578	8%

BU unlevered ROCs

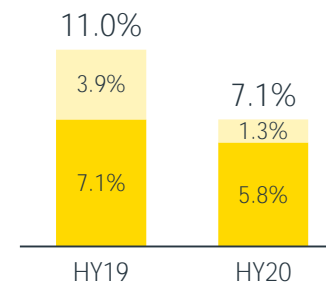
UK Life and ISR



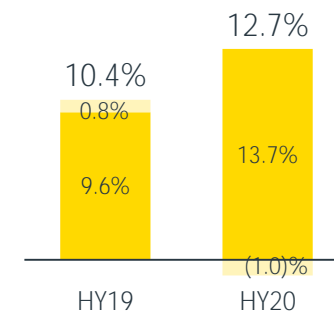
General Insurance



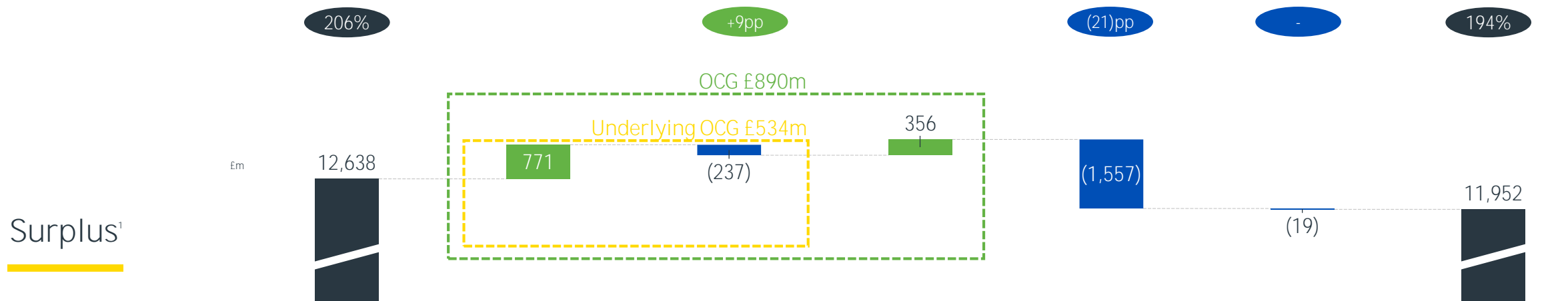
Europe Life



Asia Life



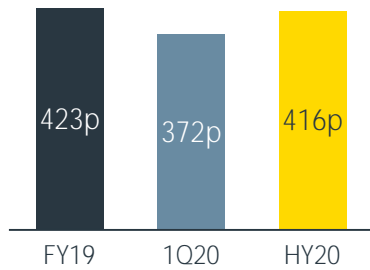
Solvency II position



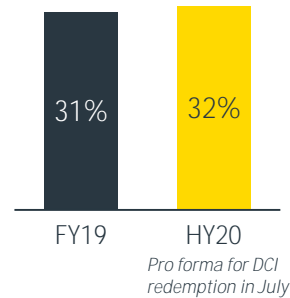
£m	31 Dec 2019	BU underlying generation	Debt & Centre costs	Other capital actions ³	Market, FX & other	Dividends (ordinary + preference)	30 Jun 2020
Own funds	24,548	816 <i>NB 361</i> <i>EB 455</i>	(237)	53	(535)	(19)	24,626
SCR	(11,910)	(45) <i>NB (413)</i> <i>EB 368</i>	-	303	(1,022)	-	(12,674)

Balance sheet and Liquidity

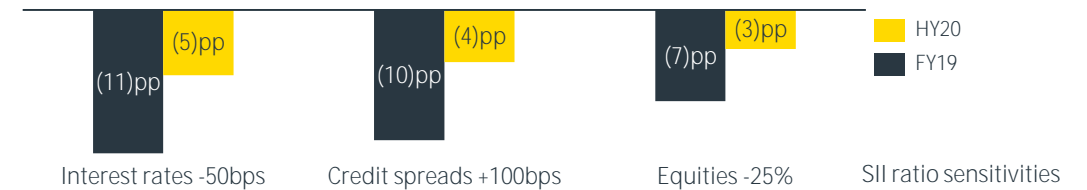
SII NAV¹ per share



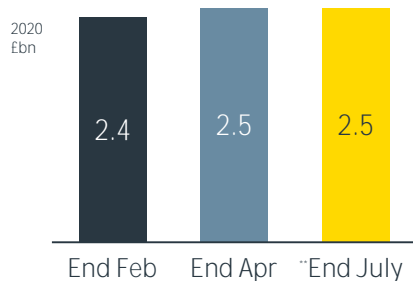
SII debt leverage



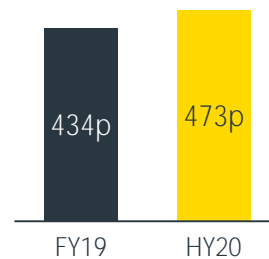
Significant reduction in market risk



Centre liquidity



IFRS NAV⁷ per share

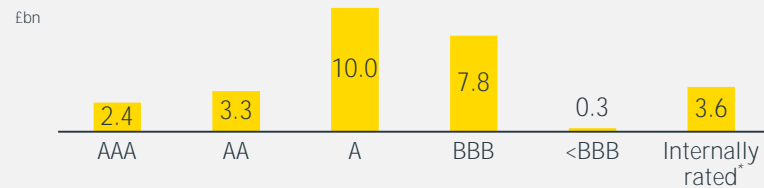


- De-risking actions in HY20 included further hedging & changes to asset allocation
- Regulatory solo ratios above respective risk appetites
- £2.5bn centre liquidity⁷, incl. £150m cash remittances and £209m FPI proceeds
 - Deliberately retained cash at BU level reflecting strong centre liquidity, unprecedented uncertainty and prudent regulatory guidance in light of pandemic
 - 2H20 remittances expected to improve on 1H, although FY20 expectations likely to be lower than FY19 underlying remittances of £1.9bn as uncertainty and volatility remain

High quality investment portfolio

Corporate bonds: limited ratings' migration

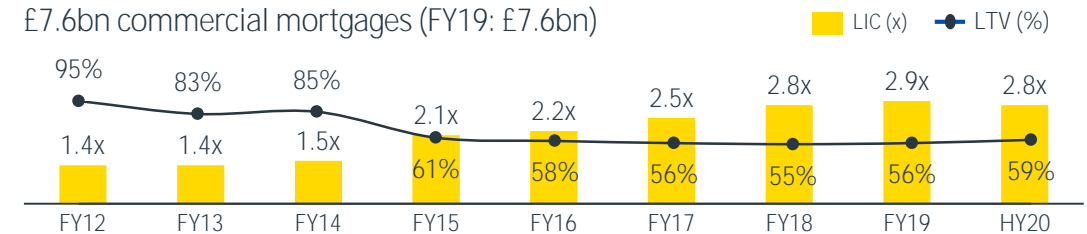
- £27.4bn shareholder portfolio continues to perform well (FY19: £25.7bn)



- 57% externally rated $\geq A$ and c1% rated below investment grade
- c5% invested in airlines, retail, leisure, and oil & gas (1Q20: c5%), of which c85% rated A and above
- HY20 credit migration experience**
 - 4% portfolio downgraded to lower rating “letter” (1Q20: 3%) in line with market experience***
 - 0.2% (<£45m) downgraded to below investment grade (1Q20: <£10m), vs. market experience*** of c2% sub-IG downgrades
- No defaults in HY20 (1Q20: nil), vs. c3% corporate European trailing default rate***
- HY position includes adjustment for potential future credit rating downgrades: full letter downgrade on 10% of BBB rated bonds & 5% of bonds rated $\geq A$

Mortgage loans: low LTVs and strong LICs

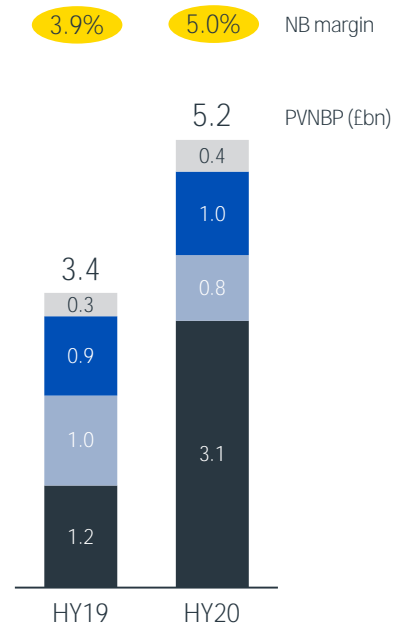
- £7.6bn commercial mortgages (FY19: £7.6bn)



- HY20 average LTV 59%; loan interest cover 2.75x
- c80% portfolio with LTVs <70%; Less than 5% of portfolio with LTVs $\geq 100\%$
- 1% (£95m) loans less than 3 months in arrears (FY19: nil)
- £9.0bn equity release mortgages (FY19: £8.6bn): average LTV of 28% (FY19: 28%), c85% internally securitised with an average rating of A
- Cumulative 5Y growth rate assumption (2020-24) averaging -15% for UK commercial property; and a 12% reduction followed by long-term growth rate for residential property

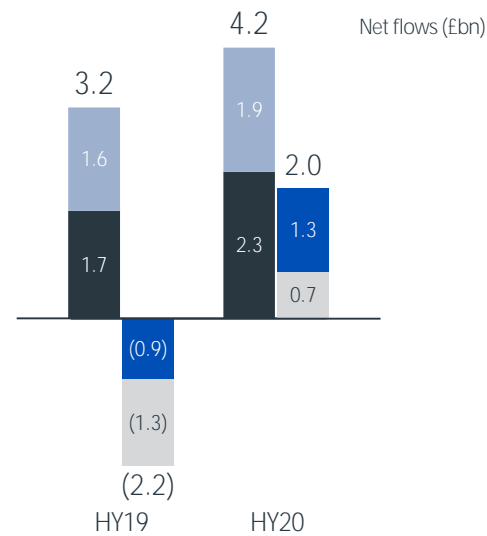
Trading – HY20 vs. HY19

UK Life (excl. S&R)



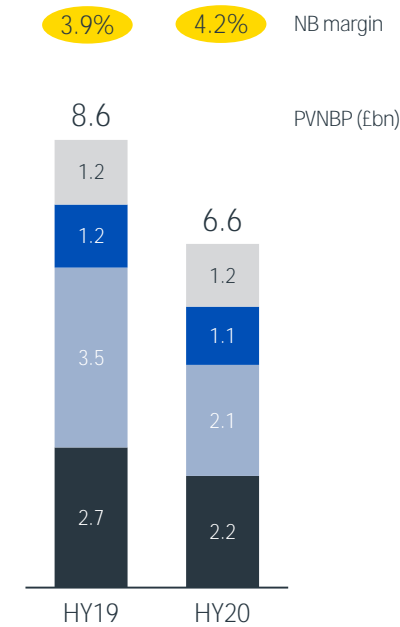
■ BPA
■ Ind. annuities & Equity release
■ Protection
■ Other excl. S&R

Savings & Retirement and Aviva Investors



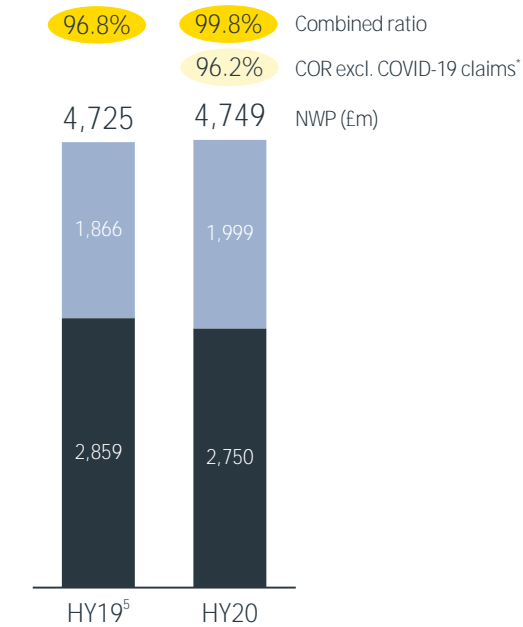
■ S&R Platform
■ S&R Workplace & other
■ AI External
■ AI Internal (excl. legacy)

Europe & Asia Life



■ France
■ Italy
■ Poland & other
■ Asia (excl. HFS)

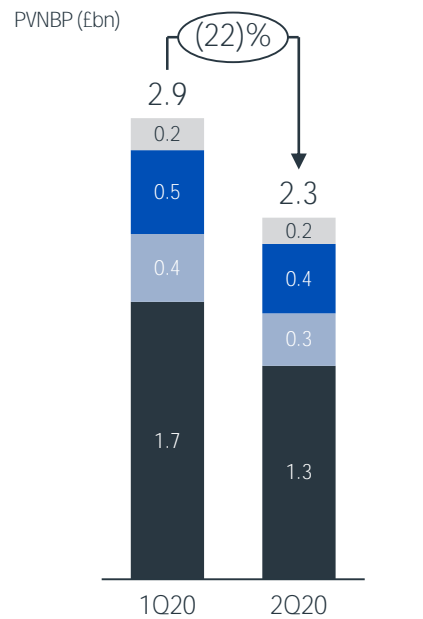
General Insurance



■ Personal
■ Commercial

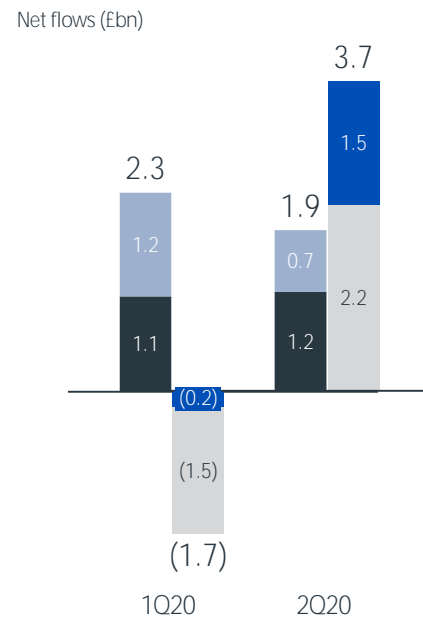
Trading – 2020 vs. 1Q20

UK Life (excl. S&R)



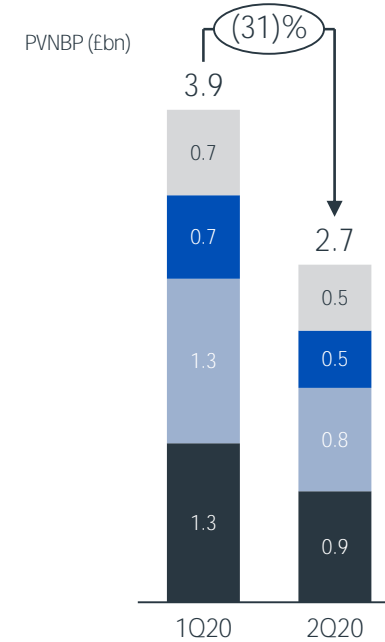
BPAs
Ind. annuities & Equity Release
Protection
Other excl. S&R

Savings & Retirement and Aviva Investors



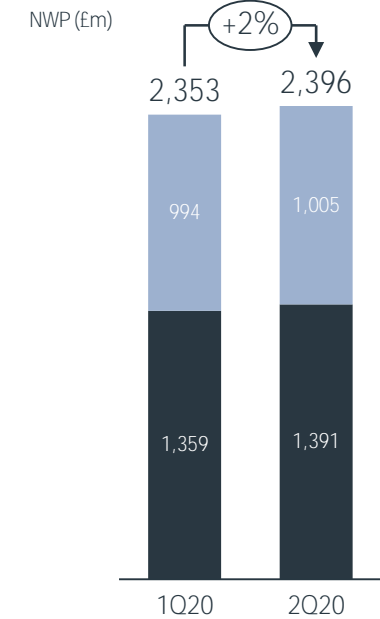
S&R Platform
S&R Workplace & other
AI External
AI Internal (excl. legacy)

Europe & Asia Life



France
Italy
Ireland, Poland & Turkey
Asia (excl. HFS)

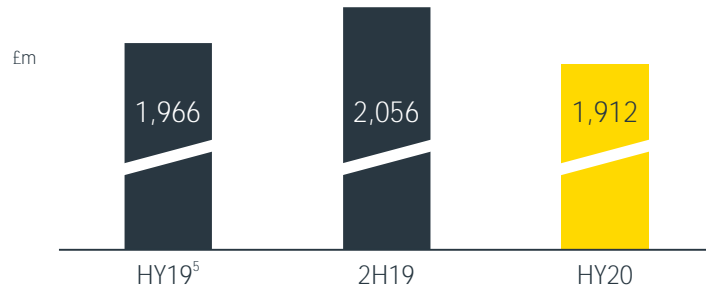
General Insurance



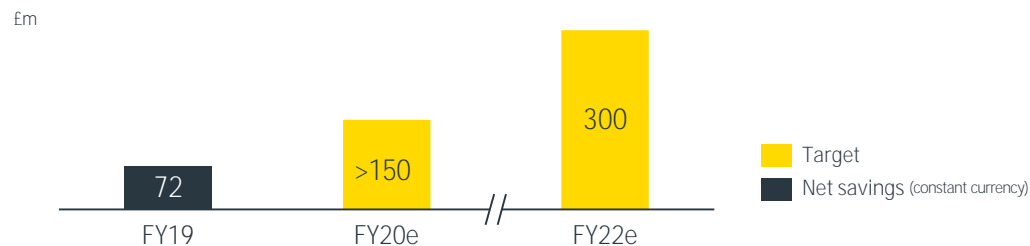
Personal
Commercial

Progress on costs

Controllable costs



Expense savings



- Controllable costs down £54m (3%) vs. HY19, reflecting:
 - 3% reduction in global headcount and >50% reduction in number of external contractors
 - Rationalisation of property footprint
 - Benefits of IT simplification and data centre migration to cloud
 - Lower travel expenses
- HY20 included £43m of costs to support businesses, health services and customers in light of COVID-19 uncertainty
- On track to exceed YE20 target of £150m P&L savings
- Looking for opportunities to accelerate our delivery

Appendix

Balance sheet

Solvency II return on capital/equity² (HY20)

	Operating own funds generation						
	New business (life) £m	Existing business (life) £m	Non-life capital generation £m	Other ³ £m	Total £m	Opening own funds £m	Return on capital/equity %
6 months 2020							
UK Life and Investments, Savings & Retirement	225	92	26	13	356	14,126	5.0%
General Insurance	—	—	191	3	194	4,827	8.0%
Europe Life	87	91	—	39	217	6,119	7.1%
Asia Life	49	56	—	(8)	97	1,524	12.7%
Other	—	(4)	(90)	6	(88)	(2,048)	N/A
Solvency II return on capital (unlevered) at 31 December	361	235	127	53	776	24,548	6.3%
Less: Senior debt					(6)	—	—
Subordinated debt					(138)	(6,942)	—
Solvency II operating own funds generation at 31 December					632	—	—
Direct capital instrument and Tier 1 notes					(27)	(500)	—
Preference shares ⁸					(19)	(450)	—
Net deferred tax assets					—	(78)	—
Solvency II return on equity at 31 December					586	16,578	7.1%
Less: Management actions and other ³					(53)	—	(0.6)%
Solvency II return on equity (excl. management actions)					533	16,578	6.5%

Solvency II return on capital/equity² (HY19)

	Operating own funds generation						
	New business (life) £m	Existing business (life) £m	Non-life capital generation £m	Other ³ £m	Total £m	Opening own funds £m	Return on capital/equity %
6 months 2019							
UK Life and Investments, Savings & Retirement	130	76	49	194	449	13,835	6.5%
General Insurance	—	—	298	—	298	4,498	13.3%
Europe Life	116	79	—	109	304	5,548	11.0%
Asia Life	59	11	—	6	76	1,470	10.4%
Other	—	7	(119)	(12)	(124)	(1,800)	N/A
Solvency II return on capital (unlevered) at 31 December	305	173	228	297	1,003	23,551	8.5%
Less: Senior debt					(6)	—	—
Subordinated debt					(133)	(6,979)	—
Solvency II operating own funds generation at 31 December					864	—	
Direct capital instrument and Tier 1 notes					(6)	(731)	—
Preference shares ⁸					(19)	(450)	—
Net deferred tax assets					—	(95)	—
Solvency II return on equity at 31 December					839	15,296	11.0%
Less: Management actions and other ³					(297)	—	(3.9)%
Solvency II return on equity (excl. management actions)					542	15,296	7.1%

Solvency II own funds

	Opening own funds 1 January 2020 £m	Estimated closing own funds 30 June 2020 £m
UK Life and Investments, Savings & Retirement	14,126	14,582
General Insurance	4,827	5,085
Europe Life	6,119	6,136
Asia Life	1,524	1,583
Other	(2,048)	(2,760)
Estimated Solvency II shareholder own funds	24,548	24,626
Estimated unrestricted shareholder tier 1 own funds	16,578	16,346

Solvency II sensitivities (shareholder view)

Sensitivity		Impact on surplus, 30 June 2020 (£bn)	Impact on cover ratio 30 June 2020 (%)	Impact on surplus 31 Dec 2019 (£bn)	Impact on cover ratio 31 Dec 2019 %
Changes in economic assumptions	25 bps increase in interest rate	0.1	2%	0.2	4%
	50 bps increase in interest rate	0.1	4%	0.2	6%
	100 bps increase in interest rate	0.1	7%	0.4	11%
	25 bps decrease in interest rate	(0.1)	(3%)	(0.2)	(5%)
	50 bps decrease in interest rate	(0.2)	(5%)	(0.6)	(11%)
	50 bps increase in corporate bond spread ⁹	(0.4)	(3%)	(0.5)	(4%)
	100 bps increase in corporate bond spread ⁹	(0.7)	(4%)	(1.1)	(10%)
	50 bps decrease in corporate bond spread ⁹	0.4	2%	0.4	3%
	Credit downgrade on annuity portfolio ¹⁰	(0.3)	(4%)	(0.3)	(4%)
	10% increase in market value of equity	0.3	1%	0.3	2%
	25% increase in market value of equity	0.6	3%	0.8	5%
	10% decrease in market value of equity	(0.2)	(1%)	(0.4)	(2%)
	25% decrease in market value of equity	(0.5)	(3%)	(0.9)	(7%)
	20% increase in value of commercial property ¹¹	0.8	8%	0.7	7%
	20% decrease in value of commercial property ¹¹	(1.0)	(9%)	(0.9)	(9%)
	20% increase in value of residential property ¹¹	0.5	4%	0.4	4%
	20% decrease in value of residential property ¹¹	(0.6)	(6%)	(0.6)	(6%)
Changes in non-economic assumptions	10% increase in maintenance and investment expenses	(0.9)	(8%)	(0.9)	(9%)
	10% increase in lapse rates	(0.3)	(2%)	(0.4)	(3%)
	5% increase in mortality/morbidity rates – life assurance	(0.2)	(2%)	(0.2)	(2%)
	5% decrease in mortality rates – annuity business	(1.4)	(12%)	(1.3)	(13%)
	5% increase in gross loss ratios	(0.3)	(3%)	(0.3)	(3%)

Solvency II regulatory own funds tiering & debt leverage

Regulatory view	FY19 £m	HY20	% of own fund FY19	% of own funds HY20	% of SCR FY19	% of SCR HY20
Unrestricted Tier 1	20,377	20,096	72%	71%	131%	125%
Restricted Tier 1	1,839	1,335	6%	5%	12%	8%
Tier 2	5,794	6,569	20%	23%	37%	41%
Tier 3**	337	376	1%	1%	2%	2%
Est. regulatory own Funds ¹²	28,347	28,376	100%	100%	183%	177%

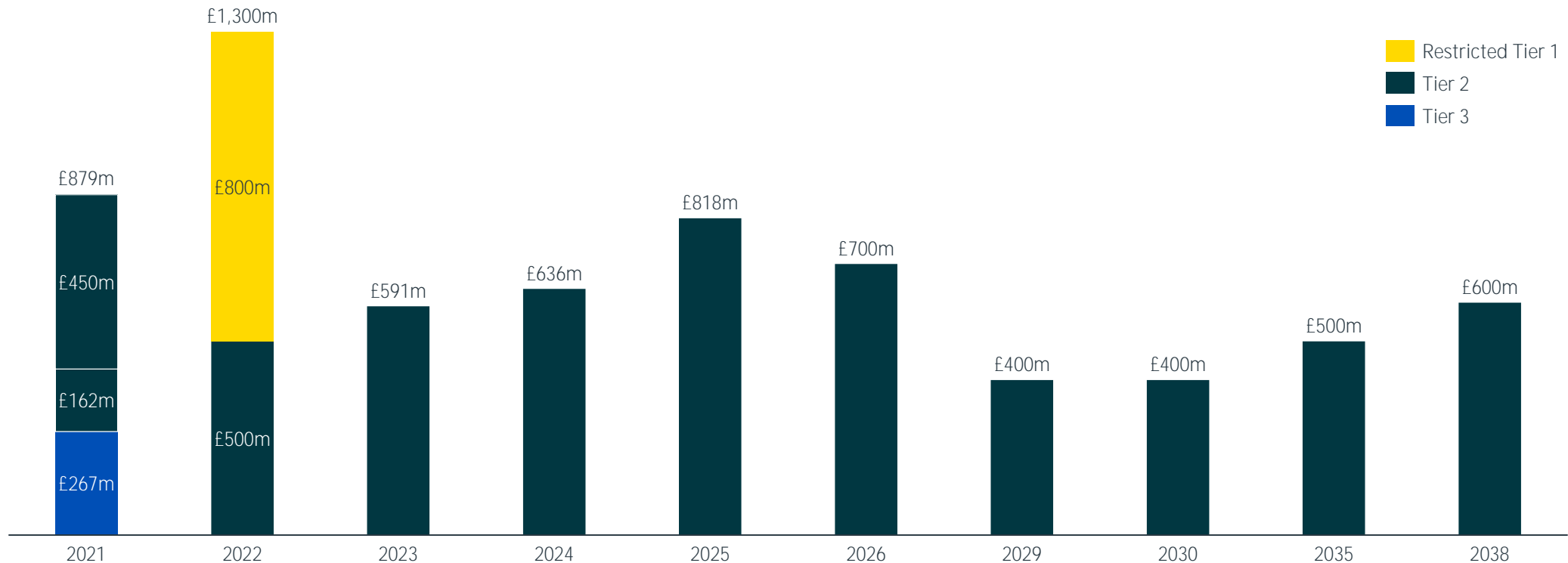
	FY19 £m	HY20
Solvency II regulatory debt*	7,892	8,173
Senior notes	1,052	1,129
Commercial paper	238	365
Direct capital instrument		499
Total debt	9,182	10,166
Est. regulatory own funds ¹²	28,347	28,376
Solvency II debt leverage***	31%	33%
Excl. DCI ¹³	n/a	32%

* Solvency II regulatory debt consists of Restricted Tier1 and Tier 2 regulatory own funds, and Tier 3 subordinated debt.

** Tier 3 regulatory own funds at 30 June 2020 consists of £269 million subordinated debt (HY19: £268 million; 2019: £259 million) plus £107 million net Deferred Tax Assets (HY19: £120 million; 2019: £78 million).

*** Solvency II debt leverage is calculated as the total debt as a proportion of total regulatory own funds plus commercial paper and senior notes.

Subordinated debt: maturity and first call date



All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 30 June 2020 rates.

IFRS

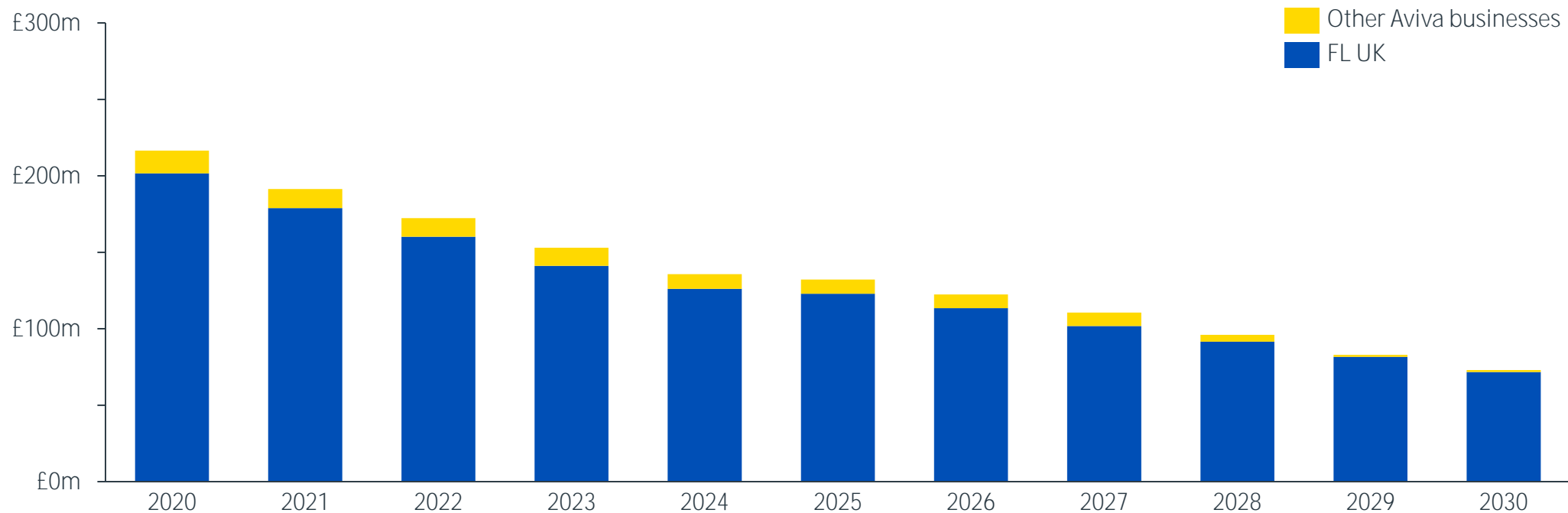
Operating earnings per share⁶

	HY 2019 ⁵	HY 2020
Group operating profit ⁴	1,386	1,225
Less operating tax	(306)	(224)
Minority Interest	(47)	(48)
DCI and fixed rate tier 1 notes ¹⁴	(6)	(27)
Preference shares	(9)	(9)
Total operating earnings after tax, MI & DCI and preference shares	1,018	917
Weighted average number of shares	3,907	3,923
Operating earnings per share ⁶	26.1p	23.4p

Basic earnings per share

	HY 2019 ⁵	HY 2020
Operating profit attributable to shareholder	1,386	1,225
Investment return variances and economic changes on long-term business	372	305
Short-term fluctuations in in return on investments backing non-long-term business	145	(171)
Economic assumption changes on GI & Health business	(73)	(45)
Impairment of goodwill, JVs and associates and other amounts expensed	(11)	(17)
Amortisation and impairment of acquired value of in-force business and intangibles acquired ⁵	(236)	(209)
Profit/(loss) on disposal and remeasurement of subsidiaries, JVs and associates	(13)	(12)
Other ¹⁵	(47)	-
Profit before tax attributable to shareholders	1,523	1,076
Weighted average number of shares	3,907	3,923
Basic earnings per share	28.2p	20.0p

Estimated amortisation of acquired value of in-force

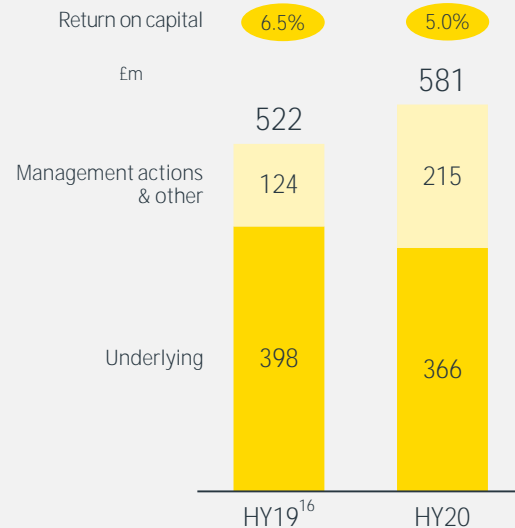


This is our latest estimated projection as provided at our full year 2019 results and remains subject to a number of factors including the effects of markets.

Market pages

UK Life and Investments, Savings & Retirement

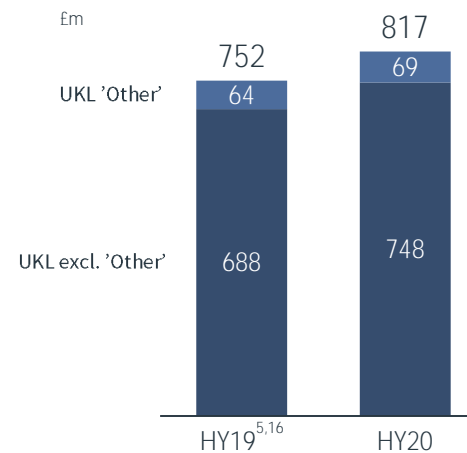
OCG & ROC



- Lower underlying OCG mainly reflecting lower contribution from AI
- HY20 'Other' benefitted from SCR capital actions incl. planned internal reinsurance optimisation

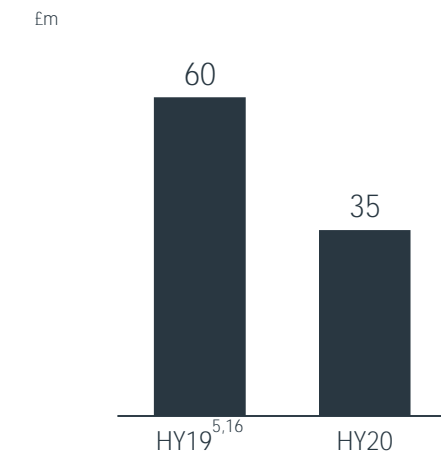
Operating profit

UK Life incl. Savings & Retirement



- Operating profit excl. 'Other': +9% with growth in BPAs and S&R partly offset by Protection
- HY20 'Other' included expected COVID-19 claims' impacts on mortality & longevity reserves (adverse £25m net)

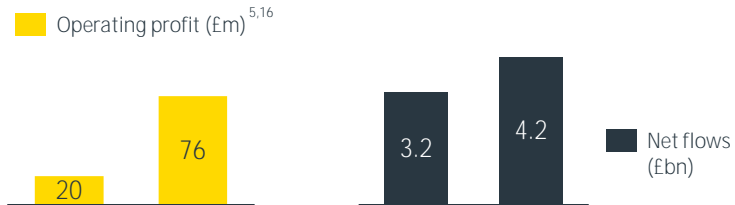
Aviva Investors



- Revenues down 8% due to adverse market movements and de-risking by internal clients
- £355bn AuM (FY19: £346bn); £2.0bn net inflows excl. legacy (HY19: -£2.2bn) o/w £1.3bn external (HY19: -£0.9bn) driven by significant wins in Q2

UK Life incl. Savings & Retirement

Savings & Retirement



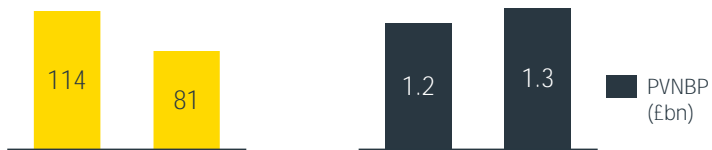
- £4.2bn net inflows (+28%) driven by Workplace and Platform; £113bn closing AuA, of which £30bn Platform
- Operating profit x3.8: higher asset base (opening AuA HY20: £113bn; HY19: £91bn)

Annuities & equity release



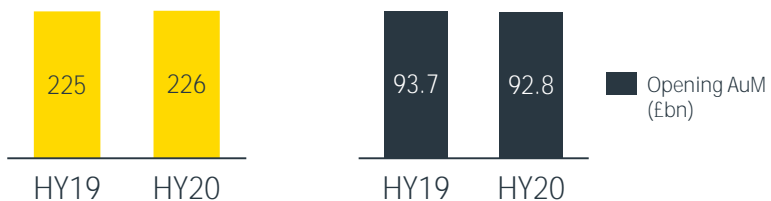
- PVNBP^{*} +73% driven by £3.1bn BPA sales (HY19: £1.2bn)
- Operating profit +11% driven by strong new business growth

Protection & Health



- PVNBP +12% with +5% Protection and +37% Health; 2Q20 Protection sales down 17% vs. 1Q20 reflecting impacts from lockdown measures
- Operating profit -29% mainly from lower new business margins and adverse claims experience in Protection

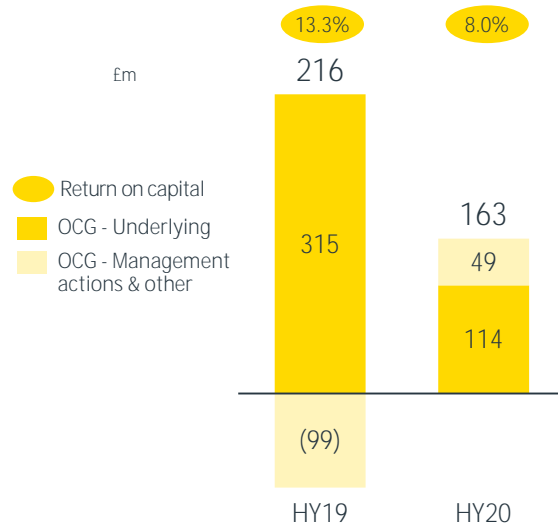
Heritage



- Stable operating profit as expected run-off was broadly offset by expense savings and a net benefit from non-recurring items

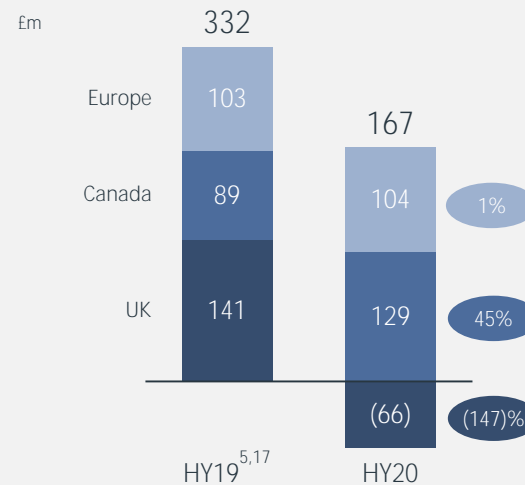
General Insurance

OCG & ROC



- Lower underlying OCG from £258m COVID-19 net claims (SII); Excluding this, underlying OCG improved 18% as Canada recovery more than offset higher weather costs
- HY19 'Other' included the adverse impact of UKD alignment under UKGI

Operating profit



- HY20 COVID-19 net estimated claims of £165m (IFRS)
- Excluding these, profit was stable at £332m: growth in Canada was offset by the non recurrence of HY19 very benign weather experience & PY strengthening in UKGI in HY20

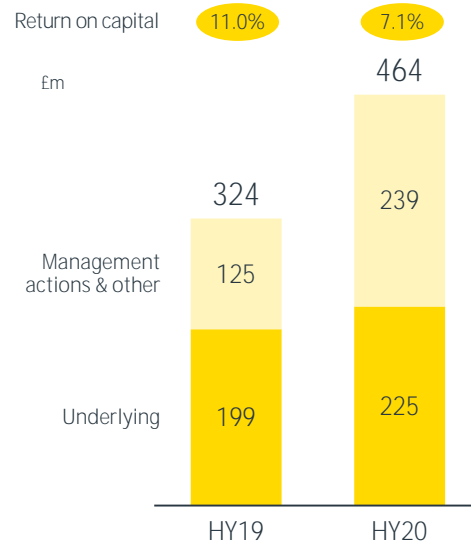
Combined ratios & Sales

	HY19	HY20	Mvt
Group COR (%)	96.8%	99.8%	3.0pp
UKGI	97.2%	106.3%	9.1pp
Canada	98.1%	95.5%	(2.6)pp
Europe	92.9%	92.6%	(0.3)p
Group COR <i>excl. COVID-19 claims</i>	96.8%	96.2%	(0.6)pp
Total NWP (£bn)	4.7	4.7	-
UKGI	2.2	2.1	(1)%
Canada	1.5	1.5	3%
Europe	1.1	1.1	-

- 3.6pp adverse impact from COVID-19 net claims in HY20; 0.2pp adverse weather vs. LTA (HY19: +1.7pp benefit); 0.3pp PY strengthening (HY19: +0.3pp PY releases)
- NWP: volume & rate increases in commercial lines offset lower sales in personal lines

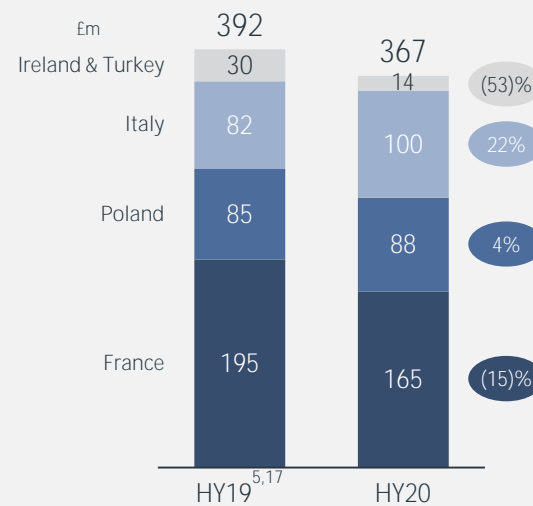
Europe Life

OCG & ROC



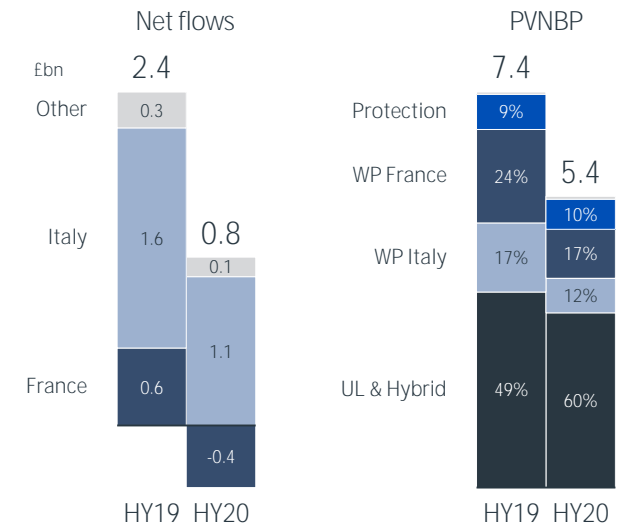
- Higher OCG primarily reflecting increased benefit from capital actions as a result of strategic asset allocation, de-risking and hedging activity

Operating profit



- Operating profit -6%: volatile markets and adverse protection claims experience in France, more than offset improved mix in France and higher fee income in Italy

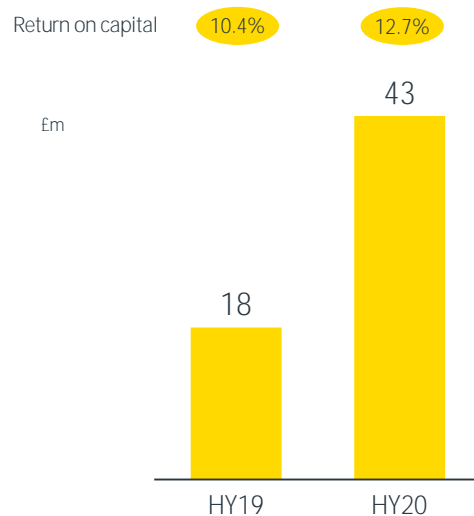
Flows and Sales



- Lower inflows from active reduction of with-profit volumes & impact from confinement measures
- PVNBP -27% with continued mix optimisation
 - 53% PVNBP from UL in France (PY: 29%)
 - 62% PVNBP from Hybrid in Italy (PY: 55%)

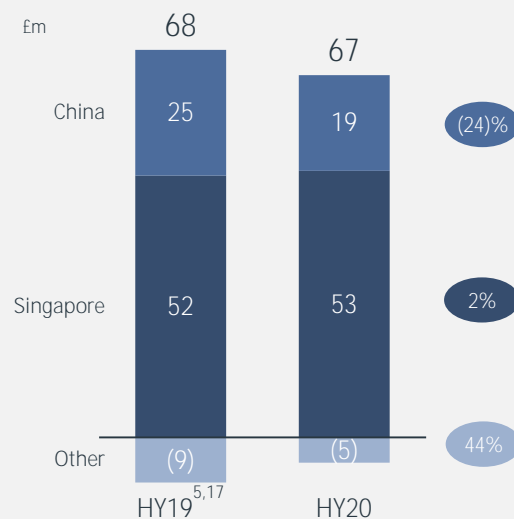
Asia Life

OCG & ROC



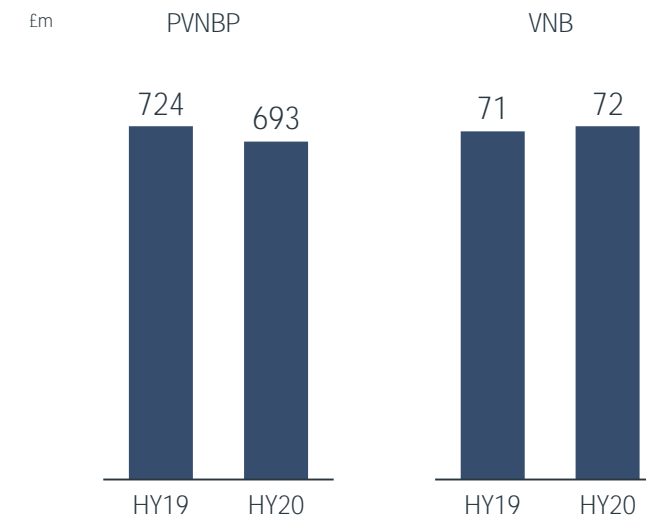
- Strong growth primarily driven by improved persistency in the Singapore business

Operating profit



- Operating profit excl. held for sale businesses down 1% to £67m with Singapore and China businesses resilient in challenging conditions; China benefitted from a one-off benefit in PY of £7m.
- Hong Kong and Indonesia are held for sale as at 30th June 2020. FPI sale was completed on 19th July 2020.

Focus on Singapore



- VNB +1% despite lower volumes
- Continued expansion of owned distribution with 1,901 FAs at HY20 (FY19: 1,819; HY19: 1,653)

Life flows

Life business fund flows

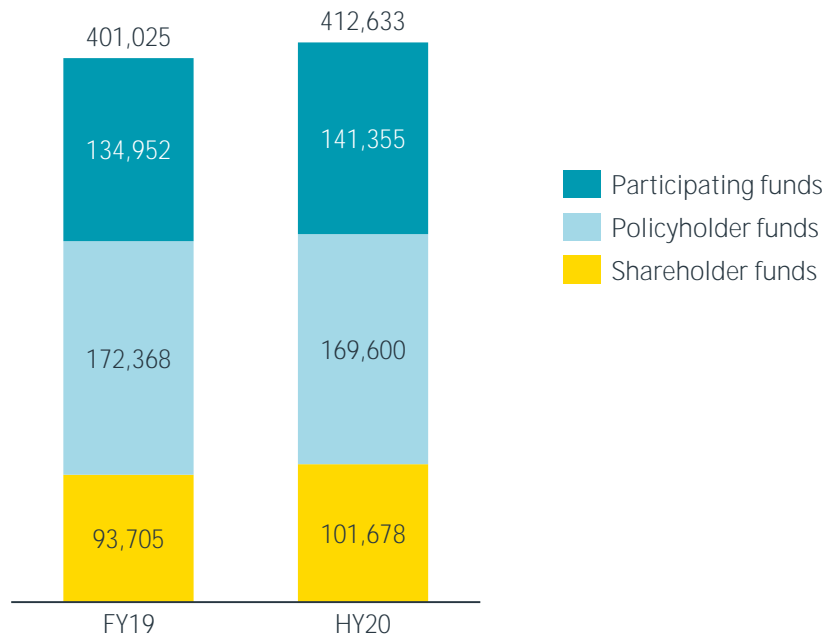
	Managed assets at 1 January 2020	Premiums and deposits, net of reinsurance	Claims and redemptions, net of reinsurance	Net flows	Effect of disposals, market and other movements	Managed assets at 30 June 2020
Life business						
UK – non-profit:						
– platform	29,085	2,932	(1,020)	1,912	(816)	30,181
– pensions and other long-term savings	84,153	4,636	(2,382)	2,254	(3,214)	83,193
– long-term savings	113,238	7,568	(3,402)	4,166	(4,030)	113,374
– annuities and equity release	67,143	2,511	(1,402)	1,109	3,142	71,394
– other	48,425	806	(1,895)	(1,089)	(1,284)	46,052
United Kingdom (excluding UK WP)	228,806	10,885	(6,699)	4,186	(2,172)	230,820
Europe	125,580	4,929	(4,162)	767	6,224	132,571
Asia	15,138	527	(321)	206	87	15,431
Other	921	2	(69)	(67)	(41)	813
	370,445	16,343	(11,251)	5,092	4,098	379,635
UK - with-profits and other	47,471	97	(1,926)	(1,829)	1,427	47,069
Total life business	417,916	16,440	(13,177)	3,263	5,525	426,704

Assets

Total managed assets

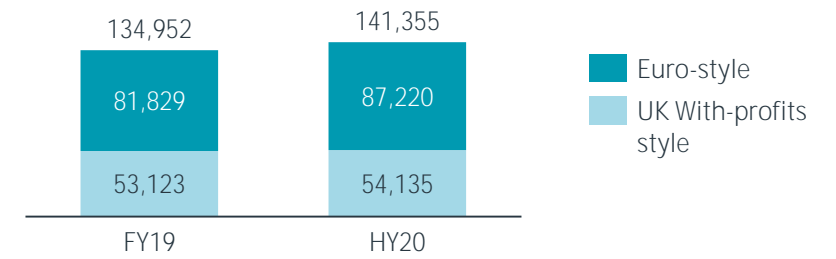
Assets by liabilities covered

£m



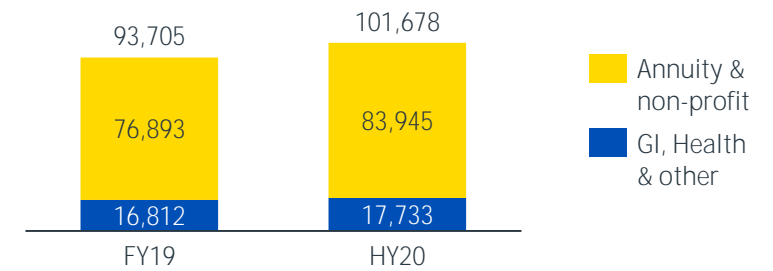
Participating assets by type

£m



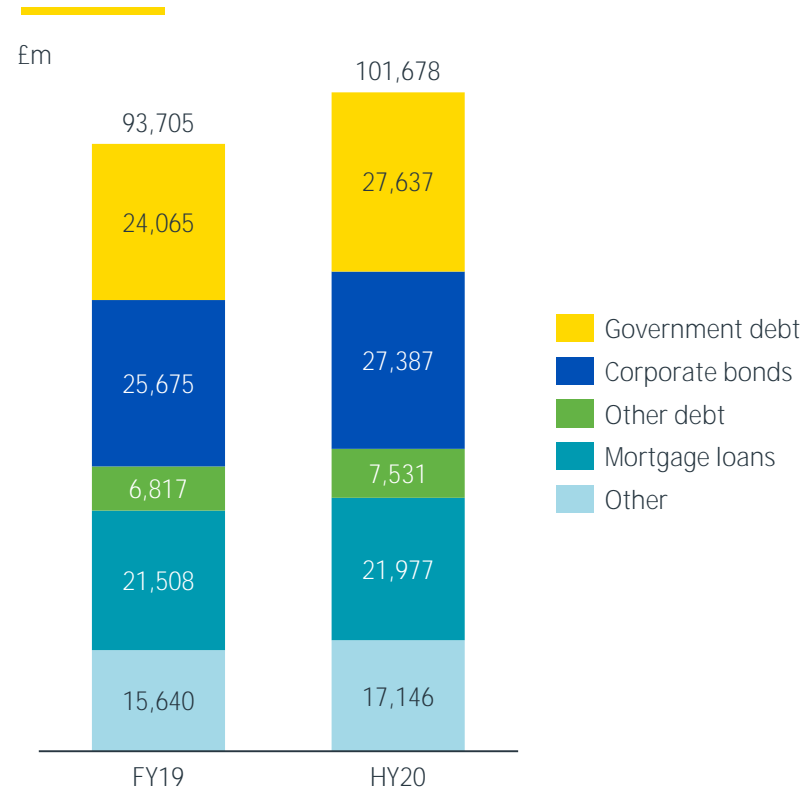
Shareholder assets by type

£m

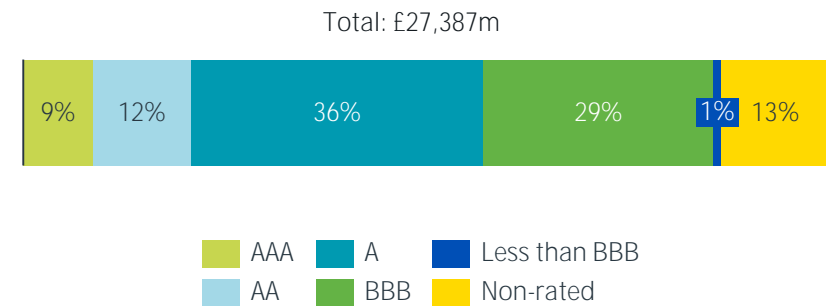


Shareholder assets

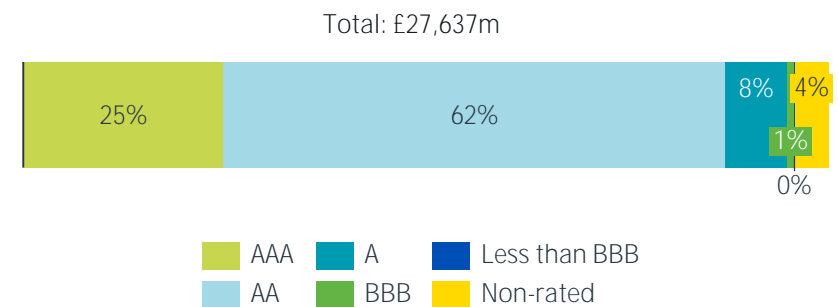
Shareholder assets by type



Corporate debt by rating

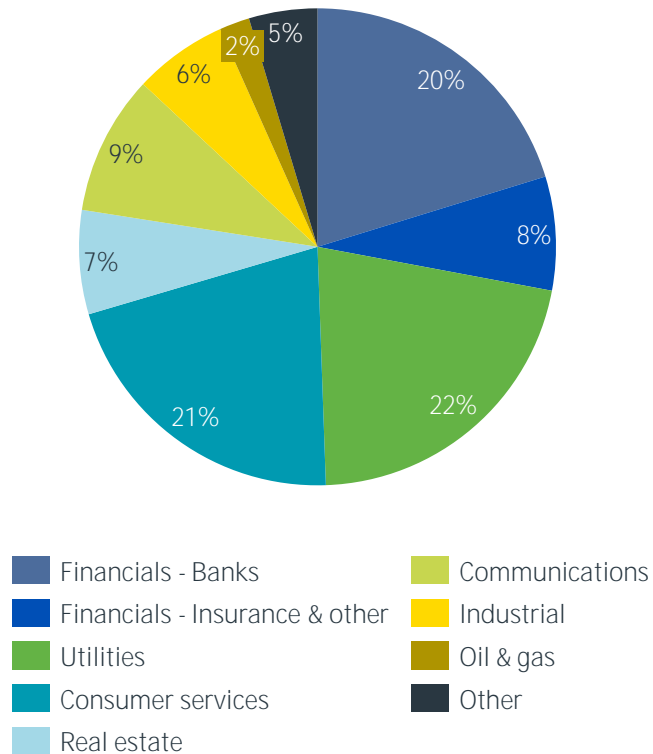


Government debt by rating

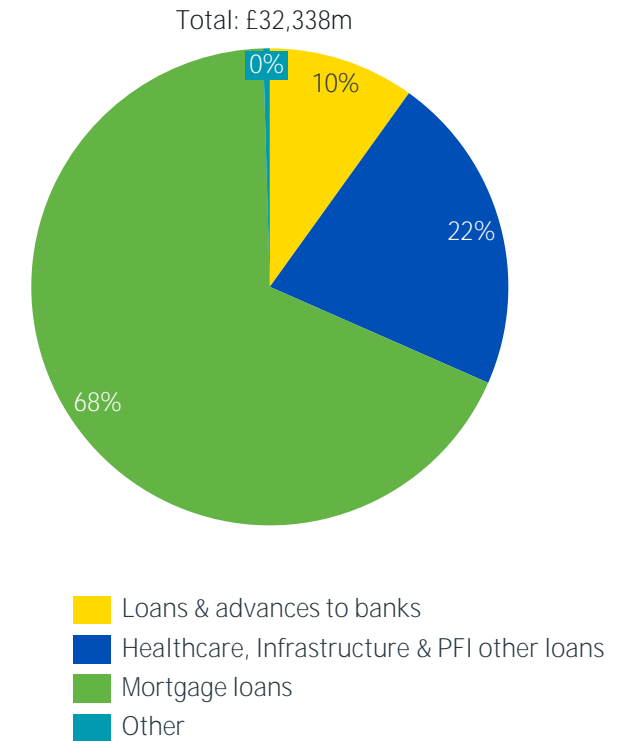


Shareholder assets – corporate bonds & loans

Corporate bonds by industry



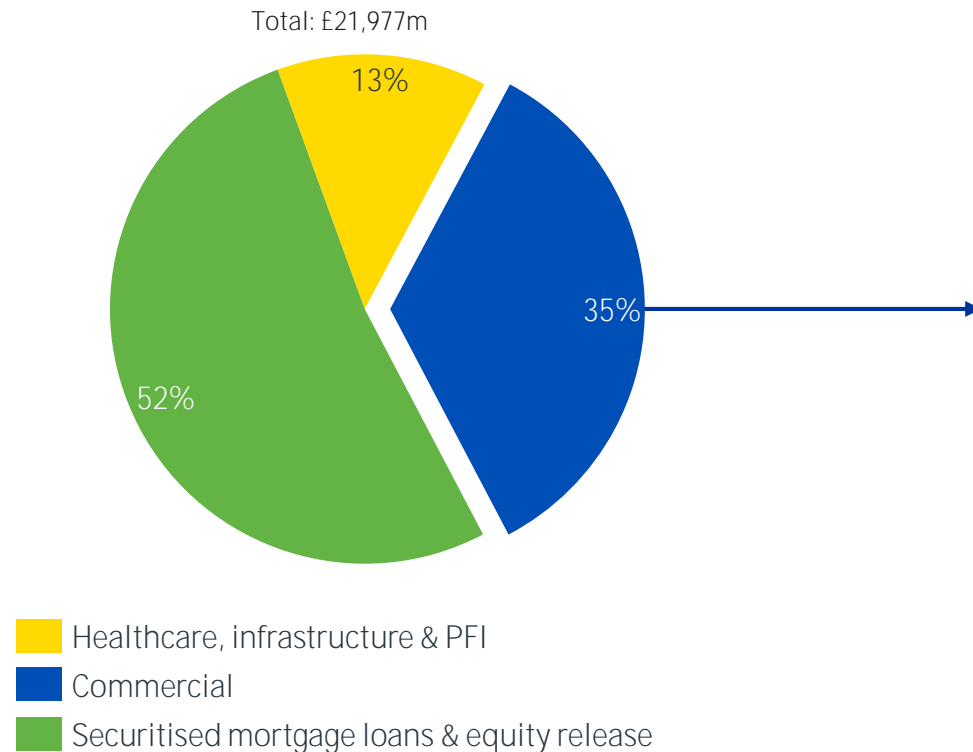
Loans by type



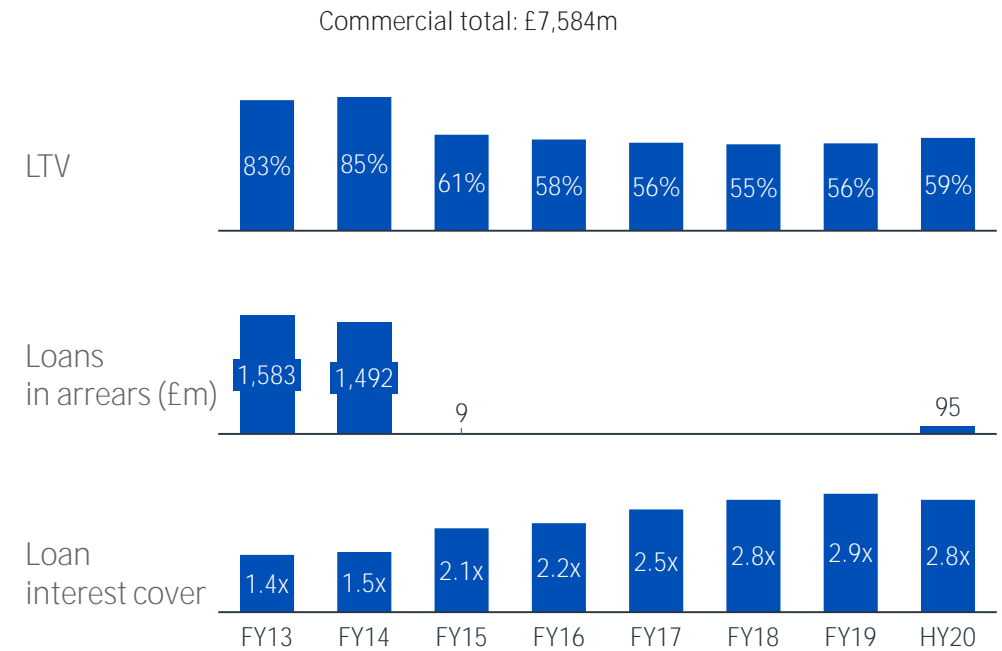
IFRS credit default allowances UK, £bn	FY19	HY20
Corporate bonds	1.3	1.4
Mortgages (excl. equity release)	0.5	0.6
Equity release mortgages	1.5	1.8
	3.3	3.8

Shareholder assets – Mortgage loans

Mortgage loans



Commercial real estate portfolio



Disposals

Disposals

Disposal	Date of completion	Consideration		IFRS operating profit (£m)	Operating EPS (p)	Controllable costs (£m)	Cash (£m)	OCG (£m)
FPIL	15 July 2020	£259m (o/w £50 deferred)	HY20	74	1.9	17	-	-
			FY19	128	3.3	42	-	-

Footnotes

1. The estimated Solvency II position represents the shareholder view only. See section 3 of the Analyst Pack for more details.
2. Includes Group centre, debt costs and other items not allocated to the markets.
3. Other includes the impact of capital actions and non-economic assumption changes.
4. Group adjusted operating profit is a non-GAAP APM which is not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
5. On 31 December 2019 the Group adjusted operating profit APM was revised and now includes the amortisation and impairment of internally generated intangible assets to better reflect the operational nature of these assets (see note B2 of the Analyst Pack). Group adjusted operating profit continues to exclude amortisation and impairment of intangible assets acquired in business combinations. Comparative amounts for the 6 month period ended 30 June 2019 have been restated resulting in a reduction in the prior period Group adjusted operating profit of £62 million. There is no impact on profit before tax attributable to **shareholders'** profit. Following the change in the definition of Group adjusted operating profit, COR, controllable costs and operating earnings per share were also restated to include the amortisation and impairment of internally generated intangible assets. Comparative amounts for the 6 month period ended 30 June 2019 have been restated resulting in an increase in prior period COR of 0.9%, an increase in prior period controllable costs of £62 million and a reduction in prior period operating earnings per share of 1.2 pence.
6. This measure is derived from the Group adjusted operating profit APM. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
7. Number of shares as at 30 June 2020: 3,928 million (HY19: 3,917 million, 2019: 3,921 million).
8. Preference shares includes £9 million of dividends and £250 million of capital in respect of General Accident plc.
9. Credit spread movement for corporate bonds with credit rating A at a 10 year duration, with the other ratings and durations stressed by the same proportion relative to the solvency capital requirement. A modelling refinement was implemented to the corporate bond credit sensitivities in the UK following a review of the 31 December 2019 methodology.
10. An immediate full letter downgrade on 20% of the annuity portfolio bonds (e.g. from AAA to AA, from AA to A).
11. The property sensitivities are in addition to reduced property growth assumed over the next 5 years in the base solvency position.
12. Regulation was introduced in France that allows French insurers to place the Provision pour Participation aux Excédents (PPE) into Solvency II own funds. At December 2019 PPE was included in the France local regulatory own funds but was excluded from the estimated Group regulatory own funds, subject to confirmation of the appropriate treatment at Group level. The treatment has since been confirmed and PPE is included in the estimated Group regulatory own funds at 30 June 2020.
13. The direct capital instrument was redeemed in full at first call date on 27 July 2020.
14. Includes coupon payments in respect of the direct capital instrument (DCI) (net of tax). On 23 June 2020, notification was given that the Group would redeem the 5.9021% £500 million DCI at its principal amount together with accrued interest to (but excluding) 27 July 2020. Interest payable up to 23 June 2020 has been recorded as an appropriation of retained profits with the remaining interest payable from 24 June 2020 to 30 June 2020 recorded within Group debt costs and other interest. In prior periods, the interest on the DCI and tier 1 notes was treated as an appropriation of retained profits and accordingly, accounted for when paid.
15. The first half of 2019 includes a charge of £45 million in relation to a change in the discount rate used for estimating lump sum payments in settlement of bodily injury claims and a charge of £2 million relating to negative goodwill which arose on the acquisition of Friends First.
16. Following a review of the presentation of intercompany loan interest, to achieve consistency in our reporting, comparative amounts have been amended to reclassify net interest expense from UK Life including Savings & Retirement to Group debt costs and other interest of £32 million for the 6 month period ended 30 June 2019 and £65 million for the year ended 31 December 2019 as a non-operating item. The change has no impact on the **Group's** operating profit. In addition, comparative amounts for operating capital generation of £34 million for the 6 month period ended 30 June 2019 and £69 million for the year ended 31 December 2019 have been restated. The change has no impact on the **Group's** operating capital generation.
17. Comparative amounts for the 6 month period ended 30 June 2019 have been restated to reallocate non-insurance operations of Europe and Asia to their respective market segments to better reflect the management of the underlying businesses.