

It takes AVIVA

A photograph of two young children standing in shallow ocean water, holding hands and looking out at the horizon. The sky is filled with dramatic, layered clouds, and the water is a deep teal color. The word 'AVIVA' is written in large, white, sans-serif capital letters across the middle of the image, with the children positioned behind the letters 'V' and 'V'.

Aviva plc
2021 results
2 March 2022

For
325
years



Disclaimer & important information

Cautionary statements

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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; the transitional, litigation and physical risks associated with climate change; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customer's at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; 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 and malicious acts (including cyber attack and theft, loss or misuse of customer data); 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 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 tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation (for example, IFRS 17); the inability to protect our intellectual property; the effect of undisclosed liabilities, separation issues and other risks associated with our business disposals; and other uncertainties, such as diversion of management attention and other resources, 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, Canada or elsewhere, including changes to and the implementation of key legislation and regulation. Please see Aviva's most recent Annual Report for further details of risks, uncertainties and other factors relevant to the business and its securities.

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 report are current only as of the date on which such statements are made. This report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

As a reminder

Throughout this presentation we use a range of financial metrics to measure our performance and financial strength. These metrics include Alternative Performance Measures (APMs), which are non-GAAP measures that are not bound by the requirements of IFRS and Solvency II. A complete list and further guidance in respect of the APMs used by the Group can be found in the 'Other information' section of the 2021 Full Year Results Announcement. All references to 'Operating profit' represent 'Group adjusted operating profit'.

Important information regarding B Share Scheme and illustrative consolidation ratio

The illustrative share consolidation referenced in this document refers to a ratio of 75 for 100. This is an illustrative consolidation ratio only based upon the average market capitalisation of Aviva over the last five trading days in February, adjusted for the 2021 final dividend. The actual consolidation ratio to be applied is expected to be published on or around 4 April 2022 and may be calculated on a different basis depending on share price volatility, with the directors retaining absolute discretion to determine the final ratio, including by reference to share price movement after the date of this press release amongst other things. The aim of the consolidation is to seek to ensure that the market price of Aviva ordinary shares (along with other data points for comparability) remains consistent after the B Share Scheme. The estimated proceeds under the B Share Scheme of approximately 100 pence per share are subject to change. Full details of the B Share Scheme (including mechanics, eligibility, consolidation ratio and proceeds) will be set out in an explanatory circular which will be made available on or around 4 April 2022. The B Share Scheme and share consolidation remain subject to shareholder approval and customary conditions including no material deterioration in market conditions or the company's financial position. This illustrative consolidation ratio is not and should not be taken as an expectation or used as the basis of any investment decision. In particular, the actual consolidation ratio applied in the B Share Scheme could result in different estimated DPS amounts for 2022 and 2023 than those referred to in the document.

Agenda

Strategic update

Amanda Blanc, Group CEO

2021 results and financial review

Jason Windsor, Group CFO

Delivering Aviva's Promise

Amanda Blanc, Group CEO

Q&A



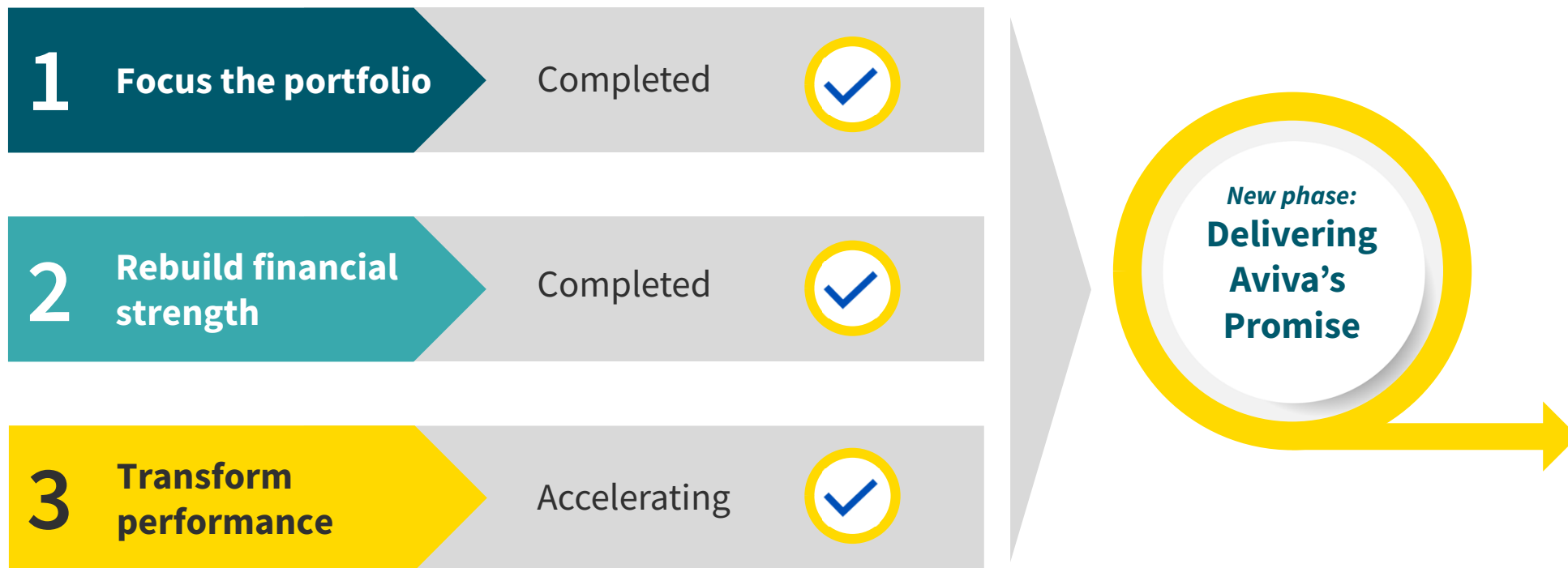
Strategic update

Amanda Blanc

For
325
years



Foundations in place for next phase of strategy



Today's
updates:

Capital
return

Dividend
guidance

Investment in
the business

Upgraded
targets

Focus the portfolio

What have we achieved?

- **Decisive plan to refocus Aviva**
- **Swift execution**
- **8 disposals completed**
- **£7.5bn proceeds received**

Where does that leave us today?

3 attractive **core markets** with **leading positions**

Unique position of strength, serving **all customer needs**

Growth opportunities in all our markets

Highly synergistic business model

Entirely focused on where we can win

Rebuild financial strength

What have we achieved?

- **£1.9bn external debt reduction**
- **£0.7bn internal loan reduction**
- **SII debt leverage ratio <30%**
- **FY21 Solvency II cover ratio¹ 244%**

Where does that leave us today?

Return £4.75bn² capital to shareholders

Plans to **de-lever by a further £1bn** over time

Capacity to reinvest for growth

Efficient capital management framework

Attractive and sustainable cash generation

Significant performance momentum into 2022

2021 financial progress¹

Aviva is growing...

+23% Life sales
+6% GI premiums²
+17% S&R net flows

Costs are falling...

£244m Net cost reduction 2018-21³
7pp Lower Aviva Investors cost:income ratio

Profitability is improving...

+16% Operating profit ex UK Life management actions
92.9% GI COR

Cash generation is growing

+22% £1.66bn of cash remittances

Excellent performance across key markets

£6.2bn BPA premiums – highest level on record

4pp GI COR improvement

£10bn S&R net flows – meeting target one year early

>4m Workplace scheme members, up 6%

5.4m↑ UK GI customers

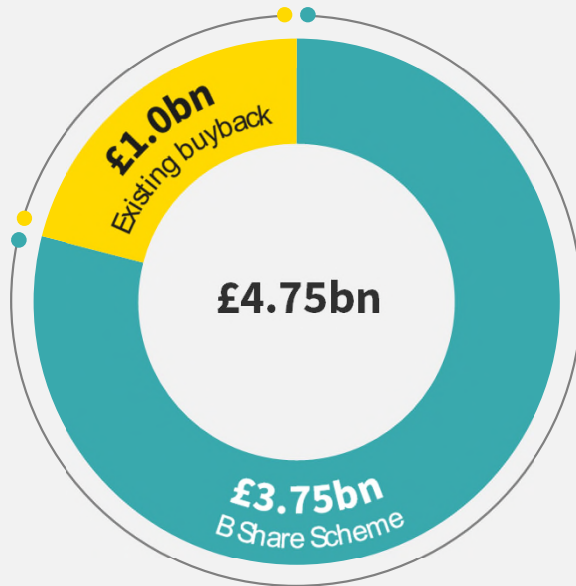
43 Group TNPS

#1 For UK GI broker sentiment

Momentum and confidence for success in 2022 and beyond

Substantial capital return¹

Total capital return



Capital return details

- **Total capital return** of £4.75bn
- **B Share Scheme of £3.75bn¹** announced today
- Adds to **existing Buyback programme of £1.0bn**
- Targeting B Share Scheme completion **in May 2022²**
- **Share consolidation** at illustrative ratio of 75 for 100

Total capital return and debt reduction of £7.5bn, utilising all of the disposal proceeds

Clear dividend guidance

	Cash cost	DPS	DPS growth
2021	~£830m	22.05p	+5%
2022 ¹	~£870m	~31.5p	~40%
2023 ¹	~£915m	~33p	~5%
From 2023	Low-to-mid single digit growth in DPS		

- **Clear dividend guidance** for 2022 & 2023
- Reflects **significant strategic progress** and our **confidence** in outlook
- **Attractive payout level** with longer-term **sustainability**
- **Surplus capital** above 180% Solvency II cover ratio² is available to **reinvest** in the business, or **return to shareholders over time**

Confidence to invest for the future

On top of **£4.75bn¹** shareholder return we have the capacity and confidence to invest for the future

£200m

for efficiency

Investing over 2022-23 to drive the **next phase of cost reduction and reach our target of £750m reduction gross of inflation by 2024**

£300m

for growth

Investing over 2022-24 to drive **targeted profitable growth and achieve £100m operating profit benefits by 2025**

£385m

Succession Wealth

Acquisition of Succession Wealth to **build out our Advice capability** in Wealth, **delivering double digit return on investment**

Delivering Aviva's Promise

The leading UK provider and go-to customer brand for all insurance, wealth and retirement solutions, with strong franchises in Canada and Ireland

Building on a **unique position of market strength...**

...with a clear strategy **to drive further profitable growth...**

...underpinning **sustainable cash generation** and a **growing dividend**

Upgraded Group targets¹

- | | | |
|---------------------------------------|--|---|
| 1. Cash remittances | >£5.4bn
2022-2024 | Increased from
>£5bn
2021-2023 |
| 2. SII Operating own funds generation | £1.5bn
Per annum by 2024 | New target |
| 3. Cost reduction ² | £750m³
(£400 net ⁴) 2018-24 | Increased from
£500m ³
(£300m net ⁴) 2018-22 |

2021 results and financial review

Jason Windsor

For
325
years



Financial highlights

Cash remittances¹

£1.66bn

+22%

Solvency II Operating own Funds Generation (SII OFG)¹

£1.2bn

flat

Life sales^{1,2}

£36.7bn

+23%

Solvency II cover ratio³

244%

+42pp

Costs^{1,4}

£2.86bn

-8% vs 2018

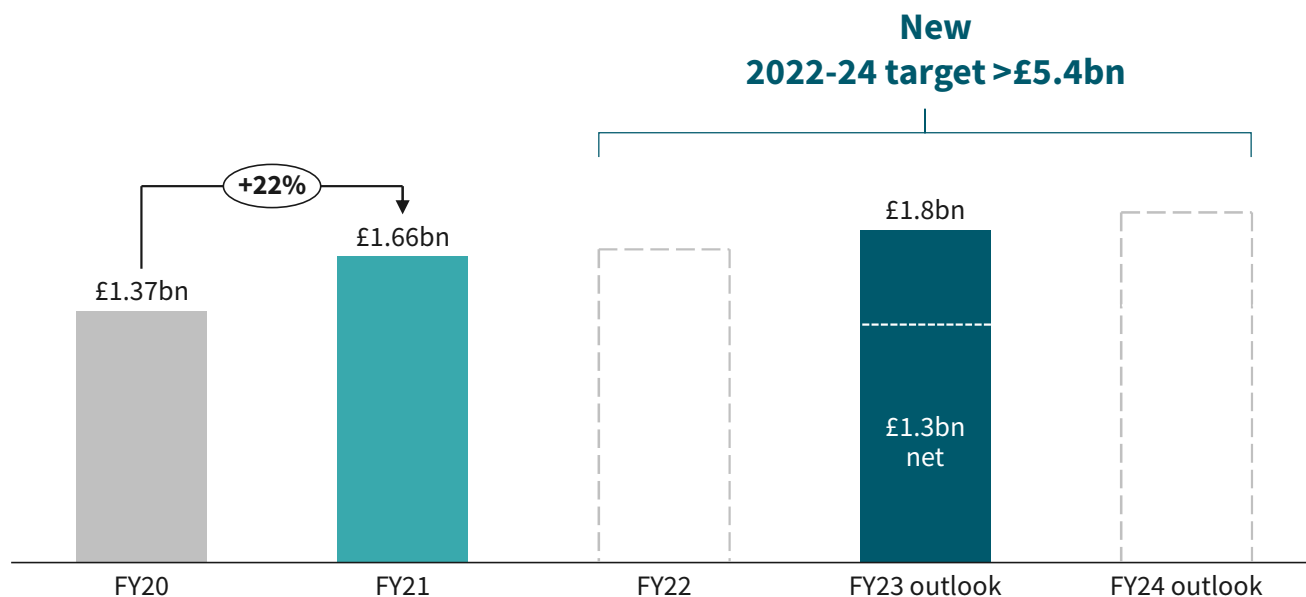
GWP¹

£8.8bn

+6%

Strong growth in cash generation

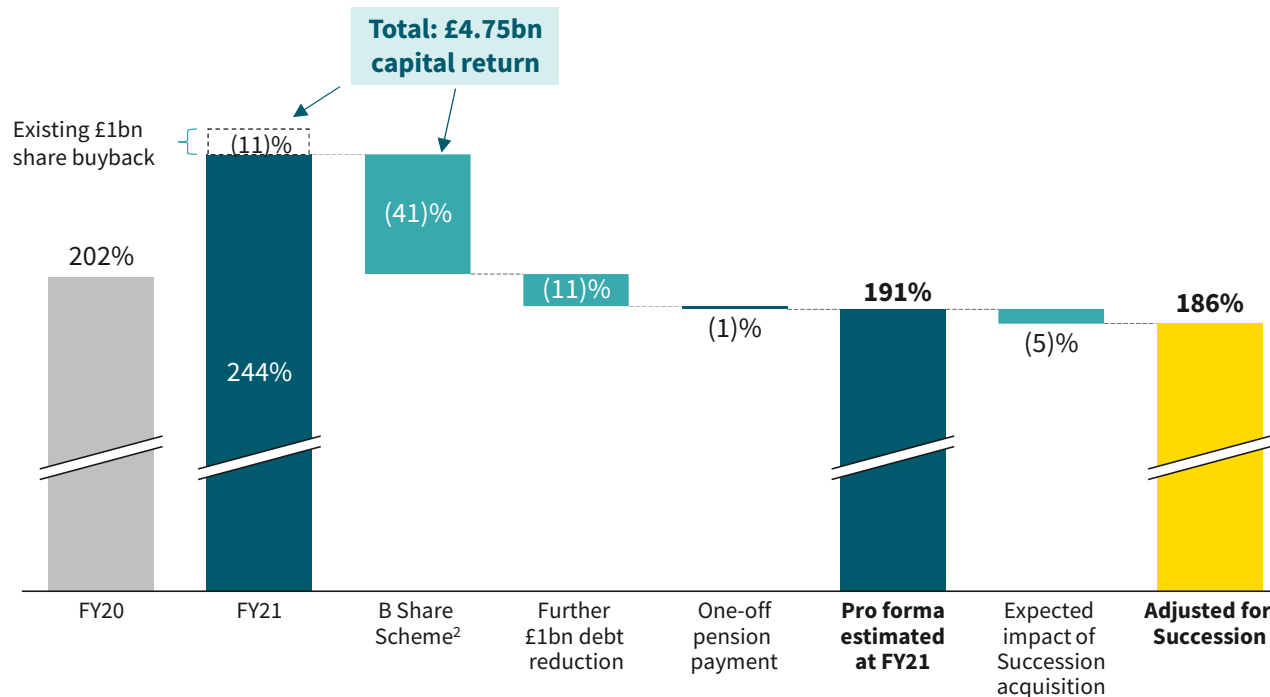
Cash remittances from continuing operations



- **On track to meet existing target of >£5bn (2021-23)**, growing toward **£1.8bn** in 2023 (£1.3bn net of centre costs¹ and debt costs)
- Updating cash target to **>£5.4bn cumulative from 2022-24**
- **Supports sustainable growth in business and dividend**

Strategic flexibility from strong capital position

SII cover ratio¹



Pro forma SII debt leverage: 28%
Pro forma centre liquidity: £1.7bn

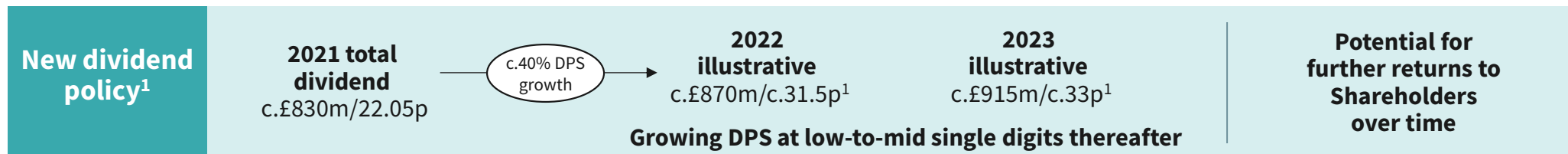
Capital framework

Capital	c.180%
Centre liquidity	c.£1.5bn
Leverage	<30%
Maintain AA credit rating metrics	

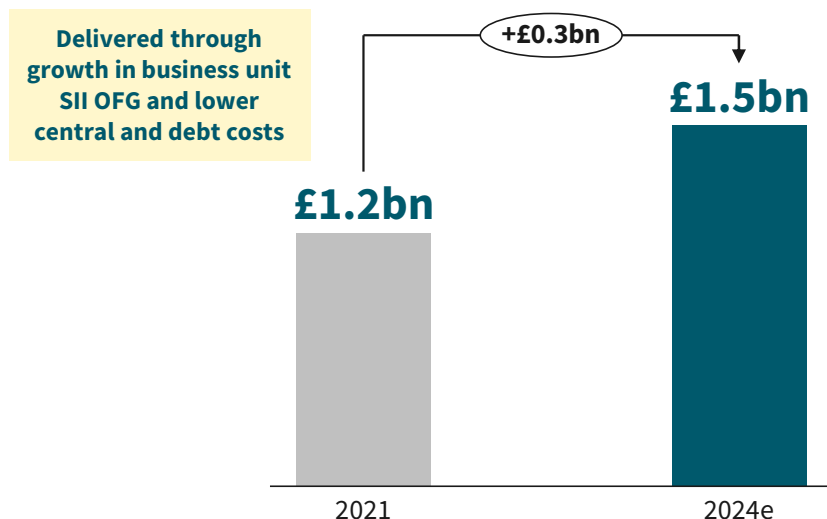
Surplus capital above 180% available for:

- **Investment** in the business
- Bolt-on **M&A**
- **Return to shareholders** over time

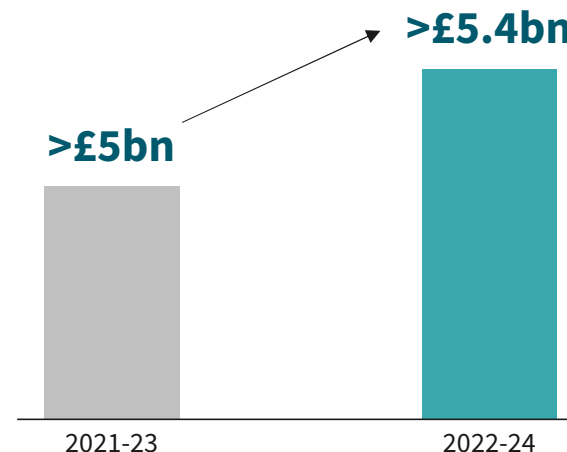
Dividend well covered, with growing SII OFG and cash



Growing Solvency II OFG²

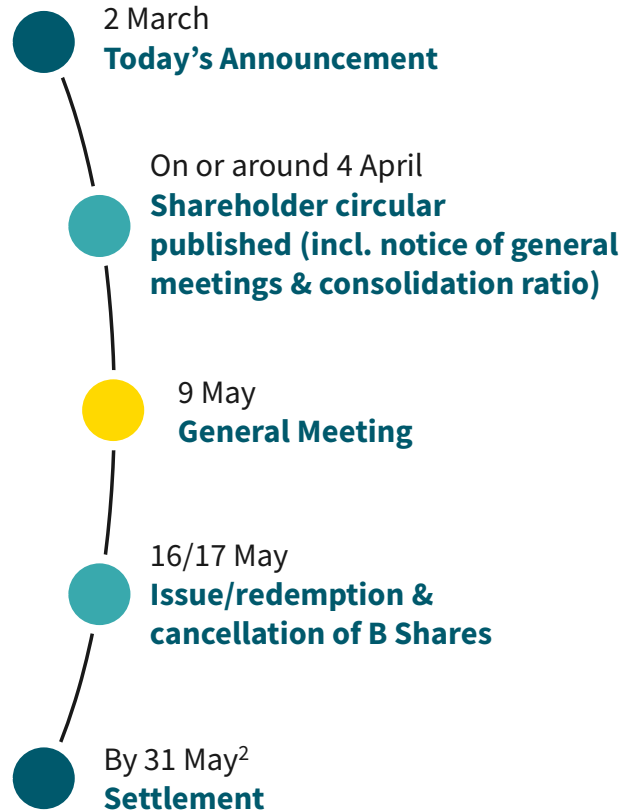


Growing cash remittances²



B Share Scheme and share consolidation¹

Expected timeline



Key points

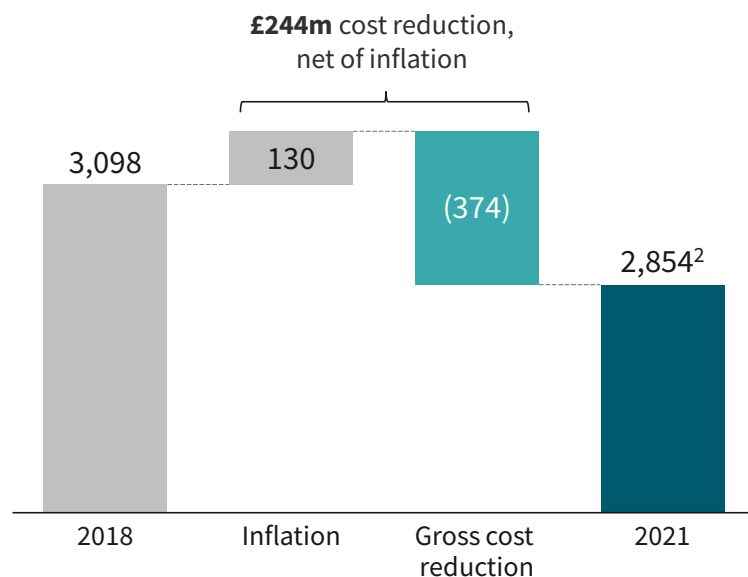
£3.75bn of capital to be returned via B Share Scheme in May 2022^{1,2}. Delivering on promise to return >£4bn capital by June 2022

Shareholders will receive:

- One B Share for each existing ordinary share at the record time and date
- Estimated cash value of c100p per B share¹
- Simultaneous share consolidation of approx. 75 ordinary shares for 100 existing ordinary shares¹

Upgrading cost savings ambition

Significant cost savings achieved to date¹



- **On track to meet ambition of >£300m** net reduction vs 2018 baseline in 2022 despite inflationary headwinds
- **£244m cost reduction 2018-21**, absorbing c.£130m of inflation

Upgrading cost target to £750m¹

£750m cost reduction 2018-24 gross of inflation³

Equates to **£400m net savings** vs 2018 baseline

Cost to achieve of c.£200m recognised over 2022-23

Key levers to achieve

Digitise
& automate

Rationalise
product
portfolio

Streamline
tech stack

Property
portfolio

Simplification

UK & Ireland Life

Cash remittances

£1.2bn

+21%

Savings & Retirement net flows

£10bn

+17%

Solvency II OFG

£953m

-10%

-7% ex. management actions & other

VNB

£668m

-1%

Costs¹

£1.1bn

-3%

Operating profit

£1.4bn

-25%

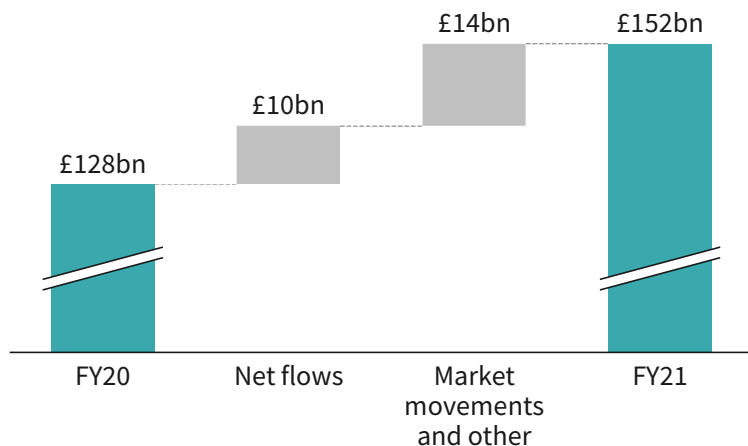
-6% ex. management actions & other

Ambition

VNB: 5-7% growth per annum

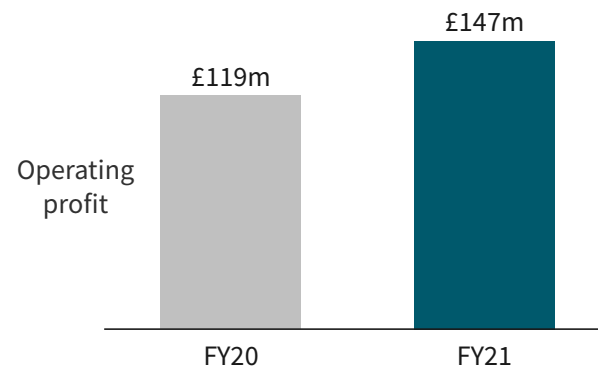
Excellent Savings & Retirement growth

AUM and flows



- **Record net flows reaching £10bn** for the first time, one year ahead of ambition
- **244k net new customers** in workplace

Operating profit & SII OFG



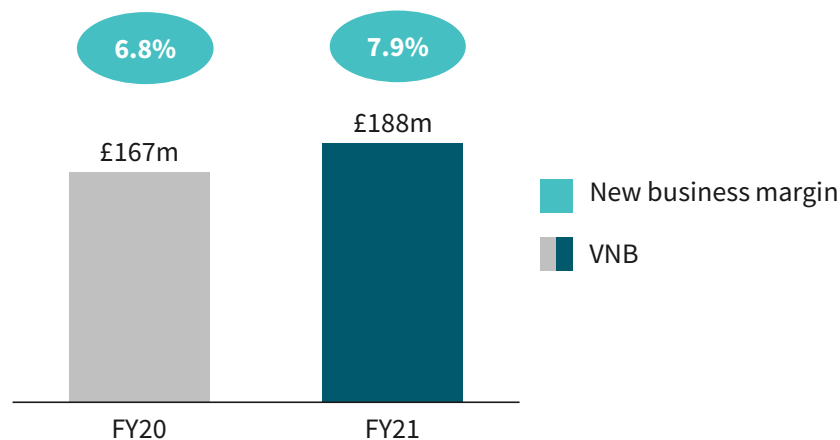
- **Operating profit up 24%** reflecting growing asset base and strong revenue growth. **VNB of £178m** also up strongly, by 27%
- **Solvency II OFG of £103m flat**, despite improved operating performance as expenses on the growing Platform business are required to be fully recognised up front

Ambition

Savings & retirement: net flows at least 10% CAGR¹ (2021-24)

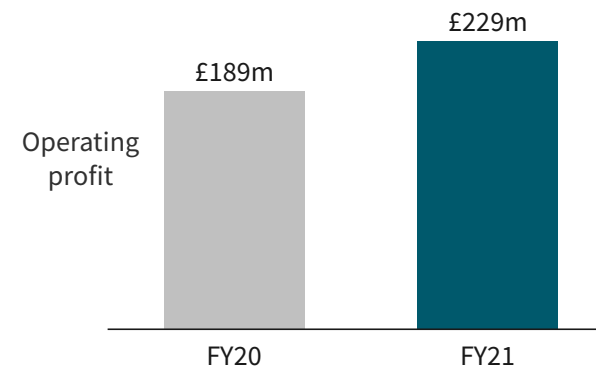
Strong profitability in Protection & Health

VNB and new business margin



- Sales¹ marginally lower in 2021 reflecting large Group scheme wins in 2020
- **Strong improvement in margins, up 1.1pp to 7.9%** benefiting from improved mix and launch of Expert Select proposition

Operating profit & SII OFG



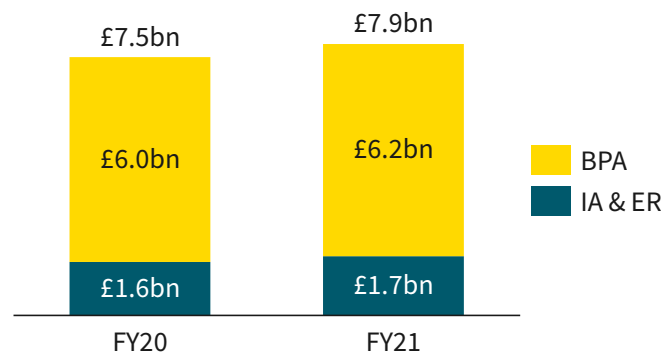
- **Profit up 21% despite lower volumes** driven by improved margins and strong performance from existing business in Group protection
- **SII OFG £132m, up 81%**, driven by higher new business margin and strong Group Protection performance

Ambition

VNB: UK&I Life 5-7% growth per annum

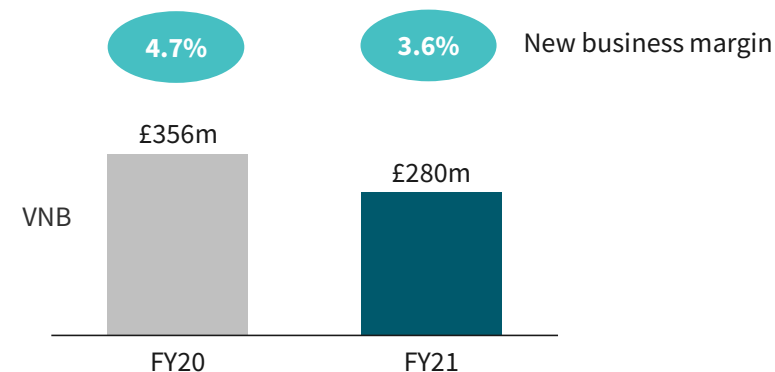
Annuities and equity release sales growth and profitability

Annuity and equity release sales¹



- Strong performance in H2 of £5.4bn and FY21 BPA sales¹ of £6.2bn, up significantly from £4.0bn in 2019
- Annuities supported by £2.1bn illiquid assets originated by Aviva Investors

VNB, SII OFG & operating profit



- **VNB and SII OFG (£392m, 2020: £513m)** both lower owing to reduced spreads
- **Operating profit £645m (2020: £815m)** also lower with contribution from new business of £362m (2020: £462m) reflecting low spread environment

Ambition

VNB: UK&I Life 5-7% growth per annum

General insurance – UK, Ireland and Canada

Cash remittances

£417m

+38%

GWP

£8.8bn

+6%

Solvency II OFG

£671m

+9%

COR

92.9%

-3.9pp

Costs¹

£1.1bn

-5%

Operating profit

£762m

+52%

Ambition

Combined operating ratio: <94%

UK general insurance

Commercial lines

	FY21	FY20	Change
GWP (£m)	2,609	2,262	15%
Underwriting (£m)	109	(117)	-
COR	94.6%	106.4%	(11.8)pp
PYD and weather*	3.6%	2.0%	
COR excl. PYD and weather	91.0%	104.4%	

- **Strong GWP growth of 15%** driven by balance of new business and retention, as well as rate increases
- Strong **improvement in COR** driven by profitable new business growth, rate environment and a reduction in Covid claims in the period

Personal lines

	FY21	FY20	Change
GWP (£m)	2,334	2,377	(2)%
Underwriting (£m)	121	180	(33)%
COR	94.6%	92.3%	2.3pp
PYD and weather*	(0.4)%	(1.1)%	
COR excl. PYD and weather	95.0%	93.4%	

- GWP 2% lower – **robust performance** in adverse pricing conditions and with lower volumes in Travel due to Covid
- Personal lines COR increase driven by **lower frequency benefits** vs 2020 partly offset by **growth in higher margin** retail business and ongoing simplification

* (favourable) / unfavourable

Canada general insurance

Commercial lines

	FY21	FY20	Change
GWP (£m)	1,268	1,153	10%
Underwriting (£m)	140	(100)	-
COR	86.8%	110.2%	(23.4)pp
PYD and weather*	(1.5)%	3.7%	
COR excl. PYD and weather	88.3%	106.5%	

- **GWP growth of 10%** driven by continued rate strengthening and a shift to higher value policies, with **average premium up 9.1%**
- **Strong improvement in COR** primarily driven by decreased Covid related claims

Personal lines

	FY21	FY20	Change
GWP (£m)	2,187	2,118	3%
Underwriting (£m)	153	262	(42)%
COR	92.6%	87.2%	5.4pp
PYD and weather*	(0.4)%	(0.9)%	
COR excl. PYD and weather	93.0%	88.1%	

- **GWP up 3%** due to **higher new business and retention**, partially offset by rate reductions in Ontario motor
- **COR increased 5.4pp** driven largely by higher catastrophic weather losses and contingent profit commission, **partially offset by enhanced pricing and underwriting**

* (favourable) / unfavourable

Aviva Investors

	FY21 £m	FY20 £m	Change %
Operating profit	41	25	64%
Revenue¹	403	381	6%
Controllable costs excl. implementation costs	(345)	(356)	(3)%
Cost income ratio	86%	93%	(7)pp
Net flows excluding liquidity funds & cash (£bn)	1.5	(1.1)	237%
<i>of which external (£bn)</i>	3.3	1.4	137%
AUM (£bn)	268	260	3%
SII Operating own funds generation	36	26	38%

- **Operating profit growth up 64%** driven by **6% increase in revenue** reflecting higher average AUM and asset origination fees and reduction in cost base
- **External net flows up to £3.3bn** (FY20: £1.4bn)
- **69% of AUM in funds above benchmark** over 1 year (FY20: 55%) and 65% over three years (FY20: 56%)

Ambition

Cost:Income ratio <75%

Summary messages

- Completed our disposal programme – **8 businesses sold for £7.5bn**
- Delivered on our promise to shareholders – **£4.75bn capital return¹**
- Financial performance is encouraging – **momentum as we move into 2022**
- We are in a strong and confident position – **clear guidance on dividend outlook²**

Delivering Aviva's Promise

Amanda Blanc

For
325
years



Clear strategy and plans to deliver Aviva's promise

The leading UK provider and go-to customer brand for all insurance, wealth and retirement solutions, with strong franchises in Canada and Ireland

Growth



Targeted growth capitalising on the structural opportunities across Insurance, Wealth, Retirement Solutions & BPA

Customer



Powering up the **Aviva brand**, building **engaging customer experience**, and leading with **customer-centric innovation**

Efficiency



Simplifying and transforming our cost base, and working towards **top quartile efficiency** for all businesses

Sustainability



Delivering on our market leading commitments across **Climate Champion, Stronger Communities** and **Sustainable Business**

Building on a unique position of market strength

Growth

Market-leading positions in all core segments

market position¹

Wealth

Workplace	#1
Individual Wealth	#4
Aviva Investors	£268bn AuM
Heritage	£82bn AuM

Insurance

UK GI	#1
Canada GI	#3
Ireland GI	#3
Protection	#2
Health	#3



Retirement Solutions

Individual Annuities	#1
Equity Release	#3
BPAs	#2

Unique advantage of highly synergistic model

A leading customer platform

18.5m Customers, #1 trusted brand, distribution strength, customer engagement & service efficiencies

Scale of shared capabilities

cost & investment efficiencies, shared talent & know-how, synergies of in-house asset manager

Diversification and integration benefit

£2bn capital diversification, earnings diversification, capital allocation flexibility

Attractive growth opportunities in all key markets¹

Growth



Wealth

£1.6tn+ wealth assets in 2020 growing to £2.1tn in 2024

£37tn+ estimated global ESG assets by 2025

Insurance

£44bn UKGI market growing at 2%

£40bn Canada market growing at 5%

£14bn UK Protection & Health market growing at 3-4%

Retirement Solutions & BPA

£2tn shift in DB liabilities to BPAs with £30-£50bn flows p.a.

1 in 4 people in the UK will be 65+ by 2039

£40bn+ of assets moving into retirement assets p.a.

Driving targeted profitable growth

Growth

Focus areas

Growth priorities

Momentum
2021

Ambition

Wealth Formerly Savings & Retirement	Launch full range of advice models to capture assets at retirement Proposition enhancements to develop market leading Master Trust offering Execute new retail solutions and direct channel strategy to capture 'mass affluent'	£10bn net flows	10%+ CAGR¹ (2021-24) Wealth net flows (formerly Savings & Retirement) 5-7% p.a. UK&I Life VNB growth <94% GI COR
Aviva Investors	Enhance AI partnership with UK Life to support the BPA and Wealth growth agendas Grow externally, capitalising on strength in Real Assets and ESG/Climate Transition	£3.3bn external NFF	
Bulk Purchase Annuities	Technology investment for growth and efficiency Enhance reinsurance and asset origination capabilities	£6.2bn premiums	
Health & Protection	Grow Consumer and SME segments in Health; enhance value-based proposition Grow share across the UK Protection market	£188m VNB	
General Insurance	Expand in UK Mid-Market and across UK Corporate & Specialty Market leadership in PL through growth in profitable segments, and innovation Digital direct in Canadian Personal; accelerate growth across Canadian CL	92.9% COR 6% GWP growth	

Investing £300m over 2022-24 for £100m operating profit benefit by 2025

Building an integrated proposition for Wealth

Growth



Start investing



Grow personal wealth



Transition to retirement



In retirement



**Workplace
Pensions & Adviser
platform**

Primary customer
acquisition engine

Introduction to investing



**Early
Savings**



**Direct
Investing**

Retain and attract new
customers through hybrid
advice



Advice

Supporting customers with
more complex retirement needs



**Retirement
Solutions**

Accompany
customers through
retirement



New **propositions** to retain
customers and attract new flows



Current propositions
with strong market positions

Ambition to grow from £150bn AuM today: at least 10% CAGR¹ net flows 2021-24

Succession Wealth – accelerating our strategy

Growth

Adds advice to our UK Wealth capabilities

- **Significantly enhances our position** in the fast growing Wealth market
- Accelerates our ability to offer **high-quality advice to our customers**
- **Helps retain more of the c.£6bn p.a.** of assets moving to our competitors
- **Aviva's scale and capabilities to support Succession** in serving their existing customers

£385m

purchase price

Double digit

medium term RoI

£24m

pro forma² 2022 EBITDA

-5pp

estimated SII impact



SUCCESSION WEALTH

Participates across the wealth value chain

c.200 financial planners; 18 offices

£9.5bn of advice assets¹ for around 19,000 clients¹

Active IFA consolidator

Experienced management team

Customers at the heart of what we do

Customer

Leading customer franchises



16m customers

The only UK & Ireland insurer able to serve all customer needs, with market-leading positions

2.5m customers



Top 3 GI market position
Partnership with RBC – Canada's leading financial services provider

Customers at the heart of our strategy

Trusted brand

60%

Consideration
(+16pp vs. nearest competitor)

58%

Trust
(+6pp vs. nearest competitor)

Transparent products

money
marketing
AWARDS 2021
Best Protection
Provider

Insurance Times
awards
Commercial Lines
Insurer of the Year 2021

Excellent service

43

Group TNPS

£30bn+

Claims paid in 2021

Easy to interact with

5.7m ↑

MyAviva
Registrations

38m ↑

Logins across MyAviva
web & app

Brilliant for intermediaries

#1 for UK GI Broker
sentiment

#1 in IFA study in Health
Insurance

Sustainable and ethical



Building an engaging digital customer experience

Customer

Bringing One Aviva to our customers

Fixing and enhancing digital customer journeys to improve connected customer experience through MyAviva

	2021		2024 ambition
Registered customers	5.7m	>	>8m
Satisfaction with service	51%	>	>70%

Building engaging, mobile-led experience and services to deepen customer relationships

App primary channel	43%	>	>65%
Direct sales completed online	69%	>	>85%

Harnessing data to deliver richer interactions, better meet customer needs

Customer marketability	39%	>	>60%
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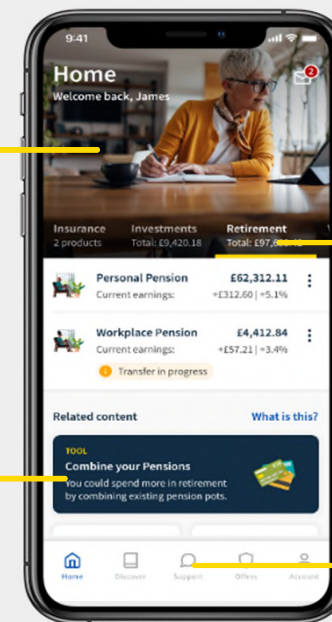
Driving customer satisfaction and product holdings

Personalised interactions

Holistic view of products

Convenient and accessible tools

Connected experiences across channels



Leading with customer-centric innovation

Customer


New approach to innovation

Designing, testing and learning of new customer propositions at pace

MOCO

Financial coaching for the under 35s

MyFuture Planner

Partnering with 

Commercial Property Telematics

Partnering with **SimpliSafe**

Building next generation businesses

FOUNDERS FACTORY

5 years partnership

fabric

AI driven pension tracer

AVIVA zero

Carbon conscious insurance

Investment in the start-up ecosystem for strategic insight and financial return

Tembo

30k plans created in first year of operating

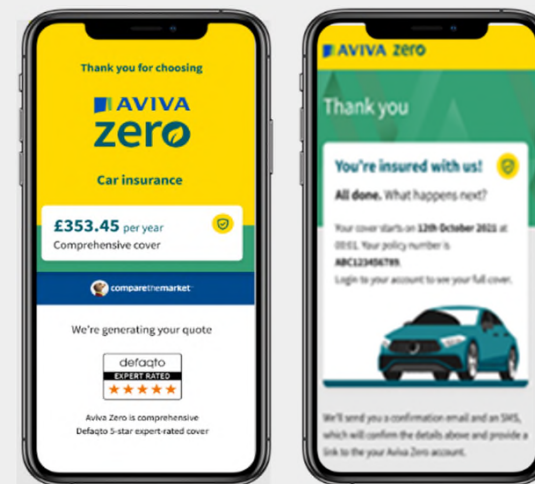
wealthify

2x AUM every 6-9 months

CG e

£50m venture investment in sustainable funds

Aviva Zero: disruptive green proposition



<https://zero.aviva.co.uk/>

Embedded **carbon offset** feature

New **cloud-based technology**






Dynamic pricing powered by machine learning

Accelerated **growth**

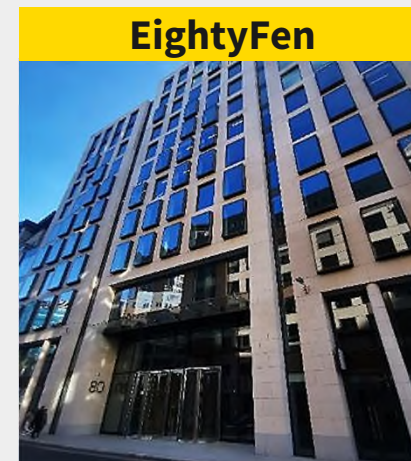
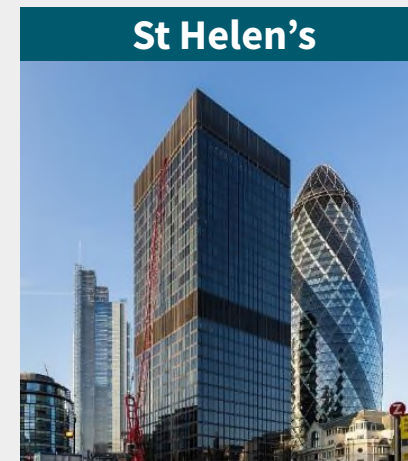
Simplifying and transforming our cost base

Efficiency

Making good progress on key levers¹

	Momentum 2021	Ambition
 IT simplification	-11% <i>IT applications</i>	-25%
 Product simplification	-30% <i>UKGI PL products</i>	-65%
 Digitisation & automation	52% <i>UK customer journeys</i>	>75%
 Property footprint	-36% <i>Square feet</i>	-40% <i>original target -30%</i>
 Organisation simplification	-7% <i>People cost 2019-21</i>	<i>Further opportunities</i>

We are moving headquarters



47% reduction in HQ footprint²

£7m cost reduction p.a.





700+ tonnes CO₂ savings p.a.

Smart working fully adopted

Investing £200m over 2022-23 to complete our £750m cost reduction target³ by 2024

Working towards top quartile efficiency

Efficiency

	Basis	2020	2021	Ambition 2024 ⁵	Key levers
UK&I Life	Costs ¹ /AUM ²	38bps	35bps	 30bps	Operating model efficiency, Retirement Solutions system, cost reduction and simplification in Heritage
Aviva Investors	Costs ¹ / AI revenue ³	93%	86%	 <75%	Fund and fee simplification, improved operational efficiency and leveraging existing cost base to deliver growth
UK&I GI	Distribution ratio ⁴	36%	34%	 32%	Product simplification, new policy admin system, digitisation of customer journeys, offshoring
Canada	Distribution ratio ⁴	34%	34%	 30%	Digital claims service transformation and retail personal lines systems modernisation

Leading UK Financial Services on sustainability

Sustainability

Progress so far

UK infrastructure & real estate investment

£4.3bn

2021

Pre-tax profits invested in communities

2%

2021



corporate adviser
ESG Manager of the Year Award 2021

Sustainable transition loans

£783m

Investment in green assets

£7.6bn

originated as at FY21



FTSE4Good

99th

percentile



SUSTAINALYTICS

25th

out of 295 global insurers



Ambition

- **>13%** UK population saving and retiring with Aviva
- **ESG choices** for customers
- **£10bn** UK infrastructure & real estate investment by 2024
- **Net zero company by 2040**
- **60%** reduction in carbon intensity of all assets by 2030
- **40%** women in leadership by 2024
- **TCFD** disclosure assured and summary voted at AGM

Focus for 2022: executing climate transition plan, aligning underwriting and investment policies, offering simple and easy ESG choices to customers

Delivering Aviva's Promise

Substantial progress

Disposals complete; financially stronger; performance improving

Significant operating momentum

Conviction that we have the right strategy

4 important updates today

Capital return, dividend, business investment, targets

Clear and deliverable plan

For growth, efficiency and cash generation

Compelling investment case for Aviva



Q&A

Amanda Blanc

Group CEO

Jason Windsor

Group CFO



Appendices

For
325
years



Solvency II

Solvency II position

Cover ratio¹

202%

+11pp

+10pp

(7)pp

(13)pp

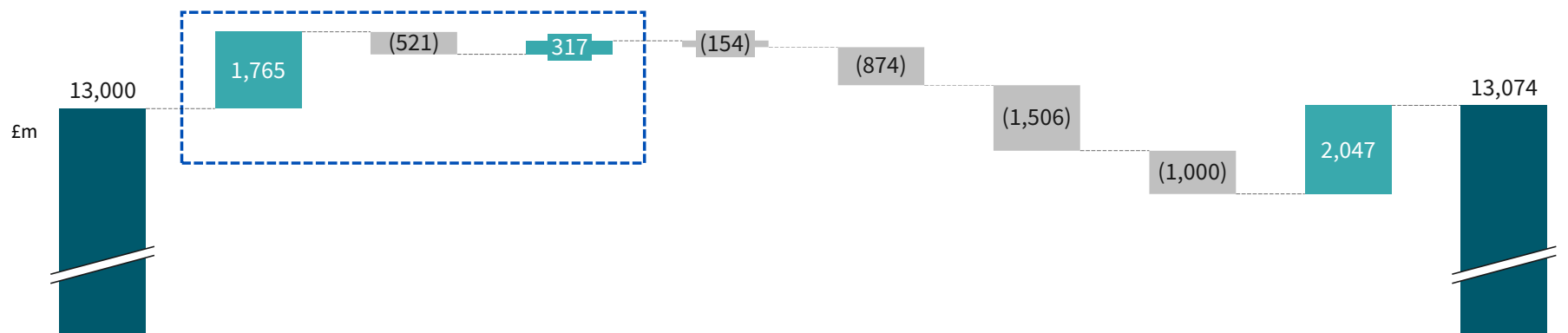
(9)pp

+50pp

244%

OCG £1,561m

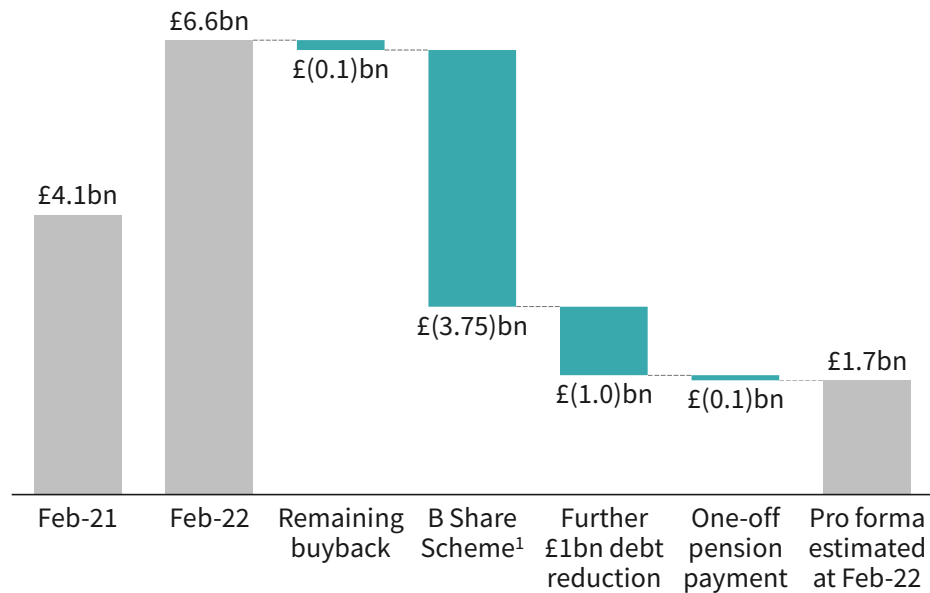
Surplus¹



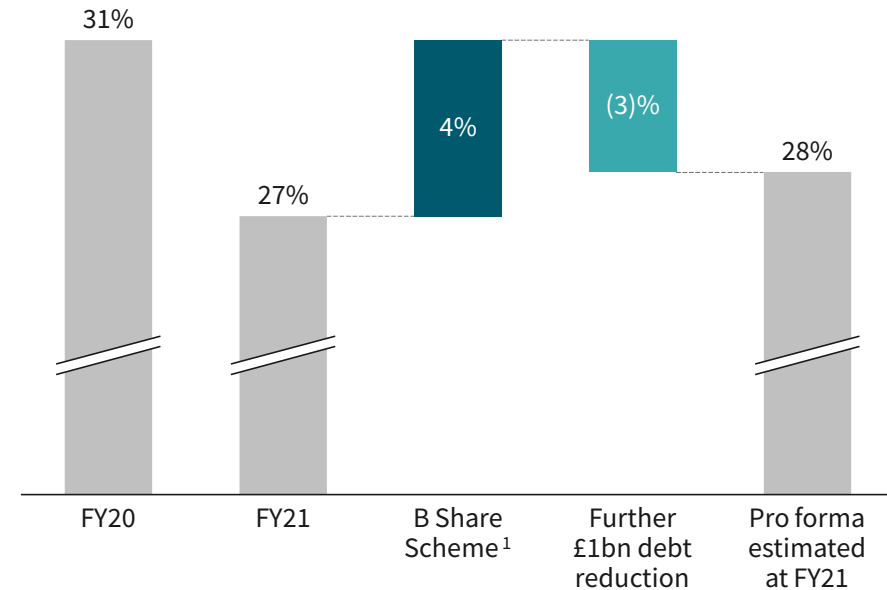
£m	31 December 2020	BU generation	Debt & Centre costs	Other ²	Non-operating generation	Dividends ³ (ordinary + preference)	Debt issuance / repayment	Share buyback	Disposals	31 December 2021
Own funds ¹	25,770	1,947	(598)	296	(1,310)	(874)	(1,506)	(1,000)	(575)	22,150
SCR ¹	(12,770)	(182)	77	21	1,156	—	—	—	2,622	(9,076)

Pro forma centre liquidity and SII debt leverage

Centre liquidity



SII debt leverage



Centre liquidity and leverage remain strong following capital return and deleveraging

Solvency II RoE – revised methodology

At 31 December 2021, Solvency II RoE and Solvency II RoC measures have been amended following a review of the basis of preparation

The change in approach is more relevant as it:

- Improves comparability of Solvency II return across Life and General Insurance business
- removes distortions that would otherwise arise when the Group is temporarily holding excess capital

	2020 Reported	Change	2020 Restated	2021
Numerator (£m)	1,626	37	1,663	1,648
Denominator (£m)	16,578	(3,110)	13,468	14,574
Group SII RoE	9.8%	2.5%	12.3%	11.3%
Group SII RoE from continuing operations			11.7%	10.7%

Solvency RoE

The denominator has been adjusted to exclude excess capital above the Group's target Solvency II shareholder cover ratio (180%) and a consistent change has been made to exclude the return on the excess cash in the numerator

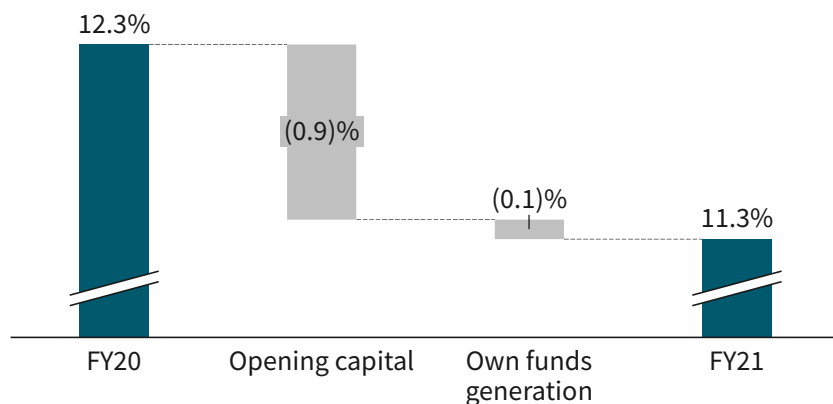
In the numerator, Transitional Measures on Technical Provisions (TMTP) run-off has been replaced with the economic cost of holding equivalent capital to the opening value of TMTP

Group ambition

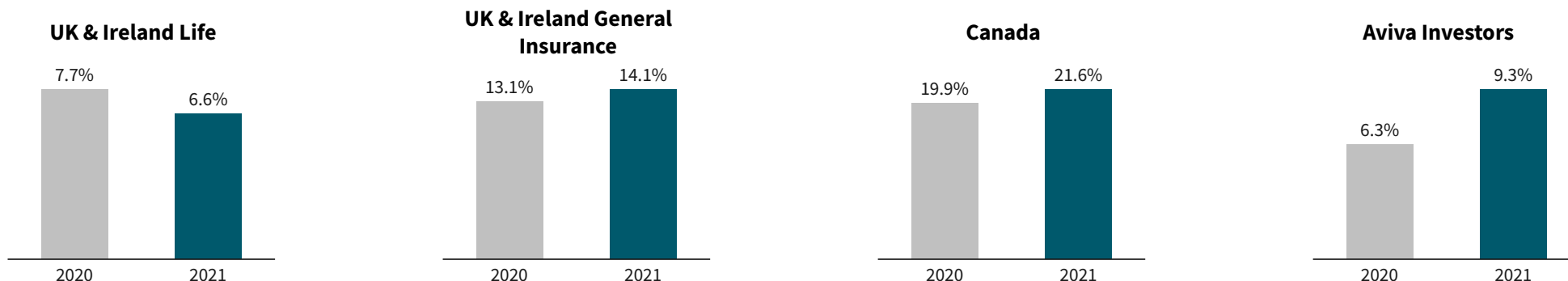
Growing from 10.7% to >12% over time

Solvency II return on capital/equity

SII RoE



Market SII RoC



	2021 £m	2020 £m	Change %
Life new business	513	698	(27) %
Existing business	740	772	(4) %
Non-life capital generation	737	824	(11) %
Debt & centre costs (incl. pref/DCI costs)	(638)	(637)	- %
Management actions & other ¹	296	6	-
Operating own funds generated (UT1) post TMTP adjustment	1,648	1,663	(1) %
Opening own funds (UT1) post excess capital adjustment	14,574	13,468	8 %
SII RoE (%)	11.3%	12.3%	(1.0) pp

Solvency II return on capital/equity (FY21)

	Solvency II operating own funds generation					Solvency II OFG (post TMTP adjustment) £m	Opening own funds £m	Solvency II Return on capital/equity %
	Impact of new business (life) £m	Earnings from existing business (life) £m	Non-life capital generation £m	Management actions & other ¹ £m	Total £m			
2021								
UK & Ireland Life	360	314	—	279	953	996	15,073	6.6%
UK & Ireland General Insurance ²	—	—	330	9	339	339	2,401	14.1%
Canada	—	—	326	6	332	332	1,534	21.6%
Aviva Investors	—	—	36	—	36	36	385	9.3%
UK, Ireland, Canada and Aviva Investors	360	314	692	294	1,660	1,703	19,393	8.8%
International investments	63	62	—	(1)	124	124	909	13.6%
Corporate centre costs and other operations	—	(3)	(340)	1	(342)	(344)		
Group external debt costs and other interest	—	—	(255)	—	(255)	(255)		
Continuing operations	423	373	97	294	1,187	1,228		
Discontinued operations	90	321	45	2	458	458	6,362	7.2%
Solvency II operating own funds generation at 31 December					1,645	1,686	14,574	11.3%
Less DCI and preference shares ³						(38)		
Solvency II return on equity at 31 December						1,648	14,574	11.3%

Solvency II return on capital/equity (FY20)

	Solvency II operating own funds generation					Solvency II OFG (post TMTP adjustment) £m	Opening own funds £m	Solvency II Return on capital/equity %
	Impact of new business (life) £m	Earnings from existing business (life) £m	Non-life capital generation £m	Management actions & other ¹ £m	Total £m			
2020								
UK & Ireland Life	449	273	—	335	1,057	1,101	14,241	7.7%
UK & Ireland General Insurance ²	—	—	344	(15)	329	329	2,509	13.1%
Canada	—	—	284	3	287	287	1,442	19.9%
Aviva Investors	—	—	26	—	26	26	413	6.3%
UK, Ireland, Canada and Aviva Investors	449	273	654	323	1,699	1,743	18,605	9.4%
International investments	20	45	—	(2)	63	63	643	9.8%
Corporate centre costs and other operations	—	(7)	(262)	(9)	(278)	(285)		
Group external debt costs and other interest	—	—	(296)	—	(296)	(296)		
Continuing operations	469	311	96	312	1,188	1,225		
Discontinued operations	229	410	170	(306)	503	503	7,422	6.8%
Solvency II operating own funds generation at 31 December					1,691	1,728	13,468	12.3%
Less DCI and preference shares ³						(65)		
Solvency II return on equity at 31 December						1,663	13,468	12.3%

Solvency II own funds

	Opening own funds 1 January 2021 £m	Closing own funds 31 December 2021 £m
UK & Ireland Life	15,073	13,831
UK & Ireland General Insurance	2,401	2,338
Canada	1,534	1,746
Aviva Investors	385	400
UK, Ireland, Canada and Aviva Investors	19,393	18,314
International investments	909	982
Discontinued operations	6,362	-
Group centre costs and Other	(894)	2,854
Estimated Solvency II shareholder own funds	25,770	22,150
Estimated unrestricted shareholder tier 1 own funds	17,358	15,697
Estimated unrestricted shareholder tier 1 own funds (post-excess capital adjustment)	14,574	9,884

Solvency II sensitivities (Group shareholder view)

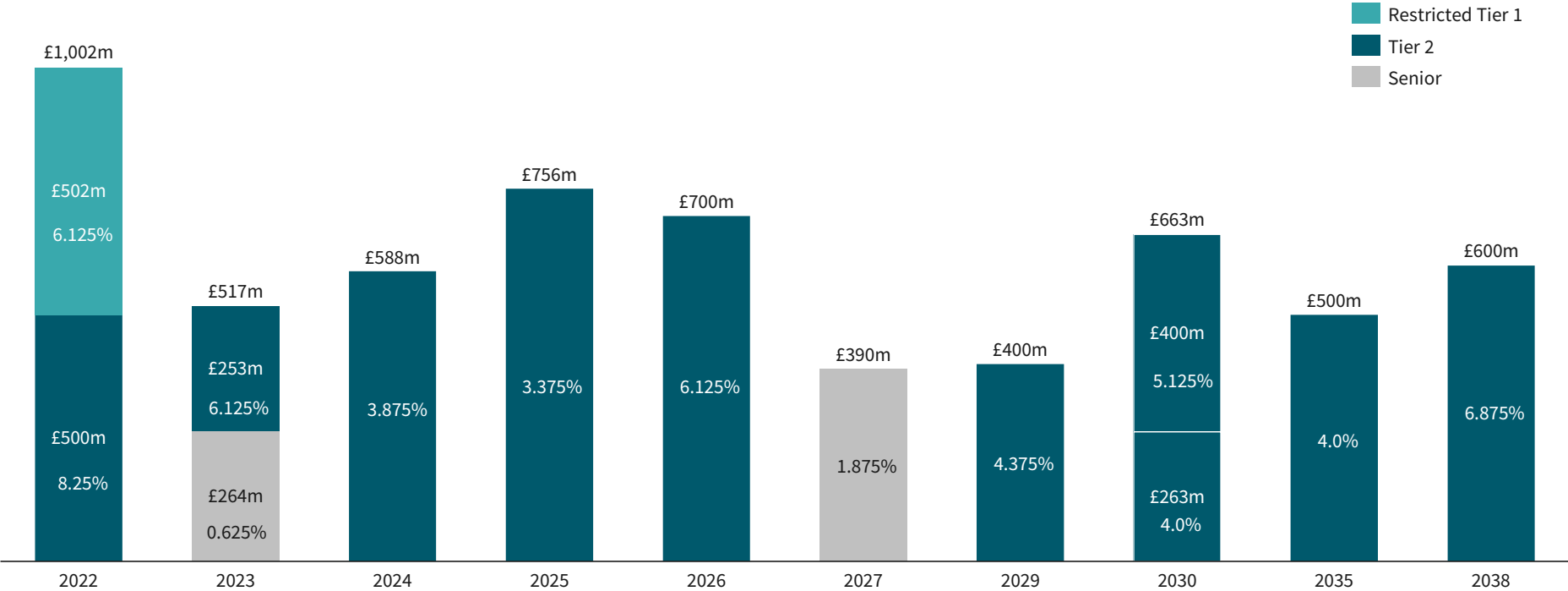
Sensitivity		FY21 post capital deployment		FY20	
		Impact on surplus £bn	Impact on cover ratio pp	Impact on surplus £bn	Impact on cover ratio pp
Changes in economic assumptions	25 bps increase in interest rate	0.2	5 pp	0.3	5 pp
	50 bps increase in interest rate	0.3	9 pp	0.6	9 pp
	100 bps increase in interest rate	0.4	15 pp	0.8	15 pp
	25 bps decrease in interest rate	(0.2)	(4)pp	(0.3)	(5)pp
	50 bps decrease in interest rate	(0.3)	(8)pp	(0.8)	(11)pp
	50 bps increase in corporate bond spread ¹	0.2	5 pp	0.0	2 pp
	100 bps increase in corporate bond spread ¹	0.4	11 pp	(0.1)	3 pp
	50 bps decrease in corporate bond spread ¹	(0.4)	(8)pp	(0.1)	(3)pp
	Credit downgrade on annuity portfolio ²	(0.5)	(8)pp	(0.5)	(6)pp
	10% increase in market value of equity	0.1	1 pp	0.2	1 pp
	25% increase in market value of equity	0.3	2 pp	0.5	3 pp
	10% decrease in market value of equity	(0.1)	0 pp	(0.2)	(1)pp
	25% decrease in market value of equity	(0.3)	(2)pp	(0.6)	(5)pp
	20% increase in value of commercial property	0.3	5 pp	0.8	8 pp
	20% decrease in value of commercial property	(0.5)	(8)pp	(1.1)	(11)pp
	20% increase in value of residential property	0.4	7 pp	0.6	6 pp
	20% decrease in value of residential property	(0.6)	(9)pp	(0.7)	(7)pp
Changes in non-economic assumptions	10% increase in maintenance and investment expenses	(0.7)	(10)pp	(1.0)	(9)pp
	10% increase in lapse rates	(0.3)	(3)pp	(0.3)	(2)pp
	5% increase in mortality/morbidity rates – life assurance	(0.2)	(2)pp	(0.2)	(2)pp
	5% decrease in mortality rates – annuity business	(1.4)	(19)pp	(1.6)	(16)pp
	5% increase in gross loss ratios	(0.2)	(3)pp	(0.3)	(3)pp

Solvency II regulatory own funds tiering and debt leverage

Regulatory view	£m 2021	£m 2020	% of own funds 2021	% of own funds 2020	% of SCR 2021	% of SCR 2020
Unrestricted Tier 1	19,120	20,850	75%	71%	153%	127%
Restricted Tier 1	967	1,317	4%	5%	8%	8%
Tier 2	5,363	6,740	21%	23%	43%	41%
Tier 3 ¹	123	355	—	1%	1%	2%
Est. regulatory own funds	25,573	29,262	100%	100%	205%	178%

Regulatory view	£m 2021	£m 2020
Solvency II regulatory debt ²	6,330	8,316
Senior notes	651	1,112
Commercial paper	50	108
Total debt	7,031	9,536
Est. regulatory own funds, senior notes and commercial paper	26,274	30,482
Solvency II debt leverage ratio	27%	31%

Subordinated and senior debt profile



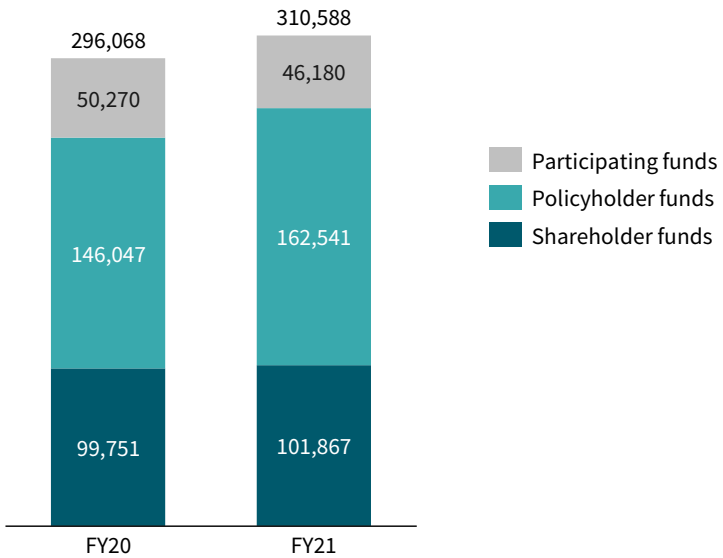
All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 31 December 2021 rates.

Assets

Total managed assets

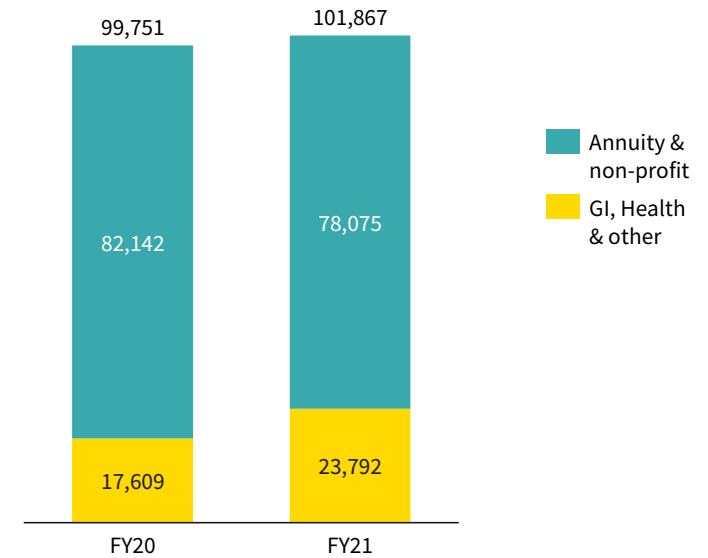
Assets by type of liabilities covered

£m



Shareholder assets by type

£m

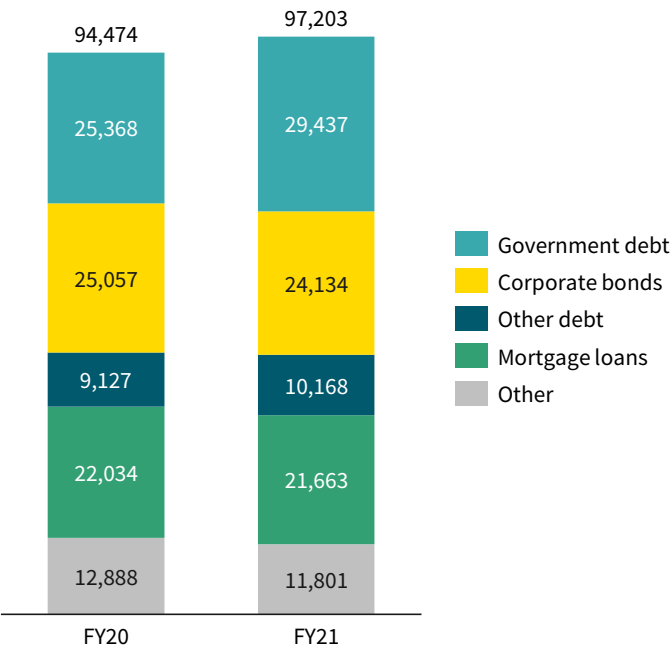


FY20 represents assets from continuing operations only. Assets from discontinued operations excluded to provide consistent year on year comparison.

Shareholder assets

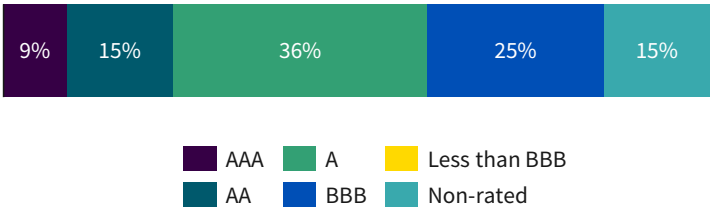
Shareholder assets by type

£m

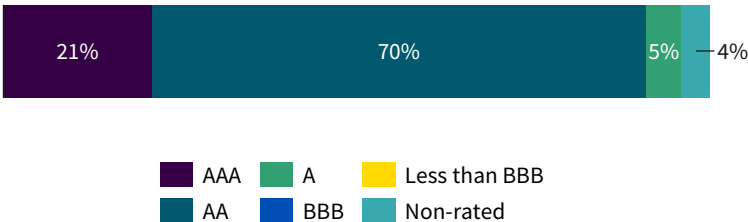


FY20 represents assets from continuing operations only. Assets from discontinued operations excluded to provide consistent year on year comparison.

Corporate debt by rating

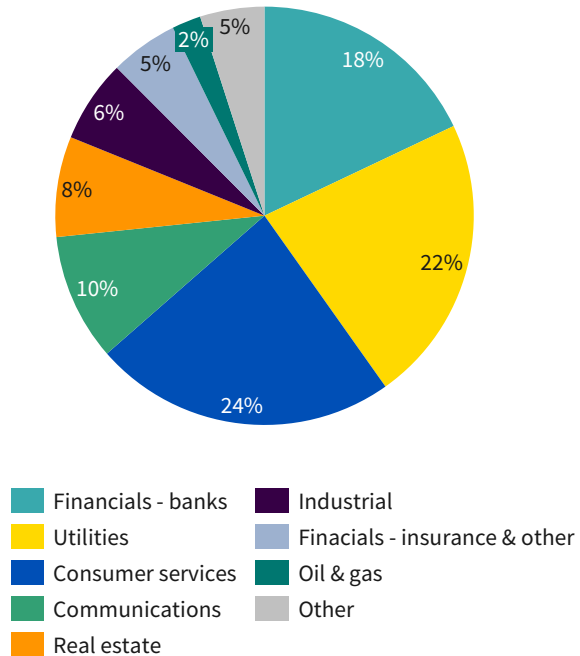


Government debt by rating

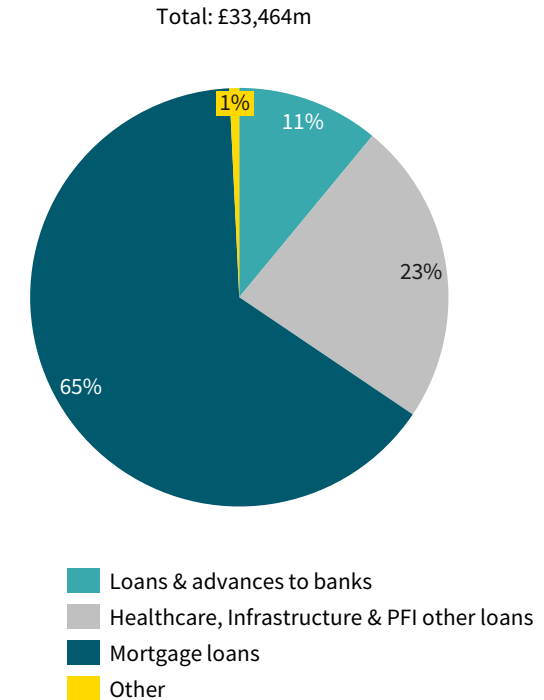


Shareholder assets – corporate bonds and loans

Corporate bonds by industry

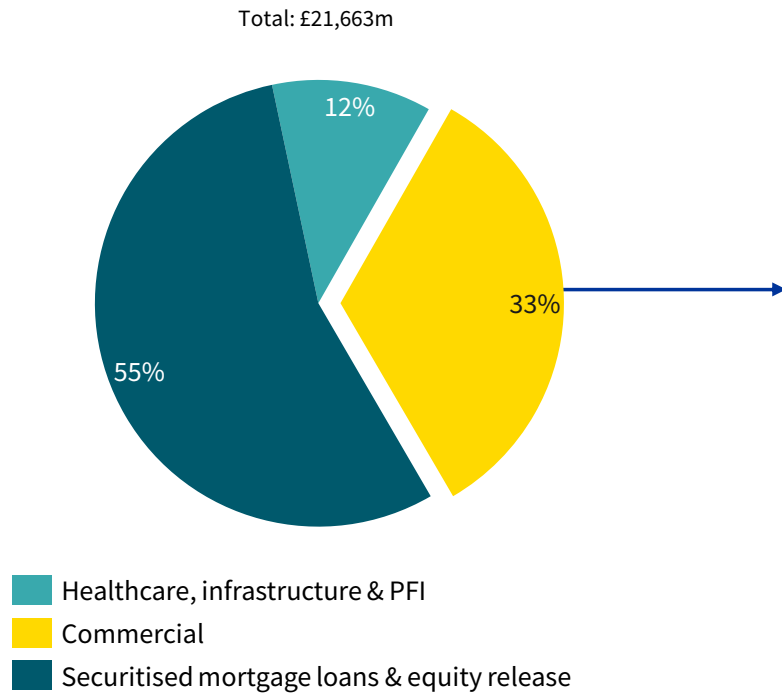


Loans by type

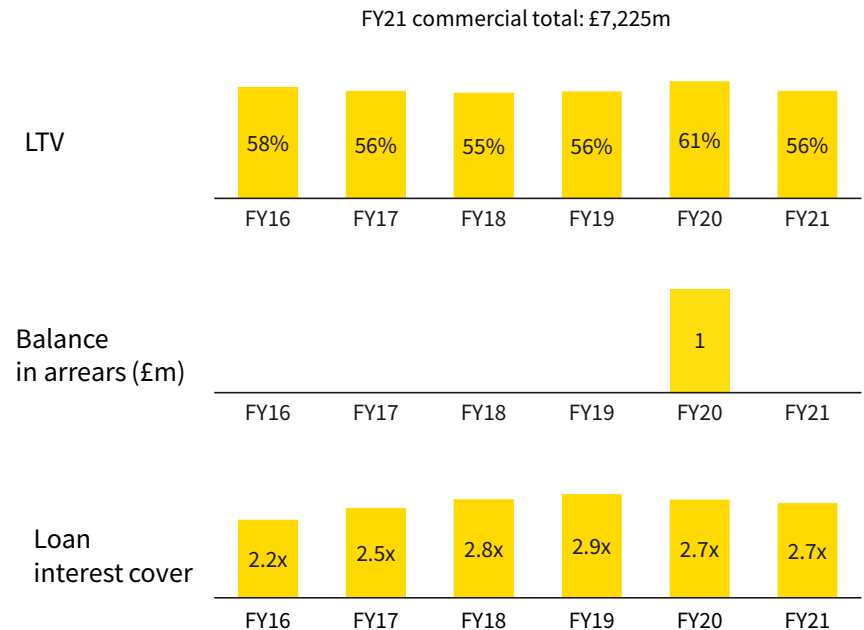


Shareholder assets – mortgage loans

Mortgage loans



Commercial real estate portfolio







Additional information

IFRS 17 – preparation is well advanced

Background

- IFRS 17 is a comprehensive new accounting standard, effective from 1 January 2023 (subject to UK Endorsement) which predominantly impacts profit recognition for long term insurance contracts
- The stated aim is to better match earnings recognition with the lifetime of the contracts, with no change to overall lifetime profits

Key Messages

-  Cash flows and underlying capital generation of our businesses are not impacted
-  No impact on our dividend guidance or planned capital returns
-  Solvency II metrics are not impacted and remain the key basis under which we manage the business
-  No impact on financial targets we have announced today

Aviva is well prepared for implementation of IFRS 17

- Aviva has been preparing for the implementation of IFRS 17 since 2018 and is in the advanced stages of this program
- We have dedicated resources, actively working across the business focused on implementation of the new accounting standard
- Significant progress has been made on accounting interpretation, albeit approach to annuity profit recognition is under review, and the UK Endorsement Board has identified this as a priority for resolution
- We have built and are in the process of testing enhanced systems and models to automate financial reporting
- We will provide a further update on IFRS 17 in Q4 2022

Contractual service margin

- IFRS 17 introduces the concept of a contractual service margin (CSM) liability that defers future unearned profit on insurance contracts.
- The recognition of a CSM for our life businesses is expected to result in a material reduction in the IFRS net asset value of the Group on transition to IFRS 17, with a stock of future profits held on the balance sheet as a liability and released over time.

Footnotes

Footnotes (1)

Slide	Reference	Footnote
7	1.	The estimated Solvency II position represents the shareholder view only
	2.	£3.75bn B Share Scheme (subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position) in addition to existing £1bn share buyback
8	1.	From continuing operations
	2.	Gross written premiums
	3.	Controllable costs excluding IFRS 17 & implementation costs
9	1.	Subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position. There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposal
	2.	Settlement of B Share Scheme for American Depositary Share holders expected to take place in early June 2022
10	1.	There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposals. Illustrative dividends are subject to change. The Board has not approved or made any decision to pay any dividend in respect of any future period. The 2022 and 2023 DPS figures have been calculated to show the estimated dividend per share following the share consolidation using an illustrative consolidation ratio
	2.	The estimated Solvency II position represents the shareholder view only
11	1.	Subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position. There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposal
12	1.	Cash remittances and SII own funds generation targets are expressed after £300m cost of growth initiative and £200m cost of efficiency initiatives. Cost reduction target excludes both of these items
	2.	Controllable costs excluding IFRS 17, implementation costs and planned investment in growth
	3.	Gross of inflation
	4.	Net of inflation
14	1.	From continuing operations
	2.	References to sales represent present value of new business premiums (PVNBP)
	3.	The estimated Solvency II position represents the shareholder view only
	4.	Controllable costs excluding IFRS 17 & implementation costs
15	1.	Centre costs exclude £300m of Group funded growth and efficiency initiatives incurred across the 3 years 2022-24
16	1.	The estimated Solvency II position represents the shareholder view only
	2.	Subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position. There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposals

Footnotes (2)

Slide	Reference	Footnote
17	1.	There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposals. Illustrative dividends are subject to change. The Board has not approved or made any decision to pay any dividend in respect of any future period. The 2022 and 2023 DPS figures have been calculated to show the estimated dividend per share following the share consolidation using an illustrative consolidation ratio
	2.	From continuing operations
18	1.	Subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position. There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposals
	2.	Settlement of B Share Scheme for American Depositary Shareholders expected to take place in June 2022
19	1.	Controllable costs excluding IFRS 17, cost implementation and planned investment in growth
	2.	£2,856 million reported controllable costs adjusted by £2 million in respect of the impacts of foreign exchange movements and non-insurance operations relating to Europe and Asia which are excluded from our cost savings target (consistent with 2018 baseline)
	3.	Based on a blended inflation assumption of CPI and Aviva wage inflation.
20	1.	Controllable costs excluding IFRS 17 & implementation costs
21	1.	Compound annual growth rate
22	1.	References to sales represent present value of new business premiums (PVNBP)
23	1.	References to sales represent present value of new business premiums (PVNBP)
24	1.	Controllable costs excluding IFRS 17 & implementation costs
27	1.	Represents Aviva Investors revenue. Further guidance in respect of the APMs used by the Group can be found in the 'Other information' section of the 2021 Results Announcement
28	1.	3.75bn B Share Scheme (subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position) in addition to existing £1bn share buyback
	2.	There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposals. Illustrative dividends are subject to change. The Board has not approved or made any decision to pay any dividend in respect of any future period. The 2022 and 2023 DPS figures have been calculated to show the estimated dividend per share following the share consolidation using an illustrative consolidation ratio
31	1.	Aviva's analysis using latest information available including company reporting, Fundscape, Hymans Robertson, LaingBuisson Healthcover, Swiss Re Group Watch, Corporate adviser, Fundscape and Insurance Ireland. Individual Wealth refers to Advised Wealth
32	1.	Aviva estimates. Sources used include Oliver Wyman, ONS, MSA, PPF Purple Book 2021, Hymans Robertson and LCP
33	1.	Compound annual growth rate
34	1.	Compound annual growth rate
35	1.	As at 31 December 2021. Includes assets under administration of £1.3 billion and 2,000 clients related to 4 announced transactions which are expected to complete during 2022.
	2.	Proforma basis including full run-rate contribution from 4 announced transactions which are expected to complete during 2022

Footnotes (3)

Slide	Reference	Footnote
39	1.	Momentum and ambitions against 2020 baseline, unless otherwise stated
	2.	Based on occupied floor space as at 31 Dec 2021
	3.	Gross of inflation
40	1.	Controllable costs excluding IFRS 17 and implementation costs and planned investment in growth
	2.	Average AUM
	3.	Represents Aviva Investors revenue. Further guidance in respect of the APMs used by the Group can be found in the 'Other information' section of the 2021 Results Announcement
	4.	Represents the ratio of earned expenses, excluding IFRS17 and implementation costs and planned investment in growth, plus earned commission divided by net earned premiums
	5.	Subject to actual business mix achieved
46	1.	The estimated Solvency II position represents the shareholder view only
	2.	Other includes the impact of capital actions, non-economic assumption changes and other non-recurring items
	3.	Dividends includes £17 million of Aviva plc preference dividends and £21 million of General Accident plc preference dividends, £549 million for the final dividends in respect of the 2020 financial year and £287 million for the interim dividend in respect of the 2021 financial year
47	1.	Subject to shareholder approval and other customary conditions, including no material deterioration in market conditions or the Company's financial position. There are important notices relating the B Share Scheme and illustrative share consolidation ratio and illustrative future dividend per share on page 2 of this presentation. Please read these notices in full in order to obtain a comprehensive understanding of the Company's proposal
49	1.	Management actions & other includes the impact of capital actions, non-economic assumption changes and other non-recurring items
50 / 51	1.	Management actions & other includes the impact of capital actions, non-economic assumption changes and other non-recurring items
	2.	For UK General Insurance only, capital held for internal risk appetite purposes is used instead of opening shareholder Solvency II own funds to ensure consistency in measuring performance across markets. This is only applicable to UK General Insurance Solvency II return on capital and not to the aggregated Group solvency II return on equity measure
	3.	Preference shares includes £21 million of dividends and £250 million of capital in respect of General Accident plc.
53	1.	The corporate bond spread sensitivity is applied such that even though movements vary by rating and duration consistent with the approach in the solvency capital requirement, the weighted average spread movement equals the headline sensitivity. Fundamental spreads remain unchanged.
	2.	An immediate full letter downgrade on 20% of the annuity portfolio credit assets (e.g. from AAA to AA, from AA to A)
54	1.	Tier 3 regulatory own funds at 31 December 2021 consist of £123 million net deferred tax assets (2020: £96 million). There is no subordinated debt included in Tier 3 regulatory own funds (2020: £259 million)
	2.	Solvency II regulatory debt consists of Restricted Tier 1 and Tier 2 regulatory own funds and Tier 3 subordinated debt
62	1.	Subject to UK Endorsement Board