

One Aviva

9 August 2007



*“Our priority is to realise the full potential of
Aviva’s existing businesses”*

Andrew Moss
Group Chief Executive



Disclaimer



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Agenda



Introduction

Andrew Moss

Group Chief Executive

Financial review

Philip Scott

Group Finance Director

CEO perspective

Andrew Moss

Group Chief Executive

Q & A

Aviva plc 2007 half year results

Philip Scott, Group Finance Director



H1 2007 key highlights



- Long term new business sales up 25% to £19.3bn
- Life new business contribution up 21% to £550m at stable margin
- GI COR 97%
- EEV operating profit down 8% to £1,541m
- IFRS operating profit up 1% to £1,375m
- Net asset value per share up 8% to 737p
- Interim dividend per share up 10% to 11.90p

Note: All growth rates quoted on a constant currency basis

Regional performance



	UK	Europe	North America	Asia Pacific	Other ⁽²⁾	Group
	£m	£m	£m	£m	£m	£m
Total sales	10,365	10,000	2,381	2,046	-	24,792
Long term savings new business	7,415	8,131	1,716	2,032	-	19,294
New business contribution	178	283	57	32	-	550
New business margin (gross)	3.1%	3.8%	3.3%	4.9%	-	3.5%
General insurance COR	102%	85%	99%	-	-	97%
Operating profit: EEV basis ⁽¹⁾	693	880	183	55	(270)	1,541
Operating profit: IFRS basis ⁽¹⁾	578	792	236	39	(270)	1,375

(1) Stated before amortisation of other intangibles, impairment of goodwill and exceptional items

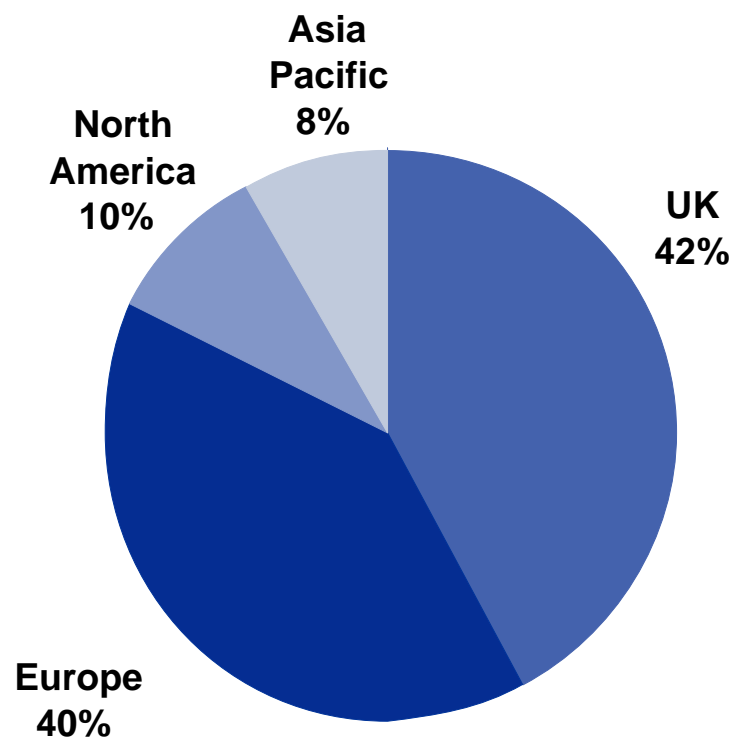
(2) Other includes corporate centre costs of £(80)m and group debt costs and other interest of £(190)m

All operating profit is from continuing operations

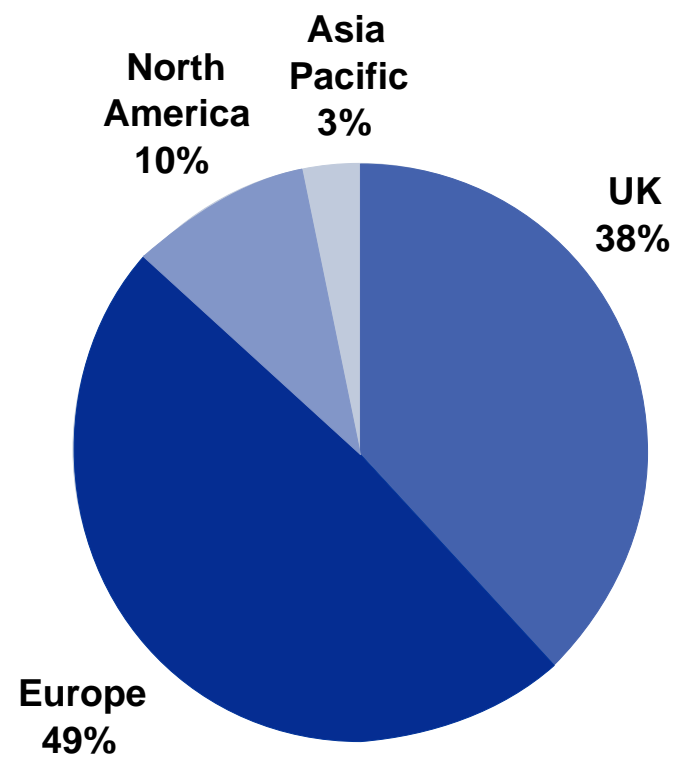
Regional analysis



Total Sales



EEVOR



UK Life



	<u>HY07</u>	<u>HY06</u>
	£m	£m
New business		
Life and pensions	5,820	5,816
Investment sales	1,595	1,083
New business contribution	178	167
Operating profit		
Life EEV	413	350
Non-life	(19)	(9)
Total EEV	394	341
Life IFRS	303	213
Non-life NULS	(20)	(42)
Non-life Other	(22)	(11)
Total IFRS	261	160

- Record half year sales:
 - Total sales, including investments, up 7%
 - On top of 35% growth in HY06
- Life EEV operating profit up 18%
 - New business contribution increased due to higher margin of 3.1% (HY06 2.9%)
 - Stable persistency versus assumptions
 - Lower exceptional costs
 - Excludes £177m profit from change in UK tax rate
- Life IFRS operating profit reflects
 - Increased with profit bonuses from higher equity performance
 - Benefit of PS06/14 partly offset by reduced bond market values.
- £125m cost savings on track
- Improving service standards
- Re-attribution of inherited estate – update later in 2007

UK General Insurance



	<u>HY07</u> £m	<u>HY06</u> £m
Operating profit ⁽¹⁾		
Underwriting result	(46)	222
LTIR	330	344
Non-insurance	3	20
	287	586
NUI only		
Net written premiums	2,699	2,898
Total COR	102%	92%

- Adverse weather impact of £235m (HY06: £125m benefit)
- Profit of £245m on prior year claims (HY06: £140m).
- Net written premiums reflect management action
- Combined operating ratio of 102%
 - Personal motor profitability improved having achieved rating increases of 8%
 - Household impacted by floods
 - Commercial still strong
- Total profits from RAC of £81 million (excluding cost save benefits).
 - £17m non-insurance in 2006 from non-core RAC businesses now sold
- £125m cost savings on track

(1) Including Health and Aviva Re

Europe



	<u>HY07</u> £m	<u>HY06</u> £m
New business		
Life and pensions	7,353	6,645
Investment sales	778	582
New business contribution	283	268
Operating profit		
Life EEV	679	617
General Insurance	203	214
Fund management	16	16
Other	(18)	18
Total EEVOR	880	865
Total IFRS	792	763

- Strong and profitable sales growth in Europe – total sales up 14%
- Excellent performance in Southern Europe, Ireland, CEE and Russia
- France and the Netherlands generating strong profits and capital
- EEV life operating profit up 11%
- GI only COR 85% (HY06: 87%)
- New bancassurance deals announced in Italy, Spain and Turkey
- Dutch health business being sold
- Other
 - Lower Netherlands banking result
 - One-off HY06 gain of £17m

Europe – Life performance



	Life and pensions		New business Contribution		Margin
	HY07	HY06	HY07	HY06	HY07
	£m	£m	£m	£m	%
France	1,832	2,028	80	87	4.4%
Ireland	889	558	14	11	1.6%
Italy	1,818	1,583	49	38	2.7%
Netherlands	1,146	1,170	37	34	3.2%
Poland	379	264	17	14	4.5%
Spain	1,114	916	88	88	7.9%
Other Europe	175	126	(2)	(4)	(1.1)%
Total	7,353	6,645	283	268	3.8%

- France – stable margin in a market which has contracted this year
- Ireland – sales up 62% from growth in both bank and broker channels
- Italy – now the 2nd largest business in Aviva Europe, sales up 16% at higher margin
- Netherlands – sales flat (HY06 included £125m one-off pension transfer)
- Poland – sales up 44% with excellent pension growth
- Spain – sales up 23%, margin strong and NBC maintained with successful diversification of product mix
- Other Europe – sales up 45% and growing strongly

North America



	<u>HY07</u> £m	<u>HY06*</u> £m
United States		
Life and pensions	1,716	289
New business contribution	57	5
Life EEV operating profit	112	16
Life IFRS operating profit	165	(15)

- Excellent sales growth of 51% (proforma)
- New business contribution up 60% (proforma)
- Integration programme 80% complete at mid year
- Single Aviva USA brand established

Canada

GI operating profit	70	85
COR	99%	96%

- Canada insurance result decreased by 10% because of increased claims cost and further investment in the business

*Relates to original Aviva US business only

Asia Pacific



	<u>HY07</u>	<u>HY06</u>
	£m	£m
New business		
Life and pensions	654	397
Investment sales	1,378	819
New business contribution	32	19
Operating profit		
Life EEV	47	38
General insurance	3	1
Fund management/Other	5	1
Total EEVOR	55	40
Total IFRS	39	17

- Excellent growth with total sales up 72%
 - Life and pensions sales strong in China, Hong Kong and Singapore
 - Investment sales up 71%
- Entries announced into new markets of Malaysia and Taiwan
- New business contribution up 78% to £32m and margin up to 4.9%
- Life EEV operating profit up to £47m

Asset management



	<u>HY07</u>	<u>HY06</u>
	<u>£m</u>	<u>£m</u>
IFRS operating profit		
UK	37	26
Europe	29	30
North America	1	1
Asia Pacific	9	4
	76	61

Total funds under management **£377bn** £332bn

- UK profits up 42% - mainly Morley
 - Additional performance fees
 - UK funds under management up by £13bn
 - Strong market growth
 - New third party mandates
- Asia Pacific profits doubled
 - Excellent performance in Navigator
- Newly established presence in China
- New property funds in Europe and Asia

Value creation



- NAV per share up 8% to 737p (31 Dec 2006: 683p)
- Interim dividend per share up 10%
- RoCE of 11.6% (Life 9.1%; GI 14.1%)
- IGD solvency increased to £4.0bn, cover of 1.8 times

My agenda



Earnings

- IFRS operating profit definition review in Q4
- MCEV – expect end 2008 implementation

Capital

- Economic capital - is the measure
- Securitisation – a growing market
- Solvency II – an opportunity to come

Disclosure

- Transparency and simplicity
- Insights on capital generation and utilisation

Outlook



- Continued strong growth of life sales
- Life margins stable subject to product mix changes
- Worldwide COR – committed to meet or beat 98% target but degree of uncertainty for 2007 due to floods
- Rises in household and commercial rates coming through

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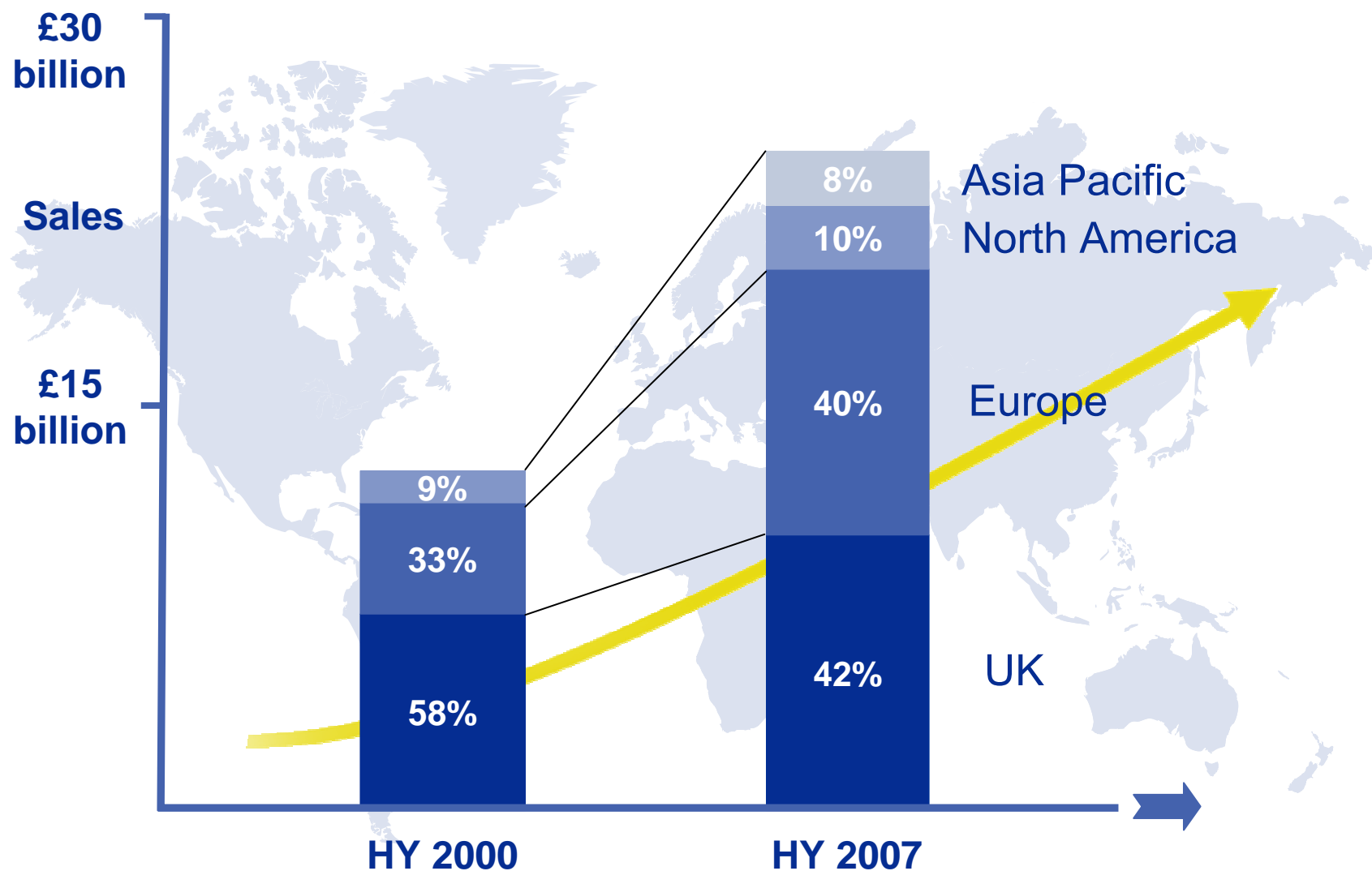


“Our priority is to realise the full potential of Aviva’s existing businesses”

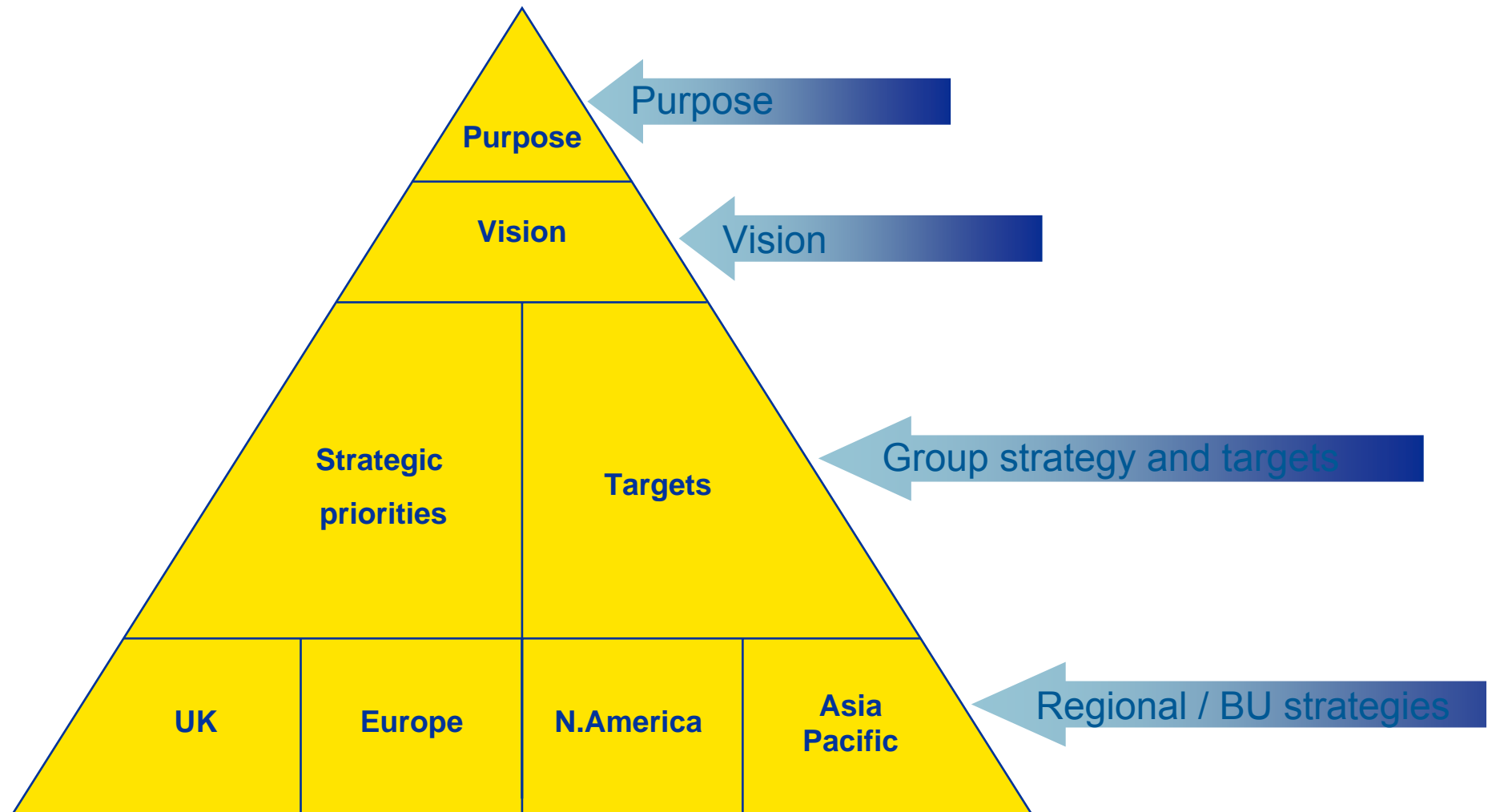
Andrew Moss
Group Chief Executive



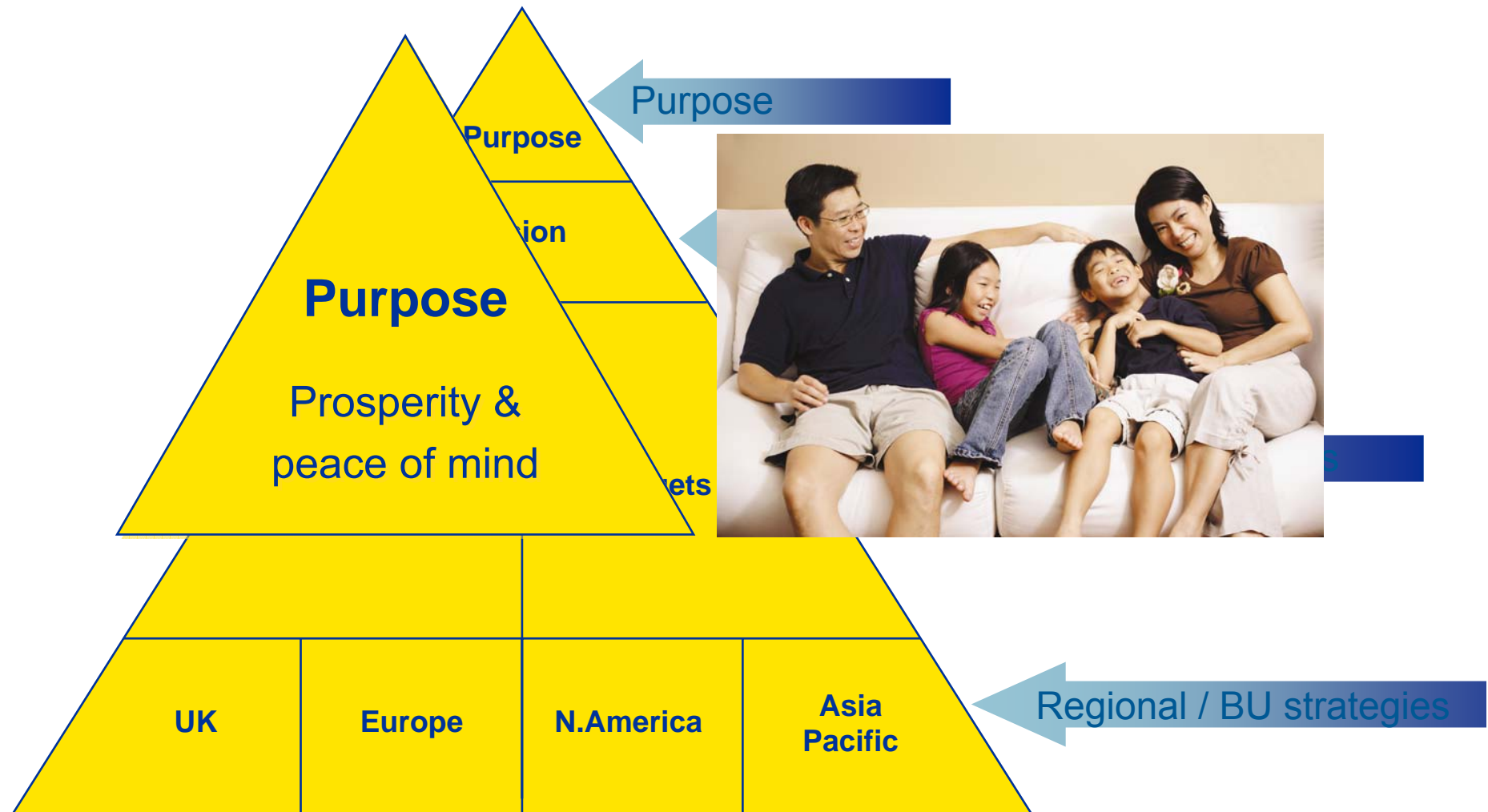
An increasingly global company



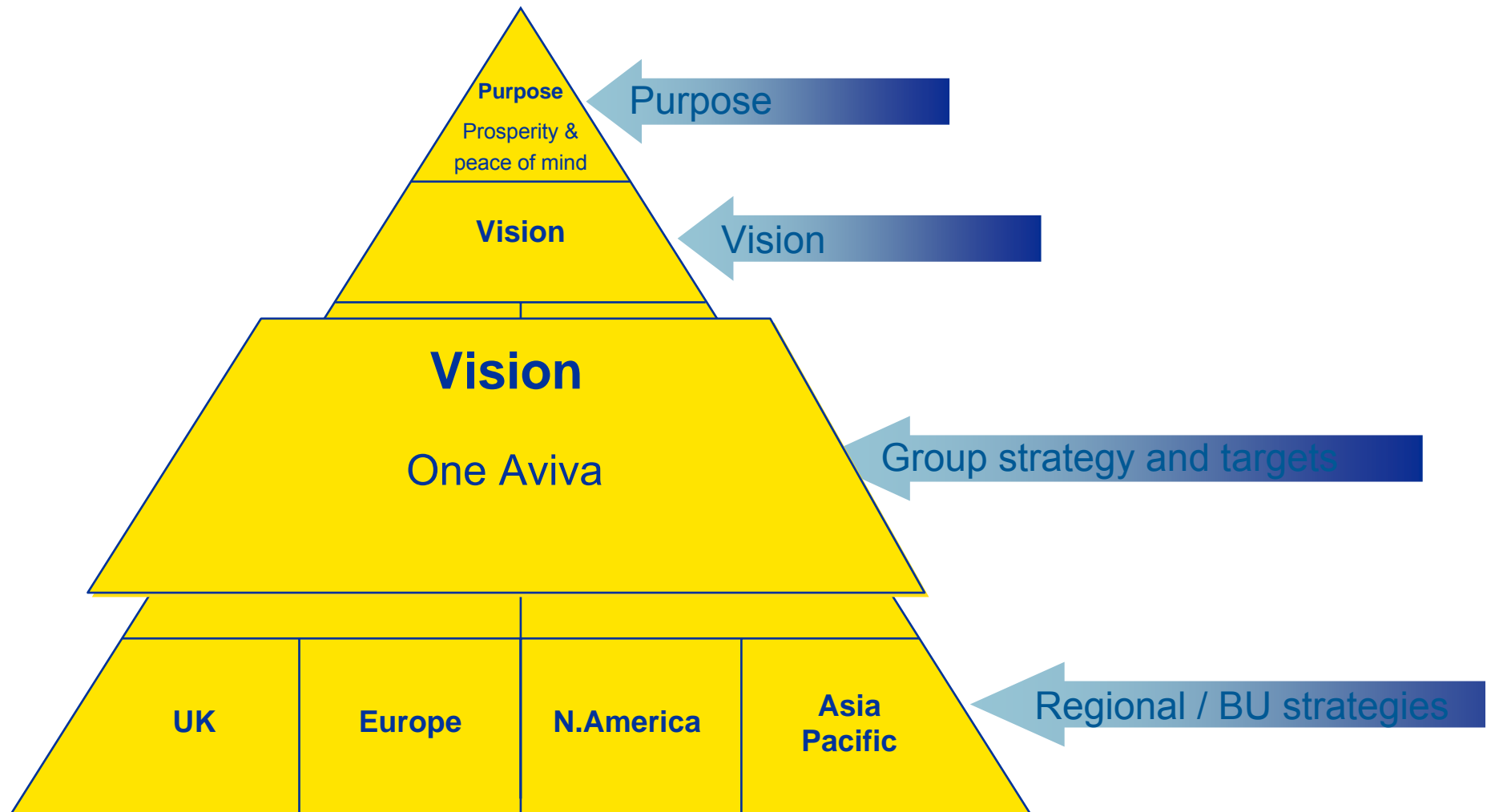
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A highly capable and experienced executive team appointed



Mark Hodges
UK Life



Igal Mayer
UK GI



Philip Scott
Finance
Director



Alain Dromer
Aviva Global
Investors



Andrew Moss
Chief Executive



Anupam Sahay
Strategy



Tidjane Thiam
Europe



John Ainley
Human
Resources

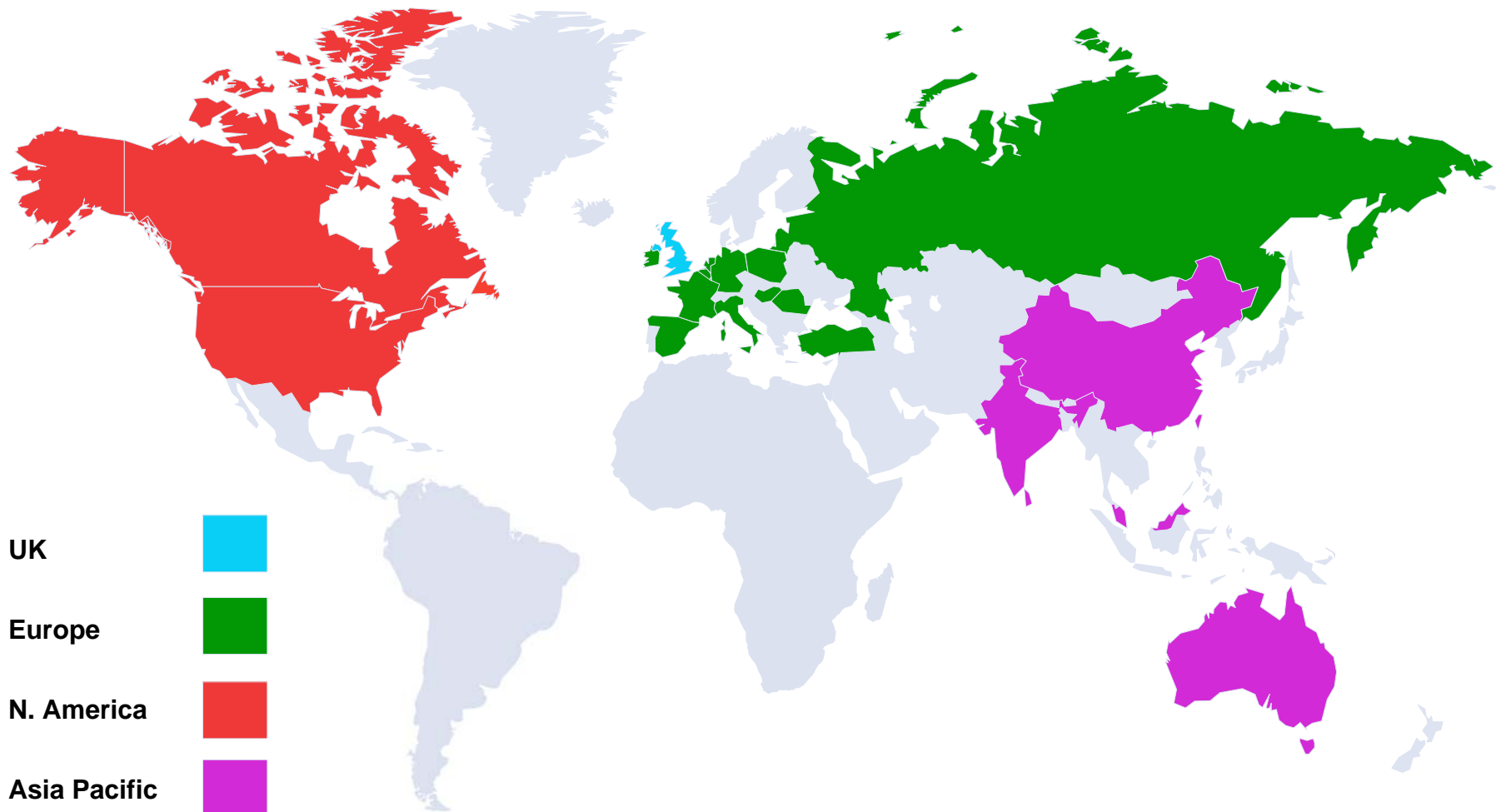


Tom Godlasky
North America



Simon Machell
Asia Pacific

Regional structure



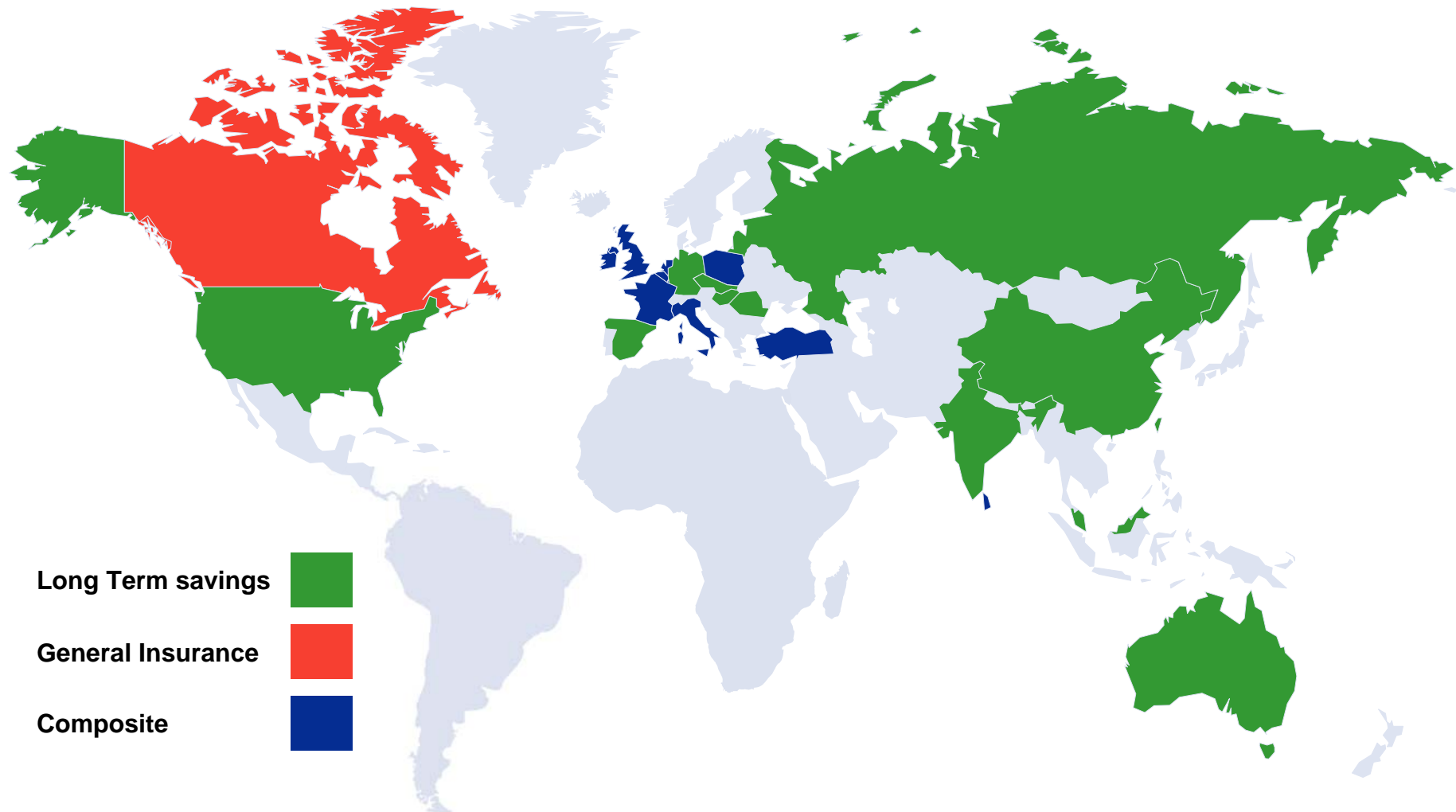
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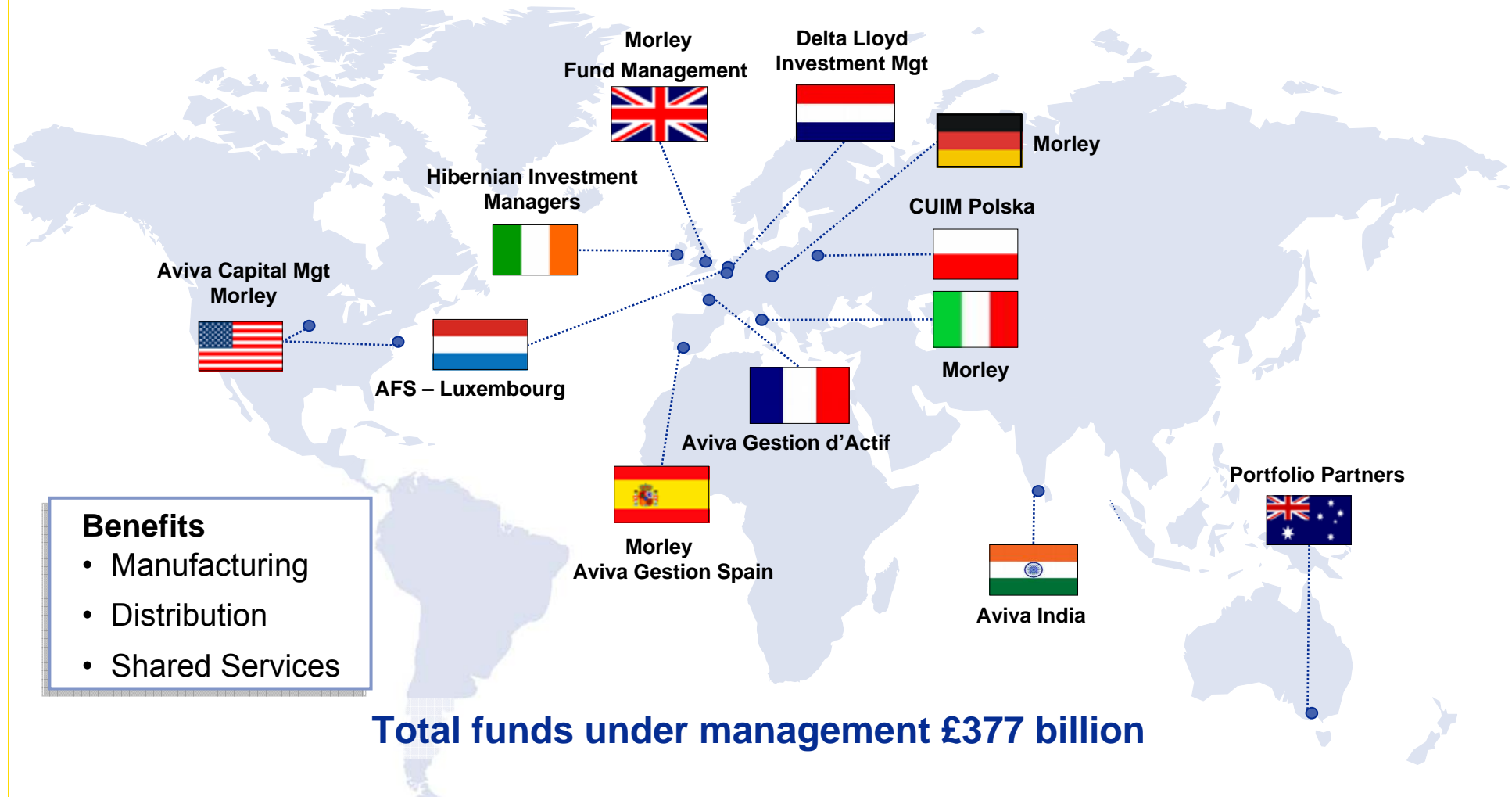
Manage the composite portfolio



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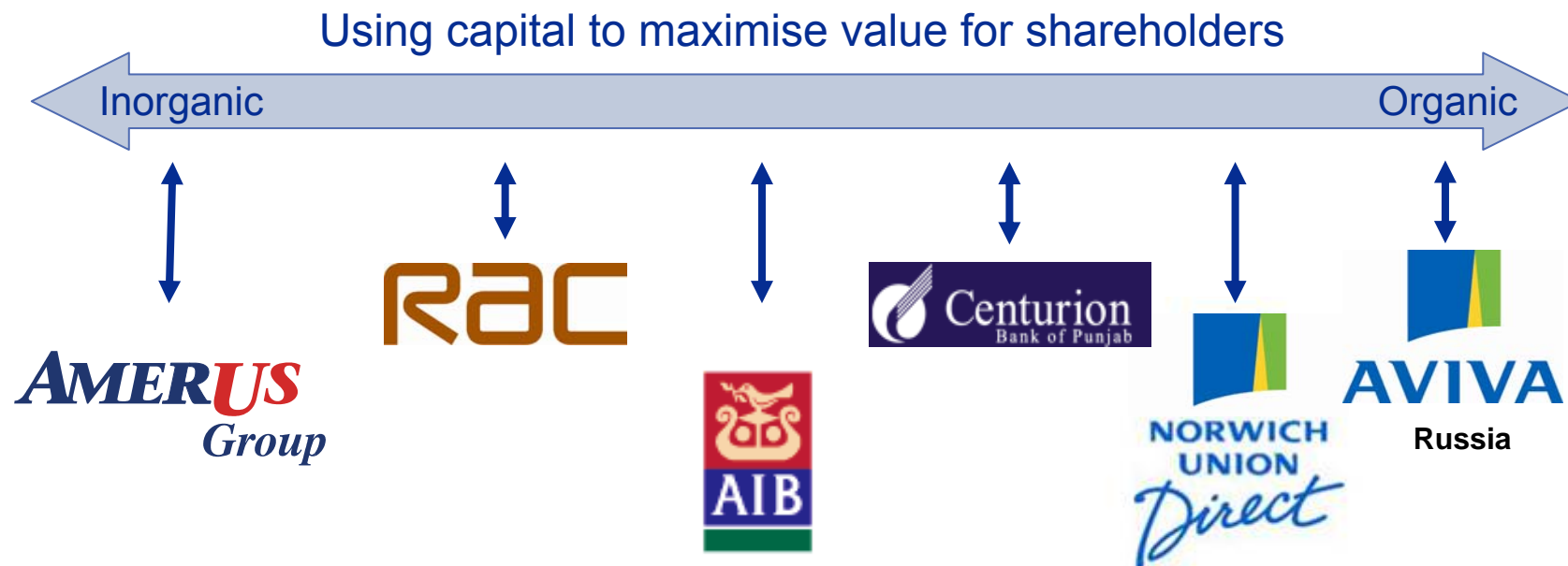
Build Aviva global asset management



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Allocate capital rigorously



History of disciplined use of equity to fund acquisitions

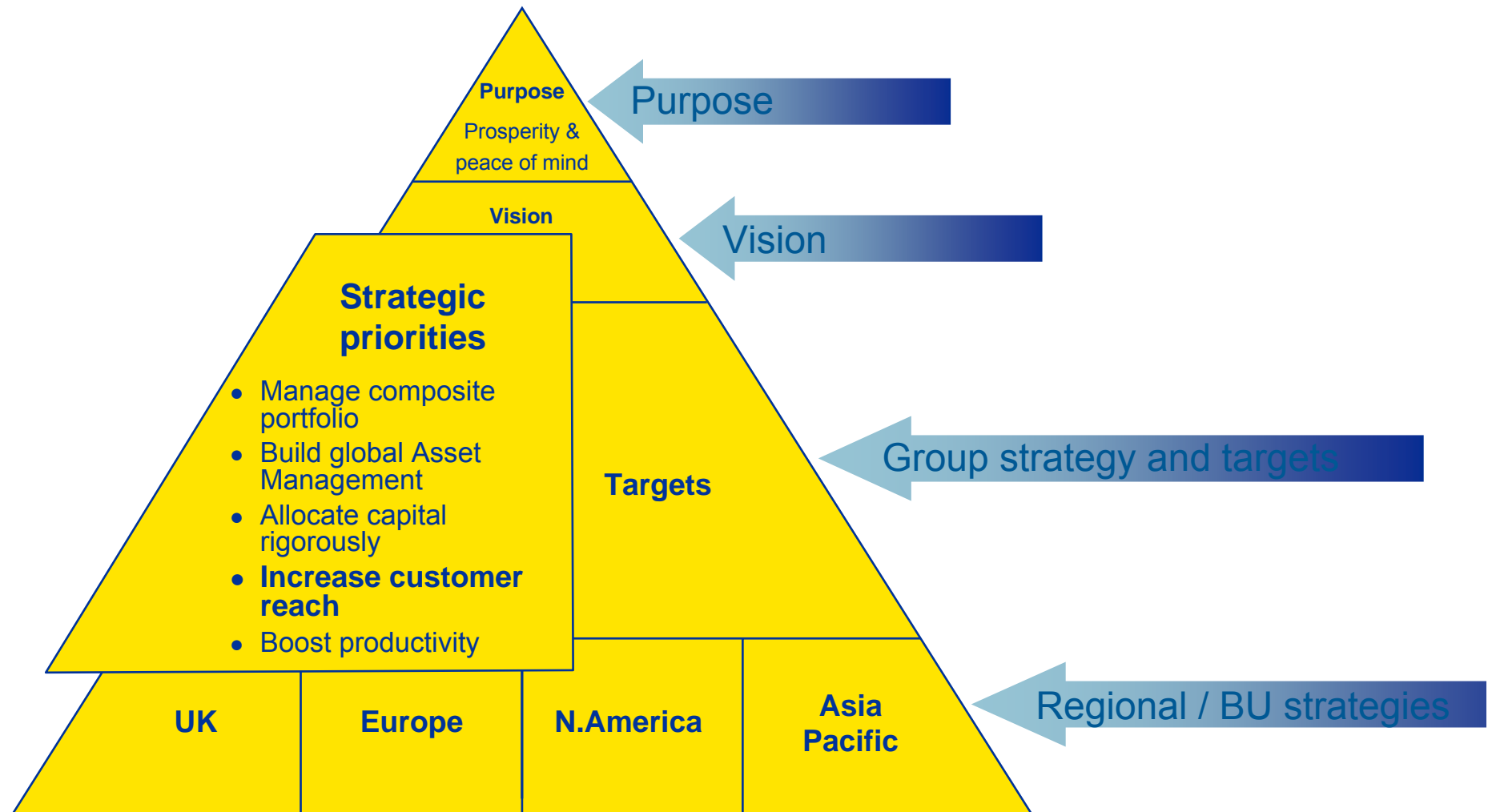
Allocate capital rigorously



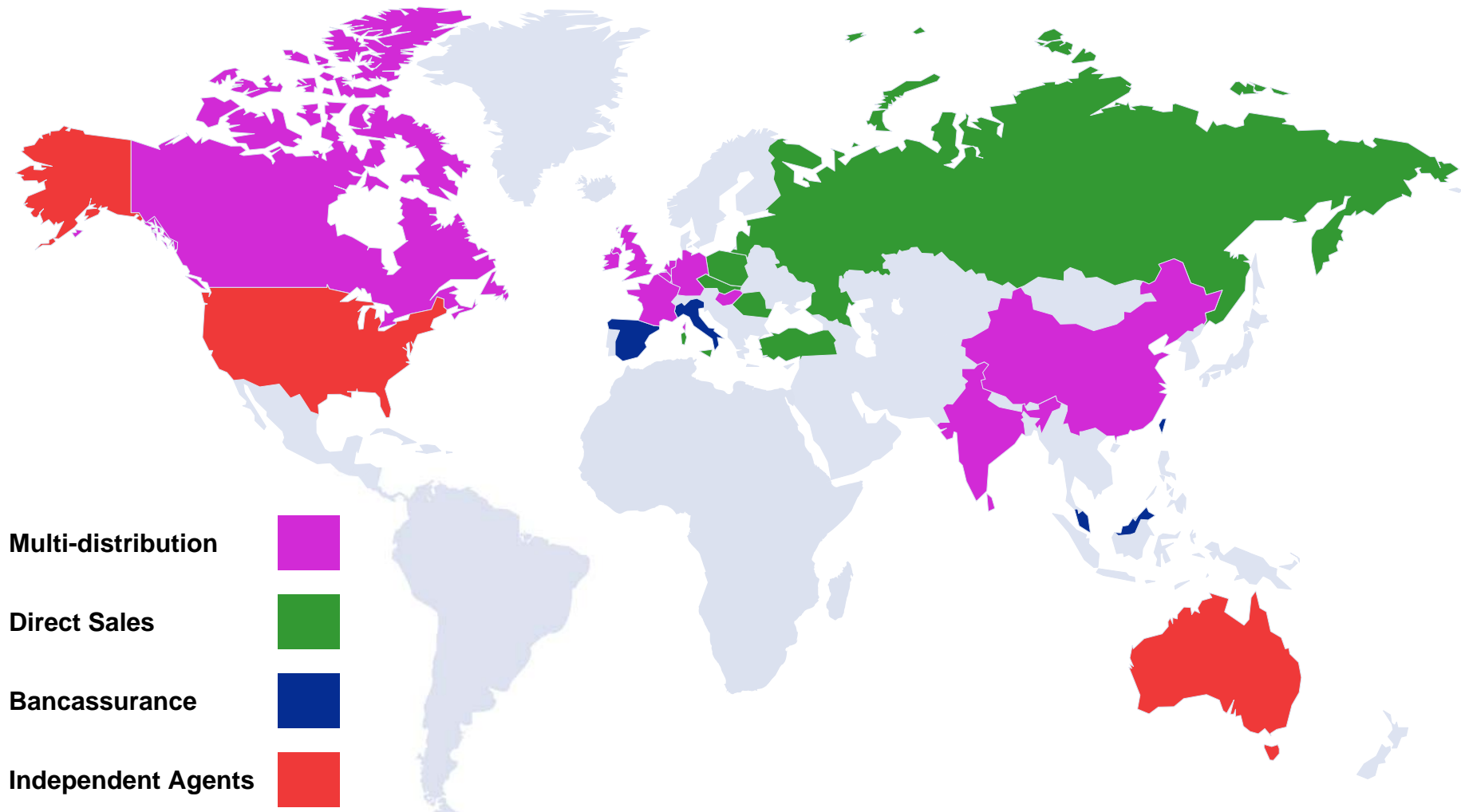
- Risk appetite
- Realising more capital from existing businesses
 - New focus on securitisation
 - Inherited estate reattribution
 - Maximising diversification benefits in the Solvency II world
- Progressive dividend policy
- No tolerance of underperformance

History of disciplined use of equity to fund acquisitions

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Access to customers



The strategic advantage of bancassurance



HSBC



AKBANK

CM CAJAMURCIA

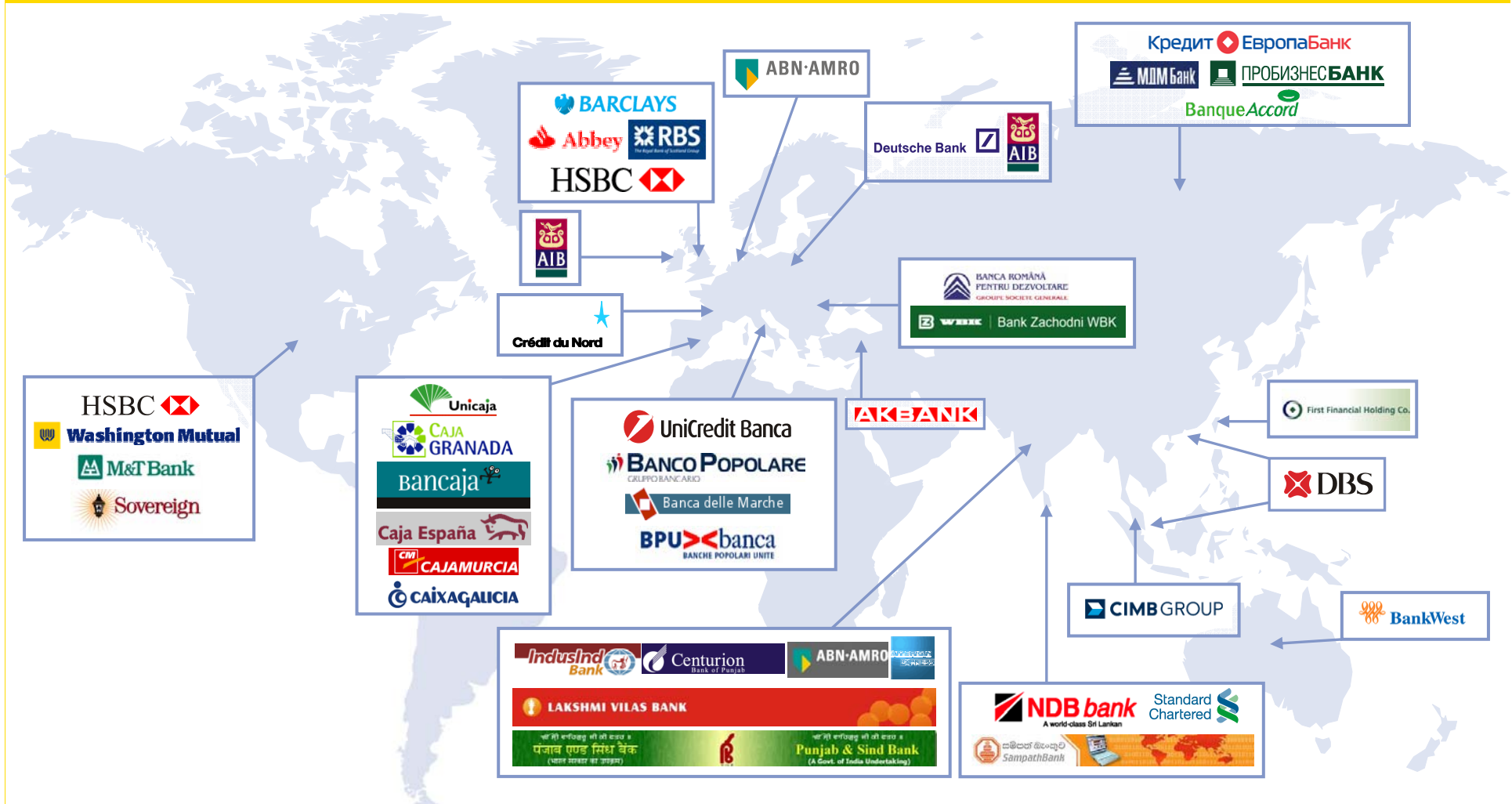
BANCO POPOLARE
GRUPPO BANCARIO

First Financial Holding Co.

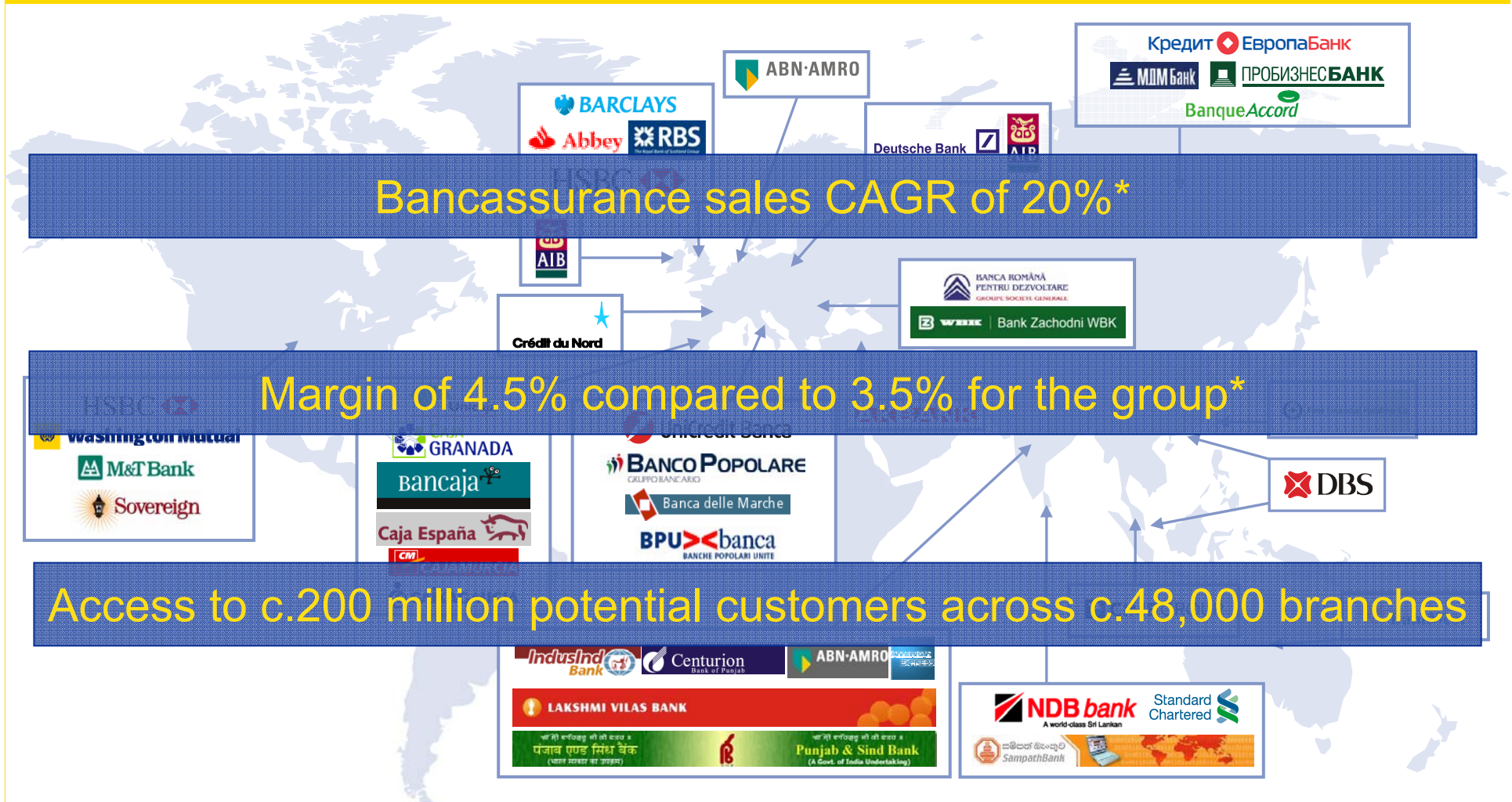
CIMB GROUP

- Six new bancassurance JV's in H1 2007
- Giving access to over 30m potential customers
 - Confirming we are partner of choice
 - Demonstrating further European growth opportunities
 - Increasing the geographical footprint in Asia Pacific

The strategic advantage of bancassurance



The strategic advantage of bancassurance



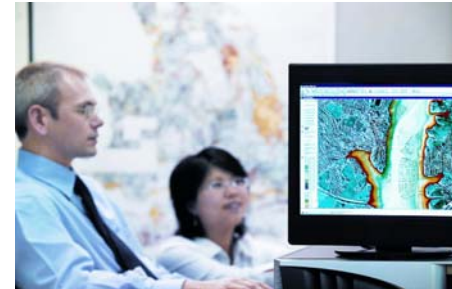
* From principal bancassurance deals

Customers – unlocking the potential



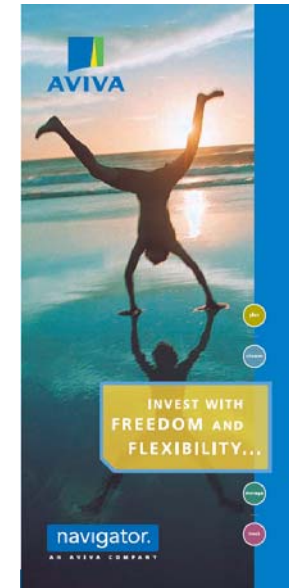
- Products - continued development and simplification

- Sharing ideas – e.g. Australian wrap platform used in Singapore
- Rapid development – e.g. Polish on-line GI
- Innovation – e.g. digital flood mapping



- Service - vital to continue improving standards

- Worldwide benchmarking
- Acting with speed and sensitivity



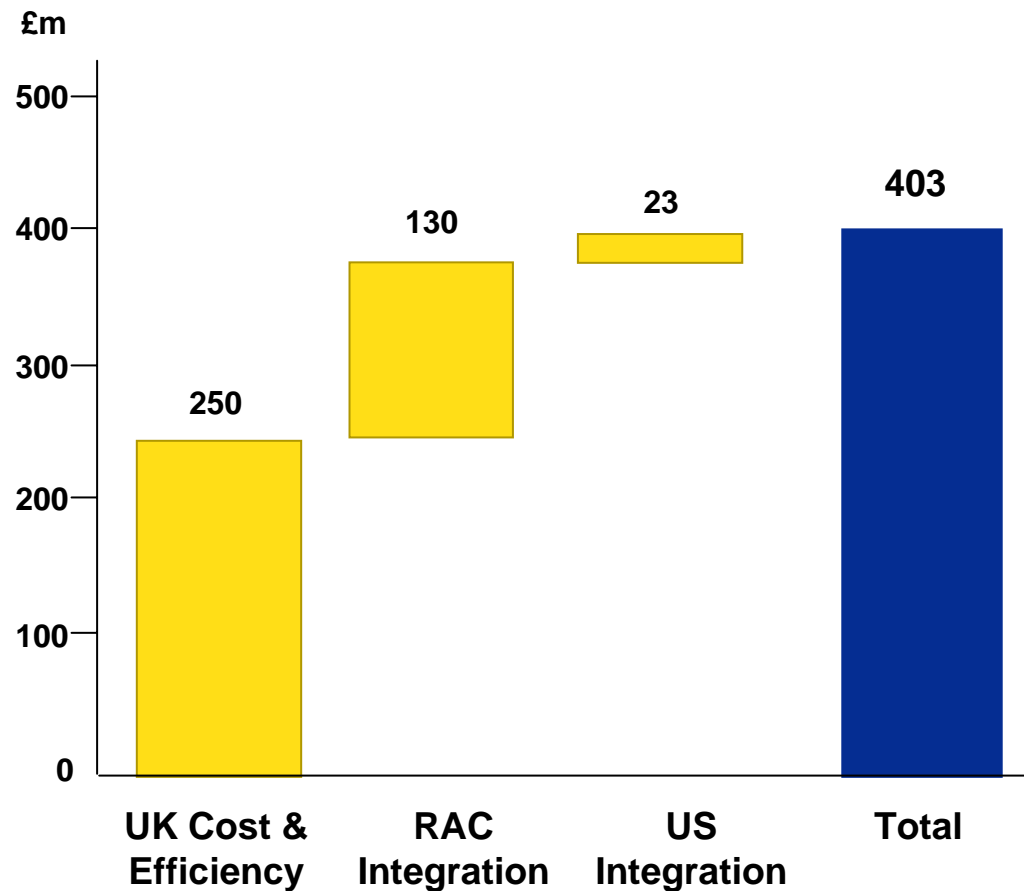
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Costs savings – making it happen



Cost Initiatives Underway



The “One Aviva” approach

- Working across borders and boundaries (shared services, IT)
- Simplify (Swiss Re agreement, removing 220 IT systems)
- More cost savings to come

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- Competitive advantage with brand, breadth of distribution and product range
- On track to achieve £250m cost saving target

- **UK Life**

- Untapped savings and protection gap
- Broadening distribution and value from RBSG JV
- Value from operational focus: costs, retention, service

- **UK GI**

- Managing through the cycle
- Re-engineering the business to leverage single IT platform
- Building on service excellence
- Expanding distribution - new JV with HSBC

UK

Market leadership

- Address legacy
- Transform business model
- Exploit UK synergies
- Generate capital

UK

Europe

N.America

Asia
Pacific

Regional / BU strategies

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- Demographics provide strong driver for growth
- H1 2007 growth
 - Southern European sales up 19%
 - CEE sales up 44%
 - Ireland sales up 62%
- Access to enormous potential customer base through bancassurance
- Expertise in product innovation driven by a deep understanding of individual markets
- Low cost platforms in Southern Europe provide opportunities for profitable growth

Europe

Scale, growth, capital

- Seize unique growth opportunities
- Leverage scale
- Generate capital



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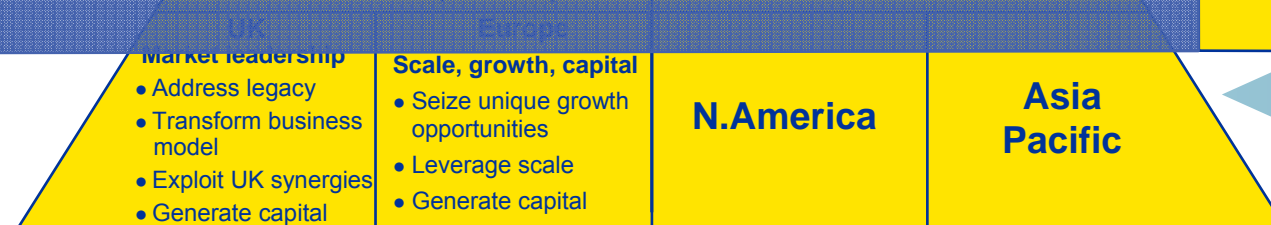


- Large demographic opportunity with the “baby boomers”
- Competitive advantage in product innovation
- Re-rating will allow access to further distribution
- Large opportunity to develop the bancassurance channel
- Selected opportunities to share product and other expertise between USA and Canada

N. America

Double scale

- Focus : top 5 in chosen segments
- Integrate '07
- Expand products, distribution '08+



Regional / BU strategies

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- Huge and well understood demographic opportunities
- Now operating in eight territories
 - Using the bancassurance model to drive growth
 - Sharing product expertise such as the Australian wrap platform
- Looking to expand further the geographic footprint
- A regional operating model provides support for cost savings and synergies

Asia Pacific

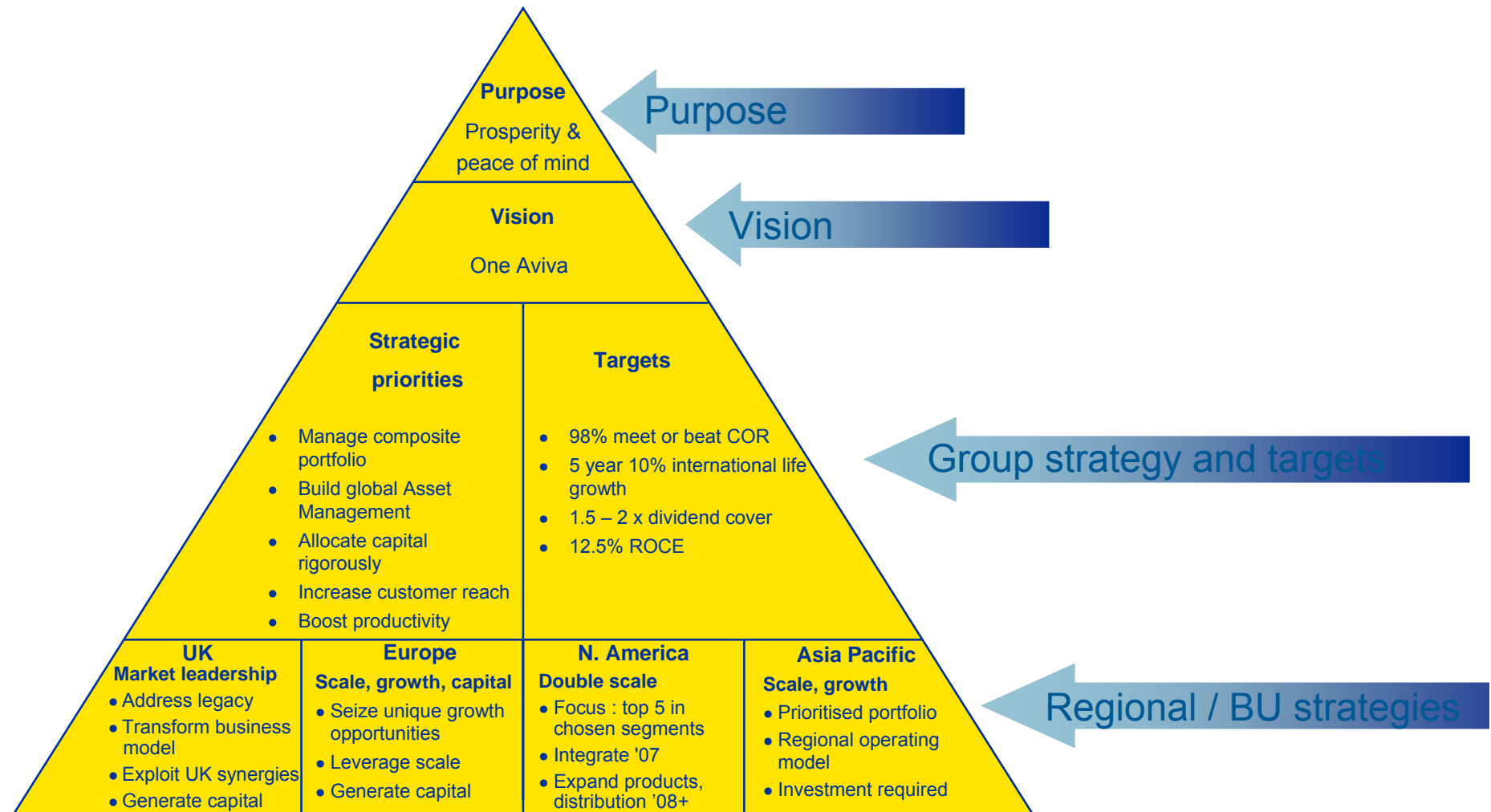
Scale, growth

- Prioritised portfolio
- Regional operating model
- Investment required

UK	Europe	N. America	Asia Pacific
Market leadership <ul style="list-style-type: none"> • Address legacy • Transform business model • Exploit UK synergies • Generate capital 	Scale, growth, capital <ul style="list-style-type: none"> • Seize unique growth opportunities • Leverage scale • Generate capital 	Double scale <ul style="list-style-type: none"> • Focus : top 5 in chosen segments • Integrate '07 • Expand products, distribution '08+ 	

Regional / BU strategies

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Q & A



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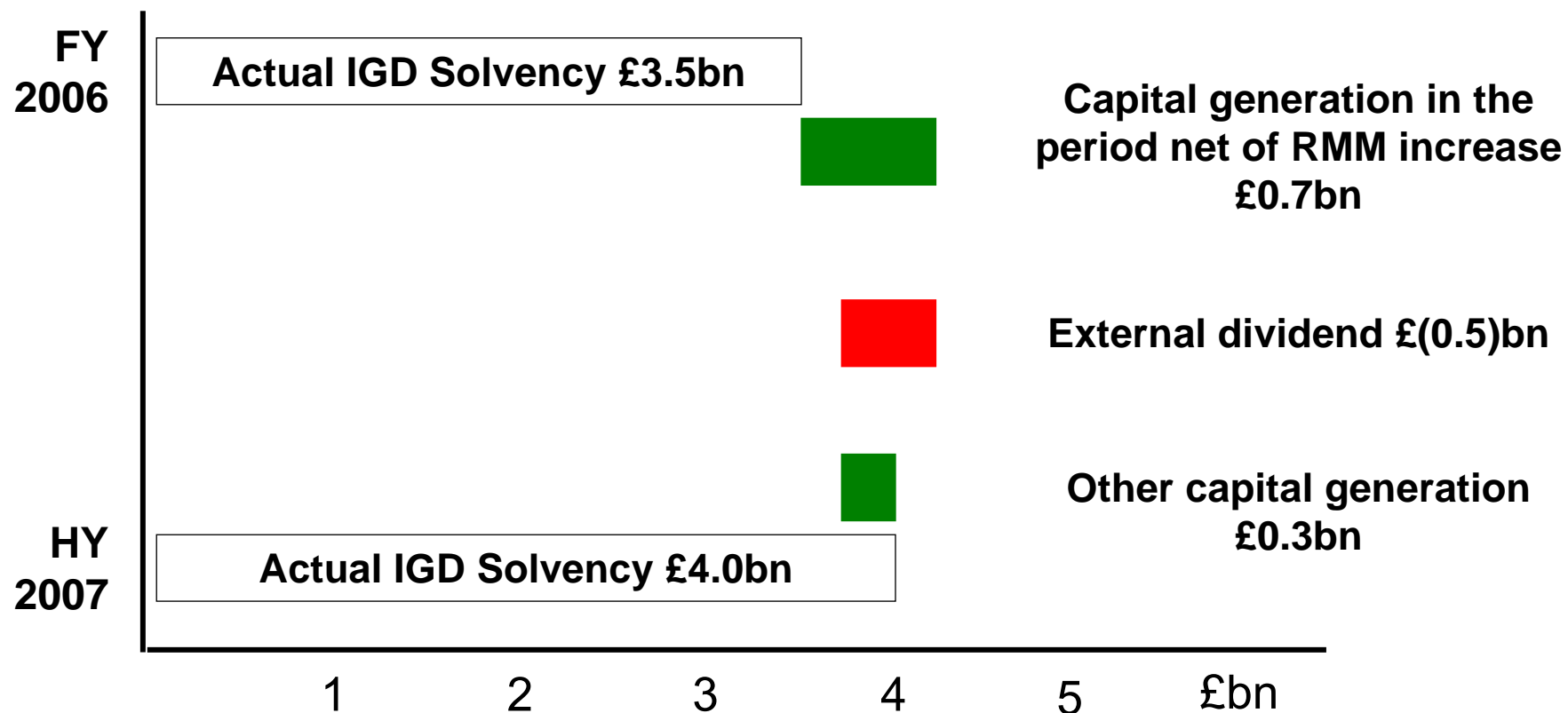
Andrew Moss
Group Chief Executive



Appendix



Solvency cover on EU groups directive basis



1.8 times cover at 30 June 2007

Movement in net asset value per share



	Reported Pence
As at 31 December 2006	683
Deduct 2006 final dividend (less scrip)	(14)
	<hr/> 669
Operating profit for the period	39
Investment variances	18
Pension deficit	20
Other	(9)
	<hr/>
As at 30 June 2007	737

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