

Aviva plc Interim Results 2010



Disclaimer



Cautionary statements:

This should be read in conjunction with the documents filed by Aviva plc (the “Company” or “Aviva”) with the United States Securities and Exchange Commission (“SEC”). This announcement contains, and we may make verbal statements containing, “forward-looking statements” with respect to certain of Aviva’s plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “will,” “seeks”, “aims”, “may”, “could”, “outlook”, “estimates” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the presentation include, but are not limited to: the impact of difficult conditions in the global capital markets and the economy generally; the impact of new government initiatives related to the financial crisis; defaults and impairments in our bond, mortgage and structured credit portfolios; changes in general economic conditions, including foreign currency exchange rates, interest rates and other factors that could affect our profitability; the impact of volatility in the equity, capital and credit markets on our profitability and ability to access capital and credit; risks associated with arrangements with third parties, including joint ventures; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; a decline in our ratings with Standard & Poor’s, Moody’s, Fitch and A.M. Best; increased competition in the U.K. and in other countries where we have significant operations; changes to our brands and reputation; changes in 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; changes in local political, regulatory and economic conditions, business risks and challenges which may impact demand for our products, our investment portfolio and credit quality of counterparties; the impact of actual experience differing from estimates on amortisation of deferred acquisition costs and acquired value of in-force business; 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 various legal proceedings and regulatory investigations; the impact of operational risks; the loss of key personnel; the impact of catastrophic events on our results; changes in government regulations or tax laws in jurisdictions where we conduct business; funding risks associated with our pension schemes; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing impact and other uncertainties relating to acquisitions and disposals and relating to other future acquisitions, combinations or disposals within relevant industries. For a more detailed description of these risks, uncertainties and other factors, please see Item 3, “Risk Factors”, and Item 5, “Operating and Financial Review and Prospects” in Aviva’s Annual Report Form 20-F as filed with the SEC on 30 March 2010. 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.

1. Review of the business

Andrew Moss

2. Financial results

Patrick Regan

3. Summary and outlook

Andrew Moss

4. Q&A

Andrew Moss

Review of the business

Strong growth in profits...

- IFRS operating profit up 21% to £1.3 billion
- MCEV operating profit up 21% to £2.0 billion
- IFRS RoE of 14.6% (FY09: 10.9%)
- IFRS NAV of 394p (FY09: 374p)

Powerful capital generation...

- £0.9 billion net operating capital generation (HY09: £0.5 billion)

In the world's largest life and pensions market.

- 10% increase in sales across our UK and European businesses

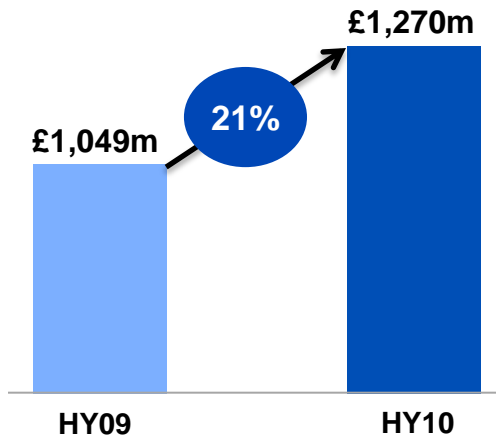
Performance demonstrates building momentum

- Profitable growth with improved IRRs
- Continued focus on cost reduction

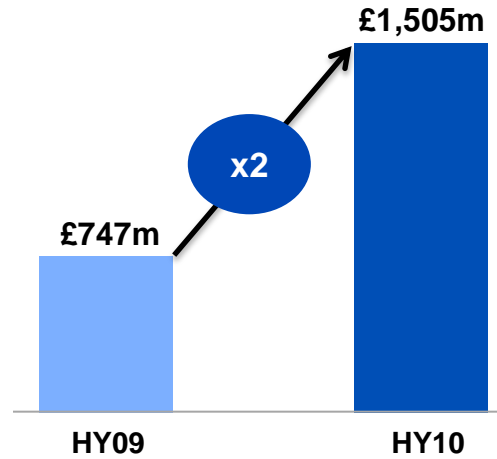
Interim dividend up by 6% to 9.5 pence

Strong growth in key performance metrics

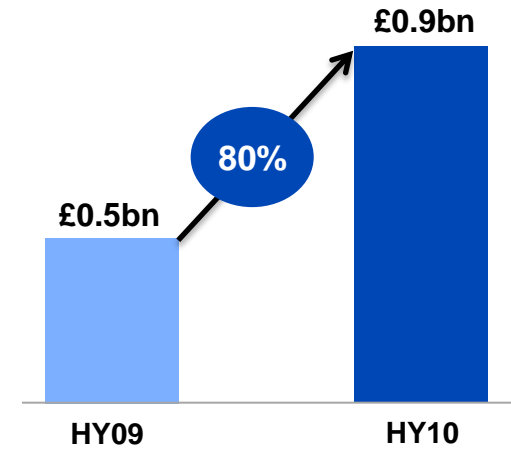
IFRS
operating profit



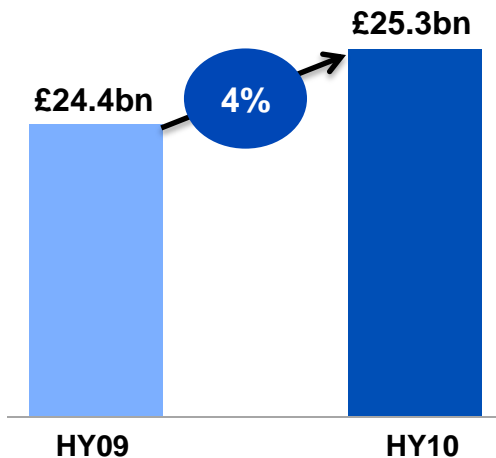
Total IFRS profit
after tax



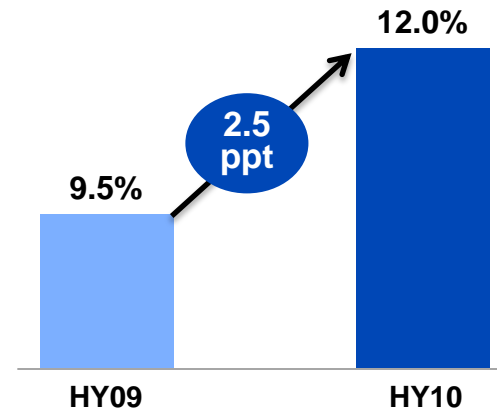
Capital generation



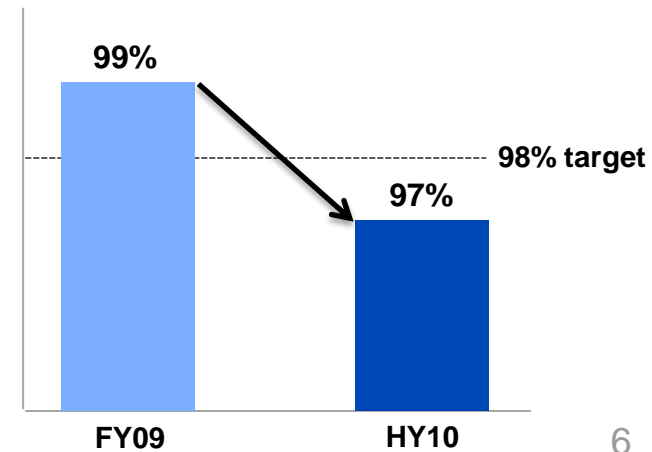
Total sales



New business
IRR

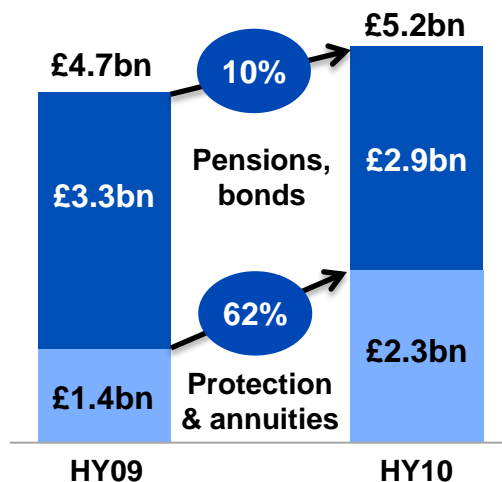


GI COR

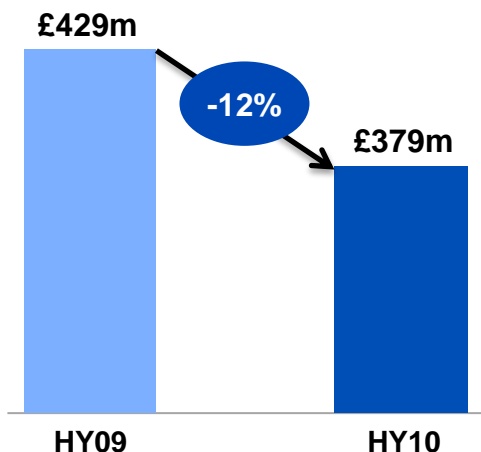


UK Life – a strong performance as we see the results of the transformation of the business

L&P sales



UK Life Cost base



- Life product mix shift towards annuity and term assurance
- Reattribution generates £120 million annual profits
- Structural reduction in costs, increased service standards
- Voted “Company of the year” by intermediaries

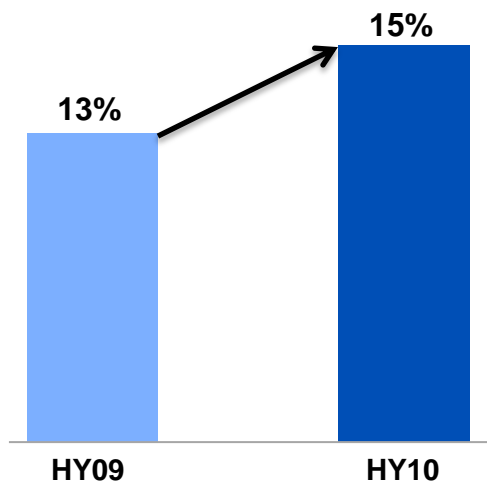
- Renewing our successful partnership with RBS, strengthening the balance sheet



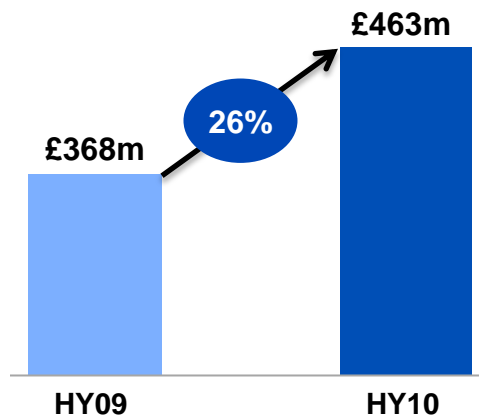
- Winning an exclusive distribution agreement with Santander in the UK with access to 1,300 branches



New business IRR

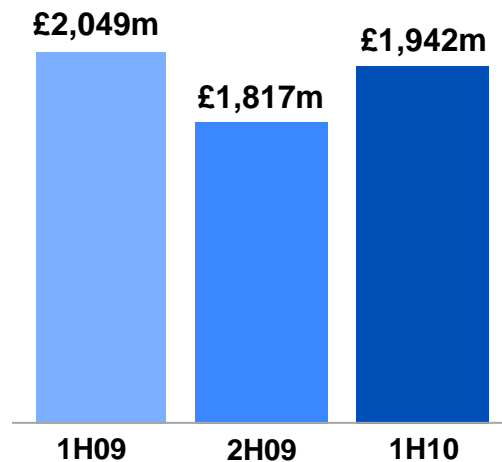


Record Life operating profits

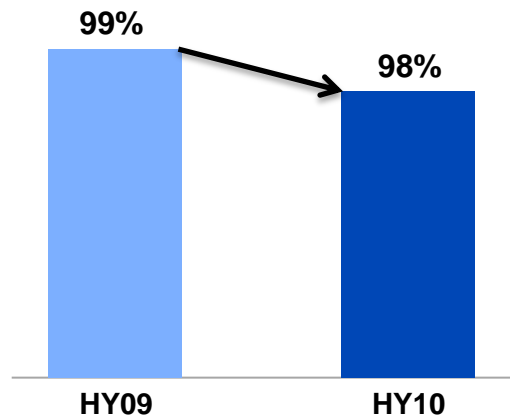


UK GI – returning to growth and meeting profitability targets

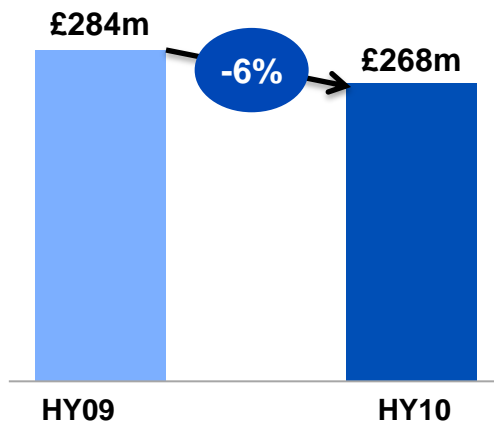
Net written premiums



GI COR



GI & health operating profits



Rating environment

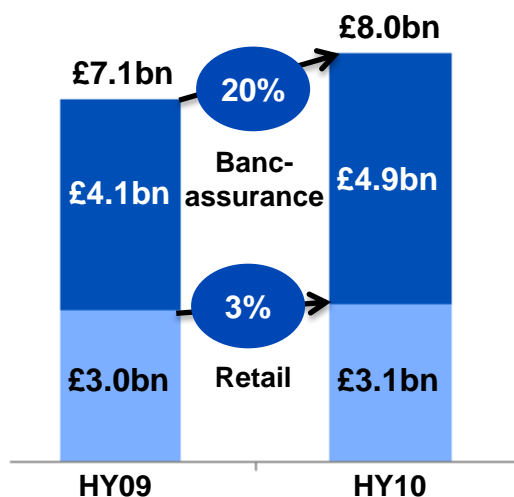
- Rating broadly in line with market
- Increases in personal motor and homeowner rates
- Commercial market remains challenging but profitable

- GI sales growth vs H2 2009
 - Direct motor sales
 - RAC panel
- Improved pricing techniques and “Aviva deal” advertising campaign
- Strong retention rates across all classes of business
- GI underlying profit improvement due to:
 - better claims experience from underwriting excellence
 - realising the benefits of cost control

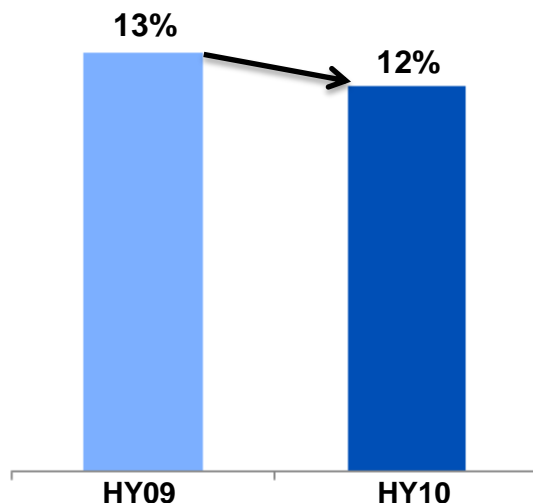
Aviva Europe – trading robustly in challenging times



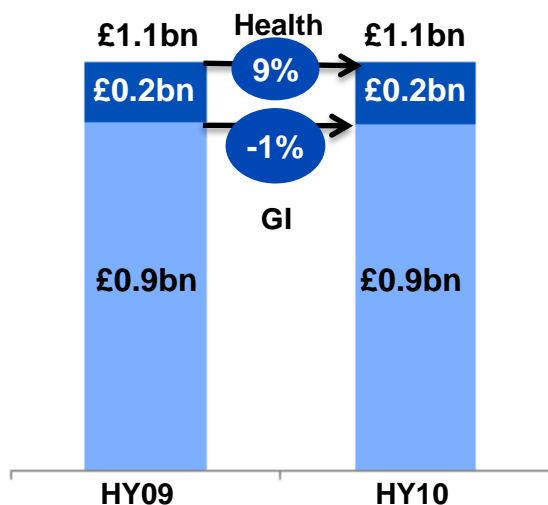
Life sales up 13%



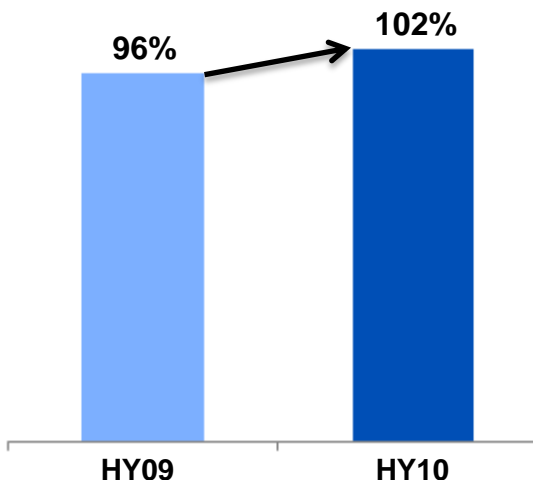
New business IRR



GI and health sales up 1%

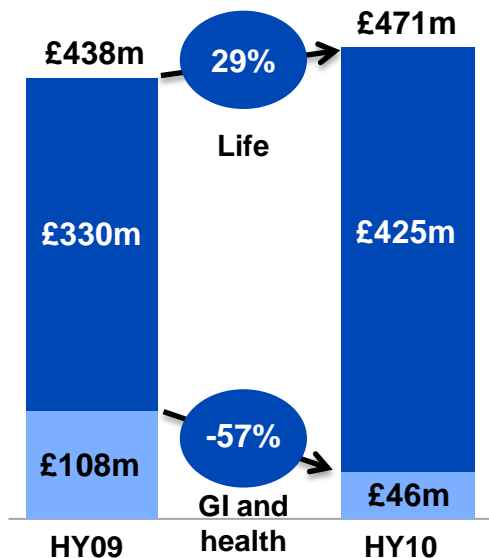


GI COR

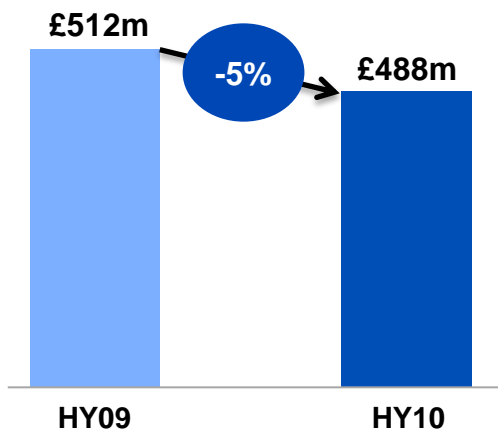


- Life sales growth through meeting consumer appetite for guaranteed products
- Clear Bancassurance leader in Europe, with 51 agreements
- Strong Retail sales, particularly AFER partnership in France
- Sales mix has impacted IRR and margin – underlying product profitability has been maintained
- Exceptional weather in France and Ireland and reduced reserve releases has depressed GI COR
- Profitable growth in Ireland Health

Life and GI operating profit



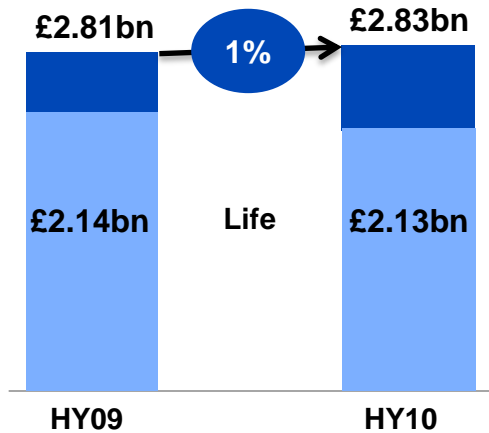
Costs



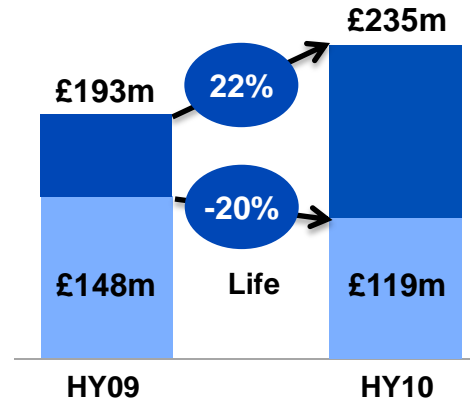
- Life profits up 12% excluding Ireland reserve change:
 - growing assets under management
 - focussing on underwriting disciplines
- Claims centre of excellence delivering improved underlying GI profits
- Like-for-like costs down 5%, absorbing 'parallel run' costs of moving to a more centralised model
- Progress on legal entity rationalisation
- Building a single product catalogue, removing 300 products
- Successful brand transition in Ireland and Poland

Delta Lloyd – sharpened focus on profitability

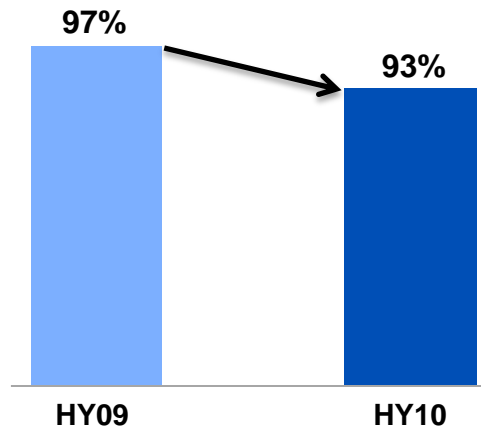
Total sales



IFRS operating profit



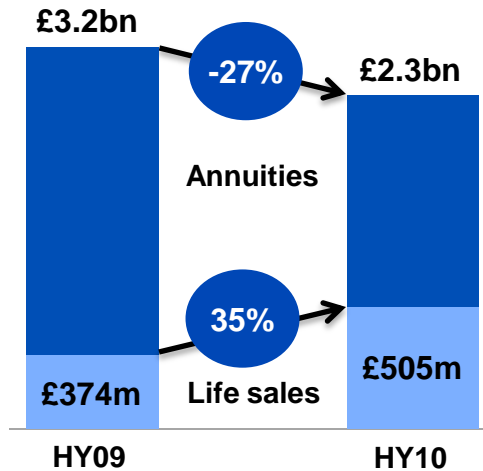
COR



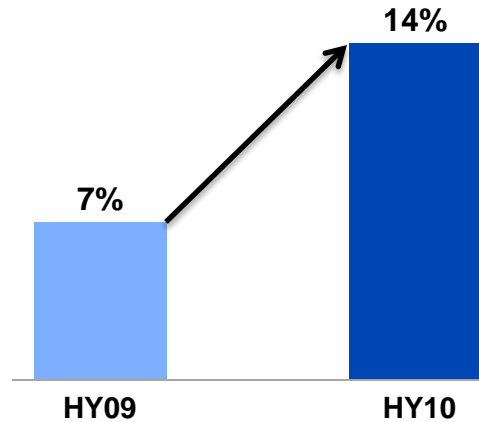
- Life profits lower due to investment return assumptions
- GI positive development in disability business offset by adverse weather
- Taking actions to focus on core activities:
 - Closing German operation to new business
 - Private banking business transferred to third party
- New cost saving target of €50m for each of 2011 and 2012

Strong momentum across North America

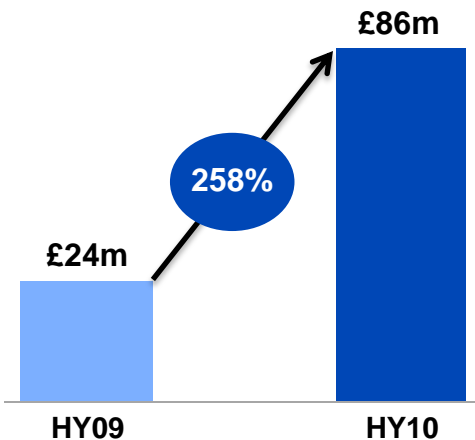
US L&P sales



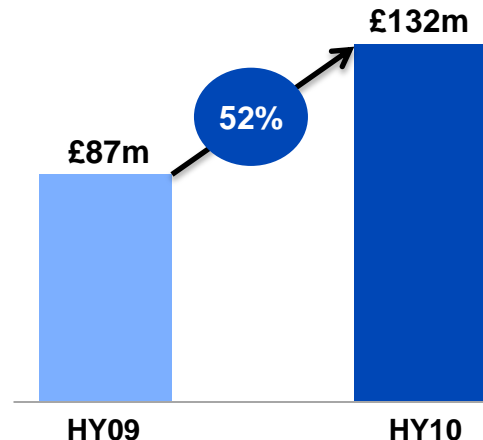
US new business IRR



US Life operating profit



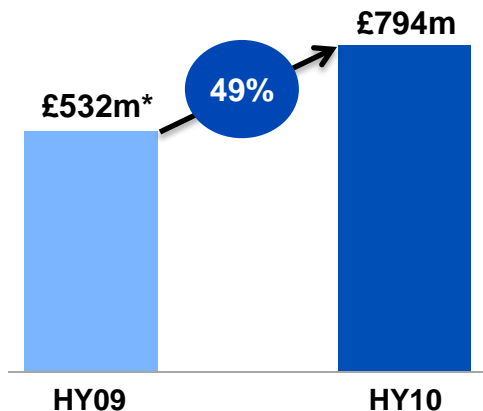
Canada GI operating profit



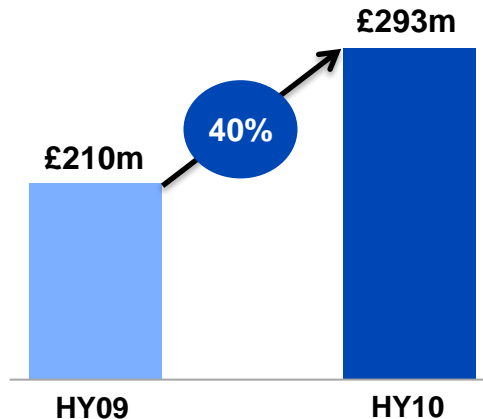
- Regional profits doubled to £209 million
- Profitable growth and capital self-sufficiency in the US
 - Product mix shift towards life sales, lower annuity sales
 - Disciplined pricing and spread management
 - Axxx reinsurance agreement reduces capital strain
- Canadian COR of 96% and return on equity of 19%:
 - improved underwriting
 - pricing action
 - favourable weather conditions

Asia Pacific – growing attractive franchise organically for the longer term

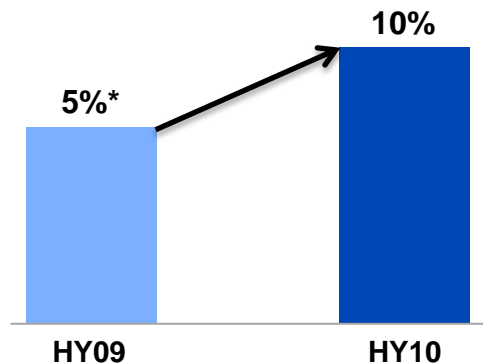
**Asia Pacific
Life sales**



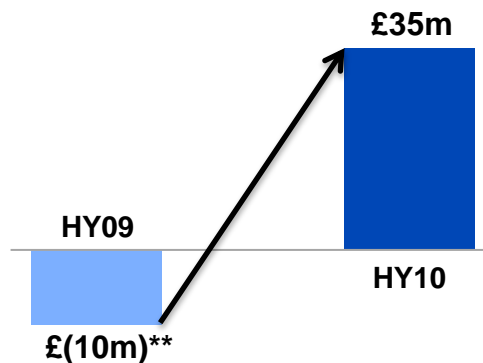
**China / India
sales**



**Asia Pacific
IRR**



**Life Operating
Profit**



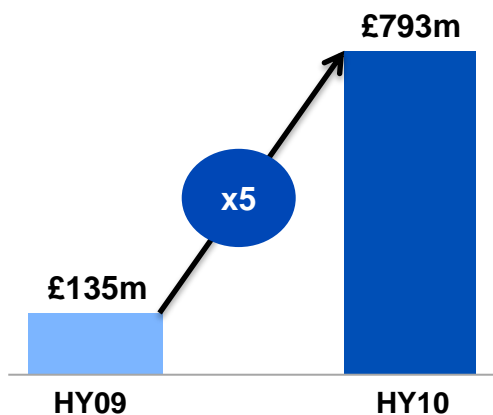
* HY09 excludes Australian business sold in 2009

** HY09 excludes Australian business and reserve release

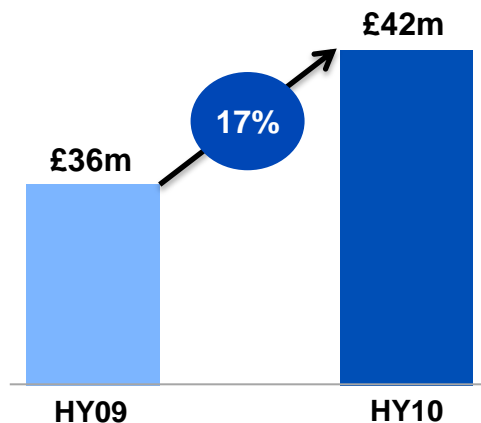
- Improving customer confidence in investment markets
- Underlying life operating profit of £35m up from £10m loss in HY09
 - £58m reserve release in HY09
- Strengthened profits through
 - disciplined cost management
 - increased scale
 - focus on product profitability
- Strong platform to build scale and grow franchise value

Aviva Investors – positive investment performance and development of global infrastructure

**Aviva Investors
long term net external flows**



**Aviva Investors
operating profit**



- Positive investment performance
 - 80% of institutional funds beating benchmark over one year (60% over three years)
- Development of global infrastructure & operating platforms
- Increasing third party sales
 - Net inflows of £0.8 billion in H1 2010
 - Momentum starting to build
 - £500m of unfunded sales

Strategic Focus	Actions
<p>UK and Europe</p> <ul style="list-style-type: none">• Remaining focused on these priority markets <p>North America</p> <ul style="list-style-type: none">• Profit growth and capital self-sufficiency <p>Asia Pacific</p> <ul style="list-style-type: none">• Organic growth in franchise value <p>Aviva Investors</p> <ul style="list-style-type: none">• Increasing third party AUM	<ul style="list-style-type: none">• Strengthened leadership team• Focus on capital generation• Disciplined investment in new business• Further cost savings• Maintaining a strong balance sheet

Patrick Regan

Financial results

1. New business and capital efficiency

2. IFRS operating profits

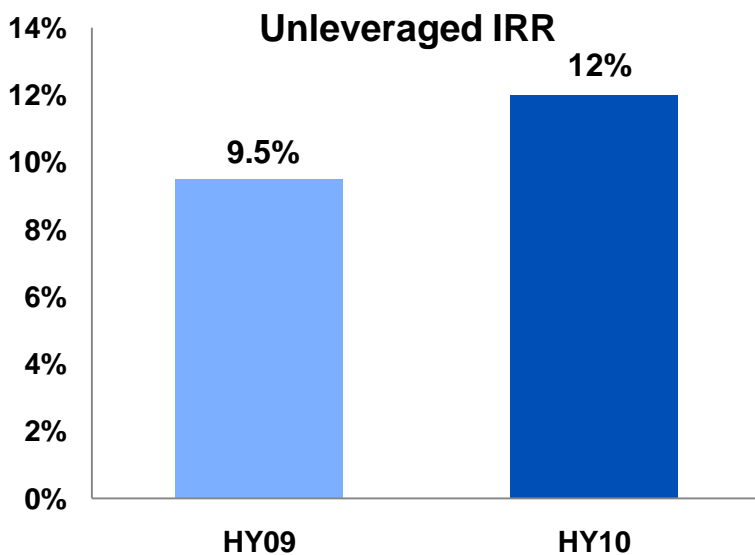
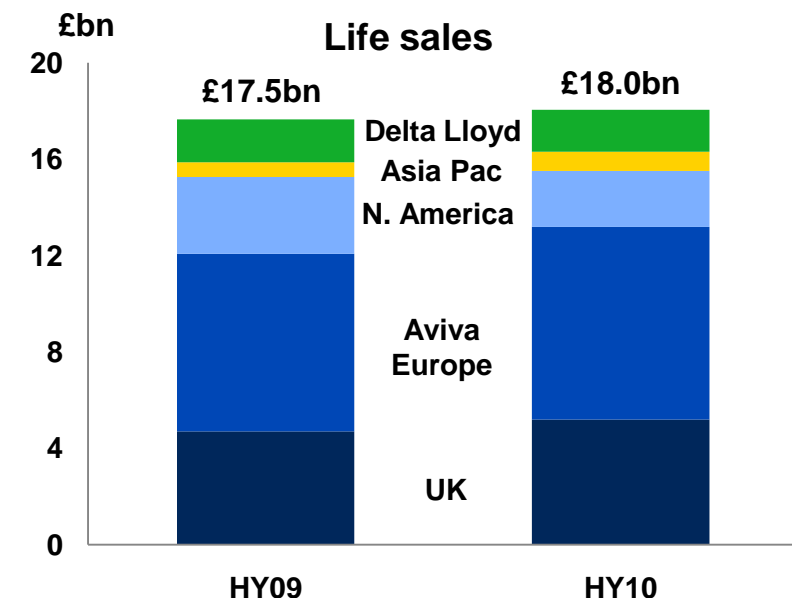
3. Capital generation

4. Total profits

5. Balance sheet

New business and capital efficiency

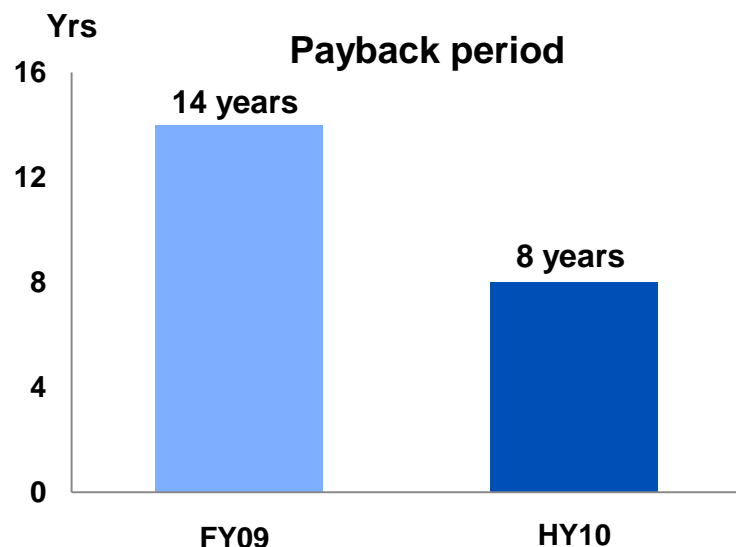
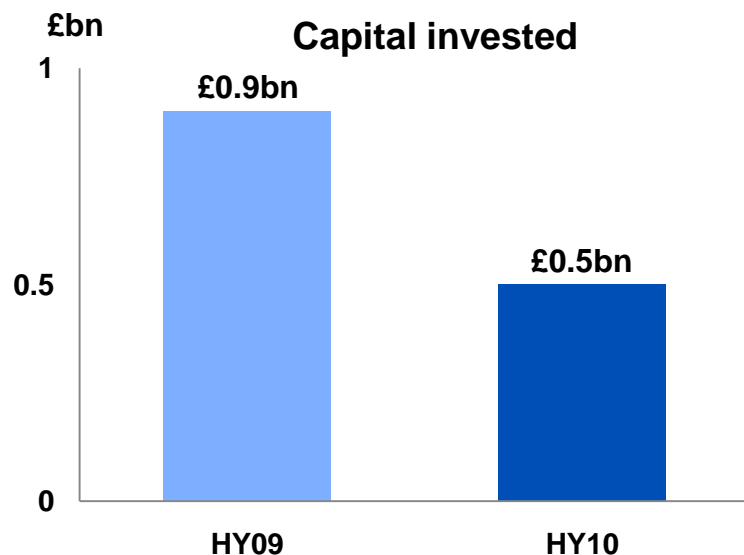
Profitable growth in sales – Life



	Life sales		Unleveraged IRR	
	HY09 £m	HY10 £m	HY09 %	HY10 %
UK	4,735	5,194	13%	15%
Aviva Europe	7,071	7,992	13%	12%
North America	3,189	2,334	7%	14%
Asia Pacific	698	794	5%*	10%
Delta Lloyd	1,780	1,732	5%	5%
Total	17,473	18,046	9.5%	12.0%

* excluding Australia

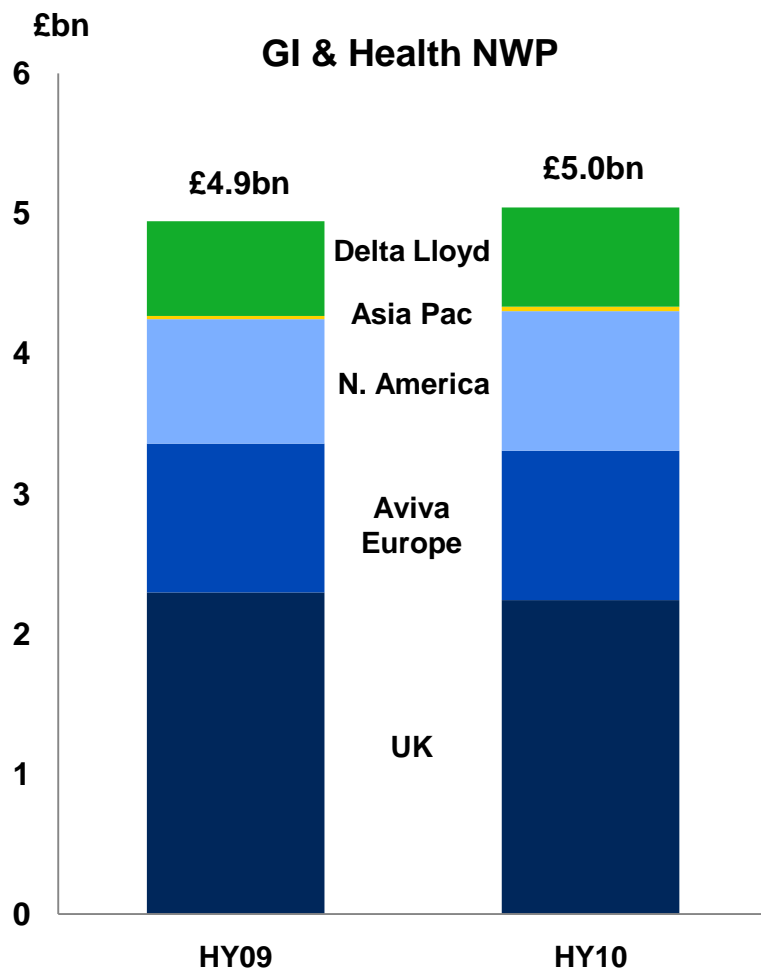
More efficient capital investment with lower payback period



£bn	Capital invested in new business		Payback period (years)	
	HY09	HY10	FY09	HY10
UK	(0.1)	(0.1)	8	7
Aviva Europe	(0.2)	(0.3)	7	8
North America	(0.5)	(0.2)	14	4
Asia Pacific	(0.1)	-	25*	12
Delta Lloyd	(0.1)	(0.1)	33	19
General insurance	0.1	0.2		
Total	(0.9)	(0.5)	14	8

* excluding Australia

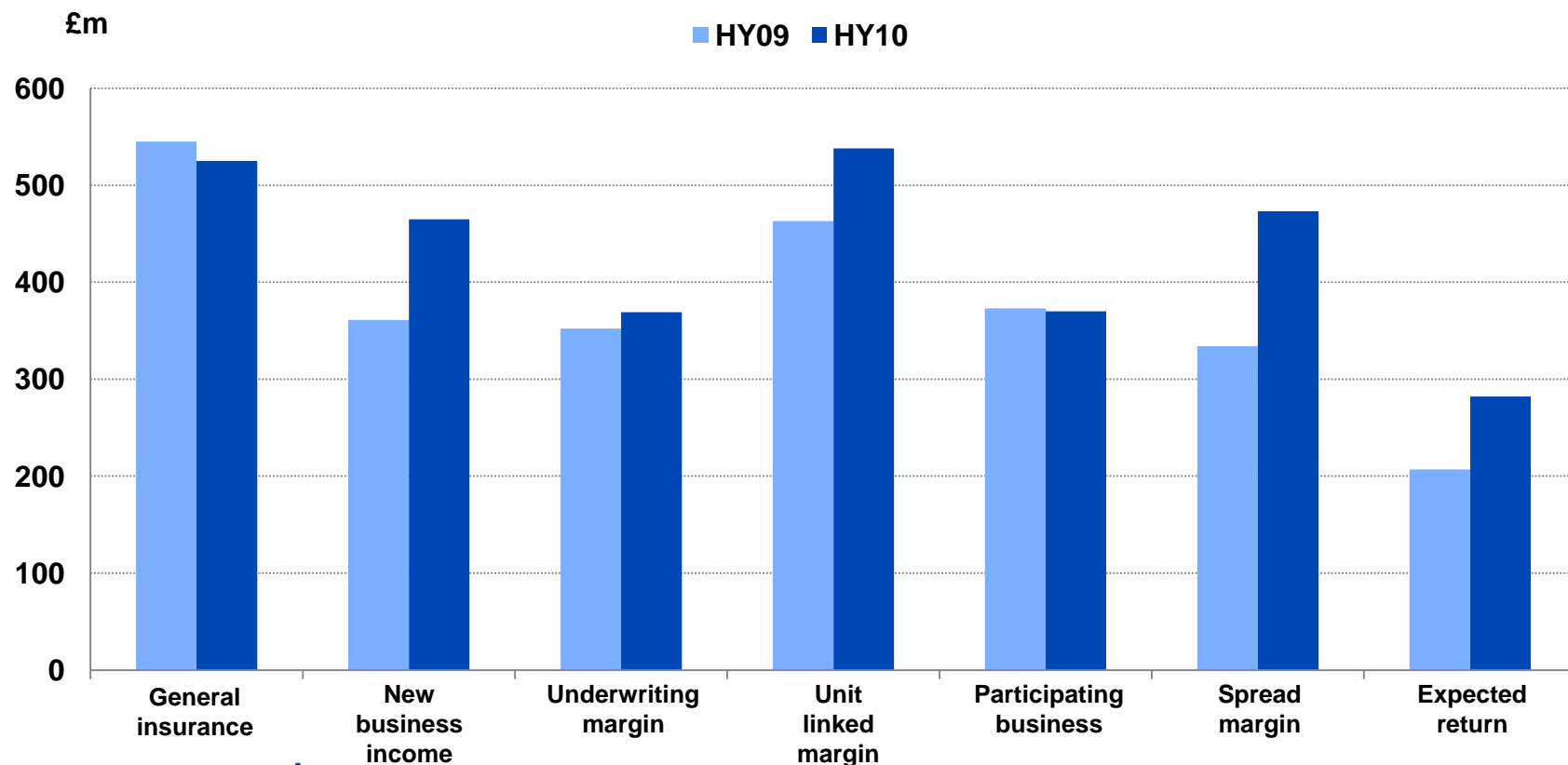
Profitable growth in sales – GI & Health



	GI & Health NWP		COR	
	HY09 £m	HY10 £m	HY09 %	HY10 %
UK	2,298	2,241	99%	98%
Aviva Europe	1,061	1,068	96%	102%
North America	889	996	97%	96%
Asia Pacific	22	32	n/a	n/a
Delta Lloyd	677	707	97%	93%
Total	4,947	5,044	97%	97%

IFRS operating profits

IFRS income streams from a range of GI & Life sources

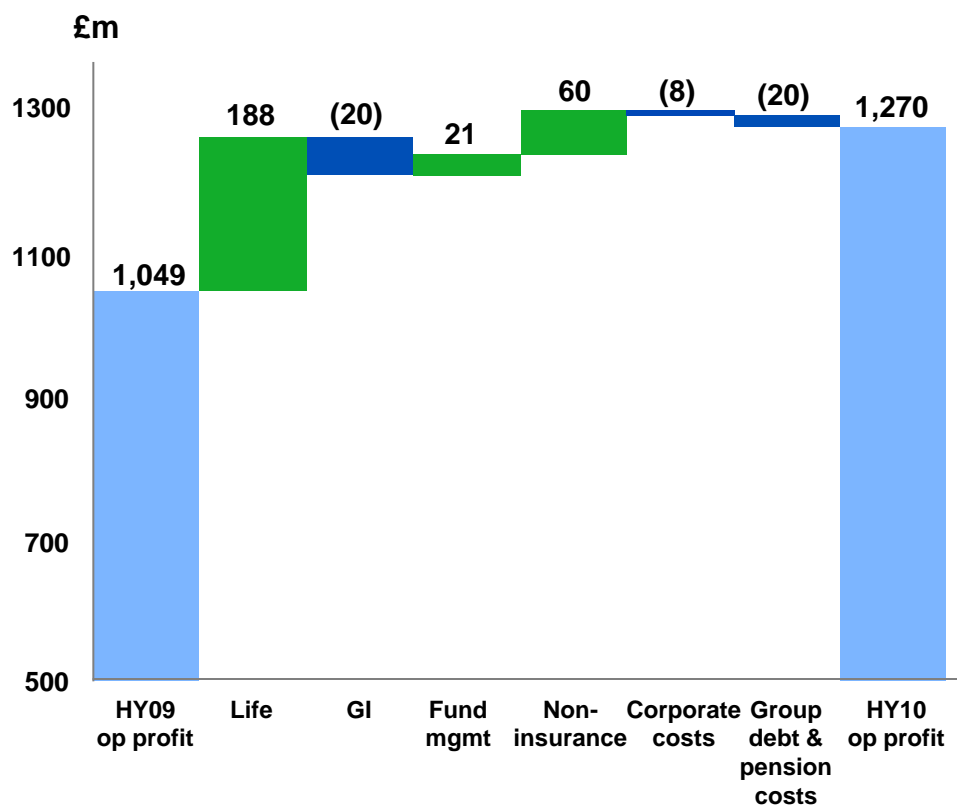


Life drivers



Growth in profits across a range of businesses

IFRS operating profits



	HY09		HY10	
	Life	GI	Life	GI
UK	368	284	463	268
Aviva Europe	330	108	425	46
Delta Lloyd	148	59	119	81
North America	24	87	86	132
Asia Pacific	70	7	35	(2)
Total Life / GI	940	545	1,128	525
Fund Management		35		56
Other, non-insurance		(107)		(47)
Corporate costs		(46)		(54)
Group debt costs		(286)		(289)
Pension costs		(32)		(49)
Operating profit		1,049		1,270

Summary IFRS life profit drivers

£m	HY09	HY10
UK	368	463
Aviva Europe	330	425
Delta Lloyd	148	119
North America	24	86
Asia Pacific	70	35
Operating profit	940	1,128

Key:

Driver		
HY09	HY10	Variance

Pre-tax operating profit		
940	1,128	20%

Income			DAC/AVIF amortisation and other			Expenses and commissions		
2,089	2,497	20%	(20)	(189)	n/a	(1,129)	(1,180)	(5)%

New business income			Investment return		
361	465	29%	1,376	1,663	21%

Underwriting margin		
352	369	5%

Acquisition expenses and commissions			Admin expenses and renewal commissions		
(500)	(548)	(10)%	(629)	(632)	-



New business income

Key:

Driver		
HY09	HY10	Variance

Total New business income		
361	465	29%

UK New business income		
179	230	28%

APE	617	657	6%
Margin	29%	35%	6ppt

- Strong growth in individual and bulk purchase annuities and protection sales
- Significant increase in annuity margins

Aviva Europe New business income		
149	179	20%

APE	813	904	11%
Margin	18%	20%	2ppt

- Strong growth in with profit sales, particularly in Italy and France, reflects customer demand

ROW New business income		
33	56	70%

APE	612	550	(10)%
Margin	5%	10%	5ppt

- Growth across Asia offset by pricing action in US on annuity business
- Margin reflects pricing action in US and reserving changes in Asia

Key:

Driver		
HY09	HY10	Variance

Total Underwriting margin		
352	369	5%



Expenses	131	165	26%
Mortality & longevity	179	152	(15)%
Persistency	42	52	24%

- Impact of unwinding expense allowances in reserve has increased across all businesses as book has grown

- Slightly lower positive experience in Europe and the US

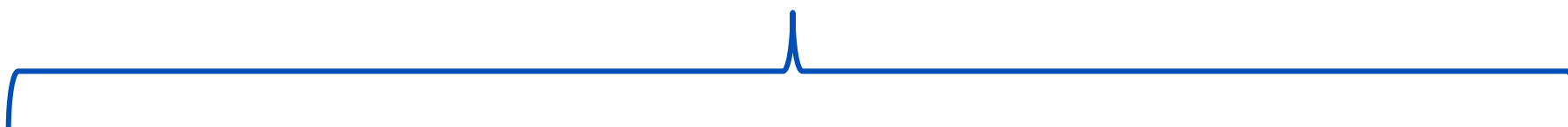
- Persistency profits improved from release of guarantees due to policyholder action post reattribution

Total IFRS investment return

Key:

Driver		
HY09	HY10	Variance

Investment return		
1,376	1,663	21%



Unit linked margin		
462	538	16%

Participating business		
373	370	(1)%

Spread margin		
334	473	42%

Expected return on shareholder assets		
207	282	36%

AMC (bps)	113	120	7
Average reserves (£bn)	82.0	89.8	10%

Increased reserves reflect improved market conditions across all businesses

Bonus (bps)	66	64	(2)
Average reserves (£bn)	112.9	115.7	2%

Growth in French AFER bonuses offset by lower UK with profit bonuses

Spread (bps)	98	134	36
Average reserves (£bn)	68.5	70.6	3%

Growth in spread reflects pricing actions in the US business & improved market conditions across all businesses

Equity	7.3%	7.2%	(0.1) ppt
Property	5.8%	5.7%	(0.1) ppt
Bonds	4.9%	4.7%	(0.2) ppt

Key:

Driver		
HY09	HY10	Variance

Acquisition expenses and commissions		
(500)	(548)	(10)%



Acquisition expense ratio	24%	26%	(2)ppt
APE (£m)	2,042	2,111	3%

Acquisition costs reflect growth in sales and higher initial commissions in Italy

Admin expenses and renewal commissions		
(629)	(632)	-

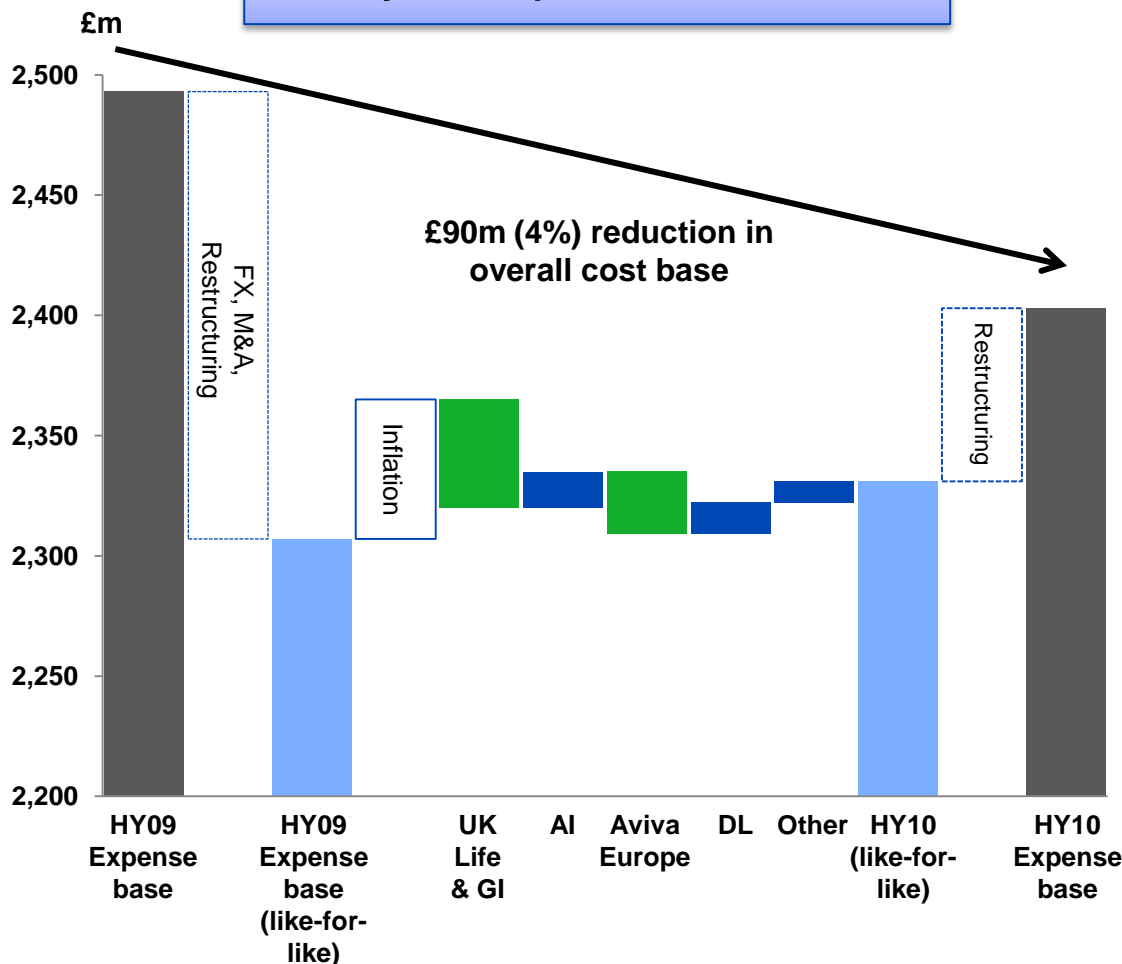


Existing expense ratio (bps)	48	46	2
Average reserves (£bn)	263	276	5%

Average reserves increased reflecting growth in existing book. Expense ratio slightly below HY09 level

Expense base broadly flat on like-for-like basis

Analysis of operational cost base



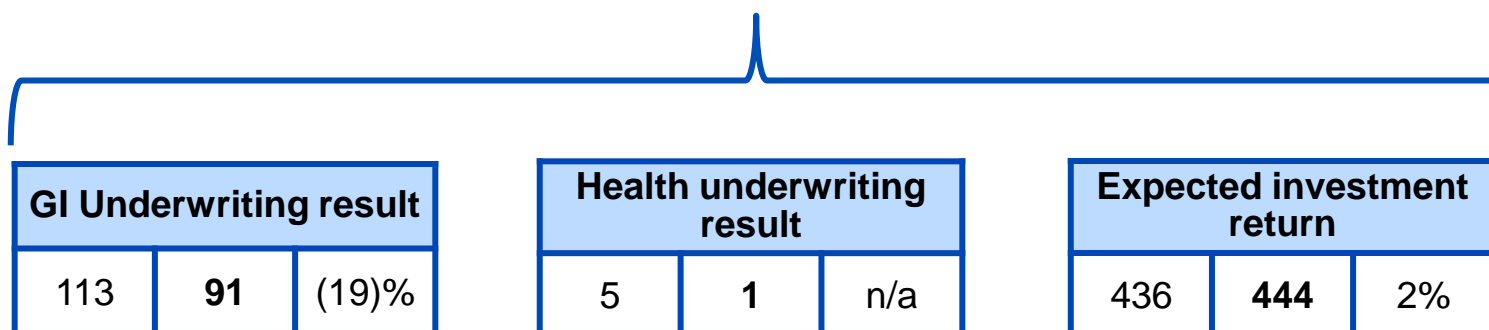
£m	HY 2009	HY 2010	Var.
Life acquisition and admin expenses per profit drivers	1,129	1,180	5%
Excluding commissions, DAC and other items	(113)	(234)	107%
Life operational expenses	1,016	946	(7)%
GI & Health expenses	835	833	-
FM expenses	169	188	11%
Other non-life expenses	325	364	12%
Operational expenses	2,345	2,331	(1)%
Restructuring, integration and brand	148	72	(51)%
Total expense base	2,493	2,403	(4)%

GI & Health profit drivers

Pre-tax operating profit		
545	525	(4)%

Key:

Driver		
HY09	HY10	Variance



Net written premiums	4,569	4,630	1%
Claims ratio	65.3%	65.3%	-
Commission ratio	19.7%	19.7%	-
Expense ratio	12.3%	11.8%	0.5ppt
COR	97%	97%	-

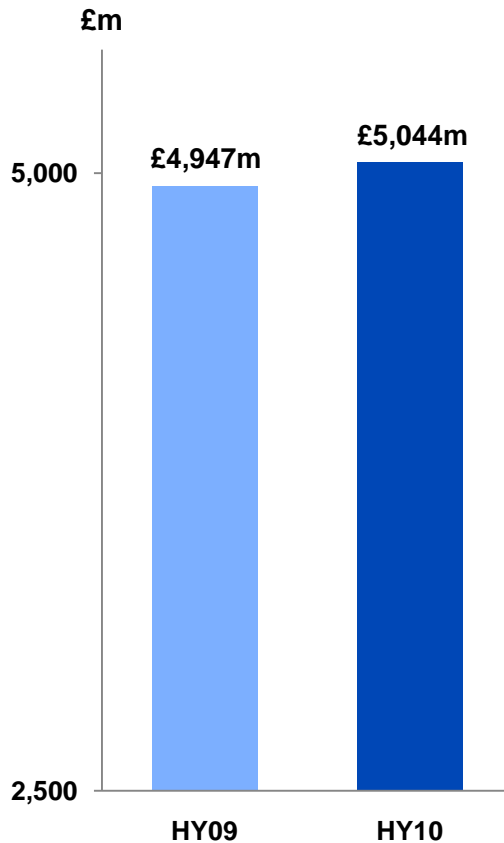
Average rate	4.7%	4.8%	0.1 ppt
Average assets £bn	18.6	18.7	1%

Note: Operating profit includes £(11)m resulting from unwind of discount (HY09: £(9)m)

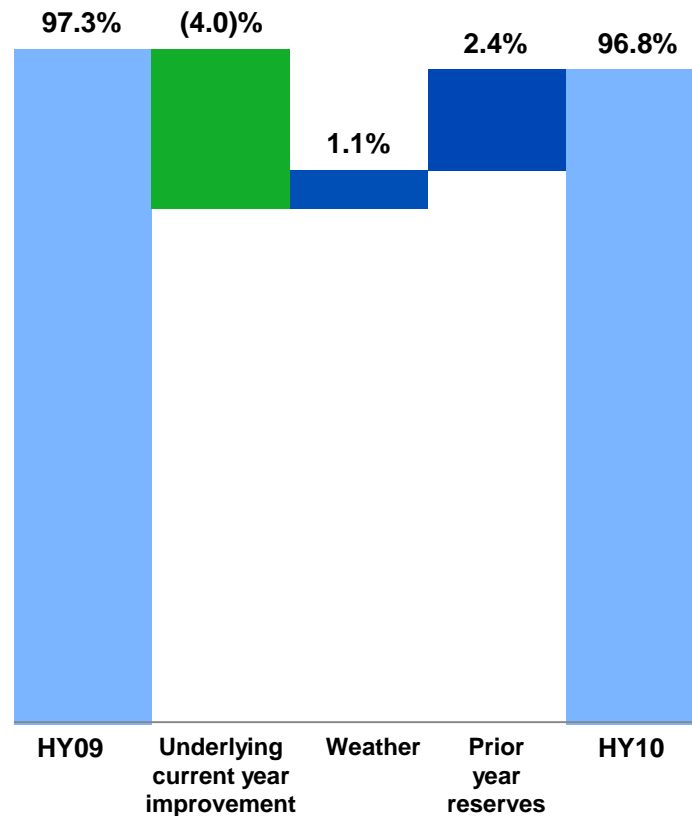


General Insurance performance

GI & health NWP



Group COR



Current year improvement driven by:

- Disciplined underwriting and pricing techniques
 - Rate increases, particularly in private motor
 - Continuing cost efficiency and reduced expense ratio
-
- Reserving methodology consistent with previous years

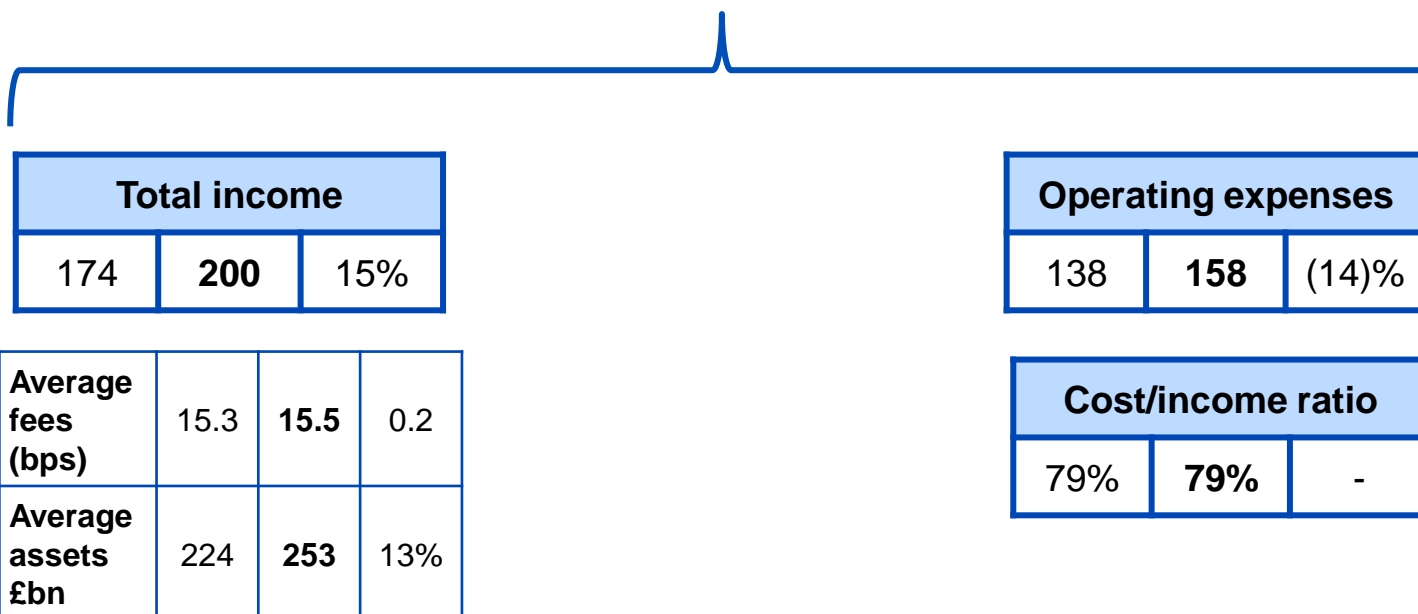
Strong growth in profits – Aviva Investors

£m	HY09	HY10
Aviva Investors	36	42
Other	(1)	14
Fund Management	35	56

Pre-tax operating profit		
36	42	17%

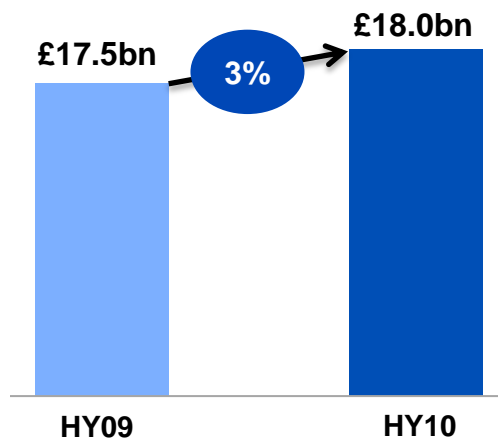
Key:

Driver		
HY09	HY10	Variance

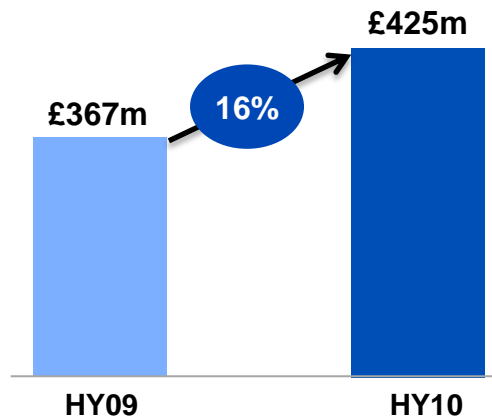


MCEV performance

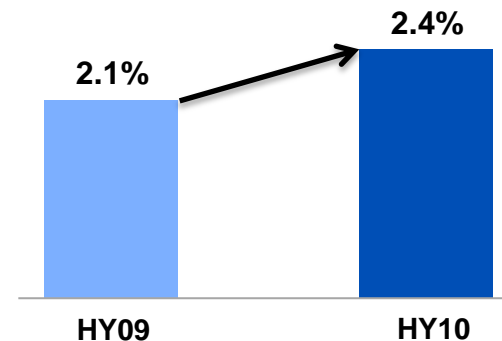
PVNB



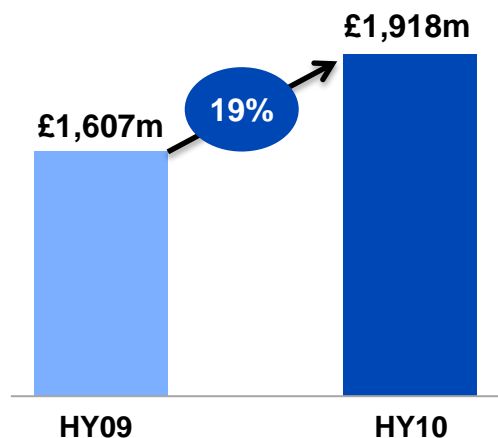
Value of new business



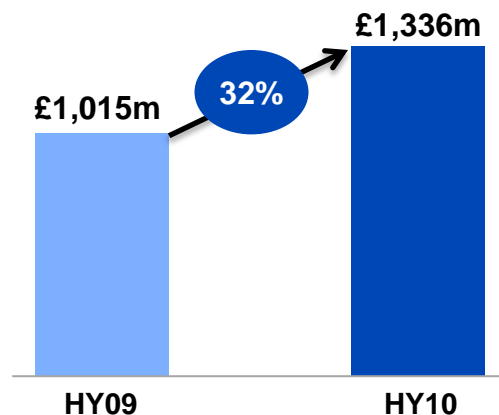
New business margin



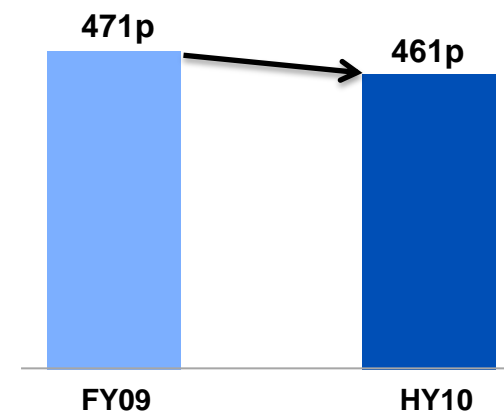
Life MCEV operating profit



Total MCEV profit before tax



MCEV NAV

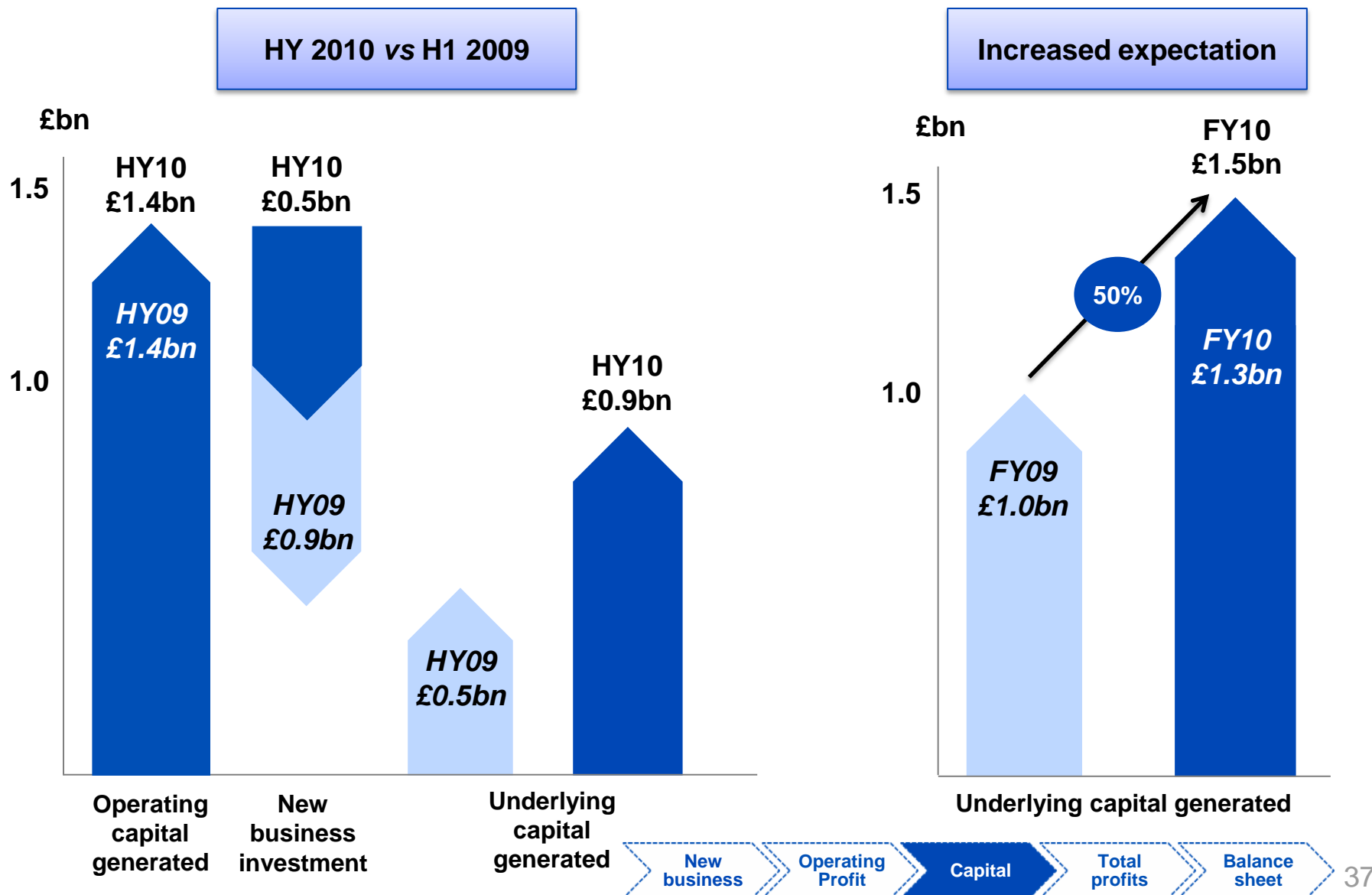


Capital generation

Continuing strong capital generation

GI & Life Gross capital generated		
	HY09 £bn	HY10 £bn
UK	0.5	0.5
Aviva Europe	0.4	0.4
North America	0.3	0.4
Asia Pacific	0.1	-
Delta Lloyd	0.1	0.1
Total	1.4	1.4

We expect a 50% increase in net capital generation



Total profits

	HY09 £m	HY10 £m
Operating profit	1,049	1,270
Integration & restructuring costs	(148)	(72)
Delta Lloyd exceptional items including compensation costs and German restructure	-	(117)
Investment variances & assumption changes	82	1,004
Profit on disposals	20	28
Goodwill and intangibles amortisation	(63)	(62)
Profit before tax	940	2,051
Tax	(193)	(546)
Minority interest & DCI	(81)	(433)
Total return	666	1,072
Earnings per share	24.9p	38.8p

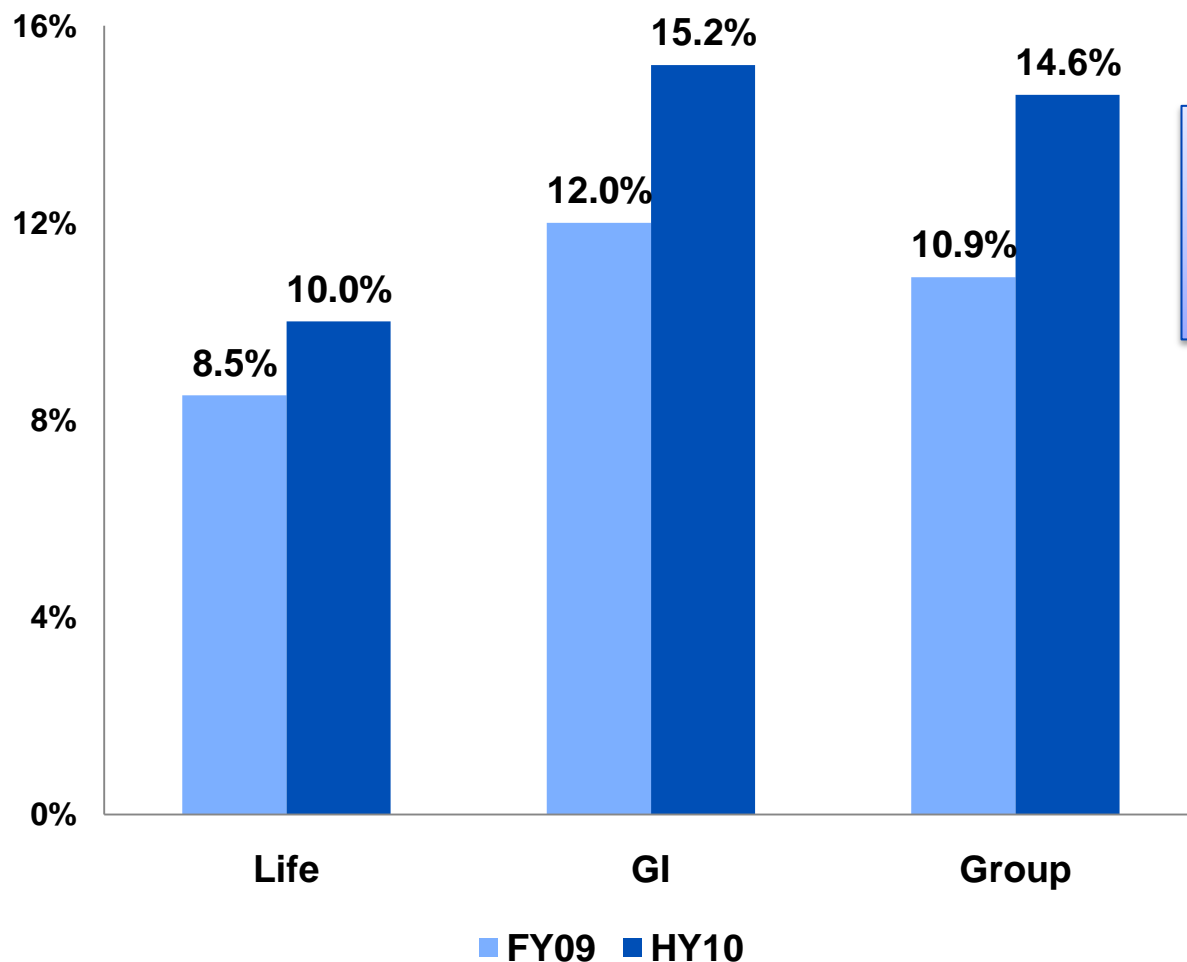
Interim dividend per share 9.5p (2009: 9p)

Total estimated cost of interim dividend: £266 million (before scrip)

- Integration & restructuring costs:
 - Mainly UK, Quantum Leap & Solvency II
- Delta Lloyd exceptional items:
 - German life business
 - Unit linked & pension compensation
- Investment variances re: Delta Lloyd:
 - c.£600 million benefit from differing movements in asset and liability yield curves
- Remainder due to positive asset performance

** Earnings per share - stated after tax, minority interest, preference dividend and DCI*

Annualised IFRS return on equity



IFRS return on equity based on operating profit after tax and minority interests over opening shareholders' funds

Net asset value per share

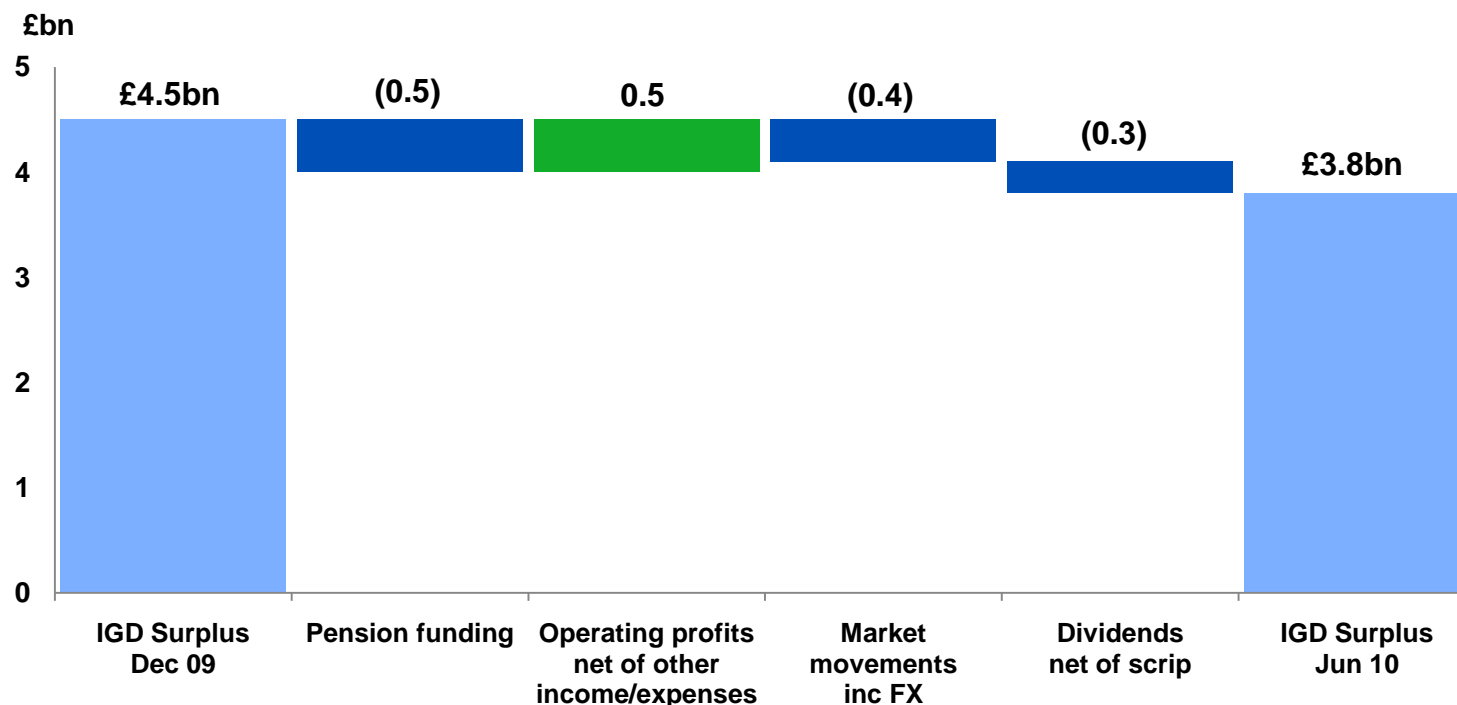
Pence per share	IFRS	MCEV
Net asset value at 31 December 2009	374p	471p
Profit and investment variances	53p	29p
Dividends net of scrip	(10)p	(10)p
Pension scheme revaluation	(12)p	(12)p
Foreign exchange movements	(4)p	(14)p
Shares issued	(5)p	(6)p
Other	(2)p	3p
Net asset value at 30 June 2010	394p	461p

Final salary pension scheme:

- Planned closure
- Funding agreement:
 - £365 million expected to be paid in the year
- NAV impacted by change in discount rates
- Further de-risking planned

Balance sheet

IGD solvency remains resilient



Key movements in H1 2010

- One off £0.5 billion impact of strengthening of pension funding
- £0.3 billion 2009 final dividend payment
- £0.5 billion IGD operating profit partly offset by market movements including FX
- A 40% movement in equities would reduce IGD surplus by £0.5 billion

	FY09 £bn	HY10 £bn	HY09 %	HY10 %
Government bonds	17.0	17.3	16%	15%
Corporate bonds	32.5	37.1	30%	33%
Asset backed securities	8.3	7.6	8%	7%
Other	1.0	0.5	1%	1%
Debt securities	58.8	62.5	55%	56%
Mortgages and loans	32.1	31.9	30%	29%
Cash	6.6	8.4	6%	7%
Equities	5.0	4.6	5%	4%
Properties	2.2	2.1	2%	2%
Other investments	2.8	2.6	2%	2%
Total investments	107.5	112.1	100%	100%
Other assets	28.6	27.8		
Total shareholder assets	136.1	139.9		

Government bonds

- 97% investment grade & insurance rated, zero defaults
- £538 million in Greece, Portugal & Spain

Corporate bonds

- 95% investment grade & insurance rated, minimal defaults
- £1.1 billion provision against UK annuity book

Mortgages

- 38% securitised or government guaranteed
- £8.5 billion UK commercial mortgage book
 - 1.3x rental cover
 - Arrears of less than 1%

Equities

- Put options remain in place

Andrew Moss

Summary and outlook

A powerful cash generator

In the world's largest life and pensions market

With multiple, diverse and complementary income streams from Life, GI and asset management

Investing to grow the franchise...

... and paying a growing dividend

Aviva plc Interim Results 2010



Q&A



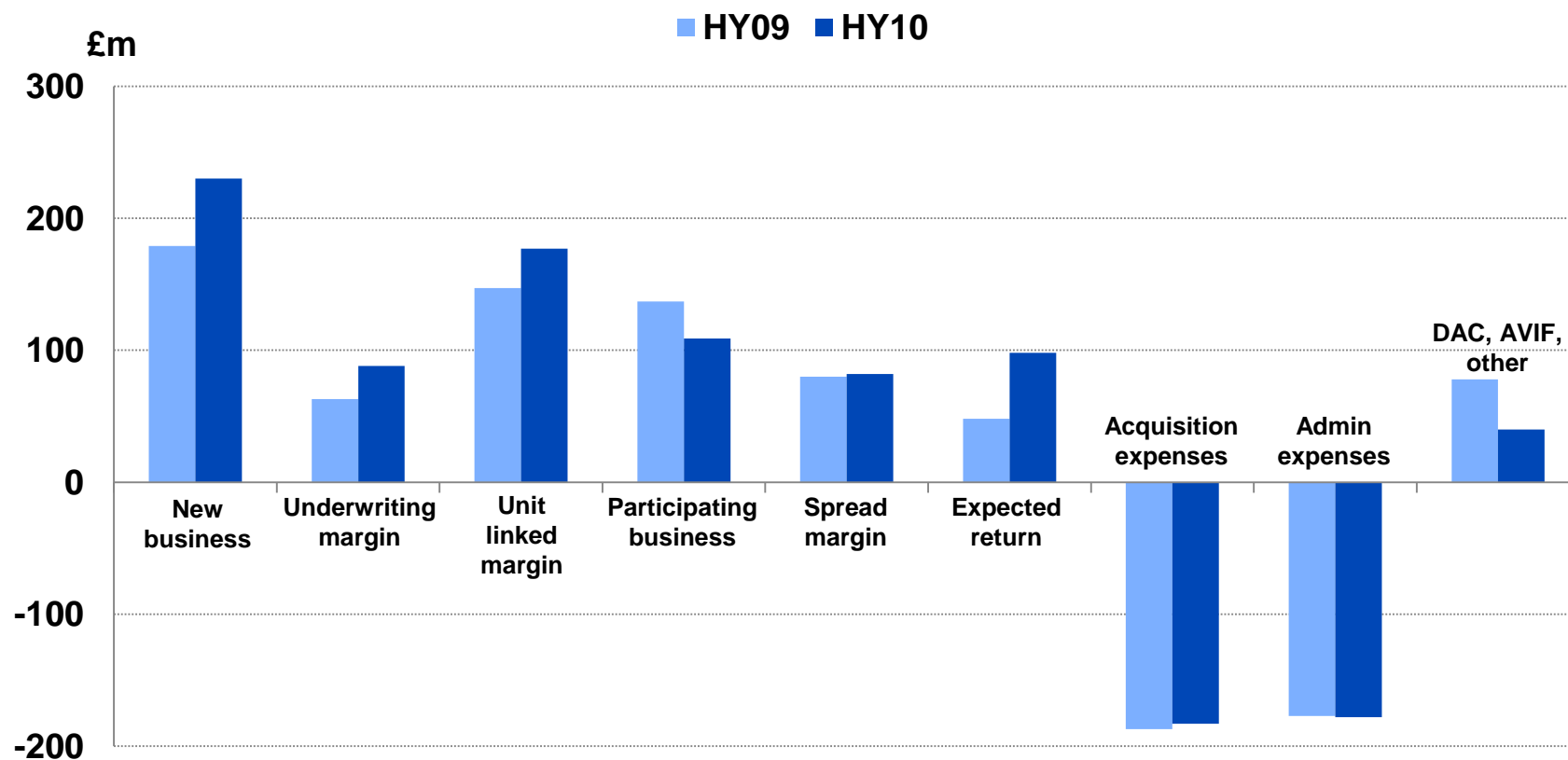
Appendix

- Update on specific 2010 plans
- Regional IFRS life operating profit drivers
 - UK Life
 - Aviva Europe
 - Rest of World
 - UK investment return
 - Aviva Europe investment return
 - Rest of the world investment return
 - UK Life expenses
 - Aviva Europe life expenses
 - Rest of the world life expenses
- Debt securities by credit rating
- MCEV key financial highlights

Update on specific 2010 plans to drive value, earnings & dividend growth

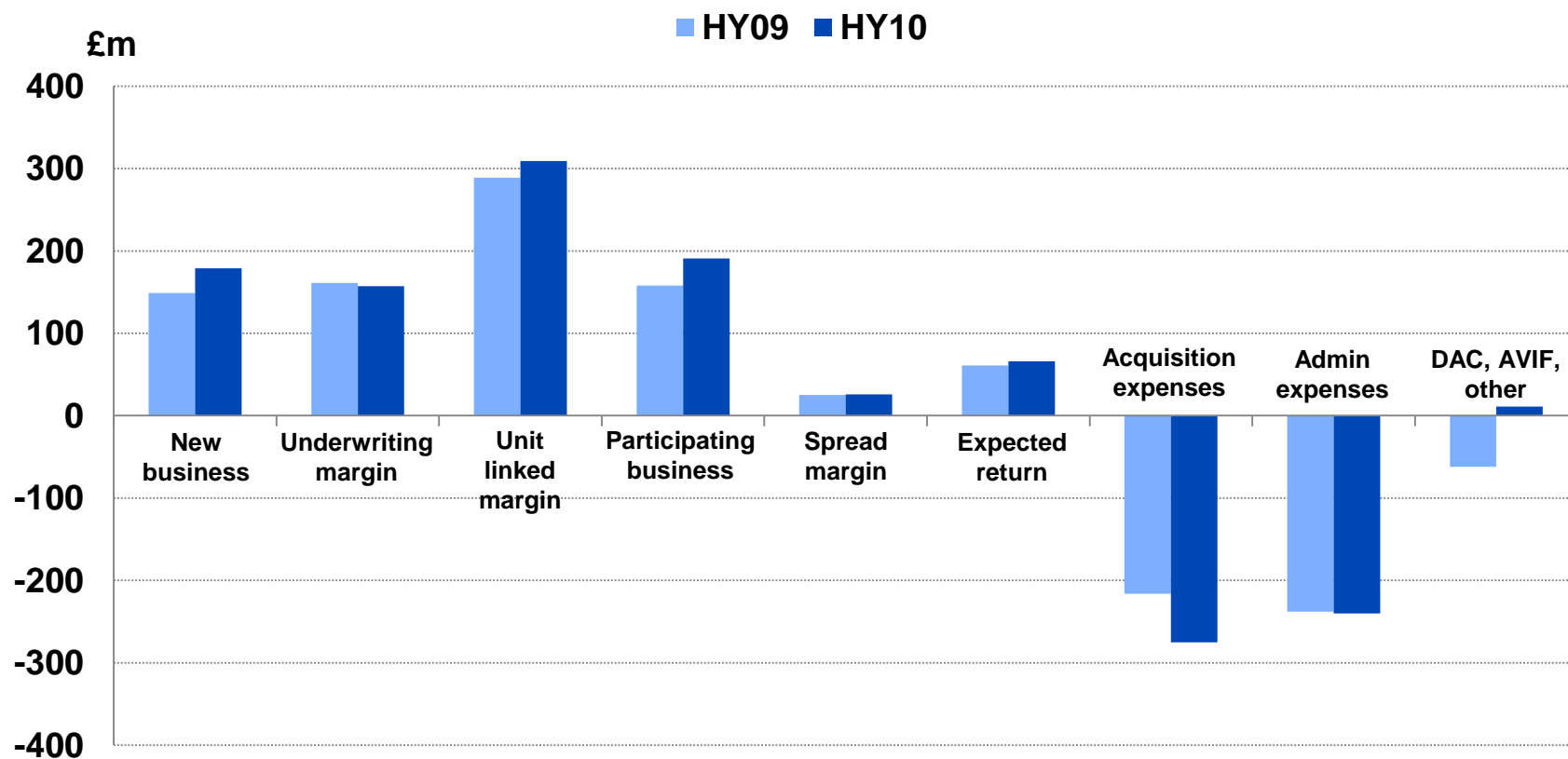
UK	<ul style="list-style-type: none"> • Grow RAC panel proposition and direct business • Expand risk appetite to build mid-size Corporate GI • Build Wraps and SIPP market share • Grow the protection business 	✓ ✓ Building slowly ✓
Europe	<ul style="list-style-type: none"> • Increase penetration of bancassurance protection business • Targeting a further shift towards higher margin unit linked products • Centralise asset & liability management and reinsurance in Dublin • Further GI market penetration and lower claims ratio 	✓ ✓ Some progress Limited progress
North America	<ul style="list-style-type: none"> • Drive further increase in profits and improve IRRs • Maintain GI market position whilst increasing earnings 	✓ ✓
Asia Pacific	<ul style="list-style-type: none"> • Expand market share in chosen markets and re-enter GI in selected countries 	✓
Aviva Investors	<ul style="list-style-type: none"> • Significantly increase third party mandates and investment outperformance 	✓

UK Life IFRS operating profit drivers



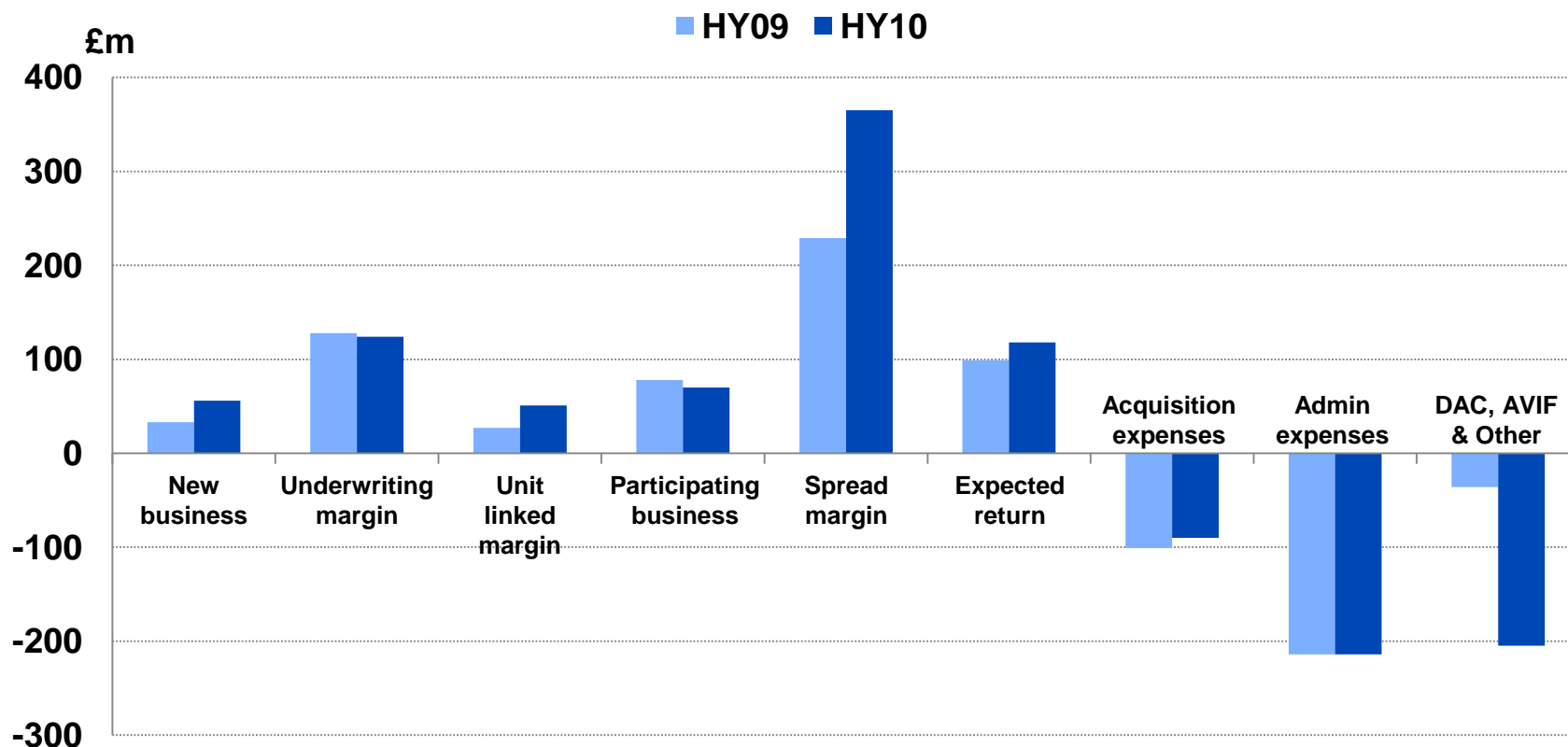
- Strong new business income on annuity business
- Investment margins reflect improving market conditions partly offset by lower with profit bonus levels
- Expected returns boosted by return on reattributed assets

Aviva Europe Life IFRS operating profit drivers



- New business income growth, particularly in Italy
- Investment margins reflect improving market conditions and higher income from AFER business in France
- Acquisition expenses include higher initial commissions on with profit business in Italy
- Admin expenses include higher French renewal commissions
- DAC, AVIF & Other includes £55 million profit from adoption of realistic reserving on protection business in Ireland

Rest of World Life IFRS operating profit drivers



- Strong new business income from pricing actions in the US and lower reserve levels in Asia
- Spread margin increased substantially following pricing actions in the US and growth in existing book
- Other in HY09 included non-recurring £58m reserve release in Singapore and £22m Australia result

UK investment return

Key:

Driver		
HY09	HY10	Variance

Investment return		
412	466	13%

Unit linked margin				Participating business				Spread margin				Expected return on shareholder assets			
147	177	20%		137	109	(20)%		80	82	3%		48	98	104%	

AMC (bps)	94	100	6
Average reserves (£bn)	31.4	35.5	13%

Driven by a recovery in asset values increasing FUM

Bonus (bps)	61	48	(13)
Average reserves (£bn)	44.6	45.4	2%

Asset recovery offset by lower UK with profit fund bonuses

Spread (bps)	75	72	(3)
Average reserves (£bn)	21.5	22.7	6%

Spread margin has remained relatively stable

Equity	7.0%	7.8%	0.8 ppt
Property	5.5%	6.3%	0.8 ppt
Bonds	5.5%	5.5%	-

Aviva Europe investment return

Key:

Driver		
HY09	HY10	Variance

Investment return		
532	593	11%

Unit linked margin			Participating business			Spread margin			Expected return on shareholder assets		
289	310	7%	158	191	21%	25	26	4%	60	66	10%

AMC (bps)	142	143	1
Average reserves (£bn)	40.8	43.4	6%

Bonus (bps)	55	64	9
Average reserves (£bn)	57.6	59.7	4%

Spread (bps)	74	85	11
Average reserves (£bn)	6.7	6.1	(9)%

Equity	7.3%	7.2%	(0.1) ppt
Property	5.8%	5.7%	(0.1) ppt
Bonds	4.7%	4.4%	(0.3) ppt

Improvement of market values and steady AMC

French and Italian growth alongside a recovery in earnings in with profit funds

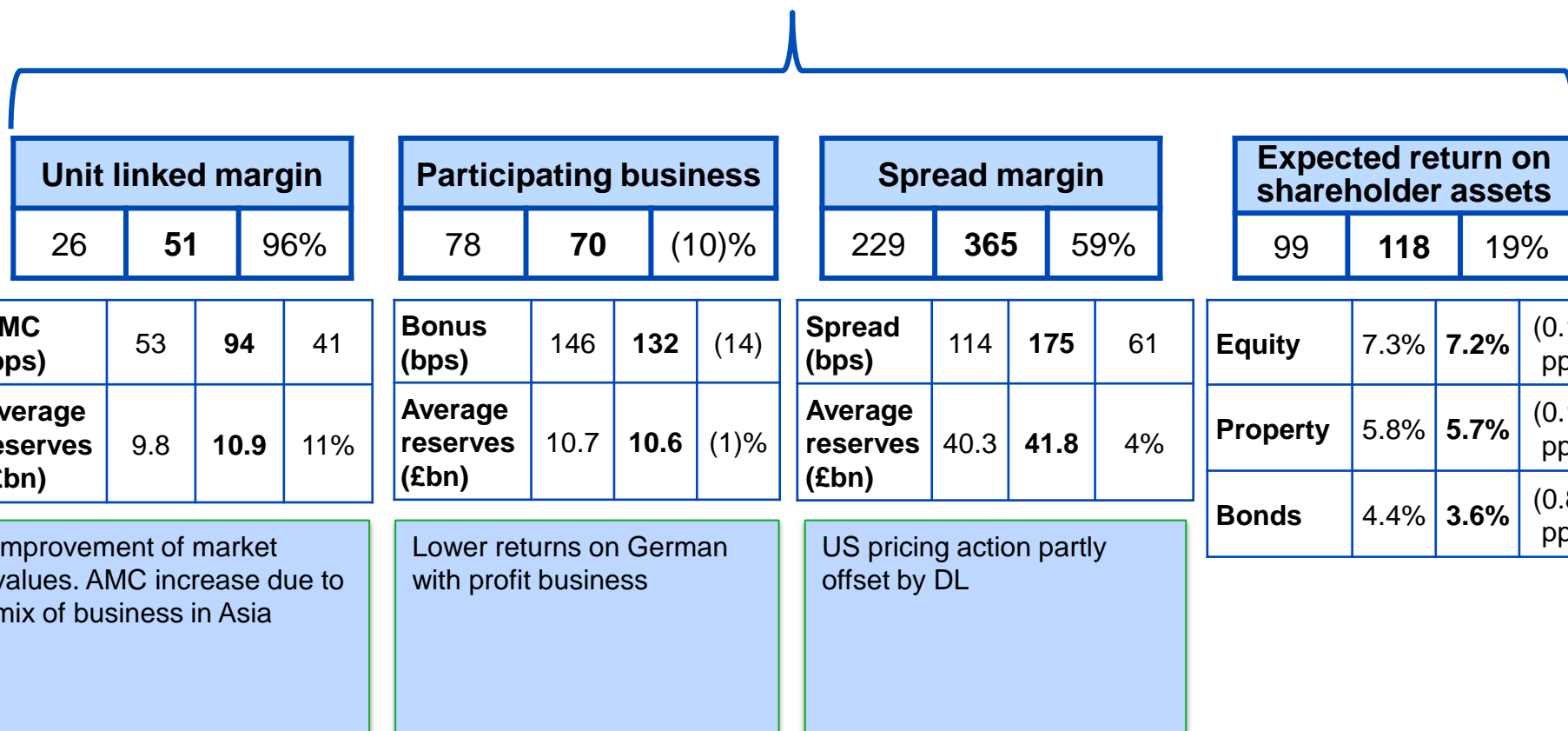
Reduction in average reserves from lower levels of Spanish protection business offset by Italian pricing action on margins

Rest of World investment return

Key:

Driver		
HY09	HY10	Variance

Investment return		
432	604	40%



Key:

Driver		
HY09	HY10	Variance

Acquisition expenses and commissions		
(187)	(183)	2%



Acquisition expense ratio	30%	28%	2ppt
APE	617	657	6%

Sales growth absorbed further benefits from continued cost savings

Admin expenses and renewal commissions		
(177)	(178)	-



Existing expense ratio (bps)	36	34	2
Average reserves (£bn)	97	104	7%

Continued cost savings driving down unit costs

Key:

Driver		
HY09	HY10	Variance

Acquisition expenses and commissions		
(212)	(275)	(30)%



Acquisition expense ratio	26%	30%	(4)ppt
APE	813	904	11%

Slight increase in expense ratio driven by higher commissions in Italy from increased with profit sales

Admin expenses and renewal commissions		
(238)	(240)	(1)%



Existing expense ratio (bps)	45	44	1
Average reserves (£bn)	105	109	4%

Slight improvement in expense ratio as cost efficiencies offset higher French renewal commissions

Rest of World Life expenses

Key:

Driver		
HY09	HY10	Variance

Acquisition expenses and commissions		
(101)	(90)	11%



Acquisition expense ratio	17%	16%	1ppt
APE	612	550	(10)%

Slight reduction in expense ratio mainly in the US

Admin expenses and renewal commissions		
(214)	(214)	-



Existing expense ratio (bps)	70	68	2
Average reserves (£bn)	61	63	3%

Expenses are flat as reduction in expense ratio has offset increase in reserves

Debt securities – a high quality, diverse portfolio

Shareholder debt securities £62.5bn

Direct shareholder exposure to debt securities of £62.5bn						
£m	AAA / AA / A	Insurance rated	BBB	Less than BBB	Unrated	Total
Corporate debt securities £37.1bn	21.9	1.9	11.5	1.5	0.3	37.1
Other debt securities £8.1bn						
Certificate of deposits	0.3	-	0.2	-	-	0.5
Structured	6.3	-	0.4	0.4	0.5	7.6
Government debt securities £17.3bn	16.3	0.2	0.1	0.2	0.5	17.3
Total	44.8	2.1	12.2	2.1	1.3	62.5

- 95% of debt securities are investment grade or NAIC rated
- Minimal losses on debt securities, minimal movement in rating grades
- Current holding of £538 million sovereign debt in Greece, Portugal and Spain
- Insurance rated assets are predominantly equivalent to A to BBB credit ratings

MCEV – key financial highlights

£m	HY09 £m	HY10 £m	Change %
Long-term business IFRS profit / MCEV earnings	1,607	1,918	19%
GI & Health	545	525	(4)%
Fund management	(4)	13	n/a
Other operations and regional costs	(99)	(33)	67%
Corporate centre	(46)	(54)	(17)%
Group debt and other interest costs	(318)	(338)	(6)%
Operating profit before tax	1,685	2,031	21%
Profit / (loss) after tax	919	896	(3)%
MCEV new business margin	2.1%	2.4%	
Long-term savings sales	19,421	20,238	
Net asset value per share	404p	461p	
Earnings per share	32.9p	28.5p	
Equity shareholder's funds	11,057	12,921	
Return on equity shareholders' funds	(FY09) 16.2%	17.5%	

MCEV – key financial highlights

	PVNBP		New business margin		Life operating profit	
	HY09 £m	HY10 £m	HY09 %	HY10 %	HY09 £m	HY10 £m
UK	4,735	5,194	2.1	3.4	345	559
Aviva Europe	7,071	7,992	3.8	3.6	776	893
North America	3,189	2,334	0.5	0.2	120	271
Asia Pacific	698	794	2.3	2.3	37	38
Delta Lloyd	1,780	1,732	(1.9)	(3.3)	329	157
Total	17,473	18,046	2.1	2.4	1,607	1,918
Non-life					78	113
					1,685	2,031