

Aviva Preliminary Results 2011



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 24 March 2011. 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.

Operational performance and strategic progress

Andrew Moss

Financial results

Patrick Regan

Looking ahead

Andrew Moss

Q&A

Improving operating performance

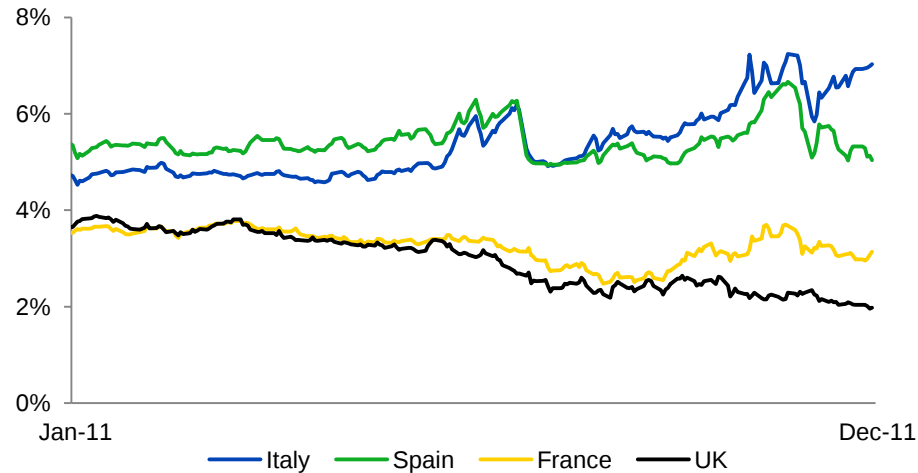
**Allocating capital to chosen markets
where we can grow and earn the highest returns**

Simplifying the portfolio

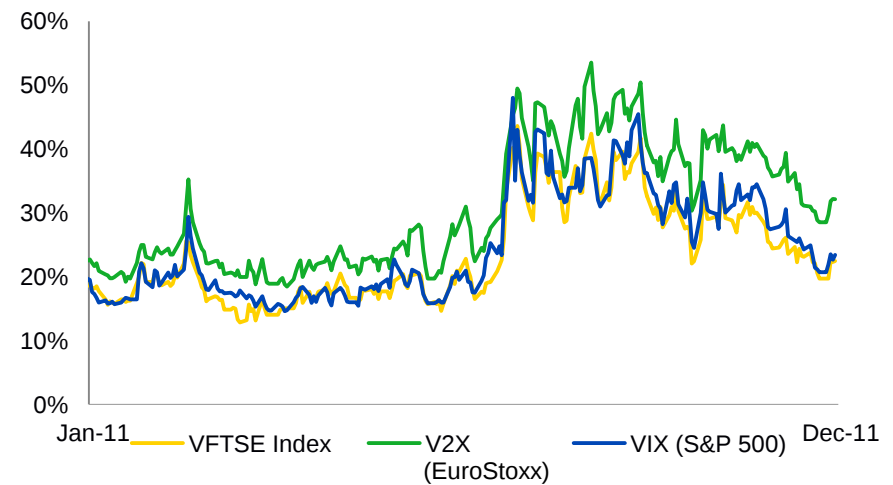
Balance sheet strength

A volatile year

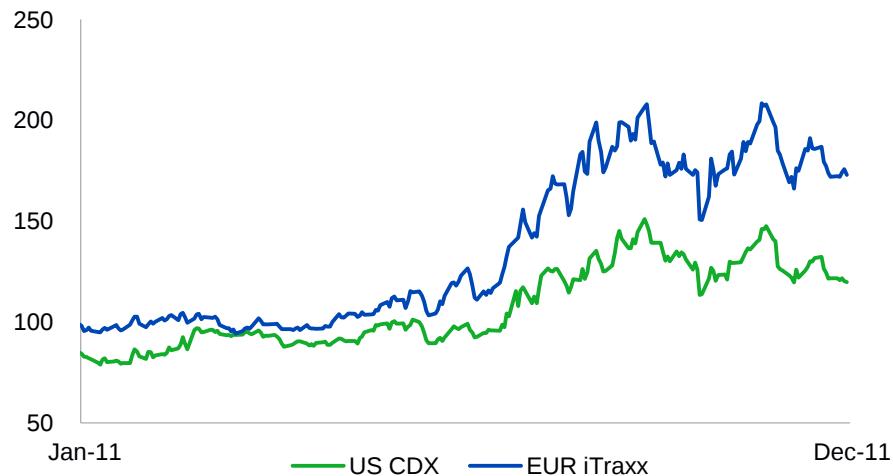
10 year sovereign yield



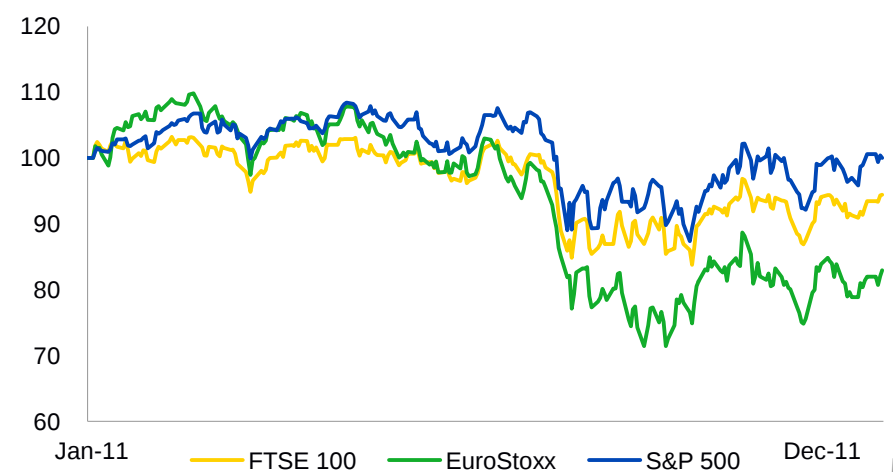
Equity volatility



Credit spreads

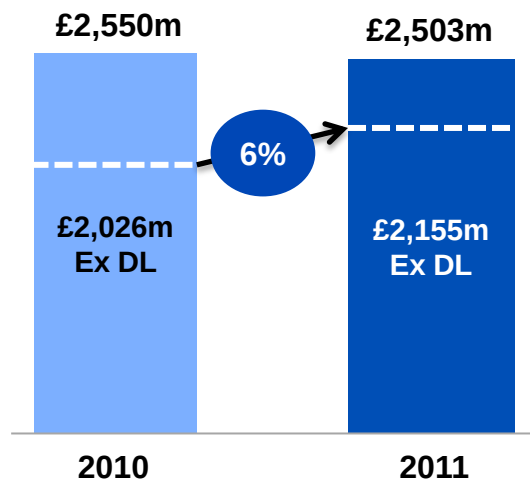


Equity markets

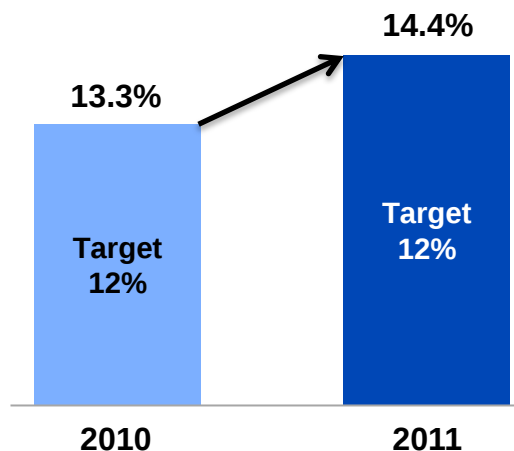


Focus on value and increasing profitability

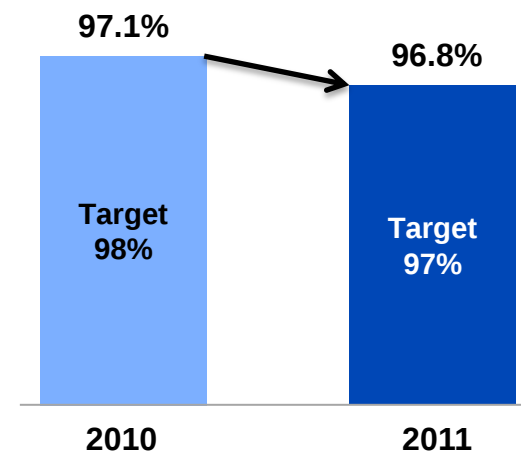
IFRS operating profit



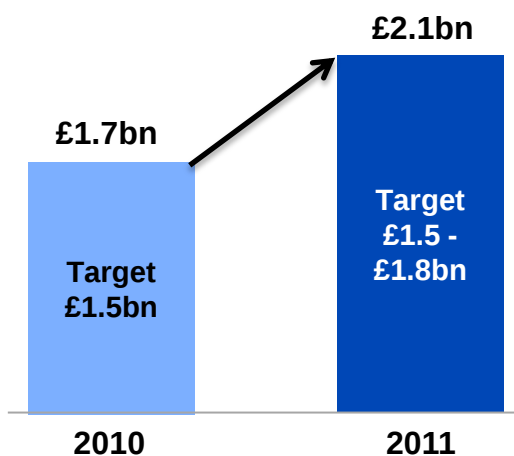
Life IRR



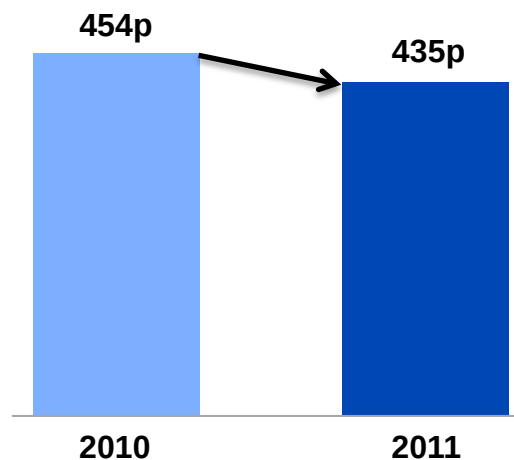
GI COR



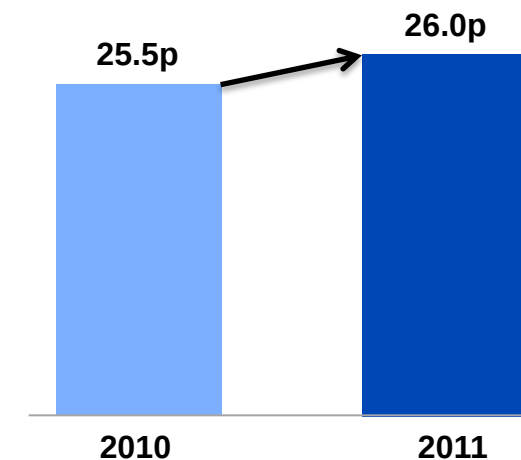
Operating capital generation



IFRS NAV

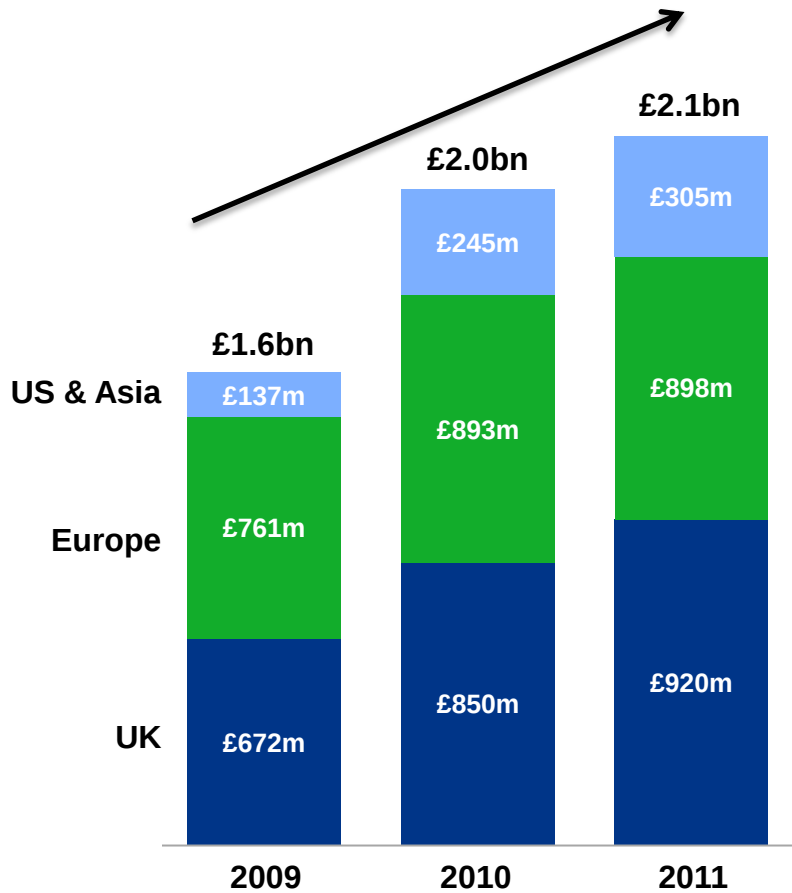


Dividend

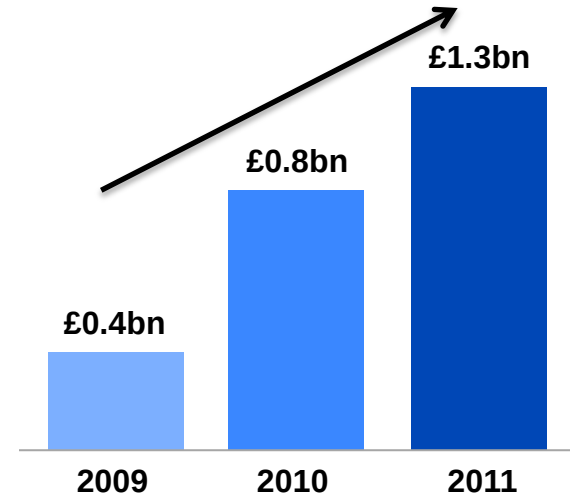


Track record of growth in Life

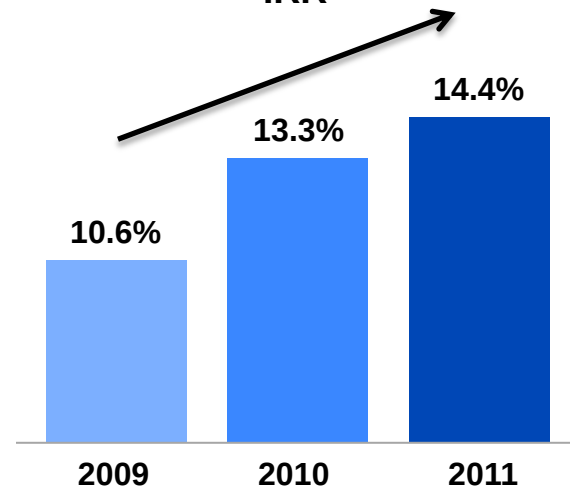
Operating profit



Net operating capital generation

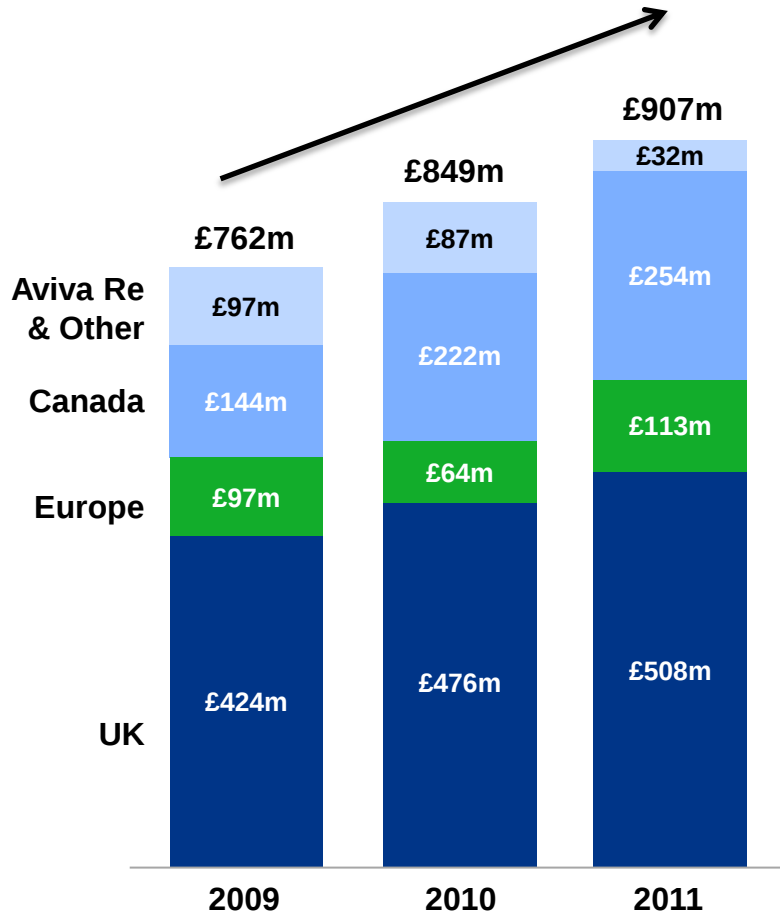


IRR

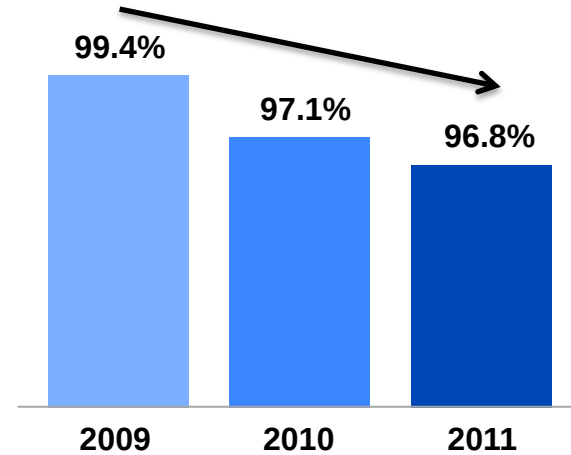


Track record of growth in GI

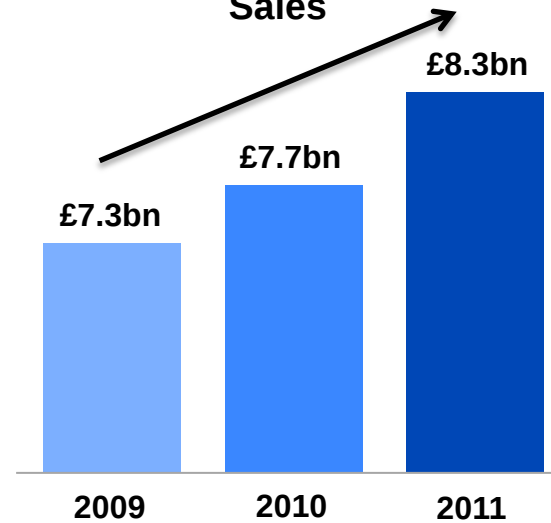
Operating profit



COR



Sales



Progress in the UK



Market leading brand recognition

400,000 new motor customers

25% market share individual annuities

15% market share in protection



Quote me happy.com



Unparalleled customer reach through intermediaries, corporate partners and direct



9,000 IFA firms



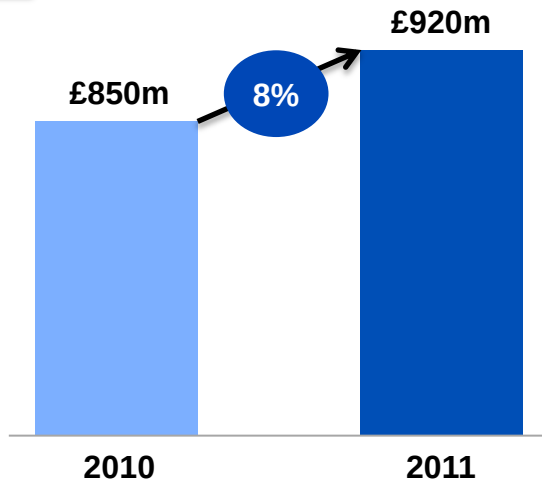
UK General Insurer of the Year
Best Pension Provider of the Year
UK Health Insurer of the Year



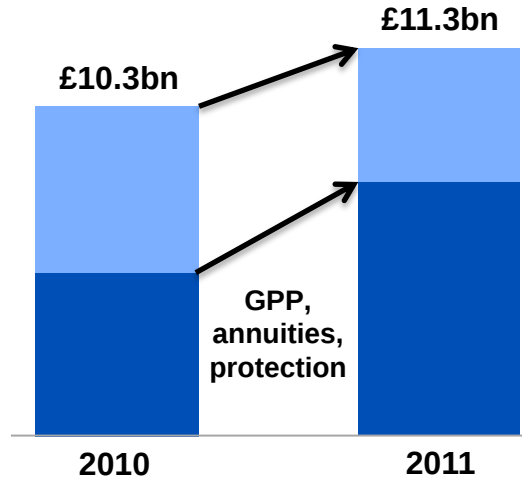
Progress in the UK

Life

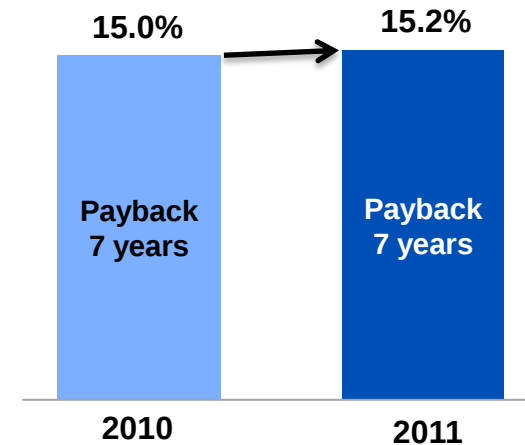
IFRS operating profits



L&P sales

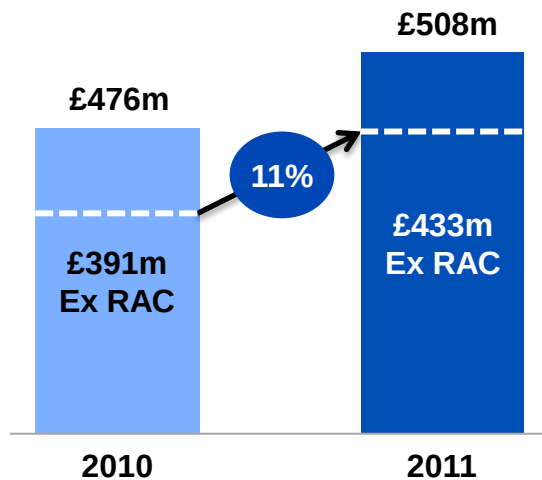


IRR

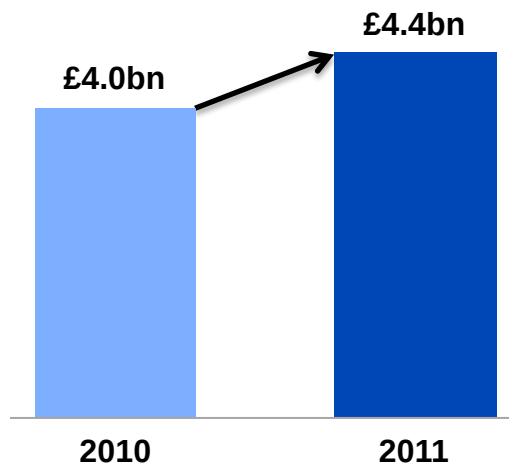


GI

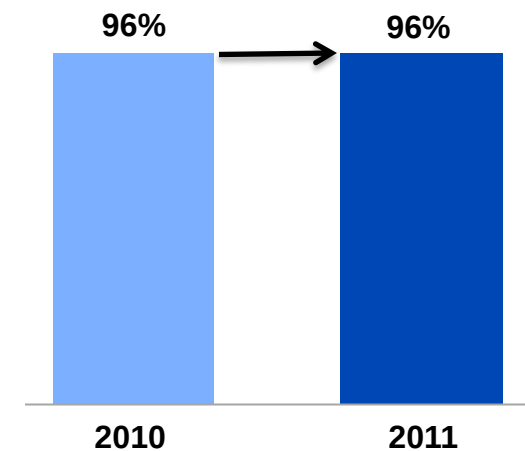
IFRS operating profits*



NWP*



COR*



Europe: resilience in a tough environment

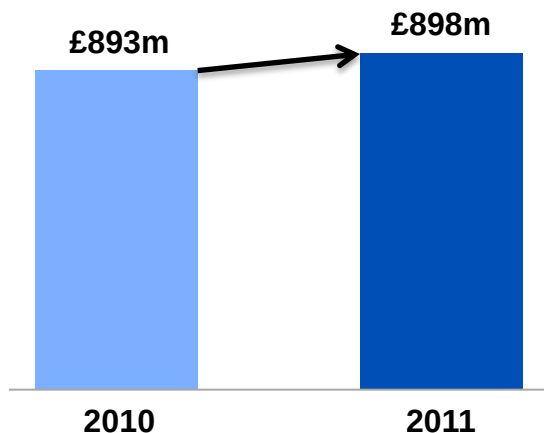
IFRS operating profits

France	£467m	Resilient life result 13% growth in bancassurance sales IRR up to 11.4% (2010: 9.4%) Strong GI result	Tied agency network AFER Bancassurance
Spain	£216m	IRR of 23.3% (2010: 21.6%) Record operating profits	Bancassurance
Poland*	£167m	IRR of 24.3% (2010: 25.3%) Consistently strong results	Direct & Bancassurance
Italy*	£140m	Sharply decreased volumes to improve margins	Bancassurance
Ireland	£91m	Combining with the UK to improve profitability	Direct & Brokers
Russia & Turkey*	£5m	Growth potential	Direct & Bancassurance

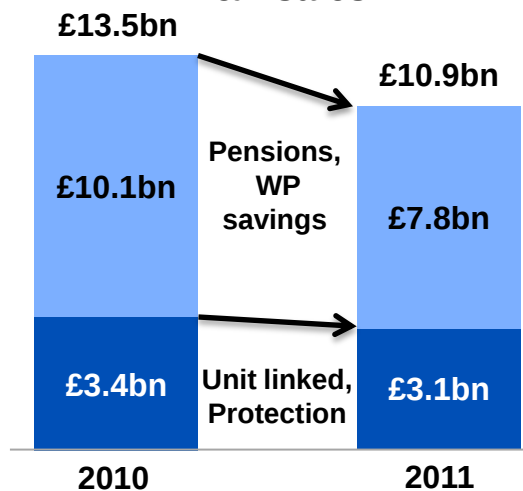
Europe: resilience in a tough environment

Life

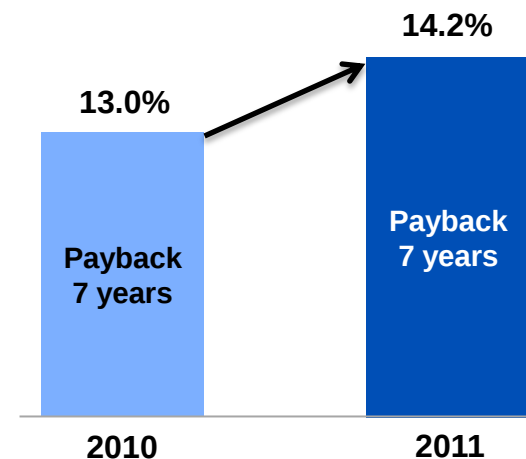
IFRS operating profits



L&P sales

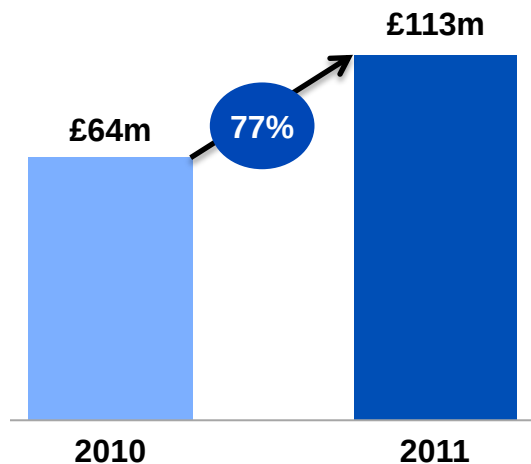


New business IRR

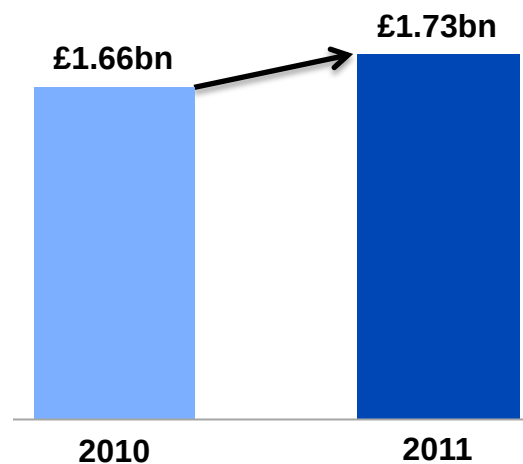


GI

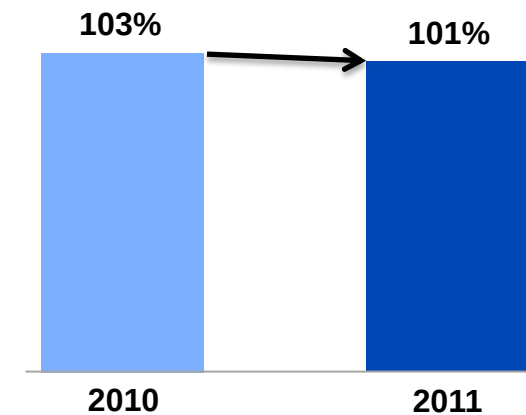
IFRS operating profits



NWP



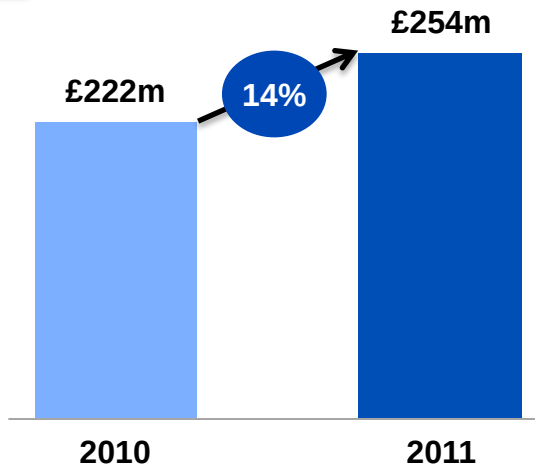
GI COR



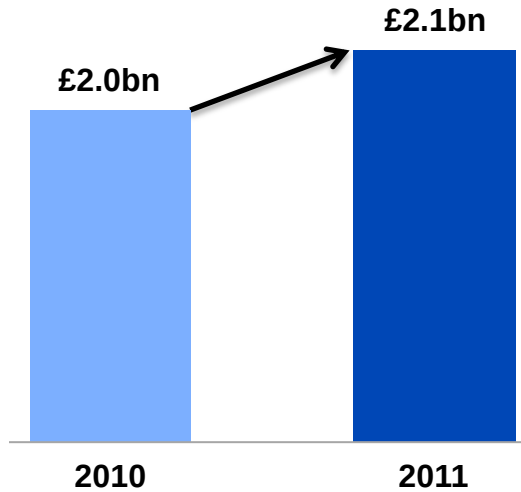
Canada & USA: record profits

Canada

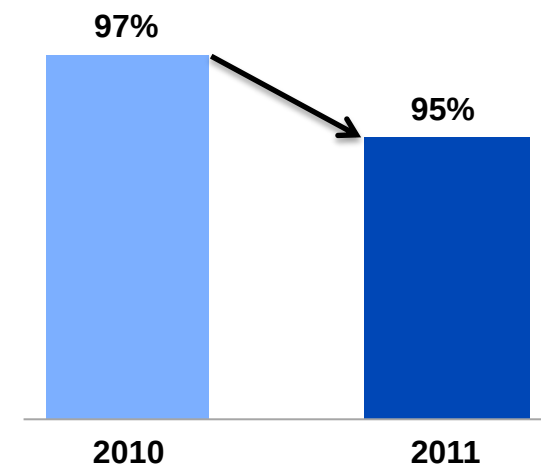
IFRS operating profits



NWP

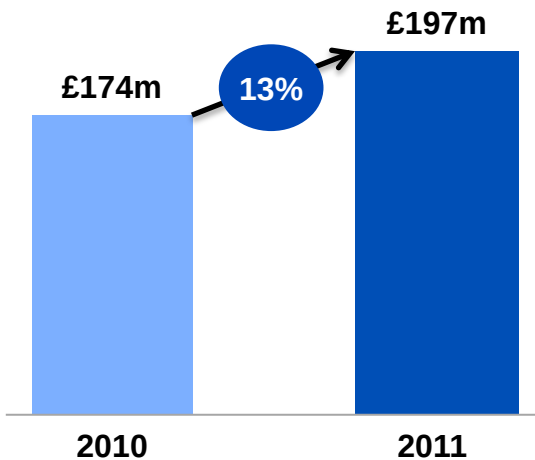


COR

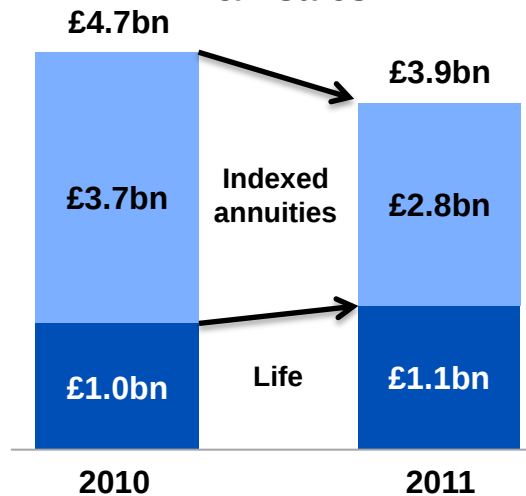


USA

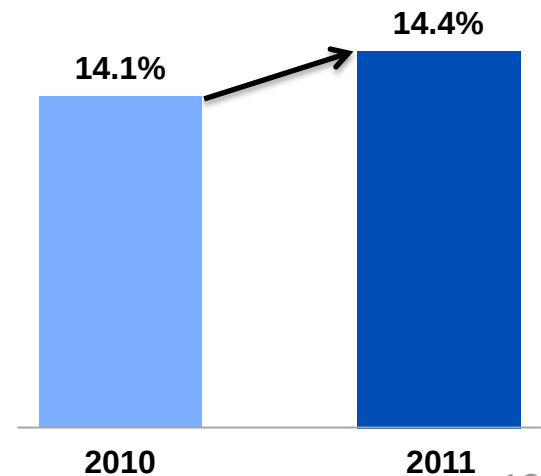
IFRS operating profits



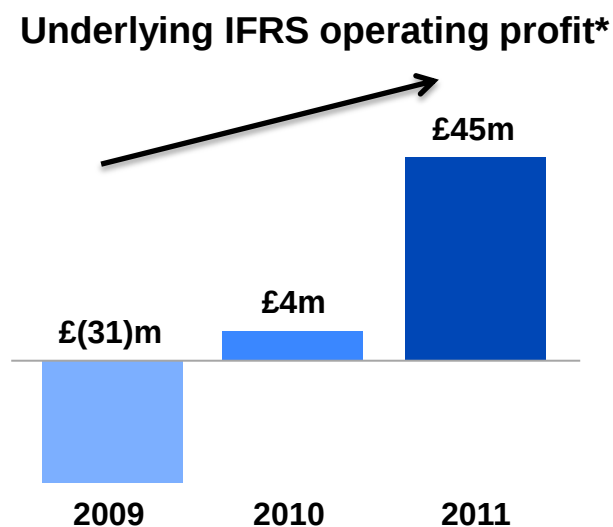
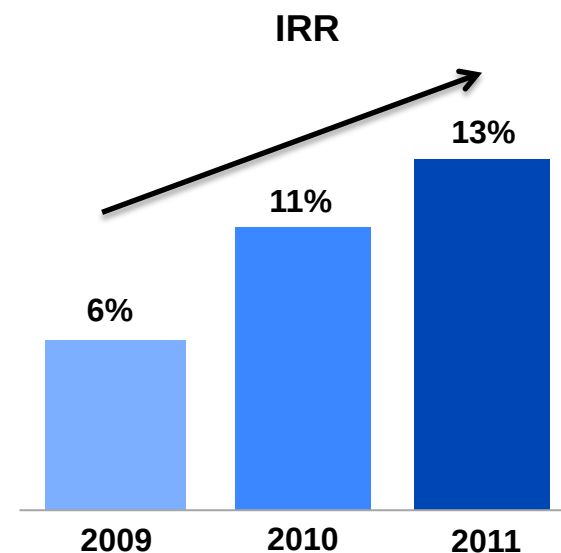
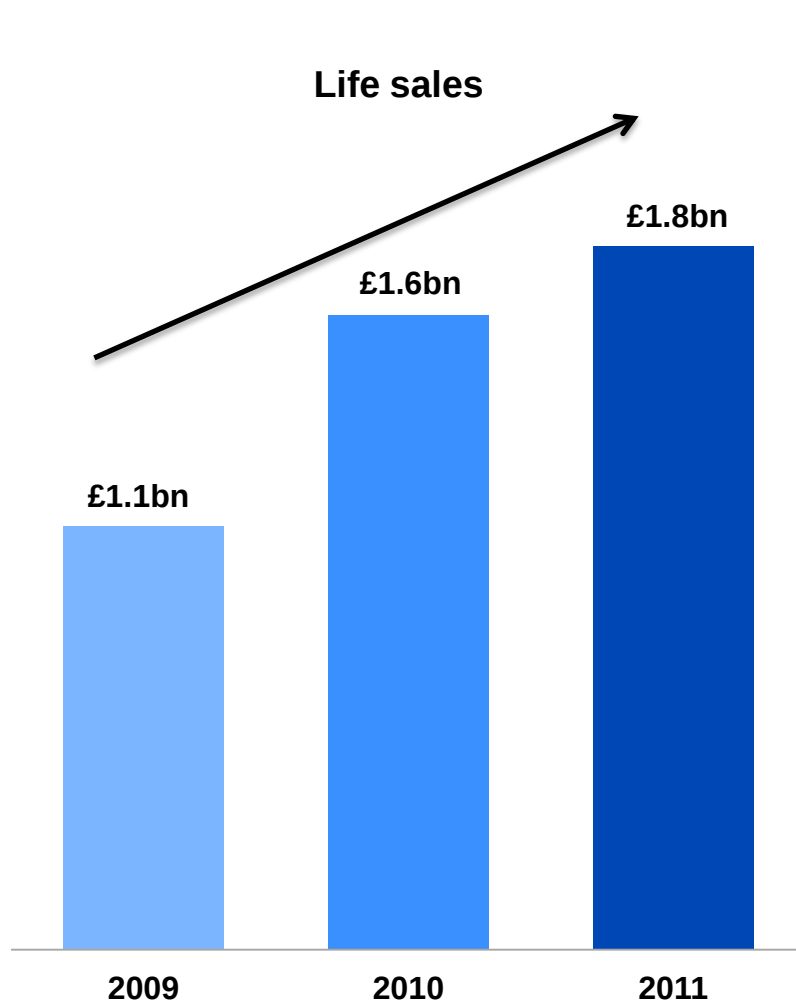
L&P sales



IRR



Continuing profit growth in Asia Pacific

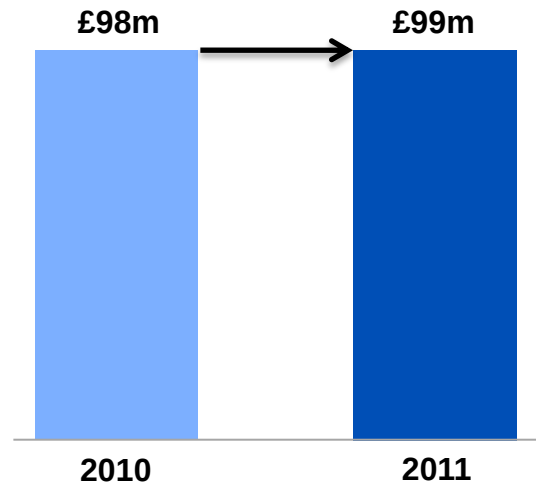


2009 excludes Australia.

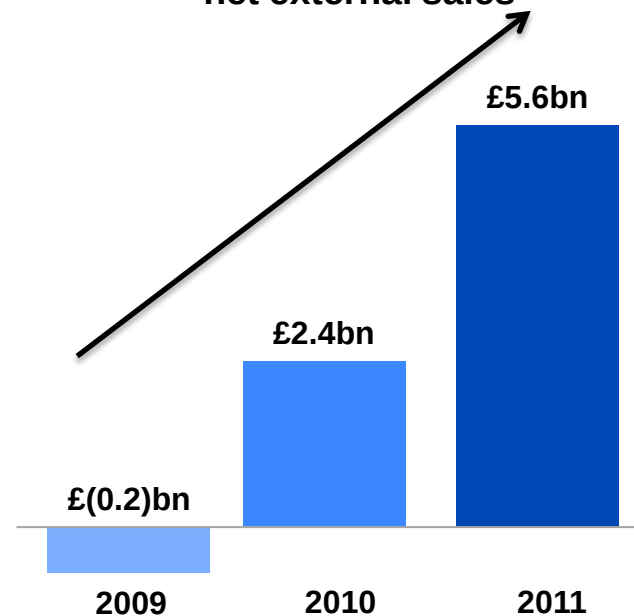
* Underlying operating profit excludes Singapore reserve release in FY09, FY10 excludes China GAAP adjustment, FY11 excludes HK reserve release

Growing external sales in Aviva Investors

**Fund management
IFRS operating profits**



**Aviva Investors
net external sales***



- Strategy materially unchanged, with record net external sales in 2011
- Business review in light of a challenging industry outlook
- Focus on key strengths of fixed income, real estate and multi-asset solution for institutional clients
- Equity capability retained in core markets

A fitter and stronger Aviva

	2009	2011
Profitability	Life IRR 10.6% GI COR 99.4%	Life IRR 14.4% GI COR 96.8%
Operating capital generation	Capital generated £1.0 billion	Capital generated £2.1 billion
Markets	30 countries	21 countries
Efficiency	Cost base £5.1 billion Headcount 54,700	Cost base £4.1* billion Headcount 36,600
Balance sheet	Economic capital surplus 140%	Economic capital surplus** c.145 - 150%
Operating profit	£2.0 billion	£2.5 billion

* on a continuing basis

** on 29 February 2012

Patrick Regan

Financial results

Improving operating performance

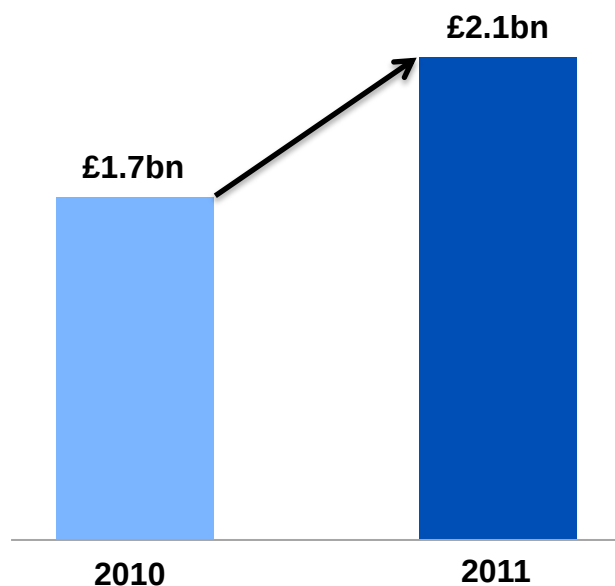
**Allocating capital to chosen markets
where we can grow and earn the highest returns**

Simplifying the portfolio

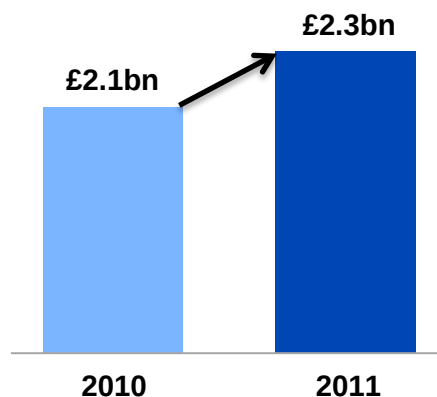
Balance sheet strength

Sharply increased operating capital generation

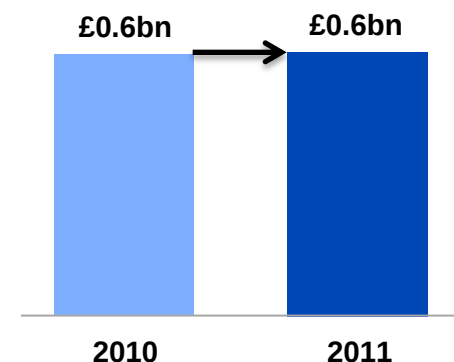
Net operating capital generation



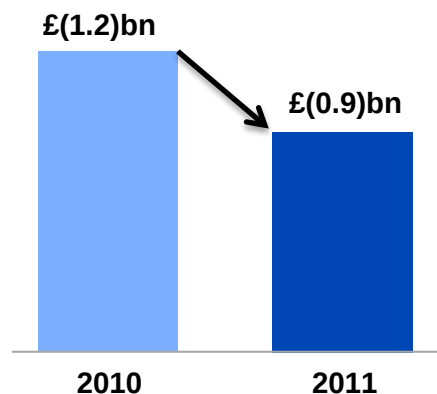
Life generation



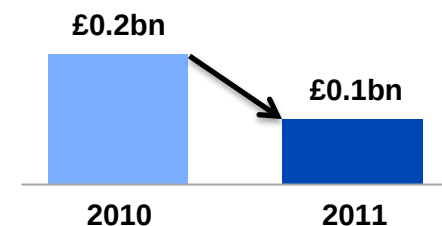
Non-life generation



Life investment

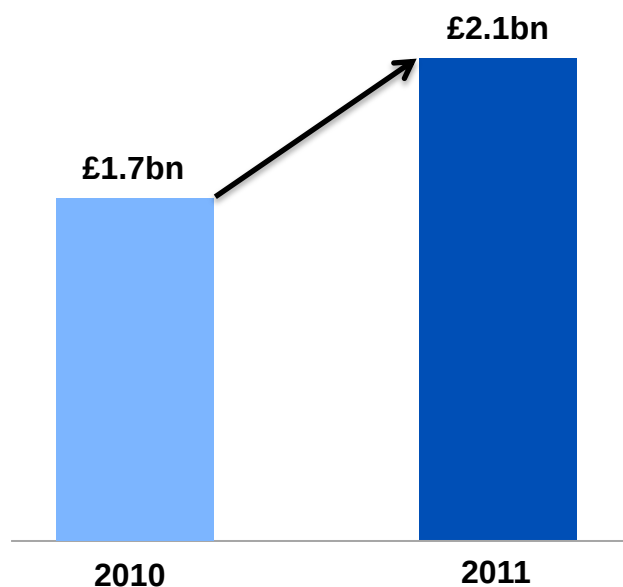


Non-life investment



Sharply increased operating capital generation

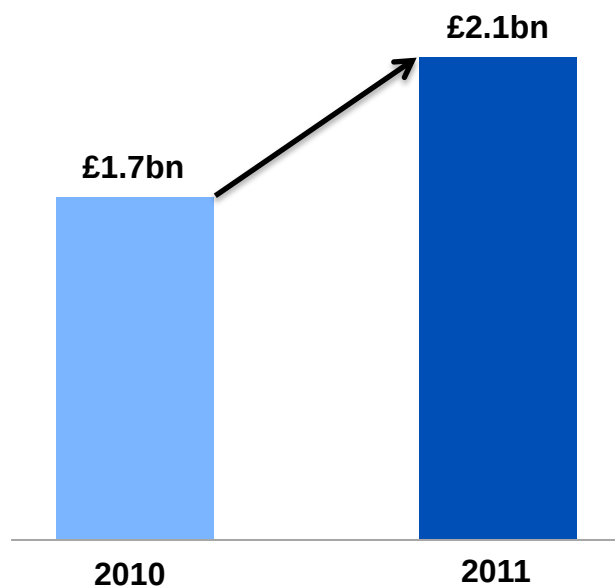
Net operating capital generation



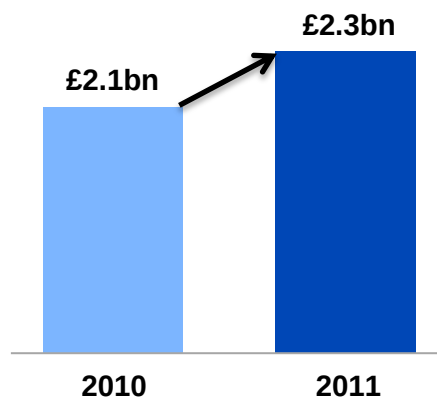
	2011*	
Net operating capital generation		£2.1bn
Corporate costs	(0.1)	
Group debt & other costs	(0.5)	
		£(0.6)bn
Available to fund the dividend		£1.5bn

Sharply increased operating capital generation

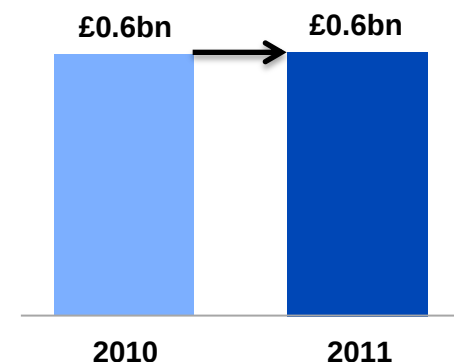
Net operating capital generation



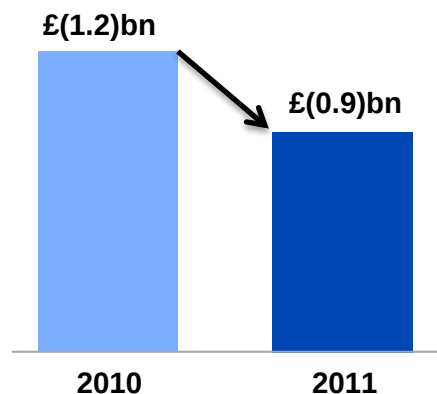
Life generation



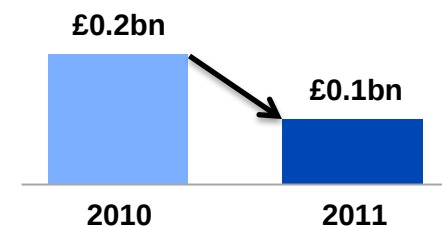
Non-life generation



Life investment

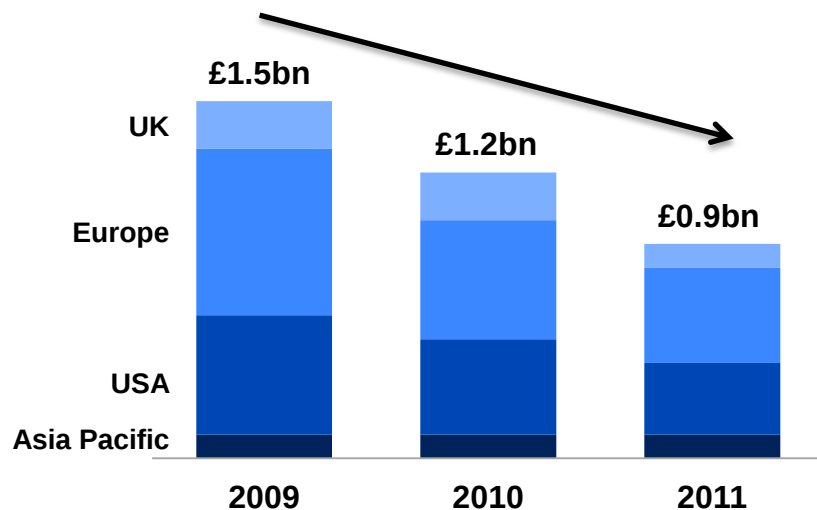


Non-life investment



Focus on profitable growth

Life investment

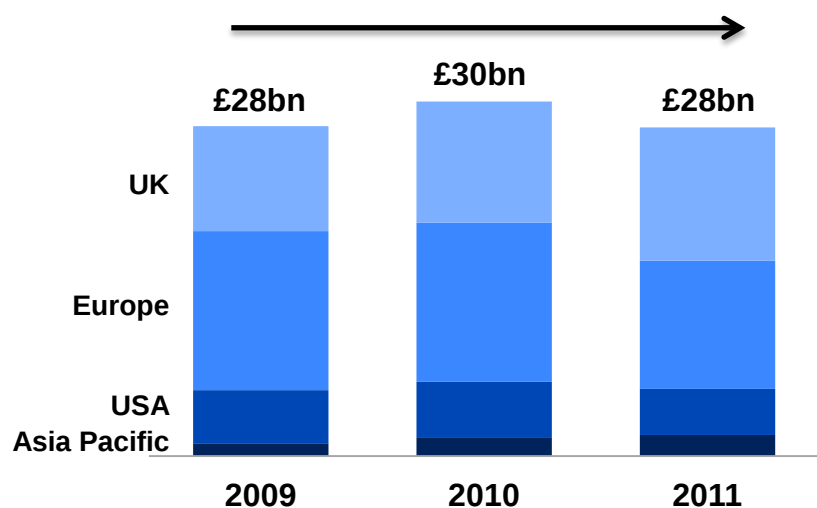


IRRs

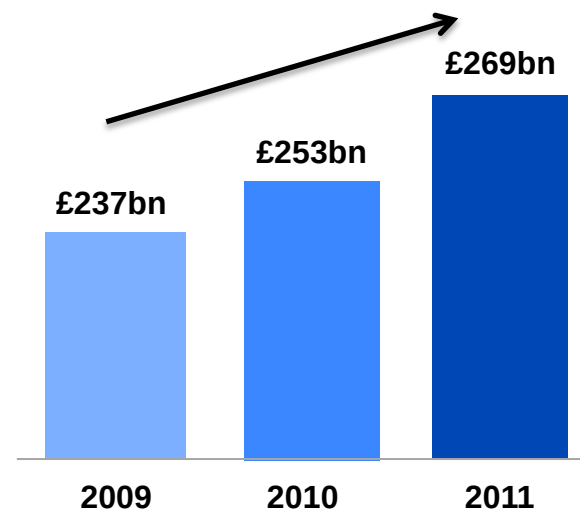
	2009*	2010	2011
UK	14%	15%	15%
Europe	13%	13%	14%
USA	7%	14%	14%
Asia Pacific	6%	11%	13%
Overall	10.6%	13.3%	14.4%

*2009 excludes Australia

Life sales

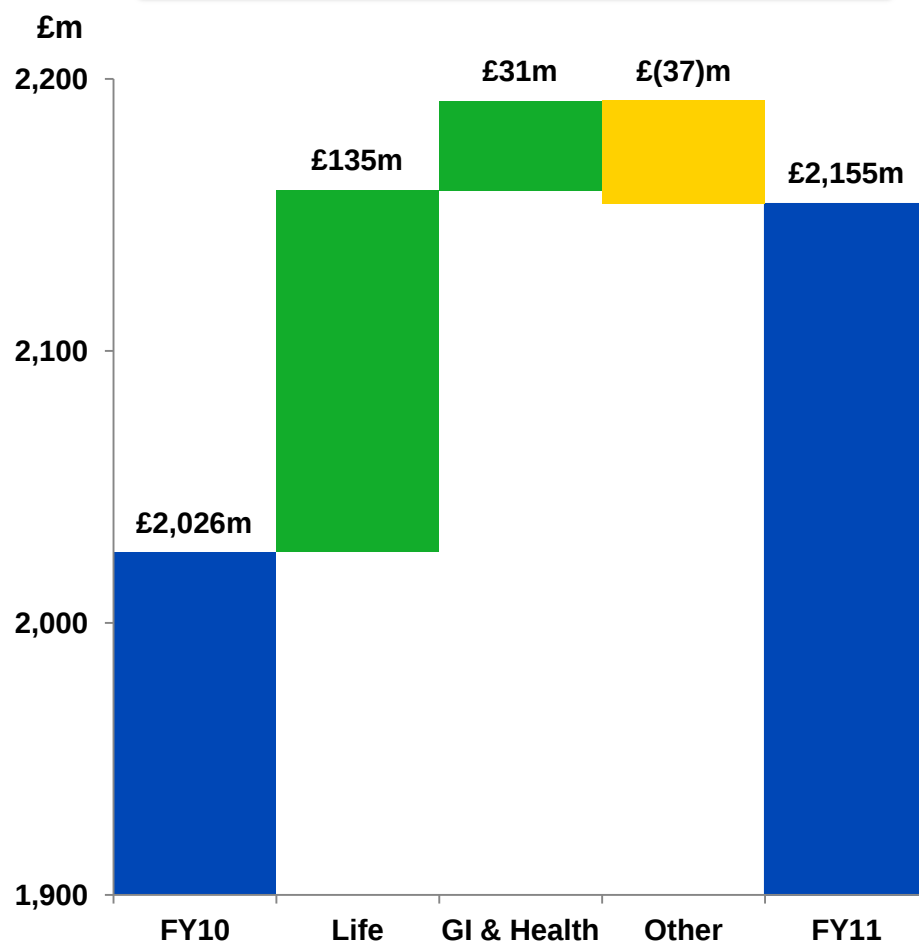


Average reserves



Increased operating profit

IFRS operating profits



	2010		2011	
	Life	GI*	Life	GI*
UK	850	579	920	552
Europe	893	109	898	137
North America	174	222	197	254
Asia Pacific	71	(6)	108	(8)
Total Life / GI	1,988	904	2,123	935
Fund Management		98		99
Other, non-insurance		(177)		(207)
Corporate costs		(143)		(138)
Group debt costs		(557)		(611)
Pension costs		(87)		(46)
Operating profit ex DL		2,026		2,155
Delta Lloyd		524		348
Operating profit		2,550		2,503

Summary IFRS life profit drivers

£m	2010	2011
UK	850	920
Aviva Europe	893	898
North America	174	197
Asia Pacific	71	108
Operating profit	1,988	2,123

Key:

Driver		
2010	2011	Variance

Pre-tax operating profit		
1,988	2,123	7%

Income			DAC/AVIF amortisation and other			Expenses and commissions		
4,391	4,612	5%	(346)	(371)	(7)%	(2,057)	(2,118)	(3)%

New business income			Investment return		
1,033	1,037	0%	2,606	2,760	6%

Underwriting margin		
752	815	8%

Acquisition expenses and commissions			Admin expenses and renewal commissions		
(990)	(995)	(1)%	(1,067)	(1,123)	(5)%

Total IFRS life investment return

Key:

Driver		
2010	2011	Variance

Investment return		
2,606	2,760	6%



Unit linked margin		
920	976	6%

Participating business		
569	556	(2)%

Spread margin		
688	813	18%

Expected return on shareholder assets		
429	415	(3)%

AMC (bps)	111	109	(2)
Average reserves (£bn)	82.8	89.6	8%

Bonus (bps)	54	51	(3)
Average reserves (£bn)	106.3	109.8	3%

Spread (bps)	108	116	8
Average reserves (£bn)	63.9	70.0	10%

Equity	7.2%	6.9%	(0.3) ppt
Property	6.2%	5.6%	(0.6) ppt
Bonds	4.8%	4.9%	0.1 ppt

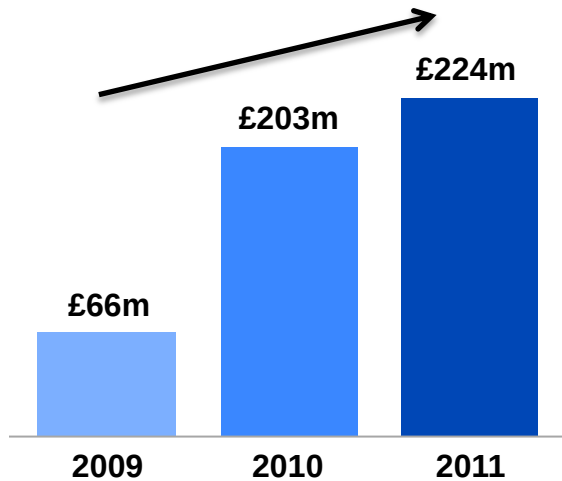
- Reserve growth reflects market growth
- UK now includes 100% of RBS JV assets

- Final UK special distribution ended in 2010
- Partly offset by increases in Europe

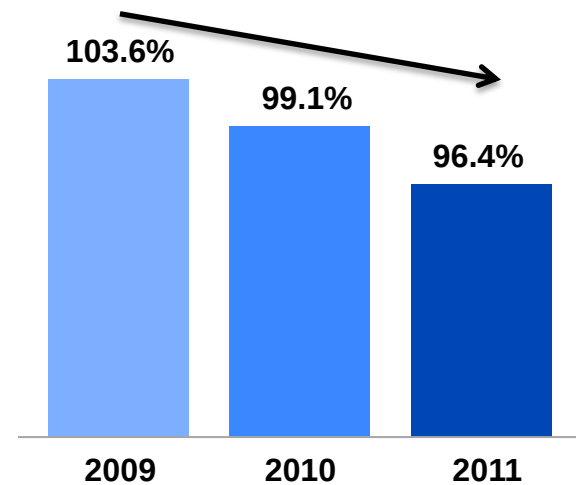
- Spread margin benefitted from higher US returns
- Increase in reserves reflects business growth

Strong GI profit growth

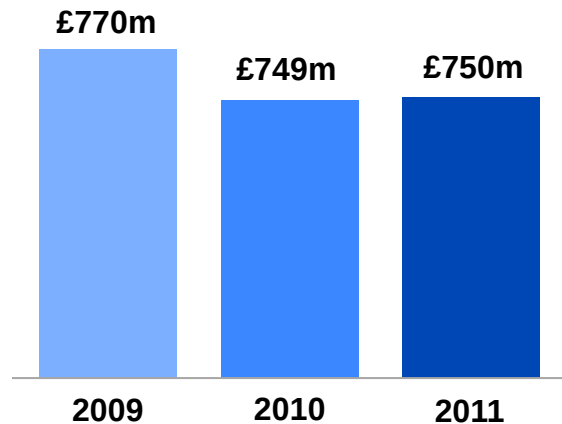
GI & Health underwriting result



Current year COR at best estimates



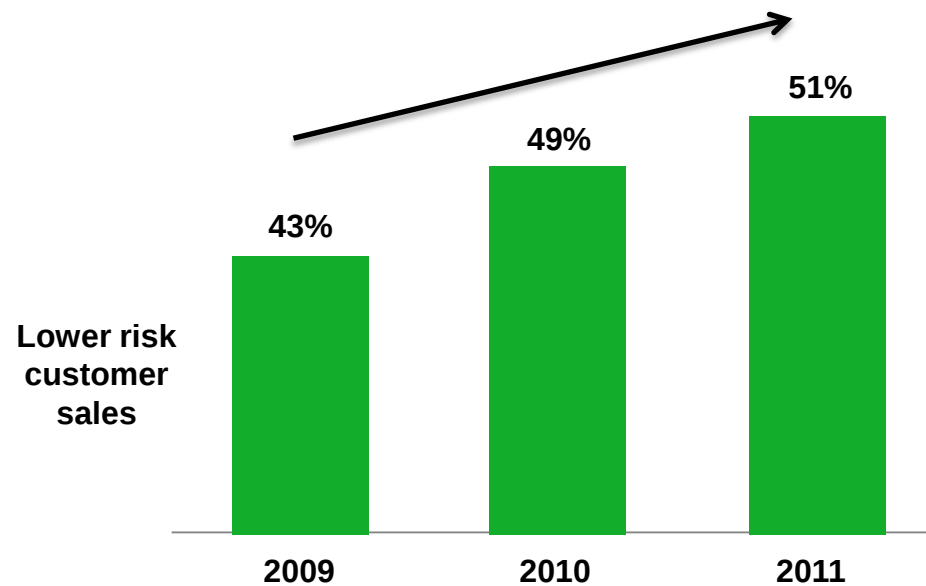
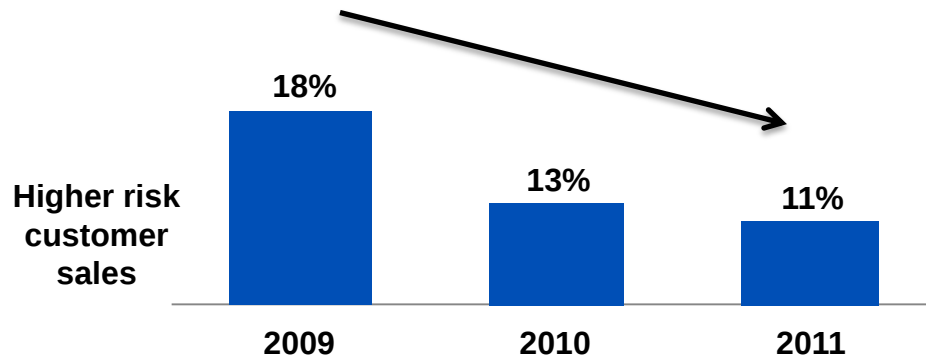
GI & Health LTIR



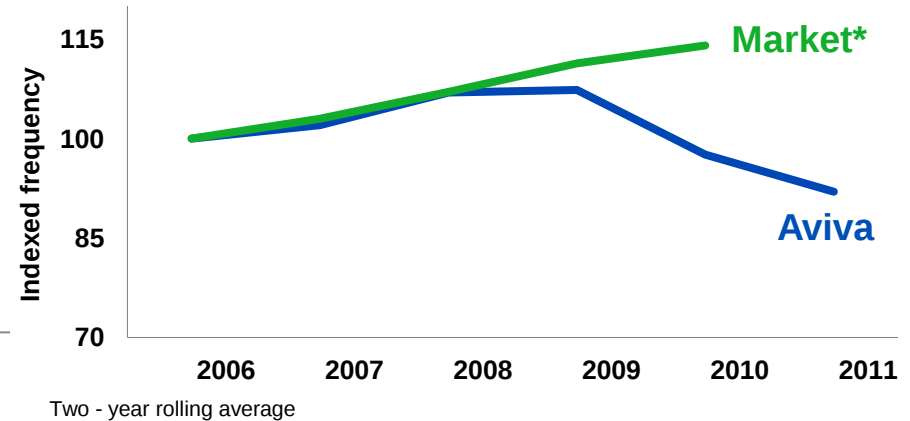
- £36 million net reserve strengthening across the £9 billion book of reserves
- Continuing to reserve at better than best estimate

Controlled growth in UK Motor

UK direct motor NWP



UKDI car bodily injury frequency



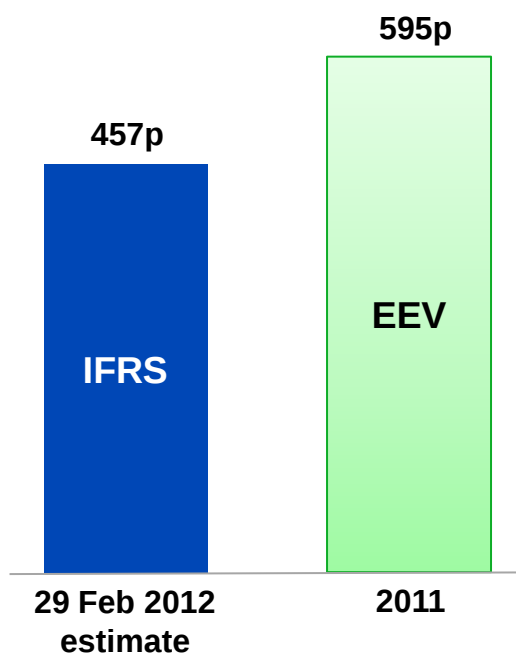
- High quality risk selection
- Rated ahead of claims inflation
- No unusual BI claims experience

£m	2010	2011
Operating profit*	2,026	2,155
Profit before tax continuing operations	1,545	813
Discontinued operations (Delta Lloyd)	895	(726)
Total profit before tax	2,440	87

£m	2010	2011
Operating profit	2,026	2,155
Delta Lloyd as an associate	-	157
Integration & restructuring costs	(225)	(268)
Other exceptional items	276	(81)
Investment variances & assumption changes	(479)	(1,152)
Profit or loss on disposals	163	565
Goodwill and intangibles amortisation and impairments	(216)	(563)
Profit before tax continuing operations	1,545	813

Total operating EPS 53.8p (2010: 55.1p)

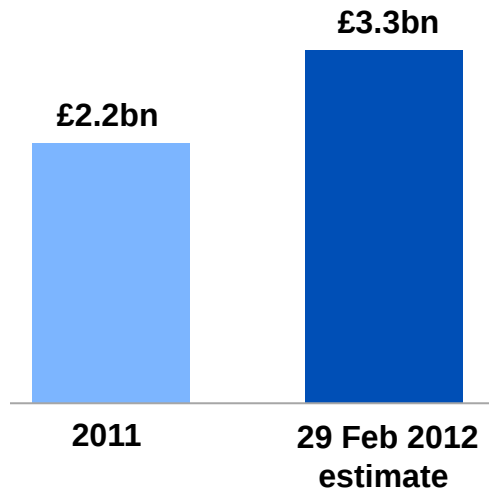
Net Asset Values



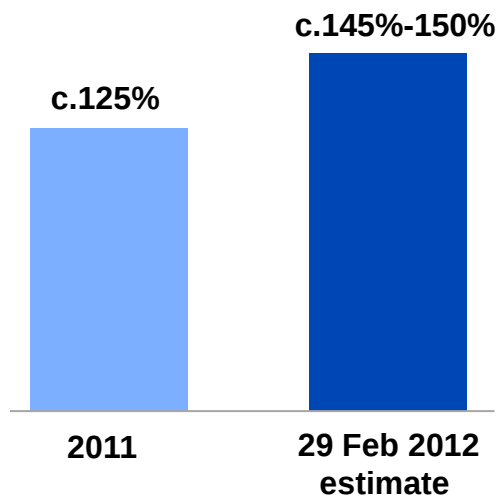
Pence per share	IFRS	MCEV	EEV
NAV at December 2010	454p	533p	621p
Profit and investment variances	6p	(64)p	(26)p ↑ ↓
Dividends (net of scrip)	(15)p	(15)p	
Pension fund	25p	25p	
Delta Lloyd sell down	(21)p	(11)p	
Foreign exchange and other movements	(14)p	(27)p	
NAV at December 2011	435p	441p	595p

29 February 2012 estimate	457p	511p
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IGD solvency surplus



Economic capital surplus*



£1.6bn UK annuity provisions

£3bn notional equity put options

£2bn notional euro currency cap & collar

Credit risk hedges in place

Reduced level of product guarantees
across the portfolio

Operating capital generation continues
to strengthen the balance sheet

**The economic capital surplus represents an estimated unaudited position. The capital requirement is based on Aviva's own internal assessment and capital management policies. The term 'economic capital' does not imply capital as required by regulators or other third parties. Pension scheme risk is allowed for through five years of stressed contributions.*

Andrew Moss

Looking ahead

A changing world

**Eurozone outlook improved,
but still tough**

Low interest rate environment

Regulatory uncertainty

**RDR & auto-enrolment
in the UK**

We're well positioned

**Sharply improved operational
capital generation**

**Competitive and profitable in
our chosen markets**

**Benefits of a
diversified portfolio**

Beating profitability targets

**Continuing strong
credit track record**

Improving operating performance

**Allocating capital to chosen markets
where we can grow and earn the highest returns**

Simplifying the portfolio

Balance sheet strength

Increasing the targets for 2012

13% Life new business IRR with a payback period of less than 10 years

97% Group COR

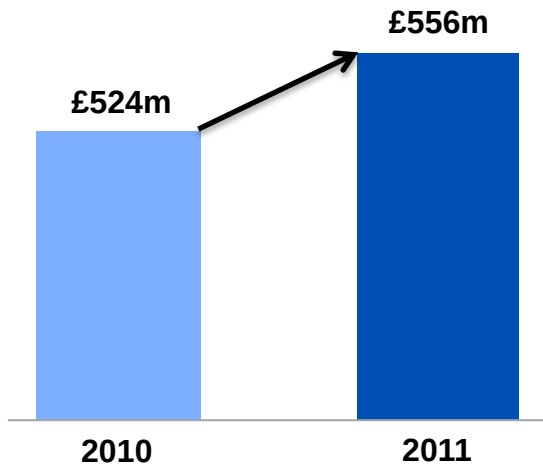
£1.6 billion - £1.9 billion net operating capital generation

£400 million cost and efficiency savings by end 2012

Q&A

Appendix

Total IFRS operating profit (100% basis)



Analysis of operating profit					
£m	Life	GI	FM	Other ¹	Total ²
2010	330	146	103	(55)	524
Up to May 6	185	1	11	(6)	191
After May 6					157
2011 – Aviva share					348
After May 6 non-Aviva share					208
2011					556

¹Operating profit “other” segment includes £(4)m of debt costs (FY10 £(12)m)

²Operating profit reflects 100% consolidation to 6 May 2011; 42% associate share thereafter.

A strong balance sheet

Shareholder assets*

	FY11 £bn	FY11 %
Government bonds	13.3	14%
Corporate bonds	39.0	43%
Asset backed securities	5.2	6%
Other	1.1	1%
Debt securities	58.6	64%
Mortgages and loans	20.7	23%
Cash	8.6	9%
Equities	1.3	1%
Properties	1.1	1%
Other investments	2.1	2%
Total investments	92.4	100%
Other assets	25.0	
Total shareholder assets	117.4	

Limited exposure to higher risk European debt**

2011 £bn	S/H funds Senior bank debt	S/H funds Subordinated bank debt	S/H funds sovereign debt	Participating funds Sovereign debt
Greece	-	-	-	-
Spain	0.6	0.2	0.3	0.8
Portugal	-	-	-	0.2
Ireland	-	-	0.2	0.3
Total	0.6	0.2	0.5	1.3
Italy	0.1	-	0.8	5.6

*Including Delta Lloyd as an associate

** Net of non-controlling interests, excluding policyholder assets