Towards a stronger Aviva

Aviva plc Annual review 2012

| Retirement | Investments | Insurance | Health |

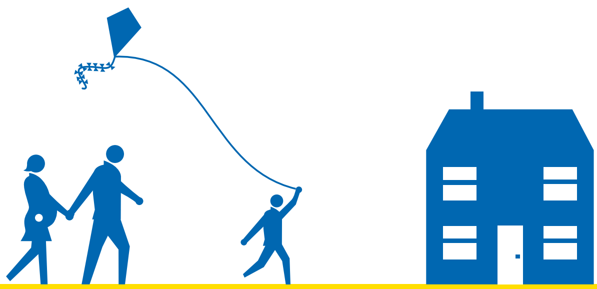
AVIVA

Aviva is a life, general and health insurance business and provides asset management services. We are the largest insurer in the UK* and we have strong businesses in selected international markets.

Our products help 34 million customers** enjoy the peace of mind that comes from managing the risks of everyday life. With us, they can save for a more comfortable retirement and protect – with insurance – the people and things that are important to them.

We're here to help people, businesses and communities get back on their feet when the unexpected happens. It is therefore our responsibility to make sure that our 317-year-old business will be there for our customers long into the future.

2012 was a year of change for Aviva. In this annual review you can read more about how we're taking steps to create a stronger Aviva.



View our reports online

2012 Annual report and accounts
We provide our annual report online which allows us to reduce the paper we print and distribute.

Visit Aviva plc
www.aviva.com/reports/2012ar

2012 Corporate responsibility report
Find out more about our commitment to acting as a responsible member of the international business community.

View our CR report here
www.aviva.com/reports/2012cr

* Based on aggregate 2011 UK life and pensions sales (PVNBP) and general insurance gross written premiums
** On an ongoing basis

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Our plan to change Aviva

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Our plan to change Aviva

In July 2012 we set out to reposition Aviva

Aviva has great strengths which we can build on. We have a focused portfolio of businesses under a strong brand; some, such as the UK, France and Canada are great cash generators, while others represent growth potential, such as Poland, Turkey and Singapore.

In early 2012, we reviewed all of our businesses in the light of legitimate concerns about our performance. We concluded that we must:

- build up capital and financial strength
- improve the profitability of underperforming parts of our business
- reduce costs and eliminate bureaucracy
- become a less complex organisation

Taking all this into account, in July 2012, we produced a plan designed to transform Aviva:

Focus, Strengthen, Perform

This plan is successfully addressing the immediate issues.

So far, we have exited a number of businesses, improved Aviva's capital position and there are plans to improve the operating performance of our underperforming businesses.

We will now take Aviva to the next phase of its turnaround.

Narrow focus

When we assessed our business we identified 58 distinct revenue-earning business areas. 15 of them were performing particularly well. 27 weren't realising their full potential and 16 were performing below acceptable levels. We decided to:

- Focus on businesses where we can produce attractive returns
- Improve underperforming businesses
- Exit businesses which we do not consider central to our future growth

Build financial strength

We resolved to improve our economic capital levels so that they are in line with our industry peers. We plan to do this by making disposals and reducing the amount of capital we allocate to businesses producing lower returns. Our goals were to:

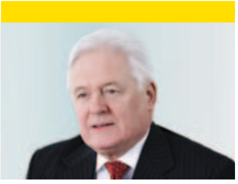
- Maintain an economic capital coverage ratio of between 160% and 175%
- Reduce capital volatility

Improve performance

We concluded we must deliver better revenue growth, lower losses and claims, and improved profitability. We decided to:

- Develop new revenue growth, mainly in our core UK, European and Canadian markets
- Reduce annual expenses by £400 million by the start of 2014
- Change our culture to remove bureaucracy and ensure our people perform to their full potential

Chairman's statement



John McFarlane
Chairman

"It is management's view, endorsed by the Board, and with firm regulatory support, that we prioritise the reduction of internal and external debt over dividend preservation.

Dear shareholder

Management is demonstrating professional execution as well as prudence. I am confident about the future of Aviva.

Mark has started very strongly. His focus going forward is on cash flow, earnings growth, and reducing leverage. This has my full endorsement as well as that of the Board.

Strong progress and momentum in reshaping the Group

In mid-2012, we launched a radical repositioning of the Group, setting out a relatively ambitious programme to bring the Group to a stronger, more stable position with improved earnings performance and operating cash generation in 2014 and beyond:

- Refocus on core, exit 16 non-core segments, and turnaround 27 segments
- Reduce exposure to southern Europe and capital hungry segments
- Improve productivity, performance and operating capital generation
- Strengthen economic capital and reduce leverage

As it turned out, we have had a very active period, but achieved a great deal in a short time.

Boosting capital was our main initial priority and I am pleased we were able to increase the economic capital surplus substantially by £3.5 billion from the end 2011 (130% coverage) to a pro-forma level of £7.1 billion (172% coverage), within our stated target range.

We have since exited seven of the most material "red" cells on time and at respectable prices, better and faster than was generally expected of us and action is being taken on the balance. Specifically, we announced the disposal of the US business, our stake in Delta Lloyd, and a number of smaller interests around the world, the settlement of our dispute with Bankia in Spain, a significant reduction in our exposure to Italy and Spain, and the exit of large bulk purchase annuities in the UK.

We also targeted improvement by the end of 2013 in 27 "amber" cells, through revenue increase, cost reduction, loss mitigation, or capital reduction. Seven of these have been brought to "green" status. As we stand, we now have nine red cells, 20 amber cells and 22 green cells.

We also reshaped our top management team, particularly with the appointment of a strong and decisive CEO, and made progress in the renewal of the Board.

Reducing leverage

The announced sale of the US, though strategically imperative, nevertheless resulted in a sharp reduction in net assets per share and a consequent increase in tangible leverage from 41% to 50%, which is high relative to the sector. We have therefore revised our forward plans to bring this to below 40%, by increasing retained earnings and by reducing debt.

Our achievements in 2012:

- Narrow focus
- Build financial strength
- Improve performance

In March 2012 announced new operating targets for 2012

Shareholder consultation on remuneration announced at the AGM

Announced plan to remove the regional layer of the business

John McFarlane assumed executive role in May 2012

Key statistics in 2012

£1,888m
Adjusted operating profit before tax on a continuing basis

£1,427m
Adjusted operating profit before tax on a continuing basis after integration and restructuring costs

£3bn loss
Overall, an IFRS loss after tax primarily driven by the write-down from the disposal of our US business

19p
Total dividend

On 1 January 2013, we began the simplification of the Group's legal structure to improve governance over the UK general insurance business. This, when completed by the end of May 2013 is expected to formalise an inter-divisional balance of around £5.8 billion in the form of a collateralised loan. In response to these pressures, we have decided to bring down the level of both internal and external debt to lower, more prudent, levels.

The decision to reduce the dividend

At the same time, constraints, including regulatory, on capital and liquidity, are putting greater demands on resources, as does our transformation programme, particularly this year. While central liquidity balances are likely to improve with the settlement with Bankia and the completion of the sale of the US business, Group resources nevertheless contain insufficient provision for unknown risks, our desire to pay down internal and external debt, and to maintain prudent capital and liquidity levels.

In the circumstances therefore, we have taken the difficult decision to reduce the dividend to a level that can be cash covered in 2014 and to enhance the availability of resources for important long-term structural requirements.

Accordingly we declared a final 2012 dividend of 9 pence per share, bringing the full-year dividend down by 27% to 19 pence from 26 pence and the final by 44% from 16 pence.

I regret this has become necessary, but can assure shareholders we took this decision only after examining scrupulously all alternatives. The need to ensure that the current and future dividend is sustainable and covered by operating cash generation is fundamental. The broad transformation of the Group in the midst of continuing economic uncertainty also requires that we maintain and grow the level and flexibility of capital and liquid resources.

Zero bonuses for Executive Directors

While we appreciate the considerable progress that has been made on a number of fronts, we do not believe the overall situation of the Group warrants bonuses for executive directors for 2012 or pay rises for 2013.

Improved outlook

The turnaround programme continues apace. We are taking decisive action on costs and in improving business performance. 2013 though remains a transitional year through significant restructuring charges and the loss of earnings from subsidiaries earlier disposed.

We have forward business plans to 2015 that are robust, show significant improvement, and that the new dividend level is cash covered. Increased retained earnings and stronger liquidity should also permit reasonable reduction in internal and external debt levels, thus bringing overall leverage to a more reasonable level.

Management is demonstrating professional execution as well as prudence. I am confident about the future of Aviva, and for our prospects going forward.

John McFarlane
Chairman

New plan of Focus, Strengthen, Perform announced on 5 July 2012

Reduced shareholding in Delta Lloyd to under 20%

In September 2012, announced the sale of our business in Sri Lanka

Mark Wilson appointed as CEO to start in January 2013

Agreed to transfer Aseval to Bankia for £500 million

Group chief executive officer's statement

Mark Wilson
Group chief executive officer

"My intention is that Aviva will have a robust balance sheet with strong and predictable cash flows, diversified earnings and capital, and lower leverage.

Investment thesis: "cashflow and growth"

Aviva is a company with a rich legacy, some strong businesses, an outstanding brand, a large customer base and very talented people.

I joined Aviva because I believe there is significant potential to be unlocked. Aviva is a turnaround story.

In my first few months at Aviva I have had the opportunity to visit a number of our businesses and to speak to many customers. What strikes me is the dedication and professionalism of those colleagues who look after customers' needs every day. Our customer service in many parts of the business is a genuine differentiator.

However, in recent years Aviva has not lived up to its potential and has disappointed shareholders. In 2012 our Chairman, John McFarlane, highlighted these issues and set out a clear plan. The actions in 2012 to focus the business, strengthen the balance sheet, and improve performance have been the right ones and progress has been made.

Aviva has delivered a large part of the disposal programme. In line with the plan laid out in July last year, in 2012 we narrowed the focus of our business through the announced sales of our most significant non-core businesses, including the sales of Delta Lloyd, USA, Sri Lanka, Malaysia and lastly Russia. In addition we have agreed to transfer Aseval to Bankia for £500 million.

As a result our capital position has improved markedly, with the economic capital surplus strengthening from £3.6 billion to £7.1 billion, giving a coverage ratio now of 172% on a proforma basis, well within our target range of 160%–175%.

This plan has successfully addressed the immediate capital and focus issues. We now need to take Aviva to the next phase of its turnaround.

Investment thesis: "cashflow and growth"

It is clear to me that Aviva has not articulated why investors should buy or hold Aviva shares – what investors should expect of us.

I believe there is a clear space in the market for a simple proposition: a diversified insurer that can provide sustainable and growing cash flows and that has good options for growth. Whilst many will focus on valuation methodologies – such as MCEV, TEV and EV – Aviva will focus the business on progressive cashflow generation.

My intention is that Aviva will have a robust balance sheet with strong and predictable cash flows, diversified earnings and capital, and lower leverage.

Following the progress made on the disposal programme, we are now a more focused portfolio of businesses. Some are cash generators, such as the UK, France and Canada, with upside potential whilst others provide opportunities for growth such as Poland, Turkey, and Singapore.

Put simply, our investment thesis is about progressive cashflow and growth, in that order.

Our 2013 priorities:

- Cashflow
- Simplicity
- Balance sheet

Focus the business on remitting cash flows to Group

Deliver in excess of £400 million cost savings

Improve operating performance, including turning around the 'amber cells'

Key statistics in 2012

£23bn
Gross written premiums

£311bn
Total funds under management

172%
Estimated proforma economic capital surplus ratio, as at 31 December 2012

Cashflow

Three core businesses
Aviva has scale positions in the three core business lines of life and savings, general insurance and fund management – all under a strong brand. We have businesses in attractive, established markets which generate strong cash flows and which offer cross-sell potential. Aviva is world class in many core areas of insurance. For example, our underwriting, analytics and claims expertise, especially in Canada and UK general insurance, are impressive. And we have clear strengths in distribution including direct, through intermediaries, and through bancassurance where we have over 100 agreements.

Focus on cashflow
We will manage the established markets for cash and ensure that the subsidiaries remit progressive cash dividends to the Group. Product development will be driven by a clear focus on sustainable cash flows. For example, in the UK we have managed the volume and pricing of our annuity business so that cash flows are brought forward and capital strain is lowered.

It is also about our scale: we have approximately 34 million customers, annual life and general insurance gross written premiums of around £23 billion and over £300 billion total funds under management.

Significant diversification benefits
Diversity, spreading the risk from one to many, is a central tenet of insurance. Aviva's diversity across our three core businesses and across selected markets gives earnings stability and capital benefits. For example, product line and geographic diversification brings a significant reduction in our economic capital requirements.

Robust balance sheet
Our focus is to ensure that we have a robust balance sheet which underpins the cash flows by managing our balance sheet exposures actively, focusing on economic capital as the principal measure. The outstanding issue to be addressed is our internal and external leverage position. We have a clear plan to tackle this.

Financial simplicity
The insurance business is perceived as complex. Aviva has also for some time been criticised for the complexity of its financial disclosure and business structure, and this problem has been exacerbated by our internal leverage. Our plans to reduce internal leverage and reorganise our structure will provide some of the clarity our shareholders desire.

Growth

Insurance expertise and scale drives cashflow growth in our established markets
Our established markets not only provide good cash flows but also offer potential for growth. Managing our substantial back books and focusing on improving persistency levels will increase the value from our existing customer base.

Valuation upside from gradual UK & European recovery
The majority of Aviva's business is concentrated in the UK and Europe. Over the last 12 months we have spent considerable time improving our risk profile. As a result, we are well positioned to benefit from a gradual UK and European recovery.

Exposure to growth markets in Europe and Asia
We have a number of businesses which offer growth potential in markets such as Poland,

Grow the value of life new business and improve general insurance COR

Continue to strengthen the management team

Simple, clear metrics

Turkey, and Singapore. These will be managed with a view to value growth under strict capital controls.

Reducing expenses
We will continue to focus on improving cost efficiencies and, particularly, on reallocating resources to initiatives where we can earn the highest returns and strong cash flows. We will deliver in excess of £400 million cost savings.

Upside from operational improvement
We have previously highlighted to the market there are elements of the Group which have underperformed for some time, where cash flows have not been optimised and where our expenses are too high. The turnaround of these amber cell businesses gives opportunity to create value for shareholders.

Balance sheet

Aviva's corporate structure was overly complex and far from optimal. Our internal leverage through the interdivisional balance was too high and created an unsatisfactory long-term exposure for the UK general insurance business. This internal leverage, together with external leverage, must be addressed.

Pat Regan explains the change to our corporate structure in more detail in his CFO statement. In summary, we have replaced the interdivisional balance between Group and UK general insurance with a formal loan and we plan to reduce this by £600 million in total over the next three years.

We have kept the FSA informed of our thinking in relation to these issues and they are supportive of the actions we are taking. With respect to our external leverage, we have a medium term target ratio of below 40%.

The de-risking and strengthening of our balance sheet is entirely aligned with our investment thesis and cashflow focus.

The immediate priority, therefore, is to reduce the Group's leverage and to pay an appropriate dividend.

Rebased dividend

For our cashflow and growth investment thesis to be delivered we must tackle the issue of leverage. As such we have only one course of action. The dividend needs to be rebased with reference to growth in cash flows and earnings.

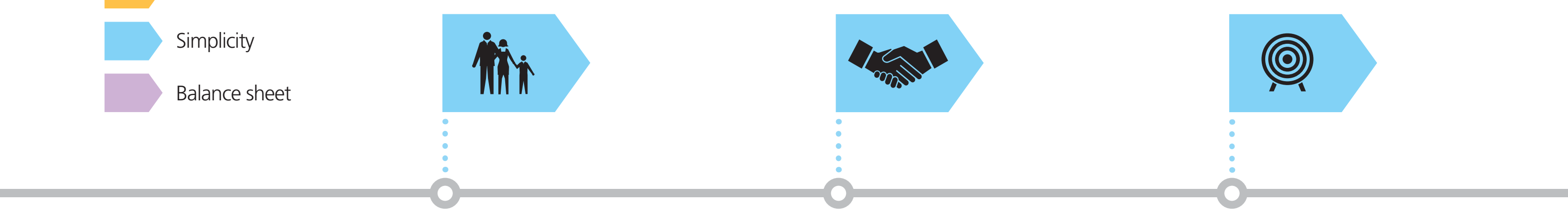
For analysts covering the stock I am cognisant that there are two schools of thought. On the one hand, we have those that would suggest that with our successful disposal programme we have enough liquidity to pay dividends at the historic rate. Others would suggest that the business earnings are not sufficient to fund the dividend and therefore the dividend is too tight. The reality is that both of these arguments are right – we have enough short term liquidity to be able to pay the dividend, but cash flows from the business are too tight to sustain the historic level.

The recent disposals have resulted in our leverage ratio increasing further with the reduction in net assets. This leverage issue must be addressed and leverage will be reduced.

As a result of this, we have declared a final 2012 dividend of 9 pence per share, from 16 pence. This brings the full-year dividend down to 19 pence per share, from 26 pence. In addition we have also decided to eliminate the scrip. I acknowledge that whilst rebasing the dividend will disappoint some shareholders, this will be mitigated to some degree by eliminating the dilutive scrip element. This is a difficult decision and is absolutely necessary to ensure Aviva is put on a sound footing for the future. The removal of the scrip will stop further

Our 2013 priorities:

- Cashflow
- Simplicity
- Balance sheet



Communicate a clear customer proposition

Completion of the disposal programme

Strategic realignment of Aviva Investors, a core business

Key statistics in 2012

34m
Customers worldwide

£29bn
Paid out in claims and benefits due in 2012

100
Bancassurance agreements

shareholder dilution, given that the scrip has had a dilutive impact of 16% over the last eight years. This measure improves earnings per share growth, is consistent with improving financial simplicity, and gives clarity to cash flows and the dividend.

Looking ahead, Aviva will have a progressive dividend policy, with reference to growth in cash flows and earnings. We would expect the 2013 interim dividend to rebase in line with the percentage reduction in the 2012 final dividend.

People

Achievement of Aviva's turnaround necessitates a strengthened management team.

The appointment of Nick Amin as Group transformation director improves our ability to deliver the turnaround plan. The appointments of David McMillan as CEO of Aviva Europe and Jason Windsor to the Group Executive, strengthen our executive team.

The appointment of Khor Hock Seng as CEO of Aviva Asia, reaffirms our commitment to selected markets in that region and gives us strong Asian leadership with deep market experience. Christine Deputy's appointment as our new Group HR Director gives us the necessary leadership and experience for our cultural change.

In addition, given the economic climate and the recent performance of the Group, I have implemented a pay freeze for the top 400 managers and focused our resources towards other levels. I believe very strongly in paying for performance. Our overall spend on bonuses at senior levels will match the business performance and will be based on rigorous differentiation between performance levels. We will focus the money available on our top performers who made the largest contribution.

Our priorities in 2013

Cashflow

- Focus businesses on cash flows to Group
- Deliver in excess of £400 million cost saves
- Improve operating performance
- Grow the value of life new business and improve general insurance COR

Simplicity

- Continue to strengthen the management team
- Communicate a clear customer proposition
- Continue the disposal programme
- Strategic realignment of Aviva Investors, a core business

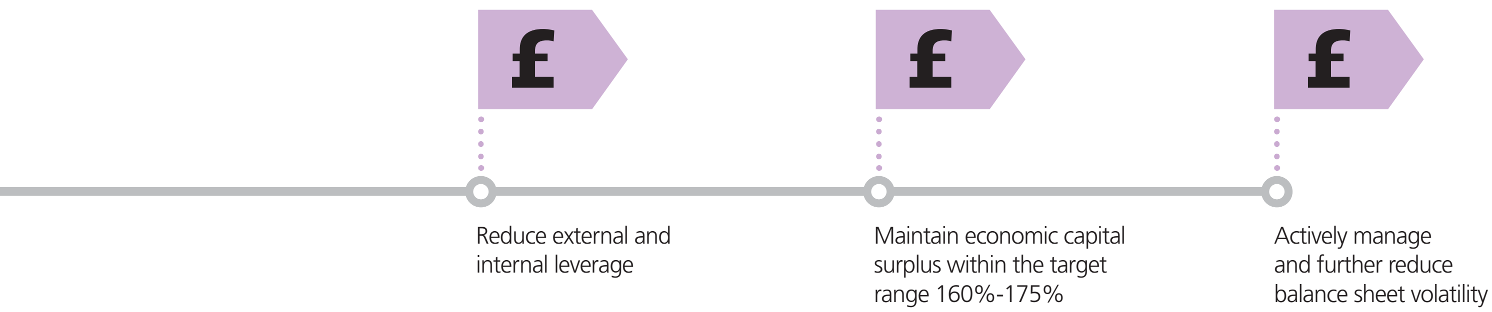
Strength

- Reduce external and internal leverage
- Maintain economic capital surplus within target range (160%–175%)
- Actively manage and further reduce balance sheet volatility

Outlook

To move forward, Aviva has had to make some difficult choices. The decisions we have made are realistic, provide clarity and address the uncertainty that has surrounded our stock. It is now up to Aviva to deliver the performance.

Mark Wilson
Group chief executive officer



Chief financial officer's statement

Patrick Regan
Chief financial officer

> "The economic capital position has significantly improved but, as a result of the disposals we have made, leverage has increased.

Progress against turnaround plan

We have made good progress improving our capital strength and narrowing the Group's focus.

The agreed sale of the US has been a main contributor to a loss after tax of £3.1 billion. Operating performance is broadly in line with the previous year, but with higher restructuring costs as we transform the Company. Operating profit on an underlying basis[1] was down 4% in 2012 primarily due to adverse foreign exchange movements.

We have seen improvements in profitability of new business, cash flows to Group and good levels of operating capital generation. The economic capital position has significantly improved but, as a result of the disposals we have made, leverage has increased. We have also taken action to simplify the Group's corporate structure, formalising the inter-divisional balance into a loan of which we will pay down £600 million over the next three years.

Financial strength

The number one priority in 2012 was to improve Aviva's capital position. During the year we have taken a number of management actions and this, combined with market movements, means that our IGD and economic capital solvency surpluses have improved significantly.

We have simplified our portfolio of businesses and as a result Aviva will operate in 18 countries, from 30 three years ago. These changes, including the announced sales of Aviva USA and Delta Lloyd and the settlement of our agreement to transfer Aseval to Bankia in Spain, will result in a positive movement in our economic capital. On a proforma basis the estimated economic capital surplus improved to £7.1 billion with a coverage ratio of 172% as at 31 December 2012 *(2011: £3.6 billion; 130% coverage)*.

In addition, we have now made the calculation more prudent to now include the pension deficit funding on a 10 year basis (previously five year basis). The IGD solvency surplus has improved to £3.8 billion as at 31 December 2012 *(2011: £2.2 billion)*.

At the end of February 2013, our estimated pro forma economic capital coverage ratio was 175%.

We also took a number of steps to reduce the volatility of our capital position. In July we reduced our holding in Delta Lloyd from 41% to just under 20% and in January 2013 we sold our remaining stake.

Over the course of the year we also reduced our exposure to Italian sovereign debt with a gross sell down of €6.5 billion[2] this year from our shareholder and participating funds. After taking into account market movements and new business, the value of our net direct shareholder and participating fund holdings (net of NCI) in Italian sovereign debt is now £4.9 billion *(2011: £6.4 billion)* of which net direct shareholder exposure is £0.4 billion. Of the £4.9 billion Italian sovereign debt 74% is held in Italy.

Aviva's external debt and preference shares stood at £6.9 billion at the end of 2012. As a result of the reduction in net asset value from the disposals the external debt leverage ratio increased to 50%[3]. It is our intention to reduce this to below 40% over the medium term.

Loss after tax

The overall result for the year was a loss after tax of £3.1 billion *(2011: profit after tax £60 million)*. For continuing operations, the loss after tax was £202 million.

Our performance:

- Narrow focus
- Build financial strength
- Improve performance

In January 2012, agreed the sale of Czech, Hungarian and Romanian life businesses

Reduced Italian sovereign debt exposure during 2012

In December 2012, agreed sale of Aviva USA Corporation

1 In 2012, operating profit on an underlying basis represents Aviva Group excluding Delta Lloyd and the United States. 2011 operating profit on an underlying basis represents Aviva Group excluding Delta Lloyd, United States and RAC
2 Gross of non-controlling interests (NCI), purchases and redemptions
3 External debt and preference shares divided by total tangible capital employed

Key statistics in 2012

14.9%

Life new business internal rate of return excluding Delta Lloyd and United States

97%

General insurance combined operating ratio

278p

IFRS net asset value

The largest driver of the overall loss is the agreed sale of our US business. At HY12 we recognised an impairment of goodwill and intangibles of £0.9 billion related to that business, and at the full year we recognised a further impairment of £2.4 billion. This was partially offset by positive investment variances of £0.3 billion.

On a continuing basis loss after tax was £202 million. Drivers of this loss after tax are operating profits offset by integration and restructuring costs of £461 million, primarily reflecting the execution of the transformation plan; adverse investment variances of £634 million; net adverse post tax non-operating items in Delta Lloyd of £304 million (principally relating to movements in the Delta Lloyd Group curve), and loss on disposals of £164 million and other goodwill and intangible impairments of £188 million.

Operating profit per share (EPS) on a continuing basis was 39.2 pence *(2011: 47.5 pence)*. Total EPS was negative 113.1 pence *(2011: 5.8 pence)* reflecting the loss on the sale of the US business.

Net asset value

IFRS net asset value per share was 278 pence *(2011: 435 pence)* reflecting the loss after tax, actuarial movements on the pension scheme, payment of the dividend and adverse foreign exchange movements. On a proforma basis (including the transfer of Aseval to Bankia in Spain) IFRS NAV is 284p.

The MCEV net asset value decreased to 422 pence *(2011: 441 pence)* primarily driven by operating profits, positive investment variances, actuarial movements on the pension scheme, payment of the dividend and adverse foreign exchange movements. The impact of the agreement to sell Aviva USA is positive under MCEV and offsets the goodwill and intangible impairments in other markets.

Operating performance

Operating profit on an underlying basis is £1.8 billion *(2011: £1.9 billion)*, a 4% reduction compared with 2011. This was driven primarily by adverse foreign exchange movements of £65 million. Operating profit on a constant currency basis, excluding Delta Lloyd and RAC, was stable reflecting slightly lower operating profits from our life business partly offset by a small increase in profits from our general insurance and health businesses.

Operating profit on an underlying basis after restructuring costs was £1.3 billion *(2011: £1.6 billion)*. This includes restructuring costs of £461 million relating to our underlying businesses *(2011: £261 million)* mainly driven by the transformation of the business, the integration of Ireland into the UK business and preparations for Solvency II.

The IFRS return on equity was 10.3% *(2011: 12.0%)*. This was driven by the overall reduction in operating profit for the period.

Life insurance

IFRS operating profit from our life insurance business fell by 5% to £1,831 million *(2011: £1,926 million)* primarily as a result of adverse foreign exchange movements.

In the **UK**, operating profit reduced to £887 million *(2011: £917 million)*. On an underlying basis, excluding net one-off items in 2011 and 2012, operating profit improved by 2%. New business profitability increased by 17% to give an overall increase in new business income of 9%. Key drivers of this were increased protection sales and pricing actions together with lower bulk purchase annuity sales reflecting our focus on improving profitability. There was also a reduction in the proportion of lower margin Irish business following the closure of our joint venture with AIB. We continue to expand our protection business with an exclusive five year agreement with Tesco, building on the strong bancassurance franchise already in place in the UK.

The improvement in new business income has been offset by lower investment returns due to lower opening funds under management, reduced yields on shareholder assets and higher acquisition expenses due to changes in business mix.

On a pro forma basis estimated economic capital surplus coverage ratio of 172% as at 31 December 2012

IGD solvency surplus improved to £3.8bn as at 31 December 2012

In 2012, generated £2bn of operating capital, ahead of target

Key statistics in 2012

£1,888m
Adjusted operating profit before tax on a continuing basis

£1,427m
Adjusted operating profit before tax on a continuing basis after integration and restructuring costs

10.3%
IFRS return on equity

£2.0bn
Net operating capital generation

Net UK funds under management increased by £2.2 billion in 2012. This was driven by strong sales of individual annuities and GPP giving rise to net inflows of £1.2 billion for our non-profit business. Market and other movements were £5.3 billion, offset by net outflows from the UK with-profits book of £4.3 billion.

In **France**, life operating profit increased to £335 million *(2011: £323 million)* despite the weakening of the euro during the year. Although new business income reduced to £120 million *(2011: £142 million)* as a result of volume reductions, we reduced expenses and profitability was broadly stable. Participating business income was stable at £333 million with a small increase in average reserves (on a constant currency basis) and improved profitability.

In **Italy**, overall operating profit increased to £159 million *(2011: £140 million)*. Our continued focus on improving product design and capital efficiency in a tough economic environment impacted both new business volumes and profitability. New business income reduced to £64 million *(2011: £121 million)*. This was more than offset by improved expected return of £65 million *(2011: £47 million)* and lower expenses of £169 million *(2011: £232 million)*.

In **Spain**, overall life operating profit was stable at £215 million *(2011: £216 million)* despite the weakening of the euro during the year. Within this total underwriting margin increased to £142 million *(2011: £139 million)* offset by a reduction in investment return to £143 million *(2011: £158 million)*. The continuing difficult economic conditions and contraction in the mortgage market have resulted in a significant reduction in new business volumes. However, new business profitability was maintained and there were stable returns from the in-force portfolio. The agreed transfer of the Aseval business to Bankia will reduce new business volumes following the completion of the transaction in 2013.

In our other businesses, income in **Singapore** increased to £65 million *(2011: £52 million)* driven by growth in both new business volumes and profitability. In **Poland**, operating profit reduced to £153 million *(2011: £167 million)* although on a local currency basis the overall result remained stable. In our remaining businesses, continued difficult economic conditions resulted in lower operating profits.

The life new business IRR in our continuing operations was 14.9% *(2011: 14.5%)*, with an increase in the UK offsetting reductions in some European markets, in particular Spain and Poland.

The value of new business reduced to £746 million as a result of an increase in the UK offset by reductions in Europe.

General insurance and health

General insurance and health operating profit increased marginally to £893 million *(2011: £935 million, excluding RAC; £860 million)*. This is due to good performances in both the UK and Canada driven by the continued progress we have made in underwriting, claims and cost management. The combined operating ratio was 97.0% *(2011: 97.5%)*.

In the **UK**, general insurance profit levels improved by 3%, excluding RAC, and the combined operating ratio was stable at 98% *(2011: 98% excluding RAC)* despite an increase in weather-related claims of £31 million compared to long-term average and latent claims reserve strengthening of £53 million. Our performance in UK general insurance continues to benefit from our focus on underwriting excellence and active management of claims costs and expenses.

Our general insurance business in **Canada** delivered another strong performance with an improvement in the combined operating ratio to 93% *(2011: 95%)* and a 9% increase in operating profits to £276 million *(2011: £254 million)* as a result of favourable prior year

Our performance:

- Narrow focus
- Build financial strength
- Improve performance

Increased net cash remittances from the businesses to Group to £0.9bn in 2012

Realised £275m annualised cost savings during 2012

Sold remaining shareholding in Delta Lloyd in January 2013

Operating capital generation and dividends paid to Group by business unit

2012 (£ million)

Total by country	OCG	Dividend	% remitted to Group
UK Life*	662	150	23%
UK GI	341	150	44%
France	330	202	61%
Canada	190	136	72%
Poland	124	70	56%
Spain	78	68	87%
Singapore	35	17	49%
Italy	75	–	–
Ireland	52	–	–
Other**	72	151	–
Total	1,959	944	48%
Incremental UK life dividend*		150	
Overall total		**1,094**	

* a dividend expected from UK Life of £300 million will be paid in 2013
** includes Aviva Re, US and Delta Lloyd

developments, continued underwriting discipline and the use of predictive analytics.

Fund management

In a challenging investment environment Aviva Investors' operating profit on a continuing basis (which excludes the contribution from Aviva Investors in the USA) was £42 million *(2011: £53 million)* with lower performance fees partially offset by cost savings from the strategic review.

Investment performance was ahead of target on both benchmark and peer group measures. We maintained or improved client satisfaction, meeting or exceeding our targets on all client surveys in 2012. Net sales fell year-on-year as a result of the refocus of our product offering.

Capital generation and cash flows

At full year 2012 Aviva generated £2.0 billion of operating capital *(2011: £2.1 billion)* ahead of the target we set at the start of the year. Operating capital generation from the in-force life portfolio was £2.0 billion *(2011: £2.3 billion)* while general insurance contributed £0.6 billion *(2011: £0.6 billion)*.

Operating capital generation levels were driven by strong performances in UK Life and Italy which offset the impact of reductions from the sale of Delta Lloyd and our US life and annuities business.

Aviva increased the amount of cash remittances from the businesses to Group to £0.9 billion in 2012 *(2011: £0.8 billion)*. France resumed dividend payments to Group and management actions in UK Life led to a significant increase in cash remitted to Group.

The table shows operating capital generation and dividends paid to Group by business units.

We continue to take a number of actions on capital efficiency and our corporate structures to increase cash remittances going forward.

Changes to Aviva's capital structure

We are taking action to reduce the complexity of the balance sheet and reduce internal leverage. Prior to 2013 in the Group's corporate structure, AIL (Aviva Insurance Limited) was both the underwriting company for the UK General Insurance business and the holding company for the majority of the Group's overseas subsidiaries. Prior to 2013 an inter-divisional loan balance of around £5 billion was in place between the UK General Insurance business and the Group and this was used over a number of years to purchase overseas subsidiaries and for other general corporate purposes.

This structure was complex from a corporate governance point of view; created the potential for dividend traps and made demonstrating that Aviva has appropriate resolution arrangements in place (a key requirement of the PRA/FSA) more difficult. A more straightforward structure has now been put in place with two separate legal entities — Aviva Group Holdings Ltd (as holding company) and Aviva Insurance Limited (as the general insurance underwriting company). As a result of this change the inter-divisional balance between the Group and UK General Insurance will be formalised into an interest bearing loan of around £5.8 billion between AGH and AIL. We have decided to reduce the size of this loan balance and will pay down £600 million in total over the next three years.

As a result of this change, which the FSA are supportive of, our corporate structure will be more transparent, the Group will have direct ownership of overseas subsidiaries and the exposure of our UK general insurance business to these will be reduced over time.

Patrick Regan
Chief financial officer

Announced sale of stake in Malaysian joint venture

In February 2013, announced sale of Aviva Russia

Put in place simpler corporate structure

Measuring our performance in 2012

In the following pages you can read more about our 2012 performance, business model and the context in which we operate.

Key performance indicators

Adjusted operating profit[1]

- This measures our operating profitability and excludes non-operating items such as impairments, investment volatility and losses arising on disposals.

Total adjusted operating profit

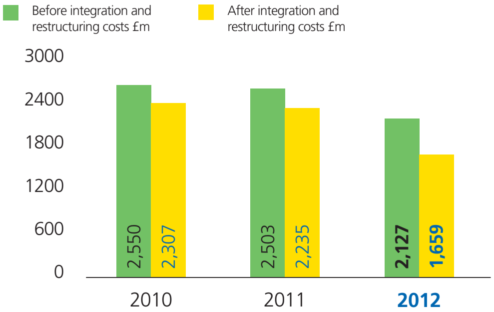
- Adjusted operating profit before tax for 2012 was £2,127 million *(2011: £2,503 million).*
- Adjusted operating profit after restructuring costs was £1,659 million *(2011: £2,235 million).*

Adjusted operating profit on a continuing basis

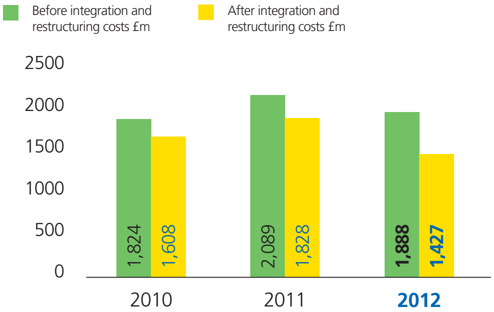
- Operating profit on a continuing basis of £1,888 million was down 10% in 2012 (down 6% excluding RAC which we sold in 2011), mainly due to adverse foreign exchange movements. Operating profit on a constant currency basis, excluding Delta Lloyd and RAC, was stable reflecting slightly lower operating profits from our life business partly offset by a small increase in profits from our general insurance and health businesses.
- Operating profit on a continuing basis after restructuring costs was £1,427 million *(2011: £1,828 million).* This includes restructuring costs of £461 million *(2011: £261 million)* mainly driven by the transformation of the businesses, the integration of the Ireland and UK businesses and preparations for Solvency II.

Our performance

Adjusted total operating profit



Adjusted operating profit on a continuing basis



IFRS loss after tax

- This measures the total profit or loss during the year including operating profit and non-operating items such as investment variances, profit/loss from disposals and impairments.
- In 2012, the overall result was a loss after tax of £3,050 million *(2011: £60 million profit).*
- The largest driver of the overall loss was the agreed sale of our US business. At HY12 we recognised an impairment of goodwill and intangibles of £0.9 billion related to that business, and at the full year we recognised a further impairment of £2.4 billion.
- For continuing operations, the loss after tax was £202 million.

IFRS loss after tax £m

2012

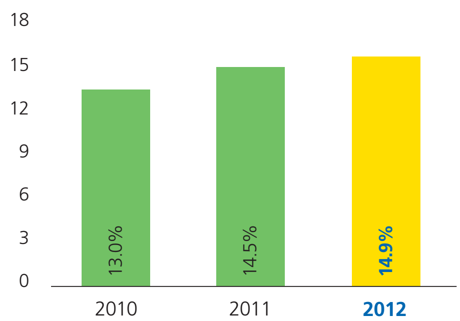
£3,050m loss

2011	2010
£60m profit	£1,892m profit

Life internal rate of return (IRR)

- We use IRR as a profitability measure of our life new business. We aim to achieve an internal rate of return in each of our life businesses of at least 13%.
- Our disciplined management of new business mix and focus on profit over volume have driven an improvement in our IRR to 14.9% *(2011: 14.5%)*, (excluding US and Delta Lloyd), with an increase in the UK offsetting reductions in some European markets, in particular Spain and Poland.

Life internal rate of return (IRR) %



1 The Group's accounting policy for operating profit (also referred to as adjusted operating profit) remains consistent with prior periods and is set out in the basis of preparation in the annual report and accounts.

Key performance indicators

General insurance combined operating ratio (COR)

- This is a standard industry metric used to measure the profitability of general insurance business. A percentage below 100% indicates that the general insurance business is being written at an underwriting profit.
- We aim to maintain a COR for the Group of 97% or better.
- Profitably in our general insurance business improved to 97% *(2011: 98%)* as we continue to benefit from our focus on underwriting excellence and active management of claims costs and expenses.

Our performance

General insurance combined operating ratio %
(excluding Delta Lloyd and RAC)

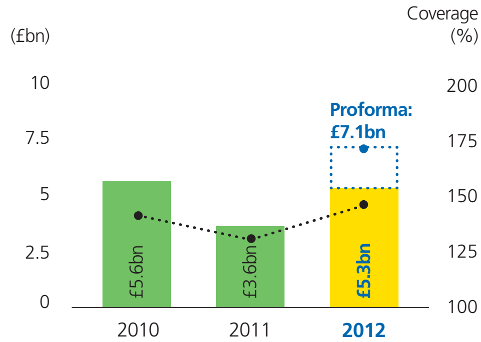
2012
97%

2011	2010
98%	98%

Economic capital surplus[2]

- This is an internal measure we use to calculate the financial strength of our business. A ratio of over 100% represents a surplus of available economic capital over our required economic capital.
- On 5 July 2012, we announced a new target economic capital range of 160-175% of required capital.
- On a pro forma basis, the estimated economic capital surplus improved to £7.1 billion as at 31 December 2012 *(2011: £3.6 billion)*, with a coverage of 172% *(2011: 130%)*. This positive movement is a result of improved market conditions and a range of management actions, including changes to our portfolio, such as the agreed sale of Aviva USA and transfer of Aseval to Bankia.

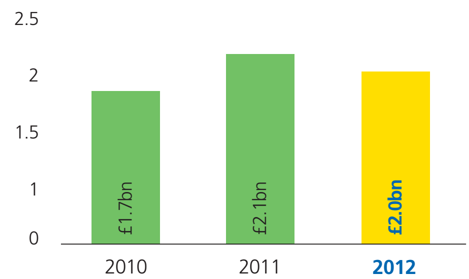
Economic capital surplus



Net operating capital generation

- Operating capital generation measures the amount of surplus capital generated by our business and it supports our dividend to shareholders and our investment in new business.
- During 2012, Aviva generated £2.0 billion of net operating capital *(2011: £2.1 billion)* ahead of the target set at the start of the year.
- These levels include increases in UK Life and Italy, which offset the impact of reductions from the sale of Delta Lloyd, and a lower result from our US life and annuities business.
- Operating capital generation from the in-force life portfolio was £2.1 billion *(2011: £2.3 billion)* while non-life contributed £0.6 billion *(2011: £0.6 billion)*, with £0.7 billion *(2011: £0.8 billion)* invested in new business.

Operating capital generation £bn



2 The economic 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. Pensions scheme risk is allowed for through ten years of stressed contributions.

Key performance indicators

Return on equity shareholders' funds

- Return on equity shareholders' funds is calculated as total after-tax operating return, on opening equity shareholders' funds.
- In 2012, ROE was 10.3% *(2011: 12.0%)*, driven by a reduction in our post-tax operating profit, which was due principally to the sale of RAC in 2011 and adverse foreign exchange movements.

Customer advocacy

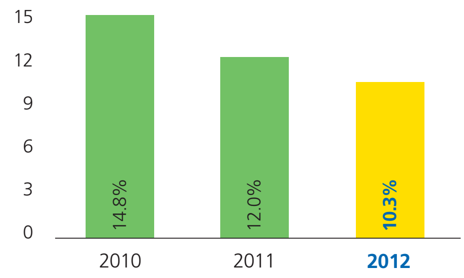
- Our Relationship Net Promoter Score® measures the likelihood of a customer recommending Aviva. It gives us a single, simple measure of customer experience which can drive improvements in customer loyalty.
- Our 2012 survey shows that the majority of our businesses are on par with, or better than, the market average for insurance companies globally.
- We are making continued progress and are committed to improving the performance across all our businesses.

Employee engagement and leadership

- Employee engagement represents the degree to which people have a favourable opinion of Aviva as a place to work.
- We measure employees' views on Aviva through our annual global 'Employee Promise' survey and use the results to determine and implement actions with the aim of continuous improvement.
- Over time, our goal is to meet or exceed the global financial services benchmark norms.
- Despite the tough external environment and the levels of change within our business, engagement levels remained steady. This highlights our employees' commitment to Aviva.
- Given the extensive transformation and recent management changes at Aviva, it is not surprising that our independently assured ratings for senior leaders dropped to 61%. This is a significant concern which we are addressing through our cultures and values programme.

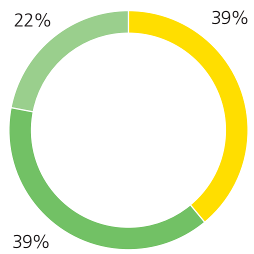
Our performance

Return on equity shareholders' funds %



Customer advocacy %

in upper quartile	39%
at or above market average	39%
below market average	22%



Employee engagement and leadership %

Engagement in 2012
68%

Leadership in 2012
61%

Engagement in 2011
68%

Leadership in 2011
70%

Developing communities

£11m

We contributed £11 million to communities in 2012, through volunteering and donations to organisations such as Railway Children, Save the Children and Oxfam. Our own community programme, Street to School, has helped more than 649,000 children across the world since 2009, exceeding our five year target in just three years.

Women in senior management

22%

22% of our top 400 senior managers are women. Ensuring diversity throughout our business brings a more rounded perspective to our decision-making, risk management and leadership communications. We recognise that diversity takes many forms and we aspire to balanced leadership.

Business ethics

88% of our employees signed to say they had received, understood and accepted our Business Ethics code in 2012. We aim for 100%. The Corporate Responsibility Committee recognises that this is not good enough and we will focus on achieving our target in 2013.

Climate change and the environment

In 2012 we offset all of the CO_2 (or equivalent) emissions after minimising our environmental impact where possible. This means we are carbon neutral. We carefully source all of our carbon offset projects to ensure they also benefit community development. During 2012, we reduced emissions on a like for like basis by 12% compared to the previous year. 24% of the energy we use comes from renewable sources such as wave, wind and sun.

Volunteering hours

56,000+

We believe a sustainable business is one that plays an active role in society. In 2012, our employees dedicated more than 56,000 hours to volunteering. There was also a 3% increase in the number of employees contributing through payroll giving.

Our business model

While insurance can appear to be a complicated business, the core of what we do is straightforward.

We are a well known **life, general insurance** and **asset management** business

- Aviva is the largest insurance company[1] in the UK
- In addition we have businesses in selected international markets including France, Canada, Poland and Singapore
- We have been in the insurance business for more than 300 years
- We have 31,200 employees[2] and 34 million customers

We provide:

Life insurance

General insurance

Asset management

We help **protect** customers from the **financial impact** of unforeseen events and help them **save** for a more **secure future**

- We provide a wide range of health insurance and general insurance products including motor and home
- We offer pensions, annuities, protection and savings products
- Our products are sold to individuals and businesses
- We sell products directly and through partners and third parties

Our products are sold through:

Direct – sales people and online

Independent vendors (IFAs, brokers)

Banks and other corporate partners

Managing risk and **investments** is fundamental to what we do and how we generate returns

- Customers pay insurance premiums which we use to pay claims; our scale enables us to pool the risks of many customers
- Customers invest their savings with us. We manage these investments to provide them with an income for a more secure future
- Making sure that customers stay with us for the long term is important to the future success of our business

Managing our business:

Underwrite risk

Administer funds

Aviva's brand attracts and retains customers and employees

1 Based on aggregate 2011 UK life and pensions sales (PVNBP) and general insurance gross written premiums.
2 In continuing operations, as at 31 December 2012.

Market context

Many social and economic factors will provide opportunities for the insurance and asset management industry. Here are some of them:

Customers across all our markets need to save more for a comfortable retirement

Growing pressure on Europe's pension systems caused by ageing populations is a widely acknowledged problem, with the ratio of retirees to workers set to increase. The Pension Gap report, produced by Aviva and Deloitte, shows the difference between the pension provision that people will need for an adequate standard of living in retirement and the pension amount they can currently expect to receive.

€1.9 trillion pensions gap

European citizens retiring in 2011–2051 would need to find an additional €1.9 trillion in savings every year to fully close the pensions gap

Source: www.aviva.com/europe-pensions-gap/; research conducted in 2010.

The non-life and protection market continues to grow

The market for general insurance, health insurance and protection continues to grow, despite the financial crisis. In an uncertain economic environment, consumers still buy insurance to protect the things that matter to them, such as their health, their homes and their cars.

Average annual growth in non-life premiums over five years

UK	↑ 2.7%
Canada	↑ 3.7%
France	↑ 3.5%

Source: Non-life premiums average annual growth (2006 – 2011) provided by Swiss Re; growth rates based on local currency.

Established and developing life insurance markets present significant opportunities

We operate in established insurance markets which provide opportunities for insurers to manage existing wealth, such as in the UK and France. We also operate in fast-growing, developing life insurance markets such as China, Poland and Turkey, which present opportunities for insurers to help customers accumulate assets.

Established markets

UK 2011 Life reserves ($)	1.9trn
France 2011 Life reserves ($)	1.8trn

Developing markets

China 2011 Life premiums ($)	135bn
China 2006 – 2011 average annual growth	19% ↑
Poland 2011 Life premiums ($)	9.2bn
Poland 2006 – 2011 average annual growth	9% ↑
Turkey 2011 Life premiums ($)	1.6bn
Turkey 2006 – 2011 average annual growth	14% ↑

Source: FSA, FFSA; Swiss Re, growth rates based on local currency.

Market focus

David Barral
CEO UK & Ireland
life Insurance

"In 2012, despite difficult economic conditions, we improved the profitability and capital efficiency of our business whilst maintaining a strong trading performance in our core products.

UK & Ireland life and pensions

- **UK operating profit £887m *(2011: £917m)***
- **UK long-term sales, including investment sales, £12,140m *(2011: £12,943m)***
- **UK life new business IRR 18% *(2011: 15%)***

Aviva is the UK's leading life insurer. In the UK life business, operating profit was down 3% to £887 million although on an underlying basis this improved by 2% in the year. We improved our life new business IRR to 18% reflecting our focus on improving profitability and capital allocation.

This improvement was a result of the UK life business's focus on capital efficiency, including the withdrawal from large-scale bulk purchase annuities and other products, pricing actions on core products, cost savings and retention. This resulted in a 20% increase in operating capital generation to £662 million.

Despite difficult market conditions, long-term sales, excluding bulk purchase annuities, were up slightly at £11,953 million. This was driven by a strong performance in our core markets of "at retirement" (annuities and equity release) and protection where we grew sales respectively by 12% and 20%, which offset a reduction in bond sales. We continued to expand our distribution footprint, including an exclusive five year agreement with Tesco to distribute protection products.

Our health business performed strongly, with net written premiums up 12% at £528 million *(2011: £473 million)*. We were voted Health Insurance Company of the Year for the third year in succession at the 2012 Health Insurance Awards.

Aviva has been campaigning for a long time to bring greater transparency to the annuity market to encourage customers to shop around on the open market to get the best annuity for their retirement. Aviva does not differentiate its pricing between internal and external customers, and we welcome the FSA's thematic review of annuities.

The UK industry is entering an uncertain period as an unprecedented level of regulatory change takes effect, including the Retail Distribution Review, Auto-Enrolment and Gender Directive. We are fully prepared and well-placed to benefit from the changes, with both a broad product range and extensive distribution network.

The integration of Aviva's Irish life business is progressing well, but Ireland remains a difficult market and profitability is not yet at acceptable levels. Ireland operating profit was down 89% at £5 million and sales were down 31% at £632 million due to the closure of our joint venture with AIB from 31 March 2012. Excluding this joint venture, operating profits were up 156% to £23 million and sales rose 9% to £530 million.

There in times of difficulty

When Tracy Harrison-Green's husband Andrew died suddenly aged just 43 an Aviva life insurance policy was a great help during a very difficult time. A £10 a month decreasing term policy that the couple took out when they married in 2003 automatically paid off their entire mortgage. Tracy, from York, says that buying the policy was the best financial decision she ever made. It meant that during a period of great personal tragedy, she didn't need to worry about finding the money to secure the roof over her head.

Robin Spencer
CEO, UK & Ireland
general insurance

"Solid results in the UK, with satisfying progress being made to integrate and transform our Irish business.

UK & Ireland general insurance

- **UK general insurance operating profit of £448m *(2011: £433m excluding RAC)***
- **UK combined operating ratio of 98% *(2011: 98% excluding RAC)***
- **UK net written premiums of £4,062m *(2011: £4,110m excluding RAC)***

Aviva is the leading general insurer in the UK. Although sales were lower, total like for like operating profit increased slightly, demonstrating our focus on disciplined underwriting to maintain profitability ahead of volumes. We delivered a UK general insurance COR of 98% despite the fact that 2012 was the second wettest year on record.

Our operating performance remains our number one priority, with an increasing focus on broker management, pricing analytics, cost control and capital allocation.

These results highlight the strength of our diversified portfolio and our risk selection, which has delivered good profitability in UK personal lines with combined operating ratios of 97% and 93% in motor and homeowner respectively. We have seen further modest growth in the UK motor market where we now have nearly 2.5 million customers. This represents an increase of more than 250,000 customers since the start of 2012 driven by the success of our Quotemehappy and multicar offerings. We are further developing our profitable homeowner business, assisted by a new partnership deal with insurance broker Gallagher Heath.

In UK commercial, the market remains challenging for brokers and customers, due to the ongoing economic conditions. We are focusing on improving our processes to ensure we provide commercial customers with insurance cover at an acceptable price and our shareholders with a good return on their capital.

We are focused on further improving our customer service. We have strengthened our underwriting disciplines and invested in pricing, risk selection and customer and broker facing systems. In 2012 customer advocacy scores improved as we achieved an 18 point improvement in our Relationship Net Promoter Score® and we reduced the number of complaints received by almost 30%. Brokers also recognised our excellent customer service by voting us Insurance Times General Insurer of the Year, for the second year running.

We continue to develop innovative insurance solutions such as 'Aviva Drive', a smartphone app which helps us to tailor insurance prices to customers' driving styles. We also launched 'Fast Track', an online trading platform which provides brokers with the facility to 'quote and buy' online in under five minutes.

During the year, we further restructured our Irish general insurance business to improve profitability. Additional actions to make further improvements continue in 2013.

An Olympic effort

When summer storms caused floods in the UK, Aviva was there to help. On two days of particularly bad weather in June we helped over 2,500 customers. Two weeks later, after more floods, we contacted customers who had previously claimed to see if they had suffered further damage and needed assistance. We helped the City of Newcastle Gymnastics Academy when they were completely devastated by floods, and lost almost every piece of Olympic training kit. Within 24 hours, our loss adjusters were on the scene and arranged a speedy interim payment. We also provided free cover at a temporary location to ensure the 800+ gymnasts could maintain their fitness levels.

David McMillan
CEO, Aviva Europe

“Despite difficult economic conditions in continental Europe, the strength of our life insurance back book has allowed us to deliver a steady set of results.

Europe

France

- **Life operating profit £335m *(2011: £323m)* with new business IRR 11% *(2011: 11%)* and long-term savings sales £3,638m *(2011: £4,047m)***
- **General insurance and health operating profit £95m *(2011: £144m)* with net written premiums of £1,002m *(2011: £1,016m)* and combined operating ratio of 95% *(2011: 90%)***

Aviva France, the third-largest business in the Aviva Group, produced a solid performance with operating profit of £422 million *(2011: £471 million)*.

Life operating profit increased, and, although sales were 4% lower on a local currency basis, we outperformed the individual life market, which fell 10% over the course of the year. Life new business IRR was flat.

General insurance sales rose by 6% on a local currency basis, due to an increase in both policy volumes and rates. Although general insurance profits were down compared to the previous year, the combined operating ratio remained strong at 95%.

Over the course of the year we increased our customer base to 3.2 million and received several awards for both our life and general insurance products.

Italy

- **Life operating profit £159m *(2011: £140m)* with new business IRR 12% *(2011: 12%)***
- **Long-term savings sales £1,971m *(2011: £2,993m)***
- **General insurance profit £20m *(2011: loss of £35m)* with NWP of £357m *(2011: £416m)* and COR of 100% *(2011: 114%)***

Aviva Italy is the sixth-largest business in the Aviva Group. In 2012 operating profit increased despite a fall in GDP and market volatility. We have taken positive steps to maintain profitability putting in place various initiatives in our life and GI businesses which have improved our performance.

Life profitability improved due to our focus on products that are less capital intensive and the result has been a favourable change in our product mix.

General insurance profitability improved through pricing actions and disciplined claims management. General insurance sales were 8% lower than the previous year on a local currency basis.

Spain

- **Life operating profit £215m *(2011: £216m)***
- **Life new business IRR of 21% *(2011: 23%)***
- **Long-term savings sales of £1,295m *(2011: £1,926m)***

Aviva Spain is the country’s fifth largest long-term insurer by gross written premiums. We sell protection, long-term savings and pensions, health and accident insurance both directly and through bancassurance networks.

On a constant currency basis operating profit increased by 7%, while life and pensions sales have decreased by 28%. A substantial part of this reduction has been the result of management action focusing on the efficient use of capital. The business has focused on retaining highly profitable protection business, while developing capital efficient products, including unit linked savings. IRR remains strong at 21% *(2011: 23%)*. In December, we reached a settlement with Bankia to transfer to them our entire holding in Aseval, a Spanish life insurance company.

Helping customers when disaster strikes

When two earthquakes struck the northern Italian region of Emilia Romagna in May forcing more than 45,000 people to leave their homes we were there to help. To make sure that all our customers were properly insured in difficult circumstances we extended the deadline for late payments on general insurance policies from 15 to 45 days and awarded late payment interest on life policies.

Poland

- **Life operating profit £153m *(2011: £167m)***
- **Life new business IRR 20% *(2011: 24%)***
- **Long-term savings sales £373m *(2011: £487m)***

Aviva is Poland's fourth largest life insurer. A combination of regulatory changes, adverse foreign exchange movements and the impact of the economic environment resulted in lower life insurance sales in 2012. Even so, we focused on becoming more efficient and our profitability in this market remained strong with an IRR of 20%.

We continued to improve our distribution and our bancassurance agreement with Santander provides us with a strong source of revenue so that we now have a 10% share of the individual life insurance market.

Turkey

In Turkey, our life and general insurance businesses generated an IFRS operating loss of £22 million *(2011: £9 million loss)*. In life insurance we serve 2 million customers and are well positioned to benefit from our relationship with partner Akbank TAS, and their related banks, Citibank AS and Burgan Bank AS. Protection sales through our bancassurance channel were up by more than 50% compared to 2011.

Putting life insurance to work

Stomil Sanok, a Polish rubber products company, has over 1,700 employees and all of them are covered by Aviva's group life insurance. We have a service point on the company's premises where dedicated insurance advisors are available every day to assist employees with claims. Family benefits are a characteristic of life insurance contracts in Poland and when an employee has a baby Aviva representatives visit the family at home and work out which benefits they are entitled to.

Maurice Tulloch
President and CEO,
Aviva Canada

"Our underwriting strength and commitment to our broker partners gives us a strong market position.

Canada

- **Operating profit of £276m *(2011: £254m)***
- **Combined operating ratio of 93% *(2011: 95%)***
- **Net written premiums of £2,176m *(2011: £2,083m)***

Aviva is Canada's second-largest general insurer. The business delivered a good financial result with a strong increase in profit. This performance was due to pricing sophistication, underwriting discipline, improved retention and strong underlying growth in new business. We also maintained a profitable mix of personal and commercial lines business.

We use predictive analytics to enhance our underwriting capabilities and further research and development is underway to enhance our pricing for weather-related perils.

The Canadian insurance business, unlike many other businesses in the Group is mostly intermediated; however we continue to address increasing customer demand for choice, simplicity and self-service by working with our brokers to help them compete with other channels.

Aviva Canada is committed to strong distribution relationships and maintained high satisfaction scores among its broker partners in 2012. Customer service has also improved further. Our claims Net Promoter Score® is +47, a strong result.

We delivered a strong underwriting result in personal lines due to our disciplined underwriting and lower claims frequency. Our efforts to transform and improve the profitability of the commercial lines business continued as we initiated actions to address underperforming segments.

Hurricane Sandy – looking after customers on both sides of the Atlantic

As those affected by Hurricane Sandy came to terms with its impact, our teams in Canada and the UK were busy making sure Aviva's customers got the help and support they needed. The teams worked together and took a proactive approach using the media, Aviva's websites and social media sites like Twitter and Facebook, to make sure customers had access to travel advice and assistance. Aviva also automatically extended customers' policies to give them 14 days' extra cover and peace of mind until they arrived home safely.

Khor Hock Seng
CEO, Aviva Asia

“

I am very much looking forward to working with our teams and partners to realise the potential of Aviva in Asia.

Asia

Singapore

- **Life operating profit £65m *(2011: £52m)***
- **Life new business IRR 25% *(2011: 31%)***
- **Long-term savings sales £817m *(2011: £724m)***

Aviva is a top five life insurer in Singapore with over half a million customers, and one of the biggest providers of employee benefits and healthcare insurance. Long-term savings sales increased 28% on the previous year with bancassurance sales and sales of retirement products contributing significantly to this growth.

Our 11-year relationship with DBS, Singapore's largest bank, continues to go from strength to strength. Life operating profit and value of new business were up significantly on the previous year driven by strong protection sales and increased scale.

China

In China, bank interest rates remain high making our savings products less attractive. We have therefore shifted our focus towards the sale of protection products.

India

In India, despite regulatory changes creating uncertainty in the market, we extended our distribution agreement with Indusind Bank, India's leading private sector bank. We also launched an online sales portal for protection business. Online customers now account for 14% of new customers acquired and 4% of new business premium in India.

Making retirement planning simple

We know that many customers worry that planning for retirement might be complicated, so in 2012 Aviva's Singapore business launched a retirement plan specifically designed to be as simple as possible – it's called 'My Retirement'. All of the documentation is written in straightforward language and the product itself provides a capital guarantee, with guaranteed returns. It is designed to be simple, safe and sure.

Paul Abberley
Interim CEO, Aviva Investors

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We have delivered a solid set of results in a challenging and competitive environment, with the business ahead of target on all key financial metrics.

Aviva Investors

- **Operating profit £42m *(2011: £53m)***
- **Net funded external sales £1.7bn with a further £0.2bn of committed but unfunded sales *(2011: £3.6bn)***
- **69% of institutional funds performed above benchmark (where a benchmark exists) with 68% of funds ahead of peer group**

In a challenging investment environment Aviva Investors' operating profit on a continuing basis (which excludes contribution from asset management activities undertaken for Aviva USA) was £42 million *(2011: £53 million)* with lower performance fees partially offset by cost savings from the strategic review.

Investment performance was ahead of target on both benchmark and peer group measures. We maintained or improved client satisfaction, meeting or exceeding our targets on all client surveys in 2012. Net sales fell year-on-year as a result of the refocus of our product offering.

An integrated response to sustainability

As a long-term investor, Aviva Investors recognises the positive impact that embedding long-term sustainability into a business strategy can have on shareholder value. In 2012 Aviva Investors began to integrate the consideration of environmental, social and governance (ESG) issues on all the asset classes in which it invests. This includes appointing ESG champions on our investment desks.

RIO+20
United Nations
Conference on
Sustainable
Development

In this section

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 other verbal or written "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", "projects", "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 ongoing difficult conditions in the global financial markets and the economy generally; the impact of various local political, regulatory and economic conditions; market developments and government actions regarding the sovereign debt crisis in Europe; the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value of our portfolio and impact our asset and liability matching; the impact of changes in 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 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; the impact of catastrophic events on our business activities and results of operations; the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; increased competition in the UK and in other countries where we have significant operations; the effect of the European Union's "Solvency II" rules on our regulatory capital requirements; 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; risks associated with arrangements with third parties, including joint ventures; 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 government regulations or tax laws in jurisdictions where we conduct business; the inability to protect our intellectual property; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing/regulatory approval impact and other uncertainties relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries. For a more detailed description of these risks, uncertainties and other factors, please see Item 3d, "Risk Factors", and Item 5, "Operating and Financial Review and Prospects" in Aviva's most recent Annual Report on Form 20-F as filed with the SEC. 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 announcement are current only as of the date on which such statements are made.

Chairman's governance letter

John McFarlane
Chairman

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Strong corporate governance is the cornerstone of a successful organisation.

I have taken corporate governance incredibly seriously throughout my career as a leader of major financial services organisations around the world, and will continue to do so at Aviva. This is also firmly the position of our Board. A system of good governance keeps shareholder interests front of mind, and ensures a balanced outcome for stakeholders in general. Tone is always set from the top, and we have therefore made a number of changes in 2012 to enhance but also simplify the Group's governance arrangements. As a cornerstone of this, the way authority is delegated throughout the Group was revised to give greater empowerment to businesses whilst strengthening central controls over the major risks in the Company, and these are subject to regular scrutiny by the Board Committees.

UK Corporate Governance Code

The UK Corporate Governance Code (Code) sets out the standards of corporate governance that UK premium listed companies must meet. The Company aims to meet all the Code requirements and I am pleased to confirm that the Company has complied with most of the principles and provisions of the Code throughout the year. However, there is one area of non-compliance to which I should draw your attention and which relates to my role as executive chairman for part of the year.

I joined the Board as chairman designate in September 2011 with the intention of learning about the Group and the business in order to succeed Lord Sharman as chairman on 1 July 2012. However, as we approached the 2012 annual general meeting, the Company came under strong shareholder pressure to accelerate change, and the Board asked me, as a former seasoned CEO, to take executive responsibility for the Group, and to seek and appoint a new Group Chief Executive Officer (Group CEO). Consequently, in the period from 1 July to 31 December 2012 whilst we did not comply with the Code requirement for the separation of the roles of chief executive and chairman, this was clearly in the interest of shareholders, and firm action was taken during this period to put the Group on to a firmer footing, that may not otherwise have taken place in such a short timeframe. This included major changes to the composition of the Board. We appointed Mark Wilson as Group CEO from 1 January 2013 and this regularised the position, such that we are now compliant with the Code.

Further details of how the Company has applied the Code principles and complied with its provisions are set out in the Corporate Governance Report within the 2012 Annual Report and Accounts.

Role of the Board

The Board is responsible to shareholders for promoting the long term success of the Company, and in particular, for setting the Group's strategic aims, monitoring management's performance against these strategic aims, setting the Group's risk appetite and ensuring the Group is adequately resourced and that effective controls are in place in the business. The Board sets the values, tone and culture of the Group. As a regulated Group, the Board also has a duty to protect the interests of policyholders.

Effectiveness of the Board

The effectiveness of the Board is vital to the success of the Group and we undertake a rigorous evaluation each year in order to assess how well the Board, its Committees, the directors and myself are performing and how our effectiveness could be improved. Given the significant changes to the Board during the year I felt that an internal effectiveness review led by myself would be appropriate for 2012. The review was carried out using questionnaires followed by discussion at Board and Committee meetings and through meetings between myself and each director individually. The review focused on the effectiveness of the Board and each Committee, how efficiently time at meetings was used, and the appropriateness of the balance of skills, knowledge and experience represented by Board and Committee members. Overall, the directors concluded that the Board and its Committees operated effectively and agreed that the actions identified for focus and improvement in previous reviews had been addressed and implemented during the year. Areas identified for greater Board focus in 2013 included allocating a greater proportion of time to in-depth discussion of the markets in which the Group operates and their competitive position and re-focusing strategy discussions on long-term strategy, as well as continuing to monitor the Group's capital and liquidity position. I also concluded that each director contributes effectively and demonstrates full commitment to his/her duties.

Board Changes

There have been a number of changes to the Board during the year and in early 2013:

- **Lord Sharman** retired from the Board and as chairman on 30 June 2012. He chaired the Board during a period of significant economic uncertainty, bringing extensive experience in the international financial services industry to bear during his tenure.
- **Andrew Moss**, group chief executive, left the Group in May 2012 having led the consolidation of our international presence and the integration of 40 brands into the very powerful single Aviva brand.
- **Mark Wilson** replaced Andrew Moss as Group CEO with effect from 1 January 2013.
- **Igal Mayer**, chief executive of Aviva Europe, resigned in April 2012 when the Group was restructured into Developed Markets and Higher Growth Markets.
- **Leslie Van de Walle** resigned as a non-executive director in May 2012 to pursue other activities.
- **Mary Francis** stepped down from the Board in October 2012 to pursue other interests. Mary had previously been chairman of the Risk Committee.
- **Euleen Goh** resigned from the Board at the end of the year to concentrate on her commitments in Asia.
- **Trevor Matthews**, executive director and chairman, Developed Markets, will step down from the Board prior to the 2013 AGM.
- **Richard Goeltz**, senior independent director, and **Russell Walls**, chairman of the Audit Committee, will both have completed nine years service in May 2013 and will retire from the Board on 8 May 2013. Both have been senior and valuable members of the Board.
- **Glyn Barker** joined the Board as a non-executive director in February 2012 and will become chairman of the Audit Committee on 8 May 2013.

At the same time, we are actively refreshing the Board with new non-executive appointments**:**

- **Sir Adrian Montague** joined the Board in January 2013 bringing strong insurance and plc credentials, and will become senior independent director on 8 May 2013.
- **Bob Stein** joined the Board in January 2013 bringing strong insurance and actuarial skills.
- We are actively searching for two additional female non-executive directors.

On behalf of the Board I would like to thank all the directors for their contribution to the Company during the year, and particularly those who have retired, or will retire, in 2013, for their dedicated service.

John McFarlane
Chairman
6 March 2013

Board of directors

John McFarlane
Chairman
(Born June 1947)
Appointed to the Board in September 2011 and became executive chairman in July 2012 and non-executive chairman following the appointment of Mark Wilson as Group CEO on 1 January 2013. Currently a non-executive director of Westfield Holdings Ltd (retail mall developer and operator) and Old Oak Holdings Ltd (financial holding company). Former chief executive officer of Australia and New Zealand Banking Group Ltd (banking), executive director of Standard Chartered plc (banking), head of Citicorp and Citibank UK and Ireland, and managing director of Citicorp Investment Bank Ltd (banking). Former director and council member of The London Stock Exchange (financial services) and former non-executive director of the Royal Bank of Scotland Group plc (banking), National Westminster Bank plc (banking), Capital Radio plc (media), The Securities Association (UK securities regulator), the Auditing Practices Board (auditing regulator) and the Business Council of Australia. Former chairman of the Australian Bankers Association and president of the International Monetary Conference. He is chairman of the Board and the Nomination Committee. He has substantial global listed company experience and an excellent track record spanning over 30 years in the UK and international financial services industry.

As executive chairman, he was instrumental in driving forward the Company's strategic plan to narrow the focus of the Group's business portfolio, build financial strength and improve financial performance. He successfully managed the implementation of a culture and values change programme, cutting bureaucracy and delayering the organisation. He has extensive experience in banking, including investment, corporate and retail banking, and in general management, insurance, strategy, risk and cultural change. His wide-ranging board and executive experience provides him with the requisite skills for his chairmanship of the Company and the Board.

Mark Wilson
Group chief executive officer
(Born August 1966)
Appointed to the Board as Group CEO designate in December 2012 and became Group CEO on 1 January 2013. Formerly chief executive officer and president of AIA Group (insurance), and former chief executive of AXA China and AXA South East Asia (insurance). He also previously held a number of senior management positions at National Mutual in New Zealand (insurance).

He has over 25 years of operational and executive experience in the insurance industry across life assurance, general insurance and asset management, in both mature and growth markets. He has extensive experience of leading major international insurance companies and has an excellent track record as a focused and inspirational business leader. At AIA Group and AXA, he successfully developed and implemented short, medium and long-term strategies, delivered robust change programmes and developed and transformed business performance and cultures in challenging market conditions.

Patrick Regan
Chief financial officer
(Born March 1966)
Appointed to the Board in February 2010 as chief financial officer and, since April 2012, has assumed responsibility for Aviva USA. He is chairman of Aviva Investors and is currently a member of the supervisory board of Delta Lloyd N.V.

Formerly group chief financial officer and chief operating officer of Willis Group Holdings Ltd (insurance broking), group financial controller for RSA Insurance Group plc (insurance) and finance and claims director, UK general insurance for AXA Insurance (insurance). He also held a number of senior management positions at GE Capital (financial services) and specialised in corporate finance and investigations at Grant Thornton (professional services).

He has extensive global experience in various executive functions within the insurance industry. He also has an excellent track record of driving change programmes and corporate actions to deliver improved profitability. He has been instrumental in improving the Group's financial strength, resilience and performance against the backdrop of a challenging macro-economic and regulatory environment. He has brought his significant financial acumen and analytical skills to bear in driving forward the change agenda and in successfully delivering the Group's strategic priorities.

Trevor Matthews
Executive director and chairman, Developed Markets
(Born March 1952)
Appointed to the Board in December 2011 as chief executive, Aviva UK. In April 2012, he became chairman of the UK & Ireland board and was appointed executive director and chairman, Developed Markets. Currently chairman of the Financial Skills Partnership and a commissioner for the UK Commission for Employment and Skills. Previously chief executive officer and vice chairman of Friends Life (life assurance) and chief executive officer of Friends Provident plc (life assurance). Former chief executive of Standard Life Assurance Company Ltd (life assurance), president and chief executive officer of Manulife Japan (life assurance) and executive vice president, Canadian operations and chairman, Manulife Bank, Toronto (financial services). He has also held senior management positions at National Australia Bank (banking) and Legal & General Assurance Holdings Australia Ltd (insurance).

He has over 40 years of experience in the financial services industry with a track record of achievement in the insurance sector globally. He has brought to the Board an in-depth operational and functional knowledge of insurance, both in the UK and overseas. He will be stepping down from the Board prior to the 2013 AGM.

Glyn Barker
Independent non-executive director
(Born September 1953)
Appointed to the Board in February 2012. Currently chairman of Irwin Mitchell (law firm), a non-executive director of Transocean Ltd (offshore drilling) and The Berkeley Group Holdings plc (construction) and, a trustee of the English National Opera. Formerly vice-chairman UK of PricewaterhouseCoopers LLP with responsibility for leading the executive team for the Europe, Middle East, Africa and India region and was previously UK managing partner, UK head of assurance and a member of the UK management board of PricewaterhouseCoopers LLP. He is a member of the Audit, Nomination and Risk Committees.

He has extensive experience as a business leader and a trusted adviser to FTSE 100 companies and their boards on a wide variety of corporate and finance issues. He brings to the Board a deep understanding of accounting and regulatory issues together with in-depth transactional and financial services experience. He will become chairman of the Audit Committee on 8 May 2013.

Richard Karl Goeltz
Senior independent non-executive director
(Born September 1942)
Appointed to the Board in May 2004 and became senior independent non-executive director in January 2009. Currently a non-executive director of the New Germany Fund (investment trust), the Central Europe and Russia Fund (investment trust) and the European Equity Fund (investment trust), and is also a member of the Council and Court of Governors of the London School of Economics and Political Science. Former non-executive director of the Warnaco Group Inc. (clothing), vice-chairman and chief financial officer of American Express Company (financial services) and director and chief financial officer of NatWest Group plc (banking). Former non-executive director of Delta Air Lines, Inc. (transport) and Federal Home Loan Mortgage Corporation (Freddie Mac) (financial services) and a former member of the Accounting Standards Board (UK).

He has a strong financial background and has over 20 years' experience in the financial services industry. He has held a broad range of executive and non-executive positions in major global corporations. His experience of audit and governance committees has been invaluable in providing effective oversight as a member of the Company's Audit Committee.

He is currently a member of the Audit and Nomination Committees and will retire from the Board, as senior independent non-executive director and from the Audit and Nomination Committees after nine years of service to the Board on 8 May 2013.

Michael Hawker AM
Independent non-executive director
(Born October 1959)
Appointed to the Board in January 2010. Currently a non-executive director of Macquarie Group Ltd (banking) and Macquarie Bank Ltd (banking), Washington H Soul Pattinson Pty Ltd (investment), International Rugby Development Ltd (rugby), and IRFB Services (Ireland) Ltd (rugby). He is chairman and non-executive director of the Australian Rugby Union and SANZAR Pty Limited (rugby union) and is a non-executive director/trustee of the George Institute for Global Health (UK). He is a member of the advisory council at General Enterprise Management Services International Ltd (private equity), and council member of the International Rugby Board. Formerly chief executive and managing director of Insurance Australia Group (insurance), group chief executive of business and consumer banking at Westpac Banking Corporation (banking) and chairman of the Insurance Council of Australia. Senior fellow of the Financial Services Institute of Australasia and a fellow of the Australian Institute of Company Directors. He is chairman of the Risk Committee and a member of the Audit, Nomination and Remuneration Committees. He will step down as a member of the Remumeration Committee on 8 May 2013.

He has a wealth of knowledge and experience gained over a long career in the banking and insurance industries, in both executive and non-executive roles in Europe, Asia and Australia. He has been a highly effective chairman of the Risk Committee during a period of significant volatility in the external economic environment.

Gay Huey Evans
Independent non-executive director
(Born July 1954)
Appointed to the Board in October 2011. Currently a non-executive director of the London Stock Exchange Group plc (financial services), Clariden Leu (Europe) Ltd (financial services), Bank Itau BBA International Limited (banking) and the Financial Reporting Council. Member of the management board and of the panel of finance experts of the Panel of Recognised International Market Experts in Finance (PRIME Finance), and a trustee of Wellbeing of Women (UK) (charity) and The Wigmore Hall Trust (charity). Formerly chair of the International Swaps and Derivatives Association, Inc. (ISDA) (financial trade association), vice chairman, investment banking & investment management at Barclays Capital (banking) and she held senior management positions at Citi Alternative Investments (EMEA) (banking), the Financial Services Authority (UK regulator) and Bankers Trust Company (banking). She is chairman of the Corporate Responsibility Committee and a member of the Nomination and Remuneration Committees.

She has over 30 years of experience within the financial services industry, having held key positions in government and in a number of global financial and banking institutions. In addition to the financial expertise she brings to the Board, her experience at the Financial Services Authority continues to provide an insight into the priorities and focus of the Group's lead regulator.

Board of directors continued

Sir Adrian Montague CBE
Independent non-executive director
(Born February 1948)
Appointed to the Board in January 2013. Currently chairman of 3i Group plc (private equity) and Anglian Water Group Ltd (utilities), deputy-chairman and senior independent director of UK Green Investment Bank plc (investment bank) and a non-executive director of Skanska AB (construction). Formerly chairman of Friends Provident plc (life insurance), British Energy Group plc (utilities), Michael Page International plc (recruitment), and Cross London Rail Links Ltd (Crossrail), and was formerly deputy-chairman of Network Rail Ltd (railway network authority) and Partnerships UK plc (public private partnership). He was also previously chief executive of the Treasury Taskforce. He is a member of the Audit, Corporate Responsibility and Nomination Committees. He will become senior independent non-executive director on 8 May 2013.

Sir Adrian brings his significant experience of the financial services industry and in government and regulatory circles to the Board.

Bob Stein
Independent non-executive director
(Born February 1949)
Appointed to the Board in January 2013. Currently a non-executive director and vice-chair of the audit committee of Assurant, Inc (US specialty insurance) and is a trustee emeritus of the board of trustees of the Actuarial Foundation. He spent most of his working life at Ernst & Young in the US, where he held a number of managing partner roles in the actuarial, insurance and financial services practices in the US and globally, culminating in being managing partner, global actuarial practice. He is a member of the Nomination, Risk and Remuneration Committees.

He brings significant accounting and financial services experience to the Board.

Russell Walls
Independent non-executive director
(Born February 1944)
Appointed to the Board in May 2004. Currently non-executive director of Biocon Ltd (biopharmaceuticals), Signet Jewelers Ltd (retail), Syngene Ltd (contract research pharmaceuticals), and Mytrah Energy Ltd (wind power producer). Former group finance director of BAA plc (transport), Wellcome plc (pharmaceuticals) and Coats Viyella plc (textiles), treasurer and trustee of the British Red Cross (charity) and a member of the Finance Commission of the International Federation of the Red Cross (charity). Formerly senior independent director and chairman of the audit committee of Stagecoach Group plc (transport) and Hilton Group plc (leisure) and a non-executive director of Delphic Diagnostics Ltd (medical), and Mersey Docks and Harbour Company (transport).

He has a strong financial background and a wealth of international experience across a range of sectors. With his deep financial acumen, analytical approach, and extensive audit experience over a long financial career, he has been a robust Audit Committee chairman against a backdrop of macro-economic instability and changes to the audit environment.

He is currently chairman of the Audit Committee and a member of the Nomination and Risk Committees and will retire from the Board, as Audit Committee chairman and from the Nomination and Risk Committees after nine years of service to the Board on 8 May 2013.

Scott Wheway
Independent non-executive director
(Born August 1966)
Appointed to the Board in December 2007. Former chief executive officer of Best Buy Europe (retail services), director of The Boots Company plc (now known as The Boots Company Ltd) (pharmacy) and managing director and retail director of Boots the Chemist at Alliance Boots plc, and director of the British Retail Consortium. He formerly held a number of senior executive positions at Tesco plc (retail services), including chief executive of Tesco in Japan. He is chairman of the Remuneration Committee and a member of the Corporate Responsibility and Nomination Committees.

He has a wealth of business experience in the retail sector and his understanding of customer priorities has been greatly beneficial in driving the customer agenda and excellence in customer service within the business. He has chaired the Remuneration Committee with vigour and has rebuilt the Group's standing with its significant investors in relation to the Group's remuneration policy. Following the issues raised at the 2012 annual general meeting, he led an extensive consultation exercise with the Company's major shareholders and a significant review of the Group's remuneration policies and practices.

Summary of corporate governance report

This annual review for the year ended 31 December 2012 (Annual Review) incorporates the summary financial statements and comprises summaries of the Corporate Governance Report, the Directors' Remuneration Report and the consolidated financial statements from the Group's full 2012 Annual Report and Accounts. The Annual Review complies with the information requirements under the Companies (Summary Financial Statement) Regulations 2008. It does not contain sufficient information to allow as full an understanding of the Group's results and state of affairs, and of its policies and arrangements concerning directors' remuneration, as the 2012 Annual Report and Accounts and 2012 Form 20-F. Shareholders and nominated persons with information rights may obtain a copy of Aviva's Annual Report and Accounts and Form 20-F online or on request, free of charge, as detailed in the Shareholder Services section.

This section does not contain the full text of the Corporate Governance Report which is contained within the 2012 Annual Report & Accounts.

The Board

The Board is responsible to shareholders for promoting the long term success of the Company and, in particular, for setting the Group's strategic aims, monitoring management's performance against the strategic aims, setting the Group's risk appetite, ensuring the Group is adequately resourced and ensuring that effective controls are in place in the business. The Board also sets the values and the culture of the Group and has a duty to protect the interests of policyholders.

The specific duties of the Board are clearly set out in its terms of reference which address a wide range of corporate governance issues and lists those items that are specifically reserved for decision by the Board. Matters requiring Board approval include:

- Group strategy and business plans;
- Financial reporting and controls, capital structure and dividend policy;
- Group risk appetite and framework;
- Corporate governance;
- Remuneration policy;
- Significant transactions and expenditure; and
- Other matters (e.g. appointment and removal of the group company secretary and chief risk and capital officer, Board and Committee succession planning and the constitution of Board Committees).

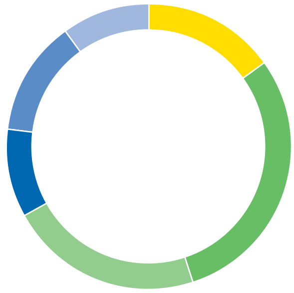
The Board's terms of reference also set out those matters that must be reported to the Board, such as senior leadership changes, significant litigation or material regulatory breaches, and cover how matters requiring consideration by the Board that arise between scheduled meetings should be dealt with.

Board activities during 2012

The work of the Board follows an agreed annual work plan and principally falls under six main areas. The following chart shows how the Board allocated its time during 2012.

Allocation of Board agenda time

Succession planning, Board composition and effectiveness	15%
Group strategy, business plans and performance monitoring	30%
Financial reporting and controls, capital structure and dividend policy	22%
Corporate governance	10%
Group risk management policies, risk appetite and framework	13%
Others	10%



The Board monitored the performance of the Group and its compliance with the governance framework described below through regular:

- Group CEO reports highlighting issues such as strategic planning and execution; updates on ongoing corporate transactions; financial forecasts and results; the Group's vision and values; the external environment; personnel changes and market and competitor developments;
- Chief financial officer reports on a range of issues including financial results and forecasts; capital; operational performance; strategic initiatives; pensions funding deficit; investor relations and rating agency updates; risk appetite; corporate transactions and progress against Solvency II;
- Reports and recommendations from each Board Committee; and
- Reports from business units and functions.

As part of its annual work plan, the Board reviewed and approved all financial results announcements, the Annual Report and Accounts, the operational plan and dividend payments; considered succession plans for the Board and Group Executive; approved all changes to the composition of the Board and its Committees; reviewed the performance of the group chief executive; received regular updates on progress against strategy; considered personnel issues including the results of the annual employee promise survey; and reviewed public policy trends.

In addition, the Board undertook the following specific activities during the year:

- Agreed a revised strategic plan to narrow the focus of the Group, build financial strength and improve financial performance;
- Approved the Group transformation project to implement the revised strategic plan;
- Appointed PricewaterhouseCoopers LLP as the Company's auditor following a tender process;
- Approved the sale of Aviva USA Corporation;
- Approved a further sale of Aviva's stake in Delta Lloyd N.V.;
- Approved the issue of Tier 1 hybrid debt;
- Approved the project to merge the Group's Irish General Insurance business into the UK General Insurance business;
- Reviewed the progress of the project to reorganise and flatten the Group's legal entity structure; and
- Considered and approved a new IT strategy.

The Board held one meeting in France during the year to gain a deeper understanding of the operations of the French business.

By order of the Board

John McFarlane
Chairman
6 March 2013

Summary of directors' remuneration report

Scott Wheway
Chairman,
Remuneration
Committee

Dear shareholder

On behalf of the Board, I am pleased to present the summary Directors' Remuneration Report for the year ended 31 December 2012. The full Directors' Remuneration Report is contained within the 2012 Annual Report and Accounts.

Our on-going commitment to shareholders

Whilst we have traditionally had good shareholder support for our remuneration policies over many years, we believe in 2011 we clearly got it wrong. As a result, the Committee has worked over the last year to make changes that will give us a better framework for the decisions we take. Specifically, we agreed the following:

- We introduced 'underpin' metrics to 2012 bonuses to ensure that bonus payouts were more closely aligned to the shareholder experience. We will consider these metrics annually until alternative arrangements are agreed;
- We will make any future buyouts on the hire of senior executives on a strict 'like for like' basis; and
- We will continue a regular dialogue with shareholders and take account of their feedback.

We have met our major institutional shareholders and the main proxy agencies on many occasions over the last year. We have consulted them on these changes and will continue the open and honest discussions we have established.

Putting the changes into practice

These changes have impacted our operational practices and our decisions in the 2013 reward round. Key agreed outcomes have been:

- Base pay – the Committee has frozen executive directors' base pay for 2013;
- Annual bonus – the Committee has not awarded bonuses to executive directors for 2012. Our annual bonus plan is based on key financial, employee and customer performance indicators. Solely taking into account performance against these measures at Group level (assuming 'on-plan' personal performance), the bonus outcome for 2012 would have been 52% of maximum. However, we have taken account of the underpin metrics to ensure bonus outcomes that are better aligned with the creation of shareholder value. Following careful consideration of those metrics the Committee decided that executive directors would not receive a bonus for 2012;
- Chairman fees – John McFarlane indicated he did not wish any increase in the fees paid to him when he undertook his executive role in the period from May 2012 to 31 December 2012; and
- ACAP/ACDT – the Aviva Capital Accumulation Plan (ACAP) and the Aviva Cash Deferral Trust (ACDT) will close from 31 March 2014. Payments in lieu of pension have been standardised at senior management levels and a small number of individual arrangements above the standard level have been closed from 31 March 2013.

Linking pay to the Group's strategic plan

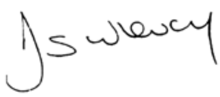
We believe our remuneration policy and practice is now more closely linked to the main strategic priorities of the Group:

- Improve financial performance – remuneration is heavily weighted towards pay that is dependent on the outcomes against the key performance indicators of our business, notably profit and Return on Equity (ROE);
- Build capital and financial strength – variable pay is strongly aligned to the measurement of the financial strength of our business. Furthermore, economic capital performance is carefully considered before bonus payments are made to ensure that the Group's financial strength continues to improve; and
- Focus on core businesses – through the measurement of a number of key financial, operational and longer term return measures, overall remuneration is closely aligned to the achievement of the Group's strategic objectives.

Appointment of Group chief executive officer

The Board was delighted to announce, on 20 November 2012, the appointment of Mark Wilson as Group CEO. He joined the Board on 1 December 2012 and took up the role of Group CEO from 1 January 2013. Details of his remuneration arrangements were announced at the time of his appointment.

We are committed to maintaining an open, transparent dialogue with shareholders. I hope you will find this Report clear and informative.



Scott Wheway
Chairman, Remuneration Committee
6 March 2013

Remuneration Committee role and responsibilities

The Remuneration Committee is responsible for reviewing and making recommendations to the Board regarding the remuneration policy of the Group and for reviewing compliance with the policy. The Committee is further responsible for monitoring the level and structure of remuneration for the senior management of the Group.

The full terms of reference for the Committee can be found on the Company's website at www.aviva.com/terms-of-reference and are also available from the group company secretary.

Remuneration policy in practice

Table 1 below sets out the purpose of key elements of our remuneration structure, how they relate to the Company's strategy and how they will operate, highlighting any changes from 2012.

Table 1: Remuneration policy for Executive Directors (EDs)

Element	Purpose and link to strategy	Operation for 2013	Changes and associated rationale
Base salary	To provide a core reward for undertaking the role, at a level needed to recruit and retain individuals.	Annual review, with changes taking effect from 1 April each year. This review is informed by: ▪ Relevant pay data including market practice among the 25 FTSE listed companies either side of Aviva in terms of market capitalisation. ▪ Levels of increase for the broader UK employee population. ▪ Individual and business performance.	Taking into account both the Company's performance and the prevailing economic climate, no increases are being made to EDs' base salaries for 2013.
Benefits	To provide employees with market competitive benefits at a level needed to recruit and retain individuals.	Benefits are provided on a market competitive basis and include a cash car allowance, Private Medical Insurance (PMI) and life insurance.	No changes proposed.
Pension	To provide a market competitive level of provision for post-retirement income.	All EDs are eligible to participate in a defined contribution plan up to the annual limit. Any amounts above the annual or lifetime limits are paid in cash.	Payments will no longer be made into the ACAP or the ACDT after 31 March 2014. These were discretionary savings vehicles into which payments in lieu of pension were made and held for at least five years.
ABP	To incentivise executives to achieve the annual business plan. Deferral provides alignment with shareholders and aids retention of key personnel.	Maximum opportunity of 150% of base salary with 75% of base salary payable for plan performance. Performance is assessed against a range of key financial, employee and customer performance indicators and personal objectives. Two-thirds of any bonus awarded is deferred into shares which vest after three years. Additional shares are awarded at vesting in lieu of dividends paid on the deferred shares. Unvested awards are subject to clawback in the event of misconduct or materially adverse misstatement of accounts.	Bonus payments will take account of achievements in relation to Economic Value Added, Economic Capital, and absolute and relative Total Shareholder Return (TSR) to ensure payouts are closely aligned with the shareholder experience.
LTIP	To motivate executives to achieve the Company's longer-term objectives, to align executive interests with those of shareholders and to aid the retention of key personnel.	The plan rules allow for awards to be made up to a maximum of 350% of base salary (and up to 450% of base salary for US employees in exceptional circumstances). In 2013, an award of 300% of base salary will be made to the Group CEO and 225% of base salary to Patrick Regan. No grant will be made to Trevor Matthews who will cease to be an ED prior to the 2013 AGM. Awards will vest subject to the achievement of the following performance targets over a three year performance period: ▪ 50% of awards vest based on absolute ROE[1,3] performance; and ▪ 50% based on relative TSR[2] against a comparator group. ▪ Additional shares are awarded at vesting in lieu of dividends on any shares which vest. Unvested awards are subject to clawback in the event of misconduct or materially adverse misstatement of accounts.	The definition of ROE has been refined. The TSR comparator group was reviewed and refocused on the insurance sector. Further details on both of these changes are set out on pages 111 and 112 of the Annual Report and Accounts 2012.
Shareholding requirements	To strengthen alignment between executives and shareholders.	Shareholding of 150% of base salary for EDs, and 200% for the Group CEO. EDs are required to retain 50% of the net shares released from executive share plans until the requirements are met.	No change.
Recruitment Awards	To secure the required talent in order for Aviva to deliver its strategic plans whilst ensuring any recruitment award represents good value for shareholders.	Any buyout awards will not be more generous than the awards being forfeited and will be made on an equivalent basis, including phased delivery and the application of performance conditions where appropriate.	A revised buyout policy was approved by the Remuneration Committee in 2012.

Notes:

1. ROE is used as an absolute measure of performance, and is commonly used amongst our peers. Targets are set annually within the context of the Company's three-year business plan. Vesting depends upon performance over the three-year period against a target return.
2. Relative TSR is a commonly used method of determining performance against a set of suitable peers, providing a view of relative performance against those peers. TSR is calculated by measuring total capital gains (or losses) accruing in the period if shares are held continuously and dividends paid are immediately reinvested in new shares. The impact of short-term increases (or decreases) in share price on TSRs is reduced by averaging share price across the three months prior to the start and end of the performance period.
3. ROE performance is the same metric described as ROCE performance in the 2011 Directors' Remuneration Report. This is a change in nomenclature only; the definition of the metric has not changed from 2011 to 2012. The definition of ROE in respect of 2013 has been refined and is described on page 112 of the Annual Report and Accounts.

Consideration of wider employee pay

When setting the policy for EDs' remuneration, the Committee has regard to the pay and employment conditions elsewhere within the Group. In particular, the Committee has sight of:

- Salary increases for the general employee population;
- Group-wide benefit offerings (including pensions);
- Overall spend on annual bonus; and
- Participation levels in the annual bonus and LTIP.

The Company does not directly consult with employees when formulating ED pay policy. However it does take into account information provided by the HR function and feedback from employee opinion surveys.

Remuneration of Group CEO

Mark Wilson joined the Board on 1 December 2012 and took up the role of Group CEO on 1 January 2013. As announced at the time of his appointment, his remuneration details are as follows:

- Base salary – £980,000 per annum, subject to review in 2014;
- Annual bonus – 75% of base salary for plan performance and 150% of base salary for stretch performance;
- LTIP – he is eligible for an LTIP grant of up to 350% of base salary subject to meeting specific performance conditions over a three year performance period. His 2013 grant will be at 300% of base salary;
- Relocation expenses – he is eligible to claim reasonable and appropriate relocation expenses of up to £200,000 (inclusive of any benefit-in-kind liability which may arise) in respect of relocation from Hong Kong to the UK. If any additional reasonable expenses above this limit are incurred in the course of Mr Wilson's relocation the Remuneration Committee has agreed to consider reimbursement of such additional expenses up to a further limit to be agreed; and
- Benefits – a cash car allowance and PMI.

Directors' remuneration in 2012 (audited information)

Table 2 below sets out the remuneration paid or payable to the directors in respect of the year to 31 December 2012.

Table 2: Directors' remuneration in 2012[9, 10]

	Base salary/fees		Bonus[1]		In-Lieu Pension		Benefits[2]		Total	
	2012 £000	2011 £000	**2012 £000**	2011 £000	**2012 £000**	2011 £000	**2012 £000**	2011 £000	**2012 £000**	2011 £000
Chairman/executive chairman										
John McFarlane[3]	**413**	24	**—**	—	**—**	—	**145**	11	**558**	35
Executive directors										
Trevor Matthews[4]	**720**	58	**—**	45	**188**	—	**85**	51	**993**	154
Patrick Regan[5]	**699**	626	**—**	765	**153**	—	**34**	32	**886**	1,423
Non-executive directors[6] (NEDs)										
Glyn Barker	**76**	—	**—**	—	**—**	—	**1**	—	**77**	—
Richard Karl Goeltz	**119**	107	**—**	—	**—**	—	**1**	—	**120**	107
Michael Hawker	**137**	93	**—**	—	**—**	—	**—**	—	**137**	93
Gay Huey Evans	**96**	15	**—**	—	**—**	—	**—**	—	**96**	15
Russell Walls	**129**	118	**—**	—	**—**	—	**2**	—	**131**	118
Scott Wheway	**112**	103	**—**	—	**—**	—	**—**	—	**112**	103
Former executive directors[11]										
Igal Mayer[7]	**193**	606	**—**	632	**—**	—	**408**	455	**601**	1,693
Andrew Moss[8]	**338**	951	**—**	1,156	**216**	480	**16**	98	**570**	2,685
Former non-executive directors[11]										
Mary Francis	**76**	113	**—**	—	**—**	—	**1**	—	**77**	113
Euleen Goh	**92**	83	**—**	—	**—**	—	**—**	—	**92**	83
Lord Sharman	**275**	536	**—**	—	**—**	—	**20**	33	**295**	569
Leslie Van de Walle	**30**	85	**—**	—	**—**	—	**—**	—	**30**	85
Total emoluments of directors[9]	**3,505**	3,518	**—**	2,598	**557**	480	**713**	680	**4,775**	7,276

Notes

1. As disclosed elsewhere in this Report, following careful consideration the Committee decided that EDs would not receive a bonus for 2012.
2. The benefits disclosure includes the cost, where appropriate, of PMI, life assurance, accommodation, travel and car benefits. All the numbers disclosed include the tax charged on the benefits, where applicable. No directors received an expense allowance during the year.
3. The chairman received travel related benefits, and medical insurance during his period as executive chairman. In accordance with the terms of his appointment, as disclosed in the 2011 Directors' Remuneration Report, he received reimbursement for such costs reasonably incurred in connection with his relocation to the UK during the 12 month period from the date of his appointment up to a maximum of £125,000, plus reimbursement of the costs incurred in respect of advice sought on the legal and tax implications of his appointment, together with any VAT or equivalent tax payable thereon.
4. Trevor Matthews received contributions in lieu of pension above the pension annual allowance limit. The figure shown represents contributions paid or payable for 2012. Cash payments were made for the period January to March 2012. A payment into the ACDT was made in April 2012, covering the period April 2012 to March 2013. The portion of the payment relating to 2012 is shown here.
5. Patrick Regan received contributions in lieu of pension above the pension annual allowance limit, paid as cash. The figure shown represents contributions paid or payable for 2012.
6. NEDs are reimbursed for expenses, and any tax arising on those expenses is settled directly by Aviva.
7. Figures shown for Igal Mayer have been converted from Canadian dollars to pounds Sterling at the average exchange rate for 2012 of CAD1.58: £1.00. As disclosed in the 2011 Directors' Remuneration Report, Mr Mayer was entitled to first class return flights between Toronto and London, and a travel allowance of up to £40,000 per annum for his spouse and dependent children for travel to and from Toronto and London. Aviva also met the cost of rental accommodation in London and utility costs, as well as assistance in preparing his tax returns in line with standard policy. Aviva met the cost of any taxes due on these benefits. Mr Mayer is entitled to receive a further £594,451 in termination payments. This is made up of a payment in lieu of notice (paid in instalments) and legal fees as set out on in the 2012 Annual Report and Accounts.
8. Andrew Moss received no bonus for 2012, although details of a £300,000 payment in full and final settlement of all claims that he might have to a bonus are set out elsewhere in this Report. Mr Moss received a contribution in lieu of pension of £503,000 into the ACAP in April 2012, although only £209,000 of this payment was allowed to vest as part of his departure terms. The remaining £294,000 lapsed. He also received a cash supplement in lieu of pension of £6,769. Mr Moss is entitled to receive a further £923,462 in termination payments. This is made up of a payment in lieu of notice (paid in instalments) and legal fees as set out in the 2012 Annual Report and Accounts.
9. For the purposes of the disclosure required by Schedule 5 to the Large & Medium-sized Companies and Groups (Accounts & Reports) Regulation 2008, the total aggregate emoluments of the directors in respect of 2012 was £6.3 million (2011: £7.7 million). The 2012 figure includes the emoluments for all the directors set out in table 2 and the termination benefits payable to Mr Moss and Mr Mayer as set out in Notes 7 and 8 above. The total aggregate emoluments for 2011 included in table 2 excludes those directors that resigned from office prior to 1 January 2012. Those directors are Mark Hodges (2011 emoluments: £278,722), Andrea Moneta (2011 emoluments: £76,116) and Carole Piwnica (2011 emoluments: £85,000). The total aggregate emoluments for 2011 including those directors was £7.7 million.
10. Mark Wilson joined the Board as an ED on 1 December 2012, and became Group CEO on 1 January 2013. He received no emoluments in respect of 2012 and so is not included in this table.
11. The remuneration figures shown in the table are for, or relate to, the period during which the director was a director of the Company.

The aggregate net value of share awards granted to the directors in the period was £8.9 million (*2011: £12.1 million*).
During the year no options were exercised by directors (*2011: nil options exercised*).

EDs' pension arrangements (audited information)

The position of the EDs with respect to accumulated pension benefits under the defined benefits section of the Aviva Staff Pension Scheme (ASPS) is set out in Table 3 below.

Table 3: EDs' pension benefits[5, 8]

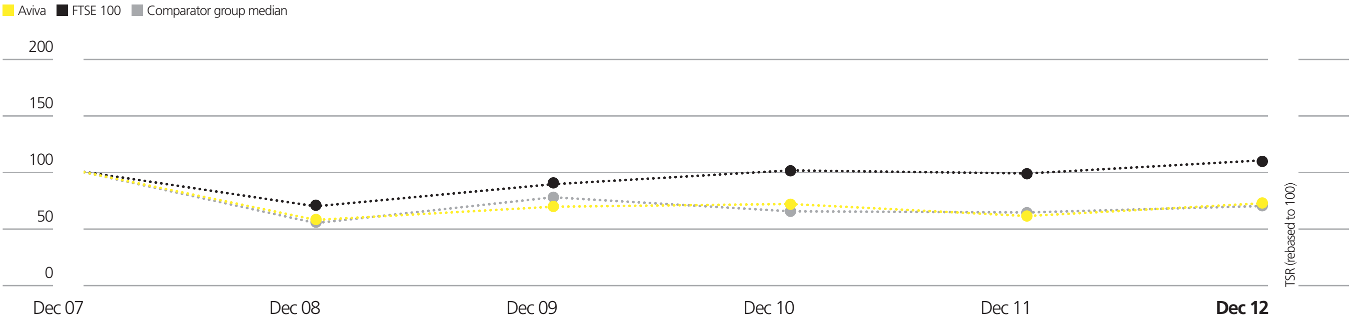
	Igal Mayer[7] £000	Andrew Moss £000	Trevor Matthews £000	Patrick Regan £000
Benefit Type	Defined benefit/defined contribution	Defined benefit	Defined contribution	Defined contribution
Accrued annual pension at 31 December 2011[1]	431.9	22.5	—	—
Accrued annual pension at 31 December 2012[7]	447.3	23.6	—	—
Gross increase in accrued pension over the year	15.4	1.1	—	—
Increase (decrease) in accrued pension net of inflation over the year	8.5	—	—	—
Employee contribution during the year	—	—	—	—
Defined contribution /defined benefit employer contributions during the year[2]	96.3	—	32.9	50.0
Transfer value of accrued pension at 31 December 2011[4]	7,677.5	529.5		
Transfer value of accrued pension at 31 December 2012[4]	8,730.9	545.3	—	—
Change in transfer value during the period less employee contributions[3]	1,053.4	15.8	—	—
Transfer value of net increase (decrease) in accrued pension less employee contributions[6]	166.8	—	—	—
Age at 31 December 2012 (years)	51	54	60	46

Notes
1. Accrued pensions shown are the amounts that would be paid annually on retirement based on service to the end of the year (or date of leaving if earlier).
2. The defined contribution employer contributions during the year for Patrick Regan and Trevor Matthews include salary exchange contributions of £9,534 and £8,280 respectively.
3. The change in transfer value allows for fluctuations in the transfer value due to factors beyond the control of the Company and directors, such as changes in market conditions.
4. The transfer values have been calculated in line with the relevant legislation and using actuarial assumptions agreed by the trustee. The transfer value at 31 December 2011 previously provided for Igal Mayer included the value of the early retirement subsidies for which Mr Mayer did not qualify following his resignation during 2012.
5. No former directors received any increase in retirement benefits in excess of the amount to which they were entitled, on the later of the date when the benefits first became payable, or 31 March 1997.
6. The transfer value of net increase (decrease) in accrued pension shows the value of the increase (decrease) in accrued pension net of the inflation, over the year, net of contributions. This is zero for UK based employees as there is no further accrual of benefits and accrued benefits are increased up to retirement in line with inflation.
7. Igal Mayer is a member of the Aviva Canada Pension Plan, and the figures shown for him have been converted from Canadian dollars to pounds sterling at the average exchange rate for 2012 of CAD1.58 : £1.00. Mr Mayer received contributions into the defined contribution section of the Aviva Canada pension plan. The value of his defined benefit pension plan, whilst no longer subject to future service accrual, remained subject to revaluation by reference to salary during 2012.
8. Benefits deriving from additional voluntary contributions (AVCs) paid by directors are excluded from the amounts above.

Performance graph

Table 4 below compares the TSR performance of the Company over the past five years with the TSR of the FTSE 100 Return Index. This index has been chosen because it is a recognised equity market index of which Aviva is a member. The companies which comprise the current LTIP comparator group for TSR purposes are listed in the 'TSR Targets' section in the Annual Report and Accounts. The TSR graph for the comparator group has been plotted using the 15 companies (including Aviva) in the comparator group for the 2007 grant, the 16 companies (including Aviva) in the comparator group for the 2008 grant, the 15 companies (including Aviva) in the comparator group for the 2009 and 2010 grants, and the 14 companies (excluding Aviva) in the comparator group for the 2011 and 2012 grants.

Table 4: Aviva plc five-year TSR performance against the FTSE 100 Return Index and the median of the comparator group



Developments in 2013

On 7 February 2013, Aviva announced that Trevor Matthews, executive director and chairman, Developed Markets, will step down from the Board prior to the 2013 AGM. Mr Matthews' departure terms are not yet agreed, and will be reported in the 2013 Directors' Remuneration Report. On 14 January 2013, Aviva announced that Sir Adrian Montague had joined the Board as a non-executive director with effect from the same date.

On 28 January 2013, Aviva announced that Bob Stein had joined the Board as a non-executive director with effect from the same date. On 6 March 2013, Aviva announced that Richard Karl Goeltz, senior independent director, and Russell Walls, non-executive director, will step down from the Board prior to the 2013 AGM.

Independent auditor's statement to the members of Aviva plc

We have examined the summary consolidated financial statement which comprises the Consolidated income statement, the Consolidated statement of financial position and related notes, and the Summary directors' remuneration report.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual review 2012 in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual review 2012 with the full annual financial statements and the Directors' remuneration report and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual review 2012 and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary consolidated financial statement. The other information comprises only the Chairman's statement, the Summary governance report and the other items listed on the contents page.

This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 428 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Company's full annual financial statements describes the basis of our audit opinion on those financial statements, the Directors' report, and the Directors' remuneration report.

Opinion

In our opinion the summary consolidated financial statement is consistent with the full annual financial statements, the Directors' report and the Directors' remuneration report of Aviva plc for the year ended 31 December 2012 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 March 2013

1 The maintenance and integrity of the Aviva plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the full annual financial statements or the summary consolidated financial statement since they were initially presented on the website.
2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The auditors' report in the Annual Report and Accounts for the year ended 31 December 2012 was unqualified and does not contain any statement under section 498(2) (accounting records or returns inadequate or accounts or directors' remuneration report not agreeing with records or returns) or section 498(3) (failure to obtain necessary information and explanations) of the Companies Act 2006 and the auditors' statement in that Annual Report and Accounts under section 496 (whether directors' report is consistent with accounts) of that Act was unqualified.

Summary of consolidated financial statements

Consolidated income statement

For the year ended 31 December 2012

	2012 £m		2011 £m Restated[2]	
	Continuing operations	**Discontinued Operations[1]**	Continuing operations	Discontinued Operations[1]
Income				
Gross written premiums	**22,744**	**3,796**	26,255	5,863
Premiums ceded to reinsurers	**(1,571)**	**(207)**	(1,548)	(200)
Premiums written net of reinsurance	**21,173**	**3,589**	24,707	5,663
Net change in provision for unearned premiums	**(16)**	**—**	(236)	(56)
Net earned premiums	**21,157**	**3,589**	24,471	5,607
Fee and commission income	**1,273**	**23**	1,465	111
Net investment income	**21,106**	**2,241**	4,341	2,086
Share of profit/(loss) after tax of joint ventures and associates	**(277)**	**—**	(123)	28
(Loss)/profit on the disposal and remeasurement of subsidiaries and associates	**(164)**	**(2,359)**	565	(32)
	43,095	**3,494**	30,719	7,800
Expenses				
Claims and benefits paid, net of recoveries from reinsurers	**(23,601)**	**(2,721)**	(24,380)	(4,029)
Change in insurance liabilities, net of reinsurance	**(430)**	**(1,566)**	(2,284)	(2,523)
Change in investment contract provisions	**(4,450)**	**(77)**	1,478	(180)
Change in unallocated divisible surplus	**(6,316)**	**—**	2,721	(19)
Fee and commission expense	**(4,472)**	**(498)**	(4,326)	(420)
Other expenses	**(2,845)**	**(1,307)**	(2,779)	(809)
Finance costs	**(735)**	**(21)**	(776)	(284)
	(42,849)	**(6,190)**	(30,346)	(8,264)
Profit/(loss) before tax	**246**	**(2,696)**	373	(464)
Tax attributable to policyholders' returns	**(221)**	**—**	178	—
Profit/(loss) before tax attributable to shareholders' profits	**25**	**(2,696)**	551	(464)
Tax (expense)/credit	**(448)**	**(152)**	44	107
Less: tax attributable to policyholders' returns	**221**	**—**	(178)	—
Tax attributable to shareholders' profits	**(227)**	**(152)**	(134)	107
(Loss)/profit after tax	**(202)**	**(2,848)**	417	(357)
(Loss) from discontinued operations	**(2,848)**		(357)	
(Loss)/profit for the period	**(3,050)**		60	
Attributable to:				
Equity shareholders of Aviva plc	**(3,218)**		225	
Non-controlling interests	**168**		(165)	
(Loss)/profit for the year	**(3,050)**		60	
(Loss)/earnings per share				
Basic (pence per share)	**(113.1)p**		5.8p	
Diluted (pence per share)	**(113.1)p**		5.7p	
Continuing operations – Basic (pence per share)	**(15.2)p**		11.1p	
Continuing operations – Diluted (pence per share)	**(15.2)p**		10.9p	

1 Discontinued operations: current period represents the results of the US life and related internal asset management business (US life), and in the prior period represents the results of US life and Delta Lloyd to 6 May 2011.
2. Following a review of the classification of contracts issued by the Group's Italian long-term business, certain portfolios have been reclassified from participating insurance to participating investment contracts for all years presented. There is no impact on the result for any year presented as a result of this reclassification.

Consolidated statement of financial position

As at 31 December 2012

	2012 £m	Restated[1] 2011 £m
Assets		
Goodwill	**1,520**	2,640
Acquired value of in-force business and intangible assets	**1,084**	2,021
Interests in, and loans to, joint ventures	**1,493**	1,700
Interests in, and loans to, associates	**215**	1,118
Property and equipment	**391**	510
Investment property	**10,815**	11,638
Loans	**24,537**	28,116
Financial investments	**189,078**	216,058
Reinsurance assets	**6,684**	7,112
Deferred tax assets	**188**	238
Current tax assets	**67**	140
Receivables	**7,617**	7,937
Deferred acquisition costs and other assets	**3,799**	6,444
Prepayments and accrued income	**2,701**	3,235
Cash and cash equivalents	**22,897**	23,043
Assets of operations classified as held for sale	**42,603**	426
Total assets	**315,689**	312,376
Equity		
Capital		
Ordinary share capital	**736**	726
Preference Share Capital	**200**	200
	936	926
Capital reserves		
Share premium	**1,165**	1,173
Merger reserve	**3,271**	3,271
	4,436	4,444
Shares held by employee trusts	**(32)**	(43)
Other reserves	**1,675**	1,562
Retained earnings	**1,389**	5,954
Equity attributable to shareholders of Aviva plc	**8,404**	12,843
Direct capital instruments and fixed rate tier 1 notes	**1,382**	990
Non-controlling interests	**1,574**	1,530
Total equity	**11,360**	15,363
Liabilities		
Gross insurance liabilities	**113,091**	147,379
Gross liabilities for investment contracts	**110,494**	113,366
Unallocated divisible surplus	**6,931**	650
Net asset value attributable to unitholders	**11,146**	10,352
Provisions	**1,119**	992
Deferred tax liabilities	**547**	1,171
Current tax liabilities	**112**	232
Borrowings	**8,194**	8,450
Payables and other financial liabilities	**9,441**	11,230
Other liabilities	**1,843**	2,828
Liabilities of operations classified as held for sale	**41,411**	363
Total liabilities	**304,329**	297,013
Total equity and liabilities	**315,689**	312,376

1 Following a review of the classification of contracts issued by the Group's Italian long-term business, certain portfolios have been reclassified from participating insurance to participating investment contracts for all years presented. There is no impact on the result for any year presented as a result of this reclassification.

Approved by the Board on 6 March 2013.

Patrick Regan
Chief financial officer

This summary financial statement does not contain sufficient information to allow as full an understanding of the results and state of affairs of the group, as would be provided by the full annual report and accounts. A copy of the full accounts can be obtained free of charge as detailed in the Shareholder services section.

Company number: 2468686

Notes to the summary of consolidated financial statements

1 – Basis of preparation

The Summary Consolidated Financial Statement has been derived from the Consolidated Financial Statements of Aviva plc ("the Company") and its subsidiaries (collectively known as "Aviva").

The summary financial statement is a summary of information in the consolidated financial statements set out in the Aviva plc Annual Report and Accounts 2012. It does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group as would be provided by the Annual Report and Accounts 2012.

The consolidated financial statements and those of Aviva plc have been prepared and approved by the directors in accordance with International Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). In addition to fulfilling their legal obligations to comply with IFRS as adopted by the EU, the Group and Company have also complied with IFRS as issued by the IASB and applicable at 31 December 2012.

As described below, the Group's US life and annuity business and associated investment management operations (together 'US Life'), have been classified as held for sale. As the Group will exit from a major geographical area of operations, previously presented as 'United States' in the segmental reporting note, the results of US Life for the year, as well as those for preceding years, have been classified as discontinued operations.

The results presented as discontinued operations for 2011 and preceding years also include the results of Delta Lloyd N.V., which was deconsolidated during 2011.

Following the announcement in April 2012 relating to the restructuring of the Group, the Group's operating segments were changed to align them with the revised organisational reporting structure. The Group has determined its operating segments along market reporting lines, reflecting the management structure whereby a member of the Executive Management team is accountable to the group chief executive for the operating segment for which he is responsible.

Following a review of the classification of contracts issued by the Group's Italian long-term business certain portfolios have been reclassified from participating insurance contracts to participating investment contracts. As a result there has been a reallocation from gross insurance liabilities at 31 December 2011 to gross liabilities for investment contracts of £2,722 million. The change in insurance liabilities net of reinsurance recognised in the income statement for the year to 31 December 2011 has decreased by £168 million, and the change in investment contract provisions has increased by an equal amount. There is no impact on profit for the year or equity reported for the year ended 31 December 2011.

2 – Operations classified as held for sale

The assets and liabilities of operations classified as held for sale as at 31 December 2012 are as follows:

			2012	2011
	US Life[1] £m	Other £m	Total £m	Total £m
Assets				
Goodwill	—	183	183	—
Acquired value of in-force and intangible assets	408	83	491	1
Interests in, and loans to, joint ventures and associates	—	126	126	12
Property and equipment	—	2	2	1
Investment Property	6	12	18	—
Loans	3,397	—	3,397	—
Financial investments	31,212	5,203	36,415	347
Reinsurance assets	644	239	883	1
Deferred acquisition costs	1,468	70	1,538	23
Other assets	769	97	866	15
Cash and cash equivalents	544	373	917	26
	38,448	6,388	44,836	426
Additional impairment to write down the disposal group to fair value less costs to sell	(2,233)	—	(2,233)	—
Total assets	36,215	6,388	42,603	426
Liabilities				
Gross insurance liabilities	(31,153)	(3,294)	(34,447)	(344)
Gross liabilities for investment contracts	(2,197)	(1,857)	(4,054)	—
Unallocated divisible surplus	—	(55)	(55)	—
Provisions	(184)	(3)	(187)	(4)
Deferred tax liabilities	(672)	(8)	(680)	—
Borrowings	(145)	—	(145)	—
Other liabilities	(1,497)	(346)	(1,843)	(15)
Total liabilities	(35,848)	(5,563)	(41,411)	(363)
Net assets	367	825	1,192	63

1 US Life comprises US long term business previously reported under the heading "United States" and associated internal asset management operations previously reported under "Aviva Investors".

2 – Operations classified as held for sale continued

The businesses classified as held for sale comprise:

(i) US long term business

On 8 November 2012 the Group confirmed it was in discussions with external parties with respect to its US life operations, consisting of Aviva Life and Annuity Company and the associated internal asset management operations of Aviva Investors North America, Inc ("US Life") and these have been classified as held for sale. On 21 December 2012 the Group announced that it had agreed to sell US Life to Athene Holding Ltd for consideration of £1.0 billion including the shareholder loan (£1.1 billion including repayment of an external loan). There is uncertainty in the ultimate consideration, which depends on the development of statutory surplus between the announcement of sale and ultimate completion date. The transaction is expected to complete in 2013.

Following classification as held for sale, US Life has been re-measured to fair value less costs to sell resulting in an impairment loss of £2,359 million, recognised within "Loss on the disposal and re-measurement of subsidiaries and associates" in the income statement, as a component of the result of discontinued operations.

An impairment of £126 million has reduced the carrying value of property and equipment, investments in associates and prepayments within US Life to nil. The remaining impairment of £2,233 million reduces the value of the US Life disposal group so that the carrying value of this business is equal to its fair value less costs to sell of £367 million.

As described in note 1, the results of US Life for the year, as well as those for preceding years, have been classified as discontinued operations in the income statement.

On completion of the disposal the currency translation reserves and investment valuation reserves relating to the US Life operations, currently recognised within equity, will be recycled to the income statement.

(ii) Irish long-term business – Ark Life

Irish long-term business is carried out through a subsidiary, Aviva Life Holdings Ireland Limited ("ALHI"), which is 75% owned by Aviva and 25% owned by Allied Irish Bank ("AIB"). ALHI holds four subsidiaries, one of which is Ark Life Assurance Company Limited ("Ark Life") which carries out bancassurance business via a distribution agreement with AIB. The original distribution agreement was renewable in 2011 but, on 15 December 2011, AIB notified the Group that they did not wish to renew it and the existing shareholders' agreement governing ALHI was terminated. The termination of this agreement triggered the ability for both parties to exercise put and call options that will result in the unwind of the original structure such that the Ark Life business returns 100% to AIB and the Group will purchase the 25% minority stake in ALHI. The formal exercise of these options was approved on 17 January 2012 and, as a result, the Ark Life business became held for sale on that date. Completion of the transaction is subject to agreement of terms with AIB and regulatory approval. Completion is expected in the next 12 months.

Management's current best estimate of the disposal proceeds for the Ark Life business is £232 million net of transaction costs, which is lower than its carrying value following impairments charged in 2011. A further charge to profit of £111 million has been recognised during 2012 reflecting revised expected disposal proceeds.

The exercise of the put options in January 2012 over AIB's non-controlling interest in ALHI led to our reclassifying this non-controlling interest from equity to financial liabilities as at 31 December 2011. Our current estimate of the liability as at 31 December 2012 is £122 million. A credit to the income statement of £76 million has been recognised in 2012 reflecting the revised expected purchase liability.

The net impact of these two movements is a charge to profit of £35 million, before exchange movements, recognised within net investment income. Finalisation of the exit value for Ark Life and the purchase value for the minority share in ALHI is subject to the conclusion of discussions with AIB.

(iii) Spanish long-term business – Aseval

On 18 December 2012 Aviva reached a settlement with Bankia S.A. ("Bankia") to transfer the Group's entire holding in Aseval Aseguradora Valenciana, Sociedad Anónima de Seguros y Reaseguros ("Aseval"), a Spanish life assurance company, to Bankia. Aseval was classified as held for sale at this date. The transfer is expected to complete on or before 30 April 2013 with proceeds of £494 million.

(iv) Russian long-term business

During the year the Group entered into negotiations to dispose of Aviva Russia. On 27 February 2013 the Group announced the sale of the business to Blagosostoyanie for consideration of €35 million. The transaction is expected to complete in the first half of 2013. The business is included in the statement of financial position as its carrying value.

(v) Other

Other businesses classified as held for sale comprise joint ventures in Taiwan and Malaysia, and the Group's pensions business subsidiary in Romania.

3 – Directors' remuneration

Information concerning individual directors' emoluments, interests and transactions is given in the Directors' Remuneration Report on pages 32 to 35 in the' Summary directors remuneration report'. For the purposes of the disclosure required by Schedule 5 to the Companies Act 2006, the total aggregate emoluments of the directors in respect of 2012 was £6.3 million *(2011: £7.7 million)*. Employer contributions to pensions for executive directors for qualifying periods were £179,200 *(2011: £71,900).* The aggregate net value of share awards granted to the directors in the period was £8.9 million *(2011: £12.1 million).* The net value has been calculated by reference to the closing middle market price of an ordinary share at the date of grant. During the year, no share options were exercised by directors *(2011: nil).*

4 – Dividends and appropriations

This note analyses the total dividends and other appropriations we paid during the year. The table below does not include the final dividend proposed after the year end because it is not accrued in these financial statements.

	2012 £m	2011 £m
Ordinary dividends declared and charged to equity in the year		
Final 2011 -16.00 pence per share, paid on 17 May 2012	**465**	—
Final 2010 - 16.00 pence per share, paid on 17 May 2011	**—**	451
Interim 2012 - 10.00 pence per share, paid on 16 November 2012	**292**	—
Interim 2011 - 10.00 pence per share, paid on 17 November 2011	**—**	287
	757	738
Preference dividends declared and charged to equity in the year	**17**	17
Coupon payments on direct capital instrument and fixed rate tier 1 notes	**73**	58
	847	813

Subsequent to 31 December 2012, the directors proposed a final dividend for 2012 of 9.0 pence per ordinary share *(2011: 16.0 pence)*, amounting to £265 million *(2011: £465 million)* in total. Subject to approval by shareholders at the AGM, the dividend will be paid on 17 May 2013 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2013.

Interest payments on the direct capital instruments issued in November 2004 and the fixed rate tier 1 notes issued in May 2012 are treated as an appropriation of retained profits and, accordingly, are accounted for when paid. Tax relief is obtained at a rate of 24.5% *(2011: 26.5%)*.

Shareholder services

Shareholder profile as at 31 December 2012

By category of shareholder	Number of shareholders	%*	Number of shares	%*
Individual	571,901	96.89	278,168,612	9.44
Banks and nominee companies	15,334	2.60	2,614,092,081	88.73
Pension fund managers and insurance companies	239	0.04	2,788,904	0.09
Other corporate bodies	2,771	0.47	50,922,664	1.73
Total	**590,245**	**100**	**2,945,972,261**	**100**

By size of shareholding	Number of shareholders	%*	Number of shares	%*
1–1,000	532,678	90.25	148,707,650	5.05
1,001–5,000	51,069	8.65	97,672,281	3.32
5,001–10,000	3,605	0.61	25,063,113	0.85
10,001–250,000	2,304	0.39	97,703,037	3.32
250,001–500,000	162	0.03	58,338,929	1.98
500,001 and above	426	0.07	2,498,907,051	84.82
American Depositary Receipts (ADRs)	1	0.00	19,580,200+	0.66
Total	**590,245**	**100**	**2,945,972,261**	**100**

+The number of registered ordinary shares represented by ADRs. Please note that each Aviva ADR represents two (2) ordinary shares.
*Percentages do not necessarily add up due to rounding.

2013 financial calendar

Annual General Meeting	9 May 2013
Announcement of first quarter Interim Management Statement	16 May 2013
Announcement of unaudited half-year results	8 August 2013
Announcement of third quarter Interim Management Statement	7 November 2013

2012 final dividend dates – ordinary shares

Ex-dividend date	20 March 2013
Record date	22 March 2013
Dividend payment date*	17 May 2013

*Please note that the ADR local payment date will be approximately five business days after the proposed dividend date for ordinary shares.

Annual General Meeting (AGM)

- The 2013 AGM will be held at The Barbican Centre, Silk Street, London EC2Y 8DS on Thursday, 9 May 2013 at 11am.
- Details of each resolution to be considered at the meeting are provided in the Notice of AGM, which is available on the Company's website at www.aviva.com/agm.
- Shareholders can vote electronically at www.investorcentre.co.uk/eproxy, in person by attending the meeting, or by completing and returning the relevant voting card(s) by post.
- The voting results for the 2013 AGM will be accessible on the Company's website at www.aviva.com/agm shortly after the meeting.
- If you are unable to attend the AGM but would like to ask the directors a question in connection with the business of the meeting, you can do so by sending a question to the group company secretary by email to aviva.shareholders@aviva.com. We will endeavour to provide you with a response as soon as possible.

AGM voting instructions

- Completed proxy instructions must be submitted to the Company's Registrar, Computershare Investor Services PLC (Computershare), as soon as possible, but in any event to arrive by no later than:
- 11am on Tuesday, 7 May 2013 for ordinary shareholders; and
- 11am on Friday, 3 May 2013 for members of the Aviva Share Account and participants in the Aviva All Employee Share Ownership Plan.

Dividends

- Dividends on ordinary shares are normally paid in May and November – please see the table above for the key dates in respect of the 2012 final dividend.
- Dividends on preference shares are normally paid in March, June, September and December – please visit www.aviva.com/preferenceshares for the latest dividend payment dates.
- Holders of ordinary and preference shares will receive any dividends payable in sterling and holders of ADRs will receive any dividends payable in US dollars.

Direct credit of dividend payments

- If you would like to have your cash dividends paid directly into your bank or building society account, please visit www.aviva.com/dividendmandate for more information or contact Computershare using the contact details listed overleaf.

Overseas global dividend service

- The Global Payments Service provided by Computershare enables shareholders living overseas to elect to receive their dividends in a choice of over 65 international currencies. For further details and fees for this service please visit www.investorcentre.co.uk/faq and select the Dividends and Payments tab, followed by Global Payment Service.

Share capital and control

The issued ordinary share capital of the Company was increased by 40,259,323 ordinary shares during the year. 3,335,566 shares were allotted under the Group's employee share and incentive plans and 36,923,757 shares were allotted under the Aviva Scrip Dividend Scheme for the May 2012 and November 2012 dividends. At 31 December 2012 the issued ordinary share capital totalled 2,945,972,261 shares of 25 pence each and the issued preference share capital totalled 200 million shares of £1 each.

Accordingly, the issued and paid-up ordinary share capital constituted 79% of the Company's total issued share capital and the issued preference share capital constituted 21% of the Company's total issued share capital at 31 December 2012. All the Company's shares in issue are fully paid up and the ordinary and preference shares have a Premium and Standard listing respectively on the London Stock Exchange. The Company is listed on the New York Stock Exchange (NYSE) in the form of American Depositary Shares, referenced to ordinary shares, under a depositary agreement with Citibank. Details of the Company's share capital and shares under option at 31 December 2012 and shares issued during the year are given in notes 29 to 32 of the Annual Report and Accounts 2012.

The rights and obligations attaching to the Company's ordinary shares and preference shares, together with the powers of the Company's directors, are set out in the Company's articles of association, copies of which can be obtained from Companies House and the Company's website, www.aviva.com/investor-relations/corporate-governance/articles-of-association, or by writing to the group company secretary.

With the exception of restrictions on transfer of the ordinary shares under the Company's employee share incentive plans whilst the shares are subject to the rules of the plans, there are no restrictions on the voting rights attaching to the Company's ordinary shares or the transfer of securities in the Company. Where, under an employee share incentive plan operated by the Company, participants are the beneficial owners of shares but not the registered owners, the voting rights are normally exercised at the discretion of the participants. No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights. Unless expressly specified to the contrary in the articles of association, the articles of association may only be amended by special resolution of the Company's shareholders in a general meeting. There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts and joint venture agreements. None are considered to be significant in terms of their potential impact on the business of the Group as a whole. All of the Company's employee share incentive plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions and pro rata reduction as may be applicable under the rules of the employee share incentive plans.

At the Annual General Meeting (AGM) in 2013, shareholders will be asked to renew the directors' authority to allot new securities. Details are contained in the Notice of Annual General Meeting (Notice of AGM).

Manage your holdings online

You can view and manage your shareholding online by visiting www.aviva.com/ecomms. To log in you will require your 11 digit Shareholder Reference Number (SRN), which you will find on your proxy or voting card, latest dividend stationery, or any share certificate issued since 4 July 2011.

Shareholders can also elect to receive electronic communications by registering their email address online, or by contacting Computershare directly. Making this election will save on printing and distribution costs and has environmental benefits.

Useful links for shareholders

Online Shareholder Services Centre
www.aviva.com/shareholderservices

Dividend information for ordinary shares
www.aviva.com/dividends

Annual General Meeting information and Electronic Voting
www.aviva.com/agm
www.investorcentre.co.uk/eproxy

Aviva share price
www.aviva.com/shareprice

ADR holders
www.aviva.com/adr

Aviva preference shareholders
www.aviva.com/preferenceshares

Aviva preference share price
www.londonstockexchange.com

Aviva Annual Report and Accounts

You can view the full Annual Report and Accounts online at www.aviva.com/2012ar. Alternatively, you can order a printed copy, free of charge, by contacting Computershare.

You can change how you receive shareholder documents and if you would prefer to receive the full Annual Report and Accounts in future, please contact Computershare to make your election.

Contact details

Ordinary and preference shares – Computershare

For any queries regarding your shareholding, or to advise of changes to your personal details, please contact our Registrar, Computershare:

By telephone: 0871 495 0105
Lines are open from 8.30am to 5pm (UK time), Monday to Friday (excluding public holidays).
Please call +44 117 378 8361 if calling from outside the UK.

By email: avivaSHARES@computershare.co.uk

In writing: Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

American Depositary Receipts (ADRs) – Citibank

For any queries regarding Aviva ADRs, please contact Citibank Shareholder Services (Citibank):

By telephone: 1 877 248 4237 (1 877-CITI-ADR), or +1 781 575 4555 if you are calling from outside the US. (Lines are open from 8.30am to 6.00pm, Monday to Friday US Eastern Standard Time).

By email: citibank@shareholders-online.com

In writing: Citibank Shareholder Services
PO Box 43077, Providence, Rhode Island 02940-3077
USA

Please visit www.citi.com/dr for further information about Aviva's ADR programme.

Group Company Secretary

Shareholders may contact the group company secretary as follows:

By email: aviva.shareholders@aviva.com

In writing: Kirstine Cooper, Group Company Secretary
St Helen's, 1 Undershaft, London EC3P 3DQ

By telephone: +44 (0)20 7283 2000

Form 20-F

Aviva is a foreign private issuer in the United States of America and is subject to certain reporting requirements of the Securities Exchange Commission (SEC). Aviva files its Form 20-F with the SEC, copies of which can be found at www.aviva.com/reports.

Be on your guard – beware of fraudsters!

Shareholders are advised to be very wary of any unsolicited telephone calls or correspondence offering to buy shares at a discount or offering free financial advice or company reports. Boiler rooms use increasingly sophisticated means to approach investors and often leave their victims out of pocket. The Financial Services Authority (FSA) has found most share fraud victims are experienced investors who lose an average of £20,000. The FSA has provided tips on how to protect your savings which you can find at www.fsa.gov.uk/scams.

- Remember: if it sounds too good to be true, it probably is!
- Keep in mind that genuine companies are very unlikely to call you with an offer to buy or sell shares.
- If the caller persists, hang up.

For more information please visit the warning to shareholders page at: www.aviva.com/shareholderservices.

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