

## Company Overview

Aviva is the world's sixth largest insurance company providing customers with insurance, savings and investment products.

We are the UK's largest insurer and one of Europe's leading providers of life and general insurance.

We combine strong life and general insurance businesses under one powerful brand, focused on providing customers with prosperity and peace of mind.

This model gives us reliable revenues from diverse sources, and helps us fund and grow our business more efficiently.



**Andrew Moss**  
Group chief executive

- Single, powerful brand
- 44.5 million customers
- 36,100 employees
- Strong market positions across the UK and Europe
- Over 300 years of heritage



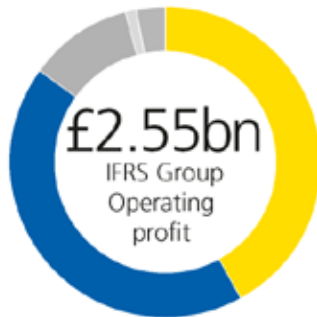
**Pat Regan**  
Chief financial officer

- Market capitalisation £9.0 billion (as of 3 January 2012)
- 2010 full year dividend 25.5p, yield of 8.2%
- £352 billion of funds under management (HY 2011)
- 12.8% IFRS return on equity (HY 2011)

## FY 2010 Results

### IFRS Group Operating profit %

■ UK	42
■ Europe	43
■ North America	11
■ Asia Pacific	1
■ Aviva Investors	3



### Sales %

● UK	35
● Europe	46
● North America	14
● Asia Pacific	5



## Regional View

### UK



**Trevor Matthews**  
Chief executive UK

Aviva is the leading insurance brand in the UK. We are the UK's largest insurer and are ranked as one of the UK's top ten most valuable brands.

#### Interim Results 2011

- IFRS operating profit up to £709 million (£691 million HY 2010). IFRS operating profit up 17% on an underlying basis with the exclusion of 2010's special distribution benefit of £84 million.
- Strong general insurance results. UK general insurance operating profit has increased to £242 million, up 6%. Sales up 14% to £2,222 million, General insurance COR improved to 96%. Life IRR increased to 16%.
- We now have over two million personal motor customers, and have attracted an additional 670,000 new customers since the start of 2010.
- The business is well-positioned to become the undisputed leader in the UK market. As a diversified player with a strong brand we stand to benefit from growth within the market and regulatory changes such as the Retail Distribution Review and pensions auto enrolment.

### Europe



**Igal Mayer**  
Chief executive Europe

We provide 18 million customers across Europe with life, general and health insurance products through our multi-channel distribution network. Our chosen presence in Europe combines large, developed economies (France, Spain, Ireland, Italy, and Poland,) with the emerging markets of Turkey and Russia.

#### Interim Results 2011

- A 21% increase in IFRS operating profit to £525 million due to changes to the business mix and growth in funds under management.
- We are a clear and undisputed leader in bancassurance with more than 50 agreements across the region. Insurance sold through banks is the primary route to market across the region.
- General insurance sales up by 5% to £1,123 million with COR improving to 97% (HY 2010 102%).

### North America



**Richard Hoskins**  
Chief executive North America

The North America region is home to two of the world's largest and richest economies. We are focusing on building our position and competitiveness to capitalise on Aviva's financial strength and leverage our strong, high quality relationships with our distribution partners.

#### Interim Results 2011

- IFRS operating profit grew 5% to £219 million.
- Life insurance operating profits increased 27% due to a growth in the business and disciplined pricing. In general insurance underwriting profits increased offset by lower long term investment returns.

### Asia Pacific



**Simon Machell**  
Chief executive Asia Pacific

We continue to make progress against our strategic priorities, pursuing franchise growth through organic investment and improved margins. We have further sharpened our focus on markets where we have strength and scale such as China and India where we expect to generate a significant proportion of our new business growth.

#### Interim Results 2011

- IFRS operating profit up 21% to £17 million.
- 17% growth in long-term savings sales to £1,180 million. Life and pensions sales increased 14% to £902 million.

### Aviva Investors



**Alain Dromer**  
Chief executive Aviva Investors

Aviva Investors is the integrated asset management business of the Aviva Group, managing funds for Aviva as well as a growing range of third party clients.

#### Interim Results 2011

- Strong investment performance with 75% of institutional funds performed above benchmark where a benchmark is specified.
- Good growth in external sales. Net external sales (excluding liquidity funds) in the first half of the year were £2.5 billion, greater than the £2.4 billion achieved in the whole of 2010.

## Aviva combines excellence in both life and general insurance under one powerful brand.

- 44 million customers worldwide. One of the UK's top ten most valuable brands
- Strong profitability in life insurance as a result of actions taken to improve the business mix
- Efficiency and underwriting skill driving momentum in GI.
- Combining life and GI gives us a capital, cash flow, cost and distribution advantage
- Expertise in both life insurance and GI has enabled Aviva to build one of the largest bancassurance franchises (over 100 partnerships)
- Supported by a strong global asset manager

## Our strategy is to concentrate capital and effort in those areas where we are strongest...

- Undisputed market leader in the UK (3rd largest insurance market in the world) – 47% of our profits
- Well positioned in Europe where savings rates remain high – 430 million people in our markets.
- Significant strategic delivery – a more focused business
- Focusing capital and effort in markets where we have strength and scale: Sale of RAC at 17x earnings for £1 billion. Sale of a further 15% of Delta Lloyd in April 2011, raising £0.4 billion and reducing our holding to 43%. Sale of Aviva Investors business in Australia

## ...delivering a strong operational performance and consistently meeting our targets...

### In the first half of 2011:

- Total operating profit up 5% to £1,337 million; up 13% excluding impact of £84 million special distribution benefit in 2010. Follows a 26% growth in operating profit in 2010
- 14% life insurance new business internal rate of return (IRR), against a target of 12%
- 96% general insurance combined operating ratio (COR) against a target of 97%

### Cash and capital generation:

- On course to delivering £1.5 billion to £1.8 billion of net operational capital in 2011
- Predictable cash flows from our in-force book (30 million customers on long-term contracts)

## ...even when times are tough.

- Despite the challenging sales environment in a number of markets Aviva is on track to meet our financial targets
- On track to delivering £400 million cost and efficiency savings by end of 2012
- Our business is long-term – holding assets to maturity (minimal actual impairments)
- Focused on balance sheet strength – good capital generation and measures to increase solvency
- Ageing populations and governments under increasing budget pressure will mean an increased role for the private sector in long-term savings and health care provision.

## Prosperity and peace of mind.

For us, insurance is about people and not policies. Our business helps our customers to manage the risks of everyday life and protects them long into the future. We must be there for them throughout their lives and beyond, so it's crucial we are a sustainable and profitable business, for the mutual benefit of our customers, our shareholders, and future generations. We want to encourage as many people as possible to secure their financial futures. We're committed to working with our customers, governments, regulators, charity partners and business partners to find solutions that increase the financial wellbeing of individuals and society. It is our duty as an industry leader to campaign and encourage governments to properly address the challenge of long-term savings and pensions. It's one of the most important financial issues of our time, and we are all in it together.

## Our strategy

### 1. We're increasing our geographic focus on our priority markets where we have strength and scale.

- We are focusing our effort and capital on our leading market positions in the UK and Europe which together comprise the world's largest life and pensions market. In Europe our focus is on the eight markets of UK, France, Ireland, Italy, Poland, Spain, Russia and Turkey.
- North America will continue to be a net capital contributor for the group and we will continue to focus on profitable and organic growth.
- In Asia we will continue to pursue franchise growth through organic investment, focusing on our priority markets such as China and India.

### 2. We are benefitting from the combination of life and general insurance.

- Our life and general insurance operations are excellent businesses in their own right but in addition to their inherent strengths there are significant advantages to running these businesses under one brand in one group. These include:
  - **Capital:** The combination of our businesses provides capital benefits by diversifying risks.
  - **Cash flow:** The diversity of our business drives more resilient cash flows and earnings than single-line insurers through the cycle. Half of Aviva's net cash flow is generated from the general insurance business.
  - **Cost and efficiency:** We gain clear scale benefits and cost synergies from having life, general insurance and asset management in one group. It allows us to transfer key skills and capabilities across the organisation, as well as share back-office functions, IT and finance resources.
  - **Customer distribution:** The power of Aviva's brand differentiates our life, general insurance and asset management businesses. This combination makes Aviva an attractive business partner and has allowed us to develop global leadership in bancassurance. We create cross-selling opportunities with our single trusted brand which is able to meet our customers' complete insurance, pension and investment needs.

### 3. We are building on our core strengths

- We will succeed by focusing on our strengths in marketing and distribution expertise, technical excellence, operational effectiveness and financial discipline.

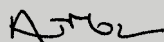
## Fitter and leaner

Our success owes much to the benefits of the management actions we have taken over the past few years. As a result of those actions we have:

- Reduced our cost base from £5.8 billion in 2008 to £4.0 billion (annualised HY 2011, excluding the RAC and Delta Lloyd.)
- Improved profitability – life IRR of 14% and COR of 96% ahead of targets.
- Eliminated the pension deficit.
- Grown the value of our in-force book from £4.2 billion in 2008 to £6.6 billion (excluding Delta Lloyd).

"Markets have been exceptionally volatile but we have delivered a strong operating performance in the first nine months and we remain on track to meet our financial targets this year. Focusing on capital generation and our capital and liquidity position will continue to be priorities.

"Aviva is fitter and leaner today. Whilst the market environment is likely to remain challenging in the near term, we continue to make good strategic progress and are strengthening our customer franchises in key markets, notably the UK."



**Andrew Moss,**  
Group chief executive, Aviva plc