

One Aviva, twice the value



Tim Harris

Chief Financial Officer, Europe

Société Générale

The Premium Review, 4 December 2008

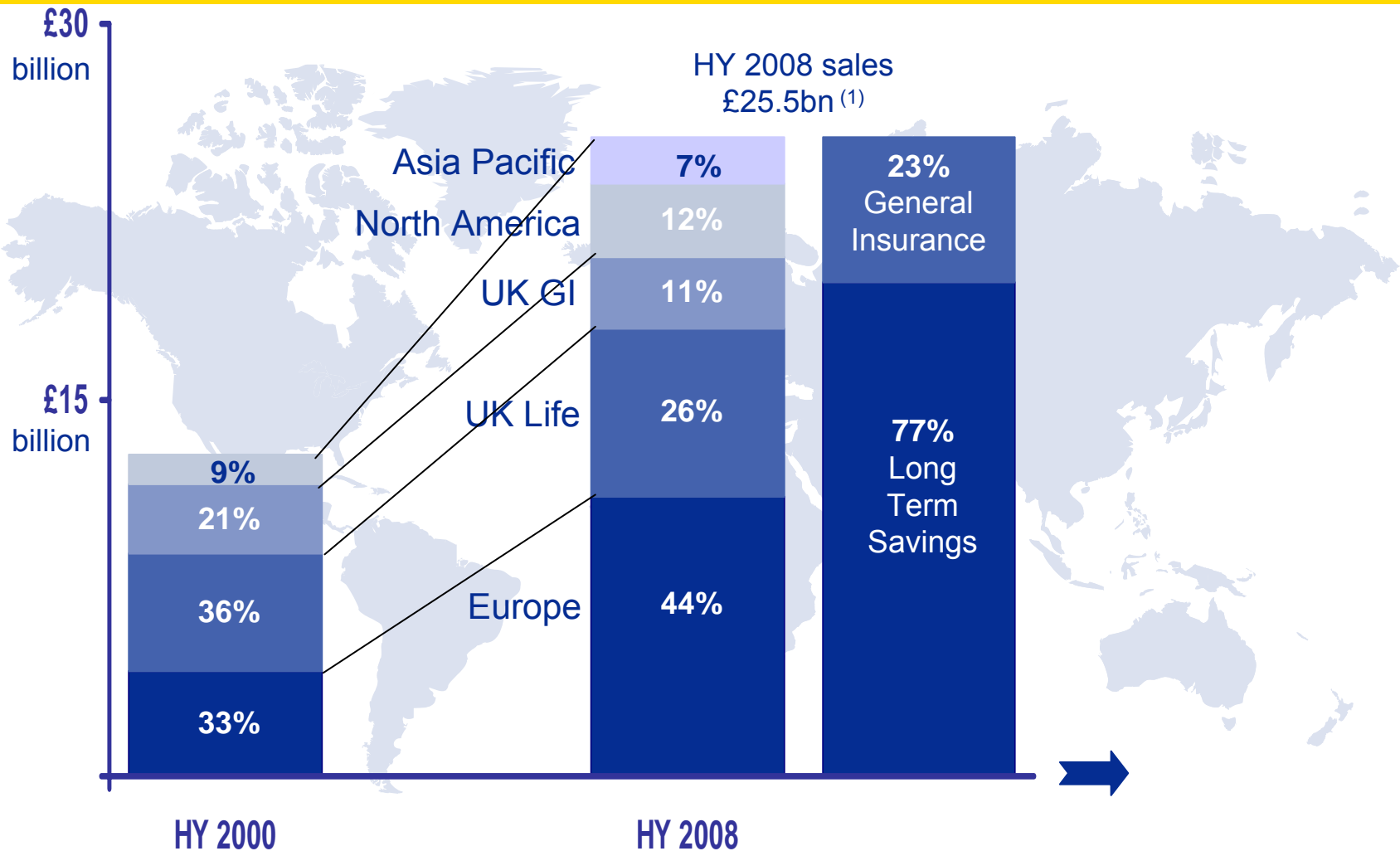
Disclaimer



This presentation may include oral and written “forward-looking statements” with respect to certain of Aviva’s plans and its current goals and expectations relating to its future financial condition, performance and results. These forward-looking statements sometimes use words such as ‘anticipate’, ‘target’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’ or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which may be beyond Aviva’s control, including, among other things, UK domestic and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, the possible effects of inflation or deflation, the timing impact and other uncertainties relating to acquisitions by the Aviva Group and relating to other future acquisitions or combinations within relevant industries, the impact of tax and other legislation and regulations in the jurisdictions in which Aviva and its affiliates operate, as well as the other risks and uncertainties set forth in our 2007 Annual Report to Shareholders. As a result, Aviva’s actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Aviva’s forward-looking statements, and persons receiving this presentation should not place undue reliance on forward-looking statements.

Aviva undertakes no obligation to update the forward-looking statements made in this presentation or any other forward-looking statements we may make. Forward-looking statements made in this presentation are current only as of the date on which such statements are made.

An increasingly global company



⁽¹⁾ 2008 total long-term savings new business sales and G.I. and health net written premiums

Remaining strong through tough economic times



- **Proactive management through the banking and economic crisis**
 - Aviva has a diversified and strong asset base
 - Taking action to safeguard our solvency
 - Confident position with regard to capital and cash flow
- **Achieving good new business results in spite of the economic downturn**
 - 12% growth (4% in constant currency) in the 9 months to 30 September
 - On track to achieve 98% GI COR
- **Committed to delivering against the “One Aviva twice the value” strategy**
 - An aggressive transformational agenda continues
 - With increasing evidence of tangible deliveries

A sound capital position

IGD Solvency surplus of £1.3 billion on 24 October 2008



Equity movement	30 June 2008 IGD surplus of £1.8bn £bn	30 Sept 2008 IGD surplus of £1.9bn £bn
-10%	(0.4)	(0.2)
-20%	(0.7)	(0.4)
-30%	(1.0)	(0.5)
-40%	(1.3)	(0.7)

- Equities reflect lower market values, mitigated by further increase in downside protection
- IGD is not a risk based measure
 - Economic capital remains higher than IGD surplus
 - Range of actions available to actively manage the IGD surplus
- Includes estimate for credit default events eg Lehmans and AIG with minimal exposure to Fannie Mae, Freddie Mac, Washington Mutual, Wachovia and Bradford & Bingley
- £1.3 billion IGD surplus as at 24 October 2008, a further 20% fall in equities would reduce the surplus by £350 million

Aviva's debt securities are prudently valued



- 94% of debt securities at 30 June 2008 are investment grade, with 1% below and 5% not rated
- Debt securities held to back insurance liabilities. Short duration bonds backing GI business
- On the IFRS balance sheet, all financial investments marked to market and all realised and unrealised losses recognised on the IFRS balance sheet
- Provision for actual defaults of £400 million already booked against financials - Lehmans etc
- Limited exposure to Subprime MBS/ABS, Alt-A, Wrapped Credit, CDOs and CLOs

Fair Values at 30 June 08

£m	Policyholder Assets	Participating Fund Assets	Shareholder Assets	Total	% of Asset Base
Sub-prime	33	14	79	126	0.04%
Alt-A	0	4	185	189	0.06%
CDO/CLOs	48	11	466	525	0.16%
Wrapped Credit	36	141	492	669	0.20%
Total	117	170	1,222	1,509	0.46%

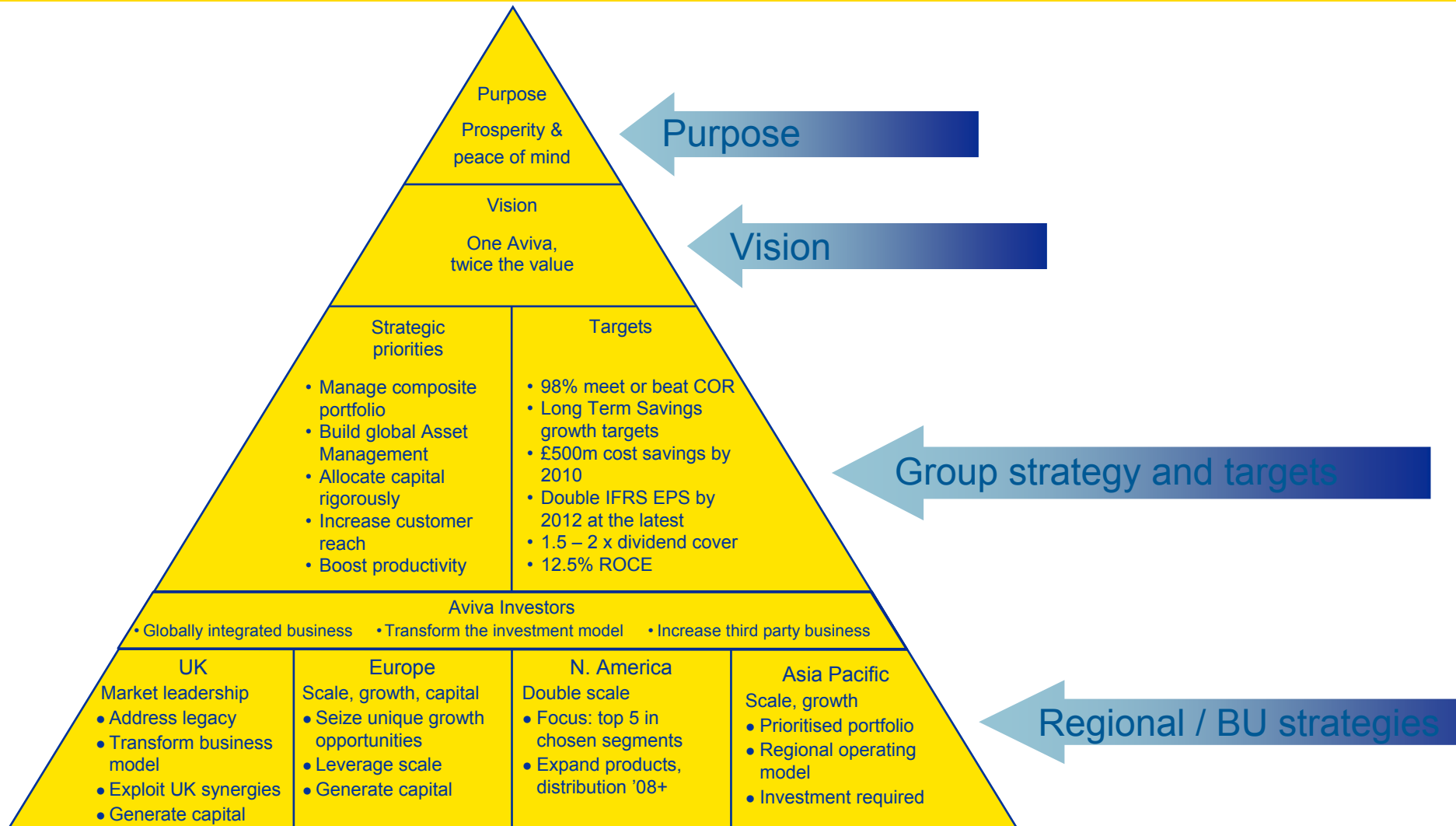
High quality loan book with good track record



30 June 2008	LTV >100%	LTV 95-100%	LTV 90-95%	LTV 80-90%	LTV 70-80%	LTV <70%	Total
Non-securitised mortgage loans £m	890	1,688	2,741	5,365	2,839	4,641	18,164
Total mortgage loans £m	890	1,823	4,827	8,435	3,090	6,903	25,968
	3.4%	7.0%	18.6%	32.5%	11.9%	26.6%	

- Loan portfolio is of a very high standard, with over 99% of loans neither past due nor impaired
- Excellent track record with no bad debts incurred on UK portfolio in last 15 years
- Around 20% of UK commercial mortgage loans are to GP surgeries
- £642 million of loans owed by Dawnay Day Group companies, average LTV of c91%.
 - Fixed charge on properties backed by floating charge on companies.
 - Based on offers received and expected value from floating charge, do not expect any material loss on settlement

A clear strategy to deliver growth



Q3 2008 Life and pensions: sales up 12% and margin maintained



	PVNBP ¹			New business margin ²	
	9 months 2008 £m	9 months 2007 £m	Growth %	9 months 2008 %	6 months 2008 %
UK	8,628	8,750	(1)%		3.1%
France	2,824	2,684	5%		4.2%
Ireland	949	1,303	(27)%		0.8%
Italy	1,752	2,362	(26)%		2.9%
Netherlands	3,017	1,692	78%		3.0%
Poland	1,160	611	90%		2.8%
Spain	1,729	1,513	14%		10.6%
Other Europe	683	277	147%		1.4%
Europe	12,114	10,442	16%		4.1%
North America	3,763	2,705	39%		4.2%
Asia Pacific	1,168	1,038	13%		4.3%
Total Life & Pensions	25,673	22,935	12%	3.8%	3.8%
Total Investment Sales	3,374	5,343	(37)%		
TOTAL LONG-TERM SAVINGS	29,047	28,278	3%		

1 PVNBP – Present value of new business premiums

2 New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage

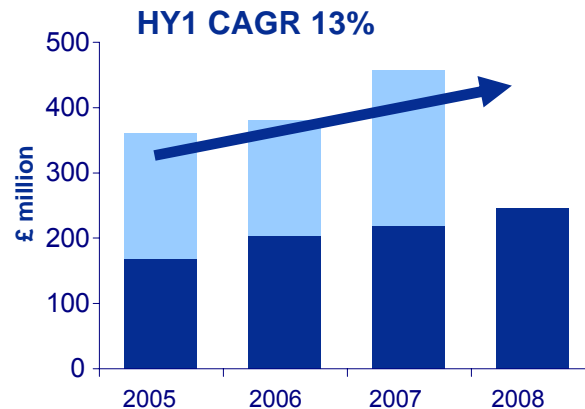
Europe – capitalising on a market leading position



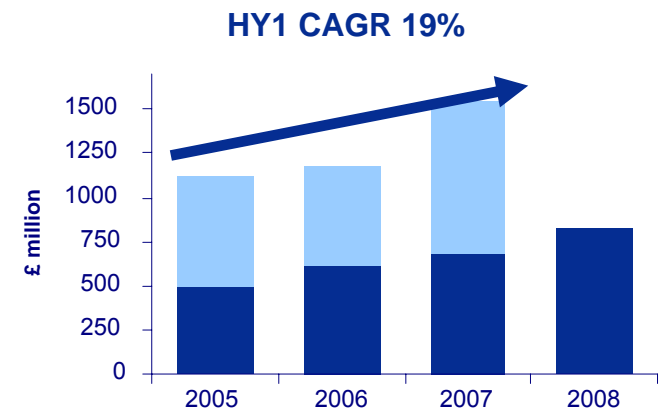
Scale, growth, capital

- Seize unique growth opportunities
- Leverage scale
- Generate capital

NBC growth post cost of capital



EEV operating profit growth



- Challenging economic conditions will continue to have an impact in the short term
- Diversified distribution and in force earnings proving resilient
- Bancassurance will become increasingly relevant for banks earnings
- Scope for transformational operational change
- New senior management team, new structure

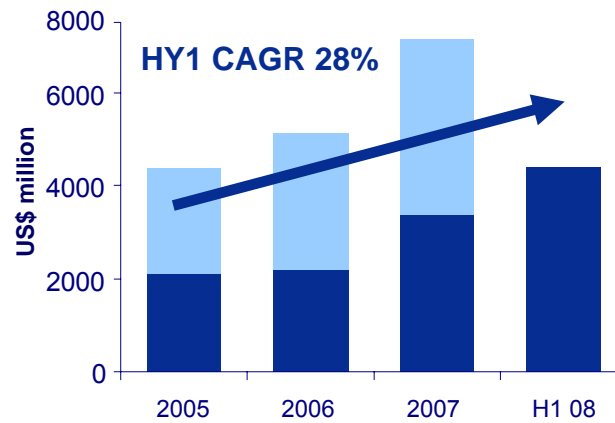
North America - USA on track to double scale



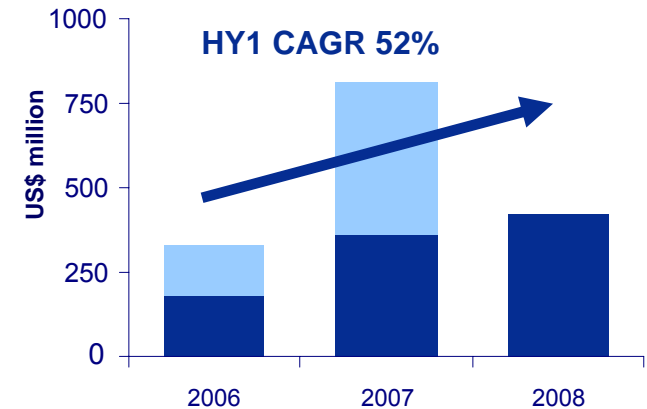
Double scale

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

Pro-Forma PVNBP growth



EEV operating profit growth



- Aviva USA does not sell variable annuities
- We are the market leader in indexed annuities
- Likely to achieve doubling target in 2 years rather than 3
- Plans in place for SEC registration of Indexed Annuities
- Looking ahead: growth vs increasing margins

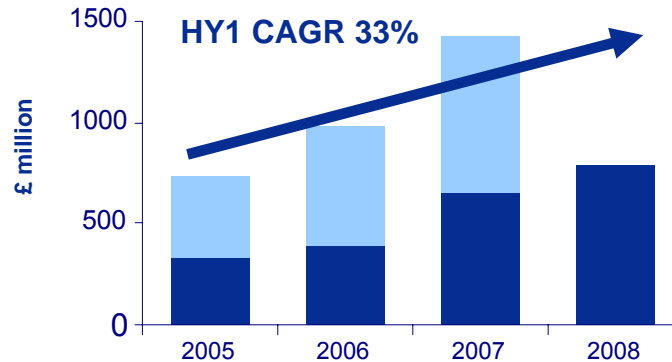
Asia Pacific – a growing presence



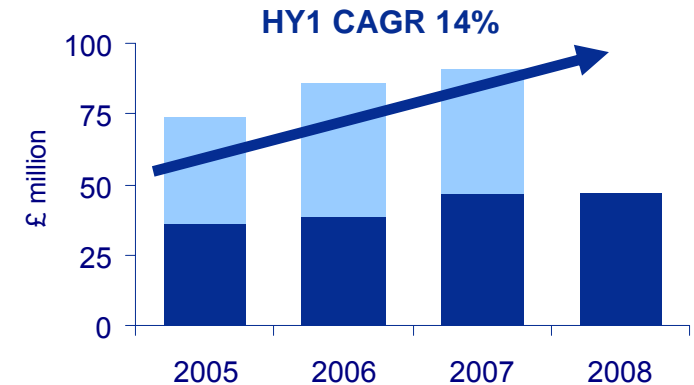
Scale, growth

- Prioritised portfolio
- Regional operating model
- Investment required

Growth in Asia Pacific PVNBP



EEV operating profit growth



- Second largest foreign long term savings business in China
- 7th largest in India, possibility of increasing our holding to 49%
- Successful launch of bancassurance in Malaysia, Taiwan and South Korea
- Steady growth prospects

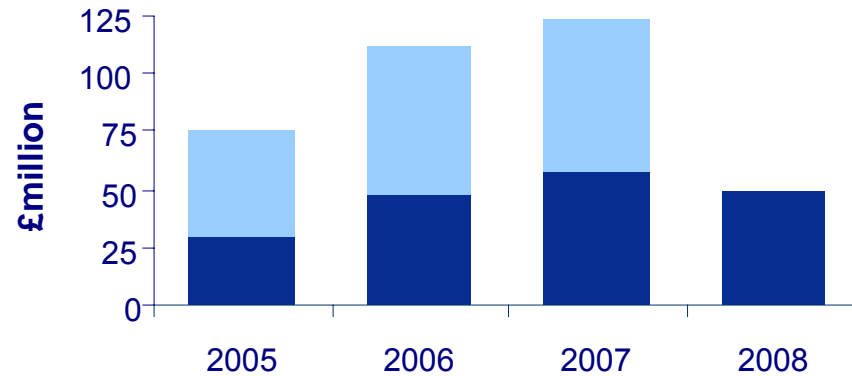
Aviva Investors – executing the strategy



Aviva Investors

- Globally integrated business
- Transform the investment model
- Increase third party business

IFRS operating profit



- Successful re-branding of “Aviva Investors”
- UK investment portfolios restructured into alpha/beta portfolios
- Launched new funds on SICAV platform with more planned
- Initiative under way to share investment expertise globally
- Aim to increase third party AUM

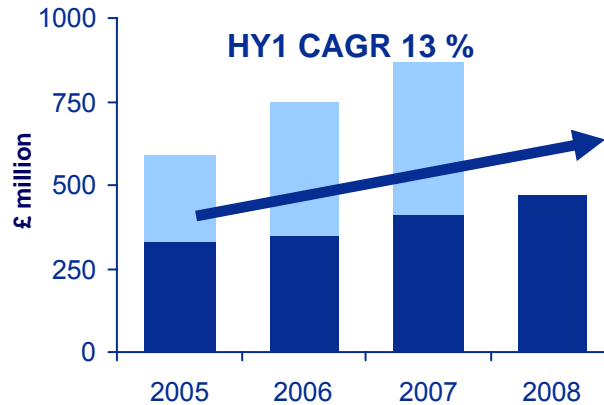
UK Life – continuing operational improvement



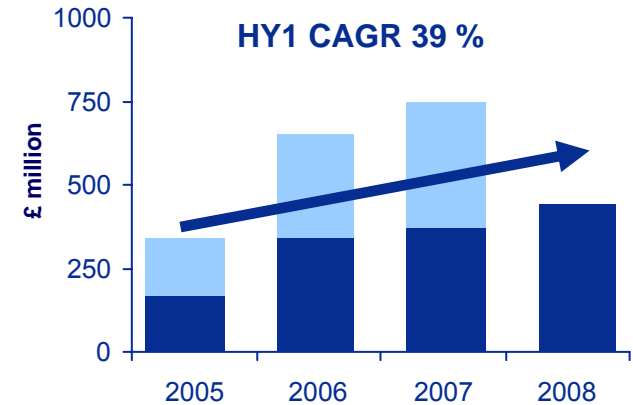
Market Leadership

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

EEV operating profit growth



IFRS operating profit growth



- Will remain a leading player
- Growth in market share, profits and capital generated
- 2/3 of EEV profits generated from in-force book – up 17% in H1 08
- On track to achieve zero cost overrun in 2009
- Inherited estate reattribution terms could change
- Sales outlook: 5% decline in the market in 2008

UK General Insurance – delivering transformational change



Market Leadership

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

The external environment remains competitive

- Rating environment will improve in the current economic environment
- Commercial rates now in positive territory
- Inflationary pressures receding

A clear action plan – insurance excellence

- Capitalising on unparalleled distribution reach
- Updating the rating methodology to deliver profit and attract more customers
- Simplifying the operating model, reducing complexity & increasing self service
- Negotiating commission rates
- Keeping claims inflation down

Outlook in the current economic environment



- **Maintaining our focus to deliver Aviva's objectives and targets**
 - Continuing to invest in order to achieve the benefits of One Aviva, twice the value
 - Keeping a clear focus on delivering against the plans
- **Responding to the current economic environment**
 - Actively managing investments
 - Maintaining a strong capital position
- **Carefully assessing market opportunities**

Questions and answers