A stronger, simpler, better Aviva
Disclaimer

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Note on Alternative Performance Measures:

Group adjusted operating profit is a non-GAAP Alternative Performance Measure (APM). Further information about its use and the basis of calculation is provided on page 254 of Aviva plc’s Annual Report and Accounts 2016. During the period, the definition of operating profit has been changed to include amortisation and impairment of internally generated intangible assets, which was previously presented within non-operating profit items. The revised presentation reflects management’s view that the costs arising from internally generated intangible assets are an integral part of the operating overheads of the business. The effect of this change is to reduce FY18 Group adjusted operating profit by £132 million from £3,316 million to £3,404 million, and to increase FY18 operating expenses by £112 million from £4,026 million to £4,138 million. There is no impact on total IFRS profit as a result of this presentation change.
Today’s agenda

Strategy update
Maurice Tulloch

Financial update
Jason Windsor

Lunch

Investments, Savings & Retirement
Euan Munro

UK Life
Angela Darlington

General Insurance
Colm Holmes

Europe
Patrick Dixneuf

Singapore
Nishit Majmudar
Today’s key messages

**Excel at the fundamentals**
- Group strategy refined with clear purpose and priorities

**Simplified focus**
- Sustainable growing returns from five business divisions

**Commercial rigour**
- A culture of delivering against financial targets and best in class returns
## Delivering on commitments

<table>
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<tr>
<th></th>
<th>What we said</th>
<th>What we’ve done</th>
<th>What’s next…</th>
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<tr>
<td><strong>Strategy</strong></td>
<td>Full review of group and business unit strategy</td>
<td>Strategy outline today</td>
<td>Moving to implementation Active capital allocation to enhance RoE</td>
</tr>
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<td></td>
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<td>Update on Asia</td>
<td></td>
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<tr>
<td><strong>Organisational design</strong></td>
<td>Separate management structure for UK Life &amp; GI</td>
<td>Separated GI &amp; Life management teams</td>
<td>Drive accountability to ensure competitiveness and enhanced performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Created new Investments, Savings &amp; Retirement division</td>
<td></td>
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<tr>
<td><strong>Digital</strong></td>
<td>Align with trading business</td>
<td>Digital aligned to UK GI</td>
<td>Leverage digital and insurance expertise, driving commercial outcomes across Aviva</td>
</tr>
<tr>
<td><strong>Leadership changes</strong></td>
<td>Build an experienced Aviva Leadership Team</td>
<td>Announcement of CEOs, CFO, COO, CRO and CPO</td>
<td>Some regulatory approvals pending</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>£300m cost saving by 2022 net of inflation &amp; at constant FX</td>
<td>£60m in-year savings in 2019 On track for £150m in 2020</td>
<td>Work ongoing to achieve further savings Optimise capex, increase commercial rigour</td>
</tr>
</tbody>
</table>
Further progress on cost reduction plans

Cost reduction target by 2022

£300m

On track

- In-year saving of £60m achieved for 2019
- Initiatives in place currently deliver £150m of cumulative in-year savings in 2020, with work ongoing to deliver more
- Implementation costs expected to be £40m in 2019 and £120m in 2020

Savings initiatives to date

- Progress on lean group centre programme
- Rationalisation of IT resourcing

Future savings opportunities

- Lower IT, Finance and other functional savings as projects end
- Further digitisation of customer journeys
- Shared service optimisation
Group strategy refined with clear purpose and priorities
Our purpose, vision and strategic priorities

**Our Purpose**

With you today, for a better tomorrow

**Our Vision**

To earn customers’ trust as the best place to save for the future, navigate retirement and insure what matters most

**Our Group Strategy**

Simplify Aviva into a leading international Savings, Retirement and Insurance business delivering for our customers, shareholders and communities

**Our Strategic Priorities**

- Deliver great customer outcomes
- Excel at the fundamentals
- Invest in sustainable growth
Pioneer in sustainable finance

Leader for over 40 years

- Founded or co-created market-leading organisations
- Work with governments, regulators and industry

Investing sustainably

- Integration of ESG considerations across all asset classes
- Active stewardship

54,335
Resolutions voted at 4,713 meetings (FY18)

1,954
Companies engaged with (FY18)

Accelerating our efforts

1. Carbon neutral since 2006
2. Strengthening climate risk model across assets
3. Building out climate transition fund range
4. Empowering customers with information and engagement

Globally credible ESG track-record for our customers and shareholders
Three strategic priorities to Run Aviva Better

Deliver great customer outcomes
- Grow customer numbers
- Improve retention & TNPS scores
- Improve brand awareness

Excel at the fundamentals
- Top quartile underwriting, indemnity management, investment performance and cost efficiency

Invest in sustainable growth
- Growth in flows and revenues
- Growth in capital generation, cash and profit
- Return on capital hurdle

Earn customers' trust
Embed a performance culture
Deliver long-term value
When we get these priorities right, we succeed

**Quotemehappy**

- Lean operations – low expense ratio
- Digital only, low cost IT – 1.4m customers, retention in line with direct
- Leading claims capability – reduction in average injury settlement

| 51% | NWP growth 2016-18 |
| 97% | 3Y average underlying COR |

**UK Savings**

- Strong track record of growth across advisor and workplace savings
- #1 workplace provider
- Emerging leader in advisor market

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>HY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>80</td>
<td>91</td>
<td>91</td>
<td>103</td>
</tr>
</tbody>
</table>

**Bulk purchase annuities**

- Leading capability in longevity, illiquid asset origination and commercial mortgage investment
- Strong pipeline of internal business >£15bn
- Increasing capital efficiency and improving payback periods

<table>
<thead>
<tr>
<th>PVNBP £m</th>
<th>£4bn expected FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17: 2,045</td>
<td>FY18: 2,596</td>
</tr>
</tbody>
</table>

**Singapore**

- Leading player in regular premium savings and protection business
- Differentiated distribution strategy on financial advisors
- Top 2 group business generating individual customers through cross-sell

| 22% | APE growth 2016-18 |
| 26% | VNB growth 2016-18 |

*PVNBP and VNB are presented on an adjusted basis – see ‘Other Information’ section of FY19 Analyst Pack for further information.*
Sustainable returns from five business divisions
Targets aligned to economic value and sustainable dividend

- SII return on equity: 12% (2022)
- Cash inflows to Centre: £8.5-9.0bn (2019-22)
- Operating capital generation: c£7.5bn (2019-22)
  - net of interest and Centre costs

- Cost reduction: £300m net savings (2022)
- Debt leverage: £1.5bn debt reduction (2019-22)

Progressive dividend policy

*Defined as unrestricted share capital generated divided by opening unrestricted share capital + net exhibited on a share-free basis
 Equity story built on five focused business divisions

Aviva is a leading international savings, retirement and insurance business delivering for our customers, shareholders and communities

Delivering sustainable growing returns to shareholders through operational excellence and commercial rigour

UK Life: dependable long term cash flow
Annuities & Equity release, Protection and Health, Heritage

Investments, Savings & Retirement (IS&R): future growth engine
Aviva Investors, UK Savings & Retirement

General Insurance: strong growth and improved profitability
UK, Canada, Europe, Singapore

Europe Life: focused franchise with diverse distribution
France, Italy, Poland, Ireland, Turkey

Asia Life: structural long-term growth
Singapore, China, India, Indonesia, Vietnam, Hong Kong

Progressive dividend, capital strength
Combining cash generators and growth engines

UK Life
Positive long-term replacement cash-flows through BPA and Protection

Europe Life
Balance growth and business mix evolution toward unit linked and protection

General Insurance
Increase NWP and improve COR through simplicity, speed and efficiency

Investments, Savings & Retirement
Accelerated growth through end-to-end savings and retirement solutions

Asia Life
Leverage strong partnerships and unique distribution to grow long-term value
Investments, Savings & Retirement: future growth engine

#1
In Workplace Pensions by AuA

£346 billion
AI assets under management (HY19)

58% growth
In UK Savings AuA to £103bn (FY15-HY19)

Position

Core capabilities
- Investment breadth & track record
  - AuA & AuM scale
- Aviva brand & customer base
- Corporate, EBC and IFA relationships
- ESG leader

Key priorities
1. Use Aviva’s brand and product suite to develop savings and retirement solutions
2. Leverage investment in capability to accelerate growth in institutional asset management
3. Maintain strong growth in Savings through leading workplace and platform propositions
4. Maintain strong investment performance to become the go-to provider for active solutions

Key target

Net fund flows:
- (Aviva investors) £10bn 3rd party
- (UK Savings & Retirement) £10bn savings
UK Life: dependable long-term cash-flow

Position

£62 billion
Annuity and equity release assets (FY18)

£2.2 billion
Protection and health insurance PVNB (FY18)

£90 billion
Heritage assets under management (FY18)

Core capabilities

Data analytics and underwriting
Asset-liability management
Access to AI investment solutions
Scale efficiencies
Back-book management

Key priorities

1. Expand annuity appetite with capital efficient growth in BPA to increase long-term cash-flow
2. Capitalise on data analytics, scale and innovative propositions to enhance returns in protection
3. Manage heritage savings in-force to maximise cash and minimise operational complexity
4. Simplify propositions and increase automation and digitisation to improve cost efficiency

Key target

Cash remittance £4.25-4.75bn (2019-22 cumulative, UKL + I&R)
**General Insurance: strong growth and improved profitability**

<table>
<thead>
<tr>
<th>Position</th>
<th>Core capabilities</th>
<th>Key priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£9.1 billion</strong>&lt;br&gt;Global net written premiums (FY18)</td>
<td>Brand&lt;br&gt;Digital &amp; automation&lt;br&gt;Data &amp; analytics&lt;br&gt;Underwriting &amp; pricing&lt;br&gt;Distribution&lt;br&gt;Claims &amp; risk management</td>
<td>1. Simplicity, speed and efficiency to reinvigorate growth and profitability in personal lines</td>
</tr>
<tr>
<td><strong>Top 2</strong>&lt;br&gt;Position in the UK, Canada and Ireland</td>
<td>2. Expand commercial lines by extending strong SME position into mid-market and GCS portfolios</td>
<td></td>
</tr>
<tr>
<td><strong>96%</strong>&lt;br&gt;Average COR since 2010, with low volatility</td>
<td>3. Deliver and extend on the Canada recovery leveraging broker channel and RBC opportunity</td>
<td></td>
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<tr>
<td></td>
<td>4. Differentiated digital propositions to build on strong customer TNPS and broker trust scores</td>
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</table>

**Key target**

NWP +20% (2022 vs. 2018)  
COR 95% (2022)
Europe Life: focused franchise with diverse distribution

Position

£115 billion
Policyholder reserves (average, FY18)

57%
Capital-light products (FY18 life sales)

7 million
Customers across 5 markets

Core capabilities

Owned and aligned distribution

Product innovation

ALM capabilities

Efficient operations

Key priorities

1. Further develop multi-channel distribution capability and strengthen brand awareness

2. Continue to evolve savings mix towards capital efficient unit linked and hybrid products

3. Increase penetration of protection products into the life customer base

4. Simplify propositions and increase automation and digitisation to improve cost efficiency

Key target

Cash remittance £0.75-£1.25bn (2019-22 cumulative)
Asia Life: structural long term growth

Position

22%
Singapore APE 2016-18 CAGR

18%
China APE 2016-18 CAGR

26%
Singapore VNB 2016-18 CAGR

Core capabilities

Distribution
Product & innovation
Digital & efficiency
Consistency & risk management

Key priorities

1. Increase penetration of FA channel in Singapore while maintaining leadership position

2. Work with JV partner in China to further expand distribution scale and productivity

3. Maintain disciplined approach to product mix

4. Streamline regional support functions to enhance efficiency

Key target

Double digit VNB growth
Progressive dividend through running Aviva better
Providing a sustainable, progressive dividend

RoE target of 12% is sufficient to fund a progressive dividend and compounding growth in book value

Cash available for dividend and debt reduction over 2019-22 while maintaining strong centre liquidity

<table>
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<tr>
<th>FY18 Dividend as % of SII equity</th>
<th>FY22e ROE target</th>
</tr>
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<tbody>
<tr>
<td>8%</td>
<td>12%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Opening cash (Feb 19)</th>
<th>Target cash inflows illustrative</th>
<th>Debt &amp; centre costs illustrative</th>
<th>Available for deployment (incl. dividends)</th>
</tr>
</thead>
</table>
A simpler, stronger, better Aviva

<table>
<thead>
<tr>
<th>Operating model</th>
<th>Simplified model with 5 focused divisions supported by a lean group centre</th>
</tr>
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<tbody>
<tr>
<td>Cash-flow</td>
<td>Strong cash flow generation, including significant investment in the business</td>
</tr>
<tr>
<td>Capital</td>
<td>Maintain capital strength and resilience, while further reducing debt leverage</td>
</tr>
<tr>
<td>Growth</td>
<td>Broad-based, with growth engines in General Insurance, Asia and IS&amp;R</td>
</tr>
<tr>
<td>Priorities</td>
<td>Excel at the fundamentals and deliver great customer outcomes to drive superior performance</td>
</tr>
<tr>
<td>Leadership</td>
<td>Attract world class talent and develop a culture of ambition and disciplined execution</td>
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Progressive dividend, capital strength
Today’s key messages

Growing value safely

- Robust financial targets focused on economic value
- Strong cash and capital to fund a progressive dividend
- Allocating capital to grow, and enhance returns
- Strong financial position and prudent risk management
Robust financial targets focused on economic value
Robust targets reflect economic value focus

SII Return on equity
12% (2022)

Cash inflows to Centre
£8.5-9.0bn (2019-22)

Operating Capital Generation
£7.5bn (2019-22)

Cost reduction
£300m net savings (2022)

Debt leverage
£1.5bn debt reduction (2019-22)

Progressive dividend policy
How do we think about value?

Focused on increasing Return on Equity, controlling volatility and delivering consistent franchise growth

Providing shareholders with sustainable income and growing NAV per share

+170p (+52%)

<table>
<thead>
<tr>
<th>Year</th>
<th>NAV per share (SII shareholder view)</th>
<th>Cumulative DPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>324p</td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q19</td>
<td>404p</td>
<td>90p</td>
</tr>
</tbody>
</table>
Measuring progress through SII return on equity

SII ROE (%) = \frac{\text{Own Funds generated}}{\text{Own Funds}}

- Shareholder view
- Own Funds generated is on an operating basis and deducts interest on hybrid debt and preference share dividends
- Unrestricted Tier 1 Own Funds (UT1) deduct hybrid debt & preference shares from Own Funds. ROE is based on opening position.
- Risk margin and contract boundaries unadjusted, as per SII rules

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>HY19*</th>
<th>// 2022 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>SII OCG (£m)</td>
<td>3,198</td>
<td>780</td>
<td>84</td>
</tr>
<tr>
<td>Remove SCR change</td>
<td>(1,176)</td>
<td>(25)</td>
<td></td>
</tr>
<tr>
<td>Deduct pref/DCI costs</td>
<td>(74)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OF generated (UT1, £m)</td>
<td>1,948</td>
<td>839</td>
<td>251</td>
</tr>
<tr>
<td>of which management actions</td>
<td>497</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own Funds (UT1, £m)</td>
<td>15,550</td>
<td>15,296</td>
<td></td>
</tr>
<tr>
<td>SII ROE</td>
<td>12.5%</td>
<td>11.0%</td>
<td></td>
</tr>
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</table>
Which links to business performance drivers

**UK Life and IS&R**
- Unlevered ROC:
  - FY18: 11%
  - FY22e: 9.5%

**General Insurance**
- Unlevered ROC:
  - FY18: 10%
  - FY22e: 14%

**Europe Life**
- Unlevered ROC:
  - FY18: 7%
  - FY22e: 9.5%

**Asia Life**
- Unlevered ROC:
  - FY18: 10%
  - FY22e: 15%

**Drivers**
- UKL: enhance NB payback & IRR while optimising in-force
- IS&R: improve margins and grow net flows/AuMA
- Reduce unit costs
- Target 2022 COR 95%
- Improve expense ratio by 2pp by 2022
- Shift mix towards capital light
- Maintain focus on efficiency
- Long-term growth opportunities
- Selective investment

*"Unlevered ROC" return on capital (ROC) is defined as operating profit before generating effect, expressed as a percentage of invested capital.*
Targeting £300m net expense savings by 2022

- Making good progress on cost reduction target with in-year saving of c£60m achieved for 2019 mainly from lower functional & head office overheads and lower investment spend
- Two presentation changes:
  - Amortisation and impairment of internally generated intangibles is now included in operating profit and operating expenses: £112m at FY18
  - Canadian insurance premium taxes and premium-driven levies in the UK & Ireland excluded from controllable operating expenses: £170m at FY18

£m

<table>
<thead>
<tr>
<th>FY18 expense base</th>
<th>FPIL &amp; other divestments (Spain &amp; Aniphen in Italy)</th>
<th>FY18 expense base - constant perimeter</th>
<th>Add: amortisation of internal intangibles</th>
<th>Rebased FY18 expense base</th>
<th>Remove: Canadian IPT &amp; Flood Re/MIB levies</th>
<th>Rebased FY18 controllable expense base</th>
<th>Target £300m run rate cost savings net of inflation</th>
<th>FY22e controllable expense base</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,026</td>
<td></td>
<td>3,975</td>
<td>112</td>
<td>4,087</td>
<td>(170)</td>
<td>3,917</td>
<td>(300)</td>
<td>£3.6bn</td>
</tr>
</tbody>
</table>

*Net of inflation and at constant perimeter and FX*
Higher quality IFRS earnings

Group targets focused on economic returns and cash flow while IFRS remains important to illuminate performance

Improving quality of IFRS earnings

**Adjusted for divestments**
- £168m contribution to FY18 operating profit, mainly from FPIL
- Little contribution to OCG or Cash

**Presentation change**
- Amortisation and impairment of internally generated intangibles now presented in operating expenses
- FY18: £112m

**Management actions**
- Continue to be quantified in results disclosures
- FY19 estimate: £300-400m
- Longer-term range: £0-200m p.a.

Looking ahead

- Aim to grow operating profit by expanding AuM and in-force premium, as well as improving margins and cost efficiency
  - c£0.1bn expected interest expense savings from £1.5bn debt deleveraging by 2022
  - c£0.3bn run rate cost savings by 2022

*"Alternative Performance Measure–see Q3 of Ad 492 FY19 annual report for further information*
Strong cash and capital to fund a progressive dividend
Sources of cash

2019-22e: £8.5-9bn planned cash inflows to Centre

- Underlying cash expected from:
  - Capital-efficient BU growth
  - Optimised fundamentals – margin benefits
  - Lower costs

Partly offset by:
- Lower expected remittances from France Life reflecting low interest rate environment
- 2019-21 cost to achieve expense savings at BU level of c£0.2bn

- Subject to economic volatility (upside/downside potential)
  - Notably France Life plan based on 3Q19 yields

- 2019: c£2.5bn cash expected to be remitted to Centre, incl. c£0.5bn of cash specials and £0.2bn Avipop proceeds (now received)
2019-22: Group

- Targeting cumulative group OCG of c£7.5bn net of interest and Centre costs
- Conservative level of management actions assumed: c£0.5bn benefit expected in 2019 mainly from longevity releases; longer-term expectation of c£0.2bn p.a.

2019-22: business divisions

- **UK Life + IS&R**
  - Aiming for £4.25-4.75bn cash (underlying) & £0.5bn specials
  - 2022 ROC target (stabilised): 9.5%

- **General Insurance**
  - Aiming for £2.0-2.5bn cash
  - ROC: 14%

- **Europe Life and Asia Life**
  - Aiming for £0.75-1.25bn cash
  - 9.5% Europe
  - 15% Asia
Allocating capital to grow, and enhance returns
Capital allocation at Aviva

**Strategic priorities**
- Deliver great customer outcomes
- Excel at the fundamentals
- Invest in sustainable growth

**Financial framework**
- ROE / EVA
- Change spend
- Total shareholder return
- OCG
- New business strain

**Ability to execute**
- Management
- Controls and regulation
- IT capability and Data
- Competitive environment

*Economic Value Added—defined as own funds generated-cost of capital x years*
Capital allocation: driving returns from new business

**Economic Value Add (‘EVA’) framework in action**

- **Improve or Stop**
- **Grow**
- **Stop**
- **Selective**

**Life new business**

£0.2bn new business OCG strain at FY18:

- **UK Life (incl. IS&R)** £121m
  - Mainly optimising annuities to grow value and cash flow
- **Europe Life** £80m
  - Need to change product mix to reduce capital intensity
- **Asia & other** <£1m
  - Investing in long-term growth opportunities

*Embedding economic value management across the group to allocate capital efficiently and enhance performance*

*Economic Value Add—defined as own funds generated-cost of capital x years*
**Capital allocation: investing for the future**

**Group targets are net of significant investment in the business**

Embedded within our financial ambitions is an expectation of c£1.3bn of investment over 2020-22 (while also investing c£300m to achieve £300m of run rate expense savings by 2022). Examples include:

- **Estimated change spend (cash basis, £bn)**
  - FY19e: 0.6
  - FY22e: 0.4

---

**IT simplification**
- Data centre migration
- Investment in Cloud driving IT modernisation and enabling business growth & increased agility
- Upgrade underwriting systems to target platforms e.g. Guidewire in Canada

**Sustainable growth**
- UK customer experience transformation
- Funding growth in Investments, Savings & Retirement
- France: Client Unique initiative, full multi-access proposition for direct & broker customers

**Mandatory change**
- Meet mandated regulatory or legal changes
  - IFRS 17
  - Data strategy
- Operate within defined minimum standards e.g. cyber risk
Strong financial position and prudent risk management
Very strong 3Q19 capital position

3Q19 Group SII cover ratio

- Remains above top end of working range at 3Q19
- All BU solo entities above respective risk appetites

Solvency resilience before recovery actions

- Stress scenario example: remaining within target working range under severe stress scenario before any recovery actions

<table>
<thead>
<tr>
<th>Baseline: 3Q19 Stress assumptions</th>
<th>UK</th>
<th>RoW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>-20%</td>
<td>-20% to -14%</td>
</tr>
<tr>
<td>Interest rates</td>
<td>-50bps</td>
<td>-10bps in Europe</td>
</tr>
<tr>
<td>Sovereign swap spreads</td>
<td>+20bps</td>
<td>+80bps Italy, +20bps rest of Europe</td>
</tr>
<tr>
<td>Corporate bond spreads</td>
<td>+200bps</td>
<td>Range: +30-140bps</td>
</tr>
<tr>
<td>Property</td>
<td>-20%</td>
<td>-</td>
</tr>
<tr>
<td>Inflation</td>
<td>+20bps</td>
<td>-</td>
</tr>
<tr>
<td>FX</td>
<td>-</td>
<td>Sterling c-10%</td>
</tr>
</tbody>
</table>

*Represents the shareholder view as defined in section 8 of the analyst pack*
Confirming our leverage commitment

**Managing leverage**

- Maintain flexibility in SII regulatory capital with headroom across all tiers
- Consistent with AA metrics
- Preferred level: ≤30% over the medium term

**Reducing debt**

- £1.5bn debt reduction planned over 2019-22
  - Expected run rate interest cash savings of c£100m
  - Expected deleveraging c4pp (SII basis)
- Progress to date: 6.875% £210m hybrid Tier 1 called

**Debt profile**

- Well balanced maturity profile to 2038
- £1.4bn hybrid debt maturing or callable over 2020-21

---

Note: All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 30 June 2019 rates.
Managing low interest rates

Exposure

Sensitivity to low interest rates mainly arises from our European with-profits funds in France and Italy.

Product management

Europe

• Active management of guarantees: asset yields > average in-force guarantees by 200-300bps
• Product innovation e.g. hybrid product in Italy: 0% guarantee on WP and non-reversible auto-switch to UL
• Shift mix by accelerating growth in capital-light products (57% of FY18 PVNBP vs. 43% at FY16)*

UK

• BPAs: defined member benefits; well funded & matched schemes can still afford buy-out
• PPOs: Ogden “clarified”; low propensity; real inflation exposure

* Del. slipped in Spring April 2017/A13/bp
External reinsurance: managing capital and volatility

Life examples

• UK longevity risk:
  - 2019 new business: up to 100% reinsured for BPAs; 30% on average for Individual Annuities
  - Existing business: c15% reinsured on average

• UK Protection:
  - Individual: c80% reinsured on average (reducing)
  - Group: majority of insurance risk is retained

General Insurance retention

• Group-wide catastrophe reinsurance programmes:

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>Canada</th>
<th>Europe</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per event (Excess of Loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td>£150m</td>
<td>CAD50m</td>
<td>€25m</td>
<td>£25m</td>
</tr>
<tr>
<td>Limit of cover</td>
<td>£2.0bn</td>
<td>CAD2.5bn</td>
<td>€1.7bn</td>
<td>£175m</td>
</tr>
<tr>
<td>Aggregate (for smaller Cat events)</td>
<td>£175m retention; £350m limit of cover</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Other specific reinsurance programmes include:
  - Property per risk, Motor & liability, Cyber and other
  - UK Latents’ reinsured 100% for business written prior 31/12/00
Today’s key messages

Growing value safely

- Robust financial targets focused on economic value
- Strong cash and capital to fund a progressive dividend
- Allocating capital to grow, and enhance returns
- Strong financial position and prudent risk management
Investments, Savings & Retirement

Euan Munro

Aviva plc Capital Markets Day 2019
Today’s key messages

Introducing Investments, Savings and Retirement

A significant local and global opportunity

Combining our capabilities to accelerate growth

Financial ambitions

Net fund flows: £10bn 3rd party & £10bn savings
(Aviva investors, 2022) & (UK Savings & Retirement, 2022)
Introducing Investments, Savings & Retirement

Bringing together Aviva Investors and the UK modern savings businesses to develop a capital-light growth engine for Aviva

- Scale savings business with leading customer and distributor experience
- Powerful investment capability across multiple asset classes
- Compelling customer outcome focused savings and investment solutions

A significant global outcome oriented asset manager and the UK’s leading savings & retirement solutions provider to our customers
We are building towards a combined business

Historic
- Risk & control improvements required
- Limited saleable product

Set up
- Stronger compliance & controls
- Launch AIMS
- Commit to diversified excellence strategy with substantial investment in capability

Today
- Strengthened investment performance
- External recognition of investment capabilities
- Growing 3rd party business
- Leader in ESG

Our future
- Scalable retail platform
- Advice capability; guidance solutions and data driven engagement
- Leading workplace proposition
- Strong customer engagement

Significant opportunity
- Leverage Aviva brand to support investment message
- Confident in our own solutions
- UK leader in assisting the mass market with their savings and retirement journey
- Easy to use platforms across all channels
- Successful solutions oriented institutional fund manager capitalising on ESG strengths

Aviva Investors

UK Savings

2014 pensions freedom

IS&R
Aviva is uniquely positioned to help customers on their lifetime savings and retirement journey

We are in a unique position to join the dots and solve customer problems, especially for the mass market

What customers tell us they want

- Manage to their outcomes (life goals)
- Transparency and ease of access
- Help to make the right choices, i.e. advice or guidance

Why we are well placed to win

- We have proven strength across workplace/ advised savings, asset management, advice, retirement products
- Enabling a holistic savings and retirement proposition for the customer
Three routes to capture the IS&R growth opportunity

Growing Savings
- Sustain leadership in workplace
- Maintain strong net flows momentum with IFA’s

Growing Aviva Investors
- Continue 3rd party expansion
- Leverage ESG leadership
- Investment spend to level off

Growing together as Aviva
- Active investment solutions for the 99%
- Capitalise on corporate relationships
- Customer solutions beyond savings

Result
- Continued strong AuA growth
- Increased operating profit
- Restore revenue momentum
- Improve operating margin
- Go-to brand for retirement savings
- Customer growth and retention
Growing in workplace and savings

UK Savings assets under administration

<table>
<thead>
<tr>
<th>Year</th>
<th>Platform (Adviser &amp; Direct)</th>
<th>IPP</th>
<th>Workplace pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>65</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>2016</td>
<td>80</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>2017</td>
<td>91</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>2018</td>
<td>91</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>HY 2019</td>
<td>103</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>

Capitalising on our strength and momentum

Number 1 in the workplace
- 26,000 schemes and 3.5 million customers
- Differentiated proposition, providing health, wellness and employee benefits in conjunction with UK Life
- Significant funnel for high-trust, long-term customers
- c50% growth in AuA since 2015

Emerging leader in adviser platform market
- Currently serving over 12,000 IFA’s and 290,000 customers
- Top 10 player by AuA, but ranked 2nd for net fund flows
- Platform migration challenges in 2018 remediated, with renewed momentum on flows despite the challenging market backdrop
- AuA increased 3x since 2015

*1 by bundled workplace AuA. **Source: Advised net flows–FiscalQ2 2019
Growing in Aviva Investors

### Aviva Investors assets under management

<table>
<thead>
<tr>
<th>Year</th>
<th>External AuM</th>
<th>Internal AuM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>201</td>
<td>246</td>
</tr>
<tr>
<td>2015</td>
<td>246</td>
<td>290</td>
</tr>
<tr>
<td>2016</td>
<td>288</td>
<td>345</td>
</tr>
<tr>
<td>2017</td>
<td>279</td>
<td>351</td>
</tr>
<tr>
<td>2018</td>
<td>267</td>
<td>331</td>
</tr>
<tr>
<td>HY 2019</td>
<td>281</td>
<td>346</td>
</tr>
</tbody>
</table>

### Harvesting the benefits of investment in capability

**Leadership in ESG**
- Strong heritage as responsible investors
- Global, credible ESG capability with strong IP
-Externally recognised leadership

**Investment performance now robust**
- 69% of funds ahead of benchmark over 3 years and 71% over 5 years (3Q19)

**Growing across multiple asset class segments and markets**
- As at 3Q19: external AuM £68bn; gross 3rd party flows £7.3bn
- Strong pipeline - £40bn of opportunities across our range of asset classes
- Growing presence in Europe and North America

**Scale and depth of investment capability**
- Asset mix diversifying via enhanced Real Asset, Solutions, Multi asset, Equity and Credit capabilities

Top 10 UK Asset Management brand with growing global brand profile
# Growing together as Aviva

## Growing together

<table>
<thead>
<tr>
<th>Quality propositions</th>
<th>Corporate relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality affordable active solutions for the 99%</td>
<td>Open the door to corporates for UK Life and GI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer acquisition</th>
<th>Customer experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver Aviva retail products to our 3.5m workplace customers</td>
<td>Uniquely positioned to provide a seamless retirement journey</td>
</tr>
</tbody>
</table>

## Our immediate focus

- Connecting solutions with the savings administration businesses
- Continued close interaction with corporate sales teams and relationship managers across the Aviva product suite
- Roll-out MyAviva and associated well-being propositions across the workplace customer base
- Positioning Aviva as a retirement savings brand
How will we be measured?

**Aviva Investors** (external net fund flows)

- **£2.9bn** in 2016
- **£1.2bn** in 2017
- **£0.1bn** in 2018

**UK Savings & Retirement** (net fund flows)

- **£5.1bn** in 2016
- **£7.1bn** in 2017
- **£6.8bn** in 2018

**Ambition**

- **£10 billion** 3rd party annual net fund flow by 2022

**2019 outlook**

- Aviva Investors 2019 results impacted by weaker revenues (lower flows and AUM in 2018), higher costs (further investment in capability) and perimeter changes

- Investment performance materially improved - strong leading indicator for future flows

- Reflected in improved flows in 2H19 – current expectation is for positive net flows from 3rd party clients in FY19
Investments, Savings & Retirement ambition

Bringing together Aviva Investors and the UK modern savings businesses to develop a capital-light growth engine for Aviva

- Scale savings business
- & Powerful investment capability
- & Compelling outcome focused solutions

A significant global outcome oriented asset manager and the UK’s leading savings & retirement solutions provider to our customers

Financial ambitions

Net fund flows: £10bn 3rd party (Aviva investors, 2022) & £10bn savings (UK Savings & Retirement, 2022)
UK Life
Angela Darlington

Aviva plc Capital Markets Day 2019
Award-winning insurance company

Cover Excellence Awards 2019
- Best Group Critical Illness
- Best Individual Critical Illness

UK Pensions Awards 2019
- Defined Contribution Pension Provider of the Year
- Pensions Communication Initiative of the Year

What Mortgage Awards 2019
- Best Equity Release Lender
- Best Equity Release Lender Customer Service
- Best Financial Protection Provider

Pensions Age Awards 2019
- Innovation Award (Technology)

Health Insurance & Protection Awards 2019
- Best Individual PMI Provider
- Best Individual Critical Illness Provider
- Company of the Year (for the 10th year in a row)
Today’s key messages

- Leading scale and skill across all UK life products
- Annuities and equity release are primary growth engines
- Maximise value and minimise complexity in Heritage

**Financial ambitions**

**ROC 9.5%**  
Combined UK Life + IS&R  
(2022)

**Cash remittances**

- £4.25-4.75bn underlying + £0.5bn specials  
  (UKL + IS&R, cumulative 2019-22)  
  (UKL, 2019)
A strong and balanced foundation for the group

UK Life is a significant source of capital and cash flow

£1.8bn
Operating capital generation
FY18 combined UKL + UK Savings & Retirement

£2.2bn
Cash remittances
FY18 combined UKL + UK Savings & Retirement
New business volumes assumed to be consistent with 2019 for the next 10 years

- In-force OCG from 2019-28 of £5bn runs off at 6% p.a. over the next 10 years allowing for planned cost actions
- Our capital management framework focuses on EVA and payback to optimise returns and improve capital velocity
- Our thresholds to allocate capital; returns: range, typically low-teens with a payback of 4-6 years
- Reduction in 2019 driven by loss of:
  - Temporary transitional benefit
  - Reduced management actions & other
- Expected longer term management actions of £0.1bn p.a.
Strong focus on cost efficiency

Improving unit cost*

- Pro forma reflects expected benefit from targeted 2022 run rate cost savings in UK Life
- Reducing unit cost against headwind of run-off

While continuing to invest to support our business

- Creating simplified journeys for both our customers and advisors through digitisation and automation
- Product and proposition development to support our areas of future focus and our customer needs
- Working with Investments, Savings & Retirement to develop new propositions that increase the flexibility of annuities to meet the evolving needs of our customers

*Calculated as operating expenses, adjusted for amortisation of internally generated intangibles and alignment of UK digital business costs, expressed as a percentage of opening AuA
Well matched annuity cash flows

**Interest rate risk management**

- Highly predictable liability are illiquid and cash-flows are highly predictable
- High quality long duration assets tightly matched to liability cash-flows
- Limited economic risk of changes in yields on in-force performance

![Graph showing annuity cash flows over time]
Strong balance sheet, low risk asset portfolio

Well diversified portfolio *(shareholder assets)*

- **£61bn investment portfolio at HY19**

  - Corporate Bonds: 30%
  - Gifts & Cash: 19%
  - Infrastructure (PFI & non-PFI): 14%
  - Equity Release: 14%
  - Commercial Mortgages: 12%
  - Other: 11%

- **£18bn (30%) corporate bonds**

  - Banks & Financials: 28%
  - Consumer: 21%
  - Industrial: 19%
  - Real Estate: 10%
  - Communications: 9%
  - Other: 7%

- **£7bn (12%) commercial mortgage**

  - Offices: 34%
  - Industrial: 26%
  - Other: 11%
  - Student: 11%
  - Warehouse: 8%
  - Retail: 5%
  - Leisure: 4%

Low risk commercial mortgage portfolio

- Average LTV 56%; loan interest cover 2.75x

Portfolio prudently positioned for Brexit uncertainty

- Allowance: stable at £0.4bn (HY19)
- 3/4 equity release and 1/4 commercial
- Equivalent to immediate decrease in property values of 12% for equity release and 14% for commercial
Longevity trends

Significant reserve releases in recent years

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve Release (£bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>0.3</td>
</tr>
<tr>
<td>FY15</td>
<td>0.0</td>
</tr>
<tr>
<td>FY16</td>
<td>0.3</td>
</tr>
<tr>
<td>FY17</td>
<td>0.7</td>
</tr>
<tr>
<td>FY18</td>
<td>0.7</td>
</tr>
</tbody>
</table>

- Material benefits from longevity releases in recent years
- Projected improvements based on all relevant information, not simply CMI model

Mortality improvement trends

Life expectancy (years) England & Wales*

- Future changes in reserves will be driven by emerging experience and trends in the years to come
- However, 2019 experience has bucked recent trend

*Population mortality ("England & Wales"). Life Expectancies do not allow for future improvements.
Maximise growth opportunities
## Well positioned in Annuities & Equity Release

A leading provider with full suite of capabilities and scope to grow

### Individual annuities

<table>
<thead>
<tr>
<th>Market position</th>
<th>1\textsuperscript{st}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share$^1$</td>
<td>c29%</td>
</tr>
<tr>
<td>Customer numbers</td>
<td>c1m</td>
</tr>
<tr>
<td>TNPS</td>
<td>54</td>
</tr>
</tbody>
</table>

### Bulk purchase annuities

<table>
<thead>
<tr>
<th>Market position</th>
<th>3\textsuperscript{rd}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share$^1$</td>
<td>c7%</td>
</tr>
<tr>
<td>No. of transactions to date</td>
<td>&gt;500</td>
</tr>
<tr>
<td>TNPS</td>
<td>42</td>
</tr>
</tbody>
</table>

### Equity release$^2$

<table>
<thead>
<tr>
<th>Market position</th>
<th>2\textsuperscript{nd}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>c19%</td>
</tr>
<tr>
<td>Customer numbers</td>
<td>c0.2m</td>
</tr>
<tr>
<td>TNPS</td>
<td>72</td>
</tr>
</tbody>
</table>

---

$^1$ ABI, H1 2019  
$^2$ Equity release council

TNPS is the transactional net promoter score. It represents the number of customers that would recommend Aviva following a purchase, service or claims related transaction. The score can range from -100 to +100.
Innovating to support capital efficient growth in BPA

Our franchise

Top 3
Market position

7%
Market share

Our strengths

• Market leading illiquid asset origination incl. 20Y track record in commercial mortgages & equity release
• Strong brand, leading distribution
• Disciplined approval process
• Strong pipeline of internal business from Aviva pension schemes of >£15bn

Our future focus

• Improve capital efficiency of new business
  • further reinsurance
  • new lower capital asset types
• Delivering a reduction in new business strain to a target level of 3%
• Returns: range, typically low-teens
• Payback: 4 - 6 years

PVNBP (£m)

FY17
2,045
FY18
2,596
FY19
1,177

*PVNBP is presented on an adjusted Solvency II basis. Further information is given in the Other Information section of the HY19 analyst pack
### Strong Protection & Health businesses

#### Individual protection

<table>
<thead>
<tr>
<th>Market position</th>
<th>2nd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>c16%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Customer numbers</td>
<td>c4.6m</td>
</tr>
<tr>
<td>TNPS</td>
<td>53</td>
</tr>
</tbody>
</table>

#### Health<sup>2</sup>

<table>
<thead>
<tr>
<th>Market position</th>
<th>3rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>c13%</td>
</tr>
<tr>
<td>Lives covered</td>
<td>c0.9m</td>
</tr>
<tr>
<td>TNPS</td>
<td>45</td>
</tr>
</tbody>
</table>

#### Group protection<sup>2</sup>

<table>
<thead>
<tr>
<th>Market position</th>
<th>2nd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>c20%</td>
</tr>
<tr>
<td>Lives covered</td>
<td>c2.7m</td>
</tr>
<tr>
<td>TNPS</td>
<td>n/a</td>
</tr>
</tbody>
</table>

<sup>1</sup> ABI, H1 2019  
<sup>2</sup> Laing & Busson, 2017  
<sup>3</sup> SwissReGroup Watch 2019

TNPS is the transactional net promoter score. It represents the number of customers that would recommend Aviva following a purchase, service or claims related transaction. The score can range from -100 to +100.
Strong Individual Protection franchise with leading capabilities

Our franchise

#2 Market position
16% Market share
c4.6m Customers

Our strengths

- Track record of innovation in Individual Protection
- Widest distribution footprint in the market and strong IFA relationships
- Using our data and analytics capabilities to implement the use of Artificial Intelligence in the underwriting journey e.g. automated submission of medical assessments and machine learning to review

Our future focus

- Develop next generation of propositions to make it easy for IFAs to do business with us, with an aim to be the provider of choice
- Develop compelling packages that deliver more value to our customers
- Use our data and analytics capabilities to develop new propositions to meet the needs of our existing customer base

# Market statistics as at HY19
Supporting corporates across Protection & Health

Wellbeing – reimagining our relationships with corporates, employees & consumers

Addressing the huge societal challenge across the three key Wellbeing dimensions

Building a suite of services, focused initially on Corporates and workforces

Focused on driving performance benefits for Corporates...

...and sustainable and defendable benefits to Aviva

- Resilience
- Productivity
- Engagement

Corporate loyalty and lifetime value

Access to employees
Significant value in Heritage business

Our franchise

- Large back book with c2.1m customers

<table>
<thead>
<tr>
<th>Year</th>
<th>AUM (£bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>106</td>
</tr>
<tr>
<td>FY18</td>
<td>90</td>
</tr>
<tr>
<td>HY19</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>Bonds &amp; Savings</td>
</tr>
<tr>
<td>21</td>
<td>57</td>
</tr>
<tr>
<td>18</td>
<td>48</td>
</tr>
<tr>
<td>18</td>
<td>49</td>
</tr>
</tbody>
</table>

Our strengths

- Provides capital and cash generation underpin
- c2.1m customers: retention opportunity with IS&R
- Established outsourcing relationships with Diligenta, Capita and ReAssure
- Target engagement and retention activity through data and analytics

Our future focus

- Retention:
  - Targeted approach: c300k customers engaged through direct response campaigns
  - Improving service
  - Access to advice via IS&R
  - Double digit reduction in lapse rate to date following increased engagement
- Customer outcomes:
  - Better communications
  - Reduced charges
  - Improved investment solutions

# Market statistics as at HY19
Financial ambition
UK Life ambition

Delivering dependable growth in long-term cash flow

Financial ambitions

ROC 9.5%
Combined UK Life + IS&R (2022)

Cash remittances
£4.25-4.75bn underlying + £0.5bn specials
(UKL + IS&R, cumulative 2019-22) (UKL, 2019)
General Insurance

Colm Holmes

Aviva plc Capital Markets Day 2019
Today’s key messages

Strong franchises, delivering attractive results and low volatility

Speed & simplicity, leading fundamentals & growth focused

Ambition to grow top-line by 20%; improve COR to 95% or lower; reduce expense ratio 2pp

Financial ambitions

<table>
<thead>
<tr>
<th></th>
<th>NWP</th>
<th>Cash remittances</th>
<th>GI COR</th>
<th>ROC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+20% (2022)</td>
<td>£2.0-2.5bn (cumulative 2019-22)</td>
<td>95% (2022)</td>
<td>14% (2022)</td>
</tr>
</tbody>
</table>
Aviva GI operates at scale in the UK & Canadian markets, with an attractive European business that brings diversity & balance

<table>
<thead>
<tr>
<th>Country</th>
<th>GI NWP £bn</th>
<th>Position</th>
<th>Market share</th>
<th>Aviva 3Y average GI COR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>4.2</td>
<td>#1</td>
<td>11%</td>
<td>95.7%</td>
</tr>
<tr>
<td>Canada</td>
<td>2.9</td>
<td>#2</td>
<td>10%</td>
<td>99.8%</td>
</tr>
<tr>
<td>France</td>
<td>1.1</td>
<td>#12</td>
<td>2%</td>
<td>95.3%</td>
</tr>
<tr>
<td>Ireland</td>
<td>0.4</td>
<td>#2</td>
<td>15%</td>
<td>91.7%</td>
</tr>
<tr>
<td>Italy</td>
<td>0.3</td>
<td>#18</td>
<td>1%</td>
<td>96.1%</td>
</tr>
<tr>
<td>Japan</td>
<td>0.1</td>
<td>#10</td>
<td>1%</td>
<td>90.5%</td>
</tr>
</tbody>
</table>

UK COR has been adjusted to exclude the impact of Ogden and amortisation of internally generated intangibles. For illustrative purposes, it has also been adjusted to reflect the realignment of UK digital business costs within UK general insurance.

*Asia c£8m NWP

Business split by net written premium

- **UK**: 64%
- **Europe**: 36%
- **Canada**: 1%
- **Commercial**: 8%
- **Personal**: 5%

FY18 £9.1bn
Unrivalled Strengths

- Pricing & data analytics
  - Ask it never
  - Non-linear pricing model
  - Underwriting workflow
- Indemnity management
  - Total Loss tool
  - Claims digitisation
  - Fraud detection
- Reinsurance
  - Low net lines
  - Low volatility
  - Limited legacy
- Distribution
  - Regional networks
  - Strategic Partnerships
  - Direct & PCWs
- Brand
  - TNPS
  - Broker Trust
  - Insurance Company of the Year

Opportunities

- Reduce expense ratio
- Increase retention
- Business mix improvement
- Reduce complexity
Trusted brand for customers and brokers

Case Study: UK

Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>TNPS Scores*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>56</td>
</tr>
<tr>
<td>2017</td>
<td>67</td>
</tr>
<tr>
<td>2018</td>
<td>65</td>
</tr>
</tbody>
</table>

Partners

Broker Trust:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>89%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>72</td>
</tr>
<tr>
<td>2017</td>
<td>75</td>
</tr>
<tr>
<td>2018</td>
<td>78</td>
</tr>
</tbody>
</table>

*Personal lines, home claims
Consistent profitability with low volatility since 2010

**GI loss ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Earthquake/ tsunami</th>
<th>Other Weather</th>
<th>Man-made</th>
<th>Aviva loss ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>44%</td>
<td>49%</td>
<td>5%</td>
<td>54%</td>
</tr>
<tr>
<td>2011</td>
<td>44%</td>
<td>54%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2012</td>
<td>59%</td>
<td>54%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2013</td>
<td>59%</td>
<td>54%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2014</td>
<td>59%</td>
<td>54%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2015</td>
<td>59%</td>
<td>54%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2016</td>
<td>59%</td>
<td>54%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2017</td>
<td>69%</td>
<td>64%</td>
<td>6%</td>
<td>64%</td>
</tr>
<tr>
<td>2018</td>
<td>69%</td>
<td>64%</td>
<td>6%</td>
<td>64%</td>
</tr>
</tbody>
</table>

**Market large losses (USD bn)**

- USD 0 bn
- USD 20 bn
- USD 40 bn
- USD 60 bn
- USD 80 bn
- USD 100 bn
- USD 120 bn
- USD 140 bn
- USD 160 bn

*Source: Swiss Re Institute Sigma Report (2018 market large losses data unavailable). Loss ratio excludes the impact of Ogden.*
Our strategic priorities will form the basis of future growth

**Leading fundamentals**
- Data & analytics
- Pricing & underwriting
- Talent & capability

**Simplicity & speed**
- Fast customer journeys
- Self-serve capability
- Clear accountability

**Focused execution**
- Targeted customer acquisition
- Closing gaps where underweight
- Tackling underinsurance

**Result**
- Business mix improvement
- Reducing frequency & severity
- Higher conversion
- Lower expense ratio
- Faster premium growth
- Sustainable profit growth
Growth focus and COR improvement

3pp in like-for-like COR targeted

- **Claims**: risk management & prevention, fraud detection, pricing & underwriting
- **Commission**: strong intermediary relationships, continued focus on direct
- **Expense**: greater automation, improved operations, product & IT simplification
UK Personal lines strategy: simpler end-to-end structure will unlock the opportunity in our business

Success story: Quotemehappy

- Lean standalone business
- Digital only, low cost IT
- Best in class technical pricing models

Leading fundamentals

- Market leading underwriting and claims indemnity
- Optimising analytics
- MyAviva and Aviva Plus

Simplicity & speed

- Restructured to ensure clear end-to-end P&L accountability
- 20% reduction in cost base (2022)
- Reducing product set from 400 to 40 (2022)

Focused execution

- Customer acquisition, conversion and retention
- Targeted growth – leisure & lifestyle, telematics, Aviva private clients
UK commercial lines strategy: digitising micro, develop mid-market, targeting underinsurance in specialty

Success story: GCS

- Refocused to industry segment
- Client service model
- Focus on risk management

Leading fundamentals

- Digitally advanced underwriting – 50,000 auto renewals
- Industry segment expertise – Property Investors #1
- Exposure Management – Flood Mapping

Simplicity & speed

- Removing c68,000 hours of non value processes in 2020
- Clear broker journey – Fast Trade
- Total Customer Underwriting - CIT

Focused execution

- Target markets – micro, mid-market, regional specialty & heartland corporate
- Target growth – 15% Market share
Canada strategy: primed for growth

Success story: turnaround

- Clear end-to-end accountability
- Fix, transform, grow
- Machine learning risk modelling and claims analytics

Leading fundamentals

- Leverage individual strengths of all distribution channels
- Invest in data & analytics across pricing sophistication and claims management
- Outpace competitors

Simplicity & speed

- Digitise customer experience
- Enhanced broker service
- Differentiated quoting for small commercial

Focused execution

- Accelerate growth in SME and GCS, develop direct/aggregator
- Grow Leisure & Lifestyle with a mid-90s COR
- RBC partnership extended by 5 years to 2036
Aviva GI growth in NWP of 20%

**Maintain strength**
- Small commercial
- Bancassurance
- Personal lines retail
- Small commercial
- Mid-market commercial
- Resilient distribution

**Growth Engines**
- Direct & aggregator
- Global Corporate & Specialty
- Midmarket
- Leisure & lifestyle
- RBC
- Global Corporate & Specialty
- SME
- Personal lines direct

**Improve**
- Leisure & lifestyle
- Broker personal lines
- Direct personal lines
- Broker consolidation platform
- Italy & Poland motor
General Insurance ambition

Growth

Higher returns

Cost reduction

Sustainable profitable growth at a reduced expense ratio delivering attractive returns on capital

Financial ambitions

NWP +20% (2022)
Cash remittances £2.0-2.5bn (cumulative 2019-22)
GI COR 95% (2022)
ROC 14% (2022)
Today’s key messages

Aviva has focused European franchises with strong operational track record

We are actively managing the headwind arising from low interest rates

Continuing to transform the business mix away from guaranteed savings, enabled by strong distribution and fundamentals

Financial ambitions

ROC
Life: 9.5%
(2022)

Cash remittances
Life: £0.75-1.25bn
(cumulative 2019-22)

GI COR
95%
(2022)
Track record of growth

**Revenues**

Europe GI net written premiums

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>1,754</td>
</tr>
<tr>
<td>FY17</td>
<td>1,943</td>
</tr>
<tr>
<td>FY18</td>
<td>1,971</td>
</tr>
</tbody>
</table>

Europe Life PVNBP

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>8,992</td>
</tr>
<tr>
<td>FY17</td>
<td>10,551</td>
</tr>
<tr>
<td>FY18</td>
<td>12,625</td>
</tr>
</tbody>
</table>

**Operating profit**

Total Europe (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gl &amp; H</td>
<td>802</td>
<td>903</td>
<td>991</td>
</tr>
</tbody>
</table>

**Operating Capital Generation**

Total Europe (£bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Gl &amp; H</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- All metrics and 2018 data are from year-end reports.
- FY18 is projected operating profit in a non-IAS 39 & IFRS framework. 
- A further calculation of value at risk for 2018 is provided in the financial review.
- The financial statements include contributions and impairment losses to financial intangible assets, which are previously presented within net operating profit from operations.
- European life operations have been restated Accordingly. 
- FY18 operating profit has been included as a new line.
- "PVNBP" is presented on an adjusted basis. For further information, please refer to the "Other Information Cruised to" of the annual report.
France

The market and Aviva

#11 Life (4% share)
#12 GI (2% share)
#4 Traditional insurer
  - 2.9m customers
  - £0.6bn FY18 OCG
  - £510m FY18 operating profit*(Life 80%/ GI 20%)
  - 2016-18 average COR 95%
  - Strong in SME & wealth management

Distribution

Key partners
- Brokers (1,500 Life; 186 GI)
- #1 Savings association
- 760k members, affluent customer base
- Aviva owns 2/3rd distribution
- €53bn reserves; c50% of life NB

Owned
- #4 tied agent network
- #1 life broker

Focus: Savings & Retirement

Savings: €69bn reserves
- €1.7tn market*
- 2 products: AFER and non-AFER
- 27% in unit-linked
- Switches & top-ups at anytime

Pensions: €5bn reserves
- €200bn market*
- 2 products: individual & self-employed
- New Pacte opportunity

*Data at Aviva/Savings profit has been adjusted in recognition of internally generated/realigned fees. **FY18 (3 years prior) report *from link to both annual and half-yearly insurance
The market and Aviva

#5 Life (6% share)

#18 GI (1% share)

- 1.4m customers
- £0.1bn FY18 OCG
- £177m FY18 operating profit (Life 83%/ GI 17%)
- Strong net flows: FY18: £3.6bn; HY19: £1.6bn
- Repositioning in GI
- Broadening distribution

Distribution

Bancassurance

Key partners

Agents / IFAs

- 7k+ agents across 10 networks
- FAs distribute >50% of new business sales (FY14 <10%)
- Finco: largest IFA network in Italy with >2.5k agents

Focus: Hybrid product

With-profits

Unit-linked

Protection riders

Customer

- Attractive yields vs. peers
- Stable performance & partial capital guarantee
- Protection for unforeseen events

Aviva

- 10% market share of hybrid NB sales (FY18)
- 0% minimum guarantee rate on with-profits
- <50% WP in Italian sovereign & financial corporate bonds
- Non-reversible auto-switch to unit-linked
Poland

The market and Aviva

#2 Life (8% share), #1 non state-owned player

#10 GI (1% share)

- 2.1m customers
- £0.1bn FY18 OCG
- £198m FY18 operating profit (Life 89%/ GI 11%)
- Capital-light life products
- Small in GI but sub 90% COR
- Strong capital position >200%

Distribution

Owned

- #1 tied agent network
- Digital Direct
- IFA
- Aggregator

Bancassurance

- Key driver of recent growth
- Opportunity to expand health & protection offering

Focus: Market & regulations

FY12-17 market GWP* (BnPLN)

Life
- Downward trend as customer demand shift from Savings to Protection

GI
- Growth through Motor repricing
- Underserved SME opportunity

*Source: McKinsey
### Ireland and Turkey

#### Aviva Ireland

<table>
<thead>
<tr>
<th>#4</th>
<th>#2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life (15% share)</td>
<td>GI (15% share)</td>
</tr>
<tr>
<td>0.9m customers</td>
<td>£96m FY18 operating profit†</td>
</tr>
<tr>
<td>£0.1bn FY18 OCG</td>
<td>Life 42% / GI 58%</td>
</tr>
</tbody>
</table>

- #1 trusted financial services brand
- Friends First integration on track

#### Aviva Turkey

<table>
<thead>
<tr>
<th>#5</th>
<th>#1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life (8% share)</td>
<td>Private pension provider</td>
</tr>
<tr>
<td>2.4m customers</td>
<td>£10m FY18 operating profit†</td>
</tr>
<tr>
<td>£0.1bn FY18 OCG</td>
<td>Life 100%</td>
</tr>
</tbody>
</table>

- Leading positions in pensions and auto-enrolment
- Strong and collaborative partner in Sabanci

*Operating profit has been adjusted to remove contributions of internally generated triangulations"
Active management of the low yield environment

Insurance and investment contract liabilities

- Guaranteed reserves form 64% of Europetotal liabilities (SII basis, FY18)
- Average inforce guarantee rates are <1% and reducing with all new with-profits contracts (incl. Hybrid) at 0% guarantee
- Ongoing ALM actions incl. asset mix optimisation and hedging
- Material shift in new business mix 57% of FY18 NB sales from capital-light products

Guarantees versus yields

- France
  - Yield: 2.7%
  - Guarantee: 0.7%
- Italy
  - Yield: 3.5%
  - Guarantee: 0.5%
Accelerate growth in capital-light in France and Italy

Market conditions put pressure on performance

- In volatile markets, new business mix is impacted as customers seek security of capital and are cautious on unit-linked
- In a low yield environment, guarantees put pressure on returns for insurers, while business mix is impacted

We will materially shift mix towards capital light

- Commercial initiatives in place to shift mix towards unit-linked incl. auto-switching programmes in France and Italy
- Continue to develop attractive UL propositions leveraging Aviva Investors expertise and ESG leadership e.g. Aviva Vie Solutions Durables
- Introduction of new products and Pacte law in France
- Continue to evolve Hybrid product in Italy

*Excl. Sport, Ametrax and Aviva Life

Fall in long-term interest rates | Volatile investment markets
---|---
French 10Y, 2019 YTD | Euro Stoxx50, 2019 YTD

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe PVNB (€m)</td>
<td>8,992</td>
<td>10,551</td>
<td>12,625</td>
</tr>
<tr>
<td>WP &amp; annuities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>57%</td>
<td>48%</td>
<td>43%</td>
</tr>
<tr>
<td>Capital light</td>
<td>43%</td>
<td>52%</td>
<td>57%</td>
</tr>
</tbody>
</table>
Capture pension opportunity in France – Pacte law

What does Pacte law mean?

More attractive pension product for customers

- Portability
- Favourable tax regime
- Flexible exit conditions

€100bn+ market opportunity by 2022
(+50% vs. 2018)

How will Aviva capture this opportunity?

We have strong capabilities to grow in the pension market

- Market leading and largely owned distribution
- #4 Individual Pensions with award-winning products
- 1st insurer to have launched FRPS: capital-efficient pension entity
- Pacte product launched in October 2019
- Leverage UK expertise in workplace pensions

突发事件

Aiming to grow faster than the market
Enhance scale of GI businesses

Europe GI

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>62%</td>
<td>61%</td>
<td>59%</td>
</tr>
<tr>
<td>Commercial</td>
<td>38%</td>
<td>39%</td>
<td>41%</td>
</tr>
</tbody>
</table>

- Mix shifting to Commercial & ambition to continue
- COR ≥95% over 2017-18 and ambition to continue

SME opportunity

Large, underserved & underpenetrated market

How we will win
- New SME GI & Protection product in France
- Rollout Aviva+ for SMEs in Italy
- Specialty products in Poland
- Continue to invest in broker distribution

Personal Lines

France
Grow through multi-channel approach (Client Unique)

Italy
Motor turnaround complete, focus growth on non-motor

Ireland
Grow through Direct, supported by simplified customer journeys

Poland
Grow via Direct & Santander
Further improve efficiency

Efficiency ratios

- Revenues have grown at a faster rate than operating expenses since 2016 and headcount has remained flat
- Focus on cost efficiency to continue

While continuing to invest to support growth

- Development and consolidation of IT platforms including:
  - Guidewire-based GI platform in Italy
  - Migration of AFER to Aviva
  - Robotic automation
- Investment in distribution & brand

Case study: Client Unique initiative in France

- Full multi-channel approach supporting customer centricity: same product, same price across all channels
- Optimised agent efficiency: focus on customer acquisition and service quality leading to higher customer satisfaction
- Increased profitability through direct platform claims management and standardisation of underwriting conditions
- Gradual product launch, starting with Home and Motor

*Operating expenses (aug. to include amortisation of internally generated intangibles, “other operating” expenses, integration & restructuring costs in FY16 & FY17) divided by operating profit (incl. defined benefit).

**Operating expenses (aug. to include amortisation of internally generated intangible, “other operating” expenses, integration & restructuring costs in FY16 & FY17, excl. disposals and losses attributable to sale volumes) divided by NOP.
Europe ambition

Sustainable growth by accelerating business mix evolution

- Strong track record
- Managing low interest rates
- Transforming the business mix
- Investing in our distribution
- Further improve efficiency

Financial ambitions

- ROC Life: 9.5% (2022)
- Cash remittances Life: £0.75-1.25bn (cumulative 2019-22)
- GI COR 95% (2022)
Today’s key messages

Aviva Singapore
Well positioned to deliver sustainable growth and net cash generation to the Group

Leader in fast-growing, profitable Financial Advisory channel

#2 in the employee benefits space with strong cross-sell success

Highly profitable product portfolio across protection and savings

Financial ambitions

VNB Double-digit growth (2022)

Net cash contributor to Group
Refreshed strategy set in 2015 to align with industry evolution in developed markets

Ambition:
To be Singapore’s leading insurer

Where to play:
Financial Advisory
40 of 40\(^{(1)}\)

- **FA channel**: 40% of total industry sales
- **Aviva SG 40%** market share of FA channel

How to win:
“JAWS”

- Digitally enabled distribution & support functions
- Disciplined product mix management

Guiding principles for our strategy

- Difficult to replicate
- Stakeholder alignment
- Execution capability
- Choice for customers
- Scalable
- No channel conflict

Note: \(^{(1)}\)“40 of 40” excludes Group and Affinity.
Differentiated strategy with a focus on profitability

Market positioning\(^{(1)}\)

**Tier 1**
Life insurer

**No. 2**
Employee Benefits by GWP

7%
Market share by APE

Leading franchise
Regular premium FA channel, with 31% market share

---

2018 distribution mix by APE

<table>
<thead>
<tr>
<th>Industry</th>
<th>Agency</th>
<th>Banca</th>
<th>FA</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37%</td>
<td>35%</td>
<td>22%</td>
<td>6%</td>
</tr>
</tbody>
</table>

2018 product mix by APE\(^{(2)}\)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Savings</th>
<th>Protection</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16%</td>
<td>3%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Aviva Singapore

<table>
<thead>
<tr>
<th>FA</th>
<th>EB/Affinity</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%</td>
<td>16%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Aviva Singapore

<table>
<thead>
<tr>
<th>Savings</th>
<th>Protection</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>51%</td>
<td>49%</td>
<td></td>
</tr>
</tbody>
</table>

---

Source: Monetary Authority of Singapore, Life Insurance Association.
Note: (1) All data based on Q3 2019. (2) Investment-linked products are captured across categories. "Others" includes products not categorised in Savings (Whole Life and Endowment) and Protection (Term and A&H), such as Annuities.
Overview of key distribution channels: FA, EB and Affinity

Financial Advisory (FA)
- Operates through 2 owned subsidiaries, AFA and PIAS, and third party FA firms
- FA has choice to leverage Aviva’s brand name
- Customer centric product offerings supported by established FA compensation structure

Employee Benefits (EB)
- #2 in the EB space with strong cross-sell success
- Broad customer footprint across private and public sector(1)
- Comprehensive product propositions, underpinned by leading digital servicing capabilities and developed infrastructure

Affinity
- Own sales force, focus on cross-sell
- Three strategic pillars: (A) co-branding-partnership approach, (B) bespoke solutions and (C) multi-distribution approach
- Strong growth opportunity in scale and profitability

Top 10 insurers in overall EB by market share (total 2018 market size by GWP: S$1.2 bn)

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>31%</td>
</tr>
<tr>
<td>Aviva SG</td>
<td>24%</td>
</tr>
<tr>
<td>B</td>
<td>12%</td>
</tr>
<tr>
<td>C</td>
<td>8%</td>
</tr>
<tr>
<td>D</td>
<td>6%</td>
</tr>
<tr>
<td>E</td>
<td>6%</td>
</tr>
<tr>
<td>F</td>
<td>5%</td>
</tr>
<tr>
<td>G</td>
<td>4%</td>
</tr>
<tr>
<td>H</td>
<td>3%</td>
</tr>
<tr>
<td>I</td>
<td>2%</td>
</tr>
</tbody>
</table>

# of Advisors

<table>
<thead>
<tr>
<th>Year</th>
<th>AFA</th>
<th>PIAS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>864</td>
<td>444</td>
<td>1,308</td>
</tr>
<tr>
<td>2017</td>
<td>673</td>
<td>593</td>
<td>1,266</td>
</tr>
<tr>
<td>2018</td>
<td>816</td>
<td>724</td>
<td>1,540</td>
</tr>
</tbody>
</table>

# of Affinity relationship consultants (ARC)

<table>
<thead>
<tr>
<th>Year</th>
<th>ARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>59</td>
</tr>
<tr>
<td>2017</td>
<td>120</td>
</tr>
<tr>
<td>2018</td>
<td>131</td>
</tr>
</tbody>
</table>

Source: Monetary Authority of Singapore.
Note: (1) For example: Ministry of Defence (MINDEF), Ministry of Home Affairs (MHA) and Public Officers Group Insurance Scheme (POGIS).
Highly profitable product portfolio across Protection and Savings

Active and disciplined management of product mix is essential for FA channel

<table>
<thead>
<tr>
<th>Year</th>
<th>Protection</th>
<th>Savings</th>
<th>Unit Linked</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>28%</td>
<td>60%</td>
<td>48%</td>
</tr>
<tr>
<td>2016</td>
<td>40%</td>
<td>48%</td>
<td>51%</td>
</tr>
<tr>
<td>2017</td>
<td>52%</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td>2018</td>
<td>52%</td>
<td>48%</td>
<td>49%</td>
</tr>
</tbody>
</table>

VNB Margin: 54%, 109%, 105%, 115%

Early mover to address government initiatives through product innovation; well-placed as a government approved insurer

LIA’s protection gap study

War on diabetes

My MultiPay Critical Illness Plan

My CoreCIPlan

My Protector

Diabetes critical illness product
“first in market” and direct response to government’s priority per 2018 National Day Rally speech

License for shield and long term care product
One of the few Shield writers in SG and leader in the sector

Note: (1) Figures for Aviva Ltd only. 2015 and 2016 based on estimated Solvency II figures. 2017 and 2018 based on Solvency II figures. (2) Product mix in 2015 and 2016 exclude retail investment products. (3) Unit linked product mix is less than 1% of APE for 2015-2018.
Well positioned to deliver sustainable growth and net cash generation to the Group
### FY18 divisional breakdown

<table>
<thead>
<tr>
<th>FY18 £m</th>
<th>Group</th>
<th>UKL + IS&amp;R</th>
<th>GI</th>
<th>Europe Life</th>
<th>Asia Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>SII OCG (shareholder basis)</td>
<td>3,198</td>
<td>1,903</td>
<td>571</td>
<td>726</td>
<td>55</td>
</tr>
<tr>
<td>of which OF generated (gross of interest costs)</td>
<td>2,319</td>
<td>1,622</td>
<td>455</td>
<td>390</td>
<td>144</td>
</tr>
<tr>
<td>Opening OFs (divisional allocation)</td>
<td>24,737</td>
<td>14,599</td>
<td>4,535</td>
<td>5,539</td>
<td>1,477</td>
</tr>
<tr>
<td>SII ROC (unlevered)</td>
<td>9.4%</td>
<td>11.1%</td>
<td>10.0%</td>
<td>7.0%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Deduct interest costs</td>
<td>(297)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deduct prefs/DCI costs</td>
<td>(74)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OF generated (UT1)</td>
<td>1,948</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening UT1 OFs</td>
<td>15,550</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SII ROE (shareholder basis)</td>
<td>12.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Operating profit as reported at FY18 results

| Presentation change: intangibles | 3,116 | 2,060 | 658 | 799 | 278 |
| Operating profit | (112) | (26) | (82) | (2) | (1) |

#### Operating profit

| UKD alignment to UK businesses | 3,004 | 2,034 | 576 | 797 | 277 |
| Contribution from divestments (Avipop & Spain) | (17) | (45) | (86) | (2) | (15) |

#### Operating profit - adjusted

| o/w FPI | 2,987 | 1,989 | 488 | 782 | 277 |
| o/w operating profit (excl. FPI & divestments) | 151 | 151 |    |    |    |

#### GI COR (incl. UKD & adj. for intangibles)

| o/w UKGI (incl. UKD) | 98.2% |
| o/w Canada | 96.9% |
| o/w Europe | 93.5% |

- FY18 baseline view
- FY18 operating profit and COR have been adjusted to include amortisation and impairment of internally generated intangibles
- For illustrative purposes, these metrics have also been adjusted to reflect alignment of UK digital costs within the UK business (which are presented within Other Group Activities at FY18) and divestments.