Transforming Aviva

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Disclaimer

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Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the presentation include, but are not limited to: the impact of ongoing difficult conditions in the global financial markets and the economy generally; the impact of simplifying our operating structure and activities; the impact of various local political, regulatory and economic conditions; market developments and government actions regarding the sovereign debt crisis in Europe; the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value of our portfolio and impact our asset and liability matching; the impact of changes in short or long term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives or an acceleration of repayment of intercompany indebtedness; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events on our business activities and results of operations; our reliance on information and technology and third-party service providers for our operations and systems; the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; increased competition in the UK and in other countries where we have significant operations; the effect of the European Union’s “Solvency II” rules on our regulatory capital requirements; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs (“DAC”) and acquired value of in-force business (“AVF”); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events; risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of fluctuations in share price as a result of general market conditions or otherwise, including any as a result of the proposed acquisition of Friends Life; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in government regulations or tax laws in jurisdictions where we conduct business, including decreased demand for annuities in the UK due to proposed changes in UK law; the inability to protect our intellectual property; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing/regulatory approval impact, integration risk and other uncertainties, such as non-realisation of expected benefits or diversion of management attention and other resources, relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries, including specifically the proposed acquisition of Friends Life; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US or elsewhere, including the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see Item 3d, “Risk Factors”, and Item 5, “Operating and Financial Review and Prospects” in Aviva’s most recent Annual Report on Form 20-F as filed with the SEC on 16 March 2015 (and also Part II (Risk Factors) of the prospectus published by Aviva on 19 January 2015 in relation to the proposed recommended all-share acquisition of Friends Life by Aviva). Aviva undertakes no obligation to update the forward looking statements in this announcement or any other forward-looking statements we may make. Forward-looking statements in this presentation are current only as of the date on which such statements are made.
A true customer composite and British champion delivering value to customers and shareholders around the world

A true customer composite

- Life Insurance
  - Retirement Income, Savings, Pensions, Life cover, Protection
- General Insurance
  - Home, Motor, Travel, Commercial
- Health Insurance
  - Private Medical Insurance
- Asset Management
  - Managing assets for Aviva and other clients

Cash flow plus growth

12.25p
Final dividend 2014, a 30% increase on final dividend 2013

A strong franchise

- 319 years
  - Protecting our customers
- £300bn+
  - Assets Under Management
- 34 million
  - Customers globally
- £24.6bn
  - Paid in benefits and claims in 2014
Significant progress

Aviva has delivered a solid performance over the past two years

1. VNB growth is in constant currency.
Balance sheet and cash

**Economic capital surplus**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>£bn</td>
<td>5.3</td>
<td>8.3</td>
<td>8.4</td>
</tr>
</tbody>
</table>

**Inter-company loan**

<table>
<thead>
<tr>
<th>Year</th>
<th>Feb-12</th>
<th>Feb-13</th>
<th>Feb-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>£bn</td>
<td>5.8</td>
<td>4.1</td>
<td>2.8</td>
</tr>
</tbody>
</table>

**External leverage ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TNAV</td>
<td>48%</td>
<td>41%</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>31%</td>
<td>28%</td>
</tr>
</tbody>
</table>

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**Holding company excess cash flow**

The Friends acquisition is expected to drive £0.6bn incremental cash flow.

**£0.8bn target by 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business unit remittance</td>
<td>£0.2bn</td>
<td>£0.1bn</td>
</tr>
<tr>
<td>Central Spend 2</td>
<td>£0.3bn</td>
<td>£0.2bn</td>
</tr>
<tr>
<td>Internal debt costs</td>
<td>£0.4bn</td>
<td>£0.4bn</td>
</tr>
<tr>
<td>Excess cash flow</td>
<td>£0.7bn</td>
<td>£0.0bn</td>
</tr>
</tbody>
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**Priority has been to reduce debt financing cost and grow excess cash flow**

1. The economic capital surplus represents an estimated unaudited position. The term 'economic capital' relates to Aviva’s own internal assessment and capital management policies and does not imply capital as required by regulators or other third parties. The 2014 economic capital is before deduction of £0.4bn dividend declared in December 2014.

2. Includes other operating cash flows such as central investment income and group tax relief payments.
Our priority remains to deliver cash flow plus growth

Value Drivers

Cash Flow

- Transform the balance sheet
- Increase cash remittances
- Improve cost efficiency
- Integrate Friends Life

Growth

- Unlock growth potential in emerging and turnaround markets
- Drive True Customer Composite
- Grow digital and direct business
- Reallocate capital towards higher return or growth businesses

Completed  Not started
Cost efficiency

Focus on improving efficiencies

<table>
<thead>
<tr>
<th>Group operating expense ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>Target</td>
</tr>
</tbody>
</table>

We have made some progress improving cost efficiency but there is more to do.
The acquisition of Friends Life has been completed creating a UK insurance leader

Financial

• £0.6bn incremental cash flow. £1.15 billion\(^1\) additional holding company liquidity

• Leverage consistent with S&P AA rating – no further need to de-lever

• £225 million of run rate synergies per annum expected by end of 2017

• 30% increase in Aviva final dividend. Move to c.2x operating EPS\(^2\) cover over the medium term

Strategic

• Secures leading insurance and savings position in our home market

• Brings c.5 million Friends Life customers to Aviva, accelerating our digital and true customer composite strategies

• Adds significant scale and expertise to our back book initiative

• Adds up to c.£70 billion of funds for Aviva Investors

• Enables investment in our growth businesses

1. Friends Life Available Shareholder Assets as at 30 September 2014 adjusted for Lombard disposal proceeds net of share buyback conducted to date.
2. Operating EPS on an IFRS basis
Progress on international growth

Our international mature and emerging markets delivered 20% VNB growth in 2014

Note: VNB numbers exclude Eurovita, Aseval and NCG. Turkey underlying VNB excludes impact of withholding tax modelling and change in ownership percentage.
We have an exciting opportunity to deliver a digital one stop-shop for insurance, transforming the way we do business and interact with our partners and customers.

**Why Now**
- UK consumer = digital consumers
- Disintermediation of insurance
- Customers looking for simplicity

**Why Aviva**
- A strong, trusted brand
- The only UK composite insurer
- Strong digital heritage

Aviva is well placed to unlock the composite opportunity in the UK.
Delivering our ambitious digital agenda is a key focus for Aviva

**My Aviva App**
- Online, simple portal for Aviva’s UK customers

**Virtual branch**
- Virtual consultants for investment solutions in Poland

**Pocket doctor**
- Partnership with Chunyu Online Doctor in China and Babylon in the UK & Ireland
High growth opportunities

**Asset Management**
- £300bn+ AuM, mainly in the UK & France
- Predominately captive asset manager
- Launched AI Multi Asset Strategy range

**Accident & Health**
- c$140bn market premium in our 16 markets
- Significant VNB contributions to the Group
- Investing in digital wellness & innovation

**How we will realise our untapped potential**

- Leverage our True Customer composite
- Offer simple solution that are relevant to our customers
- Build scale in selected, profitable markets
- Invest in core capabilities & operating excellence

We will drive growth by allocating capital to higher return and higher growth businesses
Conclusion

Our priority remains to deliver cash flow plus growth

Cash flow
- Transform the balance sheet
- Improve cost efficiency
- Increase cash remittances
- Integrate Friends Life

Growth
- Unlock growth potential in emerging and turnaround markets
- Drive True Customer Composite
- Grow digital and direct business
- Reallocate capital towards higher return or growth businesses

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