Aviva
Capital Markets Day
6 July 2016
Disclaimer

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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 the risk factors contained in the Euro Note Programme prospectus published on 1 May 2015. Aviva undertakes no obligation to update the forward looking statements in this presentation 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.
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Mark Wilson
Group Chief Executive Officer
## Context

### Fundamentals are sound…
- Fixed balance sheet
- No longer capital constrained
- Results are consistent
- Strong brand and franchises

### Yet…
- Brexit uncertainty
- Questions on growth
- Still too complex
What we are here to answer

How will you grow earnings?
What is the trajectory of the dividend?
How strong and resilient is the balance sheet?
What is the outlook for capital generation?
What are capital management priorities?
What is the quality of your franchises?
What is the potential of TCC digital?
What is the impact of Brexit?
Insurance is about diversity. And for Aviva, diversity is about multi-line, multi-country in a focused disciplined way.
Strategic anchor

Cash flow plus growth

True Customer Composite

Digital First

Not Everywhere
Strategic identity

British champion, focused composite

- Quality core franchises
- Strong balance sheet
- Sustainable growing dividend
- Surplus capital provides options
- Oaks, acorns and apple trees
Our expectations

Operating profit
Mid-single digit growth in medium term

Cash
£7bn cash remittances 2016 -2018

Dividend
50% pay-out ratio 2017
Brexit considerations

**Structure**
- No significant operational issues
- Locally incorporated and regulated

**Capital**
- Proven resilience
- Low interest rate sensitivity

**Earnings**
- Positive: FX, diversity
- Negative: Asset values, economic growth

**Politics**
- Economic uncertainty

### Diversified earnings

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
<tr>
<td>Asia</td>
<td>3%</td>
</tr>
<tr>
<td>Spain</td>
<td>5%</td>
</tr>
<tr>
<td>Italy</td>
<td>4%</td>
</tr>
<tr>
<td>Poland</td>
<td>7%</td>
</tr>
<tr>
<td>Canada</td>
<td>14%</td>
</tr>
<tr>
<td>France</td>
<td>3%</td>
</tr>
<tr>
<td>AI</td>
<td>12%</td>
</tr>
<tr>
<td>UK GI</td>
<td>44%</td>
</tr>
<tr>
<td>UK Life</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
<tr>
<td>Asia</td>
<td>7%</td>
</tr>
<tr>
<td>Spain</td>
<td>5%</td>
</tr>
<tr>
<td>Italy</td>
<td>4%</td>
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<tr>
<td>Poland</td>
<td>7%</td>
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<tr>
<td>Canada</td>
<td>14%</td>
</tr>
<tr>
<td>France</td>
<td>3%</td>
</tr>
<tr>
<td>AI</td>
<td>12%</td>
</tr>
<tr>
<td>UK GI</td>
<td>44%</td>
</tr>
<tr>
<td>UK Life</td>
<td>7%</td>
</tr>
</tbody>
</table>

FY15 Market OPBT
# Capital allocation

## Philosophy

To maximise return for shareholders

## Options

- Dividend is paramount
- Organic growth
- Bolt on M&A
- Capital return
- Debt restructuring
Oaks, acorns and apple trees

- **Oaks**
  - Solid growth, sustainable cash

- **Acorns**
  - Future, fast growth

- **Apple trees**
  - Simplify, restructure, focus, improve
Oaks, acorns and apple trees

UK: Deepen
France: Focused
Poland: Grow
Canada: Diversify

AI: Accelerate
Digital: Innovate
Asia: Disrupt
Turkey: Grow

Spain: Simplify
Italy: Restructure
FPI: Optimise
India/Taiwan: Improve
Digital first

Leading indicators

Registrations
- Jan 15: 1.8m
- May 16: 2.8m

Average policy holding
- UK: 1.5
- Direct: 1.8
- MyAviva: 2.5

Margin implications

30% lower total cost

Size of the prize

UK digital budget operating profit
- 2016: £150m
- 2018: £300m

1. 30% relates to total cost for new GI home cross sales to our existing retirement customers compared to new intermediated home customers.
Our brand is a key source of competitive advantage
The UK market is not known as a composite one and preferences for consolidation are quite low. However, Aviva does compare well highlighting the opportunity if it can make a success of its strategy.

~UBS

Source: UBS Evidence Lab: What Consumers Want
Why the UK?

- 3rd largest insurance market
- Large, ageing and affluent population
- Structural savings growth
- Attractive product set
- Disintermediation
- Digital opportunity
- Stable regulation
- Consolidated and commercial
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Tom Stoddard
CFO
What we are here to answer

How stable is the balance sheet?
What is our exposure to interest rates?
What is our exposure to credit?
What is the outlook for operating EPS?
When will we reach our dividend pay-out target?
What funds the dividend?
How will Aviva’s business mix result in growth?
How stable is the balance sheet?

**Capital**

<table>
<thead>
<tr>
<th>Year</th>
<th>EC</th>
<th>S2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>130%</td>
<td>172%1</td>
</tr>
<tr>
<td>2012</td>
<td>182%</td>
<td>178%</td>
</tr>
<tr>
<td>2013</td>
<td>180%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capital position resilient to wide range of market stresses

**Liquidity**

<table>
<thead>
<tr>
<th>Year</th>
<th>Feb-15</th>
<th>Feb-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>£1.1bn</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Debt leverage**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Leverage Ratio</td>
<td>31%</td>
<td>28%</td>
<td>27%</td>
</tr>
</tbody>
</table>

**Ratings**

A+ (Stable)
A1 (Stable)
A (Stable)
AA- (Stable)

1. Pro-forma basis
How stable is the balance sheet? Well capitalised and resilient to stress

**Group SII ratio**

- **FY15: 180% coverage ratio**
  - **Capital redeployment**
  - **Working range**
  - **Risk reduction**

<table>
<thead>
<tr>
<th>Minimum Capital requirement (<strong>MCR</strong>)</th>
<th>100% Solvency Capital Requirement (<strong>SCR</strong>)</th>
</tr>
</thead>
<tbody>
<tr>
<td>-10% Equities movement (decrease)</td>
<td>180%</td>
</tr>
<tr>
<td>-25% Interest rates¹</td>
<td>177%</td>
</tr>
<tr>
<td>-25bps Corporate bond spreads</td>
<td>176%</td>
</tr>
<tr>
<td>+100bps</td>
<td>177%</td>
</tr>
<tr>
<td>GI shock²</td>
<td>178%</td>
</tr>
<tr>
<td>Longevity shock³</td>
<td>172%</td>
</tr>
<tr>
<td>2011 financial crisis⁴</td>
<td>169%</td>
</tr>
<tr>
<td>2008 financial crisis⁴</td>
<td>141%</td>
</tr>
</tbody>
</table>

**Equity movement**

- Decrease of 25%

**Interest rates¹**

- Transition reset

**Corporate bond spreads**

- Increase of 100bps

**GI shock²**

- 5% increase in gross loss ratio

**Longevity shock³**

- 5% decrease in mortality rates for annuity business

**2011 financial crisis⁴**

- -10% decrease

**2008 financial crisis⁴**

- -25bps increase

**Not to scale**

- **Our investment portfolio is prudently positioned**
- **No reliance on UFR**
- **Aviva has limited sensitivity to interest rates and spreads**

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¹ For interest rate stresses, the transitional is assumed to be reset
² 5% increase in gross loss ratio
³ 5% decrease in mortality rates for annuity business
⁴ The financial impacts are estimates based on observed market movements during these crises and are intended to provide a high level indication of the Group’s Solvency position in these scenarios
## What is our exposure to interest rates?

<table>
<thead>
<tr>
<th>Balance sheet</th>
<th>Profit &amp; loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolute matching strategy</td>
<td>Business mix</td>
</tr>
<tr>
<td>Resilience improved during H116</td>
<td></td>
</tr>
<tr>
<td>UK risk margin – transitional reset</td>
<td>Av. yield significantly above guarantees</td>
</tr>
<tr>
<td>Low guarantees in European savings</td>
<td>Av. yield in GI 2.7%. New money c.1.8%</td>
</tr>
<tr>
<td></td>
<td>Annuity volumes?</td>
</tr>
</tbody>
</table>
### What is your exposure to credit?

<table>
<thead>
<tr>
<th>Shareholder assets (FY 2015)</th>
<th>Debt securities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£ million</td>
<td>% of portfolio</td>
</tr>
<tr>
<td>AAA</td>
<td>6,770</td>
<td>14.1%</td>
</tr>
<tr>
<td>AA</td>
<td>16,271</td>
<td>34.0%</td>
</tr>
<tr>
<td>A</td>
<td>13,145</td>
<td>27.4%</td>
</tr>
<tr>
<td>BBB</td>
<td>8,347</td>
<td>17.4%</td>
</tr>
<tr>
<td>Less than BBB</td>
<td>691</td>
<td>1.4%</td>
</tr>
<tr>
<td>Non rated</td>
<td>2,712</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47,936</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

- Conservative portfolio - minimal defaults
- 93% of non rated assets rated as investment grade internally
- Bank debt securities both senior and sub debt - £5.9bn
- Commercial mortgage portfolio
  - LTV 61% FY 2015
What is the outlook for operating EPS?

IFRS Operating EPS

- Longer term earnings growth: mid single digit increase
- Growth in 2016 / 2017 may be challenged by uncertainty
- 2016 impacted by increased share count. Weighted average share-count increased by 8% on 2015
- Intention to pay progressive dividend throughout, even through uncertainty
- EPS driven by quality core franchises and not predicated on large scale M&A

1. Restated to exclude amortisation and impairment of acquired value of in-force business, which is now shown as a non-operating item. This is consistent with the calculation of 2014 and 2015 operating EPS
Dividends

- We aim to reach a 50% pay-out ratio in 2017
  - Allows for balance between cash flow and growth
  - 50% pay-out ratio not a ceiling on capital return
- From FY18 onwards: DPS in-line with operating EPS

Pay-out ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Pay-out Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>34%</td>
</tr>
<tr>
<td>2014</td>
<td>37%</td>
</tr>
<tr>
<td>2015</td>
<td>42%</td>
</tr>
<tr>
<td>2017 &amp; beyond</td>
<td>50%</td>
</tr>
</tbody>
</table>

1. Restated to exclude amortisation and impairment of acquired value of in-force business, which is now shown as a non-operating item. This is consistent with the calculation of 2014 and 2015.

When will we reach our dividend pay-out target?
What funds the dividend?

Cumulative 2016 – 2018 position

- **Business unit generation**
  - FY 16–18 capital generation covers dividend
  - Ongoing c.20pts of generation

- **Remittance expectation**
  - 80% - 100% of capital generation
What is our approach to capital management?

Balanced approach to excess capital – with investment and return both on the agenda

**Investment**
- Organic growth – to fuel additional dividends or capital return in future over and above guidance
- Bolt on M&A to strengthen positions (e.g. RBCI in Canada)

**Capital return**
- Share repurchase considered in the medium term if market conditions and financial position allow
- Repayment of expensive debt or other forms of liability management

- Complete upward rebasing of the dividend to 50% operating EPS pay-out ratio cover by 2017
- Sustainable long term dividend growth from 2018 onwards
## How will Aviva’s business mix result in growth? (UK)

<table>
<thead>
<tr>
<th></th>
<th>2016 – 2018 ambition</th>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| **Life**             | Low to mid single digit CAGR | • DC & platform flows  
                      |                      | • Annuity & protection new business  
                      |                      | • Expenses               | • Heritage run-off  
                      |                      |                            | • Fee margin compression  
                      |                      |                            | • Brexit                |
| **General Insurance**| Mid single digit CAGR | • HomeServe + TSB  
                      |                      | • Expenses  
                      |                      | • A&H  
                      |                      | • CSR                   | • Low yields – investment income |
| **Aviva Investors**  | Double digit CAGR    | • AIMS  
                      |                      | • Rate card  
                      |                      | • FL – integration  
                      |                      | • UK Life – increased asset capture | • Expenses – investment for growth |
Our expectations

- **Operating profit**
  - Mid-single digit growth in medium term

- **Cash**
  - £7bn cash remittances 2016-2018

- **Dividend**
  - 50% pay-out ratio 2017
UK Life
6 July 2016

Andy Briggs

2015 UK Life results including 12 months of Friends Life, excluding PMI & Ireland. Results below UK Life level are an internal view and are unaudited.
What we are here to answer

What is the size and growth potential of the UK Life market?
What is the quality of Aviva’s UK Life franchise?
How will we win in this market?
How does UK Life support the ‘True Customer Composite’?
How do we make money in UK Life?
How fast can we grow?
What cash will we deliver to Group?
Aviva’s market leading position and competitive advantage will drive cash flow plus growth

Leading position in growing markets

Competitive advantage from multi-line model

Low to mid single digit earnings growth

£3.5 – 4.0bn cash remittances (2016 – 18)
We expect UK Life Market assets to double over the next 10 years.\(^1\)

- **Long term savings\(^2\)**
  - £1.0tn assets
  - 6-11% CAGR

- **Private DB pensions**
  - £1.3tn assets
  - c.0% CAGR

- **Legacy**
  - c.£275bn assets
  - c.-10% CAGR

- **Protection**
  - £1.0bn p.a. premium
  - 1-3% CAGR

- **Annuities & equity release**
  - £350bn assets
  - 1-3% CAGR
  - £25bn p.a. flows
  - 2-6% CAGR

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1. Excluding DB
2. Long term savings includes workplace, platform and individual pensions; legacy includes with profits (excluding PruFund) bonds and savings

Sources: Aviva analysis based on ABI and Purple Book
Aviva has strong, scale market positions

- **Long term savings**
  - Workplace £51bn assets
  - Platform £3.2bn net flows

- **Annuities & Equity Release**
  - £52bn assets

- **Protection**
  - £1.7bn in-force premiums
  - £230m new premiums

- **Legacy**
  - £83bn assets
  - c.20% UK Life profits
Sustainable competitive advantage from our multi-line model

**Cost**
Economies of scale

- **UKL cost:income ratio, %**
  - 2015 Peer Group: 49%
  - Aviva 2015: 37%
  - Expected with Full Synergy: 32%

**Capital**
Significant diversification

- **SCR diversification, £bn**
  - Undiversified: 19
  - UKL Diversified: 10
  - Group Diversified: 8.4

**Customer**
Strong brand

- **Customer spontaneous awareness, %**

Source: Aviva / ICM brand tracker survey 2015
Our market leading position and competitive advantage drives low to mid single digit growth in IFRS earnings…

… and £3.5 - 4.0bn cash remittances to Group (2016-18) supported by capital generation
Long term savings: Aviva leading in workplace

Strong market growth

Market AUA, £bn

2015  300
2025  600

7-12% CAGR

950

Aviva in #1 position...

Bundled Workplace AUA, £bn

Aviva  51
Standard Life  39
Aegon  30

... generating value

- c.80% of new premiums from existing schemes
- Engaging directly with businesses and employees
- Award winning platform
- Co-developing new solutions with Aviva Investors

Source: Aviva analysis
Source: 2015 Company reports
Note: Aegon includes Blackrock
Long term savings: Aviva challenging in Adviser and Consumer platform

Strong market growth

Market AUA, £bn

- 2015: 435
- 2025: 1,600
- 9-14% CAGR

Aviva a challenger…

Platform net flows, £bn

- Hargreaves Lansdown: 6.6
- Standard Life: 4.4
- Aegon: 3.7
- Cofunds (L&G): 3.5
- Aviva: 3.2

Aviva Investors:
- 32% adviser
- 60% consumer

…with key advantages

- Broad distribution reach
- In-house advice
- Migration to single platform
- New business flows to Aviva Investors
  - 32% adviser
  - 60% consumer

Source: Aviva analysis

Source: 2015 Company reports

1 Excluding cash investments
Long term savings: Expecting significant growth in assets and profits

Growing assets…

<table>
<thead>
<tr>
<th>2015</th>
<th>2015</th>
<th>2016-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Assets</td>
<td>£83.6bn</td>
<td>£228m</td>
</tr>
<tr>
<td>Net Fund Flows</td>
<td>£2.8bn</td>
<td>£(98)m</td>
</tr>
<tr>
<td>Market Movements</td>
<td>£1.2bn</td>
<td>£130m</td>
</tr>
<tr>
<td>Closing Assets</td>
<td>£87.6bn</td>
<td>£(98)m</td>
</tr>
</tbody>
</table>

Margin 27bps

NB cost £98m

Stable margin 25-30bps

Stable NB cost c.£90-100m

Note: Long term savings includes Workplace, Platform and Individual Pensions
Annuities & Equity Release: Strong market position

**Moderate market growth**

- **Market AUA, £bn**
  - 2015: 350
  - 2025: 475

- **NB Premiums, £bn**
  - 2015: 25
  - 2025: 30

**Aviva in #1 position**

- **2015 NB Premiums¹, £bn**
  - Aviva: 3.8
  - PIC: 3.8
  - Rothesay Life: 3.5
  - Scot. Widows: 3.1
  - L&G: 2.9

- **CAGR**
  - 1-3%
  - 2-6%

- **Source:** Aviva analysis

- **NB premiums** are from company reports and are the total of bulk annuities, longevity insurance, individual annuities and equity release on a PVNBP basis

- **Increased appetite for bulks**
- **Maintain leadership in equity release and individual annuities**
Annuities & Equity Release: Strong capability in asset origination and longevity

Diverse range of illiquid assets

- New business appetite for 80% illiquids
- Additional illiquids for back book

Assets backing annuities, 2015

- Commercial Mortgages: 36%
- Equity Release: 27%
- Infrastructure: 11%
- Gilts & Cash: 5%
- Corporate Bonds: 21%

Longevity expertise

- £50bn liabilities
- c1.3m lives
- 200+ years experience
- 10m life years exposure
- 100% underwritten
- 30% medical / lifestyle
- 70% age & postcode

- Enhancing underwriting with customer data
- Selective reinsurance to manage longevity risk

1 Excluding Friends Life
Annuities & Equity Release: Expecting significant margin and profit growth

### Stable assets...

<table>
<thead>
<tr>
<th>Year</th>
<th>Opening Assets</th>
<th>Premiums</th>
<th>Claims</th>
<th>Closing Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>£53.0bn</td>
<td>£2.1bn</td>
<td>£(2.6)bn</td>
<td>£52.4bn</td>
</tr>
</tbody>
</table>

### ...with growing margin

<table>
<thead>
<tr>
<th>Year</th>
<th>EB</th>
<th>NB</th>
<th>Total OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>£236m</td>
<td>£288m</td>
<td>£524m</td>
</tr>
</tbody>
</table>

Margin growing to 55-70bps

Margin growing to 7.5-8.5%

---

1 Equity release and longevity swap premiums which have no impact on the asset position
**Protection: Attractive financials for scale players**

**Stable market**

- **Market AUA, £bn**
  - 2015: 1.0
  - 2025: 1.1
  - 1.3% CAGR

**Aviva a market leader…**

- **NB Premiums, £m APE**
  - L&G: 231
  - Aviva: 230
  - Zurich: 115
  - Unum: 75
  - Royal London: 56

**…with real advantages**

- c.60% of individual sales from long-term partnerships e.g.:
  - Barclays
  - Tesco
  - Countrywide
  - Santander

- Platform investment, delivering c.75% straight through
- Digital and TCC opportunities

Source: Aviva analysis

Source: 2015 company reports & PRA returns
Protection: Expecting significant margin and profit growth

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2015</th>
<th>2015</th>
<th>2016-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Premiums</td>
<td>£1.7bn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Premiums</td>
<td>£0.2bn</td>
<td>Margin 7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Run Off</td>
<td>(£0.2bn)</td>
<td>Margin 28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing Premiums</td>
<td>£1.7bn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EB</td>
<td>£116m</td>
<td></td>
<td></td>
<td>Margin growing to 7.5-8.5%</td>
</tr>
<tr>
<td>NB</td>
<td>£66m</td>
<td></td>
<td></td>
<td>Margin growing to 40-50%</td>
</tr>
<tr>
<td>Total OP</td>
<td>£182m</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Legacy: Driving deeper customer relationships to create long term value

Legacy run off…

- Legacy run off c.10% p.a.
- Focus on cost and capital
- Engaging customers digitally

…with stable margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Opening Assets</th>
<th>Net Fund Flows</th>
<th>Market Movements</th>
<th>Closing Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>£91.2bn</td>
<td>(£7.8)bn</td>
<td>£(0.2)bn</td>
<td>£83.2bn</td>
</tr>
<tr>
<td>2016-20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Margin 38bps | Total OP £350m | Margin 35-40bps
Deeper relationships with customers, businesses and intermediaries

<table>
<thead>
<tr>
<th>Customers</th>
<th>Focus on mass market / mass affluent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital First</td>
<td>MyAviva</td>
</tr>
<tr>
<td>Corporate wrap</td>
<td>Aviva for Advisers</td>
</tr>
<tr>
<td>Channels</td>
<td></td>
</tr>
<tr>
<td>Workplace</td>
<td>Intermediated</td>
</tr>
<tr>
<td>Products</td>
<td></td>
</tr>
<tr>
<td>Long term savings</td>
<td>Annuities &amp; Equity Release</td>
</tr>
<tr>
<td>TCC Opportunities</td>
<td>Aviva Investors</td>
</tr>
</tbody>
</table>
UK Life Financials
6 July 2016

Jason Windsor

2015 UK Life results including 12 months of Friends Life, excluding PMI & Ireland. Results below UK Life level are an internal view and are unaudited.
Aviva’s market leading position and competitive advantage will drive cash flow plus growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term savings</td>
<td>6-11%</td>
<td>83.6</td>
<td>27bps</td>
<td>228</td>
<td>0bps 25 30 80bps</td>
</tr>
<tr>
<td>Annuities &amp; ER</td>
<td>1-3%</td>
<td>53.0</td>
<td>45bps</td>
<td>236</td>
<td>0bps 0 55 70 80bps</td>
</tr>
<tr>
<td>Protection</td>
<td>Stable</td>
<td>1.7</td>
<td>7%</td>
<td>116</td>
<td>5% 7.5 8.5 10%</td>
</tr>
<tr>
<td>Legacy</td>
<td>c.-10%</td>
<td>91.2</td>
<td>38bps</td>
<td>350</td>
<td>0bps 35 40 80bps</td>
</tr>
<tr>
<td>Long term savings</td>
<td>6-11%</td>
<td>(98)</td>
<td></td>
<td>(98)</td>
<td></td>
</tr>
<tr>
<td>New business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annuities &amp; ER</td>
<td>2-6%</td>
<td>3.8</td>
<td>7.5%</td>
<td>288</td>
<td>5% 7.5 8.5 10%</td>
</tr>
<tr>
<td>Protection</td>
<td>1-3%</td>
<td>0.2</td>
<td>28%</td>
<td>66</td>
<td>0% 40 50 80%</td>
</tr>
<tr>
<td>Management actions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>259</strong></td>
<td><strong>£150 – 200m</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>£1.45bn</strong></td>
<td>Low to mid single digit growth</td>
</tr>
</tbody>
</table>

1 2015 UK Life results including 12 months of Friends Life (with c.£60m from Q1 2015), excluding PMI & Ireland
Reducing cost profile: strong track record of cost efficiency

- UK Life integration delivered £113m run-rate savings; £73m realised in 2015
- Cost:income ratio expected to reduce to c.32% over the next three years (2015: 37%)
£3.5 – 4.0bn of planned cash remittance over next 3 years

- Cash remittances supported by capital generation
- Minimal new business strain – as cost and capital efficiency delivered

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Remittance £bn</th>
<th>Post-tax</th>
<th>Tax £bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>£0.8bn</td>
<td>£1.16bn</td>
<td>£0.29bn</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ \text{2015 OP} \]

Low to mid single digit CAGR

£3.5bn to £4.0bn

£2.5bn to £3.0bn

£1.0bn

\[ \text{Special Dividends} \]

\[ \text{1 UK & Ireland and includes debt interest} \]

Phasing of dividends to Group may vary

\[ \text{AVIVA} \]
Delivery of management actions: dedicated team focusing on opportunities to optimise our c.£240bn balance sheet

<table>
<thead>
<tr>
<th>Actions executed</th>
<th>Capital synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commercial mortgage sale/restructuring</td>
<td>• Diversification driven by Part VII transfers in 2016 and 2017</td>
</tr>
<tr>
<td>• Equity release securitisation</td>
<td>• Friends Life economic capital optimisation</td>
</tr>
<tr>
<td></td>
<td>• Capitalisation of cost synergies</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Actions executed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Expense reductions</td>
</tr>
<tr>
<td></td>
<td>• Balance sheet hedging</td>
</tr>
<tr>
<td>Ongoing management actions</td>
<td></td>
</tr>
<tr>
<td>• Further expense reductions</td>
<td>• Asset optimisation</td>
</tr>
<tr>
<td>• With Profits management</td>
<td>• Further hedging and reinsurance</td>
</tr>
<tr>
<td>• Product and fund rationalisation</td>
<td>• Sale/purchase of blocks of business</td>
</tr>
</tbody>
</table>

Driving £150-200m IFRS earnings p.a. plus £1bn capital synergies
Balance sheet: Strong capital position and low market sensitivity

**UK Life Solvency II ratio**

- **FY15: 156% coverage ratio**
  - Excess capital: 155%
  - Working range: 153%
  - Risk reduction: 155%
  - Corporate bond spreads: 154%
  - Longevity shock: 147%

- **Equities movement (decrease)**: -10% to -25%
- **Interest rates**: -25bps
- **Corporate bond spreads**: +100bps

**Minimum Capital requirement (“MCR”)**

**100% Solvency Capital Requirement (“SCR”)**

Not to scale
Aviva’s market leading position and competitive advantage will drive cash flow plus growth

- Leading position in growing markets
- Competitive advantage from multi-line model
- Low to mid single digit earnings growth

£3.5 – 4.0bn cash remittances (2016 – 18)
Aviva Investors
Accelerating Profit Growth
6 July 2016

Euan Munro
Chief Executive Officer, Aviva Investors
What we are here to answer

Where is Aviva Investors today?

How will we win?

What does success look like?
AI – Low cost, scale manufacturer; 3% Group profits

- **Scale**: £300bn AUM
  - Multi location
  - Multiple asset classes

- **New Solutions**: AIMS TR
  - AIMS Income + Incubators

- **Investment Performance**: 84% vs BM

- **Profit Recovery**: 2015 £105m
  - 33% increase on 2014
AI – Transforming to strong profit contributor

Transformation journey
- Half way
- 5 year turnaround
- Strong indicators

Demand for outcome orientated solutions
- Low interest, high volatility world
- Ageing population

Winning faster with Aviva
- Product co-creation
- Digital
- Illiquid origination

Share price growth
- Double digit profit CAGR
- Higher earnings multiple
Transformation journey

- **Fix 2014**
  - Set strategy & vision
  - Build top team
  - Fix controls

- **Rebuild 2015/16**
  - Solution design / launch
  - Build illiquid capability
  - Build morale and engagement

- **Grow & Monetise 2017 – 2020**
  - Distribution reach & partner
  - Consultant ratings
  - High performance culture
  - Next generation solutions

**Accelerants**

Friends, Commercial mortgages, UK collectives, French Real Estate
New active solutions will drive Global AUM growth

Growing global demand – $3.7tn in active solutions

Different solutions needed

Growing demand for “new active” investment solutions

Source: Casey Quirk, November 2015

Source: Casey Quirk, July 2015
Early Consultant & Distribution platform adoption

- 6 confirmed “Buy” ratings
- 5 on Positive Watch
- Growing platform adoption - Barclays, HSBC, UBS, BNP

Good early proof points … Assets building strongly
Good early proof points… Market leading flows

Strong Q1 wholesale net flows growth has placed Aviva Investors above major competitors despite industry’s ‘worst Q1 in over 20 years’

Q1 2016 Morningstar Retail and Institutional global net flows by asset class (£m, excl seg, MM and ETF)
Winning faster with Aviva

Co-creation of innovative products
DB/DC

Higher share of Aviva platform business

Illiquid origination solutions

Digital

Workplace savings

Adviser and consumer platforms

Annuity and Equity Release

Multi Channel

Leverage / replicate across Aviva Markets
### What success might look like

<table>
<thead>
<tr>
<th>Sound bite</th>
<th>Comment</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>How would you describe where we have got to on our journey?</td>
<td>Transformation</td>
<td>Delivering growth</td>
<td>Diversified excellence</td>
<td>Significant contribution to Group profits</td>
<td>Global leader in Solutions provider of choice</td>
</tr>
<tr>
<td>Revenue % external</td>
<td>What % revenue from external clients?</td>
<td>One to watch</td>
<td>Winning mandates</td>
<td>Credible competition</td>
<td>Leading in UK solutions</td>
<td>Serious global competitor</td>
</tr>
<tr>
<td>Profitability</td>
<td>What’s our operating profit margin %?</td>
<td>30%</td>
<td>33%</td>
<td>37%</td>
<td>43%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Winning mandates</td>
<td>25%</td>
<td>27%</td>
<td>30%</td>
<td>35%</td>
<td>40%</td>
</tr>
</tbody>
</table>

**Status**
- Transformation
- Delivering growth
- Diversified excellence
- Significant contribution to Group profits
- Global leader in Solutions provider of choice

**Revenue % external**
- 30%
- 33%
- 37%
- 43%
- 50%

**Profitability**
- 25%
- 27%
- 30%
- 35%
- 40%
1 Right solutions for today's environment

2 Flows now positive; expect to accelerate with Aviva distribution

3 We are already on a growth track
Growing from a position of strength
UK General Insurance
6 July 2016

Maurice Tulloch
Chairman, Global GI
UKGI is uniquely well-positioned in the market

Number one
Leading UK General Insurer

Diversified business
Multi-channel, multi-product

Proven track record – resilient performance
Sustainable earnings and dividends

Why we win
Scale and core capabilities provide competitive advantage
What we are here to answer

- How do we exploit our market scale advantages?
- How do we maintain and strengthen our diversification?
- What are our sustainable sources of competitive advantage?
- How we will win and grow our business
Number 1 UK General Insurer

**Scale**
£4bn GWP & 11% market share
Advantages in procurement, data and service

**Performance**
2014 & 2015 COR 95%
£100m cost reduction in last 2 years

**Recognition**
Strong brand, quality customer franchise
General Insurer of the Year 2014 & 2015
Diversified business

**Products**

- Personal Motor, 27%
- Home, 17%
- Personal Specialty, 13%
- Commercial Motor, 14%
- Commercial Specialty, 12%

**Channels**

- Digital Direct, 35%
- Brokers, 27%
- Banking Partners, 25%
- Retail Partners, 13%

Well-diversified, customer-focused portfolio
Strong track record – resilient performance

Operating Profit

- £1.1bn cash paid to Group since 2012
- 2016-2018 forecast range £0.9 - 1.2bn

Resilient earnings and dividends across the insurance cycle
### Market outlook and UKGI ambition

<table>
<thead>
<tr>
<th></th>
<th>Market growth and COR</th>
<th>2015</th>
<th>2016-20 growth ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GWP £bn</td>
<td>COR %</td>
<td>Op profit £m</td>
</tr>
<tr>
<td><strong>Personal Motor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 98-102%</td>
<td>1.1</td>
<td>98</td>
<td>87</td>
</tr>
<tr>
<td><strong>Homeowner</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 92-97%</td>
<td>0.7</td>
<td>91</td>
<td>86</td>
</tr>
<tr>
<td><strong>Personal Speciality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-5% 94-96%</td>
<td>0.5</td>
<td>94</td>
<td>28</td>
</tr>
<tr>
<td><strong>Commercial Motor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-1% 98-102%</td>
<td>0.6</td>
<td>99</td>
<td>45</td>
</tr>
<tr>
<td><strong>Property/ Liability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-4% 92-97%</td>
<td>1.2</td>
<td>94</td>
<td>123</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4.0</td>
<td>95</td>
<td>368</td>
</tr>
</tbody>
</table>

- **Total GWP £bn**: 4.0
- **Total COR %**: 95
- **Total Op profit £m**: 368

**Op profit £m**: 71
Why we will win

- Strong Results across our Products
- Leading Digital Capability Growing Direct Business
- Excellence in Pricing & Underwriting Powered by Analytics
- Innovative Indemnity Management & Fighting Fraud

Routes to Growth
Exploiting our scale and growing digital

Why we will win:

• Growing the Digital business – Low cost manufacturer
• Further sophisticated underwriting techniques
• Continued investment in automation and analytics

Personal Motor GWP by channel

<table>
<thead>
<tr>
<th>Channel</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokers</td>
<td>£1,065m</td>
<td>£997m</td>
<td>£1,073m</td>
</tr>
<tr>
<td>Partners</td>
<td>46%</td>
<td>43%</td>
<td>40%</td>
</tr>
<tr>
<td>Digital</td>
<td>51%</td>
<td>55%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Personal Motor COR

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenses</th>
<th>Commission</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>7.7%</td>
<td>8.5%</td>
<td>80.0%</td>
</tr>
<tr>
<td>2014</td>
<td>8.4%</td>
<td>8.0%</td>
<td>81.0%</td>
</tr>
<tr>
<td>2015</td>
<td>5.4%</td>
<td>7.8%</td>
<td>84.7%</td>
</tr>
</tbody>
</table>

Exploiting our scale and growing digital
Commercial Lines

Why we will win:

- #1 SME largest distribution footprint
- Targeted and controlled expansion
- Market leading policy management – Guidewire and Automation
- Exploiting commercial composite advantage – TCC

#1 in the Commercial Market
Broadening product and distribution

Why we will win:

- Growing digital – Revitalising the home proposition
- Partner of choice for most banks – New TSB deal
- Analytic sophistication – Flood mapping
- Service excellence leads to higher retention – Flood TNPS +60%
Excellence in Pricing and Underwriting
Innovative Indemnity Management
## Routes to growth

<table>
<thead>
<tr>
<th>Market</th>
<th>Hardening market conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Customer Composite</td>
<td>Exploiting the power of the focussed composite</td>
</tr>
<tr>
<td>Distribution Management</td>
<td>Deeper relationships leveraging our core competencies, and unparalleled brand reach</td>
</tr>
<tr>
<td>Expanded &amp; New Lines</td>
<td>Expanding our products and propositions – Home, Corporate business, Speciality propositions, Prevention Services, Cyber</td>
</tr>
</tbody>
</table>
UKGI is uniquely well-positioned in the market

**Number one**
Leading UK General Insurer

**Diversified business**
Multi-channel, multi-product

**Proven track record – resilient performance**
Sustainable earnings and dividends

**Why we win**
Scale and core capabilities provide competitive advantage
Digital first
6 July 2016

Andrew Brem
Chief Digital Officer
What we are here to answer

What is our digital strategy?

Do we have the capabilities to deliver it?

Are customers responding to it?

How does it deliver to the bottom line?
Clear digital strategy and vision

Three strategies

to compete

1. Digital direct
2. Multi-access Max
3. Digital ecosystems ‘Affinity 2.0’
For customers

Ultimate tailoring
One-Click convenience
Customer-level pricing

For Aviva

True customer composite
Average product holding
Lifetime value
The Aviva Customer Experience Toolkit

Customer facing digital ecosystem

Public websites

MyAviva portal

Customer tools

Agent tools

Apps
World-class digital capabilities from two Garages

Digital product and design
Customer analytics
Digital marketing
Digital engineering

Digital business units in markets
UK Digital
France
Poland
Canada
Asia
UK Digital

Our journey to connect with our 16m UK personal customers
Digital first
6 July 2016

Blair Turnbull
MD, UK Digital
UK market remains attractive and presents growth opportunities

91% internet usage

30% of retail & travel via mobile/tablets – forecast to rise to 45% by 2020

40% prefer to manage financial products online

70% view bank statements online

World Bank / International Telecoms Union 2014

1. Forrester/PayPal, 2016
3. Aviva Consumer Attitudes survey, ICM 2013
Customers need more from insurers

Today…

<table>
<thead>
<tr>
<th>Confusing</th>
<th>Low trust</th>
<th>Poor engagement</th>
<th>Don’t reward loyalty</th>
</tr>
</thead>
</table>

Preference for one provider

| 31% of UK consumers prefer one insurance and savings provider<sup>1</sup> | 51% of MyAviva users prefer one insurance & savings provider<sup>2</sup> |

---

2. Aviva / GFK June 2016
MyAviva

Change of personal details
- once for all products

Travel, Home, Health
- pre-calculated quotes

Customer loyalty
- 20% customer discount
Leading indicators positively supporting UKD business model

Direct sales per month

Net Promoter Score, Jan 16

MyAviva logins per month

Single customer database

Registrations

1. Aviva / GFK Analysis, 2016
Positive composite and retention lead indicators

As at April 2016

- **78%** Customers with multiple products reaching 5+ years
- **70%** New business customers register for MyAviva
- **2.5** Average policy holding
  - UK: 1.5
  - Direct: 1.8
  - MyAviva: 2.5
- **12x** MyAviva annual visits by retirement customers
- **10x** Propensity pensions customers to buy travel insurance
- **+32** MyAviva Net Promoter Score customers

1. Aviva / GFK Analysis, 2016
Significant opportunity for digitising operational processes

40% unit cost efficiencies delivered through GI digitisation since 2010

Similar opportunities in Life and pan UK, with pilot activity in progress

- Letters 30m p.a.
- Telephone calls 13m p.a.
- Claims 730,000 p.a.

* Motor operating expenses per policy in force
Unique benefits from digital and existing customers, especially retirement

Scenario: New customer purchasing a home policy, modelled over 5 years

For illustration purposes only. Projected 5 year financial profile for new customers purchasing Home insurance. Bars represent each component as a proportion of total projected net premium over 5 year period. Customer discount incorporated for illustration. Includes single product income stream only. All cash flows non-discounted. Intermediated Personal Lines Software House business (excludes High Net Worth and Schemes business). Based on Feb 2016 data.
Plan to double earnings by 2018

Lead indicators

- Single customer database
- Registrations
- Average product holdings

Digital direct operating profit

- £300m
- £150m

Key:

Current position
Why we will win

16m customers
Composite
Single customer view
Analytics and pricing
Brand strength
## What we have answered today

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance sheet</td>
<td>Strong and proven resilience</td>
</tr>
<tr>
<td>UK franchises</td>
<td>Scale, strength, consistency, growth, composite</td>
</tr>
<tr>
<td>Profit</td>
<td>Mid-single digit growth in medium term</td>
</tr>
<tr>
<td>Dividend</td>
<td>50% pay-out ratio in 2017</td>
</tr>
<tr>
<td>Cash flow</td>
<td>£7bn remittance (2016-2018)</td>
</tr>
<tr>
<td>Capital management priorities</td>
<td>Progressive dividend paramount</td>
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<td></td>
<td>Surplus: invest and return</td>
</tr>
<tr>
<td>Digital and TCC</td>
<td>Unique competitive advantages in the UK</td>
</tr>
</tbody>
</table>
1 Resilient balance sheet
2 Growing core franchises
3 Sustainable dividend growth