

Interim Results 2013



Disclaimer

Cautionary statements:

This should be read in conjunction with the documents filed by Aviva plc (the “Company” or “Aviva”) with the United States Securities and Exchange Commission (“SEC”). This announcement contains, and we may make other verbal or written “forward-looking statements” with respect to certain of Aviva’s plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words “believes”, “intends”, “expects”, “projects”, “plans”, “will,” “seeks”, “aims”, “may”, “could”, “outlook”, “estimates” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. 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 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 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; a cyclical downturn of the insurance industry; 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; the impact of catastrophic events on our business activities and results of operations; 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 (“AVIF”); 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; 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 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; 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 and other uncertainties relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries. 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. 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 announcement are current only as of the date on which such statements are made.

Interim Results 2013

Mark Wilson

Group Chief Executive Officer

2013 Interim Results summary



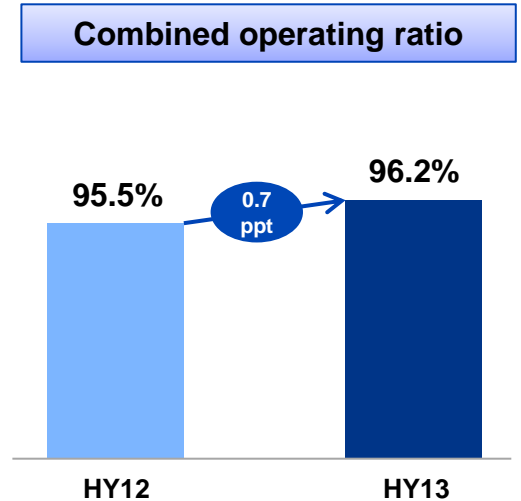
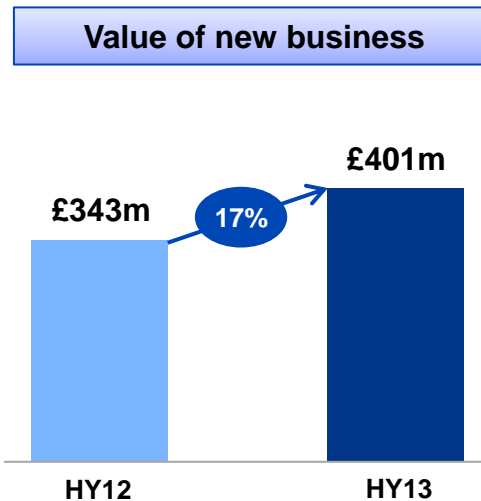
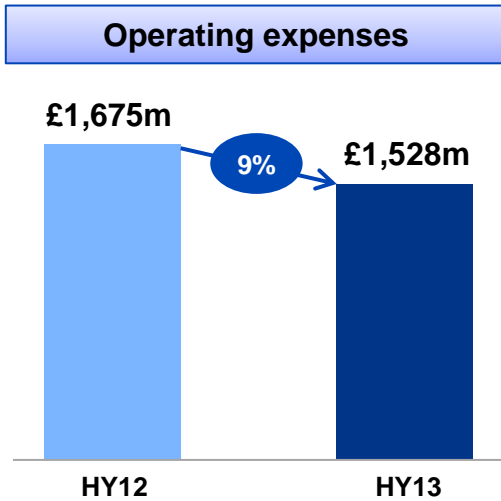
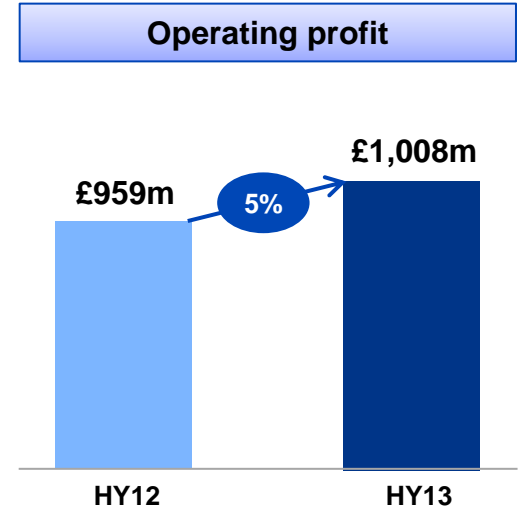
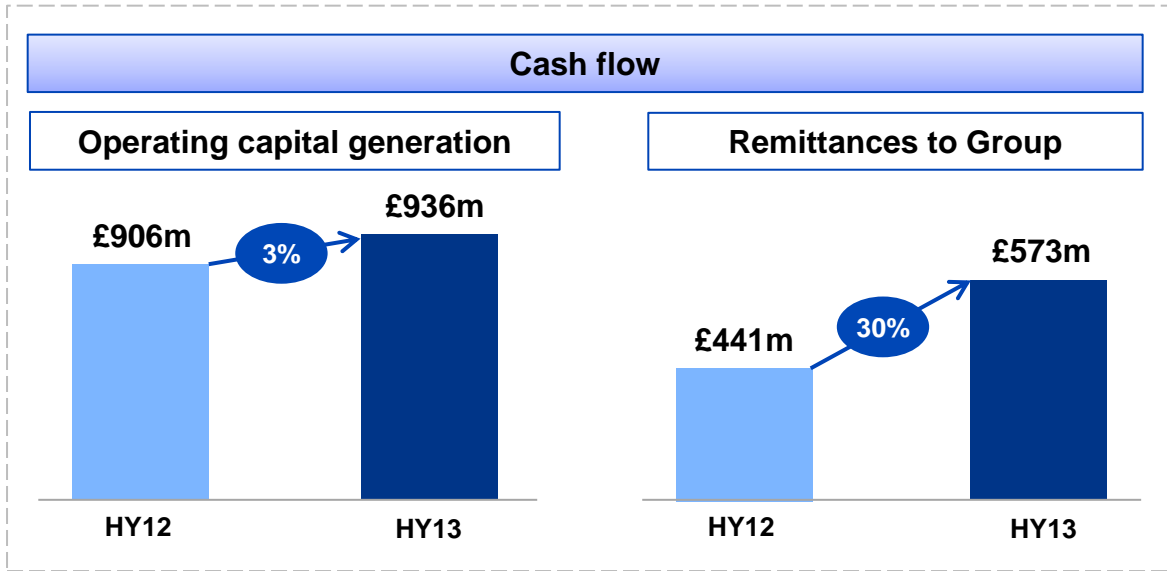
Cash flow	<ul style="list-style-type: none">■ £573 million remittances received from continuing operating entities (HY12: £441 million)■ Operating capital generation (“OCG”) at £936 million (HY12: £906 million)■ Interim dividend per share 5.6p
Profit	<ul style="list-style-type: none">■ Operating profit at £1,008 million (HY12: £959 million)■ Total earnings per share of 22.8p (HY12: loss 24.0p)
Expenses	<ul style="list-style-type: none">■ Operating expenses 9% lower at £1,528 million¹ (HY12: £1,675 million)■ Restructuring costs of £164 million (HY12: £182 million)
Value of new business	<ul style="list-style-type: none">■ Value of new business (“VNB”) up 17% to £401 million (HY12: £343 million)■ Increase driven by improved result in UK Life, France, Turkey and Asia
Combined operating ratio	<ul style="list-style-type: none">■ Combined operating ratio (“COR”) 96.2% (HY12: 95.5%), including £70 million for Alberta floods
Balance sheet	<ul style="list-style-type: none">■ IFRS net asset value of 281p (FY12: 278p)■ MCEV net asset value of 441p (FY12: 422p)■ Commercial mortgage provision increased by £300 million■ Intercompany loan reduced by £700 million■ Pro forma economic capital surplus² £7.6 billion, 175% (FY12: £7.1 billion, 172%)■ Sale of remaining shareholding in Delta Lloyd, and disposal of businesses in Russia, Malaysia and Aseval completed

All the above metrics other than balance sheet are on a continuing basis excl DL

1. Operating expenses excludes integration and restructuring costs and US Life

2. 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 pro forma result includes the sale of the US business and an increase in the pension scheme risk allowance

5 key metrics



All metrics above on a continuing operations excluding Delta Lloyd

- Improve cash remittances
- Turnaround the performance of Italy, Spain, Ireland and Aviva Investors
- Complete the disposal of the US business
- Reduce intercompany loan
- Lower external leverage ratio
- Ensure £400 million expense savings flow through to the P&L
- Reduce restructuring costs in 2014

Expense reduction target on track

Derivation of operating expense target

	£m
Total 2011 operating cost base excluding restructuring costs	4,224
Delta Lloyd	(362)
US	(313)
Other disposals and FX	(183)
2011 like for like operating cost base	3,366
Cost savings target	(400)
Targeted 2014 operating cost base*	2,966

- HY13 operating expenses 9% lower at £1,528m (HY12: £1,675m)
- Impact of inflation to be absorbed
- £400m will go to the P&L in 2014
- Further efficiencies to be reallocated to initiatives such as automation and digital
- Reducing restructuring costs for 2014 are a priority

Restructuring costs £m			
2010	2011	2012	HY13
216	261	461	164

* Number will be adjusted for any subsequent disposals not already announced

Recap: Investment Thesis – “Cash flow plus growth”

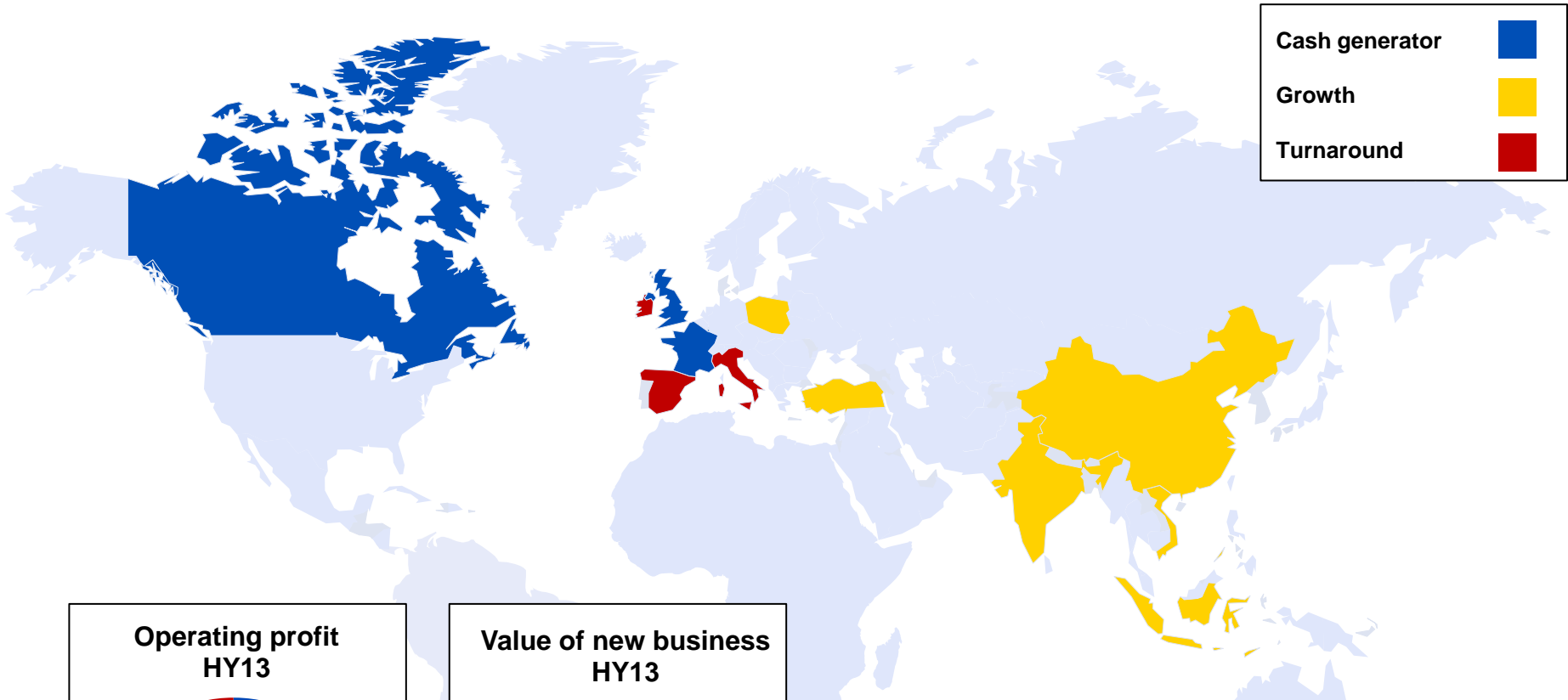
Cash flow	<ol style="list-style-type: none"> 1. Three core business lines with scale – Life, General Insurance and Aviva Investors 2. Progressive cash flow focus 3. Significant diversification benefits 4. Robust balance sheet with lower leverage 5. Financial simplicity
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Growth	<ol style="list-style-type: none"> 1. Drive cash flow growth in our established markets 2. Opportunities in selected growth markets in Europe and Asia 3. Expense and significant efficiency opportunities 4. Upside from execution on turnaround businesses 5. Valuation upside from gradual UK & European recovery
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	Cash flow	IFRS Op Profit	Expenses	VNB	COR
Group	●	●	●	●	●
UK&I Life	●	●	●	●	-
UK&I General Insurance	●	●	●	-	●
France	●	●	●	●	●
Canada	●	●	●	-	●
Aviva Investors	●	●	●	-	-
Italy	●	●	●	●	●
Spain	●	●	●	●	-
Poland	●	●	●	●	●
Turkey	●	●	●	●	●
Asia	●	●	●	●	●
Key ● Critical ● Significant ● Important					

Sustainable and progressive cash flow underpinned by a diversified insurance and asset management group with a robust balance sheet

Investment thesis – geography



Cash generator



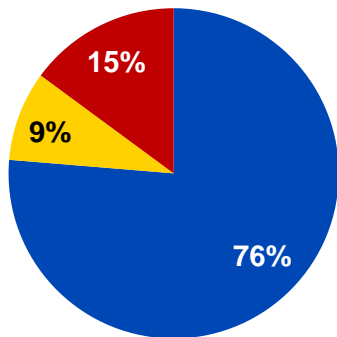
Growth



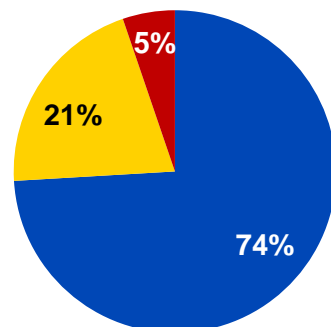
Turnaround



Operating profit
HY13



Value of new business
HY13



“Cash flow plus growth”

- Diverse portfolio of cash generators, growth businesses and turnaround operations
- Growth businesses currently contribute 21% of VNB

Cash generators: UK, Canada and France



Key metrics

	Operating Profit		Cash	
	HY12	HY13	HY12	HY13
UK Life	469	438	150	300
UK GI	227	239	115	-
Canada	174	147	-	63
France	193	222	52	103

UK

- Market leader in the UK
- Recognised brand, good customer service
- Strength in annuities
- Experts in risk
- Improve remittances
- Improve expense ratios
- Better manage backbook
- Invest in digital
- Grow use of predictive analytics

Canada

- Number 2 in GI market
- Strong broker network
- Leader in predictive analytics
- Improve expense ratios

France

- Established relationship with AFER
- Stable cash flow generator
- Improve expense ratios

Turnaround businesses: Italy, Spain, Ireland, Aviva Investors



Italy

- Credit exposure significantly reduced and capital position has strengthened
- Shifting product mix away from guarantees
- Exiting small Italian partnerships
- Expense reductions

Spain

- Launched new unit-linked and protection products
- Outstanding arbitration with merged bank
- Expense reductions

Ireland

- Appointment of new CEO, Alison Burns and John Quinlan
- Pricing improvements in Life and GI businesses
- Alignment with UK business
- Expense reductions

Aviva Investors

- Appointment of new CEO, Euan Munro
- Increase focus on investment classes where we have competitive advantage
- Expense reductions

Key metrics

	Operating profit		Cash	
	HY12	HY13	HY12	HY13
Italy	79	82	-	-
Spain	94	85	42	17
Ireland	12	23	-	-

Growth markets – future cash generators: Poland, Turkey, SE Asia, China

Poland

- Strengthened management team
- Top 3 insurer
- Strengthened distribution and bancassurance network
- Unhelpful potential pension reforms on closed book
- Increased focus on protection and GI

Turkey

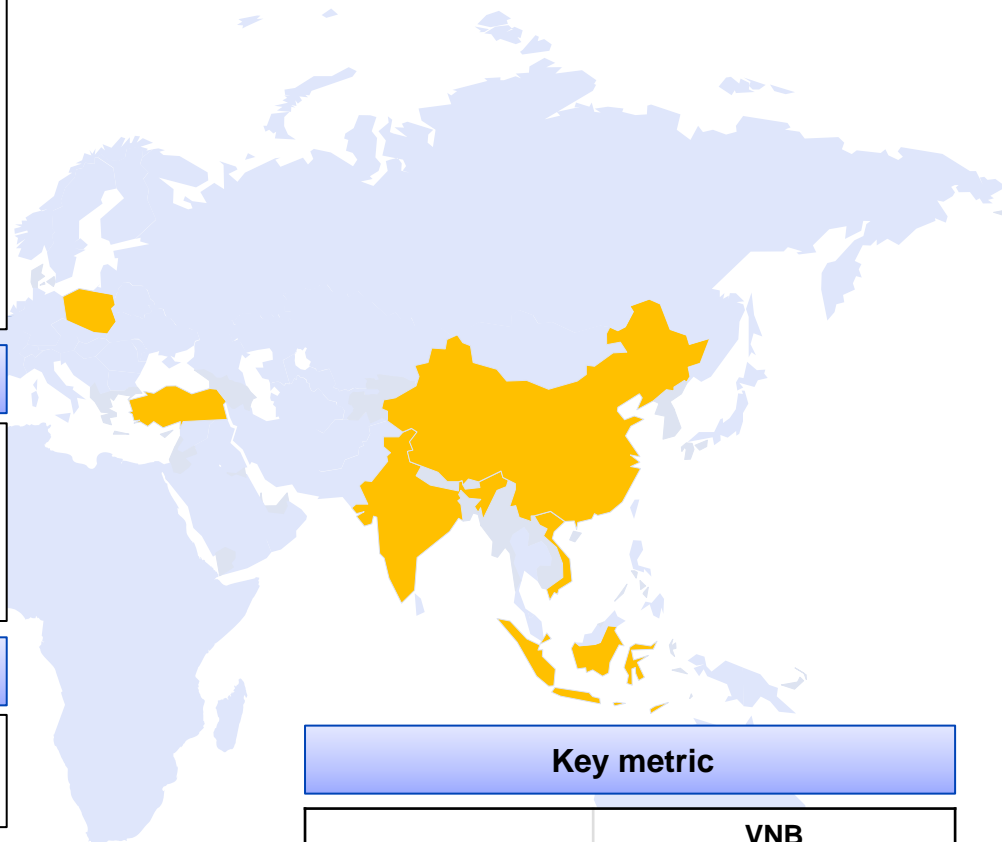
- Number 2 life & pensions insurer
- Strong life insurance distribution partner in Sabanci Group
- Attractive demographics and pension reforms

SE Asia

- Top 5 life insurer in Singapore
- Look to grow Indonesia and Vietnam

China

- Established presence in 12 provinces
- Focus on second tier cities
- Focus on VNB
- Emphasis on Protection

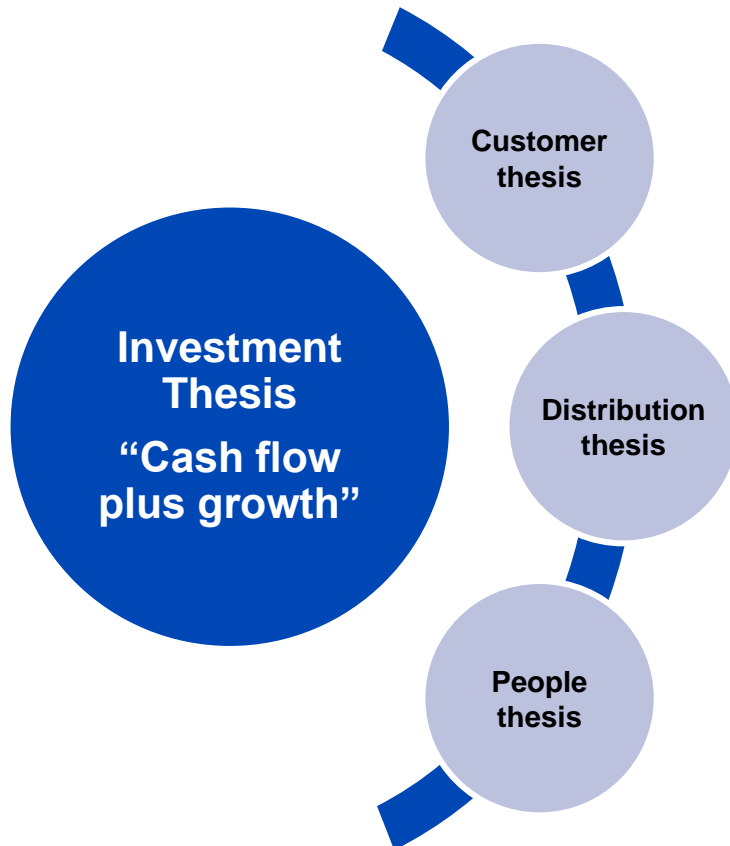


Key metric

	VNB	
	HY12	HY13
Poland	18	21
Turkey	13	20
Asia*	29	41

* Pro forma VNB excluding Malaysia and Sri Lanka

A consistent framework across the Group for all our stakeholders



Strategic priorities

- Predictive analytics
- Automated processes
- Digital / Direct

Interim Results 2013

Patrick Regan

Chief Financial Officer

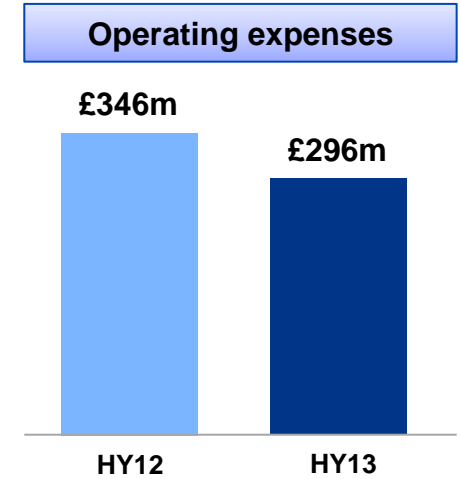
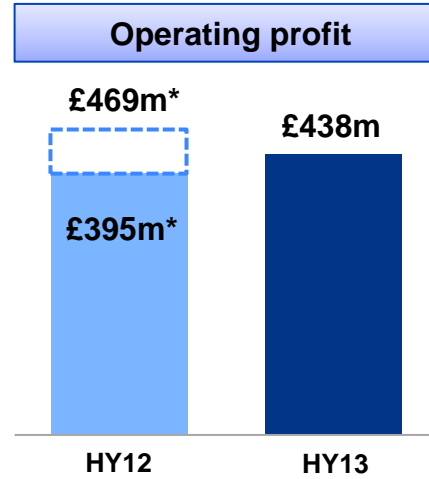
Operating profit improvement

Operating profit			
£ million	HY12	HY13	Change
Life	897	910	1%
General Insurance & Health	462	428	(7)%
Fund Management	18	42	133%
Other operations	(87)	(49)	44%
Life, GI, fund management & other operations	1,290	1,331	3%
Corporate costs	(64)	(72)	(13)%
Group debt & other interest costs	(267)	(251)	6%
Operating profit (continuing basis)	959	1,008	5%
Restructuring costs	(182)	(164)	10%
Operating profit after restructuring costs (continuing basis excluding DL)	777	844	9%
US and Delta Lloyd as an associate	232	123	(47)%
Operating profit after restructuring costs	1,009	967	(4)%

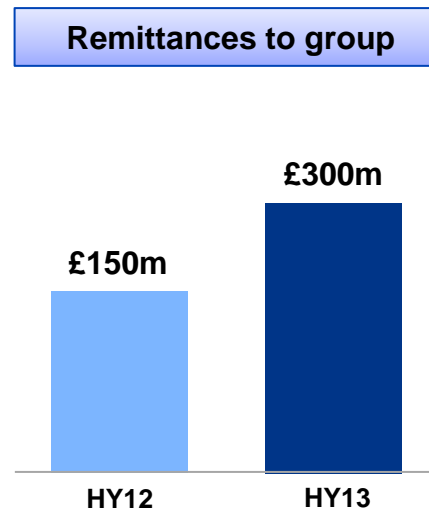
IFRS Operating profit reconciliation	
Operating profit HY12	959
Operating expense savings	147
2012 UK Life non-recurring items	(74)
Other	(24)
Operating profit HY13	1,008

Restructuring costs	HY12	HY13
Transformation	112	120
Solvency II	70	44
Total	182	164

Value of new business			
£ million	HY12	HY13	
Pensions	37	30	(19)%
Protection	36	36	-
Annuities	98	138	41%
Other	11	7	(36)%
Total	182	211	16%



- Underlying operating profit up due to a combination of pricing improvements and expense reductions
- Enhanced annuities account for 26% of the individual annuity funds
- Shift in product mix to higher value risk business
- Pensions and savings business focussed on managing for value

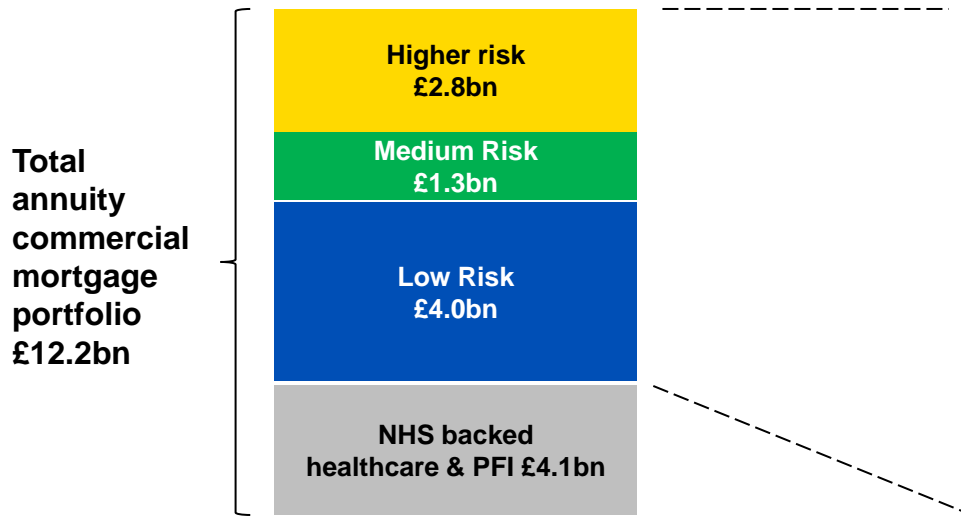


- Dividend increased through a combination of:
- Higher annuity pricing
 - Withdrawing from uneconomic products and channels
 - Cost reductions

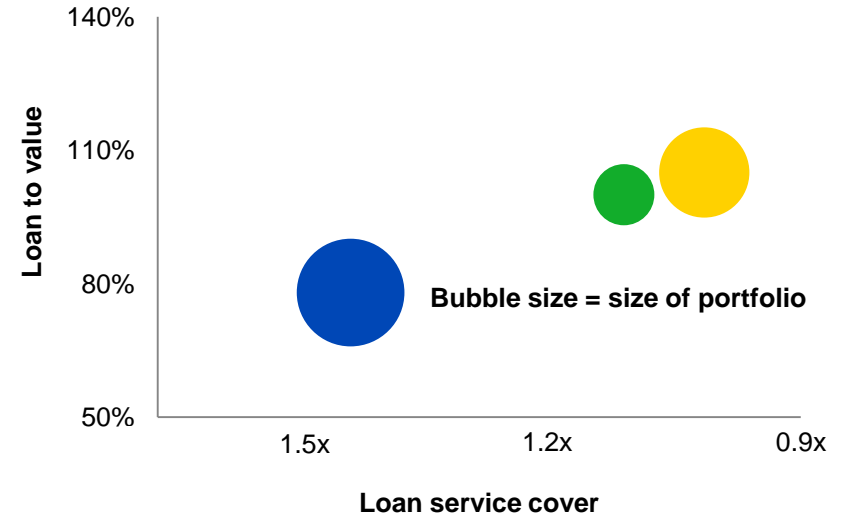
* HY12 profit boosted by £74 million non-recurring items

Commercial mortgages

Total UK Annuity portfolio



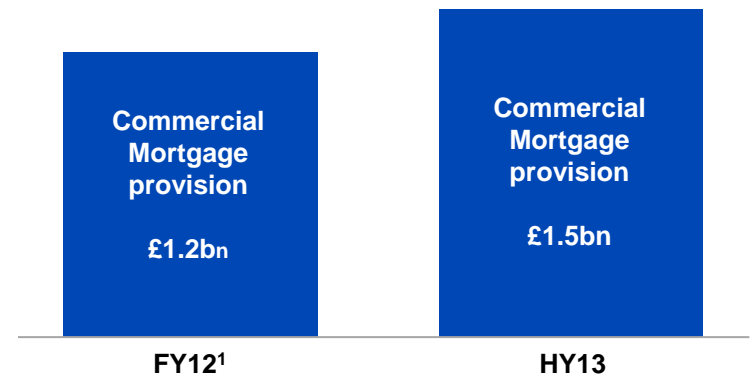
Commercial mortgage segmentation



Actions taken

- Provision relates primarily to pre 2009 loans
- Revised management structure
- LTV on new business is c. 50%

Details on the provision

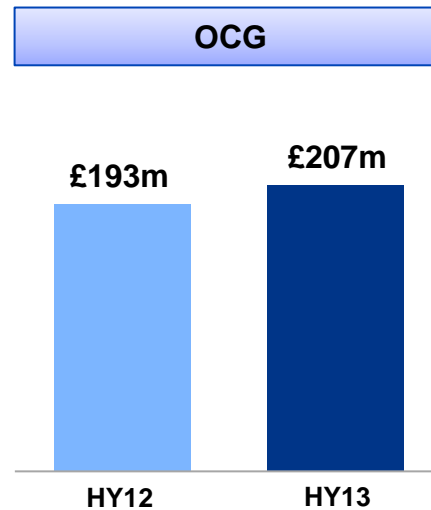
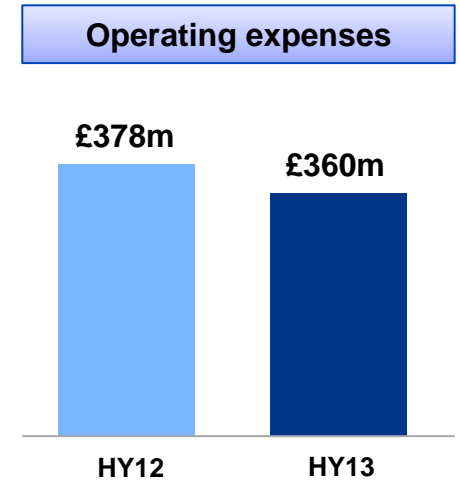
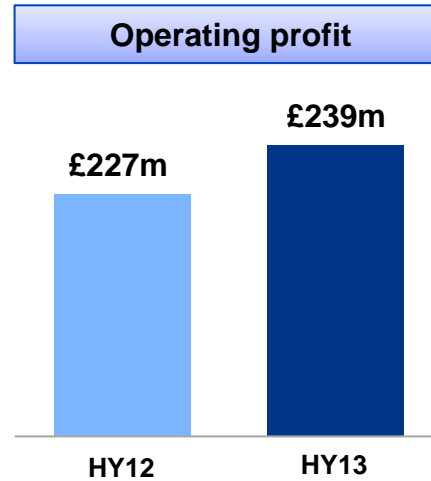


¹ Includes £200m implicit margin

	Operating profit	
£m	HY12	HY13
Underwriting result	19	76
Investment income	208	163
Total	227	239

	Combined operating ratio	
	HY12	HY13
Personal Motor	96%	96%
Home	95%	90%
Commercial Motor	101%	113%
Commercial Property	103%	86%
Total	97%	96%

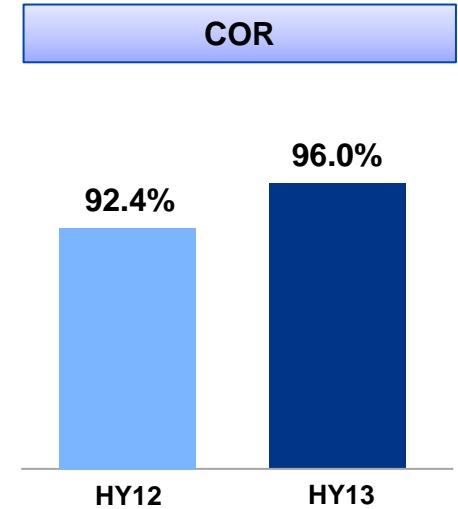
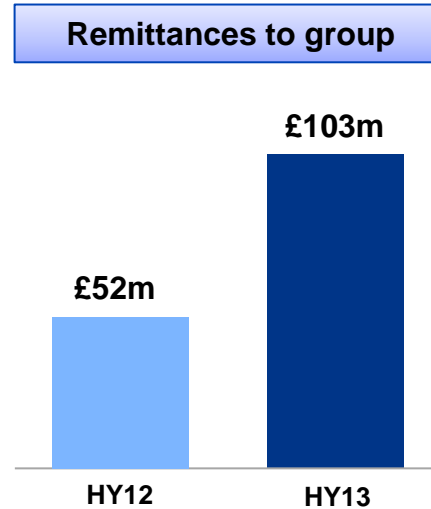
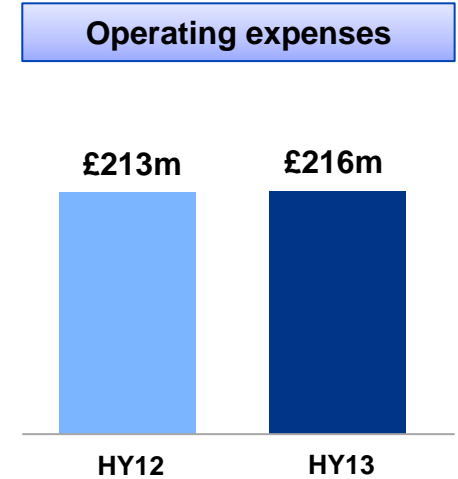
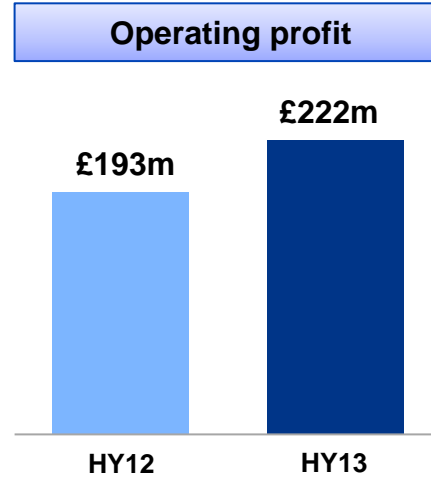
- Underwriting result £57m higher than prior year due to reduced expenses and benign weather
- LTIR of £163m is £45m lower mostly as a result of the internal loan reorganisation
- Actions being taken on commercial motor
- Prioritising rates over volume on private motor



Dividend to be paid in 2H13 following legal entity restructure

Value of new business			
£m	HY12	HY13	
Protection	20	30	50%
Unit linked savings	14	32	129%
Other savings	28	24	(14)%
Total	62	86	39%

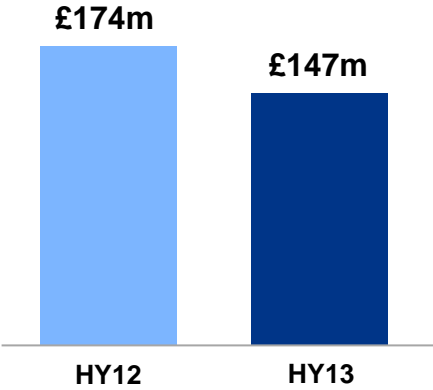
- Improved business mix with unit-linked sales up 99% and protection up 35% driving higher VNB
- More work required on operating expenses
- Stable back book of business generating predictable returns



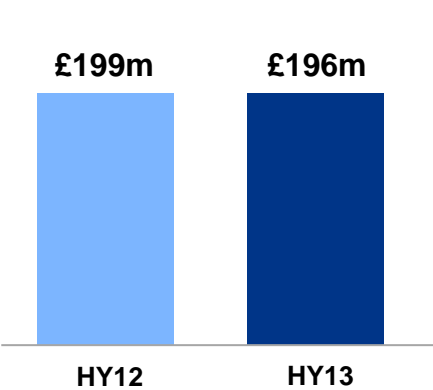
	Combined operating ratio	
	HY12	HY13
Personal Motor	85%	87%
Home	93%	95%
Commercial Motor	91%	95%
Commercial Property	100%	111%
Other commercial	92%	84%
Total	90%	92%

- Impact of floods in Alberta £32m net of retention
- Aviva Re has additional exposure from Alberta of £38m
- Excluding floods COR would be 90%
- Group net losses from Toronto flood in July are expected to be around £50m
- Ontario motor reform progressing as expected

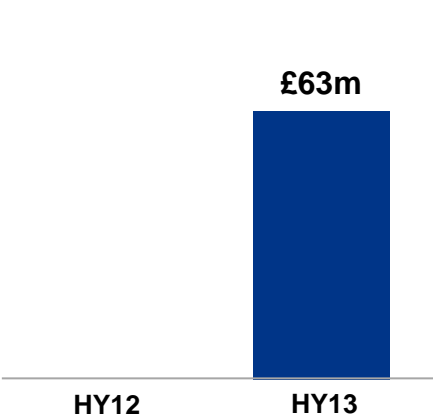
Operating profit



Operating expenses

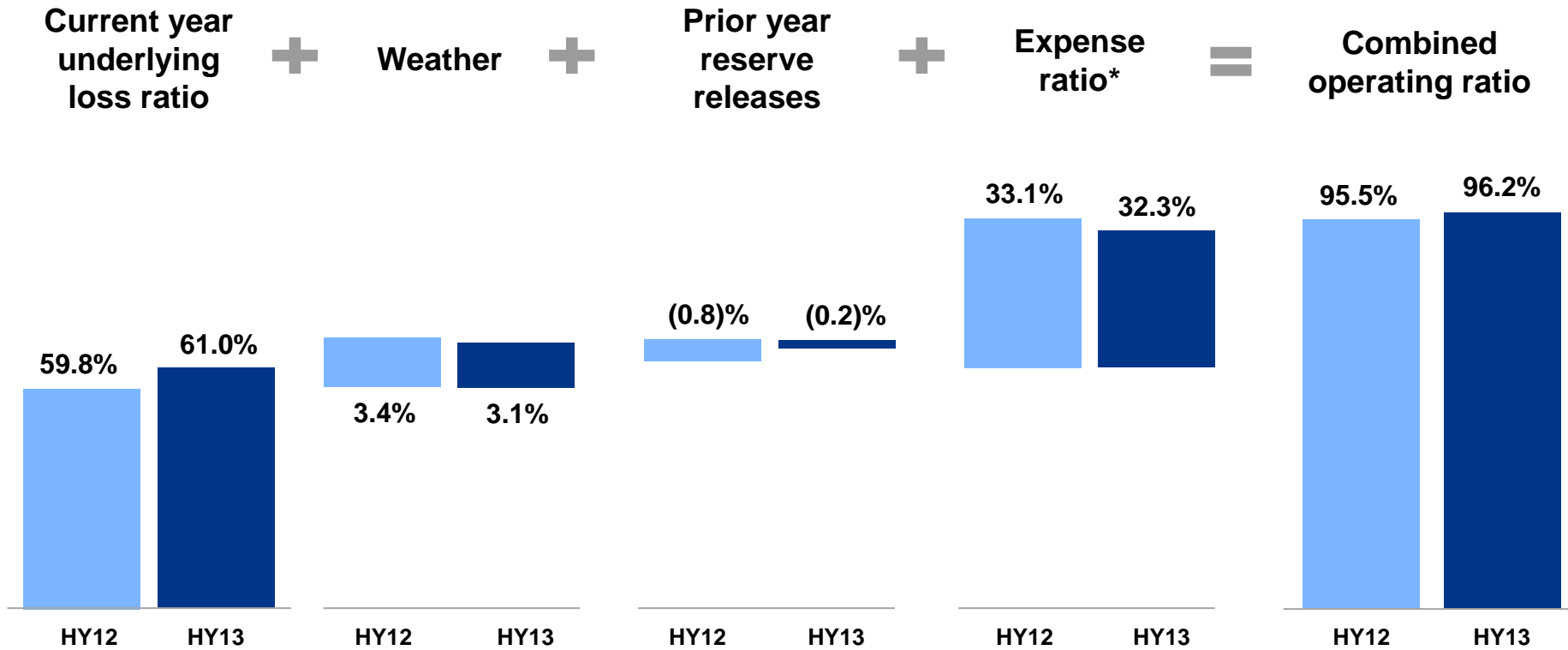


Remittances to group



Dividend received in 1H13 following a change in remittance policy to introduce an interim dividend. Further dividends expected in 2H13

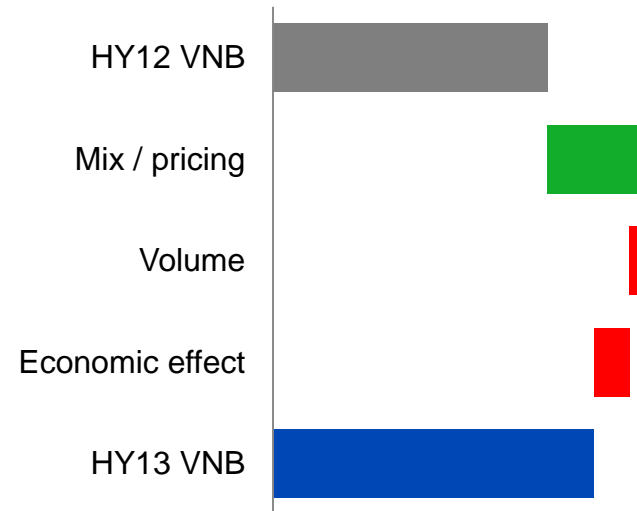
Combined Operating Ratio



* Commission and expense ratio

Value of new business

	HY12		HY13
UK & Ireland	176	20% ↗	212
France	62	39% ↗	86
Poland	18	17% ↗	21
Turkey ¹	15	40% ↗	21
Asia	29	41% ↗	41
Italy	14	57% ↘	6
Spain	21	38% ↘	13
Ongoing VNB	335	19% ↗	400
Disposals²	8	-	1
Total VNB	343	17% ↗	401
New business margin (%APE)	23.7%	5.7ppt ↗	29.4%



Mix and pricing

- Re-pricing annuity book in UK Life
- Increased proportion of protection business in France

Volume

- Active withdrawal from certain product lines, including large BPAs
- Lower volumes of guaranteed products in European markets

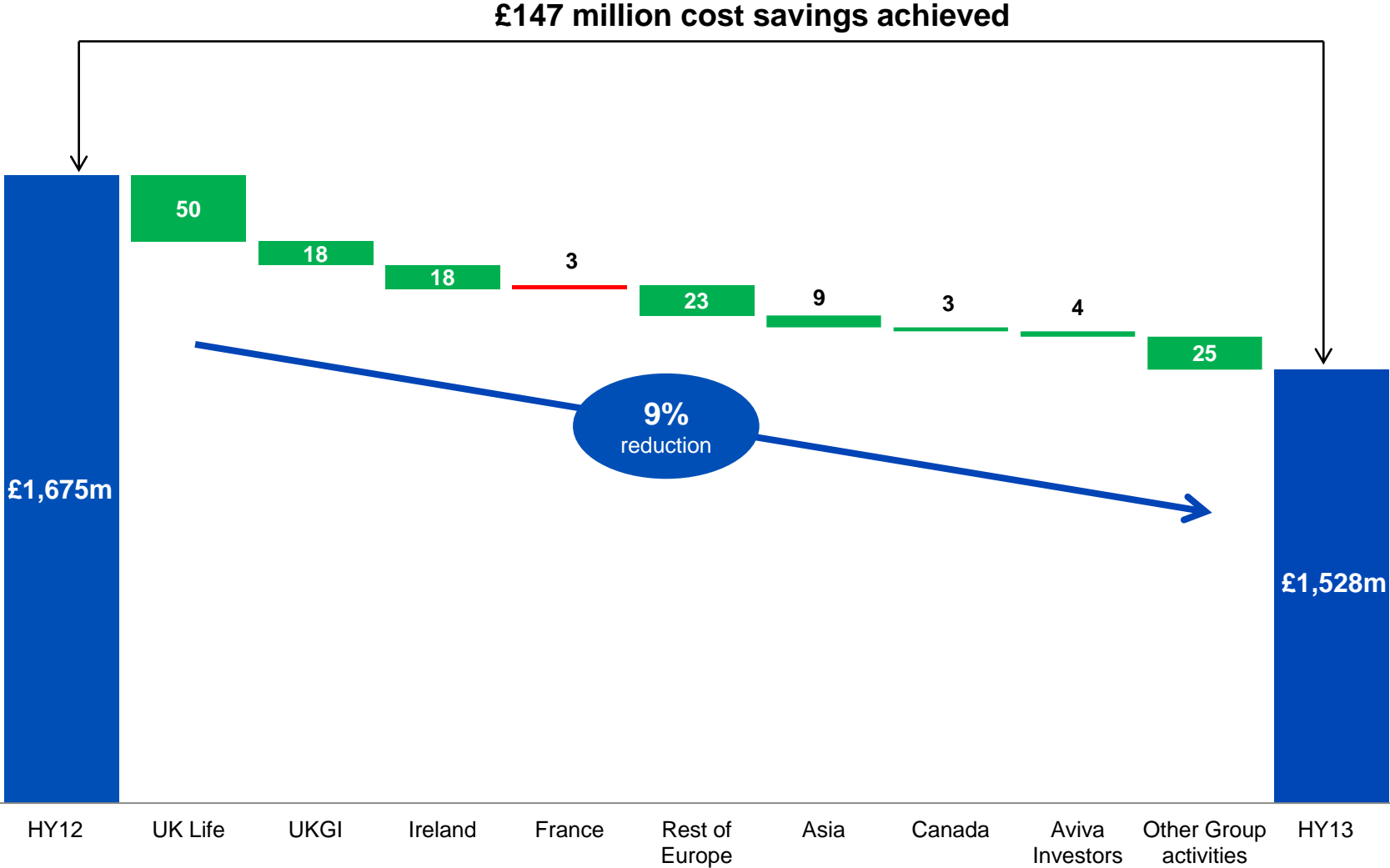
Economic effects

- Impact of lower yield curves in France and Italy
- Second half growth to moderate due to tougher comparator

1. Turkey includes Other Europe of £1 million (HY12: £2 million)

2. Disposals include Malaysia and Sri Lanka

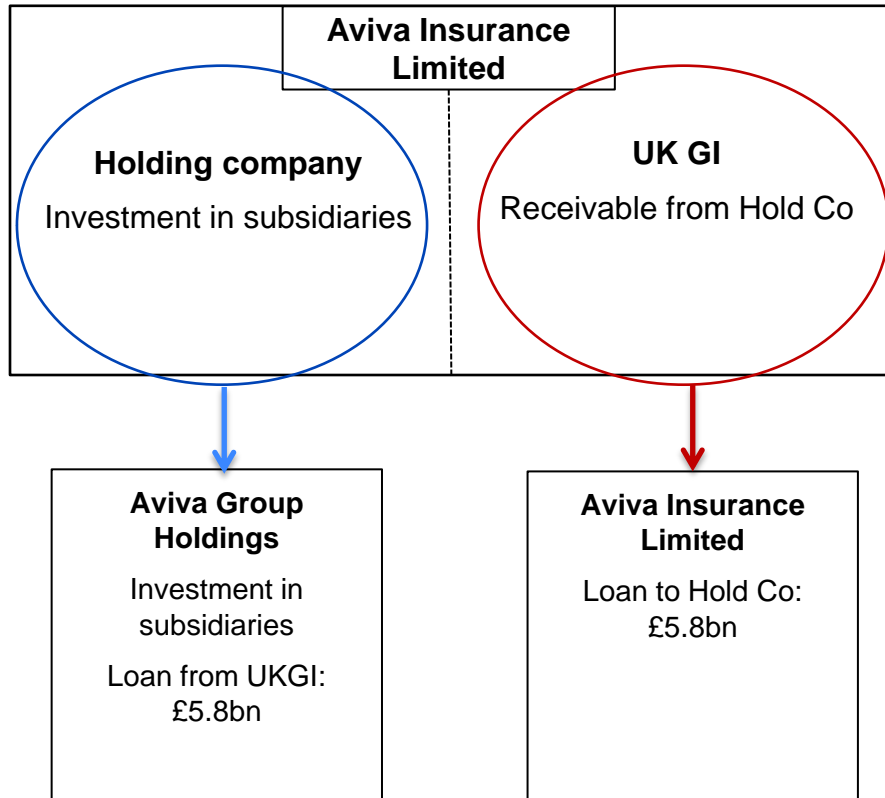
Expense analysis



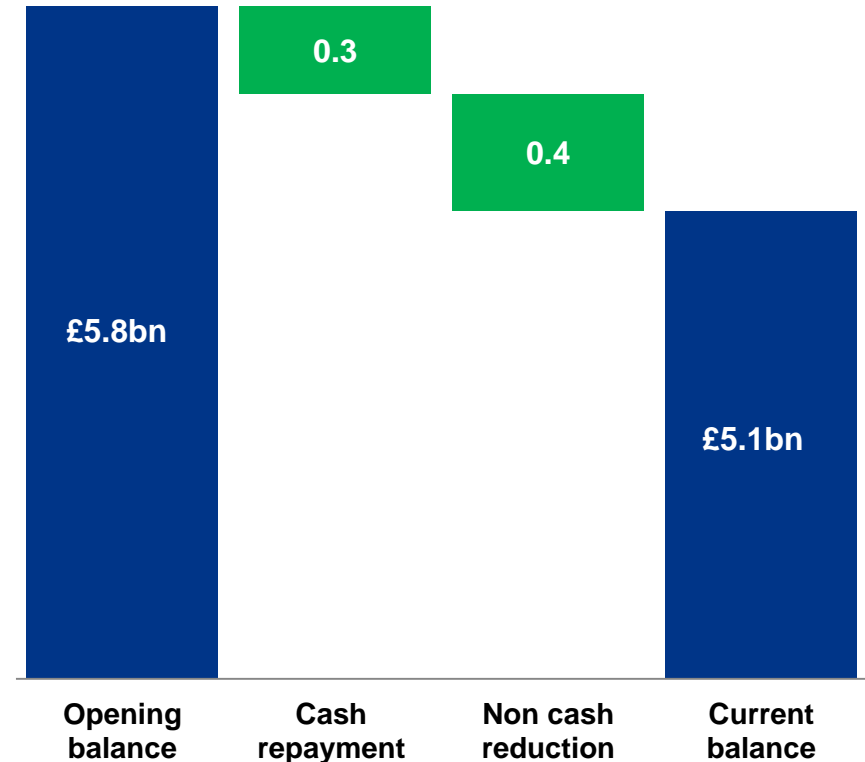
Net asset value per share	IFRS	MCEV
Opening NAV per share at 31 December 2012	278p	422p
Operating profit	26p	27p
Dividends	(9)p	(9)p
Investment variances	3p	9p
Commercial mortgages	(8)p	(2)p
Pension fund	(8)p	(8)p
Integration and restructuring costs, goodwill impairment, other	(6)p	(5)p
Foreign exchange	5p	7p
Closing NAV per share at 30 June 2013	281p	441p

Intercompany loan

Recap: origination of the loan



Actions taken to reduce balance to £5.1bn



There are further opportunities to reduce the intercompany loan through non-cash methods

Operating capital generation

HY13 £ million	Free surplus emergence	New business strain	Experience/ management actions	Operating capital generated	Remittances to date
UK & Ireland Life	205	17	41	263	300
France ¹	176	(74)	57	159	103
Poland	75	(14)	1	62	83
Italy	57	(27)	15	45	-
Spain	47	(19)	-	28	17
Asia	46	(35)	63	74	-
Other	14	(12)	1	3	6
Total Life	620	(164)	178	634	509
UK & Ireland GI				219	-
Canada				108	63
Other				(28)	-
Total General insurance and health				299	63
Fund management				24	1
Non insurance and other operations				(21)	-
Group				936	573
Post tax profit (net of MI)²				853	

1. France remittance of £103 million includes both Life and GI

2. Group Operating profit before Corporate and Debt Costs net of tax and minority interest

Sustainable capital generation

Example capital generation	£bn
Back book capital generation	1.1
New business strain	(0.3)
Surplus generation from future new business	0.2
GI and fund management capital generation	0.7
Management actions and other	0.1
Baseline operating capital generation	1.8

Back book capital generation	£bn
Year 1	1.2
Year 2	1.1
Year 3	1.1
Year 4	1.1
Year 5	1.1
Year 6	1.1
Year 7	1.0
Year 8	1.0
Year 9	1.0
Year 10	0.9

Interim Results 2013

Mark Wilson

Interim Results 2013

Q&A

Interim Results 2013

Appendices

Half year 2013: KPIs

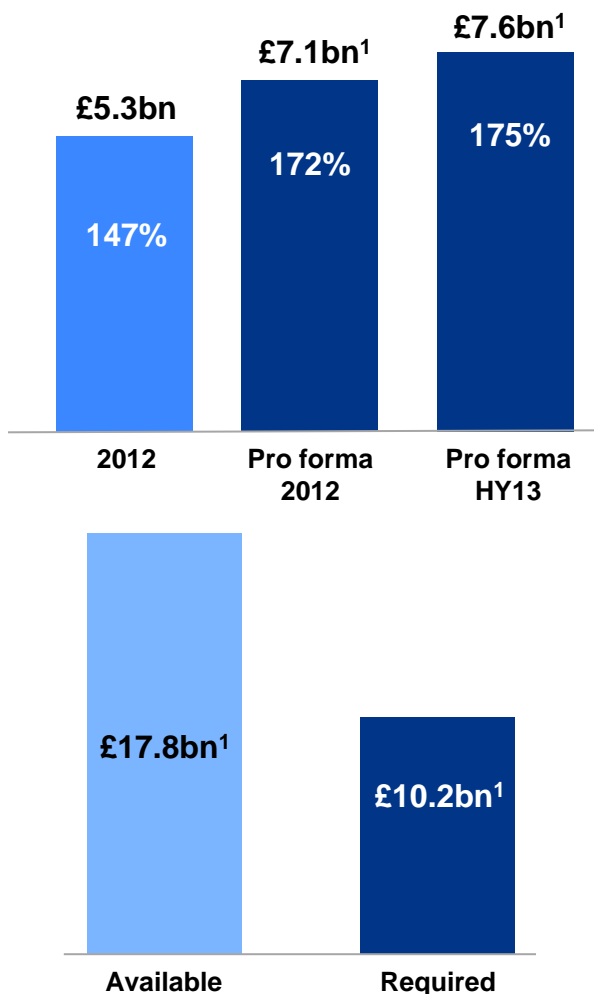
	HY12	HY13	Variance
Cash flow (remittances to Group)	£441m	£573m	30%
Operating capital generation	£906m	£936m	3%
Operating expenses ¹	£1,675m	£1,528m	(9)%
Value of new business	£343m	£401m	17%
Combined operating ratio	95.5%	96.2%	0.7ppt
Operating profit	£959m	£1,008m	5%
Restructuring costs	£182m	£164m	(10)%
Operating profit per share	22.6p	20.3p	(10)%
Profit after tax	£(624)m	£776m	-
Earnings per share (basic)	(24.0)p	22.8p	-
Dividend per share	10.0p	5.6p	(44)%
	FY12	HY13	Variance
Return on equity	11.2%	17.0%	5.8ppt
Pro forma economic capital surplus ²	£7.1bn	£7.6bn	7%
Pro forma IGD	£3.9bn	£3.7bn	(5)%
IFRS net asset value	278p	281p	1%
IFRS Tangible NAV	199p	210p	6%
MCEV NAV	422p	441p	5%
Intercompany loan balance	£5.8bn	£5.1bn	(12)%
External leverage ratio	50%	50%	-

1. Operating expenses excludes integration and restructuring costs and US Life

2. 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 pro forma result includes the sale of the US business and an increase in the pension scheme risk allowance

Economic capital surplus

Economic capital surplus*



Key economic capital* movements in 2013

Economic Capital* £bn	Pro forma 2012	Market movements and other	Dividend	Pro forma HY13 ¹
Available capital	17.0	1.1	(0.3)	17.8
Required capital	(9.9)	(0.3)	-	(10.2)
Total	7.1	0.8	(0.3)	7.6

Sensitivities

	FY 2012 ¹	HY2013 ¹
Economic capital surplus	172%	175%
Interest rates + 100bps	174%	177%
Credit Spreads +100bps	162%	163%
Interest rates - 50bps	169%	170%
Equity - 20%	167%	167%
Property - 20%	166%	169%
Credit spreads -100bps	184%	187%

* 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.

¹ The pro forma result includes the sale of the US business and an increase in the pension scheme risk allowance

Group Life profit driver analysis

Key:

IFRS Profit Driver		
HY12	HY13	Variance

Pre-tax operating profit		
897	910	1%

Income		
1,721	1,661	(3)%

DAC/AVIF amortisation and other		
81	56	(31)%

Expenses and commissions		
(904)	(808)	(11)%

New business income			Investment return		
445	387	(13)%	960	981	2%

Acquisition expenses and commissions			Admin expenses and renewal commissions		
(449)	(369)	(18)%	(455)	(439)	(4)%

Underwriting margin		
316	293	(7)%

Group Life profit driver analysis

Key:

IFRS Profit Driver		
HY12	HY13	Variance

Investment return		
960	981	2%

Unit linked margin			Participating business			Spread margin			Expected return on shareholder assets		
443	447	1%	262	290	11%	102	100	(2)%	153	144	(6)%

AMC (bps)	110	104	(6)	Bonus (bps)	51	58	7	Spread (bps)	46	43	(3)
Average reserves (£bn)	80.7	85.6	6%	Average reserves (£bn)	102.5	100.7	(2)%	Average reserves (£bn)	44.4	46.7	5%

Impact of changes in accounting policies/standards on condensed consolidated income statement



	6 months 2012					Full year 2012			
	As reported £m	Less discontinued operations £m	Effect of change in policy (IFRS 10) £m	Effect of change in policy (IAS 19) £m	Restated continuing operations £m	As reported continuing operations £m	Effect of change in policy (IFRS 10) £m	Effect of change in policy (IAS 19) £m	Restated continuing operations £m
Total income	21,863	(2,990)	(6)	41	18,908	43,095	(28)	85	43,152
<i>Effect of change in policy analysed as:</i>									
Net investment income	8,687	(1,093)	(9)	41	7,626	21,106	(50)	85	21,141
Share of loss after tax of joint ventures and associates	(76)	—	3	—	(73)	(277)	22	—	(255)
Total expenses	(22,319)	3,681	6	33	(18,599)	(42,849)	28	65	(42,756)
<i>Effect of change in policy analysed as:</i>									
Fee and commission expense	(2,389)	130	—	—	(2,259)	(4,472)	9	—	(4,463)
Other expenses	(2,394)	1,095	10	—	(1,289)	(2,845)	2	—	(2,843)
Finance costs	(360)	10	(4)	33	(321)	(735)	17	65	(653)
(Loss)/profit before tax	(456)	691	—	74	309	246	—	150	396
Tax attributable to shareholders' profit	(204)	36	—	(17)	(185)	(227)	—	(34)	(261)
(Loss)/profit after tax	(681)	727	—	57	103	(202)	—	116	(86)
Loss after tax from discontinued operations	—	(727)	—	—	(727)	(2,848)	—	—	(2,848)
Loss for the period	(681)	—	—	57	(624)	(3,050)	—	116	(2,934)
Loss for the period attributable to:									
Equity shareholders of Aviva plc	(745)	—	—	57	(688)	(3,218)	—	116	(3,102)
Non-controlling interests	64	—	—	—	64	168	—	—	168
Earnings per share									
Basic earnings per share	(26.0p)	—	—	2.0p	(24.0p)	(113.1p)	—	4.0p	(109.1p)
Diluted earnings per share	(26.0p)	—	—	2.0p	(24.0p)	(113.1p)	—	4.0p	(109.1p)