



2016 Interim Results

4 August 2016

Disclaimer

Cautionary statements:

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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 and international political, regulatory and economic conditions, market developments and government actions (including those arising from the referendum on UK membership of the European Union); 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; 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; regulatory approval of extension of use of the Group's internal model for calculation of regulatory capital under the European Union's Solvency II rules; 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 (including cyber attack); 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; 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 changes in 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; 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 29 March 2016 and also the risk factors contained in the Euro Note Programme prospectus published on 22 April 2016. 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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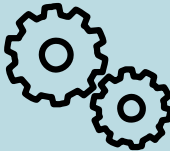
Mark Wilson
Group Chief Executive Officer

Performance



Operating profit

**£1,325m
up 13%**



Capital

**Solvency II ratio¹ 174%
Capital Generation² £1.2bn**



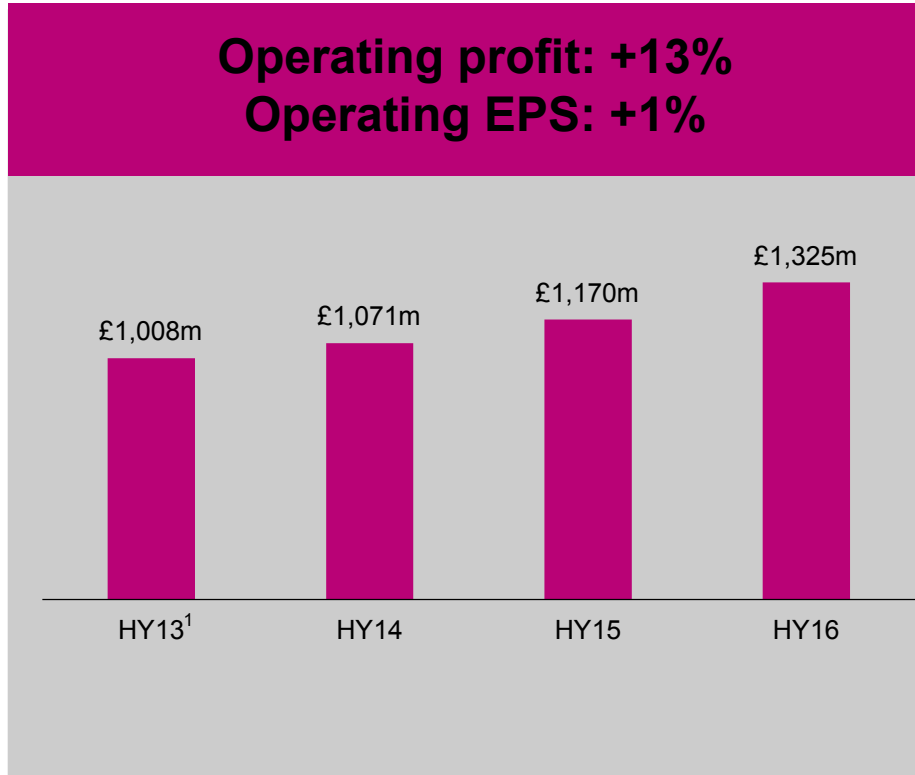
Interim dividend

**7.42p per share
up 10%**

¹The estimated Solvency II ratio represents the shareholder view. This ratio excludes the contribution to Group Solvency Capital Requirement (SCR) and Group Own Funds of fully ring fenced with-profits funds £2.7 billion (FY15: £2.7 billion) and staff pension schemes in surplus £0.9 billion (FY15: £0.7 billion) - these exclusions have no impact on Solvency II surplus. In addition, the estimated impact of acquiring the RBC General Insurance business is included on a pro-forma basis.

²Operating Capital Generation

Operating profit



Positives

- Underlying growth
- Foreign exchange
- Friends Life

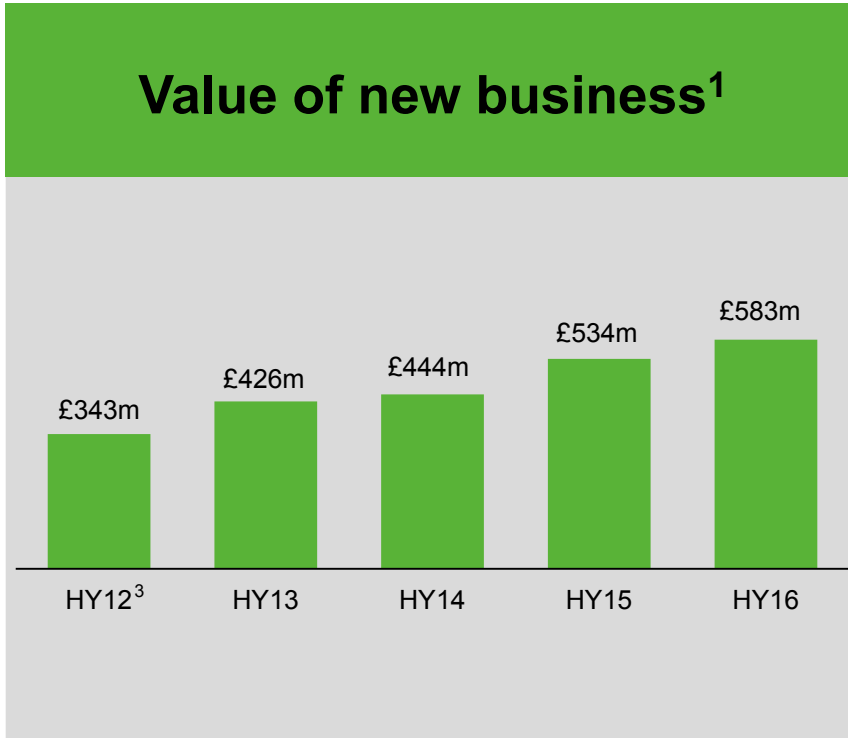
Headwinds

- Government levies / tax
- Weather and fires
- Brexit
- Increased share count

¹HY13 is as reported and has not been restated to exclude the amortisation and impairment of AVIF (shown as a non-operating item from HY14 onwards)

Life insurance – sustainable growth

Value of new business¹



- Operating profit £1,226m, +20%
- VNB growth 7%²
- £2.0bn pension & platform flows in UK Life
- Platform AUM up 23% to £10.3bn

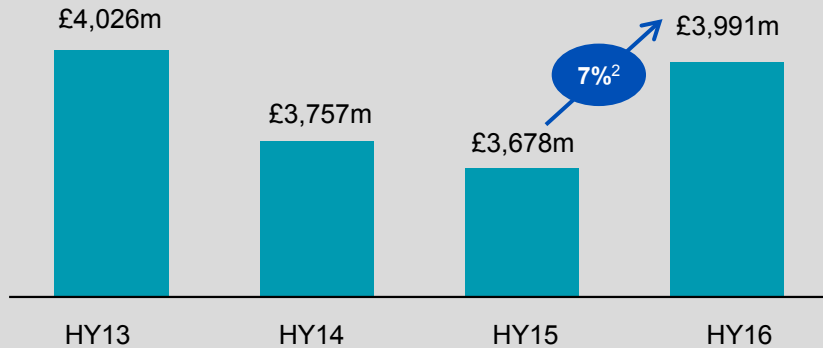
¹MCEV basis

²Constant currency basis

³HY12 VNB is as reported and has not been restated to reflect the changes in MCEV methodology

General insurance & health – returning to growth

Net written premiums³



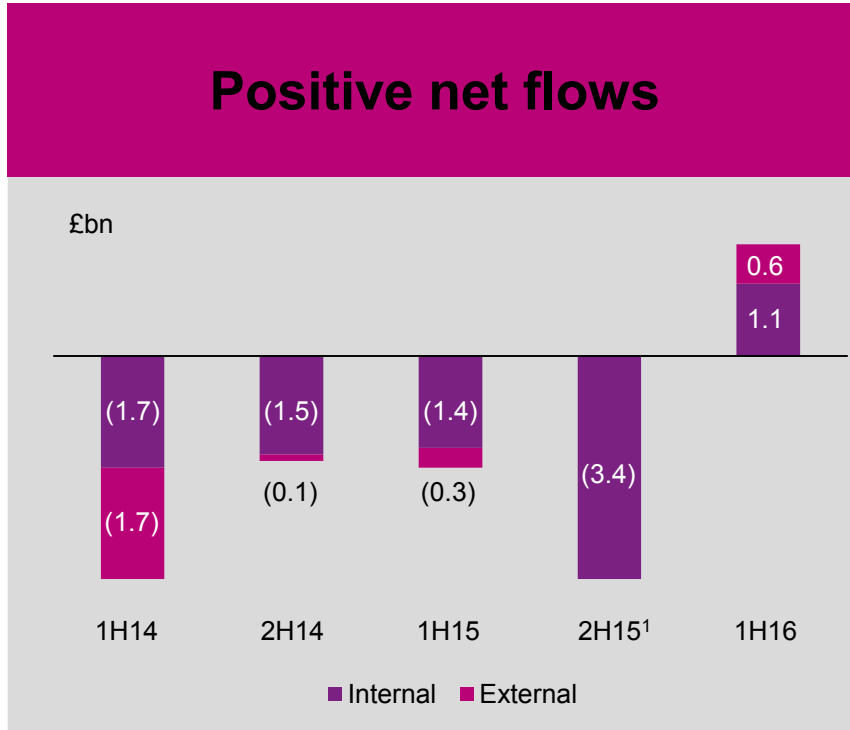
- Premium growth 7%²
- Operating profit £334m -17%¹
- Weather costs +c.£55m
- Group COR 94.6% excluding Flood Re and Homeserve

¹ 2015 general insurance & health operating profit rebased for the reduction in the AGH loan (offsetting adjustment included in "Group debt & other costs")

² Constant currency basis

³ General insurance net written premiums

Fund management – momentum

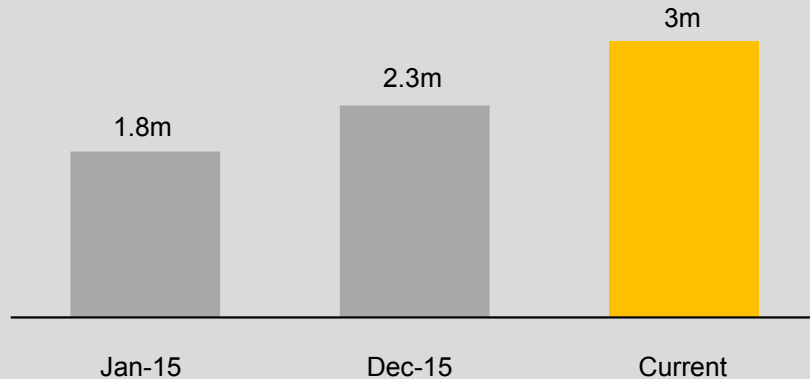


- Operating profit £49m, +48%
- AIMS doubled to £6.2bn
- Improving margins
- Positive net flows

¹Excludes transfers from Friends Life

Digital – meaningful contribution

Leading indicator - registrations

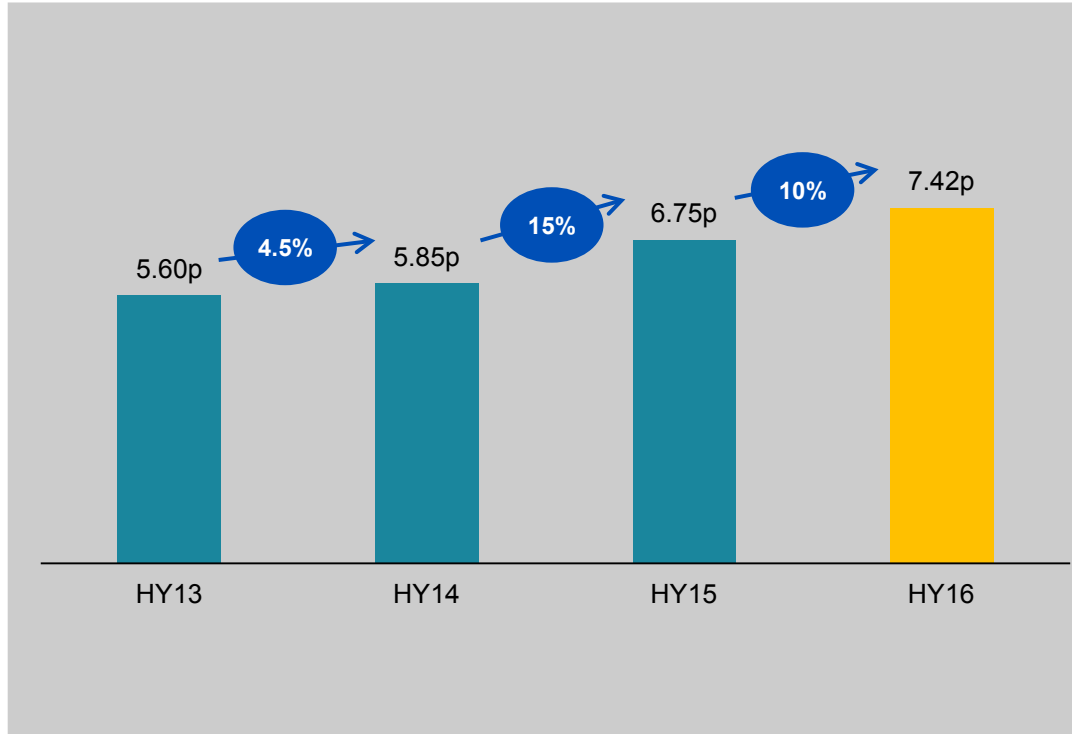


- Operating profit £111m¹
- 16m UK customers on a single database by year end
- MyAviva APH 2.7
- 30%² lower costs shared with customers

¹Unaudited management information

²30% relates to total cost for new GI home cross sales to our existing retirement customers compared to new intermediated home customers.

Interim dividend – 10% growth

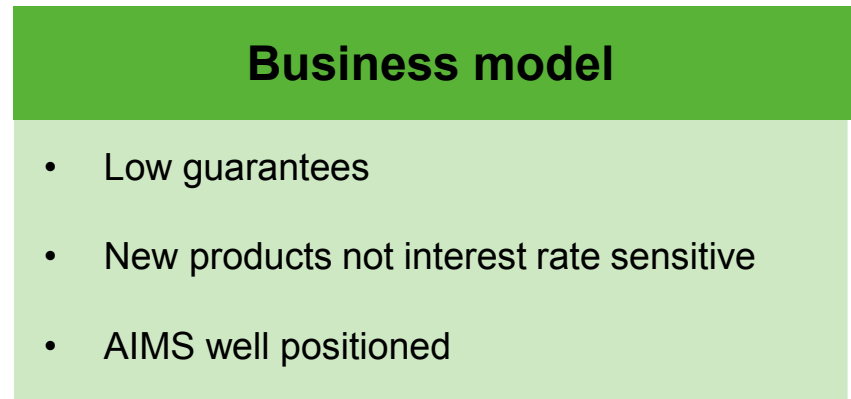
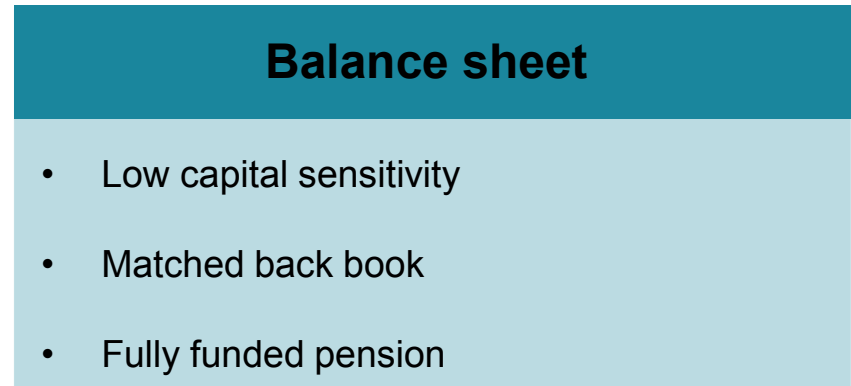
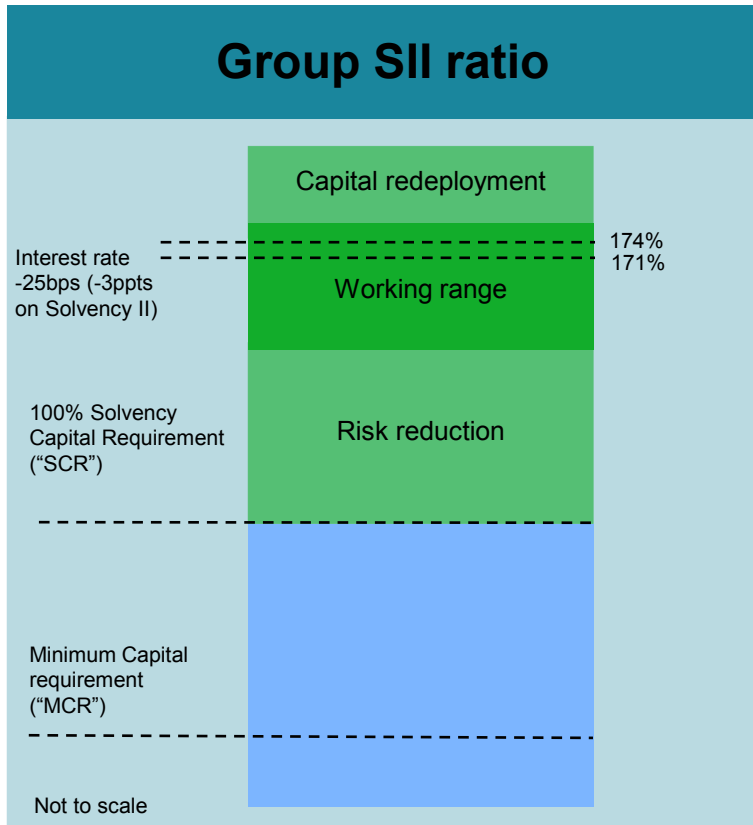


Up 10% to 7.42p








**50% pay-out ratio
target 2017**

Interest rate – no significant impact



Checklist

| | | |
|---------------------------------|---|--------------------------------|
| Strong capital |  | 174%, proven resilience |
| Increase dividend |  | 10% growth |
| Grow operating profit |  | 13% growth |
| Friends Life Integration |  | Ahead of schedule |
| Simplify and self-help |  | More to be done |



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Tom Stoddard
Chief Financial Officer

Growing operating profit

| Operating profit | £million | HY15 | HY16 | Change |
|--|----------|--------------|--------------|------------|
| Life | | 1,021 | 1,226 | 20% |
| General Insurance & Health ¹ | | 400 | 334 | (17)% |
| Fund Management | | 33 | 49 | 48% |
| Corporate costs & other | | (90) | (85) | 6% |
| Group debt & other interest costs ¹ | | (194) | (199) | (3)% |
| Operating profit | | 1,170 | 1,325 | 13% |

Operating profit up 13%

Operating EPS up 1%

¹ 2015 general insurance & health operating profit rebased for the reduction in the AGH loan (offsetting adjustment included in 'Group debt & other costs' in table above)

Economic variances affect NAV & total EPS

| Net asset value per share | IFRS |
|--|-------------|
| Opening NAV per share at 1 January 2016 ¹ | 390p |
| Operating profit | 23p |
| Dividends | (14)p |
| Investment variances & economic assumption | (9)p |
| Pension movement | 15p |
| Foreign exchange | 18p |
| AVIF amortisation | (7)p |
| Integration & restructuring costs | (2)p |
| Other | (2)p |
| Closing NAV per share at 30 June 2016 | 412p |

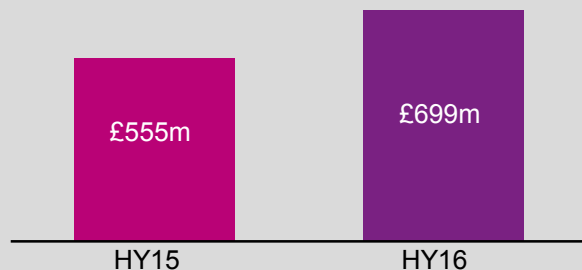
- 39% decline in integration & restructuring costs
- NAV affected by fluctuations in
 - Interest rates, FX, credit spreads and property markets

| Earnings per share (basic pps) | HY15 | HY16 |
|--------------------------------|-------|------|
| Total EPS | 12.8p | 2.5p |

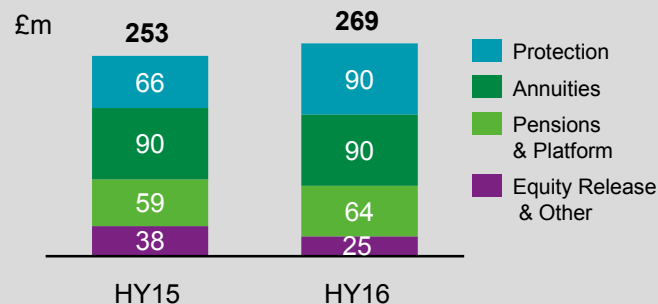
¹ Following a correction to accounting and modelling for annual management charge rebates in UK Life, prior year comparatives have been restated

UK Life – discipline and growth

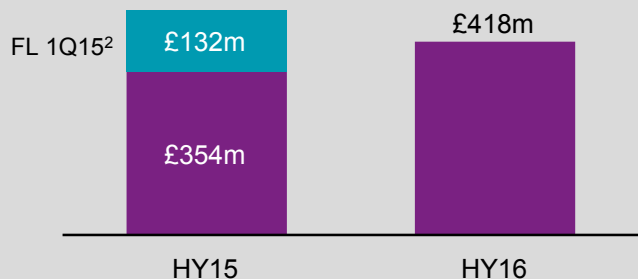
IFRS life operating profit



Value of new business¹



Operating expenses



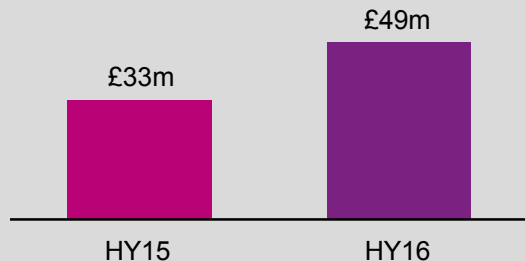
- £138m of Friends Life run-rate synergies secured and savings starting to be reflected in operating profit
- Platform AUM up 23% to £10.3bn
- £0.6bn cash remittances

UK Life – profit drivers

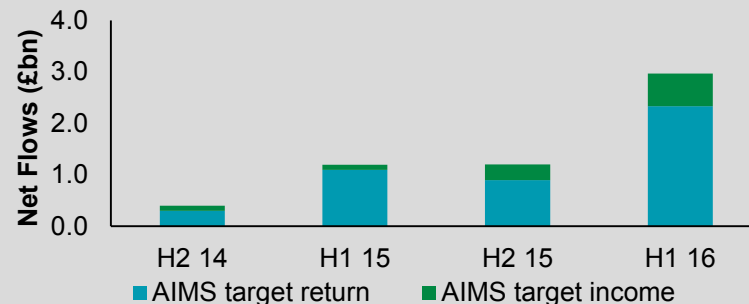
| IFRS operating profit | | | | | |
|-----------------------|----------------------------|------------|--------------|---------------------|--------------|
| | £ million | HY16 | Bps / Margin | Bps / Margin basis | Target Range |
| New Business | Long Term Savings | (45) | n/a | New business strain | (45)-(50) |
| | Annuities & Equity Release | 88 | 11% | PVNBP | 7.5-8.5% |
| | Protection | 46 | 41% | APE | 40-50% |
| Existing Business | Long Term Savings | 109 | 25bps | Opening assets | 25-30bps |
| | Annuities & Equity Release | 158 | 60bps | Opening assets | 55-70bps |
| | Protection | 68 | 8.2% | In-force premiums | 7.5-8.5% |
| | Legacy | 192 | 46bps | Opening assets | 35-40bps |
| | Other | 83 | | | |
| | Total | 699 | | | |

Fund management – building momentum

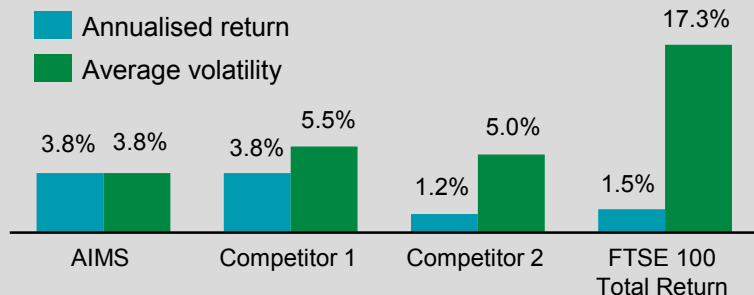
IFRS operating profit



AIMS net flows



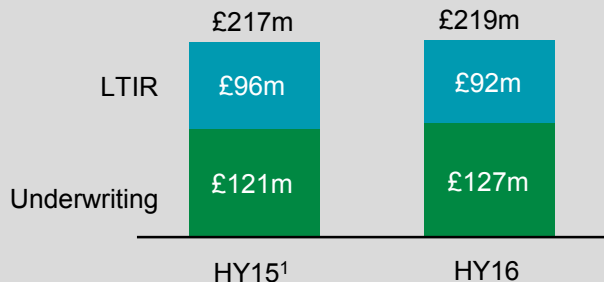
AIMS performance¹



- Increased contribution from Friends Life assets
- £0.6bn positive external fund flows
- AIMS AUM more than doubled in HY16 to £6.2bn
- Investing for future growth

UK & Ireland GI – returning to growth while maintaining cost discipline

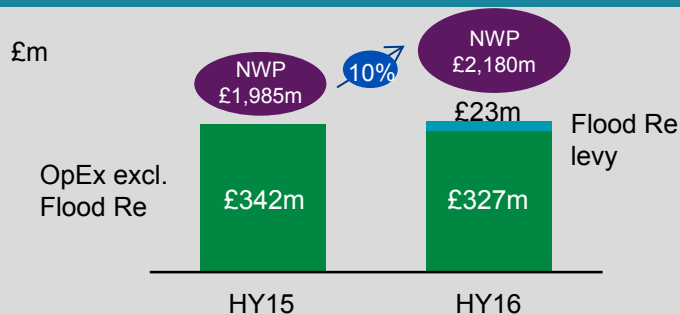
IFRS operating profit



Combined operating ratio

| | HY15 | HY16 |
|-------------------------------|--------------|--------------|
| Underlying COR | 97.2% | 96.4% |
| Prior year development | -0.5% | -1.5% |
| Weather ² | -3.5% | -2.4% |
| HomeServe new business strain | | +1.9% |
| Flood Re | | +1.0% |
| Reported COR | 93.2% | 95.4% |

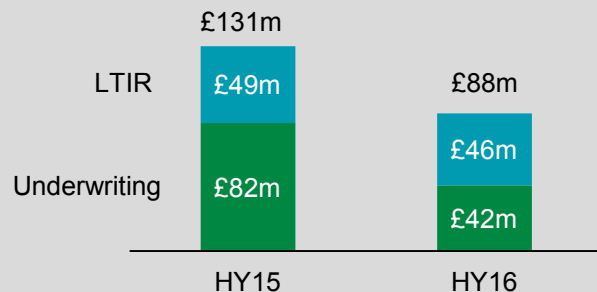
Efficiency & growth



- COR 95.4%, positive underlying progress
- 10% NWP growth supported by new relationships
- Operating expenses improved excluding Flood Re levy

Canada – investing for future growth

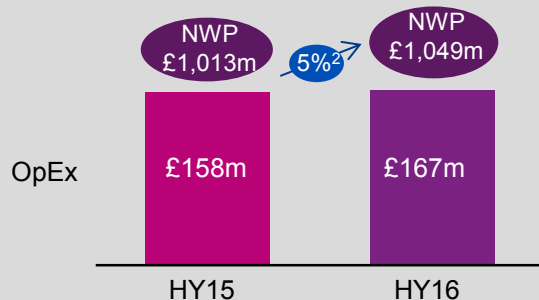
IFRS operating profit



Combined operating ratio

| | HY15 | HY16 |
|--------------------------------|--------------|--------------|
| Underlying COR | 97.7% | 98.7% |
| Prior year development | -5.8% | -3.8% |
| Weather and fires ¹ | | +0.9% |
| Reported COR | 91.9% | 95.8% |

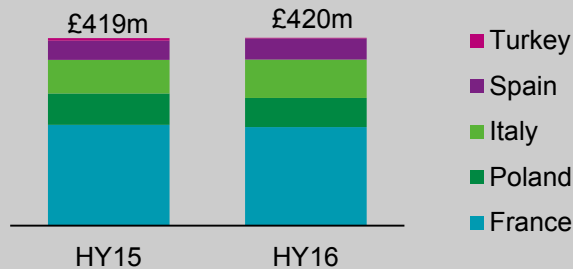
Efficiency & growth



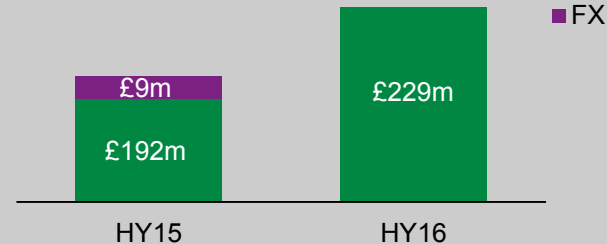
- NWP up 5% in constant currency
- RBCI acquisition completed on 1 July 2016
- Operating profit affected by forest fires and lower prior year development

Europe – stable results despite challenging market conditions

IFRS operating profit



VNB¹



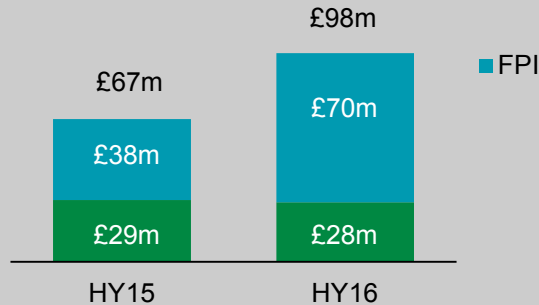
Combined Operating Ratio (France)

| £m | HY15 | HY16 |
|------------------------|--------------|--------------|
| Underlying COR | 96.4% | 93.3% |
| Prior year development | -0.5% | +0.2% |
| Weather ² | -1.5% | +1.0% |
| France floods | | +3.0% |
| Reported COR | 94.4% | 97.5% |

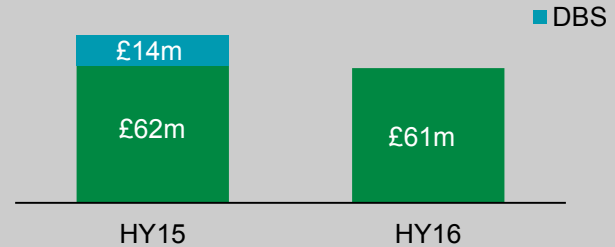
- Profit impacted by French floods, lower equity markets and new asset levy in Poland
- Strong growth in Italy as restructure continues
- VNB growth of 14%³

Asia – investing in disruptive distribution strategies

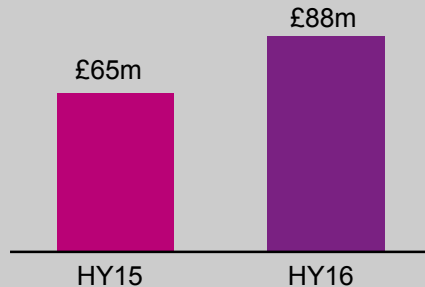
IFRS operating profit



VNB¹

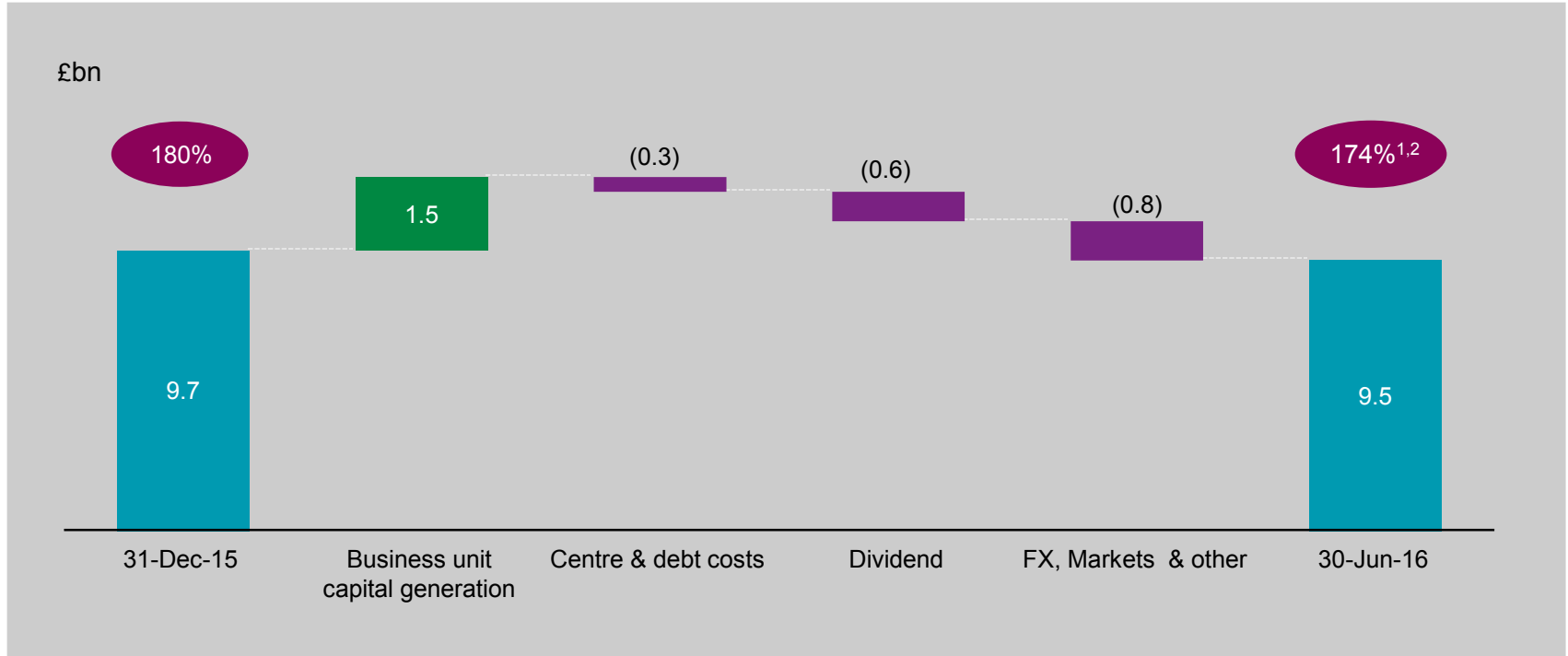


Operating expenses



- VNB down following discontinuation of DBS
- Expanded Singapore armed forces distribution
- Recently added 280 advisers in Singapore
- Continued development of agency in China and bancassurance in Indonesia

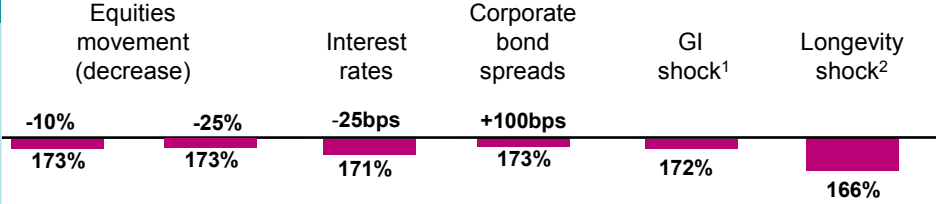
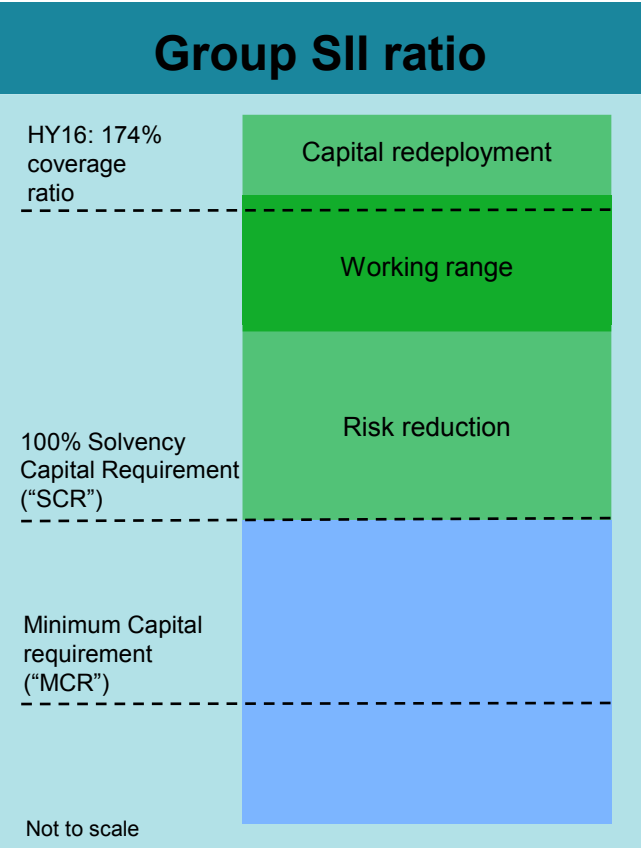
Strong capital position



¹The solvency position includes the estimated impact of acquiring the RBC General Insurance business (£0.3 billion) on a pro-forma basis. The acquisition completed on 1st July 2016, and was funded by an issue of £0.3 billion of subordinated debt in May 2016.

²The estimated Solvency II ratio represents the shareholder view. This ratio excludes the contribution to Group Solvency Capital Requirement (SCR) and Group Own Funds of fully ring fenced with-profits funds £2.7 billion (FY15: £2.7 billion) and staff pension schemes in surplus £0.9 billion (FY15: £0.7 billion) - these exclusions have no impact on Solvency II surplus.

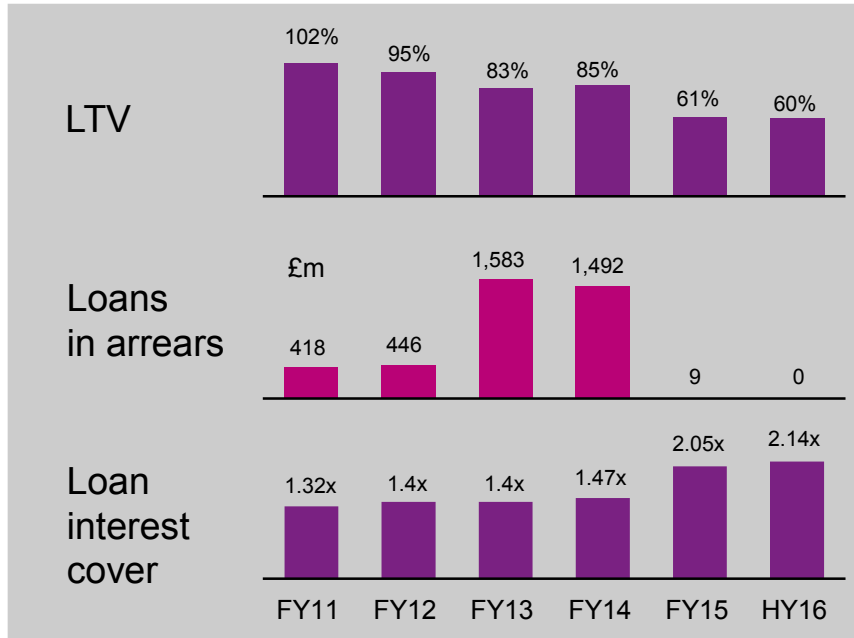
Sensitivities remain resilient to stresses



- Coverage ratio at June 30 2016 was 174%
- Our investment portfolio is prudently positioned
- No reliance on UFR
- Aviva has limited sensitivity to interest rates, equities and spreads

¹ 5% increase in gross loss ratio ² 5% decrease in mortality rates for annuity business

Commercial real estate portfolio largely de-risked



Prudently positioned & reserved

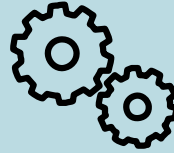
- Loan interest cover improved to 2.14x (FY15: 2.05x)
- £0.6bn IFRS valuation reserve
- LTV's on commercial mortgage portfolio at 60% at HY16 (FY15: 61%)
- Divested non-core portfolios in 2014/15

Performance



Operating profit

£1,325m
up 13%



Capital

Solvency II ratio¹ 174%
Capital Generation² £1.2bn



Interim dividend

7.42p per share
up 10%

¹The estimated Solvency II ratio represents the shareholder view. This ratio excludes the contribution to Group Solvency Capital Requirement (SCR) and Group Own Funds of fully ring fenced with-profits funds £2.7 billion (FY15: £2.7 billion) and staff pension schemes in surplus £0.9 billion (FY15: £0.7 billion) - these exclusions have no impact on Solvency II surplus. In addition, the estimated impact of acquiring the RBC General Insurance business is included on a pro-forma basis.

²Operating Capital Generation

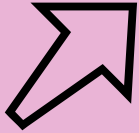


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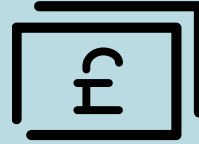
Mark Wilson
Group Chief Executive Officer

Our expectations



Operating profit

Mid-single digit growth
in medium term



Cash

£7bn cash remittances
2016 -2018



Dividend

50% pay-out
ratio 2017