

Aviva plc

2020 Results



Disclaimer

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For a more detailed description of these risks, uncertainties and other factors, please see the 'Risk and risk management' section of the strategic report.

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Agenda

Strategic progress update

Amanda Blanc

Full year 2020 financial results

Jason Windsor

Accelerating UK growth – strategic update

Amanda Blanc

Q&A

Strategic progress update



Delivering at pace against our strategic priorities

Focus the portfolio

- ✓ **Completed disposals since 6th August 2020 of £1.7bn:**
Singapore, Indonesia and Hong Kong
- ✓ **Announced disposals with expected completion in 2021 of £4.3bn:**
France, Italy, Vietnam and Turkey
- ✓ **Actively managing for value:**
Poland and JVs

Transform performance

- ✓ **Delivering robust performance and growth in targeted areas**
- ✓ **Reinvigorated leadership team and culture**
- ✓ **Increased ambition to be UK Financial Services leader on sustainability**
- ✓ **Today announcing new financial targets**

Financial strength

- ✓ **Accelerating debt reduction £1.7bn in H1 2021**
- ✓ **Sustainable and resilient dividend policy, aligned to Core markets**
- ✓ **21p per share 2020 dividend**
- ✓ **Excess capital to be returned to shareholders**

Delivering robust financial and trading performance

Resilient performance from Core markets in 2020

Cash remittances[†]
to the Group

£1.4bn

Cost
savings

£180m

to date towards our 2022
£300m target

Operating
profit[†]

£2.5bn

excl. centre costs

GI NWP

£7.7bn

Life new business[†]

£29.3bn

S&R Net Flows[†]

£8.5bn

GI COR[†]

96.8%

Life value of new
business[†]

£0.7bn

AI External
Net Flows^{†,1}

£1.7bn

Growth highlights

- ✓ **Commercial lines** NWP of **£3.2bn**, up **8% YoY**
- ✓ **BPA** record new business sales² of **£6.0bn** with robust margins
- ✓ **S&R** net flows[†] of **£8.5bn** and AuM[†] up **13%** to **£128bn**
- ✓ **Group Protection** new business sales² of **£0.7bn**

Transforming performance and growing “New Aviva”

Strategic beliefs underpinning performance transformation

- Customers at the heart of everything we do
- Strong social purpose
- Clear focus on where Aviva can win
- Execution discipline
- Creating value for customers, shareholders and our people

Building on strong positions in our Core markets



16m
customers

The only UK & Ireland insurer able to serve all customer needs, with market-leading positions



2m
customers

Top 3 market position across GI¹
Partnership with RBC – Canada’s leading financial services provider



£366bn
AuM[†]

Asset manager for Aviva Group
Top 5 on responsible investment globally
Award winning real assets capability

UK strategic update today - Canada update later in year

Reinvigorated leadership team and culture

New and experienced leadership team



Amanda Blanc
Group CEO



Jason Windsor
Group CFO



Nick Amin
Group COO



Doug Brown
UK&I Life



Lindsey Rix
UK S&R



Colm Holmes
UK&I GI



Jason Storah
Aviva Canada



Mark Versey
Aviva Investors



Adam Winslow
International



Stephen Doherty
Brand,
Corporate Affairs



**Jan-Hendrik
Erasmus**
Risk



Danielle Harmer
People



Martin O'Malley
Audit



Chetan Singh
Strategy
and M&A



Kirstine Cooper
General Counsel &
Company Secretary

Stronger performance culture

7 new appointees to the ExCo

Clarity on expectations of our leaders

Overhaul of individual performance management

Collaborative approach and culture across the business

Increased ambition on sustainability



Fighting climate change

Net zero company ¹	Reduction in carbon intensity of assets ¹	Net zero operations & supply chain
2040 First major insurer worldwide	25% by 2025 60% by 2030	2030

Building a stronger Britain

UK population saving and retiring with Aviva ²	Investment in UK infrastructure and real estate	Profits invested in the community ³
>13% ... 2020 and growing	£10bn Over next 3 years	2% Avg. per annum

Sustainable business

All footnotes on pages 64 - 66

Creating value for our shareholders

New financial targets

Cash remittances[‡] from Core

>£5bn

cumulative
2021-'23

£1.8bn

2023

Operating efficiency

£300m

net savings from
Core by end of 2022

Top quartile

efficiency across all
businesses¹

Debt leverage ratio^{‡,2}

<30%

Excess capital deployment

**Announcing today £1.7bn debt
reduction in H1 2021**

£800m tender offer and £900m maturities/calls³

**Investing in the business and returning
excess capital to shareholders**

Following completion of announced transactions



Full year 2020 financial results

Delivering on our priorities

Delivering against our strategy

- Decisive progress on focusing the portfolio
- Strong Solvency II position and centre liquidity[‡]
- £1.7bn debt reduction to accelerate deleveraging
- Clear path to return capital to shareholders

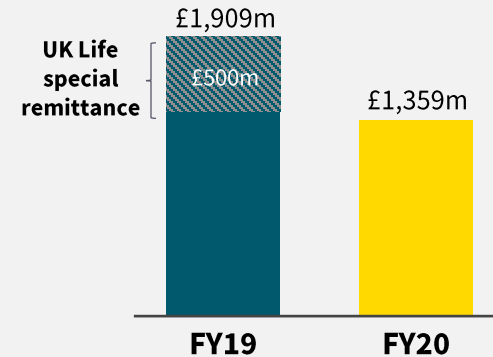
Resilient financial and operating performance

- Momentum across the Core business segments
- Absorbed the impact of COVID-19
- Good progress on cost savings with more to come

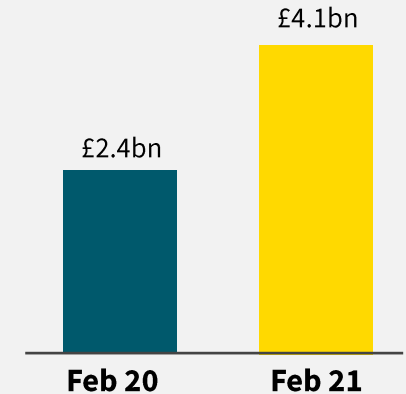
New cash remittance[‡] target: > £5bn (2021 – 2023)

- Strong growth in remittances[‡] from Core businesses
- Sustainable dividend growth

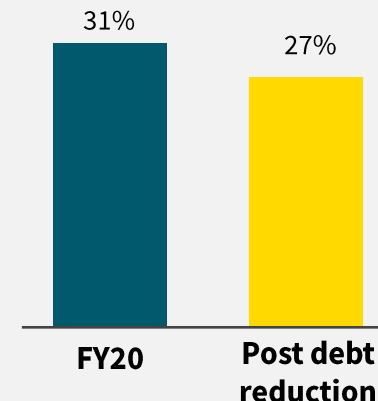
Core cash remittances[‡]



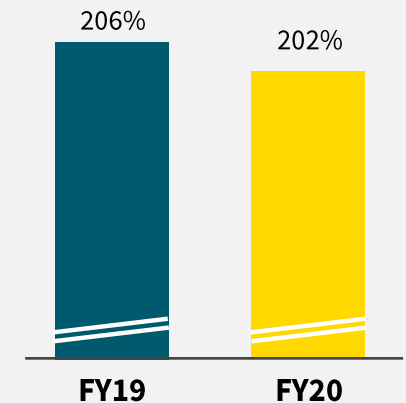
Centre liquidity[‡]



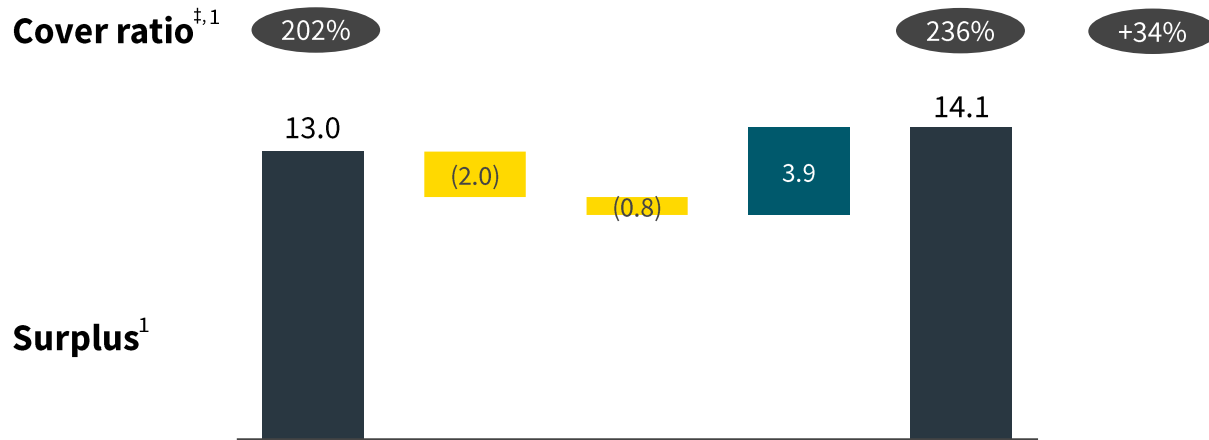
Debt leverage ratio^{1,‡}



SII cover ratio^{2,‡}



Sales of Aviva France and Italy – major progress in our strategic transformation



Estimated (£m)	FY20	Less France	Less Italy (inc. Vita)	Proceeds ²	Post France and Italy	Impact
Own funds ¹	25.8	(3.6)	(1.6)	3.9	24.5	(1.3)
SCR ¹	(12.8)	1.6	0.8	-	(10.4)	2.4
Surplus ¹	13.0				14.1	1.1
Excess > 180%	2.8	-	-	-	5.8	3.0
SII cover ratio [‡]						

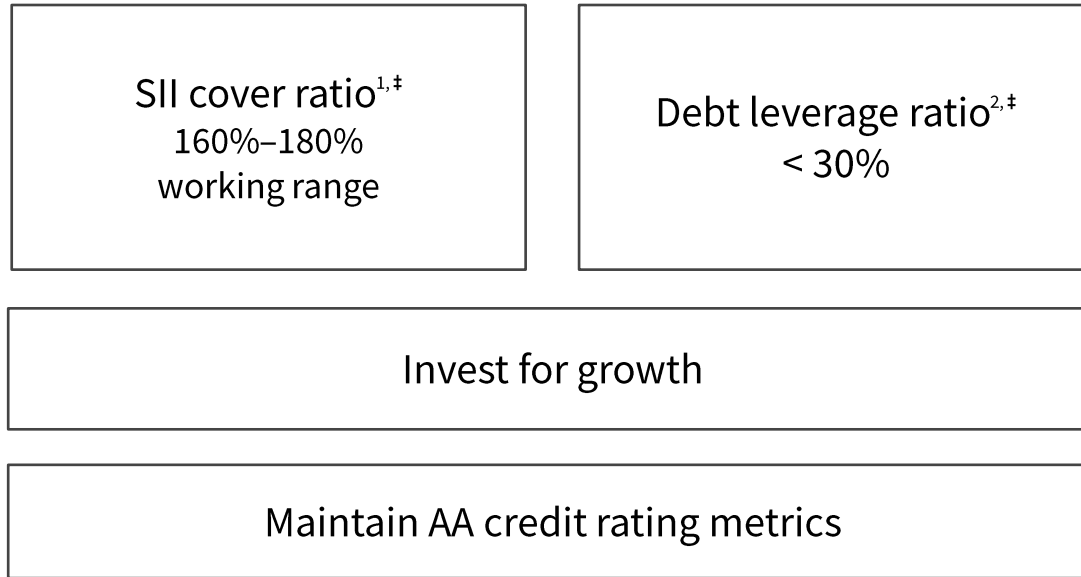
- SCR figures are post Group diversification

All footnotes on pages 64 - 66

- Sales of France for £2.8bn and Italy for £1.1bn (including previously announced sale of Aviva Vita)
- On completion, together these would significantly strengthen our capital and liquidity:
 - Cover ratio[‡] up c. 34 percentage points
 - Excess capital up c. £3.0bn
 - Centre cash[‡] up c. £3.9bn
- Reduces exposure to interest rate risk
- Expect completion by end of 2021
- Remaining Group diversification (inter-market³) of c.£2.5bn, with over £2bn in Core markets

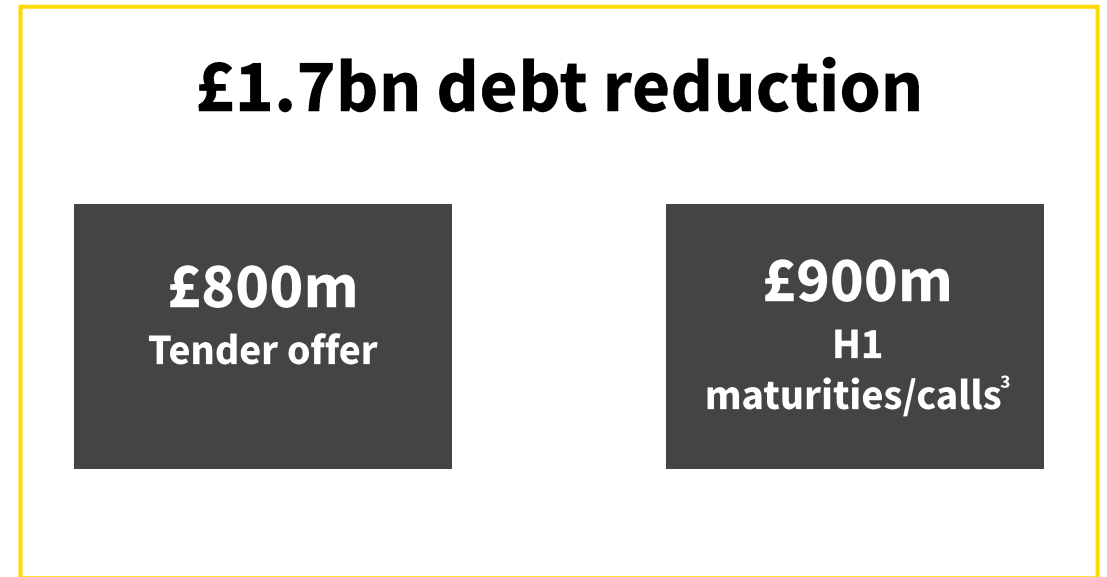
Material reduction in leverage in H1 2021 as first step in executing against our capital framework

Our capital framework



Excess capital > 180% to be returned to shareholders

Accelerating leverage reduction

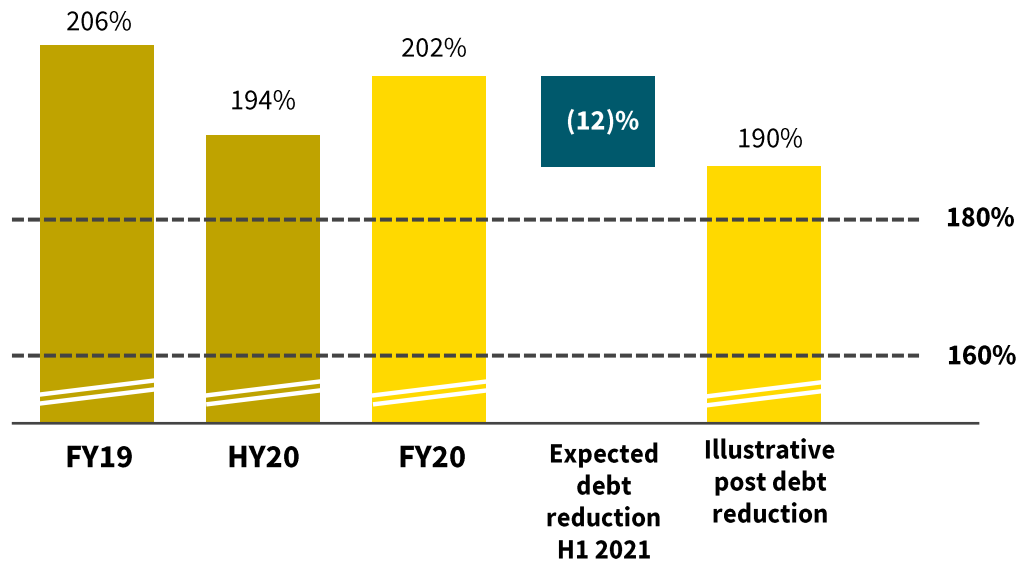


Estimated debt leverage ratio^{†,2} reduction of c4pp – 27% post debt reduction

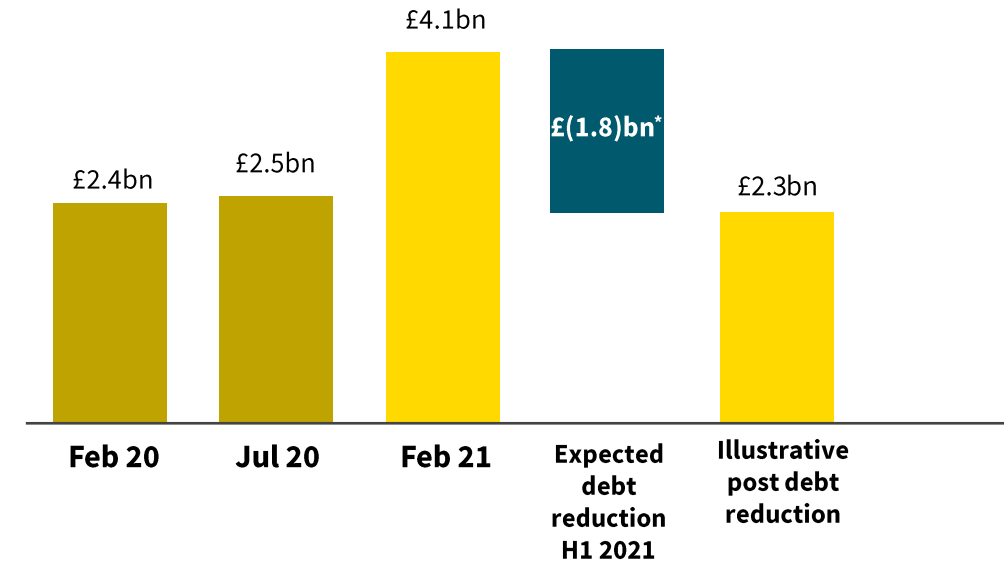
Savings on annual debt interest cost of c. £100m

Debt actions utilising majority of current excess cash and capital

SII cover ratio^{1,‡}



Centre liquidity[‡]



Supporting deleveraging and unlocking future returns to shareholders

*Includes illustrative cost of premium for redeeming debt above par. All footnotes on pages 64 -66

Cash remittance target with strong growth in excess cash flow

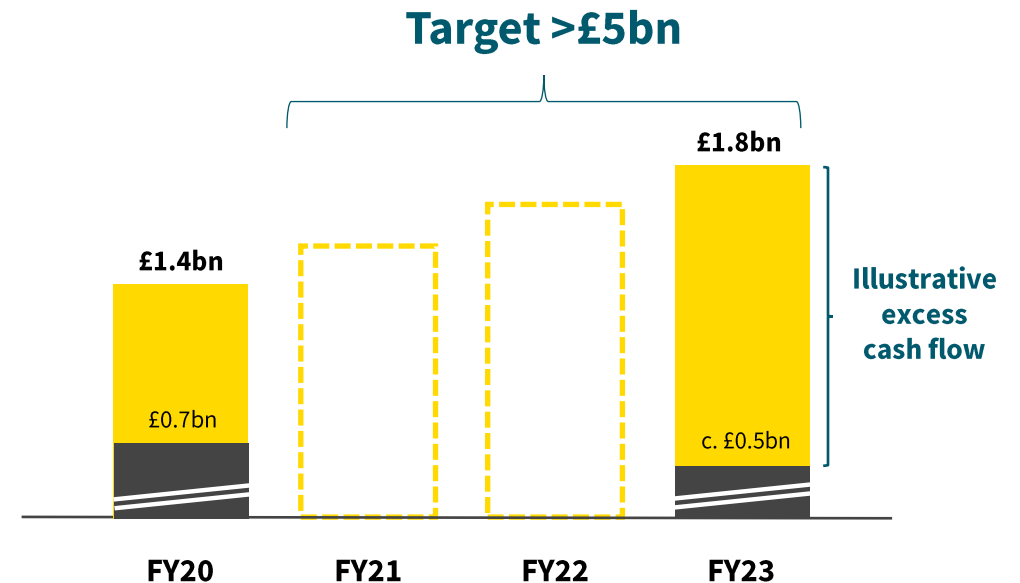
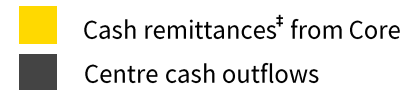
New 3-year remittance target

Cash remittances[†] from Core

>£5bn

Cumulative target
2021-23

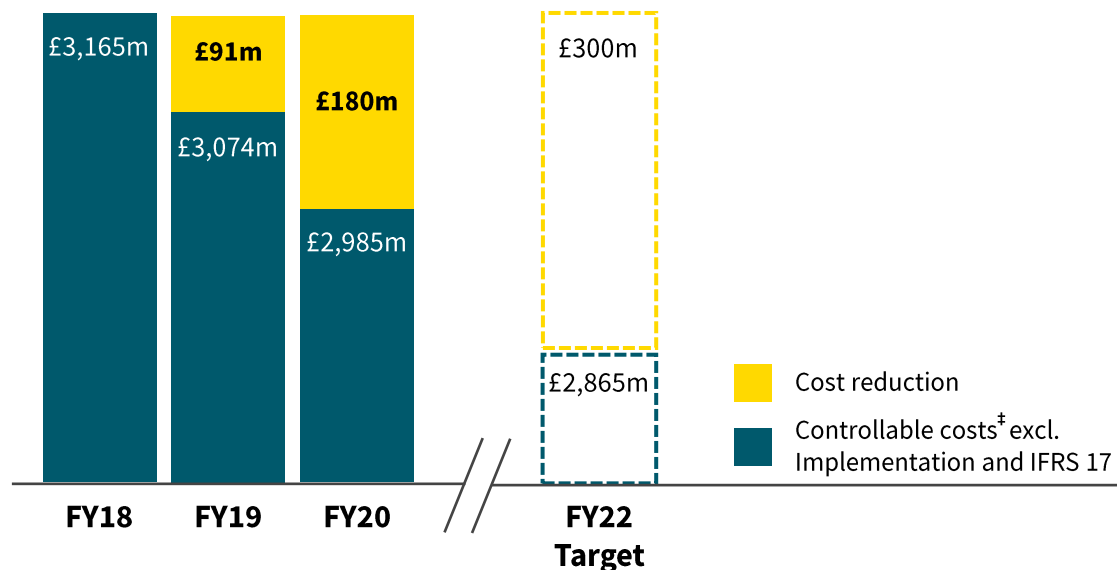
Building excess cash flow to support business and dividend growth



Ambitious cash target, built on better performance

£300m net cost target from Core markets on track

Delivered £180m of cost savings to date



Core markets, Corporate centre and
Other Group operations

	FY18 £m	FY19 ¹ £m	FY20 £m
Controllable costs[†]	3,178	3,138	3,090
Less: Implementation and IFRS 17 costs	(13)	(64)	(105)
Controllable costs[†] excl. Implementation and IFRS 17	3,165	3,074	2,985

£300m target now to be delivered from Core markets only

- 9.5% of FY18 controllable costs[†] from Core markets (previously c.7.5% of Group) plus absorbing 4 years of inflation

Continued progress as we focus on efficiency

- 4% reduction in Core markets workforce since FY19 mostly through attrition and >30% reduction in number of external contractors
- Product simplification
- Data-centre migration to cloud
- Rationalisation of property footprint

Targeting top quartile efficiency

2020 financial results highlights

Group

	FY20 £m	FY19 £m	Change %
Operating profit^{1,†}	3,161	3,184	(1)%
IFRS profit after tax	2,910	2,663	9%
Cash remittances[†] excl. specials	1,500	1,925	(22)%
- Special remittances	-	672	n/a
OCG[†]	1,932	2,259	(14)%
OCG excl. Other ²	1,414	1,433	(1)%
SII RoE^{3,†} (%)	9.8%	14.3%	(4.5)pp
SII RoE excl. Other ² (%)	9.8%	8.1%	1.7pp

Resilient operating profit[†] despite challenging year

RoE[†] and OCG[†] reduction, primarily driven by correction to French Life model

Core markets

<i>UK, Canada, Ireland & Aviva Investors</i>	FY20 £m	FY19 £m	Change %
Operating profit[†]	2,492	2,558	(3)%
Cash remittances[†] excl. specials	1,359	1,409	(4)%
- Special remittance UK Life	-	500	n/a
OCG[†]	1,948	1,850	5%
OCG excl. Other ²	1,380	1,378	-

Robust trading across Core markets

Cash remittances[†] lower as subsidiaries maintained strong balance sheets

UK & Ireland Life

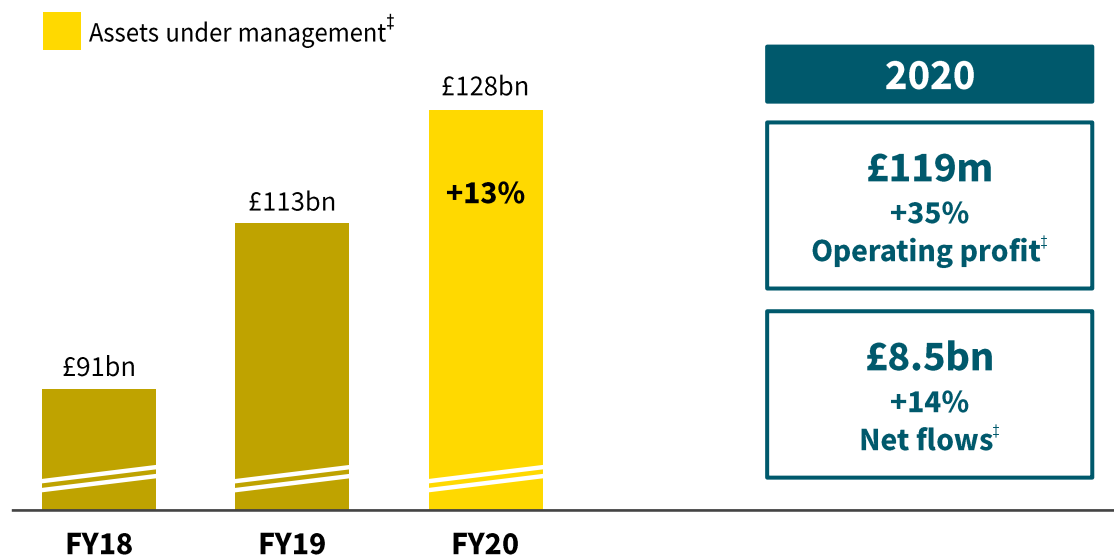
	FY20 £m	FY19 £m	Change %
Operating profit^{1,2,†}	1,907	1,974	(3)%
- Savings & Retirement	119	88	35%
- Annuities & Equity Release	815	866	(6)%
- Protection & Health	189	201	(6)%
- Heritage	321	389	(17)%
- Ireland Life	(6)	59	(110)%
- Management actions & other ³	469	371	26%
OCG [†]	1,259	1,248	1%
SII RoC [†] (%)	7.4%	9.1%	(1.7)pp
Controllable costs ^{4,†} excl. implementation and IFRS 17	1,137	1,194	(5)%

- Growth in **Savings & Retirement and BPA**, offset by lower new business profits in **individual protection and equity release**
- **Heritage** continues to run off broadly in line with our expectations
- Higher project costs and lower assumption changes driving reduction in **Ireland Life**
- OCG[†] in line with prior year with stable NB strain despite higher BPA volumes
- **Controllable costs[†]** benefited from lower project spend and cost management actions

Resilient operating profit and operating capital generation

Strong growth in S&R and bulk purchase annuities

Savings & Retirement

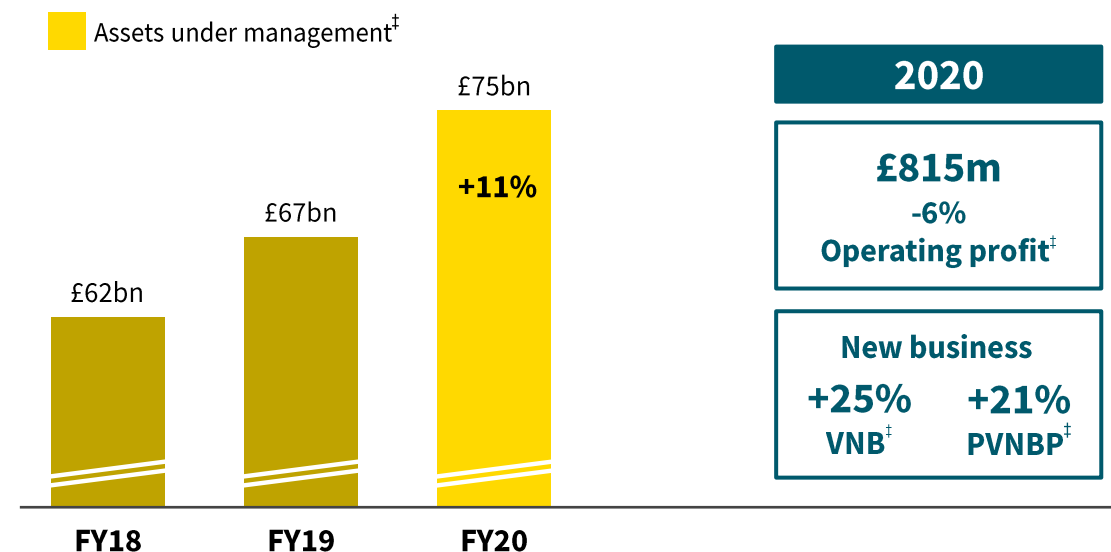


Revenue growth of 17% to £571m

Largest **workplace**¹ provider with 3.8m customers, up 246k in 2020

Adviser platform ranked number 2 by net flows[‡] and AUM[†] up 18% to £32bn

Annuities & Equity Release

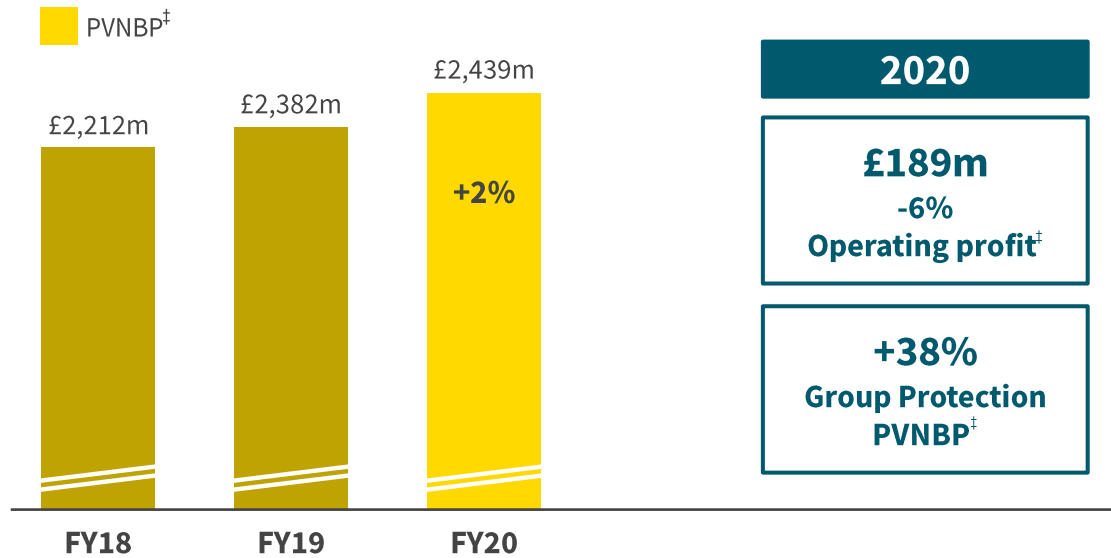


BPA sales² up 48% to £6.0bn, VNB[‡] up 33% to £278m

Equity release sales² and NB profits down as lockdowns limited physical valuations

Resilience in Protection & Health and continued benefit from management actions and assumption changes

Protection & Health

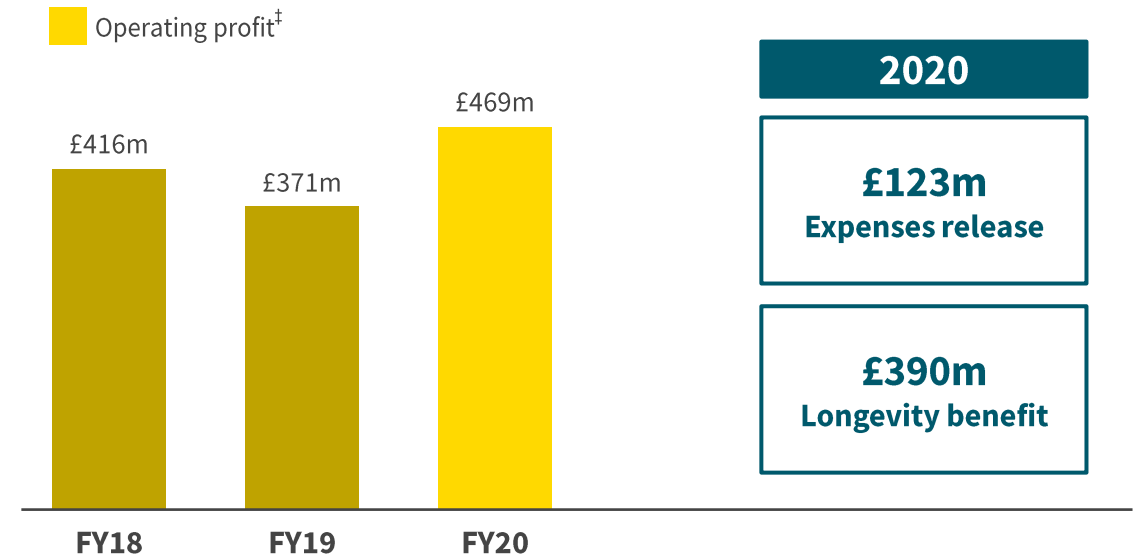


Record **Group Protection** sales¹ up 38% to £0.7bn

Individual Protection sales¹ down 11% to £1.2bn due to lockdowns

Health sales flat at £513m as strong performance in corporate offset consumer and SME

Management actions and other²



Lower benefit from longevity of £390m (2019³: £751m). Driven by long term trends not COVID-19

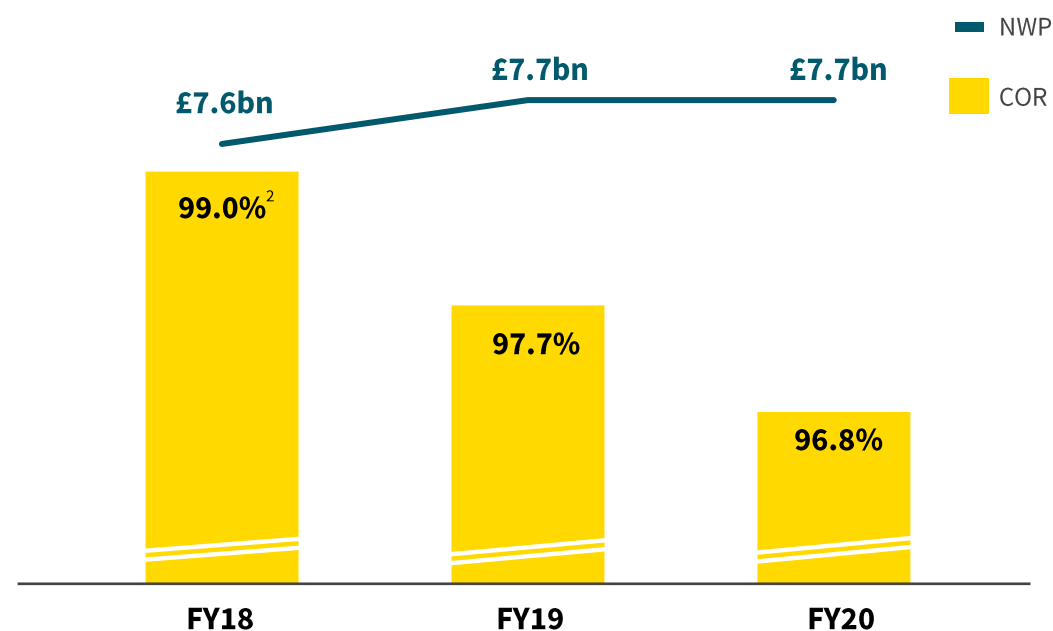
Improved efficiency resulted in expense reserve release of £123m (2019: £(60)m)

General Insurance – UK, Ireland and Canada

Improvement in underlying operating performance

	FY20 £m	FY19 £m	Change %
Operating profit^{1,‡}	500	488	2%
Underwriting result	244	183	33%
LTIR and other	256	305	(16)%
NWP	7,726	7,699	-
COR[‡] (%)	96.8%	97.7%	(0.9)pp
PYD and weather	0.1%	3.3%	(3.2)pp
COVID-19 (net claims and commission)	(1.1)%	-	(1.1)pp
	95.8%	101.0%	(5.2)pp
Controllable costs [‡] excl. implementation and IFRS 17	1,170	1,193	(2)%

Strong progress in COR[‡]



Strong improvements in underwriting result offsetting lower LTIR

UK GI – Double-digit growth in commercial lines

UK GI personal lines

	FY20	FY19	Change
NWP (£m)	2,232	2,399	(7)%
Underwriting (£m)	172	17	912%
COR[†]	92.4%	99.3%	(6.9)pp
PYD, weather and COVID-19*	9.2%	4.6%	4.6pp
	101.6%	103.9%	(2.3)pp

**RNPS +17pp
vs. competitor
benchmark**

**10%
market share**

NWP reduction driven by COVID-19 disruption of distribution partners and exit of unprofitable business

Aviva brand motor offering successfully launched onto comparison websites in Q4, and our Home offering has followed

UK GI commercial lines

	FY20	FY19	Change
NWP (£m)	2,008	1,819	10%
Underwriting (£m)	(109)	69	(258)%
COR[†]	105.7%	96.0%	9.7pp
PYD, weather and COVID-19*	(11.4)%	5.4%	(16.8)pp
	94.3%	101.4%	(7.1)pp

**95% (+3%)
broker trust
score**

**11%
market share**

NWP growth of 10% driven by rate increases and good retention

Strong COR[†] driven by growth and improved rates, adversely impacted by COVID-19

* COVID-19 net claims and commission

Canada GI – Strong improvement in underlying performance

Canada GI personal lines

	FY20	FY19	Change
NWP (£m)	2,075	2,100	(1)%
Underwriting (£m)	262	46	470%
COR[†]	87.2%	97.8%	(10.6)pp
PYD, weather and COVID-19*	4.0%	2.2%	1.8pp
	91.2%	100.0%	(8.8)pp

**2.4m
customers**

**9%
market share
(as of FY19)**

NWP reflects customer relief measures as well as COVID-19 impact

Underwriting benefited from profitability actions initiated in 2018, favourable weather losses and lower claims frequency

Investing in product range (e.g. telematics) and a direct to consumer digital offering

Canada GI commercial lines

	FY20	FY19	Change
NWP (£m)	1,021	961	6%
Underwriting (£m)	(100)	19	(626)%
COR[†]	110.2%	97.8%	12.4pp
PYD, weather and COVID-19*	(17.6)%	(0.7)%	(16.9)pp
	92.6%	97.1%	(4.5)pp

**378k
policies**

**8%
market share
(as of FY19)**

NWP 6% higher driven by rate increases partially offset by focus on more profitable business

Underwriting result impacted by reserves set up in relation to COVID-19

Continued benefit from ongoing rate hardening through 2021

* COVID-19 net claims and commission

Aviva Investors - Improved net flows and positive outlook

	FY20 £m	FY19 £m	Change
Operating profit^{1,†}	85	96	(11)%
Total net flows[†]	8.5	(2.8)	11.3
Net flows [†] excluding liquidity funds (£bn)	0.2	(4.1)	4.3
- Internal legacy (£bn)	(6.6)	(7.8)	1.2
- Internal core (£bn)	5.1	1.4	3.7
- External (£bn)	1.7	2.3	(0.6)
Net flows [†] into liquidity funds (£bn)	8.3	1.3	7.0
AUM [†] (£bn)	366	346	6%
Aviva Investors France operating profit	54	49	10%
Aviva Investors France AUM [†] (£bn)	100	94	6%

A challenging year for performance

- Operating profit^{1,†} impacted by reduction in revenue partly offset by improvement in costs

Attracting assets

- Net flows[†] of £8.5bn

Future focus

- Supporting growth and success of Savings & Retirement and Annuities
- Third party success; Real Assets, including Infrastructure, Multi-asset, Liability Managed and Credit
- Simplification project launched and ongoing focus on cost management to deliver efficiency improvements

Leveraging decades of ESG leadership to drive future growth

Manage-for-value markets

<i>Continental Europe and Asia</i>	FY20 £m	FY19 £m	Change %
Operating profit^{1,†}	1,311	1,150	14%
- France	467	473	(1)%
- Italy	298	195	53%
- Poland	196	194	1%
- Other	38	37	3%
- Discontinued operations	312	251	25%
SII RoC[†] (%)	6.2%	11.4%	(5.2)pp
OCG[†]	172	867	(80)%
Cash remittances[†]	127	613	(79)%
PVNB[†]	12,834	15,240	(16)%
GI NWP	1,687	1,610	5%
COR[†] (%)	93.5%	96.6%	(3.1)pp

- **France** profit stable with an improved mix of business offsetting adverse protection claims experience
- **OCG[†]** reduced as a result of correction to a mis-applied rule in French Life model.
- Lower **cash remittances[†]** were affected by regulatory restrictions on dividends related to COVID-19
- Shift of product mix and reduced costs in **Poland** offset trading disruption from COVID-19
- Operating profit^{1,†} increased in **Italy** driven by fee income from higher AUM[†] and favourable claims experience in GI

Remittances impacted by regulatory restrictions

Delivering on our priorities

Focusing the portfolio

- Sales of France and Italy – major progress in our strategic transformation
- Builds on divestments in other markets including Singapore, Vietnam, Turkey

Executing against our capital framework

- Taking actions to reduce leverage^{†,‡} <30%
- Investing in the business to accelerate cash generative growth
- Excess capital over 180% to be returned to shareholders

Delivering cash and growth in Core business

- Focus on sustainable cash remittances[‡], including new three-year target, to drive dividends
- Continued progress on cost reduction and ambition to achieve top quartile efficiency
- Winning in key segments



Accelerating UK growth – strategic update

Big vision and clear priorities for the UK

Our vision

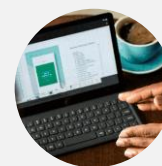
**To be the UK's leading insurer
by establishing Aviva as the
go-to customer brand ...**

**... for all insurance, protection,
savings and retirement needs...**

**... for all of our customers – individuals,
corporates, and their intermediaries**

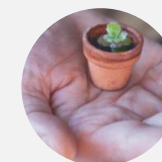
Four strategic priorities

1



SIMPLIFY, DIGITISE AND AUTOMATE

2



DRIVE TARGETED GROWTH

3



POWER UP THE AVIVA BRAND

4



**BUILD ENGAGING, DIGITALLY LED
CUSTOMER EXPERIENCE**

Strategy centred on what our customers need

Our customers...



Individuals



SMEs &
Corporates



Intermediaries

What they need...



Saving for the future, for
themselves and employees



Secure income
in retirement



Protect health,
wellbeing,
dependents and
employees



Protect and insure against
key and emerging risks

**FINANCIAL
SECURITY**

What they want from their insurer...

Simple and transparent products that
meet their needs at a fair price

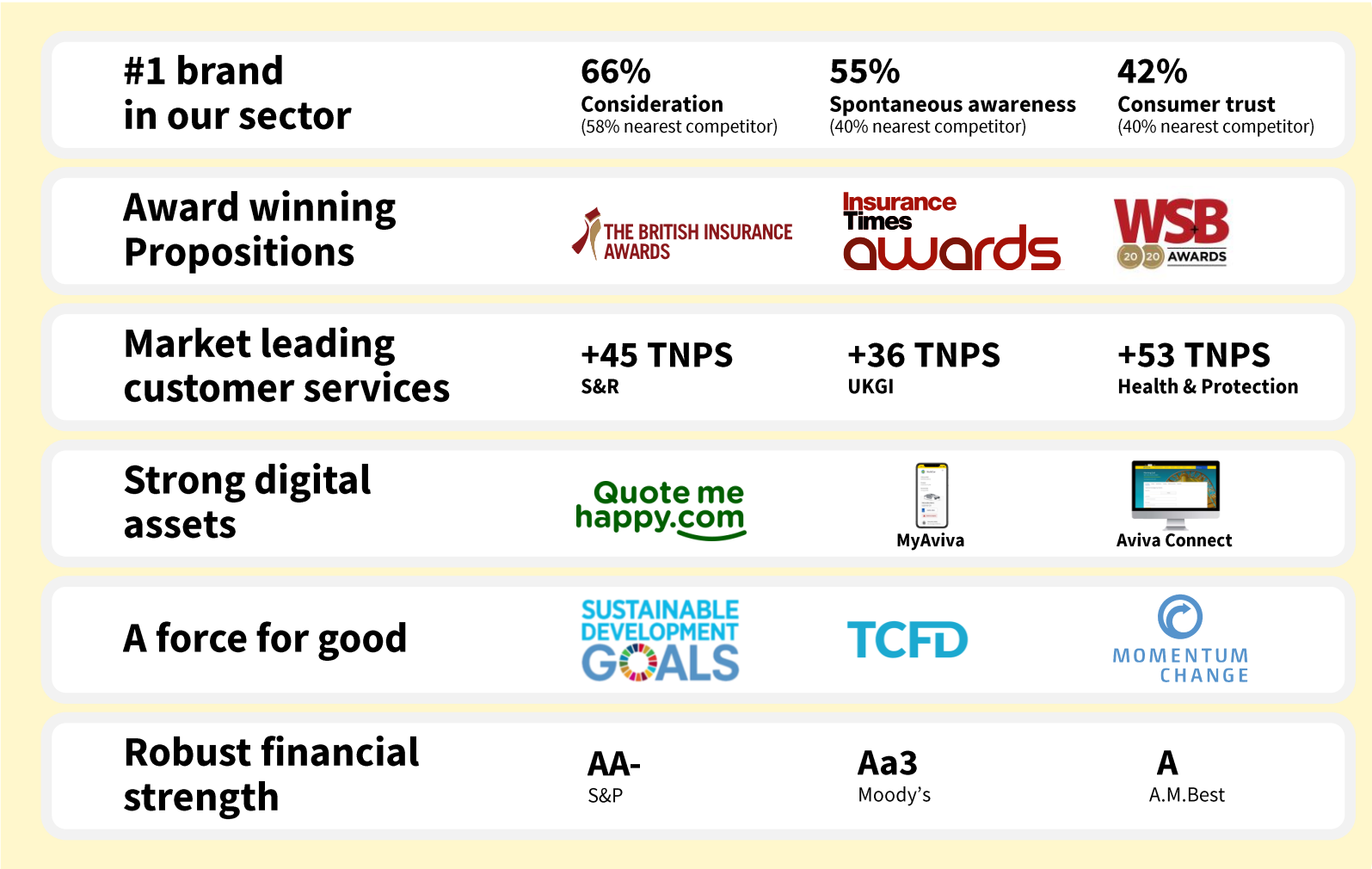
Trusted brand they can rely on to
deliver when it matters

Excellent service and **positive
claims experience**

Easy to interact with **across all
channels:** face to face and digital

Sustainable and **ethical** company making
decisions for the **long term**

Delivering on our customers' expectations



15m

UK customers¹

4.8m

MyAviva
registered
customers

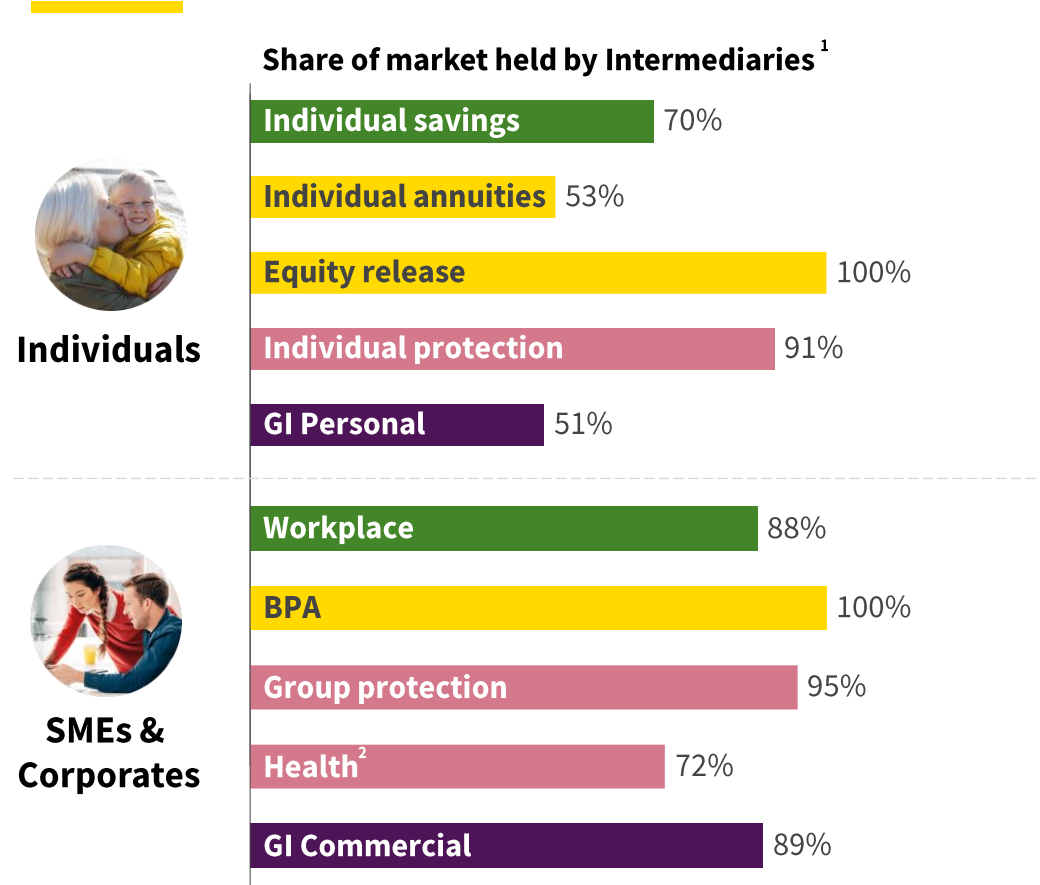
4.2m

Multiple
product
holders²

All footnotes on pages 64 - 66

Strongest relationships with intermediaries

Intermediaries are crucial in the UK...



... and Aviva has the strongest relationships

General insurer of the year

THE BRITISH INSURANCE AWARDS

#1 insurer with brokers and IFAs

#1 in broker surveys
cobra network

#1 in IFA study in Savings & Investments and Health Insurance

#1 for commercial digital trading

Fast Trade e-trading platform

Insurance Times awards

Company of the year 11 years in a row³

Health Insurance & Protection AWARDS

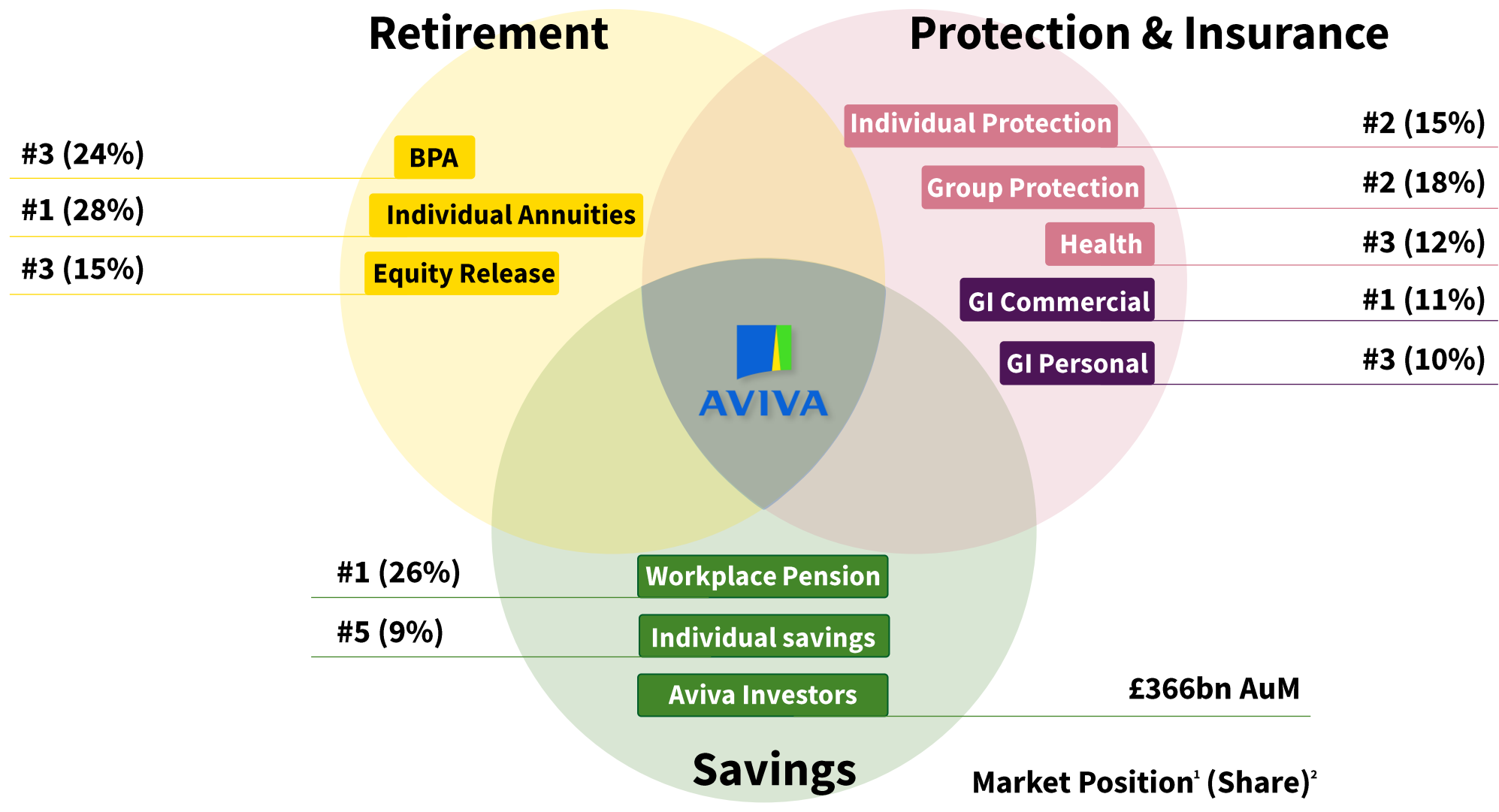
Best use of platform technology

Retail Adviser Platform

Schroders UK PLATFORM AWARDS

All footnotes on pages 64 - 66

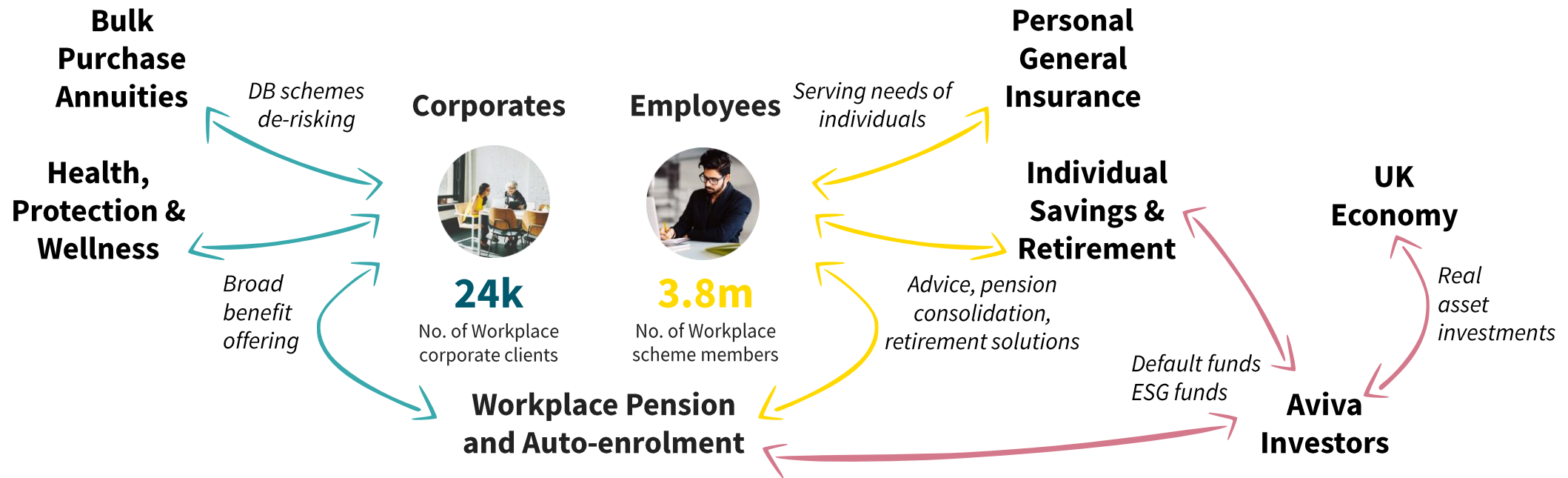
Our leading UK market positions are a unique strength



All footnotes on pages 64 - 66

Our UK model delivers tangible benefits and synergies

Capitalising on #1 position in workplace pension¹



Brand
Synergies

Customer
Synergies

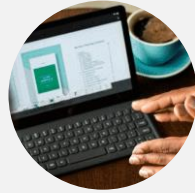
Capital
Synergies

Value chain
Synergies

Scale
Benefits

Four priorities for the UK

1



SIMPLIFY, DIGITISE AND AUTOMATE

2



DRIVE TARGETED GROWTH

3



POWER UP THE AVIVA BRAND

4



**BUILD ENGAGING, DIGITALLY LED
CUSTOMER EXPERIENCE**

Intensifying simplification, digitisation and automation



Digitise & automate customer journeys

50%

2020, UK customer journeys digitised and automated¹



>75%

By end of 2023



Simplify our product portfolio

261

2020, UK GI PL products (30% reduction over past year)



-65%

By end of 2022



Simplify our technology estate

749

2020, UK IT applications (27% reduction over past 3 years)



-25%

By end of 2023



Right size our property portfolio

1.7m ft²

2020, UK property footprint



-30%

By end of 2021

Better customer experience, sustainable cost transformation and great agility

Targeted growth supported by fundamental trends

Fundamental trends

Material opportunities

Aviva growth priorities



Ageing population and income in retirement gap

1 in 4 people in the UK will be +65 by 2039
>£120bn gross flows in Platform market



Individual Savings and Retirement



Individual responsibility for retirement and pension auto-enrolment

£389bn DC assets, **£955bn** by 2028
>£40bn of assets moving into retirement each year



Workplace Pension and Benefits



Shift from DB to DC and Corporate de-risking

£2tn DB liabilities
£30bn - £50bn BPA flows p.a. over next 5 years



Bulk Purchase Annuities



Heightened focus on health & wellness and protection gap

x2 growth rate in global health spending
44% of UK firms have standalone well-being strategy



Health & Protection



Economic recovery and changing landscape in general insurance

New risks needing insurance, e.g. \$15bn global cyber premiums by 2022
Changing base of competition driven by UK FCA pricing review
Future mobility, e.g. EV only UK new car sales by 2035



Commercial and Personal GI

Powering up the Aviva brand

Aviva is the **No. 1 insurance brand** in the UK

The brand needs to provide **clarity on the breadth of our offering**

Brand needs to highlight Aviva as the **UK's leading insurer**

Relaunching of the **Aviva brand** in April 2021



Build trust and improve awareness with customers, who will have a greater understanding of the breadth of our offering

Building engaging, digitally led customer experience



Enhance mobile-led digital platforms, giving customers access to full Aviva offering and useful tools

46%

YoY growth in app log-ins per app user

410k

log-ins in Jan 2021



MyAviva App



Aviva Connect
For intermediaries, brokers and advisors



Connect rich customer data to offer customers the right products and services at the right time

Single view of customer



Our Global Data Science Practice



Lead the UK market with customer-centric innovative propositions

Income in retirement

Total customer solution



Wealthify
Digital saving platform



Mid-Life MOT



Commercial Intelligence Tool
For client insight



Aviva Digital GP

Greater customer engagement and increased number of products per customer, resulting in higher growth and higher customer retention

Big vision and clear priorities for the UK

Our vision

**To be the UK's leading insurer
by establishing Aviva as the
go-to customer brand ...**

**... for all insurance, protection,
savings and retirement needs...**

**... for all of our customers – individuals,
corporates, and their intermediaries**

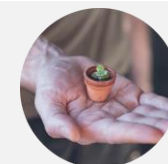
Four strategic priorities

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POWER UP THE AVIVA BRAND

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**BUILD ENGAGING, DIGITALLY LED
CUSTOMER EXPERIENCE**



How we will measure success

Growing Aviva customer franchise

Profitable growth

GI: NWP & COR[‡]
Life: PVNBP[‡] & VNB[‡]
S&R & Aviva Investors: NF[‡] & CIR

Meeting more customers' needs

% multiple product holders¹

Modernising operations

Customer NPS

Top quartile

Customer journeys digitised and automated

>75%
2023

Leading on sustainability

Net zero company

2040

UK population saving and retiring with Aviva²

>13%
... 2020 and growing

Creating value for shareholders from our Core markets

Cash remittances[‡] to the Group

>£5bn £1.8bn
cumulative 2023
2021-'23

Operating efficiency

£300m Top quartile
net savings by in all businesses
end of 2022

SII debt leverage ratio^{‡,3}

<30%

All footnotes on pages 64 - 66

Key messages and take-aways

- Clear vision and priorities for Aviva
- Strong progress to date and delivering on our commitments
- Reinvigorated leadership team in place
- Leading UK financial services on fighting climate change and building a stronger Britain
- Confident in our ability to grow the business

Creating value for customers and shareholders

Q&A session



Amanda Blanc, Chief Executive Officer



Jason Windsor, Chief Financial Officer

Investor relations



Coming up ...

March	Virtual roadshows
16 March	Morgan Stanley conference
29/31 March	HSBC West Coast Financials conference
6 May	Annual General Meeting
27 May	First quarter 2021 update
12 August	Half year 2021 results



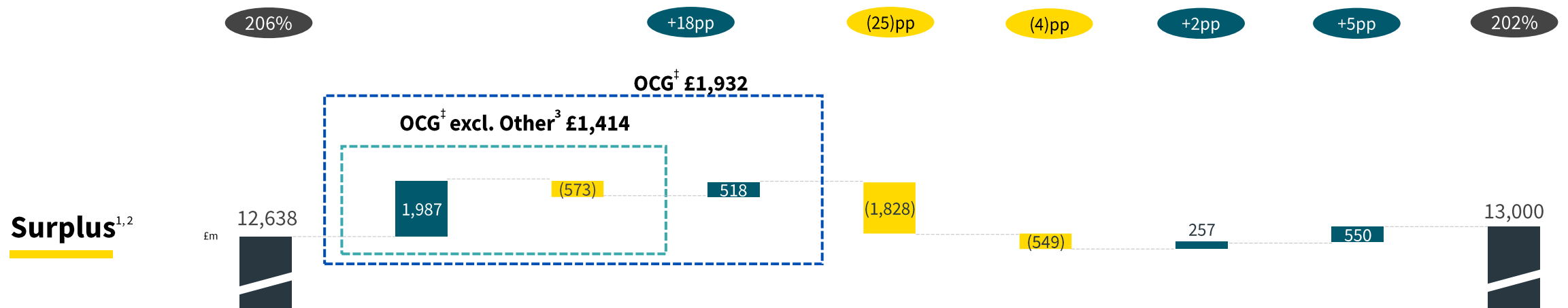
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Appendix

Balance sheet

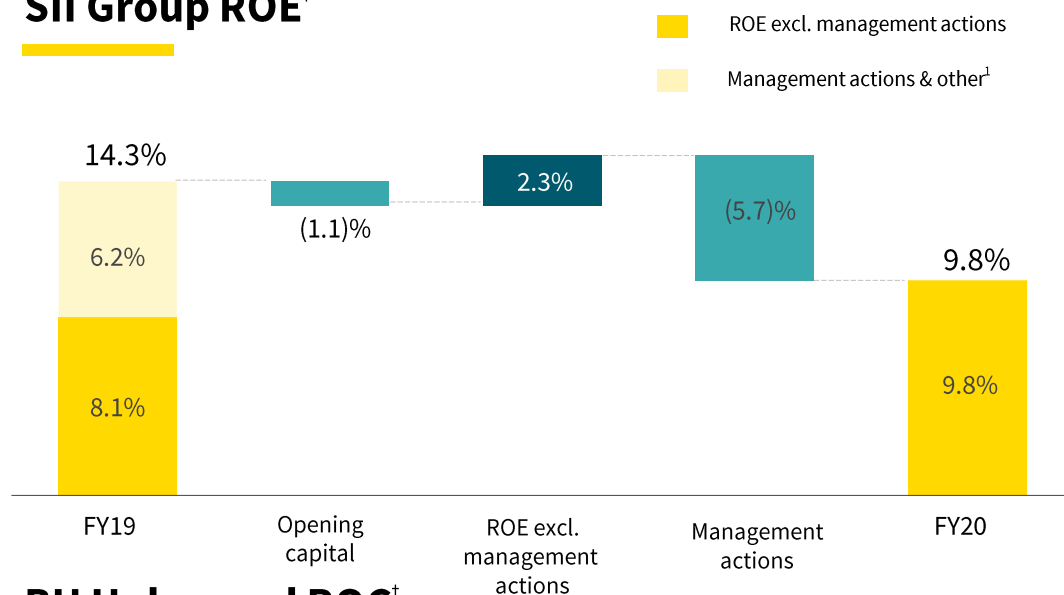
Solvency II position



£m	31 Dec 2019	BU generation	Debt & Centre costs	Other ³	Market, FX & other ²	Dividends ⁴ (ordinary + preference)	Debt issuance / repayment	Disposals	31 Dec 2020
Own funds	24,548	2,242	(557)	6	(663)	(549)	257	486	25,770
SCR	(11,910)	(255)	(16)	512	(1,165)	-	-	64	(12,770)

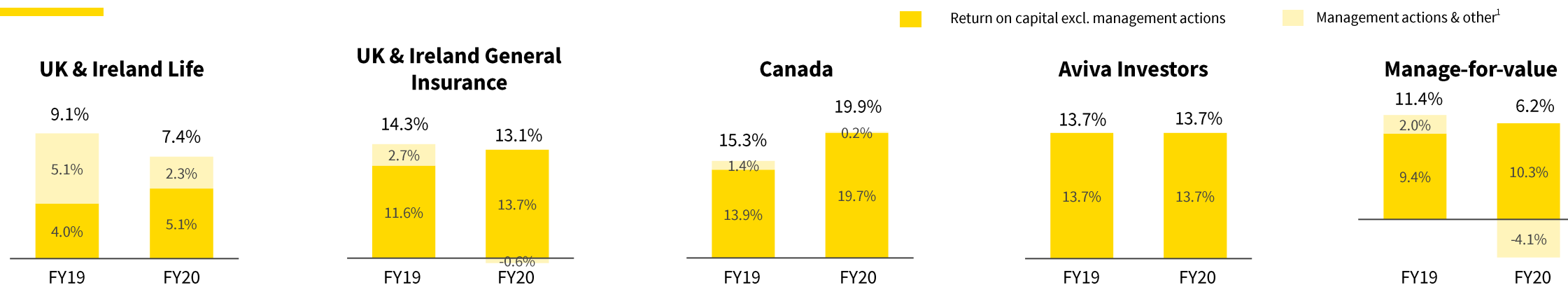
Solvency II return on capital/equity[‡]

SII Group ROE[‡]



	FY20 £m	FY19 £m	Change %
Life new business	698	659	6%
Existing business	1,549	1,125	38%
Debt & centre costs (incl. pref/DCI costs)	(627)	(543)	(15)%
Management actions & other ¹	6	944	(99)%
Own funds generated[‡] (UT1)	1,626	2,185	(26)%
Opening own funds (UT1)	16,578	15,296	8%
SII RoE [‡] (%)	9.8%	14.3%	(4.5)pp
Core markets SII RoC[‡] (%)	9.3%	10.4%	(1.1)pp

BU Unlevered ROC[‡]s



Solvency II return on capital/equity[†] (FY19)

	Solvency II operating own funds generation [†]					Opening own funds £m	Solvency II Return on capital [†] /equity [†] %
	New business (life) £m	Existing business (life) £m	Non-life capital generation £m	Other ¹ £m	Total £m		
2019							
UK & Ireland Life	373	171	—	703	1,247	13,733	9.1%
UK & Ireland General Insurance ²	—	—	271	62	333	2,326	14.3%
Canada	—	—	185	18	203	1,330	15.3%
Aviva Investors	—	—	70	—	70	509	13.7%
Core markets	373	171	526	783	1,853	17,898	10.4%
Manage-for-value markets	286	320	92	152	850	7,453	11.4%
Group centre costs and Other ²	—	16	(187)	9	(162)	(1,800)	N/A
Solvency II return on capital[†] at 31 December	659	507	431	944	2,541	23,551	10.8%
Less: Senior debt					(12)	—	—
Less: Subordinated debt					(272)	(6,979)	—
Solvency II operating own funds generation[†] at 31 December					2,257		
Direct capital instruments & Tier 1 notes					(34)	(731)	—
Preference shares ³					(38)	(450)	—
Net deferred tax assets					—	(95)	—
Solvency II return on equity[†] at 31 December					2,185	15,296	14.3%
Less: Management actions and other					(944)	—	(6.2)%
Solvency II return on equity (excl. management actions)					1,241	15,296	8.1%

Solvency II return on capital/equity[†] (FY20)

	Solvency II operating own funds generation [†]					Opening own funds £m	Solvency II Return on capital [†] /equity [†] %
	New business (life) £m	Existing business (life) £m	Non-life capital generation £m	Other ¹ £m	Total £m		
2020							
UK & Ireland Life	449	273	—	335	1,057	14,241	7.4%
UK & Ireland General Insurance ²	—	—	344	(15)	329	2,509	13.1%
Canada	—	—	284	3	287	1,442	19.9%
Aviva Investors	—	—	67	—	67	488	13.7%
Core markets	449	273	695	323	1,740	18,680	9.3%
Manage-for-value markets	249	443	133	(328)	497	8,010	6.2%
Group centre costs and Other ²	—	5	(266)	11	(250)	(2,142)	N/A
Solvency II return on capital[†] at 31 December	698	721	562	6	1,987	24,548	8.1%
Less: Senior debt					(12)	—	—
Less: Subordinated debt					(284)	(6,942)	—
Solvency II operating own funds generation[†] at 31 December					1,691		
Direct capital instrument					(27)	(500)	—
Preference shares ³					(38)	(450)	—
Net deferred tax assets					—	(78)	—
Solvency II return on equity[†] at 31 December					1,626	16,578	9.8%
Less: Management actions and other					(6)	—	—
Solvency II return on equity (excl. management actions)					1,620	16,578	9.8%

Solvency II own funds

	Opening own funds 1 January 2020 £m	Closing own funds 31 December 2020 £m
UK & Ireland Life	14,241	15,148
UK & Ireland General Insurance ¹	2,509	2,401
Canada	1,442	1,534
Aviva Investors	488	472
Core markets	18,680	19,555
Manage-for-value markets	8,010	7,166
Group centre costs and Other ¹	(2,142)	(951)
Estimated Solvency II shareholder own funds	24,548	25,770
Estimated unrestricted shareholder tier 1 own funds	16,578	17,358

Solvency II sensitivities (shareholder view)

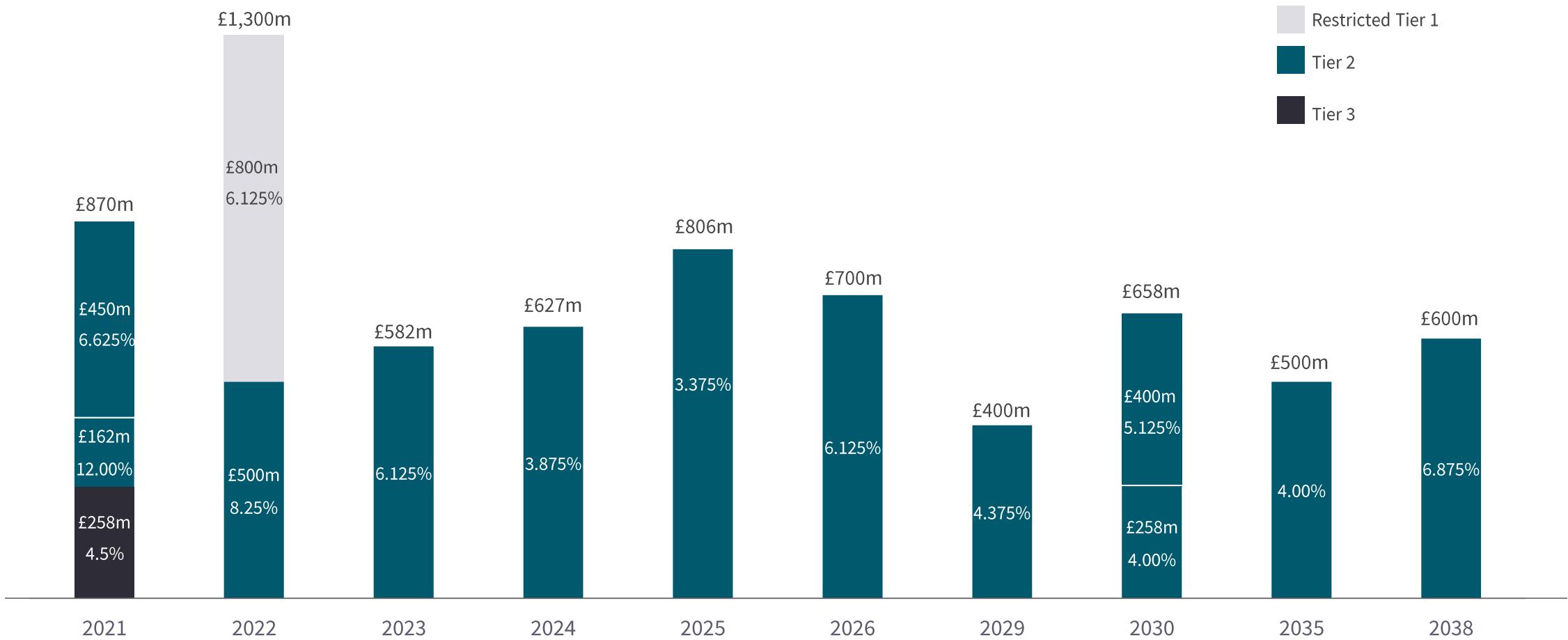
Sensitivity		Impact on surplus – FY20 £bn	Impact on cover ratio – FY20 pp	Impact on surplus – FY19 £bn	Impact on cover ratio – FY19 pp
Changes in economic assumptions	25 bps increase in interest rate	0.3	5pp	0.2	4pp
	50 bps increase in interest rate	0.6	9pp	0.2	6pp
	100 bps increase in interest rate	0.8	15pp	0.4	11pp
	25 bps decrease in interest rate	(0.3)	(5)pp	(0.2)	(5)pp
	50 bps decrease in interest rate	(0.8)	(11)pp	(0.6)	(11)pp
	50 bps increase in corporate bond spread ^{1,2}	0.0	2pp	(0.5)	(4)pp
	100 bps increase in corporate bond spread ^{1,2}	(0.1)	3pp	(1.1)	(10)pp
	50 bps decrease in corporate bond spread ^{1,2}	(0.1)	(3)pp	0.4	3pp
	Credit downgrade on annuity portfolio ³	(0.5)	(6)pp	(0.3)	(4)pp
	10% increase in market value of equity	0.2	1pp	0.3	2pp
	25% increase in market value of equity	0.5	3pp	0.8	5pp
	10% decrease in market value of equity	(0.2)	(1)pp	(0.4)	(2)pp
	25% decrease in market value of equity	(0.6)	(5)pp	(0.9)	(7)pp
	20% increase in value of commercial property ⁴	0.8	8pp	0.7	7pp
	20% decrease in value of commercial property ⁴	(1.1)	(11)pp	(0.9)	(9)pp
	20% increase in value of residential property ⁴	0.6	6pp	0.4	4pp
	20% decrease in value of residential property ⁴	(0.7)	(7)pp	(0.6)	(6)pp
Changes in non-economic assumptions	10% increase in maintenance and investment expenses	(1.0)	(9)pp	(0.9)	(9)pp
	10% increase in lapse rates	(0.3)	(2)pp	(0.4)	(3)pp
	5% increase in mortality/morbidity rates – life assurance	(0.2)	(2)pp	(0.2)	(2)pp
	5% decrease in mortality rates – annuity business	(1.6)	(16)pp	(1.3)	(13)pp
	5% increase in gross loss ratios	(0.3)	(3)pp	(0.3)	(3)pp

Solvency II regulatory own funds tiering and debt leverage [‡]

Regulatory view	2020 £m	2019 £m	% of own funds FY20	% of own funds FY19	% of SCR FY20	% of SCR FY19
Unrestricted Tier 1	20,850	20,377	71%	72%	127%	131%
Restricted Tier 1	1,317	1,839	5%	7%	8%	12%
Tier 2	6,740	5,794	23%	20%	41%	38%
Tier 3 ¹	355	337	1%	1%	2%	2%
Est. regulatory own funds ²	29,262	28,347	100%	100%	178%	183%

Regulatory view	2020 £m	2019 £m
Solvency II regulatory debt ³	8,316	7,892
Senior notes	1,112	1,052
Commercial paper	108	238
Total debt	9,536	9,182
Est. regulatory own funds, senior notes and commercial paper	30,482	29,637
Solvency II debt leverage ratio ^{‡ 4}	31%	31%

Subordinated debt profile



All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 31 December 2020 rates.

Earnings per share

Operating earnings per share

	FY20	FY19
Continuing operations		
Adjusted operating profit before tax attributable to shareholders' profits [†]	2,849	2,933
Less		
- Tax attributable to shareholders' profit	(596)	(640)
- Amount attributable to non-controlling interests	(98)	(98)
- Coupon payments in respect of DCI and tier 1 notes (net of tax)	(27)	(34)
- Cumulative preference dividends for the year	(17)	(17)
Operating profit attributable to ordinary shareholders from continuing operations	2,111	2,144
Operating profit attributable to ordinary shareholders from discontinued operations	274	223
Operating profit attributable to ordinary shareholders	2,385	2,367
Weighted average number of shares	3,925	3,911
Operating earnings per share ^{†,1}	60.8p	60.5p

Basic earnings per share

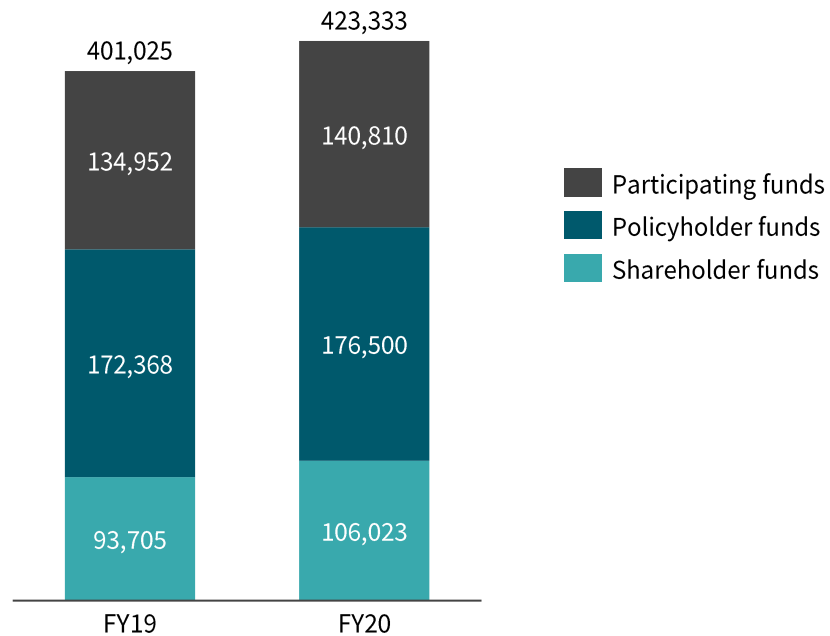
	FY20	FY19
Continuing operations		
Adjusted operating profit attributable to ordinary shareholders ¹	2,111	2,144
Adjusting items		
- Life business: Investment variances and economic assumption changes	143	558
- Non-life business: Short-term fluctuation in return on investments	(11)	118
- General insurance and health business: Economic assumption changes	(83)	(33)
- Impairment of goodwill, joint ventures, associates and other amounts expensed	(27)	(11)
- Amortisation and impairment of intangibles acquired in business combinations	(55)	(51)
- Amortisation and impairment of acquired value of in-force business	(174)	(230)
- Loss on disposal and remeasurement of subsidiaries, joint ventures and associates	12	5
- Other	(30)	(46)
Profit attributable to shareholders from continuing operations	1,886	2,454
Discontinued operations		
Adjusted operating profit attributable to ordinary shareholders ¹	274	223
Adjusting items	594	(180)
Profit attributable to ordinary shareholders	2,754	2,497
Weighted average number of shares	3,925	3,911
Basic earnings per share	70.2p	63.8p

Assets

Total managed assets

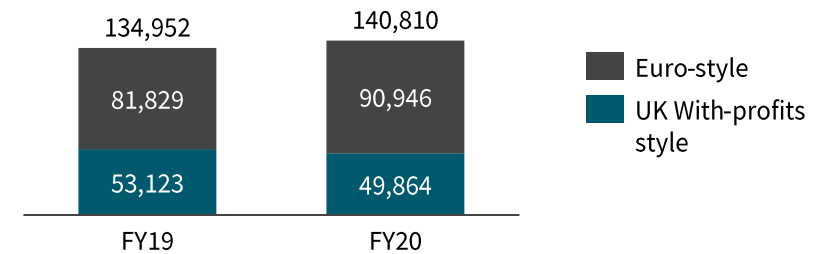
Assets by type of liabilities covered

£m



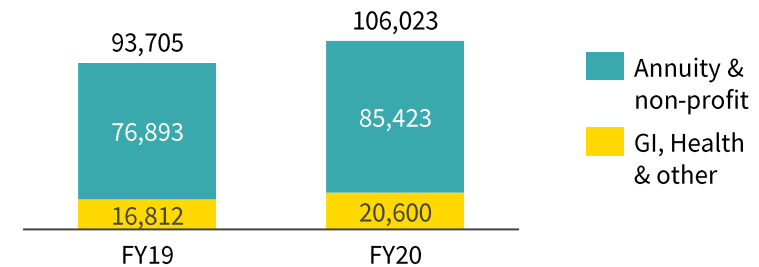
Participating assets by type

£m



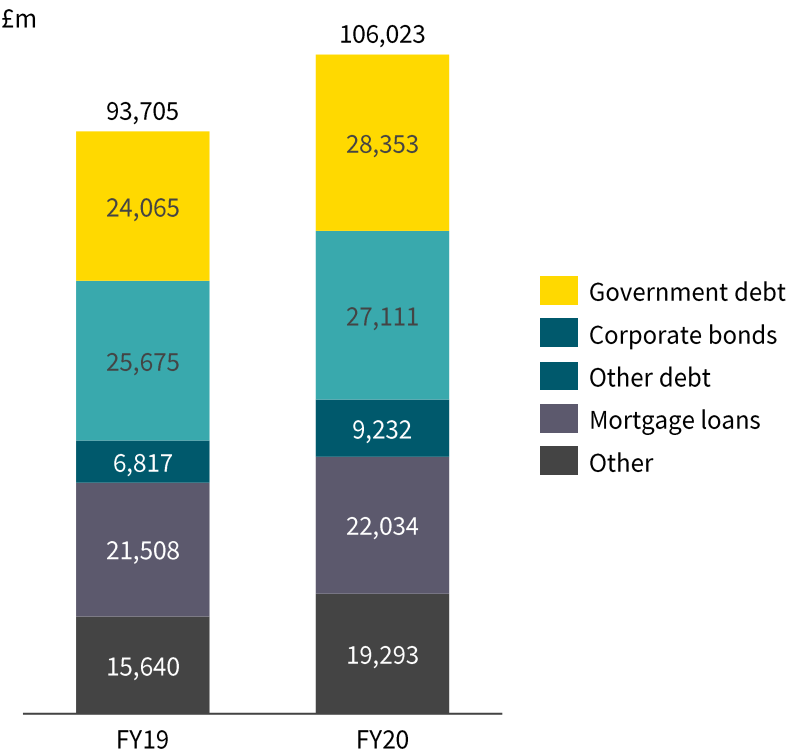
Shareholder assets by type

£m

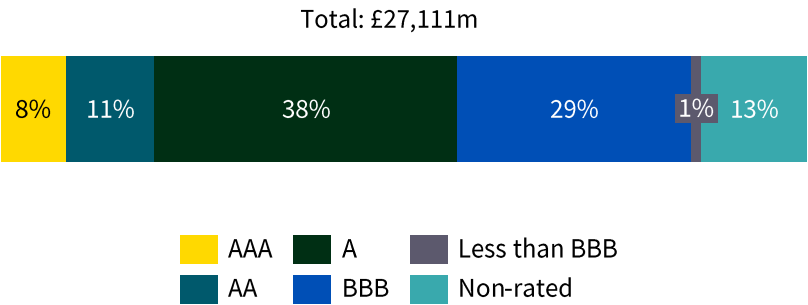


Shareholder assets

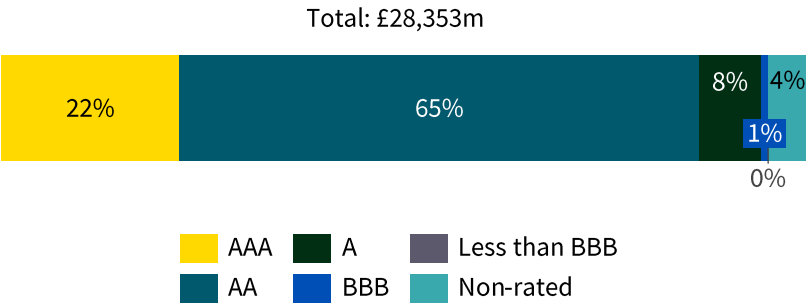
Shareholder assets by type



Corporate debt by rating

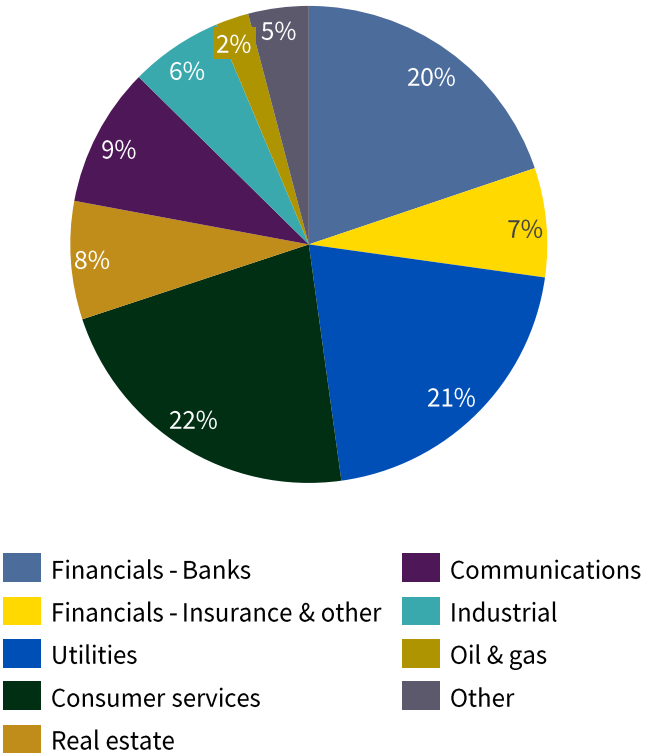


Government debt by rating

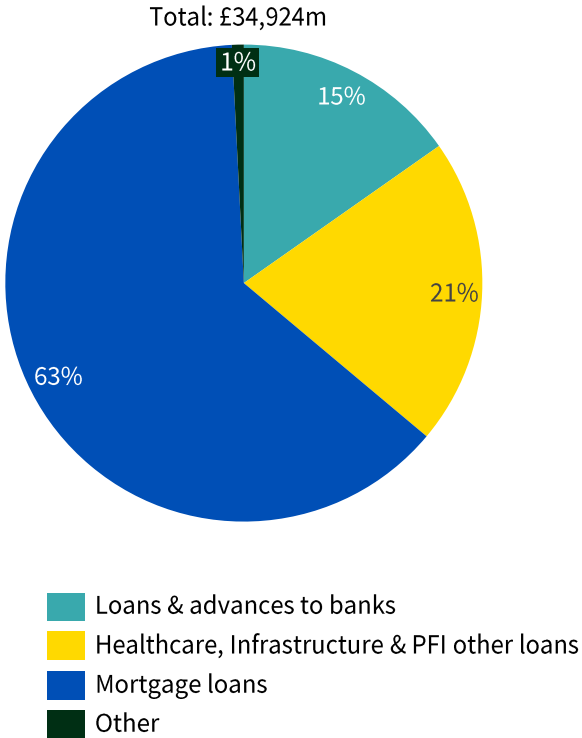


Shareholder assets – corporate bonds and loans

Corporate bonds by industry

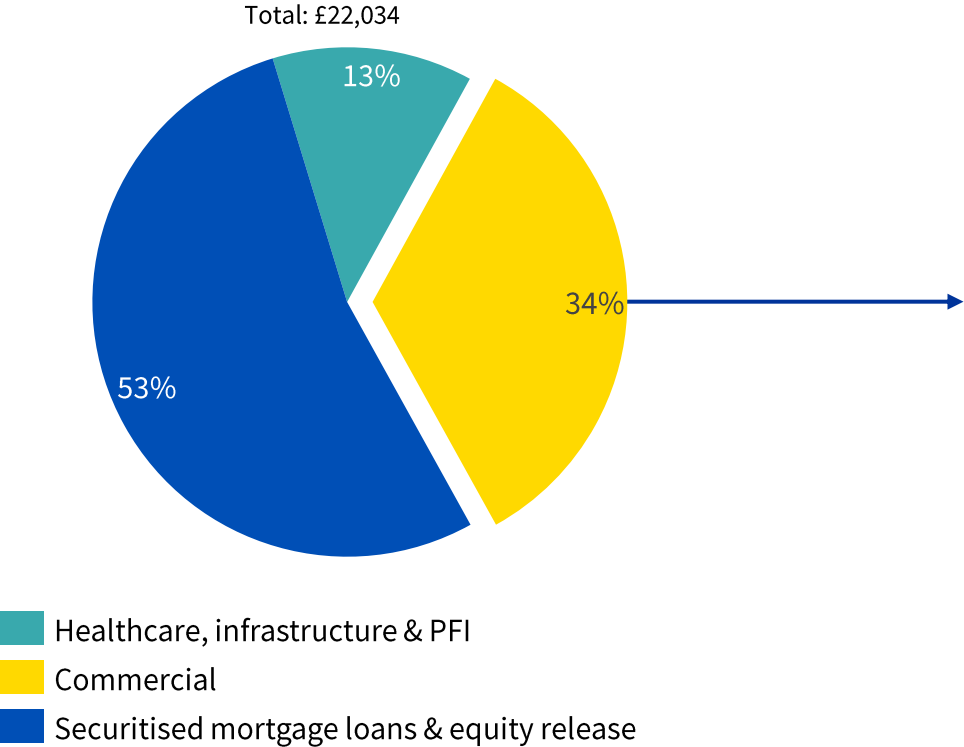


Loans by type

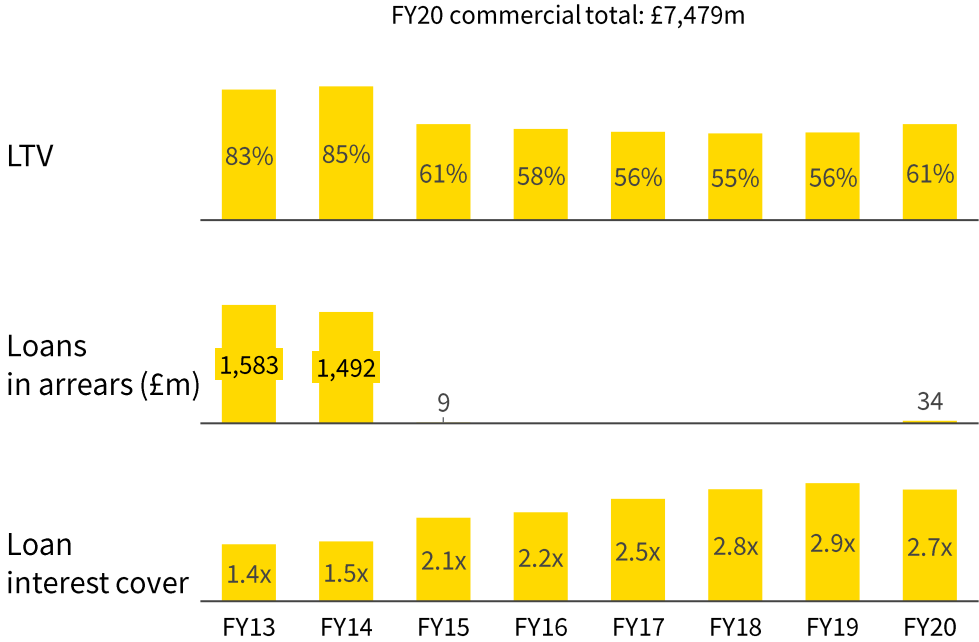


Shareholder assets – Mortgage loans

Mortgage loans



Commercial real estate portfolio



Footnotes (1)

‡ Denotes Alternative Performance Measures (APMs) and further information can be found in the 'Other Information' section of the Analyst Pack.

Slide	Reference	Footnote
6	1.	External net flows excluding net flows into liquidity funds and cash
	2.	References to sales represents present value of new business sales (PVNBP [‡]) which is an APM and further information can be found in the 'Other information' section.
7	1.	Market-Security Analysis & Research Inc. Includes: Lloyds, excludes: ICBC, SAF, SGI and Genworth
9	1.	This will cover shareholder and policyholder assets where we have control and data; and the main asset classes of Aviva's Core markets (credit, equities, direct real estate and sovereign debt). We will be able to expand this further as new data and methodologies become available.
	2.	Based on population over 18 years of age
	3.	Contribution stated as a % of Group Adjusted Operating Profit from the Core Group markets only
10	1.	Measured by cost income ratios and distribution ratios
	2.	Represents Solvency II debt leverage ratio
	3.	Represents debt with maturity or first call date in H1. Aviva has the option to call on these dates but no decisions have been made yet.
12	1.	Represents Solvency II debt leverage ratio
	2.	The estimated Solvency II position represents the shareholder view only. See section 3 of the Analyst Pack for more details.
13	1.	The estimated Solvency II position represents the shareholder view only. See section 3 of the Analyst Pack for more details.
	2.	Proceeds net of transaction costs
	3.	Inter-market diversification including diversification from internal reinsurance entity (Aviva Insurance International)
14	1.	The estimated Solvency II position represents the shareholder view only. See section 3 of the Analyst Pack for more details
	2.	Represents Solvency II debt leverage ratio
	3.	Represents debt with maturity or first call date in H1. Aviva has the option to call on these dates but no decisions have been made yet.
15	1.	The estimated Solvency II position represents the shareholder view only. See section 3 of the Analyst Pack for more details.
17	1.	Following a review of the presentation of claims handling costs, to achieve consistency in our reporting, comparative amounts have been restated by £83 million for the year ended 31 December 2019 to include previously excluded claims handling costs attributable to the Life & Health businesses from the UK, Ireland and Poland in controllable costs.
18	1.	Operating profit refers to Group adjusted operating profit or adjusted operating profit which is a non-GAAP APM not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
	2.	Other includes the impact of capital actions, non-economic assumption changes and other non-recurring items
	3.	Includes Group centre, debt costs and other items not allocated to the markets

Footnotes (2)

‡ Denotes Alternative Performance Measures (APMs) and further information can be found in the 'Other Information' section of the Analyst Pack.

Slide	Reference	Footnote
19	1.	Following a review of the presentation of intercompany loan interest, to achieve consistency in our reporting, comparative amounts have been restated to reclassify net interest expense of £65 million from UK & Ireland Life to Group debt costs and other interest for the year ended 31 December 2019 as a non-operating item. The change has no impact on the Group's operating profit. In addition, comparative amounts for operating capital generation of £69 million for the year ended 31 December 2019 have been restated. The change has no impact on the Group's operating capital generation.
	2.	Operating profit refers to adjusted operating profit which is a non-GAAP APM not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
	3.	Management actions and other life represents changes in assumptions and modelling, non-recurring items and non-product specific overheads
	4.	Following a review of the presentation of claims handling costs, to achieve consistency in our reporting, comparative amounts have been restated by £83 million for the year ended 31 December 2019 to include previously excluded claims handling costs attributable to the Life & Health businesses
20	1.	Largest provider of bundled Workplace pensions
	2.	References to sales represents present value of new business sales (PVNBP) [‡] which is an APM and further information can be found in the 'Other information' section.
21	1.	References to sales represents present value of new business sales (PVNBP) [‡] which is an APM and further information can be found in the 'Other information' section.
	2.	Management actions and other life represents changes in assumptions and modelling, non-recurring items and non-product specific overheads
	3.	£751m in 2019 includes mortality assumption changes.
22	1.	Operating profit refers to adjusted operating profit which is a non-GAAP APM not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
	2.	2018 adjusted to reflect UK Digital alignment to UK business, consistent with treatment from 2019 onwards.
25	1.	Operating profit refers to adjusted operating profit which is a non-GAAP APM not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack
26	1.	Operating profit refers to adjusted operating profit which is a non-GAAP APM not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack
27	1.	Represents Solvency II debt leverage ratio
31	1.	Includes all direct and indirect Aviva customers (UK only)
	2.	Includes multiple products on a single policy e.g. multiple vehicles/lives/pensions
32	1.	Sources: ABI FY19; Fundscape FY19; LaingBuisson, Healthcover 16ed published 2020.
	2.	New business sales only; Includes both corporate and individual sales.
	3.	2010-2020 inclusive. The award category descriptor changed from 'Health Insurance Company of the year' to 'Company of the year' in 2018.
33	1.	Sources: Aviva's analysis of company reporting; Fundscape; LaingBuisson, Healthcover 16ed published 2020.
	2.	Sources: Aviva estimates based on ABI Gross Written Premiums; ABI New business; Equity Release Council New lending; Swiss Re Group Watch In force premiums; LaingBuisson, Healthcover 16ed published 2020 Premium income; Fundscape Advised channel gross flows.
34	1.	Largest provider of bundled Workplace pensions

Footnotes (3)

‡ Denotes Alternative Performance Measures (APMs) and further information can be found in the 'Other Information' section of the Analyst Pack.

Slide	Reference	Footnote
36	1.	Aviva-owned UK customer journeys i.e. excludes outsourced journeys
42	1.	Includes multiple products on a single policy e.g. multiple vehicles/lives/pensions
	2.	Based on population over 18 years of age
	3.	Represents Solvency II debt leverage ratio
48	1.	The estimated Solvency II position represents the shareholder view only. See section 3 of the Analyst Pack for more details.
	2.	Includes opening restatement, of £(124)m surplus, which allows for adjustments to the estimated position presented in the preliminary announcement and the final position in the Solvency and Financial Condition Report.
	3.	Other includes the impact of capital actions, non-economic assumption changes and other non-recurring items.
	4.	Dividends includes £17 million (2019: £17 million) of Aviva plc preference dividends and £21 million (2019: £21 million) of General Accident plc preference dividends, and £511 million for the interim dividends in respect of the 2019 and 2020 financial years.
49	1.	Other includes the impact of capital actions, non-economic assumption changes and other non-recurring items.
50 / 51	1.	Other includes the impact of capital actions, non-economic assumption changes and other non-recurring items
	2.	For UK General Insurance only, capital held for internal risk appetite purposes is used instead of opening shareholder Solvency II own funds to ensure consistency in measuring performance across markets. This is only applicable to UK General Insurance Solvency II return on capital and not to the aggregated Group Solvency II return on capital and Solvency II return on equity measures, with the reversal of the impact included in Group centre costs and Other opening own funds.
	3.	Preference shares includes £21 million of General Accident plc preference dividends and £250 million of capital in respect of General Accident plc
52	1.	For UK General Insurance only, capital held for internal risk appetite purposes is used instead of opening shareholder Solvency II own funds to ensure consistency in measuring performance across markets. This is only applicable to UK General Insurance Solvency II return on capital and not to the aggregated Group Solvency II return on capital and Solvency II return on equity measures, with the reversal of the impact included in Group centre costs and Other opening own funds.
53	1.	The corporate bond spread sensitivity is applied such that even though movements vary by rating and duration consistent with the approach in the solvency capital requirement, the weighted average spread movement equals the headline sensitivity. Fundamental spreads remain unchanged. This methodology differs to the prior period. The 31 December 2019 corporate bond spread sensitivities have not been restated for the change in approach.
	2.	A modelling refinement was implemented to the corporate bond credit sensitivities in the UK following a review of the 31 December 2019 methodology.
	3.	An immediate full letter downgrade on 20% of the annuity portfolio credit assets (e.g. from AAA to AA, from AA to A). The 31 December 2020 downgrade sensitivity now includes infrastructure (except Private Finance Initiatives).
	4.	The property sensitivities are in addition to reduced property growth assumed over the next 5 years in the base solvency position.
54	1.	Tier 3 regulatory own funds at 31 December 2020 consists of £259 million subordinated debt (2019: £259 million) plus £96 million net deferred tax assets (2019: £78 million).
	2.	Regulation was introduced in France that allows French insurers to place the Provision pour Participation aux Excedents (PPE) into Solvency II own funds. At December 2019 PPE was included in the France local regulatory own funds but was excluded from the estimated Group regulatory own funds, subject to confirmation of the appropriate treatment at Group level. The treatment has since been confirmed and PPE is included in the estimated Group regulatory own funds at 31 December 2020.
	3.	Solvency II regulatory debt consists of Restricted Tier 1 and Tier 2 regulatory own funds, and Tier 3 subordinated debt.
	4.	Solvency II debt leverage ratio is calculated as the total debt as a proportion of total regulatory own funds plus commercial paper and senior notes
57	1.	This measure is derived from the Group adjusted operating profit APM. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
58	1.	Adjusted operating earnings per share from continuing operations and discontinued operations is 60.8p (2019: 60.5p).