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Aviva plc
Half Year Report 2024

News Release

14 August 2024

Aviva plc 2024 Interim Results Announcement

Excellent first half – consistently delivering

Double digit growth in operating profit, cash remittances and capital generation

Confident outlook for 2024 and beyond

Operating profit[1]	Solvency II own funds generation	Undiscounted COR	Solvency II cover ratio[3]	2024 interim dividend
£875m	**£758m**	**95.4%**	**205%**	**11.9p**
+14%	+10%	+0.6pp	(2)pp	+7%
HY23[2]: £765m	**HY23[2]: £686m**	**HY23: 94.8%**	**FY23: 207%**	**HY23: 11.1p**

Amanda Blanc, Group Chief Executive Officer, said:

"Sales are up. Operating profit is up. The dividend is up. Our plan to deliver more for customers and shareholders is working really well.

"We have achieved another six months of excellent trading. We have generated growth right across Aviva, thanks to our leading positions in attractive markets such as workplace pensions and general insurance in the UK and Canada.

"Aviva continues to benefit significantly from the balanced and diversified business we have built and lead. We are the only UK insurer which can look after customers' entire insurance, wealth and retirement needs, and this is paying off. We have 270,000 more customers this year and 4.9 million UK customers have more than one policy with us.

"We are the number one provider of workplace pensions and are planning to launch a new venture and growth capital strategy. This will open up new investment opportunities for our pension customers and could help unlock billions of pounds of investment into unlisted growth companies.

"We remain very positive about Aviva's prospects. Trading conditions across the UK, Ireland and Canada, are excellent. And the UK market, our largest, is highly attractive and growing. We see many reasons to invest here, including greater economic stability and political certainty. This encouraging backdrop - and Aviva's continued strong financial performance - means we are increasingly confident we can deliver even more for our customers and shareholders."

Strong first half results with continued profitable growth momentum

- Group operating profit up 14% to £875m (HY23[2]: £765m).
- Solvency II operating own funds generation (Solvency II OFG) up 10% to £758m (HY23[2]: £686m). Underlying Solvency II OFG up 27% to £768m (HY23: £605m).
- Solvency II operating capital generation (Solvency II OCG) up 17% to £722m (HY23[2]: £618m). Underlying Solvency II OCG up 42% to £739m (HY23: £522m).
- Solvency II return on equity 12.4% (HY23[2]: 11.5%).
- Cash remittances up 16% to £959m (HY23: £825m).
- Insurance, Wealth & Retirement (IWR) sales up 12% to £19.7bn (HY23: £17.6bn).
- General Insurance premiums[4] up 15%[5] to £6,005m (HY23: £5,274m). Undiscounted COR of 95.4% (HY23: 94.8%) and discounted COR of 91.5% (HY23: 91.3%).
- IFRS profit for the period[6] of £654m (HY23[2]: £415m).

Capital position is strong and resilient

- Solvency II shareholder cover ratio of 205% (FY23: 207%) and centre liquidity (Jul 24) of £1.5bn (Feb 24: £1.9bn).
- Solvency II debt leverage ratio of 31.1% (FY23: 30.7%) or 28.8% pro forma for the Tier 2 notes redeemed on 3 July 2024
- Interim dividend per share up 7% to 11.9p (HY23: 11.1p)
- £300m share buyback executed in the first half, and we anticipate further regular and sustainable returns of capital in the future.

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Continued capital-light growth momentum

- UK&I General Insurance premiums up 18% to £3,809m (HY23: £3,219m) and undiscounted COR of 95.8% (HY23: 96.3%). UK personal lines premiums grew by 30% driven by strong pricing discipline in the inflationary environment and new propositions. UK commercial lines premiums grew 10% due to pricing actions and new business growth.
- Canada General Insurance premiums up 10% to £2,196m (HY23: £2,055m) and undiscounted COR of 94.7% (HY23: 92.8%). We saw excellent growth of 14% in personal lines and 6% in commercial lines driven by pricing actions and strong new business growth.
- Protection sales[4] up 49% following completion of the AIG UK protection ('AIG') acquisition in April and Health in-force premiums[7] up 10%.
- Wealth net flows of £5.0bn (HY23: £4.3bn) up 16%, or 6%[8] of opening Assets Under Management (AUM) as Platform flows see significant improvement. AUM grew to £186bn (FY23: £170bn).
- Retirement sales of £3,036m (HY23: £3,223m) were lower, driven by contraction of the Equity Release market and BPA sales of £2.3bn (HY23: £2.4bn). As of today, volumes for completed BPA schemes have risen to £4.1bn. VNB was up 41% to £105m reflecting improved margins of 3.4% (HY23: 2.3%).
- Aviva Investors is a core enabler of growth for the Group. In the first half it originated £1.4bn of real assets for our annuities business, and c.70% of Workplace net flows went into Aviva Investors funds. External net flows remained positive at £0.3bn (HY23: £0.2bn).

Group financial performance

General Insurance premiums	Solvency II operating capital generation	IFRS profit for the period
£6,005m	£722m	£654m
+15%	+17%	+58%
HY23: £5,274m	HY23[2]: £618m	HY23[2]: £415m

Cash and liquidity

Cash remittances	Centre liquidity
£959m	£1,528m
+16%	(19)%
HY23: £825m	Feb 24: £1,891m

Confident outlook

Our positive momentum continued in the first half of 2024 with a strong set of results. We remain confident in meeting the Group targets outlined at our full year 2023 results presentation:

- Operating profit: £2bn by 2026.
- Solvency II OFG: £1.8bn by 2026.
- Cash remittances: > £5.8bn cumulative 2024-26.

Today, we're already majority capital-light, and we're continuing to accelerate by investing in the business and through targeted M&A. Delivering on our plans will see us close to 70% capital-light by 2026 on an operating profit basis.

In General Insurance we remain focused on pricing appropriately. Over the second half of the year, we expect the underlying Group COR to continue to benefit from the pricing actions taken in 2023 and so far in 2024.

In our Health business we anticipate further growth in the second half, while Protection growth is expected to moderate. In Wealth we expect our strong growth momentum to continue.

We anticipate completing our three year ambition of £15-20bn of BPA volumes by writing £7-8bn this year.

We remain committed to delivering for our shareholders. We paid a total dividend of £906m for 2023 and our dividend guidance for mid-single digit growth in the cash cost of the dividend remains. Our intentions for further regular and sustainable returns of capital remain unchanged.

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Summary financial performance

IFRS performance	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Business unit operating profit[2]	1,079	1,007	7 %	1,929
Corporate centre costs, Group external debt costs and Other	(204)	(242)	16 %	(462)
Operating profit[1,2]	**875**	765	14 %	1,467
IFRS profit for the period[2,6]	**654**	415	58 %	1,106
Operating earnings per share[2,9]	**23.3 p**	21.3 p	9 %	40.3 p
Basic earnings per share[2]	**22.8 p**	13.7 p	67 %	37.7 p

IFRS capital	30 June 2024	31 December 2023	Sterling % change	30 June 2023
IFRS Contractual service margin (CSM)[2]	**7,331**	7,248	1 %	6,654
Adjusted IFRS Shareholders' equity[2,10]	**13,973**	14,055	(1)%	13,538
Adjusted IFRS Shareholders' equity per share[2,10]	**521 p**	513 p	2 %	494 p

Solvency II performance	6 months 2024	6 months 2023	Sterling % change	Full year 2023
Solvency II operating own funds generation[2]	**758**	686	10 %	1,729
Solvency II operating capital generation[2]	**722**	618	17 %	1,455
Solvency II return on equity[2]	**12.4 %**	11.5 %	0.9 pp	14.7 %

Cash	6 months 2024	6 months 2023	Sterling % change	Full year 2023
Cash remittances	**959**	825	16 %	1,892

Solvency II capital	30 June 2024	31 December 2023	% change	30 June 2023
Solvency II shareholder cover ratio	**205 %**	207 %	(2) pp	202 %
Solvency II debt leverage ratio	**31.1 %**	30.7 %	0.4 pp	32.3 %
Solvency II debt leverage ratio (pro forma)[11]	**28.8 %**	N/A	N/A	N/A

Dividend	6 months 2024	6 months 2023	Sterling % change	Full year 2023
Interim dividend per share	**11.9 p**	11.1 p	7 %	11.1 p

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Chief Executive's Overview

Overview

Aviva's strong momentum continues to build, and we've delivered another excellent performance in the first half of 2024.

We have a consistent strategy, which is clearly delivering for our customers and for our shareholders. We are growing organically and through M&A – continuing to accelerate towards a capital-light portfolio. We are resolutely focused on our customers and realising the full potential of our unrivalled franchise.

None of this would be possible without our colleagues and their relentless commitment to bring the best of Aviva to our customers every single day. So, a very big thank you to the whole Aviva team.

While we're proud of the progress we've made so far, there's still so much more for us to go after. The UK for example, our biggest market, is highly attractive and growing. We see many reasons to invest here including significant investable wealth, sound regulation, greater economic stability and political certainty, and numerous structural growth opportunities. As a leading UK insurer with strong positions in all our markets, we're well placed to take full advantage and expand our unrivalled insurance franchise.

I'm excited about the path in front of us. Our ambition is huge and it genuinely feels like we're only just getting started.

Strong first half performance

Group General Insurance premiums grew 15% in the first half, with UK&I up 18% and Canada up 10%. Strong pricing discipline and new business increases drove growth across the Group, with an improved undiscounted Group COR of 95.4% (HY23: 94.8%).

In Insurance, Wealth & Retirement (IWR), we delivered £5.0 billion of net flows into our Wealth business, up 16% versus HY23. Protection sales were up 49% following the completion of the AIG acquisition in April, whilst Health in-force premiums grew 10%. Although Retirement sales were lower at the half year mark, we've seen a very strong start to Q3 in our Bulk Purchase Annuities business.

Profitability has improved, with Group operating profit up 14% and Solvency II operating own funds generation up 10%. This has translated into higher Solvency II return on equity of 12.4% (HY23[2]: 11.5%) and strong cash generation.

We've also delivered for shareholders in the first half. In June, we completed another £300 million share buyback, and today we're announcing an interim dividend of 11.9 pence per share, an increase of 7%, with the cash cost growing in line with our mid-single digit guidance.

We upgraded our targets at full-year results in March, and we're on track and confident in delivering against each of these.

These strong results extend our performance track record and are testament to the unique, resilient business model that we have built, and the strategy we're pursuing.

Consistent strategy - accelerating growth in capital light businesses

Our strategy to be the go-to customer brand of choice across Insurance, Wealth and Retirement remains unchanged.

We're fully focused on delivering our four strategic priorities of growth, customer, efficiency and sustainability – creating momentum for the future and building on the unique advantages of Aviva's model.

One of the strengths of our model is our complementary portfolio, supporting our customers across all their needs and providing Aviva with resilience and opportunities.

Our General Insurance, Protection, Health, and Wealth businesses drive customer acquisition, growth and higher returns. While Retirement and Heritage are an important underpin for cash generation. In Aviva Investors we have a core enabler of the growth in our Wealth and Retirement business, and our sustainability agenda.

Today, we're already majority capital-light, and we're continuing to accelerate by investing in the business and through targeted M&A. Delivering on our plans will see us close to 70% capital-light by 2026 on an operating profit basis.

To change our mix of earnings over time, organic growth is a key lever. We have no shortage of opportunities here – and we're already delivering right across the business.

In UK&I General Insurance, we're delivering leading Personal Lines retail growth as well as expanding our Commercial Lines business. In July we completed the acquisition of Probitas, our new Lloyd's of London platform. This has further strengthened our Global Corporate & Specialty (GCS) business across the UK and Canada. The global market is highly attractive – with absolute scale at £200 billion of premiums, double-digit growth and strong profitability. Our teams are now focused on building a global GCS platform and while we will remain disciplined on risk appetite, it's clear that GCS is a real opportunity to deliver another wave of capital-light, diversified growth for Aviva.

In Canada, we are also growing Commercial Lines with large, multi-national client wins, and our RBC partnership is growing by double-digits. At the beginning of the year we completed the acquisition of Optiom O2 Holdings. This will support Aviva's capital-light growth in the attractive Canadian market and strengthens Aviva Canada's specialty lines business and distribution capabilities.

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In Wealth, we have been cementing our position as the number one UK player, now with over £180 billion of assets. In the first half we delivered strong flows in our number one Workplace & Platform businesses, increased leads into Succession Wealth, and re-launched Direct Wealth with hybrid advice. In Health we recently set an ambition to reach £100 million of operating profit by 2026 (growing from £65 million in 2023), whilst in Protection we're now the clear number one, with the acquisition of AIG's UK Protection business in April. We're also continuing to deliver disciplined growth in Retirement, which remains a core component of our model and growth ambitions.

Unlocking the opportunity in Aviva's customer base

With 19.5 million customers globally, Aviva's franchise is a crucial enabler of our growth story.

In the UK, we're already operating at a similar scale to the leading banks. And recognising the value we provide, more customers are coming to Aviva every day – growing by almost 700 thousand across the group since 2022. Most importantly, with 8.7 million marketable customers, we have a huge opportunity to deepen relationships and build trust and loyalty.

And we're doing just that. We now have 4.9 million customers with two or more Aviva policies. And four in ten new sales are to existing customers – that's across both individuals and corporates.

We're only just getting started here – through continued investment in our capabilities, we will bring even more of Aviva to all our customers. And with our unparalleled brand, I have real confidence in what we can achieve.

Realising these ambitions will ultimately come down to how we live up to our promise to our customers. We're resolutely focused on delivering the right outcomes and improving experience - improving our Transactional Net Promoter Score (TNPS) by almost four percentage points in the last six months alone.

We're providing affordable insurance with QuoteMeHappy Essentials – writing over £100 million in premiums in 2023. We're continuing to conduct regular value for money assessments across our products, as standard. And with the future becoming ever more mobile-led, we recently rolled out our refreshed MyAviva app – with almost 7 million registered MyAviva users, this is a crucial engagement tool for us.

Aviva's compelling investment case

Aviva is a company with momentum – we've achieved a lot over the last four years and have real confidence for the future, and we believe Aviva has a strong and compelling investment case:

- Aviva is the UK's leading diversified insurer with a complementary portfolio, growing its capital-light businesses, and with material international earnings. Nobody in this market can replicate that successful model.
- We have a consistent strategy, which is working, with investment identified for the future.
- Aviva has strong organic growth in all of its markets, accelerated through selective bolt-on M&A. This is evidenced in the numbers we're reporting today, and we're confident that we can sustain that performance.
- We have a track record of delivery with strong performance momentum, built over the last four years.
- We're delivering superior returns for shareholders with growing dividends and regular capital returns.

We've had an excellent first half, but we're not complacent. There is still so much more to go after, so we're not stopping here. We have a unique platform, we have excellent people, and we have clear focus areas for the next wave of growth.

Amanda Blanc DBE
Group Chief Executive Officer

13 August 2024

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Group financial headlines

Operating results

Cash remittances

Cash remittances were up 16% to £959 million (HY23: £825 million). We remain on track to meet our ambition of >£5.8 billion cash remittances (cumulative 2024-26).

Performance

Operating profit increased by 14% to £875 million (HY23[2]: £765 million) driven by strong performance in our General Insurance business in the UK and Ireland and in Retirement.

Operating profit from our General Insurance businesses in the UK & Ireland and Canada increased by 7% to £503 million (HY23: £470 million) reflecting improved investment income and a strong underwriting result in the UK. Insurance, Wealth & Retirement operating profit was up 9% to £532 million (HY23[2]: £486 million). IWR operating value added was lower at £515 million (HY23[2]: £690 million) as the operating change in the CSM in the prior period benefitted from an assumption change and positive experience variances which did not repeat, more than offsetting the increase in operating profit. Aviva Investors operating profit of £18 million (HY23: £5 million) reflects higher revenue. Group centre and other operations benefitted from reduced spend on IFRS 17 and strategic initiatives.

IFRS profit for the period was £654 million (HY23[2]: £415 million).

Solvency II operating own funds generation (Solvency II OFG)

Solvency II OFG increased 10% to £758 million (HY23[2]: £686 million) driven by increases in UK & Ireland General Insurance and Group Centre, partly offset by IWR. Underlying Solvency II OFG was up 27% to £768 million (HY23: £605 million).

Solvency II operating capital generation (Solvency II OCG)

Solvency II OCG increased 17% to £722 million (HY23[2]: £618 million) driven by increases in UK & Ireland General Insurance and Group Centre. For the same reasons, as well as growth in IWR new business, Underlying Solvency II OCG was up 42% to £739 million (HY23: £522 million).

Solvency II return on equity (Solvency II RoE)

Solvency II RoE increased by 0.9pp to 12.4% (HY23[2]: 11.5%) primarily reflecting the increase in Solvency II OFG over the period.

Business performance

Insurance, Wealth and Retirement (IWR)

Protection sales increased by 49%, reflecting completion of the AIG acquisition on 8 April. Excluding AIG, Protection sales were consistent with the prior period. Health in-force premiums increased by 10% reflecting strong new business and pricing actions. Health sales were 23% lower, as expected, as a result of a strong performance in the prior period following the exit of another provider in the market. Wealth net flows remained a resilient 6% of opening AUM at £5.0 billion (HY23: £4.3 billion), up 16%, driven by strong growth in Platform, improved net flows following the relaunch of the Direct Wealth proposition and the impact of wage inflation on employee contributions in Workplace. In Retirement, BPA volumes were £2.3 billion (HY23: £2.4 billion) in the first half and completed volumes as at the date of this report are £4.1 billion.

The cost asset ratio improved to 43.3bps (HY23: 43.7bps) as we continue to maintain focus on operational efficiency and leverage to grow assets under management.

IWR operating profit was up 9% to £532 million (HY23[2]: £486 million). Wealth operating profit of £58 million (HY23: £46 million) was 27% higher as growing revenue in Workplace and Platform more than offset higher investment in growth of the business. Retirement operating profit improved 21% to £347 million (HY23: £287 million) in the period, mainly reflecting higher releases from the CSM as the portfolio grows and an improved investment result. Protection & Health operating profit was 4% higher driven by portfolio growth in protection. Heritage operating profit of £111 million reflected the expected run-off of the portfolio.

IWR operating value added was lower at £515 million (HY23: £690 million) as the operating change in the CSM in the prior period benefitted from an assumption change relating to the spouses of BPA scheme members and positive experience variances which did not repeat, more than offsetting the increase in operating profit.

Solvency II OFG of £412 million (HY23[2]: £450 million) was 8% lower due to the beneficial assumption change in the prior period outlined above. Underlying Solvency II OFG increased 19% primarily driven by improved new business margins in Retirement. Cash remittances were £792 million (HY23: £714 million).

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UK & Ireland General Insurance

Premiums increased 18% to £3,809 million (HY23: £3,219 million) with strong growth across all business lines. UK personal lines premiums grew 30% to £1,811 million (HY23: £1,389 million) with the majority of the growth reflecting strong rating actions taken in the inflationary environment and new business, particularly from the Aviva Zero and PCW propositions. We continue to achieve strong growth in UK commercial lines as premiums reached £1,749 million (HY23: £1,594 million) driven by rate, strong retention and new business growth in GCS.

The distribution ratio of 31.7% (HY23: 33.9%) improved by 2.2pp due to growth in our retail propositions in UK personal lines.

UK & Ireland General Insurance operating profit was 25% higher at £287 million (HY23: £230 million) reflecting improved underwriting profits and improved investment returns. UK&I undiscounted COR was 95.8% (HY23: 96.3%) as we benefit from the earn through of the strong rate actions taken and continued growth in retail business. Discounted COR was 92.2% (HY23: 93.1%).

Solvency II OFG was 47% higher at £273 million (HY23: £186 million) reflecting a better underwriting result and improved investment returns. Cash remittances increased to £94 million (HY23: £61 million).

Canada General Insurance

Premiums of £2,196 million (HY23: £2,055 million) were up 10%. Personal lines was up 14% reflecting new business growth in auto and strong pricing actions on the existing book. Commercial lines was up 6% with the business benefitting from strong retention in a favourable rating environment and new business in GCS.

The distribution ratio remained broadly consistent at 33.3% (HY23: 33.1%).

Canada General Insurance operating profit was 7% lower at £216 million (HY23: £240 million) and the undiscounted combined ratio was 94.7% (HY23: 92.8%) primarily due to benign large loss commercial lines experience in the prior period. Discounted COR was 90.4% (HY23: 89.0%).

For similar reasons, Solvency II OFG was 7% lower at £161 million (HY23: £179 million). Cash remittances increased to £73 million (HY23: £36 million).

Aviva Investors

External net flows (excluding strategic actions) remained positive at £0.3 billion (HY23: £0.2 billion) and included £1.3 billion of positive net flows in the second quarter.

The cost income ratio improved to 90% (HY23: 97%) due to growth in AUM.

Aviva Investors operating profit improved to £18 million (HY23: £5 million) reflecting higher revenues, up 10% to £183 million (HY23: £167 million) primarily due to the positive impact of investment markets on AUM.

Solvency II OFG was £12 million (HY23: £4 million).

International investments (India, China and Singapore)

Sales were 23% lower at £805 million (HY23: £1,051 million) as the prior year included a full six months of contribution of Singapore, which was disposed of on 18 March.

Operating profit was 44% lower at £26 million (HY23: £46 million) and Solvency II OFG was £64 million (HY23: £76 million).

See section 6 (Our business review) for more detailed information on business performance.

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Capital and cash

Solvency II capital

At 30 June 2024, Group Solvency II shareholder surplus was £8.2 billion and estimated Solvency II shareholder cover ratio was 205% (31 December 2023: £8.8 billion and 207% respectively).

The reduction in surplus since 31 December 2023 is mainly due to the Tier 2 notes redemption, final dividend and £300 million share buyback, mostly offset by operating capital generated and non-operating items.

		Movements in HY24					
Solvency II shareholder position[12]	31 December 2023 £bn	OCG £bn	Non operating generation £bn	Dividend & share buyback £bn	Debt redemption £bn	M&A £bn	**30 June 2024**[12] **£bn**
Own funds	17.0	0.8	(0.2)	(0.9)	(0.6)	(0.1)	**15.9**
SCR	(8.2)	—	0.4	—	—	—	**(7.8)**
Surplus	8.8	0.7	0.2	(0.9)	(0.6)	(0.1)	**8.2**
Solvency II shareholder cover ratio (%)	207 %	8 %	8 %	(11)%	(7)%	— %	**205 %**

Centre liquidity

At end July 2024, centre liquidity was £1.5 billion (end February 2024: £1.9 billion) reflecting the final dividend, share buyback programme, debt redemption and capital paid to subsidiaries ahead of corporate actions, partly offset by cash remittances received from the business units and net M&A proceeds.

Solvency II debt leverage

Solvency II debt leverage was 31.1% (31 December 2023: 30.7%), or 28.8% pro forma for the Tier 2 notes redeemed on 3 July 2024, with the movement over the period primarily due to a reduction in own funds.

Dividend

Today we have announced an interim dividend of 11.9 pence per share (2023: 11.1 pence), up 7%. Our dividend guidance remains that we expect mid-single digit growth in the cash cost of the dividend.

Capital management framework

Under our capital framework, which remains unchanged, surplus capital is available for reinvestment in the business, bolt-on M&A and/or additional returns to shareholders. We anticipate further regular and sustainable capital returns in the future.

Progress on M&A

We continue to make progress in executing strategic deals that enhance value for shareholders. Our focus is on enhancing capabilities or where there are clear financial or strategic benefits to a transaction.

On 5 January we completed the acquisition of Optiom O2 Holdings in Canada for £100 million. The acquisition supports Aviva's capital-light growth in the attractive Canadian market and strengthens Aviva Canada's specialty lines business and distribution capabilities.

On 18 March we completed the exit from our Singapore joint venture for a total consideration of £937 million, further simplifying the Group's geographic footprint.

We completed the acquisition of AIG's UK protection business for £453 million on 8 April, accelerating growth in the UK protection market. The acquisition will broaden distribution, with over 2.5 million customers across individual and group protection, and deliver capital and expense synergies.

We also completed the previously announced £249 million acquisition of Probitas on 9 July. Probitas is a high quality, fully-integrated platform in the Lloyd's market, which will expand the market opportunity for Aviva's Global Corporate & Specialty business.

Shareholder asset portfolio

Aviva's high quality shareholder asset portfolio of £85.4 billion as 30 June 2024 (31 December 2023: £84.6 billion) continues to perform well and is defensively positioned.

Corporate bonds represent £22.9 billion of the portfolio. Of this, 83% is externally rated investment grade and 17% internally rated. Aviva has a long history in private debt, with a robust internal rating model, and these internally rated assets have an average rating of 'single A' quality.

The corporate bond portfolio continued to perform well in the first half, with c.£120 million of upgrades and c.£75 million of downgrades to a lower letter, and no corporate bonds downgraded below investment grade.

Our commercial mortgage portfolio of £5.6 billion comprises largely long-duration fixed rate contracts with low average loan-to-value (LTV) ratios of 50.7% using the nominal value of the loan.

Our securitised mortgage loans and equity release portfolio of £9.8 billion is mostly internally securitised with a low average LTV of 27.9%.

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Footnotes included within the news release

1 Reference to operating profit represents Group adjusted operating profit which is a non-GAAP APM and is not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section.

2 Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the 'Other Information' section for further details).

3 Solvency II shareholder cover ratio is the estimated Solvency II shareholder cover ratio at 30 June 2024.

4 Sales for Insurance, Wealth & Retirement (IWR) and for Retirement (Annuities and Equity Release) refers to Present Value of New Business Premiums (PVNBP). Sales for Insurance (Protection and Health) refers to Annual Premium Equivalent (APE). Premiums for General insurance refer to gross written premiums (GWP). The first instance of each reference has been footnoted. However, this footnote applies to all such references in this announcement. PVNBP, APE and GWP are Alternative Performance Measures (APMs) and further information can be found in the 'Other information' section.

5 All Group GWP and Canada General Insurance movements are quoted in constant currency.

6 IFRS profit for the period represents IFRS profit after tax.

7 Health in-force premiums represents the total premiums attributable to Health policies in-force as at the reporting date, and is used to measure the growth of the Health business.

8 Net flows annualised as a percentage of opening assets under management.

9 Operating earnings per share is derived from the Group adjusted operating profit APM. Further details of this measure are included in the 'Other information' section.

10 IFRS Shareholders' equity is equity attributable to shareholders of Aviva plc, less preference capital. Adjusted IFRS Shareholders' equity is IFRS Shareholders' equity plus CSM, net of tax.

11 Solvency II debt leverage ratio (pro forma) at 30 June 2024 after allowing for €700 million Tier 2 notes redemption in full at their optional first call date on 3 July 2024.

12 Rounding differences apply.

Notes to editors

- All figures have been translated at average exchange rates applying for the period, with the exception of the capital position, which is translated at the closing rates on 30 June 2024. The average rates employed in this announcement are 1 euro = £0.85 (2023: 1 euro =£0.87) and CAD$1 = £0.58 (2023: CAD$1 = £0.60). Where percentage movements are quoted on a constant currency basis, this is calculated by applying year to date average exchange rates to prior period.
- Growth rates in this announcement have been provided in sterling terms unless stated otherwise.
- All percentages, including currency movements, are calculated on unrounded numbers so minor rounding differences may exist.
- Throughout this report we use a range of financial metrics to measure our performance and financial strength. These metrics include Alternative Performance Measures (APMs), which are non-GAAP measures that are not bound by the requirements of IFRS and Solvency II. A complete list and further guidance in respect of the APMs used by the Group can be found in the 'Other information' section.
- We are the UK's leading diversified insurer and we operate in the UK, Ireland and Canada. We also have international investments in India and China.
- We help our 19.5 million customers make the most out of life, plan for the future, and have the confidence that if things go wrong we'll be there to put it right.
- We have been taking care of people for more than 325 years, in line with our purpose of being 'with you today, for a better tomorrow'. In 2023, we paid £25.6 billion in claims and benefits to our customers.
- In 2021, we announced our ambition to become Net Zero by 2040, the first major insurance company in the world to do so. We are aiming to have Net Zero carbon emissions from Aviva's operations and supply chain by 2030. While we are working towards our sustainability ambitions, we recognise that while we have control over Aviva's operations and influence on our supply chain, when it comes to decarbonising the economy in which we operate and invest, Aviva is one part of a far larger global ecosystem. There are also limits to our ability to influence other organisations and governments. Nevertheless, we remain focused on the task and are committed to playing our part in the collective effort to enable the global transition. Find out more about our climate goals at www.aviva.com/climate-goals and our sustainability ambition and action at www.aviva.com/sustainability
- Aviva is a Living Wage, Living Pension and Living Hours employer and provides market-leading benefits for our people, including flexible working, paid carers leave and equal parental leave. Find out more at www.aviva.com/about-us/our-people
- As at 30 June 2024, total Group assets under management at Aviva Group were £398 billion and our estimated Solvency II shareholder capital surplus was £8.2 billion. Our shares are listed on the London Stock Exchange and we are a member of the FTSE 100 index.
- For more details on what we do, our business and how we help our customers, visit www.aviva.com/about-us
- The Aviva newsroom at www.aviva.com/newsroom includes links to our spokespeople images, podcasts, research reports and our news release archive. Sign up to get the latest news from Aviva by email.
- You can follow us on:
  - X: www.x.com/avivaplc
  - LinkedIn: www.linkedin.com/company/aviva-plc
  - Instagram: www.instagram.com/avivaplc
- For the latest corporate films from around our business, subscribe to our YouTube channel: www.youtube.com/user/aviva

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Cautionary statement

This document should be read in conjunction with the documents distributed by Aviva plc (the 'Company' or 'Aviva') through The Regulatory News Service (RNS). 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 (including, without limitation, climate and other sustainability-related plans and goals). Statements containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'could', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential', 'objective', 'predicts', 'ambition' 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 announcement include, but are not limited to: the impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally (including those arising from the escalation of Russia-Ukraine and Israel-Palestine conflicts into wider regional conflicts); market developments and government actions; 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; the impact of changes in short or long-term interest rates and inflation reduce the value or yield of our investment 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; 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 (including pandemics) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; failure to understand and respond effectively to the risks associated with sustainability; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customers at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; 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 and malicious acts (including cyber attack and theft, loss or misuse of customer data); 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, including quality financial advisers; the failure to act in good faith, resulting in customers not achieving good outcomes and avoiding foreseeable harm; 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 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 tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation; the inability to protect our intellectual property; the effect of undisclosed liabilities and other risks associated with our business disposals; and other uncertainties, such as diversion of management attention and other resources, relating to recent and future acquisitions, combinations or disposals within relevant industries; the impact of exposure to Lloyds related risks following the acquisition of Probitas, including dependence on Lloyd's credit rating, solvency position and the maintenance of Lloyd's own licence and approvals to underwrite business, and commitment to certain financial and operational obligations, including to make contributions to funds at Lloyd's; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US, Canada or elsewhere, including changes to and the implementation of key legislation and regulation (for example, FCA Consumer Duty and Solvency II). Please see Aviva's most recent Annual Report and Accounts for further details of risks, uncertainties and other factors relevant to the business and its securities.

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 report are current only as of the date on which such statements are made.

This report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to who this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

Aviva plc is a company registered in England No. 2468686.

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Contents

As a reminder

Throughout this report we use a range of financial metrics to measure our performance and financial strength. These metrics include Alternative Performance Measures (APMs), which are non-GAAP measures that are not bound by the requirements of IFRS and Solvency II. Further guidance in respect of the APMs used by the Group, including a reconciliation to the financial statements (where possible), can be found within the Other Information section.

The financial performance of our business units are presented as Insurance, Wealth & Retirement (IWR), UK & Ireland General Insurance, Canada General Insurance, Aviva Investors and International investments (consisting of our investments in India and China, and until 18 March 2024 also included our investment in Singapore).

All references to 'Operating profit' represent 'Group adjusted operating profit'.

All percentages, including currency movements, are calculated on unrounded numbers so minor rounding differences may exist.

A glossary explaining key terms used in this report is available on www.aviva.com/glossary

1 - Cash and Centre liquidity

1.1 – Cash remittances

The table below reflects remittances received by the Group centre from our businesses, comprising dividends and interest on internal loans. Cash remittances are eliminated on consolidation and hence are not directly reconcilable to the Group's IFRS statement of cash flows.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR)[1]	**792**	714	1,369
UK & Ireland General Insurance[1]	**94**	61	326
Canada General Insurance[1]	**73**	36	158
Aviva Investors	**—**	—	25
International investments (India, China and Singapore)	**—**	14	14
Cash remittances	**959**	825	1,892

1. We use a wholly-owned, UK domiciled reinsurance subsidiary for internal capital and cash management purposes. Some remittances otherwise attributable to the operating businesses arise from this internal reinsurance vehicle.

Cash remittances increased by 16% to £959 million reflecting a strong performance from our businesses.

1.2 – Centre liquidity

Centre liquidity comprises cash and liquid assets. Excess centre cash flow represents cash remitted by our businesses to the Group centre less central operating expenses and debt financing costs. It is an important measure of the cash that is available to pay dividends, reduce debt or invest back into our businesses.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Cash remittances	**959**	825	1,892
External interest paid	**(143)**	(143)	(304)
Internal interest paid	**—**	—	(48)
Central spend	**(117)**	(142)	(433)
Other operating cash flows[1]	**(4)**	136	136
Excess centre cash inflow	**695**	676	1,243
Ordinary dividends	**(603)**	(576)	(878)
Net reduction in external borrowings	**(594)**	(259)	(122)
Share buyback	**(300)**	(300)	(300)
External disposal proceeds[2]	**937**	—	—
Other non-operating cash flows[3]	**(498)**	(163)	(272)
Movement in centre liquidity	**(363)**	(622)	(329)
Centre liquidity as at end of July/February	**1,528**	1,598	1,891

1. Other operating cash flows include group tax relief net receipts in 2023, and group tax relief net payments in 2024
2. External disposal proceeds relate to total proceeds on disposal of Singapore Life Holdings Pte Ltd
3. In 2024 other non-operating cash flows includes capital paid to subsidiaries of £505 million, net of an additional remittance of £200 million from our wholly-owned UK domiciled reinsurance subsidiary. 2023 includes a £92 million fee to the noteholders of the Group's £600 million Tier 2 Fixed to Floating Rate Notes due 2058 (paid in July 2023).

2 - IFRS performance

Profit and earnings per share	Note	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR)[1]	6.1	**532**	486	994
UK & Ireland General Insurance	6.2	**287**	230	452
Canada General Insurance	6.3	**216**	240	399
Aviva Investors	6.4	**18**	5	21
International investments (India, China and Singapore)	6.5	**26**	46	63
Business unit operating profit		**1,079**	1,007	1,929
Corporate centre costs and Other operations	A2	**(62)**	(114)	(215)
Group debt costs and other interest	A3	**(142)**	(128)	(247)
Group adjusted operating profit		**875**	765	1,467
Tax attributable to shareholders' profit		**(208)**	(138)	(289)
Non-controlling interests		**(11)**	(11)	(21)
Preference dividends and tier 1 notes coupon payments		**(26)**	(26)	(51)
Operating profit attributable to ordinary shareholders		**630**	590	1,106
Operating earnings per share		**23.3 p**	21.3 p	40.3 p
IFRS profit for the period	A1	**654**	415	1,106
Basic earnings per share		**22.8 p**	13.7 p	37.7 p

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see note B2 and the Other Information section for further details). This impacts the IWR business unit and has a corresponding impact on the subtotals and totals.

Operating profit

Operating profit increased by 14% to £875 million (HY23: £765 million). Business unit operating profit increased by 7% to £1,079 million (HY23: £1,007 million) reflecting strong performances from our Insurance, Wealth & Retirement (IWR) and UK & Ireland General Insurance businesses, partly offset by lower operating profit in Canada General Insurance and International Investments.

IWR operating profit increased by 9% to £532 million (HY23: £486 million), with the increases in Protection and Health and Retirement mainly driven by growth in CSM over the last year, improved mortality experience in Protection and Health, and higher returns on assets backing the annuity business in Retirement. Wealth operating profit increased driven by higher revenue in Workplace and Adviser Platform partly offset by investment in our Direct Wealth proposition to support future growth. Heritage operating profit increased driven by higher investment returns and improved cost efficiencies.

IWR operating value added decreased by 25% to £515 million (HY23: £690 million), reflecting the non-recurrence of beneficial experience and assumption changes in HY23 relating to the spouses of BPA scheme members. For our Retirement, Protection and Health, Heritage and Ireland businesses, operating value added captures the value generated in the period, such as the benefit of writing new business and also assumption changes in the period, which is deferred in the contractual service margin (CSM). Operating value added results are discussed in section 6.1.

UK & Ireland General Insurance operating profit increased by 25% to £287 million (HY23: £230 million), reflecting profitable growth from our strong focus on underwriting discipline, improved yields benefitting discount rates and improvements in efficiency. Operating profit also benefitted from improved investment returns reflecting higher investment balances offset by increases in unwind of discounting on incurred claims.

Canada General Insurance operating profit decreased by 10% to £216 million (HY23: £240 million) or 7% on a constant currency basis, driven by a lower underwriting result and unfavourable movement in unwind of the discounting on incurred claims, partly offset by improved investment returns. The underwriting results were driven by lower favourable prior year development and the impact of inflation on claims severity.

Aviva Investors operating profit increased to £18 million (HY23: £5 million). These results are driven by higher revenues, reflecting higher average assets under management, partly offset by increased costs, driven by inflation.

International investments (India, China and Singapore) operating profit decreased to £26 million (HY23: £46 million) mainly due to the disposal of the Singapore business.

Corporate Centre costs and Other operations decreased to £(62) million (HY23: £(114) million), largely as a result of lower project spend. Group debt cost and other interest increased to £(142) million (HY23: £(128) million) as new subordinated debt was issued in November 2023 in advance of the redemption of subordinated debt in July 2024, therefore interest was paid on both loans for this period.

IFRS profit for the period and earnings per share

IFRS profit for the period is £654 million (HY23: £415 million) and basic earnings per share is 22.8 pence (HY23: 13.7p), reflecting higher operating profit and £195 million (HY23: £nil) profit on disposal and remeasurement of subsidiaries, joint ventures and associates. This was partly offset by the negative impact of investment variances and economic assumption changes of £(206) million (HY23: negative impact of £(165) million) and integration and restructuring costs of £(69) million (HY23: £nil). See sections A1, A4, A5, and A6 for further information.

3 - Controllable costs

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR)	**700**	646	1,259
UK & Ireland General Insurance	**400**	353	704
Canada General Insurance	**244**	220	431
Aviva Investors	**165**	162	325
Business unit controllable costs	**1,509**	1,381	2,719
Corporate centre costs and Other operations	**182**	209	453
Total controllable costs	**1,691**	1,590	3,172

Controllable costs include the costs associated with maintaining and growing our businesses. Baseline controllable costs were previously reported to track our progress against our 2018 cost savings target baseline which excluded cost reduction implementation, IFRS 17 and strategic investment costs.

Controllable costs have increased by £101 million to £1,691 million (HY23: £1,590 million). The increase is driven by higher spend in IWR, UK & Ireland General Insurance and Canada General Insurance mainly due to investment in business growth and increased staff costs to service a growing number of customers and inflation. In addition, HY24 includes controllable costs relating to acquisitions in IWR and Canada General Insurance. These increases are partially offset by reduction in strategic investment spend, IFRS 17 implementation costs and completion of cost reduction implementation, reflected primarily in Corporate centre costs and Other operations.

4 - Solvency II performance

4.1 - Solvency II operating own funds generation

Solvency II operating own funds generation (Solvency II OFG) measures the amount of Solvency II own funds generated from operating activities. Solvency II OFG is used to assess sustainable growth.

	Underlying own funds generation					
6 months 2024	Impact of Life new business £m	Earnings from Life existing business £m	Non-life own funds generation £m	Total underlying OFG £m	Management actions and Other £m	Total Solvency II OFG £m
Insurance, Wealth & Retirement (IWR)	**163**	**256**	**—**	**419**	**(7)**	**412**
UK & Ireland General Insurance	**—**	**—**	**273**	**273**	**—**	**273**
Canada General Insurance	**—**	**—**	**161**	**161**	**—**	**161**
Aviva Investors	**—**	**—**	**12**	**12**	**—**	**12**
International investments (India, China and Singapore)	**26**	**41**	**—**	**67**	**(3)**	**64**
Business unit Solvency II OFG	**189**	**297**	**446**	**932**	**(10)**	**922**
Corporate centre costs and Other	**—**	**—**	**(70)**	**(70)**	**—**	**(70)**
Group external debt costs	**—**	**—**	**(94)**	**(94)**	**—**	**(94)**
Solvency II OFG	**189**	**297**	**282**	**768**	**(10)**	**758**

	Underlying own funds generation					
Restated[1] 6 months 2023	Impact of Life new business £m	Earnings from Life existing business £m	Non-life own funds generation £m	Total underlying OFG £m	Management actions and Other £m	Total Solvency II OFG £m
Insurance, Wealth & Retirement (IWR)[1]	85	267	—	352	98	450
UK & Ireland General Insurance	—	—	186	186	—	186
Canada General Insurance	—	—	179	179	—	179
Aviva Investors	—	—	4	4	—	4
International investments (India, China and Singapore)	35	58	—	93	(17)	76
Business unit Solvency II OFG[1]	120	325	369	814	81	895
Corporate centre costs and Other	—	—	(118)	(118)	—	(118)
Group external debt costs	—	—	(91)	(91)	—	(91)
Solvency II OFG	120	325	160	605	81	686

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details). This impacts the IWR business unit and has a corresponding impact on the subtotals and totals.

Full year 2023	Impact of Life new business £m	Earnings from Life existing business £m	Non-life own funds generation £m	Total underlying OFG £m	Management actions and Other £m	Total Solvency II OFG £m
	Underlying own funds generation					
Insurance, Wealth & Retirement (IWR)	388	461	—	849	448	1,297
UK & Ireland General Insurance	—	—	315	315	—	315
Canada General Insurance	—	—	339	339	—	339
Aviva Investors	—	—	19	19	—	19
International investments (India, China and Singapore)	73	80	—	153	3	156
Business unit Solvency II OFG	461	541	673	1,675	451	2,126
Corporate centre costs and Other	—	—	(219)	(219)	—	(219)
Group external debt costs	—	—	(178)	(178)	—	(178)
Solvency II OFG	461	541	276	1,278	451	1,729

Solvency II OFG has increased by £72 million to £758 million (HY23: £686 million). Underlying Solvency II OFG has increased by £163 million to £768 million (HY23: £605 million) primarily due to increases in IWR, UK & Ireland General Insurance and Corporate centre costs and Other.

IWR Solvency II OFG has decreased by £38 million to £412 million (HY23: £450 million). Underlying Solvency II OFG has increased by £67 million to £419 million (HY23: £352 million), due to an increase in earnings from new business driven by higher trading margins in Retirement and strong growth in group protection. IWR Management actions and Other Solvency II OFG has decreased by £105 million to £(7) million (HY23: £98 million), primarily because 2023 included beneficial impact of assumption changes relating to the spouses of BPA scheme members.

UK & Ireland General Insurance Solvency II OFG has increased by £87 million to £273 million (HY23: £186 million) driven by strong trading and pricing discipline.

Canada General Insurance Solvency II OFG has decreased by £18 million to £161 million (HY23: £179 million) due to increased claims severity from inflationary pressures and less favourable prior year development, partially offset by lower weather-related catastrophe losses.

International investments Solvency II OFG decreased by £12 million to £64 million (HY23: £76 million) predominantly due to the disposal of the Singapore business.

Solvency II OFG has benefitted from a reduction in Corporate centre costs and Other to £(70) million (HY23: £(118) million) primarily as a result of lower project spend.

4.2 - Solvency II return on capital/equity

Solvency II return on capital/equity measures return generated on shareholder capital at both business and Group level and is used by the Group to assess performance, as we look to deliver long-term value for our shareholders.

Solvency II return on equity is calculated as:

- Operating own funds generation less preference dividends and equity Restricted Tier 1 (RT1) note coupons, adjusted to replace the run-off of transitional measures on technical provisions (TMTP) with the economic cost of holding TMTP (calculated as Group Weighted Average Cost of Capital plus 1-yr swap rate, multiplied by the opening TMTP on a shareholder basis), divided by:
- Opening unrestricted tier 1 shareholder Solvency II own funds.

	6 months 2024			Restated[1] 6 months 2023			Full year 2023		
	Solvency II OFG (post TMTP adjustment) £m	**Opening own funds £m**	**Solvency II return on capital %**	Solvency II OFG (post TMTP adjustment) £m	Opening own funds £m	Solvency II return on capital %	Solvency II OFG (post TMTP adjustment) £m	Opening own funds £m	Solvency II return on capital %
Insurance, Wealth & Retirement (IWR)[1]	**396**	**12,855**	**6.2 %**	429	12,564	6.8 %	1,256	12,564	10.0 %
UK & Ireland General Insurance	**273**	**2,504**	**21.8 %**	186	2,491	14.9 %	315	2,491	12.6 %
Canada General Insurance	**161**	**2,140**	**15.0 %**	179	1,800	19.9 %	339	1,800	18.8 %
Aviva Investors	**12**	**392**	**6.1 %**	4	387	2.1 %	19	387	4.9 %
International investments (India, China and Singapore)	**64**	**1,082**	**11.8 %**	76	1,187	12.8 %	156	1,187	13.1 %
Group Solvency II return on equity	**706**	**11,374**	**12.4 %**	629	10,962	11.5 %	1,616	10,962	14.7 %

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details). This impacts the IWR business unit and has a corresponding impact on the total.

Solvency II return on equity has increased by 0.9pp to 12.4% (HY23: 11.5%) due to higher operating own funds generation.

Solvency II return on equity (adjusted for excess capital) has increased by 0.5pp to 14.6% (HY23: 14.1%). Excess capital is Solvency II shareholder own funds in excess of our target shareholder cover ratio (currently 180%).

4.3 - Solvency II operating capital generation

Solvency II operating capital generation (Solvency II OCG) measures the amount of Solvency II capital the Group generates from operating activities. Capital generated enhances Solvency II surplus which can be used to support sustainable cash remittances from our businesses, which in turn, supports the Group's dividend as well as funding further investment to generate sustainable growth.

	Underlying operating capital generation						Of which:	
6 months 2024	Impact of new business £m	Earnings from existing business £m	Non-life capital generation £m	Underlying capital generation £m	Management actions and Other £m	Total Solvency II OCG £m	Own funds OCG £m	SCR OCG £m
Insurance, Wealth & Retirement (IWR)	(51)	439	—	388	(13)	375	412	(37)
UK & Ireland General Insurance	—	—	241	241	—	241	273	(32)
Canada General Insurance	—	—	162	162	—	162	161	1
Aviva Investors	—	—	41	41	—	41	12	29
International investments (India, China and Singapore)	(31)	15	—	(16)	(4)	(20)	64	(84)
Business unit Solvency II OCG	**(82)**	**454**	**444**	**816**	**(17)**	**799**	**922**	**(123)**
Corporate centre costs and Other	—	—	17	17	—	17	(70)	87
Group external debt costs	—	—	(94)	(94)	—	(94)	(94)	—
Solvency II OCG	**(82)**	**454**	**367**	**739**	**(17)**	**722**	**758**	**(36)**

	Underlying operating capital generation						Of which:	
Restated[1] 6 months 2023	Impact of new business £m	Earnings from existing business £m	Non-life capital generation £m	Underlying capital generation £m	Management actions and Other £m	Total Solvency II OCG £m	Own funds OCG £m	SCR OCG £m
Insurance, Wealth & Retirement (IWR)[1]	(137)	405	—	268	108	376	450	(74)
UK & Ireland General Insurance	—	—	157	157	—	157	186	(29)
Canada General Insurance	—	—	179	179	—	179	179	—
Aviva Investors	—	—	4	4	—	4	4	—
International investments (India, China and Singapore)	(22)	26	—	4	(12)	(8)	76	(84)
Business unit Solvency II OCG[1]	(159)	431	340	612	96	708	895	(187)
Corporate centre costs and Other	—	—	1	1	—	1	(118)	119
Group external debt costs	—	—	(91)	(91)	—	(91)	(91)	—
Solvency II OCG	(159)	431	250	522	96	618	686	(68)

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details). This impacts the IWR business unit and has a corresponding impact on the subtotals and totals.

	Underlying operating capital generation						Of which:	
Full year 2023	Impact of new business £m	Earnings from existing business £m	Non-life capital generation £m	Underlying capital generation £m	Management actions and Other £m	Total Solvency II OCG £m	Own funds OCG £m	SCR OCG £m
Insurance, Wealth & Retirement (IWR)	(29)	748	—	719	383	1,102	1,297	(195)
UK & Ireland General Insurance	—	—	291	291	—	291	315	(24)
Canada General Insurance	—	—	311	311	—	311	339	(28)
Aviva Investors	—	—	—	—	—	—	19	(19)
International investments (India, China and Singapore)	(12)	26	—	14	9	23	156	(133)
Business unit Solvency II OCG	(41)	774	602	1,335	392	1,727	2,126	(399)
Corporate centre costs and Other	—	—	(94)	(94)	—	(94)	(219)	125
Group external debt costs	—	—	(178)	(178)	—	(178)	(178)	—
Solvency II OCG	(41)	774	330	1,063	392	1,455	1,729	(274)

Solvency II OCG has increased by £104 million to £722 million (HY23: £618 million). Underlying Solvency II OCG has increased by £217 million to £739 million (HY23: £522 million) primarily due to increases in IWR and UK & Ireland General Insurance.

IWR Solvency II OCG has remained flat at £375 million (HY23: £376 million). IWR underlying Solvency II OCG increased by £120 million to £388 million (HY23: £268 million) primarily due to an increase in new business own funds generation as a result of higher trading margins in Retirement and strong growth in group protection, combined with higher existing business SCR run-off. IWR Management actions and Other Solvency II OCG has decreased by £121 million to £(13) million (HY23: £108 million), primarily because 2023 included beneficial impact of assumption changes relating to the spouses of BPA scheme members.

UK & Ireland and Canada General Insurance Solvency II OCG has increased by £67 million to £403 million (HY23: £336 million), driven by strong trading and pricing discipline.

International investments Solvency II OCG has decreased by £12 million to £(20) million (HY23: £(8) million) reflecting the disposal of the Singapore business.

Solvency II OCG from Corporate centre costs and Other and Group external debt costs has increased by £13 million to £(77) million (HY23: £(90) million).

5 - Solvency II capital position

5.1 – Solvency II position (shareholder view)

The estimated Solvency II shareholder cover ratio is 205% at 30 June 2024 (31 December 2023: 207%). The Solvency II position disclosed is based on a 'shareholder view'.

	30 June 2024 £m	31 December 2023 £m
Own funds	**15,947**	17,019
Solvency capital requirement	**(7,779)**	(8,206)
Solvency II shareholder surplus	**8,168**	8,813
Solvency II shareholder cover ratio	**205 %**	207 %

The shareholder view is considered by management to be more representative of the shareholders' risk exposure and the Group's ability to cover SCR with eligible own funds and aligns with management's approach to dynamically manage its capital position. In arriving at the shareholder position, the following adjustments are made to the regulatory Solvency II position:

- The contribution to the Group's SCR and own funds of the fully ring-fenced with-profits funds and staff pension schemes in surplus are excluded. These exclusions have no impact on Solvency II surplus as these funds are self-supporting on a Solvency II basis with any surplus capital above SCR not recognised.
- A notional reset of the TMTP, calculated using the same method as used for formal TMTP resets. This presentation avoids step changes to the Solvency II position that arise only when the formal TMTP reset points are triggered. The 30 June 2024 position includes a notional reset of TMTP but as the 31 December 2023 Solvency II position is based on a formal reset of the TMTP, in line with the requirement to reset the TMTP at least every two years, no adjustment is required.

	30 June 2024			31 December 2023		
	Own funds £m	SCR £m	Surplus £m	Own funds £m	SCR £m	Surplus £m
Solvency II regulatory surplus	**17,618**	**(9,554)**	**8,064**	18,824	(10,011)	8,813
Fully ring-fenced with-profit funds	**(1,430)**	**1,430**	**—**	(1,408)	1,408	—
Staff pension schemes in surplus	**(331)**	**331**	**—**	(397)	397	—
Notional reset of TMTP	**90**	**14**	**104**	—	—	—
Solvency II shareholder surplus	**15,947**	**(7,779)**	**8,168**	17,019	(8,206)	8,813

5.2 – Movement in Solvency II surplus

	6 months 2024			6 months 2023			Full year 2023		
	Own funds £m	SCR £m	Surplus £m	Own funds £m	SCR £m	Surplus £m	Own funds £m	SCR £m	Surplus £m
Solvency II surplus at 1 January	**17,019**	**(8,206)**	**8,813**	16,468	(7,774)	8,694	16,468	(7,774)	8,694
Operating capital generation[1]	**758**	**(36)**	**722**	686	(68)	618	1,729	(274)	1,455
Non-operating capital generation[1]	**(231)**	**447**	**216**	(621)	234	(387)	(214)	(158)	(372)
Dividends[2]	**(622)**	**—**	**(622)**	(595)	—	(595)	(917)	—	(917)
Debt issue / (repayment)[3]	**(593)**	**—**	**(593)**	(259)	—	(259)	241	—	241
Share buyback	**(300)**	**—**	**(300)**	(300)	—	(300)	(300)	—	(300)
Acquisitions / (disposals)	**(84)**	**16**	**(68)**	12	—	12	12	—	12
Solvency II surplus at 30 June / 31 December	**15,947**	**(7,779)**	**8,168**	15,391	(7,608)	7,783	17,019	(8,206)	8,813

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details)
2. Dividends includes £9 million (HY23: £9 million, 2023: £17 million) of Aviva plc preference dividends and £10 million (HY23: £10 million, 2023: £21 million) of General Accident plc preference dividends
3. €700 million subordinated debt was redeemed on 3 July 2024 but no longer eligible capital at 30 June 2024. €301 million subordinated debt was redeemed on 5 July 2023 but no longer eligible capital at 30 June 2023.

The estimated Solvency II surplus is £8,168 million at 30 June 2024 (30 June 2023: £7,783 million, 31 December 2023: £8,813 million), with a Solvency II shareholder cover ratio of 205% (31 December 2023: 207%). The decrease since 31 December 2023 is mainly due to final dividend payment, share buyback and debt redemption partially offset by total capital generation which includes operating capital generation, the impact of matching adjustment requirements from Solvency II reform in the UK and positive economic impacts over the period. The impact from acquisitions / disposals is broadly neutral as the disposal of Singapore offsets the impact from the acquisitions of AIG's UK protection business and Optiom in Canada.

Changes to the matching adjustment requirements from Solvency II reform in the UK became effective from 30 June 2024. As a result, the matching adjustment cap on sub-investment grade assets has been removed; the fundamental spread is now applied by notched credit rating (rather than whole-letter ratings); and Aviva has chosen to increase the fundamental spread on a small number of assets in the matching adjustment portfolio to reflect risks that we deem are not fully reflected in the credit rating. This voluntary increase in fundamental spread reflects our matching adjustment attestation policy, and this framework is subject to external validation in the second half of 2024, prior to the first formal attestation expected to be provided to the PRA in Q1 2025. Overall, these changes have increased the Group Solvency II shareholder ratio by c.4 percentage points as at 30 June 2024 in addition to the 6 percentage point benefit of Solvency II reform recognised at 31 December 2023.

5.3 - Analysis of Solvency Capital Requirement (SCR)

The SCR has decreased by £0.4 billion to £7.8 billion. The table below summarises the SCR by business unit. The Group diversification between businesses is the SCR diversification arising from the sum of the SCR for each business being higher than the SCR at Group and arises primarily because of the composite nature of our business. The benefit from Group diversification is £2.3 billion at 30 June 2024 (31 December 2023: £2.2 billion).

	30 June 2024 £bn	31 December 2023 £bn
Insurance, Wealth & Retirement (IWR)	**5.7**	6.1
UK & Ireland General Insurance	**1.5**	1.5
Canada General Insurance	**0.7**	0.7
Aviva Investors	**0.3**	0.3
International investments (India, China and Singapore)	**1.5**	1.2
Group centre and other	**0.4**	0.6
Group diversification	**(2.3)**	(2.2)
Total SCR	**7.8**	8.2

The table below summarises the diversified SCR by risk:

	30 June 2024 £bn	31 December 2023 £bn
Credit risk	**1.7**	2.1
Equity risk	**1.2**	1.1
Interest rate risk	**0.2**	0.1
Other market risk	**0.8**	1.0
Life insurance risk	**1.9**	1.8
General insurance risk	**1.0**	1.0
Operational risk	**1.0**	0.9
Other risk	**—**	0.2
Total SCR	**7.8**	8.2

5.4 - Solvency II sensitivities

Illustrative sensitivity analysis of Solvency II shareholder surplus and cover ratio

The following sensitivity analysis of Solvency II shareholder surplus and cover ratio allows for any consequential impact on the assets and liability valuations. All other assumptions remain unchanged for each sensitivity, except where these are directly affected by the revised economic conditions or where a management action that is allowed in the SCR calculation is applicable for that sensitivity. For example, future bonus rates are automatically adjusted to reflect sensitivity changes to future investment returns. See below for further details on the limitations of the sensitivity analysis.

The table below shows the absolute change in Solvency II shareholder surplus and cover ratio under each sensitivity, e.g. a 2pp positive impact would result in a Solvency II shareholder cover ratio of 207%.

	30 June 2024		31 December 2023	
	Impact on surplus £bn	**Impact on shareholder cover ratio pp**	Impact on surplus £bn	Impact on shareholder cover ratio pp
Changes in economic assumptions				
50 bps increase in interest rate	**0.1**	**5 pp**	0.1	4 pp
50 bps decrease in interest rate	**(0.1)**	**(6)pp**	(0.1)	(6)pp
100 bps increase in interest rate	**0.2**	**9 pp**	0.1	8 pp
100 bps decrease in interest rate	**(0.3)**	**(12)pp**	(0.3)	(13)pp
50 bps increase in corporate bond spread[1]	**—**	**3 pp**	0.1	4 pp
50 bps decrease in corporate bond spread[1]	**(0.1)**	**(4)pp**	(0.2)	(6)pp
100 bps increase in corporate bond spread[1]	**—**	**5 pp**	0.1	7 pp
Credit downgrade on annuity portfolio[2]	**(0.3)**	**(6)pp**	(0.4)	(7)pp
10% increase in market value of equity	**0.1**	**(1)pp**	—	(1)pp
10% decrease in market value of equity	**(0.1)**	**— pp**	(0.1)	— pp
25% increase in market value of equity	**0.2**	**(2)pp**	0.1	(2)pp
25% decrease in market value of equity	**(0.4)**	**(2)pp**	(0.3)	(1)pp
20% increase in value of commercial property	**0.2**	**3 pp**	0.3	6 pp
20% decrease in value of commercial property	**(0.4)**	**(7)pp**	(0.4)	(8)pp
20% increase in value of residential property	**0.3**	**5 pp**	0.3	6 pp
20% decrease in value of residential property	**(0.5)**	**(8)pp**	(0.6)	(9)pp
Changes in non-economic assumptions				
10% increase in maintenance and investment expenses	**(0.6)**	**(10)pp**	(0.7)	(9)pp
10% increase in lapse rates	**(0.3)**	**(4)pp**	(0.3)	(4)pp
2% increase in mortality/morbidity rates - life assurance	**(0.1)**	**(1)pp**	(0.1)	(1)pp
2% decrease in mortality rates - annuity business	**(0.2)**	**(4)pp**	(0.3)	(5)pp
5% increase in gross loss ratios	**(0.3)**	**(4)pp**	(0.3)	(3)pp

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.
2. An immediate full letter downgrade (e.g. from AAA to AA, from AA to A) on 20% of the annuity portfolio credit assets, excluding commercial and lifetime mortgages, which are included in property sensitivities

Limitations of sensitivity analysis

The table above demonstrates the effect of an instantaneous change in a key assumption while other assumptions remain unchanged. In reality, changes may occur over a period of time and there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the Solvency II position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations.

As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocations and taking other protective action.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risks that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty and the assumption that all parameters move in an identical fashion.

Specific examples:
- The sensitivity analysis assumes a parallel shift in interest rates at all terms. These results should not be used to calculate the impact of non-parallel yield movements.
- The sensitivity analysis assumes equivalent assumption changes across all markets i.e. UK and non-UK yield curves move by the same amounts, equity markets across the world rise or fall identically.

Additionally, the movements observed by assets held by Aviva will not be identical to market indices so caution is required when applying the sensitivities to observed index movements.

5.5 - Solvency II net asset value

	6 months 2024 £m	6 months 2024 pence per share[1]	6 months 2023 £m	6 months 2023 pence per share[1]	Full year 2023 £m	Full year 2023 pence per share[1]
Solvency II shareholder unrestricted Tier 1 own funds at 1 January	**11,374**	**415 p**	10,962	390 p	10,962	390 p
Operating own funds generation[2]	**758**	**27 p**	686	25 p	1,729	63 p
Non-operating capital generation[2]	**(231)**	**(9)p**	(621)	(23)p	(214)	(9)p
Dividends[3]	**(622)**	**(23)p**	(595)	(22)p	(917)	(33)p
Share buyback	**(300)**	**— p**	(300)	— p	(300)	— p
Acquisitions / disposals	**(84)**	**(3)p**	12	— p	12	— p
Impact of changes to the value of subordinated liabilities	**120**	**4 p**	136	5 p	(21)	(1)p
Impact of changes to the value of net deferred tax assets	**(5)**	**— p**	(14)	— p	123	5 p
Solvency II shareholder unrestricted Tier 1 own funds at 30 June / 31 December[4]	**11,010**	**411 p**	10,266	375 p	11,374	415 p

1. Number of shares in issue as at 30 June 2024 was 2,680 million (HY23: 2,738 million, 2023: 2,739 million)
2. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details)
3. Dividends includes £9 million (HY23: £9 million, 2023: £17 million) of Aviva plc preference dividends and £10 million (HY23: £10 million, 2023: £21 million) of General Accident plc preference dividends
4. Solvency II shareholder unrestricted tier 1 own funds is calculated as shareholder own funds of £15,947 million, (HY23: £15,391 million, 2023: £17,019 million) less restricted tier 1 debt of £946 million (HY23: £946 million, 2023: £946 million), tier 2 debt of £3,813 million (HY23: £3,870 million, 2023: £4,526 million) and tier 3 deferred tax assets of £178 million (HY23: £309 million, 2023: £173 million)

Solvency II net asset value per share is 411 pence per share at 30 June 2024 (31 December 2023: 415 pence). Operating own funds generation in the period is offset by payment of the 2023 final dividend and non-operating own funds generation primarily due to higher interest rates.

5.6 - Solvency II regulatory own funds and Solvency II debt leverage ratio

Regulatory view	30 June 2024 £m	31 December 2023 £m
Solvency II regulatory debt[1]	**4,759**	5,472
Senior notes[2]	**985**	401
Commercial paper	**50**	51
Total debt	**5,794**	5,924
Unrestricted Tier 1	**12,681**	13,179
Restricted Tier 1	**946**	946
Tier 2	**3,813**	4,526
Tier 3[3]	**178**	173
Estimated total regulatory own funds	**17,618**	18,824
Solvency II debt leverage ratio[4]	**31.1 %**	30.7 %

1. Solvency II regulatory debt consists of Restricted Tier 1 and Tier 2 regulatory own funds
2. Includes the Group's 3.875% €700 million Dated Tier 2 Reset Notes which were redeemed in full at their optional first call date on 3 July 2024. Under the Solvency II rules the notes ceased to qualify as Solvency II regulatory debt from 16 May 2024, the date at which notice was served to bondholders that the Group intended to redeem the notes at their first call date.
3. Tier 3 regulatory own funds at 30 June 2024 consist of £178 million net deferred tax assets (2023: £173 million). There is no subordinated debt included in Tier 3 regulatory own funds (2023: £nil).
4. Solvency II debt leverage is calculated as the total debt as a proportion of total regulatory own funds plus commercial paper and senior notes

Solvency II debt leverage ratio is 31.1% (2023: 30.7%). Total debt is broadly stable year on year. The decrease in regulatory own funds since 31 December 2023 is mainly due to the payment of the final dividend, the £300 million share buyback and the derecognition of the Group's €700 million Tier 2 notes prior to redemption in July, partially offset by total capital generation.

The pro forma Solvency II debt leverage ratio, after allowing for €700 million Tier 2 notes redemption in full at their optional first call date on 3 July, is 28.8% at 30 June 2024.

6 - Our business review

6.1 - Insurance, Wealth & Retirement (IWR)

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Full year 2023
New business				
Insurance (Protection and Health) APE	**271**	223	21 %	415
Wealth net flows	**4,969**	4,295	16 %	8,307
Retirement (Annuities and Equity Release) PVNBP	**3,036**	3,223	(6)%	7,088
VNB	**371**	319	16 %	781
Operating performance				
Operating profit[1]	**532**	486	9 %	994
Operating value added[1]	**515**	690	(25)%	1,849
Controllable costs	**700**	646	8 %	1,259
Cost asset ratio	**43.3 bps**	43.7 bps	(0.4) bps	41.4 bps
Solvency II operating own funds generation[1]	**412**	450	(8)%	1,297
Solvency II return on capital[1]	**6.2 %**	6.8 %	(0.6) pp	10.0 %
Solvency II operating capital generation[1]	**375**	376	— %	1,102
Cash remittances	**792**	714	11 %	1,369

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details)

(a) Overview

Aviva is the UK's largest life insurer[a] with a 23% share[b] of the UK market, and in Ireland we are number four[c] in the market. With significant scale of £330 billion assets under management (AUM) and over 11 million customers, we are well positioned to provide customers with all their insurance, wealth and retirement needs.

We aim to maintain and strengthen our leadership position in the market by leveraging the Aviva brand, widening our already strong distribution relationships, building on our data analytics and underwriting capability and providing broader access to Aviva Investors' investment solutions.

Our Insurance, Wealth and Retirement (IWR) businesses help individuals save and achieve financial peace of mind through their workplace, advisers or by engaging directly with us. We provide corporate customers with de-risking solutions for their pension schemes and provide solutions to help promote wellbeing and health within their workforce.

At the beginning of 2024, IWR announced a 15-year extension to our key strategic partnerships with Diligenta and FNZ to simplify our operations and support our growth ambitions, with further changes improving how we serve our customers. It will allow us to rationalise our systems and improve efficiency, bringing significant benefits for our customers and the business. Benefits of this restructuring programme will include a significant reduction in the operating cost base of the IWR business, resulting in higher capital generation and cash remittances.

On 8 April 2024, we completed the acquisition of AIG's UK protection business ('AIG'), supporting our strategy to grow capital-light businesses. The acquisition brings significant capital and expense synergies to Aviva and will enhance our position in the highly attractive UK protection market.

(b) IWR Operating performance

(i) Operating profit

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Insurance (Protection and Health)	**69**	67	4 %	118
Wealth	**58**	46	27 %	100
Retirement (Annuities and Equity Release)	**347**	287	21 %	622
Heritage	**111**	95	16 %	254
Ireland	**1**	8	(95)%	15
IWR Other[1,2]	**(54)**	(17)	(209)%	(115)
Total IWR operating profit[1]	**532**	486	9 %	994

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details)
2. IWR Other includes non-product specific income and expenses, such as return on excess assets and IWR wide project expenses

IWR operating profit increased by 9% to £532 million (HY23: £486 million). Protection and Health operating profit increased by 4% to £69 million (HY23: £67 million) driven by growth in CSM over the last year and improved mortality experience. Wealth operating profit increased by 27% to £58 million (HY23: £46 million) driven by higher revenue in Workplace and Adviser Platform, due to strong asset growth, partly offset by investment in our Direct Wealth proposition to support future growth.

a. Aviva analysis of 2023 company reporting
b. Association of British Insurers (ABI) - 3 months to 31 March 2024 based on share of new business
c. Aviva calculation derived from the Milliman Life and Pensions New Business 2023 FY Report, which is based on responses from a number of key companies within the Irish Life market

Retirement operating profit increased by 21% to £347 million (HY23: £287 million) driven by growth in CSM over the last year and higher returns on assets backing the annuity business. Heritage operating profit increased by 16% to £111 million (HY23: £95 million) driven by higher investment returns and improved cost efficiencies. Ireland operating profit decreased to £1 million (HY23: £8 million) driven by adverse claims experience. IWR Other operating profit of £(54) million (HY23: £(17) million) includes hedging costs, non-product specific expenses and provisions related to product governance.

(ii) Operating value added

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Insurance (Protection and Health)	**105**	75	44 %	228
Wealth	**58**	46	27 %	100
Retirement (Annuities and Equity Release)	**343**	535	(36)%	1,606
Heritage	**54**	41	27 %	19
Ireland	**9**	10	(15)%	11
IWR Other[1]	**(54)**	(17)	(209)%	(115)
Total IWR operating value added[1]	**515**	690	(25)%	1,849

1. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details)

Operating value added decreased by 25% to £515 million (HY23: £690 million). Retirement operating value added decreased by 36% to £343 million (HY23: £535 million) with improved BPA trading margins more than offset by the non-recurrence of positive impacts from assumption changes relating to the spouses of BPA scheme members and longevity experience in 2023. Protection and Health operating value added increased by 44% to £105 million (HY23: £75 million) driven by growth in new business and improved mortality experience.

(iii) Controllable costs and cost asset ratio

IWR controllable costs increased by 8% to £700 million (HY23: £646 million) reflecting growth in the business and includes controllable costs from AIG since acquisition. This was partly offset by savings from simplifications to our operations following a 15-year extension to our key strategic partnerships with Diligenta and FNZ.

The cost asset ratio has fallen to 43.3bps (HY23: 43.7bps), as we continue to maintain focus on operational efficiency and leverage to grow assets under management, which increased by 10% to £330.1 billion (HY23: £298.9 billion).

(iv) New business

VNB increased by 16% to £371 million (HY23: £319 million) driven by growth in sales and strong trading margins in BPA reflecting business mix in the first half of 2024.

(v) Solvency II

Solvency II operating own funds generation (OFG)

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Insurance (Protection and Health)	**70**	46	52 %	140
Wealth	**69**	64	8 %	155
Retirement (Annuities and Equity Release)	**215**	313	(31)%	1,061
Heritage[1]	**85**	55	55 %	132
Ireland	**20**	9	122 %	40
IWR Other[1,2,3]	**(47)**	(37)	(27)%	(231)
Total IWR Solvency II OFG[3]	**412**	450	(8)%	1,297
Of which: Underlying OFG	**419**	352	19 %	849

1. Heritage OFG for the period ended 30 June 2023 includes a reallocation of £18 million from shareholder transfers previously reported within IWR Other
2. IWR Other includes non-product specific income and expenses, such as return on excess assets and IWR wide project expenses
3. Comparative amounts for the period ended 30 June 2023 have been restated for the historic with-profits accounting adjustment disclosed in the 2023 Annual Report and Accounts (see the Other Information section for further details)

Underlying Solvency II OFG increased by 19% to £419 million (HY23: £352 million) driven by profitable growth in new business across IWR. Total Solvency II OFG decreased by 8% to £412 million (HY23: £450 million), as growth in new business was offset by lower Management actions and Other driven by non-recurrence of a positive impact from assumption changes relating to the spouses of BPA scheme members in 2023.

Protection and Health Solvency II OFG increased by 52% to £70 million (HY23: £46 million) driven by growth in new business and improved mortality experience. Wealth Solvency II OFG increased by 8% to £69 million (HY23: £64 million), with an increase in new business partly offset by investment in our Direct Wealth proposition to support future growth. Retirement Solvency II OFG decreased by 31% to £215 million (HY23: £313 million) with improved BPA trading margins more than offset by the non-recurrence of positive impacts from assumption changes and longevity experience in 2023. Heritage Solvency II OFG increased by 55% to £85 million (HY23: £55 million) driven by higher investment returns and improved cost efficiencies. Ireland Solvency II OFG increased by 122% to £20 million (HY23: £9 million) due to growth in new business and higher investment returns.

Solvency II return on capital (RoC)
Solvency II RoC decreased by 0.6pp to 6.2% (HY23: 6.8%) driven by the reduction in Solvency II OFG.

Solvency II operating capital generation (OCG)
Solvency II OCG remained flat at £375 million (HY23: £376 million) with the reduction in Solvency II OFG offset by an increase in SCR run-off on existing business, reflecting a larger opening SCR following a fall in interest rates at the end of 2023.

(c) Insurance (Protection and Health)

Aviva is the only provider of scale in the UK offering coverage across health, group protection and individual protection. On 8 April 2024, we completed the acquisition of AIG's UK protection business for a cash consideration of £453 million. This has cemented our position as the leading UK provider in both the individual protection[a] and group protection[b] market, and we are third in the health market[c]. We have developed strong relationships with our intermediary partners, including financial advisers, estate agents and other third parties. We have invested for growth in these markets, focusing on our digital proposition and bringing new health and wellbeing products to market. Pricing and underwriting discipline as well as cost efficiency are key drivers for profitability in this sector.

(i) New business

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Annual Premium Equivalent (APE)	**271**	223	21 %	415
VNB	**113**	118	(4)%	214
PVNBP	**1,841**	1,490	24 %	3,006
VNB margin	**6.2 %**	7.9 %	(1.7)pp	7.1 %

Protection and Health APE increased by 21% to £271 million (HY23: £223 million) reflecting sales from AIG since acquisition. Health APE decreased by 23% to £66 million (HY23: £86 million) as a result of a strong prior period performance in corporate following the exit of another provider from the market. Health in-force premiums showed continued momentum, increasing versus the prior period reflecting strong new business and disciplined re-pricing. Group Protection APE excluding AIG increased by 7% to £66 million (HY23: £61 million) driven by strong new scheme wins. Individual Protection APE excluding AIG decreased by 5% to £72 million (HY23: £76 million) with the market contracting over the last year.

Protection and Health VNB decreased by 4% to £113 million (HY23: £118 million) due to lower Health sales, partly offset by VNB from AIG sales.

(ii) Operating profit and operating value added

	6 months 2024			6 months 2023			Full year 2023		
	Operating profit £m	**Operating changes in CSM £m**	**Operating value added £m**	Operating profit £m	Operating changes in CSM £m	Operating value added £m	Operating profit £m	Operating changes in CSM £m	Operating value added £m
New business	**—**	**79**	**79**	—	73	73	—	128	128
Releases from stock of future profit	**97**	**(92)**	**5**	67	(64)	3	183	(172)	11
Operating assumption changes	**—**	**—**	**—**	—	—	—	5	9	14
Experience variances, expenses and other	**(48)**	**35**	**(13)**	(26)	(7)	(33)	(120)	125	5
Insurance result	**49**	**22**	**71**	41	2	43	68	90	158
Investment result	**(3)**	**14**	**11**	(6)	6	—	(15)	20	5
Protection	**46**	**36**	**82**	35	8	43	53	110	163
Health	**23**	**—**	**23**	32	—	32	65	—	65
Insurance (Protection and Health)	**69**	**36**	**105**	67	8	75	118	110	228

Protection and Health operating profit increased by 4% to £69 million (HY23: £67 million) with higher releases from stock of future profit, driven by growth in CSM over the last year, and improved mortality experience partly offset by the non-recurrence of other positive experience variances in 2023. The Health result decreased in the first half of 2024 with portfolio growth offset by the normalisation of claims frequency over the last year.

Protection and Health operating value added increased by 44% to £105 million (HY23: £75 million) driven by growth in new business and improved mortality experience.

(d) Wealth

Our Wealth business offers workplace pensions and retail savings products, through both intermediated and retail channels, and is a highly efficient customer acquisition engine into the Group. We are the market leader of workplace pensions[d] and our adviser platform has attracted the highest net flows in the market[e]. These established propositions deliver reliable and growing earnings, which supports investment to build future growth opportunities across Advice and Direct Wealth. In 2024 we introduced a new 'Find and Combine' pension consolidation service and launched a national advertising campaign for our Aviva Wealth brand. Our products are supported by guidance and advice and offer access to open architecture asset solutions including Aviva Investors who provide expertise in multi-asset and Environmental, Social, and Governance (ESG) investing. New business is capital efficient, with profits being derived from asset management fees less costs.

a. Aviva analysis of 2023 company reporting
b. Swiss Re Group Watch 2023
c. Aviva analysis of 2023 company reporting
d. Corporate Adviser Master Trust and GPP report - April 2024
e. Fundscape Q1 2024 press release - May 2024

(i) New business

Wealth and Other VNB increased to £131 million (HY23: £109 million) and PVNBP increased to £13,627 million (HY23: £12,044 million).

(ii) Wealth assets under management and net flows

	Platform £m	Workplace £m	Individual pensions £m	6 months 2024 Total Wealth £m	6 months 2023 Total Wealth £m	Full year 2023 Total Wealth £m
Assets under management at 1 January	**50,555**	**109,160**	**10,276**	**169,991**	147,429	147,429
Total inflows	**4,883**	**7,454**	**228**	**12,565**	10,164	20,764
Total outflows	**(3,019)**	**(3,963)**	**(614)**	**(7,596)**	(5,869)	(12,457)
Net flows	**1,864**	**3,491**	**(386)**	**4,969**	4,295	8,307
Market and other movements	**2,691**	**8,120**	**570**	**11,381**	5,269	14,255
Assets under management at 30 June/31 December	**55,110**	**120,771**	**10,460**	**186,341**	156,993	169,991

Wealth net flows increased by 16% to £5.0 billion (HY23: £4.3 billion), representing an annualised 6% of opening assets under management (AUM), driven by continued growth in Workplace and a strong performance in Platform. Platform net flows increased by 50% to £1.9 billion (HY23: £1.2 billion) as we achieved consecutive record quarter gross inflows in the first half of 2024 on the Adviser Platform and grew in Direct Wealth as a result of investment in the business. Workplace net flows increased by 4% to £3.5 billion (HY23: £3.4 billion), as we won 249 new schemes in the first half of 2024 (HY23: 210), alongside strong increments from the impact of wage inflation on employee contributions and increased pension consolidation activity.

AUM as at 30 June 2024 has grown 10% to £186.3 billion from an opening position of £170.0 billion, benefitting from both positive net flows and positive market movements of £11.4 billion, due to growth in UK and overseas equity markets.

(iii) Operating profit

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Revenue	**328**	301	9 %	620
Expenses	**(270)**	(255)	(6)%	(520)
Wealth	**58**	46	27 %	100

Wealth operating profit increased by 27% to £58 million (HY23: £46 million). Operating profit excluding Direct Wealth increased by 53% to £77 million (HY23: £50 million) with strong asset growth generating higher revenue and improved operating leverage. Operating profit in Direct Wealth was £(19) million (HY23: £(4) million) reflecting investment in the proposition to support future growth.

(e) Retirement (Annuities and Equity Release)

Our Retirement business consists of BPAs, individual annuities and equity release. Our products offer customers safe and secure income in their retirement and support employers in their desire to de-risk their pension schemes. We are the UK's largest provider of individual annuities[a], we manage the UK's largest book of equity release mortgages[b] and are one of the largest providers of BPAs[c]. Our Retirement products create synergies, with equity release assets being held to back annuity liabilities, alongside assets sourced by Aviva Investors. Profits are primarily driven by yields, and our focus on capital efficiency secures significant cash flows, which has allowed us to invest in, and grow, our BPA business.

(i) New business

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
VNB	**105**	74	41 %	286
PVNBP	**3,036**	3,223	(6)%	7,088
VNB margin	**3.4 %**	2.3 %	1.1 pp	4.0 %

Retirement VNB increased by 41% to £105 million (HY23: £74 million) reflecting strong trading margins in BPA, supported by the launch of our streamlined service for smaller schemes in the second half of 2023 and business mix in the first half of 2024.

Retirement PVNBP decreased by 6% to £3,036 million (HY23: £3,223 million) as strong growth in Individual Annuities was offset by lower Equity Release sales and a slight reduction in BPA volumes. BPA PVNBP was £2,315 million in the first half of 2024 (HY23: £2,428 million) across 39 deals (HY23: 19), while year-to-date volumes at the date of this report are £4.1 billion reflecting continued momentum in a busy market. Individual Annuities PVNBP increased by 10% to £607 million (HY23: £550 million) as a result of sustained customer demand in the higher interest rate environment. Equity Release PVNBP decreased by 54% to £114 million (HY23: £245 million) due to lower levels of market activity and maintaining pricing discipline to ensure a sufficient investment return to support our annuity businesses.

a. Aviva analysis of full year 2022 company reporting
b. UK Finance 2022 data on UK mortgage lenders
c. LCP full 2022 analysis - May 2023

(ii) Operating profit and operating value added

	6 months 2024			6 months 2023			Full year 2023		
	Operating profit £m	**Operating changes in CSM £m**	**Operating value added £m**	Operating profit £m	Operating changes in CSM £m	Operating value added £m	Operating profit £m	Operating changes in CSM £m	Operating value added £m
New business	**—**	**130**	**130**	—	104	104	38	294	332
Releases from stock of future profit	**251**	**(230)**	**21**	230	(186)	44	503	(453)	50
Operating assumption changes	**—**	**—**	**—**	(11)	110	99	(82)	648	566
Experience variances, expenses and other	**(38)**	**(8)**	**(46)**	(36)	136	100	(51)	324	273
Insurance result	**213**	**(108)**	**105**	183	164	347	408	813	1,221
Investment result	**97**	**104**	**201**	62	84	146	128	171	299
Annuities	**310**	**(4)**	**306**	245	248	493	536	984	1,520
Equity Release	**37**	**—**	**37**	42	—	42	86	—	86
Retirement (Annuities and Equity Release)[1]	**347**	**(4)**	**343**	287	248	535	622	984	1,606

1. Excludes the impact of intra-group reinsurance of PPOs

Retirement operating profit increased by 21% to £347 million (HY23: £287 million) with higher releases from stock of future profit, driven by portfolio growth over the last year, and higher returns on assets backing the annuity business following interest rate movements in 2023. CSM increased by 15% over the last year reflecting profitable new business and positive impacts in the second half of 2023 from assumption changes and experience variances.

Retirement operating value added decreased by 36% to £343 million (HY23: £535 million) with improved BPA trading margins more than offset by the non-recurrence of positive impacts from assumption changes relating to the spouses of BPA scheme members and longevity experience in 2023.

(f) Heritage

Aviva has one of the largest back books in the UK, with AUM of £66 billion. We manage legacy pension and savings policies for approximately 1.2 million customers, honouring promises made over many years. Heritage is an important part of the Group as a predictable source of capital and cash generation as well as supporting our annuity and wealth propositions and Aviva Investors. The Heritage business is in run-off, and profit is driven by effective management of AUM and cost efficiencies.

(i) Operating profit and operating value added

	6 months 2024			6 months 2023			Full year 2023		
	Operating profit £m	**Operating changes in CSM £m**	**Operating value added £m**	Operating profit £m	Operating changes in CSM £m	Operating value added £m	Operating profit %	Operating changes in CSM %	Operating value added %
Releases from stock of future profit	**70**	**(66)**	**4**	75	(73)	2	157	(152)	5
Operating assumption changes	**—**	**—**	**—**	—	—	—	(1)	(93)	(94)
Experience variances, expenses and other	**20**	**(2)**	**18**	18	(4)	14	62	(60)	2
Insurance result	**90**	**(68)**	**22**	93	(77)	16	218	(305)	(87)
Investment result	**21**	**11**	**32**	2	23	25	36	70	106
Heritage	**111**	**(57)**	**54**	95	(54)	41	254	(235)	19

Heritage operating profit increased by 16% to £111 million (HY23: £95 million) with lower releases of CSM due to run-off of the business offset by a higher investment result. The investment result increased in 2024 due to higher returns on excess assets supporting the management of our with-profit funds and cost efficiencies on unit-linked business.

Heritage operating value added increased by 27% to £54 million (HY23: £41 million) largely driven by a higher investment result.

(g) Ireland

Our core lines of business are protection and annuity business, pre and post retirement unit-linked contracts, as well as unit-linked savings and investments. We are the market leader in the income protection market[a].

(i) New business

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
VNB	**22**	18	22 %	42
PVNBP	**1,229**	847	45 %	1,934
VNB margin	**1.7 %**	2.1 %	(0.4)pp	2.2 %

Ireland PVNBP increased by 45% to £1,229 million (HY23: £847 million) due to strong sales of wealth business, driven by positive inflows into our fixed term deposit fund as well as continued broker support for our retail pre-retirement pension product.

Ireland VNB increased by 22% to £22 million (HY23: £18 million) driven by growth in wealth volumes, partly offset by a reduction in the margins on protection business in a highly competitive market.

a. Aviva calculation derived from the Milliman Life and Pensions New Business 2023 FY Report, which is based on responses from a number of key companies within the Irish Life market

(ii) Operating profit and operating value added

	6 months 2024 Operating profit £m	6 months 2024 Operating changes in CSM £m	6 months 2024 Operating value added £m	6 months 2023 Operating profit £m	6 months 2023 Operating changes in CSM £m	6 months 2023 Operating value added £m	Full year 2023 Operating profit %	Full year 2023 Operating changes in CSM %	Full year 2023 Operating value added %
New business	—	7	7	—	6	6	—	15	15
Releases from stock of future profit	16	(15)	1	14	(12)	2	31	(28)	3
Operating assumption changes	—	—	—	(1)	—	(1)	—	2	2
Experience variances, expenses and other	(19)	14	(5)	(7)	7	—	(12)	4	(8)
Insurance result	(3)	6	3	6	1	7	19	(7)	12
Investment result	5	2	7	2	1	3	7	3	10
Other	(1)	—	(1)	—	—	—	(11)	—	(11)
Ireland	**1**	**8**	**9**	**8**	**2**	**10**	**15**	**(4)**	**11**

Ireland operating profit decreased to £1 million (HY23: £8 million) driven by adverse claims experience and higher expenses.

Ireland operating value added was £9 million (HY23: £10 million) with lower operating profit partly offset by growth in CSM.

(h) IWR Other

IWR Other operating profit of £(54) million (HY23: £(17) million) includes hedging costs, non-product specific expenses and provisions related to product governance.

(i) Contractual service margin (CSM) analysis

The CSM is a liability under IFRS 17 that represents a stock of future profit. It is recognised in our IWR businesses, most significantly on Annuities, reflecting the large, long term source of profits within our business.

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Protection	939	748	859
Annuities	5,097	4,442	5,109
Ireland	269	275	267
Other[1]	(157)	(151)	(156)
Total CSM (exc. Heritage)	**6,148**	**5,314**	**6,079**
Heritage[2]	1,183	1,340	1,169
Total CSM	**7,331**	**6,654**	**7,248**

1. Other comprises the CSM relating to the intra-group reinsurance of PPOs. For other reporting metrics the adjustment for PPOs is included within 'Other operations'.
2. The comparative amount for the period ended 30 June 2023 for Heritage CSM has been amended following a correction in respect of accounting for with-profit funds, resulting in an increase in Heritage CSM of £17 million

The table below shows the movements in the CSM liability.

	2024 Protection £m	2024 Annuities £m	2024 Heritage £m	2024 Ireland £m	2024 Other £m	6 months 2024 Total £m	2023 Protection £m	2023 Annuities £m	2023 Heritage[1] £m	2023 Ireland £m	2023 Other £m	6 months 2023 Total £m	Full year 2023 Total £m
Opening CSM	859	5,109	1,169	267	(156)	7,248	738	4,194	1,422	278	(152)	6,480	6,480
New business	79	130	—	7	—	216	73	104	—	6	—	183	437
Interest accretion and expected return	14	104	11	2	(4)	127	6	84	23	1	(3)	111	257
Experience variance and other	35	(8)	(2)	14	2	41	(7)	136	(4)	7	1	133	393
Assumption changes	—	—	—	—	—	—	—	110	—	—	—	110	564
Release of CSM	(92)	(230)	(66)	(15)	2	(401)	(64)	(186)	(73)	(12)	3	(332)	(800)
Operating changes in CSM	36	(4)	(57)	8	—	(17)	8	248	(54)	2	1	205	851
Non-operating changes	44	(8)	71	(6)	(1)	100	2	—	(28)	(5)	—	(31)	(83)
Closing CSM[1]	**939**	**5,097**	**1,183**	**269**	**(157)**	**7,331**	748	4,442	1,340	275	(151)	6,654	7,248

1. The comparative amount for the period ended 30 June 2023 for Heritage CSM has been amended following a correction in respect of accounting for with-profit funds, resulting in an increase in Heritage CSM of £17 million

CSM has increased by 1% to £7,331 million in the first half of 2024, benefitting from a positive operating change in CSM excluding Heritage and positive non-operating impacts.

The release of CSM in the first half of 2024 was 10.4% (HY23: 9.5%, 2023: 9.9%) of the closing CSM, before allowing for the release, on an annualised basis. This level is expected to be repeated in future periods, noting that the release percentage may change depending on the mix and volumes of new business written in each period.

In line with other performance indicators, movements in the CSM are split between operating and non-operating, where the former contributes to operating value added. Non-operating changes included a positive impact in respect of AIG business at the acquisition date and the impact of positive market movements in Heritage.

(j) IWR Assets under management (AUM)

	Wealth £m	Retirement £m	Heritage £m	Ireland £m	Other £m	6 months 2024 Total IWR £m	6 months 2023 Total IWR £m	Full year 2023 Total IWR £m
AUM at 1 January	169,991	63,461	67,790	11,608	3,061	315,911	292,815	292,815
Net flows	4,969	736	(3,287)	290	374	3,082	2,041	4,621
Market and other movements	11,381	(1,175)	1,468	204	(784)	11,094	4,086	18,475
AUM at 30 June/31 December	186,341	63,022	65,971	12,102	2,651	330,087	298,942	315,911

Net flows increased to £3.1 billion (HY23: £2.0 billion) driven by continued growth in Workplace and a strong performance in Platform, offsetting run-off in Heritage.

AUM as at 30 June 2024 has grown 4% to £330.1 billion from an opening position of £315.9 billion, benefitting from positive net flows and positive market movements of £11.1 billion, with growth in UK and overseas equity markets partly offset by a negative impact on assets backing annuity business from rising interest rates.

6.2 - UK & Ireland General Insurance

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Full year 2023
New business				
Gross written premiums	**3,809**	3,219	18 %	6,640
Operating performance				
Operating profit	**287**	230	25 %	452
Undiscounted COR	**95.8 %**	96.3 %	(0.5)pp	96.8 %
Discounted COR	**92.2 %**	93.1 %	(0.9)pp	93.6 %
Controllable costs	**400**	353	13 %	704
Distribution ratio	**31.7 %**	33.9 %	(2.2)pp	32.6 %
Solvency II operating own funds generation	**273**	186	47 %	315
Solvency II return on capital	**21.8 %**	14.9 %	6.9 pp	12.6 %
Solvency II operating capital generation	**241**	157	54 %	291
Cash remittances	**94**	61	55 %	326

(a) Overview

Aviva is a leading insurer in the UK and Ireland, holding the number one position in the UK market[a] and number three in Ireland[b].

In the UK we have climbed to number two in the personal lines market, driven by our strong Retail proposition. In UK Commercial we have extended our leadership position by investing in our underwriting capacity and technology. On 9 July we entered the Lloyd's of London market with the completion of the acquisition of Probitas, which will scale our position in the Global Corporate & Specialty market and unlock future growth in an attractive market place.

In the second half of the year, we are continuing to focus on executing our market strategies including building on our best-in-class capabilities, making progress on climate and social action, and relentless focus on delivering for our customers.

(b) Operating performance

(i) GWP

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Personal lines	**1,811**	1,389	30 %	2,956
Commercial lines	**1,749**	1,594	10 %	3,231
UK	**3,560**	2,983	19 %	6,187
Ireland	**249**	236	6 %	453
Total GWP	**3,809**	3,219	18 %	6,640

The UK continued its strong, double-digit trading momentum, with GWP increasing 19% to £3,560 million (HY23: £2,983 million). Personal lines GWP grew by 30% to £1,811 million (HY23: £1,389 million) driven by continued strong growth in Aviva Zero and price comparison website new business as well as the earned impacts of strong pricing discipline in the recent inflationary environment. Commercial lines GWP is up 10% to £1,749 million (HY23: £1,594 million), with continued strong retention in Mid-market and new business in specialty, as well as continued positive pricing.

Ireland GWP increased by 9% on a constant currency basis (6% on a sterling basis) to £249 million (HY23: £236 million), driven by growth in both personal and commercial lines. Commercial lines increased 9% on a constant currency basis to £146 million, which grew across the portfolio, supported by strong retention and a 54% increase in new business premium on a constant currency basis. Personal lines GWP, at £103 million, grew 8% on a constant currency basis due to price increases, stable retention and an increase in Motor new business.

(ii) Operating profit and COR

	6 months 2024 £m	6 months 2023 £m	Sterling % change	Full year 2023 £m
Underwriting result	**212**	160	32 %	308
Investment return	**147**	135	9 %	273
Unwind of discounting on incurred claims	**(117)**	(97)	(21)%	(196)
Other[1]	**3**	1	200 %	5
UK	**245**	199	23 %	390
Ireland	**42**	31	34 %	62
Total operating profit	**287**	230	25 %	452

1. Includes the results of non-insurance operations and pension scheme net finance costs

a. Source: ABI General Insurance Company Rankings 2022, by GWP
b. Source: Insurance Ireland Non-life Members ranking 2023, by GWP

	6 months 2024 %	6 months 2023 %	Change	Full year 2023 %
Personal lines	**96.5 %**	97.9 %	(1.4)pp	95.9 %
Commercial lines	**96.1 %**	94.9 %	1.2 pp	97.9 %
UK	**96.3 %**	96.4 %	(0.1)pp	96.9 %
Ireland	**88.5 %**	94.9 %	(6.4)pp	96.0 %
Total undiscounted COR	**95.8 %**	96.3 %	(0.5)pp	96.8 %
UK	**92.8 %**	93.3 %	(0.6)pp	93.9 %
Ireland	**84.0 %**	89.7 %	(5.7)pp	89.7 %
Total discounted COR	**92.2 %**	93.1 %	(0.9)pp	93.6 %

Overall UK & Ireland operating profit increased 25% to £287 million (HY23: £230 million) driven by strong underlying underwriting results and improved investment returns. The UK underwriting result has increased by £52 million to £212 million (HY23: 160 million) driven by strong trading and our relentless focus on underwriting discipline in the face of recent inflationary pressures and improvements in efficiency. Investment returns increased to £147 million (HY23: £135 million), reflecting higher investment balances.

UK undiscounted COR improved by 0.1pp to 96.3% (HY23: 96.4%). Personal lines undiscounted COR of 96.5% improved by 1.4pp (HY23: 97.9%), reflecting the earn through of strong pricing actions taken in 2023 and strong trading in our higher margin Retail business. Commercial lines undiscounted COR of 96.1% increased by 1.2pp (HY23: 94.9%), due to non repeat of favourable large loss experience in prior year.

Ireland operating profit increased by £11 million to £42 million (HY23: £31 million), representing a 37% increase on a constant currency basis, driven by increases in underwriting results. Ireland undiscounted COR improved 6.4pp to 88.5% (HY23: 94.9%). This is largely driven by one-offs including material favourable prior year development, much of which is due to a court ruling during the period affirming the constitutionality of personal injury reforms, partially offset by adverse large losses and less favourable weather experience.

(iii) Controllable costs and distribution ratio

Controllable costs for UK and Ireland increased to £400 million (HY23: £353 million) due to growth of the business.

Overall UK & Ireland distribution ratio improved by 2.2pp to 31.7%. In the UK, improved cost efficiency against a backdrop of growing premiums has led to an improvement in the distribution ratio of 2.2pp to 31.5%. We continue to support profitable growth by investing in underwriting and improving customer propositions.

In Ireland, the distribution ratio increased by 0.3pp to 35.0%, largely due to one-off expenses in the period.

(iv) Solvency II

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Full year 2023
Solvency II operating own funds generation	**273**	186	47 %	315
Solvency II return on capital[1]	**21.8 %**	14.9 %	6.9 pp	12.6 %
Solvency II operating capital generation	**241**	157	54 %	291

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 businesses

Solvency II OFG in the UK & Ireland General Insurance businesses increased by £87 million to £273 million (HY23: £186 million) driven by strong trading and pricing discipline.

Solvency II return on capital has increased to 21.8% (HY23: 14.9%) primarily as a result of higher Solvency II OFG.

UK & Ireland Solvency II OCG increased by £84 million to £241 million (HY23: £157 million), primarily due to higher operating own funds generation.

6.3 – Canada General Insurance

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Constant currency %	Full year 2023
New business					
Gross written premiums	**2,196**	2,055	7 %	10 %	4,248
Operating performance					
Operating profit	**216**	240	(10)%	(7)%	399
Undiscounted COR	**94.7 %**	92.8 %	1.9 pp	—	95.3 %
Discounted COR	**90.4 %**	89.0 %	1.4 pp	—	91.4 %
Controllable costs	**244**	220	11 %	15 %	431
Distribution ratio	**33.3 %**	33.1 %	0.2 pp	—	31.5 %
Solvency II operating own funds generation	**161**	179	(10)%	(7)%	339
Solvency II return on capital	**15.0 %**	19.9 %	(4.9)pp	(4.7)pp	18.8 %
Solvency II operating capital generation	**162**	179	(9)%	(6)%	311
Cash remittances	**73**	36	103 %	110 %	158

(a) Overview

Aviva is the second largest general insurer in Canada[a] and we have a clear strategy to profitably grow our market share and continue to be one of the leading insurers with scale in both personal and commercial lines – our focus remains on being a top choice for customers, shareholders, partners, and our people.

During the first half of 2024 our business delivered double-digit growth in GWP, driven by strong organic new business growth coupled with positive pricing and indexation.

Our acquisition of Optiom is now fully complete and we are focused on offering their products through our partners and further expanding distribution reach. In the near term, we will also focus on adding new product offerings, which will help us address additional customer demand and increase our distribution income.

Looking to the second half, we will continue to execute on the delivery of our commitments, which includes delivering an exceptional claims service for our customers, system modernisation, and investing in industry-leading pricing tools & capabilities.

(b) Operating performance

(i) GWP

GWP	6 months 2024 £m	6 months 2023 £m	Sterling % change	Constant currency %	Full year 2023 £m
Personal lines	**1,345**	1,223	10 %	14 %	2,574
Commercial lines	**851**	832	2 %	6 %	1,674
Total GWP	**2,196**	2,055	7 %	10 %	4,248

Canada GWP increased to £2,196 million HY23: £2,055 million), up 10% on a constant currency basis (7% on a sterling basis). In personal lines, GWP increased to £1,345 million (HY23: £1,223 million) driven by increased prices and new business across both motor and property. Commercial lines GWP increased to £851 million (HY23: £832 million) mostly driven by pricing increases and indexation in property, along with growth in the large corporate book. Early signs of price competition are more active on large accounts; however, we expect the market to maintain pricing discipline on underperforming lines and accounts.

(ii) Operating profit and COR

Operating Profit	6 months 2024 £m	6 months 2023 £m	Sterling % change	Constant currency %	Full year 2023 £m
Underwriting result	**191**	209	(8)%	(5)%	331
Investment return	**125**	124	— %	4 %	253
Unwind of discounting on incurred claims	**(98)**	(91)	(8)%	(11)%	(182)
Other[1]	**(2)**	(2)	— %	— %	(3)
Total operating profit	**216**	240	(10)%	(7)%	399

1. Includes the results of non-insurance operations and pension scheme net finance costs

a. Canadian market share source: 2023 Q4YTD MSA Research Results. Includes: Lloyds, excludes: ICBC, SAF, SGI and Genworth

COR	6 months 2024 %	6 months 2023 %	Change	Full year 2023 %
Personal lines	**94.6 %**	98.0 %	(3.4)pp	99.5 %
Commercial lines	**95.0 %**	83.5 %	11.5 pp	88.0 %
Total undiscounted COR	**94.7 %**	92.8 %	1.9 pp	95.3 %
Total discounted COR	**90.4 %**	89.0 %	1.4 pp	91.4 %

Canada operating profit decreased 7% on a constant currency basis (10% on a sterling basis) to £216 million (HY23: £240 million) driven by a lower underwriting result and unfavourable movement in unwind of discounting on incurred claims, partly offset by improved investment returns. The underwriting result decreased by 5% on a constant currency basis to £191 million (HY23: £209 million) driven by lower favourable prior year development and the impact of inflation on claims severity, partially offset by a strong pricing environment and lower weather-related catastrophe losses.

Investment returns improved to £125 million (HY23: £124 million) due to an increased investment portfolio resulting from underwriting profitability and business growth, in addition to increased dividends and interest income from broker financing investments. Higher yields also led to the unwind of discounting on incurred claims increasing to a loss of £98 million (HY23: loss of £91 million).

Canada undiscounted COR remained strong at 94.7% (HY23: 92.8%). The personal lines undiscounted COR of 94.6% is 3.4pp favourable to prior year due to lower weather-related losses, a reduction in theft claims incurred, along with reduced commissions and expenses, partially offset by lower favourable prior year development. The commercial lines undiscounted COR of 95.0% is 11.5pp unfavourable due to lower favourable prior year development, increased claims severity, higher commissions, and expenses, partially offset by lower weather-related losses.

The discounted COR of 90.4% (HY23: 89.0%) is driven by the impact of yields on the unwind of discounting on incurred claims. The higher yields in the period resulted in an increased benefit of discounting to incurred claims compared to the prior period.

(iii) Controllable costs and distribution ratio

Controllable costs were £244 million (HY23: £220 million), higher than prior year due to investment in business growth, the inclusion of Optiom costs since acquisition and higher claims handling costs. The distribution ratio is broadly in-line with prior period with a 0.2pp increase. We expect to maintain a strong distribution ratio given our focus on driving efficiencies and scalability.

(iv) Solvency II

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Constant currency %	Full year 2023
Solvency II operating own funds generation	**161**	179	(10)%	(7)%	339
Solvency II return on capital	**15.0 %**	19.9 %	(4.9)pp	(4.7)pp	18.8 %
Solvency II operating capital generation	**162**	179	(9)%	(6)%	311

Solvency II operating own funds generation in Canada decreased 7% on a constant currency basis (10% on a sterling basis) to £161 million (HY23: £179 million) mainly due to the impact of inflation on claims severity and reduced favourable prior year development, partially offset by lower weather-related catastrophe losses.

Solvency II return on capital decreased to 15.0% (HY23: 19.9%) primarily as a result of lower Solvency II OFG.

Solvency II operating capital generation in Canada decreased 6% on a constant currency basis (9% on a sterling basis) to £162 million (HY23: £179 million) due to lower operating own funds generation.

6.4 - Aviva Investors

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Full year 2023
Operating performance				
Aviva Investors revenue	**183**	167	10 %	346
Controllable costs	**(165)**	(162)	(1)%	(325)
Operating profit	**18**	5	263 %	21
Cost income ratio[1]	**90 %**	97 %	(7) pp	94 %
Net flows	**(1.7)bn**	(0.5)bn	(248)%	(5.4)bn
Of which: External net flows	**0.3 bn**	0.2 bn	53 %	0.7 bn
Of which: Internal net flows	**(1.4)bn**	0.1 bn	— %	(1.6)bn
Of which: Strategic actions	**(0.6)bn**	(0.8)bn	27 %	(4.5)bn
Assets under management (AUM)	**234 bn**	221 bn	6 %	227 bn
Cost asset ratio	**14.3 bps**	14.6 bps	(0.3)pp	14.5 bps
Solvency II operating own funds generation	**12**	4	200 %	19
Solvency II return on capital	**6.1 %**	2.1 %	4.0 pp	4.9 %
Solvency II operating capital generation	**41**	4	925 %	—
Cash Remittances	**—**	—	— %	25

1. The 2023 comparative amounts for the cost income ratio have been re-presented to calculate the ratio using total Controllable costs. See the Other Information section for further details.

(a) Overview

Aviva Investors operates in a number of international markets and we combine our insurance heritage, investment capabilities and sustainability expertise to deliver wealth and retirement outcomes that matter most to investors. Aviva Investors manages £234 billion of assets, with £194 billion managed for the Aviva Group.

By utilising our skills and experience in asset allocation, portfolio construction and risk management, we provide a range of asset management solutions to our institutional, wholesale and retail clients. We have a highly diversified range of capabilities, with expertise in real assets, multi-assets, equities and credit. Our goal is supporting Aviva to remain the UK's leading diversified insurer whilst also leveraging our expertise and scale for the benefit of external clients.

Our key strategic priorities are delivering for our customers by meeting their investment needs, ongoing focus on simplifying our business to deliver efficiency benefits and capitalising on growth opportunities within Aviva Group and externally through our strengths.

Our focus on sustainable investing provides further opportunities for growth while playing an active role in the fight against climate change, promoting biodiversity, human rights and building stronger communities. We are a member of the Net Zero Asset Managers initiative and we play a pivotal role in Aviva Group's overall ambition to be Net Zero by 2040.

(b) Operating performance

(i) Operating profit

Operating profit increased to £18 million (HY23: £5 million). These results were driven by 10% higher revenues at £183 million (HY23: £167 million), primarily reflecting 4% higher average assets under management, increased asset origination for Aviva Group and higher interest income.

Controllable costs increased 1% to £165 million (HY23: £162 million) mainly driven by inflation on both staff and non-staff costs partly offset by further cost savings. Our cost asset ratio reduced to 14.3bps (HY23: 14.6bps) driven by 6% growth in AUM.

(ii) Net flows and Assets under Management (AUM)

AUM represent all assets managed by Aviva Investors. This includes assets managed by Aviva Investors on behalf of other Aviva Group entities, reported as internal assets in the table below. These internal assets are included within the Group's statement of financial position. The table following also includes assets managed by Aviva Investors on behalf of external clients, which are not included in the Group's statement of financial position.

	Internal £m	External £m	6 months 2024 Total £m	6 months 2023 Total £m	Full year 2023 Total £m
AUM at 1 January	**188,831**	**38,191**	**227,022**	222,671	222,671
Total inflows	**15,845**	**2,403**	**18,248**	16,365	32,197
Total outflows	**(17,286)**	**(2,113)**	**(19,399)**	(16,052)	(33,045)
Net flows (excluding strategic actions)	**(1,441)**	**290**	**(1,151)**	313	(848)
Strategic actions[1]	**(405)**	**(185)**	**(590)**	(813)	(4,528)
Net flows	**(1,846)**	**105**	**(1,741)**	(500)	(5,376)
Net flows into liquidity funds and cash	**158**	**2,889**	**3,047**	454	799
Market and foreign exchange movements	**6,458**	**(408)**	**6,050**	(1,291)	8,928
AUM at 30 June/31 December[2]	**193,601**	**40,777**	**234,378**	221,334	227,022

1. Strategic actions from clients previously part of the Group and corporate actions
2. Aviva Investors administer an additional £36 billion (2023: £39 billion) of assets classified as assets under administration which are not included in assets under management

AUM increased £7 billion in 2024 to £234 billion mainly driven by growth across all major equity market indices supporting higher equity and multi asset fund values, as well as strong flows into Aviva Investors liquidity strategies. Average AUM was £9 billion or 4% higher year on year at £231 billion (HY23: £222 billion).

Net inflows (including liquidity funds and cash) increased to £1.3 billion (HY23: £46 million outflow), in part driven by strong flows into liquidity strategies of £3.0 billion (HY23: £0.5 billion). Over 40 new clients have been won, attracted by Aviva Investors' positive performance relative to benchmark on liquidity funds.

External client net inflows (excluding strategic actions) were £0.3 billion as outflows of £(1.0) billion from expected private market outflows originally notified in 2023 were offset by strong inflows including a new £0.8 billion insurance client win and strong underlying flows into core strategies.

Internal net outflows (excluding strategic actions) were £(1.4) billion (HY23: inflows of £0.1 billion). Wealth net inflows of £2.3 billion (HY23: £2.0 billion) improved year on year as Aviva Investors' origination of assets increases to support the growing IWR Workplace business. This growth was offset by higher heritage run-off of £(3.4) billion (HY23: £(3.0) billion) and a £0.5 billion reduction in annuities net inflows (HY24: £nil; HY23 £0.5 billion).

While the short-term momentum for flows could be impacted by the continuing market volatility, our longer-term outlook remains positive as we continue to build and deliver growth through our strengths in real estate, infrastructure, credit and equities. These strengths, combined with our expertise and scale in managing defined contribution workplace pension assets, also position us well for "Mansion House" reforms which aim to improve returns for defined contribution pension members by diversifying their investments to include illiquid asset classes.

6.5 - International investments (India, China and Singapore)

£m (unless otherwise stated)	6 months 2024	6 months 2023	Sterling % change	Constant currency %	Full year 2023
New business					
VNB	**33**	46	(28)%	(25)%	93
PVNBP	**805**	1,051	(23)%	(19)%	2,048
Operating performance					
Operating profit	**26**	46	(44)%	(40)%	63
Solvency II operating own funds generation	**64**	76	(16)%	(11)%	156
Solvency II return on capital	**11.8 %**	12.8 %	(1.0)pp	(1.0)pp	13.1 %
Solvency II operating capital generation	**(20)**	(8)	(150)%	(169)%	23
Cash remittances	**—**	14	(100)%	(100)%	14

(a) Overview

International investments comprise our subsidiary in India, and our joint venture in China, providing us with value creation potential and optionality in attractive and fast-growing markets.

In India, we have a subsidiary undertaking with a shareholding of 74%, Aviva Life Insurance Company India Ltd (Aviva India), which is a life insurance business held through our investment in Dabur Invest. Corp. The business is a provider of savings, protection and retirement products through bancassurance, retail agency channels and a direct sales force.

In China we have a 50% shareholding in Aviva-COFCO Life Insurance Company Ltd.

On 18 March 2024 the Group announced that it had completed the sale of its entire 24.19% shareholding in Aviva SingLife Holdings Pte Ltd (see section B4). This transaction further simplifies the Group's geographic footprint and supports the focus on capital-light businesses. Aviva SingLife has been included within the results of the Group up to the date of completion.

(b) Operating performance

(i) Operating profit and Solvency II operating own funds generation (OFG)

Operating profit has decreased to £26 million (HY23: £46 million) predominantly driven by higher expenses in China and the disposal of the Singapore business, while Solvency II OFG has decreased by £12 million to £64 million (HY23: £76 million).

(iii) New business

PVNBP has decreased to £805 million (HY23: £1,051 million) and VNB has decreased to £33 million (HY23: £46 million). On a constant currency basis PVNBP is 19% lower (23% on a sterling basis), primarily driven by China, where HY23 benefitted from a recently introduced proposition on broker channels and an increase in sales on savings products prior to industry level action to discontinue and replace the current product designs. VNB has decreased due to the changes in the business mix with growth in less profitable products and 2023 benefitting from a full period of new business from Singapore.

7 - General insurance profit drivers

6 months 2024	UK Personal £m	UK Commercial £m	Total UK £m	Ireland £m	Total UK & Ireland £m	Canada Personal £m	Canada Commercial £m	Total Canada £m	Total £m
Gross written premiums	**1,811**	**1,749**	**3,560**	**249**	**3,809**	**1,345**	**851**	**2,196**	**6,005**
Net insurance revenue	1,553	1,384	2,937	211	3,148	1,269	727	1,996	5,144
Net claims incurred	(987)	(813)	(1,800)	(103)	(1,903)	(771)	(370)	(1,141)	(3,044)
Incurred commission	(300)	(289)	(589)	(33)	(622)	(240)	(178)	(418)	(1,040)
Incurred expenses	(172)	(164)	(336)	(41)	(377)	(142)	(105)	(247)	(624)
Underwriting result	94	118	212	34	246	116	75	191	437
Investment return			147	22	169			125	294
Unwind of discounting on incurred claims			(117)	(14)	(131)			(98)	(229)
Other[1]			3	—	3			(2)	1
Operating profit			**245**	**42**	**287**			**216**	**503**
Claims ratio	63.5 %	58.8 %	61.3 %	49.0 %	60.5 %	60.8 %	50.8 %	57.1 %	59.1 %
Of which:									
Prior year reserve development (%)			2.4 %	(10.7)%	1.5 %			(1.4)%	0.4 %
Weather claims (under) long-term average (%)			(1.1)%	(2.0)%	(1.1)%			(2.7)%	(1.8)%
Discounting (%)	(2.6)%	(4.6)%	(3.5)%	(4.5)%	(3.6)%	(3.7)%	(5.3)%	(4.3)%	(3.9)%
Distribution ratio	30.4 %	32.7 %	31.5 %	35.0 %	31.7 %	30.1 %	38.9 %	33.3 %	32.4 %
Of which:									
Commission ratio	19.3 %	20.9 %	20.1 %	15.7 %	19.7 %	18.9 %	24.5 %	20.9 %	20.3 %
Expense ratio	11.1 %	11.8 %	11.4 %	19.3 %	12.0 %	11.2 %	14.4 %	12.4 %	12.1 %
Discounted COR (%)	**93.9 %**	**91.5 %**	**92.8 %**	**84.0 %**	**92.2 %**	**90.9 %**	**89.7 %**	**90.4 %**	**91.5 %**
Undiscounted COR (%)	**96.5 %**	**96.1 %**	**96.3 %**	**88.5 %**	**95.8 %**	**94.6 %**	**95.0 %**	**94.7 %**	**95.4 %**
Assets supporting general insurance business									
Debt securities					3,381			4,627	8,008
Equity securities					9			96	105
Investment property					244			—	244
Cash and cash equivalents					1,162			1,024	2,186
Other[2]					2,518			803	3,321
Assets at 30 June 2024					**7,314**			**6,550**	**13,864**
Debt securities					3,380			4,911	8,291
Equity securities					9			145	154
Investment property					223			—	223
Cash and cash equivalents					1,232			760	1,992
Other[2]					2,187			701	2,888
Assets at 31 December 2023					7,031			6,517	13,548
Average assets					7,173			6,534	13,706
Investment return as % of average assets					**4.7 %**			**3.8 %**	**4.3 %**

1. Includes the result of non-insurance operations and pension scheme net finance costs
2. Includes loans, equity unit trusts, derivatives and other financial investments

6 months 2023	UK Personal £m	UK Commercial £m	Total UK £m	Ireland £m	Total UK & Ireland £m	Canada Personal £m	Canada Commercial £m	Total Canada £m	Total £m
Gross written premiums	1,389	1,594	2,983	236	3,219	1,223	832	2,055	5,274
Net insurance revenue	1,185	1,220	2,405	204	2,609	1,206	683	1,889	4,498
Net claims incurred	(740)	(691)	(1,431)	(113)	(1,544)	(761)	(294)	(1,055)	(2,599)
Incurred commission	(251)	(268)	(519)	(32)	(551)	(238)	(155)	(393)	(944)
Incurred expenses	(148)	(147)	(295)	(38)	(333)	(142)	(90)	(232)	(565)
Underwriting result	46	114	160	21	181	65	144	209	390
Investment return			135	21	156			124	280
Unwind of discounting on incurred claims			(97)	(11)	(108)			(91)	(199)
Other[1]			1	—	1			(2)	(1)
Operating profit			199	31	230			240	470
Claims ratio	62.4 %	56.6 %	59.5 %	55.1 %	59.2 %	63.1 %	43.1 %	55.9 %	57.8 %
Of which:									
Prior year reserve development (%)			0.1 %	(3.6)%	(0.2)%			(2.9)%	(1.3)%
Weather claims (under) long-term average (%)			(2.0)%	(3.7)%	(2.1)%			(1.3)%	(1.8)%
Discounting (%)	(1.8)%	(4.2)%	(3.1)%	(5.2)%	(3.2)%	(3.4)%	(4.5)%	(3.8)%	(3.5)%
Distribution ratio	33.7 %	34.1 %	33.8 %	34.6 %	33.9 %	31.5 %	35.9 %	33.1 %	33.5 %
Of which:									
Commission ratio	21.2 %	22.0 %	21.5 %	16.0 %	21.1 %	19.7 %	22.7 %	20.8 %	21.0 %
Expense ratio	12.5 %	12.1 %	12.3 %	18.6 %	12.8 %	11.8 %	13.2 %	12.3 %	12.5 %
Discounted COR (%)	96.1 %	90.7 %	93.3 %	89.7 %	93.1 %	94.6 %	79.0 %	89.0 %	91.3 %
Undiscounted COR (%)	97.9 %	94.9 %	96.4 %	94.9 %	96.3 %	98.0 %	83.5 %	92.8 %	94.8 %
Assets supporting general insurance business									
Debt securities					3,258			4,293	7,551
Equity securities					130			161	291
Investment property					231			—	231
Cash and cash equivalents					1,070			690	1,760
Other[2]					1,948			982	2,930
Assets at 30 June 2023					6,637			6,126	12,763
Debt securities					3,176			5,188	8,364
Equity securities					111			166	277
Investment property					202			—	202
Cash and cash equivalents					1,477			436	1,913
Other[2]					2,011			323	2,334
Assets at 31 December 2022					6,977			6,113	13,090
Average assets					6,807			6,120	12,927
Investment return as % of average assets					4.6 %			4.1 %	4.3 %

1. Includes the result of non-insurance operations and pension scheme net finance costs
2. Includes loans, equity unit trusts, derivatives and other financial investments

Full year 2023	UK Personal £m	UK Commercial £m	Total UK £m	Ireland £m	Total UK & Ireland £m	Canada Personal £m	Canada Commercial £m	Total Canada £m	Total £m
Gross written premiums	2,956	3,231	6,187	453	6,640	2,574	1,674	4,248	10,888
Net insurance revenue	2,517	2,556	5,073	412	5,485	2,427	1,413	3,840	9,325
Net claims incurred	(1,586)	(1,532)	(3,118)	(226)	(3,344)	(1,625)	(676)	(2,301)	(5,645)
Incurred commission	(514)	(544)	(1,058)	(64)	(1,122)	(412)	(323)	(735)	(1,857)
Incurred expenses	(295)	(294)	(589)	(80)	(669)	(282)	(191)	(473)	(1,142)
Underwriting result	122	186	308	42	350	108	223	331	681
Investment return			273	43	316			253	569
Unwind of discounting on incurred claims			(196)	(23)	(219)			(182)	(401)
Other[1]			5	—	5			(3)	2
Operating profit			390	62	452			399	851
Claims ratio	63.0 %	59.9 %	61.4 %	54.8 %	61.0 %	66.9 %	47.9 %	59.9 %	60.5 %
Of which:									
Prior year reserve development (%)			0.5 %	(8.6)%	(0.2)%			(3.7)%	(1.6)%
Weather claims over/(under) long-term average (%)			0.2 %	(1.9)%	0.1 %			0.7 %	0.3 %
Discounting (%)	(0.7)%	(5.2)%	(3.0)%	(6.3)%	(3.2)%	(4.0)%	(3.8)%	(3.9)%	(3.5)%
Distribution ratio	32.2 %	32.8 %	32.5 %	34.9 %	32.6 %	28.6 %	36.3 %	31.5 %	32.2 %
Of which:									
Commission ratio	20.5 %	21.3 %	20.9 %	15.5 %	20.4 %	17.0 %	22.8 %	19.2 %	20.0 %
Expense ratio	11.7 %	11.5 %	11.6 %	19.4 %	12.2 %	11.6 %	13.5 %	12.3 %	12.2 %
Discounted COR (%)	95.2 %	92.7 %	93.9 %	89.7 %	93.6 %	95.5 %	84.2 %	91.4 %	92.7 %
Undiscounted COR (%)	95.9 %	97.9 %	96.9 %	96.0 %	96.8 %	99.5 %	88.0 %	95.3 %	96.2 %
Assets supporting general insurance business									
Debt securities					3,380			4,911	8,291
Equity securities					9			145	154
Investment property					223			—	223
Cash and cash equivalents					1,232			760	1,992
Other[2]					2,187			701	2,888
Assets at 31 December 2023					7,031			6,517	13,548
Debt securities					3,176			5,188	8,364
Equity securities					111			166	277
Investment property					202			—	202
Cash and cash equivalents					1,477			436	1,913
Other[2]					2,011			323	2,334
Assets at 31 December 2022					6,977			6,113	13,090
Average assets					7,004			6,315	13,319
Investment return as % of average assets					4.5 %			4.0 %	4.3 %

1. Includes the result of non-insurance operations and pension scheme net finance costs
2. Includes loans, equity unit trusts, derivatives and other financial investments

Financial supplement

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Profit & IFRS capital

A1 – Reconciliation of Group adjusted operating profit to profit for the period

	Note	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR)	6.1	**532**	486	994
UK & Ireland General Insurance	6.2	**287**	230	452
Canada General Insurance	6.3	**216**	240	399
Aviva Investors	6.4	**18**	5	21
International investments (India, China and Singapore)	6.5	**26**	46	63
Business unit operating profit		**1,079**	1,007	1,929
Corporate centre costs and Other operations	A2	**(62)**	(114)	(215)
Group debt costs and other interest	A3	**(142)**	(128)	(247)
Group adjusted operating profit before tax attributable to shareholders' profits		**875**	765	1,467
Adjusted for the following:				
Investment variances and economic assumption changes	A4	**(206)**	(165)	322
Amortisation of intangibles acquired in business combinations		**(31)**	(31)	(52)
Amortisation of acquired value of in-force business		**(26)**	(29)	(59)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	A5	**195**	—	—
Integration and restructuring costs	A6	**(69)**	—	(61)
Other	A7	**46**	(19)	(176)
Adjusting items before tax		**(91)**	(244)	(26)
IFRS profit before tax attributable to shareholders' profits		**784**	521	1,441
Tax on Group adjusted operating profit		**(208)**	(138)	(289)
Tax on other activities		**78**	32	(46)
Tax attributable to shareholders' profits		**(130)**	(106)	(335)
IFRS profit for the period		**654**	415	1,106

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2). This impacts IWR business unit and has a corresponding impact on the subtotals and totals.

A2 – Corporate centre costs and Other operations

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Project spend	**(37)**	(111)	(190)
Central spend	**(69)**	(60)	(163)
Corporate centre costs	**(106)**	(171)	(353)
Other operations	**44**	57	138
Total Corporate centre costs and Other operations	**(62)**	(114)	(215)

Corporate centre costs of £106 million (HY23: £171 million) decreased by £65 million as a result of lower project spend, reflecting a decrease in IFRS 17 implementation costs and spend on cost reduction initiatives.

A3 – Group debt costs and other interest

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Subordinated debt	**(120)**	(111)	(219)
Other	**(6)**	(7)	(14)
Group external debt costs	**(126)**	(118)	(233)
Internal lending arrangements	**(26)**	(25)	(50)
Net finance income on main UK pension scheme	**10**	15	36
Total Group debt costs and other interest	**(142)**	(128)	(247)

External debt costs of £126 million (HY23: £118 million) increased by £8 million as a result of new subordinated notes issued in November 2023 in advance of the redemption of 3.875% €700 million subordinated notes in July 2024, therefore interest was paid on both loans for this period. Net finance income on the main UK pension scheme of £10 million (HY23: £15 million) decreased by £5 million due to remeasurement losses during 2023 resulting in lower opening assets in 2024.

Non-operating profit items

A4 – Investment variances and economic assumption changes

The investment variances and economic assumption changes excluded from the Group adjusted operating profit are as follows:

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Life business[1]	**(342)**	(206)	217
General insurance business	**130**	74	171
Other operations[2]	**6**	(33)	(66)
Total investment variances and economic assumption changes	**(206)**	(165)	322

1. Life business relates to IWR of £(370) million (HY23: £(124) million) and International Investments (India, China and Singapore) of £28 million (HY23: £(82) million)
2. Other operations represents short-term fluctuations on assets backing non-life business in Group centre investments, including the centre hedging programme

(a) Definitions

Group adjusted operating profit is based on expected investment returns on financial investments over the period, with consistent allowance for the corresponding expected movements in liabilities.

Changes due to economic items, such as market value movements and interest rate changes, which give rise to variances between actual and expected investment returns, and the impact of changes in economic assumptions on liabilities, are disclosed separately outside Group adjusted operating profit, in investment variances and economic assumption changes.

(b) Methodology and assumptions

The expected investment returns and corresponding expected movements in liabilities are calculated separately for each principal business unit.

The expected return on investments for both policyholders' and shareholders' funds is based on opening economic assumptions applied to the expected funds under management over the reporting period:

- For fixed interest securities the expected investment returns are based on average prospective yields for the actual assets held less an adjustment for credit risk (assessed on a best estimate basis).
- The expected return on equities and properties is calculated using the appropriate risk-free rate in the relevant currency plus a risk premium. The risk-free rates are consistent with those used to determine bottom up discount rates applied to measurement of insurance contracts, as set out in note B10(d), and typically use the 1-year or 10-year duration. The use of risk premium reflects management's long-term expectations of asset return in excess of the risk-free yields from investing in these asset classes. The asset risk premiums are set out in the table below:

	6 months 2024	6 months 2023	Full year 2023
Equity risk premium	**3.5 %**	3.5 %	3.5 %
Property risk premium	**2.0 %**	2.0 %	2.0 %

- The expected return on cash holdings is the 1-year risk-free rate in the relevant currency.
- Expected funds under management are equal to the opening value of funds under management, adjusted for sales and purchases during the period arising from expected operating experience.

The actual investment return is affected by differences between the actual and expected funds under management and changes in asset mix, as well as other market movements. To the extent that these differences arise from the operating experience, or management decisions to change asset mix, the effect is included in the Group adjusted operating profit. The residual difference between actual and expected investment return is included in investment variances, outside Group adjusted operating profit, but included in profit before tax attributable to shareholders' profits.

Similarly, the effect of differences between actual and expected economic experience on liabilities, and changes to economic assumptions used to value liabilities, are taken outside Group adjusted operating profit.

For many types of life business, including unit-linked and with-profits funds, movements in asset values are offset by corresponding changes in liabilities, limiting the net impact on profit. The profit impact of economic volatility on other business depends on the degree of matching of assets and liabilities, exposure to financial options and guarantees, and the application of relevant IFRS 17 risk-mitigation options.

(c) Analysis of investment variances and economic assumption changes

(i) IWR and International Investments

The loss of £(342) million (HY23: £(206) million) in relation to investment variances and economic assumption changes on life business was primarily driven by UK interest rates rising c.60 bps at 10-year term in the first half and a loss from hedging positive global equity returns partly offset by favourable credit default experience.

The adverse impact of interest rate and equity rises reflect the fact that we hedge on a Solvency II basis rather than an IFRS basis. For example, when equity markets increase we gain from the increase in the value of future annual management charges on unit-linked products on an economic basis which are not recognised under IFRS, however, the loss from hedges in place is recognised on both Solvency II and IFRS bases.

The negative variance for HY23 was primarily driven by UK interest rates rising c.60 bps at 10-year term combined with a more steeply downwards sloping yield curve, and a loss from hedging positive global equity returns partly offset by favourable credit default experience and foreign exchange movements.

(ii) General insurance business

The gain of £130 million (HY23: £74 million) in relation to investment variances and economic assumption changes for the general insurance and health business was primarily driven by equity gains and credit spreads narrowing. The gain for HY23 was primarily driven by currency movements and equity.

A5 - Profit on the disposal and remeasurements of subsidiaries, joint ventures and associates

The total gain on disposal and remeasurement of subsidiaries, joint ventures and associates is £195 million (HY23: £nil). This comprises of a gain of £195 million (after currency translation reserve recycling) on the sale of Aviva SingLife Holdings Pte Ltd. Further details of this disposal is provided in note B4.

A6 - Integration and restructuring costs

Group adjusted operating profit excludes integration and restructuring costs that relate to a well-defined programme that materially changes the scope of our business or the manner in which it is conducted. The exception to this is integration and restructuring costs directly attributable to insurance contracts where a CSM is recognised. These costs are reflected in the CSM and the impact recognised in Group adjusted operating profit as the CSM is amortised. For the period ended 30 June 2024 £69 million (HY23: £nil) of integration and restructuring costs were recognised in relation to simplification and efficiency programmes.

A7 - Other

Other items are those items that, in the directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance. For the period ended 30 June 2024, other items are a gain of £46 million (HY23: £19 million charge) which comprises the following:

- A gain of £68 million relating to the reduction in the final gross of tax financial impact of the prior period correction in respect of the review of accounting processes for with-profit funds, as described in note B2.
- Items disclosed outside of Group adjusted operating profit as they relate to acquisition and disposal activity that we consider to be strategic in nature:
  - A charge of £6 million (HY23: £13 million) relating to provisions for indemnities entered into through acquisition and disposal activity and other provisions relating to disposals.
  - A gain of £4 million (HY23: £nil) relating to a fair value adjustments on contingent consideration associated with Succession Wealth acquisitions.
  - A charge of £13 million (HY23: £nil) relating to costs associated with acquisitions completed in the period.
- Charges totalling £7 million (HY23: £6 million) relating to the cost of the employee free share award, fees and charges associated with the share buyback programme, and costs to equalise Guaranteed Minimum Pension benefits.

A8 – IFRS Shareholders' equity

	Note	30 June 2024 £m	30 June 2024 share[1]	30 June 2023 £m	30 June 2023 share[1]	31 December 2023 £m	31 December 2023 share[1]
IFRS Shareholders equity[2,3] at 1 January		**8,586**	**320 p**	9,208	336 p	9,208	336 p
Profit for the period attributable to equity holders of Aviva plc[3]		**643**	**24 p**	404	15 p	1,085	40 p
Dividends and appropriations		**(629)**	**(23)p**	(602)	(22)p	(929)	(34)p
Remeasurements of pension schemes (net of tax)		**192**	**7 p**	(129)	(5)p	(373)	(14)p
Shares purchased in buyback		**(300)**	**(11)p**	(300)	(11)p	(300)	(11)p
Foreign exchange rate movements (net of tax)		**(35)**	**(1)p**	(77)	(2)p	(85)	(3)p
Other net equity movements		**(16)**	**(1)p**	8	— p	(20)	(1)p
IFRS Shareholders equity[2,3] at 30 June/31 December		**8,441**	**315 p**	8,512	311 p	8,586	313 p
Total Contractual service margin (CSM)[3]	6.1(i)	**7,331**	**273 p**	6,654	243 p	7,248	265 p
Less: Tax on CSM[3]		**(1,799)**	**(67)p**	(1,628)	(59)p	(1,779)	(65)p
Adjusted IFRS Shareholders' equity[2,3] at 30 June/ 31 December		**13,973**	**521 p**	13,538	494 p	14,055	513 p

1. The IFRS Shareholders' equity per share is calculated using the actual number of shares in issue at the closing balance sheet date of 2,680 million (HY23: 2,738 million, 2023: 2,739 million). Therefore, for each period reported, the opening pence per share is updated from the previously reported closing pence per share.
2. Excluding preference shares of £200 million (HY23: £200 million, 2023: £200 million)
3. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2)

At 30 June 2024, Adjusted IFRS Shareholders' equity per share was 521 pence (30 June 2023 restated: 494 pence; 31 December 2023: 513 pence). The increase of 8 pence primarily reflects increase in profit for the period, increase in CSM (net of tax), and remeasurement of group pension schemes (net of tax) partially offset by allocations of capital to shareholders through dividends and appropriations and the share buyback.

A9 – IFRS Return on equity

6 months 2024	Group adjusted operating profit: Before tax attributable to shareholders' profits £m	Group adjusted operating profit: After tax attributable to shareholders' profits £m	Weighted average shareholders' funds including non-controlling interests £m	Return on equity %
Insurance, Wealth & Retirement (IWR)	**532**	**396**	**7,612**	**10.4 %**
General insurance	**503**	**394**	**2,999**	**26.3 %**
Aviva Investors	**18**	**16**	**419**	**7.6 %**
International investments (India, China and Singapore)	**26**	**26**	**756**	**6.9 %**
Other Group activities[1]	**(78)**	**(71)**	**2,894**	**N/A**
Return on total capital employed	**1,001**	**761**	**14,680**	**10.4 %**
Group external debt costs	**(126)**	**(94)**	**(5,152)**	**3.7 %**
Return on total equity	**875**	**667**	**9,528**	**14.0 %**
Less: Non-controlling interests		**(11)**	**(318)**	**6.9 %**
Less: Tier 1 notes		**(17)**	**(496)**	**6.9 %**
Less: Preference shares		**(9)**	**(200)**	**9.0 %**
Return on equity shareholders' funds		**630**	**8,514**	**14.8 %**

1. The other Group activities operating loss before tax of £(78) million comprises corporate centre costs of £(106) million and interest expense on internal lending arrangements of £(26) million, partly offset by other operations profit of £44 million and finance income on the main UK pension scheme of £10 million

6 months 2023	Group adjusted operating profit: Before tax attributable to shareholders' profits £m	Group adjusted operating profit: After tax attributable to shareholders' profits £m	Weighted average shareholders' funds including non-controlling interests £m	Return on equity %
Insurance, Wealth & Retirement (IWR)[1]	486	396	8,106	9.8 %
General insurance	470	382	2,808	27.2 %
Aviva Investors	5	2	427	0.9 %
International investments (India, China and Singapore)	46	46	999	9.2 %
Other Group activities[2]	(124)	(109)	2,906	N/A
Return on total capital employed[1]	883	717	15,246	9.4 %
Group external debt costs	(118)	(90)	(5,377)	3.4 %
Return on total equity[1]	765	627	9,869	12.7 %
Less: Non-controlling interests		(11)	(312)	7.1 %
Less: Tier 1 notes		(17)	(496)	6.9 %
Less: Preference shares		(9)	(200)	9.0 %
Return on equity shareholders' funds[1]		590	8,861	13.3 %

1. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2). This impacts IWR business unit and has a corresponding impact on the subtotals and totals.
2. The other Group activities operating loss before tax of £(124) million comprises corporate centre costs of £(171) million and interest expense on internal lending arrangements of £(25) million, partly offset by other operations profit of £57 million and finance income on the main UK pension scheme of £15 million

Full year 2023	Group adjusted operating profit: Before tax attributable to shareholders' profits £m	Group adjusted operating profit: After tax attributable to shareholders' profits £m	Weighted average shareholders' funds including non-controlling interests £m	Return on equity %
Insurance, Wealth & Retirement (IWR)[1]	994	794	7,837	10.1 %
General insurance	851	677	2,722	24.9 %
Aviva Investors	21	21	424	4.9 %
International investments (India, China and Singapore)	63	63	919	6.9 %
Other Group activities[2]	(229)	(199)	3,108	N/A
Return on total capital employed	1,700	1,356	15,010	9.0 %
Group external debt costs	(233)	(178)	(5,303)	3.4 %
Return on total equity	1,467	1,178	9,707	12.1 %
Less: Non-controlling interests		(21)	(314)	6.7 %
Less: Tier 1 notes		(34)	(496)	6.9 %
Less: Preference shares		(17)	(200)	8.5 %
Return on equity shareholders' funds		1,106	8,697	12.7 %

1. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2). This impacts IWR business unit weighted average shareholders funds including non-controlling interests and has a corresponding impact on the subtotals and totals.
2. The other Group activities operating loss before tax of £(229) million comprises corporate centre costs of £(353) million and interest expense on internal lending arrangements of £(50) million, partly offset by other operations profit of £138 million and finance income on the main UK pension scheme of £36 million

A10 – Group capital under IFRS basis

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR)	**7,676**	7,591	7,547
General insurance[2]	**3,399**	2,994	2,598
Aviva Investors	**422**	427	416
International investments (India, China and Singapore)	**598**	955	914
Other Group activities[2,3]	**2,489**	2,840	3,299
Total capital employed[2]	**14,584**	14,807	14,774
Financed by			
Equity shareholders' funds	**8,441**	8,512	8,586
Non-controlling interests	**318**	314	318
Tier 1 notes	**496**	496	496
Preference shares	**200**	200	200
Subordinated debt	**4,687**	4,482	4,722
Senior notes and commercial paper	**442**	803	452
Total capital employed[2]	**14,584**	14,807	14,774

1. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2). This impacts IWR business unit and has a corresponding impact on the subtotals and totals.
2. Goodwill, AVIF and other intangibles are maintained within the capital base. Goodwill includes goodwill in subsidiaries of £2,461 million (HY23: £2,098 million; 2023: £2,100 million) and goodwill in joint ventures and associates of £1 million (HY23: £62 million; 2023: £80 million). AVIF and other intangibles comprise £1,010 million (HY23: £879 million: 2023: £968 million) of intangibles in subsidiaries and gross of deferred tax liabilities of £(220) million (HY23: £(239) million; 2023: £(207) million). Capital employed for United Kingdom General Insurance excludes £924 million (HY23: £924 million; 2023: £924 million) of goodwill which does not support the general insurance business for capital purposes and is included in other Group activities.
3. Other Group activities include centrally held tangible net assets, the main UK staff pension scheme surplus and also reflect internal lending arrangements. These internal lending arrangements, which net out on consolidation, include the formal loan arrangement between Aviva Group Holdings Limited and Aviva Insurance Limited.

Total capital employed is financed by a combination of equity shareholders' funds, preference capital, subordinated debt and other borrowings.

At 30 June 2024 the market value of our external debt (subordinated debt and senior debt) and preference shares (including both Aviva plc preference shares of £200 million (HY23: £200 million; 2023: £200 million) and General Accident plc preference shares, within non-controlling interests, of £250 million (HY23: £250 million; 2023: £250 million)) was £6,084 million (HY23: £5,940 million; 2023: £6,142 million).

Condensed IFRS financial statements and notes

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Condensed consolidated income statement

For the six month period ended 30 June 2024

	Note	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Insurance revenue		**9,816**	8,945	18,497
Insurance service expense	B6	**(8,531)**	(7,686)	(16,217)
Net expense from reinsurance contracts		**(389)**	(387)	(761)
Insurance service result		**896**	872	1,519
Investment return		**11,895**	4,919	22,380
Net finance expense from insurance contracts and participating investment contracts		**(205)**	(469)	(7,228)
Net finance (expense)/income from reinsurance contracts		**(117)**	170	641
Movement in non-participating investment contract liabilities		**(10,621)**	(4,440)	(13,558)
Investment expense attributable to unitholders		**(587)**	(105)	(861)
Net financial result		**365**	75	1,374
Fee and commission income		**663**	753	1,309
Share of profit/(loss) after tax of joint ventures and associates		**53**	(37)	(71)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates		**195**	—	—
Other operating expenses	B6	**(1,057)**	(965)	(2,108)
Other net foreign exchange gains	B6	**126**	101	146
Other finance costs		**(263)**	(253)	(479)
Profit before tax		**978**	546	1,690
Tax attributable to policyholders' returns		**(194)**	(25)	(249)
Profit before tax attributable to shareholders' profits		**784**	521	1,441
Tax expense	B7	**(324)**	(131)	(584)
Less: tax attributable to policyholders' returns		**194**	25	249
Tax attributable to shareholders' profits		**(130)**	(106)	(335)
Profit for the period		**654**	415	1,106
Attributable to:				
Equity holders of Aviva plc		**643**	404	1,085
Non-controlling interests		**11**	11	21
Profit for the period		**654**	415	1,106
Earnings per share				
Basic (pence per share)	B8	**22.8**	13.7	37.7
Diluted (pence per share)	B8	**22.6**	13.5	37.2

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

Condensed consolidated statement of comprehensive income

For the six month period ended 30 June 2024

	Note	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Profit for the period		**654**	415	1,106
Other comprehensive income:				
Items that may be reclassified subsequently to income statement				
Foreign exchange rate movements		**(30)**	(74)	(86)
Aggregate tax effect – shareholder tax on items that may be reclassified subsequently to income statement	B7(b)	**(5)**	(3)	(2)
Items that will not be reclassified to income statement				
Remeasurements of pension schemes	B13(b)	**196**	(173)	(495)
Aggregate tax effect – shareholder tax on items that will not be reclassified subsequently to income statement	B7(b)	**(4)**	44	122
Total other comprehensive income/(loss), net of tax		**157**	(206)	(461)
Total comprehensive income for the period		**811**	209	645
Attributable to:				
Equity holders of Aviva plc		**800**	198	627
Non-controlling interests		**11**	11	18
Total comprehensive income for the period		**811**	209	645

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

Condensed consolidated statement of changes in equity

For the six month period ended 30 June 2024

	Ordinary share capital Note B16 £m	Preference share capital £m	Capital reserves Note B15 £m	Treasury shares £m	Other reserves £m	Retained earnings Note B15 £m	Tier 1 notes £m	Total equity excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance at 1 January	**901**	**200**	**5,265**	**(87)**	**279**	**2,228**	**496**	**9,282**	**318**	**9,600**
Profit for the period	—	—	—	—	—	643	—	643	11	654
Other comprehensive (loss)/income	—	—	—	—	(35)	192	—	157	—	157
Total comprehensive (loss)/income for the period	—	—	—	—	(35)	835	—	800	11	811
Dividends and appropriations	—	—	—	—	—	(629)	—	(629)	—	(629)
Shares purchased in buyback	(20)	—	20	—	—	(300)	—	(300)	—	(300)
Capital reductions	—	—	—	—	—	—	—	—	—	—
Non-controlling interests share of dividends declared in the period	—	—	—	—	—	—	—	—	(11)	(11)
Reserves credit for equity compensation plans	—	—	—	—	31	—	—	31	—	31
Shares purchased under equity compensation plans	—	—	—	47	(43)	(30)	—	(26)	—	(26)
Movements attributable to disposals of subsidiaries, joint ventures and associates	—	—	—	—	(21)	—	—	(21)	—	(21)
Owner-occupied properties fair value gains transferred to retained earnings on disposals	—	—	—	—	(21)	21	—	—	—	—
Changes in non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	—	—
Balance at 30 June	**881**	**200**	**5,285**	**(40)**	**190**	**2,125**	**496**	**9,137**	**318**	**9,455**

For the six month period ended 30 June 2023 - restated[1]

	Ordinary share capital Note B16 £m	Preference share capital £m	Capital reserves Note B15 £m	Treasury shares £m	Other reserves £m	Retained earnings Note B15 £m	Tier 1 notes £m	Total equity excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance at 1 January	924	200	10,342	(85)	355	(2,328)	496	9,904	310	10,214
Profit for the period	—	—	—	—	—	404	—	404	11	415
Other comprehensive (loss)/income	—	—	—	—	(77)	(129)	—	(206)	—	(206)
Total comprehensive (loss)/income for the period	—	—	—	—	(77)	275	—	198	11	209
Dividends and appropriations	—	—	—	—	—	(602)	—	(602)	—	(602)
Shares purchased in buyback	(24)	—	24	—	—	(300)	—	(300)	—	(300)
Capital reductions	—	—	(5,108)	—	—	5,108	—	—	—	—
Non-controlling interests share of dividends declared in the period	—	—	—	—	—	—	—	—	(11)	(11)
Reserves credit for equity compensation plans	—	—	—	—	30	—	—	30	—	30
Shares purchased under equity compensation plans	1	—	6	28	(33)	(24)	—	(22)	—	(22)
Movements attributable to disposals of subsidiaries, joint ventures and associates	—	—	—	—	—	—	—	—	—	—
Owner-occupied properties fair value gains transferred to retained earnings on disposals	—	—	—	—	—	—	—	—	—	—
Changes in non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	4	4
Balance at 30 June	901	200	5,264	(57)	275	2,129	496	9,208	314	9,522

1. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2)

For the year ended 31 December 2023

	Ordinary share capital Note B16 £m	Preference share capital £m	Capital reserves Note B15 £m	Treasury shares £m	Other reserves £m	Retained earnings Note B15 £m	Tier 1 notes £m	Total equity excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance at 1 January	924	200	10,342	(85)	355	(2,328)	496	9,904	310	10,214
Profit for the year	—	—	—	—	—	1,085	—	1,085	21	1,106
Other comprehensive (loss)/income	—	—	—	—	(85)	(373)	—	(458)	(3)	(461)
Total comprehensive (loss)/income for the year	—	—	—	—	(85)	712	—	627	18	645
Dividends and appropriations	—	—	—	—	—	(929)	—	(929)	—	(929)
Shares purchased in buyback	(24)	—	24	—	—	(300)	—	(300)	—	(300)
Capital reductions	—	—	(5,108)	—	—	5,108	—	—	—	—
Non-controlling interests share of dividends declared in the year	—	—	—	—	—	—	—	—	(21)	(21)
Reserves credit for equity compensation plans	—	—	—	—	61	—	—	61	—	61
Shares purchased under equity compensation plans	1	—	7	(2)	(52)	(35)	—	(81)	—	(81)
Movements attributable to disposals of subsidiaries, joint ventures and associates	—	—	—	—	—	—	—	—	—	—
Owner-occupied properties fair value gains transferred to retained earnings on disposals	—	—	—	—	—	—	—	—	—	—
Changes in non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	11	11
Balance at 31 December	901	200	5,265	(87)	279	2,228	496	9,282	318	9,600

Condensed consolidated statement of financial position

As at 30 June 2024

	Note	30 June 2024 £m	Restated[1] 30 June 2023 £m	31 December 2023 £m
Assets				
Goodwill		**2,461**	2,098	2,100
Acquired value of in-force business and intangible assets		**1,010**	879	968
Interests in, and loans to, joint ventures		**1,218**	1,621	1,189
Interests in, and loans to, associates		**167**	149	160
Property and equipment		**417**	387	424
Investment property		**6,241**	6,005	6,232
Loans		**31,318**	30,152	31,685
Financial investments		**264,086**	231,469	245,831
Reinsurance contract assets	B10	**8,372**	7,054	7,704
Reinsurance assets for non-participating investment contracts	B11	**5,157**	4,614	4,713
Deferred tax assets		**842**	1,290	958
Current tax assets		**112**	216	95
Receivables		**4,847**	3,659	3,721
Deferred acquisition costs on non-participating investment contracts		**831**	799	788
Pension surpluses and other assets		**1,013**	1,102	862
Prepayments and accrued income		**3,437**	3,249	3,392
Cash and cash equivalents		**16,948**	19,836	17,273
Assets of operations classified as held for sale		**—**	—	748
Total assets		**348,477**	314,579	328,843
Equity				
Ordinary share capital	B16	**881**	901	901
Preference share capital		**200**	200	200
Capital		**1,081**	1,101	1,101
Share premium	B15	**17**	16	17
Capital redemption reserve	B15	**44**	24	24
Merger reserve		**5,224**	5,224	5,224
Capital reserves		**5,285**	5,264	5,265
Treasury shares		**(40)**	(57)	(87)
Other reserves		**190**	275	279
Retained earnings	B15	**2,125**	2,129	2,228
Equity attributable to shareholders of Aviva plc		**8,641**	8,712	8,786
Tier 1 notes		**496**	496	496
Equity excluding non-controlling interests		**9,137**	9,208	9,282
Non-controlling interests		**318**	314	318
Total equity		**9,455**	9,522	9,600
Liabilities				
Insurance contract and participating investment contract liabilities	B10	**121,646**	116,466	121,875
Non-participating investment contract liabilities	B11	**171,051**	147,371	158,588
Net asset value attributable to unitholders		**17,537**	14,759	14,184
Pension deficits and other provisions	B13	**746**	639	795
Deferred tax liabilities		**499**	484	453
Current tax liabilities		**6**	21	15
Borrowings	B12	**6,343**	6,561	6,374
Payables and other financial liabilities		**17,762**	15,787	13,670
Other liabilities		**3,432**	2,969	3,289
Total liabilities		**339,022**	305,057	319,243
Total equity and liabilities		**348,477**	314,579	328,843

1. The comparative amounts as at 30 June 2023 have been restated to adjust the Succession Wealth acquisition balance sheet for conditions existing at the acquisition date, consistent with the adjustment disclosed in the 31 December 2023 financial statements, and for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2)

Condensed consolidated statement of cash flows

For the six month period ended 30 June 2024

The cash flows presented in this statement cover all the Group's activities and include flows from both policyholder and shareholder activities. All cash and cash equivalents are available for use by the Group.

		30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Cash flows from operating activities				
Cash generated from/(used in) operating activities[1]		**866**	(1,056)	(2,664)
Tax paid		**(154)**	(115)	(68)
Total net cash generated from/(used in) operating activities		**712**	(1,171)	(2,732)
Cash flows from investing activities				
Acquisitions of, and additions to, subsidiaries, joint ventures and associates, net of cash acquired		**(568)**	—	—
Disposals of subsidiaries, joint ventures and associates, net of cash transferred		**937**	—	—
Purchases of property and equipment		**(34)**	(63)	(149)
Purchases of intangible assets		**(34)**	—	(201)
Total net cash generated from/(used in) investing activities		**301**	(63)	(350)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**—**	7	8
Shares purchased in buyback	B16	**(300)**	(300)	(300)
Treasury shares purchased for employee trusts		**—**	(32)	(76)
New borrowings drawn down, net of expenses		**70**	241	941
Repayment of borrowings[2]		**(131)**	(368)	(1,181)
Net repayment of borrowings		**(61)**	(127)	(240)
Interest paid on borrowings		**(120)**	(113)	(206)
Repayment of leases		**(21)**	(5)	(62)
Preference dividends paid	B9	**(9)**	(9)	(17)
Ordinary dividends paid	B9	**(603)**	(576)	(878)
Coupon payments on tier 1 notes	B9	**(17)**	(17)	(34)
Dividends paid to non-controlling interests of subsidiaries		**(11)**	(11)	(21)
Capital contributions from non-controlling interests of subsidiaries		**—**	4	6
Total net cash used in financing activities		**(1,142)**	(1,179)	(1,820)
Total net decrease in cash and cash equivalents		**(129)**	(2,413)	(4,902)
Cash and cash equivalents at 1 January		**16,652**	21,576	21,576
Effect of exchange rate changes on cash and cash equivalents		**(1)**	(65)	(22)
Cash and cash equivalents at 30 June/31 December	B17	**16,522**	19,098	16,652

1. Cash flows from operating activities include interest received of £2,588 million (HY23: £1,960 million, 2023: £5,560 million) and dividends received of £2,320 million (HY23: £1,731 million, 2023: £3,999 million)
2. Repayment of borrowings includes the redemption of £531 million subordinated debt and senior notes in 2023

Notes to the consolidated financial statements

B1 – Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK, and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

The results for the six months ended 30 June 2024 are unaudited but have been reviewed by the Auditor, Ernst & Young LLP (EY), appointed commencing with the 2024 financial year. The appointment of the external auditor was approved at the 2024 Annual General Meeting. The interim results do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The comparative results for the year ended 31 December 2023 have been taken from the Group's 2023 Annual Report and Accounts. Therefore, these interim financial statements should be read in conjunction with the Group's 2023 Annual Report and Accounts that were prepared in accordance with UK-adopted international accounting standards and the legal requirements of the Companies Act 2006. PricewaterhouseCoopers LLP (PwC) reported on the 2023 financial statements and their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The Group's 2023 Annual Report and Accounts have been filed with the Registrar of Companies.

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are stated in pounds sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in millions of pounds sterling (£m).

(a) Going concern

A detailed going concern review has been undertaken as part of the 2024 interim reporting process based on an assessment period of 12 months from the date of approval of the financial statements. This review includes consideration of the Group's current and forecast solvency and liquidity positions over a three-year period from the year ended 31 December 2023, which aligns to management's 2024-2026 business plan used for the viability assessment and evaluates the results of stress and scenario testing. Stress and scenario testing (including reverse stress testing) is used to test the resilience of business plans and to inform decision-making. These tests are driven by the Group's risk profile at a range of severities, as well as a range of other scenarios, as part of the Group solvency and liquidity management processes.

Even in severe downside scenarios, no material uncertainty in relation to going concern has been identified, due to the Group's strong solvency and liquidity positions providing considerable resilience to external shocks, underpinned by the Group's approach to risk management (see note B18).

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, the Group continues to adopt the going concern basis in preparing the financial statements.

(b) New standards, interpretations and amendments to published standards that have been adopted by the Group

The Group has adopted the following amendments to standards which became effective for the annual reporting period beginning on 1 January 2024 . The amendments have been issued and endorsed by the UK and do not have a significant impact on the Group's consolidated financial statements:

(i) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;

(ii) Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants;

(iii) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback; and

(iv) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

B2 – Changes to comparative amounts

(a) Accounting for with-profits funds

Comparative amounts for the period ended 30 June 2023 have been restated for the prior period correction that was recognised in the Annual Report and Accounts 2023 in respect of a review of accounting processes for with-profits funds.

The review identified that the costs of providing policyholders with certain annuity benefits had been incorrectly allocated between shareholder and with-profits funds. Correction of the cumulative misallocation from the shareholder funds to with-profits funds results in an increase in participating with-profits insurance contract liabilities of £312 million (including an increase in participating Contractual Service Margin (CSM) of £17 million) and a decrease in shareholder equity of £241 million, net of reinsurance recoveries and tax on the condensed consolidated statement of financial position as at 1 January 2023.

During the six months ended 30 June 2024 further work has been completed to finalise the calculation of the costs misallocated and associated foregone investment return. This has resulted in a reduction of £68 million in the final gross of tax financial impact which has been recognised within the income statement for the six months to 30 June 2024.

The condensed consolidated income statement for the six months ended 30 June 2023 has been restated to remove the element of the misallocation which was previously recognised as an expense in that period but which is now included in the restatement to the opening 1 January 2023 statement of financial position. This has increased insurance revenue by £50 million for the period ended 30 June 2023 (net of tax increase in profit of £38 million) and results in a cumulative correction of £203 million to shareholder equity at 30 June 2023.

The restatement to individual line items in the condensed consolidated statement of financial position is set out below.

	Condensed consolidated statement of financial position at 1 January 2023[1]			Condensed consolidated statement of financial position at 30 June 2023		
	As previously reported £m	Adjustment £m	Restated £m	As previously reported £m	Adjustment £m	Restated £m
Reinsurance contract assets	6,727	33	6,760	7,021	33	7,054
Deferred tax assets	1,344	38	1,382	1,252	38	1,290
Current tax assets	336	—	336	228	(12)	216
Insurance contract and participating investment contract liabilities	(117,249)	(312)	(117,561)	(116,204)	(262)	(116,466)
Total equity	10,455	(241)	10,214	9,725	(203)	9,522

1. As reported in the Aviva plc Half Year Report 2023

The restatement to individual line items in the condensed consolidated income statement to 30 June 2023 is set out below.

	As previously reported £m	Adjustment £m	Restated £m
Income Statement			
Insurance revenue	8,895	50	8,945
Tax expense	(119)	(12)	(131)
Profit for the period	377	38	415
Earnings per share			
Basic (pence per share)	12.3	1.4	13.7
Diluted (pence per share)	12.1	1.4	13.5

(b) Succession Wealth

The 30 June 2023 comparatives have been restated due to revisions to the methodology in the Succession Wealth acquisition balance sheet, as recognised in the Annual Report and Accounts 2023. The restatement to individual lines items in the 30 June 2023 condensed consolidated statement of financial position is set out below. The adjustment impacts the valuation of the intangible assets acquired, with corresponding movements in the deferred tax liabilities and goodwill balances.

	As previously reported £m	Adjustment £m	Restated £m
Goodwill	2,031	67	2,098
Acquired value of in-force business and intangible assets	968	(89)	879
Deferred tax liabilities	(506)	22	(484)

B3 - Exchange rates

The Group's principal overseas operations during the period were located within the eurozone and Canada. The results and cash flows of these operations have been translated into sterling at the average rates for the period, and the assets and liabilities have been translated at the period end rates as follows:

	6 months 2024	6 months 2023	Full year 2023
Eurozone			
Average rate (€1 equals)	**0.85**	0.88	0.87
Period end rate (€1 equals)	**0.85**	0.86	0.87
Canada			
Average rate ($CAD1 equals)	**0.58**	0.60	0.60
Period end rate ($CAD1 equals)	**0.58**	0.60	0.59

B4 - Strategic transactions

(a) Acquisitions

(i) AIG Life Limited

On 8 April 2024 the Group acquired 100% of the ordinary share capital of AIG Life Limited, American International Group's UK protection business for a cash consideration of £453 million.

AIG Life Limited provides individual and group protection products which, when combined with Aviva's existing protection business, will create a more efficient platform from which to serve existing and new customers and will reach more customers through AIG Life Limited's relationships with regional and corporate Independent Financial Advisors (IFAs) as well as other key partners. The acquisition significantly enhances our position in the protection market.

The total cash consideration of £453 million represents the consideration paid to acquire £161 million of net assets of AIG Life Limited and £292 million of goodwill recognised on acquisition. The acquisition amounts are provisional and include an estimate of the impact of aligning the valuation of insurance contract liabilities and reinsurance contract assets with Group policies. The balance sheet values are subject to review during the remeasurement period of up to 12 months after the acquisition date as permitted by IFRS 3 Business Combinations. The following table summarises the consideration for the acquisition, the fair value of the assets acquired, liabilities assumed and resulting allocation to goodwill.

	Fair value £m
Assets	
Intangible assets	39
Financial investments	79
Reinsurance assets	964
Tax assets	63
Other assets (including cash and cash equivalents)	22
Total identifiable assets	**1,167**
Liabilities	
Insurance contract liabilities	958
Other liabilities	48
Total identifiable liabilities	**1,006**
Net identifiable assets acquired	**161**
Goodwill arising on acquisition	292
Total consideration	**453**

An intangible asset of £39 million was recognised upon acquisition representing the value of future revenue streams from renewals of AIG Life Limited's existing group protection business. This will be amortised over its useful economic life in accordance with the Group's accounting policies (along with the corresponding release of the deferred tax liability).

The residual goodwill on acquisition of £292 million, none of which is expected to be deductible for tax purposes, represents future synergies expected to arise from combining the operations of AIG Life Limited with those of the Group as well as the value of the workforce in place and other future business value.

Transaction costs of £12 million related to legal and professional fees incurred to support the transaction have been recognised within Other operating expenses in the income statement.

(ii) Optiom O2 Holdings Inc (Optiom)

On 5 January 2024 the Group acquired 100% of the ordinary share capital of Optiom from Novacap and other minority shareholders for a consideration of $CAD 172 million (£100 million). The acquisition supports Aviva's capital-light growth in the Canadian market and strengthens Aviva Canada's specialty lines business and distribution capabilities. Intangible assets of £72 million and goodwill of £39 million were recognised in the Group statement of financial position on acquisition.

(iii) Probitas Holdings (Bermuda) Limited and its subsidiaries (Probitas)

On 4 March 2024 the Group announced the acquisition of Probitas for a total consideration of £249 million. The transaction includes the acquisition of Probitas' fully-integrated Lloyd's platform, encompassing its Corporate Member, Managing Agent, international distribution entities and tenancy rights to Syndicate 1492. The transaction completed on 9 July 2024. Due to the proximity of the completion date to the Group's interim reporting date the accounting for the acquisition is ongoing. The provisional acquisition balance sheet will be disclosed in the Annual Report and Accounts 2024. The transaction does not have a material impact on the Group's IFRS net asset value.

(b) Disposals

(i) Aviva SingLife Holdings Ptd Ltd

On 18 March 2024 the Group announced that it had completed the sale of its entire shareholding in Aviva SingLife Holdings Pte Ltd, along with an associated debt instrument, to Sumitomo Life Insurance Company. On this date vendor finance notes of $SGD 250 million issued to Aviva as part of the consideration for a sale of its majority shareholding in SingLife on 30 November 2020 were also redeemed. Total cash proceeds received were $SGD 1,596 million (£937 million). These transactions have resulted in a total gain on disposal of £195 million being recognised within Gain on disposal and remeasurement of subsidiaries, joint ventures and associates within the income statement. The shareholding, associated debt instrument and vendor finance notes were classified within Assets of operations classified as held for sale in the Group's consolidated statement of financial position at 31 December 2023.

B5 – Segmental information

The Group's results can be segmented either by activity or by geography. Our primary reporting format is along business unit reporting lines, with supplementary information being given by business activity. This note provides segmental information on the consolidated income statement.

Financial performance of our key business units are presented as Insurance, Wealth and Retirement (IWR), General Insurance (which brings together our UK & Ireland General Insurance businesses and Canada General Insurance) and Aviva Investors.

(a) Operating segments

Insurance, Wealth & Retirement (IWR)

The principal activities of our Insurance, Wealth and Retirement (IWR) operations are life insurance, long-term health and accident insurance, savings, pensions and annuity business.

General Insurance

UK & Ireland

The principal activities of our UK & Ireland General Insurance operations are the provision of personal and commercial lines insurance products, for risks associated mainly with motor, property and liability.

Canada

The principal activity of our Canada General Insurance operation is consistent with the UK & Ireland General Insurance operations, principally distributed through insurance brokers.

Aviva Investors

Aviva Investors operates in a number of international markets, in particular the UK, North America and Asia Pacific. Aviva Investors manages policyholders' and shareholders' invested funds, provides investment management services for institutional pension fund mandates and manages a range of retail investment products. These include investment funds, unit trusts, open-ended investment companies and individual savings accounts.

International investments

International investments comprise our long-term business operations in India and China, and until 18 March 2024 also included our investment in Singapore. In India, the Group has a 74% shareholding in Aviva India. In China, Aviva plc have a 50% shareholding in Aviva-COFCO Life Insurance Company Limited. On 18 March 2024 the Group announced that it had completed the sale of its entire shareholding in Aviva SingLife Holdings Pte Ltd (see section B4). Aviva SingLife has been included within the results of the Group up to the date of completion.

Other Group activities

Other Group activities includes investment return on centrally held assets, head office (Corporate centre) expenses such as Group treasury and finance functions, financing costs arising on central borrowings, the elimination entries for certain inter-segment transactions and group consolidation adjustments.

Measurement basis

The accounting policies of the segments are the same as those for the Group as a whole. Any transactions between the business segments are subject to normal commercial terms and market conditions. The Group evaluates performance of operating segments on the basis of:
(i) profit or loss from operations before tax attributable to shareholders; and
(ii) Group adjusted operating profit or loss from operations before tax attributable to shareholders.

(i) Segmental income statement for the sixth month period ended 30 June 2024

	Insurance, Wealth & Retirement (IWR) £m	UK & Ireland General Insurance £m	Canada General Insurance £m	Aviva Investors £m	International investments (India, China and Singapore) £m	Other Group activities £m	Total £m
Insurance revenue[1]	4,150	3,511	2,124	—	36	(5)	9,816
Insurance service expense	(3,669)	(2,969)	(1,859)	—	(37)	3	(8,531)
Net (expense)/income from reinsurance contracts	(43)	(284)	(61)	—	—	(1)	(389)
Insurance service result	438	258	204	—	(1)	(3)	896
Investment return[1]	10,888	198	116	8	96	589	11,895
Net finance (expense)/income from insurance contracts and participating investment contracts	(6)	(32)	(65)	—	(93)	(9)	(205)
Net finance (expense)/income from reinsurance contracts	(121)	(13)	3	—	—	14	(117)
Movement in non-participating investment contract liabilities	(10,620)	—	—	—	—	(1)	(10,621)
Investment expense attributable to unitholders	—	—	—	—	—	(587)	(587)
Net financial result	141	153	54	8	3	6	365
Fee and commission income[1]	554	29	12	66	—	2	663
Inter-segment revenue	—	—	—	123	—	—	123
Share of profit after tax of joint ventures and associates[1]	—	—	1	—	52	—	53
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—	195	195
Other operating expenses	(580)	(48)	(35)	(188)	—	(206)	(1,057)
Other net foreign exchange (losses)/gains	—	(4)	—	—	—	130	126
Other finance costs	(117)	—	(3)	—	—	(143)	(263)
Inter-segment expenses	(111)	(5)	(3)	—	—	(4)	(123)
Profit/(loss) before tax	325	383	230	9	54	(23)	978
Tax attributable to policyholders' returns	(194)	—	—	—	—	—	(194)
Profit/(loss) before tax attributable to shareholders' profits	131	383	230	9	54	(23)	784
Adjusting items:							
Reclassification of unallocated interest	(8)	1	9	—	—	(2)	—
Investment variances and economic assumption changes	370	(98)	(32)	—	(28)	(6)	206
Amortisation of intangibles acquired in business combinations	22	1	8	—	—	—	31
Amortisation of acquired value of in-force business	26	—	—	—	—	—	26
Loss on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—	(195)	(195)
Integration and restructuring costs	51	—	—	9	—	9	69
Other	(60)	—	1	—	—	13	(46)
Group adjusted operating profit/(loss) before tax attributable to shareholders' profits	532	287	216	18	26	(204)	875

1. Total reported income, excluding inter-segment revenue, includes £18,750 million from the United Kingdom (Aviva plc's country of domicile). Income is attributed on the basis of geographical origin which does not differ materially from revenue by geographical destination, as most risks are located in the countries where the contracts are written.

(ii) Segmental income statement for six month period ended 30 June 2023 - restated[1]

	Insurance, Wealth & Retirement (IWR) £m	UK & Ireland General Insurance £m	Canada General Insurance £m	Aviva Investors £m	International investments (India, China and Singapore) £m	Other Group activities £m	Total £m
Insurance revenue[2]	3,927	2,972	1,983	—	72	(9)	8,945
Insurance service expense	(3,340)	(2,564)	(1,713)	—	(72)	3	(7,686)
Net (expense)/income from reinsurance contracts	(126)	(218)	(49)	—	—	6	(387)
Insurance service result	461	190	221	—	—	—	872
Investment return[2]	4,540	111	111	5	66	86	4,919
Net finance expense from insurance contracts and participating investment contracts	(309)	(29)	(65)	—	(66)	—	(469)
Net finance income/(expense) from reinsurance contracts	164	3	4	—	—	(1)	170
Movement in non-participating investment contract liabilities	(4,440)	—	—	—	—	—	(4,440)
Investment expense attributable to unitholders	—	—	—	—	—	(105)	(105)
Net financial result	(45)	85	50	5	—	(20)	75
Fee and commission income[2]	649	26	5	67	—	6	753
Inter-segment revenue	—	—	—	106	—	—	106
Share of loss after tax of joint ventures and associates[2]	(1)	—	—	—	(36)	—	(37)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—	—	—
Other operating expenses	(519)	(55)	(22)	(173)	—	(196)	(965)
Other net foreign exchange gains	1	33	—	—	—	67	101
Other finance costs	(112)	—	(2)	—	—	(139)	(253)
Inter-segment expenses	(97)	(4)	(3)	—	—	(2)	(106)
Profit/(loss) before tax	337	275	249	5	(36)	(284)	546
Tax attributable to policyholders' returns	(25)	—	—	—	—	—	(25)
Profit/(loss) before tax attributable to shareholders' profits	312	275	249	5	(36)	(284)	521
Adjusting items:							
Reclassification of unallocated interest	(4)	(9)	23	—	—	(10)	—
Investment variances and economic assumption changes	124	(37)	(37)	—	82	33	165
Amortisation of intangibles acquired in business combinations	25	1	5	—	—	—	31
Amortisation of acquired value of in-force business	29	—	—	—	—	—	29
Profit on the disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—	—	—
Integration and restructuring costs	—	—	—	—	—	—	—
Other	—	—	—	—	—	19	19
Group adjusted operating profit/(loss) before tax attributable to shareholders' profits	486	230	240	5	46	(242)	765

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2). This impacts IWR business unit and has a corresponding impact on the subtotals and totals.
2. Total reported income, excluding inter-segment revenue, includes £12,417 million from the United Kingdom (Aviva plc's country of domicile). Income is attributed on the basis of geographical origin which does not differ materially from revenue by geographical destination, as most risks are located in the countries where the contracts are written.

(iii) Segmental income statement for year ended 31 December 2023

	Insurance, Wealth & Retirement (IWR) £m	UK & Ireland General Insurance £m	Canada General Insurance £m	Aviva Investors £m	International investments (India, China and Singapore) £m	Other Group activities £m	Total £m
Insurance revenue[1]	8,164	6,219	4,070	—	61	(17)	18,497
Insurance service expense	(7,055)	(5,443)	(3,639)	—	(81)	1	(16,217)
Net (expense)/income from reinsurance contracts	(278)	(409)	(78)	—	—	4	(761)
Insurance service result	831	367	353	—	(20)	(12)	1,519
Investment return[1]	20,604	442	303	13	98	920	22,380
Net finance (expense)/income from insurance contracts and participating investment contracts	(6,593)	(399)	(180)	—	(73)	17	(7,228)
Net finance income/(expense) from reinsurance contracts	531	133	10	—	—	(33)	641
Movement in non-participating investment contract liabilities	(13,559)	—	—	1	—	—	(13,558)
Investment expense attributable to unitholders	—	—	—	—	—	(861)	(861)
Net financial result	983	176	133	14	25	43	1,374
Fee and commission income[1]	1,110	54	11	126	—	8	1,309
Inter-segment revenue	—	—	—	238	—	—	238
Share of (loss)/profit after tax of joint ventures and associates[1]	(46)	—	1	—	(26)	—	(71)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—	—	—
Other operating expenses	(1,065)	(90)	(44)	(357)	(1)	(551)	(2,108)
Other net foreign exchange gains	—	48	—	—	—	98	146
Other finance costs	(200)	(1)	(5)	—	—	(273)	(479)
Inter-segment expenses	(219)	(10)	(6)	—	—	(3)	(238)
Profit/(loss) before tax	1,394	544	443	21	(22)	(690)	1,690
Tax attributable to policyholders' returns	(249)	—	—	—	—	—	(249)
Profit/(loss) before tax attributable to shareholders' profits	1,145	544	443	21	(22)	(690)	1,441
Adjusting items:							
Reclassification of unallocated interest	(9)	(27)	48	—	—	(12)	—
Investment variances and economic assumption changes	(302)	(67)	(104)	—	85	66	(322)
Amortisation of intangibles acquired in business combinations	40	2	10	—	—	—	52
Amortisation of acquired value of in-force business	59	—	—	—	—	—	59
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—	—	—
Integration and restructuring costs	61	—	—	—	—	—	61
Other	—	—	2	—	—	174	176
Group adjusted operating profit/(loss) before tax attributable to shareholders' profits	994	452	399	21	63	(462)	1,467

1. Total reported income, excluding inter-segment revenue, includes £37,751 million from the United Kingdom (Aviva plc's country of domicile). Income is attributed on the basis of geographical origin which does not differ materially from revenue by geographical destination, as most risks are located in the countries where the contracts are written.

(b) Further analysis by products and services

The Group's results can be further analysed by products and services which comprise long-term business, general insurance and health, fund management and other activities.

Long-term business

Our long-term business comprises life insurance, savings, pensions and annuity business written by our life insurance subsidiaries, including managed pension fund business. Long-term business also includes our share of the other life and related business written in our associates and joint ventures, as well as lifetime mortgage business written in the UK.

General insurance and health

Our general insurance and health business provides insurance cover to individuals and to small and medium-sized businesses, for risks associated mainly with motor vehicles, property and liability, such as employers' liability and professional indemnity liability, and medical expenses.

Fund management

Our fund management business invests policyholders' and shareholders' funds and provides investment management services for institutional pension fund mandates. It manages a range of retail investment products, including investment funds, unit trusts, open-ended investment companies and individual savings accounts. Clients include Aviva Group businesses and third-party financial institutions, pension funds, public sector organisations, investment professionals and private investors.

Other

Other includes service companies, head office expenses such as Group treasury and finance functions, and certain financing costs and taxes not allocated to business segments and elimination entries for certain inter-segment transactions and group consolidation adjustments.

(i) Segmental income statement - product and services for the six month period ended ended 30 June 2024

	Long-term business £m	General insurance and health[1] £m	Fund management £m	Other £m	Total £m
Insurance revenue	3,836	5,985	—	(5)	9,816
Insurance service expense	(3,375)	(5,159)	—	3	(8,531)
Net expense from reinsurance contracts	(42)	(346)	—	(1)	(389)
Insurance service result	419	480	—	(3)	896
Investment return	10,975	323	8	589	11,895
Net finance expense from insurance contracts and participating investment contracts	(99)	(97)	—	(9)	(205)
Net finance (expense)/income from reinsurance contracts	(121)	(10)	—	14	(117)
Movement in non-participating investment contract liabilities	(10,620)	—	—	(1)	(10,621)
Investment expense attributable to unitholders	—	—	—	(587)	(587)
Net financial result	135	216	8	6	365
Fee and commission income	552	43	66	2	663
Inter-segment revenue	—	—	123	—	123
Share of profit after tax of joint ventures and associates	52	1	—	—	53
(Loss)/profit on disposal and remeasurement of subsidiaries, joint ventures and associates	(4)	4	—	195	195
Other operating expenses	(576)	(87)	(188)	(206)	(1,057)
Other net foreign exchange (losses)/gains	—	(4)	—	130	126
Other finance costs	(117)	(3)	—	(143)	(263)
Inter-segment expenses	(111)	(8)	—	(4)	(123)
Profit/(loss) before tax	350	642	9	(23)	978
Tax attributable to policyholders' returns	(194)	—	—	—	(194)
Profit/(loss) before tax attributable to shareholders' profits	156	642	9	(23)	784
Adjusting items	379	(116)	9	(181)	91
Group adjusted operating profit/(loss) before tax attributable to shareholders' profits	535	526	18	(204)	875

1. General insurance and health product segment includes insurance revenue of £350 million relating to health business. The remaining segment relates to property and liability insurance.

(ii) Segmental income statement - product and services for the six month period ended ended 30 June 2023 - restated[1]

	Long-term business £m	General insurance and health[2] £m	Fund management £m	Other £m	Total £m
Insurance revenue	3,697	5,257	—	(9)	8,945
Insurance service expense	(3,165)	(4,525)	—	4	(7,686)
Net (expense)/income from reinsurance contracts	(127)	(266)	—	6	(387)
Insurance service result	405	466	—	1	872
Investment return	4,602	207	5	105	4,919
Net finance expense from insurance contracts and participating investment contracts	(375)	(94)	—	—	(469)
Net finance income/(expense) from reinsurance contracts	165	6	—	(1)	170
Movement in non-participating investment contract liabilities	(4,440)	—	—	—	(4,440)
Investment expense attributable to unitholders	—	—	—	(105)	(105)
Net financial result	(48)	119	5	(1)	75
Fee and commission income	646	34	67	6	753
Inter-segment revenue	—	—	106	—	106
Share of loss after tax of joint ventures and associates	(31)	—	—	(6)	(37)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—
Other operating expenses	(490)	(81)	(173)	(221)	(965)
Other net foreign exchange gains	1	29	—	71	101
Other finance costs	(112)	(3)	—	(138)	(253)
Inter-segment expenses	(97)	(7)	—	(2)	(106)
Profit/(loss) before tax	274	557	5	(290)	546
Tax attributable to policyholders' returns	(25)	—	—	—	(25)
Profit/(loss) before tax attributable to shareholders' profits	249	557	5	(290)	521
Adjusting items	252	(55)	—	47	244
Group adjusted operating profit/(loss) before tax attributable to shareholders' profits	501	502	5	(243)	765

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2). This impacts IWR business unit within long-term business and has a corresponding impact on the subtotals and totals.
2. General insurance and health product segment includes insurance revenue of £302 million relating to health business. The remaining segment relates to property and liability insurance.

(iii) Segmental income statement - product and services for the year ended ended 31 December 2023

	Long-term business £m	General insurance and health[1] £m	Fund management £m	Other £m	Total £m
Insurance revenue	7,589	10,925	—	(17)	18,497
Insurance service expense	(6,554)	(9,664)	—	1	(16,217)
Net (expense)/income from reinsurance contracts	(278)	(487)	—	4	(761)
Insurance service result	757	774	—	(12)	1,519
Investment return	20,680	715	14	971	22,380
Net (expense)/income from insurance contracts and participating investment contracts	(6,667)	(578)	—	17	(7,228)
Net income/(expense) from reinsurance contracts	531	143	—	(33)	641
Movement in non-participating investment contract liabilities	(13,558)	—	—	—	(13,558)
Investment expense attributable to unitholders	—	—	—	(861)	(861)
Net financial result	986	280	14	94	1,374
Fee and commission income	1,105	70	126	8	1,309
Inter-segment revenue	—	—	238	—	238
Share of (loss)/profit after tax of joint ventures and associates	(72)	1	—	—	(71)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	—	—	—	—	—
Other operating expenses	(1,070)	(101)	(357)	(580)	(2,108)
Other net foreign exchange gains	—	42	—	104	146
Other finance costs	(200)	(6)	—	(273)	(479)
Inter-segment expenses	(219)	(16)	—	(3)	(238)
Profit/(loss) before tax	1,287	1,044	21	(662)	1,690
Tax attributable to policyholders' returns	(249)	—	—	—	(249)
Profit/(loss) before tax attributable to shareholders' profits	1,038	1,044	21	(662)	1,441
Adjusting items	(47)	(128)	—	201	26
Group adjusted operating profit/(loss) before tax attributable to shareholders' profits	991	916	21	(461)	1,467

1. General insurance and health product segment includes insurance revenue of £637 million relating to health business. The remaining segment relates to property and liability insurance.

B6 – Expenses

This note analyses the Group's expenses in profit or loss.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Claims and benefits incurred - insurance contracts and participating investment contracts	**2,953**	2,950	5,850
Claims and benefits incurred - general insurance and health business	**3,441**	2,971	6,557
Claim recoveries from reinsurers	**(1,520)**	(1,393)	(3,040)
Losses on onerous insurance contracts and participating investment contracts	**38**	29	122
Fee and commission expense	**1,752**	1,566	3,365
Other expenses	**1,279**	1,114	2,443
Total expenses	**7,943**	7,237	15,297
Represented by expenses included within the income statement:			
Insurance service expense	**8,531**	7,686	16,217
Expense recovery from reinsurance contracts[1]	**(1,519)**	(1,313)	(2,882)
Other operating expenses	**1,057**	965	2,108
Other net foreign exchange gains	**(126)**	(101)	(146)
Total expenses	**7,943**	7,237	15,297

1. Expense recovery from reinsurance contracts is presented in consolidated income statement within net expense from reinsurance contracts, which comprises an allocation of premiums paid to reinsurers of £(1,908) million (HY23: £(1,700) million, 2023: £(3,643) million) and amount recovered from reinsurers of £1,519 million (HY23: £1,313 million, 2023: £2,882 million)

Other operating expenses presented on the consolidated income statement of £1,057 million (HY23: £965 million, 2023: £2,108 million) includes the Group's Aviva Investors segment, amortisation on AVIF and intangibles acquired in business combinations, expenses attributable to non-participating investment contract, expenses attributable to non-insurance products such as wealth management services and Corporate Centre costs.

B7 – Tax

This note analyses the tax charge for the period and explains the factors that affect it.

(a) Tax charged to the income statement

(i) The total tax charge comprises:

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
For the period	**120**	212	321
Adjustments in respect of prior years	**9**	3	(29)
Current tax	**129**	215	292
Origination and reversal of temporary differences	**195**	(99)	306
Write down/(back) of deferred tax assets	**—**	15	(14)
Deferred tax	**195**	(84)	292
Total tax charged to income statement	**324**	131	584

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

(ii) Policyholder tax

The Group, as a proxy for policyholders in the UK and Ireland, is required to record taxes on investment income and gains each year. Accordingly, the tax benefit or expense attributable to UK and Ireland life insurance policyholder returns is included in the tax charge. The tax charge attributable to policyholder returns included in the charge above is £194 million (HY23: £25 million charge, 2023: £249 million charge).

(iii) Global minimum tax

The Group is subject to the reform of the international tax system proposed by The Organisation for Economic Co-operation and Development (OECD). Included in the current tax charge is a charge of £nil in respect of these provisions. No amounts are recorded in the HY23 or Full year 2023 amounts as the tax had not been introduced for these periods.

(iv) The tax charged to the income statement, comprising current and deferred tax, can be analysed as follows:

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
UK tax	**281**	96	517
Overseas tax	**43**	35	67
Total tax charged to income statement	**324**	131	584

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

(b) Tax charged/(credited) to other comprehensive income

(i) The total tax charged/(credited) comprises:

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
In respect of pensions and other post-retirement obligations	**(3)**	(1)	(3)
In respect of foreign exchange movements	**5**	3	2
Current tax	**2**	2	(1)
In respect of pensions and other post-retirement obligations	**7**	(43)	(119)
Deferred tax	**7**	(43)	(119)
Total tax charged/(credited) to comprehensive income	**9**	(41)	(120)

(ii) Policyholder tax

There is no tax charge/(credit) attributable to policyholders' return included above in either 2024 or 2023.

(c) Tax credited to equity

No tax was charged or credited directly to equity in either 2024 or 2023.

(d) Tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

		6 months 2024			Restated[1] 6 months 2023			Full year 2023	
	Shareholder £m	Policyholder £m	Total £m	Shareholder £m	Policyholder £m	Total £m	Shareholder £m	Policyholder £m	Total £m
Total profit before tax	**784**	**194**	**978**	521	25	546	1,441	249	1,690
Tax calculated at standard UK corporation tax rate of 25.00% (2023: 23.50%)	**196**	**49**	**245**	122	6	128	339	58	397
Reconciling items									
Different basis of tax – policyholders	**—**	**146**	**146**	—	20	20	—	192	192
Adjustment to tax charge in respect of prior periods	**5**	**—**	**5**	(7)	—	(7)	(9)	—	(9)
Non-assessable income and items not taxed at the full statutory rate	**(8)**	**—**	**(8)**	(17)	—	(17)	(13)	—	(13)
Non-taxable profit on sale of subsidiaries and associates	**(56)**	**—**	**(56)**	—	—	—	—	—	—
Disallowable expenses	**8**	**—**	**8**	11	—	11	32	—	32
Different local basis of tax on overseas profits	**(3)**	**(1)**	**(4)**	3	(1)	2	8	(1)	7
Movement in valuation of deferred tax	**—**	**—**	**—**	(16)	—	(16)	(30)	—	(30)
Tax effect of profit from joint ventures and associates	**(13)**	**—**	**(13)**	9	—	9	6	—	6
Other	**1**	**—**	**1**	1	—	1	2	—	2
Total tax charged to income statement	**130**	**194**	**324**	106	25	131	335	249	584

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

The tax charge attributable to policyholder returns is removed from the Group's total profit before tax in arriving at the Group's profit before tax attributable to shareholders' profits. As the net of tax profits attributable to with-profits and unit-linked policyholders is zero, the Group's pre-tax profit attributable to policyholders is an amount equal and opposite to the tax charge/(credit) attributable to policyholders included in the total tax charge.

The UK government announced a reduction in the authorised surplus payments charge, applicable to withdrawing amounts from pension schemes in surplus, from 35% to 25% which took effect on 6 April 2024. This has reduced the deferred tax liabilities by £40 million in the balance sheet at 30 June 2024.

In accordance with the amendments to IAS 12, endorsed in the UK on 19 July 2023, the Group has applied the exemption and not provided for deferred tax in respect of the OECD international tax reforms.

B8 – Earnings per share

This note shows how to calculate earnings per share on profit attributable to ordinary shareholders, based both on the present shares in issue (the basic earnings per share) and the potential future shares in issue, including conversion of share options granted to employees (the diluted earnings per share). We have also shown the same calculations based on our Group adjusted operating profit as we believe this gives an important indication of operating performance. Consideration of both these measures gives a full picture of the performance of the business during the period.

(a) Basic earnings per share

(i) Basic earnings per share is calculated as follows:

		6 months 2024			Restated[1] 6 months 2023			Full year 2023		
	Note	Group adjusted operating profit £m	Adjusting items £m	Total £m	Group adjusted operating profit £m	Adjusting items £m	Total £m	Group adjusted operating profit £m	Adjusting items £m	Total £m
Profit/(loss) before tax attributable to shareholders' profits		**875**	**(91)**	**784**	765	(244)	521	1,467	(26)	1,441
Tax attributable to shareholders' profits		**(208)**	**78**	**(130)**	(138)	32	(106)	(289)	(46)	(335)
Profit/(loss) for the period		**667**	**(13)**	**654**	627	(212)	415	1,178	(72)	1,106
Amount attributable to non-controlling interests		**(11)**	**—**	**(11)**	(11)	—	(11)	(21)	—	(21)
Coupon payments in respect of tier 1 notes		**(17)**	**—**	**(17)**	(17)	—	(17)	(34)	—	(34)
Cumulative preference dividends		**(9)**	**—**	**(9)**	(9)	—	(9)	(17)	—	(17)
Profit attributable to ordinary shareholders		**630**	**(13)**	**617**	590	(212)	378	1,106	(72)	1,034
Weighted average number of shares	B8(a)(iii)	**2,706**	**2,706**	**2,706**	2,768	2,768	2,768	2,744	2,744	2,744
Operating earnings per share/Basic earnings per share		**23.3 p**	**(0.5)p**	**22.8 p**	21.3 p	(7.6)p	13.7 p	40.3 p	(2.6)p	37.7 p

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

(ii) Basic earnings per share comprises:

	6 months 2024			Restated[1] 6 months 2023			Full year 2023		
	Before tax £m	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Per share pence	Before tax £m	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Per share pence	Before tax £m	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Per share pence
Group adjusted operating profit attributable to ordinary shareholders	**875**	**630**	**23.3**	765	590	21.3	1,467	1,106	40.3
Adjusting items:									
Investment variances and economic assumption changes	**(206)**	**(155)**	**(5.7)**	(165)	(147)	(5.3)	322	207	7.5
Amortisation and impairment of intangibles acquired in business combinations	**(31)**	**(23)**	**(0.9)**	(31)	(23)	(0.8)	(52)	(40)	(1.5)
Amortisation and impairment of acquired value of in-force business	**(26)**	**(20)**	**(0.7)**	(29)	(22)	(0.8)	(59)	(43)	(1.6)
Loss on disposal and remeasurement of subsidiaries, joint ventures and associates	**195**	**203**	**7.5**	—	—	—	—	—	—
Integration and restructuring costs	**(69)**	**(54)**	**(2.0)**	—	—	—	(61)	(46)	(1.7)
Other	**46**	**36**	**1.3**	(19)	(20)	(0.7)	(176)	(150)	(5.5)
Profit/(loss) attributable to ordinary shareholders	**784**	**617**	**22.8**	521	378	13.7	1,441	1,034	37.7

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

(iii) Weighted average number of shares

The calculation of basic earnings per share uses a weighted average of 2,706 million (HY23: 2,768 million; 2023: 2,744 million) ordinary shares in issue, after deducting treasury shares. See note B16 for further information on the movements in share capital during the period.

(b) Diluted earnings per share

(i) Diluted earnings per share is calculated as follows:

	6 months 2024			Restated[1] 6 months 2023			Full year 2023		
	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Weighted average number of shares £m	Per share pence	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Weighted average number of shares £m	Per share pence	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Weighted average number of shares £m	Per share pence
Profit attributable to ordinary shareholders	**617**	**2,706**	**22.8**	378	2,768	13.7	1,034	2,744	37.7
Dilutive effect of share awards and options		**27**	**(0.2)**		31	(0.2)		33	(0.5)
Diluted earnings per share	**617**	**2,733**	**22.6**	378	2,799	13.5	1,034	2,777	37.2

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

(ii) Diluted earnings per share on Group adjusted operating profit attributable to ordinary shareholders is calculated as follows:

	6 months 2024			Restated[1] 6 months 2023			Full year 2023		
	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Weighted average number of shares £m	Per share pence	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Weighted average number of shares £m	Per share pence	Net of tax, NCI, preference dividends and tier 1 notes coupon payments £m	Weighted average number of shares £m	Per share pence
Profit attributable to ordinary shareholders	**630**	**2,706**	**23.3**	590	2,768	21.3	1,106	2,744	40.3
Dilutive effect of share awards and options		**27**	**(0.2)**		31	(0.2)		33	(0.5)
Diluted earnings per share	**630**	**2,733**	**23.1**	590	2,799	21.1	1,106	2,777	39.8

1. The comparative amounts for the 6 month period ended 30 June 2023 have been restated to remove the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening balances (see note B2)

B9 – Dividends and appropriations

This note analyses the total dividends and other appropriations paid during the period, as set out in the table below. Details are also provided of the interim dividend for 2024, which is not accrued in these financial statements and is therefore excluded from the table.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Final 2023 – 22.3 pence per share, paid on 23 May 2024	**603**	—	—
Interim 2023 – 11.1 pence per share, paid on 5 October 2023	**—**	—	302
Final 2022 – 20.7 pence per share, paid on 18 May 2023	**—**	576	576
Ordinary dividends declared and charged to equity in the year	**603**	576	878
Preference dividends declared and charged to equity in the year	**9**	9	17
Coupon payments on tier 1 notes charged to equity in the year	**17**	17	34
Total dividends and appropriations	**629**	602	929

Subsequent to 30 June 2024, the directors declared an interim dividend for 2024 of 11.9 pence per ordinary share, amounting to £319 million. The dividend will be paid on 17 October 2024 and will be accounted for as an appropriation of retained earnings in the year ending 31 December 2024. See shareholder services in the 'Other information' section for further details.

See note B16 for information on share buyback.

B10 – Insurance and reinsurance contracts

For the purpose of this note, all references to insurance contracts include participating investment contracts.

The Group has presented the information about insurance and reinsurance contracts using the following product groups.

Reportable product group	Products and services	Measurement model
Life risk (see note B10(b)(i))	• Annuities (bulk purchase and individual), term assurance, income protection and critical illness • Includes participating pension saving contracts with guaranteed annuity terms as these contracts are expected to convert to annuity contracts and the predominant characteristics are life risk	General Measurement Model (GMM)
Life participating (see note B10(b)(ii))	• With profits savings contracts, unit linked insurance and unit linked participating contracts	Predominantly measured using the Variable Fee Approach (VFA). There is some participating business which is measured using the GMM.
Non-life (see note B10(b)(iii))	• General insurance contracts • Health insurance contracts	Predominantly measured using the Premium Allocation Approach (PAA). There is a small portion of non-life business which is measured using the GMM.

This note analyses the following in respect of these insurance and reinsurance contracts:
(a) Carrying amount
(b) Movements in the period
(c) Effect of contracts initially recognised in the period
(d) Significant judgements, estimates and assumptions

(a) Carrying amount

Insurance and reinsurance contracts comprised:

	Note	**30 June 2024** **Life risk** **£m**	**Participating** **£m**	**Non-life** **£m**	**Total** **£m**	31 December 2023 Life risk £m	Participating £m	Non-life £m	Total £m
Insurance contracts									
Insurance contract liabilities									
Insurance contract balances	B10(b)	**68,337**	**38,710**	**14,784**	**121,831**	68,134	39,544	14,372	122,050
Assets for insurance acquisition cashflows		**—**	**—**	**(185)**	**(185)**	—	—	(175)	(175)
Total insurance contract liabilities		**68,337**	**38,710**	**14,599**	**121,646**	68,134	39,544	14,197	121,875
Reinsurance contracts									
Reinsurance contract assets	B10(b)	**(6,437)**	**—**	**(1,935)**	**(8,372)**	(5,739)	—	(1,965)	(7,704)

(b) Movements in the period

The following movements have occurred in the carrying amount for insurance contract balances in the period:

Carrying amount	**6 months 2024 £m**	Full year 2023 £m
At 1 January	**122,050**	117,639
Insurance revenue	**(9,816)**	(18,497)
Insurance service expenses	**8,531**	16,217
Insurance finance expense	**205**	7,228
Foreign exchange rate movements and other charges	**(217)**	(300)
Premiums received	**11,121**	20,532
Claims and expenses paid, including investment component	**(9,247)**	(17,628)
Acquisition cash flows	**(1,754)**	(3,141)
Effect of portfolio transfers, acquisitions and disposals	**958**	—
At 30 June/31 December	**121,831**	122,050

Included within the carrying amounts are: the present value of expected future cashflows, representing a best estimate view; risk adjustment for non-financial risk; and CSM representing the unearned profit for future service.

The carrying amount for reinsurance contracts are recognised separately from insurance contract balances. Detailed movements on both are included in sections B10(b)(i) to B10(b)(iii).

The following summarises movements in CSM that have occurred during the period:

	6 months 2024 Life risk £m	Participating £m	Non-life £m	Total £m	Full year 2023 Life risk £m	Participating £m	Non-life £m	Total £m
CSM in respect of insurance contracts								
At 1 January	**7,378**	**1,040**	**—**	**8,418**	5,714	1,218	—	6,932
CSM recognised for services provided	**(368)**	**(68)**	**—**	**(436)**	(729)	(151)	—	(880)
Other movements in CSM	**802**	**37**	**—**	**839**	2,393	(27)	—	2,366
At 30 June/31 December	**7,812**	**1,009**	**—**	**8,821**	7,378	1,040	—	8,418
CSM in respect of reinsurance contracts								
At 1 January	**(1,170)**	**—**	**—**	**(1,170)**	(452)	—	—	(452)
CSM recognised for services received	**33**	**—**	**—**	**33**	80	—	—	80
Other movements in CSM	**(353)**	**—**	**—**	**(353)**	(798)	—	—	(798)
At 30 June/31 December	**(1,490)**	**—**	**—**	**(1,490)**	(1,170)	—	—	(1,170)
Net CSM at 1 January	**6,208**	**1,040**	**—**	**7,248**	5,262	1,218	—	6,480
Net CSM at 30 June/31 December	**6,322**	**1,009**	**—**	**7,331**	6,208	1,040	—	7,248

Other movements in CSM include:

- Recognition of additional CSM in respect of new insurance and reinsurance contracts recognised in the period;
- Remeasurement of existing contracts (covering non-financial assumption changes and experience variances for all contracts, plus financial assumption changes and experience variances for contracts in scope of the VFA); and
- For contracts in scope of the GMM, interest accretion on the CSM balance which is recognised within net finance expense/income from insurance contracts.
- Changes in CSM arising as a result of portfolio transfers, acquisitions and disposals

Each of these items can be seen in more detail in the respective tables in section B10(b)(i) for life risk and B10(b)(ii) for participating.

The CSM recognised for services provided on insurance contracts in the period of £436 million (2023: £880 million) is a key component of insurance revenue.

The net CSM has increased over the period, primarily due to positive market movements in IWR UK Heritage business.

The following summarises movements in the risk adjustment that have occurred during the period:

6 months 2024	Life Risk £m	Life Participating £m	Non-life PAA £m	Non-life GMM £m	Non-life Total £m	Total £m
Risk adjustment in respect of insurance contracts						
At 1 January	**1,363**	**65**	**523**	**—**	**523**	**1,951**
Change in risk adjustment for risk expired	**(45)**	**(3)**	**—**	**—**	**—**	**(48)**
Other movements in risk adjustment	**36**	**1**	**12**	**—**	**12**	**49**
At 30 June	**1,354**	**63**	**535**	**—**	**535**	**1,952**
Risk adjustment in respect of reinsurance contracts						
At 1 January	**(639)**	**—**	**(80)**	**(70)**	**(150)**	**(789)**
Change in risk adjustment for risk expired	**18**	**—**	**—**	**4**	**4**	**22**
Other movements in risk adjustment	**(64)**	**—**	**1**	**(1)**	**—**	**(64)**
At 30 June	**(685)**	**—**	**(79)**	**(67)**	**(146)**	**(831)**
Net risk adjustment at 1 January	**724**	**65**	**443**	**(70)**	**373**	**1,162**
Net risk adjustment at 30 June	**669**	**63**	**456**	**(67)**	**389**	**1,121**

Full year 2023	Life Risk £m	Life Participating £m	Non-life PAA £m	Non-life GMM £m	Non-life Total £m	Total £m
Risk adjustment in respect of insurance contracts						
At 1 January	1,443	62	553	—	553	2,058
Change in risk adjustment for risk expired	(96)	(3)	—	—	—	(99)
Other movements in risk adjustment	16	6	(30)	—	(30)	(8)
At 31 December	1,363	65	523	—	523	1,951
Risk adjustment in respect of reinsurance contracts						
At 1 January	(570)	—	(72)	(90)	(162)	(732)
Change in risk adjustment for risk expired	33	—	—	11	11	44
Other movements in risk adjustment	(102)	—	(8)	9	1	(101)
At 31 December	(639)	—	(80)	(70)	(150)	(789)
Net risk adjustment at 1 January	873	62	481	(90)	391	1,326
Net risk adjustment at 31 December	724	65	443	(70)	373	1,162

The change in risk adjustment for risk expired on life risk and participating insurance contracts is recognised in insurance revenue.

The net risk adjustment has decreased in the period. Other movements in risk adjustment include the risk adjustment established on new business (details of which can be seen in note B10(c)), the impact of movements in discount rates and changes in risk adjustment arising as a result of portfolio transfers, acquisitions and disposals.

Movements in carrying amounts of insurance and reinsurance contracts

The following reconciliations present the movements in the carrying amounts of insurance and reinsurance contracts in each product group.

For life risk and participating contracts the analysis is presented split by measurement component (present value of expected future cash flows, risk adjustment and CSM).

For non-life business all gross contracts are measured under the PAA so have no CSM. The movements in balances are presented split by remaining coverage and incurred claims with the incurred claims further analysed between the cash flow and risk adjustment components. For reinsurance contracts the same presentation is used to show total reinsurance contracts.

(i) Life risk

Insurance contracts

The following table shows life risk insurance contracts analysed by measurement component:

			Contractual service margin (CSM)				
6 months 2024	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contracts under modified retrospective transition approach £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening liabilities	59,393	1,363	1	3,652	3,725	7,378	68,134
At 1 January	59,393	1,363	1	3,652	3,725	7,378	68,134
Changes in comprehensive income							
CSM recognised for services provided	—	—	—	(199)	(169)	(368)	(368)
Change in risk adjustment for risk expired	—	(45)	—	—	—	—	(45)
Experience adjustments	(7)	—	—	—	—	—	(7)
Changes that relate to current services	(7)	(45)	—	(199)	(169)	(368)	(420)
Contracts initially recognised in the period	(281)	68	—	—	215	215	2
Changes in estimates that adjust the CSM	(130)	13	(1)	186	(68)	117	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	20	—	—	—	—	—	20
Changes that relate to future services	(391)	81	(1)	186	147	332	22
Insurance service result	(398)	36	(1)	(13)	(22)	(36)	(398)
Net finance (income)/expenses from insurance contracts	(1,139)	(117)	—	82	54	136	(1,120)
Effect of movements in exchange rates	(46)	(3)	—	(4)	(4)	(8)	(57)
Total changes in comprehensive income	(1,583)	(84)	(1)	65	28	92	(1,575)
Cash flows							
Premiums received	4,513	—	—	—	—	—	4,513
Claims and other insurance service expense paid, including investment components	(3,454)	—	—	—	—	—	(3,454)
Insurance acquisition cashflows	(239)	—	—	—	—	—	(239)
Total cash flows	820	—	—	—	—	—	820
Effect of portfolio transfers, acquisitions and disposals	541	75	—	—	342	342	958
At 30 June	**59,171**	**1,354**	**—**	**3,717**	**4,095**	**7,812**	**68,337**
Closing liabilities	59,171	1,354	—	3,717	4,095	7,812	68,337
At 30 June	**59,171**	**1,354**	**—**	**3,717**	**4,095**	**7,812**	**68,337**

Full year 2023	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin (CSM) Contracts under modified retrospective transition approach £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening liabilities	56,266	1,443	—	3,283	2,431	5,714	63,423
At 1 January	56,266	1,443	—	3,283	2,431	5,714	63,423
Changes in comprehensive income							
CSM recognised for services provided	—	—	—	(376)	(353)	(729)	(729)
Change in risk adjustment for risk expired	—	(96)	—	—	—	—	(96)
Experience adjustments	109	—	—	—	—	—	109
Changes that relate to current services	109	(96)	—	(376)	(353)	(729)	(716)
Contracts initially recognised in the period	(602)	177	—	1	424	425	—
Changes in estimates that adjust the CSM	(1,619)	(149)	1	598	1,169	1,768	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(56)	—	—	—	—	—	(56)
Changes that relate to future services	(2,277)	28	1	599	1,593	2,193	(56)
Insurance service result	(2,168)	(68)	1	223	1,240	1,464	(772)
Net finance (income)/expenses from insurance contracts	3,959	(9)	—	150	57	207	4,157
Effect of movements in exchange rates	(76)	(3)	—	(4)	(3)	(7)	(86)
Total changes in comprehensive income	1,715	(80)	1	369	1,294	1,664	3,299
Cash flows							
Premiums received	8,777	—	—	—	—	—	8,777
Claims and other insurance service expense paid, including investment components	(6,895)	—	—	—	—	—	(6,895)
Insurance acquisition cashflows	(470)	—	—	—	—	—	(470)
Total cash flows	1,412	—	—	—	—	—	1,412
At 31 December	59,393	1,363	1	3,652	3,725	7,378	68,134
Closing liabilities	59,393	1,363	1	3,652	3,725	7,378	68,134
At 31 December	59,393	1,363	1	3,652	3,725	7,378	68,134

Key changes that impact the income statement include the release of CSM for services provided and the release of risk adjustment for expired risks.

Changes that relate to future service include:

- New contracts initially recognised in the period which give rise to a CSM liability representing unearned future profit on service yet to be provided;
- Experience variances on profitable contracts that impact the expected fulfilment cash flows and adjust the CSM liability; and
- Recognition of new onerous contracts and experience variances or assumption changes on onerous contracts impacting the income statement immediately.

The changes in estimates that increase the CSM may include the effect of both experience variances and assumption changes on expected future cash flows. At 30 June 2024 changes in estimates that increase the CSM of £117 million are due to experience variances. The changes in estimates that increase the CSM at 31 December 2023 of £1,768 million primarily reflect a change to spouses of BPA scheme members and changes to longevity assumptions.

The net finance income from insurance contracts of £1,120 million (2023: £4,157 million net finance expenses) recognised in the income statement includes the impact of the change in financial assumptions, the unwind of discounting on the fulfilment cash flows and interest accretion on the CSM. Discount rates have increased at most durations during 2024.

Reinsurance contracts

The following table shows life risk reinsurance contracts analysed by measurement component:

			Contractual service margin (CSM)				
6 months 2024	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contracts under modified retrospective transition approach £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening assets	3,930	639	(76)	451	795	1,170	5,739
At 1 January	3,930	639	(76)	451	795	1,170	5,739
Changes in comprehensive income							
CSM recognised for services provided	—	—	5	(25)	(13)	(33)	(33)
Change in risk adjustment for risk expired	—	(18)	—	—	—	—	(18)
Experience adjustments	10	—	—	—	—	—	10
Changes that relate to current services	10	(18)	5	(25)	(13)	(33)	(41)
Contracts initially recognised in the period	(50)	52	—	—	(2)	(2)	—
Changes in estimates that adjust the CSM	(40)	(2)	(5)	19	28	42	—
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(2)	—	—	—	—	—	(2)
Changes that relate to future services	(92)	50	(5)	19	26	40	(2)
Net income/(expenses) from reinsurance contracts	(82)	32	—	(6)	13	7	(43)
Net finance income/(expenses) from reinsurance contracts	(93)	(47)	(1)	9	11	19	(121)
Effect of movements in exchange rates	(15)	(1)	—	(2)	—	(2)	(18)
Total changes in comprehensive income	(190)	(16)	(1)	1	24	24	(182)
Cash flows							
Premiums paid	1,297	—	—	—	—	—	1,297
Amounts received	(1,381)	—	—	—	—	—	(1,381)
Total cash flows	(84)	—	—	—	—	—	(84)
Effect of portfolio transfers, acquisitions and disposals	606	62	—	—	296	296	964
At 30 June	4,262	685	(77)	452	1,115	1,490	6,437
Closing assets	4,262	685	(77)	452	1,115	1,490	6,437
At 30 June	4,262	685	(77)	452	1,115	1,490	6,437

Full year 2023	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin (CSM) Contracts under modified retrospective transition approach £m	Contracts under fair value transition approach £m	Other contracts £m	CSM Total £m	Total £m
Opening assets	3,904	570	(74)	386	140	452	4,926
At 1 January	3,904	570	(74)	386	140	452	4,926
Changes in comprehensive income							
CSM recognised for services provided	—	—	11	(50)	(41)	(80)	(80)
Change in risk adjustment for risk expired	—	(33)	—	—	—	—	(33)
Experience adjustments	(8)	—	—	—	—	—	(8)
Changes that relate to current services	(8)	(33)	11	(50)	(41)	(80)	(121)
Contracts initially recognised in the period	(143)	155	—	—	(12)	(12)	—
Changes in estimates that adjust the CSM	(714)	(80)	(11)	105	700	794	—
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(158)	—	—	—	—	—	(158)
Changes that relate to future services	(1,015)	75	(11)	105	688	782	(158)
Net income/(expenses) from reinsurance contracts	(1,023)	42	—	55	647	702	(279)
Net finance income/(expenses) from reinsurance contracts	485	28	(2)	12	8	18	531
Effect of movements in exchange rates	(14)	(1)	—	(2)	—	(2)	(17)
Total changes in comprehensive income	(552)	69	(2)	65	655	718	235
Cash flows							
Premiums paid	3,163	—	—	—	—	—	3,163
Amounts received	(2,585)	—	—	—	—	—	(2,585)
Total cash flows	578	—	—	—	—	—	578
At 31 December	3,930	639	(76)	451	795	1,170	5,739
Closing assets	3,930	639	(76)	451	795	1,170	5,739
At 31 December	3,930	639	(76)	451	795	1,170	5,739

The movements in the life risk reinsurance contract assets have the same key drivers as the underlying insurance contracts.

(ii) Participating

Insurance contracts

The following table shows participating insurance contracts analysed by measurement component:

6 months 2024	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin (CSM) Contracts under modified retrospective transition approach £m	Contracts under fair value transition approach £m	CSM Total £m	Total £m
Opening liabilities	38,439	65	388	652	1,040	39,544
At 1 January	38,439	65	388	652	1,040	39,544
Changes in comprehensive income						
CSM recognised for services provided	—	—	(28)	(40)	(68)	(68)
Change in risk adjustment for risk expired	—	(3)	—	—	—	(3)
Experience adjustments	8	—	—	—	—	8
Revenue recognised for incurred policyholder tax expenses	(6)	—	—	—	—	(6)
Changes that relate to current services	2	(3)	(28)	(40)	(68)	(69)
Changes in estimates that adjust the CSM	(37)	—	58	(21)	37	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	7	—	—	—	—	7
Changes that relate to future services	(30)	—	58	(21)	37	7
Insurance service result	(28)	(3)	30	(61)	(31)	(62)
Net finance expenses/(income) from insurance contracts	1,227	1	—	—	—	1,228
Effect of movements in exchange rates	(17)	—	—	—	—	(17)
Total changes in comprehensive income	1,182	(2)	30	(61)	(31)	1,149
Cash flows						
Premiums received	257	—	—	—	—	257
Claims and other insurance service expense paid, including investment components	(2,232)	—	—	—	—	(2,232)
Insurance acquisition cashflows	(8)	—	—	—	—	(8)
Total cash flows	(1,983)	—	—	—	—	(1,983)
At 30 June	37,638	63	418	591	1,009	38,710
Closing liabilities	37,638	63	418	591	1,009	38,710
At 30 June	37,638	63	418	591	1,009	38,710

Full year 2023	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin (CSM) Contracts under modified retrospective transition approach £m	Contracts under fair value transition approach £m	CSM Total £m	Total £m
Opening liabilities	39,690	62	438	780	1,218	40,970
At 1 January	39,690	62	438	780	1,218	40,970
Changes in comprehensive income						
CSM recognised for services provided	—	—	(58)	(93)	(151)	(151)
Change in risk adjustment for risk expired	—	(3)	—	—	—	(3)
Experience adjustments	(61)	—	—	—	—	(61)
Revenue recognised for incurred policyholder tax expenses	(36)	—	—	—	—	(36)
Changes that relate to current services	(97)	(3)	(58)	(93)	(151)	(251)
Changes in estimates that adjust the CSM	31	(3)	8	(36)	(28)	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	4	—	—	—	—	4
Changes that relate to future services	35	(3)	8	(36)	(28)	4
Insurance service result	(62)	(6)	(50)	(129)	(179)	(247)
Net finance expenses/(income) from insurance contracts	2,483	9	—	1	1	2,493
Effect of movements in exchange rates	(37)	—	—	—	—	(37)
Total changes in comprehensive income	2,384	3	(50)	(128)	(178)	2,209
Cash flows						
Premiums received	391	—	—	—	—	391
Claims and other insurance service expense paid, including investment components	(4,010)	—	—	—	—	(4,010)
Insurance acquisition cashflows	(16)	—	—	—	—	(16)
Total cash flows	(3,635)	—	—	—	—	(3,635)
At 31 December	38,439	65	388	652	1,040	39,544
Closing liabilities	38,439	65	388	652	1,040	39,544
At 31 December	38,439	65	388	652	1,040	39,544

Key changes that impact the income statement include the release of CSM for services provided and experience variances for the period. Other changes that relate to current services include revenue recognised for policyholder tax expenses, representing income tax on policyholders' investment return, charged to the policyholder funds.

Net finance (income)/expenses mainly represents investment returns on the net assets held in policyholder funds.

(iii) Non-life

Insurance contracts
The following table shows non-life insurance contracts analysed by remaining coverage and incurred claims:

	Liabilities for remaining coverage		Liabilities for incurred claims – Contracts under PAA		
6 months 2024	Excluding loss component £m	Loss component £m	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Total £m
Opening liabilities	2,727	31	11,091	523	14,372
At 1 January	2,727	31	11,091	523	14,372
Changes in comprehensive income					
Insurance revenue	(5,985)	—	—	—	(5,985)
Incurred claims and other insurance service expenses	—	(12)	3,746	99	3,833
Amortisation of insurance acquisition cash flows	1,394	—	—	—	1,394
Losses and reversals of losses on onerous contracts	—	8	—	—	8
Adjustments to liabilities for incurred claims	—	—	11	(85)	(74)
Insurance service expenses	1,394	(4)	3,757	14	5,161
Insurance service result	(4,591)	(4)	3,757	14	(824)
Net finance expenses/(income) from insurance contracts	—	—	94	3	97
Effect of movements in exchange rates	(27)	(1)	(111)	(5)	(144)
Total changes in comprehensive income	(4,618)	(5)	3,740	12	(871)
Cash flows					
Premiums received	6,351	—	—	—	6,351
Claims and other insurance service expenses paid, including investment component	—	—	(3,561)	—	(3,561)
Insurance acquisition cash flows	(1,507)	—	—	—	(1,507)
Total cash flows	4,844	—	(3,561)	—	1,283
At 30 June	2,953	26	11,270	535	14,784
Closing liabilities	2,953	26	11,270	535	14,784
At 30 June	2,953	26	11,270	535	14,784

The £85 million (2023: £203 million) adjustment to the risk adjustment in the liability for incurred claims comprises the release of the risk adjustment as claims are paid (and for 2023 also includes assumption changes in calculating the risk adjustment).

Full year 2023	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA		
	Excluding loss component £m	Loss component £m	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Total £m
Opening liabilities	2,439	44	10,210	553	13,246
At 1 January	2,439	44	10,210	553	13,246
Changes in comprehensive income					
Insurance revenue	(10,925)	—	—	—	(10,925)
Incurred claims and other insurance service expenses	—	(29)	7,037	160	7,168
Amortisation of insurance acquisition cash flows	2,535	—	—	—	2,535
Losses and reversals of losses on onerous contracts	—	16	—	—	16
Adjustments to liabilities for incurred claims	—	—	148	(203)	(55)
Insurance service expenses	2,535	(13)	7,185	(43)	9,664
Insurance service result	(8,390)	(13)	7,185	(43)	(1,261)
Net finance expenses/(income) from insurance contracts	—	—	558	20	578
Effect of movements in exchange rates	(31)	—	(139)	(7)	(177)
Total changes in comprehensive income	(8,421)	(13)	7,604	(30)	(860)
Cash flows					
Premiums received	11,364	—	—	—	11,364
Claims and other insurance service expenses paid, including investment component	—	—	(6,723)	—	(6,723)
Insurance acquisition cash flows	(2,655)	—	—	—	(2,655)
Total cash flows	8,709	—	(6,723)	—	1,986
At 31 December	2,727	31	11,091	523	14,372
Closing liabilities	2,727	31	11,091	523	14,372
At 31 December	2,727	31	11,091	523	14,372

There are no non-life gross insurance contracts measured under the GMM.

Reinsurance contracts
The following table shows non-life reinsurance contracts analysed by remaining coverage and incurred claims (contracts measured under the PAA or GMM):

6 months 2024		Assets for incurred claims	Contracts under PAA		
	Assets for remaining coverage £m	Contracts not under PAA £m	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Total £m
Opening assets	844	—	1,041	80	1,965
At 1 January	844	—	1,041	80	1,965
Changes in comprehensive income					
Allocation of reinsurance premiums paid	(487)	—	—	—	(487)
Recoveries of incurred claims and other insurance service expenses	14	26	136	10	186
Adjustments to assets for incurred claims	—	—	(32)	(12)	(44)
Amounts recoverable from reinsurers	14	26	104	(2)	142
Net income/(expenses) from reinsurance contracts	(473)	26	104	(2)	(345)
Net finance income/(expenses) from reinsurance contracts	(8)	—	12	1	5
Effect of movements in exchange rates	—	—	(4)	—	(4)
Total changes in comprehensive income	(481)	26	112	(1)	(344)
Cash flows					
Premiums paid	462	—	—	—	462
Amounts received	—	(26)	(122)	—	(148)
Total cash flows	462	(26)	(122)	—	314
At 30 June	825	—	1,031	79	1,935
Closing assets	825	—	1,031	79	1,935
At 30 June	825	—	1,031	79	1,935

Full year 2023	Assets for remaining coverage £m	Assets for incurred claims: Contracts not under PAA £m	Assets for incurred claims: Contracts under PAA: Estimates of present value of future cash flows £m	Assets for incurred claims: Contracts under PAA: Risk adjustment for non-financial risk £m	Total £m
Opening assets	855	—	907	72	1,834
At 1 January	855	—	907	72	1,834
Changes in comprehensive income					
Allocation of reinsurance premiums paid	(949)	—	—	—	(949)
Recoveries of incurred claims and other insurance service expenses	34	46	261	16	357
Adjustments to assets for incurred claims	—	—	123	(12)	111
Amounts recoverable from reinsurers	34	46	384	4	468
Effect of changes in non-performance risk of reinsurers	1	—	(2)	—	(1)
Net income/(expenses) from reinsurance contracts	(914)	46	382	4	(482)
Net finance income/(expenses) from reinsurance contracts	73	—	33	4	110
Effect of movements in exchange rates	7	—	(5)	—	2
Total changes in comprehensive income	(834)	46	410	8	(370)
Cash flows					
Premiums paid	823	—	—	—	823
Amounts received	—	(46)	(276)	—	(322)
Total cash flows	823	(46)	(276)	—	501
At 31 December	844	—	1,041	80	1,965
Closing assets	844	—	1,041	80	1,965
At 31 December	844	—	1,041	80	1,965

(c) Effect of contracts initially recognised in the period

	6 months 2024 Life risk £m	Participating £m	Total £m	Full year 2023 Life risk £m	Participating £m	Total £m
Expected premiums from new insurance contracts	**3,780**	**—**	**3,780**	8,439	—	8,439

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the period.

(i) Life risk

Insurance contracts

	6 months 2024 Profitable contracts issued £m	Onerous contracts issued £m	Total £m	Full year 2023 Profitable contracts issued £m	Onerous contracts issued £m	Total £m
Claims and other insurance service expenses payable	**3,019**	**221**	**3,240**	7,073	257	7,330
Insurance acquisition cash flows	**255**	**4**	**259**	503	4	507
Estimates of present value of cash outflows	**3,274**	**225**	**3,499**	7,576	261	7,837
Estimates of present value of cash inflows	**(3,552)**	**(228)**	**(3,780)**	(8,171)	(268)	(8,439)
Risk adjustment	**63**	**5**	**68**	170	7	177
CSM	**215**	**—**	**215**	425	—	425
Losses recognised on initial recognition	**—**	**2**	**2**	—	—	—

Reinsurance contracts

	6 months 2024 Contracts initiated without a loss recovery component £m	Contracts initiated with a loss recovery component £m	Total £m	Full year 2023 Contracts initiated without a loss recovery component £m	Contracts initiated with a loss recovery component £m	Total £m
Estimates of present value of cash outflows	**2,069**	**316**	**2,385**	5,132	505	5,637
Estimates of present value of cash inflows	**(2,033)**	**(302)**	**(2,335)**	(4,996)	(499)	(5,495)
Risk adjustment	**(46)**	**(6)**	**(52)**	(140)	(14)	(154)
CSM	**10**	**(8)**	**2**	4	8	12
Income recognised on initial recognition	**—**	**—**	**—**	—	—	—

(ii) Participating

There were no Participating business contracts initially recognised in either the current period or prior year.

(iii) Non-life

There were no non-life insurance contracts initially recognised in the current period or prior year measured under the general measurement model.

(d) Significant judgements, estimates and assumptions

The significant judgments, non-financial assumptions, methods and estimation techniques used to measure insurance, participating investment and reinsurance contracts are unchanged from those disclosed in Note 40 of the Group's 2023 Annual Report. Financial assumptions including discount rates and future inflation have been updated to reflect market conditions at the financial reporting date but the methodology used to determine them is unchanged.

Discount rates

The tables below sets out the yield curves used to discount the cash flows of insurance contracts for major currencies:

						30 June 2024						31 December 2023
	1 year	5 years	10 years	15 years	20 years	40 years	1 year	5 years	10 years	15 years	20 years	40 years
Life contracts												
Immediate and deferred annuities												
GBP	**6.6 %**	**5.6 %**	**5.6 %**	**5.6 %**	**5.7 %**	**5.4 %**	6.5 %	5.1 %	5.0 %	5.2 %	5.2 %	4.9 %
EUR	**4.3 %**	**3.6 %**	**3.6 %**	**3.6 %**	**3.5 %**	**3.7 %**	4.3 %	3.2 %	3.3 %	3.4 %	3.3 %	3.6 %
Life protection contracts												
GBP	**5.1 %**	**4.2 %**	**4.1 %**	**4.2 %**	**4.2 %**	**4.0 %**	5.1 %	3.7 %	3.6 %	3.7 %	3.8 %	3.5 %
EUR	**3.6 %**	**2.9 %**	**2.9 %**	**2.9 %**	**2.8 %**	**2.9 %**	3.6 %	2.5 %	2.6 %	2.7 %	2.6 %	2.8 %
With-profits contracts												
GBP	**5.2 %**	**4.3 %**	**4.2 %**	**4.3 %**	**4.3 %**	**4.1 %**	5.2 %	3.7 %	3.8 %	3.9 %	3.9 %	3.6 %
EUR	**3.6 %**	**2.9 %**	**2.9 %**	**2.9 %**	**2.8 %**	**2.9 %**	3.6 %	2.5 %	2.6 %	2.7 %	2.6 %	2.8 %
Unit-linked contracts												
GBP	**4.9 %**	**4.0 %**	**3.9 %**	**4.0 %**	**4.0 %**	**3.8 %**	4.7 %	3.4 %	3.3 %	3.4 %	3.4 %	3.2 %
EUR	**3.6 %**	**2.9 %**	**2.9 %**	**2.9 %**	**2.8 %**	**2.9 %**	3.6 %	2.5 %	2.6 %	2.7 %	2.6 %	2.8 %
Non-life contracts												
Structured settlements												
GBP	**5.4 %**	**4.4 %**	**4.3 %**	**4.4 %**	**4.5 %**	**4.2 %**	5.4 %	4.0 %	3.9 %	4.0 %	4.1 %	3.8 %
Latent claims												
GBP	**5.2 %**	**4.3 %**	**4.2 %**	**4.3 %**	**4.3 %**	**4.1 %**	5.2 %	3.8 %	3.8 %	3.9 %	3.9 %	3.6 %
EUR	**3.9 %**	**3.2 %**	**3.2 %**	**3.2 %**	**3.1 %**	**3.3 %**	3.9 %	2.8 %	2.9 %	3.0 %	2.9 %	3.2 %
Other general insurance claims												
GBP	**5.1 %**	**4.2 %**	**4.1 %**	**4.2 %**	**4.2 %**	**4.0 %**	5.1 %	3.7 %	3.6 %	3.7 %	3.8 %	3.5 %
EUR	**3.7 %**	**3.1 %**	**3.0 %**	**3.1 %**	**3.0 %**	**3.1 %**	3.7 %	2.7 %	2.7 %	2.8 %	2.7 %	3.1 %
CAD	**5.1 %**	**4.2 %**	**4.2 %**	**4.2 %**	**4.2 %**	**4.1 %**	5.4 %	3.9 %	3.9 %	3.9 %	3.9 %	3.8 %

Risk adjustments for non-financial risk

The table below sets out the Risk Adjustment's confidence level, net of reinsurance, for the Group's Life and non-Life business. The confidence level is estimated by comparing the combined value of best estimate cash flows and Risk Adjustment with a distribution of possible outcomes on an ultimate horizon.

	30 June 2024 Percentile	31 December 2023 Percentile
Life and participating business	**68th**	68th
Non-Life business	**78th**	77th

For Life risk and Participating contracts, this is the confidence level that the liabilities recognised and associated reinsurance balances, excluding CSM, are sufficient to cover the ultimate cost of in-force insurance liabilities applying period end assumptions. For non-Life contracts, this represents the confidence level that net claims liabilities recognised are sufficient to cover the ultimate cost of claims.

The percentiles disclosed benefit from the diverse profile of entities within the Group, but not from diversification between the Group's Life and non-Life segments and are uncertain estimates made at the end of the reporting period, which could reasonably change within 12 months. Factors which could cause them to change include variations in the Group's risk profile or quantification thereof, for example as might arise from economic factors such as changes in risk-free discount rates or changes in the composition of insurance liabilities.

B11 – Non-participating investment contracts

This note analyses our gross liabilities for non-participating investment contracts by type of product and describes the calculation of these liabilities.

(a) Carrying amount

Non-participating investment contracts comprised:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Liabilities for non-participating investment contracts	**171,051**	147,371	158,588
Reinsurance assets for non-participating investment contracts	**(5,157)**	(4,614)	(4,713)
Net non-participating investment contracts	**165,894**	142,757	153,875

(b) Group practice

Of the non-participating investment contracts measured at fair value, £170,973 million at 30 June 2024 (30 June 2023: £147,340 million, 31 December 2023: £158,498 million) are unit-linked in structure and the fair value liability is equal to the current unit fund value, including any unfunded units, plus if required, additional non-unit reserves based on a discounted cash flow analysis.

These contracts are generally classified as Level 1 in the fair value hierarchy, as the unit reserve is calculated as the publicly quoted unit price multiplied by the number of units in issue, and any non-unit reserve is insignificant.

(c) Movements in the period

The following movements have occurred in the gross provisions for non-participating investment contracts in the period:

Carrying amount	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
At 1 January	**158,588**	141,188	141,188
Liabilities in respect of new business	**2,430**	1,702	4,243
Expected change in existing business	**(2,402)**	(1,755)	(3,263)
Variance between actual and expected experience	**12,644**	6,445	16,589
Other movements recognised as an expense	**—**	—	40
Change in liability	**12,672**	6,392	17,609
Effect of portfolio transfers, acquisitions and disposals	**—**	—	—
Foreign exchange rate movements	**(209)**	(209)	(164)
Other movements[1]	**—**	—	(45)
At 30 June / 31 December	**171,051**	147,371	158,588

1. Other movements at 31 December 2023 relates to a reallocation between non-participating investment liabilities and non-participating reinsurance assets of £45 million

For unit-linked investment contracts, movements in asset values are offset by corresponding changes in liabilities, limiting the net impact on profit. The variance between actual and expected experience in 2024 of £12,644 million is primarily due to higher than expected investment returns following material increases in global equity markets.

The following movements have occurred in the reinsurance asset for non-participating investment contracts in the period:

Carrying amount	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
At 1 January	**4,713**	5,290	5,290
Assets in respect of new business	**40**	55	88
Expected change in existing business assets	**(57)**	(129)	(261)
Variance between actual and expected experience	**461**	213	456
Other movements recognised as an expense[1]	**—**	(815)	(815)
Change in asset	**444**	(676)	(532)
Other movements[2]	**—**	—	(45)
At 30 June / 31 December	**5,157**	4,614	4,713

1. £815 million of policyholder assets transferred from reinsured funds to non-reinsured funds during 2023
2. Other movements at 31 December 2023 relates to a reallocation between non-participating investment liabilities and non-participating reinsurance assets of £45 million

B12 – Borrowings

Our borrowings are classified as either core structural borrowings, which are included within the Group's capital employed, or operational borrowings drawn by operating subsidiaries. This note shows the carrying values of each type.

(a) Analysis of total borrowings

Total borrowings comprise:

	Note	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Core structural borrowings at amortised cost	B12(b)	**5,129**	5,285	5,174
Operational borrowings at amortised cost		**291**	186	259
Operational borrowings designated at fair value		**923**	1,090	941
Operational borrowings		**1,214**	1,276	1,200
Total borrowings		**6,343**	6,561	6,374

(b) Core structural borrowings

The carrying amounts of these borrowings are:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
6.125% £700 million subordinated notes 2036	**698**	697	697
6.875% £600 million subordinated notes 2058	**595**	595	595
6.125% €650 million subordinated notes 2043	**—**	260	—
3.875% €700 million subordinated notes 2044	**593**	603	607
5.125% £400 million subordinated notes 2050	**397**	397	397
3.375% €900 million subordinated notes 2045	**761**	773	778
4.375% £400 million subordinated notes 2049	**397**	396	396
4.000% £500 million subordinated notes 2055	**494**	494	494
4.000% $CAD450 million subordinated notes 2030	**259**	267	265
6.875% £500 million subordinated notes 2053	**493**	—	493
Subordinated debt	**4,687**	4,482	4,722
0.625% €500 million senior notes 2023	**—**	272	—
1.875% €750 million senior notes 2027	**392**	398	401
Senior notes	**392**	670	401
Commercial paper	**50**	133	51
Total core structural borrowings	**5,129**	5,285	5,174

All borrowings are stated at amortised cost, with the exception of commercial paper.

(c) Operational borrowings

The carrying amounts of these borrowings are:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Amounts owed to financial institutions			
Loans	**291**	186	259
Securitised mortgage loan notes			
UK lifetime mortgage business[1]	**923**	1,090	941
Total operational borrowings	**1,214**	1,276	1,200

1. The fair value of these loan notes is calculated using similar techniques to the related securitised mortgage assets discussed in note B14(g)

(d) Subsequent events

On 3 July 2024 the Group redeemed its 3.875% €700 million Dated Tier 2 Reset Notes in full at their optional first call date.

B13 – Pension deficits and other provisions

(a) Carrying amounts

(i) Provisions in the condensed consolidated statement of financial position

In the condensed consolidated statement of financial position, provisions include pension scheme deficits and comprise:

	30 June 2024 £m	30 June 2023 £m	Full year 2023 £m
Total IAS 19 obligations to main staff pension schemes	**349**	355	410
Restructuring provisions	**45**	64	44
Other provisions	**352**	220	341
Total pension deficits and other provisions	**746**	639	795

Other provisions shown above primarily include product governance provisions, which are measured based upon the amounts we expect to pay to policyholders and other costs arising directly from remediation.

(ii) Pension obligations

The Group operates a number of defined benefit and defined contribution pension schemes. The material defined benefit schemes are in the UK, Ireland and Canada. The assets and liabilities of these schemes are shown below.

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Total fair value of scheme assets	**10,828**	11,241	11,546
Present value of defined benefit obligation	**(10,196)**	(10,546)	(11,139)
Net IAS 19 surpluses in the schemes	**632**	695	407
Surpluses included in other assets	**981**	1,050	817
Deficits included in provisions	**(349)**	(355)	(410)
Net IAS 19 surpluses in the schemes	**632**	695	407

(b) Movements in the schemes' surpluses and deficits

Movements in the pension schemes' surpluses and deficits comprise:

IAS 19 Pensions net surplus	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Net IAS 19 surplus in the schemes at 1 January	**407**	832	832
Administrative expenses	**(13)**	(10)	(22)
Total pension cost charged to net operating expenses	**(13)**	(10)	(22)
Net interest credited to investment income	**10**	20	39
Total recognised in income statement	**(3)**	10	17
Actual return on these assets	**(443)**	(247)	316
Less: Interest income on scheme assets	**(253)**	(275)	(544)
Return on scheme assets excluding amounts in interest income	**(696)**	(522)	(228)
Gains/(losses) from change in financial assumptions	**849**	414	(333)
Gains from change in demographic assumptions	**48**	57	104
Experience losses	**(5)**	(122)	(38)
Total remeasurements recognised in other comprehensive income	**196**	(173)	(495)
Employer contributions	**28**	23	53
Foreign exchange rate movements	**4**	3	—
Net IAS 19 surplus in the schemes at 30 June/31 December	**632**	695	407

The increase in the surplus in the period ended 30 June 2024 is primarily due to economic movements, including asset movements partially offset by the impact of an increase in interest rates.

Under the IAS 19 valuation basis, the Group applies the principles of IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, whereby a surplus is only recognised to the extent that the Group is able to access the surplus either through an unconditional right to refund of the surplus or through reduced future contributions relating to ongoing service, which have been substantively enacted or contractually agreed. The Group has determined that it can derive economic benefit from the surplus in the ASPS via a reduction to future employer contributions for defined contribution members, which could theoretically be paid from the surplus funds in ASPS. In the RAC 2003 Pension Scheme (RAC) and Friends Provident Pension Scheme (FPPS) and in the Aviva Ireland Staff Pensions Fund (AISPF) in Ireland, the Group has determined that the rules set out in the schemes' governing documentation provide for an unconditional right to a refund from any future surplus funds in the schemes.

B14 – Fair value methodology

This note explains the methodology for valuing our assets and liabilities measured at fair value and for fair value disclosures. It also provides an analysis of these according to a fair value hierarchy, determined by the market observability of valuation inputs.

(a) Basis for determining fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date. Quoted prices in active markets implicitly include a market view of risks attached to financial instruments including, where relevant, credit, market, interest rate, inflation, currency and climate-related risk.

Level 2

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include the following:
- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads); and
- Market corroborated inputs.

Where we use broker quotes and no information as to the observability of inputs is provided by the broker, the investments are classified as follows:
- Where the broker price is validated by using internal models with market observable inputs and the values are similar, we classify the investment as Level 2; and
- In circumstances where internal models are not used to validate broker prices, or the observability of inputs used by brokers is unavailable, the investment is classified as Level 3.

Level 3

Inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Unobservable inputs reflect the assumptions the business unit considers that market participants would use in pricing the asset or liability. Examples are investment properties and commercial and equity release mortgage loans. Climate risks are factored into the inputs to Level 3 fair values as described in note B14(g).

The majority of the Group’s assets and liabilities measured at fair value are based on quoted market information or observable market data. Of the total assets and liabilities measured at fair value 13.2% (HY23: 13.8%, 2023: 14.3%) of assets and 0.6% (HY23: 0.8%, 2023: 0.7%) of liabilities are based on estimates and recorded as Level 3. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. Third-party valuations using significant unobservable inputs validated against Level 2 internally modelled valuations are classified as Level 3, where there is a significant difference between the third-party price and the internally modelled value. Where the difference is insignificant, the instrument would be classified as Level 2.

(b) Changes to valuation techniques

There were no changes in the valuation techniques during the period compared to those described in the Group's 2023 Annual Report and Accounts.

(c) Carrying amount and fair values of financial instruments

The carrying amounts of financial assets and financial liabilities are set out in the following table:

	30 June 2024				30 June 2023				31 December 2023			
	Mandatorily held at FVTPL £m	Designated at FVTPL on initial recognition £m	Amortised cost £m	Total carrying amount £m	Mandatorily held at FVTPL £m	Designated at FVTPL on initial recognition £m	Amortised cost £m	Total carrying amount £m	Mandatorily held at FVTPL £m	Designated at FVTPL on initial recognition £m	Amortised cost £m	Total carrying amount £m
Financial assets												
Loans	26,656	—	4,662	31,318	25,323	—	4,829	30,152	27,220	—	4,465	31,685
Cash and cash equivalents	—	1,185	15,763	16,948	—	1,083	18,753	19,836	—	959	16,314	17,273
Fixed maturity securities	114,314	—	—	114,314	105,881	—	—	105,881	113,889	—	—	113,889
Equity securities	95,052	—	—	95,052	89,093	—	—	89,093	92,572	—	—	92,572
Other investments (including derivatives)	54,720	—	—	54,720	36,495	—	—	36,495	39,370	—	—	39,370
Financial investments	264,086	—	—	264,086	231,469	—	—	231,469	245,831	—	—	245,831
Reinsurance assets for non-participating investment contracts	5,157	—	—	5,157	4,614	—	—	4,614	4,713	—	—	4,713
Financial assets classified as held for sale	—	—	—	—	—	—	—	—	—	—	199	199
Financial liabilities												
Non-participating investment contracts	—	171,051	—	171,051	—	147,371	—	147,371	—	158,588	—	158,588
Net asset value attributable to unitholders	—	17,537	—	17,537	—	14,759	—	14,759	—	14,184	—	14,184
Borrowings	—	923	5,420	6,343	—	1,090	5,471	6,561	—	941	5,433	6,374
Derivative liabilities[1]	11,989	—	—	11,989	9,224	—	—	9,224	7,426	—	—	7,426

1. Derivative financial liabilities meet the definition of held for trading

Fair values for borrowings held at amortised cost are presented in note B12(a). Fair values of the following financial assets and financial liabilities approximate to their carrying amounts:

- Receivables;
- Cash and cash equivalents;
- Loans at amortised cost; and
- Payables and other financial liabilities.

Derivative liabilities are included within payables and other financial liabilities in the statement of financial position.

(d) Fair value hierarchy analysis

An analysis of assets and liabilities measured at amortised cost and fair value categorised by fair value hierarchy is given below.

30 June 2024	Note	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Fair value total £m	Amortised cost £m	Total carrying amount £m
Recurring fair value measurements							
Investment property		—	—	6,241	6,241	—	6,241
Loans		—	—	26,656	26,656	4,662	31,318
Cash and cash equivalents		1,185	—	—	1,185	15,763	16,948
Fixed maturity securities		42,428	65,820	6,066	114,314	—	114,314
Equity securities		94,731	—	321	95,052	—	95,052
Other investments (including derivatives)		45,565	8,367	788	54,720	—	54,720
Financial investments measured at fair value		182,724	74,187	7,175	264,086	—	264,086
Reinsurance assets for non-participating investment contracts	B11(a)	5,157	—	—	5,157	—	5,157
Financial assets classified as held for sale		—	—	—	—	—	—
Total financial assets		189,066	74,187	40,072	303,325	20,425	323,750
Non-participating investment contracts	B11(a)	171,051	—	—	171,051	—	171,051
Net asset value attributable to unitholders		17,490	—	47	17,537	—	17,537
Borrowings	B12(a)	—	—	923	923	5,420	6,343
Derivative liabilities		15	11,711	263	11,989	—	11,989
Total financial liabilities		188,556	11,711	1,233	201,500	5,420	206,920
Non-recurring fair value measurements							
Properties occupied by group companies		—	—	10	10	—	10
Total		—	—	10	10	—	10

30 June 2023	Note	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Fair value total £m	Amortised cost £m	Total carrying amount £m
Recurring fair value measurements							
Investment property		—	—	6,005	6,005	—	6,005
Loans		—	—	25,323	25,323	4,829	30,152
Cash and cash equivalents		1,083	—	—	1,083	18,753	19,836
Fixed maturity securities		24,662	76,496	4,723	105,881	—	105,881
Equity securities		88,765	—	328	89,093	—	89,093
Other investments (including derivatives)		30,985	4,710	800	36,495	—	36,495
Financial investments measured at fair value		144,412	81,206	5,851	231,469	—	231,469
Reinsurance assets for non-participating investment contracts	B11(a)	4,614	—	—	4,614	—	4,614
Financial assets classified as held for sale						—	—
Total financial assets		150,109	81,206	37,179	268,494	23,582	292,076
Non-participating investment contracts	B11(a)	147,371	—	—	147,371	—	147,371
Net asset value attributable to unitholders		14,765	—	(6)	14,759	—	14,759
Borrowings	B12(a)	—	—	1,090	1,090	5,471	6,561
Derivative liabilities		69	8,835	320	9,224	—	9,224
Total financial liabilities		162,205	8,835	1,404	172,444	5,471	177,915
Non-recurring fair value measurements							
Properties occupied by group companies		—	—	7	7	—	7
Total		—	—	7	7	—	7

31 December 2023	Note	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Fair value total £m	Amortised cost £m	Total carrying amount £m
Recurring fair value measurements							
Investment property		—	—	6,232	6,232	—	6,232
Loans		—	—	27,220	27,220	4,465	31,685
Cash and cash equivalents		959	—	—	959	16,314	17,273
Fixed maturity securities		42,989	64,876	6,024	113,889	—	113,889
Equity securities		92,259	—	313	92,572	—	92,572
Other investments (including derivatives)		34,354	4,158	858	39,370	—	39,370
Financial investments measured at fair value		169,602	69,034	7,195	245,831	—	245,831
Reinsurance assets for non-participating investment contracts	B11(a)	4,713	—	—	4,713	—	4,713
Financial assets classified as held for sale		—	—	—	—	199	199
Total financial assets		175,274	69,034	40,647	284,955	20,978	305,933
Non-participating investment contracts	B11(a)	158,588	—	—	158,588	—	158,588
Net asset value attributable to unitholders		14,184	—	—	14,184	—	14,184
Borrowings	B12(a)	—	—	941	941	5,433	6,374
Derivative liabilities		50	7,072	304	7,426	—	7,426
Total financial liabilities		172,822	7,072	1,245	181,139	5,433	186,572
Non-recurring fair value measurements							
Properties occupied by group companies		—	—	8	8	—	8
Total		—	—	8	8	—	8

IFRS 13 Fair Value Measurement permits assets and liabilities to be measured at fair value on either a recurring or non-recurring basis. Recurring fair value measurements are those that other IFRSs require or permit in the statement of financial position at the end of each reporting period, whereas non-recurring fair value measurements of assets or liabilities are those that other IFRSs require or permit in the statement of financial position in particular circumstances. The value of freehold owner-occupied properties measured on a non-recurring fair value basis at 30 June 2024 was £10 million (HY23: £7 million, 2023: £8 million), stated at their revalued amounts in line with the requirements of IAS 16 Property, Plant and Equipment.

(e) Valuation approach for fair value assets and liabilities classified as Level 2

Please see section (a) for a description of typical Level 2 inputs.

Fixed maturity securities, in line with market practice, are generally valued using an independent pricing service. These valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls, such as monthly price variances, stale price reviews and variance analysis.

Pricing services, where available, are used to obtain the third-party broker quotes. Where pricing services providers are used, a single valuation is obtained and applied. When prices are not available from pricing services, quotes are sourced from brokers.

Over-the-counter derivatives are valued using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Unit trusts and other investment funds (included under the other investments category) are valued using net asset values which are not subject to a significant adjustment for restrictions on redemption or for limited trading activity.

(f) Transfers between levels of the fair value hierarchy

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Transfers between Level 1 and Level 2

There were no significant transfers between Level 1 and Level 2 (HY23: no significant transfers, 2023: no significant transfers).

Transfers to/from Level 3

£12 million (HY23: £230 million, 2023: £152 million) of assets transferred into Level 3 and £12 million (HY23: £2,385 million, 2023: £2,398 million) of assets transferred out of Level 3 relate principally to fixed maturity securities held by our business in the UK. These are transferred between Levels 2 and 3 depending on the availability of observable inputs and whether the counterparty and broker quotes are corroborated using valuation models with observable inputs.

There were no transfers into Level 3 liabilities in the period ended 30 June 2024 or period ended 30 June 2023. Transfers into Level 3 liabilities of £16 million during the year ended 31 December 2023 relate to derivatives held by our business in the UK, using an internally-derived valuation model from the previous counterparty supplied valuations to ensure consistency of approach with the associated assets and liabilities held at fair value.

There were no transfers out of Level 3 liabilities in the period ended 30 June 2024 related to derivatives held by our business in the UK (HY23: £48 million, 2023: £54 million).

(g) Further information on Level 3 assets and liabilities

The table below shows movement in the Level 3 assets measured at fair value.

	30 June 2024					30 June 2023				
	Investment Property £m	Loans £m	Fixed maturity securities £m	Equity securities £m	Other investments (including derivatives) £m	Investment Property £m	Loans £m	Fixed maturity securities £m	Equity securities £m	Other investments (including derivatives) £m
At 1 January	6,232	27,221	6,024	313	858	5,899	25,919	7,188	331	1,307
Total net (losses)/gains recognised in the income statement[1]	(89)	(637)	(209)	9	(54)	(56)	(1,156)	(99)	(35)	130
Purchases	286	1,437	520	7	73	202	2,536	612	16	888
Issuances	—	88	—	—	—	—	48	—	—	—
Disposals	(179)	(1,449)	(264)	(7)	(85)	(30)	(2,106)	(671)	(3)	(1,558)
Settlements	—	—	—	—	—	—	—	—	—	—
Transfers into Level 3	—	—	11	—	1	—	86	83	22	39
Transfers out of Level 3	—	—	(10)	—	(2)	—	—	(2,385)	—	—
Foreign exchange rate movements	(9)	(4)	(6)	(1)	(3)	(10)	(4)	(5)	(3)	(6)
At 30 June	**6,241**	**26,656**	**6,066**	**321**	**788**	6,005	25,323	4,723	328	800

1. Total net (losses)/gains recognised in the income statement includes realised gains/(losses) on disposals

	31 December 2023				
	Investment Property £m	Loans £m	Fixed maturity securities £m	Equity securities £m	Other investments (including derivatives) £m
At 1 January	5,899	25,919	7,188	331	1,307
Total net (losses)/gains recognised in the income statement[1]	(258)	124	116	(50)	13
Purchases	971	2,777	1,531	23	170
Issuances	—	189	—	—	—
Disposals	(369)	(1,786)	(530)	(8)	(634)
Settlements	—	—	—	—	—
Transfers into Level 3	—	—	67	23	62
Transfers out of Level 3	—	—	(2,343)	—	(55)
Foreign exchange rate movements	(11)	(3)	(5)	(6)	(5)
At 31 December	6,232	27,220	6,024	313	858

1. Total net (losses)/gains recognised in the income statement includes realised gains/(losses) on disposals

The table below shows movement in the Level 3 liabilities measured at fair value.

	30 June 2024			30 June 2023			31 December 2023		
	Net asset value attributable to unitholders £m	Derivative liabilities £m	Borrowings £m	Net asset value attributable to unitholders £m	Derivative liabilities £m	Borrowings £m	Net asset value attributable to unitholders £m	Derivative liabilities £m	Borrowings £m
At 1 January	—	(304)	(941)	(10)	(355)	(1,091)	(10)	(355)	(1,091)
Total net (losses)/gains recognised in the income statement[1]	(1)	32	(30)	—	(192)	(13)	10	(53)	66
Purchases	(46)	—	—	—	(638)	(8)	—	(10)	—
Issuances	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	16	808	—	—	64	—
Settlements	—	9	48	—	9	22	—	9	84
Transfers into Level 3	—	—	—	—	—	—	—	(16)	—
Transfers out of Level 3	—	—	—	—	48	—	—	54	—
Foreign exchange rate movements	—	—	—	—	—	—	—	3	—
At 30 June/31 December	**(47)**	**(263)**	**(923)**	6	(320)	(1,090)	—	(304)	(941)

1. Total net (losses)/gains recognised in the income statement includes realised gains/(losses) on disposals

Total net losses recognised in the income statement in the period ended 30 June 2024 in respect of Level 3 assets measured at fair value amounted to £980 million (HY23: £1,216 million, 2023: £55 million) with net gains in respect of liabilities of £1 million (HY23: £205 million, 2023: £23 million). Net losses of £902 million (HY23: £1,280 million, 2023: £27 million) attributable to assets and net gains of £1 million (HY23: £205 million, 2023: £32 million) attributable to liabilities relate to those still held at 30 June 2024.

The principal assets classified as Level 3, and the valuation techniques applied to them, are described below.

(i) Investment property

- Investment property is valued in the UK at least annually by external chartered surveyors in accordance with guidance issued by The Royal Institution of Chartered Surveyors, and using estimates during the intervening period. Outside the UK, valuations are produced by external qualified professional appraisers in the countries concerned. External valuers in the UK comply with the 'Sustainability and ESG in commercial property valuation and strategic advice' professional standard issued by the Royal Institution of Chartered Surveyors in December 2021. In a valuation context, sustainability involves the consideration of matters that include environment and climate change, health and wellbeing, and personal and corporate responsibility that can or do impact the valuation of an asset. This includes the consideration of capital expenditure required to maintain the utility of the asset due to the longer-term obsolescence and risk.
- Investment properties are valued on an income approach that is based on current rental income plus anticipated uplifts at the next rent review, lease expiry, or break option taking into consideration lease incentives and assuming no further growth in the estimated rental value of the property. The uplift and discount rates are derived from rates implied by recent market transactions on similar properties. These inputs are deemed unobservable. The yield used to value the portfolio ranges from 17bps to 2960bps (2023: 20bps to 2620bps) with higher yields predominately relating to properties in the retail and leisure sectors. Over 95% of the portfolio is valued using spreads within the range from 17bps to 909bps (2023: 20bps to 795bps).

(ii) Loans

- Commercial mortgage loans and Primary Healthcare loans held by our IWR business are valued using a Portfolio Credit Risk Model. This model calculates a Credit Risk Adjusted Value for each loan. The risk adjusted cash flows are discounted using a yield curve plus an allowance for illiquidity. Loans valued using the Portfolio Credit Risk Model have been classified as Level 3 as the liquidity premium is deemed to be non-market observable. At 30 June 2024 the liquidity premium used in the discount rate was 190bps (2023: 170bps). Future capital expenditure costs of 0.9% per annum (2023: 0.9%) are included in the modelling of the Credit Risk Adjusted Value of the loans to address climate change actions, including potential climate-related changes. The impact is a reduction in the fair value of the properties securing the loans.
- Equity release mortgage loans held by our IWR business are valued using an internal model, with fair value initially being equal to the transaction price. The value of these loans is dependent on the expected term of the mortgage and the forecast property value at the end of the term, and is calculated by adjusting future cash flows for credit risk and discounting using a yield curve plus an allowance for illiquidity. At 30 June 2024 the illiquidity premium used in the discount rate was 185bps (2023: 205bps).
- The equity release mortgages include a no negative equity guarantee (‘NNEG’) such that the cost of any potential shortfall between the value of the loan and the realised value of the property at the end of the term is recognised by a deduction to the value of the loan. Property valuations at the reporting date are obtained by taking the most recent valuation for the property and indexing using an internal house price index based on published Land Registry data. NNEG is calculated using base property growth rates reduced for the cost of potential dilapidations, using a stochastic model. In addition, a cost of capital charge is applied to reflect the variability in these cash flows. The base property growth rate assumption is RPI +0.75% (2023: +0.75%) which includes a reduction to the growth rate of 0.75% per annum (2023: 0.75%) for the potential impact of climate change actions. The modelled growth rates include an adjustment for the five year period 2024-2028 to reflect the market view of short-term growth being lower than long-term average growth.
- The combination of the adjusted rate over the first five years and the base property growth rate equates to a long-term average growth rate of 3.5% per annum at 30 June 2024 (2023: 3.0%) over a 25 year projection. After applying the cost of capital charge, dilapidations and the stochastic distribution, the effective net long-term growth rate equates to 1.2% per annum (2023: 0.8%).
- Infrastructure and Private Finance Initiative (PFI) loans held by our IWR business are valued using a discounted cash flow model. This adds spreads for credit and illiquidity to a risk-free discount rate. Credit spreads used in the discount rate are calculated using an internally developed methodology which depends on the credit rating of each loan, credit spreads on publicly traded bonds and an estimated recovery rate in event of default and are deemed to be unobservable. At 30 June 2024, the illiquidity premium used in the discount rate was 150bps (2023: 140bps) for the PFI loans and ranged from 10bps to 594bps (2023: 25bps to 594bps) for the infrastructure loans.

(iii) Fixed maturity securities

- Structured bond-type, non-standard debt products and privately placed notes held by our business in the UK do not trade in an active market. These fixed maturity securities are valued using a discounted cash flow model, designed to appropriately reflect the credit and illiquidity risk of the instrument. These bonds have been classified as Level 3 because the valuation approach includes significant unobservable inputs and an element of subjectivity in determining appropriate credit and illiquidity spreads.
- Other fixed maturity securities held by our Life business in the UK which are not traded in an active market have been valued using third-party or counterparty valuations. These prices are considered to be unobservable due to infrequent market transaction.
- The unobservable credit and illiquidity spreads used in the discount rate range from 29bps to 491bps (2023: 33bps to 499bps) with 99% of the modelled assets valued using spreads within the range from 29bps to 433bps (2023: 33bps to 419bps). Fixed maturity securities held by our UK and Asian businesses which are not traded in an active market have been valued using third-party or counterparty valuations. These prices are considered to be unobservable due to infrequent market transaction.

(iv) Equity securities

- Equity securities which primarily comprise private equity holdings held in the UK are valued by a number of third-party specialists. These are valued using a range of techniques, including earnings multiples, forecast cash flows and price/ earnings ratios which are deemed to be unobservable.

(v) Other investments (including derivatives)

- Other investments are held for index-linked, unit-linked and with-profit funds and are valued based on external valuation reports received from fund managers. The investments consist of:
  - Unit trusts;
  - Other investment funds including property funds; and
  - Derivatives.
- Where valuations are at a date other than the balance sheet date, as is the case for some private equity funds, adjustments are made for items such as subsequent draw-downs and distributions and the fund manager's carried interest.

(vi) Liabilities

- The principal liabilities classified as Level 3 are securitised mortgage loan notes, presented within Borrowings, which are valued using a similar technique to the related Level 3 securitised mortgage assets. These liabilities are included within the relevant liability category within the sensitivity table below.

Sensitivities

The valuation of Level 3 assets involves a high degree of judgement and estimation uncertainty due to the reliance of valuation models on unobservable inputs. Where possible, the Group tests the sensitivity of the fair values of Level 3 assets and liabilities to changes in unobservable inputs to reasonable alternatives. Level 3 valuations are sourced from independent third parties when available and, where appropriate, validated against internally-modelled valuations, third-party models or broker quotes. Where third-party pricing sources are unwilling to provide a sensitivity analysis for their valuations, the Group undertakes, where feasible, sensitivity analysis on the following basis:

- For third-party valuations validated against internally-modelled valuations using significant unobservable inputs, the sensitivity of the internally-modelled valuation to changes in unobservable inputs to a reasonable alternative is determined.
- For third-party valuations either not validated or validated against a third-party model or broker quote, the third-party valuation in its entirety is considered an unobservable input. Sensitivities are determined by flexing inputs of internal models to a reasonable alternative, including the yield, NAV multiple or other suitable valuation multiples of the financial instrument implied by the third-party valuation. For example, for a fixed income security the implied yield would be the rate of return which discounts the security's contractual cash flows to equal the third-party valuation.

The tables below show the sensitivity of the fair value of Level 3 assets and liabilities to changes in unobservable inputs to a reasonable alternative:

	Most significant unobservable input	Reasonable alternative £bn	30 June 2024 Fair value £bn	30 June 2024 Sensitivities Positive impact £bn	30 June 2024 Sensitivities Negative impact £bn	30 June 2023 Fair value £bn	30 June 2023 Sensitivities Positive impact £bn	30 June 2023 Sensitivities Negative impact £bn	31 December 2023 Fair value £bn	31 December 2023 Sensitivities Positive impact £bn	31 December 2023 Sensitivities Negative impact £bn
Investment property	Equivalent rental yields	+/-5-10%	**6.2**	**0.3**	**(0.3)**	6.0	0.4	(0.4)	6.2	0.3	(0.3)
Loans											
Commercial mortgage loans and Primary Healthcare loans	Illiquidity premium	+/-20 bps	**9.1**	**0.1**	**(0.1)**	8.9	0.1	(0.1)	9.3	0.1	(0.1)
	Base property growth rate	+/-100 bps p.a.		**—**	**—**		0.1	(0.1)		—	—
	Base property growth rate	+/-50 bps p.a.	**9.8**	**0.1**	**(0.1)**	9.0	0.2	(0.2)	9.8	0.2	(0.2)
Equity release mortgage loans	Current property market values	+/-10%		**0.3**	**(0.3)**		0.2	(0.3)		0.3	(0.3)
Infrastructure and Private Finance Initiative (PFI) loans	Illiquidity premium	+/-25 bps[1]	**7.2**	**0.2**	**(0.2)**	4.9	0.1	(0.1)	7.0	0.2	(0.2)
Other	Illiquidity premium	+/-25 bps[1]	**0.5**	**—**	**—**	2.5	—	—	1.1	—	—
Fixed maturity securities											
Structured bond-type and non-standard debt products	Market spread (credit, liquidity and other)	+/-25 bps	**1.7**	**0.1**	**(0.1)**	1.3	—	—	1.5	0.1	(0.1)
Privately placed notes	Credit spreads	+/-25 bps[1]	**3.9**	**0.1**	**(0.1)**	3.0	0.1	(0.1)	4.0	0.1	(0.1)
Other fixed maturity securities	Credit and liquidity spreads	+/-20-25 bps	**0.5**	**—**	**—**	0.4	0.1	(0.1)	0.5	—	—
Equity securities	Market multiples applied to net asset values	+/-30bps	**0.3**	**0.1**	**(0.1)**	0.3	0.1	—	0.3	0.1	(0.1)
Other investments											
Property Funds	Market multiples applied to net asset values	+/-5-20%	**0.2**	**—**	**—**	0.2	—	—	0.2	—	—
Other investments (including derivatives)	Market multiples applied to net asset values	+/-10-40%[2]	**0.6**	**0.1**	**(0.1)**	0.6	0.1	—	0.7	0.1	(0.1)
Liabilities											
Borrowings	Illiquidity premium	+/-50 bps	**(0.9)**	**—**	**—**	(1.1)	—	—	(0.9)	—	—
Other liabilities (including derivatives)	Independent valuation vs counterparty	N/A	**(0.3)**	**—**	**—**	(0.3)	—	—	(0.3)	—	—
Total Level 3 investments			**38.8**	**1.4**	**(1.5)**	35.7	1.5	(1.4)	39.4	1.5	(1.5)

1. On discount rate spreads
2. Dependent on investment category

The above tables demonstrate the effect of a change in one unobservable input while other assumptions remain unchanged. In reality, there may be a correlation between the unobservable inputs and other factors. It should also be noted that some of these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

B15 - Capital reserves and retained earnings

This note analyses the movements in the consolidated capital reserves and retained earnings during the period.

	Note	6 months 2024 Share premium £m	6 months 2024 Capital redemption reserve £m	6 months 2024 Retained earnings £m	6 months 2023 Share premium £m	6 months 2023 Capital redemption reserve £m	6 months 2023 Restated[1] Retained earnings £m	Full year 2023 Share premium £m	Full year 2023 Capital redemption reserve £m	Full year 2023 Retained earnings £m
At 1 January		**17**	**24**	**2,228**	1,263	3,855	(2,328)	1,263	3,855	(2,328)
Profit for the period attributable to equity shareholders		**—**	**—**	**643**	—	—	404	—	—	1,085
Remeasurements of pension schemes	B13(b)	**—**	**—**	**196**	—	—	(173)	—	—	(495)
Dividends and appropriations	B9	**—**	**—**	**(629)**	—	—	(602)	—	—	(929)
Shares purchased in buyback	B16(d)(i)	**—**	**20**	**(300)**	—	24	(300)	—	24	(300)
Capital Reductions[2]	B15(a)	**—**	**—**	**—**	(1,253)	(3,855)	5,108	(1,253)	(3,855)	5,108
Net shares issued under equity compensation plans[2]		**—**	**—**	**(30)**	6	—	(24)	7	—	(35)
Owner-occupied properties fair value gains transferred to retained earnings on disposals		**—**	**—**	**21**	—	—	—	—	—	—
Aggregate tax effect		**—**	**—**	**(4)**	—	—	44	—	—	122
At 30 June/31 December		**17**	**44**	**2,125**	16	24	2,129	17	24	2,228

1. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2)
2. The 30 June 2023 comparative amount for share premium has been reduced by £3 million due to a reallocation between net shares issued under equity compensation plans and capital reductions

(a) Capital Reductions

At a General Meeting of Aviva held on 4 May 2023, Aviva received shareholder approval to a reduction of £1,253 million in its share premium account and to a reduction of £3,855 million on its capital redemption reserve (the Capital Reductions). The Capital Reductions received Court approval on 23 May 2023 and were effected on 25 May 2023.

B16 - Ordinary share capital

This note gives details of Aviva plc's ordinary share capital and shows the movements during the period.

(a) Carrying amount

Details of the Company's ordinary share capital are as follows:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
The allotted, called up and fully paid share capital of the Company was: 2,680,361,288 (30 June 2023: 2,738,270,828; 31 December 2023: 2,739,487,140) ordinary shares of 32 17/19 pence each	**881**	901	901

At the Annual General Meeting that took place on 2 May 2024, the Company was authorised to allot up to a further maximum nominal amount of:

- £598 million of which £299 million can be in connection with an offer by way of a rights issue; and
- £150 million in relation to any issue of Solvency II compliant capital instruments.

(b) Movement in issued share capital

	Note	30 June 2024 No of shares	30 June 2024 Share capital £m	30 June 2023 No of shares	30 June 2023 Share capital £m	31 December 2023 No of shares	31 December 2023 Share capital £m
At 1 January		**2,739,487,140**	**901**	2,807,964,676	924	2,807,964,676	924
Shares issued under the Group's Employee and Executive Share Option Schemes		**381,887**	**—**	3,103,343	1	4,319,655	1
Shares cancelled through buyback	B16 (b)(i)	**(59,507,739)**	**(20)**	(72,797,191)	(24)	(72,797,191)	(24)
At 30 June/31 December		**2,680,361,288**	**881**	2,738,270,828	901	2,739,487,140	901

Ordinary shares in issue in the Company rank pari passu with any new ordinary shares issued in the Company. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

(i) Share buyback

On 6 March 2024, Aviva announced a share buyback programme for up to a maximum aggregate consideration of £300 million which commenced on 8 March 2024 (the "2024 Programme"). 62,815,617 shares were acquired at an average price of 478 pence per share. At 30 June 2024, 59,507,739 had been cancelled with a nominal value of £20 million, giving rise to an additional capital redemption reserve of an equivalent amount.

On 9 March 2023, Aviva announced a share buyback programme for up to a maximum aggregate consideration of £300 million to commence on 10 March 2023 (the "2023 Programme"). On 2 June 2023, Aviva announced that it had successfully completed the 2023 Programme. In total, 72,797,191 shares were purchased with a nominal value of £(24) million and were subsequently cancelled, giving rise to an additional capital redemption reserve of an equivalent amount. The 72,797,191 shares were acquired at an average price of 412 pence per share.

(ii) Subsequent events

On 1 July 2024, Aviva announced that it had successfully completed the 2024 Programme. 3,307,878 shares with a nominal value of £1 million were cancelled on 2 July 2024, bringing the total shares cancelled through the 2024 Programme to 62,815,617 with a nominal value of £21 million.

B17 – Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprised:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Cash at bank and in hand	**5,650**	1,449	6,138
Cash equivalents	**11,298**	18,387	11,135
Cash and cash equivalents per the statement of financial position	**16,948**	19,836	17,273
Bank overdrafts	**(426)**	(738)	(621)
Cash and cash equivalents	**16,522**	19,098	16,652

B18 – Risk management

Risk management is key to the Group's success. We accept the risks inherent to our core business lines of life, general insurance and health, and asset management. We diversify these risks through our scale, geographic spread, the variety of the products and services we offer and the channels through which we sell them. We receive premiums which we invest to maximise risk-adjusted returns, so that we can fulfil our promises to customers while providing a return to our shareholders. In doing so we have a preference for retaining those risks we believe we are capable of managing to generate a return.

Our sustainability and financial strength are underpinned by an effective risk management process and risk intelligent culture, which helps us identify major risks to which we may be exposed, establish appropriate controls and take mitigating actions for the benefit of our customers and investors. The Group’s risk strategy is to invest its available capital to optimise the balance between return and risk while maintaining an appropriate level of economic (i.e. risk-based) and regulatory capital.

The key elements of our risk management framework comprise: our risk strategy and risk management forward plans; risk governance, including risk policies and business standards; risk oversight committees and roles and responsibilities; and the processes we use to identify, measure, manage, monitor and report risks, including the use of our risk models and stress and scenario testing.

Risk Environment

Geopolitical risk has remained elevated throughout the first half of 2024 and it is expected that tensions will continue over the coming months, exacerbating the risk of social and global fragmentation. Globally, economic growth has stabilised aided by increased government spending, although labour markets remain tight and there is little room for manoeuvre in most economies. The Group continues to maintain strong solvency and liquidity positions through a range of scenarios and stress testing. Our capital and liquidity positions have been tested by recent market conditions and have been shown to be robust and resilient. In the UK, a new government, with a significant working majority, brings opportunities and risks for Aviva as new policy initiatives emerge.

Headline rates of inflation are now significantly lower than the peaks seen last year, but the decline has stalled in many places, particularly in the service sector in which Aviva operates. As a result, central banks are expected to continue taking a cautious approach to cutting interest rates for the foreseeable future. Affordability remains a concern and will continue to impact all customers, including relatively affluent customers. Recent persistency experience has been resilient to cost-of-living pressures and has not shown significant deterioration in the short term, but will continue to require close monitoring.

We continue to operate in an environment of heightened regulatory change. The Group’s UK business has now implemented FCA’s Consumer Duty for closed products, having initially implemented for open products in 2023. Across the industry, we continue to see significant challenges as firms embed the regulation, with a high-level of regulatory scrutiny on the fair value of customer outcomes of products provided by the insurance industry.

In response to the heightened threat of malware and ransomware attacks across the world, we continue to enhance the protection level of anti-malware and cyber incident security controls. We monitor threat intelligence data and update our controls to maintain protection against new and emerging ransomware variants, including controls in respect of our suppliers.

The Group remains committed to supporting a low carbon economy that will improve the resilience of our economy, society and the financial system in line with the 2015 Paris Agreement target on climate change. In March 2021, we set an ambition to become a Net Zero carbon company by 2040 and we are continuing to act to mitigate and manage the impact of climate change on our business. We use scenario analysis as an input to our risk assessment processes to test the resilience of our business strategy and adapt our business to ensure its longevity as an asset manager, asset owner, insurer and pension provider. For example, we calculate a Climate Value at Risk (VaR) against Intergovernmental Panel on Climate Change (IPCC) scenarios to assess the climate-related risks and opportunities under different emission projections and associated temperature pathways. A range of different financial indicators and metrics are used to assess and monitor the impact of climate change on our investments and insurance liabilities.

Risk management framework (RMF)

The Group's Risk management framework is at the heart of every business decision and is key to a robust control environment and the Group's sustainable success. The key components of our RMF are: risk appetite; risk governance, including risk policies and business standards; risk oversight committees and roles and responsibilities; and the processes we use to identify, measure, manage, monitor and report risks, including the use of our risk models and stress and scenario testing. A risk taxonomy is maintained for a consistent approach to risk identification, measurement and reporting, and to determine application of the Group Risk Appetite Framework and the risks for which a Risk Policy is required. The taxonomy is arranged in a hierarchy with more granular risk types grouped into the following principal risk categories: credit and market, liquidity, life insurance, general insurance (including health), operational and strategic risk. Risks falling within these types may affect a number of outcomes including those relating to solvency, liquidity, profit, reputation and conduct.

To promote a consistent and rigorous approach to risk management across all businesses we have a set of risk policies, business standards and associated guidance which set out the risk strategy, appetite, framework, key controls, and minimum requirements for the Group's worldwide operations. The business units' chief executive officers make an annual declaration supported by an opinion from the business units' chief risk officers that the system of governance and internal controls was effective and fit for purpose for their businesses throughout the period.

The types of risks to which the Group is exposed have not changed significantly during the first half of the year and remain credit, market, liquidity, life insurance, general insurance and health, operational, and asset management risks. These risks are described below.

(a) Credit risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Group, or variations in market values as a result of changes in expectations related to these risks. Credit risk is taken so that the Group can provide the returns required to satisfy policyholder liabilities and to generate returns for our shareholders. In general we prefer to take credit risk over equity and property risks, because of the better expected risk-adjusted return, our credit risk analysis capability and the structural investment advantages conferred to insurers with long-dated, relatively illiquid liabilities.

Our approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. Our credit risks arise principally through exposures to debt security investments, structured asset investments, bank deposits, derivative counterparties, mortgage lending and reinsurance counterparties.

The Group manages its credit risk at business unit and Group level. All business units are required to implement credit risk management processes (including limits frameworks), operate specific risk management committees and report and monitor their exposures against detailed pre-established risk criteria. At Group level, we manage and monitor all exposures across our business units on a consolidated basis and operate a Group limit framework that must be adhered to by all.

We did not experience a material increase in credit defaults in the first half of 2024, with pro-active management of the credit portfolio in a challenging macroeconomic environment. We continue to monitor closely any deterioration in the credit markets and our capital position includes an allowance for the expected potential impacts from downgrades and defaults.

Financial assets are graded according to current external credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets with ratings outside this range are classified as sub-investment grade. The following table provides information regarding the aggregated credit risk exposure of the Group for financial and reinsurance contract assets with external credit ratings. 'Not rated' assets capture assets not rated by external ratings agencies.

A detailed breakdown of the Group's current credit exposure by credit quality is shown below.

30 June 2024	AAA %	AA %	A %	BBB %	Below BBB %	Not rated %	Maximum exposure £m
Fixed maturity securities	11.4 %	38.2 %	25.3 %	13.3 %	4.8 %	7.0 %	114,314
Reinsurance contract assets	— %	76.4 %	22.2 %	0.8 %	— %	0.6 %	6,882
Reinsurance assets for non-participating investment contracts	— %	48.9 %	48.7 %	2.4 %	— %	— %	5,157
Other investments	0.6 %	0.2 %	0.5 %	0.2 %	— %	98.4 %	54,720
Loans	— %	— %	0.2 %	0.4 %	— %	99.7 %	31,318
Total							**212,391**

30 June 2023	AAA %	AA %	A %	BBB %	Below BBB %	Not rated %	Maximum exposure £m
Fixed maturity securities	16.3 %	41.1 %	19.6 %	12.8 %	4.5 %	5.7 %	105,881
Reinsurance contract assets[1]	— %	54.3 %	45.5 %	0.2 %	— %	— %	6,229
Reinsurance assets for non-participating investment contracts	— %	88.0 %	6.4 %	5.6 %	— %	— %	4,614
Other investments	1.6 %	0.2 %	0.3 %	0.2 %	— %	97.7 %	36,495
Loans	0.8 %	10.8 %	1.7 %	0.5 %	— %	86.2 %	30,152
Total							183,371

1. The comparative amounts as at 30 June 2023 have been restated for a correction in respect of a misallocation of annuity benefits between shareholder and with-profits funds (see note B2)

31 December 2023	AAA %	AA %	A %	BBB %	Below BBB %	Not rated %	Maximum exposure £m
Fixed maturity securities	11.7 %	39.0 %	24.2 %	13.4 %	4.7 %	7.0 %	113,889
Reinsurance contract assets	— %	76.0 %	23.1 %	— %	— %	0.9 %	6,534
Reinsurance assets for non-participating investment contracts	— %	50.7 %	45.6 %	3.7 %	— %	— %	4,713
Other investments	0.8 %	0.2 %	0.6 %	0.2 %	— %	98.2 %	39,370
Loans	— %	— %	0.2 %	0.5 %	— %	99.3 %	31,685
Total							196,191

The Group's maximum exposure to credit risk of financial assets, without taking collateral or these hedges into account, is represented by the carrying value of the financial instruments in the statement of financial position. For reinsurance contract assets the maximum exposure reflects the carrying value less the value of CSM.

(b) Market risk

Market risk is the risk of adverse financial impact resulting, directly or indirectly from fluctuations in interest rates, inflation, foreign currency exchange rates, equity and property prices. Market risk arises in business units because of fluctuations in both the value of liabilities and the value of investments held. At Group level, it also arises in relation from foreign currency exchange risk from our international businesses and market risk from the value of investment assets held at Plc level. We actively seek some market risks as part of our strategy and in accordance to our risk preferences set out in our Risk Appetite Framework.

The management of market risk is undertaken at business unit and at Group level. Businesses manage market risks locally using the Group Risk Appetite framework and within local regulatory constraints. The Group Capital team is responsible for monitoring and managing market risk at Group level and has established criteria for matching assets and liabilities to limit the impact of mismatches because of market movements.

In addition, where the Group's long-term savings businesses have written insurance and investment products where most investment risks are borne by its policyholders, these risks are managed in line with local regulations and marketing literature, to satisfy the policyholders' risk and reward objectives. The Group writes unit-linked business, primarily in the UK. The shareholders' exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

At a business unit level, investment limits and local investment regulations require that business units hold diversified portfolios of assets, thereby reducing exposure to individual equities or credit with individual name concentration. The Group does not have material holdings of unquoted equity securities.

Equity risk is also managed using a variety of derivative instruments, including futures and options. Businesses actively model the performance of equities through the use of risk models, in particular to understand the impact of equity performance on guarantees, options and bonus rates. Equity hedging strategies are in place across the business to help control the Group's overall direct and indirect exposure to equities.

Exposure to interest rate risk is monitored through several measures that include duration, capital modelling, sensitivity testing and stress and scenario testing.

In the Group, we actively seek to manage currency risk primarily by matching assets and liabilities in functional currencies at the business unit level. The Group has minimal exposure to currency risk from financial instruments held by business units in currencies other than their functional currencies, as nearly all such holdings are backing either unit-linked or with-profits contract liabilities or are hedged. As a result the foreign exchange gains and losses on investments are largely offset by changes in unit-linked and with-profits liabilities and fair value changes in derivatives attributable to changes in foreign exchange rates recognised in the income statement.

The Group has transitioned away from GBP LIBOR, USD LIBOR and CDOR with the only remaining exposure being a small number of currently fixed-rate public bonds that would revert to GBP LIBOR-referencing floating rates in the event of a non-call by the issuer at the next call date. We continue to assess the likelihood of this event.

(c) Liquidity risk

Liquidity risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash form. The relatively illiquid nature of insurance liabilities is a potential source of additional investment return by allowing us to invest in higher yielding, less liquid assets such as commercial mortgages and infrastructure loans. The Group seeks to maintain sufficient financial resources to meet its obligations as they fall due through the application of a Group liquidity risk appetite and through the development of its liquidity risk management plan. The Group maintains significant undrawn committed borrowing facilities (£1,700 million) from a range of leading international banks to further mitigate this risk.

At business unit level, there are separate liquidity risk appetites which require that sufficient liquid resources be maintained to cover net outflows in a stress scenario. In addition to the existing liquid resources and expected inflows, liquidity arises from the use of derivative contracts to manage interest rate, inflation and foreign-exchange risks.

(d) Life insurance risk

Life insurance risk in the Group arises through its exposure to mortality, morbidity and longevity risk and exposure to worse than anticipated operating experience on factors such as persistency levels, exercising of policyholder options and management and administration expenses.

The Group chooses to take measured amounts of life insurance risk provided that the relevant business has the appropriate core skills to assess and price the risk and adequate returns are available. The Group’s underwriting strategy and appetite is communicated via specific policy statements, related business standards and guidelines. Life insurance risk is managed primarily at business unit level with oversight at the Group level.

The Group's life insurance risk continues to be dominated by exposure from our UK business. Longevity risk remains the most significant life insurance risk due to the Group’s annuity portfolio. We are also exposed to longevity risk through the Aviva Staff Pension Scheme, to which our economic exposure has been reduced since 2014 by entering into a longevity swap covering the majority of pensioner in-payment scheme liabilities in force at the time. We also purchase reinsurance for some of the longevity risk relating to our annuity business.

More broadly, we have reinsurance in place across all our businesses to reduce our net exposure to potential losses. In the UK we have extensive quota share reinsurance in place on Individual Life Protection business and for UK Group Life Protection we use surplus reinsurance for very large individual claims, together with catastrophe reinsurance for extreme events that result in multiple claims.

Generally, life insurance risks are believed to provide a significant diversification against other risks in the portfolio. Life insurance risks are modelled within the internal capital model and are subject to sensitivity and stress and scenario testing. COVID-19 has continued to present uncertainty, but overall we expect limited future impact to our business. The potential impacts of climate change also present uncertainty regarding future insurance risk experience, and these are considered when setting assumptions for future experience.

Recent persistency experience has been generally resilient to cost of living pressures and has not shown significant deterioration in the short term. There remains some uncertainty about the potential for this to continue, which is being monitored closely. External factors that may impact future persistency experience include inflation levels and interest rates, increased stock-market volatility and changes in legislation.

(e) General insurance risk and health risk

The Group writes a balanced portfolio of general insurance risk (including personal motor, household, commercial motor, property and liability), as well as global exposure to corporate specialty risks. This risk is taken on, in line with our underwriting and pricing expertise, to provide an appropriate level of return for an acceptable level of risk. Underwriting discipline and a robust governance process are at the core of the Group’s underwriting strategy.

The Group’s Health Insurance business (including private health insurance, critical illness cover, income protection and personal accident insurance, as well as a range of corporate healthcare products) exposes the Group to morbidity risk (the proportion of our customers falling sick) and medical expense inflation.

Provisions made for insurance liabilities are inherently uncertain. Due to this uncertainty, general and health insurance reserves are regularly reviewed by qualified and experienced actuaries at the business unit and Group level in accordance with the Group’s reserving framework. These and other key risks, including the occurrence of unexpected claims from a single source or cause and inadequate reinsurance protection/risk transfer, are subject to an overarching risk management framework and various mechanisms to govern and control our risks and exposures.

We recognise that the severity and frequency of weather-related events have the potential to adversely impact provisions for insurance liabilities and our earnings, with the result that there is some seasonality in our results from period to period. Large catastrophic (CAT) losses arising as a result of these events are explicitly considered in our economic capital modelling to ensure we are resilient to such CAT scenarios, and this modelling considers the impact of climate change on the frequency and severity of potential future events.

More broadly, the materiality and time horizon over which climate-related risks and opportunities affect our business depend on the specific insurance products, geographies and investments being considered. Notwithstanding that the impact on general insurance liabilities is mitigated by the short-term nature of the business, the ability to re-price annually, and by the Group’s reinsurance programmes, the physical effects of climate change will most likely result in more risks and perils becoming either uninsurable or unaffordable over the longer term and the need for more urgent action increases.

There continues to be a degree of uncertainty in relation to business interruption claims arising from COVID-19 and on-going test case litigation. On 17 October 2022, the High Court handed down its judgment on the preliminary issues trial of Stonegate Pub Co Ltd vs MS Amlin Corp Member Ltd (and others) and related cases. Aviva was not a party to the cases but is affected by the final outcome of these cases. The High Court ruled in favour of the parties on different issues, and all parties initially appealed the majority of the preliminary decisions made by Justice Butcher. Whilst the Greggs and Stonegate actions settled after the appeals on confidential terms the Court of Appeal heard the remaining Various Eateries v Allianz appeals and on 16 January 2024 handed down judgment dismissing both parties appeals. As a result the decisions of the High Court by Justice Butcher stand. Legal rulings related to Business Interruption coverage due to COVID-19 restrictions continue to be issued, with ongoing proceedings and appeals taking place.

In Canada we are party to a number of litigation proceedings, including class actions that challenge coverage under our commercial property policies, however, we believe we have a strong argument that there is no pandemic coverage under these policies. We anticipate the main class action trial to determine if any coverage exists will be heard in mid 2026.

The Group purchases reinsurance protection on its property portfolio that includes coverage for business interruption and is collecting or seeking reinsurance recoveries of business interruption losses that are covered by reinsurance. The Group's general insurance business does not have material underwriting exposure to Israel, Palestine, Russia or Ukraine, and does not conduct operations in the affected regions.

The conflicts in Ukraine and Palestine and ongoing disruption to global supply chains continue to impact heightened claims inflation in 2024 and the uncertainty associated with the cost of settling general insurance claims. While the impacts of heightened claims inflation can be mitigated via new business pricing actions, our ability to price for inflation is dependent on market, competitor and customer behaviour. The time lag between premium earning and claims emergence means that some adverse impact on profitability could be expected.

(f) Operational risk (including conduct risk)

Operational risk is the risk of direct or indirect loss, arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. We have limited appetite for operational risk and aim to reduce these risks as far as is commercially sensible.

The Group continues to operate, validate and enhance its key operational controls and purchases insurance to minimise such operational losses. The Group maintains constructive relationships with its regulators around the world and responds appropriately to developments in relation to key regulatory changes. The Operational Risk Appetite framework enables management and the Board to assess the overall quality of the operational risk environment relative to appetite and where a business unit (or the Group) is outside of appetite, requires clear and robust remediation plans to be put in place. In order to keep pace with changes to the business, increasing regulatory expectations, and the macroeconomic and geo-political environment, we continue to implement operational risk and control improvements throughout the organisation and across all three lines of defence. Those improvements continue to strengthen and enhance our risk management capabilities and enable us to operate a stronger control environment, improve understanding and accountabilities of risks, reduce the complexity of how the business thinks about and manages risks and create greater collaboration across the first and second lines of defence to provide higher quality advice and challenge.

We continue to implement measures to improve and embed the Group's operational resilience in response to new PRA and FCA operational resilience regulations (including outsourcing and critical third-party risk management) which will come into effect on 31 March 2025. This includes a programme of resilience and crisis response testing to ensure customer harm is minimised and the continued financial safety and soundness of Aviva's business. Operational resilience disciplines and assessments have been used in response to global and regional events, including: changes to the geo-political environment, financial market instability and the continuity of winter power supplies.

We rely on several outsourcing providers for critical business processes, customer servicing, investment operations and IT support. To manage the risk of failure of a critical outsourcing provider, businesses are required to identify business critical outsourced functions (internal and external) and for each to have exit and termination plans, and business continuity and disaster recovery plans in place in the event of supplier failure, which are reviewed annually. We also carry out reviews at least annually including supplier financial stability, technology and cyber security controls.

Increasing geo-political tensions more generally have heightened the risk of cyber security attacks on the Group or its suppliers, with the potential to cause business service interruption and/or data or intellectual property theft. In response Aviva continues to actively monitor the threat environment and enhance its IT infrastructure and cyber controls to identify, detect and prevent attacks. Aviva's cyber defences are regularly tested using our own 'ethical hacking' team and we have engaged our suppliers to put in place all reasonable measures so that services to Aviva and our customers are protected.

Action is in hand to strengthen the control framework for the current risks Generative Artificial Intelligence presents as well as exploit the opportunities for process efficiency, better pricing and underwriting, product personalisation and improved customer service.

The Group actively monitors social and other media in order to manage misinformation about our business, products, colleagues and customers should we be targeted by a hostile actor, taking corrective media action if necessary.

We are exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, media speculation and negative publicity, disclosure of confidential client information, inadequate services, whether or not founded, as well as wider geo-political and economic external events or trends, could impact our brands or reputation. Any of our brands or our reputation could also be affected if products or services recommended by us (or any of our intermediaries) do not perform as expected (whether or not the expectations are founded) or customers' expectations of the product change.

We have designed our products and business processes so that we treat our customers fairly and we make use of various metrics to assess our own performance, including customer advocacy, retention and complaints. Failure to treat our customers fairly is counter to our purpose, values and culture and could result in regulatory action and penalties, as well as impact our brands and/or reputation.

The FCA Consumer Duty ("the Duty") requires firms to 'act to deliver good customer outcomes' by managing the risks posed to those good outcomes; these are our customer conduct risks. Achieving the expectations of the Duty aligns with our strategic priority of becoming the go-to customer brand for Insurance, Wealth and Retirement. We have enhanced our Group-wide conduct risk policy to strengthen the definition and scope to reflect the Duty. We refreshed the conduct risk appetite and sharpened guidance around good customer outcomes and foreseeable harm. Senior Manager role profiles and their statements of responsibility have been refreshed and we revised strategy agendas to enhance the focus on customer outcomes and reviewed coverage of customer outcomes in monitoring. We have updated our policies and business standards (including those relating to people and reward) where needed.

(g) Asset management risk

The Group is directly exposed to the risks associated with operating an asset management business through its ownership of Aviva Investors. The underlying risk profile of our asset management risk is derived from investment performance, specialist investment professionals and leadership, product development capabilities, fund liquidity, margin, client retention, regulatory developments, fiduciary and contractual responsibilities. Funds invested in illiquid assets such as commercial property are particularly exposed to liquidity risk. The risk profile is regularly monitored.

A client relationship team is in place to manage client retention risk, while all new asset management products undergo a review and approval process at each stage of the product development process, including approvals from legal, compliance and risk functions. Investment performance against client objectives relative to agreed benchmarks is monitored as part of our investment performance and risk management process, and subject to further independent oversight and challenge by a specialist risk team, reporting directly to the Aviva Investors' Chief Risk Officer.

B19 – Contingent liabilities and other risk factors

During the period, there have been no material changes in the main areas of uncertainty over the calculation of our liabilities from those described in note 50 of the Aviva plc Annual Report and Accounts 2023. An update on material risks is provided in note B18.

B20 – Related party transactions

During the period, there have been no changes in the nature of the related party transactions from those described in the Aviva plc Annual Report and Accounts 2023.

In the period to 30 June 2024, Aviva Group defined benefit staff pension schemes have completed no (HY23: 1, 2023: 2) bulk buy-in transactions with Aviva Life & Pensions UK Limited (AVLAP), a group company. Details of the prior period buy-in transactions are included in the Group's 2023 Annual Report and Accounts.

B21 – Subsequent events

For details of subsequent events relating to:

- the acquisition of Probitas, see note B4(a)(iii)
- borrowings, see note B12(d)
- share buyback, see note B16(b)

Directors' responsibility statement

The directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as contained in the UK-adopted IFRS, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report and Accounts.

Information on the current directors responsible for providing this statement can be found on the Company's website at: http://www.aviva.com/investor-relations/corporate-governance/board-of-directors/

By order of the Board

Amanda Blanc DBE
Group Chief Executive Officer

13 August 2024

Charlotte Jones
Group Chief Financial Officer

13 August 2024

Independent review report to Aviva plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the Half Year Report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flows, and the Notes to the Consolidated Financial Statements (B1 to B21). We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Year Report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note B1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this Half Year Report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Half Year Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the Half Year Report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the Half Year Report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

London

13 August 2024

Analysis of assets

In this section **Page**

As an insurance business, the Group holds a variety of assets to match the characteristics and duration of its insurance liabilities. Appropriate and effective asset liability matching (on an economic basis) is the principal way in which Aviva manages its investments. To support this, we use a variety of hedging and other risk management strategies to mitigate any residual mismatch risk that is outside of our risk appetite.

C1 – Summary of total assets by fund

(a) Group assets by fund

30 June 2024	Policyholder assets £m	Participating fund assets £m	Shareholder assets £m	Total £m
Goodwill and acquired value of in-force business and intangible assets	—	—	3,471	3,471
Interests in, and loans to, joint ventures and associates	282	786	317	1,385
Property and equipment	—	65	352	417
Investment property	4,151	1,844	246	6,241
Loans	1,122	1,494	28,702	31,318
Fixed maturity securities	42,085	20,650	51,579	114,314
Equity securities	86,801	7,540	711	95,052
Other investments	46,792	3,751	4,177	54,720
Financial investments	175,678	31,941	56,467	264,086
Reinsurance contract assets	—	—	8,372	8,372
Reinsurance assets for non-participating investment contracts	5,157	—	—	5,157
Deferred tax assets	—	—	842	842
Current tax assets	—	—	112	112
Receivables	1,431	622	2,794	4,847
Deferred acquisition costs and other assets	4	11	1,829	1,844
Prepayments and accrued income	582	866	1,989	3,437
Cash and cash equivalents	6,259	2,983	7,706	16,948
30 June 2024 Total	**194,666**	**40,612**	**113,199**	**348,477**
30 June 2024 Total %	**55.9 %**	**11.7 %**	**32.4 %**	**100.0 %**
31 December 2023 Total	178,354	39,498	110,991	328,843
31 December 2023 Total %	54.2 %	12.0 %	33.8 %	100.0 %

(b) Assets under management by fund

30 June 2024	Policyholder assets £m	Participating fund assets £m	Shareholder assets £m	External funds £m	Total £m
Investment property	4,151	1,844	246	—	6,241
Loans	1,122	1,494	28,702	—	31,318
Fixed maturity securities	42,085	20,650	51,579	—	114,314
Equity securities	86,801	7,540	711	—	95,052
Other investments	46,792	3,751	4,177	—	54,720
Cash and cash equivalents	6,259	2,983	7,706	—	16,948
Other	5,423	635	10	—	6,068
Assets included in statement of financial position	192,633	38,897	93,131	—	324,661
Less: third-party funds and UK Platform included above	—	—	—	(23,389)	(23,389)
Assets managed on behalf of the Group's subsidiaries	192,633	38,897	93,131	(23,389)	301,272
Aviva Investors	—	—	—	40,777	40,777
UK Platform[1]	—	—	—	55,110	55,110
Other	—	—	—	747	747
Assets managed on behalf of third parties[2]	—	—	—	96,634	96,634
30 June 2024 Total	**192,633**	**38,897**	**93,131**	**73,245**	**397,906**
30 June 2024 Total %	**48.4 %**	**9.8 %**	**23.4 %**	**18.4 %**	**100.0 %**
31 December 2023 Total	176,938	37,649	92,311	69,562	376,460
31 December 2023 Total %	47.0 %	10.0 %	24.5 %	18.5 %	100.0 %

1. UK Platform relates to the assets under management in the UK Wealth business
2. AUM managed on behalf of third parties cannot be directly reconciled to the financial statements

C2 – Summary of shareholders assets by valuation bases

30 June 2024	Fair value £m	Amortised cost £m	Equity accounted/ insurance accounted/ tax assets[1] £m	Total £m
Goodwill and acquired value of in-force business and intangible assets	—	3,471	—	3,471
Interests in, and loans to, joint ventures and associates	—	—	317	317
Property and equipment	32	320	—	352
Investment property	246	—	—	246
Loans	26,449	2,253	—	28,702
Fixed maturity securities	51,579	—	—	51,579
Equity securities	711	—	—	711
Other investments	4,177	—	—	4,177
Financial investments	56,467	—	—	56,467
Reinsurance contract assets	—	—	8,372	8,372
Reinsurance assets for non-participating investment contracts	—	—	—	—
Deferred tax assets	—	—	842	842
Current tax assets	—	—	112	112
Receivables	—	2,794	—	2,794
Deferred acquisition costs and other assets	—	1,829	—	1,829
Prepayments and accrued income	—	1,989	—	1,989
Cash and cash equivalents	—	7,706	—	7,706
30 June 2024 Total	**83,194**	**20,362**	**9,643**	**113,199**
30 June 2024 Total %	**73.5 %**	**18.0 %**	**8.5 %**	**100.0 %**
31 December 2023 Total	82,364	19,089	9,538	110,991
31 December 2023 Total %	74.2 %	17.2 %	8.6 %	100.0 %
Less: assets classified as held for sale	—	(199)	(549)	(748)
31 December 2023 Total (excluding assets held for sale)	82,364	18,890	8,989	110,243
31 December 2023 Total % (excluding assets held for sale)	74.7 %	17.1 %	8.2 %	100.0 %

1. Within the Group's statement of financial position, assets are recognised for deferred tax and current tax, and for insurance and reinsurance contract assets that are within the scope of IFRS 17. The valuation basis of these assets does not directly fall within any of the categories outlined above. As such, these tax accounted and insurance accounted assets have been reported together with equity accounted items within the analysis of the Group's assets.

C3 – Analysis of financial investments by fund

The asset allocation as at 30 June 2024 across the Group, split according to the type of the liability the assets are backing, is shown in the table below.

		Shareholder business assets							
30 June 2024	Note	General insurance and health and other[1] £m	Annuity and non-profit £m	Total shareholder assets £m	Policyholder (unit-linked assets) £m	Participating fund assets (UK style with-profits) £m	Total assets analysed £m	Less: Assets classified as held for sale £m	Carrying value in the statement of financial position £m
Government bonds		5,260	16,605	21,865	19,089	7,689	48,643	—	48,643
Corporate bonds		5,939	16,983	22,922	18,144	10,210	51,276	—	51,276
Other		3,099	3,693	6,792	4,852	2,751	14,395	—	14,395
Fixed maturity securities	C4	14,298	37,281	51,579	42,085	20,650	114,314	—	114,314
Mortgage loans		—	17,181	17,181	—	54	17,235	—	17,235
Other loans		1,339	10,182	11,521	1,122	1,440	14,083	—	14,083
Loans	C5	1,339	27,363	28,702	1,122	1,494	31,318	—	31,318
Equity securities	C6	541	170	711	86,801	7,540	95,052	—	95,052
Investment property	C7	244	2	246	4,151	1,844	6,241	—	6,241
Other investments	C8	2,397	1,780	4,177	46,792	3,751	54,720	—	54,720
30 June 2024 Total		**18,819**	**66,596**	**85,415**	**180,951**	**35,279**	**301,645**	**—**	**301,645**
30 June 2024 Total %		**6.2 %**	**22.1 %**	**28.3 %**	**60.0 %**	**11.7 %**	**100.0 %**	**— %**	**100.0 %**
31 December 2023 Total		18,113	66,492	84,605	165,171	34,171	283,947	(199)	283,748
31 December 2023 Total %		6.4 %	23.4 %	29.8 %	58.2 %	12.0 %	100.0 %	— %	100.0 %

1. Of the £18,819 million (2023: £18,113 million) of assets 37% (2023: 36%) relates to other shareholder business assets

C4 - Analysis of shareholder fixed maturity securities

(a) Fair value hierarchy

To provide further information on the valuation techniques we use to measure assets carried at fair value, we have categorised the measurement basis for assets carried at fair value into a fair value hierarchy described as follows, based on the lowest level input that is significant to the valuation as a whole:

- Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets.
- Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.
- Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset. Unobservable inputs reflect the assumptions the business unit considers that market participants would use in pricing the asset. Examples are investment property and commercial and equity release mortgage loans.

	Fair value hierarchy			
30 June 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
UK government	10,231	1,277	154	11,662
Europe	243	2,530	371	3,144
North America	902	2,903	47	3,852
Asia Pacific and other	13	2,918	276	3,207
Non-UK government	1,158	8,351	694	10,203
Corporate bonds - public utilities	4	2,092	1,064	3,160
Other corporate bonds	2,336	14,639	2,787	19,762
Other	5,225	1,099	468	6,792
30 June 2024 Total	**18,954**	**27,458**	**5,167**	**51,579**
30 June 2024 Total %	**36.8 %**	**53.2 %**	**10.0 %**	**100.0 %**
31 December 2023 Total	17,121	29,030	5,025	51,176
31 December 2023 Total %	33.5 %	56.7 %	9.8 %	100.0 %

(b) Credit ratings

30 June 2024	AAA £m	AA £m	A £m	BBB £m	Less than BBB £m	Non-rated £m	Total £m
UK government	99	11,518	44	—	1	—	11,662
Non-UK government	3,243	3,944	1,710	995	72	239	10,203
Government	3,342	15,462	1,754	995	73	239	21,865
Public utilities	—	66	1,514	1,562	7	11	3,160
Other corporate	2,823	4,497	9,143	3,066	201	32	19,762
Corporate bonds	2,823	4,563	10,657	4,628	208	43	22,922
Certificates of deposit	—	1,735	3,215	4	2	388	5,344
Residential mortgage backed security non-agency prime	—	—	—	—	—	—	—
Commercial mortgage backed security	32	447	94	35	—	—	608
Asset backed security	—	266	134	64	2	—	466
Asset backed commercial paper	—	—	—	—	—	—	—
Collateralised loan obligation	—	—	37	—	—	—	37
Wrapped credit	—	—	321	16	—	—	337
Structured	32	713	586	115	2	—	1,448
30 June 2024 Total	**6,197**	**22,473**	**16,212**	**5,742**	**285**	**670**	**51,579**
Of which:							
Externally rated	5,425	21,037	13,839	4,967	284	—	45,552
Internally rated	772	1,436	2,373	775	1	—	5,357
Non-rated	—	—	—	—	—	670	670
30 June 2024 Total	**6,197**	**22,473**	**16,212**	**5,742**	**285**	**670**	**51,579**
30 June 2024 Total %	**12.0 %**	**43.6 %**	**31.4 %**	**11.1 %**	**0.6 %**	**1.3 %**	**100.0 %**
31 December 2023 Total	6,478	22,312	15,646	5,983	232	525	51,176
31 December 2023 Total %	12.7 %	43.6 %	30.5 %	11.7 %	0.5 %	1.0 %	100.0 %

C5 – Analysis of shareholder loans

(a) Overview

An analysis of the shareholder loans is set out below.

30 June 2024	United Kingdom £m	Canada £m	Europe £m	Total £m
Loans and advances to banks	2,590	—	—	2,590
Healthcare, infrastructure and PFI other loans	8,603	—	140	8,743
Mortgage loans	17,181	—	—	17,181
Other loans	—	188	—	188
30 June 2024 Total	**28,374**	**188**	**140**	**28,702**
30 June 2024 Total %	**98.8 %**	**0.7 %**	**0.5 %**	**100.0 %**
31 December 2023 Total	28,500	105	152	28,757
31 December 2023 Total %	99.1 %	0.4 %	0.5 %	100.0 %
Less: Loans classified as held for sale	(199)	—	—	(199)
31 December 2023 Total (excluding loans held for sale)	28,301	105	152	28,558
31 December 2023 Total % (excluding loans held for sale)	99.1 %	0.4 %	0.5 %	100.0 %

(b) Loans and advances to banks

Loans and advances to banks primarily relate to loans of cash collateral received in stock lending transactions and are therefore fully collateralised by other securities. Loans with fixed maturities, including loans and advances to banks, are recognised when cash is advanced to borrowers. These loans are carried at their unpaid principal balances and adjusted for amortisation of premium or discount, non-refundable loan fees and related direct costs. These amounts are deferred and amortised over the life of the loan using the effective interest rate method.

(c) Healthcare, infrastructure and PFI other loans

Healthcare, infrastructure and PFI other loans are secured against the income from healthcare and education premises and as such are not considered further in this section.

(d) Mortgage loans

Mortgage loans are collateralised by property assets. The majority of mortgage loans are measured at fair value since they are managed and evaluated on a fair value basis. These mortgage loans are not traded in active markets and are classified within Level 3 of the fair value hierarchy as the significant valuation assumptions and inputs are not deemed to be market observable. Of the Group’s total loan portfolio, 55.0% (31 December 2023: 54.6%) is invested in mortgage loans.

The shareholder risk relating to these loans is discussed further below.

30 June 2024	Total £m
Residential (Equity release)	**8,184**
Commercial	**5,629**
Healthcare, infrastructure and PFI mortgage loans	**1,778**
Non-securitised mortgage loans	**15,591**
Securitised mortgage loans	**1,590**
30 June 2024 Total	**17,181**
31 December 2023 Total	17,348

(i) Non-securitised mortgage loans

Residential

The UK non-securitised residential mortgage portfolio has a total value as at 30 June 2024 of £8,184 million (31 December 2023: £8,184 million). During the period £136 million of new lending has been largely offset by a decrease in the fair value of £113 million, with the remaining movement due to redemptions partially offset by additional accrued interest. These mortgages are all in the form of equity release, whereby homeowners mortgage their property to release cash equity.

Due to the structure of equity release mortgages, whereby interest amounts due are not paid in cash but instead rolled into the amount outstanding, they predominantly have a current Loan to Value (LTV) of below 70%. The average LTV across the portfolio is 27.9% (2023: 26.8%).

Commercial

Gross exposure by loan to value and arrears of UK non-securitised commercial mortgages is shown in the table below.

30 June 2024	>120% £m	115-120% £m	110-115% £m	105-110% £m	100-105% £m	95-100% £m	90-95% £m	80-90% £m	70-80% £m	<70% £m	Total £m
Not in arrears	29	—	—	—	—	—	14	155	292	5,139	5,629
Total	**29**	**—**	**—**	**—**	**—**	**—**	**14**	**155**	**292**	**5,139**	**5,629**

All of the £5,629 million (2023: £5,632 million) of mortgage loans within shareholder assets are used to back annuity liabilities and are stated on a fair value basis. The UK loan exposures are calculated on a discounted cash flow basis, and include a risk adjustment through the use of a Credit Risk Adjusted Value (CRAV).

For commercial mortgages, loan service collection ratios, a key indicator of mortgage portfolio performance, increased to 2.37x (2023: 2.13x). Loan interest cover (LIC), which is defined as the annual net rental income (including rental deposits less ground rent) divided by the annual loan interest service, increased to 2.71 (2023: 2.45x). Average mortgage LTV decreased from 46.7% in 2023 to 44.9%. As at 30 June 2024, there were no loans with balances in arrears (2023: £nil)

Commercial mortgages and Healthcare, infrastructure and PFI loans are held at fair value on the asset side of the statement of financial position. The related insurance liabilities are valued using a discount rate derived from the gross yield on assets, with adjustments to allow for risk. £15,659 million of shareholder loan assets are backing annuity liabilities and comprise of commercial mortgage loans (£5,629 million), Healthcare, Infrastructure and PFI mortgage loans (£1,778 million) and Healthcare, Infrastructure and PFI other loans (£8,252 million).

The UK portfolio remains well diversified in terms of property type, location and tenants as well as the spread of loans written over time. The risks in commercial mortgages are addressed through several layers of protection with the mortgage risk profile being primarily driven by the ability of the underlying tenant rental income to cover loan interest and amortisation. Should any single tenant default on their rental payment, rental from other tenants backing the same loan often ensures the loan interest cover does not fall below 1.0x. Where there are multiple loans to a single borrower, further protection may be achieved through cross-charging (or pooling) such that any single loan is also supported by rents received within other pool loans. Additionally, there may be support provided by the borrower of the loan itself and further loss mitigation from any general floating charge held over assets within the borrower companies.

Most of the loans are protected by covenants which gives Aviva the right to call an early default in the event that the loan exceeds a certain percentage of the value of the security, or the loan interest cover drops below a certain level. In the event of a default (either following covenant breach or non-payment of contractual loan payments) Aviva retains the option of selling the security or restructuring the loans and benefitting from the protection of the collateral. A combination of these benefits and the high recovery levels afforded by property collateral (compared to corporate debt or other uncollateralised credit exposures) results in the economic exposure being significantly lower than the gross exposure reported above. The Group continues to actively manage this position.

Healthcare, infrastructure and PFI

Healthcare, infrastructure and PFI mortgage loans included within shareholder assets of £1,778 million (2023: £1,899 million) are secured against healthcare premises, education, social housing and emergency services related premises. For all such loans, Government support is provided through either direct funding or reimbursement of rental payments to the tenants to meet income service and provide for the debt to be reduced substantially over the term of the loan. Although the loan principal is not Government guaranteed, the nature of these businesses provides considerable comfort of an ongoing business model and low risk of default.

On a market value basis, we estimate the average LTV of these mortgages to be 58.3% (2023: 59.6%), although this is not considered to be a key risk indicator due to the Government support noted above and the social need for these premises. The Group therefore consider these loans to be lower risk relative to other mortgage loans.

(ii) Securitised mortgage loans

As at 30 June 2024, the Group has £1,590 million (2023: £1,633 million) of securitised mortgage loans within shareholder assets. Funding for the securitised residential mortgage assets was obtained by issuing loan note securities. Of these loan notes approximately £179 million (2023: £180 million) are held by Group companies. The remainder is held by third parties external to Aviva. As any cash shortfall arising once all mortgages have been redeemed is borne by the loan note holders, the majority of the credit risk of these mortgages is borne by third parties rather than by shareholders. The average LTV across the securitised mortgage loans is 50.4% (2023: 47.6%).

(iii) Valuation allowance

The Group carries a valuation allowance within insurance liabilities against the risk of default for assets backing annuities. The total valuation allowance in respect of corporate bonds was £0.6 billion (2023: £0.7 billion) over the remaining term of the portfolio at 30 June 2024. The total valuation allowance in respect of mortgages, including healthcare mortgages but excluding equity release, was £0.3 billion at 30 June 2024 (2023: £0.3 billion). The total valuation allowance in respect of equity release mortgages was £0.6 billion at 30 June 2024 (2023: £0.7 billion).

The risk allowances made for corporate bonds (including overseas government bonds and structured finance assets), mortgages (including healthcare mortgages, commercial mortgages and infrastructure assets) and equity release equated to 35bps, 21bps, and 73bps respectively at 30 June 2024 (2023: 36bps, 25bps and 89bps respectively).

C6 – Analysis of shareholder equity securities

30 June 2024	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Public utilities	**11**	**—**	**—**	**11**
Banks, trusts and insurance companies	**104**	**—**	**193**	**297**
Industrial, miscellaneous and all other	**366**	**—**	**—**	**366**
Non-redeemable preference shares	**37**	**—**	**—**	**37**
30 June 2024 Total	**518**	**—**	**193**	**711**
30 June 2024 Total %	**72.9 %**	**— %**	**27.1 %**	**100.0 %**
31 December 2023 Total	488	—	187	675
31 December 2023 Total %	72.3 %	— %	27.7 %	100.0 %

C7 – Analysis of shareholder investment property

30 June 2024	Fair value hierarchy Level 1	Level 2 £m	Level 3 £m	Total £m
Leased to third parties under operating leases	**—**	**—**	**246**	**246**
30 June 2024 Total	**—**	**—**	**246**	**246**
30 June 2024 Total %	**— %**	**— %**	**100 %**	**100 %**
31 December 2023 Total	—	—	227	227
31 December 2023 Total %	— %	— %	100.0 %	100.0 %

C8 – Analysis of shareholder other financial investments

30 June 2024	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unit trusts and other investment vehicles	**1,066**	**324**	**244**	**1,634**
Derivative financial instruments	**3**	**1,845**	**151**	**1,999**
Deposits with credit institutions	**1**	**—**	**—**	**1**
Minority holdings in property management undertakings	**—**	**—**	**120**	**120**
Other	**298**	**—**	**125**	**423**
30 June 2024 Total	**1,368**	**2,169**	**640**	**4,177**
30 June 2024 Total %	**32.7 %**	**52.0 %**	**15.3 %**	**100.0 %**
31 December 2023 Total	1,158	1,935	677	3,770
31 December 2023 Total %	30.7 %	51.3 %	18.0 %	100.0 %

Other information

In this section

Alternative Performance Measures

Overview

In order to fully explain the performance of our business, we discuss and analyse our results in terms of financial measures which include a number of Alternative Performance Measures (APMs). APMs are non-GAAP measures which are used to supplement the disclosures prepared in accordance with other regulations, such as International Financial Reporting Standards (IFRS) and Solvency II. We believe these measures provide useful information to enhance the understanding of our financial performance. However, APMs should be viewed as complementary to, rather than as a substitute for, the amounts determined according to other regulations.

The APMs utilised by Aviva may not be the same as those used by other insurers and may change over time. The calculation of APMs is consistent with previous periods unless otherwise stated.

Changes in APMs

There have been changes made to existing APMs to ensure that they remain relevant and useful for stakeholders.

Following achievement in 2023, one year early, of the Group's cost savings target of £750 million by 2024 as outlined in the Annual Report & Accounts 2023, Baseline Controllable costs has been retired as a separately defined sub-set of Controllable costs. Baseline Controllable costs excluded cost reduction implementation and IFRS 17 costs, strategic investment and certain other costs related to recently acquired entities which were not included in the 2018 cost savings target baseline. Controllable costs remains as a useful measure of the controllable operational overheads associated with maintaining and growing our businesses.

As a result of the retirement of Baseline Controllable costs, the definition of the Cost Income Ratio APM has been updated to use Controllable costs as the numerator, with comparatives re-presented to reflect this change.

A new subtotal labelled "Underlying" has been added to the Combined operating Ratio (COR) metric, as well as to both Solvency II operating own funds generation (Solvency II OFG) and Solvency II operating capital generation (Solvency II OCG). These subtotals will be used to discuss the performance of the APMs without items which, in the directors view, should be excluded in order to understand the Group's performance during the period. Further details on these exclusions are provided in the relevant sections below.

Changes to comparative amounts

As outlined in note B2, comparative amounts for the period ended 30 June 2023 have been restated for the prior period correction that was recognised in the Annual Report and Accounts 2023 in respect of a review of accounting processes for certain with-profits funds. The restatement removes the impact of a misallocation of annuity benefits between shareholder and with-profits funds which was subsequently corrected via an adjustment to opening IFRS balances. Within the IFRS financial statements, this has increased insurance revenue by £50 million for the period ended 30 June 2023 (net of tax increase in profit of £38 million) and results in a cumulative correction of £203 million to shareholder equity at 30 June 2023.

This affects the following IFRS APMs:

- Group adjusted operating profit;
- Operating value added;
- Stock of future profit;
- Operating earnings per share;
- IFRS return on equity (RoE);
- IFRS Shareholders' equity per share; and
- Adjusted IFRS Shareholders' equity per share.

The Solvency II APMs for the period ended 30 June 2023 have also been restated to remove the corresponding impact leading to a net of tax increase in operating own funds of £38 million, as it was subsequently recognised within non-operating own funds and capital generation in 2023.

This affects the following SII APMs:
- Solvency II operating own funds generation (Solvency II OFG);
- Solvency II operating capital generation (Solvency II OCG);
- Solvency II return on capital (Solvency II RoC) ; and
- Solvency II return on equity (Solvency II RoE).

Further details on APMs derived from IFRS measures and APMs derived from Solvency II measures are provided in the following sections. A further section describes Other APMs.

APMs derived from IFRS measures

A number of APMs relating to IFRS are utilised to measure and monitor the Group's performance.
- Group adjusted operating profit
- Operating value added
- Stock of future profit
- Gross written premiums (GWP)
- Combined operating ratio (COR)
- Claims, commission, and expense ratios
- Operating earnings per share
- Controllable costs
- IFRS return on equity (RoE)
- IFRS Shareholders' equity per share
- Adjusted IFRS Shareholders' equity per share
- Assets Under Management (AUM) and Assets Under Administration (AUA)
- Net flows
- Aviva Investors revenue
- Cost income ratio (CIR)
- Cost asset ratio

Definitions and additional information, including reconciliation to the relevant amounts in the IFRS financial statements and, where appropriate, commentary on the material reconciling items are included within this section.

Group adjusted operating profit

Group operating profit is an APM that supports decision making and internal performance management of the Group's operating segments that incorporates an expected return on investments supporting the life and non-life insurance businesses. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the Group's operating performance over time by separately identifying non-operating items. The various items excluded from Group adjusted operating profit, but included in IFRS profit before tax, are:

(a) Investment variances and economic assumption changes

Group adjusted operating profit is based on expected investment returns on financial investments backing shareholder and policyholder funds over the reporting period, with allowance for the corresponding expected movements in liabilities. The expected rate of return is determined using consistent assumptions between operations, having regard to local economic and market forecasts of investment return and asset classification.

For fixed interest securities classified as fair value through profit or loss, the expected investment returns are based on average prospective yields for the actual assets held less an adjustment for credit risk. The expected return on equities and properties is calculated using the appropriate risk-free rate in the relevant currency plus a risk premium.

Group adjusted operating profit includes the effect of variances in experience for non-economic items, such as mortality, persistency and expenses, and the effect of changes in non-economic assumptions such as changes in expected cashflows for non-life claims. Changes due to economic items such as market value movement and interest rate changes, which give rise to variances between actual and expected investment returns, and the impact of changes in economic assumptions on liabilities, are disclosed separately outside Group adjusted operating profit.

The exclusion of investment variances from this APM reflects the long-term nature of much of our business. The Group adjusted operating profit, which is used in managing the performance of our operating segments, excludes the impact of economic variances to provide a comparable measure year-on-year.

(b) Impairment, amortisation and profit or loss on disposal

Group adjusted operating profit also excludes impairment of goodwill, associates and joint ventures; amortisation and impairment of other intangible assets acquired in business combinations; amortisation and impairment of acquired value of in-force business on non-participating investment contracts; and the profit or loss on disposal and remeasurement of subsidiaries, joint ventures and associates. These items principally relate to merger and acquisition activity which we view as strategic in nature, hence they are excluded from the Group adjusted operating profit APM as this is principally used to manage the performance of our operating segments when reporting to the Group chief operating decision maker.

(c) Integration and restructuring costs

Group adjusted operating profit excludes integration and restructuring costs that relate to a well-defined programme that materially changes the scope of our business or the manner in which it is conducted, with the exception of expected future integration and restructuring costs directly attributable to insurance contracts. Directly attributable integration and restructuring costs will be reflected in the CSM and the impact recognised in Group adjusted operating profit as CSM is amortised.

(d) Other items

Other items are those items that, in the directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance. For the period ended 30 June 2024, other items are a gain of £46 million (HY23: £19 million charge) which comprises the following:

- A gain of £68 million relating to the reduction in the final gross of tax financial impact of the prior period correction in respect of the review of accounting processes for with-profit funds, as described in note B2.
- Items disclosed outside of Group adjusted operating profit as they relate to acquisition and disposal activity that we consider to be strategic in nature:
  - A charge of £6 million (HY23: £13 million) relating to provisions for indemnities entered into through acquisition and disposal activity and other provisions relating to disposals.
  - A gain of £4 million (HY23: £nil) relating to a fair value adjustments on contingent consideration associated with Succession Wealth acquisitions.
  - A charge of £13 million (HY23: £nil) relating to costs associated with acquisitions completed in the period.
- Charges totalling £7 million (HY23: £6 million) relating to the cost of the employee free share award, fees and charges associated with the share buyback programme, and costs to equalise Guaranteed Minimum Pension benefits.

The Group adjusted operating profit APM should be viewed as complementary to IFRS measures. It is important to consider Group adjusted operating profit and profit for the period together to understand the performance of the business in the period.

The table below presents a reconciliation between our consolidated group adjusted operating profit and profit before tax attributable to shareholders' profits.

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR)	**532**	486	994
UK & Ireland General Insurance	**287**	230	452
Canada General Insurance	**216**	240	399
Aviva Investors	**18**	5	21
International investments (India, China and Singapore)	**26**	46	63
Business unit operating profit	**1,079**	1,007	1,929
Corporate centre costs and Other operations	**(62)**	(114)	(215)
Group debt costs and other interest	**(142)**	(128)	(247)
Group adjusted operating profit before tax attributable to shareholders' profits	**875**	765	1,467
Investment variances and economic assumption changes	**(206)**	(165)	322
Amortisation of intangibles acquired in business combinations	**(31)**	(31)	(52)
Amortisation of acquired value of in-force business	**(26)**	(29)	(59)
Profit on disposal and remeasurement of subsidiaries, joint ventures and associates	**195**	—	—
Integration and restructuring costs	**(69)**	—	(61)
Other	**46**	(19)	(176)
Adjusting items before tax	**(91)**	(244)	(26)
IFRS profit before tax attributable to shareholders' profits	**784**	521	1,441
Tax on Group adjusted operating profit	**(208)**	(138)	(289)
Tax on other activities	**78**	32	(46)
Tax attributable to shareholders' profits	**(130)**	(106)	(335)
IFRS profit for the period	**654**	415	1,106

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview). This impacts IWR business unit and has a corresponding impact on the subtotals and totals.

Operating value added

Operating value added represents the increase in "value" in the period on an IFRS 17 basis. This is defined as the operating profit in the period plus the operating change in the contractual service margin (gross of tax). Operating changes in the CSM include new business, interest accretion, expected return, experience variances, assumption changes and release of CSM and exclude economic variances and economic assumption changes.

Non-operating changes in the CSM consist of investment variances, economic assumption changes and changes as a result of portfolio transfers, acquisitions and disposals. For business measured using the GMM the CSM is calculated using locked-in rates, so non-operating movements will be limited to rises in expenses due to inflation. For contracts measured under the VFA, variance between the expected return on the shareholder share of underlying assets and the actual return are reported as non-operating changes in CSM.

This APM is relevant for the life insurance business and is a more complete and useful measure of the value generated in the period, reflecting the benefit of writing new business and assumption changes in the period. No adjustment is made for the future value of the businesses for which no CSM liability has been established and operating value added is equated to operating profit.

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Group adjusted operating profit before tax attributable to shareholders' profits	**875**	765	1,467
Operating changes in CSM	**(17)**	205	851
Operating value added	**858**	970	2,318

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview)

	Note	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Opening CSM		**7,248**	6,480	6,480
New business		**216**	183	437
Interest accretion and expected return		**127**	111	257
Experience variance and other		**41**	133	393
Assumption changes		**—**	110	564
Release of CSM		**(401)**	(332)	(800)
Operating changes in CSM		**(17)**	205	851
Non-operating changes		**100**	(31)	(83)
Closing CSM	B10	**7,331**	6,654	7,248

1. The comparative amount for the period ended 30 June 2023 for CSM has been amended following a correction in respect of accounting for with-profit funds, resulting in an increase in CSM of £17 million

Stock of future profit

Stock of future profit is an addition of the CSM and the risk adjustment that represents the future profit recognised in the statement of financial position to unwind into profit over time. It is presented at the Group total. The releases from the stock of future profit are a key driver of profit for our life insurance business and these releases are provided for our IWR Protection, Annuities, Heritage and Ireland businesses.

Gross written premiums (GWP)

GWP is a measure of volumes written in the period for the General Insurance business. GWP is useful for understanding the growth of the business. Reconciliations of GWP to insurance revenue is set out below. Reconciling items arise from presentational differences and timing differences between writing premiums and recognising insurance revenue.

	Note	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Gross written premiums		**6,005**	5,274	10,888
Movement in unearned premiums on contracts measured under the premium allocation approach (PAA)		**(414)**	(353)	(668)
Instalment income		**44**	34	69
Insurance revenue from general insurance business	B5(a)(i)	**5,635**	4,955	10,289
Insurance revenue from other segments[1]	B5(a)(i)	**4,181**	3,990	8,208
Insurance revenue[1]		**9,816**	8,945	18,497

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview)

Combined operating ratio (COR)

COR is a useful financial measure of general insurance (GI) underwriting profitability calculated as total underwriting costs in our insurance entities expressed as a percentage of net insurance revenue. It is used to monitor the profitability of lines of business. A COR below 100% indicates profitable underwriting.

The main differences in the calculation relate to using a risk adjustment rather than reserve margins, specific allowances for onerous business and reallocations between the numerator and denominator of the calculation. COR continues to be presented on a net of reinsurance basis, but now includes the impact of discounting as aligned to IFRS 17 requirements (discounted COR).

The Group considers COR with claims measured on an undiscounted basis (undiscounted COR) to align more closely to the way in which the business is managed, and undiscounted COR is disclosed alongside discounted COR.

The Group discounted, undiscounted and underlying COR are shown below.

	Note	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Total claims and benefits - GI and Health	B6	**(3,441)**	(2,971)	(6,557)
Adjusted for the following:				
Claims and benefits - Health		**259**	210	454
Claims recoverable from reinsurers		**143**	163	474
Losses on onerous contracts (including recoveries) and other		**(5)**	(1)	(16)
Total incurred claims (included in COR)		**(3,044)**	(2,599)	(5,645)
Insurance service expense - GI and Health	B5	**(5,159)**	(4,525)	(9,664)
Adjusted for the following:				
Insurance service expenses- Health		**331**	247	582
Insurance service expenses recoverable from reinsurers		**143**	188	473
Remove incurred claims		**3,044**	2,599	5,645
Include non attributable expenses and other		**(23)**	(18)	(35)
Total commission and expenses (included in COR)[1]		**(1,664)**	(1,509)	(2,999)
Total underwriting costs - discounted		**(4,708)**	(4,108)	(8,644)
Remove discounting benefit		**(200)**	(157)	(327)
Underwriting costs - undiscounted		**(4,908)**	(4,265)	(8,971)
Insurance Revenue - GI and Health	B5(b)(i)	**5,985**	5,257	10,925
Adjusted for the following:				
Insurance Revenue - Health		**(350)**	(302)	(637)
Allocation of reinsurance premiums		**(491)**	(457)	(963)
Net insurance revenue (included in COR)		**5,144**	4,498	9,325
Discounted Combined operating ratio (COR)		**91.5 %**	91.3 %	92.7 %
Undiscounted Combined operating ratio (COR)		**95.4 %**	94.8 %	96.2 %

1. Commission and expenses (included in COR) is comprised of £(1,040) million incurred commission (HY23: £(944) million, 2023: £(1,857) million) and £(624) million incurred expenses (HY23: £(565) million, 2023: £(1,142) million)

APM - Claims, commission, expense and distribution ratios

Financial measures of the performance of our general insurance business which are calculated as incurred claims, earned commission or earned expenses expressed as a percentage of net insurance revenue, which can be derived from the COR table above. The ratios are meaningful to stakeholders because they enhance understanding of the profitability of the business sold. The commission ratio and expense ratio are aggregated together to calculate the distribution ratio, which is the key efficiency metric for general insurance business.

Operating earnings per share (Operating EPS)

Operating EPS is calculated based on the Group adjusted operating profit attributable to ordinary shareholders net of tax, deducting non-controlling interests, preference dividends and direct capital instrument coupons divided by the weighted average number of ordinary shares in issue, after deducting treasury shares. Operating EPS is considered meaningful to stakeholders because it enhances the understanding of the Group's operating performance over time by adjusting for the effects of non-operating items. A reconciliation between operating EPS and basic EPS can be found in note B8.

Controllable costs

Controllable costs is a useful measure of the controllable operational overheads associated with maintaining and growing our businesses. These predominantly consist of staff costs, central costs, property and IT related costs and other expenses. Controllable costs also include indirect acquisition costs, such as underwriting overheads, and claims handling costs. These are considered to be controllable by the operating segments.

Controllable costs excludes:
- Impairment of goodwill, associates and joint ventures; amortisation and impairment of other intangible assets acquired in business combinations; and amortisation and impairment of acquired value of in-force business. These items relate to merger, acquisition and disposal activity which we view as strategic in nature, hence they are excluded from controllable costs which is principally used to manage the performance of our operating segments;
- Costs in relation to product governance and mis-selling. These costs represent compensation and redress payments made to policyholders and are excluded from controllable costs because they have characteristics of claims payments;
- Premium based taxes, fees and levies that vary directly with premiums. These costs are by their nature a direct cost incurred as a result of generating premium income, and therefore not a controllable operational overhead;
- Integration and restructuring costs that relate to a well-defined programme that materially changes the scope of our business or the manner in which it is conducted; and

- Other amounts totalling £134 million (HY23: £21 million) that, in management's view, are not representative of underlying day-to-day expenses involved in running the business, and that would distort the year-on-year controllable costs trend. In 2024 these primarily include costs relating to:
  - The employee free share award, fees and charges associated with the share buyback programme, and costs to equalise Guaranteed Minimum Pension benefits;
  - Acquisition and disposal activity that we consider to be strategic in nature;
  - Certain investment management costs included within other expenses but not deemed to be controllable costs which are directly attributable to insurance and investment contracts; and
  - Instances where IFRS 17 required a change in income statement classification but not within the boundary of controllable costs.

A reconciliation of other expenses as outlined in note B6 and recognised within the IFRS condensed consolidated income statement to controllable costs is set out below:

	Note	**6 months 2024 £m**	6 months 2023 £m	Full year 2023 £m
Other expenses	B6	**1,279**	1,114	2,443
Add: other acquisition costs		**574**	462	1,055
Add: claims handling costs		**140**	139	239
Less: amortisation of intangibles acquired in business combinations		**(31)**	(31)	(52)
Less: amortisation of acquired value of in-force business on investment contracts		**(26)**	(29)	(59)
Add: foreign exchange gains		**126**	101	146
Less: product governance and mis-selling costs		**(32)**	(25)	(63)
Less: integration and restructuring costs[1]		**(80)**	—	(61)
Less: premium based income taxes, fees and levies		**(125)**	(120)	(220)
Less: other costs		**(134)**	(21)	(256)
Controllable costs		**1,691**	1,590	3,172

1. Integration and restructuring costs within this reconciliation relate to the actual incurred expenses during the period and therefore include costs directly attributable to insurance contracts that were reflected in the CSM

IFRS return on equity (RoE)

IFRS RoE is a useful measure of growth and performance of the business on an IFRS basis. The IFRS RoE calculation is based on Group adjusted operating profit after tax attributable to ordinary shareholders expressed as a percentage of weighted average ordinary shareholders' equity (excluding preference share capital, tier 1 notes and non-controlling interests).

For the full year reporting period, the weighted average is calculated as 25% weighting to closing equity, 25% to opening equity and 50% to equity at the half year reporting date. For the half year reporting period the weighted average is calculated as 50% weighting to opening equity and 50% weighting to closing equity.

£m (unless otherwise stated)	Note	**6 months 2024**	Restated[1] 6 months 2023	Full year 2023
Group adjusted operating profit after tax attributable to ordinary shareholders	A9	**630**	590	1,106
Weighted average ordinary shareholders' equity (excluding preference share capital, tier 1 notes and non-controlling interests)		**8,514**	8,861	8,697
IFRS RoE (%)		**14.8 %**	13.3 %	12.7 %

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview). This impacts the weighted average ordinary shareholders' equity presented for the 6 months 2023 and full year 2023. There is no impact on the full year 2023 IFRS RoE percentage.

IFRS Shareholders' equity per share

IFRS Shareholders' equity per share is calculated as the equity attributable to shareholders of Aviva plc, less preference share capital (both within the consolidated statement of financial position), divided by the actual number of shares in issue at the balance sheet date. IFRS Shareholders' equity per share is meaningful as a measure of the value generated by the Group in terms of the equity shareholders' face value per share investment.

£m (unless otherwise stated)	Note	**30 June 2024**	Restated[1] 30 June 2023	31 December 2023
IFRS Shareholders equity[2]		**8,441**	8,512	8,586
Number of shares in issue (in millions)	B16	**2,680**	2,738	2,739
IFRS Shareholders' equity per share		**315 p**	311 p	313 p

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview)
2. Excluding preference shares of £200 million (30 June 2023: £200 million, 31 December 2023 £200 million)

Adjusted IFRS Shareholders' equity per share

Adjusted IFRS Shareholders' equity per share is calculated as the equity attributable to shareholders of Aviva plc, less preference share capital (both within the consolidated statement of financial position), plus CSM (see B10(b)) net of tax, divided by the actual number of shares in issue at the balance sheet date. Adjusted IFRS Shareholders' equity per share is meaningful as a measure of the value generated by the Group, including the value held in CSM, in terms of the equity shareholders' face value per share investment.

£m (unless otherwise stated)	Note	30 June 2024	Restated[1] 30 June 2023	31 December 2023
IFRS Shareholders' equity[2]		**8,441**	8,512	8,586
IFRS Contractual service margin (CSM)	B10(b)	**7,331**	6,654	7,248
Less: Tax on CSM		**(1,799)**	(1,628)	(1,779)
Adjusted IFRS Shareholders' equity		**13,973**	13,538	14,055
Number of shares in issue (in millions)	B16	**2,680**	2,738	2,739
Adjusted IFRS Shareholders' equity per share		**521 p**	494 p	513 p

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview)
2. Excluding preference shares of £200 million (30 June 2023: £200 million, 31 December 2023 £200 million)

Assets Under Management (AUM) and Assets Under Administration (AUA)

AUM represent all assets managed or administered by or on behalf of the Group's subsidiaries, including those assets managed by Aviva Investors and by third parties. AUM include managed assets that are reported within the Group's statement of financial position and those assets belonging to external clients outside the Aviva Group which are therefore not included in the Group's statement of financial position.

Consistent with previous years, Aviva Investors AUA comprises AUM plus £36,241 million (30 June 2023: £38,583 million, 31 December 2023: £40,628 million) of assets managed by third parties on platforms administered by Aviva Investors. Both AUM and AUA are monitored as they reflect the potential earnings arising from investment returns and fee and commission income and measure the size and scale of the Group's fund management business.

A reconciliation of amounts appearing in the Group's statement of financial position to AUM is shown below:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Financial investments	**264,086**	231,469	245,831
Investment property	**6,241**	6,005	6,232
Loans	**31,318**	30,152	31,884
Cash and cash equivalents	**16,948**	19,836	17,273
Other	**6,068**	5,425	5,678
Assets included in statement of financial position	**324,661**	292,887	306,898
Less: third-party funds and UK Platform included above	**(23,389)**	(20,245)	(19,821)
Assets managed on behalf of the Group's subsidiaries	**301,272**	272,642	287,077
Aviva Investors	**40,777**	37,405	38,191
UK Platform[1]	**55,110**	47,301	50,555
Other	**747**	616	637
Assets managed on behalf of third parties[2]	**96,634**	85,322	89,383
Total AUM[3]	**397,906**	357,964	376,460

1. UK Platform relates to the assets under management in the Wealth business including Succession Wealth
2. AUM managed on behalf of third parties cannot be directly reconciled to the financial statements
3. Includes AUM of £234,378 million (30 June 2023: £221,334 million, 31 December 2023: £227,022 million) managed by Aviva Investors

Net flows

Net flows is used by management as a key measure of growth in AUM, from which income is generated through asset management charges (AMCs). This measure is predominantly used in Aviva Investors and the Wealth business within UK & Ireland Insurance, Wealth and Retirement (IWR).

It is the net position of inflows and outflows. Inflows include net premiums received for insurance and participating investment contracts, deposits made under non-participating investment contracts, and other funds received from customers included in AUM. Outflows include net claims paid for insurance and participating investment contracts, redemptions and surrenders under non-participating investment contracts, and other funds withdrawn by customers from AUM.

Aviva Investors net flows includes flows on internal assets which are managed on behalf of Group companies, and external flows on assets belonging to clients outside the Group which are not included in the Group's statement of financial position.

Net flows excludes market and other movements. Net flows when positive in the period can be referred to as net inflows and when negative as net outflows.

Aviva Investors revenue

Aviva Investors revenue includes AMCs received, plus transaction fees and other related income, and is stated net of fees and commissions paid. It is a useful measure of revenue earned from fund management activities. Aviva Investors recognises fee income in the segmental income statement within both fee and commission income and inter-segment revenue. Fees and commissions paid are classified in other operating expenses.

Cost income ratio (CIR)

Cost income ratio is used to monitor profitable growth in Aviva Investors and is useful as it gives a simple view of how efficiently the business is being run, allowing management to clearly see how costs are moving in relation to income. As a result of the retirement of Baseline Controllable costs, the definition of the Cost Income Ratio APM has been updated to use Controllable costs as the numerator, with comparatives re-presented to reflect this change.

Cost income ratio is calculated as Aviva Investors' Controllable costs divided by Aviva Investors' revenue.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Aviva Investors revenue	**183**	167	346
Aviva Investors controllable costs	**(165)**	(162)	(325)
Cost income ratio[1]	**90 %**	97 %	94 %

1. The 2023 comparative amounts for the cost income ratio have been re-presented to calculate the ratio using total Controllable costs

Cost asset ratio

Cost asset ratio is used to monitor efficiency in the Insurance, Wealth & Retirement (IWR) and Aviva Investors businesses and is calculated in basis points (bps) as Controllable costs divided by average assets under management (AUM). At half year, this is multiplied by two to give the annualised figure. It is a useful measure as it allows management to see the trend of costs compared with business volumes.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Insurance, Wealth & Retirement (IWR) controllable costs	**700**	646	1,259
Insurance, Wealth & Retirement (IWR) average AUM	**322,999**	295,879	304,363
Insurance, Wealth & Retirement (IWR) cost asset ratio	**43.3 bps**	43.7 bps	41.4 bps

	6 months 2024 £m	6 months **2023** £m	Full year **2023** £m
Aviva Investors controllable costs	**165**	162	325
Aviva Investors average AUM	**230,700**	222,003	224,847
Aviva Investors cost asset ratio	**14.3 bps**	14.6 bps	14.5 bps

There is significant overlap between the AUM balances of the Insurance, Wealth & Retirement and the Aviva Investors businesses, as Aviva Investors' predominantly manage assets on behalf of Aviva Group entities. A small proportion of the Group's AUM balance is attributable to other business units. The internal allocation of AUM and AUA to Insurance, Wealth & Retirement and Aviva Investors provides the most relevant information to assess the efficiency of these businesses.

APMs derived from Solvency II measures

The Group is a regulated entity under the Solvency II regulatory framework and therefore uses a number of APMs that are derived from Solvency II measures in addition to those that are derived from IFRS based measures.

A number of key performance measures relating to Solvency II are utilised to measure and monitor the Group's performance and financial strength

- Solvency II shareholder cover ratio
- Value of new business on an adjusted Solvency II basis (VNB)
- Present value of new business premiums (PVNBP)
- New business margin
- Annual premium equivalent (APE)
- Solvency II operating own funds generation (Solvency II OFG)
- Solvency II operating capital generation (Solvency II OCG)
- Solvency II return on equity (Solvency II RoE)
- Solvency II return on capital (Solvency II RoC)
- Solvency II net asset value per share (Solvency II NAV per share)
- Solvency II debt leverage ratio

The Solvency II regulatory framework requires insurers to hold own funds in excess of the Solvency Capital Requirement (SCR). Own funds are available capital resources determined under Solvency II. This includes the excess of assets over liabilities in the Solvency II balance sheet, calculated on best estimate, market consistent assumptions and includes transitional measures on technical provisions (TMTP), subordinated liabilities that qualify as capital under Solvency II, and off-balance sheet own funds.

The SCR is calculated at Group level using a risk-based capital model which is calibrated to reflect the cost of mitigating the risk of insolvency to a 99.5% confidence level over a one-year time horizon - equivalent to a 1 in 200 year event - against financial and non-financial shocks. As a number of subsidiaries utilise the standard formula rather than a risk-based capital model to assess capital requirements, the overall Group SCR is calculated using a partial internal model, and it is shown after the impact of diversification benefit.

The 'shareholder view' of Solvency II is considered by management to be more representative of the shareholders' risk-exposure and the Group's ability to cover the SCR with eligible own funds and aligns with management's approach to dynamically manage its capital position. In arriving at the shareholder view, the following adjustments may be made to the regulatory Solvency II position:

- The contribution to the Group's SCR and own funds of the most material fully ring-fenced with-profits funds and staff pension schemes in surplus are excluded. These exclusions have no impact on Solvency II surplus as these funds are self-supporting on a Solvency II capital basis with any surplus capital above SCR not recognised.
- A notional reset of the TMTP, calculated using the same method as used for formal TMTP resets. This presentation avoids step changes to the Solvency II position that arise only when the formal TMTP reset points are triggered.
- Adjustments for future regulatory changes that are finalised but not yet implemented at the reporting date in order to show a more representative view of the Group's solvency position.

The reconciliation presented below shows the key differences between Group equity on an IFRS basis and Solvency II own funds on a shareholder view. Additional items bridging from Solvency II shareholder own funds to Solvency II regulatory own funds are presented subsequently.

	30 June 2024 £m	Restated[1] 30 June 2023 £m	31 December 2023 £m
Total Group equity on an IFRS basis	**9,455**	9,522	9,600
Exclude preference shares and tier 1 notes	**(696)**	(696)	(696)
Exclude non-controlling interests	**(318)**	(314)	(318)
Add back CSM	**7,331**	6,654	7,248
Exclude tax on CSM	**(1,799)**	(1,628)	(1,779)
IFRS adjusted shareholders' equity	**13,973**	13,538	14,055
Goodwill	**(2,461)**	(2,098)	(2,100)
Acquired value of in-force business	**(435)**	(402)	(461)
Deferred acquisition costs (net of deferred income)	**(796)**	(732)	(710)
Other intangibles	**(575)**	(477)	(507)
Elimination of goodwill and other intangible assets	**(4,267)**	(3,709)	(3,778)
Removal of IFRS risk adjustment	**1,121**	1,260	1,162
Inclusion of Solvency II risk margin	**(1,266)**	(2,790)	(1,278)
TMTP (on a notional reset basis)	**1,439**	2,213	1,407
Revaluation of subordinated liabilities	**281**	353	196
Asset, liability and other accounting valuation differences[2]	**913**	1,117	682
Tax differences	**(329)**	(844)	(403)
Exclude staff pension schemes in surplus (net of tax)	**(855)**	(872)	(669)
Solvency II unrestricted shareholder tier 1 own funds	**11,010**	10,266	11,374
Restricted tier 1	**946**	946	946
Tier 2	**3,813**	3,870	4,526
Tier 3	**178**	309	173
Estimated Solvency II shareholder own funds	**15,947**	15,391	17,019
Adjustments for:			
Fully ring-fenced with-profit funds	**1,430**	1,331	1,408
Staff pension schemes in surplus	**331**	437	397
Regulatory vs. notional TMTP valuation differences	**(90)**	(17)	—
Estimated Solvency II regulatory own funds	**17,618**	17,142	18,824

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures – Overview)
2. Asset, liability and other accounting differences primarily arise from recognising future profits on unit-linked business under Solvency II but not IFRS, partially offset by IFRS having higher discount rates on insurance contracts

Estimated Solvency II regulatory own funds of £17,618 million (31 December 2023: £18,824 million and 30 June 2023: £17,142 million) is £1,242 million (31 December 2023: £2,016 million and 30 June 2023: £1,667 million) greater than estimated Solvency II regulatory net assets of £16,376 million (31 December 2023: £16,808 million and 30 June 2023: £15,475 million), primarily due to recognition of eligible subordinated debt capital less adjustments for ring-fenced funds restrictions.

Solvency II shareholder cover ratio

The estimated Solvency II shareholder cover ratio, which is derived from own funds divided by the SCR using the 'shareholder view', is one of the indicators of the Group's balance sheet strength.

A reconciliation of the Solvency II regulatory surplus to the Solvency II shareholder surplus is provided below:

	30 June 2024			31 December 2023		
	Own funds £m	SCR £m	Surplus £m	Own funds £m	SCR £m	Surplus £m
Solvency II regulatory surplus	**17,618**	**(9,554)**	**8,064**	18,824	(10,011)	8,813
Fully ring-fenced with-profit funds	**(1,430)**	**1,430**	**—**	(1,408)	1,408	—
Staff pension schemes in surplus	**(331)**	**331**	**—**	(397)	397	—
Notional reset of TMTP	**90**	**14**	**104**	—	—	—
Solvency II shareholder surplus	**15,947**	**(7,779)**	**8,168**	17,019	(8,206)	8,813

A summary of the shareholder view of the Group's Solvency II position is shown in the table below:

	30 June 2024 £m	31 December 2023 £m
Own funds	**15,947**	17,019
Solvency capital requirement	**(7,779)**	(8,206)
Solvency II shareholder surplus	**8,168**	8,813
Solvency II shareholder cover ratio	**205 %**	207 %

Value of new business on an adjusted Solvency II basis (VNB)

VNB measures the additional value to shareholders created through the writing of new life business in the period. It reflects Solvency II assumptions and allowance for risk, and is defined as the increase in Solvency II own funds resulting from life business written in the period, including the impact of interactions between in-force and new business, adjusted to:

- Remove the impact of the contract boundary restrictions under Solvency II;
- Include businesses which are not within the scope of Solvency II own funds (e.g. UK non-life Retail business and UK Equity Release); and
- Reflect a gross of tax and non-controlling interests basis, and other differences as set out in the footnote to the table below.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Insurance (Protection and Health)	**113**	118	214
Wealth & Other	**131**	109	239
Retirement (Annuities and Equity Release)	**105**	74	286
Ireland	**22**	18	42
Insurance, Wealth & Retirement (IWR)	**371**	319	781
International investments (India, China and Singapore)	**33**	46	93
Group value of new business on an adjusted Solvency II basis (VNB)	**404**	365	874

A reconciliation between VNB and the Solvency II own funds impact of new business is provided below:

	6 months 2024			6 months 2023			Full year2023		
	Insurance, Wealth & Retirement (IWR) £m	**International investments (India, China and Singapore) £m**	**Total £m**	Insurance, Wealth & Retirement (IWR) £m	International investments (India, China and Singapore) £m	Total £m	Insurance, Wealth & Retirement (IWR) £m	International investments (India, China and Singapore) £m	Total £m
VNB (gross of tax and non-controlling interests)	**371**	**33**	**404**	319	46	365	781	93	874
Solvency II contract boundary restrictions - new business	**(29)**	**—**	**(29)**	(48)	—	(48)	(90)	—	(90)
Solvency II contract boundary restrictions - increments / renewals on in-force business	**75**	**—**	**75**	59	—	59	115	—	115
Businesses which are not in the scope of Solvency II own funds	**(113)**	**—**	**(113)**	(112)	—	(112)	(182)	—	(182)
Actual vs target asset mix/expected reinsurance	**(19)**	**—**	**(19)**	(32)	—	(32)	23	—	23
Tax and other[1]	**(122)**	**(7)**	**(129)**	(101)	(11)	(112)	(259)	(20)	(279)
Solvency II own funds impact of life new business	**163**	**26**	**189**	85	35	120	388	73	461

1. Other includes the impact of 'look through profits' in service companies (where not included in Solvency II) of £(15) million (HY23: £(8) million, 2023: £(29) million) and the surplus from members options including transfers, early/late retirement and take up of tax-free lump sum payments at retirement (not included in Solvency II Own Funds) on BPAs of £(40) million (HY23: £(51) million, 2023: £(90) million)

VNB is calculated using economic assumptions as at the point of sale, taken as those appropriate to the start of each quarter. For contracts that are repriced more frequently, weekly or monthly economic assumptions have been used. The economic assumptions follow Solvency II rules for risk-free rates, volatility adjustment and matching adjustment.

The operating assumptions are consistent with the Solvency II balance sheet. When these assumptions are updated, the year-to-date VNB will capture the impact of the assumption change on all business sold that year.

The Matching Adjustment (MA) is an addition to the rate used to discount Solvency II best-estimate liabilities, to reflect the return on the matching assets used. In the calculation of VNB an MA is applied to certain obligations based on the target allocation of assets backing new business. This allocation will be different to the MA applied at the portfolio level. Aviva applies an MA to certain obligations in IWR, using methodology which is set out in the Solvency and Financial Condition Report (SFCR). The MA used for 2024 UK new business (where applicable) was 117 bps (HY23: 146 bps).

Present value of new business premiums (PVNBP)

PVNBP measures sales in the Group's life insurance business. PVNBP is derived from the present value of new regular premiums expected to be received over the term of the new contracts plus 100% of single premiums from new business written in the financial period and is expressed at the point of sale. The discounted value of regular premiums is calculated using the same methodology as for VNB. PVNBP also includes any changes to existing contracts which were not anticipated at the outset of the contract that generate additional shareholder risk and associated premium income of the nature of a new policy.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Insurance (Protection and Health)	**1,841**	1,490	3,006
Wealth & Other	**13,627**	12,044	23,470
Retirement (Annuities and Equity Release)	**3,036**	3,223	7,088
Ireland	**1,229**	847	1,934
Insurance, Wealth & Retirement (IWR)	**19,733**	17,604	35,498
International investments (India, China and Singapore)	**805**	1,051	2,048
Group present value of new business premiums (PVNBP)	**20,538**	18,655	37,546

The table below presents a reconciliation of IFRS expected premiums from new insurance contracts to PVNBP:

	Note	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Expected premiums (including investment components) from new insurance contracts	B10(c)	**3,780**	3,654	8,439
Contract boundary and other measurement differences between IFRS 17 and PVNBP		**(21)**	221	(18)
Expected premiums from new non-participating investment contracts, other retail business, equity release loans and increments on existing policies		**15,327**	12,922	25,409
Expected premiums from insurance contracts not in scope of Insurance and reinsurance contracts[1]		**647**	807	1,668
Additions		**15,974**	13,729	27,077
Premiums from share of joint ventures, associates and other		**805**	1,051	2,048
Present value of new business premiums (PVNBP)		**20,538**	18,655	37,546

1. Includes premiums from Health business measured under PAA and the cash flows arising from guaranteed annuity options which are within the contract boundary of existing contracts under IFRS, whilst the non-GAAP measure of PVNBP recognises a contract boundary at the date of vesting and therefore includes the premium paid by with profit funds to shareholder owned funds to establish the annuities at vesting

New business margin

New business margin, or VNB margin, is calculated as value of new business on an adjusted Solvency II basis (VNB) divided by the present value of new business premiums (PVNBP) and expressed as a percentage.

Annual premium equivalent (APE)

APE is calculated as the sum of new regular premiums plus 10% of new single premiums written in the period (where relevant). APE is used as a new business measure, in particular for our Protection and Health business. This provides useful information on sales and new business when considered alongside VNB.

	6 months 2024 £m	6 months 2023 £m	Full year 2023 £m
Present value of new business premiums (PVNBP)	**1,841**	1,490	3,006
Remove capitalised value of future regular premiums	**(1,570)**	(1,267)	(2,591)
Annual premium equivalent (APE)	**271**	223	415

Solvency II operating own funds generation (Solvency II OFG)

Solvency II operating own funds generation measures the amount of Solvency II own funds generated from operating activities and incorporates an expected return on investments supporting the life and non-life insurance businesses. Solvency II operating own funds generation is used to assess sustainable growth. The Group considers this measure meaningful to stakeholders as it enhances the understanding of the Group's operating performance over time by separately identifying non-operating items.

The expected investment returns assumed within Solvency II OFG are consistent with the returns used for Group adjusted operating profit. Solvency II OFG includes the effect of variances in experience for non-economic items, such as mortality, persistency and expenses, the effect of changes in non-economic assumptions (for example, longevity) and model changes that are non-economic in nature.

Consistent with the Group adjusted operating profit APM, Solvency II OFG and Solvency II OCG exclude investment variances, economic assumption changes and integration and restructuring costs.

Solvency II operating own funds generation is the own funds component of Solvency II OCG (see next section).

Underlying Solvency II operating own funds generation consists of Solvency II operating own funds generation excluding items that meet the definition of Management Actions and other. Management Actions and other primarily includes the impact of capital actions, non-economic assumption changes and other items which, in the directors view, should be excluded in order to understand the Group's performance during the period and only applies to the life business units.

Solvency II operating capital generation (Solvency II OCG)

Solvency II operating capital generation (Solvency II OCG) measures the amount of Solvency II capital the Group generates from operating activities. Capital generated enhances Solvency II surplus which can be used to support sustainable cash remittances from our businesses, which in turn, supports the Group's dividend as well as funding further investment to provide sustainable growth.

Solvency II OCG reflects Solvency II OFG and operating movements in the SCR including the impact of capital actions, for example, strategic changes in asset mix including changes in hedging exposure.

Underlying Solvency II operating capital generation consists of Solvency II operating capital generation excluding items that meet the definition of Management Actions and other. Management Actions and other primarily includes the impact of capital actions, non-economic assumption changes and other items which, in the directors view, should be excluded in order to understand the Group's performance during the period and only applies to the life business units.
An analysis of the components of Solvency II OCG is presented below:

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Solvency II own funds impact of life new business	**189**	120	461
Operating own funds generation from life existing business	**297**	325	541
Operating own funds generation from non-life	**446**	369	673
Corporate centre costs and Other	**(70)**	(118)	(219)
Group external debt costs	**(94)**	(91)	(178)
Underlying own funds generation	**768**	605	1,278
Operating own funds generation from life management actions and other	**(10)**	81	451
Solvency II OFG	**758**	686	1,729
Solvency II operating SCR impact	**(36)**	(68)	(274)
Solvency II OCG	**722**	618	1,455
Less: Solvency II OCG from life management actions and other	**17**	(96)	(392)
Underlying Solvency II OCG	**739**	522	1,063

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview)

Solvency II OCG is a key component of the movement in Solvency II shareholder surplus. The tables below provide an analysis of the change in Solvency II shareholder surplus.

		6 months 2024			Restated[1] 6 months 2023			Full year 2023	
Shareholder view movement	**Own funds £m**	**SCR £m**	**Surplus £m**	Own funds £m	SCR £m	Surplus £m	Own funds £m	SCR £m	Surplus £m
Solvency II surplus at 1 January	**17,019**	**(8,206)**	**8,813**	16,468	(7,774)	8,694	16,468	(7,774)	8,694
Operating capital generation[1]	**758**	**(36)**	**722**	686	(68)	618	1,729	(274)	1,455
Non-operating capital generation[1,2]	**(231)**	**447**	**216**	(621)	234	(387)	(214)	(158)	(372)
Dividends[3]	**(622)**	**—**	**(622)**	(595)	—	(595)	(917)	—	(917)
Debt issue / (repayment)[4]	**(593)**	**—**	**(593)**	(259)	—	(259)	241	—	241
Share buyback	**(300)**	**—**	**(300)**	(300)	—	(300)	(300)	—	(300)
Acquisitions / (disposals)	**(84)**	**16**	**(68)**	12	—	12	12	—	12
Solvency II surplus at 30 June / 31 December	**15,947**	**(7,779)**	**8,168**	15,391	(7,608)	7,783	17,019	(8,206)	8,813

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview). Following restatement and further work performed in the six months ended 30 June 2024 to finalise the calculation, non-operating capital generation includes £51 million net of tax (HY23: £(38) million, 2023: £(241) million) for the correction in respect of historic accounting for with-profits funds (see note B2 for further details).
2. Non-operating capital generation includes integration and restructuring costs on a Solvency II basis (net of tax) of £(21) million (HY23: £nil, 2023: £(356) million). In 2023 £(47) million was incurred during the year, with the remaining £(309) million representing the present value of the costs expected to be incurred over the period 2024-2028 in relation to the extension of two key strategic partnerships. Within 2023, £208 million was recognised in operating own funds generation reflecting lower expense assumptions. Additional benefits significantly in excess of the costs are expected to be recognised in future years as contracts are migrated and the programme delivers the expected efficiencies.
3. Dividends includes £9 million (HY23: £9 million, 2023: £17 million) of Aviva plc preference dividends and £10 million (HY23: £10 million, 2023: £21 million) of General Accident plc preference dividends
4. €700 million subordinated debt was redeemed on 3 July 2024 but no longer eligible capital at 30 June 2024. €301 million subordinated debt was redeemed on 5 July 2023 but no longer eligible capital at 30 June 2023.

Solvency II return on equity (Solvency II RoE)

Solvency II RoE is used as an economic value measure by the Group to assess growth and performance.

Solvency II return on equity is calculated as:
- Operating own funds generation less preference dividends and equity Restricted Tier 1 (RT1) note coupons, adjusted to replace the run-off of transitional measures on technical provisions (TMTP) with the economic cost of holding TMTP (calculated as Group Weighted Average Cost of Capital plus 1-yr swap rate, multiplied by the opening TMTP on a shareholder basis), divided by:
- Opening unrestricted tier 1 shareholder Solvency II own funds.

To remove distortions in the evaluation of growth and performance whilst we temporarily held excess capital an adjustment was made to exclude excess capital from the denominator (and the return on excess capital from Solvency II operating own funds generation). Excess capital is derived as Solvency II shareholder own funds in excess of our target shareholder cover ratio (currently 180%). Now that we have completed our capital return initiatives, Solvency II RoE has been reported with and without adjustment for excess capital.

Solvency II RoE is calculated on an annualised basis and is shown below:

	6 months 2024 £m	Restated[1] 6 months 2023 £m	Full year 2023 £m
Solvency II operating own funds generation[1]	**758**	686	1,729
Adjustment to replace TMTP run-off with economic cost of TMTP	**(16)**	(21)	(41)
Less preference share dividends	**(19)**	(19)	(38)
Less RT1 notes coupons	**(17)**	(17)	(34)
Adjusted Solvency II OFG (less preference share dividends & RT1 note coupons)	**706**	629	1,616
Opening unrestricted tier 1 shareholder Solvency II own funds	**11,374**	10,962	10,962
Solvency II return on equity[1]	**12.4 %**	11.5 %	14.7 %

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview)

Solvency II RoE (adjusted for excess capital) has increased by 0.5pp to 14.6% (HY23: 14.1%). The excess capital at 1 January 2024 was £2,248 million and this included capital set aside for FY23 dividend, share buyback and debt reduction. The excess capital at 1 January 2023 was £2,474 million and this included capital set aside for further debt reduction, pension scheme payment, final 2022 dividend and share buyback.

Solvency II return on capital (Solvency II RoC)

Solvency II return on capital is an unlevered economic value measure as it is used to assess growth and performance in our businesses before taking debt into account. It is calculated on an annualised basis.

Solvency II RoC is calculated as:
- Operating own funds generation adjusted to replace the run-off of TMTP with the economic cost of holding TMTP (calculated as Group Weighted Average Cost of Capital plus 1-yr swap rate) multiplied by the opening TMTP on a shareholder basis), divided by:
- Opening shareholder Solvency II own funds.

For UK general insurance only, capital held for internal risk appetite purposes is used instead of opening shareholder Solvency II own funds. This removes any distortions arising from our general insurance legal entity structure and therefore ensures consistency in measuring performance across business units. This is only applicable to UK general insurance Solvency II return on capital and not to the aggregated Group Solvency II return on equity measure.

A reconciliation of Solvency II return on capital by business unit to Group return on equity is provided below.

	6 months 2024			Restated[1] 6 months 2023			Full year 2023		
	Solvency II OFG (post TMTP adjustment) £m	Opening shareholder own funds £m	Solvency II return on capital/equity %	Solvency II OFG (post TMTP adjustment) £m	Opening shareholder own funds £m	Solvency II return on capital/equity %	Solvency II OFG (post TMTP adjustment) £m	Opening shareholder own funds £m	Solvency II return on capital/equity %
Insurance, Wealth & Retirement (IWR)	**396**	**12,855**	**6.2 %**	429	12,564	6.8 %	1,256	12,564	10.0 %
UK & Ireland General Insurance[2]	**273**	**2,504**	**21.8 %**	186	2,491	14.9 %	315	2,491	12.6 %
Canada General Insurance	**161**	**2,140**	**15.0 %**	179	1,800	19.9 %	339	1,800	18.8 %
Aviva Investors	**12**	**392**	**6.1 %**	4	387	2.1 %	19	387	4.9 %
International investments (India, China and Singapore)	**64**	**1,082**	**11.8 %**	76	1,187	12.8 %	156	1,187	13.1 %
Corporate centre costs and Other[2]	**(70)**	**(1,954)**	**N/A**	(118)	(1,961)	N/A	(219)	(1,961)	N/A
Less: Senior and subordinated debt	**(94)**	**(4,526)**	**N/A**	(91)	(4,264)	N/A	(178)	(4,264)	N/A
Less: RT1 coupon and preference shares[3]	**(36)**	**(946)**	**N/A**	(36)	(946)	N/A	(72)	(946)	N/A
Less: Net deferred tax assets	**—**	**(173)**	**N/A**	—	(296)	N/A	—	(296)	N/A
Solvency II return on equity at 30 June/31 December	**706**	**11,374**	**12.4 %**	629	10,962	11.5 %	1,616	10,962	14.7 %

1. HY23 comparatives have been restated from those previously published (see Alternative Performance Measures - Overview). This impacts IWR business unit and has a corresponding impact on the subtotals and totals.
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 business units. This is only applicable to UK general insurance Solvency II return on capital and not to the aggregated Group Solvency II return on equity measure, with the reversal of the impact included in Corporate centre costs and Other opening own funds.
3. Preference dividends includes £9 million (HY23: £9 million, 2023: £17 million) of Aviva plc preference dividends and £10 million (HY23: £10 million, 2023: £21 million) of General Accident plc preference dividends

Solvency II net asset value per share (Solvency II NAV per share)

Solvency II NAV per share is used to monitor the value generated by the Group in terms of the equity shareholders' face value per share investment. This is calculated as the closing unrestricted tier 1 Solvency II shareholder own funds, divided by the actual number of shares in issue as at the balance sheet date. Consistent with Solvency II RoE, it is an economic value measure used by the Group to assess growth.

The Solvency II NAV per share is shown below:

£m (unless otherwise stated)	Note	30 June 2024	30 June 2023	31 December 2023
Unrestricted tier 1 shareholder Solvency II own funds		**11,010**	10,266	11,374
Number of shares in issue at 30 June / 31 December (in millions)	B16	**2,680**	2,738	2,739
SII NAV per share		**411 p**	375 p	415 p

Solvency II debt leverage ratio

Solvency II debt leverage ratio is calculated as total debt expressed as a percentage of Solvency II regulatory own funds plus senior debt and commercial paper. Solvency II regulatory debt includes subordinated debt and preference share capital. The Solvency II debt leverage ratio provides a measure of the Group's financial strength. The Solvency II debt leverage ratio is as follows:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Solvency II regulatory debt	**4,759**	4,816	5,472
Senior notes[1]	**985**	930	401
Commercial paper	**50**	133	51
Total debt	**5,794**	5,879	5,924
Estimated Solvency II regulatory own funds, senior debt and commercial paper	**18,653**	18,205	19,276
Solvency II debt leverage ratio	**31.1 %**	32.3 %	30.7 %

1. Includes the Group's 3.875% €700 million Dated Tier 2 Reset Notes which were redeemed in full at their optional first call date on 3 July 2024. Prior year comparative at 30 June 2023, includes the Group's 6.125% €301 million Dated Tier 2 Reset Notes which were redeemed in full at their optional first call date on 5 July 2023.

A reconciliation from IFRS subordinated debt to Solvency II regulatory debt is provided below:

	Note	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
IFRS borrowings	B12	**6,343**	6,561	6,374
Senior notes		**(392)**	(670)	(401)
Commercial paper		**(50)**	(133)	(51)
Operational borrowings		**(1,214)**	(1,276)	(1,200)
Less: Borrowings not classified as Solvency II regulatory debt		**(1,656)**	(2,079)	(1,652)
IFRS subordinated debt		**4,687**	4,482	4,722
Revaluation of subordinated liabilities		**(281)**	(353)	(196)
Other movements[1]		**(593)**	(259)	—
Solvency II subordinated debt		**3,813**	3,870	4,526
Preference share capital and tier 1 notes		**946**	946	946
Solvency II regulatory debt		**4,759**	4,816	5,472

1. Includes the Group's 3.875% €700 million Dated Tier 2 Reset Notes which were redeemed in full at their optional first call date on 3 July 2024. Under the Solvency II rules the notes ceased to qualify as Solvency II regulatory debt from 16 May 2024, the date at which notice was served to bondholders that the Group intended to redeem the notes at their first call date. Prior year comparative at 30 June 2023, includes the Group's 6.125% €301 million Dated Tier 2 Reset Notes which were redeemed in full at their optional first call date on 5 July 2023.

Other APMs

Cash remittances

Cash paid by our operating businesses to the Group, for the period between March and the end of the month preceding the results announcement comprised of dividends and interest on internal loans. Dividend payments by operating businesses may be subject to insurance regulations that restrict the amount that can be paid. The business monitors total cash remittances at a Group level and in each of its businesses. On occasion, cash may be moved around the Group via remittances to the centre and back to other business units in the same period. Such movements of cash around the Group are excluded from Cash remittances. Cash remittances are considered a useful measure as they support the payments of external dividends. Cash remittances eliminate on consolidation and hence are not directly reconcilable to the Group's IFRS consolidated statement of cash flows.

Excess centre cash flow

This represents the cash remitted by business units to the Group centre less central operating expenses and debt financing costs. Excess centre cash flow is a measure of the cash available to pay dividends, reduce debt or invest back into our business. Excess centre cash flow does not include cash movements such as disposal proceeds or capital injections. Excess centre cash flow when positive in the period can be referred to as excess centre cash inflows and when negative as excess centre cash outflows.

Centre liquidity

Centre liquidity comprises cash and liquid assets and represents amounts as at the end of the month preceding results announcements. It provides meaningful information because it shows the liquidity at the Group centre available to meet debt interest and central costs and to pay dividends to shareholders. Group centre in relation to Centre liquidity refers to Aviva plc and it's immediate subsidiary entity Aviva Group Holdings Limited.

Shareholder services

2024 Financial Calendar

Ordinary dividend timetable:	Final
Ordinary ex-dividend date	5 September 2024
Dividend record date	6 September 2024
Last day for Dividend Reinvestment Plan and currency election	26 September 2024
Dividend payment date[1]	17 October 2024
Other key dates:	
Quarter three market update[2]	14 November 2024

1. Please note that the ADR local payment date will be approximately four business days after the proposed dividend date for ordinary shares
2. This date is provisional and subject to change

Dividend payment options

Shareholders can receive their dividends in the following ways:

- Directly into a nominated UK bank account;
- Directly into a nominated Eurozone bank account;
- Shareholders living outside of the UK and the Single Euro Payments Area can elect to receive their dividends or interest payments in a choice of over 125 international currencies via our Registrar, Computershare Investor Services PLC (Computershare); or
- The Dividend Reinvestment Plan enables eligible shareholders to reinvest their cash dividend in additional Aviva ordinary shares.

You can find further details regarding these payment options at www.aviva.com/dividends and register your choice by contacting Computershare using the contact details below, online at www.investorcentre.co.uk or by returning a dividend mandate form. You must register for one of these payment options to receive any dividend payments from Aviva.

Manage your shareholding online

www.aviva.com/shareholders

General information for shareholders.

www.investorcentre.co.uk

- Change your address
- Change payment options
- Switch to electronic communications
- View your shareholding
- View any outstanding payments

Shareholder contacts

Ordinary and preference shares - Contact

For any queries regarding your shareholding, please contact Computershare

- **By telephone:** 0371 495 0105

We are open Monday to Friday, 8.30am to 5.30pm UK time, excluding public holidays. Please call +44 117 378 8361 if calling from outside of the UK.

- By email: AvivaSHARES@computershare.co.uk
- **In writing:** Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ

American Depositary Receipts (ADRs) - Contact

For any queries regarding Aviva ADRs, please contact Citibank Shareholder Services (Citibank)

- **By telephone:** 1 877 248 4237 (1 877-CITI-ADR)

We are open Monday to Friday, 8.30am to 6.00pm US Eastern Standard Time, excluding public holidays. Please call +1 781 575 4555 if calling from outside of the US.

- By email: Citibank@shareholders-online.com
- **In writing:** Citibank Shareholder Services, PO Box 43077, Providence, Rhode Island, 02940-3077 USA

Group Company Secretary

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