



News Release

19 July 2023

Aviva plc releases 2022 comparative financial information restated for IFRS 17 and IFRS 9, together with 2023 outlook

Aviva plc (“Aviva” or the “Group”) has released presentation slides and a financial information pack on its website, providing initial unaudited comparative information for the six months to 30 June 2022 and the year to 31 December 2022, restated for the adoption of IFRS 17 and IFRS 9.

Charlotte Jones, Group Chief Financial Officer, commented:

“The adoption of IFRS 17 is a significant milestone for the insurance industry, and provides a comprehensive and more consistent approach to accounting for insurance contracts. The operating profit and balance sheet impacts we are announcing today are consistent with our previous guidance, and there is no impact to the underlying economics of our business, our strategy or dividend guidance.”

No impact to strategy, capital generation, dividend guidance, or capital return outlook

- Cash remittances, capital generation and approach to capital allocation are unchanged by IFRS 17.
- Solvency II, an important basis under which the Group is managed, is unaffected.
- There is no impact on our dividend guidance for 2023 of c.£915m, with low-to-mid single digit growth in the cash cost of the dividend thereafter.
- Our intention for regular and sustainable returns of capital to shareholders is unchanged.
- We remain confident in meeting or exceeding our Group financial targets for cash remittances, own funds generation and cost reduction. These targets are unchanged under IFRS 17.

Financial impacts on transition to IFRS 17

Under IFRS 17, total profit remains unchanged over the lifetime of a contract, however the timing of when profit emerges will be altered, resulting in increased long-term predictability of profit.

FY22 restated business unit operating profit is £1.9bn¹, 15% lower than under IFRS 4² and consistent with our previous guidance. This principally reflects accounting changes to our Annuities and Protection businesses with new business profit now being deferred over the lifetime of the contract. We expect operating profit to grow from its restated base.

IFRS 17 introduces two new balance sheet concepts, the contractual service margin (CSM) and the risk adjustment (RA), both significant stocks of future profit. These represent profits, principally from our Annuities and Protection businesses, that will be released over time. This stock of future profit was £7.8bn at 31 December 2022, and we expect the CSM to grow over time.

IFRS 17 adjusted shareholders’ equity³ (including CSM net of tax) is £14.3bn at 31 December 2022, compared with IFRS 4 shareholders’ equity³ of £11.9bn. IFRS 17 shareholders’ equity is £9.4bn at 31 December 2022.

Group operating profit outlook

To assist users of our financial information with the transition to IFRS 17, we are exceptionally providing Group operating profit guidance. We expect HY23 Group operating profit of c.£700m (HY22: £661m), and we expect FY23 Group operating profit to grow 5-7%⁴ from £1,350m in FY22.

Presentation slides and a financial information pack are available [here](#), where further detailed restated information is provided.

1. Excluding corporate centre costs, other operations and Group debt costs and other interest
2. FY22 IFRS 4 results have been re-presented, refer to section 1.iii of the Aviva plc 2022 comparative results under IFRS 17 and IFRS 9 document, which is available on www.aviva.com/investors/ifrs-17-transition-update/
3. IFRS Shareholders' equity is equity attributable to shareholders of Aviva plc, less preference capital
4. Subject to normal weather and large claims experience in our General Insurance businesses in the second half of the year

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Notes to editors

- We are one of the UK's leading Insurance, Wealth & Retirement businesses and we operate in the UK, Ireland and Canada. We also have international investments in India, China and Singapore.
- We help our 18.7 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 325 years, in line with our purpose of being 'with you today, for a better tomorrow'. In 2022, we paid £23.2 billion in claims and benefits to our customers.
- Aviva is a market leader in sustainability. In 2021, we announced our plan to become Net Zero by 2040, the first major insurance company in the world to do so. This plan means Net Zero carbon emissions from our investments by 2040; setting out a clear pathway to get there with a cut of 25% in the carbon intensity of our investments by 2025 and of 60% by 2030; and Net Zero carbon emissions from our own operations and supply chain by 2030. 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 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 31 December 2022, total Group assets under management at Aviva Group were £352 billion and our Estimated Solvency II shareholder capital surplus as at 31 March 2023 was £7.7 billion. Our shares are listed on the London Stock Exchange and we are a member of the FTSE 100 index.
- All figures have been translated at average exchange rates applying for the period. The average rates employed in this announcement for 12 months to 31 December 2022 are 1 euro = £0.85 and CAD\$1 = £0.62.
- For more details on what we do, our business and how we help our customers, visit www.aviva.com/about-us

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-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 Russia-Ukraine conflict and uncertainty over the US Debt Ceiling); 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; reduce the value or yield of our investment portfolio and impact our asset and liability matching; the impact of changes in short or long-term interest rates and inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including the longer-term impact of COVID-19) 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 environmental, social or governance ('ESG') factors; 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; failure to continually attract and retain talented, quality financial advisers; 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; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in 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, separation issues and other risks associated with our business disposals; and other uncertainties, such as diversion of management attention and other resources, relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US, 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.

The information in this document is not audited.

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.

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

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