

## **Mark Wilson, Group Chief Executive Officer**

Well good morning. You know when you listen to that video you see shock, you see stress, you see fear, uncertainty, you hear it in all those calls. You hear people when they're at their most vulnerable, when the world can get about as bleak as it can be. Now I guess we've all had these moments, or at least we know others close to us who have. You know, just times when bad stuff happens, when things outside our control happen, you know floods, or fires, or as Alexa said, maybe an act of god, when people really don't know where to turn.

And then there it is, there's that voice on the end of the voice saying, good afternoon you're speaking to David at Aviva, asking - how can I help? Maybe he's saying, I'll stay on the phone with you. Now it's each and every one of those moments we just heard on that video that is special, it sparks of humanity, it's connections forged between strangers who probably have never met. Connections hopefully that offer comfort, that offer reassurance and it's reassurance in people's lives when they need it most. And ladies and gentlemen that is exactly why Aviva is here and that's why Aviva has existed for 321 years. So that we can help our customers defy uncertainty. And that makes me very, very proud of what our people do and what our people do every day in their jobs.

So ladies and gentlemen it's my great pleasure to see you all here again and we have another full room for the AGM and I like an AGM, it's a chance - why I like it so much it's a chance to speak with you all and hear what's on your mind. And this year I wanted to start with that video because it lays bare the very essence of what we do. But it must be said that what we showed in those clips is only a small part of Aviva, there's also pension products, and investment teams, and risk analysis, and loss adjustors, and digital developers, and actuaries, and accountants, it's a very long list. And of course I can't forget my fellow directors on the Board behind me. And there's a lot going on but essence what we're trying to do is really, really simple, it's about people; it's about helping our customers.

And those claims handlers you heard are part of what I think is the amazing front line of Aviva. We take well over 10 million calls every year just here in the UK alone and we take millions more right around the world. And I'm delighted that the people who actually took those calls on that video are here with us here today, they're actually sitting in the front row, I got them in especially - come on guys stand up, you deserve, take a bow, these are some of our frontline.

And I've sat with some of these people on the calls and listened to what they've done and I couldn't do it. It's tough and I think they do the job wonderfully. And these are wonderful examples of the Aviva colleagues truly living up to our values. And you've heard me talk about our values before, we talk about them a lot internally, the four values of care more, kill complexity, never rest, and create legacy. And these make up what I think of as a yellow thread that sort of runs its way through Aviva. It defines how each and every one of our 30,000 people tries to act every day. It defines how we try and make our decisions.

Now I know that we don't always get it right, I get that. Sometimes that yellow thread breaks, or maybe it just frays a little and we don't always do as well as we should. And where we don't do as well as we should, well it's my job as the CEO to try and fix that and I apologise where we don't get it all right. But our customer feedback tells us that we do get it right the vast majority of the time.

Now that yellow thread also ties us to everyone in the room, it ties to you our shareholders, to the many of you who come back and see us year after year, and to the many of you who write to me mostly encouraging and constructive, sometimes not so much, but you know I value getting all the pieces of feedback good or bad because hopefully it makes us better.

Shareholders - I had a cup of tea with quite a number of shareholders this morning, I spoke to a Mrs Doble, and she's told me she's been coming to our AGM for many years, she says every year since she retired. And she said those first meetings were in the Barbican when we used to hold the meetings in the Barbican. Now normally Mrs Doble comes with her husband, this year he wanted to go to Barclays to see the fun at Barclays. Mrs Doble said she's rather come here, thank you Mrs Doble; it's great to have you back.

Thank you it's great to have you back. And you know that yellow thread connects each of us to our 33 million customers too. And last year, last year alone we paid our £34bn, £34bn in claims and benefits. Now that's not far under about £100m a day, that's money going to people when they need it, to families when they need, to small businesses to help them get back on their feet just when they need it. And through our customers and also through the Community Fund, millions more we give to that as the Chairman spoke about. That yellow thread sort of woven through the places where we work and live here and around the world, that's also what Aviva does.

But we think of it not just about today, we think about in the long term and what's one of our values that we call create legacy. And that partly means that we need to act sustainably for the good of our societies and the good of the planet, we call it being a good ancestor, behaving as a good ancestor for future generations. And this is one of the reasons I'm so determined that Aviva keeps playing a leading role in supporting the UN's Global Sustainable Development Goals, it's important to us.

Now when we get it right for our customers, like we did in those calls, you can all hear what a difference that makes. And before every executive meeting at Aviva the very first thing we do is we read a customer letter. And for those of you that were here and there's a lot of familiar faces here you'll recall I did that last year, so I thought I'd do it again.

And I was sent this letter, it was actually from one of our ancestor companies and the company was North British & Mercantile and the interesting thing is it was about 60 years ago and it's quite delightful, let me read it to you.

*"Dear Sir, Pardon my not acknowledging sooner your great consideration and promptitude in our recent burning. It was a great pleasure to have a fire with you."*

Delightful, but of course we may have got it right in that time, but accept we don't always get it right for our customers or our shareholders. And I don't need to tell many of you what a mess we were in five years ago, low levels of capital, high levels of debt, a lack of liquidity, no strategy. But do you know what now we're in pretty good shape. The balance sheet is strong, capital is up, profit is up, dividend is up, we've fixed the financial position of your company. And we've gone from perhaps one of the weaker balance sheets to certainly one of the strongest in the market. And I would suggest that the fix phase of that business, of our business is complete. And I and the team here are committed now to our strategy for the long term to continue to grow our profit at mid single digit year after year after year. And then that comes through to your dividends.

And I think the numbers in 2016 really speak for themselves, more operating profit, more capital, more cash, more dividend and of course more to come. And what I thought I'd do for a few moments is pick out just a few of the key highlights. So operating profit up 12%, that's to around about £3bn, that's the fourth consecutive year of growth.

General Insurance, if we pick on General Insurance that had a great year, in fact it was the best year of growth we've had in the UK for 11 years and we picked up a lot of market share, premiums are up 7%.

Aviva Investors, which is core to our strategy it has a break out year, fund management operating profit up 32%. We had some of the strongest net inflows in the entire market and that's continued.

We also generated over £3bn of Solvency II operating capital taking our ratio to 189% and that's well above our target range. And now as a business we're one of the - it's pretty unique, we have the very high quality problem of excess capital, something we probably couldn't have even dreamed of five years ago. So we can now pay down some expensive debt and we can consider additional returns to shareholders.

And as for the dividend, well as the Chairman said, that's up 12% to just over 23 pence per share and that actually equates to over 50% increase over the last three years and I think that's solid evidence of our focus and the success of our strategy on cash flow plus growth.

Now I know last year we covered our strategy and the thing about a good strategy of course is that it endures, it's not a one year thing that you throw out, you keep doing it. And it's guiding what we do today just as much as it did last year, it actually hasn't changed. In fact to make the strategy work we need our people aligned and we survey our people on a great many things, our people and staff. But one key question relates to the strategy. And in fact 90% of our people tell us, 90% of our colleagues that they understand our strategy, they support it and they understand how their work connects to our strategy. And ladies and gentlemen that is the highest result of any company in the FTSE and I think that's a really solid platform for future growth.

Now just in case you need a reminder our strategy comes in three parts. The first part of the strategy is not everywhere, we don't want to do everything and we want to reallocate capital to focus the attention on when we can get the best returns on capital and where we can get appropriate growth.

Now a very good example of this was just this morning. We announced this morning that we've agreed to sell the majority of our businesses in Spain for a little over £400m, just announced this morning. And for our shareholders that really is an excellent price and an excellent result. The Spanish business had a great team, we had some really good people, but the fact is our distribution in that market and the market dynamics meant we could not get a sustainable, acceptable level of growth, so we're selling it. And therefore we have more capital to reallocate to other things.

The second part of the strategy is being what we call a true customer composite, where we can meet the needs of our customers from Life Insurance, General Insurance, Health Insurance, Asset Management and we can do it in an aligned and simple way.

And third, as the Chairman was speaking about, we have a strategy that we call Digital First, we're putting significant investment into digital. Like My Aviva platform and also like the joint venture we announced with the largest tech firm in China called Tencent. They are a fairly modest company with about 800 million customers. And our goal, our goal at Aviva is to be a 321 year old digital disrupter, with the mentality and pace of a start up, but the experience and discipline and risk management of an established large business.

You know we've been through lots of changes in our history, years ago we used to insure carriages and horses, now we're gearing up to insure in cyberspace and it's a pretty exciting place to be. So how big will our digital businesses be? Well actually we don't know yet. But what we do know is our intellectual property and the software we have developed is amongst the most advanced in the insurance world and it's a pretty exciting place.

You've already seen our work just before on Amazon and Alexa. And another great innovation we're launching is called Ask it Never, simply put it's using big data, public data to underwrite new policies for our existing customers without asking any questions, none, no questions at all, pre-underwritten, pre-approval without any questions. Now we believe it's a game-changer, our customer research tells us it's a game changer, so I'd watch this space.

But let's not get ahead of ourselves, there's still much more work to do and there's still areas that frankly I'm still quite unhappy with. For a digital business for example we're spending way too much time sending out letters. In 2015 believe it or not we posted our 100 million pieces of paper, 100 million plus envelopes. That's the weight, if you want to know of 51 London buses, double decker buses put together.

And there's also another major problem in the UK market, the broader problem of price rises for customers when artificially low introductory offers or discounts come to an end. This means that across the whole industry in the UK when customers come to renew they often get quoted more. The market, I believe, is fundamentally broken, I don't like it, neither do our customers and neither should you. I believe it's dysfunctional and it's a market problem for the whole industry and it requires an industry wide solution. But you know what; we shouldn't wait for an industry wide solution.

So what we've been working on, in fact for the last 12 months, since our last AGM, on developing a product to reward loyalty by offering the best prices to existing loyal customers, and ladies and gentlemen, shareholders and customers we plan to launch it later this year, but don't tell anyone.

Now, you may have noticed there's an election, another election a few weeks away and I thought we'd just got past the last one, but I thought it would be remiss not to mention maybe briefly the environment in which we're operating in. Now since we last met there has also been a vote for Brexit and it's no secret that I argued for remain in the referendum, mainly for economic risks. But equally I've got absolutely no doubt that the UK can make a great success of leaving the EU. And now we have decided to do it I believe we need to just get on with it. But we need a healthy dose of realism, I don't know let's call it brealism, brealism about the opportunities that Brexit can bring to Aviva and the UK.

Now I've worked all around the world and I've seen for myself just how highly regarded the UK is in countries around the world, regarded for quality, for integrity, for reliability, you know that opens doors, it makes it easier to export this country's products and financial services. And as a very large British brand this is good for Aviva. In fact I think brand Britain is an extraordinary competitive advantage and we need to make the most of it. But to make the most of it we need to also peel back some layers of needless bureaucracy that's in that system. That's why I'm calling on the next government, whoever it may be, to look again at some of that smothering, slow moving, molasses of excess bureaucracy and regulation.

I'll give an example, Solvency II regulation which governs our capital runs alone to 4,000 pages. You know that makes the yellow pages look like a short story. And it has compliance costs that run into the billions of pounds. And where do all these costs end up? Well unfortunately with the consumer and the shareholders, it's ridiculous and it must stop.

Now I'm not suggesting for a moment we don't need strong regulators, or regulation of course we do, what I'm suggesting is we need some balance in our bureaucracy and it's time we made some progress on that.

But whatever the future holds there's one thing I know for certain, at Aviva we've been around for all this time because we recognise the importance of the long term view and for delivering for our shareholders year after year after year. And ladies and gentlemen, fellow shareholders, I'm very well aware that I and my colleagues are here as a servant of our customers, as a servant of you our shareholders and I'm very aware that your continued support must be earned year after year. But equally I hope that the results of the last 12 months go some way to earning that trust for another 12 months.

Now I'm committed to keep earning that trust this year, and the next year, and the one after that too. And when I step back and have a look at Aviva I think for a while we were probably a bit of a rough diamond weren't we, our essential quality were encrusted in decades of debris and I think we were probably a bit overlooked and pretty unloved. But now thanks to lots of hard work by a whole lot of people, lots of shaping, and polishing, and re-cutting a bit, our strength is clear and I do believe that we're beginning to sparkle and sparkle pretty consistently.

I believe that your company Aviva is undoubtedly in the best shape we've been in for a very long time. And I believe and my team believes the future is very bright indeed.

So I want to thank you again for your trust, for your support in getting us this far, I certainly look forward to talking to many of you afterwards and we've got a bit of time afterwards to have a chat and maybe a cup of tea and hear more of your views. But in the meantime I guess ladies and gentlemen, fellow shareholders, and fellow customers no doubt on behalf of my colleagues, on behalf of our friends here, I thank you.