Aviva plc
2019 results

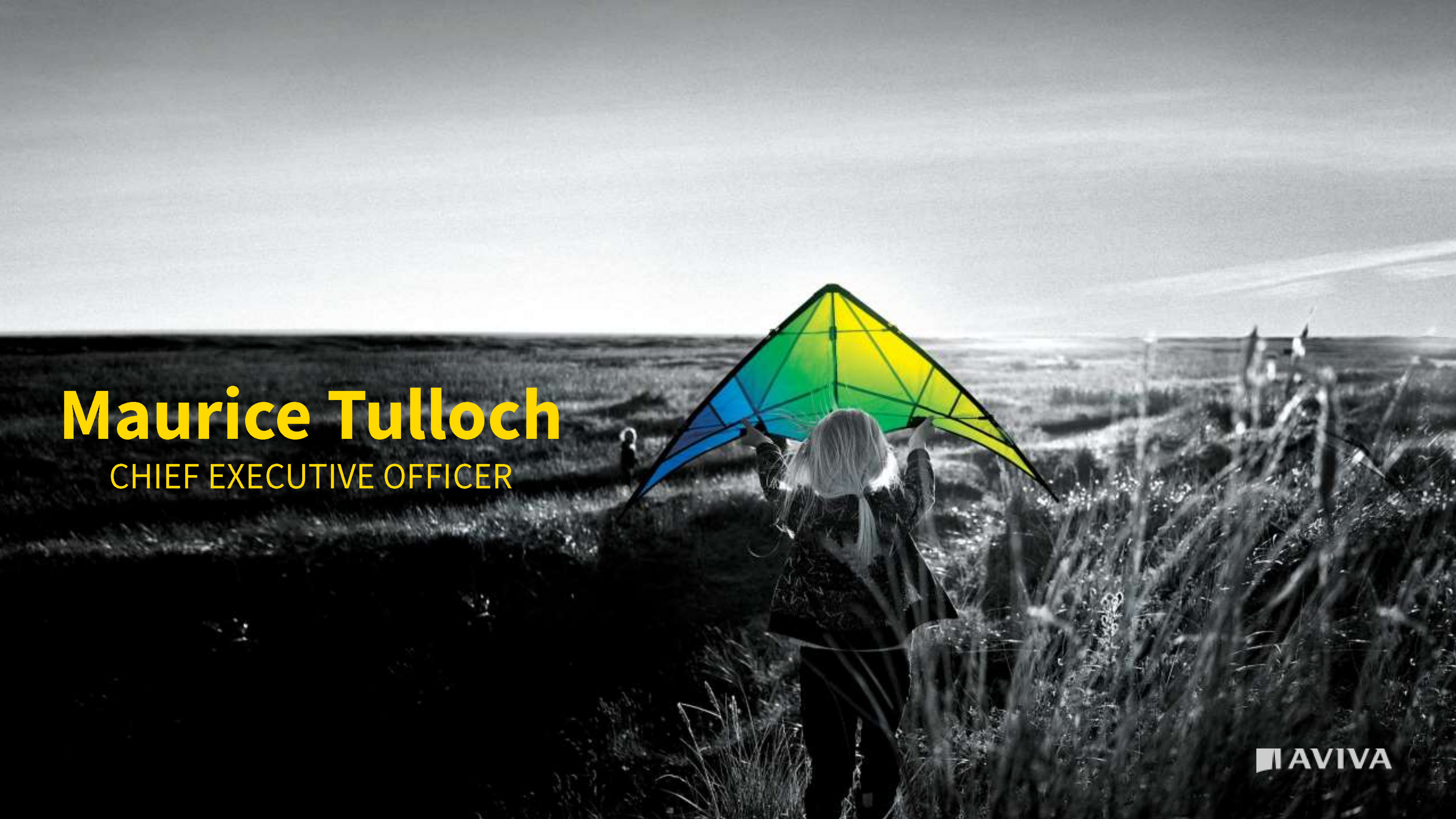
Disclaimer

Cautionary statements:

This 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. Statements containing the words "believes", "intends", "expects", "projects", "plans", "will," "seeks", "aims", "may", "could", "outlook", "likely", "target", "goal", "guidance", "trends", "future", "estimates", "potential" 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 difficult conditions in the global financial markets and the economy generally; the impact of simplifying our operating structure and activities; the impact of various local and international political, regulatory and economic conditions; market developments and government actions (including those arising from the outcome of the negotiations on the future economic relationship between the UK and the EU); the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value of our portfolio and impact our asset and liability matching; the impact of changes in short or long-term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including the impact of COVID-19) on our business activities and results of operations; our reliance on information and technology and third-party service providers for our operations and systems; the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; increased competition in the UK and in other countries where we have significant operations; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs ("DAC") and acquired value of in-force business ("AVIF"); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events (including cyber attack); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of fluctuations in share price as a result of general market conditions or otherwise; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in government regulations or tax laws in jurisdictions where we conduct business, including decreased demand for annuities in the UK due to changes in UK law; the inability to protect our intellectual property; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing/regulatory approval impact, integration risk and other uncertainties, such as non-realisation of expected benefits or diversion of management attention and other resources, relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US or elsewhere, including the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see 'Other information – Shareholder Information – Risks relating to our business' in Aviva's most recent Annual Report. 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 presentation are current only as of the date on which such statements are made.

Note on Alternative Performance Measures:

Group adjusted operating profit is a non-GAAP Alternative Performance Measure (APM). Further information about its use and the basis of calculation is provided in the 'Other information' section of Aviva plc's Annual Report and Accounts. During 2019 the Group adjusted operating profit APM has been revised and now includes the amortisation and impairment of internally generated intangible assets to better reflect the operational nature of these assets. Group adjusted operating profit continues to exclude amortisation and impairment of intangible assets acquired in business combinations. Following the change in the definition of Group adjusted operating profit, COR, operating expenses and operating earnings per share have also been restated to include the amortisation and impairment of internally generated intangible assets. The effect of this change is to reduce FY18 Group adjusted operating profit by £112 million from £3,116 million to £3,004 million, to increase FY18 operating expenses by £112 million from £4,026 million to £4,138 million, an increase in FY18 Group COR of 0.6% from 96.6% to 97.2%, and a decrease in FY18 Group operating earnings per share of 2.2 pence from 58.4 to 56.2.


Maurice Tulloch
CHIEF EXECUTIVE OFFICER
AVIVA

Results: solid progress

14.3%
SII Return on Equity[1]
+1.8pp

£2,259m
OCG
(29)%

206%
Solvency cover ratio[2]
+2pp

£3,184m
Operating profit[3]
+6%

60.5p
Operating EPS[4]
+8%

30.9p
Dividend per share
3%

Highlights

- Implemented important structural changes
- On track to deliver financial targets
- Improving organic growth, building momentum
- Strengthened capital and reduced leverage
- Early progress, much left to do

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Building momentum towards 2022 targets

SII ROE	12% (2022)	• **14.3% in 2019.** Focus on enhancing underlying returns
OCG	c.£7.5bn (2019-22)	• **£2.3bn in 2019.** Achieved c.30% of cumulative total
Cash in-flows	£8.5-9.0bn (2019-22)	• **£2.6bn in 2019.** Achieved c.30% of cumulative total
Debt	£1.5bn reduction (2019-22)	• **£210m redeemed in Nov 2019.** Expect further progress in 2020
Expense savings	£300m net savings (2022)	• **£72m[5] achieved in 2019.** Expect £150m savings in 2020

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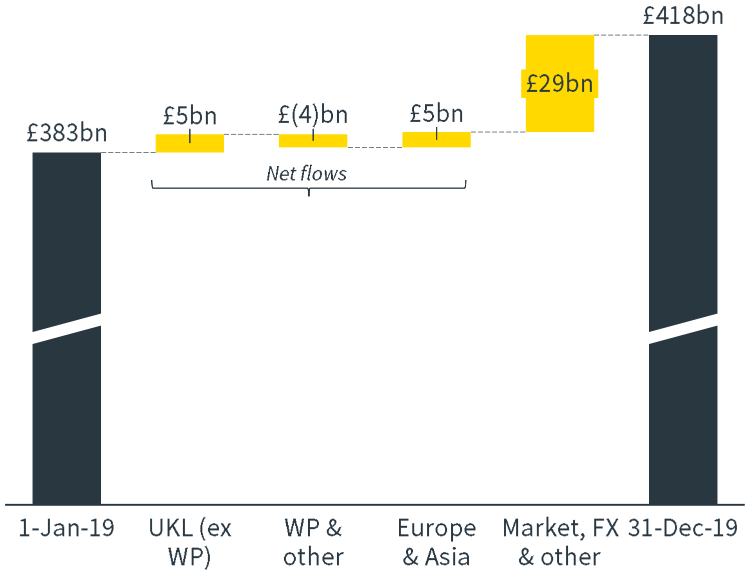
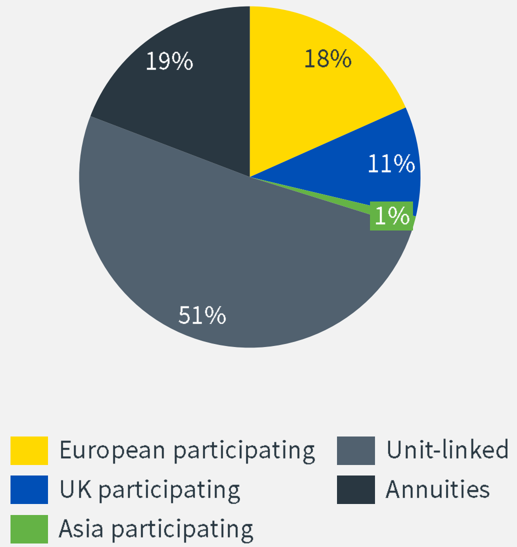
Delivering profitable growth in Life & Savings

Global life net flows positive

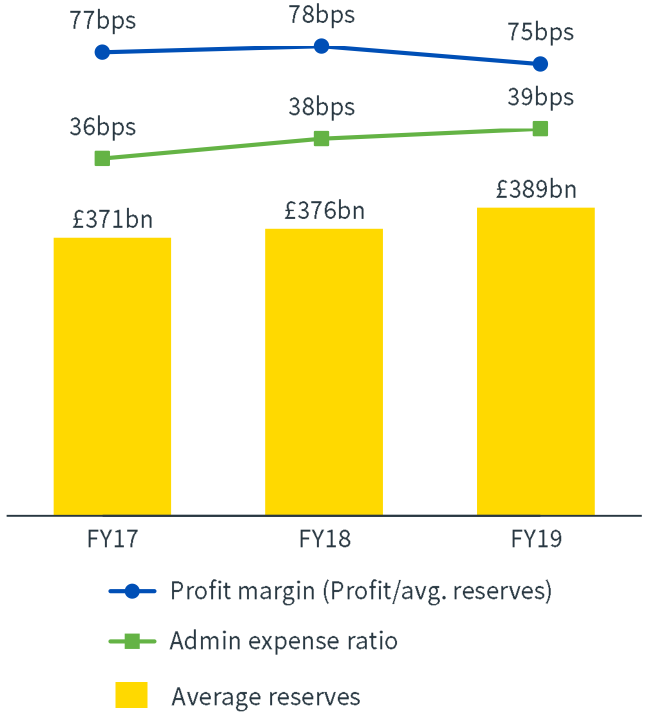


Diversified business mix

Average reserves: £389bn

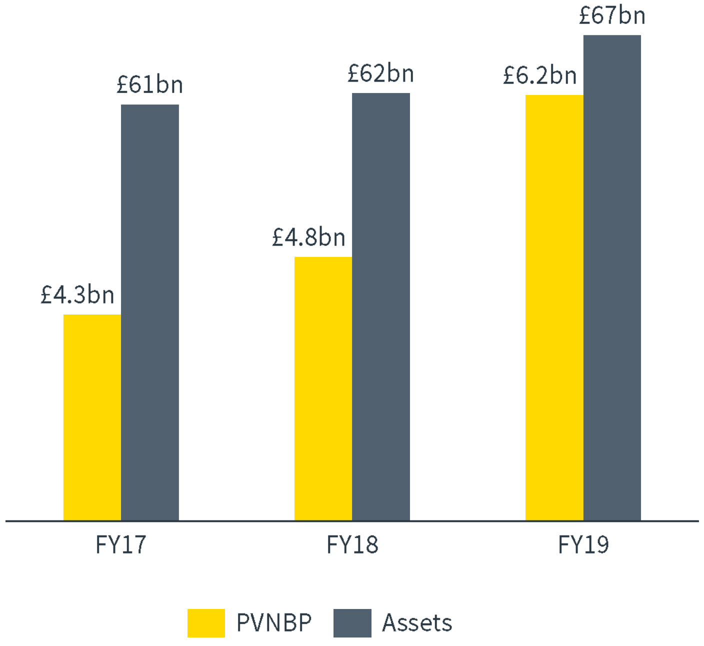


Focus on improving unit costs to drive higher margins

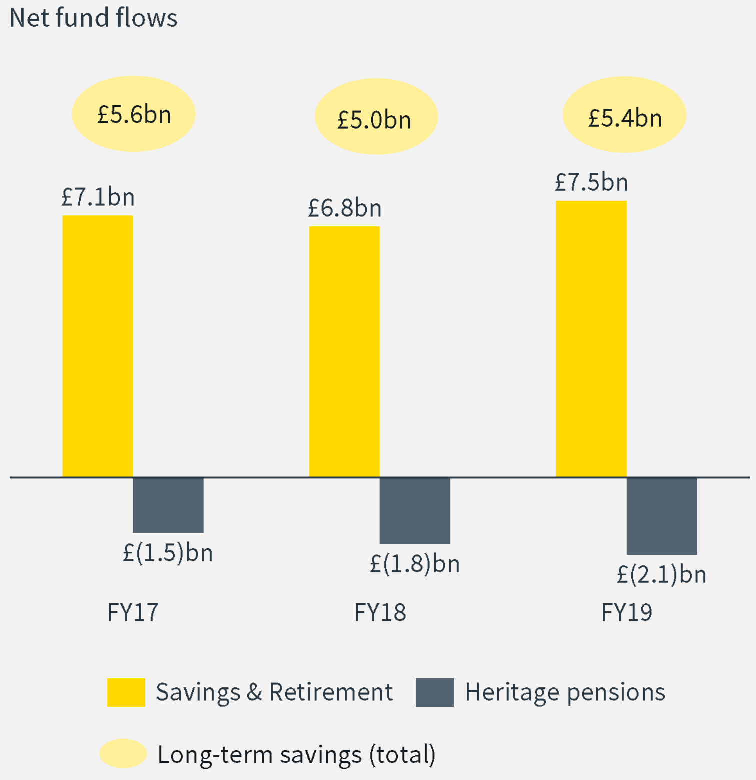


Strong flows in the UK and Aviva Investors

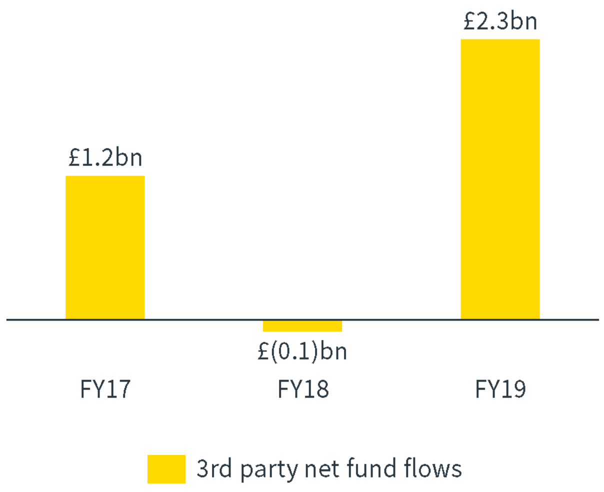
UK annuities & equity release



UK Long-term savings



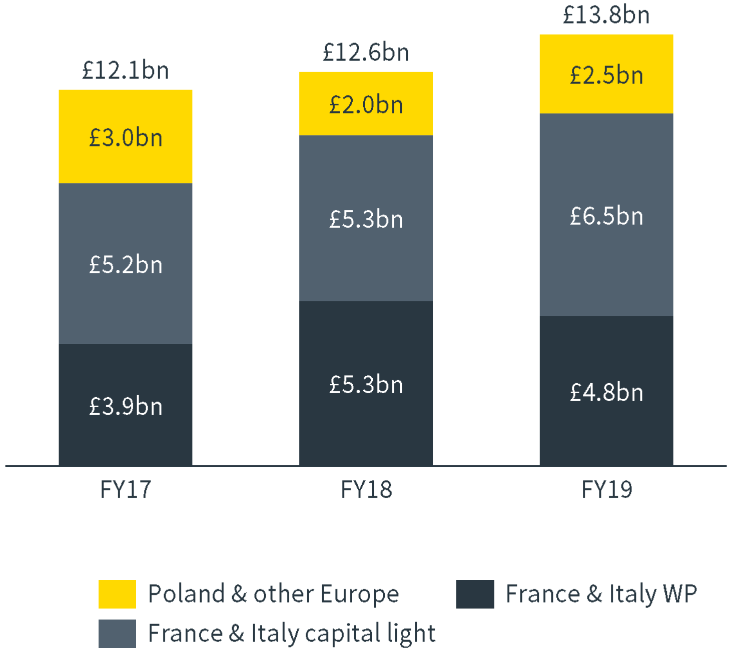
Aviva Investors



Growth & mix optimisation in Europe and Asia

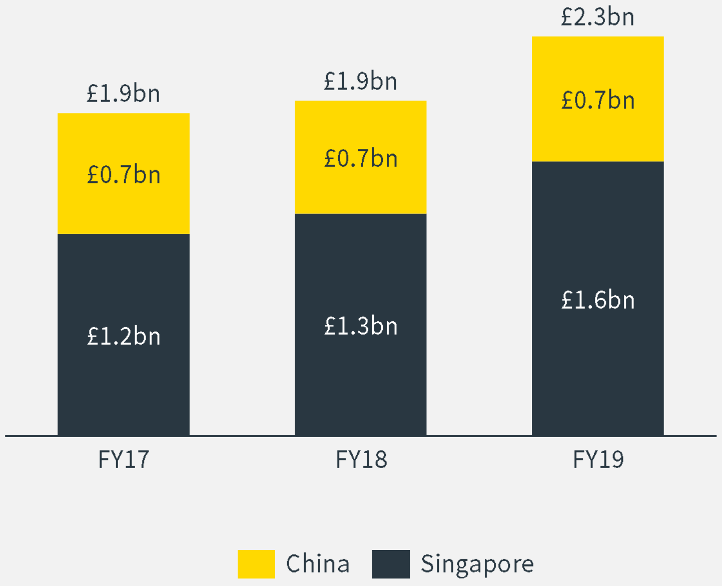
Europe Life

PVNBP[6,7]



Singapore & China

PVNBP



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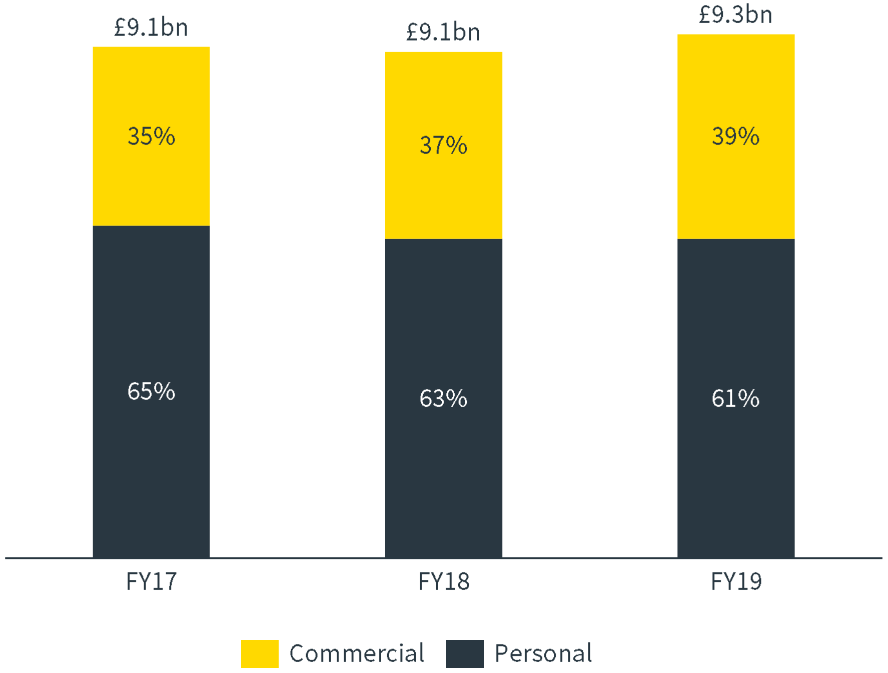
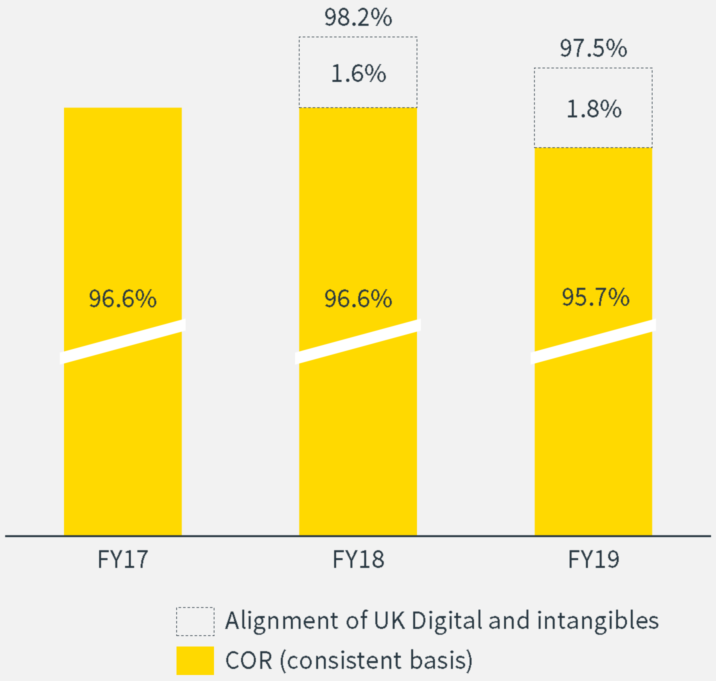
Delivering profitable growth in GI

Net written premiums[7]



Combined operating ratio[7]



COR performance strong on consistent basis

5y Average COR: 95.6%

5y Standard deviation 0.8pp

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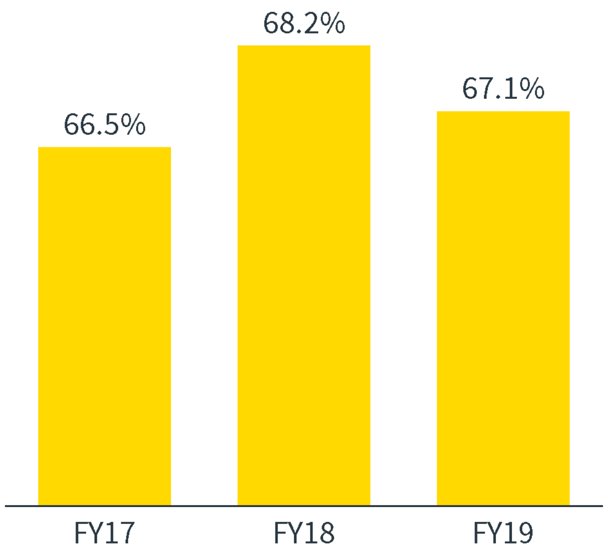
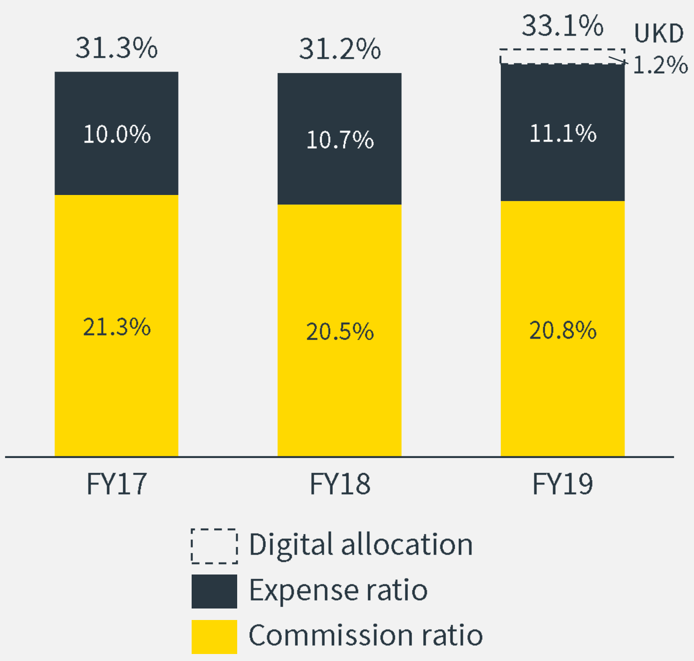
COR reduction remains primary focus

Normalised accident year claims ratio[7]



	FY17	FY18	FY19
PYD	(0.3)%	(2.3)%	(1.7)%
Weather	(0.9)%	+0.1%	(1.0)%

Commission & expense ratio[7]



Premium development & rate outlook

	NWP (FY19)	Growth (YoY)	Outlook for rate
UK Personal	£2,399m	(4)%	+
UK commercial	£1,819m	7%	+
Canada personal	£2,100m	-	+
Canada commercial	£961m	17%	++
Europe	£2,017m	2%	+
Total**	**£9,309m**	**2%**	

**Includes Asia & other

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Earning customers' trust is central to our vision

There for our customers after recent UK storms

- Storms Ciara and Dennis resulted in double the normal level of calls and claims in days following the storms
- Teams working around-the-clock to support customers. Major incident plan invoked, deploying additional customer support capacity.
- 17% of claims already settled. Large increase in proportion of people claiming online, with analytics tool deployed to support lower value claims payment on day one
- Working to help those that need it most – emergency payments and temporary accommodation provided
- £70m impact across personal and commercial lines, £20m above LTA

For a better tomorrow

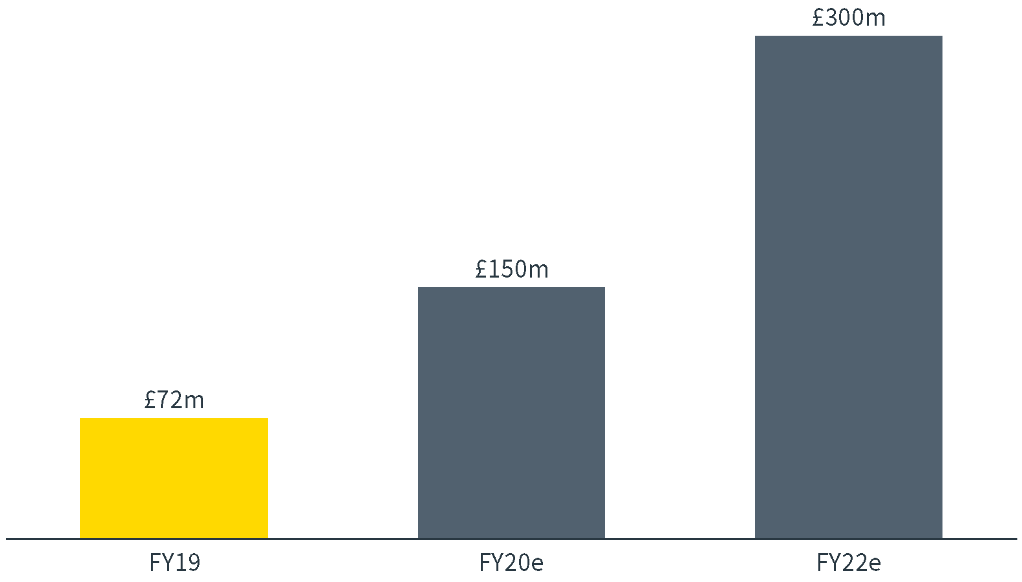
- Carbon neutral since 2006
- Founded or co-created market-leading bodies
- Committed to transitioning our investment portfolio to a net zero asset owner by 2050
- Building out climate transition fund range
- Strengthening climate risk model across assets
- Empowering customers with information and engagement

ClimateWise Insuring a sustainable future | UNEP FINANCE INITIATIVE | PSI Principles for Sustainable Insurance | TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Further strengthening our globally credible ESG track-record for our customers

Progress on costs, with continued investment

Expense savings



Target of £300 million reduction in controllable costs will require gross savings of £500 million.

- £72m[5] savings achieved in 2019.
- Expectation of £150m P&L saving in 2020 (vs 2018 baseline)
- Global headcount reduced by 4% since programme commenced
- Implementation costs of £59m absorbed in P&L

And we are continuing to invest in our business

- Modernisation of IT estate including data centre moving to the cloud
- Upgrading underwriting systems (e.g. Guidewire in Canada)
- Customer experience transformation in UK and Client Unique in France
- Funding growth in Investments, Savings & Retirement
- Mandatory change (IFRS 17 / Cyber)

All footnotes on page 45

Our priorities

Customers

- Focus on customer retention with continued investment in improving customer experience
- Strong engagement with distributors

Fundamentals

- Objective of £150 million in achieved savings in 2020, net of inflation
- Disciplined execution on expenses and underwriting

Capital allocation

- Focus capital and resources where we can achieve competitive advantage
- Take robust action across the portfolio where performance falls short or we see a better way of delivering value to shareholders

Our targets

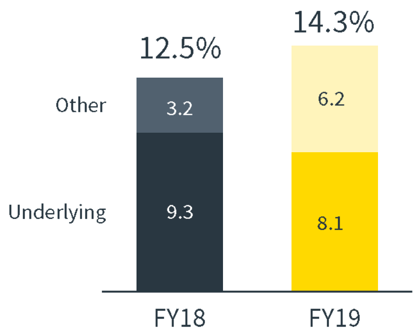
12%	**£7.5bn**	**£8.5 – 9.0bn**	**£300m**	**£1.5bn**
SII ROE 2022	OCG 2019-22	Cash inflows 2019-22	Expense savings 2022	Debt reduction 2019-22

Jason Windsor

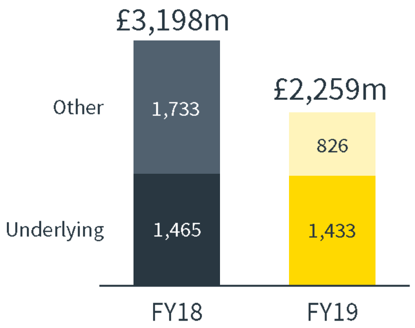
CHIEF FINANCIAL OFFICER

FY19 snapshot

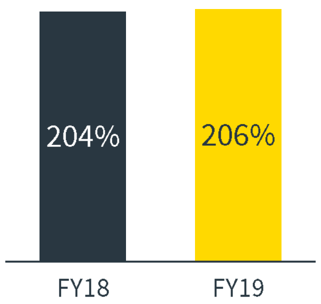
SII ROE[1] +1.8pp



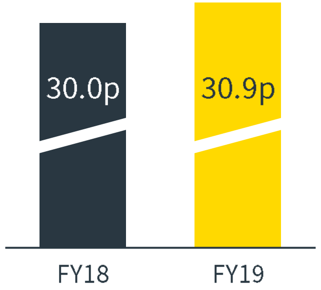
Total OCG £2.3bn



SII ratio[2] 206%



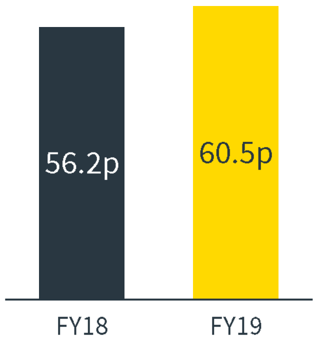
DPS +3%



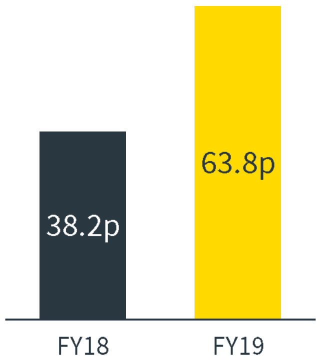
Operating profit[3] +6%

£m	FY18 *UKD pro forma**	**FY19**	Change
UK Life and ISR*	1,988	**1,951**	(2)%
General Insurance*	494	**594**	20%
Europe Life	807	**827**	2%
Asia Life (incl. FPI)	263	**276**	5%
Corporate costs & other*	(193)	**(129)**	33%
Debt costs	(355)	**(335)**	6%
Group operating profit	3,004	**3,184**	6%

Operating EPS[4] +8%



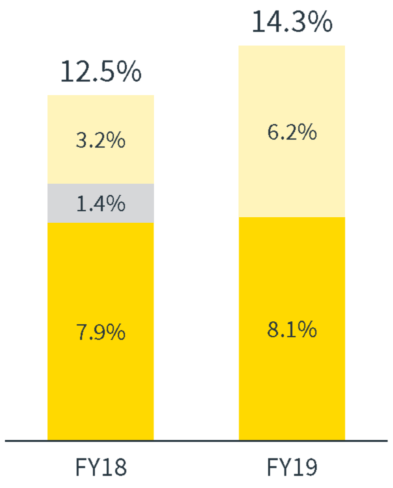
Basic EPS +67%



**2018 adjusted to reflect UK Digital alignment to UK businesses, consistent with 2019 treatment; All footnotes on page 45*

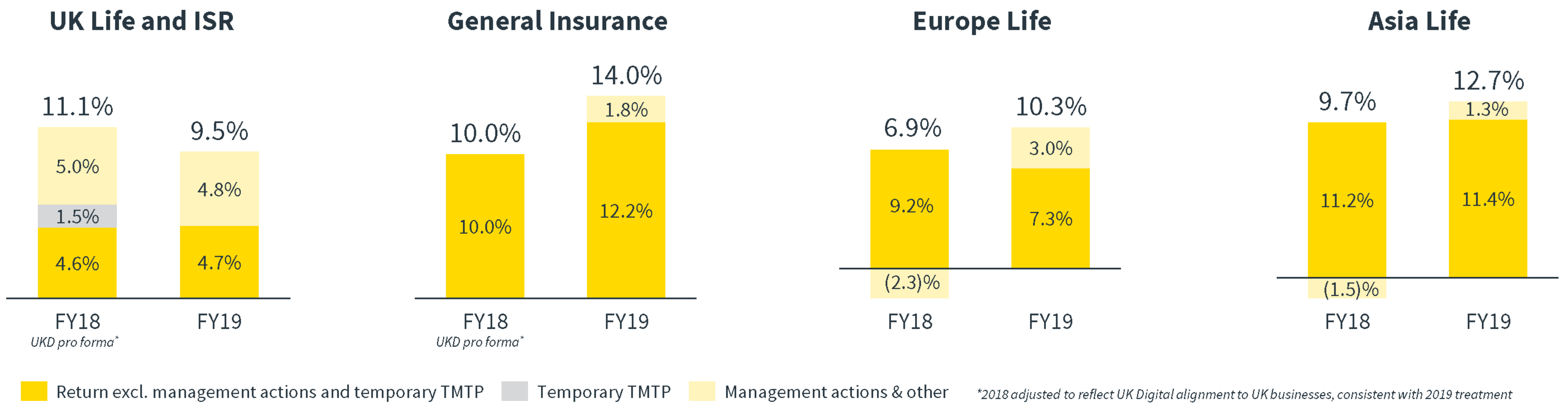
Return on equity

SII Group ROE



Group (£m)	FY18	**FY19**	Change
Life new business	604	**659**	9%
Existing business (Life, GI, AI & other)	1,179	**1,086**	(8)%
Debt & centre costs (incl. pref/DCI costs)	(550)	**(504)**	8%
Life temporary TMTP	218	**-**	(100)%
Management actions & other	497	**944**	90%
Own funds generated (UT1)	1,948	**2,185**	12%
Opening own Funds (UT1)	15,550	**15,296**	(2)%

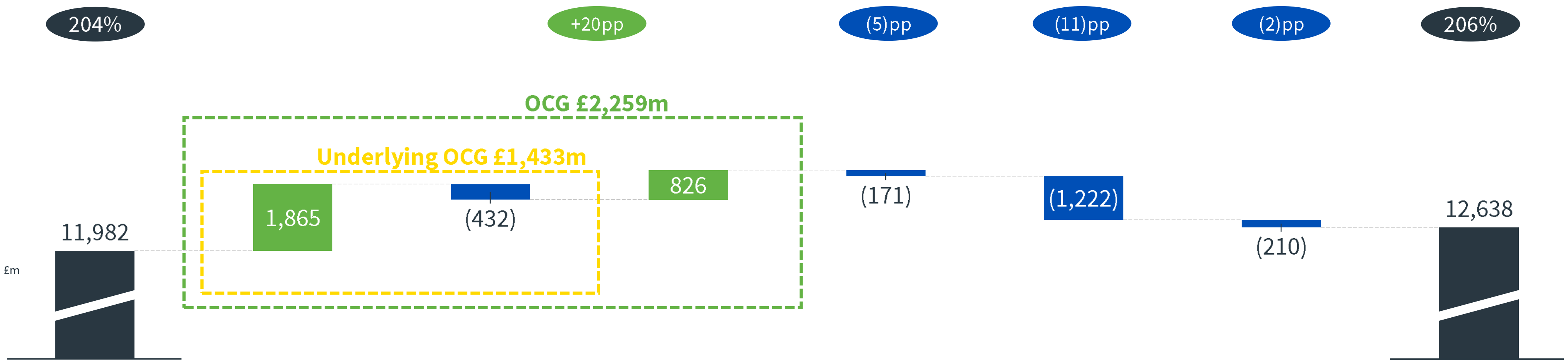
BU unlevered ROCs



*2018 adjusted to reflect UK Digital alignment to UK businesses, consistent with 2019 treatment

Solvency II position

Surplus[2]



£m	31 Dec 2018	BU underlying generation	Debt & Centre costs	Other capital actions	Market, FX and other	Dividends (ordinary + preference)	2019 debt redemption	31 Dec 2019
Own funds	**23,551**	1,745 *NB 659* *EB 1,086*	(432)	944	172	(1,222)	(210)	**24,548**
SCR	**(11,569)**	120 *NB (900)* *EB 1,020*	-	(118)	(343)	-	-	**(11,910)**

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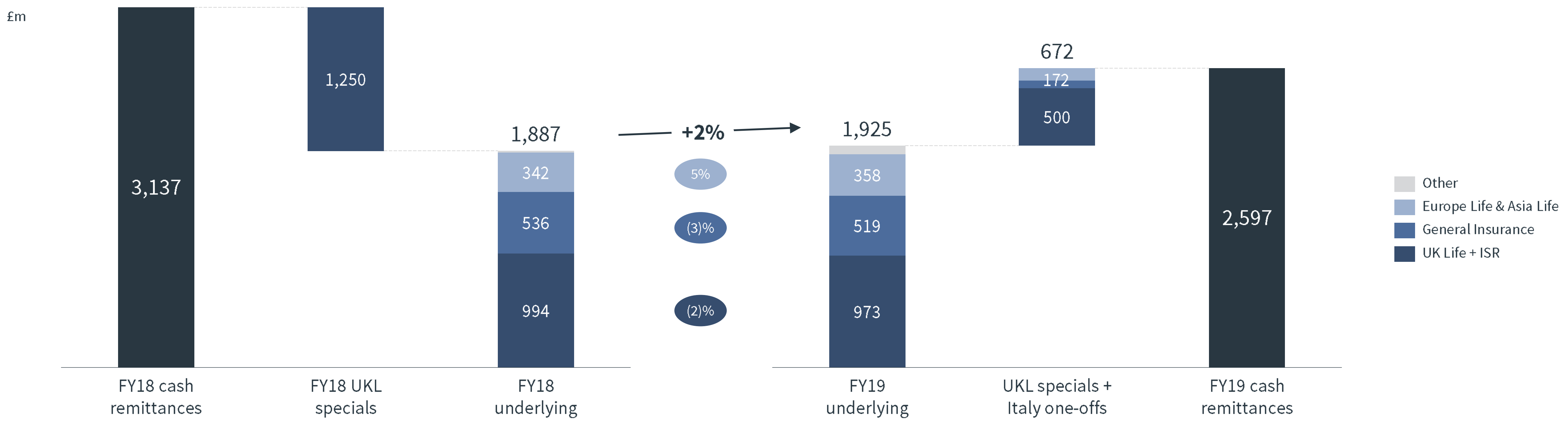
Cash

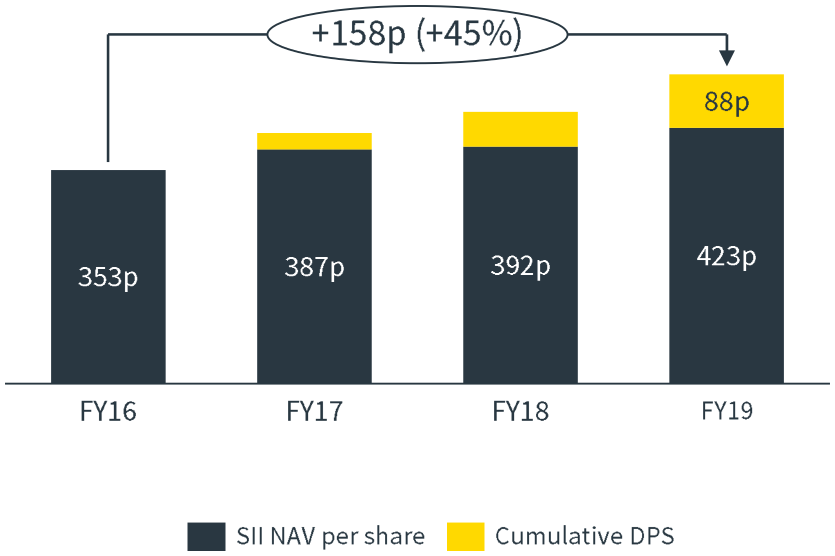
£2.6bn cash inflows to Centre in FY19: c30% of FY19-22e target of £8.5-9.0bn delivered to date



Centre liquidity: £2.4bn (end of February 2020)

Balance sheet strength

Compounding value: 13% 2016-19 CAGR

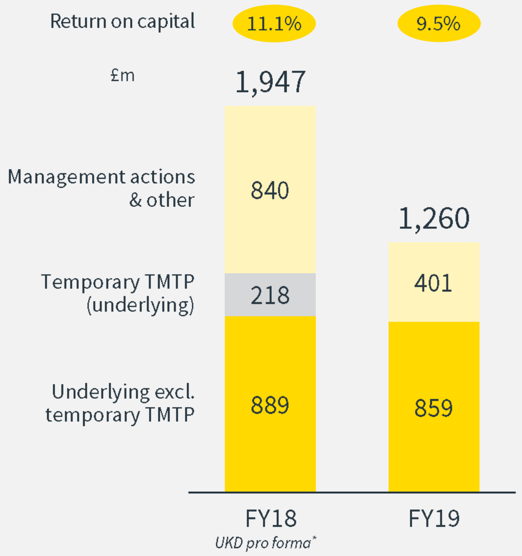


- Net asset value:
  - SII NAV per share* 423p, +8% (YE18: 392p)
  - IFRS NAV per share 434p, +2% (YE18: 424p)
- SII debt leverage: down 2pp to 31% (FY18: 33%)
  - 6.875% £210m hybrid Tier 1 note paid back in 2019
- Regulatory solo ratios:
  - All BU solo entities above respective risk appetites
  - Aviva Vie: added c50pp to capital position through hedging & other capital actions and 20pp from PPE

*Shareholder view of UT1 own funds on closing number of shares

UK Life and IS&R

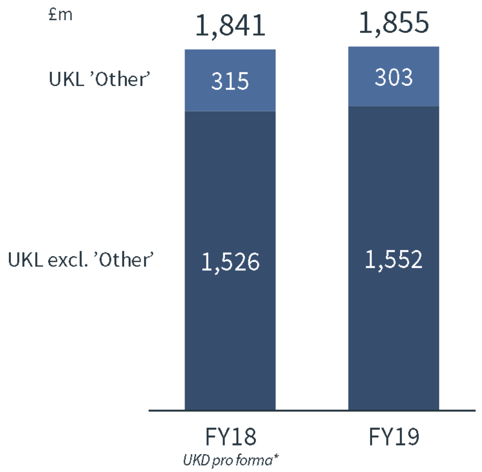
OCG & ROC



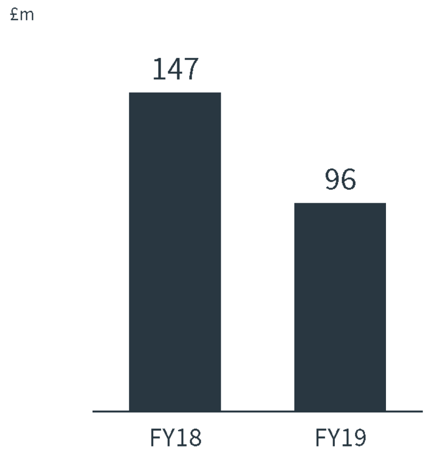
- Lower underlying OCG: expected loss of temporary NB transitional benefits and adverse experience in Protection
- 2018 'Other' benefitted from SCR capital actions that did not recur in 2019

Operating profit

UK Life incl. Savings & Retirement



Aviva Investors

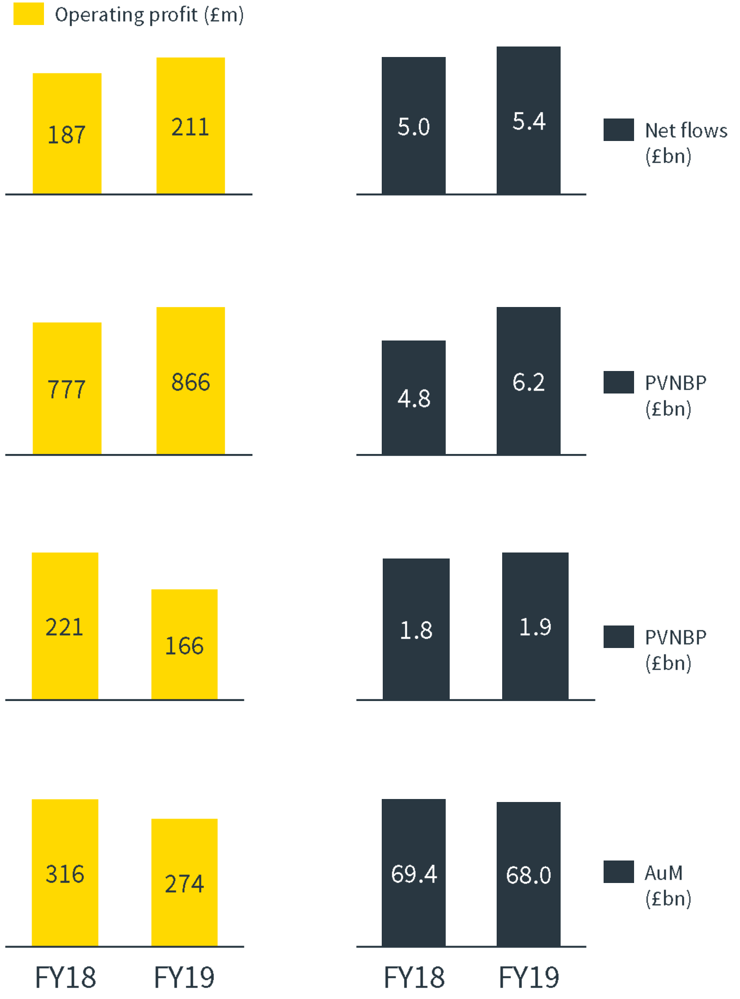


- Operating profit excl. 'Other': +2% with growth in annuities & equity release partly offset by protection and legacy
- 'Other' continued to benefit from longevity releases

- Lower revenue from disposals, margin mix & outflows
- £346bn AuM (PY: £331bn); £3.7bn net inflows excl. legacy (PY: -£0.8bn) o/w £2.3bn external (PY: -£0.1bn)
- 84% of all funds beating benchmark (FY18: 40%); AIMS Target Return up 9.9%

*2018 adjusted to reflect UK Digital alignment to UK businesses, consistent with 2019 treatment

UK Life incl. S&R



Long-term savings

- £5.4bn net inflows (+7%):
  - UK S&R: £7.5bn inflows (+10%) from new wins & improved retention in workplace and £3.5bn inflows in Platform (PY: £3.9bn)
  - Heritage Pensions: -£2.1bn outflows (-17%)
- £138bn total AuA: £113bn UK S&R (o/w £29bn Platform AuA) and £25bn Heritage Pensions

Annuities & equity release

- PVNBP[6] +29% primarily driven by +55% in BPA sales to £4.0bn
- Operating profit +11% driven by strong new business growth

Protection

- PVNBP +4%: mix shift towards Group with strong growth in large corporates
- Operating profit -25% mainly from adverse claims experience in group protection, and lower new business margin on Individual

Legacy

- Operating profit -13%: expected run-off and lower fee income from lower opening AuM following late 2018 weak investment markets (2019 opening AuM: £69bn vs. £80bn)

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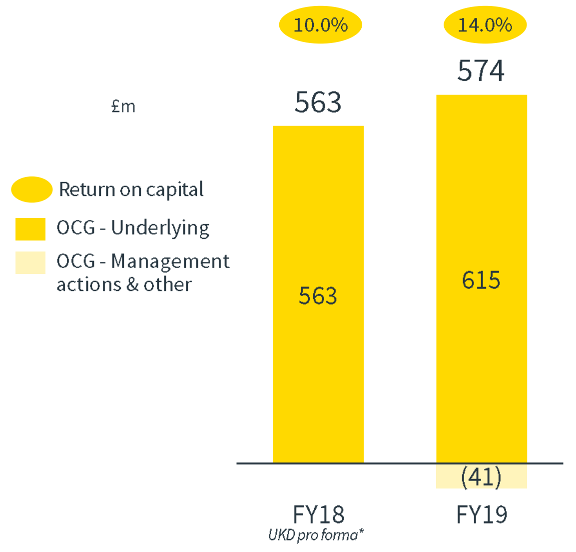
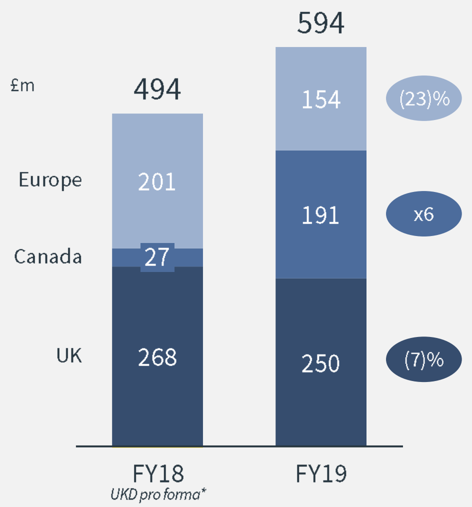
General Insurance

OCG & ROC



- Underlying OCG +9%, from improved profitability in Canada and favourable weather experience
- 2019 management actions mainly relate to UKD one-off SCR impact from alignment under UKGI

Operating profit +20%



- Restored Canadian profitability and benign weather more than offset lower PY releases, investment in IT infrastructure, weaker performance in UK Personal and higher large losses in France

Combined ratios & Sales

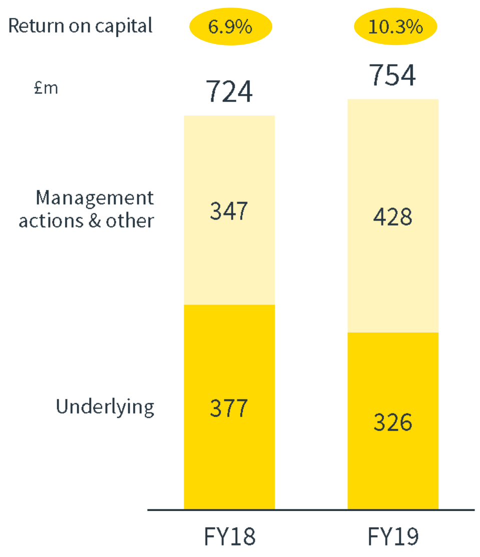
	FY18 *UKD pro forma**	**FY19**	Mvt
Group COR (%)	98.2%	**97.5%**	0.7pp
UKGI	96.9%	**97.9%**	(1.0)pp
Canada	103.1%	**97.8%**	5.3pp
Europe	93.5%	**95.7%**	(2.2)pp
Total NWP (£bn)	9.1	**9.3**	2%
UKGI	4.2	**4.2**	1%
Canada	2.9	**3.1**	5%
Europe	2.0	**2.0**	2%

- +1.0pp benefit from weather vs. LTA (PY: 0.1pp adverse); +1.7pp PY releases (PY: +2.3pp)
- Commercial NWP: +10%, driven by the UK (+7%), Canada (+17%) and France (+7%)

*2018 adjusted to reflect UK Digital alignment to UK businesses, consistent with 2019 treatment

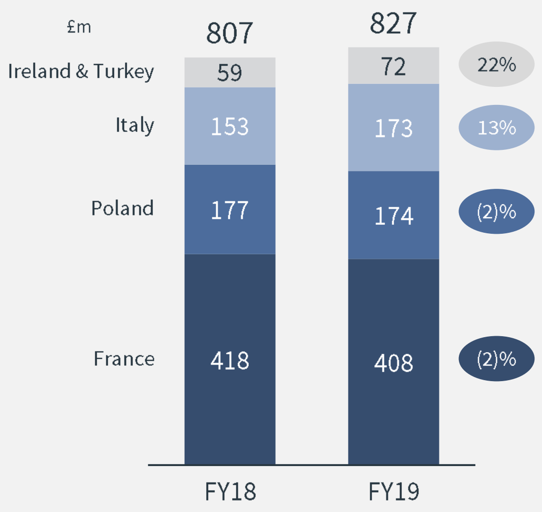
Europe Life

OCG & ROC



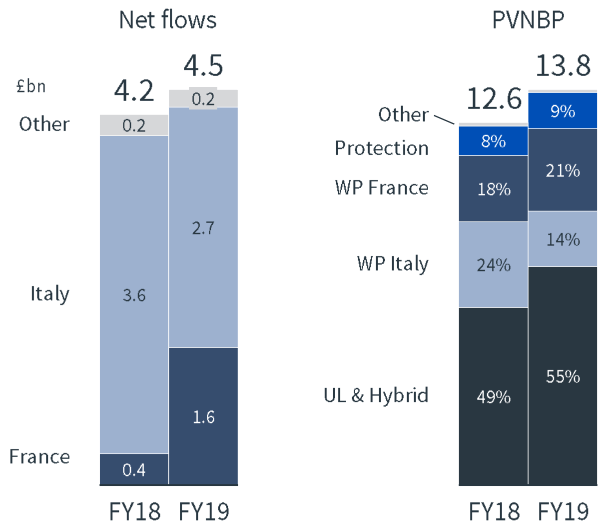
- Underlying OCG -14% mainly from low interest rates increasing new business strain
- 2019 management actions driven by increased hedging in France while PY mainly related to FRPS

Operating profit +2%



- Operating profit +2% driven by higher profits on our French and Italian savings businesses from continuing strong inflows partly offset by adverse claims experience in protection in France

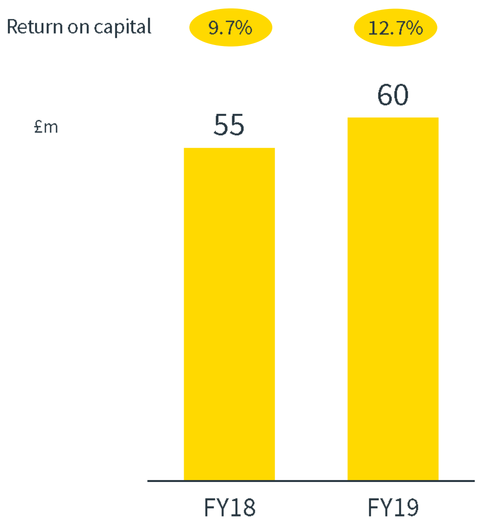
Flows and Sales



- Net flows: +7% driven by French savings (49% UL)
- PVNBP +9% with continued mix optimisation
  - 43% PVNBP from UL in France (PY: 37%)
  - 56% PVNBP from Hybrid in Italy (PY: 44%)

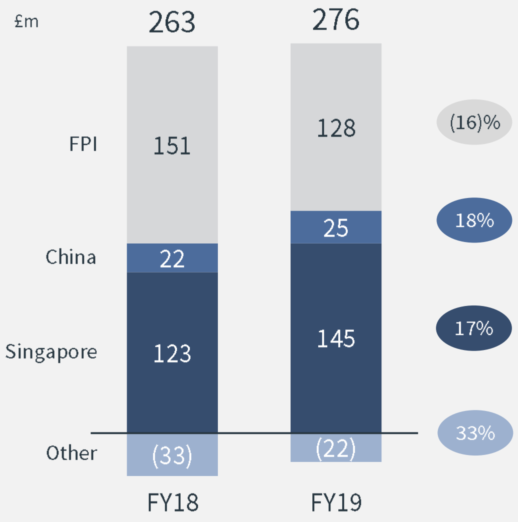
Asia Life

OCG & ROC



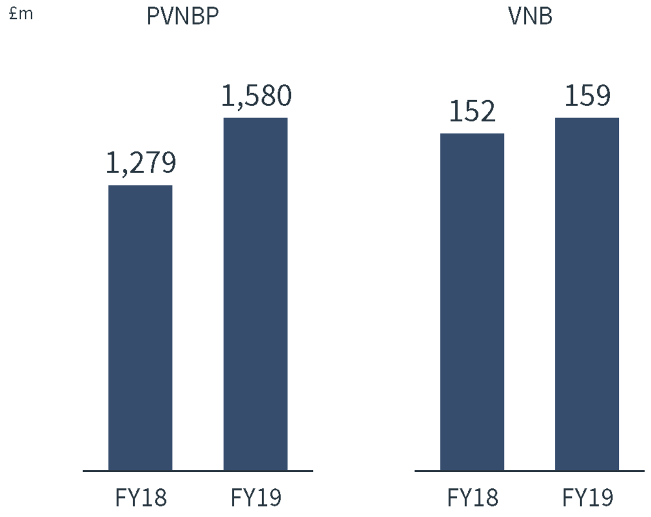
- Growth driven by higher returns in Singapore

Operating profit +5%



- Operating profit excl. held for sale businesses grew 33% to £157m (PY: £119m), driven by Singapore and China as well as smaller losses from our smaller Asian markets
- FPI and Hong Kong held for sale

Focus on Singapore



- VNB[6] +5% from double-digit volume growth in Savings
- Continued expansion of owned distribution with 1,819 FAs at FY19 (HY19: 1,653; FY18: 1,540)
- £46m cash remitted in 2019 (PY: £6m), reflecting improved performance

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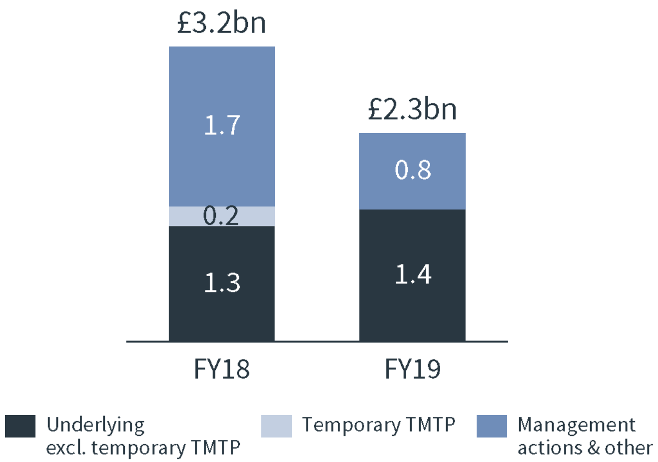
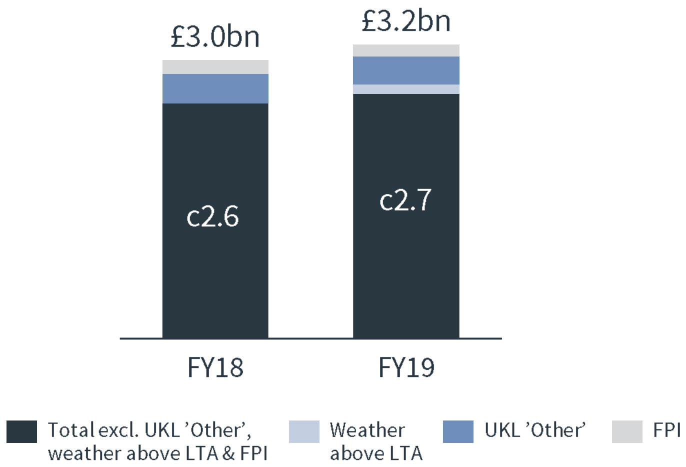
Looking ahead

OCG



Operating profit



- Significant uncertainty around macro trends compounded by COVID-19, particularly level of interest rates, foreign exchange and UK weather
- Strong and resilient balance sheet, designed to withstand volatility
- Continued focus on growing underlying returns, controlling volatility, delivering consistent franchise growth and reducing debt over the medium term
- Current expectations for 2020 underlying performance:
  - BU growth particularly from UK Savings, UK annuities and General Insurance, with GI working toward 2022 target of 95% COR
  - Aviva Investors and UK Protection expected to take time to rebuild profitability
  - Ongoing cost reduction programme
- Longer-term range for management actions of £0-200m p.a. for IFRS and c£200m p.a. for OCG, as indicated at our recent capital markets day

Appendix

Balance sheet

Solvency II return on capital/equity[1] (FY18)

2018	New business (life) £m	Existing business (life) £m	Non-life capital generation £m	Other[9] £m	Total £m	Opening own funds £m	Return on capital/equity %
	Operating own funds generation						
UK Life and Investments, Savings & Retirement	347	472	111	733	1,663	14,689	11.3%
General Insurance	—	—	532	—	532	4,535	11.7%
Europe Life	253	256	—	(125)	384	5,539	6.9%
Asia Life	89	76	—	(21)	144	1,477	9.7%
Other	—	31	(344)	(90)	(403)	(1,503)	n/a
Solvency II return on capital (unlevered) at 31 December	**689**	**835**	**299**	**497**	**2,320**	**24,737**	**9.4%**
Less: Senior debt					(3)	—	—
Subordinated debt					(295)	(7,922)	—
Solvency II operating own funds generation at 31 December					**2,022**	**—**	
Direct capital instrument and Tier 1 notes					(36)	(731)	—
Preference shares[8]					(38)	(450)	—
Net deferred tax assets					—	(84)	—
Solvency II return on equity at 31 December					**1,948**	**15,550**	**12.5%**
Less: Management actions and other[9]					(497)	—	3.2%
Solvency II return on equity (excl. management actions)					**1,451**	**15,550**	**9.3%**

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Solvency II return on capital/equity (FY19)

2019	New business (life) £m	Existing business (life) £m	Non-life capital generation £m	Other[9] £m	Total £m	Opening own funds £m	Return on capital/equity %
	Operating own funds generation						
UK Life and Investments, Savings & Retirement	381	194	70	669	1,314	13,835	9.5%
General Insurance	—	—	548	80	628	4,498	14.0%
Europe Life	167	240	—	167	574	5,548	10.3%
Asia Life	111	57	—	19	187	1,470	12.7%
Other	—	16	(187)	9	(162)	(1,800)	n/a
Solvency II return on capital (unlevered) at 31 December	**659**	**507**	**431**	**944**	**2,541**	**23,551**	**10.8%**
Less: Senior debt					(12)	—	—
Subordinated debt					(272)	(6,979)	—
Solvency II operating own funds generation at 31 December					**2,257**	**—**	**—**
Direct capital instrument and Tier 1 notes					(34)	(731)	—
Preference shares[8]					(38)	(450)	—
Net deferred tax assets					—	(95)	—
Solvency II return on equity at 31 December					**2,185**	**15,296**	**14.3%**
Less: Management actions and other[9]					(944)	—	6.2%
Solvency II return on equity (excl. management actions)					**1,241**	**15,296**	**8.1%**

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Solvency II own funds

	Opening own funds 1 January 2019 £m	**Closing own funds 31 December 2019 £m**
UK Life and Investments, Savings & Retirement	13,835	**14,126**
General Insurance	4,498	**4,817**
Europe Life	5,548	**6,134**
Asia Life	1,470	**1,584**
Other	(1,800)	**(2,113)**
Estimated Solvency II shareholder own funds	23,551	**24,548**
Estimated unrestricted shareholder tier 1 own funds	15,296	**16,579**

Solvency II sensitivities (shareholder view)

	Sensitivity	FY18	FY19
Changes in economic assumptions	25 bps increase in interest rate	3%	**4%**
	50 bps increase in interest rate	5%	**7%**
	100 bps increase in interest rate	8%	**13%**
	25 bps decrease in interest rate	(4%)	**(5%)**
	50 bps decrease in interest rate	(10%)	**(12%)**
	50 bps increase in corporate bond spread[10]	(4%)	**(4%)**
	100 bps increase in corporate bond spread[10]	(8%)	**(10%)**
	50 bps decrease in corporate bond spread[10]	2%	**3%**
	Credit downgrade on annuity portfolio[11]	(4%)	**(4%)**
	10% increase in market value of equity	1%	**2%**
	25% increase in market value of equity	3%	**5%**
	10% decrease in market value of equity	(1%)	**(2%)**
	25% decrease in market value of equity	(5%)	**(7%)**
	20% increase in value of commercial property	n/a	**7%**
	20% decrease in value of commercial property	n/a	**(9%)**
	20% increase in value of residential property	n/a	**4%**
	20% decrease in value of residential property	n/a	**(6%)**
Changes in non-economic assumptions	10% increase in maintenance and investment expenses	(8%)	**(9%)**
	10% increase in lapse rates	(3%)	**(2%)**
	5% increase in mortality/morbidity rates – life assurance	(2%)	**(2%)**
	5% decrease in mortality rates – annuity business	(11%)	**(13%)**
	5% increase in gross loss ratios	(3%)	**(3%)**

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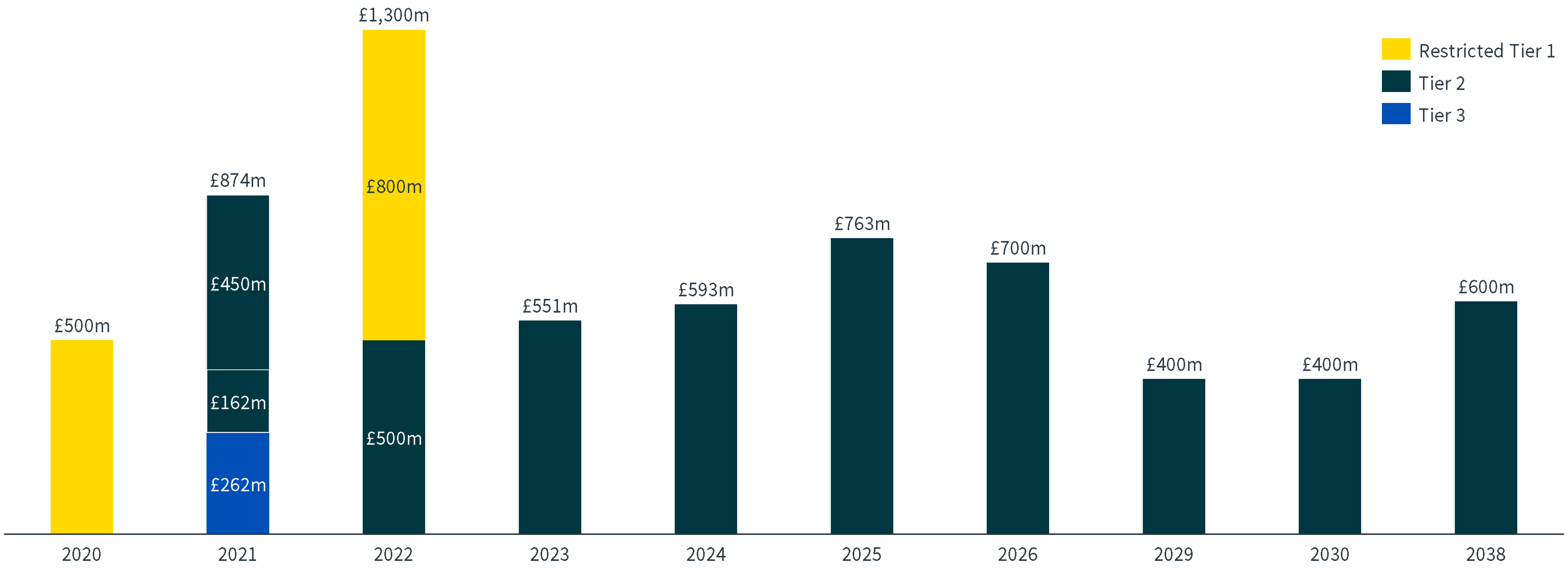
Solvency II regulatory own funds[1] tiering & debt leverage

Regulatory view	2018 £m	**2019 £m**	% of own funds FY18	**% of own funds FY19**	% of SCR FY18	**% of SCR FY19**
Unrestricted Tier 1	19,312	**20,377**	70%	**72%**	126%	**133%**
Restricted Tier 1	2,096	**1,839**	8%	**7%**	14%	**12%**
Tier 2	5,811	**5,794**	21%	**20%**	38%	**38%**
Tier 3**	348	**337**	1%	**1%**	1%	**2%**
Est. regulatory own funds	27,567	**28,347**	100%	**100%**	180%	**185%**

Regulatory view	2018 £m	**2019 £m**
Solvency II regulatory debt*	8,160	**7,892**
Senior notes	1,113	**1,052**
Commercial paper	251	**238**
Total debt	9,525	**9,182**
Est. regulatory own funds	27,567	**28,347**
Solvency II debt leverage***	33%	**31%**

* Solvency II regulatory debt consists of Restricted Tier1 and Tier 2 regulatory own funds, and Tier 3 subordinated debt.
** Tier 3 regulatory own funds at 31 December 2019 consists of £259 million subordinated debt (*2018: £253 million*) plus £78 million net Deferred Tax Assets (*2018: £95 million*).
*** Solvency II debt leverage is calculated as the total debt as a proportion of total regulatory own funds plus commercial paper and senior notes.

Subordinated debt profile



All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 31 December 2019 rates.

IFRS

Operating earnings per share

	FY 2018	**FY 2019**
Group operating profit[3]	3,004	**3,184**
Less operating tax	(625)	**(668)**
Minority Interest	(100)	**(98)**
DCI and fixed rate tier 1 notes	(36)	**(34)**
Preference shares	(17)	**(17)**
Total operating earnings after tax, MI & DCI and preference shares	2,226	**2,367**
Weighted average number of shares	3,963	**3,911**
Operating earnings per share[4]	56.2	**60.5**

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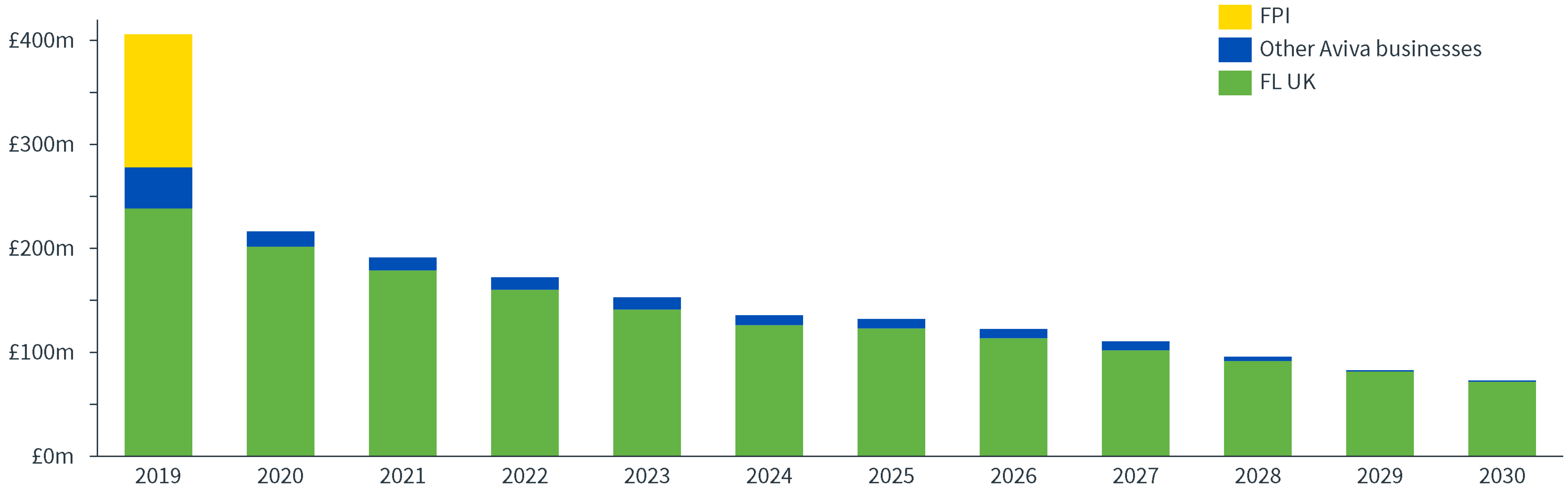
Basic earnings per share

	FY 2018	**FY 2019**
Operating profit attributable to shareholder	2,226	**2,367**
Investment return variances and economic changes on long-term business	(198)	**535**
Short-term fluctuations in in return on investments backing non-long-term business	(378)	**129**
Economic assumption changes on GI & Health business	(1)	**(33)**
Impairment of goodwill, JVs and associates and other amounts expensed	(13)	**(15)**
Amortisation and impairment of acquired value of in-force business	(453)	**(417)**
Profit/(loss) on disposal and remeasurement of subsidiaries, JVs and associates	102	**(23)**
Other	230	**(46)**
Total operating earnings after tax, MI & DCI and preference shares	1,515	**2,497**
Weighted average number of shares	3,963	**3,911**
Basic earnings per share	38.2	**63.8**

Estimated amortisation of acquired value of in-force



This is our latest estimated projection and is subject to a number of factors including the effects of markets.

Life flows

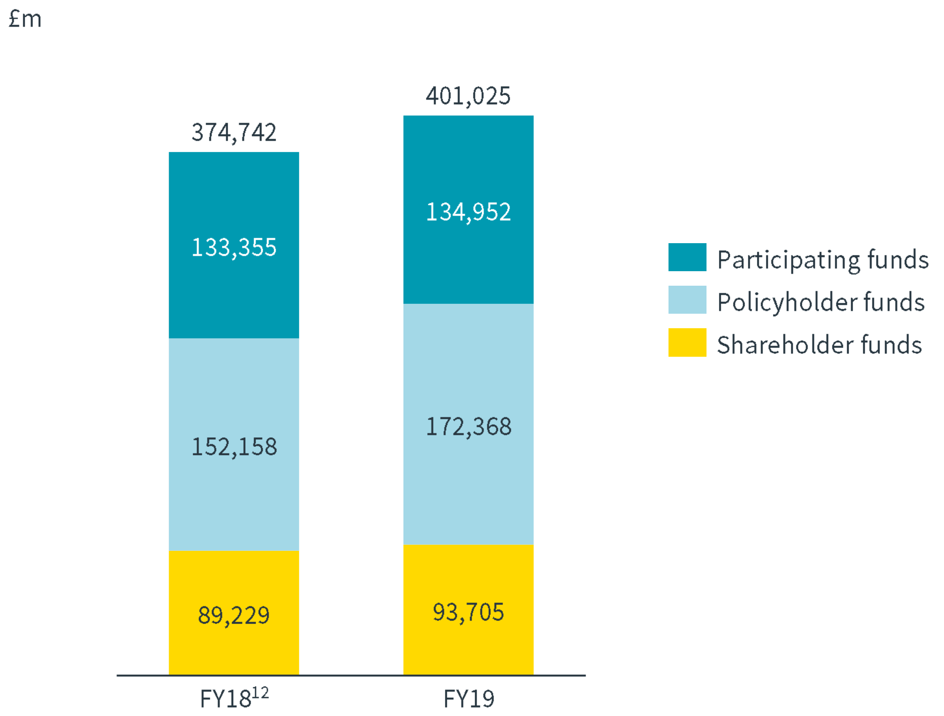
Life business fund flows

	Managed assets at 1 January 2019	Premiums and deposits, net of reinsurance	Claims and redemptions, net of reinsurance	Net flows	Effect of disposals, market and other movements	Managed assets at 31 December 2019
Life business						
UK – non-profit:						
– platform	22,643	5,662	(2,206)	3,456	2,986	29,085
– pensions and other long-term savings	93,060	9,555	(7,584)	1,971	13,842	108,873
– long-term savings	115,703	15,217	(9,790)	5,427	16,828	137,958
– annuities and equity release	61,554	4,038	(2,802)	1,236	4,353	67,143
– other	22,814	1,376	(2,559)	(1,183)	2,074	23,705
United Kingdom (excluding UK WP)	200,071	20,631	(15,151)	5,480	23,255	228,806
Europe	118,502	12,474	(7,992)	4,482	2,596	125,580
Asia	14,775	927	(838)	89	274	15,138
Other	1,080	6	(200)	(194)	35	921
	334,428	34,038	(24,181)	9,857	26,160	370,445
UK - with-profits and other	48,167	293	(4,232)	(3,939)	3,243	47,471
Total life business	**382,595**	**34,331**	**(28,413)**	**5,918**	**29,403**	**417,916**

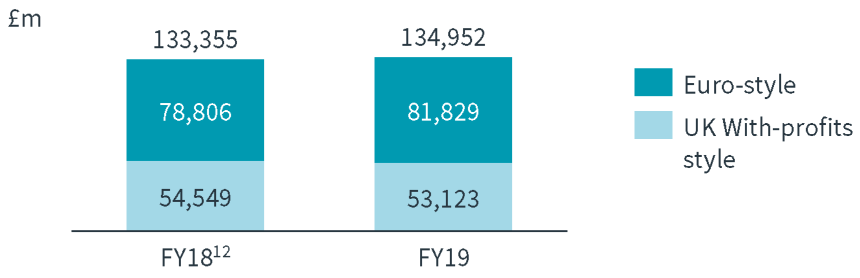
Assets

Total managed assets

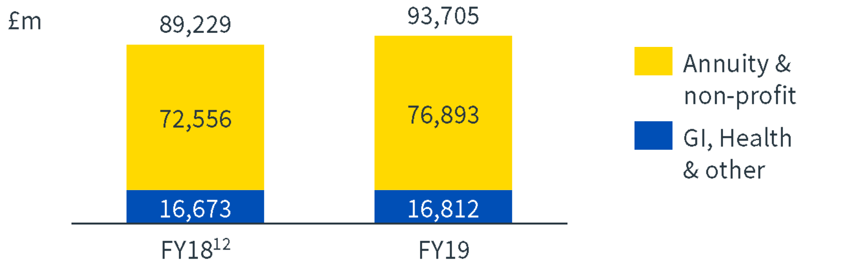
Assets by liabilities covered



Participating assets by type



Shareholder assets by type



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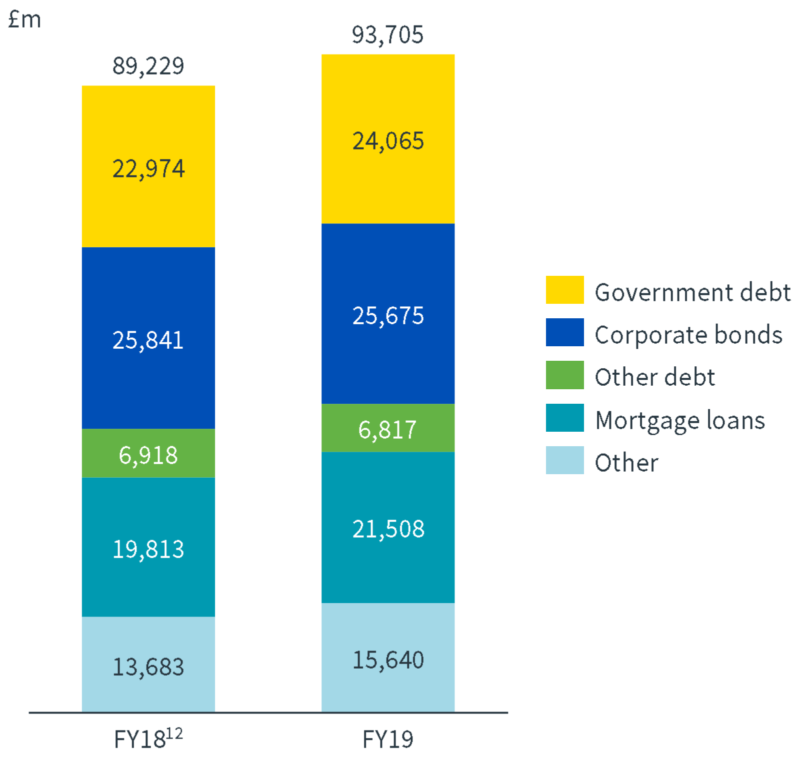
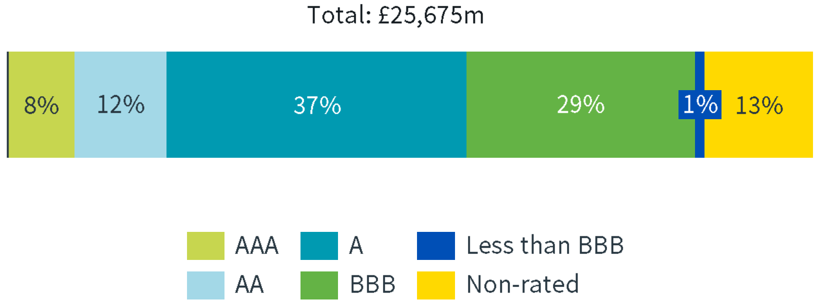
Shareholder assets

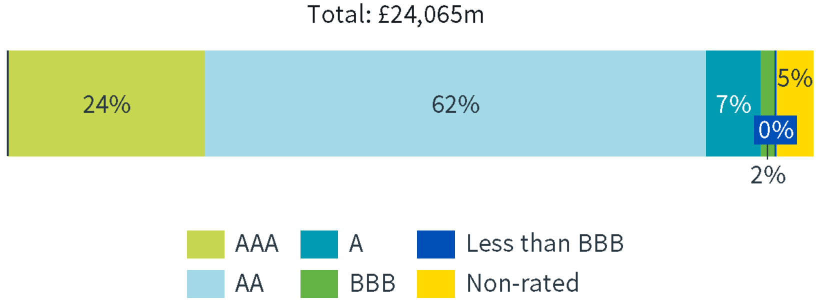
Shareholder assets by type



Corporate debt by rating



Government debt by rating



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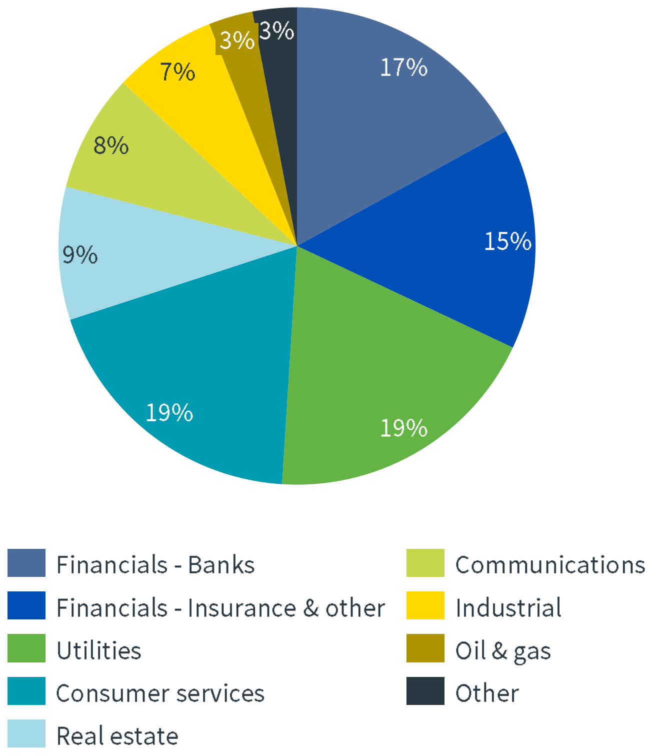
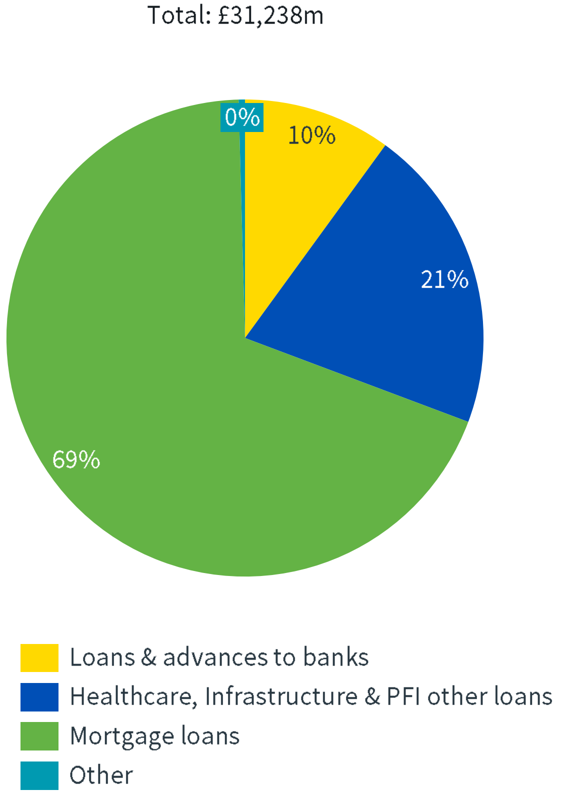
Shareholder assets – corporate bonds & loans

Corporate bonds by industry

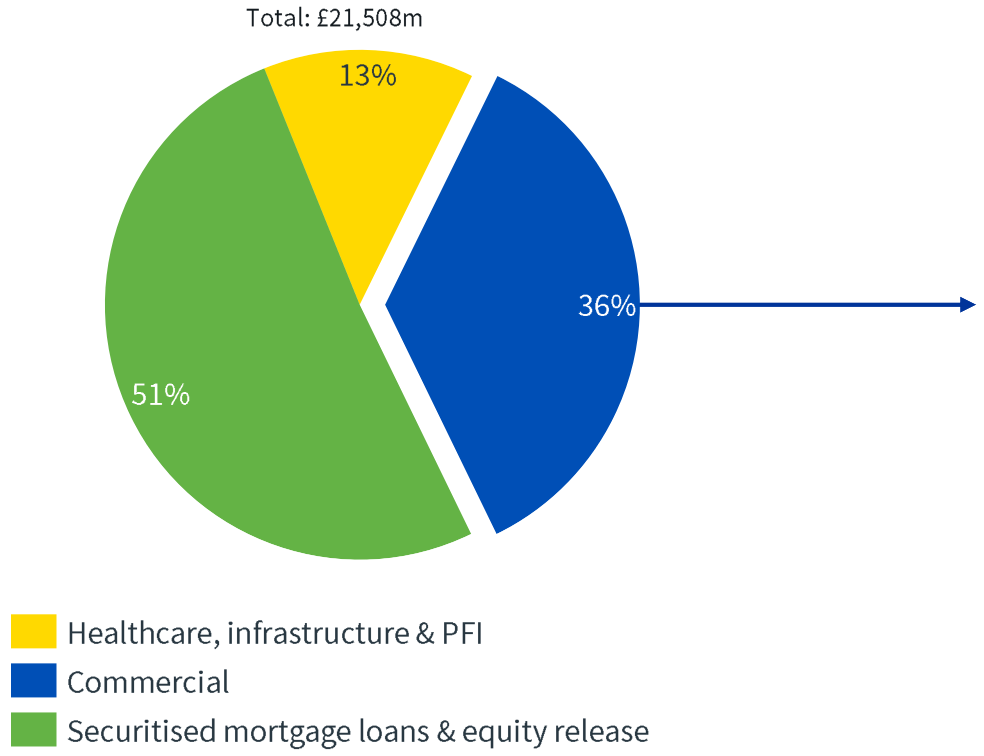


Loans by type

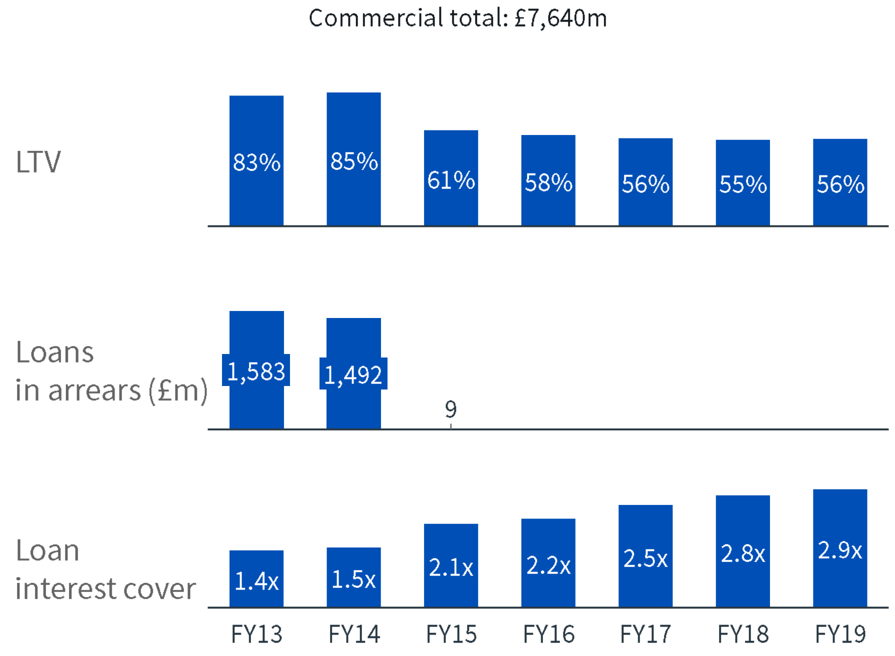


Shareholder assets – Mortgage loans

Mortgage loans



Commercial real estate portfolio



Footnotes

1. Includes Group centre, debt costs and other items not allocated to the markets.
2. The estimated Solvency II position represents the shareholder view. See section 3 of the Analyst Pack for more details.
3. Group adjusted operating profit is a non-GAAP Alternative Performance Measure (APM) which is not bound by the requirements of IFRS. Further details of this measure are included in the 'Other information' section of the Analyst Pack.
4. This measure is derived from the Group adjusted operating profit APM. Further details of this measure are included in the 'Other Information' section of the Annual report and accounts.
5. Constant currency.
6. PVNBP and VNB are presented on an adjusted Solvency II basis.
7. 2017 and 2018 as reported
8. Preference shares includes £21million of dividends and £250 million of capital in respect of General Accident plc.
9. Other includes the impact of capital actions and non-economic assumptions changes.
10. Credit spread movement for corporate bonds with credit rating A at a 10 year duration, with the other ratings and durations stressed by the same proportion relative to the stressed capital requirement.
11. An immediate full letter downgrade on 20% of the annuity portfolio bonds (e.g. from AAA to AA, from AA to A).
12. Following a review of the Group's presentation of consolidated investment funds, comparative amounts have been restated from those previously reported. The review identified amounts presented within cash and cash equivalents and other investments that are now presented as debt securities. The restatement has had no impact on the profit for the year or equity.