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It takes Aviva

Aviva plc
Results Announcement
2023

News Release
7 March 2024

Aviva plc 2023 Results Announcement

Operating profit up 9%, with continued growth momentum across the Group
Announcing share buyback of £300m and upgraded dividend guidance
Confident outlook for 2024, and new Group targets

Operating profit[‡,1]	Solvency II own funds generation[‡]	Undiscounted COR[‡]	Solvency II cover ratio[‡,4]	2023 total dividend per share
£1,467m	£1,729m	96.2%	207%	33.4p
+9%	+12%	1pp	(5)pp	+8%
2022[2]: £1,350m	2022[3]: £1,540m	2022[2]: 95.2%	2022: 212%	2022: 31.0p

Amanda Blanc, Group Chief Executive Officer, said:

"*We have made significant progress in 2023. Sales are up, costs are down, and operating profit is 9% higher. Our position as the UK's leading diversified insurer, with major businesses in Canada and Ireland, is clearly delivering. Today we have raised our total dividend by 8% to 33.4 pence and have now returned more than £9bn in capital and dividends to shareholders over the last three years.*

"We have generated strong organic growth, especially in our capital-light businesses, which make up over half our portfolio. General insurance premiums increased by 13% on the back of strong performances in Canada and the UK. We are the number one provider of workplace pensions, and this business continues to thrive, with a record £6.9bn of net flows, boosted by winning 477 new schemes during the year. Our private health business is experiencing strong demand from businesses and individual customers and sales grew 41% in 2023. The higher interest rate environment boosted the bulk annuity market, where we secured excellent volumes of £5.5bn at strong margins.

"We are building a clear track record of strong and consistent performance. In each of the last three years we have grown sales, operating profit and our dividend. This momentum gives us increased confidence for Aviva's future, and so today we are announcing a new £300m share buyback programme, upgrading our dividend guidance to mid-single digit cash cost growth, and upgrading our Group financial targets.

"Aviva is financially strong. We are trading consistently well. Our prospects have never been better. We have leading businesses in growing markets, a fantastic brand, and we are investing substantially to make service better for our 19m customers. All the ingredients are in place to ensure Aviva continues to deliver an outstanding performance for our customers and our shareholders. I'm certain we will."

Strong 2023 results with continued profitable growth momentum

- Group operating profit[‡,1] up 9% to £1,467m (2022[2]: £1,350m).
- Solvency II operating own funds generation[‡] (Solvency II OFG) up 12% to £1,729m (2022[3]: £1,540m), which included a £208m initial benefit from two partnership extensions in IWR. Solvency II OFG excluding management actions and other up 28%.
- Solvency II operating capital generation[‡] (Solvency II OCG) up 8% to £1,455m (2022[3]: £1,352m).
- Solvency II return on equity[‡] 14.7% (2022[3]: 9.9%).
- Cash remittances[‡] of £1,892m up 3% (2022: £1,845m).
- General Insurance premiums[‡,5] up 13%[6] to £10,888m (2022: £9,749m). Undiscounted COR[‡] of 96.2% (2022[2]: 95.2%) and discounted COR of 92.7% (2022: 94.3%).
- Insurance, Wealth & Retirement (IWR) operating value added[‡] up 13% to £1,849m (2022: £1,635m).
- Baseline controllable costs[‡,7] down 1% at £2,734m, more than offsetting inflation. Our continued focus on cost efficiency has enabled us to deliver our £750m cost reduction target a year early.
- IFRS profit for the year[8] of £1,106m (2022[2]: loss of £1,030m).

New share buyback and upgraded dividend guidance

- Solvency II shareholder cover ratio[‡] of 207% (2022: 212%) and centre liquidity[‡] (Feb 24) of £1.9bn (Feb 23: £2.2bn).
- As part of our programme of regular and sustainable capital returns we are commencing a new share buyback programme of £300m immediately, taking the total amount of capital returns and dividends paid to shareholders to more than £9bn over the last three years. Our preference remains to return surplus capital regularly and sustainably to shareholders.
- Final dividend per share of 22.3 pence (2022: 20.7 pence) giving a total dividend per share of 33.4 pence (2022: 31.0 pence), up 8%.
- In light of the significant progress we have made and our confidence in Aviva's future, we are upgrading our dividend guidance and we now expect to grow the cash cost of the dividend by mid-single digits[9].

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Continued trading performance

- UK&I General Insurance premiums[‡,5] up 16% to £6,640m (2022: £5,740m) and undiscounted COR[‡] of 96.8% (2022[2]: 96.4%). UK personal lines premiums grew 24% driven by strong rate discipline in the inflationary environment and new propositions. UK commercial lines premiums grew 10% due to rate actions and new business growth.
- Canada General Insurance premiums[‡,5] up 10%[6] to £4,248m (2022: £4,009m) and undiscounted COR[‡] of 95.3% (2022[2]: 93.7%). We saw excellent growth of 13%[6] in commercial lines and 9%[6] in personal lines driven by rate increases and strong new business growth.
- Protection and Health sales[5] were up 16% driven by strong growth in Health, up 41%, and Individual Protection. Value of new business on an adjusted Solvency II basis (VNB)[‡] was 3% lower as the impact of interest rate increases more than offset the growth in sales.
- Wealth continued to show resilience in challenging market conditions with net flows[‡] of £8.3bn (2022: £9.1bn) representing 6% of opening Assets under Management (AUM)[‡]. AUM grew 15% to £170bn (31 December 2022: £147bn).
- Retirement sales[5] were up 14% to £7,088m (2022: £6,238m) driven by £5.5bn of Bulk Purchase Annuity (BPA) transactions and increased demand for Individual Annuities in a higher interest rate environment. VNB[‡] was up 9% to £286m (2022: £264m).
- Aviva Investors is a core enabler of growth for the Group. In 2023, it originated £2.6bn of real assets for our annuities business, and over 60% of Workplace net flows[‡] were into Aviva Investors.

Group financial performance

General Insurance premiums[‡,5]	Operating value added[‡,10]	IFRS profit for the year[8]
£10,888m	£1,849m	£1,106m
+13%[6]	+13%	+207%
2022: £9,749m	2022: £1,635m	2022[2]: £(1,030)m

Cash and liquidity

Cash remittances[‡]	Centre liquidity[‡]
£1,892m	£1,891m
+3%	(15)%
2022: £1,845m	Feb 23: £2,220m

Confident outlook and upgraded Group targets

Our positive momentum continued in 2023 with a strong set of results, and our diversified business model positions us well to navigate the current macroeconomic environment. This reinforces our confidence in the prospects, financial targets and outlook for the Group.

In General Insurance we remain focused on pricing appropriately for the ongoing inflationary environment. Overall, we expect the rating environment to remain favourable in personal lines with some moderation of rate increases in commercial lines. We expect the underlying COR[11] to benefit from the earn through of rating actions taken in 2023.

In Insurance, Wealth & Retirement we expect to see continued growth. We expect further strong demand in Protection & Health products given supportive market dynamics. Wealth is central to our strategy, and as we set out at our 'In Focus' briefing in October 2023, the market presents a significant opportunity for Aviva to continue to generate sustainable, capital-light growth. We expect to continue our disciplined approach to BPAs, where the market should continue to benefit from more pension schemes looking to de-risk.

We have now exceeded our existing Solvency II operating own funds generation[‡] target of £1.5bn by 2024, and we have delivered our £750m cost reduction target one year early. We remain on track to exceed our cash remittance[‡] target of >£5.4bn cumulative (2022-2024).

Therefore, we are establishing new, upgraded targets for the Group:

- **Operating profit**[‡,1]: £2bn by 2026. A new target following the implementation of IFRS 17.
- **Solvency II own funds generation**[‡]: £1.8bn by 2026. A key driver of value and cash remittances[‡]. Upgraded from £1.5bn by 2024.
- **Cash remittances**[‡]: >£5.8bn cumulative 2024-2026. Underpinning our sustainable dividend policy. Upgraded from >£5.4bn 2022-2024.

We are committed to delivering for our shareholders. The upgraded targets set out today support our sustainable dividend policy. We now expect the cash cost of the dividend to grow by mid-single digits, demonstrating our confidence and ambition for Aviva as we look to deliver for all of our stakeholders.

Under our capital framework, surplus capital is available for reinvestment in the business, bolt-on M&A and returns to shareholders. We have announced a £300m share buyback today, and anticipate further regular and sustainable capital returns in the future.

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Summary Full Year 2023 financial performance

	2023 £m	2022 £m	Sterling % change
IFRS results			
Business unit operating profit	**1,929**	1,893	2 %
Corporate centre costs, Group external debt costs and Other	**(462)**	(543)	15 %
Operating profit[‡,R,1,2]	**1,467**	1,350	9 %
IFRS profit/(loss) for the year[2,8]	**1,106**	(1,030)	207 %
Operating earnings per share[‡,R,12]	**40.3 p**	39.9 p	1 %
Basic earnings per share[2]	**37.7 p**	(34.7)p	209 %
Baseline controllable costs[‡,7]	**2,734**	2,771	(1)%
IFRS Contractual service margin (CSM)[13]	**7,248**	6,480	12 %
Adjusted IFRS Shareholders' equity[‡,13,14]	**14,055**	14,103	— %
Adjusted IFRS Shareholders' equity per share[‡,13,14]	**513 p**	502 p	11 p
Solvency II results			
Operating own funds generation[‡,R,3]	**1,729**	1,540	12 %
Return on equity[‡,R,3]	**14.7 %**	9.9 %	4.8 pp
Cash and Capital			
Cash remittances from business units[‡,R]	**1,892**	1,845	3 %
Estimated Solvency II shareholder cover ratio[‡,R]	**207 %**	212 %	(5)pp
Solvency II debt leverage ratio[‡]	**30.7 %**	31.4 %	(0.7)pp
Dividend			
Final dividend per share	**22.3 p**	20.7 p	8 %
Total dividend per share	**33.4 p**	31.0 p	8 %

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Chief Executive's Overview

Overview

2023 was another year of strong, consistent performance for Aviva. We once again extended our track-record of growth and have now achieved our Solvency II OFG and cost targets a year early and are firmly on track to exceed our cash remittance target.

Our consistent strategy has allowed us to deliver precisely what we said we would: strong momentum in both growth and performance. This has been further bolstered by significant investment across the business and bolt-on M&A, enabling us to continue to capitalise on market growth opportunities. As a result, today we have upgraded our targets and dividend guidance and announced a new £300 million share buyback.

Credit for this year's strong performance goes to my Aviva colleagues for everything they do to support our customers every day - be that sorting a claim, or consolidating someone's pension pot, resolving a query or developing a new, better service. Our people work tirelessly to help solve our customers' financial puzzles, so a very big thank you to the whole Aviva team.

Strong consistent performance

In 2023 we have shown continued momentum, growing operating profit[1] by 9%. This reflects strong trading performances right across our businesses, the advantages of our scale and market positions, the benefits of our investment programme, and our continued focus on costs and efficiency.

General insurance premiums[5] have grown by 13%[6] overall and the group undiscounted combined ratio (COR) was 96.2%. This is a good performance considering adverse weather in Canada, storms in the UK and the impacts of inflation, reinsurance costs and higher claims frequency.

Our UK & Ireland general insurance business had another strong year with premiums[5] up 16% and healthy profitability. In Canada, where we are the number two player, we grew premiums[5] by 10%[6] with a strong COR of 95.3%. Across our general insurance businesses, we remain focused on extending our best-in-class technical capabilities and the outlook is positive as rate continues to earn through the portfolio.

In our IWR business we increased operating value added by 13%. Health insurance sales[5] remained very strong and grew by 41%, driven by increased demand across retail and business customers, while Individual Protection sales[5] grew 13% as a result of strong growth in IFA and direct channels.

In Wealth, our workplace business continues to thrive with a record £6.9 billion of net flows, boosted by winning 477 new schemes during the year. Our platform business continues to see positive net flows, at £2.1 billion, and is positioned to benefit when market conditions improve. Overall, Wealth net flows were 6% of opening Assets Under Management (AUM), while total AUM grew 15% to £170 billion.

In our Retirement business, we transacted on 56 BPA deals in 2023, for total sales[5] of £5.5 billion. Improved margins have been supported by the launch of our new streamlined service for smaller schemes. The higher rate environment supported individual annuity sales[5], which grew by 17%, and conversely impacted equity release sales[5], which were 48% lower.

Solvency II Own Funds Generation (Solvency II OFG) – an important measure of our dividend paying capacity – grew 12% to £1,729 million. This was driven by improved underlying performance across all businesses, whilst also benefiting from the extension of two key partnerships in IWR, which will deliver better customer service, efficiency and systems rationalisation. Cash remittances were also up 3% to £1,892 million.

The Group remains in a very strong financial position with a robust balance sheet and a Solvency II shareholder cover ratio of 207% at the end of the year.

These results are testament to the work we have been doing to improve the underlying performance of our businesses over the last three years and give us high expectations as we look forward into 2024 and beyond.

The UK's leading diversified insurer

These results were also made possible by our unique model, which is a major competitive strength. Our portfolio is diversified across the UK, Ireland and Canada, where we have market leading positions and tangible opportunities for growth. We are also the only major player in the UK which can look after a wide range of customer needs across insurance, wealth and retirement. These multiple lines of business give Aviva's earnings clear resilience and provides advantages to our customers. We now have 4.8 million customers with two or more products with us and we want to grow this number each year.

All elements of Aviva work together to our mutual advantage. Our general insurance, protection, health and wealth businesses are key customer acquisition and growth engines. Our retirement business underpins our cash generation, and Aviva Investors is a critical enabler of growth in Wealth and Retirement.

Taken together they give us scale, in particular an unrivalled franchise of more than 19 million customers that is and always will be at the heart of our success. We're determined to further enhance our customers' experience with Aviva and service more of their needs, to seize those growth opportunities and deliver more value to shareholders.

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Strong organic growth

A big part of our growth story comes from that customer base. Our number one brand position is matched by strong sales[5] to existing customers, with 39% of all new UK sales in the year to existing product holders.

Nor are we positioned where we are by accident. For example, with more people looking after their own retirements, and more inter-generational wealth transfer, we've deliberately designed our wealth business to help. An ageing population can look to us to be there for their retirement. As customer expectations and needs evolve, we can be there for them at the key moments in life, helping them protect what matters, build wealth and look after their health and wellbeing.

Accelerating through M&A

On top of the organic growth we see flowing from societal trends, we're also investing to accelerate our advantage. We made important and deliberate investments in capital-light areas, investing c.£100 million to acquire Optiom in Canada, which will improve our offering and distribution in a highly attractive segment of the market, and £460 million[15] to acquire AIG's UK protection business which has over 2.5 million customers, adding further scale to our award-winning protection business. Most recently, on 4 March 2024, we announced the £242 million[15] acquisition of Probitas, a high quality, fully-integrated platform in the Lloyd's market, which will expand the market opportunity for Aviva's Global Corporate & Specialty (GCS) business.

Investment for the future

We are making significant investment across our business, to make customer service quicker, simpler and slicker; to develop new products and services which make customers' lives easier; and to accelerate the growth of our capital-light businesses. And this investment is paying off. For example, in our protection business, SME customer journeys are now digital, supporting a 5% growth in sales[5]. In Health, we have enhanced our direct quote and buy customer journey leading to increased conversion rates.

We continue to innovate to improve our offering to customers. Aviva Zero, our next generation personal lines proposition is going from strength to strength, while our AI driven pensions tracing service Fabric has seen an >50% increase in transfer-in flows. Digital-led improvements are enhancing the way our customers can interact with us too. This year saw us add 600,000 more MyAviva app users, bringing the total up to 6.3 million. We have also continued to support customers who have struggled with the high cost of living, for example by offering payment deferrals and lower cost, no-frills general insurance products.

We are running Aviva more efficiently and we've exceeded our £750 million cost reduction target and delivered it one year early, reaching £757 million of savings by the end of 2023. We are making the business simpler too, and have reduced our IT applications by approximately 30% since 2020. Being efficient also means setting ourselves up for the future, making things easier for our people and smoother for our customers - that is why we have extended our strategic partnerships with FNZ and Diligenta to simplify and strengthen our operations and technology in our heritage and wealth businesses.

And finally, on sustainability, as well as our continued commitment to climate action, we're focusing on social action too. That includes investing in our communities and the UK economy, such as Aviva Investors' recent investment of £50 million in Hightown Housing Association, supporting them in providing affordable, energy-efficient homes or Aviva Capital Partners' work to develop the London Cancer Hub, creating a life-science district dedicated to cancer treatment and research.

Superior returns for shareholders

Our strong performance, profitable growth and financial strength gives us increasing confidence for the future. We are committed to delivering superior returns to our shareholders, year in, year out.

That means we can deliver on our regular, sustainable returns of surplus capital, by announcing a new share buyback programme of £300 million today. We have also declared a final dividend of 22.3 pence, bringing our total dividend for the year to 33.4 pence, up 8%. In total, over the last three years, we have now returned more than £9 billion of capital and dividends to shareholders.

We know the importance of a sustainable dividend for shareholders, and in recognition of the group's strong prospects, we have also upgraded our dividend guidance to mid-single digit growth in the cash cost (from low-to-mid single digit previously)[9].

Confidence in Aviva's future

Our confidence also underpins the new Group targets, representing consistent progression from our existing targets.

On operating profit[1], we have set a target to reach £2 billion by 2026. We are upgrading our Solvency II operating own funds generation target to £1.8 billion by 2026. And we are targeting over £5.8 billion in cumulative cash remittances over 2024-26.

We have transformed the performance of Aviva over the last three years. We've grown quarter-on-quarter, year-on-year, and by operating more efficiently, we are turning that into improvements in profitability. Through our dividend growth and regular share buybacks, we are sustainably delivering superior returns to our investors. With our strong momentum and continued investment in the business, I have real confidence in our ability to extend this track record.

Amanda Blanc DBE
Group Chief Executive Officer

6 March 2024

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Group financial headlines

Operating results

Cash remittances

Cash remittances were up 3% to £1,892 million (2022: £1,845 million) driven by higher remittances from our IWR business in 2023.

Performance

Operating profit[1] increased by 9% to £1,467 million (2022[2]: £1,350 million). Our General Insurance businesses in the UK, Ireland and Canada were a strong contributor to this.

General Insurance operating profit[1] increased by 35% to £851 million (2022[2]: £630 million), reflecting improved investment income and a strong underwriting result. Insurance, Wealth and Retirement (IWR) operating profit[1] was lower at £994 million (2022[2]: £1,199 million). IWR operating value added, an important measure of value creation under IFRS 17, increased 13% to £1,849 million (2022: £1,635 million). Aviva Investors operating profit[1] of £21 million (2022: £25 million) was lower in the year as a result of challenging market conditions. Group debt and other interest expense was flat while Group centre and other operations benefitted from improved investment returns and lower centre costs.

IFRS profit for the year[8] was £1,106 million (2022[2]: loss of £(1,030) million) primarily driven by higher operating profit[1] and the positive impact of higher interest rate conditions on economic variances shown below operating profit[1].

Cost reduction

Baseline controllable costs[7] were 1% lower in the year at £2,734 million (2022: £2,771 million) which more than offset inflation. We have delivered £757 million of cost savings since 2018, beating our target of £750 million gross cost reduction, one year early.

Solvency II OFG

Solvency II OFG increased 12% to £1,729 million (2022[3]: £1,540 million) driven by increases in each of UK & Ireland General Insurance, Canada and Group centre. Excluding management actions and other, Solvency II OFG was up 28% to £1,278 million (2022[3]: £998 million).

Solvency II OCG

Solvency II OCG increased 8% to £1,455 million (2022[3]: £1,352 million) driven by improved performances in General Insurance and Group centre, partly offset by IWR. Excluding management actions and other, Solvency II OCG was up 44% to £1,063 million (2022[3]: £740 million).

Solvency II return on equity (Solvency II RoE)

Solvency II RoE increased by 4.8pp to 14.7% (2022[3]: 9.9%) and Solvency II RoE (adjusted for excess capital) has increased by 2.7pp to 18.3% (2022[3]: 15.6%), primarily reflecting the increase in Solvency II OFG over the year and lower 2023 opening capital.

Business performance

Insurance, Wealth and Retirement (IWR)

Protection & Health (Insurance) sales[5] increased by 16% to £415 million (2022: £359 million), driven by strong sales[5] in Health (up 41%) and Individual Protection (up 13%). Wealth net flows remained a resilient 6% of opening AUM at £8.3 billion (2022: £9.1 billion) driven by strong performance in Workplace, partly offset by Platform which remained robust in the face of market volatility. In Retirement, BPA volumes were up 24% to £5.5 billion (2022: £4.4 billion) across 56 transactions.

Baseline controllable costs[7] fell 1% to £1,085 million (2022: £1,093 million) as a result of our cost reduction initiatives.

IWR operating value added increased by 13% in the year to £1,849 million (2022: £1,635 million). Operating value added is calculated as operating profit[1] plus the operating change in the CSM, and is an important measure that captures value added to the Group from performance in the year.

IWR operating profit[1] was 17% lower at £994 million (2022[2]: £1,199 million). This was primarily due to the impact of the different interest rates used to value assumption changes in the CSM and the reduction in best estimate liabilities, particularly in the Retirement business. Wealth operating profit[1] was lower reflecting additional investment in growth in the business and beneficial one-offs in the prior year. Protection & Health operating profit[1] was 32% lower driven by adverse mortality experience and a lower benefit from assumption changes compared to the prior year. Heritage operating profit[1] reflected the expected run-off of the portfolio, which was more than offset by higher investment returns.

Solvency II OFG of £1,297 million (2022: £1,368 million) was 5% lower as management actions and other, which includes the initial benefit of extending two key partnerships, were less beneficial than the prior year. Cash remittances were £1,369 million (2022: £780 million) as remittances have now caught up from the deferral in 2022, a precautionary measure amid market volatility following the UK mini-budget.

We have extended two key partnerships with Diligenta and FNZ in order to drive further efficiencies within our IWR business. Diligenta service many of our existing customers and a new 15 year agreement will reduce the number of legacy IT platforms and increase the number of policies serviced. With FNZ, our existing strategic partner for Wealth, the new 15 year agreement will introduce more products onto the FNZ platform and benefit customers with a contemporary IT platform.

- The key benefits of these partnership extensions are improved customer service with an expected uplift in policies on MyAviva, consolidation of providers and platforms, a reduction in IWR IT applications and operational efficiencies leading to a more streamlined cost-base.

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- IWR IFRS profit for the year[8] includes £61 million of non-operating impact from the associated restructuring costs and a £95 million non-operating CSM cost. We expect a further c.£300 million of non-operating restructuring costs to be incurred over the next 5 years which will drive an operating profit[1] benefit rising to >£100 million per annum by 2033.
- Solvency II OFG includes an initial operating benefit in 2023 of £208 million reflecting lower expenses. Non-operating includes £356 million of one-off integration and restructuring costs. We expect an uplift of >£1 billion of OFG and >£0.7 billion in cash remittance capacity, cumulative over the next 10 years.

UK & Ireland General Insurance

Premiums[5] increased 16% to £6,640 million (2022: £5,740 million) with strong growth across all business lines. UK personal lines premiums[5] grew to £2,956 million (2022: £2,386 million) with the majority of growth driven by rate, acquisitions and new propositions, partly offset by volume reductions as we continue to prioritise rate discipline over volume growth. We continue to achieve strong growth in UK commercial lines as premiums[5] reached £3,231 million (2022: £2,931 million) driven by both rate and new business growth across SME and specialty lines.

Baseline controllable costs[7] reduced 4% to £674 million (2022: £703 million) despite the inflationary environment, and while continuing to grow the business.

UK & Ireland General Insurance operating profit[1] was 63% higher at £452 million (2022[2]: £278 million) reflecting a strong underwriting result and improved investment returns. UK & Ireland undiscounted COR was 96.8% (2022[2]: 96.4%), reflecting an increase in claims frequency, increased reinsurance costs and inflationary pressures. Discounted COR was 93.6% (2022: 96.1%).

Solvency II OFG was 21% higher at £315 million (2022[3]: £261 million), reflecting strong operating performance and higher expected investment returns. Cash remittances were 55% lower, in line with previous guidance, at £326 million (2022: £731 million) as the prior year had elevated remittances as part of our precautionary measures to manage liquidity across our Group in Q4 2022 following the UK mini-budget.

Canada General Insurance

Premiums[5] of £4,248 million (2022: £4,009 million) were up 10%[6]. Personal lines was up 9%[6] reflecting strong new business in RBC and direct, and inflationary rating actions across the portfolio. Commercial lines was up 13%[6] driven by the favourable rate environment and strong new business in large corporate and mid-market.

Baseline controllable costs[7] increased 1% to £415 million (2022: £410 million) reflecting growth in the business partly offset by lower claims handling costs.

Canada General Insurance operating profit[1] increased 18%[6] to £399 million (2022[2]: £352 million). The result was driven by improved investment income owing to higher yields and strong underwriting result. The undiscounted combined operating ratio was 95.3% (2022[2]: 93.7%) reflecting increased claim frequency and severity and increased weather-related losses, partly offset by good underwriting performance.

Solvency II OFG was 24% higher at £339 million (2022[3]: £274 million). Cash remittances were 45% lower, in line with previous guidance, at £158 million (2022: £287 million) as, similar to the UK & Ireland, the prior year had elevated remittances following the UK mini-budget.

Aviva Investors

External net flows (excluding strategic actions) remained positive at £0.7 billion (2022: £1.3 billion).

Baseline controllable costs[7] were 6% lower at £311 million (2022: £331 million).

Aviva Investors operating profit[1] decreased to £21 million (2022: £25 million) or £35 million (2022: £48 million) excluding cost reduction implementation costs, strategic investment costs and foreign exchange movements. These results are driven by lower revenue partly offset by improved efficiency reflecting cost reduction initiatives. Revenues were 9% lower at £346 million (2022: £379 million) reflecting the impact of weak investment markets on AUM.

Solvency II OFG was £19 million (2022: £24 million). Cash remittances in the year were £25 million (2022: £28 million).

International investments (India, China and Singapore)

Sales[5] were 80%[6] higher at £2,048 million (2022: £1,172 million) and up 75% at reported FX, reflecting strong growth in India and China.

Operating profit[1] was up 62% to £63 million (2022[2]: £39 million) and Solvency II OFG was up to £156 million (2022: £106 million).

Cash remittances in the year were £14 million (2022: £19 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 31 December 2023, Group Solvency II shareholder surplus was £8.8 billion and estimated Solvency II shareholder cover ratio was 207% (2022: £8.7 billion and 212% respectively).

The increase in surplus since 31 December 2022 is mainly due to operating capital generation and net issuance of debt which is largely offset by dividend payments, £300 million share buyback and non-operating capital generation.

The solvency capital requirement of £8.2 billion includes a £2.2 billion benefit from Group diversification.

Solvency II shareholder position[16]	31 December 2022 £bn	OCG £bn	Non operating generation £bn	Dividend & share buyback £bn	Debt issuance £bn	**31 December 2023 £bn**
Own funds	16.5	1.7	(0.2)	(1.2)	0.2	**17.0**
SCR	(7.8)	(0.3)	(0.2)	—	—	**(8.2)**
Surplus	8.7	1.5	(0.4)	(1.2)	0.2	**8.8**
Solvency II shareholder cover ratio (%)	212 %	14 %	(7)%	(15)%	3 %	**207 %**

Centre liquidity

At end February 2024, centre liquidity was £1.9 billion (end February 2023: £2.2 billion) reflecting the payment of dividends, the share buyback programme, debt interest and centre costs, offset by cash remittances received from the business units.

Solvency II debt leverage

Solvency II debt leverage remained flat at 30.7% (2022: 31.4%) as regulatory own funds and total debt remained broadly stable year on year. Excluding the November 2023 Tier 2 issuance of £500 million, which gives the Group flexibility to redeem debt over time, Solvency II debt leverage was 28.9%.

Dividend

Today we have announced a final dividend per share for 2023 of 22.3 pence (2022: 20.7 pence). Together with an interim dividend of 11.1 pence (2022: 10.3 pence) this brings total dividends for the year to 33.4 pence (2022: 31.0 pence), up 8%, with a cash cost of c.£915 million.

In light of the significant progress we have made and our confidence in Aviva's future, we are upgrading our dividend guidance and we now expect to grow the cash cost of the dividend by mid-single digits (up from low-to-mid single digit previously)[9].

Share buyback

Under our capital framework, surplus capital is available for reinvestment in the business, focused M&A and returns to shareholders.

Given our strong capital position and prospects, today we are announcing the launch of a £300 million share buyback programme, commencing immediately. This is the second regular and sustainable capital return, building on the £300 million buyback programme completed in 2023 and takes the total amount of capital returns and dividends to more than £9 billion over the last three years.

Our preference remains to return surplus capital regularly and sustainably.

Shareholder asset portfolio

Aviva's high quality shareholder asset portfolio of £84.6 billion at 31 December 2023 (31 December 2022: £78.4 billion) continues to perform well and is defensively positioned.

Corporate bonds represent £23.9 billion or 28% 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 continues to perform well with c.£400 million of upgrades and <£100 million of downgrades to a lower letter in 2023. No corporate bonds were 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 53% 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%.

Footnotes on page 9

Footnotes

‡ Denotes Alternative Performance Measures (APMs) and further information can be found in the 'Other information' section of the Aviva plc Annual Report and Accounts 2023.

R Symbol denotes key performance indicators used as a base to determine or modify remuneration (Summary Full Year 2023 financial performance table only).

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 of the Aviva plc Annual Report and Accounts 2023.

2 The 2022 comparative amounts, which were previously prepared under IFRS 4, have been restated following the adoption of IFRS 17 from 1 January 2023, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

3 The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.

4 Solvency II cover ratio is the estimated Solvency II shareholder cover ratio at 31 December 2023.

5 Sales for Protection & Health (Insurance) refers to Annual Premium Equivalent (APE). Sales for Retirement (Annuities and Equity Release) refers to Present Value of New Business Premiums (PVNBP). Sales or premiums for General insurance refer to gross written premiums (GWP). APE, PVNBP and GWP are APMs and further information can be found in the 'Other information' section of the Aviva plc Annual Report and Accounts 2023.

6 In constant currency.

7 Baseline controllable costs exclude strategic investment, cost reduction implementation, IFRS 17 and other costs not included in the 2018 cost savings target baseline.

8 IFRS profit/(loss) for the year represents IFRS profit/(loss) after tax.

9 Estimated dividends are for guidance and are subject to change. The Board has not approved or made any decision to pay any dividend in respect of any future period.

10 Refers to IWR operating value added.

11 Undiscounted COR excluding the impacts of prior-year development and weather versus LTA.

12 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 of the Aviva plc Annual Report and Accounts 2023. The 2022 comparatives have been calculated using the weighted average number of shares in issue as if the share consolidation had taken place on 1 January 2022.

13 The 2022 comparatives have been restated for IFRS CSM, adjusted IFRS Shareholders' equity and adjusted IFRS Shareholders' equity per share from those previously published following a correction in respect of historic accounting for with-profit funds. See note 1(a)(ii) of the Aviva plc Annual Report and Accounts 2023.

14 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.

15 Completion of this transaction is subject to customary closing conditions, including regulatory approvals.

16 Rounding differences apply.

Notes to editors

- All figures have been translated at average exchange rates applying for the year, with the exception of the capital position which is translated at the closing rates on 31 December 2023. The average rates employed in this announcement are 1 euro = £0.87 (2022: 1 euro =£0.85) and CAD$1 = £0.60 (2022: CAD$1 = £0.62). Where percentage movements are quoted on a constant currency basis, this is calculated by applying year to date average exchange rates to prior year.
- 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 of the Aviva plc Annual Report and Accounts 2023.
- We are the UK's leading diversified insurer and we operate in the UK, Ireland and Canada. We also have international investments in India, China and Singapore.
- We help our 19.2 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 31 December 2023, total Group assets under management at Aviva Group were £376 billion and our estimated Solvency II shareholder capital surplus was £8.8 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.
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- For the latest corporate films from around our business, subscribe to our YouTube channel: www.youtube.com/user/aviva

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				https://www.aviva.com	

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 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 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; 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 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. The climate metrics, projections, forecasts and other forward-looking statements used in this document should be treated with special caution, as they are more uncertain than, for example, historical financial information and given the wider uncertainty around the evolution and impact of climate change. Climate metrics include estimates of historical emissions and historical climate change and forward-looking climate metrics (such as ambitions, targets, climate scenarios and climate projections and forecasts). Our understanding of climate change and its impact continue to evolve. Accordingly, both historical and forward-looking climate metrics are inherently uncertain and, therefore, less decision-useful than metrics based on historical financial statements.
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Aviva plc is a company registered in England No. 2468686.

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Contents

As a reminder

Aviva plc has adopted International Financial Reporting Standard (IFRS) 17 Insurance Contracts (IFRS 17) from 1 January 2023 and comparatives have been retrospectively restated from the transition date of 1 January 2022. The Group has also adopted IFRS 9 Financial Instruments (IFRS 9) from 1 January 2023, which has not resulted in any measurement differences. Further information on the changes to comparative amounts is provided in note 1 of the Aviva plc Annual Report and Accounts 2023.

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 of the Aviva plc Annual Report and Accounts 2023.

The financial performance of our business units are presented as Insurance, Wealth & Retirement (IWR) (previously reported as 'UK and Ireland Insurance, Wealth and Retirement'), UK & Ireland General Insurance, Canada General Insurance, Aviva Investors and International investments (consisting of India, China and 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 from business units

The table below reflects remittances received by the Group 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.

	2023 £m	2022 £m
Insurance, Wealth & Retirement (IWR)[1]	**1,369**	780
UK & Ireland General Insurance[1]	**326**	731
Canada General Insurance[1]	**158**	287
Aviva Investors	**25**	28
International investments (India, China and Singapore)	**14**	19
Total cash remittances	**1,892**	1,845

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

Cash remittances increased by 3% to £1,892 million (2022: £1,845 million). During the last quarter of 2022, in response to the market volatility following the Autumn 2022 'mini-budget', the timing of cash remittances from IWR and UK & Ireland General Insurance were rebalanced leading to an acceleration of remittances from UK & Ireland General Insurance while IWR remittances were reduced. In 2023 these measures have been unwound resulting in decreased remittances from UK & Ireland General Insurance and an increase from IWR.

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.

	2023[1] £m	2022[1] £m
Cash remittances	**1,892**	1,845
External interest paid	**(304)**	(355)
Internal interest paid	**(48)**	(30)
Central spend	**(433)**	(397)
Other operating cash flows[2]	**136**	88
Excess centre cash inflow	**1,243**	1,151
Ordinary dividend	**(878)**	(828)
Net reduction in external borrowings	**(122)**	(419)
Share buyback	**(300)**	(147)
Capital return via B share scheme	**—**	(3,750)
Net reduction in internal borrowings	**4**	500
Other non-operating cash flows[3]	**(276)**	(931)
Movement in centre liquidity	**(329)**	(4,424)
Centre liquidity as at end of February 2024 and end of February 2023	**1,891**	2,220

1. Cashflows reflect those in the 12 month period from March to February of the subsequent year.
2. Other operating cash flows include group tax relief receipts.
3. Other non-operating cash flows include capital paid to subsidiaries of £194 million (2022: £914 million), other investment cash flows and a £92 million payment to the noteholders of the Group's £600 million Tier 2 Fixed to Floating Rate Notes due 2058 (paid in July 2023).

Excess centre cash inflow in 2023 (from March 2023 to February 2024) was £1,243 million, which after payment of ordinary dividends, the share buyback, net debt repayments and non-operating cash flows over the year, resulted in central liquidity of £1,891 million as at the end of February 2024 (February 2023: £2,220 million).

2 - IFRS performance

Profit and earnings per share	Note	2023 £m	Restated[1] 2022 £m
Insurance, Wealth & Retirement (IWR)	6.i	**994**	1,199
UK & Ireland General Insurance	6.ii	**452**	278
Canada General Insurance	6.iii	**399**	352
Aviva Investors	6.iv	**21**	25
International investments (India, China and Singapore)	6.v	**63**	39
Business unit operating profit		**1,929**	1,893
Corporate centre costs and Other operations	A2	**(215)**	(297)
Group debt costs and other interest	A3	**(247)**	(246)
Group adjusted operating profit		**1,467**	1,350
Tax attributable to shareholders' profit		**(289)**	(178)
Non-controlling interests		**(21)**	(21)
Preference dividends and tier 1 notes coupon payments		**(51)**	(34)
Operating profit attributable to ordinary shareholders		**1,106**	1,117
Operating earnings per share[2]		**40.3p**	39.9p
IFRS profit/(loss) for the year[3]	A1	**1,106**	(1,030)
Basic earnings per share		**37.7p**	(34.7p)

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Operating earnings per share in 2022 was impacted by the share consolidation completed on 16 May 2022. The operating earnings per share numbers for 2022 have been calculated using weighted average number of shares as if the share consolidation had taken place on 1 January 2022.
3. See section A1 for the reconciliation of Group adjusted operating profit to IFRS profit/(loss) for the year.

Operating profit

Operating profit increased by 9% to £1,467 million (2022: £1,350 million), with strong performance in UK & Ireland General Insurance and Canada General Insurance businesses, partly offset by lower operating profit in Insurance, Wealth & Retirement (IWR).

IWR operating profit decreased by 17% to £994 million (2022: £1,199 million). Underlying growth in Retirement was offset by the impact of interest rate movements on the value of assumption changes recognised in operating profit versus the CSM. Wealth operating profit was lower as revenue growth was offset by additional investment in growth in the business. Protection and Health operating profit was lower despite strong sales in Health and Individual Protection, driven by adverse mortality experience and a lower benefit from assumption changes compared to the prior year.

IWR operating value added increased by 13% to £1,849 million (2022: £1,635 million). For our Retirement, Protection and Health, Heritage and Ireland businesses, operating value added is an important measure as it captures the value generated in the year, such as the benefit of writing new business and assumption changes in the year, which is deferred in the contractual service margin (CSM). Operating value added results for Retirement, Protection and Health, Heritage and Ireland businesses are discussed in section 6.1.

UK & Ireland General Insurance operating profit increased by 63% to £452 million (2022: £278 million), reflecting profitable growth from our strong focus on underwriting discipline, improved yields benefitting discounting rates and improvements in efficiency, partly offset by increases in claims frequency, increased reinsurance costs and continued inflationary pressures. Operating profit also benefitted by improved investment returns driven by asset re-risking and higher yields, gains were partially offset by increases in unwind of discounting on incurred claims.

Canada General Insurance operating profit increased by 13% to £399 million (2022: £352 million) or 18% on a constant currency basis, with strong underwriting results and higher investment returns. The underwriting results were driven by our focus on underwriting discipline and efficiency, and strong rating environment and favourable prior year development. The higher yields have led to increased investment returns partly offset by increases in the unwind of discounting on incurred claims.

Aviva Investors operating profit decreased to £21 million (2022: £25 million). These results are driven by lower revenue partly offset by improved efficiency reflecting cost reduction initiatives.

International investments (India, China and Singapore) operating profit increased to £63 million (2022: £39 million) mainly due to the non-recurrence of a one-off property charge in 2022.

IFRS profit for the year and earnings per share

IFRS profit for the year is £1,106 million (2022: loss of £(1,030) million) and basic earnings per share is 37.7 pence (2022: (34.7) pence), reflecting higher operating profit and the positive impact of investment variances and economic assumption changes of £322 million (2022: negative impact of £(2,736) million), partly offset by Integration and restructuring costs of £61 million (2022: £nil), other costs of £176 million (2022: income of £41 million) and higher tax. See sections A1, A4, A8 and A9 for further information.

3 - Controllable costs

	2023 £m	2022 £m
Insurance, Wealth & Retirement (IWR)	**1,085**	1,093
UK & Ireland General Insurance	**674**	703
Canada General Insurance	**415**	410
Aviva Investors	**311**	331
Business unit baseline controllable costs[1]	**2,485**	2,537
Corporate centre costs and Other operations	**249**	234
Baseline controllable costs[2]	**2,734**	2,771
Cost reduction implementation, IFRS 17 costs and other[3]	**332**	287
Strategic investment	**106**	94
Group controllable costs	**3,172**	3,152

1. Business unit baseline controllable costs exclude International Investments, which are not in scope of the 2018 cost savings target baseline.
2. Baseline controllable costs are controllable costs included in the scope of the 2018 cost savings target baseline.
3. 'Other' includes costs relating to recently acquired entities, non-insurance operations relating to Europe and Asia and the impact of foreign exchange movements which were not in the scope of the 2018 cost savings target baseline.

Baseline controllable costs have reduced by £37 million to £2,734 million (2022: £2,771 million), despite inflationary headwinds and investment in our growing businesses, reflecting our relentless focus on operating efficiency. The reduction in baseline controllable costs is driven by cost reduction activity, including efficiency initiatives and automation.

Group controllable costs are £3,172 million (2022: £3,152 million) reflecting further spend on cost reduction implementation and IFRS 17 implementation costs. See section 6 (Our business review) for more detailed information on controllable costs.

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 and is used to assess sustainable growth.

	2023					Restated[1] 2022				
	Life business					Life business				
	Impact of new business	Earnings from existing business	Management actions and Other[2]	Non-life capital generation	Total	Impact of new business	Earnings from existing business	Management actions and Other[2]	Non-life capital generation	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Insurance, Wealth & Retirement (IWR)	**388**	**461**	**448**	**—**	**1,297**	390	400	578	—	1,368
UK & Ireland General Insurance	**—**	**—**	**—**	**315**	**315**	—	—	—	261	261
Canada General Insurance	**—**	**—**	**—**	**339**	**339**	—	—	—	274	274
Aviva Investors	**—**	**—**	**—**	**19**	**19**	—	—	—	24	24
International investments (India, China and Singapore)	**73**	**80**	**3**	**—**	**156**	67	75	(36)	—	106
Business unit Solvency II OFG	**461**	**541**	**451**	**673**	**2,126**	457	475	542	559	2,033
Corporate centre costs and Other	**—**	**—**	**—**	**(219)**	**(219)**	—	—	—	(279)	(279)
Group external debt costs	**—**	**—**	**—**	**(178)**	**(178)**	—	—	—	(214)	(214)
Group Solvency II OFG	**461**	**541**	**451**	**276**	**1,729**	457	475	542	66	1,540

1. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
2. Management actions and other includes the impact of capital actions, non-economic assumption changes and other non-recurring items.

Group Solvency II OFG has increased by £189 million to £1,729 million (2022: £1,540 million).

IWR Solvency II OFG has decreased by £71 million to £1,297 million (2022: £1,368 million). Excluding management actions and other Solvency II OFG has increased by £59 million, due to an increase in earnings from existing business driven by a higher interest rate environment. Management actions and other Solvency II OFG has decreased by £130 million to £448 million (2022: £578 million), 2023 includes beneficial impacts from longevity assumption changes and an initial £208 million benefit reflecting a reduction in future costs from the extension of two key strategic partnerships. See section 6.1. This will simplify our operations and improve efficiency bringing significant benefits to our customers and the business.

UK & Ireland General Insurance Solvency II OFG has increased by £54 million to £315 million (2022: £261 million). Profitable growth from a strong focus on underwriting discipline and improved efficiency, higher expected investment returns and beneficial impact from the 1 January 2024 reinsurance renewal compared to prior year were partly offset by increased claims frequency and ongoing inflationary pressures.

Canada General Insurance Solvency II OFG has increased by £65 million to £339 million (2022: £274 million), mainly due to strong business growth and positive rating environment, higher expected investment returns and favourable prior year development, partially offset by adverse weather claims experience, higher claims frequency in motor and inflationary headwinds.

International investments Solvency II OFG increased by £50 million to £156 million (2022: £106 million) mainly due to the non-recurrence of a one-off property charge in 2022 in China.

Group Solvency II OFG has benefitted from a reduction in corporate centre costs and other to £(219) million (2022: £(279) million) and Group external debt costs to £(178) million (2022: £(214) million) in 2023 as a result of the debt reduction.

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, equity RT1 note coupons, 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 unrestricted tier 1 shareholder Solvency II own funds.

	2023			Restated[1] 2022		
	Solvency II OFG (post TMTP adjustment) £m	Opening own funds[2] £m	Solvency II return on capital %	Solvency II OFG (post TMTP adjustment) £m	Opening own funds[2] £m	Solvency II return on capital %
Insurance, Wealth & Retirement (IWR)	**1,256**	**12,564**	**10.0 %**	1,432	13,830	10.4 %
UK & Ireland General Insurance	**315**	**2,491**	**12.6 %**	261	2,339	11.2 %
Canada General Insurance	**339**	**1,800**	**18.8 %**	274	1,746	15.7 %
Aviva Investors	**19**	**387**	**4.9 %**	24	400	6.0 %
International investments (India, China and Singapore)	**156**	**1,187**	**13.1 %**	106	982	10.8 %
Group Solvency II return on equity	**1,616**	**10,962**	**14.7 %**	1,549	15,697	9.9 %

1. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
2. Opening own funds is unrestricted tier 1 shareholder Solvency II own funds calculated as shareholder opening own funds of £16,468 million (2022: £22,150 million) less restricted tier 1 debt of £946 million (2022: £967 million), tier 2 debt of £4,264 million (2022: £5,363 million) and tier 3 deferred tax assets of £296 million (2022: £123 million).

Solvency II return on equity has increased by 4.8pp to 14.7% (2022: 9.9%) reflecting the increase in Solvency II operating own funds generation over the year and lower 2023 opening own funds primarily as a result of the £3.75 billion capital return in 2022.

Solvency II return on equity (adjusted for excess capital) has increased by 2.7pp to 18.3% (2022: 15.6%). 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.

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

1. Management actions and other includes the impact of capital actions, non-economic assumption changes and other non-recurring items.

	Life business					Of which:	
Restated[1] 2022	Impact of new business £m	Earnings from existing business £m	Management actions and Other[2] £m	Non-life capital generation £m	Total OCG £m	Own funds OCG £m	SCR OCG £m
Insurance, Wealth & Retirement (IWR)	(63)	922	635	—	1,494	1,368	126
UK & Ireland General Insurance	—	—	—	(50)	(50)	261	(311)
Canada General Insurance	—	—	—	157	157	274	(117)
Aviva Investors	—	—	—	26	26	24	2
International investments (India, China and Singapore)	20	37	(23)	—	34	106	(72)
Business unit Solvency II OCG	(43)	959	612	133	1,661	2,033	(372)
Corporate centre costs and Other	—	—	—	(95)	(95)	(279)	184
Group external debt costs	—	—	—	(214)	(214)	(214)	—
Group Solvency II OCG	(43)	959	612	(176)	1,352	1,540	(188)

1. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
2. Management actions and other includes the impact of capital actions, non-economic assumption changes and other non-recurring items.

Group Solvency II OCG has increased by £103 million to £1,455 million (2022: £1,352 million).

IWR Solvency II OCG has decreased by £392 million to £1,102 million (2022: £1,494 million) primarily reflecting lower operating own funds generation and lower SCR run-off following interest rate rises in 2022 which reduced the opening SCR.

UK & Ireland General Insurance and Canada Solvency II OCG has increased by £495 million to £602 million (2022: £107 million), primarily due to higher operating own funds generation and the beneficial SCR impact from the 1 January 2024 reinsurance renewal compared to an adverse impact in prior period. 2022 also included an increase in capital requirements as a result of asset re-risking in UK & Ireland General Insurance.

International investments Solvency II OCG has decreased by £11 million to £23 million (2022: £34 million) as higher operating own funds generation was offset by an increased capital requirement following strong new business growth in China.

Group Solvency II OCG from corporate centre costs and other and Group external debts costs has increased by £37 million to £(272) million (2022: £(309) million) due to increase in operating own funds generation partially offset by a lower Group diversification benefit. The prior period included a diversification benefit from the increase in capital requirements in general insurance business as a result of changes to external catastrophe reinsurance treaties.

4.4 – Solvency II future surplus emergence

The table below shows the expected future emergence of Solvency II surplus from the existing in-force IWR business (undiscounted) and provides an indication of our expected Solvency II OCG from this business in future years.

	2023 £bn	2022 £bn
Year 1	**0.8**	0.8
Year 2	**0.8**	0.8
Year 3	**0.7**	0.7
Year 4	**0.7**	0.7
Year 5	**0.7**	0.7
Year 6	**0.6**	0.6
Year 7	**0.6**	0.6
Year 8	**0.5**	0.5
Year 9	**0.7**	0.5
Year 10	**0.6**	0.7
Year 11-15	**2.7**	2.9
Year 16-20	**1.9**	2.1

The projection is a static analysis as at a point in time, and hence it does not include future new business or the potential impact of active management of the business (for example, active management of market, demographic and expense risk through investment, hedging, risk transfer, operational risk and expense management). These items may affect the actual amount of Solvency II OCG earned from existing business in future years. It is also based on a linear run-off of the Transitional Measures on Technical Provisions (TMTP) up to the end of 2031 hence there is an uplift from year nine onwards.

5 - Solvency II capital position

5.1 - Solvency II position (shareholder view)

The estimated Solvency II shareholder cover ratio is 207% at 31 December 2023 (2022: 212%). The Solvency II position disclosed is based on a 'shareholder view'.

	2023 £m	2022 £m
Own funds	**17,019**	16,468
Solvency capital requirement	**(8,206)**	(7,774)
Estimated Solvency II shareholder surplus	**8,813**	8,694
Estimated Solvency II shareholder cover ratio	**207 %**	212 %

The shareholder view is considered by management to be more representative of the shareholders' risk exposure and the Group's ability to cover the solvency capital requirement 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 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 and hence no adjustment is required. The 31 December 2022 Solvency II position included a notional reset.

	Own funds £m	SCR £m	2023 Surplus £m	Own funds £m	SCR £m	2022 Surplus £m
Estimated Solvency II regulatory surplus	**18,824**	**(10,011)**	**8,813**	18,668	(9,441)	9,227
Fully ring-fenced with-profit funds	**(1,408)**	**1,408**	**—**	(1,369)	1,369	—
Staff pension schemes in surplus	**(397)**	**397**	**—**	(394)	394	—
Notional reset of TMTP	**—**	**—**	**—**	(437)	(96)	(533)
Estimated Solvency II shareholder surplus	**17,019**	**(8,206)**	**8,813**	16,468	(7,774)	8,694

5.2 - Movement in Solvency II surplus

	Own funds £m	SCR £m	2023 Surplus £m	Own funds £m	SCR £m	2022 Surplus £m
Group Solvency II surplus at 1 January	**16,468**	**(7,774)**	**8,694**	22,150	(9,076)	13,074
Operating capital generation[1]	**1,729**	**(274)**	**1,455**	1,540	(188)	1,352
Non-operating capital generation[1,2,3]	**(214)**	**(158)**	**(372)**	(1,744)	1,501	(243)
Dividends[4]	**(917)**	**—**	**(917)**	(866)	—	(866)
Debt issue / (repayment)	**241**	**—**	**241**	(502)	—	(502)
Share buyback / capital return	**(300)**	**—**	**(300)**	(3,750)	—	(3,750)
Acquisitions / Disposals	**12**	**—**	**12**	(360)	(11)	(371)
Estimated Group Solvency II surplus at 31 December	**17,019**	**(8,206)**	**8,813**	16,468	(7,774)	8,694

1. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
2. Non-operating capital generation includes integration and restructuring costs (net of tax) of £(356) million (2022: £nil) of which £(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. £208 million has been recognised in operating own funds generation in the year 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. See section 6.1.
3. Non-operating capital generation also includes £(241) million (2022: £nil) for the correction in respect of historic accounting for with-profits funds (see note 1 of the Aviva plc Annual Report and Accounts 2023 for further details).
4. Dividends includes £17 million (2022: £17 million) of Aviva plc preference dividends and £21 million (2022: £21 million) of General Accident plc preference dividends.

The estimated Solvency II surplus is £8,813 million at 31 December 2023 (2022: £8,694 million), with a Solvency II shareholder cover ratio of 207% (2022: 212%). The increase in surplus since 31 December 2022 is mainly due to operating capital generation and net issuance of subordinated debt which is largely offset by dividend payments, £300 million share buyback and non-operating capital generation.

As part of Solvency II reform in the UK, a statutory instrument was laid before Parliament in December 2023, to modify the calculation of the Solvency II risk margin. This regulation replaces the 6% cost of capital rate with a 4% rate, and introduces a tapering factor for life insurance business, effective from 31 December 2023. The impact of this risk margin reduction is partly offset by a corresponding reduction in the TMTP. This reform increased the Group Solvency II Shareholder cover ratio by 6 percentage points as at 31 December 2023.

Further changes to Solvency II regulation are expected to take effect during 2024, including changes to internal model governance, simplification of the TMTP, and changes to the Matching Adjustment conditions to provide more investment flexibility, to remove the Matching Adjustment cap on sub-investment grade assets, to apply the Fundamental Spread by notched credit rating, and to allow companies to apply an increase in the Fundamental Spread if needed to reflect underlying risks. These future changes remain subject to further policy development and while the impacts are therefore uncertain, they are not currently expected to have a material overall impact on the Group's capital position.

5.3 – Analysis of Solvency Capital Requirement (SCR)

The SCR has increased by £0.4 billion to £8.2 billion primarily due to business growth and a reduction in interest rates over the year. 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 increased by £0.1 billion and is £2.2 billion at 31 December 2023 (2022: £2.1 billion).

	31 December 2023 £bn	31 December 2022 £bn
Insurance, Wealth & Retirement (IWR)	**6.1**	5.8
UK & Ireland General Insurance	**1.5**	1.7
Canada General Insurance	**0.7**	0.6
Aviva Investors	**0.3**	0.3
International investments (India, China and Singapore)	**1.2**	1.0
Group centre and other	**0.6**	0.5
Group diversification	**(2.2)**	(2.1)
Total SCR	**8.2**	7.8

The table below summarises the diversified SCR by risk:

	31 December 2023 £bn	31 December 2022 £bn
Credit risk	**2.1**	1.9
Equity risk	**1.1**	1.1
Interest rate risk	**0.1**	0.0
Other market risk	**1.0**	1.1
Life insurance risk	**1.8**	1.8
General insurance risk	**1.0**	1.0
Operational risk	**0.9**	0.9
Other risk	**0.2**	0.0
Total SCR	**8.2**	7.8

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 209%.

		31 December 2023		31 December 2022
	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**	**4 pp**	—	4 pp
50 bps decrease in interest rate	**(0.1)**	**(6)pp**	(0.1)	(5)pp
100 bps increase in interest rate	**0.1**	**8 pp**	0.1	7 pp
100 bps decrease in interest rate	**(0.3)**	**(13)pp**	(0.1)	(10)pp
50 bps increase in corporate bond spread[1]	**0.1**	**4 pp**	—	4 pp
50 bps decrease in corporate bond spread[1]	**(0.2)**	**(6)pp**	(0.1)	(5)pp
100 bps increase in corporate bond spread[1]	**0.1**	**7 pp**	—	6 pp
Credit downgrade on annuity portfolio[2]	**(0.4)**	**(7)pp**	(0.4)	(7)pp
10% increase in market value of equity	**—**	**(1)pp**	0.1	— pp
10% decrease in market value of equity	**(0.1)**	**— pp**	(0.1)	— pp
25% increase in market value of equity	**0.1**	**(2)pp**	0.2	(2)pp
25% decrease in market value of equity	**(0.3)**	**(1)pp**	(0.3)	(1)pp
20% increase in value of commercial property	**0.3**	**6 pp**	0.4	7 pp
20% decrease in value of commercial property	**(0.4)**	**(8)pp**	(0.5)	(9)pp
20% increase in value of residential property	**0.3**	**6 pp**	0.3	5 pp
20% decrease in value of residential property	**(0.6)**	**(9)pp**	(0.5)	(9)pp
Changes in non-economic assumptions				
10% increase in maintenance and investment expenses	**(0.7)**	**(9)pp**	(0.7)	(10)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	**(0.3)**	**(5)pp**	(0.3)	(5)pp
5% increase in gross loss ratios	**(0.3)**	**(3)pp**	(0.3)	(4)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 on 20% of the annuity portfolio credit assets (e.g. from AAA to AA, from AA to A).

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

	2023 £m	2023 pence per share[1]	2022 £m	2022 pence per share[1]
Solvency II shareholder unrestricted Tier 1 own funds at 1 January	**10,962**	**390 p**	15,697	417 p
Operating own funds generation[2]	**1,729**	**63 p**	1,540	55 p
Non-operating capital generation[2,3,4]	**(214)**	**(9)p**	(1,744)	(64)p
Dividends[5]	**(917)**	**(33)p**	(866)	(31)p
Share buyback / Capital return	**(300)**	**— p**	(3,750)	10 p
Acquisitions / disposals	**12**	**— p**	(360)	(13)p
Impact of changes to the value of subordinated liabilities	**(21)**	**(1)p**	618	22 p
Impact of changes to the value of net deferred tax assets	**123**	**5 p**	(173)	(6)p
Estimated Solvency II shareholder unrestricted Tier 1 own funds at 31 December[6]	**11,374**	**415 p**	10,962	390 p

1. Number of shares in issue as at 31 December 2023 was 2,739 million (2022: 2,808 million).
2. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
3. Non-operating capital generation includes integration and restructuring costs (net of tax) of £(356) million (2022: £nil) of which £(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. £208 million has been recognised in operating own funds generation in the year 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. See section 6.1.
4. Non-operating capital generation also includes £(241) million (2022: £nil) for the correction in respect of historic accounting for with-profits funds (see note 1(a)(ii) of the Aviva plc Annual Report and Accounts 2023 for further details).
5. Dividends include £17 million (2022: £17 million) of Aviva plc preference dividends and £21 million (2022: £21 million) of General Accident plc preference dividends.
6. Solvency II shareholder unrestricted tier 1 own funds is calculated as shareholder own funds of £17,019 million, (2022: £16,468 million) less restricted tier 1 debt of £946 million (2022: £946 million), tier 2 debt of £4,526 million (2022: £4,264 million) and tier 3 deferred tax assets of £173 million (2022: £296 million).

Solvency II net asset value per share has increased by 25 pence to 415 pence per share (2022: 390 pence) as a result of operating own funds generation partly offset by dividend payments and non-operating own funds generation.

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

	2023 £m	2022 £m
Solvency II regulatory debt[1]	**5,472**	5,210
Senior notes	**401**	687
Commercial paper	**51**	252
Total debt	**5,924**	6,149
Unrestricted Tier 1	**13,179**	13,162
Restricted Tier 1	**946**	946
Tier 2	**4,526**	4,264
Tier 3[2]	**173**	296
Estimated total regulatory own funds[3]	**18,824**	18,668
Solvency II debt leverage ratio[4]	**30.7 %**	31.4 %

1. Solvency II regulatory debt consists of Restricted Tier 1 and Tier 2 regulatory own funds.
2. Tier 3 regulatory own funds at 31 December 2023 consist of £173 million net deferred tax assets (2022: £296 million). There is no subordinated debt included in Tier 3 regulatory own funds (2022: £nil).
3. A reconciliation between Group equity on an IFRS basis, Solvency II shareholder unrestricted tier 1 own fund and Solvency II regulatory own funds is included in the 'Other Information - APMs derived from Solvency II measures' section of the Aviva plc Annual Report and Accounts 2023.
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 30.7% (2022: 31.4%) with regulatory own funds and total debt both broadly stable year on year.

On 5 July 2023 the Group redeemed its 6.125% €301 million Dated Tier 2 Reset Notes in full at their optional first call date and on 27 October 2023 the Group redeemed its 0.625% €315 million Senior Notes in full at their maturity date.

On 27 November 2023 the Group issued £500 million of subordinated debt at 6.875%, with final maturity in November 2053 and first call in May 2033. Excluding this issuance, which gives the Group flexibility to redeem debt over time, the Solvency II debt leverage ratio would be 28.9%.

6 – Our business review

6.1 – Insurance, Wealth & Retirement (IWR)

£m (unless otherwise stated)	2023	2022	Sterling % change
Operating profit[1]	**994**	1,199	(17)%
Operating changes in CSM	**855**	436	96 %
Operating value added	**1,849**	1,635	13 %
Baseline controllable costs[2]	**1,085**	1,093	(1)%
Cost asset ratio[3]	**41.4 bps**	40.2 bps	1.2 bps
Cash remittances	**1,369**	780	76 %
VNB[4]	**781**	750	4 %
Solvency II operating own funds generation	**1,297**	1,368	(5)%
Solvency II return on capital	**10.0 %**	10.4 %	(0.4) pp
Solvency II operating capital generation	**1,102**	1,494	(26)%

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Baseline controllable costs exclude strategic investment, cost reduction implementation, IFRS 17 and other costs not included in the 2018 costs savings target baseline.
3. The cost asset ratio for IWR is calculated as IWR controllable costs divided by IWR average assets under management.
4. The 2022 comparative results for VNB have been restated for BPAs and Individual Annuities following a VNB methodology change in 2023 to use pricing target asset mix and target reinsurance (where actual reinsurance is not in place) rather than the actual asset mix and reinsurance.

(a) Overview

Aviva is the UK's largest insurer[a] with a 23% share[b] of the UK's life and savings market, with over 11 million customers and significant scale of assets under management (AUM). We are well positioned in the UK to provide customers with all their insurance, protection, savings 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 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. Integration and restructuring costs of £61 million have been incurred during 2023 in relation to this simplification. 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. In 2023, £208 million has been recognised in Solvency II operating own funds generation and £160 million in operating value added 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.

In Ireland we are number four[c] in the market and are focused on delivering an improved digital journey for our customers and making it easier for intermediaries to do business with Aviva.

a. Aviva analysis of 2023 company reporting
b. Association of British Insurers (ABI) – 9 months to 30 September 2023 based on share of new business
c. Aviva calculation derived from the Milliman Life and Pensions New Business 2023 HY Report, which is based on responses from a number of key companies within the Irish Life market

(b) IWR Operating performance

(i) Operating profit

	2023 £m	Restated[1] 2022 £m	Sterling % change
Protection and Health (Insurance)[2]	**118**	174	(32)%
Wealth	**100**	124	(19)%
Retirement (Annuities and Equity Release)	**622**	798	(22)%
Heritage	**254**	251	1 %
Ireland	**15**	11	36 %
IWR Other[3]	**(115)**	(159)	28 %
Total IWR operating profit	**994**	1,199	(17)%

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. The Protection and Health comparative reflects a reallocation of £19 million to IWR Other related to a one off action.
3. IWR Other includes non-product specific income and expenses, such as return on excess assets and IWR wide project expenses.

IWR operating profit decreased by 17% to £994 million (2022: £1,199 million). Protection and Health operating profit decreased by 32% to £118 million (2022: £174 million) driven by adverse mortality experience and a lower benefit from assumption changes than prior year. Wealth operating profit was lower by 19% at £100 million (2022: £124 million) as revenue growth was offset by additional investment in the business and beneficial one-offs in prior year. Retirement operating profit was 22% lower at £622 million (2022: £798 million), with underlying growth offset by the impact of interest rate movements on the value of assumption changes recognised in operating profit versus the CSM. Heritage operating profit was in line with prior year with run-off of the business offset by higher returns on excess assets. Ireland operating profit increased by 36% to £15 million (2022: £11 million) including higher releases of CSM. IWR Other operating profit increased to £(115) million (2022: £(159) million), driven by higher returns on excess assets and lower non-product specific costs, while provisions related to product governance increased to £(56) million (2022: £3 million).

(ii) Operating value added

	2023 £m	2022 £m	Sterling % change
Protection and Health (Insurance)[1]	**228**	246	(7)%
Wealth	**100**	124	(19)%
Retirement (Annuities and Equity Release)	**1,606**	1,292	24 %
Heritage	**19**	96	(80)%
Ireland	**11**	36	(69)%
IWR Other[1]	**(115)**	(159)	28 %
Total IWR operating value added	**1,849**	1,635	13 %

1. The Protection and Health comparative reflects a reallocation of £19 million to IWR Other related to a one off action.

Operating value added is an important measure for the IWR business as it captures the value generated in the year, such as the benefit of writing new business and assumption changes in the year, which is deferred in the CSM. For the Annuities, Protection, Heritage and Ireland sub-segments of our IWR business that are in scope of IFRS 17, operating value added is calculated as operating profit plus the operating change in CSM. No adjustment is made for the future value of the businesses for which no CSM liability has been established and therefore operating value added is equal to operating profit for these businesses.

Operating value added increased by 13% to £1,849 million (2022: £1,635 million). Protection and Health operating value added reduced by 7% to £228 million (2022: £246 million), due to a lower benefit from assumption changes compared to 2022. Retirement operating value added increased by 24% to £1,606 million (2022: £1,292 million), including positive impacts from longevity and expense assumption changes.

The drivers for changes in operating value added are set out in the Protection and Health, Retirement, Heritage and Ireland sections.

(iii) Controllable costs and cost asset ratio

IWR baseline controllable costs decreased by 1% to £1,085 million (2022: £1,093 million), with the benefits from our cost reduction initiatives exceeding the impact of rising inflation. Baseline controllable costs exclude £174 million (2022: £150 million) of strategic investment, cost reduction implementation, IFRS 17 and other costs that were not included in the 2018 costs savings target.

The cost asset ratio has risen to 41.4bps (2022: 40.2bps) reflecting strategic investment in the business, and the inclusion of a full year of Succession Wealth costs.

(iv) Cash remittances

IWR cash remittances have increased by 76% to £1,369 million (2022: £780 million) largely due to the deliberate decision in 2022 to defer a remittance in response to market volatility.

(v) New business

VNB increased by 4% to £781 million (2022: £750 million) driven primarily by growth in bulk purchase annuities (BPA) and workplace, partly offset by negative impacts from higher interest rates on protection and challenging macroeconomic conditions on platform.

(vi) Solvency II

Solvency II operating own funds generation (OFG)

	2023 £m	2022[2] £m	Sterling % change
Protection and Health (Insurance)	**140**	185	(24)%
Wealth	**155**	199	(22)%
Retirement (Annuities and Equity Release)	**1,061**	912	16 %
Heritage	**132**	115	15 %
Ireland	**40**	39	3 %
IWR Other[1]	**(231)**	(82)	(182)%
Total IWR Solvency II OFG	**1,297**	1,368	(5)%

1. Other includes non-product specific income and expenses, such as return on excess assets and IWR wide project expenses.
2. The 2022 comparative results have been re-presented for a change in the allocation of the impact of operating assumption changes and one-off product specific operating own funds generation to the respective sub-segments.

Solvency II OFG decreased by 5% to £1,297 million (2022: £1,368 million), as an increase in earnings from existing business driven by a higher interest rate environment is offset by lower management actions and other. Management actions and other in 2023 includes beneficial impacts from longevity assumption changes and an initial benefit reflecting a reduction in future costs from the extension of two key strategic partnerships.

Protection and Health Solvency II OFG reduced by 24% to £140 million (2022: £185 million) due to adverse mortality experience and a lower benefit from assumption changes compared to 2022. Wealth Solvency II OFG reduced by 22% to £155 million (2022: £199 million) with higher new business contribution in workplace offset by additional investment in the business and beneficial one-off items in prior year. Retirement Solvency II OFG increased by 16% to £1,061 million (2022: £912 million) driven by higher returns on excess assets and a larger benefit from assumption changes. IWR Other of £(231) million (2022: £(82) million) includes hedging costs, non-product specific expenses and provisions related to product governance.

Solvency II return on capital

Solvency II return on capital decreased by 0.4pp to 10.0% (2022: 10.4%) driven by the reduction in operating own funds generation.

Solvency II operating capital generation (OCG)

Solvency II OCG decreased by 26% to £1,102 million (2022: £1,494 million) primarily due a reduction in SCR run-off on existing business, reflecting a smaller opening SCR following interest rate rises in 2022.

(c) Protection and Health (Insurance)

Aviva is the only provider of scale in the UK offering coverage across health, group protection and individual protection. We are the leading individual protection provider in the UK and were the number one writer of new business in 2023[a], with a market share of 18.7%[b], second in the group protection market by book size[c], and third in the health market[d]. 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

	2023 £m	2022 £m	Sterling % change
Annual Premium Equivalent (APE)	**415**	359	16 %
VNB	**214**	221	(3)%
PVNBP	**3,006**	2,507	20 %
VNB margin	**7.1 %**	8.8 %	(1.7)pp

Protection and Health APE increased by 16% to £415 million (2022: £359 million) driven by strong sales in Health and Individual Protection. Health APE increased by 41% to £151 million (2022: £107 million) driven by sustained growth in customer demand and a strong performance with corporate clients. Individual Protection APE increased by 13% to £152 million (2022: £135 million) driven by growth in Independent Financial Adviser (IFA) and Direct channels. Group Protection APE decreased by 4% to £112 million (2022: £117 million) with lower new scheme sales offsetting an increase in existing scheme increments due to strong retention.

Protection and Health VNB decreased by 3% to £214 million (2022: £221 million), with growth in sales offset by the adverse impact from higher interest rates.

a. Aviva analysis of 2023 company reporting.
b. Association of British Insurers (ABI) - 12 months to 31 December 2023 based on share of new business.
c. Swiss Re Group Watch 2023.
d. Aviva analysis of 2023 company reporting.

(ii) Operating profit and operating value added

	2023 Operating profit £m	2023 Operating changes in CSM £m	2023 Operating value added £m	2022 Operating profit £m	2022 Operating changes in CSM £m	2022 Operating value added £m
New business	**—**	**128**	**128**	—	132	132
Releases from stock of future profit	**183**	**(172)**	**11**	159	(146)	13
Operating assumption changes	**5**	**9**	**14**	20	84	104
Experience variances, expenses and other	**(120)**	**125**	**5**	(72)	(10)	(82)
Insurance result	**68**	**90**	**158**	107	60	167
Investment result	**(15)**	**20**	**5**	(12)	12	—
Health	**65**	**—**	**65**	79	—	79
Protection and Health[1]	**118**	**110**	**228**	174	72	246

1. The Protection and Health comparatives reflect a reallocation of £19 million to IWR Other related to a one off action.

Protection and Health operating value added decreased by 7% to £228 million (2022: £246 million), driven by a lower benefit from assumption changes, partly offset by a CSM benefit in Experience variances, expenses and other related to cost savings from the extension of two key strategic partnerships.

Protection and Health operating profit decreased by 32% to £118 million (2022: £174 million) with higher releases from stock of future profit, driven by growth in CSM, more than offset by adverse mortality experience.

(d) Wealth

Our Wealth business offers workplace pensions and retail savings products, through both intermediated and retail channels. 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. We have a competitive position in both workplace and retail markets, which have delivered diversified and resilient earnings and highly efficient customer acquisition into the Group.

(i) New business

Wealth and Other VNB increased to £239 million (2022: £229 million) and PVNBP increased to £23,470 million (2022: £22,877 million).

(ii) Assets under management and net flows

	2023 Platform £m	2023 Workplace £m	2023 Individual pensions £m	2023 Total £m	2022 Platform £m	2022 Workplace £m	2022 Individual pensions £m	2022 Total £m
Assets under management at 1 January[1]	**44,603**	**92,624**	**10,202**	**147,429**	43,101	95,406	11,908	150,415
Succession Wealth acquisition	**—**	**—**	**—**	**—**	3,003	—	—	3,003
Total inflows	**7,291**	**13,098**	**375**	**20,764**	7,257	10,708	437	18,402
Total outflows	**(5,174)**	**(6,243)**	**(1,040)**	**(12,457)**	(3,385)	(4,942)	(940)	(9,267)
Net flows	**2,117**	**6,855**	**(665)**	**8,307**	3,872	5,766	(503)	9,135
Market and other movements	**3,835**	**9,681**	**739**	**14,255**	(5,373)	(8,548)	(1,203)	(15,124)
Assets under management at 31 December	**50,555**	**109,160**	**10,276**	**169,991**	44,603	92,624	10,202	147,429

1. Wealth AUM at 1 January 2022 and 1 January 2023 has been restated from £152,207 million and £149,221 million respectively, after reclassifications of £1,792 million to Heritage on adoption of IFRS 17.

Wealth net flows remained resilient at 6% of opening assets under management (AUM), though reduced by 9% to £8.3 billion (2022: £9.1 billion) driven by the impact of challenging macroeconomic conditions in platform. Workplace net flows increased by 19% to £6.9 billion (2022: £5.8 billion), benefitting from new business, with 477 new schemes won in 2023 (2022: 377), alongside strong retention and the positive impact of wage inflation on employee contributions. Platform net flows reduced by 45% to £2.1 billion (2022: £3.9 billion) due to subdued investment activity across the market and higher outflows reflecting the impact of cost of living and market fluctuations.

AUM as at 31 December 2023 has grown to £170 billion from an opening position of £147 billion, benefitting from both positive net flows and positive market movements of £14 billion, as UK and overseas equity markets rebounded following adverse movements in 2022.

(iii) Operating profit

	2023 £m	2022 £m	Sterling % change
Revenue	**620**	560	11 %
Controllable costs	**(474)**	(412)	(15)%
Other[1]	**(46)**	(24)	(92)%
Wealth	**100**	124	(19)%

1. Other includes changes in the carrying value of deferred acquisition costs, commission and other non-controllable costs, and non-recurring items.

Wealth operating profit reduced by 19% to £100 million (2022: £124 million) as revenue growth was offset by additional investment in the business to drive future growth. Other included beneficial one-off items in prior year that did not repeat in 2023.

(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 one of 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

	2023 £m	2022 £m	Sterling % change
VNB[1]	**286**	264	9 %
PVNBP	**7,088**	6,238	14 %
VNB margin[1]	**4.0 %**	4.2 %	(0.2)pp

1. The 2022 comparative results for VNB and VNB margin have been restated from those previously published for BPAs and Individual Annuities following a VNB methodology change in 2023 to use pricing target asset mix and target reinsurance (where actual reinsurance is not in place) rather than the actual asset mix and reinsurance.

Retirement PVNBP increased by 14% to £7,088 million (2022: £6,238 million) with growth in BPA and Individual Annuities partly offset by lower sales of Equity Release. BPA PVNBP increased by 24% to £5,501 million (2022: £4,436 million) including the £0.9 billion buy-in of the Arcadia Group pension schemes and £0.9 billion buy-in of the Thomas Cook Pension Plan. Individual Annuities PVNBP increased by 17% to £1,164 million (2022: £995 million) driven by significantly increased demand in response to the higher interest rate environment. Equity Release PVNBP reduced by 48% reflecting lower levels of market activity following interest rate rises as well as a strong prior year.

Retirement VNB increased by 9% to £286 million (2022: £264 million), driven by higher annuity volumes, partly offset by lower margins on Individual Annuities relative to a strong prior year in 2022. Actual annuity asset origination in 2023 outperformed our pricing target, which would have increased VNB margin on our previous methodology by 0.3pp (2022: 0.3pp).

(ii) Operating profit and operating value added

			2023			2022
	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	**38**	**294**	**332**	49	253	302
Releases from stock of future profit	**503**	**(453)**	**50**	460	(365)	95
Operating assumption changes	**(82)**	**648**	**566**	222	261	483
Experience variances, expenses and other	**(51)**	**324**	**273**	(68)	202	134
Insurance result	**408**	**813**	**1,221**	663	351	1,014
Investment result	**128**	**171**	**299**	57	143	200
Equity Release	**86**	**—**	**86**	78	—	78
Retirement (Annuities and Equity Release)[1]	**622**	**984**	**1,606**	798	494	1,292

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

Retirement operating value added increased by 24% to £1,606 million (2022: £1,292 million), including growth in new business contribution and supported by favourable changes to longevity and expenses, and the positive impact of assumption changes relating to the spouses of BPA scheme members. Experience variances, expenses and other included benefits related to lower expense assumptions from the extension of two key strategic partnerships and positive experience variance due to excess mortality. The investment result increased in 2023 driven by higher returns on assets backing the annuity business.

Retirement operating profit decreased by 22% to £622 million (2022: £798 million) with higher releases from stock of future profit, due to growth in CSM, more than offset by the impact of interest rate movements on the value of assumption changes recognised in operating profit versus the CSM. The positive impact from assumption changes in 2022 was driven by the mismatch between fair-valued liabilities and higher locked-in discount rates for the CSM. This mismatch had a negative impact in 2023 as locked-in rates were lower than the opening 2023 discount rates used to measure fair-valued liabilities.

a. Aviva analysis of 2023 company reporting
b. UK Finance 2022 data on UK mortgage lenders
c. Hymans Robertson 2023 H1 analysis - October 2023

(f) Heritage

Aviva has one of the largest back books in the UK, with AUM of £68 billion. We manage legacy pension and savings policies for approximately 1.3 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 run-off and cost efficiencies.

(i) Operating profit and operating value added

			2023			2022
	Operating profit £m	Operating changes in CSM £m	Operating value added £m	Operating profit £m	Operating changes in CSM £m	Operating value added £m
Releases from stock of future profit	157	(152)	5	181	(166)	15
Operating assumption changes	(1)	(93)	(94)	13	(15)	(2)
Experience variances, expenses and other	62	(60)	2	45	(42)	3
Insurance result	218	(305)	(87)	239	(223)	16
Investment result	36	70	106	12	68	80
Heritage	**254**	**(235)**	**19**	**251**	**(155)**	**96**

Heritage operating profit was in line with prior year at £254 million (2022: £251 million) with lower releases of CSM due to run-off of the business offset by higher returns on excess assets supporting the management of our with-profit funds.

Heritage operating value added decreased to £19 million (2022: £96 million) driven by a negative impact from expense assumption changes.

(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

	2023 £m	2022 £m	Sterling % change
VNB	42	36	20 %
PVNBP	1,934	1,657	17 %
VNB margin	**2.2 %**	**2.2 %**	**— pp**

Ireland PVNBP was £1,934 million (2022: £1,657 million) driven by the successful launch of both a new Individual Pension product and a fixed deposit proposition, along with securing new schemes in Group Protection.

Ireland VNB increased to £42 million (2022: £36 million) reflecting growth in sales and an uplift in individual pension margins due to higher flows into Aviva Investors.

(ii) Operating profit and operating value added

			2023			2022
	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	—	15	15	—	29	29
Releases from stock of future profit	31	(28)	3	18	(16)	2
Operating assumption changes	—	2	2	(8)	(15)	(23)
Experience variances, expenses and other	(12)	4	(8)	(7)	28	21
Insurance result	19	(7)	12	3	26	29
Investment result	7	3	10	7	(1)	6
Other	(11)	—	(11)	1	—	1
Ireland	**15**	**(4)**	**11**	**11**	**25**	**36**

Ireland operating value added was £11 million (2022: £36 million) due to a lower new business contribution, adverse experience on claims in payment and higher non-recurring costs within Other.

Ireland operating profit was £15 million (2022: £11 million) driven by growth in releases of CSM.

(h) IWR Other

IWR Other includes non-product specific income and expenses, such as return on excess assets and IWR wide project expenses. IWR Other operating profit increased to £(115) million (2022: £(159) million) driven by higher returns on excess assets due to interest rate rises, while non-product specific costs were in line with prior year.

a. Aviva calculation derived from the Milliman Life and Pensions New Business 2022 FY Report, which is based on responses from a number of key companies within the Irish Life market.

(i) Contractual service margin (CSM) analysis

The CSM is a new 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.

	2023 £m	2022 £m
Protection	**859**	738
Annuities	**5,109**	4,194
Heritage[1]	**1,169**	1,422
Ireland	**267**	278
Other[2]	**(156)**	(152)
Total CSM	**7,248**	6,480

1. The 2022 comparative amount 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 (see note 1(a)(ii) of the Aviva plc Annual Report and Accounts 2023 for further information).
2. 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'.

The table below shows the movements in the CSM liability.

	2023 Protection £m	2023 Annuities £m	2023 Heritage £m	2023 Ireland £m	2023 Other £m	2023 Total £m	2022 Protection £m	2022 Annuities £m	2022 Heritage[1] £m	2022 Ireland £m	2022 Other £m	2022 Total £m
Opening CSM	**738**	**4,194**	**1,422**	**278**	**(152)**	**6,480**	681	3,781	1,603	240	(142)	6,163
New business	**128**	**294**	**—**	**15**	**—**	**437**	132	253	—	29	—	414
Interest accretion and expected return	**20**	**171**	**70**	**3**	**(7)**	**257**	12	143	68	(1)	(7)	215
Experience variance and other	**125**	**324**	**(60)**	**4**	**—**	**393**	(10)	202	(42)	28	—	178
Assumption changes	**9**	**648**	**(93)**	**2**	**(2)**	**564**	84	261	(15)	(15)	(9)	306
Release of CSM	**(172)**	**(453)**	**(152)**	**(28)**	**5**	**(800)**	(146)	(365)	(166)	(16)	6	(687)
Operating changes in CSM	**110**	**984**	**(235)**	**(4)**	**(4)**	**851**	72	494	(155)	25	(10)	426
Non-operating changes	**11**	**(69)**	**(18)**	**(7)**	**—**	**(83)**	(15)	(81)	(26)	13	—	(109)
Closing CSM	**859**	**5,109**	**1,169**	**267**	**(156)**	**7,248**	738	4,194	1,422	278	(152)	6,480

1. The 2022 comparative amount 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 (see note 1(a)(ii) of the Aviva plc Annual Report and Accounts 2023 for further information).

CSM has increased by 12% to £7,248 million over 2023, supported by positive longevity and lower expense assumptions from extending two key strategic partnerships, which reflects additional value in business we have written historically.

The release of CSM in 2023 was 9.9% (2022: 9.6%) of the closing CSM, before allowing for the release.

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.

For our Annuities and Protection businesses (measured using the General Measurement Model) the CSM is calculated using locked-in rates. Non-operating movements on this business are limited to the capitalisation of future integration and restructuring costs and inflation-linked movements in expense reserves. For our Heritage business (measured on the Variable Fee Approach), there will also be a non-operating impact from the shareholder share of the business and total CSM movements related to the policyholder share of the business.

(j) Assets under management

	Wealth £m	Retirement £m	Heritage £m	Ireland £m	Other £m	2023 Total IWR £m	2022 Total IWR £m
Assets under management at 1 January[1]	**147,429**	**60,471**	**70,309**	**10,888**	**3,718**	**292,815**	325,848
Succession Wealth acquisition	**—**	**—**	**—**	**—**	**—**	**—**	3,003
Net flows	**8,307**	**1,991**	**(6,321)**	**32**	**612**	**4,621**	5,171
Market and other movements	**14,255**	**999**	**3,802**	**688**	**(1,269)**	**18,475**	(41,207)
Assets under management at 31 December	**169,991**	**63,461**	**67,790**	**11,608**	**3,061**	**315,911**	292,815

1. AUM allocations across IWR at 1 January 2022 and 1 January 2023 have been restated after reclassifications of £1,792 million from Wealth to Heritage, and £1,976 million from Other to Retirement on adoption of IFRS 17, with no change to the reported total IWR AUM.

Net flows decreased to £4.6 billion (2022: £5.2 billion) with growth in sales, primarily in annuities and workplace, more than offset by higher outflows, reflecting challenging macroeconomic conditions in platform.

AUM benefitted from positive market movements, particularly in Wealth, due to growth in UK and overseas equity markets, whilst assets backing annuity business benefitted from a reduction in interest rates at the end of 2023.

6.2 - UK & Ireland General Insurance

£m (unless otherwise stated)	2023	2022	Sterling % change
GWP	**6,640**	5,740	16 %
Operating profit[1]	**452**	278	63 %
Undiscounted COR[1]	**96.8 %**	96.4 %	0.4 pp
Discounted COR[1]	**93.6 %**	96.1 %	(2.5)pp
Baseline controllable costs[2]	**674**	703	(4)%
Distribution ratio[3]	**32.6 %**	33.6 %	(1.0)pp
Cash remittances	**326**	731	(55)%
Solvency II operating own funds generation[4]	**315**	261	21 %
Solvency II return on capital[4]	**12.6 %**	11.2 %	1.4 pp
Solvency II operating capital generation[4]	**291**	(50)	682 %

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Baseline controllable costs exclude strategic investment, cost reduction implementation, IFRS 17 and other costs not included in the 2018 cost savings target baseline.
3. The distribution ratio is calculated as an aggregation of the expense ratio and the commission ratio.
4. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.

(a) Overview

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

We are continuing to grow our general insurance businesses with a focus on extending our market leadership through our strategy of investing for profitable growth, building best-in-class capabilities, continuing our ambition of being a trusted customer champion and progressing on climate and social action.

General insurance performance during 2023 benefitted from strong underwriting performance and higher investment returns.

(b) Operating performance

(i) GWP

	2023 £m	2022 £m	Sterling % change
Personal lines	**2,956**	2,386	24 %
Commercial lines	**3,231**	2,931	10 %
UK	**6,187**	5,317	16 %
Ireland	**453**	423	7 %
Total GWP	**6,640**	5,740	16 %

The UK continued its strong, double-digit trading momentum, with GWP increasing 16% to £6,187 million (2022: £5,317 million) from strong growth across all business lines. Personal lines GWP grew by 24% to £2,956 million (2022: £2,386 million), reflecting continued strong rating discipline in the inflationary environment, growth from new propositions such as Aviva Zero, offering customers the opportunity to offset emissions, and the Azur High Net Worth acquisition, partly offset by volume reductions on the existing retail book as we prioritise rate over volume. We also continued to achieve strong growth in commercial lines, as GWP grew by 10% to £3,231 million (2022: £2,931 million), driven across all business lines through rate, robust retention and new business growth. Commercial lines GWP included 7% growth in Global Corporate and Specialty (GCS) and 13% growth in Small and Medium Enterprise (SME).

Ireland GWP increased by 5% on a constant currency basis to £453 million (2022: £423 million), driven by strong growth in commercial lines which increased 8% on a constant currency basis to £254 million (2022: £231 million). The performance was led by strong retention across all products and supportive rate environment in property and liability. Personal lines GWP, at £199 million, was 2% higher on a constant currency basis due to rate increases.

(ii) Operating profit and COR

	2023 £m	Restated[1] 2022 £m	Sterling % change
Underwriting result	**308**	178	73 %
Investment return	**273**	94	191 %
Unwind of discounting on incurred claims	**(196)**	(26)	(663)%
Other[2]	**5**	5	11 %
UK	**390**	251	55 %
Ireland	**62**	27	132 %
Total operating profit	**452**	278	63 %

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. 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 2022, by GWP.

	2023 %	Restated[1] 2022 %	Change
Personal lines	**95.9 %**	96.2 %	(0.3)pp
Commercial lines	**97.9 %**	96.6 %	1.3 pp
UK	**96.9 %**	96.4 %	0.5 pp
Ireland	**96.0 %**	96.1 %	(0.1)pp
Total undiscounted COR	**96.8 %**	96.4 %	0.4 pp
UK	**93.9 %**	96.1 %	(2.2)pp
Ireland	**89.7 %**	95.9 %	(6.2)pp
Total discounted COR	**93.6 %**	96.1 %	(2.5)pp

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

Overall UK & Ireland operating profit increased 63% to £452 million (2022: £278 million) driven by strong underwriting results and improved investment returns. The UK underwriting result has increased by £130 million to £308 million (2022: £178 million) driven by profitable growth from our strong focus on underwriting discipline, improved yields benefitting discounting rates and improvements in efficiency. This was partially offset by increases in claims frequency (as activity levels trend back to pre-COVID-19 norms), increased reinsurance costs and continued inflationary pressures. Investment returns increased to £273 million (2022: £94 million) driven by asset re-risking and higher yields, gains were partially offset by increases in unwind of discounting on incurred claims.

UK undiscounted COR increased 0.5pp to 96.9% (2022: 96.4%). Personal lines undiscounted COR improved 0.3pp to 95.9% (2022: 96.2%) driven by the impacts of strong rate action and efficiencies, partially offset by significant increases in reinsurance costs and motor claims frequency increasing to near pre-COVID-19 levels. Commercial lines undiscounted COR of 97.9% increased 1.3pp (2022: 96.6%) driven by significant inflationary headwinds and increases in reinsurance costs. Underlying performance remains good, benefiting from robust underwriting and pricing across both SME and GCS.

Ireland operating profit has increased by £35 million to £62 million (2022: £27 million) driven by profitable growth, higher investment return and disciplined expense management. Ireland undiscounted COR remains flat at 96.0% (2022: 96.1%), absorbing inflationary headwinds and increased reinsurance costs.

The difference between discounted and undiscounted COR for UK and Ireland has increased in 2023, primarily due to the impact of higher interest rates in 2023. Low interest rates in 2022 was the main driver of the minimal differences between discounted and undiscounted COR.

(iii) Controllable costs and distribution ratio

Baseline controllable costs for UK and Ireland decreased to £674 million (2022: £703 million), reflecting continued focus on cost management through efficiency initiatives and automation.

Baseline controllable costs for UK and Ireland exclude £30 million (2022: £31 million) of strategic investment, cost reduction implementation, IFRS 17 and other costs that were not included in the 2018 costs savings target.

Overall UK & Ireland distribution ratio improved by 1.0pp due to growing premiums. In the UK the improved cost efficiency against a backdrop of growing premiums has led to an improvement of 0.9pp in the distribution ratio. We continue to support profitable growth by investing in underwriting and improving customer propositions. In Ireland, the distribution ratio has improved by 0.3pp due to strong premium growth in spite of higher levels of strategic spend.

(iv) Cash remittances

UK & Ireland cash remittances have decreased by 55% to £326 million (2022: £731 million). During the last quarter of 2022, in response to the market volatility following the Autumn 2022 'mini-budget', the timing of cash remittances from IWR and UK & Ireland General Insurance were rebalanced leading to an acceleration of remittances from UK & Ireland General Insurance. In 2023 these measures have been unwound resulting in decreased remittances from UK & Ireland General Insurance.

(v) Solvency II

£m (unless otherwise stated)	2023	Restated[1] 2022	Sterling % change
Solvency II operating own funds generation	**315**	261	21 %
Solvency II return on capital[2]	**12.6 %**	11.2 %	1.4 pp
Solvency II operating capital generation	**291**	(50)	682 %

1. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
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 businesses.

Solvency II operating own funds generation (OFG) in the UK & Ireland General Insurance businesses increased by £54 million to £315 million (2022: £261 million). Profitable growth from a strong focus on underwriting discipline and improved efficiency, higher expected investment returns and beneficial impact from the 1 January 2024 reinsurance renewal compared to prior year were partially offset by increased claims frequency and ongoing inflationary pressures.

Solvency II return on capital has increased to 12.6% (2022: 11.2%) primarily as a result of higher Solvency II OFG.

UK & Ireland General Insurance Solvency II operating capital generation (OCG) increased by £341 million to £291 million (2022: £(50) million), primarily due to higher operating own funds generation and the beneficial impact from the 1 January 2024 reinsurance renewal compared to adverse impact in prior period. 2022 also included an increase in capital requirements as a result of asset re-risking.

6.3 - Canada General Insurance

£m (unless otherwise stated)	2023	2022	Sterling % change	Constant currency %
GWP	**4,248**	4,009	6 %	10 %
Operating profit[1]	**399**	352	13 %	18 %
Undiscounted COR[1]	**95.3 %**	93.7 %	1.6 pp	
Discounted COR[1]	**91.4 %**	92.0 %	(0.6)pp	
Baseline controllable costs[2]	**415**	410	1 %	1 %
Distribution ratio[3]	**31.5 %**	32.5 %	(1.0)pp	
Cash remittances	**158**	287	(45)%	(43)%
Solvency II operating own funds generation[4]	**339**	274	24 %	29 %
Solvency II return on capital[4]	**18.8 %**	15.7 %	3.1 pp	4.4 pp
Solvency II operating capital generation[4]	**311**	157	98 %	107 %

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Baseline controllable costs exclude strategic investment, cost reduction implementation, IFRS 17 and other costs not included in the 2018 cost savings target baseline.
3. The distribution ratio is calculated as an aggregation of the expense ratio and the commission ratio.
4. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.

(a) Overview

Aviva is the second largest general insurer in Canada[a] and we have a clear strategy to grow our market share and continue to be a key market player - being a top choice for customers, shareholder, partners and our people.

For 2023 our business delivered double-digit growth in GWP, driven by a strong new business performance together with positive rate and indexation.

(b) Operating performance

(i) GWP

	2023 £m	2022 £m	Sterling % change	Constant currency %
Personal lines	**2,574**	2,466	4 %	9 %
Commercial lines	**1,674**	1,543	9 %	13 %
Total GWP	**4,248**	4,009	6 %	10 %

Canada GWP increased to £4,248 million (2022: £4,009 million), up 10% on a constant currency basis. In personal lines, GWP increased to £2,574 million (2022: £2,466 million) driven by strong new business volumes in specialty lines, direct and our partnership with RBC, along with rate actions across the entire portfolio. Commercial lines GWP increased to £1,674 million (2022: £1,543 million) mostly due to strong new business in large corporate and mid-market, along with rate and indexation in property.

(ii) Operating profit and COR

	2023 £m	Restated[1] 2022 £m	Sterling % change	Constant currency %
Underwriting result	**331**	293	13 %	18 %
Investment return	**253**	99	155 %	166 %
Unwind of discounting on incurred claims	**(182)**	(37)	(388)%	(408)%
Other[2]	**(3)**	(3)	— %	— %
Total operating profit	**399**	352	13 %	18 %

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Includes the results of non-insurance operations and pension scheme net finance costs.

	2023 %	Restated[1] 2022 %	Change
Personal lines	**99.5 %**	95.2 %	4.3 pp
Commercial lines	**88.0 %**	90.9 %	(2.9)pp
Total undiscounted COR	**95.3 %**	93.7 %	1.6 pp
Total discounted COR	**91.4 %**	92.0 %	(0.6)pp

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

Canada operating profit increased 18% on a constant currency basis to £399 million (2022: £352 million) driven by a strong underwriting result and improved investment returns. The underwriting result improved by 18% on a constant currency basis to £331 million (2022: £293 million) driven by the strong rating environment, favourable prior year development and higher yields increasing the benefit of discounting to incurred claims. This was partially offset by increased claims frequency in motor, the impact of inflation on claims severity and increased weather-related catastrophe losses.

a. Canadian market share source: 2023 Q3YTD MSA Research Results. Includes: Lloyds, excludes: ICBC, SAF, SGI and Genworth.

Investment returns improved to £253 million (2022: £99 million) due to increased yields and the larger portfolio size due to profitable business growth. Increased yields also led to the unwind of discounting on incurred claims increasing to a loss of £182 million (2022: loss of £37 million).

Canada undiscounted COR ended the year strong at 95.3% (2022: 93.7%). The personal lines undiscounted COR of 99.5% is 4.3pp unfavourable to prior year due to increased claims frequency and theft severity in motor, increased weather-related losses and less favourable prior year development, partially offset by lower commissions and expenses, as well as strong performance in personal property due to the hard rate environment and prudent risk selection. The commercial lines undiscounted COR of 88.0% is 2.9pp favourable to prior year due to improved underwriting performance, lower expenses, and favourable prior year development, partially offset by increased weather-related losses, the impact of inflation on claims severity and slightly higher commissions.

The reduction in discounted COR to 91.4% (2022: 92.0%), compared to the increase for undiscounted COR, was driven by the impact of higher yields increasing the benefit of discounting to incurred claims.

(iii) Controllable costs and distribution ratio

Baseline controllable costs were £415 million (2022: £410 million), slightly higher than prior year as the increase due to investment in business growth was partially offset by lower claims handling costs. Growing premiums has led to an improvement of 1.0pp in the distribution ratio.

(iv) Cash remittances

Canada cash remittances have decreased by 45% to £158 million (2022: £287 million). During the last quarter of 2022, in response to the market volatility following the Autumn 2022 'mini-budget', the timing of cash remittances from IWR and General Insurance were rebalanced leading to an acceleration of remittances from Canada General Insurance. In 2023 these measures have been unwound resulting in decreased remittances from Canada General Insurance.

(v) Solvency II

£m (unless otherwise stated)	2023	Restated[1] 2022	Sterling % change	Constant currency %
Solvency II operating own funds generation	**339**	274	24 %	29 %
Solvency II return on capital	**18.8 %**	15.7 %	3.1 pp	4.4 pp
Solvency II operating capital generation	**311**	157	98 %	107 %

1. The 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.

Solvency II operating own funds generation in Canada increased by £65 million to £339 million (2022: £274 million) mainly due to strong business growth and rating environment, higher expected investment returns and favourable prior year development partially offset by adverse weather claims experience, higher claims frequency in motor and inflationary headwinds.

Solvency II return on capital of 18.8% (2022: 15.7%) is 3.1pp higher primarily as a result of higher Solvency II OFG.

Solvency II operating capital generation in Canada increased by £154 million to £311 million (2022: £157 million) due to higher operating own funds generation and non-recurrence of adverse SCR impacts from changes to our external catastrophe reinsurance treaties in 2022.

6.4 - Aviva Investors

£m (unless otherwise stated)	2023	2022	Sterling % change
Aviva Investors revenue	**346**	379	(9)%
Baseline controllable costs	**(311)**	(331)	(6)%
	35	48	(27)%
Cost reduction implementation and strategic investment costs	**(14)**	(23)	(39)%
Operating profit	**21**	25	(16)%
Cost income ratio	**90 %**	87 %	3 pp
Cash Remittances	**25**	28	(11)%
Net flows	**(5.4)bn**	(3.8)bn	41 %
Of which: External net flows[1]	**0.7 bn**	1.3 bn	(45)%
Of which: Internal net flows[1]	**(1.6)bn**	(1.3)bn	24 %
Of which: Strategic actions	**(4.5)bn**	(3.9)bn	17 %
Assets under management (AUM)	**227 bn**	223 bn	2 %
Cost asset ratio[2]	**14.5 bps**	14.4 bps	0.1 bps
Solvency II operating own funds generation	**19**	24	(21)%
Solvency II return on capital	**4.9 %**	6.0 %	(1.1)pp
Solvency II operating capital generation	**—**	26	(100)%

1. External and internal net flows above exclude net flows from strategic actions that are separately presented.
2. The cost asset ratio for Aviva Investors (AI) is calculated as AI controllable costs divided by AI average assets under management.

(a) Overview

Aviva Investors is a global asset manager that combines our insurance heritage, investment capabilities and sustainability expertise to deliver investment outcomes that matter most to customers of Aviva and external clients. Aviva Investors manages £227 billion of assets, with £189 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 to support Aviva's vision to be the leading UK provider and go-to customer brand while 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 capitalizing 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. We provide our sustainable investing expertise to Aviva and our external clients.

(b) Operating performance

(i) Operating profit

Operating profit decreased to £21 million (2022: £25 million), or £35 million (2022: £48 million) excluding cost reduction implementation expenses, strategic investment costs and foreign exchange movements. These results are driven by lower revenues partly offset by improved efficiency reflecting cost reduction initiatives, which included the transition of operations to Bank of New York Mellon and a new scalable real assets operating model in partnership with HSBC and Mount Street.

Aviva Investors revenue was 9% lower at £346 million (2022: £379 million) primarily reflecting 8% lower average assets under management[a] in 2023 driven by adverse market impacts in 2022. Closing assets under management were however up by 2% driven by a strong market recovery in Q4 2023 particularly across liquid market strategies and real assets private debt.

(ii) Controllable costs

Despite significant inflationary pressures, baseline controllable costs decreased by 6% to £311 million (2022: £331 million) benefitting from cost management initiatives.

Our cost income ratio increased to 90% (2022: 87%), reflecting lower revenues. We continue to drive down our costs by simplifying our business and focussing our product range but in the short term our cost income ratio may be impacted by volatility in investment markets and our revenues.

Our cost asset ratio has remained broadly flat in the year as both total costs and average AUM reduced 8% in the year.

a. Average assets under management calculated as the average of opening and closing assets under management.

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

AUM represents 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	2023 Total £m	2022 Total £m
Assets under management at 1 January	**184,837**	**37,834**	**222,671**	267,780
Total inflows	**28,209**	**3,988**	**32,197**	41,638
Total outflows	**(29,773)**	**(3,272)**	**(33,045)**	(41,596)
Net flows (excluding strategic actions)	**(1,564)**	**716**	**(848)**	42
Strategic actions[1]	**(4,046)**	**(482)**	**(4,528)**	(3,854)
Total net flows	**(5,610)**	**234**	**(5,376)**	(3,812)
Net flows into liquidity funds and cash	**171**	**628**	**799**	(5,492)
Market and foreign exchange movements	**9,433**	**(505)**	**8,928**	(35,805)
Assets under management[2] at 31 December	**188,831**	**38,191**	**227,022**	222,671

1. Strategic actions relate to actions from clients previously part of the Group and corporate actions.
2. Aviva Investors administer an additional £40,628 million (2022: £37,501 million) of assets classified as assets under administration which are not included in assets under management.

Closing AUM increased by £4 billion during 2023 to £227 billion (2022: £223 billion). Average AUM however decreased by £20 billion or 8% to £225 billion (2022: £245 billion), which is the main driver of lower revenue in the year. While investment market conditions were difficult for most of the year, the reduction in yields in the last quarter of the year and improvement in equity markets, resulted in positive market movements across our liquid market strategies more than offset some of the headwinds across real assets. The high proportion of real assets managed for external clients resulted in negative market movements of £0.5 billion on external AUM.

Net outflows increased to £5.4 billion (2022: outflows of £3.8 billion) of which £4.5 billion (2022: outflows of £3.9 billion) related to strategic actions including £4.4 billion net outflows from actions by entities previously part of the Aviva Group and £0.1 billion due to fund closures.

External client net flows (excluding strategic actions) were resilient in light of the difficult market conditions at £0.7 billion (2022: £1.3 billion). Positive external net flows reflected the diversity of our business with strong demand for our real assets capabilities more than offsetting lower demand for liquid strategies, such as credit, in a rising interest rate environment seen during most of 2023.

Internal net outflows (excluding strategic actions) increased to £1.6 billion (2022: outflows of £1.3 billion). Heritage outflows of £5.0 billion were broadly in line with the prior year's run-off. Wealth flows increased £0.7 billion to £4.0 billion. Retirement net flows included £2.6 billion of real assets originated to support IWR's BPA business, partly offset by individual annuity outflows. Flows from other internal clients were £0.7 billion benefitting from transfer of assets from external managers by both IWR and UK GI. Within existing multi-asset mandates, we have also transitioned £1.8 billion of assets from passive strategies managed externally into our recently launched ESG Enhanced building blocks, helping to deliver more sustainable investment outcomes and higher revenue.

Net flows into liquidity funds and cash of £0.8 billion (2022: outflows of £5.5 billion) benefitted from a recovery in demand from external clients over the year.

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 assets, 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)	2023	2022	Sterling % change	Constant currency %
Operating profit[1]	**63**	39	62 %	64 %
Cash remittances	**14**	19	(26)%	(22)%
VNB	**93**	84	10 %	11 %
PVNBP	**2,048**	1,172	75 %	80 %
Solvency II operating own funds generation	**156**	106	47 %	53 %
Solvency II return on capital	**13.1 %**	10.8 %	2.3 pp	3.2 pp
Solvency II operating capital generation	**23**	34	(32)%	(31)%

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

(a) Overview

International investments (India, China and Singapore) comprise our subsidiary in India, and our joint ventures in China and Singapore. Our International investments in India and China provide us with value creation potential and optionality in attractive and fast-growing markets. Aviva has announced the disposal of Singapore, more detail is included below.

In India, we have a subsidiary undertaking, 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. Aviva agreed to acquire an additional 25% shareholding in Aviva India on 1 April 2022 and completed the transaction on 28 September 2022, taking Aviva's shareholding to 74%. Our key performance measures include 49% of India's results until the date of acquisition and 100% of India's results from this date, except for Solvency II OFG and Solvency II OCG, which are reported net of non-controlling interests, and therefore are on a 74% basis from the date of the transaction.

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

We have a 24.19% shareholding in Aviva Singlife Holdings Pte Limited, our joint venture in Singapore with Singlife. On 13 September 2023, Aviva announced the sale of its entire shareholding in Aviva Singlife Holdings Pte Limited, together with two debt instruments, to Sumitomo Life Insurance Company for a total cash consideration of SGD 1,444 million (approximately £853 million). On 27 December 2023 Aviva announced that it expected to receive an additional SGD 140 million from Sumitomo Life Insurance Company in respect of the sale, resulting in a total cash consideration of SGD 1,584 million (approximately £936 million). The transaction received its final regulatory approval on 4 March 2024. We expect the transaction to complete in March 2024.

(b) New business and operating performance

PVNBP has increased to £2,048 million (2022: £1,172 million) and on a constant currency basis VNB is 11% higher at £93 million (2022: £84 million). On a constant currency basis PVNBP is 80% higher, primarily driven by China, which benefitted both from 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. The increase in VNB is more subdued than PVNBP growth due to the changes in the business mix. Operating profit has increased to £63 million (2022: £39 million) and Solvency II OFG increased by £50 million to £156 million (2022: £106 million) mainly due to the non-recurrence of a one-off property charge in 2022. Solvency II OCG has decreased by £11 million to £23 million (2022: £34 million), as higher operating own funds generation is offset by an increased capital requirement following strong new business growth in China.

(c) Cash remittances

Cash remittances to the Group decreased to £14 million (2022: £19 million) and relate to dividends from China.

7 – General insurance profit drivers

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.

2022 restated[1]	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	2,386	2,931	5,317	423	5,740	2,466	1,543	4,009	9,749
Net insurance revenue	2,298	2,233	4,531	391	4,922	2,368	1,305	3,673	8,595
Net claims incurred	(1,452)	(1,388)	(2,840)	(237)	(3,077)	(1,497)	(688)	(2,185)	(5,262)
Incurred commission	(485)	(472)	(957)	(60)	(1,017)	(428)	(287)	(715)	(1,732)
Incurred expenses	(275)	(281)	(556)	(77)	(633)	(292)	(188)	(480)	(1,113)
Underwriting result	86	92	178	17	195	151	142	293	488
Investment return			94	7	101			99	200
Unwind of discounting on incurred claims			(26)	4	(22)			(37)	(59)
Other[2]			5	(1)	4			(3)	1
Operating profit			251	27	278			352	630
Claims ratio	63.2 %	62.2 %	62.7 %	60.7 %	62.5 %	63.2 %	52.7 %	59.5 %	61.2 %
Of which:									
Prior year reserve development (%)			— %	(9.0)%	(0.7)%			(2.5)%	(1.5)%
Weather claims over/(under) long-term average (%)			0.6 %	(1.9)%	0.4 %			(0.8)%	(0.1)%
Discounting (%)	0.1 %	(0.7)%	(0.3)%	(0.2)%	(0.3)%	(1.6)%	(1.7)%	(1.7)%	(0.9)%
Distribution ratio	33.1 %	33.7 %	33.4 %	35.2 %	33.6 %	30.4 %	36.5 %	32.5 %	33.1 %
Of which:									
Commission ratio	21.1 %	21.1 %	21.1 %	15.3 %	20.7 %	18.1 %	22.0 %	19.5 %	20.1 %
Expense ratio	12.0 %	12.6 %	12.3 %	19.9 %	12.9 %	12.3 %	14.5 %	13.0 %	13.0 %
Discounted COR (%)	96.3 %	95.9 %	96.1 %	95.9 %	96.1 %	93.6 %	89.2 %	92.0 %	94.3 %
Undiscounted COR (%)	96.2 %	96.6 %	96.4 %	96.1 %	96.4 %	95.2 %	90.9 %	93.7 %	95.2 %
Assets supporting general insurance business									
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[3]					2,011			323	2,334
Assets at 31 December 2022					6,977			6,113	13,090
Debt securities					3,106			5,012	8,118
Equity securities					633			207	840
Investment property					271			—	271
Cash and cash equivalents					2,346			368	2,714
Other[3]					712			430	1,142
Assets at 31 December 2021					7,068			6,017	13,085
Average assets					7,023			6,065	13,088
Investment return as % of average assets					1.4 %			1.6 %	1.5 %

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Includes the result of non-insurance operations and pension scheme net finance costs.
3. Includes loans, equity unit trusts, derivatives and other financial investments.

Financial supplement

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Profit

A1 – Reconciliation of Group adjusted operating profit to profit/(loss) for the year

	Note	2023 £m	Restated[1] 2022 £m
Insurance, Wealth & Retirement (IWR)	6.1	**994**	1,199
UK & Ireland General Insurance	6.2	**452**	278
Canada General Insurance	6.3	**399**	352
Aviva Investors	6.4	**21**	25
International investments (India, China and Singapore)	6.5	**63**	39
Business unit operating profit		**1,929**	1,893
Corporate centre costs and Other operations	A2	**(215)**	(297)
Group debt costs and other interest	A3	**(247)**	(246)
Group adjusted operating profit before tax attributable to shareholders' profits		**1,467**	1,350
Adjusted for the following:			
Investment variances and economic assumption changes	A4	**322**	(2,736)
Impairment of goodwill, joint ventures, associates and other amounts expensed	A5	**—**	(8)
Amortisation and impairment of intangibles acquired in business combinations	A6	**(52)**	(54)
Amortisation and impairment of acquired value of in-force business	A7	**(59)**	(68)
Integration and restructuring costs	A8	**(61)**	—
Other	A9	**(176)**	41
Adjusting items before tax		**(26)**	(2,825)
IFRS profit/(loss) before tax attributable to shareholders' profits		**1,441**	(1,475)
Tax on Group adjusted operating profit		**(289)**	(178)
Tax on other activities		**(46)**	623
Tax attributable to shareholders' profits		**(335)**	445
IFRS profit/(loss) for the year		**1,106**	(1,030)

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023. In addition, the 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.

A2 – Corporate centre costs and Other operations

	2023 £m	2022 £m
Cost reduction implementation and IFRS 17 costs	**(120)**	(79)
Strategic initiatives	**(52)**	(44)
Other projects	**(18)**	(31)
Project spend	**(190)**	(154)
Central spend	**(163)**	(156)
Corporate centre costs	**(353)**	(310)
Other operations	**138**	13
Total Corporate centre costs and Other operations	**(215)**	(297)

Corporate centre costs of £353 million (2022: £310 million) increased by £43 million. Higher project spend reflects increase in IFRS 17 implementation costs, cost reduction initiatives and investment in the business towards strategic growth initiatives. The uplift in other operations is largely driven by increased interest on liquidity funds due to a rise in interest rates compared to prior year.

A3 – Group debt costs and other interest

	2023 £m	2022 £m
Subordinated debt	**(219)**	(253)
Other	**(14)**	(11)
Group external debt costs	**(233)**	(264)
Internal lending arrangements	**(50)**	(24)
Net finance income on main UK pension scheme	**36**	42
Total Group debt costs and other interest	**(247)**	(246)

External debt costs of £233 million (2022: £264 million) decreased by £31 million as a result of the debt redemptions in 2022 and 2023. Costs of internal lending arrangements of £50 million (2022: £24 million) increased by £26 million due to higher interest rates in 2023. Net finance income on the main UK pension scheme of £36 million (2022: £42 million) decreased by £6 million due to remeasurement losses recorded during 2022 resulting in lower opening assets in 2023.

Non-operating profit items

A4 – Investment variances and economic assumption changes

The investment variances and economic assumption changes impacting the Group consolidated income statement are as follows:

	2023 £m	Restated[1] 2022 £m
Life business[2]	**217**	(2,306)
General insurance business	**171**	(366)
Other operations[3]	**(66)**	(64)
Total investment variances and economic assumption changes	**322**	(2,736)

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023. In addition, the 2022 comparative amounts have been restated for methodology changes described in the 'Other Information - overview' section of the Aviva plc Annual Report and Accounts 2023.
2. Life business includes IWR and International Investments.
3. Other operations represents short-term fluctuations on Group centre investments, including the centre hedging programme.

(a) Definitions

Investment variances and economic assumption changes show the impact of changes due to economic items, such as market value movements and interest rate change over the year, which give rise to variances between actual and expected investment returns, as well as the impact of changes in economic assumptions on liabilities.

(b) Methodology

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.
- The expected return on equities and properties is calculated by reference to the opening 10-year swap rate in the relevant currency plus an appropriate risk premium.
- Expected funds under management are equal to the opening value of funds under management, adjusted for sales and purchases during the year 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 not included in the investment variance. The residual difference between actual and expected investment return is included in investment variances.

Similarly, the effect of differences between actual and expected economic experience on liabilities, and changes to economic assumptions used to value liabilities, are included in the investment variance and economic assumption changes.

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) Assumptions

The expected rate of investment return is determined using consistent assumptions at the start of the year between operations, having regard to local economic and market forecasts of investment return and asset classification under IFRS.

The principal assumptions underlying the calculation of the expected investment return for equity and property are:

	2023 Equity	2023 Property	2022 Equity	2022 Property
United Kingdom	**7.2 %**	**5.7 %**	4.4 %	2.9 %
Ireland	**6.7 %**	**5.2 %**	3.8 %	2.3 %
Canada	**7.3 %**	**5.8 %**	5.5 %	4.0 %

The expected return on equity and property has been calculated by reference to ten-year SONIA rates for the UK and the ten-year mid-price swap rate for an AA rated bank in the relevant currency for other markets, to which a risk premium is added. The use of risk premium reflects management's long-term expectations of asset return in excess of the swap yield from investing in different asset classes. The asset risk premiums are set out in the table below:

	2023	2022
Equity risk premium	**3.5 %**	3.5 %
Property risk premium	**2.0 %**	2.0 %

The ten-year mid-price swap rates at the start of the year are set out in the table below:

	2023	2022
United Kingdom	**3.7 %**	0.9 %
Ireland	**3.2 %**	0.3 %
Canada	**3.8 %**	2.0 %

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 (assessed on a best estimate basis).

The expected return on cash holdings is a 1-year risk-free rate assumption taken as at the start of the year.

(d) Analysis of investment variances and economic assumption changes

(i) Life business

The gain of £217 million (2022 restated: loss of £2,306 million) in relation to investment variances and economic assumption changes on life business was primarily driven by UK 10-year term interest rates falling c.40 bps and favourable credit default experience, partly offset by a loss from hedging gains on equity markets.

The positive impact of interest rate falls and adverse impact of equity market gains 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 2022 was primarily driven by the significant increase in UK interest rates, with the rate on 10-year swaps increasing by 280bps during 2022. This resulted in a reduction in the value of fixed income securities and loans which was not fully offset by a reduction in the valuation of long-term insurance liabilities from the increase in the valuation interest rate. Other components of investment variances and economic assumption changes were smaller and broadly offset. These included positive impacts from hedging negative global equity returns and a reduction in the allowance for risk of default on assets backing annuities due to reduced asset values; and negative impacts from foreign exchange losses and widening of spreads on corporate bonds.

(ii) General insurance business

The gain of £171 million (2022 restated: loss of £366 million) in relation to investment variances and economic assumption changes for the general insurance and health business was primarily driven by currency movements and equity, as well as smaller contributions from falling interest rates and narrower credit spreads. The negative variance for 2022 was primarily driven by rising interest rates, losses from equity market falls, foreign exchange losses and credit spreads widening.

A5 – Impairment of goodwill, joint ventures, associates and other amounts expensed

No impairment of goodwill, associates and joint ventures has been recognised in the year (2022: £8 million charge).

A6 – Amortisation and impairment of intangibles acquired in business combinations

The amortisation and impairment of intangible assets acquired in business combinations is a charge of £52 million (2022: £54 million charge). There is no impairment of intangible assets acquired in business combinations (2022: £nil).

A7 – Amortisation and impairment of acquired value of in-force business

Amortisation of acquired value of in-force business (AVIF) on non-participating investment contracts is a charge of £59 million (2022 restated: £68 million charge), which relates solely to amortisation of AVIF in respect of the Group's subsidiaries. There is no impairment of AVIF (2022: £nil).

A8 – Integration and restructuring costs

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. Integration and restructuring costs of £61 million have been incurred during 2023 in relation to this simplification, with additional costs expected to be incurred over the period 2024-2028. This programme will rationalise our administration platforms to remove complexity and improve customer outcomes. The costs will cover changes to data and systems and expenditure to deliver associated efficiency savings. Benefits of this restructuring programme will include a reduction in the operating cost base of the IWR business, resulting in higher cash generation and cash remittances.

A9 – 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. At 31 December 2023, other items are a net loss of £176 million (2022: £41 million gain) which comprises:

- A charge of £92 million relating to fees paid to bondholders in respect of certain modifications to the terms and conditions of the Group's £600 million Tier 2 Fixed to Floating notes. This is disclosed outside of Group adjusted operating profit as the costs arise from a strategic decision relating to the financing of the group as a whole and not to the operating performance of the Group or its operating segments;
- A charge of £71 million relating to provisions for indemnities entered into through acquisition and disposal activity. This is disclosed outside of Group adjusted operating profit as the acquisition and disposal activity is considered strategic in nature;
- A charge of £2 million relating to costs directly associated with the acquisition of Optiom O2 Holdings Inc by Aviva Canada; and
- Charges totalling £11 million relating to the cost of the employee free share award announced in 2022, and fees and charges associated with the 2023 share buyback programme.

Other items at 2022 comprised:

- The following items which are disclosed outside of Group adjusted operating profit as they relate to acquisition and disposal activity that we consider to be strategic in nature:
  - A gain of £77 million relating to negative goodwill on the acquisition of Aviva India, which is excluded from Group adjusted operating profit for consistency with the treatment of impairment of goodwill;
  - A charge of £15 million arising from third party reinsurance, accepted by Aviva from the former Aviva France general insurance entity, which was terminated on 31 December 2021;
  - A net release of provisions relating to acquisition and disposal activity of £1 million; and
  - A charge of £7 million relating to costs directly associated with the acquisition of Succession Wealth
- Charges of £15 million relating to the cost of the employee free share award, and fees and charges associated with the share buyback and return of capital to ordinary shareholders.

IFRS capital

A10 – IFRS Shareholders' equity

	Note	2023 £m	2023 pence per share[2]	Restated[1] 2022 £m	Restated[1] 2022 pence per share[2]
IFRS Shareholders equity[3] at 1 January		9,208	336 p	16,238	578 p
Group adjusted operating profit	A1	1,467	54 p	1,350	48 p
Investment return variances and economic assumption changes	A4	322	11 p	(2,736)	(97)p
Amortisation and impairment of intangibles, joint ventures, associates and other amounts expensed	A6	(52)	(2)p	(62)	(2)p
Amortisation and impairment of acquired value of in-force business	A7	(59)	(2)p	(68)	(2)p
Integration and restructuring costs	A8	(61)	(2)p	—	— p
Other	A9	(176)	(6)p	41	1 p
Tax on operating profit and on other activities		(335)	(12)p	445	16 p
Non-controlling interests		(21)	(1)p	(21)	(1)p
Profit/(loss) after tax attributable to shareholders of Aviva plc		1,085	40 p	(1,051)	(37)p
Return of capital to ordinary shareholders via B share scheme		—	— p	(3,750)	(134)p
Dividends and appropriations		(929)	(34)p	(862)	(31)p
Remeasurements of pension schemes (net of tax)		(373)	(14)p	(1,130)	(40)p
Shares purchased in buyback		(300)	(11)p	(336)	(12)p
Foreign exchange rate movements (net of tax)		(85)	(3)p	133	6 p
Other net equity movements		(20)	(1)p	(34)	(1)p
IFRS Shareholders equity[3] at 31 December		8,586	313 p	9,208	328 p
Total CSM		7,248	265 p	6,480	231 p
Less: Tax on CSM		(1,779)	(65)p	(1,585)	(57)p
Adjusted IFRS Shareholders' equity[3] at 31 December		14,055	513 p	14,103	502 p

1. The 2022 comparative results have been restated from those previously published following the adoption of IFRS 17 and a correction in respect of historic accounting for with-profits funds, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. The IFRS Shareholders' equity per share is calculated using the actual number of shares in issue at the closing balance sheet date of 2,739 million (2022: 2,808 million). Therefore, for each year reported, the opening pence per share is updated from the previously reported closing pence per share.
3. Excluding preference shares of £200 million (2022: £200 million).

At 31 December 2023, Adjusted IFRS Shareholders' equity per share was 513 pence (2022 restated: 502 pence). The increase of 11 pence primarily reflects increase in CSM (net of tax) and profit for the year partially offset by dividends and appropriations, shares purchased in the buyback and remeasurement of pension schemes (net of tax). CSM increased as additional CSM generated from new business written and increases arising from longevity assumption changes on annuity business have been larger than the reduction in CSM from services provided in the year.

A11 – IFRS Return on equity

	2023				Restated[1] 2022			
	Group adjusted operating profit				Group adjusted operating profit			
	Before tax attributable to shareholders' profits £m	After tax attributable to shareholders' profits £m	Weighted average shareholders' funds including non-controlling interests[2] £m	Return on equity %	Before tax attributable to shareholders' profits £m	After tax attributable to shareholders' profits £m	Weighted average shareholders' funds including non-controlling interests[2] £m	Return on equity %
Insurance, Wealth & Retirement (IWR)	**994**	**794**	**7,845**	**10.1 %**	1,199	1,098	9,363	11.7 %
UK & Ireland General Insurance	**452**	**363**	**877**	**41.4 %**	278	203	952	21.3 %
Canada General Insurance	**399**	**314**	**1,845**	**17.0 %**	352	214	1,770	12.1 %
Aviva Investors	**21**	**21**	**424**	**4.9 %**	25	17	485	3.5 %
International investments (India, China and Singapore)	**63**	**63**	**919**	**6.9 %**	39	39	866	4.5 %
Other Group activities[3]	**(229)**	**(199)**	**3,108**	**N/A**	(279)	(185)	5,083	N/A
Return on total capital employed	**1,700**	**1,356**	**15,018**	**9.0 %**	1,614	1,386	18,519	7.5 %
Group external debt costs	**(233)**	**(178)**	**(5,303)**	**3.4 %**	(264)	(214)	(5,761)	3.7 %
Return on total equity	**1,467**	**1,178**	**9,715**	**12.1 %**	1,350	1,172	12,758	9.2 %
Less: Non-controlling interests		**(21)**	**(314)**	**6.7 %**		(21)	(267)	7.9 %
Less: Tier 1 notes		**(34)**	**(496)**	**6.9 %**		(17)	(372)	4.6 %
Less: Preference shares		**(17)**	**(200)**	**8.5 %**		(17)	(200)	8.5 %
Return on equity shareholders' funds		**1,106**	**8,705**	**12.7 %**		1,117	11,919	9.4 %
Return on equity shareholders' funds (normalised)[4]				**N/A**		1,117	10,982	10.2 %

1. The 2022 comparative results have been restated from those previously published following the adoption of IFRS 17 and a correction in respect of historic accounting for with-profits funds, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Weighted average shareholders' funds have been calculated using restated shareholders' funds over the year from the IFRS 17 transition date of 1 January 2022 to 31 December 2022.
3. The other Group activities operating loss before tax of £(229) million (2022: £(279) million) comprises corporate centre costs of £(353) million (2022: £(310) million) and interest expense on internal lending arrangements of £(50) million (2022: £(24) million), partly offset by other operations profit of £138 million (2022: £13 million) and finance income on the main UK pension scheme of £36 million (2022: £42 million).
4. Return on equity shareholders' funds (normalised) for 2022 is calculated as if the share consolidation completed on 16 May 2022 as part of the £3.75 billion capital return, had taken place on 1 January 2022.

A12 – Group capital under IFRS basis

	2023 £m	Restated[1] 2022 £m
Insurance, Wealth & Retirement (IWR)	**7,547**	8,620
UK & Ireland General Insurance[2]	**618**	817
Canada General Insurance	**1,980**	1,698
Aviva Investors	**416**	427
International investments (India, China and Singapore)	**914**	979
Other Group activities[3,4]	**3,299**	3,142
Total capital employed[4]	**14,774**	15,683
Financed by		
Equity shareholders' funds	**8,586**	9,208
Non-controlling interests	**318**	310
Tier 1 notes	**496**	496
Preference shares	**200**	200
Subordinated debt	**4,722**	4,530
Senior notes and commercial paper	**452**	939
Total capital employed[4]	**14,774**	15,683

1. The 2022 comparative results have been restated from those previously published following the adoption of IFRS 17 and a correction in respect of historic accounting for with-profits funds, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Capital employed for United Kingdom General Insurance excludes £924 million (2022: £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.
4. Goodwill, AVIF and other intangibles are maintained within the capital base. Goodwill includes goodwill in subsidiaries of £2,100 million (2022 restated: £2,102 million) and goodwill in joint ventures of £80 million (2022: £62 million). AVIF and other intangibles comprise £968 million (2022 restated: £940 million) of intangibles in subsidiaries and gross of deferred tax liabilities of £(207) million (2022 restated: £(259) million).

Total capital employed is financed by a combination of equity shareholders' funds, preference capital, subordinated debt and other borrowings. See note A11 for movements in equity shareholders' funds. Other borrowings is lower due to the redemption of senior debt during the year.

At 31 December 2023 the market value of our external debt (subordinated debt and senior debt) and preference shares (including both Aviva plc preference shares of £200 million (2022: £200 million) and General Accident plc preference shares, within non-controlling interests, of £250 million (2022: £250 million)) was £6,142 million (2022: £6,215 million).

IFRS financial statements (extract)

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Consolidated income statement

For the year ended 31 December 2023

	2023 £m	Restated[1] 2022 £m
Insurance revenue	**18,497**	16,889
Insurance service expense	**(16,217)**	(15,505)
Net expense from reinsurance contracts	**(761)**	(383)
Insurance service result	**1,519**	1,001
Investment return	**22,380**	(37,669)
Net finance (expense)/income from insurance contracts and participating investment contracts	**(7,228)**	24,499
Net finance income/(expense) from reinsurance contracts	**641**	(2,123)
Movement in non-participating investment contract liabilities	**(13,558)**	12,462
Investment (expense)/income attributable to unitholders	**(861)**	531
Net financial result	**1,374**	(2,300)
Fee and commission income	**1,309**	1,314
Share of (loss)/profit after tax of joint ventures and associates	**(71)**	8
Other operating expenses	**(2,108)**	(1,719)
Other net foreign exchange gains/(losses)	**146**	(73)
Other finance costs	**(479)**	(470)
Profit/(loss) before tax	**1,690**	(2,239)
Tax attributable to policyholders' returns	**(249)**	764
Profit/(loss) before tax attributable to shareholders' profits	**1,441**	(1,475)
Tax (expense)/credit	**(584)**	1,209
Less: tax attributable to policyholders' returns	**249**	(764)
Tax attributable to shareholders' profits	**(335)**	445
Profit/(loss) for the year	**1,106**	(1,030)
Attributable to:		
Equity holders of Aviva plc	**1,085**	(1,051)
Non-controlling interests	**21**	21
Profit/(loss) for the year	**1,106**	(1,030)
Earnings per share		
Basic (pence per share)	**37.7**	(34.7)
Diluted (pence per share)	**37.2**	(34.7)

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 £m	Restated[1] 2022 £m
Profit/(loss) for the year	**1,106**	(1,030)
Other comprehensive income:		
Items that may be reclassified subsequently to income statement		
Share of other comprehensive loss of joint ventures and associates	**—**	(38)
Foreign exchange rate movements	**(86)**	119
Aggregate tax effect – shareholder tax on items that may be reclassified subsequently to income statement	**(2)**	6
Items that will not be reclassified to income statement		
Remeasurements of pension schemes	**(495)**	(1,542)
Aggregate tax effect – shareholder tax on items that will not be reclassified subsequently to income statement	**122**	412
Total other comprehensive loss, net of tax	**(461)**	(1,043)
Total comprehensive income/(loss) for the year	**645**	(2,073)
Attributable to:		
Equity holders of Aviva plc	**627**	(2,086)
Non-controlling interests	**18**	13
Total comprehensive income/(loss) for the year	**645**	(2,073)

1. The 2022 comparative results have been restated following the adoption of IFRS 17, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Ordinary share capital £m	Preference share capital £m	Capital reserves[1] £m	Treasury shares £m	Other reserves £m	Retained earnings £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	—	—	—	—	(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)
Non-controlling interests in acquired subsidiaries	—	—	—	—	—	—	—	—	2	2
Changes in non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	9	9
Issue of tier 1 notes	—	—	—	—	—	—	—	—	—	—
Return of capital to ordinary shareholders via B share scheme	—	—	—	—	—	—	—	—	—	—
Balance at 31 December	**901**	**200**	**5,265**	**(87)**	**279**	**2,228**	**496**	**9,282**	**318**	**9,600**

1. Capital reserves consist of share premium of £17 million, a capital redemption reserve of £24 million and a merger reserve of £5,224 million.

For the year ended 31 December 2022- restated[1]

	Ordinary share capital £m	Preference share capital £m	Capital reserves[2] £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Tier 1 notes £m	Total equity excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
31 December 2021 as previously reported	941	200	10,308	(51)	248	7,556	—	19,202	252	19,454
Total change relating to IFRS 17 transition	—	—	—	—	—	(2,523)	—	(2,523)	—	(2,523)
Prior period correction for with-profits funds	—	—	—	—	—	(241)	—	(241)	—	(241)
Balance at 1 January 2022 restated for transition to IFRS 17 and prior period correction	941	200	10,308	(51)	248	4,792	—	16,438	252	16,690
(Loss)/profit for the year	—	—	—	—	—	(1,051)	—	(1,051)	21	(1,030)
Other comprehensive income/(loss)	—	—	—	—	95	(1,130)	—	(1,035)	(8)	(1,043)
Total comprehensive income/(loss) for the year	—	—	—	—	95	(2,181)	—	(2,086)	13	(2,073)
Dividends and appropriations	—	—	—	—	—	(862)	—	(862)	—	(862)
Shares purchased in buyback	(19)	—	19	—	—	(336)	—	(336)	—	(336)
Capital reductions	—	—	—	—	—	—	—	—	—	—
Non-controlling interests share of dividends declared in the year	—	—	—	—	—	—	—	—	(21)	(21)
Reserves credit for equity compensation plans	—	—	—	—	58	—	—	58	—	58
Shares purchased under equity compensation plans	2	—	15	(34)	(46)	9	—	(54)	—	(54)
Non-controlling interests in acquired subsidiaries	—	—	—	—	—	—	—	—	66	66
Changes in non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	—	—
Issue of tier 1 notes	—	—	—	—	—	—	496	496	—	496
Return of capital to ordinary shareholders via B share scheme	—	—	—	—	—	(3,750)	—	(3,750)	—	(3,750)
Balance at 31 December	924	200	10,342	(85)	355	(2,328)	496	9,904	310	10,214

1. The 2022 comparative amounts have been restated following the adoption of IFRS 17 and for a correction in respect of historic accounting for with-profits funds, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.
2. Capital reserves consist of share premium of £1,263 million, a capital redemption reserve of £3,855 million and a merger reserve of £5,224 million

Consolidated statement of financial position

As at 31 December 2023

	2023 £m	Restated[1] 2022 £m	1 January[1] 2022 £m
Assets			
Goodwill	**2,100**	2,102	1,741
Acquired value of in-force business and intangible assets	**968**	940	994
Interests in, and loans to, joint ventures	**1,189**	1,872	1,784
Interests in, and loans to, associates	**160**	41	118
Property and equipment	**424**	350	428
Investment property	**6,232**	5,899	7,003
Loans	**31,685**	29,633	38,611
Financial investments	**245,831**	224,086	264,961
Reinsurance contract assets	**7,704**	6,760	8,190
Reinsurance assets for non-participating investment contracts	**4,713**	5,290	5,122
Deferred tax assets	**958**	1,382	525
Current tax assets	**95**	336	170
Receivables	**3,721**	3,480	3,740
Deferred acquisition costs on non-participating investment contracts	**788**	851	892
Pension surpluses and other assets	**862**	1,234	2,769
Prepayments and accrued income	**3,392**	2,822	2,391
Cash and cash equivalents	**17,273**	22,505	12,485
Assets of operations classified as held for sale	**748**	—	—
Total assets	**328,843**	309,583	351,924
Equity			
Ordinary share capital	**901**	924	941
Preference share capital	**200**	200	200
Capital	**1,101**	1,124	1,141
Share premium	**17**	1,263	1,248
Capital redemption reserve	**24**	3,855	86
Merger reserve	**5,224**	5,224	8,974
Capital reserves	**5,265**	10,342	10,308
Treasury shares	**(87)**	(85)	(51)
Other reserves	**279**	355	248
Retained earnings	**2,228**	(2,328)	4,792
Equity attributable to shareholders of Aviva plc	**8,786**	9,408	16,438
Tier 1 notes	**496**	496	—
Equity excluding non-controlling interests	**9,282**	9,904	16,438
Non-controlling interests	**318**	310	252
Total equity	**9,600**	10,214	16,690
Liabilities			
Insurance contract and participating investment contract liabilities	**121,875**	117,561	143,418
Non-participating investment contract liabilities	**158,588**	141,188	151,295
Net asset value attributable to unitholders	**14,184**	14,080	16,427
Pension deficits and other provisions	**795**	724	1,001
Deferred tax liabilities	**453**	703	1,466
Current tax liabilities	**15**	40	35
Borrowings	**6,374**	6,755	7,344
Payables and other financial liabilities	**13,670**	15,751	11,703
Other liabilities	**3,289**	2,567	2,545
Total liabilities	**319,243**	299,369	335,234
Total equity and liabilities	**328,843**	309,583	351,924

1. The 2022 comparative results have been restated from those previously published following the adoption of IFRS 17, the correction in respect of historic accounting for with-profits business and remeasurement of the acquisition balance sheet, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

Consolidated statement of cash flows

For the year ended 31 December 2023

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.

	2023 £m	2022 £m
Cash flows from operating activities		
Cash (used in)/generated from operating activities[1]	**(2,664)**	16,093
Tax paid	**(68)**	(210)
Total net cash (used in)/generated from operating activities	**(2,732)**	15,883
Cash flows from investing activities		
Acquisitions of, and additions to, subsidiaries, joint ventures and associates, net of cash acquired	**—**	(275)
Purchases of property and equipment	**(149)**	(16)
Proceeds on sale of property and equipment	**—**	35
Purchases of intangible assets	**(201)**	(83)
Total net cash used in investing activities	**(350)**	(339)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**8**	17
Return of capital to ordinary shareholders via B share scheme	**—**	(3,750)
Shares purchased in buyback	**(300)**	(336)
Treasury shares purchased for employee trusts	**(76)**	(75)
New borrowings drawn down, net of expenses	**941**	659
Repayment of borrowings[2]	**(1,181)**	(1,554)
Net repayment of borrowings	**(240)**	(895)
Interest paid on borrowings	**(206)**	(450)
Repayment of leases	**(62)**	(63)
Preference dividends paid	**(17)**	(17)
Ordinary dividends paid	**(878)**	(828)
Capital contributions from non-controlling interests of subsidiaries	**6**	—
Coupon payments on tier 1 notes	**(34)**	(17)
Issue of tier 1 notes[3]	**—**	496
Dividends paid to non-controlling interests of subsidiaries	**(21)**	(21)
Total net cash used in financing activities	**(1,820)**	(5,939)
Total net (decrease)/drawn down in cash and cash equivalents	**(4,902)**	9,605
Cash and cash equivalents at 1 January	**21,576**	11,878
Effect of exchange rate changes on cash and cash equivalents	**(22)**	93
Cash and cash equivalents at 31 December	**16,652**	21,576

1. Cash flows from operating activities include interest received of £5,560 million (2022: £4,335 million) and dividends received of £3,999 million (2022: £4,347 million). Cash flows from operating activities in 2022 include disinvestment from financial investments ahead of the return of capital to ordinary shareholders in 2022. This activity is reflected as an increase in cash generated from operating activities in 2022.
2. Repayment of borrowings includes the redemption of £531 million (2022: £1,002 million) subordinated debt and senior notes.
3. On 15 June 2022, the Group issued £500 million of 6.875% fixed rate reset perpetual restricted tier 1 contingent convertible notes (the RT1 Notes).

B1 - Note to the consolidated financial statements

The results in this announcement have been taken from the Aviva plc Annual Report and Accounts 2023. The consolidated financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards and the legal requirements of the Companies Act 2006.

The 2022 comparative amounts have been restated following the adoption of IFRS 17, for a correction in respect of historic accounting for with-profits business and restatement of the Succession Wealth acquisition balance sheet, as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

The Aviva plc Annual Report and Accounts 2023, including the Financial Statements, is available at https://www.aviva.com/investors/reports/ and a copy has been submitted to the National Storage Mechanism and will be available for inspection by the end of April at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

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).

Analysis of assets

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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

	Policyholder assets £m	Participating fund assets £m	Shareholder assets £m	Total assets analysed £m	Less: Assets classified as held for sale £m	Balance sheet total £m
Goodwill and acquired value of in-force business and intangible assets	—	—	3,068	3,068	—	3,068
Interests in, and loans to, joint ventures and associates	295	788	815	1,898	(549)	1,349
Property and equipment	—	69	355	424	—	424
Investment property	4,190	1,815	227	6,232	—	6,232
Loans	1,019	2,108	28,757	31,884	(199)	31,685
Fixed maturity securities	43,915	18,798	51,176	113,889	—	113,889
Equity securities	84,928	6,969	675	92,572	—	92,572
Other investments	31,119	4,481	3,770	39,370	—	39,370
Financial investments	159,962	30,248	55,621	245,831	—	245,831
Reinsurance contract assets	—	34	7,670	7,704	—	7,704
Reinsurance assets for non-participating investment contracts	4,713	—	—	4,713	—	4,713
Deferred tax assets	—	—	958	958	—	958
Current tax assets	—	—	95	95	—	95
Receivables	736	759	2,226	3,721	—	3,721
Deferred acquisition costs and other assets	3	11	1,636	1,650	—	1,650
Prepayments and accrued income	662	828	1,902	3,392	—	3,392
Cash and cash equivalents	6,774	2,838	7,661	17,273	—	17,273
Assets classified as held for sale	—	—	—	—	748	748
31 December 2023 Total	**178,354**	**39,498**	**110,991**	**328,843**	**—**	**328,843**
31 December 2023 Total %	**54.2 %**	**12.0 %**	**33.8 %**	**100.0 %**	**— %**	**100.0 %**
31 December 2022 Total[1]	160,684	41,411	107,488	309,583	—	309,583
31 December 2022 Total %	51.9 %	13.4 %	34.7 %	100.0 %	— %	100.0 %

1. The 2022 comparative amounts have been restated from those previously published as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

(b) Assets under management by fund

	Policyholder assets £m	Participating fund assets £m	Shareholder assets £m	External funds £m	Total £m
Investment property	4,190	1,815	227	—	6,232
Loans[1]	1,019	2,108	28,757	—	31,884
Fixed maturity securities	43,915	18,798	51,176	—	113,889
Equity securities	84,928	6,969	675	—	92,572
Other investments	31,119	4,481	3,770	—	39,370
Cash and cash equivalents	6,774	2,838	7,661	—	17,273
Other	4,993	640	45	—	5,678
Assets included in statement of financial position	176,938	37,649	92,311	—	306,898
Less: third-party funds and UK Platform included above	—	—	—	(19,821)	(19,821)
Assets managed on behalf of the Group's subsidiaries	176,938	37,649	92,311	(19,821)	287,077
Aviva Investors	—	—	—	38,191	38,191
UK Platform[2]	—	—	—	50,555	50,555
Other	—	—	—	637	637
Assets managed on behalf of third parties[3]	—	—	—	89,383	89,383
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 %**
31 December 2022 Total[4]	159,700	39,600	89,231	63,603	352,134
31 December 2022 Total %	45.4 %	11.2 %	25.3 %	18.1 %	100.0 %

1. Includes £199 million of loans classified as held for sale.
2. UK Platform relates to the assets under management in the UK Wealth business.
3. AUM managed on behalf of third parties cannot be directly reconciled to the financial statements.
4. The 2022 comparative results have been restated following the adoption of IFRS 17 to reallocate policy loans in scope of IFRS 17 of £14 million to insurance contract and participating investment contract liabilities.

(c) Assets under management included in climate metrics

The following table sets out the assets which are in-scope for our financed emissions climate metrics (Scope 3, category 15) compared to the assets under management (AUM) on the IFRS consolidated statement of financial position.

	2023 £bn	2022[1] £bn
Total assets under management for climate metrics	**213**	189
Assets under management on IFRS consolidated statement of financial position	**307**	289
Coverage	**69 %**	65 %

1. The 2022 comparative results have been re-presented from those previously published to include additional asset classes. See note 1 of the Aviva plc Climate-related Financial Disclosure 2023 for further details.

A reconciliation of climate metrics to AUM on the IFRS consolidated statement of financial position and more information on our climate metrics is included in the Metrics and Targets section of the Aviva plc Climate-related Financial Disclosure 2023.

C2 – Summary of total assets by valuation bases

(a) Total assets

	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	—	3,068	—	3,068
Interests in, and loans to, joint ventures and associates	—	—	1,898	1,898
Property and equipment	101	323	—	424
Investment property	6,232	—	—	6,232
Loans	27,220	4,664	—	31,884
Fixed maturity securities	113,889	—	—	113,889
Equity securities	92,572	—	—	92,572
Other investments	39,370	—	—	39,370
Financial investments	245,831	—	—	245,831
Reinsurance contract assets	—	—	7,704	7,704
Reinsurance assets for non-participating investment contracts	4,713	—	—	4,713
Deferred tax assets	—	—	958	958
Current tax assets	—	—	95	95
Receivables	—	3,721	—	3,721
Deferred acquisition costs and other assets	—	1,650	—	1,650
Prepayments and accrued income	—	3,392	—	3,392
Cash and cash equivalents	959	16,314	—	17,273
31 December 2023 Total	**285,056**	**33,132**	**10,655**	**328,843**
31 December 2023 Total %	**86.7 %**	**10.1 %**	**3.2 %**	**100.0 %**
Less: assets classified as held for sale	**—**	**(199)**	**(549)**	**(748)**
31 December 2023 Total (excluding assets held for sale)	**285,056**	**32,933**	**10,106**	**328,095**
31 December 2023 Total % (excluding assets held for sale)	**86.9 %**	**10.0 %**	**3.1 %**	**100.0 %**
31 December 2022 Total[2]	262,334	36,858	10,391	309,583
31 December 2022 Total %	84.7 %	11.9 %	3.4 %	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.
2. The 2022 comparative amounts have been restated from those previously published as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

(b) Policyholder assets

	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	—	—	—	—
Interests in, and loans to, joint ventures and associates	—	—	295	295
Property and equipment	—	—	—	—
Investment property	4,190	—	—	4,190
Loans	—	1,019	—	1,019
Fixed maturity securities	43,915	—	—	43,915
Equity securities	84,928	—	—	84,928
Other investments	31,119	—	—	31,119
Financial investments	159,962	—	—	159,962
Reinsurance contract assets	—	—	—	—
Reinsurance assets for non-participating investment contracts	4,713	—	—	4,713
Deferred tax assets	—	—	—	—
Current tax assets	—	—	—	—
Receivables	—	736	—	736
Deferred acquisition costs and other assets	—	3	—	3
Prepayments and accrued income	—	662	—	662
Cash and cash equivalents	41	6,733	—	6,774
31 December 2023 Total	**168,906**	**9,153**	**295**	**178,354**
31 December 2023 Total %	**94.7 %**	**5.1 %**	**0.2 %**	**100.0 %**
Less: assets classified as held for sale	**—**	**—**	**—**	**—**
31 December 2023 Total (excluding assets held for sale)	**168,906**	**9,153**	**295**	**178,354**
31 December 2023 Total % (excluding assets held for sale)	**94.7 %**	**5.1 %**	**0.2 %**	**100.0 %**
31 December 2022 Total[2]	150,632	9,759	293	160,684
31 December 2022 Total %	93.7 %	6.1 %	0.2 %	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.
2. The 2022 comparative amounts have been restated from those previously published as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

(c) Participating fund assets

	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	—	—	—	—
Interests in, and loans to, joint ventures and associates	—	—	788	788
Property and equipment	69	—	—	69
Investment property	1,815	—	—	1,815
Loans	736	1,372	—	2,108
Fixed maturity securities	18,798	—	—	18,798
Equity securities	6,969	—	—	6,969
Other investments	4,481	—	—	4,481
Financial investments	30,248	—	—	30,248
Reinsurance contract assets	—	—	34	34
Reinsurance assets for non-participating investment contracts	—	—	—	—
Deferred tax assets	—	—	—	—
Current tax assets	—	—	—	—
Receivables	—	759	—	759
Deferred acquisition costs and other assets	—	11	—	11
Prepayments and accrued income	—	828	—	828
Cash and cash equivalents	918	1,920	—	2,838
31 December 2023 Total	**33,786**	**4,890**	**822**	**39,498**
31 December 2023 Total %	**85.5 %**	**12.4 %**	**2.1 %**	**100.0 %**
Less: assets classified as held for sale	**—**	**—**	**—**	**—**
31 December 2023 Total (excluding assets held for sale)	**33,786**	**4,890**	**822**	**39,498**
31 December 2023 Total % (excluding assets held for sale)	**85.5 %**	**12.4 %**	**2.1 %**	**100.0 %**
31 December 2022 Total[2]	35,249	5,156	1,006	41,411
31 December 2022 Total %	85.1 %	12.5 %	2.4 %	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.
2. The 2022 comparative amounts have been restated from those previously published as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

(d) Shareholder assets

	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	—	3,068	—	3,068
Interests in, and loans to, joint ventures and associates	—	—	815	815
Property and equipment	32	323	—	355
Investment property	227	—	—	227
Loans	26,484	2,273	—	28,757
Fixed maturity securities	51,176	—	—	51,176
Equity securities	675	—	—	675
Other investments	3,770	—	—	3,770
Financial investments	55,621	—	—	55,621
Reinsurance contract assets	—	—	7,670	7,670
Reinsurance assets for non-participating investment contracts	—	—	—	—
Deferred tax assets	—	—	958	958
Current tax assets	—	—	95	95
Receivables	—	2,226	—	2,226
Deferred acquisition costs and other assets	—	1,636	—	1,636
Prepayments and accrued income	—	1,902	—	1,902
Cash and cash equivalents	—	7,661	—	7,661
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 %**
31 December 2022 Total[2]	76,453	21,943	9,092	107,488
31 December 2022 Total %	71.1 %	20.4 %	8.5 %	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.
2. The 2022 comparative amounts have been restated from those previously published as described in note 1 of the Aviva plc Annual Report and Accounts 2023.

C3 – Analysis of financial investments by fund

The asset allocation as at 31 December 2023 across the Group, split according to the type of the liability the assets are backing, is shown in the table below.

		Shareholder business assets							
	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		5,732	15,929	21,661	19,684	7,658	49,003	—	49,003
Corporate bonds		5,543	18,372	23,915	19,434	8,599	51,948	—	51,948
Other		2,622	2,978	5,600	4,797	2,541	12,938	—	12,938
Fixed maturity securities	C4	13,897	37,279	51,176	43,915	18,798	113,889	—	113,889
Mortgage loans		—	17,348	17,348	—	56	17,404	—	17,404
Other loans		1,471	9,938	11,409	1,019	2,052	14,480	(199)	14,281
Loans	C5	1,471	27,286	28,757	1,019	2,108	31,884	(199)	31,685
Equity securities	C6	518	157	675	84,928	6,969	92,572	—	92,572
Investment property	C7	223	4	227	4,190	1,815	6,232	—	6,232
Other investments	C8	2,004	1,766	3,770	31,119	4,481	39,370	—	39,370
31 December 2023 Total		**18,113**	**66,492**	**84,605**	**165,171**	**34,171**	**283,947**	**(199)**	**283,748**
31 December 2022 Total[2]		16,673	61,687	78,360	145,985	35,273	259,618	—	259,618

1. Of the £18,113 million of assets 36% relates to other shareholder business assets.
2. The 2022 comparative results have been restated following the adoption of IFRS 17 to reallocate policy loans in scope of IFRS 17 of £14 million to insurance contract and participating investment contract liabilities.

C4 – Analysis of 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.

(i) Total

	Fair value hierarchy			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
UK government	**21,928**	**2,057**	**296**	**24,281**
Europe	**1,227**	**5,378**	**358**	**6,963**
North America	**4,619**	**3,554**	**49**	**8,222**
Asia Pacific and other	**298**	**8,941**	**298**	**9,537**
Non-UK government	**6,144**	**17,873**	**705**	**24,722**
Corporate bonds - public utilities	**197**	**4,175**	**1,191**	**5,563**
Other corporate bonds	**4,530**	**38,695**	**3,160**	**46,385**
Other	**10,190**	**2,076**	**672**	**12,938**
31 December 2023 Total	**42,989**	**64,876**	**6,024**	**113,889**
31 December 2023 Total %	**37.7 %**	**57.0 %**	**5.3 %**	**100.0 %**
31 December 2022 Total	22,140	74,448	7,188	103,776
31 December 2022 Total %	21.3 %	71.8 %	6.9 %	100.0 %

(ii) Policyholder

	Fair value hierarchy			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
UK government	**8,409**	**—**	**—**	**8,409**
Europe	**999**	**1,852**	**—**	**2,851**
North America	**3,117**	**273**	**—**	**3,390**
Asia Pacific and other	**248**	**4,786**	**—**	**5,034**
Non-UK government	**4,364**	**6,911**	**—**	**11,275**
Corporate bonds - public utilities	**169**	**1,288**	**—**	**1,457**
Other corporate bonds	**1,796**	**16,181**	**—**	**17,977**
Other	**4,039**	**758**	**—**	**4,797**
31 December 2023 Total	**18,777**	**25,138**	**—**	**43,915**
31 December 2023 Total %	**42.8 %**	**57.2 %**	**— %**	**100.0 %**
31 December 2022 Total	10,347	26,602	18	36,967
31 December 2022 Total %	28.0 %	72.0 %	— %	100.0 %

(iii) Participating funds

	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
UK government	3,467	740	167	4,374
Europe	177	841	67	1,085
North America	619	59	—	678
Asia Pacific and other	30	1,443	48	1,521
Non-UK government	826	2,343	115	3,284
Corporate bonds - public utilities	22	658	—	680
Other corporate bonds	878	6,638	403	7,919
Other	1,898	329	314	2,541
31 December 2023 Total	**7,091**	**10,708**	**999**	**18,798**
31 December 2023 Total %	**37.7 %**	**57.0 %**	**5.3 %**	**100.0 %**
31 December 2022 Total	3,941	15,103	886	19,930
31 December 2022 Total %	19.8 %	75.8 %	4.4 %	100.0 %

(iv) Shareholder

	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
UK government	10,052	1,317	129	11,498
Europe	51	2,685	291	3,027
North America	883	3,222	49	4,154
Asia Pacific and other	20	2,712	250	2,982
Non-UK government	954	8,619	590	10,163
Corporate bonds - public utilities	6	2,229	1,191	3,426
Other corporate bonds	1,856	15,876	2,757	20,489
Other	4,253	989	358	5,600
31 December 2023 Total	**17,121**	**29,030**	**5,025**	**51,176**
31 December 2023 Total %	**33.5 %**	**56.7 %**	**9.8 %**	**100.0 %**
31 December 2022 Total	7,852	32,743	6,284	46,879
31 December 2022 Total %	16.8 %	69.8 %	13.4 %	100.0 %

(b) Credit ratings

The comparative amounts in section (b) have been updated to re-present internally-rated assets (previously included within non-rated) into their respective rating categories and to update external rating classifications to apply consistent methodology. These amendments have not resulted in any change to the valuation of assets or liabilities included in the statement of financial position.

(i) Total

	AAA £m	AA £m	A £m	BBB £m	Less than BBB £m	Non-rated £m	Total £m
UK government	187	23,920	163	—	1	10	24,281
Non-UK government	6,069	9,665	4,511	2,719	1,503	255	24,722
Government	6,256	33,585	4,674	2,719	1,504	265	49,003
Public utilities	—	67	1,847	3,378	259	12	5,563
Other corporate	7,366	7,728	17,677	9,612	3,577	425	46,385
Corporate bonds	7,366	7,795	19,524	12,990	3,836	437	51,948
Certificates of deposit	—	4,110	5,576	5	5	929	10,625
Residential mortgage backed security non-agency prime	—	—	—	11	—	—	11
Commercial mortgage backed security	34	523	192	141	—	88	978
Asset backed security	373	1	193	85	41	50	743
Asset backed commercial paper	—	—	100	—	—	—	100
Collateralised loan obligation	314	—	—	—	—	—	314
Wrapped credit	—	—	146	21	—	—	167
Structured	721	524	631	258	41	138	2,313
31 December 2023 Total	**14,343**	**46,014**	**30,405**	**15,972**	**5,386**	**1,769**	**113,889**
Of which:							
Externally rated	13,272	44,466	27,550	15,268	5,375	—	105,931
Internally rated	1,071	1,548	2,855	704	11	—	6,189
Non-rated	—	—	—	—	—	1,769	1,769
31 December 2023 Total	**14,343**	**46,014**	**30,405**	**15,972**	**5,386**	**1,769**	**113,889**
31 December 2023 Total %	**12.6 %**	**40.4 %**	**26.7 %**	**14.0 %**	**4.7 %**	**1.6 %**	**100.0 %**
31 December 2022 Total	17,670	37,399	26,938	15,769	4,748	1,252	103,776
31 December 2022 Total %	17.0 %	36.0 %	26.0 %	15.2 %	4.6 %	1.2 %	100.0 %

(ii) Policyholder

	AAA £m	AA £m	A £m	BBB £m	Less than BBB £m	Non-rated £m	Total £m
UK government	14	8,341	45	—	—	9	8,409
Non-UK government	2,071	4,221	2,297	1,526	1,110	50	11,275
Government	2,085	12,562	2,342	1,526	1,110	59	19,684
Public utilities	—	4	131	1,145	177	—	1,457
Other corporate	3,445	1,884	5,512	4,238	2,628	270	17,977
Corporate bonds	3,445	1,888	5,643	5,383	2,805	270	19,434
Certificates of deposit	—	1,522	2,293	5	4	538	4,362
Residential mortgage backed security non-agency prime	—	—	—	—	—	—	—
Commercial mortgage backed security	—	17	18	37	—	81	153
Asset backed security	99	1	12	6	18	46	182
Asset backed commercial paper	—	—	100	—	—	—	100
Collateralised loan obligation	—	—	—	—	—	—	—
Wrapped credit	—	—	—	—	—	—	—
Structured	99	18	130	43	18	127	435
31 December 2023 Total	**5,629**	**15,990**	**10,408**	**6,957**	**3,937**	**994**	**43,915**
Of which:							
Externally rated	5,628	15,990	10,225	6,940	3,937	—	42,720
Internally rated	1	—	183	17	—	—	201
Non-rated	—	—	—	—	—	994	994
31 December 2023 Total	**5,629**	**15,990**	**10,408**	**6,957**	**3,937**	**994**	**43,915**
31 December 2023 Total %	**12.8 %**	**36.4 %**	**23.7 %**	**15.8 %**	**9.0 %**	**2.3 %**	**100.0 %**
31 December 2022 Total	6,972	11,052	8,086	6,808	3,344	705	36,967
31 December 2022 Total %	18.9 %	29.9 %	21.9 %	18.4 %	9.0 %	1.9 %	100.0 %

(iii) Participating funds

	AAA £m	AA £m	A £m	BBB £m	Less than BBB £m	Non-rated £m	Total £m
UK government	67	4,300	6	—	—	1	4,374
Non-UK government	511	1,479	575	383	327	9	3,284
Government	578	5,779	581	383	327	10	7,658
Public utilities	—	12	60	531	77	—	680
Other corporate	1,261	1,111	2,646	2,029	792	80	7,919
Corporate bonds	1,261	1,123	2,706	2,560	869	80	8,599
Certificates of deposit	—	789	1,010	—	—	150	1,949
Residential mortgage backed security non-agency prime	—	—	—	11	—	—	11
Commercial mortgage backed security	2	21	50	67	—	6	146
Asset backed security	81	—	1	11	21	4	118
Asset backed commercial paper	—	—	—	—	—	—	—
Collateralised loan obligation	314	—	—	—	—	—	314
Wrapped credit	—	—	3	—	—	—	3
Structured	397	21	54	89	21	10	592
31 December 2023 Total	**2,236**	**7,712**	**4,351**	**3,032**	**1,217**	**250**	**18,798**
Of which:							
Externally rated	1,957	7,460	4,104	3,016	1,207	—	17,744
Internally rated	279	252	247	16	10	—	804
Non-rated	—	—	—	—	—	250	250
31 December 2023 Total	**2,236**	**7,712**	**4,351**	**3,032**	**1,217**	**250**	**18,798**
31 December 2023 Total %	**11.9 %**	**41.1 %**	**23.1 %**	**16.1 %**	**6.5 %**	**1.3 %**	**100.0 %**
31 December 2022 Total	3,315	7,551	4,571	3,001	1,277	215	19,930
31 December 2022 Total %	16.6 %	37.9 %	22.9 %	15.1 %	6.4 %	1.1 %	100.0 %

(iv) Shareholder

	AAA £m	AA £m	A £m	BBB £m	Less than BBB £m	Non-rated £m	Total £m
UK government	106	11,279	112	—	1	—	11,498
Non-UK government	3,487	3,965	1,639	810	66	196	10,163
Government	3,593	15,244	1,751	810	67	196	21,661
Public utilities	—	51	1,656	1,702	5	12	3,426
Other corporate	2,660	4,733	9,519	3,345	157	75	20,489
Corporate bonds	2,660	4,784	11,175	5,047	162	87	23,915
Certificates of deposit	—	1,799	2,273	—	1	241	4,314
Residential mortgage backed security non-agency prime	—	—	—	—	—	—	—
Commercial mortgage backed security	32	485	124	37	—	1	679
Asset backed security	193	—	180	68	2	—	443
Asset backed commercial paper	—	—	—	—	—	—	—
Collateralised loan obligation	—	—	—	—	—	—	—
Wrapped credit	—	—	143	21	—	—	164
Structured	225	485	447	126	2	1	1,286
31 December 2023 Total	**6,478**	**22,312**	**15,646**	**5,983**	**232**	**525**	**51,176**
Of which:							
Externally rated	5,687	21,016	13,221	5,312	231	—	45,467
Internally rated	791	1,296	2,425	671	1	—	5,184
Non-rated	—	—	—	—	—	525	525
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 %**
31 December 2022 Total	7,383	18,796	14,281	5,960	127	332	46,879
31 December 2022 Total %	15.7 %	40.1 %	30.5 %	12.7 %	0.3 %	0.7 %	100.0 %

Within shareholder assets fixed maturity securities, 42.3% of exposure is in government holdings (2022: 40.8%). Our corporate fixed maturity securities portfolio represents 46.7% of total shareholder fixed maturity securities (2022: 46.0%). At 31 December 2023, the proportion of our shareholder fixed maturity securities that are investment grade is 88.3% (2022: 90.9%). The remaining 11.7% (2022: 9.1%) of shareholder fixed maturity securities that do not have an external rating of BBB or higher can be split as follows:

- 0.5% (2022: 0.2%) are fixed maturity securities that are rated as below investment grade; and
- 11.2% (2022: 8.9%) are not rated by the major rating agencies.

The majority of fixed maturity securities not rated by an external rating agency are held by our businesses in the UK. Of these securities most are allocated an internal rating using a methodology largely consistent with that adopted by an external rating agency, and are considered to be of investment grade credit quality; these include £3.9 billion (2022: £2.8 billion) of corporate bonds held in our UK IWR business, predominantly made up of private placements and other corporate bonds, which have been internally rated as investment grade and are reflected in the respective rating in the table above.

C5 – Analysis of loans

(a) Overview

The Group's loan portfolio of £31,685 million (2022 restated: £29,633 million) is principally made up of the following:

- Loans and advances to banks of £4,865 million (2022: £4,481 million), which primarily relate to loans of cash collateral received in stock lending transactions and are therefore fully collateralised by other securities;
- Mortgage loans collateralised by property assets of £17,404 million (2022: £17,514 million); and
- Healthcare, infrastructure and private financial initiative (PFI) loans of £8,766 million (2022: £6,837 million).

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.

The majority of mortgage loans are measured at fair value since they're 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, 54.6% (2022: 59.1%) is invested in mortgage loans. The shareholder risk relating to these loans is discussed further below.

Healthcare, infrastructure and PFI loans included within shareholder assets are £8,612 million (2022: £6,726 million). These loans are secured against the income from healthcare and education premises and as such are not considered further in this section.

An analysis of the shareholder loans is set out below.

	United Kingdom £m	Canada £m	Europe £m	Total £m
Loans and advances to banks	**2,493**	**—**	**—**	**2,493**
Healthcare, Infrastructure and PFI other loans	**8,460**	**—**	**152**	**8,612**
Mortgage loans	**17,348**	**—**	**—**	**17,348**
Other loans	**199**	**105**	**—**	**304**
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 %**
31 December 2022 Total[1]	26,898	113	150	27,161
31 December 2022 Total %	99.0 %	0.4 %	0.6 %	100.0 %

1. The 2022 comparative results have been restated following the adoption of IFRS 17 to reallocate policy loans in scope of IFRS 17 of £14 million to insurance contract and participating investment contract liabilities.

(b) Analysis of shareholder mortgage loans

	Total £m
Residential (Equity release)	**8,184**
Commercial	**5,632**
Healthcare, Infrastructure and PFI mortgage loans	**1,899**
Non-securitised mortgage loans	**15,715**
Securitised mortgage loans	**1,633**
31 December 2023 Total	**17,348**
31 December 2022 Total	17,496

(i) Non-securitised mortgage loans

Residential

The UK non-securitised residential mortgage portfolio has a total value as at 31 December 2023 of £8,184 million (2022: £7,784 million). The movement in the year is due to £454 million of new lending offset by a decrease in the fair value of £60 million. Additional accrued interest in the year is offset against the value of redemptions. 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 26.8% (2022: 24.6%).

Commercial

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

31 December 2023	>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	21	11	—	—	—	20	3	137	192	5,248	5,632
Total	**21**	**11**	**—**	**—**	**—**	**20**	**3**	**137**	**192**	**5,248**	**5,632**

All of the £5,632 million (2022: £5,954 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, decreased to 2.13x (2022: 2.29x). 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, decreased to 2.45x (2022: 2.62x). Average mortgage LTV decreased from 49.4% in 2022 to 46.7%. As at 31 December 2023, there were no loans with balances in arrears (2022: £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. £15,491 million of shareholder loan assets are backing annuity liabilities and comprise of commercial mortgage loans (£5,632 million), Healthcare, Infrastructure and PFI mortgage loans (£1,899 million) and Healthcare, Infrastructure and PFI other loans (£7,960 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.

If the LIC cover falls below 1.0x and the borrower defaults then 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 £1,899 million (2022: £2,000 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 59.6% (2022: 58.9%), 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 31 December 2023, the Group has £1,633 million (2022: £1,759 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 £180 million (2022: £208 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 47.6% (2022: 42.8%).

(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 £0.7 billion (2022: £0.7 billion) over the remaining term of the portfolio at 31 December 2023 . The total valuation allowance in respect of mortgages, including healthcare mortgages but excluding equity release, was £0.3 billion at 31 December 2023 (2022: £0.3 billion). The total valuation allowance in respect of equity release mortgages was £0.7 billion at 31 December 2023 (2022 restated: £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 36bps, 25bps, and 89bps respectively at 31 December 2023 (2022 restated: 35bps, 26bps and 83bps respectively).

C6 – Analysis of equity securities

(a) Total

	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Public utilities	**2,732**	**—**	**—**	**2,732**
Banks, trusts and insurance companies	**19,125**	**—**	**212**	**19,337**
Industrial, miscellaneous and all other	**70,309**	**—**	**101**	**70,410**
Non-redeemable preference shares	**93**	**—**	**—**	**93**
31 December 2023 Total	**92,259**	**—**	**313**	**92,572**
31 December 2023 Total %	**99.7 %**	**— %**	**0.3 %**	**100.0 %**
31 December 2022 Total	85,459	—	331	85,790
31 December 2022 Total %	99.6 %	— %	0.4 %	100.0 %

(b) Policyholder

	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Public utilities	**2,509**	**—**	**—**	**2,509**
Banks, trusts and insurance companies	**17,543**	**—**	**25**	**17,568**
Industrial, miscellaneous and all other	**64,845**	**—**	**—**	**64,845**
Non-redeemable preference shares	**6**	**—**	**—**	**6**
31 December 2023 Total	**84,903**	**—**	**25**	**84,928**
31 December 2023 Total %	**100.0 %**	**— %**	**— %**	**100.0 %**
31 December 2022 Total	77,556	—	4	77,560
31 December 2022 Total %	100.0 %	— %	— %	100.0 %

(c) Participating funds

	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Public utilities	**212**	**—**	**—**	**212**
Banks, trusts and insurance companies	**1,496**	**—**	**—**	**1,496**
Industrial, miscellaneous and all other	**5,160**	**—**	**101**	**5,261**
Non-redeemable preference shares	**—**	**—**	**—**	**—**
31 December 2023 Total	**6,868**	**—**	**101**	**6,969**
31 December 2023 Total %	**98.6 %**	**— %**	**1.4 %**	**100.0 %**
31 December 2022 Total	7,384	—	154	7,538
31 December 2022 Total %	98.0 %	— %	2.0 %	100.0 %

(d) Shareholder

	Fair value hierarchy Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Public utilities	**11**	**—**	**—**	**11**
Banks, trusts and insurance companies	**86**	**—**	**187**	**273**
Industrial, miscellaneous and all other	**304**	**—**	**—**	**304**
Non-redeemable preference shares	**87**	**—**	**—**	**87**
31 December 2023 Total	**488**	**—**	**187**	**675**
31 December 2023 Total %	**72.3 %**	**— %**	**27.7 %**	**100.0 %**
31 December 2022 Total	519	—	173	692
31 December 2022 Total %	75.0 %	— %	25.0 %	100.0 %

C7 – Analysis of investment property

The Group's total investment property value is £6,232 million (2022: £5,899 million).

Within total investment properties by value, 96.4% (2022: 94.8%) are held in policyholder or participating fund assets. Shareholder exposure to investment properties is principally through investments in UK commercial property.

Investment properties are stated at their market values as assessed by qualified external independent valuers. The 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.

Within total investment properties by value, 97.6% (2022: 96.2%) are leased to third parties under operating leases, with the remainder either being vacant or held for capital appreciation.

Within shareholder investment properties by value, 100.0% (2022: 100.0%) are leased to third parties under operating leases.

C8 – Analysis of other financial investments

(a) Total

	Fair value hierarchy			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unit trusts and other investment vehicles	**33,553**	**246**	**360**	**34,159**
Derivative financial instruments	**354**	**3,431**	**207**	**3,992**
Deposits with credit institutions	**77**	**—**	**—**	**77**
Minority holdings in property management undertakings	**47**	**481**	**174**	**702**
Other	**323**	**—**	**117**	**440**
31 December 2023 Total	**34,354**	**4,158**	**858**	**39,370**
31 December 2023 Total %	**87.2 %**	**10.6 %**	**2.2 %**	**100.0 %**
31 December 2022 Total	28,192	5,021	1,307	34,520
31 December 2022 Total %	81.7 %	14.5 %	3.8 %	100.0 %

(b) Policyholder

	Fair value hierarchy			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unit trusts and other investment vehicles	**29,648**	**—**	**4**	**29,652**
Derivative financial instruments	**124**	**737**	**—**	**861**
Deposits with credit institutions	**76**	**—**	**—**	**76**
Minority holdings in property management undertakings	**47**	**481**	**2**	**530**
Other	**—**	**—**	**—**	**—**
31 December 2023 Total	**29,895**	**1,218**	**6**	**31,119**
31 December 2023 Total %	**96.1 %**	**3.9 %**	**— %**	**100.0 %**
31 December 2022 Total	25,424	1,529	9	26,962
31 December 2022 Total %	94.3 %	5.7 %	— %	100.0 %

(c) Participating funds

	Fair value hierarchy			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unit trusts and other investment vehicles	**3,015**	**—**	**110**	**3,125**
Derivative financial instruments	**219**	**1,005**	**14**	**1,238**
Deposits with credit institutions	**—**	**—**	**—**	**—**
Minority holdings in property management undertakings	**—**	**—**	**51**	**51**
Other	**67**	**—**	**—**	**67**
31 December 2023 Total	**3,301**	**1,005**	**175**	**4,481**
31 December 2023 Total %	**73.7 %**	**22.4 %**	**3.9 %**	**100.0 %**
31 December 2022 Total	2,149	1,443	642	4,234
31 December 2022 Total %	50.7 %	34.1 %	15.2 %	100.0 %

(d) Shareholder

	Fair value hierarchy			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unit trusts and other investment vehicles	**890**	**246**	**246**	**1,382**
Derivative financial instruments	**11**	**1,689**	**193**	**1,893**
Deposits with credit institutions	**1**	**—**	**—**	**1**
Minority holdings in property management undertakings	**—**	**—**	**121**	**121**
Other	**256**	**—**	**117**	**373**
31 December 2023 Total	**1,158**	**1,935**	**677**	**3,770**
31 December 2023 Total %	**30.7 %**	**51.3 %**	**18.0 %**	**100.0 %**
31 December 2022 Total	619	2,049	656	3,324
31 December 2022 Total %	18.6 %	61.6 %	19.8 %	100.0 %

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