News Release
23 May 2024

Aviva plc Q1 2024 Trading Update

Excellent first quarter results
Strong growth across the Group. Another quarter of consistent delivery
Capital position strong and resilient

General Insurance	Protection & Health	Wealth	Retirement	Solvency II
£2.7bn	£106m	£2.7bn	£1.7bn	206%
Premiums[1] +16%[2]	Sales[1] +5%	Net flows +15%	Sales[1] +13%	Cover ratio[3]
Q123: £2.4bn	Q123: £102m	Q123: £2.3bn	Q123: £1.5bn	FY23: 207%

Amanda Blanc, Group Chief Executive Officer, said:

"This is another set of excellent results, extending our track record of consistently strong trading. Our diversified business model is continuing to deliver, and we are growing right across the Group.

"We accelerated new business sales in our capital-light businesses: General Insurance premiums increased 16% to £2.7bn and our workplace pensions business generated net flows of £2bn as we won 136 new schemes. The bulk purchase annuity market also continues to be active, with Retirement sales up 13%.

"Aviva is in great health. We are financially strong, we are trading well, and our investments in new products and customer service are paying off. We have clear competitive advantages - in our brand, our scale, and our diverse business - which are driving consistently strong performance, and giving us real optimism about 2024."

Continued capital-light growth momentum

- General Insurance premiums up 16%[2] to £2.7bn.
- UK GI premiums up 19% to £1.7bn with 27% growth in personal lines reflecting continued strong rate discipline in the high inflationary environment, and new business growth. Commercial lines grew 10%.
- Canada GI premiums up 11%[2] to £0.9bn with personal lines up 16%[2] driven by rating actions on the existing book and new business growth. Commercial lines grew 5%[2].
- Group undiscounted combined operating ratio (COR) of 95.8% (Q123: 95.4%). An improvement in the UK COR as the rating actions taken earn through was offset by an increased Canadian COR. Discounted COR of 92.0%.
- Protection & Health sales were up 5%, driven by continued growth in Protection.
- Wealth net flows of £2.7bn were up 15% on the prior year with double-digit growth in Workplace, up 13%, and in Platform up 24%.
- Retirement sales were up 13% driven by higher BPA volumes. Retirement margin improved to 2.9% (Q123: 1.9%) as we focused on pricing discipline.

Strong solvency and liquidity positions

- Estimated Solvency II shareholder cover ratio remains strong at 206%.
- The reduction in the quarter of 1pp was primarily driven by the final dividend, share buyback and the acquisition of Optiom, partly offset by total capital generation in the quarter and completion of the sale of Singapore.
- Solvency II debt leverage ratio of 30.9% (FY23: 30.7%) or 28.7% when allowing for the Tier 2 notes redemption announced on 16 May.
- Centre liquidity (Apr 24) of £2.1bn (Feb 24: £1.9bn), primarily reflecting net proceeds from acquisitions and disposals offset by the share buyback.
- £300m share buyback is progressing well.
- The 2023 final dividend of 22.3p per share was paid to shareholders today.

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Progress on inorganic execution

- We continue to make progress in executing strategic deals that enhance value for shareholders. Our focus is on enhancing capabilities or where there are clear financial or strategic benefits to a transaction.
- On 5 January we completed the acquisition of Optiom O2 Holdings in Canada for £100m. The acquisition supports Aviva's capital-light growth in the attractive Canadian market and strengthens Aviva Canada's specialty lines business and distribution capabilities.
- We announced the £242m acquisition of Probitas on 4 March: 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. The transaction is expected to complete in mid-2024[4].
- On 18 March we completed the exit from our Singapore joint venture for a total consideration of £937m, further simplifying the Group's geographic footprint.
- We completed the acquisition of AIG's UK protection business for £453m on 9 April, accelerating growth in the attractive UK protection market. The acquisition will broaden distribution, with over 2.5m customers across individual and group protection, and deliver capital and expense synergies.

Confident outlook

- We remain confident in meeting the Group targets outlined at our FY 2023 results presentation:
    - Operating profit[5]: £2bn by 2026.
    - Solvency II own funds generation: £1.8bn by 2026.
    - Cash remittances: > £5.8bn cumulative 2024-2026.
- In General Insurance we remain focused on pricing appropriately. We expect the underlying COR[6] to continue to benefit from rating actions taken in 2023 and so far in 2024.
- We expect further strong demand given supportive market dynamics in Protection, and in Health, as set out at our 'In Focus' briefing last month. Wealth is central to our strategy and presents a significant opportunity for Aviva to continue to generate sustainable, capital-light growth. We expect to continue our disciplined approach to BPAs.
- We are committed to delivering for our shareholders. As announced with our full year results, our upgraded dividend guidance is for mid-single digit[7] growth in the cash cost. Our intentions for further regular and sustainable returns of capital remain unchanged.

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Insurance, Wealth & Retirement (IWR) trading performance

Insurance

	Sales			VNB		
	Q124 £m	Q123 £m	% Change	**Q124 £m**	Q123 £m	% Change
Protection & Health (Insurance)	**106**	102	5 %	**56**	60	(7)%

- Group Protection sales up 15% to £38m (Q123: £33m) reflecting strong new scheme wins. Individual Protection sales were £37m (Q123: £36m).
- Continued momentum in Health with double-digit growth in in-force premiums versus the prior year. Sales were 6% lower at £31m (Q123: £33m), as expected, as a result of a strong prior year performance in corporate following the exit of another provider from the market.
- Value of new business (VNB) was 7% lower at £56m in a higher interest rate environment.

Wealth

	Net flows			Assets under management		
	Q124 £m	Q123 £m	% Change	**31 Mar 2024 £bn**	31 Dec 2023 £bn	% Change
Wealth	**2,651**	2,312	15 %	**181**	170	6 %
Of which: workplace	**1,990**	1,765	13 %	**117**	109	7 %
Of which: platform	**846**	684	24 %	**53**	51	6 %
Of which: individual pensions	**(185)**	(137)	(35)%	**11**	10	3 %

- Net flows of £2.7bn (Q123: £2.3bn) were up 15% representing 6%[8] of opening assets under management (AuM), underpinned by consistent growth in Workplace and a strong performance in Adviser Platform.
- Workplace net flows were up 13% to £2.0bn (Q123: £1.8bn) as we won 136 new schemes and saw strong increments from the impact of wage inflation on employee contributions.
- Platform net flows were up 24% to £0.8bn (Q123: £0.7bn) as we achieved record quarter gross inflows on the Adviser Platform and grew in Direct Wealth following the relaunch of the proposition.

Retirement

	Sales			VNB		
	Q124 £m	Q123 £m	% Change	**Q124 £m**	Q123 £m	% Change
Annuities & Equity Release (Retirement)	**1,699**	1,497	13 %	**50**	29	74 %

- Sales were up 13% to £1.7bn (Q123: £1.5bn) driven by higher BPA volumes (up 26% to £1.3bn). We maintained our strong volumes in Individual Annuities where we have seen sustained customer demand, while Equity Release sales were lower reflecting contraction of the market.
- Together with schemes where we are preferred provider, YTD BPA volumes are £2.2bn as at the date of this update.
- VNB for Retirement was up 74% to £50m (Q123: £29m) reflecting higher volumes and improved margins (of 2.9%).

Ireland

- Sales up 35% to £0.6bn due to growth in personal and corporate pension lines.
- VNB of £10m (Q123: £11m).

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General Insurance GWP and COR

	GWP								
	Personal lines			Commercial lines			Total		
	Q124 £m	Q123 £m	Sterling % change	Q124 £m	Q123 £m	Sterling % change	Q124 £m	Q123 £m	Sterling % change
UK	**893**	701	27 %	**776**	703	10 %	**1,669**	1,404	19 %
Ireland	**49**	48	3 %	**79**	75	5 %	**128**	123	4 %
Canada	**554**	497	12 %	**354**	352	— %	**908**	849	7 %
Total	**1,496**	1,246	20 %	**1,209**	1,130	7 %	**2,705**	2,376	14 %

	Discounted COR			Undiscounted COR		
	Q124 %	Q123 %	Change	Q124 %	Q123 %	Change
UK	**93.9 %**	95.1 %	(1.2)pp	**97.3 %**	98.4 %	(1.1)pp
Ireland	**91.5 %**	84.8 %	6.7 pp	**96.3 %**	89.5 %	6.8 pp
Canada	**89.4 %**	88.6 %	0.8 pp	**93.7 %**	92.4 %	1.3 pp
Total	**92.0 %**	91.8 %	0.2 pp	**95.8 %**	95.4 %	0.4 pp

Overall

- Premiums up 16% (14% in reported currency) to £2.7bn (Q123: £2.4bn) with strong double-digit growth in personal lines. Canada delivered growth of 11% (7% in reported currency), and the UK delivered growth of 19%.
- Undiscounted COR was 0.4pp higher at 95.8% (Q123: 95.4%) and discounted COR was 92.0% (Q123: 91.8%).

UK & Ireland

- UK personal lines premiums were up 27% to £893m (Q123: £701m) with about half of the growth reflecting continued strong rating discipline in the inflationary environment, and the other half from new business including Aviva Zero and PCW.
- UK commercial lines growth of 10% was driven by strong retention in mid-market and new business in specialty as well as continued positive rating increments. Commercial lines premiums included 8% growth in GCS and 12% growth in SME.
- UK undiscounted COR was 97.3% (Q123: 98.4%) as we benefit from the earn through of the strong rate actions taken in 2023 and continued growth in retail business. Discounted COR was 93.9% (Q123: 95.1%).
- Ireland growth of 8% in constant currency reflects strong rate and retention in both personal and commercial lines. The undiscounted COR was 96.3% (Q123: 89.5%) as the prior year included favourable reserve releases which did not repeat.

Canada

- Personal lines premiums were up 16% (12% in reported currency) driven by new business growth in auto and property and rating actions on the existing book.
- Commercial lines premiums were up 5% (flat in reported currency), with the business benefitting from strong retention in a favourable rating environment and new business in GCS.
- Undiscounted COR of 93.7% (Q123: 92.4%) driven by large loss experience in commercial lines, partly offset by an improvement in personal auto theft experience with overall severity being in line with expectations. We have received high single-digit rate approvals in personal auto in Ontario effective in Q2 and are on track to achieve further increases. Discounted COR was 89.4% (Q123: 88.6%).

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Aviva Investors net flows and assets under management (AuM)

	Net flows			Assets under management		
	Q124 £m	Q123 £m	% Change	31 Mar 2024 £bn	31 Dec 2023 £bn	% Change
Aviva Investors	**(1,753)**	(954)	(84)%	**233**	227	3 %
Of which: external assets	**(1,015)**	171				
Of which: internal assets	**(496)**	(544)				
Of which: strategic actions	**(242)**	(581)				

- External net outflows were £1.0bn primarily reflecting anticipated client redemptions in Q1. We expect external net flows to improve over the remainder of the year.
- Total net outflows of £1.8bn also reflects expected net outflows from internal assets (inflows from our Workplace and BPA businesses more than offset by outflows, mainly from our Heritage customers) and £0.2bn of strategic actions reflecting outflows from clients previously part of the Group.
- Assets under management grew by 3% to £233bn primarily reflecting the impact of market movements.

International Investments

- Sales up 17% to £492m (Q123: £420m) primarily driven by growth in China. VNB up 25% to £25m (Q123: £20m).

Capital and centre liquidity

Solvency II shareholder cover ratio

- The estimated Solvency II shareholder cover ratio remains strong at 206% (FY23: 207%).
- The movement in the quarter was primarily driven by the final dividend (-7pp) and share buyback (-4pp), partly offset by impacts from M&A (Singapore +8pp and Optiom -1pp) and total capital generation in the quarter (+3pp).
- The Tier 2 notes redemption announced on 16 May, together with the completion of the acquisition of AIG's UK protection business, will reduce the cover ratio in Q2.

		Movements in Q124				
Solvency II shareholder position[9]	31 Dec 2023 £bn	Total capital generation £bn	Dividends £bn	Share buyback £bn	M&A £bn	**31 Mar 2024 £bn**
Own funds	17.0	0.2	(0.6)	(0.3)	0.2	**16.6**
SCR	(8.2)	—	—	—	0.2	**(8.1)**
Surplus	8.8	0.2	(0.6)	(0.3)	0.4	**8.5**
Solvency II cover ratio (%)	207 %	3 pp	(7)pp	(4)pp	7 pp	**206 %**

Solvency II debt leverage ratio

- Solvency II debt leverage ratio of 30.9% (FY23: 30.7%) or 28.7% when allowing for the Tier 2 notes redemption announced on 16 May.

Centre liquidity

- Centre liquidity remains strong at £2.1bn as at the end of April 2024 (Feb 2024: £1.9bn), primarily reflecting net proceeds from acquisitions and disposals offset by the share buyback.
- The 2023 final dividend of 22.3p per share was paid to shareholders today.

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Appendix

IWR sales and Value of New Business (VNB)

	PVNBP			VNB		
	Q124 £m	Q123 £m	Sterling % change	Q124 £m	Q123 £m	Sterling % change
Protection & Health (Insurance)	**677**	660	3 %	**56**	60	(7)%
Wealth & Other	**6,837**	6,047	13 %	**64**	61	5 %
Retirement	**1,699**	1,497	13 %	**50**	29	74 %
Ireland	**630**	466	35 %	**10**	11	(4)%
Insurance, Wealth & Retirement (IWR)	**9,843**	8,670	14 %	**180**	161	12 %

Annual Premium Equivalent (APE)

	APE		
	Q124 £m	Q123 £m	Sterling % change
Individual Protection	**37**	36	3 %
Group Protection	**38**	33	15 %
Health	**31**	33	(6)%
Protection & Health APE total	**106**	102	5 %

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Footnotes

1 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). Premiums for General insurance refer to gross written premiums (GWP). The first instance of each reference has been footnoted. However, this footnote applies to all such references in this Trading Update. APE, PVNBP and GWP are Alternative Performance Measures (APMs) and further information can be found in the 'Other information' section of the Aviva plc Annual Report and Accounts 2023.

2 In constant currency.

3 Solvency II cover ratio is the estimated Solvency II shareholder cover ratio at 31 March 2024.

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

5 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.

6 Undiscounted COR excluding the impacts of prior year development and weather versus long term average (LTA).

7 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.

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

9 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 March 2024. The average rates employed in this announcement are 1 euro = £0.86 (Q123: 1 euro =£0.88) and CAD$1 = £0.58 (Q123: CAD$1 = £0.61). Where percentage movements are quoted on a constant currency basis, this is calculated by applying current 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 Trading Update 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 and China.
- 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 as at 31 March 2024 was £8.5 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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Cautionary statement

This document should be read in conjunction with the documents distributed by Aviva plc (the 'Company' or 'Aviva') through The Regulatory News Service (RNS).This announcement contains, and we may make other verbal or written 'forward-looking statements' with respect to certain of Aviva's plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives (including, without limitation, climate and other sustainability-related plans and goals). Statements containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'could', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential', 'objective', 'predicts', 'ambition' and 'anticipates', and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the announcement include, but are not limited to: the impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally (including those arising from the escalation of Russia-Ukraine and Israel-Palestine conflicts into wider regional conflicts); market developments and government actions; the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; the impact of changes in short or long-term interest rates and inflation reduce the value or yield of our investment portfolio and impact our asset and liability matching; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including pandemics) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; failure to understand and respond effectively to the risks associated with sustainability; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customers at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber attack and theft, loss or misuse of customer data); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel, including quality financial advisers; the failure to act in good faith, resulting in customers not achieving good outcomes and avoiding foreseeable harm; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation; the inability to protect our intellectual property; the effect of undisclosed liabilities and other risks associated with our business disposals; and other uncertainties, such as diversion of management attention and other resources, relating to recent and future acquisitions, combinations or disposals within relevant industries; the 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.
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