

News Release

24 May 2023

Aviva plc Q1 2023 Trading Update

Another quarter of positive delivery. Continued growth momentum across the Group

Strong and resilient capital position. Share buyback nearing completion

On track to meet or exceed Group targets

| | | | | |
|--|---|--|---|---|
| <p>General Insurance</p> <p>£2.4bn</p> <p>GWP +11%¹</p> <p>Q122: £2.1bn</p> | <p>Protection & Health</p> <p>£102m</p> <p>Sales² +11%</p> <p>Q122: £92m</p> | <p>Workplace</p> <p>£1.8bn</p> <p>Net flows +25%</p> <p>Q122: £1.4bn</p> | <p>Retirement</p> <p>£1.5bn</p> <p>Sales² +17%</p> <p>Q122: £1.3bn</p> | <p>Solvency II</p> <p>196%</p> <p>Shareholder cover ratio</p> <p>FY 22: 212 %</p> |
|--|---|--|---|---|

Amanda Blanc, Group Chief Executive Officer, said:

“We have delivered an encouraging start to 2023 and continue to build clear trading momentum. New business volumes are good, despite persistent economic uncertainty, and we delivered another quarter of strong growth across our diversified business.

“Private healthcare sales grew by 25%, as more individuals and companies are attracted to the benefits of private cover. The bulk purchase annuity market is very active due to the higher rate environment, and we have now completed over £2 billion of deals so far this year. Our workplace pensions business is also very buoyant, with flows up 25% due to 134 new scheme wins and higher wages feeding through to higher pension contributions.

“Our general insurance business goes from strength to strength. We have grown premiums 11% and maintained attractive levels of profitability, thanks to our disciplined management of inflationary pressures and our balanced mix across personal and commercial lines, and across the UK, Ireland and Canada.

“Aviva is uniquely placed to successfully navigate the prevailing economic environment, and we continue to support our customers through this challenging time. We have market leading positions in high growth areas. We are financially strong with an attractive and growing dividend, and we are confident in the prospects for Aviva.”

Continued growth

- Insurance (Protection & Health) sales², were up 11% with strong growth in Health and Individual Protection.
- Wealth net flows of £2.3bn represented 6%³ of opening assets under management, but were 15% lower than Q1 2022 due to the impact of the challenging market volatility on Platform. Workplace net flows were up 25% to £1.8bn (Q122: £1.4bn).
- Retirement (Annuities & Equity Release) sales², were up 17% driven by strong BPA and Individual Annuity performance. YTD BPA volumes including preferred provider schemes are £2.4bn.
- General Insurance gross written premiums (GWP) up 11% at constant currency to £2.4bn. UK&I GWP up 13% to £1.5bn and Canadian GWP up 9% at constant currency to £0.8bn. Rate accounted for approximately half of the growth across UK & Ireland and Canada.
- Strong Group combined operating ratio (COR) of 95.4% (Q122: 95.7%), presented on an undiscounted IFRS 17 basis⁴. This performance reflects our pricing strength, our continued disciplined response to inflation, our risk selection and the diversification within our portfolio.

Footnotes for this page are shown on page 2

Continued progress on reducing costs

- Baseline controllable costs⁵ down 1% to £675m reflecting our ongoing focus on efficiency as we make further operational savings through cost initiatives and simplification of the business.
- On track to deliver savings target of £750m (gross of inflation) by 2024 relative to our 2018 baseline. We target top quartile efficiency thereafter across all our businesses.

Strong solvency and liquidity positions

- Estimated Solvency II shareholder cover ratio of 196% (FY22: 212%) was 16pp lower as operating capital generated in the quarter was more than offset by the impacts of the 2022 £576m final dividend, £300m share buyback, £75m pension scheme payment, and market movements.
- Solvency II cover ratio pro forma for redemption of the Tier 2 notes announced on 16 May is 193% (FY22: 196%).
- Solvency II debt leverage ratio of 33% (FY22: 31%).
- £300m share buyback nearing completion.
- The 2022 final dividend payment of £576m was paid to shareholders on 18 May.
- Centre liquidity (Apr 23) remains strong at £2.1bn (Feb 23: £2.2bn), with the reduction since February mainly driven by the share buyback.

Shareholder asset portfolio remains well positioned

- Aviva's high quality shareholder asset portfolio of £79.6bn at 31st March continues to perform well and is defensively positioned to withstand periods of volatility.
- The corporate bond portfolio (£20.8bn) continues to perform well with <£20m of assets downgraded to a lower rating letter, which was more than offset by c.£280m upgraded to a higher rating letter during the first three months of 2023, and no corporate bonds downgraded below investment grade.
- Our commercial mortgage portfolio of £5.8bn comprises largely long-duration fixed rate contracts with low average loan-to-value (LTV) ratios of 50% using the fair value of the loan, or 54% using the nominal value.
- Our securitised mortgage loans and equity release portfolio of £10.0bn is mostly internally securitised with low average LTVs of 26%.
- Further detail is provided on page 6, and also in the supplementary slides available on the Group's website.

Outlook

- Aviva is uniquely placed to successfully navigate the prevailing economic environment, with its strong leadership positions and diversified product set. This, together with our Q1 performance, reinforces our confidence in the prospects, delivery of financial targets and outlook for the Group.
- We are on track to meet our cost reduction target (£750m by 2024) and to beat our own funds generation (£1.5bn p.a. by 2024) and cash remittance (>£5.4bn 2022-24) targets.
- We continue to see opportunities for further investment in the growth of our business, but we will remain disciplined in our approach to capital deployment.
- Our dividend guidance of c.£915m for 2023 with low-to-mid single-digit growth in the cash cost of the dividend thereafter, together with our intention for further regular and sustainable capital returns to shareholders, remain unchanged.

Pages 3-5 of the release cover Q1 2023 trading performance in further detail

1. Constant Currency | 2. Sales for Insurance (Protection & Health) refers to Annual Premium Equivalent (APE). Sales for Retirement (Annuities & Equity Release) refers to Present Value of New Business Premiums (PVNBP). APE and PVNBP are alternative performance measures (APMs). Further information on APMs can be found in the 'Other information' section of the Results Announcement 2022. | 3. Annualised | 4. Comparatives have been restated for changes in COR following adoption of IFRS 17. Refer to page 6 for further information about changes related to the adoption of IFRS 17. | 5. Baseline controllable costs exclude strategic investment, cost reduction implementation, IFRS 17 and other costs not included in the 2018 baseline.

Life trading performance

Insurance (Protection & Health)

| | Sales ¹ | | | VNB | | |
|---------------------------------|--------------------|------------|----------|------------|------------|----------|
| | Q123 £m | Q122 £m | % change | Q123 £m | Q122 £m | % change |
| Insurance (Protection & Health) | 102 | 92 | 11 % | 60 | 57 | 6 % |

- Health sales¹ were up 25% to £33m supported by strong performance with corporate clients.
- Individual Protection sales¹ were up 16% to £36m with March applications significantly ahead of prior year driven by excellent IFA and Direct performance. Group Protection sales¹ were down 5% to £33m with lower new scheme sales largely offset by an increase in the value of existing scheme increments.
- Value of new business (VNB) grew by 6% to £60m (Q122: £57m) driven by higher volumes in Individual Protection and Health, partly offset by increases in the yield curve which negatively impacts VNB in Protection.

Wealth

| | Net flows | | | Assets under management | | |
|---|------------|------------|----------|-------------------------|------------------|----------|
| | Q123 £m | Q122 £m | % change | 31 Mar 23 £bn | 31 Dec 22 £bn | % change |
| Wealth ² | 2,312 | 2,721 | (15)% | 154 | 147 | 4 % |
| Of which: platform | 684 | 1,454 | (53)% | | | |
| Of which: workplace | 1,765 | 1,412 | 25 % | | | |
| Of which: individual pensions and other | (137) | (145) | 6 % | | | |

- Net flows of £2.3bn remained resilient at 6%³ of opening Assets under management (AuM), despite being 15% lower than the prior year, reflecting the continued market volatility impacting investment activity.
- Workplace net flows were up 25% to £1.8bn (Q122: £1.4bn), benefiting from new business, with 134 new schemes won in the quarter, alongside strong retention and the impact of wage inflation on employee contributions.
- Platform net flows were 53% lower as market volatility resulted in lower investment activity.
- In Succession Wealth we are continuing to enhance our proposition for customers and advisors with better service, a market-leading Aviva platform, and award-winning investment solutions from Aviva Investors.
- Wealth VNB was up 24% to £61m (Q122: £49m) driven by improved margins, and higher volumes in workplace.

Retirement (Annuities & Equity Release)

| | Sales ¹ | | | VNB ⁴ | | |
|---|--------------------|------------|----------|------------------|------------|----------|
| | Q123 £m | Q122 £m | % change | Q123 £m | Q122 £m | % change |
| Retirement (Annuities & Equity Release) | 1,497 | 1,279 | 17 % | 29 | 17 | 73 % |

- Sales¹ were up 17% to £1.5bn driven by higher BPA and Individual Annuity volumes.
- BPA volumes of £1.1bn (Q122: £0.8bn) were up 26%, and included the £850m buy-in of the Arcadia Group pension schemes comprising c8,800 members.
- Since Q1 we have completed the £900m buy-in of the Thomas Cook Pension Plan. Together with schemes where we are preferred provider, this brings YTD volumes to £2.4bn (as at the date of this update). We remain focused on pursuing the right BPA opportunities for Aviva, rather than focusing on market share.
- Equity Release volumes were lower reflecting a slowdown in customer appetite in the higher interest rate environment
- For Annuities, we have enhanced our VNB methodology at Q1 2023. VNB now allows for a target asset mix and expected reinsurance (previously actual assets held and reinsurance inception at the period end) and better reflects the value of the trading performance of the business during the year.
- VNB of £29m was up 73% due to higher BPA and Individual Annuity volumes, as well as a better target asset allocation versus Q1 last year.

Ireland Life

- Sales¹ up 5% to £466m, driven by strong Group Protection performance partly offset by lower savings sales.
- VNB up sharply to £11m (Q122: £7m) reflecting improved margins on unit-linked business following the launch of a new proposition and improved volumes of higher margin Protection business.

International investments

- Sales¹ up 39% to £420m, driven by new propositions and integrated wealth management service offerings in China.

1. Sales for Insurance (Protection & Health) refers to Annual Premium Equivalent (APE). Sales for Retirement (Annuities & Equity Release), Ireland and International Investments refers to Present Value of New Business Premiums (PVNBP). APE and PVNBP are alternative performance measures (APMs). Further information on APMs can be found in the 'Other information' section of the Results Announcement 2022. | 2. Wealth AUM at 31 December 2022 has been restated from £149.2bn after reclassifications to Heritage on adoption of IFRS 17. | 3. Annualised. | 4. Comparatives for Retirement (Annuities & Equity Release) have been restated following updates to VNB methodology. The assumptions used for certain annuity obligations are now based on a target asset mix and allow for expected reinsurance, removing distortions due to timing of asset origination or temporary reinsurance gaps.

General Insurance GWP and COR

| | | | | | | | GWP | | |
|--------------|----------------|--------------|----------------------|------------------|------------|----------------------|--------------|--------------|----------------------|
| | Personal lines | | | Commercial lines | | | Total | | |
| | Q123 £m | Q122 £m | Sterling % change | Q123 £m | Q122 £m | Sterling % change | Q123 £m | Q122 £m | Sterling % change |
| UK | 701 | 627 | 12 % | 703 | 611 | 15 % | 1,404 | 1,238 | 13 % |
| Ireland | 48 | 46 | 5 % | 75 | 63 | 20 % | 123 | 109 | 12 % |
| Canada | 497 | 451 | 10 % | 352 | 302 | 17 % | 849 | 753 | 13 % |
| Total | 1,246 | 1,124 | 11 % | 1,130 | 976 | 16 % | 2,376 | 2,100 | 13 % |

| | IFRS 17 discounted COR ¹ | | | IFRS 17 undiscounted COR ¹ | | |
|--------------|-------------------------------------|---------------|----------------|---------------------------------------|---------------|----------------|
| | Q123 % | Q122 % | Change | Q123 % | Q122 % | Change |
| | UK | 95.1 % | 98.1 % | (3.0)pp | 98.4 % | 98.9 % |
| Ireland | 84.8 % | 103.2 % | (18.4)pp | 89.5 % | 103.2 % | (13.7)pp |
| Canada | 88.6 % | 88.8 % | (0.2)pp | 92.4 % | 90.8 % | 1.6 pp |
| Total | 91.8 % | 94.5 % | (2.7)pp | 95.4 % | 95.7 % | (0.3)pp |

Overall

- GWP up 13% (11% at constant currency) to £2.4bn (Q122: £2.1bn) with double-digit growth in both Personal Lines and Commercial Lines. Canada delivered growth of 9% at constant currency, and the UK delivered growth of 13%.
- COR (IFRS 17 undiscounted basis) was 0.3pp better at 95.4%. The UK was 0.5pp better at 98.4% partly reflecting benign weather, while the Canadian COR of 92.4% reflects a continued return of claims frequency to more normal levels.
- We remain vigilant and are continuing to price appropriately for the high inflation environment.
- Our GI COR ambition of <94% remains (equivalent to the IFRS 17 undiscounted basis).

UK & Ireland

- UK Commercial Lines growth of 15% was driven by strong new business and retention and the continuation of the favourable rate environment. Commercial Lines GWP included 16% growth in Global Corporate & Specialty (GCS) and 15% growth in SME.
- UK Personal Lines premiums were up 12% to £701m (Q122: £627m) reflecting additional rate in the inflationary environment, growth from new propositions such as Aviva Zero and Azur High Net Worth, partly offset by volume reductions on the retail book.
- UK undiscounted COR for Q1 23 was 98.4% (Q122: 98.9%) reflecting benign weather partly offset by adverse prior year development (PYD), primarily in Commercial Lines for a small number of large claims.
- Ireland growth of 7% at constant currency reflects strong rate and retention in Commercial Lines, while the undiscounted COR of 89.5% (Q122: 103.2%) reflects improved efficiency, favourable weather and favourable PYD.

Canada

- Commercial Lines premiums were up 17% (13% at constant currency), with the business benefitting from a favourable rate environment, and strong new business activity and retention across both SME and GCS.
- Personal lines premiums were 10% higher (6% at constant currency) driven by new business growth in the RBC and direct channels, and rate actions.
- Undiscounted COR of 92.4% (Q122: 90.8%) reflects a continued return to more normal levels of claim frequency partly offset by lower CAT activity in the quarter.

1. Comparatives have been restated for changes in COR following adoption of IFRS 17. Refer to page 6 for further information about changes related to the adoption of IFRS 17.

Aviva Investors net flows and assets under management (AUM)

| | Net flows | | | Assets under management | | |
|-----------------------------|------------|------------|----------|-------------------------|------------------|----------|
| | Q123 £m | Q122 £m | % change | 31 Mar 23 £bn | 31 Dec 22 £bn | % change |
| Aviva Investors | (954) | (4,283) | 78 % | 226 | 223 | 2 % |
| Of which: external assets | 171 | (235) | 173 % | | | |
| Of which: internal assets | (544) | (1,194) | 54 % | | | |
| Of which: strategic actions | (581) | (2,854) | 80 % | | | |

- External net flows were positive at £171m against a volatile market backdrop. This reflected higher inflows into credit in 2023.
- Total net outflows of £954m reflect expected outflows from internal assets, mainly from our UK heritage life customers, and £581m of anticipated strategic actions from clients previously part of the Group.
- Assets under management grew by 2% in the period to £226bn, primarily driven by the impact on valuations of fixed income securities from lower bond yields.
- The business continues to focus on improving efficiency through further rationalisation of its product portfolio and streamlining of its operating model.

Capital & centre liquidity

Solvency II shareholder cover ratio

- Estimated Solvency II shareholder cover ratio of 196% (FY22: 212%) was 16pp lower, mainly driven by the 2022 £576m final dividend, £300m share buyback, £75m pension scheme payment, and the net negative impact of market movements where lower interest rates and a reduction in the value of property reduced the cover ratio, which more than offset the operating capital generated in the quarter.
- Estimated Solvency II cover ratio pro forma of 193% after redemption of the Tier 2 notes announced on 16 May.

| £bn | Movements in Q123 ¹ | | | | | | Q123 | Debt repayment | Pro forma estimated at Q123 |
|--|--------------------------------|--------------------------|--------------|----------------|------------------------|--------------|--------------|----------------|-----------------------------|
| | FY 2022 | Total capital generation | Dividends | Share buy-back | Pension scheme payment | | | | |
| Own funds | 16.5 | 0.2 | (0.6) | (0.3) | (0.1) | 15.7 | (0.3) | 15.4 | |
| SCR | (7.8) | (0.2) | 0.0 | 0.0 | 0.0 | (8.0) | 0.0 | (8.0) | |
| Surplus | 8.7 | 0.0 | (0.6) | (0.3) | (0.1) | 7.7 | (0.3) | 7.4 | |
| Solvency II Shareholder cover ratio (%) | 212 % | (4)pp | (7)pp | (4)pp | (1)pp | 196 % | (3)pp | 193 % | |

Solvency II debt leverage ratio

- Solvency II debt leverage ratio of 33% at Q1 23, 31% pro forma for £500m of further deleveraging, including the announced Tier 2 notes redemption.

Centre liquidity

- Centre liquidity of £2.1bn as at the end of April 2023 (Feb 2023: £2.2bn), primarily reflecting the share buyback.
- The 2022 final dividend payment of £576m was paid to shareholders on 18 May.

¹ Rounding differences apply

Appendix

Life PVNBP and Value of New Business (VNB)

| | PVNBP | | | VNB ¹ | | |
|---|--------------|--------------|----------------------|------------------|------------|----------------------|
| | Q123 £m | Q122 £m | Sterling % change | Q123 £m | Q122 £m | Sterling % change |
| Insurance (Protection & Health) | 660 | 696 | (5)% | 60 | 57 | 6 % |
| Wealth & Other | 6,047 | 6,010 | 1 % | 61 | 49 | 24 % |
| Retirement (Annuities & Equity Release) | 1,497 | 1,279 | 17 % | 29 | 17 | 73 % |
| Ireland Life | 466 | 445 | 5 % | 11 | 7 | 56 % |
| UK & Ireland Life total | 8,670 | 8,430 | 3 % | 161 | 130 | 24 % |
| International investments | 420 | 303 | 39 % | 20 | 19 | 5 % |
| Total | 9,090 | 8,733 | 4 % | 181 | 149 | 21 % |

¹ Comparatives for Retirement (Annuities & Equity Release) have been restated following updates to VNB methodology. The assumptions used for certain annuity obligations are now based on a target asset mix and allow for expected reinsurance, removing distortions due to timing of asset origination or temporary reinsurance gaps.

Shareholder asset portfolio

- Aviva's high quality shareholder asset portfolio of £79.6bn at 31st March continues to perform well and is defensively positioned.
- Corporate bonds represent £20.8bn or 26% of the portfolio. Of this 86% is externally rated investment grade and 14% internally rated. Aviva has a long history in private debt, with a robust internal rating model, and these internally rated assets are secured loans with an average rating of 'single A' quality.
- The corporate bond portfolio continues to perform well with <£20m downgraded to a lower rating letter during the first three months of 2023, which was more than offset by c.£280m of upgrades to a higher rating letter, and no corporate bonds downgraded below investment grade.
- Our commercial mortgage portfolio of £5.8bn comprises largely long-duration fixed rate contracts with low average loan-to-value (LTV) ratios of 50% on a fair value basis, or 54% using the nominal loan value.
- Loan interest cover (LIC, ratio of rental income to loan interest cost) remains strong at c.2.7x, leaving our borrowers significant headroom to absorb lower rents or rental voids.
- Financial covenants are in place on most loan contracts, including all new lending. These covenants restrict maximum LTVs and minimum LICs with swift action taken to bring the loan back into tolerance in the event of a breach.
- Our securitised mortgage loan and equity release portfolio of £10.0bn is mostly internally securitised with low average LTVs of 26%.
- 90% of equity release loans have an LTV <50%. <£5m of losses arising from 'no negative equity guarantees' since 2015.
- Equity release new business LTVs are actively managed and we remain a conservative lender within the overall marketplace.
- Further detail is provided in the supplementary slides available on the Group's website.

IFRS 17 accounting changes

- IFRS 17, the new accounting standard for insurers, came into force on 1 January 2023.
- In this trading update, only the General Insurance combined operating ratios (CORs) have been impacted by this change. CORs have been shown on a discounted basis (to align with the requirements of IFRS 17), and also on an undiscounted basis (aligning more closely to the way in which the business is managed).
- Aviva will report Group results under IFRS 17 for the first time at its 2023 interim results in August. Further information, including restated comparatives, will be provided ahead of this.
- The Group's existing disclosures in respect of IFRS 17 comprise an announcement, presentation and video published on 9 December 2022, and disclosures made under IAS 8 in Note 62 of the Aviva plc Annual Report and Accounts 2022 (all available on the Group's website).

Analyst call

An analyst call will take place at 0830hrs BST on 24 May 2023 and will be live-streamed via our website. A replay will be available after the event. www.aviva.com

Click on, or paste the following link into your web browser, to access our shareholder asset portfolio presentation:
<https://www.aviva.com/investors/q1-2023-update/>

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Notes to editors

- All figures have been translated at average exchange rates applying for the period, with the exception of the capital position which is translated at the closing rates on 31 March 2023. The average rates employed in this announcement are 1 euro = £0.88 (Q1 2022: 1 euro = £0.84) and CAD\$1 = £0.61 (Q1 2022: CAD\$1 = £0.59). Where percentage movements are quoted on a constant currency basis, this is calculated by applying year to date average exchange rates to prior period.
- 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 2022 Results Announcement.
- We are one of the UK's leading Insurance, Wealth & Retirement businesses and we operate in the UK, Ireland and Canada. We also have international investments in India, China and Singapore.
- We help our 18.7 million customers make the most out of life, plan for the future, and have the confidence that if things go wrong we'll be there to put it right.
- We have been taking care of people for 325 years, in line with our purpose of being 'with you today, for a better tomorrow'. In 2022, we paid £23.2 billion in claims and benefits to our customers.
- Aviva is a market leader in sustainability. In 2021, we announced our plan to become Net Zero by 2040, the first major insurance company in the world to do so. This plan means Net Zero carbon emissions from our investments by 2040; setting out a clear pathway to get there with a cut of 25% in the carbon intensity of our investments by 2025 and of 60% by 2030; and Net Zero carbon emissions from our own operations and supply chain by 2030. Find out more about our climate goals at www.aviva.com/climate-goals and our sustainability ambition and action at www.aviva.com/sustainability
- Aviva is a Living Wage and Living Hours employer and provides market-leading benefits for our people, including flexible working, paid carers leave and equal parental leave. Find out more at www.aviva.com/about-us/our-people
- As at 31 December 2022, total Group assets under management at Aviva Group were £352 billion and our Estimated Solvency II shareholder capital surplus as at 31 March 2023 was £7.7 billion. Our shares are listed on the London Stock Exchange and we are a member of the FTSE 100 index.
- For more details on what we do, our business and how we help our customers, visit www.aviva.com/about-us

Cautionary statement

This document should be read in conjunction with the documents distributed by Aviva plc (the 'Company' or 'Aviva') through The Regulatory News Service (RNS). This announcement contains, and we may make other verbal or written 'forward-looking statements' with respect to certain of Aviva's plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives (including, without limitation, climate-related plans and goals). Statements containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'could', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential', 'objective', 'predicts', 'ambition' and 'anticipates', and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the announcement include, but are not limited to: the impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally (including those arising from the Russia-Ukraine conflict and uncertainty over the US Debt Ceiling); market developments and government actions; the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; reduce the value or yield of our investment portfolio and impact our asset and liability matching; the impact of changes in short or long-term interest rates and inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including the longer-term impact of COVID-19) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; failure to understand and respond effectively to the risks associated with environmental, social or governance ('ESG') factors; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customers at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; failure to continually attract and retain talented, quality financial advisers; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber attack and theft, loss or misuse of customer data); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation (for example, IFRS 17); the inability to protect our intellectual property; the effect of undisclosed liabilities, separation issues and other risks associated with our business disposals; and other uncertainties, such as diversion of management attention and other resources, relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US, Canada or elsewhere, including changes to and the implementation of key legislation and regulation (for example, FCA Consumer Duty and Solvency II). Please see Aviva's most recent Annual Report and Accounts for further details of risks, uncertainties and other factors relevant to the business and its securities.

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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