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 / Cash and liquidity

General Insurance premiums‡,5	Operating value added‡,10	IFRS profit for the year[8]	Cash remittances‡	Centre liquidity‡
£10,888m	£1,849m	£1,106m	£1,892m	£1,891m
+13%[6]	+13%	+207%	+3%	(15)%
2022: £9,749m	2022: £1,635m	2022[2]: £(1,030)m	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	OCG	Non operating generation	Dividend & share buyback	Debt issuance	**31 December 2023**
	£bn	£bn	£bn	£bn	£bn	**£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%.

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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.