



CGNU

Interim results 2000

2 August 2000



CGNU

Bob Scott

Group Chief Executive

Agenda

- Interim results to 30 June 2000 Bob Scott
- Building distribution power Bob Scott
- Integration update Richard Harvey
- UK stakeholder pensions Richard Harvey
- Wealth management Philip Scott
- Questions & answers

Highlights

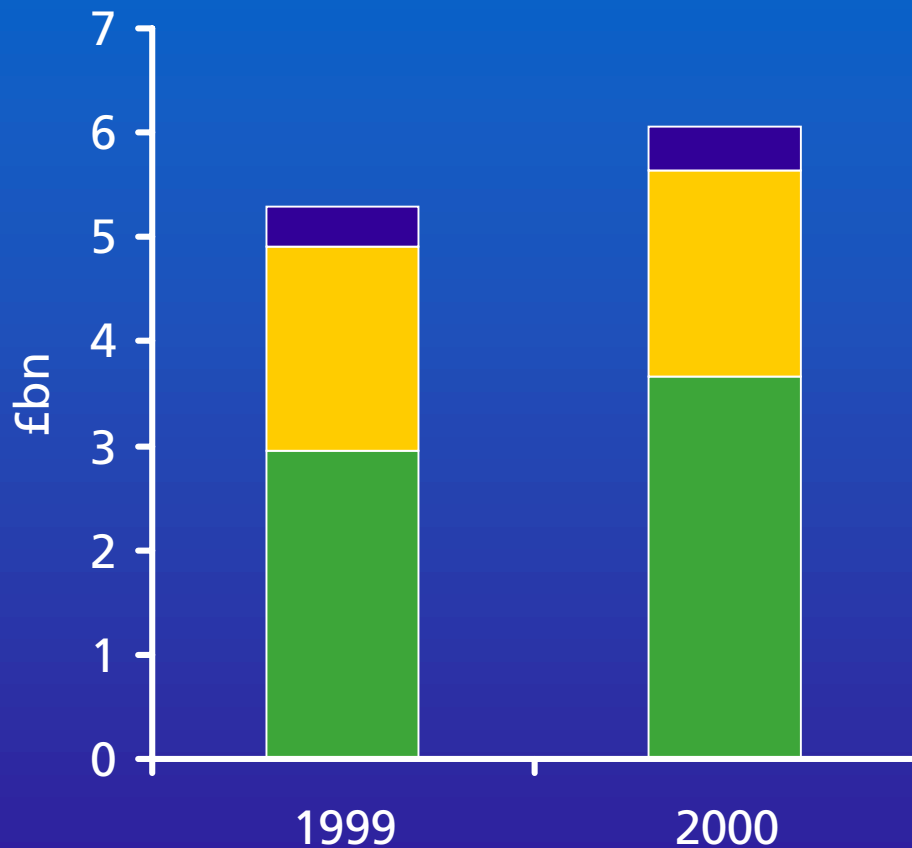
- Operating profit*, including life achieved profit, £800m (1999: £853m) after wealth management development costs of £41m
- Life achieved operating profit increased 24% to £754m
- Long-term savings new business increased by 18% to £6.1bn
- General insurance profit £327m (1999: £370m)
- Interim dividend 14.25p net per share
- Strong business development
- Online wealth management initiative
- Rapid integration progress
- Estimate of cost savings increased to £275m p.a.

* Stated before amortisation of goodwill and exceptional items

Included in 6 months results

French storms	£90m
Corporate costs (one-off) incentive / performance awards	£24m
Business development	
– Wealth Management / asserta home	£41m
– European life: “Navigator” & Poland	£17m
– UK retail investment business	£13m
– Your Move branding and IT infrastructure	£15m
Total	<hr/> £200m

Long-term savings new business



- International
- Europe (excluding UK)
- UK

- Worldwide sales up 18% to £6.1bn (APE +25%)
 - UK £3.7bn +24%
 - France £1.0bn +47%
 - Poland pensions success
- Worldwide retail investment sales £0.8bn +21%
- Australia Navigator sales up 33% to £376m

New business contribution⁽ⁱ⁾



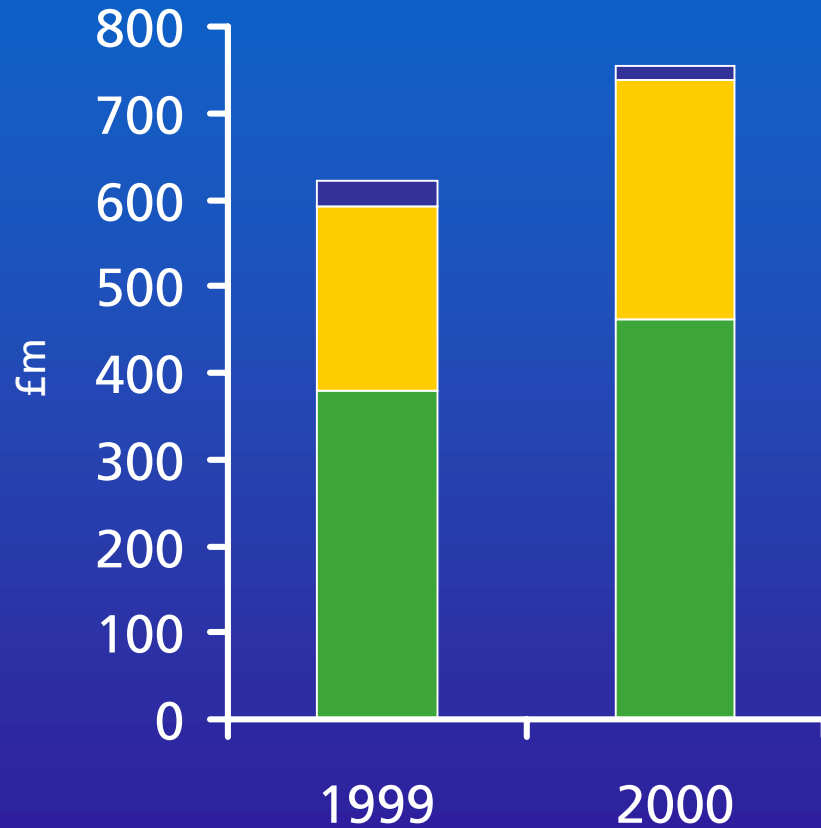
- New business contribution up 13%
- Margins holding in the UK
- Good progress in France and Ireland
- Significant contribution from Polish pensions

	6 months 30 June 2000		6 months 30 June 1999	
	APE	New Business Contribution	APE	New Business Contribution ⁽ⁱⁱ⁾
	£m	£m	£m	£m
UK	479	137	384	111
France	118	39	97	29
Ireland	45	12	23	5
Netherlands	52	9	55	15
Poland- Life	23	5	33	15
- Pensions	109	22	2	-
Other Europe	69	7	142	27
International	45	5	44	10
Total	940	236	780	212

(i) Before cost of capital

(ii) Restated using 2000 economic assumptions

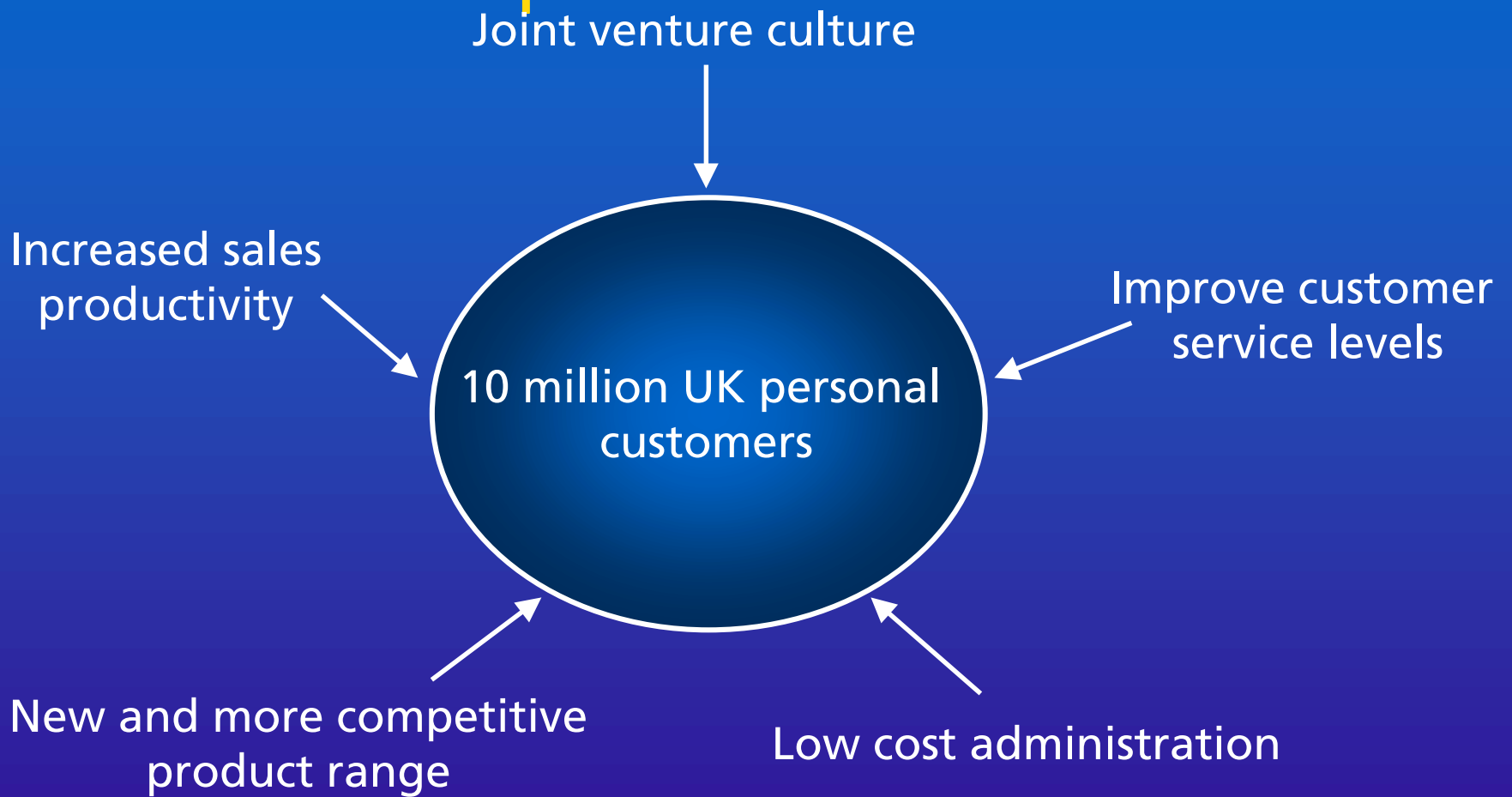
Achieved life operating profit



- International
- Europe (excluding UK)
- UK

- Life achieved operating profit up 24% to £754m
- UK ahead by 22% to £462m
- Profit in Europe (ex. UK) was £277m up 39%

Significant bancassurance opportunity with Royal Bank of Scotland Group



CGNU has extensive bancassurance skills

Bancaja bancassurance partnership in Spain



- Bancassurance - some 80% of life sales in Spain
- Bancaja - 4th largest savings bank in Spain
- CGNU will acquire 50% of life insurance subsidiary, Aseval, with management control, making CGNU a top-ten player
- Aseval is a fast growing life and savings business
 - 65% per annum growth since 1995
- Exclusive access to 2.4m customers
- Aim to complete and roll-out product range in Q3 2000

Building distribution power

General insurance operating profit



- General insurance profit £327m (1999: £370m)
- Underwriting result deteriorated by £149m
 - France impacted by late notification of storm claims £90m
 - UK underwriting result improved by £20m
- Combined operating ratio 109% (1999: 106%)
 - 2% impact from French storm claims
- Long term investment returns up £106m

UK General Insurance

- Underwriting loss improved by £20m to £157m
- Significant improvement in motor accounts
 - rate increases outstripping claims inflation
- Number of large commercial claims impacted commercial property account
- Personal lines combined operating ratio 101% (1999: 103%)
 - overall combined operating ratio 106% (1999: 107%)
- Lowest expense ratio amongst major providers 10.6% (1999: 11.6%)

Focus on personal and small commercial lines

Refocusing the business

■ US P&C sale

- negotiations underway
- planned completion around the end of 2000

■ Selling

- South Africa general insurance
- Germany general insurance
- Canada life



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Richard Harvey

Deputy Group Chief Executive

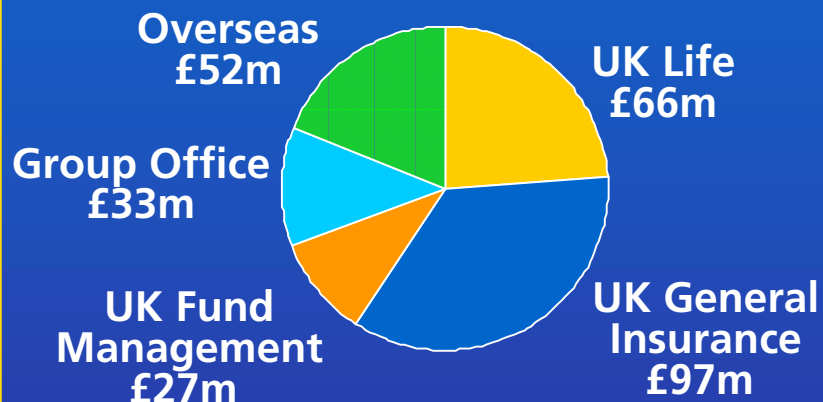
CGNU integration update

- Merger effective 30 May 2000
- Integration progressing well
 - previous experience being applied
- Senior management teams appointed
 - over 1,000 appointments in total
 - cascading through organisation rapidly
- Selected strongest brand in each market
- Selecting best IT platforms

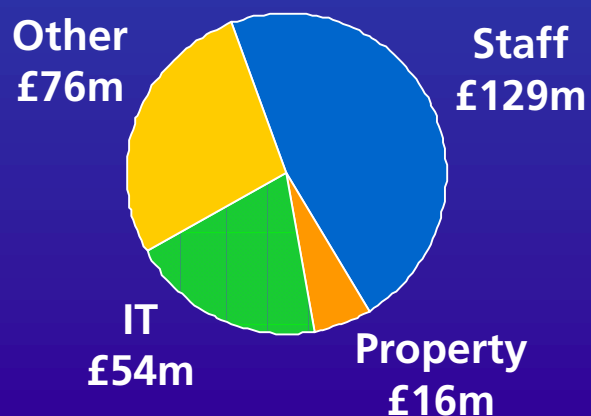
Target date for completion of integration - 31 December 2001

Cost savings increased

Merger savings by business



Merger savings by type of expense



- Estimated annual cost savings* increased to £275m following "bottom-up" exercise
- Achieve annualised savings by 31.12.2001
- Estimated cost of achieving savings increased to £425m from £350m
- Staff reductions in the UK unchanged at 4,000

* excluding savings accruing to life policyholders

UK Life integration

- Strong market position
 - 10% market share
 - with-profits strength
 - multi-distribution
- Low cost operators and will drive lower unit costs
- Launch day 2 October
 - single Norwich Union brand
 - integrated product range and salesforce
- Continuing high customer service levels

UK stakeholder pensions

Complementary strategies



Product	Target market	Distribution	Design	Common attributes
YourPension @CGU launched June 2000	Individuals	Sales driven IFAs	Simple "off the peg"	<ul style="list-style-type: none"> • Free switching into stakeholder April 2001 • e-enabled administration to reduce costs • Use multi-distribution capabilities
NU new GPP launched 1 August 2000	Group personal pensions Active employers	Advisory IFAs	Tailored by the employer	

Aim to be largest stakeholder pension provider

Fund Management (UK)

- Investment organisation distinct from insurance businesses
 - Morley brand for institutional funds
 - Norwich Union brand for retail funds
- Integration of front office complete
 - retained all key individuals
- Active investment philosophy established
- Strong fund management capability critical to new business sales
- Lower unit costs driven by Morley back office processes
- Total investment sales £521m
 - Cat-standard Isas £172m

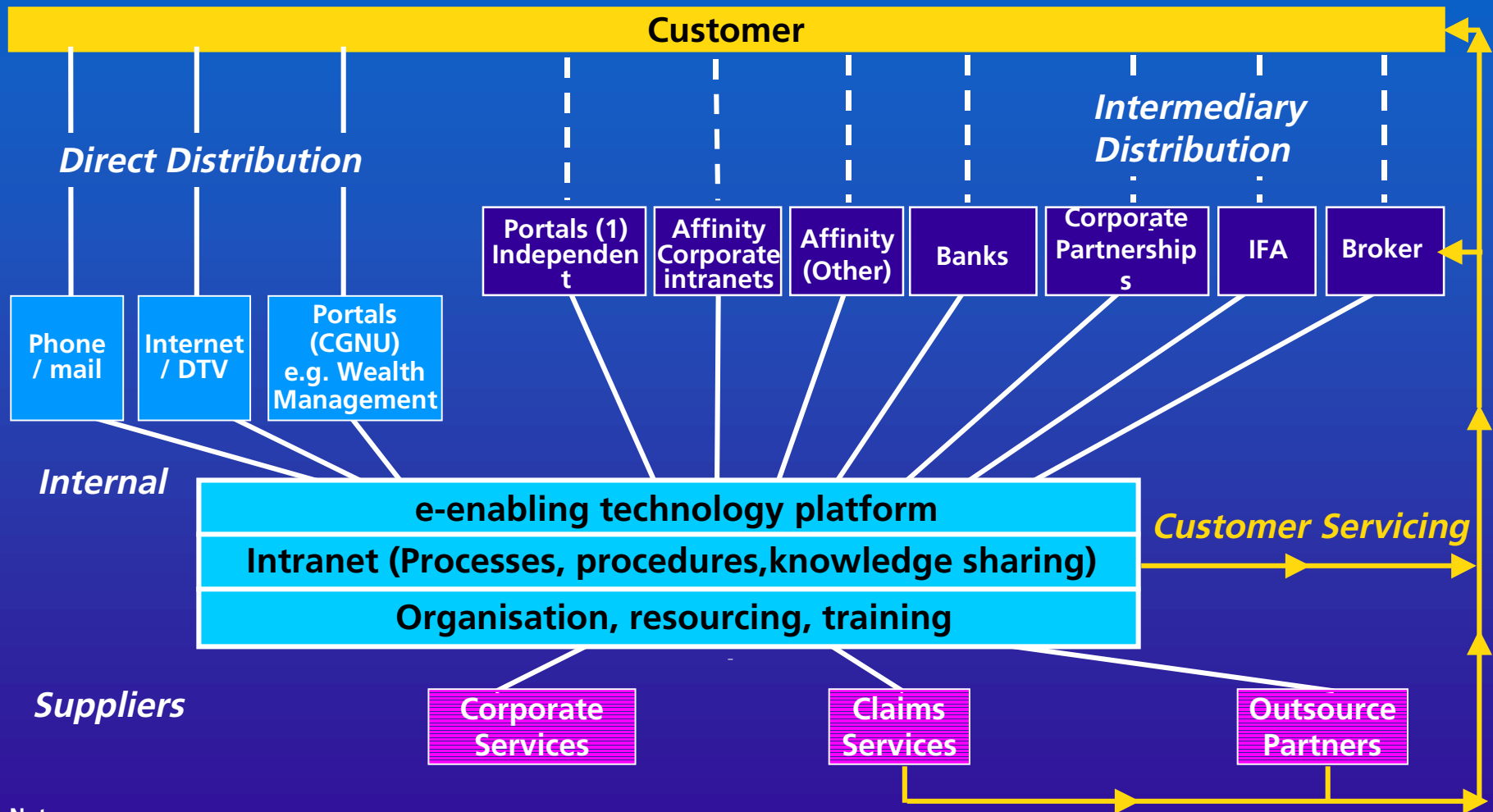
2nd largest UK based asset manager with £216bn assets under management

UK General Insurance integration



- Maintaining underwriting focus
- Customer focus and greater efficiency from Total Incident Management claims process
- Product range to be announced in August
- Future systems selected in all business lines
- Rationalising locations
- Single Norwich Union brand and salesforce on 2 October

Group Strategy - e-business



Notes

1. Portals can be CGNU owned (and branded), or independent generalists (Yahoo)/specialists(III)
2. Dotted lines (-----) indicate an indirect CGNU relationship with the client
3. Solid lines (_____) indicate a direct relationship with the client



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Online Wealth Management

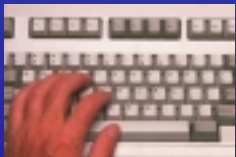
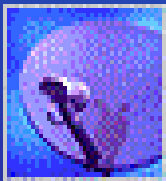
Philip Scott
Executive Director, UK Life

Online Wealth Management in the UK



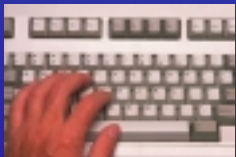
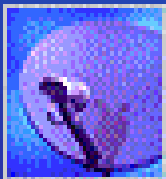
- A customer-centric approach

Online Wealth Management in the UK



- Using a range of digital platforms

Online Wealth Management in the UK

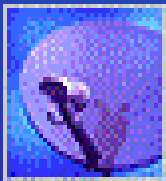


- Supported by the Norwich Union brand

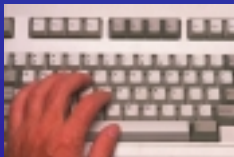
Online Wealth Management in the UK



- **Trusted partner services**
 - Financial planning & money management tools
 - Money news & education



- **Ability to buy online**
 - Norwich Union products
 - White label products
 - Supermarket of funds
 - Share dealing
 - Banking products



Personalised offering through e-customer relationship management

Online Wealth Management in the UK



OCTOBER 2	Quarter 4 2000	JANUARY 2001	1st HALF 2001	2nd HALF 2001
L-day	Market Introduction	Full marketing launch	Banking services launch	Ongoing proposition development
<ol style="list-style-type: none"> 1. Demonstrator 2. Financial health check 3. Pre-registration 4. Feedback 	<ol style="list-style-type: none"> 1. Trusted Partner Services <ul style="list-style-type: none"> • Financial planner • Money Manager • Info zone • Education • Money news 2. Supermarket of Funds 3. Share Dealing 	<ol style="list-style-type: none"> 1. Trusted Partner Services <ul style="list-style-type: none"> • Life events • Interactive links 2. Supermarket of Funds 3. Share Dealing 	<ol style="list-style-type: none"> 1. Deposit accounts 2. Credit card 3. Mortgages 4. Personal loans 	<ol style="list-style-type: none"> 1. Investment and protection products 2. Enhanced banking products & services 3. Trusted Partner 4. Services development
Build customer database	Develop experience and capability prior to launch	Wealth Management launch	Breadth of product range grows	Full wealth management services & experience available

Personalised offering through e-customer relationship management

Online Wealth Management in the UK



- Phased implementation to ensure quality of service
- Targeting the 'e-literate'
- Growing penetration of 'middle England'
- £250m investment to the end of 2002
- Anticipate profit contribution by 2003

www.assertahome.com launched May 2000



- Customer attraction strategy through a key life event, home moving
- One year goal to be dominant home buying portal
- 50% of home market covered - over 200,000 homes committed
 - over 15 million page impressions
 - over 200,000 unique visitors
- £19 million in completed mortgages
- After one burst of TV advertising:
 - boost group 25-54 yrs, internet users, ABC1, buying a home
 - 30% spontaneous / 46% prompted
- Launching on iDTV with Telewest

Leading home portal





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