



Simon Machell, Chief Executive, Asia Pacific

Preliminary Results, 28.02.2008

Q: Let me begin by asking you how did your operations perform in Asia Pacific last year?

A: We had a great year in Asia Pacific last year. We grew by about 60 per cent overall which is well ahead of our growth targets. We also now represent about 11 per cent of new life premiums for the Group, which actually is up on 8 per cent from halfway through last year. So again, we're very pleased with that.

We've been able to work off the back of the buoyant economies across the region. It has meant that our growth has actually worked pretty well across most of those places - growth in excess of 50 per cent in a lot of the different countries in which we operate.

Also, the way that people are buying their products in Asia now is starting to change. We're selling a lot more of the wrapped platform type products which again have been very successful for us in Singapore and in Australia and, again, a lot of the growth has been driven by that.

Q: So what for you were the highlights?

A I think the highlight for me was setting up the new regional office. We did that in July of last year, bringing together a number of diverse businesses from across the region. That's meant now that we can share knowledge and expertise around the place. We can build something once and then deploy it many times.

We've also developed some new relationships with bancassurance partners. We've got new markets in Malaysia, in Taiwan and in Sri Lanka in terms of new bancassurance relationships that have come in the last year or so.

Finally, around what we're doing with IFAs; the relationship we have with IFAs continues to grow, continues to prosper, based off the back of their growing businesses as well.

Q: And what were the key things driving this growth?

A: I think the key driver is the speed at which the economies in which we're operating are growing, across the Asia Pacific region. So the economies

are all seeing in excess of 4 per cent growth and some of them up to 9 and 10 per cent growth. So we're catching that wave of growth coming through the Asia Pacific region.

We've also managed to do pretty well in terms of our relationships with bancassurance partners. That again has been one of the big drivers for us in terms of having a trusted relationship with the biggest banks in each country that we can do business with. So, for example, we got into Malaysia and to Taiwan last year on the back of a bank relationship in each of those places. We've done the same thing in Korea. So actually our relationships are very important. That also goes through to working with IFAs. We work with independent advisers across a lot of the countries and again that's worked very well for us. As our trust with them grows, we become a more important part of their portfolio.

Q: So what sort of growth rates are you targeting?

A: We set ourselves a growth rate of 20 per cent year-on-year growth across the Asia Pacific region. That will come through a combination of organic growth with the businesses we've got already, but also looking at new markets where new markets make sense for our shareholders.

Q: On the face of it you seem to find building these relationships quite easy, but how do you go about doing that?

A: I think building relationships is never easy. You have to work quite hard at it, but we've got some great experience from around the Group in terms of how that's been done. The bancassurance relationships we had in Italy and Spain particularly were really pioneering and we've taken what's been done there and applied that to Asia Pacific. So, if you go back, the first one we did was in Singapore with DBS in 2001 and again, we've built from that going forward. So the most recent one, for example, in Korea where we've built a relationship with Woori Bank, the second biggest bank in Korea, again they look at what we've done elsewhere in the world, they see how we've worked with the banks and actually they like what they see. So therefore, to some extent, we've become a natural choice for a number of banking partners because of our credibility in other countries.

Q: Looking ahead, what's your strategy for further growth in the Asia Pacific region?

A: Again, I think for us it's more of the same really. We'll look at extending our footprint where that makes sense from our shareholders' point of view, but actually we've got a number of businesses which are relatively small at the moment, so we've got quite a lot of organic growth to come through basically taking those businesses just after we've entered the market and making them into much bigger businesses.

Q: So what differentiates you? What makes Aviva stand out from its competitors in the region?

A: Well, I would say we're a relatively late entrant to the Asia Pacific region. We've been there really for the last six or seven years. We've managed our growth off the back of very strong relationships, particularly with banking partners and again, we think we're the best at doing that across the whole of the region. We've built some very strong powerful relationships using the bank's local skills and expertise in understanding their local market and distribution, and bringing our insurance expertise in. We think you put the two of those together and you get a fantastic dream combination.

Q: Talking of competition, you have some pretty strong competitors, so why do you think you'll be successful?

A: I think we've got a very strong base from which to grow. We've actually managed to expand our footprint quite a lot in recent years. We've also got some fantastic partners who we work with, both in the bancassurance space in a number of different countries, but also some of our other partners, such as COFCO in China and Dabur in India, have actually given us a huge amount of support.

I think we've also got a very strong brand. I think our brand really resonates across the region and we're very pleased with the impression that's creating. It's becoming more and more well known, and more recognised across the region.

We also have a great relationship with independent advisers as well. So we've got a product set which we believe actually gives them good value on products that they want to sell.

I think the final thing is around the whole "One Aviva, twice the value" approach. Actually, we're now working together as a region in a way we didn't really work before and that's starting to bring us real synergies. The fact that we can build something once and then deploy it many times, we believe gives us a real advantage.