**AVIVA PLC FULL YEAR RESULTS 2016 VIDEO**

**00: 30**
**Financial highlights**

Hello, I'm Mark Wilson. I'm CEO of Aviva. Now, it's probably an understatement to say that 2016 was a year of a lot of upheaval, particularly political. But you know when it comes to Aviva, our results were simple and clear-cut. It was about more.

More operating profit, more cash, more capital, more dividend. And you know, more to come. But I want to let the numbers today speak for themselves, but let's look at a few of them.

So, first of all, operating profit.

Operating profit is up 12%. 12% to a little over £3billion. Now that's ahead of consensus and, I might add, that it's the 4th consecutive year we've grown operating profit.

EPS - earnings per share - that's also up, that's well ahead of consensus. That's 3% up and that's despite the dilution from the Friends Life transaction.

**00:58**
**BALANCE SHEET STRENGTH**

Now the balance sheet's important. Everyone focuses on the balance sheet and rightly so. And I think we've gone from having a relatively weak balance sheet, to certainly, I would suggest, one of the strongest around. Our balance sheet, the Solvency II capital, that's up to 189%. And when you consider our working range is only 150 to 180%, I'd accept that we are well outside our working range. Now we've signalled this before, we signalled we thought we were going to get here and I know we've got excess capital, so the real question is what are we going to do with it? We're going to do a few things.

We are going to continue to invest in our high quality franchises. That's one.

Secondly, we are actively planning for a return of capital to investors in 2017. And thirdly we've got some expensive debt out there and we're going to pay that down as well, use some of our excess capital for that. That's all good for the business, it's all in our toolkit and we're going to use it this year.

**1:57**
**DIVIDEND**

And then of course there's the dividend. A lot of focus on the dividend - and rightly so.

Now, our investors know we have a target pay-out ratio, we want to increase that to 50% by the end of this year and so we're part way through that range as well. So very good progress indeed in the dividend.

**2:21**
**CUSTOMERS**

But at the end of the day we're there for our customers. We have 33 million customers - about 16 million here in the UK. And in the last 12 months we paid out £34.4 billion pounds in claims and benefits.

**2:36**
**HOW OUR BUSINESSES PERFORMED**

And what about our businesses? We operate in a number of different business lines and different geographies around the world. In our key businesses we've seen some pretty solid growth. Of course we've got life insurance, general insurance, insurance, asset management - and all of these numbers are again going in the right direction. This is really a benefit of our diversity and our diversity means we can get consistent growing results, despite uncertainty in a number of markets or changes around the world.

So let's look at general insurance net written premiums are up 15%. That's our best growth in 11 years.

The operating profit for general insurance is up 17% and that's a pretty solid result as well. Some of the highlights - in the UK, the Homeserve and TSB relationships[have] gone well. And in Canada the acquisition of Royal Bank of Canada's insurance operation has been fully integrated and I must say the results out of that business after the first few months have been higher than our business cases would have predicted. So that's been a highly encouraging start indeed.

And you know what; in general insurance there's much more to come.

Our health insurance business, you know I think that's a hidden gem. Its operating profit was up 19% and I think there is still more to do there and I have high expectations.

The international businesses – well, they were mixed. Europe was resilient in a pretty challenging market, but it is fair to say there is still more to do in our European operations.

Asia: Asia's purely a disruption strategy, and I believe the Asian business models and the market are ageing, it's ripe for disruption and I think we are the company to do it - and we have some pretty high hopes there. Another highlight in Asia was the deal with Tencent and Hillhouse. That's a disruptive digital insurance strategy, and you know what – in a market that is maturing like Asia is, I think that is the future.

And what about life insurance? It's an important business, it is our biggest business. What you saw again was another year of consistent, solid growth. Operating profit up 8%, value of new business up 13% - despite the challenging markets. And in terms of the UK Life business, they delivered all of the Friends savings - the Friends integration cost savings - one year early, so that was a pretty good result.

What we have seen in the life businesses, particularly in the UK, is resilience because we have a full range of products. And I think with Aviva in terms of this, business has continued to buck the Brexit blues, and where one product was a bit slow like bulk annuities, other products like some of the investment products and the fund management products, and the protection products – they showed some really good solid growth. And again, it's that resilience we want to see throughout our businesses.

Asset management: It's really been a breakout year for asset management. After a few tough years, and restructuring and getting the hero products out there, that business has delivered some really solid inflows. In fact, some of the best in the market. The AIMS product – that tripled from three billion funds under management to nine billion funds under management and I believe continues to lead the market.

We have got a great team in place, it's now 5% of our operating earnings and growing, and it really is becoming a core part of our operation.

I've set out the vision that Aviva wants to be a 320-year old disruptor. We want to be a digital insurance disruptor. And you know what? I think we're the most advanced out there.

We have managed to get all our customer systems talking to each other and that's quite a feat for any large insurance company.

We've doubled the customer registrations on our major portal, MyAviva - up to five million customers - and the customers using it have a satisfaction score of 75%. We've got our digital garages in Hoxton and Toronto and Singapore. We have the regulators working with us to make sure the regulations are right and appropriate for digital. And make no mistake – digital and Aviva, I think <u>both</u> of those are the future.

**7:20**
**LOOKING AHEAD**

You know, a few years ago I set out our vision, our promise to investors about cash flow and growth. I think it's pretty clear now we <u>are</u> delivering on both of those.

But it is not enough just to deliver on one or two years. We need to deliver year after year after year, and I think our franchises are well-positioned to do that. We delivered this year, I think, a great set of numbers.

More profit, more growth, more cash, more capital and we are being very clear today on the strength of our balance sheet. The fact that we're now planning to give some capital back to shareholders and pay down debt, I think really underlines the strength of our balance sheet.

But you know, not all in the garden is rosy and I think there is still much, much more to do. I think as a business we are not as efficient as I would like us to be in all areas. Not all of our countries are going well. You know, we've broken our countries into oaks, acorns and apple trees and we've still got some work to do on the apple trees, and we have said that we are going to withdraw some capital from some of our businesses and reallocate it to others.

So, what can investors expect? Well, I have set out a target that we are going to grow operating profit by mid-single digits. I think our results in 2016, in a challenging year prove that we can do that.

We have also said that we are going to get seven billion in remittances from the businesses back to Group. I think our results this year, with a 20% increase in remittances also show we can do that.

And we've also said that we are going to get a 50% payout ratio on dividend.  I think that just shows, once again, all we are doing is doing what we said we would – and <u>that's</u> the Aviva I want to see.