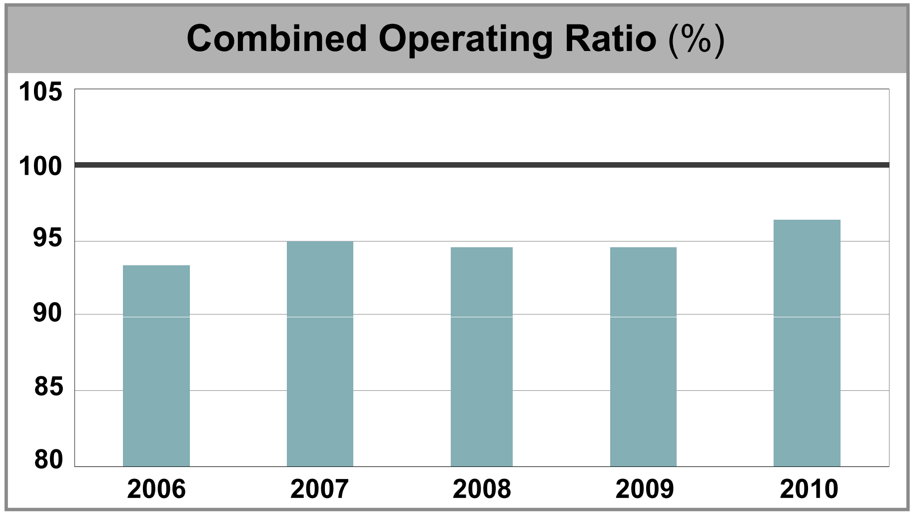
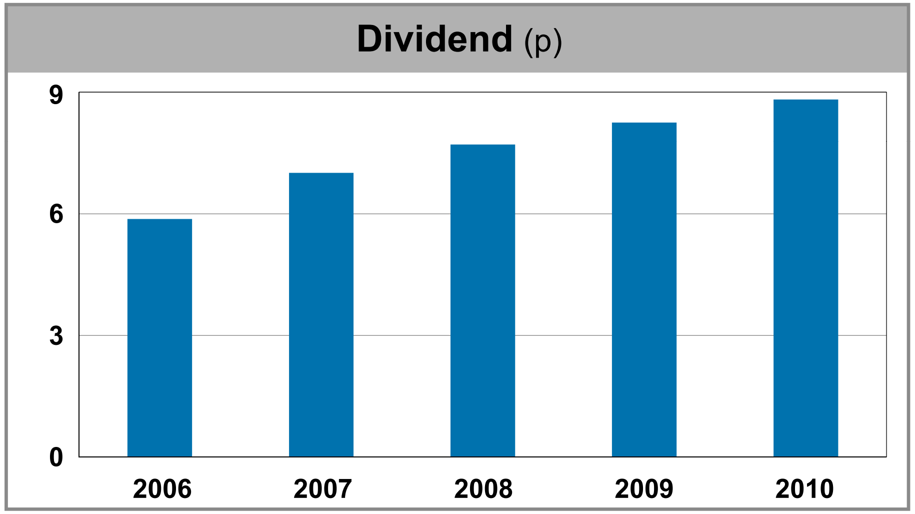
RSA UPDATE

First Quarter 2011

A HIGH PERFORMING BUSINESS

- **Pure play general insurer with strong positions in attractive markets**
- **Market leading capabilities and technical excellence**
- **Commitment to underwriting discipline**
- **High quality, low risk investment strategy**
- **Strong balance sheet and capital position**
- **Delivering sustainable profitable performance**





A STRONG AND DIVERSIFIED PORTFOLIO

		FY 2010
UK	**Personal** **Commercial**	PREMIUM **£2.9bn** COR **102.2%**
International	**Scandinavia** Denmark, Norway, Sweden & Finland **Canada** **Europe** Ireland & Italy	PREMIUM **£3.5bn** COR **90.6%**
Emerging Markets	**Latin America** 7 countries **Central & Eastern Europe** 6 countries **Asia & Middle East** 7 countries **Associate** India	PREMIUM **£1.1bn** COR **98.7%***

*Consolidated businesses only

- **Strong, well balanced portfolio, with markets at different stages of development and the insurance cycle**
- **Confident outlook for 2011**
  - **UK to deliver targeted top line growth and a much improved u/w profit**
  - **International to deliver c10% growth and strong profitability**
  - **Emerging Markets to again deliver double digit growth in 2011**
- **Portfolio to continue to shift towards International and Emerging Markets**
  - **UK targeted growth strategy unchanged**
  - **International and Emerging Markets to represent around 70% of premiums within five years**

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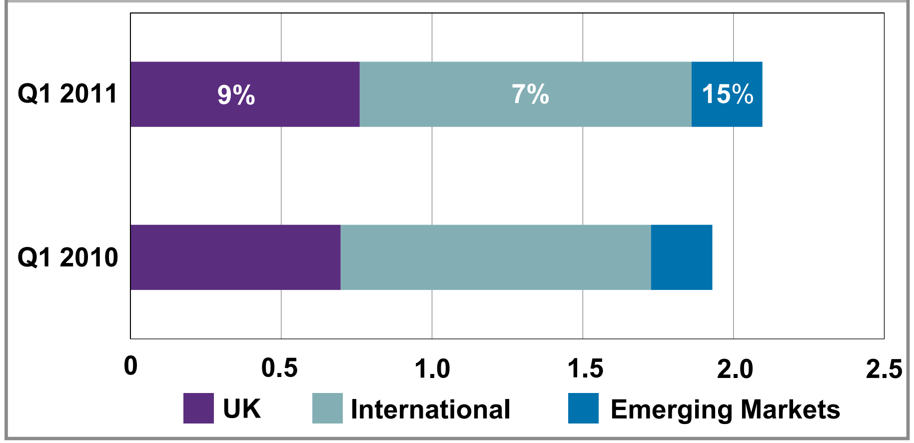
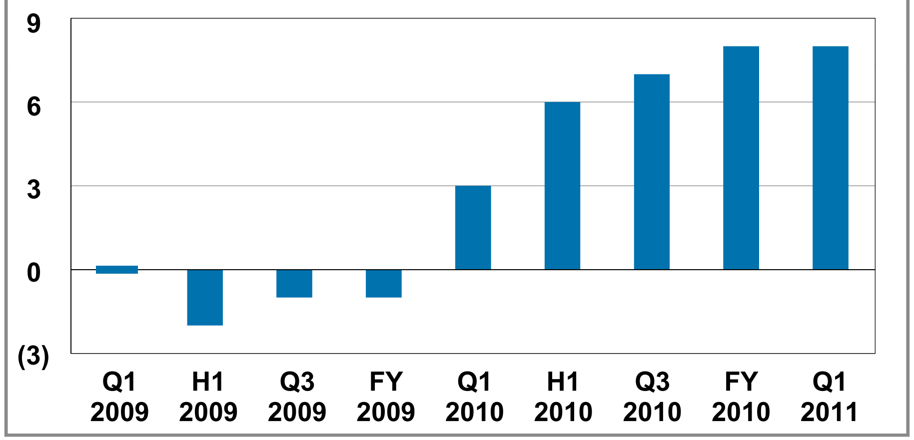
Q1 2011: CONTINUED STRONG TOP LINE MOMENTUM

- **Growth of 8% equals 5% from deals and 4% rate offset by a 1% reduction in volume**
- **International NWP up by 7% as reported**
  - **Scandinavia down 1%. Personal up 4% offset by Commercial, down 5%**
  - **Canada up 26% and Ireland up 19% supported by recent acquisitions**
- **UK NWP up by 9%**
  - **20% growth in Personal lines driven by Tesco Pet deal**
  - **Commercial up by 1% with growth in Specialty lines offset by capacity withdrawal in Mid-Market**
- **Emerging Markets NWP up by 15% led by Latin America, up by 22%**

Growth in NWP at Reported FX (£bn)



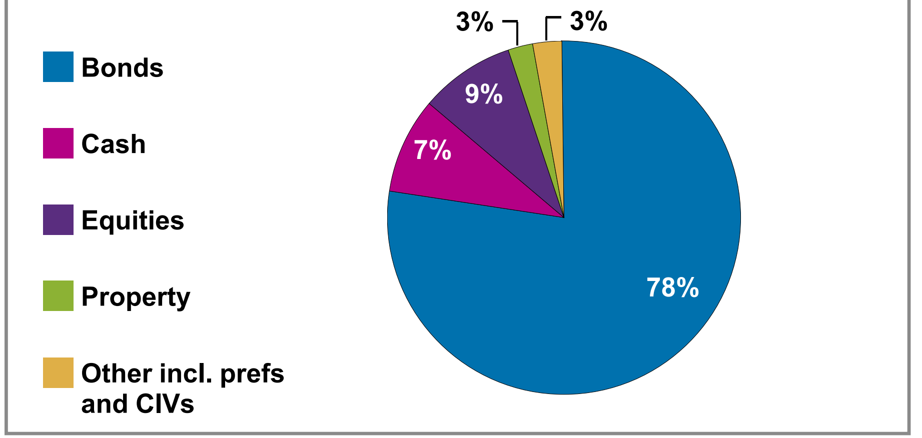
YTD NWP Growth at Constant FX (%)



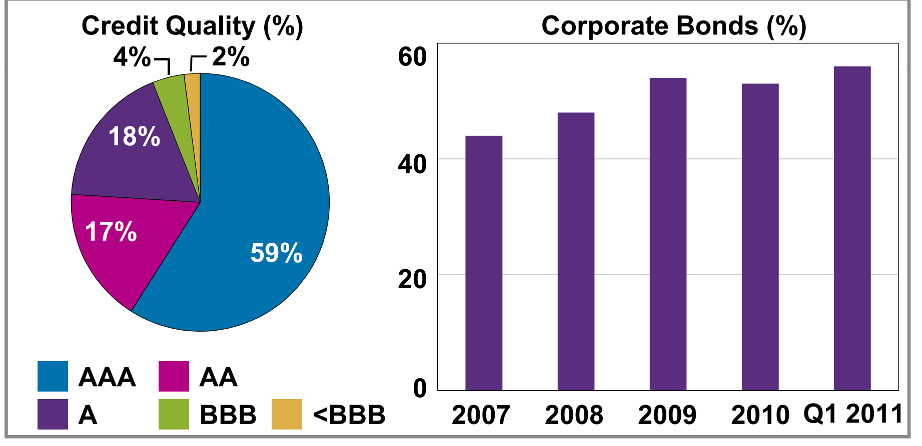
Q1 2011: HIGH QUALITY INVESTMENT PORTFOLIO

- High quality fixed income portfolio
  - 98% of bonds are investment grade
  - Average duration of 3.4 years
- Taking action to mitigate falling yields
- Non government bonds at 56%, up 3% from year end due to GCAN acquisition
- Cash of £1.0bn down by £0.3bn from year end following GCAN acquisition
- Total investment portfolio of £14.8bn, in line with year end
- Limited exposure to peripheral Europe
  - £206m in Sovereign bonds

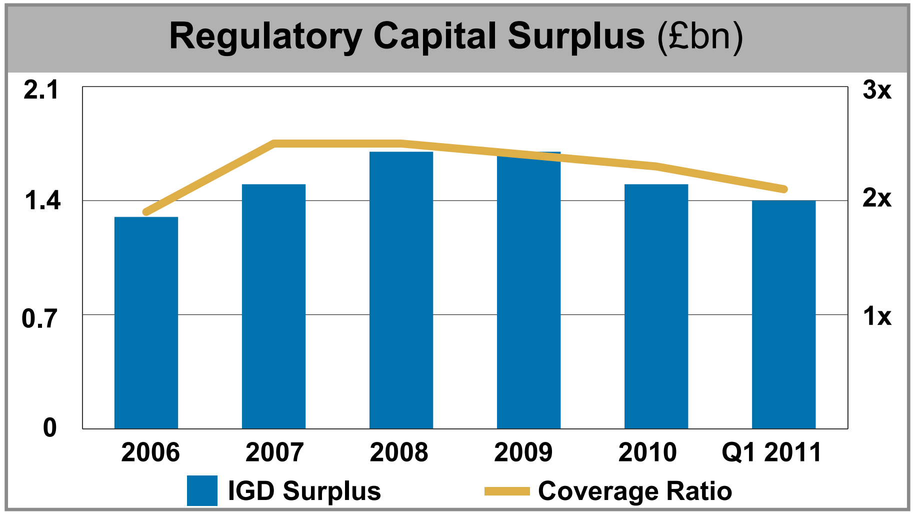
Q1 2011 Investment Portfolio (%)

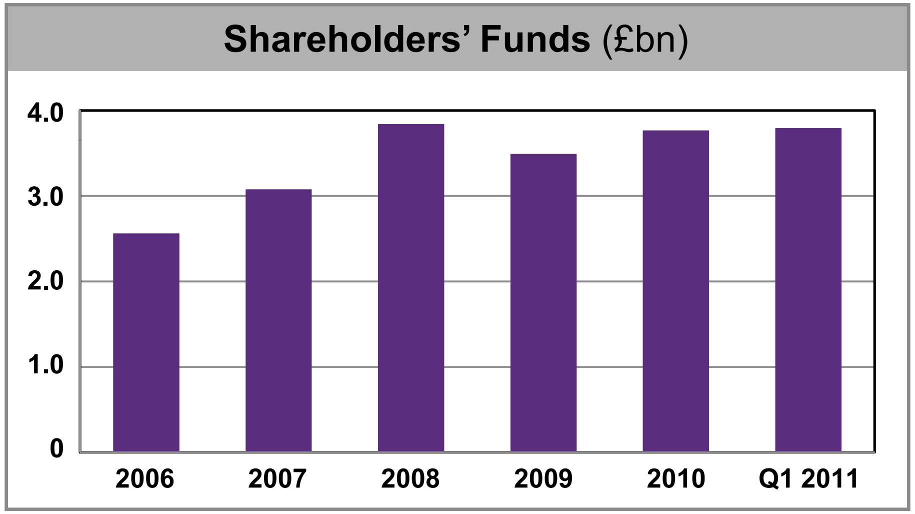


Q1 2011 Bond Portfolio



Q1 2011: STRONG CAPITAL POSITION





- Regulatory surplus of £1.4bn includes impact of GCAN acquisition
- Coverage strong at 2.1x requirement
- Economic capital surplus reduced by £0.1bn to £1.0bn due to the final dividend
- Continue to make progress on Solvency II
  - Now in internal model pre-application phase and completed QIS 5
  - Concerned by reporting requirements and complexity of calculations
- Rated 'A' positive by S&P, 'A2' stable by Moody's and 'A' stable by AM Best
- Shareholders' funds of £3.8bn

TOP LINE GROWTH AND UNDERWRITING RESILIENCE IN 2010

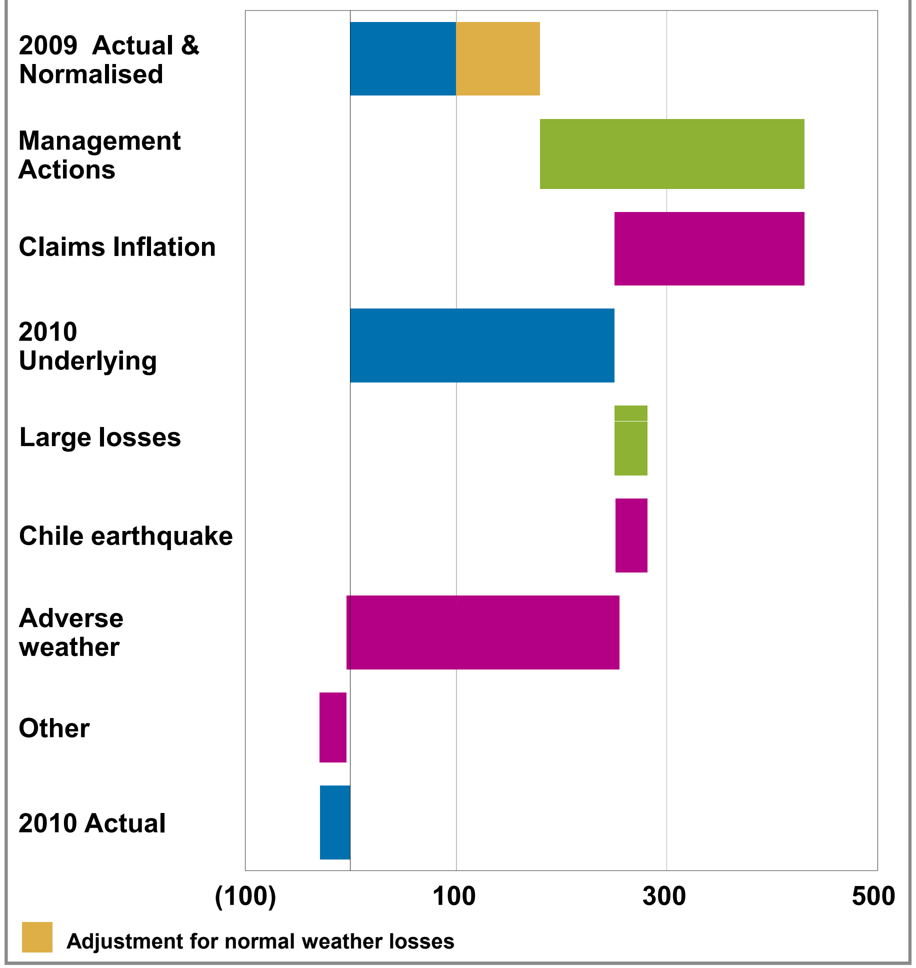
(£m)	2010	2009	Mvt.
Net written premiums	7,455	6,737	+11%
Underwriting result	238	386	(38)%
Combined operating ratio	96.4%	94.6%	(1.8)pts
Investment Result	538	523	+3%
Operating Result	636	777	(18)%

- Robust performance in tough conditions
- Continued to drive the Group forward
- NWP up by 11% (8% constant) with strong growth across all regions
- COR of 96.4% includes 3.5pts of adverse weather and Chile earthquake
- Investment result of £538m up by 3%
- Operating result reflects portfolio diversity and benefit of management actions
- Confident outlook for 2011

RESILIENT UNDERWRITING PERFORMANCE

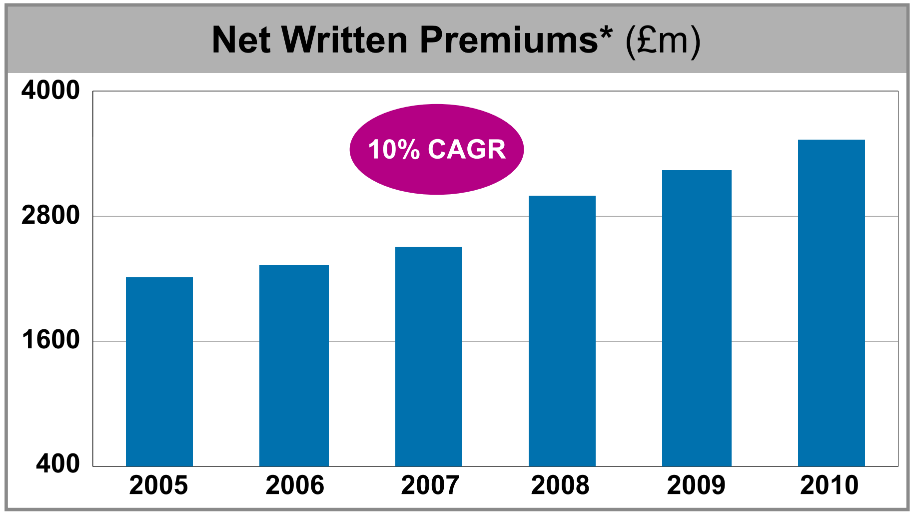
- **Underwriting profit of £238m consists of £267m PY profit and £29m CY loss**
- **Positive run-off in all regions**
- **Underlying current year remains strong**
  - **Management actions of £250m offsets claims inflation of around 4%**
  - **2010 underlying of £250m adjusts for normal levels of weather**
  - **Chile earthquake net loss of £30m**
  - **Actual weather losses £255m worse than normal across Group**
- **Resilience due to risk selection, underwriting discipline, conservative reserving and reinsurance**

Movement in Current Year U/W Result (£m)

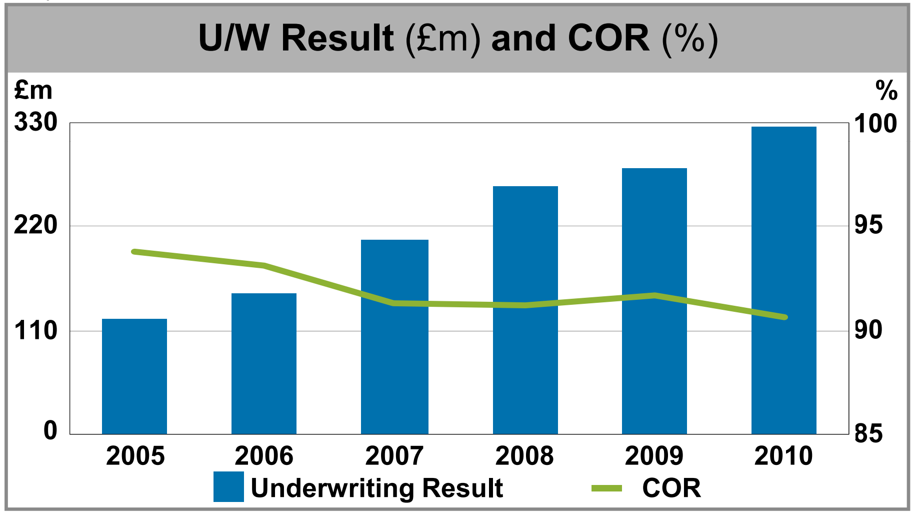


INTERNATIONAL: STRONG BUSINESSES IN ATTRACTIVE MARKETS

- **10% CAGR since 2005; underwriting result up from £122m to £325m**
- **Outperforming in the 3 largest markets and making good progress in Italy**
- **2010 was another great year; built strong momentum going into 2011**
  - **Target No.3 in Canada in 2011 and Johnson NWP of C$1bn in 2012**
  - **Scandinavia to continue to deliver market-leading profitability**
  - **Italy to return to u/w profit in 2012**
  - **No.1 in Irish market by end of 2011**
- **Expect overall growth of c10% and continued excellent profitability**



* Reported FX



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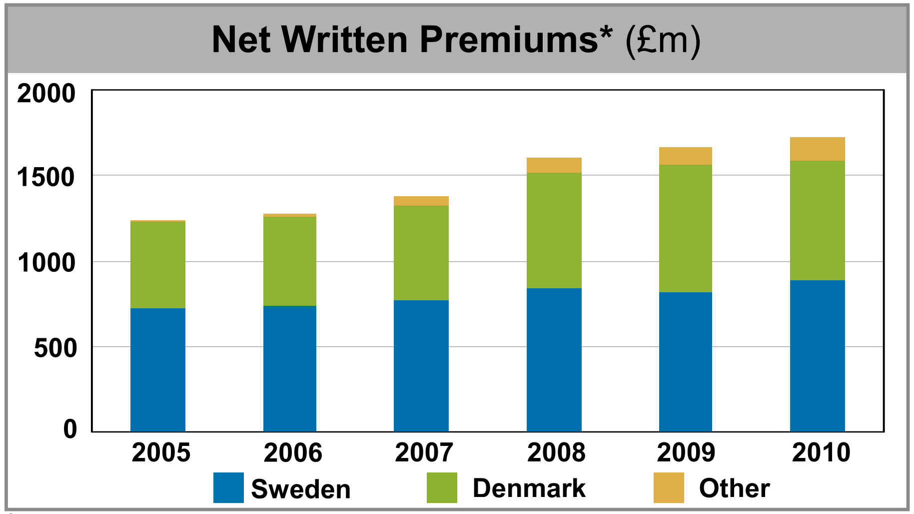
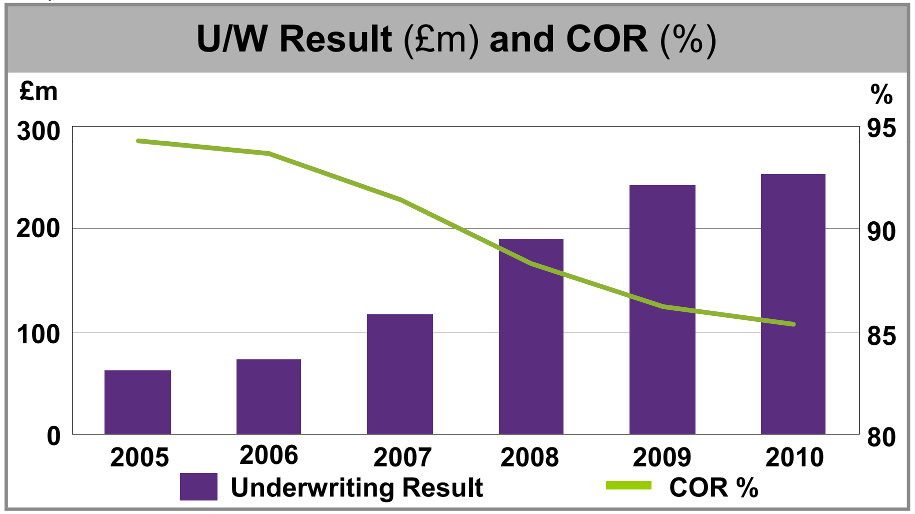
SCANDINAVIA: TOP LINE DISCIPLINE AND STRONG PROFITABILITY

- **Personal NWP up by 7% in 2010 mitigating reduced Commercial exposures**
- **Focus on expanding distribution, Norway and target segments**
- **Sveland and Tryg Marine renewal portfolio integrations on track**
- **Market leading profitability due to focus on risk selection, pricing and expenses**
- **Underwriting result of £254m and COR of 85.4% despite adverse weather**
  - **Strong performances in Commercial, Swedish Personal Motor and PA**
- **Delivered £70m of cost savings against a target of £50m; expense ratio of c14%**

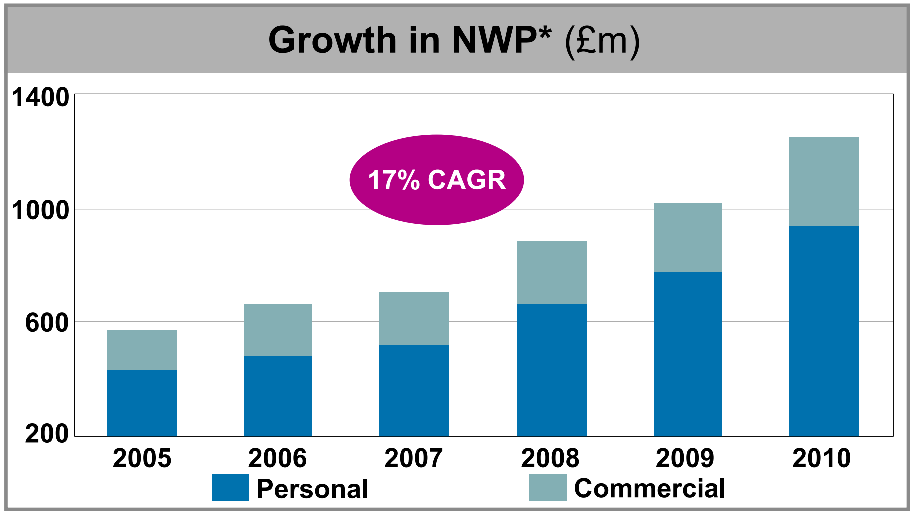


\+ *Reported FX*

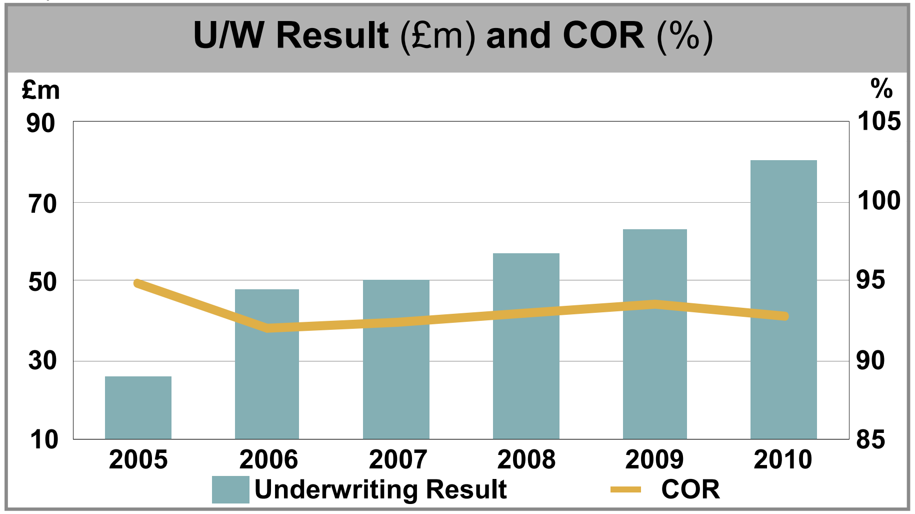


CANADA: STRONG TOP AND BOTTOM LINE PERFORMANCE

- **4th largest general insurer; doubled business since 2005**
- **Unique distribution network and portfolio**
  - **GCAN strengthens Commercial lines**
  - **Leading Direct brand with Johnson**
  - **5th largest broker through Noraxis**
- **Track record of strong growth and profitability**
  - **2010 NWP growth of 22% to £1.2bn with 20% growth in Personal and 29% in Commercial lines**
  - **Underwriting profit CAGR of 25%; from £26m in 2005 to £80m in 2010, despite adverse weather**



** Reported FX*



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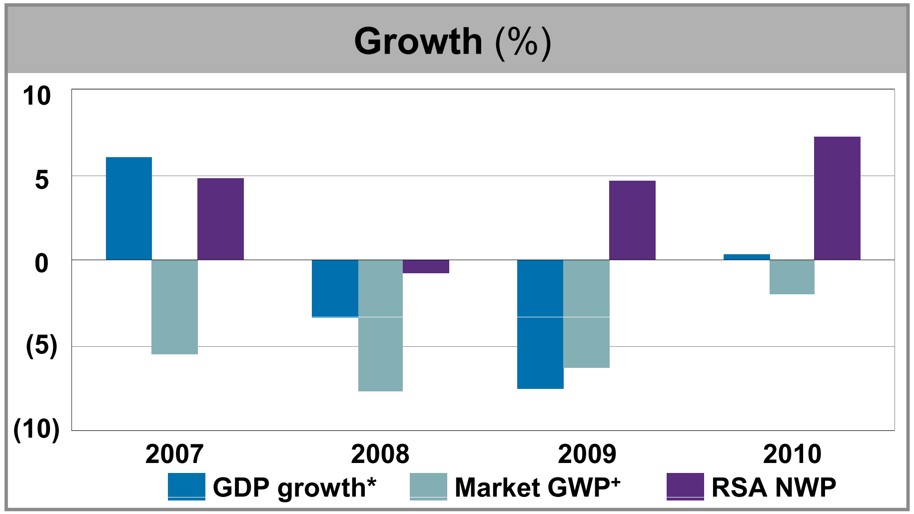
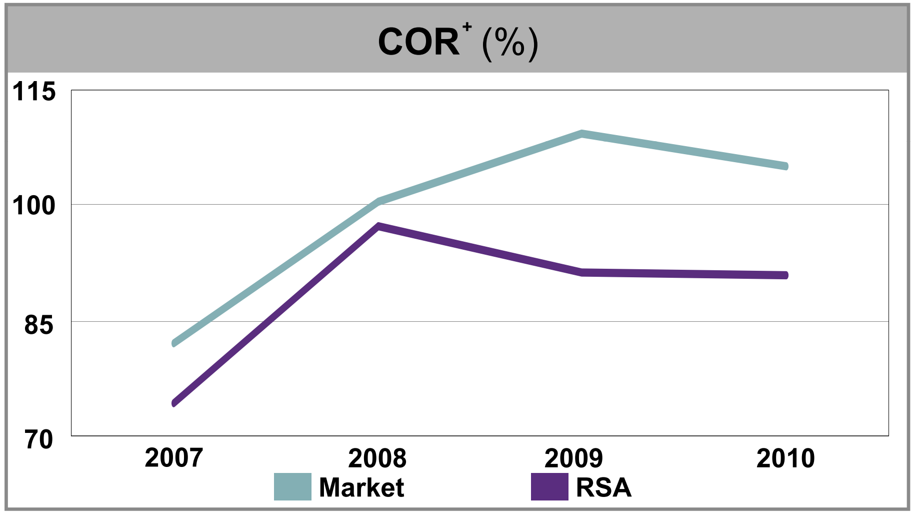
IRELAND: ON TRACK TO BECOME MARKET LEADER

- **Continue to outperform the market**
  - **Growth of 7% (constant) in 2010 due to rate, affinity deals and acquisitions**
  - **Now 2nd in market; up from 5th in 2008**
- **Benefit from superior risk selection, expense control and prudent reinsurance**
  - **2010 COR of 90.9% despite weather**
  - **COR consistently market leading**
- **123.Money builds on this strength**
  - **Leading Direct brand in Ireland; GWP growth of over 50% in 2010**
  - **Leveraging UK Direct expertise**
  - **Expect rapid and profitable growth**
- **Aim to be the No.1 in market in 2011**



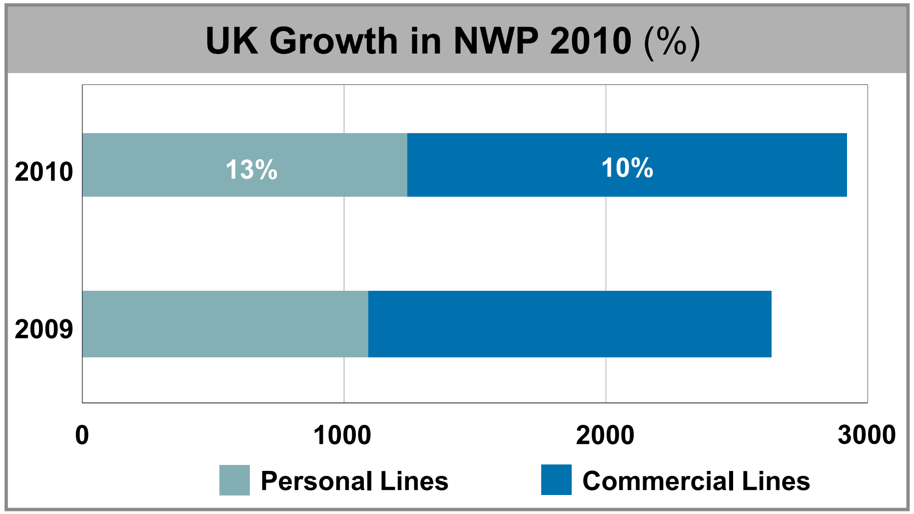
** GDP Growth: Economic & Social Research Institute; +Market GWP: IIF 2007-09; 2010, RSA Estimate*

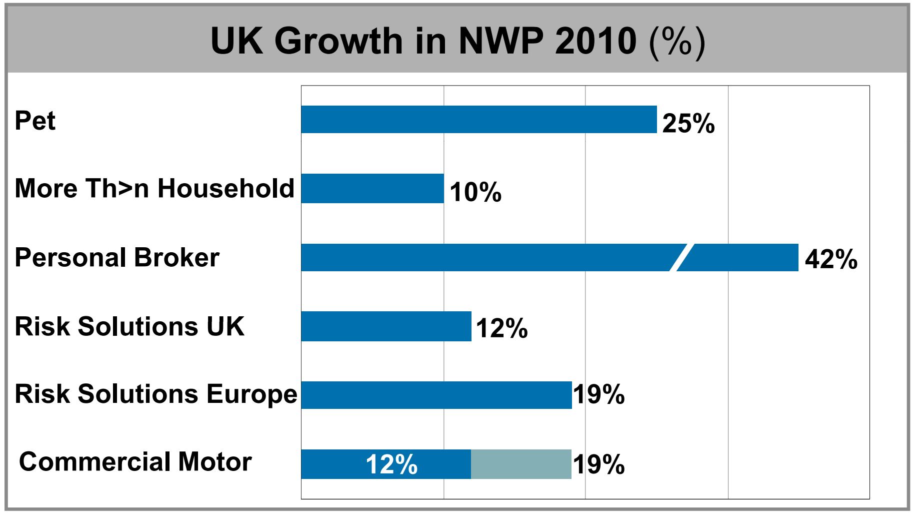


+ Market COR - Central Bank of Ireland for COR 2007-2009, RSA Estimate for 2010

UK: STRONG GROWTH MOMENTUM

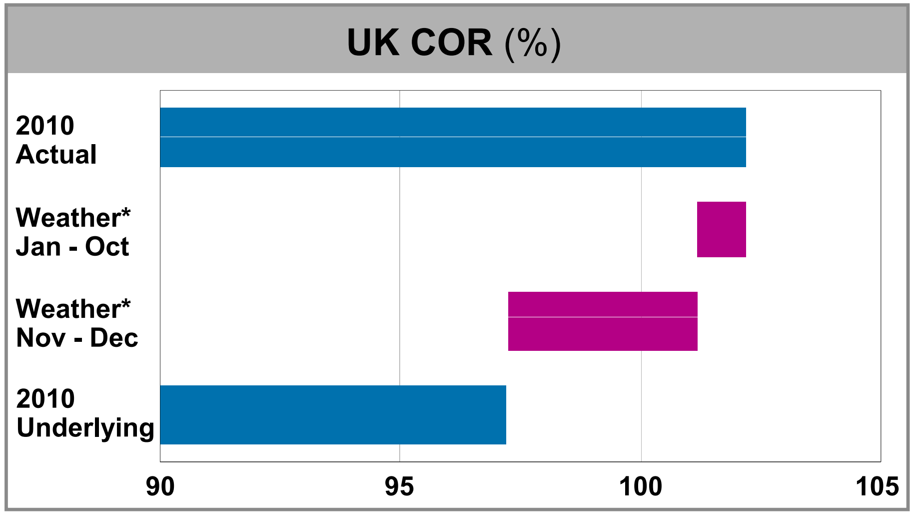
- Total NWP up 11% to £2.9bn
- 13% growth across Personal lines
  - Pushing rate across all lines, particularly Motor
  - Personal broker up 42% due to increased shares on target panels
  - Pet grew at 25% supported by launch of Tesco deal in October
- Commercial lines growth of 10%
  - Risk Solutions up 12% in UK and 19% in Europe
  - Motor flattered by phasing of 3 year contract; underlying growth of 12%



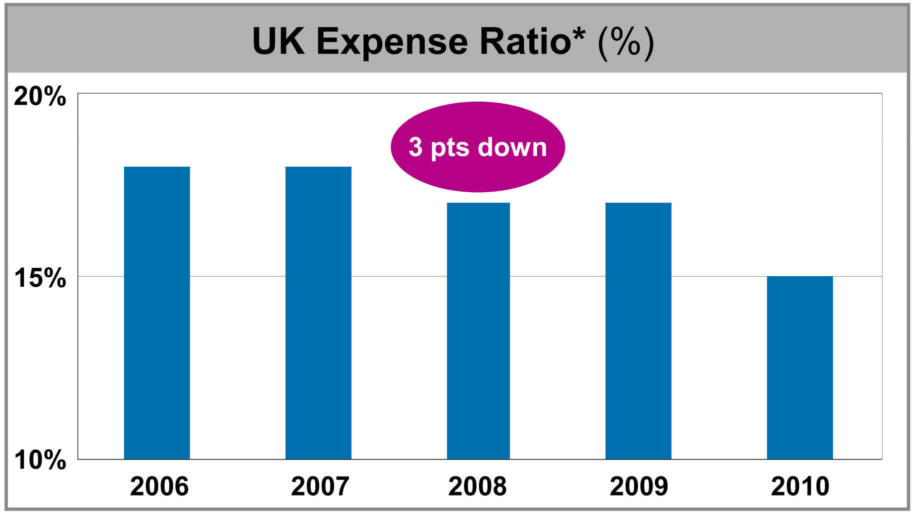


UK: UNDERWRITING RESULT IMPACTED BY WEATHER

- Underwriting loss of £95m; COR of 102.2% impacted by
  - Weather £139m or 5pts worse than normal levels
  - Exited unprofitable Motor schemes
  - £25m reserve strengthening for bodily injury, £22m in Commercial
- UK cost savings programme completed in Q1 2010, ahead of schedule
  - Achieved £70m of savings
  - On track to achieve expense ratio of around 14% by the end of 2012



* Adjustment for weather losses greater than normal levels

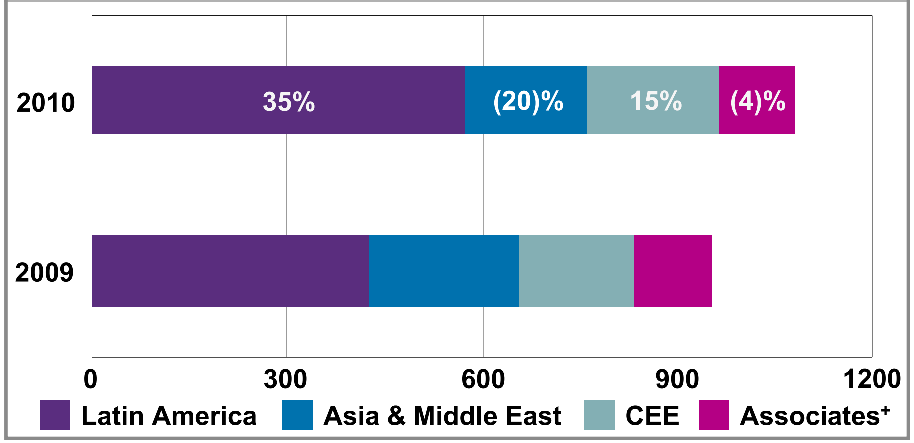


* Excluding Commissions

EMERGING MARKETS: BEATEN NWP GOAL OF £1BN

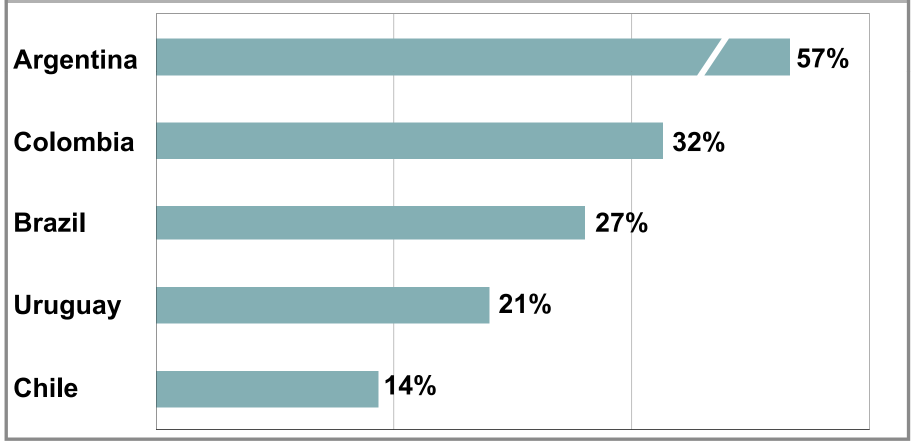
- **NWP including India is £1,080m**
- **Underwriting result of £12m and COR of 98.7% despite Chile earthquake**
- **CEE grew by 17% (constant)**
  - **Direct businesses grew by 14%**
  - **Economic outlook improving**
- **AME up 7% ex 2009 large contract wins**
  - **Good growth in Oman and Singapore**
- **Indian NWP up by 26% to £116m**
- **Latin America delivered outstanding growth at 23%**
  - **Double digit growth in 5 markets**
  - **21 new affinity deals signed**
  - **Strong economic prospects for 2011**

Emerging Markets Growth in NWP* (£m)



** Reported FX* *+ Associates includes India and 6 months of CEE Direct operations in 2009*

Latin America Growth in NWP+ (%)



+ Constant FX

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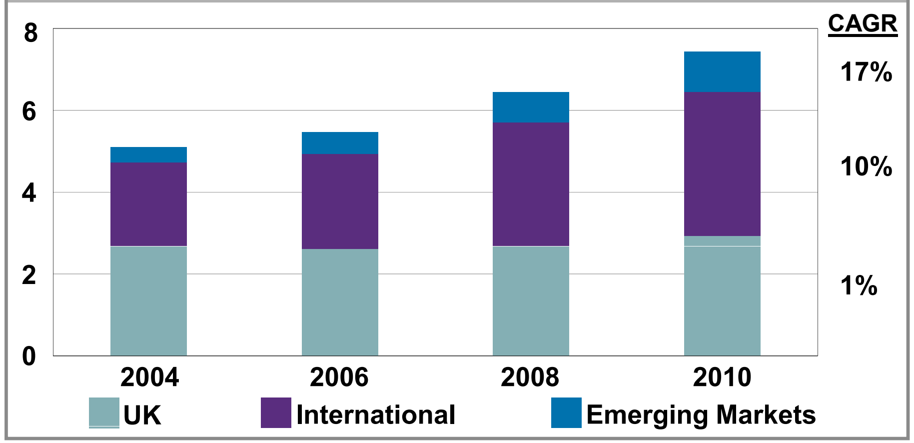
HIGH PERFORMING BUSINESS WITH EXCITING POTENTIAL

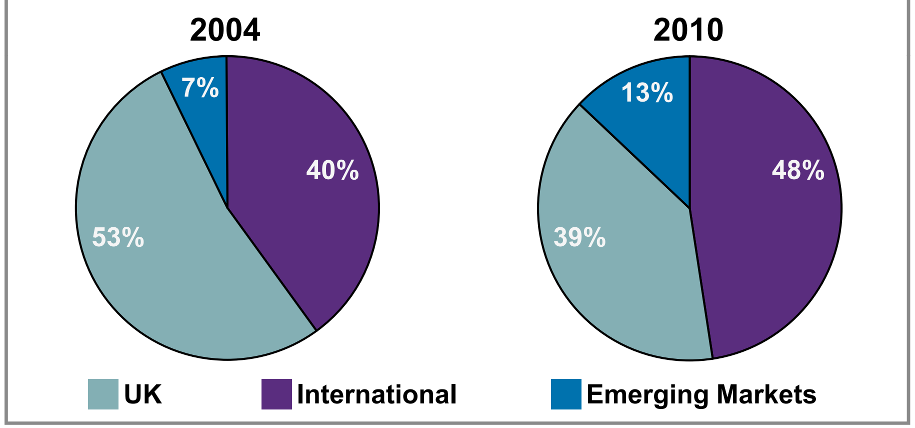
- **Targeted growth and a much improved underwriting profitability in the UK**
- **c10% growth in International in 2011 with continued strong profitability**
- **Emerging Markets NWP to double to around £2.2bn by end of 2015**
- **Organic growth supported by acquisitions**
  - **Built resources during credit crunch when deal flow slowed**
  - **2010 was a very active year with 11 deals; focus on integration in 2011**
- **Shape of the Group deliberately shifted since 2004 and will continue to move**
  - **International and Emerging Markets to be around 70% of NWP**

Net Written Premiums* (£bn)



** Reported FX*

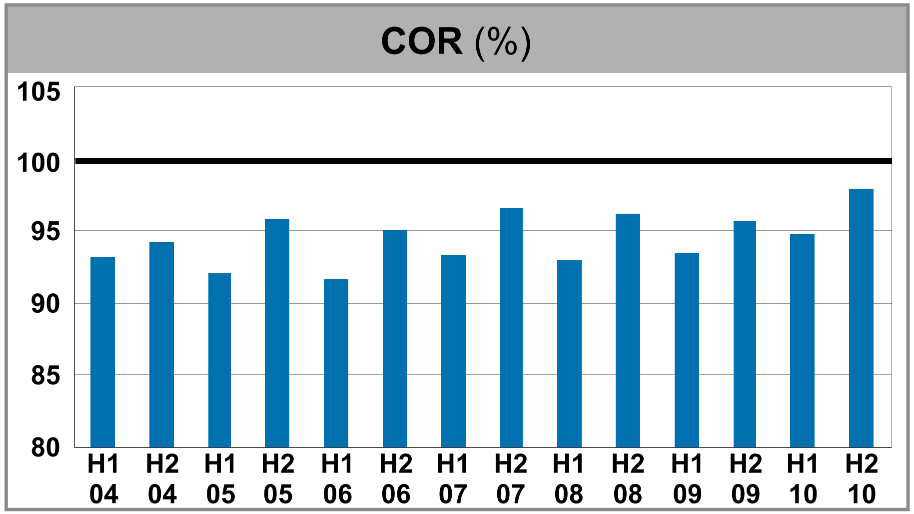
NWP⁺ by Region (%)

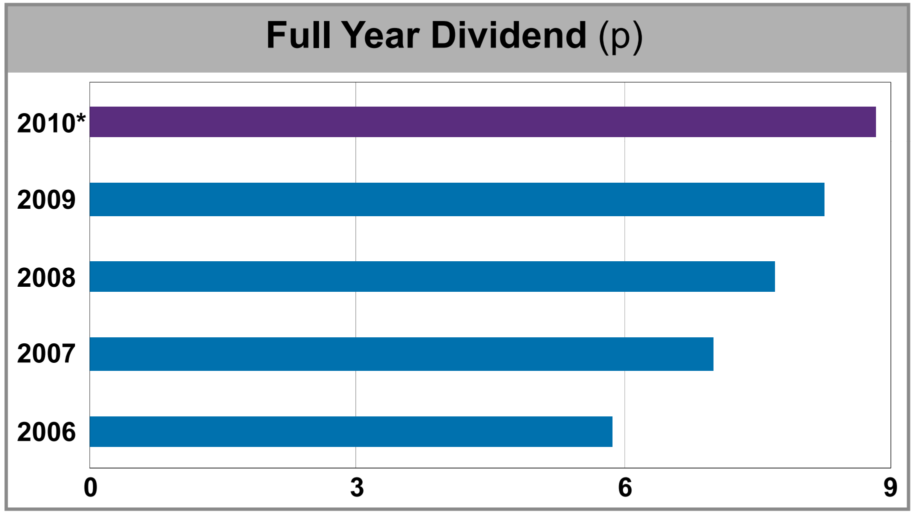


+ Reported FX

HIGH PERFORMING BUSINESS WITH EXCITING POTENTIAL

- **Remain committed to delivering sustainable profitable performance**
  - **Retain tight management grip and market discipline**
  - **Continue with high quality, low risk investment strategy**
- **Expect to deliver a strong result in 2011**
  - **COR to be better than 95%**
  - **Investment income to be around £550m and total gains of around £50m**
- **Confidence reflected in 7% increase in full year dividend from 8.25p to 8.82p**





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