2016 PRELIMINARY RESULTS

23 February 2017

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Basis of presentation

This presentation uses alternative performance measures, including certain underlying measures, to help explain business performance and financial position. Further information on these is set out in the 2016 Preliminary Results announcement.

AGENDA

1. Introduction
2. Strategy & Action Plan Progress
3. Regional update
4. 2016 Preliminary Results
5. Q&A

INTRODUCTION

THE RSA PROPOSITION

1. ‘Focused mid-cap’, a proven value strategy in P&C Insurance
2. A ‘self help’ story with increasingly ‘high quality’ underpinnings
3. Resilient in challenging economic and financial market conditions
4. Attractive EPS[1] & dividend increases – delivered and in prospect[2]
5. Momentum ahead of ‘street’ expectations; good value if progress continues

RSA

[1] Refers to Underlying EPS
[2] Based on consensus and Company targets/ambitions

2016 HIGHLIGHTS

Winning for customers and for shareholders

1. Strategic refocus completed & balance sheet transformed
2. Excellent performance progress, driven by fundamentals
3. Record[1] underwriting profits & combined ratio
4. ROTE[2] in upper part of our 12-15% target range
5. Now focused on move towards 'best in class' performance

RSA

[1] Since 2005 on like-for-like basis
[2] Refers to underlying ROTE

2016 FINANCIAL HIGHLIGHTS

Group premiums up 6% (flat at constant fx) ex disposals.

Underwriting result of £380m in 2016, up 73%:

- Current year underwriting profits of £271m.
- Combined ratio 94.2%, 2.7 points better than FY 2015.
- Strong performances in each of Scandinavia, UK and Canada.

Controllable costs down 8% (in 'real' terms). c.£290m of >£350m 2018 cost reduction target now delivered. Target upgraded to >£400m by 2018.

Operating profit £655m, up 25%.

Underlying EPS of 39.5p, up 42%.

ROTE[1] target upgraded to 13–17%.

Solvency II coverage ratio of 158% (2015: 143%). UK Legacy sale gives further 2017 boost.

Final dividend proposed of 11p per share. 16p per share total for the year, up 52%.

RSA

[1] Refers to underlying ROTE

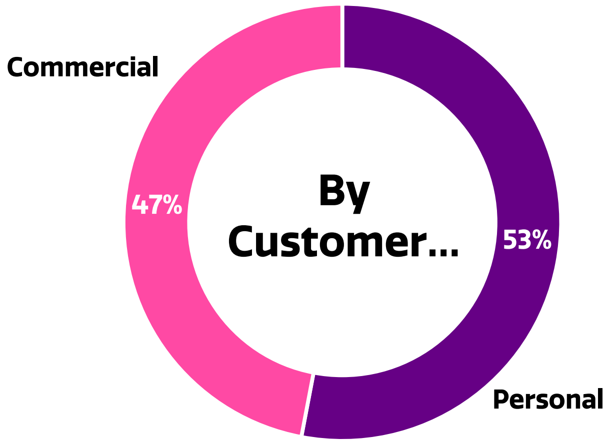
STRATEGY

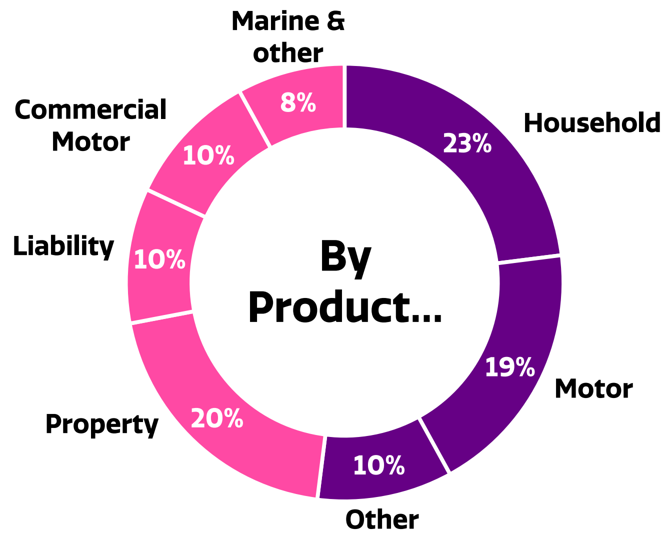
PURSUIT OF OUTPERFORMANCE

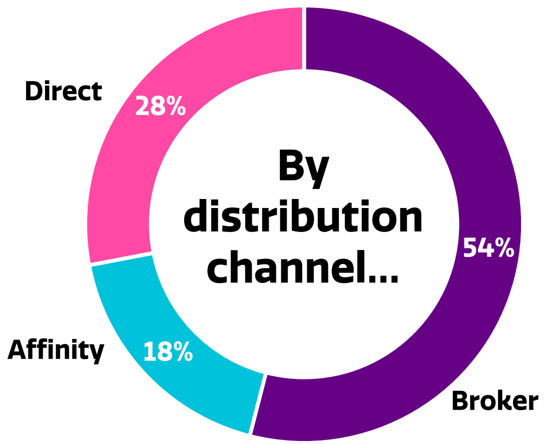
1. Strong customer franchises
2. Disciplined strategy, focused on strengths, seeking to avoid mistakes
3. A balance sheet that protects customers and the company
4. Intense and accomplished operational delivery – addressing customers, underwriting and costs

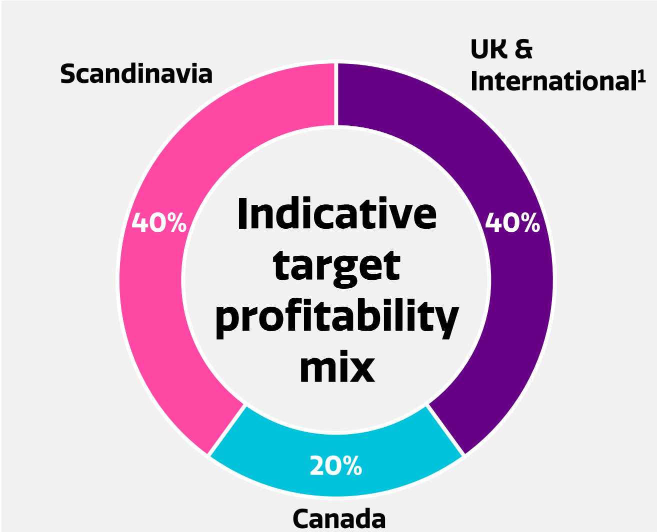
RSA

LEADERS IN OUR MARKETS, WITH ATTRACTIVE BUSINESS BALANCE







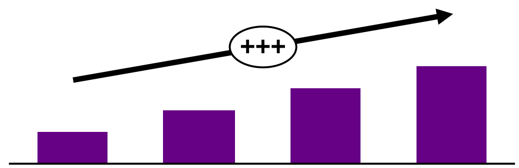


[1] Includes Ireland, Specialty businesses in the Eurozone, and Middle East
Note: Split based on 2016 Core Group NWP, except indicative profitability – based on operating profit ambitions

'FOCUSED MID-CAP' PROPOSITION

1 Regional leadership positions

2 Intense performance focus



3 Operational and financial excellence

Aim to deliver superior performance and justify a superior P/E

ACTION PLAN

ACTION PLAN

Turnaround done			Pursuit of outperformance	
2014	2015	2016	2017	2018 & beyond

Strategy implemented
- Focus on strongest businesses
- 19 disposals completed

Customer actions
- Digital for convenience, flexibility and speed
- Improve service standards
- Increase customer satisfaction and retention
- Sharpen customer acquisition tools

Balance sheet fixed
- £1.2bn disposal proceeds
- £750m Rights Issue
- Solvency II delivered
- Debt restructuring actions

Underwriting actions
- Elevate underwriting disciplines
- Ongoing 'BAU' portfolio re-underwriting
- Invest in tools and technology
- Optimise reinsurance

Performance restored
- 2013[1]: 100.0% COR; £1m underwriting profit
- 2016: 94.2% COR; £380m underwriting profit; Underlying ROTE 14.2%

Cost actions
- Lean/robotics/process redesign
- Procurement/spans and layers
- Simplify offerings
- IT change

Foundations laid to power next phase

People, management and culture
- Build sustainable outperformance

[1] Like-for-like basis

PERFORMANCE IMPROVEMENT

Management Approach

What is 'best in class' performance and how do we get there in our markets?

For each activity:

1. Compare to 'best in class' in customer capabilities, underwriting excellence, costs and technology
2. Identify capability gaps and roadmap to improve
3. Validate and sequence change initiatives

Improvement Actions

Performance improvement actions in 5 areas:

1. Customer capabilities
2. Underwriting improvements
3. Cost efficiency
4. Technology
5. People

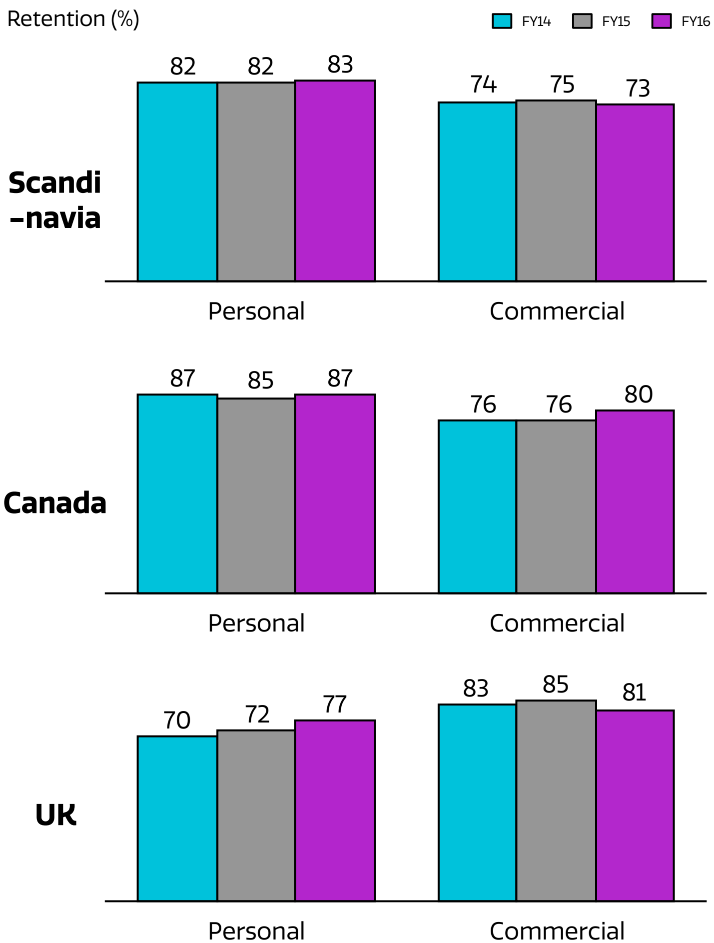
RSA

SERVING CUSTOMERS BETTER

1 Customer Actions	**Multi-channel distribution**	Enhance direct/broker/affinity choice for clients.
	Speed, convenience & flexibility	Digital trends at the forefront.
	Proposition	Sharpen customer propositions.
	Service	Differentiate on service standards and delivery.
	Satisfaction	Target strong NPS and effective brand promise.
2 Sales Actions	**Salesforce effectiveness**	Multiple initiatives to improve delivery to customers.
	Trading capabilities	Greater agility in pricing and policy coverage.
	Pricing expertise	Richer risk segmentation.
	E-trading	‘Industrialisation’ of delivery.

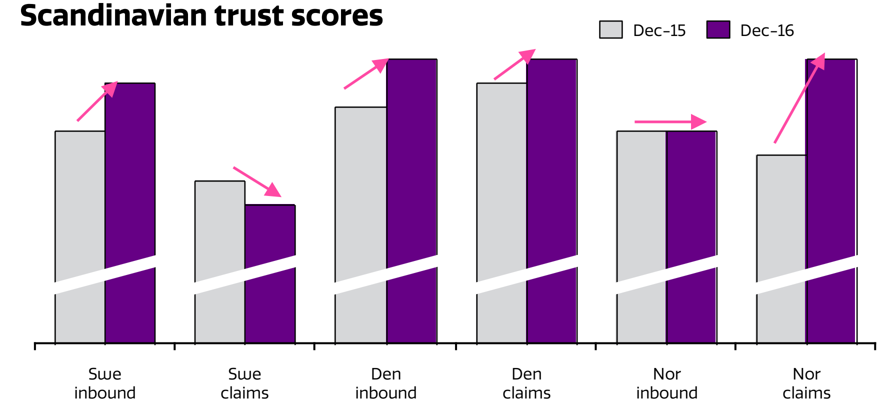
CUSTOMER MEASURES SOLID IN 2016; AMBITION TO DO BETTER STILL

Retention rates stable

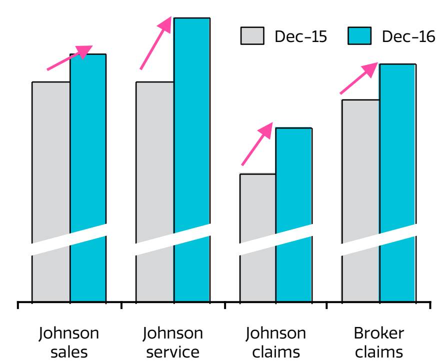


Customer satisfaction measures: improving but still more to do

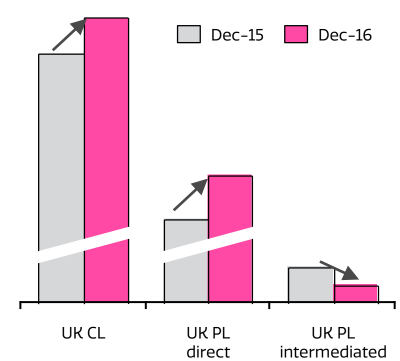
Scandinavian trust scores



Canadian NPS



UK NPS



CUSTOMER INITIATIVES

Examples

Creating 'effortless' customer experience in Swedish PL Motor

Opportunity: 'Effortless' customer experience a key driver of customer loyalty.

Approach: Analysed the 'journey' our customers go on with us, deepening our understanding of what they want.

Outcome: We have begun deploying a range of initiatives aimed at addressing more customer needs.

Customers tell us they need . . .	Example of our current activities
1 Support when selecting insurance to fit their needs	Development of digital purchase guide
2 Receipt of proactive communication	Developed content site for Motor and clean up of less relevant communication
3 Easy reporting of claims, then to be guided through the process	Total rebuild of claims guide online and planning of digital 'first notice of loss'
4 Proactive updates on progress through the claims process	Implemented online claims status and SMS notifications for certain claims types
5 The right cover and be guided by their insurer	Implementating multichannel 'insurance check' to test product suitability
6 Value for money	Evaluation of current multiproduct discount model and of loyalty concept

Re-launch of Canadian Personal Lines offering to brokers

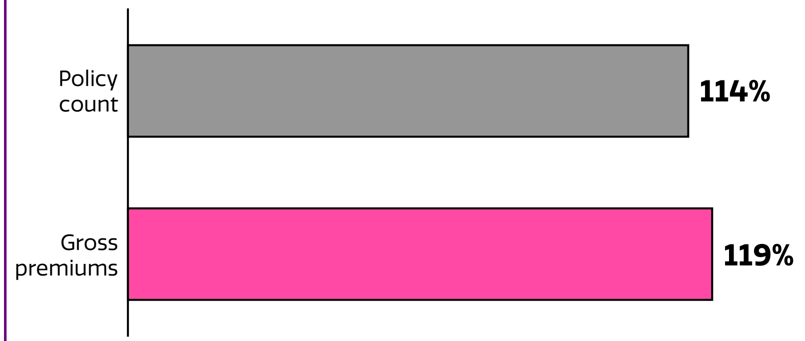
Opportunity: Re-engage with Personal brokers, highlighting changes to our offering, driving increased new business

Approach: c.100 changes made in Canada to Personal Lines insurance wordings, products, & services.

Launched fresh marketing campaign in Q4 2016 to bring these changes to the broker community.

Outcome: Positive reaction from brokers with significant increase in new business policy count in first 4 months.

Impact on business with targeted brokers



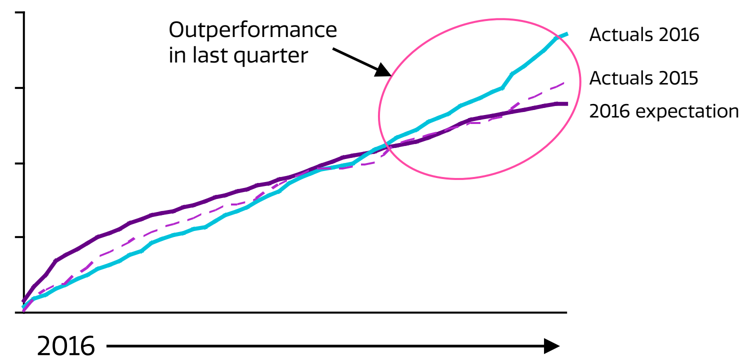
Sept-Dec 2016 v same period a year ago

PROGRESS TOWARDS PROFITABLE VOLUME GROWTH

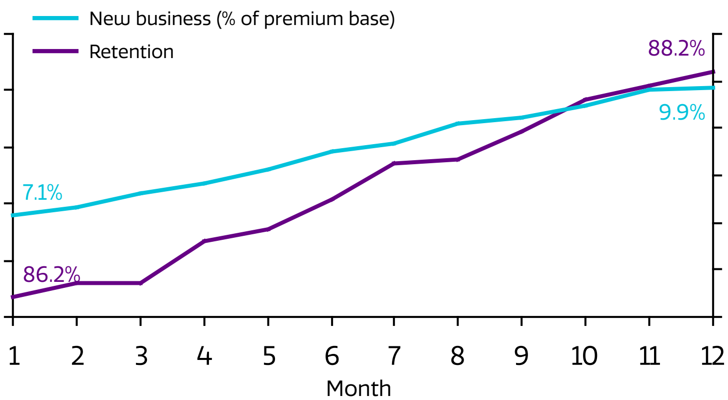
January 2017 premium trends

- Topline had encouraging start to the year
- Gross and net written premiums favourable against both prior year and our expectations (at CFX)
- January retention stronger than a year ago, particularly in Scandinavia and Canada
- Good new business performance, particularly in UK and Scandinavia (both ahead of prior year)

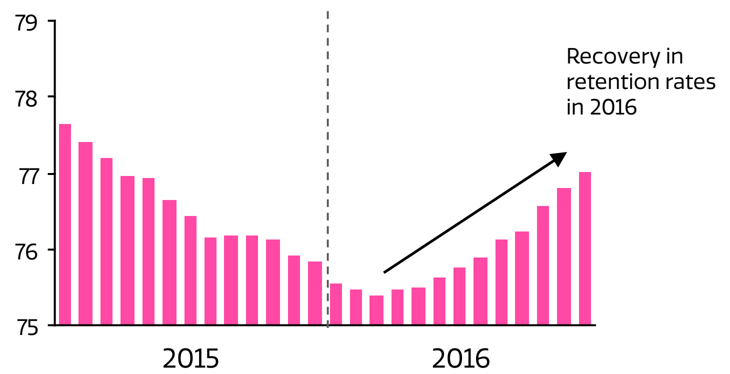
Denmark Commercial – direct sales



Johnson (Canada) 2016 new business and retention



Norway Personal – retention



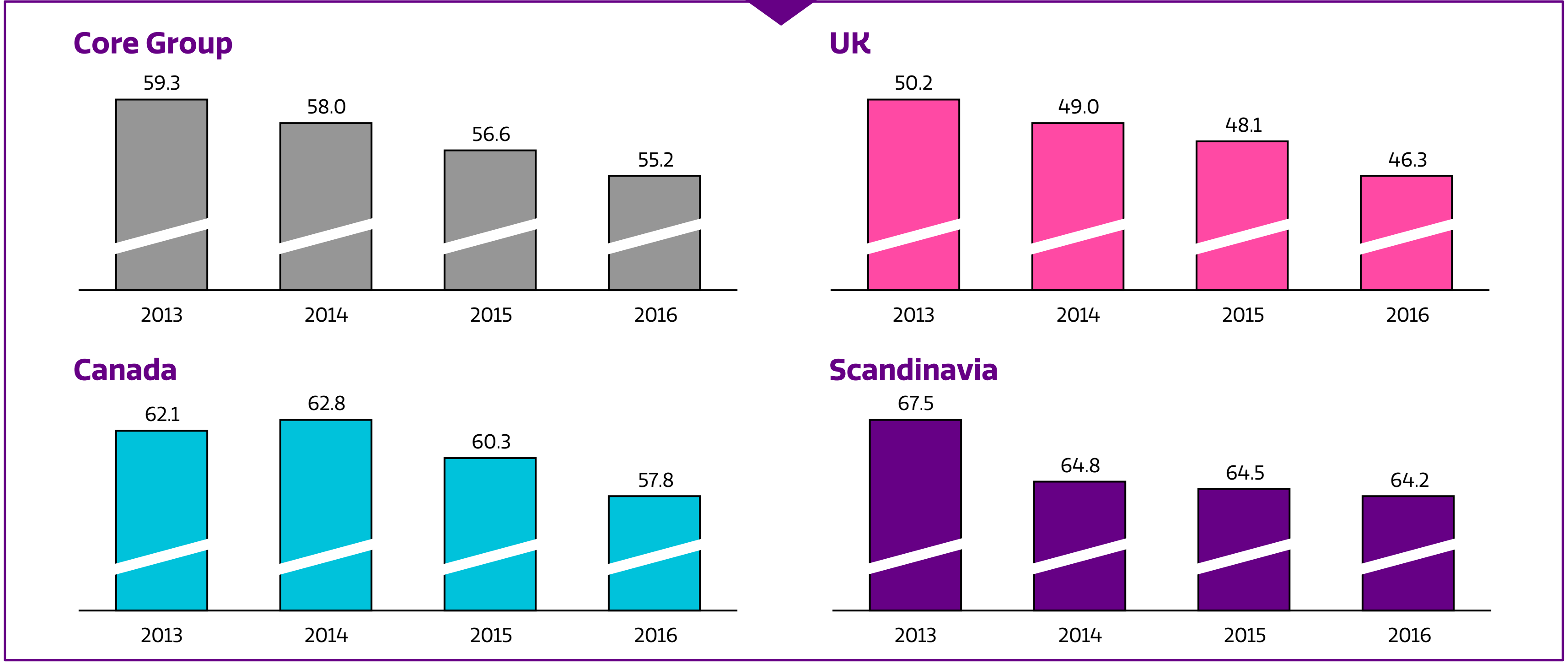
RSA

EXCELLENT IMPROVEMENT IN ATTRITIONAL LOSS RATIOS ACROSS THE GROUP

Underwriting actions

1. Portfolio re-underwriting
2. Tighten underwriting discipline
3. Invest in tools and technology

Attritional loss ratio (%)



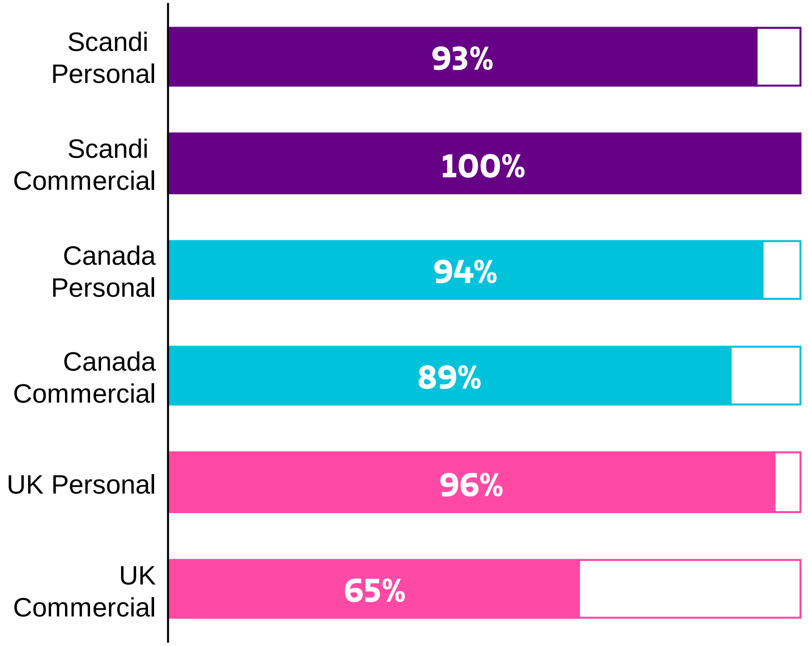
IMPROVING UNDERWRITING CAPABILITIES

Examples

Technical pricing updates

We have been upgrading technical pricing models to improve sophistication, including increasing the number and detail of rating factors, sources and volume of rating data, and increasing the granularity in segmentation.

% of portfolio where technical models updated in last 18 months



UK Flood Risk Review

Opportunity: High claims costs for RSA and the industry from December 2015 UK floods.

Approach: Detailed review of event with focus on all risks with losses >£100k, looking to improve underwriting disciplines and approach. Following key changes made:

- Updated **underwriting guidelines/approach**, e.g:
  - Exposures >£10m to be formally 'viewed';
  - Application of loss limits and deductibles;
  - Actions taken on cases with no previous flooding.
- Updated design rules behind our **flood mapping tool:**
  - Exposures now mapped holistically;
  - Introduced historic flood event data/maps.

Outcome: Our revised approach/guidelines have reduced go-forward exposure to flood losses.

- 9,000 further flood exposures now visible. Relevant underwriting processes/criteria to be applied.
- For risks that had claims >£500k in Dec 2015 floods, we now estimate exposure to same event to be **75% lower**.

IMPROVING UNDERWRITING CAPABILITIES

Example

Upgrading external rating engines

Opportunity: Improve agility in price-setting.

Approach: Upgrade of external rating engines, principally utilising Radar Live and Earnix.

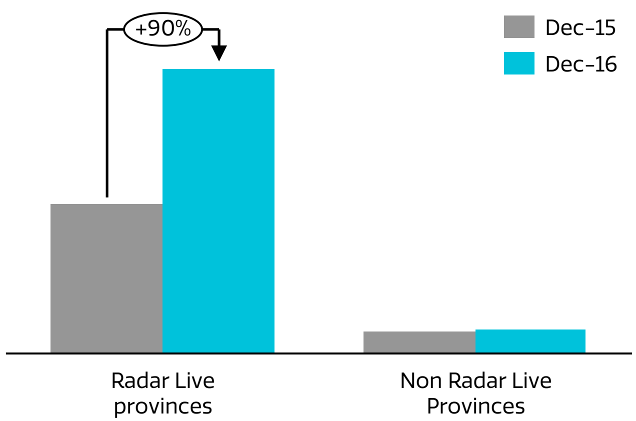
This enables more complex algorithms in rating and significantly increases speed to market.

Outcome: Completed upgrades to a number of portfolios in each of our regions. Sequencing roll outs to remaining portfolios in 2017 and 2018.

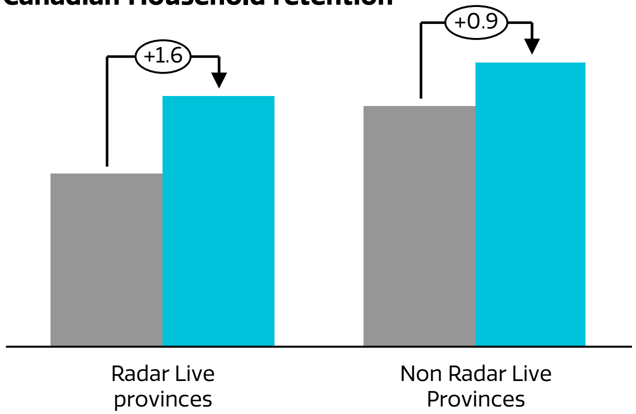
In Canada in 2016, Household books in Ontario, British Columbia and Alberta moved onto Radar Live. Encouraging impacts seen in new business, retention and segmentation.

2016 & prior implementation	Key implementations 2017 onwards
• Sweden Personal Motor • Norway Personal Motor • UK Personal Motor • Canada Household (3 provinces)	• Sweden Commercial Motor • Norway Commercial Motor • Denmark Personal lines • Norway Property & Liability • UK Household • Canada Household (remaining provinces) • Canada Personal Motor

Canadian Household new business



Canadian Household retention



OPERATING COST EFFICIENCY IMPROVING WELL

Cost reduction themes

1. Simplify & automate end-to-end processes
2. Optimise procurement
3. Streamline spans and layers
4. Simplify products
5. IT change

Cost target upgraded

>£400m
Gross annualised cost savings by 2018

Upgraded from >£350m by 2018

£290m
Cost savings to date

From paper to paperless in Denmark

Opportunity: Our Danish customers want easy access to communications from us.

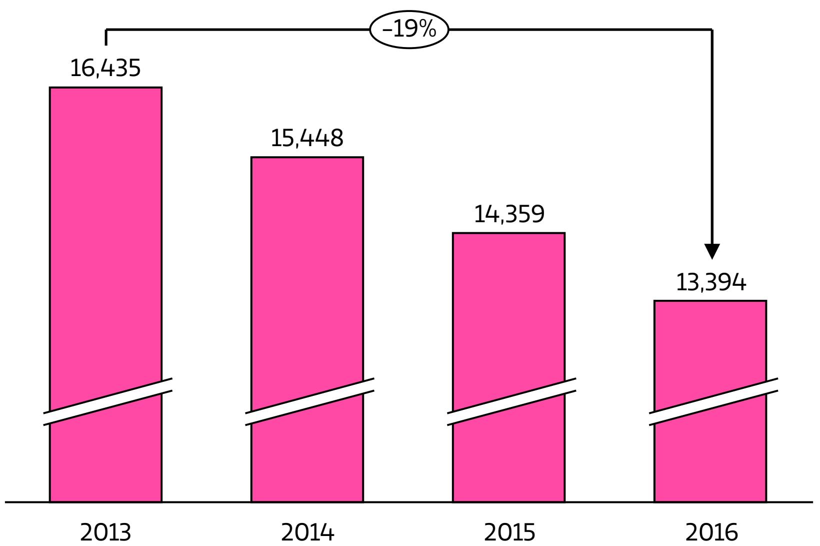
Approach: Digitised certain standard customer documents, using 'e-Boks' for easy customer access.

Outcome: Transition to e-Boks began in 2016 with the following benefits:

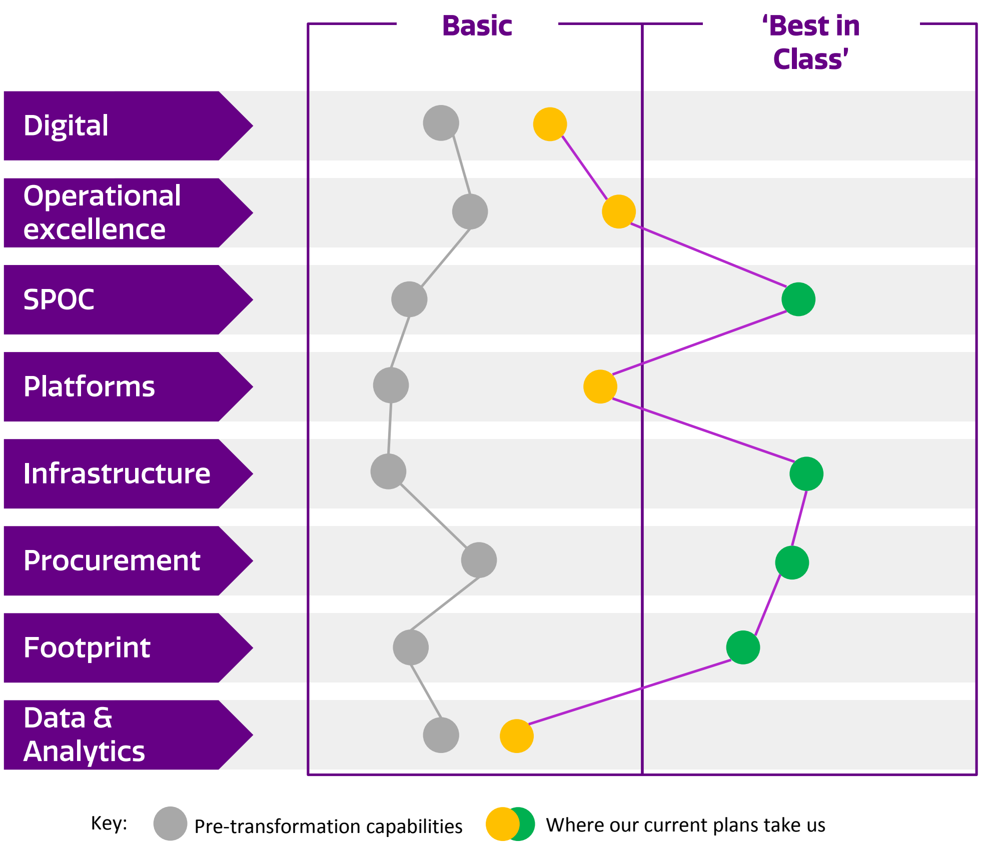
- Reduction in printing and postage costs
- Modernisation of customer experience

Our transformation programme includes many many small initiatives such as this – together they sum to meaningful cost savings across the Group

Core Group headcount, 2013 – 2016



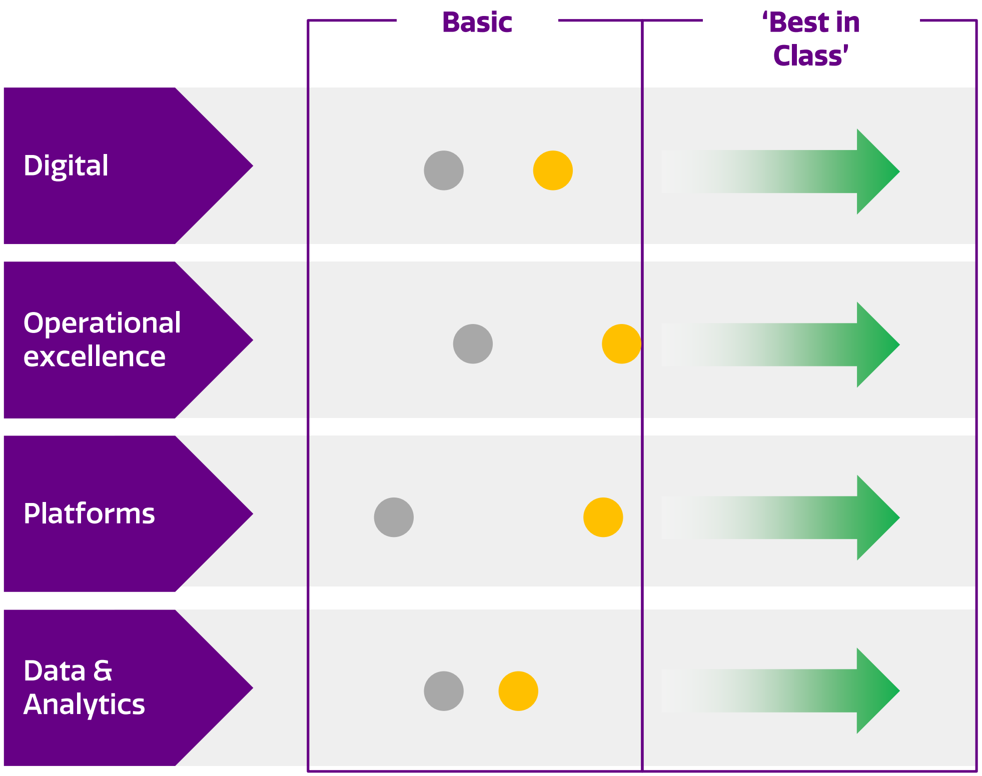
GOOD PROGRESS TO DATE BUT PLENTY STILL TO GO FOR



Delivery to date

- Spans of control initiatives successfully completed across all regions
- Infrastructure tender resulting in improved capabilities and rates
- Significant procurement renegotiations across existing 3rd party contracts delivering expense savings
- Rationalised footprints across all geographies in line with our location strategies
- Digital journeys being mapped and embedded in key platform implementations
- Automation initiatives commenced, and in early stages of deployment
- Core platform replacements across all regions, but some legacy systems still to address
- Data and analytics high on the agenda but strategies are in their early stages

DEVELOPING THE NEXT WAVE OF INITIATIVES WHICH WILL MOVE US CLOSER TO BEST IN CLASS



Further opportunities to move towards best in class

UK

- Increase Commercial e-trade and automation
- Propagate enterprise wide strategic MI and data capabilities
- Upgrade claims platform to enable self-service

Canada

- Develop digital roadmap, including online broker and customer portals
- Utilise data analytics to drive cross / up-sell
- Optimise online claims functionality

Scandinavia

- Further enhance claims operating model to drive indemnity savings
- Expand legacy platform replacement and drive decommissioning
- Expand robotic process automation

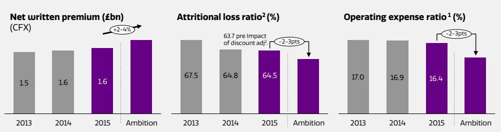
REGIONAL UPDATE

AMBITION FOCUSED ON CLOSING GAPS TO BEST IN CLASS CAPABILITIES AND PERFORMANCE

RSA's 'best in class' combined ratio ambitions

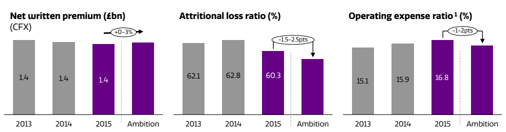
Scandinavia

< 85%



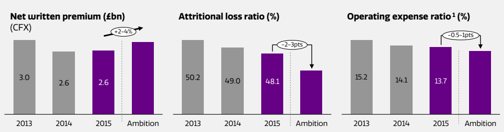
Canada

< 94%



UK[1]

< 94%



[1]UK includes Ireland, GSL businesses in the Eurozone & Middle East

SCANDINAVIA PROGRESS

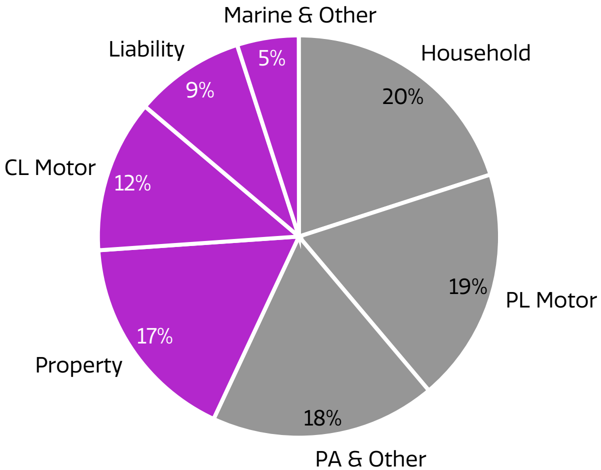
Progress	2012-14 ave.	2015	2016	Ambition
COR	88.3%	94.0%	**86.2%**	**<85%**
Current year COR	92.5%	91.9%	**87.7%**	
Attritional loss ratio	67.0%	64.5%	**64.2%**	
Controllable expense ratio	27.1%	24.9%	**24.1%**	**<20%**

£1.7bn
2016 Scandi NWP

+7% v.2015
-4% at CFX

Medium term outlook:
+0-4% CFX

Split of Scandinavia NWP



Key achievements in 2016

- Underwriting profit of £239m with strong current year performance (£213m).
- 2016 COR of 86.2% represents good progress against our ambition of <85%.
- Attritional loss ratio and expense ratio improving.
- Successful completion of IT infrastructure transition, improving availability and cost.
- Implemented initiatives within claims and underwriting disciplines aimed at managing indemnity spend.
- Continued focus on customer with improvements made to customer journeys and digital offerings.
- Headcount reductions of 7% 2016 v 2015.
- Top line challenges in Denmark and Norway, but improving trends now appearing.

RSA

UK PROGRESS

Progress	2012-14 ave.	2015	2016	Ambition
COR	99.5%	99.5%	**95.4%**	**<94%**
Current year COR	100.4%	101.3%	**97.2%**	
Attritional loss ratio	50.0%	48.1%	**46.3%**	
Controllable expense ratio	23.7%	22.3%	**22.4%**	**<20%**

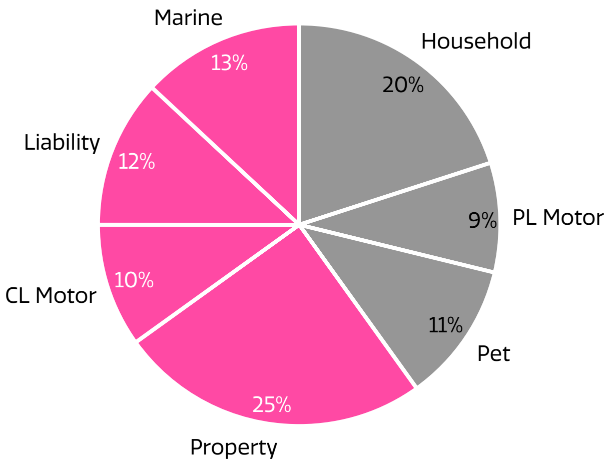
£2.6bn

2016 UK NWP

-1% v.2015

Medium term outlook: +0-4%

Split of UK NWP



Key achievements in 2016

- Underwriting profit £123m, best for over 10 years.
- COR 95.4%, now 'back in the pack' with <94% ambition the next focus.
- Good improvements in attritional loss ratio; expenses also coming down.
- IT infrastructure migration and site consolidation completed. Other data and digital investments in train.
- Personal Lines, Marine and Specialty Lines all beginning to show the benefit of our transformation actions.
- Headcount reductions of 5% 2016 v 2015.

Ireland & Middle East

- Ireland reached a current year profit but reported further adverse prior year results.
- Strong underwriting result of £14m in Middle East with COR of 92.8%.

CANADA PROGRESS

Progress	2012-14 ave.	2015	2016	Ambition
COR	97.7%	91.7%	**94.9%**	**<94%**
Current year COR	99.5%	97.4%	**99.6%**	
Attritional loss ratio	62.7%	60.3%	**57.8%**	
Controllable expense ratio	22.7%	21.9%	**20.7%**	**<20%**

£1.4bn

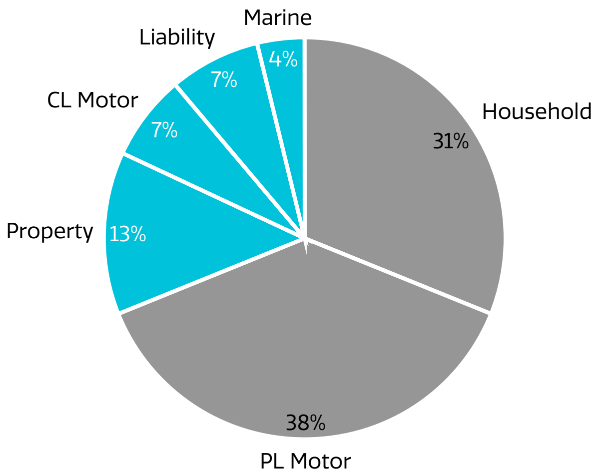
2016 Canada NWP

+6% v.2015

-3% at CFX

Medium term outlook: +0-3% CFX

Split of Canada NWP



Key achievements in 2016

- Underwriting profit £74m, in line with our plans even after absorbing Fort McMurray losses.
- COR 94.9%, good for a 'cat' year. Target of <94% is the next focus.
- Attritional loss ratios and expenses showing excellent improvements.
- Investment in pricing sophistication in Household, more to come.
- On track with Guidewire implementation. IT infrastructure migration completed.
- Headcount reductions of 7% 2016 v 2015.
- Stopped contraction in the business – Q4 was the first quarter we didn't contract in 3 years.

SUMMARY

Winning for customers and for shareholders

1. Strategic refocus completed & balance sheet transformed
2. Excellent performance progress, driven by fundamentals
3. Record[1] underwriting profits & combined ratio
4. ROTE[2] in upper part of our 12-15% target range
   - Target now upgraded to 13-17%
5. Now focused on move towards 'best in class' performance

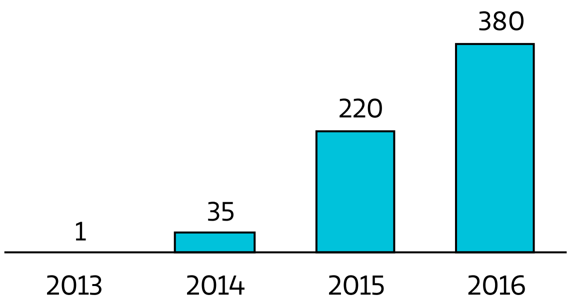
RSA

[1] Since 2005 on like-for-like basis
[2] Refers to underlying ROTE

2016 PRELIMINARY RESULTS

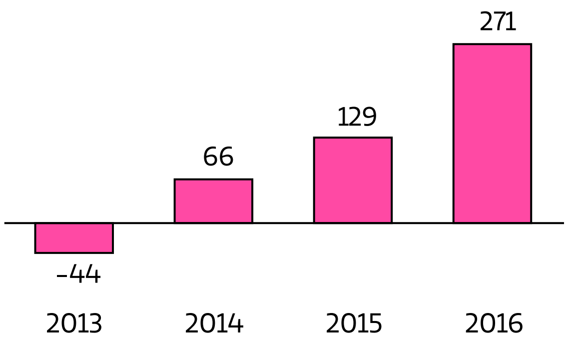
EXCELLENT PROGRESS TO DATE

Group underwriting result[1] (£m)



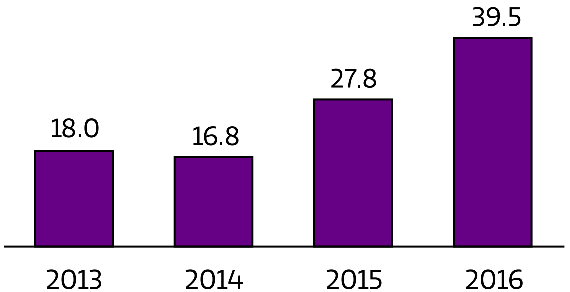
Record Group underwriting profits

Current year underwriting result[1] (£m)



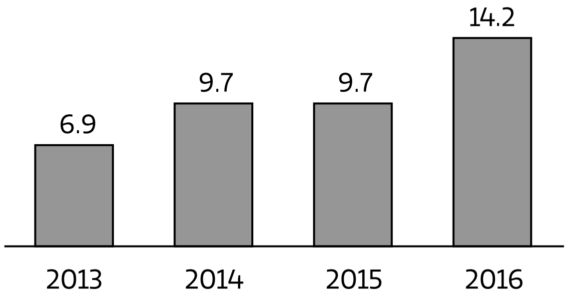
Record current year underwriting profits

Underlying earnings per share (p)



EPS more than doubled in 3 years

Underlying return on tangible equity (%)



ROTE at upper end of our 12-15% target range, ahead of schedule

[1] 2013 and 2014 figures restated on like-for-like basis

HIGH QUALITY RESULTS

£m (unless stated)		2016	2015
Net written premiums		**6,408**	6,825
Core group		***6,281***	*5,903*
Underwriting result	1	**380**	220
COR (%)	1	**94.2**	96.9
Operating result	2	**655**	523
Underlying PBT[1]	3	**556**	417
Profit after tax	4	**20**	244
Underlying EPS (p)	5	**39.5**	27.8
Underlying ROTE (%)	6	**14.2**	9.7
Tangible net asset value	7	**2,862**	2,838

Key comments

1. Underwriting result, up 73% with COR 94.2%
2. Operating result up 25% on prior year
3. Underlying PBT up 33% (incl. 8 point fx benefit)
4. Profit after tax of £20m reflecting non-capital charges (Latin America & Legacy) and reorganisation costs
5. Underlying EPS up 42%
6. Underlying ROTE of 14.2%
7. TNAV up 1%; includes impact of legacy sale

[1] Operating result less interest costs

PREMIUMS

Net written premiums

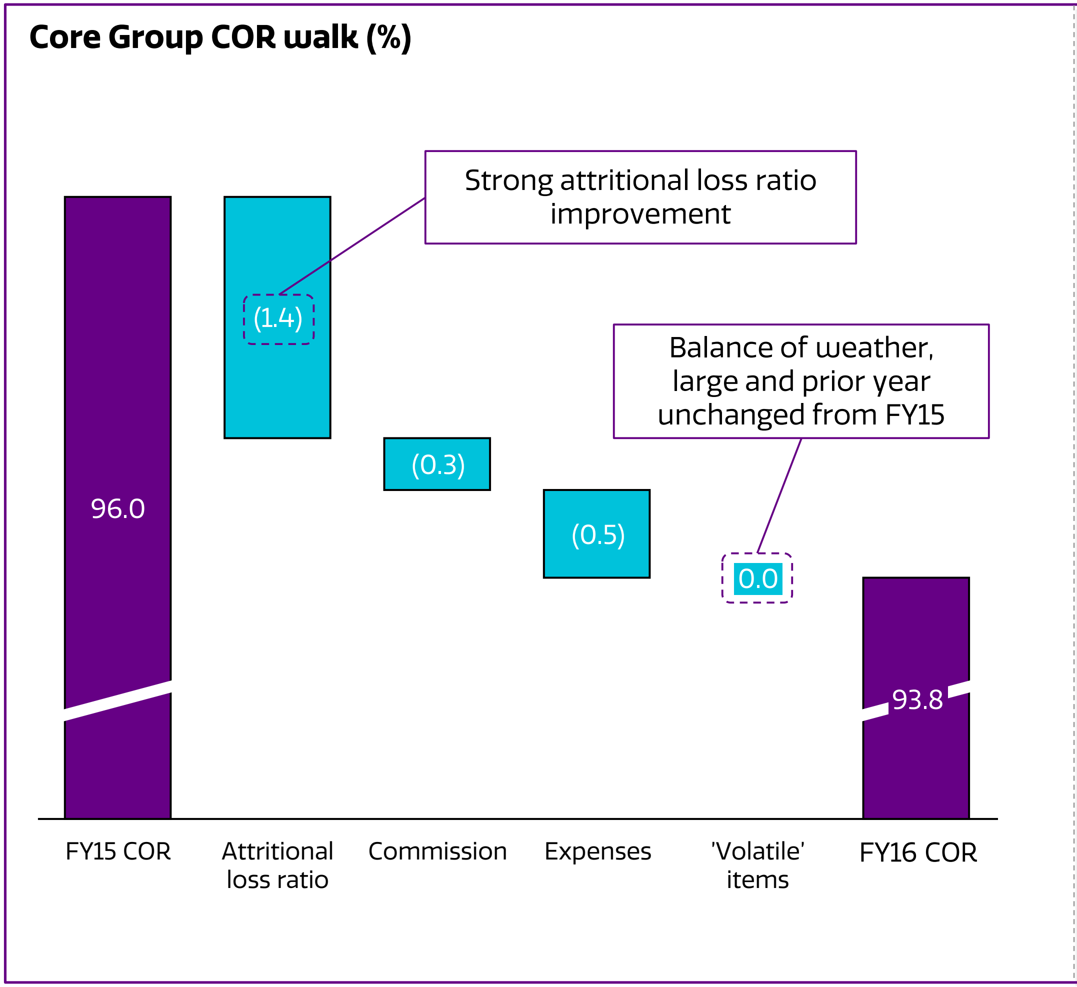
£m (unless stated)	2016	Change RFX	Change CFX
Scandinavia	**1,721**	7%	(4)%
Canada	**1,443**	6%	(3)%
UK & International	**3,081**	1%	(1)%
Of which: UK	*2,588*	*(1)%*	*(1)%*
Group Re[1]	**36**	132%	132%
Core Group	**6,281**	6%	-
Non-core & discontinued	127	(86)%	(86)%
Total Group	**6,408**	(6)%	(11)%

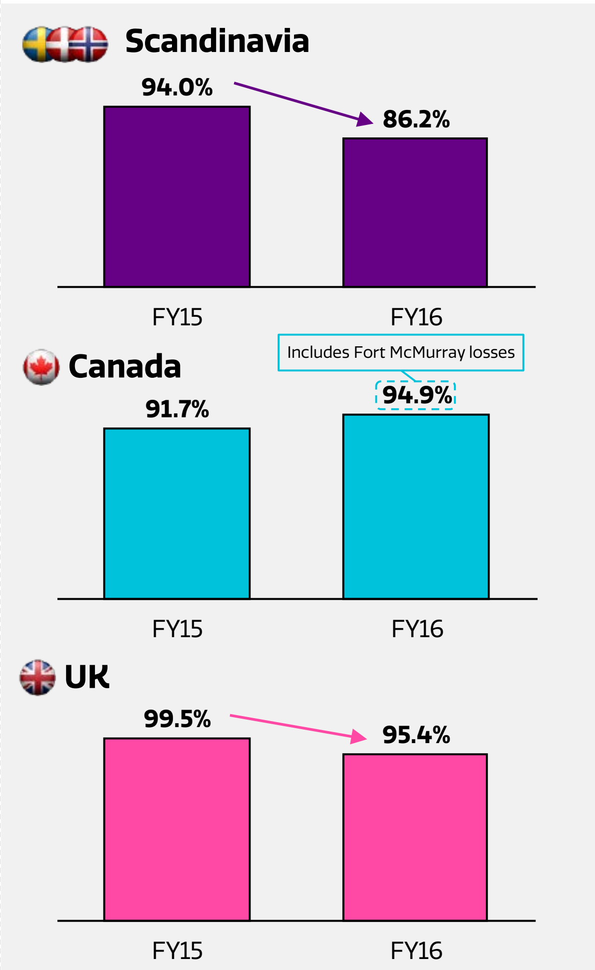
Key comments

- Maintaining underwriting discipline.
  - Scandinavia down 4% but down 1% on underlying[2] basis.
  - Canada down 3% reflecting underwriting/pricing actions.
  - UK & International down 1%.
- Foreign exchange a 6 point benefit to Core Group.
- Retention trends stable, with average retention across the Group of c.80%.
- Expect markets to remain competitive, but January 2017 premium trends look encouraging.

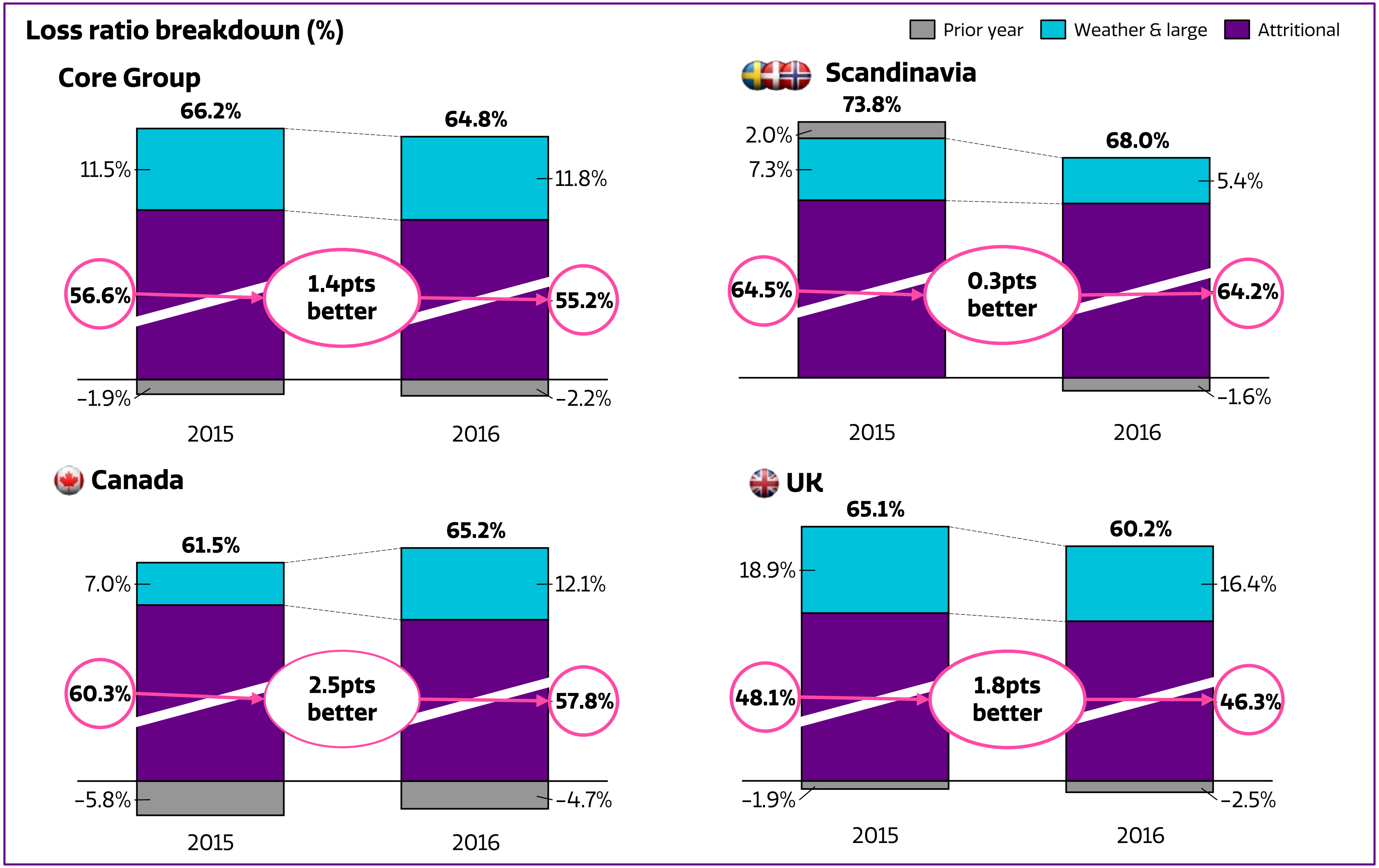
[1] Variance to 2015 due to purchase of 3 year Group aggregate reinsurance cover for £139m premium in 2015
[2] Adjusting for the non-repeat of two large multi-year deals (£26m) and the transfer of Marine to the UK (£33m)
Note: RFX = reported fx; CFX = constant fx

UNDERWRITING IMPROVEMENTS CONTINUE





ATTRITIONAL LOSS RATIO IMPROVEMENTS YEAR ON YEAR



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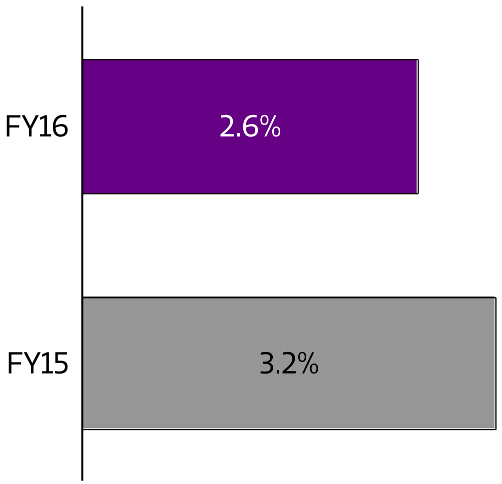
'VOLATILE' UNDERWRITING ITEMS FLAT VS 2015

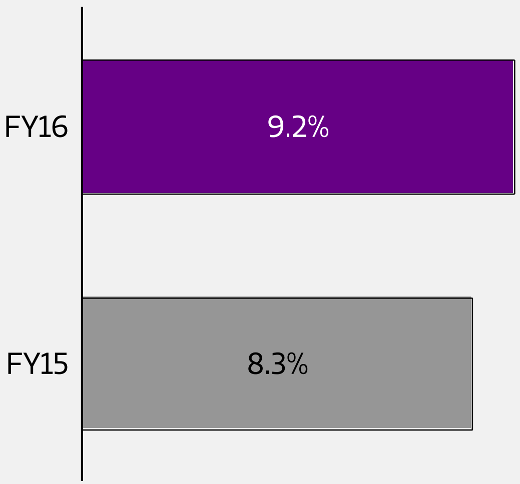
Weather ratio



Comment

- Includes impact of Fort McMurray wildfires, UK & European floods, and Hurricane Matthew.
- Mitigated by benign weather, particularly in Scandinavia.
- 5 year average: 3.1%

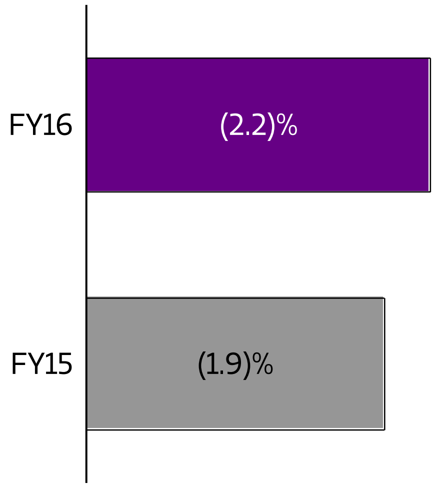
Large loss ratio



Comment

- Higher large losses in Canada, the UK and Ireland.
- 5 year average: 8.5%

Prior year ratio



Comment

- Continued strong positive prior year in Canada (4.7%); the UK (2.5%) and Scandinavia (1.5%). Partly offset by adverse prior year year development in Ireland.
- Reserve margin 5.5% (2015: 5.0%)

Note: All ratios shown below are for Core Group

IRELAND – GOOD PROGRESS BUT HIT BY 'PYD'

Key figures

£m (unless stated)	2016	2015
Underwriting result	**(49)**	(35)
Current year	***1***	*(29)*
Prior year	***(50)***	*(6)*
COR (%)	**116.2**	113.4
Attritional loss ratio (%)	***66.2***	*74.2*

2016 rate increases in key classes:	
Direct Motor	**+30%**
Intermediated Motor	**+37%**
SME	**+13%**
Liability	**+20%**

Key comments

Current year

- Strong rate increases in 2016 (well ahead of our plans); Current year performance greatly improved.
- Controllable costs down 18% in 2016; FTE down 9%.

Prior year

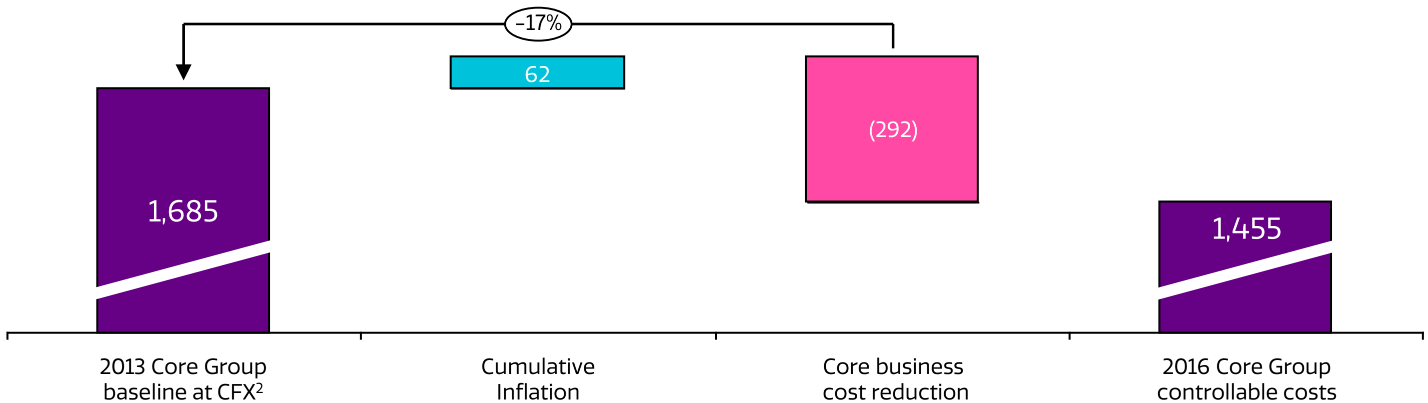
- Mainly relates to 2014 & 2015 accident years.
- Market trends previously disguised by distortion in our claims data from events of 2013 and prior.
- Relates to Irish market-wide trends in litigation and claims inflation.
- Main affected lines are Motor, Liability and SME, as well as certain business we have now exited.

Outlook

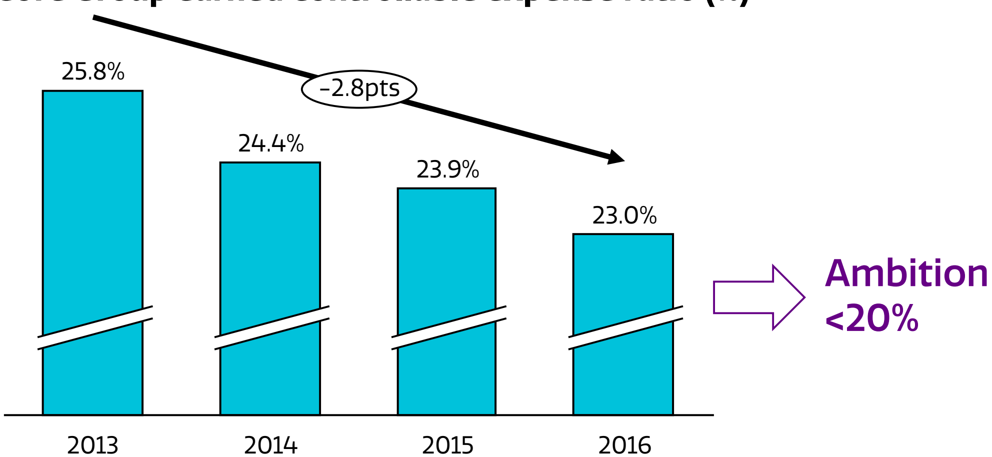
- Continuing rate actions in 2017.
- Further cost reductions to come.
- Still targeting medium term COR of <94%.

COST TARGET UPGRADED TO >£400M

Core Group controllable cost base[1] walk, 2013 – 2016 (£m)



Core Group earned controllable expense ratio (%)



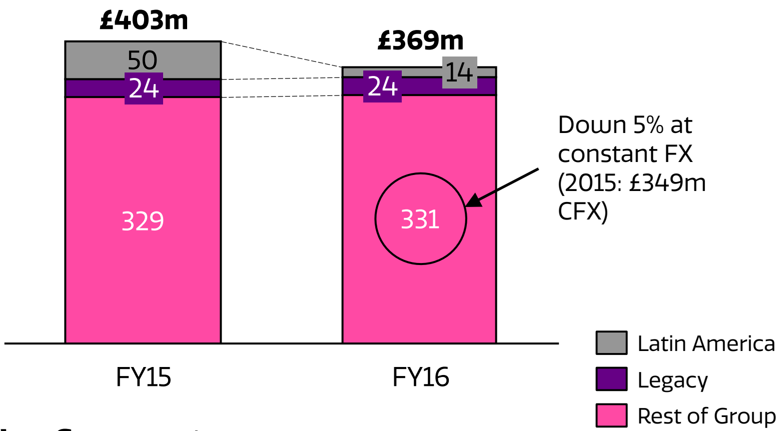
Key Comments

- £292m of annual cost savings achieved by FY 2016.
- Cost target upgraded from >£350m to >£400m by 2018.
- Associated 'costs to achieve' now expected to be lower at c.1.3 times the annual cost savings once fully achieved.
- Core Group headcount down 19% since 2013 and down 7% in 2016.

[1] Based on written controllable costs, Core relates to Scandinavia, Canada, UK, Ireland, Middle East and Head Office
[2] On like-for-like basis, adjusted for disposals and cumulative FX

INVESTMENT INCOME

Investment income 2016 v 2015



Key Comments

- Investment strategy unchanged: High quality, low risk fixed income portfolio
- Average yield on bond portfolios over 2016 of 2.5%
- Reinvestment rate of 1.4%
- Unrealised gains £629m. £80m realised in 2017 by Legacy sale. Expect remainder to largely unwind over next 4 years.

Investment income guidance 2017-19

£m	2017 guidance	2018 guidance	2019 guidance
Investment income	c.£300m	c.£275m	c.£265m
Discount unwind	£30-35m p.a.		

Both income and discount unwind have been adjusted for the UK Legacy sale with lost investment income broadly offset by lower discount unwind.

Key Comments

- Guidance updated for Legacy disposal, no net impact at investment result level.
- Guidance based on forward yields and FX.
- If current yields and FX were kept flat our guidance would be broadly unchanged for 2017&18, and c.£15m lower for 2019.
- A +/-5% movement in Sterling would move investment income by around +/-£10m.

OPERATING PROFIT £655M, UP 25%

£m		2016	2015
Operating result		**655**	**523**
Interest		**(99)**	(106)
Adjustment for Legacy sale	1	**(204)**	-
Other non-operating charges	2	**(261)**	(94)
Profit before tax		**91**	**323**
Tax	3	**(71)**	(79)
Profit after tax		**20**	**244**

Key comments

1. Non-capital accounting charge for sale of legacy liabilities (see next page).
2. Includes:
   - Tangible disposal gains of £159m from Latin American & Russia.
   - Intangible impacts (£176m) from above disposals.
   - Includes £168m of restructuring costs. Expect c.£100m in 2017 and for this to be last year of ‘below the line’ restructuring costs.
   - £39m premium paid on debt buyback.
   - £30m goodwill write down in Middle East.
3. Tax charge includes tax on overseas profits, taxes on disposals, partly offset by DTA build. Underlying tax rate of 24%, trending down towards 20% over next few years.

SALE OF LEGACY LIABILITIES

- Disposal of £834m[1] UK legacy liabilities to Enstar, announced 7 February 2017
- Reinsurance premium paid of £799m
- Initial reinsurance agreement, to be effective at 31 December 2016, followed by full legal transfer
- Around 75% of liabilities relate to asbestos, with a balance of abuse, deafness, marine and aviation

Accounting impacts

2016 impact (£m)	
Reinsurance premium paid	(799)
IFRS reserves transferred (discounted[2])	567
Margin	28
2016 IFRS charge	(204)

2017 impact (£m)	
2017 IFRS gain[3]	c.65

Solvency II impacts

SII impact (£m unless stated)	
Reinsurance premium paid	(799)
SII reserves[4] released	1,050–1,100
Core T1 gain	250–300
Tiering benefit (T3 increase)	50–60
Total own funds benefit	300–360
SCR benefit	Small reduction
Total SII coverage benefit	17–20%

Significant majority of overall coverage benefit is realised immediately

1 Undiscounted, net of reinsurance
2 IFRS Legacy reserves discounted at 4%
3 Mainly relates to realised gain on mark-to-market of bonds transferred to buyer
4 Comprises Legacy reserves discounted at 1.0-1.5%, plus provision for 'events not in data' and risk margin

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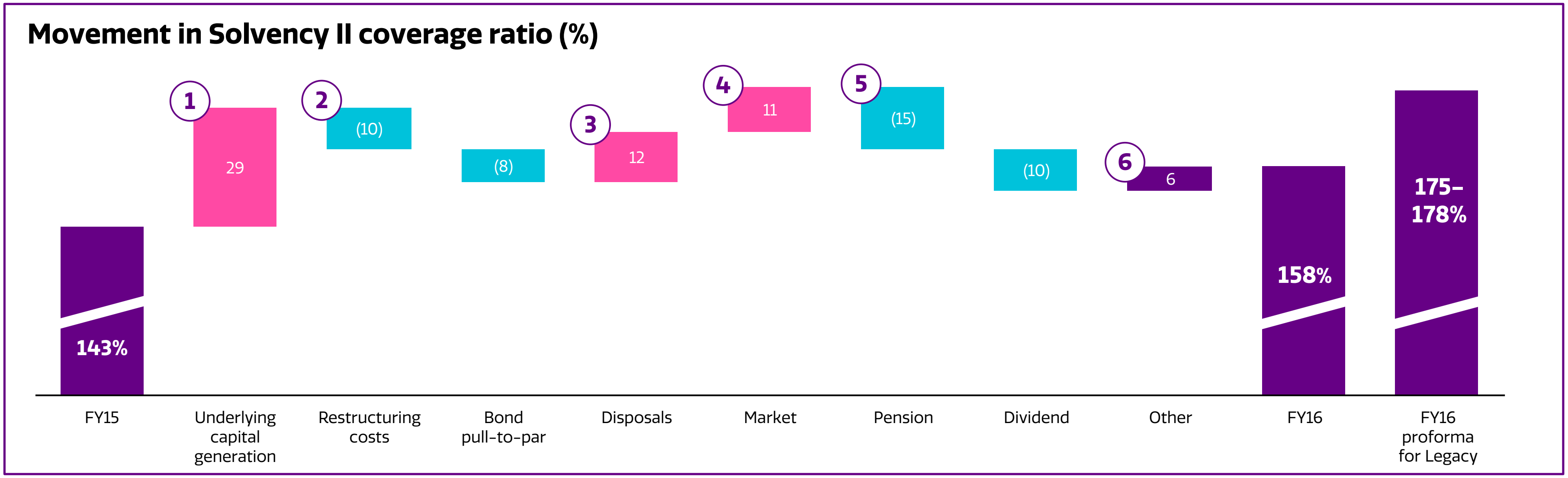
SOLVENCY II: AT UPPER END OF OUR TARGET RANGE



Note: Coverage movements include second order impacts from the application of tiering eligibility rules

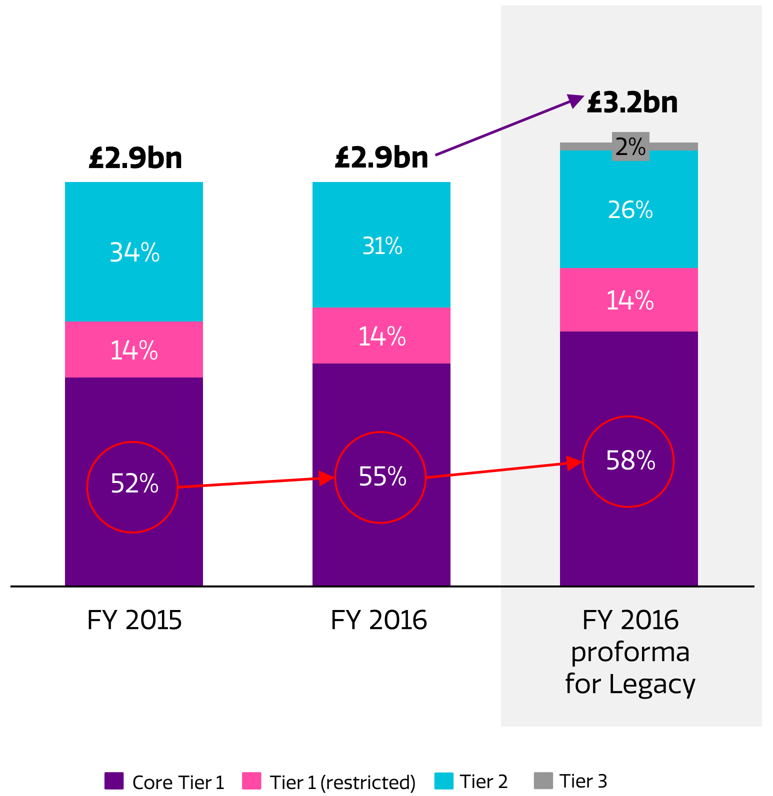
Key comments

1. Tangible profit after tax adjusted for restructuring costs and other non-capital P&L items
2. Restructuring and other non-recurring, non-operating items
3. Benefit of Latin American and Russian disposals, completed in the period
4. Mainly driven by positive foreign exchange movements and narrower credit spreads
5. Driven by impact of narrower AA corporate bond spreads on IAS 19 pension accounting
6. Mainly relates to modelling updates

Target range 130-160% – looking to operate towards top end of range

CAPITAL TIERING & IMPACT OF DEBT RETIREMENT

Solvency II capital tiering (eligible own funds)



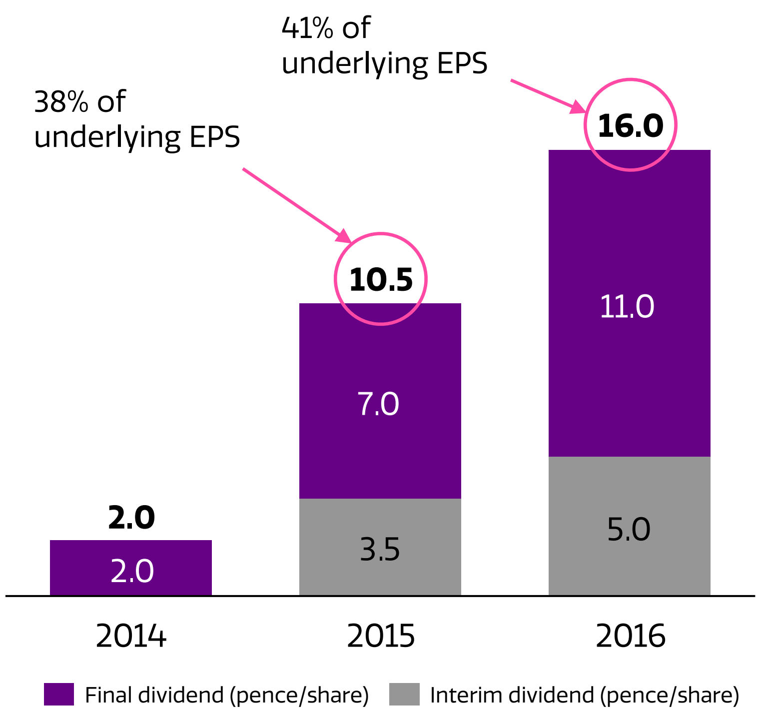
Key comments

- £200m subordinated debt (nominal value) retirement completed 12 July.
- Annualised run-rate interest costs saving of c.£19m.
- Legacy disposal significantly increases own funds and capital quality.
- On proforma basis SCR is now 100% covered by Core Tier 1.
- Ambition to further improve quality of capital, and reduce cost of debt.

Note: Further detail on capital tiering is included in the appendix

DIVIDEND

Dividend progress



Dividend policy & payout

- Total dividend for the year of 16p per ordinary share (2015: 10.5p), comprising 11p final dividend and 5p interim dividend.
- Up 52% from 2015.
- 41% payout of underlying EPS.
- Continue to target a growing dividend and payout ratio in line with our policy of distributing between 40-50% of earnings, plus 'specials' as available and prudent.

2017 OUTLOOK

1. In 2017, our goal is unchanged: the further raising of performance.
2. Maintain underwriting discipline, but aim for premium growth overall.
3. Continuing attritional loss ratio improvements, albeit at a moderated pace.
4. Further cost reductions.
5. Debt restructuring actions.
6. Overall targeting attractive 2017 performance, building from quality base now established.

Q&A

APPENDIX

RSA INSURANCE

1. A leading international general insurer, focused on Northern developed markets
2. Aiming to compete only where we can win. And to win where we compete
3. Well capitalised; transparent and easy to understand
4. Strong operational delivery; achieving sustainable attractive returns
5. Enduring customer appeal

In short, **winning for customers and for shareholders**

CAPITAL

Targeting single 'A' category ratings, and 130% – 160% operating range under Solvency II

Metric	Appetite
Credit rating	• Target single A category ratings (S&P, Moody's)
Solvency II coverage ratio	• Target coverage 130% - 160% • Coverage at 31 December 2016: 158%; 175-178% proforma for Legacy sale
Pillar II	• Full economic capital position consistent with other measures
TNAV:NWP	• Reasonableness test against other metrics

Solvency II Appetite

- A measured approach to capital risk appetite, targeting a minimum buffer above the SCR in addition to capital resilience based on a range of sensitivities
- RSA is a diversified, multi-channel, multi-product general insurer and is not normally exposed to significant volatility from the business mix
- Pension scheme provides a degree of IAS 19 volatility under Solvency II

SOLVENCY II: SENSITIVITIES

Solvency II

% coverage ratio		
31 December 2016: 158%	**Incl. pension**	**Excl. pension**
Interest rates: +1% non-parallel shift[1]	+6%	0%
Interest rates: -1% non-parallel shift[1]	-7%	-2%
Equities: -15%	-8%	-1%
Foreign exchange: GBP +10% vs all currencies	-4%	-4%
Cat loss of £75m net of reinsurance	-4%	-4%
Credit spreads: +0.25% parallel shift	+9%	-4%
Credit spreads: -0.25% parallel shift	-13%	+4%

Pension

Value of UK scheme assets and liabilities as at 31 December 2016 (IAS 19 basis) gross of tax		
£197m Group deficit (of which UK deficit £113m)[2]	Asset £8.2bn	Liab £8.3bn
Interest rates: -1%	+1.7	+1.8
Inflation: +1%	+1.1	+1.0
Equities[3]: -15%	-0.1	-
'AA' Credit spreads: -0.25%	+0.1	+0.4

Note:
The above sensitivities have been considered in isolation. The impact of a combination of sensitivities may be different to the individual outcomes stated above. Sensitivities exclude second order impacts from the application of Tier 1 eligibility rules.

[1] We have changed our interest rate sensitivity from a parallel shift in the yield curve to a non-parallel shift. This is to reflect that the long end of the yield curve is typically more stable than the short end.
[2] As at 31 December 2016, shown post-tax
[3] Fall in growth assets, 15% decline in equity component 10% decline non-equity

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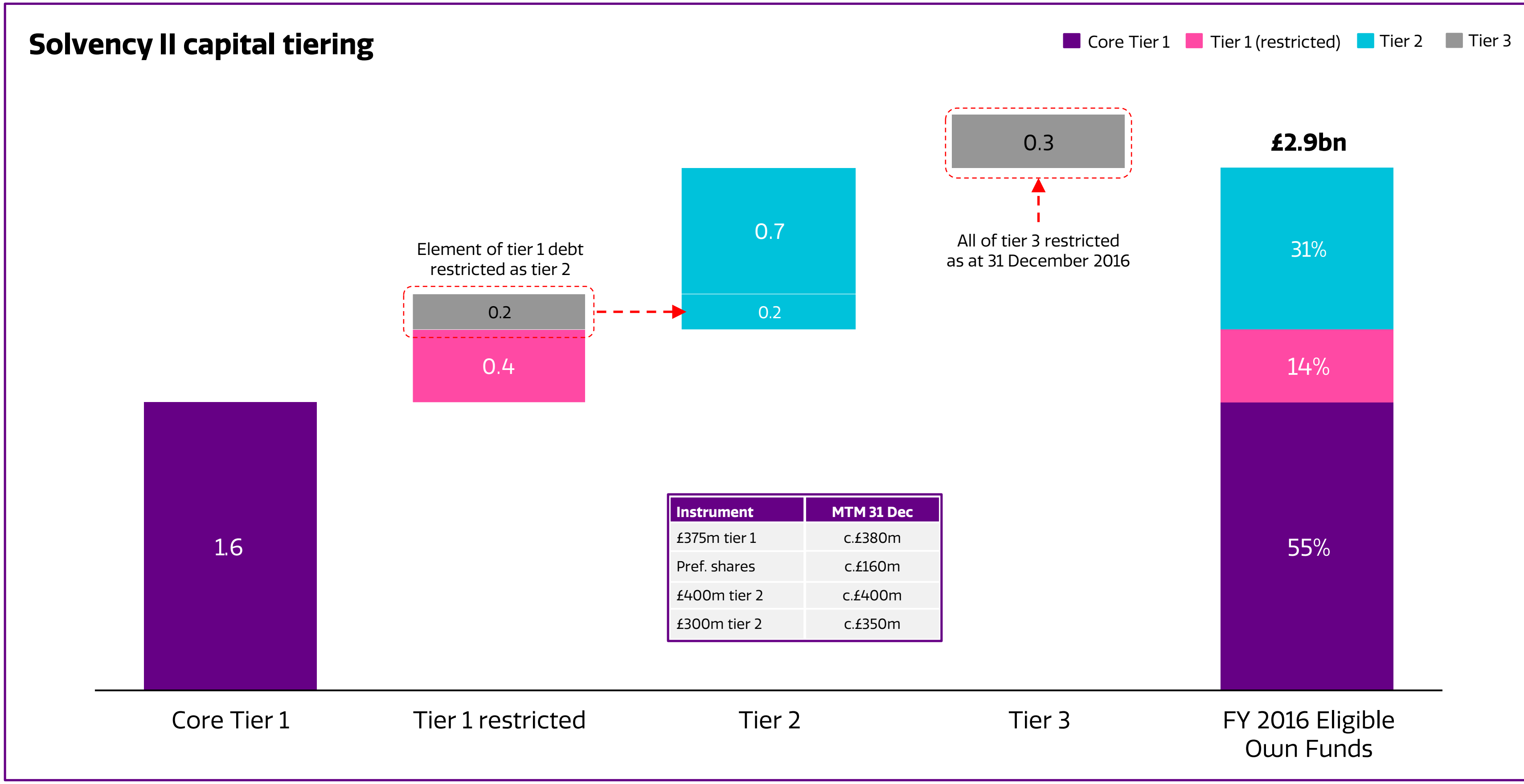
CAPITAL TIERING



Instrument	MTM 31 Dec
£375m tier 1	c.£380m
Pref. shares	c.£160m
£400m tier 2	c.£400m
£300m tier 2	c.£350m

The sale of UK legacy liabilities is Solvency II capital accretive, and is expected to increase eligible own funds to £3.2bn. Most of this increase impacts Core Tier 1 capital, and as a result this will reduce the amount of Tier 1 debt that is currently restricted as Tier 2. In turn this creates capacity at Tier 3 level to recognise some deferred tax asset within the structure.

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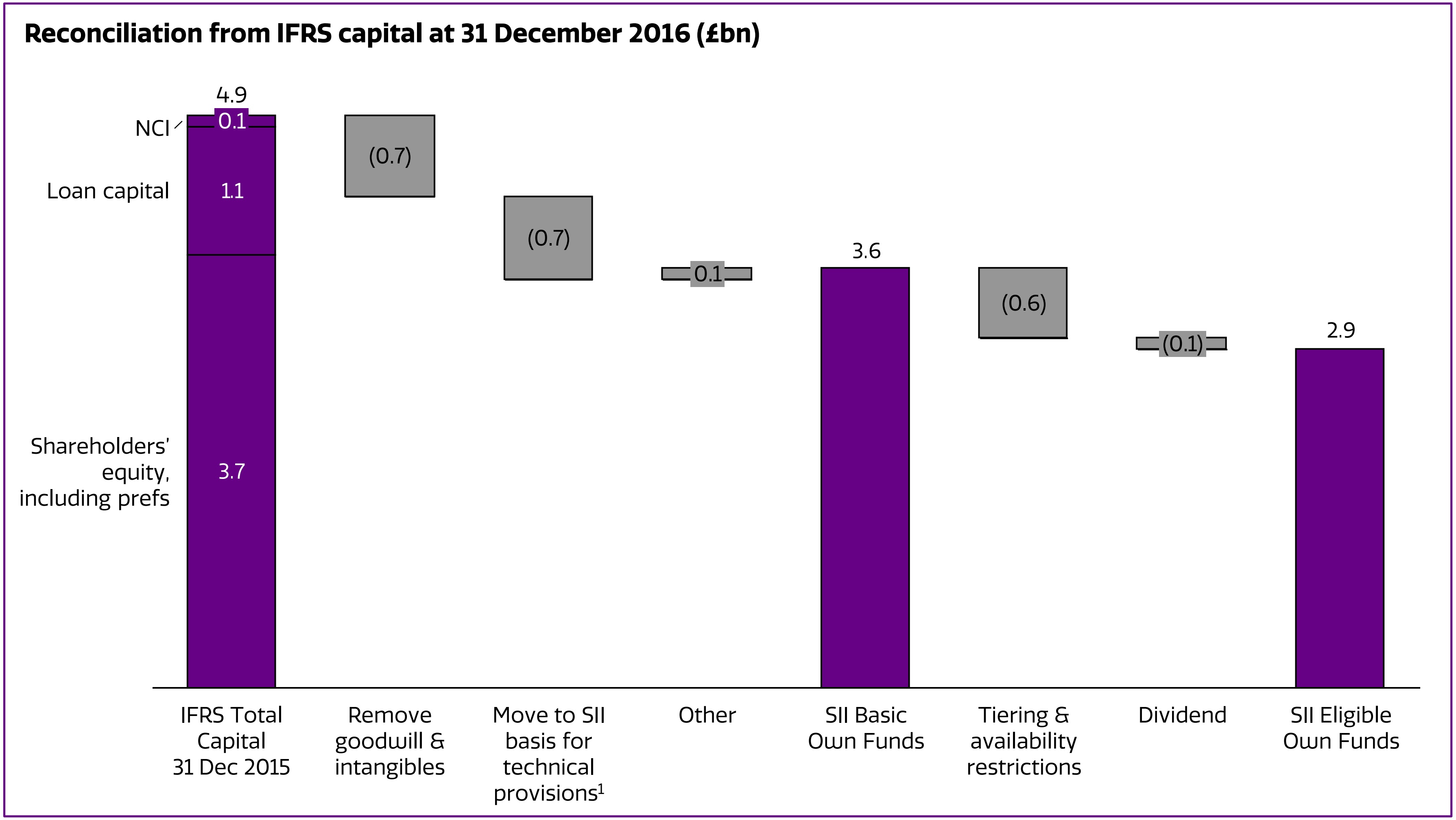
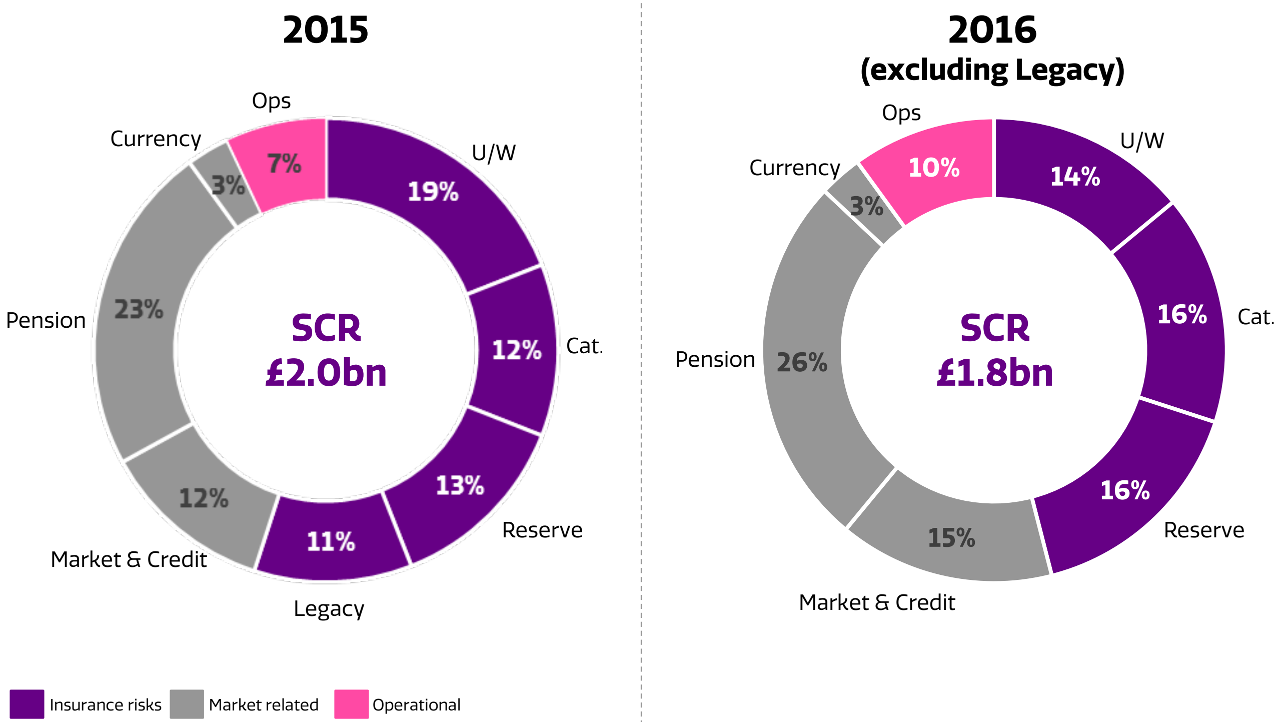
SOLVENCY II: AVAILABLE CAPITAL RECONCILIATION



[1]Including DAC

SCR: BREAKDOWN BY RISK DRIVER & TERRITORY

Breakdown of SCR by risk driver[1]



Key comments

- SCR reduction driven by pension de-risking and improved performance
- SCR reduction not driven by Legacy
- Legacy risk was well diversified, therefore its risk is shared across the other risk drivers post sale.
- Underwriting risk driver has reduced due to improved underwriting performance
- Diversification benefit in range of 35-45%[2]

[1] SCR allocation is based on the undiversified capital requirement
[2] The quantification of diversification within our Solvency II model depends on the choice of categories and the level of granularity.

DEBT RESTRUCTURING

RSA's current debt instruments

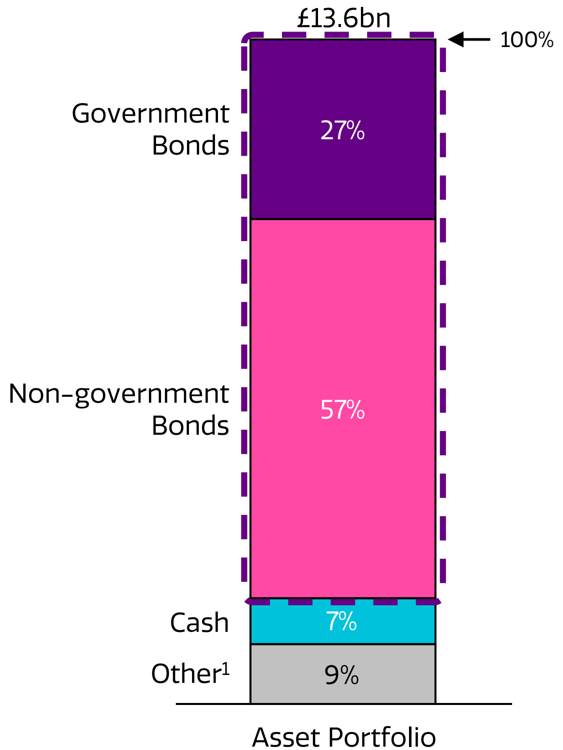
Instrument	Call date	Coupon	Interest cost
£375m Tier 1R	July 2017	6.7%	£25m
£300m Tier 2	May 2019	9.4%	£28m
£400m Tier 2	Oct 2025	5.1%	£20m

Key comments

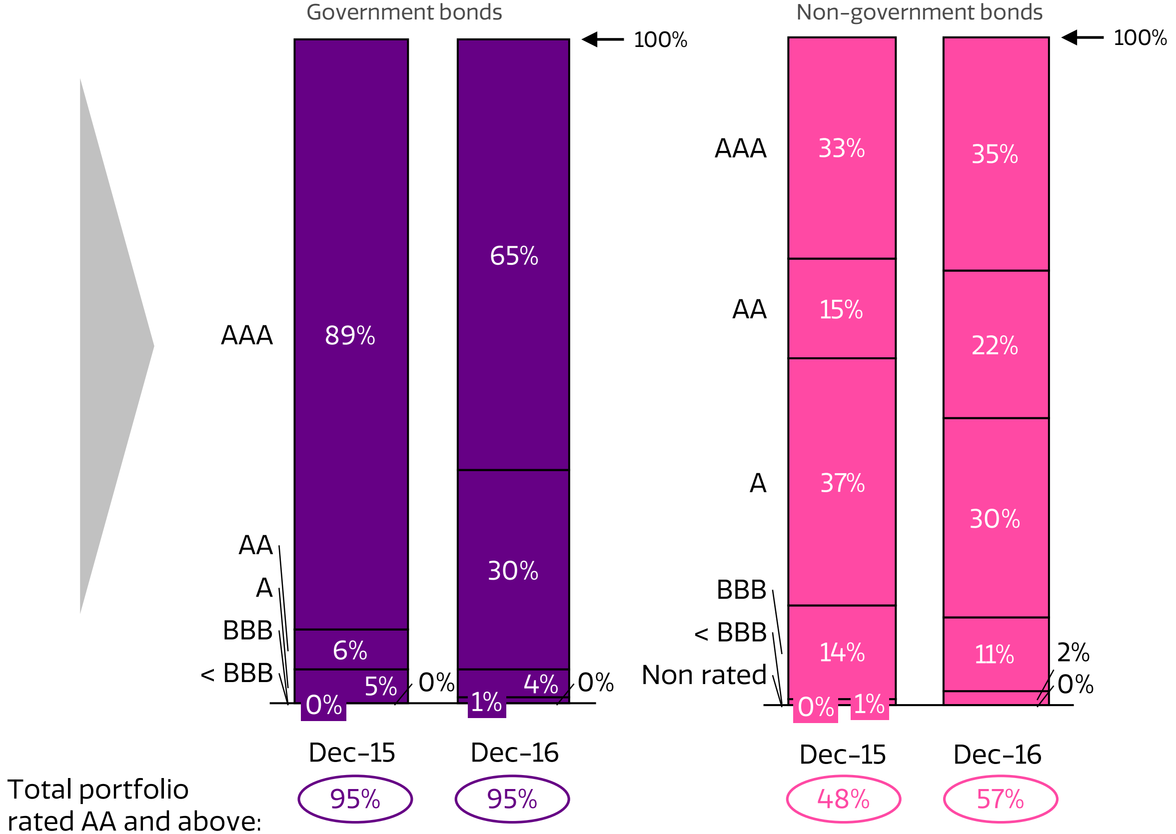
- As previously indicated, surplus capital in the short term will be used to accelerate restructure of debt capital
- Aim is to both reduce overall quantum of debt and associated cost.
- We are currently exploring the possibility of an issuance of restricted Tier 1 securities and opportunities for early debt retirement.
- Expect target instruments to be the £375m Tier 1R and £300m Tier 2.

INVESTMENT PORTFOLIO COMPOSITION & CREDIT QUALITY

Investment portfolio, Dec 2016 (£m)



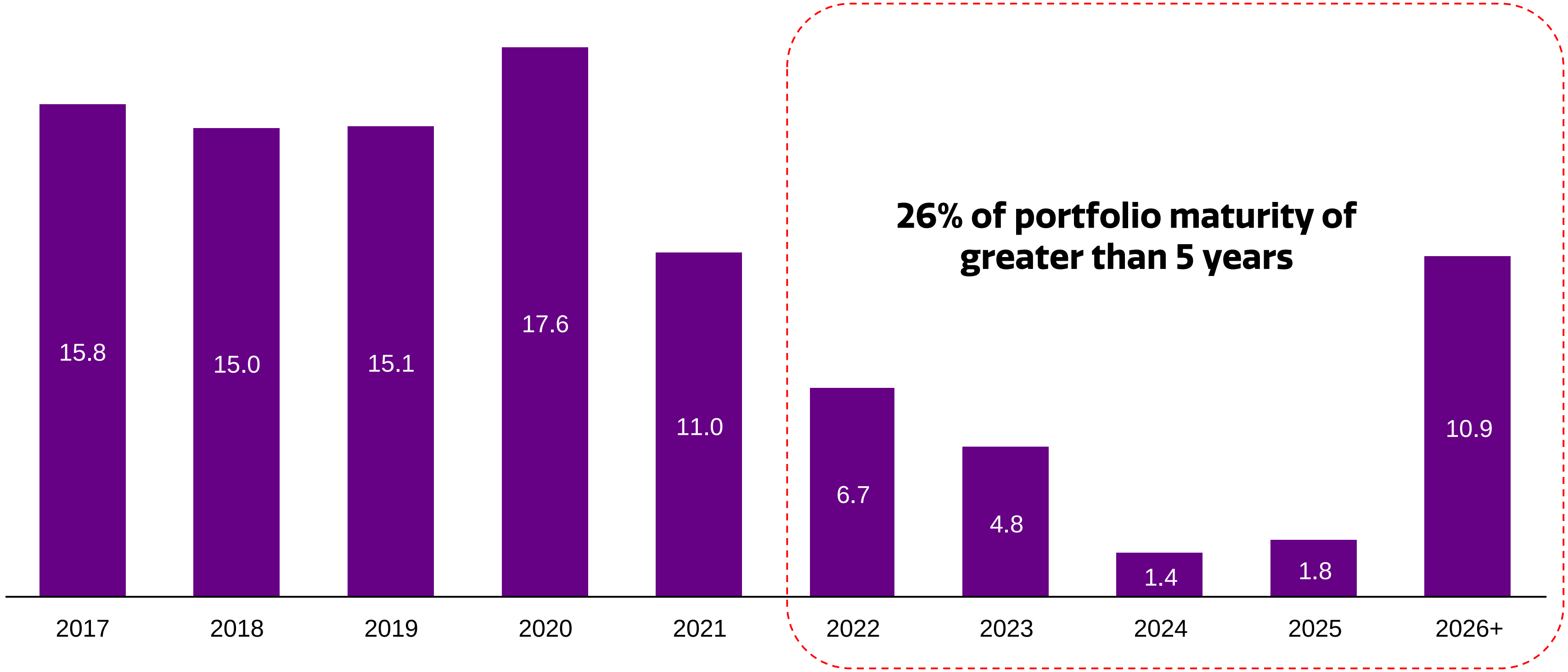
Bond portfolio credit quality (at Dec 2016)



[1] *Includes equities, property, prefs and loans*

BOND MATURITY PROFILE

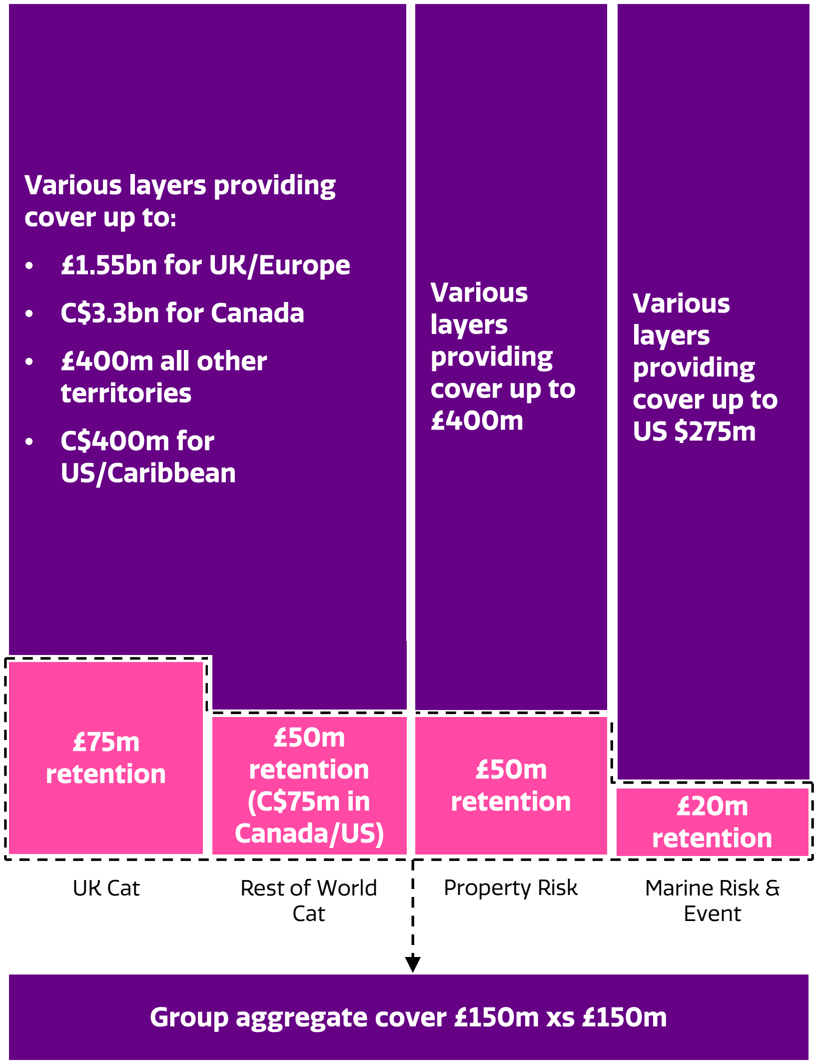
Bond portfolio by maturity (%) – excluding assets related UK legacy sale



Maturity profile of corporate and government bond portfolios as at 31/12/2016

Note: above analysis excludes assets transferred to buyer of UK Legacy liabilities

2017 REINSURANCE PROGRAMME



Key comments

Group aggregate reinsurance cover

- 3 year aggregate cover that commenced in 2015 remains in place
- Events or individual net losses > £10m ('franchise level') are added together across our financial year (when a loss exceeds £10m or local currency franchise level it is included in full)
- Cover attaches when total of these retained losses is greater than £150m
- Limit of cover £150m in 2017

Group adverse development cover

- The sale of the legacy liabilities means the Group's Adverse Development Cover reinsurance protection bought in 2014 to partly protect these liabilities, is no longer valuable. Accordingly, we have agreed to commute it for a one-time charge in 2017 of £22m.

CORE GROUP UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	2016 Total	Current year	Prior year	2015 Total
Net written premiums	6,269	12	6,281	5,912	(9)	5,903
Net earned premiums	① 6,353	(13)	② 6,340	6,134	(31)	6,103
Net incurred claims	(4,258)	149	③ (4,109)	(4,180)	139	(4,041)
Commission expenses	(874)	(13)	④ (887)	(873)	–	(873)
Operating expenses	(948)	(4)	⑤ (952)	(940)	(4)	(944)
Underwriting result	273	119	392	141	104	245
CY attritional claims	⑥ (3,511)			(3,478)		
Weather claims	⑦ (165)			(194)		
Large losses	⑧ (582)			(508)		
Net incurred claims	(4,258)			(4,180)		
Loss ratio (%)	= ③ / ②		⑨ 64.8			66.2
Weather ratio (%)	= ⑦ / ①		⑩ 2.6			3.2
Large loss ratio (%)	= ⑧ / ①		⑪ 9.2			8.3
CY attritional ratio (%)	= ⑥ / ①		⑫ 55.2			56.6
PY effect (%)	= ⑨ (⑩ : ⑫)		(2.2)			(1.9)
Commission ratio (%)	= ④ / ②		⑬ 14.0			14.3
Expense ratio (%)	= ⑤ / ②		⑭ 15.0			15.5
Combined ratio	= ⑨ + ⑬ + ⑭		93.8			96.0

SCANDINAVIA UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	2016 Total	Current year	Prior year	2015 Total
Net written premiums	1,721	–	1,721	1,606	–	1,606
Net earned premiums	① 1,735	–	② 1,735	1,572	(6)	1,566
Net incurred claims	(1,207)	26	③ (1,181)	(1,129)	(27)	(1,156)
Commission expenses	(60)	–	④ (60)	(60)	–	(60)
Operating expenses	(255)	–	⑤ (255)	(256)	–	(256)
Underwriting result	213	26	239	127	(33)	94
CY attritional claims	⑥ (1,114)			(1,015)		
Weather claims	⑦ (6)			(15)		
Large losses	⑧ (87)			(99)		
Net incurred claims	(1,207)			(1,129)		
Loss ratio (%)	=	③/②	⑨ 68.0			73.8
Weather ratio (%)	=	⑦/①	⑩ 0.4			1.0
Large loss ratio (%)	=	⑧/①	⑪ 5.0			6.3
CY attritional ratio (%)	=	⑥/①	⑫ 64.2			64.5
PY effect (%)	=	⑨ (⑩:⑫)	(1.6)			2.0
Commission ratio (%)	=	④/②	⑬ 3.4			3.8
Expense ratio (%)	=	⑤/②	⑭ 14.8			16.4
Combined ratio	=	⑨+⑬ +⑭	86.2			94.0

CANADA UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	2016 Total	Current year	Prior year	2015 Total
Net written premiums	1,447	(4)	1,443	1,360	–	1,360
Net earned premiums	① 1,458	(4)	② 1,454	1,387	–	1,387
Net incurred claims	(1,018)	70	③ (948)	(933)	81	(852)
Commission expenses	(196)	5	④ (191)	(189)	3	(186)
Operating expenses	(238)	(3)	⑤ (241)	(230)	(3)	(233)
Underwriting result	6	68	74	35	81	116
CY attritional claims	⑥ (842)			(837)		
Weather claims	⑦ (83)			(31)		
Large losses	⑧ (93)			(65)		
Net incurred claims	(1,018)			(933)		
Loss ratio (%)	= ③/②		⑨ 65.2			61.5
Weather ratio (%)	= ⑦/①		⑩ 5.7			2.3
Large loss ratio (%)	= ⑧/①		⑪ 6.4			4.7
CY attritional ratio (%)	= ⑥/①		⑫ 57.8			60.3
PY effect (%)	= ⑨ (⑩:⑫)		(4.7)			(5.8)
Commission ratio (%)	= ④/②		⑬ 13.1			13.4
Expense ratio (%)	= ⑤/②		⑭ 16.6			16.8
Combined ratio	= ⑨+⑬ +⑭		94.9			91.7

RSA

UK UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	2016 Total	Current year	Prior year	2015 Total
Net written premiums	2,579	9	2,588	2,614	(8)	2,606
Net earned premiums	1 2,679	(2)	2 2,677	2,742	(8)	2,734
Net incurred claims	(1,681)	70	3 (1,611)	(1,838)	57	(1,781)
Commission expenses	(550)	(17)	4 (567)	(564)	(2)	(566)
Operating expenses	(376)	–	5 (376)	(374)	(1)	(375)
Underwriting result	72	51	123	(34)	46	12
CY attritional claims	6 (1,243)			(1,319)		
Weather claims	7 (85)			(179)		
Large losses	8 (353)			(340)		
Net incurred claims	(1,681)			(1,838)		
Loss ratio (%)		= 3 / 2	9 60.2			65.1
Weather ratio (%)		= 7 / 1	10 3.2			6.5
Large loss ratio (%)		= 8 / 1	11 13.2			12.4
CY attritional ratio (%)		= 6 / 1	12 46.3			48.1
PY effect (%)		= 9 (10 : 12)	(2.5)			(1.9)
Commission ratio (%)		= 4 / 2	13 21.2			20.7
Expense ratio (%)		= 5 / 2	14 14.0			13.7
Combined ratio		= 9 + 13 + 14	95.4			99.5

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UK PERSONAL UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	2016 Total	Current year	Prior year	2015 Total
Net written premiums	1,069	(1)	1,068	1,134	(1)	1,133
Net earned premiums	① 1,093	(1)	② 1,092	1,153	(2)	1,151
Net incurred claims	(650)	20	③ (630)	(706)	26	(680)
Commission expenses	(232)	–	④ (232)	(241)	(4)	(245)
Operating expenses	(182)	–	⑤ (182)	(179)	–	(179)
Underwriting result	29	19	48	27	20	47
CY attritional claims	⑥ (567)			(605)		
Weather claims	⑦ (46)			(65)		
Large losses	⑧ (37)			(36)		
Net incurred claims	(650)			(706)		
Loss ratio (%)	= ③/②		⑨ 57.8			59.0
Weather ratio (%)	= ⑦/①		⑩ 4.2			5.6
Large loss ratio (%)	= ⑧/①		⑪ 3.4			3.1
CY attritional ratio (%)	= ⑥/①		⑫ 51.9			52.5
PY effect (%)	= ⑨ (⑩:⑫)		(1.7)			(2.2)
Commission ratio (%)	= ④/②		⑬ 21.2			21.3
Expense ratio (%)	= ⑤/②		⑭ 16.7			15.6
Combined ratio	= ⑨ + ⑬ + ⑭		95.7			95.9

UK COMMERCIAL UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	2016 Total	Current year	Prior year	2015 Total
Net written premiums	1,510	10	1,520	1,480	(7)	1,473
Net earned premiums	1 1,586	(1)	2 1,585	1,589	(6)	1,583
Net incurred claims	(1,031)	50	3 (981)	(1,132)	31	(1,101)
Commission expenses	(318)	(17)	4 (335)	(323)	2	(321)
Operating expenses	(194)	–	5 (194)	(195)	(1)	(196)
Underwriting result	43	32	75	(61)	26	(35)
CY attritional claims	6 (676)			(714)		
Weather claims	7 (39)			(114)		
Large losses	8 (316)			(304)		
Net incurred claims	(1,031)			(1,132)		
Loss ratio (%)	=	3 / 2	9 61.8			69.6
Weather ratio (%)	=	7 / 1	10 2.4			7.2
Large loss ratio (%)	=	8 / 1	11 19.9			19.1
CY attritional ratio (%)	=	6 / 1	12 42.6			45.0
PY effect (%)	=	9 (10 : 12)	(3.1)			(1.7)
Commission ratio (%)	=	4 / 2	13 21.1			20.3
Expense ratio (%)	=	5 / 2	14 12.3			12.4
Combined ratio	=	9 + 13 + 14	95.2			102.3