2018 PRELIMINARY RESULTS

28 February 2019

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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 2018 Preliminary results announcement.

Agenda

1. Introduction
2. Strategy & business improvement actions
3. Regional update
4. 2018 Preliminary results
5. Q&A

Introduction

2018 SUMMARY

1. Pre-tax profit £480m, up 7%. Headline EPS up 21%. Dividends 21p per share, up 7%
2. Underwriting results down, driven by higher weather costs and large loss challenges in Commercial Lines
3. Underlying EPS 34.1p per share. First down year since 2013
4. Underlying return on tangible equity 12.6% versus 13-17% target range
5. Capital position robust. Solvency II coverage 170% (2017: 163%) and new longer term pension settlement successfully agreed
6. Further cost progress - savings target of > £450m reached a year early

RSA

2018 SUMMARY

- Key targets reaffirmed:

Combined ratio:
< 85% Scandinavia
< 94% Canada
< 94% UK & International

ROTE 13-17%

Controllable costs < 20%

- Progress continues Group-wide on 'best-in-class' programmes impacting customer service, underwriting and cost
- Personal Lines COR 92.4%, despite 2.4 points higher weather ratio
- Commercial Lines COR 101.9%, the principal underperformer
- Extensive actions taken on portfolio exits, management and underwriting changes and additional reinsurance purchases
- Proforma for portfolio exits and reinsurance additions, Commercial Lines COR 97.6% and Group underlying EPS c.42p per share

Strategy & business improvement actions

2018 PRODUCED DISAPPOINTING UNDERWRITING RESULTS

- Partly driven by weather (£76m[1] above 2017)
- Partly driven by losses in Commercial Lines, especially 'London Market' business
- Overall strategy remains valid – Operating Plan outlook and blended 'best-in-class' competitor performance in our markets continues to support our targets
- RSA's fundamental repositioning since 2013 has transformed competitiveness - cost and attritional loss ratio gains 2013-2018 contribute > 7 points improvement to combined ratio

[1] At constant exchange

RSA RESPONSES

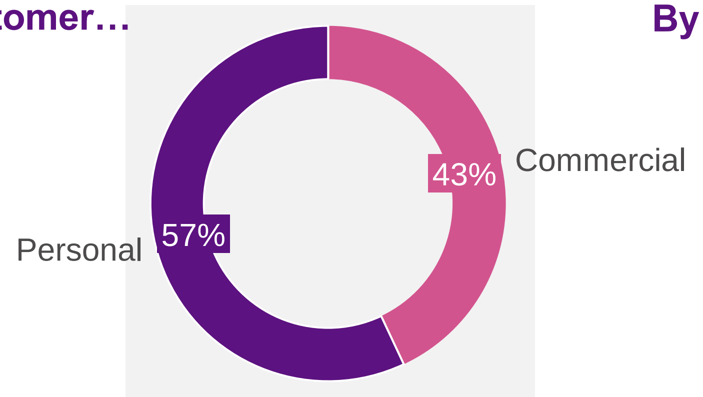
- ☑ Stick to the 'best-in-class' roadmap. Keep improving. Further enhance RSA competitiveness and capabilities
- ☑ Significant portfolio exits announced in 2018, with major reduction in 'London Market' Specialty & Wholesale business
- ☑ Package of other measures – additional reinsurance purchases; management changes; major programme of Commercial Lines underwriting and capability improvements; re-pricing and re-underwriting continuing business where needed

STRATEGY REMAINS 'PURSUIT OF OUTPERFORMANCE' THROUGH…

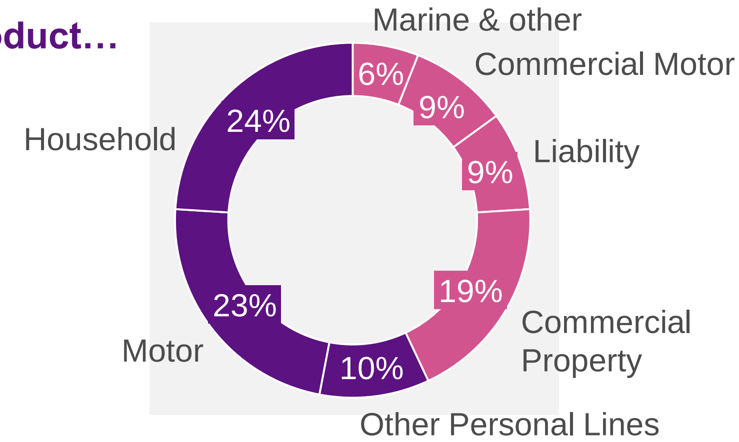
1. Strong customer franchises
2. Disciplined business focus, majoring on strengths, seeking to avoid mistakes
3. A balance sheet that protects customers and the company
4. Intense and accomplished operational delivery – improving customer service, underwriting and costs

AMONGST THE LEADERS IN OUR MARKETS, WITH ATTRACTIVE BUSINESS BALANCE

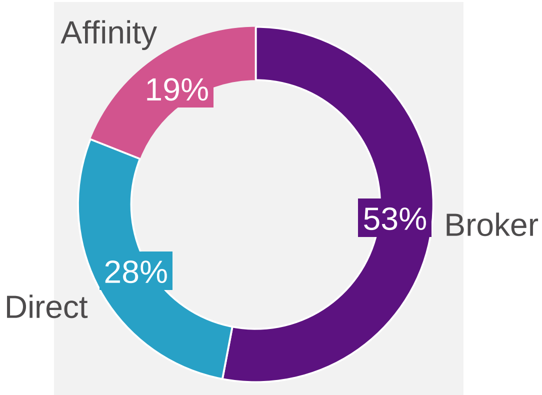
By customer…



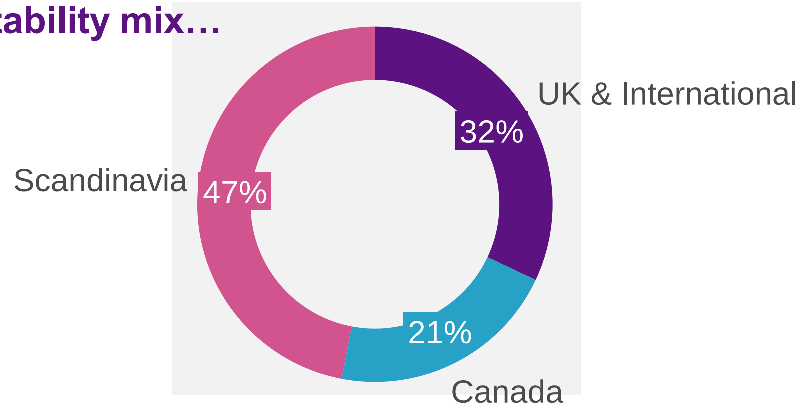
By product…



By distribution channel…



Indicative target profitability mix…



[1] UK & International includes Ireland, the Middle East, European branches and global risks written through the 'London Market'
[2] Spilt based on 2018 Group NWP except indicative target profitability mix which is based on medium-term operating profit ambitions

PERFORMANCE IMPROVEMENT LEVERS

1

Advance customer service

- Digital platforms for convenience, flexibility and speed
- Increase customer satisfaction and retention
- Sharpen customer acquisition tools

2

Further improve underwriting

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

3

Drive cost efficiency

- Deploy 'lean', robotics & process redesign
- Optimise overheads & procurement
- Site consolidation & outsourcing
- Automation

Key enablers:

- Technology
- Focused performance culture

Targets

'Best-in-class' COR ambitions

- Scandinavia < 85%
- UK & International < 94%
- Canada < 94%

Earnings

- High quality, repeatable earnings
- Attractive EPS increases
- ROTE 13-17% or better

Dividend

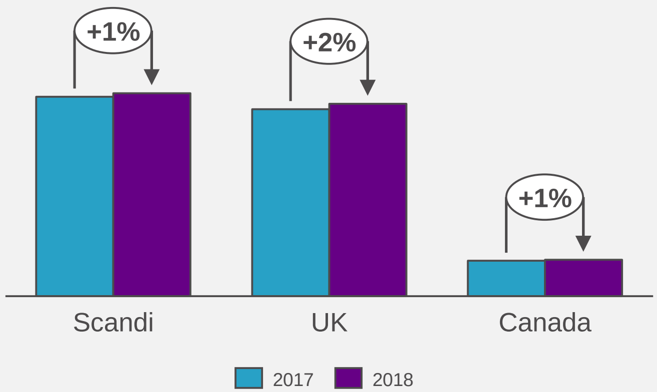
- Regular payout 40-50%, plus additional payouts as available and prudent

Underpinned by strong balance sheet and capital management

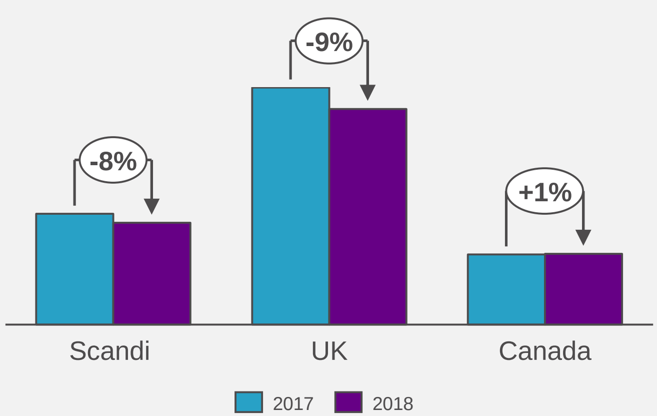
2018 CUSTOMER METRICS STABLE OR IMPROVING EXCEPT WHERE IMPACTED BY UNDERWRITING ACTIONS

Customer retention (%)

Personal Lines – policies in force

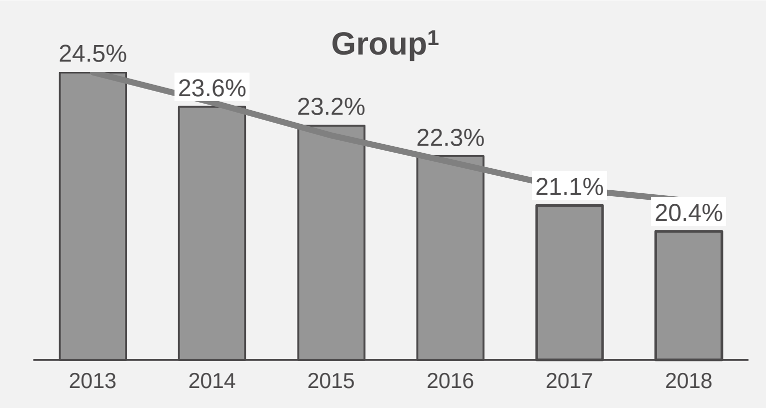


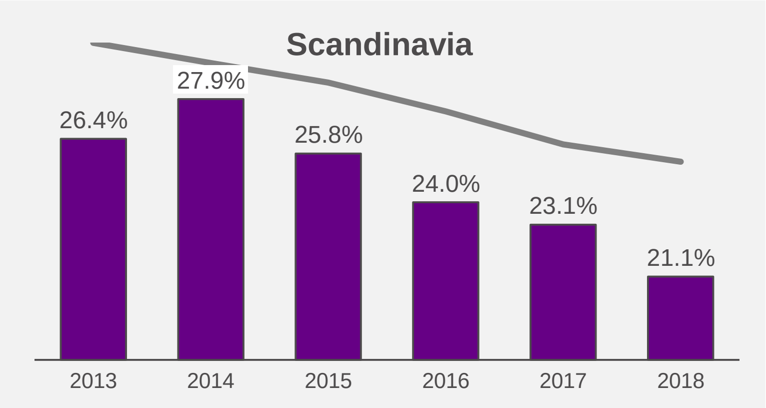
Commercial Lines – volumes

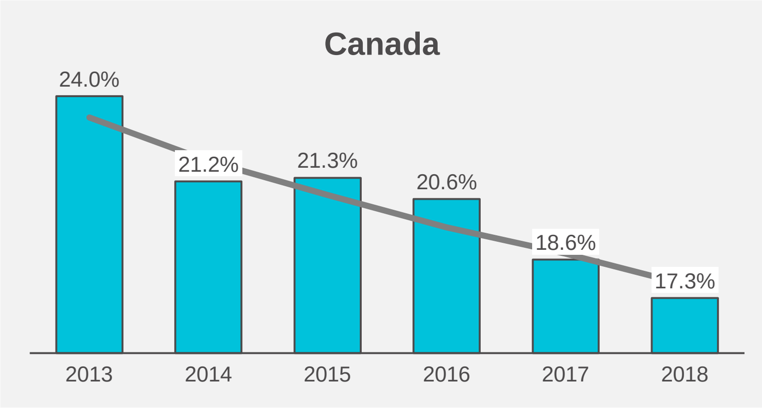


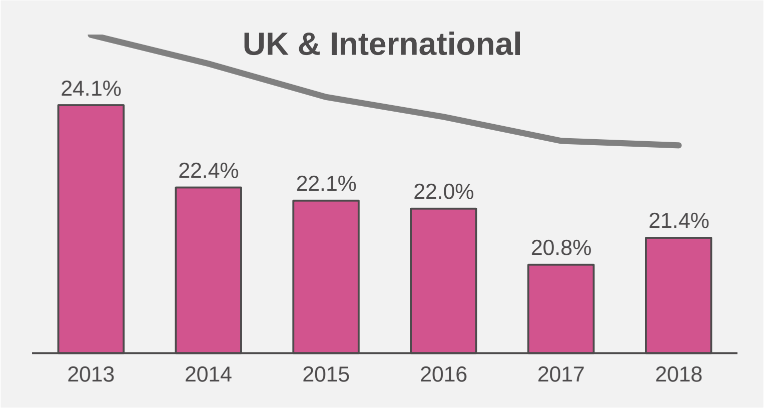
COST COMPETITIVENESS REMAINS AN IMPORTANT STRATEGY

Goal is controllable cost ratios below 20% in every business







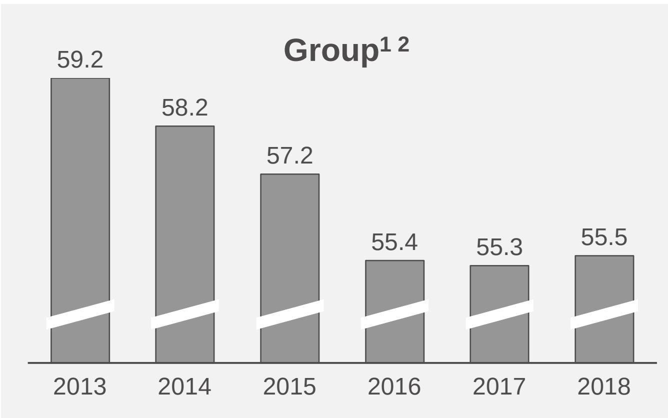


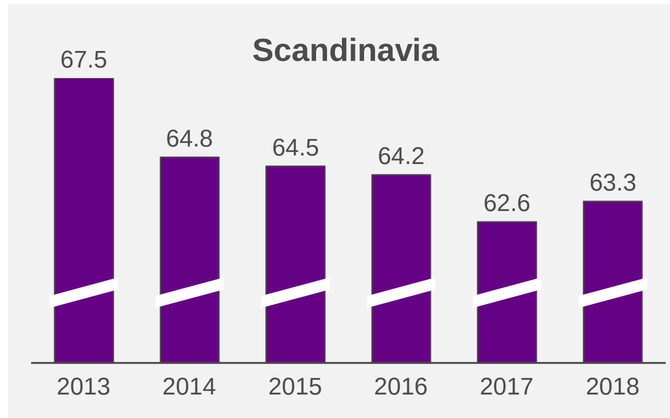
[1] Group earned underwriting costs ex. disposals at constant FX

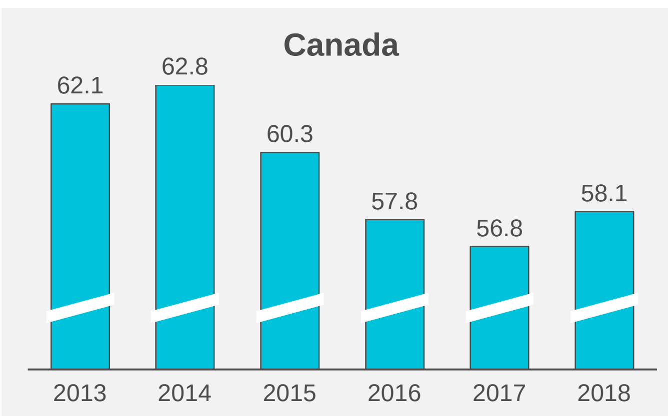
FTE

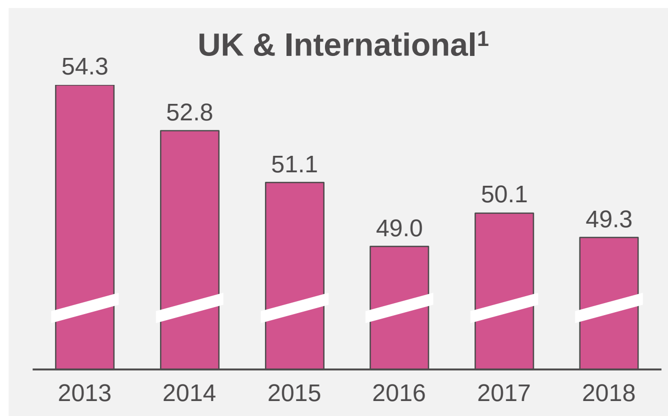
ATTRITIONAL LOSS RATIO FLAT, BUT CAN BE IMPROVED FURTHER

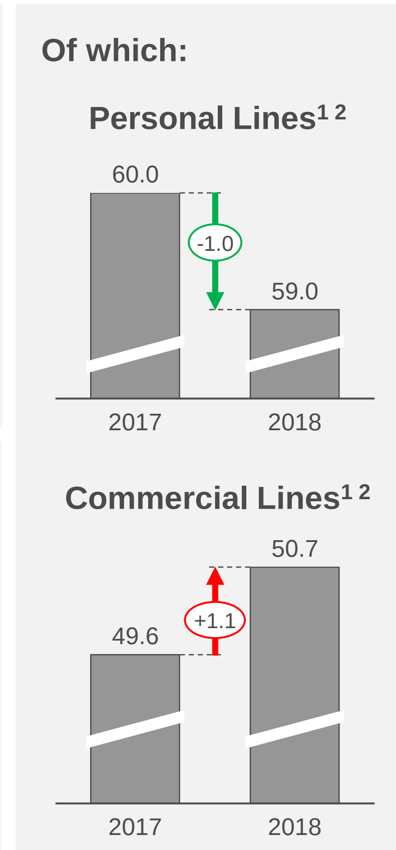
Attritional loss ratios (%)







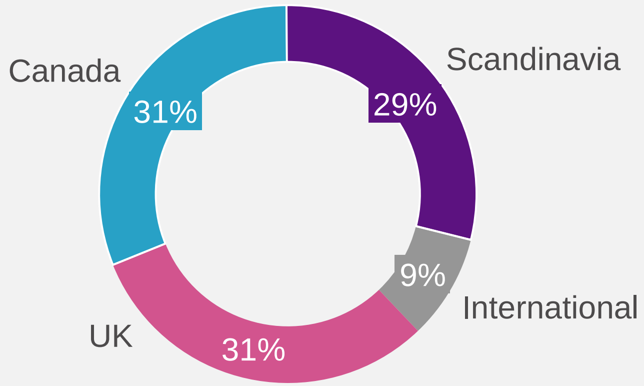




[1] Loss ratios presented ex. the impact of 2018 reinsurance additions
[2] At constant FX and ex. disposals where relevant

UNDERWRITING – PERSONAL LINES

57% of Group Net Written Premiums



Summary results 2018		
	2018	**vs. 2017[1]**
Net Written Premiums	£3.7bn	+5%
Attritional loss ratio (%)[2]	59.0%	-1.0 points
Weather ratio (%)	4.4%	+2.4 points
COR (%)	92.4%	+2.4 points

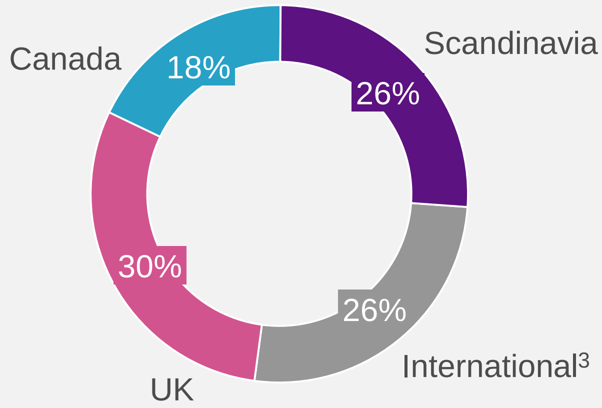
Actions 2018/ 2019:

- Premium growth in most profitable lines e.g. Sweden +8%[1], Johnson +6%[1]
- BAU profitability improvements in all territories
- Pricing actions and broker cancellations (Canada) intensify for 2019 to address adverse claims inflation and particular areas of weather volatility:
  - Canada: Property impacted by weather, but attritional ratio also up; more to do on Auto
  - UK&I: 2018 actions earning through e.g. UK Household attritional ratio down over 4 points
  - Scandinavia: Sweden in good shape; Danish Motor COR down but Household up; Norway challenging
- Additional benefit of Canada aggregate reinsurance for 2019

[1] At constant FX [2] Ex. impact of 2018 reinsurance additions

UNDERWRITING – COMMERCIAL LINES

43% of Group Net Written Premiums



Summary results 2018

	2018	vs. 2017[1]
Net Written Premiums	£2.8bn	-5%
Attritional loss ratio (%)	50.7%	+1.1 points
Large ratio (%)	22.3%	+2.3 points
COR (%)	101.9%	+0.7 points
Proforma COR (%)[2]	97.6%	-0.2 points

2018 portfolio exits:

- London Market and 2 UK schemes (2017 NWP c.£180m)
- Proforma underwriting loss improvement £110m

2019 new aggregate reinsurance:

Proforma impact on 2018:

- UK&I £18m net benefit pre-exits (nil proforma)
- Canada £14m net benefit[4]
- Scandinavia broadly neutral

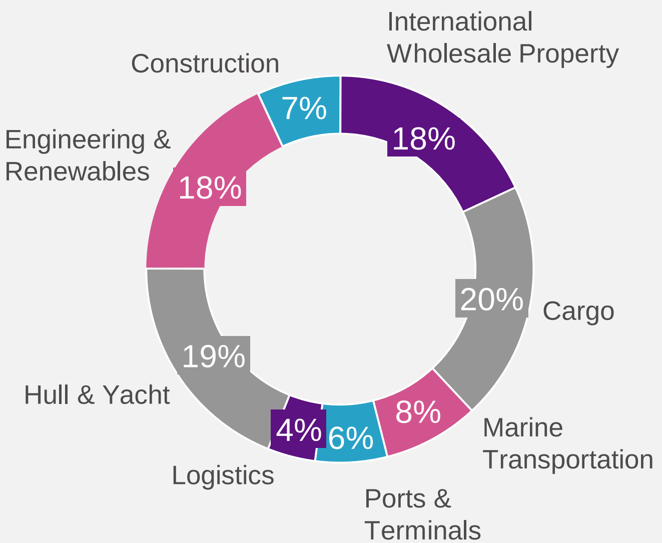
Underwriting actions 2018/ 2019:

- Pricing and re-underwriting
- Investment in capabilities, training and portfolio management
- Targeted case lapses

[1] At constant FX
[2] Proforma for UK exits and 2019 reinsurance additions
[3] Ireland, Middle East, London Market Speciality & Wholesale and European branches
[4] Covers Canadian Personal and Commercial Lines

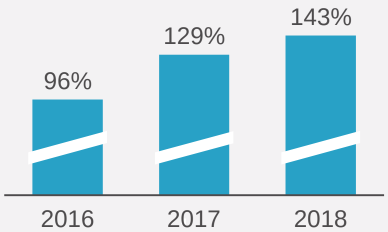
PORTFOLIO EXITS – COMMERCIAL LINES

2017 London Market NWP c.£300m

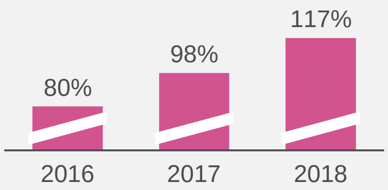


London Market CORs (%)

COR (%) – whole portfolio:



COR (%) – proforma for exits:



c.£150m London Market exits

- Construction
- Ports & Terminals
- Logistics
- MGA
- Range of Marine segments
- Range of sub-segments

Exited portfolios c.£115m

Other London Market case exits — c.£35m

Review continues in Q1 2019

Other exits

- UK generalist MGA schemes: c.£65m NWP exits 2018-19; 2018 losses £20m (follows c.£80m in exits in 2014-17)
- Danish Interconnector business lines: 2018 NEP £20m and underwriting loss £34m
- European branch exits c.£25m 2018 NWP

REINSURANCE CHANGES 2019

Catastrophe and individual loss reinsurance programmes substantially unchanged

Group Volatility Cover renewed for 2018-2020 (in place since 2015)

Provides protection for £10m+ losses over £170m

2018 recovery £78m (vs. £46m premiums)

New regional aggregate covers

Canada

Catastrophe	**Property and C&E[1] risk**
Feeding layer CAD $12.5 xs. CAD $5m	Feeding layer CAD $8m xs. CAD $2m
Per loss retention CAD $5m	Per loss retention CAD $2m
CAD $65m shared limit across both sections covers	
Annual aggregate deductible CAD $50m for large CAD $25m for catastrophe	

2018 proforma net benefit £14m

UK

Property and C&E[1] risk	**Marine**
Feeding layer £7m xs. £3m	Feeding layer £7m xs. £3m
Per loss retention **£3m**	Per loss retention **£3m**
£30m limit	
Annual aggregate deductible £58m	

2018 proforma net benefit £18m[2]

Scandinavia

Catastrophe	**Property and C&E[1] risk**
Feeding layer DKK 50m xs. DKK 50m	Feeding layer DKK 80m xs. DKK 20m
Per loss retention **DKK 50m**	Per loss retention **DKK 20m**
DKK 180m limit	
Annual aggregate deductible DKK 130m	

2018 proforma broadly neutral

[1] Construction & Engineering
[2] Nil proforma for exits

Regional update

SCANDINAVIA

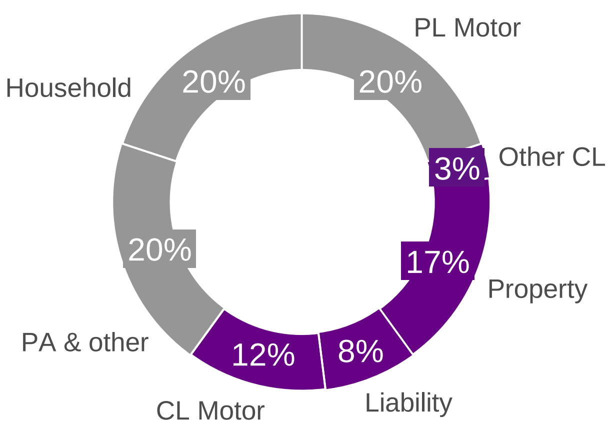
Progress	2013	2017	2018	Ambition
COR	88.1%	82.9%	86.8%	<85%
Attritional loss ratio	67.5%	62.6%	63.3%	
Controllable expense ratio[1]	26.4%	23.1%	21.1%	<20%

£1.8bn
2018 Scandi NWP

-1% vs. 2017
+2% at CFX

Medium term outlook:
+1-4% CFX

Split of Scandinavia NWP



2018 summary

- Scandinavia remains a 'jewel' in the RSA crown
- Results down vs. 2017 record but still strong
- Major improvements in cost competitiveness continuing
- Excellent Personal Lines performance – growth and profits
- Commercial Lines result disappointing:
  - Large loss volatility
  - Interconnector exits
  - Re-underwriting where needed
  - Reinsurance aggregate cover for 2019
- Combined ratio ambitions viable 2019/ 2020

[1] Earned underwriting controllable cost ratio

CANADA

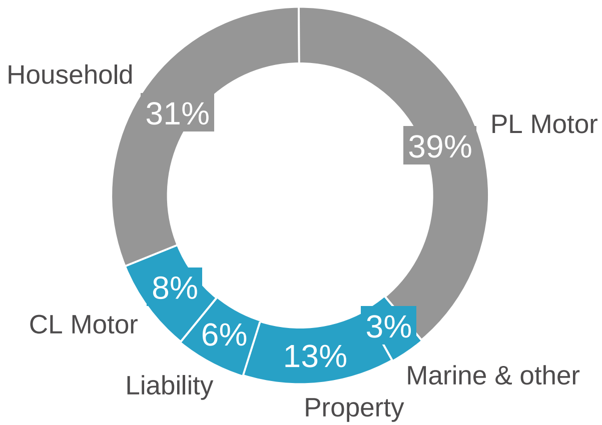
Progress	2013	2017	2018	Ambition
COR	100.7%	93.9%	97.6%[1]	<94%
Proforma COR[2]			96.7%	
Attritional loss ratio	62.1%	56.8%	58.1%	
Controllable expense ratio[3]	24.0%	18.6%	17.3%	<20%

£1.7bn
2018 Canada NWP

+2% vs. 2017
+6% at CFX

Medium term outlook:
+2-4% CFX

Split of Canada NWP



2018 summary

- Canadian market challenged by weather volatility and auto claims inflation in 2018
- 'Hard' market helps outlook for corrective actions
- Headline 2018 results poor but consistent with the market and RSA weighting to property lines
- Proforma COR 96.7%[2]
- Underlying progress good especially in Johnson Personal Lines (39% of total). Organic growth, Deeks and Scotiabank
- Cost competitiveness a continuing achievement
- Weather costs 3.1 points above 2017
- But Commercial Lines results also poor
- Pricing, re-underwriting and broker cancellation in targeted areas
- Combined ratio ambitions viable 2019/ 2020 although requires big 2019 'bounce backs'

[1] After net GVC reinsurance recoveries
[2] Proforma for 2019 reinsurance additions and net GVC reinsurance recoveries
[3] Earned underwriting controllable cost ratio

UK & INTERNATIONAL

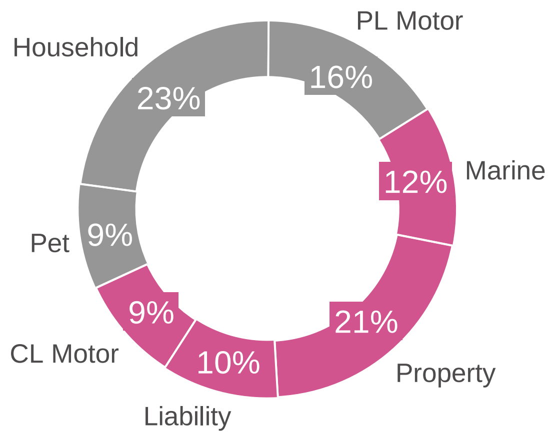
Progress	2013	2017	2018	Ambition
COR	105.7%	102.6%	101.4%	<94%
Proforma COR[1]			97.4%	
Attritional loss ratio[2]	54.3%	50.1%	49.3%	
Controllable expense ratio[3]	24.1%	20.8%	21.4%	<20%

£3.1bn
2018 UK&I NWP

-3% vs. 2017
-3% at CFX

Medium term outlook:
+1-4% CFX

Split of UK&I NWP



2018 summary

- Two years of poor results after 2016 record profit. Action programme extensive
- Proforma COR 97.4%[1]
- Ireland and Middle East CORs 90.2% and 83.4% respectively
- UK Personal Lines hit by weather (6.8%, +4.4 points), but Household attritional and Pet improved. Motor still weak
- UK Commercial Lines proforma COR 97.9%, still requiring underwriting action
- Cost control good although exposed to volume shrinkage
- New leadership to invigorate actions

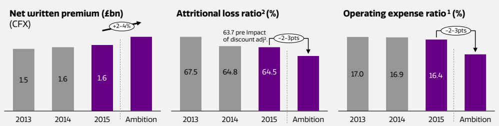
[1] Proforma for portfolio exits
[2] 2018 attritional loss ratios presented ex. the impact of reinsurance additions
[3] Earned underwriting controllable cost ratio

AMBITION REMAINS FOCUSED ON DRIVING TOWARDS BEST-IN-CLASS CAPABILITIES AND PERFORMANCE

Financial ambition
best-in-class combined ratios

Scandinavia

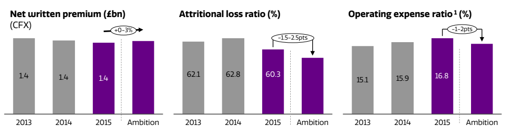
< 85%



2019-20[1]

Canada

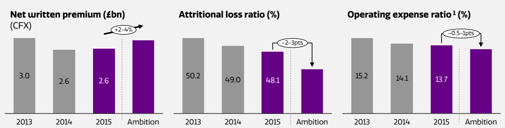
< 94%



2019-20[1]

UK & International

< 94%



2022-23[1]

[1] Represents management ambition assuming 'normal' volatile items

SUMMARY

Challenging year in 2018. Corrective actions taken. Fundamental position and outlook positive

1. Strategy and balance sheet where we want them
2. Fundamental gains in competitiveness and resilience
3. Personal Lines delivery strong, challenged in 2018 by weather
4. Commercial Lines result poor. Portfolio exits & other actions in place
5. 2018 EPS up 21%; underlying EPS down 22% to 34.1p, but c.42p[1] on a proforma basis
6. Dividends up 7% reflecting capital generation and belief in 2019 ‘bounce back’

[1] Proforma for portfolio exits and 2019 reinsurance additions

2018 Preliminary results

PERFORMANCE SUMMARY

£m (unless stated)		2018	2017
Net Written Premiums	1	6,470	6,678
Underwriting result	2	250	394
COR (%)		96.2%	94.0%
Operating profit	3	517	663
Profit before tax		480	448
Profit after tax	4	372	322
EPS	5	31.8p	26.3p
Underlying EPS		34.1p	43.5p
Underlying ROTE	6	12.6%	15.5%

		2018	2017
Tangible net asset value	7	£2.9bn	£2.8bn

Key achievements in 2018

1. Group Net Written Premiums down 1% at CFX but up 1% underlying[1]
2. Underwriting result down due to adverse weather and large losses
3. Operating profit reflects underwriting result
4. Profit after tax up 16% as non-operating charges fall
5. Headline EPS up 21%; underlying EPS down to 34.1p but c.42p[2] on a proforma basis
6. Underlying ROTE of 12.6% versus 13-17% target range
7. TNAV up 4% helped by IAS 19 gains

Note: 2017 comparative figures shown at reported exchange
[1] Excluding the impact of 2018 reinsurance additions
[2] Proforma for portfolio exits and 2019 reinsurance additions

PREMIUMS (ex. reinsurance changes)[1]

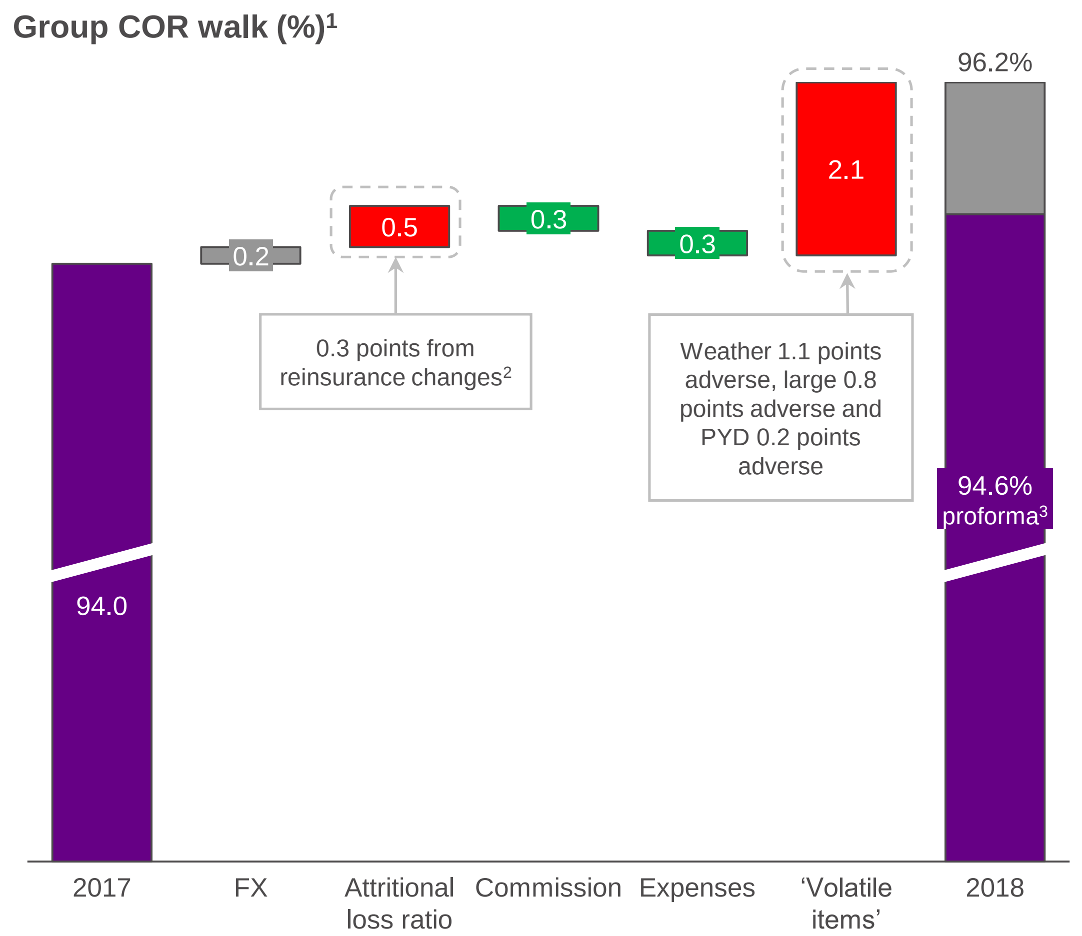
Growth	Group Net Written Premiums up 1% at constant exchange
Growth drivers	Personal Lines growth in Scandinavia, Canada and the UK; Commercial Lines growth in Canada
Retention	Generally up where we want it to be and down where we are taking the most action. Personal Lines retention up in Canada and flat in Scandinavia; Commercial Lines down in all regions

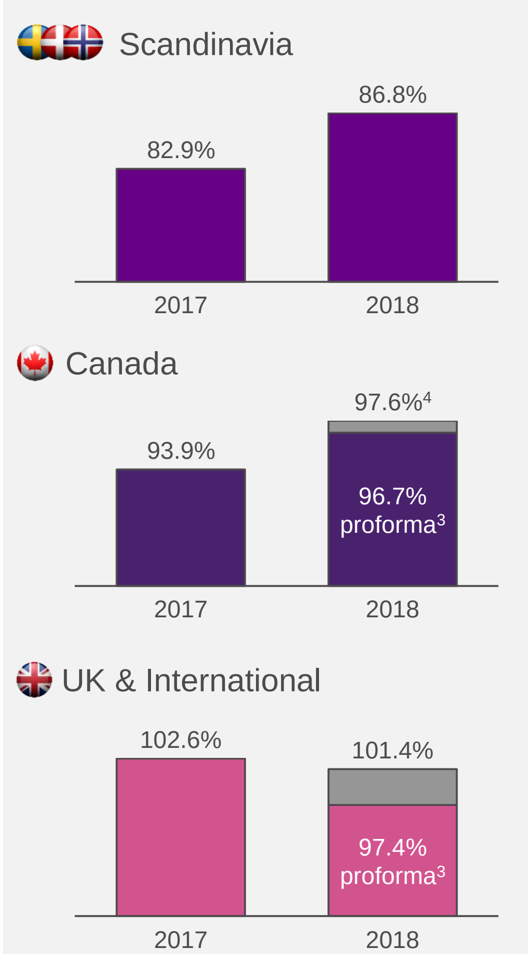
	Personal Lines		Commercial Lines	
	CFX growth	Policy count growth	CFX growth	Volume growth[2]
1 Scandinavia	6%	1%	(4%)	(8%)
2 Canada	6%	1%	3%	1%
3 UK	4%	2%	(6%)	(9%)

1. Growth in Personal Lines (premiums up 8%[3] in Sweden, 2%[3] in Denmark and 2%[3] in Norway) and Commercial Lines in Sweden, partly offset by a reduction in premiums as a result of underwriting action in Commercial Lines in Denmark and Norway
2. Personal broker premiums up 7%[3], while Johnson premiums up 6%[3]; rate carried in Commercial Lines
3. Personal Lines premiums up 4%; underwriting and rating action (including exits) impacting Commercial Lines

[1] Headline premiums dampened in 2018 by c.£180m of budgeted reinsurance costs, primarily for the triennial GVC renewal
[2] Volume growth represents the value of new business net of lapses
[3] At constant exchange

UNDERWRITING RESULTS



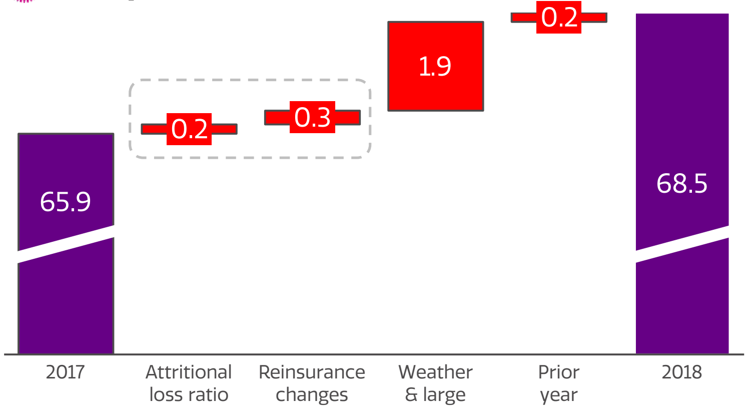


[1] Ratio movements at CFX
[2] Attritional ratio impacted in 2018 by c.£40m of budgeted reinsurance costs, primarily Motor
[3] Proforma for exits (UK & International), 2019 reinsurance additions and net GVC reinsurance recoveries (Canada)
[4] After net GVC recoveries

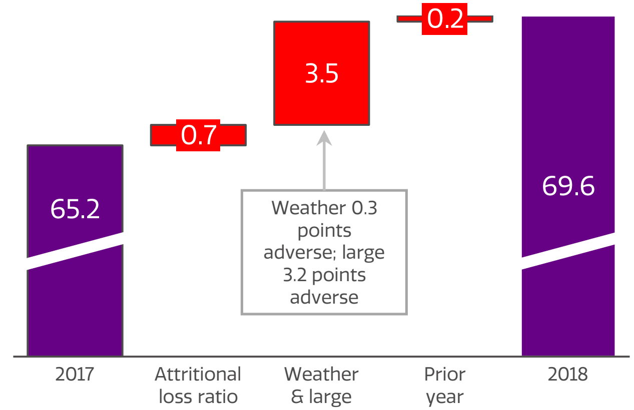
LOSS RATIOS

Loss ratio walks 2017 to 2018 (%)

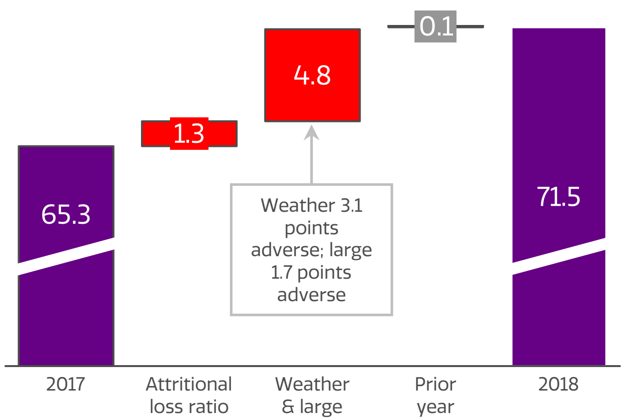
Group[1]



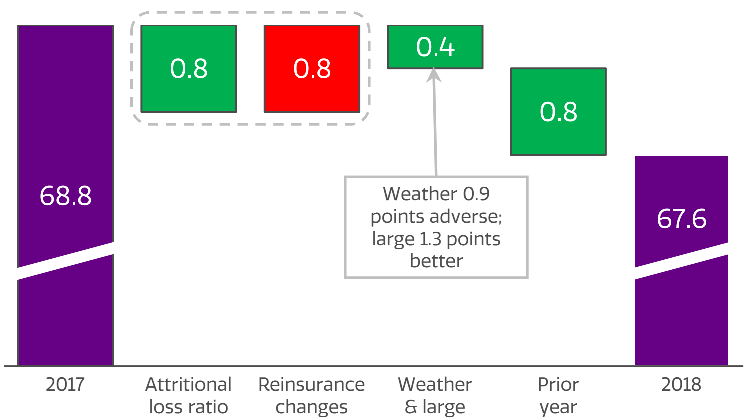
Scandinavia



Canada



UK & International

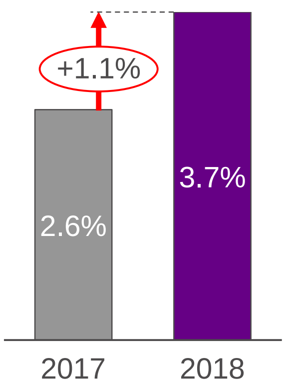


[1] At constant exchange

‘VOLATILE’ UNDERWRITING ITEMS

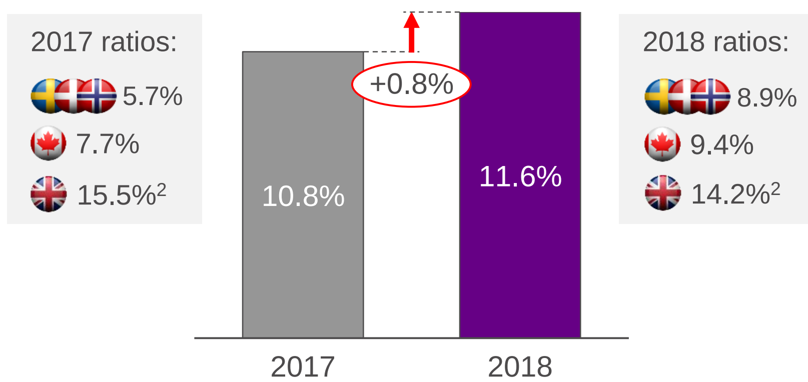
Weather	Adverse weather in Canada and UK
Large	Elevated large loss experience in Scandinavia, particularly Interconnector in Denmark (exited), and in Canada. Improved large loss ratio in UK but still too high
Prior year	All regions contributed to positive prior year development, widely spread across accident years

Weather ratio



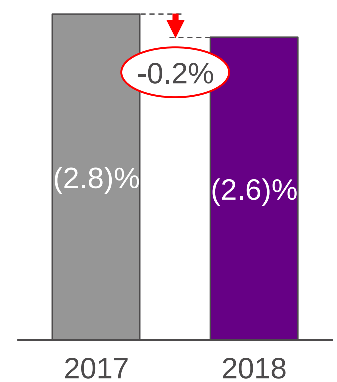
- 5 year average: 3.1%[1]

Large loss ratios



- 5 year average: 9.6%[1]

Prior year ratio

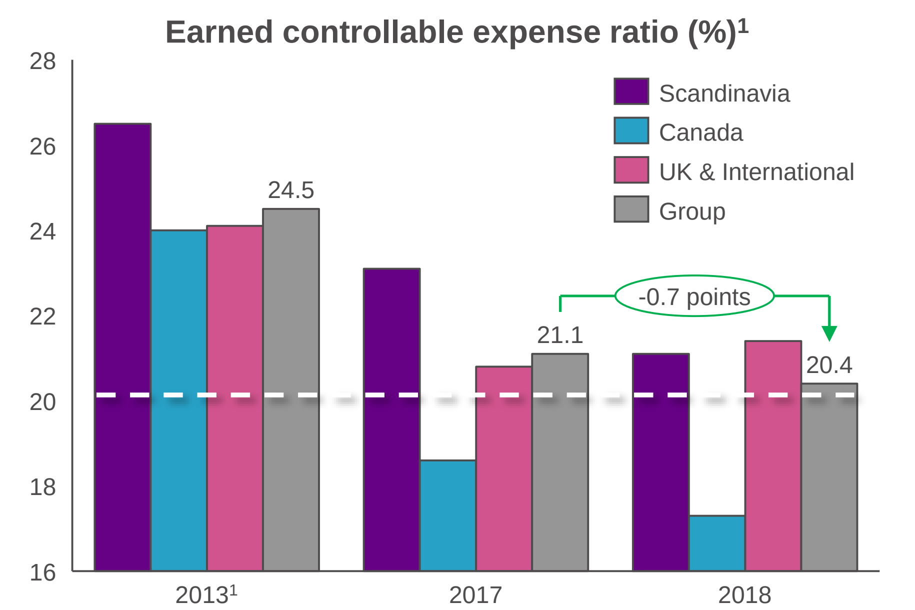


- Reserve margin 5%

[1] 5 year averages are for the Group ex. disposals and are for 2014 to 2018 inclusive
[2] UK & International

COST SAVINGS

2018 savings	Controllable cost savings of 4%[1] (gross) with ratio down 0.7 points[1] versus 2017
Regional view	Scandinavia and Canada ratios down versus 2017; UK & International slightly up
5 year view	Controllable expense ratio now down over 4 points[1] since 2013



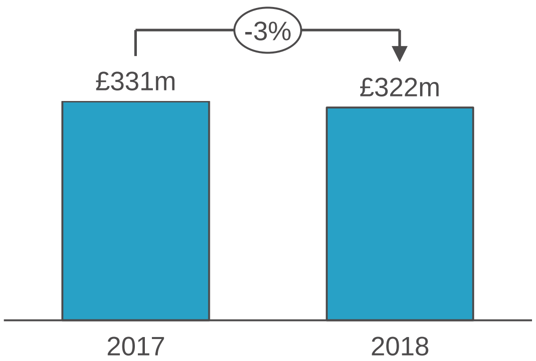
Regional update

- Scandinavia controllable expense ratio down 2 points versus 2017; Denmark down nearly 5 points
- Canada controllable expense ratio down 1.3 points versus 2017 and well below target ambition
- UK & International controllable expense ratio 0.6 points up; includes impact of premium contraction following underwriting and pricing actions

[1] Group at constant exchange

INVESTMENT INCOME

Gross investment income 2017 vs. 2018



Key comments

- Investment strategy unchanged: High quality, low risk fixed income portfolio
- Average income yield on bond portfolios over 2018 of 2.3% (2017: 2.4%)
- Average reinvestment rate on bond portfolios during 2018 of 1.6% (2017: 1.4%)
- Unrealised gains of £250m (£272m relating to bonds) reduced by £178m or 42% in 2018, driven by bond pull-to-par and higher yields

Gross investment income guidance

£m	2019 guidance	2020 guidance	2021 guidance
Investment income	c.£285-300m	c.£270-290m	c.£265-285m

Key comments

- Guidance based on forward yields and FX; broadly unchanged
- Bond pull-to-par element of unrealised gains - capital impact c.£60m for 2019, with the balance largely unwound by end 2020
- Continue to expect discount unwind on long-tail liabilities of c.£30-35m per annum and investment expenses of c.£13m per annum

STATUTORY PROFIT AFTER TAX £372M, UP FROM £322M

£m		2018	2017
Operating profit		517	663
Interest	1	(25)	(43)
Other non-operating charges	2	(12)	(172)
Profit before tax		480	448
Tax	3	(108)	(126)
Statutory profit after tax		372	322
Non-controlling interest	4	(23)	(33)
Other equity costs	5	(23)	(20)
Net attributable profit		326	269

Key comments

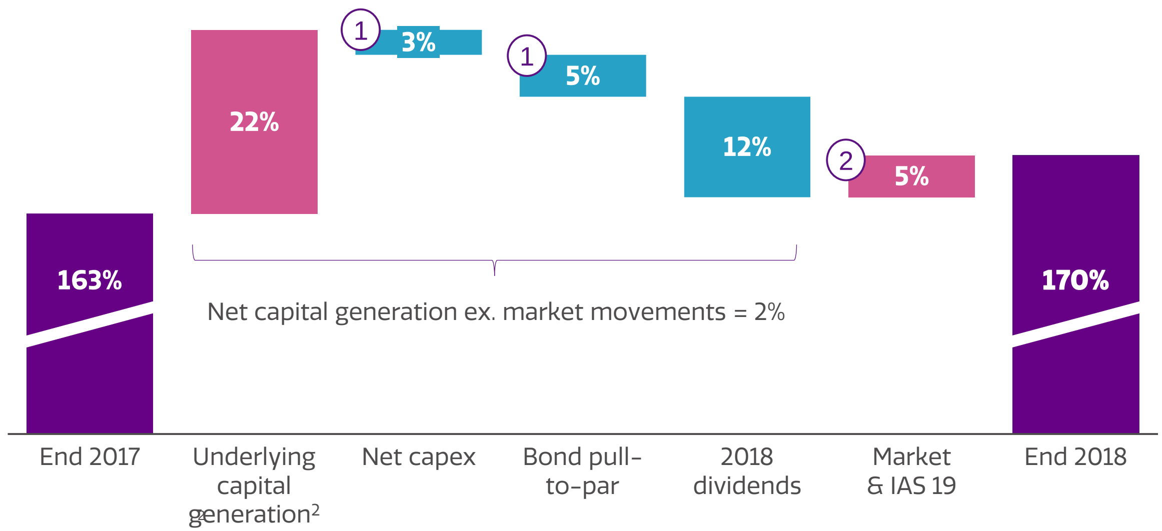
1. Interest expense halved following debt restructuring actions taken in 2016 and 2017
2. Non-operating charges have largely fallen away as planned[1]; 2017 included £155m restructuring costs
3. Effective tax rate 23% (2017: 28%) and underlying tax rate of 20% (2017: 22%)
4. Primarily Middle East minorities[2]
5. 2018 includes £14m coupon costs on restricted Tier 1 debt, reflected directly in equity, and £9m preference dividend

[1] 2018 includes mainly net realised/ unrealised gains on investments and foreign exchange, pension costs and amortisation of acquired intangible assets. An impairment charge of £7m on the Group's investment in Norway was also recognised

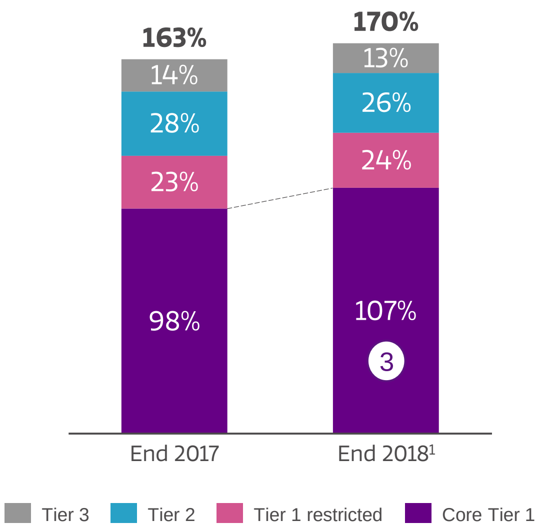
[2] 2017 included a one-off goodwill impact linked to the Oman IPO

SOLVENCY II POSITION

Movement in Solvency II coverage ratio[1] (%)



Solvency II coverage by tier



Generated underlying capital of 22 points in 2018:

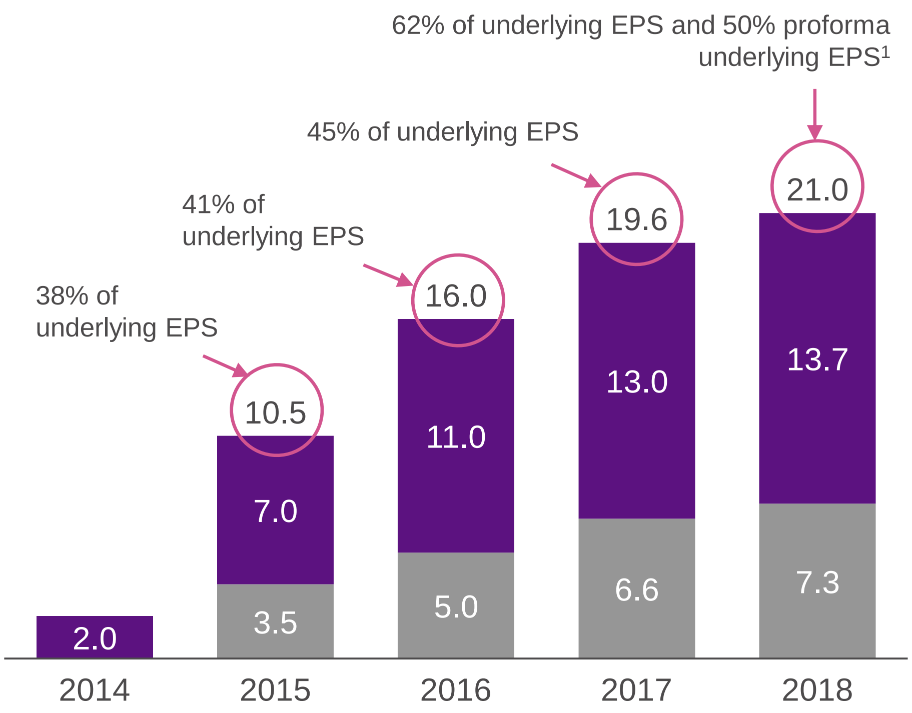
1. Net capex and bond pull-to-par accounted for 8 points or 35% of capital generated
2. Market movements, including IAS 19, generated 5 points
3. Capital quality improved and Core Tier 1 increased by 9 points to 107%

Target range 130-160%: Prefer to operate above top end of range

[1] The Solvency II position at 31 December 2018 is estimated
[2] Capital generation represents profit after tax attributable to ordinary shareholders, adjusted for changes in intangible assets, deferred acquisition costs and other non-capital items

DIVIDEND PROGRESSION

Dividend progression



Dividend payout

- Total dividend of 21p per ordinary share (2017: 19.6p)
- Comprises 13.7p final dividend and 7.3p interim dividend
- Up 7% from 2017
- In line with policy; higher payment funded from capital generation, smoothing volatility
- 50% payout of proforma underlying EPS[1] of c.42p
- Policy unchanged; 40-50% regular payments with potential for more where prudent

[1] Proforma for UK exits and 2019 reinsurance additions

SUMMARY

1. Strong performance in Personal Lines overall with growth in the most profitable regions and businesses
2. Extensive action underway in Commercial Lines across all regions, particularly in the UK with ‘London Market’ exits
3. Productivity a key focus in drive to earned controllable expense ratio target of < 20%
4. New longer term pension settlement successfully agreed
5. Balance sheet and capital in the strongest position in five years

Appendix

A FEW WORDS ON UK&I – SCOTT EGAN

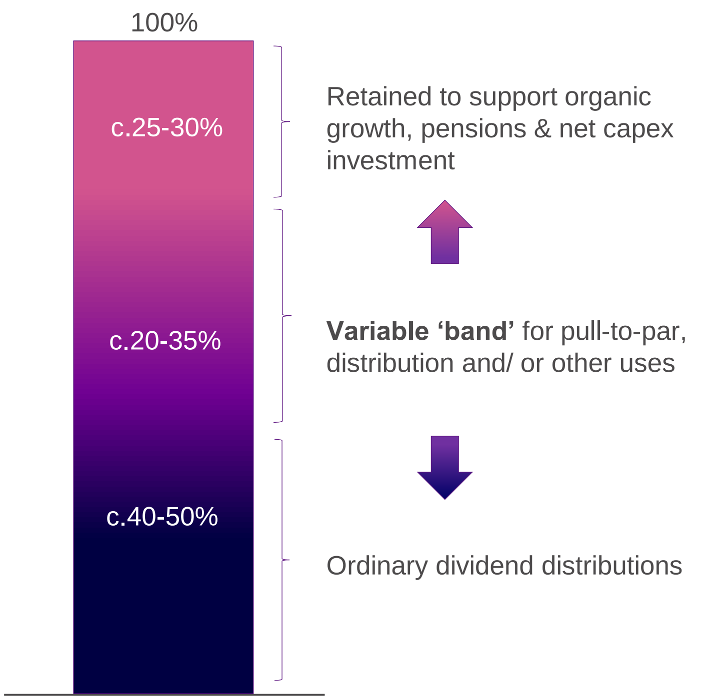
Focus areas

1. Deliver planned UK underwriting actions and claims initiatives
2. Complete portfolio review; finalise exits.
3. Find more cost improvements; complete replatforming
4. Sustain performance of Middle East and Ireland
5. Improve quality of execution, focus, agility and pace
6. Target 96-97% COR in 2019, and establish platform for better in 2020

Commitment to best-in-class ambition of < 94%

DIVIDEND OUTLOOK

Illustrative use of earnings



Earnings and dividends

- Attractive earnings progression our goal, with increasing proportion available for distribution
- Around 25-30% of earnings used for organic growth, net capex investment and pensions
- Continue to plan for base dividend payout of 40-50% with some look through of volatility
- Leaves a variable 'band' of 20-35% for additional distributions, to fund pull-to-par or for any other need
- Pull-to-par effect impacts 2019 to 2021, but to a sharply decreasing extent
- Emphasis will continue to be that shareholder reward follows performance, but does not lead