
**RSA Insurance Group plc
Q1 2021 Trading Update¹****6 May 2021**

RSA reports excellent first quarter 2021 operating results**Stephen Hester, RSA Group Chief Executive, commented:**

“RSA’s run of record performance continued in Q1 as the Group delivered a combined ratio of 86%, our best such quarterly result of the last decade. We also announced today that the bid from Intact and Tryg should complete at the end of May, having now received its required regulatory approvals. The RSA business we handover has never been in better shape. I would like to thank our customers for their enduring support and my colleagues for their continued professionalism and commitment.”

Trading update*Market conditions*

Insurance market conditions were largely unchanged in Q1.

Premiums

- Group gross written premiums of £2,045m were up 2% vs. Q1 2020.
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Profitability²

- Group business operating profit for Q1 nearly doubled versus Q1 2020, with a significantly improved combined ratio and lower investment income (as expected). Each of our three regions performed ahead of prior year.
 - Underwriting profit components:
 - Group weather costs were 1.7% of net earned premiums (Q1 2020: 3.7%).
 - The large loss ratio was 9.8% (Q1 2020: 9.4%; Q1 2020 ex. exits: 8.8%).
 - The attritional loss ratio improved overall, and in each region including and excluding covid impacts.
 - Prior year development was more favourable than Q1 last year.
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Balance sheet and capital

- Tangible shareholders’ equity at 31 March 2021 was £3.25bn (31 December 2020: £3.27bn). The quarter’s profits were offset by mark-to-market, pension and FX losses. Tangible net asset value per share was 313p (31 December 2020: 316p).
- The Group’s estimated Solvency II coverage ratio was 200%³ at 31 March 2021 (31 December 2020: 189%). Including allowances for dividends both in current and prior years, the estimated ratio was 174%³ (31 December 2020: 170%). Reserve margin was unchanged during the quarter at above 5%.

Footnotes:

¹ This announcement is a trading update only, and does not constitute an interim report

² At constant FX

³ The Solvency II capital positions at 31 March 2021 are estimated

⁴ The Group uses Alternative Performance Measures, including certain adjusted measures, to help explain business performance and financial position. These measures have been calculated consistently with those presented in the consolidated financial statements for the period ended 31 December 2020

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LEI number: 549300HOGQ7E0TY86138.

Important disclaimer

This press release and the associated conference call may contain 'forward-looking statements' with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategic initiatives and objectives. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "aim", "outlook", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. By their nature, all forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to future events and circumstances which are beyond the Group's control, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation or regulations in the jurisdictions in which the Group and its affiliates operate. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Group's forward-looking statements. Forward-looking statements in this press release are current only as of the date on which such statements are made. The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this press release shall be construed as a profit forecast.

Profit Estimate

The Q1 2021 increase in group gross written premiums of 2%, together with historical disclosure on RSA's gross written premiums, net written premiums and net earned premiums, could be used to approximate the group's net earned premiums for the three months ended 31 March 2021. Application of the Q1 2021 combined ratio of 86% to this approximation of RSA Group's net earned premiums for the three months ended 31 March 2021 could approximate the RSA Group's underwriting results for the three months ended 31 March 2021. Accordingly, the statements in the trading update together create an ordinary course profit estimate within the meaning of Note 2 to Rule 28.1 of the Code for the three months ended 31 March 2021 (the "**Profit Estimate**").

The principal assumption upon which the Profit Estimate has been compiled is that there are no changes required to be made to the Q1 2021 increase in group gross written premiums or the Q1 2021 combined ratio as a result of Q1, Q2 or year-end 2021 financial period accounting closes or related external review and audit procedures.

The RSA Directors confirm that the Profit Estimate remains valid and has been properly compiled on the basis of the assumption stated above, and that the basis of accounting used is consistent with RSA's accounting policies, which are in accordance with IFRS and those that RSA applied in the preparation of its financial statements for the 52 week financial period ended 31 December 2020.