2015 PRELIMINARY RESULTS

25 February 2016

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AGENDA

1. Introduction
2. Strategy & Action Plan Progress
3. Solvency II & Pension
4. 2015 Preliminary Results
5. Q&A

RSA

INTRODUCTION

HIGHLIGHTS

Winning for customers and for shareholders

1. Strategic refocus largely complete
2. Positive outcome for Solvency II & Pension negotiations
3. Raising ambition and delivering performance improvement
4. Record current year underwriting profits
5. Target ROTE in upper half of 12-15% range by 2017

ACTION PLAN: TURNAROUND PHASE LARGELY COMPLETE, GOOD PROSPECTS FOR FURTHER PERFORMANCE GAINS

Strategic re-focus nearing completion

- Completion of Latin American sale the last major piece in our strategic refocus.
- Sales completed in 2015 include Hong Kong, Singapore, China, India, Italy & UK Engineering Inspection business. c.£1.2bn proceeds, c.£500m gains from whole disposal programme.
- RSA can now unlock the full power of simplicity and focus across our business.

Financial strength

- 2015 delivered both capital value and risk reduction from business disposals, Solvency II adoption and a positive UK pension agreement. 155% Solvency II ratio at end 2015 (pro forma).
- New reinsurance strategy demonstrated its value (December weather events gross loss £174m, net loss £76m).
- Credit ratings reaffirmed; S&P A stable; Moody's A2 stable.

Convincing improvements in core business performance

- Record current year underwriting results, despite UK floods.
- Customer franchise highlighted with Nationwide win.
- Core Group attritional loss ratio 1.9[1] points better than prior year.
- Cost savings ahead of original targets and target raised to >£350m by 2018.

[1]Underlying core Group
Note: record like-for-like since 2005

ENCOURAGING FINANCIAL PERFORMANCE AND TRENDS

Returned to positive underlying premium growth

Sharp improvement in the underwriting result (£220m profit vs £41m in 2014):

- Record Group current year underwriting profits of £129m.
- Best ever Canadian result. UK and Scandinavia strong underlying but masked by volatile items and legacy PYD. Much reduced losses in Ireland (2016 target return to operating profitability).
- Core Group combined ratio 96.0%, 2.8 points better than 2014.

Core business controllable costs down 4% (in 'real' terms)

Operating profit £523m, up 43% (57% CFX)

- Investment income £403m; Future guidance updated to reflect sale of LatAm.

Pre-tax profit £323m, up 17% (27% CFX)

Final dividend declared (7.0p per share, 10.5p per share total)

Capital strength:

- Solvency II coverage 143% (155% pro-forma for Latin America disposal). New target ratio 130-160%

STRATEGY

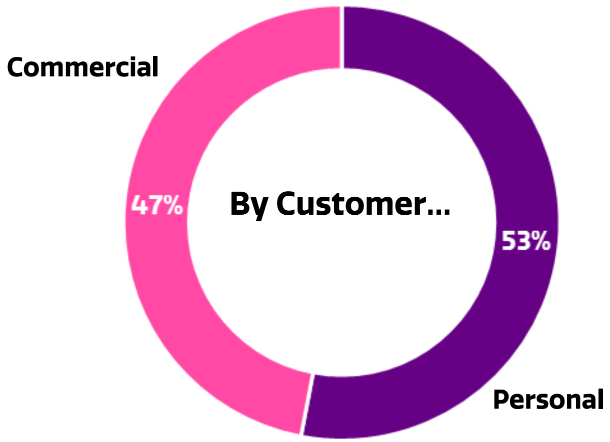
FOCUSED; STRONGER; BETTER

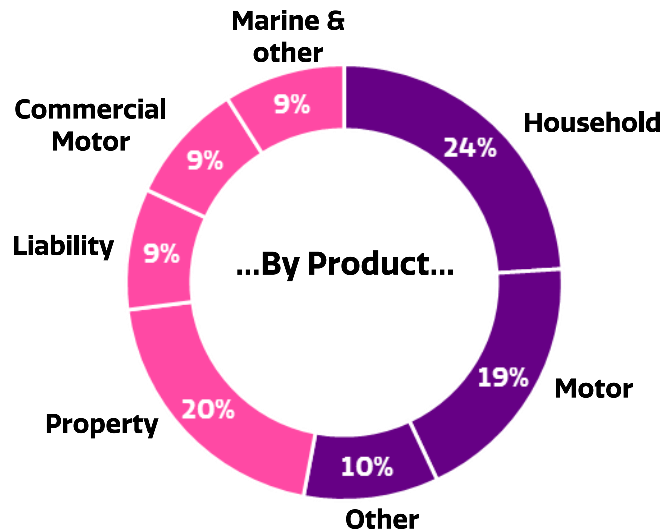
Our ambition for RSA:

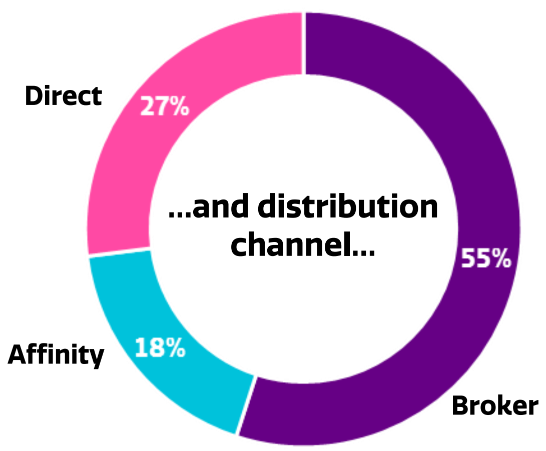
1. **A leading international general insurer, focused on the UK, Canada and Scandinavia**
2. **Aiming to compete only where we can win. And to win where we compete**
3. **Well capitalised, achieving sustainable attractive returns**
4. **Strong operational delivery; transparent and easy to understand**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

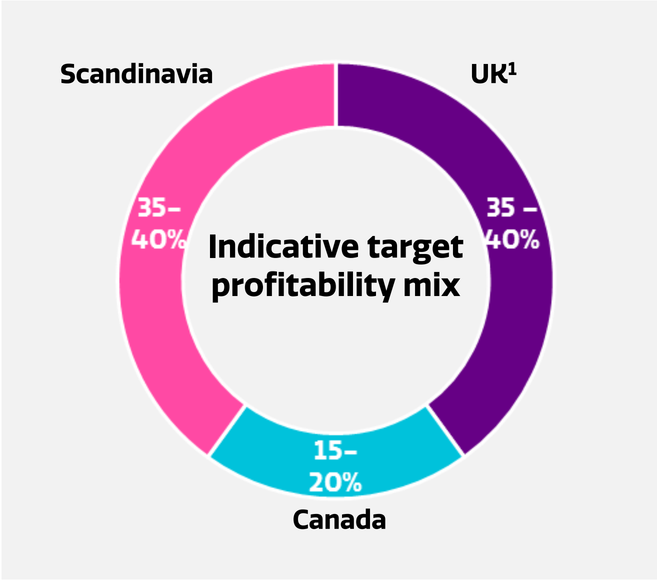
In short, **winning for customers and for shareholders**

LEADERS IN OUR MARKETS, WITH EXCELLENT BUSINESS BALANCE









¹ Includes Ireland

Note: Split based on core Group NWP, except profitability – based on combined Underwriting and Investment result

DONE WELL, A FOCUSED STRATEGY CAN JUSTIFY A PREMIUM VALUATION

'Focused mid–cap' proposition:

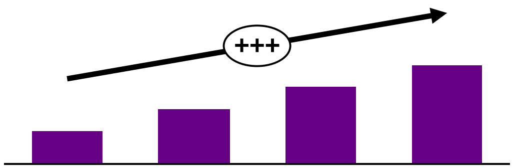
1

Regional leadership positions

CODAN JOHNSON 123.ie MORE TH>N RSA TRYGG HANSA

2

Intense performance focus



3

Operational and financial excellence

Can deliver superior performance and sustain a superior P/E

ACTION PLAN

ACTION PLAN: TARGET TIMELINE

	2014	2015	2016	2017
Strategic re-focus	• Core/review portfolio • First wave of disposals	• Complete disposal programme		
Capital & balance sheet strengthening	• Rights issue, disposals & earnings • Balance sheet 'clean up' • Sub-debt refinancing	• Further disposals & earnings • Restarted dividend • Preparation for Solvency II		
Performance improvement	• Plan design • Management strengthening • Implementation starts: – Cost base – Underwriting actions	Advance customer agenda Improve underwriting capabilities Drive cost efficiency Instil reliable performance culture Make technology a strength		

2016 priorities

1. Continue momentum of performance improvement
   – Customer
   – Loss ratios
   – Expenses
2. Complete the sale of LatAm and further debt refinancing
3. Further raise capabilities, ambition and future performance prospects

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STRATEGIC FOCUS: LARGELY COMPLETE

Focused

- **Strategy set**
- **19 Sales agreed**[1] to date
- RSA is now **much simpler** and **focused on** its **strongest businesses**

To do

- Complete **LatAm** sale
- Disposal of **Middle East** business (£43m net attributable assets)
- Unlock the 'performance power' of focus

[1]Sales include individual countries or business units

CAPITAL POSITION: NEARLY THERE

Stronger

- Further disposals agreed
- Reinsurance changes proving effective
- Solvency II **Internal Model approved**
- **Triennial pension agreed**
- 2 credit rating upgrades since 2013

To do

- Continue **earnings improvement**
- Receipt of **LatAm disposal funds**
- Further debt refinancing
- Bond pull-to-par and restructuring costs to get behind us

RSA

Note: Credit rating upgrades from both S&P and Moody's

PERFORMANCE IMPROVEMENT

Management Approach

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

For each business:

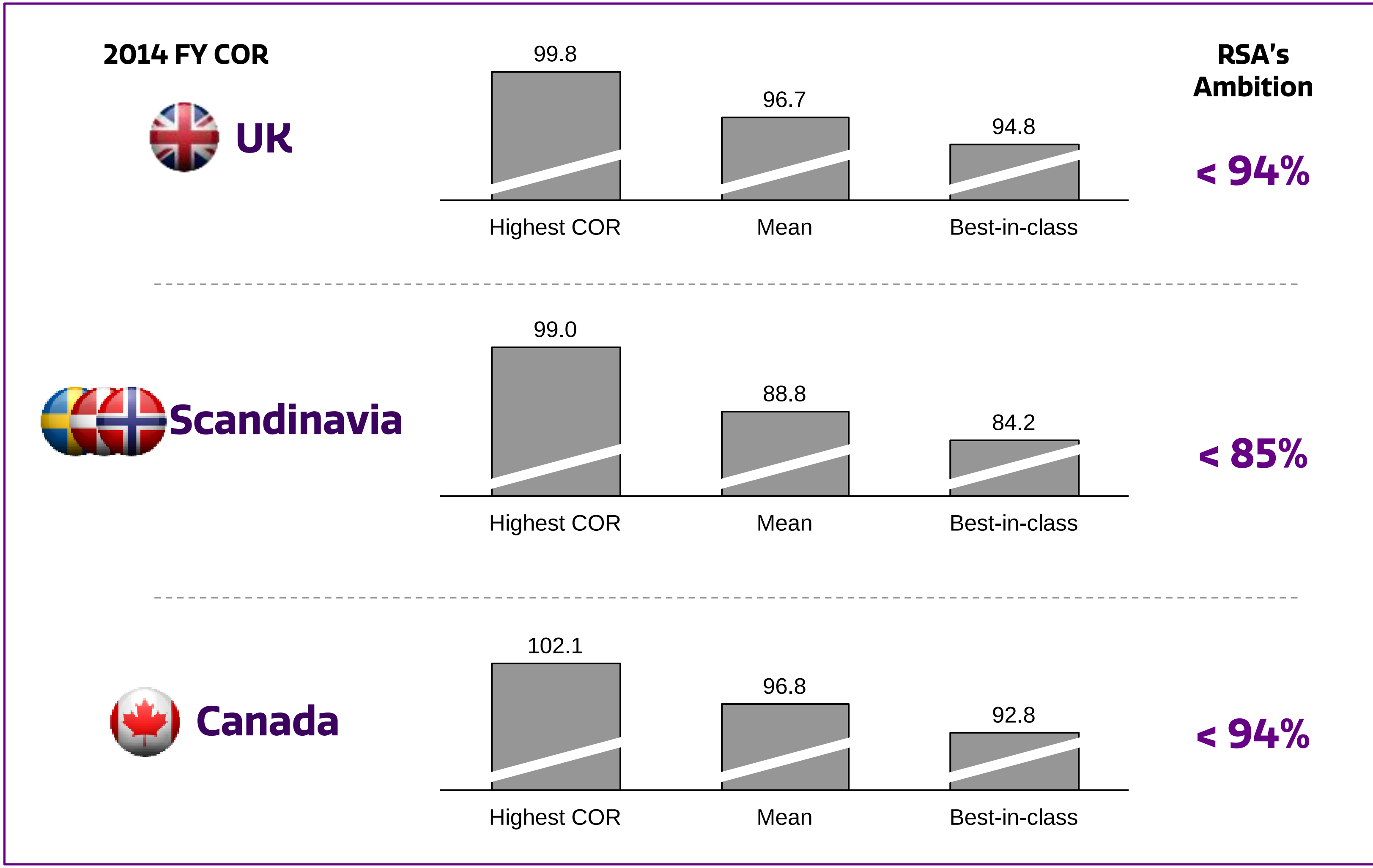
1. Compare to 'best in class' in customer capabilities, underwriting excellence, costs and technology
2. Identify capability gaps and roadmap to improve
3. Validate and sequence change initiatives

Improvement Actions

Performance improvement actions in 5 areas:

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

AMBITION FOCUSED ON CLOSING GAPS TO BEST IN CLASS COMBINED RATIO PERFORMANCE



Source: As reported in published 2014 FY financial statements. *Peer group consists of: **UK**: Aviva, DLG, AXA (UK&I), Allianz, Zurich, Ageas UK and LV=. **Scandinavia**: Top, Tryg, If, LF, Folksam, Gjensidige and Alm Brand **Canada**: Intact, Aviva, Cooperators, Desjardin and Economical.
Note that there may be slight differences in accounting treatment for COR between local peers and RSA.

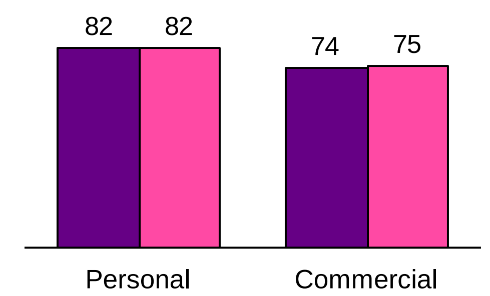
CUSTOMER FRANCHISE IS STRONG

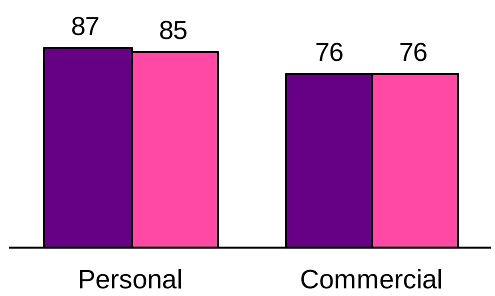
Scandinavia

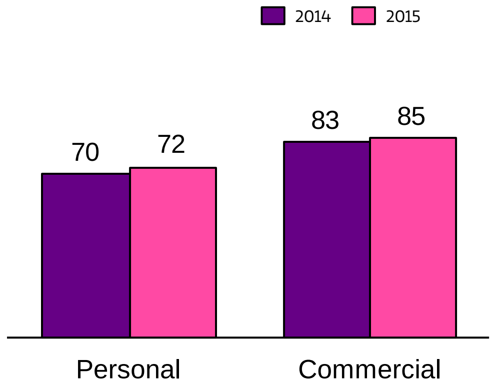
Canada

UK

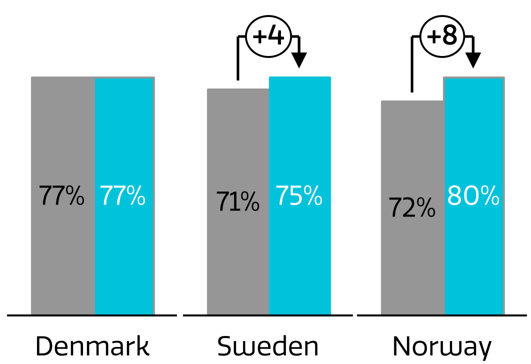
1 Core Group retention stable

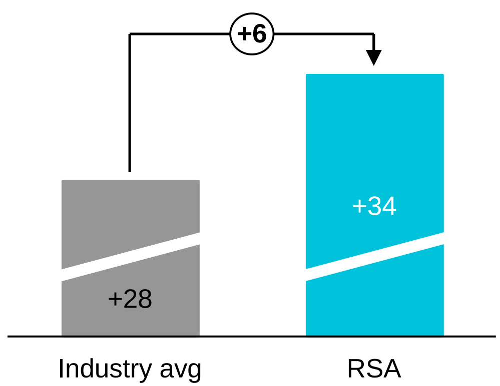


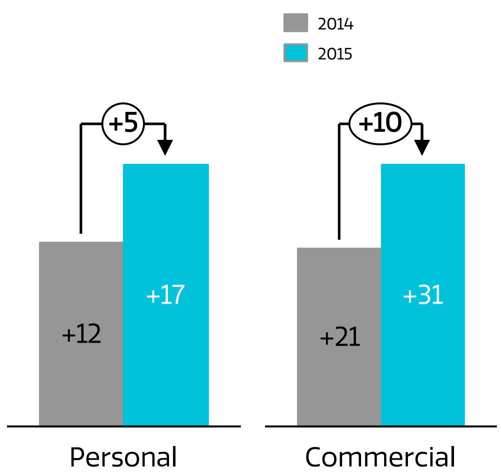




2 Customer scores a positive







[1] NPS for Canada and UK = net promotor score, a measure of the number of customers who would recommend our products less the number of customers who would not recommend them, Canada metrics are for Claims. UK Personal NPS scores are averages. Claims trust scores for Scandinavia

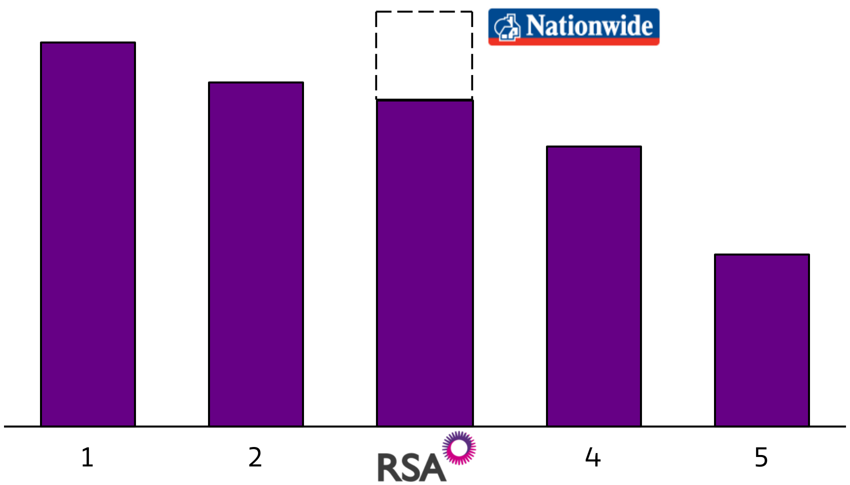
GOOD PROGRESS IN CUSTOMER & REVENUE CAPABILITY

Examples

Nationwide win takes RSA to number 1 in UK home

- In December, RSA announced a 5 year exclusive deal to underwrite Nationwide's home insurance products
- RSA was partner of choice due to capability for customer service and appeal
- The win makes RSA number 1 UK home provider on a pro-forma basis

Relative size of top 5 UK home players 2014, RSA actual and pro-forma



Call centre effectiveness leads to growth in small commercial and improved performance

Challenge: Trygg-Hansa operating 3 call centres in Sweden, with inefficient broker offering and high opex in CL

Ambition: Capture growth opportunity in SME, improve customer experience and reduce CL expenses

Approach: Consolidate SME and PL call centres in Malmö, train PL staff in SME sales and consolidate broker service

Outcome: SME sales ahead of plan, call centre sales efficiency improved by 40%, call centre Trust scores up 5ppt and CL personnel costs down 7%

Rapid digitisation improving customer experience

Ambition: Develop best-in-class sales and marketing tools to drive customer growth and retention. Launch 'digital-first' products tailored to pure digital audience

Approach: Rapid-digitisation programme launched leveraging existing IT infrastructure to quickly deploy new digital solutions

Example: Developed a mobile App within the direct-to-consumer Johnson business, with self-service policy administration functionality. Developed from concept to execution in just 16 weeks and generating strong customer feedback

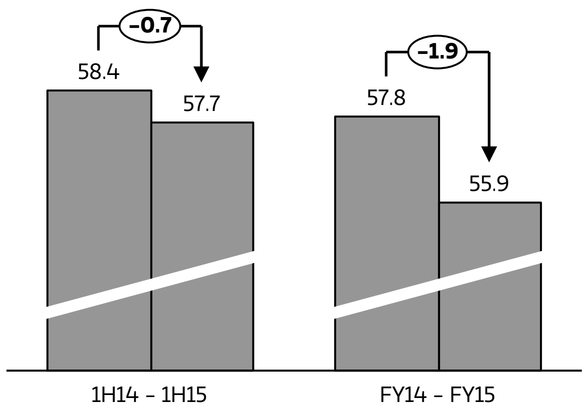
Source: 2014 PRA returns category 160 (Household)

ACCELERATED IMPROVEMENT ACROSS THE GROUP IN ATTRITIONAL LOSS RATIOS VERSUS THE HALF YEAR

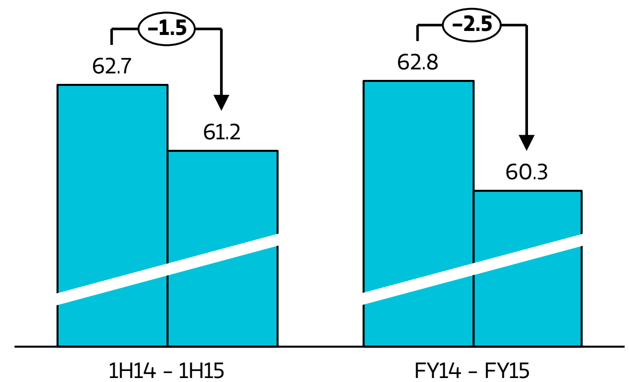
Core Group attritional loss ratio progression

CY attritional loss ratio development[1] and total improvement, FY 2014 – FY 2015 (%)

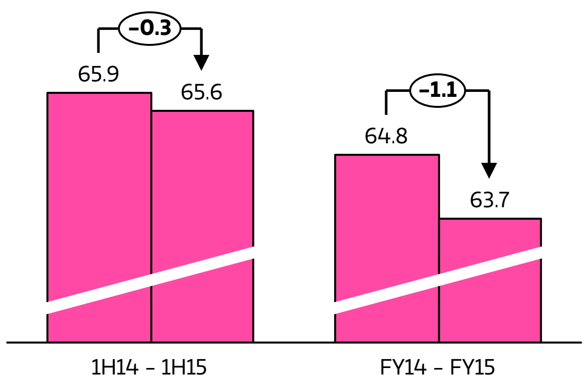
Core Group[1]



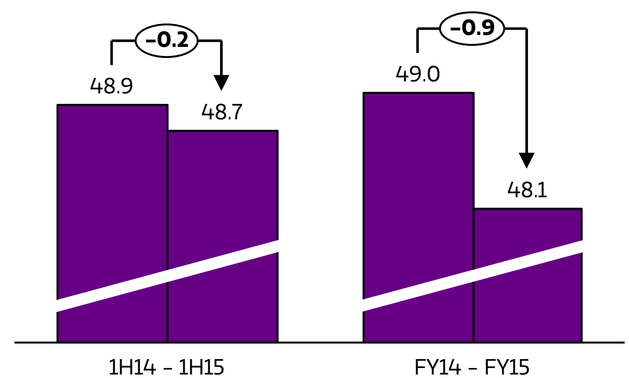
Canada



Scandinavia[1]



UK



[1]Scandinavian and core Group 2015 attritional loss ratios on a proforma basis reflect the impact of the Scandinavian discount rate adjustment made in 2014. Adjustment for premium impact of GVC purchase also reflected within core group (0.5pt reduction in core group attritional loss ratio)

LOSS RATIO BENEFITS CONTINUING FROM PORTFOLIO MANAGEMENT AND UNDERWRITING SOPHISTICATION

Examples

1 2 Personal lines rating agility and sophistication

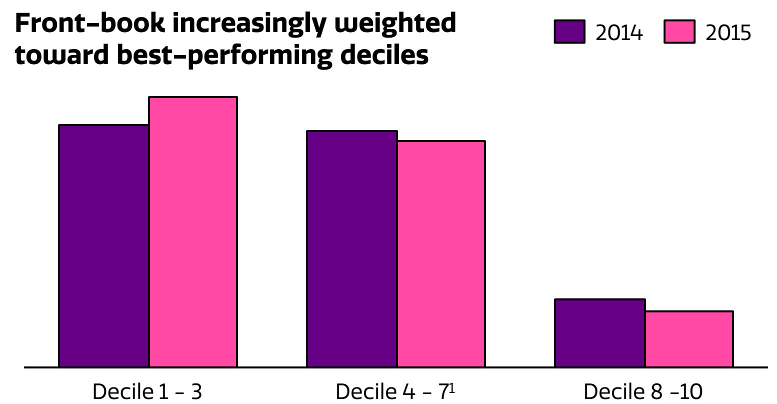
Ambition: Improve breadth and depth of pricing capability (rating and analytics) and agility in price-setting ('street pricing') across core Group

Approach: **Implement** Radar Live and Earnix **external rating engines** to improve rating speed and agility**. Upgrade technical pricing models** to improve sophistication, including increasing number and detail of rating factors, sources and volume of rating data and greater granularity in segmentation

Outcome: **Radar Live implemented and operational in Ireland and Norway**. Led to removal of rating constraints, increased speed to market and contributed to +10% rating margin in Ireland. **Technical models upgraded**, developing insights and improved segmentation for future rating action

4 Disciplined decile analysis

Written premium distribution Canadian Specialty (%)



Underwriting tools & techniques benefitting attritional loss ratios

Actions include:

1. Improved risk selection and pricing sophistication; new underwriting guides and improved analytics and rating tools
2. New external rating engine implementation in Ireland; planned rollout to the UK, Scandinavia and Canada
3. Enhanced renewal monitoring; active use of rating level versus technical pricing in renewal negotiation
4. Increased rigour and intensity to portfolio management

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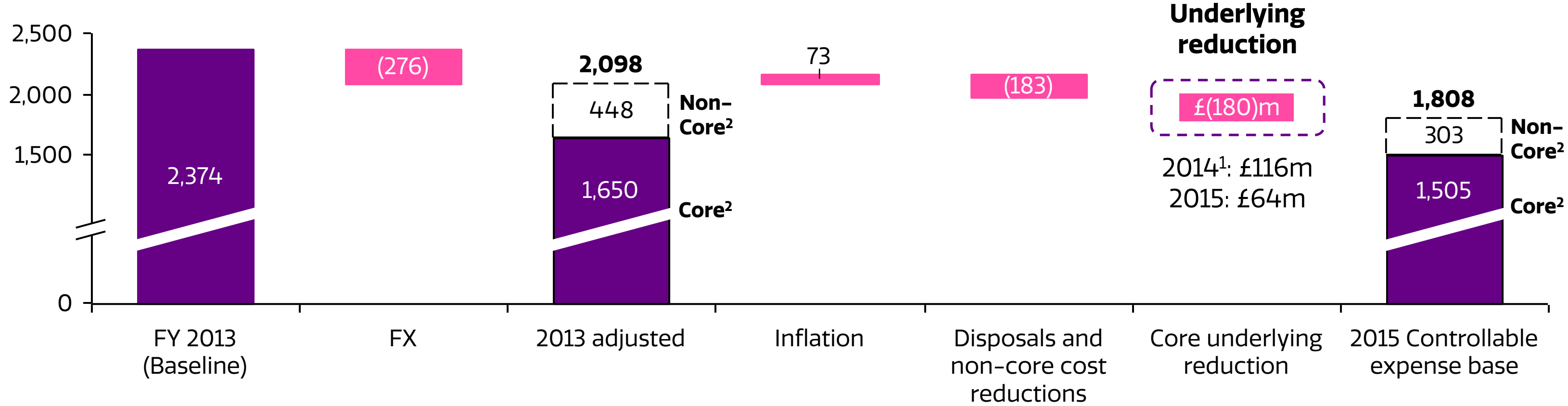
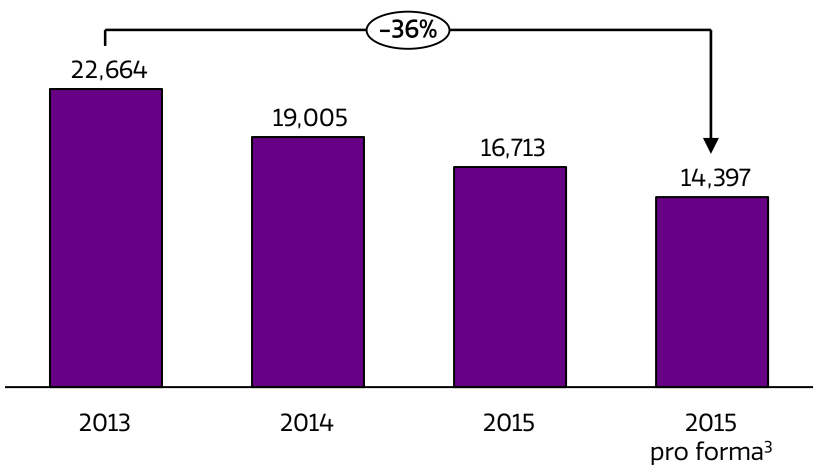
COST REDUCTIONS AHEAD OF PLAN

On track to achieve in the region of £250m cost savings by 2016

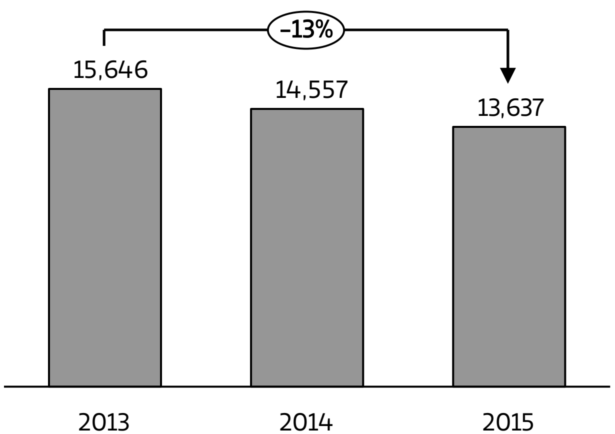
Controllable cost base walk, 2013 – 2015 (£m)



Total Group FTE walk, 2013 – 2015



Core[2] Group FTE walk, 2013 – 2015



Note: Based on written controllable costs, Core relates to UK, Ireland, Scandinavia, Canada and Head Office
[1] 2014 reduced from £120m due to transfer of LatAm to non-core; [2]Core and non-core as defined 31 December 2015; [3]Pro forma for Latin America disposal

OPERATIONAL COSTS

Example

Cost reduction themes and progress

1 Simplify end-to-end processes
- Scandinavian productivity up 6% year-on-year and up 16% since 2013
- Pilots in operational excellence demonstrate strong early benefits in Canada and UK
- Digitisation initiatives in all regions

2 Optimise procurement
- Procurement savings in-flight across the Group, e.g. IT infrastructure, BPO transition

3 Streamline spans and layers
- Wave one process achieved up-to 17% improvement in spans of control by region
- Further benefits anticipated

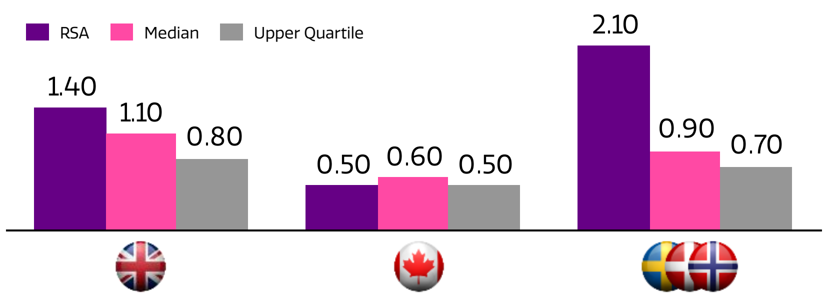
4 Simplify products
- Rationalisation exercise to identify non-continuing product variants within the UK home book, focusing on products/perils driving unnecessary complexity and risk, with minimal top line impact

5 IT change
- Implementation of cloud infrastructure commenced and rationalisation of BAU spend in the UK and Scandinavia
- Introduction of Guidewire claims administration system underway in Canada
- New policy system (Duck Creek) in the UK

2 5 Optimise procurement, IT change

Opportunity: IT infrastructure is the largest portion of IT spend but has been purchased ineffectively in the past.

IT infrastructure spend as a proportion of GWP (%)



Approach: Ran a full RFP process – the largest service contract process at RSA for a decade. The key objective was to secure a common sourcing process across regions.

Outcome: New providers selected with transition to complete during 2016. The new agreement presents a step-change in agility, best-practice contract terms and offers **>£250m in cost benefits over the contract period.**

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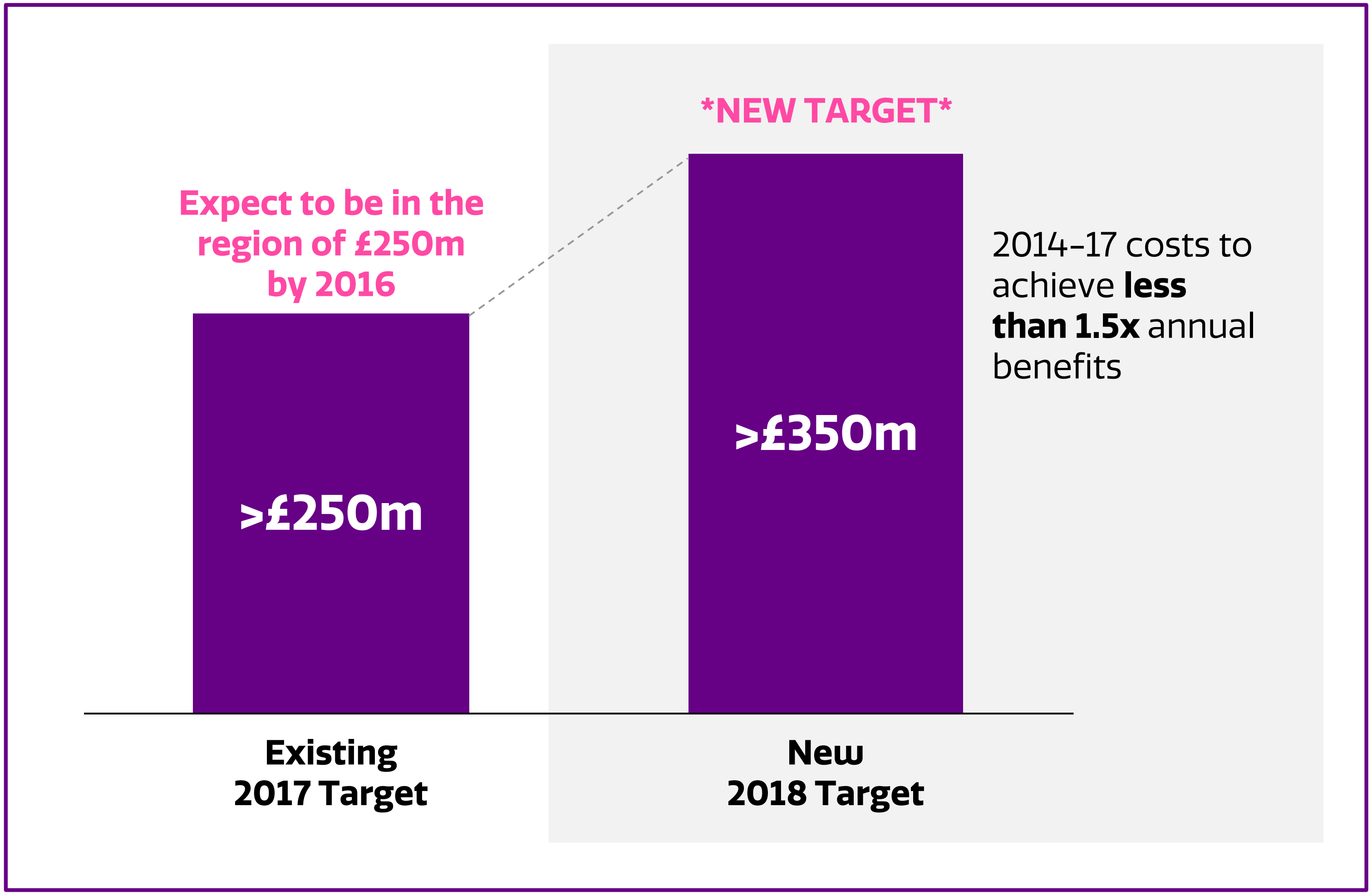
WE ARE AHEAD OF CURRENT PLANS AND FURTHER INCREASING COST REDUCTION TARGETS FOR 2018



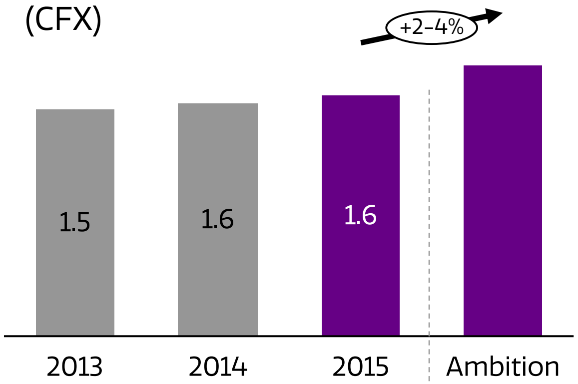
Note: Gross cost reduction by end of stated year (excludes foreign exchange, inflation and disposals). Targets based on 2013 baseline

REGIONAL UPDATE

SCANDINAVIA PROGRESS AND AMBITION

Significant improvements made in costs & underwriting. Target CORs converging with the best regional competitors

Net written premium (£bn) (CFX)



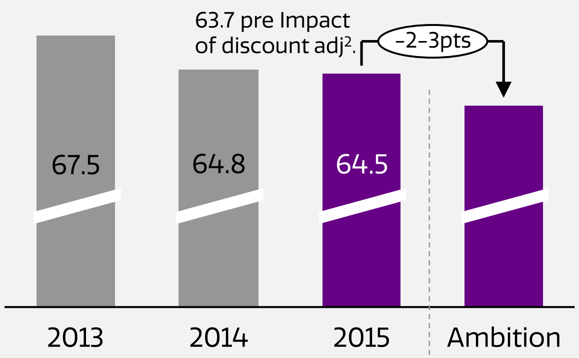
Progress to date

- **Top line positive despite underwriting action in 2013-14**
- **Good retention and rate**, especially in Swedish personal and Danish commercial

Future outlook

- Expect **growth at 2-4%** CAGR over the next few years, in line with local markets
- **Roll-out pricing excellence** to maximise risk selection, increase within-segment pricing sophistication etc.

Attritional loss ratio[2] (%)



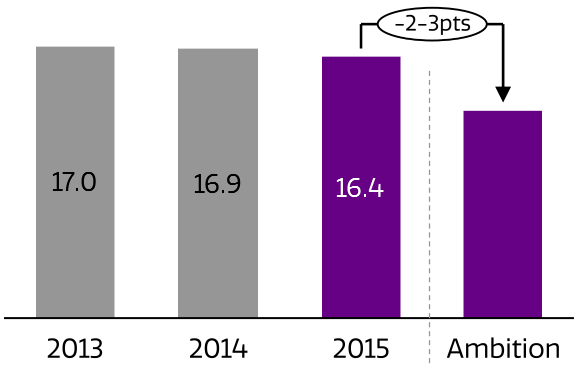
Progress to date

- **Attritional loss ratios down 3.8pts**
- **Improvements** made **across the regions** and tracking **ahead of plan**

Future outlook

- Target **2 – 3 points further improvement** in attritional loss ratios
- **Underwriting and claims excellence** initiatives. Roll-out of **new policy administration system** in Danish personal

Operating expense ratio[1] (%)



Progress to date

- **Significant improvement in the cost base** year on year, translating to **0.6pts improvement in the opex ratio since 2013**
- **FTE are down 9%** since the end of 2013

Future outlook

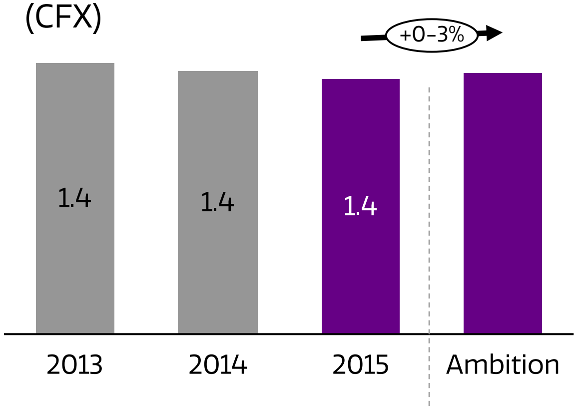
- Target a **further 2 – 3point improvement** in the expense ratio
- Target improvements, particularly in Denmark, through **operating model optimisation and increased digitisation**

[1]2013 and 2014 expense ratios adjusted for GCC and investment expense reallocation
[2]Pro-forma for discount adjustment made in 2014. 0.8 point impact on FY 2015 attritional loss ratio
Note: All ratios expressed on an earned basis

CANADA PROGRESS AND AMBITION

Record underwriting result in 2015, despite lower NWP. Expect to return to profitable growth in the near-term

Net written premium (£bn) (CFX)



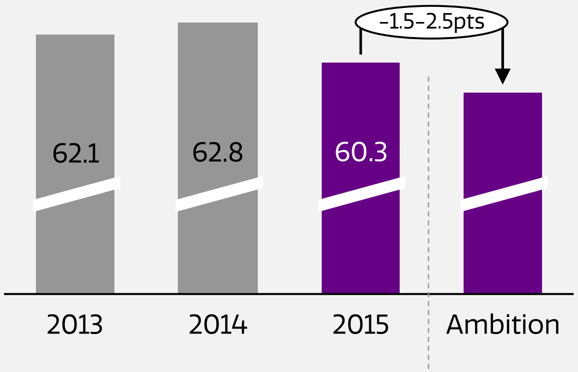
Progress to date

- **Top line shrinking** over the past 2 years due to **portfolio re-underwriting**, especially **within commercial**
- **Mandated rate reductions** in Ontario Auto

Future outlook

- Top-line pressure to continue – but expect to return to up to **3% growth**
- Investment in **pricing sophistication and salesforce effectiveness** to drive profitable growth

Attritional loss ratio (%)



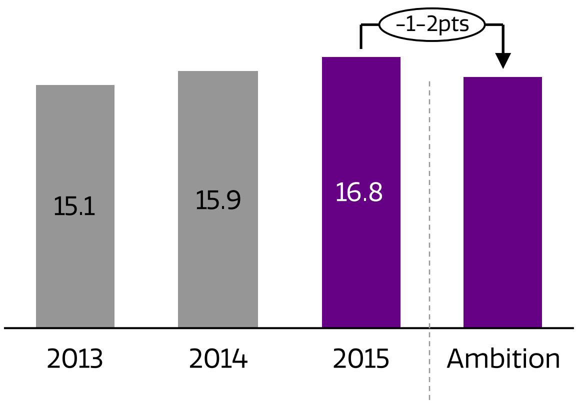
Progress to date

- **Strong improvement in attritional loss ratios** and **record underwriting result** in 2015
- Portfolio re-underwriting and disciplined decile analysis benefitting the result

Future outlook

- Target a further **1.5 – 2.5 points improvement** in underlying loss ratios
- Implementation of **guidewire** policy administration system and further investment in **claims excellence**

Operating expense ratio[1] (%)



Progress to date

- **Expense ratio within top quartile,** in part due to low-cost Johnson business
- Temporary operating **expense ratio increase,** reflecting **lower top line**

Future outlook

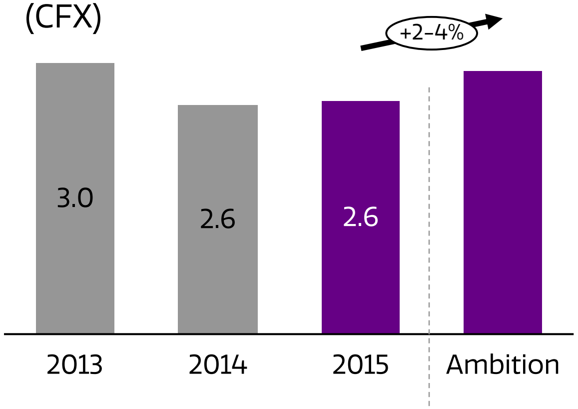
- **Target reduction of 1 – 2pts**
- Near-term benefits driven by organisational 'right-sizing' through operational excellence and removing spans and layers

[1]2013 and 2014 expense ratios adjusted for GCC and investment expense reallocation
Note: All ratios expressed on an earned basis

UK PROGRESS AND AMBITION

Underlying performance 'back in the pack' with significant opportunity for further performance improvement

Net written premium (£bn) (CFX)



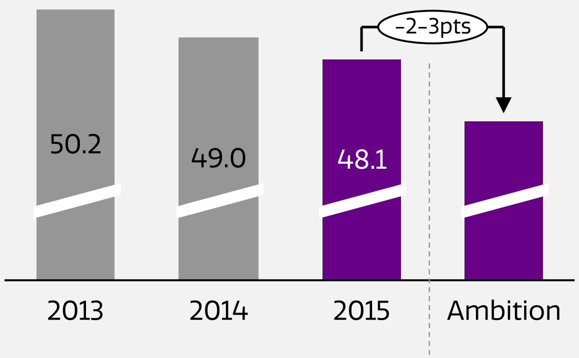
Progress to date

- **Re-underwritten** poor performing portfolios and **returned to disciplined growth**
- **Nationwide win** a marquee endorsement of our customer franchise in the UK

Future outlook

- Expect **2-4% CAGR** over the next 3 years. Nationwide going live in 2017, broker motor exit 2016 impact
- Retain **focused and disciplined** approach to growth, sharp price/volume trade-off

Attritional loss ratio (%)



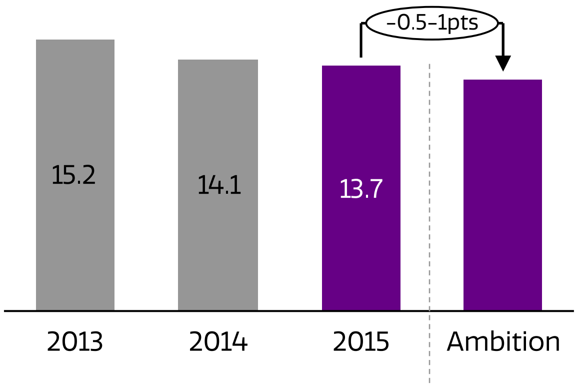
Progress to date

- **Underwriting actions benefit loss ratios** as they earn through
- **Attritional loss ratios reduced** by **> 2pnts** since 2013

Future outlook

- Target further **2-3 ppt reduction** in **attritional loss ratios**
- Maintain **disciplined underwriting** and IT-enabled **efficiencies** in **claims handling**

Operating expense ratio[1] (%)



Progress to date

- **Cost reduction** in the UK **ahead of plan**, with **1.5pts reduction** in the **expense ratio**, despite a smaller portfolio
- Staff costs have been largest driver of reduction to date

Future outlook

- Target a further **0.5-1pts reduction in the next 3 years**
- Future improvement opportunity from **process efficiency and IT** which deliver benefit in the medium-term

RSA

[1]2013 and 2014 expense ratios adjusted for GCC and investment expense reallocation
Note: All ratios expressed on an earned basis

SOLVENCY II & PENSION

STRONG 2015 PROGRESS IN FINANCIAL STRENGTH AND RESILIENCE

- Solvency II full internal model approval and solvency ratio within our target zone (higher in the zone pro-forma for Latin America completion)
- Triennial UK pension negotiations agreed, with significant de-risking of scheme assets
- Greater capital resilience to volatile items – weather, large, PYD, financial markets

CAPITAL: OPERATING RANGES & APPETITE

RSA retains a measured approach to capital management, targeting a single 'A' capital rating. 130% – 160% operating range under Solvency II is appropriate for the Group's risk profile

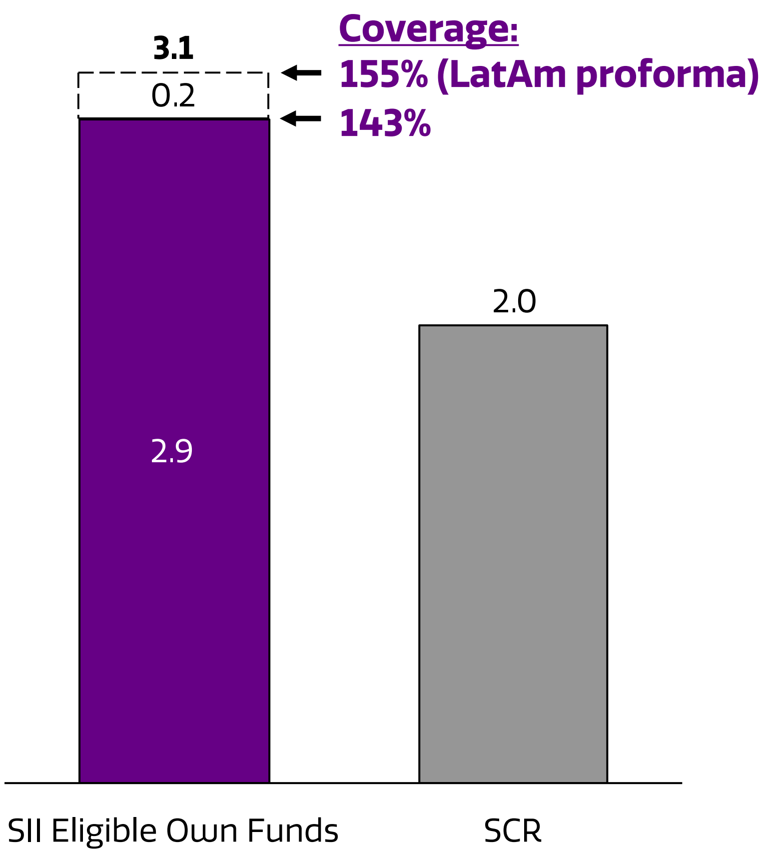
Metric	Appetite
Credit rating	• Target single A credit rating (S&P, Moody's)
Solvency II coverage ratio	• Target coverage 130% - 160%
Pillar II	• Not disclosed
TNAV:NWP	• Reasonableness test against other metrics

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, though not in cash terms
  - Sensitivities disclosed in appendix

SOLVENCY II: POSITION & APPROACH

Solvency II position at 31 Dec 2015 (£bn)



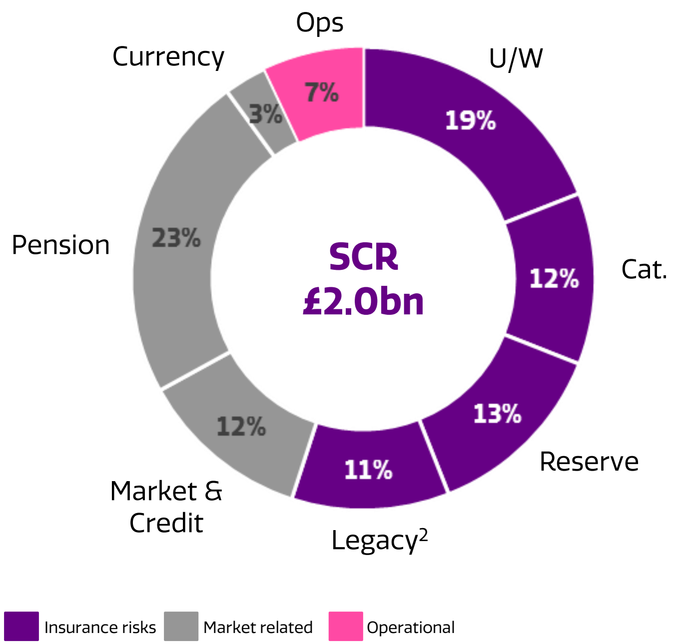
Our Solvency II approach

- Internal Model approval received on 5 December 2015
- Fully consolidated Internal Model tailored to RSA's risk profile (benefiting from having been part of the PRA's ICA regime for the past 11 years)
- The SCR (Solvency Capital Requirement) represents the Value-at-Risk of basic own funds subject to a confidence level of 99.5 % over a one-year period
- Covers existing business plus all new business expected to be written over the next 12 months
- No transitional measures utilised, except for grandfathering of debt

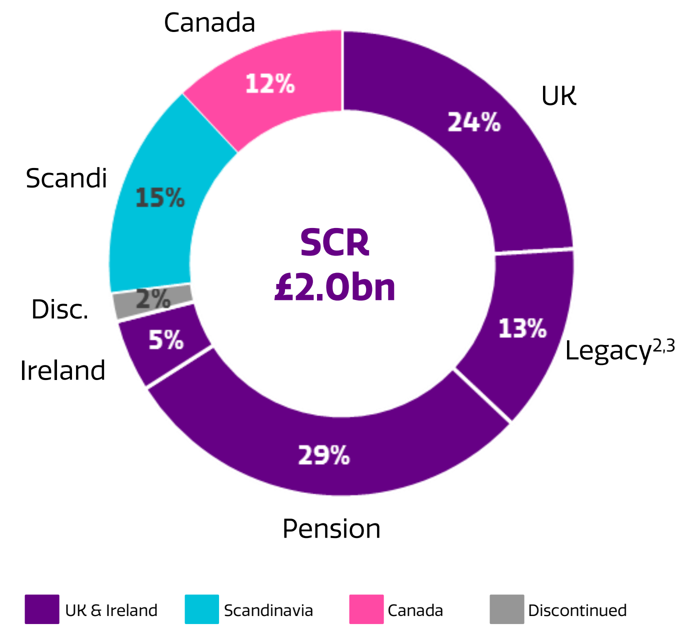
SCR: BREAKDOWN BY RISK DRIVER & TERRITORY

RSA's capital is well diversified, by risk and by geography.

Breakdown of SCR by risk driver[1]



Breakdown of SCR by territory[1]

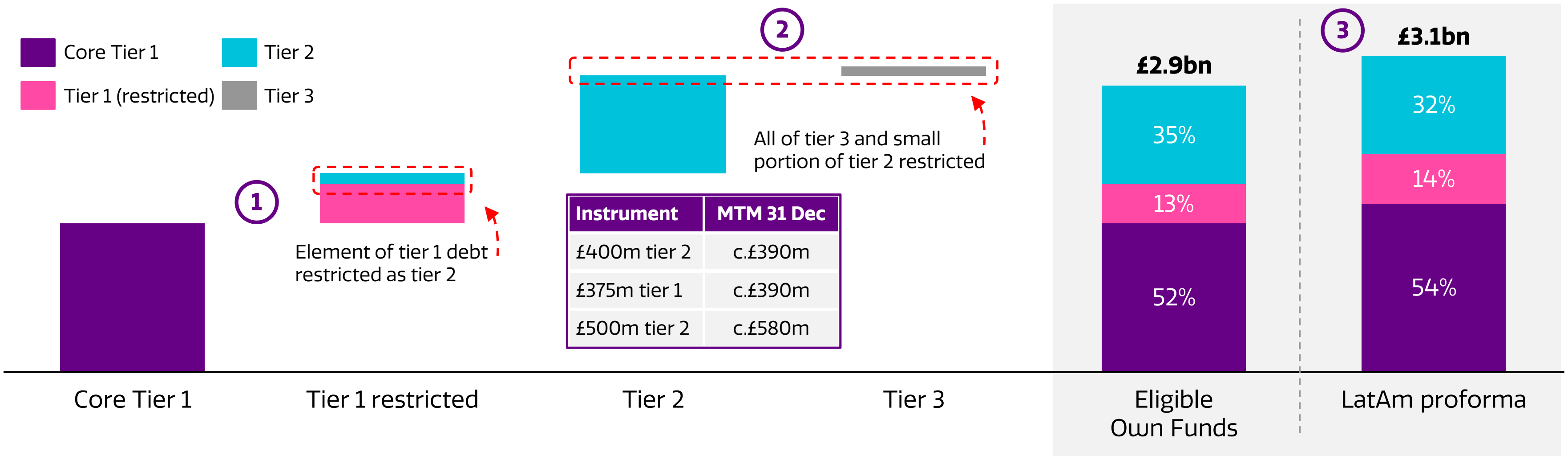


The quantification **of diversification within our Solvency II** model depends on the choice of categories and the level of granularity. The level of diversification is different when analysed by risk driver or territory, but ranges are **approximately 35%–45%.**

[1]SCR allocation is based on the undiversified capital requirement
[2]Asbestos, Disease and Abuse
[3]Estimated as part of the total UK risk
Note: Because gross SCR is analysed using different categories, percentages for Pensions and Legacy vary between the SCR by risk type and by territory.

OWN FUNDS: CAPITAL TIERING

Available capital is not fully utilised within eligible own funds due to tiering restrictions. Unutilised tier three capital is interchangeable with tier two debt capital, included at market value, under Solvency II up to 7pts



Instrument	MTM 31 Dec
£400m tier 2	c.£390m
£375m tier 1	c.£390m
£500m tier 2	c.£580m

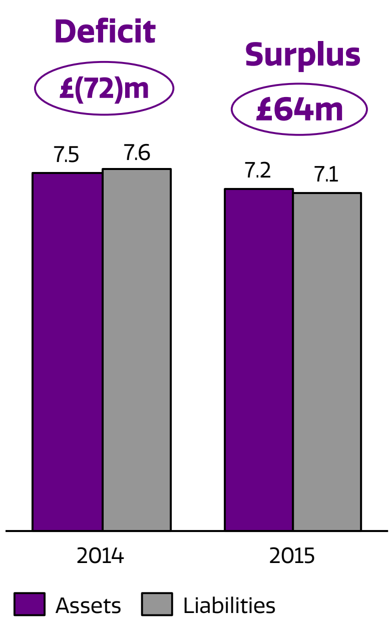
Quality and uses of capital

1. Tier 1 capital includes retained earnings and is included in full. Tier 1 debt is included at market value but is restricted to 20% of total tier 1 capital (or 25% core tier 1) under Solvency II. The restricted element is fully allowable as tier 2 capital
2. Combined tier 2 and tier 3 capital can contribute no more than 50% of the total SCR. Currently no tier 3 capital is utilised within eligible own funds but can be used to replace some tier 2 capital. Classification of a portion of the tier 1 restricted as tier 2 means that a small portion of tier 2 debt is ineligible at 31 December 2015
3. On completion of the Latin America disposal core tier 1 capital will increase, allowing for increased eligibility of the tier 1 restricted capital
4. Refinancing of debt at market prices carries an accounting charge but is not capital erosive, as debt is marked-to-market under Solvency II. Deleveraging of tier 2 debt is also not necessarily capital erosive due to availability of tier 3 capital (currently restricted)

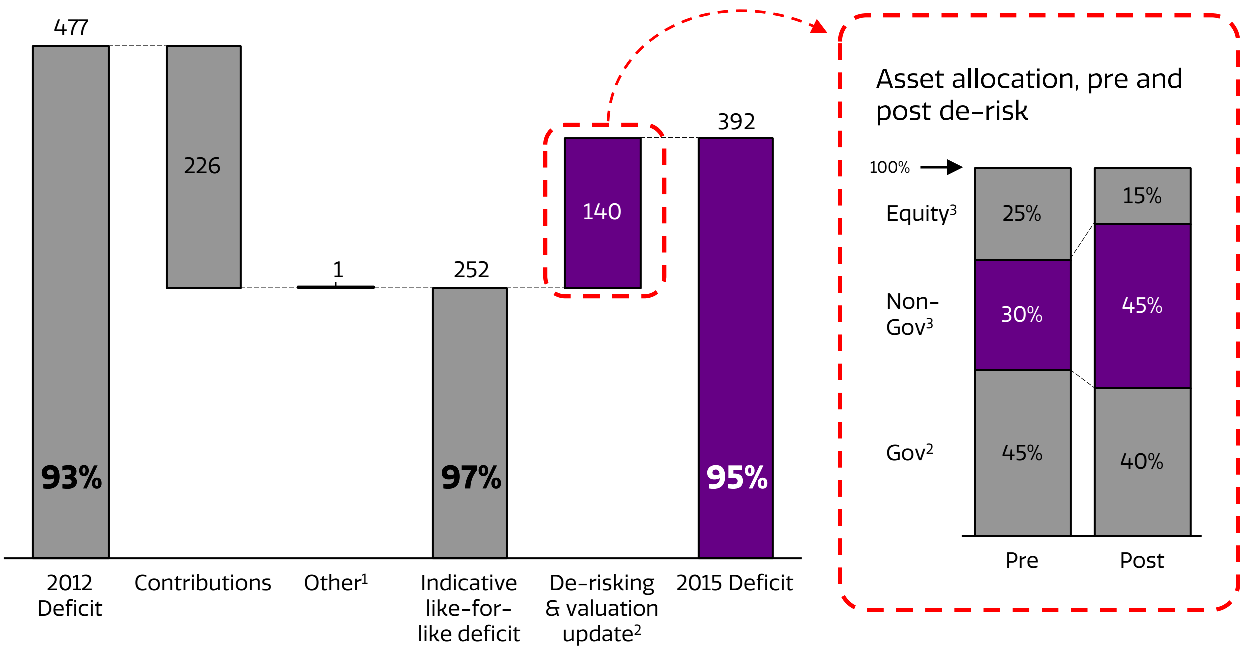
PENSION UPDATE

IAS 19 position in surplus. Deficit funding contributions 2017-19 remain unchanged at c.£65m, asset de-risking reduces IAS 19 volatility

Group IAS 19 Position



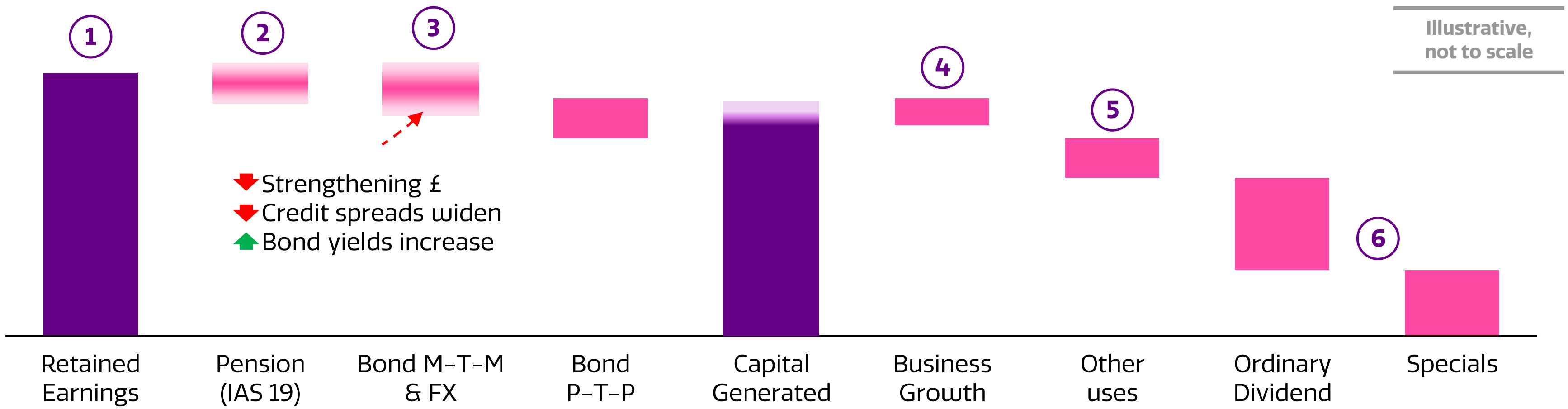
Funding deficit bridge, 31 March 2012 – 31 March 2015, £m



[1]Other comprises interest, market movements and expected outperformance
[2]Cost of de-risking shown net of changes to other assumptions and update for member experience
[3]Equity includes equities and other growth assets, Non-Gov refers to corporate debt, Gov refers to Government debt and includes derivatives
Note: All figures presented gross of tax

CAPITAL GENERATION AND USES OF CAPITAL

Illustrative capital generation and uses of organic capital



Key items

1. Accumulated IFRS profits after tax, less 'non-economic' / non-cash items
2. Pension (IAS 19) market movements such as, credit spreads and equity prices (more detail in appendix) and Actuarial gains/losses – can be both capital additive or consumptive
3. Bond mark-to-market and FX movements can also both be capital additive or consumptive
4. Anticipated growth across the portfolio largely neutral to SCR
5. e.g. Deleveraging
6. Target 40-50% ordinary payout, supplemented with specials/buy-backs when excess capital available

Capital consumptive
Capital additive

DIVIDENDS

Dividend Drivers

1. Increasing underlying earnings
2. BAU organic growth needs
3. Temporary impacts – unwind of bond pull-to-par, restructuring charges
4. Sustaining capital within target range
5. Other uses where justified

Dividend Policy and Payout

1. Dividend of 10.5p per ordinary share (38% payout of underlying EPS) (2014: 2.0p)
2. We target a growing dividend and payout ratio in line with our policy of distributing between 40-50% of earnings, plus 'specials' as available

RSA

2015 PRELIMINARY RESULTS

STRONG RESULTS, WITH ATTRACTIVE OPPORTUNITY FOR SUBSTANTIAL FURTHER IMPROVEMENT

£m (unless stated)	2015	2014	2014 CFX
Net written premiums	**6,825**	7,465	7,012
Core group (ex-Group Re)	**5,833**	*6,133*	5,789
Underwriting result	1 **220**	41	30
COR (%)	**96.9**	99.5	-
Core Group	**96.0**	98.8	-
Investment result	**322**	343	323
Operating result	2 **523**	365	334
Profit before tax	**323**	275	255
Profit / (loss) after tax	**244**	76	56
Underlying RoTE (%)	3 **9.7**	9.7	-

	31 Dec 2015	31 Dec 2014
TNAV per share (p)	**279**	286
Tangible net asset value	**2,838**	2,900

1 Underwriting result over 5x higher than 2014, 2.8points improvement in core group combined ratio

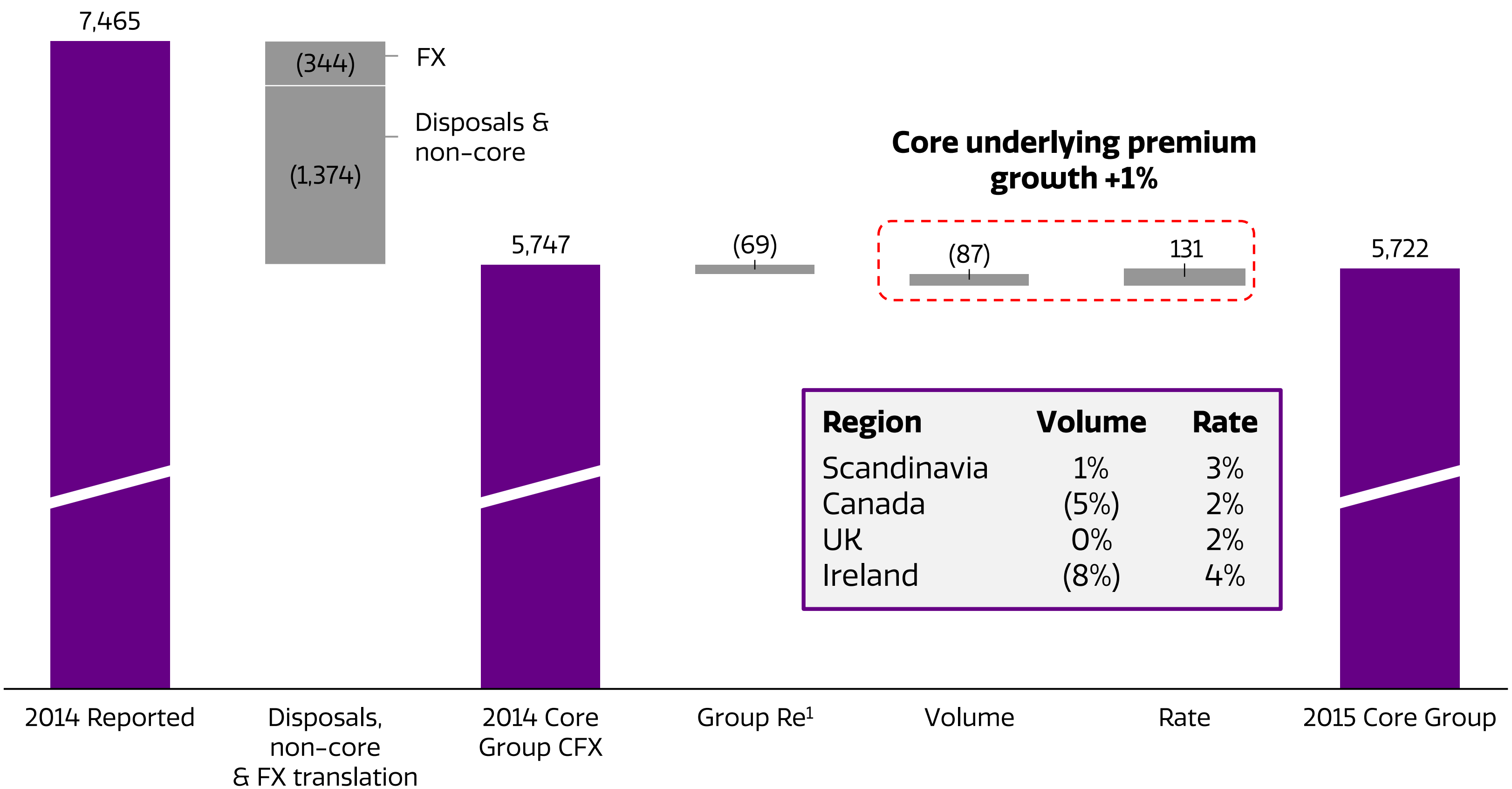
2 Operating result up 57% and PBT up 27% (CFX), despite lower disposal gains in the year

3 Underlying return on opening tangible equity 9.7% – achieved off much stronger opening balance of £2.9bn (2014: £1.7bn)

RSA

PREMIUM GROWTH

Net written premiums (£m) 2015 v 2014



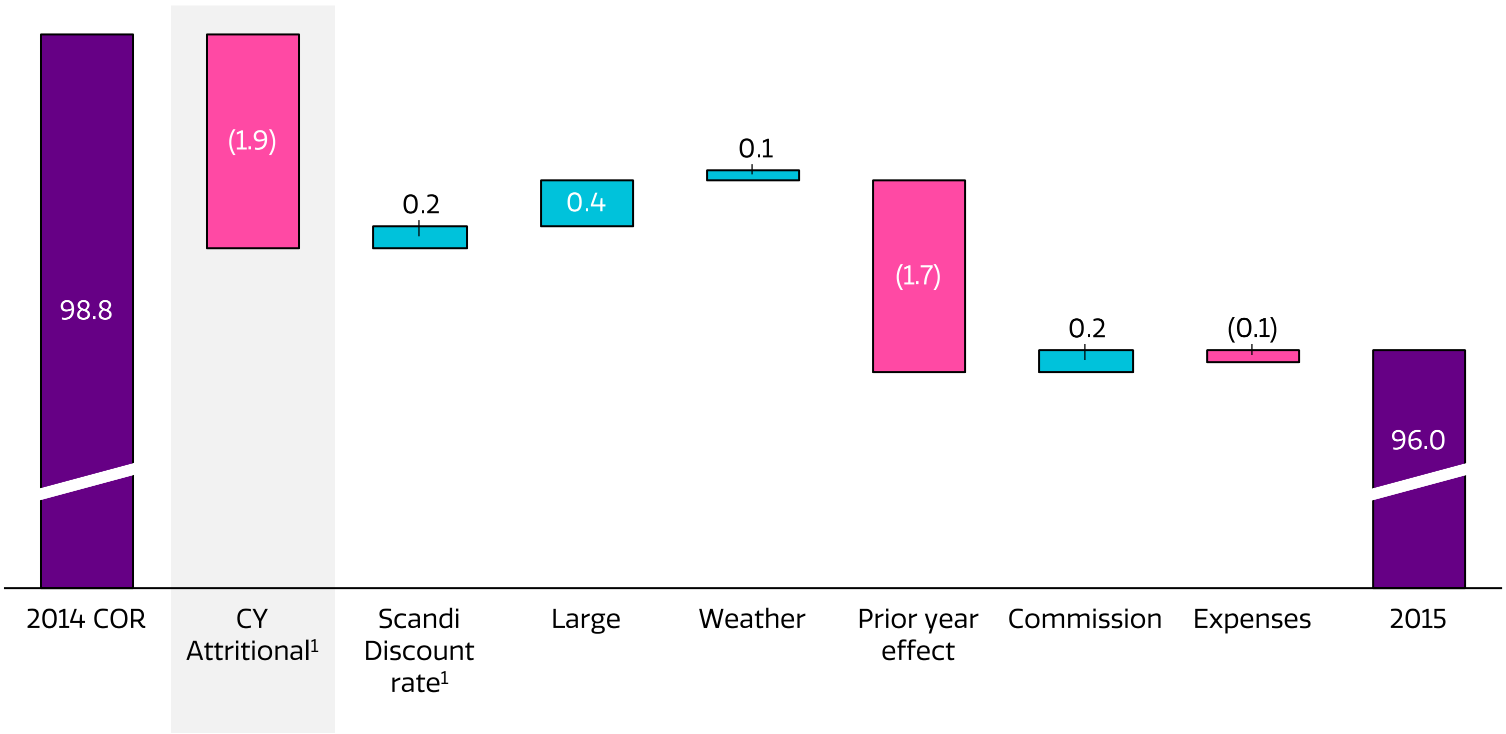
Region	Volume	Rate
Scandinavia	1%	3%
Canada	(5%)	2%
UK	0%	2%
Ireland	(8%)	4%

[1]Majority of Group Re variance due to 3 year Group aggregate cover purchased in 2015 for £139m, versus £67m ADC cover purchased in 2014

STRONG IMPROVEMENT IN UNDERWRITING RESULT

Core ratio improved by 2.8pts, with strong improvements in current year attritional loss ratios, down 1.9pts

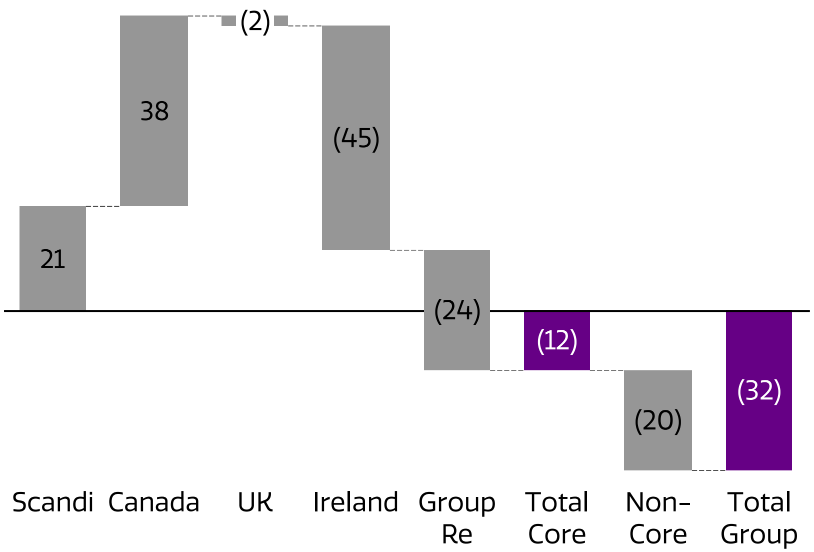
Core group COR walk, 2014 – 2015 (%)



[1]The combined ratio impact for purchase of the Group aggregate reinsurance cover has been reflected within the weather ratio (adds 0.5% to the weather ratio and reduces attritional loss ratio) and the impact of the change in Scandinavian discount rate has been presented separately

PRIOR YEAR RESULTS MORE RESILIENT AND IMPROVING

2014 PY Underwriting result breakdown (£m)



2015 PY Underwriting result breakdown (£m)

1. PYD improved overall and in all businesses, except Scandinavia
2. Margin held constant at 5.0%
3. PYD especially positive in Canada (5.8% of NEP)
4. Reserve strengthening in Scandinavia relating to legacy long tail Swedish personal accident lines, expected to be one-off
5. Expect average PYD of around 1% of NEP, though volatile in individual years

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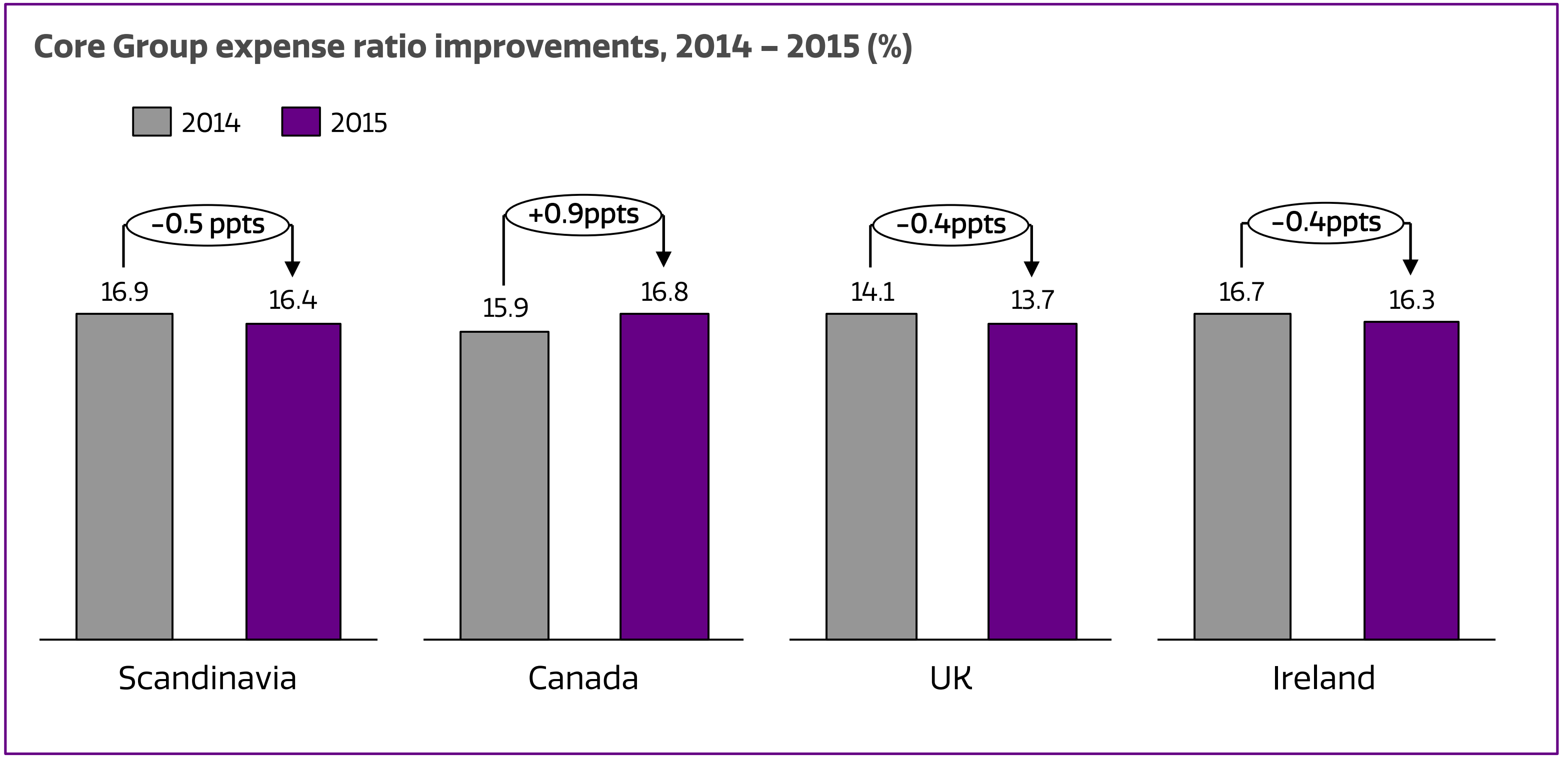
EXPENSE RATIO BENEFITS TO ACCELERATE INTO 2016

Core group expense ratio down overall, with encouraging improvements in Scandinavia and the UK. Anticipate acceleration in improvements in 2016 and beyond



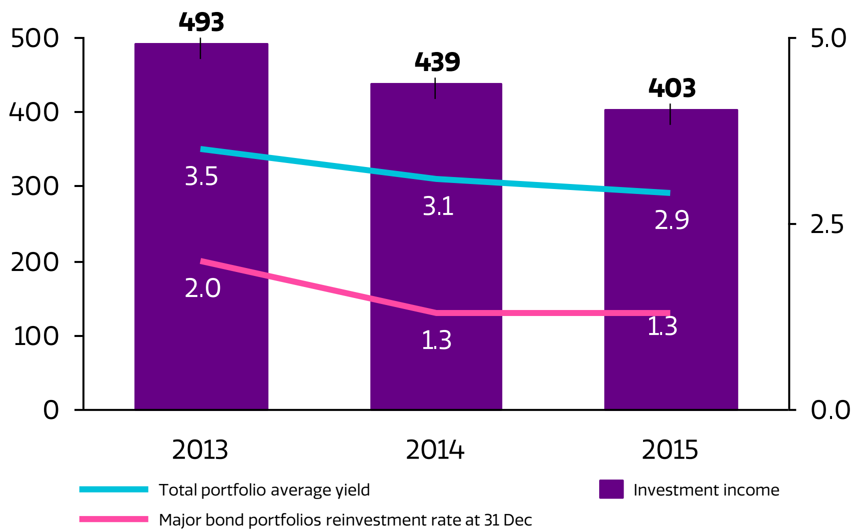
UNDERWRITING PROFIT OF £220M DRIVEN BY EXCELLENT RESULTS IN CANADA

Regional Summary	Underwriting result (£m) 2015		Underwriting result (£m) 2014	COR (%) 2015	COR (%) 2014
Scandinavia	94	One-off PY strengthening for legacy Swedish PA	169	94.0	90.4
Canada	116		21	91.7	98.6
UK	12 **40**	Impacted by winter floods. £40m pro forma[1]	4	98.5% pro forma[1] 99.5	99.9
Ireland	-35		-108	113.4	132.8
Group Re	50		-15	-	-
Total Core	237		71	96.0	98.8
Total Non-Core	-17		-30	-	-
Group Total	220		41	96.9	99.5

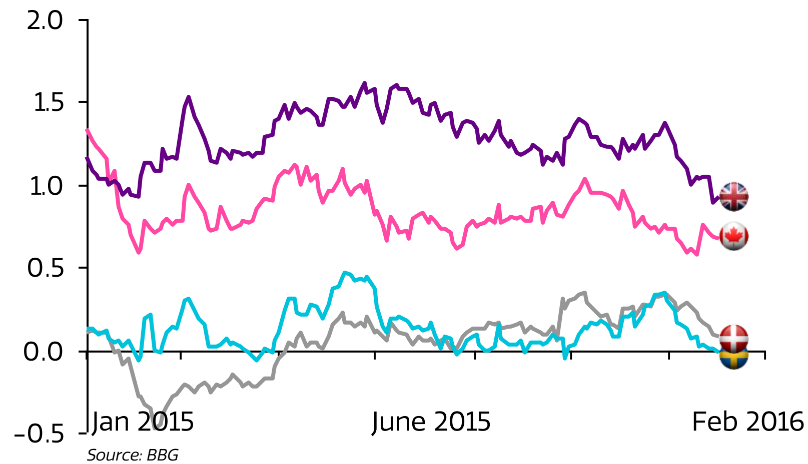
[1]Pro forma for aggregate reinsurance 2015 net recovery of £28m (£74m recovery net of £46m earned premium cost) shown separately in Group Re

INVESTMENT INCOME: UPDATED GUIDANCE REFLECTING LATAM COMPLETION, UNDERLYING GUIDANCE LARGELY UNCHANGED

Investment income (£m), average yield and year-end bond portfolio reinvestment rate (%), 2013-15



5 Year Govt. bond yields (%), Jan 2015 – Feb 2016



Investment Portfolio £13.0bn at FY 2015, ex LatAm

RSA's investment strategy aims to protect capital for both policyholders and shareholders, and reflects the relatively short-term nature of the underlying insurance portfolio:

- High quality, low risk fixed income dominated portfolio
- Average duration: 4.0 years
- **Investment income guidance[1]**: c.£330m 2016, (c.£15m relating to LatAm pre-completion), c.£315m 2017 and 2018. Reduction partly offset by reduced 'discount unwind', falling to c.55m 2016 and c.£50m 2017-18

[1] Based on current forward bond yields and FX rates. If yields remained flat, investment income guidance would be unchanged in 2016-17, and c£10m lower in 2018. 2016 guidance broadly in-line with that given at the half year ex-LatAm - lower yield offset by weakening of the sterling relative to foreign territories

PROFIT BEFORE TAX £323M, OPERATING RESULT UP 43%

£m	2015	2014	2014 CFX
Operating result	**523**	**365**	**334**
Net gains/losses/exchange – tangible	1 **204**	476	457
– intangible	**(51)**	(99)	(91)
Interest	**(106)**	(119)	(119)
Non-operating charges	**(35)**	(42)	(40)
Non-recurring charges	2 **(212)**	(306)	(286)
Profit before tax	**323**	275	255
Tax	3 **(79)**	(199)	(199)
Profit after tax	**244**	76	56

1 Includes **£184m of disposal gains** and additional **£20m of investment gains**
- Hong Kong & Singapore (£103m), China (£28m), Italy (£29m) and India (£21m)

Goodwill and intangible write-downs were £51m (2014: £99m) primarily relating to non-core assets

2 Includes **£183m reorganisation costs** (redundancy of £59m and restructuring charges of £124m); and **Solvency II** costs of £26m. (2014: Reorganisation costs £110m and Solvency II costs £25m)

3 The Group has recognised a tax charge of £79m, giving an **effective tax rate of 24.5%**

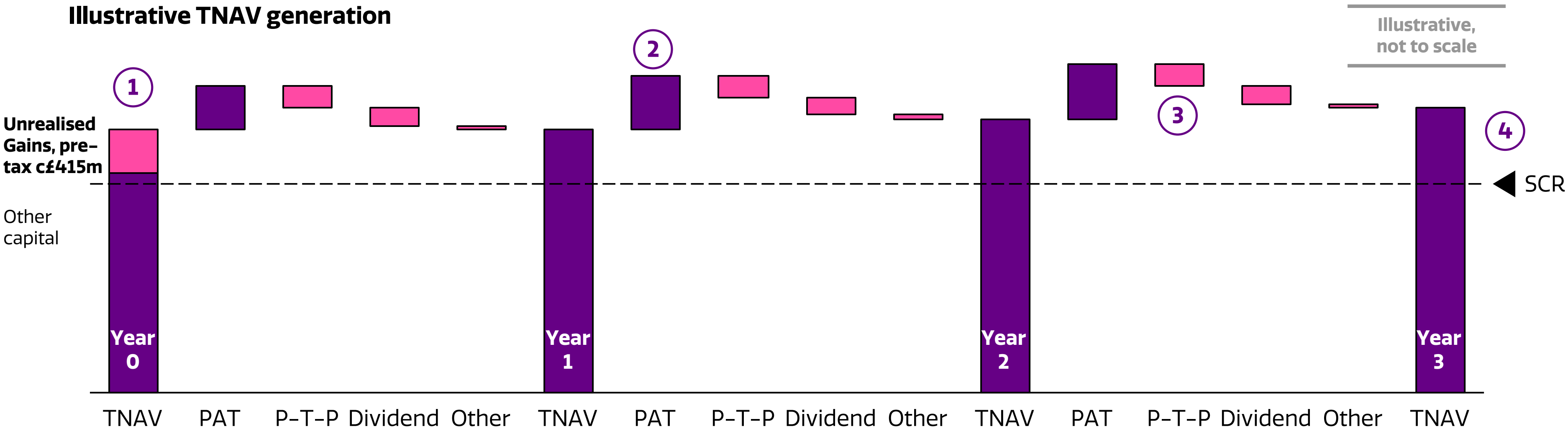
- In 2016, we expect a higher optical ETR due to the one-off accounting impact of the LatAm disposal, higher taxed foreign profits, and UK reorganisation costs that do not give an immediate tax benefit. Thereafter, we anticipate an ETR more in line with the statutory rates in our Core territories

RSA

Note: Tax booked in the UK, therefore no exchange differences

BOND PULL-TO-PAR HAS NEAR-TERM CAPITAL IMPACT

Illustrative TNAV generation



Key comments

1. Our tangible equity and Solvency II positions include unrealised gains due to purchasing bonds at a period of high yield, which has subsequently fallen, and our strategy of holding to maturity. These gains will unwind over time and are independent of mark-to-market (parallel shifts) to which we are broadly matched
2. PAT is a poor proxy for capital generation as the investment income element is accounted for on a book yield basis using prevailing rates at the time of purchase
3. As the stock of bonds to which the unrealised gains relate mature and the value of these bonds converges to par (expected over the next 3 years[1]) the unrealised gains in our capital position will unwind through the BS
4. The SCR is likely to remain broadly stable, all equal, meaning a portion of retained earnings are required to offset dilutive effect of pull-to-par.

RSA

[1]Pull-to-par expected to largely unwind over the next three years, based on current forward yields

EXPECTED LATAM DISPOSAL ACCOUNTING DURING 2016

2016 Latin America disposal accounting

- The Latin American disposal is **capital accretive**, however, **accounting impact** as follows:
- We expect to recognise the following items in our management P&L in 2016:
  - A **tangible disposal gain**, shown in the tangible net gains line, currently expected to be around £140m; and
  - A **reclassification**, as required by accounting standards, **of the accumulated FX losses** in the FCTR[1] from reserves to profit and loss. This reclassification is non-cash, non-capital and NAV neutral for the Group, and together with goodwill/intangibles is currently expected to be c£(145-150)m
- Therefore optically, **2016 pre-tax impact is expected to be c.£(5-10)m**.
- Capital benefit of **c.12% of Solvency II coverage** is expected.

[1]Foreign currency translation reserve

RSA

OUTLOOK

Strategic focus and capital rebuild nearly complete. Ambition set at best-in-class performance across our core regions medium-term

1. Expect further good progress in 2016 against Action Plan
2. Core business NWP targeted to show modest growth versus 2015 (at CFX)
3. Further improvement expected in attritional loss ratios and costs
4. Strong increase in underwriting profit targeted, subject to volatility in weather and large (planning assumptions of c.3.0% and c.8.5% respectively)
5. Investment income incl. part year of Latin America expected to be c.£330m and discount unwind c.£55m in 2016
6. Operating profit increase targeted in 2016, at planned loss volatility
7. 2016 should be the last year of substantial 'below-the-line' noise from disposals and restructuring charges

SUMMARY

Winning for customers and for shareholders

1. Strategic refocus largely complete
2. Positive outcome for Solvency II & Pension negotiations
3. Raising ambition and delivering performance improvement
4. Record current year underwriting profits
5. Target ROTE in upper half of 12-15% range by 2017

RSA

Q&A

APPENDIX

MARKET CHARACTERISTICS INFORMING RSA'S STRATEGY

GENERAL INSURANCE MARKETS

1. Large, enduring and stable markets
2. Scale important at a market level, not globally
3. Competitive markets, consolidated structure, no patents, few unique strategies
4. Proactive mainstream players holding their own vs specialists / disruptors
5. Important evolutions in customer expectations, regulation and technology, as in other industries
6. Few existential threats or transformative opportunities
7. Business models need to cope with market cycles and underwriting volatility

RSA

WHAT WILL MAKE RSA ATTRACTIVE TO CUSTOMERS AND SHAREHOLDERS

RSA

Attractive to customers…

1. Expertise
2. Value for money
3. Consistency and support
4. Understanding and tailored services
5. Excellent service and attitude
6. Proactive and "e-enabled"

Ambition: Upper quartile NPS, growing business profitably

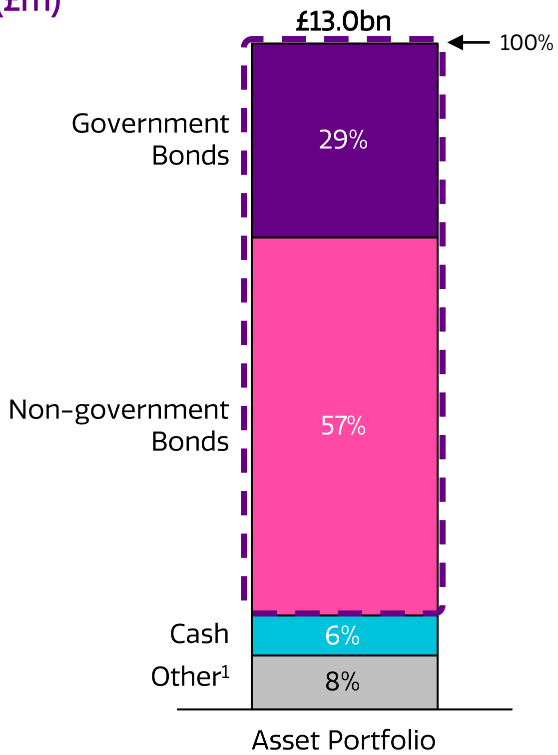
…And to Shareholders

1. Leading positions in stable markets
2. Well balanced business by geography, customer, channel and product
3. Strong brands and reputation
4. Group synergies of expertise, cost and revenues
5. Capital efficiency from diversification
6. Disciplined and focused execution
7. Cash generative business model

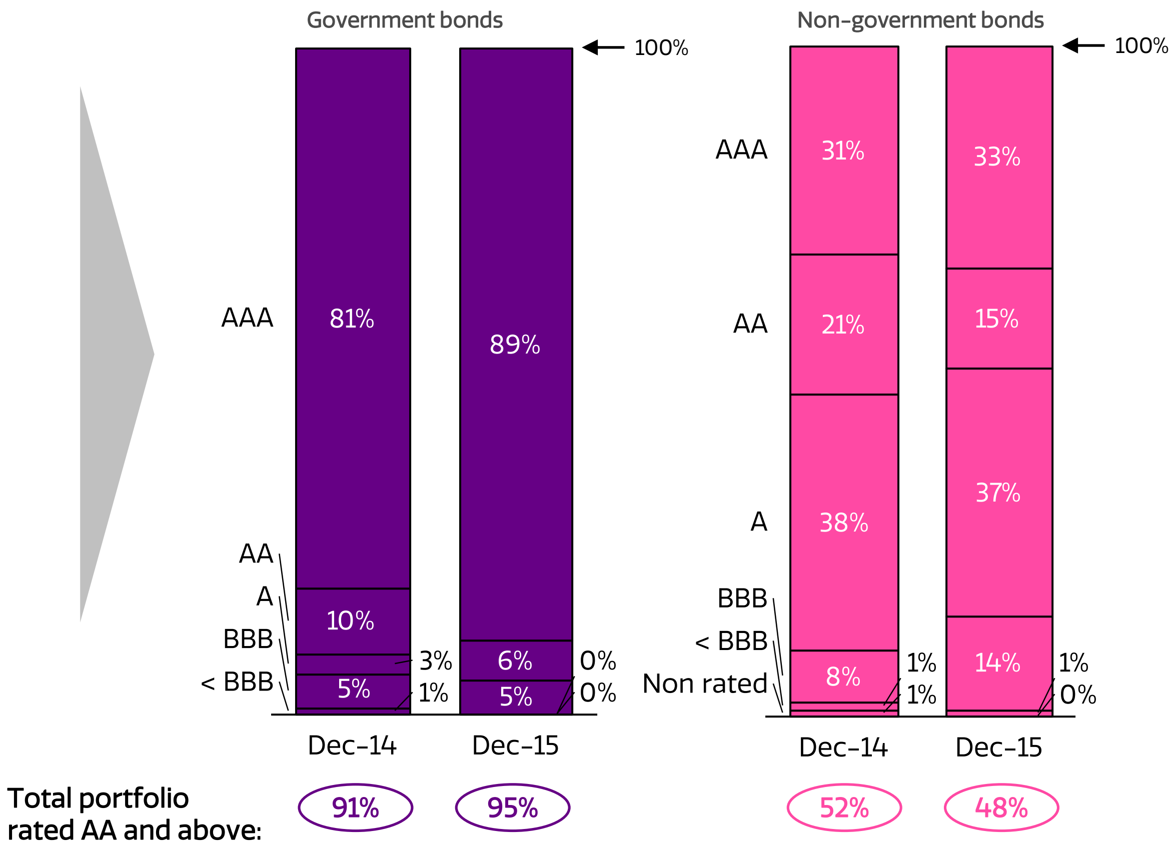
Ambition: Upper quartile COR, attractive ROTE and quality cash flows

INVESTMENT PORTFOLIO COMPOSITION & CREDIT QUALITY

Investment portfolio, excluding LatAm 2015 (£m)



Bond portfolio credit quality (at Dec 2015)



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

SENSITIVITIES

Greatest sensitivities are to equities and credit, via pension impacts. Reduction in capital volatility achieved through de-risking actions. 2016 YTD market moves strengthened ratio on a net basis.

Solvency II

% coverage ratio as at 31 December 2015[1]	
143% (155% Pro-forma for LatAm completion)	
Interest rates: +1% parallel shift	-2%
Interest rates: -1% parallel shift	+3%
Equities: -15%	-8%
Foreign exchange: GBP +10% vs all currencies	-4%
Cat loss of £75m net of reinsurance	-5%
Credit spreads: +0.25% parallel shift	+2%
Credit spreads: -0.25% parallel shift	-10%

Pension

Value of UK scheme assets and liabilities as at 31 December 2015 (IAS 19 basis) gross of tax				
£64m surplus[2] (£7.2bn Assets, £7.1bn Liabilities)	**Pre-derisk**		**Post-derisk**	
	Asset	Liab	Asset	Liab
Interest rates: -1%	+1.4	+1.3	+1.4	+1.3
Inflation: +1%	+0.9	+0.8	+0.9	+0.8
Equities[3]: -15%	-0.2	-	-0.1	-
'AA' Credit spreads: -0.25%	-	+0.3	+0.1	+0.3

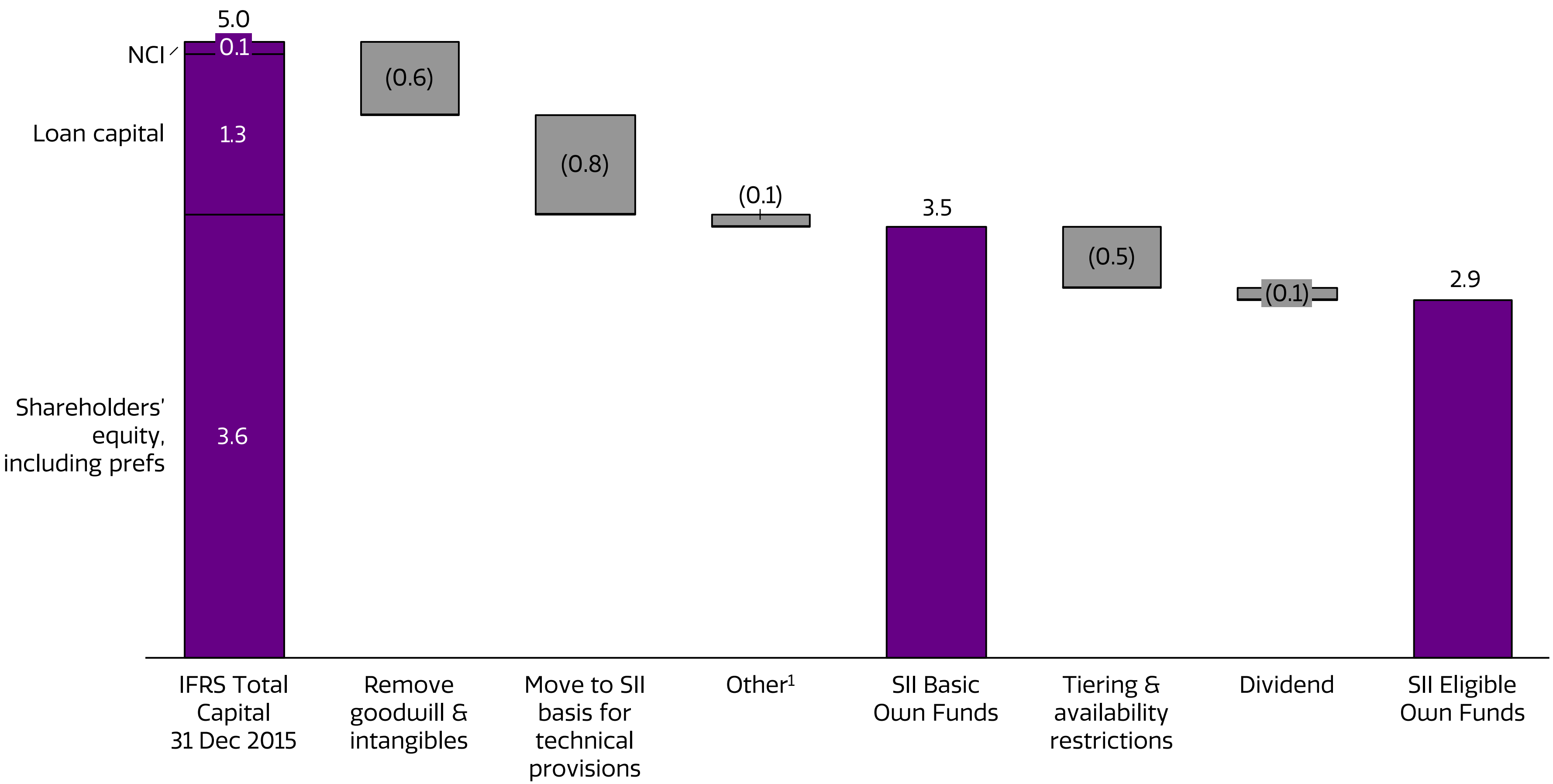
Significant reduction in IAS 19 volatility to equities and spreads

Note: The above sensitivities have been considered in isolation. Should sensitivities impact in combination there may be some natural offsets between them.

[1] Sensitivities displayed post pension de-risk actions
[2] Group position as at 31 December 2015, shown post-tax
[3] Fall in growth assets, 15% decline in equity component 10% decline non-equity

SOLVENCY II: AVAILABLE CAPITAL RECONCILIATION

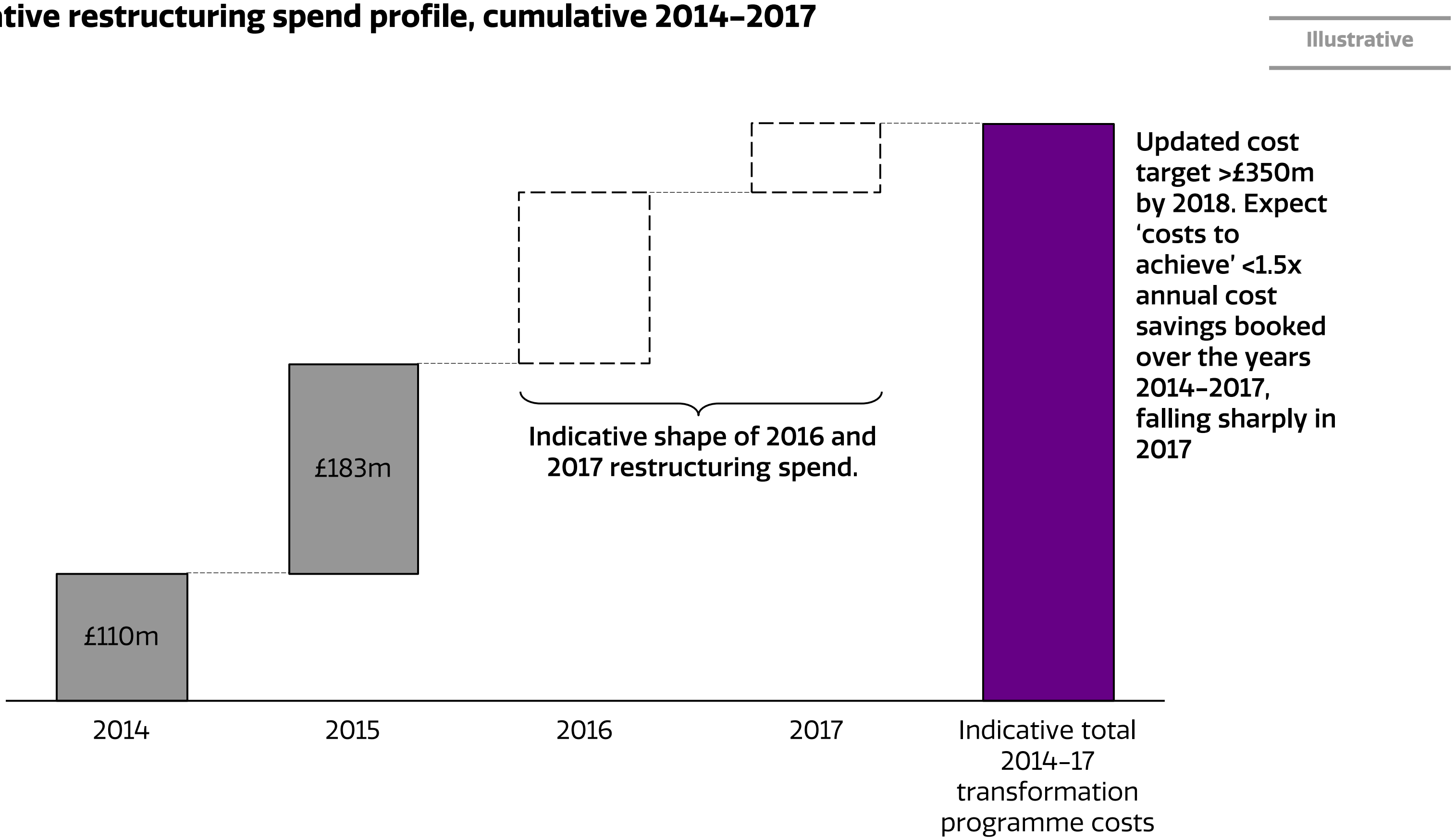
Reconciliation from IFRS capital at 31 Dec 2015 (£bn)



[1]Includes Held for sale

REORGANISATION COSTS

Indicative restructuring spend profile, cumulative 2014–2017 (£m)



Note: £110m recognised in 2014 accounts as redundancy (£73m) and restructuring (£37m) costs. A further £183m has been recognised in 2015. £59m in respect of redundancies and £124m of restructuring costs

INTEREST RATES AND FOREIGN EXCHANGE

Rising interest rates

- RSA broadly hedged to interest rates in economic terms but not in accounting terms
- Rising rates generally positive for investment income and capital position, over medium term
- Pension accounting most sensitive to AA bond spreads
- Investment income; 2017/ 18 guidance of c.£315m (reflects LatAm sale).
- Based on current forward yields we anticipate that the unrealised gains reserve of c£415m will have unwound within the next 3 years.

FX Sensitivities

£m	2015 (as reported)	5% change in £ vs 2015 avg
NWP	**6,825**	+/– 222
Underwriting result	**220**	+/– 11
Operating result	**523**	+/– 21
PBT	**323**	+/– 15

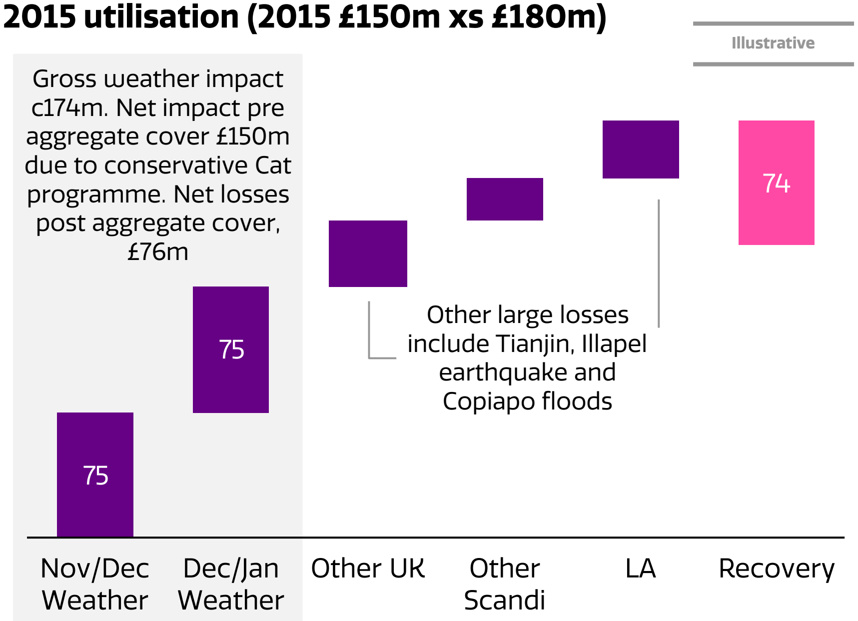
RSA

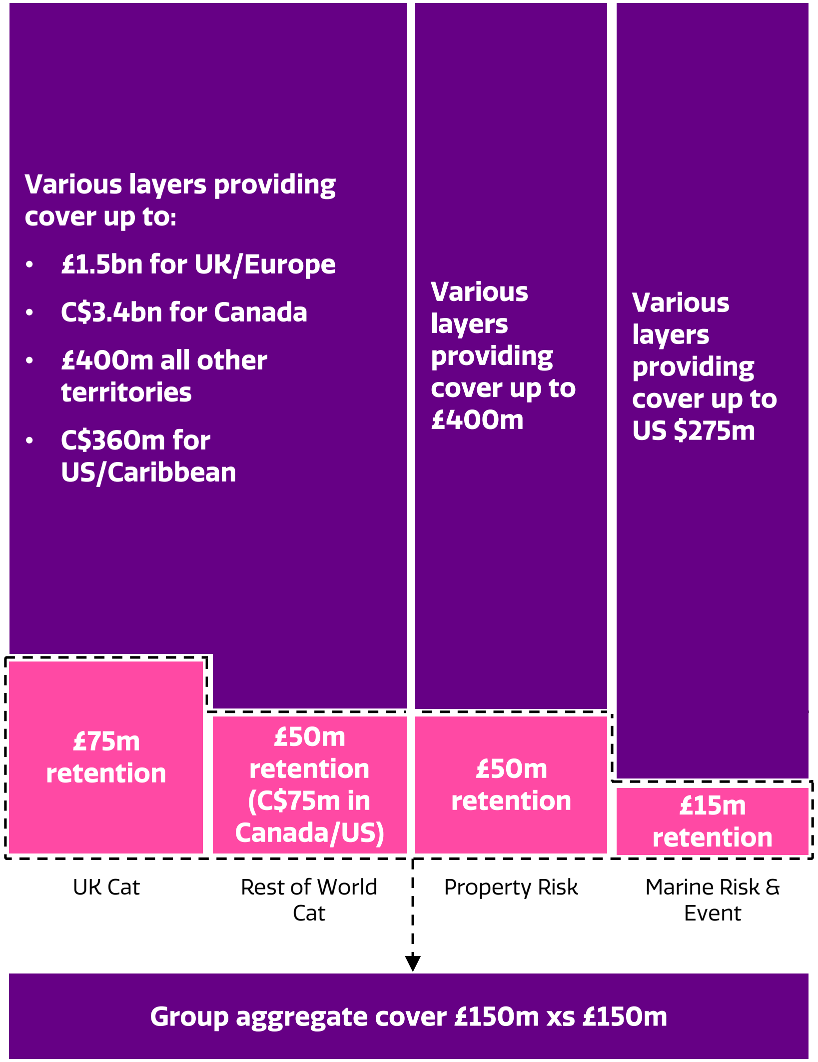
REINSURANCE PROGRAMME

Group aggregate cover

- Aggregate cover for 2016 renegotiated following LatAm sale
- 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 any year
- 3 year deal (2015-17) with max recovery available of £300m

2015 utilisation (2015 £150m xs £180m)





RSA

CORE GROUP UNDERWRITING RESULT DETAIL

£m unless stated		Current year	Prior year		FY 15 Total	Current year	Prior year	FY 14 Total
Net written premiums		**5,731**	**(9)**		**5,722**	**6,183**	**(92)**	**6,091**
Net earned premiums	1	5,957	(30)	2	5,927	6,516	(33)	6,483
Net incurred claims		(4,066)	133	3	(3,933)	(4,530)	34	(4,496)
Commission expenses		(849)	1	4	(848)	(910)	(7)	(917)
Operating expenses		(906)	(3)	5	(909)	(993)	(6)	(999)
Underwriting result		136	101		237	83	(12)	71
CY attritional claims	6	(3,368)				(3,769)		
Weather claims	7	(193)				(234)		
Large losses	8	(505)				(527)		
Net incurred claims		(4,066)				**(4,530)**		
Loss ratio (%)		= 3 / 2		9	**66.4**			**69.3**
Weather ratio (%)		= 7 / 1		10	3.2			3.6
Large loss ratio (%)		= 8 / 1		11	8.5			8.1
CY attritional ratio (%)		= 6 / 1		12	56.6			57.8
PY effect (%)		= 9 – (10 : 12)			(1.9)			(0.2)
Commission ratio (%)		= 4 / 2		13	**14.3**			**14.1**
Expense ratio (%)		= 5 / 2		14	**15.3**			**15.4**
Combined ratio		= 9 + 13 + 14			**96.0**			**98.8**

SCANDINAVIA UNDERWRITING RESULT DETAIL

£m unless stated		Current year	Prior year		FY 15 Total	Current year	Prior year	FY 14 Total
Net written premiums		**1,606**	**–**		**1,606**	**1,760**	**(1)**	**1,759**
Net earned premiums	1	1,572	(6)	2	1,566	1,753	(1)	1,752
Net incurred claims		(1,129)	(27)	3	(1,156)	(1,247)	28	(1,219)
Commission expenses		(60)	–	4	(60)	(66)	(2)	(68)
Operating expenses		(256)	–	5	(256)	(292)	(4)	(296)
Underwriting result		127	(33)		94	148	21	169
CY attritional claims	6	(1,015)				(1,136)		
Weather claims	7	(15)				(29)		
Large losses	8	(99)				(82)		
Net incurred claims		(1,129)				**(1,247)**		
Loss ratio (%)		**= 3 / 2**		9	**73.8**			**69.6**
Weather ratio (%)		= 7 / 1		10	1.0			1.6
Large loss ratio (%)		= 8 / 1		11	6.3			4.7
CY attritional ratio (%)		= 6 / 1		12	64.5			64.8
PY effect (%)		= 9 – (10 : 12)			2.0			(1.5)
Commission ratio (%)		**= 4 / 2**		13	**3.8**			**3.9**
Expense ratio (%)		**= 5 / 2**		14	**16.4**			**16.9**
Combined ratio		**= 9 + 13 + 14**			**94.0**			**90.4**

CANADA UNDERWRITING RESULT DETAIL

£m unless stated		Current year	Prior year		FY 15 Total	Current year	Prior year	FY 14 Total
Net written premiums		**1,360**	**–**		**1,360**	**1,510**	**–**	**1,510**
Net earned premiums	1	1,387	–	2	1,387	1,534	2	1,536
Net incurred claims		(933)	81	3	(852)	(1,096)	40	(1,056)
Commission expenses		(189)	3	4	(186)	(214)	(1)	(215)
Operating expenses		(230)	(3)	5	(233)	(241)	(3)	(244)
Underwriting result		35	81		116	(17)	38	21
CY attritional claims	6	(837)				(963)		
Weather claims	7	(31)				(77)		
Large losses	8	(65)				(56)		
Net incurred claims		(933)				(1,096)		
Loss ratio (%)		= 3 / 2		9	**61.5**			**68.7**
Weather ratio (%)		= 7 / 1		10	2.3			5.0
Large loss ratio (%)		= 8 / 1		11	4.7			3.6
CY attritional ratio (%)		= 6 / 1		12	60.3			62.8
PY effect (%)		= 9 – (10 : 12)			(5.8)			(2.7)
Commission ratio (%)		= 4 / 2		13	**13.4**			**14.0**
Expense ratio (%)		= 5 / 2		14	**16.8**			**15.9**
Combined ratio		= 9 + 13 + 14			**91.7**			**98.6**

RSA

UK UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	FY 15 Total	Current year	Prior year	FY 14 Total
Net written premiums	**2,614**	**(8)**	**2,606**	**2,591**	**(22)**	**2,569**
Net earned premiums	① 2,742	(8)	② 2,734	2,874	(24)	2,850
Net incurred claims	(1,838)	57	③ (1,781)	(1,887)	26	(1,861)
Commission expenses	(564)	(2)	④ (566)	(581)	(4)	(585)
Operating expenses	(374)	(1)	⑤ (375)	(400)	–	(400)
Underwriting result	(34)	46	12	6	(2)	4
CY attritional claims	⑥ (1,319)			(1,407)		
Weather claims	⑦ (179)			(110)		
Large losses	⑧ (340)			(370)		
Net incurred claims	(1,838)			**(1,887)**		
Loss ratio (%)	= ③ / ②		⑨ **65.1**			**65.3**
Weather ratio (%)	= ⑦ / ①		⑩ 6.5			3.8
Large loss ratio (%)	= ⑧ / ①		⑪ 12.4			12.9
CY attritional ratio (%)	= ⑥ / ①		⑫ 48.1			49.0
PY effect (%)	= ⑨ – (⑩ : ⑫)		(1.9)			(0.4)
Commission ratio (%)	= ④ / ②		⑬ **20.7**			**20.5**
Expense ratio (%)	= ⑤ / ②		⑭ **13.7**			**14.1**
Combined ratio	= ⑨ + ⑬ + ⑭		**99.5**			**99.9**

RSA

UK PERSONAL UNDERWRITING RESULT DETAIL

£m unless stated		Current year	Prior year		FY 15 Total	Current year	Prior year	FY 14 Total
Net written premiums		**1,134**	**(1)**		**1,133**	**1,174**	**2**	**1,176**
Net earned premiums	1	1,153	(2)	2	1,151	1,217	2	1,219
Net incurred claims		(706)	26	3	(680)	(734)	21	(713)
Commission expenses		(241)	(4)	4	(245)	(268)	(1)	(269)
Operating expenses		(179)	–	5	(179)	(192)	–	(192)
Underwriting result		27	20		47	23	22	45
CY attritional claims	6	(605)				(627)		
Weather claims	7	(65)				(69)		
Large losses	8	(36)				(38)		
Net incurred claims		(706)				**(734)**		
Loss ratio (%)		= 3 / 2		9	**59.0**			**58.5**
Weather ratio (%)		= 7 / 1		10	5.6			5.7
Large loss ratio (%)		= 8 / 1		11	3.1			3.1
CY attritional ratio (%)		= 6 / 1		12	52.5			51.6
PY effect (%)		= 9 – (10 : 12)			(2.2)			(1.9)
Commission ratio (%)		= 4 / 2		13	**21.3**			**22.0**
Expense ratio (%)		= 5 / 2		14	**15.6**			**15.8**
Combined ratio		= 9 + 13 + 14			**95.9**			**96.3**

UK COMMERCIAL UNDERWRITING RESULT DETAIL

£m unless stated	Current year	Prior year	FY 15 Total	Current year	Prior year	FY 14 Total
Net written premiums	**1,480**	**(7)**	**1,473**	**1,417**	**(24)**	**1,393**
Net earned premiums	① 1,589	(6)	② 1,583	1,657	(26)	1,631
Net incurred claims	(1,132)	31	③ (1,101)	(1,153)	5	(1,148)
Commission expenses	(323)	2	④ (321)	(313)	(3)	(316)
Operating expenses	(195)	(1)	⑤ (196)	(208)	–	(208)
Underwriting result	(61)	26	(35)	(17)	(24)	(41)
CY attritional claims	⑥ (714)			(780)		
Weather claims	⑦ (114)			(41)		
Large losses	⑧ (304)			(332)		
Net incurred claims	(1,132			**(1,153)**		
Loss ratio (%)	**= ③ / ②**		**⑨ 69.6**			**70.4**
Weather ratio (%)	= ⑦ / ①		⑩ 7.2			2.5
Large loss ratio (%)	= ⑧ / ①		⑪ 19.1			20.0
CY attritional ratio (%)	= ⑥ / ①		⑫ 45.0			47.1
PY effect (%)	= ⑨ – (⑩ : ⑫)		(1.7)			0.8
Commission ratio (%)	**= ④ / ②**		**⑬ 20.3**			**19.4**
Expense ratio (%)	**= ⑤ / ②**		**⑭ 12.4**			**12.8**
Combined ratio	**= ⑨ + ⑬ + ⑭**		**102.3**			**102.6**

RSA