

In August I set out three priorities for Aviva: Focus the portfolio. Transform performance. And Financial strength. I am pleased to report today that we are making good progress on all of these.

Throughout the Covid crisis, despite the uncertainty and getting to grips with new ways of working, our people have risen to the challenge magnificently, keeping the show on the road for our customers. What I'm reporting today is down to each and every one of them, and I want to say 'thank you' for what they've achieved together.

Focus the Portfolio

We're focusing the portfolio on our core markets of the UK, Ireland and Canada, where we have market leading positions, can generate attractive returns and have the right to win. For our International businesses in Continental Europe and Asia I said that we would manage these for long-term shareholder value and that ultimately there may be better owners for these businesses.

We have made good progress since August, already announcing £2bn of disposals. In September we sold the majority of our Singapore business and we're on track to complete that deal next week – two months ahead of where we expected to be. Earlier this week we announced the sale of our Italian life insurance joint venture, Aviva Vita. We've completed the sale of our Indonesian business and we expect to do the same for Hong Kong by the end of this year. I can confirm we are exploring our options for France, Poland, the remainder of our Italian businesses and our Joint Ventures.

Progress will take time as these are complex with multiple stakeholders. We will be decisive, but we won't be rushed into anything.

Transform Performance

Our second priority is to transform performance and I am pleased to see early progress here too in Q3. We're delivering robust growth in our core businesses, especially in the key segments where we have leading capabilities and there are long-term growth prospects.

I'm delighted to say we're being recognised for this success – taking a clean sweep at the British Insurance Awards last week claiming General, Personal and Commercial Insurer of the Year.

And importantly we're on track to exceed £150m of cost savings for the Full Year 2020. and on-track for £300 million of savings from our core markets by 2022. We've made a good start here, but everyone at Aviva understands we've got a lot more to do to truly transform our performance.

Financial Strength

My third priority is financial strength and today's numbers show that Aviva's balance sheet is in robust health. Our Solvency 2 cover ratio and centre liquidity are strong. And I can reiterate my commitment to reducing Aviva's debt. We are intending to use the aggregate cash disposal proceeds of £1.5bn from Singapore and Aviva Vita to do just that.

Dividend

Now, turning to the important matter of dividends. We are today announcing a new dividend policy which will deliver a sustainable and resilient ordinary dividend, aligned to the capital generation, cash flow and growth of our core markets in the UK, Ireland and Canada. We expect to grow ordinary dividends per share by low-to-mid single digits.

Aligned to this new policy, we are announcing an interim dividend for 2020 of 7 pence per share. And, subject of course to the Board's decision at the time, our current expectation is that the final 2020 dividend will be 14 pence per share, which would bring the total 2020 dividend to 21 pence per share. We will not be distributing a final 2019 dividend.

We understand the importance of dividends to our shareholders, and our people – many of whom are shareholders themselves. We have taken the prudent decision to preserve capital and enhance our financial strength to ensure we are well positioned through this period of Covid and Brexit uncertainty. Future growth in the dividend will be driven by the transformed performance of our market leading businesses, by lower levels of debt and from the benefits of focusing the portfolio.

Capital Framework

When thinking about deployment of excess capital, we are committed to generating strong and sustainable shareholder value. We will look to reduce debt, return capital to shareholders and continue to invest in our core businesses where we see attractive opportunities to do so.

So, in summary, we've made a good start. We're doing what I said we'd do three months ago. But we're only getting started. We have a new dividend policy which is sustainable, resilient and aligned to our core markets. We have solid foundations from which we can transform performance and grow our businesses. It is in our gift to deliver on our ambitions and unlock the value in Aviva. And that is precisely what we intend to do.