

HALF YEARLY FINANCIAL REPORT TO 30 JUNE 2009

Strong Group performance in challenging conditions

- Net written premiums of £3.5bn up 4%
- Combined operating ratio (COR) of 93.5%
- Operating result of £392m
- Profit before tax of £301m
- IGD surplus of £1.7bn, representing coverage of 2.4x
- Interim dividend up 7% to 2.92p

Delivery against strategic objectives

- Driving the Group forward through organic initiatives and acquisitions
- Maintaining tight operational and financial management
- Continuing to take the right action on rate and expenses
- Successfully issued £500m of lower tier two subordinated debt
- Strong capital and financial position
- Further de-risked the UK defined benefit pension schemes by insuring £1.9bn of liabilities

Outlook

- Combined operating ratio for 2009 expected to be around 95%

	6 Months 2009	6 Months 2008	Movement*
Net written premiums	£3,486m	£3,364m	+4%
Underwriting result	£183m	£179m	+2%
Combined operating ratio	93.5%	93.0%	(0.5)pts
Operating result ⁽¹⁾	£392m	£440m	(11)%
Profit before tax ⁽¹⁾	£301m	£395m	(24)%
Profit after tax ⁽¹⁾	£223m	£292m	(24)%
Interim dividend per ordinary share	2.92p	2.73p	+7%
	30 June 2009	31 December 2008	
Financial position			
Shareholders' funds	£3,507m	£3,839m	(9)%
Net asset value per share excluding IAS19	95p	101p	(6)%
Net asset value per share	101p	112p	(10)%

* Reported exchange rate

Andy Haste, Group CEO of RSA, commented:

"In what remain challenging trading and economic conditions, we have again delivered a robust performance. We've targeted profitable organic growth and completed acquisitions in Central and Eastern Europe, Canada and Ireland. We've maintained our tight operational and financial management and continued to take the right action on rate and expenses. We successfully completed our £500m subordinated debt issue and remain in a strong capital and financial position. These results continue to demonstrate the positive impact of our diversified portfolio and our high quality, low risk investment strategy.

With these actions and the strength of the portfolio, we are well positioned to take advantage of market opportunities and remain confident in the Group's ability to continue delivering sustainable profitable performance. As it stands today, we expect to achieve a combined operating ratio for 2009 of around 95%. The outlook for the Group is positive and this is reflected in the 7% increase in the interim dividend to 2.92p (H1 2008: 2.73p)."