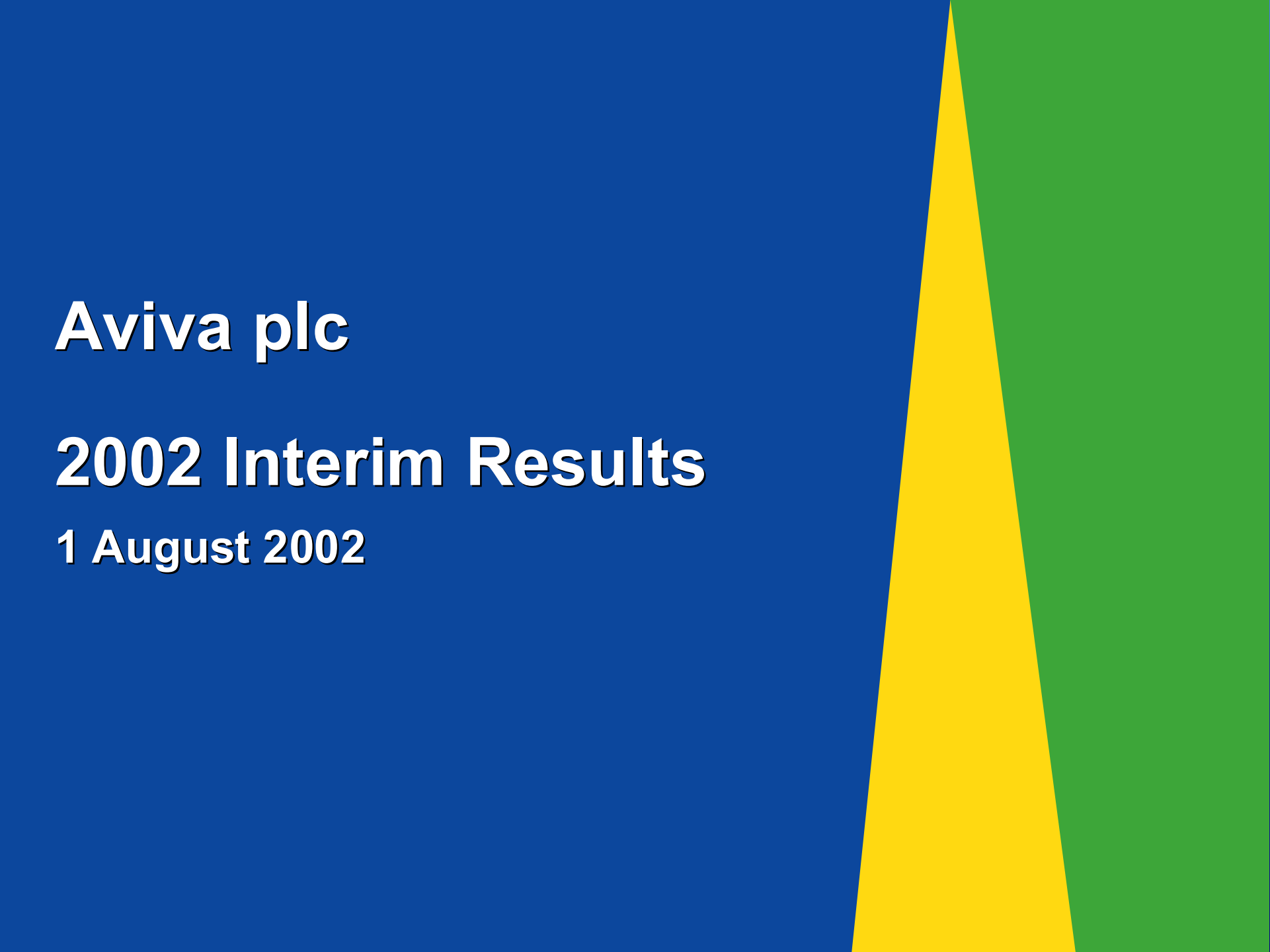


The slide features a solid blue background. On the right side, there is a large, stylized graphic element consisting of a yellow triangle pointing upwards and a green triangle pointing downwards, meeting at a point at the top right corner. The text is positioned on the left side of the slide.

Aviva plc

2002 Interim Results

1 August 2002

Agenda

■ Business review

Richard Harvey

■ Financial review

Mike Biggs

■ Results

■ Capital update

■ Questions & answers

Highlights

- Group operating profit¹ at £979m (2001: £977m)
- On MSSB basis operating profit at £757m (2001: £728m)
- Long-term savings new business up 9% on APE basis
- New business contribution² up 6% to £289m
- General insurance profit of £480m with worldwide COR of 101% (2001: 103%)
- Interim dividend of 8.75p (2001: 14.25p)
- Net asset value³ at 511p (31 Dec 2001: 524p, restated)
- Strong financial position in worldwide group and UK life
- AA rating (“very strong”) reaffirmed by S&P

¹ From continuing operations including life achieved operating profit before amortisation of goodwill and exceptional items

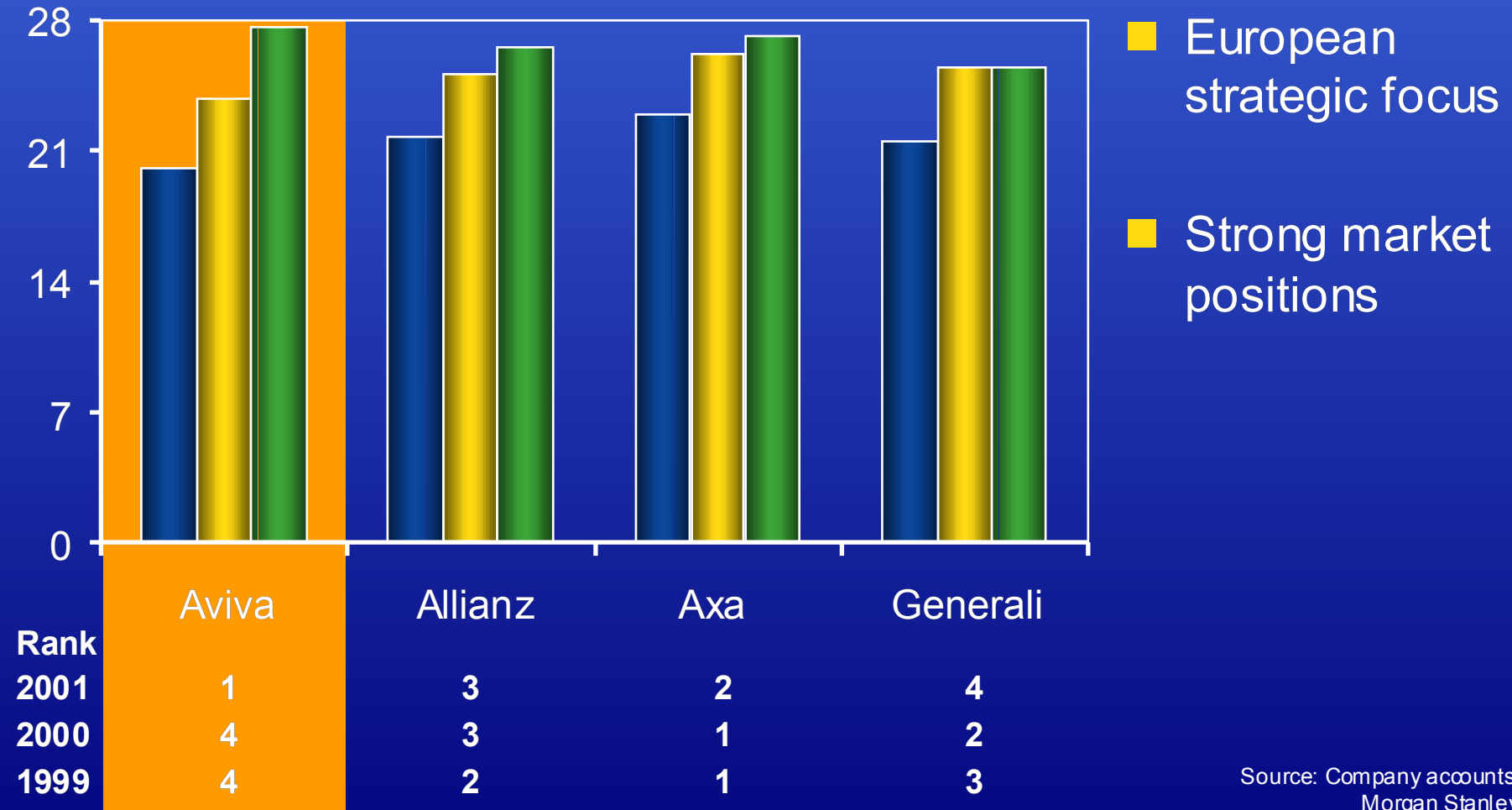
² Before the effect of solvency margin

³ After adding back equalisation provision

Aviva the largest life & pensions provider to Europe



GWP
(€ bn)



Source: Company accounts,
Morgan Stanley

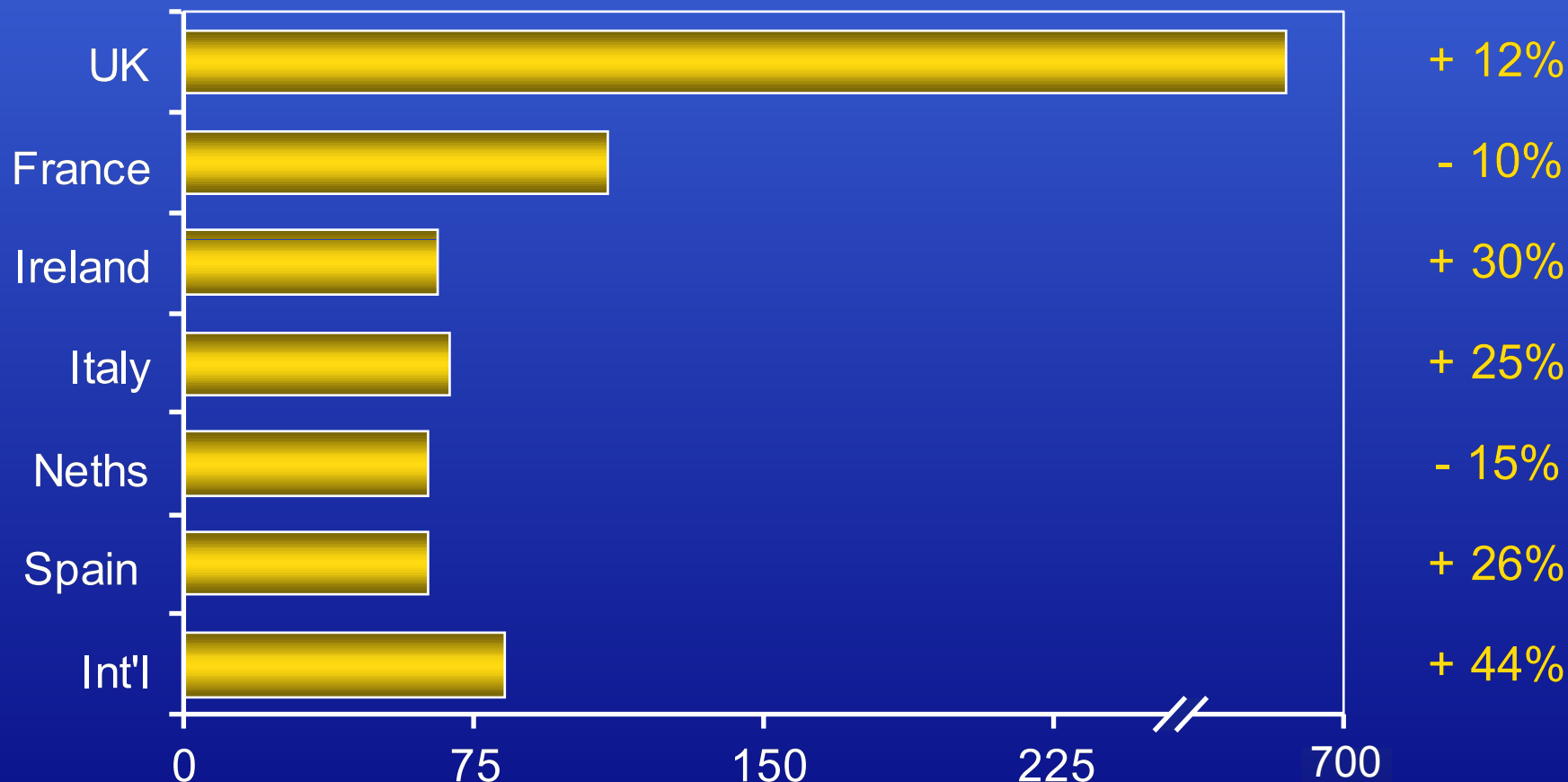
Life & pension new business up 11%



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Life and pension sales - APE £m

APE growth



Strong growth from geographical diversity

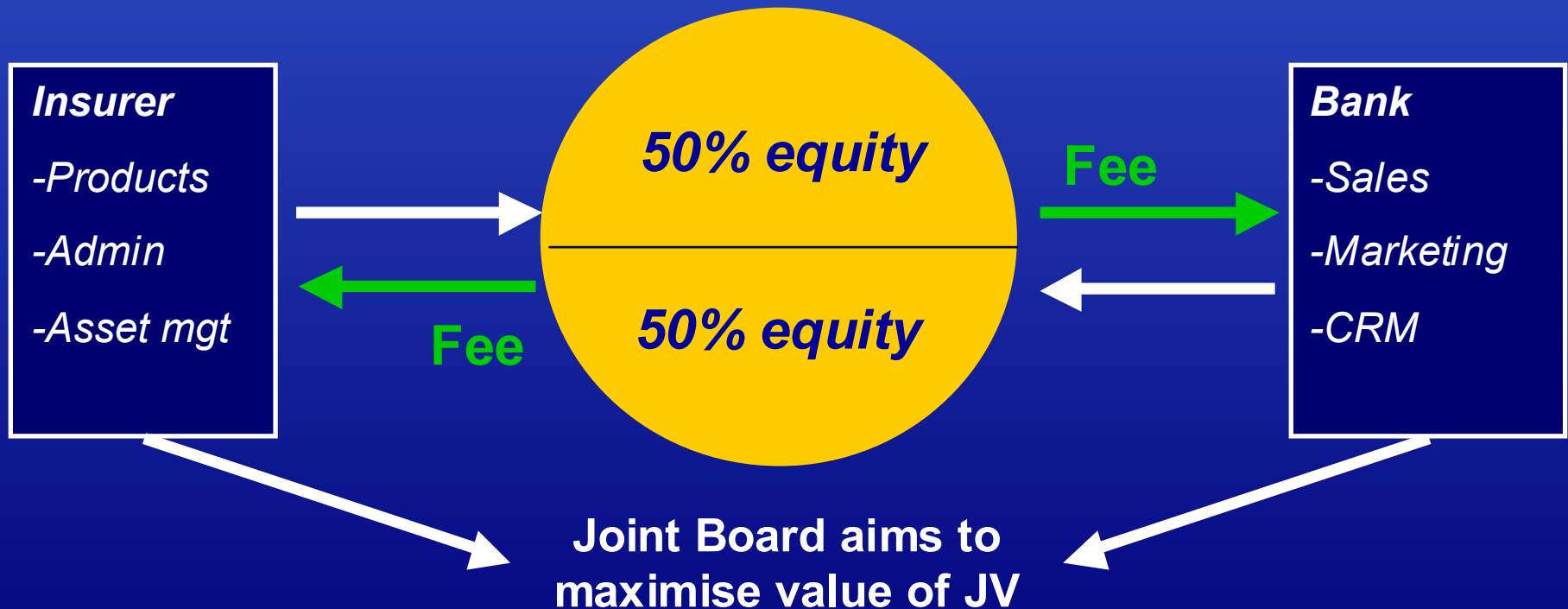
Bancassurance sales doubled

	Total sales £m	Increase in sales
■ Royal Bank of Scotland Group	391	339%
■ Italy	504	87%
■ Spain	352	31%
■ DBS (Singapore)	97	n/a

Bancassurance accounts for 20% of Group life & pension sales

Value from bancassurance

- Structured to meet IRR
- Incentivise bank sales
- Structure according to markets



Assessing shareholder value in a Sandler environment



- Recognition of need to stimulate savings
- Principles favour providers with scale, brand and operational efficiencies
- Examination of the viability of the new stakeholder product proposals
- Assessment of the attribution of the inherited estate

Benefiting from refocused general insurance



COR*	2002 %	2001 %
UK	101	103
France	100	103
Ireland	100	104
Netherlands	102	104
Aust & NZ	102	103
Canada	103	104
GROUP	101	103

- Excellent results
- Improving risk profile
- Profit not volume
- Strongly capitalised and cash generative businesses

* Combined operating ratio

Best general insurance results amongst European insurers



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Financial Review

Group financials

- Group operating profit¹ maintained at £979m
- New business contribution² up 6% to £289m
- General insurance profit of £480m with worldwide COR of 101% (2001: 103%)
- On MSSB basis operating profit at £757m (2001: £728m)
- Operating EPS¹ at 27.4p (2001: 27.5p)
- Net asset value³ at 511p (31 Dec 2001: 524p, restated)
- Post-tax return on capital of 11.0% (FY 2001: 9.7%, restated)

¹ From continuing operations including life achieved operating profit before amortisation of goodwill and exceptional items

² Before the effect of solvency margin

³ After adding back equalisation provision

New business profitability

£m	Group	UK	France	Spain	Italy
New business contribution	289	164	34	33	16
Annual premium equivalent	1,202	676	110	63	69
New business margin	24.0%	24.3%	31.0%	52.3%	23.3%
<i>New business margin - FY 2001</i>	<i>25.5%</i>	<i>25.8%</i>	<i>33.9%</i>	<i>46.5%</i>	<i>22.2%</i>

Life achieved operating profit

	2002 £m	2001 £m
UK	424	465
France	111	110
Ireland	37	37
Italy	30	24
Netherlands	87	93
Poland	47	44
Spain	38	31
Other Europe	-	28
International	22	17
Total	796	849

- UK: Impact of lower embedded value
- Benefits from bancassurance partnerships in Spain, Italy and DBS in International
- Minimal operating assumption and experience variances in 2002

General insurance result

- Operating profit¹ up £53m to £480m
- Underwriting result¹ improvement of £74m
 - UK + £34m
 - Other + £40m
- Improved COR¹ ratio at 101% (2001: 103%)
- Longer-term investment return¹ down £21m at £558m

¹ From continuing operations



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Capital

Strong and resilient capital base

- AA rating (“very strong”) reaffirmed by S&P
- GI & health capital - £1.3bn in excess of risk based requirement
- £3.2bn capital available to support overseas life businesses
- UK life with-profits
 - Free asset ratio: 14.1% at 30 June
10.1% excluding implicit items
 - Orphan estate of £4.7bn at 30 June
 - Strong relative position
- Cash generative operating model after current levels of new business

Agenda

- Capital at group level
- Operational capital strength
- Financing growth

Capital at group level

Capital at group level

- AA rating (“very strong”) reaffirmed by S&P
- EU Directive Group solvency basis
 - 31 December 2001 £1.7bn excess
 - estimate at 30 June 2002 £1.5bn excess
 - excludes strength of UK with-profit fund
- Equity shareholder funds at 30 June of £11.3bn
- Capital employed in our businesses at 30 June of £18.1bn

Strong and resilient capital base

Operational capital strength

Regulatory

Realistic

Operational capital strength



**Regulatory
perspective**

**Realistic
perspective**

CGUII Group

XSM* / solvency cover

-

NU Insurance

XSM* / solvency cover

-

**Worldwide
general insurance
and health**

-

Risk based capital

UK life

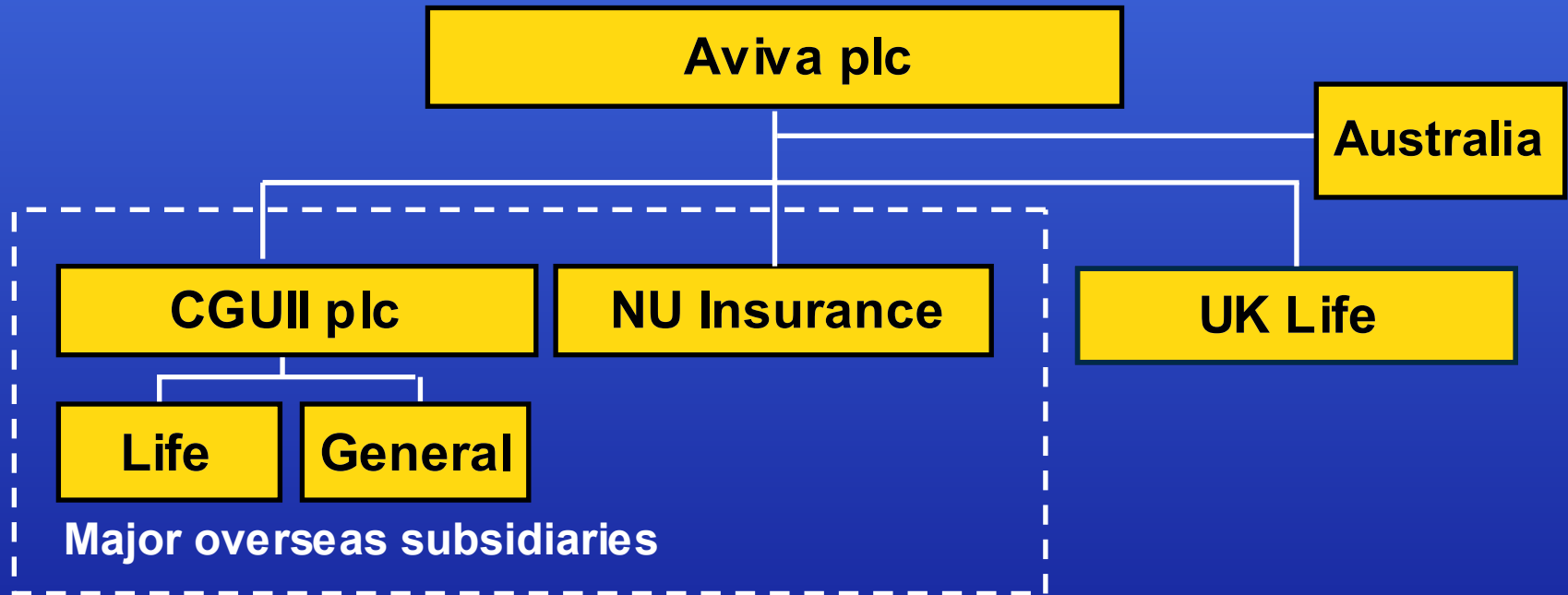
Free asset ratio

Orphan estate

* XSM represents excess solvency capital over required minimum margin

Operational capital - regulatory

Group structure

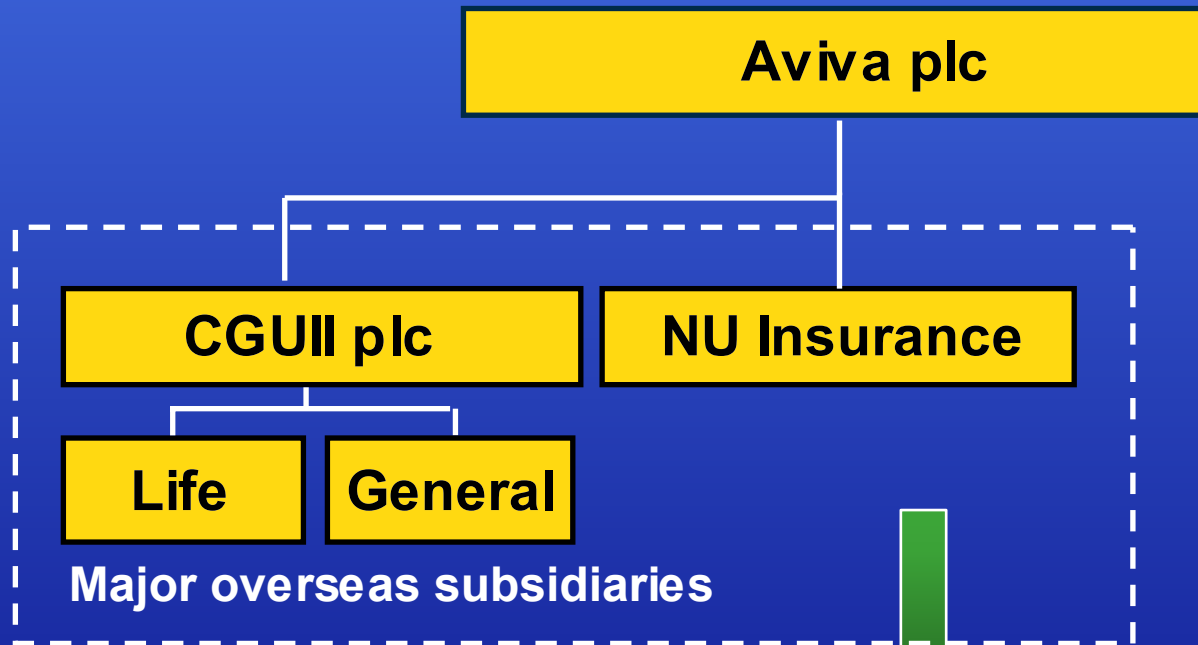


Operational capital - regulatory

Excess solvency over required minimum margin



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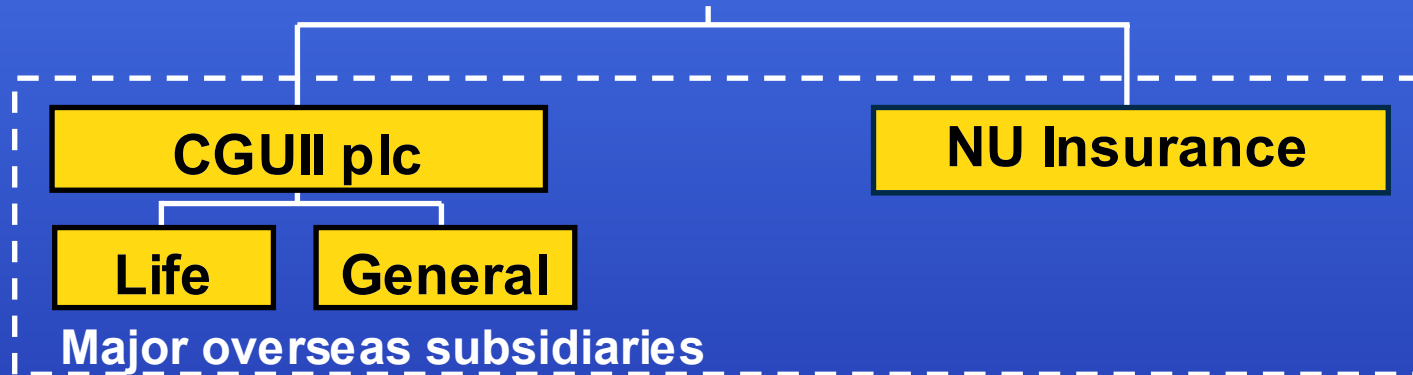


XSM*

31 Dec 01	£2.7bn	£0.4bn
30 June 02 (est)	£2.7bn	£0.4bn

* XSM represents excess solvency capital over required minimum margin

Operational capital - regulatory



	<u>CGUII plc</u>	<u>CGUII group</u>
Available assets	£3.1bn	£5.2bn
Required minimum margin	£0.4bn	£2.5bn
XSM* - 30 June	£2.7bn	£2.7bn
Cover	7.3x	2.1x

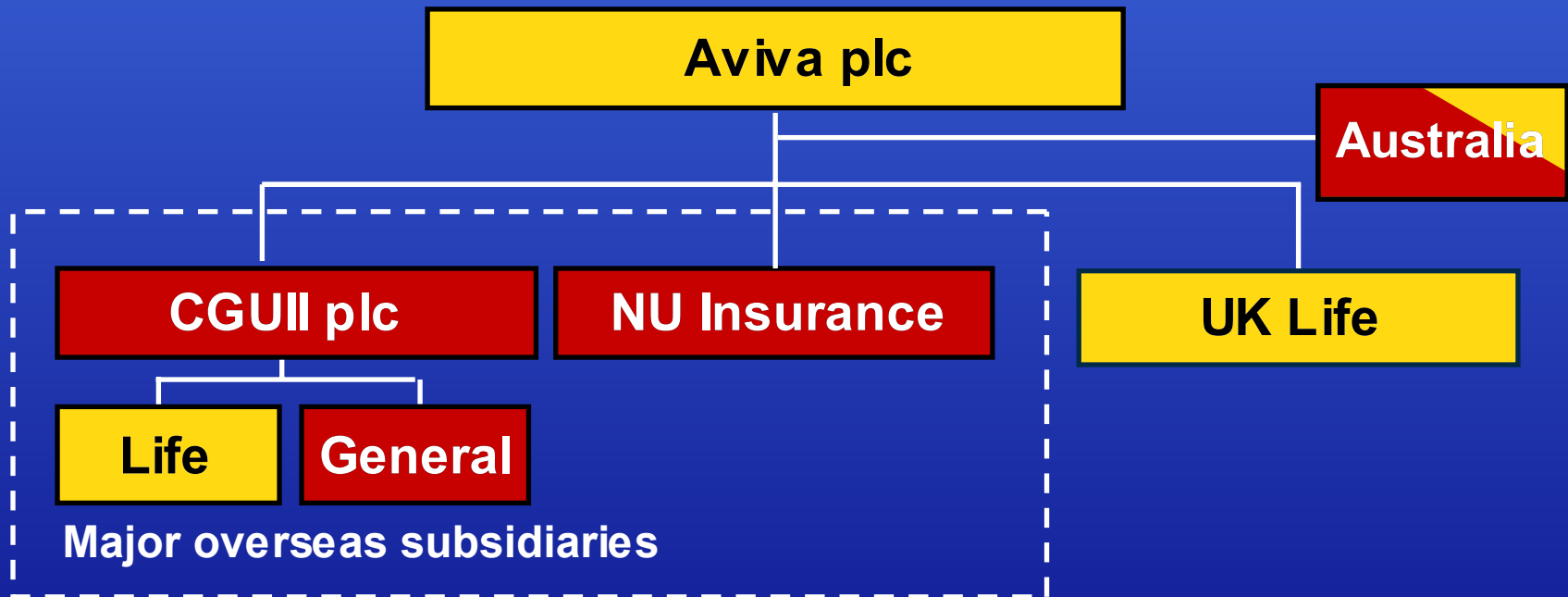
	<u>NU Insurance</u>
Available assets	£0.8bn
Required minimum margin	£0.4bn
XSM* - 30 June	£0.4bn
Cover	2.0x

* XSM represents excess estimated solvency capital over required minimum at 30 June 2002

Efficient structure provides regulatory capital strength

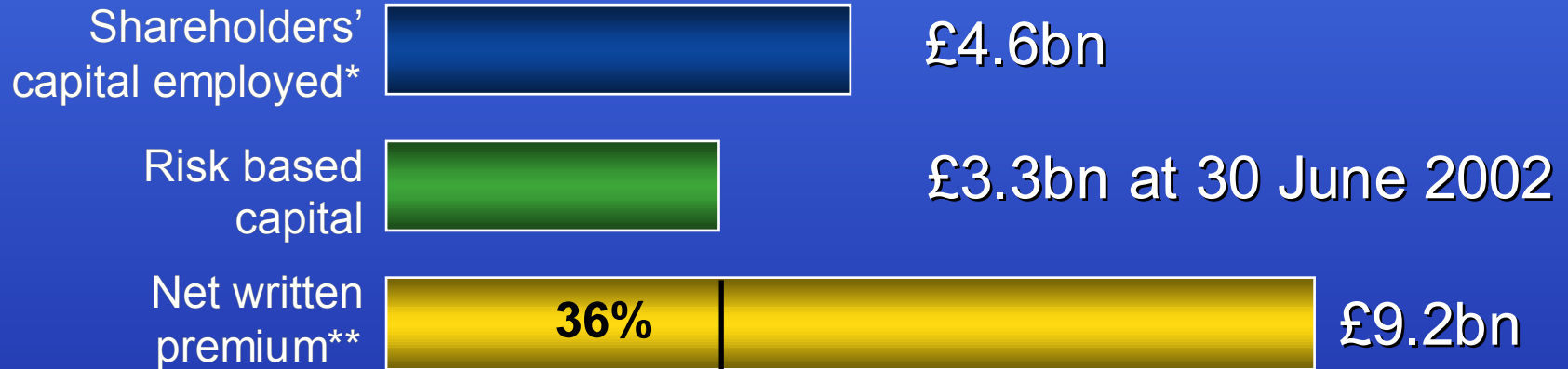
Operational capital - realistic

Risk based capital - worldwide GI & health



Risk based capital

Worldwide general insurance & health



* excluding goodwill of £0.3bn and after adding back the equalisation provision of £0.3bn

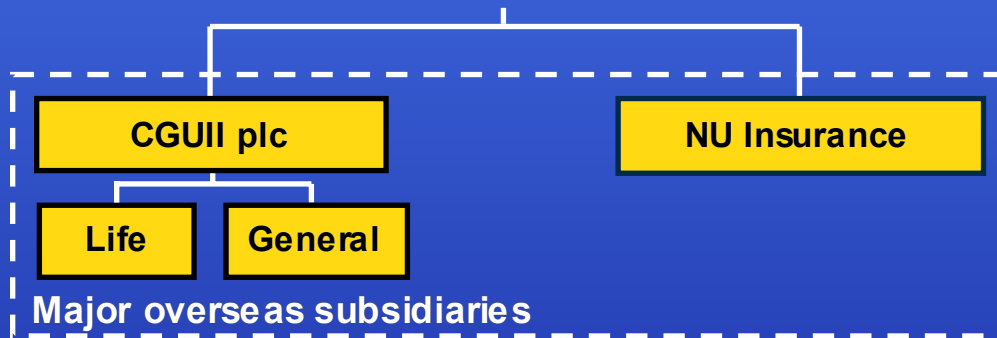
** net written premium represents 12 month rolling average excluding premiums from business disposed, CGU Courtagé

- RBC stochastic model factors in market, credit, underwriting and reserve tail risk
- 99% confidence of meeting statutory solvency margin over a 5 year period, after allowing for planned business growth
- Capital requirement of £3.3bn or 36% of net written premium

Exceeding GI risk based capital requirements providing further flexibility for financing growth

Operational capital strength

Summary so far...



Regulated available assets* - 30 June	£6.0bn
Add: equalisation provision	£0.3bn
Less:	
GI & health RBC requirement**	(£3.1bn)
Capital available to support overseas life businesses	£3.2bn

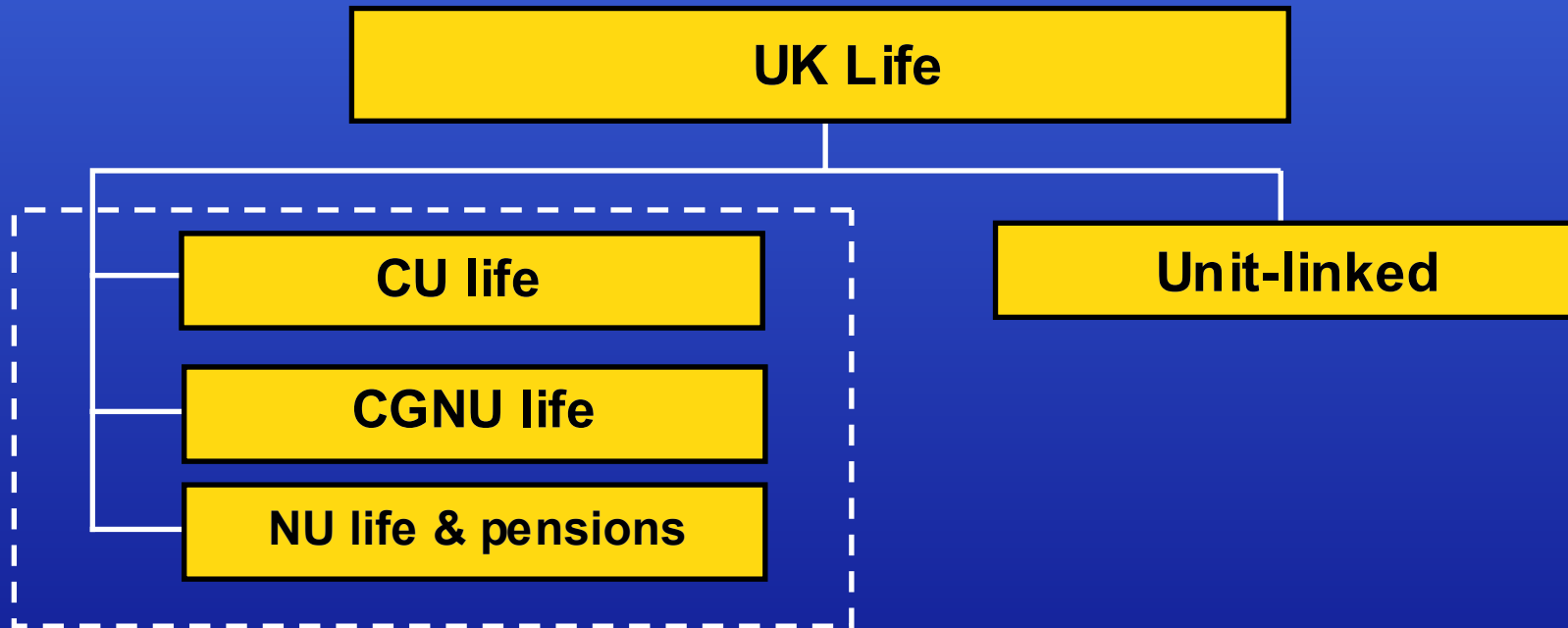
- Efficient structuring
- Strong solvency
- Resilience to equity market movements
- £3.2bn available to support overseas life businesses (equivalent to over 2x minimum solvency requirement)

* Represents aggregate available assets of CGUII group £5.2bn and NU Insurance £0.8bn

** Worldwide risk based capital requirement of £3.3bn less Australia GI risk based capital requirement of £0.2bn

Operational capital - regulatory

UK life structure



UK life free asset ratio



Free asset ratio of 14.1% at 30 June

<u>Free asset ratio</u> *	Including implicit items	Excluding implicit items
31 Dec 2001	14.7%	10.8%
30 June 2002	14.1%	10.1%

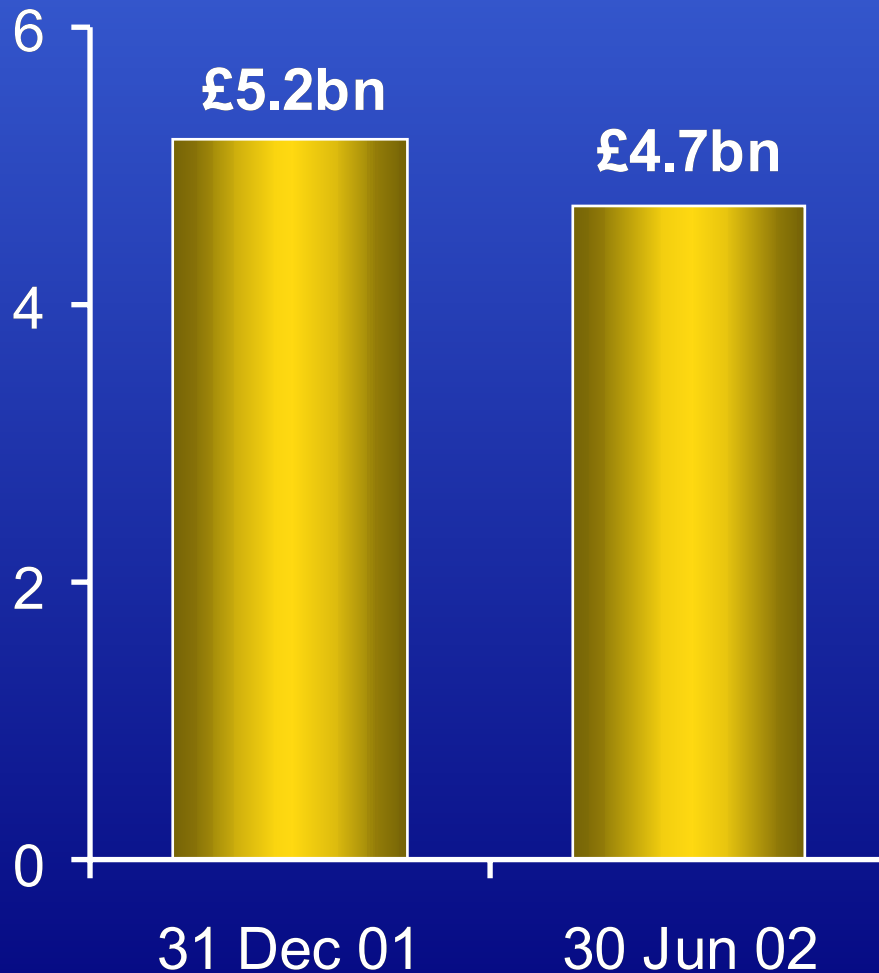
* incorporating resilience rules as at 30 June 2002

Free asset ratio definition: total assets less total liabilities / total liabilities

Operational capital UK with-profit - orphan estate



£bn



- Represents realistic measure of with-profit strength
- After a realistic estimate of policyholders' reasonable expectations
- With-profit funds of £48bn at 30 June

Financing growth

Internal capital generation



Post-tax statutory operating profits £bn	2001		Actual
	Actual	Pro forma	6 months 2002
Profit from in-force	1.4	1.4	0.7
Cash strain from new non-profit business	(0.6)	(0.6)	(0.3)
Life statutory profits (after new business strain)	0.8	0.8	0.4
GI & health	0.6	0.6	0.3
Corporate / other	(0.1)	(0.1)	-
Borrowing	(0.3)	(0.3)	(0.2)
Post-tax operating profits	1.0	1.0	0.5
Dividend	(0.9)	(0.5)	(0.2)
Retained to fund growth	0.1	0.5	0.3
Additional required solvency margin	(0.1)	(0.1)	(0.1)
Retained after solvency margin	-	0.4	0.2

Pro forma 2001 capital generation of £0.4bn as a result of dividend cut

Strong and resilient capital base

- AA rating (“very strong”) reaffirmed by S&P
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10.1% excluding implicit items
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Summary

- Solid results despite environment
- Capital strength
- AA rating (“very strong”) reaffirmed by S&P
- Driving performance out of each business

A resilient and well-diversified business



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Questions & Answers



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