

21 January 2003

AVIVA plc
Worldwide long-term savings new business
Year to 31 December 2002

- **Worldwide long-term new business sales of £14.6 billion (2001: £15.0 billion)**
- **Worldwide life and pensions sales up 2% on an APE* basis to £2,373 million**
- **Investment sales continue to be held back by difficult market conditions and investor caution**
- **Worldwide total bancassurance sales up 50% at £3,030 million (2001: £2,009 million)**
- **Continental European life and pensions sales up 5% on an APE* basis and now represent 43% of worldwide life and pensions new business sales**

* Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums. All growth rates quoted are at constant rates of exchange.

Richard Harvey, Group Chief Executive, commented:

“As the largest life and pensions provider to Europe, we have delivered a solid performance over the past twelve months, despite the challenging conditions which have affected the savings industry as a whole. We expect these difficult market conditions to continue this year and some markets may contract further in the short term. Our geographical spread, broad product range, financial strength and growth from new distribution arrangements will provide some resilience.

“Spain and Italy were strong performers in 2002 and our recent initiatives in Asia are starting to come on-line. The long-term growth dynamics for our business remain very good, as evidenced by governments across Europe addressing savings and pension reform.”

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There will be a conference call today for wire services at 7:45am on +44 (0)20 7162 0125. This conference call will be hosted by Philip Scott, Group Executive Director UK Life and Tony Wyand, Group Executive Director Continental Europe.

There will be a conference call today for analysts and investors at 9:30am (UK time) on +44 (0)20 7162 0125. This conference call will be hosted by Philip Scott, Group Executive Director UK Life and Tony Wyand, Group Executive Director Continental Europe.

Replay will be available for two weeks until 4 February. The dial in number for replay is +44 (0)20 8288 4459 and the pass code is 885382.

	Total new business sales		Annual premium equivalent sales ⁽²⁾	
	12 months to 31 December 2002 £m	Local currency growth ⁽¹⁾	12 months to 31 December 2002 £m	Local currency growth ⁽¹⁾
Life and pensions				
United Kingdom	6,844	(6%)	1,231	(3%)
France	1,856	(8%)	223	(5%)
Ireland	343	(35%)	103	(1%)
Italy	1,133	17%	153	20%
Netherlands (including Belgium and Luxembourg)	796	1%	158	(8%)
Poland	76	3%	48	(16%)
Spain	1,309	39%	189	38%
Other Europe	309	18%	93	3%
International	952	42%	175	36%
Total life and pensions	13,618	1%	2,373	2%
Investment sales				
United Kingdom	556	(32%)	67	(25%)
Netherlands	119	38%	12	38%
Poland	16	-	2	-
Other Europe	70	(69%)	7	(69%)
International	267	(24%)	27	(24%)
Total investment sales	1,028	(31%)	115	(26%)
Total long-term savings	14,646	(2%)	2,488	1%
Navigator sales				
(not included above)	797	(15%)	-	-

(1) Growth rates are calculated based on constant rates of exchange.

(2) Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums.

United Kingdom

Our UK life and pensions business reported sales in 2002 totalling £1,231 million (2001: £1,269 million) on an Annual Premium Equivalent (APE) basis. These results reflected a solid performance against the backdrop of the worst bear market for more than a quarter of a century, which progressively dampened investor demand. We expect these challenging trading conditions to continue into 2003. Our overall share of the UK life market for 2002 is around 12%, underlining our position as a leading life and pensions provider and reflecting the benefits of our broad product range and multi-distribution capability. Total sales for the year were £7,400 million (2001: £8,081 million).

The joint venture with the Royal Bank of Scotland Group (RBSG) has delivered total sales up 83% at £880 million (2001: £480 million). Our share of the results of £693 million (2001: £240 million), comprised £506 million (2001: nil) representing 100% of single premium with-profit bond sales, written through Norwich Union and £187 million (2001: £240 million), reflecting our 50% share of sales written through the joint venture company. The extension of our joint venture to include collective investments will begin from February 2003 and the benefits of this new income stream will start to flow through in the first quarter of 2003.

Sales of annuity products continued to grow in the fourth quarter, with total sales for the year up 32% to £1,035 million (2001: £785 million). Sales of mortgage products, primarily protection business, also increased, up 44% to £72 million (2001: £50 million).

Total pension sales for the year were higher at £2.7 billion (2001: £2.5 billion), including stakeholder sales of £651 million (2001: £282 million). We have taken action during the year to improve our margins on stakeholder business, by reducing commissions and continuing to target large group schemes for new business. We welcome the government's intention to consult with the industry on the important issue of the economic viability of a one per cent charge on "Sandler style" products. Norwich Union will continue to play a leading role in the debate on pensions reform and to champion initiatives that are aimed at narrowing the savings gap in the UK.

Continuing investor preference for non-equity related products dampened bond sales in the fourth quarter, with total sales for the year at £2.8 billion (2001: £3.7 billion). During the latter part of 2002 we introduced a series of new products which provide a degree of capital and income protection. We will continue to develop these products into 2003.

Investment sales were lower at £556 million (2001: £816 million) in part reflecting our planned shift away from 'CAT' standard products. New products initiatives in early 2003 include a Distribution Fund which aims to offer a high and growing

level of income to the investor along with the prospect of long-term capital growth, and a Property Isa which will offer investors the opportunity to participate in returns from the property market.

Our strategy of focusing on profitable, capital-efficient business, together with our multi-distribution capability, provides a firm foundation for delivering our stated objective of long-term sustainable and profitable growth.

France:

Aviva France reported total sales of £1,856 million (2001: £1,998 million), the fall reflecting continuing difficult markets and customer caution.

Sales of single premium fixed interest AFER products increased to £983 million (2001: £930 million). This reflected customers' continuing preference for fixed interest investments, the strength of AFER's brand and its position as the largest savings organisation in France.

Total sales of unit-linked and other savings products were 23% lower at £699 million (2001: £892 million), achieved against the background of an overall market for unit-linked products which decreased by approximately 30% in the first 11 months of 2002. A series of new limited offer unit-linked products are planned for launch in early 2003. These products will offer a guaranteed return in the first year and subsequently revert to a return linked to market performance. Sales of protection business were £174 million (2001: £176 million).

Our agreement to establish a partnership with Médéric, announced in July 2002 was finalised during the final quarter of 2002. Aviva France will offer a range of individual life products to Médéric's customers through a new joint venture life company. The sale of our group protection business to Médéric forms part of this deal and is effective from 1 January 2003, subject to regulatory approval. Sales from the group protection business in 2002 were approximately €196 million. The reduction in sales of new protection business written by Aviva France in 2003 will be gradually offset by sales of life products which are planned to start early in the second quarter of 2003.

Our agreement in principle for a bancassurance partnership with Crédit du Nord, a federation of eight regional banks with more than 600 branches and 1.3 million customers, was announced in the fourth quarter and sales through this channel will begin in late 2004.

Ireland:

New business sales at Hibernian Life & Pensions, our top-five provider of life and pensions products, were £103 million (2001: £102 million) on an APE basis, reflecting a higher proportion of regular premium business during the year. Total sales were lower at £343 million (2001: £523 million), and were in line with a fall in the market overall.

Total regular premiums increased by 36% to £76 million (2001: £55 million). Regular premium life and savings products grew by 59% to £35 million (2001: £22 million) primarily due to one-off sales of £23 million from the Government's Special Savings Incentive Account (SSIA) before its closure on 30 April 2002.

We maintained our focus on regular premium pension sales which benefited from the ongoing demand for executive and group pension products. Sales were 21% higher at £41 million (2001: £33 million).

Total sales of single premium life products were lower at £157 million (2001: £327 million). Sales continued to be affected by investors' caution towards unit-linked and with-profit bond investments.

Lower single premium pension sales of £110 million (2001: £141 million) resulted from difficult investment conditions which continue to restrict opportunities for new group scheme mandates, together with continued uncertainty around the introduction of the Government's new personal pension plan, the Personal Retirement Savings Account (PRSA). We will leverage our experience from the UK stakeholder market and are working to build a market-leading product for the new PRSA scheme for the expected launch in March 2003.

Italy:

Total new sales in Italy grew by 17% to £1,133 million (2001: £958 million) reflecting the continuing development of our distribution through our four bancassurance partners.

Sales through our agreement with UniCredito Italiano's (UCI) subsidiary, Cassa di Risparmio di Torino, increased to £695 million (2001: £595 million). The reorganisation of UCI's branch network is expected to complete by the end of the first quarter of 2003. Whilst the challenges to maintaining sales momentum during the reorganisation remain, we are confident that the reorganised network will provide a platform for enhanced opportunities over the longer term.

Sales at Banca Popolare di Lodi increased to £217 million (2001: £166 million), and new products are planned for early 2003 to build on this growth. Following the introduction of competitive new products, sales through Banca delle Marche increased during the fourth quarter, resulting in total sales of £52 million (2001: £72 million) for the full year.

Direct business in the fourth quarter of 2002 included one-off single premium sales of £126 million.

Netherlands (including Belgium and Luxembourg):

Delta Lloyd, our top-five life and pensions business in the Netherlands, reported total sales of £915 million (2001: £862 million).

Total pensions sales were lower at £307 million (2001: £516 million), partially due to the 2001 result including one-off group pensions premium of £75 million relating to the Fokker pension scheme transfer. Furthermore, the changes in tax legislation meant that the rush to invest before the end of the fiscal year occurring in the prior year was not repeated, and as a result fourth quarter sales of pension products were lower.

Total sales of life products were significantly higher at £489 million (2001: £261 million), reflecting good sales of immediate annuity products as we seek to retain monies from maturing policies and the benefits of sales through our distribution channel with Bank Nagelmackers in the second half of the year. We are optimistic for further development in 2003 of this distribution channel targeting high net worth individuals.

Investment sales increased 38% to £119 million (2001: £85 million) reflecting improved sales in the fourth quarter of 2002, and following the launch in the Netherlands of a new investment fund offering guaranteed returns at the end of the third quarter.

Our new bancassurance agreement with ABN AMRO will provide us with a further major distribution channel in the Netherlands and offers additional opportunity for sales growth. This deal is expected to complete by the end of the first quarter of 2003 and sales are anticipated to commence from the second quarter of 2003.

Poland:

Although market conditions remain very tough, CU Polska has successfully maintained its market share. It remains the leading provider of individual life and private pensions with an 18% share of the life market measured by total premium income and a 29% share of the private pensions market measured by total assets under management.

The continuing difficult economic conditions led to total life sales falling to £46 million (2001: £51 million). Pension sales increased to £30 million (2001: £26 million), as a result of delayed contributions from the State Agency.

Sales of mutual funds commenced late in the second quarter and total sales for the year were £16 million (2001: nil).

Spain:

Aviva now ranks third in Spain, both in the bancassurance market and in the life market as a whole. Sales were up 39% to £1,309 million (2001: £932 million) following encouraging growth in our developing bancassurance partnerships, and one-off sales of £177 million (2001: £79 million). Our five bancassurance partnerships in Spain include our recently completed agreement with Caja de Granada.

Sales through Bancaja were lower at £805 million (2001: £858 million), reflecting a large one-off single premium corporate sale of £79 million in 2001. Sales benefited from increased demand for traditional savings products although unit-linked sales declined in the difficult investment environment.

Our more recent agreements with Unicaja, Caixa Galicia and Caja Espana offer significant potential for growth due to the levels of customer penetration for life and pensions business being relatively low. Total new business sales through these agreements were £447 million (2001: £15 million) as further new products were introduced, based on our experience through the Bancaja network. Total sales for the year for Unicaja and Caixa Galicia included £177 million of non-recurring lower margin single premium corporate pensions business.

Following completion of the agreement covering our new bancassurance partnership with Caja de Granada during the fourth quarter of 2002, sales are expected to commence from mid-2003 once systems have been fully implemented.

The changes to income tax legislation from January 2003, principally the introduction of Planes de Prevision Asegurados ('PPA'), is expected to stimulate demand for life products. Aviva is currently developing new products to take advantage of the favourable tax status of these plans and their launch is expected during the first half of 2003.

Other Europe:

Total life and pensions sales from our other European businesses increased by 18% to £309 million (2001: £260 million).

In Germany, total new business premiums grew strongly to £154 million (2001: £117 million), driven primarily by sales through our partnership with local banks. Single premium sales from our Dublin-based offshore life and savings business increased to £101 million (2001: £93 million) while investment sales of our Luxembourg UCITS were lower at £70 million (2001: £227 million), reflecting the continuing challenging conditions in investment markets. In Turkey total new business premiums increased slightly to £21 million (2001: £20 million), despite the continuing economic crisis and the uncertainty created by the recent general election.

International:

In our International business, total sales were higher at £1,219 million (2001: £1,036 million), with life and pension sales increasing 42% to £952 million (2001: £689 million).

United States: Total life and pension sales of £587 million (2001: £371 million) increased 66%, reflecting continuing demand for fixed annuity products in the current market. Single premium sales increased significantly to £542 million (2001: £333 million), whilst regular premium sales were also higher at £45 million (2001: £38 million).

Australia: Total life and pension sales were maintained at £239 million (2001: £244 million) whilst sales of unit trusts were lower at £267 million (2001: £347 million) reflecting low investor confidence in equity-related products. Although not included in the new business figures, sales of Navigator, our market-leading master trust, were also impacted by lower investor confidence in equity markets and were lower at £797 million (2001: £930 million).

Singapore and Hong Kong: Our bancassurance partnership with DBS Group Holdings Limited (DBS) in Singapore generated total sales of £121 million (2001: £63 million). Total sales on an APE basis were £24 million (2001: £8 million), reflecting our ongoing strategic shift towards regular premium business. We also launched our Navigator master trust in Singapore in the fourth quarter and expect it to be fully operational by mid-2003. Sales from our bancassurance partnership with DBS in Hong Kong commenced as planned in the fourth quarter of 2002.

India: Our new partnership with Dabur Group in India, where we own 26% of the joint venture, was launched in June 2002 and has now sold over 6,500 policies, mainly through our direct sales force. Aviva recently announced new agreements to extend our distribution arrangements through Canara Bank, the second largest bank in India, and Lakshmi Vilas Bank Limited, a regional bank, from the first quarter of 2003.

China: We launched our new joint-venture life business, Aviva COFCO, on 1 January 2003 and have since completed our first sales, having received our licence at the end of 2002. We are initially operating in Guangzhou and will seek to establish additional branch offices to take advantage of the considerable potential of the Chinese market.

Notes to Editors

1. Aviva is the UK's largest insurer and one of the top-five life companies in Europe with substantial positions in other markets around the world, making it the world's seventh-largest insurance group based on gross worldwide premiums. In the UK Aviva operates under the Norwich Union brand.

Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide premium income and retail investment sales from continuing operations of more than £28 billion for the year ended 31 December 2001, and assets under management of £214 billion at 30 June 2002.

2. New business figures have been translated at average exchange rates applying for the period. The average euro rates employed in this announcement are 1 euro = £0.63 (year to 31 December 2001: 1 euro = £0.62).
3. All growth rates are quoted in local currency.
4. Definitions:

Annual premium equivalent (APE) is a UK industry standard for calculating life, pensions and investments new business levels. It is the total of new regular premiums and 10% of single premiums.

5. Cautionary statements:

The cautionary statements identify important factors that could cause our actual results to differ materially from those projected in forward-looking statements made in this press release. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed.

Statistical Supplement

CONTENTS

Analyses

1. Detailed worldwide long-term savings new business analysis
2. Analysis of UK long-term savings by distribution channel – sales and APE

Detailed worldwide long-term savings new business analysis

	Single			Regular			Total
	12 months to 31 December 2002 £m	12 months to 31 December 2001 £m	Local currency growth	12 months to 31 December 2002 £m	12 months to 31 December 2001 £m	Local currency growth	Local currency growth
United Kingdom							
Individual pensions	1,501	1,479	1%	99	135	(27%)	(1%)
Group pensions	781	526	48%	321	329	(2%)	29%
Mortgage	-	-	-	72	50	44%	44%
Annuities	1,035	785	32%	-	-	-	32%
Bonds	2,801	3,697	(24%)	1	2	(50%)	(24%)
Other life	119	175	(32%)	114	87	31%	(11%)
Total life and pensions	6,237	6,662	(6%)	607	603	1%	(6%)
Peps/Isas/Unit Trusts/Oeics	543	808	(33%)	13	8	63%	(32%)
	6,780	7,470	(9%)	620	611	1%	(8%)
France							
AFER (excluding unit-linked)	983	930	4%	-	-	-	4%
Unit-linked & other savings	672	874	(24%)	27	18	51%	(23%)
Protection business	159	157	-	15	19	(22%)	(2%)
	1,814	1,961	(9%)	42	37	13%	(8%)
Ireland							
Life and savings	157	327	(53%)	35	22	59%	(46%)
Pensions	110	141	(23%)	41	33	21%	(15%)
	267	468	(44%)	76	55	36%	(35%)
Italy							
Life and savings	1,089	924	16%	44	34	29%	17%
	1,089	924	16%	44	34	29%	17%
Netherlands (including Belgium & Luxembourg)							
Pensions	275	482	(44%)	32	34	(5%)	(41%)
Life	434	192	123%	55	69	(22%)	85%
Total life and pensions	709	674	4%	87	103	(16%)	1%
Unit trusts	119	85	38%	-	-	-	38%
	828	759	8%	87	103	(16%)	5%
Poland							
Life and savings	22	17	33%	24	34	(26%)	(6%)
Pensions	9	2	453%	21	24	(9%)	22%
Total life and pensions	31	19	69%	45	58	(19%)	3%
Mutual funds	16	-	-	-	-	-	-
	47	19	155%	45	58	(19%)	25%
Spain							
Life and savings	1,004	738	34%	38	28	35%	35%
Pensions	240	147	62%	27	19	41%	59%
	1,244	885	39%	65	47	37%	39%
Other Europe							
Life and pensions	240	188	26%	69	72	(3%)	18%
UCITS and other	70	227	(69%)	-	-	-	(69%)
	310	415	(26%)	69	72	(3%)	(23%)
International							
Life and pensions	863	619	43%	89	70	30%	42%
Unit trusts	267	347	(24%)	-	-	-	(24%)
	1,130	966	19%	89	70	30%	19%
Total long-term savings	13,509	13,867	(3%)	1,137	1,087	5%	(2%)
<i>Analysed:</i>							
Life and pensions	12,494	12,400	-	1,124	1,079	4%	1%
Investment sales	1,015	1,467	(31%)	13	8	61%	(31%)
Total long-term savings	13,509	13,867	(3%)	1,137	1,087	5%	(2%)
Navigator sales (not included above)	797	930	(15%)	-	-	-	(15%)

Analysis of UK long-term savings by distribution channel

Sales

	Single			Regular			Total
	12 months to 31 December 2002 £m	12 months to 31 December 2001 £m	Local currency growth	12 months to 31 December 2002 £m	12 months to 31 December 2001 £m	Local currency growth	Local currency growth
IFA							
- life & pensions products	4,289	4,875	(12%)	472	498	(5%)	(11%)
- investment products	340	509	(33%)	8	5	60%	(32%)
	4,629	5,384	(14%)	480	503	(5%)	(13%)
Bancassurance partnership with RBSG							
- life & pensions products	677	228	197%	16	12	33%	189%
Other partnerships/Direct							
- life & pensions products	1,271	1,559	(18%)	119	93	28%	(16%)
- investment products	203	299	(32%)	5	3	67%	(31%)
	1,474	1,858	(21%)	124	96	29%	(18%)
Total UK long-term savings	6,780	7,470	(9%)	620	611	1%	(8%)

Annual premium equivalent

	Life and pensions sales		Investment sales		Total sales	
	12 months to 31 December 2002 £m	Local currency growth	12 months to 31 December 2002 £m	Local currency growth	12 months to 31 December 2002 £m	Local currency growth
IFA	901	(9%)	42	(25%)	943	(10%)
Bancassurance partnership with RBSG	84	141%	-	-	84	141%
Other partnerships/Direct	246	(1%)	25	(25%)	271	(4%)
Total UK long-term savings	1,231	(3%)	67	(25%)	1,298	(5%)