AVIVA plc
2003 Results

25 February 2004

AVIVA

Richard Harvey

Group Chief Executive

Disclaimer

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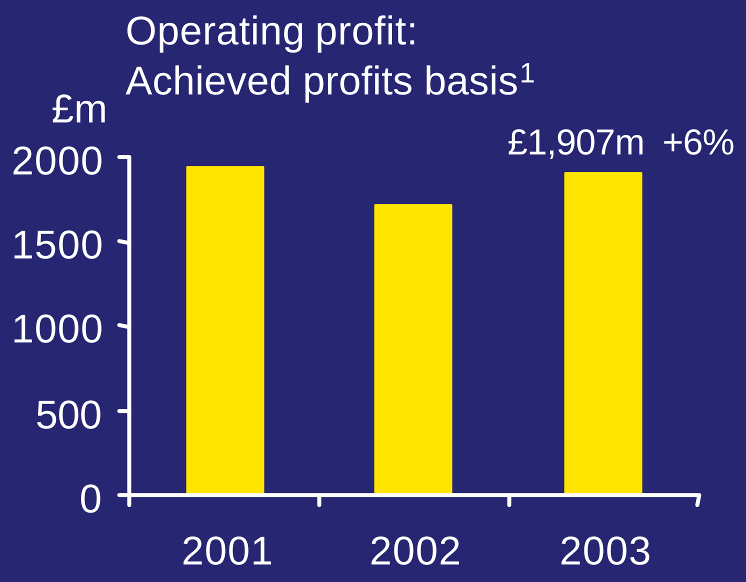
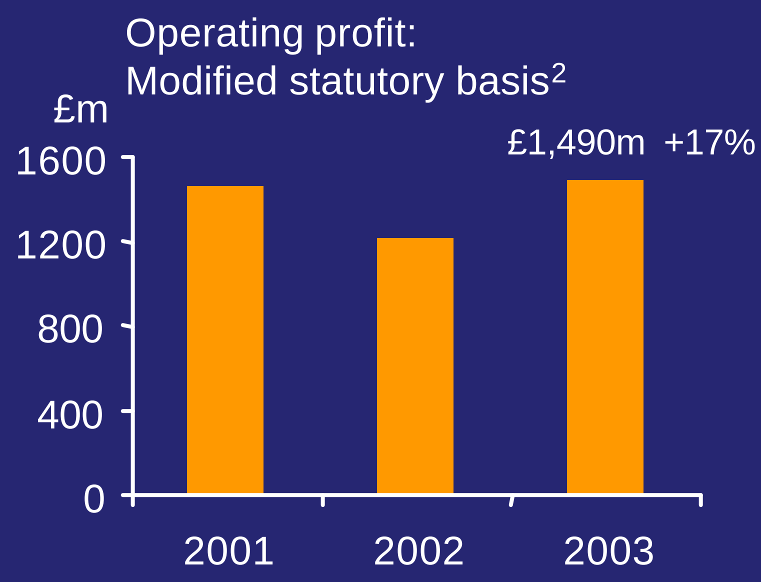
Agenda

• Overview	Richard Harvey	Group Chief Executive
• General insurance	Patrick Snowball	Group Executive Director
• Financial review	Philip Twyman	Group Executive Director
• Q&A		

Aviva benefiting from operational improvements

- Focus on costs, cash and capital
- Life profits benefiting from margin improvements
- Built sustainable general insurance model





(1) Including life achieved operating profit and stated before tax, amortisation of goodwill and exceptional items and including the results of continuing operations.

(2) Stated before tax, amortisation of goodwill, amortisation of acquired value of inforce long-term business and exceptional items and including the results of continuing operations.

Results highlights for 2003

• Life and pensions sales APE	£2,377m	(2002 £2,373m)
• Life margins improved	26.1%	(2002 24.4%)
• General insurance COR*	100%	(2002 102%)
– excluding Pilot	99%	
• Dividend	24.15p	+5% (1.82x covered)
• ROCE*	12.7%	(2002 9.7%)
• NAV per share	502p	(2002 433p)

* On continuing operations

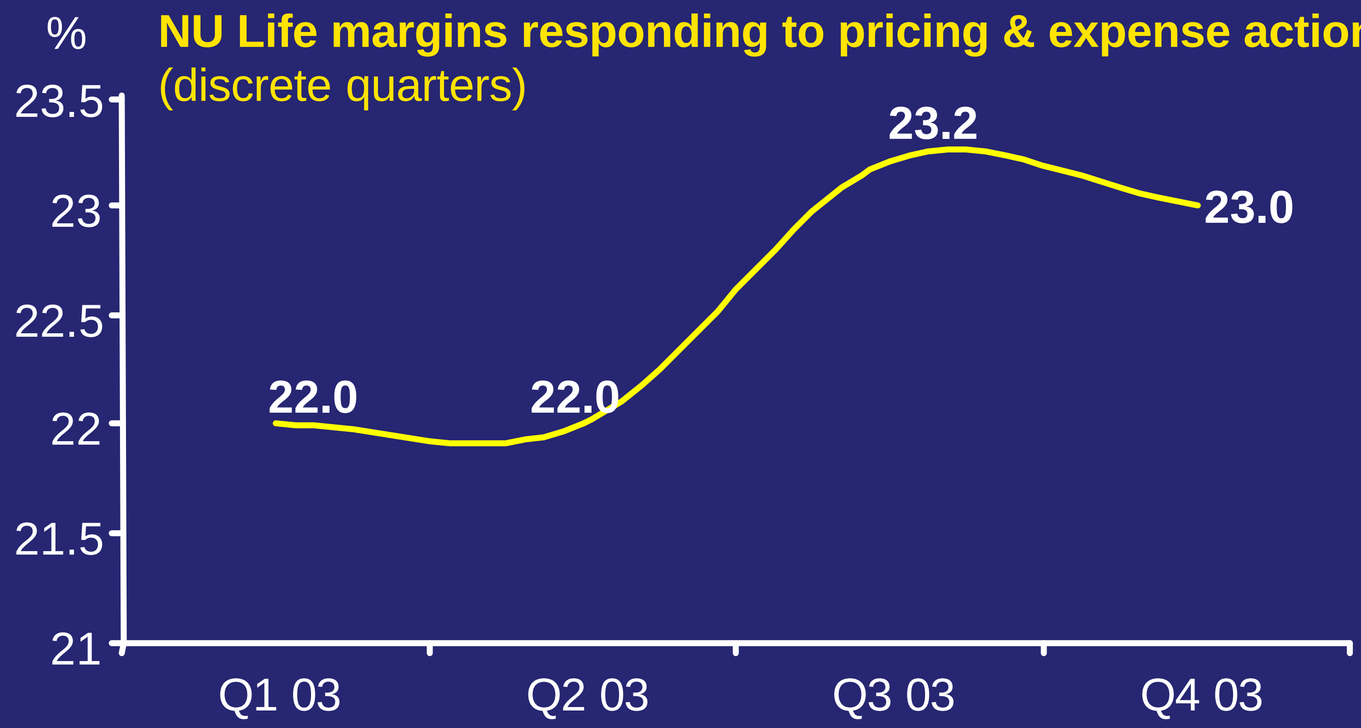
Impact of cost saving announcements in 2003

- Net benefit to the profit and loss account in 2003 of £65 million
- Estimated net benefit to the profit and loss in 2004 of £85 million
- Estimated gross annualised savings in 2005 of £250 million
- Expensing initiatives eg: India offshoring (3,700 jobs end 2004)
- Efficiency remains a focus

UK Life

- Norwich Union's competitive position continues to strengthen
- Market share Q3 2003 discrete 12.4% (2002 11.6%)
- Improved H2 margin
  - Offsetting impact (c.2%) of economic assumption changes in 2003

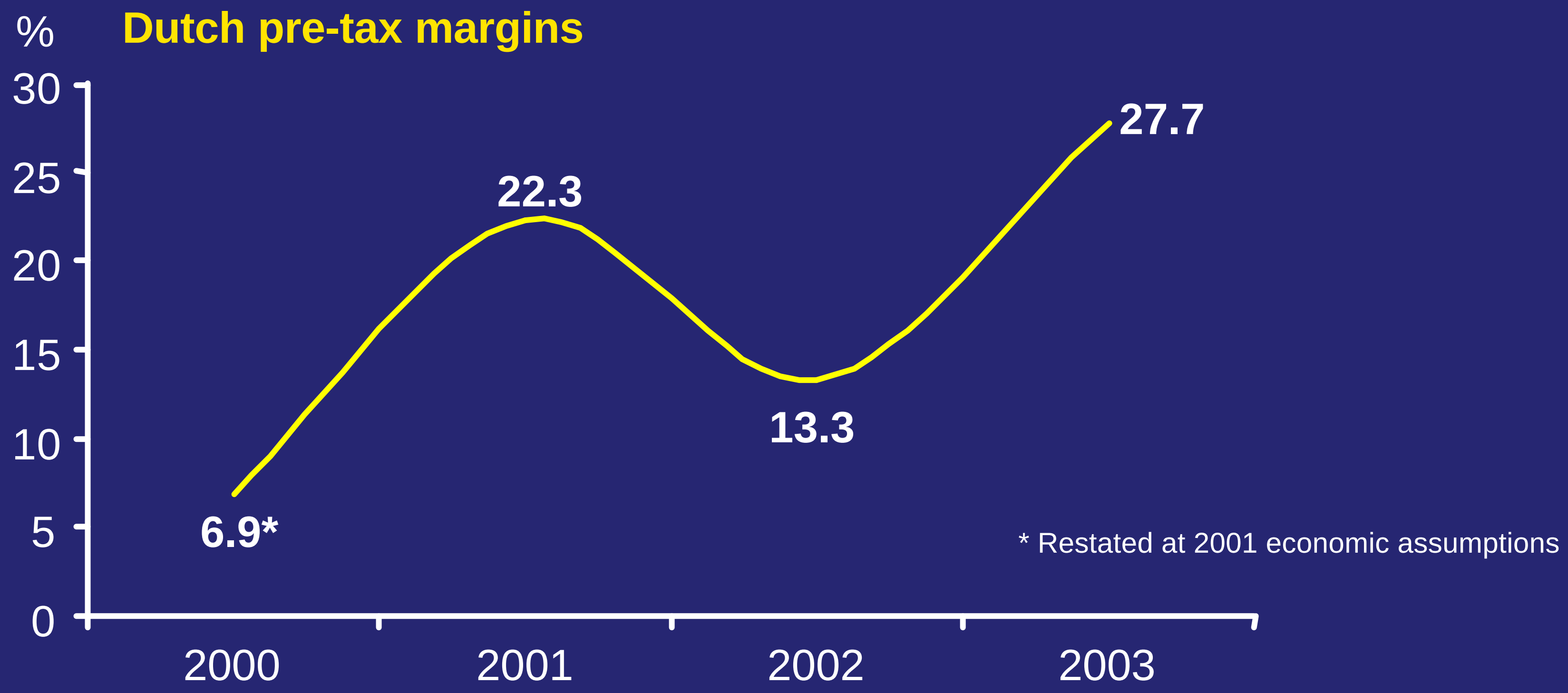
NU Life margins responding to pricing & expense actions
(discrete quarters)



Netherlands long-term savings

- Margin improvement from:
  - ABN Amro contribution (32.2% margin)
  - mix benefit: increased group pensions, less annuities
  - cost focus: budget freeze and shared service centre from 2004

Dutch pre-tax margins

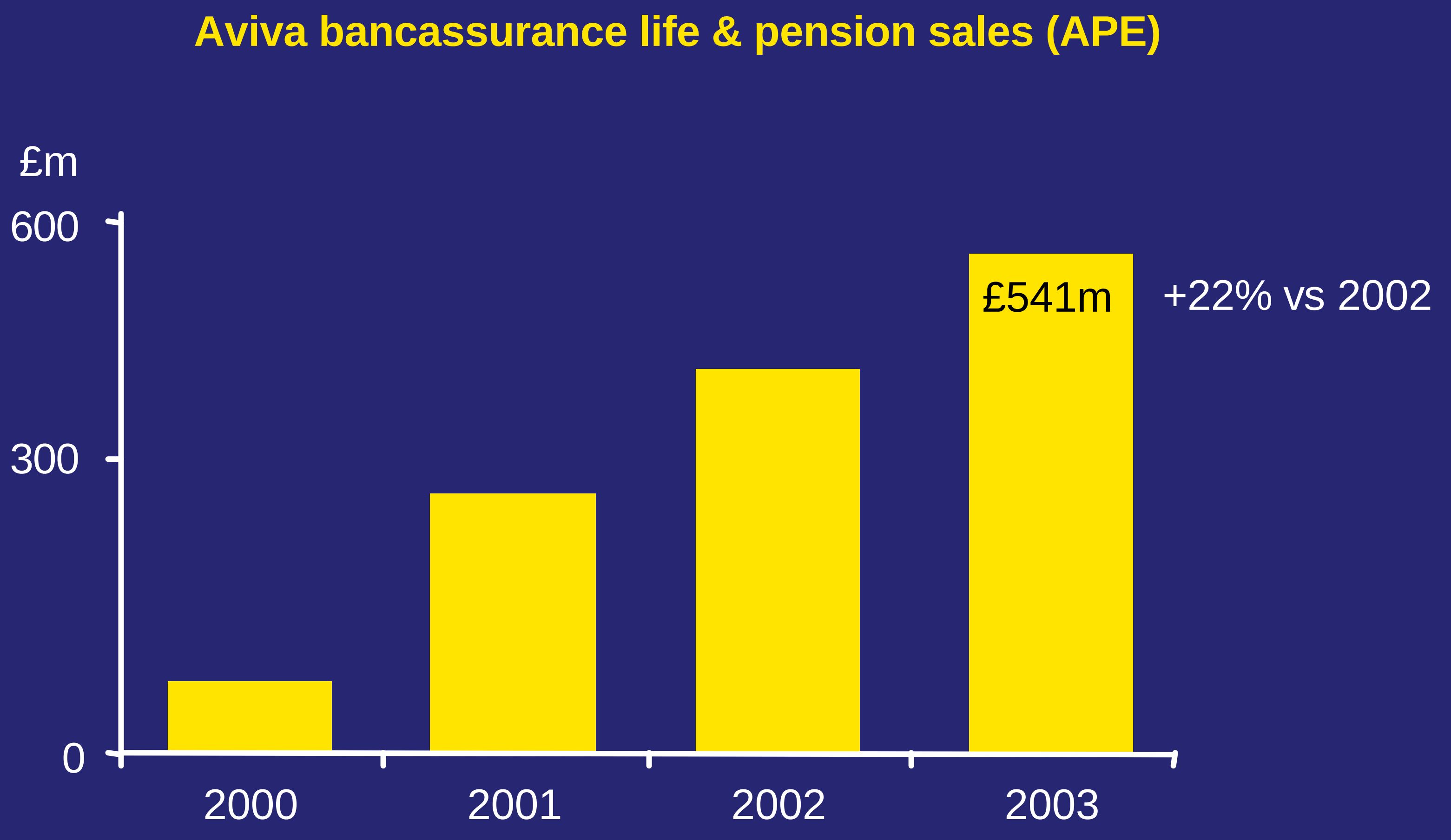


France long-term savings

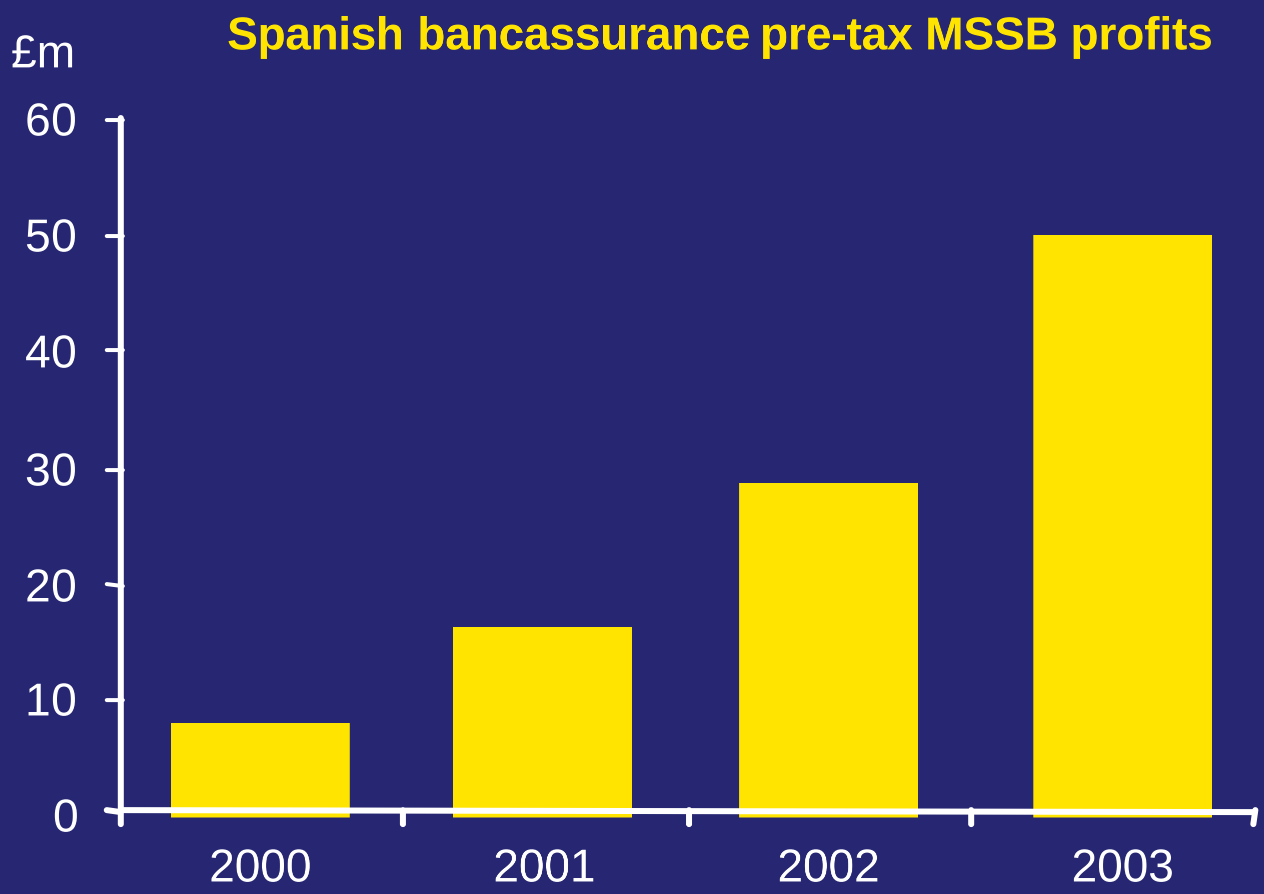
- Outperformed unit-linked market (+1% vs market down c15%)
- Supported by award-winning investment performance
- Positive outlook for AFER
- Pensions opportunity: launch products Q2 2004
- Crédit du Nord JV begins Q4 2004

Aviva bancassurance (23% of life & pensions sales APE)

- Margins 39.7%………. vs group average of 26.1%



Statutory profits emerging from early stages of Spanish growth business



Long-term savings outlook

- Aviva is Europe's best placed life business to capture an upturn
  - Extensive distribution networks
  - Strong market positions
  - Developing in new markets (Eastern Europe, India, S.E Asia)
  - Unit-linked capability as demand returns
  - Pensions expertise to benefit from widespread reforms

Strong general insurance outlook

- Target Group COR of 100% for 2004-6

% of total* GI premiums		Combined operating ratios 2003	2002	
60	UK	99%	101%	
6	France	102%	102%	
7	Ireland	97%	100%	
7	Netherlands	101%	105%	
14	Canada	108% **	102%	(** Pilot added 7%)
	Group*	100%	102%	
	Group (excl Pilot)	99%		

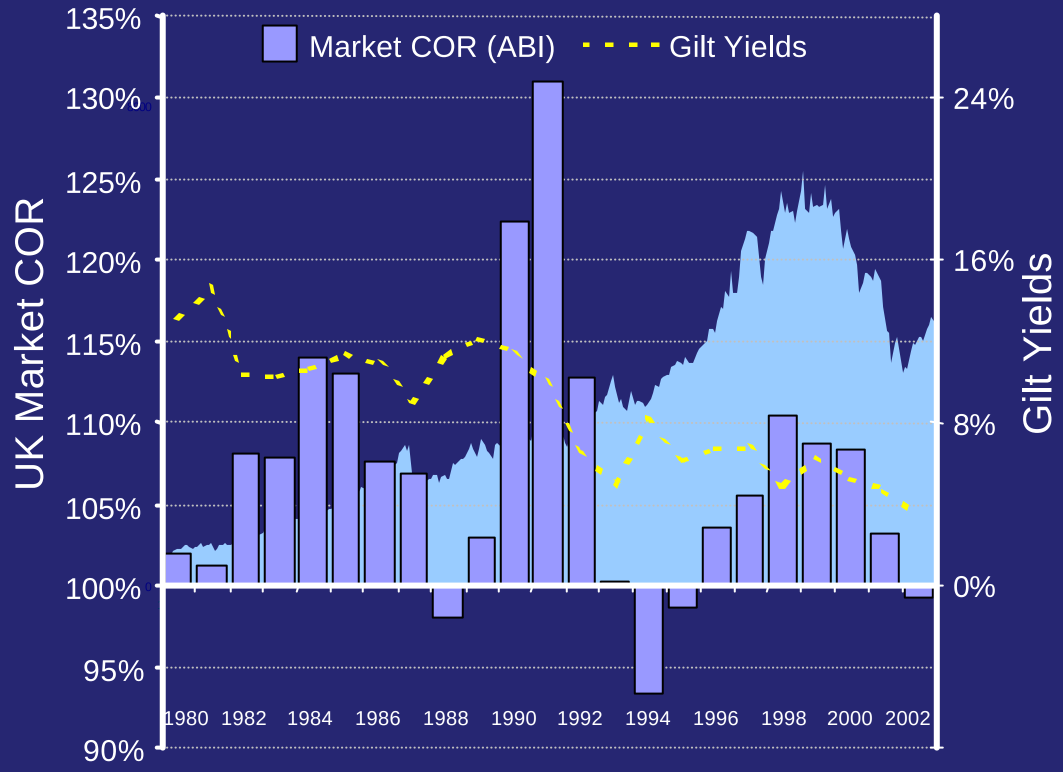
* Continuing operations

Patrick Snowball

Group Executive Director

The world has changed

- We are seeing a welcome increase in underwriting discipline in our target insurance markets



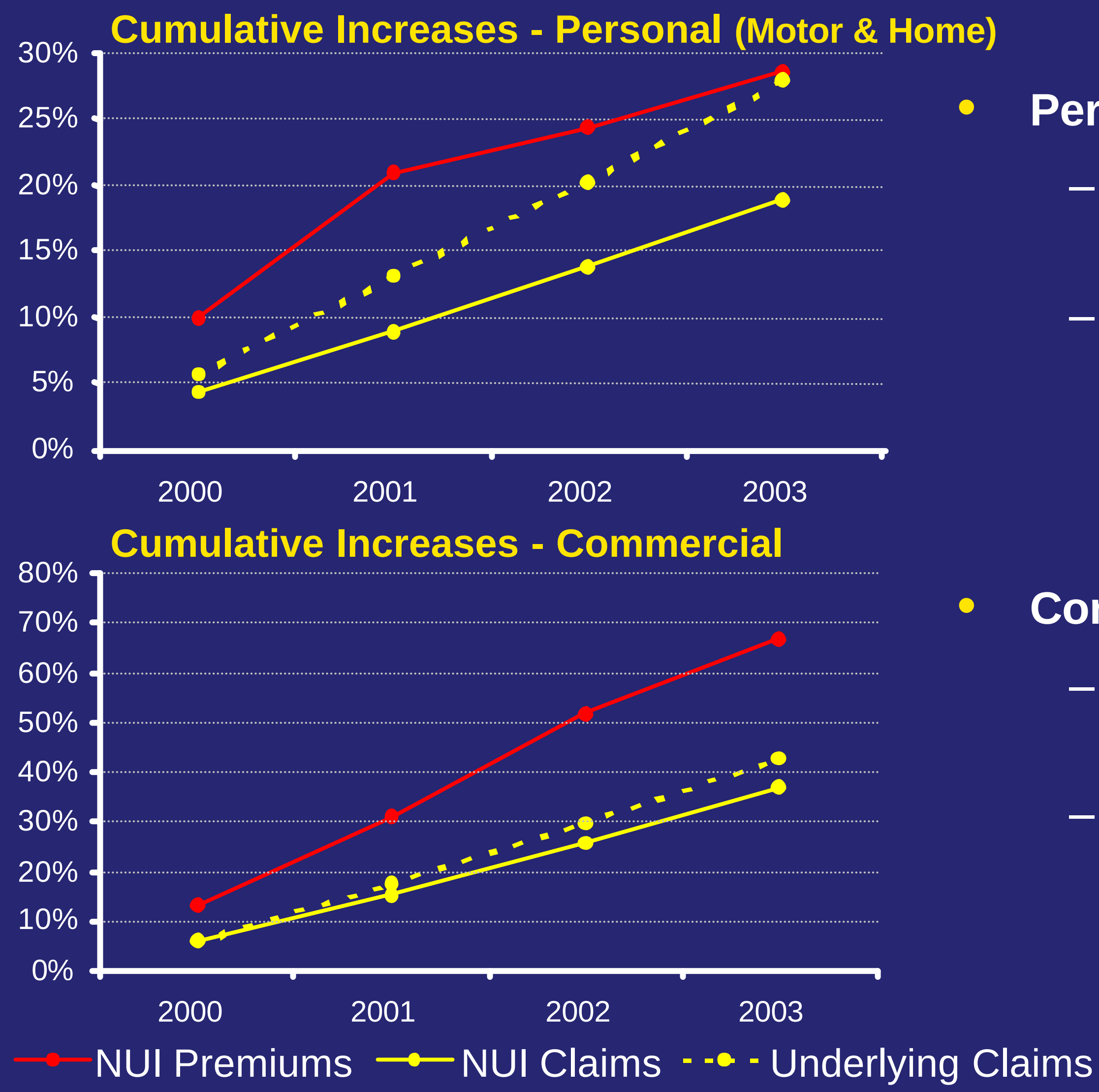
- Stable, low interest environment means insurers cannot subsidise poor underwriting with high investment income

- Lower equity values and increased regulatory attention require insurers to be more focused on capital adequacy

How will Aviva deliver 100% COR?

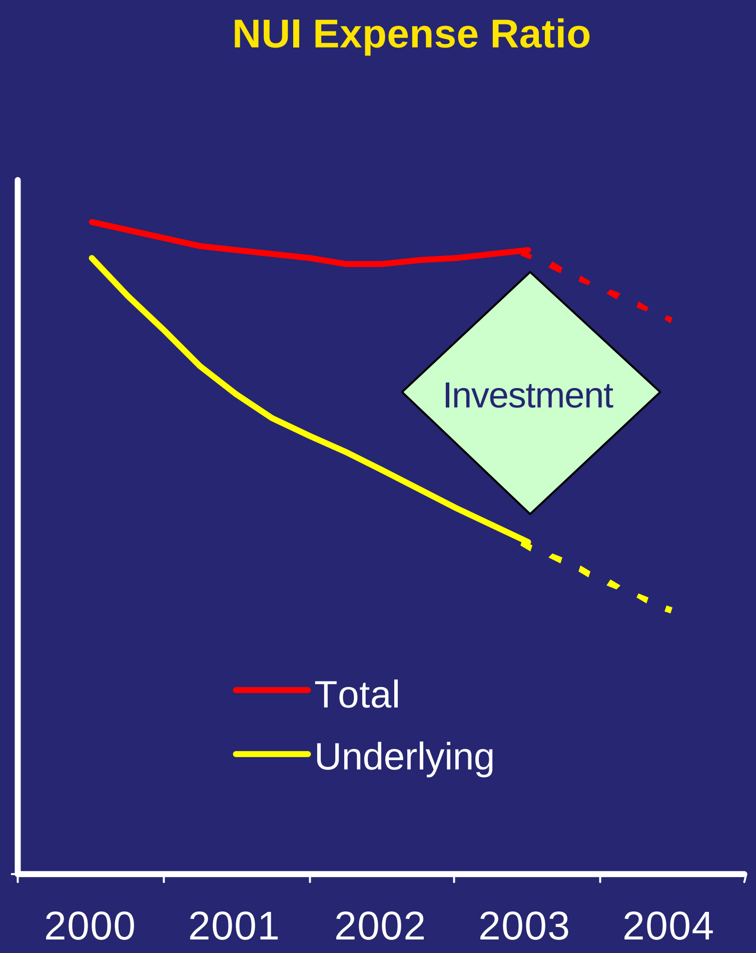
- **Market Leadership**
- **Financial Strength**
- **Cost Efficiency**
  - Claims control: expanding programme of supplier deals, already delivering £175m savings in UK (equivalent to 4.4% rate increase)
  - Continuing investment in operational efficiency and offshoring
- **Pricing**
- **Service Provider**

Leading the UK market...



- **Personal Lines**
  - ‘soft landing’ with Motor rate increases stable
  - market dominated by a few key players
- **Commercial Lines**
  - 11% growth in UK NWP to £2.1bn with COR of 96%
  - NUI leads its target Fleet & SME markets with rate increases sustained at 10%

Investing for the future...



- Offshoring - including Canada
- Operational Efficiency - targeting 0.5% reduction in expense ratio in 2004
- Supply chain - delivering £175m savings in UK, applying across Aviva GI
- Digital flood - sharing with Hibernian
- Telematics - Hibernian & Canada
- Service Provider - increasing non-cyclical income

In summary… sustainable profits from Aviva GI

- **External Environment**
  - Increasing consolidation and focus on capital adequacy
- **UK Market**
  - Sustained rate increases
  - ‘Soft landing’ in Personal Lines
- **Scale**
  - Aviva leads target markets
  - Full multi-distribution strategy
  - Expansion of non-insurance offerings
- **Focus**
  - Driving down cost base
  - Supplier deals
  - Operational efficiency & offshoring

Financial review

Philip Twyman

Group Executive Director

Group headline results

	2003	2002	Growth on constant currency
Group operating profit[1] – LAOP	£1,907m	£1,720m	6%†
Group operating profit[2] – MSSB	£1,490m	£1,218m	17 %†
Dividend	24.15p	23.0p	5%
Dividend cover	1.82x	1.51x	
Operating EPS[1]	53.2p	48.3p	
Net asset value[3]	502p	433p	
Post-tax return[4] on capital	12.7%	9.7%	

(1) Stated before amortisation of goodwill and exceptional items from continuing operations

(2) Stated before amortisation of goodwill, amortisation of acquired in-force long-term business and exceptional items from continuing operations

(3) On an achieved profits basis after adding back equalisation provision

(4) Continuing operations

† On a constant currency basis

Improvement in H2 v H1 performance – LAOP

	2003	
	H1 £m	**H2 £m**
Life:		
• New business profits	211	261
• Experience variance/operating assumptions	(29)	55
• Unwind of in-force and return on net worth	523	534
	705	850
General Insurance:		
• Underwriting result	(71)	17
• LTIR	458	507
	387	524
Other operations	(10)	17
Corporate	(56)	(104)
Unallocated interest	(198)	(208)
Operating profit	**828**	**1,079**

- **Life:**
  - Improved margins across all businesses
  - Marked new business improvements in the Netherlands: £26m due to ABN Amro; Spain: £13m; UK: £10m
  - Increased operational performance in Poland of £22m; experience profits in France of £32m; risk margin changes of £24m
- **General insurance**
  - Underwriting performance of £88m reflects our continued actions on pricing and claims of £100m; offset by higher costs of £42m and non-recurrence of H1 one-offs of £(30)m
  - LTIR: Interest on hybrid proceeds of £16m and return on higher asset base of £25m
- **Corporate:** Further costs on GFTP of £34m
- **Unallocated interest:** interest on hybrid debt £(25)m offset by lower interest costs on senior debt

Improvement in H2 v H1 performance – MSSB

	2003	
	H1 £m	H2 £m
Life:		
UK	293	301
France	80	99
Netherlands	29	78
Poland	41	62
Other territories	72	83
	515	623
General Insurance	**387**	**524**
Other operations	(10)	17
Corporate	(56)	(104)
Unallocated interest	(198)	(208)
Operating profit	**638**	**852**

- **Life:**
  - France: better profits as a result of increased management fees and investment income
  - Netherlands: Impact of improving economic conditions and higher interest rates
  - Poland: Impact of regulatory change resulting in change in reserve levels on pension business of £21m

Delivering strong new business profits

	2003		FY 2002	
	Contribution £m	Margin	Margin*	Margin
UK	241	22.6%	21.3%	23.6%
France	70	29.0%	29.5%	30.9%
Ireland	23	28.5%	26.6%	28.2%
Italy	45	23.2%	24.5%	24.9%
Netherlands	62	27.7%	9.9%	13.3%
Spain	134	54.4%	44.1%	45.9%
Other countries	46	14.2%	12.0%	13.9%
Group	**621**	**26.1%**	**22.3%**	**24.4%**

* Restated for the effect of change in economic assumptions

Margins strong and increasing

New business contribution – enhanced margins to shareholders

	Contribution		Margin	
	2003	**2002**	**2003**	**2002**
	£m	**£m**	**%**	**%**
Group contribution / margins	621	578	26.1	24.4
Cost of capital and tax	(296)	(267)		
Minority share	(53)	(33)		
Group contribution/margins	**272**	**278**	**12.9**	**12.7**

	Contribution		Margin	
By distribution channel:	**2003**	**2002**	**2003**	**2002**
	£m	**£m**	**%**	**%**
Bancassurance channel	65	48	20.8	18.5
Other distribution	207	230	11.5	11.9
Total	**272**	**278**	**12.9**	**12.7**

Corporate costs

	2003 £m	2002 £m
Central costs and share save schemes	176	192
Allocation to BU operating profit	(76)	-
	100	192
Global finance transformation programme (GFTP)	60	26
	160	**218**

Reallocation of deferred bonuses, profit shares, LTIPs to BU operations:

UK general insurance: £39 million

Overseas general insurance: £4 million

Life services and holding companies: £30 million

Fund management: £3 million

Cost savings – on target for £250m of annualised savings

	Earned Savings £m	One-off Costs £m	Benefit to the profit and loss account £m
UK Life	33	(8)	25
UK GI	98	(58)	40
Other businesses	18	-	18
Corporate	16	(34)	(18)
	165	(100)	65

- **UK Life**: Reduction in costs offset by fall in new business premiums. Product allowances on existing business remain steady. Some reduction in project costs and in sales costs
- **UK GI**: Ongoing investment for the future in India and achieving operational efficiencies, underlying cost base reduced
- **Corporate**: GFTP spend

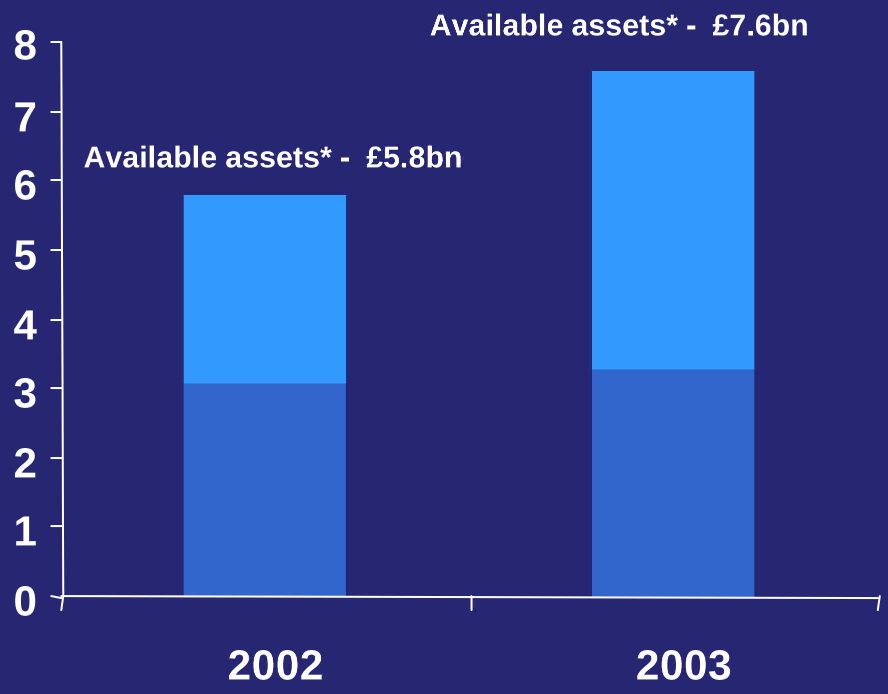
Capital position of the Group

	2003	2002
Total capital employed	£20.5bn	£17.3bn
Equity shareholders’ funds	£11.0bn	£9.5bn
EU Directive Group solvency* (estimated)	£2.4 bn excess	£0.7bn excess

*Excludes strength of UK and Irish life funds.

Group capital and solvency levels strengthened

Strength of consolidated CGUII and NUI Groups – risk based capital basis



- Excess assets for general insurance and health businesses
- Risk based capital requirements for general insurance and health businesses

- Stability and reduced COR has reduced risk based capital requirement
- RBC now 34% of NWP
- £4.3 billion of excess capital to support the life business, equates to 2.2 times cover (2002: 1.7 times)

* Relates to the regulatory value of net assets of the CGUII/ NUI groups adjusted to add back claims equalisation reserves

UK Life – capital strength of with profit funds

	2003
Statutory free asset ratio	**16.2%**
Realistic orphan estate	**£4.3bn**

- Free asset ratio of NUL&P includes implicit items for non profit business only
- Orphan estate measured on realistic basis and stated after the cost of guarantees, options and promises of £4.9 billion on market consistent basis
- Realistic orphan estate is quoted before any Risk Capital Margin (RCM)
- On the basis of guidance from the ABI we anticipate the realistic orphan estate is more than 2.5 times RCM on average

Well positioned for new regulatory regime

Aviva outlook

- Encouraging prospects for long-term savings growth
- Margin before volume
- Efficiency improvements remain a focus
- Strong and sustainable outlook for general insurance earnings

Questions and answers

AVIVA

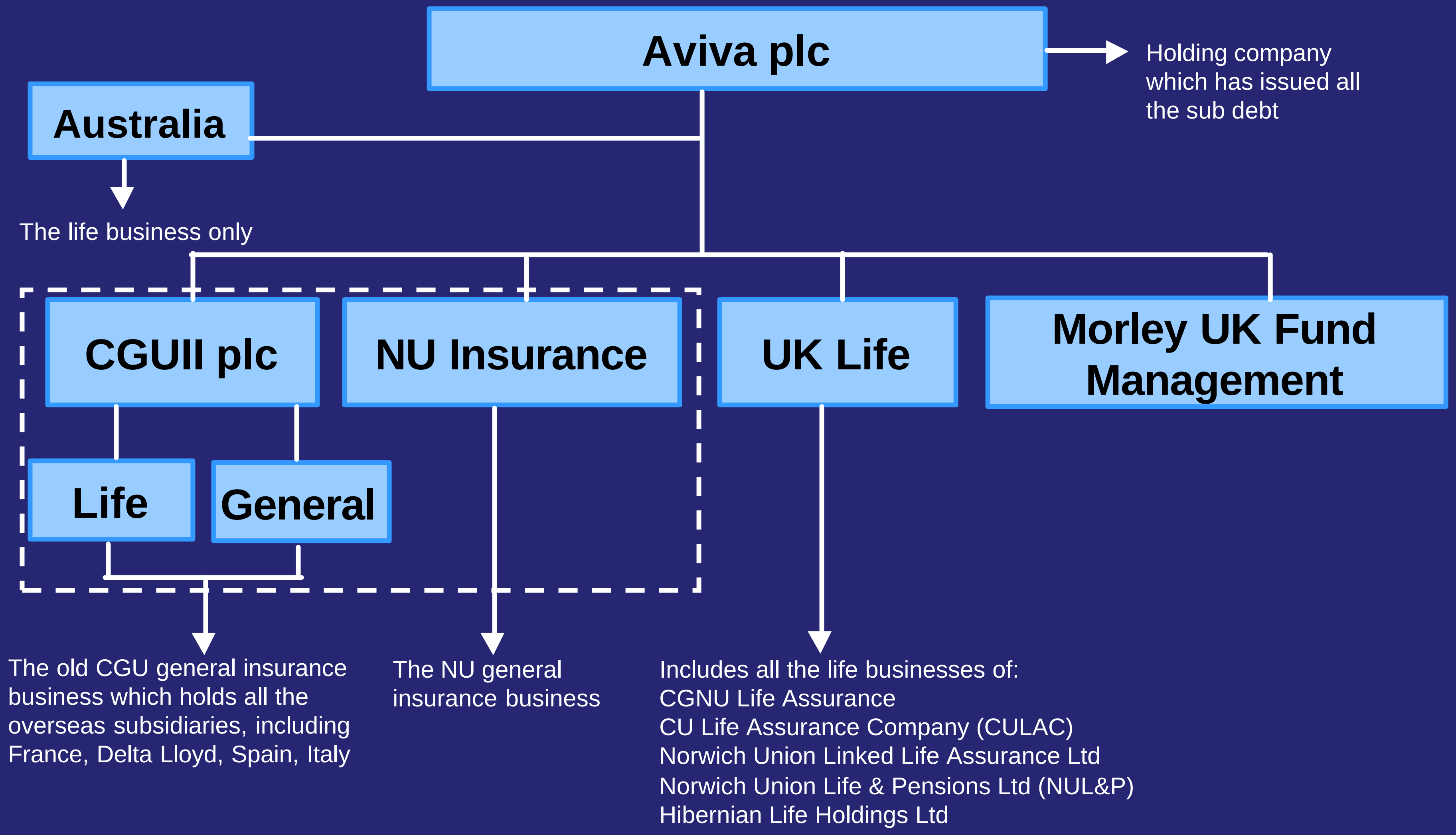
Appendices

- Market positions
- Capital slides and other financials
- UK Life capital slides

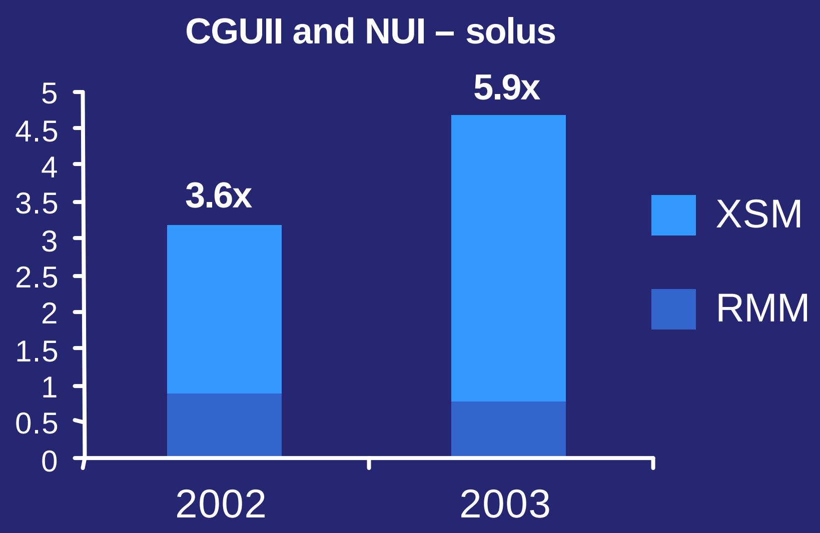
Strong market positions

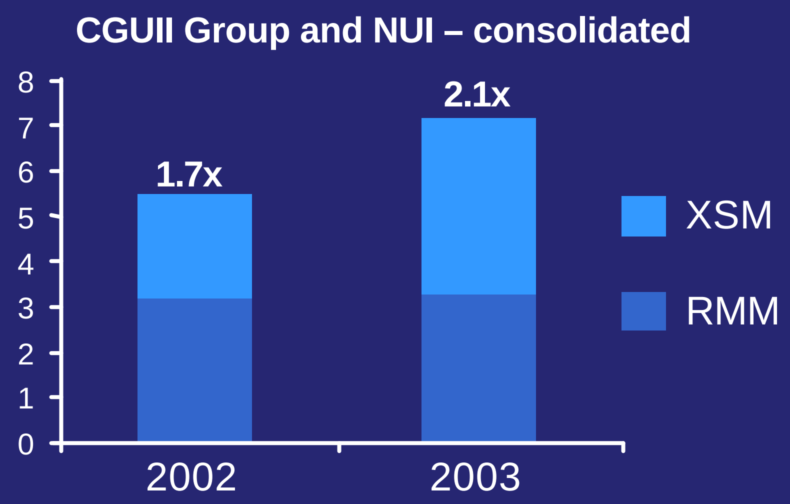
	Rank Life	Market share Life (est.)	Rank GI	Market share GI (est.)
UK	1	12%	1	14%
France	10	4%	Top 15	2.4%
Netherlands	4	11%	4	8%
Spain	1	10%	-	-
Italy	8	4%	n/a	<1%
Ireland	3	11%	1	22%
Canada	-	-	2	9%
Poland	2	15%	-	-
Singapore	5	9%	2	9%
Turkey	1	14%	Top 15	2%
Australia	Top 10	4%	-	-

Operational capital - Group structure



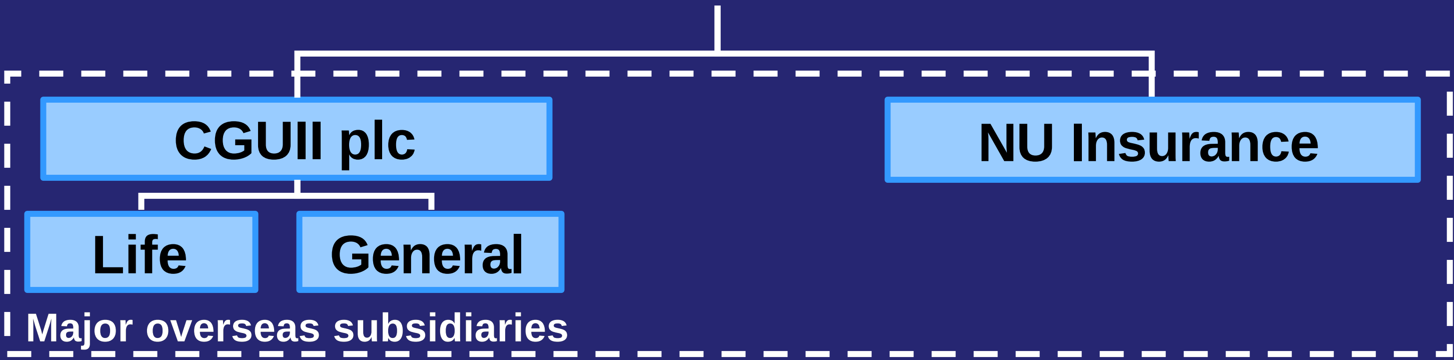
Strength of general insurance groups – regulatory basis





- Increase in XSM due to:
  - Net asset values; and
  - injection of equity capital following hybrid issue
- Strong excess positions on both individual and consolidated basis

Regulatory measure – operational capital
Excess solvency over required minimum margin



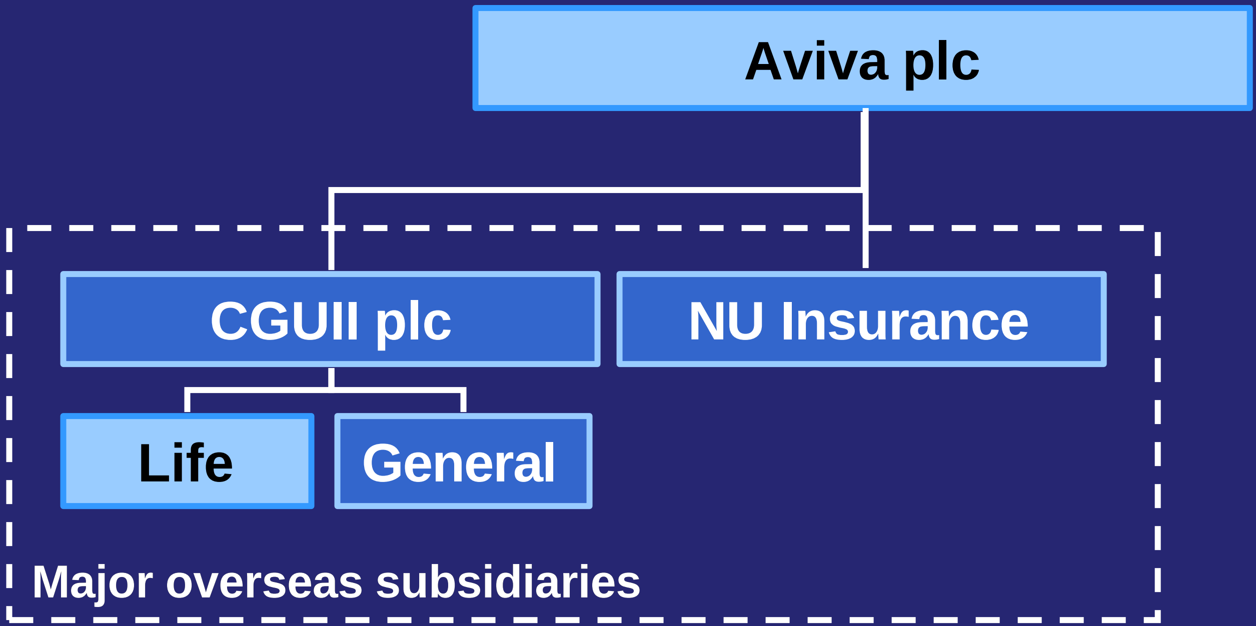
	CGUII plc	CGUII group
Available assets	£3.7bn	£6.2bn
Required minimum margin	£0.5bn	£3.0bn
XSM* – 31 Dec	£3.2bn	£3.2bn
Cover	7.6x	2.1x

	NU Insurance
Available assets	£1.0bn
Required minimum margin	£0.3bn
XSM* – 31 Dec	£0.7bn
Cover	3.2x

* XSM represents excess estimated solvency capital over required minimum at 31 December 2003.

Efficient structure provides regulatory capital strength

Realistic measure – operational capital
Risk based capital – worldwide GI & health



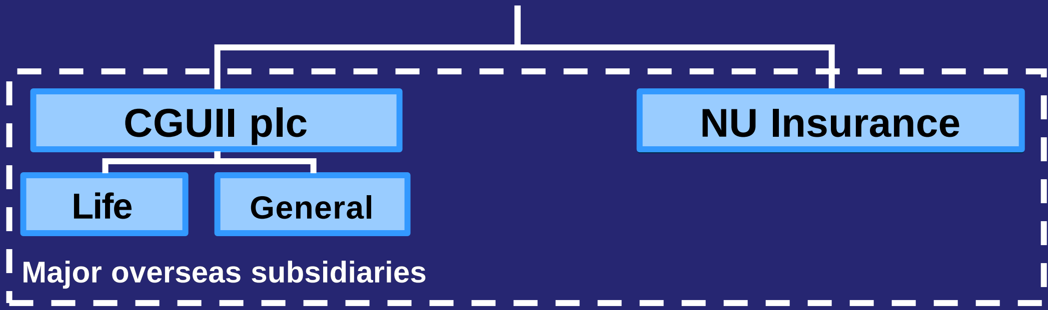
Risk based capital

- Current capital requirement 34% of net written premium from continuing operations
- 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 34% of net written premium

* Excluding goodwill of £392m and after adding back claims equalisation provision of £364m.

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

Capital support available for overseas life operations

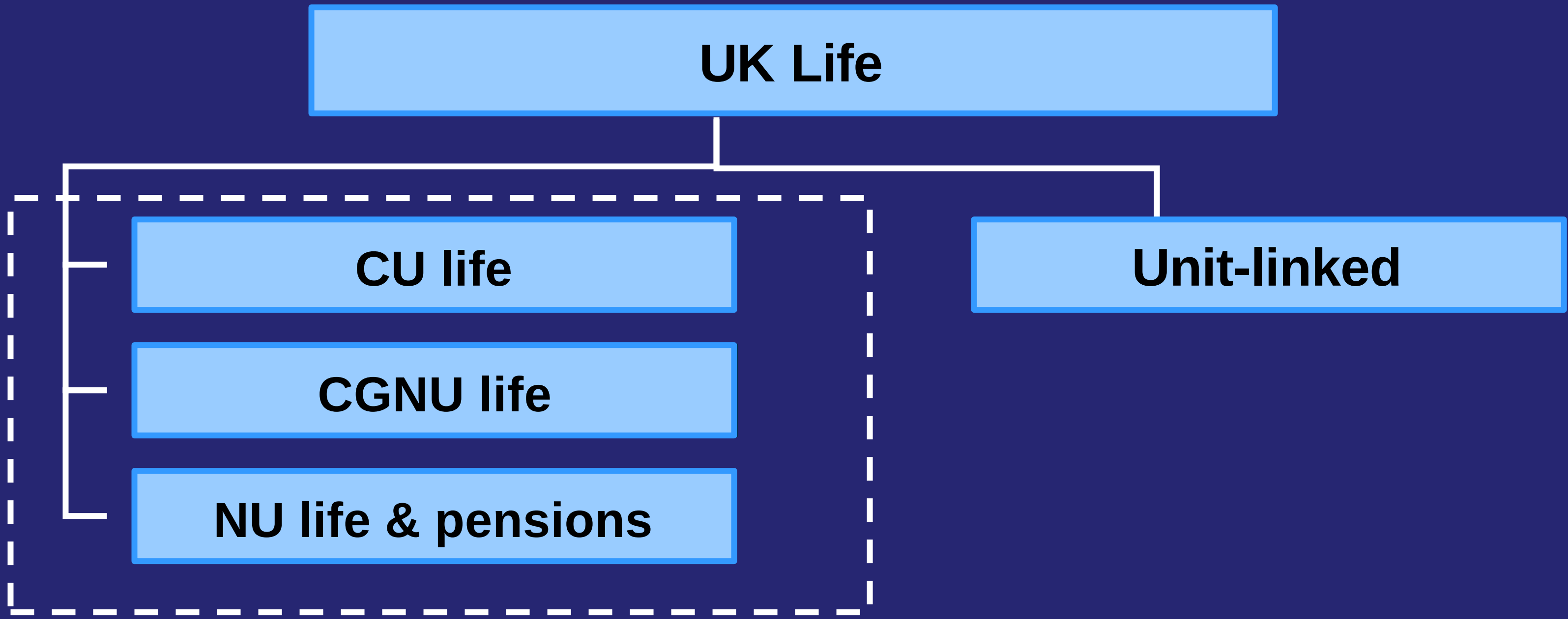


	2003 £bn	2002 £bn
Regulated available assets* – 31 December	7.2	5.5
Add: equalisation provision	0.4	0.3
Less: 2003: 34% (2002: 36%)		
NWP of GI and health risk based capital requirement	(3.3)	(3.1)
Capital available to support overseas life businesses	**4.3**	**2.7**
Equivalent minimum solvency requirement	**2.2x**	**1.7x**

*Combined assets of CGUII and NUI

Resilient to equity market movements and providing sufficient capital for growth.

Operational capital - UK life regulatory structure



Movement in equity shareholders' funds
(after adding back the claims equalisation provision)

	£m	*NAV*
31 December 2002	9,782*	*433p*
Operating profit post-tax	1,215	*54p*
Post-tax non-operating items		
– Goodwill, P/L on sale and other exceptional items	(88)	*(4p)*
– Impact of investment markets and economic assumption changes	567	*25p*
Dividends	(562)	*(24p)*
Foreign exchange	415	*18p*
31 December 2003	11,329	*502p*

* Restated for the effect of changes in accounting policies in respect of the treatment of shares held by employee trusts as a deduction from shareholders' funds

Global Finance Transformation Programme (GFTP)

A globally co-ordinated set of local projects

Meeting mandatory requirements

Benefits
- IFRS readiness
- Meeting FSA PSB/ICA requirements
- Enhanced risk management processes
- Strengthening global controls

Activities
➢ 2003 achieved
- New realistic solvency programme
- ICA methodology developed
- Global consolidation tool designed
- IFRS development work

➢ 2004 planned
- Global consolidation tool built and rolled out
- IFRS capability built
- ICA results for FSA
- Prudential sourcebook compliance
- EEV results

Positioning for the future

Benefits
- Enhanced financial management with greater flexibility for decision making
- Simplification of Group structure
- Improved capital management techniques
- Creating a strategic platform for finance

Activities
➢ 2003 achieved
- IT blueprint and architecture developed
- Upgrades to actuarial systems – faster run times
- 57 companies closed
- Enhanced RBC models
- Enhanced ROC systems and processes

➢ 2004 planned
- Legacy system enhancement/replacement
- Improved automation of financial processes
- RBC models built
- Enhanced planning capability

With Profits "Realistic" Solvency in UK LIFE

Mike Urmston
Chief Actuary
Norwich Union Life

“Realistic” methodology for with profit funds

- NU Life fully supports the development of “realistic” reporting methodology for with profits business
  - Provides greater transparency of the true underlying strengths of the funds
  - Represents a meaningful measure of all future liabilities of the funds, including future bonuses and shareholder profits
  - Options and guarantees are measured on a market consistent basis e.g. driven by the market prices for derivatives
  - Links the fund’s Principles and Practices of Financial Management, management action on bonuses and investment strategy, closely into its published reserves
- Previous Free Asset Ratios published in the FSA returns have failed to give meaningful information as to the underlying strength of with profit funds, and have not dealt with significant asset movement

NU Life approach to realistic reporting

- Significant investment made by NU Life to produce high quality sophisticated measurement tools
- Stochastic models under development for each separate with profit fund with dynamic decision making on bonuses, asset mix etc
- Some approximation has been used in the published information. Full allowance has been made for a stochastic market consistent approach and we do not anticipate material changes
- Models will allow for management decisions consistent with published Principles and Practices of Financial Management, and policyholder behaviour, e.g. lapses or take-up rates on options, to be dynamically linked to economic circumstances
- E&Y, our auditors, have been involved throughout 2003 and to date in validating our asset shares and approach to guarantees and options. Full audit clearance expected at the end of 2004

Realistic Solvency by Fund

	Statutory Free Asset Ratio	With Profits Free Assets (net of RMM) £bn	Realistic Orphan Estate £bn
CGNU Life	16.0%	0.9	1.3
CULAC	13.6%	1.1	1.6
NUL&P	17.7%	1.8	1.4
Total	**16.2%**	**3.8**	**4.3**

1. Free asset ratio of NUL&P includes implicit items for non profit business only
2. Realistic orphan estate is quoted before any Risk Capital Margin (RCM). FSA are currently consulting on proposals for an appropriate RCM for with profits business
3. On the basis of guidance from the ABI we anticipate the realistic orphan estate is more than 2.5 times RCM on average

Further Developments

- FSA still consulting on CP195 and further changes likely

- Risk Capital Margin (RCM) likely to be applied to realistic liabilities. The RCM will be a more sophisticated resilience test involving falls in equity markets, movements in interest rates, changes in credit margins etc. RCM will be available with 2003 FSA returns in mid April

- Principles and Practices of Financial Management (PPFM) will be available from 30 April 2004

Management Actions

- Action on bonuses has been taken - both regular and final bonuses - consistent with assumptions in PPFM and realistic reporting

- Equity backing ratios (proportion of with profit asset shares held in equities and property) set with regard to asset liability management studies

  – CGNU/CULAC 65%
  NUL & P 52%

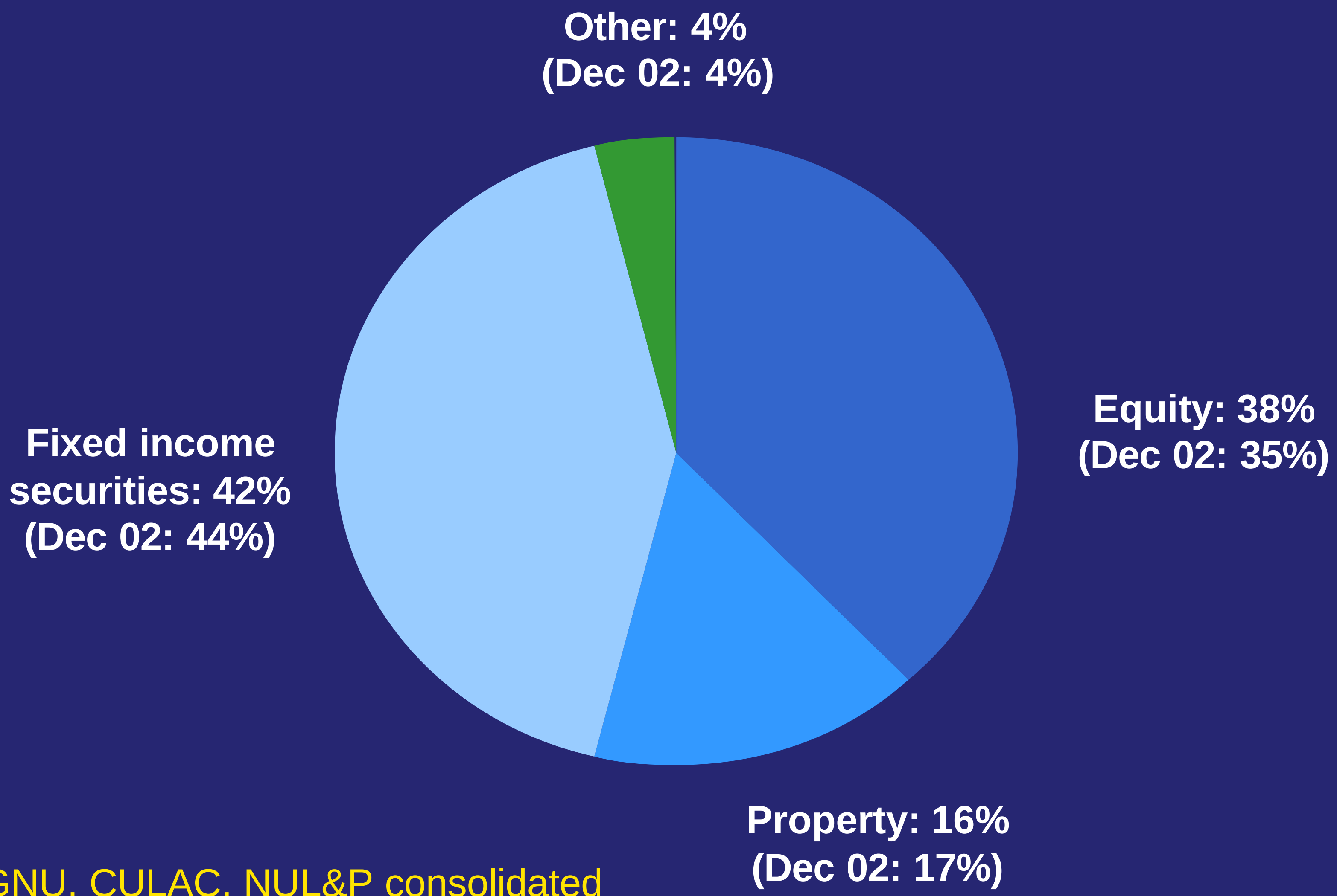
- Asset liability management used to reduce risks where appropriate in with profit funds by closer matching, hedging etc

- Charges to asset share for guarantees will be introduced to manage future costs of guarantees

Health Warning

- New methodology is still under development and some changes can be anticipated in approach, assumptions and data
- Comparisons between life companies can be misleading where they are at different stages of development of the methodology and are using different underlying assumptions

With-profit asset mix – 31 December 2003



CGNU, CULAC, NUL&P consolidated