

27 October 2005

**Aviva plc**  
**Worldwide long-term savings new business**  
**Nine months to 30 September 2005**

- **Strong worldwide total sales<sup>1</sup> growth, up 12%<sup>2</sup> (£17,933m; 2004: £15,823m)**
- **Life and pensions new business profit up 13% (£575m; 2004: £505m), ahead of sales growth of 10% (£16,260m; 2004: £14,697m)**
- **Continental Europe driving total sales growth, up 23% (£9,420m; 2004: £7,554m), and contributing 53% of new business**
- **UK sales robust (£7,441m; 2004: £7,438m), with growing momentum, increasing 11% in third quarter compared to second quarter (Q3: £2,684m; Q2: £2,408m)**
- **Bancassurance remains strong, with total sales up 28% (£4,610m; 2004: £3,692m) and new business profit up 30% (£219m; 2004: £167m)**
- **New business margin stable at 3.5% (full year 2004: 3.4%)**

**Richard Harvey, group chief executive, commented:**

“This is another strong performance from our international portfolio of life businesses. We have retained our focus on managing our business for value, while growing worldwide sales by 12%.

“Our operations in continental Europe are delivering good growth, especially in France and Italy. In Asia we continue to develop new distribution in line with our long-term growth plans for this fast-growing region.

“Aviva’s international performance continues to offset a competitive UK market environment. In the UK we have seen our third consecutive quarter of sales growth and momentum is building for the rest of the year and into 2006.

“Bancassurance continues to go from strength to strength and is a key part of our multi-distribution approach.

“Our healthy long-term savings performance is complemented by a thriving general insurance business, giving Aviva the competitive advantage of a balanced business portfolio.”

<b>Financial highlights</b>	<b>9 months to 30 September 2005</b>	<b>9 months to 30 September 2004</b>	<b>Local currency growth</b>
Life and pensions new business sales	£16,260m	£14,697m	10%
Investment sales	£1,673m	£1,126m	46%
<b>Total long-term savings new business sales</b>	<b>£17,933m</b>	<b>£15,823m</b>	<b>12%</b>
New business contribution before required capital	£575m	£505m	13%
New business contribution after required capital	£429m	£380m	12%
New business margin before required capital	3.5%	3.4% <sup>3</sup>	
New business margin after required capital	2.6%	2.5% <sup>3</sup>	

1 All references to sales in this announcement refer to the present value of new business premiums unless otherwise stated. Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

2 All growth rates quoted are at constant rates of exchange.

3 Full year 2004 margin.

**Enquiries:**

Analysts/Investors:	Philip Scott, group executive director, Aviva	+44 (0)20 7662 2264
	Gary Withers, chief executive, Norwich Union Life	+44 (0)1904 452827
	Charles Barrows, Investor relations director, Aviva	+44 (0)20 7662 8115
Media:	Hayley Stimpson, director of external affairs	+44 (0)20 7662 7544
	Sue Winston, head of group media relations	+44 (0)20 7662 8221
	Robert Bailhache, Financial Dynamics	+44 (0)20 7269 7200

There will be a conference call today for wire services at 7:45am (UK time) on +44 (0)20 7162 0080. This conference call will be hosted by Philip Scott, group executive director.

There will be a conference call today for analysts and investors at 9:30am (UK time) on +44 (0)20 7162 0081. This conference call will be hosted by Philip Scott, group executive director.

Replay will be available for two weeks until 10 November 2005. The dial in number for replay is +44 (0)20 7031 4064 and the pass code is 678878.

	Present value of new business premiums <sup>1</sup>			New business contribution <sup>3</sup>			New business margin <sup>4</sup>	
	9 months to 30 Sept 2005 £m	9 months to 30 Sept 2004 £m	Local currency growth <sup>2</sup>	9 months to 30 Sept 2005 £m	9 months to 30 Sept 2004 £m	Local currency growth <sup>2</sup>	9 months to 30 Sept 2005	9 months to 30 Sept 2004
<b>Life and pensions</b>								
<b>United Kingdom</b>	<b>6,586</b>	<b>6,774</b>	<b>(3%)</b>	<b>198</b>	<b>198</b>	<b>0%</b>	<b>3.0%</b>	<b>2.9%</b>
France	2,593	1,937	33%	98	64	51%	3.8%	3.3%
Ireland	504	392	27%	13	18	(28%)	2.6%	4.6%
Italy	1,816	1,206	49%	46	35	30%	2.5%	2.9%
Netherlands (including Belgium and Luxembourg)	1,742	1,449	19%	55	57	(5%)	3.2%	3.9%
Poland	196	181	(6%)	9	6	29%	4.6%	3.3%
Spain	1,353	1,539	(13%)	116	97	18%	8.6%	6.3%
Other Europe	574	482	18%	7	1	609%	1.2%	0.2%
<b>Continental Europe</b>	<b>8,778</b>	<b>7,186</b>	<b>20%</b>	<b>344</b>	<b>278</b>	<b>22%</b>	<b>3.9%</b>	<b>3.9%</b>
<b>International</b>	<b>896</b>	<b>737</b>	<b>20%</b>	<b>33</b>	<b>29</b>	<b>11%</b>	<b>3.7%</b>	<b>3.9%</b>
<b>Total life and pensions</b>	<b>16,260</b>	<b>14,697</b>	<b>10%</b>	<b>575</b>	<b>505</b>	<b>13%</b>	<b>3.5%</b>	<b>3.4%</b>
<b>Investment sales<sup>5</sup></b>								
<b>United Kingdom</b>	<b>855</b>	<b>664</b>	<b>29%</b>					
Netherlands	281	137	102%					
Poland	36	59	(47%)					
Other Europe	325	172	86%					
<b>Continental Europe</b>	<b>642</b>	<b>368</b>	<b>68%</b>					
<b>International</b>	<b>176</b>	<b>94</b>	<b>81%</b>					
<b>Total investment sales</b>	<b>1,673</b>	<b>1,126</b>	<b>46%</b>					
<b>Total long-term savings</b>	<b>17,933</b>	<b>15,823</b>	<b>12%</b>					
Navigator sales (not included above)	668	491	31%					

- All references to sales in this announcement refer to the present value of new business premiums (PVNBP) unless otherwise stated. PVNBP is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.
- Growth rates are calculated based on constant rates of exchange.
- Stated before the effect of required capital.
- New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.
- Investment sales are calculated as new single premium plus annualised value of new regular premiums.

#### United Kingdom:

Norwich Union delivered a robust performance with total sales, including investments, of £7,441 million (2004: £7,438 million). Norwich Union's strategy in the third quarter has been to grow volume in key markets in order to position itself for profitable growth in the medium term. As a result, total sales, including investment sales, in the third quarter were £2,684 million, outperforming the first two quarters of the year (11% higher relative to the previous quarter; 14% higher relative to the first quarter).

The margin to the end of the third quarter was 3.0% (full year 2004: 2.9%) and shows a reduction from the half year margin of 3.2% resulting from repricing actions in a competitive market. The discrete third quarter margin was 2.7% and the expectation is that future aggregate margin movements will be driven primarily by product mix effects.

Norwich Union achieved a strong third quarter investment performance with bond sales of £602 million, the highest quarterly sales performance of the year. Total year to date sales increased 5% to £1,760 million (2004: £1,681 million) against a similarly strong performance at the same time in the previous year. Unit-linked bond sales continued to perform very strongly with an increase of 18% to £1,298 million (2004: £1,104 million). The top three investment choices in the quarter have been property, guaranteed products and with-profits, reflecting Norwich Union's very strong offerings in these areas.

The company's continued focus on collective investments resulted in strong third quarter sales of £342 million, an increase of 13% over the second quarter sales of £304 million and the strongest of the year. Total sales to the end of the third quarter were £855 million which is 29% ahead of 2004 sales (2004: £664 million). The company expects collective

investments to show further significant growth as we continue to invest in developing our offering as a core part of our overall investment proposition.

Following repricing in July, protection sales for the third quarter totalled £247 million which is the strongest quarterly performance of the year and 7% ahead of second quarter sales of £231 million. Sales to the end of the third quarter were lower at £714 million (2004: £784 million) reflecting the slowing housing market and therefore demand for protection products. The protection market remains highly competitive, with Norwich Union pricing its products to maintain its presence in this strategically important area.

Against a backdrop of a flat market and increasing competition, equity release sales for the quarter at £99 million were broadly the same as the second quarter sales of £96 million. Sales to the end of the third quarter were £278 million (2004: £332 million). Norwich Union completed its fifth securitisation in August. A portfolio of £380 million of lifetime mortgages was successfully securitised, with strong demand from investors and excellent pricing levels achieved.

Individual pension sales, which include group personal pension business, were lower at £1,867 million (2004: £2,289 million). However, discrete third quarter sales of £692 million were 22% higher than second quarter sales, showing volume growth which reflects the outcome of a pricing strategy of refocusing and repositioning Norwich Union's proposition in the pension market as Pensions Simplification approaches.

The company has maintained a strong position in the corporate pensions market during the year. Sales of corporate pensions are lower at £727 million (2004: £786 million), reflecting a slowdown in this market in the run up to Pensions Simplification.

The company expects to see good business opportunities and strong pension sales volumes in the fourth quarter and into 2006 as Pensions Simplification approaches and companies and individuals review their pension arrangements.

Individual annuity sales remained strong with sales growth of 37% to £1,240 million (2004: £902 million). In this quarter, Norwich Union reviewed its Internal Capital Assessment results and concluded that it is appropriate to reduce the level of required capital for the UK annuity business on a European Embedded Value basis from 200% to 150% of required minimum margin. This brings the required capital used to report the business performance closer in line with the economic capital required to support this business.

The joint venture with The Royal Bank of Scotland Group (RBSG) continued to deliver a strong sales performance, including investment sales, with an increase of 21% to £763 million (2004: £629 million). Norwich Union's share of sales through the joint venture, including investments, increased 34% to £521 million (2004: £390 million). This is an excellent performance and Norwich Union is confident that this improving trend will continue as the joint venture is firmly underpinned by 600 active advisers, a full product range and improved alignment between sales and bank operations.

Norwich Union further increased its equity in the Lifetime wrap platform to 97% in the quarter. The Lifetime wrap platform has signed major distribution deals with Tenet and Millfield Alliance and now has 600 advisers registered on the platform and a new distribution deal with SimplyBiz has also just been agreed. The company is confident of strong growth for Lifetime as the market for flexible asset accumulation with tax wrapper advantages increases.

Norwich Union has developed a strong distribution footprint for the depolarised marketplace. During the third quarter the company secured a major single tie distribution agreement with Co-operative Insurance Society (CIS) for the distribution from 2006 of a range of Norwich Union's products through CIS's 2,200 financial advisers. The company has secured major product multi-tie agreements with Sesame, Barclays, Bankhall and Millfield Alliance, together with protection multi-ties with SimplyBiz and Direct Life & Pensions.

Norwich Union expects sales performance to continue to improve in the final quarter of 2005. Increasing activity in the pensions market as Pensions Simplification approaches and continued growth in investment markets will support Norwich Union's improving sales trend.

Aviva continues to review the possibility of a reattribution of the inherited estate, or orphan assets, of two of its with-profit funds, CGNU Life and Commercial Union Life Assurance Company ("CULAC"). The inherited estate consists of surplus assets accumulated over time within a with-profit fund. Aviva wishes to explore what benefits there may be to policyholders and shareholders from a reattribution and has established a project team to examine this.

Under FSA rules, one condition of the new regulatory system for reattributing an inherited estate is the appointment of an independent policyholder advocate to represent policyholder interests during the procedure, a development that Aviva welcomes. Aviva has therefore commenced a process to identify a policyholder advocate.

At this stage, no decision can be taken to proceed with a reattribution of the inherited estate of CGNU Life or CULAC. This will only be undertaken if there are clear benefits for policyholders and shareholders.

#### **France:**

Aviva France sales increased 33% to £2,593 million (2004: £1,937 million), with £560 million of sales through the bancassurance joint venture with Crédit du Nord. The strategy continues to focus on higher margin unit-linked products over pure volume, resulting in the new business contribution increasing 51% to £98 million (2004: £64 million) and the contribution after required capital increasing 81% to £66 million (2004: £36 million). Unit-linked sales grew 84% to £1,034

million (2004: £558 million) representing 40% of sales compared with 23%<sup>1</sup> for the French individual savings market for the eight months to August 2005. New business margin increased to 3.8% (full year 2004: 3.4%).

AFER, the largest retirement savings association in France with more than 630,000 members at the end of September 2005, remains an important source of new business, accounting for 47% of sales (2004: 60%). Unit-linked sales grew strongly by 73% to £276 million (2004: £159 million) and represented 22% of total sales (2004: 14%). Euro fund sales fell by 6% giving overall steady growth at 5% to £1,230 million (2004: £1,168 million).

Unit-linked business represented 61% of total sales for non-AFER business sold outside the bancassurance partnership and increased 21% to £486 million (2004: £399 million). In line with the strategy of focusing on higher margin unit-linked sales, Euro fund sales were down by 18% with overall sales growing by 4% to £803 million (2004: £769 million).

Market growth in France to August 2005 was 13% as insurance products remain attractive, however, Aviva France expects there to be a slow down in the rate of market growth towards the end of the year and into 2006. Good equity performance has supported the strategy of distributing unit-linked products. With a diversified distribution capability, market-leading investment performance and award winning fund management expertise, Aviva France is well positioned for continued strong growth in unit-linked business.

#### **Ireland:**

Hibernian Life and Pensions maintained its position as the third largest Irish life and pension provider with a 27% increase in total sales to £504 million (2004: £392 million). This performance benefited from strong sales of single premium business, which increased by 114% to £280 million (2004: £129 million). New regular premium sales were lower at £224 million (2004: £263 million) which reflects continued customer and broker focus on single premium products.

New pension sales were 24% higher at £337 million (2004: £270 million) and benefited from a significant number of large contracts across all categories of pensions, which reflects an attractive choice of fund managers.

Life sales increased 36% to £167 million (2004: £122 million) and benefited from the continued success of the guaranteed fund. Life regular premium sales were down reflecting lower protection sales, following repricing actions during the first quarter, partially offset by a marginal increase in Special Savings Incentive Account (SSIA) premiums.

New business contribution was £13 million (2004: £18 million) with a margin of 2.6% (full year 2004: 3.4%). The reduction in the margin reflects the change in product mix due to investors' preference for single premium products and competitive pressures within the market.

#### **Italy:**

Aviva Italy reported an excellent 49% growth in total sales to £1,816 million (2004: £1,206 million), including one-off single premium business of £73 million (2004: £82 million). Total market sales, in the eight months to August 2005, were 20%<sup>2</sup> higher, with bancassurance 25% higher.

Sales in the first nine months were higher than the corresponding period in 2004 across all Aviva's Italian bancassurance partnerships. In a market characterised by low interest rates, the significant increase in savings business reflects increasing customer demand for single premium products with guarantees. In 2005, many of Aviva's banking partners have focused marketing activity in the first half of the year with lower sales levels from autumn onwards.

Sales through UniCredito Italiano were 15% higher at £647 million (2004: £557 million), mainly as a result of increased sales of single premium unit-linked savings business compared to last year.

Following the extension of the agreement with Banche Popolari Unite (BPU) earlier this year for distribution through a further 380 branches, sales achieved significant growth of 164% to £505 million (2004: £188 million). Growth in single premium profit-sharing business has been strong in the third quarter of 2005.

Strong sales of single premium profit-sharing business also helped Banca Popolare Italiana Group achieve an excellent performance with total sales 79% higher at £423 million (2004: £234 million).

Sales through Banca delle Marche were 25% higher at £139 million (2004: £110 million), following successful sales of profit sharing business.

New business contribution increased to £46 million (2004: £35 million) reflecting the strong growth in sales. The lower margin at 2.5% (full year 2004: 2.7%) reflected business mix, with a higher proportion of lower margin structured investment bonds and profit sharing business.

#### **Netherlands:**

Total sales, including investment sales, increased strongly by 27% to £2,023 million (2004: £1,586 million). Sales through the joint venture with ABN AMRO increased by 15% to £450 million (2004: £384 million).

Pension and annuity sales were £1,050 million<sup>3</sup> (2004: £670 million). Annuity sales continued to perform well in ABN AMRO and the direct division, increasing by 43% to £308 million (2004: £214 million), due to greater market awareness of their

<sup>1</sup> Based on the volume measure of total sales (single plus annualised regular premiums).

<sup>2</sup> Market sales growth is calculated using the volume measure, single plus annualised regular premiums.

<sup>3</sup> The 2005 figure includes £270 million of sales that have been identified as being more appropriately classified as pensions business and would have been reported as life business using the 2004 classification.

annuity products, following special offers during the first half of the year. There was good growth in sales in the competitive group pensions market with the quarter characterised by the intermediary division winning a large number of small contracts.

Life and savings sales were £692 million (2004: £779 million). Within this, bonds and savings sales showed steady performance. Investment sales were £281 million (2004: £137 million), continuing the sales momentum from the first half of the year as Delta Lloyd products are included within investment offerings of various banks.

New business contribution was £55 million (2004: £57 million) with a margin of 3.2% (full year 2004: 3.7%). The reduction is as a result of the decrease in the interest rates applied in calculating the new business contribution, which were lower by 60 basis points at the start of 2005. The margins would be broadly unchanged from 2004, if this effect is excluded.

#### **Poland:**

In Poland, total life and pension new business sales were £196 million (2004: £181 million). CU Polska continued to hold first and second positions in the pensions and life markets respectively in the first half of 2005. CU Polska has entered into a bancassurance agreement with Deutsche Bank to sell short-term endowments and it is currently in advanced stages of finalising a number of other alliances with banking distribution partners.

Life sales were higher at £96 million (2004: £78 million) as a result of increased sales of single premium savings products. CU Polska has developed a wide range of regular and single premium products, designed to meet the protection and long-term savings needs of individual and group customers. Recent enhancement of some of these flexible products, combined with improvements in distribution capability, delivered sales growth of 6% in local currency terms.

Pension sales were £100 million (2004: £103 million). The prior year included exceptional sales of £26 million made through the Polish Pension State Agency derived from employees who had not chosen a pension provider. Following legislative changes prompted by competition issues, CU Polska and two other pension companies have been excluded from this business in 2005.

Mutual fund sales were lower at £36 million (2004: £59 million) reflecting continued investor caution towards long-term investments and a preference for fixed-income funds.

#### **Spain:**

Total new business sales were £1,353 million (2004: £1,539 million), with the year-on-year comparisons affected by one-off sales (2005: £25 million through Aviva Vida y Pensiones; 2004: £177 million through Caixa Galicia). Aviva continues to be a leading bancassurer in the Spanish life market and was number four in the market overall in the first half of 2005, based on gross written premiums.

Sales through bancassurance partnerships in the first nine months were focused on higher margin protection and pension business. Total sales were lower at £1,217 million (2004: £1,458 million) as a result of lower sales of savings business in an increasingly competitive market place. Aviva continues to increase penetration of its banking partners' customer bases through a number of initiatives. These include launching new products to specific customer segments and expanding distribution coverage.

At Aviva Vida y Pensiones, which distributes through a direct sales force and intermediaries, new business sales increased to £136 million (2004: £81 million). Most of this significant increase was due to strong sales of individual pensions and unit-linked life business, and included one-off sales of £25 million (2004: nil) in respect of large group savings and risk schemes.

New business contribution has increased by 18% to £116 million (2004: £97 million) and the new business margin to 8.6% (full year 2004: 6.8%) as a result of the greater focus on higher margin protection products.

Growth potential remains strong in the Spanish bancassurance channels. During the final quarter of the year, the focus will again be on sales of tax advantaged pension plans ahead of the close of the fiscal year in December.

#### **Other Europe:**

Life and pension sales from Aviva's other European businesses increased by 18% to £574 million (2004: £482 million).

New business sales in Germany were 29% higher at £266 million (2004: £203 million). This increase reflects good levels of sales of profit sharing savings products and credit life products as the market starts to show some recovery.

In Turkey, where Aviva is a top-five life and pensions provider, total new business sales increased to £106 million (2004: £85 million), continuing to reflect good levels of personal pensions business. Single premium pension sales were boosted by £13 million of transfers from existing life policies ahead of the regulatory deadline<sup>4</sup> of October 2006.

Sales though Norwich Union's Dublin based offshore life and savings business were £100 million (2004: £78 million).

Aviva's businesses in the Czech Republic, Hungary, Lithuania, Portugal and Romania account for the remaining life and pension sales of £102 million (2004: £116 million). The prior year comparative is affected by one-off sales of £38 million resulting from pension reform legislation in Lithuania. On 7 October 2005, Aviva completed the disposal of its 50%

<sup>4</sup> Turkish legislation for pension business, which came into effect from August 2004, allows for transfers from existing life policies to new pension policies with the same life company until October 2006. Pensions business has advantages in terms of the range of investment funds and a lower tax charge on benefits at maturity/retirement.

shareholding in Eurovida, its Portuguese life joint venture company, to its banking partner, Banco Popular Portugal for a profit.

Sales of Luxembourg UCITS showed a strong increase to £325 million (2004: £172 million) as a result of improved investor sentiment and further development of broker relationships and distribution channels. The focus in this quarter was on strengthening the sales team in Italy and broadening the offerings in Spain.

Aviva has opened a representative office in Moscow while it continues to evaluate opportunities in the Russian market.

#### **International:**

##### **Asian businesses:**

In line with Aviva's longer-term strategic ambitions for the region, Aviva continues to achieve an underlying strong rate of growth in new business sales generated by its Asian businesses. Total sales from the operations in Asia were £250 million (2004: £237 million).

Singapore: Sales were £147 million (2004: £191 million), with year-on-year comparisons affected by the limited period single premium product offering which generated sales of £98 million in the course of the third quarter of 2004. On an underlying basis, growth of 53% was achieved, reflecting the strong partnership with banking group DBS, together with increased sales from alternative distribution channels. The partnership has 46% of the bancassurance regular premium new business market. Aviva also remains the market leader in the developing broker market, and the employee benefits and healthcare business segment. Total Navigator Asia sales, which are not included in the new business figures, continued to increase significantly to £57 million (2004: £9 million), reflecting strong distribution relationships with key brokers and an increase in the number of funds offered.

Hong Kong: Sales continued to grow strongly to £59 million (2004: £30 million) reflecting good performance from the partnership with DBS in Hong Kong. The IFA channel, which was launched towards the end of 2004, accounted for 15% of these sales.

India: Total sales from the joint venture life business with Dabur increased to £86 million (2004: £46 million), ranking Aviva seventh amongst private providers. Aviva's 26% attributable share of new business sales was £22 million (2004: £12 million). Distribution is through the growing direct sales force, now numbering over 6,000, and the bancassurance channel. 11 new bancassurance agreements with co-operative banks have been signed during 2005, bringing the total number of bancassurance agreements to 17.

China: Sales through the joint venture life business, Aviva COFCO, continue to grow rapidly. Total sales were £45 million (2004: £8 million). Aviva's 50% share of new business sales was £22 million (2004: £4 million). Aviva has recently received a full branch licence for Fuzhou, the capital city of Fujian province. This brings the total number of major cities where Aviva is licensed to four, with sales offices in a further five cities. Applications for additional licences have been made to the China Insurance Regulatory Commission.

##### **Australia:**

Life and pension sales increased by 11% to £253 million (2004: £227 million) with strong performance from enhanced protection products launched in late 2004 and growth from single premium corporate pension transfers. Investment sales continued recent good performance increasing 81% to £176 million (2004: £94 million).

While not included in the new business figures, sales of Navigator, the master trust fund administration business, increased to £611 million (2004: £482 million) as a result of ongoing improvements in product offerings and customer service. During the quarter the business also launched a simplified version of the Navigator product, "Navigator Access", which targets lower account balances, to broaden the distribution range of the product set.

Aviva has also agreed strategic investments and alliances with a number of distribution partners, to enhance future sales volumes. These include strategic stakes in Professional Investment Holdings and Financial Technology Securities and a product alliance with HBOS to utilise Aviva's Navigator platform to administer HBOS's clients' investments.

##### **United States:**

Life and pension sales continued to grow strongly, increasing by 54%, to £393 million (2004: £273 million), benefiting from a wider product offering and ongoing distribution improvements. In particular, third quarter sales performed well being 64% higher than the corresponding period in 2004. New products included a fixed-indexed annuity, a new single premium deferred annuity and a bank deferred annuity.

## Notes to Editors

1. Aviva is one of the leading providers of life and pensions to Europe with substantial positions in other markets around the world, making it the world's sixth largest insurance group based on gross worldwide premiums and market capitalisation at 31 December 2004.

Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide total income of £40 billion and assets under management of £280 billion at 31 December 2004.

The Aviva media centre at [www.aviva.com/media](http://www.aviva.com/media) includes images, company and product information and a news release archive.

2. All figures have been translated at average exchange rates applying for the period. The average rates employed in this announcement are 1 euro = £0.68 (nine months to 30 September 2004: 1 euro = £0.68).
3. All growth rates are quoted in local currency.
4. Definitions:

**Present value of new business premiums (PVNBP)** is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

**New business contribution** is the present value of the projected stream of after-tax distributable earnings from new life and pensions sales. New business contribution before tax is calculated by grossing up the new business contribution after-tax at the full corporation tax rate for UK business and at appropriate rates of tax for other countries.

**New business margin** is a calculation based on new business contribution (before the effect of required capital) divided by sales measured on a PVNBP basis.

5. Cautionary statements:

This announcement may contain "forward-looking statements" with respect to certain of Aviva's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Aviva's control, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Aviva and its affiliates operate. As a result, Aviva's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Aviva's forward-looking statements.

Aviva undertakes no obligation to update the forward-looking statements contained in this announcement or any other forward-looking statements we may make.

Aviva plc is a company registered in England No. 2468686.  
Registered office St Helen's 1 Undershaft London EC3P 3DQ



# Statistical Supplement

## CONTENTS

### Analyses

1. Present value of new business premiums
2. Analysis of sales via bancassurance channels
3. Detailed analysis of new business contribution
4. Detailed worldwide long-term savings new business analysis
5. Analysis of UK long-term savings by distribution channel
6. Analysis of France long-term savings by distribution channel
7. Annual premium equivalent
8. Principal economic assumptions

**Present value of life new business premiums**

The present value of new business premiums (PVNBP) is derived from the single premiums and regular premiums of the products sold during the financial period and is expressed at the point of sale.

The PVNBP calculation is equal to total single premium sales received in the year plus the discounted value of regular premiums expected to be received over the term of the new contracts. The premium volumes and projection assumptions used to calculate the present value of regular premiums for each product are the same as those used to calculate new business contribution, so the components of the new business margin are on a consistent basis.

The discounted value of regular premiums is also expressed as annualised regular premiums multiplied by a Weighted Average Capitalisation Factor (WACF). The WACF will vary over time depending on the mix of new products sold, the average outstanding term of the new contracts and the projection assumptions. The table below sets out the factors required to derive the present value of regular premiums by business units, and combined with single premium sales derives the present value of future new business premiums.

	30 September 2005				30 Sept 2004	
	Regular premiums £m	Weighted average capitalisation factor	Present value of regular premiums £m	Single premiums £m	Present value of new business premiums £m	Present value of new business premiums £m
<b>United Kingdom</b>						
Individual pensions	183	5.2	943	924	1,867	2,289
Group pensions	62	5.5	339	388	727	786
Annuities	-	-	-	1,240	1,240	902
Bonds	-	-	-	1,760	1,760	1,681
Protection <sup>1</sup>	103	5.1	525	467	992	1,116
<b>Total life and pensions</b>	<b>348</b>	<b>5.2</b>	<b>1,807</b>	<b>4,779</b>	<b>6,586</b>	<b>6,774</b>
<b>France</b>						
Euro funds <sup>2</sup>	10	5.8	58	1,392	1,450	1,269
Unit-linked funds	29	5.9	171	863	1,034	558
Protection business	16	6.7	107	2	109	110
<b>Total life and pensions</b>	<b>55</b>	<b>6.1</b>	<b>336</b>	<b>2,257</b>	<b>2,593</b>	<b>1,937</b>
<b>Ireland</b>						
Life and savings	12	5.2	62	105	167	122
Pensions	33	4.9	162	175	337	270
<b>Total life and pensions</b>	<b>45</b>	<b>5.0</b>	<b>224</b>	<b>280</b>	<b>504</b>	<b>392</b>
<b>Italy</b>						
Life and savings	45	6.2	278	1,538	1,816	1,206
<b>Total life and pensions</b>	<b>45</b>	<b>6.2</b>	<b>278</b>	<b>1,538</b>	<b>1,816</b>	<b>1,206</b>
<b>Netherlands (including Belgium and Luxembourg)</b>						
Life	51	7.7	393	299	692	779
Pensions	58	8.0	463	587	1,050	670
<b>Total life and pensions</b>	<b>109</b>	<b>7.9</b>	<b>856</b>	<b>886</b>	<b>1,742</b>	<b>1,449</b>
<b>Poland</b>						
Life and savings	13	4.3	56	40	96	78
Pensions	10	7.3	73	27	100	103
<b>Total life and pensions</b>	<b>23</b>	<b>5.6</b>	<b>129</b>	<b>67</b>	<b>196</b>	<b>181</b>
<b>Spain</b>						
Life and savings	46	6.5	301	797	1,098	1,039
Pensions	21	6.0	126	129	255	500
<b>Total life and pensions</b>	<b>67</b>	<b>6.4</b>	<b>427</b>	<b>926</b>	<b>1,353</b>	<b>1,539</b>
<b>Other Europe</b>						
Life and pensions	59	4.3	255	319	574	482
<b>International</b>						
Life and pensions	84	3.9	331	565	896	737
<b>Total</b>	<b>835</b>	<b>5.6</b>	<b>4,643</b>	<b>11,617</b>	<b>16,260</b>	<b>14,697</b>

1 United Kingdom includes single premiums of £278 million (2004: £332 million) in respect of NUER included in Protection business.

2 Euro funds are savings that receive an annual bonus declaration, based on the investment performance of the underlying funds.

## Analysis of sales via our principal bancassurance channels

	Present value of new business premiums <sup>2</sup>	
	9 months to 30 September 2005 £m	Local currency growth <sup>1</sup>
<b>Life and pensions</b>		
<b>United Kingdom</b>		
Royal Bank of Scotland Group	442	33%
	<b>442</b>	<b>33%</b>
<b>France</b>		
Crédit du Nord (commenced 1 October 2004)	560	-
	<b>560</b>	<b>-</b>
<b>Italy</b>		
UniCredito Italiano	647	15%
Banca Popolare Italiana Group	423	79%
Banca delle Marche	139	25%
Banche Popolari Unite	505	164%
	<b>1,714</b>	<b>55%</b>
<b>Netherlands</b>		
ABN AMRO	450	15%
	<b>450</b>	<b>15%</b>
<b>Spain</b>		
Bancaja	588	6%
Caixa Galicia	225	(57%)
Unicaja	196	(2%)
Caja España	119	(1%)
Caja de Granada	89	(2%)
	<b>1,217</b>	<b>(19%)</b>
<b>International</b>		
DBS	148	(29%)
	<b>148</b>	<b>(29%)</b>
<b>Total life and pensions</b>	<b>4,531</b>	<b>30%</b>
<b>Investment sales <sup>3</sup></b>		
<b>United Kingdom</b>		
Royal Bank of Scotland Group	79	39%
	<b>79</b>	<b>39%</b>
<b>Total bancassurance sales</b>	<b>4,610</b>	<b>28%</b>

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

2 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

3 Investment sales are calculated as new single premium plus annualised value of new regular premiums.

## Analysis of total new business sales via the joint venture with Royal Bank of Scotland Group (RBSG)

Total sales through the joint venture with RBSG are provided below on a 100% basis and for Aviva's share. In reporting the life and pensions results, a 50% share of sales written through the joint venture life company and 100% of single premium with-profit and unit-linked bond sales written through a Norwich Union fund are included. Investment sales represent Aviva's 50% share of the collective investment sales.

	Total RBSG sales		Aviva's share	
	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m
Total life and pension sales	606	515	442	333
Collective investment sales	157	114	79	57
<b>Total RBSG bancassurance sales</b>	<b>763</b>	<b>629</b>	<b>521</b>	<b>390</b>

## Detailed analysis of new business contribution

## (a) Before the effect of required capital – PVNBP basis

	Present value of new business premiums <sup>1</sup>		New business contribution <sup>2, 3</sup>		New business margin <sup>4</sup>		
	9 months 2005 £m	9 months 2004 £m	9 months 2005 £m	9 months 2004 £m	9 months 2005 %	9 months 2004 %	Full year 2004 %
<b>Life and pensions business</b>							
<b>United Kingdom</b>	<b>6,586</b>	<b>6,774</b>	<b>198</b>	<b>198</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.9%</b>
France	2,593	1,937	98	64	3.8%	3.3%	3.4%
Ireland	504	392	13	18	2.6%	4.6%	3.4%
Italy	1,816	1,206	46	35	2.5%	2.9%	2.7%
Netherlands (including Belgium and Luxembourg)	1,742	1,449	55	57	3.2%	3.9%	3.7%
Poland	196	181	9	6	4.6%	3.3%	4.6%
Spain	1,353	1,539	116	97	8.6%	6.3%	6.8%
Other Europe	574	482	7	1	1.2%	0.2%	0.6%
<b>Continental Europe</b>	<b>8,778</b>	<b>7,186</b>	<b>344</b>	<b>278</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.9%</b>
<b>International</b>	<b>896</b>	<b>737</b>	<b>33</b>	<b>29</b>	<b>3.7%</b>	<b>3.9%</b>	<b>3.4%</b>
	<b>16,260</b>	<b>14,697</b>	<b>575</b>	<b>505</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.4%</b>

1 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

2 Before effect of required capital.

3 New business contribution before the effect of required capital includes minority interests in 2005 of £110 million (nine months to 30 September 2004: £80 million). This comprises minority interests in France of £15 million (nine months to 30 September 2004: £4 million), Italy £27 million (nine months to 30 September 2004: £19 million), Spain £59 million (nine months to 30 September 2004: £49 million), Poland £2 million (nine months to 30 September 2004: £1 million) and Netherlands £7 million (nine months to 30 September 2004: £7 million).

4 New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.

## (b) Including the effect of required capital

	Present value of new business premiums <sup>1</sup>		New business contribution <sup>2,3</sup>		New business margin <sup>4</sup>		
	9 months 2005 £m	9 months 2004 £m	9 months 2005 £m	9 months 2004 £m	9 months 2005 %	9 months 2004 %	Full year 2004 %
<b>Life and pensions business</b>							
<b>United Kingdom</b>	<b>6,586</b>	<b>6,774</b>	<b>162</b>	<b>162</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.3%</b>
France	2,593	1,937	66	36	2.5%	1.9%	1.9%
Ireland	504	392	11	15	2.2%	3.8%	2.9%
Italy	1,816	1,206	28	23	1.5%	1.9%	1.9%
Netherlands (including Belgium and Luxembourg)	1,742	1,449	28	35	1.6%	2.4%	2.0%
Poland	196	181	8	7	4.1%	3.9%	3.7%
Spain	1,353	1,539	102	79	7.5%	5.1%	5.7%
Other Europe	574	482	4	1	0.7%	0.2%	-
<b>Continental Europe</b>	<b>8,778</b>	<b>7,186</b>	<b>247</b>	<b>196</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.9%</b>
<b>International</b>	<b>896</b>	<b>737</b>	<b>20</b>	<b>22</b>	<b>2.2%</b>	<b>3.0%</b>	<b>2.3%</b>
	<b>16,260</b>	<b>14,697</b>	<b>429</b>	<b>380</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.5%</b>

- 1 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.
- 2 New business contribution is after the effect of required capital. The effect of required capital represents the impact of holding the required capital (expressed as a % of minimum European Union (EU) solvency margin or equivalent for non-EU operations) and discounting to present value the projected future releases from the required capital to shareholders.
- 3 New business contribution after the effect of required capital includes minority interests in 2005 of £83 million (nine months to 30 September 2004: £61 million). This comprises minority interests in France of £8 million (nine months to 30 September 2004: nil), Italy £17 million (nine months to 30 September 2004: £13 million), Spain £52 million (nine months to 30 September 2004: £41 million), Poland £1 million (nine months to 30 September 2004: £1m) and Netherlands £5 million (nine months to 30 September 2004: £6 million).
- 4 New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.

**(c) New business contribution – before minority interest, cost of capital and tax**

	Present value of new business premiums		New business contribution <sup>1</sup>		New business margin <sup>2</sup>		
	9 months 2005 £m	9 months 2004 £m	9 months 2005 £m	9 months 2004 £m	9 months 2005 %	9 months 2004 %	Full year 2004 %
<b>Analysed between:</b>							
- Bancassurance channels	4,531	3,497	219	167	4.8%	4.8%	4.9%
- Other distribution channels	11,729	11,200	356	338	3.0%	3.0%	3.0%
<b>Attributable to equity shareholders</b>	<b>16,260</b>	<b>14,697</b>	<b>575</b>	<b>505</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.4%</b>

1 Stated before the effect of required capital.

2 New business margin represents the ratio of new business contribution before deducting cost of capital, tax and minority interest to PVNBP before deducting the minority share, expressed as a percentage.

**(d) New business contribution – after minority interest, cost of capital and tax**

	Present value of new business premiums <sup>1</sup>		New business contribution <sup>2</sup>		New business margin <sup>3</sup>		
	9 months 2005 £m	9 months 2004 £m	9 months 2005 £m	9 months 2004 £m	9 months 2005 %	9 months 2004 %	Full year 2004 %
<b>Analysed between:</b>							
- Bancassurance channels	2,382	1,956	64	50	2.7%	2.6%	2.7%
- Other distribution channels	11,461	10,892	174	173	1.5%	1.6%	1.5%
<b>Attributable to equity shareholders</b>	<b>13,843</b>	<b>12,848</b>	<b>238</b>	<b>223</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.6%</b>

1 Stated after deducting the minority interest of sales.

2 Contribution stated after deducting cost of required capital, tax and minority interest.

3 New business margin represents the ratio of new business contribution after deducting cost of required capital, tax and minority interest to PVNBP after deducting the minority share, expressed as a percentage.

## Detailed worldwide long-term savings new business analysis

	Single			Regular			Total
	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>1</sup>	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
<b>United Kingdom</b>							
Individual pensions	924	1,267	(27%)	183	205	(11%)	(25%)
Group pensions	388	406	(5%)	62	73	(15%)	(6%)
Annuities	1,240	902	38%	-	-	-	38%
Bonds	1,760	1,681	5%	-	-	-	5%
Protection	467	482	(3%)	103	130	(21%)	(7%)
<b>Total life and pensions</b>	<b>4,779</b>	<b>4,738</b>	<b>1%</b>	<b>348</b>	<b>408</b>	<b>(15%)</b>	<b>0%</b>
Peps/Isas/Unit trusts/Oeics	840	647	30%	15	17	(12%)	29%
	<b>5,619</b>	<b>5,385</b>	<b>4%</b>	<b>363</b>	<b>425</b>	<b>(15%)</b>	<b>3%</b>
<b>France</b>							
Euro funds <sup>2</sup>	1,392	1,214	13%	10	8	23%	13%
Unit-linked funds	863	474	80%	29	16	79%	80%
Protection business	2	31	(94%)	16	13	23%	(60%)
	<b>2,257</b>	<b>1,719</b>	<b>30%</b>	<b>55</b>	<b>37</b>	<b>47%</b>	<b>30%</b>
<b>Ireland</b>							
Life and savings	105	32	223%	12	14	(15%)	151%
Pensions	175	97	78%	33	36	(10%)	54%
	<b>280</b>	<b>129</b>	<b>114%</b>	<b>45</b>	<b>50</b>	<b>(11%)</b>	<b>79%</b>
<b>Italy</b>							
Life and savings	1,538	1,018	49%	45	31	43%	49%
	<b>1,538</b>	<b>1,018</b>	<b>49%</b>	<b>45</b>	<b>31</b>	<b>43%</b>	<b>49%</b>
<b>Netherlands (including Belgium &amp; Luxembourg)</b>							
Life	299	344	(14%)	51	70	(28%)	(17%)
Pensions	587	446	30%	58	33	73%	33%
<b>Total life and pensions</b>	<b>886</b>	<b>790</b>	<b>11%</b>	<b>109</b>	<b>103</b>	<b>4%</b>	<b>10%</b>
Unit trusts	281	137	102%	-	-	-	102%
	<b>1,167</b>	<b>927</b>	<b>24%</b>	<b>109</b>	<b>103</b>	<b>4%</b>	<b>22%</b>
<b>Poland</b>							
Life and savings	40	28	25%	13	11	2%	18%
Pensions	27	14	69%	10	12	(26%)	25%
<b>Total life and pensions</b>	<b>67</b>	<b>42</b>	<b>38%</b>	<b>23</b>	<b>23</b>	<b>(14%)</b>	<b>20%</b>
Mutual funds	34	58	(49%)	2	1	107%	(47%)
	<b>101</b>	<b>100</b>	<b>(12%)</b>	<b>25</b>	<b>24</b>	<b>(10%)</b>	<b>(12%)</b>
<b>Spain</b>							
Life and savings	797	857	(8%)	46	37	22%	(7%)
Pensions	129	334	(62%)	21	26	(19%)	(59%)
	<b>926</b>	<b>1,191</b>	<b>(23%)</b>	<b>67</b>	<b>63</b>	<b>5%</b>	<b>(22%)</b>
<b>Other Europe</b>							
Life and pensions	319	226	39%	59	58	2%	31%
UCITS and other	325	172	86%	-	-	-	86%
	<b>644</b>	<b>398</b>	<b>60%</b>	<b>59</b>	<b>58</b>	<b>2%</b>	<b>31%</b>
<b>International</b>							
Life and pensions	565	464	21%	84	75	9%	19%
Unit trusts	176	94	81%	-	-	-	81%
	<b>741</b>	<b>558</b>	<b>31%</b>	<b>84</b>	<b>75</b>	<b>9%</b>	<b>28%</b>
<b>Total long-term savings</b>	<b>13,273</b>	<b>11,425</b>	<b>15%</b>	<b>852</b>	<b>866</b>	<b>(3%)</b>	<b>14%</b>
<i>Analysed:</i>							
Life and pensions	11,617	10,317	12%	835	848	(3%)	11%
Investment sales	1,656	1,108	47%	17	18	(7%)	46%
<b>Total long-term savings</b>	<b>13,273</b>	<b>11,425</b>	<b>15%</b>	<b>852</b>	<b>866</b>	<b>(3%)</b>	<b>14%</b>
Navigator sales (not included above)	668	491	31%	-	-	-	-

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

2 Euro funds are savings that receive an annual bonus declaration, based on the investment performance of the underlying funds.

## Analysis of UK long-term savings by distribution channel

	Single			Regular			Total
	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>1</sup>	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
IFA							
- life & pensions products	3,486	3,526	(1%)	275	328	(16%)	(2%)
- investment products	449	290	55%	-	1	-	54%
	<b>3,935</b>	<b>3,816</b>	<b>3%</b>	<b>275</b>	<b>329</b>	<b>(16%)</b>	<b>2%</b>
Bancassurance partnership with RBSG							
- life & pensions products	365	279	31%	17	12	42%	31%
- investment products	65	42	55%	14	15	(7%)	39%
	<b>430</b>	<b>321</b>	<b>34%</b>	<b>31</b>	<b>27</b>	<b>15%</b>	<b>32%</b>
Other partnerships/Direct							
- life & pensions products	927	933	(1%)	56	68	(18%)	(2%)
- investment products	327	315	4%	1	1	-	4%
	<b>1,254</b>	<b>1,248</b>	<b>-</b>	<b>57</b>	<b>69</b>	<b>(17%)</b>	<b>-</b>
<b>Total UK long-term savings</b>	<b>5,619</b>	<b>5,385</b>	<b>4%</b>	<b>363</b>	<b>425</b>	<b>(15%)</b>	<b>3%</b>

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

Annual premium equivalent <sup>1</sup>

	Life and pensions sales		Investment sales		Total sales	
	9 months to 30 September 2005 £m	Local currency growth <sup>2</sup>	9 months to 30 September 2005 £m	Local currency growth <sup>2</sup>	9 months to 30 September 2005 £m	Local currency growth <sup>2</sup>
IFA	623	(8%)	45	50%	668	(6%)
Bancassurance partnership with RBSG	54	34%	21	8%	75	27%
Other partnerships/Direct	149	(8%)	33	2%	182	(6%)
<b>Total UK long-term savings</b>	<b>826</b>	<b>(6%)</b>	<b>99</b>	<b>21%</b>	<b>925</b>	<b>(4%)</b>

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

2 Growth rates are calculated based on constant rates of exchange.

## Analysis of France long-term savings by fund

	Single			Regular			Total
	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>1</sup>	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
AFER							
- Euro funds <sup>2</sup>	954	1,009	(6%)	-	-	-	(6%)
- Unit-linked funds	276	159	73%	-	-	-	73%
	<b>1,230</b>	<b>1,168</b>	<b>5%</b>	-	-	-	<b>5%</b>
Bancassurance partnership with Crédit du Nord							
- Euro funds	266	-	-	3	-	-	-
- Unit-linked funds	194	-	-	13	-	-	-
- Protection	1	-	-	1	-	-	-
	<b>461</b>	-	-	<b>17</b>	-	-	-
Other							
- Euro funds	172	205	(17%)	7	8	(9%)	(17%)
- Unit-linked funds	393	315	24%	16	16	(4%)	22%
- Protection	1	31	(97%)	15	13	16%	(64%)
	<b>566</b>	<b>551</b>	<b>2%</b>	<b>38</b>	<b>37</b>	<b>2%</b>	<b>2%</b>
<b>Total France long-term savings</b>	<b>2,257</b>	<b>1,719</b>	<b>30%</b>	<b>55</b>	<b>37</b>	<b>47%</b>	<b>30%</b>

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

2 Euro funds are savings that receive an annual bonus declaration, based on the investment performance of the underlying funds.



## Annual premium equivalent

	Annual premium equivalent <sup>1</sup>		
	9 months to 30 September 2005 £m	9 months to 30 September 2004 £m	Local currency growth <sup>2</sup>
<b>Life and pensions</b>			
<b>United Kingdom</b>	<b>826</b>	<b>882</b>	<b>(6%)</b>
France	281	209	33%
Ireland	73	63	14%
Italy	199	133	48%
Netherlands (including Belgium and Luxembourg)	198	182	7%
Poland	30	27	(6%)
Spain	160	182	(14%)
Other Europe	91	81	12%
<b>Continental Europe</b>	<b>1,032</b>	<b>877</b>	<b>16%</b>
<b>International</b>	<b>139</b>	<b>121</b>	<b>13%</b>
<b>Total life and pensions</b>	<b>1,997</b>	<b>1,880</b>	<b>5%</b>
<b>Investment sales</b>			
<b>United Kingdom</b>	<b>99</b>	<b>82</b>	<b>21%</b>
Netherlands	28	14	103%
Poland	5	7	(32%)
Other Europe	33	17	87%
<b>Continental Europe</b>	<b>66</b>	<b>38</b>	<b>68%</b>
<b>International</b>	<b>18</b>	<b>9</b>	<b>80%</b>
<b>Total investment sales</b>	<b>183</b>	<b>129</b>	<b>40%</b>
<b>Total long-term savings</b>	<b>2,180</b>	<b>2,009</b>	<b>7%</b>

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

2 Growth rates are calculated based on constant rates of exchange.

**Principal economic assumptions – deterministic calculations**

Economic assumptions are derived actively, based on market yields on risk-free fixed interest assets at the end of each reporting period. The same margins are applied on a consistent basis across the Group to gross risk-free yields to obtain investment return assumptions for ordinary shares and property and to produce risk discount rates. Expense inflation is derived as a fixed margin above a local measure of long-term price inflation. Risk-free rates and price inflation have been harmonised across territories within the Euro currency zone, except for expense inflation in Ireland where significant differences remain. Required capital is shown as a multiple of the EU statutory minimum solvency margin.

Investment return assumptions are generally derived by major product class, based on hypothecating the assets at the valuation date. Assumptions about future investment mix are consistent with long-term plans. In most cases, the investment mix is assumed to continue unchanged throughout the projection period. The changes in assumptions between reporting dates reflect the actual movements in risk-free yields in the United Kingdom, the Eurozone and other territories. The principal economic assumptions used are as follows:

	<b>United Kingdom</b>		<b>France</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Risk discount rate	7.3%	7.5%	6.4%	7.0%
Pre-tax investment returns:				
Base government fixed interest	4.6%	4.8%	3.7%	4.3%
Ordinary shares	7.6%	7.8%	6.7%	7.3%
Property	6.6%	6.8%	5.7%	6.3%
Future expense inflation	3.3%	3.4%	2.5%	2.5%
Tax rate	30.0%	30.0%	34.9%	35.4%
Required Capital (% EU minimum)	200%* / 100%	200% / 100%	115%	115%
	<b>Ireland</b>		<b>Italy</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Risk discount rate	6.4%	7.0%	6.4%	7.0%
Pre-tax investment returns:				
Base government fixed interest	3.7%	4.3%	3.7%	4.3%
Ordinary shares	6.7%	7.3%	6.7%	7.3%
Property	5.7%	6.3%	5.7%	6.3%
Future expense inflation	4.0%	4.0%	2.5%	2.5%
Tax rate	12.5%	12.5%	38.3%	38.3%
Required Capital (% EU minimum)	150%	150%	115%	115%
	<b>Netherlands</b>		<b>Poland</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Risk discount rate	6.4%	7.0%	9.7%	9.7%
Pre-tax investment returns:				
Base government fixed interest	3.7%	4.3%	6.0%	6.0%
Ordinary shares	6.7%	7.3%	9.0%	9.0%
Property	5.7%	6.3%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.4%	3.4%
Tax rate	31.5%**	25.0%	19.0%	19.0%
Required Capital (% EU minimum)	150%	150%	150%	150%
	<b>Spain</b>			
	<b>2004</b>	<b>2003</b>		
Risk discount rate	6.4%	7.0%		
Pre-tax investment returns:				
Base government fixed interest	3.7%	4.3%		
Ordinary shares	6.7%	7.3%		
Property	5.7%	6.3%		
Future expense inflation	2.5%	2.5%		
Tax rate	35.0%	35.0%		
Required Capital (% EU minimum)	125% / 110%	125% / 110%		

\* Required capital for UK annuities has been changed from 200% to 150% for 2005 life new business.

\*\* In the Netherlands, the tax rate assumed in determining the embedded value as at 31 December 2004 was changed from 25%, which was the average rate of tax assumed by the intermediary division, to the full rate of corporation tax in the Netherlands. This change reflects the calculation refinements now adopted for the intermediary division, and the reduction in corporation tax from 34.5% to 31.5%, which was effective from 1 January 2005.