

7 February 2006

**Aviva plc**  
**Worldwide long-term savings new business**  
**Twelve months to 31 December 2005**

- **Strong worldwide total sales<sup>1</sup> growth of 10%<sup>2</sup> (£24.6 billion; 2004: £22.3 billion)**
- **International total sales growth of 16% (£14.4 billion; 2004: £12.3 billion), now contributing 59% of new business**
- **Worldwide bancassurance total sales growth of 22% (£6.2 billion; 2004: £5.0 billion), demonstrating continued success in this channel**
- **UK sales robust (£10.2 billion; 2004: £10.0 billion); sales continued to increase quarter-on-quarter and best sales performance by the joint venture with the Royal Bank of Scotland Group since it was formed**
- **Record year for investment sales, growth of 45% (£2.4 billion; 2004: £1.6 billion)**

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

“Our long-term savings business is flourishing, thanks to our strong international portfolio, which delivered 16% growth in sales in 2005, demonstrating our ability to develop our existing businesses and to add distribution. We are particularly pleased both by the results from France, Italy and the Netherlands, which achieved consistently good performances throughout the year, and by the highly promising performances from our Asian and US businesses.

“The UK business finished 2005 on a robust note and the final quarter was the strongest of the year. We’re building real momentum, continuing to manage our business for value and gaining market share in the second half of the year. We’re well placed to take advantage of what we anticipate will be good UK market growth in 2006.

“We are confident of further growth for Aviva in 2006.”

<b>Financial highlights</b>	<b>12 months to 31 December 2005</b>	<b>12 months to 31 December 2004</b>	<b>Local currency growth</b>
<b>Aviva International</b>			
Life and pensions new business sales	£13,193m	£11,489m	14%
Investment sales	£1,239m	£770m	56%
Total long-term savings new business sales	£14,432m	£12,259m	16%
<b>Aviva UK</b>			
Life and pensions new business sales	£9,053m	£9,172m	(1%)
Investment sales	£1,160m	£859m	35%
Total long-term savings new business sales	£10,213m	£10,031m	2%
<b>Aviva Group</b>			
Life and pensions new business sales	£22,246m	£20,661m	7%
Investment sales	£2,399m	£1,629m	45%
Total long-term savings new business sales	£24,645m	£22,290m	10%

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.

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There will be a conference call today for wire services at 7:45am (UK time) on +44 (0)20 7162 0125. 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 0025. This conference call will be hosted by Philip Scott, group executive director.

Replay will be available for two weeks until 20 February 2006. The dial in number for replay is +44 (0)20 7031 4064 and the pass code is 689579.

**Present value of new business premiums<sup>1</sup>**

	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>2</sup>
<b>Life and pensions</b>			
<b>United Kingdom</b>	<b>9,053</b>	<b>9,172</b>	<b>(1%)</b>
France	3,530	2,782	26%
Ireland	665	561	18%
Italy	2,294	1,799	27%
Netherlands (including Belgium and Luxembourg)	2,407	2,168	10%
Poland	285	241	4%
Spain	2,013	2,110	(5%)
Other Europe	739	804	(9%)
<i>Continental Europe</i>	<i>11,933</i>	<i>10,465</i>	<i>13%</i>
<i>Rest of the World</i>	<i>1,260</i>	<i>1,024</i>	<i>21%</i>
<b>International</b>	<b>13,193</b>	<b>11,489</b>	<b>14%</b>
<b>Total life and pensions</b>	<b>22,246</b>	<b>20,661</b>	<b>7%</b>
<b>Investment sales<sup>3</sup></b>			
<b>United Kingdom</b>	<b>1,160</b>	<b>859</b>	<b>35%</b>
Netherlands	563	196	186%
Poland	53	77	(44%)
Other Europe	410	254	60%
<i>Continental Europe</i>	<i>1,026</i>	<i>527</i>	<i>89%</i>
<i>Rest of the World</i>	<i>213</i>	<i>243</i>	<i>(16%)</i>
<b>International</b>	<b>1,239</b>	<b>770</b>	<b>56%</b>
<b>Total investment sales</b>	<b>2,399</b>	<b>1,629</b>	<b>45%</b>
<b>Total long-term savings</b>	<b>24,645</b>	<b>22,290</b>	<b>10%</b>
Navigator sales (not included above)	938	661	37%

- 1 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.
- 2 Growth rates are calculated based on constant rates of exchange.
- 3 Investment sales are calculated as new single premium plus annualised value of new regular premiums.

**United Kingdom:**

Norwich Union delivered a solid performance in 2005 with total sales, including investments, up by 2% to £10,213 million (2004: £10,031 million). Fourth quarter sales of £2,772 million were 7% higher than the fourth quarter in 2004 as well as the highest quarter of the year, reflecting a continued improvement in performance for 2005. In the second half of the year Norwich Union took the appropriate pricing actions in order to generate medium-term, profitable growth. This has allowed the company to further strengthen its market leading position with a market share of 11.6% in the third quarter of 2005.

Individual pension sales for the year, which include group personal pension business, were lower at £2,597 million (2004: £3,115 million) reflecting a withdrawal from writing less profitable business in the first part of the year. However, fourth quarter sales of £730 million were the third consecutive quarter of growth. This increasing sales trend reflects actions taken during the year to improve Norwich Union's product and price positioning ahead of Pensions Simplification in April 2006. Corporate pensions sales growth was 4% to £1,019 million (2004: £980 million), with a very successful fourth quarter with sales of £292 million. Norwich Union is well-positioned to deliver on the opportunities the pension market offers with a broad product range, which will be further strengthened when a new SIPP product is launched this month.

A very strong full year performance was achieved in annuities with sales of £1,585 million, 24% ahead of 2004 (2004: £1,278 million) reflecting competitive pricing by Norwich Union throughout 2005.

Full year bond sales grew by 10% to £2,483 million (2004: £2,260 million). Norwich Union delivered an excellent fourth quarter performance with sales of £723 million representing the highest sales quarter since the start of 2004. Within this, unit-linked bond sales amounted to £1,879 million, representing an increase of 29% for 2005, with fourth quarter sales of £581 million being the highest of the year. This sales performance was delivered through a broad product range, which includes Norwich Union's with-profits, property, manager of manager and guaranteed products, assisted by rising stock markets throughout the year.

After a very strong equity performance over the last three years, the with-profits funds are rated financially very strong and Norwich Union is well-positioned to write new with-profits business. To take advantage of this, Norwich Union recently announced the launch of a new with-profits bond offering a guarantee which provides capital protection including retail price inflation guarantees, believed to be the only guarantee of this type in the marketplace.

Collective investment sales performed very well with sales increasing 35% to £1,160 million (2004: £859 million). Norwich Union has continued its focus on collective investments, as a core part of its overall investment proposition, and is looking to significantly increase this with the launch of its new UK growth and value fund which has JP Morgan as the fund manager.

During the fourth quarter Norwich Union launched its unique "protection promise" which gives customers instant life cover during application. This, coupled with the company's strategy to retain a leadership position in this important market, contributed to quarterly protection sales which were the highest of the year, at £281 million. However sales for the year were lower at £995 million (2004: £1,061 million) reflecting the slow-down of the housing market and associated sales of protection products. Norwich Union priced consistently to ensure a competitive pricing position in the second half of the year and will continue this approach throughout 2006.

Sales of equity release products remained robust in the fourth quarter at £96 million, although full year sales were lower at £374 million (2004: £478 million), reflecting the decline in the overall market. Norwich Union remains the market leader in providing a range of equity release products and is confident that this market will grow over the medium-term.

The joint venture with the Royal Bank of Scotland Group (RBSG) delivered the best sales performance since the venture was formed. Total sales increased by 18% to £1,085 million (2004: £917 million). Norwich Union's share of sales through the joint venture, including investments, increased by 34% to £742 million (2004: £555 million). This performance was a result of the introduction of a full product range and the successful alignment of sales and bank operations. Norwich Union is confident that this momentum will continue in 2006.

Norwich Union further strengthened its multi-distribution footprint during 2005, securing 18 multi-tie agreements, more than any other product provider, with distributors including Sesame, Bankhall and Barclays. In addition, the company signed an agreement with Co-operative Insurance Society (CIS) for the distribution of a unit-linked bond and inheritance tax planning through CIS's financial advisers.

Norwich Union now wholly owns the Lifetime Group, the wrap<sup>1</sup> platform, which is spearheading the development of wraps in the UK. The company expects growth to materialise from Lifetime during 2006 as advisers and investors, who seek greater flexibility and diversity of savings, look to utilise this technology in financial planning and portfolio management.

Further market growth is expected in 2006 as customers' appetite for investments improves, and in pensions where A-Day is already driving significant levels of advisor activity. The company has built significant sales momentum in the second half of 2005 and expects this to continue into 2006 as a result of actions already undertaken and a strong product pipeline through 2006.

## **Continental Europe:**

### **France:**

Aviva France achieved sales growth of 26% to £3,530 million (2004: £2,782 million) with a strong full year's contribution from the bancassurance joint venture with Crédit du Nord of £728 million (fourth quarter 2004: £127 million). Unit-linked sales grew 73% to £1,423 million (2004: £818 million) representing 42% of Aviva France total savings sales compared with 24%<sup>2</sup> for the French individual savings market in the 12 months to December 2005. This performance reflects Aviva's strategic focus on higher margin unit-linked products and the benefit from strongly performing equity markets.

AFER, France's largest retirement savings association, attracted 34,000 new members in 2005 taking membership to over 638,000 at the end of the year. Unit-linked AFER sales grew strongly by 78% to £367 million (2004: £205 million) accounting for 22% of sales (2004: 13%), while Euro fund sales fell by 6% resulting in overall AFER sales growth of 5% to £1,685 million after an excellent 2004 (2004: £1,594 million).

Unit-linked sales, excluding sales through the strategic partnerships with AFER and Crédit du Nord, were up 18% to £703 million (2004: £590 million), representing 71% of savings sales through these channels. Euro fund sales were 15% lower reflecting the focus on unit-linked sales, with overall sales growing by 5% to £1,117 million (2004: £1,061 million).

Aviva Gestion d'Actifs continues to invest funds on behalf of Aviva France and its clients, demonstrating its expertise through the achievement of having 66% of its UCIT funds in the top two quartiles of investment performance in the past 12 months.

As part of Aviva France's ongoing initiatives to ensure that customers receive best advice, Aviva France has implemented tools within its distribution networks to make sure that customers' asset mix reflects their appetite for investment risk and is appropriate for their needs.

Market growth in France in 2005 was 15%<sup>2</sup>, reflecting the strong demand for insurance products. Although some slow down in the rate of market growth in 2006 is expected, significant growth in unit-linked fund investment will continue. With a

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<sup>1</sup> A wrap is an IT service that allows financial advisers to manage and transact on a range of different client investments.

<sup>2</sup> Based on gross written premium.

diversified distribution capability, market-leading investment performance and award-winning fund management expertise, Aviva France is well positioned for continued growth in unit-linked business.

#### **Ireland:**

Hibernian Life is the third largest Irish life and pension provider with an 18% increase in sales to £665 million (2004: £561 million). This performance benefited from strong sales of single premium business, which increased by 82% to £372 million (2004: £203 million).

New pension sales were 13% higher at £449 million (2004: £393 million) and benefited from a significant number of large contracts across all categories of pensions, reflecting an attractive choice of fund managers.

Life and savings sales increased by 27% to £216 million (2004: £168 million) reflecting the continued success of the guaranteed fund launched in July 2004 and a buoyant market. Life regular premium sales decreased mainly reflecting lower protection sales, following repricing actions during the first quarter.

The agreement for the new bancassurance joint venture with Allied Irish Banks (AIB), Ireland's largest retail bank, was completed on 27 January 2006. This agreement increases Hibernian's Irish market share from 10% to approximately 16% through accessing AIB's bank distribution channel, which complements Hibernian's highly successful intermediary distribution network. The company is excited by the opportunities for growth in 2006 which this joint venture brings to Aviva.

#### **Italy:**

Aviva Italy reported total sales growth of 27% to £2,294 million (2004: £1,799 million), including one-off single premium direct business of £123 million (2004: £82 million). This compares to the Italian market where, total sales in the 11 months to November 2005, were 11%<sup>3</sup> higher, with bancassurance sales also 11%<sup>3</sup> higher.

As anticipated, sales were lower in the second half of 2005, as most of Aviva's banking partners focused their marketing campaigns earlier in the year.

UniCredit Group continues to be one of the most successful bancassurers in Italy with sales of £778 million (2004: £843 million). UniCredit Group plans to widen its product range with the introduction of new single premium protection and improved unit-linked products in 2006. In addition, the company intends to place greater focus on regular premium business in 2006, building on the 18% increase to £125 million achieved in 2005. As a result of the strong relationship with UniCredit Group, Aviva Italy expects to increase its access to the UniCredit Group branch network during 2006.

Banche Popolari Unite achieved sales growth of 140% to £648 million (2004: £268 million) following the extension of the bancassurance agreement earlier in 2005 for distribution through a further 380 branches. New business from single premium profit-sharing products increased significantly during the year and structured investment bonds with limited offer periods also continued to be successful.

Banca Popolare Italiana Group network achieved a sales growth of 38% higher at £530 million (2004: £383 million), driven by single premium profit-sharing business.

Sales through Banca delle Marche were higher at £178 million (2004: £173 million), following successful sales of profit-sharing business.

The long-term growth potential remains strong in the Italian market and Aviva Italy continues to develop its bancassurance relationships. However, as in previous years, the timing of marketing campaigns and new product launches in 2006 will vary during the year and result in some volatility in sales level each quarter.

#### **Netherlands (including Belgium and Luxembourg):**

Delta Lloyd's total sales increased by 25% to £2,970 million (2004: £2,364 million) driven primarily by significantly higher investment sales. Bancassurance sales through the joint venture with ABN AMRO increased by 9% to £543 million (2004: £493 million).

Pension and annuity sales were £1,473 million<sup>4</sup> (2004: £1,050 million). Annuity sales increased by 13% to £354 million (2004: £311 million) reflecting the limited period special offer in the first half of the year. Volumes of annuities slowed in the fourth quarter due to Delta Lloyd's decision not to match competitor pricing actions. Delta Lloyd's pensions sales have tended to fluctuate from quarter to quarter due to the timing and size of contracts, with particularly strong single premium sales achieved in the fourth quarter.

Life and savings sales were £934 million (2004: £1,118 million). Within this, bonds and savings sales performed well in a market characterised by low investment returns and included non-recurring sales in the final quarter of the year in advance of the introduction of a 1.1% insurance tax levy on life premiums from 1 January 2006 in Belgium.

Investment sales increased to £563 million (2004: £196 million) reflecting an excellent fourth quarter performance. This follows the launch of a new fund at the beginning of October and the continued sales momentum from earlier in the year. Delta Lloyd's investment funds are sold through a number of bank, fund manager and fund supermarket partners.

<sup>3</sup> Market sales growth is calculated using the volume measure, single plus annualised regular premiums.

<sup>4</sup> The 2005 figure includes £517 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.

Delta Lloyd expects positive growth to continue in 2006, albeit at a lower rate, supported by recoveries in the economies of the Netherlands and Belgium. The Netherlands market is expected to remain competitive in what is a period of rapid regulatory and fiscal change.

#### **Poland:**

In the first nine months of 2005 CU Polska maintained first and second positions in the private pensions and life markets<sup>5</sup>, respectively. Total life and pension new business sales increased by 4% in 2005 to £285 million (2004: £241 million).

Life sales achieved strong growth of 27% in the year, with sales of £147 million (2004: £106 million) as a result of increased sales of single premium savings products on the back of a favourable market for long-term savings, especially in the second half of the year. The bancassurance agreement with Deutsche Bank signed in October to sell short-term endowments has contributed to this positive result. The long-term growth potential of the Polish life market is strong as household disposable income continues to rise in line with a general improvement in the economic outlook.

Pension sales were £138 million (2004: £135 million). Underlying growth was 12%, excluding exceptional sales in 2004 of £26 million made through the Polish Pension State Agency in respect of employees who had not chosen a pension provider. Following legislative changes prompted by competition issues, CU Polska and two other pension companies were excluded from this business in 2005.

Mutual fund sales were lower at £53 million (2004: £77 million) reflecting investor preference for products distributed through bank channels. In the last quarter of 2005, CU Polska signed a new distribution agreement with a leading bank-owned brokerage house. 2006 is expected to be a good year for the mutual fund industry in Poland, as the positive equity market performance is expected to increase investor confidence.

#### **Spain:**

Aviva is a leading bancassurer in the Spanish life market and was number two in the market overall, based on gross written premiums, in the first nine months of the year.

Total new business sales were £2,013 million (2004: £2,110 million) including one-off sales (2005: £34 million through Aviva Vida y Pensiones; 2004: £242 million through Caixa Galicia). Excluding one-off sales, underlying growth of 6% was achieved. Sales of protection business were strong in a buoyant housing market. Trading conditions in the savings market were more subdued due to low interest rates and pressure on disposable income.

Sales through bancassurance partnerships were £1,793 million (2004: £1,965 million) representing a 4% increase excluding one-off sales in 2004 through Caixa Galicia. The discrete fourth quarter sales of £576 million, represented the highest quarter's sales since the second quarter in 2004 and benefited from pension campaigns in advance of the fiscal year-end. During the year, sales efforts were concentrated on higher margin protection and pension business. Aviva continues to focus on increasing customer penetration of its bancassurance customer bases through initiatives including launching new savings and pension products.

At Aviva Vida y Pensiones, which distributes through a direct sales force and intermediaries, new business sales increased strongly to £220 million (2004: £145 million). Most of this increase was due to strong sales of single premium individual pensions and unit-linked business, and included one-off sales of £34 million (2004: nil) in respect of large group savings and risk schemes.

Aviva Spain is well-placed for future growth through its bancassurance partnerships and Aviva Vida y Pensiones. However, as in previous years, quarterly sales will continue to be variable due to the timing of marketing campaigns with banking partners and the focus on pension business in the last quarter of the year.

#### **Other Europe:**

Life and pension sales from Aviva's other European businesses were £739 million (2004: £804 million).

New business sales in Germany were £332 million (2004: £409 million). This sales performance is in line with the market, where the cessation of tax advantages on endowment products at the end of 2004 resulted in very high sales in that year, with Aviva's sales of profit sharing savings products and credit life products performing well.

Sales through Norwich Union's Dublin-based offshore life and savings business were £132 million (2004: £110 million).

In Turkey, where Aviva is a top-five life and pensions provider, total new business sales increased to £144 million (2004: £124 million), continuing to reflect good levels of personal pensions business. Transfers from existing life policies to pension policies ahead of the regulatory deadline<sup>6</sup> in October 2006 have boosted single premium sales by £20 million (2004: £5 million).

Aviva's businesses in the Czech Republic, Hungary, Lithuania, Portugal and Romania account for the remaining life and pension sales of £131 million (2004: £161 million). The prior year comparative includes one-off sales of £52 million resulting from pension reform legislation in Lithuania. Excluding the one-off sales in Lithuania and sales achieved by the Portuguese business which was disposed of on 7 October 2005, strong underlying growth of 43% was achieved.

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<sup>5</sup> Life market share is measured in terms of total premium income, pension market share in terms of total assets under management.

<sup>6</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.

UCIT sales in Luxembourg increased to £410 million (2004: £254 million) reflecting improved investor sentiment and further development of broker relationships and distribution channels. Within this, sales through the Italian representative office grew by 37% to £213 million (2004: £154 million).

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

#### **Rest of the World:**

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

In line with its longer-term strategic ambitions for the region, Aviva continues to achieve a strong underlying rate of growth in new business sales. Total sales from the operations in Asia were higher by 23% to £396 million (2004: £316 million).

**Singapore:** Sales were £226 million (2004: £242 million), with year-on-year comparisons affected by limited period single premium product offerings of £32 million in the final quarter of 2005 compared with £98 million in the third quarter of 2004. On an underlying basis, growth of 35% was achieved, reflecting the strong partnership with banking group DBS together with increased sales from alternative distribution channels. The partnership has 43% of the bancassurance regular premium new business market and Aviva remains the market leader in the developing broker market as well as the employee benefits and healthcare segment. Sales of Navigator, the investment fund administration business, which are not included in the new business figures, increased significantly to £90 million (2004: £13 million) reflecting strong distribution relationships with key brokers and an increase in the number of funds offered.

**Hong Kong:** Sales doubled during 2005 to £103 million (2004: £52 million) reflecting good performance from the partnership with DBS in Hong Kong and the developing IFA channel, together with an increased focus on unit-linked products. The IFA channel, which was launched towards the end of 2004, accounted for 35% of total sales.

**India:** Total sales from the joint venture life business with Dabur continued to increase rapidly to £123 million (2004: £56 million), ranking Aviva seventh amongst private providers. Aviva's 26% attributable share of new business sales was £32 million (2004: £15 million). Distribution is through the rapidly growing direct sales force and the bancassurance channel. The direct sales force now numbers over 6,700 and, in addition, there are more than 1,800 people in training due to join soon. During 2005, 11 new bancassurance agreements with co-operative banks were signed bringing the total number of bancassurance agreements to 17.

Since the beginning of 2006, Aviva announced a significant bancassurance agreement with Centurion Bank of Punjab, a leading private bank with 2.2 million customers and 240 branches, thereby extending Aviva's leadership position in bancassurance. Aviva has also strengthened its position in the Indian sub-continent through its acquisition of 51% in Eagle Insurance, the third largest insurer in Sri Lanka. In conjunction with this acquisition, Eagle Insurance and NDB Bank, Eagle's other principal owner, have entered into a long-term bancassurance agreement.

**China:** Sales through the joint venture life business, Aviva COFCO, continue to grow strongly. Total sales were £71 million (2004: £14 million). Aviva's 50% share of new business sales was £35 million (2004: £7 million). Aviva is now licensed to operate in four major cities, with sales offices in a further five cities. Aviva has recently been granted permission to apply to open a branch in Jinan, the capital city of Shandong province, and is looking forward to the rapid development of this new market. Aviva will continue to increase its presence in China during 2006.

##### **Australia:**

Life and pension sales increased by 8% to £337 million (2004: £312 million). Sales of protection products have more than doubled during 2005, following the launch of enhanced products in late 2004. Corporate pension sales achieved moderate growth despite market uncertainty resulting from changes in legislation in July 2005<sup>7</sup>. However, recent changes in tax legislation are expected to have a beneficial impact on growth in corporate pensions over the medium-term. Investment sales were £213 million (2004: £243 million).

While not included in the new business figures, sales of Navigator, the master trust fund administration business, increased by 26% to £848 million (2004: £648 million) as a result of ongoing improvements in product offerings and customer service. During the year, 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 across both insurance and Navigator products. 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. Within Aviva Australia, the benefits from these recent deals and pension reform are likely to accrue primarily within the Navigator business.

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

Life and pension sales increased by 32% to £527 million (2004: £396 million), benefiting from a wider product offering and ongoing distribution improvements. The company launched six new products in 2005, including a fixed-indexed annuity and a deferred annuity tailored for the banking channel. The company remained focussed on broadening its distribution with good growth expected in 2006 supported by the recent upgrade in A.M. Best rating's to A+.

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<sup>7</sup> From 1<sup>st</sup> July 2005, for the first time, individuals were entitled to choose where superannuation contributions made on their behalf by their employer were directed. Previously the employer would choose the plan.

## 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 (twelve months to 31 December 2004: 1 euro = £0.68).
3. All growth rates are quoted in local currency.
4. Definition:

**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.

5. PVNBP for China was mis-stated in the final quarter of 2004 and should have been £7 million for the year, and was previously £33 million. This has now been restated and accordingly the comparatives for China, Rest of the World and the Group have been restated for this difference of £26 million.
6. 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.

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# Statistical Supplement

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**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.

	31 December 2005					31 December 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	257	5.0	1,290	1,307	2,597	3,115
Group pensions	80	5.5	441	578	1,019	980
Annuities	-	-	-	1,585	1,585	1,278
Bonds	-	-	-	2,483	2,483	2,260
Protection <sup>1</sup>	148	5.1	749	620	1,369	1,539
<b>Total life and pensions</b>	<b>485</b>	<b>5.1</b>	<b>2,480</b>	<b>6,573</b>	<b>9,053</b>	<b>9,172</b>
<b>France</b>						
Euro funds <sup>2</sup>	14	5.0	70	1,899	1,969	1,820
Unit-linked funds	41	6.0	247	1,176	1,423	818
Protection business	21	6.5	136	2	138	144
<b>Total life and pensions</b>	<b>76</b>	<b>6.0</b>	<b>453</b>	<b>3,077</b>	<b>3,530</b>	<b>2,782</b>
<b>Ireland</b>						
Life and savings	15	5.3	80	136	216	168
Pensions	48	4.4	213	236	449	393
<b>Total life and pensions</b>	<b>63</b>	<b>4.7</b>	<b>293</b>	<b>372</b>	<b>665</b>	<b>561</b>
<b>Italy</b>						
Life and savings	58	6.1	354	1,940	2,294	1,799
<b>Total life and pensions</b>	<b>58</b>	<b>6.1</b>	<b>354</b>	<b>1,940</b>	<b>2,294</b>	<b>1,799</b>
<b>Netherlands (including Belgium and Luxembourg)</b>						
Life	70	7.5	528	406	934	1,118
Pensions	76	8.3	634	839	1,473	1,050
<b>Total life and pensions</b>	<b>146</b>	<b>8.0</b>	<b>1,162</b>	<b>1,245</b>	<b>2,407</b>	<b>2,168</b>
<b>Poland</b>						
Life and savings	17	4.3	73	74	147	106
Pensions	13	7.1	92	46	138	135
<b>Total life and pensions</b>	<b>30</b>	<b>5.3</b>	<b>165</b>	<b>120</b>	<b>285</b>	<b>241</b>
<b>Spain</b>						
Life and savings	64	6.5	414	1,085	1,499	1,358
Pensions	36	5.7	204	310	514	752
<b>Total life and pensions</b>	<b>100</b>	<b>6.2</b>	<b>618</b>	<b>1,395</b>	<b>2,013</b>	<b>2,110</b>
<b>Other Europe</b>						
Life and pensions	80	4.2	333	406	739	804
<b>Rest of the World</b>						
Life and pensions	113	4.1	462	798	1,260	1,024
<b>Total</b>	<b>1,151</b>	<b>5.5</b>	<b>6,320</b>	<b>15,926</b>	<b>22,246</b>	<b>20,661</b>

1 United Kingdom includes single premiums of £374 million (2004: £478 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 principal bancassurance channels

	Present value of new business premiums <sup>2</sup>	
	12 months to 31 December 2005 £m	Local currency growth <sup>1</sup>
<b>Life and pensions</b>		
<b>United Kingdom</b>		
Royal Bank of Scotland Group	636	31%
	<b>636</b>	<b>31%</b>
<b>France</b>		
Crédit du Nord (commenced 1 October 2004)	728	475%
	<b>728</b>	<b>475%</b>
<b>Italy</b>		
UniCredit Group	778	(8%)
Banca Popolare Italiana Group	530	38%
Banca delle Marche	178	2%
Banche Popolari Unite	648	140%
	<b>2,134</b>	<b>27%</b>
<b>Netherlands</b>		
ABN AMRO	543	9%
	<b>543</b>	<b>9%</b>
<b>Spain</b>		
Bancaja	877	11%
Caixa Galicia	308	(49%)
Unicaja	291	1%
Caja España	179	4%
Caja de Granada	138	15%
	<b>1,793</b>	<b>(9%)</b>
<b>Asia</b>		
DBS	241	(9%)
	<b>241</b>	<b>(9%)</b>
<b>Total life and pensions</b>	<b>6,075</b>	<b>21%</b>
<b>Investment sales<sup>3</sup></b>		
<b>United Kingdom</b>		
Royal Bank of Scotland Group	106	49%
	<b>106</b>	<b>49%</b>
<b>Total bancassurance sales</b>	<b>6,181</b>	<b>22%</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	
	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m
Total life and pension sales	873	775	636	484
Collective investment sales	212	142	106	71
<b>Total RBSG bancassurance sales</b>	<b>1,085</b>	<b>917</b>	<b>742</b>	<b>555</b>

## Detailed worldwide long-term savings new business analysis

	Single			Regular			Total
	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>1</sup>	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
<b>United Kingdom</b>							
Individual pensions	1,307	1,742	(25%)	257	265	(3%)	(22%)
Group pensions	578	540	7%	80	88	(9%)	5%
Annuities	1,585	1,278	24%	-	-	-	24%
Bonds	2,483	2,260	10%	-	-	-	10%
Protection	620	682	(9%)	148	163	(9%)	(9%)
<b>Total life and pensions</b>	<b>6,573</b>	<b>6,502</b>	<b>1%</b>	<b>485</b>	<b>516</b>	<b>(6%)</b>	<b>1%</b>
Peps/Isas/Unit trusts/Oeics	1,139	840	36%	21	19	11%	35%
	<b>7,712</b>	<b>7,342</b>	<b>5%</b>	<b>506</b>	<b>535</b>	<b>(5%)</b>	<b>4%</b>
<b>France</b>							
Euro funds <sup>2</sup>	1,899	1,745	8%	14	15	(7%)	8%
Unit-linked funds	1,176	668	75%	41	30	36%	73%
Protection business	2	41	(95%)	21	17	23%	(61%)
	<b>3,077</b>	<b>2,454</b>	<b>25%</b>	<b>76</b>	<b>62</b>	<b>22%</b>	<b>25%</b>
<b>Ireland</b>							
Life and savings	136	54	150%	15	18	(17%)	108%
Pensions	236	149	57%	48	48	-	43%
	<b>372</b>	<b>203</b>	<b>82%</b>	<b>63</b>	<b>66</b>	<b>(5%)</b>	<b>61%</b>
<b>Italy</b>							
Life and savings	1,940	1,529	26%	58	45	28%	26%
	<b>1,940</b>	<b>1,529</b>	<b>26%</b>	<b>58</b>	<b>45</b>	<b>28%</b>	<b>26%</b>
<b>Netherlands (including Belgium &amp; Luxembourg)</b>							
Life	406	467	(14%)	70	96	(27%)	(16%)
Pensions	839	664	26%	76	52	45%	27%
<b>Total life and pensions</b>	<b>1,245</b>	<b>1,131</b>	<b>9%</b>	<b>146</b>	<b>148</b>	<b>(2%)</b>	<b>8%</b>
Unit trusts	563	196	185%	-	-	-	185%
	<b>1,808</b>	<b>1,327</b>	<b>35%</b>	<b>146</b>	<b>148</b>	<b>(2%)</b>	<b>32%</b>
<b>Poland</b>							
Life and savings	74	40	63%	17	15	-	46%
Pensions	46	20	103%	13	16	(28%)	45%
<b>Total life and pensions</b>	<b>120</b>	<b>60</b>	<b>77%</b>	<b>30</b>	<b>31</b>	<b>(15%)</b>	<b>46%</b>
Mutual funds	49	75	(42%)	4	2	(74%)	(39%)
	<b>169</b>	<b>135</b>	<b>11%</b>	<b>34</b>	<b>33</b>	<b>(9%)</b>	<b>7%</b>
<b>Spain</b>							
Life and savings	1,085	1,061	2%	64	52	22%	3%
Pensions	310	505	(39%)	36	39	(8%)	(37%)
	<b>1,395</b>	<b>1,566</b>	<b>(12%)</b>	<b>100</b>	<b>91</b>	<b>9%</b>	<b>(10%)</b>
<b>Other Europe</b>							
Life and pensions	406	336	20%	80	90	(12%)	13%
UCITS	410	254	60%	-	-	-	60%
	<b>816</b>	<b>590</b>	<b>37%</b>	<b>80</b>	<b>90</b>	<b>(12%)</b>	<b>31%</b>
<b>Rest of the World</b>							
Life and pensions	798	660	19%	113	105	5%	17%
Unit trusts	213	243	(16%)	-	-	-	(16%)
	<b>1,011</b>	<b>903</b>	<b>10%</b>	<b>113</b>	<b>105</b>	<b>5%</b>	<b>9%</b>
<b>Total long-term savings</b>	<b>18,300</b>	<b>16,049</b>	<b>13%</b>	<b>1,176</b>	<b>1,175</b>	<b>(1%)</b>	<b>12%</b>
<i>Analysed:</i>							
Life and pensions	15,926	14,441	10%	1,151	1,154	(1%)	9%
Investment sales	2,374	1,608	46%	25	21	19%	45%
<b>Total long-term savings</b>	<b>18,300</b>	<b>16,049</b>	<b>13%</b>	<b>1,176</b>	<b>1,175</b>	<b>(1%)</b>	<b>12%</b>
Navigator sales (not included above)	938	661	37%	-	-	-	37%

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
	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>1</sup>	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
IFA							
- life & pensions products	4,715	4,825	(2%)	380	414	(8%)	(3%)
- investment products	650	392	66%	-	1	-	65%
	<b>5,365</b>	<b>5,217</b>	<b>3%</b>	<b>380</b>	<b>415</b>	<b>(8%)</b>	<b>2%</b>
Bancassurance partnership with RBSG							
- life & pensions products	501	398	26%	29	17	71%	28%
- investment products	86	53	62%	20	17	18%	51%
	<b>587</b>	<b>451</b>	<b>30%</b>	<b>49</b>	<b>34</b>	<b>44%</b>	<b>31%</b>
Other partnerships/Direct							
- life & pensions products	1,357	1,279	6%	76	85	(11%)	5%
- investment products	403	395	2%	1	1	-	2%
	<b>1,760</b>	<b>1,674</b>	<b>5%</b>	<b>77</b>	<b>86</b>	<b>(10%)</b>	<b>4%</b>
<b>Total UK long-term savings</b>	<b>7,712</b>	<b>7,342</b>	<b>5%</b>	<b>506</b>	<b>535</b>	<b>(5%)</b>	<b>4%</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	
	12 months to 31 December 2005 £m	Local currency growth <sup>2</sup>	12 months to 31 December 2005 £m	Local currency growth <sup>2</sup>	12 months to 31 December 2005 £m	Local currency growth <sup>2</sup>
IFA	852	(5%)	65	63%	917	(2%)
Bancassurance partnership with RBSG	79	39%	29	28%	108	35%
Other partnerships/Direct	212	-	41	2%	253	-
<b>Total UK long-term savings</b>	<b>1,143</b>	<b>(2%)</b>	<b>135</b>	<b>31%</b>	<b>1,278</b>	<b>1%</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
	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>1</sup>	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
AFER							
- Euro funds <sup>2</sup>	1,318	1,389	(6%)	-	-	-	(6%)
- Unit-linked funds	367	205	78%	-	-	-	78%
	<b>1,685</b>	<b>1,594</b>	<b>5%</b>	-	-	-	<b>5%</b>
Bancassurance partnership with Crédit du Nord							
- Euro funds	346	80	330%	4	2	99%	324%
- Unit-linked funds	252	22	1038%	18	5	258%	893%
- Protection	1	-	-	1	-	-	-
	<b>599</b>	<b>102</b>	<b>483%</b>	<b>23</b>	<b>7</b>	<b>226%</b>	<b>467%</b>
Other							
- Euro funds	235	276	(15%)	10	13	(24%)	(16%)
- Unit-linked funds	557	441	25%	23	25	(9%)	24%
- Protection	1	41	(98%)	20	17	17%	(64%)
	<b>793</b>	<b>758</b>	<b>4%</b>	<b>53</b>	<b>55</b>	<b>(4%)</b>	<b>3%</b>
<b>Total France long-term savings</b>	<b>3,077</b>	<b>2,454</b>	<b>25%</b>	<b>76</b>	<b>62</b>	<b>22%</b>	<b>25%</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>		
	12 months to 31 December 2005 £m	12 months to 31 December 2004 £m	Local currency growth <sup>2</sup>
<b>Life and pensions</b>			
<b>United Kingdom</b>	<b>1,142</b>	<b>1,166</b>	<b>(2%)</b>
France	384	307	24%
Ireland	100	86	17%
Italy	252	198	26%
Netherlands (including Belgium and Luxembourg)	271	261	3%
Poland	42	37	-
Spain	240	248	(4%)
Other Europe	121	124	(4%)
<b>Continental Europe</b>	<b>1,410</b>	<b>1,261</b>	<b>11%</b>
<b>Rest of the World</b>	<b>193</b>	<b>171</b>	<b>10%</b>
<b>Total life and pensions</b>	<b>2,745</b>	<b>2,598</b>	<b>5%</b>
<b>Investment sales</b>			
<b>United Kingdom</b>	<b>135</b>	<b>103</b>	<b>31%</b>
Netherlands	56	20	186%
Poland	9	10	(17%)
Other Europe	41	25	61%
<b>Continental Europe</b>	<b>106</b>	<b>55</b>	<b>90%</b>
<b>Rest of the World</b>	<b>21</b>	<b>24</b>	<b>(16%)</b>
<b>Total investment sales</b>	<b>262</b>	<b>182</b>	<b>42%</b>
<b>Total long-term savings</b>	<b>3,007</b>	<b>2,780</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.

## Present value of new business premiums before and after minority interest

	Present value of new business premiums before minority interest		Present value of new business premiums after minority interests	
	12 months	12 months	12 months	12 months
	2005	2004	2005	2004
	£m	£m	£m	£m
<b>Analysed between:</b>				
- Bancassurance channels	6,075	4,967	3,238	2,728
- Other distribution channels	16,171	15,694	15,815	15,353
<b>Attributable to equity shareholders</b>	<b>22,246</b>	<b>20,661</b>	<b>19,053</b>	<b>18,081</b>



**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%	39.3%
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.