News release

27 April 2006

Aviva plc
Worldwide long-term savings new business
Three months to 31 March 2006

- **Excellent worldwide total sales[1] growth of 26%[2] (£7.9 billion; 2005 £6.3 billion)**
- **UK total sales growth of 34% (£3.2 billion; 2005 £2.4 billion)**
- **International total sales growth of 21% (£4.7 billion; 2005 £3.9 billion)**
- **Life and pension sales up 20% (£6.8 billion; 2005 £5.7 billion)**
- **New business contribution growth of 20% (£235 million; 2005 £197 million)**
- **Investment sales up 72% (£1.1 billion; 2005 £0.7 billion)**

Richard Harvey, group chief executive, commented:

"I am delighted with our performance in the first quarter of 2006. Aviva has accelerated sales growth across its worldwide long-term savings businesses and profits are growing in line with sales.

"Geographical diversity is one of our great strengths, and in the first quarter almost 60% of long-term savings new business comes from Aviva International. In the UK, our sales momentum is highly encouraging and new business profit is increasing strongly.

"Aviva is in excellent shape and our balanced portfolio means we are better positioned than ever to seize profitable market opportunities."

Financial highlights	3 months to 31 March 2006	3 months to 31 March 2005	Local currency growth
Aviva International			
Life and pensions new business sales	£4,025m	£3,476m	16%
Investment sales	£685m	£444m	53%
Total long-term savings new business sales	£4,710m	£3,920m	21%
New business contribution before required capital	£158m	£129m	24%
New business margin before required capital	3.9%	3.7%	
Aviva UK			
Life and pensions new business sales	£2,763m	£2,183m	27%
Investment sales	£444m	£209m	112%
Total long-term savings new business sales	£3,207m	£2,392m	34%
New business contribution before required capital	£77m	£68m	13%
New business margin before required capital	2.8%	3.1%	
Aviva Group			
Life and pensions new business sales	£6,788m	£5,659m	20%
Investment sales	£1,129m	£653m	72%
Total long-term savings new business sales	£7,917m	£6,312m	26%
New business contribution before required capital	£235m	£197m	20%
New business margin before required capital	3.5%	3.5%	

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 0025. This conference call will be hosted by Philip Scott, group executive director and attended by Andrew Moss, group finance director and Patrick Snowball, 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 and attended by Andrew Moss, group finance director and Patrick Snowball, group executive director.

Replay will be available for two weeks until 12 May 2006. The dial in number for replay is +44 (0)20 7031 4064 and the pass code is 700519.

	Present value of new business premiums[1]			New business contribution[3]			New business margin[4]	
	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	Local currency growth[2]	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	Local currency growth[2]	3 months to 31 March 2006	3 months to 31 March 2005
Life and pensions business								
France	1,134	1,020	12%	45	36	28%	4.0%	3.5%
Ireland	258	185	41%	5	6	(13%)	1.9%	3.2%
Italy	845	601	43%	21	16	36%	2.5%	2.7%
Netherlands (including Germany, Belgium and Luxembourg)	722	833	(12%)	19	18	8%	2.6%	2.2%
Poland	160	67	129%	8	3	147%	5.0%	4.5%
Spain	495	461	9%	46	39	19%	9.3%	8.5%
Other Europe	60	60[5]	(5%)[5]	(1)	2[5]	(183%)	(1.7%)	3.3%
Continental Europe	*3,674*	*3,227*	*15%*	*143*	*120*	*22%*	*3.9%*	*3.7%*
Asia	129	85	39%	8	5	28%	6.2%	5.9%
Australia	70	74	(8%)	4	2	81%	5.7%	2.7%
United States	152	90	56%	3	2	57%	2.0%	2.2%
Rest of the World	*351*	*249*	*32%*	*15*	*9*	*45%*	*4.3%*	*3.6%*
International	**4,025**	**3,476**	**16%**	**158**	**129**	**24%**	**3.9%**	**3.7%**
United Kingdom	**2,763**	**2,183**	**27%**	**77**	**68**	**13%**	**2.8%**	**3.1%**
Total life and pensions	**6,788**	**5,659**	**20%**	**235**	**197**	**20%**	**3.5%**	**3.5%**
Investment sales[6]								
Netherlands	134	92	48%					
Poland	28	17	58%					
Other Europe	168	110	55%					
Continental Europe	*330*	*219*	*52%*					
Australia	309	213	41%					
Singapore	46	12	251%					
Rest of the World	*355*	*225*	*53%*					
International	**685**	**444**	**53%**					
United Kingdom	**444**	**209**	**112%**					
Total investment sales	**1,129**	**653**	**72%**					
Total long-term savings	**7,917**	**6,312**	**26%**					
Navigator sales (included above)	310	178	69%					

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 Stated before the effect of required capital
4 New business margin represents the ratio of new business contribution before the effect of required capital to present value of new business premiums, expressed as a percentage.
5 2005 figures include new business sales of £13 million and new business contribution of £1 million from the Portuguese business, which was disposed in October 2005. Excluding Portugal, Other Europe sales growth would have been 20%.
6 Investment sales are calculated as new single premium plus annualised value of new regular premiums.

Overview

Aviva achieved excellent growth in worldwide total long-term savings new business sales, up 26% to £7,917 million (2005: £6,312 million), representing the highest level of quarterly sales since the group was formed. This includes growth in life and pensions sales of 20% to £6,788 million (2005: £5,659 million) and growth in investment sales of 72% to £1,129 million (2005: £653 million). New business contribution was £235 million (2005: £197 million), with growth of 20% reflecting the higher sales. New business contribution after required capital grew even faster than sales, up by 29% to £178 million (2005: £138 million), reflecting the success of our value and volume strategy.

Strong total sales performances were achieved by Aviva International and Aviva UK with growth of 21% to £4,710 million (2005: £3,920 million) and 34% to £3,207 million (2005: £2,392 million), respectively. Sales through the bancassurance channel achieved 41% growth to £2,161 million, benefiting from additional access to branches in the UniCredit Group in Italy and the new partnership with Allied Irish Banks (AIB) in Ireland. An impressive sales growth of 92% was also achieved through the bancassurance partnership with the Royal Bank of Scotland Group (RBSG).

We are delighted with the first quarter sales performance of Norwich Union in the UK where we have posted a fourth consecutive quarter of growth. The benefit of the pricing and commission strategy adopted in the second half of 2005, together with the broad product offering, resulted in strong sales growth across most of the product range. The new business margin of 2.8% was ahead of the margin achieved in the second half of 2005 of 2.7%.

Sales in Continental Europe grew by 17% to £4,004 million (2005: £3,446 million) and included growth in Ireland of 41% and Italy of 43% driven by the increased access to bank networks discussed above. Favourable market conditions in France, Spain and Poland supported strong growth of 12%, 9% and 115% respectively. In the Netherlands, market developments and exceptional annuity sales in the first quarter of 2005 resulted in lower comparative sales. The overall new business margin for Continental Europe was higher at 3.9% (2005: 3.7%), reflecting the more favourable mix of business in France, Spain and the Netherlands.

Within Rest of the World, sales in the United States grew by 56% and in Asia by 65%, including a strong contribution from Aviva's rapidly developing operations in India and China.

This performance represents a very strong start to the year and growth is expected to continue for the remainder of 2006, albeit at a lower level as stronger comparatives come through.

Aviva International

Aviva International's total long-term savings new business sales grew strongly by 21% to £4,710 million (2005: £3,920 million), while life and pensions new business sales were 16% higher at £4,025 million (2005: £3,476 million). These figures reflect sales growth in most of our key markets, particularly France and Italy, and include two months sales through our new partnership with Allied Irish Banks (AIB), Ireland's largest retail bank. Investment sales grew by 53% to £685 million (2005: £444 million), reflecting increased sales through the Navigator platforms together with the benefit from stronger investment performance.

Continental Europe

France:

Aviva France's sales increased by 12% to £1,134 million (2005: £1,020 million), with strong operational performance supported by favourable equity market performance and a change to the tax treatment of the Plan d'Epargne Logement (PEL) bank product.

Tax benefits attached to PEL banking products were restricted with effect from 1 January 2006, prompting significant transfers from these accounts into insurance products. Consequently, the overall market growth[1] of 29% in the three months to March 2006 has mostly benefited bancassurers (with growth of 39% compared with 11% amongst the traditional insurers). Transfers from PEL products are expected to decrease over the coming months.

Excluding Crédit du Nord, Aviva has performed in line with the average for traditional insurers, with 11% growth. Crédit du Nord new business sales grew by 18%.

Aviva's total unit-linked sales were 23% higher at £501 million (2005: £411 million), representing 46% of overall savings sales. In particular, unit-linked sales in AFER were 53% higher at £165 million (2005: £109 million). Growth in Euro fund sales was 6%, with sales of £586 million (2005: £562 million) reflecting Aviva's continuing strategic focus on unit-linked business.

Since late in 2005, Aviva's distribution networks have been encouraging policyholders to transfer existing 100% Euro funds into more balanced Euro and unit-linked portfolios, as allowed by the 'Fourgous' amendment, while ensuring that policyholders are receiving best advice. Experience to date has been encouraging, with £700 million of existing funds transferred into unit-linked funds. While these transfers are not included in our new business figures, this initiative brings benefits both through increasing the proportion of existing investment in less capital-intensive unit-linked funds and enabling a greater proportion of future new business from existing customers to be unit-linked.

Although a slow down in the rate of growth is expected following this exceptional first quarter, Aviva expects strong growth in unit-linked business to continue for the remainder of 2006, with the timing of campaigns in the bancassurance channel and equity performance resulting in some volatility in quarterly sales levels.

New business margin increased to 4.0% (2005: 3.5%) with a resulting increase in new business contribution of 28% to £45 million (2005: £36 million). The increased margin reflects the higher mix of unit-linked sales.

Ireland:

In Ireland, Aviva's new business sales increased by 41% to £258 million (2005: £185 million), including sales of £93 million through the new bancassurance partnership with AIB, Ireland's largest retail bank, since it began at the end of January. While in its early stages, progress on the integration of the Hibernian Life & Pensions and AIB operations is proceeding well. On a combined basis, Aviva and AIB have a market share of 16%[2], making them the third largest life and pension provider.

[1] Based on gross written premium.
[2] Based on annual premium equivalent

February and March sales through AIB of £93 million comprised £63 million of life sales, consisting primarily of single-premium bonds, and £30 million of pensions sales. Both life and pensions showed positive sales development compared with AIB's sales for the same period in 2005.

Life sales through the existing Hibernian broker channel were 21% higher at £64 million (2005: £53 million), with strong sales of regular premium unit-linked business. This performance reflected the continued success of the guaranteed fund and favourable equity markets.

Pension sales through the existing broker channel were £101 million (2005: £132 million), with the decrease reflecting an exceptional level of investment only pension contracts in the first quarter of 2005. Single premium pension sales tend to fluctuate from quarter to quarter due to the timing and size of these contracts.

Further growth is expected in 2006 from the development of the product range on offer through AIB's branch network and through the reinvestment of Special Savings Incentive Accounts (SSIA) that will mature between May 2006 and April 2007, in which AIB has a significant market share.

New business contribution was £5 million (2005: £6 million) with a margin of 1.9% (2005: 3.2%). The reduction in the margin reflects continuing competitive pressures from the year end and the impact of business mix.

Italy:
Aviva Italy recorded total sales growth of 43% to £845 million (2005: £601 million, which included one-off direct business of £53 million). This compares favourably with the Italian market, where total sales[3] in the first two months of 2006 fell by 11% due to lower bancassurance activity. UniCredit Group undertook a marketing initiative in the first quarter of 2006, while all of Aviva's other bancassurance partners are expected to run marketing campaigns later in the year.

UniCredit Group achieved strong growth with sales up 147% to £528 million (2005: £217 million), although this exceptional rate of growth is not expected to continue for the rest of the year. Sales were boosted following access to additional branches in the UniCredit Group network, together with successful marketing campaigns. Regular premium business sales were up by 168% to £124 million (2005: £47 million).

Banche Popolari Unite achieved sales growth of 27% to £196 million (2005: £156 million) driven by strong sales of regular premium profit-sharing business. Further new products are planned for later in the year to widen the product range.

Sales through the Banca Popolare Italiana Group network were £100 million (2005: £140 million). The 2005 figures include sales of limited offer structured investment bonds, which received less marketing focus during the first quarter of this year.

Sales through Banca delle Marche were lower at £14 million (2005: £33 million), reflecting a change in the timing of marketing campaigns with new product launches planned for later in the year.

The long-term growth potential remains strong in the Italian market and Aviva's increased bancassurance distribution with UniCredit Group further strengthens Aviva's market position. As in previous years, the timing of marketing campaigns and new product launches varies throughout the year, resulting in some sales volatility each quarter.

New business contribution increased to £21 million (2005: £16 million), reflecting the strong growth in sales, with a margin of 2.5% (2005: 2.7%).

Netherlands (including Germany, Belgium and Luxembourg):
Delta Lloyd's total sales, including investment sales, were £856 million (2005: £925 million). The Dutch life insurance market was adversely affected in the first quarter by regulatory changes resulting in individuals needing to revise their healthcare insurance arrangements, and by fiscal changes removing some of the tax advantages of pre-retirement products.

Pension and annuity sales fell by 3% to £423 million (2005: £444 million). Delta Lloyd's pension sales tend to fluctuate from quarter to quarter due to the timing and size of contracts; the first quarter of 2006 includes a premium from the Delta Lloyd pension scheme amounting to £125 million. Volumes of annuity sales were lower at £88 million (2005: £172 million), reflecting high volumes in the first quarter of 2005 from limited period special offers in ABN AMRO and the direct channel.

Life and savings sales were £299 million (2005: £389 million), with the reduction mainly due to lower sales in Germany and Belgium. In Germany, sales in the first quarter last year included a late influx of endowment sales following a change in tax law at the end of 2004. In Belgium, sales were lower following the introduction of a 1.1% insurance tax levy on life insurance premiums from 1 January 2006.

Investment sales increased by 48% to £134 million (2005: £92 million), benefiting from Delta Lloyd's broad distribution network (including ABM AMRO and Rabobank), an attractive fund offering and buoyant equity markets. Sales momentum generated during 2005 was continued into the first quarter.

New business contribution was £19 million (2005: £18 million) with margins of 2.6% (2005: 2.2%). The 2005 margin was depressed by the low margin annuity sales in the first quarter last year which were not repeated in 2006. The 2006 margin incorporates the adverse impact of the 40 basis point decrease in the bond yield within the European Embedded Value assumptions at the end of 2005.

[3] Market sales growth is calculated using the volume measure, single plus annualised regular premiums.

The Dutch market currently faces uncertainty due to the large amount of regulatory and fiscal change taking place. Delta Lloyd continues to focus on profitable growth for 2006.

Poland (including Lithuania):
Aviva's life and pension operations in Poland and Lithuania are leading providers in their respective markets. Total sales, including investments, were £188 million (2005: £84 million).

Life sales continued to grow strongly increasing by 151% to £89 million (2005: £34 million), including a one-off group scheme of £14 million. This performance reflects mainly strong sales of single premium unit-linked business, driven by a combination of a buoyant equity market and positive results from continued development of the direct sales force. Aviva's bancassurance partnership with Deutsche Bank also contributed to the growth in sales.

Pension sales increased by 106% to £71 million (2005: £33 million), reflecting increased pensions transfers from other providers and higher receipts of contributions from the State pension agency.

Investment sales were £28 million (2005: £17 million) reflecting a strong equity market and the impact of new distribution agreements with leading broking houses.

Total new business contribution from life and pension sales was £8 million (2005: £3 million). The new business margin was 5.0% (2005: 4.5%).

The growth potential of the Polish market continues to be strong, helped by favourable equity market performance.

Spain:
Aviva is a leading bancassurer in the Spanish life market and was ranked third in the market overall[4] at the end of 2005. Total sales were £495 million (2005: £461 million, including one-off sales of £25 million).

Sales through bancassurance partnerships were £443 million (2005: £389 million), representing an increase over the same period in 2005 of 16%. Growth in sales of protection products continued to be strong in a buoyant housing market. Aviva's partnerships with Unicaja, Bancaja, Caja España and Caja de Granada achieved double digit growth primarily through savings product sales as a result of marketing initiatives.

Sales in Aviva Vida y Pensiones, which distributes through its direct sales force and intermediaries, were £52 million (2005: £72 million, including one off sales of £25 million). Growth, excluding one-off sales, was 12% reflecting increased sales of unit-linked business in the favourable market conditions.

Aviva 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 concentration of sales of pension business in the last quarter of the year.

New business contribution increased by 19% to £46 million (2005: £39 million) and the new business margin grew to 9.3% (2005: 8.5%), due to the higher margin achieved on protection sales.

Other Europe:
Life and pension sales in Aviva's other Continental European businesses in the Czech Republic, Hungary, Romania and Turkey amounted to £60 million (2005: £60 million, including £13 million of sales in the Portuguese business which was sold in 2005). Strong growth of 20% was achieved in continuing businesses, principally from an increase in sales through the broker channel in Hungary.

In Turkey, where Aviva is a top-five life and pensions provider, total sales were £31 million (2005 : £39 million) reflecting reduced activity in transfers from existing life to pension policies ahead of the regulatory deadline[5] and increased competition to recruit sales advisers by newer companies entering the market.

Sales in Luxembourg have risen by 55% to £168 million (2005: £110 million), continuing a strong performance during 2005. Included in this total is £53 million (2005: £80 million) of sales through the Italian representative office.

In March, Aviva was granted a licence by the Federal Service of Insurance Supervision in Russia allowing it to offer a range of long-term savings and protection products in the Russian market. Aviva is developing its entry strategy, with sales expected to start later this year.

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4 Based on gross written premiums

5 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.

Rest of the World

Asian businesses:

In line with its longer-term strategic ambitions for the region, Aviva continues to achieve a strong rate of growth in new business sales. Total sales from operations in Asia were up 65% to £175 million (2005: £97 million).

Singapore: Total sales increased by 27% to £93 million (2005: £67 million), driven primarily by significantly higher investment sales through Navigator, the investment fund administration business. Life and pension sales were £47 million (2005: £55 million) reflecting a slow quarter, although bancassurance sales through DBS showed a strong increase in March. Aviva remains the market leader in the developing broker market as well as the employee benefits and healthcare segment.

Sales through Navigator increased significantly to £46 million (2005: £12 million), reflecting strong distribution relationships with key brokers, a comprehensive range of funds offered and a buoyant equity market.

Hong Kong: Sales increased significantly to £40 million (2005: £18 million), due to strong IFA sales together with good performance from the partnership with DBS in Hong Kong. Aviva's growing IFA channel now accounts for 45% of total sales.

India: Total sales from our joint venture with the Dabur Group increased strongly in the first quarter of 2006 to £105 million (2005: £35 million), ranking Aviva seventh amongst private insurers. Our 26% share of new business sales was £27 million (2005: £9 million). Aviva is the leader in the bancassurance market in India with 22 distribution agreements. The direct sales force now numbers more than 9,300 agents, with an additional 3,500 in training.

Sri Lanka: On 1 February 2006, Aviva acquired a 51% stake in Eagle Insurance Company Limited (Eagle), the third-largest insurer in Sri Lanka. At the same time, Eagle entered into a bancassurance agreement with National Development Bank Limited, Sri Lanka's biggest development bank and Eagle's other major shareholder. Total life sales since acquisition were £4 million.

China: Sales through the joint venture life business, Aviva COFCO, continue to grow rapidly. Total sales were £22 million (2005: £6 million), of which Aviva's 50% share was £11 million (2005: £3 million). Aviva recently received approval to open a branch in Jinan, the capital city of Shandong province and sales offices in Xiamen (Fujian province) and Shenzhen (Guangdong province). This brings the total number of major cities where Aviva is licensed to five, with sales offices in a further seven cities. .

New business contribution increased by 28% to £8 million (2005: £5 million) with a new business margin of 6.2% (2005: 5.9%), reflecting the growing importance of operations in Asia.

Rapid growth is expected to continue from the developing markets in India and China with significant growth continuing in the more mature markets in Hong Kong and Singapore.

Australia:

Total sales increased by 28% to £379 million (2005: £287 million), driven primarily by significantly higher investment sales through Navigator, the master trust fund administration business.

Life and pension sales decreased marginally to £70 million (2005: £74 million). Strong growth from protection products has continued following product enhancements. Corporate pension sales have declined as a result of market uncertainty following changes in legislation in July 2005[6]. These changes have resulted in a shift of business for Aviva towards Navigator retirement funds, with this trend expected to continue. Changes in tax legislation, implemented towards the end of 2005, are expected to have a beneficial impact on growth in corporate pensions over the medium-term.

Sales through Navigator increased by 55% to £264 million (2005: £166 million) as a result of ongoing improvements in product offerings, an increase in retirement fund business, sustained customer service levels and our strategic stakes; in Professional Investment Holdings and Financial Technology Securities. Other investment sales were £45 million (2005: £47 million).

Future growth is expected to result from these strategic stakes and pension reform, primarily benefiting the Navigator business. In addition, further growth in protection business is expected.

New business contribution from life and pension sales was £4 million (2005: £2 million). The new business margin increased to 5.7% (2005: 2.7%), reflecting the strong protection sales.

United States:

Life and pension sales increased by 56% to £152 million (2005: £90 million). This was driven by the A.M. Best rating upgrade to A+ achieved in November 2005. This rating upgrade contributed to a strong performance in structured settlements sales. Aviva also benefited from new products launched during 2005, including a deferred annuity tailored for the bank channel and a fixed-indexed annuity. Aviva remains focused on broadening its distribution with good growth expected during 2006.

New business contribution was £3 million (2005: £2 million). New business margin was 2.0% (2005: 2.2%).

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[6] From 1 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.

Aviva United Kingdom

United Kingdom:

Norwich Union made an excellent start to 2006 with total sales, including investments, up by 34% to £3,207 million (2005: £2,392 million). This result is the fourth successive quarter of growth, and the highest quarterly results on record. The new business margin of 2.8% is ahead of the margin achieved in the second half of 2005 of 2.7% as focus on managing margin, volume and business mix has continued.

Norwich Union's bancassurance partnership with the Royal Bank of Scotland Group (RBSG) delivered a very strong performance with total sales of £414 million, 92% ahead of the first quarter of 2005 (2005: £216 million). Norwich Union's share was £297 million, 118% ahead of last year (2005: £136 million). This excellent performance further demonstrates the potential of the strategic partnership, and the commitment of Norwich Union and RBSG to growing this important distribution channel.

Individual pension sales, which include group personal pensions, were exceptionally strong, up 65% to £1,001 million (2005: £607 million). This performance, primarily through the IFA channel, follows the re-alignment of commission in the second half of 2005 and an increase in transfer business in the run up to A-Day. Corporate pension sales were up 21% to £271 million (2005: £224 million), reflecting strong performance in group money purchase products, benefiting from consolidation in the sector, and good sales of group life policies. This excellent result reflects Norwich Union's successful preparation for A-Day and its strong pension product range, recently extended with the launch of its new SIPP.

Bond sales in the first quarter increased significantly by 27% to £787 million (2005: £620 million). This strong performance included sales of unit-linked products of £593 million, 30% ahead of the first quarter of 2005, benefiting from the continuing improvement in equity markets and investor confidence; and sales of with-profit products at £138 million, up 12% for the quarter (2005: £123 million), with strong interest in the new with-profit guarantee launched in February 2006. During the first quarter, property and guaranteed investment funds continued to be popular.

Norwich Union's continued focus on collective investments, together with strong equity markets, resulted in an exceptional start to the year, with sales more than doubling to £444 million (2005: £209 million). Norwich Union has strengthened significantly its collective investment portfolio. The company has recently launched a property ISA, to take advantage of regulatory changes, and announced two new equity based funds.

Protection sales were 15% higher at £272 million (2005: £236 million). Norwich Union has competitively priced its products throughout the quarter to maintain a strong presence in this important volume-driven sector.

Total annuity sales of £347 million were lower by 16% (2005: £413 million) as the company priced for value and customers delayed their purchase of annuities ahead of A-Day. Norwich Union has begun quoting for bulk purchase annuity business, following confirmation earlier this year of its intention to enter the market in 2006 and expects volumes to grow progressively through 2006 and 2007. However, Norwich Union's overall risk appetite for annuities has not changed and these sales will complement the existing individual annuity portfolio.

During the quarter, equity release sales were £85 million (2005: £83 million) as the equity release market remained relatively subdued. Norwich Union is confident that the market will grow over the medium term. The company is supportive of the Government's proposed regulation of home reversion plans, which it expects will further increase confidence in the market and raise standards across all providers.

The first quarter saw strong performance across all of Norwich Union's distribution channels. Distribution reach has been strengthened further by the successful launch of a bond under an exclusive distribution agreement with Co-operative Insurance Society (CIS) giving Norwich Union access to its 1,500 advisors.

Norwich Union confidently expects year on year growth to continue in 2006. This reflects an improvement in investor confidence and continued market activity in the early weeks following A-Day. Norwich Union is well prepared for these opportunities having successfully implemented its A-Day strategy and broadened its product offering to include bulk purchase annuities, guaranteed whole of life protection and pension term assurance. The company will also continue its focus on collectives and on opportunities within the bond market.

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 sales* of £35 billion and assets under management of £317 billion at 31 December 2005.
   * Based on life and pensions PVNBP, total investment sales and general insurance and health net written premiums including share of associates' premiums.

   The Aviva media centre at 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 (three months to 31 March 2005: 1 euro = £0.69).

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. Subsequent to previous reporting periods, the analysis of financial results by country has been amended and certain small businesses have been reclassified to align the financial reporting of those businesses with management responsibilities. The specific businesses affected are:
   - Norwich Union International Life has moved to Aviva UK from Other Europe
   - Germany has moved to Netherlands from Other Europe
   - Lithuania has moved to Poland from Other Europe

   The reclassifications noted above do not affect total sales, new business contribution or new business margin. All comparative data has been restated to take account of the reclassifications. Details of the reclassifications, including restated 2005 quarterly PVNBP and new business contribution before the effect of required capital, are set out below.

Originally reported	Cumulative (£ million)							
	Q1 2005		Q2 2005		Q3 2005		Q4 2005	
Life and pensions	PVNBP	New business contribution	PVNBP	New business contribution	PVNBP	New business contribution	PVNBP	New business contribution
Netherlands	718	18	1,241	39	1,742	55	2,407	88
Poland	61	3	112	5	196	9	285	14
Other Europe	224	3	364	3	574	7	739	7
United Kingdom	2,140	67	4,244	135	6,586	198	9,053	265
	3,143	91	5,961	182	9,098	269	12,484	374

After reclassification	Cumulative (£ million)							
	Q1 2005		Q2 2005		Q3 2005		Q4 2005	
Life and pensions	PVNBP	New business contribution	PVNBP	New business contribution	PVNBP	New business contribution	PVNBP	New business contribution
Netherlands	833	18	1,383	39	2,008	56	2,739	90
Poland	67	3	137	7	222	11	320	16
Other Europe	60	2	129	-	182	1	240	(1)
United Kingdom	2,183	68	4,312	136	6,686	201	9,185	269
	3,143	91	5,961	182	9,098	269	12,484	374

   In addition to the reclassifications noted above, sales through the Navigator platform that were previously excluded from investment sales figures and were reported separately have now been included. This change increases the total investment sales figure by £310 million for the first quarter of 2006 (2005: £178 million). If sales through the Navigator platform had not been included in investment sales, the total long-term savings growth for the first quarter of 2006 would be 24%.

	Cumulative (£ million)			
	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Originally reported	**PVBNP**	**PVNBP**	**PVNBP**	**PVNBP**
Investment sales (excl. Navigator)	475	1,062	1,673	2,399
Rest of the World (excl. Navigator)	47	106	176	213
Navigator	178	432	668	938
	Q1 2005	**Q2 2005**	**Q3 2005**	**Q4 2005**
After reclassification	**PVNBP**	**PVNBP**	**PVNBP**	**PVNBP**
Investment sales (incl. Navigator)	653	1,494	2,341	3,337
Rest of the World (incl. Navigator)	225	538	844	1,151

6. Cautionary statements:

   This preliminary 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 presentation or any other forward-looking statements we may make.

Aviva plc is a company registered in England No. 2468686.
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Statistical Supplement

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Analyses

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 March 2006					31 March 2005
	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
France						
Euro funds[1]	4	5.3	21	565	586	562
Unit-linked funds	12	6.2	74	427	501	411
Protection business	7	6.6	46	1	47	47
Total life and pensions	**23**	**6.1**	**141**	**993**	**1,134**	**1,020**
Ireland						
Life and savings	7	5.0	35	92	127	53
Pensions	15	4.7	70	61	131	132
Total life and pensions	**22**	**4.8**	**105**	**153**	**258**	**185**
Italy						
Life and savings	30	6.2	187	658	845	601
Total life and pensions	**30**	**6.2**	**187**	**658**	**845**	**601**
Netherlands (including Belgium and Luxembourg)						
Life	26	6.8	176	123	299	389
Pensions	17	8.6	147	276	423	444
Total life and pensions	**43**	**7.5**	**323**	**399**	**722**	**833**
Poland						
Life and savings	8	5.0	40	49	89	34
Pensions	6	7.5	45	26	71	33
Total life and pensions	**14**	**6.1**	**85**	**75**	**160**	**67**
Spain						
Life and savings	19	5.9	112	270	382	354
Pensions	9	5.8	52	61	113	107
Total life and pensions	**28**	**5.9**	**164**	**331**	**495**	**461**
Other Europe						
Life and pensions	12	3.8	45	15	60	60
Total life and pensions	**12**	**3.8**	**45**	**15**	**60**	**60**
Rest of the World						
Asia	19	4.5	86	43	129	85
Australia	9	3.3	30	40	70	74
United States	2	4.0	8	144	152	90
Life and pensions	**30**	**4.1**	**124**	**227**	**351**	**249**
International total life and pensions	**202**	**5.8**	**1,174**	**2,851**	**4,025**	**3,476**
United Kingdom						
Individual pensions	87	5.3	461	540	1,001	607
Group pensions	26	5.6	146	125	271	224
Annuities	-	-	-	347	347	413
Bonds	-	-	-	787	787	620
Protection	42	5.1	215	57	272	236
Equity release	-	-	-	85	85	83
United Kingdom total life and pensions	**155**	**5.3**	**822**	**1,941**	**2,763**	**2,183**
Total	**357**	**5.6**	**1,996**	**4,792**	**6,788**	**5,659**

1 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 [2]	
	3 months to 31 March 2006 £m	Local currency growth [1]
Life and pensions		
France		
Crédit du Nord	273	18%
	273	**18%**
Ireland		
Ark	93	-
	93	**-**
Italy		
UniCredit Group	528	147%
Banca Popolare Italiana Group	100	(28%)
Banca delle Marche	14	(57%)
Banche Popolari Unite	196	27%
	838	**56%**
Netherlands		
ABN AMRO	160	(13%)
	160	**(13%)**
Spain		
Bancaja	211	23%
Caixa Galicia	67	(27%)
Unicaja	89	58%
Caja España	42	18%
Caja de Granada	34	19%
	443	**16%**
Asia		
DBS	57	-
	57	**-**
United Kingdom		
Royal Bank of Scotland Group	256	115%
	256	**115%**
Total life and pensions	**2,120**	**40%**
Investment sales[3]		
United Kingdom		
Royal Bank of Scotland Group	41	141%
	41	**141%**
Total bancassurance sales	**2,161**	**41%**

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	
	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m
Total life and pension sales	332	182	256	119
Collective investment sales	82	34	41	17
Total RBSG bancassurance sales	**414**	**216**	**297**	**136**

Detailed analysis of new business contribution

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

	Present value of new business premiums [1]		New business contribution [2, 3]		New business margin [4]		
	3 months 2006 £m	**3 months 2005 £m**	**3 months 2006 £m**	**3 months 2005 £m**	**3 months 2006 %**	**3 months 2005 %**	**Full year 2005 %**
Life and pensions business							
France	1,134	1,020	45	36	4.0%	3.5%	3.8%
Ireland	258	185	5	6	1.9%	3.2%	2.4%
Italy	845	601	21	16	2.5%	2.7%	2.6%
Netherlands (including Germany, Belgium and Luxembourg)	722	833	19	18	2.6%	2.2%	3.3%
Poland	160	67	8	3	5.0%	4.5%	5.0%
Spain	495	461	46	39	9.3%	8.5%	8.7%
Other Europe	60	60	(1)	2	(1.7%)	3.3%	(0.4%)
Continental Europe	*3,674*	*3,227*	*143*	*120*	*3.9%*	*3.7%*	*4.2%*
Asia	129	85	8	5	6.2%	5.9%	5.1%
Australia	70	74	4	2	5.7%	2.7%	4.7%
USA	152	90	3	2	2.0%	2.2%	2.5%
Rest of the World	*351*	*249*	*15*	*9*	*4.3%*	*3.6%*	*3.9%*
International	**4,025**	**3,476**	**158**	**129**	**3.9%**	**3.7%**	**4.1%**
United Kingdom	**2,763**	**2,183**	**77**	**68**	**2.8%**	**3.1%**	**2.9%**
Total Life and pensions	**6,788**	**5,659**	**235**	**197**	**3.5%**	**3.5%**	**3.6%**

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 2006 of £48 million (three months to 31 March 2005: £36 million). This comprises minority interests in France of £8 million (three months to 31 March 2005: £6 million), Italy £12 million (three months to 31 March 2005: £9 million), Spain £24 million (three months to 31 March 2005: £18 million), Poland £1 million (three months to 31 March 2005: £1 million) and Netherlands £3 million (three months to 31 March 2005: £2 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 [1]		New business contribution [2,3]		New business margin [4]		
	3 months 2006 £m	**3 months 2005 £m**	**3 months 2006 £m**	**3 months 2005 £m**	**3 months 2006 %**	**3 months 2005 %**	**Full year 2005 %**
Life and pensions business							
France	1,134	1,020	32	23	2.8%	2.3%	2.6%
Ireland	258	185	4	6	1.6%	3.2%	2.0%
Italy	845	601	15	10	1.8%	1.7%	1.6%
Netherlands (including Germany, Belgium and Luxembourg)	722	833	9	6	1.2%	0.7%	2.1%
Poland	160	67	8	3	5.0%	4.5%	4.7%
Spain	495	461	42	35	8.5%	7.6%	7.7%
Other Europe	60	60	(1)	(1)	(1.7%)	(1.7%)	(2.1%)
Continental Europe	*3,674*	*3,227*	*109*	*82*	*3.0%*	*2.5%*	*3.1%*
Asia	129	85	6	4	4.7%	4.7%	4.1%
Australia	70	74	2	1	2.9%	1.4%	2.7%
USA	152	90	1	1	0.7%	1.1%	1.3%
Rest of the World	*351*	*249*	*9*	*6*	*2.6%*	*2.4%*	*2.5%*
International	**4,025**	**3,476**	**118**	**88**	**2.9%**	**2.5%**	**3.0%**
United Kingdom	**2,763**	**2,183**	**60**	**50**	**2.2%**	**2.3%**	**2.4%**
Total Life and Pensions	**6,788**	**5,659**	**178**	**138**	**2.6%**	**2.4%**	**2.8%**

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 2006 of £39 million (three months to 31 March 2005: £27 million). This comprises minority interests in France of £4 million (three months to 31 March 2005: £3 million), Italy £9 million (three months to 31 March 2005: £6 million), Spain £22 million (three months to 31 March 2005: £16 million), Poland £1 million (three months to 31 March 2005: £1 million) and Netherlands £3 million (three months to 31 March 2005: £1 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[1]		New business margin[2]		
	3 months 2006 £m	3 months 2005 £m	3 months 2006 £m	3 months 2005 £m	3 months 2006 %	3 months 2005 %	Full year 2005 %
Analysed between:							
- Bancassurance channels	2,120	1,527	97	70	4.6%	4.6%	5.1%
- Other distribution channels	4,668	4,132	138	127	3.0%	3.1%	3.1%
Attributable to equity shareholders	**6,788**	**5,659**	**235**	**197**	**3.5%**	**3.5%**	**3.6%**
Analysed:							
UK	2,763	2,183	77	68	2.8%	3.1%	2.9%
Continental Europe	*3,674*	*3,227*	*143*	*120*	*3.9%*	*3.7%*	*4.2%*
Rest of the World	*351*	*249*	*15*	*9*	*4.3%*	*3.6%*	*3.9%*
International	4,025	3,476	158	129	3.9%	3.7%	4.1%

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[1]		New business contribution[2]		New business margin[3]		
	3 months 2006 £m	3 months 2005 £m	3 months 2006 £m	3 months 2005 £m	3 months 2006 %	3 months 2005 %	Full year 2005 %
Analysed between:							
- Bancassurance channels	1,179	794	30	19	2.5%	2.4%	2.9%
- Other distribution channels	4,552	4,044	67	58	1.5%	1.4%	1.6%
Attributable to equity shareholders	**5,731**	**4,838**	**97**	**77**	**1.7%**	**1.6%**	**1.8%**
Analysed:							
UK	2,763	2,183	43	36	1.6%	1.6%	1.7%
Continental Europe	*2,618*	*2,406*	*47*	*36*	*1.8%*	*1.5%*	*1.9%*
Rest of the World	*350*	*249*	*7*	*5*	*2.0%*	*2.0%*	*2.0%*
International	2,968	2,655	54	41	1.8%	1.5%	1.9%

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			PVNBP
	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	Local currency growth [1]	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	Local currency growth [1]	Local currency growth [1]
France							
Euro funds[2]	565	545	5%	4	3	33%	6%
Unit-linked funds	427	347	25%	12	11	11%	23%
Protection business	1	1	-	7	7	1%	1%
	993	**893**	**13%**	**23**	**21**	**11%**	12%
Ireland							
Life and savings	92	29	222%	7	4	80%	143%
Pensions	61	68	(9%)	15	13	17%	1%
	153	**97**	**60%**	**22**	**17**	**31%**	41%
Italy							
Life and savings	658	512	30%	30	14	117%	43%
	658	**512**	**30%**	**30**	**14**	**117%**	43%
Netherlands (including Germany, Belgium & Luxembourg)							
Life	123	173	(28%)	26	32	(18%)	(22%)
Pensions	276	278	1%	17	19	(9%)	(3%)
Total life and pensions	**399**	**451**	**(10%)**	**43**	**51**	**(15%)**	(12%)
Unit trusts	134	92	48%	-	-	-	48%
	533	**543**	**(1%)**	**43**	**51**	**(15%)**	(6%)
Poland							
Life and savings	49	11	326%	8	5	54%	151%
Pensions	26	5	400%	6	4	43%	106%
Total life and pensions	**75**	**16**	**349%**	**14**	**9**	**49%**	129%
Mutual funds	27	12	116%	1	5	(81%)	58%
	102	**28**	**249%**	**15**	**14**	**3%**	115%
Spain							
Life and savings	270	232	18%	19	17	13%	9%
Pensions	61	51	21%	9	9	1%	7%
	331	**283**	**19%**	**28**	**26**	**9%**	9%
Other Europe							
Life and pensions	15	20	(26%)	12	10	12%	(5%)
UCITS	168	110	55%	-	-	-	55%
	183	**130**	**42%**	**12**	**10**	**12%**	33%
Rest of the World							
Asia	43	23	72%	19	13	36%	39%
Australia	40	47	(17%)	9	9	(3%)	(8%)
United States	144	74	79%	2	4	(54%)	56%
Life and pensions	**227**	**144**	**47%**	**30**	**26**	**8%**	32%
Unit trusts	45	47	(7%)	-	-	-	(7%)
Navigator	310	178	69%	-	-	-	69%
	582	**369**	**51%**	**30**	**26**	**8%**	41%
Aviva International							
Life and pensions	**2,851**	**2,416**	**19%**	**202**	**174**	**15%**	16%
Total investments	684	439	54%	1	5	(80%)	53%
	3,535	**2,855**	**24%**	**203**	**179**	**13%**	21%
United Kingdom							
Individual pensions	540	298	81%	87	60	45%	65%
Group pensions	125	99	26%	26	23	13%	21%
Annuities	347	413	(16%)	-	-	-	(16%)
Bonds	787	620	27%	-	-	-	27%
Protection	57	73	(22%)	42	33	27%	15%
Equity release	85	83	2%	-	-	-	2%
Total life and pensions	**1,941**	**1,586**	**22%**	**155**	**116**	**34%**	27%
Peps/Isas/Unit trusts/Oeics	436	206	112%	8	3	167%	112%
	2,377	**1,792**	**33%**	**163**	**119**	**37%**	34%
Total long-term savings	**5,912**	**4,647**	**28%**	**366**	**298**	**22%**	**26%**
Analysed:							
Life and pensions	4,792	4,002	20%	357	290	23%	20%
Investment sales	1,120	645	72%	9	8	10%	72%
Total long-term savings	**5,912**	**4,647**	**28%**	**366**	**298**	**22%**	26%

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			PVNBP
	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	Local currency growth[1]	3 months to 31 March 2006 £m	3 months to 31 March 2005 £m	Local currency growth[1]	Local currency growth[1]
IFA							
- life & pensions products	1,462	1,190	23%	113	92	23%	22%
- investment products	297	108	175%	-	-	-	175%
	1,759	**1,298**	**36%**	**113**	**92**	**23%**	31%
Bancassurance partnership with RBSG							
- life & pensions products	154	102	51%	19	4	375%	115%
- investment products	33	15	120%	8	3	167%	141%
	187	**117**	**60%**	**27**	**7**	**286%**	118%
Other partnerships/Direct							
- life & pensions products	325	294	11%	23	20	15%	18%
- investment products	106	83	28%	-	-	-	28%
	431	**377**	**14%**	**23**	**20**	**15%**	20%
Total UK long-term savings	**2,377**	**1,792**	**33%**	**163**	**119**	**37%**	34%

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

Annual premium equivalent [1]

	Life and pensions sales		Investment sales		Total sales	
	3 months to 31 March 2006 £m	Local currency growth[2]	3 months to 31 March 2006 £m	Local currency growth[2]	3 months to 31 March 2006 £m	Local currency growth[2]
IFA	259	23%	30	175%	289	30%
Bancassurance partnership with RBSG	34	142%	11	151%	45	144%
Other partnerships/Direct	56	12%	11	28%	67	15%
Total UK long-term savings	**349**	**27%**	**52**	**119%**	**401**	**34%**

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			PVNBP
	3 months to 31 March 2006 £m	**3 months to 31 March 2005 £m**	**Local currency growth[1]**	**3 months to 31 March 2006 £m**	**3 months to 31 March 2005 £m**	**Local currency growth[1]**	**Local currency growth[1]**
AFER							
- Euro funds [2]	370	365	2%	-	-	-	2%
- Unit-linked funds	165	109	53%	-	-	-	53%
	535	**474**	**14%**	**-**	**-**	**-**	14%
Bancassurance partnership with Crédit du Nord							
- Euro funds	136	118	17%	2	1	103%	18%
- Unit-linked funds	92	82	14%	6	5	22%	16%
- Protection	1	-	-	-	-	-	(19%)
	229	**200**	**16%**	**8**	**6**	**35%**	18%
Other							
- Euro funds	59	62	(4%)	2	2	1%	(5%)
- Unit-linked funds	170	156	10%	6	6	1%	10%
- Protection	-	1	(100%)	7	7	1%	6%
	229	**219**	**6%**	**15**	**15**	**1%**	6%
Total France long-term savings	**993**	**893**	**13%**	**23**	**21**	**11%**	12%

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.

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:

	United Kingdom		France	
	2005	**2004**	**2005**	**2004**
Risk discount rate	6.8%	7.3%	6.0%	6.4%
Pre-tax investment returns:				
Base government fixed interest	4.1%	4.6%	3.3%	3.7%
Ordinary shares	7.1%	7.6%	6.3%	6.7%
Property	6.1%	6.6%	5.3%	5.7%
Future expense inflation	3.2%	3.3%	2.5%	2.5%
Tax rate	30.0%	30.0%	34.4%	34.9%
Required Capital (% EU minimum)	150% / 100%	200% / 100%	115%	115%

	Ireland		Italy	
	2005	**2004**	**2005**	**2004**
Risk discount rate	6.0%	6.4%	6.0%	6.4%
Pre-tax investment returns:				
Base government fixed interest	3.3%	3.7%	3.3%	3.7%
Ordinary shares	6.3%	6.7%	6.3%	6.7%
Property	5.3%	5.7%	5.3%	5.7%
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%

	Netherlands		Poland	
	2005	**2004**	**2005**	**2004**
Risk discount rate	6.0%	6.4%	8.6%	9.7%
Pre-tax investment returns:				
Base government fixed interest	3.3%	3.7%	4.9%	6.0%
Ordinary shares	6.3%	6.7%	7.9%	9.0%
Property	5.3%	5.7%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.3%	3.4%
Tax rate	29.1%	31.5%	19.0%	19.0%
Required Capital (% EU minimum)	150%	150%	150%	150%

	Spain	
	2005	**2004**
Risk discount rate	6.0%	6.4%
Pre-tax investment returns:		
Base government fixed interest	3.3%	3.7%
Ordinary shares	6.3%	6.7%
Property	5.3%	5.7%
Future expense inflation	2.5%	2.5%
Tax rate	35.0%	35.0%
Required Capital (% EU minimum)	125% / 110%	125% / 110%

For service companies, expense inflation relates to the underlying expenses rather than the fees charged to the life company. Future returns on corporate fixed interest investments are calculated from prospective yields less an adjustment for credit risk. Required capital in the United Kingdom is 150% EU minimum for Norwich Union Annuity Limited and 100% for other companies. Required capital in Spain is 125% EU minimum for Aviva Vida y Pensiones and 110% for bancassurance companies.

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