

6 February 2007

**Aviva plc**  
**Worldwide long-term savings new business**  
**12 months to 31 December 2006**

- **Excellent full year performance with total worldwide sales<sup>1,3</sup> up 22% to £31,123 million and record fourth quarter sales**
- **Worldwide life & pensions sales up 18% at £26,213 million**
- **Strongest UK performance to date: total sales<sup>3</sup> up 35% to £13,962 million**
- **International total sales up 13% to £17,161 million**
- **Best ever quarterly annuity and life sales for AmerUs and total sales up 21% year on year**
- **Investment sales grew by 48% to £4,910 million**

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

"These results show that Aviva is a world-class business. We produced over £8 billion in worldwide sales of long-term savings products in the last three months of 2006, which is a quarterly record for us. Our scale is building steadily as we benefit from the investment we've made in providing customers with a broad range of products through the distribution channel of their choice.

"Aviva's newly expanded business in the US, which now incorporates AmerUs, has delivered record sales and strong growth, and we're confident that consumer demand for our life and annuity products will continue to rise.

"In the UK, Norwich Union continued to perform extremely well, achieving an impressive 35% increase in total sales. Our geographic balance and growing presence in continental Europe enabled us to increase our life and pension sales by over £1 billion, compared to last year, demonstrating the value of the market that's available to us there. In Asia we are accelerating the development of our business as we capture a growing share of the increasing demand for long-term savings and protection products.

"We are confident of further growth for Aviva in 2007."

<b>Financial highlights</b>	<b>12 months to 31 December 2006</b>	<b>12 months to 31 December 2005</b>	<b>Local currency growth<sup>2</sup></b>
<b>Aviva UK</b>			
Life and pensions new business sales <sup>3</sup>	£11,507m	£9,185m	25%
Investment sales	£2,455m	£1,160m	112%
<b>Total long-term savings new business sales<sup>3</sup></b>	<b>£13,962m</b>	<b>£10,345m</b>	<b>35%</b>
<b>Aviva International</b>			
Life and pensions new business sales	£14,706m	£13,061m	13%
Investment sales	£2,455m	£2,177m	14%
<b>Total long-term savings new business sales</b>	<b>£17,161m</b>	<b>£15,238m</b>	<b>13%</b>
<b>Aviva Group</b>			
Life and pensions new business sales <sup>3</sup>	£26,213m	£22,246m	18%
Investment sales	£4,910m	£3,337m	48%
<b>Total long-term savings new business sales<sup>3</sup></b>	<b>£31,123m</b>	<b>£25,583m</b>	<b>22%</b>

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 All growth rates quoted are at constant rates of exchange.

3 UK life sales figures are stated before the effect of changing from opening to closing operating assumptions. (i.e. using assumptions consistent with those used in reporting 2006 new business sales in the year to date). After including the effect of changes to lapse assumptions, to be consistent with the assumptions used in calculating closing embedded value, Aviva UK's PVNBP, and consequently that of the group, is reduced by £361 million.

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There will be a conference call today for wire services at 07:30am (GMT) on +44 (0)20 7162 0025. This conference call will be hosted by Philip Scott, group executive director, Aviva International and attended by Andrew Moss, group finance director and Patrick Snowball, group executive director, Aviva UK.

There will be a conference call today for analysts and investors at 09:30am (GMT) on +44 (0)20 7162 0125. This conference call will be hosted by Philip Scott, group executive director, Aviva International and attended by Andrew Moss, group finance director and Patrick Snowball, group executive director, Aviva UK.

Replay will be available for two weeks until 21 February 2007. The dial in number for replays is +44 (0)20 7031 4064 and the pass code is 733419.

Photographs are available on the Aviva media centre at [www.aviva.com](http://www.aviva.com).

	Present value of new business premiums <sup>1</sup>		
	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>2</sup>
<b>Life and pensions business</b>			
<b>United Kingdom</b>	<b>11,507</b>	<b>9,185</b>	<b>25%</b>
<i>United Kingdom – after the effect of UK lapse assumption changes</i>	<i>11,146</i>	<i>9,185</i>	<i>21%</i>
France	3,552	3,530	1%
Ireland	1,273	665	93%
Italy	2,768	2,294	22%
Netherlands (including Belgium and Germany)	2,346	2,739	(14)%
Poland	534	320	63%
Spain	2,059	2,013	3%
Other Europe <sup>3</sup>	308	240	29%
<i>Continental Europe</i>	<i>12,840</i>	<i>11,801</i>	<i>9%</i>
Asia	685	396	70%
Australia	297	337	(10)%
United States <sup>4</sup>	884	527	70%
<i>Rest of the World</i>	<i>1,866</i>	<i>1,260</i>	<i>49%</i>
<b>International</b>	<b>14,706</b>	<b>13,061</b>	<b>13%</b>
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<b>Total life and pensions</b>	<b>26,213</b>	<b>22,246</b>	<b>18%</b>
<i>Total life and pensions – after the effect of UK lapse assumption changes</i>	<i>25,852</i>	<i>22,246</i>	<i>17%</i>
<b>Investment sales <sup>5</sup></b>			
<b>United Kingdom</b>	<b>2,455</b>	<b>1,160</b>	<b>112%</b>
Netherlands	285	563	(49)%
Poland	131	53	138%
Other Europe	475	410	17%
<i>Continental Europe</i>	<i>891</i>	<i>1,026</i>	<i>(13)%</i>
Australia	1,303	1,061	25%
Singapore	261	90	181%
<i>Rest of the World</i>	<i>1,564</i>	<i>1,151</i>	<i>38%</i>
<b>International</b>	<b>2,455</b>	<b>2,177</b>	<b>14%</b>
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<b>Total investment sales</b>	<b>4,910</b>	<b>3,337</b>	<b>48%</b>
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<b>Total long-term savings</b>	<b>31,123</b>	<b>25,583</b>	<b>22%</b>
<i>Total long-term savings – after the effect of UK lapse assumption changes</i>	<i>30,762</i>	<i>25,583</i>	<i>21%</i>
Navigator sales (included above)	1,371	938	48%

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 2005 figures include new business sales of £45 million from the Portuguese business, which was disposed of in October 2005. Excluding Portugal, Other Europe life and pension sales growth would have been 60%.

4 Includes sales from AmerUs of £324 million.

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

## Overview

Aviva achieved continued strong growth in the 12 months to 31 December 2006, with total long-term savings new business sales up 22% to £31,123 million (2005: £25,583 million). The overall increase reflects growth in life and pension sales of 18% to £26,213 million (2005: £22,246 million), and exceptional growth in investment sales of 48%, to £4,910 million (2005: £3,337 million). Sales in the fourth quarter amounted to £8,405 million (2005: £6,982 million), a record quarter for the group.

Aviva UK's total sales increased by 35% to £13,962 million (2005: £10,345 million). Within this total, life and pension new business sales grew by 25% to £11,507 million (2005: £9,185 million) before the effect of lapse assumption changes, benefiting from strong growth in pension and bond sales. Collective investment sales were exceptionally strong, up 112% to £2,455 million (2005: £1,160 million), benefiting from new fund offerings and strong investment markets. Aviva's share of sales through the joint venture with The Royal Bank of Scotland Group were up by 58% to £1,169 million (2005: £742 million), reflecting an increased focus from both partners and a rise in the number of sales advisers.

Aviva International's total long-term savings new business sales continued to experience strong growth. Sales increased by 13% to £17,161 million (2005: £15,238 million) reflecting strong growth in a number of Aviva's main markets and from businesses acquired during the year in Ireland and the United States. Growth in Asia was 91% and the region now accounts for 6% of total international sales. Life and pension new business sales were 13% higher at £14,706 million (2005: £13,061 million), while investment sales grew by 14% to £2,455 million (2005: £2,177 million), primarily reflecting increased sales through the Navigator platform in Australia and Singapore.

The acquisition of AmerUs Group in the US was completed on 15 November 2006, and the company adopted the Aviva branding upon the close of the transaction. Sales in the year ended strongly, with £324 million of sales in the six weeks following acquisition.

## Aviva UK

2006 was a record year for Norwich Union with total sales including investments up 35% to £13,962 million (2005: £10,345 million). This exceptional growth was broad based, underpinned by an increase in customer confidence and supported by A-Day and buoyant equity markets. This result included, in particular, a very strong performance in collective investments and bonds. Sales excluding pensions increased 32%, demonstrating the strength and breadth of the company's proposition, and distribution footprint.

Total sales of £13,962 million are before the impact of year-end assumption changes in relation to persistency on regular premium pensions business. The impact of these changes on headline sales is estimated at £361 million, reducing total sales on a PVNBP basis to £13,601 million. Norwich Union will revisit its overall 2006 persistency assumptions in relation to pension and bond business. The effect of pension and bond assumption changes on UK EEV operating return and new business margin is expected to be offset by other assumption changes. These other assumption changes include the beneficial impact of reserving changes introduced by PS06/14 (Prudential changes for insurers) that the company will early adopt for its 2006 year end and the benefit of a proportion of the future pension deficit funding payments being borne by the UK with-profit funds. Further disclosure will be provided at the preliminary announcement on 1 March 2007.

The company has made good progress on service standards during the year and expects to increase its full year 2006 market share (full year 2005: 10.5%).

Sales momentum continued throughout the year, with sales in the second half of the year reaching £7,063 million ahead of those in the first half of the year (H1 2006: £6,899 million). Fourth quarter sales totalled £3,498 million, 25% ahead of 2005 (fourth quarter 2005: £2,804 million).

The effective implementation of the company's A-Day strategy resulted in total pension sales of £5,068 million, 40% ahead of 2005 (£3,616 million). Individual pensions, including group personal pensions, increased by 56% to £4,043 million (2005: £2,597 million). Discrete fourth quarter sales were up 16% to £843 million (Q4 2005: £730 million) despite the anticipated reduction in volume in stakeholder pensions resulting from the change to the charging structure earlier in the year. This increase included business with a higher profitability than in the equivalent quarter of 2005. Sales of Self-invested personal pensions (SIPP), launched through Norwich Union's Lifetime wrap platform in 2006, totalled £173 million<sup>1</sup>.

Corporate pension sales were stable at £1,025 million (2005: £1,019 million) in a market which will continue to contract as volumes shift from trustee-based corporate pension schemes into group personal pension products.

The 2006 pensions market was boosted by the legislative changes around A-Day that led to advisers, trustees and employers reviewing existing pension arrangements. The impact of A-Day is now diminishing but is still expected to buoy the market to a lesser extent in 2007.

Collective investment sales more than doubled, up 112% to £2,455 million (2005: £1,160 million). The company expanded its offerings to include two new equity-based funds and new property funds during the year, including property investment opportunities outside the UK. A global property fund was launched in the fourth quarter, followed by a new European property fund in January 2007. The company continues to draw on the significant expertise of Morley Fund Management, which is an acknowledged leader in the property investment arena.

Bond sales were very strong at £3,588 million, 37% ahead of 2005 (2005: £2,615 million). Popular choices for investors have been property, with-profit and guaranteed funds, including the company's unique guarantee-backed with-profit bond.

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<sup>1</sup> Included in collective investment sales.

This retail price index (RPI) guarantee bond has led to a resurgence in with-profit bond sales which increased by 93% to £902 million (2005: £468 million). Unit-linked sales continued to perform strongly, increasing by 26% to £2,368 million (2005: £1,879 million).

Norwich Union's bancassurance partnership with The Royal Bank of Scotland Group had an excellent year with sales of £1,607 million, up 48% on the previous year (2005: £1,085 million). Norwich Union's share was £1,169 million, 58% ahead of 2005 (2005: £742 million). Increased sales of individual pensions, boosted by A-Day, and strong collective investment growth, underpinned by a successful ISA season, have supported this result. Norwich Union's with-profit RPI guarantee bond was also well received within branches during the year, where increased sales have supported growth in margin. Throughout the year, the business has benefited from a continued increase in focus from both partners. The number of sales advisers rose to more than 760 at the end of 2006, with a target of 1,000 by the end of 2007.

Protection sales increased 3% to £1,024 million (2005: £995 million). The company's focus in 2006 has been on maintaining product volume and profitability, while improving the level of service it provides to the adviser market and increasing its direct to consumer presence.

Total annuity sales were slightly down at £1,511 million (2005: £1,585 million). Focus throughout the year continued to be on profitable individual annuity sales to policyholders. The bulk purchase annuity (BPA) market became increasingly competitive in 2006 and the company was selective in the schemes it chose to quote on. Norwich Union intends to be a long-term player in the BPA market, supported by strong experience and knowledge in the individual annuity market, and benefiting from its recognised brand, strong annuity capability, administration and excellent service. It will continue to look at writing BPA business only where the returns generated meet its profitability targets.

Equity release sales of £316 million were lower (2005: £374 million), with sales impacted by increased competition as new providers entered the market. Norwich Union and the multi-tie network Openwork set up an equity release lead referral scheme in October.

During 2006, Norwich Union has developed products that are more accessible and provide an easy sales experience for the customer. In September, the company launched an innovative and simplified life product, providing a fast quote, simple application option for those seeking protection products. This was followed in October with its "make sense of it" website, responding to consumer demand for simple information that is easy to understand. The site covers the basics of investments, pensions and annuities with further information on protection to be added this month. For advisers, Norwich Union launched its IFA fund website, which offers a one-stop shop where advisers can download literature, obtain up to date fund statistics and view the latest commentary from fund managers.

Norwich Union anticipates market growth<sup>2</sup> of between 5-10% in 2007 and aims to grow at least in line with the market.

## **Aviva International**

### **Continental Europe**

Aviva International's life and pension sales in continental Europe grew by 9% to £12,840 million (2005: £11,801 million) or by £1 billion, demonstrating the enormous growth potential for the group of this market. Total sales in continental Europe, including investment sales, grew by 8% to £13,731 million (2005: £12,827 million).

#### **France:**

Aviva France's sales increased by 1% to £3,552 million (2005: £3,530 million). A strong sales contribution from the partnership with Crédit du Nord of £838 million (2005: £728 million) was offset by reduced Euro fund sales in the non-bank channels.

One of Aviva France's key areas of focus in 2006 was the encouragement of Fourgous<sup>3</sup> transfers, an area in which it has excelled as the most successful company in the market. As unit-linked funds are more capital-efficient, Aviva France focused on these transfers enabling a higher proportion of future sales from existing customers to be invested in higher margin funds and providing policyholders with the opportunity to enjoy a greater flexibility in managing their funds. In total, Aviva France has achieved over 80,000 policy conversions amounting to £4.2 billion of transferred funds, which are not included in new business sales. Of this total, 33% have been transferred to unit-linked funds. The majority of transfers have been generated through AFER, the largest savings association in France. To date, as a result of combined efforts with AFER, Aviva France has generated approximately 30%<sup>4</sup> of all Fourgous transfers in the market, an excellent performance in the context of our market share.

Overall market growth for the year to December was 18%<sup>5</sup>, including the effect of the reinvestment of 'Plan d'Épargne Logement' (PEL) banking products, which has mostly benefited pure bancassurers. Growth amongst traditional insurers was 10% and was inflated by the inclusion of Fourgous transfers by some competitors. Had Aviva France included such transfers, new business sales would have grown by over 80%. Taking Fourgous conversions into account, Aviva France's operational achievements in 2006 were excellent.

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<sup>2</sup> Market growth projection is on an annual premium equivalent basis

<sup>3</sup> The Fourgous amendment of 2005 enabled the tax-efficient transfer of existing 100% Euro funds into more balanced Euro and unit-linked portfolios.

<sup>4</sup> Based on the value of funds converted.

<sup>5</sup> Based on gross written premium.

Aviva France's ongoing strategy to promote the growth of unit-linked funds has taken precedence over a focus purely on the growth of new business sales. In 2006, this strategy has resulted in an increase in the proportion of unit-linked new business sales to 46% (2005: 42%) of savings sales, representing growth of 10% to £1,556 million (2005: £1,423 million). This growth was boosted by a strong performance from Aviva's fund management business, Aviva Gestion d'Actifs, combined with a dedicated business approach to ensure that policyholders receive best advice.

Membership of AFER reached 658,000 members (2005: 638,000 members) and AFER remains an important source of new business. AFER sales were £1,652 million (2005: £1,685 million) within which unit-linked sales grew by 32% to £482 million (2005: £367 million).

New business sales, excluding sales through AFER and the partnership with Crédit du Nord, were £1,062 million (2005: £1,117 million), affected by a reduced demand for Euro fund sales with the proportion of unit-linked saving sales having increased to 73% (2005: 71%).

Market growth is expected to slow down in 2007, as the benefits of PEL activity will not be repeated. Aviva France's diversified distribution capability, efficient bancassurance partnership with Crédit du Nord, market-leading AFER product and award-winning fund management expertise<sup>6</sup> mean that the business is well placed to compete successfully in 2007.

#### **Ireland:**

Including sales through the bancassurance partnership with Allied Irish Banks (AIB), Ireland's largest retail bank, Hibernian's new business sales increased by 93% to £1,273 million (2005: £665 million).

Sales through AIB, which began at the end of January 2006, amounted to £589 million. These comprised £383 million of life sales, consisting primarily of single premium bonds and £206 million of pension sales. This business grew strongly with sales 36% higher year on year. The reopening of the Hibernian property fund produced £49 million of life sales through the bank channel. A number of new product developments specifically designed for the bank channel and new rollover products are in place to capture maturities from the Special Savings Incentive Accounts (SSIA's).

Life sales through Hibernian's broker channel were 13% higher at £243 million (2005: £216 million), with strong sales of single premium unit-linked business reflecting buoyant market conditions and the continued success of the limited-offer guaranteed fund prior to its closure in June.

Pension sales through Hibernian's broker channel were £441 million (2005: £449 million), with increased sales in the final quarter, which is traditionally strong.

Hibernian's broker businesses are continuing to witness a level of lapse experience higher than previously projected within its assumptions for life and pension business. Disclosure of the impact of the changes to assumptions on Aviva's full year results will be provided at our preliminary announcement on 1 March 2007.

Further growth is expected in 2007 from the continued development of new products and expansion of the funds offered through the bank and broker networks.

#### **Italy:**

Aviva Italy achieved strong underlying growth in 2006 with total new business sales, up 22% to £2,768 million (2005: £2,294 million, including one-off single premium direct sales of £123 million). Aviva Italy substantially outperformed the Italian market which declined by 9%<sup>7</sup>.

Aviva Italy's joint venture with the UniCredit Group continues to be one of the most successful bancassurers in Italy and total sales have increased by 79% to £1,381 million (2005: £778 million) benefiting from access to additional branches in the UniCredit Group network and an increase in the proportion of regular premium business.

Sales through Banche Popolari Unite were higher at £682 million (2005: £648 million), driven by a focus on regular premium business that included the introduction of new products and marketing campaigns.

Sales through the Banca Popolare Italiana Group network were £554 million (2005: £530 million), boosted by successful marketing campaigns that took place in the final quarter of the year.

Sales through Banca delle Marche were lower at £78 million (2005: £178 million, including one-off single premium direct sales of £43 million), following a reduction in sales of regular premium products.

Aviva Italy is well placed for future growth and it will continue to develop its bancassurance relationships. However, as in previous years, quarterly sales will continue to vary due to the timing of marketing campaigns with banking partners and new product launches.

<sup>6</sup> In September 2006, 'Mieux Vivre Votre Argent' (a weekly magazine) ranked Aviva Gestion d'Actifs the best fund manager over the last 5 years.

<sup>7</sup> Based on new business premiums for the eleven months to the end of November 2006.

**Netherlands (including Belgium and Germany):**

Delta Lloyd's total sales, including investment sales, were £2,631 million (2005: £3,302 million). The conditions in the markets in which Delta Lloyd operates continue to be challenging, affected by aggressive pricing, competition for investment funds and by regulatory and fiscal changes. Delta Lloyd continued to focus on achieving a balance between profitability and business volumes.

Life and savings sales were £895 million (2005: £1,275 million). In Germany, sales reduced to £157 million (2005: £305 million), with investment bond volumes affected by the flattening yield curve and with the first quarter of 2005 boosted by a late influx of endowment sales following a change in the tax law. In the Dutch market, savings sales have been affected by increased competition, lower mortgage market activity and by lower investment in retirement planning products.

Pension and annuity sales were £1,451 million (2005: £1,464 million). Sales of group pension schemes were particularly strong in the final quarter of both 2006 and 2005, while sales in 2006 also include £152 million of premium received from the Delta Lloyd pension scheme. Group pension sales tend to fluctuate from quarter to quarter due to the timing and size of group contracts.

Investment sales of £285 million (2005: £563 million) reflected increased market competition in 2006 and the exceptional success of Delta Lloyd's Select Dividend fund in late 2005. Delta Lloyd plans to enhance its fund offering in 2007.

In this challenging environment, Delta Lloyd continues to seek out new sales opportunities. In particular, group pensions, further development of distribution through the ABN AMRO networks and distribution through alternative channels are viewed as areas of growth opportunity, giving prospects for improvement in 2007.

**Poland (including Lithuania):**

Aviva's life and pension operations in Poland and Lithuania are leading businesses in their respective markets. Total sales, including investment sales, increased by 74% to £665 million (2005: £373 million) and included sales in Lithuania of £39 million (2005: £35 million).

Life sales in Poland were £268 million (2005: £147 million). This performance reflects strong sales of single premium unit-linked business, driven by a favourable equity market, recent promotional campaigns, and positive results from both the development of the direct sales force and bancassurance.

Pension sales increased substantially to £227 million (2005: £138 million) driven by overdue premiums from the State pension agency and higher levels of transfers from other providers. In the final quarter, CU Polska was acknowledged as having the best pension fund in Central and Eastern Europe by the prestigious industry monthly magazine *Investment & Pensions Europe*<sup>8</sup>. In November 2006, the value of Aviva's pension assets passed the 30 billion Polish zloty (£5.3 billion) mark.

Investment sales in Poland were £131 million (2005: £53 million), reflecting a buoyant equity market, the expansion of sales channels, recent advertising and promotional activities, and the success of the umbrella funds<sup>9</sup> launched in November 2006.

The Polish insurance and investment markets continue to offer strong long-term growth potential, supported by a favourable economic outlook. Further growth is expected in 2007 following product advancements and continued development of distribution channels.

**Spain:**

Aviva remains the number one bancassurance group in the Spanish life market and number two in the life market<sup>10</sup> overall.

Total new business sales were £2,059 million, including one-off sales of £21 million (2005: £2,013 million, including one-off sales of £34 million). Excluding one-off sales, good underlying growth of 4% in total new business sales was achieved for the year, outperforming a market that grew by 1%<sup>9</sup>. This strong performance has been achieved through sales efforts concentrated on higher margin protection and pension business. Trading conditions in the savings market were more subdued, affected by the uncertainty surrounding the details of tax changes announced for 2007. Aviva Spain has developed new savings products for 2007 that take advantage of the more favourable tax regime for PIAS<sup>11</sup> products.

In Aviva Spain's bancassurance distribution channels, total new business sales were £1,832 million (2005: £1,793 million). This performance was supported by marketing campaigns carried out by the bank partners in the first half of the year and strong sales of pension business in the fourth quarter, ahead of the planned reduction in pension tax relief from 1 January 2007.

Sales through Aviva Vida y Pensiones, which distributes through its direct sales force and intermediaries, increased to £227 million, including one-off sales of £21 million, (2005: £220 million, including one-off sales of £34 million). Unit-linked sales benefited from favourable equity market conditions in the year.

<sup>8</sup> The monthly *Investment & Pensions Europe* has been published since 1997 and is the most important periodical in Europe dealing with pension funds. Each year it confers awards for the best funds in individual European countries and in theme categories.

<sup>9</sup> Umbrella funds were established to offer tax incentives for clients wishing to switch their investments between funds.

<sup>10</sup> Based on gross written premium for the nine months to the end of September 2006.

<sup>11</sup> PIAS are newly introduced savings contracts with tax benefits after ten years if an annuity is purchased.

### **Other Europe:**

Life and pension sales in the Czech Republic, Hungary, Romania, Russia and Turkey amounted to £308 million (2005: £240 million, including £45 million of sales in the Portuguese business, which was sold in 2005).

Strong growth of 60% was achieved from continuing businesses, principally from an increase in sales through the broker channel in **Hungary** ahead of changes in the tax regime, which became effective on 1 September 2006. Despite these tax changes, sales continued to be strong in the final quarter.

In **Turkey**, where Aviva is a top-five life and pensions provider, total sales were £162 million (2005: £144 million) driven by higher sales of regular premium pensions business, boosted by an increase in the number of sales advisers and productivity in the final quarter of 2006. The business also benefited from increased transfers from existing life to pension policies ahead of the regulatory deadline<sup>12</sup>.

Investment sales in **Luxembourg** have risen by 17% to £475 million (2005: £410 million), benefiting from a broad range of products, strong demand from investors and our award-winning funds. We anticipate that demand will continue into 2007 and that property and absolute return products will become increasingly popular with investors.

In **Russia**, Aviva began trading in corporate sales on a limited scale following the grant of its licence in March 2006. Aviva Russia's strategy is to position the business to take advantage of the rapid growth expected to occur as the life insurance industry develops, with the expectation of achieving a top-five market position and a 10% share in the life insurance market within the next five years.

### **Rest of the World**

Aviva International's total sales in the Rest of the World grew by 44% to £3,430 million (2005: £2,411 million) representing strong growth in Asia and the inclusion of sales of £324 million from the AmerUs business acquired on 15 November 2006 in the United States.

### **Asian businesses:**

In line with its long-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 91% to £946 million (2005: £486 million).

**Singapore:** Total sales increased by 77% to £580 million (2005: £317 million). Life and pension sales increased to £319 million (2005: £227 million), reflecting strong sales of limited period single premium savings products through Aviva's partnership with banking group Development Bank of Singapore (DBS) together with an increase in sales through other distribution channels. Aviva remains second in the bancassurance market and is the leader in the developing broker market and in the employee benefits and healthcare segment.

Sales through Navigator, the investment fund administration business, increased substantially to £261 million (2005: £90 million), reflecting good relationships with key brokers, the comprehensive range of funds offered and an ongoing buoyant economic environment.

**Hong Kong:** Sales increased significantly to £216 million (2005: £103 million). This reflects the development of the IFA channel, which now contributes 55% (2005: 35%) of new business sales and the continued good performance from the partnership with DBS.

**China:** Sales through the joint venture life business Aviva-COFCO increased by 41% to £100 million (2005: £71 million) reflecting expansion in the branch network. Aviva-COFCO is now licensed in six provinces and 15 cities and was ranked 5th<sup>13</sup> amongst foreign joint ventures as at the end of November 2006. Aviva's 50% share of sales was £50 million (2005: £35 million).

**India:** Total new business sales through Aviva's joint venture with the Dabur Group, increased strongly to £323 million (2005: £123 million), with Aviva's 26% share amounting to £84 million (2005: £32 million). Aviva is the seventh largest private insurer in India<sup>14</sup>.

This excellent performance was driven by Aviva India's rapidly expanding distribution channels. At the year-end, the direct sales force numbered more than 14,000 agents (2005: 6,700) with a further 6,000 in training and there were over 30 (2005: 17) distribution agreements in the bancassurance channel in place.

On 16 January 2007, Aviva announced a significant bancassurance agreement with IndusInd Bank, one of India's fastest-growing private sector banks with 1.4 million customers and 148 branches, thereby extending Aviva's leadership in the bancassurance market.

**Sri Lanka:** New business sales, since Aviva acquired a 51% stake in Eagle Insurance on 1 February 2006, amounted to £16 million. During the year, Eagle Insurance entered into two bancassurance agreements with National Development Bank and Standard Chartered Bank.

<sup>12</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. Pension business has advantages in terms of the range of investment funds and a lower tax charge on benefits at maturity/retirement.

<sup>13</sup> Measured in terms of year to date first year premium income for eleven months to November 2006.

<sup>14</sup> Measured in terms of first year weighted premium income in the first nine months of 2006.



**Malaysia:** In January 2007, it was announced that Aviva had agreed to purchase 49% of each of the life and takaful<sup>15</sup> businesses of Bumiputra-Commerce Holdings Berhad (BCHB). Aviva is now working to finalise the terms of the deal that will also be subject to regulatory approval.

**Australia:**

Total sales increased by 17% to £1,600 million (2005: £1,398 million), driven primarily by significantly higher investment sales through Navigator, the master trust fund administration business.

Life and pension sales were £297 million (2005: £337 million), with continuing strong growth from protection products following product enhancements. Successive changes to pension laws since the middle of 2005<sup>16</sup> have resulted in a shift of corporate pension sales for Aviva Australia towards Navigator retirement funds and this trend is expected to continue.

Sales through Navigator increased by 34% to £1,110 million (2005: £848 million) as a result of ongoing improvements in product offerings, an increase in retirement fund business, sustained strong customer service levels and Aviva Australia's strategic investments in key distributors. The changes to pension laws and favourable tax legislation are expected to have a positive impact on the sales through the Navigator platform. Other investment sales were £193 million (2005: £213 million).

**United States:**

Life and pension sales increased by 70% to £884 million (2005: £527 million).

Life and pension sales in Aviva's long-established operations based in Boston, increased by 7% to £560m (2005: £527 million). Structured settlement products showed strong growth following the A.M. Best rating upgrade to A+ in November 2005. Fixed index annuity sales increased by 132% to £62 million (2005: £27 million).

Sales from AmerUs, amounted to £324 million in the six weeks following acquisition on 15 November 2006, and AmerUs reported record sales for life and annuity products for the fourth quarter. Consumer demand for its fixed index life and annuity products remains strong.

Full year sales from AmerUs were £2,261 million (2005: £1,882 million), including £330 million of funding agreement sales (2005: £38 million) in the second, third and fourth quarters. This strong performance represented 21% year on year growth compared with 2005. Funding agreement sales are by their nature opportunistic and can vary significantly quarter on quarter. Excluding the impact of these funding agreements, sales of the underlying life and annuity products continued to show strong quarter on quarter growth throughout 2006. An analysis of AmerUs sales on a PVNBP basis by quarter for 2006 and 2005 is given in the 'Notes to editor' overleaf.

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<sup>15</sup> Takaful is a type of financial service that is compatible with Islamic Shari'ah law, with features similar to those of mutual societies.

<sup>16</sup> 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.

## 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 fifth-largest insurance group based on gross worldwide premiums at 31 December 2005.

Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide total sales\* of £36 billion and assets under management of £322 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](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 = £0.68 (12 months to 31 December 2005: €1 = £0.68) and \$1 = £0.54 (12 months to 31 December 2005: \$1 = £0.55)
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. 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.

### 6. Additional notes on AmerUs sales

Aviva acquired AmerUs on 15 November 2006, and six weeks' sales are included in this announcement. For additional information, the full year AmerUs sales by quarter on a PVNBP basis for 2006 and comparable 2005 numbers are shown below.

2006						Six weeks from
	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Total 2006	15/11
	£m	£m	£m	£m	£m	£m
Life	108	126	129	154	517	87
Annuity	281	341	373	419	1,414	237
Total Life and Annuity	389	467	502	573	1,931	324
Funding Agreements	-	79	237	14	330	-
Total	389	546	739	587	2,261	324

  

2005					
	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Total 2005
	£m	£m	£m	£m	£m
Life	91	104	95	111	401
Annuity	313	391	376	363	1,443
Total Life and Annuity	404	495	471	474	1,844
Funding Agreements	-	38	-	-	38
Total	404	533	471	474	1,882

Funding agreements are large single premium insurance contracts with an obligation to repay the deposit plus a contractual return for the duration of the contract. Sales of funding agreements are opportunistic by nature and can vary significantly quarter on quarter.

### 7. Additional notes on the effect of lapse assumption changes in the UK

UK life sales figures are stated before the effect of changing from opening to closing operating assumptions. (i.e. using assumptions consistent with those used in reporting 2006 new business sales in the year to date). After including the effect of changes to lapse assumptions, to be consistent with the assumptions used in calculating closing embedded value, Aviva UK's PVNBP, and consequently that of the group, is reduced by £361 million. The table below sets out the impact on total long-term sales by discrete quarter.

2006					
	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Total 2006
	£m	£m	£m	£m	£m
Before assumption changes	3,207	3,692	3,565	3,498	13,962
Impact of assumption changes	(84)	(116)	(84)	(77)	(361)
After assumption changes	3,123	3,576	3,481	3,421	13,601

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

					12 months 2006	12 months 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
<b>United Kingdom</b>						
Individual pensions	372	5.3	1,957	2,086	4,043	2,597
Group pensions	85	5.5	471	554	1,025	1,019
Annuities	-	-	-	1,511	1,511	1,585
Bonds	-	-	-	3,588	3,588	2,615
Protection	151	5.1	767	257	1,024	995
Equity release	-	-	-	316	316	374
<b>Total life and pensions</b>	<b>608</b>	<b>5.3</b>	<b>3,195</b>	<b>8,312</b>	<b>11,507</b>	<b>9,185</b>
Lapse assumption changes			(361)	-	(361)	-
			<b>2,834</b>	<b>8,312</b>	<b>11,146</b>	<b>9,185</b>
<b>France</b>						
Euro funds <sup>1</sup>	10	5.0	50	1,804	1,854	1,969
Unit-linked funds	52	5.3	273	1,283	1,556	1,423
Protection business	20	7.0	139	3	142	138
<b>Total life and pensions</b>	<b>82</b>	<b>5.6</b>	<b>462</b>	<b>3,090</b>	<b>3,552</b>	<b>3,530</b>
<b>Ireland</b>						
Life and savings	32	4.9	157	469	626	216
Pensions	77	4.0	307	340	647	449
<b>Total life and pensions</b>	<b>109</b>	<b>4.3</b>	<b>464</b>	<b>809</b>	<b>1,273</b>	<b>665</b>
<b>Italy</b>						
Life and savings	101	5.5	552	2,216	2,768	2,294
<b>Total life and pensions</b>	<b>101</b>	<b>5.5</b>	<b>552</b>	<b>2,216</b>	<b>2,768</b>	<b>2,294</b>
<b>Netherlands (including Belgium and Germany)</b>						
Life and savings	75	6.6	492	403	895	1,275
Pensions	73	8.6	630	821	1,451	1,464
<b>Total life and pensions</b>	<b>148</b>	<b>7.6</b>	<b>1,122</b>	<b>1,224</b>	<b>2,346</b>	<b>2,739</b>
<b>Poland</b>						
Life and savings	28	5.4	152	155	307	182
Pensions	20	7.2	144	83	227	138
<b>Total life and pensions</b>	<b>48</b>	<b>6.2</b>	<b>296</b>	<b>238</b>	<b>534</b>	<b>320</b>
<b>Spain</b>						
Life and savings	70	6.0	422	1,044	1,466	1,499
Pensions	37	6.1	227	366	593	514
<b>Total life and pensions</b>	<b>107</b>	<b>6.1</b>	<b>649</b>	<b>1,410</b>	<b>2,059</b>	<b>2,013</b>
<b>Other Europe</b>						
Life and pensions	55	4.1	225	83	308	240
<b>Total life and pensions</b>	<b>55</b>	<b>4.1</b>	<b>225</b>	<b>83</b>	<b>308</b>	<b>240</b>
<b>Rest of the World</b>						
Asia	74	4.8	352	333	685	396
Australia	42	3.3	140	157	297	337
United States	20	5.9	117	767	884	527
<b>Total Life and pensions</b>	<b>136</b>	<b>4.5</b>	<b>609</b>	<b>1,257</b>	<b>1,866</b>	<b>1,260</b>
<b>International total life and pensions</b>	<b>786</b>	<b>5.6</b>	<b>4,379</b>	<b>10,327</b>	<b>14,706</b>	<b>13,061</b>
<b>Total</b>	<b>1,394</b>	<b>5.2</b>	<b>7,213</b>	<b>18,639</b>	<b>25,852</b>	<b>22,246</b>

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 <sup>2</sup>		
	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>
<b>Life and pensions</b>			
<b>United Kingdom</b>			
Royal Bank of Scotland Group	991	636	56%
	<b>991</b>	<b>636</b>	<b>56%</b>
<b>France</b>			
Crédit du Nord	838	728	16%
	<b>838</b>	<b>728</b>	<b>16%</b>
<b>Ireland</b>			
Allied Irish Banks	589	-	-
	<b>589</b>	-	-
<b>Italy</b>			
UniCredit Group	1,381	778	79%
Banca Popolare Italiana Group	554	530	5%
Banca delle Marche	78	178	(56)%
Banche Popolari Unite	682	648	6%
	<b>2,695</b>	<b>2,134</b>	<b>27%</b>
<b>Netherlands</b>			
ABN AMRO	425	543	(21)%
	<b>425</b>	<b>543</b>	<b>(21)%</b>
<b>Spain</b>			
Bancaja	794	877	(9)%
Caixa Galicia	389	308	27%
Unicaja	335	291	16%
Caja España	181	179	2%
Caja de Granada	133	138	(3)%
	<b>1,832</b>	<b>1,793</b>	<b>3%</b>
<b>Asia</b>			
DBS	367	241	49%
	<b>367</b>	<b>241</b>	<b>49%</b>
<b>Total life and pensions</b>	<b>7,737</b>	<b>6,075</b>	<b>28%</b>
<b>Investment sales<sup>3</sup></b>			
<b>United Kingdom</b>			
Royal Bank of Scotland Group	178	106	68%
	<b>178</b>	<b>106</b>	<b>68%</b>
<b>Total bancassurance sales</b>	<b>7,915</b>	<b>6,181</b>	<b>29%</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.

## Detailed worldwide long-term savings new business analysis

	Single			Regular			PVNB
	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
<b>United Kingdom</b>							
Individual pensions	2,086	1,307	60%	372	257	45%	42%
Group pensions	554	578	(4)%	85	80	6%	1%
Annuities	1,511	1,585	(5)%	-	-	-	(5)%
Bonds	3,588	2,615	37%	-	-	-	37%
Protection	257	246	4%	151	148	2%	3%
Equity release	316	374	(16)%	-	-	-	(16)%
<b>Total life and pensions</b>	<b>8,312</b>	<b>6,705</b>	<b>24%</b>	<b>608</b>	<b>485</b>	<b>25%</b>	<b>21%</b>
Peps/Isas/UTs/Oeics	2,411	1,139	112%	44	21	110%	112%
	<b>10,723</b>	<b>7,844</b>	<b>37%</b>	<b>652</b>	<b>506</b>	<b>29%</b>	<b>31%</b>
<b>France</b>							
Euro funds <sup>2</sup>	1,804	1,899	(4)%	10	14	(29)%	(5)%
Unit-linked funds	1,283	1,176	10%	52	41	27%	10%
Protection business	3	2	50%	20	21	(5)%	4%
	<b>3,090</b>	<b>3,077</b>	<b>1%</b>	<b>82</b>	<b>76</b>	<b>8%</b>	<b>1%</b>
<b>Ireland</b>							
Life and savings	469	136	247%	32	15	113%	191%
Pensions	340	236	45%	77	48	60%	45%
	<b>809</b>	<b>372</b>	<b>119%</b>	<b>109</b>	<b>63</b>	<b>73%</b>	<b>93%</b>
<b>Italy</b>							
Life and savings	2,216	1,940	15%	101	58	74%	22%
	<b>2,216</b>	<b>1,940</b>	<b>15%</b>	<b>101</b>	<b>58</b>	<b>74%</b>	<b>22%</b>
<b>Netherlands</b> (including Belgium and Germany)							
Life and savings	403	575	(29)%	75	106	(29)%	(29)%
Pensions	821	866	(5)%	73	73	-	-
<b>Total life and pensions</b>	<b>1,224</b>	<b>1,441</b>	<b>(14)%</b>	<b>148</b>	<b>179</b>	<b>(17)%</b>	<b>(14)%</b>
Unit trusts	285	563	(49)%	-	-	-	(49)%
	<b>1,509</b>	<b>2,004</b>	<b>(24)%</b>	<b>148</b>	<b>179</b>	<b>(17)%</b>	<b>(20)%</b>
<b>Poland</b>							
Life and savings	155	74	104%	28	21	27%	65%
Pensions	83	46	77%	20	13	54%	60%
<b>Total life and pensions</b>	<b>238</b>	<b>120</b>	<b>94%</b>	<b>48</b>	<b>34</b>	<b>37%</b>	<b>63%</b>
Mutual funds	127	49	154%	4	4	-	138%
	<b>365</b>	<b>169</b>	<b>111%</b>	<b>52</b>	<b>38</b>	<b>33%</b>	<b>74%</b>
<b>Spain</b>							
Life and savings	1,044	1,085	(3)%	70	64	9%	(2)%
Pensions	366	310	19%	37	36	3%	16%
	<b>1,410</b>	<b>1,395</b>	<b>2%</b>	<b>107</b>	<b>100</b>	<b>7%</b>	<b>3%</b>
<b>Other Europe</b>							
Life and pensions	83	78	8%	55	43	31%	29%
UCITS	475	410	17%	-	-	-	17%
	<b>558</b>	<b>488</b>	<b>15%</b>	<b>55</b>	<b>43</b>	<b>31%</b>	<b>21%</b>
<b>Rest of the World</b>							
Asia	333	155	112%	74	49	51%	70%
Australia	157	195	(18)%	42	44	(2)%	(10)%
United States	767	448	73%	20	20	-	70%
<b>Life and pensions</b>	<b>1,257</b>	<b>798</b>	<b>59%</b>	<b>136</b>	<b>113</b>	<b>21%</b>	<b>49%</b>
Unit trusts	193	213	(7)%	-	-	-	(7)%
Navigator	1,371	938	46%	-	-	-	46%
	<b>2,821</b>	<b>1,949</b>	<b>47%</b>	<b>136</b>	<b>113</b>	<b>21%</b>	<b>44%</b>
<b>Aviva International</b>							
Life and pensions	10,327	9,221	13%	786	666	18%	13%
Total investments	2,451	2,173	14%	4	4	-	14%
	<b>12,778</b>	<b>11,394</b>	<b>13%</b>	<b>790</b>	<b>670</b>	<b>18%</b>	<b>13%</b>
<b>Total long-term savings</b>							
<i>Analysed between:</i>							
Life and pensions	18,639	15,926	17%	1,394	1,151	21%	17%
Investment sales	4,862	3,312	48%	48	25	92%	48%
	<b>23,501</b>	<b>19,238</b>	<b>23%</b>	<b>1,442</b>	<b>1,176</b>	<b>23%</b>	<b>21%</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.

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

	Single			Regular			Annual premium equivalent <sup>2</sup>	
	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>	12 months 2006 £m	Local currency growth <sup>1</sup>
<b>IFA</b>								
- life & pension products	6,155	4,847	27%	489	380	29%	1,105	28%
- investment products	1,610	650	148%	2	-	-	163	151%
	<b>7,765</b>	<b>5,497</b>	<b>41%</b>	<b>491</b>	<b>380</b>	<b>29%</b>	<b>1,268</b>	<b>36%</b>
<b>Bancassurance partnership with RBSG</b>								
- life & pension products	695	501	39%	59	29	103%	128	62%
- investment products	137	86	59%	41	20	105%	55	90%
	<b>832</b>	<b>587</b>	<b>42%</b>	<b>100</b>	<b>49</b>	<b>104%</b>	<b>183</b>	<b>69%</b>
<b>Other partnerships and Direct</b>								
- life & pension products	1,462	1,357	8%	61	76	(20)%	207	(2)%
- investment products	664	403	65%	-	1	(100)%	66	61%
	<b>2,126</b>	<b>1,760</b>	<b>21%</b>	<b>61</b>	<b>77</b>	<b>(21)%</b>	<b>273</b>	<b>8%</b>
<b>Total UK long-term savings</b>	<b>10,723</b>	<b>7,844</b>	<b>37%</b>	<b>652</b>	<b>506</b>	<b>29%</b>	<b>1,724</b>	<b>34%</b>

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

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

## Analysis of France long-term savings by fund

	Single			Regular			PVNB <sup>P</sup>
	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>	12 months 2006 £m	12 months 2005 £m	Local currency growth <sup>1</sup>	Local currency growth <sup>1</sup>
<b>AFER</b>							
- Euro funds <sup>2</sup>	1,170	1,318	(11)%	-	-	-	(11)%
- Unit-linked funds	482	367	32%	-	-	-	32%
	<b>1,652</b>	<b>1,685</b>	<b>(1)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)%</b>
<b>Bancassurance partnership with Crédit du Nord</b>							
- Euro funds	412	346	20%	4	4	(1)%	19%
- Unit-linked funds	285	252	14%	18	18	4%	12%
- Protection	1	1	15%	1	1	64%	69%
	<b>698</b>	<b>599</b>	<b>17%</b>	<b>23</b>	<b>23</b>	<b>5%</b>	<b>16%</b>
<b>Other</b>							
- Euro funds	222	235	(5)%	6	10	(41)%	(12)%
- Unit-linked funds	516	557	(7)%	34	23	42%	(2)%
- Protection	2	1	28%	19	20	(3)%	-
	<b>740</b>	<b>793</b>	<b>(6)%</b>	<b>59</b>	<b>53</b>	<b>10%</b>	<b>(4)%</b>
<b>Total France long-term savings</b>	<b>3,090</b>	<b>3,077</b>	<b>1%</b>	<b>82</b>	<b>76</b>	<b>9%</b>	<b>1%</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.

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

	Present value of new business premiums before minority interests		Present value of new business premiums after minority interests	
	12 months 2006	12 months 2005	12 months 2006	12 months 2005
	£m	£m	£m	£m
<b>Analysed between:</b>				
- Bancassurance channels	7,737	6,075	4,465	3,238
- Other distribution channels	18,115	16,171	17,607	15,815
<b>Available to equity shareholders</b>	<b>25,852</b>	<b>22,246</b>	<b>22,072</b>	<b>19,053</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:

	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% / 100%	115% / 100%
	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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