News release

24 April 2007

Aviva plc
Worldwide long-term savings new business
3 months to 31 March 2007

- **Record quarter with total worldwide sales[1] up 18%[2] to £9,183 million**
- **Worldwide life and pensions sales up 16% to £7,751 million**
- **Outstanding USA performance: pro forma sales growth of 67% from the combined business**
- **Total UK sales up 9% to £3,500 million, with new business margin rising to 3.0%**
- **Excellent growth continues in Asia Pacific region – total sales up 34% to £700 million**
- **Strong investment sales – up 30% to £1,432 million**
- **New business profit growth of 17% with new business margin remaining strong at 3.5%**

Andrew Moss, group finance director and incoming group chief executive, commented:

"This is a record quarter from Aviva, showing profitable growth across our multi-national portfolio.

"Our US business has been our star performer. Sales are up by 67%, at an increased margin. AmerUs is proving to be an exciting acquisition and we now have a much stronger presence in the world's largest savings market.

"Over the last two years in the UK, we've driven profitable growth by simplifying our infrastructure, managing costs and improving service. This focus will continue and we have more to do, but we're now seeing the benefits of our strategy with increases in both sales and margin."

Financial highlights	**3 months to 31 March 2007**	**3 months to 31 March 2006**	**Local currency growth[2]**
Aviva UK			
Life and pensions new business sales	£2,843m	£2,763m	3%
Investment sales	£657m	£444m	48%
Total long-term savings new business sales	£3,500m	£3,207m	9%
New business contribution before required capital	£86m	£77m	12%
New business margin before required capital	3.0%	2.8%	
Aviva International			
Life and pensions new business sales	£4,908m	£4,025m	25%
Investment sales	£775m	£685m	17%
Total long-term savings new business sales	£5,683m	£4,710m	24%
New business contribution before required capital	£185m	£158m	19%
New business margin before required capital	3.8%	3.9%	
Aviva Group			
Life and pensions new business sales	£7,751m	£6,788m	16%
Investment sales	£1,432m	£1,129m	30%
Total long-term savings new business sales	£9,183m	£7,917m	18%
New business contribution before required capital	£271m	£235m	17%
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 (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.

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There will be a conference call today for wire services at 07:45am (BST) on +44 (0)20 7162 0125. This conference call will be hosted by Andrew Moss, group finance director and attended by Philip Scott, group executive director, Aviva International, Patrick Snowball, group executive director, Aviva UK, Tidjane Thiam, chief executive, Aviva Europe and Mark Hodges, chief executive, Norwich Union Life.

There will be a conference call today for analysts and investors at 09:30am (BST) on +44 (0)20 7162 0025. This conference call will be hosted by Andrew Moss, group finance director and attended by Philip Scott, group executive director, Aviva International, Patrick Snowball, group executive director, Aviva UK, Tidjane Thiam, chief executive, Aviva Europe and Mark Hodges, chief executive, Norwich Union Life.

Replay will be available for two weeks until 9 May 2007. The dial in number for replays is +44 (0)20 7031 4064 and the pass code is 743998.

Photographs are available on the Aviva media centre at www.aviva.com.

	Present value of new business premiums [1]			New business contribution [3]			New business margin [4]	
	3 months 2007 £m	3 months 2006 £m	Local currency growth [2]	3 months 2007 £m	3 months 2006 £m	Local currency growth [2]	3 months 2007	3 months 2006
Life and pensions business								
United Kingdom	**2,843**	**2,763**	**3%**	**86**	**77**	**12%**	**3.0%**	**2.8%**
France	989	1,134	(11)%	42	45	(5)%	4.2%	4.0%
Ireland	453	258	80%	6	5	20%	1.3%	1.9%
Italy	935	845	13%	26	21	24%	2.8%	2.5%
Netherlands (including Germany and Belgium)	603	722	(15)%	21	19	13%	3.5%	2.6%
Poland	167	160	8%	7	8	(13)%	4.2%	5.0%
Spain	592	495	22%	43	46	(4)%	7.3%	9.3%
Other Europe	84	60	50%	(1)	(1)	-	(1.2)%	(1.7)%
Continental Europe	***3,823***	***3,674***	***6%***	***144***	***143***	***2%***	***3.8%***	***3.9%***
Asia	175	129	48%	9	8	29%	5.1%	6.2%
Australia	73	70	9%	4	4	-	5.5%	5.7%
Asia Pacific	***248***	***199***	***34%***	***13***	***12***	***18%***	***5.2%***	***6.0%***
United States	***837***	***152***	***515%***	***28***	***3***	***833%***	***3.3%***	***2.0%***
International	**4,908**	**4,025**	**25%**	**185**	**158**	**19%**	**3.8%**	**3.9%**
Total life and pensions	**7,751**	**6,788**	**16%**	**271**	**235**	**17%**	**3.5%**	**3.5%**

Investment sales [5]			
United Kingdom	**657**	**444**	**48%**
Netherlands	141	134	8%
Poland	64	28	137%
Other Europe	118	168	(28)%
Continental Europe	***323***	***330***	***-***
Australia	325	309	11%
Singapore	127	46	189%
Asia Pacific	***452***	***355***	***34%***
International	**775**	**685**	**17%**
Total investment sales	**1,432**	**1,129**	**30%**
Total long-term savings	**9,183**	**7,917**	**18%**
Navigator sales (included above)	416	310	41%

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

Overview

Aviva achieved continued strong growth in the 3 months to 31 March 2007, with total long-term savings new business sales up 18% to £9,183 million (2006: £7,917 million). The overall increase reflects growth in life and pension sales of 16% to £7,751 million (2006: £6,788 million), and strong investment sales, up 30% to £1,432 million (2006: £1,129 million). The integration of AmerUs Group in the United States is progressing well with very strong sales of £837 million from the combined business (2006 pro forma[1]: £541 million), a pro forma increase of 67%.

Aviva UK's total sales increased by 9% to £3,500 million (2006: £3,207 million). Within this total, life and pension new business sales grew by 3% to £2,843 million (2006: £2,763 million); however, sales growth would be 6% if consistent operating assumptions[2] were used for the comparative quarter in 2006. Sales benefited from growth in bonds and annuities, and collective investment sales rose by 48% to £657 million (2006: £444 million). Aviva's share of sales through its bancassurance joint venture with The Royal Bank of Scotland Group (RBSG) was up by 18% to £351 million (2006: £297 million), reflecting the continued strong performance from this partnership.

Aviva International's total long-term savings new business sales grew by 24% to £5,683 million (2006: £4,710 million), reflecting strong growth in the majority of Aviva's markets, and from businesses acquired in Ireland and the United States during 2006. Life and pension new business sales were 25% higher at £4,908 million (2006: £4,025 million), while investment sales grew by 17% to £775 million (2006: £685 million), primarily reflecting increased sales in Poland and sales through the Navigator platform in Singapore and Australia. New business contribution before the effect of required capital increased by 19% to £185 million (2006: £158 million) with a margin of 3.8% (2006: 3.9%).

Aviva UK

Norwich Union made a strong start to 2007 following a record sales performance in 2006 with total sales, including investments, up 9% to £3,500 million (2006: £3,207 million). During the first quarter, Norwich Union has also made significant progress in its strategic priorities outlined in October 2006 including simplifying its legacy systems, the potential reattribution of its inherited estate, service improvement, customer retention and cost efficiency.

Strategy implementation update

Legacy simplification: In March, Norwich Union announced an administration outsourcing agreement with Swiss Re that will allow the company to improve further its service levels and the efficiency of its business. Norwich Union will decommission 220 of its systems, with migration starting in October 2007 and continuing into 2009.

Service improvements: Norwich Union's ongoing focus on service continues to deliver improvements for customers and financial advisers, and the company's service capability is increasingly well placed to support its overall objectives. Customer satisfaction and advocacy scores have improved over the quarter and a regular independent survey of financial advisers conducted in February showed that the company maintained first place with its highest ever adviser service ratings[3].

Persistency: The company has continued its programme of activity to improve persistency, including active customer calling, targeting the 200 poorest performing distributors as well as changing the adviser and salesforce remuneration models. Bond, protection and pension lapse rates are currently in line with expectations.

Efficiency review: Norwich Union remains on target to deliver £125 million of annualised cost savings in its life business by 2008. The savings will increase the company's new business contribution, will substantially reduce its adverse expense experience and improve its non-insurance business profitability. Since the announcement in September 2006, the company has delivered estimated annualised cost savings of £67 million.

Sales update

Norwich Union's strong sales performance continued to build on the exceptional sales growth that the company announced in the first quarter of 2006, which was driven by its excellent performance in the run-up to A-Day. Excluding pensions, sales increased by 22%, demonstrating the benefit of the company's broad based product strength and performance.

New business margin increased to 3.0% (2006: 2.8%) as the company continued to balance price, volume and mix in order to maximise overall shareholder value. Margin growth was also driven by a reduction in its new business administration costs achieved as part of its efficiency review. As a result of this, new business contribution increased by 12% to £86 million (2006: £77 million).

Norwich Union achieved strong first quarter investment sales with bonds growing by 28% to £1,004 million (2006: £787 million), reflecting growth of 125% to £311 million (2006: £138 million) of its unique guarantee-backed RPI bond.

A strong performance in collective investments resulted in sales growing by 48% to £657 million (2006: £444 million). Strong consumer demand for property funds has continued and the company continues to benefit from Morley's strength in this

[1] Pro forma figures represent the sum of the 2006 sales from Aviva's long-established US operations plus the sales from AmerUs Group, acquired in November 2006, on a consistent basis.

[2] Comparative sales figures are stated before the effect of year end 2006 assumption changes. Restating sales comparatives for the effect of 2006 persistency assumption changes, in order to give a like-for-like comparison using the same persistency basis, results in the following growth progression:

- Norwich Union's total sales, including investments, are up by 12% to £3,500 million (2006: £3,123 million).
- Norwich Union's Life & Pension sales are up by 6% to £2,843 million (2006: £2,679 million).
- Total pension sales of £1,146 million are down 4% (2006: £1,188 million).

[3] Independent research – Representing the number of distributors rating Norwich Union's service as excellent or good

market. The Norwich Union UK Income Opportunities fund, one of the company's best selling equity funds, delivered strong growth and significantly outperformed its benchmark[4].

As expected, due to Norwich Union's strong pre A-Day performance in the first quarter of 2006, total pension sales were lower at £1,146 million (2006: £1,272 million). Individual pension sales, including group personal pensions, of £894 million were lower by 11% (2006: £1,001 million) primarily due to a fall in stakeholder sales. Individual pension sales were more profitable than in the first quarter of 2006 due to the impact of the higher charging structure on stakeholder pensions implemented in the second quarter of 2006. Norwich Union launched its SIPP[5] in April 2006 and sales were very encouraging at £97 million, 35% higher relative to the fourth quarter (Q4 2006: £72 million). In the corporate pensions market, sales were down by 7% to £252 million (2006: £271 million), reflecting a longer-term trend towards group personal pensions and away from trustee-based corporate pension schemes.

Annuity sales increased strongly by 19% to £412 million (2006: £347 million) as the company's competitive pricing and strong service enabled it to maximise internal transfer rates in a growing market. As part of the wider drive into the employee benefits market, Norwich Union has implemented, at minimal cost, the necessary infrastructure to participate in the BPA market. It continues to quote on potential deals with a range of employee benefit consultants and financial advisers. The general market levels of profitability have been unattractive to date.

Protection sales were lower at £222 million (2006: £272 million) due to the slowdown in the payment protection insurance market and two partnership agreements concluding at the end of 2006. Against the fourth quarter of 2006, Norwich Union improved its position with sales increasing by 10% (Q4 2006: £201 million). During the first quarter of 2007, the company maintained a leading position in the financial adviser market and further developed its capability in the direct to consumer market.

Equity release sales of £59 million were 31% down (2006: £85 million) as the equity release market became increasingly competitive with a number of new entrants. Norwich Union expects its sales performance to improve in the second half of the year as it strengthens its distribution capacity and reinvigorates its customer proposition.

Norwich Union's share of sales from its bancassurance partnership with RBSG continued to show excellent growth across the product range, up by 18% to £351 million (2006: £297 million). A broad product range including bonds, collective investments, pensions and protection, and an increase in the number of advisers to 860 (full year 2006: 760) were key drivers of this strong performance. In addition, the profitability of the partnership improved against the first quarter of 2006 due to enhanced economies of scale and a more balanced sales mix.

Norwich Union continues to expect full year market growth[6] of 5 – 10% and reaffirms its aim to grow at least in line with the market, while maintaining or increasing its overall new business margin from current levels.

Aviva International

Continental Europe

Aviva's total sales in continental Europe, including investment sales, grew by 6% to £4,146 million (2006: £4,004 million). Life and pension sales grew by 6% to £3,823 million (2006: £3,674 million) and the margin remained strong at 3.8% (2006: 3.9%).

This performance reflected the benefits of Aviva's strong portfolio of businesses in countries currently experiencing contrasting market growth rates. Strong and profitable growth was achieved in life and pension sales in southern Europe, with overall growth up 16% to £1,527 million (2006: £1,340 million) with sales up 13% in Italy and 22% in Spain. Sales continued to expand in the fast-growing economies of Ireland and Central and Eastern Europe, where life and pensions sales increased by 52% to £704 million (2006: £478 million). Conditions were particularly challenging in the more established markets of France and the Netherlands, with life and pension sales having decreased by 12% to £1,592 million (2006: £1,856 million), against a very strong first quarter in 2006. Nevertheless, Aviva's businesses in France and the Netherlands delivered a strong margin of 4.0% (2006: 3.4%).

France:

Aviva France's sales were £989 million (2006: £1,134 million) and new business margin increased to 4.2% (2006: 4.0%). Comparative sales in 2006 were buoyed by strong equity market performance and the reinvestment of 'Plan d'Epargne Logement' (PEL) banking products.

Overall, the market decline for the two months to February was 9%[7] as the long-term savings market in France has been affected by volatility in the financial markets and uncertainty surrounding the forthcoming presidential elections. Market decline among traditional insurers was reported as 3%; however, this decrease is reduced by some peers including Fourgous transfers in their new business figures. As a result of combined efforts with AFER, Aviva France led the market on Fourgous policy conversions in 2006 and in the first quarter of 2007 generated transfers of £0.3 billion. Unit-linked funds are more capital-efficient and 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

[4] Benchmark: FTSE All Share index
[5] Included in collective investment sales
[6] Market growth projection is on an annual premium equivalent basis
[7] Based on gross written premium.

in managing their funds. Since transfers commenced towards the end of 2005, the total value of Aviva France's conversions amounts to £4.4 billion. Aviva France does not include these conversions in new business sales.

Sales through France's largest savings association AFER decreased by 11% to £465 million (2006: £535 million). Within this total, unit-linked sales fell by 17% to £135 million (2006: £165 million) reflecting the volatility in financial markets. Operationally, AFER recently launched an advertising campaign highlighting the competitiveness of its policy charges.

Sales through the partnership with Crédit du Nord were also affected by the market slowdown and reduced by 10% to £242m (2006: £273m). This reduction was in line with the bancassurance market, which declined by 10%.

Excluding sales through AFER and the partnership with Crédit du Nord, sales were £282 million (2006: £326 million), mainly reflecting a reduced demand for Euro fund sales. At the same time, the proportion of unit-linked saving sales increased to 82% (2006: 75%) due to the success of Aviva France's products with a phased investment into equities.

The new business margin of 4.2% was in line with the margin at the 2006 year end, with a new business contribution of £42 million (2006: £45 million) as a consequence of lower sales.

The outlook for 2007 will be influenced by the outcome of the presidential elections during the second quarter and the financial markets. Aviva France's strong track record in responding to changes in the economic and regulatory landscape puts the operations in good shape to face the challenges in 2007.

Ireland:
Total new business sales in Ireland increased by 80% to £453 million (2006: £258 million)[8].

Sales through Allied Irish Banks (AIB) increased to £206 million (two months in 2006: £93 million). These comprised £143 million of life sales, consisting primarily of single premium bonds and £63 million of pension sales. Pro forma[9] sales growth for the three-month period was 63%. This substantial increase reflects the successful launch of the secure capital fund in January 2007, a special offer on life savings products and increased pension sales driven by strong fund performances.

Sales through Hibernian's broker channel were 53% higher at £247 million (2006: £165 million). Life sales were 21% higher at £76 million (2006: £64 million), with strong sales of the secure capital fund and sales from the geared property fund prior to its closure in January. Pension sales were £171 million (2006: £101 million), reflecting higher sales of investment-only business and the continued success of the revised Horizon product re-launched in September 2006.

New business contribution was £6 million (2006: £5 million) with a margin of 1.3% (2006: 1.9%). The reduction in the margin primarily reflects assumption changes made in December 2006.

The continued development of new products and expansion of the funds offered through the bank and broker networks are expected to contribute to further growth in 2007.

Italy:
Aviva Italy sales increased by 13% to £935 million (2006: £845 million) with UniCredit Group, Banche Popolari Unite and Banca delle Marche all having undertaken marketing initiatives in the quarter. This growth outperformed the Italian market, where total sales[10] declined by 3% in the first two months of 2007.

Sales through the UniCredit Group were 12% higher at £581 million (2006: £528 million), benefiting from successful marketing campaigns. Banche Popolari Unite achieved sales growth of 37% to £264 million (2006: £196 million) boosted by successful marketing campaigns and strong sales of regular premium creditor protection insurance business. Sales through the Banca Popolare Italiana Group network were £60 million (2006: £100 million), reflecting delayed marketing campaigns, which were affected by the merger between BPI and BPVN. Sales through Banca delle Marche were significantly higher at £21 million (2006: £14 million) as a result of successful marketing campaigns.

New business contribution increased to £26 million (2006: £21 million), reflecting the strong growth in sales and an increased margin of 2.8% (2006: 2.5%) due to a higher proportion of regular premium sales.

Long-term growth potential remains strong and Aviva Italy continues to develop its bancassurance partnerships. The timing of marketing campaigns and new product launches will vary throughout the year with some resulting volatility in sales levels each quarter.

Netherlands (including Germany and Belgium):
Delta Lloyd's total sales, including investment product sales, were £744 million (2006: £856 million). The Dutch market has continued to be challenging, with a decline in mortgage-related business and a slowdown in unit-linked sales. In this environment, Delta Lloyd grew life and pension sales by 4% year-on-year, excluding the one-off effect of the £125 million Delta Lloyd pension scheme premium in the first quarter of last year.

Life and savings sales were £202 million (2006: £299 million). In the Netherlands, mortgage related business declined due to lower activity in the re-mortgaging market, and savings sales have been affected by negative press-coverage of unit-

[8] Sales for January 2006 did not include sales through AIB as the partnership began in February 2006.
[9] Pro forma sales for 2006 represent the sum of sales through AIB, including the period prior to beginning of the partnership in February 2006, plus sales through Hibernian's existing broker channel, on a consistent basis
[10] Market sales growth is calculated using the volume measure, single plus annualised regular premiums.

linked policy charging within the industry. In Germany, investment bond volumes were lower following the increase in short-term interest rates experienced in 2006. In Belgium, where market conditions have been more stable, savings product sales increased marginally.

Pension and annuity sales were £401 million (2006: £423 million). Annuity sales were higher at £160 million (2006: £88 million), reflecting more competitive pricing of Delta Lloyd's immediate annuity products. Delta Lloyd's pension sales tend to fluctuate from quarter to quarter due to the timing and size of group contracts, with the year-on-year trend affected by the £125 million premium received from the Delta Lloyd pension scheme in the first quarter of 2006 and an absence of large contracts since the start of 2007.

Investment sales were 8% higher at £141 million (2006: £134 million), reflecting the success of Delta Lloyd's new Select Opportunity fund, which focuses on undervalued European equities, attracting sales of £34 million.

New business contribution was £21 million (2006: £19 million) with a new business margin of 3.5% (2006: 2.6%). The 2007 margin development benefits from the impact of the 70 basis point increase in the bond yield within assumptions at the start of 2007.

The Dutch market is expected to remain highly competitive in 2007. In this context, Delta Lloyd continues its strategy of broadening distribution in order to strengthen its position in the market.

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 28% to £231 million (2006: £188 million).

Life sales in Poland were £75 million (2006: £86 million, including one-off sales of £14 million from a large group scheme). Underlying growth of 7% reflected increased bancassurance volumes, sales of single premium unit-linked business and a favourable equity market. Pension sales increased significantly to £87 million (2006: £71 million) mainly as a result of an increase in higher average premiums from new entrants to the pension market. Single premium sales benefited from higher transfer activity, which was partially offset by lower receipts of overdue premiums from the state pension agency.

Life and savings sales in Lithuania were £5 million (2006: £3 million), enhancing Aviva's strong position in this market.

Investment sales in Poland were substantially higher at £64 million (2006: £28 million) supported by a strong equity market performance and the benefit of marketing campaigns promoting the umbrella[11] and balanced funds.

Total new business contribution from life and pension sales was £7 million (2006: £8 million). The new business margin was 4.2% (2006: 5.0%), affected by the lower amounts of overdue premiums from the state pension agency, which have no associated costs and therefore a higher margin.

The Polish insurance and investment markets continue to offer strong long-term growth potential, supported by a favourable economic outlook.

Spain:
Aviva continues to be the leading bancassurer in the Spanish life market and is number two in the life market overall[12]. New business sales increased by 22% to £592 million (2006: £495 million) and were boosted by successful marketing campaigns in the quarter.

Sales through bancassurance partnerships increased by 24% to £540 million (2006: £443 million). Most of this significant increase was due to strong sales of savings products including the successful launch of savings products that have been developed to take advantage of the more favourable tax regime for PIAS[13] products. A slow down in mortgage-related protection business was offset by increased sales of free-standing protection products following a marketing campaign.

Sales in Aviva Vida y Pensiones, which distributes through its direct sales force and intermediaries, were £52 million (2006: £52 million).

New business contribution was £43 million (2006: £46 million) and the new business margin reduced to 7.3% (2006: 9.3%). As anticipated, the decrease in margin reflects a higher proportion of sales from savings products, while specific product margins have remained stable.

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.

Other Europe:
Life and pension sales in the Czech Republic, Hungary, Romania, Russia and Turkey amounted to £84 million (2006: £60 million). This strong growth of 50% was achieved principally from an increase in sales through the broker channel in **Hungary** that benefited from continuing demand for savings products.

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[11] Umbrella funds were established to offer tax incentives for clients wishing to switch their investments between funds.
[12] Based on gross written premiums as at 31 December 2006.
[13] PIAS are newly introduced savings contracts with tax benefits after ten years if an annuity is purchased.

After being granted its licence in February 2006, Aviva **Russia** commenced trading in corporate sales with a strategy to achieve a top-five market position and a 10% share in the life insurance market within five years. Sales were £2 million (2006: nil) as Aviva Russia has made a strong start to 2007, with increased growth expected during the remainder of the year.

In **Turkey**, where Aviva is a top-five life and pensions provider, total sales increased by 12% to £31 million (2006: £31 million). Sales in 2006 benefited from transfers from existing life to pension policies ahead of the regulatory deadline[14]. Excluding these transfers, underlying growth of 44% has been achieved. Strong growth in regular premium pensions business has been driven by an increase in the number of sales advisers to a record level of 1,200. During March, Aviva announced that it had signed a memorandum of understanding with Aksigorta AS and Akbank TAS to form a new life and pension business. The three parties have entered into exclusive discussions with a view to signing a definitive document later in 2007.

Asia Pacific

In line with its long-term strategic ambitions, Aviva continues to achieve a strong rate of growth in new business sales with total sales 34% higher at £700 million (2006: £554 million) driven primarily by significantly higher sales in the Asian businesses. New business contribution from life and pension sales, before the effect of required capital, increased by 18% to £13 million (2006: £12 million). New business margin of 5.2% (2006: 6.0%) remained strong compared to the full year 2006 margin of 4.4%. However, new business margins are influenced by marketing campaigns and product launches, resulting in some volatility between quarters. Growth potential for the region remains strong and Aviva's diversified distribution model places the business in a strong position for continued growth in the future.

Singapore:
Total sales increased by 91% to £168 million (2006: £93 million) driven by higher investment sales through Navigator, Aviva's investment fund administration business. Life and pension sales were £41 million (2006: £47 million), reflecting a slow quarter with an absence of limited period single premium product sales through Aviva's bancassurance partner Development Bank of Singapore (DBS). Aviva remains second in the bancassurance market and market leader in the developing broker market and in the employee benefits and healthcare segment.

Sales through Navigator increased substantially to £127 million (2006: £46 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 £76 million (2006: £40 million). This reflects the development of the IFA channel, which contributed 68% (2006: 45%) of sales and the continued good performance from the partnership with DBS.

China:
Sales through the joint venture life business Aviva-COFCO, which was ranked fifth amongst foreign joint ventures as at the end of 2006, increased by 77% to £36 million (2006: £22 million) reflecting ongoing expansion in China. Aviva-COFCO recently opened sales offices in Zhuzhou, in Hunan province, and in Shijiazhuang, in Hebei province, and it is now licensed in seven provinces and 17 cities. Aviva's 50% share of sales was £18 million (2006: £11 million).

India:
Total sales from Aviva's joint venture with the Dabur Group increased to £135 million (2006: £105 million), ranking Aviva seventh amongst private insurers. Aviva's 26% share of sales amounted to £35 million (2006: £27 million). Aviva is the leader in the bancassurance market in India with over 30 distribution agreements now in place. The direct sales force continues to expand and now numbers more than 21,000 agents (2006: 9,300), with an additional 6,500 in training.

Sri Lanka:
Total life sales were £5 million (two months in 2006: £4 million). Aviva acquired a 51% stake in Eagle Insurance Company Limited, the third-largest insurer in Sri Lanka on the 1 February 2006. Sales are expected to continue to increase through Sri Lanka's two bancassurance agreements that were signed in 2006 and through ongoing expansion of the direct sales force.

[14] Turkish legislation for pension business, which came into effect from August 2004, allowed 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.

Australia:
Total sales increased by 10% to £398 million (2006: £379 million), driven primarily by significantly higher investment sales through Navigator, the master trust fund administration business.

Life and pension sales increased by 9% to £73 million (2006: £70 million), with continuing strong growth from protection products following product enhancements together with an increase in pension sales driven by a transfer in of corporate pension business. However, successive changes to pension laws since the middle of 2005[15] have resulted in a shift of retail pension sales for Aviva Australia towards Navigator retirement funds and this trend is expected to continue.

Sales through Navigator increased by 15% to £289 million (2006: £264 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. Navigator has recently announced the addition of 26 new funds, the largest refreshing of the fund list undertaken, applicable to all asset classes and risk appetites. This change, combined with 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 £36 million (2006: £45 million).

United States
Life and pension sales increased five-fold to £837 million (2006: £152 million). Pro forma[1] sales increased by 67% from £541 million in 2006. This performance continues the growth momentum achieved during the fourth quarter of 2006.

This strong performance produced record quarterly sales for life and annuity products and is primarily due to product enhancements and marketing campaigns in response to continuing strong consumer demand for single premium annuity products. Pro forma sales of annuity products showed very strong growth of 62% over 2006 against a declining fixed annuity market. Sales of structured settlements increased by 40%. Funding agreement sales, which are large corporate transactions and can vary significantly quarter on quarter, were £95 million (2006: £nil).

New business contribution increased to £28 million (2006: £3 million) with a margin of 3.3% (2006: 2.0%), reflecting the benefit of the new combined business.

Aviva USA remains committed to sales growth in 2007 of 20% for the combined business while maintaining margins.

[15] 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 £41.5 billion and assets under management of £364 billion at 31 December 2006.
   * 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 = £0.67 (3 months to 31 March 2006: 1 euro = £0.68) and £1 = US$1.94 (3 months to 31 March 2006: £1 = US$1.75).

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 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.
Registered office St Helen's 1 Undershaft London EC3P 3DQ.

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 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 projection assumptions used to calculate PVNBP for each product are the same as those used to calculate new business contribution. 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 PVNBP by business units.

					3 months 2007	**3 months 2006**
	Regular premiums £m	**WACF**	**Present value of regular premiums £m**	**Single premiums £m**	**PVNBP £m**	**PVNBP £m**
United Kingdom						
Individual pensions	116	4.0	464	430	894	1,001
Group pensions	24	4.7	112	140	252	271
Annuities	-	-	-	412	412	347
Bonds	-	-	-	1,004	1,004	787
Protection	34	5.0	171	51	222	272
Equity release	-	-	-	59	59	85
Total life and pensions	**174**	**4.3**	**747**	**2,096**	**2,843**	**2,763**
France						
Euro funds [1]	6	4.8	29	475	504	586
Unit-linked funds	16	5.3	84	361	445	501
Protection business	6	6.7	40	-	40	47
Total life and pensions	**28**	**5.5**	**153**	**836**	**989**	**1,134**
Ireland						
Life and savings	9	6.9	62	157	219	127
Pensions	29	3.2	94	140	234	131
Total life and pensions	**38**	**4.1**	**156**	**297**	**453**	**258**
Italy						
Total life and pensions	**42**	**4.9**	**204**	**731**	**935**	**845**
Netherlands (including Belgium and Germany)						
Life	16	6.6	105	97	202	299
Pensions	22	8.2	180	221	401	423
Total life and pensions	**38**	**7.5**	**285**	**318**	**603**	**722**
Poland						
Life and savings	6	5.0	30	50	80	89
Pensions	9	7.2	65	22	87	71
Total life and pensions	**15**	**6.3**	**95**	**72**	**167**	**160**
Spain						
Life and savings	22	5.1	112	353	465	382
Pensions	9	6.0	54	73	127	113
Total life and pensions	**31**	**5.4**	**166**	**426**	**592**	**495**
Other Europe						
Total life and pensions	**15**	**3.7**	**56**	**28**	**84**	**60**
Asia						
Total life and pensions	**24**	**4.9**	**117**	**58**	**175**	**129**
Australia						
Total life and pensions	**11**	**3.3**	**36**	**37**	**73**	**70**
United States						
Life	17	7.2	123	14	137	14
Annuity	1	3.0	3	602	605	138
Funding agreements	-	-	-	95	95	-
Total life and pensions	**18**	**7.0**	**126**	**711**	**837**	**152**
International total life and pensions	**260**	**5.4**	**1,394**	**3,514**	**4,908**	**4,025**
Total life and pensions	**434**	**4.9**	**2,141**	**5,610**	**7,751**	**6,788**

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 2007 £m	3 months 2006 £m	Local currency growth [1]
Life and pensions			
United Kingdom			
The Royal Bank of Scotland Group	291	256	14%
	291	**256**	**14%**
France			
Crédit du Nord	242	273	(10)%
	242	**273**	**(10)%**
Ireland			
Ark	206	93	126%
	206	**93**	**126%**
Italy			
UniCredit Group	581	528	12%
Banca Popolare Italiana Group	60	100	(40)%
Banca delle Marche	21	14	53%
Banche Popolari Unite	264	196	37%
	926	**838**	**13%**
Netherlands			
ABN AMRO	102	160	(35)%
	102	**160**	**(35)%**
Spain			
Bancaja	204	211	(1)%
Caixa Galicia	130	67	98%
Unicaja	136	89	56%
Caja España	41	42	-
Caja de Granada	29	34	(13)%
	540	**443**	**24%**
Asia			
DBS	42	57	(20)%
	42	**57**	**(20)%**
Total life and pensions	**2,349**	**2,120**	**13%**
Investment sales[3]			
United Kingdom			
The Royal Bank of Scotland Group	60	41	49%
	60	**41**	**49%**
Total bancassurance sales	**2,409**	**2,161**	**14%**

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 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 2007 £m	3 months 2006 £m	3 months 2007 £m	3 months 2006 £m	3 months 2007	3 months 2006	Full year 2006
Life and pensions							
United Kingdom	**2,843**	**2,763**	**86**	**77**	**3.0%**	**2.8%**	**2.9%**
France	989	1,134	42	45	4.2%	4.0%	4.3%
Ireland	453	258	6	5	1.3%	1.9%	1.2%
Italy	935	845	26	21	2.8%	2.5%	2.5%
Netherlands (including Belgium and Germany)	603	722	21	19	3.5%	2.6%	2.4%
Poland	167	160	7	8	4.2%	5.0%	5.2%
Spain	592	495	43	46	7.3%	9.3%	8.9%
Other Europe	84	60	(1)	(1)	(1.2)%	(1.7)%	(1.3)%
Continental Europe	***3,823***	***3,674***	***144***	***143***	***3.8%***	***3.9%***	***3.9%***
Asia	175	129	9	8	5.1%	6.2%	3.8%
Australia	73	70	4	4	5.5%	5.7%	5.7%
Asia Pacific	***248***	***199***	***13***	***12***	***5.2%***	***6.0%***	***4.4%***
United States	***837***	***152***	***28***	***3***	***3.3%***	***2.0%***	***2.3%***
International	**4,908**	**4,025**	**185**	**158**	**3.8%**	**3.9%**	**3.8%**
Total life and pensions	**7,751**	**6,788**	**271**	**235**	**3.5%**	**3.5%**	**3.5%**
Analysed between:							
Bancassurance channels	2,349	2,120	103	97	4.4%	4.6%	4.8%
Other distribution channels	5,402	4,668	168	138	3.1%	3.0%	2.9%
	7,751	**6,788**	**271**	**235**	**3.5%**	**3.5%**	**3.5%**

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 the effect of required capital.
3 New business contribution before the effect of required capital includes minority interests in 2007 of £47 million (3 months 2006: £48 million). This comprises minority interests in France of £7 million (3 months 2006: £8 million), Ireland £1 million (3 months 2006: nil), Netherlands £1 million (3 months 2006: £3 million), Italy £15 million (3 months 2006: £12 million), Spain £22 million (3 months 2006: £24 million) and Poland £1 million (3 months 2006: £1 million).
4 New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.

(b) After the effect of required capital

	Present value of new business premiums [1]		New business contribution [2,3]		New business margin [4]		
	3 months 2007 £m	3 months 2006 £m	3 months 2007 £m	3 months 2006 £m	3 months 2007	3 months 2006	Full year 2006
Life and pensions business							
United Kingdom	**2,843**	**2,763**	**70**	**60**	**2.5%**	**2.2%**	**2.4%**
France	989	1,134	29	32	2.9%	2.8%	3.1%
Ireland	453	258	5	4	1.1%	1.6%	0.7%
Italy	935	845	20	15	2.1%	1.8%	1.8%
Netherlands (including Belgium and Germany)	603	722	15	9	2.5%	1.2%	1.1%
Poland	167	160	7	8	4.2%	5.0%	4.7%
Spain	592	495	39	42	6.6%	8.5%	8.2%
Other Europe	84	60	(3)	(1)	(3.6)%	(1.7)%	(1.9)%
Continental Europe	***3,823***	***3,674***	***112***	***109***	***2.9%***	***3.0%***	***3.0%***
Asia	175	129	7	6	4.0%	4.7%	3.2%
Australia	73	70	2	2	2.7%	2.9%	3.0%
Asia Pacific	***248***	***199***	***9***	***8***	***3.6%***	***4.0%***	***3.2%***
United States	***837***	***152***	***18***	***1***	***2.2%***	***0.7%***	***0.9%***
International	**4,908**	**4,025**	**139**	**118**	**2.8%**	**2.9%**	**2.9%**
Total life and Pensions	**7,751**	**6,788**	**209**	**178**	**2.7%**	**2.6%**	**2.6%**

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 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 2007of £38 million (3 months 2006: £39 million). This comprises minority interests in France of £4 million (3 months 2006: £4 million), Ireland £1 million (3 months 2006: nil), Italy £11 million (3 months 2006: £9 million), Netherlands £1 million (3 months 2006: £3 million), Spain £20 million (3 months 2006: £22 million) and Poland £1 million (3 months 2006: £1 million).
4 New business margin represents the ratio of new business contribution after the effect of required capital to PVNBP, expressed as a percentage.

(c) After the effect of required capital, minority interest, and tax

	Present value of new business premiums[1]		New business contribution[2]		New business margin[3]		
	3 months 2007 £m	3 months 2006 £m	3 months 2007 £m	3 months 2006 £m	3 months 2007	3 months 2006	Full year 2006
United Kingdom	**2,843**	**2,763**	**49**	**43**	**1.7%**	**1.6%**	**1.7%**
Continental Europe	*2,648*	*2,618*	*51*	*47*	*1.9%*	*1.8%*	*1.8%*
Asia Pacific	*246*	*198*	*8*	*7*	*3.3%*	*3.4%*	*2.5%*
United States	*837*	*152*	*11*	*-*	*1.3%*	*-*	*0.6%*
International	**3,731**	**2,968**	**70**	**54**	**1.9%**	**1.8%**	**1.7%**
Attributable to equity shareholders	**6,574**	**5,731**	**119**	**97**	**1.8%**	**1.7%**	**1.7%**
Analysed between:							
Bancassurance channels	1,322	1,179	34	30	2.6%	2.5%	2.7%
Other distribution channels	5,252	4,552	85	67	1.6%	1.5%	1.4%
	6,574	**5,731**	**119**	**97**	**1.8%**	**1.7%**	**1.7%**

1 PVNBP is stated after deducting minority interest.
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 life and pension new business analysis

	Single			Regular			PVNBP
	3 months 2007 £m	3 months 2006 £m	Local currency growth[1]	3 months 2007 £m	3 months 2006 £m	Local currency growth[1]	Local currency growth[1]
United Kingdom							
Individual pensions	430	540	(20)%	116	87	33%	(11)%
Group pensions	140	125	12%	24	26	(8)%	(7)%
Annuities	412	347	19%	-	-	-	19%
Bonds	1,004	787	28%	-	-	-	28%
Protection	51	57	(11)%	34	42	(19)%	(18)%
Equity release	59	85	(31)%	-	-	-	(31)%
	2,096	**1,941**	**8%**	**174**	**155**	**12%**	**3%**
France							
Euro funds[2]	475	565	(14)%	6	4	33%	(12)%
Unit-linked funds	361	427	(14)%	16	12	33%	(9)%
Protection business	-	1	-	6	7	(14)%	(13)%
	836	**993**	**(14)%**	**28**	**23**	**22%**	**(11)%**
Ireland							
Life and savings	157	92	74%	9	7	29%	77%
Pensions	140	61	133%	29	15	93%	83%
	297	**153**	**98%**	**38**	**22**	**73%**	**80%**
Italy							
Life and savings	731	658	13%	42	30	45%	13%
	731	**658**	**13%**	**42**	**30**	**45%**	**13%**
Netherlands (including Belgium and Germany)							
Life	97	123	(20)%	16	26	(36)%	(31)%
Pensions	221	276	(18)%	22	17	29%	(3)%
	318	**399**	**(19)%**	**38**	**43**	**(10)%**	**(15)%**
Poland							
Life and savings	50	49	6%	6	8	(25)%	(7)%
Pensions	22	26	(12)%	9	6	50%	28%
	72	**75**	**-**	**15**	**14**	**7%**	**8%**
Spain							
Life and savings	353	270	33%	22	19	16%	24%
Pensions	73	61	22%	9	9	-	14%
	426	**331**	**31%**	**31**	**28**	**11%**	**22%**
Other Europe							
Life and pensions	**28**	**15**	**100%**	**15**	**12**	**36%**	**50%**
Asia							
Life and pensions	**58**	**43**	**45%**	**24**	**19**	**41%**	**48%**
Australia							
Life and pensions	**37**	**40**	**(3)%**	**11**	**9**	**22%**	**9%**
United States							
Life	14	11	40%	17	1	1,600%	954%
Annuity	602	133	406%	1	1	-	392%
Funding agreements	95	-	-	-	-	-	-
	711	**144**	**451%**	**18**	**2**	**800%**	**515%**
Aviva International							
Life and pensions	**3,514**	**2,851**	**27%**	**260**	**202**	**32%**	**25%**
Total life and pensions	**5,610**	**4,792**	**19%**	**434**	**357**	**23%**	**16%**

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.

Detailed worldwide investment sales analysis

	Single			Regular			PVNBP
	3 months 2007 £m	3 months 2006 £m	Local currency growth[1]	3 months 2007 £m	3 months 2006 £m	Local currency growth[1]	Local currency growth[1]
United Kingdom							
Peps/Isas/UTs/Oeics	**639**	**436**	**47%**	**18**	**8**	**125%**	**48%**
Netherlands (including Belgium and Germany)							
Unit trusts	**141**	**134**	**8%**	**-**	**-**	**-**	**8%**
Poland							
Mutual funds	**63**	**27**	**142%**	**1**	**1**	**-**	**137%**
Other Europe							
UCITS	**118**	**168**	**(28)%**	**-**	**-**	**-**	**(28)%**
Asia Pacific							
Unit trusts	36	45	(16)%	-	-	-	(16)%
Navigator	416	310	41%	-	-	-	41%
	452	**355**	**34%**	**-**	**-**	**-**	**34%**
Aviva International							
Total investments	**774**	**684**	**17%**	**1**	**1**	**-**	**17%**
Total investment sales	**1,413**	**1,120**	**29%**	**19**	**9**	**111%**	**30%**

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 [2]	
	3 months 2007 £m	3 months 2006 £m	Local currency growth [1]	3 months 2007 £m	3 months 2006 £m	Local currency growth [1]	3 months 2007 £m	Local currency growth [1]
IFA								
- life & pension products	1,437	1,462	(2)%	151	113	34%	295	14%
- investment products	367	297	24%	1	-	-	37	27%
	1,804	**1,759**	**3%**	**152**	**113**	**35%**	**332**	**15%**
Bancassurance partnership with RBSG								
- life & pension products	244	154	58%	11	19	(42)%	36	3%
- investment products	43	33	30%	17	8	113%	21	88%
	287	**187**	**53%**	**28**	**27**	**4%**	**57**	**24%**
Other partnerships and Direct								
- life & pension products	415	325	28%	12	23	(48)%	54	(4)%
- investment products	229	106	116%	-	-	-	23	116%
	644	**431**	**49%**	**12**	**23**	**(48)%**	**77**	**16%**
Total UK long-term savings	**2,735**	**2,377**	**15%**	**192**	**163**	**18%**	**466**	**16%**

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			PVNBP
	3 months 2007 £m	3 months 2006 £m	Local currency growth [1]	3 months 2007 £m	3 months 2006 £m	Local currency growth [1]	Local currency growth [1]
AFER							
- Euro funds[2]	312	370	(14)%	3	-	-	(9)%
- Unit-linked funds	128	165	(21)%	1	-	-	(17)%
	440	**535**	**(16)%**	**4**	**-**	**-**	**(11)%**
Bancassurance partnership with Crédit du Nord							
- Euro funds	125	136	(6)%	1	2	(50)%	(9)%
- Unit-linked funds	83	92	(8)%	5	6	(17)%	(10)%
- Protection	-	1	-	-	-	-	-
	208	**229**	**(7)%**	**6**	**8**	**(20)%**	**(10)%**
Other							
- Euro funds	38	59	(36)%	2	2	-	(36)%
- Unit-linked funds	150	170	(10)%	10	6	58%	(4)%
- Protection	-	-	-	6	7	(14)%	(13)%
	188	**229**	**(16)%**	**18**	**15**	**23%**	**(12)%**
Total France long-term savings	**836**	**993**	**(14)%**	**28**	**23**	**22%**	**(11)%**

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	
	2006	2005	2006	2005
Risk discount rate	7.3%	6.8%	6.7%	6.0%
Pre-tax investment returns:				
Base government fixed interest	4.6%	4.1%	4.0%	3.3%
Ordinary shares	7.6%	7.1%	7.0%	6.3%
Property	6.6%	6.1%	6.0%	5.3%
Future expense inflation	3.4%	3.2%	2.5%	2.5%
Tax rate	30.0%	30.0%	34.4%	34.4%
Required capital (% EU minimum)	150% / 100%	150% / 100%	115%	115%

	Ireland		Italy	
	2006	2005	2006	2005
Risk discount rate	6.7%	6.0%	6.7%	6.0%
Pre-tax investment returns:				
Base government fixed interest	4.0%	3.3%	4.0%	3.3%
Ordinary shares	7.0%	6.3%	7.0%	6.3%
Property	6.0%	5.3%	6.0%	5.3%
Future expense inflation	4.0%	4.0%	2.5%	2.5%
Tax rate	12.5%	12.5%	38.3%	38.3%
Required capital (% EU minimum)	150%	150%	115%	115%

	Netherlands		Poland	
	2006	2005	2006	2005
Risk discount rate	6.7%	6.0%	8.7%	8.6%
Pre-tax investment returns:				
Base government fixed interest	4.0%	3.3%	5.0%	4.9%
Ordinary shares	7.0%	6.3%	8.0%	7.9%
Property	6.0%	5.3%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.4%	3.3%
Tax rate	25.5%	29.1%	19.0%	19.0%
Required capital (% EU minimum)	150%	150%	150%	150%

	Spain		USA	
	2006	2005	2006	2005
Risk discount rate	6.7%	6.0%	7.4%	7.2%
Pre-tax investment returns:				
Base government fixed interest	4.0%	3.3%	4.7%	4.5%
Ordinary shares	7.0%	6.3%	n/a	n/a
Property	6.0%	5.3%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.0%	3.0%
Tax rate	30.0%	35.0%	35.0%	35.0%
Required capital (% EU minimum or equivalent)	125% /110%	125% /110%	250%	200%

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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