

Summary financial statements

These statements are aimed at giving shareholders a summary of the position and performance of Aviva. They do not however, contain all the information to allow as complete an understanding of the group as would be provided by the full audited Annual Report and Accounts. A copy of the full Annual Report and Accounts, which contains an unqualified auditor's opinion, is available on the Aviva internet site at www.aviva.com/reports or free of charge from Equiniti, at the address at the end of this document.

2008 Financial statements

The summary financial statements on page 24 and 25 have been prepared on the basis of accounting policies set out in the group's 2008 Annual Report and Accounts. The consolidated income statement has been presented on both a Market Consistent Embedded Value (MCEV) basis and an International Financial Reporting Standards (IFRS) basis. The group continues to believe that the MCEV basis provides a better measure of the performance of the life business than the statutory IFRS basis. Results of an insurance business in any particular year can be affected by significant movements in investment values, which influence the reported profits before tax. Therefore, to measure the underlying business performance, operating profit before tax based on longer term rates of investment return is used, eliminating the volatility caused by movements in investment values. As a result, managers are encouraged to focus on operational performance and aspects of the business that are under their control.

Summarised directors' report

Annual general meeting

The 2009 annual general meeting of the company will be held on 29 April 2009 at the Barbican Centre, Silk Street, London, EC2Y 8DS at 11am. A separate document accompanying the Annual Review contains the Notice convening the Meeting and a description of the business to be conducted thereat.

Review of operations

Aviva plc is the holding company of the Aviva group of companies. The principal activities of the group are life insurance and long-term savings business, asset management and all classes of general insurance carried out through its subsidiaries, associates and branches in the United Kingdom, continental Europe and Ireland, North America, Asia and Australia. The group also undertakes motoring services in the UK and Ireland. Details of the group's operations for the accounting period, its current position and future prospects are contained in the Chairman's statement and Group chief executive's statement and business segment overviews on pages 1 to 7.

Dividend

The directors are recommending a final dividend of 19.91pence per share (2007: 21.10 pence), which together with the interim dividend of 13.09 pence paid on 17 November 2008 (2007: 11.90 pence), produces a total dividend for the year of 33.00 pence per share (2007: 33.00 pence). The total cost of ordinary dividends paid in 2008, was £902 million (2007: £801 million). The final dividend for 2008 will be paid on 15 May 2009 to all holders of ordinary shares on the Register of Members at the close of business on 27 March 2009.

Directors

The following persons served as directors of the Company during the year:

Nikesh Arora
Guillermo de la Dehesa (retired on 31 December 2008)
Wim Dik
Mary Francis
Richard Karl Goeltz
Mark Hodges (appointed 26 June 2008)
Andrew Moss
Carole Pivwnica
Philip Scott
Lord Sharman of Redlynch
Russell Walls
Scott Wheway

The biographical details of the persons currently serving as directors appear on page 20.

The Company's articles of association require one-third of the directors to retire by rotation each year and also require each director to retire at intervals of not more than three years. At the forthcoming Annual General Meeting Mary Francis, Richard Goeltz, Carole Pivwnica and Russell Walls, all non-executive directors, will retire and, being eligible, will offer themselves for re-election. Euleen Goh and Mark Hodges will offer themselves for election by shareholders at this year's Annual General Meeting being the first such meeting after their appointment. Euleen Goh is a non-executive director and was appointed to the Board on 1 January 2009. Mark Hodges is an executive director with a service contract with the Company, details of which can be found in the Directors' remuneration report. Guillermo de la Dehesa retired from the Board on 31 December 2008 and Wim Dik will retire at this year's Annual General Meeting in line with the Board's plans to renew and refresh its composition.

Directors' interests and indemnity arrangements

At no time during the year did any director hold a material interest in any contract of significance with the company or any of its subsidiary undertakings other than an indemnity provision between each director and the Company and service contracts between each executive director and a Group Company.

The company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors. The directors also have the benefit of the indemnity provision contained in the Company's articles of association.

The Company has executed deeds of indemnity for the benefit of each director of the Company and each person who was a director of the company during the year in respect of liabilities which may attach to them in their capacity as directors of the Company or of associated companies. These indemnities were granted at different times according to the law in place at the time and where relevant, are qualifying third-party indemnity provisions as defined by Section 309B of the Companies Act 1985 and Section 234 of the Companies Act 2006. These indemnities were in force throughout the year and are currently in force.

Corporate Responsibility (CR)

Aviva's Corporate Responsibility (CR) policy and programme is firmly established as a key element in our vision to deliver prosperity and peace of mind to our customers. Covering business ethics and values, customers, employees and suppliers, communities and the environment, our CR performance in all areas continues to rank highly with global benchmarking indices and research agencies. Aviva's CR report contains more information on our progress during the year. It can be viewed online at www.aviva.com/cr or a printed version is available from the group company secretary.

Directors' interests in Aviva shares

The interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in the company are shown below. All the disclosed interests are beneficial. The table also summarises the interests in shares held through the company's various all-employee and executive share schemes.

	Shares ¹		Bonus Plan Awards ²		Long-Term Incentive Awards ³		OATTV Awards ⁴		Options ⁵	
	1 January 2008	31 December 2008	1 January 2008	31 December 2008	1 January 2008	31 December 2008	1 January 2008	31 December 2008	1 January 2008	31 December 2008
Nikesh Arora	–	–	–	–	–	–	–	–	–	–
Guillermo de la Dehesa	144	144	–	–	–	–	–	–	–	–
Wim Dik	200	214	–	–	–	–	–	–	–	–
Mary Francis	1,800	1,800	–	–	–	–	–	–	–	–
Richard Karl Goeltz	2,500	2,500	–	–	–	–	–	–	–	–
Mark Hodges ⁷	46,507	100,086	104,435	125,876	136,145	198,549	–	41,838	1,705	1,705
Andrew Moss	73,208	176,067	173,329	205,488	327,147	477,633	–	93,567	3,279	3,279
Carole Pivnica	2,500	2,500	–	–	–	–	–	–	–	–
Philip Scott	291,106	400,973	174,475	176,097	319,225	343,028	–	52,734	–	2,341
Lord Sharman	5,000	20,000	–	–	–	–	–	–	–	–
Russell Walls	4,000	4,000	–	–	–	–	–	–	–	–
Scott Wheway	–	1,677	–	–	–	–	–	–	–	–

Notes

- "Shares" are the directors' beneficial holdings in the ordinary shares of the Company and in respect of the EDs include shares held in trust under the Company's All-Employee Share Ownership Plan (AESOP) being shares purchased by them under the partnership element and shares granted under the free share element of the AESOP.
- "Bonus Plan Awards" relates to entitlements to shares arising through the current, or former, Aviva Bonus Plans. Under these plans some of the earned bonuses are paid in the form of shares and deferred for three years. The transfer of the shares to the director at the end of the period is not subject to the attainment of performance conditions but a proportion of the shares can be forfeited if the executive leaves service before the end of the period.
- "Long Term Incentive Awards" are awards granted under the LTIP which vest only if the performance conditions are achieved.
- OATTV awards are granted as a match to the bonus plan awards under the ABP and vest only if the performance conditions are achieved.
- "Options" are options over shares granted under the SAYE
- The interests of connected persons to the Directors are included in the Directors' interests above.
- Mark Hodges was appointed as a director on 26 June 2008. On this date he held 79,873 shares, 125,876 bonus plan awards, 198,549 long term incentive awards, 41,838 OATTV awards and 1,705 options.

Summary financial statements continued

Independent auditor's statement to the members of Aviva plc

We have examined the group's summary financial statements for the year ended 31 December 2008 which comprise the summarised consolidated income statement, summarised consolidated statement of recognised income and expense – IFRS basis, summarised reconciliation of movements in consolidated shareholders' equity – IFRS basis, summarised consolidated balance sheet – IFRS basis and supplemental balance sheet information – MCEV basis.

This report is made solely to the company's members, as a body, in accordance with Section 251 of the Companies Act 1985. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the Annual Review with the full annual financial statements, the Directors' Report and Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our examination in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinions on those financial statements and the Directors' Remuneration Report.

Opinion

In our opinion the summary financial statements are consistent with the full annual financial statements, the Directors' Report and Directors' Remuneration Report, of Aviva plc for the year ended 31 December 2008 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.

Ernst & Young LLP
Registered Auditor
London
4 March 2009

Summarised consolidated income statement

	2008 £m	Restated ² 2007 £m
Total sales for the year		
Life and pension businesses	36,283	32,722
Investment sales	3,995	6,983
General insurance	11,137	10,569
	51,415	50,274
Premiums written net of reinsurance and other investment sales		
Long-term business	23,228	18,764
General insurance and health premiums	11,137	10,569
	34,365	29,333
Pre-tax operating profit		
Long-term business MCEV operating return	2,801	2,544
Fund management operating profit	42	90
General insurance and health operating profit	1,198	1,021
Other operations	(163)	(70)
Regional operating profit	3,878	3,585
Corporate centre, group debt costs and other interest	(520)	(520)
Operating profit – MCEV basis¹	3,358	3,065
Adjustment to report the profits of our long-term insurance, fund management and other operations on an IFRS basis	(1,061)	(849)
IFRS operating profit before tax attributable to shareholders' profits	2,297	2,216
Investment return variances and economic assumption changes on long-term business	(1,631)	15
Short-term fluctuation in return on investments backing non-long-term business	(819)	(184)
Economic assumption changes on general insurance and health business	(94)	2
Impairment of goodwill	(66)	(10)
Amortisation and impairment of intangibles	(117)	(103)
Profit on the disposal of subsidiaries and associates	7	49
Integration and restructuring costs	(326)	(153)
Exceptional items	(551)	–
(Loss)/profit before tax attributable to shareholders' profits – IFRS basis	(1,300)	1,832
Tax	415	(334)
(Loss)/profit for the year	(885)	1,498

Summarised consolidated statement of recognised income and expense – IFRS basis

	2008 £m	Restated 2007 £m
Fair value losses, net of transfers to income statement	(1,770)	(210)
Actuarial (losses)/gains on pension schemes	(851)	587
Foreign exchange rate and other movements	2,653	723
Aggregate tax effect	235	(179)
Net income recognised directly in equity	267	921
(Loss)/profit after tax attributable to shareholders	(885)	1,498
Total recognised (expenses)/income for the year	(618)	2,419

Summarised reconciliation of movements in consolidated shareholders' equity

	2008 £m	Restated ² 2007 £m
Balance at 1 January restated	15,931	14,064
Prior year adjustment	–	(319)
Shareholders' funds at the beginning of the year, as restated	15,931	13,745
Total recognised (expense) and income for the year	(618)	2,419
Dividends and appropriations	(975)	(871)
Issue of share capital	20	48
Shares issued in lieu of dividends	170	301
Capital contributions from minority shareholders	36	–
Minority share of dividends declared in the year	(106)	(66)
Minority interest in acquired subsidiaries	43	315
Changes in minority interest in existing subsidiaries	(65)	–
Shares acquired by employee trusts	(29)	(10)
Reserves credit for equity compensation plans	39	50
Balance at 31 December	14,446	15,931

	2008 pence	Restated 2007 pence
Operating earnings per share – Basic MCEV basis ³	83.4p	70.4p
Operating earnings per share – Diluted MCEV basis ³	82.7p	69.8p
Total earnings per share – Basic MCEV basis ⁴	(290.9)p	63.8p
Total earnings per share – Diluted MCEV basis ⁴	(290.9)p	63.2p
Operating earnings per share – Basic IFRS basis ³	62.9p	52.8p
Operating earnings per share – Diluted IFRS basis ³	62.3p	52.3p
Total earnings per share – Basic IFRS basis ⁴	(36.8)p	48.9p
Total earnings per share – Diluted IFRS basis ⁴	(36.8)p	48.5p
Net asset value per ordinary share – IFRS basis ⁵	416p	494p
Net asset value per ordinary share – MCEV basis ⁵	486p	763p

Summarised consolidated balance sheet – IFRS basis

	2008 £m	Restated 2007 £m
Assets		
Goodwill	3,578	3,082
Additional value of in-force business and intangible assets	4,038	3,197
Interest in, and loans to, joint ventures and associates	2,983	3,782
Investment properties, property and equipment	15,390	16,333
Financial investments	229,722	216,410
Other assets	74,670	62,433
Cash and cash equivalents	24,181	16,089
Total assets	354,562	321,326
Capital and reserves		
Equity attributable to ordinary shareholders of Aviva plc	11,052	12,946
Preference share capital	200	200
Direct capital instrument	990	990
Minority interests	2,204	1,795
Total equity	14,446	15,931
Liabilities		
Gross liability for insurance and investment contracts	282,409	251,083
Unallocated divisible surplus	2,325	6,785
Net asset value attributable to unitholders	6,918	6,409
Borrowings	15,201	12,657
Other liabilities	33,263	28,461
Total liabilities	340,116	305,395
Total equity and liabilities	354,562	321,326

Supplemental balance sheet information – MCEV basis

	2008 £m	Restated 2007 £m
Equity attributable to ordinary shareholders of Aviva plc – IFRS basis	11,052	12,946
Adjustment to other reserves	1,429	(290)
Additional retained profit on an MCEV basis	431	7,342
Equity attributable to ordinary shareholders of Aviva plc – MCEV basis	12,912	19,998
Preference share capital and direct capital instrument	1,190	1,190
Minority interests	3,013	2,501
Total equity – MCEV basis	17,115	23,689

Approved by the Board on 4 March 2009

Philip Scott
Chief Financial Officer

Notes

1. Before tax and adjusting items.
2. Following a review of our general insurance reserving policy, we have restated the 2007 comparative figures to discount our long-term latent claims provisions. We have also reviewed our policy on the consolidation of managed funds and, as a result, have made further restatements for the effect of third party participation.
3. Operating earnings per share is based on the operating profit on either an MCEV or IFRS basis, after tax, minority interests and preference dividends.
4. Total earnings per share is based on the MCEV or IFRS profit for the year attributable to equity shareholders.
5. Net asset value per ordinary share is calculated based on equity shareholders' funds.

As announced in February 2009, the Group has adopted a market consistent embedded value methodology (MCEV) for supplementary life reporting. This replaces the European Embedded Value basis (EEV) we have previously used. We have restated the 2007 balance sheet and results accordingly. There is no change to the underlying fundamentals or economics of our business as a result of adopting MCEV; it merely provides a further perspective on the business, particularly for internal capital allocation purposes. Aviva's Market Consistent Embedded Value methodology is in accordance with the MCEV Principles published by the CFO Forum in June 2008 with the exception of the use of an adjusted risk-free yield due to current market conditions for immediate annuities in the UK and the Netherlands and all US contracts. Full details of our methodology can be found in the Annual Report and Accounts on the company website.

Summary financial statements continued**Summary directors' remuneration report**

Below is a summary of the information contained in the Directors' remuneration report which shareholders will be asked to approve at the forthcoming Annual General Meeting (AGM). The Directors' remuneration report, contained in the Company's Annual Report and Accounts for 2008, provides full details of the Company's remuneration policy, practices, pension arrangements and incentive plans, including a description of the performance conditions which apply to the incentive plans, as well as details of all the awards and options held by the directors.

Highlights

- In 2008 the Committee agreed and implemented, with shareholder approval, the One Aviva Twice the Value Bonus Plan. It decided to maintain the 2008 financial targets set in December 2007 despite the unprecedented shocks to the macro-economic system and volatility in markets.
- The Committee approved the Executive Directors' request to freeze their basic salaries for 2009. It is not proposing any major adjustments to Aviva's executive remuneration structure in the coming year. It has further approved stretching financial targets for 2009 and agreed to review in mid 2009 their continued appropriateness.
- The demanding financial and non-financial targets set for the 2008 annual bonus were met in-part during the year. The combination of financial outcomes, along with those targets relating to employees, customers, and personal objectives mean the Chief Executive received a 2008 bonus of 54.2% of his maximum opportunity (2007: 65%).
- The Committee entered the 2009 reward review conscious of the economic background and widespread comment on over-generous executive remuneration. The Committee believes Aviva's 2008 business results are strong and that Aviva's remuneration practices already closely link pay to performance. The Committee has, however, looked to ensure prudent and proportionate reward outcomes.
- The Committee has decided to defer for one year Aviva's five-yearly comprehensive compensation review. The existing authorities and approvals, granted by shareholders in 2005, will allow the current schemes to continue to operate up until the Annual General Meeting in 2010.
- Mark Hodges, Chief Executive, Norwich Union Life, was appointed an Executive Director of Aviva plc in June 2008. Information on his remuneration therefore appears in this report for the first time.

Remuneration policy

The remuneration committee's key objectives are to:

- Establish a competitive remuneration package to attract, retain and motivate scarce, high quality leaders;
- Promote the achievement of both our annual plans and our strategic objectives and ambitions by providing a remuneration package that contains appropriately motivating targets;
- Align senior executives' remuneration with the interests of shareholders and other stakeholders, including customers and employees.

The remuneration package

Against this background, the remuneration committee seeks to ensure that whilst a competitive basic salary is paid, a substantial element of the remuneration package should be closely linked to the performance of the business and delivered in the form of shares. During 2008, the remuneration package for the Company's executive directors comprised the following elements:

- A basic salary.
- An annual bonus plan to encourage executives to meet annual targets relating to business and agreed personal performance targets. Two-thirds of any bonus is paid in the form of shares and deferred for three years.
- A One Aviva Twice The Value (OATTV) bonus plan to align senior executives with the Chief Executive's clear strategic imperative of doubling EPS by the end of 2012. The plan matches 100% of the deferred ABP shares for the Chief Executive (75% for other EDs). The vesting of these matched shares is dependent on the average annual growth in EPS during the three year performance period.
- A long-term incentive plan (LTIP) to align executives' longer term interests with those of shareholders.
- A pension entitlement, although no ED is currently accruing service based benefits in the UK Defined Benefit Scheme.
- A long-term discretionary savings plan, used primarily for employees who can no longer accrue pension benefits or whose benefits are restricted under the staff pension scheme, called the Aviva Capital Accumulation Plan (ACAP).
- A car allowance, private medical insurance and participation in the Company's all-employee share plans.
- Annual bonuses have targets set against a range of financial, customer and employee metrics, accounting for 70% of the bonus opportunity, plus personal objectives accounting for the remaining 30%.

Awards granted under the LTIP plan are subject to meeting performance conditions based on Total Shareholder Return (TSR) and return on capital employed (RoCE) targets. The TSR performance conditions require Aviva to achieve median or better performance against the TSR of a peer group of major European financial services companies over the three year performance period for that element to vest. RoCE targets are set taking account of the Company's three year business plan, trading conditions and shareholder expectations at the time each award is made.

All executive directors have a service contract which can be terminated by the Company upon giving 12 months' notice. Non-executive appointments can be terminated by either party at any time upon giving one month's written notice.

Planned future changes

We do not anticipate any significant changes to the structure of executives' compensation packages in 2009, compared with that outlined below. There are, however, two points to note:-

- Aviva has changed its financial reporting from a European Embedded Value (EEV) to a Market Consistent Embedded Value (MCEV) approach. This will require the financial targets to be stated on the new MCEV basis.
- The external economic climate against which financial targets for 2009 have been set is unprecedentedly volatile. The level of stretch in the targets is very sensitive to the depth and duration of economic downturn, which is currently highly uncertain. The Committee has therefore decided to review mid year the financial targets used for bonus purposes for EDs and other senior managers. Only in exceptional circumstances would the Committee consider amending financial targets, either up or down, and any significant change would be the subject of appropriate consultation.

2008 awards

In addition to the remuneration set out in the table below the following shares were awarded to executive directors in 2008 under the company's incentive plans. The shares granted under the long-term incentive plan will only vest if certain conditions relating to the company's performance over the three financial years commencing 1 January 2008 are met, as explained above.

	Annual Bonus Plan Deferred Shares	OATTV Shares	Long-Term Incentive Plan Shares ²
Andrew Moss	93,567	93,567	253,289
Philip Scott	70,312	52,734	140,625
Mark Hodges	55,785	41,838	97,450

In addition to the above, directors have interests in awards and options granted in previous years.

Directors' remuneration 2008

	Basic salary/fees		Bonuses ¹		ACAP ²		Benefits ³		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Chairman										
Lord Sharman	490	450	-	-	-	-	15	-	505	450
Executive directors										
Andrew Moss	914	790	752	853	463	398	91	56	2,220	2,097
Philip Scott	593	565	488	641	-	-	35	55	1,116	1,261
Mark Hodges ⁴	463	-	532	-	208	-	99	-	1,302	-
Non-executive directors										
Guillermo de la Dehesa	109	95	-	-	-	-	-	-	109	95
Wim Dik	95	90	-	-	-	-	-	-	95	90
Mary Francis	99	90	-	-	-	-	-	-	99	90
Richard Karl Goeltz	94	87	-	-	-	-	-	-	94	87
Carole Pivnica	87	82	-	-	-	-	-	-	87	82
Russell Walls	107	102	-	-	-	-	-	-	107	102
Nikesh Arora	69	32	-	-	-	-	-	-	69	32
Scott Wheway	77	5	-	-	-	-	-	-	77	5
Total emoluments of directors	3,197	2,388	1,772	1,494	671	398	240	111	5,880	4,391

Notes

1. Bonuses show the value at the date of award inclusive of the two thirds of bonus which Aviva requires its EDs to defer into Aviva shares for three years.
2. During the year, shares granted to certain former EDs under the Company's incentive plans vested. Details of these awards were fully disclosed in the year of grant.
3. "Benefits". All the EDs received life assurance benefits during the year that relate to the cost incurred by the Company of insuring the directors' life and relevant spouses' benefits which, had the director died during the year, could not have been wholly paid by the pension scheme and would therefore have been met by the Company had the insurance not been in place. The disclosure also includes the cost of private medical insurance and, where appropriate, accompanied travel, accommodation and car benefits. All the numbers disclosed include the tax charged on the benefits. No directors received an expense allowance during the year.
4. Mark Hodges' 2007 data is not disclosed as he was not an ED during the year. Mark Hodges' 2008 data shown above includes all sums paid to him during 2008, not just those paid in respect of his services as a director.
5. For the purposes of the disclosure required by Schedule 6 to the Companies Act 1985 the total aggregate emoluments of the directors in respect of 2008 was £5.2 million (2007: £6.6 million, which included three Executive Directors who left in 2007). This reflects the total aggregate emoluments of Mark Hodges in respect of the period that he served as a director during the year, comprising basic salary of £269,000, bonus of £275,000 and benefits of £53,000.
6. No compensation payment for loss of office was made to any director, or former director, during the year.
7. Annual bonuses are one-third paid in cash and two-thirds deferred into shares for three years.