

29 October 2004

**Aviva plc**  
**Worldwide long-term savings new business**  
**Nine months to 30 September 2004**

- **Worldwide long-term savings new business sales up 13% to £11,961 million (2003: £10,760 million), with 11% growth in UK and 17% growth in our Continental European businesses**
- **Worldwide life and pension sales on an APE basis up 7% to £ 1,847 million (2003: £1,745 million)**
- **Worldwide new business contribution up 13% at £487 million (2003: £437 million), with new business margin of 26.4% (2003: 25.0%)**
- **Total bancassurance sales up 11% to £2,839 million (2003: £2,617 million)**
- **Worldwide investment sales up 31% to £1,126 million (2003: £871 million)**

1 Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums.  
 2 All growth rates quoted are at constant rates of exchange.

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

“Once again we have delivered good sales growth and improved new business profitability. We will continue this rigorous focus on profitable growth across our businesses.

“There have been strong performances in the UK, France and the Netherlands, while in Italy and Spain underlying sales are up despite less favourable market conditions.

“We have a unique bancassurance capability. Sales from this channel were up 11% with a particularly good performance from our agreement with ABN AMRO in the Netherlands. Our new joint venture with Crédit du Nord in France also started earlier this month.

“We’ve taken further steps this quarter towards our long-term ambition to be a significant player in the Asia life market with two new offices opened in China and a new bancassurance relationship with Punjab and Sind Bank in India.”

Financial highlights	9 months to 30 September 2004	9 months to 30 September 2003	Local currency growth
Total life and pension new business sales	£10,835 m	£9,889 m	11%
Total investment sales	£1,126 m	£871 m	31%
Worldwide long-term savings new business sales	£11,961 m	£ 10,760 m	13%
Life and pensions new business sales on an APE basis	£1,847 m	£1,745 m	7%
Investment sales on an APE basis	£129 m	£98 m	33%
Worldwide long-term savings new business sales on an APE basis	£ 1,976 m	£1,843 m	9%
New business contribution – life and pensions business	£487 m	£437 m	13%
New business margin before cost of capital	26.4%	25.0%	

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There will be a conference call today for wire services at 7:45am (UK time) on +44 (0)20 7019 9509. This conference call will be hosted by Philip Scott, group executive director.

There will be a conference call today for analysts and investors at 9:30am (UK time) on +44 (0)20 7984 7582. This conference call will be hosted by Philip Scott, group executive director.

Replay will be available for two weeks until 12 November. The dial in number for replay is +44 (0)20 7984 7578 and the pass code is 891117.

	Total new business sales		Annual premium equivalent sales <sup>(2)</sup>		New business contribution <sup>(3)</sup>	
	9 months to 30 September 2004 £m	Local currency growth <sup>(1)</sup>	9 months to 30 September 2004 £m	Local currency growth <sup>(1)</sup>	9 months to 30 September 2004 £m	Local currency growth <sup>(1)</sup>
<b>Life and pensions</b>						
<b>United Kingdom</b>	<b>4,816</b>	<b>9%</b>	<b>849</b>	<b>6%</b>	<b>195</b>	<b>8%</b>
France	1,756	22%	209	20%	63	27%
Ireland	179	9%	63	15%	14	(11%)
Italy	1,049	(3%)	133	(9%)	31	(9%)
Netherlands (including Belgium and Luxembourg)	893	33%	182	26%	58	74%
Poland	65	55%	27	(1%)	4	-
Spain	1,254	19%	182	6%	93	3%
Other Europe	284	23%	81	23%	-	93%
<b>Continental Europe</b>	<b>5,480</b>	<b>17%</b>	<b>877</b>	<b>12%</b>	<b>263</b>	<b>19%</b>
<b>International</b>	<b>539</b>	<b>(18%)</b>	<b>121</b>	<b>(11%)</b>	<b>29</b>	<b>1%</b>
<b>Total life and pensions</b>	<b>10,835</b>	<b>11%</b>	<b>1,847</b>	<b>7%</b>	<b>487</b>	<b>13%</b>
<b>Investment sales</b>						
<b>United Kingdom</b>	<b>664</b>	<b>34%</b>	<b>82</b>	<b>37%</b>		
Netherlands	137	(30%)	14	(30%)		
Poland	59	(24%)	7	(25%)		
Other Europe	172	478%	17	478%		
<b>Continental Europe</b>	<b>368</b>	<b>21%</b>	<b>38</b>	<b>22%</b>		
<b>International</b>	<b>94</b>	<b>51%</b>	<b>9</b>	<b>51%</b>		
<b>Total investment sales</b>	<b>1,126</b>	<b>31%</b>	<b>129</b>	<b>33%</b>		
<b>Total long-term savings</b>	<b>11,961</b>	<b>13%</b>	<b>1,976</b>	<b>9%</b>		
<b>Navigator sales</b> (not included above)	491	3%				

(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 and 10% of single premiums.

(3) Stated before the effect of solvency margin.

#### United Kingdom:

Norwich Union continued to consolidate its market-leading position with total sales (including investment sales) for the nine-month period of £5,480 million, up 11% (2003: £4,925 million). Norwich Union's market share, at the end of June 2004, was 12.1%. Total sales on an APE basis grew by 8% to £931 million (2003: £862 million). Our focus continues to be on profitable growth with a 6% increase in life and pensions sales on an APE basis to £849 million (2003: £802 million) and an 8% increase in corresponding new business contribution to £195 million (2003: £180 million).

Investor confidence in equity markets continues to build gradually and Norwich Union is benefiting from this. Norwich Union offers a wide range of funds, enabling our customers to build balanced investment portfolios. As a result, total bond sales increased by 24% to £1,681 million (2003: £1,352 million). We are encouraged by the strong pick-up in bond sales during the third quarter, however it is too early to judge if this is a sustainable trend. Collective investment sales were up 34% to £664 million (2003: £496 million). The recently announced launch of our improved fund of funds proposition will further strengthen the range of funds we can offer to our customers.

Total pension sales were flat at £1,951 million (2003: £1,950 million). Sales of individual pensions increased 15% to £1,472 million (2003: £1,278 million) offset by lower sales of group corporate pensions of £479 million (2003: £672 million), reflecting continued market movement away from final salary pension schemes. In line with our strategic focus on the defined contribution group pensions market, combined sales of group money purchase and group personal pensions grew by 33% to £337 million (2003: £254 million).

Norwich Union is in the process of repositioning its individual pension product proposition. Commission levels were reduced on individual stakeholder pension business from 4 October 2004 and a new 'non-stakeholder' pension product will be

launched early in 2005 with a charging structure designed to support the provision of full advice. The impact on fourth quarter sales is difficult to predict at this stage.

Sales of protection business grew by 14% to £282 million (2003: £247 million) reflecting an increase in mortgage protection and creditor business. Following the recent launch of our online underwriting system 40% of protection sales through IFAs are now transacted electronically.

Annuity sales were higher at £902 million (2003: £880 million). The market remains competitive and we continue to set prices to protect profitability.

Total sales for the nine months from our joint venture<sup>1</sup> with The Royal Bank of Scotland Group were lower at £544 million (2003: £652 million). However, we are starting to see the benefits of the closer integration of the salesforce with the bank network, with sales for the discrete third quarter 10% ahead of the second quarter at £185 million reflecting the strengthening of the overall product offering.

Norwich Union continues to reposition itself for market change. We recently announced further increase in our stake to 70% in the 'Lifetime' wrap service provider, an IT service that allows financial advisers to manage and transact a range of different client investments. We believe that wraps will be a significant market in the future and Lifetime as a potentially leading platform will be well placed to take a large proportion of this. In addition to the multi-tie agreements announced in August with Bankhall, Sesame and Portman Building Society, confidential discussions continue with the major distributors in the lead-up to depolarisation next year. Longer-term fundamentals remain strong in the UK and Norwich Union is very well-placed to take a very significant position given its brand, distribution and product strengths.

In the immediate term there are some early signs of a recovery in the UK market, but this will be gradual. We have consistently maintained a strong position in the market through a broad product mix and good distribution so that we are well positioned to capitalise on market growth.

New business contribution was £195 million (2003: £180 million), with new business margin of 23.0% (full year 2003: 22.6%), in line with our philosophy of pricing for value.

#### **France:**

Total new business sales through Aviva France increased by 22% to £1,756 million (2003: £1,458 million), outperforming an estimated increase in the individual life and savings market of 17% during the first eight months of 2004.

Our largest distribution channel in France is with AFER, the country's biggest savings organisation, with over 600,000 members and 28,000 new members joining in 2004. Total AFER production increased by 30% to £1,168 million, with nearly half of this growth from sales to new AFER members. This performance demonstrates the continued distribution strength of AFER and its ability to provide Aviva with access to new customers. Sales of single premium AFER euro products were 19% higher at £1,009 million (2003: £860 million), compared with estimated market growth of 11% during the first eight months of 2004.

The unit-linked market continues to benefit from more stable equity markets in 2004. Aviva France's sales of unit-linked and other savings products increased by 29% to £703 million (2003: £554 million) including strong growth in SFER, the unit-linked product sold through AFER accounting for 14% of total sales from AFER compared to 5% for the same period last year. Our strategy is to increase the percentage of our new business that is unit-linked where the market allows, through our control of our distribution networks and leveraging off the strong performance of Aviva Gestion d'Actifs. During the quarter we launched two new unit trust funds to AFER customers.

As anticipated, sales of our Plan d'Epargne Retraite (PERP) pension product, launched during the second quarter of 2004, have been moderate. Our focus is on clients with high average premiums which is the more profitable area.

We became the bancassurance joint venture partner of Crédit du Nord on 1 October this year when we acquired a controlling interest in Antarius and took over the administration of the existing portfolio. We have been encouraged by the level of new business sales generated in the past, which for the year to 2003 was £531 million, equivalent to 70% of non AFER business in 2003. The arrangement gives us exclusive distribution for life new business through Crédit du Nord's network of over 600 branches.

New business contribution was £63 million (2003: £51 million), with a margin of 30.2% (full year 2003: 29.0%), reflecting the increased proportion of unit-linked sales.

#### **Ireland:**

Hibernian Life and Pensions, the third largest Irish life and pensions provider, reported a solid nine month performance. Total sales on an APE basis increased by 15% to £63m (2003: £55 million) as a result of improved pension sales. Total sales were 9% higher at £179 million (2003: £167 million).

New regular premium pension sales were up 14% to £36 million (2003: £32 million) and new single premium pension sales were 20% higher at £97 million (2003: £82 million). Sales of regular premium personal and executive pensions benefited from Hibernian's competitive products and a market-leading range of investment funds. Two geared property funds have been added to the range for the main October and November pension selling season.

<sup>1</sup> Aviva's share of these total sales and sales by product mix is shown in supplementary analysis 3.

Sales of Personal Retirement Savings Account (PRSA) products remain disappointing, both for Hibernian and the market. However, increased publicity around PRSAs has contributed to sales growth in other pension products.

Life regular premium sales increased to £14 million (2003: £11 million) reflecting growth in protection business. Life single premium sales fell to £32 million (2003: £42 million), reflecting ongoing investor caution and reduced demand for unit-linked and with-profit products. The investment fund we launched last quarter that includes a capital guarantee after five years is generating interest and we expect take-up to continue to increase in the fourth quarter.

New business contribution was £14 million (2003: £16 million), with a margin of 22.3% (full year 2003: 28.5%) in line with the trend we reported earlier in the year.

**Italy:**

Total new business sales were £1,049 million (2003: £1,092 million), including lower single premium one-off direct business of £82 million (2003: £187 million). Sales momentum was maintained at a similar level to the second quarter during the normally slower summer period, resulting in underlying growth in total sales of 9%, after excluding the impact of one-off business. This performance compares favourably to a flat Italian new business market in the first eight months of 2004, reflecting investor caution.

Sales through UniCredito Italiano (UCI) were lower at £503 million (2003: £607 million), reflecting more difficult trading conditions for savings products and a challenging comparative, given the concentration of marketing campaigns in the first half of 2003. Sales in the third quarter were helped by increased distribution of products through Xelion, the financial adviser network of UCI, and new product launches which will continue into the fourth quarter of 2004.

Our most recent agreement with Banca Popolare Commercio e Industria, now part of Banche Popolari Unite (BPU), achieved strong growth with total sales of £190 million (2003: £68 million). Sales benefited from the continued success of limited offers on structured investment bonds. Regular premium unit-linked, protection and individual pension plan products will be introduced in the fourth quarter to broaden the product range. We look forward to reaping the benefits of the extension of our agreement with BPU to a further 380 branches, with sales expected from the start of 2005.

Total sales from Banca Popolare di Lodi Group were higher at £213 million (2003: £189 million) and sales through Banca delle Marche were higher at £49 million (2003: £29 million). Both partners launched limited offer campaigns earlier in the year on structured investment bonds that boosted sales in the third quarter. Further limited offers are planned for the fourth quarter.

We continue to develop our strong partnerships across Italy and work with our partners to market a range of products to meet our customers' needs. Our long-term growth potential remains strong, although the timing of marketing campaigns and product launches which vary throughout the year result in some volatility in sales levels each quarter.

New business contribution amounted to £31 million (2003: £35 million), with margins of 23.3% (full year 2003: 23.2%).

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

Total life and pension sales from Delta Lloyd, our top-five life and pensions business in the Netherlands, increased by 33% to £893 million (2003: £681 million), with strong growth across all major product lines. Total sales through our joint venture with ABN AMRO grew by 8% to £193 million (2003: £182 million), while on an APE basis sales increased by 70% to £53 million (2003: £32 million). Bond sales and regular premium mortgage protection products have proved particularly successful through this distribution channel.

Total pension and annuity sales increased by 26% to £479 million (2003: £386 million) with 50% growth in group pensions to £281 million (2003: £190 million) partially offset by a decrease in individual pension business. Group pensions business continues to be the focus of our intermediary divisions, although sales levels vary quarter on quarter due to the size of the contracts. In comparison, modest growth in annuity sales reflects the continued competitive market, particularly for immediate annuity business.

Total life product sales rose by 43% to £414 million (2003: £295 million) with significantly improved sales of single premium policies in Belgium following a successful sales promotion, and improved bond and saving sales through our bancassurance, direct and Belgian distribution channels. Unit-linked products are becoming more attractive to investors in the more stable equity market and steadily improving economic environment. Sales of mortgage-related protection products increased by 32% to £33 million (2003: £26 million) as a result of improved regular premium sales through ABN AMRO.

New business contribution amounted to £58 million (2003: £34 million) with a margin of 31.9% (full year 2003: 27.7%). The increase in margins reflects the improved product mix across our business units.

**Poland:**

Total life sales increased to £39 million (2003: £26 million), reflecting increased demand for single premium investment products. Mutual fund sales were lower at £59 million (2003: £85 million), reflecting investor caution following the strong stock market performance that benefited 2003 and the first quarter of 2004.

Pension sales were higher at £26 million (2003: £19 million), benefiting from sales through the State Agency to members of the workforce without a chosen pensions provider in the first half of the year.

CU Polska remains the market leader in individual life and private pensions with a 15% share of the life market measured by total premium income in 2003 and a 28% share of the private pensions market measured by total assets under management.

**Spain:**

Aviva continues to be the number one bancassurance group in the Spanish life market and number two in the market overall, achieving an increase in market share from 10.0% in 2003 to 11.1% in the first half of 2004, based on gross written premiums.

New business sales have had a strong third quarter, growing by 19% to £1,254 million (2003: £1,071 million) following further growth in our developing bancassurance partnerships and including one-off sales of £242 million (2003: £149 million) or £30 million (2003: £30 million) on an APE basis. Excluding these one-off sales, underlying growth of 11% was achieved, compared with a market increase of 3% in the first half year, based on gross written premiums.

In our bancassurance distribution channels the focus in 2004 has been on higher margin protection products over traditional savings products. Sales through Bancaja reflect this change in product mix and were consequently lower at £469 million (2003: £606 million). We achieved underlying growth from our partnerships with Unicaja, Caja de Granada and Caixa Galicia, where there was further large bulk pension transfer business in the third quarter generating total one-off premium sales of £242 million for the nine month period.

Growth potential is strong across our bancassurance partnerships as we look to increase customer penetration and we continue to develop the product range in all our joint ventures. However, quarterly sales are variable due to the timing of marketing campaigns and product launches, with the third quarter traditionally being lower as a result of the slower summer period.

New business contribution amounted to £93 million (2003: £92 million), including £3 million from the bulk pension transfers in Caixa Galicia. New business margins for Spain were 51.1% (full year 2003: 54.4%) reflecting the underlying increasing proportion of higher margin protection sales, offset by the impact of the lower margin one-off sales.

**Other Europe:**

Total sales for our Other Europe businesses were £456 million (2003: £266 million), including total sales in Germany of £145 million (2003: £107 million). Sales in Germany included the benefit of a new limited offer bond product and other tax efficient investment products.

In Turkey, where we are a top-five provider, total new business premiums increased to £23 million (2003: £19 million), reflecting good levels of regular premium sales in the personal pensions market, launched in 2003.

Sales through our Dublin-based offshore life and savings business were £77 million (2003: £57 million) whilst sales of Luxembourg UCITS increased to £172 million (2003: £30 million) as a result of improved investor sentiment and further development of the broker relationships and distribution channels.

**International – Asian businesses:**

We are encouraged by the progress made by our Asian businesses during 2004, with a number of further steps being taken to achieve our longer-term ambitions for expansion in a region where demand for long-term savings products is increasing steadily.

Singapore: Total sales through Aviva Singapore were £30 million (2003: £25 million) on an APE basis. This includes total single premium sales of £110 million (2003: £50 million), which benefited from a successful limited single premium product offer, launched during the third quarter. Aviva has a 55% market share of bancassurance regular premium new business and is the market leader in the developing broker market and employee benefits and healthcare business. The focus continues to be on higher margin regular premium business. Whilst not included in the new business figures, total Navigator sales include £9 million (2003: £5 million) of sales through Navigator Asia in Singapore.

Hong Kong: In addition to our successful partnership with DBS in Singapore, total sales through our partnership with DBS in Hong Kong continued to increase strongly to £16 million (2003: £2 million).

India: Sales on an APE basis from our joint-venture life business with Dabur Group were £14 million, ranking us eighth in this market. Our attributable 26% share of new business APE sales amounts to £3 million (2003: £2 million). Sales are through our bancassurance partnerships including Canara Bank, India's second largest bank, and our 2,650 strong direct sales force. Bancassurance distribution has been strengthened in the quarter through the new partnership with the Punjab and Sind Bank.

China: Following the launch of our joint-venture life business, Aviva COFCO, in Guangzhou in 2003, total sales have continued to grow rising to £4 million (2003: £2 million). Our attributable 50% share of new business sales was £2 million (2003: £1 million). Operations commenced in Beijing and Chengdu, the provincial capital of Sichuan, in September, bringing to three the number of city licenses held by Aviva COFCO.

**Other international businesses:**

Australia: Total life and pension sales on an APE basis were higher at £45 million (2003: £41 million) reflecting growth from our corporate pension product. Sales of unit trusts were £94 million (2003: £61 million), which benefited from the more positive investor sentiment towards equity markets. Whilst not included in the new business figures, sales of Navigator, our

top-five master trust, increased to £482 million (2003: £460 million), benefiting from improvements in equity markets, product offerings and a more competitive fee structure.

United States: Total life and pension sales of £227 million (2003: £469 million) were affected by reduced sales of fixed annuity products, with single premium sales of £211 million (2003: £436 million) and regular premium sales of £16 million (2003: £33 million). We continue to maintain pricing disciplines in a low interest rate environment and revise product terms where appropriate.

## Notes to Editors

1. Aviva is the UK's largest insurer and one of the top-five life companies in Europe with substantial positions in other markets around the world, making it the world's fifth-largest insurance group based on gross worldwide premiums.

Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide premium income and retail investment sales from continuing operations of around £30 billion for the year ended 31 December 2003 and assets under management of more than £240 billion at 31 December 2003.

The Aviva media centre at [www.aviva.com/media](http://www.aviva.com/media) includes images, company and product information and a news release archive.

2. All figures have been translated at average exchange rates applying for the period. The average rates employed in this announcement are 1 euro = £0.68 (nine months to 30 September 2003: 1 euro = £0.69; year to 31 December 2003: 1 euro = £0.69).
3. All growth rates are quoted in local currency.
4. Definitions:

**Annual premium equivalent (APE)** is a UK industry standard for calculating life, pensions and investments new business levels. It is the total of new regular premiums and 10% of single premiums.

**New business contribution** is the present value of the projected stream of after-tax distributable earnings from new life and pensions sales. New business contribution before tax is calculated by grossing up the new business contribution after-tax at the full corporation tax rate for UK business and at appropriate rates of tax for other countries.

**New business margin** is a UK industry standard calculation based on new business contribution (before the effect of solvency margin) divided by sales measured on an APE basis.

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 announcement or any other forward-looking statements we may make.

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# Statistical Supplement

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## Detailed worldwide long-term savings new business analysis

	Single			Regular			Total
	9 months to 30 September 2004 £m	9 months to 30 September 2003 £m	Local currency growth <sup>(1)</sup>	9 months to 30 September 2004 £m	9 months to 30 September 2003 £m	Local currency growth <sup>(1)</sup>	Local currency growth <sup>(1)</sup>
<b>United Kingdom</b>							
Individual pensions	1,267	1,092	16%	205	186	10%	15%
Group pensions	406	591	(31%)	73	81	(10%)	(29%)
Annuities	902	880	3%	-	-	-	3%
Bonds	1,681	1,352	24%	-	-	-	24%
Protection	152	115	32%	130	132	(2%)	14%
<b>Total life and pensions</b>	<b>4,408</b>	<b>4,030</b>	<b>9%</b>	<b>408</b>	<b>399</b>	<b>2%</b>	<b>9%</b>
Peps/Isas/Unit Trusts/Oeics	647	485	33%	17	11	55%	34%
	<b>5,055</b>	<b>4,515</b>	<b>12%</b>	<b>425</b>	<b>410</b>	<b>4%</b>	<b>11%</b>
<b>France</b>							
AFER (excluding unit-linked)	1,009	860	19%	-	-	-	19%
Unit-linked & other savings	679	533	29%	24	21	16%	29%
Protection business	31	30	5%	13	14	(6%)	2%
	<b>1,719</b>	<b>1,423</b>	<b>23%</b>	<b>37</b>	<b>35</b>	<b>7%</b>	<b>22%</b>
<b>Ireland</b>							
Life and savings	32	42	(21%)	14	11	29%	(11%)
Pensions	97	82	20%	36	32	14%	19%
	<b>129</b>	<b>124</b>	<b>6%</b>	<b>50</b>	<b>43</b>	<b>18%</b>	<b>9%</b>
<b>Italy</b>							
Life and savings	1,018	1,049	(2%)	31	43	(27%)	(3%)
	<b>1,018</b>	<b>1,049</b>	<b>(2%)</b>	<b>31</b>	<b>43</b>	<b>(27%)</b>	<b>(3%)</b>
<b>Netherlands (including Belgium &amp; Luxembourg)</b>							
Life	344	250	40%	70	45	58%	43%
Pensions	446	344	32%	33	42	(20%)	26%
<b>Total life and pensions</b>	<b>790</b>	<b>594</b>	<b>35%</b>	<b>103</b>	<b>87</b>	<b>20%</b>	<b>33%</b>
Unit trusts	137	199	(30%)	-	-	-	(30%)
	<b>927</b>	<b>793</b>	<b>19%</b>	<b>103</b>	<b>87</b>	<b>20%</b>	<b>19%</b>
<b>Poland</b>							
Life and savings	28	14	108%	11	12	(7%)	56%
Pensions	14	6	181%	12	13	5%	54%
<b>Total life and pensions</b>	<b>42</b>	<b>20</b>	<b>130%</b>	<b>23</b>	<b>25</b>	<b>(1%)</b>	<b>55%</b>
Mutual funds	58	84	(25%)	1	1	65%	(24%)
	<b>100</b>	<b>104</b>	<b>4%</b>	<b>24</b>	<b>26</b>	<b>2%</b>	<b>3%</b>
<b>Spain</b>							
Life and savings	857	819	6%	37	42	(10%)	5%
Pensions	334	178	90%	26	32	(19%)	74%
	<b>1,191</b>	<b>997</b>	<b>21%</b>	<b>63</b>	<b>74</b>	<b>(14%)</b>	<b>19%</b>
<b>Other Europe</b>							
Life and pensions	226	187	23%	58	49	24%	23%
UCITS and other	172	30	478%	-	-	-	478%
	<b>398</b>	<b>217</b>	<b>86%</b>	<b>58</b>	<b>49</b>	<b>24%</b>	<b>75%</b>
<b>International</b>							
Life and pensions	464	625	(19%)	75	85	(4%)	(18%)
Unit trusts	94	61	51%	-	-	-	51%
	<b>558</b>	<b>686</b>	<b>(12%)</b>	<b>75</b>	<b>85</b>	<b>(4%)</b>	<b>(12%)</b>
<b>Total long-term savings</b>	<b>11,095</b>	<b>9,908</b>	<b>13%</b>	<b>866</b>	<b>852</b>	<b>3%</b>	<b>13%</b>
<i>Analysed:</i>							
Life and pensions	9,987	9,049	12%	848	840	3%	11%
Investment sales	1,108	859	30%	18	12	55%	31%
<b>Total long-term savings</b>	<b>11,095</b>	<b>9,908</b>	<b>13%</b>	<b>866</b>	<b>852</b>	<b>3%</b>	<b>13%</b>
<b>Navigator sales</b> (not included above)	491	465	3%	-	-	-	3%

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

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

	Single			Regular			Total
	9 months to 30 September 2004 £m	9 months to 30 September 2003 £m	Local currency growth <sup>(1)</sup>	9 months to 30 September 2004 £m	9 months to 30 September 2003 £m	Local currency growth <sup>(1)</sup>	Local currency growth <sup>(1)</sup>
IFA							
- life & pensions products	3,446	3,045	13%	328	316	4%	12%
- investment products	290	233	24%	1	1	-	24%
	<b>3,736</b>	<b>3,278</b>	<b>14%</b>	<b>329</b>	<b>317</b>	<b>4%</b>	<b>13%</b>
Bancassurance partnership with RBSG							
- life & pensions products	279	331	(16%)	12	17	(29%)	(16%)
- investment products	42	75	(44%)	15	9	67%	(32%)
	<b>321</b>	<b>406</b>	<b>(21%)</b>	<b>27</b>	<b>26</b>	<b>4%</b>	<b>(19%)</b>
Other partnerships/Direct							
- life & pensions products	683	654	4%	68	66	3%	4%
- investment products	315	177	78%	1	1	-	78%
	<b>998</b>	<b>831</b>	<b>20%</b>	<b>69</b>	<b>67</b>	<b>3%</b>	<b>18%</b>
<b>Total UK long-term savings</b>	<b>5,055</b>	<b>4,515</b>	<b>12%</b>	<b>425</b>	<b>410</b>	<b>4%</b>	<b>11%</b>

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

Annual premium equivalent <sup>(1)</sup>

	Life and pensions sales		Investment sales		Total sales	
	9 months to 30 September 2004 £m	Local currency growth <sup>(2)</sup>	9 months to 30 September 2004 £m	Local currency growth <sup>(2)</sup>	9 months to 30 September 2004 £m	Local currency growth <sup>(2)</sup>
IFA	673	9%	30	21%	703	9%
Bancassurance partnership with RBSG	40	(20%)	19	16%	59	(10%)
Other partnerships/Direct	136	4%	33	72%	169	12%
<b>Total UK long-term savings</b>	<b>849</b>	<b>6%</b>	<b>82</b>	<b>37%</b>	<b>931</b>	<b>8%</b>

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

(2) Growth rates are calculated based on constant rates of exchange.

## Analysis of sales via our principal bancassurance channels

	Total new business sales		Annual premium equivalent sales <sup>(2)</sup>	
	9 months to 30 September 2004 £m	Local currency growth <sup>(1)</sup>	9 months to 30 September 2004 £m	Local currency growth <sup>(1)</sup>
<b>Life and pensions</b>				
<b>United Kingdom</b>				
Royal Bank of Scotland Group	291	(16%)	40	(20%)
	<b>291</b>	<b>(16%)</b>	<b>40</b>	<b>(20%)</b>
<b>Italy</b>				
UniCredito Italiano	503	(16%)	60	(23%)
Banca Popolare di Lodi Group	213	15%	24	(4%)
Banca delle Marche	49	69%	19	21%
Banche Popolari Unite	190	184%	19	171%
	<b>955</b>	<b>9%</b>	<b>122</b>	<b>(3%)</b>
<b>Netherlands</b>				
ABN AMRO	193	8%	53	70%
	<b>193</b>	<b>8%</b>	<b>53</b>	<b>70%</b>
<b>Spain</b>				
Bancaja	469	(21%)	64	(20%)
Caixa Galicia	436	136%	54	36%
Unicaja	146	47%	25	29%
Caja Espana	97	(32%)	14	(35%)
Caja de Granada	61	-	12	-
	<b>1,209</b>	<b>18%</b>	<b>169</b>	<b>4%</b>
<b>International</b>				
DBS	134	163%	31	74%
	<b>134</b>	<b>163%</b>	<b>31</b>	<b>74%</b>
<b>Total life and pensions</b>	<b>2,782</b>	<b>12%</b>	<b>415</b>	<b>7%</b>
<b>Investment sales</b>				
<b>United Kingdom</b>				
Royal Bank of Scotland Group	57	(32%)	19	16%
	<b>57</b>	<b>(32%)</b>	<b>19</b>	<b>16%</b>
<b>Total bancassurance sales</b>	<b>2,839</b>	<b>11%</b>	<b>434</b>	<b>7%</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 and 10% of single premiums.

## Analysis of total new business sales via our joint venture with Royal Bank of Scotland Group (RBSG)

Total sales through our joint venture with RBSG are provided below on a 100% basis and for Aviva's share. In reporting our life and pensions results, we have included our 50% share of sales written through the joint venture life company and 100% of single premium with-profit bond sales written through a Norwich Union fund. Investment sales represent our 50% share of the collective investment sales.

	Total RBSG sales		Aviva's share	
	9 months to 30 September 2004 £m	9 months to 30 September 2003 £m	9 months to 30 September 2004 £m	9 months to 30 September 2003 £m
Single premium with-profit bond sales	151	210	151	210
Other life and pensions sales	279	275	140	138
<b>Total life and pension sales</b>	<b>430</b>	<b>485</b>	<b>291</b>	<b>348</b>
Collective investment sales	114	167	57	84
<b>Total RBSG bancassurance sales</b>	<b>544</b>	<b>652</b>	<b>348</b>	<b>432</b>

## Detailed analysis of new business contribution

## (a) Before the effect of solvency margin

	Annual premium equivalent <sup>(1)</sup>		New business contribution <sup>(2, 3)</sup>		New business margin <sup>(4)</sup>		
	9 months 2004 £m	9 months 2003 £m	9 months 2004 £m	9 months 2003 £m	9 months 2004 %	9 months 2003 %	Full year 2003 %
<b>Life and pensions business</b>							
<b>United Kingdom</b>	<b>849</b>	<b>802</b>	<b>195</b>	<b>180</b>	<b>23.0%</b>	<b>22.4%</b>	<b>22.6%</b>
France	209	177	63	51	30.2%	28.8%	29.0%
Ireland	63	55	14	16	22.3%	28.9%	28.5%
Italy	133	148	31	35	23.3%	23.7%	23.2%
Netherlands (including Belgium and Luxembourg)	182	146	58	34	31.9%	23.2%	27.7%
Poland	27	27	4	-	14.7%	-	8.5%
Spain	182	174	93	92	51.1%	53.0%	54.4%
Other Europe	81	68	-	(3)	-	(4.4%)	(3.0%)
<b>Continental Europe</b>	<b>877</b>	<b>795</b>	<b>263</b>	<b>225</b>	<b>30.0%</b>	<b>28.3%</b>	<b>29.8%</b>
<b>International</b>	<b>121</b>	<b>148</b>	<b>29</b>	<b>32</b>	<b>23.9%</b>	<b>21.7%</b>	<b>24.6%</b>
	<b>1,847</b>	<b>1,745</b>	<b>487</b>	<b>437</b>	<b>26.4%</b>	<b>25.0%</b>	<b>26.1%</b>

- (1) Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums and 10% of single premiums.
- (2) Before effect of solvency margin.
- (3) New business contribution before the effect of solvency margin includes minority interests in 2004 of £78 million (nine months to 30 September 2003: £77 million). This comprises minority interests in France of £4 million (nine months to 30 September 2003: £3 million), Italy £18 million (nine months to 30 September 2003: £19 million), Spain £48 million (nine months to 30 September 2003: £48 million), Poland nil (nine months to 30 September 2003: nil) and Netherlands £8 million (nine months to 30 September 2003: £7 million).
- (4) New business margin represents the ratio of new business contribution to annual premium equivalent, expressed as a percentage.

(b) Including the effect of solvency margin <sup>(1, 2)</sup>

	9 months 2004 £m	9 months 2003 £m
<b>Life and pensions business</b>		
<b>United Kingdom</b>	<b>171</b>	<b>161</b>
France	31	20
Ireland	11	13
Italy	21	21
Netherlands (including Belgium and Luxembourg)	39	12
Poland	3	(2)
Spain	76	79
Other Europe	(3)	(6)
<b>Continental Europe</b>	<b>178</b>	<b>137</b>
<b>International</b>	<b>22</b>	<b>24</b>
	<b>371</b>	<b>322</b>

- (1) The effect of solvency margin represents the impact of holding the minimum European Union (EU) solvency margin (or equivalent for non-EU operations) and discounting to present value the projected future releases from the solvency margin to shareholders.
- (2) New business contribution after the effect of solvency margin includes minority interests in 2004 of £59 million (nine months to 30 September 2003: £58 million). This comprises minority interests in France of £1 million (nine months to 30 September 2003: £1 million), Italy £12 million (nine months to 30 September 2003: £11 million), Netherlands £7 million (nine months to 30 September 2003: £5 million), Poland nil (nine months to 30 September 2003: nil), and Spain £39 million (nine months to 30 September 2003: £41 million).

## New business contribution – before minority interest

	Annual premium equivalent		New business contribution <sup>(1)</sup>		New business margin <sup>(2)</sup>		
	9 months 2004 £m	9 months 2003 £m	9 months 2004 £m	9 months 2003 £m	9 months 2004 %	9 months 2003 %	Full year 2003 %
<b>Analysed between:</b>							
- Bancassurance channels	415	393	161	154	38.8%	39.2%	39.7%
- Other distribution channels	1,432	1,352	326	283	22.8%	20.9%	22.1%
<b>Attributable to equity shareholders</b>	<b>1,847</b>	<b>1,745</b>	<b>487</b>	<b>437</b>	<b>26.4%</b>	<b>25.0%</b>	<b>26.1%</b>

(1) Stated before the effect of solvency margin.

(2) New business margin represents the ratio of new business contribution before deducting cost of capital, tax and minority interest to annual premium income before deducting the minority share, expressed as a percentage.

## New business contribution – after minority interest

	Annual premium equivalent <sup>(1)</sup>		New business contribution <sup>(2)</sup>		New business margin <sup>(3)</sup>		
	9 months 2004 £m	9 months 2003 £m	9 months 2004 £m	9 months 2003 £m	9 months 2004 %	9 months 2003 %	Full year 2003 %
<b>Analysed between:</b>							
- Bancassurance channels	238	229	49	45	20.6%	19.7%	20.8%
- Other distribution channels	1,404	1,322	168	140	12.0%	10.6%	11.5%
<b>Attributable to equity shareholders</b>	<b>1,642</b>	<b>1,551</b>	<b>217</b>	<b>185</b>	<b>13.2%</b>	<b>11.9%</b>	<b>12.9%</b>

(1) Stated after deducting the minority interest of sales.

(2) Contribution stated after deducting cost of capital, tax and minority interest.

(3) New business margin represents the ratio of new business contribution after deducting cost of capital, tax and minority interest to annual premium income after deducting the minority share, expressed as a percentage.

## Principal economic assumptions

Economic assumptions are derived actively based on market yields on risk-free fixed interest assets at each period end. Margins are applied on a consistent basis to risk-free yields to obtain investment return assumptions for ordinary shares and property and risk discount rates. New business contribution has been calculated using economic assumptions set at the end of the previous year, as shown in the tables below:

	United Kingdom		France	
	2003	2002	2003	2002
Risk discount rate	7.5%	7.3%	8.1%	8.1%
Pre-tax investment returns:				
Base government fixed interest	4.8%	4.5%	4.3%	4.3%
Ordinary shares	7.3%	7.0%	6.3%	6.3%
Property	6.3%	6.0%	5.8%	5.8%
Future expense inflation	4.1%	3.6%	2.5%	2.5%
Tax rate	30.0%	30.0%	35.4%	35.4%

  

	Ireland		Italy	
	2003	2002	2003	2002
Risk discount rate	8.6%	8.7%	7.4%	7.3%
Pre-tax investment returns:				
Base government fixed interest	4.5%	4.6%	4.4%	4.4%
Ordinary shares	7.5%	7.6%	7.4%	7.4%
Property	6.0%	6.1%	5.9%	5.9%
Future expense inflation	4.0%	4.0%	3.3%	3.3%
Tax rate	12.5%	12.5%	38.3%	39.8%

  

	Netherlands		Poland*	
	2003	2002	2003	2002
Risk discount rate	7.4%	7.4%	13.5%	15.4%
Pre-tax investment returns:				
Base government fixed interest	4.2%	4.2%	6.0%	8.0%
Ordinary shares	7.2%	7.2%	6.0%	8.0%
Property	5.7%	5.7%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.4%	5.4%
Tax rate	25.0%	25.0%	19.0%	27.0%

  

	Spain	
	2003	2002
Risk discount rate	7.7%	7.7%
Pre-tax investment returns:		
Base government fixed interest	4.6%	4.6%
Ordinary shares	7.6%	7.6%
Property	6.1%	6.1%
Future expense inflation	3.0%	3.0%
Tax rate	35.0%	35.0%

\* The economic assumptions shown above are those in the calculations for the life business. The economic assumptions for the pension business are identical with the exception of the risk discount rate which is 12.7% (2002: 13.8%).