

28 April 2005

Aviva plc
Worldwide long-term savings new business
Three months to 31 March 2005

- **Total worldwide long-term new business sales¹ including investment sales up 17%² to £6,134 million (2004: £5,188 million)**
- **Worldwide life and pension sales up 17% to £5,659 million (2004: £4,795 million)**
- **Worldwide life and pension new business contribution up 18% at £197 million (2004: £166 million), with new business margin at 3.5% (full year 2004: 3.4%)**
- **Continental European sales up 31% to £3,270 million (2004: £2,486 million), now 58% of life and pension new business sales**
- **Worldwide bancassurance sales up 35% to £1,544 million (2004: £1,151 million)**

Richard Harvey, group chief executive, commented:

"Our long-term savings business is prospering. We are delivering good growth while maintaining our focus on shareholder and customer value.

"Europe is Aviva's primary market and is delivering healthy margins in many markets including the UK, France and Spain. Sales are growing faster in continental Europe than the UK due to our developing distribution arrangements, in particular, in France and the Netherlands, and stronger market growth as a result of improving investor sentiment.

"We are growing in Asia where we are investing for long-term returns in this fast-developing region. Our combination of attractive savings products and strong local partners will be a powerful catalyst for growth."

Financial highlights	3 months to 31 March 2005	3 months to 31 March 2004	Local currency growth
Life and pensions new business sales	£5,659m	£4,795m	17%
Investment sales	£475m	£393m	18%
Worldwide long-term savings new business sales	£6,134m	£5,188m	17%
New business contribution – life and pensions business	£197m	£166m	18%
New business margin before required capital	3.5%	3.5%	

1 All references to sales in this announcement refer to the present value of new business premiums unless otherwise stated. Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

2 All growth rates quoted are at constant rates of exchange.

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There will be a conference call today for wire services at 7:45am (UK time) on +44 (0)20 7365 1854. 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 7365 1850. This conference call will be hosted by Philip Scott, group executive director.

Replay will be available for two weeks until 11 May 2005. The dial in number for replay is +44 (0)20 7784 1024 and the pass code is 6904501#.

	Present value of new business premiums ¹			New business contribution ³			New business margin ⁴	
	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ²	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ²	3 months to 31 March 2005	3 months to 31 March 2004
Life and pensions								
United Kingdom	2,140	2,123	1%	67	61	9%	3.1%	2.9%
France	1,020	717	40%	36	24	50%	3.5%	3.3%
Ireland	185	137	32%	6	7	(12%)	3.2%	5.1%
Italy	601	443	33%	16	12	23%	2.7%	2.7%
Netherlands (including Belgium and Luxembourg)	718	505	39%	18	20	(15%)	2.5%	4.0%
Poland	61	79	(36%)	3	3	(12%)	4.9%	3.8%
Spain	461	466	(3%)	39	31	27%	8.5%	6.7%
Other Europe	224	139	59%	3	-	-	1.3%	-
Continental Europe	3,270	2,486	31%	121	97	22%	3.7%	3.9%
International	249	186	37%	9	8	27%	3.6%	4.3%
Total life and pensions	5,659	4,795	17%	197	166	18%	3.5%	3.5%

Investment sales⁵

United Kingdom	209	252	(17%)
Netherlands	92	50	81%
Poland	17	31	(57%)
Other Europe	110	27	294%
Continental Europe	219	108	87%
International	47	33	41%
Total investment sales	475	393	18%
Total long-term savings	6,134	5,188	17%

Navigator sales (not included above) 178 151 20%

- 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 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 to PVNBP, expressed as a percentage.
- 5 Investment sales are calculated as new single premium plus annualised value of new regular premiums.

United Kingdom:

Norwich Union continues to focus on delivering increased value, with life and pension sales of £2,140 million (2004: £2,123 million) and a 9% increase in new business contribution to £67 million (2004: £61 million). As a result, the margin increased strongly to 3.1% (full year 2004: 2.9%). The company continues to manage its business for the long-term and remains committed to retaining a significant market-leading position through disciplined growth. The focus on improving the margin has resulted in pricing actions being taken where necessary. This has included the reduction of commissions on pension business in October, resulting in lower volumes of pension sales in the run up to price cap changes. However, this reduction was more than offset by strong growth in bonds and annuities.

Despite investors remaining cautious, total bond sales performed well with an increase of 21% to £577 million (2004: £477 million) with a 37% increase in unit-linked bonds achieved through a broad range of products and funds. The outlook for the investment bond market remains positive and Norwich Union expects to at least maintain its share of this market.

Collective investment sales were down 17% at £209 million (2004: £252 million), reflecting customer preferences for our bond products. However the company intends to improve its product range and grow its share of the market.

Protection sales (excluding equity release) were £235 million (2004: £287 million) in a highly competitive market and also reflects the general slowdown in this market, in line with the property market. Pricing action has been taken in order to achieve growth in the second quarter and remainder of the year. The company intends to remain a key provider in this market.

Equity release sales totalled £83 million (2004: £90 million). Norwich Union has a market leadership position and expects to maintain this strong position as the market develops.

Individual annuity sales increased significantly by 51% to £413 million (2004: £273 million), partly due to a relatively low comparator in the first quarter of 2004, but also sustaining the momentum built throughout the rest of the year. Pricing reflects our internal assessment of the capital requirements and due to the competitive nature of this market, growth is not expected to continue at this level.

As a result of pricing actions taken on individual pension products and a slowdown in the corporate pensions market, total pension sales were £831 million (2004: £996 million). In line with the company's expectations, sales of individual pensions were lower at £607 million (2004: £708 million). This reflects the commission actions taken on individual stakeholder personal pensions last year but this has been partially offset as a result of our focus on group personal pensions. Sales of corporate pensions were £224 million (2004: £288 million) reflecting a contraction of this market in the run up to Pensions Simplification. The pensions market remains subdued and further clarity around the regulations for advisers on full and basic advice and Pensions Simplification is still required.

Life and pension sales from the joint venture¹ with the Royal Bank of Scotland Group were up by 3% to £182 million (2004: £178 million). This reflects growth in single premium investment business. Collective investment business sales were £34 million (2004: £50 million) reflecting the reduction in ISA business from a high first quarter of 2004. The benefits of closer integration between the sales force and the bank network are beginning to emerge and are expected to continue through the year.

Norwich Union is well placed to benefit from market changes as a result of depolarisation and has already announced a number of key distribution agreements, most recently with Barclays and Fidelity. The company is working closely with potential and existing partners but does not expect depolarisation to have a significant impact on new business sales this year. Lifetime Group, in which Norwich Union has a majority stake, has recently announced the launch of its wrap platform. Lifetime Portfolio is an adviser driven proposition designed to provide an integrated investment and asset management service for IFAs. Lifetime has already signed significant distribution agreements with Tenet Group and Millfield. These represent a significant breakthrough in the emerging UK wrap market.

Norwich Union anticipates modest market growth during 2005 in line with previous expectations and is confident of outperforming the market in the longer term as investor confidence fully returns and demand increases. The company remains committed to delivering value to its customers and shareholders while delivering disciplined growth.

France:

Aviva France reported an excellent 40% growth in sales to £1,020 million (2004: £717 million), with £235 million of this increase from sales through the new bancassurance joint venture with Crédit du Nord. This is an impressive start to the year for the joint venture, which came on stream on 1 October 2004 and complements our existing distribution capability. The focus for Aviva France has been to move the business mix towards a greater proportion of unit-linked business where exceptional growth was achieved, doubling sales to £411 million (2004: £198 million) in these products.

AFER, the largest savings association in France, continues to be an important source of new business growth. Sales through AFER grew steadily at 4% to £474 million and now account for 46% of total new business for Aviva France (2004: 63%). Unit-linked sales through AFER increased by 66% to £109 million, while euro saving sales were £365 million (2004: £384 million). Unit-linked sales now represent 23% of the total AFER sales.

Aviva Gestion d'Actifs continues to invest funds on behalf of Aviva France and has been widely recognised for its excellent performance in the financial press. These include "best provider with a large range of funds over one, three and five years" from La Tribune/Standard & Poor's.

While total sales increased by 40%, new business contribution increased by 50% to £36 million (2004: £24 million), with a margin of 3.5% (full year 2004: 3.4%).

Ireland:

Hibernian Life and Pensions consolidated its position as the third largest Irish life and pension provider with a 32% increase in sales to £185 million (2004: £137 million). This performance included high levels of single premium business in the quarter, which increased by 122% to £97 million (2004: £43 million).

Pension sales were 38% higher at £132 million (2004: £97 million). Hibernian offers an attractive choice of fund managers and single premium sales were boosted by winning a significant number of large contracts across all categories of pensions business. New regular premium pension sales were flat as customers and brokers continued to focus on single premium products.

Life sales increased 35% to £53 million (2004: £40 million) and benefited from the guaranteed fund, launched in late 2004, which includes a five-year capital guarantee.

New business contribution was £6 million (2004: £7 million) with a margin of 3.2% (full year 2004: 3.4%).

Italy:

At Aviva Italy, new business sales increased strongly by 33% to £601 million (2004: £443 million), including single premium

¹ Aviva's share of these total sales and sales by product mix is shown in supplementary analysis 2.

one-off direct business of £53 million (2004: £68 million). The momentum of new business sales from bancassurance partners continued into 2005, although this exceptional growth rate is not expected to continue at this level for the rest of the year as the 2004 first quarter comparator was unusually low.

Sales through UniCredito Italiano were 17% higher at £217 million (2004: £181 million), reflecting increased popularity of single premium unit-linked business. Further new product launches are planned during the year, including a new regular premium savings product in the second quarter.

Banche Popolari Unite (BPU) achieved strong growth with sales of £156 million (2004: £98 million). Sales benefited from the extension of our agreement with BPU to a further 380 branches from the start of 2005. Structured investment bonds with limited offer periods continued to be successful and sales of regular premium unit-linked product sales commenced in the first quarter to broaden the product range. We expect this sales momentum to continue throughout the year.

Total sales from Banca Popolare di Lodi Group were higher at £140 million (2004: £70 million), reflecting strong demand for both structured investment bonds and profit sharing policies. Sales through Banca delle Marche also increased to £33 million (2004: £31 million).

Long-term growth potential remains strong and Aviva Italy continues to develop its strong partnerships across Italy and work with its partners to market a range of products to meet the needs of customers. Consequently, the timing of marketing campaigns and product launches will vary throughout the year with some resulting volatility in sales levels each quarter.

New business contribution was £16 million (2004: £12 million) reflecting sales growth, with margins being maintained at 2.7%.

Netherlands:

Delta Lloyd total sales (including investment sales) increased by 48% to £810 million (2004: £555 million). This includes sales through our joint venture with ABN AMRO of £186 million (2004: £153 million).

Pension and annuity sales increased by 26% to £350 million (2004: £272 million), with strong growth in annuity sales in both the ABN AMRO and the direct networks. Sales through ABN AMRO include a limited offer promotion, designed to increase market awareness of the joint venture, in this competitive market. The offer is expected to close during the second quarter of 2005. In addition, Delta Lloyd has been able to take advantage of the greater than normal level of saving product maturities in the quarter, by recapturing them as annuity sales. Also included in this growth is group pension business sales which tend to vary quarter on quarter. These volumes were broadly flat, despite the first quarter of 2004 including one particularly significant contract.

Life and savings sales increased by 55% to £368 million (2004: £233 million). Sales of single premium life contracts increased by 21% to £157 million (2004: £127 million) due to increased levels of lump sum group transfer contracts and increased sales of savings products in Belgium. Regular premium sales include increased sales of life savings products with flexible premium terms and increased sales of bond and savings products through Delta Lloyd's intermediary division. Investment sales increased by 81% to £92 million (2004: £51 million) due to improved investor sentiment, following rises in investment markets during the latter half of 2004 and into 2005.

New business contribution was £18 million (2004: £20 million) with margins of 2.5% (full year 2004: 3.7%). The movement reflects business mix and, in particular, greater volumes of annuity business, as well as the decrease in the bond yield of 60 basis points in the European Embedded Value assumptions at the end of 2004.

Poland:

Commercial Union Polska remains a market leading provider in Poland, with over three million life and pension policyholders and a brand which has recently been recognised as one of the strongest in Poland. Life and pension new business sales were £61 million (2004: £79 million). Total life sales were £28 million in the first quarter (2004: £29 million).

Pension sales were £33 million (2004: £50 million). In the first quarter of 2004 this included sales through the State Agency to employees without a chosen pension provider. Due to legislative changes, the three largest pension companies, including CU Polska, have been excluded from this business from 2005.

Mutual fund sales were lower at £17 million (2004: £31 million) reflecting continued investor caution as equity markets performed moderately in the quarter. As a result investors had a preference for the attractive returns on bank deposits following interest rate rises in the second half of 2004.

Product pricing has been selectively revised to improve the margin, while still maintaining a competitive position. The margin improved to 4.9% (full year 2004: 4.6%).

Spain:

Aviva Spain new business sales were £461 million (2004: £466 million), including one-off sales of £25 million (2004: nil). In the bancassurance distribution channels, the product focus this quarter has been on higher margin protection and pension products, and reduced sales of lower margin traditional savings products, where the market has been particularly competitive. This beneficial product mix has increased the new business margin to 8.5% (2004: 6.8%), although sales through our bancassurance partners in Spain overall were lower at £389 million (2004: £440 million).

Aviva continues to be a leading bancassurer in the Spanish life market and was number three in the market overall in 2004, based on gross written premiums. Growth potential is strong across our bancassurance partnerships, although quarterly

sales volumes are variable due to the timing of marketing campaigns and product launches. Aviva Spain continues to review and develop the product range, and have revised product terms. The company intends to launch further savings products later in the year, in order to continue the sales momentum. This should result in a more balanced product mix between protection and savings products.

At Aviva Vida y Pensiones, which distributes through a direct sales force and intermediaries, new business sales increased to £72 million (2004: £27 million) due to strong sales of individual pensions and unit-linked life business, and included one-off sales of £25 million (2004: nil) in respect of large group savings and risk schemes.

Other Europe:

Sales for Other Europe businesses increased by 59% to £224 million (2004: £139 million). This includes total sales in Germany of £115 million (2004: £78 million), which benefited from a late influx of endowment product sales immediately ahead of the change in tax law at the start of 2005, with some residual benefit following through into the first quarter.

In Turkey, where we are a top-five insurance provider, total new business sales increased to £39 million (2004: £28 million), continuing to reflect good levels of regular premium sales in the personal pensions market. In Portugal, total new business sales increased to £13 million (2004: £10 million) benefiting from improved performance from the partnership with the banking group BNC and increased demand for savings products.

Sales through Norwich Union's Dublin-based offshore life and savings business were £43 million (2004: £17 million). Sales of Luxembourg UCITS increased to £110 million (2004: £27 million) as a result of improved investor sentiment and further development of the broker relationships and distribution channels. This includes £80 million (2004: £28 million) of sales through the Italian representative office, set up at the end of 2003.

International:

Australia:

Life and pension sales were flat at £74 million (2004: £75 million) including growth from corporate pension and protection products launched in late 2004. Sales of investment products in the region have improved as a result of the more positive investor sentiment towards equity markets, with unit trusts sales 41% higher at £47 million (2004: £33 million). While not included in the new business figures, sales of Navigator, our master trust fund administration business, increased to £166 million (2004: £148 million), as a result of ongoing improvements in product offerings.

United States:

Life and pension sales increased to £90 million (2004: £75 million) benefiting from improved single premium annuity product terms. We are focusing on broadening our distribution and improving growth by revising product terms and developing new products.

Asian businesses:

Aviva continues to increase the rate of growth in new business sales generated by the Asian businesses in order to achieve its longer-term strategic ambitions in the region.

Singapore: Sales at Aviva Singapore increased by 130% to £55 million (2004: £24 million), benefiting from the partnership with banking group DBS, together with local publicity surrounding retirement planning and retirement products. The partnership has over 50% of the bancassurance regular premium new business market and the focus continues to be on selling higher margin regular premium business. Aviva is also the market leader in the developing broker market and employee benefits and healthcare business segments. Total Navigator Asia sales (not included in the new business figures) were strong at £12 million (2004: £8 million), benefiting from an increase in the number of funds offered.

Hong Kong: Our partnership with DBS also extends to Hong Kong, where total sales continued to increase strongly to £18 million (2004: £8 million). Single premium sales of £11 million (2004: £5 million) benefited from the launch of a limited offer savings product.

India: Total sales from the joint venture life business with Dabur Group increased to £35 million (2004: £12 million), ranking Aviva eighth amongst private providers. Aviva's 26% share of new business sales was £9 million (2004: £4 million). Distribution is through six bancassurance partnerships, including Canara Bank, India's second largest bank, and through the growing direct sales force, now numbering 4,600.

China: Sales from the joint-venture life business with Aviva COFCO, generated through operations in Guangzhou, Beijing and Chengdu, continue to grow rapidly. Total new business sales were £6 million (2004: nil) and Aviva's 50% share was £3 million (2004: nil). In January 2005 Aviva COFCO was one of the first foreign insurers to start writing group insurance policies. Regulatory approval has recently been granted to open additional sales offices in the cities of Zhongshan in Guangdong province and Mianyang in Sichuan, making Aviva COFCO the first foreign insurer to enter these markets.

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 £33 billion for the year ended 31 December 2004 and assets under management of £273 billion at 31 December 2004.

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 = £0.69 (three months to 31 March 2004: 1 euro = £0.68).
3. All growth rates are quoted in local currency.
4. Definitions:

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.

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 calculation based on new business contribution (before the effect of required capital) divided by sales measured on a PVNBP 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.

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

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Present value of life new business premiums

The present value of new business premiums (PVNBP) is derived from the single premiums and regular premiums of the products sold during the financial period and is expressed at the point of sale.

The PVNBP calculation is equal to total single premium sales received in the year plus the discounted value of regular premiums expected to be received over the term of the new contracts. The premium volumes and projection assumptions used to calculate the present value of regular premiums for each product are the same as those used to calculate new business contribution, so the components of the new business margin are on a consistent basis.

The discounted value of regular premiums is also expressed as annualised regular premiums multiplied by a Weighted Average Capitalisation Factor (WACF). The WACF will vary over time depending on the mix of new products sold, the average outstanding term of the new contracts and the projection assumptions. The table below sets out the factors required to derive the present value of regular premiums by business units, and combined with single premium sales derives the present value of future new business premiums.

	31 March 2005			31 March 2004		
	Regular premiums £m	Weighted average capitalisation factor	Present value of regular premiums £m	Single premiums £m	Present value of new business premiums £m	Present value of new business premiums £m
United Kingdom						
Individual pensions	60	5.2	309	298	607	708
Group pensions	23	5.4	125	99	224	288
Annuities	-	-	-	413	413	273
Bonds	-	-	-	577	577	477
Protection ¹	33	4.9	163	156	319	377
Total life and pensions	116	5.1	597	1,543	2,140	2,123
France						
Euro funds	3	5.6	17	545	562	475
Unit-linked funds	11	5.8	64	347	411	200
Protection business	7	6.5	46	1	47	42
Total life and pensions	21	6.0	127	893	1,020	717
Ireland						
Life and savings	4	6.0	24	29	53	40
Pensions	13	4.9	64	68	132	97
Total life and pensions	17	5.2	88	97	185	137
Italy						
Life and savings	14	6.4	89	512	601	443
Total life and pensions	14	6.4	89	512	601	443
Netherlands (including Belgium and Luxembourg)						
Life	27	7.8	211	157	368	233
Pensions	13	8.3	108	242	350	272
Total life and pensions	40	8.0	319	399	718	505
Poland						
Life and savings	4	4.3	17	11	28	29
Pensions	4	7.1	28	5	33	50
Total life and pensions	8	5.6	45	16	61	79
Spain						
Life and savings	17	7.2	122	232	354	376
Pensions	9	6.2	56	51	107	90
Total life and pensions	26	6.8	178	283	461	466
Other Europe						
Life and pensions	22	5.0	109	115	224	139
International						
Life and pensions	26	4.0	105	144	249	186
Total	290	5.7	1,657	4,002	5,659	4,795

1 United Kingdom includes single premiums of £83 million in respect of NUER included in Protection business.

Analysis of sales via our principal bancassurance channels

	Total new business sales		Present value of new business premiums ²	
	3 months to 31 March 2005 £m	Local currency growth ¹	3 months to 31 March 2005 £m	Local currency growth ¹
Life and pensions				
United Kingdom				
Royal Bank of Scotland Group	105	2%	119	13%
	105	2%	119	13%
France				
Crédit du Nord (commenced 1 October 2004)	206	-	235	-
	206	-	235	-
Italy				
UniCredito Italiano	176	9%	217	17%
Banca Popolare di Lodi Group	135	170%	140	95%
Banca delle Marche	12	50%	33	4%
Banche Popolari Unite	148	49%	156	56%
	471	48%	546	41%
Netherlands				
ABN AMRO	124	51%	186	19%
	124	51%	186	19%
Spain				
Bancaja	139	(22%)	174	(20%)
Caixa Galicia	61	(25%)	93	(1%)
Unicaja	37	(21%)	57	(12%)
Caja España	27	(25%)	36	(17%)
Caja de Granada	18	6%	29	(1%)
	282	(22%)	389	(13%)
International				
DBS	22	120%	52	62%
	22	120%	52	62%
Total life and pensions	1,210	38%	1,527	35%
Investment sales³				
United Kingdom				
Royal Bank of Scotland Group	17	(32%)	17	(32%)
	17	(32%)	17	(32%)
Total bancassurance sales	1,227	36%	1,544	35%

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

2 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

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

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

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

	Total RBSG sales		Aviva's share	
	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m
Total life and pension sales	182	178	119	121
Collective investment sales	34	50	17	25
Total RBSG bancassurance sales	216	228	136	146

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 2005 £m	3 months 2004 £m	3 months 2005 £m	3 months 2004 £m	3 months 2005 %	3 months 2004 %	Full year 2004 %
Life and pensions business							
United Kingdom	2,140	2,123	67	61	3.1%	2.9%	2.9%
France	1,020	717	36	24	3.5%	3.3%	3.4%
Ireland	185	137	6	7	3.2%	5.1%	3.4%
Italy	601	443	16	12	2.7%	2.7%	2.7%
Netherlands (including Belgium and Luxembourg)	718	505	18	20	2.5%	4.0%	3.7%
Poland	61	79	3	3	4.9%	3.8%	4.6%
Spain	461	466	39	31	8.5%	6.7%	6.8%
Other Europe	224	139	3	-	1.3%	-	0.6%
Continental Europe	3,270	2,486	121	97	3.7%	3.9%	3.9%
International	249	186	9	8	3.6%	4.3%	3.4%
	5,659	4,795	197	166	3.5%	3.5%	3.4%

1 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

2 Before effect of required capital.

3 New business contribution before the effect of required capital includes minority interests in 2005 of £36 million (three months to 31 March 2004: £29 million). This comprises minority interests in France of £6 million (three months to 31 March 2004: £1 million), Italy £9 million (three months to 31 March 2004: £7 million), Spain £18 million (three months to 31 March 2004: £17 million), Poland £1 million (three months to 31 March 2004: £1 million) and Netherlands £2 million (three months to 31 March 2004: £3 million).

4 New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.

(b) Including the effect of required capital^{1, 2}

	3 months 2005 £m	3 months 2004 £m
Life and pensions business		
United Kingdom	49	51
France	23	13
Ireland	6	6
Italy	10	8
Netherlands (including Belgium and Luxembourg)	6	12
Poland	3	2
Spain	35	27
Other Europe	-	-
Continental Europe	83	68
International	6	5
	138	124

1 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.

2 New business contribution after the effect of required capital includes minority interests in 2005 of £27 million (three months to 31 March 2004: £21 million). This comprises minority interests in France of £3 million (three months to 31 March 2004: nil), Italy £6 million (three months to 31 March 2004: £5 million), Spain £16 million (three months to 31 March 2004: £14 million), Poland £1 million (three months to 31 March 2004: nil) and Netherlands £1 million (three months to 31 March 2004: £2 million).

(c) New business contribution – before minority interest, cost of capital and tax

	<u>Present value of new business premiums</u>		<u>New business contribution¹</u>		<u>New business margin²</u>		
	3 months 2005 £m	3 months 2004 £m	3 months 2005 £m	3 months 2004 £m	3 months 2005 %	3 months 2004 %	Full year 2004 %
Analysed between:							
- Bancassurance channels	1,527	1,126	70	58	4.6%	5.2%	4.9%
- Other distribution channels	4,132	3,669	127	108	3.1%	2.9%	3.0%
Attributable to equity shareholders	5,659	4,795	197	166	3.5%	3.5%	3.4%

1 Stated before the effect of required capital.

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

(d) New business contribution – after minority interest, cost of capital and tax

	<u>Present value of new business premiums¹</u>		<u>New business contribution²</u>		<u>New business margin³</u>		
	3 months 2005 £m	3 months 2004 £m	3 months 2005 £m	3 months 2004 £m	3 months 2005 %	3 months 2004 %	Full year 2004 %
Analysed between:							
- Bancassurance channels	794	611	19	18	2.4%	2.9%	2.7%
- Other distribution channels	4,044	3,577	58	53	1.4%	1.5%	1.5%
Attributable to equity shareholders	4,838	4,188	77	71	1.6%	1.7%	1.6%

1 Stated after deducting the minority interest of sales.

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

3 New business margin represents the ratio of new business contribution after deducting cost of required capital, tax and minority interest to PVNBP after deducting the minority share, expressed as a percentage.

Detailed worldwide long-term savings new business analysis

	Single			Regular			Total
	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ¹	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ¹	Local currency growth ¹
United Kingdom							
Individual pensions	298	389	(23%)	60	61	(2%)	(20%)
Group pensions	99	180	(45%)	23	20	15%	(39%)
Annuities	413	273	51%	-	-	-	51%
Bonds	577	477	21%	-	-	-	21%
Protection	156	136	15%	33	48	(31%)	3%
Total life and pensions	1,543	1,455	6%	116	129	(10%)	5%
Peps/Isas/Unit trusts/Oeics	206	243	(15%)	3	9	(67%)	(17%)
	1,749	1,698	3%	119	138	(14%)	2%
France							
Euro funds ²	545	458	17%	3	3	17%	17%
Unit-linked funds	347	171	101%	11	5	129%	101%
Protection business	1	11	(94%)	7	5	27%	(54%)
	893	640	37%	21	13	62%	38%
Ireland							
Life and savings	29	11	153%	4	4	(8%)	108%
Pensions	68	32	111%	13	14	(5%)	77%
	97	43	122%	17	18	(5%)	85%
Italy							
Life and savings	512	374	35%	14	12	15%	34%
	512	374	35%	14	12	15%	34%
Netherlands (including Belgium & Luxembourg)							
Life	157	127	21%	27	22	21%	21%
Pensions	242	148	62%	13	13	1%	57%
Total life and pensions	399	275	43%	40	35	13%	40%
Unit trusts	92	50	81%	-	-	-	81%
	491	325	49%	40	35	13%	45%
Poland							
Life and savings	11	12	(21%)	4	4	2%	(16%)
Pensions	5	6	(33%)	4	7	(57%)	(46%)
Total life and pensions	16	18	(25%)	8	11	(37%)	(30%)
Mutual funds	12	31	(69%)	5	-	802%	(57%)
	28	49	(53%)	13	11	(4%)	(44%)
Spain							
Life and savings	232	308	(26%)	17	14	21%	(24%)
Pensions	51	44	14%	9	8	7%	13%
	283	352	(21%)	26	22	16%	(19%)
Other Europe							
Life and pensions	115	70	62%	22	19	3%	49%
UCITS and other	110	27	294%	-	-	-	294%
	225	97	128%	22	19	3%	106%
International							
Life and pensions	144	101	46%	26	24	6%	38%
Unit trusts	47	33	41%	-	-	-	41%
	191	134	45%	26	24	6%	39%
Total long-term savings	4,469	3,712	19%	298	292	-	18%
<i>Analysed:</i>							
Life and pensions	4,002	3,328	19%	290	283	-	18%
Investment sales	467	384	19%	8	9	(21%)	18%
Total long-term savings	4,469	3,712	19%	298	292	-	18%
Navigator sales (not included above)	178	151	20%	-	-	-	20%

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			Total
	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ¹	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ¹	Local currency growth ¹
IFA							
- life & pensions products	1,147	1,035	11%	92	101	(9%)	9%
- investment products	108	103	5%	-	-	-	5%
	1,255	1,138	10%	92	101	(9%)	9%
Bancassurance partnership with RBSG							
- life & pensions products	102	99	3%	4	4	-	3%
- investment products	15	16	(6%)	3	9	(67%)	(28%)
	117	115	2%	7	13	(46%)	(3%)
Other partnerships/Direct							
- life & pensions products	294	321	(8%)	20	24	(17%)	(9%)
- investment products	83	124	(33%)	-	-	-	(33%)
	377	445	(15%)	20	24	(17%)	(15%)
Total UK long-term savings	1,749	1,698	3%	119	138	(14%)	2%

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

Annual premium equivalent¹

	Life and pensions sales		Investment sales		Total sales	
	3 months to 31 March 2005 £m	Local currency growth ²	3 months to 31 March 2005 £m	Local currency growth ²	3 months to 31 March 2005 £m	Local currency growth ²
IFA	207	1%	11	10%	218	1%
Bancassurance partnership with RBSG	14	1%	5	(61%)	19	(25%)
Other partnerships/Direct	49	(13%)	8	(33%)	57	(16%)
Total UK long-term savings	270	(2%)	24	(30%)	294	(5%)

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

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

Analysis of France long-term savings by fund

	Single			Regular			Total
	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ¹	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ¹	Local currency growth ¹
AFER							
- Euro funds ²	365	384	(7%)	-	-	-	(7%)
- Unit-linked funds	109	65	66%	-	-	-	66%
	474	449	4%	-	-	-	4%
Bancassurance partnership with Crédit du Nord							
- Euro funds	118	-	-	1	-	-	-
- Unit-linked funds	82	-	-	5	-	-	-
	200	-	-	6	-	-	-
Other							
- Euro funds	62	74	(18%)	2	3	(24%)	(18%)
- Unit-linked funds	156	106	45%	6	5	27%	44%
- Protection	1	11	(94%)	7	5	27%	(54%)
	219	191	13%	15	13	13%	13%
Total France long-term savings	893	640	37%	21	13	62%	38%

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.

Annual premium equivalent

	Annual premium equivalent ¹		
	3 months to 31 March 2005 £m	3 months to 31 March 2004 £m	Local currency growth ²
Life and pensions			
United Kingdom	270	275	(2%)
France	110	77	41%
Ireland	27	22	19%
Italy	65	49	30%
Netherlands (including Belgium and Luxembourg)	80	63	26%
Poland	10	13	(35%)
Spain	54	57	(7%)
Other Europe	34	26	18%
Continental Europe	380	307	20%
International	40	34	17%
Total life and pensions	690	616	11%
Investment sales			
United Kingdom	24	33	(30%)
Netherlands	9	5	81%
Poland	6	3	39%
Other Europe	11	3	294%
Continental Europe	26	11	115%
International	5	3	41%
Total investment sales	55	47	11%
Total long-term savings	745	663	11%

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.

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	
	2004	2003	2004	2003
Risk discount rate	7.3%	7.5%	6.4%	7.0%
Pre-tax investment returns:				
Base government fixed interest	4.6%	4.8%	3.7%	4.3%
Ordinary shares	7.6%	7.8%	6.7%	7.3%
Property	6.6%	6.8%	5.7%	6.3%
Future expense inflation	3.3%	3.4%	2.5%	2.5%
Tax rate	30.0%	30.0%	34.9%	35.4%
Required Capital (% EU minimum)	200% / 100%	200% / 100%	115%	115%
	Ireland		Italy	
	2004	2003	2004	2003
Risk discount rate	6.4%	7.0%	6.4%	7.0%
Pre-tax investment returns:				
Base government fixed interest	3.7%	4.3%	3.7%	4.3%
Ordinary shares	6.7%	7.3%	6.7%	7.3%
Property	5.7%	6.3%	5.7%	6.3%
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	
	2004	2003	2004	2003
Risk discount rate	6.4%	7.0%	9.7%	9.7%
Pre-tax investment returns:				
Base government fixed interest	3.7%	4.3%	6.0%	6.0%
Ordinary shares	6.7%	7.3%	9.0%	9.0%
Property	5.7%	6.3%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.4%	3.4%
Tax rate	31.5%*	25.0%	19.0%	19.0%
Required Capital (% EU minimum)	150%	150%	150%	150%
	Spain			
	2004	2003		
Risk discount rate	6.4%	7.0%		
Pre-tax investment returns:				
Base government fixed interest	3.7%	4.3%		
Ordinary shares	6.7%	7.3%		
Property	5.7%	6.3%		
Future expense inflation	2.5%	2.5%		
Tax rate	35.0%	35.0%		
Required Capital (% EU minimum)	125% / 110%	125% / 110%		

* In the Netherlands, the tax rate assumed in determining the embedded value as at 31 December 2004 was changed from 25%, which was the average rate of tax assumed by the intermediary division, to the full rate of corporation tax in the Netherlands. This change reflects the calculation refinements now adopted for the intermediary division, and the reduction in corporation tax from 34.5% to 31.5%, which was effective from 1 January 2005.