

2006 Preliminary Results

1 March 2007



Attracting, and retaining talented **people**

Building **profitable** market-leading positions

Delivering effective **distribution** channels

Using **scale** to deliver benefits

Using brands to widen **leadership** positions

Growing **organically** and through carefully selected acquisitions

Understanding & meeting the evolving needs of our **customers**

Strategic Goals

Agenda

- Introduction
- Financial review
- Review of the business
- Questions & Answers

Richard Harvey
Group Chief Executive

Andrew Moss
Group Finance Director

Richard Harvey

Disclaimer

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Aviva plc: 2006 highlights

- Record long-term savings sales up 21%, maintaining focus on value
- Operating profit up 12% on an EEV basis and 46% on an IFRS basis
- General insurance COR of 94%, ahead of 98% meet or beat target
- Return on equity shareholders' funds of 13.1%
- Dividend per share up 10% to 30p per share
- NAV per share of 683p

Andrew Moss
Group Finance Director

A low-angle, upward-looking photograph of a diverse group of business professionals in a meeting. They are all reaching their hands towards a central globe, symbolizing global collaboration and teamwork. The scene is brightly lit, with a clear blue sky in the background.

Financial review
2006 Operational performance

2006 performance

	<u>2006</u>	<u>2005</u>	<u>Growth †</u>
	£m	£m	%
Life EEV operating return	2,033	1,814	12%
Fund management	96	83	17%
General insurance and health	1,680	1,551	8%
Non-insurance operations	(23)	28	
Corporate costs	(160)	(136)	
Unallocated interest	(381)	(436)	
Operating profit: EEV basis ⁽¹⁾	<u>3,245</u>	<u>2,904</u>	<u>12%</u>
Operating profit: IFRS basis ⁽¹⁾	3,110	2,128	46%
Profit before tax: IFRS basis	2,977	2,528	18%
EPS: IFRS basis	86.9p	60.5p	

⁽¹⁾ Stated before amortisation of other intangibles, impairment of goodwill and exceptional items

† On a constant currency basis

All operating profit is from continuing operations

Long-term savings: 21% growth

	2006	
	Sales ⁽¹⁾ £m	Growth ⁽²⁾ %
Aviva UK		
Life and pensions	11,146	21%
Investments	2,455	112%
	13,601	31%

Aviva International

Life and pensions	14,706	13%
Investments	2,455	14%
	17,161	13%

Aviva Group

Life and pensions	25,852	17%
Investments	4,910	48%
	30,762	21%

UK:

- Strongest UK performance to date
- Individual pension sales up 42%
- Bond sales up 37%
- RBSG sales up 58%

International:

- 56% of total Group sales
- Bancassurance channel sales up 24%
- Italy up 22%
- Asia total sales almost doubled
- Ark Life £589m in Ireland
- AmerUs £324m (for 6 weeks)

(1) On a PVNBP basis and equal to single premiums plus the present value of regular premiums

(2) On a constant currency basis

Life: new business contribution up 12%

	Contribution ⁽¹⁾		Margin ⁽¹⁾	
	2006	2005	2006	2005
	£m	£m	%	%
France	110	91	3.1	2.6
Ireland	9	13	0.7	2.0
Italy	50	36	1.8	1.6
Netherlands	25	58	1.1	2.1
Spain	168	155	8.2	7.7
Other countries	58	42	2.1	2.3
Aviva International	420	395	2.9	3.0
Aviva UK	263	217	2.4	2.4
Total	683	612	2.6	2.8

⁽¹⁾ Post effect of required capital, pre tax and minorities

Life EEV operating return up 12%

	<u>2006</u>	<u>2005</u>
	£m	£m
Aviva International		
France	402	321
Ireland	(40)	20
Italy	110	96
Netherlands	329	349
Poland	162	132
Spain	221	214
US	32	25
Other countries	73	68
	1,289	1,225
Aviva UK	744	589
Total	2,033	1,814

- Benefits of well diversified portfolio
- Ireland – Ark Life offset by adverse expenses and lapses
- France, Italy and Poland– new business growth and benefit of favourable experience
- Netherlands – higher expected returns offset by lower new business
- Spain – higher expected returns
- US – AmerUs contribution of £22m
- UK – new business growth, higher expected returns and net improvement in experience and assumptions

Life: Aviva UK EEV operating return

	<u>2006</u>	<u>2005</u>
	£m	£m
New business contribution post cost of capital	263	217
Expected returns	561	523
Experience variances	(140)	(95)
Operating assumption changes	<u>60</u>	<u>(56)</u>
TOTAL	<u>744</u>	<u>589</u>

Includes:

- Exceptional expenses of £(149)m
- Adverse persistency experience of £(66)m
- Positive default experience on corporate bonds and commercial mortgages of £36m
- Other favourable experience £39m

Includes:

- Benefit of with-profit contribution to pension funding of £126m
- PS06/14 reserving change £50m
- Adverse persistency assumption change of £(224)m
- Other favourable assumptions of £108m

Life: Ireland EEV operating return

	<u>2006</u>	<u>2005</u>
	£m	£m
New business contribution post cost of capital	9	13
Expected returns	56	39
Experience variances	(20)	(21)
Operating assumption changes	<u>(85)</u>	<u>(11)</u>
TOTAL	<u>(40)</u>	<u>20</u>



Operating assumptions:

- Adverse expense assumption change £(25)m
- Adverse mortality assumption change £(13)m
- Adverse persistency assumption change for Celebration bonds and unit-linked pensions £(47)m

Key drivers of movement in life IFRS profits

	£m
2005 IFRS life operating profit	1,065
PS06/14 reserving benefit	149
With-profit contribution to pension funding	140
Acquisitions (AmerUs £84m, Ark £45m)	129
Interest rate guarantee releases in the Netherlands	150
Higher bonuses in UK with profit funds	48
Underlying performance and investment returns	215
2006 IFRS life operating profit	1,896

General insurance and health results

	<u>2006</u>	<u>2005</u>
	£m	£m
Underwriting result	607	505
LTIR	<u>1,073</u>	<u>1,046</u>
Operating profit	<u>1,680</u>	<u>1,551</u>

GI only COR:

UK	95%	96%
France	99%	101%
Ireland	77%	78%
Netherlands	89%	93%
Canada	98%	97%
Group	94%	95%

UK:

- GI operating profits up 10% to £1,075m
- Weather benefit £75m
- RAC contribution £115m
- Exceptional prior year reserve releases

International:

- Operating profits up 5% to £605m
- Strong rating actions and favourable claims in the Netherlands
- Direct settlement benefit to claims costs and reduced bodily injury claims in Ireland
- Careful management of underwriting and costs in Canada

Fund management benefiting from increased sales and higher funds

	<u>2006</u>	<u>2005</u>
	£m	£m
Morley (UK and international)	76	49
Other UK	(6)	8
France	33	26
Netherlands	37	32
Other countries	15	9
	<u>155</u>	<u>124</u>
Total IFRS profit		
	<u>364</u>	<u>322</u>
Funds under management (£bn)		

- Morley: Positive market movements and performance fees. Improved cost/income ratio 72%
- France: Higher funds under management
- Netherlands: Separate FM result recognised for the first time. Results increased due to market growth and fund inflows
- Worldwide retail investment sales of £4,910m up 48%

Other operations and corporate costs

	<u>2006</u>	<u>2005</u>
	£m	£m
Other operations		
RAC	45	30
Lifetime and SIPP	(29)	(14)
Other UK	5	7
Other	(44)	5
Total EEV basis result	<u>(23)</u>	<u>28</u>
Corporate costs	(160)	(136)

AmerUs: A strong start

- Sales of £324m (6 weeks); £2,261m (proforma full year)
- Contribution to life operating profit since acquisition:
 - £22m EEV; £84m IFRS
- Proforma operating profit* for full year 2006:
 - £176m EEV; £330m IFRS
- Integration impact:
 - Cost £27m (\$50m), benefits of £24m (\$45m) from 2008
- Return on investment of over 10% by 2009

* Net of £29m interest charge treated as unallocated interest

Operational update

- UK Cost and efficiency update
 - On target for £250m cost savings from 2008 at cost of £250m
 - Costs reported to date £205m
- RAC update
 - Integration complete
 - Cost savings of £100m achieved
 - £160m contribution to operating profit

Value creation

- Equity shareholders funds up 18%
- NAV per share 683p (31 Dec 2005: 622p)
- Dividend growth 10% to 30p per share
- £1.25bn of capital generated post dividend
- IGD solvency steady at £3.6bn, cover of 1.8 times

Summary and Outlook

2006

- Operating profit up 12% (EEV); up 46% (IFRS)
- Long term savings new business sales up 21%
- Equity shareholders' funds up 18%

2007

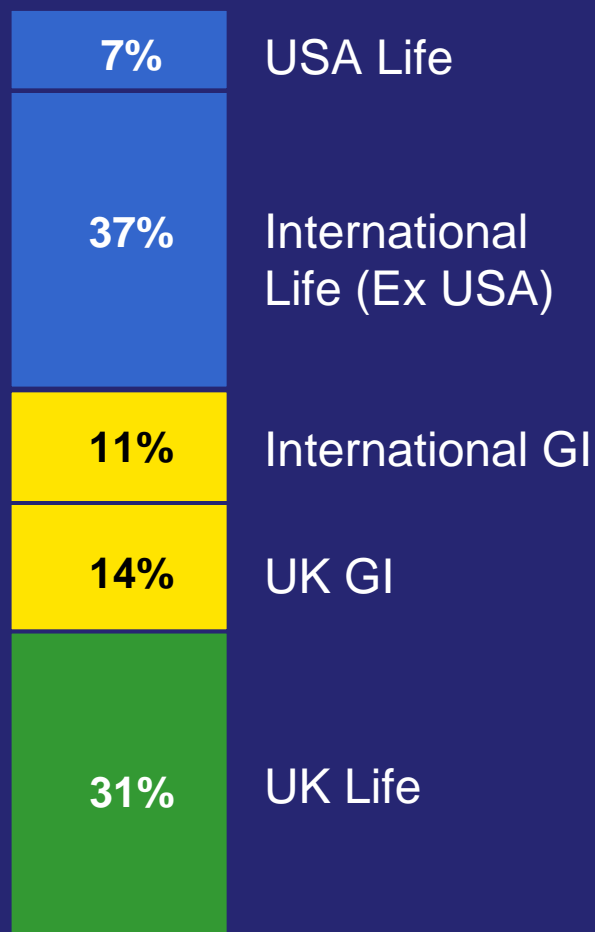
- UK life growth at least in line with market (5-10%)
- Strong growth in Europe and International life
- Commitment to meet or beat 98% COR

Richard Harvey
Group Chief Executive

The background of the slide is a photograph showing a group of people in business attire reaching their hands towards a globe in the center. The scene is captured from a low angle, looking up at the hands and the globe against a bright blue sky. The image is semi-transparent, allowing the text to be overlaid.

Review of the business

2006 proforma sales
£43.4bn⁽¹⁾



An international company...

- European portfolio growing ahead of the market
- 91% growth in the Asian portfolio
- AmerUs provides the platform for growth in America

...with leading positions in its home market

- Strong general insurance profits
- Positive UK life and pensions outlook

UK Life: achievements in 2006



New management team with a track record for operational excellence



Implementing a clear strategy, balancing sales growth and maximising value of the in-force book



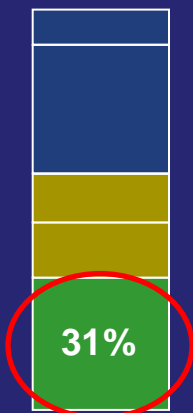
Increasing market share in a growing market



Net winners from A-Day



Improving service standards and reducing costs



UK GI: achievements in 2006



Taking the lead in tackling the insurance cycle



Delivering on RAC profitability targets



On track to deliver cost savings initiatives



Successful launch of PAYD



Strengthening the balanced distribution portfolio



European & Asia-Pacific growth



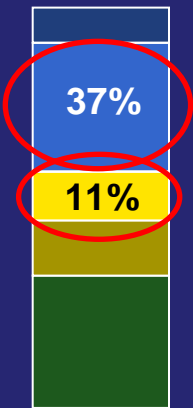
20 countries
 Nearly 20m customers
 £158bn funds under management
 Over 22,500 employees



Demonstrating portfolio benefits
 Multi-distribution
 Multi-product
 Multi-national



Demonstrable growth
 Europe growing ahead of market
 Strong growth in CEE
 Sales doubled in Asia

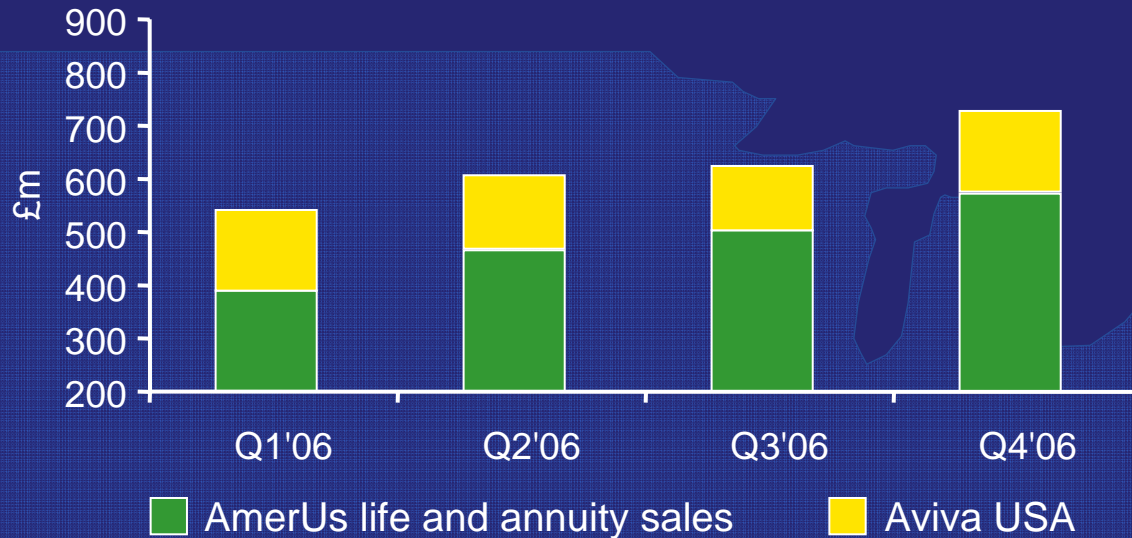


■ PVNBP* ■ GI NWP**

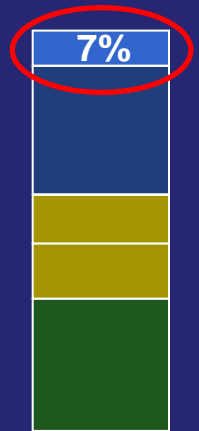
*L&P sales ** General Insurance and Health Net Written Premiums include continuing, and acquired business

Aviva USA

AmerUs & Aviva USA pro-forma quarterly sales growth



- 21% growth in AmerUs sales
- In 2006 signed distribution agreements with Annexus and 2 other IMO's
- Positive outlook for 2007
- Integration programme on track to deliver
- Strength and commitment of the management team



* Excluding funding agreement sales of £330 million in 2006

The Aviva World – right markets, right time



North America

- 30% of world-wide savings
- Demographics provide huge growth potential
- Aviva USA delivering growth
- Canadian GI delivering sustained profits

Europe

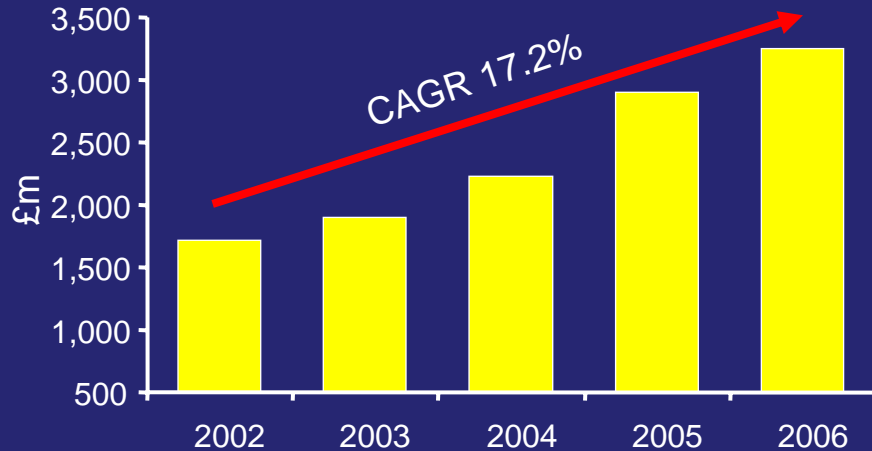
- Mature, growing markets in western Europe
- Strong growth prospects in southern Europe, central eastern Europe and Russia
- Develop distribution
- Aim to grow in-line with or better than the market

Asia Pacific

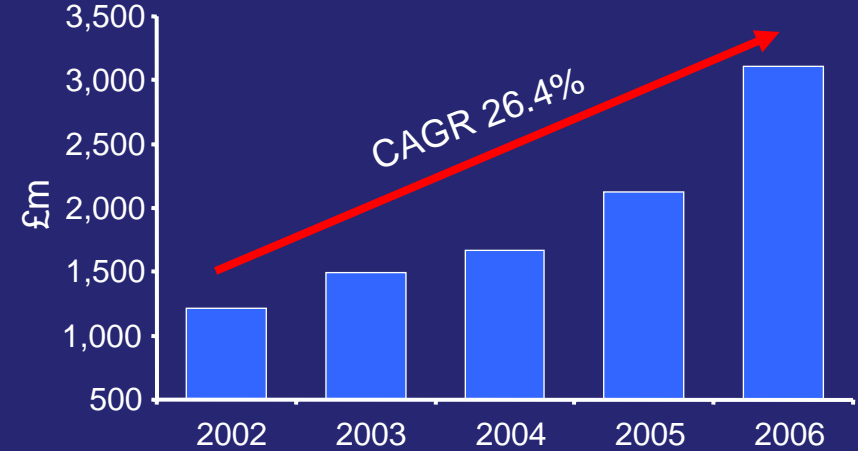
- High growth markets
- Accelerating growth in India and China
- Expand multi-channel distribution
- New markets of Taiwan and Malaysia
- Growth of Navigator platform

Growth & momentum

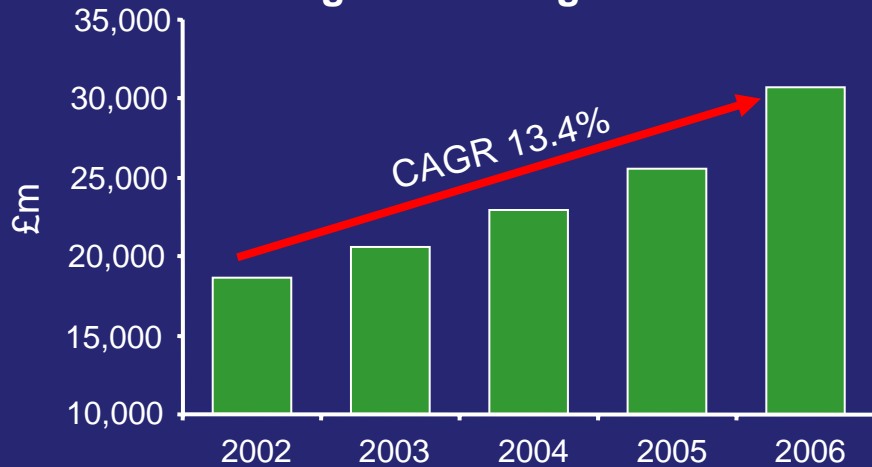
Group Operating Profit* (EEV)



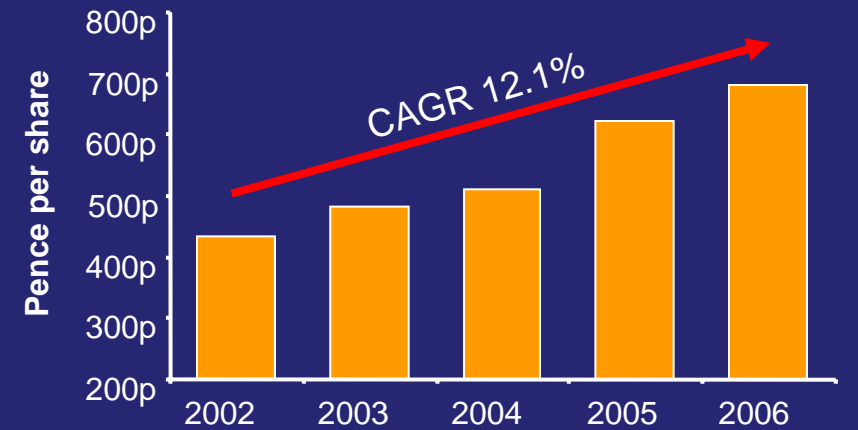
Group Operating Profit** (IFRS)



Long term savings sales



Net Asset Value* (inc. goodwill)



* 2002 - Achieved Profits Basis, 2003 - 2006 EEV Basis

** 2002 MSSB Basis, 2003 - 2006 IFRS Basis

Richard Harvey
Group Chief Executive

A background image showing a group of business professionals in a circle, holding a globe. The image is semi-transparent and serves as a backdrop for the text.

Questions & Answers

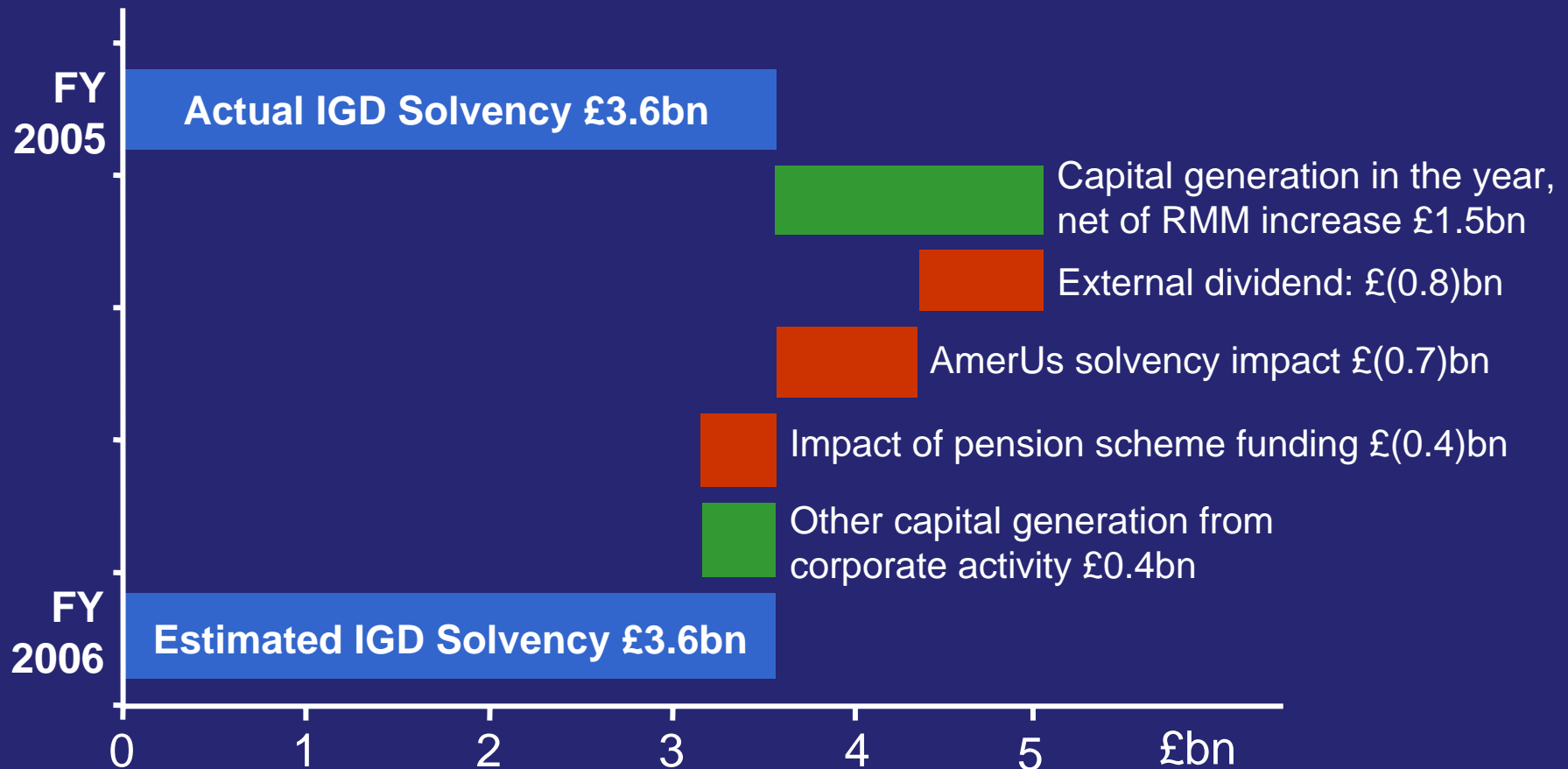
Appendix

Capital generation: consistently strong operational capital generation

	<u>2006</u>	<u>2005</u>
	£m	£m
New business strain	(602)	(536)
Life inforce profits	1,662	1,250
Non life profits after interest costs	814	729
Normalised operating profits after tax	<u>1,874</u>	<u>1,443</u>
Dividend including preference shares and DCI	(821)	(710)
Benefit from scrip dividend	203	100
Normalised profits post tax retained	<u><u>1,256</u></u>	<u><u>833</u></u>

The increase in the capital requirements on a realistic basis is £474m

Capital strength: solvency cover on EU groups directive basis



1.8 times cover at 31 December 2006

Movement in net asset value per share

	Reported pence
As at 31 December 2005	622
Deduct: 2005 final and 2006 interim dividend*	(23)
	<hr/> 599
Operating profit for the period	84
Investment variances	37
Foreign exchange	(17)
Pension deficit and other	(12)
	(8)
Effect of issuing equity share capital	<hr/> 8
As at 31 December 2006	<hr/> <hr/> 683

* Net of scrip dividend



AVIVA

