

Aviva plc

Worldwide long-term savings new business 12 months to 31 December 2008

- **Sales have continued to grow**
 - Global long-term savings sales up 1% to £40.3 billion (down 7% on local currency basis)
 - Life and pensions sales up 11% to £36.3 billion (up 2% on local currency basis)
 - Sales figures reported on Market Consistent Embedded Value (MCEV) basis for the first time

- **Strength from our geographic spread and range of distribution**
 - UK: highest ever life and pensions sales at £11.9 billion
 - Europe: life and pension sales up 8% to £17.0 billion, buoyed by strength of the euro (down 7% on local currency basis)
 - North America: target to double sales in three years achieved a year ahead of plan, up 57% (up 45% on local currency basis)
 - Asia Pacific: life and pension sales up 8% (down 1% on local currency basis) - led by 66% growth in China (up 40% on local currency basis)

- **Capital and liquidity position remains strong**
 - Consistent strategy through global crisis has ensured the financial health of Aviva
 - Estimated £2.0 billion IGD surplus as at 31 December 2008
 - Strong liquidity position maintained
 - Group dividend policy remains unchanged

Andrew Moss, Aviva's chief executive, commented:

"In a year of unprecedented turbulence, our sales have continued to grow. Operating across 27 markets with a range of products and varied distribution has served us well and has brought us an additional real benefit from currency appreciation.

"Growth in developing economies such as Asia and central and eastern Europe has offset difficult conditions in more mature markets such as Ireland and Italy.

"Our capital position remains strong and Aviva continues to be attractive to customers seeking security for their long-term savings.

"Our priorities are to maintain our financial strength and continue to transform Aviva for the benefit of customers and shareholders."

	12 months 2008 £m	Restated ¹ 12 months 2007 £m	Sterling growth %	Local currency growth %
Life and pensions business (PVNBP)²				
United Kingdom	11,858	11,797	1 %	1 %
Europe	16,990	15,684	8 %	(7)%
North America	5,715	3,646	57 %	45 %
Asia Pacific	1,720	1,595	8 %	(1)%
Total life and pensions	36,283	32,722	11 %	2 %
Total investment sales³	3,995	6,983	(43)%	(47)%
Total long-term savings	40,278	39,705	1 %	(7)%

¹ Restated numbers reflect the move from European Embedded Value (EEV) to Market Consistent Embedded Value (MCEV) basis

² All references to sales in this announcement refer to the present value of new business premiums (PVNBP) unless otherwise stated. PVNBP is the present value of new regular premiums plus 100% of single premiums.

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

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MEDIA: There will be a conference call today for real-time media covering the long-term savings new business announcement at 0745 hrs (GMT) on +44 (0)20 7162 0125 (quoting "Aviva, Andrew Moss"). There will be a conference call for print media at 1200 hrs (GMT) on +44 (0)20 7162 0025. Each of these conference calls will be hosted by Andrew Moss, group chief executive and attended by Philip Scott, chief financial officer, and Mark Hodges, chief executive Norwich Union Life.

ANALYSTS: A presentation to investors and analysts, covering both the long-term savings new business announcement and the restatement of 2007 results onto an MCEV basis, will take place at 1000 hrs (GMT) at St Helen's, 1 Undershaft, London, EC3P 3DQ. The investor and analyst presentation is being filmed for live webcast and can be viewed on the group's website at www.aviva.com or on www.cantos.com. In addition, a replay will be available on these websites later today. There will also be a live teleconference link to the investor and analyst meeting on +44(0)20 7138 0818. A replay facility will be available until 17 February 2009 on +44 (0)20 7806 1970. The pass code for the whole presentation, including the question and answer session, is 5463049# and for the question and answer session only the pass code is 4478829#.

The presentation slides will be available on the group's website, www.aviva.com/investors/presentations.cfm from 0930 hrs (GMT).

The Aviva media centre at www.aviva.com/media includes images, company information and news release archive. Photographs are available on the Aviva media centre at www.aviva.com/media.

Overview

In 2008 Aviva delivered a solid new business performance with life and pension sales up 11% to £36,283 million (2007 restated: £32,722 million) and total long-term savings up 1% to £40,278 million (2007 restated: £39,705 million). Because Aviva is a global group, with over 65% of sales coming from outside of the UK, our performance has benefited from currency movements, such as the appreciation of the euro. On a local currency basis, total long-term savings sales were down 7%.

On 15 January 2009 we announced that these results would be presented on a market consistent embedded value (MCEV) basis for the first time, because of Aviva's early adoption of MCEV methodology. Further details of the effect of our move to the MCEV basis are given in the separate announcement that we've issued today. On a European Embedded Value (EEV) basis, our 2008 life and pensions sales grew by 9% to £34,581 million (2007: £31,600 million). On a local currency basis, EEV life and pension sales were in line with the prior year.

Our 2008 sales performance is a testament to the benefit of Aviva's geographic spread and diverse distribution. Notable highlights included our highest ever life and pensions sales result in the UK. In the United States we have achieved our goal of doubling new business sales a year ahead of target¹ and our sales performance in central and eastern Europe was excellent. The continued success of our joint venture in China and the contributions from new operations in South Korea and Taiwan were key to life and pensions growth in Asia Pacific.

Given the uncertain economic outlook we expect the UK and European markets to be more subdued in 2009. In North America, while demand for equity indexed annuity products is expected to continue, we do not anticipate the levels of growth seen in 2008. We expect steady growth in the Asia Pacific markets.

We continue to work closely with banking partners and, while we have seen a decrease in bancassurance sales, particularly in Ireland and Italy, our sales increased in other countries, particularly in central and eastern Europe and in Asia Pacific. We believe that bancassurance earnings will become even more important to banks in the future as they concentrate on their retail operations. We now have more than 90 bancassurance partnerships around the world and in 2008 they generated around 23% of Aviva's long-term savings sales.

In the current economic climate, top-line sales growth targets are not our priority. In 2009 we aim to maintain a strong franchise in each of our markets, but with an increased emphasis on capital efficiency. We will aim to perform in line with the market, but will prioritise profitability and efficient use of capital.

Our IGD solvency position² remains strong. At 31 December 2008 our estimated IGD surplus was £2.0 billion. Our equity hedges are still in place and even if the equity markets were to fall a further 40% from 31 December 2008 levels, our solvency surplus would still be approximately £1.3 billion.

In our general insurance business we expect to have achieved a COR of 98% for the group. We will provide a full update on our general insurance businesses in our 2008 full year results on 5 March 2009.

¹ The USA growth target was to double 2006 pro forma sales within three years of the acquisition of AmerUs. Pro forma sales are calculated as the combined sales of the former Aviva business based in Boston and the former AmerUs group, on a local currency basis

² IGD solvency position is the group regulatory capital position based on the EU Insurance Groups Directive

Long-term savings

United Kingdom

In 2008 Aviva UK achieved its highest ever life and pensions sales of £11,858 million (2007 restated: £11,797 million). Total long-term savings sales were 8% lower than the previous year, in line with the UK market, which is expected to have contracted for the first time in five years.

Our compelling combination of balanced distribution, broad product choice and continued innovation was evident in the 2008 performance. Our results were underpinned by higher sales through the joint venture with the Royal Bank of Scotland Group, with sales up 1% to £1,639 million (2007 restated: £1,615 million), the success of our pensions strategy, which enabled us to recapture market share and excellent progress in the corporate sector, which accounted for 17% of the total UK sales (2007:8%).

At the start of last year we refreshed our strategy for the retirement savings market. As a result, total pension sales increased by 14% to £4,753 million (2007 restated: £4,156 million). We introduced products which can be better tailored to the changing life stages of individual customers, with increased fund choice, flexible drawdown capability and significantly enhanced e-commerce functionality. These enhancements have already enabled us to shape our commission terms to increase profitability, and will continue to do so.

The mortgage market bore the brunt of the economic crisis with a 61% decline in mortgage approvals last year. However, our protection sales fell by 9% to £1,126 million (2007 restated: £1,241 million). This is a relatively strong performance and shows both the strength of our partnerships and the popularity of the new, simpler protection products. E-commerce has played an important part in our success in this market and currently nearly 30% of applications are through this on-line channel.

Total annuity sales increased by 24% to £2,433 million (2007 restated: £1,965 million), reflecting strong growth in our bulk annuity business. Last year Aviva UK won 39 new bulk purchase annuity (BPA) schemes and BPA sales rose to £826 million (2007 restated: £118 million). We are benefitting from a 'flight to quality' in this sector, because of our well-developed, market-leading products. In individual annuities, enhanced pricing capability helped us to deliver good growth in the open market with improved profitability. However, stock market falls have impacted this market because customers' pension fund values have been eroded, causing them to delay retirement decisions³.

Overall bond sales fell 21% to £3,296 million (2007 restated: £4,192 million). In 2008, we continued to reshape our approach to this market, by moving away from lower margin products and focusing on improving returns through targeted commission reductions. Consequently, sales of unit-linked bonds were 67% lower, compounded by the effect of capital gains tax changes and investment market turbulence. However, this was offset by 62% growth in sales of with-profit bonds at £1,952 million (2007 restated: £1,208 million) and 34% growth in sales of off-shore bonds at £375 million (2007 restated: £280 million).

The property, fixed interest and equity markets all faced challenging economic conditions throughout the year and, consequently, our collective investment sales decreased by 46% to £1,485 million (2007: £2,751 million).

The uncertain economic outlook for the UK makes it difficult to forecast what the market growth rate will be in the short to medium term. We expect the trends experienced in 2008 to continue throughout 2009. In the current environment we will maintain our focus on rigorous capital discipline and on driving higher returns through operational efficiency, product innovation and targeted commission changes. Our approach to targeted commission reductions is complementary to the direction that the Financial Services Authority's Retail Distribution Review is taking, for both pensions and investments.

We are optimistic that we can deliver profitable growth in these turbulent times because of the resilience of our business model and our confidence in the strategy that we have been pursuing in recent years.

³ A recent survey (carried out by Life Trust Insurance in December 2008) indicated that nearly a quarter of people can no longer afford to retire at the age they had planned

Europe

Our European region comprises the mature markets of France, Spain, Italy and Ireland, together with the central and eastern European, higher growth markets of Poland, Russia, Turkey, Hungary, Romania and the Czech Republic. In addition, we operate in the Netherlands, Belgium and Germany through our Dutch business Delta Lloyd. Our European business is an excellent example of Aviva's diversity; we meet customers' long-term savings needs in 15 markets, with a broad range of products, through a range of distribution channels. In France and Poland the majority of our sales are through retail channels, while bancassurance channels dominate sales in Spain and Italy. Customers in Ireland are served evenly through both retail and bancassurance.

Bancassurance is an important element of our distribution strategy and we are confident that it will play a significant part in Aviva's future growth, although in 2008 it has been particularly impacted by the current economic uncertainty and liquidity concerns in the banking sector.

Our European life and pensions sales increased by 8% to £16,990 million (2007 restated: £15,684 million), buoyed by the strong euro. On a local currency basis sales were down 7%. Turbulent equity markets made customers reluctant to invest. This has also resulted in investment sales that were lower at £764 million (2007: £1,572 million).

In **France** sales were up 2% including the beneficial effect of the euro. On a local currency basis sales were down 12%, in line with the market. The decline in the French market was a consequence of volatility in the equity markets, which reduced consumer demand for unit-linked contracts. However, this impact was offset by growth in our euro-based business⁴, particularly in products with guarantees which offer customers a safe and attractive investment option in the current market conditions.

In **Poland** our life and pension sales increased by 64% driven by the success of the individual regular premium product we launched in late 2007 and significant volumes of short-term endowment policies sold through Deutsche Bank in the first half of the year. The impact of the current challenging conditions and volatile investment markets adversely impacted growth in the second half of the year.

Sales in **Italy** were down 22% but our acquisition of Avipop⁵ and UBI Vita⁶ helped to lift sales of protection and pension products respectively. In **Spain**, our sales increased by 4%, boosted by the distribution agreement with Cajamurcia, which came on stream in the last quarter of 2007 and contributed £304 million in 2008, including one-off transfers of £151 million.

In **Ireland** our sales were down 27% because of reduced demand for unit-linked products across both our retail and bancassurance channels. Consumers were deterred by volatile equity markets, the slowdown in economic growth and property market uncertainty.

Other Europe includes a number of markets which have high potential for future growth, comprising **Russia, Turkey, Hungary, Romania** and the **Czech Republic**. Sales in these markets increased by 124%. Romania's performance was significantly higher, largely due to a one-off payment of £545 million as part of the introduction of compulsory pensions.

Sales through **Delta Lloyd** were up 31% including the beneficial effect of the euro. This performance includes a significant increase in corporate pension sales, as a result of Delta Lloyd's success in securing five large group contracts which contributed a total of £1,106 million. Sales of annuity products were lower due to increased competition from the banking sector, which is now allowed to offer unit-linked savings and pension products on the same terms as insurers.

In 2009 we will manage growth in sales consistent with our focus on prudent capital management and seeking the greatest returns on capital. In line with contracting new business markets across much of the region, we expect our new business sales to be more subdued than 2008.

⁴ Euro funds are savings products that receive an annual bonus declaration based on the investment performance of the underlying funds.

⁵ 14 December 2007

⁶ 18 June 2008

North America

In the United States, sales increased by 57% to £5,715 million (2007 restated: £3,646 million). On a local currency basis sales were up 45%. This is the second consecutive year of record volumes despite the significant challenges in the financial markets, which have changed the competitive landscape and shaken consumer confidence. We retained our number one sales position in both the indexed annuity⁷ and the indexed life⁸ insurance markets in the third quarter and have already doubled the sales in our US business within two years of the acquisition of the former AmerUs business, which is one year ahead of the stated target.⁹

Sales of annuities increased by 63% to £4,244 million (2007 restated: £2,600 million); a significant accomplishment given the challenging economic environment, volatile equity markets and changing interest rates. This growth is equivalent to a 51% increase on a local currency basis and reflects our expanded distribution, new product launches and successful marketing programmes. In times of economic uncertainty customers look for guarantees and we responded by enhancing our products to meet their needs, by improving guaranteed income withdrawal benefits and introducing a new bonus index deferred annuity.

The U.S. Securities and Exchange Commission (SEC) has adopted a new rule (Rule 151A) which classifies equity indexed annuities as securities for federal regulatory purposes (on contracts issued on or after 12 January 2011). The ruling creates additional administration for companies providing these products and requires agents to be licensed to sell them. We actively participated in the SEC consultation process and have already taken preliminary steps to ensure that we will be ready for the new rule. We currently anticipate that the cost of completing these steps and the impact on our business will be minimal. Indexed products meet an important customer need and they will continue to be part of our product suite for the foreseeable future.

Sales of life products, which mainly include indexed and non-indexed universal life and term assurance products, totalled £623 million (2007 restated: £617 million), which is equivalent to a 7% fall on a local currency basis. This result is a reflection of our tactical decision to exit certain markets in late 2007, because we wanted to focus on selling higher margin products. New product launches, marketing programmes and growth in the indexed life insurance market have all had a positive impact on our results. In particular, our "Wellness for Life" programme has been well received. This is a first-of-its-kind life insurance product which rewards healthy behaviour and supports the customer with wellness products and services from Mayo Clinic Health Solutions, a division of the world-renowned Mayo Clinic. In addition, the new term assurance products we launched in the third quarter of 2008 have been well received and are starting to gain momentum.

Funding agreement sales were very strong at £848 million (2007 restated: £429 million), which represents an increase of 98% over the previous year. Volatile investment markets created a favourable environment for funding agreements, which are large corporate transactions.

In 2008 we were focused on an aggressive growth agenda. In 2009, the priorities will be profitability, productivity and capital efficiency. Aviva will put emphasis on retaining customers and key distributors and will focus on high-value products which meet consumers' needs, such as those with guarantees. While we plan to remain a market leader in the annuities market, growth is expected to be more in line with the overall market in 2009. We also expect to maintain our market leadership position in the indexed life insurance market. While they will not be a primary focus for 2009, we will evaluate funding agreement opportunities on a case-by-case basis.

⁷ An indexed annuity is a type of deferred fixed annuity whose credited interest is linked to an equity index. It guarantees a minimum interest rate if held to the end of the surrender term and protects against a loss of principal.

⁸ Indexed life products are fixed products that include a savings element linked to an equity index. Minimum guarantees exist on the indexed life products and generally range from 1% to 3%.

⁹ The USA growth target was to double 2006 pro forma sales within three years of the acquisition of AmerUs. Pro forma sales are calculated as the combined sales of the former Aviva business based in Boston and the former AmerUs group, on a local currency basis

Asia Pacific

Our life and pension sales grew by 8% to £1,720 million (2007 restated: £1,595 million), driven by strong growth in China and first-time contributions from new joint ventures in South Korea and Taiwan. On a local currency basis these sales were in line with the prior year. In common with our other regions, total long-term savings sales in Asia Pacific were 19% lower at £3,466 million (2007 restated: £4,255 million), reflecting consumers' reticence to buy investment products in the current volatile market conditions.

We achieved a 66% increase in sales through our joint venture in **China**, Aviva-COFCO. In 2008, we expanded our distribution network there significantly and are now in nine provinces, with a total of 39 city branches (2007: eight provinces, 25 city branches). Aviva is the second largest foreign life insurer in China¹⁰.

In **India**, we've changed our assumptions with regard to lapses following regulatory changes to a large number of products and current economic conditions. Sales were 7% down on the previous year reflecting market conditions and merger activity in bancassurance partnerships.

Life and pensions sales in **Singapore** were up 2% when taking the benefit of exchange rate movements into account. Changes in pension legislation during the year limited sales of certain products in Singapore, but we have partly offset this impact by introducing new products. Investment sales were dampened by the economic climate and a change to local pension laws which restricts external contributions from the government pension fund.

In **Australia**, life and pension sales were down 19% against a 2007 result which included the benefit of a one-off transfer of group pensions business of £64 million and a £21 million benefit from a favourable change to superannuation legislation. The 2007 changes to superannuation legislation boosted prior year investment sales by £227 million. Together with the difficult economic climate, this resulted in investment sales being 28% down on the prior year.

Our products in **Hong Kong** are mainly investment-related and cautious investor sentiment in the face of volatile investment markets, plus a highly competitive environment, resulted in a 42% decrease in our sales in that market.

Despite the global economic and financial turbulence, Asia remains an attractive growth region. In 2009, while we will continue to grow the business in line with the market we will also focus on the efficient use of our capital. Aviva has a sound business in Asia Pacific with successful, established partnerships and a strong financial position and we remain committed to building a strong presence in this region.

¹⁰ Aviva-COFCO ranked second among 26 foreign life insurers in terms of total premium income in January to November 2008 (source: China Insurance Regulatory Commission).

Additional information

Solvency

Insurers are required to hold a financial buffer over and above statutory solvency levels, known as the capital resource requirement. The IGD surplus is the amount of capital held in addition to this regulatory requirement. Aviva has a strong capital position. As at 31 December 2008, the group's estimated IGD surplus was £2.0 billion (30 September 2008: £1.9 billion). Following individual guidance from the FSA we now recognise surpluses in the non-profit funds of our UK life and pensions business which is available for transfer to shareholders of £0.4 billion, the benefit of which is offset by reserve strengthening elsewhere in the group.

In the current economic conditions we are proactively managing balance sheet risk. In addition to the de-risking exercise we undertook in 2007 we have taken out further equity hedges during 2008 which will remain in place for the foreseeable future. As a result of these and other actions, we expect that our IGD surplus would be approximately £1.3 billion in the event of a 40% fall in equity markets from the 31 December 2008 position.

Liquidity

The group and its subsidiaries have a strong liquidity position with significant cashflows generated by its businesses and remitted to Aviva plc. At 31 December 2008 Aviva plc had direct access to £1.4 billion of liquid assets which are sufficient to meet our operational requirements for the foreseeable future without having to borrow externally. In addition, the first call date on Aviva plc's hybrid debt is not until November 2011.

Aviva plc also has a commercial paper programme (£536 million outstanding) which continues to be re-financed in the normal course of business and £2.1 billion of undrawn committed credit facilities which are provided by a range of leading international banks.

Proposed inherited estate reattribution

Since we agreed an offer with the policyholder advocate in July 2008, the estate has reduced significantly as a result of substantial reductions in the value of equity and property investments. Continuing market volatility and uncertainty means that the original reattribution offer for the inherited estate no longer meets our critical test of being fair to both policyholders and shareholders. We are working closely with the policyholder advocate to see how we can restructure our offer. While we realise this will be disappointing for our eligible policyholders, it does reflect the nature of the current exceptional investment market conditions. We expect to be able to update policyholders in the next few months.

Notes to editors

– Aviva is the leading provider of life and pension products in Europe (including the UK) with substantial positions in other markets around the world, making it the world's fifth largest insurance group based on gross worldwide premiums at 31 December 2007.

– Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide total sales* of £49.2 billion at 31 December 2007 and funds under management of £359 billion at 30 June 2008.

* Based on 2007 published life and pensions PVNBP on an EEV basis, total investment sales and general insurance and health net written premiums, including share of associates' premiums.

The Aviva media centre at www.aviva.com/media includes images, company and product information and a news release archive.

– All figures have been translated at average exchange rates applying for the period. The average rates employed in this announcement are 1 euro = £0.80 (12 months to 31 December 2007: 1 euro = £0.68) and £1 = US\$1.85 (12 months to 31 December 2007: £1 = US\$2.00).

– Growth rates in the press release have been provided in sterling terms. The supplements following present this information on both a sterling and local currency basis.

– Definition: Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums.

– Cautionary statements:

This announcement may include oral and written "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. These forward-looking statements sometimes use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which may be beyond Aviva's control, including, among other things, UK domestic and global economic and 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, the possible effects of inflation or deflation, the timing impact and other uncertainties relating to acquisitions by the Aviva group and relating to other future acquisitions or combinations within relevant industries, the impact of tax and other legislation and regulations in the jurisdictions in which Aviva and its affiliates operate, as well as the other risks and uncertainties set forth in our 2007 Annual Report to Shareholders. 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, and persons receiving this announcement should not place undue reliance on forward-looking statements.

Aviva undertakes no obligation to update the forward-looking statements made in this announcement or any other forward-looking statements we may make. Forward-looking statements made in this announcement are current only as of the date on which such statements are made.

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

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Statistical Supplement

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Long-term savings new business sales

1 – Geographical analysis of life, pension and investment sales

	12 months 2008 £m	Present value of new business premiums ¹		
		Restated 12 months 2007 £m	% Growth	
			Sterling	Local currency
Life and pensions business				
UNITED KINGDOM	11,858	11,797	1%	1%
France	3,880	3,790	2%	(12)%
Ireland	1,299	1,780	(27)%	(38)%
Italy	2,331	2,975	(22)%	(33)%
Netherlands (including Germany and Belgium)	4,097	3,133	31%	12%
Poland	1,842	1,120	64%	32%
Spain	2,527	2,433	4%	(11)%
Other Europe	1,014	453	124%	107%
EUROPE	16,990	15,684	8%	(7)%
NORTH AMERICA	5,715	3,646	57%	45%
Australia	369	454	(19)%	(26)%
China	296	178	66%	40%
Hong Kong	248	430	(42)%	(45)%
India	141	152	(7)%	(10)%
Singapore	316	309	2%	(12)%
Other Asia	350	72	386%	374%
ASIA PACIFIC	1,720	1,595	8%	(1)%
Total life and pensions	36,283	32,722	11%	2%
Investment sales²				
UNITED KINGDOM³	1,485	2,751	(46)%	(46)%
Netherlands	304	811	(63)%	(68)%
Poland	64	268	(76)%	(81)%
Other Europe ³	396	493	(20)%	(31)%
EUROPE	764	1,572	(51)%	(59)%
Australia ³	1,411	1,961	(28)%	(34)%
Singapore	335	699	(52)%	(59)%
ASIA PACIFIC	1,746	2,660	(34)%	(41)%
Total investment sales	3,995	6,983	(43)%	(47)%
Total long-term savings	40,278	39,705	1%	(7)%

1. All references to sales in this announcement refer to the present value of new business premiums (PVNBP) unless otherwise stated. PVNBP is the present value of new regular premiums plus 100% of single premiums.

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

3. Investment sales include sales from the retail operations of Aviva Investors.

2 – Present value of life new business premiums

The present value of new business premiums (PVNBP) is derived from the single and regular premiums of the products sold during the financial period and is expressed at the point of sale. The PVNBP calculation is equal to total single premium sales received in the year plus the discounted value of regular premiums expected to be received over the term of the new contracts. The discount rate used reflects the appropriate risk-free rate for the country and duration of business. The projection assumptions used to calculate PVNBP for each product are the same as those used to calculate new business contribution. The discounted value of regular premiums is also expressed as annualised regular premiums multiplied by a Weighted Average Capitalisation Factor (WACF). The WACF will vary over time depending on the mix of new products sold, the average outstanding term of the new contracts and the projection assumptions. The table below sets out the factors required to derive PVNBP by business units.

	12 months 2008								
	Regular premiums			Single premiums			PVNBP		
	£m	Local currency growth	WACF	Present value £m	£m	Local currency growth	£m	Local currency growth	Sterling growth
United Kingdom									
Individual pensions	399	3 %	4.5	1,792	1,930	12 %	3,722	10 %	10 %
Group pensions	77	(7) %	4.6	358	673	9 %	1,031	31 %	31 %
Annuities	-	-	-	-	2,433	24 %	2,433	24 %	24 %
Bonds	-	-	-	-	3,296	(21)%	3,296	(21)%	(21)%
Protection	184	40 %	5.6	1,030	96	(55)%	1,126	(9)%	(9)%
Equity release	-	-	-	-	250	3 %	250	3 %	3 %
UNITED KINGDOM	660	9 %	4.8	3,180	8,678	(3)%	11,858	1%	1%
France									
Euro funds	26	29 %	7.1	184	2,505	11 %	2,689	12 %	31 %
Unit-linked funds	45	(26)%	6.5	294	719	(50)%	1,013	(45)%	(36)%
Protection business	24	5 %	7.2	173	5	33 %	178	(2)%	15 %
Total life and pensions	95	(9) %	6.9	651	3,229	(12)%	3,880	(12)%	2 %
Ireland									
Life and savings	35	(25)%	5.0	176	336	(54)%	512	(47)%	(38)%
Pensions	94	(19)%	4.1	381	406	(35)%	787	(29)%	(17)%
Total life and pensions	129	(21)%	4.3	557	742	(45)%	1,299	(38)%	(27)%
Italy	132	6 %	6.0	796	1,535	(45)%	2,331	(33)%	(22)%
Netherlands (including Belgium and Germany)									
Life	59	(25)%	8.3	489	410	(19)%	899	(21)%	(8)%
Pensions	138	28 %	9.3	1,286	1,912	24 %	3,198	27 %	48 %
Total life and pensions	197	6 %	9.0	1,775	2,322	13 %	4,097	12 %	31 %
Poland									
Life and savings	48	39 %	6.0	288	491	49 %	779	42 %	77 %
Pensions	58	31 %	15.4	895	168	(10)%	1,063	25 %	57 %
Total life and pensions	106	35 %	11.2	1,183	659	28 %	1,842	32 %	64 %
Spain									
Life and savings	113	21 %	5.8	657	1,093	(22)%	1,750	(9)%	6 %
Pensions	61	53 %	6.3	385	392	(41)%	777	(15)%	(1)%
Total life and pensions	174	31 %	6.0	1,042	1,485	(28)%	2,527	(11)%	4 %
Other Europe	117	48 %	7.7	906	108	(30) %	1,014	107 %	124 %
EUROPE	950	9 %	7.3	6,910	10,080	(20)%	16,990	(7)%	8 %
North America									
Life	68	(10)%	8.8	600	23	(50)%	623	(7)%	1 %
Annuities	-	(100)%	-	-	4,244	51 %	4,244	51 %	63 %
Funding agreements	-	-	-	-	848	83 %	848	83 %	98 %
NORTH AMERICA	68	(10)%	8.8	600	5,115	54 %	5,715	45 %	57 %
Asia	174	44 %	5.4	941	410	(21)%	1,351	8 %	18 %
Australia	60	2 %	3.6	217	152	(47)%	369	(26)%	(19)%
ASIA PACIFIC	234	30 %	5.0	1,158	562	(30)%	1,720	(1) %	8 %
Total life and pensions	1,912	11 %	6.2	11,848	24,435	(4)%	36,283	2 %	11 %

2 – Present value of life new business premiums continued

	Restated 12 months 2007				
	Regular premiums		Present value	Single premium	PVNBP
	£m	WACF	£m	£m	£m
United Kingdom					
Individual pensions	389	4.3	1,653	1,717	3,370
Group pensions	83	2.1	171	615	786
Annuities	-	-	-	1,965	1,965
Bonds	-	-	-	4,192	4,192
Protection	131	7.9	1,028	213	1,241
Equity release	-	-	-	243	243
UNITED KINGDOM	603	4.7	2,852	8,945	11,797
France					
Euro funds	17	7.0	119	1,930	2,049
Unit-linked funds	53	6.8	361	1,225	1,586
Protection business	20	7.6	152	3	155
Total life and pensions	90	7.0	632	3,158	3,790
Ireland					
Life and savings	40	5.1	203	627	830
Pensions	99	4.2	412	538	950
Total life and pensions	139	4.4	615	1,165	1,780
Italy	107	5.7	608	2,367	2,975
Netherlands (including Belgium and Germany)					
Life	68	8.0	544	434	978
Pensions	92	9.1	834	1,321	2,155
Total life and pensions	160	8.6	1,378	1,755	3,133
Poland					
Life and savings	28	6.3	177	264	441
Pensions	35	15.1	530	149	679
Total life and pensions	63	11.2	707	413	1,120
Spain					
Life and savings	80	5.7	457	1,192	1,649
Pensions	34	6.2	215	569	784
Total life and pensions	114	5.9	672	1,761	2,433
Other Europe	73	4.4	318	135	453
EUROPE	746	6.6	4,930	10,754	15,684
United States					
Life	70	8.2	575	42	617
Annuities	1	4.0	4	2,596	2,600
Funding agreements	-	-	-	429	429
NORTH AMERICA	71	8.2	579	3,067	3,646
Asia	114	6.0	683	458	1,141
Australia	54	3.5	191	263	454
ASIA PACIFIC	168	5.2	874	721	1,595
Total life and pensions	1,588	5.8	9,235	23,487	32,722

3 – Analysis of sales via bancassurance channels

	Present value of new business premiums ¹			
	12 months 2008 £m	Restated 12 months 2007 £m	Local currency growth ²	Sterling growth
Life and pensions				
UNITED KINGDOM	1,211	1,173	3 %	3 %
France	898	815	(6)%	10 %
Ireland	653	892	(37)%	(27)%
Italy				
UniCredit Group	894	1,427	(46)%	(37)%
Banca Popolare	234	306	(35)%	(24)%
Banca delle Marche	22	69	(73)%	(68)%
Unione di Banche	871	805	(7)%	8 %
	2,021	2,607	(34)%	(22)%
Netherlands	466	392	2 %	19 %
Poland	441	108	250 %	308 %
Spain				
Bancaja	597	759	(33)%	(21)%
Caixa Galicia	325	418	(34)%	(22)%
Unicaja	683	521	12 %	31 %
Caja España	218	210	(11)%	4 %
Caja de Granada	117	115	(13)%	2 %
Cajamurcia	304	179	45 %	70 %
	2,244	2,202	(13)%	2 %
Other Europe	47	17	158 %	176 %
EUROPE	6,770	7,033	(18)%	(4)%
NORTH AMERICA	11	35	(71)%	(69)%
ASIA PACIFIC	674	459	33 %	47 %
Total life and pensions	8,666	8,700	(12)%	-
Investment sales³				
UNITED KINGDOM	428	442	(3)%	(3)%
Total bancassurance sales	9,094	9,142	(12)%	(1)%

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

4 – Detailed worldwide investment sales analysis

	Regular			Single			PVNB
	12 months 2008 £m	12 months 2007 £m	Local currency growth	12 months 2008 £m	12 months 2007 £m	Local currency growth	Local currency growth
UNITED KINGDOM¹	77	81	(5)%	1,320	2,531	(48)%	(46)%
Netherlands (including Belgium and Germany)	-	-	-	304	811	(68)%	(68)%
Poland	7	4	50%	57	264	(83)%	(81)%
Other Europe	-	-	-	396	493	(31)%	(31)%
EUROPE	7	4	50%	757	1,568	(59)%	(59)%
Australia	-	-	-	1,411	1,961	(34)%	(34)%
Singapore	-	-	-	335	699	(59)%	(59)%
ASIA PACIFIC	-	-	-	1,746	2,660	(41)%	(41)%
Total investment sales	84	85	(2)%	3,823	6,759	(48)%	(47)%

1. UK regular premium investment sales include SIPP products. These are similar in nature to pension products and their payment pattern is stable and predictable and accordingly they have been capitalised. Regular premium SIPP sales for the 12 months to 31 December 2008 totalled £22 million (2007: £35 million) and have been capitalised using a weighted average capitalisation factor of 5.0 (2007: 5.0). As such, regular premium SIPP sales have produced an overall contribution to investment sales of £110 million (2007: £174 million) out of the UK investment sales of £1,485 million (2007: £2,751 million).

5 – Regional analysis of life, pension and investment sales on an EEV basis

	Present value of new business premiums			
	12 months 2008 £m	12 months 2007 £m	% Growth	
			Sterling	Local currency
Life and pensions business				
United Kingdom	11,668	11,655	-	-
Europe	15,695	14,914	5%	(10)%
North America	5,650	3,602	57%	45%
Asia Pacific	1,568	1,429	10%	-
Total life and pensions	34,581	31,600	9%	-
Investment sales				
United Kingdom	1,485	2,751	(46)%	(46)%
Europe	764	1,572	(51)%	(59)%
Asia Pacific	1,746	2,660	(34)%	(41)%
Total investment sales	3,995	6,983	(43)%	(47)%
Total long-term savings	38,576	38,583	-	(8)%