

Standard Life plc

New business results – twelve months to 31 December 2009

3 February 2010

An impressive performance in a year of challenging markets

- Life and pensions net inflows excluding bulk bond deals 57% higher at £3.2bn¹ (2008: £2.1bn)
- Standard Life Investments third party net inflows 67% higher at £5.7bn (2008: £3.4bn)

Strong growth in assets

- SIPP assets under administration 36% higher at £11.8bn² (31 December 2008: £8.7bn)
- Group pensions assets under administration 24% higher at £17.9bn (31 December 2008: £14.4bn)
- Wrap assets under administration more than doubled to £3.6bn (31 December 2008: £1.7bn)³
- Standard Life Investments third party assets under management 25% higher at £56.9bn (31 December 2008: £45.5bn)

Significant increase in flows and sales in the fourth quarter

- Life and pensions net inflows over three times higher at £1.3bn (Q4 2008: £0.4bn)¹
- Life and pensions sales of £4.2bn significantly higher than both the prior year and the third quarter (Q4 2008: £3.2bn, Q3 2009: £3.0bn)⁴

Chief Executive David Nish said:

“Standard Life has delivered an impressive performance in 2009, a year of challenging market conditions. Third party assets under management in our investments business have reached record levels and we have seen increased net flows across our life and pensions operations, particularly in the fourth quarter. We have also achieved good growth in our customer base and assets under administration in our core propositions. This momentum, coupled with the recent recovery in market levels, will benefit the Group’s future profits and cash flow.

“Our priority now is to execute our growth strategy in order to accelerate the performance of Standard Life as a long term savings and investments business. In addition, we will increase our focus on building valuable relationships with our customers through our brand, service and product propositions.

“We recently announced changes to the executive structure of the Group, which are an important first step in transforming how we operate. Our transformation will focus on increased investment to grow our business and improving our speed to market, underpinned by continued efficiencies in our operations. We are confident about the future prospects for Standard Life.”

Unless otherwise stated, all sales figures are on a PVNBP basis and all comparisons are in sterling and with the twelve months ending 31 December 2008.

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Strong growth in assets

Continued demand for our broad and innovative product set, coupled with a recovery in market levels, has led to strong growth in the assets we manage and administer across the Group.

We have seen strong growth in assets under administration within our life and pensions operations with increased customer numbers in our core product lines and positive net inflows demonstrating the strength of our propositions, excellence in customer service and strong distribution relationships. While markets have recovered significantly in the second half of the year, average equity market levels over 2009 were 15%⁵ lower than 2008 which has had an inevitable impact on net flows and sales. Nevertheless, net flows across our life and pensions operations have held up well and in the fourth quarter were significantly higher than both the equivalent period in 2008 and the third quarter of 2009.

Third party assets under management at Standard Life Investments have also increased to a new record level of £56.9bn. Good long term investment performance and the diversity of our fund range have led to significant growth in third party net investment inflows with a substantial contribution from our overseas clients.

Worldwide life and pensions operations

Net inflows across our worldwide life and pensions operations¹ have remained stable at £2.7bn (2008: £2.7bn), despite our decision not to renew UK bulk investment bond deals which were written in 2008 at lower margins in order to secure distribution relationships. These deals generated net inflows of £597m in 2008 and led to net outflows of £581m in 2009. Excluding these bond deals, worldwide net inflows increased by 57% to £3.2bn (2008: £2.1bn), reflecting our continued success in winning profitable institutional mandates and retail customers. Worldwide life and pension sales were 7% lower at £14.7bn (2008: £15.7bn)⁴.

UK business

Within our UK life and pensions operations, net inflows increased by 43% to £1.2bn (2008: £0.8bn), with net inflows in the fourth quarter nearly four times higher than the third quarter. Against this, lower average market levels have led to lower sales of £10.1bn (2008: £11.3bn)⁴.

We continue to see good growth in our individual SIPP customer base and assets under administration. The total number of customer accounts increased by 27% to 83,900 (31 December 2008: 65,900, 30 September 2009: 79,100), with good progress in customer numbers maintained in every quarter. SIPP assets under administration were 36% higher at £11.8bn (31 December 2008: £8.7bn, 30 September 2009: £11.0bn)². Average market levels over the year were lower than 2008 and this has had an inevitable impact on incoming transfer values, which continue to represent the majority of new business. Net inflows were lower at £1.8bn (2008: £2.5bn) and there was a 21% reduction in sales to £2.9bn (2008: £3.7bn)⁴. In line with our expectations, customers are increasingly using the flexible features within the product such as tax free cash and drawdown as our SIPP business grows and matures. In addition, we have seen a short-term increase in activity levels as some customers take retirement benefits ahead of the minimum age increasing from 50 to 55 in April 2010.

In group pensions, assets under administration increased by 24% to £17.9bn (31 December 2008: £14.4bn, 30 September 2009: £17.1bn)⁶. The quality, sustainability and flexibility of our proposition, combined with the financial strength of the Group, continue to act as key differentiators and enable us to win profitable new business. PVNBP sales from new scheme wins increased in 2009. This was offset by lower average salary increases and recruitment across the UK which, combined with lower average asset values, have reduced increments to existing schemes, which represent the majority of sales. Net flows were £1.5bn (2008: £1.5bn) while sales were £2.6bn (2008: £2.6bn)⁴. Volumes in our flexible group SIPP increased by 61%⁴ and accounted for 53% of total group pensions sales for the year (2008: 33%). We have seen a sharp increase in both sales and net inflows in the fourth quarter, largely reflecting single premium asset transfers of £220m for the BT scheme that were received during October.

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Institutional TIP net flows and sales increased by 151% to £1.5bn (2008: £0.6bn) and by 25% to £2.3bn (2008: £1.8bn)⁴ respectively. Performance during the fourth quarter has been very strong, reflecting significant contributions from a number of schemes.

Demand for mutual funds sold through our UK life and pensions business on our Wrap, Sigma and Fundzone platforms remains robust with net inflows more than doubling to £795m (2008: £339m) and sales 60% higher at £1.2bn (2008: £0.7bn)⁴.

Assets under administration on our Wrap platform have more than doubled to £3.6bn (31 December 2008: £1.7bn, 30 September 2009: £3.0bn)³. At the end of the year there were 583 IFA firms using the platform (31 December 2008: 409, 30 September 2009: 532) and 31,600 customers (31 December 2008: 16,900, 30 September 2009: 26,600). We continue to see strong momentum in our Wrap offering, with a healthy pipeline of IFA firms in the process of adopting the platform.

A number of endowment policies that were written during the early 1980s reached maturity during the year. This led to a net outflow of £1.3bn (2008: net outflow of £1.6bn) in respect of pre-Demutualisation life products. The vast majority of these products are conventional with profits contracts, which generate minimal shareholder margin. Excluding these flows, UK life and pensions net inflows amounted to £2.5bn during the year (2008: £2.4bn) within worldwide life and pensions net inflows of £4.0bn (2008: £4.2bn)¹.

Healthcare sales were 16% lower at £21m (2008: £25m) on an APE basis reflecting adverse economic conditions and our selective approach to the new business we write.

Europe

In Europe, net inflows were 31% lower at £869m (2008: £1,252m)⁷, with sales 29%⁸ lower at £1,280m (2008: £1,677m)⁴.

In Ireland, sales of £886m (2008: £1,074m)⁴ were 21%⁸ lower. Domestic sales increased by 11%⁸ in a shrinking market, due to the comprehensive choice and strength of the investment offering available through the Synergy product. In particular, the ability to invest in the Global Absolute Return Strategy fund managed by Standard Life Investments has proved popular with customers. Offshore bond sales were 44% lower at £370m (2008: £661m)⁴ due to the impact of the weak economic conditions experienced during the year.

Sales in Germany of £394m (2008: £603m)⁴ were 42%⁸ lower than the prior year. This reflects weak consumer confidence and a continuing preference for the German domestic life insurers combined with a less pronounced fourth quarter sales uplift in the market than in previous years. Net flows of £701m (2008: £702m) were more resilient due to strong inflows of regular premiums from the in-force book.

Canada

Canadian net inflows of £361m (2008: £340m) reflect higher gross inflows into individual insurance, savings and retirement product lines, with better trends in the retail market driving a significant reduction in net outflows to £37m (2008: net outflow £209m). Canadian sales were 5%⁸ higher at £2.6bn (2008: £2.2bn)⁴ with sales in the final quarter 44%⁸ higher than those recorded during the same period in 2008.

Group savings and retirement sales of £1,109m were 11%⁸ lower due to the distorting impact of a large defined benefit administration mandate secured in 2008. Within the Group savings and retirement total, sales of our core defined contribution offering increased by 36%⁸ to £915m (2008: £612m)⁴.

Individual insurance, savings and retirement new business increased by 57%⁸ to £623m (2008: £360m)⁴ with strong sales growth of 51%⁸ achieved in the fourth quarter amid continued signs of a recovery in the Canadian retail market. The market for mutual funds was challenging for the majority of the year, with sales 11%⁸ lower at £225m (2008:

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£229m)⁴. Following a recovery in equity markets, we have seen some improvement in customer sentiment, with fourth quarter sales 37%⁸ higher at £70m (Q4 2008: £49m).

Group insurance new business has increased by 13%⁸ to £641m (2008: £513m)⁴. We have been successful in winning new business from both new and existing clients and have maintained strong client retention, reflecting our high standards of customer service and the continued strength of our disability management proposition.

Asia

We are reporting net flows for our Asian operations for the first time. These were broadly flat at £223m (2008: £226m). Combined sales were 18%⁸ higher at £644m (2008: £495m).

Sales in India increased by 12%⁸, a sound performance as we continue to refocus the business for greater profitability. Standard Life's share of these sales was £411m (2008: £345m)⁴. In January 2010, Amitabh Chaudhry took up his position of CEO of our Indian joint venture, HDFC Standard Life. Prior to his appointment, Mr Chaudhry served as the Chief Executive Officer and Managing Director at Infosys BPO Ltd.

In China, sales volumes decreased by 12%⁸ reflecting management's greater focus on profitability through increasing the proportion of regular premium business. Standard Life's share of these sales was £116m (2008: £109m)⁴. In September 2009, we announced that we are in discussions with Bank of China in relation to a potential business combination. On successful conclusion of negotiations we expect to establish a strategic and value enhancing partnership.

Hong Kong has continued to enjoy strong growth and has increased market share. This is due to the success of our new unit-linked savings product, with sales increasing by 141%⁸ to £117m (2008: £41m)⁴.

Global investment management

At Standard Life Investments impressive inflows, particularly from our overseas clients, and the recovery in market levels, have driven an increase in third party assets under management to a record level of £56.9bn (31 December 2008: £45.5bn, 30 September 2009: £54.1bn). Third party assets represent 41% of total assets under management (31 December 2008: 37%, 30 September 2009: 39%). Total assets under management increased by £14.9bn to £138.7bn (31 December 2008: £123.8bn, 30 September 2009: £136.9bn).

Despite volatile markets third party net inflows at Standard Life Investments increased by 67% to £5.7bn, £3.9bn of which relates to investment products only. This represents 12% of opening third party assets under management. Over 80% of the net inflows came from outside the UK, further emphasising Standard Life Investments' growing international capability.

There has been strong client demand, both in the UK and Europe, for our Fixed Interest and Global Absolute Return Strategy (GARS) offerings across all of our products. In Europe our SICAVs⁹ have seen particularly significant growth with net inflows of £440m (2008: £1m). GARS products, where sales recently broke the £2bn barrier, are proving increasingly popular in both our more established markets, such as the UK and Ireland, and in the US and Australia.

Mutual Funds performed strongly with net inflows increasing by over five times to £669m (2008: £121m). Net inflows in India, where our joint venture HDFC Asset Management is one of the sub-continent's top performing asset managers, and Canada also showed significant increases on 2008 levels.

The money-weighted active investment performance over all time periods (one, three, five and ten years) continues to be comfortably above median for our third party business. The strength of our investment process across a range of UK Mutual Funds (OEICs and unit trusts) is demonstrated by the proportion of eligible actively managed funds (19 out of 29) rated 'A' or above by Standard & Poor's.

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Of particular note is the outstanding performance of the UK Equity fund range. The UK Equity Unconstrained Fund ranked 1st percentile, returning 99% to investors; the UK Equity High Alpha Fund ranked 2nd percentile returning 74%; and the UK Opportunities Fund ranked 3rd percentile returning 58%.

Capital strength maintained

Standard Life has a robust capital position that has been largely insensitive to market movements without the need to undertake any significant management actions. Our estimated FGD surplus has remained stable at £3.5bn (31 December 2008: £3.5bn¹⁰, 30 September 2009: £3.4bn). Our estimated HWPF residual estate at the end of the year remains unchanged at £0.5bn (31 December 2008: £0.5bn, 30 September 2009: £0.5bn).

Other developments

On 26 October 2009 we announced that we would sell our banking operations to Barclays Bank PLC (“Barclays”). This sale was successfully concluded on 1 January 2010. Progress towards the strategic agreement also announced on that date remains on track. At the end of 2009, savings balances in our banking operations had increased to £5.8bn (31 December 2008: £5.0bn, 30 September 2009: £5.6bn). This total includes combined SIPP and Wrap balances of £1.9bn (31 December 2008: £1.5bn, 30 September 2009: £1.8bn). Gross mortgage lending decreased by 74% to £281m (2008: £1.1bn). Mortgages under management stood at £7.7bn at the end of the year (31 December 2008: £9.7bn, 30 September 2009: £8.2bn).

Standard Life Group outlook

We are entering 2010 with good momentum in many of our businesses, and though the external environment is likely to remain uncertain we believe we have the opportunity to accelerate growth in a number of areas.

In the UK we see good prospects in SIPP, Wrap and group pensions where we have the potential to build on market-leading positions. In addition we are expanding our product range in the UK through the introduction of a unique new individual pension proposition as part of our Active Money Lifeplan.

The pipeline for institutional and retail business is healthy for Standard Life Investments with strong demand for our fixed interest, GARS and SICAV propositions. In line with the rest of the industry we are also experiencing renewed interest in commercial property products.

We expect Canada to perform well, driven by retail flows, though European markets are likely to remain tough. We continue to see opportunities for our Asian business.

This growth will be underpinned by a transformation in the way in which we operate. Our transformation will focus on increased investment to grow our business and improving our speed to market, supported by continued efficiencies in our operations.

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Notes to Editors

- Worldwide life and pensions net flows include net flows in respect of our Asia joint ventures and our Hong Kong subsidiary for the first time. Prior year figures have been restated accordingly.
- Analysis of Individual SIPP funds under administration.

	31 Dec 2009 £m	30 Sep 2009 £m	30 Jun 2009 £m	31 Mar 2009 £m	31 Dec 2008 £m
Insured Standard Life funds	2,832	2,757	2,495	2,375	2,559
Insured external funds	1,723	1,621	1,370	1,229	1,268
Collectives – Standard Life Investments	1,894	1,605	1,201	947	864
Collectives – Funds Network	973	913	764	658	656
Cash	1,199	1,114	1,092	1,056	869
Non collectives	3,159	3,023	2,796	2,540	2,443
Total	11,780	11,033	9,718	8,805	8,659
Insured	4,555	4,378	3,865	3,604	3,827
Non-insured	7,225	6,655	5,853	5,201	4,832
Total	11,780	11,033	9,718	8,805	8,659

Of the £11.8bn funds under administration at 31 December 2009, £1.6bn relate to funds on the Wrap platform.

- Wrap assets under administration have been restated to exclude amounts that have been secured but are pending investment onto the Wrap platform. The impact of this restatement has been immaterial, reducing the assets under administration figure as at 31 December 2008 by £0.1bn.
- Present value of new business premiums (PVNBP) is calculated as 100% of single premiums plus the expected present value of new regular premiums. The 2009 PVNBP figures are shown prior to any year end changes to non-economic assumptions. The 2009 preliminary results to be reported on 10 March will include the impact of any such assumption changes.

The PVNBP comparative figures for the 12 month period to 31 December 2008 include year end changes to non-economic assumptions and are as reported in the 2008 preliminary results. This is different to the new business press release issued on 28 January 2009 for the 12 months to 31 December 2008 where PVNBP figures were shown prior to year end changes to non-economic assumptions. The effect of changes to year end non-economic assumptions was an increase in total PVNBP of £33m in the final PVNBP results published in the 2008 preliminary results.

The PVNBP comparative figures for the three month period to 31 December 2008 exclude the full impact of 2008 year end changes to non-economic assumptions.

- The daily average level of the FTSE All share index was 15% lower over the twelve months to 31 December 2009 when compared to the same period in 2008. On the same basis the UK IPD All Property Index was 22% lower and the Sterling 5-10 Yr Corporate Securities Index was down 6%.
- The group pensions AUA figure as at 31 December 2008 has been restated to align with the methodology used for other product lines.

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- 7 Offshore bond net inflows of £157m (2008: £632m) are included within the European results.
- 8 Percentage movements for our International businesses are calculated on a constant currency basis.
- 9 A SICAV (société d'investissement à capital variable) is an open-ended collective investment scheme common in Western Europe. SICAVs can be cross-border marketed in the EU under the UCITS directive.
- 10 The FGD position as at 31 December 2008 is stated prior to the payment of the 2008 final dividend and is consistent with the figure reported in our Q4 2008 new business press release dated 28 January 2009. At our 2008 preliminary results in March 2009 we disclosed a revised FGD position of £3.3bn, which had been adjusted for the payment of the final dividend.
- 11 There will be a conference call today for newswires and online publications at 8:00am hosted by Jackie Hunt, Interim Chief Financial Officer and Paul Matthews, Managing Director of Distribution for UK Financial Services. Dial in telephone number +44 (0) 1452 555 566. Callers should quote Standard Life Media Call. The conference ID number is 50762279. A recording of this call will be available for replay for one week by dialling +44 (0) 1452 550 000 (access code 50762279#).
- 12 There will be a conference call today for analysts and investors at 9.30am hosted by Jackie Hunt, Interim Chief Financial Officer and Paul Matthews, Managing Director of Distribution for UK Financial Services. Dial in telephone number +44 (0) 1452 555 566. Callers should quote Standard Life Analysts & Investors Call. The conference ID number is 50756404. A recording of this call will be available for replay for one week by dialling +44 (0) 1452 550 000 (access code 50756404#).
- 13 This new business press release is available on the Financial Results page of the Standard Life website at www.standardlife.com

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Insurance operations net flows (regulatory basis) 12 months ended 31 December 2009

	Gross inflows 12 months to 31 Dec 2009 £m	Redemptions 12 months to 31 Dec 2009 £m	Net inflows 12 months to 31 Dec 2009 £m	Gross inflows 12 months to 31 Dec 2008 £m	Redemptions 12 months to 31 Dec 2008 £m	Net inflows 12 months to 31 Dec 2008 £m
UK						
Individual SIPP ^(a)	2,897	(1,136)	1,761	3,361	(897)	2,464
Individual pensions	911	(2,290)	(1,379)	1,125	(3,039)	(1,914)
Group pensions ^(a)	2,641	(1,145)	1,496	2,588	(1,109)	1,479
Institutional pensions	2,468	(921)	1,547	1,776	(1,160)	616
Pensions	8,917	(5,492)	3,425	8,850	(6,205)	2,645
Investment bonds	294	(1,527)	(1,233)	1,399	(1,510)	(111)
Mutual funds ^(b)	1,038	(243)	795	671	(332)	339
Savings and investments	1,332	(1,770)	(438)	2,070	(1,842)	228
Annuities	617	(1,138)	(521)	598	(1,100)	(502)
Protection	94	(57)	37	109	(68)	41
Legacy life	396	(1,685)	(1,289)	465	(2,029)	(1,564)
UK life and pensions ^{(c) (d)}	11,356	(10,142)	1,214	12,092	(11,244)	848
Europe						
Ireland ^(c)	949	(781)	168	1,149	(599)	550
Germany	823	(122)	701	780	(78)	702
Europe life and pensions	1,772	(903)	869	1,929	(677)	1,252
Canada						
Group savings and retirement	1,338	(1,051)	287	1,432	(1,065)	367
Individual insurance, savings and retirement	690	(727)	(37)	442	(651)	(209)
Group insurance	350	(285)	65	311	(187)	124
Mutual funds ^(b)	225	(179)	46	229	(171)	58
Canada life and pensions	2,603	(2,242)	361	2,414	(2,074)	340
Asia life and pensions ^(e)	303	(80)	223	268	(42)	226
Total worldwide life and pensions	16,034	(13,367)	2,667	16,703	(14,037)	2,666

(a) Included within non-insured SIPP is an element which is also included within UK mutual funds net flows in the third party Investment operations figures.

(b) The mutual funds net flows are also included within mutual fund net flows in the third party Investment operations figures.

(c) The offshore business is shown within the total Ireland result. This was previously included within UK life and pensions. The total net inflow for the period was £157m (2008: £632m inflow).

(d) UK life and pensions include a total net outflow of £2,081m in relation to conventional with profits business (2008: £2,365m outflow).

(e) Includes net flows in respect of our Hong Kong subsidiary and Standard Life's share of the Asia Joint Ventures.

Insurance operations new business 12 months ended 31 December 2009

	Single Premiums		New Regular Premiums		PVNBP ^(f)		Change ^(f) %	Change in constant currency ^{(f)(g)} %
	12 months to 31 Dec 2009	12 months to 31 Dec 2008	12 months to 31 Dec 2009	12 months to 31 Dec 2008	12 months to 31 Dec 2009	12 months to 31 Dec 2008		
	£m	£m	£m	£m	£m	£m		
UK								
Individual SIPP ^(a)	2,698	3,402	55	71	2,940	3,719	(21%)	(21%)
Individual pensions ^(b)	376	537	24	32	434	615	(29%)	(29%)
Group pensions ^{(a)(b)}	930	992	437	437	2,618	2,600	1%	1%
Institutional pensions	2,253	1,667	17	67	2,289	1,826	25%	25%
Pensions	6,257	6,598	533	607	8,281	8,760	(5%)	(5%)
Investment bonds	236	1,297	-	-	236	1,298	(82%)	(82%)
Mutual funds	1,020	661	19	10	1,167	731	60%	60%
Savings and investments	1,256	1,958	19	10	1,403	2,029	(31%)	(31%)
Annuities	448	471	-	-	448	471	(5%)	(5%)
Protection	-	-	1	2	2	7	(71%)	(71%)
UK life and pensions ^(c)	7,961	9,027	553	619	10,134	11,267	(10%)	(10%)
Europe								
Ireland ^(c)	846	995	9	17	886	1,074	(18%)	(21%)
Germany	29	51	29	50	394	603	(35%)	(42%)
Europe life and pensions	875	1,046	38	67	1,280	1,677	(24%)	(29%)
Canada								
Group savings and retirement	419	585	48	42	1,109	1,138	(3%)	(11%)
Individual insurance, savings and retirement	587	340	3	2	623	360	73%	57%
Group insurance ^(d)	1	-	37	35	641	513	25%	13%
Mutual funds	225	229	-	-	225	229	(2%)	(11%)
Canada life and pensions	1,232	1,154	88	79	2,598	2,240	16%	5%
Asia								
India ^(e)	16	14	85	92	411	345	19%	12%
China ^(e)	48	70 ^(h)	13	7 ^(h)	116	109	6%	(12%)
Hong Kong	6	9	20	8	117	41	185%	141%
Asia life and pensions	70	93	118	107	644	495	30%	18%
Total worldwide life and pensions	10,138	11,320	797	872	14,656	15,679	(7%)	(9%)

(a) Included within non-insured SIPP is an element which is also included within UK mutual fund net flows in the third party Investment operations figures.

(b) Single premiums include Department of Work and Pensions rebate premiums of £257m (2008: £282m), comprising Individual pension rebates of £141m (2008: £154m) and Group pensions rebates of £116m (2008: £128m).

(c) The offshore business is shown within the total Ireland result, comprising single premiums of £370m (2008: £661m) and PVNBP of £370m (2008: £661m). This was previously included within UK life and pensions.

(d) Canada Group insurance includes £1.8m (2008: £3.3m) of new regular premiums in respect of Consultation policies, representing the comparable full premium for £0.2m (2008: £0.4m) of new annualised fee income.

(e) Standard Life's share of the Joint Venture Company's new business.

(f) % change is calculated on the figures rounded to millions.

(g) Calculated using constant rates of exchange.

(h) Regular premiums in China of £3m for Group protection business have been reclassified to single premiums for the 12 months to 31 December 2008.

(i) New business gross sales for overseas operations are calculated using average exchange rates. The principal average rates for the 12 months to 31 December 2009 were £1:C\$1.78 (2008: £1: C\$1.96) and £1: €1.12 (2008:£1:€1.26).

(j) The 2009 PVNBP figures exclude year end changes to non-economic assumptions. The 2009 preliminary results to be reported on 10 March will include the impact of any such assumption changes. The comparative 2008 PVNBP figures include 2008 year end changes to non-economic assumptions and are as reported in the 2008 preliminary results. This is different to the New business press release issued on 28 January 2009 for the 12 months to 31 December 2008 where PVNBP figures were shown prior to year end changes to non-economic assumptions. The effect of the changes to year end non-economic assumptions was an increase in total PVNBP of £33m in the final PVNBP results published in the 2008 preliminary results.

Investment operations
12 months ended 31 December 2009

		Opening FUM 1 Jan 2009 £m	Gross inflows £m	Redemptions £m	Net inflows £m	Market and other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2009 £m
UK	Mutual funds ^(a)	4,237	1,615 ^(b)	(946)	669	912	1,581	5,818
	Private equity	3,859	55	(5)	50	(362)	(312)	3,547
	Segregated funds	11,312	877	(1,203)	(326)	1,768	1,442	12,754
	Pooled property funds	917	54	-	54	446	500	1,417
Total UK		20,325	2,601	(2,154)	447	2,764	3,211	23,536
Canada	Mutual funds ^(a)	1,295	231 ^(c)	(183)	48	219	267	1,562
	Separate mandates ^(d)	1,375	1,382	(138)	1,244	385	1,629	3,004
Total Canada		2,670	1,613	(321)	1,292	604	1,896	4,566
International	Europe	840	1,243	(45)	1,198	98	1,296	2,136
	India ^(e)	1,454	62	-	62	580	642	2,096
	Other	79	48	(6)	42	21	63	142
Total International		2,373	1,353	(51)	1,302	699	2,001	4,374
Total worldwide investment products excluding money market and related funds								
		25,368	5,567	(2,526)	3,041	4,067	7,108	32,476
	UK Money market funds ^(f)	4,977	(1,063)	-	(1,063)	(289)	(1,352)	3,625
	India cash funds ^{(f) (g)}	1,263	1,889	-	1,889	(694)	1,195	2,458
Total worldwide investment products		31,608	6,393	(2,526)	3,867	3,084	6,951	38,559

Total third party assets under management comprise the investment business noted above together with third party insurance contracts. New business relating to third party insurance contracts is disclosed as insurance business for reporting purposes. An analysis of total third party funds under management is shown below.

	Opening FUM 1 Jan 2009 £m	Gross inflows £m	Redemptions £m	Net inflows £m	Market and other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2009 £m
Third party investment products	31,608	6,393	(2,526)	3,867	3,084	6,951	38,559
Third party insurance contracts (new business classified as insurance products)	13,861	3,354	(1,547)	1,807	2,702	4,509	18,370
Total third party assets under management	45,469	9,747	(4,073)	5,674	5,786	11,460	56,929
Standard Life Investments - total assets under management	123,835						138,724

(a) Included within mutual funds are cash inflows which have also been reflected in UK and Canada mutual fund new business sales.

(b) In the 12 months to 31 December 2008 UK mutual funds gross inflows were £1,225m and net inflows were £121m.

(c) In the 12 months to 31 December 2008 Canadian mutual funds gross inflows were £239m and net inflows were £61m.

(d) Separate mandates refers to investment funds products sold in Canada exclusively to institutional customers. These products contain no insurance risk and consist primarily of defined benefit pension plan assets for which Standard Life Investments exclusively provides portfolio advisory services.

(e) International gross inflows include India where, due to the nature of the Indian investment sales market, the new business is shown as the net of sales less redemptions. India cash funds are included under money market and related funds in the table.

(f) Due to the nature of the Money market funds and India cash funds, the flows are calculated using average net client balances. Other movements are derived as the difference between these average net inflows and the movement in the opening and closing FUM.

(g) Historically, the Indian cash fund flows were calculated on the spot rate balances. Due to the volatility of these funds, the approach has been changed to ensure consistency with the methodology applied to UK money market funds.

(h) Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 31 December 2009. Investment fund flows are translated at average exchange rates. Gains and losses arising from the translation of funds denominated in foreign currencies are included in the market and other movements column. The principal closing exchange rates used as at 31 December 2009 were £1: C\$1.69 (31 December 2008: £1:C\$1.77) and £1:€1.13 (31 December 2008: £1: €1.03). The principal average exchange rates for the 12 months to 31 December 2009 were £1: C\$1.78 (2008: £1: C\$1.96) and £1: €1.12 (2008: £1: €1.26).

Insurance operations net flows (regulatory basis) 3 months ended 31 December 2009

	Gross inflows 3 months to 31 Dec 2009 £m	Redemptions 3 months to 31 Dec 2009 £m	Net inflows 3 months to 31 Dec 2009 £m	Gross inflows 3 months to 31 Dec 2008 £m	Redemptions 3 months to 31 Dec 2008 £m	Net inflows 3 months to 31 Dec 2008 £m
UK						
Individual SIPP ^(a)	784	(346)	438	819	(274)	545
Individual pensions	173	(623)	(450)	203	(703)	(500)
Group pensions ^(a)	849	(315)	534	534	(256)	278
Institutional pensions	903	(258)	645	266	(236)	30
Pensions	2,709	(1,542)	1,167	1,822	(1,469)	353
Investment bonds	52	(245)	(193)	132	(324)	(192)
Mutual funds ^{(b) (c)}	337	(80)	257	155	(73)	82
Savings and investments	389	(325)	64	287	(397)	(110)
Annuities	131	(278)	(147)	142	(277)	(135)
Protection	22	(13)	9	26	(13)	13
Legacy life	93	(328)	(235)	111	(470)	(359)
UK life and pensions ^{(d) (e)}	3,344	(2,486)	858	2,388	(2,626)	(238)
Europe						
Ireland ^(d)	314	(218)	96	425	(175)	250
Germany	240	(31)	209	260	(29)	231
Europe life and pensions	554	(249)	305	685	(204)	481
Canada						
Group savings and retirement	320	(300)	20	297	(238)	59
Individual insurance, savings and retirement	196	(218)	(22)	128	(176)	(48)
Group insurance	89	(73)	16	83	(52)	31
Mutual funds ^(b)	70	(51)	19	49	(43)	6
Canada life and pensions	675	(642)	33	557	(509)	48
Asia life and pensions ^(f)	87	(21)	66	73	(13)	60
Total worldwide life and pensions	4,660	(3,398)	1,262	3,703	(3,352)	351

(a) Included within non-insured SIPP is an element which is also included within UK mutual fund net flows in the third party Investment operations figures.

(b) The mutual funds net flows are also included within mutual fund net flows in the third party Investment operations figures.

(c) UK figures include Sigma UKFS mutual funds. 2008 figures have been restated to reflect inclusion of these mutual funds. The total net outflow for the period was £36m (2008: £41m outflow).

(d) The offshore business is shown within the total Ireland result. This was previously included within UK life and pensions. The total net inflow for the period was £57m (2008: £212m inflow).

(e) UK life and pensions include a total net outflow of £436m in relation to conventional with profits business (2008: £570m outflow).

(f) Includes net flows in respect of our Hong Kong subsidiary and Standard Life's share of the Asia Joint Ventures.

Insurance operations new business 3 months ended 31 December 2009

	Single Premiums		New Regular Premiums		PVNBP ^(k)			
	3 months to 31 Dec 2009	3 months to 31 Dec 2008	3 months to 31 Dec 2009	3 months to 31 Dec 2008	3 months to 31 Dec 2009	3 months to 31 Dec 2008	Change ^(g)	Change in constant currency ^{(g) (h)}
	£m	£m	£m	£m	£m	£m	%	%
UK								
Individual SIPP ^(a)	722	791	10	16	761	870	(13%)	(13%)
Individual pensions ^(b)	43	65	5	6	55	87	(37%)	(37%)
Group pensions ^{(a) (b)}	386	124	85	84	713	464	54%	54%
Institutional pensions	869	257	3	7	875	272	222%	222%
Pensions	2,020	1,237	103	113	2,404	1,693	42%	42%
Investment bonds	42	111	-	-	42	112	(63%)	(63%)
Mutual funds ^(c)	337	152	-	3	337	172	96%	96%
Savings and investments	379	263	-	3	379	284	33%	33%
Annuities	95	110	-	-	95	110	(14%)	(14%)
Protection	-	-	-	-	-	1	(100%)	(100%)
UK life and pensions ^(d)	2,494	1,610	103	116	2,878	2,088	38%	38%
Europe								
Ireland ^(d)	285	380	2	8	297	417	(29%)	(32%)
Germany	14	21	9	14	129	178	(28%)	(32%)
Europe life and pensions	299	401	11	22	426	595	(28%)	(32%)
Canada								
Group savings and retirement	80	82	5	9	145	204	(29%)	(35%)
Individual insurance, savings and retirement	169	104	1	1	181	110	65%	51%
Group insurance ^(e)	-	-	15	9	264	62	326%	297%
Mutual funds	70	49	-	-	70	49	43%	37%
Canada life and pensions	319	235	21	19	660	425	55%	44%
Asia								
India ^(f)	7	2	24	19	110	70	57%	63%
China ^(f)	11	23 ⁽ⁱ⁾	5	4 ⁽ⁱ⁾	38	43	(12%)	(17%)
Hong Kong	2	1	8	2	48	9	433%	434%
Asia life and pensions	20	26	37	25	196	122	61%	60%
Total worldwide life and pensions	3,132	2,272	172	182	4,160	3,230	29%	26%

(a) Included within non-insured SIPP is an element which is also included within UK mutual fund net flows in the third party Investment operations figures.

(b) Single premiums include Department of Work and Pensions rebate premiums of £11m (2008: £10m), comprising Individual pension rebates of £7m (2008: £7m) and Group pensions rebates of £4m (2008: £3m).

(c) UK figures include Sigma UKFS mutual funds. 2008 figures have been restated to reflect inclusion of these mutual funds. The 2009 impact is £31m (2008: £22m).

(d) The offshore business is shown within the total Ireland result, comprising single premiums of £118m (2008: £228m) and PVNBP of £118m (2008: £228m). This was previously included within UK life and pensions.

(e) Canada Group insurance includes £0.7m (2008: £0.9m) of new regular premiums in respect of Consultation policies, representing the comparable full premium for £0.1m (2008: £0.1m) of new annualised fee income.

(f) Standard Life's share of the Joint Venture Company's new business.

(g) % change is calculated on the figures rounded to millions.

(h) Calculated using constant rates of exchange.

(i) Regular premiums in China of £1m for Group protection business have been reclassified to single premiums for the three months to 31 December 2008.

(j) New business gross sales for overseas operations are calculated using average exchange rates. The principal average rates for the 12 months to 31 December 2009 were £1:C\$1.78 (2008: £1: C\$1.96) and £1: €1.12 (2008:£1:€1.26).

(k) The 2009 PVNBP figures exclude year end changes to non-economic assumptions. The 2009 preliminary results to be reported on 10 March will include the impact of any such assumption changes. The comparative three month period to 31 December 2008 excludes the full impact of 2008 year end changes to non-economic assumptions. The effect of changes to year end non-economic assumptions was an increase in total PVNBP of £33m in the final PVNBP results published in the 2008 Preliminary results.

Investment operations
3 months ended 31 December 2009

		Opening FUM 1 Oct 2009 £m	Gross inflows £m	Redemptions £m	Net inflows £m	Market and other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2009 £m
UK	Mutual funds ^(a)	5,497	499 ^(b)	(274)	225	96	321	5,818
	Private equity	3,636	(1)	(2)	(3)	(86)	(89)	3,547
	Segregated funds	12,551	57	(147)	(90)	293	203	12,754
	Pooled property funds	1,109	6	-	6	302	308	1,417
Total UK		22,793	561	(423)	138	605	743	23,536
Canada	Mutual funds ^(a)	1,513	72 ^(c)	(51)	21	28	49	1,562
	Separate mandates ^(d)	2,751	290	(67)	223	30	253	3,004
Total Canada		4,264	362	(118)	244	58	302	4,566
International	Europe	1,885	310	(25)	285	(34)	251	2,136
	India ^(e)	1,750	206	-	206	140	346	2,096
	Other	91	44	(1)	43	8	51	142
Total International		3,726	560	(26)	534	114	648	4,374
Total worldwide investment products excluding money market and related funds		30,783	1,483	(567)	916	777	1,693	32,476
	Money market funds ^(f)	3,850	(380)	-	(380)	155	(225)	3,625
	India cash funds ^{(f) (g)}	2,227	115	-	115	116	231	2,458
Total worldwide investment products		36,860	1,218	(567)	651	1,048	1,699	38,559

Total third party assets under management comprise the investment business noted above together with third party insurance contracts. New business relating to third party insurance contracts is disclosed as insurance business for reporting purposes. An analysis of total third party funds under management is shown below.

	Opening FUM 1 Oct 2009 £m	Gross inflows £m	Redemptions £m	Net inflows £m	Market and other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2009 £m
Third party investment products	36,860	1,218	(567)	651	1,048	1,699	38,559
Third party insurance contracts (new business classified as insurance products)	17,193	1,205	(464)	741	436	1,177	18,370
Total third party assets under management	54,053	2,423	(1,031)	1,392	1,484	2,876	56,929
Standard Life Investments - total assets under management	136,942						138,724

(a) Included within mutual funds are cash inflows which have also been reflected in UK and Canada mutual fund new business sales.

(b) In the three months to 31 December 2008 UK mutual funds gross inflows were £300m and net inflows were £64m.

(c) In the three months to 31 December 2008 Canadian mutual funds gross inflows were £54m and net inflows were £8m.

(d) Separate mandates refers to investment funds products sold in Canada exclusively to institutional customers. These products contain no insurance risk and consist primarily of defined benefit pension plan assets for which Standard Life Investments exclusively provides portfolio advisory services.

(e) International gross inflows include India where, due to the nature of the Indian investment sales market, the new business is shown as the net of sales less redemptions. India cash funds are included under money market and related funds in the table.

(f) Due to the nature of the Money market funds and India cash funds, the flows are calculated using average net inflows and the movement in the opening and closing FUM.

(g) Historically, the Indian cash fund flows were calculated on the spot rate balances. Due to the volatility of these funds, the approach has been changed to ensure consistency with the methodology applied to UK money market funds.

(h) Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 31 December 2009. Investment fund flows are translated at average exchange rates. Gains and losses arising from the translation of funds denominated in foreign currencies are included in the market and other movements column. The principal closing exchange rates used as at 31 December 2009 were £1: C\$1.69 (30 September 2009: £1:C\$1.72) and £1:€1.13 (30 September 2009: £1: €1.09). The principal average exchange rates for the 12 months to 31 December 2009 were £1: C\$1.78 (2008: £1: C\$1.96) and £1: €1.12 (2008: £1: €1.26).

Insurance operations new business 15 months ended 31 December 2009

	Present Value of New Business Premiums (PVNBP)				
	3 months to 31 Dec 2009 £m	3 months to 30 Sep 2009 £m	3 months to 30 June 2009 £m	3 months to 31 Mar 2009 £m	3 months to 31 Dec 2008 ^(d) £m
UK					
Individual SIPP	761	642	696	841	870
Individual pensions	55	97	191	91	87
Group pensions	713	378	911	616	464
Institutional pensions	875	470	525	419	272
Pensions	2,404	1,587	2,323	1,967	1,693
Investment bonds	42	40	70	84	112
Mutual funds ^(a)	337	288	266	276	172
Savings and investments	379	328	336	360	284
Annuities	95	95	110	148	110
Protection	-	-	1	1	1
UK life and pensions ^(b)	2,878	2,010	2,770	2,476	2,088
Europe					
Ireland ^(b)	297	217	208	164	417
Germany	129	80	86	99	178
Europe life and pensions	426	297	294	263	595
Canada					
Group savings and retirement	145	214	393	357	204
Individual insurance, savings and retirement	181	202	130	110	110
Group insurance	264	117	145	115	62
Mutual funds	70	53	49	53	49
Canada life and pensions	660	586	717	635	425
Asia					
India ^(c)	110	98	58	145	70
China ^(c)	38	22	23	33	43
Hong Kong	48	32	23	14	9
Asia life and pensions	196	152	104	192	122
Total worldwide life and pensions	4,160	3,045	3,885	3,566	3,230

(a) UK figures include Sigma UKFS mutual funds. 2008 figures have been restated to reflect inclusion of these mutual funds.

(b) 2008 comparatives have been restated to reflect the inclusion of offshore business within the total Ireland result. The impact on the three months to 31 December 2008 was £228m. This was previously included within UK life and pensions.

(c) Amounts shown reflect Standard Life's share of the Joint Venture Company's new business.

(d) The three month period to 31 December 2008 excludes the full impact of 2008 year end changes to non-economic assumptions. The effect of changes to year end non-economic assumptions was an increase in total PVNBP of £33m in the final PVNBP results published in the 2008 Preliminary results.

Insurance operations net flows (regulatory basis) 15 months ended 31 December 2009

	Net flows				
	3 months to 31 Dec 2009 £m	3 months to 30 Sep 2009 £m	3 months to 30 June 2009 £m	3 months to 31 Mar 2009 £m	3 months to 31 Dec 2008 £m
UK					
Individual SIPP	438	364	518	441	545
Individual pensions	(450)	(331)	(228)	(370)	(500)
Group pensions	534	291	378	293	278
Institutional pensions	645	342	279	281	30
Pensions	1,167	666	947	645	353
Investment bonds	(193)	(215)	(309)	(516)	(192)
Mutual funds ^(a)	257	202	172	164	82
Savings and investments	64	(13)	(137)	(352)	(110)
Annuities	(147)	(149)	(136)	(89)	(135)
Protection	9	10	11	7	13
Legacy life	(235)	(293)	(292)	(469)	(359)
UK life and pensions ^(b)	858	221	393	(258)	(238)
Europe					
Ireland ^(b)	96	10	53	9	250
Germany	209	166	162	164	231
Europe life and pensions	305	176	215	173	481
Canada					
Group savings and retirement	20	104	83	80	59
Individual insurance, savings and retirement	(22)	55	(27)	(43)	(48)
Group insurance	16	18	15	16	31
Mutual funds	19	12	11	4	6
Canada life and pensions	33	189	82	57	48
Asia life and pensions ^(c)	66	52	28	77	60
Total worldwide life and pensions	1,262	638	718	49	351

(a) UK figures include Sigma UKFS mutual funds. 2008 figures have been restated to reflect inclusion of these mutual funds. The impact on the three months to 31 December 2008 was £41m outflow.

(b) 2008 comparatives have been restated to reflect the inclusion of offshore business within the total Ireland result. The impact on the three months to 31 December 2008 was £212m inflow. This was previously included within UK life and pensions.

(c) Includes net flows in respect of our Hong Kong subsidiary and Standard Life's share of the Asia Joint Ventures.