

Standard Life group

# Press release



## Standard Life plc

New Business Results – nine months to 30 September 2007

26 October 2007

- **Worldwide life and pensions sales<sup>1</sup> up 21% to £11,669m (2006: £9,690m).**
- **UK life and pensions sales up 27% to £9,850m (2006: £7,777m).**
  - **Individual SIPP\* sales up 43% to £3,577m (2006: £2,506m).**
  - **Group Pensions sales up 31% to £2,000m (2006: £1,532m).**
- **Standard Life Investments worldwide investment net inflows up 95% to £6,078m (2006: £3,121m).**
  - **Third party funds under management up 24% to £47.7bn (31 December 2006: £38.5bn).**
  - **Total funds under management up 8% to £142.2bn (31 December 2006: £132.1bn).**
- **On track to meet our target of a 9 – 10% return on embedded value in 2007 and increasing thereafter.**

All comparisons are in sterling unless otherwise stated<sup>2</sup>. All sales figures are on a PVNBP basis unless otherwise stated. All comparators are with the first nine months of 2006 unless otherwise stated. \*Individual SIPP includes Insured SIPP & Drawdown and Non-Insured SIPP.

Group Chief Executive Sandy Crombie said:

“Our performance has been strong this year. Worldwide life and pensions sales are up 21%, with strong growth in our UK and European operations despite more challenging conditions, particularly in the UK, during the third quarter.

Standard Life Investments continues to make great progress and our investment net flows have increased substantially in spite of the recent volatility seen in global financial markets.

The Group’s success has been driven by industry-leading customer service, sustained investment outperformance and an innovative suite of products.

These qualities will underpin our future growth and help deliver continuing strong performance.”

[www.standardlife.com](http://www.standardlife.com)

Standard Life plc, registered in Scotland (SC286832), Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. 0131 225 2552.

*Calls may be recorded/monitored and call charges may vary.*

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### Standard Life group

The Group's new business performance in the first nine months of 2007 has been strong, with growth of 21% in worldwide life and pensions and a 95% increase in investment net inflows. The moderation in growth rate from that seen in recent quarters was due to lower levels of UK new business in the third quarter, reflecting the impact of seasonality, recent volatility in financial markets, competitor pricing activity, and a tougher 2006 Q3 comparator.

We remain confident of achieving our previously announced margin targets and are on track to meet our target of a 9 – 10% return on embedded value in 2007 and increasing thereafter.

### UK Financial Services

Our UK financial services division has enjoyed strong growth in the first nine months of 2007. Life and pensions new business volumes increased by 27% to £9,850m, driven by a 28% growth in pensions and a 23% increase in life sales. Gross mortgage lending and healthcare sales increased by 28% and 7% respectively.

Individual SIPP sales increased by 43% to £3,577m (2006: £2,506m), resulting in SIPP funds under administration growing to £7.1bn<sup>3</sup> at the end of the third quarter (31 December 2006: £4.3bn). At 30 September 2007 we had 41,700 SIPP customers (31 December 2006: 25,200) with an average case size of £169,000. Our third quarter SIPP sales were lower than the second quarter, reflecting seasonality and the action by some competitors to increase commission rates on traditional pension products. We continue to invest in our SIPP proposition, with enhancements such as online servicing due to be launched in 2008. We believe our competitive advantages of superior customer service and the ability to invest in improving our proposition will enhance our market-leading status in the SIPP market.

Standard Life's Wrap proposition continues to be rolled out and developed with IFAs. At 30 September 2007, funds under administration on the Wrap platform had increased to £0.8bn<sup>3</sup> (31 December 2006: £0.2bn). At the end of the third quarter there were 183 IFA firms using the platform (31 December 2006: 88 firms) and 5,900 customers (31 December 2006: 900 customers) with an average fund size of £138,000. We expect total funds under administration on the Wrap platform to exceed £1.0bn during the fourth quarter.

Group Pensions sales increased by 31% to £2,000m (2006: £1,532m). Group SIPP accounted for 27% of total Group Pensions sales during the 9 month period (2006: 13%). As previously disclosed, Group Pension sales in the second quarter benefited from the rewrite of a group stakeholder scheme as a Group SIPP and significant DWP

rebates. At 30 September 2007 UK corporate pension funds under management increased to £15.0bn (31 December 2006: £13.5bn).

Trustee Investment Plan (TIP) and Personal Pension Investment Plan (PPIP) new business increased by 26% to £1,557m<sup>4</sup> (2006: £1,231m) driven by strong investment performance.

Life sales increased by 23% to £1,656m (2006: £1,348m) partly due to a 13% increase in Investment Bond sales to £1,488m (2006: £1,322m). In addition, sales of our Offshore Bond, at £168m, were over six times the level reported in the prior year period (2006: £26m), helped by the launch of our retail portfolio bond and our distribution agreement with Fidelity. The impact of recent capital gains tax proposals may subdue sales of investment bonds while the new tax regime is clarified but should benefit mutual fund sales through FundZone.

Annuity sales increased by 19% to £381m (2006: £320m). 94% of annuity sales came from customers with maturing Standard Life pensions (2006: 93%).

We continue to strengthen our distribution capability in the UK life and pensions market by diversifying across channels whilst maintaining strong growth in the traditional IFA sector. Sales generated through channels other than traditional IFAs represented 41% of new business (2006: 28%) reflecting growth through Consulting Actuaries, multi-tie and single-tie distribution arrangements.

Net flows for life and pensions business were £1.5bn during the first 9 months of 2007 (2006: £2.3bn)<sup>5</sup>. Within this total, net pensions flows were £2.1bn (2006: £2.5bn). Excluding institutional TIP, underlying net pensions flows were £1.4bn (2006: £1.8bn). Net life outflows were £0.6bn during the period (2006: net outflow of £0.2bn).

Gross mortgage lending increased by 28% to £2,697m (2006: £2,111m) with sales in the third quarter benefiting from the launch of new products and expected seasonal trends. At the end of the third quarter mortgages under management stood at £11.0bn (31 December 2006: £10.4bn). Our mortgage portfolio remains of the highest quality with an arrears rate of 0.17% at 30 September 2007, compared with an industry average at the end of the second quarter of 1.15%.

Healthcare sales rose by 7% to £16m (2006: £15m) on an annual premium equivalent (APE) basis. Following the recent launch of our SME product we expect further progress in this market over the coming months.

We have to date seen an increase in UK life and pensions sales during the month of October compared to September. However, against a backdrop of more volatile investment markets, increased cost of debt, lower [www.standardlife.com](http://www.standardlife.com)

expected returns from commercial property and new uncertainties in the tax regime affecting bond products, we expect slower market growth in the fourth quarter compared with the previous year. During this period, we expect to at least maintain our market leading position.

### Europe

Life and pensions sales in Europe remained buoyant in the third quarter with sales for the first nine months increasing by 50% in constant currency to £771m (2006: £521m).

In Germany sales were up by 30% on a constant currency basis to £417m (2006: £325m) due to the success of our new unit-linked product, Maxxellence and initiatives to strengthen distribution. In July, we introduced a basic variant of the Maxxellence product, which has broadened the reach of the offering.

Sales in Ireland increased by 82% in constant currency to £354m (2006: £196m). This reflects the continued popularity of our new products, self investment options inspired by the UK SIPP platform, and our improved standing amongst financial advisers.

As a consequence of current market volatility, we expect the short-term growth rate across our European operations to slow from the levels seen in recent quarters.

### Canada

Our Canadian operations have returned to growth during the third quarter, following the planned realignment of our distribution capability, which reduced sales levels earlier this year. An 18% increase in third quarter sales in constant currency to £266m (2006: £228m), driven by strong growth in all product lines, demonstrates that this initiative is starting to deliver.

Over the full nine month period, however, sales in our Canadian business were down 27% in constant currency to £855m (2006: £1,253m) reflecting our continuing focus on value over volume in a competitive market as well as a number of large transactions which boosted the prior year figure. Excluding these transactions, underlying sales volumes declined by 2% on a constant currency basis.

Group Savings and Retirement sales during the nine month period decreased by 37% in constant currency to £481m (2006: £820m). However, the comparative period contains two large transactions, which accounted for £319m. Competition within the market remains aggressive and quote activity across all segments is slowing down. [www.standardlife.com](http://www.standardlife.com)

Nevertheless, sales increased by 13% during the third quarter. A number of large schemes, which have already been secured, should result in a further recovery when they are reflected in the fourth quarter sales.

Individual Insurance, Savings & Retirement sales were down 19% in constant currency to £262m (2006: £348m). This reflects the continuing realignment of our sales operations and the inclusion in the prior year of unprofitable Universal Life sales, which the company no longer writes. Sales during the third quarter increased by 10% compared to the prior year. A further increase in sales levels is expected in Q4 as we continue to rebuild our sales capacity and increase our presence with wealth management distributors.

Group Insurance sales were up 40% in constant currency to £112m (2006: £85m), reflecting our success in the health insurance segment and the repositioning of our strategy. We are making significant progress with our new disability consulting offering with a large client recently secured and expected to be reflected in the first quarter sales next year.

The ongoing rebuilding of our retail sales force and confirmed sales in Group Savings and Retirement will provide the necessary momentum for a positive start to 2008.

### **Asia Pacific**

Combined sales from our joint ventures in India and China and our Hong Kong operations have increased by 65% in constant currency. Standard Life's share of these sales was £193m (2006: £139m)<sup>6</sup>.

Sales from our Indian joint venture HDFC Standard Life Insurance Limited increased by 44% in constant currency. Standard Life's share of these sales was £147m (2006: £124m). The number of financial consultants appointed by the joint venture has increased to 99,300, an increase of 14,800 during the third quarter.

Sales generated by our Chinese joint venture, Heng An Standard Life, more than doubled in constant currency, reflecting our continued expansion in major cities within existing provinces. Standard Life's share of these sales was £33m (2006: £15m). During the third quarter we further developed our presence within the Chinese market through the opening of a new branch in Liaoning province and launched unit-linked products for distribution through the employed salesforce and banks.

We expect further strong growth in our Asia Pacific operations, driven by new product launches, wider distribution and market expansion.

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### Standard Life Investments

Standard Life Investments has continued to perform well despite volatility in global financial markets in the third quarter. Worldwide investment net inflows increased by 95% to £6,078m (2006: £3,121m).

Strong sales of institutional and retail business led to UK net inflows increasing by 83% to £5,223m (2006: £2,849m). Retail mutual fund inflows increased by 52% to £1,401m (2006: £920m) despite a marked slowdown in gross inflows during the third quarter, which can be directly linked to the recent volatility in global financial markets. Inflows into Private Equity funds increased substantially by 174% to £460m (2006: £168m), principally due to a large mandate from CalPers<sup>7</sup> of €400m (£279m), which transitioned during the third quarter. Segregated fund inflows increased by 112% to £2,071m (2006: £978m) partly due two large bond mandates, which transitioned during the third quarter.

We experienced a strengthening of net inflows in respect of our Canadian and International operations to £365m (2006: £72m) and £490m (2006: £200m) respectively, the trend in Canada reflecting a number of liability driven investment mandates won during the period.

Total assets under management increased by 8% to £142.2bn at 30 September 2007 (31 December 2006: £132.1bn). This increase has been driven by third party assets under management, which have increased by 24% to £47.7bn (31 December 2006: £38.5bn) on the back of strong third party net inflows.

Investment performance has held up well despite volatile market conditions, with 19 of our 23 mutual funds above median, and 4 of these in the top decile over a 12 month period. In addition, during the year to 31 August, 20 of our 23 pooled pension funds were above median, with 3 of these funds in the top decile.

The outlook for Standard Life Investments remains positive with strong third party inflows, driven by institutional funds, expected to sustain continued growth in third party assets under management.

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## Notes to Editors

1. Present Value of New Business Premiums (PVNBP) is calculated as 100% of single premiums plus the expected present value of new regular premiums.
2. Insurance new business and gross sales for overseas operations are calculated using average exchange rates. The principal average exchange rates for the nine months to 30 September 2007 were £1: C\$2.19 (2006: £1: C\$2.05) and £1: €1.48 (2006: £1: €1.46). Funds under management are calculated using the closing exchange rate as at 30 September 2007. The principal closing exchange rates used as at 30 September 2007 were £1: C\$2.02 (31 December 2006: £1: C\$2.28) and £1: €1.43 (31 December 2006: £1: €1.48).
3. Analysis of Individual SIPP funds under administration.

	<b>30 Sept 2007 £m</b>	<b>31 Dec 2006 £m</b>
Insured Standard Life Funds	2,716	1,923
Insured External Funds	1,590	921
Collectives – Standard Life Investments	752	361
Collectives – Funds Network	534	234
Cash	386	223
Non Cash and Non Collectives	1,090	599
<b>Total</b>	<b>7,068</b>	<b>4,261</b>
Insured	4,306	2,844
Non-insured	2,762	1,417
<b>Total</b>	<b>7,068</b>	<b>4,261</b>

Of the £7.1bn of SIPP funds under administration at 30 September 2007, £0.4bn relate to funds on the Wrap platform.

4. Investments (TIP & PPIP) sales comprised Institutional sales of £1,471m (2006: £1,139m) and Retail sales of £86m (2006: £92m).



## 5. Net flows for UK life and pensions products

	9 months 2007 £bn	9 months 2006 £bn	Q3 2007 £bn	Q3 2006 £bn
<b>Pension Products</b>				
<i><b>Insured Pensions</b></i>				
Premiums / Deposits	7.0	5.9	2.2	2.4
Claims	(5.3)	(3.4)	(1.7)	(1.6)
Annuity Payments	(0.7)	(0.6)	(0.3)	(0.3)
<b>Insured Pension Net Flows</b>	<b>1.0</b>	<b>1.9</b>	<b>0.2</b>	<b>0.5</b>
<i><b>Non - Insured Pensions</b></i>				
Premiums / Deposits	1.2	0.7	0.4	0.3
Claims	(0.1)	(0.1)	(0.0)	(0.1)
<b>Non-Insured Pension Net Flows</b>	<b>1.1</b>	<b>0.6</b>	<b>0.4</b>	<b>0.2</b>
<b>Total Pension Net Flows</b>	<b>2.1</b>	<b>2.5</b>	<b>0.6</b>	<b>0.7</b>
<b>Life Products</b>				
Premiums / Deposits	2.1	2.0	0.6	0.7
Claims	(2.7)	(2.2)	(0.9)	(1.1)
<b>Total Life Net Flows</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>UK L&amp;P Net Flows</b>				
Total UK L&P Insured-Product Flows	0.4	1.7	(0.1)	0.1
Total UK L&P Non-Insured Product Flows	1.1	0.6	0.4	0.2
<b>Total UK L&amp;P Net Flows</b>	<b>1.5</b>	<b>2.3</b>	<b>0.3</b>	<b>0.3</b>

The figures reflected in the table above include the following amounts in respect of Institutional TIP:

	9 months 2007 £bn	9 months 2006 £bn	Q3 2007 £bn	Q3 2006 £bn
Premiums / Deposits	1.5	1.2	0.5	0.4
Claims	(0.8)	(0.5)	(0.2)	(0.2)
<b>Net Flows</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.2</b>

- The growth percentages quoted for India, Asia Pacific life and pensions and Total worldwide life and pensions reflect the growth in sales in HDFC Standard Life Insurance Limited, rather than the growth in Standard Life's share of the joint venture. The sales quoted reflect Standard Life's share of the joint venture.
- California Public Employees Retirement System (CalPers).
- The first nine months of 2006 sales figures span the demutualisation of The Standard Life Assurance Company on 10 July 2006.
- Department of Work and Pensions rebate premiums were £231m (2006: £258m), comprising Individual Pensions rebates of £132m (2006: £153m) and Group Pensions rebates of £99m (2006: £105m).

## Standard Life New Business Summary 9 month period ended 30 September 2007

Insurance Operations	PVNBP			APE		
	9 months to 30 September 2007	9 months to 30 September 2006	% Change (f)	9 months to 30 September 2007	9 months to 30 September 2006	% Change (f)
	£m	£m		£m	£m	
<b>UK</b>						
Pensions (a)	7,794	6,075	28%	1,036	838	24%
Life	1,656	1,348	23%	166	136	22%
Annuities	381	320	19%	38	32	19%
Protection	19	34	(44%)	3	5	(40%)
<b>UK life and pensions</b>	<b>9,850</b>	<b>7,777</b>	<b>27%</b>	<b>1,243</b>	<b>1,011</b>	<b>23%</b>
<b>Europe</b>						
Ireland	354	196	81%	44	27	63%
Germany	417	325	28%	39	31	26%
<b>Europe life and pensions</b>	<b>771</b>	<b>521</b>	<b>48%</b>	<b>83</b>	<b>58</b>	<b>43%</b>
<b>Canada</b>						
Group Savings and Retirement	481	820	(41%)	42	72	(42%)
Individual Insurance, Savings and Retirement	262	348	(25%)	26	38	(32%)
Group Insurance	112	85	32%	15	11	36%
<b>Canada life and pensions</b>	<b>855</b>	<b>1,253</b>	<b>(32%)</b>	<b>83</b>	<b>121</b>	<b>(31%)</b>
<b>Asia Pacific</b>						
India (c)	147	124	42% (b)	25	17	69% (b)
China (c)	33	15	120%	5	2	150%
Hong Kong	13	-	-	2	-	-
<b>Asia Pacific life and pensions</b>	<b>193</b>	<b>139</b>	<b>62% (b)</b>	<b>32</b>	<b>19</b>	<b>88% (b)</b>
<b>Total worldwide life and pensions</b>	<b>11,669</b>	<b>9,690</b>	<b>21% (b)</b>	<b>1,441</b>	<b>1,209</b>	<b>19% (b)</b>
<b>Investment Operations</b>	Gross Inflows		Net Inflows			
	9 months to 30 September 2007	9 months to 30 September 2006	9 months to 30 September 2007	9 months to 30 September 2006		
	£m	£m	£m	£m		
UK (d)		6,162	3,374	5,223	2,849	
Canada		603	290	365	72	
International (e)		577	390	490	200	
<b>Total worldwide investment</b>		<b>7,342</b>	<b>4,054</b>	<b>6,078</b>	<b>3,121</b>	
<b>Banking Operations</b>			9 months to 30 September 2007	9 months to 30 September 2006	% Change (f)	
			£m	£m		
Gross mortgage lending			2,697	2,111	28%	
<b>SL Healthcare</b>			9 months to 30 September 2007	9 months to 30 September 2006	% Change (f)	
			£m	£m		
APE			16	15	7%	

(a) UK Pensions figures include non-insurance element of SIPP product (9 months ended 30 September 2007 PVNBP £1,355m, APE £144m and 9 months ended 30 September 2006 PVNBP £854m, APE £90m).

(b) The percentage change figures for India are computed based on the percentage movement in the new business of HDFC Standard Life Insurance Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2006 and 2007.

(c) Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business except as noted in (b) above.

(d) The Triple A fund within UK Investment sales is calculated using average net client balances.

(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.

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

**Insurance Operations New Business**  
**9 month period ended 30 September 2007**

	Single Premiums		New Regular Premiums		PVNBP				APE			
	9 months to 30 Sep 2007	9 months to 30 Sep 2006	9 months to 30 Sep 2007	9 months to 30 Sep 2006	9 months to 30 Sep 2007	9 months to 30 Sep 2006	% Change (f)	% Change in constant currency (b) (f)	9 months to 30 Sep 2007	9 months to 30 Sep 2006	% Change (f)	% Change in constant currency (b) (f)
	£m	£m	£m	£m	£m	£m			£m	£m		
<b>UK</b>												
Individual Pensions	531	616	30	45	660	806	(18%)	(18%)	83	106	(22%)	(22%)
Insured SIPP & Drawdown	2,001	1,455	42	36	2,222	1,652	35%	35%	242	182	33%	33%
Non-insured SIPP (a)	1,277	787	17	11	1,355	854	59%	59%	144	90	60%	60%
Group Pensions	739	415	337	296	2,000	1,532	31%	31%	411	337	22%	22%
Investments (TIP and PPIP)	1,557	1,231	-	-	1,557	1,231	26%	26%	156	123	26%	26%
<b>Pensions</b>	<b>6,105</b>	<b>4,504</b>	<b>426</b>	<b>388</b>	<b>7,794</b>	<b>6,075</b>	<b>28%</b>	<b>28%</b>	<b>1,036</b>	<b>838</b>	<b>24%</b>	<b>24%</b>
Investment Bonds (c)	1,488	1,323	-	1	1,488	1,322	13%	13%	149	133	12%	12%
Offshore Bond	168	26	-	-	168	26	546%	546%	17	3	546%	546%
<b>Life</b>	<b>1,656</b>	<b>1,349</b>	<b>-</b>	<b>1</b>	<b>1,656</b>	<b>1,348</b>	<b>23%</b>	<b>23%</b>	<b>166</b>	<b>136</b>	<b>22%</b>	<b>22%</b>
Annuities	381	320	-	-	381	320	19%	19%	38	32	19%	19%
Protection	-	-	3	5	19	34	(44%)	(44%)	3	5	(40%)	(40%)
<b>UK life and pensions</b>	<b>8,142</b>	<b>6,173</b>	<b>429</b>	<b>394</b>	<b>9,850</b>	<b>7,777</b>	<b>27%</b>	<b>27%</b>	<b>1,243</b>	<b>1,011</b>	<b>23%</b>	<b>23%</b>
<b>Europe</b>												
Ireland	290	153	15	12	354	196	81%	82%	44	27	63%	63%
Germany	40	24	35	28	417	325	28%	30%	39	31	26%	26%
<b>Europe life and pensions</b>	<b>330</b>	<b>177</b>	<b>50</b>	<b>40</b>	<b>771</b>	<b>521</b>	<b>48%</b>	<b>50%</b>	<b>83</b>	<b>58</b>	<b>43%</b>	<b>43%</b>
<b>Canada</b>												
Group Savings and Retirement	258	475	17	25	481	820	(41%)	(37%)	42	72	(42%)	(37%)
Individual Insurance, Savings and Retirement	237	316	2	6	262	348	(25%)	(19%)	26	38	(32%)	(26%)
Group Insurance	-	-	15	11	112	85	32%	40%	15	11	36%	36%
<b>Canada life and pensions</b>	<b>495</b>	<b>791</b>	<b>34</b>	<b>42</b>	<b>855</b>	<b>1,253</b>	<b>(32%)</b>	<b>(27%)</b>	<b>83</b>	<b>121</b>	<b>(31%)</b>	<b>(27%)</b>
<b>Asia Pacific</b>												
India (e)	4	5	24	17	147	124	42% (d)	44% (d)	25	17	69% (d)	72% (d)
China (e)	24	10	2	1	33	15	120%	128%	5	2	150%	150%
Hong Kong	6	-	1	-	13	-	-	-	2	-	-	-
<b>Asia Pacific life and pensions</b>	<b>34</b>	<b>15</b>	<b>27</b>	<b>18</b>	<b>193</b>	<b>139</b>	<b>62%</b> (d)	<b>65%</b> (d)	<b>32</b>	<b>19</b>	<b>88%</b> (d)	<b>93%</b> (d)
<b>Total worldwide life and pensions</b>	<b>9,001</b>	<b>7,156</b>	<b>540</b>	<b>494</b>	<b>11,669</b>	<b>9,690</b>	<b>21%</b> (d)	<b>22%</b> (d)	<b>1,441</b>	<b>1,209</b>	<b>19%</b> (d)	<b>20%</b> (d)

(a) UK Pensions figures include non-insurance element of SIPP product. 2006 figures have been re-stated to reflect inclusion of non-insurance element of SIPP.

(b) The percentage change in constant currency is calculated using constant rates of exchange.

(c) In the period for the 9 months to 30 September 2006 immaterial amounts were shown separately as Other. These have now been included in the Investment Bonds totals (SP £2m, RP £1m, PVNBP £3m and APE £1m).

(d) The percentage change figures for India are computed based on the percentage movement in the new business of HDFC Standard Life Insurance Company Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2006 and 2007.

(e) Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business except as noted in (d) above.

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

**Investment Operations**  
**9 month period ended 30 September 2007**

		Opening FUM 01/01/2007 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30/09/2007 £m
<b>UK</b>	Mutual Funds (a)	4,772	2,011 (b)	(610)	1,401	30	1,431	<b>6,203</b>
	Private Equity	1,933	512	(52)	460	96	556	<b>2,489</b>
	Segregated Funds	8,352	2,348 (c)	(277)	2,071	94	2,165	<b>10,517</b>
	Pooled Property Funds	600	54 (c)	-	54	(18)	36	<b>636</b>
	Triple A	5,020	1,237 (d)	-	1,237	(41)	1,196	<b>6,216</b>
<b>Total UK</b>	<b>20,677</b>	<b>6,162</b>	<b>(939)</b>	<b>5,223</b>	<b>161</b>	<b>5,384</b>	<b>26,061</b>	
<b>Canada</b>	Mutual Funds	1,183	208 (e)	(108)	100	222	322	<b>1,505</b>
	Separate Mandates (f)	1,076	395	(130)	265	250	515	<b>1,591</b>
<b>Total Canada</b>	<b>2,259</b>	<b>603</b>	<b>(238)</b>	<b>365</b>	<b>472</b>	<b>837</b>	<b>3,096</b>	
<b>International</b>	Europe	24	18	(8)	10	41	51	<b>75</b>
	Asia (excluding India)	103	106	(79)	27	67	94	<b>197</b>
	India	1,706	453 (g)	-	453	381	834	<b>2,540</b>
<b>Total International</b>	<b>1,833</b>	<b>577</b>	<b>(87)</b>	<b>490</b>	<b>489</b>	<b>979</b>	<b>2,812</b>	
<b>Total worldwide investment products</b>		<b>24,769</b>	<b>7,342</b>	<b>(1,264)</b>	<b>6,078</b>	<b>1,122</b>	<b>7,200</b>	<b>31,969</b>

Total third party funds 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 01/01/2007 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30/09/2007 £m
Third Party Investment Products	24,769	7,342	(1,264)	6,078	1,122	7,200	<b>31,969</b>
Third Party Insurance Contracts (new business classified as insurance products)	13,749	2,186	(1,015)	1,171	820	1,991	<b>15,740</b>
<b>Total third party funds under management</b>	<b>38,518</b>	<b>9,528</b>	<b>(2,279)</b>	<b>7,249</b>	<b>1,942</b>	<b>9,191</b>	<b>47,709</b>
<b>Standard Life Investments - total funds under management</b>	<b>132,078</b>						<b>142,245</b>

- (a) Included within Mutual Funds are cash inflows which have also been reflected in Non-insured SIPP new business sales.  
 (b) In the 9 months to 30 September 2006 UK Mutual Funds gross inflows were £1,211m and net inflows were £920m.  
 (c) Institutional sales comprise Segregated and Pooled Property Fund sales.  
 (d) Due to the nature of the Triple A fund the inflows shown 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.  
 (e) In the 9 months to 30 September 2006 Canadian Mutual Funds gross inflows were £239m and net inflows were £127m.  
 (f) 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 SLI exclusively provides portfolio advisory services.  
 (g) 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.

## Standard Life New Business Summary 3 month period ended 30 September 2007

Insurance Operations	PVNBP			APE		
	3 months to 30 September 2007	3 months to 30 September 2006	% Change (f)	3 months to 30 September 2007	3 months to 30 September 2006	% Change (f)
	£m	£m		£m	£m	
<b>UK</b>						
Pensions (a)	2,233	2,354	(5%)	299	302	(1%)
Life	533	459	16%	54	46	16%
Annuities	124	152	(18%)	12	16	(18%)
Protection	6	10	(40%)	1	2	(50%)
<b>UK life and pensions</b>	<b>2,896</b>	<b>2,975</b>	<b>(3%)</b>	<b>366</b>	<b>366</b>	<b>-</b>
<b>Europe</b>						
Ireland	101	65	55%	12	9	33%
Germany	157	116	35%	15	11	36%
<b>Europe life and pensions</b>	<b>258</b>	<b>181</b>	<b>43%</b>	<b>27</b>	<b>20</b>	<b>35%</b>
<b>Canada</b>						
Group Savings and Retirement	142	127	12%	13	11	18%
Individual Insurance, Savings and Retirement	90	84	7%	9	9	-
Group Insurance	34	17	100%	5	2	150%
<b>Canada life and pensions</b>	<b>266</b>	<b>228</b>	<b>17%</b>	<b>27</b>	<b>22</b>	<b>23%</b>
<b>Asia Pacific</b>						
India (c)	45	67	(9%) (b)	8	5	88% (b)
China (c)	14	4	250%	3	1	200%
Hong Kong	9	-	-	1	-	-
<b>Asia Pacific life and pensions</b>	<b>68</b>	<b>71</b>	<b>26%</b> (b)	<b>12</b>	<b>6</b>	<b>130%</b> (b)
<b>Total worldwide life and pensions</b>	<b>3,488</b>	<b>3,455</b>	<b>1%</b> (b)	<b>432</b>	<b>414</b>	<b>4%</b> (b)

  

Investment Operations	Gross Inflows		Net Inflows	
	3 months to 30 September 2007	3 months to 30 September 2006	3 months to 30 September 2007	3 months to 30 September 2006
	£m	£m	£m	£m
UK (d)	1,260	232	921	50
Canada	75	60	(27)	(18)
International (e)	219	(31)	163	(31)
<b>Total worldwide investment</b>	<b>1,554</b>	<b>261</b>	<b>1,057</b>	<b>1</b>

  

Banking Operations	3 months to 30 September 2007	3 months to 30 September 2006	% Change (f)
	£m	£m	
Gross mortgage lending	1,126	895	26%

  

SL Healthcare	3 months to 30 September 2007	3 months to 30 September 2006	% Change (f)
	£m	£m	
APE	5	5	-

(a) UK Pensions figures include non-insurance element of SIPP product (3 months ended 30 September 2007 PVNBP £397m, APE £43m and 3 months ended 30 September 2006 PVNBP £382m, APE £39m).

(b) The percentage change figures for India are computed based on the percentage movement in the new business of HDFC Standard Life Insurance Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2006 and 2007.

(c) Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business except as noted in (b) above.

(d) The Triple A fund within UK Investment sales is calculated using average net client balances.

(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.

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

**Insurance Operations New Business**  
**3 month period ended 30 September 2007**

	Single Premiums		New Regular Premiums		PVNBP				APE			
	3 months to 30 Sep 2007	3 months to 30 Sep 2006	3 months to 30 Sep 2007	3 months to 30 Sep 2006	3 months to 30 Sep 2007	3 months to 30 Sep 2006	% Change (f)	% Change in constant currency (b) (f)	3 months to 30 Sep 2007	3 months to 30 Sep 2006	% Change (f)	% Change in constant currency (b) (f)
	£m	£m	£m	£m	£m	£m			£m	£m		
<b>UK</b>												
Individual Pensions	134	200	10	12	180	253	(29%)	(29%)	23	32	(28%)	(28%)
Insured SIPP & Drawdown	572	664	11	10	624	718	(13%)	(13%)	68	76	(11%)	(11%)
Non-insured SIPP (a)	370	348	7	4	397	382	4%	4%	43	39	10%	10%
Group Pensions	211	204	91	89	513	537	(4%)	(4%)	113	109	4%	4%
Investments (TIP and PPIP)	519	464	-	-	519	464	12%	12%	52	46	12%	12%
<b>Pensions</b>	<b>1,806</b>	<b>1,880</b>	<b>119</b>	<b>115</b>	<b>2,233</b>	<b>2,354</b>	<b>(5%)</b>	<b>(5%)</b>	<b>299</b>	<b>302</b>	<b>(1%)</b>	<b>(1%)</b>
Investment Bonds (c)	449	449	-	-	449	448	-	-	45	45	-	-
Offshore Bond	84	11	-	-	84	11	664%	664%	9	1	664%	664%
<b>Life</b>	<b>533</b>	<b>460</b>	<b>-</b>	<b>-</b>	<b>533</b>	<b>459</b>	<b>16%</b>	<b>16%</b>	<b>54</b>	<b>46</b>	<b>16%</b>	<b>16%</b>
<b>Annuities</b>	<b>124</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>152</b>	<b>(18%)</b>	<b>(18%)</b>	<b>12</b>	<b>16</b>	<b>(18%)</b>	<b>(18%)</b>
<b>Protection</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>(40%)</b>	<b>(40%)</b>	<b>1</b>	<b>2</b>	<b>(50%)</b>	<b>(50%)</b>
<b>UK life and pensions</b>	<b>2,463</b>	<b>2,492</b>	<b>120</b>	<b>117</b>	<b>2,896</b>	<b>2,975</b>	<b>(3%)</b>	<b>(3%)</b>	<b>366</b>	<b>366</b>	<b>-</b>	<b>-</b>
<b>Europe</b>												
Ireland	87	50	3	4	101	65	55%	54%	12	9	33%	50%
Germany	13	9	13	10	157	116	35%	34%	15	11	36%	50%
<b>Europe life and pensions</b>	<b>100</b>	<b>59</b>	<b>16</b>	<b>14</b>	<b>258</b>	<b>181</b>	<b>43%</b>	<b>41%</b>	<b>27</b>	<b>20</b>	<b>35%</b>	<b>50%</b>
<b>Canada</b>												
Group Savings and Retirement	67	76	7	4	142	127	12%	13%	13	11	18%	18%
Individual Insurance, Savings and Retirement	82	78	-	1	90	84	7%	10%	9	9	-	13%
Group Insurance	-	-	5	2	34	17	100%	88%	5	2	150%	150%
<b>Canada life and pensions</b>	<b>149</b>	<b>154</b>	<b>12</b>	<b>7</b>	<b>266</b>	<b>228</b>	<b>17%</b>	<b>18%</b>	<b>27</b>	<b>22</b>	<b>23%</b>	<b>29%</b>
<b>Asia Pacific</b>												
India (e)	-	2	7	5	45	67	(9%) (d)	(8%) (d)	8	5	88% (d)	93% (d)
China (e)	11	4	1	-	14	4	250%	250%	3	1	200%	200%
Hong Kong	5	-	-	-	9	-	-	-	1	-	-	-
<b>Asia Pacific life and pensions</b>	<b>16</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>68</b>	<b>71</b>	<b>26%</b> (d)	<b>29%</b> (d)	<b>12</b>	<b>6</b>	<b>130%</b> (d)	<b>138%</b> (d)
<b>Total worldwide life and pensions</b>	<b>2,728</b>	<b>2,711</b>	<b>156</b>	<b>143</b>	<b>3,488</b>	<b>3,455</b>	<b>1%</b> (d)	<b>1%</b> (d)	<b>432</b>	<b>414</b>	<b>4%</b> (d)	<b>5%</b> (d)

(a) UK Pensions figures include non-insurance element of SIPP product. 2006 figures have been re-stated to reflect inclusion of non-insurance element of SIPP.

(b) The percentage change in constant currency is calculated using constant rates of exchange.

(c) In the period for the 3 months to 30 September 2006 there were no amounts shown separately as Other.

(d) The percentage change figures for India are computed based on the percentage movement in the new business of HDFC Standard Life Insurance Company Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2006 and 2007.

(e) Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business except as noted in (d) above.

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

**Investment Operations**  
**3 month period ended 30 September 2007**

		Opening FUM 01/07/2007 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other Movements £m	Net movement In FUM £m	Closing FUM 30/09/2007 £m
<b>UK</b>	Mutual Funds (a)	6,072	511 (b)	(223)	288	(157)	131	<b>6,203</b>
	Private Equity	2,133	290	(16)	274	82	356	<b>2,489</b>
	Segregated Funds	10,082	610 (c)	(100)	510	(75)	435	<b>10,517</b>
	Pooled Property Funds	660	11 (c)	-	11	(35)	(24)	<b>636</b>
	Triple A	6,614	(162) (d)	-	(162)	(236)	(398)	<b>6,216</b>
<b>Total UK</b>	<b>25,561</b>	<b>1,260</b>	<b>(339)</b>	<b>921</b>	<b>(421)</b>	<b>500</b>	<b>26,061</b>	
<b>Canada</b>	Mutual Funds	1,384	57 (e)	(26)	31	90	121	<b>1,505</b>
	Separate Mandates (f)	1,577	18	(76)	(58)	72	14	<b>1,591</b>
<b>Total Canada</b>	<b>2,961</b>	<b>75</b>	<b>(102)</b>	<b>(27)</b>	<b>162</b>	<b>135</b>	<b>3,096</b>	
<b>International</b>	Europe	69	4	-	4	2	6	<b>75</b>
	Asia (excluding India)	209	2	(56)	(54)	42	(12)	<b>197</b>
	India	2,175	213 (g)	-	213	152	365	<b>2,540</b>
<b>Total International</b>	<b>2,453</b>	<b>219</b>	<b>(56)</b>	<b>163</b>	<b>196</b>	<b>359</b>	<b>2,812</b>	
<b>Total worldwide investment products</b>		<b>30,975</b>	<b>1,554</b>	<b>(497)</b>	<b>1,057</b>	<b>(63)</b>	<b>994</b>	<b>31,969</b>

Total third party funds 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 01/07/2007 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30/09/2007 £m
Third Party Investment Products		30,975	1,554	(497)	1,057	(63)	994	<b>31,969</b>
Third Party Insurance Contracts (new business classified as insurance products)		15,146	755	(205)	550	44	594	<b>15,740</b>
<b>Total third party funds under management</b>		<b>46,121</b>	<b>2,309</b>	<b>(702)</b>	<b>1,607</b>	<b>(19)</b>	<b>1,588</b>	<b>47,709</b>
<b>Standard Life Investments - total funds under management</b>		<b>140,567</b>						<b>142,245</b>

(a) Included within Mutual Funds are cash inflows which have also been reflected in Non-insured SIPP new business sales.

(b) In the 3 months to 30 September 2006 UK Mutual Funds gross inflows were £328m and net inflows were £236m.

(c) Institutional sales comprise Segregated and Pooled Property Fund sales.

(d) Due to the nature of the Triple A fund the inflows shown 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.

(e) In the 3 months to 30 September 2006 Canadian Mutual Funds gross inflows were £52m and net inflows were £17m.

(f) 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 SLI exclusively provides portfolio advisory services.

(g) 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.

**Insurance Operations New Business**  
**15 month period ended 30 September 2007**

	Present Value of New Business Premiums (PVNBP)				
	3 months to 30 September 2007 £m	3 months to 30 June 2007 £m	3 months to 31 March 2007 £m	3 months to 31 December 2006 £m	3 months to 30 September 2006 £m
<b>UK</b>					
Individual Pensions	180	300	180	145	253
Insured SIPP & Drawdown	624	812	786	781	718
Non-insured SIPP (a)	397	511	447	364	382
Group Pensions	513	905	582	457	537
Investments (TIP and PPIP)	519	505	533	1,197	464
<b>Pensions</b>	<b>2,233</b>	<b>3,033</b>	<b>2,528</b>	<b>2,944</b>	<b>2,354</b>
Investment Bonds (b)	449	505	534	540	448
Offshore Bond	84	60	24	13	11
<b>Life</b>	<b>533</b>	<b>565</b>	<b>558</b>	<b>553</b>	<b>459</b>
<b>Annuities</b>	<b>124</b>	<b>129</b>	<b>128</b>	<b>118</b>	<b>152</b>
<b>Protection</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>10</b>
<b>UK life and pensions</b>	<b>2,896</b>	<b>3,734</b>	<b>3,220</b>	<b>3,623</b>	<b>2,975</b>
<b>Europe</b>					
Ireland	101	125	128	134	65
Germany	157	139	121	211	116
<b>Europe life and pensions</b>	<b>258</b>	<b>264</b>	<b>249</b>	<b>345</b>	<b>181</b>
<b>Canada</b>					
Group Savings and Retirement	142	105	234	368	127
Individual Insurance, Savings and Retirement	90	82	90	112	84
Group Insurance	34	43	35	58	17
<b>Canada life and pensions</b>	<b>266</b>	<b>230</b>	<b>359</b>	<b>538</b>	<b>228</b>
<b>Asia Pacific</b>					
India (c)	45	24	78	56	67
China (c)	14	11	8	11	4
Hong Kong	9	3	1	-	-
<b>Asia Pacific life and pensions</b>	<b>68</b>	<b>38</b>	<b>87</b>	<b>67</b>	<b>71</b>
<b>Total worldwide life and pensions</b>	<b>3,488</b>	<b>4,266</b>	<b>3,915</b>	<b>4,573</b>	<b>3,455</b>

(a) UK Pensions figures include non-insurance element of SIPP product. 2006 figures have been re-stated to reflect inclusion of non-insurance element of SIPP.

(b) In 2006 immaterial amounts were shown separately as Other. These have now been included in the Investment Bonds totals.

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