



Standard Life

Half Year Results 2006

27 September 2006

Agenda



Introduction	Sir Brian Stewart	Chairman
Highlights	Sandy Crombie	Group Chief Executive
Financial Performance	Alison Reed	Group Finance Director
Life & Pensions Business Update	Trevor Matthews	Chief Executive Standard Life Assurance Ltd
Business Update	Sandy Crombie	Group Chief Executive
Question and Answers	Team	

This presentation may contain certain “forward-looking statements” with respect to certain of Standard Life's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Standard Life'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, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Standard Life and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Standard Life's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Standard Life's forward-looking statements. Standard Life undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

There are no H1 2005 financial comparisons for EEV or IFRS results. The basis of preparation of the EEV operating profit and of the IFRS underlying profit is set out in the Standard Life Half Year Report 2006 which is published on the Group's website at www.standardlife.com (“the Half Year Report 2006”). These results have been calculated for the half year ended 30 June 2006 using assumptions to show the results which would have been attributable to shareholders had the company been owned by shareholders under the terms of the Scheme of demutualisation which was effective on 10 July 2006. The Group's results as a mutual entity, prepared on an IFRS basis, for the half year are included in full in the Half Year Report 2006.

Highlights

Sandy Crombie
Group Chief Executive

Highlights

- Strong sales growth with sharply improved new business profitability and margins⁽¹⁾
- Successful transition towards more profitable products with lower acquisition costs
- New business margin of 1.6% is 4x higher than the 0.4% recorded in FY 2005 due to margin improvements in all key products
- All L&P regions made substantial improvement in IFRS underlying profit⁽¹⁾
- Strong performance in investment management continues

On track to meet RoEV and cost saving performance targets

(1) On a pro rata basis compared to 2005

Half Year Results 2006



Financial Performance

Alison Reed

Group Finance Director

Key Performance Indicators

		6 months to 30 June 2006	12 months to December 2005
New Business (£ millions)	New business APE	745	1,218
	New business PVNBP	5,763	9,367
	New business contribution	91	33
	PVNBP margin	1.6%	0.4%
Excluding IPO proceeds (£ millions)	EEV operating profit before tax	206	395
	EEV profit before tax	266	770
	EEV	3,875	3,744
Including IPO proceeds (£ millions)	EEV EPS	7.4p	14.3p
	RoEV ⁽¹⁾	6.8%	7.4%
	IFRS underlying profit ⁽²⁾	243	145
	IFRS EPS	10.3p	6.0p

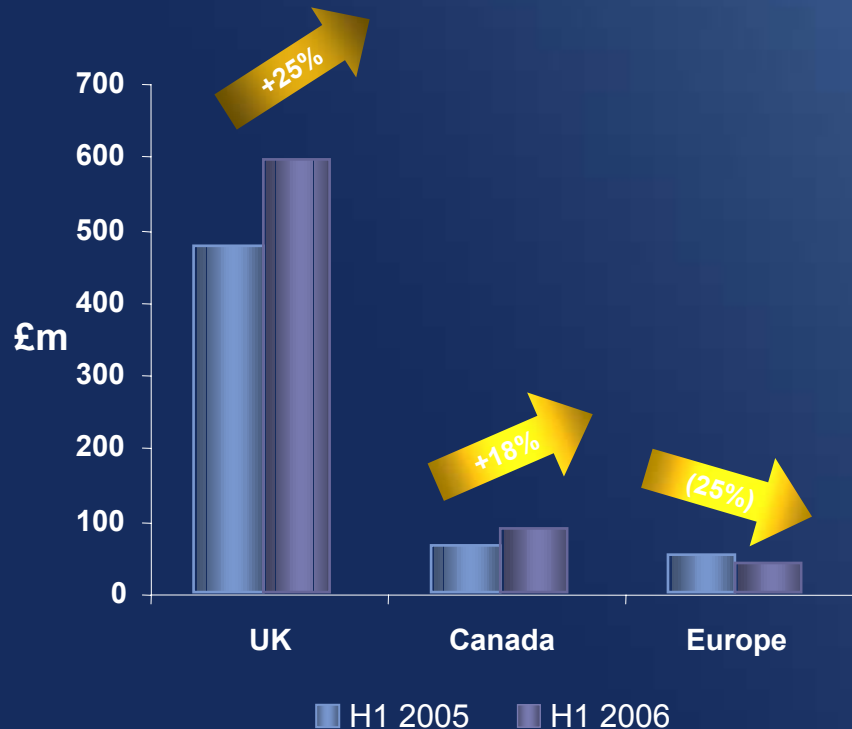
(1) Annualised RoEV calculated assuming all IPO proceeds received at the beginning of the year and earned a 4.4% pre-tax return during the period.

(2) Based on proforma profit before shareholder tax and after minority interest, adjusted for certain non-operating items

Product Refocus Drives Significant New Business Contribution



19% increase in APE⁽¹⁾



NBC of £91m

	6 months to 30 June 2006	12 months to 31 December 2005
UK	78	27
Canada	11	(2)
Europe	2	8
Total	91	33

New business margin⁽²⁾ of 1.6%

	6 months to 30 June 2006	12 months to December 2005
UK	1.8%	0.4%
Canada	1.1%	(0.1%)
Europe	0.6%	0.9%
Group	1.6%	0.4%

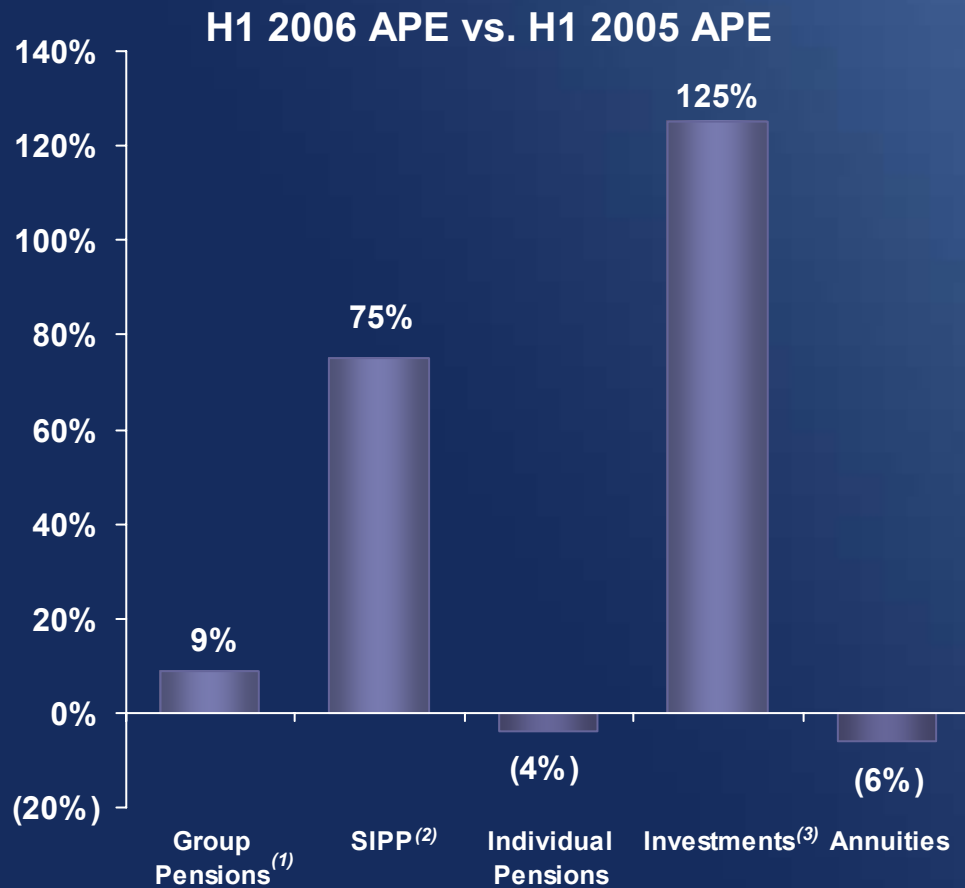
(1) H1 2006 vs. H1 2005 includes FX movements

(2) On a PVNBP basis

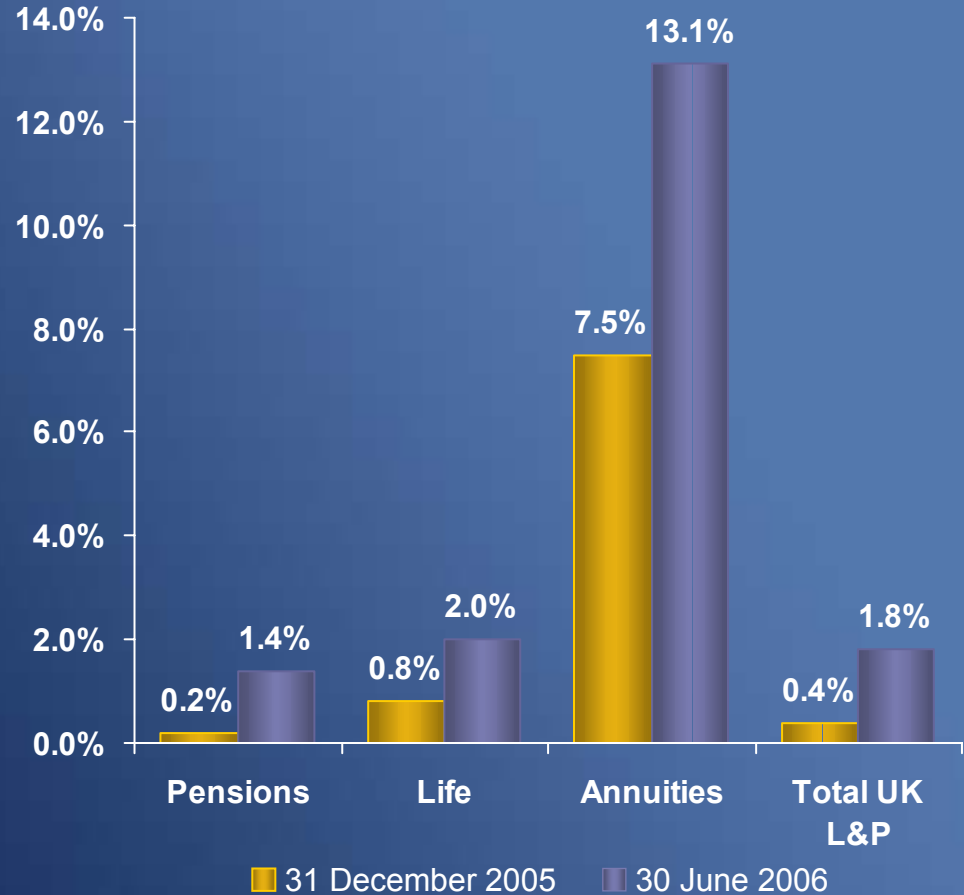
UK Life and Pensions: Product Growth and Margin Improvement



UK L&P product growth....

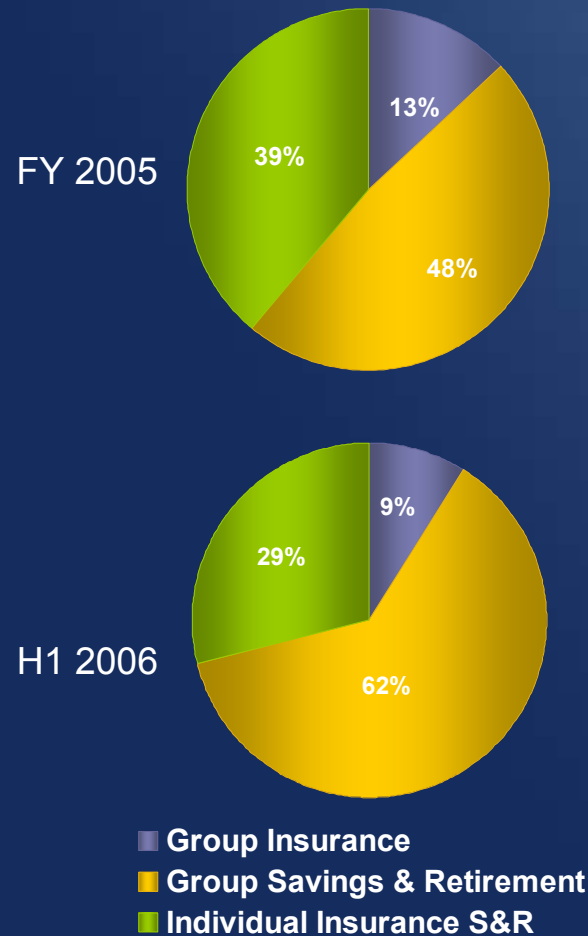


...with margin improvement⁽⁴⁾

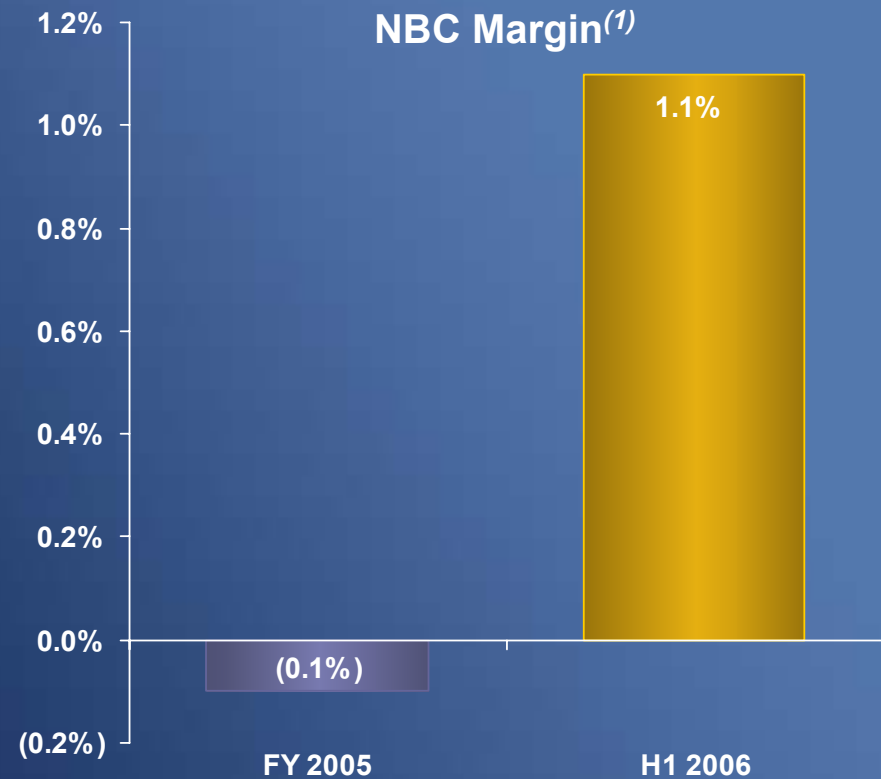


- (1) Includes TIPP and PPIP
- (2) Including Drawdown
- (3) Includes Investment Bonds, Offshore Bond and Other
- (4) NBC as a percentage of PVNBP

Canadian product split (APE%)



Margin improvement



(1)NBC margin is NBC / PVNBP (%)

EEV Operating Profit



	6 months to 30 June 2006					12 months to 31 December 2005
	UK	Europe	Canada	Other	Total	Total
	£m	£m	£m	£m	£m	£m
New business	78	2	11	-	91	33
In-force						
- expected return	127	16	46	-	189	328
- experience variances	25	8	(11)	-	22	60
- assumption changes	(73)	1	34	-	(38)	37
Other	(9)	(2)	(1)	(2)	(14)	(4)
Total Covered Business	148	25	79	(2)	250	454
Investment management					14	24
Banking					17	15
Healthcare & GI					3	7
Other businesses					(24)	(19)
Corporate centre costs					(42)	(58)
Net funding of subordinated debt					(12)	(28)
Total before tax					206	395

EEV Operating Assumption Changes



6 months to 30 June 2006	UK	Europe	Canada	Total
	£m	£m	£m	£m
Lapses				
A-Day	(79)	-	-	(79)
Demutualisation	(21)	-	-	(21)
Total Lapses	(100)	-	-	(100)
Maintenance expenses	-	-	28	28
Mortality and morbidity	-	-	2	2
Other	27	1	4	32
Total before tax	(73)	1	34	(38)

EEV Profit After Tax

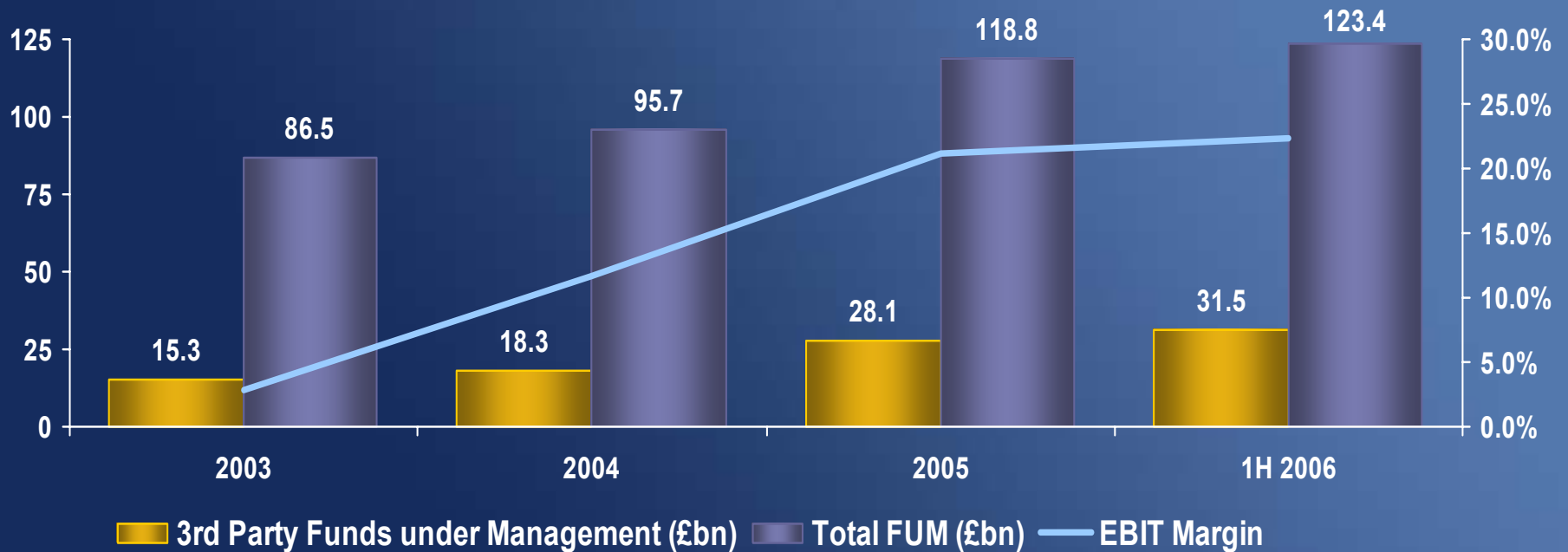
	6 months ended 30 June 2006	12 months to 31 December 2005
	£m	£m
Operating profit before tax	206	395
Investment return and tax variances	58	231
Economic assumptions	(111)	232
Movement in TVOG	6	(44)
Movement in sub-ord debt	110	(63)
Other	(3)	19
Profit before tax	266	770
Tax	(58)	(235)
Profit after tax	208	535

IFRS Underlying Profits



	6 months to 30 June 2006	12 months to 31 December 2005
	£m	£m
Life and pensions		
UK	155	16
Europe	52	73
Canada	68	86
Other	(2)	-
Total Life & Pensions	273	175
Investment management	28	44
Banking	17	24
Healthcare & GI	3	7
Other	(78)	(105)
Total underlying profit before tax	243	145

Standard Life Investments Strong Funds and Earnings Growth

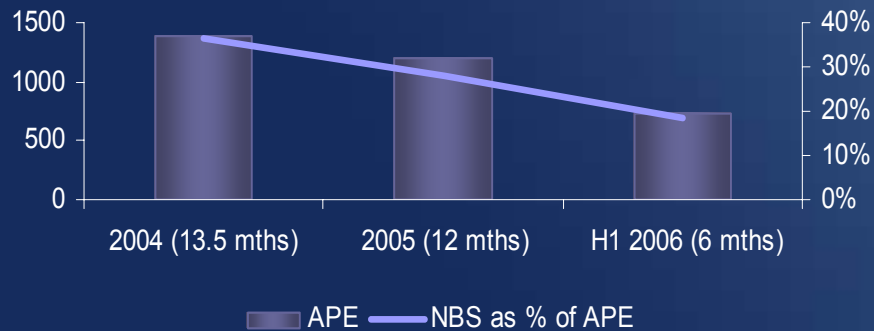


(1) The EBIT margin is calculated by dividing EBIT by fee and commission income. EBIT is derived by taking profit before tax attributable to shareholders and adding back interest expense and deducting net investment return.

Group Cash Generation



Group APE and New Business Strain



	6 months to 30 June 2006	12 months to 31 December 2005
New business strain	(127)	(306)
Transfer to net worth	194	318
Expected return	7	33
Experience variances	7	36
Development costs	(8)	(12)
Operating cash flows	73	69
Assumption changes and Investment Variances	83	(47)
Total cash movement	156	22
Other non life	(33)	(39)
Total	123	(17)

New business strain is calculated before Required Capital movements

All cash flows are net of tax

Capital Strength and Ratings



Capital Strength

Current Ratings

Mutual as at 30 June 2006

Excess of capital resources
over CRR*

+£2bn

SLAL

Moody's

Standard &
Poor's

A1 (stable)

A (stable)

Standard Life plc

-

BBB+

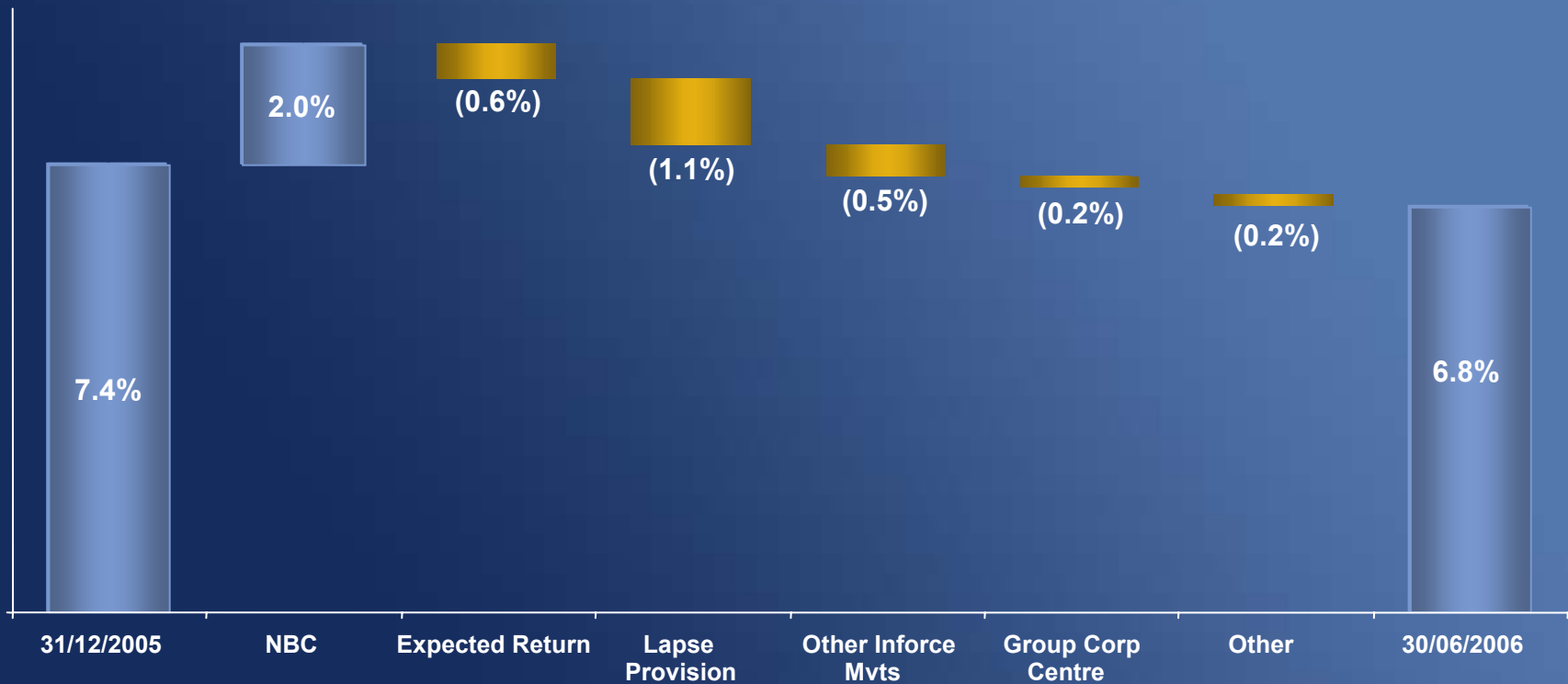
SL Bank (FS) C- (stable)

-

SL Bank (deposits) A3 (stable)

A-

Movement in RoEV



Half Year Results 2006



Business Update UK Life & Pensions

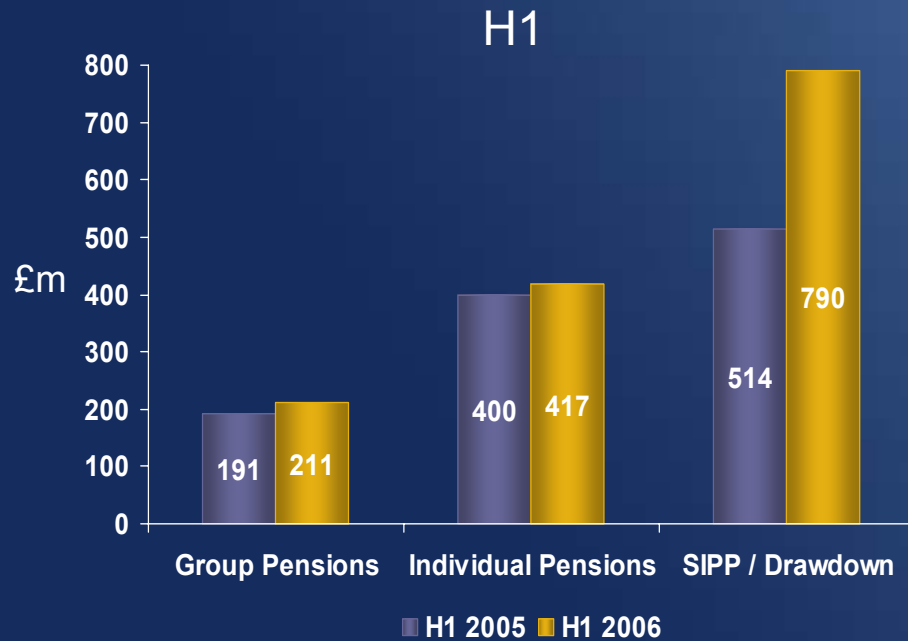
Trevor Matthews

Chief Executive Standard Life Assurance Ltd

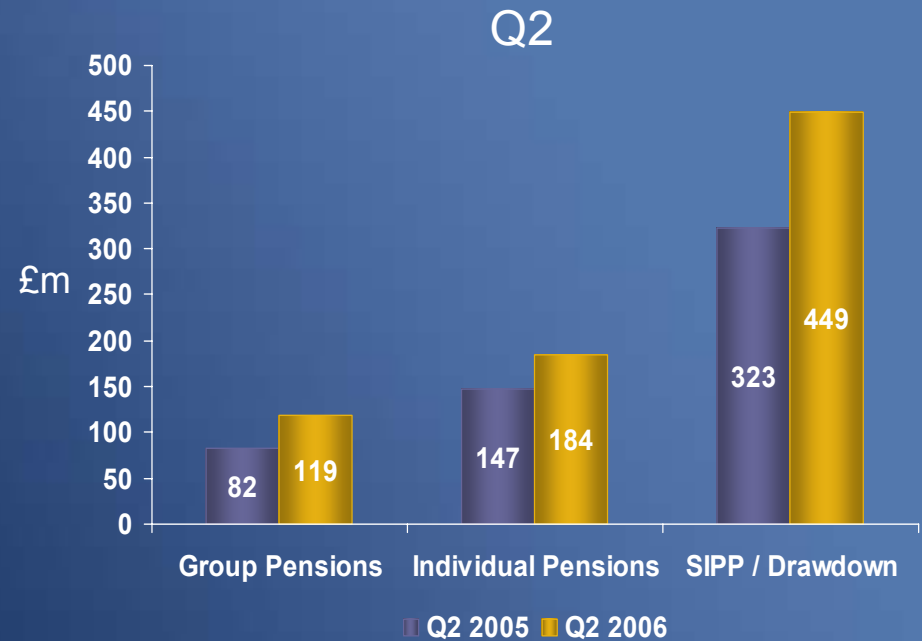
We Have Seen Strong Growth in Single Premium Pensions New Business



Single Premium Growth on comparable period



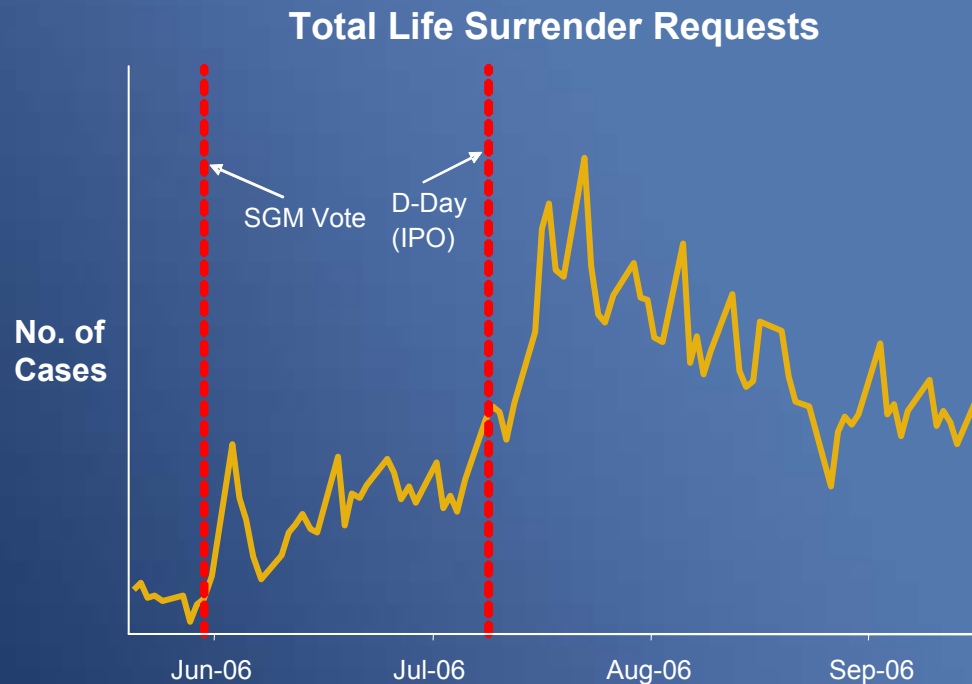
- Total £1,105m rising to £1,418m



- Total £552m rising to £751m

Life Lapse Activity Post D-Day

- WP Life surrender requests rose after D-Day and peaked at end July and have started to decline
- Pattern of life surrenders represents a response to demutualisation
- We increased the total D-Day lapse provision (for life and pensions) in respect of D-Day surrenders from £16m post tax at end 2005 to £31m post tax at end of June
- 72% of the provision was utilised as at the end of August



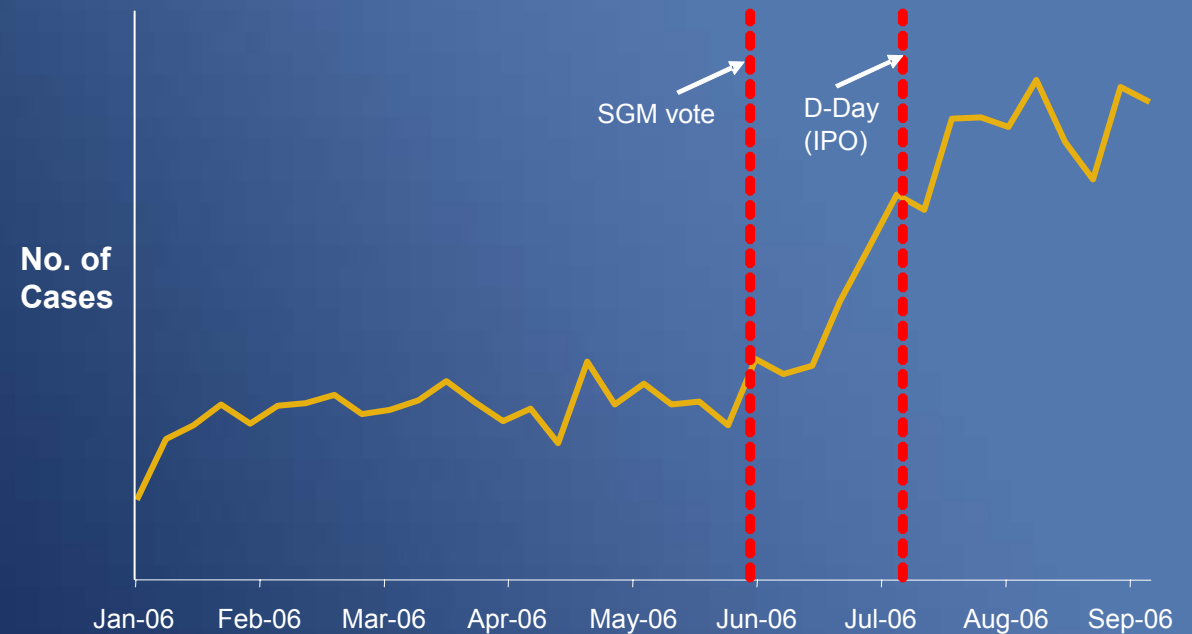
Source: Internal Standard Life Information

Note: Includes unit linked and with profits but dominated by with profits

Pension Lapse Activity Post D-Day

- Volumes of surrenders requests rose post D-Day
- Unlike Life business, pensions lapse requests have not yet started to decline
- We believe that A-Day is a more significant driver of pensions lapses than D-Day

Individual Pension Surrender Requests
(Unit-Linked and With Profits)



Source: Internal Standard Life Information

Special Lapse Provision For A-Day Effect on Unit Linked and WP



- We have made a £55m net provision (£79m pre-tax) in relation to A-Day driven lapses (across all unit linked and with profits) over the period to the start of the new tax year
- We had utilised 16% of this provision at the end of August

New Single Premium Pensions Outstrips Surrender Volume



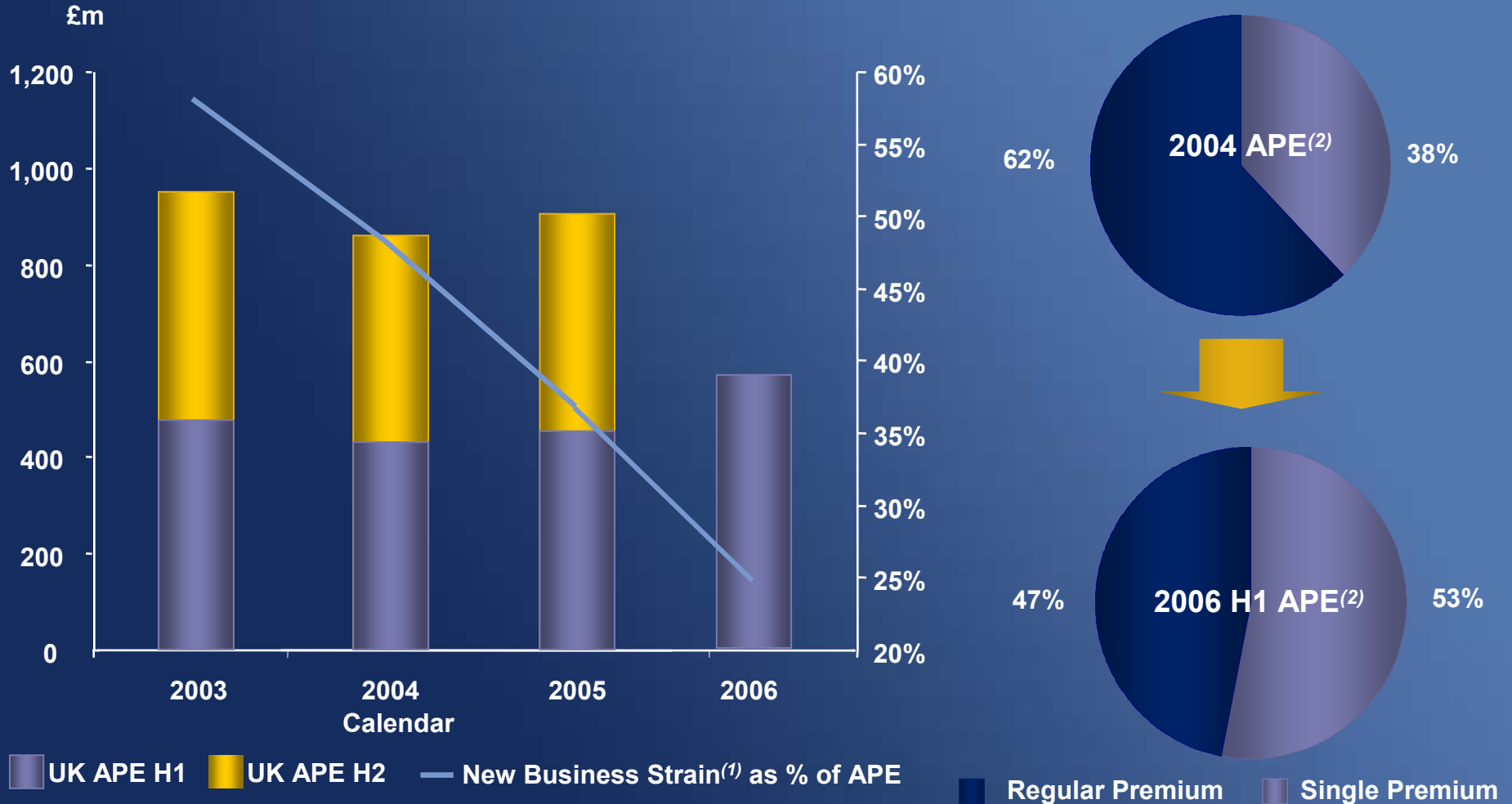
- Monthly new Single Premium pensions business excludes annuities and TIPPs / PPIPs
- Single Premium data does not include non-insured SIPP (£438m impact in H1 2006)
- We expect to retain a significant and growing percentage of surrendering pension monies
- Standard Life is a clear winner from A-Day

Monthly run-rate of net inflows (£m)



Source: Internal Standard Life Information

We Continue the Shift to Less Capital Intensive, Higher Margin Products



New business strain is being optimised to generate profitable business

(1) Calculated as initial expenses plus initial commission plus initial reserve minus premium received in the year – pre tax
 (2) UK and Europe

UK Life & Pensions Continuing To Focus on Cost Base



Expenses



Headcount⁽¹⁾



Key drivers

- Reduced headcount across divisions
- Sales branch rationalisation
- Automation and efficiencies in Customer Services
- Reduced Marketing spend

Focus for 2006/7:

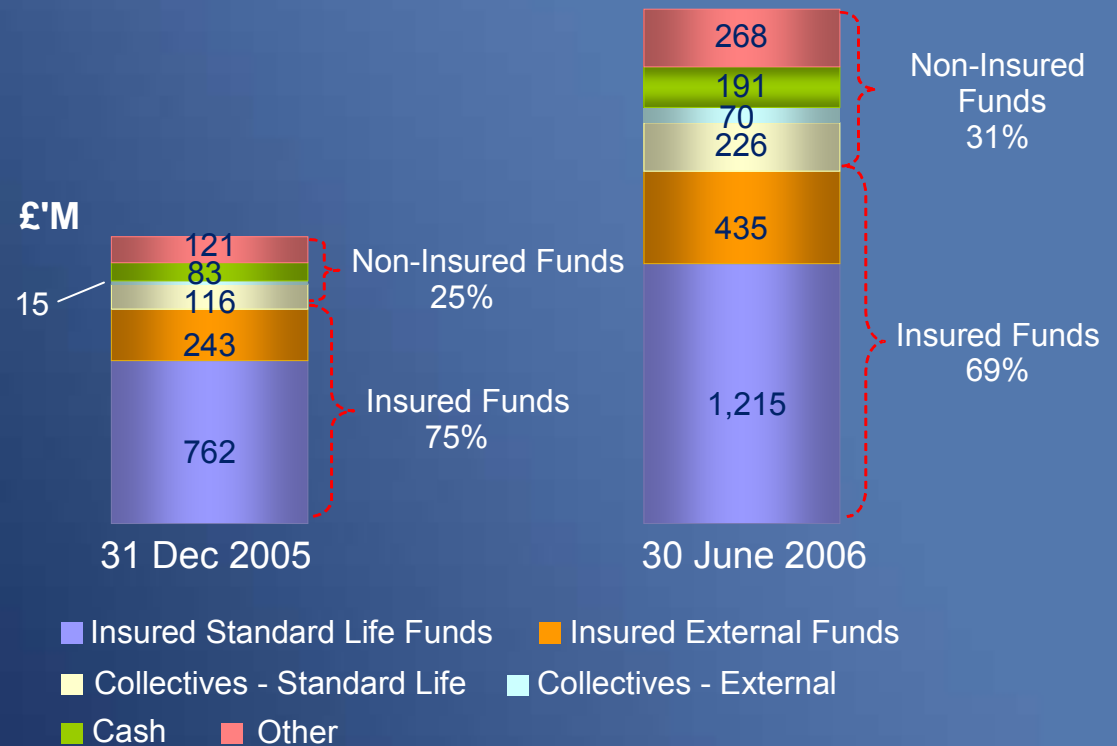
- Bottom-up process efficiency and re-design
- On track to deliver cost reduction of £30m by end 2007
- Reap benefits of e-enablement
- Tailoring of service levels

(1) Headcount is FTEs inc temps but excluding overtime

SIPP has Significant Non Insured Element

- SIPP Funds Under Management of £2.4bn at the end of H1 2006, up from £1.3bn at the end of 2005.
- 31% of this total was non-insured, up from 25% at the end of 2005
- Non-insured includes investments in Collectives, Cash, Property, Insurance Company Policies and Securities

Breakdown of SIPP FUM (£'M)



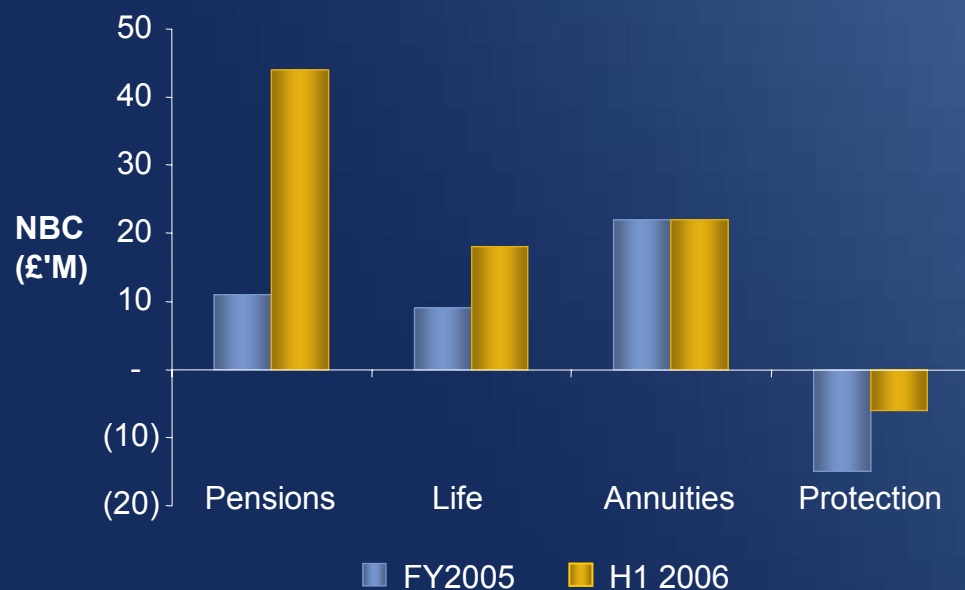
Source: Internal Standard Life Information

Covered business currently only comprises insured funds

Improved New Business Profitability



Pre-Tax NBC by Product



New Business Contribution (NBC) (£'M)

	H1 2006	FY2005
Pensions	44	11
Life	18	9
Annuities	22	22
Protection	(6)	(15)
Total	78	27

New Business Contribution (NBC) (£'M)

	H1 2006	FY2005
Before Acquisition Costs	151	205
Acquisition Costs	(73)	(178)
Total	78	27

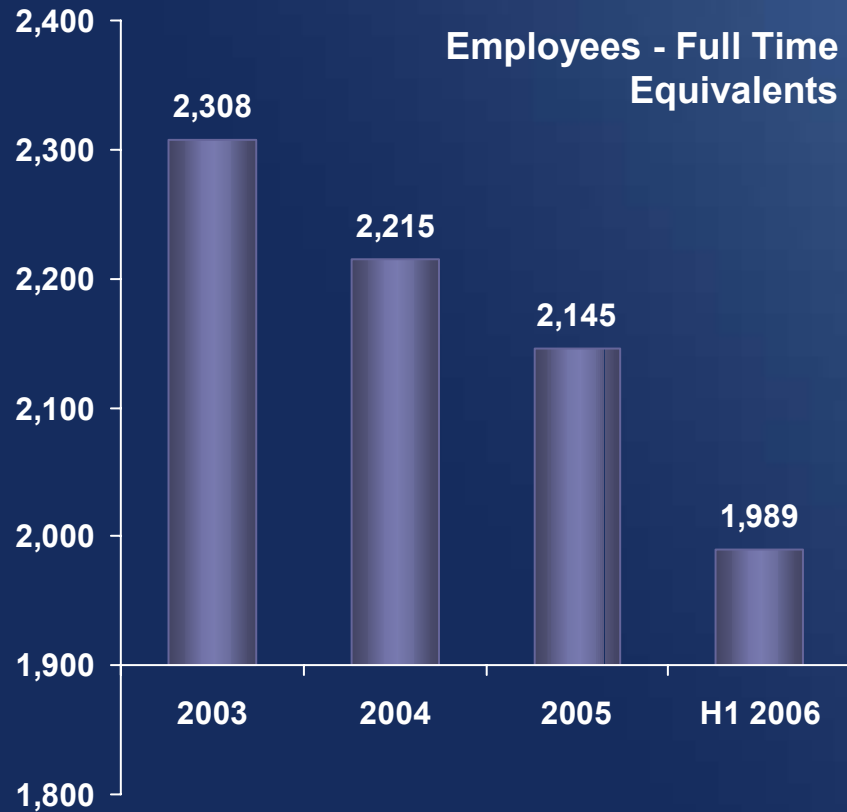
Half Year Results 2006



Business Update

Sandy Crombie
Group Chief Executive

Canadian Cost Management Underpins Profit Growth



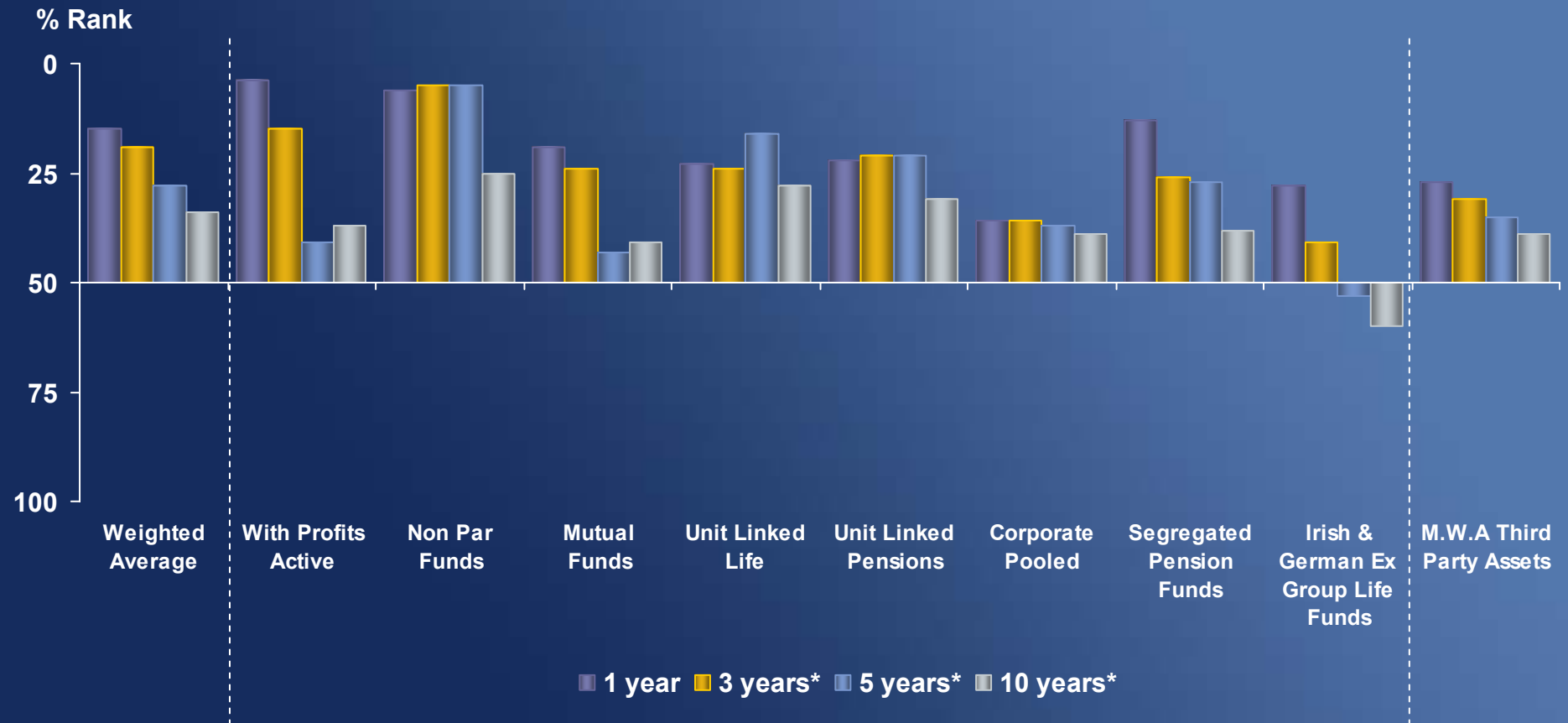
Strong Market in Target Products

	Market Share	
	H106	FY05
Group S&R	23.9%	23.2%
Group Insurance	2.2%	4.0%
Individual Insurance S&R	4.8%	7.4%
Total	7.8%	9.8%

Standard Life Investments: Investment Performance



Active Investment Performance - by Product Group at 30 June 2006



- SLPF funds 28,42 and MD are to 31/12/05

* Annualised

- Benchmarks: -Par Funds, SLPF, Irish & German Ex Group Life, Corporate, Mutual Funds, SLIF Net, SLIF Gross (Indices & Peer Groups); Non Par Funds (Indices)

- M.W.A. Third Party Assets are a combination of Mutual Funds, Corporates and SLPF. They are not included in the calculation of the weighted average

Healthcare

- Gross earned premiums increased by 18% due to acquiring FirstAssist.
- Underlying profit was £3m (2005: £7m)
- £9m write down announced following FirstAssist acquisition, due to;
 - Write down of purchased software
 - Higher than expected lapse experience
 - Reduction in sales of FirstAssist products
- A further £5m provision for expected re-structuring expenses has been taken.
- Further cost initiatives are being initiated with progress closely monitored.

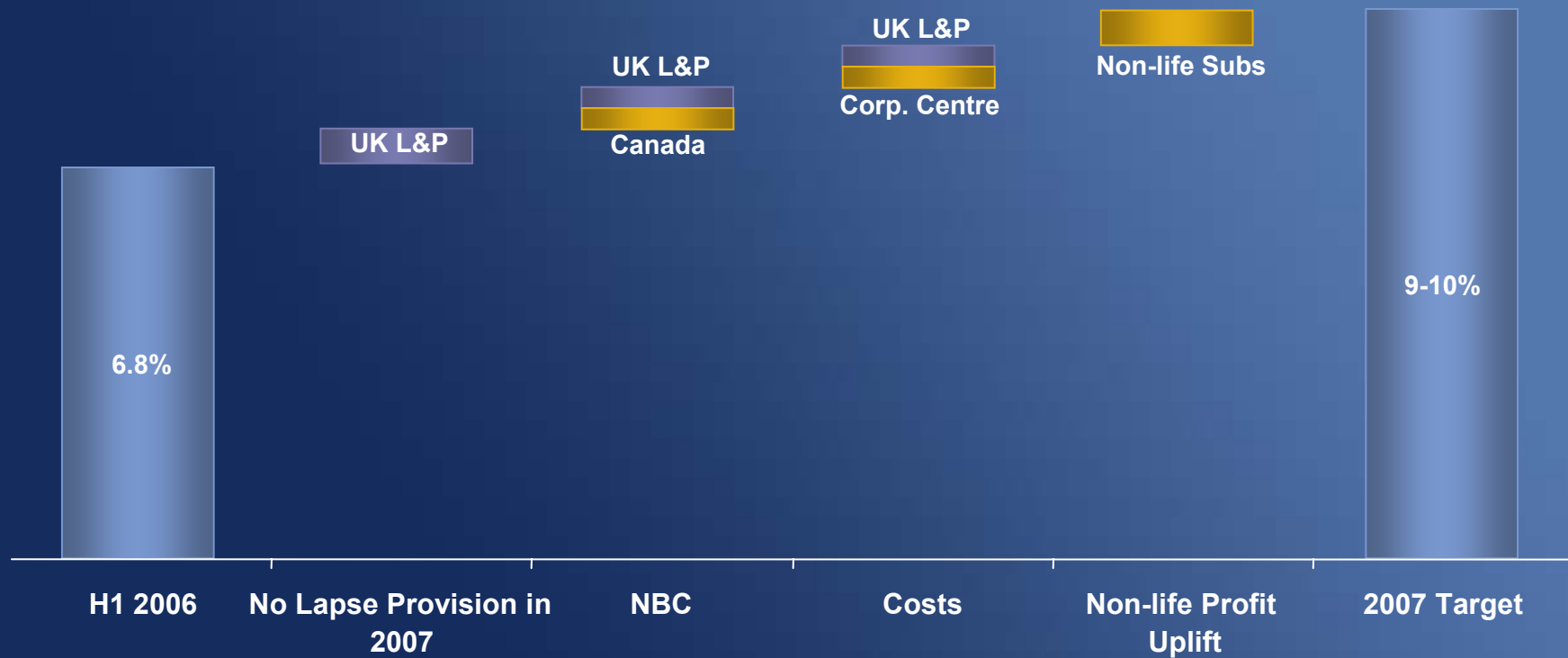
Banking

- Underlying profit from banking increased by 42% on a pro-forma basis to £17m.
- A decrease in lending related income was offset by increased product and related fees
- Interest margins of 66.3bps (FY 05: 64.1bps)
- Challenging markets are demanding ongoing focus on cost
- Cost income ratio reduced from 74% to 67%
- Cost initiatives are :-
 - On line mortgage approval process
 - Mortgage application process tracking for both intermediaries and direct customers
 - On line mortgage transactions eg. overpayments, offsetting, redraw
 - Majority of savings transactions either self service or high quality automated telephony

Confident in Meeting 2007 RoEV Target of 9-10%



Group ROEV – Improvement from H1 2006 to FY 2007



Standard Life – Conclusions and Outlook

- Strong first half with growth in margins and new business contribution
- Robust platform to deliver future growth
- On course to achieve £30m cost savings in Life & Pensions – and maintain group centre costs at 2005 levels

On track to deliver 9-10% post tax operating RoEV in 2007 and on an upward trajectory thereafter

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

Calls may be recorded/monitored

Standard Life Group includes Standard Life plc and its subsidiaries.

www.standardlife.com

Half Year Results 2006



Questions and Answers

Appendix



Key Performance Indicators - UK L&P



	6 months to 30 June 2006	12 months to December 2005	
Key Financials (£ millions)	New business APE	594	908
	New business PVNBP	4,330	6,455
	New business contribution	78	27
	EEV operating profit before tax	148	272
	EEV consolidated balance sheet	2,439	2,419
	IFRS underlying profit ⁽¹⁾	155	16
Key Ratios (%)	PVNBP margin	1.8%	0.4%
	Market share	8.9%	8.3%

(1) Based on proforma profit before shareholder tax and after minority interest, adjusted for certain non-operating items

Standard Life Investments: Third Party Sales Major Driver for Asset Growth



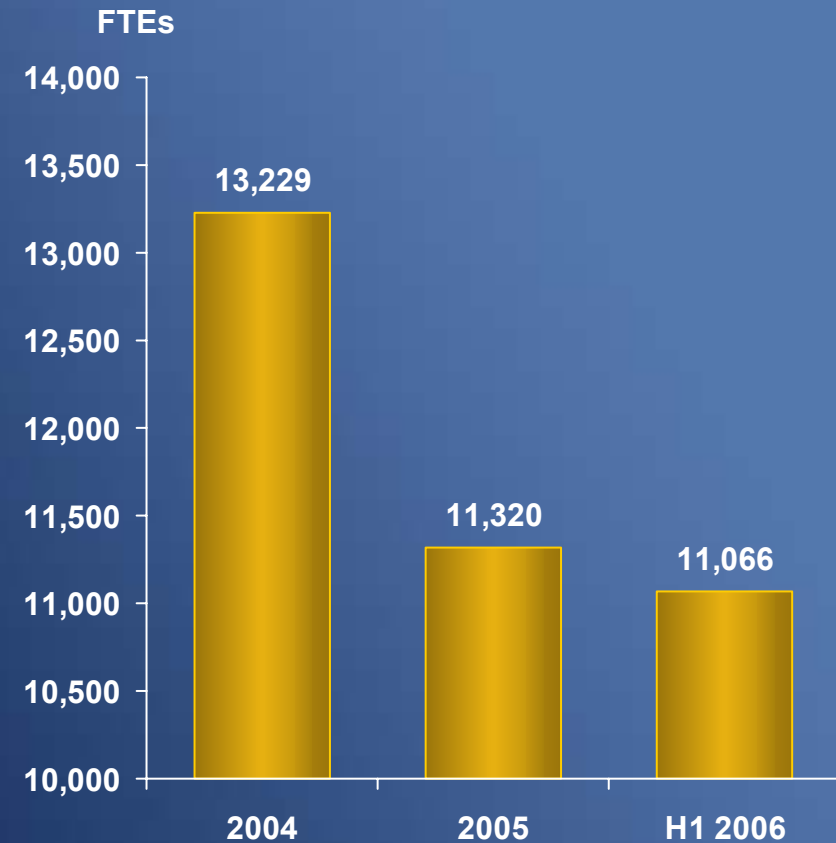
	Gross Sales (£m)								
	1998	2005	1H 2006	2005 CAGR			Annualised 1H 2006 CAGR		
				From '98	5yrs	3yrs	From '98	5yrs	3yrs
Mutual Funds	192	605	883	18%	19%	18%	32%	45%	73%
UK Institutional	199	3,312	1,885	49%	45%	39%	44%	37%	36%
Canada	341	836	489	14%	3%	(1%)	14%	5%	22%
Private Equity	-	671	205	n/a	26%	100%	n/a	39%	21%
AAA Money Market Funds	-	1,925	915	n/a	n/a	38%	n/a	33%	56%
Total Third Party	812	7,327	4,813	37%	33%	29%	36%	30%	43%
Total Third Party - Net	427	5,520	3,539	44%	37%	27%	42%	39%	48%

Group Costs

Expenses



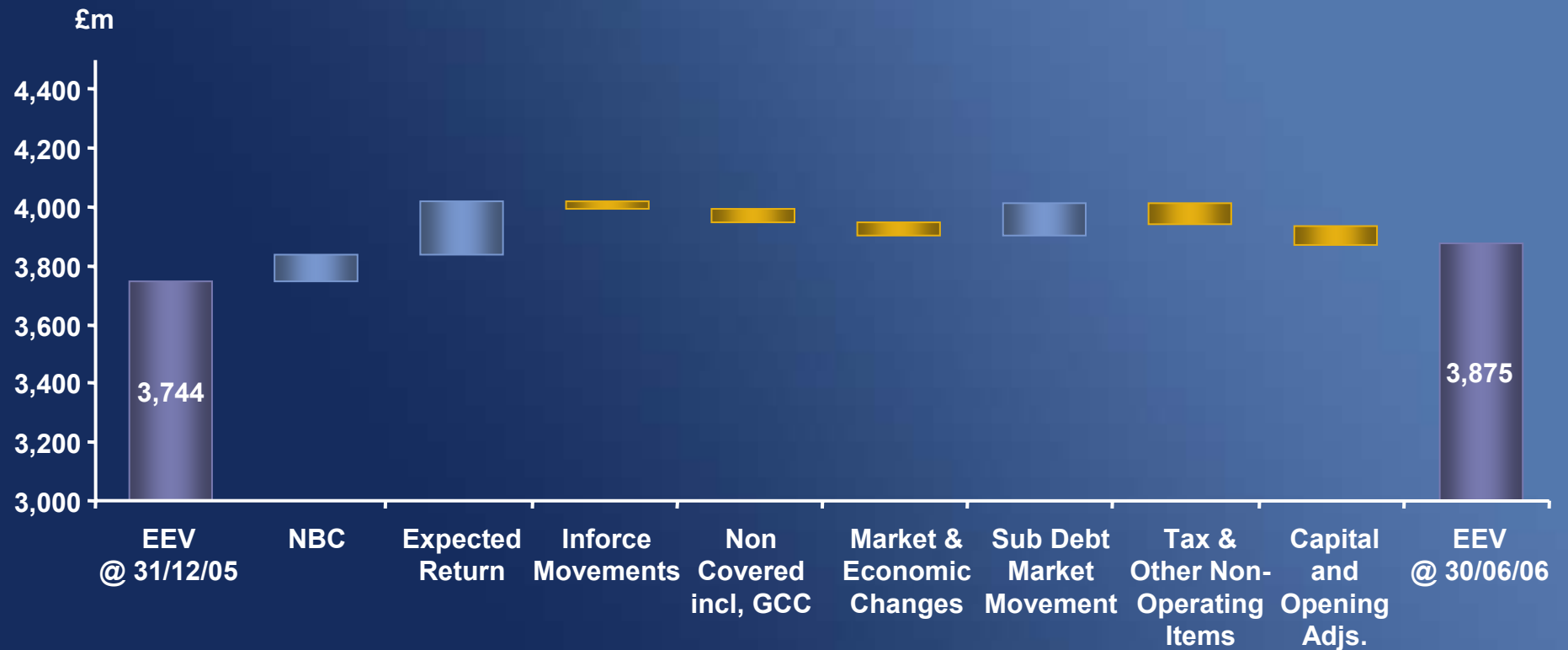
Headcount⁽¹⁾



(1) Headcount is average FTEs inc temps but excluding overtime

EEV Balance Sheet Reconciliation

Movement in Embedded Value Half 1 2006

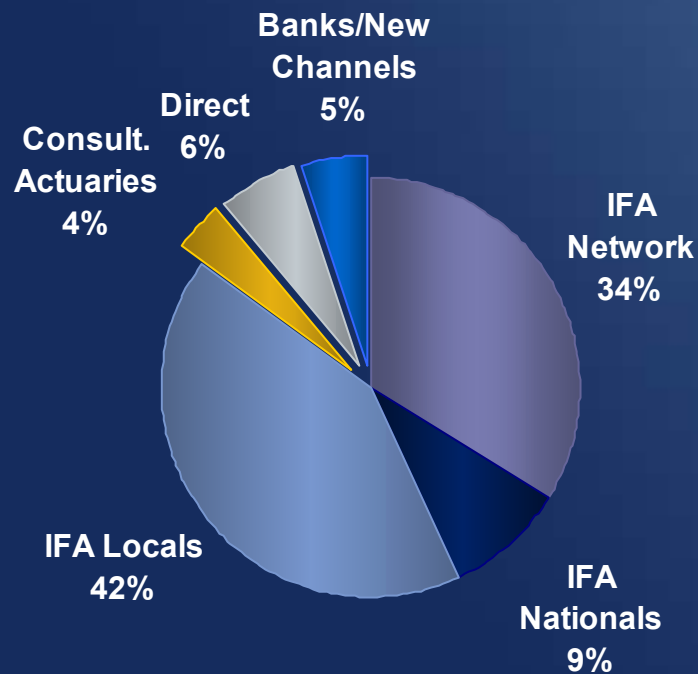


UK Life & Pensions Distribution Profile is Diversifying

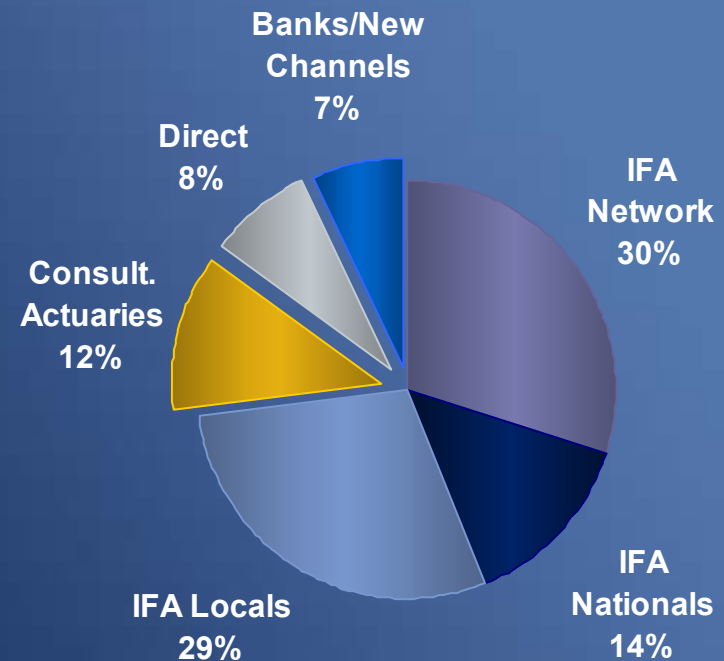


In H1 2006 almost 30% of new business came from outside the traditional IFA sector

2003 Distribution mix by APE



2006 H1 Distribution mix by APE

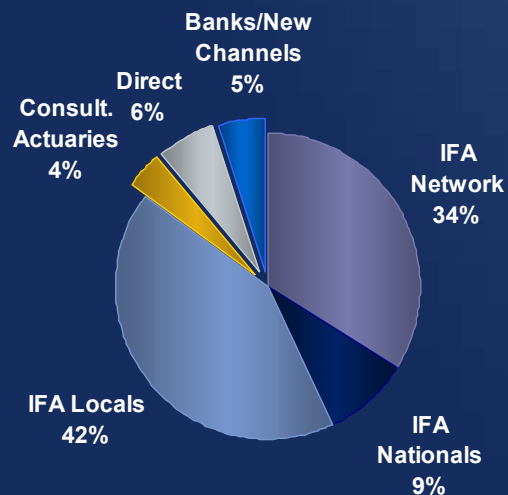


UK Life & Pensions Distribution Profile is Diversifying

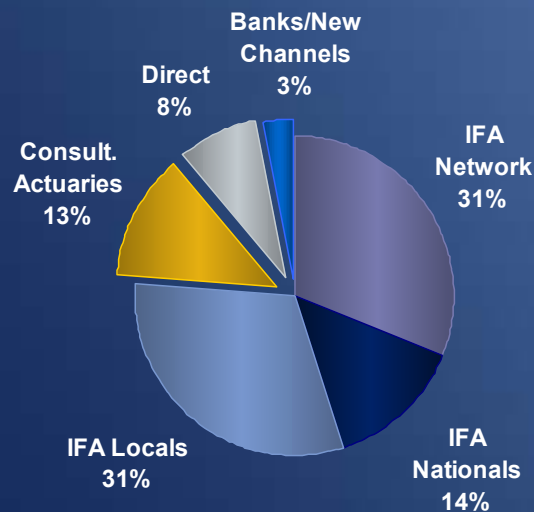


In H1 2006 almost 30% of new business came from outside the traditional IFA sector

2003 Distribution mix by APE



2005 Distribution mix by APE



2006 H1 Distribution mix by APE

