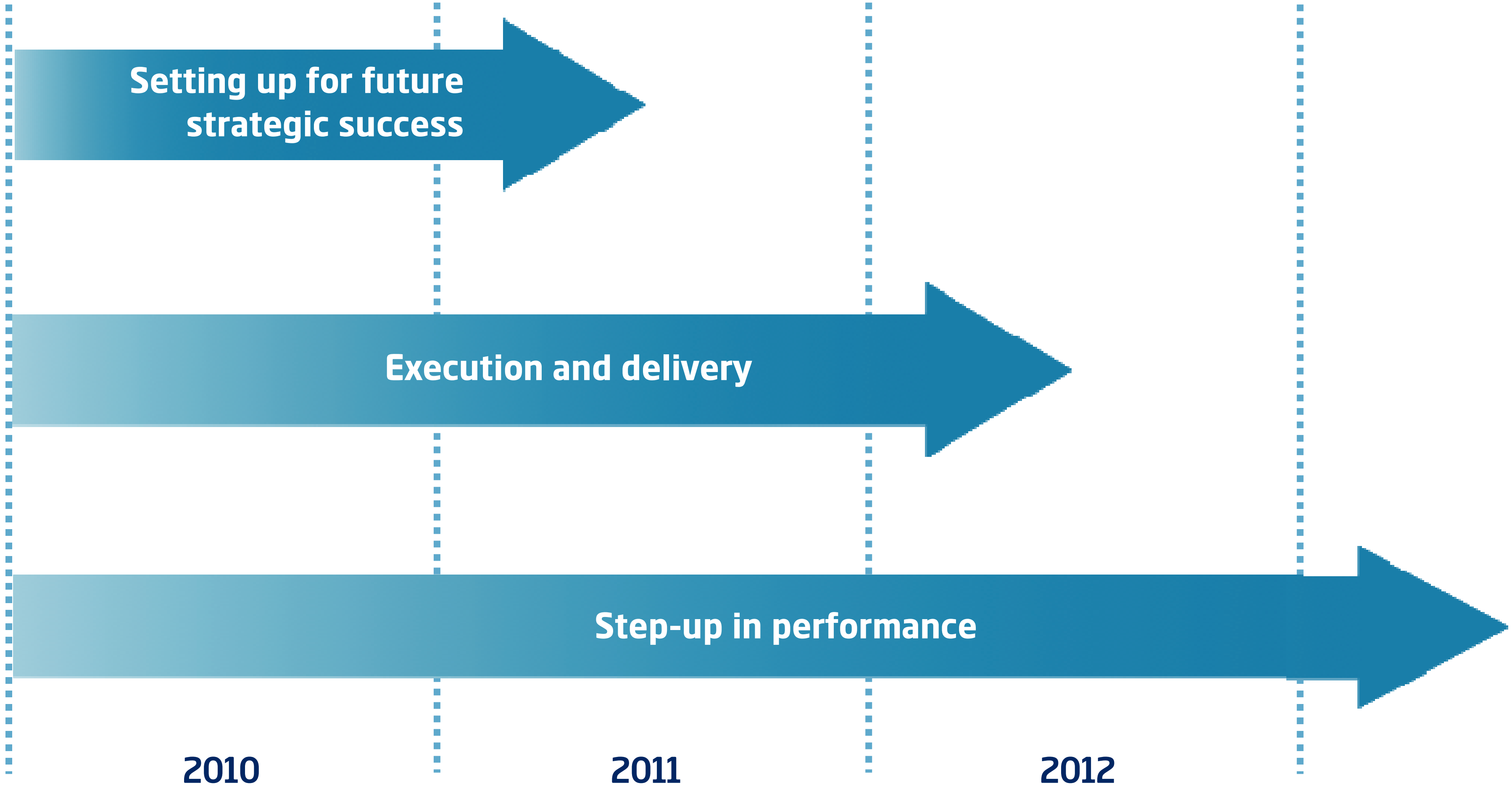
Preliminary Results 2011

Increased operating profit and cash flow delivered in challenging market conditions

Standard Life

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 the 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.

Well on track to transform our performance



Preliminary Results 2011

Increased operating profit and cash flow delivered in challenging market conditions

Jackie Hunt
Chief Financial Officer

Standard Life

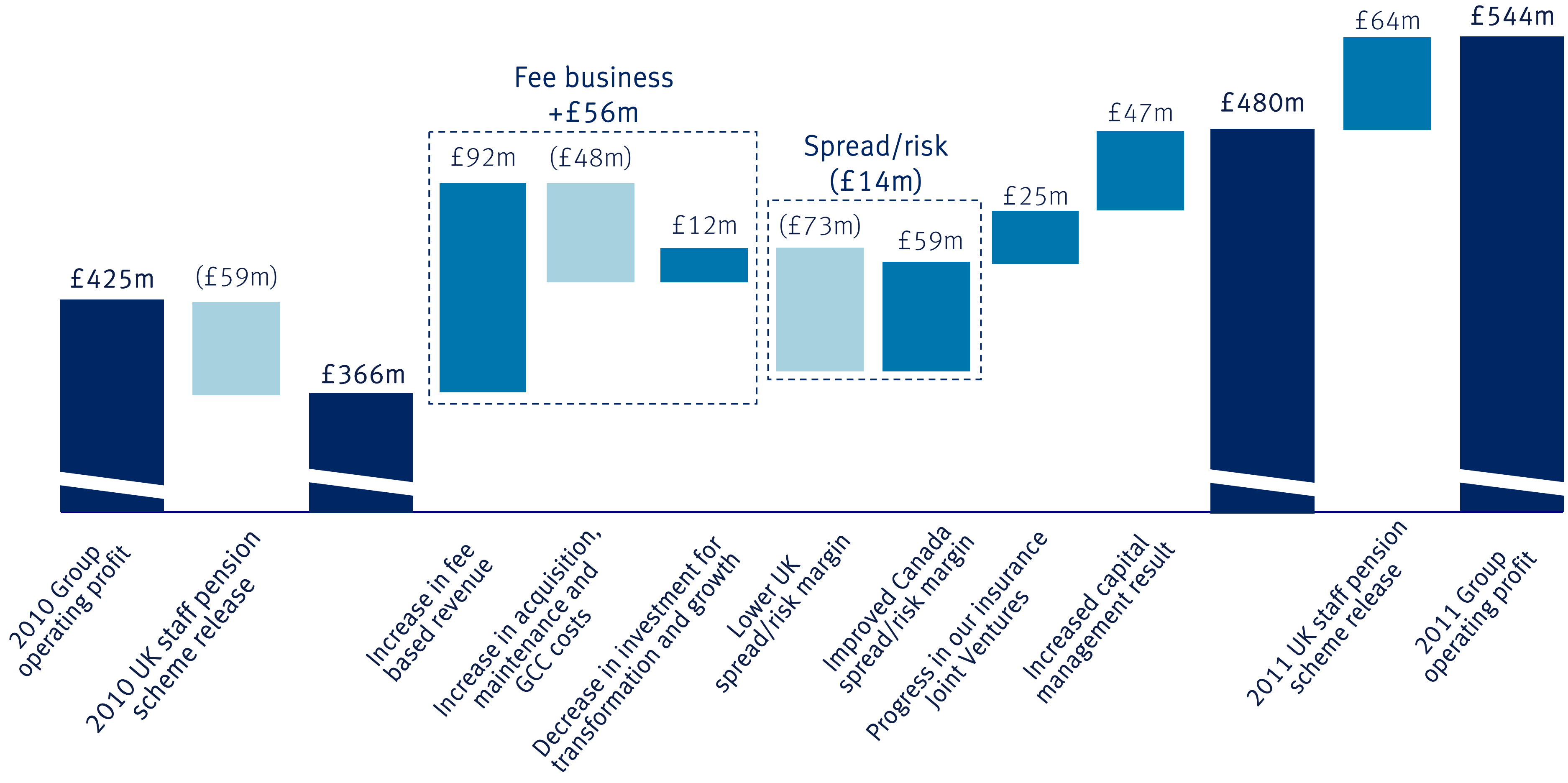
Group financial results - highlights

Financial highlights

	2011	2010
Operating profit	£544m	£425m
Assets under administration	£198.4bn	£192.9bn[1]
Standard Life Investments third party AUM	£71.8bn	£67.7bn[1]
Long-term savings net flows	£4.0bn	£4.7bn
Investment management third party net flows	£4.3bn	£6.2bn
EEV operating profit before tax	£989m	£787m
EEV operating capital and cash generation	£438m	£287m
Dividend	13.80p	13.00p

[1] Excluding the impact of the external transfer of UK money market funds

Group operating profit up 28%



Increase in UK fee business profitability

Operating profit

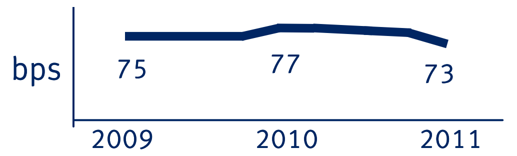
	2011 £m	2010 £m
Fee based revenue	625	593
Spread/risk margin	75	148
Total income	**700**	**741**
Acquisition expenses	(169)	(172)
Maintenance expenses	(332)	(312)
Investment for transformation and growth	(53)	(61)
Capital management	10	(21)
Total excluding UK staff pension scheme release	**156**	**175**
UK staff pension scheme release	64	59
Total	**220**	**234**

- Fee business AUA of £100.6bn (2010: £98.9bn)
- Fee based revenue 89% of total income (2010: 80%)
- Spread/risk margin:
  - Net £13m reduction due to operating assumption and reserving changes
  - £30m reserve release in prior year
- Fee business revenue bps decreased due to change in business mix

Fee business net flows[1]

£2.1bn (2010) → + 37% → £2.9bn (2011)

Fee business bps



[1] Excluding institutional pensions and conventional with profits

Standard Life Investments operating profit up 21%

Operating profit

	2011 £m	2010 £m
Fee based revenue	383[1]	331
Maintenance expenses	(227)	(194)
Investment for transformation and growth	(31)	(34)
Total	125	103

- Eight consecutive years of positive net flows in third party business
- Year end third party assets of £71.8bn (2010: £67.7bn[2])
- Higher revenue yield on new business
- Maintenance expenses reflect higher FTEs to support growth
- Indian associate, HDFC Asset Management, now the largest mutual fund company in India with AUM of £9.8bn

Third party net flows	2010	2011	Change
	£6.2bn	£4.3bn	-£1.9bn

Third party fee business bps[2]	2010	2011	Change
	35bps	37bps	+ 2bps

EBIT margin	2010	2011	Change
	33%	34%	+1% point

[1] Revenue includes proceeds from transfer of UK money market funds
[2] Excluding impact of external transfer of UK money market funds

70% increase in Canada operating profit

Operating profit

	2011 £m	2010 £m
Fee based revenue	166	150
Spread/risk margin	281	222
Total income	447	372
Acquisition expenses	(61)	(64)
Maintenance expenses	(201)	(193)
Investment for transformation and growth	(36)	(35)
Capital management	38	30
Total	187	110

- AUA up 3% to £26.1bn
- 11% increase in fee based revenue
- Spread/risk margin:
  - Enhanced investment yield on assets contributing £88m (2010: £32m)
  - Strengthened mortality assumptions net of new investment allocations reduced profit by £57m (2010: £13m)
- Net flows in Group savings fee business up 26%

Net flows

x4

2010	2011
£63m	£253m

Fee business bps

-1bps

2010	2011
118bps	117bps

Progress in JVs driving International operating profit

Operating profit

	2011 £m	2010 £m
Fee based revenue	221	212
Acquisition expenses	(40)	(31)
Maintenance expenses	(132)	(129)
Investment for transformation and growth	(12)	(15)
Capital management	1	1
Wholly owned businesses	38	38
India and China JV life businesses	2	(23)
Total	40	15

- AUA up 10% to £13.5bn
- Net flows in Ireland up 15% to £0.8bn
- Acquisition expenses higher due to strong growth in Hong Kong and Ireland
- Indian JV, HDFC Life, achieving profitability and capital self sufficiency

Net flows

+ 3%

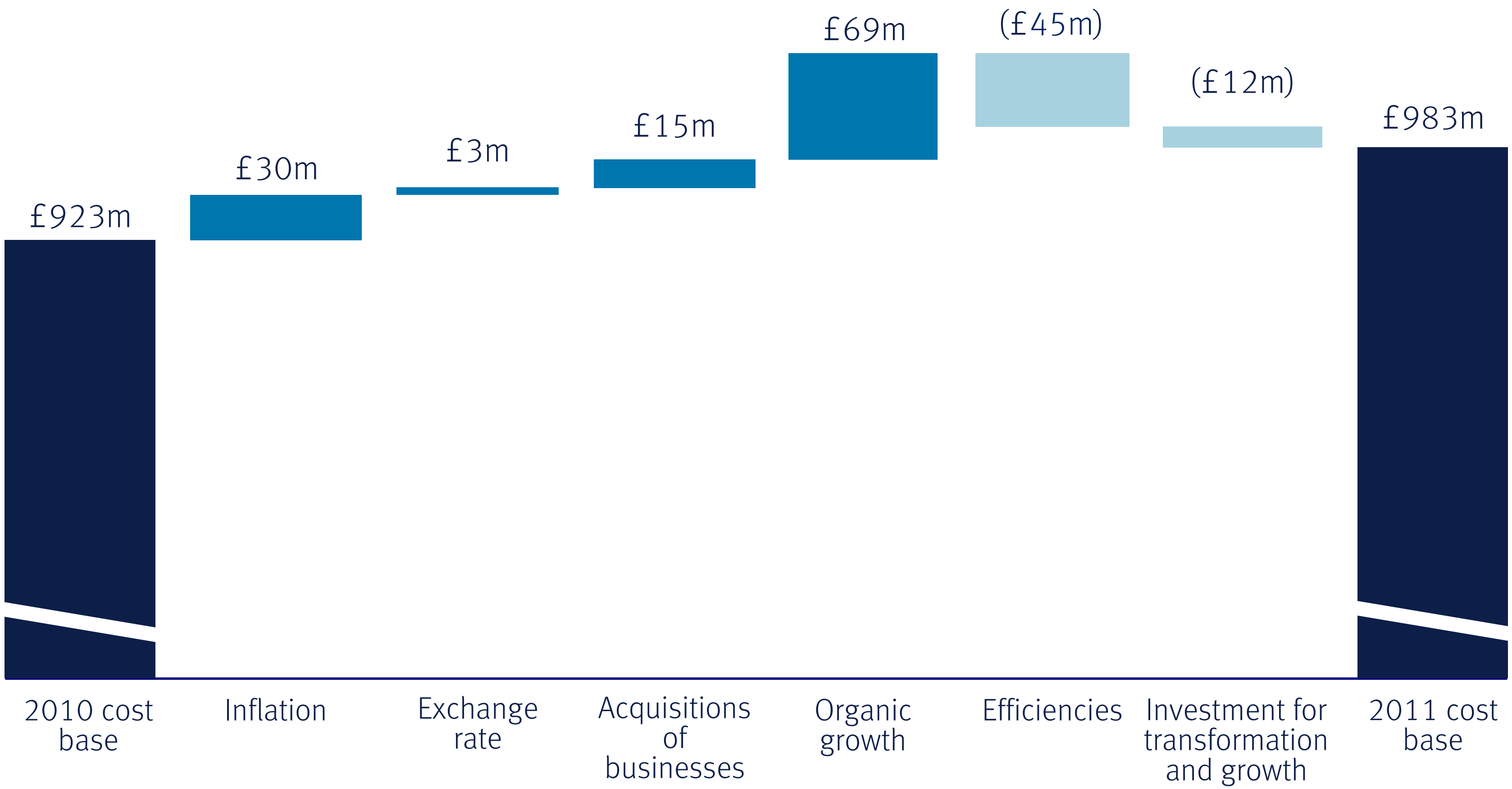
2010	2011
£1,666m	£1,723m

Fee business bps

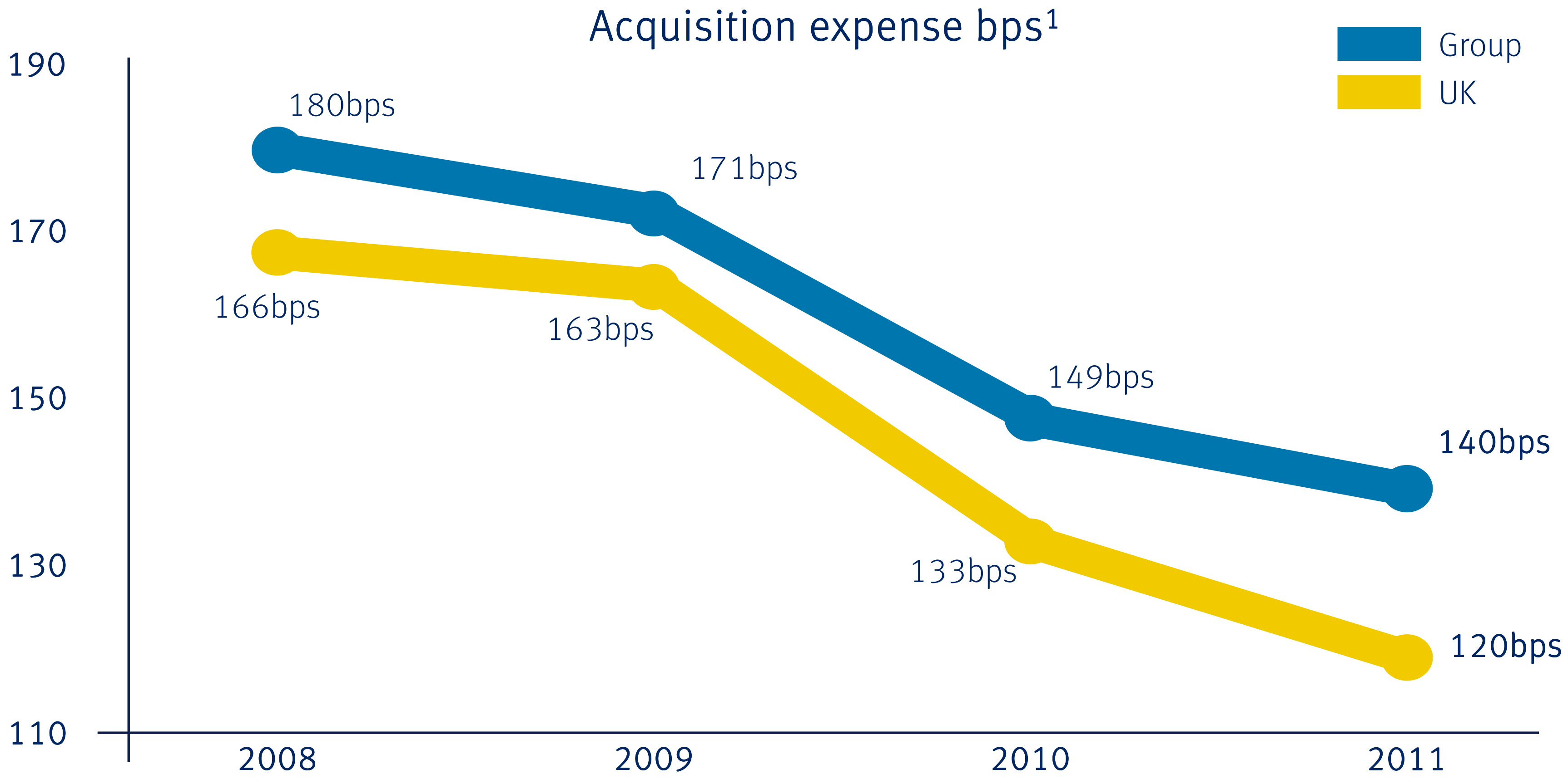
- 26bps

2010	2011
212bps	186bps

On track to deliver £100m of efficiency savings

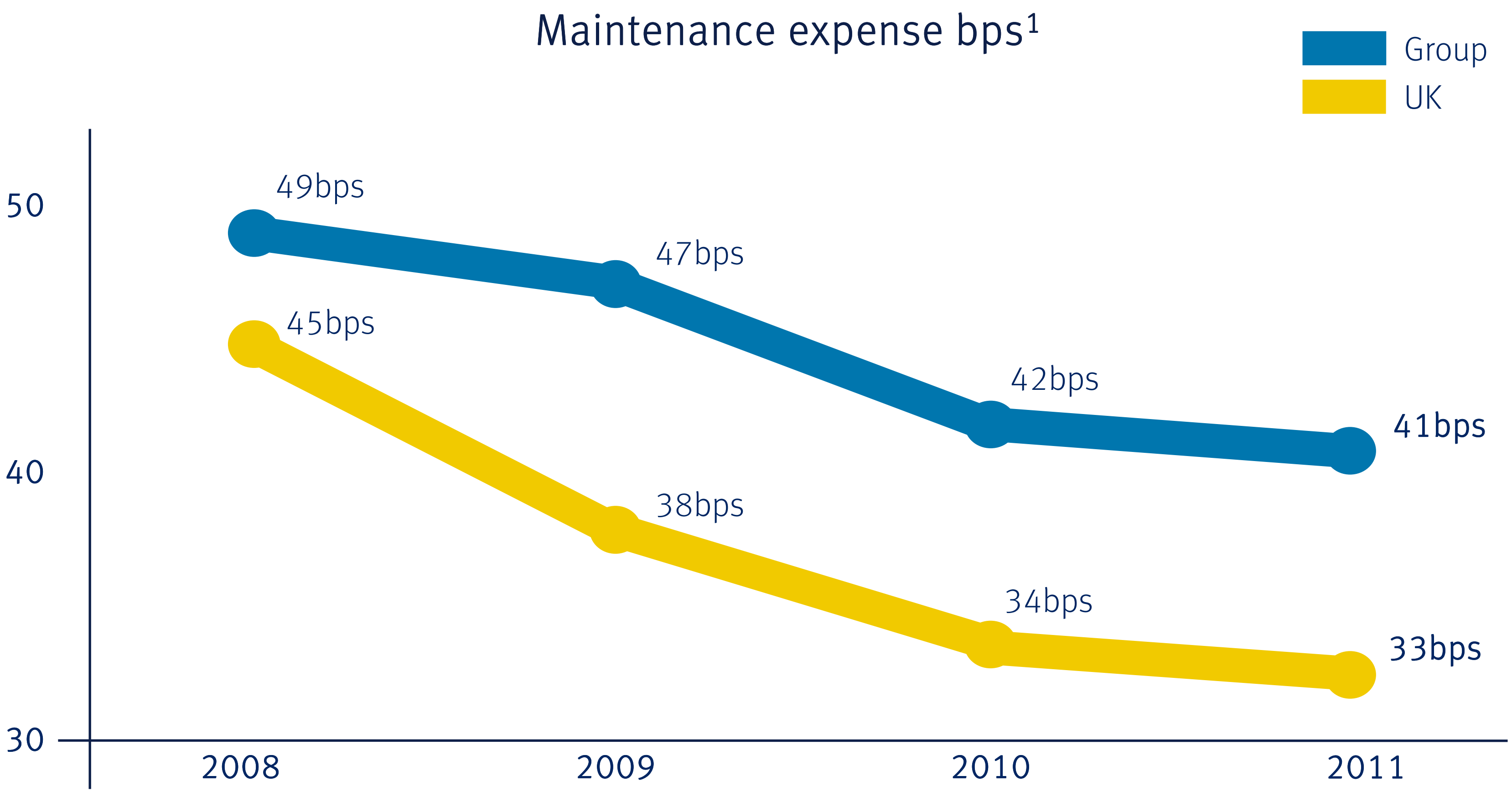


Fee model lowering unit costs of new business



[1] Acquisition expenses / PVNBP (excluding JV PVNBP)

Benefits of our scalable business model

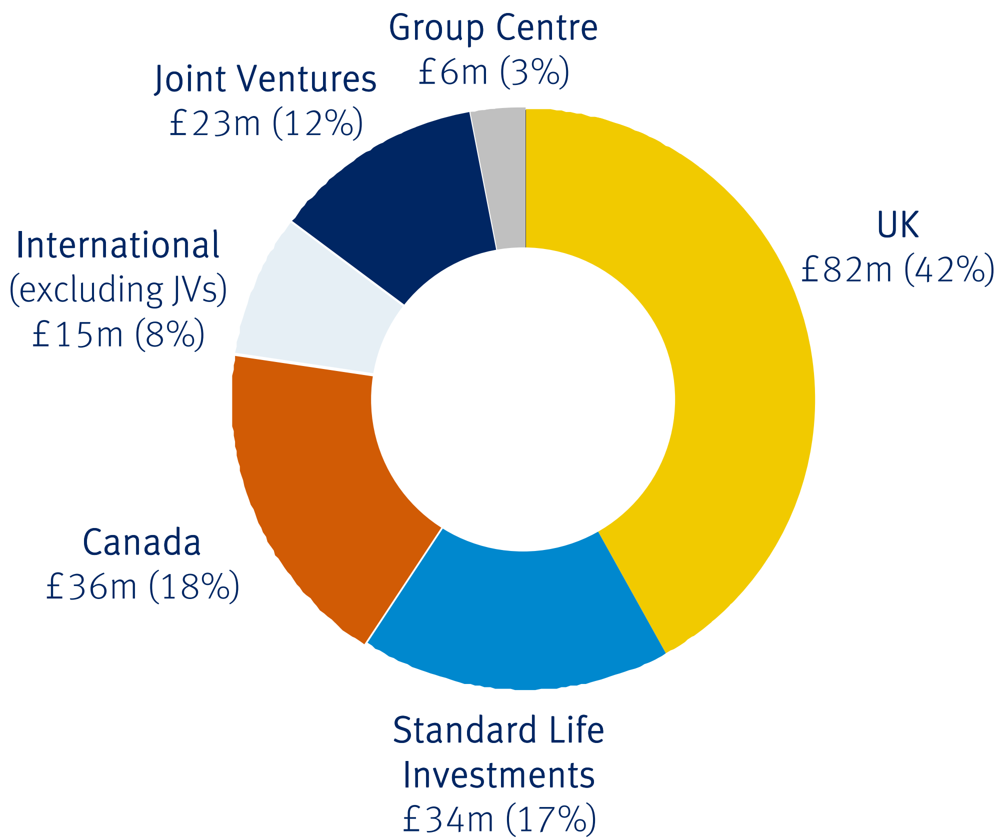


[1] Maintenance expenses / average AUA

Investment for transformation and growth

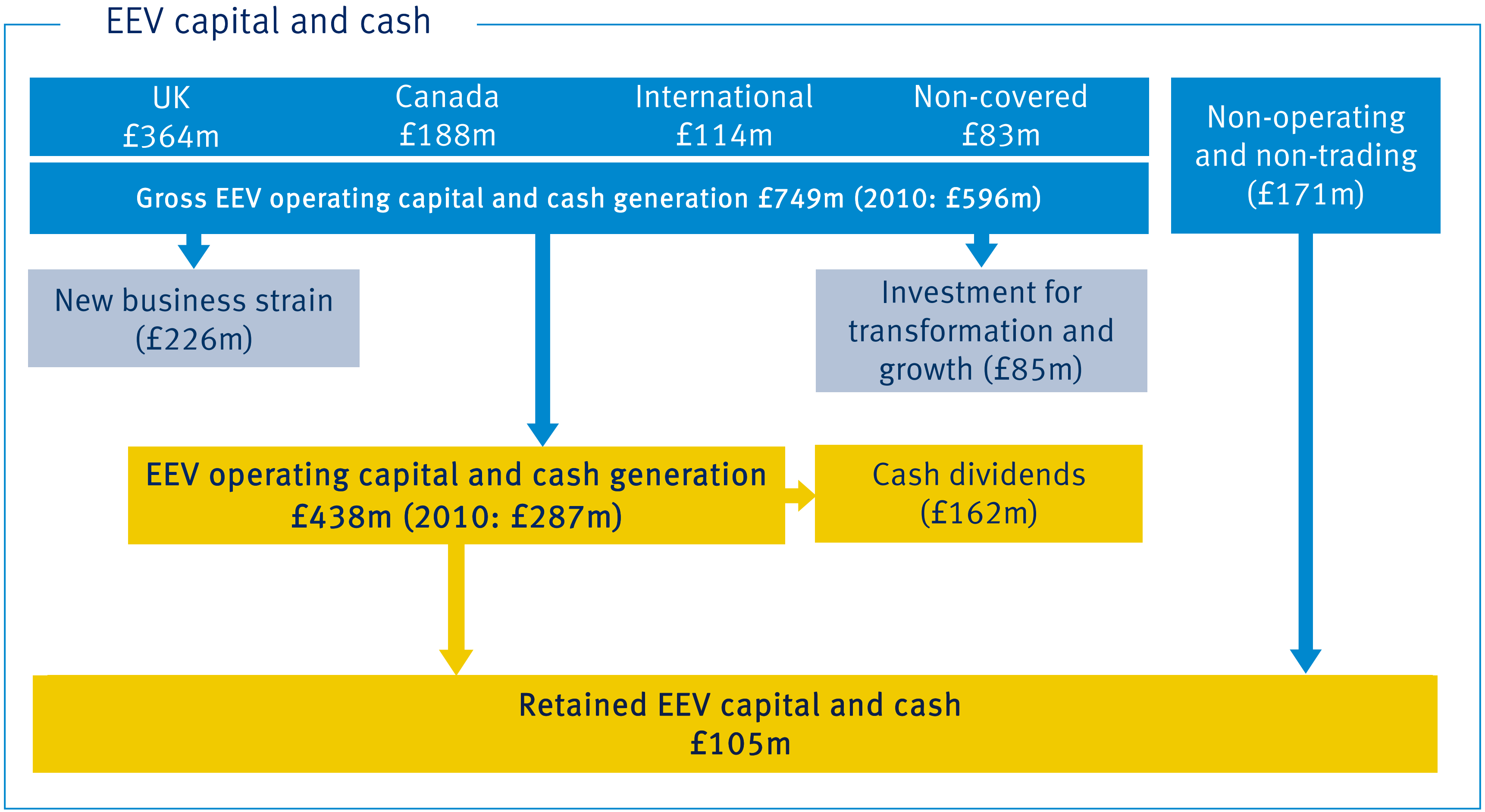
Delivering to plan

- Total 2011 investment spend of £196m, including investment into Joint Ventures of £23m
- Disciplined investment approach
- Investment in technology to drive efficiency and lower unit costs

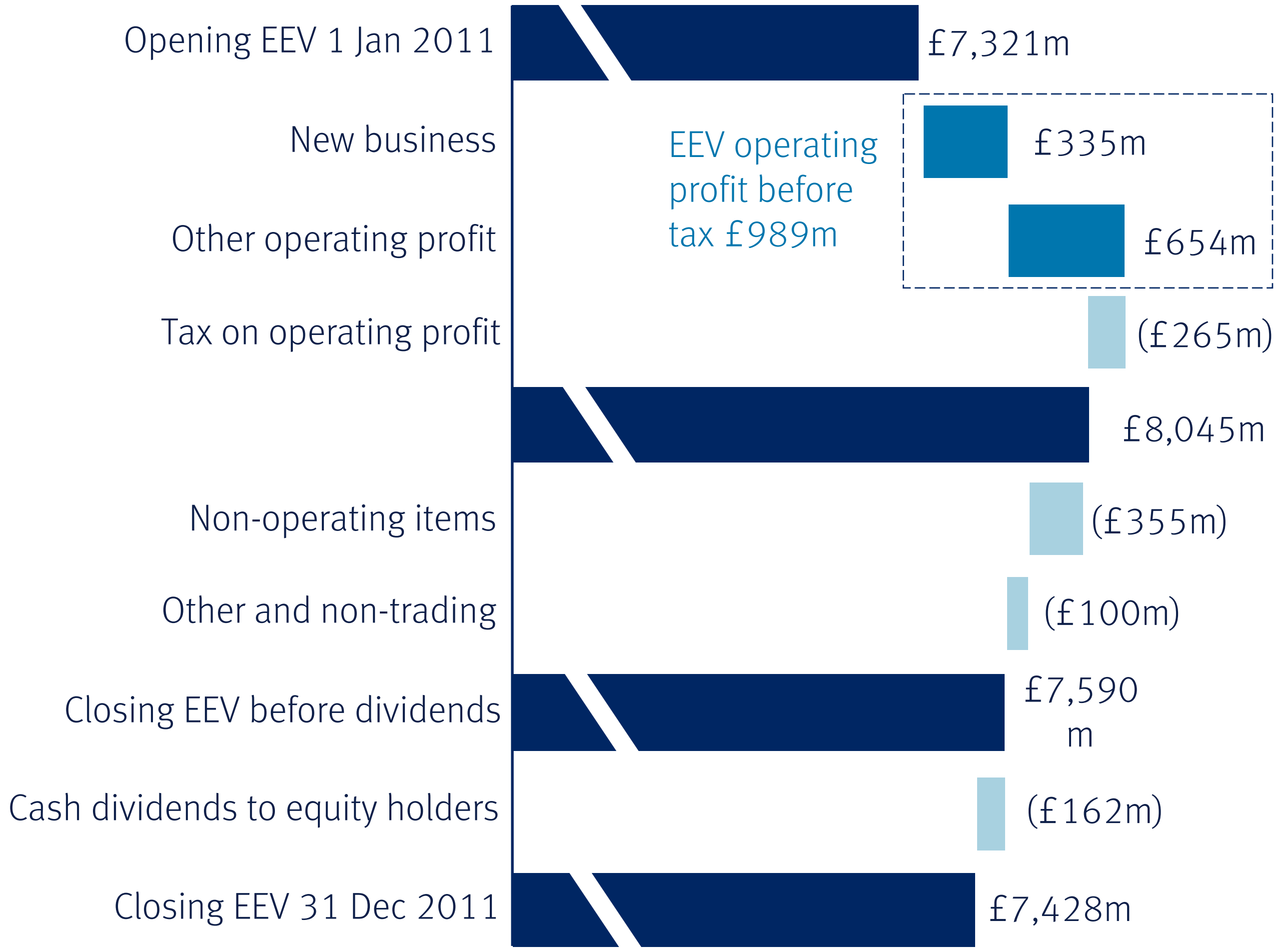


- Modest reduction expected in 2012, in line with previous guidance
- Investment for transformation and growth to be presented within maintenance and acquisition expenses

EEV operating capital and cash generation up 53%



Growing our embedded value



Embedded value per share of 317p

Continuing to optimise our strong balance sheet

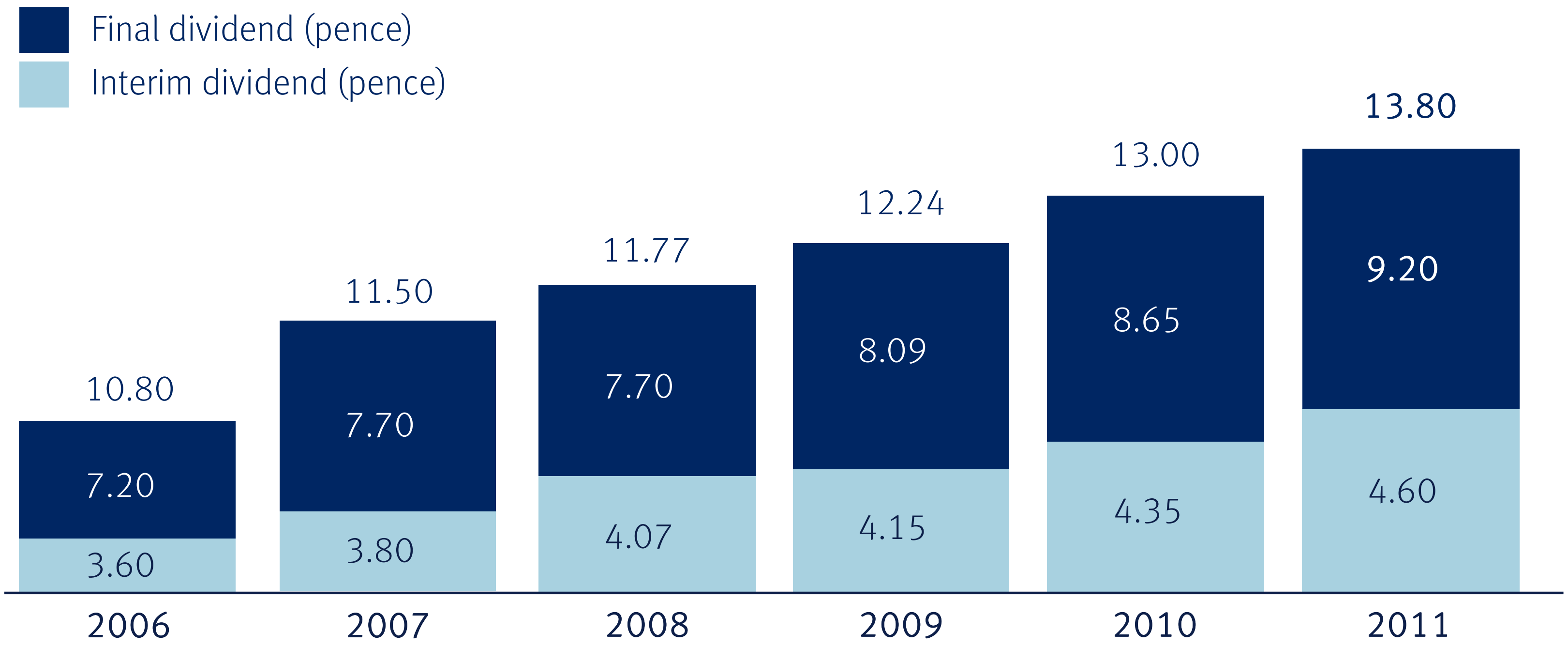
- IGD surplus of £3.1bn (2010: £3.8bn) after debt tender
- €750m lower tier 2 euro-denominated debt instruments
  - Successful tender undertaken in respect of €687m of euro LT2 debt instruments
  - Remaining €63m, maturing in July 2012, excluded from regulatory capital at year end
- Minimal exposure to European periphery sovereign and bank debt
- Part VII transfer completed within our UK business

Capital and debt structure: 31 December 2011

	£bn
Equity	4.0
Debt/other	1.3
Total	5.3
Leverage[1]	25%

[1] Leverage calculated as total borrowings (subordinated debt plus bank overdrafts and other borrowings less uncleared cheques) divided by total capital (shareholder equity excl. NCIs + total borrowings)

Commitment to progressive dividend



- Continuous dividend growth since IPO
- Focused on delivering a progressive dividend
- Replacement of Scrip with DRIP option from 2011 final dividend

Driving returns for our shareholders

Increasing assets

£198.4bn of assets

Net inflows across the Group

Maximising revenue

Fee based revenue up 8%

Fee business 77% of revenue

Improved operational efficiency

Maintenance and acquisition bps reduced

Lowering unit costs

Driving profit

28% increase in operating profit

53% increase in cash generation[1]

Operating RoE 11.9%

2011 dividend of 13.80p

Removal of Scrip dividend

Redemption of LT2 debt

Optimising the balance sheet

[1] EEV operating capital and cash generation

Preliminary Results 2011

Growing operating profit and cash flow

David Nish
Chief Executive

Standard Life

Our focus: delivering increased profits and dividends

- Well placed to exploit opportunities created by market and regulatory change
- Strong range of existing propositions
- New differentiated propositions to enhance market share
- Driving cost efficiency
- Improving capital efficiency and returns

On track to deliver ongoing improvement in profit and dividends

Maximising revenue across the Group

Increasing our access to margin

Point of Sale Solutions ⟷ Adviser Support ⟷ Platforms ⟷ Tax Wrappers and Risk Products ⟷ Fund Management

Intermediary	Direct	Intermediary	Direct	Consultants	Direct
Retail customers		Corporate customers		Institutional customers	

Benefits to margin

- Flows to Group propositions
- Flows to higher margin products

Driving revenues and profits

- MyFolio AUA now over £1.0bn
- 1,000th adviser firm added to Wrap at start of 2012
- Canadian distribution agreement with Qtrade

- First implementations of Lifelens
- Vebnet providing flexible benefits to over 500,000 employees
- 167 new UK schemes and 66,000 employees added to schemes implemented in 2011

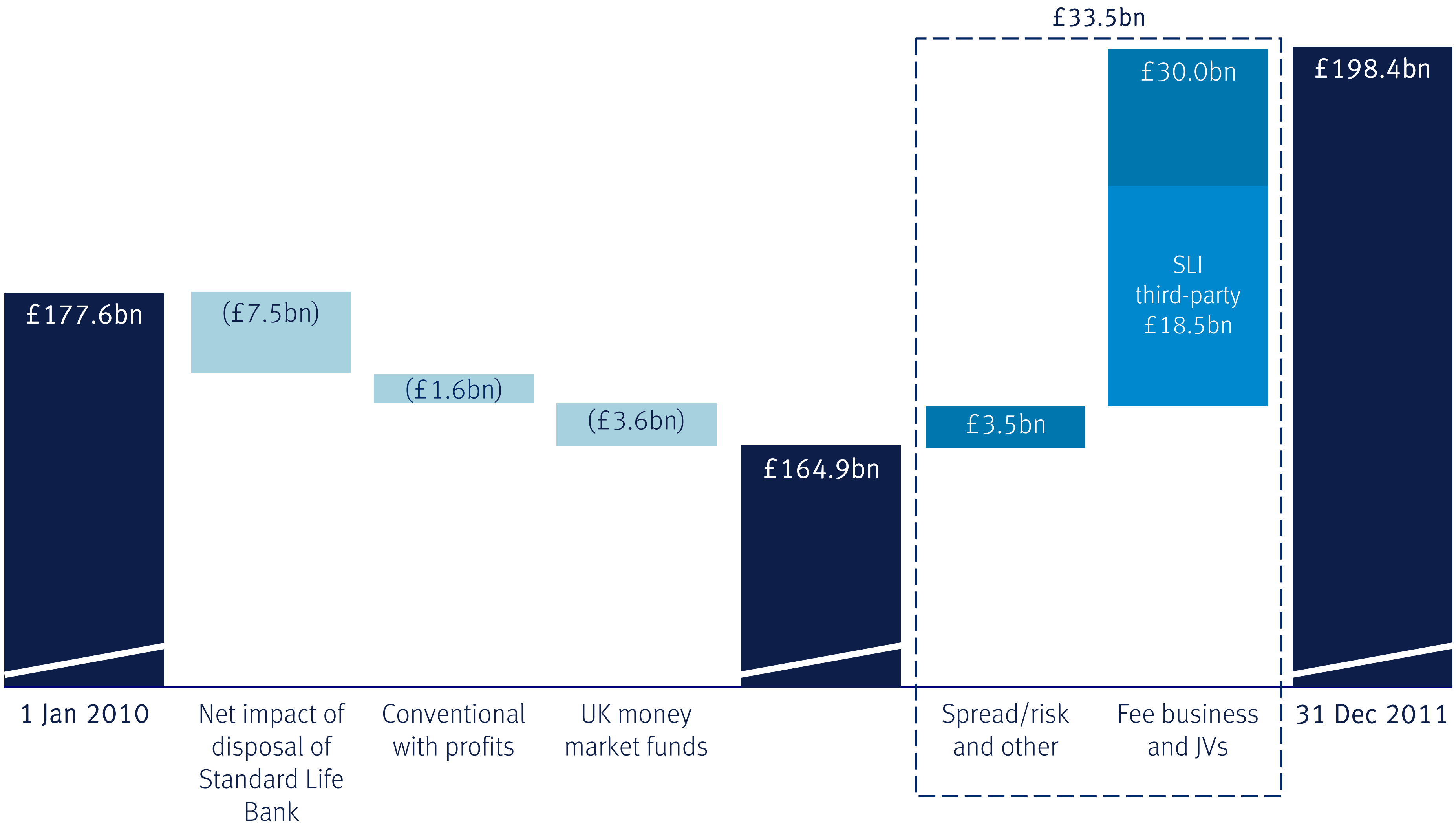
Focusing on the savings and investment needs of customers in our chosen segments	Building on strength in pension savings and corporate benefits
Expanding the global reach of our investment management business	Maximising value from our Joint Venture relationships in Asia

- Eight consecutive years of positive third party net flows at Standard Life Investments
- Over £13bn of GARS third party assets
- Secured US distribution agreement with John Hancock Financial

- HDFC Life achieving profitability, capital self sufficiency and no. 2 position in private sector overall
- HDFC AMC now the largest mutual fund company in India exceeding 5m customers

Delivering sustainable growth

Growing the quantity and quality of assets



Unprecedented change and growth opportunities

Demographic / economic

- Baby boomer generation entering retirement phase and consolidating assets
- State provision for retirement becoming more burdensome
- UK and Canadian savings gaps
- Growing Asian middle classes

Regulatory environment

- Auto enrolment and pension reform increasing size of corporate pension and savings market
- RDR introducing fee based advice – new model advisers
- Introduction of Pooled Registered Pension Plans in Canada

Customer / client

- Customers demanding transparency, flexibility and ease of access
- Ongoing shift from DB to DC and total reward
- Trend towards consolidation of assets
- Shift towards global investment products
- Evolving institutional demand for investment solutions

Clear opportunities for further profitable growth

Increasing assets and maximising revenue

Auto enrolment and pensions reform

- Potential 400,000 extra members to existing schemes
- Meeting demand for total reward and unprecedented movement of corporate pension assets

Well placed for the RDR

- Strong relationships with new model advisers
- Expanding market propositions through Focus Solutions, restricted advice and direct opportunity

Leveraging Standard Life Investments

- Global product innovation – GARS, global fixed income and real estate
- Expanding distribution agreements - John Hancock Financial, Chuo Mitsui, HDFC

Growing our International operations

- Leveraging existing expertise in offshore savings
- JVs to benefit from growing Asian middle classes, maximising shareholder value

Driving efficiency

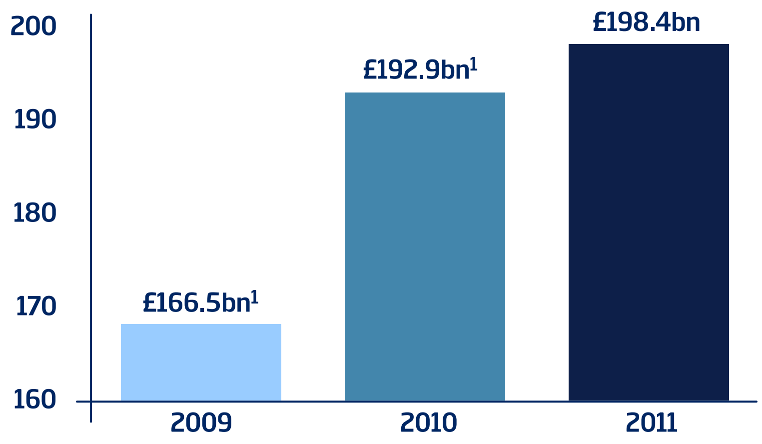
- Scalability of platforms
- Self service and automation through digital media
- Sourcing arrangements and delivering IT change more efficiently
- Re-using core components across channels

Lowering unit costs

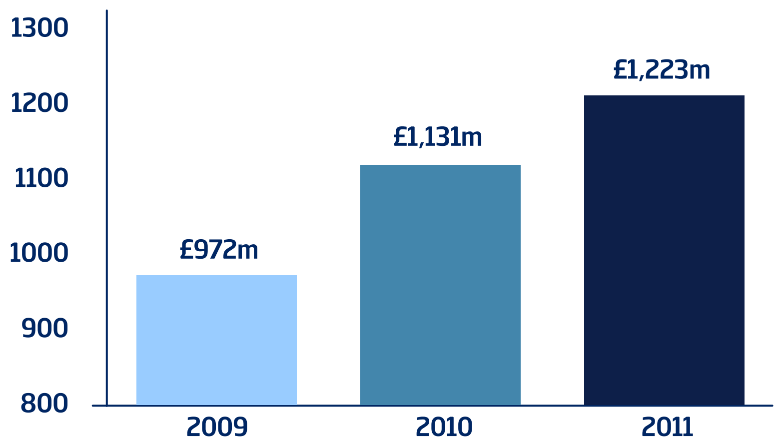
Delivering sustainable growth

Delivering growth

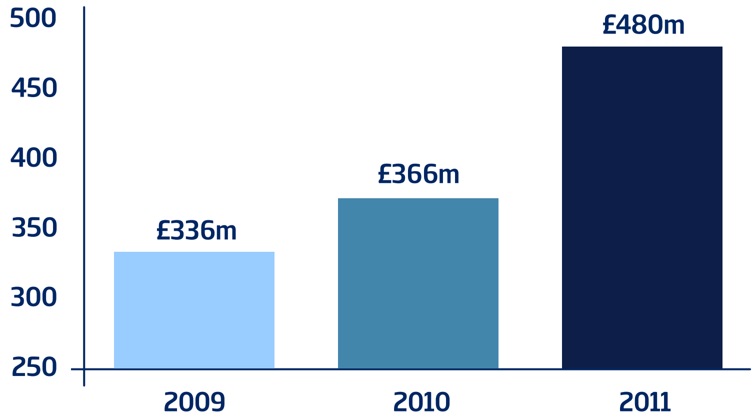
Group assets under administration



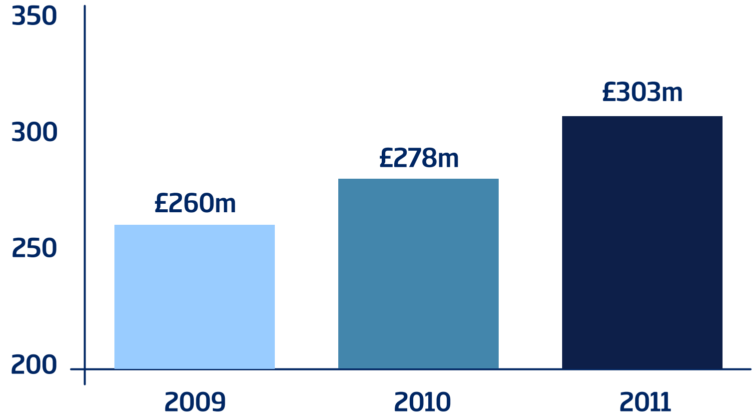
Fee based revenue



Operating profit[2]



Dividends[3]



[1] Continuing operations excluding the impact of external transfer of UK money market funds
[2] Excluding UK staff pension scheme releases in 2011 of £64m (2010: £59m) and deferrred annuity releases in 2009 of £63m
[3] Total dividends paid in cash and Scrip

Preliminary Results 2011

Appendix

Standard Life

Operating profit by business unit

Operating profit

	UK		SLI		Canada		International		Other		Eliminations		Total	
	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	**2011 £m**	2010 £m
Fee based revenue	625	593	383	331	166	150	221	212	-	-	(172)	(155)	**1,223**	1,131
Spread/risk margin	75	148	-	-	281	222	-	-	-	-	-	-	**356**	370
Total income	700	741	383	331	447	372	221	212	-	-	(172)	(155)	**1,579**	1,501
Acquisition expenses	(169)	(172)	-	-	(61)	(64)	(40)	(31)	-	-	-	-	**(270)**	(267)
Maintenance expenses	(332)	(312)	(227)	(194)	(201)	(193)	(132)	(129)	(3)	-	172	155	**(723)**	(673)
Investment for transformation and growth	(53)	(61)	(31)	(34)	(36)	(35)	(12)	(15)	(5)	(4)	-	-	**(137)**	(149)
Group corporate centre costs	-	-	-	-	-	-	-	-	(45)	(50)	-	-	**(45)**	(50)
Capital management	10	(21)	-	-	38	30	1	1	25	17	-	-	**74**	27
India and China JV businesses	-	-	-	-	-	-	2	(23)	-	-	-	-	**2**	(23)
Other	64	59	-	-	-	-	-	-	-	-	-	-	**64**	59
Operating profit/(loss) before tax from continuing operations	220	234	125	103	187	110	40	15	(28)	(37)	-	-	**544**	425
Tax on operating profit/(loss)	(16)	(36)	(30)	(27)	(31)	(20)	(8)	(8)	(2)	2	-	-	**(87)**	(89)
Operating profit/(loss) after tax from continuing operations	204	198	95	76	156	90	32	7	(30)	(35)	-	-	**457**	336
Non-operating items	(95)	33	(4)	3	(74)	78	(16)	(3)	(25)	(26)	-	-	**(214)**	85
Tax on non-operating items	26	9	1	-	19	(23)	3	-	6	5	-	-	**55**	(9)
IFRS profit/(loss) for the year from continuing operations	135	240	92	79	101	145	19	4	(49)	(56)	-	-	**298**	412
Profit from discontinued operations	-	20	-	-	-	-	-	-	-	-	-	-	**-**	20
IFRS profit/(loss) after tax attributable to equity holders	135	260	92	79	101	145	19	4	(49)	(56)	-	-	**298**	432

Investment for transformation and growth - allocation

Investment for transformation and growth included within operating profit

	UK		SLI		Canada		International		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	**2011**	2010
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	£m
Acquisition expenses	33	46	-	-	17	18	5	9	-	-	**55**	73
Maintenance expenses	20	15	31	34	19	17	7	6	5	4	**82**	76
Total investment for transformation and growth	53	61	31	34	36	35	12	15	5	4	**137**	149

[1] Excludes capitalised expenditure of £36m (2010: £36m) and capital injections into Joint Ventures of £23m (2010: £16m)

Operating profit by business unit – restated[1]

Operating profit

	UK		SLI		Canada		International		Other		Eliminations		Total	
	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	2011 £m	2010 £m	**2011 £m**	2010 £m
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Spread/risk margin	75	148	-	-	281	222	-	-	-	-	-	-	**356**	370
Total income	700	741	383	331	447	372	221	212	-	-	(172)	(155)	**1,579**	1,501
Acquisition expenses	(202)	(218)	-	-	(78)	(82)	(45)	(40)	-	-	-	-	**(325)**	(340)
Maintenance expenses	(352)	(327)	(258)	(228)	(220)	(210)	(139)	(135)	(8)	(4)	172	155	**(805)**	(749)
Group corporate centre costs	-	-	-	-	-	-	-	-	(45)	(50)	-	-	**(45)**	(50)
Capital management	10	(21)	-	-	38	30	1	1	25	17	-	-	**74**	27
India and China JV businesses	-	-	-	-	-	-	2	(23)	-	-	-	-	**2**	(23)
Other	64	59	-	-	-	-	-	-	-	-	-	-	**64**	59
Operating profit/(loss) before tax from continuing operations	220	234	125	103	187	110	40	15	(28)	(37)	-	-	**544**	425
Tax on operating profit/(loss)	(16)	(36)	(30)	(27)	(31)	(20)	(8)	(8)	(2)	2	-	-	**(87)**	(89)
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Non-operating items	(95)	33	(4)	3	(74)	78	(16)	(3)	(25)	(26)	-	-	**(214)**	85
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Profit from discontinued operations	-	20	-	-	-	-	-	-	-	-	-	-	**-**	20
IFRS profit/(loss) after tax attributable to equity holders	135	260	92	79	101	145	19	4	(49)	(56)	-	-	**298**	432

[1] Investment for transformation and growth has been allocated between acquisition and maintenance expenses

Fee based revenue

Fee based revenue

	2011			2010		
	Average AUA £bn	Revenue bps	Revenue £m	Average AUA £bn	Revenue bps	Revenue £m
UK	99.5	73	625	90.6	77	593
Canada	14.1	117	166	12.5	118	150
International	11.9	186	221	10.0	212	212
Standard Life Investments third party AUM	71.8	37[1]	269	64.6	35	223
Eliminations/adjustments	(33.9)	-	(58)	(27.6)	-	(47)
Total fee based	163.4		1,223	150.1		1,131

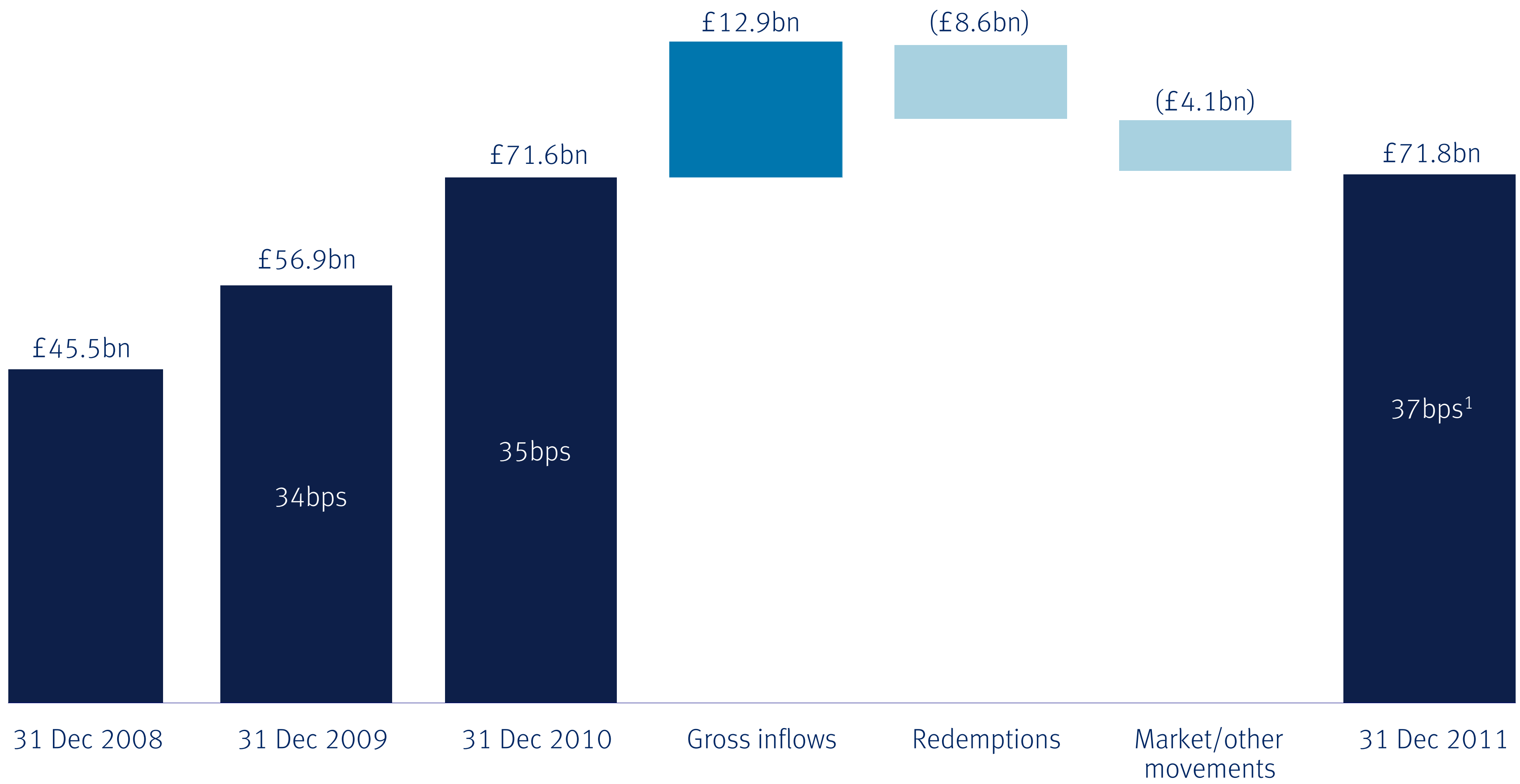
[1] Excludes fee from the transfer of the money market funds

Spread/risk margin

Spread/risk margin

	UK		Canada		Total	
	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	£m	£m
New business	55	60	10	10	65	70
Existing business	33	58	240	193	273	251
	88	118	250	203	338	321
Impact of specific management actions	-	-	88	32	88	32
Operating assumption and one-off reserving changes	(13)	30	(57)	(13)	(70)	17
Spread/risk margin	75	148	281	222	356	370

Standard Life Investments third party AUM



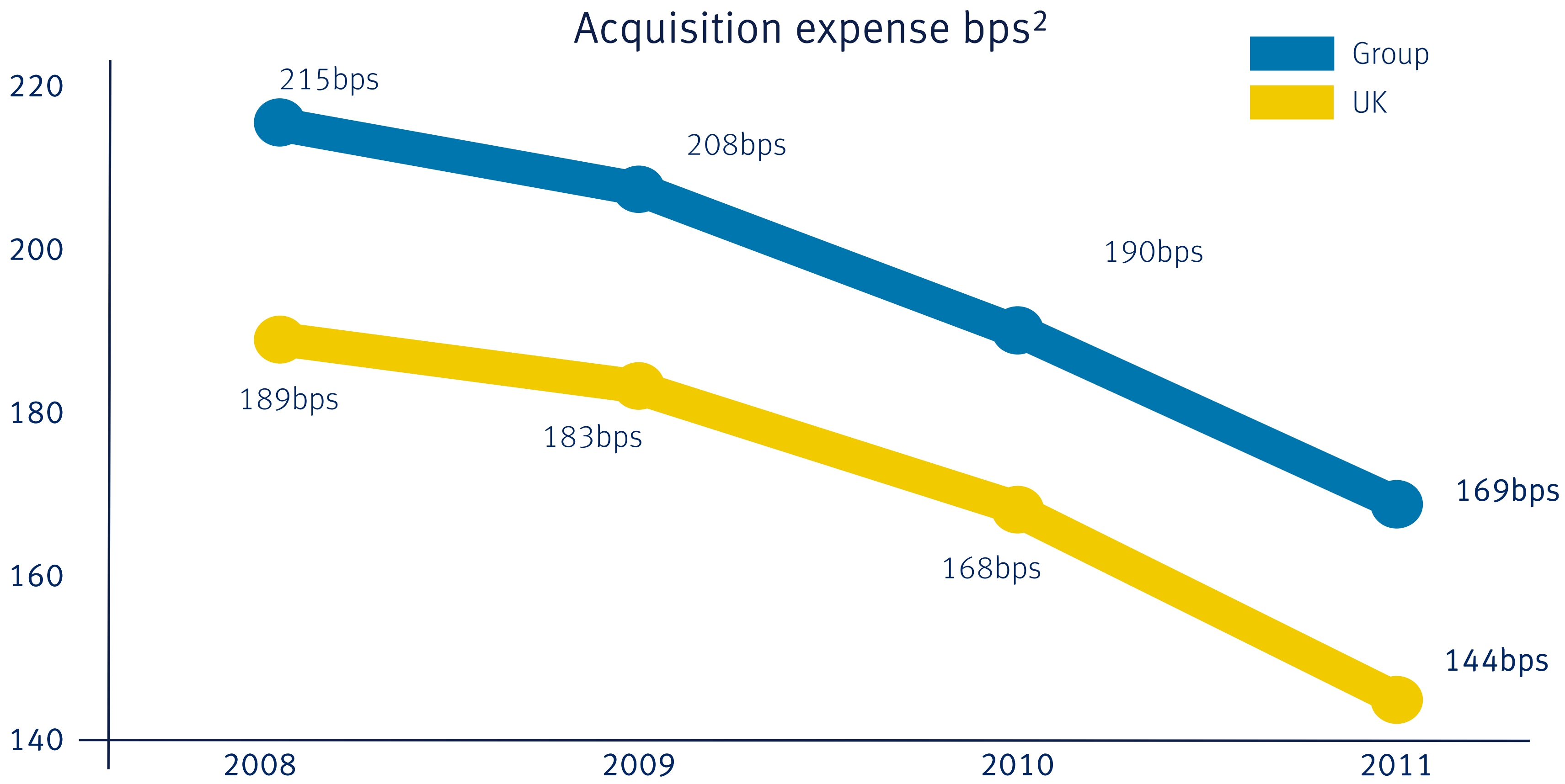
[1] Excludes fee from the external transfer of UK money market funds

Investment for transformation and growth

Investment for transformation and growth

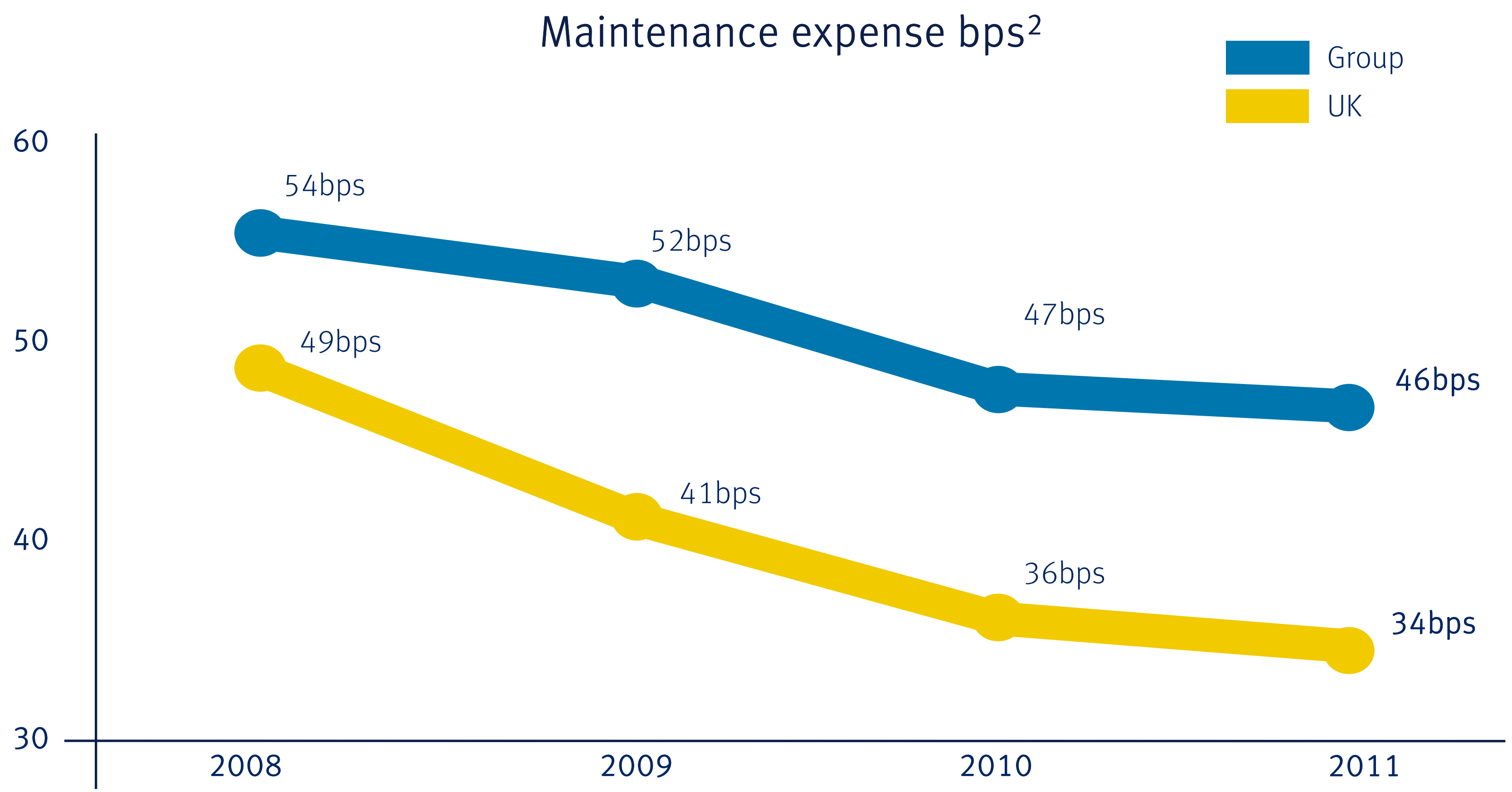
	2011	2010
	£m	£m
Investment for transformation and growth in operating cost base	137	149
Investment capitalised under IFRS	36	36
	173	185
Additional investment in Joint Venture businesses	23	16
Total	**196**	**201**
Investment for transformation and growth in operating cost base	137	149
Investment capitalised within EEV development	3	10
Tax	(33)	(41)
Total investment spend within EEV capital and cash generation	107	118
NBS investment within EEV capital and cash generation	(22)	(29)
Other investment spend within EEV capital and cash generation	85	89

Acquisition expenses – restated[1]



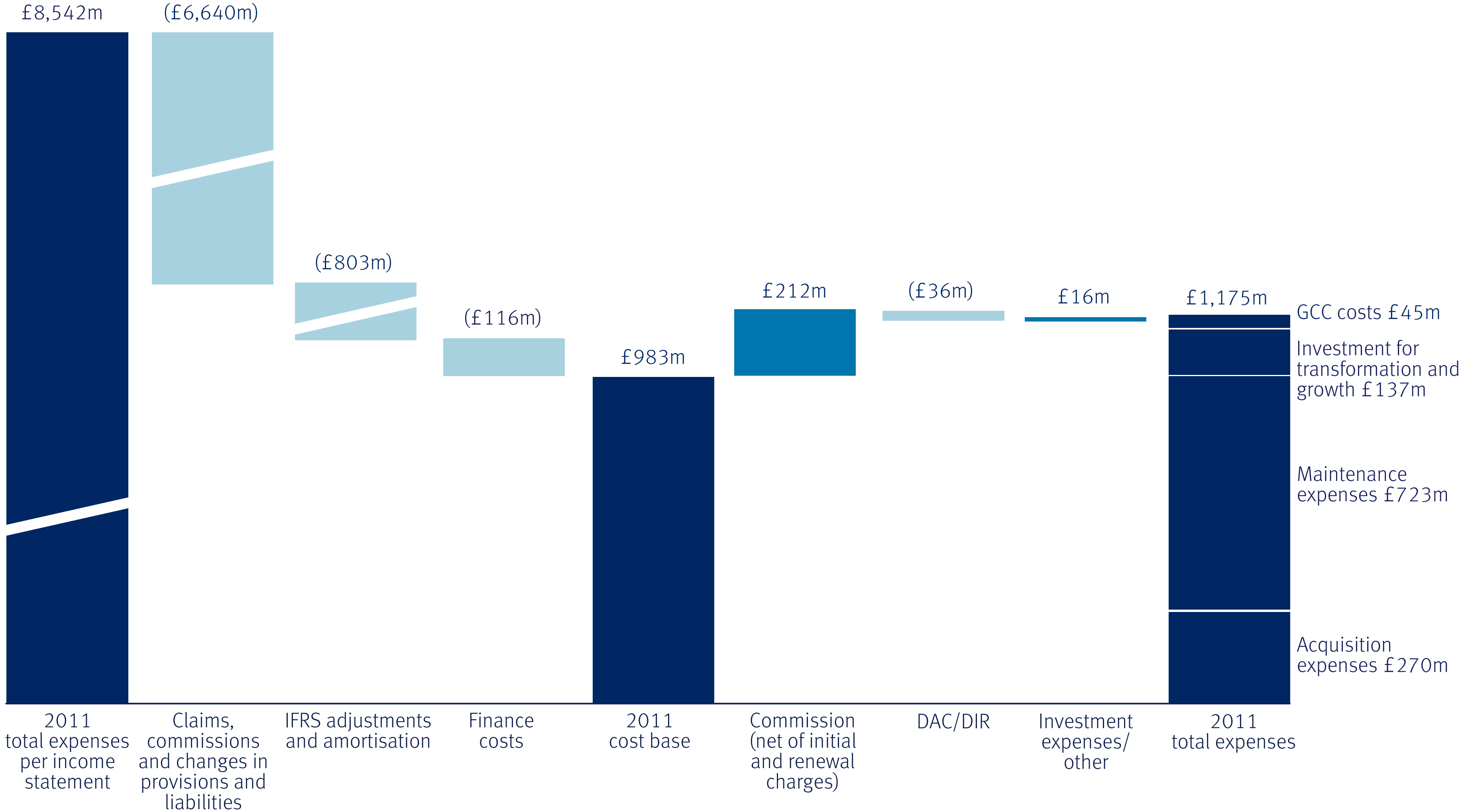
¹ Includes element of investment for transformation and growth allocated to acquisition expenses
² Acquisition expenses / PVNBP (excluding JV PVNBP)

Maintenance expenses – restated[1]



[1] Includes element of investment for transformation and growth allocated to maintenace expenses
[2] Maintenance expenses / average AUA

Linkage of cost base to total expenses

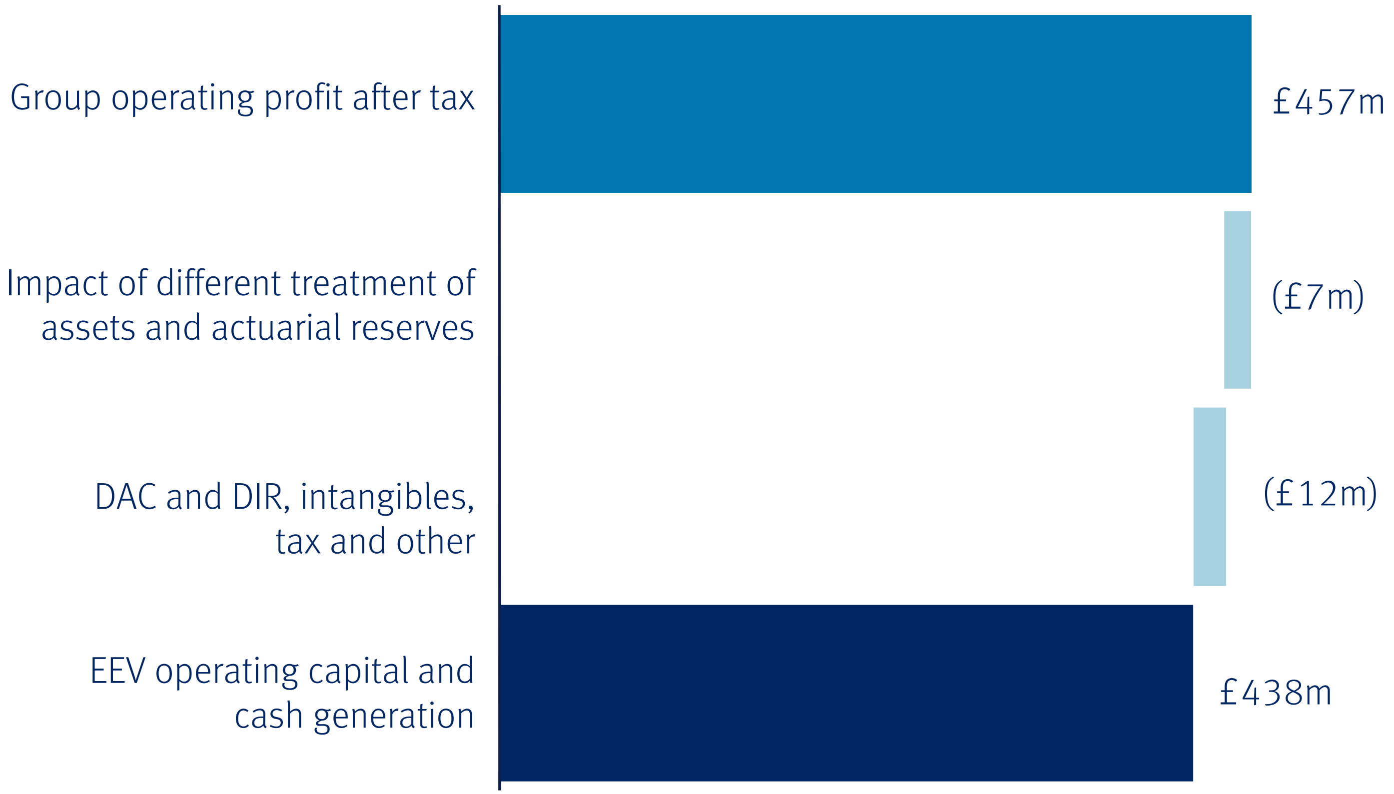


EEV new business margins

EEV new business margins

	2011					2010	
	IRR	Undiscounted payback	PVNBP margin	NBC	PVNBP	NBC	PVNBP
	%	years	%	£m	£m	£m	£m
Individual pensions	8	8	0.3	12	3,936	19	3,858
Corporate pensions	12	9	1.3	60	4,607	45	3,287
Institutional pensions	>40	<3	2.0	59	3,028	46	3,472
Annuities	Infinite	Immediate	18.6	58	312	56	341
Savings and investments	13	7	0.7	15	2,151	7	1,997
Protection	Discontinued	Discontinued	-	-	1	-	1
UK	18	6	1.5	204	14,035	173	12,956
Canada	16	7	2.5	73	2,928	68	3,048
Wholly owned	11	8	2.2	51	2,275	44	1,929
Joint Ventures	11	8	1.4	7	500	23	550
International	11	8	2.1	58	2,775	67	2,479
Covered business total	15	7	1.7	335	19,738	308	18,483

Capital and cash



Group return on equity

Return on Equity

	Opening Equity 2011[1] £bn	Operating RoE 2011[2] %	Operating RoE 2010[2] %
UK	1.5	15.5	17.4
SLI	0.2	42.7	41.0
Canada	1.1	14.6	8.9
International	0.4	8.2	1.7
Other	0.7	(3.4)	(4.2)
Group	3.9	11.9	10.0

Return

- 28% growth in operating profit
- Scalability and capital-lite fee based business model

Equity and Capital

- Redemption of LT2 debt
- Removal of Scrip dividend

[1] Opening equity attributable to equity holders of Standard Life plc
[2] Annualised operating profit after tax expressed as a % of opening equity, adjusted for time-apportioned cash dividends paid to equity holders

Insurance Groups Directive

IGD Surplus

31 December 2010	£3.8bn
31 December 2011	£3.1bn

Sensitivity to equity market falls[1,2]

Fall in equities	IGD Surplus
20% (FTSE 4,458) 30% (FTSE 3,900) 40% (FTSE 3,343)	£3.0bn £2.9bn £2.0bn

Sensitivity to yields[1,2]

100bps rise in yields	£2.9bn
100bps fall in yields	£2.9bn

[1] Compared to 31 December 2011
[2] Based on certain assumed management actions appropriate to these stresses

Capital tier structure

Capital tier structure

	Dec 2011[1] £bn	Dec 2010[1] £bn
Group core tier 1	7.0	6.4
Group innovative tier 1	0.6	0.6
Deductions from tier 1	(0.6)	(0.7)
Total Group tier 1 capital	7.0	6.3
Group upper tier 2	0.5	0.5
Group lower tier 2	-	0.7
Total Group tier 2 capital	0.5	1.2
Group capital resources before deductions	7.5	7.5
Group capital resources deductions	(0.2)	(0.1)
Group capital resources requirement	(4.2)	(3.6)
Group capital surplus	3.1	3.8
Group solvency cover	173%	205%

[1] 2011 based on estimated regulatory returns, 2010 based on final regulatory returns