

Standard Life plc

New business results – twelve months to 31 December 2008

28 January 2009

Net flows resilient in the face of difficult market conditions

- Worldwide life and pensions net inflows of £2.4bn¹ (2007: £2.8bn)
- Worldwide third party net investment inflows, excluding money market funds, of £3.8bn (2007: £5.3bn)

New business sales supported by international performance

- Worldwide life and pensions sales 6% lower at £15.6bn (2007: £16.5bn)²
- UK life and pensions sales 9% lower at £12.2bn (2007: £13.4bn)²
- Canadian life and pensions sales 9%³ higher at £2.0bn (2007: £1.7bn)²
- 17%^{3,4} increase in Asian sales volumes to £495m (2007: £266m)²

Preliminary results expected to show strong RoEV and solid cash generation

- Return on Embedded Value (RoEV)⁵ expected to be ahead of current market expectations⁶ and broadly similar to the 11.5% reported in 2007
- IFRS profitability expected to be lower due to significant volatility in investment markets
- Core capital and cash generation⁷ expected to remain robust

Capital strength maintained

- Estimated FGD surplus of £3.5bn at 31 December 2008 has remained largely insensitive to volatile markets (30 September 2008: £3.4bn)

Group Chief Executive Sir Sandy Crombie said:

"I am pleased to report another solid set of new business results from Standard Life against an increasingly difficult economic backdrop.

"We face challenging market conditions with a strong capital base, innovative and capital lite platform propositions, excellence in customer service, and strong distribution relationships. We remain confident in our ability to outperform in the profitable segments in which we operate."

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 2007. All figures are subject to audit.

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Net flows resilient in the face of difficult market conditions

Total net flows across our Worldwide life and pensions operations¹ were £2.4bn (2007: £2.8bn), with the strong growth in our international operations partly offsetting the impact of continued difficult market conditions in the UK.

UK life and pensions net flows were £1.5bn (2007: £2.2bn), with lower inflows into institutional and insured pension products, and onshore bonds more than offsetting the strength of inflows into non-insured pension products and offshore bonds. During the year, net Pensions flows excluding volatile Institutional TIP flows amounted to £1.5bn (2007: £1.7bn), reflecting reduced transfer values. In Savings and investments there was a net outflow of £663m (2007: net outflow of £502m) due to lower Investment bond sales that were affected by market uncertainty and CGT changes introduced early in the year. Against this, we have seen continued strong growth in Offshore bond net inflows. Claims levels remain broadly in line with assumptions.

In Europe, net flows were 13% higher at £620m (2007: £548m), the strength of German gross inflows offsetting the impact of the weakness in Irish markets during the first three quarters. Canadian net inflows of £340m (2007: £39m) have increased significantly over the prior year level, reflecting higher inflows across Group savings and retirement products, which exceeded scheduled annuity payments, as well as strong retention in our individual product lines.

At Standard Life Investments flows have remained resilient during the period despite the economic uncertainty, with worldwide third party investment net inflows of £2.5bn (2007: £6.4bn). Excluding the more volatile flows in respect of our money market funds, inflows were £3.8bn (2007: £5.3bn). This represents 15% of opening third party investment assets (excluding money market funds), a significant increase during a period of great volatility.

New business sales supported by strong international performance

UK Financial Services

UK life and pensions sales of £12.2bn were 9% lower, with a 11% decrease in pension sales against a strong prior year comparator. During the fourth quarter, life and pensions sales were 25% lower at £2.4bn (2007: £3.2bn)², principally due to lower transfer values. Consistent with our strategy to manage our mortgage exposure, gross mortgage lending decreased by 70% to £1.1bn (2007: £3.7bn). Healthcare sales increased by 14% on an APE basis to £25m (2007: £22m).

Individual SIPP funds under administration increased by 13% to £8.7bn⁸ (31 December 2007: £7.7bn), as the impact of net inflows of £2.5bn (2007: £3.4bn) was partly offset by a market-driven reduction in underlying asset values. During the year SIPP customer numbers increased by 41% to 65,900 (31 December 2007: 46,900) with average case sizes across our SIPP portfolio of £131,000 at the end of December (31 December 2007: £164,000). During the fourth quarter, SIPP customer numbers increased by 4,900 which compares favourably with the third quarter increase of 3,500. Individual SIPP sales of £3.8bn were 17% lower, largely due to the impact of market movements on average incoming transfer values, which continue to represent the majority of total SIPP sales.

Group pensions sales decreased by 5% to £2.8bn, principally reflecting lower asset values and increment levels. Group SIPP volumes increased by 21% and accounted for 31% of total Group pensions sales (2007: 27%). At 31 December 2008, UK Group pensions funds under management were £13.8bn (31 December 2007: £15.0bn), the impact of stronger net inflows being more than offset by negative market movements. While market conditions remain challenging, the quality and flexibility of our Corporate Pensions proposition, combined with the financial strength of the Group, continue to act as key differentiators and enable us to win new business in our chosen markets. Recent notable wins include a large Group SIPP scheme with 20,000 members, which we secured in December and expect to transition in April of this year.

Savings and investments sales decreased by 4% to £2.7bn, with fourth quarter sales 20% lower due to the continued turbulent market environment. The continued popularity of our International portfolio bond, which benefited from www.standardlife.com

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increased Irish governmental guarantees on cash deposits, helped Offshore bond sales increase by 133% to £661m. Sales of Mutual funds sold on our Wrap, Sigma and Fundzone platforms increased by 8% to £731m. Sales of Investment bonds were 29% lower at £1.3bn. This reflects the changes in CGT rules introduced earlier in the year as well as ongoing market uncertainty, the latter of which led to the 67% fall in sales noted in the fourth quarter.

At 31 December 2008, funds under administration on Standard Life's Wrap platform had increased by 64% to £1.8bn (31 December 2007: £1.1bn). At the end of the quarter there were 409 IFA firms using the platform (31 December 2007: 209 firms) and 16,900 customers (31 December 2007: 8,100 customers) with an average fund size of £107,000 (31 December 2007: £133,000).

At 31 December 2008, mortgages under management stood at £9.7bn (31 December 2007: £11.3bn), with an arrears rate of 0.40%, which is less than a quarter of the Council of Mortgage Lenders industry average of 1.63% reported at 30 September 2008.

Savings balances in our banking operations have increased to £5.0bn (31 December 2007: £4.6bn). This total includes combined SIPP and Wrap balances of £1.5bn (31 December 2007: £0.6bn).

Europe

Life and pensions sales in Europe were 27%³ lower, with the fourth quarter trend broadly similar. In Ireland, sales of £417m were 21%³ lower, driven by decreasing property prices and a weak domestic stock market. During the fourth quarter Irish sales increased by 61%³ to £189m, due to competitive terms offered on our pension contracts, our comprehensive deposit account offering and increased demand for our innovative post retirement products. Sales in Germany of £580m for the twelve month period were 31%³ lower than the prior year, with weak market sentiment exacerbating the impact of changes in insurance contract regulations introduced at the beginning of the year and the recent introduction of transparency rules.

Canada

Canadian sales have grown in 2008 following the successful repositioning of the business. Canadian new business increased by 9%³ to £2.0bn despite the adverse impact of the recent financial crisis on retail sales, which has been reflected in the lower sales reported in the fourth quarter. Sales of Group savings and retirement products benefited from a number of mid-size mandates throughout the year and a large defined benefit administration mandate secured in the second quarter. A large mandate secured during the fourth quarter of 2007 has distorted quarterly sales trends. Excluding this mandate, Group savings and retirement sales in the fourth quarter were 17% higher than the prior year. A 30%³ increase in Group insurance sales reflects our continued success in the disability insurance segment.

Asia Pacific

We have continued to see growth within our Indian and Chinese joint ventures and our Hong Kong operation. Combined sales across these operations increased by 17%^{3,4} on a PVNBP basis to £495m and by 49%^{3,4} on an APE basis to £118m despite volatile market conditions.

In India, sales increased by 4%^{3,4} on a PVNBP basis and by 40%^{3,4} on an APE basis. Standard Life's share of these sales was £345m (2007: £187m)². This growth was achieved despite the weaker economic conditions, which have recently started to influence activity across the Indian insurance sector.

In China, sales volumes increased by 69%³ on a PVNBP and 82%³ on an APE basis, reflecting strong growth in group products and in bank distribution and continued business expansion in major cities within existing provinces. Standard Life's share of these sales was £109m (2007: £55m)².

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New business sales in Hong Kong were £41m (2007: £24m)², representing an increase of 56%³ on a PVNBP basis and 154%³ on an APE basis.

Standard Life Investments

At Standard Life Investments institutional business wins were strong, dominated by fixed income and Global Absolute Return Strategy (GARS) mandates, which accounted for nearly three quarters of gross institutional investment inflows. This change in business mix, away from equities and retail sales into GARS and fixed income, contributed significantly to institutional sales and reflects Standard Life Investments' strength of offering in these areas. While retail sales were affected by the industry downturn, net sales were positive over the year.

Third party funds under management have held up well in the face of weak markets, decreasing by 5% to £45.5bn (31 December 2007: £47.7bn) during the twelve month period in which the FTSE All Share Index fell by 33%. Total funds under management decreased by 14% to £123.8bn (31 December 2007: £143.4bn). Excluding the impact of the UK annuity reinsurance transaction, which reduced funds under management by £6.7bn, total funds under management reduced by 9%.

Despite a dip in short term UK equity performance due to market volatility the money weighted average investment performance over 3, 5, and 10 year periods continues to be above median. The strength of our investment process across a range of OEICs and unit trusts is demonstrated by the fact that 19 out of 25 eligible and actively managed funds were rated 'A' or above by Standard & Poor's, including the complete range of eligible fixed income OEIC funds.

The pipeline for institutional new business is strong and significantly higher than at the end of September 2008. Looking ahead, we are confident that we will continue to win institutional mandates with an increasing demand for Global Absolute Return Strategy and fixed income products.

Preliminary results expected to show strong RoEV and solid cash generation

Standard Life is due to report its preliminary results for the year ending 31 December 2008 on 12 March 2009.

At that time we expect to report a total RoEV⁵ that is ahead of current market expectations⁶ and broadly similar to the 11.5% reported in 2007. Within this, we expect new business contribution and Core RoEV to be lower than reported in 2007, reflecting the reduction in overall sales volumes and changes to business mix. Total RoEV is expected to benefit from resilient performances from our non-life business units, efficiency gains from our continuous improvement programme, and value created from active management of our back book.

As expected, the significant weakness and volatility in investment markets in 2008 will reduce our IFRS profitability, due principally to lower asset values.

Our core capital and cash generation⁷ is expected to remain robust, maintaining strong coverage of new business strain.

Capital strength maintained

The Financial Groups Directive (FGD) surplus has remained largely insensitive to volatile markets and at 31 December 2008 was estimated to be £3.5bn, broadly unchanged from £3.4bn as at 30 September 2008. The insensitivity of the FGD surplus reflects the structure of the Group post Demutualisation as well as the extensive hedging strategy in place.

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As reported in previous quarters, we have put in place a number of measures to manage our mortgage exposure during the ongoing period of difficult credit market conditions. These led to net outflows of £1.6bn from our mortgage business. Our banking operation remains well capitalised with a very high quality mortgage book, has access to a diverse range of funding sources with no securitisation maturities until 2011, and has actively reduced its funding requirements during the year.

Standard Life group outlook

Conditions across all our markets will remain challenging during 2009 with the combination of weakening economic conditions and an unprecedented level of dislocation in financial markets.

Against this backdrop, our strong capital base, innovative and capital lite platform propositions, excellence in customer service, and strong distribution relationships give us confidence in our ability to outperform in the profitable segments in which we operate.

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Notes to Editors

- 1 Worldwide life and pensions net inflows do not include net inflows in respect of our Asia Pacific joint ventures and our Hong Kong subsidiary.
- 2 Present value of New Business Premiums (PVNBP) is calculated as 100% of single premiums plus the expected present value of new regular premiums. The 2008 PVNBP figures are shown prior to any year end changes to non-economic assumptions. The 2008 preliminary results to be reported on 12 March will include the impact of any such assumption changes.

The comparative 2007 PVNBP figures include 2007 year end changes to non-economic assumptions and are as reported in the 2007 preliminary results. This is different to the New business press release issued on 30 January 2008 for the 12 months to 31 December 2007 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 £111m in the final PVNBP results published in the 2007 preliminary results.
- 3 Comparisons for our International businesses are given on a constant currency basis.
- 4 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. Sales quoted reflect Standard Life's share of the joint venture.
- 5 RoEV is defined as post tax operating profit on an EEV basis, comprising core, efficiency and back book items, expressed as a percentage of the opening embedded value, adjusted for dividends paid to equity holders.
- 6 The current market expectation for 2008 RoEV has been calculated as 10.1% using Reuters' "EPS pre exceptionals" mean consensus for Standard Life of 27.7p as at 23 January 2009.
- 7 Core capital and cash generation is defined as the movement in net worth arising from new business, from the expected return on existing business, and from core development expenses, along with the operating profits from non-covered business. Core development expenses are defined as those which relate to covered business, excluding those directly related to back book management initiatives.

8 Analysis of Individual SIPP funds under administration.

	31 Dec 2008 £m	31 Dec 2007 £m	Change	
			£m	%
Insured Standard Life funds	2,559	2,752	(193)	(7)
Insured external funds	1,268	1,671	(403)	(24)
Collectives – Standard Life Investments	864	834	30	4
Collectives – Funds Network	656	603	53	9
Cash	869	484	385	80
Non collectives	2,443	1,332	1,111	83
Total	8,659	7,676	983	13
Insured	3,827	4,423	(596)	(13)
Non-insured	4,832	3,253	1,579	49
Total	8,659	7,676	983	13

Of the £8.7bn funds under administration at 31 December 2008, £0.8bn relate to funds on the Wrap platform.

- 9 There will be a conference call today for newswires and online publications at 8.00am hosted by David Nish, Group Finance Director, Keith Skeoch, Chief Executive of Standard Life Investments, and Paul Matthews, Managing Director of Distribution for UK Financial Services. Dial in telephone number +44 (0)20 7162 0025. Callers should quote Standard Life Media Call.
- 10 There will be a conference call today for investors and analysts at 9.30am hosted by David Nish, Group Finance Director, Keith Skeoch, Chief Executive of Standard Life Investments, and Paul Matthews, Managing Director of Distribution for UK Financial Services. Dial in telephone number +44 (0)20 7162 0025. Callers should quote Standard Life Analysts & Investors Call. The conference ID number is 823447. A recording of this call will be available for replay for one week by dialing +44 (0)20 7031 4064 (access code 823447).

Insurance Operations net flows (Regulatory Basis) 12 months ended 31 December 2008

	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	Gross inflows 12 months to 31 Dec 2007 £m	Redemptions 12 months to 31 Dec 2007 £m	Net inflows 12 months to 31 Dec 2007 £m
UK						
Insured pensions - institutional	1,776	(1,160)	616	2,123	(1,100)	1,023
Insured pensions - other	5,582	(5,789)	(207)	6,886	(6,614)	272
Non-insured pensions ^(a)	2,090	(356)	1,734	1,603	(214)	1,389
Total pensions	9,448	(7,305)	2,143	10,612	(7,928)	2,684
Life products	1,973	(3,607)	(1,634)	2,611	(3,643)	(1,032)
Offshore bonds	714	(82)	632	295	(8)	287
Mutual Funds ^{(b), (c)}	671	(332)	339	616	(373)	243
Total savings and investments	3,358	(4,021)	(663)	3,522	(4,024)	(502)
UK life and pensions	12,806	(11,326)	1,480	14,134	(11,952)	2,182
Europe						
Ireland	435	(517)	(82)	479	(553)	(74)
Germany	780	(78)	702	668	(46)	622
Europe life and pensions	1,215	(595)	620	1,147	(599)	548
Canada						
Group Savings and Retirement	1,432	(1,065)	367	1,082	(1,084)	(2)
Individual Insurance, Savings and Retirement	442	(651)	(209)	430	(603)	(173)
Group Insurance	311	(187)	124	261	(158)	103
Mutual Funds ^(b)	229	(171)	58	284	(173)	111
Canada life and pensions	2,414	(2,074)	340	2,057	(2,018)	39
Total worldwide life and pensions excluding Asia Pacific	16,435	(13,995)	2,440	17,338	(14,569)	2,769

(a) UK Pensions net flows include the non-insurance element of SIPP product, 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 Mutual Funds. 2007 figures have been re-stated to reflect inclusion of these Mutual funds. The total net outflow was £0.2bn (2007: £0.2bn outflow).

Insurance operations new business 12 months ended 31 December 2008

	Single Premiums		New Regular Premiums		PVNBP ⁽ⁱ⁾			Change in constant currency ^{(f) (g)}
	12 months to 31 Dec 2008 £m	12 months to 31 Dec 2007 £m	12 months to 31 Dec 2008 £m	12 months to 31 Dec 2007 £m	12 months to 31 Dec 2008 £m	12 months to 31 Dec 2007 £m	Change ^(f) %	
UK								
Insured SIPP & Drawdown	1,185	2,472	31	47	1,345	2,711	(50%)	(50%)
Non-insured SIPP ^(a)	2,217	1,716	40	22	2,414	1,825	32%	32%
Individual SIPP	3,402	4,188	71	69	3,759	4,536	(17%)	(17%)
Individual Pensions ^(b)	537	615	32	39	658	766	(14%)	(14%)
Group Pensions ^(b)	992	975	437	447	2,756	2,891	(5%)	(5%)
Institutional Pensions	1,667	2,015	67	-	1,826	1,941	(6%)	(6%)
Pensions	6,598	7,793	607	555	8,999	10,134	(11%)	(11%)
Investment Bonds	1,297	1,824	-	-	1,298	1,824	(29%)	(29%)
Offshore Bonds	661	284	-	-	661	284	133%	133%
Mutual Funds ^(c)	661	616	10	14	731	680	8%	8%
Savings and Investments	2,619	2,724	10	14	2,690	2,788	(4%)	(4%)
Annuities	471	494	-	-	471	494	(5%)	(5%)
Protection	-	-	2	4	7	24	(71%)	(71%)
UK life and pensions	9,688	11,011	619	573	12,167	13,440	(9%)	(9%)
Europe								
Ireland	334	360	17	20	417	457	(9%)	(21%)
Germany	51	76	50	61	580	722	(20%)	(31%)
Europe life and pensions	385	436	67	81	997	1,179	(15%)	(27%)
Canada								
Group Savings and Retirement	585	367	42	33	1,147	838	37%	25%
Individual Insurance, Savings and Retirement	340	326	2	3	362	357	1%	(7%)
Group Insurance ^(d)	-	-	35	23	249	175	42%	30%
Mutual Funds	229	284	-	-	229	284	(19%)	(27%)
Canada life and pensions	1,154	977	79	59	1,987	1,654	20%	9%
Asia Pacific								
India ^(e)	14	6	92	37	345	187	8% ^(h)	4% ^(h)
China ^(e)	67	43	10	3	109	55	98%	69%
Hong Kong	9	15	8	2	41	24	71%	56%
Asia Pacific life and pensions	90	64	110	42	495	266	24% ^(h)	17% ^(h)
Total worldwide life and pensions	11,317	12,488	875	755	15,646	16,539	(6%) ^(h)	(8%) ^(h)

- (a) Non-insurance element of SIPP is also included within UK Mutual Fund cash inflows in the Investment Operations figures.
- (b) Single premiums include Department of Work and Pensions rebate premiums of £282m (2007: £252m), comprising Individual Pension rebates of £154m (2007: £145m) and Group Pensions rebates of £128m (2007: £107m).
- (c) UK figures include Sigma Mutual Funds. 2007 figures have been re-stated to reflect inclusion of these Mutual funds. The 2008 impact is £88m (2007: £116m) in single premiums.
- (d) Canada Group Insurance includes £3.3m of new regular premiums in respect of Consultation policies, representing the comparable full premium for £0.4m of new annualised fee income.
- (e) Standard Life's share of the Joint Venture Company's New Business except as noted in (h) below.
- (f) % change is calculated on the figures rounded to millions.
- (g) Calculated using constant rates of exchange.
- (h) Calculated 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 2007.
- (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 2008 were £1:C\$1.96 (2007: £1: C\$2.15) and £1: €1.26 (2007:£1:€1.46).
- (j) The 2008 PVNBP figures exclude year end changes to non-economic assumptions. The 2008 preliminary results to be reported on 12 March will include the impact of any such assumption changes. The comparative 2007 PVNBP figures include 2007 year end changes to non-economic assumptions and are as reported in the 2007 preliminary results. This is different to the New business press release issued on 30 January 2008 for the 12 months to 31 December 2007 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 £111m in the final PVNBP results published in the 2007 preliminary results.

Insurance operations new business *continued* 12 months ended 31 December 2008

	APE			
	12 months to 31 Dec 2008 £m	12 months to 31 Dec 2007 £m	Change (f) %	Change in constant currency (f) (g) %
UK				
Insured SIPP & Drawdown	149	294	(49%)	(49%)
Non-insured SIPP (a)	262	194	35%	35%
Individual SIPP	411	488	(16%)	(16%)
Individual Pensions (b)	86	101	(15%)	(15%)
Group Pensions (b)	537	544	(1%)	(1%)
Institutional Pensions	233	202	15%	15%
Pensions	1,267	1,335	(5%)	(5%)
Investment Bonds	130	183	(29%)	(29%)
Offshore Bonds	66	28	136%	136%
Mutual Funds (c)	76	76	-	-
Savings and Investments	272	287	(5%)	(5%)
Annuities	47	49	(4%)	(4%)
Protection	2	4	(50%)	(50%)
UK life and pensions	1,588	1,675	(5%)	(5%)
Europe				
Ireland	50	56	(11%)	(23%)
Germany	56	69	(19%)	(30%)
Europe life and pensions	106	125	(15%)	(27%)
Canada				
Group Savings and Retirement	101	70	44%	31%
Individual Insurance, Savings and Retirement	36	36	-	(8%)
Group Insurance (d)	35	23	52%	36%
Mutual Funds	23	28	(18%)	(26%)
Canada life and pensions	195	157	24%	13%
Asia Pacific				
India (e)	93	38	45% (h)	40% (h)
China (e)	17	8	113%	82%
Hong Kong	8	3	167%	154%
Asia Pacific life and pensions	118	49	57% (h)	49% (h)
Total worldwide life and pensions	2,007	2,006	(1%) (h)	(3%) (h)

- (a) Non-insurance element of SIPP is also included within UK Mutual Fund cash inflows in the Investment Operations figures.
- (b) Single premiums include Department of Work and Pensions rebate premiums of £282m (2007: £252m), comprising Individual Pension rebates of £154m (2007: £145m) and Group Pensions rebates of £128m (2007: £107m).
- (c) UK figures include Sigma Mutual Funds. 2007 figures have been re-stated to reflect inclusion of these Mutual funds. The 2008 impact is £88m (2007: £116m) in single premiums.
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- (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 2008 were £1:C\$1.96 (2007: £1: C\$2.15) and £1: €1.26 (2007:£1:€1.46).
- (j) The 2008 PVNBP figures exclude year end changes to non-economic assumptions. The 2008 preliminary results to be reported on 12 March will include the impact of any such assumption changes. The comparative 2007 PVNBP figures include 2007 year end changes to non-economic assumptions and are as reported in the 2007 preliminary results. This is different to the New Business press release issued on 30 January 2008 for the 12 months to 31 December 2007 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 £111m in the final PVNBP results published in the 2007 preliminary results.

Investment operations
12 months ended 31 December 2008

		Opening FUM 1 Jan 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2008 £m
UK	Mutual Funds ^(a)	6,020	1,225 ^(b)	(1,104)	121	(1,904)	(1,783)	4,237
	Private Equity	2,597	594	(39)	555	707	1,262	3,859
	Segregated Funds	10,724	2,982	(727)	2,255	(1,667) ^(c)	588	11,312
	Pooled Property Funds	589	42	-	42	286 ^(c)	328	917
Total UK		19,930	4,843	(1,870)	2,973	(2,578)	395	20,325
Canada	Mutual Funds ^(a)	1,540	239 ^(d)	(178)	61	(306)	(245)	1,295
	Separate Mandates ^(e)	1,660	170	(320)	(150)	(135)	(285)	1,375
Total Canada		3,200	409	(498)	(89)	(441)	(530)	2,670
International	Europe	83	637	(43)	594	163	757	840
	Asia (excluding India)	124	4	(41)	(37)	(8)	(45)	79
	India	2,476	400 ^(f)	-	400	(159)	241	2,717
Total International		2,683	1,041	(84)	957	(4)	953	3,636
Total worldwide investment products excluding money market funds		25,813	6,293	(2,452)	3,841	(3,023)	818	26,631
	Money market funds ^(g)	6,082	-	(1,346)	(1,346)	241	(1,105)	4,977
Total worldwide investment products		31,895	6,293	(3,798)	2,495	(2,782)	(287)	31,608

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 1 Jan 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2008 £m
Third Party Investment Products	31,895	6,293	(3,798)	2,495	(2,782)	(287)	31,608
Third Party Insurance Contracts (new business classified as insurance products)	15,805	2,604	(1,704)	900	(2,844) ^(c)	(1,944)	13,861
Total third party funds under management	47,700	8,897	(5,502)	3,395	(5,626)	(2,231)	45,469
Standard Life Investments - total funds under management	143,396						123,835 ^(h)

(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 2007 UK Mutual Funds gross inflows were £2,461m and net inflows were £1,460m.

(c) Included within market and other movements there is an internal reclassification between Property (£368m increase), Third Party Insurance contracts (£463m decrease) and Segregated Funds (£95m increase).

(d) In the 12 months to 31 December 2007 Canadian Mutual Funds gross inflows were £287m and net inflows were £132m.

(e) 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.

(f) 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.

(g) Due to the nature of the Money market funds the flows 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.

(h) Closing FUM reflects the transfer out of £6.7bn of FUM in relation to UK immediate annuity liabilities to Canada Life International Re, reflecting the reinsurance agreement disclosed in the press release dated 14 February 2008.

(i) Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 31 December 2008. 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 2008 were £1: C\$1.77

(31 December 2007: £1: C\$1.96) and £1:€1.03 (31 December 2007: £1: €1.36). The principal average exchange rates for the 12 months to 31 December 2008 were £1: C\$1.96 (2007: £1: C\$2.15) and £1: €1.26 (2007: £1: €1.46).

Insurance Operations net flows (Regulatory Basis) 3 months ended 31 December 2008

	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	Gross inflows 3 months to 31 Dec 2007 £m	Redemptions 3 months to 31 Dec 2007 £m	Net inflows 3 months to 31 Dec 2007 £m
UK						
Insured pensions - institutional	266	(236)	30	570	(264)	306
Insured pensions - other	1,131	(1,403)	(272)	1,462	(1,499)	(37)
Non-insured pensions ^(a)	567	(107)	460	404	(68)	336
Total pensions	1,964	(1,746)	218	2,436	(1,831)	605
Life products	269	(807)	(538)	517	(925)	(408)
Offshore bonds	246	(34)	212	127	(2)	125
Mutual Funds ^{(b), (c)}	221	(315)	(94)	253	(373)	(120)
Total savings and investments	736	(1,156)	(420)	897	(1,301)	(403)
UK life and pensions	2,700	(2,902)	(202)	3,333	(3,131)	202
Europe						
Ireland	179	(141)	38	120	(120)	-
Germany	260	(29)	231	232	(13)	219
Europe life and pensions	439	(170)	269	352	(133)	219
Canada						
Group Savings and Retirement	297	(238)	59	295	(301)	(6)
Individual Insurance, Savings and Retirement	128	(176)	(48)	116	(171)	(55)
Group Insurance	83	(52)	31	71	(44)	27
Mutual Funds ^(b)	49	(43)	6	70	(59)	11
Canada life and pensions	557	(509)	48	552	(575)	(23)
Total worldwide life and pensions excluding Asia Pacific	3,696	(3,581)	115	4,237	(3,839)	398

(a) UK Pensions net flows include the non-insurance element of SIPP product, 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 Mutual Funds. 2007 figures have been re-stated to reflect inclusion of these Mutual funds. The total net outflow was £0.2bn (2007: £0.2bn outflow).

Insurance operations new business 3 months ended 31 December 2008

	Single Premiums		New Regular Premiums		PVNBP ^(j)			Change in constant currency ^{(i) (g)}
	3 months to 31 Dec 2008	3 months to 31 Dec 2007	3 months to 31 Dec 2008	3 months to 31 Dec 2007	3 months to 31 Dec 2008	3 months to 31 Dec 2007	Change ^(f)	
	£m	£m	£m	£m	£m	£m	%	%
UK								
Insured SIPP & Drawdown	194	471	5	5	221	489	(55%)	(55%)
Non-insured SIPP ^(a)	597	439	11	5	649	470	38%	38%
Individual SIPP	791	910	16	10	870	959	(9%)	(9%)
Individual Pensions ^(b)	65	84	6	9	87	106	(18%)	(18%)
Group Pensions ^(b)	124	150	84	110	464	805	(42%)	(42%)
Institutional Pensions	257	544	7	-	272	470	(42%)	(42%)
Pensions	1,237	1,688	113	129	1,693	2,340	(28%)	(28%)
Investment Bonds	111	336	-	-	112	336	(67%)	(67%)
Offshore Bonds	228	116	-	-	228	116	97%	97%
Mutual Funds ^(c)	218	253	3	8	238	274	(13%)	(13%)
Savings and Investments	557	705	3	8	578	726	(20%)	(20%)
Annuities	110	113	-	-	110	113	(3%)	(3%)
Protection	-	-	-	1	1	5	(80%)	(80%)
UK life and pensions	1,904	2,506	116	138	2,382	3,184	(25%)	(25%)
Europe								
Ireland	152	70	8	5	189	103	83%	61%
Germany	21	36	14	26	178	305	(42%)	(51%)
Europe life and pensions	173	106	22	31	367	408	(10%)	(23%)
Canada								
Group Savings and Retirement	82	109	9	16	204	357	(43%)	(49%)
Individual Insurance, Savings and Retirement	104	89	1	1	110	95	16%	9%
Group Insurance ^(d)	-	-	9	8	62	63	(2%)	(9%)
Mutual Funds	49	70	-	-	49	70	(30%)	(35%)
Canada life and pensions	235	268	19	25	425	585	(27%)	(34%)
Asia Pacific								
India ^(e)	2	2	19	13	70	40	14% ^(h)	7% ^(h)
China ^(e)	22	19	5	1	43	22	95%	51%
Hong Kong	1	9	2	1	9	11	(18%)	(37%)
Asia Pacific life and pensions	25	30	26	15	122	73	30% ^(h)	9% ^(h)
Total worldwide life and pensions	2,337	2,910	183	209	3,296	4,250	(23%) ^(h)	(26%) ^(h)

- (a) Non-insurance element of SIPP is also included within UK Mutual Fund cash inflows in the Investment Operations figures.
- (b) Single premiums include Department of Work and Pensions rebate premiums of £10m (2007: £21m), comprising Individual Pension rebates of £7m (2007: £13m) and Group Pensions rebates of £3m (2007: £8m).
- (c) UK figures include Sigma Mutual Funds. 2007 figures have been re-stated to reflect inclusion of these Mutual funds. The 2008 impact is £88m (2007: £116m) in single premiums.
- (d) Canada Group Insurance includes £0.9m of new regular premiums in respect of Consultation policies, representing the comparable full premium for £0.1m of new annualised fee income.
- (e) Standard Life's share of the Joint Venture Company's New Business except as noted in (h) below.
- (f) % change is calculated on the figures rounded to millions.
- (g) Calculated using constant rates of exchange.
- (h) Calculated 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 2007.
- (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 2008 were £1:C\$1.96 (2007: £1: C\$2.15) and £1: €1.26 (2007:£1:€1.46).
- (j) The 2008 PVNBP figures exclude year end changes to the non-economic assumptions. The 2008 preliminary results to be reported on 12 March will include the impact of any such assumption changes. The comparative three month period to 31 December 2007 includes the full impact of 2007 year end changes to non-economic assumptions. PVNBP figures published in the New business press release issued on 30 January 2008 for the 12 months to 31 December 2007 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 £111m in the final PVNBP results published in the 2007 preliminary results.

Insurance operations new business *continued* 3 months ended 31 December 2008

	APE			
	3 months to 31 Dec 2008 £m	3 months to 31 Dec 2007 £m	Change (f) %	Change in constant currency (i) (g) %
UK				
Insured SIPP & Drawdown	24	52	(54%)	(54%)
Non-insured SIPP (a)	71	50	42%	42%
Individual SIPP	95	102	(7%)	(7%)
Individual Pensions (b)	12	18	(33%)	(33%)
Group Pensions (b)	97	124	(22%)	(22%)
Institutional Pensions	32	55	(42%)	(42%)
Pensions	236	299	(21%)	(21%)
Investment Bonds	12	34	(65%)	(65%)
Offshore Bonds	23	11	109%	109%
Mutual Funds (c)	24	34	(29%)	(29%)
Savings and Investments	59	79	(25%)	(25%)
Annuities	10	11	(9%)	(9%)
Protection	-	1	(100%)	(100%)
UK life and pensions	305	390	(22%)	(22%)
Europe				
Ireland	22	12	83%	59%
Germany	17	30	(43%)	(52%)
Europe life and pensions	39	42	(7%)	(20%)
Canada				
Group Savings and Retirement	18	28	(36%)	(44%)
Individual Insurance, Savings and Retirement	11	10	10%	11%
Group Insurance (d)	9	8	13%	-
Mutual Funds	5	7	(29%)	(36%)
Canada life and pensions	43	53	(19%)	(26%)
Asia Pacific				
India (e)	19	13	(9%) (h)	(16%) (h)
China (e)	7	3	133%	80%
Hong Kong	1	1	-	21%
Asia Pacific life and pensions	27	17	8% (h)	(14%) (h)
Total worldwide life and pensions	414	502	(19%) (h)	(22%) (h)

(a) Non-insurance element of SIPP is also included within UK Mutual Fund cash inflows in the Investment Operations figures.

(b) Single premiums include Department of Work and Pensions rebate premiums of £10m (2007: £21m), comprising Individual Pension rebates of £7m (2007: £13m) and Group Pensions rebates of £3m (2007: £8m).

(c) UK figures include Sigma Mutual Funds. 2007 figures have been re-stated to reflect inclusion of these Mutual funds. The 2008 impact is £88m (2007: £116m) in single premiums.

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

(e) Standard Life's share of the Joint Venture Company's New Business except as noted in (h) below.

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

(g) Calculated using constant rates of exchange.

(h) Calculated 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 2007.

(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 2008 were £1:C\$1.96 (2007: £1: C\$2.15) and £1: €1.26 (2007: £1: €1.46).

(j) The 2008 PVNBP figures exclude year end changes to the non-economic assumptions. The 2008 preliminary results to be reported on 12 March will include the impact of any such assumption changes. The comparative three month period to 31 December 2007 includes the full impact of 2007 year end changes to non-economic assumptions. PVNBP figures published in the New business press release issued on 30 January 2008 for the 12 months to 31 December 2007 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 £111m in the final PVNBP results published in the 2007 preliminary results.

Investment operations
3 months ended 31 December 2008

		Opening FUM 1 Oct 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2008 £m
UK	Mutual Funds ^(a)	4,788	300 ^(b)	(236)	64	(615)	(551)	4,237
	Private Equity	3,175	152	(16)	136	548	684	3,859
	Segregated Funds	11,573	361	(293)	68	(329)	(261)	11,312
	Pooled Property Funds	930	-	-	-	(13)	(13)	917
Total UK	20,466	813	(545)	268	(409)	(141)	20,325	
Canada	Mutual Funds ^(a)	1,426	54 ^(c)	(46)	8	(139)	(131)	1,295
	Separate Mandates ^(d)	1,476	34	(82)	(48)	(53)	(101)	1,375
Total Canada	2,902	88	(128)	(40)	(192)	(232)	2,670	
International	Europe	466	239	(18)	221	153	374	840
	Asia (excluding India)	61	1	(10)	(9)	27	18	79
	India	2,277	181 ^(e)	-	181	259	440	2,717
Total International	2,804	421	(28)	393	439	832	3,636	
Total worldwide investment products excluding money market funds		26,172	1,322	(701)	621	(162)	459	26,631
	Money market funds ^(f)	4,272	-	143	143	562	705	4,977
Total worldwide investment products		30,444	1,322	(558)	764	400	1,164	31,608

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 1 Oct 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 31 Dec 2008 £m
Third Party Investment Products	30,444	1,322	(558)	764	400	1,164	31,608
Third Party Insurance Contracts (new business classified as insurance products)	14,302	564	(381)	183	(624)	(441)	13,861
Total third party funds under management	44,746	1,886	(939)	947	(224)	723	45,469
Standard Life Investments - total funds under management	123,620						123,835 ^(g)

(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 3 months to 31 December 2007 UK Mutual Funds gross inflows were £450m and net inflows were £59m.

(c) In the 3 months to 31 December 2007 Canadian Mutual Funds gross inflows were £79m and net inflows were £32m.

(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 SLI 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.

(f) Due to the nature of the Money market funds the flows 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.

(g) Closing FUM reflects the transfer out of £6.7bn of FUM in relation to UK immediate annuity liabilities to Canada Life International Re, reflecting the reinsurance agreement disclosed in the press release dated 14 February 2008.

(h) Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 31 December 2008. 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 2008 were £1: C\$1.77 (31 December 2007: £1:C\$1.96) and £1:€1.03 (31 December 2007: £1: €1.36). The principal average exchange rates for the 12 months to 31 December 2008 were £1: C\$1.96 (2007: £1: C\$2.15) and £1: €1.26 (2007: £1: €1.46).

Insurance operations new business 15 months ended 31 December 2008

	Present Value of New Business Premiums (PVNBP)				
	3 months to 31 Dec 2008 £m	3 months to 30 Sep 2008 £m	3 months to 30 June 2008 £m	3 months to 31 March 2008 £m	3 months to 31 Dec 2007 ^(a) £m
UK					
Insured SIPP & Drawdown	221	272	379	473	489
Non-insured SIPP	649	543	636	586	470
Individual SIPP	870	815	1,015	1,059	959
Individual Pensions	87	136	276	159	106
Group Pensions	464	489	907	896	805
Institutional Pensions	272	590	604	360	470
Pensions	1,693	2,030	2,802	2,474	2,340
Investment Bonds	112	161	373	652	336
Offshore Bonds	228	163	152	118	116
Mutual Funds	238	169	176	148	274
Savings and Investments	578	493	701	918	726
Annuities	110	109	132	120	113
Protection	1	2	-	4	5
UK life and pensions	2,382	2,634	3,635	3,516	3,184
Europe					
Ireland	189	71	63	94	103
Germany	178	140	141	121	305
Europe life and pensions	367	211	204	215	408
Canada					
Group Savings and Retirement	204	176	455	312	357
Individual Insurance, Savings and Retirement	110	72	75	105	95
Group Insurance	62	64	59	64	63
Mutual Funds	49	49	56	75	70
Canada life and pensions	425	361	645	556	585
Asia Pacific					
India ^(b)	70	95	51	129	40
China ^(b)	43	24	23	19	22
Hong Kong	9	14	13	5	11
Asia Pacific life and pensions	122	133	87	153	73
Total worldwide life and pensions	3,296	3,339	4,571	4,440	4,250

(a) The PVNBP sales for the 3 months to December 2007 are different from those published in the full year 2007 new business press release issued on 30 January 2008 as they incorporate year end non-economic assumption changes calculated and published in the Preliminary Results 2007 on 12 March 2008.

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