

Driving performance and growth

- Assets under administration¹ up 4% to £307.4bn (2014: £296.6bn) in volatile markets, driven by net inflows of £6.3bn (2014: £1.0bn)
- Institutional and Wholesale continuing to meet the needs of clients with net inflows more than doubling to £12.6bn (2014: £6.0bn) representing 13% of opening AUM
 - 67% of net inflows from outside the UK as we continue to expand our global reach
 - Third party² investment performance ahead of benchmark over 1 year: 88%; 3 years: 95%; 5 years: 90%
- Workplace and Retail demonstrating ongoing momentum with net inflows up 14% to £5.8bn, representing 8% of opening AUA
 - Added over 250,000 new customers through auto enrolment contributing to 9% increase in regular contributions into workplace pensions to £2.9bn
 - Increased Wrap assets by 22% to £25.5bn with record net inflows of £4.4bn up 27%
- Fee based revenue up 10% to £1,579m representing 94% of underlying income
- Group underlying performance^{*1} up 12% to £630m and operating profit^{1,3} before tax up 9% to £665m, including £38m reduction in spread/risk margin, with diluted operating EPS⁴ of 26.1p
- Group underlying cash generation¹ up 7% to £447m with effective tax rate on cash generation now at 20%
- Final dividend of 12.34p making a total of 18.36p, up 7.8% for the year
- Well capitalised under Solvency II with a stable surplus of £2.1bn⁵ and a solvency ratio of 162%⁵

Keith Skeoch, Chief Executive, commented:

“During 2015 Standard Life has made considerable progress towards creating a world-class investment company against a backdrop of volatile investment markets and an evolving regulatory landscape.

“We have increased the assets that we administer on behalf of our clients and customers to £307bn with almost two thirds of these assets now coming from our Growth Channels. Investments are at the heart of what we do and we now manage £253bn of assets across the globe driven by strong investment performance. We continue to see the benefits of our expanding distribution capabilities and strategic relationships with 67% of net inflows of £12.6bn into our Institutional and Wholesale Growth Channels coming from outside of the UK.

“We also continue to build momentum in Pensions and Savings across our Workplace and Retail channels. Regular contributions into our workplace pensions continue to grow strongly while our Wrap platform attracted record net inflows and continues to lead in the advised platform market.

“While the difficult conditions in global financial markets may persist for some time, Standard Life remains well positioned to meet the needs of clients and customers around the world. The breadth of our investment propositions, underpinned by strong investment performance and innovation, combined with our strength in pensions and savings, the power of a trusted brand and a strong balance sheet, means that we have a well-diversified and resilient business that continues to deliver for customers and clients as well as shareholders.”

Unless otherwise stated, all figures are reported on a continuing operations basis¹.

* Group underlying performance is Group operating profit before tax from continuing operations after excluding the impact of spread/risk operating actuarial assumption changes and specific management actions. A full reconciliation to profit for the period attributable to equity holders of Standard Life plc is presented on page 2 of this release.

Financial highlights

Group profitability	2015 £m	2014 £m
Fee based revenue	1,579	1,429
Spread/risk margin	101	140
Total income	1,680	1,569
Total operating expenses	(1,115)	(1,045)
Capital management	9	2
Share of associates' and joint ventures' profit before tax	56	39
Group underlying performance from continuing operations¹	630	565
One-off contribution to with profits business in Germany (operating expenses)	(9)	-
Operating assumption and actuarial reserving changes (spread/risk margin)	44	43
Group operating profit before tax from continuing operations¹	665	608
Tax on operating profit	(114)	(82)
Share of associates' and joint ventures' tax expense	(13)	(5)
Operating profit after tax	538	521
Non-operating items	(257)	(157)
Tax on non-operating items	37	40
Singapore and Dubai included in discontinued operations segment ⁴	(42)	(28)
Profit for the period attributable to equity holders of Standard Life plc from continuing operations¹	276	376
IFRS profit from discontinued operations ⁴	1,147	127
Total IFRS profit for the period attributable to equity holders of Standard Life plc	1,423	503

Group underlying performance from continuing operations¹	2015 £m	2014 £m
Standard Life Investments	342	257
UK spread/risk margin	100	134
UK excluding spread/risk margin	191	174
UK Pensions and Savings	291	308
Europe Pensions and Savings	31	39
India and China	27	23
Other	(61)	(62)
Group underlying performance from continuing operations¹	630	565

Other Group performance indicators from continuing operations¹	2015	2014
Group operating profit before tax (£m)	665	608
Group underlying cash generation (£m)	447	419
Group assets under administration (£bn)	307.4	296.6
Group net inflows (£bn)	6.3	1.0

Other Group financial highlights	2015	2014
Group Solvency II capital surplus (£bn)	2.1 ⁵	N/A
Group Solvency II solvency cover	162% ⁵	N/A
Group IGD surplus (£bn)	2.7 ⁵	2.9
Group diluted operating EPS from continuing operations (p) ^{4,6}	26.1	21.7
Group diluted EPS from continuing operations (p) ^{4,6}	13.4	15.7
Final dividend per share (p)	12.34	11.43
Full year dividend per share (p)	18.36	17.03

Group performance

Standard Life continues to perform well driven by a focus on delivering value for money for our clients and customers.

Assets and flows

Group assets under administration (AUA)¹ increased by 4% to £307.4bn (2014: £296.6bn) in volatile markets, benefiting from strong net inflows of £6.3bn and positive market movements of £4.5bn.

Net inflows of £6.3bn included inflows of £14.9bn into our Growth Channels primarily Standard Life Investments' Institutional and Wholesale, and UK and Europe Pensions and Savings' Workplace and Retail. This was partly offset by outflows of £7.9bn from fee business Mature Books including Mature Retail and from assets managed on behalf of the Phoenix Group. Net inflows also reflected ongoing progress in our India and China associate and joint venture life businesses which generated net inflows of £0.2bn. Scheduled outflows from annuities amounted to £0.9bn.

Standard Life Investments continued to deliver strong investment performance and saw total assets under management (AUM) increase to £253.2bn (2014: £245.9bn). Within this, third party AUM in our Growth Channels increased by 11% to £130.5bn (2014: £117.5bn) benefiting from net inflows of £12.6bn into Institutional and Wholesale (representing 13% of opening AUM). This was partially offset by outflows from our Ignis business of £2.5bn, including a divestment of £1.7bn from one large low revenue margin mandate. Strategic partner life business AUM of £122.7bn (2014: £128.4bn), which includes Mature Books managed on behalf of Standard Life Group and the Phoenix Group, reflects scheduled outflows from annuities and conventional with profits as well as outflows from the assets managed for the Phoenix Group. The Phoenix Group outflows included a one-off outflow of £1.4bn.

AUA in UK Pensions and Savings of £131.6bn (2014: £128.1bn) also benefited from strong flows in our Growth Channels. We achieved a 9% increase in regular contributions into Workplace and record inflows into Retail driven by ongoing growth in assets on our Wrap platform and strong demand for our market-leading drawdown proposition. Total Workplace and Retail net inflows of £5.8bn were up by 14% and represented 8% of opening AUA.

Steady net inflows in Europe, India and China also contributed to the growth in AUA.

Across the Group, market movements were small and mainly positive but were partly offset by the negative impact of foreign exchange as Sterling strengthened against other currencies, including the Euro.

Profitability

Group operating profit¹ increased by 9% to £665m (2014: £608m) after an expected £38m reduction in spread/risk margin due to lower annuity sales and reduced benefit from asset liability management. This was more than offset by fee based revenue which was up 10% to £1,579m driven by strong performance from our Growth Channels. Group operating expenses as a proportion of average AUA reduced by 7bps to 40bps (2014: 47bps). In Workplace, demand for our auto enrolment solutions, including from SMEs, helped us add over 250,000 new customers during 2015 and we have now secured over 5,100 new schemes with over 820,000 joiners since the start of auto enrolment. Standard Life Investments revenue increased by 23% to £843m (2014: £686m), which included a 21% increase in third party revenue from our Growth Channels to £624m (2014: £517m).

IFRS profit after tax attributable to equity holders¹ was £276m (2014: £376m) reflecting an increase in non-operating items. This includes a one-off charge of £46m in Hong Kong primarily for the acceleration of DAC amortisation due to regulatory change, £40m due to the closure of our Singapore insurance business, £35m related to the closure of the UK defined benefit staff pension scheme to future accrual and £27m of Ignis integration costs. Total IFRS profit of £1,423m (2014: £503m) includes IFRS profit from discontinued operations of £1,147m (2014: £127m) reflecting the gain on the sale of our Canadian business to Manulife.

Proposed dividend

The Board has proposed a final dividend of 12.34p per share making a total of 18.36p per share (2014: 17.03p), an increase of 7.8%. The Group will continue to apply its existing progressive pence per share dividend policy taking account of market conditions and the Group's financial performance.

Group capital surplus

From 1 January 2016, the Group capital surplus is determined by the Solvency II regime, which is based on EU-wide regulation that brings greater consistency to how EU insurers manage capital and risk. Under these new rules, the Group remains well capitalised with a stable Group Solvency II capital surplus of £2.1bn⁵, representing a Group solvency cover of 162%⁵. Our large pension scheme and with profit fund surpluses contribute £0.7bn to the Group solvency capital requirement but are offset by own funds resulting in a neutral impact on our Solvency II surplus and a dilution in our Solvency II ratio of 16 percentage points. Further details can be found within the Supplementary Information section of this release.

These Group figures also do not take account of £1.2bn of capital in subsidiaries that is not deemed to be freely transferrable around the Group. This additional capital helps absorb market and other volatility, resulting in a resilient Group Solvency II capital surplus. For example, the Group Solvency II capital surplus of £2.1bn would change by £0.1bn or less following a 20% fall in equities; 100bps rise or fall in fixed interest yields; or a 50bps rise or fall in credit spreads.

Cessation of quarterly AUA and flow updates

Following the removal of the requirements to publish Interim Management Statements we will cease reporting quarterly updates of AUA and flows. This will allow us to enhance our communication with investors and other stakeholders by focusing on our strategy and long-term drivers of our performance.

We shall of course provide market updates on material matters in accordance with our continuing obligations under the Listing Rules in order to ensure the market is properly informed.

Standard Life Investments, as long-term investors, campaigned for and welcomes the removal of the requirements to publish Interim Management Statements. It believes it is important that the boards of companies in which it invests should focus on providing a clear, concise and comprehensive account about the delivery of long-term strategy in a fair, balanced and meaningful way.

Outlook

The start of 2016 has seen difficult conditions in global financial markets which have negatively impacted asset values as well as investor and consumer sentiment. While these conditions may persist for some time and regulatory and political changes may impact the markets we operate in, Standard Life remains well positioned to meet the needs of clients and customers around the world.

The breadth of our investment propositions underpinned by strong investment performance and innovation, combined with our strength in pensions and savings and the power of a trusted brand, means that we have a well-diversified and resilient business that will remain strategically focused on driving growth and returns to shareholders.

Business highlights - continuing operations¹

Standard Life has a simple and consistent business model that we have successfully operated to grow assets, maximise revenue and lower unit costs. This drives higher profits and together with optimisation of our balance sheet delivers value for our shareholders.

We continue to make good progress in each of our businesses focusing on our key Growth Channels:

Institutional and Wholesale benefiting from an increasing global reach and driving growth of Standard Life Investments

- Benefiting from strong investment performance, ongoing product innovation, high levels of client service and an increasingly global client base
- Operating profit before tax up 33% to £342m (2014: £257m), benefiting from a 21% increase in third party revenue from our Growth Channels to £624m, a continuing shift in mix towards higher margin products, increased profit from HDFC AMC and the acquisition of Ignis
- Revenue yield on third party AUM from our Growth Channels remains strong at 52bps (2014: 53bps) despite the inclusion of Ignis AUM for the full year with its average revenue margin of 19bps
- EBITDA up 32% to £352m (2014: £266m) with EBITDA margin up to 42% (2014: 39%)
- Our associate, HDFC AMC, remains the largest mutual fund company in India with AUM of £17.4bn (2014: £15.1bn) contributing £31m (2014: £21m) to operating profit
- Strong third party net inflows from our Growth Channels of £10.3bn (2014: £1.7bn) representing 9% of opening AUM, including Institutional and Wholesale net inflows of £12.6bn (2014: £6.0bn)
- 67% or £8.4bn (2014: £4.1bn) of Institutional and Wholesale third party net inflows from outside the UK with strong net inflows across all geographies including Asia Pacific with net inflows of £1.2bn (2014: £0.4bn)
- Strong investment performance with third party² AUM above benchmark: 1 year 88%; 3 years 95%; and 5 years 90%

Workplace and Retail driving continuing growth in UK Pensions and Savings

- Our UK Pensions and Savings business continues to benefit from structural market changes and careful strategic positioning, as well as its attractive propositions and investment solutions
- Operating profit before tax of £334m (2014: £350m) reflects ongoing momentum in our Workplace and Retail fee channels offset by an expected £33m reduction in spread/risk margin due to lower annuity sales and reduced benefit from asset liability management
- UK fee revenue increased to £631m (2014: £619m) benefiting from higher Workplace and Retail AUA offset by a £11m reduction in revenue earned on client cash balances
- Average UK fee revenue yield of 59bps (2014: 62bps) reflects changes in business mix including a growing proportion of newer style propositions and lower revenue from cash balances
- UK operating expenses expressed as a proportion of average AUA decreased by 3bps to 39bps (2014: 42bps)
- Added over 250,000 new customers during the year driven by auto enrolment and the success of our "Good to Go" proposition for SMEs, and now have 1.7 million workplace customers
- Our Wrap platform continued to lead the market⁷ with record net inflows of £4.4bn and AUA up 22% to £25.5bn (2014: £20.9bn), while the number of adviser firms using our Wrap platform increased by 123 to 1,463
- Assets in our market-leading drawdown proposition increased by 18% to £13.6bn (2014: £11.5bn)
- £6.8bn (c85%) of total MyFolio AUM of £8.1bn is distributed through the UK business and a quarter of Wrap platform AUA of £25.5bn is managed by Standard Life Investments

Ongoing growth in Europe fee AUA

- Europe operating profit reduced to £23m (2014: £40m) including the £9m one-off impact of shareholder support provided to the German with profits business which was closed to new business during the year. Operating profit also reflected a lower benefit from asset liability management.
- Fee AUA grew 5% to £18.0bn (2014: £17.2bn) driven by continued momentum in both our Ireland domestic and international bond businesses as well as growing demand for unit-linked products in Germany

Continued progress in India and China associate and joint venture life businesses

- Operating profit before tax up to £27m (2014: £23m) benefiting from higher profit from associate and joint venture life businesses which increased to £25m (2014: £18m) partly offset by lower profit from the Hong Kong business which is continuing to adapt to regulatory changes
- Agreed to increase stake in HDFC Life from 26% to 35% for £175m⁸ subject to regulatory approval
- In India, HDFC Life was ranked 3rd for new business sales in the private life insurance market and the leader in the online market with award-winning and innovative products⁹
- In China, Heng An Standard Life new business sales increased 19% and now operates across 53 cities with over 5 million customers

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* Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Newsires and online publications

A conference call for newsires and online publications will take place on Friday 19 February at 7.30am (UK time). Participants should dial +44 (0)20 3059 8125 and quote Standard Life full year results 2015. A replay facility will be available for seven days after the event. To access the replay please dial +44 (0)121 260 4861. The pass code is 2483692#.

Investors and Analysts

The full year results 2015 analyst and investor presentation will take place on Friday 19 February at 9.00am (UK time), followed by a Standard Life Solvency II insight session at 11.00am. The presentations will take place at Goldman Sachs International, River Court, 120 Fleet Street, London EC4A 2BE. There will also be a live webcast and teleconference starting at 9.00am, both of which will have the facility to ask questions at the end of the formal presentations. Participants should dial +44 (0)20 3059 8125 and quote Standard Life full year results 2015. A replay facility will be available for seven days after the event. To access the replay please dial +44 (0)121 260 4861 followed by 2490549#.

Notes to Editors:

1. Continuing operations excludes the Canada and Dubai businesses and our Singapore insurance business, the closure of which we announced in June 2015.
2. Excluding strategic partner life business.
3. Operating profit is IFRS profit before tax adjusted to remove the impact of short-term market driven fluctuations in investment return and economic assumptions, restructuring costs, impairment of intangible assets, amortisation of intangible assets acquired in business combinations, fair value movements in contingent consideration, profit or loss on the sale of a subsidiary, associate or joint venture and other significant one-off items outside the control of management and not indicative of the long-term operating performance of the Group.
4. Under IFRS 5, Singapore and Dubai do not constitute discontinued operations and are included under continuing operations in the consolidated income statement. Therefore the analysis of Group operating profit by segment includes the reclassification of Singapore and Dubai results between discontinued and continuing operations. The Group diluted operating earnings per share from continuing operations excludes Singapore and Dubai while the Group diluted earnings per share from continuing operations includes Singapore and Dubai.
5. Based on draft regulatory returns.
6. The Company undertook a share consolidation on 13 March 2015 followed by a return of value to shareholders. In accordance with IAS 33, earnings per share have not been restated following the share consolidation as there was an overall corresponding change in resources. As a result of the share consolidation earnings per share from continuing operations for the year ended 31 December 2015 are not directly comparable with the prior year. Diluted earnings per share are based on the weighted average number of diluted ordinary shares outstanding of 2,060m (2014: 2,396m). Following the share consolidation, total ordinary shares in issue at 31 December 2015 were 1,970m (31 December 2014: 2,394m).
7. Source: Fundscape latest available net inflow data.
8. Based on INR exchange rate as at 31 December 2015.
9. As at 31 December 2015.
10. For more detailed information on the statutory results of the Group refer to the Annual report and accounts 2015.

Forward-looking statements

This document 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", "pursues", "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.

Supplementary information

Analysis of flows, AUA and revenue by channel

We analyse our simplified business into three distinct components:

- **Growth Channels** which are sources of strong scalable growth and diversification by geography, asset class, product, client and customer. These primarily comprise the Institutional and Wholesale channels of Standard Life Investments, and the Workplace and Retail channels of UK Pensions and Savings.
- **Mature Books** of largely legacy pension and insurance business that provide a stable contribution to revenue and profit as well as being a source of financial strength
- Our strategic **associate and joint venture life businesses** in India and China that are sources of future potential growth and diversification

	Gross flows		Net flows		AUA		Fee based revenue		Fee revenue yield 2015 bps
	2015 £bn	2014 £bn	2015 £bn	2014 £bn	2015 £bn	2014 £bn	2015 £m	2014 £m	
Institutional	11.1	9.4	3.3	0.8	67.0	61.4	314	269	48
Wholesale	16.8	11.8	9.3	5.2	45.9	35.5	239	177	69
Workplace and Retail	11.6	9.9	5.8	5.1	75.6	69.3	372	356	51
Standard Life Wealth	0.9	0.7	0.2	-	6.5	6.1	46	39	73
Ignis	2.6	1.9	(2.5)	(4.3)	11.1	14.5	25	32	19
Europe growth fee	1.6	1.4	0.9	0.7	9.6	8.7	62	62	67
Hong Kong	0.1	0.1	0.1	0.1	0.5	0.4	38	49	-
Fee business eliminations	(3.9)	(3.4)	(2.2)	(1.5)	(17.9)	(15.2)	-	-	-
Total Growth fee	40.8	31.8	14.9	6.1	198.3	180.7	1,096	984	59
Mature retail	0.7	0.6	(2.4)	(2.2)	32.7	33.5	259	263	77
Europe mature fee	0.7	0.8	0.2	0.4	8.4	8.5	115	121	137
Third party strategic partner life business	0.2	-	(4.8)	(1.6)	39.6	43.8	81	41	19
Other fee including CWP ¹	-	0.1	(0.9)	(1.0)	1.3	2.1	28	20	-
Total Mature fee	1.6	1.5	(7.9)	(4.4)	82.0	87.9	483	445	57
Total fee	42.4	33.3	7.0	1.7	280.3	268.6	1,579	1,429	-
Spread/risk	0.2	0.3	(0.9)	(0.9)	14.9	16.1	-	-	-
Associate and joint venture life businesses	0.4	0.4	0.2	0.2	2.3	2.1	-	-	-
Other	-	-	-	-	10.4	10.2	-	-	-
Other eliminations	-	-	-	-	(0.5)	(0.4)	-	-	-
Total continuing operations	43.0	34.0	6.3	1.0	307.4	296.6	1,579	1,429	-

1. Fee based revenue income from investment management expenses charged directly to internal policyholder funds managed by Standard Life Investments for the Standard Life Group. These policyholder funds largely comprise assets across both Growth Channels and Mature Books as well as conventional with profits. AUA and flows comprise conventional with profits only.

Supplementary information

Group assets under administration and net flows

Group assets under administration (AUA) represent the IFRS gross assets of the Group adjusted to include third party AUA, which are not included on the consolidated statement of financial position. In addition, certain assets are excluded, for example deferred acquisition costs, intangibles and reinsurance assets. Continuing operations excludes the Canadian business assets sold on 30 January 2015 and includes Ignis assets acquired on 1 July 2014 (£60.5bn) which were reflected within market and other movements in 2014.

Group assets under administration (summary) 12 months ended 31 December 2015

	Growth (G) Mature (M) Other (O)	Fee (F) Spread/risk (S/R) Other (O)	Opening AUA at 1 Jan 2015 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2015 £bn
Total fee			268.6	42.4	(35.4)	7.0	4.7	280.3
Total spread/risk			16.1	0.2	(1.1)	(0.9)	(0.3)	14.9
Total other			11.9	0.4	(0.2)	0.2	0.1	12.2
Total AUA			296.6	43.0	(36.7)	6.3	4.5	307.4
By business:								
Standard Life Investments								
Institutional	G		61.4	11.1	(7.8)	3.3	2.3	67.0
Wholesale	G		35.5	16.8	(7.5)	9.3	1.1	45.9
Wealth	G		6.1	0.9	(0.7)	0.2	0.2	6.5
Ignis	G		14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
Third party strategic partner life business	M		43.8	0.2	(5.0)	(4.8)	0.6	39.6
Standard Life Investments third party		F	161.3	31.6	(26.1)	5.5	3.3	170.1
UK Pensions and Savings								
Workplace	G		32.0	4.1	(2.2)	1.9	(0.9)	33.0
Retail ¹	G		37.3	7.5	(3.6)	3.9	1.4	42.6
Mature Retail	M		33.5	0.7	(3.1)	(2.4)	1.6	32.7
Workplace and Retail		F	102.8	12.3	(8.9)	3.4	2.1	108.3
Conventional with profits	M	F	2.1	-	(0.9)	(0.9)	0.1	1.3
Annuities	M	S/R	15.5	0.2	(1.1)	(0.9)	(0.3)	14.3
Assets not backing products	O	O	7.7	-	-	-	-	7.7
UK Pensions and Savings			128.1	12.5	(10.9)	1.6	1.9	131.6
Europe Pensions and Savings								
Fee ¹	G/M	F	17.2	2.3	(1.2)	1.1	(0.3)	18.0
Spread/risk	M	S/R	0.6	-	-	-	-	0.6
Europe Pensions and Savings			17.8	2.3	(1.2)	1.1	(0.3)	18.6
UK and Europe Pensions and Savings			145.9	14.8	(12.1)	2.7	1.6	150.2
India and China								
Hong Kong	G	F	0.4	0.1	-	0.1	-	0.5
Associate and joint venture life businesses	O	O	2.1	0.4	(0.2)	0.2	-	2.3
India and China			2.5	0.5	(0.2)	0.3	-	2.8
Other corporate assets	O	O	2.5	-	-	-	0.2	2.7
Consolidation and eliminations ²	G/O	F/O	(15.6)	(3.9)	1.7	(2.2)	(0.6)	(18.4)
Group AUA – continuing operations			296.6	43.0	(36.7)	6.3	4.5	307.4

1. Wrap AUA is reported predominantly within Retail: £23.4bn (2014: £19.2bn). Offshore bond is reported within Europe fee business: £2.1bn (2014: £1.7bn).

2. Certain products are included in both pensions and savings AUA and Standard Life Investments third party AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Comprises £17.9bn (2014: £15.2bn) related to fee business eliminations and £0.5bn (2014: £0.4bn) related to other eliminations.

Group assets under administration and net flows

Group assets under administration (summary)
12 months ended 31 December 2014

	Growth(G) Mature (M) Other (O)	Fee (F) Spread/risk (S/R) Other (O)	Opening AUA at 1 Jan 2014 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2014 £bn
Total fee			190.7	33.3	(31.6)	1.7	76.2	268.6
Total spread/risk			15.1	0.3	(1.2)	(0.9)	1.9	16.1
Total other			8.9	0.4	(0.2)	0.2	2.8	11.9
Total AUA			214.7	34.0	(33.0)	1.0	80.9	296.6
By business:								
Standard Life Investments								
Institutional	G		55.1	9.4	(8.6)	0.8	5.5	61.4
Wholesale	G		28.9	11.8	(6.6)	5.2	1.4	35.5
Wealth	G		5.8	0.7	(0.7)	-	0.3	6.1
Ignis	G		-	1.9	(6.2)	(4.3)	18.8	14.5
Third party strategic partner life business	M		-	-	(1.6)	(1.6)	45.4	43.8
Standard Life Investments third party		F	89.8	23.8	(23.7)	0.1	71.4	161.3
UK Pensions and Savings								
Workplace	G		29.2	4.0	(1.8)	2.2	0.6	32.0
Retail ¹	G		33.8	5.9	(3.0)	2.9	0.6	37.3
Mature Retail	M		33.5	0.6	(2.8)	(2.2)	2.2	33.5
Workplace and Retail		F	96.5	10.5	(7.6)	2.9	3.4	102.8
Conventional with profits	M	F	2.9	0.1	(1.1)	(1.0)	0.2	2.1
Annuities	M	S/R	14.6	0.3	(1.2)	(0.9)	1.8	15.5
Assets not backing products	O	O	5.7	-	-	-	2.0	7.7
UK Pensions and Savings			119.7	10.9	(9.9)	1.0	7.4	128.1
Europe Pensions and Savings								
Fee ¹	G/M	F	14.9	2.2	(1.1)	1.1	1.2	17.2
Spread/risk	M	S/R	0.5	-	-	-	0.1	0.6
Europe Pensions and Savings			15.4	2.2	(1.1)	1.1	1.3	17.8
UK and Europe Pensions and Savings			135.1	13.1	(11.0)	2.1	8.7	145.9
India and China								
Hong Kong	G	F	0.3	0.1	-	0.1	-	0.4
Associate and joint venture life businesses	O	O	1.6	0.4	(0.2)	0.2	0.3	2.1
India and China			1.9	0.5	(0.2)	0.3	0.3	2.5
Other corporate assets	O	O	2.0	-	-	-	0.5	2.5
Consolidation and eliminations ²	G/O	F/O	(14.1)	(3.4)	1.9	(1.5)	-	(15.6)
Group AUA – continuing operations			214.7	34.0	(33.0)	1.0	80.9	296.6

1. Wrap AUA is reported predominantly within Retail: £19.2bn. Offshore bond is reported within Europe fee business: £1.7bn.

2. Certain products are included in both pensions and savings AUA and Standard Life Investments third party AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Comprises £15.2bn related to fee business eliminations and £0.4bn related to other eliminations.

Supplementary information

Group assets under administration and net flows *(continued)*

Standard Life Investments assets under management and net flows

		Opening AUA at 1 Jan 2015 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2015 £bn
12 months ended 31 December 2015							
Third party AUM ¹	UK	75.5	15.2	(10.8)	4.4	3.3	83.2
	Europe	11.3	5.4	(2.0)	3.4	(0.5)	14.2
	North America	8.1	5.3	(2.3)	3.0	0.6	11.7
	Asia Pacific	2.0	2.1	(0.9)	1.2	0.1	3.3
	India	6.1	0.8	-	0.8	0.1	7.0
	Ignis	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
	By geography of client	117.5	31.4	(21.1)	10.3	2.7	130.5
	Equities	15.5	2.6	(2.6)	-	1.4	16.9
	Fixed income	22.0	3.1	(2.8)	0.3	(0.5)	21.8
	Multi-asset ²	38.6	17.3	(7.8)	9.5	2.2	50.3
	Real estate	7.4	1.1	(0.8)	0.3	0.9	8.6
	MyFolio	5.9	2.6	(0.7)	1.9	0.3	8.1
	Other ³	13.6	2.1	(1.3)	0.8	(0.7)	13.7
	Ignis ⁴	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1
	By asset class	117.5	31.4	(21.1)	10.3	2.7	130.5
Institutional	61.4	11.1	(7.8)	3.3	2.3	67.0	
Wholesale	35.5	16.8	(7.5)	9.3	1.1	45.9	
Wealth	6.1	0.9	(0.7)	0.2	0.2	6.5	
Ignis	14.5	2.6	(5.1)	(2.5)	(0.9)	11.1	
By channel	117.5	31.4	(21.1)	10.3	2.7	130.5	
Standard Life Group	84.6	4.1	(6.1)	(2.0)	0.5	83.1	
Phoenix Group	43.8	0.2	(5.0)	(4.8)	0.6	39.6	
Strategic partner life business AUM	128.4	4.3	(11.1)	(6.8)	1.1	122.7	
Standard Life Investments AUM – continuing operations	245.9	35.7	(32.2)	3.5	3.8	253.2	

		Opening AUA at 1 Jan 2014 £bn	Gross flows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Closing AUA at 31 Dec 2014 £bn
12 months ended 31 December 2014							
Third party AUM ¹	UK	68.3	14.3	(12.4)	1.9	5.3	75.5
	Europe	10.4	2.8	(1.5)	1.3	(0.4)	11.3
	North America	5.2	2.9	(1.4)	1.5	1.4	8.1
	Asia Pacific	1.8	1.0	(0.6)	0.4	(0.2)	2.0
	India	4.1	0.9	-	0.9	1.1	6.1
	Ignis	-	1.9	(6.2)	(4.3)	18.8	14.5
	By geography of client	89.8	23.8	(22.1)	1.7	26.0	117.5
	Equities	15.1	2.8	(4.1)	(1.3)	1.7	15.5
	Fixed income	20.2	2.3	(3.3)	(1.0)	2.8	22.0
	Multi-asset ²	31.4	11.4	(6.3)	5.1	2.1	38.6
	Real estate	6.1	1.1	(0.4)	0.7	0.6	7.4
	MyFolio	4.0	2.2	(0.6)	1.6	0.3	5.9
	Other ³	13.0	2.1	(1.2)	0.9	(0.3)	13.6
	Ignis ⁴	-	1.9	(6.2)	(4.3)	18.8	14.5
	By asset class	89.8	23.8	(22.1)	1.7	26.0	117.5
Institutional	55.1	9.4	(8.6)	0.8	5.5	61.4	
Wholesale	28.9	11.8	(6.6)	5.2	1.4	35.5	
Wealth	5.8	0.7	(0.7)	-	0.3	6.1	
Ignis	-	1.9	(6.2)	(4.3)	18.8	14.5	
By channel	89.8	23.8	(22.1)	1.7	26.0	117.5	
Standard Life Group	80.3	3.8	(6.2)	(2.4)	6.7	84.6	
Phoenix Group	-	-	(1.6)	(1.6)	45.4	43.8	
Strategic partner life business AUM	80.3	3.8	(7.8)	(4.0)	52.1	128.4	
Standard Life Investments AUM – continuing operations	170.1	27.6	(29.9)	(2.3)	78.1	245.9	

1. Excluding strategic partner life business.
2. Comprises absolute return strategies, enhanced diversification strategies, risk-based portfolios and traditional balanced portfolios.
3. Comprises cash, private equity and Wealth. Net inflows from India cash funds of £0.6bn (2014: net inflow £0.3bn).
4. Includes net inflows from Ignis liquidity funds of £0.7bn (2014: net outflows £1.0bn).

Group assets under administration and net flows

Group assets under administration 15 months net flows

15 months ended 31 December 2015	Growth (G) Mature (M) Other (O)	Fee (F) Spread/risk (S/R) Other (O)	3 months to				
			31 Dec 2015 £bn	30 Sep 2015 £bn	30 Jun 2015 £bn	31 Mar 2015 £bn	31 Dec 2014 £bn
Total fee			0.7	2.5	0.8	3.0	(3.1)
Total spread/risk			(0.2)	(0.2)	(0.3)	(0.2)	(0.3)
Total other			-	0.1	-	0.1	0.1
Total net flows			0.5	2.4	0.5	2.9	(3.3)
By business:							
Standard Life Investments							
Institutional	G		0.4	1.1	0.7	1.1	0.1
Wholesale	G		2.2	1.8	2.7	2.6	1.5
Wealth	G		0.1	0.1	-	-	-
Ignis	G		(0.2)	(0.4)	(1.9)	-	(4.5)
Third party strategic partner life business	M		(2.3)	(0.3)	(0.9)	(1.3)	(0.9)
Standard Life Investments third party		F	0.2	2.3	0.6	2.4	(3.8)
UK Pensions and Savings							
Workplace	G		0.4	0.4	0.5	0.6	0.6
Retail ¹	G		1.0	1.1	0.9	0.9	0.8
Mature Retail	M		(0.5)	(0.7)	(0.7)	(0.5)	(0.5)
Workplace and Retail		F	0.9	0.8	0.7	1.0	0.9
Conventional with profits	M	F	(0.2)	(0.3)	(0.2)	(0.2)	(0.3)
Annuities	M	S/R	(0.2)	(0.2)	(0.3)	(0.2)	(0.3)
Assets not backing products	O	O	-	-	-	-	-
UK Pensions and Savings			0.5	0.3	0.2	0.6	0.3
Europe Pensions and Savings							
Fee ¹	G/M	F	0.3	0.3	0.2	0.3	0.3
Spread/risk	M	S/R	-	-	-	-	-
Europe Pensions and Savings			0.3	0.3	0.2	0.3	0.3
UK and Europe Pensions and Savings			0.8	0.6	0.4	0.9	0.6
India and China							
Hong Kong	G	F	0.1	-	-	-	-
Associate and joint venture life businesses	O	O	-	0.1	-	0.1	0.1
India and China			0.1	0.1	-	0.1	0.1
Consolidation and eliminations ²	G	F	(0.6)	(0.6)	(0.5)	(0.5)	(0.2)
Group net flows – continuing operations			0.5	2.4	0.5	2.9	(3.3)

1. Wrap net flows are reported predominantly within Retail and offshore bond net flows are reported within Europe fee business.

2. Certain products are included in both pensions and savings AUA and Standard Life Investments third party AUM. Therefore, at a Group level an elimination adjustment is required to remove any duplication, in addition to other necessary consolidation adjustments. Net flows eliminations relate entirely to fee business and growth channels of £2.2bn (2014: £1.5bn).

Supplementary information

Group assets under administration and net flows *(continued)*

Standard Life Investments assets under management net flows

15 months ended 31 December 2015		3 months to 31 Dec 2015	3 months to 30 Sep 2015	3 months to 30 Jun 2015	3 months to 31 Mar 2015	3 months to 31 Dec 2014
		£bn	£bn	£bn	£bn	£bn
Third party net flows	UK	0.8	1.5	1.1	1.0	0.4
	Europe	0.7	0.5	1.0	1.2	0.5
	North America	0.6	0.9	0.7	0.8	0.3
	Asia Pacific	0.5	(0.1)	0.6	0.2	0.1
	India	0.1	0.2	-	0.5	0.3
	Ignis	(0.2)	(0.4)	(1.9)	-	(4.5)
	By geography of client	2.5	2.6	1.5	3.7	(2.9)
	Equities	-	0.1	-	(0.1)	(1.0)
	Fixed income	(0.3)	0.2	-	0.4	-
	Multi-asset ²	2.1	1.8	2.9	2.7	1.4
	Real estate	-	0.1	0.1	0.1	0.3
	MyFolio	0.5	0.5	0.5	0.4	0.5
	Other ³	0.4	0.3	(0.1)	0.2	0.4
	Ignis ⁴	(0.2)	(0.4)	(1.9)	-	(4.5)
	By asset class	2.5	2.6	1.5	3.7	(2.9)
Institutional	0.4	1.1	0.7	1.1	0.1	
Wholesale	2.2	1.8	2.7	2.6	1.5	
Wealth	0.1	0.1	-	-	-	
Ignis	(0.2)	(0.4)	(1.9)	-	(4.5)	
By channel	2.5	2.6	1.5	3.7	(2.9)	
Standard Life Group	(0.4)	(0.4)	(0.7)	(0.5)	(0.5)	
Phoenix Group	(2.3)	(0.3)	(0.9)	(1.3)	(0.9)	
Strategic partner life business net flows	(2.7)	(0.7)	(1.6)	(1.8)	(1.4)	
Standard Life Investments net flows – continuing operations	(0.2)	1.9	(0.1)	1.9	(4.3)	

1. Excluding strategic partner life business.

2. Comprises absolute return strategies, enhanced diversification strategies, risk-based portfolios and traditional balanced portfolios.

3. Comprises cash, private equity and Wealth. Net inflows from India cash funds of £0.6bn (2014: net inflow £0.3bn).

4. Includes net inflows from Ignis liquidity funds of £0.7bn (2014: net outflows £1.0bn).

Supplementary information

Standard Life Group Solvency II capital position

Well capitalised with a stable Solvency II surplus

- Group Solvency II surplus of £2.1bn with solvency ratio of 162%
- Regulatory surplus is resilient to key risks
- Solvency II position reflects focus on fee business and supports our progressive dividend policy

Group Solvency II capital position

	2015
Own funds (£bn)	5.5
Solvency capital requirement (SCR) (£bn)	3.4
Surplus (£bn)	2.1
Solvency ratio	162%

Group surplus excludes additional regulatory capital recognised in subsidiaries of £1.2bn. This capital is not recognised in the Group surplus as it cannot currently be distributed to Standard Life plc. Including this capital the adjusted Group solvency ratio would stand at 197%.

Stable capital position resilient to key risks

The sensitivity of our Group surplus is illustrated as follows:

Sensitivity of Group surplus	Impact on surplus £bn	Surplus £bn
Equities: 20% increase	-	2.1
Equities: 20% fall	-	2.1
Interest rates ^{1,2} : 1% increase	(0.1)	2.0
Interest rates ^{1,2} : 1% decrease	0.1	2.2
Credit spreads: 0.5% increase	(0.1)	2.0
Credit spreads: 0.5% decrease	0.1	2.2
Mortality rates: 5% increase	0.1	2.2
Mortality rates: 5% decrease ³	(0.1)	2.0
Surrenders: 10% one-off surrender	-	2.1

1. Interest rate sensitivities assume transitional benefits are recalculated

2. Yield floor of -0.3%

3. 95% of actual rates, implies 5 month increase in life expectancy for 65 year old male

The stability of the Group position benefits from the additional capital of £1.2bn in subsidiaries that is available to wholly or partially absorb the impact of economic and demographic changes.

Solvency capital requirement reflects our fee based business model

Our solvency capital requirement is analysed as follows:

By type of business (net of diversification)

	£bn	%
Spread business	1.1	32
Fee business	0.9	26
Operational risk	0.1	3
Pension scheme and with profits surplus	0.7	21
Other	0.6	18
Total solvency capital requirement	3.4	100

The largest component of our total solvency capital requirement (SCR) relates to spread business and mostly reflects longevity and credit risk from our annuity business.

Fee business is a significant contributor to our SCR. This relates to the impact of a 1 in 200 stress event on the Solvency II own funds attributable to the value of future profits from our fee business.

Our large pension scheme and with profit fund surpluses contribute £0.7bn to the SCR. The recognition of these surpluses in own funds is restricted to the SCR. This results in a neutral impact on our Solvency II surplus and a dilution in our Solvency II ratio.

Other contribution to SCR of £0.6bn includes the contribution from non-insurance and overseas subsidiaries.

Reconciliation of IFRS shareholders' equity to Solvency II own funds

IFRS shareholders' equity can be reconciled to Solvency II own funds as follows:

	£bn
IFRS shareholders' equity	4.0
Remove IFRS value of pension scheme	(0.9)
Add own funds contribution of sub-debt	1.5
Add own funds contribution of pension scheme and with profit fund surpluses	0.7
Add own funds contribution of future fee business profits (net of tax)	2.9
Other adjustments (valuation differences, DAC, DIR and other intangibles)	(1.5)
Aggregate entity level Solvency II own funds	6.7
Remove own funds that cannot currently be transferred to Standard Life plc	(1.2)
Group Solvency II own funds	5.5

Operating cash generation under Solvency II driven by IFRS earnings

With over 90% of Group underlying income coming from fee business, an increasing proportion of which comes from investment management, the operating cash generation of the Group under Solvency II will continue to be driven by IFRS earnings.

This includes the cash generation from the UK and Europe Pensions and Savings business where the contribution to Group own funds and surplus is closely aligned to IFRS distributable earnings.

Continued focus on Standard Life plc liquid resources

With our subsidiary businesses efficiently capitalised, we continue to focus on Standard Life plc liquid resources as a measure of capital that can be used to:

- fund planned increase in stake in HDFC Life
- provide support to our progressive dividend policy
- support investment in organic growth opportunities and bolt-on acquisitions

As and when additional excess capital builds up, Standard Life plc liquid resources could also be used to fund further returns to shareholders.

Standard Life plc cash and liquid resources

	2015	2014
Cash and liquid resources (£bn)	1.1	0.7

The increase in Standard Life plc cash and liquid resources reflects the proceeds of £2.2bn from the disposal of our Canadian business and the return of value to shareholders of £1.75bn during the year.

Optimising the balance sheet and driving further capital efficiency – together with growing assets, maximising revenue and lowering unit costs – continues to be an important part of our simple and consistent business model that has served us well in growing profits and driving returns to shareholders.