

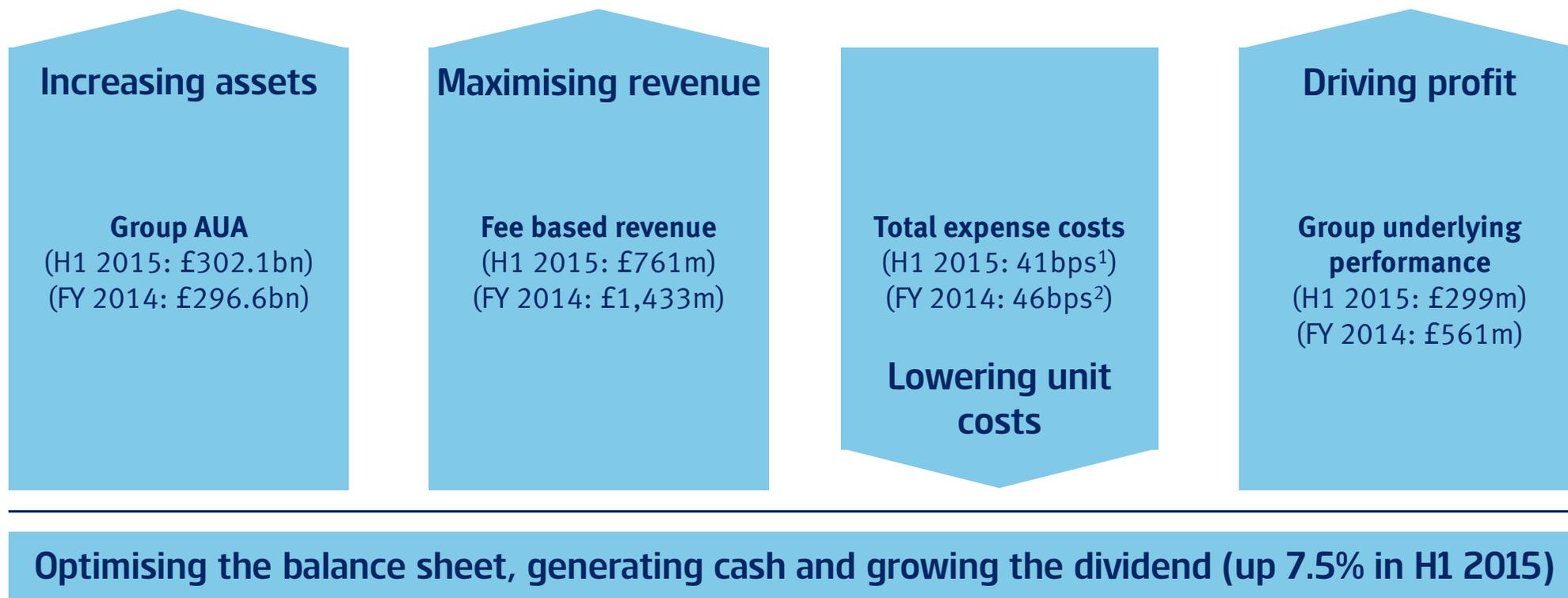
# Focus on fee business driving growth and performance

Bank of America Merrill Lynch  
20th Annual Banking, Insurance & Diversified Financials Conference

**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”, “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.

# We have a simple and consistent business model



1. Excluding £9m contribution to with-profits business in Germany. 2. Excluding £17m HWPF adjustment.  
All figures are reported on a continuing operations basis.

# We are building on our successful transformation

## Demutualisation

- Demutualised in 2006
- Valued at £4.6bn
- Raised over £1bn in equity capital
- Proceeds used to strengthen balance sheet and to transform into scalable fee based business



## Transformation

- UK business no longer dependent on commission
- Disposal of capital intensive spread/risk business in Canada
- Sold subscale health insurance business and mortgage bank in 2010



## Growth

- “Investments at the heart of what we do”
- Focus on innovation and strong investment performance
- Increasing collaboration across the whole of Standard Life
- Leveraging best in class distribution in the UK
- Expanding global reach of Standard Life Investments

2005

2010

2015

2020

# We have three principal businesses

## Global Investment Management

**Standard Life**  
Investments

### Profitability

- Fee revenue **£402m** in H1 2015
- Underlying performance **£154m** H1 2015

### Active global asset manager

- Total **AUM of £250bn**
- Third party AUM of £166bn (including £42bn for Phoenix Group)

### Increasing global reach

- Serving **clients in 48 countries**
- **Offices in 14 countries** across Europe, North America, Asia and Australia

### Broad investment capabilities

- Equities, fixed income, multi-asset, real estate, private equity and funds-of-funds

## UK and Europe Savings

**Standard Life**

### Profitability

- Fee revenue **£396m** in H1 2015
- Underlying performance **£156m** H1 2015

### Leading UK savings and investments business

- **£107bn in fee based** unit linked products
- **4.3 million customers**

### Leading UK provider of:

- **Workplace** DC pensions with **AUA of £33.2bn and 1.6 million customers**
- **Retail** savings and technology platforms to IFAs with **AUA of £40.4bn**
- Pension **drawdown**

### Securing additional assets and revenues for Standard Life Investments

## India and China<sup>1</sup>

**HDFC**  
Life  
*Sar uttha, ke jyo!*

**HDFC**  
MUTUAL FUND

**恒安标准人寿**  
Heng An Standard Life

### Profitability

- Underlying performance **£21m** H1 2015

### 26% stake in HDFC Life

- Leading Indian life insurance business
- **16% share of private market** and **c20 million customers**
- Set to **increase our stake by 9% to 35%**

### 40% stake in HDFC Asset Management<sup>1</sup>

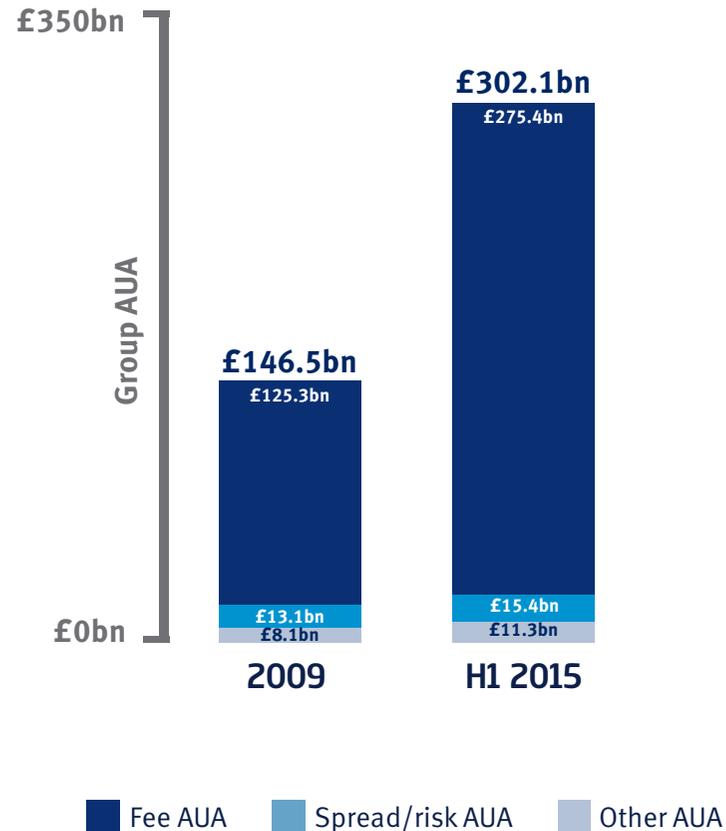
- Largest Indian asset manager
- **AUM of £15.8bn** and **c5million customers**

### 50% stake in Heng An Standard Life

- 300,000 policies

1. The results of HDFC Asset Management are reported within Standard Life Investments.

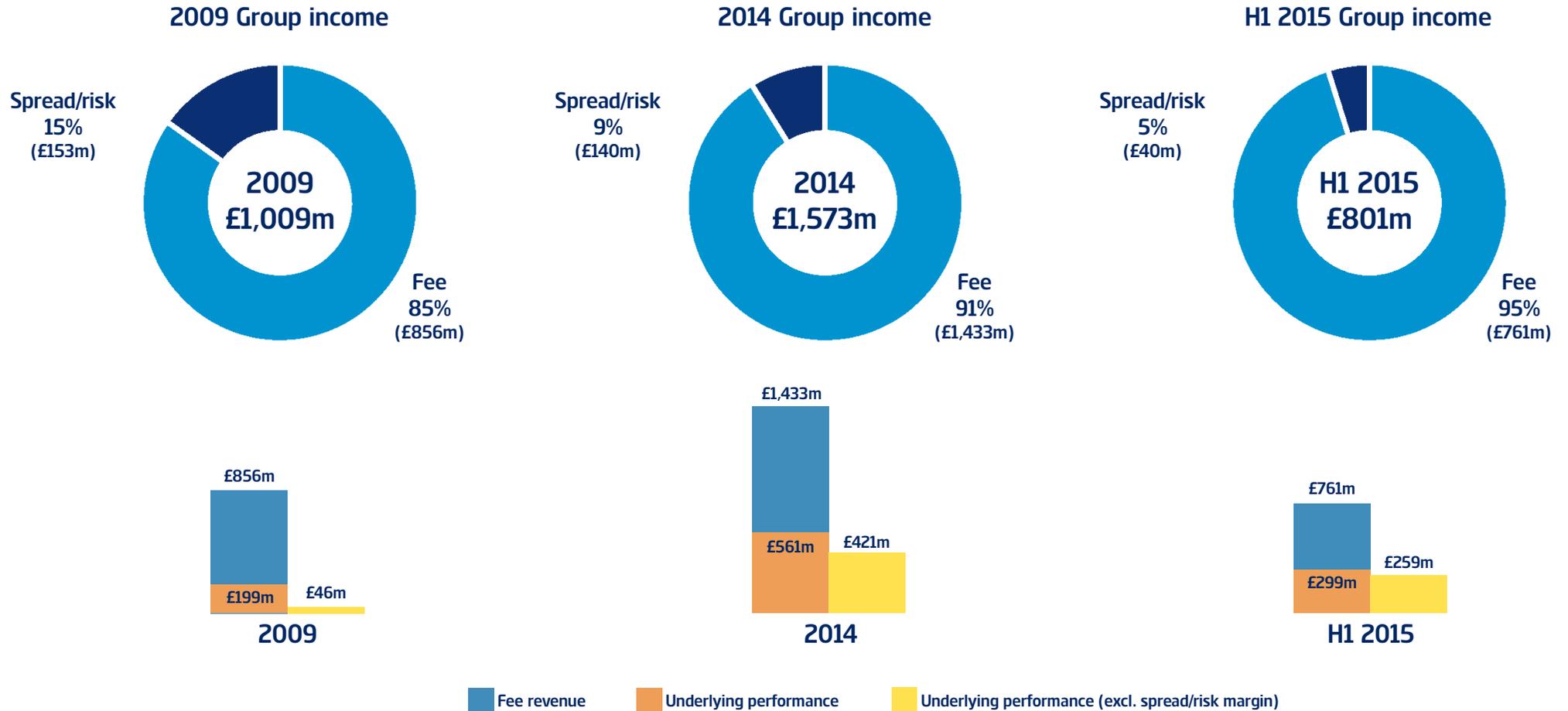
# Transforming into a fast growing fee business



- Group AUA more than doubled since 2009
- Fee AUA of £275.4bn now 91% of total AUA
- £250.0bn or 83% of AUA actively managed by Standard Life Investments

All figures are reported on a continuing operations basis.

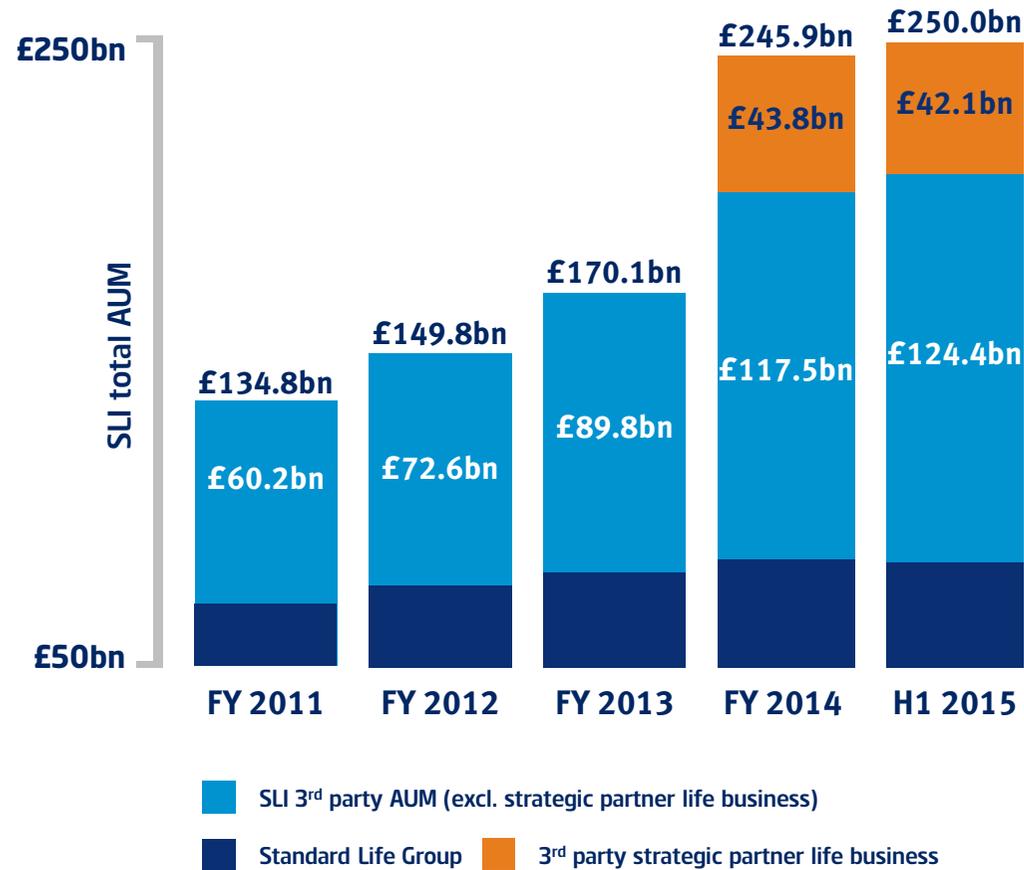
# Growth in fee business driving increase in profit



All figures are reported on a continuing operations basis.

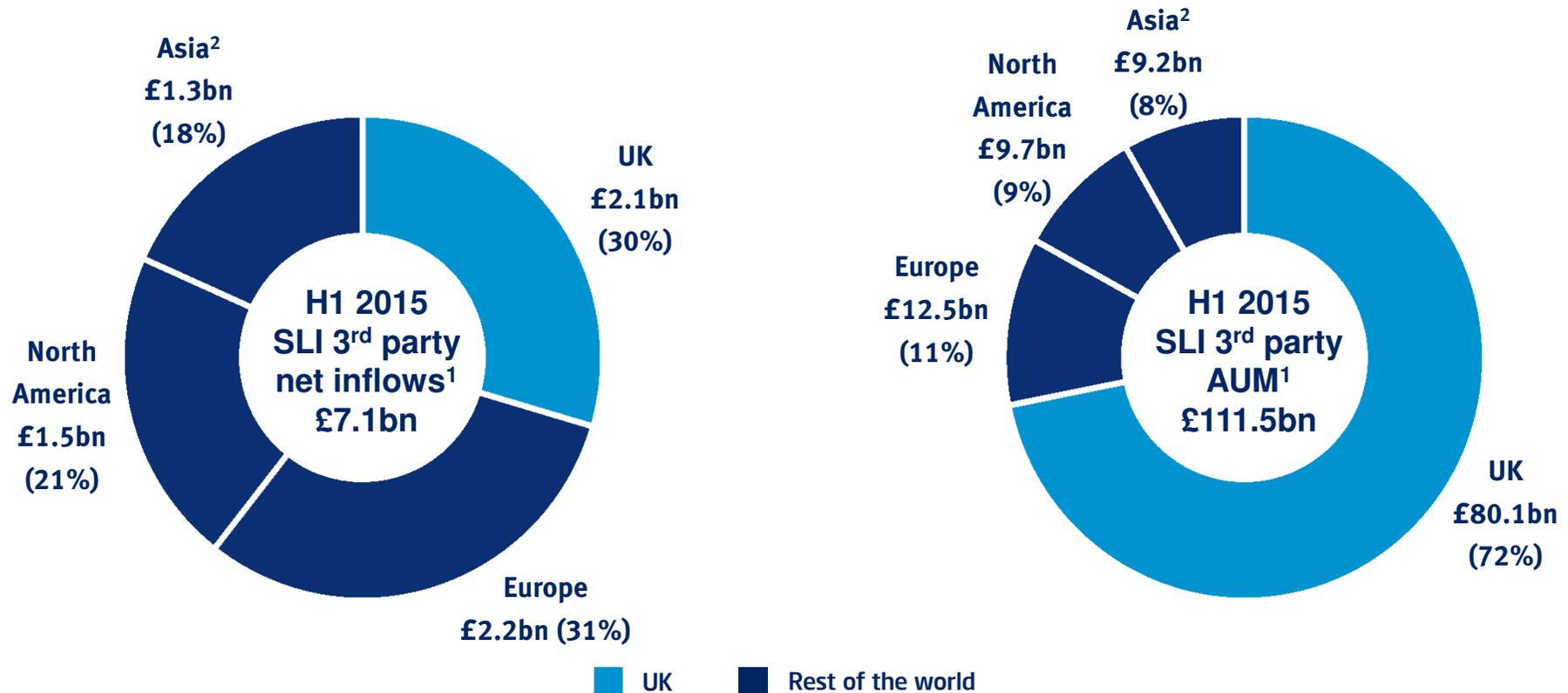
**Strong and consistent growth from  
investment management**

# Consistent track record of growing third party assets ...



All figures are reported on a continuing operations basis.

# ... building an increasingly global client base ...



**70% of net inflows from outside of the UK**

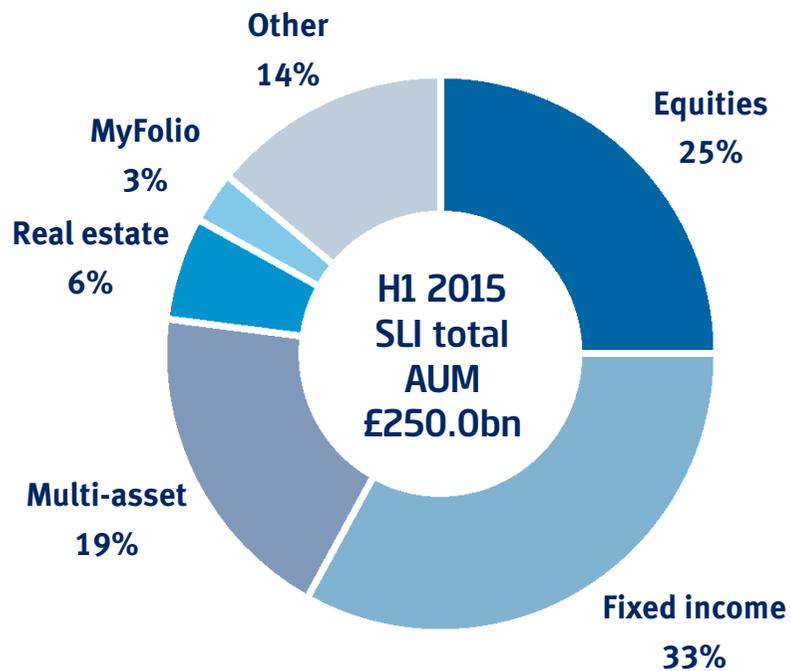
1. Excluding Ignis. 2. Asia Pacific and India.

# ... and benefiting from an increasing global presence and strong distribution relationships

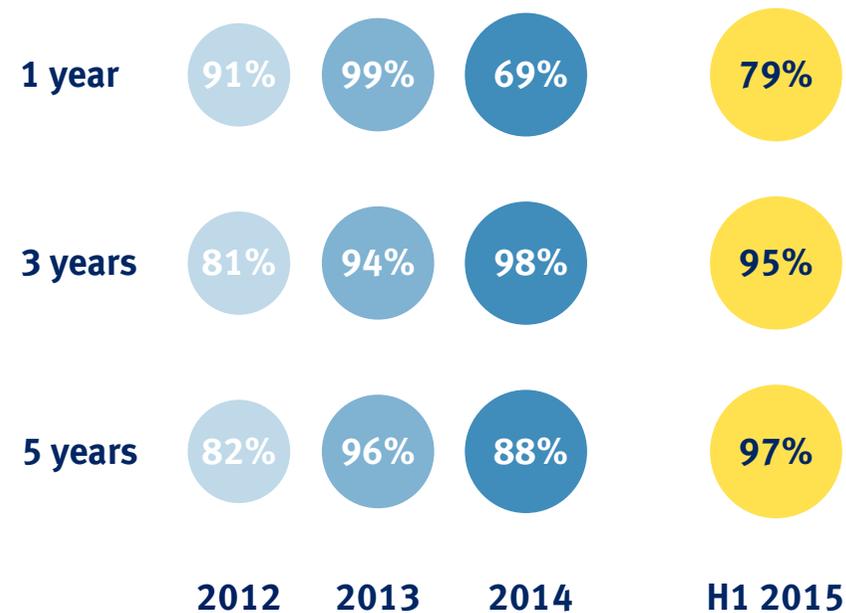


- Utilising best in class Standard Life distribution capability across the UK workplace and retail channels
- Joint venture, HDFC Asset Management, located in Mumbai
- Strategic partnerships with Sumitomo Mitsui, Phoenix Group, John Hancock and now Manulife

# Diversified product offering and consistently strong investment performance



## Investment performance<sup>1</sup>



1. Third party AUM above benchmark (excluding strategic partner life business).

# Our broad range of investment capabilities in 2009 ...

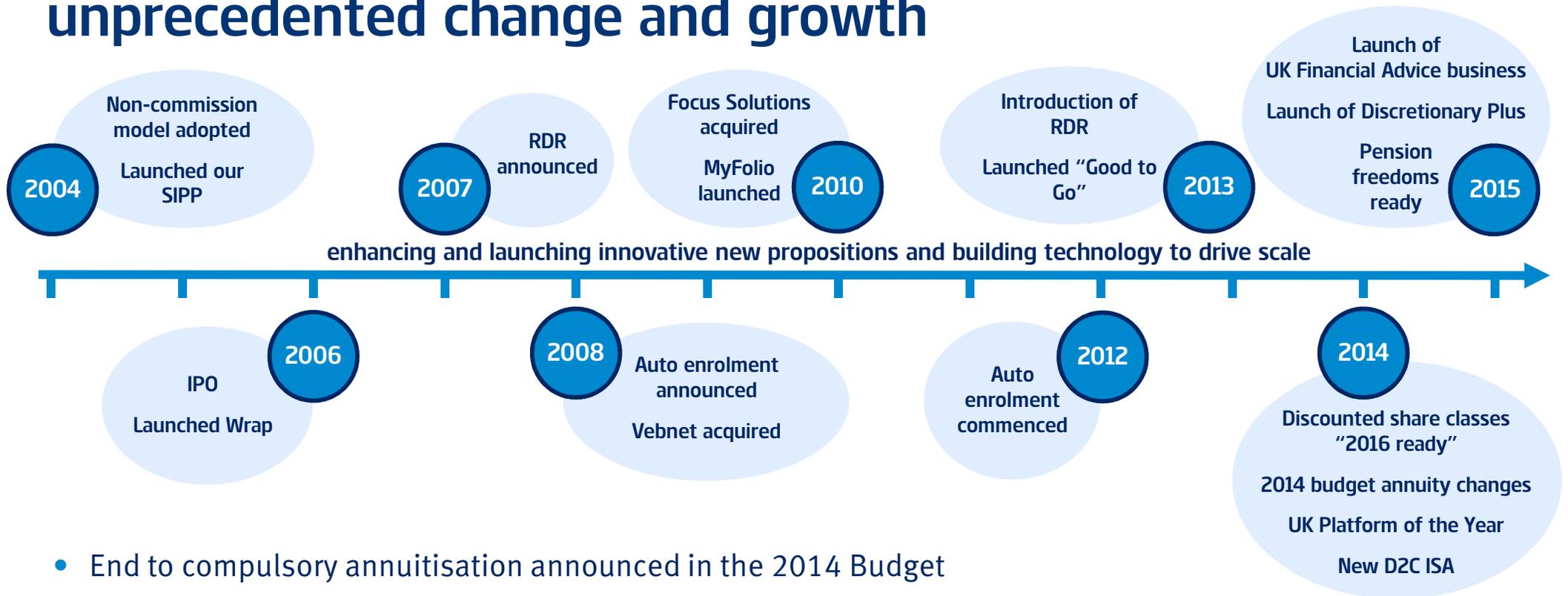


... has expanded considerably over the last 5 years as we meet the evolving needs of our clients



**Growing fee based assets in our  
UK savings business**

# UK savings business uniquely positioned during a period of unprecedented change and growth

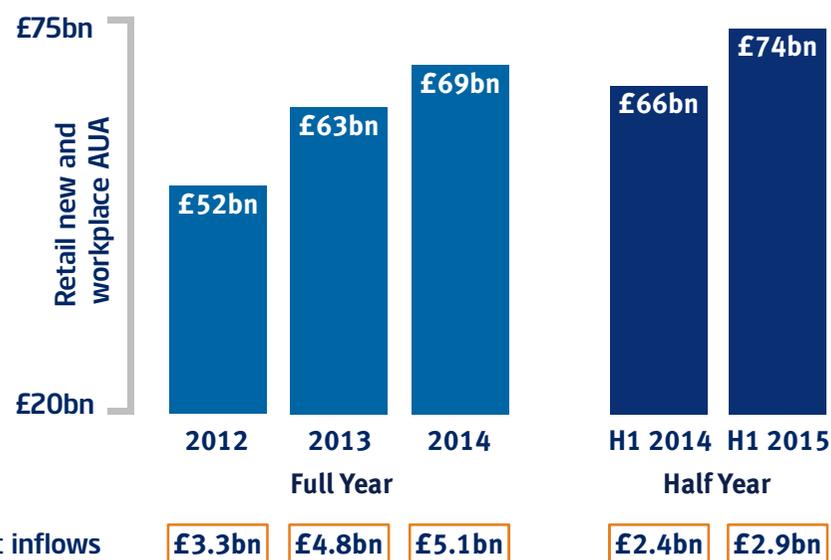


- End to compulsory annuitisation announced in the 2014 Budget
- Standard Life is the leader in flexible drawdown with AUM of £12.9bn

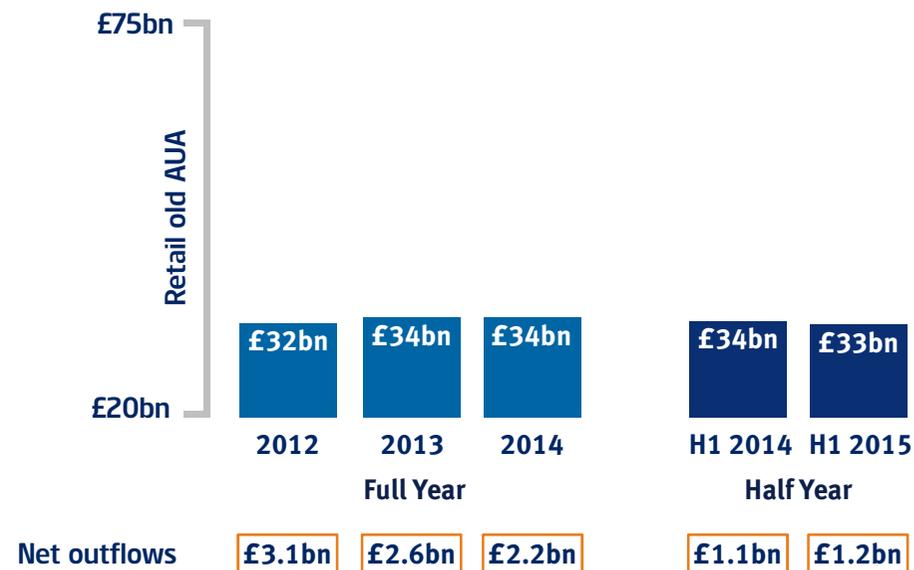
**Uniquely positioned during a period of unprecedented change and growth**

# UK savings fee business assets over £107bn

## New style propositions building momentum



## Stable book of mature business

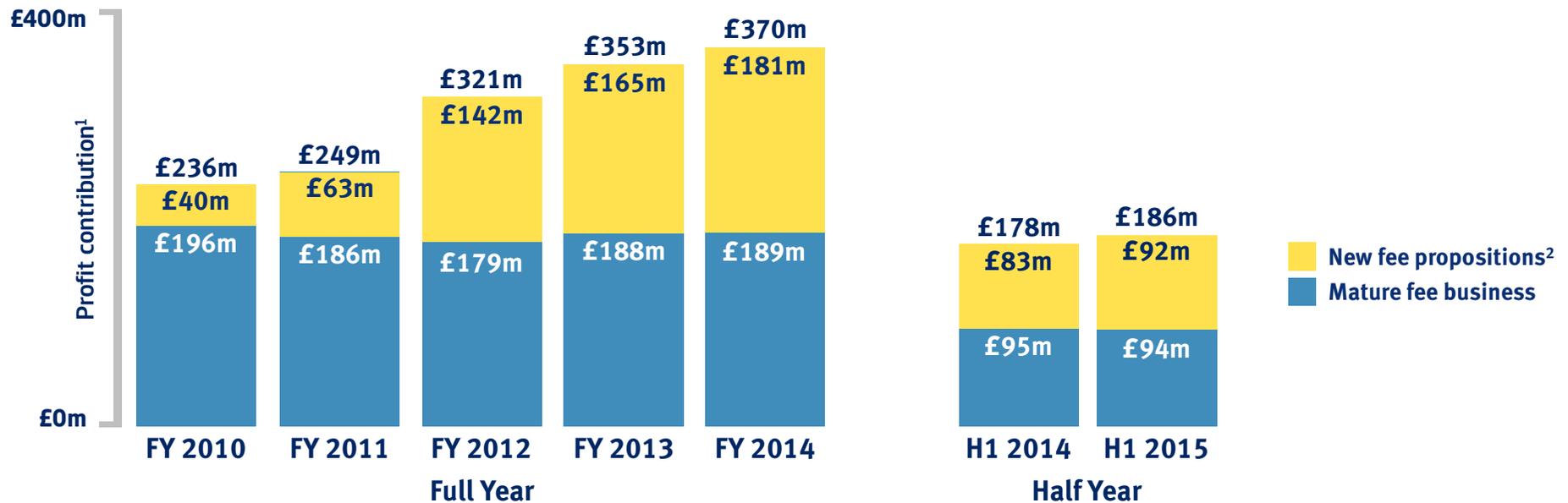


- **Fast growing business** with net flows representing **annualised 8% of opening AUA**
- **Growing regular premiums into workplace** through auto enrolment
- Retail new benefiting from **market-leading Wrap platform**

- **Stable mature book of business**
- **Benefiting from transfers of leavers** from workplace and increments into existing products
- Provides **steady flow of customers for retail new propositions** including drawdown

# Growing contribution from UK savings new style fee business

UK savings new style propositions<sup>2</sup> building momentum



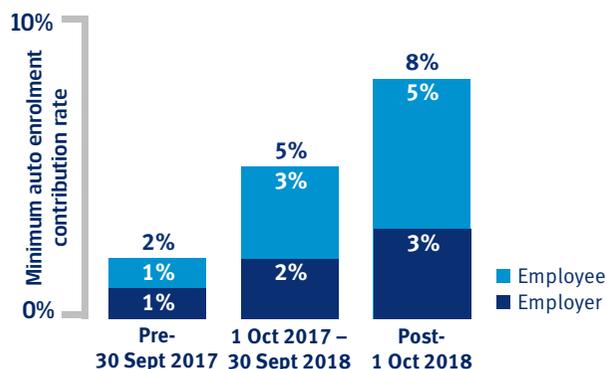
## Scalable business and new style propositions driving profit contribution

1. Profit contribution reflects the income and expenses directly attributable to each of the UK lines of business. It differs from operating profit due to the exclusion of indirect expenses and capital management.

2. New style propositions includes workplace and retail new.

# Demand for our propositions is set to continue to grow

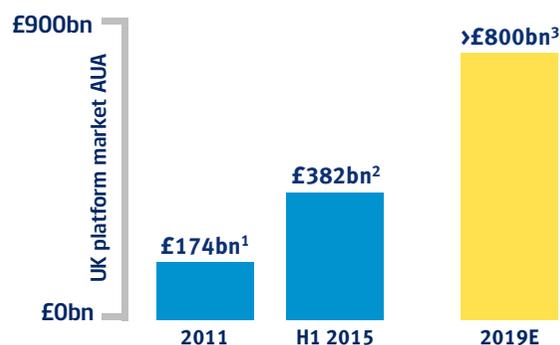
## Continuing growth in DC pensions



- Shift from DB to DC and auto enrolment driving growth in DC pensions
- DC assets invested for longer as customers prefer drawdown over annuities

**We are a leading provider of workplace pensions and largest provider of Self Invested Personal Pensions and Drawdown**

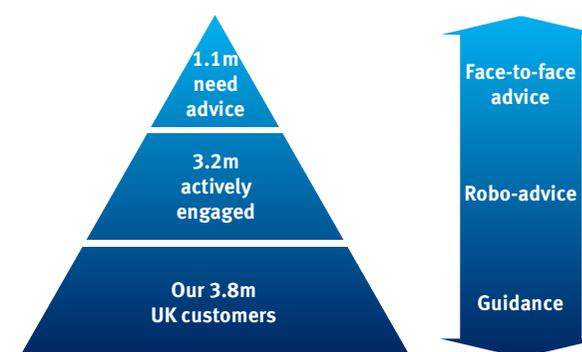
## Strong growth in platform assets



- Professional financial advisers continue to consolidate assets on to platforms
- We work with the most progressive and professional advisers

**Our Wrap platform continues to lead the adviser platform market with highest net inflows**

## Growing demand for advice/guidance



- Complexity of taxation and retirement options driving demand for advice
- Innovative approaches required for the mass market

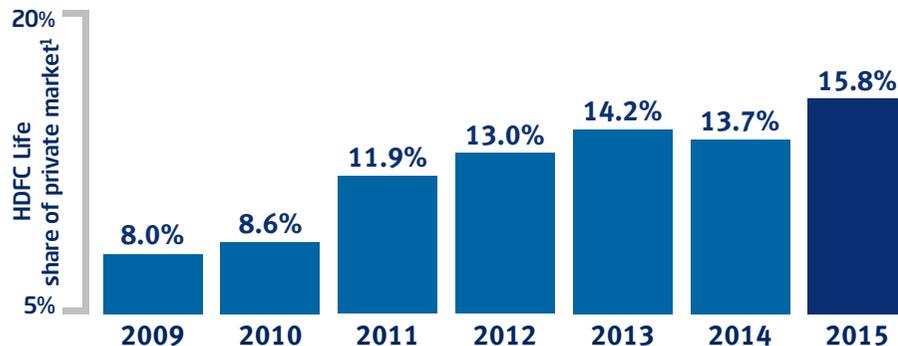
**We are building our own advice business as well as guided retail direct propositions**

1. Fundscape Platform Report Q4 2011. 2. Fundscape Platform Report Q2 2015. 3. Fundscape Platform Report Q3 2014.

# **Growing joint ventures in India and China**

# HDFC Life is a leading private insurance business ...

## HDFC Life's growing share of the private market



## Key facts ...



- Established in 2000 with HDFC, one of India's premier financial services brands
- 20 million customers in a highly attractive fast growing market
- Strong distribution – over 400 own branches and access to 8,300 partner branches
- Wide product range covering protection, savings, pensions, health and annuities
- Generating dividends since 2013

- 26% stake with agreement to increase investment to 35% subject to regulatory approval
- Strong brand and distribution and award-winning innovative products
- Leader in the fast growing digital market with over 50% share of online sales
- Ranked 2<sup>nd</sup> for new business sales in the private life insurance market<sup>1</sup>

1. Financial year from 1 April.

# ... while HDFC AMC is the largest mutual fund company in India

## HDFC AMC<sup>1</sup>: 5m customers and AUM of £16bn



## Key facts ...

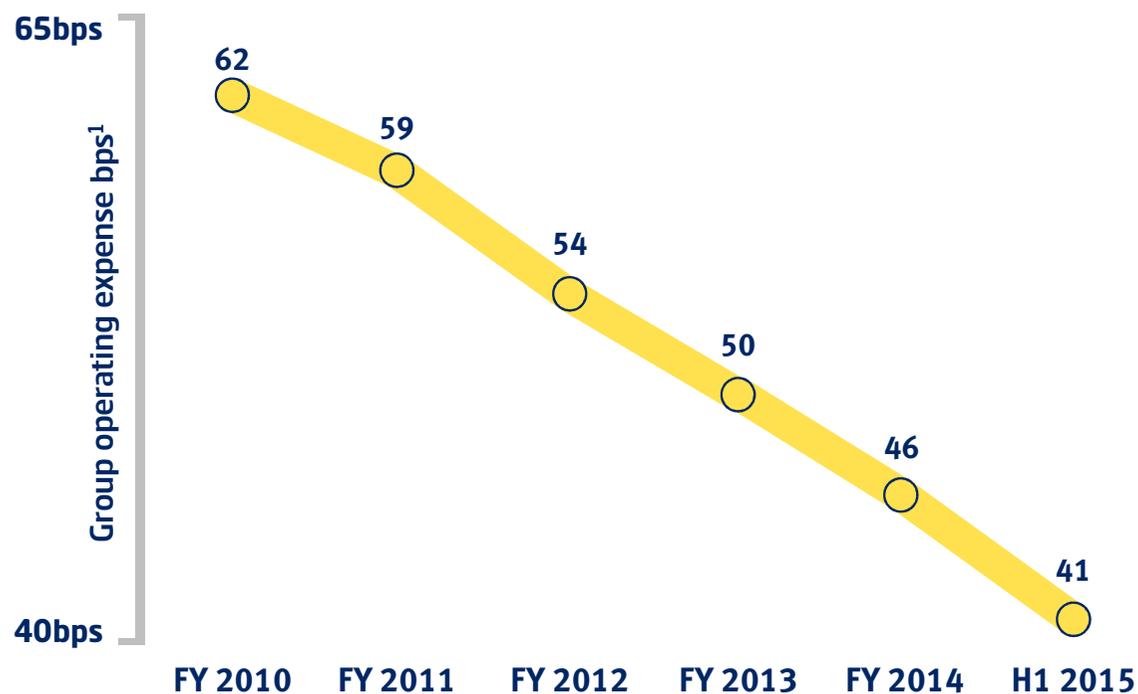


- 5m customers with total AUM of £15.8bn at H1 2015
- AUM – 60% retail / 40% institutional
- Operating out of over 200 cities and towns across India
- Strong distribution via private and public banks; IFAs; D2C and through national distributors
- Broad asset class mix – 41% Indian Equity Securities; 32% Fixed Income and 27% Money Market instruments
- Generating dividends since 2002

- 40% stake in HDFC Asset Management Company
- Ongoing strong growth in AUM with a 5 year CAGR of 13.8%
- Opportunity to leverage HDFC AMC's Indian investment expertise and Standard Life Investments' increasingly global distribution
- Further distribution possibilities for Standard Life Investments in India

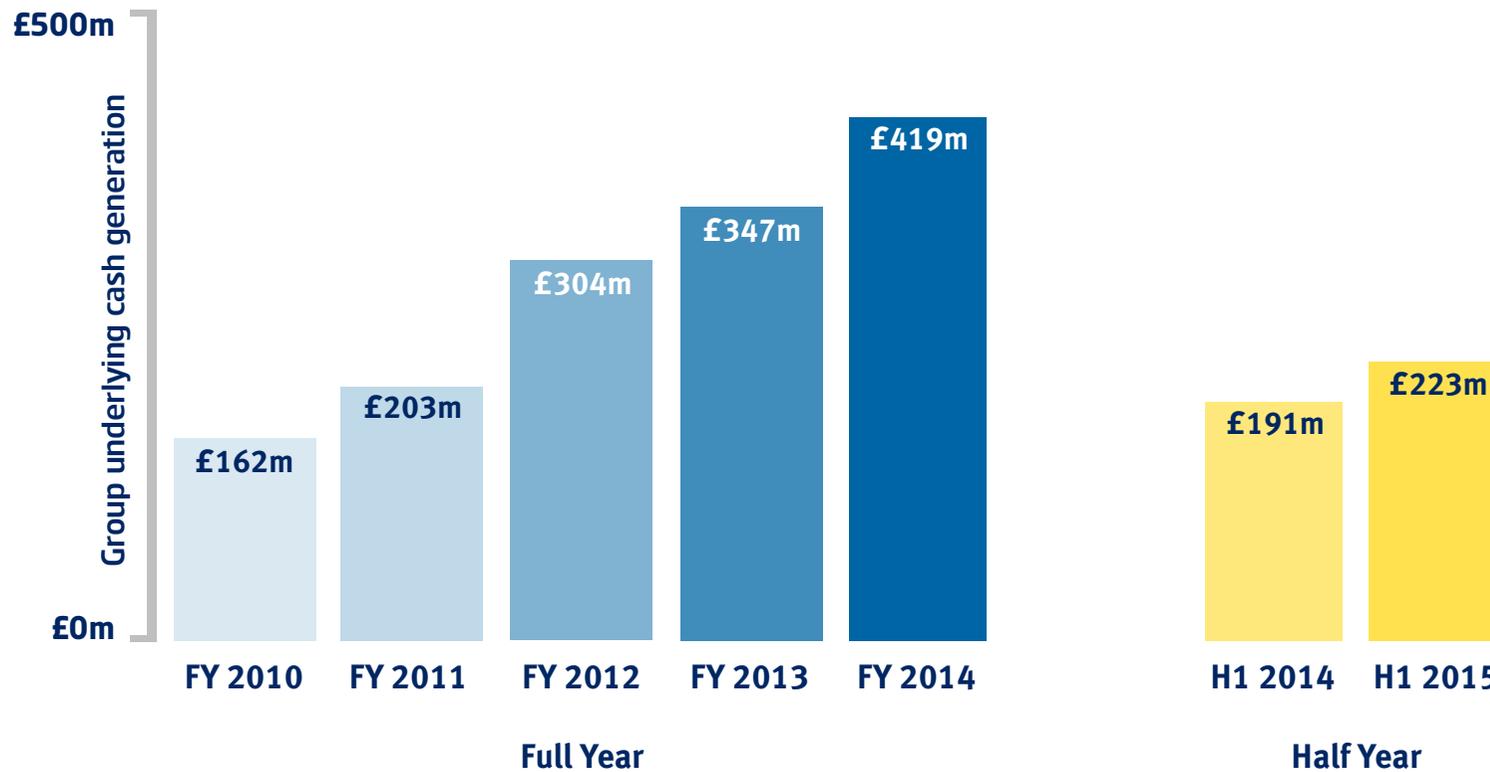
1. The results of HDFC Asset Management are reported within Standard Life Investments.

# Ongoing reduction in unit costs



1. Includes acquisition, maintenance and group corporate central costs (excludes £17m HWPf adjustment in FY 2014 and £9m contribution to with-profits business in Germany in H1 2015). All figures are reported on a continuing operations basis.

# Underlying cash generation up 17%



All figures are reported on a continuing operations basis.

# Interim dividend up 7.5% to 6.02p



- Progressive dividend policy
- £1.75bn return of capital following sale of Canadian business
- Strong balance sheet with IGD surplus of £2.6bn<sup>2</sup> (FY 2014: £2.9bn<sup>2</sup>) and well positioned for Solvency 2

1. Implied interim and final dividends based on 5.40p dividend for period from demutualisation to 31 December 2006. 2. H1 2015 based on estimated regulatory position. FY 2014 based on final regulatory returns.

# Continuing to deliver our clear and consistent strategy

- Meeting the investment needs of customers at the heart of what we do
- Continuing focus on innovation and strong investment performance
- Expanding global reach of Standard Life Investments
- Leveraging best in class distribution in the UK
- Increasing collaboration across the whole of Standard Life
- Ongoing focus on driving down unit costs and benefits of a scalable business model

**Strategic momentum delivering ongoing growth and value**