

Standard Life group

Press release



Standard Life plc New Business Results – three months to 31 March 2007 8 May 2007

- **Worldwide life and pensions sales¹ up 40% to £3,915m (2006: £2,802m).**
- **UK life and pensions sales up 52% to £3,220m (2006: £2,119m).**
 - **Individual SIPP* sales up 117% to £1,233m (2006: £569m).**
 - **Group Pensions sales up 40% to £582m (2006: £415m).**
- **Standard Life Investments third party funds under management up 10% to £42.4bn (31 December 2006: £38.5bn).**
 - **UK Segregated Fund net inflows up 195% to £772m (2006: £262m).**
 - **UK Mutual Fund retail net inflows up 76% to £587m (2006: £333m).**

All comparisons are in sterling unless otherwise stated². All sales figures are on a PVNBP basis unless otherwise stated. All comparators are with the first quarter of 2006 unless otherwise stated. * Individual SIPP includes Insured SIPP & Drawdown and Non-insured SIPP.

Commenting on the results, Group Chief Executive Sandy Crombie said:

“I am delighted we have started 2007 so strongly following the excellent new business performance throughout 2006. The strong momentum in life and pensions sales has continued in the first quarter of the year and our third party funds under management have increased by 10%.

“Growth is being driven by strong sales of life and pensions business in the UK with our strategy to focus on the accumulation of customers’ assets.

“With our innovative range of products, excellent investment track record and first class service, strong sales momentum is continuing into the second quarter and is supporting the delivery of the 2007 return on embedded value target. We continue to capitalise on the considerable opportunities available to our businesses.”



UK

As previously announced we have established a UK division to drive the continued growth of UK life and pensions, Standard Life Bank and Standard Life Healthcare. The division will realise synergies in both costs and revenues, by streamlining common functions, and will enhance our capability to grow.

Life and pensions new business volumes increased 52% in the UK to £3,220m (2006: £2,119m) driven by 56% growth in pensions, 28% increase in life products, and a strong showing in annuities. Gross mortgage lending increased by 25% and healthcare sales were consistent with the prior year.

Individual SIPP sales increased strongly by 117% to £1,233m (2006: £569m), resulting in SIPP funds under management growing to £5.3bn³ (31 December 2006: £4.3bn). While competitors have launched SIPPs, our superior offering and first mover advantage have enabled us to continue to lead this market in both volume and service. Customers have been taking advantage of the more generous annual contribution limits post A-day and increasing their utilisation of the SIPP functionality and investment flexibility with 35% of assets now invested in non-insured funds. With 30,800 accounts (31 December 2006: 25,200 accounts) we see significant potential for the size of this market.

Standard Life's Wrap proposition continues to be rolled out to and developed with IFAs, and this process will continue. At the end of the first quarter there were 115 IFA firms using the platform and 2,500 customers with an average fund size of £140,000. At 31 March 2007, funds under management on the Wrap platform had increased to £0.4bn³ (31 December 2006: £0.2bn).

Group Pensions performed well, increasing sales by 40% to £582m (2006: £415m) due to higher increments from existing schemes and increasing volumes of Group SIPP, which now accounts for 25% of Group Pensions sales. The strength in service and award winning system functionality have contributed to Standard Life's success in winning a number of new blue-chip Group SIPP schemes on a nil commission basis. TIP and PPIP new business increased by 53% to £533m⁴ (2006: £349m) driven principally by strong investment performance.

Life sales increased by 28% to £558m (2006: £438m). Continued strong in-house investment performance helped drive Investment Bond sales up 24% to £534m (2006: £430m); 77% of Investment Bond assets were invested in Standard Life funds (31 December 2006: 77%). The success of our Offshore Bond, which was launched in January 2006, is encouraging, with sales increasing by 206% to £24m (2006: £8m).

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Standard Life's annuity sales increased by 142% to £128m (2006: £53m) with 94% of sales being generated from maturing Standard Life pensions.

In the UK life and pensions market we continue to strengthen our distribution by diversifying across channels while maintaining strong growth in the traditional IFA sector. Non-traditional IFA sales now represent 38% (2006: 21%) of new business.

Net flows for life and pensions' products⁵ were £0.5bn in the first quarter of 2007 in line with our expectations (2006 full year: £3.2bn - included a £840m bulk TIP mandate). Pensions' inflows were £0.7bn while there were outflows of £0.2bn in life products.

Gross mortgage lending increased by 25% to £748m (2006: £596m) in a competitive market due to continued successful targeting of core affluent customers. At 31 March 2007 mortgages under management were £10.4bn (31 December 2006: £10.4bn). Credit quality remains extremely high; the arrears rate of 0.19% continues to be a fraction of the industry average of 0.94% as at 31 March 2007.

Healthcare sales of £5m are level year on year, with growth in Individual business driven by sales in the senior market through the EspritHealth product. Sales are lower in SME and Corporate business as we continue to focus on writing profitable new business in a price driven market. A new SME proposition will be launched this quarter which we expect to reduce operating costs and increase sales. New propositions for Individual and Corporate business will follow later this year.

Overall within the UK division we have been encouraged by the excellent start made to 2007 and have witnessed a continuation of strong new business volumes throughout April.

Europe

Life and pensions sales in Europe were strong, increasing by 53% in constant currency to £249m (2006: £167m).

In Germany sales increased by 24% in constant currency to £121m (2006: £100m) due to the success of the Maxxellence and Suxcess products. This is consistent with our strategy to move away from With-Profits products with high guarantees to Unit Linked and comparatively low guarantee products.

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Strong sales growth has been experienced in Ireland, with new business increasing by 96% in constant currency to £128m (2006: £67m). The increase reflects the establishment of new products and continuing strong pension sales.

Canada

Sales in our Canadian business were down 15% in constant currency to £359m (2006: £479m). As highlighted in the 2006 Q1 new business announcement the comparator included an exceptionally large Group Annuity contract of £61m and the carry over of unprofitable Universal Life sales of £17m from 2005. Adjusting for these contracts, sales increased by 2% in constant currency and within Group Savings and Retirement, sales of our flagship pensions products increased 5% in constant currency.

Overall sales results for the quarter reflect the focus on margin over volume and the continuation of the challenging conditions experienced in 2006. We expect to make positive inroads in our chosen markets this year, with new business prospects more encouraging now than three months ago.

Asia Pacific

Combined sales from our joint ventures in India and China and our Hong Kong operations have increased by 184%⁶ in constant currency. Standard Life's share of these sales was £87m (2006: £37m). This has been achieved by more than doubling our licensed financial consultants in India to 74,000 (2006: 33,000), and our agents in China to 1,800 (2006: 600). We seek continued sales growth in each of these markets driven by wider distribution, market growth and new product launches.

Standard Life Investments

Standard Life Investments delivered another excellent first quarter with worldwide net investment sales of £2,264m (2006: £2,257m). During the quarter total funds under management increased by £4.9bn to £137.0bn. The majority of this increase came from third party funds under management which increased by £3.9bn to £42.4bn at 31 March 2007.

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Standard Life Investments UK net inflows reached £2,129m, up by 9% (2006: £1,953m) with an improving mix of business. This was driven by strong sales in both institutional and retail business, with segregated fund inflows rising by 195% to £772m (2006: £262m) including notable bond mandate wins and retail mutual fund inflows increasing 76% to £587m (2006: £333m). The increased sales in these two product lines more than offset the decline in Triple A money market fund sales which decreased by 42% to £705m (2006: £1,206m).

Performance remained strong with 18 out of 23 pooled pension funds beating the median over the twelve months to 31 March 2007. During the first quarter of 2007, 14 out of 23 pooled pension funds produced top quartile performance with seven of these funds top decile, and 14 out of 23 mutual funds produced top quartile performance with 20 of the 23 above median.

Following the end of the quarter we continue to see a strong pipeline of business building on Standard Life Investments' impressive performance track record and product developments in both the retail and institutional markets.

Ends

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Notes to Editors

1. Present Value of New Business Premiums (PVNBP) is calculated as 100% of single premiums plus the expected present value of new regular premiums.
2. Insurance new business and Investment gross sales for overseas operations are calculated using average exchange rates. The principal average exchange rates for the first quarter 2007 were £1: C\$2.29 (2006: £1: C\$2.01) and £1: €1.49 (2006: £1: €1.46). Funds under management are calculated using the closing exchange rate as at 31 March 2007. The principal closing exchange rates used as at 31 March 2007 were £1: C\$2.26 (31 December 2006: £1: C\$2.28) and £1: €1.47 (31 December 2006: £1: €1.48).
3. Analysis of SIPP funds under management

	31 March 2007 £m	31 December 2006 £m	30 June 2006 £m	31 December 2005 £m
Insured Standard Life Funds	2,265	1,923	1,215	762
Insured External Funds	1,180	921	435	243
Collectives – Standard Life Investments	494	361	226	116
Collectives – Funds Network	355	234	70	15
Cash	262	223	191	83
Non Cash and Non Collectives	729	599	268	121
Total	5,285	4,261	2,405	1,340
Insured	3,445	2,844	1,650	1,005
Non-insured	1,840	1,417	755	335
Total	5,285	4,261	2,405	1,340

Of the £5.3bn of SIPP funds under management at 31 March 2007, some £0.2bn relate to funds on the Wrap platform.

4. Investments (TIP & PPIP) sales comprised Institutional sales of £509m (2006: £318m) and Retail sales of £24m (2006: £31m).



5. Net flows for UK life and pensions products

	Q1 2007 £bn	FY 2006 £bn
Pension Products		
Insured Pensions		
Premiums / Deposits	2.3	8.8
Claims	(1.8)	(5.3)
Annuity Payments	(0.2)	(0.8)
Insured Pension Net Flows	0.3	2.7
Non - Insured Pensions		
Premiums / Deposits	0.4	1.0
Claims	-	(0.1)
Non-Insured Pension Net Flows	0.4	0.9
Total Pension Net Flows	0.7	3.6
Life Products		
Premiums / Deposits	0.7	2.7
Claims	(0.9)	(3.1)
Total Life Net Flows	(0.2)	(0.4)
UK L&P Net Flows		
Total UK L&P Insured-Product Flows	0.1	2.3
Total UK L&P Non-Insured Product Flows	0.4	0.9
Total UK L&P Net Flows	0.5	3.2

The figures reflected in the table above include the following amounts in respect of Institutional TIP:

	Q1 2007 £bn	FY 2006 £bn
Premiums / Deposits	0.5	2.4
Claims	(0.2)	(0.7)
Net Flows	0.3	1.7

- 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. The sales quoted reflect Standard Life's share of the joint venture.
- The full year 2006 sales figures span the demutualisation of The Standard Life Assurance Company on 10 July 2006.
- Department of Work and Pensions (DWP) rebate premiums were £18m (2006: £25m), comprising Individual Pensions rebates of £10m (2006: £14m) and Group Pensions rebates of £8m (2006: £11m).
- There will be a conference call today for newswires at 8:00am hosted by David Nish, Group Finance Director, Trevor Matthews, Chief Executive of Standard Life Assurance Limited and Keith Skeoch, Chief Executive of Standard Life Investments Limited. Dial in telephone number: +44 (0)20 7162 0125. Callers should quote Standard Life Sales.

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10. There will be a conference call for investors and analysts at 9:00am hosted by David Nish, Group Finance Director, Trevor Matthews, Chief Executive of Standard Life Assurance Limited and Keith Skeoch, Chief Executive of Standard Life Investments Limited. Dial in telephone number +44 (0)20 7162 0125. Callers should quote Standard Life Sales. A recording of this call will be available for replay for one week by dialling +44 (0)20 7031 4064, access code: 746594.

 11. Standard Life will host an analyst and investor day on 31 May 2007 at Standard Life's Head Office in Edinburgh.

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Standard Life New Business Summary

3 month period ended 31 March 2007

Insurance Operations	PVNBP			APE		
	3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)	3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)
	£m	£m		£m	£m	
UK						
Pensions (a)	2,528	1,617	56%	332	230	45%
Life	558	438	28%	56	44	26%
Annuities	128	53	142%	13	5	142%
Protection	6	11	-44%	1	2	-44%
UK life and pensions	3,220	2,119	52%	402	281	43%
Europe						
Ireland	128	67	92%	17	10	68%
Germany	121	100	21%	11	10	14%
Europe life and pensions	249	167	49%	28	20	39%
Canada						
Group Savings and Retirement	234	273	-14%	20	24	-16%
Individual Insurance, Savings and Retirement	90	156	-42%	9	17	-48%
Group Insurance	35	50	-31%	5	4	9%
Canada life and pensions	359	479	-25%	34	45	-26%
Asia Pacific						
India (c)	78	34	155% (b)	11	8	47% (b)
China (c)	8	3	153%	1	1	58%
Hong Kong	1	-	-	-	-	-
Asia Pacific life and pensions	87	37	156% (b)	12	9	47% (b)
Total worldwide life and pensions	3,915	2,802	40% (b)	476	355	34% (b)
Investment Operations						
	Gross Inflows			Net Inflows		
	3 months to 31 March 2007	3 months to 31 March 2006		3 months to 31 March 2007	3 months to 31 March 2006	
	£m	£m		£m	£m	
UK (d)	2,361	2,091		2,129	1,953	
Canada	141	149		75	93	
International (e)	74	211		60	211	
Total worldwide investment	2,576	2,451		2,264	2,257	
Banking Operations						
				3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)
				£m	£m	
Gross mortgage lending				748	596	25%
Healthcare						
				3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)
				£m	£m	
APE				5	5	5%

(a) UK Pensions figures include non-insurance element of SIPP product (3 months ended 31 March 2007 PVNBP £447m, APE £49m and 3 months ended 31 March 2006 PVNBP £164m, APE £18m).

(b) The percentage change figures for India are computed based on the percentage movement in the new business of HDFC Standard Life Insurance Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2006 and 2007.

(c) Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business except as noted in (b) above.

(d) The Triple A fund within UK Investment sales is calculated using average net client balances.

(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) % change is calculated on the underlying figures (not rounded to £m's).

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Insurance Operations New Business

3 month period ended 31 March 2007

	Single Premiums			New Regular Premiums			PVNBP				APE		
	3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)	3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)	3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)	% Change in constant currency (b) (f)	3 months to 31 March 2007	3 months to 31 March 2006	% Change (f)
	£m	£m		£m	£m		£m	£m					
UK													
Individual Pensions	142	233	-39%	9	13	-31%	180	284	-37%	-37%	23	36	-36%
Insured SIPP & Drawdown	702	341	106%	17	10	67%	786	405	94%	94%	87	44	98%
Non-insured SIPP (a)	418	155	170%	6	2	222%	447	164	173%	173%	49	18	172%
Group Pensions	213	92	132%	99	88	12%	582	415	40%	40%	120	97	24%
Investments (TIP and PPIP)	533	349	53%	-	-	-	533	349	53%	53%	53	35	53%
Pensions	2,008	1,170	72%	131	113	16%	2,528	1,617	56%	56%	332	230	45%
Investment Bonds (c)	534	428	25%	-	1	-89%	534	430	24%	24%	54	43	25%
Offshore Bond	24	8	206%	-	-	-	24	8	206%	206%	2	1	206%
Life	558	436	28%	-	1	-89%	558	438	28%	28%	56	44	26%
Annuities	128	53	142%	-	-	-	128	53	142%	142%	13	5	142%
Protection	-	-	-	1	2	-44%	6	11	-44%	-44%	1	2	-44%
UK life and pensions	2,694	1,659	62%	132	116	14%	3,220	2,119	52%	52%	402	281	43%
Europe													
Ireland	101	53	92%	7	4	66%	128	67	92%	96%	17	10	68%
Germany	14	8	84%	10	9	8%	121	100	21%	24%	11	10	14%
Europe life and pensions	115	61	89%	17	13	28%	249	167	49%	53%	28	20	39%
Canada													
Group Savings and Retirement	139	145	-4%	6	10	-34%	234	273	-14%	-3%	20	24	-16%
Individual Insurance, Savings and Retirement	84	136	-38%	1	4	-83%	90	156	-42%	-34%	9	17	-48%
Group Insurance	-	-	-	5	4	9%	35	50	-31%	-20%	5	4	9%
Canada life and pensions	223	281	-20%	12	18	-34%	359	479	-25%	-15%	34	45	-26%
Asia Pacific													
India (e)	3	2	28% (d)	11	8	48% (d)	78	34	155% (d)	183% (d)	11	8	47% (d)
China (e)	5	3	71%	1	-	56%	8	3	153%	174%	1	1	58%
Hong Kong	-	-	-	-	-	-	1	-	-	-	-	-	-
Asia Pacific life and pensions	8	5	36% (d)	12	8	48% (d)	87	37	156% (d)	184% (d)	12	9	47% (d)
Total worldwide life and pensions	3,040	2,006	52% (d)	173	155	11% (d)	3,915	2,802	40% (d)	43% (d)	476	355	34% (d)

(a) UK Pensions figures include non-insurance element of SIPP product. 2006 figures have been re-stated to reflect inclusion of non-insurance element of SIPP.

(b) The percentage change in constant currency is calculated using constant rates of exchange.

(c) In the period for the 3 months to 31 March 2006 immaterial amounts were shown separately as Other. These have now been included in the Investment Bonds totals (SP £3m, RP £1m, PVNBP £5m and APE £1m).

(d) The percentage change figures for India are computed 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 2006 and 2007.

(e) Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business except as noted in (d) above.

(f) % change is calculated on the underlying figures (not rounded to £m's).

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Investment Operations

3 month period ended 31 March 2007

		Opening	Gross Inflows	Redemptions	Net Inflows	Market & other movements	Net movement in FUM	Closing
		FUM 01/01/2007 £m	£m	£m	£m	£m	£m	FUM 31/03/2007 £m
UK	Mutual Funds	4,772	735 (a)	(148)	587	241	828	5,600
	Private Equity	1,933	43	(18)	25	26	51	1,984
	Segregated Funds	8,352	838 (b)	(66)	772	180	952	9,304
	Pooled Property Funds	600	40 (b)	-	40	14	54	654
	Triple A	5,020	705 (c)	-	705	541	1,246	6,266
Total UK	20,677	2,361	(232)	2,129	1,002	3,131	23,808	
Canada	Mutual Funds	1,183	83 (d)	(40)	43	42	85	1,268
	Separate Mandates (e)	1,076	58	(26)	32	44	76	1,152
Total Canada	2,259	141	(66)	75	86	161	2,420	
International	Europe	24	10	(8)	2	3	5	29
	Asia (excluding India)	103	100	(6)	94	41	135	238
	India	1,706	(36) (f)	-	(36)	(10)	(46)	1,660
Total International	1,833	74	(14)	60	34	94	1,927	
Total worldwide investment products	24,769	2,576	(312)	2,264	1,122	3,386	28,155	

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	Gross Inflows	Redemptions	Net Inflows	Market & other movements	Net movement in FUM	Closing
		FUM 01/01/2007 £m	£m	£m	£m	£m	£m	FUM 31/03/2007 £m
Third Party Investment Products		24,769	2,576	(312)	2,264	1,122	3,386	28,155
Third Party Insurance Contracts (new business classified as insurance products)		13,749	711	(457)	254	271	525	14,274
Total third party funds under management		38,518	3,287	(769)	2,518	1,393	3,911	42,429
Standard Life Investments - total funds under management		132,078						137,006

- (a) UK Mutual Funds gross inflows were £420m and net inflows were £333m in the 3 months to 31 March 2006. Included within these figures are cash inflows which have also been reflected in Non-insured SIPP new business sales.
 (b) Institutional sales comprise Segregated and Pooled Property Fund sales.
 (c) Due to the nature of the Triple A fund the inflows 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.
 (d) Canadian Mutual Funds gross inflows were £111m and net inflows were £72m in the 3 months to 31 March 2006.
 (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.

Insurance Operations New Business

15 month period ended 31 March 2007

	Present Value of New Business Premiums (PVNBP)				
	3 months ended 31 March 2007 £m	3 months ended 31 December 2006 £m	3 months ended 30 September 2006 £m	3 months ended 30 June 2006 £m	3 months ended 31 March 2006 £m
UK					
Individual Pensions	180	145	253	269	284
Insured SIPP & Drawdown	786	781	718	529	405
Non-insured SIPP (a)	447	364	382	308	164
Group Pensions	582	457	537	580	415
Investments (TIP and PPIP) (b)	533	1,197	464	418	349
Pensions	2,528	2,944	2,354	2,104	1,617
Investment Bonds (c)	534	540	448	444	430
Offshore Bond	24	13	11	7	8
Life	558	553	459	451	438
Annuities	128	118	152	115	53
Protection	6	8	10	13	11
UK life and pensions	3,220	3,623	2,975	2,683	2,119
Europe					
Ireland	128	134	65	64	67
Germany	121	211	116	109	100
Europe life and pensions	249	345	181	173	167
Canada					
Group Savings and Retirement	234	368	127	420	273
Individual Insurance, Savings and Retirement	90	112	84	108	156
Group Insurance	35	58	17	18	50
Canada life and pensions	359	538	228	546	479
Asia Pacific					
India (d)	78	56	67	23	34
China (d)	8	11	4	8	3
Hong Kong	1	-	-	-	-
Asia Pacific life and pensions	87	67	71	31	37
Total worldwide life and pensions	3,915	4,573	3,455	3,433	2,802

(a) UK Pensions figures include non-insurance element of SIPP product. 2006 figures have been re-stated to reflect inclusion of non-insurance element of SIPP.

(b) Investments (TIP and PPIP) sales for 3 months ended 31 December 2006 included a bulk TIP mandate of £840m.

(c) In the period for the 3 months to 31 March 2006 immaterial amounts were shown separately as Other. These have now been included in the Investment Bonds totals.

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