

# New Business Results

## 12 months to 31 December 2006



### Adviser Briefing

**For advisers use only (not to be relied on by anyone else).**

## Summary

- Worldwide insurance sales on a PVNBP<sup>1</sup> basis up 47% to £14,263m for full year (2005: £9,675m). APE<sup>2,3</sup> sales up 39% to £1,734m (2005: £1,249m) for full year, with a 56% increase in the fourth quarter of 2006.
- UK Life and Pensions sales on a PVNBP basis up 69% to £11,400m for full year (2005: £6,763m). APE sales up 54% to £1,442m (2005: £939m) for full year, with an 86% increase in the fourth quarter of 2006 (50% excluding a bulk TIP mandate of £84M).
  - Self Invested Personal Pension (SIPP) and drawdown APE sales up 150% to £395m (2005: £158m<sup>3</sup>), including non-insured SIPP sales of £129m (2005: £31m).
  - Investment bond APE sales up 66% to £185m (2005: £112m).
- Standard Life Investments funds under management as at 31 December 2006 (unaudited) up 11% to £132.1bn (31 December 2005: £118.8bn). Third party funds under management up 32% to £38.5bn (31 December 2005: £29.1bn).
- Net positive funds flow for UK life and pension products was £3.2bn in 2006

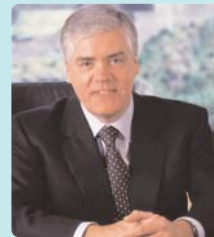
### Sandy Crombie, Group Chief Executive, commented:

"I am very pleased with the group's sales performance in 2006 which has seen strong growth in every quarter of the year. I believe our successful demutualisation has given Standard Life a platform on which to build continued growth in 2007 and beyond.

We have seen particularly strong life and pensions sales in the UK in 2006, driven by single premium business such as SIPPs and Investment Bonds. External factors such as A-Day have clearly had a positive influence on our sales performance.

Standard Life Investments has had another record year, with strong investment performance driving retail and institutional sales.

Standard Life has entered 2007 with a market-leading range of products and an excellent investment track record. Our first class service and high quality relationships with distributors are synonymous with our brand. I have great confidence that we can capitalise on the attractive market and product opportunities now open to us."



### Notes

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. Annual Premium Equivalent (APE) sales comprise new regular premium sales plus 10% of single premiums.
3. UK L&P sales include, for the first time, non-insured SIPP APE sales of £129m for 2006 (2005: £31m). For the fourth quarter 2006 non-insured SIPP APE sales were £39m (2005 Q4: £11m). Non-insured SIPP sales on a PVNBP basis for 2006 were £1,218m (2005: £308m); PVNBP sales in the fourth quarter of 2006 were £364m. APE sales and PVNBP associated with non-insured SIPP have been included in overall APE sales and PVNBP to give a better indication of total SIPP-related activity. New business for non-insured SIPP business is also included within our Investment Operations funds under management flows.

## UK Life & Pensions - Peer Group Comparisons

Company	Quarter 4 2006		Full year 2006	
	APE	Year on year growth	APE	Year on year growth
Aviva	£327M	2.3%	£1,439M	24.6%
Friends Provident	£172M	22.1%	£654M	37.1%
Prudential	£232M	19.0%	£884M	1.5%
Legal & General	£293M	30.2%	£1,073M	23.1%
<b>Standard Life</b>	<b>£431M</b>	<b>85.8%</b>	<b>£1,442M</b>	<b>53.6%</b>
Peer Group Average	–	31.9%	–	28.0%

### Notes

1. These figures relate to the UK Life & Pensions operations of a selection of our major competitors.
2. The reported sales of Retail Investments have been excluded from the overall totals. In the case of Aviva and Legal & General, these amounted to £93M and £231M respectively during quarter 4, and £285M and £664M for the full year.
3. Standard Life's figures are as reported and include £84M APE for both the full year and quarter 4 in respect of a Citigroup TIP mandate. If this amount is excluded from our reported figures, our adjusted growth rates would be 44.6% and 49.6% respectively.

### Highlights

- We have continued our focus on profitable areas of the market that offer favourable margin opportunities. As a result, single premiums, which represent 65% of UK life and pensions APE sales, again outstripped growth rates of regular premiums, increasing 89% and 14% respectively.
- SIPP assets under management, including both insured and non-insured SIPP, increased £3.0bn to £4.3bn at 31 December 2006 from £1.3bn at 31 December 2005. Our product continues to be attractive to high-net worth individuals, as evidenced by the average individual SIPP case size of £169,000 at the year-end (30 September 2006: £163,000). 78% of single premium sales into SIPP in the fourth quarter represented new inflows to the company.
- Strong investment performance has helped drive investment bond sales in 2006. Sales rose 66% to £185m in 2006 and increased 37% to £53m in the fourth quarter. The availability of a further 57 External Fund Links in 2006 also drove sales and has helped contribute to volumes increasing in the fourth quarter.

### Trevor Matthews, Chief Executive Standard Life Assurance Ltd, commented:



"These are tremendous results by anyone's standards. 2006 was a great year on many fronts but I am especially delighted about the great support we received from advisers over this period. Our intermediary franchise is one of our great strengths that we value very highly and I know that we must continue to provide leading products, excellent service and strong investment performance for this to continue.

2007 will be a very exciting year for Standard Life and I hope for advisers too, as we continue the roll-out of our platforms to the adviser market. Thank you for your continued support and best wishes for a successful 2007."