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2005 Third Quarter New Business Performance

- **UK Life & Pensions Annual Premium Equivalent (APE) up 5% to £648m in the nine months to 30 September 2005 (2004: £616m).**
- **Worldwide APE insurance sales in the nine months to 30 September 2005 of £869m (2004: £861m).**
- **Group Funds under management up by £16bn to £124bn over the nine month period.**
- **Third party funds under management at Standard Life Investments up almost £7bn in the nine months to 30 September 2005 to £25.3bn, aided by record net new business.**

UK Life and Pensions has delivered resilient performance as the repositioning programme continues.

The company's SIPP product is continuing to demonstrate strong performance with APE sales over the nine months to 30 September 2005 of £88 million against £24m last year (equivalent product). As we focus on the more profitable SIPP business, APE sales of UK individual pensions other than SIPP in the nine months to 30 September 2005 were £101 million (2004: £190m).

Group pensions APE sales over the nine months to 30 September 2005 were £277 million (2004: £264m). Within the Group pensions market, the company has however seen a reduction in volumes in the third quarter. A selective approach to pricing new business opportunities is being taken, with the aim of improving profitability of this line of business.

APE sales of UK Life and Pensions investment products in the nine months to 30 September 2005 were £151 million (2004: £87 million), supported by an expanding product range and strong underlying investment performance.

The Protection market remains highly competitive, with fewer house sales and increasingly strong price competition.

Standard Life Investments has recorded its strongest quarterly trading period. Worldwide gross fund inflows for the third quarter rose to over £1bn, up from £233m in the same period last year. Standard Life Investments now manages £112.5bn, of which third party funds under management represent £25.3 billion, an increase of £3 billion over the last three months and almost £7 billion for the year to date. This includes several significant pension fund mandate wins during the third quarter, driven in part by strong investment performance.

Standard Life Healthcare achieved sales of £15 million (2004: £23 million) during the nine months to 30 September 2005, reflecting a more focused approach on assessing the profitability of new business opportunities. During the period, the company signed a sale and purchase agreement for the Private Medical Insurance business of FirstAssist, which on completion (expected



in the first quarter of 2006) should place Standard Life Healthcare as the third largest provider in the UK health insurance market.

The UK mortgage market remains competitive and **Standard Life Bank's** gross mortgage lending for the nine months to 30 September 2005 was £2,290 million (2004: £3,329 million). The mortgage balance ended the period at £10.5 billion (31 December 2004 £10.2 billion).

Standard Life Canada's APE insurance sales in the nine months to 30 September 2005 were £119 million (2004: £117 million). Individual annuities continue to see year on year growth, although Group annuities saw a fall in APE driven largely by a reduction in regular premium business.

Total APE new insurance business written outside the UK and Canada in the nine months to 30 September 2005 was £87 million (2004: £105 million).

In line with the rest of the German market, sales in **Standard Life Germany** fell below normal levels following last year's business surge ahead of the changes in taxation of pensions, which had a particular impact in the fourth quarter of 2004. In the nine months to 30 September 2005 APE sales were £51 million (2004: £71 million). **Standard Life Ireland's** repositioning exercise continues and APE sales in the nine months to 30 September 2005 were £17 million (2004: £18 million).

In India the joint venture **HDFC Standard Life** demonstrated strong growth, with APE sales of £65 million (of which Standard Life's share was £17 million) in the nine months to 30 September 2005 (2004: £23 million of which Standard Life's share was £7 million). The Chinese joint venture **Heng An Standard Life** was granted permission to open a branch in Beijing, following the opening of its first branch in Qingdao earlier this year. The Beijing branch will open for business in early 2006. The sale of Standard Life's Spanish subsidiary, **Prosperity**, was completed in September.

Group Chief Executive, Sandy Crombie, commented:

"2005 is a pivotal year for Standard Life and the repositioning of our business continues. Group funds under management have reached £124bn, and total new insurance business, represented by single premiums plus new regular premiums, has risen by almost 17% from £3.9bn to £4.6bn. Although we expect many of our chosen markets such as group and individual pensions to remain competitive, the results for this third quarter demonstrate our continued progress in establishing a sound base from which to grow the business."

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Notes to Editors

1. All financial information is unaudited. The financial information shown in the press release has been prepared under UK GAAP. The group will be preparing its year-end financial statements in accordance with International Financial Reporting Standards. The subsidiary companies will continue to prepare their financial statements under UK GAAP.
2. Following the change in 2004 of the Company's year-end from 15 November to 31 December and the change to calendar quarter reporting, appropriate comparatives for new business APE, investment sales and gross mortgage lending have been provided for the 9-month period to 30 September 2004.
3. Annual Premium Equivalent (APE) sales comprise new regular premium sales plus 10% of single premiums.
4. Standard Life participates in two joint-ventures with HDFC: a life assurance company, HDFC Standard Life Insurance Company, in which it holds 22.4% and HDFC Asset Management Company, in which it holds 49.9%.
5. Insurance new business and Investment gross sales for overseas operations are calculated using average exchange rates. The principal average exchange rates used are £1:C\$2.25 (2004 £1:C\$2.38) and £1:Euro 1.46 (2004 £1:Euro 1.47). Funds under management are calculated using the closing exchange rate at the period end. The principal closing exchange rates used are £1:C\$2.05 (2004 £1:C\$2.29) and £1:Euro 1.47 (2004 £1:Euro 1.46)



The Standard Life Assurance Company New Business
9 month period ended 30 September 2005

Insurance Products

	Single Premiums			New Regular Premiums			APE		
	9 Months to 30 September 2005	Pro forma 9 Months to 30 September 2004 ⁺	% Change	9 Months to 30 September 2005	Pro forma 9 Months to 30 September 2004 ⁺	% Change	9 Months to 30 September 2005	Pro forma 9 Months to 30 September 2004 ⁺	% Change
	£m	£m		£m	£m		£m	£m	
UK Life and Pensions	3,368	2,722	24%	311	343	-9%	648	616	5%
SL Healthcare	0	0	0%	15	23	-35%	15	23	-35%
Canada	620	545	14%	57	62	-8%	119	117	2%
International	131	130	1%	74	93	-20%	87	105	-17%
Total Insurance	4,119	3,397	21%	457	521	-12%	869	861	1%

Investment Products

	Gross Sales		
	9 Months to 30 September 2005	Pro forma 9 Months to 30 September 2004 ⁺	% Change
	£m	£m	
UK*	3,832	949	304%
Canada	295	172	72%
International*	78	2	3800%
Total Investment	4,205	1,123	274%

*Due to the nature of the Indian Investment sales market, Indian new business is shown as net of sales less redemptions. The Triple A fund within UK Investment sales is calculated using average net client balances.

Banking

	9 Months to 30 September 2005	Pro forma 9 Months to 30 September 2004 ⁺	% Change
	£m	£m	
Gross Mortgage Lending	2,290	3,329	-31%

+ Following the change in the company's year end from 15 November to 31 December, and the change to calendar quarter reporting, appropriate comparatives have been provided for the period to 30 September 2004.

Annual Premium Equivalent (APE) is the industry standard for measuring new business income and represents all regular premiums and 10% of single premiums.

Insurance Operations New Business
9 month period ended 30 September 2005

Analysed by geographical region		Single Premiums			New Regular Premiums			Annual Premium Equivalents (APE)		
		9 Months to 30 September 2005 £m	Pro forma 9 Months to 30 September 2004 ⁺ £m	% Change	9 Months to 30 September 2005 £m	Pro forma 9 Months to 30 September 2004 ⁺ £m	% Change	9 Months to 30 September 2005 £m	Pro forma 9 Months to 30 September 2004 ⁺ £m	% Change
UK	Individual Pensions	547	1,014	-46%	46	89	-48%	101	190	-47%
	SIPP & Drawdown	780	242	222%	10	0	0%	88	24	267%
	Group Pensions	283	295	-4%	249	234	6%	277	264	5%
	Investment (including TIPP and PPIP)	1,512	871	74%	0	0	0%	151	87	74%
	Annuities	245	295	-17%	0	0	0%	25	30	-17%
	Protection	0	0	0%	5	11	-55%	5	11	-55%
	Other	1	5	-80%	1	9	-89%	1	10	-90%
	Life and Pensions	3,368	2,722	24%	311	343	-9%	648	616	5%
SL Healthcare	0	0	0%	15	23	-35%	15	23	-35%	
UK Insurance		3,368	2,722	24%	326	366	-11%	663	639	4%
Canada	Individual Annuities	333	281	19%	0	0	0%	33	28	18%
	Group Annuities	284	263	8%	22	32	-31%	50	59	-15%
	Insurance	3	1	200%	19	15	27%	20	15	33%
	Life and Pensions	620	545	14%	41	47	-13%	103	102	1%
Health and Disability	0	0	0%	16	15	7%	16	15	7%	
Canadian Insurance		620	545	14%	57	62	-8%	119	117	2%
International (Excluding Canada)										
	Republic of Ireland	91	93	-2%	8	9	-11%	17	18	-6%
	Germany	27	20	35%	48	69	-30%	51	71	-28%
	Spain	5	5	0%	0	1	-100%	1	1	0%
	Hong Kong	0	0	0%	0	3	-100%	0	3	-100%
	India*	5	3	67%	17	7	143%	17	7	143%
	China*	3	9	-67%	0	0	0%	0	1	-100%
	Life and Pensions	131	130	1%	73	89	-18%	86	101	-15%
	Spain General				1	4	-75%	1	4	-75%
International (Excluding Canada) Insurance		131	130	1%	74	93	-20%	87	105	-17%
Total Insurance		4,119	3,397	21%	457	521	-12%	869	861	1%

* Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business

+ Following the change in the company's year end from 15 November to 31 December, and the change to calendar quarter reporting, appropriate comparatives have been provided for the period to 30 September 2004

Investment Operations
9 month period ended 30 September 2005

		Opening FUM	Gross Sales	Redemptions	Net Inflows	Market & other movements	Net Movement in FUM	Closing FUM
		01/01/2005 £m	£m	£m	£m	£m	£m	30/09/2005 £m
UK	Mutual Funds	2,279	378	(230)	148	241	389	2,668
	Private Equity	936	563	(42)	521	20	541	1,477
	Segregated Funds	2,663	1,313	(45)	1,268	1,021 **	2,289	4,952
	Pooled Property Funds	192	150	0	150	39	189	381
	Triple A	2,291	1,428 ***	0	1,428	(221)	1,207	3,498
Total UK	8,361	3,832	(317)	3,515	1,100	4,615	12,976	
Canada	Mutual Funds	541	228	(56)	172	191	363	904
	Investment Counselling	998	67	(311)	(244)	211	(33)	965
Total Canada	1,539	295	(367)	(72)	402	330	1,869	
International	Hong Kong	144	0	0	0	29	29	173
	India	901	78 ****	0	78	231	309	1,210
Total International	1,045	78	0	78	260	338	1,383	
Total Investment Products	10,945	4,205	(684)	3,521	1,762	5,283	16,228	

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.

	Total Third Party Funds Under Management – Standard Life Investments						
	Opening FUM	Gross Sales	Redemptions	Net Inflows	Market & other movements	Net Movement in FUM	Closing FUM
	£m	£m	£m	£m	£m	£m	£m
Investment Products	10,945	4,205	(684)	3,521	1,762	5,283	16,228
Third party insurance contracts (new business classified as insurance products)	7,345	1,053	(576)	477	1,206	1,683	9,028
Third party funds under management	18,290	5,258	(1,260)	3,998	2,968	6,966	25,256

* Other market movements include exchange rate movements, return of capital and adjustments for new money received internally from Group which is reported within non-third party FUM.

**Other movements in respect of Segregated Funds includes an adjustment of £400m for an understatement in earlier periods.

***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.

**** As a result of the sales market volatility in India, Investment sales are shown as the net of sales less redemptions

The Standard Life Assurance Company, New Business
3 month period ended 30 September 2005

Insurance Products

	Single Premiums			New Regular Premiums			APE		
	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 ⁺	% Change	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 ⁺	% Change	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 ⁺	% Change
	£m	£m		£m	£m		£m	£m	
UK Life and Pensions	1,240	897	38%	64	108	-41%	188	199	-6%
SL Healthcare				5	7	-31%	5	7	-31%
Canada	207	181	14%	15	17	-12%	36	35	2%
International	45	44	2%	17	24	-29%	21	27	-24%
	1,492	1,122	33%	101	156	-35%	250	268	-7%

Investment Products

	Gross Sales		
	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 ⁺	% Change
	£m	£m	
UK*	875	290	202%
Canada	89	50	78%
International*	69	-107	-164%
Total Investment	1,033	233	343%

*Due to the nature of the Indian Investment sales market, Indian New Business is shown as the net of sales less redemptions. The Triple A fund within UK Investment sales is calculated using net client balances.

Banking

	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 ⁺	% Change
	£m	£m	
Gross Mortgage Lending	848	1,186	-28%

+ Following the change in the company's year end from 15 November to 31 December, and the change to calendar quarter reporting, appropriate comparatives have been provided for the 3 month period to 30 September 2004.

Annual Premium Equivalent (APE) is the industry standard for measuring new business income and represents all new regular premiums and 10% of single premiums.

Insurance Operations New Business
3 month period ended 30 September 2005

Analysed by geographical region		Single Premiums			New Regular Premiums			Annual Premium Equivalents (APE)		
		3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 [†]	% Change	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 [†]	% Change	3 Months to 30 September 2005	Pro forma 3 Months to 30 September 2004 [†]	% Change
		£m	£m		£m	£m		£m	£m	
UK	Individual Pensions	147	408	-64%	11	26	-57%	26	67	-61%
	SIPP & Drawdown	266	89	197%	1	0	0%	27	9	208%
	Group Pensions	92	129	-29%	50	73	-31%	60	86	-31%
	Investment (including TIPP and PPIP)	665	195	241%	0	0	0%	66	20	241%
	Annuities	70	75	-7%	0	0	0%	7	7	-6%
	Protection	0	0	83%	2	3	-31%	2	3	-31%
	Other	0	1	-100%	0	6	-94%	0	7	-94%
	Life and Pensions	1,240	897	38%	64	108	-41%	188	199	-6%
SL Healthcare	0	0	0%	5	7	-31%	5	7	-31%	
UK Insurance	1,240	897	38%	69	115	-40%	193	206	-6%	
Canada	Individual Annuities	100	83	21%	0	0	0%	10	8	21%
	Group Annuities	104	98	6%	4	5	-18%	14	15	-9%
	Insurance	3	0	968%	7	5	45%	8	5	51%
	Life and Pensions	207	181	14%	11	10	4%	32	28	14%
Health and Disability	0	0	0%	4	7	-45%	4	7	-45%	
Canadian Insurance	207	181	14%	15	17	-12%	36	35	0%	
International (Excluding Canada)										
	Republic of Ireland	33	38	-12%	2	3	-4%	6	6	-9%
	Germany	8	3	180%	9	18	-52%	9	18	-48%
	Spain	0	1	-71%	0	0	0%	0	0	-75%
	Hong Kong	0	0	0%	0	0	-82%	0	0	-83%
	India *	2	0	0%	6	2	239%	6	2	249%
	China *	2	2	19%	0	0	0%	0	0	58%
	Life and Pensions	45	44	2%	17	23	-27%	21	26	-20%
	Spain General	0	0	0%	0	1	-100%	0	1	-69%
International (Excluding Canada) Insurance		45	44	2%	17	24	-29%	21	27	-23%
Total Insurance		1,492	1,122	33%	101	156	-35%	250	268	-7%

* Amounts shown reflect Standard Life's share of the Joint Venture Company's New Business

† Following the change in the company's year end from 15 November to 31 December, and the change to calendar quarter reporting, appropriate comparatives have been provided for the period to 30 September 2004.

Investment Operations

3 month period ended 30 September 2005

		Opening FUM	Gross Sales	Redemptions	Net Inflows	Market & other movements	Net Movement in FUM	Closing FUM
		01/07/2005						30/09/2005
		£m	£m	£m	£m	£m	£m	£m
UK	Mutual Funds	2,457	143	(73)	70	141	211	2,668
	Private Equity	1,343	108	(8)	100	34	134	1,477
	Segregated Funds	3,699	520	(12)	508	745	1,253	4,952
	Pooled Property Funds	313	31	0	31	37	68	381
	Triple A	3,647	73	***	73	(222)	(149)	3,498
Total UK	11,459	875	(93)	782	735	1,517	12,976	
Canada	Mutual Funds	726	81	(19)	62	116	178	904
	Investment Counselling	852	8	(43)	(35)	148	113	965
	Total Canada	1,578	89	(62)	27	264	291	1,869
International	Hong Kong	156	0	0	0	17	17	173
	India	1,006	69	****	69	135	204	1,210
Total International	1,162	69	0	69	152	221	1,383	
Total Investment Products	14,199	1,033	(155)	878	1,151	2,029	16,228	

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.

	Total Third Party Funds Under Management – Standard Life Investments						Closing FUM
	Opening FUM	Gross Sales	Redemptions	Net Inflows	Market & other movements	Net Movement in FUM	
	£m	£m	£m	£m	£m	£m	
Investment Products	14,199	1,033	(155)	878	1,151	2,029	16,228
Third party insurance contracts (new business classified as insurance products)	8,109	381	(191)	190	729	919	9,028
Third party funds under management	22,308	1,414	(346)	1,068	1,880	2,948	25,256

*Other market movements include exchange rate movements, return of capital and adjustments for new money received internally from Group which is reported within non-third party FUM.

**Other movements in respect of Segregated Funds includes an adjustment of £400m for an understatement in earlier periods.

***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.

****As a result of the sales market volatility in India, Investment sales are shown as the net of sales less redemptions