

Immediate Release

2005 Quarter 1 New Business Announcement



- Worldwide Annual Premium Equivalent (APE) insurance sales of £317 million (2004: £329m)
- Third party funds under management at Standard Life Investments increase by £1.4 billion
- APE sales of new Self Invested Personal Pension (SIPP) of £21 million
- Gross UK mutual fund sales of £110 million

Commenting on the new business results for the first quarter of 2005, Group Chief Executive Sandy Crombie said:

"2005 is a very important year for Standard Life and I am pleased to report that we are off to a good start in the first quarter.

"In the run up to demutualisation it is important that we focus on profitable business and deliver an improvement in financial performance. The repositioning of the UK Life and Pensions business is key in achieving this. There is more still to do on products and pricing and on changing the business mix, but considerable progress has already been made, for example our new SIPP product. We erred on the side of caution with the launch of our new protection product, but we intend to be more competitive as the year progresses. Our plan remains to write less business in the UK in 2005 than we did in 2004 as we seek out more profitable segments of the market.

"Conditions in the housing market have affected mortgage volumes at Standard Life Bank, but Standard Life Investments has continued to forge ahead in winning new mandates.

"The recent appointment of Alison Reed completes the leadership team that will take Standard Life through its planned demutualisation. I am confident that this team, and the changes we are making to our business model, will ensure Standard Life is not just sustainable and successful in the future, but delivers maximum value for all of its stakeholders."

The Standard Life Assurance Company* is a mutual company registered in Scotland (no SZ4) Head Office Standard Life House 30 Lothian Road Edinburgh EH1 2DH Tel (0131) 225 2552. *Standard Life may record and monitor telephone calls to help improve customer service.*

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UK

APE sales for the UK Life and Pensions business were £229 million* for the first quarter of 2005, broadly in line with the first quarter of 2004 (£227m). Despite this small increase Standard Life expects new business in the UK Life and Pensions business to decline in 2005 as a result of the ongoing repositioning exercise in the business. This has led to Standard Life focusing its efforts on areas of growth which the company believes are more profitable.

The new SIPP product has sold exceptionally well since launch in December 2004 and first quarter APE sales of £21 million are well ahead of target. Standard Life expects this trend to continue throughout 2005 as it concentrates on developing SIPP as the individual pension product of the future.

In line with the decision to pursue more profitable growth, less individual pensions business was written in the first quarter, with APE sales, excluding sales of SIPP, of £45 million (2004: £63m). Group pensions business was very strong in the first quarter with APE sales of £118 million (2004: £100m).

Standard Life's new online protection proposition was launched in January 2005. While APE sales in the first quarter of 2005 of £1 million (2004: £4m) are lower than anticipated, the UK Life and Pensions business believes that its protection proposition will form part of its future success.

The first quarter saw Standard Life enter into multi-tie agreements with the Lighthouse Group and Barclays. Discussions are continuing with other prospective associates.

Elsewhere in the group, Standard Life Investments has continued to accrue third party funds under management with a total of £19.7 billion at the end of the first quarter, an increase of £1.4 billion from the end of 2004. The experienced fund management team, proven investment process and a strong record of performance are continuing to bear fruit. In particular, UK sales have performed very strongly with sharp inflows in both institutional and retail business. Mutual funds in Canada have also witnessed significant increases with gross sales of £74 million in the first quarter of 2005.

The first quarter of the year saw Standard Life Healthcare achieve sales of £5 million (2004: £8m) in a competitive market. As with the UK Life and Pensions business, Standard Life Healthcare is pursuing more profitable lines of business and some volume may be sacrificed as a result. The UK mortgage market remains competitive and Standard Life Bank's gross mortgage lending for the three months to 31 March 2005 was £622 million, compared to £979m for the same period last year in a considerably more buoyant market. The new business pipeline for the first quarter is well established, which is not reflected in these figures.

* The total of £229 million includes sales of TIP and PPIP products of £16.6 million (APE) which were made by Standard Life Investments. TIP and PPIP sales for the first quarter of 2004 were £17.8 million (APE).

International

Standard Life Canada's first year as a wholly owned subsidiary (it was previously a branch of the UK Company) has started with APE sales of £39 million (2004: £48 million).

The amount of APE new business written outside of the UK and Canada was £44 million (2004: £46m). The German and Austrian business had APE sales of £34 million for the first quarter (2004: £32m). Sales in Germany this year are expected to decline in comparison with 2004, reflecting the one-off surge in new business towards the end of last year that resulted from changes to tax legislation. Standard Life Ireland continues to go through its own repositioning process and APE sales were £6 million for the first quarter (2004: £8m). The Chinese joint venture, Heng An Standard Life, remains in the early stages of development and sales there are not yet significant. In India, the joint venture HDFC Standard Life had APE sales of £10 million in the first quarter (2004: £4m). Of this amount £3 million is attributable to Standard Life (2004: £1m).

Ends

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Notes to Editors

1. 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 31 March 2004.
2. Annual Premium Equivalent (APE) is the industry standard for measuring new business and represents all annual premiums and 10% of single premiums.
3. A detailed summary of new business follows.

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New business summary

Insurance Products

Annual Premium Equivalent

	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004 ⁺	Change
	£m	£m	%
UK	229	227	1%
Healthcare	5	8	-38%
Canada	39	48	-19%
International	44	46	-4%
Total	317	329	-4%

Investment Products

Gross Sales

	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004 ⁺	Change
	£m	£m	%
UK*	893	60	1388%
Canada	129	67	93%
International*	-3	46	-107%
Total	1,019	173	489%

*Due to the highly liquid nature of new business with the Triple A fund and within the Indian investment sales market, the Triple A new business is calculated using average net client balances, and Indian investment sales are shown as sales net of redemptions. UK investment product sales include £56m (2004: net redemptions £217m) of Triple A fund new business.

Banking Business

Gross Lending

	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004 ⁺	Change
	£m	£m	%
Mortgages	622	979	-36%

+ 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 31 March 2004.

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The Standard Life Assurance Company, New Business period ended 31 March 2005

Insurance Products

	Single Premiums			New Regular Premiums			APE		
	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004*	% Change	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004*	% Change	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004*	% Change
	£m	£m		£m	£m		£m	£m	
UK Life and Pensions	988	1,016	-3%	130	125	4%	229	227	1%
SL Healthcare				5	8	-38%	5	8	-38%
Canada	220	187	18%	18	29	-38%	39	48	-19%
International	39	40	-3%	40	41	-2%	44	46	-4%
	1,247	1,243	0%	193	203	-5%	317	329	-4%

Investment Products

	Gross Sales		
	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004*	% Change
	£m	£m	
UK	893	60	1388%
Canada	129	67	93%
International*	-3	46	-107%
Total Investment	1,019	173	489%

*Due to the nature of the Indian Investment sales market, Indian New Business is shown as sales net of redemptions.

Banking

	3 Months to 31 March 2005	Pro forma 3 Months to 31 March 2004*	% Change
	£m	£m	
Gross Lending	622	979	-36%

+ 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 31 March 2004.

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

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INSURANCE OPERATIONS NEW BUSINESS period ended 31 March 2005

Analysed by geographical region		Single Premiums			New Regular Premiums			Annual Premium Equivalents (APE)		
		£m 3 Months to 31 March 2005	£m Pro forma 3 Months to 31 March 2004*	% Change	£m 3 Months to 31 March 2005	£m Pro forma 3 Months to 31 March 2004*	% Change	£m 3 Months to 31 March 2005	£m Pro forma 3 Months to 31 March 2004*	% Change
UK	Individual Pensions	253	338	-25%	20	29	-31%	45	63	-29%
	SIPP & Drawdown	191	79	142%	2	0	0%	21	8	163%
	Group Pensions	109	83	31%	107	92	16%	118	100	18%
	Investment (including TIPP and PPIP)	341	422	-19%	0	0	0%	34	42	-19%
	Annuities	93	90	3%	0	0	0%	9	9	0%
	Protection	0	0	0%	1	4	-75%	1	4	-75%
	Other	1	4	-75%	0	0	0%	1	1	0%
	Life and Pensions	988	1,016	-3%	130	125	4%	229	227	1%
SL Healthcare	0	0	0%	5	8	-38%	5	8	-38%	
UK Insurance	988	1,016	-3%	135	133	2%	234	235	0%	
Canada	Individual Annuities	124	120	3%	0	0	0%	12	12	0%
	Group Annuities	96	67	43%	6	20	-70%	15	27	-44%
	Insurance	0	0	0%	5	5	0%	5	5	0%
	Life and Pensions	220	187	18%	11	25	-56%	32	44	-27%
General Business – Acc. & Sickness	0	0	0%	7	4	75%	7	4	75%	
Canadian Insurance	220	187	18%	18	29	-38%	39	48	-19%	
International (Excluding Canada)										
	Republic of Ireland	26	25	4%	3	5	-40%	6	8	-25%
	Germany	8	10	-20%	34	31	10%	34	32	6%
	Spain	4	4	0%	0	0	0%	1	1	0%
	Hong Kong	0	0	0%	0	2	-100%	0	2	-100%
	India*	1	1	0%	3	1	200%	3	1	200%
	China*	0	0	0%	0	0	0%	0	0	0%
	Life and Pensions	39	40	-3%	40	39	3%	44	44	0%
	Spain General	0	0	0%	0	2	-100%	0	2	-100%
International (Excluding Canada) Insurance	39	40	-3%	40	41	-2%	44	46	-4%	
Total Insurance	1,247	1,243	0%	193	203	-5%	317	329	-4%	

* 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 31 March 2004.

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INVESTMENT OPERATIONS period ended 31 March 2005

31 March 2005		Opening FUM	Gross Sales	Redemptions	Net Inflows	Market & other movements	Net Movement in FUM	Closing FUM
		01/01/2005						31/03/2005
		£m	£m	£m	£m	£m	£m	£m
UK	Mutual Funds	2,280	110	(64)	46	9	55	2,335
	UK Private Equity Fund	936	131	(66)	65	26	91	1,027
	Segregated Funds	2,855	596	(25)	571	362	933	3,788
	Triple A Fund	2,291	56 **	(0)	56	1	57	2,348
	Total UK	8,362	893	(155)	738	398	1,136	9,498
Canada	Mutual Funds	541	74	(20)	54	24	78	619
	Investment Counselling	998	55	(187)	(132)	4	(128)	870
	Total Canada	1,539	129	(207)	(78)	28	(50)	1,489
International	Hong Kong	144	0	0	0	(4)	(4)	140
	India	901	(3) ***	0	(3)	(31)	(34)	867
	Total International	1,045	(3)	0	(3)	(35)	(38)	1,007
TOTAL INVESTMENT PRODUCTS		10,946	1,019	(362)	657	391	1,048	11,994

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
	01/01/2005						31/03/2005
	£m	£m	£m	£m	£m	£m	£m
Investment Products	10,946	1,019	(362)	657	391	1,048	11,994
Third party insurance contracts (new business classified as insurance products)	7,345	287	(200)	87	300	387	7,732
Third party funds under management	18,291	1,306	(562)	744	691	1,435	19,726

* 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.

** 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 sales net of redemptions***

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